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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: 51,270 units

(2) Paid-in amount (issue value): To be determined  
The amount shall be determined at the board of directors’ meeting to be held on a date between January 16, 2019 (Wednesday) and January 21, 2019 (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

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Exchange, Inc. (the “TSE”) on the Pricing Date (if the closing price is not available on that date, the closing price on the most recent day preceding that date) and cash distributions per unit of 4,950 yen by a factor of 0.90 to 1.00 (rounded down to the nearest 1 yen), and be determined on the Pricing Date 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 primary offering, and underwritten in full by underwriters.
- (7) Payment date: February 1, 2019 (Friday)
- (8) Delivery date: February 4, 2019 (Monday)
- (9) 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.
- (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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## 2. Secondary Offering of Investment Units (Over-Allotment)

- (1) Seller and Number of investment units to be offered: One of the underwriters of the primary offering 2,570 units
- 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 one of the underwriters of the primary offering aside from the primary 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 to be 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 primary offering.
- (3) Total offer price: To be determined
- (4) Offering method: In consideration of the demand conditions of the primary offering, aside from the primary offering, one of the underwriters of the primary offering shall offer the Investment Units (up to 2,570 units) to be borrowed from Tokyu Land Corporation (the "Designated Party"), a unitholder of the Investment Corporation and a shareholder of the asset management company of the Investment Corporation.
- (5) Delivery date: The same as the delivery date of the primary offering
- (6) The offer price and other items necessary for the secondary offering through over-allotment shall be determined at future board of directors' meeting. However, Executive Director has discretionary authority to make any changes before the formal determination.
- (7) If the primary offering is suspended, the secondary offering through over-allotment shall also be suspended.
- (8) 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: 2,570 units
- (2) Paid-in amount (issue value): To be determined  
The paid-in amount (issue value) shall be determined at the board of directors' meeting to be held on the Pricing Date, and shall be same as the paid-in amount (issue value) for the primary offering.
- (3) Total paid-in amount (issue value): To be determined
- (4) Allottee and number of investment  
units to be allotted: One of the underwriters of the primary offering 2,570 units
- (5) Payment date: February 20, 2019 (Wednesday)
- (6) If some or all of the investment units are not applied for, the issuance of those units not applied for shall be cancelled.
- (7) The paid-in amount (issue value) and other items necessary for the issuance of the new investment units by way of third-party allotment shall be determined at future board of directors' meeting. However, Executive Director has discretionary authority to make any changes before the formal determination.
- (8) If the primary offering is suspended, the issuance of new investment units by way of third-party allotment shall also be suspended.
- (9) 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)

Taking into account the demand conditions and other factors upon the primary offering, one of the underwriters of the primary offering may implement a secondary offering of the borrowed Investment Units up to 2,570 units (secondary offering through over-allotment) borrowed from the Designated Party aside from the primary 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 one of the underwriters of the primary offering 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 7, 2019 (Monday) to issue new investment units for 2,570 units by way of third-party allotment, with one of the underwriters of the primary offering as the allottee and the payment date on February 20, 2019 (Wednesday).

The decision to initiate the secondary offering through over-allotment and determine the number of investment units to be offered shall be determined on the Pricing Date. If a secondary offering through over-allotment is not made, one of the underwriters of the primary offering shall not borrow Investment Units of Investment Corporation from the Designated Party, and one of the underwriters of the primary offering shall not receive any allotment by way of third-party allotment. One of the underwriters of the primary offering shall lose the right to receive an allotment, and no new investment units shall be issued.

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

Total number of outstanding investment units	586,994	units
Number of investment units to be issued through the primary offering	51,270	units
Total number of outstanding investment units after the issuance of new investment units through the primary offering	638,264	units
Number of investment units to be issued by the issuance of new investment units by way of third-party allotment	2,570	units (Note)
Total number of outstanding investment units issued after the issuance of new investment units by way of third-party allotment	640,834	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 one of the underwriters of the primary offering.

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)

13,900,000,000 yen (maximum) (Note)

(Note) The aforementioned amount represents the sum of 13,237,000,000 yen in net proceeds the Investment Corporation will receive from the primary offering and the maximum amount of 663,000,000 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 21, 2018 (Friday).

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

The Investment Corporation plans to use the proceeds (13,237,000,000 yen) from the primary offering as funds for the acquisition of 3 new Specified Assets (No.123 to 125) described in the press release titled "Notice Concerning Acquisition of Investment Assets and their Leases (COMFORIA SHIBUYA WEST, and other 8 assets)" separately announced today. The remaining amount of the proceeds, as well as the maximum amount of proceeds (663,000,000 yen) the Investment Corporation will receive from the issuance of new Investment Units by way of third-party allotment will be used as part of funds for the acquisition of 5 new Specified Assets (No.126 to 130).

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

\*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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