

Samty Residential Investment Corporation

(Securities CODE : 3459)

Financial Results for the 5th Fiscal Period
Ending January 2018



Japan-Wide Portfolio



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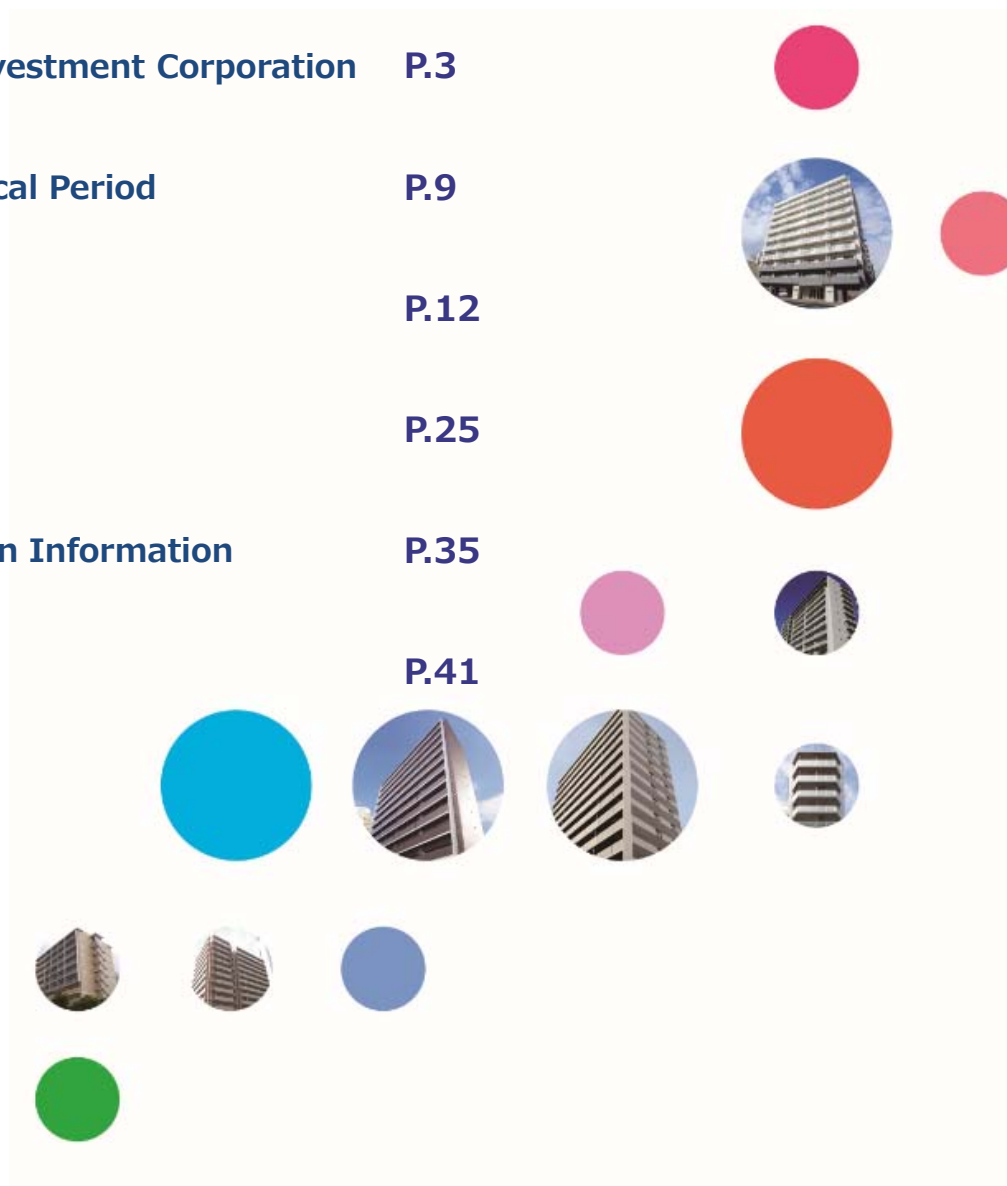
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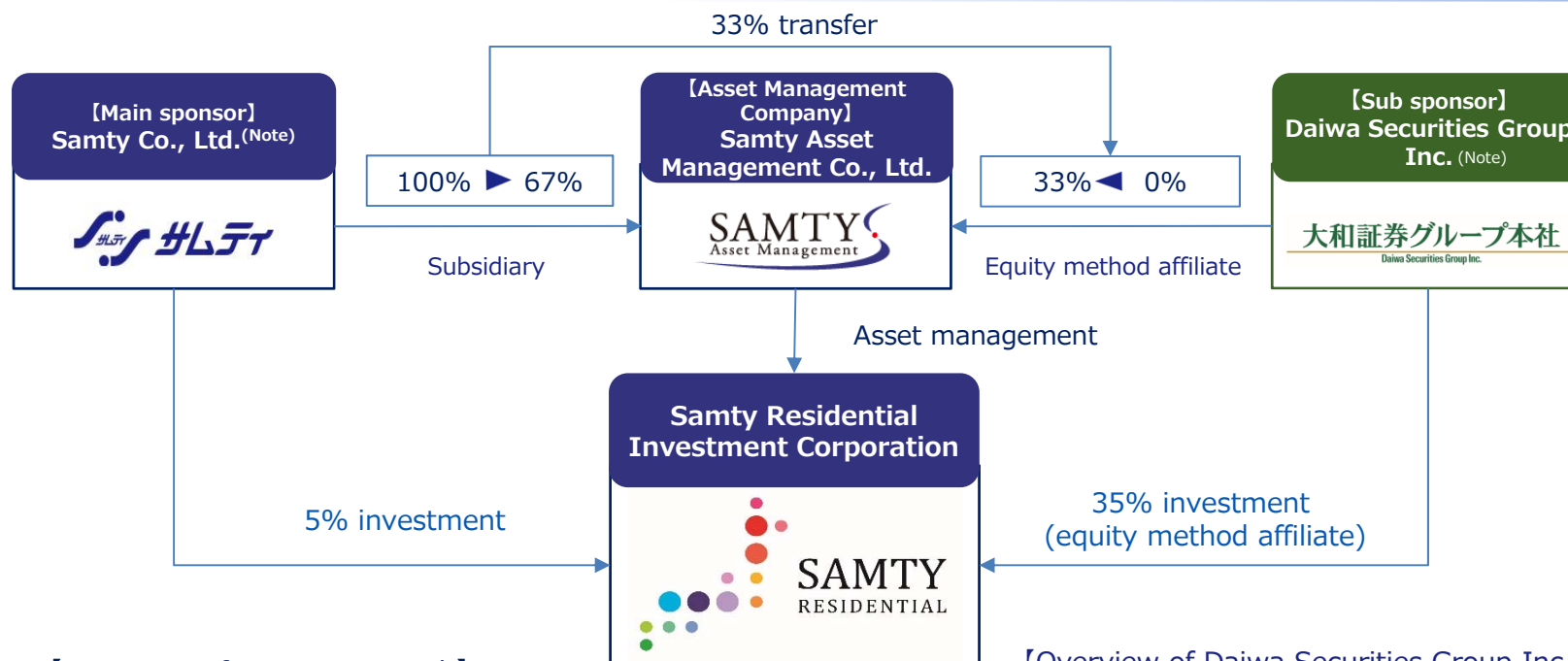
1 . Features of Samty Residential Investment Corporation

New Initiatives of Samty Residential Investment Corporation

Additional acquisition of new properties and third-party allotment
by Daiwa Securities Group Inc.



- Welcoming Daiwa Securities Group Inc. as the new sponsor and acquiring 33 new properties by conducting capital increase through third-party allotment



【Overview of Samty Co., Ltd.】

Establishment: 1982
Capital: 8.4 billion yen (as of the end of November 2017)
Number of employees: (consolidated) 188 (as of the end of November 2017)
Business: Real estate business, real estate leasing business, real estate planning and design, etc.

New acquisition

33 properties
(29.9 billion yen)

【Overview of Daiwa Securities Group Inc.】

Establishment: 1943
Capital: 247.3 billion yen (as of the end of December 2017)
Number of employees: (consolidated) 13,836 (as of the end of March 2017)
Business: Holding, management and control of shares of companies engaged in financial instruments business, etc.

(Note) Samty Co., Ltd. and Daiwa Securities Group Inc. fall under a specified affiliated juridical person of the asset management company as set forth in Article 12-3 of the Cabinet Office Ordinance on Disclosure of Information, etc., on Regulated Securities (Law Number: Ordinance of the Ministry of Finance No. 22 of 1993; including subsequent revisions).

Investment Strategy of Samty Residential Investment Corporation



- Samty Residential Investment Corporation("Samty Residential") will invest in high quality residential assets suitable for respective regional conditions throughout national cities with the sponsor support of the Samty Group

(1) Features of Samty Residential

Samty Residential Investment Corporation aims to build a portfolio which pursues stability, growth potential and earning potential by "investing primarily in residential properties in major regional cities," "utilizing the Samty Group," "receiving various sponsor support" and "utilizing the functions and network of the sub sponsor."

Investing primarily in residential properties in major regional cities

Stability

- ▶ Diversified investing in carefully screened residential properties of Japan

Growth

- ▶ Expanding portfolio size through continual new investments primarily in major regional cities

Earning Potential

- ▶ Realizing large earnings anticipated through investing in carefully screened residential properties in major regional cities

Support from the Samty Group

Listed on the First Section of the Tokyo stock Exchange on October 26, 2015

Properties developed by the Samty Group
Stable supply of the S-RESIDENCE series

- ▶ Grant of exclusive negotiating rights
- ▶ Stable supply of new developed properties

Wide-ranging support from the sponsor

- ▶ Enhancing value through running a unified brand
- ▶ Provision of warehousing functions
- ▶ Provision of human resources and management/operating support
- ▶ Provision of various information

Support from Daiwa Securities Group

Utilization of functions and network as a comprehensive securities group

- ▶ Provision of information
- ▶ Supporting formation of a bridge fund
- ▶ Cooperation in securing staff

(Note) "Samty Group" refers to Samty Co., Ltd., and its consolidated subsidiary companies (Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance No. 28 of 1976. Including subsequent amendments.) Referred to as consolidated subsidiary company as stipulated by Article 2 (iii).) and special purpose companies which Samty Co., Ltd., invests in themselves, other than the consolidated subsidiary companies of Samty Co., Ltd., while excluding Samty Residential.

(2) Portfolio Development Policy

A. Investment policy by asset class

- ✓ Investing in accommodation facilities and other facilities, primarily in the residential asset class

Residential properties^(Note1)	80% or more
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Operating facilities^(Note2)	20% or less
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Focus on the Single and Compact type residences

Single Type	Floor per unit of less than 30m ²
Compact Type	Floor per unit of between 30m ² and 60m ²

(Note1) "Residential properties" represents the rental housing.

(Note2) "Operating facilities" represents the hotels and health care properties.

B. Investment policy by geographical area

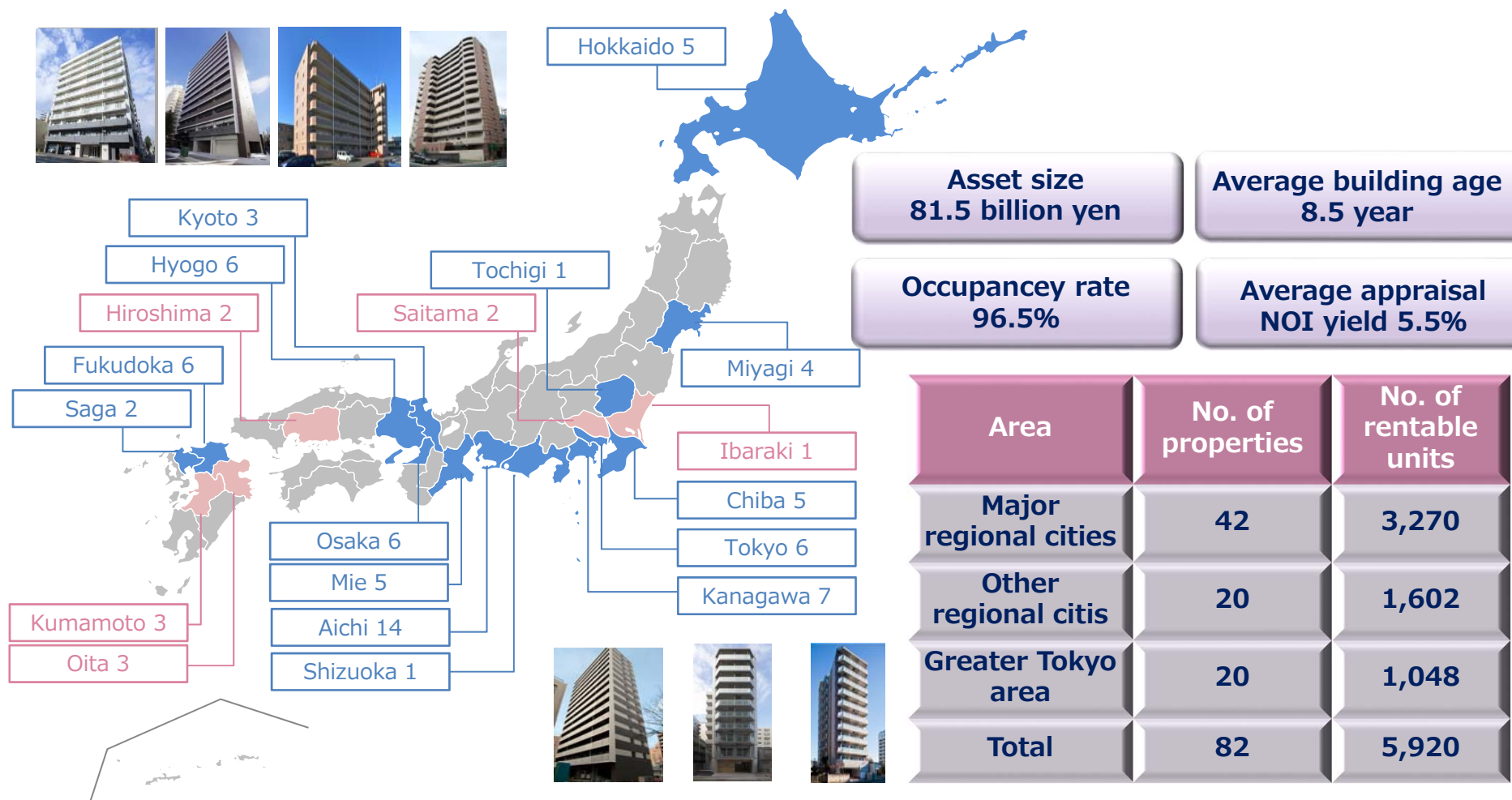
- ✓ Focusing on investing in major regional cities

Investment areas		Investment ratio (Note3)	
Regional cities	Major regional cities (Sapporo, Sendai, Nagoya, Kyoto, Osaka, Kobe, Hiroshima and Fukuoka) 50% or more of all investments will be in properties that are conveniently located near bus terminals or railway stations linked with other major terminal stations.	50% or more	Around 70%
	Other regional cities (Regional cities excluding major regional cities) 20% or less of investments will be in residential properties that can be anticipated stable operation rental and income stability because of their commutable location to core office areas, medical facilities or national universities located in the area.	20% or less	
Greater Tokyo area	Tokyo, Kanagawa, Saitama, Chiba Around 30% of investments will be in residential properties primarily located in residential communities within a 10-minute walk of the nearest railway station (or bus stop) that is located along a line connected to a terminal station	Around 30%	

(Note3) "Investment ratio" is based on the acquisition price (excluding acquisition-related expenses and taxes). The above investment ratios are future targets and actual portfolio composition may vary.

Portfolio Overview 1

- Samty Residential has acquired 82 residential properties throughout Japan and successfully composed more stable diversified portfolio concentrating in major regional cities

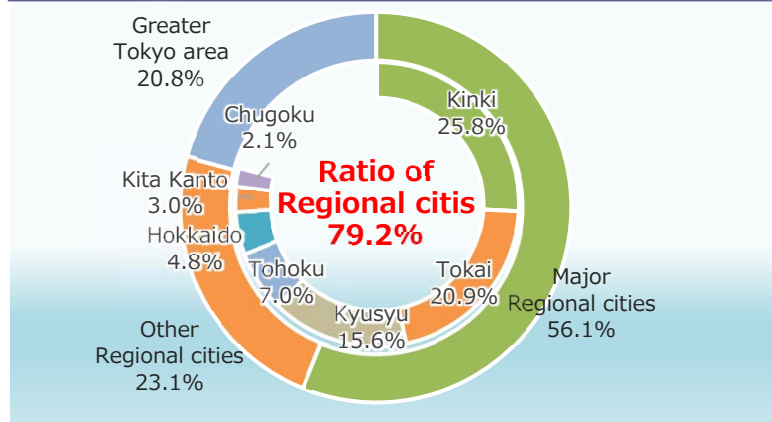


(Note) The figures for number of properties, asset size and average building age are for the 82 properties owned as of March 1, 2018, including the 33 properties acquired on February 1 and March 1, 2018. Average appraisal NOI yield is calculated based on the figures of the appraisal report as of the end of January 2018 for the existing 49 properties and as of November 1, 2017 for the newly acquired 33 properties. Figures for occupancy rate as of the end of January 2018 are for the 49 properties owned as of the end of January 2018.

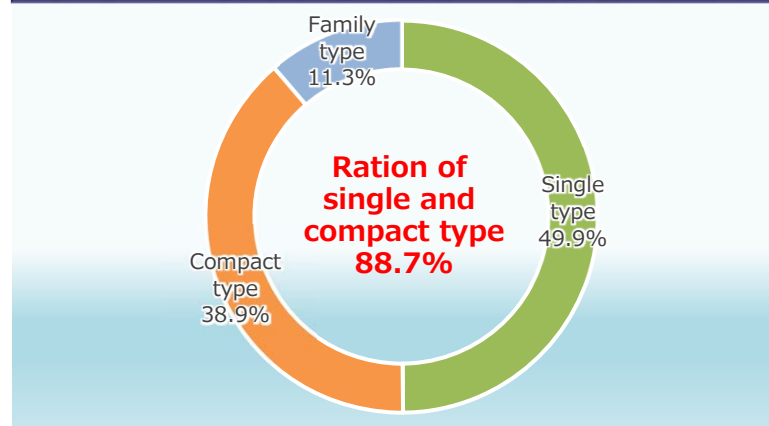
Portfolio Overview 2

Investment structure of owned properties

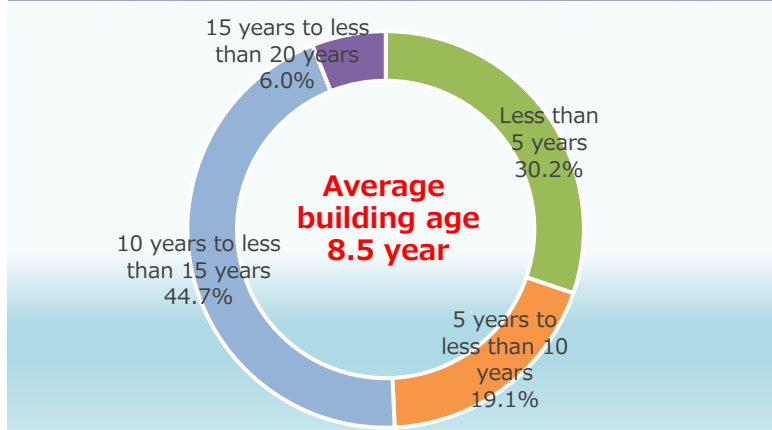
Investment ratio by geographical area



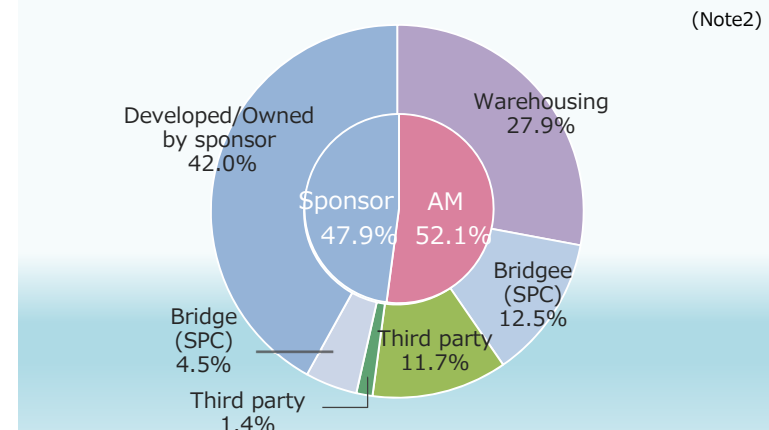
Ratio of average area per residential unit



Ratio by building age

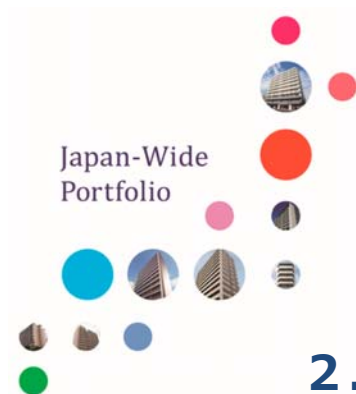


Investment ratio by information/acquisition channel



(Note1) The above ratios are calculated based on acquisition prices for 82 properties, including 33 properties newly owned February 1, 2018 and March 1, 2018.

(Note2) The outer ring indicates the ratio of acquisition channel of owned properties while the inner ring indicates that of information channel of owned properties.



2. Financial Overview for the 5th Fiscal Period

Summary of Income Statement for 5th Fiscal Period Comparison of Forecast and Actual Result



Although revenues from rents including common area expenses and key money decreased, the actual result was generally as expected with decreased real estate rental expenses due to the increase in revenues from silent partnership distribution and decrease in repair expenses and leasing promotion expenses.

(million yen)

	3rd Period results (January 31, 2017)	4th Period results (July 31, 2017)	5th Period (January 31, 2018)			Vs. 3rd and 5th results	Vs. 4th and 5th results
			Forecast (As of September 14, 2017)	Results	Change from Forecast		
Management performance							
Operating revenue	1,806	1,840	1,826	1,834	8	28	-5
(out of which, real estate rental revenue)	1,805	1,840	1,814	1,817	2	11	-23
Operating expenses	956	1,081	1,047	1,045	-2	88	-36
(out of which, real estate rental expenses)	766	838	805	803	-2	37	-35
Operating income	849	759	778	789	11	-60	30
Non-operating income and loss	-243	-144	-163	-169	-5	74	-24
Ordinary income	606	614	615	620	5	14	5
Corporate tax, etc.	0	0	1	0	-1	0	0
Net income	605	613	614	619	5	14	6

■ Distributions(Note)

	(yen)						
Distribution per unit (Not including distribution in excess of earnings)・・・①	2,138	2,169	2,170	2,191	21	53	22
Distribution in excess of earnings per unit・・・②	507	501	500	484	-16	-23	-17
Total distribution per unit ・・・① + ②	2,645	2,670	2,670	2,675	5	30	5

(Note1) Calculated with the number of investment units issued at 283,000 for 4th and 5th period.

(Note2) For more details, please refer to "Change in forecast actual forecast" on page 37.

Vs. 4th fiscal period actual results

Operating revenue was 1,834 million yen (-5 million yen from the previous fiscal period) due to the decrease in revenues from rents including common area expenses, key money and renewal fees. On the other hand, operating income was 789 million yen (+30 million yen from the previous fiscal period) as a result of the decrease in operating expenses due to the decrease in repair expenses, leasing promotion expenses and general and administrative expenses. However, non-operating expenses increased with partial refinancing of existing borrowings and ordinary income stood at 620 million yen (+5 million yen from the previous fiscal period) and net income at 619 million yen (+6 million yen from the previous fiscal period).

Vs. 5th fiscal period forecast

(+ indicates increase factors, - indicates decrease factors))

- Increase in operating revenue +8 million yen
 - Decrease in revenues from rents including common area expenses -6 million yen
 - Increase in other revenues from rental business +11 million yen
 - Increase in income from silent partnership distribution +5 million yen
- Decrease in operating expenses +2 million yen
 - Decrease in leasing promotion expenses +4 million yen
 - Increase in restoration income -6 million yen
- Increase in non-operating income and loss -5 million yen
 - Decrease in interest expenses +2 million yen
 - Increase in borrowing related expenses -7 million yen

[Average occupancy rate]

Forecast : 95.5% Actual : 96.2%

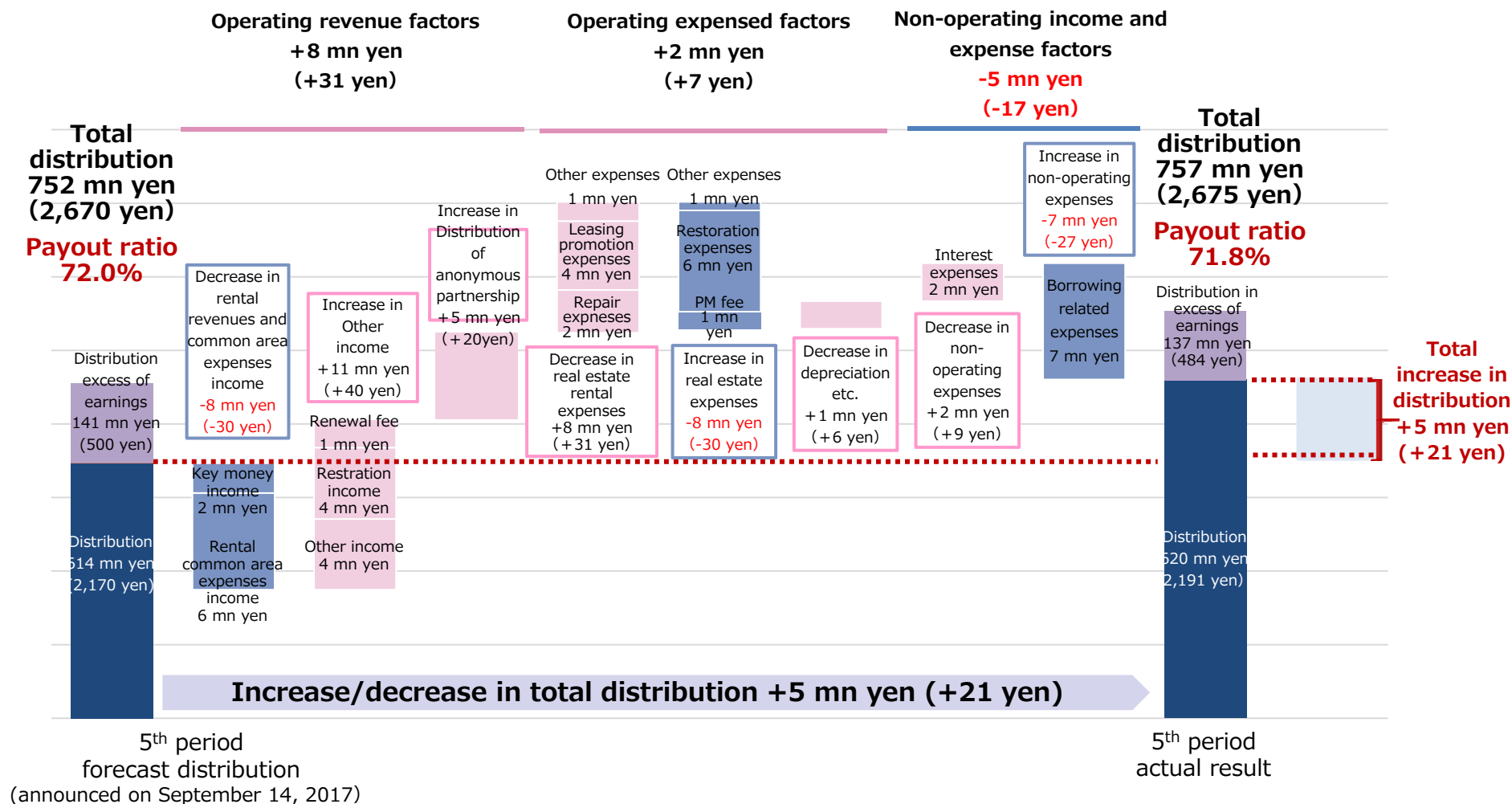
[Capital expenditures] [Payout ratio]

Forecast : 68 million yen Forecast : 72.0%
Actual : 62 million yen Actual : 71.8%

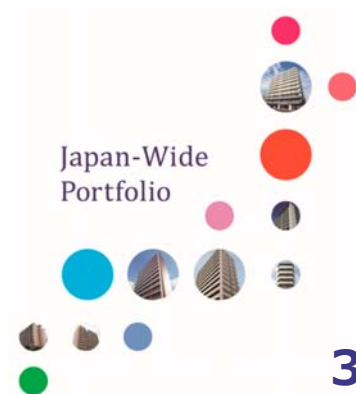
Summary of Income Statement for 5th Fiscal Period

Comparison of Forecasted Distribution with Actual Result

Comparison of forecast and actual results for 5th fiscal period



(Note) The above figures are rounded down to the nearest whole number.



3. Managing Results

Management Summary



External Growth	<ul style="list-style-type: none"> Samty Residential will continue to aim for expansion of asset size by utilizing warehousing in cooperation with the bridge fund and sponsor ⇒Acquired new properties worth 29.9 billion yen (33 properties). Asset size expanded to 81.5 billion yen (82 properties) and stability increased with the progress in the dispersion of portfolio
Internal Growth	<ul style="list-style-type: none"> Samty Residential implemented appropriate management based on the property/location features of owned properties to realize stable occupancy rates and rent unit prices. Samty Residential promoted to materialize potential earning capabilities of properties through various measures including enhancement of usability and reduction of costs. Samty Residential acquired DBJ Green Building certification as part of its environmental and social efforts.
Financial Strategy	<ul style="list-style-type: none"> Samty Residential intends to diversify its fund procurement methods by conducting capital increase through third-party allotment with Samty Co., Ltd. and Daiwa Securities Group Inc. as the allottees and issuing investment corporation bonds. Samty Residential conducted partial refinancing of long-term loans (2,500 million yen) and early repayment of short-term loans (200 million yen) Samty Residential developed a solid financial base by diversifying repayment dates of and fixing the interest rates of interest-bearing liabilities, etc.

Portfolio highlights

	End of 1st period (January 31, 2016)	End of 2nd period (July 31, 2016)	End of 3rd period (January 31, 2017)	End of 4th period (July 31, 2017)	End of 5th period (January 31, 2018)	After the capital increase through third-party allotment (after purchased 33 properties)
No. of properties	29 properties	29 properties	49 properties	49 properties	49 properties	82 properties
Total acquisition price	30,962 million yen	30,962 million yen	51,551 million yen	51,551 million yen	51,551 million yen	81,515 million yen
Appraisal value	32,434 million yen	32,975 million yen	55,693 million yen	56,490 million yen	56,658 million yen	87,626 million yen
Appraisal NOI yield	5.6%	5.6%	5.6%	5.6%	5.6%	5.5%
NAV per unit ^(Note1)	96,983 yen	101,151 yen	97,779 yen	101,449 yen	102,854 yen	94,954 yen
Average building age	7.6 year	8.1 year	7.9年	8.4 year	8.9 year	8.5 year
Occupancy rate	95.2%	95.4%	97.5%	95.6%	96.5%	96.2% ^(Note2)
No. of rentable units	2,345 units	2,345 units	3,754 units	3,754 units	3,754 units	5,920 units

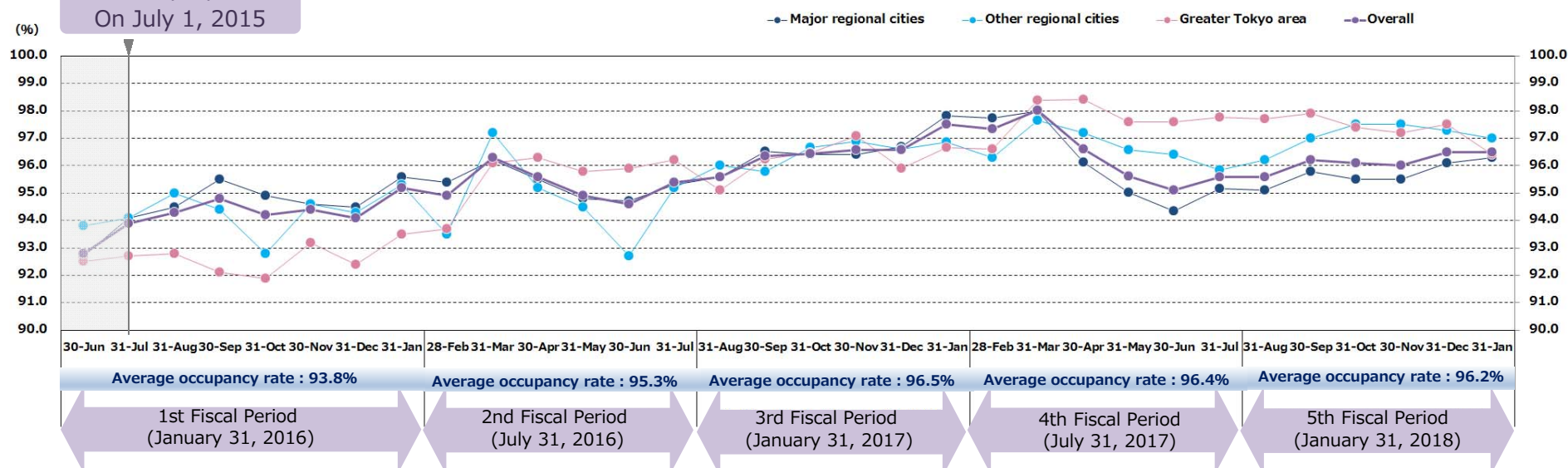
(Note 1) Calculated by: Unitholders' capital + Unrealized gain/loss (Appraisal value – Book value) / Number of investment units issued

(Note 2) Occupancy rate after the capital increase through third-party allotment is based on the figures as of the end of January 2018 for the existing 49 properties and the figures as of the end of October 2017 for the 33 properties newly acquired on February 1 and March 1, 2018. It is assumed that the fixed rent master lease agreement concluded with J.S.B. Co., Ltd. and Samty Residential Investment Corporation on February 1, 2018 for S-FORT Oita Otemachi and the lease agreement concluded with Mininet, Inc. and Samty Co., Ltd. on March 1, 2018 for S-FORT Osu Kannon existed as of the end of October 2017.

Changes in the Occupancy Rates by Area

Occupancy rate for the entire portfolio has risen 3.7 point from the time of IPO. Currently it stably keeps over 96%.

Began management
with 28 properties
On July 1, 2015



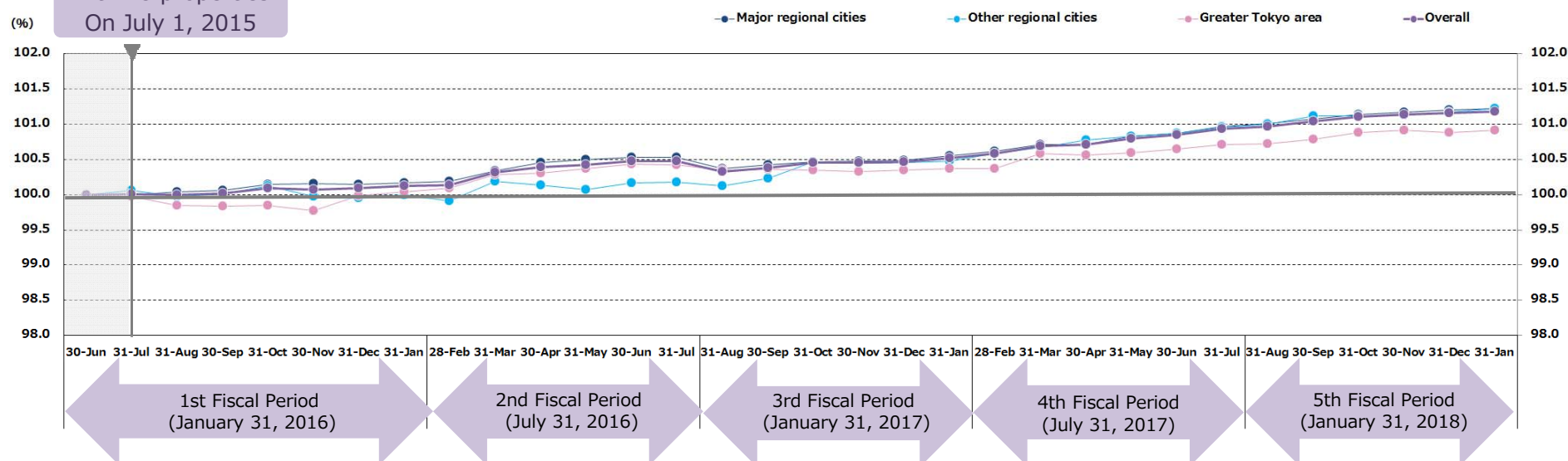
Occupancy rate (%)	1st Fiscal Period (January 31, 2016)		2nd Fiscal Period (July 31, 2016)	3rd Fiscal Period (January 31, 2017)	4th Fiscal Period (July 31, 2017)						5th Fiscal Period (January 31, 2018)					
	30-Jun	31-Jan	31-Jul	31-Jan	28-Feb	31-Mar	30-Apr	31-May	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	31-Dec	31-Jan
Major regional cities	92.7	95.6	95.3	97.8	97.7	98.0	96.1	95.0	94.4	95.2	95.1	95.8	95.5	95.5	96.1	96.3
Other regional cities	93.8	95.3	95.2	96.9	96.3	97.6	97.2	96.6	96.4	95.8	96.2	97.0	97.5	97.5	97.3	97.0
Greater Tokyo area	92.5	93.5	96.2	96.7	96.6	98.4	98.4	97.6	97.6	97.8	97.7	97.9	97.4	97.2	97.5	96.4
Overall	92.8	95.2	95.4	97.5	97.3	98.0	96.6	95.6	95.1	95.6	95.6	96.2	96.1	96.0	96.5	96.5

(Note) Occupancy rates shows the ratio of total leased floor space to total rentable floor space as of each month end for each property, rounded off to one decimal place.
 Occupancy rates from end of April 2015 to end of August 2015 excluding recently completed S-FORT Tsurumai marks and S-FORT Shonan Hiratsuka as well as S-FORT Gakuenmae which was acquired on October 1, 2015.
 The Occupancy rate for end of September 2015 includes S-FORT Tsurumai marks and S-FORT Shonan Hiratsuka, but excludes S-FORT Gakuenmae which had not been acquired.
 The occupancy rate for end of July does not include the 20 properties acquired in August 2016.
 The occupancy rate for end of August 2016 excludes recently completed S-FORT Tsurumai cube.

Changes in unit rent after adjustment

Unit rent after adjustment of the entire portfolio remained stable, maintaining earning potential of the portfolio

Began management
with 28 properties
On July 1, 2015



Rent unit price after adjustment End of June 2015 = 100	1st Fiscal Period (January 31, 2016)		2nd Fiscal Period (July 31, 2016)	3rd Fiscal Period (January 31, 2017)	4th Fiscal Period (July 31, 2017)						5th Fiscal Period (January 31, 2018)					
	30-Jun	31-Jan	31-Jul	31-Jan	28-Feb	31-Mar	30-Apr	31-May	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	31-Dec	31-Jan
Major regional cities	100.0	100.2	100.5	100.6	100.6	100.7	100.7	100.8	100.9	101.0	101.0	101.1	101.1	101.2	101.2	101.2
Other regional cities	100.0	100.0	100.2	100.5	100.6	100.7	100.8	100.8	100.9	101.0	101.0	101.1	101.1	101.1	101.2	101.2
Greater Tokyo area	100.0	100.1	100.4	100.4	100.4	100.6	100.6	100.6	100.7	100.7	100.7	100.8	100.9	100.9	100.9	100.9
Overall	100.0	100.1	100.5	100.5	100.6	100.7	100.7	100.8	100.9	100.9	101.0	101.1	101.1	101.1	101.2	101.2

(Note) Unit rent after adjustment is calculated using the following formula with the assumed contract period of 4 years.

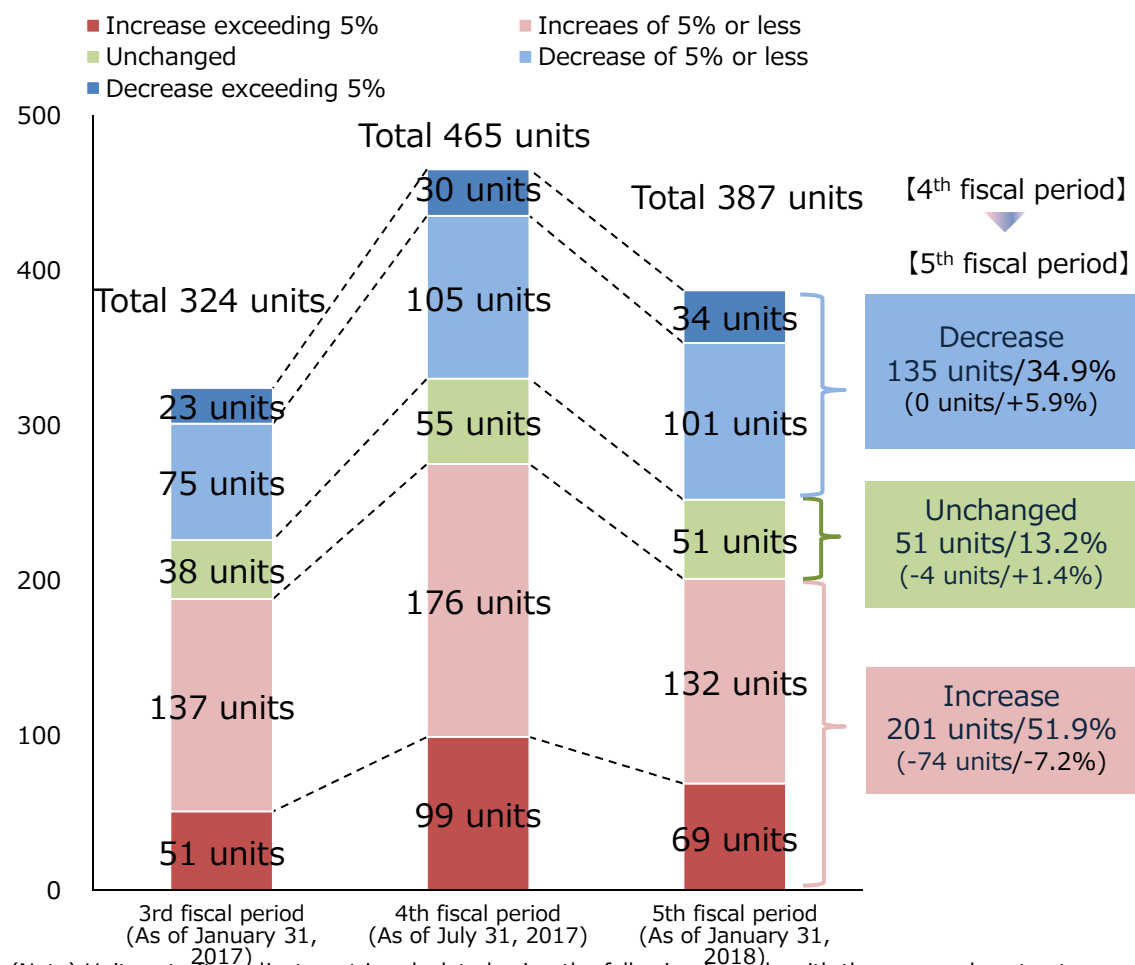
Unit rent after adjustment = {Monthly rent revenue + (Key money revenue ÷ Assumed contract period)} ÷ Contracted area

Unit rent after adjustment for each area was calculated through simple averaging of unit rent after adjustment of each property in accordance with the number of properties in the relevant area in the past presentation materials. However, starting in the current fiscal period, such is calculated through weighted averaging of unit rent after adjustment of each property in accordance with the contracted area ratio of each property in the relevant area.

Increase or Decrease of Unit Rent after adjustment at the time of Tenant Replacement

The ratio of increase of unit rent after adjustment at the time of tenant replacement is 51.9%

- Increase or decrease of unit rent after adjustment at the time of tenant replacement (Note)
(No. of units / Composition ratio)



(Note) Unit rent after adjustment is calculated using the following formula with the assumed contract period of 4 years.

Unit rent after adjustment = {Monthly rent revenue + (Key money revenue ÷ Assumed contract period)} ÷ Contracted area

4th fiscal period to 5th fiscal period

[Increase factors]

- Number of tenant replacements decreased from the 4th fiscal period as the peak season ended
- Worked to increase rents by expanding furniture/home appliances rentals and free internet service
- Continue to promote the acquisition of key money upon replacement as part of sales strategy

5th fiscal period

[Breakdown of increased cases/total number of increased cases]

- | | |
|---|----------|
| (1) Increase due to negotiation | 46 cases |
| (2) Increase due to installation of furniture/home appliances | 10 cases |
| (3) Increase due to acquiring more key money than the previous tenant | 87 cases |
| (4) Increase due to elimination of rent gap | 7 cases |
| (5) Other (internet service, capital investment, etc.) | 59 cases |

3rd fiscal period to 5th fiscal period

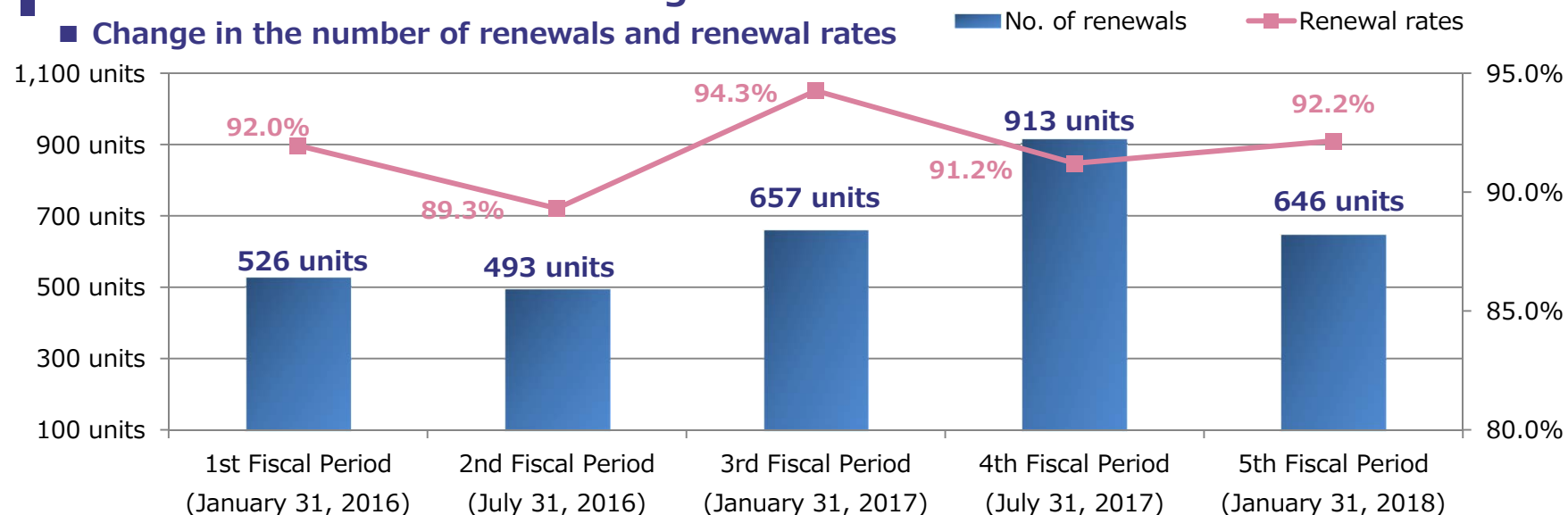
[Decrease factors]

- | | |
|---|----------|
| (1) Decrease due to elimination of rent gap | 97 cases |
| (2) Decrease due to not receiving key money (unit rent, excluding key money has risen as for 22 properties) | 79 cases |

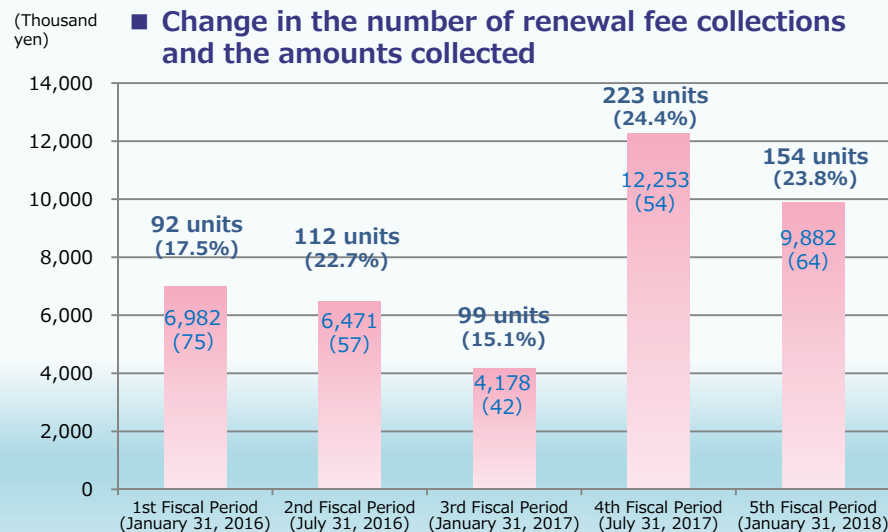
Change in Renewal Status/Collection of Key Money of Owned Properties

Renewal rate remained at a high level of around 90%

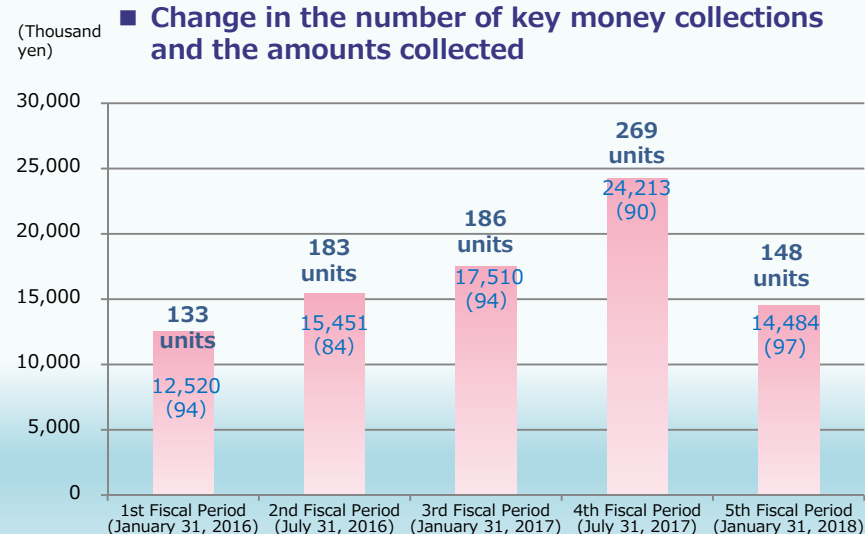
Change in the number of renewals and renewal rates



Change in the number of renewal fee collections and the amounts collected



Change in the number of key money collections and the amounts collected



Future measures for internal growth

Current status and measures of properties with low occupancy

Property name	Occupancy rate as of the end of January	Occupancy rate as of the end of February	Cause of low occupancy	Target of occupancy rate	Improvement measures	Schedule for achieving goal
S-FORT Shin Osaka ravir	89.8%	87.8%	-Excessive supply of new properties in the Shin-Osaka area -Having the same rent level and building age as other new properties -Undergoing complicated procedures (viewings, acceptance of application, examination, cancellation procedures, etc.) between the former PM company and brokerage company	92.0%	-Increasing name recognition of the property by holding a viewing event and informing the change of PM company -Appealing the efficiency and improvement of various procedures, etc. to brokers	Until the end of April
S-FORT Shizuoka Hondori	85.7%	85.7%	-Undergoing complicated procedures (viewings, acceptance of application, examination, cancellation procedures, etc.) between the former PM company and former local sub PM company	92.9%	-Appealing the efficiency, improvement of various procedures etc. and the cooperation between PM company and local sub PM company to brokers.	Until the end of May
S-FORT Tsurumai cube	89.0%	86.2%	-Delay in lease up of vacancy due to limited demand for two vacant rooms with three bedrooms (equivalent to 80 m2 with occupancy rate of 5.49%)	94.4%	-Contacting luxury rental apartment brokers and professional vendors of multinational tenants -Utilizing various media such as publishing property information on magazines for foreigners	Until the end of April
S-FORT Nakajima Koen	85.6%	86.6%	-Increase in the number of cancellations in August 2017 and onward and delay in lease up of vacancies in family-type units accounting for half of the properties whose lease contracts were cancelled	93.5%	-Taking in relocation needs of neighboring residents through posting, etc. -Conducting a campaign limited to brokers with records of recently concluding contracts with customers	Until the end of April
S-FORT Kurumami chi	79.8%	84.7%	-Simultaneous cancellation of a four-bedroom residence owned by the previous owner of the property on the top floor (equivalent to 124 m2 with occupancy rate of 10.29%) and other units	97.1%	-Renovating vacant units on the top floor →Changing to a Japanese modern taste by removing the wall and adopting Ryukyu tatami	Until the end of April

(Note) PM company refers to property management company (management company of properties)

Target of future initiatives on newly acquired properties

- Capital investment intending to enhance usability ⇒ Installation of delivery box and enhancement of security
- Investment for enhancing the value of properties ⇒ Installation of free internet facility and concept room
- Investment for saving costs and energy ⇒ Adopting LED lighting, introduction of electronic breaker and change of electricity company

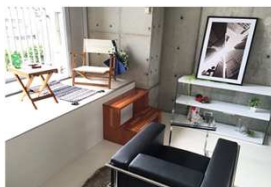
Initiatives by Samty Residential

Initiatives for increasing earnings

- Proposed ideas for the interior in line with the characteristics of each property using furniture from major furniture brands and set up model units



Major furniture and interior brands in Japan and abroad



Occupancy rate and vacancy period after the move-out of tenants improved significantly

- Increased the number of car sharing space and bike parking space and introduced coin-operated parking lots

Expanding services for tenants by introducing car sharing at properties in central Tokyo and properties with many tenants who do not own cars such as those in their 20's or 30's.
Enhancing profitability by changing monthly parking lots with low occupancy to coin-operated parking lots.



- Reinforced competitiveness by renovating kitchen facilities
- Renovated modular bathrooms

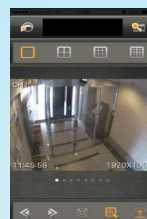


Initiatives for cost reduction

- ▶ Reducing utilities expenses by introducing LED lighting
- ▶ Reducing utilities expenses by changing electricity and gas suppliers and reviewing contract details of water services
- ▶ Reducing management expenses by reviewing the contract concluded with BM (building management company)
- ▶ Reducing the amount of fuel usage by introducing snow-melting system

Initiatives for enhancing usability

- Installation of delivery boxes
Aiming to introduce delivery boxes at all buildings. Intending to sequentially replace dial-key delivery boxes with electronic-key delivery boxes



- Installation of security camera and intercom
Aiming to introduce security cameras at all buildings like delivery boxes.
Introducing remote monitoring system using PC/mobile phones at some properties

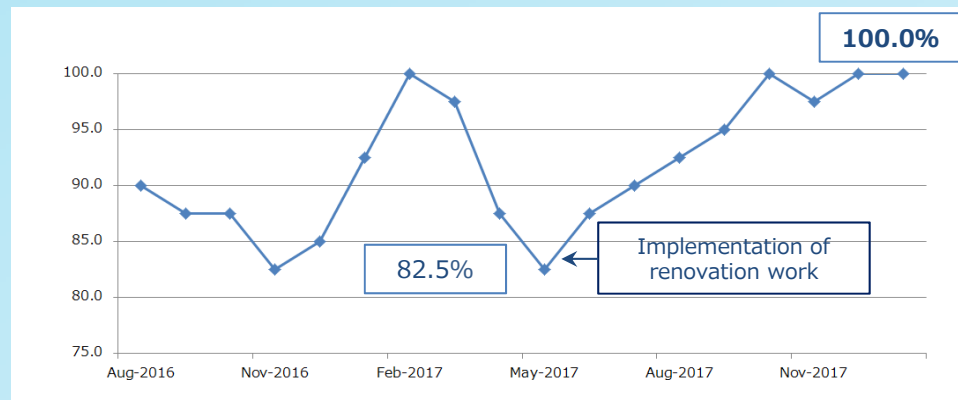
▶ Status of installation (existing 49 properties)

Delivery box	Security camera	Intercom
48 properties	48 properties	49 properties

Measures for increasing usability and earnings of tenants

Provision of safe, secure and comfortable living environment to tenants, renovation for the enhancement of property value and setting up of model units

A-21 S-FORT Kamiotai

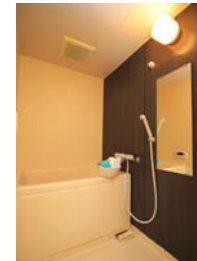


Renovation of living room and setting

Aiming to unify the specifications of each living room by considering and implementing renovation plans for each living room

- Renovation of bathroom (exchanging bathtub and adding reheating functions)
- Renovation of closet in living room
- Installation of toilet seat with bidet functions, etc.

■ Setting up model units in some living rooms after renovation. Intends to enhance leasing capability



Renovation of entrance approach, installation of gate at parking lot and relocation of parking lot and bicycle parking area



Reviewing the foot traffic of tenants by creating an entrance approach



Renovated the gate door to prevent the entry of outsiders. Improved the sense of beauty by establishing a flowerbed

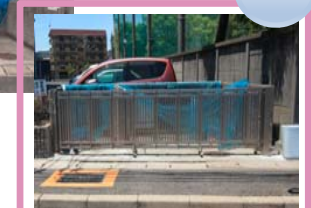


Intending to enhance security by renovating the aged gate



Renovation of the garbage disposal area

Preventing illegal dumping of garbage by non-residents in addition to the improvement of sense of beauty through renovation



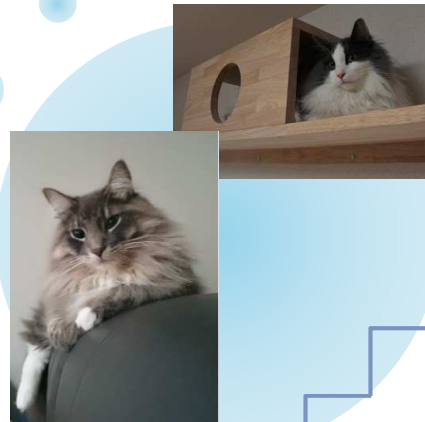
Measures for increasing usability and earnings of tenants and reducing costs

Leasing plan and cost reduction through the proposal of residential space compatible with various needs of tenants

C-07 S-FORT Nishifunabashi

■ Setting up rooms in accordance with the recent lifestyle

Intending to attract tenants wishing to live together with pets by installing a facility for cats



■ Introduction of Sony's multifunctional lighting

Providing a more comfortable residential environment by introducing devices with functions friendly to both residents and pets



【Linkage of wireless LAN and smartphone】

- Adjusting the temperature and humidity of air conditioner and controlling the light and TV from the living room and outside the house
- Playing uploaded music in smartphones with a built-in speaker
- Timer function of home appliances, etc.

■ Introducing and installing vending machines with a logo of Samty Residential at several properties

Aiming to enhance name recognition of Samty Residential and the property by advertising to residents and neighbors



■ Intending to collaborate within Samty Group when conducting large-scale renovation for S-FORT Maihama

Conducting optimum renovation for each property in cooperation with Samty Property Management Co., Ltd. Also becomes possible to gain an advantage over other companies in costs

➢ Regularly conducting renovation of the common areas to maintain a safe and secure residential environment for residents

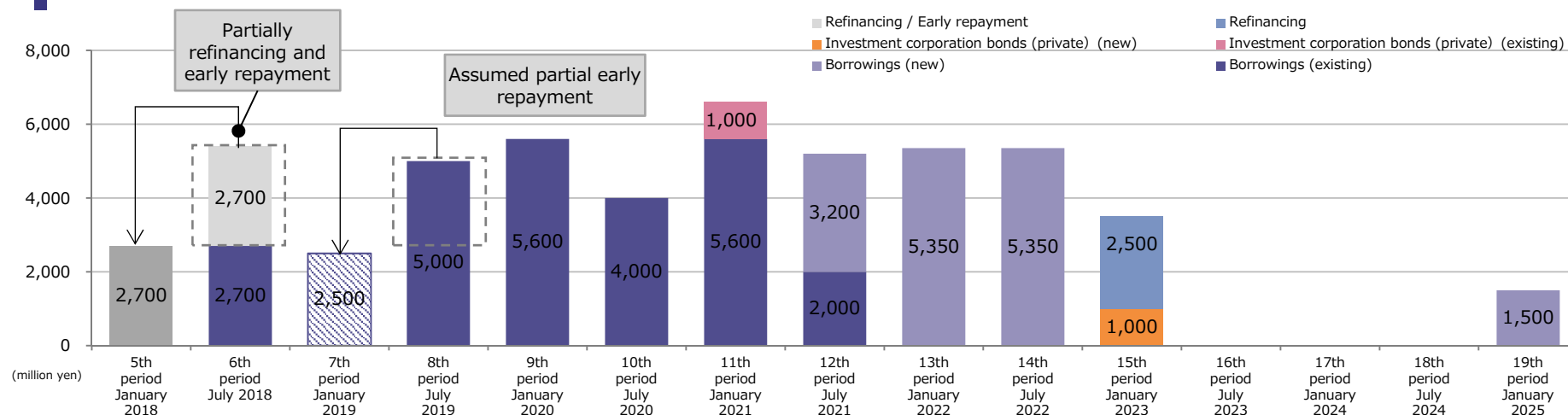


Financial highlight

Change in Financial status

	<u>End of 1st period</u> (January 31, 2016)	<u>End of 2nd period</u> (July 31, 2016)	<u>After 1st PO</u> (August 2, 2017)	<u>End of 3rd period</u> (January 31, 2017)	<u>End of 4th period</u> (July 31, 2017)	<u>End of 5th period</u> (January 31, 2018)	<u>Most recent date</u> (March 1, 2018)
Total interest-bearing debt	<u>17.1 billion yen</u>	<u>17.0 billion yen</u>	<u>29.2 billion yen</u>	<u>28.7 billion yen</u>	<u>28.6 billion yen</u>	<u>28.4 billion yen</u>	<u>44.8 billion yen</u>
Average remaining borrowing period	<u>3.4 years</u>	<u>3.0 years</u>	<u>3.2 years</u>	<u>2.7 years</u>	<u>2.3 years</u>	<u>2.2 years</u>	<u>3.0 years</u>
Ratio of long-term debt	<u>93.2%</u>	<u>94.1%</u>	<u>96.5%</u>	<u>98.1%</u>	<u>81.1%</u>	<u>90.5%</u>	<u>94.0%</u>
Ratio of fixed debt	<u>– %</u>	<u>– %</u>	<u>17.8%</u>	<u>18.1%</u>	<u>18.2%</u>	<u>18.3%</u>	<u>29.1%</u>
Total asset based LTV	<u>50.6%</u>	<u>50.6%</u>	<u>52.5%</u> (Note)	<u>51.5%</u>	<u>51.5%</u>	<u>51.4%</u>	<u>51.5%</u>

Status of Maturity ladder

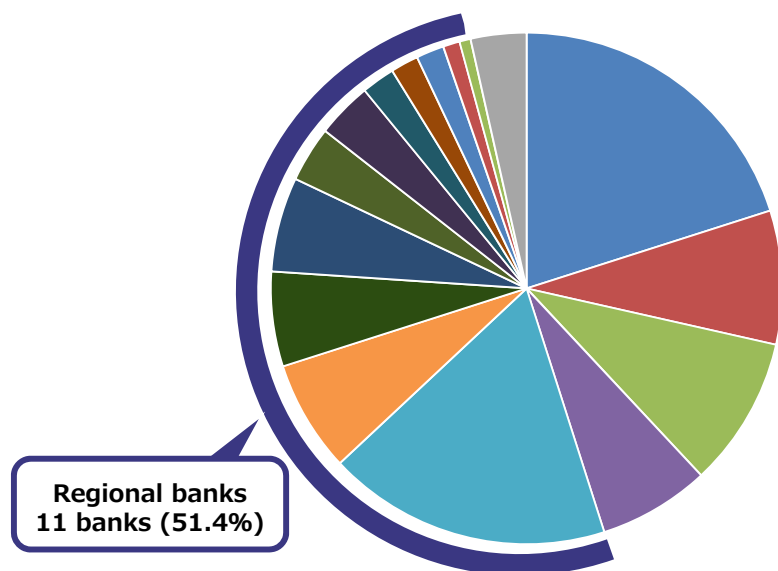


(Note) The total based LTV at the time of most recent date is the forecast, calculated by dividing interest-bearing debt by total assets (the amount obtained by adding the total acquisition of the 33 properties newly acquired on February 1, 2018 and March 1, 2018, including the incidental expenses and consumption taxes to the total assets at the end of 5th fiscal period.)

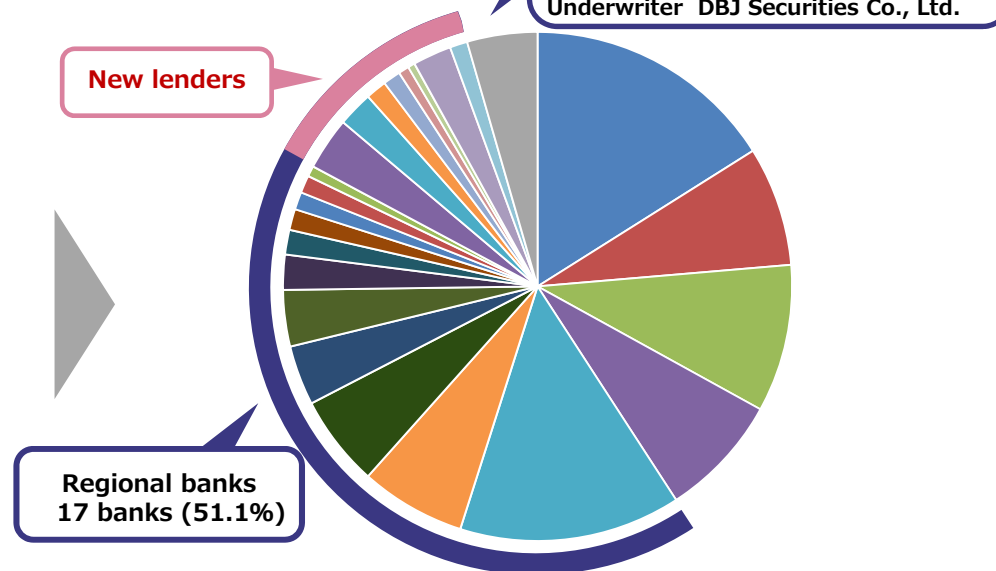
Financial highlight

Change in Financial status

(January 31, 2018)



(February 1, 2018)



(million yen)

	Financial institution	Interest-bearing debt	Ratio
City banks	SMBC	7,193	16.1%
	Resona Bank	3,400	7.6%
Major banks	Aozora Bank	4,200	9.4%
	Shinsei Bank	3,500	7.8%
Regional banks	The Bank of fukuoka	6,306	14.1%
	The kagawa Bank	3,000	6.7%
	Shinwa Bank	2,600	5.8%
	The Tokyo Star Bank	1,700	3.8%

	Financial institution	Interest-bearing debt	Ratio
Regional banks	Kumamoto Bank	1,600	3.6%
	The Bank of Saga	1,000	2.2%
	The Mie Bank	700	1.6%
	Hiroshima Bank	600	1.3%
	Shizuoka Bank	500	1.1%
	Oita Bank	500	1.1%
	The Chiba Bank	300	0.7%
	The Higo Bank	1,500	3.3%

	Financial institution	Interest-bearing debt	Ratio
Regional banks	The Hyakugo Bank	1,000	2.2%
	The Tochigi Bank	600	1.3%
	The Minato Bank	500	1.1%
	The Kagoshima Bank	300	0.7%
	The Ashikaga Bank	200	0.4%
	Fukoku Mutual Life	1,100	2.5%
	The Dai-ichi Life	500	1.1%
	Investment corporation bonds	2,000	4.5%

(Note) The light red is new borrower.

Appraisal Value Status

Summary of Appraisal Value

	Appraisal value (million yen)			Book value end of 5th period (million yen)	Unrealized gain (million yen)
	4th period	5th period	increase/decrease		
Major regional cities	38,252	38,363	111	35,789	2,574
Other regional cities	8,402	8,431	29	8,030	401
Greater Tokyo area	9,836	9,864	28	9,238	626
Total	56,490	56,658	168	53,057	3,601

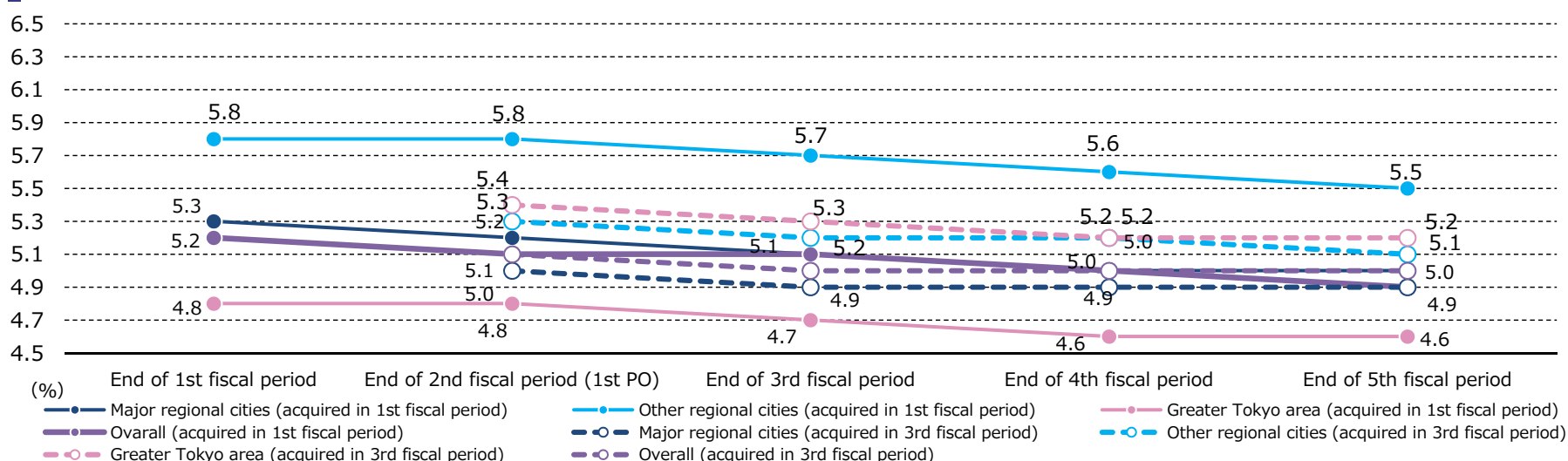
Appraisal Value Status and Cap Rate Status

■ Change in appraisal value and Cap Rate at the 5th period

	No. of properties	
	Compared to end of 4th period	
	Change in Appraisal Value	Change in Cap Rate
Upward	25	1 ^(Note)
Unchanged	24	37
Downward	0	11

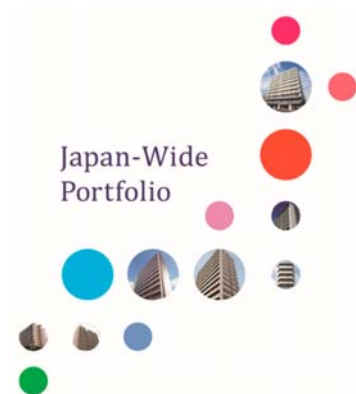
(Note) A-07 S-FORT Fukuoka Koen: 0.1% compared to 4th period. Cap Rate has increased by considering the building age.

Change in Cap Rate of properties acquired in the 1st and 3rd fiscal period.



(Note) Cap Rate is rounded off to one decimal place.

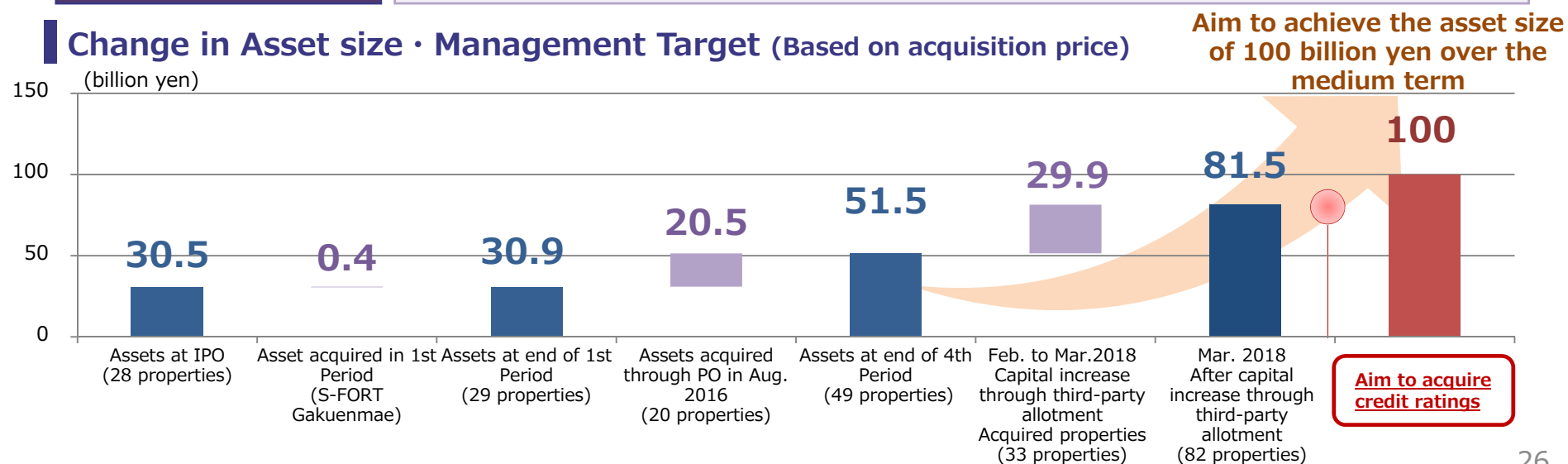
(Note) Cap Rate at the end of 2nd period for properties acquired through 3rd fiscal period was the figure for newly acquired 20 properties in August 2016 based on the appraisal report with May 1, 2016 as the valuation date.



4. Future Growth Strategy

Growth Strategy · Managed Target

External growth strategy	<ol style="list-style-type: none"> Expand the asset size and enhance the quality of the portfolio through continuous acquisitions of the “S-RESIDENCE” properties developed by the sponsor Acquire properties through sponsor support – Utilize the warehousing function Acquire properties by taking advantage of the proprietary channels of the asset management company Implement the differentiated portfolio development policy
Internal growth strategy	<ol style="list-style-type: none"> Enhance the asset value and rate of return through reviewing existing facilities and other measures Reduce operating costs Reinforce property competitiveness and enhance usability of residents by introducing new facilities/equipment Stabilize earnings by utilizing sublease agreement
Financial strategy	<ol style="list-style-type: none"> Lengthen borrowing periods and reduce cost of debt Expand the bank formation Acquire credit ratings at an early stage



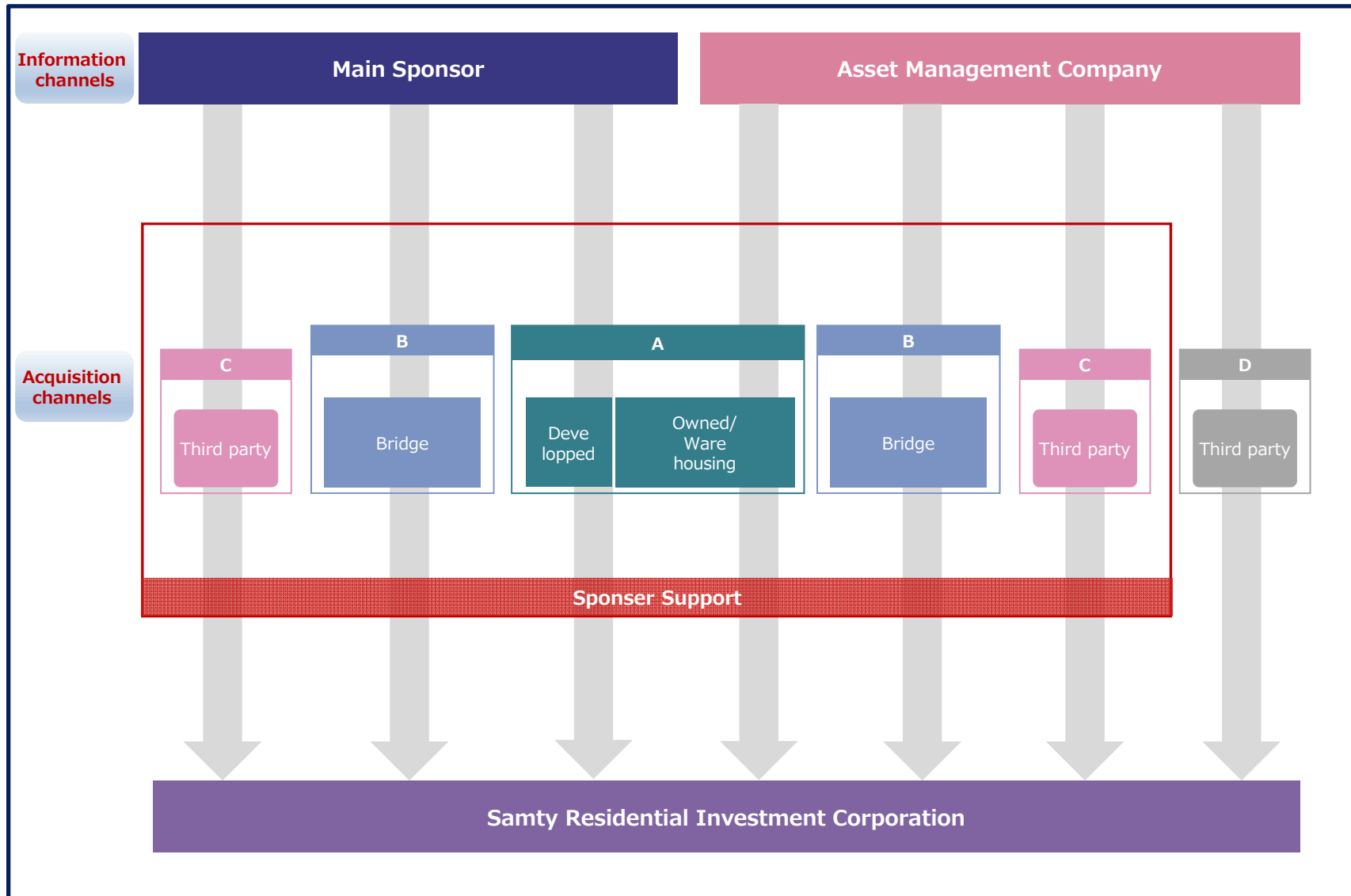
Investment policy

Secured stable earnings by continuously investing in properties close to medical institutions or educational facilities such as universities and by adopting the fixed rent master lease (ML).

		Owned properties	New properties acquired on February 1, 2018	
		Close to universities	Close to universities and medical institutions	Close to medical institutions
Major regional cities	<div>S-FORT Katahira</div> <div>S-FORT Gakuenmae</div> <div>S-FORT Toyohira Sanjyo</div>	<div>S-FORT Fukuoka Kencho Mae</div> <div>S-FORT Tsurumai cube</div> <div>S-FORT Tsurumicho</div> <div>S-FORT Hokudai mae</div> <div>S-FORT Tsurumai reale</div> <div>S-FORT Aoba Kamisugi</div> <div>Fixed-rent ML</div> <div>S-FORT Chion-inmae</div> <div>S-FORT Kitamaruyama</div>	<div>S-FORT Rokuban-cho</div> <div>S-RESIDENCE Kobe Motomachi</div>	
Other regional cities	<div>Fixed-rent ML</div> <div>S-FORT Saga Honjo</div> <div>S-FORT Nishinomiya Uegahara</div>	<div>Fixed-rent ML</div> <div>S-FORT Saga Idaimae</div> <div>S-FORT Suizenji</div> <div>S-FORT Mie Daigaku-mae</div> <div>S-FORT Kumadaibyoin-mae</div> <div>S-FORT Kumamoto Senba</div>	<div>Fixed-rent ML</div> <div>S-FORT Oita Ekimae</div> <div>S-FORT Takasagomachi</div> <div>S-FORT Nishinomiya</div>	
Greater Tokyo area	<div>S-FORT Ichikawa</div> <div>S-FORT Tamagawa Gakuen mae</div> <div>Fixed-rent ML</div> <div>S-FORT Hoya</div> <div>S-FORT Kashiwa</div>	<div>S-FORT Noborito</div> <div>S-FORT Sagamihara</div>	<div>S-RESIDENCE Yokosuka Chuo</div>	

External growth strategy (Utilization of abundant information/acquisition channels)

Status of information and acquisition channels



External growth strategy

Status of pipeline

A	[Developed]	Property Name	Location	No. of units	(Scheduled) Completion date	Area
		① S-RESIDENCE Tsurumai	Naka-ku, Nagoya City	109 units	2017	Major regional cities
		② S-RESIDENCE Shin-Osaka Garden(Kikawa Higashi 4)	Yodogawa-ku, Osaka	177 units	2018	Major regional cities
		③ S-RESIDENCE Shin-Osaka Luna(Kikawa Higashi2)	Yodogawa-ku, Osaka	90 units	2018	Major regional cities
		④ S-RESIDENCE Shin-Lsaka Ridente (Nishimiyahara 2 II)	Yodogawa-ku, Osaka	90 units	2018	Major regional cities
		⑤ S-RESIDENCE Higashi-ku Aoi 2 cho-me	Higashi-ku, Nagoya City	95 units	2018	Major regional cities
		⑥ S-RESIDENCE Shiga Hondouri	Kita-ku, Nagoya City	88 units	2018	Major regional cities
		⑦ S-RESIDENCE Chigusa-ku Uchiyama 3 cho-me	Chigusa-ku, Nagoya City	44 units	2018	Major regional cities
		⑧ S-RESIDENCE Kita-ku Nishitemma 3 cho-me	Kita-ku, Osaka City	138 units	2019	Major regional cities
		⑨ S-RESIDENCE Hongo 3 cho-me	Meito-ku, Nagoya City	77 units	2019	Major regional cities
		⑩ S-RESIDENCE Esaka-cho 1 cho-me II	Suita City, Osaka	153 units	2019	Other regional cities
		⑪ S-RESIDENCE Kawasaki Kaizuka	Kawasaki-ku, Kawasaki City	43 units	2017	Greater Tokyo area
		⑫ S-RESIDENCE Minamiyawata 5 cho-me	Ichikawa-City, Chiba	100 units	2018	Greater Tokyo area
		⑬ S-RESIDENCE Matsudo-shi Honcho	Matsudo City, Chiba	52 units	2018	Greater Tokyo area
		⑭ Samty Noborimachi	Naka-ku, Hiroshima City	60 units	2008	Major regional cities
		⑮ Samty Oori Koen	Chuo-ku, Fukuoka City	50 units	1998	Major regional cities
	[Owned · Warehousing]	Total 15 properties		1,366 units		

Properties owned by a third party, considered for acquisition

C	[Third party's properties which concluded sales contract by sponsor]	Property Name	Location	No. of units	(Scheduled) Completion date	Area
		① Niigata Chuo-ku PJ	Chuo-ku, Niigata City	83 units	2018	Other regional cities
		Total 1 properties		83 units		

Examples of properties, developed/managed by main sponsor

[Hotel]

■ Center Hotel Tokyo
Nihonbashi, Chuo-ku,
Tokyo



■ Center Hotel Osaka
Kitahama, Chuo-ku,
Osaka



■ S-PERIA
Hotel Hakata
Hakata-ku,
Fukuoka City



■ S-PERIA
Hotel Nagasaki
Nagasaki City,
Nagasaki



■ Samty Nihonbashi
Nakasu PJ
Chuo-ku, Tokyo



■ Chuo-ku,
Sapporo City
No. of units: 22 units



■ Chigusa-ku,
Nagoya City
No. of units: 35 units



■ Kagoshima City,
Kagoshima
No. of units : 64 units




[Rental Properties]


(Note) Acquisition of any properties described on this page has not been decided as of the date of this document.

External growth strategy (Acquired on February/March 2018)

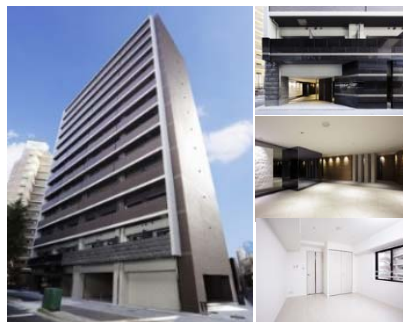
List of properties

Major regional cities

 Close to universities

 Close to medical institution

S-RESIDENCE Midoribashi SF



Location	Higashinari-ku, Osaka
Completion date	Oct-16
Number of rentable units	148 units
Appraisal value	1,950 million yen
Access	Approx. 2-minute walk from Midoribashi Station on the Chuo Line and Imazatosuji Line of Osaka

	No. of properties	No. of units
Major regional cities	13 properties	771 units
Other regional cities	11 properties	902 units
Greater Tokyo area	9 properties	493 units
Total	33 properties	2,166 units

S-FORT Tsurumai reale



S-FORT Osu Kannon



S-FORT Kita-Sanno



S-FORT Aratamabashi



Location	Showa-ku, Nagoya-shi	Naka-ku, Nagoya-shi	Nakagawa-ku, Nagoya-shi	Minami-ku, Nagoya-shi
No. of rentable units	56 units	84 units	36 units	29 units
Completion date	Jan-17	Jan-18	Aug-12	Mar-99

S-FORT Toyohira Sanjyo



S-FORT Kitamaruyama



S-FORT Hakata Higashi I



S-FORT Hakata Higashi II

Location	Toyohira-ku, Sapporo-shi	Chuo-ku, Sapporo-shi	Hakata-ku, Fukuoka-shi	Hakata-ku, Fukuoka-shi
No. of rentable units	63 units	49 units	35 units	35 units
Completion date	Mar-08	Oct-07	Feb-18	Feb-03

S-FORT Kobe Sannomiya-Kita



S-FORT Nakahirodori



S-FORT Tsurumicho



S-FORT Aoba Kamisugi




Location	Chuo-ku, Kobe-shi	Nishi-ku, Hiroshima-shi	Naka-ku, Hiroshima-shi	Aoba-ku, Senda-shi
No. of rentable units	45 units	74 units	51 units	66 units
Completion date	Mar-04	Mar-07	Oct-08	Oct-07


External growth strategy (Acquired on February/March 2018)

List of properties

Other regional cities

Greater Tokyo area

 Close to universities

 Close to medical institution

	S-FORT Nishinomiya	 S-FORT Nishinomiya Uegahara	S-FORT Mito Chuo	S-FORT Tsu Shinmachi	  S-FORT Mie Daigaku-mae	 S-FORT Takasagomachi	 S-FORT Oita Ekimae
							
Location	Nishinomiya-shi, Hyogo	Nishinomiya-shi, Hyogo	Mito-shi, Ibaraki	Tsu-shi, Mie	Tsu-shi, Mie	Oita-shi, Oita	Oita-shi, Oita
No. of rentable units	102 units	62 units	80 units	69 units	62 units	92 units	91 units
Completion date	Mar-09	Feb-07	Jan-08	Jan-10	Feb-06	Dec-06	Mar-07
	S-FORT Oita Otemachi	  S-FORT Suizenji	  S-FORT Kumadaibyoin-mae	  S-FORT Kumamoto Senba	 S-FORT Hoya	 S-FORT Tamagawagakuen-mae	S-FORT Tsurukawa
							
Location	Oita-shi, Oita	Kumamoto-shi, Kumamoto	Kumamoto-shi, Kumamoto	Kumamoto-shi, Kumamoto	Nishi-Tokyo-shi, Tokyo	Machida-shi, Tokyo	Machida-shi, Tokyo
No. of rentable units	35 units	119 units	99 units	91 units	60 units	45 units	30 units
Completion date	Jul-16	Jul-06	Feb-06	Jan-18	Mar-07	Feb-08	Mar-02
	 S-RESIDENCE Yokohama Tanmachi	S-FORT Chigasaki	S-FORT Kawaguchi Namiki	S-FORT Todakoen	 S-FORT Funabashi Tsukada	S-FORT Kashiwa	
							
Location	Yokohama-shi, Kanagawa	Chigasaki-shi, Kanagawa	Kawaguchi-shi, Saitama	Toda-shi, Saitama	Funabashi-shi, Chiba	Kashiwa-shi, Chiba	
No. of rentable units	36 units	36 units	70 units	62 units	117 units	37 units	
Completion date	Nov-16	Jan-17	Jul-16	Jan-17	Mar-08	Mar-06	

Initiatives on Sustainability

Obtainment of DBJ Green Building Certification

DBJ Green Building Certification

The DBJ Green Building Certification Program was launched by the Development Bank of Japan (DBJ) in April, 2011 for the purpose of supporting real estate properties with high environmental and social awareness (Green Building).

The program evaluates, certifies and provides support for properties sought by society and the economy in performing comprehensive assessments of properties, while evaluating various factors including communication with stakeholders, disaster prevention and proper care for surrounding communities, in addition to the environmental performance of properties.

Future initiative on sustainability

Recognizing the importance of environmental/social considerations as well as initiatives to enhance tenant satisfaction, Samty Residential and Samty Asset Management aim to further improve unitholder value by promoting such initiatives.

Furthermore, in order to diversify fund procurement methods, we aim to proactively obtain sustainability certifications for properties we own, as well as for other properties we consider acquiring.

A-31 S-FORT Tsurumai reale

Address : 2-9-3 Tsurumai, Showa-ku, Nagoya-shi, Aichi



Building with high environmental and social awareness



Points recognized:

- Providing a convenient residential environment such as being conveniently located near the closest railway station as well as forming an excellent residential environment where residents can also enjoy the natural environment full of greenery such as having Tsurumai Park in the surrounding area.
- Making energy-saving efforts such as adopting LED lights as well as striving to share awareness of disaster prevention such as displaying evacuation routes.

Financial Highlight

Basic Policy

Equity Finance	The issuance of new investment units will be determined based on the financial environment and with consideration given to dilution of unitholder value, following a comprehensive review of the profitability of the managed asset, timing of the acquisition, LTV level, and repayment plan for interest-bearing debt, among other factors.
Debt Finance	Debt financing through execution of borrowings and issuance of investment corporation bonds (including short-term investment corporation bonds) will be carried out with consideration given to the balance between financing flexibility and financial stability.
LTV	LTV levels will be determined with close consideration given to financial capacity. LTV levels will generally be kept between 45% and 55%, while the ceiling will be set at 60%.

Future Action Plans

**Develop new banking relation ship
including regional banks**

**Diversify the source of financing across
Japan as well as geographical
diversification of assets**

**Extend remaining borrowing period with
consideration given to costs**

Diversify repayment dates

Fix interest rates

Acquire credit ratings at an early stage



5. Operating Results and Distribution Information

Management Forecast of the 6th and 7th Fiscal Periods



(million yen)

	5th fiscal period (January 31, 2018)	6th fiscal period Forecast (July 31, 2018)	Difference between 5th FP results and 6th forecast	7th fiscal period Forecast (January 31, 2019)	Difference between 6th FP forecast and 7th forecast
Operating revenue	1,834	2,869	1,034	2,851	-17
Operating income	1,817	2,861	1,044	2,851	-10
Anonymous partnership revenue	17	7	-10	-	-
Operating expenses	1,045	1,474	428	1,565	91
Real estate rental expenses	803	1,184	380	1,179	-4
Miscellaneous rental expenses	254	422	168	420	-2
Taxes and dues	115	115	0	115	0
Depreciation	433	646	212	643	-2
Real Estate rental income	1,013	1,676	663	1,671	-5
Other operating expenses	241	289	48	386	96
Asset management fees	129	128	0	220	92
Other expenses	112	161	48	166	4
Operating income	789	1,395	605	1,285	-109
Non-operating income and loss	-169	-400	-231	-276	124
Ordinary income	620	994	373	1,009	14
Corporate tax, etc.	0	1	0	1	0
Net income	619	993	373	1,008	14

(yen)

Distribution per unit	2,675	2,670	-5	2,700	30
Distribution per unit (Not including distribution in excess of earnings)	2,191	2,175	-16	2,207	32
Distribution in excess of earning per unit	484	495	11	493	-2

(Note) Management forecasts for the 6th and 7th fiscal periods are the figures disclosed in the "Summary of Financial Results for Fiscal Period Ended January 2018" announced on March 15, 2018.

Assumptions for Management Forecast of the 6th and 7th Fiscal Periods

- Calculation period
The 6th fiscal period :
February 1, 2018 to July 31, 2018
The 7th fiscal period :
August 1, 2018 to January 31, 2019
- Asset (No. of acquired properties
as of the date of this document)
The 6th fiscal period : 82 properties
The 7th fiscal period : 82 properties
- Period average month-end occupancy rate
The 6th fiscal period : 95.9%
The 7th fiscal period : 96.2%
- Balance of interest-bearing debt at end of period
The 6th fiscal period : 44,600 million yen
The 7th fiscal period : 44,600 million yen
- No. of outstanding units
(No. of investment units issued and outstanding
as of the date of this document)
The 6th fiscal period : 456,600 units
The 7th fiscal period : 456,600 units
- Capital expenditures (planned amount)
The 6th fiscal period : 68 million yen
The 7th fiscal period : 68 million yen

Difference factors between 5th FP results and 6th forecast

- Real estate rental revenue
Increase in revenue due to the increase in rent and
common area expenses and key money during peak
season in addition to the increase in the number of
properties +1,034 million yen
- Real estate rental expenses
Increase in leasing promotion expenses and other
operating expenses during peak season in addition
to the increase in the number of properties
+380 million yen
- Non-operating income and loss
Increase in borrowing related expenses due to
borrowings, etc. related to the acquisition of new
properties -231 million yen

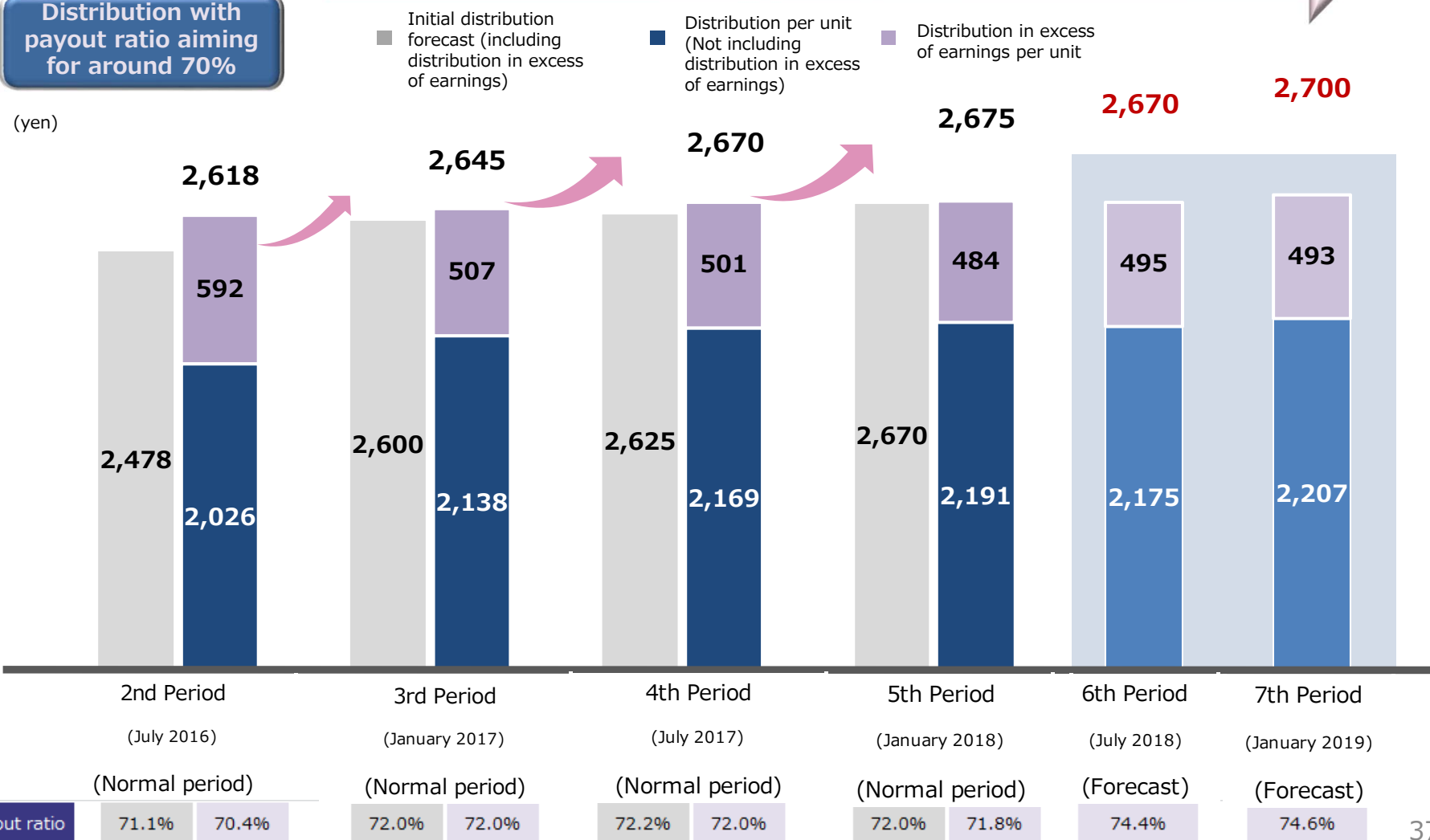
Outlook of Distribution

Continuing to pay stable distribution every fiscal period since listing

■ Distribution policy

Distribution with payout ratio aiming for around 70%

Aim to maintain/improve distribution level



Distribution Policy (1)

- Due to the characteristics of the portfolio, the ratio of depreciation to property acquisition price tends to be large, thus Samty Residential aims to increase fund efficiency through optimal fund allocation and improvement of unitholder value over the medium to long term.
- In regards to the 5th and the 6th Fiscal Period, Samty Residential determined that it is appropriate to conduct distributions in excess of earnings in consideration of the market environment and financial conditions.
- Distribution amounts are determined based on the target payout ratio aiming for 70%.

Cash Management Strategy

Based on the characteristics of the portfolio, Samty Residential will optimally distribute free cash flow after allocating funds to reserves for capital expenditures to maintain the building functions, etc., working capital and such, in accordance with the situations of the time.

Cash will be allocated based on a comprehensive review of the external economic environment, real estate market conditions, and financial condition of Samty Residential

Capital expenditures to maintain the building functions, etc.

Securement of working capital on hand, etc.

Optimally allocate the free cash to each measure listed below after the fund allocation mentioned above

Return to unitholders including distribution in excess of earnings

[1st to 5th fiscal periods]

Distribution in excess of earnings per unit: 645 million yen

Reinforcement of the financial base by reducing interest-bearing liabilities, etc.

[1st to 5th fiscal periods] Repaid amount: 1,612 million yen

Investment that should help enhance the portfolio's profitability enhance

[1st to 4th fiscal periods] Investment amount for Bridge funds: 270 million yen

Distribution Policy (2)

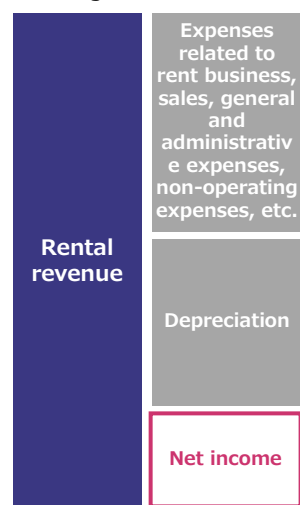
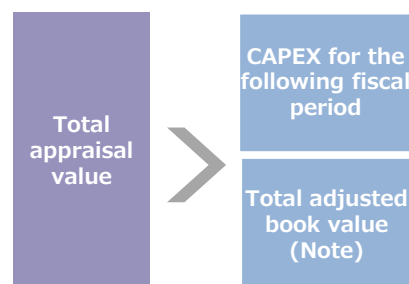
Distributions in Excess of Earnings

Samty Residential may decide the amount of each fiscal period's cash distributions in excess of earnings, based on the payout ratio as our management result. However, when deciding distribution in excess of earnings, the following requirements are to be fulfilled, taking into account Samty Residential's financial conditions, amount of future capital expenditures, etc., in order to avoid undermining unitholder value.

■ Conceptual diagram of distributions in excess of earnings

(1) Determination of distributions

With a view to enhancing unitholder value over the medium to long term, distributions in excess of earnings are authorized when Samty Residential's portfolio meets the below conditions.



(2) Determination of amount

Amount of distributions (including distributions in excess of earnings) are determined for each fiscal period based on future capital expenditures, capital demand, etc.

Payout ratio = Total distribution amount (including distributions in excess of earnings) / (Net income + Depreciation))

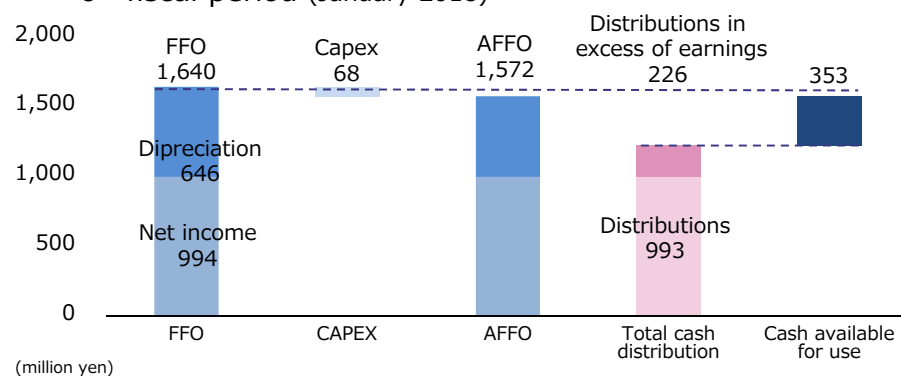
Distribute payout ratio aiming for 70%

However, distributions in excess of earnings will be up to 35% of depreciation

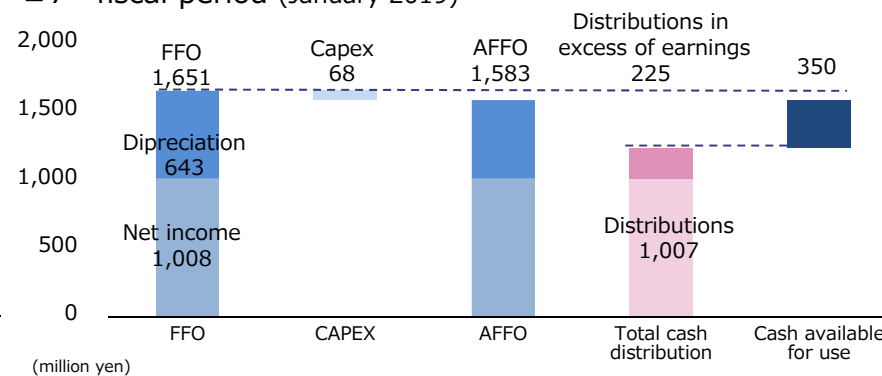
Note: Excluding amount equivalent to incidental expenses upon acquisition

Outlook of cash flow

■ 6th fiscal period (January 2018)



■ 7th fiscal period (January 2019)

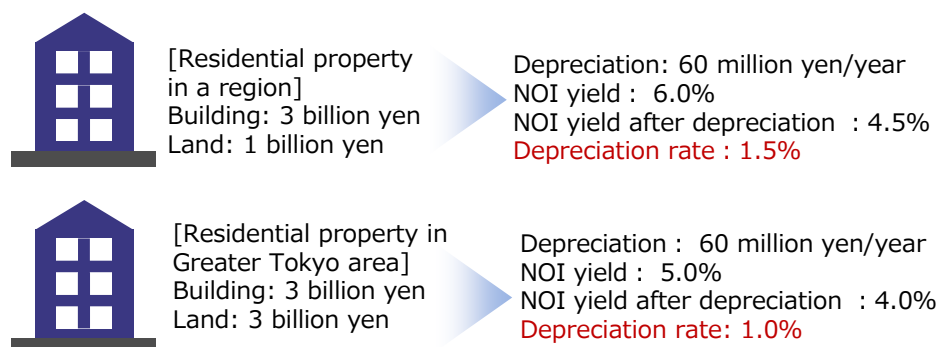


Feature of Excess of Earnings and Portfolio

Feature of Investments in Residential Properties Located in Regions outside Tokyo

A feature of investing in residential properties located in regions is its tendency to incur depreciation that is relatively large in proportion to the acquisition price of properties.

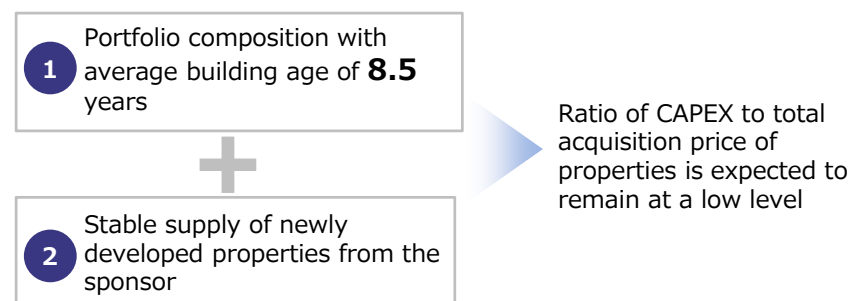
- Ex.: Comparison between residential properties in regions and in Greater Tokyo area
 (Assuming depreciation period as 50 years, NOI yield as 6.0% and 5.0% for regions and Greater Tokyo area respectively.
 These figures are examples and do not represent any specific property owned by Samty Residential Investment Corporation.)

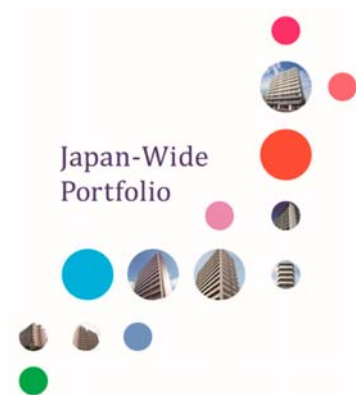


*Depreciation rate is the ratio of depreciation to the acquisition price of properties.

Feature of Samty Residential Investment Corporation's Portfolio

Samty Residential Investment Corporation's portfolio is mainly comprised of relatively new properties. Furthermore, in accordance with the sponsor support agreement, exclusive negotiating rights of S-RESIDENCE series, properties newly developed and conveniently located, are granted to Samty Residential Investment Corporation by the sponsor. Therefore, this feature is believed to remain going forward.

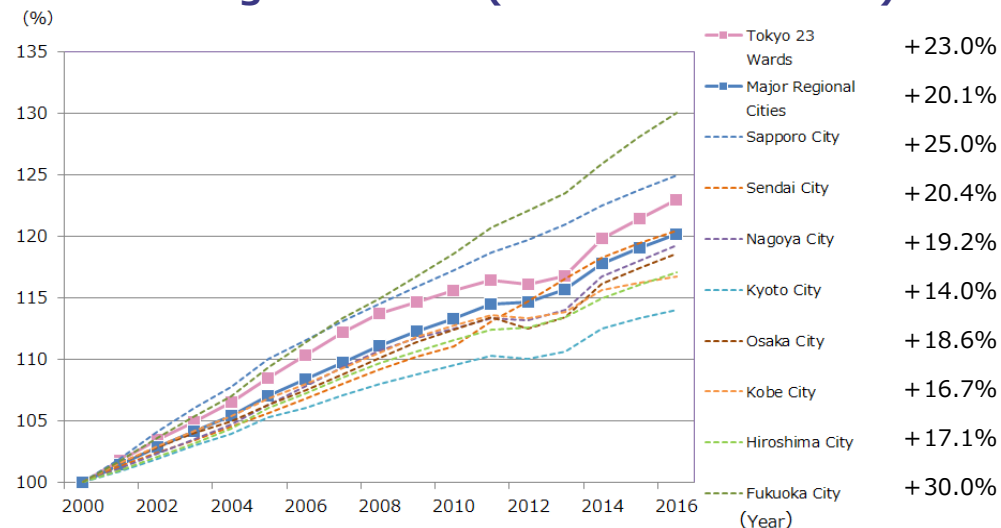




6 . Appendix

Characteristics of Regional Residence Investments (1)

Household growth rate (Year 2000 = 100%)



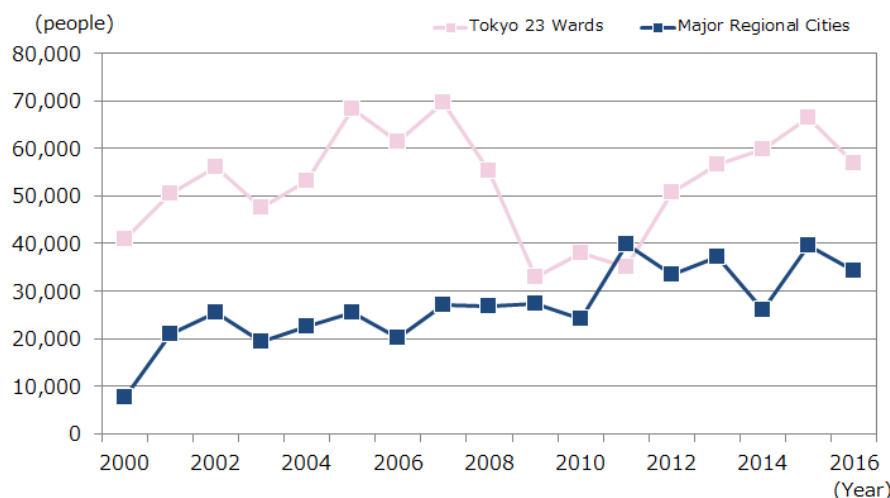
Growth rate from 2000 to 2016

Household growth rate of major regional cities is comparable to that of Greater Tokyo Area.

Growth rates of Sapporo City and Fukuoka City surpass that of Tokyo 23 Wards.

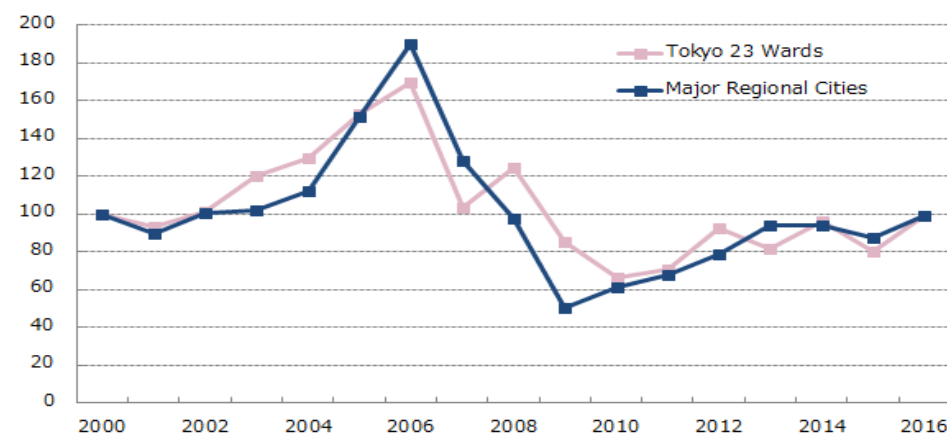
Source: Prepared by Sumitomo Mitsui Trust Research Institute based on "Basic Resident Registers," Ministry of Internal Affairs and Communications

Net Migration



Source: Prepared by Sumitomo Mitsui Trust Research Institute based on "Basic Resident Registers," Ministry of Internal Affairs and Communications

Number of New Housing Starts (Year 2000=100%)



Source: Prepared by Samty Asset Management based on "Housing Starts Statistics (yearly)," (house for rent/reinforced concrete structure, steel framed reinforced concrete structure/residential complex) Ministry of Land, Infrastructure, Transportation and Tourism, Information Policy Division, Construction Research and Statistics Office

Overview of the Samty Group



Samty Co., Ltd.

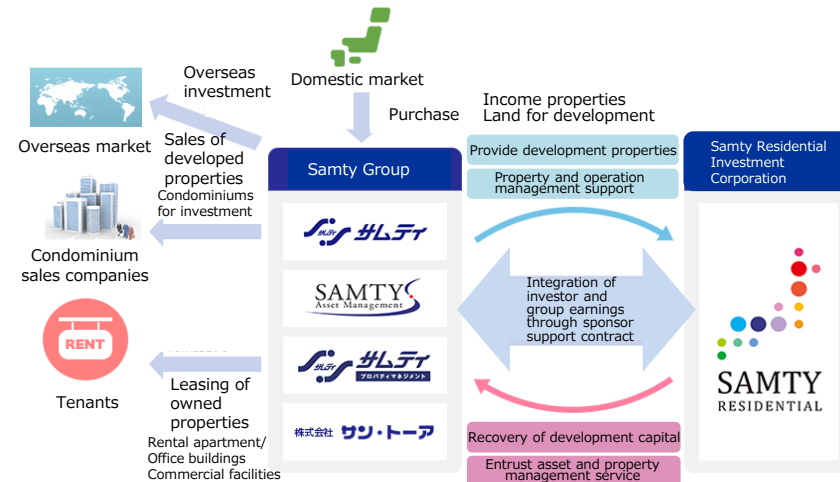
Listing	First Section of the Tokyo Stock Exchange (Securities code: 3244)
Established	December 1, 1982
Location of head office	4-3-24, Nishi-Nakajima, Yodogawa-ku, Osaka City
Capital	8.4 billion yen (as of the end of November 2017)
Business description	Real estate business
	Property leasing business
	Real estate planning and design, etc.
Operating results (consolidated basis)	Net sales 60,479 million yen (Fiscal period ended November 2017)
	Ordinary income 8,461 million yen (Fiscal period ended November 2017)
Number of employees	99 (as of the end of November 2017) ※188 on a consolidated basis

History and Business

沿革

Dec. 1982	Samty Development Co., Ltd. (currently Samty Co., Ltd.) established at Nakajima 1-chome, Higashi-Yodogawa Ward, Osaka City	Jun. 2012	Established Fukuoka Branch Office
Sep. 2002	Launched the real estate securitization business and conducted real estate securitization that was the first such operation approved by the Kinki Local Finance Bureau	Nov. 2012	Acquired shares in Samty Asset Management Co., Ltd. to make it a wholly-owned subsidiary
Mar. 2005	Launched the S-Residence series of rental condominiums for real estate funds and REITs	May 2015	Established Sapporo Branch Office
Jul. 2007	Shares listed on the Osaka Securities Exchange's Hercules market (currently the Tokyo Stock Exchange's JASDAQ Standard).	Oct. 2015	Moved up to the First Section of the Tokyo Stock Exchange.
Feb. 2011	Established Tokyo Branch Office	Mar. 2016	Established Nagoya Branch Office
Dec. 2011	Established Samty Kanri Co., Ltd. that is engaged in property management business		

Business Model of Samty Group



Samty's business

Real estate business

Planning, development and sales of for-sale condominiums for families and condominiums for investment. Planning, development, regeneration and sales of income properties, etc. Operation, management and investment in real estate investment funds

Property leasing business

Leasing and management of condominiums, office buildings, etc.

Other business

Hotel operation
Management of for-sale condominiums
Construction and reform
Planning of support system concerning medical care



Shiba Inu Maru Edition
Samty's TV commercial
now being
broadcasted!!



Condominium Brand “S-RESIDENCE” in Samty Residential’s Portfolio



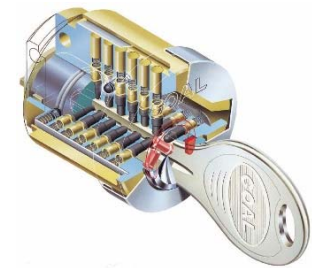
S-RESIDENCE Brand

- “S-RESIDENCE” is a high quality, rental condominium brand developed by Samty Group since 2005.
- “S-RESIDENCE” is a brand characterized by the opulent utilization of fieldstones, entrances with open spaces, luxury hotel-like indirect lighting and corridors, high quality plumbing which display a luxuriousness, etc., possess high quality designs which appeal mainly to students, workers, etc., and particularly the high relative ratio of female tenants.

Washstand with modern taste



Double lock with dimple key for high security



S-RESIDENCE Shin Osaka Ekimae



High-class elevator hall



Bright and stylish kitchen and bathroom



Bathroom heater/dryer/ventilation system assuring comfort when taking a bath in winter or drying clothes on rainy days



Hands-free intercom with a monitor



Serene and massive entrance hall



Safe flat flooring by eliminating difference in level on the floor to prevent trips

Flat-designed floors

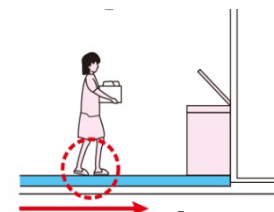


Image illustration

Self-locking system that secures daily peace of mind and safety

Security cameras that are effective for preventing vandalism and crimes are installed in the building and elevators

Convenient home-delivery box for receiving parcels around-the-clock

Toilet with variety of functions such as self-cleaning and heater

Cushioned flooring with excellent sound-absorption

Portfolio List (1) Major Regional Cities



List of acquired properties

(Number of acquired properties as of the date of this document)

■ New properties owned on February 1, 2018 and March 1, 2018.

	Property No	Property Name	Location	Type	Acquisition Price (million yen)	Appraisal Value at End of Period (million yen)	Appraisal NOI yield (%)	Number of rentable units
Major regional cities								
	A-01	S-FORT Shin Osaka ravir	Yodogawa-ku, Osaka	Single / Compact	635	683	5.3	49
	A-02	S-FORT Sanno	Nakagawa-ku, Nagoya	Single / Compact	2,890	3,270	6.1	230
	A-03	S-FORT Fujigaoka	Meitou-ku, Nagoya	Single	750	830	6.0	80
	A-04	S-FORT Chikushi Dori	Hakata-ku, Fukuoka	Compact	1,170	1,220	5.5	90
	A-05	S-FORT Fukuoka Kencho Mae	Hakata-ku, Fukuoka	Single	979	1,080	5.7	104
	A-06	S-FORT Takamiya	Minami-ku, Fukuoka	Single / Commercial	794	830	5.4	82
	A-07	S-FORT Tsutsujigaoka Koen	Miyagino-ku, Sendai	Single / Compact / Family	1,340	1,410	5.8	94
	A-08	S-RESIDENCE Namba Briller	Naniwa-ku, Osaka	Single	2,020	2,350	5.4	154
	A-09	S-FORT Tsurumai marks	Naka-ku, Nagoya	Family	1,020	1,210	5.8	42
	A-10	S-FORT Rokuban-cho	Atsuta-ku, Nagoya	Single / Commercial	722	762	5.3	56
	A-11	S-FORT Nakajima Koen	Chuo-ku, Sapporo	Compact / Family	1,590	1,650	5.6	75
	A-12	S-FORT Hokudai Mae	Kita-ku, Sapporo	Compact / Commercial	690	755	5.8	59
	A-13	S-RESIDENCE Kobe Isogamidori	Chuo-ku, Kobe	Single / Compact	2,470	2,800	5.4	166
	A-14	S-FORT Kyoto Nishioji	Shimogyo-ku, Kyoto	Single / Commercial	745	806	5.8	71
	A-15	S-FORT Katahira	Aoba-ku, Sendai	Single / Compact	2,330	2,590	5.8	191
	A-16	S-FORT Gakuenmae	Toyohira-ku, Sapporo	Single / Compact	462	487	5.9	48
	A-17	S-RESIDENCE Shin Osaka Ekimae	Higashi Yodogawa-ku, Osaka	Single / Compact	2,489	2,760	5.2	167
	A-18	S-FORT Aoi 1-Chome	Higashi-ku, Nagoya	Compact	1,080	1,130	5.2	54
	A-19	S-FORT Aoi	Higashi-ku, Nagoya	Family	870	992	5.6	28
	A-20	S-FORT Kurumamichi	Higashi-ku, Nagoya	Family	400	432	5.8	19
	A-21	S-FORT Kamiotai	Nishi-ku, Nagoya	Family	720	744	5.6	40
	A-22	S-FORT Tsurumai arts	Naka-ku, Nagoya	Family	680	805	5.8	28
	A-23	S-FORT Tsurumai cube	Naka-ku, Nagoya	Compact / Family	570	670	5.7	32
	A-24	S-FORT Fukuoka Higashi	Hakata-ku, Fukuoka	Compact	1,900	2,040	5.4	135
	A-25	S-RESIDENCE Kobe Motomachi	Chuo-ku, Kobe	Single / Compact	1,200	1,380	5.7	81
	A-26	S-FORT Kobe Kaguracho	Nagata-ku, Kobe	Single	1,858	2,170	6.2	168
	A-27	S-FORT Nijo-jo mae	Nakagyo-ku, Kyoto	Single / Compact / Family	812	872	5.2	47
	A-28	S-FORT Chion-in mae	Higashiyamaku, Kyoto	Compact / Family / Comm	500	525	5.0	18
	A-29	S-FORT Miyamachi	Aoba-ku, Sendai	Single / Compact	1,085	1,110	5.4	91

(Note) Appraisal values is the figure as of the end of January 2018 for owned 49 properties and as of November 1, 2017 for the 33 properties acquired on February 1, 2018 and March 1, 2018.

Portfolio List (2) Major Regional Cities / Other Regional Cities



List of acquired properties

(Number of acquired properties as of the date of this document)

■ New properties owned on February 1, 2018 and March 1, 2018.

	Property No	Property Name	Location	Type	Acquisition Price (million yen)	Appraisal Value at End of Period (million yen)	Appraisal NOI yield (%)	Number of rentable units
Major regional cities								
■	A-30	S-RESIDENCE Midoribashi Ekimae	Higashi-ku, Osaka	Single	1,846	1,980	5.1	148
■	A-31	S-FORT Tsurumai reale	Showa-ku, Nagoya	Compact / Family	1,571	1,640	5.1	56
■	A-32	S-FORT Osu Kannon	Naka-ku, Nagoya	Single / Compact	1,147	1,250	5.6	84
■	A-33	S-FORT Kita-Sanno	Nakagawa-ku, Nagoya	Compact	841	844	4.8	36
■	A-34	S-FORT Aratamabashi	Minami-ku, Nagoya	Compact	449	452	5.6	29
■	A-35	S-FORT Toyohira Sanjyo	Toyohira-ku, Sapporo	Compact	762	786	5.8	63
■	A-36	S-FORT Kitamaruyama	Chuo-ku, Sapporo	Compact	425	428	5.6	49
■	A-37	S-FORT Hakata-Higashi I	Hakata-ku, Fukuoka	Single / Compact	389	392	5.3	35
■	A-38	S-FORT Hakata-Higashi II	Hakata-ku, Fukuoka	Single / Compact	382	385	5.3	35
■	A-39	S-FORT Kobe Sannomiya-Kita	Chuo-ku, Kobe	Single	515	518	5.1	45
■	A-40	S-FORT Nakahirodori	Nishi-ku, Hiroshima	Single	885	897	5.3	74
■	A-41	S-FORT Tsurumicho	Naka-ku, Hiroshima	Compact / Family	820	823	5.1	51
■	A-42	S-FORT Aoba Kamisugi	Aoba-ku, Sendai-shi	Compact	918	990	5.7	66
Other regional cities								
	B-01	S-FORT Shizuoka Hondori	Aoi-ku, Shizuoka	Compact	297	311	6.0	28
	B-02	S-FORT Suminodo	Daitou-shi, Osaka	Single / Compact	1,420	1,590	5.9	126
	B-03	S-FORT Yokkaichi motomachi	Yokkaichi-shi, Mie	Compact	480	531	6.7	54
	B-04	S-FORT Suzuka	Suzuka-shi, Mie	Compact	580	620	6.8	69
	B-05	S-RESIDENCE Esaka	Suita-shi, Osaka	Single / Compact	2,323	2,550	5.2	138
	B-06	S-FORT Utsunomiya	Utsunomiya-shi, Tochigi	Compact	612	642	6.0	52
	B-07	S-FORT Yokkaichi Nishishinchi	Yokkaichi-shi, Mie	Compact / Family	630	721	6.7	60
	B-08	S-FORT Saga Honjo	Saga-shi, Saga	Compact / Office	1,050	1,070	6.2	127
	B-09	S-FORT Saga Idaimae	Saga-shi, Saga	Compact	375	396	6.5	46

(Note) Appraisal values is the figure as of the end of January 2018 for owned 49 properties and as of November 1, 2017 for the 33 properties acquired on February 1, 2018 and March 1, 2018.

Portfolio List (3) Other Regional Cities / Greater Tokyo Area



List of acquired properties

(Number of acquired properties as of the date of this document)

■ New properties owned on February 1, 2018 and March 1, 2018.

	Property No	Property Name	Location	Type	Acquisition Price (million yen)	Appraisal Value at End of Period (million yen)	Appraisal NOI yield (%)	Number of rentable units
Other regional cities								
■	B-10	S-FORT Nishinomiya	Nishinomiya-shi, Hyogo	Single / Compact	1,412	1,500	5.3	102
	B-11	S-FORT Nishinomiya Uegahara	Nishinomiya-shi, Hyogo	Single	789	805	5.1	62
	B-12	S-FORT Mito Chuo	Mito-shi, Ibaraki	Family	1,807	1,810	5.6	80
	B-13	S-FORT Tsu Shinmachi	Tsu-shi, Mie	Compact	767	836	6.2	69
	B-14	S-FORT Mie Daigaku-mae	Tsu-shi, Mie	Compact	599	645	6.2	62
	B-15	S-FORT Takasagomachi	Oita-shi, Oita	Single / Compact / Family	1,015	1,020	5.7	92
	B-16	S-FORT Oita Ekimae	Oita-shi, Oita	Single / Compact	904	907	5.7	91
	B-17	S-FORT Oita Otemachi	Oita-shi, Oita	Single	277	280	5.5	35
	B-18	S-FORT Suizenji	Chuo-ku, Kumamoto	Single / Compact	1,332	1,340	5.6	119
	B-19	S-FORT Kumadaibyoin-mae	Chuo-ku, Kumamoto	Compact	1,125	1,150	5.6	99
	B-20	S-FORT Kumamoto Senba	Chuo-ku, Kumamoto	Single / Compact / Family	1,010	1,040	5.9	91
Greater Tokyo area								
■	C-01	S-FORT Maita Koen	Minami-ku, Yokohama	Single / Compact	987	1,050	5.2	70
	C-02	S-FORT Nihombashi Hakozaki	Chuo-ku, Tokyo	Single / Compact	925	1,030	4.8	36
	C-03	S-FORT Itabashi Shimura	Itabashi-ku, Tokyo	Compact	645	688	4.9	32
	C-04	S-FORT Shioni	Koto-ku, Tokyo	Single	866	1,030	5.2	52
	C-05	S-FORT Noborito	Tama-ku, Kawasaki	Single	666	695	4.9	40
	C-06	S-FORT Shonan Hiratsuka	Hiratsuka-shi, Kanagawa	Single	818	957	5.8	66
	C-07	S-FORT Nishifunabashi	Funabashi-shi, Chiba	Single / Compact	732	775	5.3	47
	C-08	S-FORT Maihama	Urayasu-shi, Chiba	Single	1,130	1,210	5.4	83
	C-09	S-FORT Ichikawa	Ichikawa-shi, Chiba	Single / Commercial	809	869	5.2	51
	C-10	S-RESIDENCE Yokosuka Chuo	Yokosuka-shi, Kanagawa	Single / Nursery	850	937	6.0	25
	C-11	S-FORT Sagamihara	Sagamihara-shi, Kanagawa	Single	585	623	5.2	53
	C-12	S-FORT Hoya	Nishitokyo-shi, Tokyo	Single	645	728	5.7	60
	C-13	S-FORT Tamagawagakuen-mae	Machida-shi, Tokyo	Single	587	605	5.0	45
	C-14	S-FORT Tsurukawa	Machida-shi, Tokyo	Family	520	523	5.1	30
	C-15	S-RESIDENCE Yokohama Tanmachi	Kanagawa-ku, Yokohama-shi	Single	627	694	5.1	36
	C-16	S-FORT Chigasaki	Chigasaki-shi, Kanagawa	Single / Compact	1,137	1,140	4.9	36
	C-17	S-FORT Kawaguchi Namiki	Kawaguchi-shi, Saitama	Single	1,110	1,130	4.7	70
	C-18	S-FORT Todakoen	Toda-shi, Saitama	Single	914	938	4.8	62
	C-19	S-FORT Funabashi Tsukada	Funabashi-shi, Chiba	Compact	1,900	1,940	5.1	117
	C-20	S-FORT Kashiwa	Kashiwa-shi, Chiba	Single / Compact	536	552	5.2	37
Total					81,515	87,626	5.5	5,920

(Note) Appraisal values is the figure as of the end of January 2018 for owned 49 properties and as of November 1, 2017 for the 33 properties acquired on February 1, 2018 and March 1, 2018.

Income and Expenditure by Property (1)

Fiscal Period Ending January 2018 (As of January 31, 2018)



(1) Area category		Major regional cities						
(2) Property No.		A-01	A-02	A-03	A-04	A-05	A-06	A-07
(3) Property name		S-FORT Shin Osaka ravir	S-FORT Sanno	S-FORT Fujigaoka	S-FORT Chikushi Dori	S-FORT Fukuoka Kencho Mae	S-FORT Takamiya	S-FORT Tsutsujigaoka Koen
(4) Acquisition date		Apr-15, 2015	Apr-15, 2015	Apr-15, 2015	May-01, 2015	Apr-15, 2015	May-01, 2015	Apr-15, 2015
(5) Price information	Acquisition price (million yen)	635	2,890	750	1,170	979	794	1,340
	Composition rate (%)	1.2	5.6	1.5	2.3	1.9	1.5	2.6
	Balance sheet amount (million yen)	641	2,930	747	1,183	999	800	1,370
(6) Leasing information	Total rentable area (㎡)	1,290.84	8,138.40	1,960.00	3,706.56	2,566.72	2,105.13	3,609.49
	Leased area (㎡)	1,159.72	8,061.33	1,813.00	3,706.56	2,566.72	2,080.29	3,500.86
	Occupancy rate (%)	89.8	99.1	92.5	100.0	100.0	98.8	97.0
(7) Income and expenses information	(1) Number of operating days	184	184	184	184	184	184	184
	(2) Total real estate rental income (thousand yen)	20,019	113,406	30,466	42,933	36,259	28,337	50,921
	Real estate rental revenues	18,869	103,761	27,134	39,650	34,677	27,102	45,691
	Other lease business revenues	1,149	9,644	3,331	3,283	1,582	1,234	5,230
	(3) Regal estate rental expenses (thousand yen)	4,355	23,467	6,293	9,135	7,407	6,121	10,168
	Management service fee	1,171	6,092	1,508	1,521	1,498	1,236	2,179
	Taxes and dues	1,308	8,157	1,982	2,980	2,427	2,019	2,861
	Utilities expenses	274	818	327	474	373	304	1,620
	Repair Cost	210	3,523	977	1,755	1,197	1,030	1,084
	Insurance expenses	33	179	46	94	62	61	83
	Trust fees	303	303	303	303	303	303	303
	Other lease business expenses	1,052	4,391	1,146	2,004	1,543	1,165	2,034
	(4) NOI(= (2)-(3)) (thousand yen)	15,664	89,939	24,172	33,798	28,852	22,215	40,753
	(5) Depreciation (thousand yen)	4,666	26,697	10,163	10,814	9,204	8,803	12,305
	(6) Real estate rental income (= (4)-(5)) (thousand yen)	10,997	63,241	14,009	22,984	19,647	13,411	28,447
	(7) Capital Expenditures (thousand yen)	-	107	-	771	1,619	118	-
	(8) NCF (= (4)-(7)) (thousand yen)	15,664	89,831	24,172	33,027	27,233	22,097	40,753

Income and Expenditure by Property (2)

Fiscal Period Ending January 2018 (As of January 31, 2018)



(1) Area category		Major regional cities						
(2) Property No.		A-08	A-09	A-10	A-11	A-12	A-13	A-14
(3) Property name		S-RESIDENCE Namba Briller	S-FORT Tsurumai marks	S-FORT Rokuban-cho	S-FORT Nakajima Koen	S-FORT Hokudai Mae	S-RESIDENCE Kobe Isogamidori	S-FORT Kyoto Nishioji
(4) Acquisition date		Jul-01, 2015	Jul-01, 2015	Jul-01, 2015	Jul-01, 2015	Jul-01, 2015	Jul-01, 2015	Jul-01, 2015
(5) Price information	Acquisition price (million yen)	2,020	1,020	722	1,590	690	2,470	745
	Composition rate (%)	3.9	2.0	1.4	3.1	1.3	4.8	1.4
	Balance sheet amount (million yen)	2,068	1,071	728	1,646	716	2,525	763
(6) Leasing information	Total rentable area (㎡)	3,631.60	2,772.00	1,833.29	5,292.65	2,287.22	4,372.45	1,657.31
	Leased area (㎡)	3,493.74	2,574.00	1,772.45	4,530.22	2,287.22	4,347.24	1,514.81
	Occupancy rate (%)	96.2	92.9	96.7	85.6	100.0	99.4	91.4
(7) Income and expenses information	(1) Number of operating days	184	184	184	184	184	184	184
	(2) Total real estate rental income (thousand yen)	67,435	36,098	22,934	55,369	24,721	86,623	26,276
	Real estate rental revenues	63,244	32,664	21,445	51,187	23,655	79,430	24,363
	Other lease business revenues	4,190	3,434	1,489	4,182	1,066	7,193	1,913
	(3) Real estate rental expenses (thousand yen)	14,418	6,060	6,168	17,167	4,563	12,075	7,766
	Management service fee	2,546	2,183	1,230	2,591	1,003	2,719	1,587
	Taxes and dues	5,016	1,679	1,666	4,787	1,618	5,422	1,446
	Utilities expenses	826	260	239	1,013	340	485	1,010
	Repair Cost	1,845	589	514	5,021	268	1,313	835
	Insurance expenses	105	56	39	122	53	117	45
	Trust fees	405	303	303	405	303	405	303
	Other lease business expenses	3,672	987	2,175	3,226	974	1,611	2,536
	(4) NOI(=(2)-(3)) (thousand yen)	53,016	30,038	16,766	38,202	20,158	74,548	18,510
	(5) Depreciation (thousand yen)	13,809	9,736	7,480	13,711	5,291	18,373	6,478
	(6) Real estate rental income (=(4)-(5)) (thousand yen)	39,207	20,302	9,285	24,490	14,866	56,175	12,031
	(7) Capital Expenditures (thousand yen)	1,073	-	-	12,079	-	220	-
	(8) NCF (=(6)-(7)) (thousand yen)	51,942	30,038	16,766	26,122	20,158	74,328	18,510

Income and Expenditure by Property (3)

Fiscal Period Ending January 2018 (As of January 31, 2018)



(1) Area category		Major regional cities						
(2) Property No.		A-15	A-16	A-17	A-18	A-19	A-20	A-21
(3) Property name		S-FORT Katahira	S-FORT Gakuenmae	S-RESIDENCE Shin Osaka Ekimae	S-FORT Aoi 1- Chome	S-FORT Aoi	S-FORT Kurumamichi	S-FORT Kamiotai
(4) Acquisition date		Jul-01, 2015	Oct-01, 2015	Aug-02, 2016	Aug-01, 2016	Aug-02, 2016	Aug-01, 2016	Aug-01, 2016
(5) Price information	Acquisition price (million yen)	2,330	462	2,489	1,080	870	400	720
	Composition rate (%)	4.5	0.9	0.6	2.8	0.9	1.1	1.9
	Balance sheet amount (million yen)	2,335	480	2,570	1,142	934	417	775
(6) Leasing information	Total rentable area (㎡)	5,483.22	1,757.28	4,534.98	2,185.20	1,842.68	1,214.20	2,624.40
	Leased area (㎡)	5,280.55	1,692.75	4,534.98	1,982.66	1,776.87	968.38	2,624.40
	Occupancy rate (%)	96.3	96.3	100.0	90.7	96.4	79.8	100.0
(7) Income and expenses information	(1) Number of operating days	184	184	184	184	184	184	184
	(2) Total real estate rental income (thousand yen)	86,142	16,919	84,395	33,933	30,316	14,160	26,723
	Real estate rental revenues	80,743	15,740	79,141	30,117	28,381	12,823	24,232
	Other lease business revenues	5,398	1,178	5,254	3,815	1,934	1,337	2,490
	(3) Regal estate rental expenses (thousand yen)	19,052	4,147	13,605	7,105	4,543	3,338	7,497
	Management service fee	4,083	763	3,169	1,664	1,311	888	1,100
	Taxes and dues	6,286	1,277	5,152	2,230	1,158	1,035	1,972
	Utilities expenses	711	359	939	350	216	169	339
	Repair Cost	4,714	633	1,483	803	320	863	1,759
	Insurance expenses	146	31	92	44	31	24	48
	Trust fees	303	283	303	303	-	-	303
	Other lease business expenses	2,804	798	2,463	1,708	1,504	357	1,972
	(4) NOI(=(2)-(3)) (thousand yen)	67,090	12,771	70,790	26,827	25,772	10,821	19,225
	(5) Depreciation (thousand yen)	28,109	4,687	18,999	7,369	4,882	2,421	6,612
	(6) Real estate rental income (=(4)-(5)) (thousand yen)	38,981	8,083	51,790	19,457	20,890	8,399	12,613
	(7) Capital Expenditures (thousand yen)	1,308	510	-	122	-	1,162	1,975
	(8) NCF (=(4)-(7)) (thousand yen)	65,782	12,261	70,790	26,704	25,772	9,658	17,250

Income and Expenditure by Property (4)

Fiscal Period Ending January 2018 (As of January 31, 2018)



(1) Area category		Major regional cities						
(2) Property No.		A-22	A-23	A-24	A-25	A-26	A-27	A-28
(3) Property name		S-FORT Tsurumai arts	S-FORT Tsurumai cube	S-FORT Fukuoka Higashi	S-RESIDENCE Kobe Motomachi	S-FORT Kobe Kaguracho	S-FORT Nijo-jo mae	S-FORT Chion-in mae
(4) Acquisition date		Aug-02, 2016	Aug-02, 2016	Aug-02, 2016	Aug-02, 2016	Aug-02, 2016	Aug-02, 2016	Aug-02, 2016
(5) Price information	Acquisition price (million yen)	680	570	1,900	1,200	1,858	812	500
	Composition rate (%)	1.8	1.3	1.7	1.3	1.6	1.4	2.2
	Balance sheet amount (million yen)	735	594	1,989	1,240	1,919	830	513
(6) Leasing information	Total rentable area (㎡)	1,988.56	1,460.64	5,584.41	2,169.67	4,900.32	1,735.95	1,049.01
	Leased area (㎡)	1,917.54	1,300.26	5,471.97	2,169.67	4,841.94	1,735.95	1,049.01
	Occupancy rate (%)	96.4	89.0	98.0	100.0	98.8	100.0	100.0
(7) Income and expenses information	(1) Number of operating days	184	184	184	184	184	184	184
	(2) Total real estate rental income (thousand yen)	24,205	20,087	63,032	40,899	68,932	23,466	14,797
	Real estate rental revenues	22,626	18,608	56,583	39,297	64,578	23,248	14,797
	Other lease business revenues	1,579	1,478	6,448	1,602	4,354	217	0
	(3) Regal estate rental expenses (thousand yen)	3,665	4,975	12,072	5,202	14,712	1,988	1,114
	Management service fee	1,229	1,135	2,167	1,652	2,301	-	-
	Taxes and dues	1,208	995	3,884	2,886	4,308	1,357	782
	Utilities expenses	181	142	431	304	498	-	-
	Repair Cost	211	549	3,222	-	3,040	289	-
	Insurance expenses	33	29	99	48	76	28	18
	Trust fees	-	303	303	303	303	303	303
	Other lease business expenses	801	1,818	1,962	7	4,183	8	10
	(4) NOI(=(2)-(3)) (thousand yen)	20,540	15,111	50,960	35,697	54,219	21,478	13,683
	(5) Depreciation (thousand yen)	4,492	4,094	13,376	9,932	12,326	6,034	3,580
	(6) Real estate rental income (=(4)-(5)) (thousand yen)	16,048	11,017	37,583	25,764	41,893	15,443	10,103
	(7) Capital Expenditures (thousand yen)	-	-	252	-	4,596	461	-
	(8) NCF (=(4)-(7)) (thousand yen)	20,540	15,111	50,707	35,697	49,623	21,016	13,683

Income and Expenditure by Property (5)

Fiscal Period Ending January 2018 (As of January 31, 2018)



(1) Area category		Major regional cities	Other regional cities					
(2) Property No.		A-29	B-01	B-02	B-03	B-04	B-05	B-06
(3) Property name		S-FORT Miyamachi	S-FORT Miyamachi	S-FORT Suminodo	S-FORT Yokkaichi Motomachi	S-FORT Suzuka	S-RESIDENCE Esaka	S-FORT Utsunomiya
(4) Acquisition date		Aug-02, 2016	Apr-15, 2015	Apr-15, 2015	Jul-01, 2015	Jul-01, 2015	Aug-02, 2016	Aug-02, 2016
(5) Price information	Acquisition price (million yen)	1,085	297	1,420	480	580	2,323	612
	Composition rate (%)	1.6	4.8	2.1	1.7	0.8	1.4	1.3
	Balance sheet amount (million yen)	1,114	302	1,427	502	606	2,394	638
(6) Leasing information	Total rentable area (㎡)	2,213.12	911.40	3,332.16	1,691.28	2,286.69	3,739.30	2,330.64
	Leased area (㎡)	2,065.28	781.20	3,041.99	1,691.28	2,286.69	3,501.36	2,330.64
	Occupancy rate (%)	93.3	85.7	91.3	100.0	100.0	93.6	100.0
(7) Income and expenses information	(1) Number of operating days	184	184	184	184	184	184	184
	(2) Total real estate rental income (thousand yen)	37,215	11,157	51,688	22,061	26,452	73,571	24,748
	Real estate rental revenues	33,455	10,442	44,335	19,605	22,423	69,961	22,885
	Other lease business revenues	3,759	715	7,352	2,456	4,029	3,610	1,862
	(3) Regal estate rental expenses (thousand yen)	9,117	3,676	12,634	5,047	8,054	11,205	7,963
	Management service fee	1,594	1,092	1,752	1,411	1,607	2,432	1,476
	Taxes and dues	1,838	852	2,894	1,120	1,660	4,328	2,282
	Utilities expenses	1,339	176	1,507	718	1,136	348	487
	Repair Cost	2,831	478	1,973	718	1,535	1,460	1,356
	Insurance expenses	34	25	88	38	54	80	42
	Trust fees	303	303	303	303	303	303	303
	Other lease business expenses	1,174	748	4,115	735	1,756	2,250	2,013
	(4) NOI(=(2)-(3)) (thousand yen)	28,098	7,481	39,053	17,014	18,398	62,366	16,785
	(5) Depreciation (thousand yen)	8,964	3,157	14,905	6,251	7,395	14,856	5,357
	(6) Real estate rental income (=(4)-(5)) (thousand yen)	19,133	4,323	24,148	10,763	11,003	47,509	11,428
	(7) Capital Expenditures (thousand yen)	6,154	1,060	464	-	770	2,899	581
	(8) NCF (=(4)-(7)) (thousand yen)	21,943	6,421	38,589	17,014	17,627	59,466	16,204

Income and Expenditure by Property (6)

Fiscal Period Ending January 2018 (As of January 31, 2018)



(1) Area category		Other regional cities			Greater Tokyo area			
(2) Property No.		B-07	B-08	B-09	C-01	C-02	C-03	C-04
(3) Property name		S-FORT Yokkaichi Nishishinchi	S-FORT Saga Honjo	S-FORT Saga Idaimae	S-FORT Maita Koen	S-FORT Nihonbashi Hakozaki	S-FORT Itabashi Shimura	S-FORT Shiomi
(4) Acquisition date		Aug-02, 2016	Aug-02, 2016	Aug-02, 2016	Apr-15, 2015	Jul-01, 2015	Jul-01, 2015	Jul-01, 2015
(5) Price information	Acquisition price (million yen)	630	1,050	375	987	925	645	866
	Composition rate (%)	1.1	3.7	2.3	3.6	1.6	1.0	2.1
	Balance sheet amount (million yen)	683	1,085	388	988	954	654	883
(6) Leasing information	Total rentable area (㎡)	2,192.48	4,972.84	1,507.35	1,609.80	1,114.38	1,119.54	1,042.48
	Leased area (㎡)	2,161.95	4,972.84	1,507.35	1,564.75	1,090.38	1,052.09	1,022.47
	Occupancy rate (%)	98.6	100.0	100.0	97.2	97.8	94.0	98.1
(7) Income and expenses information	(1) Number of operating days	184	184	184	184	184	184	184
	(2) Total real estate rental income (thousand yen)	26,941	36,149	12,895	32,293	27,443	21,304	29,433
	Real estate rental revenues	23,567	35,533	12,646	29,575	23,659	19,950	26,510
	Other lease business revenues	3,373	616	248	2,717	3,783	1,354	2,922
	(3) Regal estate rental expenses (thousand yen)	5,933	3,780	1,452	9,077	6,659	4,606	5,527
	Management service fee	1,511	-	-	2,350	1,630	1,398	1,649
	Taxes and dues	1,418	3,020	961	2,243	1,291	1,301	1,349
	Utilities expenses	883	-	-	357	405	253	472
	Repair Cost	1,042	360	157	1,533	1,507	814	898
	Insurance expenses	36	86	23	53	36	32	40
	Trust fees	-	303	303	303	405	405	405
	Other lease business expenses	1,041	9	6	2,234	1,382	399	712
	(4) NOI(=(2)-(3)) (thousand yen)	21,007	32,368	11,442	23,216	20,783	16,698	23,905
	(5) Depreciation (thousand yen)	6,114	13,891	4,584	8,406	5,121	4,144	6,093
	(6) Real estate rental income (=(4)-(5)) (thousand yen)	14,893	18,477	6,858	14,809	15,662	12,554	17,811
	(7) Capital Expenditures (thousand yen)	684	1,161	-	134	3,176	-	-
	(8) NCF (=(4)-(7)) (thousand yen)	20,323	31,207	11,442	23,081	17,606	16,698	23,905

Income and Expenditure by Property (7)

Fiscal Period Ending January 2018 (As of January 31, 2018)



(1) Area category		Greater Tokyo area						
(2) Property No.		C-05	C-06	C-07	C-08	C-09	C-10	C-11
(3) Property name		S-FORT Noborito	S-FORT Shonan Hiratsuka	S-FORT Nishifunabashi	S-FORT Maihama	S-FORT Ichikawa	S-RESIDENCE Yokosuka Chuo	S-FORT Sagamihara
(4) Acquisition date		Jul-01, 2015	Jul-01, 2015	Jul-01, 2015	Jul-01, 2015	Jul-01, 2015	Aug-02, 2016	Aug-02, 2016
(5) Price information	Acquisition price (million yen)	666	818	732	1,130	809	850	585
	Composition rate (%)	4.5	1.2	1.2	2.0	0.7	1.6	1.1
	Balance sheet amount (million yen)	674	858	741	1,157	831	891	600
(6) Leasing information	Total rentable area (㎡)	1,022.10	1,717.46	1,397.64	1,726.56	1,255.90	1,492.09	1,198.26
	Leased area (㎡)	995.75	1,614.75	1,308.90	1,643.68	1,234.08	1,492.09	1,152.79
	Occupancy rate (%)	97.4	94.0	93.7	95.2	98.3	100.0	96.2
(7) Income and expenses information	(1) Number of operating days	184	184	184	184	184	184	184
	(2) Total real estate rental income (thousand yen)	21,311	31,806	25,804	38,403	27,096	29,640	19,978
	Real estate rental revenues	20,436	30,066	23,791	34,292	26,022	29,520	19,222
	Other lease business revenues	875	1,739	2,012	4,110	1,074	120	755
	(3) Regal estate rental expenses (thousand yen)	4,090	5,627	5,658	6,698	5,996	3,740	4,952
	Management service fee	1,321	1,857	1,615	1,891	2,208	1,417	1,429
	Taxes and dues	1,083	1,904	1,356	1,381	1,504	2,284	1,332
	Utilities expenses	229	202	185	595	721	-	421
	Repair Cost	299	455	1,166	1,473	313	-	767
	Insurance expenses	31	43	34	45	39	34	27
	Trust fees	405	405	405	405	405	-	202
	Other lease business expenses	719	759	895	906	804	4	771
	(4) NOI(=(2)-(3)) (thousand yen)	17,221	26,178	20,146	31,704	21,099	25,899	15,026
	(5) Depreciation (thousand yen)	4,712	6,467	6,169	6,904	3,733	7,673	4,441
	(6) Real estate rental income =(4)-(5)) (thousand yen)	12,508	19,710	13,977	24,799	17,366	18,226	10,585
	(7) Capital Expenditures (thousand yen)	-	-	2,447	5,928	887	-	524
	(8) NCF =(4)-(7)) (thousand yen)	17,221	26,178	17,698	25,776	20,212	25,899	14,502

Financial Documents: Balance Sheet (1)



	(Unit : thousand yen)	
	Previous Fiscal Year (July 31, 2017)	Current Fiscal Year (January 31, 2018)
Assets		
Current Assets		
Cash and deposits	649,743	680,374
Cash and deposits in trust	991,688	975,119
Operating accounts receivable	5,175	4,349
Prepaid expenses	67,979	66,944
Consumption tax receivable	0	0
deferred tax assets	15	11
Other	132	36,010
Total-current assets	1,714,734	1,762,811
Non-current assets		
Property, plant and equipment		
Buildings	2,204,081	2,212,968
Accumulated depreciation	-50,553	-76,006
Buildings, net	2,153,527	2,136,961
Tools, furniture and fixtures	686	1,849
Accumulated depreciation	-136	-268
Tools, furniture and fixtures, net	549	1,580
Land	1,523,123	1,524,232
Buildings in trust	29,829,883	29,865,892
Accumulated depreciation	-1,413,203	-1,806,912
Buildings in trust, net	28,416,680	28,058,979
Structures in trust	7,638	13,251
Accumulated depreciation	-131	-555
Structures in trust, net	7,507	12,695
Machinery and equipment in trust	468,125	469,744
Accumulated depreciation	-41,580	-52,884
Machinery and equipment in trust, net	426,544	416,860
Tools, furniture and fixtures in trust	24,415	32,580
Accumulated depreciation	-3,473	-6,255
Tools, furniture and fixtures in trust, net	20,942	26,325
Land in trust	20,879,603	20,879,603
Total property, plant and equipment	53,428,479	53,057,238

	(Unit : thousand yen)	
	Previous Fiscal Year (July 31, 2017)	Current Fiscal Year (January 31, 2018)
Investments and other assets		
Investment securities	250,000	259,518
Lease and guarantee deposits	10,455	10,428
Long-term prepaid expenses	83,008	81,490
Total investments and other assets	343,463	351,436
Total non-current assets	53,771,943	53,408,675
deferred assets		
Investment unit issuance expenses	18,632	13,942
Investment corporation bond issuance costs	20,188	16,805
Total deferred assets	38,821	30,748
Total Assets	55,525,499	55,202,235

Financial Documents: Balance Sheet (2)

	(Unit : thousand yen)	
	Previous Fiscal Year (July 31, 2017)	Current Fiscal Year (January 31, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	94,166	116,336
Short-term loans payable	400,000	200,000
Current portion of long-term loans payable	5,000,000	2,500,000
Accounts payable – other	17,588	19,094
Accrued expenses	6,512	6,405
Accrued dividend	9,616	8,603
Accrued consumption taxes	8,001	3,581
Income taxes payable	699	675
Advances received	258,657	262,856
Deposits received	4,792	4,532
Total current liabilities	5,800,034	3,122,085
Non-current liabilities		
Investment corporation bonds	1,000,000	1,000,000
Long-term loans payable	22,200,000	24,700,000
Tenant leasehold and security deposits	30,538	29,907
Tenant leasehold and security deposits in trust	232,324	223,281
Total non-current liabilities	23,462,862	25,953,188
Total Liabilities	29,262,896	29,075,273
Net assets		
Unitholders' equity		
Unitholders' capital	26,015,517	26,015,517
Amount deducted from Unitholders' capital	-366,930	-508,713
Unitholders' capital (Net amount)	25,648,587	25,506,804
Surplus		
Unappropriated retained earnings	614,015	620,156
Total surplus	614,015	620,156
Total unitholders' equity	26,262,602	26,126,961
Total net assets	26,262,602	26,126,961
Total liabilities and net assets	55,525,499	55,202,235

Financial Documents : Statement of Income



(Unit : thousand yen)

	Previous Fiscal Year (July 31, 2017)	Current Fiscal Year (January 31, 2018)
Operating revenue		
Rent revenue - real estate	1,686,773	1,681,707
Other lease business revenues	153,721	135,508
Silent partnership revenue	-	17,764
Total operating revenue	1,840,495	1,834,981
Operating expenses		
Expenses related to rent business	838,806	803,495
Asset management fee	127,808	129,063
Asset custody fee	4,941	4,926
Administrative service fees	35,814	36,160
Directors' compensations	2,400	2,400
Remuneration for Accounting Auditors	10,000	10,000
Other operating expenses	61,605	59,111
Total operating expenses	1,081,377	1,045,157
Operating income	759,118	789,823
Non-operating income		
Interest income	3	2
Interest on refund	88	-
Total non-operating income	91	2
Non-operating expenses		
Interest expenses	99,225	101,580
Interest expenses on investment corporation bonds	3,864	3,864
Borrowing related expenses	33,354	55,492
Amortization of investment unit issuance expenses	4,613	4,690
Amortization of investment corporation bond issuance costs	3,327	3,383
Total non-operating expenses	144,385	169,011
Ordinary income	614,824	620,814
Net income before income taxes	614,824	620,814
Income taxes - current	920	842
Deferred Income taxes	-	3
Total income taxes	921	846
Net income	613,902	619,968
Balance brought forward	112	188
Unappropriated retained earnings (-)	614,015	620,156

Financial Documents : Statement of Cash Flows



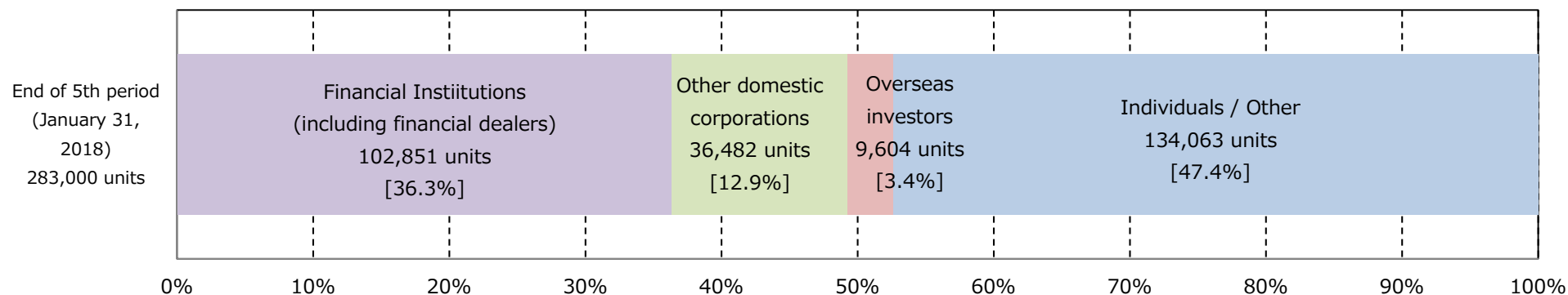
(Unit : thousand yen)			(Unit : thousand yen)		
	Previous Fiscal Year (July 31, 2017)	Current Fiscal Year (January 31, 2018)		Previous Fiscal Year (July 31, 2017)	Current Fiscal Year (January 31, 2018)
Cash flows from operating activities			Cash flows from investing activities		
Net income before income taxes	614,824	620,814	Purchase of property, plant and equipment	-7,788	-11,158
Depreciation	434,869	433,805	Purchase of property, plant and equipment in trust	-29,826	-45,508
Interest income	-3	-2	Payment for lease and guarantee deposits	-10	-
Interest expenses	103,089	105,445	Proceeds from collection of lease and guarantee deposits	-	27
Amortization of investment unit issuance expenses	4,613	4,690	Repayments of lease and guarantee deposits received	-1,547	-1,891
Amortization of investment corporation bond issuance costs	3,327	3,383	Proceeds from lease and guarantee deposits received	1,638	1,260
Decrease (increase) in operating accounts receivable	2,632	825	Repayments of lease and guarantee deposits in trust received	-29,654	-23,256
Decrease (increase) in consumption taxes receivable	61,006	-	Proceeds from lease and guarantee deposits in trust received	22,559	14,214
Decrease (increase) in consumption taxes payable	8,001	-4,420	Purchase of investment securities	-250,000	-
Decrease (increase) in prepaid expenses	-1,019	1,035	Proceeds from redemption of investment securities	1,712	8,246
Increase (decrease) in operating accounts payable	-31,824	16,273	Cash flows from investing activities	-292,915	-58,067
Increase (decrease) in accounts payable – other	-9,012	1,505	Cash flows from financing activities		
Increase (decrease) in advances received	2,015	4,198	Increase in short-term bank loans	400,000	-
Decrease (increase) in long-term prepaid expenses	30,088	1,518	Decrease in short-term loans payable	-550,000	-200,000
Other, net	2,958	-52,515	Proceeds from long-term loans payable	-	2,500,000
Subtotal	1,225,567	1,136,556	Proceeds from issuance of investment corporation bonds	-	-2,500,000
Interest income received	3	2	Proceeds from issuance of investment units	-742,638	-756,622
Interest expenses paid	-102,877	-105,552	Dividends paid	-892,638	-956,622
Income taxes – current	-1,287	-2,254	Cash flows from financing activities	-64,148	14,062
Cash flows from operating activities	1,121,405	1,028,752	Net increase (decrease) in cash and cash equivalents	1,705,580	1,641,431
			Cash and cash equivalents at the beginning of period	1,641,431	1,655,494

Unitholder Information (1)

Number of Units and Number of Unitholders by Unitholder Type



Number of units by unitholder type and number of unitholders by unitholder type



Unitholder Information

Number of units by unitholder type	As of July 31, 2016	As of January 31, 2017	As of July 31, 2017	As of January 31, 2018
Financial Institutions (including financial dealers)	53,419 units	88,799 units	95,611 units	102,851 units
Other domestic corporations	19,699 units	28,285 units	31,195 units	36,482 units
Overseas investors	5,590 units	8,038 units	6,730 units	9,604 units
Individuals / Other	84,632 units	157,878 units	149,464 units	134,063 units
Total	0 units	0 units	0 units	283,000 units

Number of unitholders by unitholder type	As of July 31, 2016	As of January 31, 2017	As of July 31, 2017	As of January 31, 2018
Financial Institutions (including financial dealers)	51 people	59 people	53 people	51 people
Other domestic corporations	186 people	262 people	235 people	216 people
Overseas investors	46 people	53 people	53 people	58 people
Individuals / Other	10,999 people	16,906 people	16,725 people	15,493 people
Total	11,282 people	17,280 people	17,066 people	15,818 people

Unitholder Information (2)

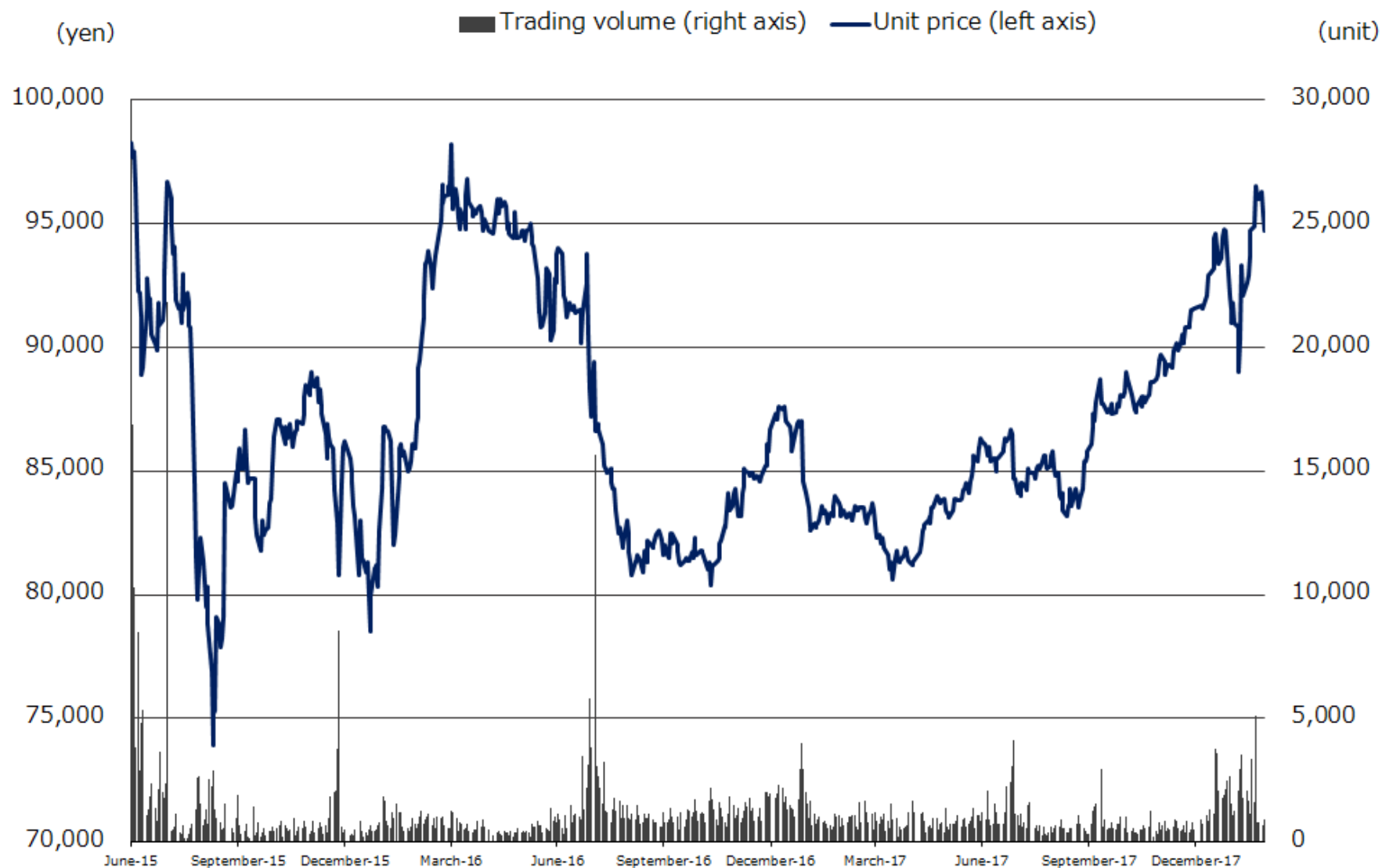
Major Unitholders



Major Unitholders (top 10) as of January 31, 2018

Unitholder	Investment units (units)	Ratio (%)
Japan Trustee Services Bank,Ltd.(Trust Account)	21,548	7.61
The Master Trust Bank of Japan,Ltd.(Trust Account)	17,831	6.30
Samty Co., Ltd.	12,374	4.37
Kinki Sangyo Credit Union	12,000	4.24
Daiwa PI Partners Co.Ltd.	10,858	3.83
Trust & Custody Services Bank, Ltd.(Securities)	9,945	3.51
Mitsubishi UFJ Morgan Stanley Securities	6,466	2.28
The Nomura Trust and Banking Co., Ltd.(Trust)	6,030	2.13
Osaka co-sei Shinkin Bank	5,820	2.05
Daido Shinyoukumiai	4,957	1.75
Total of major unitholders(top10)	107,829	38.07
Total of units	283,000	100.00

Change in Investment Unit Price (30, 2015 to February 28 2018)



Source: Prepared by Samty Asset Management based on Tokyo Stock Exchange, Inc. Database

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