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For Immediate Release

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## Notice Concerning Partial Amendments to Internal Rules of Asset Management Company

### (Asset Management Guidelines for Comforia Residential REIT, Inc)

Comforia Residential REIT, Inc (“Investment Corporation”) announces that TLC REIT Management Inc., to which the Investment Corporation entrusts management of its assets (“Asset Management Company”) decided to partially amend the provisions of the Asset Management Guidelines for Comforia Residential REIT, Inc (the “Asset Management Guidelines”), one of its internal rules, as of March 14, 2018 as shown below.

#### 1. Reason for the Amendments

While the Investment Corporation makes it a policy to build a portfolio of properties centering on rental residences by taking advantage of various experiences and know-how possessed by the Tokyu Fudosan Holdings Group, it also invests in operational rental residences with an aim to expand the asset size and reinforce the portfolio.

The asset size of the Investment Corporation is expected to reach 200 billion yen, a target it has pursued to date, with the acquisition of new assets as separately announced in the press release “Notice Concerning Acquisition and Sale of Investment Assets” dated today. Going forward, the Investment Corporation will aim to achieve steady growth in its asset size from the perspective of further enhancing the stability of the portfolio.

Given such a situation, the Asset Management Company has decided to modify the Asset Management Guidelines so that the types of operational rental residences to be invested in by the Investment Corporation, which are currently limited to the three types of ‘senior residences,’ ‘serviced apartments’ and ‘student apartments (dormitories),’ are no longer specifically limited. The modification is intended to prevent any loss of opportunities to acquire new types of operational rental residences in light of the diversification of user needs taking place in association with social changes going forward.

#### 2. Date of the Amendments to the Asset Management Guidelines

April 1, 2018 (planned)

#### 3. Overview of the Amendments to the Asset Management Guidelines

The operational rental residences to be invested in by the Investment Corporation have been defined limitedly to the three types of “senior residences,” “serviced apartments” and “student apartments (dormitories).” With the new definitions, however, the types of the operational rental residences will no longer be specifically limited. In addition, necessary modifications, etc. will be made in accordance with the changes in the definitions. For more details, please see the attached “Major Amendments to the Asset Management Guidelines.”



#### 4. Future Outlook

The partial amendments to the Asset Management Guidelines will have no impact on the forecasts of the Investment Corporation's management performance for the fiscal period ending July 2018 (February 1, 2018 – July 31, 2018) and the fiscal period ending January 2019 (August 1, 2018 – January 31, 2019).

\*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/>



Attachment

Major Amendments to the Asset Management Guidelines (underlined parts are amended)

Before the Amendments	After the Amendments				
<p>2. Investment Policy (Details omitted)</p> <p>(3) Investment Criteria</p> <p>(a) Investment criteria for rental residences (Details omitted)</p> <p>(b) Investment criteria for operational rental residences The operational rental residences to be invested in by the Investment Corporation shall be senior residences, serviced apartments and student apartments (dormitories), which respectively refer to the following residences or facilities.</p> <p>In making investments in the operational rental residences, the Investment Corporation shall determine whether or not to invest in the relevant properties and the investment terms and conditions based on comprehensive judgment, paying attention to the following matters as well as to the matters described in (a) above (excluding, however, 1) Location, 2) Facilities and 6) Tenants, which shall not be applied to operational rental residences because of the differences in product characteristics).</p>	<p>2. Investment Policy (Details omitted)</p> <p>(3) Investment Criteria</p> <p>(a) Investment criteria for rental residences (Details omitted)</p> <p>(b) Investment criteria for operational rental residences The operational rental residences to be invested in by the Investment Corporation shall be <u>residential properties used as rental residences such as senior residences, serviced apartments and student apartments (dormitories) which require operation by specialized operators having operational capabilities different from those for ordinary rental residences.</u></p> <p>In making investments in the operational rental residences, the Investment Corporation shall, <u>as a rule, lease the entire properties or consign their operations to specialized operators having operational capabilities and creditworthiness required for operational rental residences,</u> and determine whether or not to invest in the relevant properties and the investment terms and conditions <u>by giving comprehensive consideration to</u> the matters described in (a) above (excluding, however, 1) Location, 2) Facilities and 6) Tenants, which shall not be applied to operational rental residences because of the differences in product characteristics). <u>Furthermore, the typical types of operational rental residences include the following:</u></p>				
<table border="1"> <tr> <td data-bbox="217 1854 387 1998">Senior residences</td> <td data-bbox="387 1854 786 1998">Refers to rental residences or nursing care facilities that can provide nursing care services</td> </tr> </table>	Senior residences	Refers to rental residences or nursing care facilities that can provide nursing care services	<table border="1"> <tr> <td data-bbox="839 1854 1010 1998">Senior residences</td> <td data-bbox="1010 1854 1407 1998">Refers to rental residences or nursing care facilities that can provide nursing care services</td> </tr> </table>	Senior residences	Refers to rental residences or nursing care facilities that can provide nursing care services
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Before the Amendments		After the Amendments	
Serviced apartments	Refers to rental residences that are equipped with home appliances and furniture and provide front desk services, cleaning services and other services	Serviced apartments	Refers to rental residences that are equipped with home appliances and furniture and provide front desk services, cleaning services and other services
Student apartments (dormitories)	Refers to rental residences leased primarily to students	Student apartments (dormitories)	Refers to rental residences leased primarily to students
<p>(Note) Residences that can be leased and operated in a similar manner to rental residences and wholly leased to corporations on the premise that the properties are used by individual residents, and condominium-type residences with studio units that are leased to students only shall be included in rental residences.</p>			