

Disclaimers

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the “AIFMD”) as implemented in their respective jurisdictions. Accordingly, you should not use this document for any other purpose.

Netherlands

The units of Comforia Residential REIT, Inc. (“CRR” or the “AIF”) are being marketed in the Netherlands under Section 1:13b of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, or the “Wft”). In accordance with this provision, TLC REIT Management Inc. (“TRM” or the “AIFM”) has submitted a notification with the Dutch Authority for the Financial Markets. The units of CRR will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (*gekwalificeerde beleggers*) within the meaning of Article 1:1 of the Wft, and as a consequence neither the AIFM nor CRR is subject to the license requirement pursuant to the Wft. Consequently, neither the AIFM nor CRR is subject to supervision of the Dutch Central Bank (*De Nederlandsche Bank*, “DNB”) or the Netherlands Authority for Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) and this Article 23 AIFMD Prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the Regulation (EU) 2017/1129 (the “Prospectus Regulation”) as amended and applicable in the Netherlands. The AIFM is therefore solely subject to limited ongoing regulatory requirements as referred to in Article 42 of the AIFMD.

United Kingdom

Units of CRR are being marketed in the United Kingdom pursuant to Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, the AIFM has notified the Financial Conduct Authority (the “FCA”) of its intention to offer these units in the United Kingdom. For the purposes of the United Kingdom Financial Services and Markets Act 2000 (as amended, “FSMA”) CRR is an unregulated collective investment scheme which has not been authorized by the FCA. Accordingly, any communication of an invitation or inducement to invest in CRR may only be made to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or “the

Order”; or (ii) high net worth companies falling within Articles 49(2)(a) to (d) of the Order and other persons to whom it may lawfully be communicated (all such persons referred to under (i) and (ii) of this paragraph, together being referred to as “Relevant Persons”).

In the United Kingdom, this document and its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. The transmission of this document and its contents in the United Kingdom to any person other than a Relevant Person is unauthorized and may contravene the FSMA and other United Kingdom securities laws and regulations.

Prohibition of Sales to UK Retail Investors

In addition to the restrictions under the AIFMD, as retained by the United Kingdom in its domestic laws, the Units of CRR are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes of this provision, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129, as it forms part of domestic law by virtue of the EUWA; and the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the international units to be offered so as to enable an investor to decide to purchase or subscribe the international units.

Consequently no key information document required by Regulation (EU) No 1286/2014, as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”), for offering or selling the international units or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the international units or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

European Economic Area

In addition to the restrictions under the AIFMD, the Units of CRR are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these

purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation, as amended.

Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Units of CRR or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Units of CRR or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Article 23 (1)(a)	
Objectives of the AIF	<p>CRR invests primarily in rental residences, mainly in the Tokyo metropolitan area, for singles and small families, as well as assets that we refer to as “operational” assets, which are rental residences such as nursing care homes, residences with service provision and student dormitory, which generally are leased to or managed by professional operators with necessary management capability and credit pursuant to lease or management contracts. We acquire rental residences developed or managed as “Comforia” series properties from TOKYU FUDOSAN HOLDINGS Group companies, and other properties that match the Comforia concept from entities outside the TOKYU FUDOSAN HOLDINGS Group.</p> <p>Comforia series properties are rental residential properties produced by Tokyu Land Corporation which offer comfort beyond residents’ expectations and more than mere convenience in many ways, in order to benefit residents who wishes to live freely and affluently in urban communities.</p>
Investment strategy	<p>CRR aims to maximize unitholders’ value in the medium to long term through acquisition of quality properties and management of the portfolio effectively to maintain and improve its value by utilizing the value chain and know-how of the TOKYU FUDOSAN HOLDINGS Group companies.</p> <p>Backed by TRM’s Sponsor Support Agreement with Tokyu Land Corporation (the “Sponsor”) regarding management of properties and Support Agreements with seven TOKYU FUDOSAN HOLDINGS Group companies (the “Support Companies”), CRR leverages the strength of the Sponsor and the Support Companies for CRR’s external and internal growth.</p> <p>In addition, officers and employees of the AIFM are mainly persons with years of experiences in development, operation and management of residential properties and management of funds investing in residential properties. Supported by TOKYU FUDOSAN HOLDINGS Group companies’ proprietary know-how regarding property acquisitions, information network and provision of information regarding properties, CRR aims to broaden its information pipeline and choose timing for property acquisition flexibly in order to acquire competitive properties.</p> <p>Also, CRR looks to select TOKYU FUDOSAN HOLDINGS Group companies whose core businesses are operation and management of real estate as property managers to maintain and improve the value of its portfolio.</p>
Types of assets the AIF may invest in	Real estate, including trust beneficiary interests in real estate, securities backed by real estate, specified assets and other assets.

Techniques it may employ and all associated risks

CRR focuses on investing in residential properties in the Greater Tokyo Area as well as other major urban areas, which CRR anticipates will contribute to the expansion of the total asset value and diversification of its portfolio. Also, CRR leverages TOKYU FUDOSAN HOLDINGS Group's value-chain and know-how to pursue both external and internal growth.

The principal risks with respect to investment in CRR are as follows:

- any adverse conditions in the Japanese economy could adversely affect CRR's properties, including through the spread of COVID-19, which may have a significant, long-term adverse impact on economic activities;
- CRR may not close all or any of its anticipated acquisitions of properties;
- CRR may not complete the expected debt financing, in which case CRR may not be able to acquire some or all of the properties CRR anticipates acquiring, or CRR may be forced to accept alternative financing with less advantageous terms;
- CRR may face significant competition in acquiring properties and may not be able to acquire ones to execute its growth and investment strategy in a manner that is accretive to earnings;
- Illiquidity in the real estate market may limit CRR's ability to grow or adjust its portfolio;
- the past experience of Tokyu Land Corporation in the Japanese real estate market is not an indicator or guarantee of CRR's future results;
- CRR's reliance on Tokyu Land Corporation, other TOKYU FUDOSAN HOLDINGS Group companies and other entities could have a material adverse effect on CRR's business;
- there are potential conflicts of interest between CRR and certain Tokyu Fudosan Holdings Group companies, including the AIFM;
- CRR may face significant competition in seeking tenants and it may be difficult to find replacement tenants;
- increases in prevailing market interest rates may increase CRR's interest expense and may result in a decline in the market price of CRR's units;
- CRR may suffer large losses if any of its properties incurs damage from a natural or man-made disaster or acts of violence or war;
- most of the properties in CRR's portfolio may be concentrated in the Tokyo metropolitan area;
- the concentration of residential properties in CRR's portfolio may entail risks uncommon to other J-REITs that invest in a broader range of real estate or real estate-related assets;
- any inability to obtain financing for future acquisitions could adversely affect the growth of CRR's portfolio;

- CRR's failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify CRR from certain taxation benefits and significantly reduce its cash distributions to its unitholders;
- CRR's ownership rights in some of its properties may be declared invalid or limited; and
- there are conflicts of interest between CRR and certain other investment corporations managed or advised by the AIFM.

In addition, CRR is subject to the following risks:

- risks related to investments in operational rental residences;
- risks related to nursing care homes;
- risks related to changes of investment policy of CRR;
- risks related to increasing operating costs;
- risks related to the restrictive covenants under debt financing arrangement;
- risks related to Asset Manager;
- risks related to property managers;
- risks related to dependence on the efforts of the AIFM's or property managers' key personnel;
- risks related to acquisition and disposition of properties;
- risks related to entering into forward commitment contracts;
- risks related to third party leasehold interests in the land;
- risks related to holding the property in the form of stratified ownership (*kubun shoyū*) interests or co-ownership interests (*kyōyū-mochibun*);
- risks related to holding the lands in which third parties hold leasehold interests and own the buildings (*sokochi*);
- risks related to properties under development;
- risks related to lease agreements;
- risks related to holding the property through trust beneficiary interests;
- risks related to the defective title, design, construction or other defects or problems in the properties including non-conformity to agreements;
- risks related to suffering impairment losses relating to the properties;
- risks related to decreasing tenant leasehold deposits and/or security deposits;
- risks related to tenant default as a result of financial difficulty or insolvency;
- risks related to master lease;
- risks related to insolvency of seller of properties CRR intends to acquire;
- risks related to relying on expert appraisals and engineering, environmental and seismic reports as well as industry and market data;
- risks related to the presence of hazardous or toxic substances in the properties, or the failure to properly remediate such substances;

	<ul style="list-style-type: none"> ● risks related to the strict environmental liabilities for the properties; ● risks related to the insider trading regulations; ● risks related to the amendment of the applicable administrative laws and local ordinances; ● risks related to investments in anonymous associations (<i>tokumei kumiai</i>); ● risks related to the tight supervision by the regulatory authorities; ● risks related to the tax authorities' disagreement with the AIFM's interpretations of the Japanese tax laws and regulations; ● risks related to being unable to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs; and ● risks related to changes in Japanese tax laws.
<p>Any applicable investment restrictions</p>	<p>CRR is subject to investment restrictions under Japanese laws and regulations (e.g., the Act on Investment Trusts and Investment Corporations (the "ITA"), the Financial Instruments and Exchange Act (the "FIEA")) as well as its articles of incorporation.</p> <p>CRR must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, leaseholds of real estate, surface rights (<i>chijō-ken</i>) (i.e., right to use land for the purpose of having a structure on it) or trust beneficiary interests for securities or real estate, leaseholds of real estate or surface rights.</p> <p>Furthermore, a listed J-REIT must invest substantially all of its assets in real estate, real estate-related assets and liquid assets as provided by the listing requirements. Real estate in this context includes, but is not limited to, real estate, leaseholds of real estate, surface rights, and trust beneficiary interests for these assets, and real estate-related assets in this context include, but not limited to, anonymous association (<i>tokumei kumiai</i>) interests for investment in real estate.</p> <p>Pursuant to the ITA, investment corporations may not independently develop land for housing or to construct buildings, but may outsource such activities in certain circumstances.</p> <p>Investment restrictions CRR places in its articles of incorporation are as follows:</p> <ol style="list-style-type: none"> (1) Restrictions relating to monetary claims and securities <ul style="list-style-type: none"> CRR shall not make investments in monetary claims and securities in a proactive manner. When CRR makes investments in these assets, CRR shall consider safety, liquidity or the relationship with specified assets. (2) Restrictions relating to derivatives transactions

	<p>CRR will invest in rights associated with derivatives transactions only for the purpose of hedging against interest risks arising from CRR's liabilities, and other related risks.</p> <p>The investment by the AIF must be made in accordance with the basic investment policy as set out in its articles of incorporation.</p>
Circumstances in which the AIF may use leverage	CRR may take out loans or issue long-term or short-term investment corporation bonds for the purpose of investing in properties, facility investment, paying cash distributions, raising working capital, repaying obligations (including repayment of tenant leasehold or security deposits, and obligations related to loans or long-term or short-term investment corporation bonds) and other activities.
The types and sources of leverage permitted and associated risks	Loans or investment corporation bonds: CRR currently does not have any outstanding guarantees and may be subject to restrictive covenants in connection with any future indebtedness that may restrict the operations and limit the ability to make cash distributions to unitholders, to dispose of the properties or to acquire additional properties. Furthermore, CRR may violate restrictive covenants contained in the loan agreements CRR executes, such as the maintenance of debt service coverage or loan-to-value, or LTV ratios, which may entitle the lenders to require CRR to collateralize the properties or demand that the entire outstanding balance be paid. Further, in the event of an increase in interest rates, to the extent that CRR has any debt with unhedged floating rates of interest or CRR incurs new debt, interest payments may increase, which in turn could reduce the amount of cash available for distributions to unitholders. Higher interest rates may also limit the capacity for short- and long-term borrowings, which would in turn limit the ability to acquire properties, and could cause the market price of the units to decline.
Any restrictions on leverage	The maximum amount of each loan and investment corporation bond issuance will be ¥1 trillion, and the aggregate amount of all such debt will not exceed ¥1 trillion.
Any restrictions on collateral and asset reuse arrangements	No applicable arrangements.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	CRR has set an upper limit of 60% as a general rule for its LTV ratio in order to operate with a stable financial condition. CRR may, however, temporarily exceed such level as a result of property acquisitions, decline of appraisal value or other events.
Article 23(1) (b)	
Procedure by which the AIF may change its	Amendment of the articles of incorporation - Amendment requires a quorum of a majority of the total issued units and at least a two-thirds vote of the voting rights represented at the meeting. Unitholders should note, however, that under the ITA and CRR's articles of

investment strategy / investment policy	<p>incorporation, unitholders who do not attend and exercise their voting rights at a general meeting of unitholders are deemed to be in agreement with proposals submitted at the meeting, except in cases where contrary proposals are also being submitted.</p> <p>Additionally, the guidelines of the AIFM, which provide more detailed policies within CRR's overall investment strategy and policy, can be modified without such formal amendment of the articles of incorporation.</p>
Article 23(1) (c)	
Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established	<p>The AIFM has entered into the Sponsor Support Agreement with Tokyu Land Corporation and Support Agreements with Tokyu Livable, Inc., Tokyu Community Corp., Tokyu Housing Lease Corporation, TOKYU E-LIFE DESIGN Inc., EWEL, Inc., TOKYU SPORTS OASIS Inc. and National Students Information Center Co., Ltd., respectively.</p> <p>All of the above agreements are governed by Japanese law.</p> <p>CRR is not involved in or threatened by any legal arbitration, administrative or other proceedings, the results of which might, individually or in the aggregate, be material.</p> <p>CRR is a corporate-type investment trust in the form of investment corporation (<i>tōshi hōjin</i>) provided for under the ITA. Therefore, the relationship between CRR and its unitholders is governed by CRR's articles of incorporation (as opposed to individual agreements), which can be amended from time to time upon resolution of a general unitholders' meeting. CRR's articles of incorporation stipulate rules relating to general unitholders meetings, including the convocation, setting of record date, exercise of voting rights, resolutions and election of CRR's directors.</p> <p>The relationship between CRR and its unitholders is also governed by, and is subject to the provisions of, Japanese law, including the ITA.</p> <p>The courts in Japan would recognize as a valid and final judgment any final and conclusive civil judgment for monetary claims (which, for this purpose, are limited to those of a purely civil nature and do not include monetary claims of the nature of criminal or administrative sanction, such as punitive damages, even though they take the form of civil claims) against CRR obtained in a foreign court provided that (i) the jurisdiction of such foreign court is admitted under the laws of Japan, (ii) CRR has received service of process for the commencement of the relevant proceedings, otherwise than by a public notice or any method comparable thereto, or has appeared without any reservation before such foreign court, (iii) neither such judgment nor the relevant proceeding is repugnant to public policy as applied in Japan, and (iv) there exists reciprocity as to the recognition by such foreign</p>

	court of a final judgment obtained in a Japanese court and (v) there is no conflicting judgment on the subject matter by any Japanese court.
Article 23(1) (d)	
The identity of the AIFM, AIF's depository, auditor and any other service providers and a description of their duties and the investors' rights thereto	<ul style="list-style-type: none"> • AIFM (Asset Manager): TLC REIT Management Inc. The AIFM provides services related to asset management, financing of the AIF, reporting to the AIF, asset management planning for the AIF, and other matters delegated by the AIF. • Auditor: Ernst & Young ShinNihon LLC The Auditor audits financial statements, prepares audit reports, and reports to the supervisory directors if it finds any misconduct or any material fact that is in violation of laws and regulations or the articles of incorporation with regard to execution of the duties of the executive director. • Custodian, General Administrator (for administration) and Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation The Custodian provides administrative services related to custody of assets. The General Administrator (for administration) provides administrative services related to management of institutions. The Transfer Agent provides administrative services related to unitholders registry, payments of cash distributions to unitholders, issuance of the investment units, and addressing unitholders' claims, offers and notices. • General Administrator: Reiwakaikeisha ("RWK") Tax Corporation The General Administrator provides administrative services related to accounting and tax payments. • General Administrator (Corporate Bonds): Sumitomo Mitsui Trust Bank, Limited and MUFG Bank, Ltd. The General Administrators provides administrative services in connection with the AIF's investment corporation bonds. <p>Service providers owe contractual obligations under their respective agreements with the AIF or the AIFM, as the case may be. In addition, the FIEA provides that the Asset Manager owes the AIF a fiduciary duty and must conduct its activities as the Asset Manager in good faith. The FIEA also prohibits the Asset Manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with related parties of the Asset Manager that are contrary to or violate the AIF's interests. Pursuant to the ITA, the unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders.</p>
Article 23(1) (e)	
Description of how the AIFM complies with the	Not applicable.

<p>requirements to cover professional liability risks (own funds / professional indemnity insurance)</p>	
<p>Article 23(1) (f)</p>	
<p>Description of any delegated management function such as portfolio management or risk management and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations</p>	<p>Not applicable. There is no delegation of such functions beyond the AIFM, which is responsible for portfolio and risk management, and the Custodian, which is responsible for safekeeping activities.</p>
<p>Article 23(1) (g)</p>	
<p>Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets</p>	<p>CRR makes investment decisions in accordance with its articles of incorporation and based on its investment strategies and the results of due diligence, including the valuation of properties and consideration of the property appraisal value. CRR shall evaluate assets in accordance with its Article of Incorporation.</p> <p>The methods and standards that CRR uses for the evaluation of assets shall be based on the Regulations Concerning the Calculations of Investment Corporations, as well as the Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations stipulated by ITA, in addition to Japanese GAAP. J-REITs may only use the valuation methods prescribed in the rules of the Investment Trusts Association, Japan, which emphasize market price valuation.</p> <p>Regarding hard-to-value assets, such assets comprise tenant security deposits including trust accounts. Security deposits from tenants are not subject to fair value disclosure because they are not marketable, and actual deposit period is not estimable as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease contract. This makes a reasonable estimate of future cash flows difficult. Valuation of such hard to value assets is included in the notes to our financial statements.</p>
<p>Article 23(1) (h)</p>	

<p>Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors</p>	<p>CRR seeks to manage the capital resources and liquidity sources to provide adequate funds for current and future financial obligations and other cash needs and acquisitions. Funds from loans and investment corporation bonds are primarily used for acquiring assets and to repay interest-bearing debt.</p> <p>CRR's liquidity risks are managed and limited through diversification of credit sources and considering multilateral fundraising including utilization of excess funds and financing from the capital markets such as issuance of units. Also, CRR has entered into a commitment line agreement with credit line of ¥13.5 billion and uncommitted line of credit loan master agreement with credit line of ¥9 billion, both with multiple banks. The unused amount of such committed and uncommitted line was ¥22.5 billion in total as of March 31, 2021.</p> <p>As CRR is a closed-end investment corporation, unitholders are not entitled to request the redemption of their investment.</p>
<p>Article 23(1) (i)</p>	
<p>Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors</p>	<p>Compensation: The articles of incorporation provide that the AIF may pay its executive officer up to ¥700 thousand per month and each of its supervisory officers up to ¥700 thousand per month. The board of officers is responsible for determining a reasonable compensation amount for the executive officer and each of the supervisory officers.</p> <p><u>Asset Manager:</u></p> <ul style="list-style-type: none"> • Asset Management Fee: The AIF pays to the AIFM an asset management fee as follows: <ol style="list-style-type: none"> 1. Type 1 management fee: Asset-based fee <p>The AIF pays to the AIFM a type 1 management fee for each fiscal period. This type 1 asset management fee of up to 0.2% per year (currently set at 0.3% per year) of the AIF's total assets (as stated in the AIF's balance sheet at the end of the immediately preceding fiscal period prepared in accordance with Japanese GAAP) is payable by the AIF within the fiscal period. The fee is paid by the end of the fiscal period.</p> 2. Type 2 management fee: DPU-based fee <p>The AIF pays to the AIFM a type 2 management fee for each fiscal period. This type 2 management fee of up to 5.4% (currently set at 3%) per each fiscal period of the AIF's management cash flow, which is equal to ordinary profit and loss before deducting the type 2 management fee (as stated in the AIF's profit and loss statement for the applicable fiscal period prepared in accordance with Japanese GAAP) added by the amount of amortization such as depreciation allowance and deferred asset and deducted by profit and loss on sale and from appraisal (excluding the amount to be booked as extraordinary gain or loss) is payable</p>

without delay following the approval of the financial statements for the applicable fiscal period.

3. Type 3 management fee: Acquisition / Disposition fees

For each new property the AIF acquires or each property the AIF dispose of, the AIFM receives a type 3 management fee, which is equal to 1%, or to 0.5% in case of a transaction with a related party (excluding acquisition of assets from the AIFM's parent or special purpose company that temporarily holds the assets to be transferred to the AIF), of the purchase or sale price (excluding national and local consumption taxes and expenses), payable by the end of the month immediately following the month of such acquisition or disposition.

4. Type 4 management fee: Merger fee

For each new property the AIF acquires in connection with a merger of the AIF, the AIFM receives a type 4 management fee, which is equal to 0.5% of the appraisal value as of the merger date with respect to a new property acquired by the AIF in connection with a merger (excluding national and local consumption taxes and expenses), payable by the end of the end of the month immediately following the month of the such merger.

5. Type 5 management fee: Incentive fee

The AIF pays to the AIFM a type 5 management fee for each fiscal period. This type 5 management fee is payable without delay following the approval of the financial statements for the applicable fiscal period, and is calculated as follows:

Type 5 management fee = AIF's management cash flow x AIF's management cash flow growth rate per unit x 10%, where AIF's management cash flow growth rate is calculated as AIF's management cash flow per unit for the applicable fiscal period divided by AIF's management cash flow per unit for the previous business period.

Custodian:

Custodian Fee:

The AIF pays to the Custodian a custodian fee of up to the amount calculated based on the following table plus taxes, including consumption tax, by the end of the month immediately following the end of each fiscal period; provide, however, that the AIF and the Custodian may change the amount of the custodian fee upon consultation in case where the amount of the custodian fee becomes unreasonable as a result of the fluctuations in economic circumstances.

Amount of assets:	Calculation method:
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¥10 billion or less	¥7,000,000
More than ¥10 billion and ¥50 billion or less	¥7,000,000 + (amount of asset – ¥10 billion) x 0.050%
More than ¥50 billion and ¥100 billion or less	¥27,000,000 + (amount of asset – ¥50 billion) x 0.040%
More than ¥100 billion and ¥200 billion or less	¥47,000,000 + (amount of asset – ¥100 billion) x 0.035%
More than ¥200 billion and ¥300 billion or less	¥82,000,000 + (amount of asset – ¥200 billion) x 0.030%
More than ¥300 billion and ¥500 billion or less	¥112,000,000 + (amount of asset – ¥300 billion) x 0.025%
More than ¥500 billion	¥162,000,000 + (amount of asset – ¥500 billion) x 0.020%

General Administrators (for administration):

General Administrators Fee:

The AIF pays to the General Administrators (for administration) a general administrators fee for each three-month period ending January, April, July and October of up to the amount calculated based on the following table plus taxes, including consumption tax, by the end of the month immediately following the end of the relevant three-month period; provide, however, that the AIF and the General Administrators (Operation of the administrative instruments) may change the amount of the general administrators fee upon consultation in case where the amount of the general administrators fee becomes unreasonable as a result of the fluctuations in economic circumstances.

Amount of assets (as stated in the AIF's balance sheet at the end of the fiscal period immediately preceding the start of the three-month period):	Calculation method:
¥10 billion or less	¥11,000,000
More than ¥10 billion and ¥50 billion or less	¥11,000,000 + (amount of asset – ¥10 billion) x 0.080%
More than ¥50 billion and ¥100 billion or less	¥43,000,000 + (amount of asset – ¥50 billion) x 0.060%
More than ¥100 billion and ¥200 billion or less	¥73,000,000 + (amount of asset – ¥100 billion) x 0.055%
More than ¥200 billion and ¥300 billion or less	¥128,000,000 + (amount of asset – ¥200 billion) x 0.040%

More than ¥300 billion and ¥500 billion or less	¥168,000,000 + (amount of asset – ¥300 billion) x 0.035%
More than ¥500 billion	¥238,000,000 + (amount of asset – ¥500 billion) x 0.030%

Transfer Agent:

Transfer Agent Fee (Standard Fee):

The AIF pays fees for administrative services related to the management of unit holders' list. The monthly fee is one-sixth of the sum of the fees calculated per unit holder as provided below based on the total number of unit holders as of the latest notification to all the unitholders, provided that the minimum monthly amount is set at ¥220,000.

Number of Investors:	Fees per Investor
first 5,000 Investors	390 yen
over 5,000 and not more than 10,000	330 yen
over 10,000 and not more than 30,000	280 yen
over 30,000 and not more than 50,000	230 yen
over 50,000 and not more than 100,000	180 yen
over 100,001 and over	150 yen

Administration of Distributions Fee:

The AIF pays fees for the calculation of distributions, creation of distribution records, preparation of payment receipts, preparation of wire transfer notices and wire transfer tape, organization and calculation of receipts creation of payment voucher of distributions and application of special tax rates. The amount for such fees is determined based on the total number of unitholders and calculated according to the table below, provided that the minimum amount is set at ¥350,000. With respect to distributions made to a specified bank account, we incur an additional charge of ¥130 per distribution made.

Number of Investors:	Fees per Investor receiving distribution
first 5,000 Investors	120 yen
over 5,000 and not more than 10,000	105 yen
over 10,000 and not more than 30,000	90 yen
over 30,000 and not more than 50,000	75 yen
over 50,000 and not more than 100,000	60 yen

	<table border="1"> <tr> <td>over 100,001 and over</td> <td>50 yen</td> </tr> </table> <p><u>Auditor:</u></p> <p>Auditor Fee:</p> <p>The AIF pays the Independent Auditor up to ¥20 million per fiscal period by the end of each of the three-month periods ending January, April, July and October. The board of officers is responsible for determining the compensation amount for the independent auditor.</p>	over 100,001 and over	50 yen
over 100,001 and over	50 yen		
Article 23(1) (j)			
Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors, including detailing the type of investors and their legal or economic links with the AIF or AIFM	Under Article 77 paragraph 4 of the ITA, which applies the requirements of Article 109 paragraph 1 of the Companies Act to investment corporations, investment corporations are required to treat unitholders equally depending on the number and content of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.		
Article 23(1) (k)			
The latest annual report referred to in Article 22(1)	Additional information may be found in our most recent annual report prepared in accordance with Article 22 of the AIFMD, which is available at the Asset Manager's office located at 21-1 Dogenzaka 1-chome, Shibuya-ku, Tokyo.		
Article 23(1) (l)			
The procedure and conditions for the issue and sale of the units	CRR is authorized under the articles of incorporation to issue up to 8,000,000 units. Its units have been listed on the Tokyo Stock Exchange since February 6, 2013. Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.		
Article 23(1) (m)			
Latest net asset value of the AIF or latest market price of the unit or share of the AIF	CRR's unit's latest market price is publicly available at the Tokyo Stock Exchange or from financial information vendors (including Reuters), which can be viewed at http://www.reuters.com/finance/stocks/overview?symbol=3282.T		
Article 23(1) (n)			

Details of the historical performance of the AIF, where available

The units of CRR were listed on the Tokyo Stock Exchange on February 6, 2013. The performance of the units for the most recent five fiscal periods is as follows.

Fiscal period	Total Assets (JPY million)	Total Net Assets (JPY million)	Net Assets per unit (base value) (JPY)
17th fiscal period (From August 1, 2018 to January 31, 2019)	223,829	103,289	175,964
18th fiscal period (From February 1, 2019 to July 31, 2019)	246,498	117,928	184,023
19th fiscal period (From August 1, 2019 to January 31, 2020)	246,861	118,172	184,403
20th fiscal period (From February 1, 2020 to July 31, 2020)	268,935	128,204	190,886
21th fiscal period (From August 1, 2020 to January 31, 2021)	275,495	128,528	191,369

Article 23(1) (o)

Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability

No applicable prime broker.

to the prime broker that may exist	
Article 23(1) (p)	
Description of how and when periodic disclosures will be made in relation to leverage, liquidity and risk profile of the assets, pursuant to Articles 23(4) and 23(5)	The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through the AIF Internet website and other public disclosures.
Article 23(2)	
The AIFM shall inform the investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability in accordance with Article 21(13)	Not applicable.
The AIFM shall also inform investors of any changes with respect to depositary liability without delay	Not applicable.
Article 23(4)(a)	
Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the net value of those assets subject to special arrangements divided by the net asset value of the AIF concerned	There are no assets that are subject to special arrangements arising from their illiquid nature.
Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements	There are no such special arrangements.

Valuation methodology applied to assets which are subject to such arrangements	There are no such special arrangements.
How management and performance fees apply to such assets	There are no such special arrangements.
Article 23(4)(b)	
Any new arrangements for managing the liquidity of the AIF	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable an AIFM to monitor the liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in accordance with Article 106(1) of Regulation (EU) No 231/2013 (i.e., there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Immediately notify investors where they activate gates, side pockets or similar special arrangements or where they decide to suspend redemptions	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Overview of changes to liquidity arrangements, even if not special arrangements	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

Terms of redemption and circumstances where management discretion applies, where relevant	CRR is a closed-end investment corporation, and unitholders are not entitled to request the redemption of their investment.
Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included	There are no voting or other restrictions on the rights attaching to units.
Article 23(4)(c)	
The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks	<p>The appropriateness and effectiveness of the risk management structure are regularly evaluated and enhanced by the AIFM.</p> <p>Funds from debts and investment corporation bonds are mainly used for asset acquisition or debt repayment, etc. These are exposed to liquidity risk at the time of repayment. However, the liquidity risk is controlled through such measures as maintaining and strengthening the capacity to procure funds from the capital market via capital raising, along with securing several fund procurement sources and diversifying repayment deadlines, and establishing commitment lines from credit facilities of CRR's main banks totaling ¥13.5 billion (or ¥22.5 billion, including uncommitted credit lines) (no amount had been drawn down as of March 31, 2021).</p> <p>Debt with a floating interest rate is exposed to interest rate fluctuation risks, but the impact that interest rate rises have on the operations is limited by keeping the LTV at low levels, maintaining the proportion of debt that is long-term fixed-rate debt at high levels, and setting a procurement limit depending on the economic and financial environment, terms of lease agreements with tenants, asset holding period and other factors.</p> <p>Furthermore, derivative transactions (interest rate swap transactions) are available as hedging instruments to mitigate the risks of rises in floating interest rates.</p> <p>Tenant leasehold and security deposits are deposits from tenants and are exposed to liquidity risks arising from tenants moving out of properties, but the liquidity risk is controlled through such measures as preparing monthly fund management plans.</p>

	<p>TRM serves as the asset manager for Activia Properties Inc. (“API”), a Tokyo Stock Exchange-listed J-REIT, and Broadia Private REIT Inc. (“BPR”), a private REIT, as well as CRR. API and BPR invest in retail and office properties, and CRR and BPR invest in rental and serviced residential properties. CRR’s acquisition is subject to TRM’s Regulations on Priority of Property Information to Consider, which are internal rules that stipulate the order in which potential acquisitions are considered among CRR, API and BPR. TRM also holds acquisition priority review meetings of compliance managers to verify that the stipulated order of priority is complied with.</p>
<p>Measures to assess the sensitivity of the AIF’s portfolio to the most relevant risks to which the AIF is or could be exposed</p>	<p>No such measures have been implemented.</p>
<p>If risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded a description of the circumstances and the remedial measures taken</p>	<p>No such situation has occurred.</p>
<p>Article 23(5)(a)</p>	
<p>Any changes to the maximum amount of leverage which the AIFM may employ on behalf of the AIF, calculated in accordance with the gross and commitment methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of the AIF</p>	<p>Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.</p>
<p>Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted</p>	<p>No such right or guarantee exists.</p>

Details of any change in service providers relating to the above	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Article 23(5)(b)	
Information on the total amount of leverage employed by the AIF calculated in accordance with the gross and commitment methods	The aggregated amount of debt with interest is JPY 141,630 million as of March 31, 2021.