

Current Effects of COVID19 on Profit Outlook as of October 2020

In October 2020, the occupancy rate was 95.8%, down 0.3% from the previous month. We usually see lower occupancy rates in October, and the drop from the previous month was the same as last year. The number of new contracts and cancellations were also almost the same as it was in October last year. We also saw a recovery in the number of applications which recovered to the same level as last year.

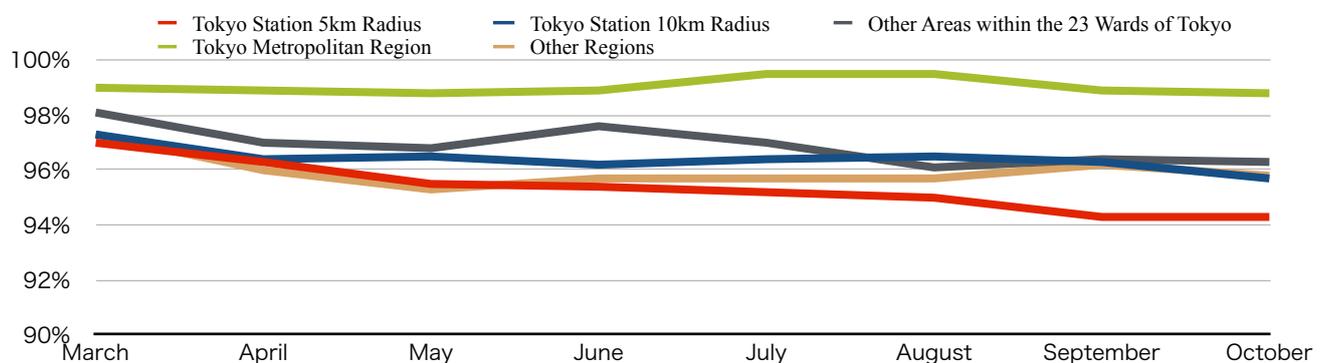
In November, we expect to see cancellations to increase year-over-year. We have been easing the leasing terms in response to this situation and the number of applications is on a recovery. Therefore, we believe that the decline in the occupancy rate will be moderated in November.

In September, there were 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			Period Average (Aug to Sept)	Earning Guideline Assumption
	Mar	Apr	May	June	July	August	September	October		
2020	97.5%	96.5%	96.1%	96.2%	96.3%	96.2%	96.1%	95.8%	96.0%	96.0%
2019	97.8%	96.9%	96.7%	96.9%	97.0%	96.8%	97.0%	96.7%	96.8%	96.5%
difference	-0.3%	-0.4%	-0.6%	-0.7%	-0.7%	-0.6%	-0.9%	-0.9%	-0.8%	-0.5%



2. 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	October
2020	498	338	228	311	336	262	300	286
2019	524	345	303	369	318	246	328	295
difference	-26	-7	-75	-58	18	16	-28	-9
Percentage Change	-5.0%	-2.0%	-24.8%	-15.7%	+5.7%	+6.5%	-8.5%	-3.1%

3. Changes in the number of monthly cancellations

	20 th FP					21 st FP		
	Mar	Apr	May	June	July	August	September	October
2020	425	545	323	296	329	329	320	377
2019	397	550	346	302	296	287	271	356
difference	28	-5	-23	-6	33	42	49	21
Percentage Change	+7.1%	-0.9%	-6.6%	-2.0%	+11.1%	+14.6%	+18.1%	+5.9%

4. Changes in the number of monthly applications

	20 th FP					21 st FP		
	Mar	Apr	May	June	July	August	September	October
2020	531	245	306	476	410	364	353	350
2019	614	422	444	563	490	419	532	356
difference	-83	-177	-138	-87	-80	-55	-179	-6
Percentage Change	-13.5%	-41.9%	-31.1%	-15.5%	-16.3%	-13.1%	-33.6%	-1.7%

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/>