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For Immediate Release

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Notice Concerning Revision to Forecast of Financial Results for the Period Ending July 31, 2022
and Forecast of Financial Results for the Period Ending January 31, 2023

Comforia Residential REIT, Inc (“CRR”) announces today that it has revised the forecast of financial results for the period ending July 31, 2022 (24th period: February 1, 2022 - July 31, 2022), which was announced on September 15, 2021. CRR also announces its forecast of financial results for the period ending January 31, 2023 (25th period: August 1, 2022 - January 31, 2023). Details are as follows:

There is no change in the forecast of financial results for the period ending January 31, 2022 (23rd period: August 1, 2021 - January 31, 2022) announced on September 15, 2021.

1. The revision of the forecast of financial results for the period ending July 31, 2022 (24th period)

(1) Detail of Revision

	Operating Revenue (million yen)	Operating Profit (million yen)	Ordinary Profit (million yen)	Profit (million yen)	Cash Distribution per Unit (yen) (Note)	Cash Distribution in Excess of Profit per Unit (yen)
Previous Forecasts (A)	9,439	4,161	3,561	3,555	5,300	—
Revised Forecasts (B)	9,757	4,382	3,757	3,678	5,300	—
Changes (B – A)	317	220	196	123	0	—
Changes	3.4%	5.3%	5.5%	3.5%	0.0%	—

(Note) Excluding Cash Distribution in Excess of Profit

(Reference) Projected number of investment units issued as of the period-end: 717,094 units

Projected profit per unit as of the period-end: 5,130 yen

<Disclaimer> This document is a press release to make a public announcement of the revision to the forecast of financial results for the period ending July 31, 2022 and the forecast of financial results for the period ending January 31, 2023 and has not been prepared as a solicitation for investment. CRR cautions investors to ensure that they refer to the prospectus for notification of the issuance of new investment units and secondary offering of investment units as well as amendments thereto prepared by CRR before undertaking investments and that investments be made at their own discretion and responsibility.

(2) Reason for Revision

Considering the effect of the acquisition of assets as described in the “Notice Concerning Acquisition of Investment Assets (COMFORIA SAKURAJOSUI and other 5 assets)” and the issuance of new investment units as described in the “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units”, which were both announced today, the assumptions for the forecast of financial results for the period ending July 31, 2022, which was announced on September 15, 2021, have been changed. Therefore, CRR has revised the forecast of financial results with the revision of the outlook for the operational status considering current market trends for rental apartment, etc.

2. The forecast of financial results for the period ending January 31, 2023 (25th period)

	Operating Revenue (million yen)	Operating Profit (million yen)	Ordinary Profit (million yen)	Profit (million yen)	Cash Distribution per Unit (yen) (Note)	Cash Distribution in Excess of Profit per Unit (yen)
Forecasts	9,834	4,441	3,798	3,788	5,395	—

(Note) Excluding Cash Distribution in Excess of Profit

(Reference) Projected number of investment units issued as of the period-end: 717,094 units

Projected profit per unit as of the period-end: 5,283 yen

(Note)

1. The forecasts in this material are as at the time of writing, and are calculated based on the assumptions written in the exhibit “Assumptions for Forecasts of Financial Result for the Period Ending July 31, 2022 and the Period Ending January 31, 2023”. Therefore, actual operating revenue, operating profit, ordinary profit, profit and cash distribution per unit may differ due to acquisitions and/or sales of assets, trends in the real estate market, and changes in circumstances. The forecasts do not guarantee the amount of cash distribution.
2. Cash distribution per unit in the end of the periods ending July 31, 2022 (24th period) and January 31, 2023 (25th period) is calculated based on profit and the reversals of reserve for reduction entry of property totaling 121 million yen and 80 million yen, respectively.
3. The forecasts may be revised if a material difference from the forecasts above is anticipated.
4. Amounts are rounded down. The same applies below.

*Website of CRR: <https://www.comforia-reit.co.jp/en/>

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Exhibit Assumptions for Forecasts of Financial Result for the Period Ending July 31, 2022 and the Period Ending January 31, 2023

Item	Assumptions																			
Period	<ul style="list-style-type: none"> Period ending July 31, 2022 (24th period) (February 1, 2022 - July 31, 2022) (181days) Period ending January 31, 2023 (25th period) (August 1, 2022 - January 31, 2023) (184 days) 																			
Investment Assets	<ul style="list-style-type: none"> In addition to real estate and beneficial interests in real estate trust of 140 properties already owned by CRR (“Owned Assets”) as of today, CRR is to acquire additional beneficial interests in real estate trust of 6 properties (“Assets to be Acquired”) using the proceeds from the issuance of new investment units, the borrowings and own funds. Subsequently, the portfolio is expected to be comprised of 146 properties in total. Assets to be Acquired will be acquired based on the following schedule. <table border="1"> <thead> <tr> <th>No</th> <th>Property Name</th> <th>Anticipated Date of Acquisition</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>CAMPUS VILLAGE URAYASU</td> <td>February 1, 2022</td> </tr> <tr> <td>2</td> <td>CAMPUS VILLAGE KYOTOFUSHIMI</td> <td>March 25, 2022</td> </tr> <tr> <td>3</td> <td>GRANCREER BAIJKOEN (LAND)</td> <td rowspan="2">March 29, 2022</td> </tr> <tr> <td>4</td> <td>GRANCREER TACHIKAWA</td> </tr> <tr> <td>5</td> <td>COMFORIA AKIHABARA NORTH</td> <td rowspan="2">April 4, 2022</td> </tr> <tr> <td>6</td> <td>COMFORIA SAKURAJOSUI</td> </tr> </tbody> </table> <ul style="list-style-type: none"> For the forecast of financial results, it is assumed that there will be no changes in managed assets (acquisitions of new properties and/or sales of existing assets, etc.) after acquiring the Assets to be Acquired until the end of the period ending January 31, 2023 (25th period). The assumptions may differ due to changes in the managed assets. 	No	Property Name	Anticipated Date of Acquisition	1	CAMPUS VILLAGE URAYASU	February 1, 2022	2	CAMPUS VILLAGE KYOTOFUSHIMI	March 25, 2022	3	GRANCREER BAIJKOEN (LAND)	March 29, 2022	4	GRANCREER TACHIKAWA	5	COMFORIA AKIHABARA NORTH	April 4, 2022	6	COMFORIA SAKURAJOSUI
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Operating Revenue	<ul style="list-style-type: none"> Leasing revenues from the Owned Assets are calculated based on actual performance for the period ended July 31, 2021 (22nd period) and market trends, etc. In addition, leasing revenues from Assets to be Acquired are calculated based on information provided by the former owners of each property, etc., effective lease contracts as of today, and market trends, etc. Average occupancy rate is assumed to be 95.9% in the period ending July 31, 2022 (24th period) and 96.0% in the period ending January 31, 2023 (25th period). Operating Revenue assumes that tenants will pay their rents without delinquency. 																			
Operating Expenses	<ul style="list-style-type: none"> Leasing business expenses are the principle expenses of operating expenses. Leasing business expenses, excluding depreciation expenses, of the Owned Assets are based on actual performance for the period ended July 31, 2021 (22nd period) and expense trends, etc. In addition, leasing business expenses, excluding depreciation expenses, of the Assets to be Acquired are calculated based on past performance figures while taking into account variable factors, based on information provided by the former owners of each property. Although fixed property taxes, city planning taxes, etc. on the acquired assets are generally calculated on a pro-rata basis and settled at the time of acquisition with the former owners, the amount equivalent to the settlement money is not expensed in the year when the assets are acquired, as it is included in the acquisition cost. The total amount of fixed property taxes, city planning taxes, etc. on the Assets to be Acquired that will be included in the acquisition cost is assumed to be 42 million yen. Regarding the Assets to be Acquired, fixed property taxes, city planning taxes, etc. for fiscal 2023 will be partially expensed starting from the period ending July 31, 2023 (26th period). The annual total amount of fixed property taxes, city planning taxes, etc. on the Assets to be Acquired is assumed to be 45 million yen. With respect to building repair expenses, the amount assumed to be necessary for each business period is anticipated based on the medium- to long-term repair plan prepared by the asset management company. However, repair expenses in each business period may be substantially different from the expected amount for reasons including: (i) Repair expenses could suddenly arise due to damage to buildings, etc. from certain unexpected factors; (ii) The amount of repair expenses generally varies considerably from year to year; and (iii) Repair expenses are not incurred regularly. Depreciation expenses including incidental costs, etc. are calculated by the straight-line method. They are assumed to be 1,454 million yen in the period ending July 31, 2022 (24th period) and 1,476 million yen in the period ending January 31, 2023 (25th period). 																			

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<p>Non-operating Expenses</p>	<ul style="list-style-type: none"> Expenses related to the issuance of new investment units through public offering and third-party allotment and secondary offering of investment units, which will be implemented by the period ending July 31, 2022 (24th period), are assumed to be 12 million yen in the period ending July 31, 2022 (24th period) and 12 million yen in the period ending January 31, 2023 (25th period). For interest expenses and investment corporation bonds interest payable and other interest-bearing debt costs, 612 million yen and 630 million yen are anticipated in the period ending July 31, 2022 (24th period) and the period ending January 31, 2023 (25th period), respectively.
<p>Interest-bearing Debt</p>	<ul style="list-style-type: none"> CRR has a total of 141,630 million yen in interest-bearing debt as of today. The borrowing that will come due on January 31, 2022 (3,300 million yen and 5,500 million yen) will be refinanced. CRR will borrow 1,800 million yen for acquiring 2 properties (No.3-4) on March 29, 2022 and 5,000 million yen for acquiring 2 properties (No.5-6) on April 4, 2022, respectively, from the qualified institutional investors defined in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act. Based on the above, it is assumed that the balance of interest-bearing debt will be 148,430 million yen as of the end of the period ending July 31, 2022 (24th period) and that the balance of the interest-bearing debt will not change as of the end of the period ending January 31, 2023 (25th period). Other than the above, it is assumed that the borrowings that will come due during the period ending July 31, 2022 (24th period) and the period ending January 31, 2023 (25th period), will be refinanced. The above amount of interest-bearing debt may change depending upon the issue price of the investment units to be issued.
<p>Investment Units</p>	<ul style="list-style-type: none"> The number of Investment Units is assumed based on in addition to the 692,994 investment units as of today, public offering of new investment units (22,960 units) and the third-party allotment (up to 1,140 units). Other than the above, it is assumed that no additional investment units will be issued before the end of the period ending January 31, 2023 (25th period). Cash distribution per unit for the periods ending July 31, 2022 (24th period) and January 31, 2023 (25th period) are calculated on the basis of 717,094 units, including the units which will be issued in the current offering.
<p>Cash Distribution per Unit</p>	<ul style="list-style-type: none"> Cash distribution per unit is calculated on the premise of the fund distribution policy that is provided in the Articles of the Incorporation of CRR. Cash distribution per unit in the end of the periods ending July 31, 2022 (24th period) and January 31, 2023 (25th period) is calculated based on profit and the reversals of reserve for reduction entry of property totaling 121 million yen and 80 million yen, respectively. Cash distribution per unit may differ due to various factors including changes in the managed assets and changes in rent revenues attributable to changes in tenants, etc., as well as the occurrence of unexpected repairs, etc.
<p>Cash Distribution in Excess of Profit per Unit</p>	<ul style="list-style-type: none"> CRR does not intend to pay cash distributions in excess of net income (cash distributions in excess of profit per unit) at the time of writing.
<p>Others</p>	<ul style="list-style-type: none"> It is assumed that a reversion that will have an impact on the forecast above will not be made in the laws and ordinances, tax systems, accounting standards, listing rules, or the rules of the Investment Trust Association, Japan, etc. The corporate and other taxes are calculated by taking into consideration the taxes in relation to the amortization of term leasehold interest for buildings and asset retirement obligations. It is assumed that an unexpected significant change will not arise in general economic trends and real estate market conditions, etc.

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