

Current Effects of COVID19 on Profit Outlook as of September 2020

In September 2020, the occupancy rate was 96.1%, down 0.1% from the previous month. We usually see occupancy rate rise from August due to mid-term personnel transfers by corporations, in the month of September, but this year it has dropped. The main reasons for this are that the number of contracts concluded fell below the previous year's level for the first time in 3 months since July and that the number of move-out units within 5 km of the city center increased from the same period of the previous year regardless of the type of residential units. Regarding the terminations, we are seeing more people giving reasons for the move-out to be that the current unit is too cramped.

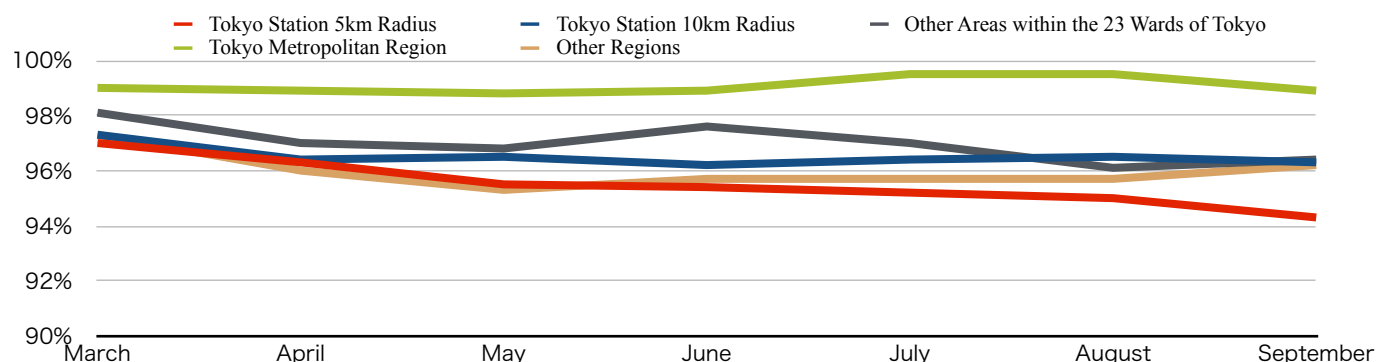
Although, the number of applications had been recovering after the lifting of the state of emergency, rising back to a level 13% lower than the previous year in August, it has fallen again to a level 30% lower than the previous year in September. Responding to this situation, we are working to improve the occupancy rate by further easing the leasing terms in October.

In September, there are only two commercial tenants which we accepted temporary reduction in rent.

We will continue to disclose the effects of COVID19 till we see some end to the pandemic.

1. Occupancy

	20 th FP					21 st FP			
	Mar	Apr	May	June	July	August	September	Period Average (Aug to Sept)	Earning Guideline Assumption
2020	97.5%	96.5%	96.1%	96.2%	96.3%	96.2%	96.1%	96.1%	96.0%
2019	97.8%	96.9%	96.7%	96.9%	97.0%	96.8%	97.0%	96.8%	96.5%
difference	-0.3%	-0.4%	-0.6%	-0.7%	-0.7%	-0.6%	-0.9%	-0.7%	-0.5%



Changes in the number of new contracts concluded monthly *

* Only applicable to pass-through contract units. (same hereafter).

	20 th FP					21 st FP	
	Mar	Apr	May	June	July	August	September
2020	498	338	228	311	336	262	300
2019	524	345	303	369	318	246	328
difference	-26	-7	-75	-58	18	16	-28
Percentage Change	-5.0%	-2.0%	-24.8%	-15.7%	+5.7%	+6.5%	-8.5%

2. Changes in the number of monthly cancellations

	20 th FP					21 st FP	
	Mar	Apr	May	June	July	August	September
2020	425	545	323	296	329	329	320
2019	397	550	346	302	296	287	271
difference	28	-5	-23	-6	33	42	49
Percentage Change	+7.1%	-0.9%	-6.6%	-2.0%	+11.1%	+14.6%	+18.1%

3. Changes in the number of monthly applications

	20 th FP					21 st FP	
	Mar	Apr	May	June	July	August	September
2020	531	245	306	476	410	364	353
2019	614	422	444	563	490	419	532
difference	-83	-177	-138	-87	-80	-55	-179
Percentage Change	-13.5%	-41.9%	-31.1%	-15.5%	-16.3%	-13.1%	-33.6%

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/>