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For Immediate Release

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Notice Concerning Revision to Forecast of Financial Results and Distributions for the Period
Ending July 31, 2021 and January 31, 2022

Comforia Residential REIT, Inc (“CRR”) announces today that it has revised the forecast of financial results for the period ending July 31, 2021 (22nd period: February 1, 2021 - July 31, 2021) and January 31, 2022 (23rd period: August 1, 2021 – January 31, 2022), which was announced on January 5, 2021.

Details are as follows:

1. Detail of Revision

(1) The period ending July 31, 2021 (22nd period: February 1, 2021 – July 31, 2021)

	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)	9,344	4,211	3,615	3,609	5,430	—
Revised Forecasts (B)	10,720	5,502	4,893	4,887	5,780	—
Changes (B – A)	1,375	1,291	1,277	1,277	350	—
Changes	14.7%	30.7%	35.3%	35.4%	6.4%	—

(Note) Excluding Cash Distribution in Excess of Profit

(Reference) Projected number of investment units issued as of the period-end: 692,994 units

Projected profit per unit as of the period-end: 7,053yen

(2) The period ending January 31, 2022 (23rd period: August 1, 2021 – January 31, 2022)

	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)	9,319	4,190	3,585	3,580	5,430	—
Revised Forecasts (B)	9,374	4,247	3,630	3,624	5,430	—
Changes (B – A)	55	56	44	44	—	—
Changes	0.6%	1.4%	1.2%	1.2%	—	—

(Note) Excluding Cash Distribution in Excess of Profit

(Reference) Projected number of investment units issued as of the period-end: 692,994 units

Projected profit per unit as of the period-end: 5,230 yen

2. Reason for Revision

Considering the effect of the acquisition and sale of assets as described in the “Notice Concerning Acquisition and Sale of Investment Assets”, which was announced today, the assumptions for the forecast of financial results for the period ending July 31, 2021 and January 31, 2022 have been changed. Therefore CRR revises the forecasts for the period ending July 31, 2021 and January 31, 2022, because a difference of cash distribution per unit between forecast of financial results for the period ending July 31, 2021 released on January 5, 2021 and the actual figure will be expected to arise over 5%.

(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, 2021 and the Period Ending January 31, 2022”. 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 January 31, 2022 (23rd period) is calculated based on profit and the reversals of reserve for reduction entry of property totaling 138 million yen.
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/>

Exhibit Assumptions for Forecasts of Financial Result for the Period Ending July 31, 2021 and the Period Ending January 31, 2022

Item	Assumptions
Period	<ul style="list-style-type: none"> ● Period ending July 31, 2021 (22nd period) (February 1, 2021 - July 31, 2021) (181 days) ● Period ending January 31, 2022 (23rd period) (August 1, 2021 - January 31, 2022) (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 COMFORIA OMIYA (“Asset to be Acquired”) on March 18, 2021 and sell COMFORIA SHIN-OSAKA (“Asset to be Sold”) on March 30, 2021. Subsequently, the portfolio is expected to be comprised of 140 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 and selling the Asset to be sold until the end of the period ending January 31, 2022 (23rd period). ● The assumptions may differ due to changes in the managed assets.
Operating Revenue	<ul style="list-style-type: none"> ● Leasing revenues from the Owned Assets are calculated based on actual performance for the period ended January 31, 2021 (21st 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., effective lease contracts as of today, and market trends, etc. ● Operating Revenue assumes that tenants will pay their rents without delinquency. ● Capital gains (1,350 million yen) from Asset to be Sold will be considered for the fiscal period ending July 31, 2021 (22nd period).
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 January 31, 2021 (21st period) and expense trends, etc. In addition, leasing business expenses, excluding depreciation expenses, of the Asset 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. Regarding the 4 assets in total, Asset to be Acquired, COMFORIA TAITONEGISHI and other 2 assets acquired in the period ending July 31, 2021 (22nd period), fixed property taxes, city planning taxes, etc. for fiscal 2022 will be partially expensed starting from the period ending July 31, 2022 (24th period). The annual total amount of fixed property taxes, city planning taxes, etc. on the 4 assets mentioned above is assumed to be 38 million yen. The fixed property taxes, city planning taxes, etc. for fiscal 2021 on the properties acquired in 2020 (13 properties in total) will be partially expensed starting from the period ending July 31, 2021 (22nd period). The annual total amount of fixed property taxes, city planning taxes, etc. on these properties are assumed to be 77 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 1,403 million yen in the period ending July 31, 2021 (22nd period) and 1,408 million yen in the period ending January 31, 2022 (23rd period).

<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, 2021 (22nd period), are assumed to be 15 million yen in the period ending July 31, 2021 (22nd period) and 15 million yen in the period ending January 31, 2022 (23rd period). For interest expenses and investment corporation bonds interest payable and other interest-bearing debt costs, 594 million yen and 601 million yen are anticipated in the period ending July 31, 2021 (22nd period) and the period ending January 31, 2022 (23rd period), respectively.
<p>Interest-bearing Debt</p>	<ul style="list-style-type: none"> CRR has a total of 141,650 million yen in interest-bearing debt as of today. It is assumed that the balance of the interest-bearing debt will not change as of the end of the period ending January 31, 2022 (23rd period).
<p>Investment Units</p>	<ul style="list-style-type: none"> The number of Investment Units is assumed to be 692,994 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, 2022 (23rd period).
<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, 2021 (22nd period) is calculated based on profit subtracting by the reversals of reserve for reduction entry of property totaling 881 million yen. Cash distribution per unit in the end of the periods ending January 31, 2022 (23rd period) is calculated based on profit and the reversals of reserve for reduction entry of property totaling 138 million yen. 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. It is assumed that an unexpected significant change will not arise in general economic trends and real estate market conditions, etc.