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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 Revisions to the Forecast of Management Status for Fiscal Period Ending January 2016

Samty Residential Investment Corporation (“Samty Residential”) announces that it has revised the forecast of its management status for the fiscal period ending January 2016 (from March 16, 2015 to January 31, 2016), which was announced in the “Notice Concerning Revisions to the Forecast of Management Status for Fiscal Period Ending January 2016” dated October 14, 2015, as described below.

1. Revisions to the Forecast of Management Status for Fiscal Period Ending January 2016

	Operating revenue	Operating income	Ordinary income	Net income	Distribution		
					per unit (including distribution in excess of earnings)	per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
Previous forecast (A)	1,390 million yen	602 million yen	119 million yen	119 million yen	1,512 yen	730 yen	782 yen
Revised forecast (B)	1,458 million yen	598 million yen	170 million yen	168 million yen	1,810 yen	1,034 yen	776 yen
Variation (B – A)	68 million yen	-3 million yen	50 million yen	49 million yen	298 yen	304 yen	-6 yen
Rate of variation	4.9%	-0.5%	42.3%	41.6%	19.7%	41.6%	-0.8%

(Reference)

Fiscal period ending January 2016

Forecast number of investment units issued and outstanding at end of period: 163,340 units

Forecast net income per unit: 1,034 yen

(Note 1) The above forecast figures are forecast of distribution as of present and the actual distribution amount may differ. In addition, the forecast is not a guarantee of the amount of distributions.

(Note 2) Amounts are rounded down to the nearest specified unit and rates are rounded to the nearest first decimal place.

2. Reasons for Revisions to the Forecast of Management Status

As general outlook of management status for the 1st fiscal period ending January 2016 has become clear in the process of settlement of accounts for the fiscal period, Samty Residential now expects variance of 30% or more in ordinary income and net income and variance of 5% or more in distribution per unit for the fiscal period ending January 2016 from the forecast announced in “Notice Concerning Revisions to the Forecast of Management Status for Fiscal Period Ending January 2016” announced on October 14, 2015, and is thus revising the forecast of

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management status and distributions per unit.

The following are the major factors underlying the revisions.

- (1) Real estate rent revenue increased due to occupancy rates of properties exceeding assumed figures. In addition, there initially was uncertainty for the treatment of liability with respect to depreciation of deposits due to moving out among tenant leasehold from tenants succeeded from the seller upon acquisition of some properties, and thus such was recognized as tenant leasehold and security deposits in trust in accounting. However, as a result of re-reviewing based on discussions with the general administrative agent for accounting operations and PM companies upon the period-end accounting settlement, uncertainty of the treatment of liability with respect to said depreciation of deposits due to moving out in the period-end accounting settlement was solved and it was concluded that recording said portion as revenue would be appropriate. For these reasons, operating revenue exceeded the assumed figure.
- (2) The outlook now being that leasing promotion expenses, restoration expenses and other expenses related to the rent business will exceed those previously assumed due in part to tenant replacement being more than that assumed.
- (3) Consignment fee for the general administrative agent exceeded the assumed figure due to an increase in the number of unitholders, and operating expenses such as IR related expenses exceeded the assumed figure.
- (4) Interest expenses and borrowing related expenses fell below the assumed figures.

Due to the reason described in (1) above, operating revenue is forecast to exceed the assumed figure. However, operating income is forecast to fall below the assumed figure due to the reasons described in (2) and (3). Ordinary income is forecast to exceed the assumed figure due to the reason described in (4)

Please note that the forecast of management status and distributions for the 2nd fiscal period ending July 2016 (from February 1, 2016 to July 31, 2016) is currently under review and will be announced at the time of announcement of fiscal results for the fiscal period ending January 2016.

\*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/>