

Brief Summary of Kessan Tanshin (Financial Report)

Advance Residence Investment Corporation (ADR / Securities Code: 3269)

20th Fiscal Period (February 1, 2020 – July 31, 2020)

1. Summary of Key Financial Data

Operating Revenues	17,357	million yen	Total Assets	457,568	million yen
Operating Income	8,294	million yen	Net Assets	231,225	million yen
Ordinary Income	7,321	million yen	Net Assets per Unit	166,950	yen
Net Income	7,320	million yen	NAV per Unit	288,991	yen
Earnings per Unit (EPU)	5,285	yen	Net Asset Ratio	50.5	%
Dividend per Unit (DPU)	5,635	yen	End-of-period LTV	48.0	%
FFO per Unit	7,310	yen			
ROE (semi-annual)	6.8	%			

2. 20th Fiscal Period Highlights

- EPU of 5,285 yen decreased by 451 yen compared to the previous period due to the loss on sale and the decrease in gain on sale.
- ADR will distribute 5,635 yen per unit for the FP. It is a 15 yen increase from the previous FP, and a record high.
- The occupancy rate was 96.7%. Even though the occupancy was 0.1% higher than forecast it was slightly lower than the previous period. There was a significant fall in the number of rental applications due to the declaration of state of emergency. After the end of the declaration, rental terms were eased in order to increase occupancy. Although we saw some recovery in applications, occupancy was not able to exceed the previous period.
- The rent increase rate for both replacements and renewals were an all time high at +5.5% and +1.2% respectively. In addition, the rent level of the entire portfolio rose for the 12th consecutive year, rising 0.64% from the end of the previous fiscal year.
- We conducted a property replacement with a third party, acquiring RESIDIA Otemachi-Kita and disposing RESIDIA Kyobashi. We were able to sell our top disposal candidates, RESIDIA Kameyama which had a significant unrealized loss and RESIDIA Ryokuchikoen, a low-profit property. The net loss on sale was reduced to 5 million yen by offsetting with the gain on sale from RESIDIA Kyobashi.
- The COVID19 pandemic had an effect on the lending attitude of financial institutions to ADR. We borrowed a total of 15 billion yen (average interest payment rate 0.38%, average initial duration 9.0 years). As a result, the average interest payment rate as of the end of the current fiscal year was 0.70% and the remaining duration of 4.75 years.

3. Earnings Forecasts

21st Fiscal Period Forecast (August 1, 2020 to January 31, 2021)		22nd Fiscal Period Forecast (February 1, 2021 to July 31, 2021)	
Operating Revenues	16,702 million yen	Operating Revenues	16,884 million yen
Operating Income	8,152 million yen	Operating Income	8,133 million yen
Ordinary Income	7,175 million yen	Ordinary Income	7,175 million yen
Net Income	7,174 million yen	Net Income	7,174 million yen
Earnings per Unit (EPU)	5,180 yen	Earnings per Unit (EPU)	5,180 yen
Dividend per Unit (DPU)	5,540 yen	Dividend per Unit (DPU)	5,540 yen
Outstanding No. of Issued Units	1.385 million units	Outstanding No. of Issued Units	1.385 million units
Number of Properties	271	Number of Properties	271
Average Period Occupancy	96.0 %	Average Period Occupancy	96.1 %

- The above forecasts employ figures that have been calculated based on number of assumptions. The actual net profit and the dividend may vary due to changes in those assumptions or in other conditions. Therefore, these forecasts do not in no way guarantee the dividend amounts for the respective periods.

Please contact below with any inquiries you may have on this report.

AD Investment Management Co., Ltd.

TEL: +81-3-3518-0480

FAX: +81-3-3518-0481

ir@adr-reit.com