



January 15, 2018

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 Change to Major Shareholder of Asset Management Company

Samty Residential Investment Corporation (“Samty Residential”) announces the following change will be made on February 1, 2018 to the major shareholder of Samty Asset Management Co., Ltd., to which Samty Residential entrusts management of its portfolio assets.

1. Background to the Change

Under the basic policies to set rental housing (hereafter, may be referred to as “residential properties”) as the main investment target and to seek enhancement of unitholder value over the medium to long term through diversified investments in properties located in a broad range of cities across Japan, Samty Residential acquired 8 residential properties (total acquisition price: 9,298 million yen) on April 15, 2015 and commenced asset management. Thereafter, Samty Residential acquired 2 residential properties (total acquisition price: 1,964 million yen) on May 1, 2015 and 18 additional residential properties (total acquisition price: 19,238 million yen) on July 1, 2015 to own a total of 28 properties (total acquisition price: 30,500 million yen) as of July 1, 2015 or immediately after listing (hereafter, the 28 properties are referred to as the “Acquired Assets Upon Listing”). Further, Samty Residential additionally acquired 1 residential property (S-FORT Gakuenmae (acquisition price: 462 million yen); hereafter, collectively with the Acquired Assets Upon Listing, referred to as the “Acquired Assets in the 1st Fiscal Period”) on October 1, 2015. In addition, Samty Residential conducted public offering with August 1, 2016 as the payment date and acquired a total of 20 properties (total acquisition price: 20,589 million yen) (hereafter, the 20 properties are referred to as “Acquired Assets in the 3rd Fiscal Period”; Acquired Assets in the 1st Fiscal Period and Acquired Assets in the 3rd Fiscal Period are collectively referred to as “Acquired Assets”). As a result, Samty Residential owns 49 residential properties (total acquisition price: 51,551 million yen) as of today.

The Japanese economy as a whole has shown a mild increasing trend in capital investment by corporations against the backdrop of full-fledged Olympic-related investments and increase in labor-saving investment to meet the labor shortage among other factors. As to the household economy, a mild recovery trend has continued as evidenced by a pickup in personal consumption backed by an improved employment and income environment.

Concerning the rental condominium market, the supply-demand environment has remained favorable in major regional cities considered as main investment target areas by Samty Residential, since the supply of prime residential properties is limited and the number of households continues to increase along with changes in lifestyle.

As for the real estate transaction market, property acquisition competition has intensified due to a favorable fund procurement environment and increase in the number of market players, causing transaction prices to continue to

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 change to major shareholder of Samty Residential’s asset management company, 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.



remain high.

Under such environment, Samty Residential, Samty Asset Management Co., Ltd. (hereafter, referred to as the “Asset Management Company”) and Samty Co., Ltd. [(hereafter, may be referred to as the “Main Sponsor”)] have repeatedly discussed measures to enhance unitholder value over the medium to long term while promoting various management strategies including external growth strategy, internal growth strategy and financial strategy. However, considering that there are no signs of change appearing in the trends of the real estate transaction market described above, etc., we judged that additionally acquiring the 33 residential properties in total as described in “Notice Concerning Acquisition and Lease of Domestic Real Estate (Trust Beneficiary Interests in Real Estate and Real Estate (in Kind))” dated today for achieving a certain degree of external growth at this time would contribute to enhancement of unitholder value over the medium to long term; and thus discussed fund procurement means for the acquisition.

Amidst such circumstances, Samty Residential and the Asset Management Company received proposals in late November 2017 from Daiwa Securities Group Inc. (hereafter, referred to as “Daiwa Securities Group Inc.”), which possesses a unique network in the J-REIT market. In the proposals they requested (a) their participation as Samty Residential’s sponsor by acquiring 33% of the Asset Management Company’s shares issued and outstanding and (b) their acquisition of around one-third of Samty Residential’s investment units issued and outstanding, in order to further expand their real estate asset management business; and we started to discuss the proposal.

Of the proposals, Samty Residential and the Asset Management Company confirmed through discussions with Daiwa Securities Group Inc. that the participation of Daiwa Securities Group Inc. as a sponsor would be beneficial for enhancing unitholder value over the medium to long term as additional support from Daiwa Securities Group Inc. on top of the support from the Main Sponsor would help promote the aforementioned various management strategies. As a result, Daiwa Securities Group Inc. signed a share transfer agreement to acquire 33% of the Asset Management Company’s shares issued and outstanding and a shareholder agreement concerning management of the Asset Management Company, etc. with the Main Sponsor today to participate as a sub-sponsor of Samty Residential.

As to the proposal on the acquisition of Samty Residential’s investment units by Daiwa Securities Group Inc., Samty Residential and the Asset Management Company discussed both third-party allotment and public offering with Daiwa Securities Group Inc. from the standpoint of appropriateness as a fund procurement means. Specifically, discussions were carried out from the perspectives of changes to Samty Residential’s investment unit prices, scale of fund procurement, certainty of fund procurement, fund procurement cost (including discount in public offering, etc.), impact on market liquidity after the capital increase, risk of fluctuation in investment unit price before determination of terms and such. Public offering, in particular, was repeatedly discussed including securities companies other than Daiwa Securities Group from the above perspectives. As a result, it was judged that fund procurement through third-party allotment to Daiwa Securities Group Inc. rather than public offering is more beneficial for Samty Residential under the current market environment in terms of the fact that the funds necessary for external growth can be procured with ease and at a reasonable issue amount without being affected by fluctuation in investment unit price and that dilution can be controlled to a certain degree. Further to the above, considering that it is desirable to maintain the ownership ratio of Samty Residential’s investment units by the Main Sponsor at a certain level from the standpoint of maintaining the supportive relationship with the Main Sponsor into the future, and that it is stated in the sponsor support agreement with the Main Sponsor that the Main Sponsor shall sincerely consider acquiring part of investment units when Samty Residential newly issues investment units, Samty Residential and the Asset Management Company held discussions with Daiwa Securities Group Inc. and the Main Sponsor concerning third-party allotment to the Main Sponsor. As a result, we have decided to concurrently conduct third-party allotment to the Main Sponsor.

Although the third-party allotment and acquisition of domestic real estate will not change distribution per unit (including distribution in excess of earnings) for the fiscal period ending July 2018 from 2,670 yen as previously forecasted, distribution per unit for the fiscal period ending January 2019 is expected to increase by 30 yen (1.1%)

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 change to major shareholder of Samty Residential’s asset management company, 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.



from the fiscal period ending July 2018 to 2,700 yen. Therefore, we believe such contributes to enhancement of Samty Residential's unitholder value from the said perspective. (For details of the forecast of management status and distribution per unit, please refer to "Notice Concerning Forecast of Management Status and Distribution per Unit for Fiscal Period Ending July 2018 and Fiscal Period Ending January 2019.")

Having under its umbrella listed REITs of Daiwa Office Investment Corporation (portfolio: 55 properties/acquisition price: 506,341 million yen) and Nippon Healthcare Investment Corporation (portfolio: 22 properties/acquisition price: 19,318 million yen); Daiwa Real Estate Asset Management Co., Ltd. (hereafter, referred to as "Daiwa Real"), which manages assets of Daiwa Residential Private Investment Corporation, an unlisted REIT specializing in residential properties; and Mi-Casa Asset Management Inc. (hereafter, referred to as "Mi-Casa"), which manages assets of Japan Rental Housing Investments Inc. (portfolio: 199 properties/acquisition price: 225,906 million yen) as of today, Daiwa Securities Group Inc. has established a stable and abundant track record in the J-REIT market. With "strengthening of asset management abilities" upheld in its medium-term management plan "Passion for the Best 2017" announced in April 2015, Daiwa Securities Group has been proactively promoting expansion of real estate asset management business. Investment in Samty Residential and the Asset Management Company is, according to Daiwa Securities Group Inc., based on their judgement that such will lead to further expansion of their real estate asset management business and eventually to enhancement of Daiwa Securities Group's corporate value.

Samty Residential and the Asset Management Company today concluded with Daiwa Securities Group Inc. a sponsor support agreement which specifies provision of various types of information, support for formation of bridge funds, etc. and cooperation in securement of human resources at the Asset Management Company, for sustainable and stable growth of Samty Residential; and the Asset Management Company is scheduled to have one part-time director assigned from Daiwa Securities Group Inc. Furthermore, Samty Residential and the Asset Management Company believe that they can expect support for maintaining and expanding a stable fund procurement framework through utilization of functions and network of Daiwa Securities Group as a comprehensive securities group. Samty Residential will seek further enhancement of unitholder value by utilizing the network and know-how in the financial/capital markets that are held by Daiwa Securities Group Inc. while receiving their support in information provision, formation of bridge funds, securement of human resources, etc. as described above, in addition to the support it has been receiving from the Main Sponsor, which is an integrated real estate group with an abundant track record and know-how on real estate investments mainly in major regional cities among other regional cities.

Following the acquisition of the Asset Management Company's shares by Daiwa Securities Group Inc. and the series of initiatives related to the acquisition, Samty Residential and the Asset Management Company plan to newly accept Daiwa Securities Group Inc. as a sub-sponsor and receive a certain level of support as mentioned above. However, Samty Co., Ltd. will remain as the main sponsor and we expect to continue receiving a wide range of support from the Main Sponsor and thus intend to invest in residential properties in major regional cities by continuing to utilize the Samty Group ^(Note). Although Daiwa Real and Mi-Casa, which are under the umbrella of Daiwa Securities Group Inc., are engaged in asset management of a listed REIT specializing in residential properties and of an unlisted REIT, whose investment targets compete with those of Samty Residential, the Asset Management Company, Daiwa Real and Mi-Casa are to carry out investment management based on their independent judgement as before. The Asset Management Company will make utmost efforts for Samty Residential's stakeholders while at the same time thoroughly abiding by confidentiality obligations concerning asset management as before, even after the transfer of shares.

(Note) "Samty Group" refers to Samty Co., Ltd., and the Main Sponsor's consolidated subsidiary companies (collectively referred based on consolidated subsidiary companies defined in Article 2, Paragraph 4 of Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 28 of 1976, including subsequent amendments)) and special purpose companies which the Main Sponsor itself invests in, other than the consolidated subsidiary companies of the Main Sponsor, while excluding Samty Residential.

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 change to major shareholder of Samty Residential's asset management company, 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.

2. Outline of Shareholder Subject to Change

(1) Name	Daiwa Securities Group Inc.
(2) Address	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
(3) Name/Title of representative	Seiji Nakata, President and CEO
(4) Business activities	Owning, managing, controlling shares of companies engaged in the financial instruments transaction business
(5) Capital	247.3 billion yen (as of September 30, 2017)

3. Number of Shares (Number of Voting Rights) Held by the Shareholder and Ratio to Number of Voting Rights Held by All Shareholders

	Number of voting rights (Number of shares held)	Ratio to number of voting rights held by all shareholders*	Major shareholder ranking
Before the change (as of January 15, 2018)	—	—	—
After the change	1,386 (1,386 shares)	33.0%	2nd

*Number of shares subtracted as shares without voting rights from total number of shares issued and outstanding 0 shares
Total number of shares issued and outstanding as of January 15, 2018 4,200 shares

(Reference) The Asset Management Company's shareholders after the transfer of shares

Name	Number of voting rights (Number of shares held)	Ratio to number of voting rights held by all shareholders*
Samty Co., Ltd.	2,814 (2,814 shares)	67.0%
Daiwa Securities Group Inc.	1,386 (1,386 shares)	33.0%
Total	4,200 (4,200 shares)	100.0%

4. Scheduled Date of the Change

February 1, 2018

5. Future Outlook

(1) Change in Samty Residential's asset management agreement

No change is planned as of today.

(2) Change in structure of the Asset Management Company

No change is planned as of today.

(3) Change in investment management decision-making structure

No change is planned as of today.

(4) Change in rules concerning compliance, related-parties, etc.

No change is planned as of 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 change to major shareholder of Samty Residential's asset management company, 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) Change in investment policy
No change is planned as of today.

(6) Change in agreements with sponsors, etc.

Samty Residential and the Asset Management Company newly concluded a sponsor support agreement with Daiwa Securities Group Inc. today. Under the agreement, Daiwa Securities Group Inc. is to provide support to Samty Residential in forming bridge funds and to the Asset Management Company in securing human resources, etc. while providing, as needed, information on properties, etc. and other information related to the operation of the Asset Management Company that they judge to be beneficial to Samty Residential and the Asset Management Company, with an aim to achieve further growth and development of the Asset Management Company as well as sustainable and stable growth of Samty Residential.

The agreement is to take effect contingent upon the execution of the transfer of shares.

(7) Continuation of Samty Residential's listing

Samty Residential plans to remain listed.

(8) Future policy, etc.

In the event when matters to be disclosed concerning execution of operation of Samty Residential and the Asset Management Company arise, such will be promptly announced.

*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/>

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 change to major shareholder of Samty Residential's asset management company, 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.