



July 11, 2016

For Translation Purposes Only

Real Estate Investment Trust Securities Issuer
Samty Residential Investment Corporation
1-8-3 Marunouchi, Chiyoda-ku, Tokyo
Tetsuro Kawamoto, Executive Director
(Securities Code: 3459)

Asset Management Company:
Samty Asset Management Co., Ltd.
Yosuke Masuda, President
Inquiries: Takeshi Fujiwara
Director
Business Management Department
Phone: +81-3-5220-3841

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

Samty Residential Investment Corporation (“Samty Residential”) announces that it has resolved at the Board of Directors’ meeting held today concerning the issuance of new investment units and secondary offering as follows.

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

- | | | |
|-----|--|--|
| (1) | Total number of Investment units to be offered | 119,660 units |
| (2) | Issue price (offer price) | To be determined
The issue price (offer price) shall be determined at the Board of Directors’ meeting of Samty Residential to be held between July 20, 2016 (Wednesday) and July 26, 2016 (Tuesday) (the “Pricing Date”), in accordance with the methods provided for in Article 25 of the Regulations Concerning Underwriting of Securities set forth by the Japan Securities Dealers Association, using as a tentative price a figure obtained by multiplying a number from 0.90 to 1.00 by an amount calculated by deducting the expected distribution per unit of 2,591 yen from the closing price of the investment units of Samty Residential (the “Investment Units”) for ordinary trading at Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) on the Pricing Date (in the event of no closing price on such date being available, the closing price on the immediately preceding date) (any fraction of one yen shall be rounded down to the nearest yen), in consideration of the status of demand and other factors. |
| (3) | Total issue price (total offer price) | To be determined |
| (4) | Paid-in amount (issue amount) | To be determined
The amount to be paid in shall be determined at the Board of Directors’ meeting of Samty Residential to be held on the Pricing Date, in accordance with the methods provided for in Article 25 of the Regulations Concerning Underwriting of Securities set forth by the Japan Securities Dealers Association. Paid-in amount (issue amount) refers to the amount Samty Residential receives as paid-in amount per unit of the Investment Unit. |

Disclaimer: This translation is for informational purposes only. Neither Samty Residential Investment Corporation nor Samty Asset Management Co., Ltd. guarantees the accuracy or completeness of the translation. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail. This document is an English translation of a press release for public announcement concerning issuance of new investment units and secondary offering of investment units by Samty Residential, and has not been prepared as an inducement or invitation for investment. We caution investors to refer to Samty Residential’s prospectus (available in Japanese) and notice of amendments thereto, if any, without fail and to undertake investment at their own decision and responsibility

- | | | |
|------|--|--|
| (5) | Total paid-in amount
(total issue amount) | To be determined |
| (6) | Offering method | The offering of the Investment Units shall be through a public offering, and underwritten in full by Daiwa Securities Co., Ltd. and Nomura Securities Co., Ltd. (referred to as the “Joint Lead Managers”) along with SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd., SBI Securities Co., Ltd and Tokai Tokyo Securities Co., Ltd., (the above and the Joint Lead Managers are collectively referred to as the “Underwriters”). |
| (7) | Underwriting agreement | The Underwriters shall purchase and underwrite the Investment Units at the issue amount determined on the Pricing Date, and conduct a primary offering at an amount that differs to the concerned issue amount (issue price). Samty Residential will pay no underwriting fee to the Underwriters. However, the Underwriters shall pay the same amount of the total paid-in amount (total issue amount) to Samty Residential on the payment date identified in (10) below. The difference between the total issue price (total offer price) and the total paid-in amount (total issue amount) in the public offering shall be the proceeds of the Underwriters. |
| (8) | Subscription unit | One unit or more in multiples of one unit |
| (9) | Subscription period | From the business day immediately following the Pricing Date to the second business day following the Pricing Date |
| (10) | Payment date | August 1, 2016 (Monday) |
| (11) | Delivery date | August 2, 2016 (Tuesday) |
| (12) | Issue price (offer price), the paid-in amount (issue amount) and other items necessary for the issuance of the new investment units shall be determined at a future Board of Directors’ meeting. | |
| (13) | Each of the aforementioned items shall be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act of Japan. | |
| (14) | Of the Investment Units of the primary offering, the Underwriters are scheduled to sell 5,983 units to Samty Co., Ltd., a unitholder of Samty Residential and a shareholder of the asset management company, as a purchaser designated by Samty Residential. | |

2. Secondary Offering of Investment Units (Over-Allotment) (Please refer to <Reference Information> 1. below.)

- | | | |
|-----|--|---|
| (1) | Number of investment units to be offered | 5,983 units
The number of investment units to be offered above indicates the maximum number of investment units of the secondary offering (over-allotment) through over-allotment be conducted by Daiwa Securities Co., Ltd., after considering the demand and other conditions in connection with the public offering. There may be cases where this number is reduced or the secondary offering (over-allotment) itself is not conducted, depending on demand conditions 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 and other factors of the public offering. |
| (2) | Seller | Daiwa Securities Co., Ltd. |
| (3) | Offer price | To be determined
The offer price shall be determined at the Board of Directors’ meeting to be held on the Pricing Date, and shall be same as the issue price (offer price) for the public offering. |
| (4) | Total offer price | To be determined |
| (5) | Offering method | In consideration of the demand and other factors of the public offering, Daiwa Securities Co., Ltd. shall, aside from the public offering, offer the Investment Units (up to 5,983 units) borrowed from Samty Co., Ltd. a |

- | | | |
|------|---|--|
| | | unitholder of Samty Residential. (However, such borrowing is contingent upon the sale of 5,983 units out of the Investment Units of the primary offering to Samty Co., Ltd.) |
| (6) | Subscription unit | One unit or more in multiples of one unit |
| (7) | Subscription period | Same as the subscription period for the primary offering |
| (8) | Delivery date | August 2, 2016 (Tuesday) |
| (9) | If the primary offering is suspended, the secondary offering via over-allotment shall also be suspended. | |
| (10) | The offer price and other items necessary for the investment unit shall be determined at a future Board of Directors' meeting. | |
| (11) | Each of the aforementioned items shall be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act of Japan. | |

<Reference>

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

Taking into account the demand and other factors upon the public offering, Daiwa Securities Co., Ltd. may implement a secondary offering of the borrowed investment units (up to 5,983 units) (the borrowing is contingent upon the sale of 5,983 units out of the Investment Units of the primary offering to Samty Co., Ltd., as described in 5 below; the "Borrowed Investment Units") (secondary offering through over-allotment) borrowed from Samty Co., Ltd. a unitholder of Samty Residential, aside from the public offering. The number of investment units to be offered 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 the demand and other factors.

In association with this secondary offering through over-allotment, Samty Co., Ltd., the unitholder of Samty Residential, will, in order to return the Borrowed Investment Units, provide Daiwa Securities Co., Ltd. with the right to acquire the additional Investment Units up to the maximum number of investment units designated for the over-allotment ("Green Shoe Option") at the equal price as the issue value of primary offering through August 19, 2016 (Fri.).

Daiwa Securities Co., Ltd. may be required to conduct a stabilizing transaction for the Investment Units during the subscription period of the primary offering and secondary offering via over-allotment (the "Subscription Period"). All or a part of the Investment Units purchased through such stabilizing transaction may possibly be used for returning the Borrowed Investment Units.

In addition, during the period from the day following the close of the Subscription Period to August 19, 2016 (Friday) (the "syndicate covering transaction period"), there are cases where Daiwa Securities Co., Ltd. may purchase the Investment Units on the Tokyo Stock Exchange, which shall be in a number not to exceed the number of investment units of the secondary offering via over-allotment shall also be suspended. via over-allotment, in order to return the borrowed investment units (the "syndicate covering transaction"). All of the Investment Units acquired by Daiwa Securities Co., Ltd. in the syndicate covering transaction shall be used to return the borrowed investment units. Furthermore, during the syndicate covering transaction period, there are cases where Daiwa Securities Co., Ltd. may decide to not engage in the syndicate covering transaction at all, or end the syndicate covering transaction in a number not reaching the number of investment units of the secondary offering via over-allotment shall also be suspended. via over-allotment.

Daiwa Securities Co., Ltd. intends to exercise Green Shoe Option 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 stabilizing transaction and the syndicated cover transaction and used to return the Borrowed Investment Units from the number of the Investment Units for the secondary offering through over-allotment.

Whether or not the secondary offering through over-allotment will be conducted and the number of units to be sold if the secondary offering through over-allotment is conducted will be determined on the Pricing Date. In the case where the secondary offering through over-allotment is not conducted, the above-mentioned borrowing of the Investment Units by Daiwa Securities Co., Ltd. from Samty Co., Ltd., the unitholder of Samty Residential, granting of Green Shoe Option to Daiwa Securities Co., Ltd. by Samty Co., Ltd., the unitholder of Samty Residential and the syndicate covering transaction on the Tokyo Stock Exchange will not be conducted.

The above transactions will be implemented by Daiwa Securities Co., Ltd. upon discussing with Nomura Securities Co., Ltd.

2. Changes in Number of Investment Units Outstanding after these Issuances of New Investment Units

Total number of Investment Units outstanding at present	163,340 units
Number of new Investment Units to be issued through public offering	119,660 units
Total number of Investment Units outstanding after new issuance through public offering	283,000 units

3. Reason for the Issuance

Samty Residential decided on the issuance of new investment units after thorough examination while paying attention to the market trend, the levels of distribution per unit and NAV per unit, etc., with an aim to secure stable income over the medium- to long-term, realize steady growth of the portfolio and strengthen its financial base through fund procurement with issuance of new investment units and acquisition of new trust beneficiary interests in real estate.

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

(1) Amount of funds to be procured (approximate net balance Samty Residential will obtain)

10,282,000,000 yen (maximum)

(Note) The amount above is the expected amount calculated based on the closing price of the investment units on the Tokyo Stock Exchange as of July 1, 2016 (Friday).

(2) Specific use and scheduled outlay of funds to be procured

The proceeds from the primary offering are scheduled to be used as part of funds for acquiring the new assets planned to be acquired by Samty Residential.

For details of the to-be-acquired assets, please refer to the "Notice Concerning Acquisition and Lease of Domestic Real Estate" announced today.

5. Designation of Party to Receive Allocation

Of the Investment Units of the primary offering, the Underwriters are scheduled to sell 5,983 units to Samty Co., Ltd., a unitholder of Samty Residential and a shareholder of the asset management company, as a purchaser designated by Samty Residential.

6. Future Outlook

Please refer to "Notice Concerning Forecasts of Management Status and Dividend per Unit for Fiscal Period Ending January 2017 and Fiscal Period Ending July 2017" announced today.

Disclaimer: This translation is for informational purposes only. Neither Samty Residential Investment Corporation nor Samty Asset Management Co., Ltd. guarantees the accuracy or completeness of the translation. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail. This document is an English translation of a press release for public announcement concerning issuance of new investment units and secondary offering of investment units by Samty Residential, and has not been prepared as an inducement or invitation for investment. We caution investors to refer to Samty Residential's prospectus (available in Japanese) and notice of amendments thereto, if any, without fail and to undertake investment at their own decision and responsibility

7. Operating Conditions of Equity Finance during the Three Most Recent Fiscal Periods

(1) Operating conditions of the three most recent fiscal periods (Note 1)

	Fiscal Period ended January 31, 2016
Net Income per Unit (Note 2)	1,501 yen
Distribution per Unit	1,810 yen
Payout Ratio (Note 3)	100.0%
Net Assets per Unit	99,801 yen

(Note 1) Fiscal period of Samty Residential is the six-month period from February 1 to July 31 and from August 1 to January 31 of the following year for each calendar year. However, the first fiscal period is from March 16, 2015, which is the establishment date of Samty Residential, to January 31, 2016.

(Note 2) Net income per unit is calculated based on the weighted average number of units (112,527 units) during the period

(Note 3) Payout ratio for the first fiscal period is calculated using the following calculation formula since there was a change in the number of investment units during the period due to the public offering in the period.

Payout ratio = Total distribution (excluding distribution in excess of earnings) / Net income × 100

(2) Recent condition of unit price

① Condition in the three most recent fiscal periods

	Fiscal Period ended January 31, 2016
Opening	99,000 yen
High	101,700 yen
Low	73,000 yen
Closing	82,600 yen

(Note) Because Samty Residential was listed on the Tokyo Stock Exchange's Real Estate Investment Trust Section on June 30, 2015, no information on unit price is available prior to the date.

② Condition of the last six months

	February 2016	March 2016	April 2016	May 2016	June 2016	July 2016 (Note)
Opening	84,200 yen	86,200 yen	98,000 yen	95,000 yen	94,700 yen	93,800 yen
High	87,500 yen	98,600 yen	98,300 yen	96,100 yen	95,000 yen	94,200 yen
Low	79,000 yen	86,100 yen	94,100 yen	94,000 yen	89,000 yen	91,200 yen
Closing	85,900 yen	98,200 yen	95,200 yen	94,700 yen	93,800 yen	91,200 yen

(Note) Figures for "July 2016" are shown as of July 8, 2016.

③ Unit price on the previous business day

	July 8, 2016
Opening	91,900 yen
High	92,500 yen
Low	91,200 yen
Closing	91,200 yen

(3) Conditions of equity finance in the three most recent fiscal period

• Establishment through private placement

Date of Issuance	March 16, 2015
Amount of funds procured	100,000,000 yen
Paid-in amount (issue amount)	100,000 yen
Number of units outstanding before offering	0 unit
Number of units issued by this offering	1,000 units
Number of units outstanding after offering	1,000 units
Alottee	Samty Co., Ltd.
Use of the fund intended at the time of issuance	Establishment
Scheduled outlay period at the time of issuance	March 16, 2015
Status of such use as of now	The entire amount has been used in the aforementioned period

• Capital increase through private placement

Date of Issuance	April 14, 2015
Amount of funds procured	900,000,000 yen
Paid-in amount (issue amount)	100,000 yen
Number of units outstanding before offering	1,000 units
Number of units issued by this offering	9,000 units
Number of units outstanding after offering	10,000 units
Alottee	Samty Co., Ltd.
Use of the fund intended at the time of issuance	Part of fund to acquire specified assets
Scheduled outlay period at the time of issuance	April 15, 2015
Status of such use as of now	The entire amount has been used in the aforementioned period

• Public Offering

Date of Issuance	June 29, 2015
Amount of funds procured	15,015,052,800 yen
Paid-in amount (issue amount)	97,920 yen
Number of units outstanding before offering	10,000 units
Number of units issued by this offering	153,340 units
Number of units outstanding after offering	163,340 units
Use of the fund intended at the time of issuance	Part of fund to acquire specified assets
Scheduled outlay period at the time of issuance	July 1, 2015
Status of such use as of now	The entire amount has been used in the aforementioned period



8. Restriction on Sale and Additional Issuance of Investment Units

- (1) In connection with the primary offering, Samty Co., Ltd. plans to have the Joint Lead Managers agree to the effect that, without the prior written consent of the Joint Lead Managers, no sale of the Investment Units (other than lending of the investment units in connection with the secondary offering through over-allotment to Daiwa Securities Co., Ltd., the sale of the Investment Units to Daiwa Securities Co., Ltd. based on exercise of Green Shoe Option, etc.), etc. shall be conducted during the period beginning on the Pricing Date and ending on the date that is 360 days after the delivery date of the units. Furthermore, Joint Lead Managers have the right to cancel the content of the concerned agreement, in whole or in part, at their discretion even during the period above.
- (2) In connection with the primary offering, Samty Residential has reached an agreement with the Joint Lead Managers to the effect that, without the prior written consent of the Joint Lead Managers, no issuance, etc. of Samty Residential investment units (provided, however, that exceptions shall apply, including the issuance of new investment units through the primary offering and through the third-party allotment and issuance of new investment units accompanying split of investment units) shall be conducted during the period from the pricing date to the 90th day after the delivery deadline of the primary offering.
Furthermore, the Joint Lead Managers have the right to cancel the content of the concerned agreement, in whole or in part, at their discretion even during the period above.

*This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.

*Samty Residential Investment Corporation website: <http://www.samty-residential.com/en/>