

July 15, 2022

For Translation Purposes Only

Real Estate Investment Trust Securities Issuer:
Samty Residential Investment Corporation
1-8-3 Marunouchi, Chiyoda-ku, Tokyo
Masafumi Takahashi, Executive Director
(Securities Code: 3459)

Asset Management Company:
Samty Asset Management Co., Ltd.
Masafumi Takahashi, Representative Director
Inquiries: Hidekazu Nizawa
Director
Head of Business Management Division
Phone: + 81-3-5220-3841

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.

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

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| (1) | Total number of investment units to be offered | 30,466 units |
| (2) | Issue price (offer price) | <p>To be determined</p> <p>In accordance with the method stipulated in Article 25 of the Regulations Concerning Underwriting of Securities, etc. stipulated by the Japan Securities Dealers Association, if the Pricing Date noted in (4) below falls on any day in the period from July 25, 2022 (Monday) to July 27, 2022 (Wednesday), 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 that day by 0.90 to 1.00 (rounded down to the nearest yen), less the forecast dividend per unit (excluding forecast distributions in excess of earnings) of 2,774 yen and forecast distributions in excess of earnings of 246 yen for the fiscal period ending July 31, 2022 (14th fiscal period). If the Pricing Date is July 28, 2022 (Thursday), 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 the investment units in regular trading on the Tokyo Stock Exchange on that day by 0.90 to 1.00 (rounded down to the nearest yen), less the above-mentioned forecast dividend per unit (excluding forecast distributions in excess of earnings) and forecast distributions in excess of earnings. In either case, 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.</p> |
| (3) | Total issue price (total offer price) | To be determined |
| (4) | Paid-in amount (Issue amount) | <p>To be determined</p> <p>To be determined at the Board of Directors' meeting of Samty Residential to</p> |

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be held on any day during the period from July 25, 2022 (Monday) to July 28, 2022 (Thursday) (the “Pricing Date”) in accordance with the method stipulated in Article 25 of the Regulations Concerning Underwriting of Securities, etc. 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.

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| (5) | Total paid-in amount (total issue amount) | To be determined |
| (6) | Offering method | A primary offering, with Daiwa Securities Co. Ltd. and Mizuho Securities Co., Ltd. (below, collectively referred to as the “joint lead managers”) and Nomura Securities Co., Ltd. and SBI Securities 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 | Any day during the period from August 1, 2022 (Monday) to August 3, 2022 (Wednesday). However, the payment date will be August 1, 2022 (Monday) if the Pricing Date is July 25, 2022 (Monday) or July 26, 2022 (Tuesday), August 2, 2022 (Tuesday) if the Pricing Date is July 27, 2022 (Wednesday), and August 3, 2022 (Wednesday) if the Pricing Date is July 28, 2022 (Thursday). |
| (12) | Delivery date | Business day immediately following the payment date in item (11) above |
| (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)

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| (1) | Total number of investment units to be offered | 37,111 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 primary 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) | Scheduled allottees and number of | Daiwa Securities Group Inc. 27,770 units
Samty Co., Ltd. 9,341 units |

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- investment units to be allotted
- (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 primary offering.
 - (8) Payment date The payment date shall be the same as the payment date for the primary offering.
 - (9) Offering trustee Daiwa Securities Co. Ltd.
 - (10) If the primary 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 1,523 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 primary 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 1,523 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 primary 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 primary 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.)

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| (1) | Total number of investment units to be offered | 1,523 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) | To be determined |
| (4) | Scheduled allottees and number of investment units to be allotted | Daiwa Securities Co. Ltd. 1,523 units |
| (5) | Subscription unit | One unit or more in multiples of one unit |
| (6) | Subscription period (Subscription deadline) | August 29, 2022 (Monday) |
| (7) | Payment date | August 30, 2022 (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. | |

[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 1,523 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 investment units borrowed from Samty Co., Ltd., the Board of Directors' meeting of Samty Residential, held on July 15, 2022 (Friday), resolved to conduct a third-party allotment of 1,523 investment units to Daiwa Securities Co. Ltd. as the scheduled allottee, with August 30, 2022 (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 25, 2022 (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.

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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 stabilizing transactions and syndicated cover transactions, Daiwa Securities Co. Ltd. will perform them upon consultation with Mizuho 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	769,626 units	
Number of investment units to be issued through primary offering	30,466 units	
Total number of investment units outstanding after issuance through primary offering	800,092 units	
Number of investment units to be issued through parallel third-party allotment	37,111 units	(Notes)
Total number of investment units outstanding after issuance through parallel third-party allotment	837,203 units	(Notes)
Number of investment units to be issued by way of third-party allotment	1,523 units	(Notes)
Total number of investment units outstanding after issuance by way of third-party allotment	838,726 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 third-party allotment, the figures represent the number of investment units to be increased if the scheduled allottees accept the allotment of 27,770 units and 9,341 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. 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. Electronic Delivery of Prospectus

The underwriters, etc. will provide the prospectus for the primary offering and the parallel third-party allotment (below, collectively referred to as “primary offering, etc.”), third-party allotment (below, collectively referred to as “the offering”), and secondary offering by way of over-allotment (below, together with the offering, referred to as “the offering, etc.”) completely by electronic means, and not as a written document (Note). Samty Residential believes that the electronic delivery of the prospectus is an initiative that is in line with the times considering that the shift toward a paperless society is gaining momentum amid the increasing popularity of telework, web conferences, and other work-style changes due to the spread of COVID-19.

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(Note) Samty Residential calls the provision of prospectus items by electronic or magnetic means “electronic delivery of prospectus.” As a result, the offering, etc. without the issuance of a prospectus on paper is called a “paperless offering.” The prospectus provider shall be deemed to have delivered the prospectus if it has obtained the consent of the prospectus recipient and has provided the information contained in the prospectus by electronic or magnetic means (Article 27-30-9, Paragraph 1 of the Financial Instruments and Exchange Act and Article 32-2, Paragraph 1 of the Cabinet Office Order on Disclosure of Information on Regulated Securities (Ordinance of the Ministry of Finance No. 22 of 1993; includes subsequent amendments) (below, “Regulated Securities Disclosure Ordinance”). Therefore, if consent cannot be obtained, or if consent is withdrawn (Article 32-2, Paragraph 7 of the Regulated Securities Disclosure Ordinance), the prospectus cannot be delivered electronically, but underwriters, etc. will sell investment units in the offering, etc. only to investors whose consent have been obtained and not withdrawn.

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

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

8,715,181,700 yen (maximum)

(Note) This is the total of 3,765,597,600 yen in proceeds from the primary offering, 4,761,341,300 yen in proceeds from the parallel third-party allotment, and the maximum 188,242,800 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 7, 2022 (Thursday).

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

The proceeds from the primary 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.

6. Designation of Party to Receive Allocation

Not applicable.

Note that a parallel third-party allotment will be conducted in parallel with the primary 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 primary 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 primary offering is canceled, the parallel third-party allotment will also be canceled.

7. Future Outlook

Please refer to the press release “Notice Concerning Revisions to the Forecast of Management Status and Distribution per Unit for the 15th Fiscal Period Ending January 2023 and Forecast of Management Status and Distribution per Unit for the 16th Fiscal Period Ending July 2023” announced today.

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

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

	11th fiscal period Fiscal period ended January 2021	12th fiscal period Fiscal period ended July 2021	13th fiscal period Fiscal period ended January 2022
Net Income per Unit (Note 1)	3,143 yen	2,371 yen	2,383 yen
Distribution per Unit	3,333 yen	2,735 yen	2,764 yen
Payout Ratio (Note 2)	100.0%	100.0%	100.0%
Net Assets per Unit	94,686 yen	93,724 yen	98,725 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 (638,792 units for the 11th fiscal period, 639,300 units for the 12th fiscal period and 768,664 units for the 13th fiscal period).

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

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

(2) Recent conditions of unit price

1) Conditions in the three most recent fiscal periods

	11th fiscal period Fiscal period ended January 2021	12th fiscal period Fiscal period ended July 2021	13th fiscal period Fiscal period ended January 2022
Opening	93,700 yen	107,900 yen	128,000 yen
High	112,300 yen	133,900 yen	129,300 yen
Low	92,200 yen	106,700 yen	113,500 yen
Closing	108,600 yen	127,200 yen	116,700 yen

2) Conditions of the last six months

	2022 February	March	April	May	June	July(Note)
Opening	117,200 yen	117,600 yen	126,000 yen	132,300 yen	135,500 yen	135,700 yen
High	119,200 yen	126,700 yen	132,400 yen	138,500 yen	141,500 yen	135,700 yen
Low	113,600 yen	114,800 yen	125,100 yen	130,300 yen	125,900 yen	129,600 yen
Closing	117,600 yen	126,000 yen	131,500 yen	136,900 yen	135,700 yen	130,800 yen

(Note) The investment unit price for July 2022 is shown as of July 14, 2022.

3) Unit price on the previous business day

	July 14, 2022
Opening	131,200 yen
High	131,200 yen
Low	129,600 yen
Closing	130,800 yen

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

1) Third-party allotment

Date of Issuance	August 3, 2020
Amount of funds procured	4,712,030,000 yen
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 scheduled outlay period

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2) Public offering

Date of Issuance	August 2, 2021
Amount of funds procured	6,955,675,732 yen
Paid-in amount (issue amount)	120,199 yen per unit
Number of units outstanding before offering	639,300 units
Number of units issued by this offering	57,868 units
Number of units outstanding after offering	767,507 units Includes units related to the public offering (2) and units related to the third-party allotment (3) below issued on the same day.
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 2021
Status of such use as of now	The entire amount has been used in the aforementioned scheduled outlay period

3) Third-party allotment

Date of Issuance	August 2, 2021
Amount of funds procured	8,769,514,825 yen
Paid-in amount (issue amount)	124,675 yen per unit
Number of units outstanding before offering	639,300 units
Number of units issued by this offering	70,339 units
Number of units outstanding after offering	767,507 units Includes units related to the third-party allotment (3) above and units related to the public offering (2) issued on the same day.
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 2021
Status of such use as of now	The entire amount has been used in the aforementioned scheduled outlay period

4) Third-party allotment

Date of Issuance	August 24, 2021
Amount of funds procured	254,701,681 yen
Paid-in amount (issue amount)	120,199 yen per unit
Number of units outstanding before offering	767,507 units
Number of units issued by this offering	2,119 units
Number of units outstanding after offering	769,626 units

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Allottees	Daiwa Securities Co. Ltd.
Use of the fund intended at the time of issuance	Appropriated for a portion of various expenses associated with the acquisition of specified assets
Scheduled outlay period at the time of issuance	August 2021
Status of such use as of now	The entire amount has been used in the aforementioned scheduled outlay period

9. Restrictions on Sale and Additional Issuance of Investment Units

- (1) In connection with the parallel third-party allotment, there are plans to have the scheduled allottee 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.

- (2) In connection with the parallel third-party allotment, scheduled allottee 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, etc. 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.

- (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.

10. 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 <Reference> “5. 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, 2023 (15th fiscal period) and thereafter. Distribution per unit (including distributions in excess of earnings) for the fiscal period ending January 31, 2023 (15th fiscal period) is expected to increase by 87 yen (3.3%) from the previous forecast of 2,665 yen per unit to 2,752 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 15th Fiscal Period Ending January 2023 and Forecast of Management Status and Distribution per Unit for the 16th Fiscal Period Ending July 2023” announced today.

11. 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 Name and title of representative	Seiji Nakata, Executive Officer and President

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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, 2022)	
⑥	Date of establishment	December 27, 1943	
⑦	Number of shares outstanding	1,699,378,772 shares (as of March 31, 2022)	
⑧	Fiscal period	Ending in March of each year	
⑨	Number of employees	(Consolidated) 14,889 (as of March 31, 2022)	
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, 2022)	The Master Trust Bank of Japan, Ltd. (Trust Account)	16.05%
		Custody Bank of Japan, Ltd. (Trust Account)	5.04%
		Taiyo Life Insurance Company	2.77%
		Barclays Securities Japan Limited	2.31%
		NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	2.13%
		(standing proxy; The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	
		Nippon Life Insurance Company	2.10%
		JAPAN POST HOLDINGS CO., Ltd.	2.02%
		STATE STREET BANK WEST CLIENT-TREATY 505234	1.63%
		(standing proxy, Mizuho Bank, Ltd.)	
		Daiwa's Employee Stock Ownership Association	1.48%
		NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	1.36%
	(standing proxy; The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)		
⑬ Relationship between Samty Residential/Asset Management Company and scheduled allottee			
	Capital relationship	As of this date, the scheduled allottee holds 38.77% (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 Co. Ltd., the scheduled allottee's consolidated subsidiary, holds 1.41% (Note 1) of the outstanding shares of Samty Residential. Samty Residential is a consolidated affiliate of the scheduled allottee on its consolidated balance sheet.	
	Personnel relationship	The scheduled allottee has dispatched one part-time director to the Asset Management Company as of this date.	
	Business relationship	Samty Residential has concluded a sub-sponsor support agreement with the Asset Management Company and the scheduled allottee, under which the scheduled allottee 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 scheduled allottee is the parent company of Samty Residential, and falls under the category of a related party. The scheduled allottee 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)		

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Fiscal period	Fiscal period ended March 2020	Fiscal period ended March 2021	Fiscal period ended March 2022
Consolidated net assets	1,257,766	1,591,841	1,639,888
Consolidated total assets	23,822,099	26,099,330	27,531,089
Consolidated net assets per share (yen)	796.33	875.12	925.81
Consolidated net operating revenue	672,287	576,172	619,471
Consolidated net ordinary income	426,259	466,660	502,093
Consolidated ordinary income	70,283	115,175	135,821
Net income attributable to shareholders of parent company	60,346	108,396	94,891
Consolidated net income per share (yen)	39.11	71.20	63.06
Dividend per share (yen) (Note 3)	20.00	36.00	33.00

[Samty Co., Ltd.]

① Name	Samty Co., Ltd.																				
② Location	1-8-39, Nishimiyahara, Yodagawa-ku, Osaka																				
③ Name and title 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	20,595 million yen (as of February 28, 2022)																				
⑥ Date of establishment	December 1, 1982																				
⑦ Number of shares outstanding	46,468,085 shares (as of February 28, 2022)																				
⑧ Fiscal period	Ending in November of each year																				
⑨ Number of employees	(Consolidated) 391 (as of November 30, 2021)																				
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, 2021)	<table> <tr> <td>Daiwa Securities Group Inc.</td><td>28.40%</td></tr> <tr> <td>Shigeru Moriyama</td><td>6.47%</td></tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td><td>6.01%</td></tr> <tr> <td>Ichiro Matsushita</td><td>2.99%</td></tr> <tr> <td>Daiwa PI Partners Co. Ltd.</td><td>2.69%</td></tr> <tr> <td>Tsuyoshibiru Co., Ltd.</td><td>2.63%</td></tr> <tr> <td>Hideaki Kasagi</td><td>2.58%</td></tr> <tr> <td>Kazushi Eguchi</td><td>1.73%</td></tr> <tr> <td>Fivesect Co., Ltd.</td><td>1.58%</td></tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td><td>1.27%</td></tr> </table>	Daiwa Securities Group Inc.	28.40%	Shigeru Moriyama	6.47%	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.01%	Ichiro Matsushita	2.99%	Daiwa PI Partners Co. Ltd.	2.69%	Tsuyoshibiru Co., Ltd.	2.63%	Hideaki Kasagi	2.58%	Kazushi Eguchi	1.73%	Fivesect Co., Ltd.	1.58%	Custody Bank of Japan, Ltd. (Trust Account)	1.27%
Daiwa Securities Group Inc.	28.40%																				
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Fivesect Co., Ltd.	1.58%																				
Custody Bank of Japan, Ltd. (Trust Account)	1.27%																				
⑬ Relationship between Samty Residential/Asset Management Company and scheduled allottee																					
Capital relationship	As of this date, the scheduled allottee holds 13.51% (Note 1) of the issued investment units of Samty Residential. The scheduled allottee holds 67.0% of the outstanding shares of the Asset Management Company.																				
Personnel relationship	The scheduled allottee has dispatched two part-time directors to the Asset Management Company as of this date. Sixteen of the Asset Management Company's directors were dispatched from the scheduled allottee.																				
Business relationship	Samty Residential has concluded a main sponsor support agreement with the Asset Management Company and the scheduled allottee, and is receiving various sponsor support from the scheduled allottee. Samty Residential acquired 23 properties from the scheduled allottee in the fiscal period ended January 31,																				

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		2022 (13th fiscal period), and has acquired three properties from the scheduled allottee and sold three properties to the scheduled allottee in the fiscal period ending July 31, 2022 (14th fiscal period). Furthermore, the scheduled allottee has concluded with Samty Residential a purchase agreement for S-RESIDENCE Kyoto Takeda Dormitory, S-RESIDENCE Maruyama Omotesando, S-RESIDENCE Soen, S-FORT Sakuragawa, S-FORT Bentencho, S-RESIDENCE Kindai bijutsukan-mae, S-FORT Joshin, S-FORT Sakuranomiya, S-RESIDENCE Horita, S-FORT Tsukisamu, S-RESIDENCE Takaida Central, S-RESIDENCE Sakaishi Ekimae, S-RESIDENCE Yokkaichi Motomachi, S-FORT Kagoshima Ekimae Bayside, S-FORT Esaka Fiore, and S-FORT Odawara Sakaecho. For details of the assets to be acquired, please refer to the “Notice Concerning Acquisition of Properties” announced today.		
	Status of classification as related party	The scheduled allottee 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 2019	Fiscal period ended November 2020	Fiscal period ended November 2021
Consolidated net assets		71,627	77,699	103,028
Consolidated total assets		218,803	250,864	349,194
Consolidated net assets per share (yen)		1,734.72	1,907.51	2,029.28
Consolidated net sales		85,552	101,120	90,460
Consolidated operating income		15,417	17,355	9,461
Consolidated ordinary income		13,193	15,247	8,105
Net income attributable to shareholders of parent company		9,740	10,615	10,012
Consolidated net income per share (yen)		247.11	261.23	242.52
Dividend per share (yen) (Note 3)		79.00	82.00	90.00

(Note 1) The percentage of owned investment units relative to the number of issued investment units is truncated to the second decimal place.

(Note 2) The two scheduled allottees are listed on the Prime Market of the Tokyo Stock Exchange and Samty Residential and the Asset Management Company have judged that the executives and major shareholders of the two scheduled allottees 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 two scheduled allottees 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 allottees

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 Samty 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 a scheduled allottee from the perspective that the interests of the shareholders of Samty Residential and the interests of the allottee are held in common.

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 a scheduled allottee from the perspective that the interests of the shareholders of Samty Residential and the interests of the scheduled allottee are held in common.

(3) Policy of holding investment units of scheduled allottees

Samty Residential has confirmed with Daiwa Securities Group Inc. and Samty, the two scheduled allottees, their intention of continuing to hold the investment units to be acquired through the parallel third-party allotment

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in the same way as the investment units currently held by these companies, barring special circumstances. Furthermore, the scheduled 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 parallel 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 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 main sponsor support agreement concluded between the company, Samty Residential, and the Asset Management Company.

We have confirmed that the scheduled 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 even after the parallel third-party allotment. For fulfillment of conduit requirements, please refer to "13. Major Unitholders and Percentage of Owned Investment Units (2) Matters concerning fulfillment of conduit requirements."

12. Rationale for Issuance Terms, etc. for Capital Increase through Parallel Third-Party Allotment

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

The amount to be paid for the parallel third-party allotment will be the same as the issue price in the primary offering. The issue price in the primary 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 primary offering will not be paid in the parallel third-party allotment.

Accordingly, the payment amount in the parallel 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 4.8% from 37,111 units to 769,626 units on July 15, 2022, as a result of the parallel third-party allotment. However, medium and long-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 main sponsor's and sub-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 parallel third-party allotment and the scale of dilution of investment units are reasonable.

13. Major Unitholders and Percentage of Owned Investment Units

(1) Major unitholders (primary 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 (units)	Percentage of investment units held after offering (%)
Daiwa Securities Group Inc.	1-9-1, Marunouchi, Chiyoda-ku, Tokyo	298,440	38.78	326,210	38.89
Samty Co., Ltd.	1-8-39, Nishimiyahara, Yodagawa-ku, Osaka	104,042	13.52	113,383	13.52
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	38,284	4.97	38,284	4.56
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	31,078	4.04	31,078	3.71
Kinki Sangyo Credit Union	2-1-3 Awajimachi, Chuo-ku, Osaka	18,400	2.39	18,400	2.19
The Nomura Trust and Banking Co., Ltd. (Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	13,326	1.73	13,326	1.59
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	12,811	1.66	12,811	1.53
Daiwa PI Partners Co. Ltd.	1-9-1, Marunouchi, Chiyoda-ku, Tokyo	10,858	1.41	10,858	1.29
SSBTC CLIENT OMNIBUS ACCOUNT	ONE LINCOLN STREET, BOSTON MA USA 02111	10,392	1.35	10,392	1.24
Daido Shinyoukumiai	1-4-3 Kitahorie, Nishi-ku, Osaka	6,044	0.79	6,044	0.72
Total		543,675	70.64	580,786	69.25

(Note 1) The number of investment units held and the percentage of investment units held are the current figures as of January 31, 2022.

(Note 2) The number of investment units held after this offering and the percentage of investment units held after this offering are calculated by adding the number of investment units held as of January 31, 2022 to the increase for the scheduled allottees assuming that the Daiwa Securities Group and Samty Co., Ltd. are allotted 27,770 and 9,341 units, respectively, out of the increase through the primary offering and parallel third-party allotment, 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 is rounded up to the second decimal place.

(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 38.89%, and the ratio combined with investment units held by its subsidiary Daiwa PI Partners Co. Ltd. is expected to be around 40.19%. 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.

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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 Investment Corporation website: <https://samty-residential.com/en/>

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