

# Supplementary briefing material for Property Replacement

**Samty Residential Investment Corporation**

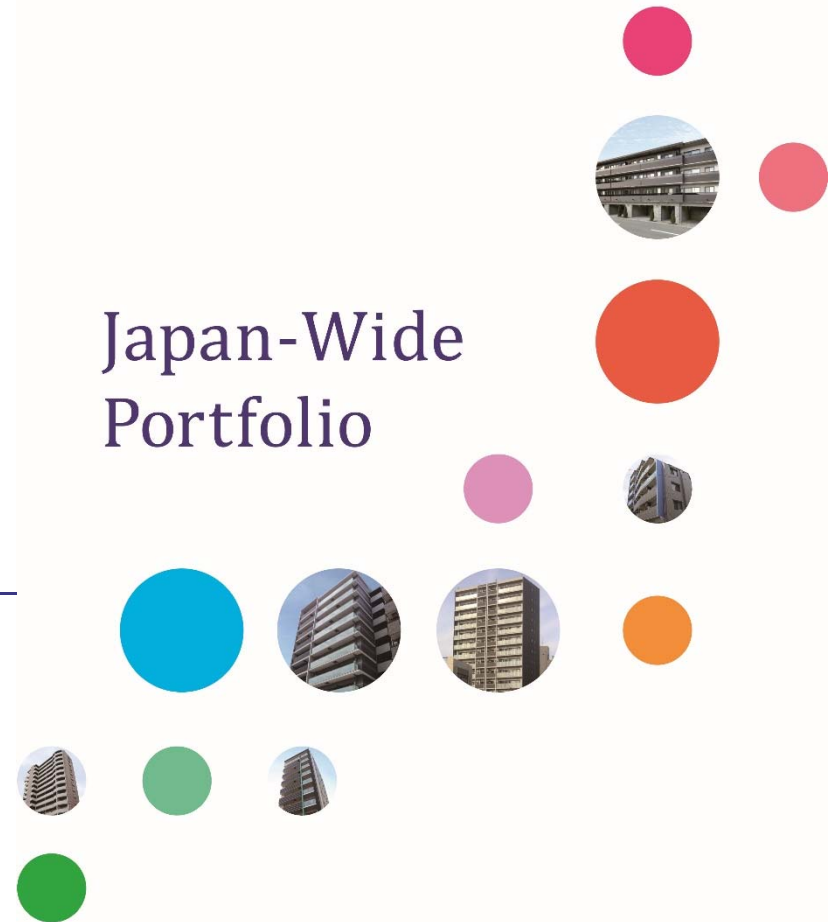
(Securities CODE : 3459)

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January 25, 2019



## Japan-Wide Portfolio



# Overview of Property Replacement




■ Scheduled to sequentially sell and acquire properties from the end of January 2019. Asset size expected to expand to 90.8 billion yen.

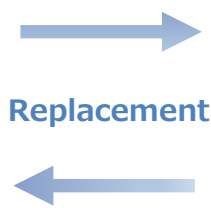
### Sales: 7th Period (ending January 31, 2019)


### Acquisition: 8th Period (ending July 31, 2019)

B-02 S-FORT Suminodo (to be sold at the end of January 2019)

A-49 S-RESIDENCE Aoi (to be acquired at the end of February 2019)

	Location	Daito-shi, Osaka
	No. of reasable units	126 units
	Completion date	Apr. 2008
	Sales price (scheduled)	1,600 mn yen



	Location	Higashi-ku, Nagoya-shi
	No. of reasable units	95 units
	Completion date	Sep. 2018
	Acquisition price (scheduled)	1,484 mn yen

### Sales : 8th Period (ending July 2019)

### Acquisiton: 8th Period (ending July 2019)

A-02 S-FORT Sanno  
(to be sold at the end of Jul. 2019)



Location	Nakagawa-ku, Nagoya-shi
No. of reasable units	230 units
Completion date	Jan.2008
Sales price (scheduled)	3,300 mn yen

A-50 S-RESIDENCE Shiga Hondouri  
(to be acquired at the end of Mar. 2019)



Location	Kita-ku, Nagoya-shi
No. of reasable units	88 units
Completion date	Jan. 2019
Acquisition price (scheduled)	1,150 mn yen

A-51 S-FORT Kobe Ogawadori  
(to be acquired at the end of Mar. 2019)



Location	Hyogo-ku, Kobe-shi
No. of reasable units	46 units
Completion date	Jun. 2008
Acquisition price (scheduled)	599 mn yen

B-24 S-FORT Kumamoto Gofukumachi  
(to be acquired at the end of Mar. 2019)



Location	Chuo-ku, Kumamoto-shi
No. of reasable units	54 units
Completion date	Feb. 2006
Acquisition price (scheduled)	599 mn yen

C-23 S-RESIDENCE Motoyawata  
(to be acquired at the end of Mar. 2019)



Location	Ichikawa-shi, Chiba
No. of reasable units	100 units
Completion date	Jan. 2019
Acquisition price (scheduled)	1,678 mn yen

# Overview of Portfolio (1)

- Number of residences owned throughout Japan has expanded from 93 properties to 96 properties. The aim is to improve portfolio quality.

**Asset size** (billion yen)  
**89.6 → 90.8**

**Average building age** (Note 1)  
**9.5 years → 9.1 years**

Area	No. of properties	Acquisition price	No. of rentable units
Major regional cities	48 properties → 50 properties	49.8 billion yen (55.6%) → 50.2 billion yen (55.3%)	3,532 units → 3,531 units
Other regional cities	23 properties → 23 properties	20.7 billion yen (23.2%) → 19.9 billion yen (22.0%)	1,767 units → 1,695 units
Greater Tokyo area	22 properties → 23 properties	18.9 billion yen (21.2%) → 20.6 billion yen (22.7%)	1,161 units → 1,261 units
<b>Total</b>	<b>93 properties → 96 properties</b>	<b>89.6 billion yen → 90.8 billion yen</b>	<b>6,460 units → 6,487 units</b>

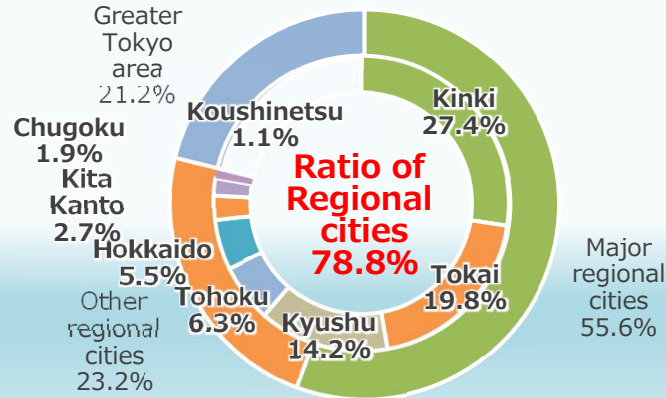
(Note) Average building age before the property replacement is an assumption for July 31, 2019 when no property replacement will be implemented. As for the average building age after the property replacement, the age as of July 31, 2019 for the total of 96 properties after adding 5 properties scheduled to be newly acquired and excluding 2 properties scheduled to be sold is indicated.

# Overview of Portfolio (2)

## ◆ Change after property replacement

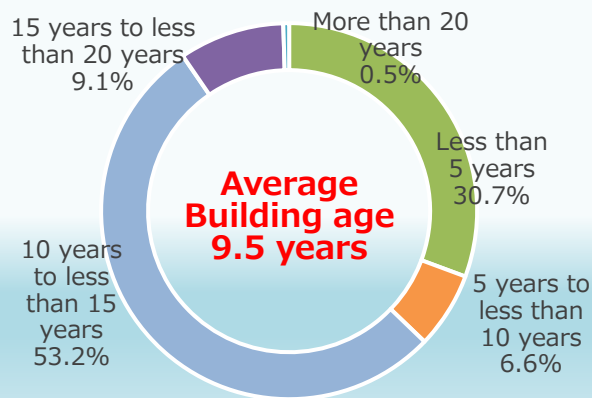
### Investment ratio by geographical area

(As of end of Dec. 2018 : 93 properties)



### Ratio by building age

(As of end of Jul. 2019: 93 properties (scheduled))

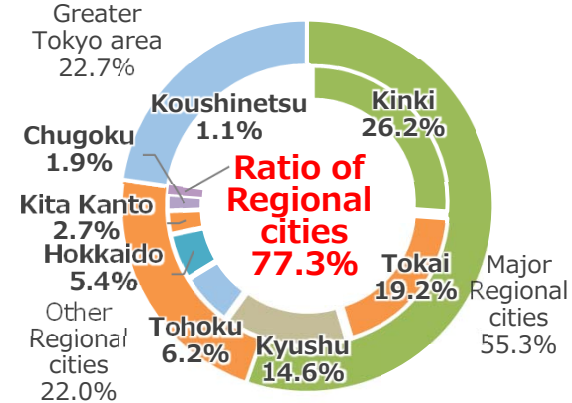


### Investment ratio of regional cities

78.8%

77.3%

(As of end of Jul. 2019: 96 properties (scheduled))

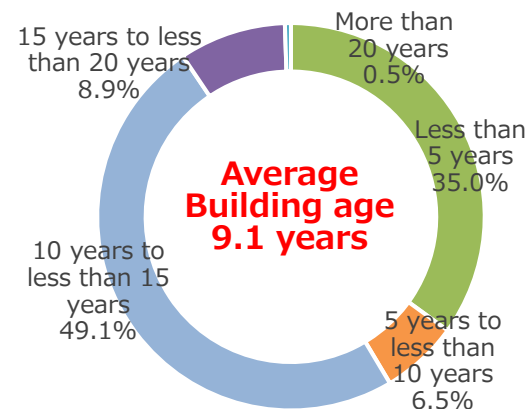


### Ratio by building age

9.5 years

9.1 years

(As of end of Jul. 2019: 96 properties (scheduled))



(Note) Ratio by building age as of July 31, 2019 indicates the assumption where no property replacement is implemented

# Property Replacement Policy and Future Initiatives



## ◆ Property Replacement Policy

### 【Previous】

The policy is to prioritize expansion of asset size and property replacement shall not be conducted until the asset size exceeds 100 billion yen.

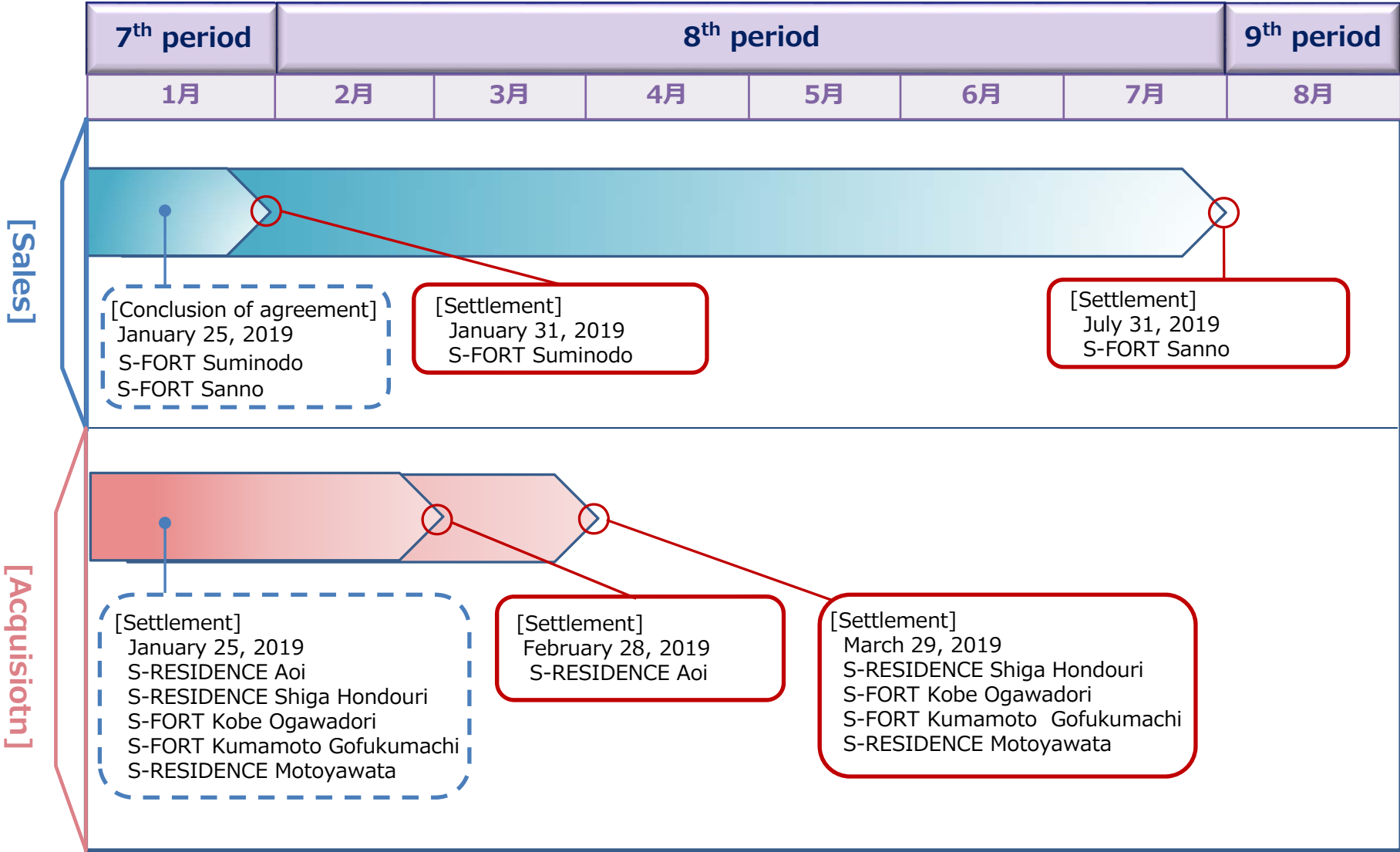
### 【Future】

- ▶ Expansion of asset size is important in terms of securing liquidity and there will be no change in such policy. However, far-fetched asset size expansion shall not be made, and steady acquisition of well-selected properties will be conducted.
- ▶ Simultaneously sell properties with issues\* and return gain on sale to unitholders.
- ▶ The principle rule is to conduct property acquisition and property sale (in other words, replacement) at the same time without conducting sales alone in order to continue expansion of asset size, and increase the total amount of assets after asset replacement.
- ▶ Replacements will be made continuously for the time being in consideration of recent real estate market trends and portfolio status, but will not realize excessive unrealized gain in order to prepare for fluctuations in cap rates.

\*Properties with issues are

Properties for which maintenance of current status is expected to be very costly in the future, old properties which for which substantial amounts of capital expenditure are required, properties located in depopulated areas, properties which are expected to be affected by competitive properties to be constructed in the neighborhood in the future, etc.

# Schedule for property replacement



# Forecast of Management status and Distribution per unit



## ◆ Forecast of management status

■ 7<sup>th</sup> fiscal period (January 31, 2019)

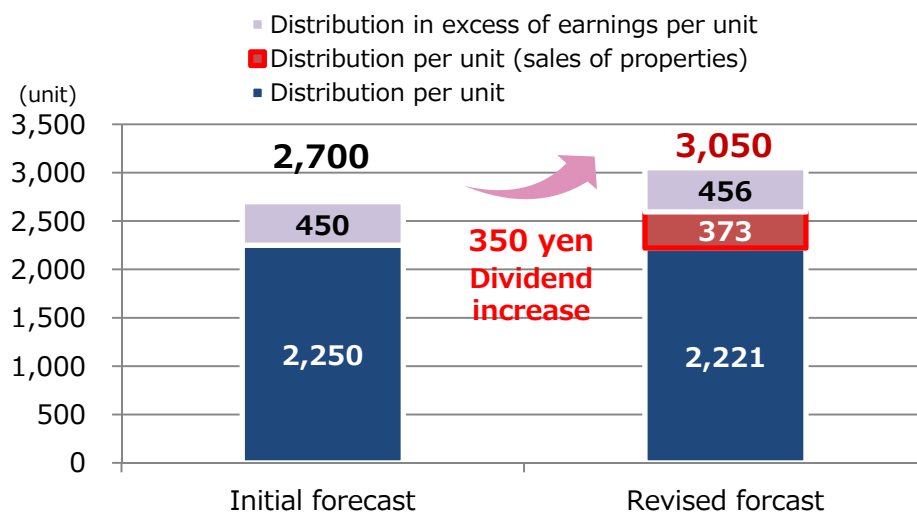
	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit	Distribution per unit (excluding distribution in excess of earnings)	Distribution on in excess of earning per unit
Previous forecast	3,079 million yen	1,464 million yen	1,135 million yen	1,134 million yen	2,700 yen	2,250 yen	450 yen
Current forecast	3,220 million yen	1,594 million yen	1,308 million yen	1,307 million yen	3,050 yen	2,594 yen	456 yen
Variation	141 million yen	130 million yen	173 million yen	173 million yen	350 yen	344 yen	6 yen
Rate of variation	4.6%	8.9%	15.3%	15.3%	13.0%	15.3%	1.3%

■ 8<sup>th</sup> fiscal period (July 31, 2019)

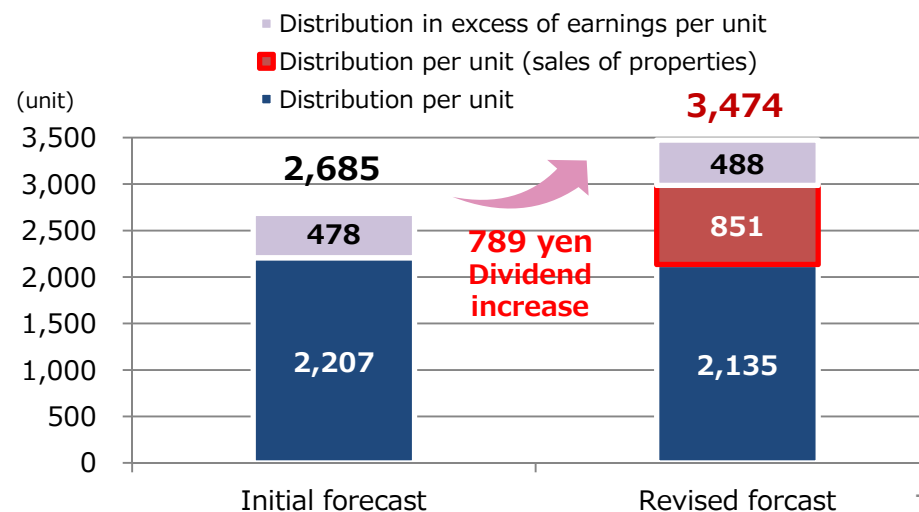
	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit	Distribution per unit (excluding distribution in excess of earnings)	Distribution on in excess of earning per unit
Previous forecast	3,167 million yen	1,404 million yen	1,113 million yen	1,112 million yen	2,685 yen	2,207 yen	478 yen
Current forecast	3,649 million yen	1,851 million yen	1,506 million yen	1,505 million yen	3,474 yen	2,986 yen	488 yen
Variation	481 million yen	446 million yen	392 million yen	392 million yen	789 yen	779 yen	10 yen
Rate of variation	15.2%	31.8%	35.3%	35.3%	29.4%	35.3%	2.1%

## ◆ Outlook of Distribution

■ 7<sup>th</sup> fiscal period (January 31, 2019)



■ 8<sup>th</sup> fiscal period (July 31, 2019)











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