



March 14, 2014

For Immediate Release

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Notice Concerning Revision of Forecast of Financial Results and
Distributions for the Periods Ending July 31, 2014 and January 31, 2015

Comforia Residential REIT, Inc (“Investment Corporation”) announces today that it has revised as follows its forecast of financial results and distributions for the period ending July 31, 2014 (February 1, 2014 - July 31, 2014) and the period ending January 31, 2015 (August 1, 2014 - January 31, 2015) released on January 10, 2014.

1. Detail of Revision

(1) The period ending July 31, 2014 (February 1, 2014 - July 31, 2014)

	Operating Revenues (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Cash Distribution per Unit (excluding Cash Distribution in Excess of Net Income) (yen)	Cash Distribution in Excess of Net Income per Unit (yen)
Previous Forecasts (A)	3,931	2,048	1,614	1,613	16,000	—
Revised Forecasts (B)	4,005	2,081	1,672	1,671	16,600	—
Amount of Increase/Decrease (B-A)	74	32	57	57	600	—
Ratio of Increase/Decrease	1.9%	1.6%	3.6%	3.6%	3.8%	—

(Reference)

Period Ending July 31, 2014

Projected number of investment units issued as of the period-end;
(Previous Forecast) 100,856 units (Revised Forecast) 100,662 units

(2) The period ending January 31, 2015 (August 1, 2014 - January 31, 2015)

	Operating Revenues (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Cash Distribution per Unit (excluding Cash Distribution in Excess of Net Income) (yen)	Cash Distribution in Excess of Net Income per Unit (yen)
Previous Forecasts (A)	3,922	2,012	1,594	1,593	15,800	—
Revised Forecasts (B)	4,018	2,054	1,651	1,650	16,400	—
Amount of Increase/Decrease (B-A)	96	42	57	57	600	—
Ratio of Increase/Decrease	2.4%	2.1%	3.6%	3.6%	3.8%	—

(Reference)

Period Ending January 31, 2015

Projected number of investment units issued as of the period-end;

(Previous Forecast) 100,856 units (Revised Forecast) 100,662 units

(Note)

1. The forecasts in this material are as at the time of writing, and are calculated based on the assumptions contained in the exhibit “Assumptions for Forecasts of Financial Result for the Period Ending July 31, 2014 and January 31, 2015.” Therefore, actual operating revenues, operating income, ordinary income, net income, and cash distribution per unit may differ materially from the forecasts 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 paid.
2. The forecasts may be revised if a material difference from the forecasts above is anticipated.
3. Amounts less than a single unit are rounded down and percentages are rounded to one decimal place.

2. Reason for Revision

The Investment Corporation revises the forecasts because a difference between the forecast results and distribution per unit in forecast of financial results for the period ending July 31, 2014 and January 31, 2015 released on January 10, 2014 and the actual figure was expected to arise, as a result of considering financial results of owned assets, the impact on revenue by the description in “Notice Concerning Acquisition of Investment Assets (COMFORIA SHINSAKAE, 1 other asset)” released today and the level of interest rates, etc.

*The original Japanese version of this press release has been distributed to the press club of TSE (Kabuto Club), the Ministry of Land, Infrastructure, Transport and Tourism, and to the press club of the construction trade newspaper of the Ministry of Land, Infrastructure, Transport and Tourism.

*Website of the Investment Corporation: <http://comforia-reit.co.jp/english/>

Exhibit:

Assumptions for Forecasts of Financial Result for the Period Ending July 31, 2014 and January 31, 2015

Item	Assumptions
Period	<ul style="list-style-type: none"> Period ending July 31, 2014 (the 8th period) (February 1, 2014 - July 31, 2014) (181 days) Period ending January 31, 2015 (the 9th period) (August 1, 2014 - January 31, 2015) (184 days)
Investment Assets	<ul style="list-style-type: none"> In addition to the anonymous partnership equity interests which invest in real estate and beneficial interests in real estate trust of 77 properties already owned by the Investment Corporation ("Owned Assets") and the Investment Corporation is to acquire 2 properties anew ("Asset to Be Acquired") : COMFORIA SHINSAKAE on March 20, 2014 and COMFORIA KITAHORIE on March 28, 2014. Subsequently, the portfolio is expected to be comprised of 79 properties in total. 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 Asset to Be Acquired until the end of the period ending January 31, 2015 (the 9th period) The assumptions may differ due to changes in the managed assets.
Operating Revenues	<ul style="list-style-type: none"> Leasing revenues from the Owned Assets are calculated based on actual performance for the period ended to January 31, 2014 (the 7th period) and market trends, etc. In addition, leasing revenues from Asset to Be Acquired are calculated based on information provided by the former owners of each property, etc., and market trends, etc. Operating Revenues are based on the assumption that tenants will pay their rents without delinquency. Distribution from the anonymous partnership equity interests is estimated by assuming that the properties under management will maintain a stable occupancy.
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 to January 31, 2014 (the 7th period) and expense trends, etc. In addition, leasing business expenses, excluding depreciation expenses, of the Asset to Be Acquired are calculated based on information provided by the former owners of each property, etc., effective lease contracts as at the time of writing , and market trends, etc. Fixed property taxes and city planning taxes on the acquired assets are generally calculated on a pro-rata basis with the former owners and settled at the time of acquisition, and the amount equivalent to the settlement money is included in the acquisition cost. In the Investment Corporation, property taxes and city planning taxes in the total 24 properties of beneficial interest in real estate trust of COMFIRIA KUDAN and 21 other assets acquired on February 4, 2014 and Asset to Be Acquired among investment assets are not expensed in the period ending July 31, 2014 (the 8th period) and January 31, 2015 (the 9th period), and city planning taxes and depreciable property taxes for fiscal 2015 will be partially expensed starting from the period ending July 31, 2015 (the 10th period). The annual total amount of fixed property taxes, city planning taxes and depreciable property taxes on these 24 properties is assumed to be 137 million yen. With respect to building repair expenses, the amount assumed to be necessary for each business period is expensed based on a 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 689 million yen in the period ending July 31, 2014 (the 8th period) and 694 million yen in the period ending January 31, 2015 (the 9th period). Operating expense forecast is based on the assumption that the consumption tax rate will be raised to 8% from April 2014.
Non-Operating Expenses	<ul style="list-style-type: none"> According to the board of directors' meeting held on January 10, 2014, 47 million yen in non-operating expenses related to the issuance of new investment units through public offering and third-party allotment and secondary offering of investment units are anticipated as a temporary expense in the period ending July 31, 2014 (the 8th period). For interest expenses and other borrowing costs, 378 million yen and 371 million yen are anticipated in the period ending July 31, 2014 (the 8th period) and the period ending January 31, 2015 (the 9th Period), respectively.

Borrowings	<ul style="list-style-type: none"> The Investment Corporation currently has a total of 60,220 million yen in borrowings. It is assumed that a total 2,900 million yen will be borrowed from the qualified institutional investors defined in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act at the time of acquiring the Asset to Be Acquired. Therefore, it is assumed that the balance of borrowings will be 63,120 million yen as of the end of the period ending July 31, 2014 (the 8th period) and the balance will not change before the end of the period ending January 31, 2015 (the 9th Period).
Investment Units	<ul style="list-style-type: none"> Investment units are assumed to be 100,662 units, the total number of investment units issued as of today. It is assumed that no additional investment units will be issued before the end of the period ending January 31, 2015 (the 9th period).
Cash Distributions per Unit	<ul style="list-style-type: none"> Cash distributions per unit are calculated on the premise of the fund distribution policy that is provided in the Articles of the Incorporation of the Investment Corporation. Cash distributions 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.
Cash Distributions in Excess of Net Income per Unit	<ul style="list-style-type: none"> The Investment Corporation does not intend to pay cash distributions in excess of net income (cash distributions in excess of net income per unit) at this time.
Others	<ul style="list-style-type: none"> It is assumed that revisions 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. It is assumed that no unexpected significant change will arise in general economic trends and real estate market conditions, etc.