

July 12, 2021

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 through Public Offering and Third-Party Allotment and
Secondary Offering of Investment Units

Samty Residential Investment Corporation ("Samty Residential") hereby announces that it has resolved at the Board of Directors' meeting held today concerning the issuance of new investment units through public offering and third-party allotment, and secondary offering of investment units, as follows.

Details

1. Issuance of New Investment Units through Public Offering (Primary Offering)

- | | | |
|-----|--|---|
| (1) | Total number of investment units to be offered | 57,868 units |
| (2) | Issue price (offer price) | To be determined In accordance with the method stipulated in Article 25 of the Rules Concerning Underwriting, Etc. of Securities stipulated by the Japan Securities Dealers Association, the tentative price is calculated by multiplying the closing price (if there is no closing price on that day, the closing price on the most recent day prior to that day) of Samty Residential's investment units (the "investment units") in regular trading on the Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange") on any day during the period from July 19, 2021 (Monday) to July 27, 2021 (Tuesday) (the "Pricing Date") by 0.90 to 1.00 (rounded down to the nearest yen), less the forecasted dividend per unit of 2,728 yen for the fiscal period ending July 31, 2021 (12th fiscal period), and the price shall be determined at the Board of Directors' meeting of Samty Residential to be held on the Pricing Date after taking into consideration demand and other factors. |
| (3) | Total issue price (total offer price) | To be determined |
| (4) | Total paid-in amount (total issue amount) | To be determined To be determined at the Board of Directors' meeting of Samty Residential to be held on the Pricing Date in accordance with the method stipulated in Article 25 of the Rules Concerning Underwriting, Etc. of Securities stipulated by the Japan Securities Dealers Association. The paid-in amount (issue amount) refers to the amount of money received by Samty Residential as payment for new investment units per unit. |
| (5) | Total paid-in amount (total issue amount) | To be determined |
| (6) | Offering method | A general offering, with Daiwa Securities Co., Ltd., SMBC Nikko Securities Inc., and Mizuho Securities Co., Ltd. (below, collectively referred to as the "joint lead managers") and Nomura Securities Co., Ltd., SBI Securities Co., Ltd., FFG Securities Co., Ltd., and Nishi-Nippon City Tokai Tokyo Securities |

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- Co., Ltd. (collectively with the joint lead managers, the “underwriters”) to purchase and underwrite all of the investment units.
- (7) Details of the underwriting agreement The underwriters shall purchase and underwrite the investment units at the issue amount to be determined on the Pricing Date, and conduct a primary offering at an amount (issue price) different from the issue amount. Samty Residential shall not pay an underwriting fee to the underwriters. However, an amount equal to the total paid-in amount (total issue amount) shall be paid to Samty Residential on the payment date stated in (11) below, and the difference between the total issue price (total offer price) in the primary offering and the total paid-in amount (total issue amount) shall be the proceeds of the underwriters.
- (8) Subscription unit One unit or more in multiples of one unit
- (9) Subscription period Business day immediately following the Pricing Date
- (10) Period for payment of deposit for subscription From the business day immediately following the Pricing Date to the second business day after the Pricing Date
- (11) Payment date August 2, 2021 (Monday)
- (12) Delivery date August 3, 2021 (Tuesday)
- (13) The issue price (offer price), paid-in amount (issue amount) and other matters necessary for this issuance of new investment units shall be determined at a future Board of Directors’ meeting of Samty Residential.
- (14) Each of the above items shall be subject to the effectiveness of the registration statement filed under the Financial Instruments and Exchange Act.

2. Issuance of New Investment Units Through Third-Party Allotment with Daiwa Securities Group Inc. and Samty Co., Ltd. as the Allottees (Parallel Capital Increase Through Third-Party Allotment)

- (1) Total number of investment units to be offered 70,339 units
- (2) Paid-in amount (Issue amount) To be determined
To be determined at the Board of Directors’ meeting of Samty Residential to be held on the Pricing Date The paid-in amount (issue amount) shall be the same as the issue price (offer price) in the public offering.
- (3) Total paid-in amount (total issue amount) To be determined
- (4) Method of offering or allotment By way of third-party allotment.
- (5) Allottees and number of investment units to be allotted Daiwa Securities Group Inc. 52,634 units
Samty Co., Ltd. 17,705 units
- (6) Subscription unit One unit or more in multiples of one unit
- (7) Subscription period The subscription period shall be the same as the subscription period for the public offering.
- (8) Payment date The payment date shall be the same as the payment date for the public offering.
- (9) Offering trustee Daiwa Securities Co. Ltd.
- (10) If the public offering is canceled, the parallel third-party allotment will also be canceled.
- (11) The paid-in amount (issue amount) and other matters necessary for the issuance of new investment units through the parallel third-party allotment shall be determined at a future Board of Directors’ meeting of Samty Residential.
- (12) Each of the above items shall be subject to the effectiveness of the registration statement filed under the Financial Instruments and Exchange Act.

3. Secondary offering of investment units (Over-Allotment) (Please refer to <Reference> 1. below.)

- (1) Number of investment units to be sold 2,893 units
The above number of investment units to be sold represents the maximum number of investment units to be sold in the secondary offering through over-allotment to be conducted by Daiwa Securities Co., Ltd., and the

number of units to be offered in the secondary offering by way of over-allotment may be reduced, or the secondary offering by way of over-allotment itself may be canceled, depending on demand and other conditions. The number of investment units to be sold shall be determined at the Board of Directors' meeting of Samty Residential to be held on the Pricing Date, taking into consideration the demand for the primary offering and other factors.

- | | | |
|------|--|---|
| (2) | Seller | Daiwa Securities Co. Ltd. |
| (3) | Selling price | To be determined To be determined at the Board of Directors' meeting of Samty Residential to be held on the Pricing Date The selling price shall be the same as the issue price (offer price) in the public offering. |
| (4) | Total amount to be sold | To be determined |
| (5) | Sales method | In addition to the primary offering, Daiwa Securities Co., Ltd. will conduct a secondary offering of investment units borrowed from Samty Co., Ltd., a unitholder of the Samty Residential, in an amount not to exceed 2,893 units, separately from the primary offering, taking into account market demand and other conditions. |
| (6) | Subscription unit | One unit or more in multiples of one unit |
| (7) | Subscription period | The subscription period shall be the same as the subscription period for the public offering. |
| (8) | Period for payment of deposit for subscription | The period for payment of the deposit for subscription shall be the same as the period for the primary offering. |
| (9) | Delivery date | The delivery date shall be the same as the delivery date in the primary offering. |
| (10) | If the public offering is canceled, the secondary offering by way of over-allotment will also be canceled. | |
| (11) | The selling price and other matters necessary for the secondary offering of the investment units shall be determined at a future Board of Directors' meeting of Samty Residential. | |
| (12) | Each of the above items shall be subject to the effectiveness of the registration statement filed under the Financial Instruments and Exchange Act. | |

4. Issuance of New Investment units through Third-Party Allotment with Daiwa Securities Co., Ltd. as the Allottee (Capital Increase Through Third-Party Allotment) (Please refer to <Reference> 1. Below.)

- | | | |
|------|--|---|
| (1) | Number of investment units offered | 2,893 units |
| (2) | Paid-in amount (Issue amount) | To be determined To be determined at the Board of Directors' meeting of Samty Residential to be held on the Pricing Date The paid-in amount (issue amount) shall be the same as the paid-in amount (issue amount) in the primary offering. |
| (3) | Total paid-in amount (total issue amount) | Undetermined |
| (4) | Allottees and number of investment units to be allotted | Daiwa Securities Co. Ltd. 2,893 units |
| (5) | Subscription unit | One unit or more in multiples of one unit |
| (6) | Subscription period (Subscription deadline) | August 23, 2021 (Monday) |
| (7) | Payment date | August 24, 2021 (Tuesday) |
| (8) | The issuance of investment units that have not been applied for by the subscription period (subscription deadline) stated in (6) above shall be canceled. | |
| (9) | In the event that the primary offering is canceled, the issuance of new investment units by way of third-party allotment will also be canceled. | |
| (10) | The paid-in amount (issue amount) and other matters necessary for the issuance of new investment units by way of the third-party allotment shall be determined at a future Board of Directors' meeting of Samty Residential. | |
| (11) | Each of the above items shall be subject to the effectiveness of the registration statement filed under the Financial Instruments and Exchange Act. | |

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[Reference]

1. Secondary offering through over-allotment, etc.

In addition to the primary offering, Daiwa Securities Co., Ltd. will conduct a secondary offering of investment units (secondary offering through over-allotment) borrowed from Samty Co., Ltd., a unitholder of Samty Residential, in an amount not to exceed 2,893 units (below, “borrowed investment units”), separately from the primary offering, taking into account market demand and other conditions. The number of investment units to be offered in the secondary offering through over-allotment represents the maximum number of investment units to be sold, and the number of units to be offered in the secondary offering by way of over-allotment may be reduced, or the secondary offering by way of over-allotment itself may be canceled, depending on demand and other conditions.

In connection with the secondary offering through over-allotment, in order to have Daiwa Securities Co., Ltd. acquire the investment units necessary to return the borrowed investment units, the Board of Directors’ meeting of Samty Residential, held on July 12, 2021 (Monday), resolved to conduct a third-party allotment of 2,893 investment units to Daiwa Securities Co., Ltd. as the allottee, with August 24, 2021 (Tuesday) as the payment date.

Daiwa Securities Co., Ltd. may conduct stabilizing transactions with respect to the investment units during the subscription period of the primary offering and secondary offering through over-allotment (below, “subscription period”), and may allocate all or part of the investment units purchased through such stabilizing transactions to return the borrowed investment units. In addition, Daiwa Securities Co., Ltd. may also purchase investment units up to the number of investment units for the secondary offering through over-allotment on the Tokyo Stock Exchange (a “syndicate cover transaction”) for the purpose of returning the borrowed investment units during the period from the day following the subscription period to August 19, 2021 (Thursday) (below, the “syndicate cover transaction period”). All of the investment units purchased by Daiwa Securities Co., Ltd. through the syndicated cover transaction will be used to return the borrowed investment units. During the syndicate cover transaction period, Daiwa Securities Co., Ltd. may, at its discretion, decide not to conduct the syndicate cover transaction at all or to terminate the syndicate cover transaction at a number of units that does not reach the number of units to be offered in the secondary offering by way of over-allotment.

Daiwa Securities Co., Ltd. plans to accept the allotment under the third-party allotment and acquire the number of investment units obtained by subtracting the number of investment units purchased through stabilizing transactions and syndicated cover transactions and used to return the borrowed investment units from the number of investment units for the secondary offering through over-allotment. For this reason, all or a part of the number of shares to be issued under the third-party allotment may not be subscribed for, and as a result, the final number of shares to be issued under the third-party allotment may be reduced to the extent thereof due to forfeiture, or the issuance itself may not take place at all.

Whether or not the secondary offering through over-allotment will be conducted, and the number of investment units to be sold if the secondary offering through over-allotment is conducted, will be determined on the Pricing Date. In the event that the secondary offering through over-allotment is not conducted, the borrowing of the investment units by Daiwa Securities Co., Ltd. from Samty Co., Ltd., a unitholder of the above-mentioned Investment Corporation, the third-party allotment and the syndicate cover transaction on the Tokyo Stock Exchange will also not be conducted.

With respect to the above transactions, Daiwa Securities Co., Ltd. will perform them upon consultation with SMBC Nikko Securities Inc.

2. Changes in Number of Investment Units Outstanding after these Issuances of New Investment units

| | | |
|---|---------------|---------|
| Total number of Investment Units outstanding at present | 639,300 units | |
| Number of Investment Units to be issued through primary offering | 57,868 units | |
| Total number of Investment Units outstanding after issuance through primary offering | 697,168 units | |
| Number of Investment Units to be issued through parallel third-party allotment | 70,339 units | (Notes) |
| Total number of Investment Units outstanding after issuance through parallel third-party allotment | 767,507 units | (Notes) |
| Number of Investment Units to be issued through by way of third-party allotment | 2,893 units | (Notes) |
| Total number of Investment Units outstanding after issuance through by way of third-party allotment | 770,400 units | (Notes) |

(Note) With respect to the number of investment units to be increased through the issuance of new investment units by way of a parallel

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third-party allotment, the figures represent the number of investment units to be increased if the allottees accept the allotment of 52,634 units and 17,705 units to Daiwa Securities Group Inc. and Samty Co., Ltd., respectively. The number of new investment units to be issued by the third-party allotment is the number of units to be issued if all the new investment units are subscribed for and issued by Daiwa Securities Co, Ltd. For this reason, all or a part of the number of shares to be issued under the third-party allotment may not be subscribed for, and as a result, the final number of shares to be issued under the third-party allotment may be reduced to the extent thereof due to forfeiture, or the issuance itself may not take place at all. For details, see “1. Secondary offering by way of over-allotment, etc.” above.

3. Purpose and Reason for the Issuance

Samty Residential decided to issue new investment units in consideration of market trends, the level of distributions per unit, liquidity of investment units and other factors, with the aim of securing stable profitability over the medium to long term, steady growth of the portfolio and strengthening of the financial base through proceeds from issuance of new investment units and the acquisition of new specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (below, the “Investment Trusts Act”); the same applies below).

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

(1) Amount of funds to be procured (approximate net proceeds)

15,799,435,500 yen (maximum)

(Note) This is the total of 6,834,210,800 yen in proceeds from the primary offering, 8,623,561,400 yen in proceeds from the parallel third-party allotment, and the maximum 341,663,300 yen in proceeds from the issuance of new investment units through the third-party allotment. The above-mentioned amount is an estimated amount calculated based on the closing price of the regular trading of the investment units on the Tokyo Stock Exchange as of July 2, 2021 (Friday).

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

The proceeds from this public offering and the parallel third-party allotment (below, “public offering, etc.”) will be used to partially fund the acquisition of the specified assets that Samty Residential plans to acquire (below, the “assets to be acquired”), as described in the “Notice Concerning Acquisition of Properties” released today. In addition, the maximum amount of proceeds from the issuance of new investment units through the third-party allotment shall be allocated to a part of the expenses associated with the acquisition of the assets to be acquired. Any remaining funds will be used as cash reserves and will be appropriated to a part of the funds for future acquisition of specified assets.

For details of the assets to be acquired, please refer to the “Notice Concerning Acquisition of Properties” announced today.

5. Designation of Party to Receive Allocation

Not applicable.

Note that a parallel third-party allotment will be conducted in parallel with the public offering. In connection with the parallel third-party allotment, Samty Residential has complied with the request from the underwriters of the primary offering in accordance with Article 2, Paragraph 3 of the Rules Concerning Allocation to Customers Pertaining to Underwriting, Etc. of Securities stipulated by the Japan Securities Dealers Association, and even if the issuance of new shares by way of a parallel third-party allotment is conducted as a parent-offering (meaning an offer to sell to a party designated by the issuer, including substantially similar acts such as suggesting a party to sell to) in a general offering, it falls under the exceptions to the prohibition of parent-offering stipulated in Article 2, Paragraph 2 of the Rules. In the event that the public offering is canceled, the parallel third-party allotment will also be canceled.

6. Future Outlook

Please refer to the press release “Notice Concerning Revisions to the Forecast of Management Status and Distribution per Unit for the 13th Fiscal Period Ending January 2022 and Forecast of Management Status and Distribution per Unit for the 14th Fiscal Period Ending July 2022 ” 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

| | (9th fiscal period) Fiscal period ended January 2020 | (10th fiscal period) Fiscal period ended July 2020 | (11th fiscal period) Fiscal period ended January 2021 |
|------------------------------|--|--|---|
| Net Income per Unit (Note 1) | 2,582 yen | 2,443 yen | 3,143 yen |
| Distribution per Unit | 2,877 yen | 2,834 yen | 3,333 yen |
| Payout Ratio (Note 2) | 100.0% | 100.0% | 100.0% |

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| | | | |
|---------------------|------------|------------|------------|
| Net Assets per Unit | 94,076 yen | 93,642 yen | 94,686 yen |
|---------------------|------------|------------|------------|

(Note 1) "Net income per unit" is calculated by dividing net income by the weighted average number of investment units for the number of days (580,576 units for the 9th fiscal period, 592,600 units for the 10th fiscal period and 638,792 units for the 11th fiscal period).

(Note 2) "Payout ratio" is calculated by the following formula.

Payout ratio = total amount of distributions (excluding distributions in excess of earnings) / net income × 100

(2) Recent condition of unit price

1) Condition in the three most recent fiscal periods

| | 9th fiscal period Fiscal period ended January 2020 | 10th fiscal period Fiscal period ended July 2020 | 11th fiscal period Fiscal period ended January 2021 |
|---------|--|--|---|
| Opening | 117,400 yen | 113,400 yen | 93,700 yen |
| High | 126,200 yen | 115,100 yen | 112,300 yen |
| Low | 110,000 yen | 67,100 yen | 92,200 yen |
| Closing | 114,500 yen | 93,700 yen | 108,600 yen |

2) Condition of the last six months

| | 2021 February | March | April | May | June | July(Note) |
|---------|------------------|-------------|-------------|-------------|-------------|-------------|
| Opening | 107,900 yen | 113,200 yen | 117,500 yen | 118,400 yen | 120,400 yen | 126,700 yen |
| High | 115,300 yen | 118,900 yen | 119,400 yen | 120,500 yen | 127,900 yen | 132,100 yen |
| Low | 106,700 yen | 108,800 yen | 114,300 yen | 114,000 yen | 120,200 yen | 126,500 yen |
| Closing | 113,200 yen | 116,900 yen | 118,200 yen | 120,500 yen | 126,500 yen | 128,500 yen |

(Note) The investment unit price for July 2021 is shown as of July 9, 2021.

3) Unit price on the previous business day

| | July 9, 2021 |
|---------|--------------|
| Opening | 127,600 yen |
| High | 129,000 yen |
| Low | 127,300 yen |
| Closing | 128,500 yen |

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

• Third-party allotment

| | |
|--|---|
| Date of Issuance | August 26, 2019 |
| Amount of funds procured | 10,336,800,000 yen |
| Paid-in amount (issue amount) | 116,800 yen per unit |
| Number of units outstanding before offering | 504,100 units |
| Number of units issued by this offering | 88,500 units |
| Number of units outstanding after offering | 592,600 units |
| Allottees | 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 | August and September 2019 |
| Status of such use as of now | The entire amount has been used in the aforementioned scheduled outlay period |

• Third-party allotment

| | |
|--------------------------|-------------------|
| Date of Issuance | August 3, 2020 |
| Amount of funds procured | 4,712,030,000 yen |

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| | |
|--|--|
| Paid-in amount (issue amount) | 100,900 yen per unit |
| Number of units outstanding before offering | 592,600 units |
| Number of units issued by this offering | 46,700 units |
| Number of units outstanding after offering | 639,300 units |
| Allottees | Samty Co., Ltd. Daiwa Securities Group Inc. |
| 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 2020 |
| Status of such use as of now | The entire amount has been used in the aforementioned period |

8. Restrictions on Sale and Additional Issuance of Investment Units

- (1) In connection with the parallel third-party allotment, Samty Co., Ltd., a unitholder of Samty Residential, is requested to pledged to the joint lead managers that it will not sell (however, this excludes the lending of the investment units to Daiwa Securities Co., Ltd. in connection with the secondary offering through over-allotment) the Investment Units for a period commencing on the Pricing Date and ending on the date 180 days after the date of delivery and settlement of the primary offering, without the prior written consent of the joint lead managers.

The joint lead managers will have the authority to lift some or all of the above restrictions at their discretion, even during the above period.

- (2) In connection with the parallel third-party allotment, there are plans to have Daiwa Securities Group Inc., a unitholder of Samty Residential, pledge to the joint lead managers that it will not sell, etc. (however, this excludes the sale, etc. of the investment units in response to the acquisition of the investment units by Samty Residential.) the Investment Units for a period commencing on the Pricing Date and ending on the date 180 days after the delivery and settlement date of the primary offering, without prior written consent of the joint lead managers.

The joint lead managers will have the authority to lift some or all of the above restrictions at their discretion, even during the above period.

- (3) In relation to the primary offering, Samty Residential has agreed with the joint lead managers that Samty Residential will not issue investment units (however, this excludes the primary offering, etc., the third-party allotment, and the issuance of new investment units in connection with the investment unit split, etc.) for the period commencing on the Pricing Date and ending on the date 90 days after the delivery and settlement date of the primary offering, without the prior written consent of the joint lead managers.

The joint lead managers have the authority to lift some or all of the above restrictions at their discretion, even during the above period.

9. Rationality of the use of funds

The funds raised through the parallel third-party allotment will be used for the capital increase as described in “4. Amount of funds to be procured, use of funds, and scheduled expenditure period (2) Specific use of funds to be procured and scheduled expenditure period” above, and will be used to partially fund the acquisition of the assets to be acquired. The acquisition of the assets to be acquired will expand the asset size and improve the stability of the portfolio, and is expected to increase distributions for the fiscal period ending January 31, 2022 (13th fiscal period) and thereafter. Distribution per unit (including distribution in excess of earnings) for the fiscal period ending January 31, 2022 (13th fiscal period) is expected to increase by 78 yen (2.9%) from the previous forecast of 2,673 yen per unit to 2,751 yen per unit ^(Note). From this perspective, we believe that the above use of funds will contribute to the improvement of unitholder value of Samty Residential, and that it is a reasonable use of funds.

(Note) For details of the outlook, please refer to the press release “Notice Concerning Revisions to the Forecast of Management Status and Distribution per Unit for the 13th Fiscal Period Ending January 2022 and Forecast of Management Status and Distribution per Unit for the 14th Fiscal Period Ending July 2022” announced today.

10. Reasons for Selection of Scheduled Allottees for the parallel third-party allotment, etc.

(1) Overview of scheduled allottees

[Daiwa Securities Group Inc.]

| | | | | |
|---|---|--|---------------------|---------------------|
| 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 March 31, 2021) | | |
| ⑥ | Date of establishment | December 27, 1943 | | |
| ⑦ | Number of shares outstanding | 1,699,378,772 shares (as of March 31, 2021) | | |
| ⑧ | Fiscal period | Ending in March of each year | | |
| ⑨ | Number of employees | (Consolidated) 15,096 (as of March 31, 2021) | | |
| ⑩ | Main business partners | — | | |
| ⑪ | Main banks | Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, etc. | | |
| ⑫ | Major shareholders and shareholding ratios (as of March 31, 2021) | The Master Trust Bank of Japan, Ltd. (Trust account) 8.48% Custody Bank of Japan, Ltd. (Trust account) 4.06% Taiyo Life Insurance Company 2.69% Barclays PLC 2.25% Nippon Life Insurance Company 2.04% NORTHERN TRUST CO. (AVFC) RE SILCHESTER 2.03% INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (standing proxy; The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch) 1.96% Japan Post Holdings Co., Ltd. 1.53% Daiwa Holdings 1.48% Custody Bank of Japan, Ltd. (Trust account 5) 1.46% STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy, Mizuho Bank, Ltd.) | | |
| ⑬ | Relationship between Samty Residential/Asset Management Company and scheduled allottee | | | |
| | Capital relationship | As of this date, the company holds 38.45% ^(Note 1) of the issued investment units of Samty Residential. The company also holds 33.0% of the outstanding shares of Samty Asset Management Co., Ltd., Samty Residential's asset management company (hereafter, the "Asset Management Company"). In addition, Daiwa PI Partners, the company's consolidated subsidiary, holds 1.70% ^(Note 1) of the outstanding shares of Samty Residential. Samty Residential is a consolidated affiliate of the company on its consolidated balance sheet. | | |
| | Personnel relationship | The company has dispatched one part-time director to the Asset Management Company as of this date. | | |
| | Business relationship | Samty Residential has concluded a sponsor support agreement with the Asset Management Company and the company, under which the company provides various information, provides support with the formation of bridge funds, etc., and cooperates in securing human resources for the Asset management Company. | | |
| | Status of classification as related party | The company is the parent company of Samty Residential, and falls under the category of a related party. The company is an affiliated company of the Asset Management company and falls under the category of a related party. | | |
| ⑭ | Management performance and financial conditions in the last three years (Unit: Million yen unless otherwise specified) | | | |
| | Fiscal period | Fiscal period ended | Fiscal period ended | Fiscal period ended |

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| | March 2019 | March 2020 | March 2021 |
|---|------------|------------|------------|
| Consolidated net assets | 1,256,430 | 1,257,766 | 1,591,841 |
| Consolidated total assets | 21,126,706 | 23,822,099 | 26,099,330 |
| Consolidated net assets per share (yen) | 794.54 | 796.33 | 875.12 |
| Consolidated net operating revenue | 720,586 | 672,287 | 576,172 |
| Consolidated net ordinary income | 441,240 | 426,259 | 466,660 |
| Consolidated ordinary income | 83,159 | 70,283 | 115,175 |
| Net income attributable to shareholders of parent company | 63,813 | 60,346 | 108,396 |
| Consolidated net income per share (yen) | 39.95 | 39.11 | 71.20 |
| Dividend per share (yen) (Note 3) | 21.00 | 20.00 | 36.00 |

[Samty Co., Ltd.]

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|--|--|-----------------------------|--------|------------------|-------|-------------------|-------|--|-------|-----------------------------|-------|----------------|-------|-----------------------------|-------|----------------|-------|--------------------|-------|---|-------|
| ① Name | Samty Co., Ltd. | | | | | | | | | | | | | | | | | | | | |
| ② Location | Osaka head office: 4-3-24, Nishi-Nakajima, Yodagawa-ku, Osaka-shi Tokyo head office: 1-8-3, Marunouchi, Chiyoda-ku, Tokyo | | | | | | | | | | | | | | | | | | | | |
| ③ Post and name of representative | Yasuhiro Ogawa, Representative Director and President | | | | | | | | | | | | | | | | | | | | |
| ④ Line of business | Transaction, brokerage, appraisal of real estate, ownership, management and leasing of real estate, construction, and sale of residences | | | | | | | | | | | | | | | | | | | | |
| ⑤ Capital | 16,227 million yen (as of February 28, 2021) | | | | | | | | | | | | | | | | | | | | |
| ⑥ Date of establishment | December 1, 1982 | | | | | | | | | | | | | | | | | | | | |
| ⑦ Number of shares outstanding | 41,020,140 shares (as of February 28, 2021) | | | | | | | | | | | | | | | | | | | | |
| ⑧ Fiscal period | Ending in November of each year | | | | | | | | | | | | | | | | | | | | |
| ⑨ Number of employees | (Consolidated) 271 (as of November 30, 2020) | | | | | | | | | | | | | | | | | | | | |
| ⑩ Main business partners | — | | | | | | | | | | | | | | | | | | | | |
| ⑪ Main banks | Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., etc. | | | | | | | | | | | | | | | | | | | | |
| ⑫ Major shareholders and shareholding ratios (as of November 30, 2020) | <table> <tr> <td>Daiwa Securities Group Inc.</td><td>17.19%</td></tr> <tr> <td>Shigeru Moriyama</td><td>7.44%</td></tr> <tr> <td>Ichiro Matsushita</td><td>3.73%</td></tr> <tr> <td>Japan Trustee Service Bank, Ltd. (Trust Account)</td><td>3.35%</td></tr> <tr> <td>Daiwa PI Partners Co., Ltd.</td><td>3.10%</td></tr> <tr> <td>Kasagi Hideaki</td><td>3.02%</td></tr> <tr> <td>Tsuyoshi Building Co., Ltd.</td><td>2.98%</td></tr> <tr> <td>Kazushi Eguchi</td><td>1.99%</td></tr> <tr> <td>Fivesect Co., Ltd.</td><td>1.63%</td></tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td><td>1.45%</td></tr> </table> | Daiwa Securities Group Inc. | 17.19% | Shigeru Moriyama | 7.44% | Ichiro Matsushita | 3.73% | Japan Trustee Service Bank, Ltd. (Trust Account) | 3.35% | Daiwa PI Partners Co., Ltd. | 3.10% | Kasagi Hideaki | 3.02% | Tsuyoshi Building Co., Ltd. | 2.98% | Kazushi Eguchi | 1.99% | Fivesect Co., Ltd. | 1.63% | Custody Bank of Japan, Ltd. (Trust Account) | 1.45% |
| Daiwa Securities Group Inc. | 17.19% | | | | | | | | | | | | | | | | | | | | |
| Shigeru Moriyama | 7.44% | | | | | | | | | | | | | | | | | | | | |
| Ichiro Matsushita | 3.73% | | | | | | | | | | | | | | | | | | | | |
| Japan Trustee Service Bank, Ltd. (Trust Account) | 3.35% | | | | | | | | | | | | | | | | | | | | |
| Daiwa PI Partners Co., Ltd. | 3.10% | | | | | | | | | | | | | | | | | | | | |
| Kasagi Hideaki | 3.02% | | | | | | | | | | | | | | | | | | | | |
| Tsuyoshi Building Co., Ltd. | 2.98% | | | | | | | | | | | | | | | | | | | | |
| Kazushi Eguchi | 1.99% | | | | | | | | | | | | | | | | | | | | |
| Fivesect Co., Ltd. | 1.63% | | | | | | | | | | | | | | | | | | | | |
| Custody Bank of Japan, Ltd. (Trust Account) | 1.45% | | | | | | | | | | | | | | | | | | | | |
| ⑬ Relationship between Samty Residential/Asset Management Company and scheduled allottee | | | | | | | | | | | | | | | | | | | | | |
| Capital relationship | As of this date, the company holds 13.50% ^(Note 1) of the issued investment units of Samty Residential. The company holds 67.0% of the Asset Management Company's investment units. | | | | | | | | | | | | | | | | | | | | |
| Personnel relationship | The company has dispatched two part-time directors to the Asset Management Company as of this date. Seven of the Asset Management Company's directors were dispatched from the company. | | | | | | | | | | | | | | | | | | | | |
| Business relationship | Samty Residential has concluded a sponsor support agreement with the Asset Management Company and the company is receiving various sponsor support from the company. Furthermore, the company has concluded with Samty Residential a purchase agreement for S-FORT Kego Tower, S-RESIDENCE Aoi II, S-FORT Meiekiminami 5-chome, S-FORT Hakozaki Higashi, S-RESIDENCE Meiekiminami, S-FORT Kanayama, S-FORT Izumi Chuo, S-RESIDENCE Soen EAST, S-FORT Yagoto, S-FORT Kokura, S-FORT Niigata Ekimae, S-FORT Takasaki, | | | | | | | | | | | | | | | | | | | | |

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|---|--|---|-----------------------------------|-----------------------------------|
| | | S-FORT Yokkaichi arcam, S-FORT Kagoshima Chuo, S-FORT Yokkaichi zeal, S-FORT Nakaitabashi, S-FORT Kameido, S-FORT Gyotoku, S-FORT Funabashi Kaijin and S-FORT Hachioji, which are the Assets to be Acquired. Please refer to the Notice on the Acquisition of Assets, released today, for further details on the assets to be acquired. | | |
| | Status of classification as related party | The company is the parent company of the Asset Management Company and is a related party. | | |
| ⑭ | Management performance and financial conditions in the last three years (Unit: Million yen unless otherwise specified) | | | |
| | Fiscal period | Fiscal period ended November 2018 | Fiscal period ended November 2019 | Fiscal period ended November 2020 |
| | Consolidated net assets | 62,438 | 71,627 | 77,699 |
| | Consolidated total assets | 162,500 | 218,803 | 250,864 |
| | Consolidated net assets per share (yen) | 1,616.59 | 1,734.72 | 1,907.51 |
| | Consolidated net sales | 84,274 | 85,552 | 101,120 |
| | Consolidated operating income | 14,033 | 15,417 | 17,355 |
| | Consolidated ordinary income | 11,635 | 13,193 | 15,247 |
| | Net income attributable to shareholders of parent company | 8,489 | 9,740 | 10,615 |
| | Consolidated net income per share (yen) | 283.89 | 247.11 | 261.23 |
| | Dividend per share (yen) (Note 3) | 68.00 | 79.00 | 82.00 |

(Note 1) The percentage of owned investment units relative to the number of issued investment units are rounded off to the second decimal place and two digits after the decimal place are shown.

(Note 2) The two allottees are 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 approach to 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 the development of this approach, available on the website of the Tokyo Stock Exchange.

(Note 3) Dividends per share indicate the annual dividends for ordinary shares.

(2) Reason for selection of scheduled allottee

Samty Co., Ltd. is the parent company of the Asset Management Company, and given the relationship between Samty Residential and Samty, Samty was chosen as an allottee from the perspective that the interests of the shareholders of Samty Residential and the interests of the allottee are held in common.

Samty Residential and the Asset Management Company have reached an agreement with Daiwa Securities Group Inc. that it has the right to underwrite the investment units in a new offering of investment units by Samy Residential in order to maintain the ratio of investment units held by Daiwa Securities Group. Moreover, the Daiwa Securities Group is an investor in Samty Residential and a shareholder in the Asset Management Company, and given the relationship between Samty Residential and the Daiwa Securities Group headquarters, the Daiwa Securities Group was chosen as an allottee from the perspective that the interests of the shareholders of Samty Residential and the interests of the allottee are held in common.

(3) Policy of holding investment units of scheduled allottee

Samty Residential has confirmed with Daiwa Securities Group Inc. and Samty, the two allottees, their intention of continuing to hold the investment units to be acquired through the Third-Party Allotment in the same way as the investment units currently held by these companies, barring 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 a 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. stipulating that, as long as Samty and Daiwa Securities Group Inc. are expected to continue being Samty Residential's sponsor or sub-sponsor, when Samty Residential conducts new offerings of investment units after the payment date and when the ratio of investment units held by Daiwa Securities Group Inc. and its consolidated subsidiaries to the total number of outstanding investment units (excluding own investment units) is expected to be lower than 40%, or when the ratio of investment units held by Daiwa Securities Group Inc. and its subsidiaries and affiliates to the total number of outstanding investment units is

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expected to be 50% or lower as a result of the offering, Daiwa Securities Group Inc. will hold the right to underwrite the investment units pertaining to the offering under the same conditions as other investors participating in the offering to maintain the ratio of investment units held by Daiwa Securities Group Inc. and its consolidated subsidiaries to the total number of outstanding investment units (excluding own investment units) at 40% or more and the ratio of investment units held by Daiwa Securities Group Inc. and its subsidiaries and affiliates to the total number of outstanding investment units at over 50%. The ratio of investment units above excludes investment units acquired in Securities Services (Securities Services as defined in Article 28, Paragraph 8 of the Financial Instruments and Exchange Act) or the Investment Management Business (Investment Management Business as defined in Article 28, Paragraph 4 of the Financial Instruments and Exchange Act) that are rendered to a customer. Furthermore, Samty's intent to sincerely consider the acquisition of some of the investment units in the event that Samty Residential issues new investment units is stipulated in the sponsor support agreement concluded between the company, Samty Residential, and the Asset Management Company.

We have confirmed that the allottee Daiwa Securities Group Inc. intends to treat Samty Residential as its consolidated subsidiary on the consolidated financial statements, in accordance with the so-called effective control standards of accounting standards. For fulfillment of conduit requirements, please refer to "12. Major Unitholders and Percentage of Owned Investment Units (2) Matters concerning fulfillment of conduit requirements."

11. Rationale for issuance terms, etc. for capital increase through concurrent third-party allotment

(1) Basis for calculation of amount to be paid and specifics

The amount to be paid for the concurrent third-party allotment will be the same as the issue price in the general offering. The issue price in the general offering will be determined in accordance with the method stipulated in Article 25 of the Regulations Concerning Underwriting of Securities, etc. by the JSDA.

Moreover, underwriter fees in the general offering will not be paid in the concurrent third-party allotment.

Accordingly, the payment amount in the concurrent third-party allotment corresponds to the "fair amount" stipulated in Article 82, Paragraph 6 of the Act on Investment Trusts, and Samty Residential has determined that it is rational.

(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 11.0% from 70,339 units to 639,300 units on July 12, 2021, as a result of the Third-Party Allotment. However, medium-term revenue is expected to stabilize and distributions to increase due to the acquisition of assets scheduled for acquisition and a larger scale of assets, and maintaining the same-boat investment ratio can be expected to increase the sponsor's commitment to supporting Samty Residential, and improvements to medium- and long-term unitholder value will benefit existing unitholders. 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.

12. Major Unitholders and Percentage of Owned Investment Units

(1) Major unitholders (general offering and third-party allotment) before and after the offering

| Name | Address | Holdings Number of investment units (units) | Percentage of investment units held (%) | Number of investment units owned after offering, etc. (units) | Percentage of investment units held after offering, etc. (%) |
|-----------------------------|---|---|---|--|--|
| Daiwa Securities Group Inc. | 1-9-1 Marunouchi, Chiyoda-ku, Tokyo | 245,806 | 38.45 | 298,440 | 38.74 |
| Samty Co., Ltd. | 4-3-24, Nishi-Nakajima, Yodagawa-ku, Osaka | 86,337 | 13.50 | 104,042 | 13.50 |

| | | | | | |
|---|---------------------------------------|---------|-------|---------|-------|
| The Master Trust Bank of Japan, Ltd.(trust account) | 2-11-3 Hamamatsucho, Minato-ku, Tokyo | 30,672 | 4.80 | 30,672 | 3.98 |
| Custody Bank of Japan, Ltd. (trust account) | 1-8-12, Harumi, Chuo-ku, Tokyo | 29,577 | 4.63 | 29,577 | 3.84 |
| Kinkisangyo Shinkumi Bank | 2-1-3 Awajicho, Chuo-ku, Osaka | 18,400 | 2.88 | 18,400 | 2.39 |
| Nomura Trust and Banking Co., Ltd. (trust account) | 2-2-2 Otemachi, Chiyoda-ku, Tokyo | 11,597 | 1.81 | 11,597 | 1.51 |
| Custody Bank of Japan, Ltd. (Securities Investment Trust Account) | 1-8-12, Harumi, Chuo-ku, Tokyo | 11,373 | 1.78 | 11,373 | 1.48 |
| Daiwa PI Partners Co., Ltd. | 1-9-1 Marunouchi, Chiyoda-ku, Tokyo | 10,858 | 1.70 | 10,858 | 1.41 |
| Daido Shinyokumiai | 1-4-3 Kitahorie, Nishi-ku, Osaka | 5,957 | 0.93 | 5,957 | 0.77 |
| Osaka co-sei Shinkin Bank | 2-8-14 Nihonbashi, Chuo-ku, Osaka | 5,820 | 0.91 | 5,820 | 0.76 |
| Total | | 456,397 | 71.39 | 526,736 | 68.37 |

(Note 1) The number of investment units held and the percentage of investment units held are the current figures as of January 31, 2021.

(Note 2) The number of investment units held after this offering, etc. and the percentage of investment units held after this offering, etc. are calculated by adding the number of investment units held as of January 31, 2021 to the increase for the allottees assuming that the Daiwa Securities Group and Samty Co., Ltd. are allotted 52,634 and 17,705 units, respectively, out of the increase through the general offering and these investment units, as well as the figure assuming that Daiwa Securities' application for the third-party allotment is fully carried out.

(Note 3) The percentage of owned investment units relative to the number of issued investment units are rounded off to the second decimal place and two digits after the decimal place are shown.

(2) Matters concerning fulfillment of conduit requirements

As a result of the Capital Increase through Third-Party Allotment, the ratio of investment units held by the Daiwa Securities Group Inc. to the total number of outstanding investment units is expected to be 38.74%, and the ratio combined with investment units held by its subsidiary Daiwa PI Partners Co. Ltd. is expected to be around 40.15%. Therefore, the requirements in the conduit requirements specified in Article 67-15, Paragraph 1, Item 2(b) of the Act on Special Measures Concerning Taxation (the "Non-Family Company Requirements") are expected to be fulfilled.

In addition, Samty Residential and Daiwa Securities Group Inc., have agreed to make their utmost efforts so that the Non-Family Company Requirements are maintained for Samty Residential, and to provide the necessary cooperation so that the Non-Family Company Requirements are maintained for Samty Residential upon request from Samty Residential and the Asset Management Company.

* Samty Residential's website: <https://www.samty-residential.com/en/>