

Current Effects of COVID19 on Profit Outlook as of August 2020

In August, the occupancy rate was 96.2%, down 0.1% from the previous month. Since August is an off-peak season, occupancy rates tend to decrease from the previous month, but the decrease was less compared to the same month last year. The fact that we reduced the amount of rent increase to potential tenants in hope to boost up occupancy may have helped to dampen the decrease, amid the COVID19 curfew which resulted in a sharp drop in rental applicants.,.

The number of applications has recovered since the end of the state of emergency declaration. It has recovered to minus 13% compared to last year in August, from more than minus 30% during the declaration.

In August, there are one commercial tenant each outstanding for which we accepted to temporarily reduce rent or postpone payment. On the other hand, although, there are some requests for rent reductions or relief from the residential tenants, we have not accepted any request.

1. Occupancy

	20 th FP					21 st FP		
	Mar	Apr	May	June	July	August	Period Average (Aug to Jan)	Guideline Assumption
2020	97.5%	96.5%	96.1%	96.2%	96.3%	96.2%	96.2%	96.0%
2019	97.8%	96.9%	96.7%	96.9%	97.0%	96.8%	96.8%	96.5%
difference	-0.3%	-0.4%	-0.6%	-0.7%	-0.7%	-0.6%	-0.6%	-0.5%

2. Monthly Lease Up Rate*

* The rate is calculated by dividing the monthly leased up area by total leasable area.

	Mar	Apr	May	June	July	August
2020	2.3%	1.5%	1.1%	1.4%	1.6%	1.3%
2019	2.3%	1.5%	1.3%	1.6%	1.5%	1.1%
difference	-0.0%	0.0%	-0.3%	-0.1%	+0.1%	+0.2%

3. Monthly Lease Termination Rate*

* The rate is calculated by dividing the monthly lease termination area by total leasable area.

	Mar	Apr	May	June	July	August
2020	2.0%	2.4%	1.5%	1.3%	1.5%	1.4%
2019	1.8%	2.4%	1.6%	1.4%	1.4%	1.3%
difference	+0.3%	+0.0%	-0.1%	-0.1%	+0.1%	+0.1%

About Advance Residence Investment Corporation

Advance Residence Investment Corporation is the largest residential J-REIT, investing in over 270 rental apartments located mostly in central Tokyo and in other major cities throughout Japan (AUM over 450 billion yen). ADR can be expected have a stable dividend in the long-term and can be considered as a defensive J-REIT, on back of the stable income from residential assets and with the largest dividend reserve among J-REITs.

ADR's website: <https://www.adr-reit.com/en/>