



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)

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Notice Concerning Issuance of New Investment Units through Third-Party Allotment

Samty Residential Investment Corporation (“Samty Residential”) announces that it decided today on issuance of new investment units through third-party allotment (the “Capital Increase Through Third-Party Allotment”) as follows.

1. Overview of the Issuance of New Investment Units

| | |
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| (1) Total number of Investment units to be issued | 173,600 units |
| (2) Issue price | 87,000 yen per unit |
| (3) Total issue price | 15,103,200,000 yen |
| (4) Offering and allotment method | Third-party allotment |
| (5) Subscription period | January 31, 2018 (Wednesday) |
| (6) Payment date | February 1, 2018 (Thursday) |
| (7) Scheduled allottee and number of investment units to be allotted | Daiwa Securities Group Inc. 161,700 units Samty Co., Ltd. 11,900 units |
| (8) Subscription unit | One unit or more in multiples of one unit |
| (9) Entruster of administrative work related to the offering | Daiwa Securities Co. Ltd. |
| (10) 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. | |

2. Changes in Number of Investment Units Outstanding after the Issuance of New Investment Units

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|---|---------------|
| Total number of Investment Units outstanding at present | 283,000 units |
| Number of new Investment Units to be issued | 173,600 units |
| Total number of Investment Units outstanding after issuance | 456,600 units |

3. Purpose and Reason for the Issuance

Samty Residential has a basic policy to aim for the enhancement of unitholder value over the medium to long term by conducting diversified investments in a broad range of cities nationwide focusing on rental residences (“Residences”) as its primary investment target, and started its asset management by acquiring 8 Residences (total acquisition price: 9,298 million yen) on April 15, 2015. After that, Samty Residential additionally acquired two Residences (total acquisition price: 1,964 million yen) on May 1, 2015 as well as 18 Residences (total acquisition price: 19,238 million yen) on July 1, 2015 to have a total of 28 properties (total acquisition price: 30,500 million yen) as of July 1, 2015 immediately after the listing (the 28 properties are hereinafter referred to as the “Assets Acquired Upon Listing”). Furthermore, Samty Residential additionally acquired a Residence (S-FORT Gakuen-mae (acquisition price: 462 million yen), hereinafter referred to as the “Assets Acquired in the 1st Fiscal Period” together with the Assets Acquired

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Upon Listing) on October 1, 2015. It also conducted capital increase through public offering with August 1, 2016 as the payment date and additionally acquired a total of 20 properties (total acquisition price: 20,589 million yen) (the 20 properties are hereinafter referred to as the “Assets Acquired in the 3rd Fiscal Period”. The Assets Acquired in the 1st Fiscal Period and the Assets Acquired in the 3rd Fiscal Period are referred to as the “Acquired Assets”). Samty Residential has 49 Residences (total acquisition price: 51,551 million yen) as of the date of this document.

In the overall Japanese economy, capital investment is showing a gradual increase in the corporate sector against the backdrop of the increase in labor-saving investments due to the implementation of full-scale Olympic-related investments and the response to the labor shortage. In the household sector, a gradual recovery trend continued as recovery in individual consumption was seen with improvement in employment and income environment.

As for the rental apartment market, the supply and demand environment remains favorable as the supply of prime Residences is limited and the number of households is increasing due to the changes in lifestyle in major regional cities which Samty Residential places focus on as its primary investment target.

In the real estate transaction market, competition for property acquisition is intensifying and sales and purchase prices remain at high levels due to the favorable financing environment and the increase in the number of market participants.

Under such environment, Samty Residential, Samty Asset Management Co., Ltd. (the “Asset Management Company”) and Samty Co., Ltd. (the “Main Sponsor”) have promoted various management strategies including external growth strategies, internal growth strategies and financial strategies and have made considerations on measures for realizing the enhancement of unitholder value over the medium to long term. However, they judged that the additional acquisition of a total of 33 Residences and the achievement of a certain scale of external growth as of the date of this document will contribute to the enhancement of unitholder value over the medium to long term as described in “Notice Concerning Acquisition and Lease of Domestic Real Estate (Trust Beneficiary Interest in Real Estate and (Actual) Real Estate)” dated today, and examined the fund procurement method for such purposes given the fact that no sign of change in the trends of the real estate trading market mentioned above is seen, etc.

In such a situation, Samty Residential and the Asset Management Company received a proposal from Daiwa Securities Group Inc. (“Daiwa Securities Group Inc.”), which has its own network in the J-REIT market, to acquire 33% of the total outstanding shares of the Asset Management Company and participate as a sponsor of Samty Residential as well as acquire about one-third of the total outstanding units of Samty Residential in order to further expand the real estate asset management business of Daiwa Securities. Therefore, Samty Residential and the Asset Management Company started examining the proposal.

With regard to the participation as a sponsor in the above proposal, Samty Residential and the Asset Management Company have confirmed in the discussions with Daiwa Securities Group Inc. that the support from Daiwa Securities Group Inc., in addition to the support from the Main Sponsor, will contribute to the promotion of various management strategies mentioned above and that such support is beneficial to the enhancement of unitholder value over the medium to long term. As a result, Daiwa Securities Group Inc. has concluded a share transfer agreement to acquire 33% of the total outstanding shares of the Asset Management Company and a shareholder agreement concerning the operation, etc. of the Asset Management Company with the Main Sponsor as of today and decided to participate as a sub-sponsor of Samty Residential.

In addition, with regard to the proposal for the acquisition of the investment units of Samty Residential, Samty Residential and the Asset Management Company considered both capital increase through third-party allotment and capital increase through public offering for Daiwa Securities Group Inc. from the perspective of the validity of the fund procurement method. Specifically, they considered the proposal from the perspectives of the change in investment unit price of Samty Residential, scale of capital raising, certainty in fund procurement, fund procurement costs (including discount, etc. in the case of capital increase through public offering), impact on market liquidity after capital increase and the risk of fluctuation of investment unit price until the determination of conditions, and held many discussions especially on capital increase through public offering with Daiwa Securities Group as well as other securities companies from the above perspectives. As a result, we judged that Samty Residential will have

a bigger advantage of procuring funds necessary for external growth at a reasonable issue price without being impacted by the fluctuation of investment unit price and suppressing dilution to a certain degree under the current market environment by procuring funds by way of capital increase through third-party allotment for Daiwa Securities Group Inc. rather than capital increase through public offering (For details of the judgement on specific conditions of issuance, etc., please refer to “7. Rationality of Conditions of Issuance, etc.”). In addition to the above, Samty Residential and the Asset Management Company also discussed capital increase through third-party allotment for the Main Sponsor with Daiwa Securities Group Inc. and the Main Sponsor by taking into consideration that it is desirable to maintain the Main Sponsor ownership ratio of the investment units of Samty Residential at a certain level and that the intent of the Main Sponsor to sincerely consider acquiring part of investment units in case Samty Residential newly issues investment units is stipulated in the sponsor support agreement concluded with the Main Sponsor from the perspective of maintaining a support relationship with the Main Sponsor, and decided to conduct capital increase through third-party allotment for the Main Sponsor at the same time as well as the result of the discussion.

Moreover, although distribution per unit (including distribution in excess of earnings) for the fiscal period ending July 2018 will remain unchanged from the previous fiscal period at 2,670 yen, distribution per unit for the fiscal period ending January 2019 is expected to be 2,700 yen, which is a 30 yen (1.1%) increase from the fiscal period ending July 2018, as a result of the capital increase through third-party allotment and the acquisition of domestic real estate. Therefore, we believe that the capital increase will contribute to the enhancement of the value of unitholders of Samty Residential from such perspectives (For details of the forecast of management status and distribution, please refer to “Notice Concerning the Forecast of Management Status and Distribution Per Unit for Fiscal Period Ending July 2018 and Fiscal Period Ending January 2019” dated today).

Daiwa Securities Group Inc. has Daiwa Real Estate Asset Management Co., Ltd. (“Daiwa Real”) which manages “Daiwa Office Investment Corporation” (55 properties, acquisition price: 506,341 million yen), “Nippon Healthcare Investment Corporation” (22 properties, acquisition price: 19,318 million yen), both listed REITs as of the date of this document, and “Daiwa Residential Private Investment Corporation,” a non-listed REIT specializing in residential properties, and Mi-Casa Asset Management Inc. (“Mi-Casa”) which manages “Japan Rental Housing Investments Inc.” (199 properties, acquisition price: 225,906 million yen) under its umbrella and has accumulated stable and abundant operational results in the J-REIT market. Daiwa Securities Group has set a goal to “enhance asset management capability” in its medium-term management plan “Passion for the Best 2017” announced in April 2015 and is proactively promoting the expansion of real estate asset management business. It says that it judged the investments in Samty Residential and the Asset Management Company will lead to further expansion of real estate asset management business as well as the enhancement of corporate value of Daiwa Securities Group.

Samty Residential and the Asset Management Company today concluded with Daiwa Securities Group Inc. a sponsor support agreement requesting provision of various information, support such as the formation of a bridge fund and cooperation with the Asset Management Company in securing staff for sustainable and stable growth of Samty Residential, and the Asset Management Company is scheduled to have a part-time director dispatched from Daiwa Securities Group Inc. In addition, Samty Residential and the Asset Management Company believe that support for maintaining and expanding a stable fund procurement system is expected to be gained by utilizing the comprehensive securities group functions and network of Daiwa Securities Group. Samty Residential aims to further enhance unitholder value by gaining support from Daiwa Securities Group Inc. in the provision of information, formation of a bridge fund, securing of staff, etc. and utilizing the network of Daiwa Securities Group Inc. and know-how in the financial and capital market as mentioned above, in addition to the support from the Main Sponsor which is a comprehensive real estate company group with an abundant track record and know-how concerning real estate investment in regional cities centering on major regional cities.

Moreover, Samty Residential and the Asset Management Company are scheduled to welcome Daiwa Securities Group Inc. as the new sub-sponsor and receive certain support as mentioned above under the efforts of Daiwa Securities Group Inc. to acquire the shares of the Asset Management Company and a series of efforts related to the acquisition. However, Samty Co., Ltd. will continue to be the Main Sponsor and Samty Residential and the Asset Management Company are scheduled to continue receiving various

support from the Main Sponsor and have a policy to continue investing in Residences centering on major regional cities by utilizing Samty Group ^(Note). In addition, Daiwa Real and Mi-Casa, which are under the umbrella of Daiwa Securities Group Inc., are managing listed and non-listed REITs specializing in residential properties that compete with the investment target of Samty Residential but there will be no change in investment management by the Asset Management Company, Daiwa Real and Mi-Casa in that it will be conducted based on the judgement of each company. The Asset Management Company will strive to ensure that confidentiality concerning asset management is maintained and make full efforts for all stakeholders of Samty Residential even after the transfer of shares.

(Note) "Samty Group" refers to Samty Co., Ltd., and its consolidated subsidiary companies (Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance No. 28 of 1976. Including subsequent amendments.) Collectively referred to as consolidated subsidiary company as stipulated by Article 2 (iv.) and special purpose companies in which Samty Co., Ltd. itself invests other than the consolidated subsidiary companies of Samty Co., Ltd., while excluding Samty Residential.

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

(1) Amount of funds to be procured

15,103,200,000 yen

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

| Specific use | Amount (million yen) | Scheduled expenditure date |
|---|----------------------|----------------------------|
| i Part of funds for acquiring the Assets to be Acquired (33 properties) | 15,103 million yen | February 2018 |

*For details of the Assets to be Acquired, please refer to "Notice Concerning Acquisition and Lease of Domestic Real Estate" dated today.

5. Expected Ratio of Interest-Bearing Liabilities after Issuance

Samty Residential examined the scale of the Capital Increase Through Third-Party Allotment and new borrowing (Note 1) to maintain the same level of LTV even when it acquires the 33 properties which are the properties to be acquired (the "Properties"). As a result, LTV based on book value (Note 2) is expected to increase from 51.5% as of the end of July 2017 to 51.6% and LTV based on market value (Note 2) is expected to increase from 48.8% as of the end of July 2017 to 49.3% due to the funds procured by way of the Capital Increase Through Third-Party Allotment and new borrowing. Moreover, the ratio of interest-bearing liabilities to total assets (LTV) (Note 3) as of the end of July 2018, which is the end of the fiscal period immediately after the acquisition of the Properties, is expected to be 51.2%.

(Note 1) For details of the new borrowing, please refer to the "Notice Concerning Borrowing of Funds and Partial Refinancing and Partial Early Repayment of Existing Borrowings" dated today.

(Note 2) LTV based on book value and LTV based on market value are calculated with the following formulas using the figures as of each period.

LTV based on book value = Total interest-bearing liabilities (*1) ÷ total assets (*2)

LTV based on market value = Total interest-bearing liabilities ÷ (total assets ± unrealized profits and losses (*3))

*1 Total interest-bearing liabilities indicates the total interest-bearing liabilities as of the end of July 2017 at the end of July 2017 and the amount gained by adding 15,400 million yen scheduled to be newly borrowed and 1,000 million yen, which is the scheduled amount of issuance of new investment corporation bonds, to the total interest-bearing liabilities as of the end of July 2017 and deducting 200 million yen of borrowings scheduled to be repaid before maturity on January 31, 2018 for the period after the acquisition of the Properties.

*2 Total assets indicates the amount recorded in the consolidated balance sheet as of the end of July 2017 at the end of July 2017 and the amount gained by adding 15,103 million yen, which is the paid-in amount gained through the Capital Increase Through Third-Party Allotment, 15,400 million yen, which is the amount to be newly borrowed, and 1,000 million yen, which is the scheduled amount of issuance of new investment corporation bonds, to the amount recorded in the consolidated balance sheet and deducting 200

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million yen of borrowings scheduled to be repaid before maturity on January 31, 2018 for the period after the acquisition of the Properties.*3 Unrealized profits and losses is the difference between the book value and appraisal value of the properties owned by Samty Residential as of the end of July 2017 at the end of July 2017 and the amount gained by adding the difference between the planned acquisition price and the appraisal value upon acquisition of the 33 properties which are the Properties to be Acquired to unrealized profits and losses as of the end of July 2017 for the period after the acquisition of the Properties.

(Note 3) The ratio of interest-bearing liabilities to total assets (LTV) is calculated by dividing the expected amount of interest-bearing liabilities as of the end of July 2018 by the expected amount of total assets as of the end of July 2018. Moreover, the expected amount as of the end of July 2018 is provisionally calculated based on the information as of now and the actual amount may differ due to new borrowing, repayment of existing borrowings, changes in real estate market, etc., and changes in the status of depreciation of owned properties and other conditions surrounding Samty Residential.

6. Idea Concerning Rationality of Use of Funds

The funds procured through the Capital Increase Through Third-Party Allotment are scheduled to be used as part of funds for acquiring properties. Although distribution per unit (including distribution in excess of earnings) for the fiscal period ending July 2018 will remain unchanged from the original forecast at 2,670 yen, distribution per unit for the fiscal period ending January 2019 is expected to be 2,700 yen, which is a 30 yen (1.1%) increase from the fiscal period ending July 2018, as a result of the Capital Increase Through Third-Party Allotment and the acquisition of the Properties. Therefore, Samty Residential believes that the above use of the funds will contribute to the enhancement of unitholder value and judged that it is a rational use of funds from such perspectives.

7. Rationality of Conditions of Issuance, etc.

(1) Grounds for calculation of issue price

The paid-in amount was set at 87,000 yen after deducting the expected distribution from 89,670 yen arrived at by discounting 3.58% (rounded down to the second decimal place) from 93,000 yen, which is the closing price on the business day immediately preceding the date of resolution at the Board of Directors' meeting (January 12, 2018), and taking into consideration the payment of the Capital Increase Through Third-Party Allotment at the beginning of the fiscal period ending July 2018, which is after the ex-rights date for the right to receive 2,670 yen of expected distribution per unit for the fiscal period ended January 2018.

The paid-in amount was set at the above price as a result of negotiation with allottees from the perspective of alleviating temporary price fluctuations and temporary changes, etc. in market environment immediately before the resolution of issuance while the industry surrounding Samty Residential and market trends are changing every day and by comprehensively taking into account the idea that it is desirable to make considerations by also including the average value during a certain period, consideration of cases of discount rate against the standard price upon issuance of new investment units at other J-REITs and the expectation of the increase in medium- to long-term value with the participation of Daiwa Securities Group Inc., which is one of the allottees, as the new sponsor and the provision of support to Samty Residential together with Samty Co., Ltd., the current sponsor, despite an expected decline in NAV per unit and net assets per unit due to the Capital Increase Through Third-Party Allotment. Moreover, Samty Residential and the Asset Management Company have eventually reached an agreement today by sincerely negotiating the price to secure maximum profits for unitholders and adding an extra fee to the amount initially proposed by Daiwa Securities Group Inc. based on market fluctuation.

In addition, 89,670 yen of paid-in amount before the deduction of expected distribution is a 1.67% discount from 91,195 yen (figures less than 1 yen are rounded off), which is the average value of the closing price for the one-month period (from December 13, 2017 to January 12, 2018) immediately preceding the date of resolution at the Board of Directors' meeting, a premium of 0.52% to 89,208 yen (figures less than 1 yen are rounded off), which is the average value of the closing price for the

three-month period (from October 13, 2017 to January 12, 2018) immediately preceding the date of resolution at the Board of Directors' meeting, and a premium of 2.86% to 87,175 yen (figures less than 1 yen are rounded off), which is the average value of the closing price for the six-month period (from July 13, 2017 to January 12, 2018) immediately preceding the date of resolution at the Board of Directors' meeting. Furthermore, the paid-in amount is a 4.60% discount from 91,195 yen, which is the average value of the closing price for the one-month period immediately preceding the date of resolution at the Board of Directors' meeting, a 2.48% discount from 89,208 yen, which is the average value of the closing price for the three-month period immediately preceding the date of resolution at the Board of Directors' meeting, and a 0.20% discount from 87,175 yen, which is the average value of the closing price for the six-month period immediately preceding the date of resolution at the Board of Directors' meeting. In reference to the "Guideline Concerning Treatment of Capital Increase Through Third-Party Allotment" established by the Japan Securities Dealers Association, the issue price is considered to be reasonable as the paid-in amount exceeds the amount gained by multiplying by 0.9 the closing price on the business day immediately preceding the date of resolution at the Board of Directors' meeting and the average value of each closing price for the one-month, three-month and six-month periods immediately preceding the date of resolution at the Board of Directors' meeting and is almost the same amount as the average of the six-month period immediately preceding the date of resolution at the Board of Directors' meeting and the discount margin from the average of the one-month and three-month periods immediately preceding the date of resolution at the Board of Directors' meeting and the closing price on the immediately preceding business day is also at a reasonable level in light of the fund procurement costs when conducting capital increase through public offering and the risk of fluctuation of investment unit price until the determination of conditions, etc. As for the determination of the issue price, we believe that the issue price is a fair price determined in a fair manner by conducting sincere negotiation with Daiwa Securities Group Inc. as described above and also taking into account the content of discussion with securities companies other than Daiwa Securities Group concerning the market trend and capital increase through public offering.

(2) Grounds for judging that the number of investment units to be issued and scale of dilution of investment units are reasonable

Dilution of existing investment units will occur with the increase in the number of outstanding investment units by approximately 61.3% from 283,000 units to 456,600 units as a result of the Third-Party Allotment. However, income stability will increase through the expansion of asset size as a result of the acquisition of the Assets to be Acquired and reduction of borrowing costs can be expected with the reinforcement of the financial base of Samty Residential and the increase in credibility by conducting the Capital Increase Through Third-Party Allotment with Samty Co., Ltd., the current sponsor and unitholder, as well as Daiwa Securities Group Inc., which is scheduled to receive the shares of the Asset Management Company, as the allottees.

In addition, we believe that further growth can be expected by utilizing the information network of Daiwa Securities Group Inc. and know-how in the financial and capital market, such as the provision of information on properties, etc. and other information related to the operation of the Asset Management Company, formation of a bridge fund for Samty Residential and the provision of support such as cooperation with the Asset Management Company in securing staff and that such measure leads to the enhancement of unitholder value of Samty Residential from the medium-to long-term perspective.

Furthermore, Samty Co., Ltd. is expected to hold 5.31% of the 456,600 units, which is expected number of investment units outstanding after the Third-Party Allotment, through the Third-Party Allotment and we believe that the supporting attitude as a sponsor is expected to be strengthened by increasing the ratio of same-boat investment to a level higher than that before the Third-Party Allotment (4.37%).

Due to the above reasons, we believe that the number of investment units to be issued through the Third-Party Allotment and the scale of dilution of investment units are reasonable.

8. Reasons for Selection of Scheduled Allottee, etc.

(1) Overview of scheduled allottee

| (1) Name | Daiwa Securities Group Inc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--------------------------------|--------------------------------|---|---|--|--------------------------------|---|---|-----------------------------------|-----------------------|---|--|------------------------------|------------------------|--|--|-----------------------------------|------------|--|---------------------|---|---------------------|---|---------------------|---------------------|---------------------|------------------------------|---------------------|---------------------|---------------------|---|---------------------|---------------------|---------------------|---|-----------|-----------|-----------|--------------------------|-----------|-----------|-----------|
| (2) Location | 1-9-1 Marunouchi, Chiyoda-ku, Tokyo | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (3) Post and name of representative | Seiji Nakata, Executive Officer and President | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (4) Line of business | Ownership, management and control of shares of companies engaged in financial instruments business | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (5) Capital | 247.3 billion yen (as of September 30, 2017) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (6) Date of establishment | December 27, 1943 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (7) Number of shares outstanding | 1,699,378,772 shares (as of November 10, 2017) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (8) Fiscal period | Ending March 31 each year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (9) Number of employees | (Consolidated) 13,836 (as of March 31, 2017) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (10) Main business partner | — | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (11) Main bank | Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (12) Major shareholders and shareholding ratios (as of September 30, 2017) | <table border="0"> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td style="text-align: right;">4.94%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td style="text-align: right;">4.68%</td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy Mizuho Bank, Ltd.)</td> <td style="text-align: right;">3.82%</td> </tr> <tr> <td>Barclays Securities Japan Limited</td> <td style="text-align: right;">2.00%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td> <td style="text-align: right;">1.87%</td> </tr> <tr> <td>Taiyo Life Insurance Company</td> <td style="text-align: right;">1.83%</td> </tr> <tr> <td>STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy Mizuho Bank, Ltd.)</td> <td style="text-align: right;">1.56%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd.</td> <td style="text-align: right;">1.46%</td> </tr> <tr> <td>Sumitomo Mitsui Trust & Banking Retirement Benefit Account</td> <td></td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 1)</td> <td style="text-align: right;">1.45%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 2)</td> <td style="text-align: right;">1.42%</td> </tr> </table> | | | Japan Trustee Services Bank, Ltd. (Trust Account) | 4.94% | The Master Trust Bank of Japan, Ltd. (Trust Account) | 4.68% | STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy Mizuho Bank, Ltd.) | 3.82% | Barclays Securities Japan Limited | 2.00% | Japan Trustee Services Bank, Ltd. (Trust Account 5) | 1.87% | Taiyo Life Insurance Company | 1.83% | STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy Mizuho Bank, Ltd.) | 1.56% | Japan Trustee Services Bank, Ltd. | 1.46% | Sumitomo Mitsui Trust & Banking Retirement Benefit Account | | Japan Trustee Services Bank, Ltd. (Trust Account 1) | 1.45% | Japan Trustee Services Bank, Ltd. (Trust Account 2) | 1.42% | | | | | | | | | | | | | | | | | | |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 4.94% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 4.68% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy Mizuho Bank, Ltd.) | 3.82% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Barclays Securities Japan Limited | 2.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Japan Trustee Services Bank, Ltd. (Trust Account 5) | 1.87% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Taiyo Life Insurance Company | 1.83% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy Mizuho Bank, Ltd.) | 1.56% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Sumitomo Mitsui Trust & Banking Retirement Benefit Account | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Japan Trustee Services Bank, Ltd. (Trust Account 1) | 1.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Japan Trustee Services Bank, Ltd. (Trust Account 2) | 1.42% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (13) Relationship between Samty Residential/Asset Management Company and scheduled allottee | <table border="1"> <tr> <td>Capital relationship (as of January 15, 2018)</td> <td colspan="3">The company does not hold any investment units of Samty Residential but Daiwa PI Partners, a subsidiary of the company, holds 10,858 units of Samty Residential's investment units.</td> </tr> <tr> <td>Personnel relationship</td> <td colspan="3">There are no personnel relationships to be stated between the scheduled allottee and Samty Residential or the Asset Management Company.</td> </tr> <tr> <td>Business relationship</td> <td colspan="3">There are no business relationships to be stated between the scheduled allottee and Samty Residential or the Asset Management Company.</td> </tr> <tr> <td>Status of classification as related party</td> <td colspan="3">The scheduled allottee does not fall under the category of a related party of Samty Residential or the Asset Management Company. Furthermore, the company and affiliated companies do not fall under the category of a related party of Samty Residential or the Asset Management Company.</td> </tr> </table> | | | Capital relationship (as of January 15, 2018) | The company does not hold any investment units of Samty Residential but Daiwa PI Partners, a subsidiary of the company, holds 10,858 units of Samty Residential's investment units. | | | Personnel relationship | There are no personnel relationships to be stated between the scheduled allottee and Samty Residential or the Asset Management Company. | | | Business relationship | There are no business relationships to be stated between the scheduled allottee and Samty Residential or the Asset Management Company. | | | Status of classification as related party | The scheduled allottee does not fall under the category of a related party of Samty Residential or the Asset Management Company. Furthermore, the company and affiliated companies do not fall under the category of a related party of Samty Residential or the Asset Management Company. | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| (14) Management performance and financial conditions in the last three years | <table border="1"> <thead> <tr> <th>Fiscal period</th> <th>Fiscal Period ended March 2015</th> <th>Fiscal Period ended March 2016</th> <th>Fiscal Period ended March 2017</th> </tr> </thead> <tbody> <tr> <td>Consolidated net assets</td> <td>1,434,680 million yen</td> <td>1,313,005 million yen</td> <td>1,343,433 million yen</td> </tr> <tr> <td>Consolidated total assets</td> <td>23,001,585 million yen</td> <td>20,420,818 million yen</td> <td>19,827,296 million yen</td> </tr> <tr> <td>Consolidated net assets per share (yen)</td> <td>725.27 yen</td> <td>720.86 yen</td> <td>745.80 yen</td> </tr> <tr> <td>Consolidated operating revenue</td> <td>659,396 million yen</td> <td>653,711 million yen</td> <td>616,497 million yen</td> </tr> <tr> <td>Consolidated net operating revenue</td> <td>532,220 million yen</td> <td>514,815 million yen</td> <td>472,750 million yen</td> </tr> <tr> <td>Consolidated ordinary income</td> <td>184,578 million yen</td> <td>165,148 million yen</td> <td>135,623 million yen</td> </tr> <tr> <td>Net income attributable to shareholders of parent company</td> <td>148,490 million yen</td> <td>116,848 million yen</td> <td>104,067 million yen</td> </tr> <tr> <td>Consolidated net income per share (yen)</td> <td>87.07 yen</td> <td>68.25 yen</td> <td>61.53 yen</td> </tr> <tr> <td>Dividend per share (yen)</td> <td>30.00 yen</td> <td>29.00 yen</td> <td>26.00 yen</td> </tr> </tbody> </table> | | | Fiscal period | Fiscal Period ended March 2015 | Fiscal Period ended March 2016 | Fiscal Period ended March 2017 | Consolidated net assets | 1,434,680 million yen | 1,313,005 million yen | 1,343,433 million yen | Consolidated total assets | 23,001,585 million yen | 20,420,818 million yen | 19,827,296 million yen | Consolidated net assets per share (yen) | 725.27 yen | 720.86 yen | 745.80 yen | Consolidated operating revenue | 659,396 million yen | 653,711 million yen | 616,497 million yen | Consolidated net operating revenue | 532,220 million yen | 514,815 million yen | 472,750 million yen | Consolidated ordinary income | 184,578 million yen | 165,148 million yen | 135,623 million yen | Net income attributable to shareholders of parent company | 148,490 million yen | 116,848 million yen | 104,067 million yen | Consolidated net income per share (yen) | 87.07 yen | 68.25 yen | 61.53 yen | Dividend per share (yen) | 30.00 yen | 29.00 yen | 26.00 yen |
| Fiscal period | Fiscal Period ended March 2015 | Fiscal Period ended March 2016 | Fiscal Period ended March 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated net assets | 1,434,680 million yen | 1,313,005 million yen | 1,343,433 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated total assets | 23,001,585 million yen | 20,420,818 million yen | 19,827,296 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Dividend per share (yen) | 30.00 yen | 29.00 yen | 26.00 yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

*The allottee has been listed on the First Section of the Tokyo Stock Exchange and Samty Residential and the Asset Management Company have judged that the executives and major shareholders of the allottee have no relationship with organized crime groups, etc. by confirming the basic ideas for the elimination of anti-social forces indicated in the corporate governance report submitted to the Tokyo Stock Exchange by the allottee and the status of development of such idea on the website of the Tokyo Stock Exchange.

Disclaimer: This document is an English translation of a press release for public announcement concerning issuance of new investment units through third-party allotment by Samty Residential, and has not been prepared as an inducement or invitation for investment.

| | | | | |
|------|--|--|-----------------------------------|-----------------------------------|
| (1) | Name | Samty Co., Ltd. | | |
| (2) | Location | 4-3-24, Nishi-Nakajima, Yodagawa-ku, Osaka | | |
| (3) | Post and name of representative | Kazushi Eguchi, Representative Director | | |
| (4) | Line of business | Transaction, brokerage, appraisal of real estate, ownership, management and leasing of real estate, construction and sale of residences. | | |
| (5) | Capital | 8,377 million yen (as of August 31, 2017) | | |
| (6) | Date of establishment | December 1, 1982 | | |
| (7) | Number of shares outstanding | 26,822,354 shares (as of October 10, 2017) | | |
| (8) | Fiscal period | Ending November 30 each year | | |
| (9) | Number of employees | (Consolidated) 173 (as of November 30, 2016) | | |
| (10) | Main business partner | - | | |
| (11) | Main bank | Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Resona Bank, Limited, Kansai Urban Banking Corporation, The Bank of Fukuoka, Ltd., The Nishi-Nippon City Bank, Ltd., The Tokyo Star Bank, Limited, etc. | | |
| (12) | Major shareholders and shareholding ratios (as of May 31, 2017) | Shigeru Moriyama | 14.58% | |
| | | Ichiro Matsushita | 10.07% | |
| | | Japan Trustee Service Bank, Ltd. (Trust Account) | 6.77% | |
| | | Tsuyoshi Building Ltd. | 3.72% | |
| | | Hideaki Kasagi | 3.19% | |
| | | Kazushi Eguchi | 3.02% | |
| | | OG Capital Co., Ltd. | 1.38% | |
| | | The Master Trust Bank of Japan, Ltd. (Trust Account) | 1.35% | |
| | | Junko Moriyama | 1.27% | |
| | | Fivesect Ltd. | 1.20% | |
| (13) | Relationship between Samty Residential/Asset Management Company and scheduled allottee | | | |
| | Capital relationship | The company holds 12,374 units of Samty Residential's investment units. | | |
| | Personnel relationship | The company has two part-time directors dispatched to the Asset Management Company as of the date of this document. Five executives of the Asset Management Company are loaned staff from the company. | | |
| | Business relationship | Samty Residential has concluded a sponsor support agreement with the Asset Management Company and the company and is receiving various sponsor support from the company. Furthermore, the company has concluded with Samty Residential a purchase agreement for S-FORT Tsurumai reale, S-FORT Kita-sannou, S-FORT Aratamabashi, S-FORT Kita-Maruyama, S-FORT Hakata-Higashi I, S-FORT Hakata-Higashi II, S-FORT Kobe Sannomiya Kita, S-FORT Nakahiro-dori, S-FORT Tsurumimachi, S-FORT Nishinomiya Uegahara, S-FORT Mito Chuo, S-FORT Tsushinmachi, S-FORT Mie Daigaku-mae, S-FORT Takasagocho, S-FORT Oita Eki-mae, S-FORT Oita Otemachi, S-FORT Suizenji, S-FORT Kumamoto Daigaku Byoin-mae, S-FORT Kumamoto Senba, S-FORT Tsurukawa, S-FORT Chigasaki, S-FORT Kawaguchi Namiki, S-FORT Toda Koen and S-FORT Kashiwa, which are the Assets to be Acquired. | | |
| | Status of classification as related party | The company is the parent company of the Asset Management Company and falls under the category of a related party of the Asset Management Company. Furthermore, the company falls under the category of an interested party, etc. of the Asset Management Company defined under the Act on Investment Trusts and Investment Corporations. The decision-making procedures have been completed by the Asset Management Company regarding the regulations on transactions with interested parties, etc. for the Third-Party Allotment. | | |
| (14) | Management performance and financial conditions in the last three years | | | |
| | Fiscal period | Fiscal Period ended November 2014 | Fiscal Period ended November 2015 | Fiscal Period ended November 2016 |
| | Consolidated net assets | 24,966 million yen | 28,353 million yen | 32,847 million yen |
| | Consolidated total assets | 99,709 million yen | 121,728 million yen | 141,170 million yen |
| | Consolidated net assets per share (yen) | 1,047.15 yen | 1,215.40 yen | 1,372.75 yen |
| | Consolidated sales | 24,363 million yen | 38,458 million yen | 52,409 million yen |
| | Consolidated operating income | 4,042 million yen | 5,932 million yen | 8,586 million yen |
| | Consolidated ordinary income | 2,304 million yen | 3,872 million yen | 6,788 million yen |
| | Net income attributable to shareholders of parent company | 2,304 million yen | 4,412 million yen | 4,628 million yen |
| | Consolidated net income per share (yen) | 108.21 yen | 203.98 yen | 196.42 yen |
| | Dividend per share (yen) | 22.00 yen | 33.00 yen | 33.00 yen |

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(Note 1) The allottee has been listed on the First Section of the Tokyo Stock Exchange and Samty Residential and the Asset Management Company have judged that the executives and major shareholders of the allottee have no relationship with organized crime groups, etc. by confirming the basic ideas for the elimination of anti-social forces indicated in the corporate governance report submitted to the Tokyo Stock Exchange by the allottee and the status of development of such idea on the website of the Tokyo Stock Exchange.

(Note 2) Dividend per share is the annual dividend amount of ordinary shares.

(2) Reason for selection of scheduled allottee

For the reason for selecting Daiwa Securities Group Inc. and Samty Co., Ltd. as the allottees, please refer to “3. Purpose and Reason for the Issuance.”

(3) Policy of holding investment units of scheduled allottee

Samty Residential has confirmed with Daiwa Securities Group Inc. its intent to continue holding the investment units through the Third-Party Allotment for the meantime with regard to the policy of holding investment units and with Samty Co., Ltd. its intent to continue holding the investment units to be acquired through the Third-Party Allotment unless there are any special circumstances. Furthermore, the allottees have reached an agreement with Samty Residential and the Asset Management Company that they will, in principle, not sell the investment units scheduled to be acquired through the Third-Party Allotment to a third party without obtaining advance approval in written form from Samty Residential and the Asset Management Company during the period until the date that is two years after the payment date.

In addition to the above, Samty Residential and the Asset Management Company have reached an agreement with Daiwa Securities Group Inc. that in case Samty Residential conducts new offering of investment units after the payment date and when the ratio of investment units held by Daiwa Securities Group Inc. to the total number of outstanding investment units (excluding own investment units) is expected to be lower than 20% as a result of the offering, Daiwa Securities Group Inc. will hold the right to underwrite the investment units pertaining to the offering by maintaining the ratio of investment units held to the total number of outstanding investment units (excluding own investment units) within a limit of 20% under the same condition as that of other investors participating in the offering. Furthermore, as for Samty Co., Ltd., the intent of the main sponsor to sincerely consider the acquisition of part of investment units in case Samty Residential newly issues investment units is stipulated in the sponsor support agreement concluded between Samty Co., Ltd. and Samty Residential as well as the Asset Management Company.

9. Major Unitholders and Percentage of Owned Investment Units

(1) Major unitholders and percentage of owned investment units before and after the offering

| Before the offering (as of July 31, 2017) | | After the offering | |
|--|-------|--|--------|
| Japan Trustee Service Bank, Ltd. (Trust Account) | 8.67% | Daiwa Securities Group Inc. | 35.41% |
| Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | 4.65% | Japan Trustee Service Bank, Ltd. (Trust Account) | 5.37% |
| Samty Co., Ltd. | 4.37% | Samty Co., Ltd. | 5.31% |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 4.31% | Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | 2.88% |
| Kinki Sangyo Credit Union | 4.24% | The Master Trust Bank of Japan, Ltd. (Trust Account) | 2.67% |
| The Nomura Trust and Banking Co., Ltd. (Trust Account) | 2.72% | Kinki Sangyo Credit Union | 2.62% |
| Osaka co-sei Shinkin Bank | 2.05% | The Nomura Trust and Banking Co., Ltd. (Trust Account) | 1.68% |
| Daido Shinyokumiai | 1.75% | Osaka co-sei Shinkin Bank | 1.27% |
| Daiwa PI Partners Co., Ltd. | 1.49% | Daido Shinyokumiai | 1.08% |
| Hideaki Kasagi | 1.28% | Daiwa PI Partners Co., Ltd. | 0.92% |

(Note) Percentage of owned investment units is rounded down to the second decimal place.

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- (2) Matters concerning fulfillment of conduit requirements
Not applicable

10. Future Outlook

Please refer to “Notice Concerning Forecasts of Management Status and Dividend per Unit for Fiscal Period Ending July 2018 and Fiscal Period Ending January 2019” announced today.

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

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

| | Fiscal Period ended July 31, 2016 | Fiscal Period ended January 31, 2017 | Fiscal Period ended July 31, 2017 |
|------------------------------|--------------------------------------|---|--------------------------------------|
| Net Income per Unit (Note 1) | 2,025 yen | 2,138 yen | 2,169 yen |
| Distribution per Unit | 2,618 yen | 2,645 yen | 2,670 yen |
| Payout Ratio (Note 2) | 100.0% | 100.0% | 100.0% |
| Net Assets per Unit | 99,297 yen | 93,276 yen | 92,800 yen |

(Note 1) Net income per unit is calculated based on the weighted average number of units (163,340 units in the 2nd period, 283,000 units in the 3rd period and 283,000 units in the 4th period) during the period.

(Note 2) Payout ratio is calculated using the following calculation formula

$$\text{Payout ratio} = \text{Total distribution (excluding distribution in excess of earnings)} / \text{Net income} \times 100$$

(2) Recent condition of unit price

i Condition in the three most recent fiscal periods

| | Fiscal Period ended July 31, 2016 | Fiscal Period ended January 31, 2017 | Fiscal Period ended July 31, 2017 |
|---------|--------------------------------------|---|--------------------------------------|
| Opening | 84,200 yen | 88,200 yen | 83,800 yen |
| High | 98,600 yen | 92,900 yen | 87,000 yen |
| Low | 79,000 yen | 79,100 yen | 80,300 yen |
| Closing | 87,200 yen | 83,800 yen | 84,100 yen |

ii Condition in the last six months

| | August 2017 | September 2017 | October 2017 | November 2017 | December 2017 | January 2018 (Note) |
|---------|----------------|-------------------|-----------------|------------------|------------------|------------------------|
| Opening | 84,200 yen | 85,000 yen | 85,900 yen | 88,200 yen | 89,600 yen | 91,700 yen |
| High | 85,800 yen | 85,800 yen | 88,900 yen | 89,500 yen | 91,700 yen | 93,200 yen |
| Low | 84,000 yen | 83,200 yen | 85,600 yen | 87,300 yen | 88,600 yen | 91,500 yen |
| Closing | 85,100 yen | 85,800 yen | 88,200 yen | 89,500 yen | 91,600 yen | 93,000 yen |

(Note) Figures for “January 2018” are shown as of January 12, 2018.

iii Unit price on the previous business day to the issuance resolution date

| | January 12, 2018 |
|---------|------------------|
| Opening | 93,200 yen |
| High | 93,200 yen |
| Low | 92,900 yen |
| Closing | 93,000 yen |

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

·Public Offering

| | |
|--|---|
| Date of Issuance | August 1, 2016 |
| Amount of funds procured | 10,000,464,840 yen |
| Paid-in amount (issue amount) | 83,574 yen |
| Number of units outstanding before offering | 163,340 units |
| Number of units issued by this offering | 119,660 units |
| Number of units outstanding after offering | 283,000 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 | August 2016 |
| Status of such use as of now | The entire amount has been used in the aforementioned scheduled outlay period |

*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 the 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/>