

For Translation Purposes Only

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Notice Concerning Revisions to Forecast of Management Status and Distribution per Unit for the 15th Fiscal Period Ending January 2023 and Announcement of Forecast of Management Status and Distribution per Unit for the 16th Fiscal Period Ending July 2023

Samty Residential Investment Corporation (“Samty Residential”) announces revisions to the forecast of its management status and distribution per unit for the 15th fiscal period ending January 2023 (from August 1, 2022 to January 31, 2023), which was announced in “(REIT) Summary of Financial Results for Fiscal Period Ended January 2022” dated March 17, 2022, and announces the forecast of its management status and distribution per unit for the 16th fiscal period ending July 2023 (from February 1, 2023 to July 31, 2023) as described below.

1. Revisions to Forecast of Management Status and Distribution per Unit for the 15th Fiscal Period Ending January 2023

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (including distribution in excess of earnings)	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	(million yen)	(million yen)	(million yen)	(million yen)	(yen)	(yen)	(yen)
Previous forecast (A)	4,985	2,233	1,797	1,796	2,665	2,333	332
Revised forecast (B)	5,493	2,539	2,030	2,029	2,752	2,419	333
Variation (B-A)	508	306	233	233	87	86	1
Rate of variation	10.2%	13.7%	13.0%	13.0%	3.3%	3.7%	0.3%

(Reference) Forecast net income per unit: Forecast net income / Forecast number of investment units at end of period
For the 15th fiscal period ending January 2023, forecast number of investment units issued and outstanding at the end of the period was 838,726 and forecast net income per unit was 2,419 yen.

(Note 1) The above forecast is the current forecast calculated based on the assumptions stated in the attached “Assumptions Underlying Forecast of Management Status for the 15th Fiscal Period Ending January 2023 and Forecast of Management Status for the 16th Fiscal Period Ending July 2023.” Accordingly, discrepancies with the assumptions may arise due to future additional acquisition or disposition of real estate properties, changes in the real estate market and other developments, fluctuation in interest rates, further issuance of new investment units in the future, change in other circumstances surrounding Samty Residential, and other factors. As a result, actual operating revenue, operating income, ordinary income, net income, distribution per unit (including distribution in excess of earnings), distribution per unit (excluding distribution in excess of earnings), and distribution in excess of earnings per unit may vary. In addition, the forecast is not a guarantee of the amount of distributions and distributions in excess of earnings.

(Note 2) Samty Residential may revise the forecast in the event that it expects discrepancies above a certain level from the forecast above.

(Note 3) Figures are rounded down to the nearest unit and percentages are rounded to the first decimal place.

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2. Forecast of Management Status and Distribution per Unit for the 16th Fiscal Period Ending July 2023

	Operating revenue	Operating income	Ordinary income	Net income	Distribution		
					per unit (including distribution in excess of earnings)	per unit (excluding distribution in excess of earnings)	in excess of earnings per unit
	(million yen)	(million yen)	(million yen)	(million yen)	(yen)	(yen)	(yen)
Revised forecast	5,568	2,460	1,982	1,981	2,713	2,362	351

(Reference) Forecast net income per unit: Forecast net income / Forecast number of investment units at end of period
For the 16th fiscal period ending July 2023, forecast number of investment units issued and outstanding at end of period was 838,726 and forecast net income per unit was 2,362 yen.

(Note 1) The above forecast is the current forecast calculated based on the assumptions stated in the attached "Assumptions Underlying Forecast of Management Status for the 15th Fiscal Period Ending January 2023 and Forecast of Management Status for the 16th Fiscal Period Ending July 2023." Accordingly, discrepancies with the assumptions may arise due to future additional acquisition or disposition of real estate properties, changes in the real estate market and other developments, fluctuation in interest rates, further issuance of new investment units in the future, change in other circumstances surrounding Samty Residential, and other factors. As a result, actual operating revenue, operating income, ordinary income, net income, distribution per unit (including distribution in excess of earnings), distribution per unit (excluding distribution in excess of earnings), and distribution in excess of earnings per unit may vary. In addition, the forecast is not a guarantee of the amount of distributions and distributions in excess of earnings.

(Note 2) Samty Residential may revise the forecast in the event that it expects discrepancies above a certain level from the forecast above.

(Note 3) Figures are rounded down to the nearest unit and percentages are rounded to the first decimal place.

3. Reason for Disclosure

As notified in "Notice Concerning Acquisition of Properties" (the "Notice"), "Notice Concerning Issuance of New Investment Units through Public Offering and Third-Party Allotment and Secondary Offering of Investment Units" and "Notice Concerning Borrowing of Funds" announced today, due to the decision made to execute various measures, the assumptions underlying the forecast for the 15th fiscal period ending January 2023 (from August 1, 2022 to January 31, 2023) announced on March 17, 2022, have changed. Therefore, revisions have been made to the forecast of management status and distribution per unit for the 15th fiscal period.

Furthermore, along with the revisions, the forecast of management status and distribution per unit for the 16th fiscal period ending July 2023 (from February 1, 2023 to July 31, 2023) is also announced.

There is no revision to the forecast of management status and distribution per unit for the 14th fiscal period ending July 2022 (from February 1, 2021 to July 31, 2022) announced in "(REIT) Summary of Financial Results for Fiscal Period Ended January 2022" dated March 17, 2022.

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

[Attachment]

Assumptions Underlying Forecast of Management Status for the 15th Fiscal Period Ending January 2023
and Forecast of Management Status for the 16th Fiscal Period Ending July 2023

Item	Assumption
Fiscal period	<ul style="list-style-type: none"> Period ending January 2023: August 1, 2022 to January 31, 2023 (184 days) Period ending July 2023: February 1, 2023 to July 31, 2023 (181 days)
Managed assets	<ul style="list-style-type: none"> Fiscal period ending January 2023: It is assumed that Samty Residential will continue to own a total of 178 properties, which are the 159 properties of real estate/trust beneficiary interest in real estate it owns as of today (the "Acquired Assets") and the 19 properties to be acquired as announced in "Notice Concerning Acquisition of Properties" dated today (the "Assets to Be Acquired"), through the end of the fiscal period ending January 2023 and that no other properties will be newly acquired or disposed. Fiscal period ending July 2023: It is assumed that Samty Residential will continue to own a total of 178 properties of real estate/trust beneficiary interest in real estate described above that it is assumed to own as of the end of the fiscal period ending January 31, 2023, through the end of fiscal period ending July 2023 and that no other properties will be newly acquired or disposed by the end of the fiscal period ending July 2023. In practice, change may arise due to acquisition of new properties except the Assets to Be Acquired or disposition of owned properties, etc.
Operating revenue	<ul style="list-style-type: none"> Real estate rent revenue is calculated on the basis of past results of Samty Residential (or the past results disclosed by the previous owners, etc. for the periods for which Samty Residential does not have past results) for the Acquired Assets and on the basis of information provided by the current owner of each property, etc., for the Assets to Be Acquired as well as upon taking into account the status of leasing. Operating revenue is based on the assumption that there will be no accrual of gain or loss on sale of real estate properties.
Operating expenses	<ul style="list-style-type: none"> Expenses related to the rent business, which are the principal operating expenses, are calculated on the basis of past results of Samty Residential (or the past results disclosed by the previous owners, etc. for the periods for which Samty Residential does not have past results) for the Acquired Assets and on the basis of the information provided by the current owner of each property, etc. for the Assets to Be Acquired, taking into account the fluctuation factors of expenses. Real estate rent income (excluding gain on sale of real estate properties) after deducting expenses related to the rent business (excluding depreciation) is assumed to be 4,331 million yen for the fiscal period ending January 2023 and 4,305 million yen for the fiscal period ending July 2023. The property tax and city planning tax, etc. to be recorded as expenses are assumed to be 324 million yen for the fiscal period ending January 2023 and 382 million yen for the fiscal period ending July 2023. In general practice, the property tax and city planning tax, etc. levied on transactions of real estate properties are settled at the time of acquisition by prorating for the period with the current owner. However, as Samty Residential includes the amount equivalent to such settlement in the acquisition costs for the property, the amount is not recorded as expenses. As for the Assets to Be Acquired, the property tax and city planning tax, etc. to be included in the acquisition costs are assumed to be 33 million yen in total, and 41 million yen is assumed to be recorded as property tax and city planning tax, etc. of the Assets to Be Acquired from the fiscal period ending July 2023. Depreciation is calculated using the straight-line method and is assumed to be 1,076 million yen for the fiscal period ending January 2023 and 1,091 million yen for the fiscal period ending July 2023. Repair expenses for buildings are assumed to be 212 million yen for the fiscal period ending January 2023 and 231 million yen for the fiscal period ending July 2023, based on the medium- to long-term repair plans prepared by Samty Asset Management Co., Ltd. (the "Asset Management Company"). However, the amounts actually required for repair expenses for buildings could differ significantly from the assumed figures, as increased or additional repair expenses may arise due to unpredictable factors.
Non-operating expenses	<ul style="list-style-type: none"> Approximately 29 million yen is expected as expenses for issuance of new investment units, secondary offering of investment units, and issuance of new investment units through third-party allotment, which were resolved at Samty Residential's board of directors' meeting held today. The amount will be amortized over three years based on the straight-line method. As for amortized expenses for issuance of investment units including the above, 13 million yen in the fiscal period ending January 2023 and 13 million yen in the fiscal period ending July 2023 are assumed. As for amortized expenses for issuance of investment corporation bonds, 5 million yen in the fiscal period ending January 2023 and 5 million yen in the fiscal period ending July 2023 are assumed. As for interest expenses and other financing-related expenses, 490 million yen in the fiscal period ending January 2023 and 459 million yen in the fiscal period ending July 2023 are assumed.
Interest-bearing debt	<ul style="list-style-type: none"> The balance of Samty Residential's interest-bearing debt as of today is outstanding loans of 73,235 million yen and outstanding investment corporation bonds of 4,200 million yen. It is assumed that loans maturing and investment corporation bonds due for redemption in the fiscal periods ending January 2023 and July 2023 will be refinanced in the entire amount or repaid with funds procured through the issuance of investment corporation bonds. In addition, borrowing of

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	<p>8,000 million yen upon the acquisition of the Assets to Be Acquired is assumed.</p> <ul style="list-style-type: none"> Based on the above assumptions, the balance of interest-bearing debt at the end of the fiscal period ending January 31, 2023, is assumed to be outstanding loans of 81,235 million yen and outstanding investment corporation bonds of 4,200 million yen, and the balance of interest-bearing debt at the end of the fiscal period ending July 2023 is assumed to be outstanding loans of 81,235 million yen and outstanding investment corporation bonds of 4,200 million yen.
Investment units	<ul style="list-style-type: none"> In addition to the total number of investment units issued and outstanding of 769,626 units as of today, it is assumed that all investment units to be newly issued, which was resolved at Samty Residential's board of directors' meeting held today, that is, 30,466 new investment units through public offering, 37,111 new investment units through third-party allotment with Daiwa Securities Group Inc. and Samty Co., Ltd. as allottees, and 1,523 units (maximum) through third-party allotment with Daiwa Securities Co., Ltd. as the allottee, will be issued. Other than the above, it is assumed that there will be no change in the number of investment units due to the issuance of new investment units, etc. until the end of the fiscal periods ending January 31, 2023, and July 31, 2023.
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> Distribution per unit (excluding distribution in excess of earnings) is calculated on the assumption that the amount of earnings is distributed pursuant to the cash distribution method stipulated in Samty Residential's Articles of Incorporation. There is the possibility that the distribution per unit (excluding distribution in excess of earnings) may vary due to various factors, including changes of managed assets, variation in real estate rental revenue in accordance with changes of tenants, and occurrence of unpredicted repairs.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> Distribution amount in excess of earnings per unit is calculated pursuant to the cash distribution policy method stipulated in Samty Residential's Articles of Incorporation as well as the Asset Management Company's internal regulations. Samty Residential anticipates that there will be ample opportunities, etc. to acquire new properties as investments that should contribute to increasing portfolio earning power in the fiscal period ending January 2023 and the fiscal period ending July 2023, although the real estate transaction market appears to be partially overheated. Accordingly, it is highly necessary to reserve certain amounts of funds to make it possible to respond to such opportunities flexibly. On the other hand, in consideration of such factors as Samty Residential's financial conditions and the possibility of refinancing interest-bearing debt, Samty Residential does not consider itself in such two fiscal periods to be in a position to allocate funds preferentially for reinforcing its financial base through such measures as reducing interest-bearing liabilities.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> While depreciation for the Acquired Assets and the Assets to Be Acquired is anticipated to be 1,076 million yen for the fiscal period ending January 2023 and 1,091 million yen for the fiscal period ending July 2023, the six-month average of the sum total of the estimated urgent repair expenses, estimated short-term repair expenses and estimated long-term repair expenses described in the building condition survey reports will be only 210 million yen (Estimate is 210 million yen for the fiscal period ending January 2023 and 210 million yen for the fiscal period ending July 2023). Accordingly, Samty Residential expects to have residual free cash flow even after administering certain reserves from cash and deposits on hand equivalent to the depreciation amount at the end of each fiscal period to reserves for capital expenditures to maintain building functions, etc., in the form of funds equivalent to the estimated amount required for working capital, etc. and funds equivalent to reserves in preparation for investments that should contribute to increasing portfolio earning power as stated above. Considering the above, Samty Residential believes as of today that it is appropriate to implement distribution in excess of earnings for the fiscal periods ending January 2023 and July 2023 and anticipates total distribution in excess of earnings of 279 million yen and 294 million yen, respectively. Such distribution in excess of earnings is calculated by taking into account the level of the payout ratio (the ratio of total cash distribution, including distribution in excess of earnings, to net income and depreciation combined), and the payout ratio will be 74.3% and 74.1%, respectively. In addition, the total distribution in excess of earnings will be equivalent to 26.0% and 27.0% of the depreciation expected to accrue in the respective fiscal periods. Regarding the basic policy for cash management and the like for distribution in excess of earnings, please refer to "Part 1 Fund Information, 1. Fund Status, 2. Investment Policy" in the securities report filed on April 27, 2022.
Other	<ul style="list-style-type: none"> It is assumed that there will be no revision of laws and regulations, tax system, accounting standards, regulations applying to publicly listed companies and rules of The Investment Trusts Association, Japan, etc. that will impact the aforementioned forecast figures. It is also assumed that there will be no unexpected material changes in general economic trends and real estate market conditions, etc.

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