



August 10, 2018

For Translation Purposes Only

Real Estate Investment Trust Securities Issuer  
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(Securities Code: 3459)

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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)

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|-----|--|---|
| (1) | Total number of Investment units to be offered | 47,500 units  |
| (2) | Issue price (offer price)                      | To be determined<br>The issue price (offer price) shall be determined at the Board of Directors’ meeting of Samty Residential to be held between August 20, 2018 (Monday) and August 23, 2018 (Thursday) (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 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<br>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.   |
| (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  |

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- Securities Co., Ltd. (referred to as the “Joint Lead Managers”) along with Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., FFG Securities Co., Ltd. and SBI 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 from 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 Between August 27, 2018 (Monday) and August 30, 2018 (Thursday). However, it should be the fifth business day following the Pricing Date.
- (11) Delivery date The next business day following the payment date identified in (10) above.
- (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 3,306 units to Samty Co., Ltd. and 2,375 units to Daiwa Securities Group Inc., which are unitholders of Samty Residential and shareholders of Samty Asset Management Co., Ltd. (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 2,375 units  
The number of investment units to be offered above indicates the maximum number of investment units of the secondary offering through over-allotment 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 2,375 units) borrowed from Samty Co., Ltd. a unitholder of Samty Residential. (However, such borrowing is contingent upon the sale of 3,306 units out of the Investment Units of the primary offering to Samty Co., Ltd. as described in 5. Designation of Party to

- Receive Allocation in <Reference> below.)
- (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 Same as the delivery period for the primary offering
  - (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 demand and other factors upon the public offering, Daiwa Securities Co., Ltd. may implement a secondary offering of the borrowed investment units (up to 2,375 units) (the borrowing is contingent upon the sale of 3,306 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 a price equal to the issue value of primary offering through September 21, 2018 (Friday).

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 September 21, 2018 (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 of a number not exceeding the number of investment units of the secondary offering 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 not to engage in the syndicate covering transaction at all, or end the syndicate covering transaction at a number less than the number of investment units of the secondary offering via over-allotment.

Daiwa Securities Co., Ltd. intends to exercise the Green Shoe Option 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	456,600 units
Number of new Investment Units to be issued through public offering	47,500 units
Total number of Investment Units outstanding after new issuance through public offering	504,100 units

## 3. Reason for the Issuance

Samty Residential decided on the issuance of new investment units after taking into account market trends, the levels of distribution per unit and liquidity of investment units, 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 specified assets (defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations. The same hereinafter).

## 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)

4,246,000,000 yen

(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 August 3, 2018 (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 “Notice Concerning Acquisition and Lease of Domestic Real Estate(Trust Beneficiary Interests in Real Estate and Real Estate (in Kind))” announced today.

## 5. Designation of Party to Receive Allocation

Of the Investment Units of the primary offering, the Underwriters are scheduled to sell 3,306 units to Samty Co., Ltd. and 2,375 units to Daiwa Securities Group Inc., which are unitholders of Samty Residential and shareholders of the Asset Management Company, as a purchaser designated by Samty Residential.

## 6. Future Outlook

Please refer to “Notice Concerning Revisions to the Forecast of Management Status and Distribution per Unit for Fiscal Period Ending January 2019 and Forecast of Management Status and Distribution per Unit for Fiscal Period Ending July 2019” announced today.

## 7. 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 January 31, 2017	Fiscal Period ended July 31, 2017	Fiscal Period ended January 31, 2018
Net Income per Unit (Note 1)	2,138 yen	2,169 yen	2,190 yen
Distribution per Unit	2,645 yen	2,670 yen	2,675 yen
Payout Ratio (Note 2)	100.0%	100.0%	100.0%
Net Assets per Unit	93,276 yen	92,800 yen	92,321 yen

(Note 1) Net income per unit is calculated based on the weighted average number of units (283,000 units in each the 3rd, 4th and 5th period) during the period.

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

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, 2017	Fiscal Period ended July 31, 2017	Fiscal Period ended January 31, 2018
Opening	88,200 yen	83,800 yen	84,200 yen
High	92,900 yen	87,000 yen	95,500 yen
Low	79,100 yen	80,300 yen	83,200 yen
Closing	83,800 yen	84,100 yen	91,000 yen

#### ② Condition of the last six months

	March 2018	April 2018	May 2018	June 2018	July 2016	August 2018 (Note)
Opening	94,300 yen	93,200 yen	96,400 yen	95,100 yen	98,200 yen	95,500 yen
High	95,800 yen	95,600 yen	97,900 yen	98,500 yen	98,900 yen	95,500 yen
Low	91,300 yen	92,900 yen	95,100 yen	95,000 yen	93,300 yen	94,400 yen
Closing	93,600 yen	95,600 yen	95,100 yen	97,900 yen	95,400 yen	94,500 yen

(Note) Figures for "August 2018" are shown as of August 9, 2018.

#### ③ Unit price on the previous business day

	August 9, 2018
Opening	94,900 yen
High	94,900 yen
Low	94,400 yen
Closing	94,500 yen

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

• 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 per unit
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 period

• Capital Increase through Third-Party Allotment

Date of Issuance	February 1, 2018
Amount of funds procured	15,103,200,000 yen
Paid-in amount (issue amount)	87,000 yen per unit
Number of units outstanding before offering	283,000 units
Number of units issued by this offering	173,600 units
Number of units outstanding after offering	456,600 units
Alottee	Daiwa Securities Group Inc. 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	February 2018 onwards
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 Residential plans for Samty Co. Ltd., a unitholder of Samty Residential, 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 sale, etc. in accordance with the acquisition of own investment units by Samty Residential), 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, 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.
- (2) In connection with the primary offering, Samty Residential plans for Daiwa Securities Group Inc., a unitholder of Samty Residential, 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 sale, etc. in accordance with the acquisition of own investment units by Samty Residential), 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, 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.

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(3) 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 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: <https://www.samty-residential.com/en/>

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