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For Immediate Release

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Notice Concerning Forecast of Financial Results for the Periods Ending July 31, 2019
and January 31, 2020

Comforia Residential REIT, Inc (“Investment Corporation”) announces today its forecast of financial results for the period ending July 31, 2019 (18th period: February 1, 2019 - July 31, 2019) and the period ending January 31, 2020 (19th period: August 1, 2019 - January 31, 2020). Details are as follows:

There is no change in the forecast of financial results for the period ending January 31, 2019 (17th period: August 1, 2018 - January 31, 2019) released on September 14, 2018 as of the date of this document.

	Operating Revenue (million yen)	Operating Profit (million yen)	Ordinary Profit (million yen)	Profit (million yen)	Cash Distribution per Unit (excluding Cash Distribution in Excess of Profit) (yen)	Cash Distribution in Excess of Profit per Unit (yen)
Period Ending Jul. 31, 2019 (18th Period)	8,319	3,722	3,171	3,165	5,000	—
Period Ending Jan. 31, 2020 (19th Period)	8,403	3,765	3,190	3,184	5,040	—

(Reference)

Period Ending July 31, 2019

Projected number of investment units issued as of the period-end: 640,834 units

Projected profit per unit as of the period-end: 4,941 yen

Period Ending January 31, 2020

Projected number of inv

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vestment units issued as of the period-end: 640,834 units

Projected profit per unit as of the period-end: 4,968 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, 2019 and the Period Ending January 31, 2020”. 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, 2019 (18th period) and January 31, 2020 (19th period) is calculated based on profit and the reversals of reserve for reduction entry of property totaling 39 million yen and 45 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.

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

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

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Exhibit Assumptions for Forecasts of Financial Result for the Period Ending July 31, 2019
and the Period Ending January 31, 2020

Item	Assumptions																								
Period	<ul style="list-style-type: none">Period ending July 31, 2019 (18th period) (February 1, 2019 - July 31, 2019) (181 days)Period ending January 31, 2020 (19th period) (August 1, 2019 - January 31, 2020) (184 days)																								
Investment Assets	<ul style="list-style-type: none">In addition to real estate and beneficial interests in real estate trust of 117 properties already owned by the Investment Corporation (“Owned Assets”) as at the time of writing, the Investment Corporation is to acquire additional beneficial interests in real estate trust of 9 properties (“Assets to Be Acquired”) , using the proceeds from the issuance of new investment units and borrowed funds. Subsequently, the portfolio is expected to be comprised of 126 properties in total. Assets to Be Acquired will be acquired based on the following schedule<table><tr><th>No</th><th>Property Name</th><th>Date of Acquisition</th></tr><tr><td>1</td><td>COMFORIA KINSHICHO DEUX</td><td rowspan="3">February 1, 2019</td></tr><tr><td>2</td><td>COMFORIA KAMEIDO SOUTH</td></tr><tr><td>3</td><td>COMFORIA SHIBUYA WEST</td></tr><tr><td>4</td><td>COMFORIA HIGASHI-NIHONBASHI</td><td rowspan="5">March 20, 2019</td></tr><tr><td>5</td><td>COMFORIA ASAKUSA-KOMAGATA</td></tr><tr><td>6</td><td>COMFORIA OMORI-KASHIMA</td></tr><tr><td>7</td><td>COMFORIA OMORIMACHI</td></tr><tr><td>8</td><td>COMFORIA KAMIIKEDAI</td></tr><tr><td>9</td><td>CAMPUS VILLAGE SHIINAMACHI</td><td>(Note)</td></tr></table><p>(Note) The actual date of acquisition is expected to be between March 27, 2019 and April 5, 2019, but for the forecasting purpose April 1, 2019 is set as the acquisition date.</p>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, 2020 (19th period).The assumptions may differ due to changes in the managed assets.	No	Property Name	Date of Acquisition	1	COMFORIA KINSHICHO DEUX	February 1, 2019	2	COMFORIA KAMEIDO SOUTH	3	COMFORIA SHIBUYA WEST	4	COMFORIA HIGASHI-NIHONBASHI	March 20, 2019	5	COMFORIA ASAKUSA-KOMAGATA	6	COMFORIA OMORI-KASHIMA	7	COMFORIA OMORIMACHI	8	COMFORIA KAMIIKEDAI	9	CAMPUS VILLAGE SHIINAMACHI	(Note)
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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, 2018 (16th 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 at the time of writing, and market trends, etc.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, 2018 (16th 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 and 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 47 million yen. Regarding the Assets to Be Acquired, fixed property taxes, city planning taxes, etc. for fiscal 2020 will be expensed starting from the period ending July 31, 2020 (20th period). The annual total amount of fixed property taxes, city planning taxes, etc. on the Assets to Be Acquired is assumed to be 59 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.																								

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	<ul style="list-style-type: none"> Depreciation expenses including incidental costs, etc. are calculated by the straight-line method. They are assumed to be 1,287 million yen in the period ending July 31, 2019 (18th period) and 1,303 million yen in the period ending January 31, 2020 (19th period).
Non-operating Expenses	<ul style="list-style-type: none"> According to the resolution of the board of directors' meeting held today, non-operating expenses of 7 million yen are anticipated for each of the periods ending July 31, 2019 (18th period) and January 31, 2020 (19th period) related to the issuance of new investment units through public offering and third-party allotment and secondary offering of investment units. For interest expenses and investment corporation bonds interest payable and other interest-bearing debt costs, 533 million yen and 557 million yen are anticipated in the period ending July 31, 2019 (18th period) and the period ending January 31, 2020 (19th period), respectively.
Interest-bearing Debt	<ul style="list-style-type: none"> The Investment Corporation has a total of 116,030 million yen in interest-bearing debt as at the time of writing. For the borrowing of 5,500 million yen that will come due on January 31, 2019, it is assumed that the entire amount will be refinanced by the repayment date. For the borrowing of 100 million yen that will come due on February 28, 2019, it is assumed that the entire amount will be repaid in cash on hand. In addition, the Investment Corporation will borrow 2,750 million yen for acquiring 5 properties (No.4-8) on March 20, 2019 and 2,800 million yen for acquiring the property (No.9) on April 1, 2019, 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 121,480 million yen as of the end of the period ending July 30, 2019 (18th period) and that the balance will not change before the end of the period ending January 31, 2020 (19th period). Other than the above, it is assumed that the borrowings that will come due during the period ending July 31, 2019 (18th period) and the period ending January 31, 2020 (19th period), comprised of 12,495 million yen for the period ending July 30, 2019 (18th period), and 3,450 million yen for the period ending January 31, 2020 (19th 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.
Investment Units	<ul style="list-style-type: none"> The number of Investment Units is assumed based on in addition to the 586,994 investment units as at the time of writing, public offering of new investment units (51,270 units) and the third-party allotment (up to 2,570 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, 2020 (19th period). Cash distribution per unit for the periods ending July 31, 2019 (18th period) and January 31, 2020 (19th period) are calculated on the basis of 640,834 units, including the units which will be issued in the current offering.
Cash Distribution per Unit	<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 the Investment Corporation. Cash distribution per unit in the end of the periods ending July 31, 2019 (18th period) and January 31, 2020 (19th period) is calculated based on profit and the reversals of reserve for reduction entry of property totaling 39 million yen and 45 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.
Cash Distribution in Excess of Profit 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 Profit per unit) at this time.
Others	<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. 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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