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For Immediate Release

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Notice Concerning Issuance of New Investment Units  
and Secondary Offering of Investment Units

Comforia Residential REIT, Inc (“Investment Corporation”) announces that it has resolved at the board of directors’ meeting held today concerning the issuance of new investment units and secondary offering of investment units. Details are as follows:

1. Issuance of New Investment Units through Public Offering (Primary Offering)

(1) Number of investment units  
to be offered: 22,190 units

(2) Paid-in amount (issue value): To be determined  
The amount shall be determined at the board of directors’ meeting held on a date between January 17, 2018 (Wednesday) and January 22, 2018 (Monday) (the “Pricing Date”). The paid-in amount (issue value) is the amount per investment units of Investment Corporation (the “Investment Units”) that Investment Corporation is to receive as the amount paid for new investment units.

(3) Total paid-in amount (issue value): To be determined

(4) Issue price (offer price): To be determined  
The issue price (offer price) shall provisionally be calculated by multiplying the difference between the closing price of the Investment Units in a regular trading session at the Tokyo Stock Exchange, Inc. (the “TSE”) on the Pricing Date (if the closing

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price is not available on that date, the closing price on the most recent day preceding that date) and cash distributions per unit of 4,690 yen by a factor of 0.90 to 1.00 (rounded down to the nearest 1 yen) while taking into account market demand and other conditions.

- (5) Total issue amount (offer price) : To be determined
- (6) Offering method: The offering of the Investment Units shall be through a public offering, and underwritten in full by Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and SBI SECURITIES Co., Ltd. (collectively referred as the “Underwriters”).
- \* Mizuho Securities Co., Ltd. and SMBC Nikko Securities Inc. are collectively referred as the “Joint Lead Managers”.
- (7) Underwriting agreement details: The Underwriters shall pay the total paid-in amount (issue value) to the Investment Corporation on the payment date identified in (10) below. The difference between the total issue amount (offer price) and the total paid-in amount (issue value) in the public offering shall be the proceeds of the Underwriters. The Investment Corporation will pay no underwriting fee to the Underwriters.
- (8) Subscription unit: 1 unit or more in multiples of 1 unit
- (9) Subscription period: The subscription period shall be between the business day following the Pricing Date and the date that marks two business days after the Pricing Date.
- (10) Payment date: February 1, 2018 (Thursday)
- (11) Delivery date: February 2, 2018 (Friday)
- (12) The issue price (offer price), paid-in amount (issue value) and other items necessary for the issuance of the Investment Units shall be determined at future board of directors’ meeting. However, Executive Director has discretionary authority to make any changes before the formal determination.
- (13) Each of the items above is subject to the condition that the securities registration statement in accordance with the Financial Instruments and Exchange Act takes effect.

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## 2. Secondary Offering of Investment Units (Over-Allotment)

- (1) Seller and Number of investment units    Mizuho Securities Co., Ltd.    1,110 units  
to be offered:    The above number of investment units to be offered indicates the maximum number of investment units of the secondary offering through over-allotment conducted by Mizuho Securities Co., Ltd. aside from the public offering accounting demand conditions. There may be cases where this number is reduced or over-allotment itself is not conducted, depending on demand conditions of the primary offering and other factors. The number of investment units to be offered through the secondary offering shall be determined at the board of directors' meeting held on the Pricing Date taking into account the demand conditions of the primary offering and other factors.
- (2) Offer price:    To be determined  
The offer price will be determined on the Pricing Date, and shall be same as the issue price (offer price) for the public offering.
- (3) Total offer price:    To be determined
- (4) Offering method:    In consideration of the demand conditions of the public offering, aside from the public offering, Mizuho Securities Co., Ltd. shall offer the Investment Units (up to 1,110 units) borrowed from Tokyu Land Corporation (“TOKYU LAND”).
- (5) Subscription unit:    1 unit or more in multiples of 1 unit
- (6) Subscription period:    The same as the subscription period of the primary offering
- (7) Delivery date:    The same as the delivery date of the primary offering
- (8) The offer price and other items necessary for the issuance of the new investment units shall be determined at future board of directors' meeting. However, Executive Director has discretionary authority to make any changes before the formal determination.
- (9) If the public offering is suspended, the secondary offering by over-allotment shall also be suspended.
- (10) Each of the items above is subject to the condition that the securities registration statement in accordance with the Financial Instruments and Exchange Act takes effect.

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3. Issuance of New Investment Units to be Offered by Way of Third-Party Allotment

- (1) Number of investment units to be offered: 1,110 units
- (2) Paid-in amount (issue value): To be determined  
The paid-in amount (issue value) shall be determined on the Pricing Date, and shall be same as the paid-in amount (issue value) for the public offering.
- (3) Total paid-in amount (issue value): To be determined
- (4) Allottee and number of investment units to be allotted: Mizuho Securities Co., Ltd. 1,110 units
- (5) Subscription unit: 1 unit or more in multiples of 1 unit
- (6) Subscription period: February 14, 2018 (Wednesday)  
(Subscription date)
- (7) Payment date: February 15, 2018 (Thursday)
- (8) If some or all of the investment units are not applied for by the end of the subscription period (subscription date) set forth in item (6) above, the issuance of those units not applied for shall be cancelled.
- (9) The paid-in amount (issue value) and other items necessary for the issuance of the new investment units shall be determined at future board of directors' meeting. However, Executive Director has discretionary authority to make any changes before the formal determination.
- (10) If the public offering is suspended, the issuance of new investment units by way of third-party allotment shall also be suspended.
- (11) Each of the items above is subject to the condition that the securities registration statement in accordance with the Financial Instruments and Exchange Act takes effect.

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<Reference >

1. Details of the Secondary Offering (Over-Allotment)

- (1) Taking into account the demand conditions and other factors upon the public offering, Mizuho Securities Co., Ltd. may implement a secondary offering of the borrowed Investment Units up to 1,110 units (secondary offering through over-allotment) borrowed from TOKYU LAND aside from the public offering. The number of investment units in the secondary offering through over-allotment is the maximum amount. The number may decrease or the secondary offering through over-allotment itself may not take place at all, depending on demand conditions and other factors.

In order to allow Mizuho Securities Co., Ltd. to acquire the Investment Units needed to return the borrowed Investment Units upon the secondary offering through over-allotment, the Investment Corporation has resolved at the board of directors' meeting held on January 5, 2018 (Friday) to issue the investment units for 1,110 units by way of third-party allotment, with Mizuho Securities Co., Ltd. as the allottee and the payment date on February 15, 2018 (Thursday).

For the purpose of returning the borrowed investment units, Mizuho Securities Co., Ltd. may also purchase the investment units up to the number of units for the secondary offering (over-allotment) at the TSE (the "syndicated cover transaction") during the period from the day following the close of the subscription period for the public offering and the secondary offering (over-allotment) to February 9, 2018 (Friday) (the "syndicated cover transaction period"). The Investment Units purchased by Mizuho Securities Co., Ltd. through the syndicated cover transaction shall be used to return the borrowed investment units. There may be cases in which Mizuho Securities Co., Ltd. does not conduct the syndicated cover transaction at all or ends the syndicated cover transaction with the number of Investment Units that are smaller than the number of the Investment Units offered through the secondary offering (over-allotment), at its sole discretion.

Moreover, Mizuho Securities Co., Ltd. may conduct stabilizing transactions in correlation with the public offering and the secondary offering (over-allotment). The Investment Units purchased through such stabilizing transactions may be used, in whole or in part, to return the borrowed investment units.

Mizuho Securities Co., Ltd. intends to agree to third-party allotment to acquire the investment units for the number of the investment units obtained by subtracting the number of investment units that are purchased through the syndicated cover transaction and the stabilizing transactions and used to return the borrowed investment units from the number of the investment units for the secondary offering (over-allotment). As a result, there may be cases in which there will be no subscription to the investment units offered by way of third-party allotment in whole or in part, and accordingly the final number of the investment units issued by way of third-party allotment will decrease to that extent due to forfeiture of rights, or such issuance itself will not take place at all.

The decision to initiate the secondary offering by over-allotment and determine the number of investment units to be offered shall be determined on the Pricing Date. If a secondary offering by over-allotment is not made, Mizuho Securities Co., Ltd. shall not borrow Investment Units of Investment Corporation from the investor of Investment Corporation, and Mizuho Securities Co., Ltd. shall not receive any allotment by way of third-party allotment. Mizuho Securities Co., Ltd. shall lose the right to receive an allotment, and no new investment units shall be issued. Consequently, Mizuho Securities Co., Ltd. will be unable to conduct any syndicate covering transactions on the Tokyo Stock Exchange either.

- (2) Mizuho Securities Co., Ltd. shall conduct the transactions described in the above (1) upon consultation with SMBC Nikko Securities Inc.

2. Changes in Total Number of Outstanding Investment Units Issued After the Issuance of New Investment Units

Total number of outstanding investment units	563,694	units
Number of investment units to be issued through the primary offering	22,190	units
Total number of outstanding investment units after the issuance of new investment units through the primary offering	585,884	units
Number of investment units to be issued by the issuance of new investment units by way of third-party allotment	1,110	units (Note)
Total number of outstanding investment units issued after the issuance of new investment units by way of third-party allotment	586,994	units (Note)

(Note) The figures in the above table are based on the assumption that the new investment units to be issued by way of third-party allotment are all applied for by Mizuho Securities Co., Ltd.

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### 3. Purpose and Reason for Issuance

Investment Corporation plans to acquire the additional properties to expand asset size and improve the stability of portfolio revenue. In light of the anticipated acquisitions, the decision to issue new investment units was based on analyses of market trends, impacts to financial soundness, levels of distributions per unit and other factors.

### 4. Amount of Funds to be Procured, Use of Proceeds and Scheduled Expenditure Date

#### (1) Amount of funds to be procured (approximate net balance the Investment Corporation will obtain)

5,252,076,300 yen (maximum) (Note)

(Note) The aforementioned amount represents the sum of 5,001,870,090 yen in net proceeds the Investment Corporation will receive from the public offering and the maximum amount of 250,206,210 yen the Investment Corporation will receive from the issuance of new investment units by way of third-party allotment. Moreover, the amount is an estimate calculated on the basis of the closing price of the Investment Units in a regular trading session at the TSE as of December 18, 2017 (Monday).

#### (2) Specific use of the funds to be procured and scheduled expenditure date

The Investment Corporation plans to use a part of the proceeds (5,001,870,090 yen) from the public offering for the acquisition of new Specified Assets described in the press release titled “Notice Concerning Acquisition of Investment Assets (COMFORIA UENOIRIYA, and other 3 assets)” separately announced today. Furthermore, the maximum amount of proceeds (250,206,210 yen) the Investment Corporation will receive from the issuance of new Investment Units by way of third-party allotment will be kept as cash on hand and is intended to be used to fund future acquisitions of Specified Assets or repay borrowings.

(Note) The procured funds will be deposited to financial institutions until being expensed.

### 5. Forecast

Refer to the “Notice Concerning Forecast of Financial Results for the Periods Ending July 31, 2018 and January 31, 2019” released today for forecasts of the management performance for the period ending July 31, 2018 (February 1, 2018 - July 31, 2018) and the period ending January 31, 2019 (August 1, 2018 - January 31, 2019).

### 6. Financial Results and Equity Finance Status during the Three Most Recent Fiscal Periods

#### (1) Financial results during the three most recent fiscal periods

	Fiscal period ended July 2016	Fiscal period ended January 2017	Fiscal period ended July 2017
Profit per unit (Note 1)	4,489 yen	4,548 yen	4,629 yen
Cash Distribution per unit	4,487 yen	4,549 yen	4,681 yen
(Cash Distribution Per Unit (excluding Cash Distribution in Excess of Profit) )	(4,487 yen)	(4,549 yen)	(4,681 yen)
(Cash Distribution in Excess of Profit Per Unit)	( - )	( - )	( - )
Actual payout ratio (Note 2)	99.9%	100.0%	101.1%
Net assets per unit	165,801 yen	165,863 yen	172,537 yen

(Note 1) Profit per unit is calculated by dividing profit by the day-weighted average number of investment units during the period.

(Note 2) Total distribution amount ÷ Profit × 100

The figures have been rounded down to the nearest tenth.

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(2) Status of recent investment unit price

(i) Status during the three most recent fiscal periods

	Fiscal period ended July 2016	Fiscal period ended January 2017	Fiscal period ended July 2017
Opening price	223,800 yen	244,000 yen	252,600 yen
Highest price	250,900 yen	262,500 yen	261,600 yen
Lowest price	206,900 yen	231,600 yen	219,400 yen
Closing price	244,200 yen	252,200 yen	232,300 yen

(ii) Status during the most recent six-month period

	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017
Opening price	239,200 yen	231,100 yen	234,600 yen	237,100 yen	234,300 yen	240,500 yen
Highest price	239,200 yen	240,200 yen	238,000 yen	238,400 yen	241,900 yen	244,500 yen
Lowest price	219,400 yen	228,100 yen	232,400 yen	229,500 yen	229,300 yen	239,800 yen
Closing price	232,300 yen	238,500 yen	237,900 yen	232,700 yen	240,900 yen	240,900 yen

(iii) Investment unit price on business day preceding issuance resolution date

	January 4, 2018
Opening price	239,700 yen
Highest price	241,200 yen
Lowest price	239,200 yen
Closing price	240,100 yen

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(3) Equity finance status during the three most recent fiscal periods

• Public offering

Issue date	February 1, 2016
Amount of procured funds	7,159,320,000 yen
Paid-in amount (Issue value)	189,400 yen
Total number of Investment Units outstanding before the private offering	473,804 units
Number of Investment Units issued through the private offering	37,800 units
Total number of Investment Units outstanding after the public offering	511,604 units
Initial use of funds at the time of issuance	The acquisition of new properties
Schedule of expenditure at the time of issuance	During and after February 2016
Status of expenditure to date	The entire amount has already been spent in the above schedule of expenditure

• Third-party allotment

Issue date	February 26, 2016
Amount of procured funds	359,860,000 yen
Paid-in amount (Issue value)	189,400 yen
Total number of Investment Units outstanding before the private offering	511,604 units
Number of Investment Units issued through the private offering	1,900 units
Total number of Investment Units outstanding after the public offering	513,504 units
Allottee	Mizuho Securities Co., Ltd.
Initial use of funds at the time of issuance	The future acquisitions of new properties or the repayment of borrowings
Schedule of expenditure at the time of issuance	During and after February 2016
Status of expenditure to date	The entire amount has already been spent in the above schedule of expenditure

• Public offering

Issue date	February 1, 2017
Amount of procured funds	11,251,785,400 yen
Paid-in amount (Issue value)	235,393 yen
Total number of Investment Units outstanding before the private offering	513,504 units
Number of Investment Units issued through the private offering	47,800 units
Total number of Investment Units outstanding after the public offering	561,304 units
Initial use of funds at the time of issuance	The acquisition of new properties
Schedule of expenditure at the time of issuance	During and after February 2017
Status of expenditure to date	The entire amount has already been spent in the above schedule of expenditure

• Third-party allotment

Issue date	February 22, 2017
Amount of procured funds	562,589,270 yen

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Paid-in amount (Issue value)	235,393 yen
Total number of Investment Units outstanding before the private offering	561,304 units
Number of Investment Units issued through the private offering	2,390 units
Total number of Investment Units outstanding after the public offering	563,694 units
Allottee	Mizuho Securities Co., Ltd.
Initial use of funds at the time of issuance	The future acquisitions of new properties or the repayment of borrowings
Schedule of expenditure at the time of issuance	During and after February 2017
Status of expenditure to date	The entire amount has already been spent in the above schedule of expenditure

#### 7. Lockup period

- (1) TOKYU LAND will agree with the Joint Lead Managers that it shall not effectuate any transfer, etc. of the Investment Units of Investment Corporation it holds in connection with the public offering during the period from the Pricing Date to the date 180 days after the delivery date of the public offering, without the prior written consent of the Joint Lead Managers (excludes investment units of the Investment Corporation lent to Mizuho Securities Co., Ltd. for the purpose of secondary offering by way of over-allotment).
- (2) Investment Corporation will agree with the Joint Lead Managers that it will not effectuate any issuance, etc. of Investment Units of Investment Corporation in connection with the public offering during the period from the Pricing Date to the date 90 days after the delivery date of the public offering without the prior written consent of the Joint Lead Managers (excludes cases where new investment units are issued by third-party allotment or by investment unit split).

\*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/>

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