

Samty Residential Investment Corporation

(Securities CODE : 3459)

Financial Results for the 2nd Fiscal Period
Ending July 2016

October 2016

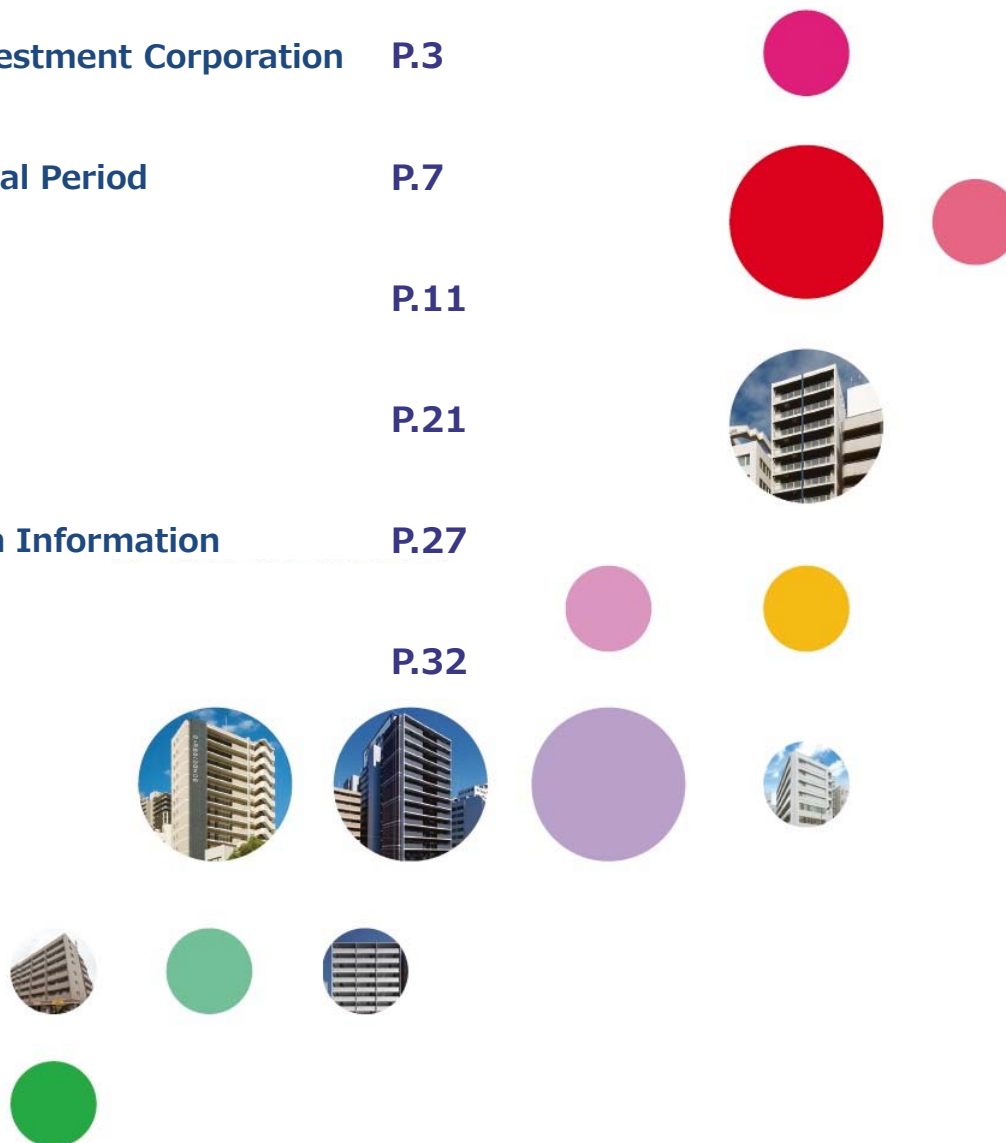


Japan-Wide Portfolio

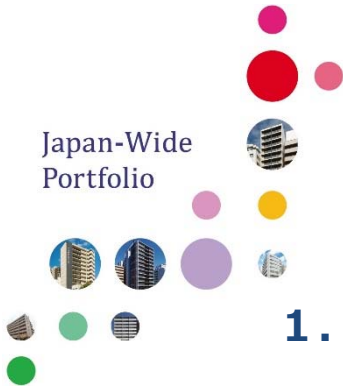


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Japan-Wide
Portfolio



1 . Features 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 aims to build a portfolio which pursues stability, growth potential and earning potential by "investing primarily in residential properties in major regional cities " and "being supported from the Samty Group."

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 of the sponsor

- ▶ Enhancing value through running a unified brand

(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
--	--------------------

Operating facilities ^(Note2)	20% or less
--	--------------------

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 area, 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%	

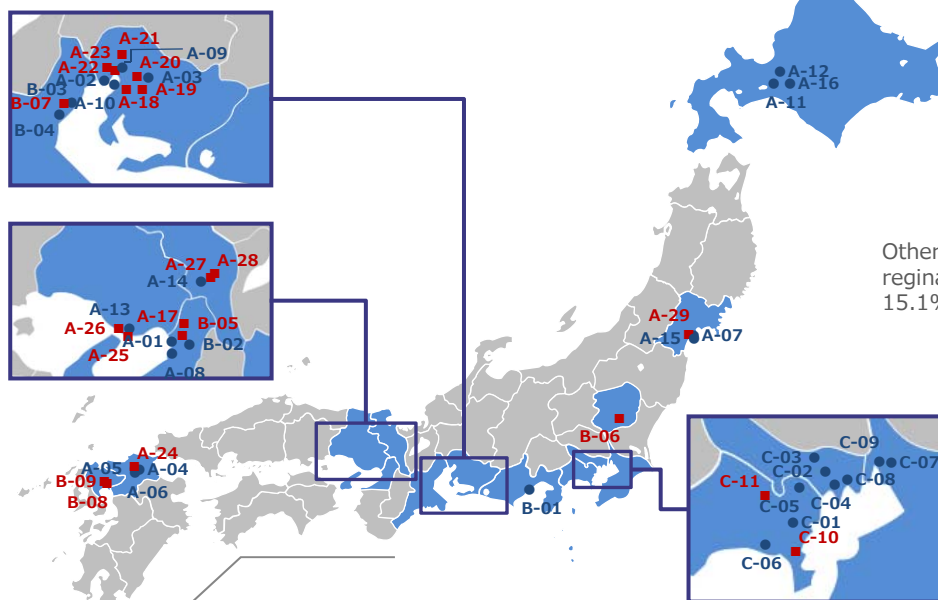
(Note3) "Investment ratio" is calculated based on the acquisition price.
The above is the target investment mix. Actual portfolio composition may vary.

Portfolio Overview

- Samty Residential has acquired 49 residential properties throughout Japan and successfully composed more stable diversified portfolio concentrating in major regional cities

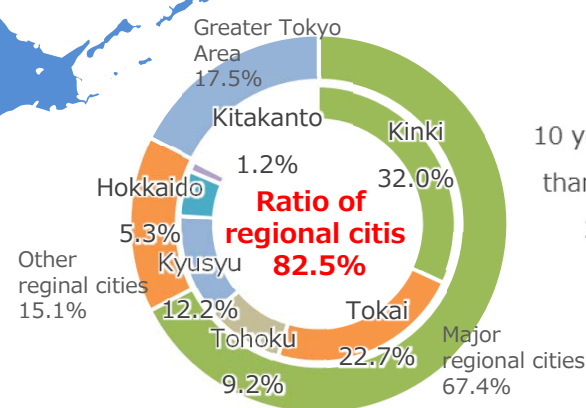
Owned properties... ●

New properties acquired at 1st public offering
(As of August 2, 2016) ... ■

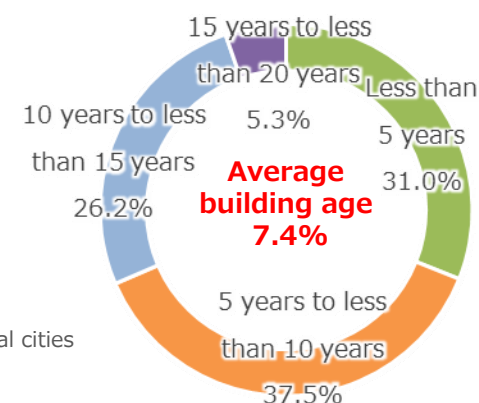


Asset size	51.5billion yen
No. of properties	49 properties
Occupancy rate	95.4%
Average building age	7.4 year
Average appraisal NOI yield	5.6%

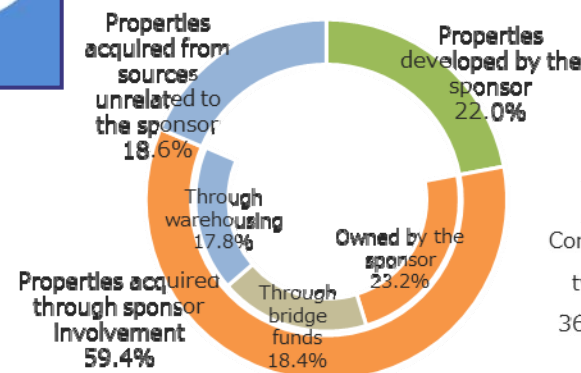
Investment ratio by geographical area



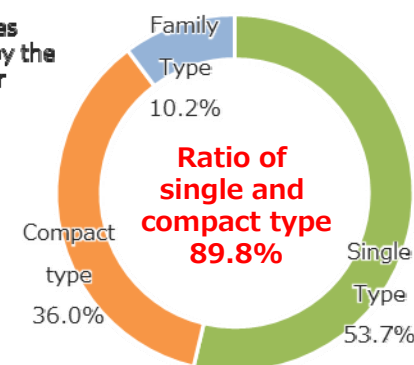
Raito by Building age



Investment ratio by seller

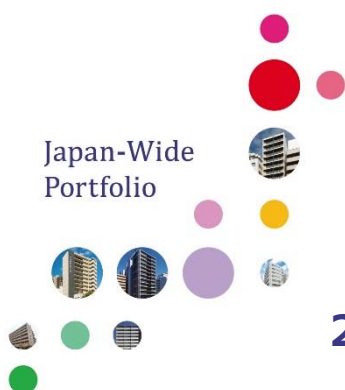


Ratio of average area per residential unit



(Note) Asset size, No. of properties, Average building age and Average appraisal NOI yield are for 49 properties owned as of August 2, 2016. Occupancy rate is for 29 properties owned as of July 31, 2016

(Note) The above ratio are based on acquisition prices for 49 properties owned as of August 2, 2016.



2. Financial Overview for the 2nd Fiscal Period

Summary of Income Statement Comparison Forecast and Actual Result



Actual result was generally as expected with the increased revenue due to the rise of occupancy rate, rental unit prices and the key money; the lowered financing costs due to a fall in base interest rate; the increased investing volume due to value-adding work, etc.

(million yen)

	1st Period (January 31, 2016)	2nd Period (July 31, 2016)		
		Forecast (As of March 16, 2016)	Results	Change from Forecast

■ Management performance

Operating revenue	1,458	1,085	1,110	+25
(out of which, real estate rental revenue)	1,458	1,085	1,109	+24
Operating expenses	859	661	693	+31
(out of which, real estate rental expenses)	628	507	538	+30
Operating income	598	423	417	-6
Non-operating income and loss	-428	-93	-85	+7
Ordinary income	170	330	331	+1
Corporate tax, etc.	1	1	0	0
Net income	168	329	330	+1

■ Distributions^(Note1)

Distribution per unit (Not including distribution in excess of earnings) ・ ・ ・ ①	1,034 yen	2,017 yen	2,026 yen	+9 yen
Distribution in excess of earnings per unit ・ ・ ・ ②	776 yen	574 yen	592 yen	+18 yen
Total distribution per unit ・ ・ ・ ① + ②	1,810 yen	2,591 yen ^(Note2)	2,618 yen	+27 yen

(Note1) Calculated with the number of investment units issued at 163,340 units.

(Note2) The forecast of distribution per unit of 2nd period at IPO was 2,473yen.

For more details, please refer to "Change in forecast/actual distribution forecast" on page 29.

Major factors contributing to difference from the actual result of the 1st fiscal period ended January 2016

Both real estate rental revenue and expenses have decreased as an irregular fiscal period of 11 months (1st Fiscal Period) was shifted to a regular fiscal period of 6 months (2nd Fiscal Period). On the other hand, ordinary income was 331 million yen (+161 million yen from the 1st fiscal period) and net income was 330 million yen (+162 million yen from the 1st fiscal period) in the 2nd Fiscal Period. While non-operating expenses related to establishment and IPO were recorded in the 1st Fiscal Period, none of such were recorded in the 2nd Fiscal Period.

Major factors contributing to difference Between the forecast and the actual result of the 2nd fiscal period ended July 2016

- Increase in operating revenue : +25 million yen
 - Increase in rental revenues due to rise in occupancy and rent unit prices: +2 million yen
 - Increase in other revenues (cancellation penalty, key money, renewal fee, etc.): +23 million yen
- Increase in operating expenses: -31 million yen
 - Increase in repair expenses due to value-adding work, etc.: -9 million yen
 - Increase in depreciation: -8 million yen
 - Increase in other expenses (leasing promotion expenses, etc.): -13million yen
- Non-operating income and expense: +7 million yen
 - Decrease in interest expenses due to the decrease in base rates: +5 million yen
 - Other non-operating income and expense: +2 million yen

【Average occupancy rate during 2nd period】

Forecast : 94.6%
Actual result : 95.3%

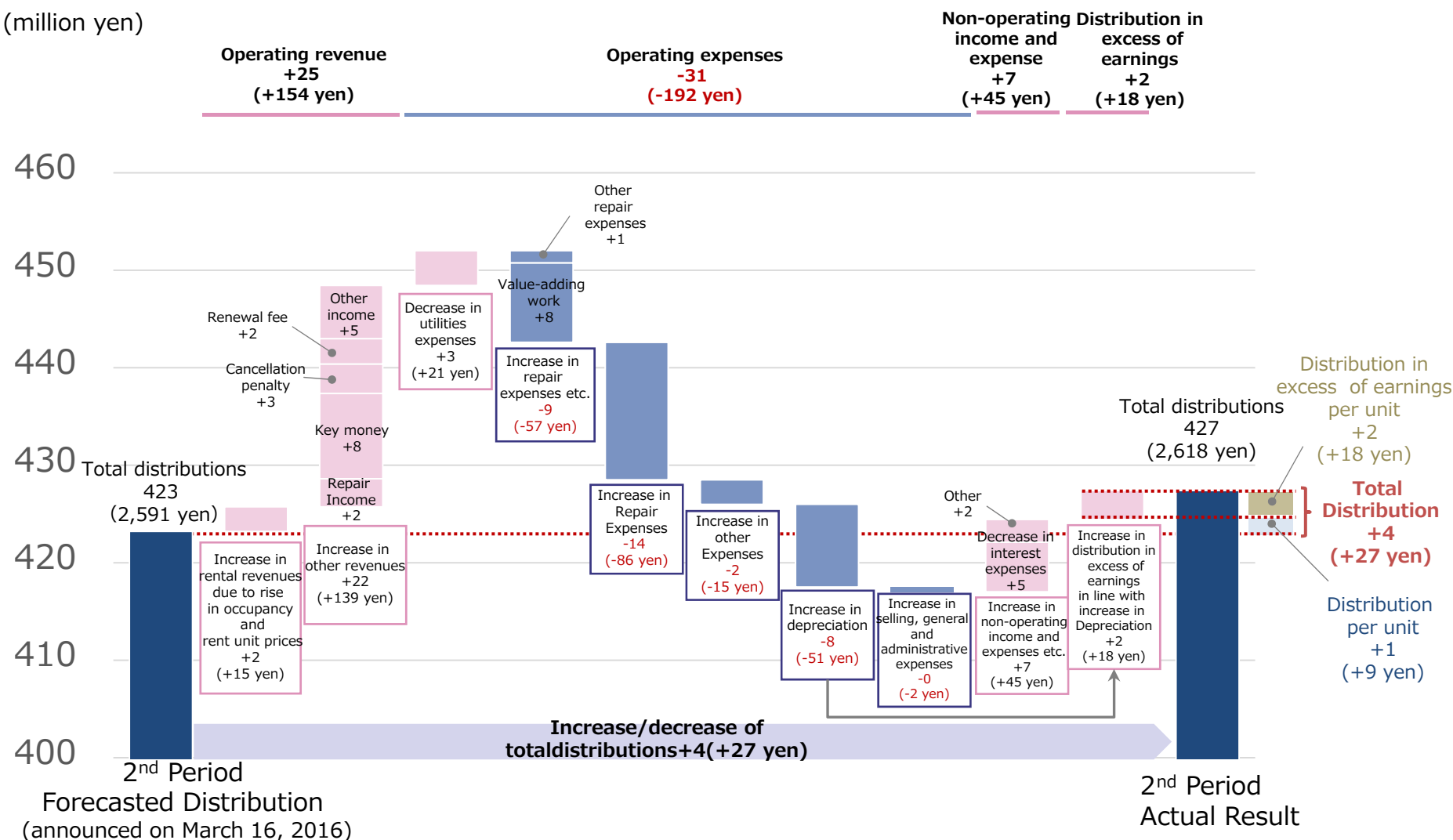
【Capital expenditures】

Forecast : 28 million yen
Actual result : 8 million yen

Comparison of Forecasted Distribution with Actual Result

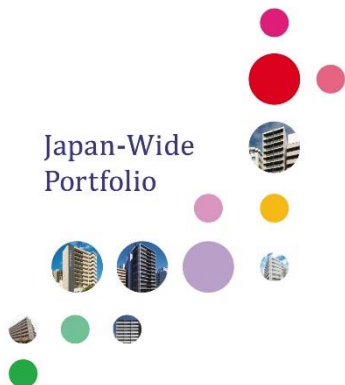
Comparison between the forecast and the actual results of the 2nd fiscal period

(million yen)



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

Japan-Wide
Portfolio



3. Managing Result

Management Summary

External Growth	■ Samty Residential has enhanced portfolio stability through expanding its asset size by acquiring properties and proceeding diversification				
		At IPO (As of July 1, 2015)	No.of properties +21 properties Total acquisition price+1.7times		1 st PO (As of August 2, 2016)
	No. of properties	28 properties			49 properties
	Acquisition price	30,500 million yen			51,551 million yen
Internal Growth	■ Samty Residential has realized stable portfolio operation through an appropriate management based on track records and experiences				
		At IPO (As of June 30, 2015)	End of 1 st Period (As of January 31, 2016)	End of 2 nd Period (As of July 31, 2016)	
	Occupancy rate ^(Note)	92.8%	95.2%	95.4%	
	(Note) The occupancy rate at the time of IPO excluding recently completed S-FORT Tsurumai marks, S-FORT Shonan Hiratsuka and S-FORT Gakuenmae which was purchased on October 1, 2015. The 20 assets which newly acquired on August, 2016 are also excluding, since those of the assets were unpurchased at the time of the end of July 2016.				
Financial Strategy	■ Samty Residential has established a close relationship with financial institutions in each region, constructing a solid financial condition through a well-balanced lender formation.				
		End of 1 st Period (As of January 31, 2016)	Lenders +3banks Long-term debt ratio +3.3 Percentage points		1 st PO (As of August 2, 2016)
	No. of Financial Institutions	12 banks			15 banks
	Total interest-bearing liabilities	17.1 billion yen			29.2 billion yen
	Long-term loan ratio	93.2%			96.5%

Change in the Portfolio

Portfolio highlight

	IPO (July 1, 2015)	End of 1st period (January 31, 2016)	End of 2nd period (July 31, 2016)	1 st PO (August 2, 2016)
No. of properties	28 properties	29 properties	29 properties	49 properties
Total acquisition price	30,500 million yen	30,962 million yen	30,962 million yen	51,551 million yen
Appraisal value	30,936 million yen	32,434 million yen	32,975 million yen	54,956 million yen
Appraisal NOI yield	5.6%	5.6%	5.6%	5.6%
Average building age	7.0 year	7.6 year	8.1 year	7.4 year
Occupancy rate	92.8% ^(Note1)	95.2%	95.4%	96.5% ^(Note2)
No. of rentable units	2,297 units	2,345 units	2,345 units	3,754 units

(Note1) The occupancy rate is the figure as of the end of July 2015 and excluding recently completed S-FORT Tsurumai marks, S-FORT Shonan Hiratsuka and S-FORT Gakuenmae which was purchased on October 1, 2015.

(Note2) The Occupancy rate after 1st PO is calculated based on the average of the occupancy rate as of July 31, 2016 for the 29 properties owned at the 2nd period and as of April 30, 2016 for the 20 properties which purchased on August 1, 2016 and August 2, 2016., excluding S-FORT Tsurumai arts and S-FORT Tsurumai cube which are recently completed. The occupancy rate including these 2 properties are 94.9%.

Major owned properties



S-RESIDENCE
Shin Osaka Ekimae



S-RESIDENCE
Esaka



S-RESIDENCE
Kobe Motomachi



S-RESIDENCE
Yokosuka Chuo

Overview of Public Offering in August 2016

Overview of public offering

1. Details of offering	Number of investment units offered: 119,660 units Number of investment units offered through over-allotment: 5,983 units	3. Price of offering	86,686 yen per unit (Final closing price on the determination of the condition: 91,500 yen)
2. Schedule	Date of resolution of issuance: July 11, 2016 Payment date: August 1, 2016 Delivery date: August 2, 2016	4. Total amount of offering	10.8 billion yen
		5. Amount of funds procured	10 billion yen
		6. Lead Managers	Daiwa Securities Co., Ltd. Nomura Securities Co., Ltd.

List of newly acquired properties

Property number	Property Name	Acquisition price (million yen)	Appraisal value (million yen)	Property number	Property Name	Acquisition price (million yen)	Appraisal value (million yen)
Major Regional Cities				Other Regional Cities			
A-17	S-RESIDENCE Shin Osaka Ekimae	2,489	2,650	B-05	S-RESIDENCE Esaka	2,323	2,490
A-18	S-FORT Aoi 1-Chome	1,080	1,120	B-06	S-FORT Utsunomiya	612	640
A-19	S-FORT Aoi	870	973	B-07	S-FORT Yokkaichi Nishishinchi	630	701
A-20	S-FORT Kurumamichi	400	423	B-08	S-FORT Saga Honjo	1,050	1,070
A-21	S-FORT Kamiotai	720	735	B-09	S-FORT Saga Idaimae	375	394
A-22	S-FORT Tsurumai arts	680	753	Greater Tokyo Area			
A-23	S-FORT Tsurumai cube	570	631	C-10	S-RESIDENCE Yokosuka Chuo	850	910
A-24	S-FORT Fukuoka Higashi	1,900	2,010	C-11	S-FORT Sagamihara	585	604
A-25	S-RESIDENCE Kobe Motomachi	1,200	1,320	Total	20 properties	20,589	21,981
A-26	S-FORT Kobe Kaguracho	1,858	2,090				
A-27	S-FORT Nijo-jo mae	812	842				
A-28	S-FORT Chion-in mae	500	515				
A-29	S-FORT Miyamachi	1,085	1,110				

Property acquisitions in August 2016

Acquired properties for 20.5 billion yen located primarily in Major Regional Cities under the theme of stability and expansion of asset size

Secured stable earnings by investing in properties within a commutable area to core offices, medical or educational facilities such as national universities in the area and by adopting the fixed rent master lease (ML).

■ S-RESIDENCE Yokosuka Chuo



A dormitory provided as part of welfare offerings of a corporation, and that has single type units with a day nursery for its employees.



■ Close to universities

Fixed-rent ML



S-FORT
Saga Honjo

Fixed-rent ML



S-FORT
Chion-in mae

Fixed-rent ML



S-FORT
Saga Idaimae

■ Close to medical institutions



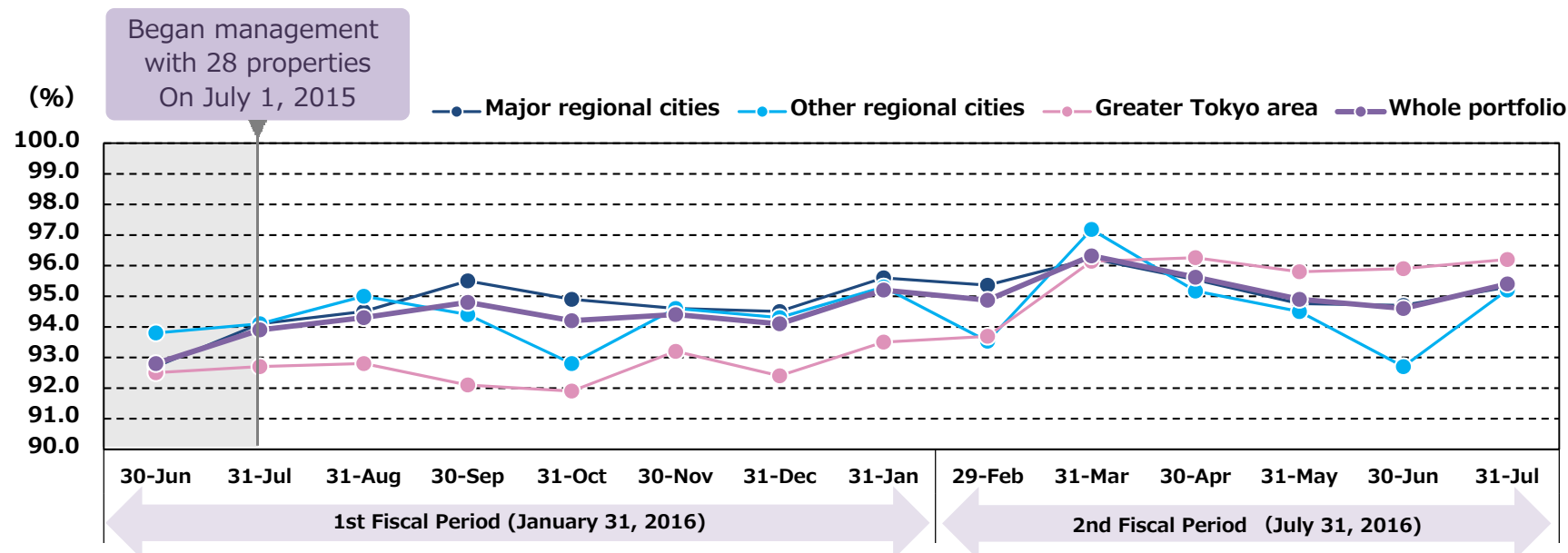
S-FORT
Tsurumai cube



S-RESIDENCE
Kobe Motomachi

Changes in the Occupancy Rates by Area

Occupancy rate for the entire portfolio has risen 2.6% from the time of IPO. Currently it stably keeps around 95%.

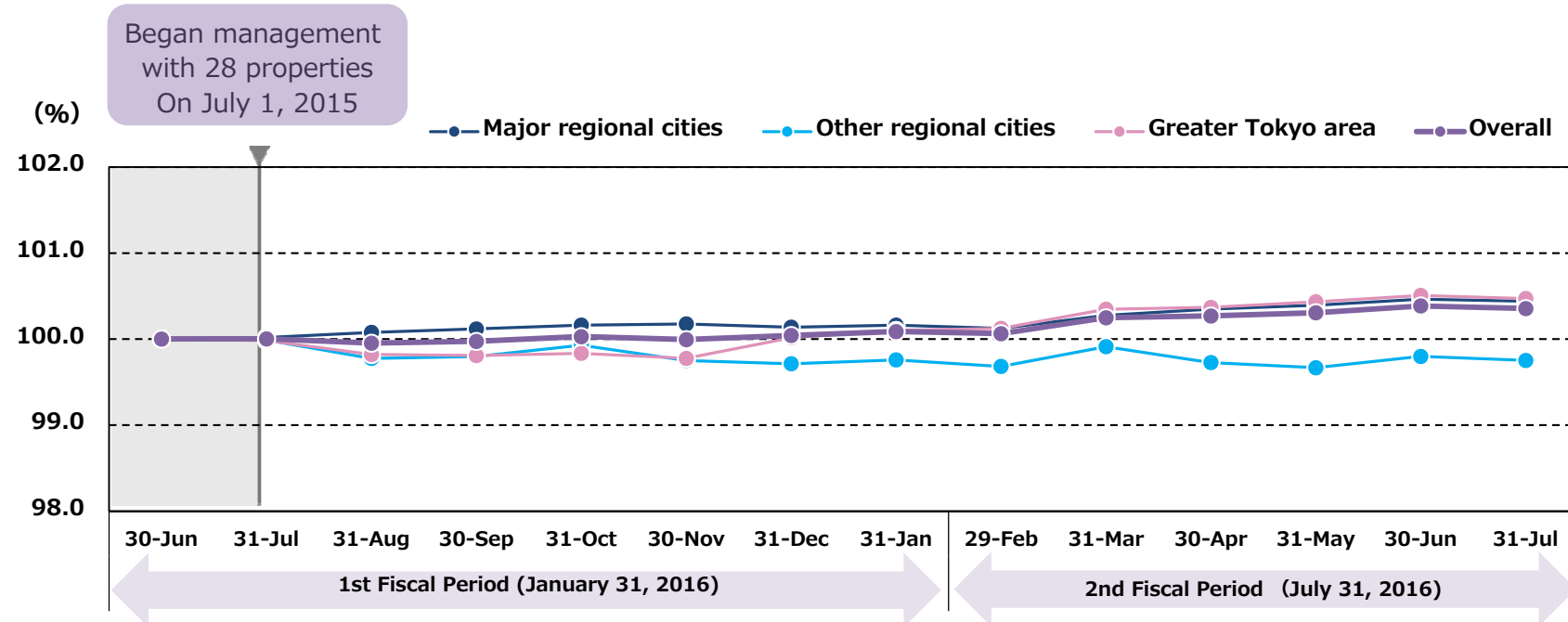


Occupancy rate (%)	1st Fiscal Period (January 31, 2016)								2nd Fiscal Period (July 31, 2016)					
	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	31-Dec	31-Jan	29-Feb	31-Mar	30-Apr	31-May	30-Jun	31-Jul
Major regional cities	92.7	94.1	94.5	95.5	94.9	94.6	94.5	95.6	95.4	96.2	95.5	94.8	94.7	95.3
Other regional cities	93.8	94.1	95.0	94.4	92.8	94.6	94.3	95.3	93.5	97.2	95.2	94.5	92.7	95.2
Greater Tokyo area	92.5	92.7	92.8	92.1	91.9	93.2	92.4	93.5	93.7	96.1	96.3	95.8	95.9	96.2
Whole portfolio	92.8	93.9	94.3	94.8	94.2	94.4	94.1	95.2	94.9	96.3	95.6	94.9	94.6	95.4

(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. (From end of June 2015 to end of August 2015 is excluding recently completed S-FORT Tsurumai marks, S-FORT Shonan Hiratsuka and S-FORT Gakuenmae which was purchased on October 1, 2015. September 2015 is including S-FORT Tsurumai marks and S-FORT Shonan Hiratsuka, excluding S-FORT Gakuenmae. The 20 assets which newly acquired on August 1, 2016 and August 2, 2016 are also excluding, since those of the assets were unpurchased at the time of the end of July 2016.

Changes in unit rent after adjustment

Unit rent after adjustment of the entire portfolio and earning capability including key money revenue have remained stable.



Rent unit price after adjustment End of June 2015 = 100	1st Fiscal Period (January 31, 2016)								2nd Fiscal Period (July 31, 2016)					
	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	31-Dec	31-Jan	29-Feb	31-Mar	30-Apr	31-May	30-Jun	31-Jul
Major regional cities	100.0	100.0	100.1	100.1	100.2	100.2	100.1	100.2	100.1	100.3	100.3	100.4	100.5	100.4
Other regional cities	100.0	100.0	99.8	99.8	99.9	99.8	99.7	99.8	99.7	99.9	99.7	99.7	99.8	99.8
Greater Tokyo area	100.0	100.0	99.8	99.8	99.8	99.8	100.0	100.1	100.1	100.3	100.4	100.4	100.5	100.5
Whole portfolio	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.1	100.1	100.2	100.3	100.3	100.4	100.4

(Note) Unit rent after adjustment are 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

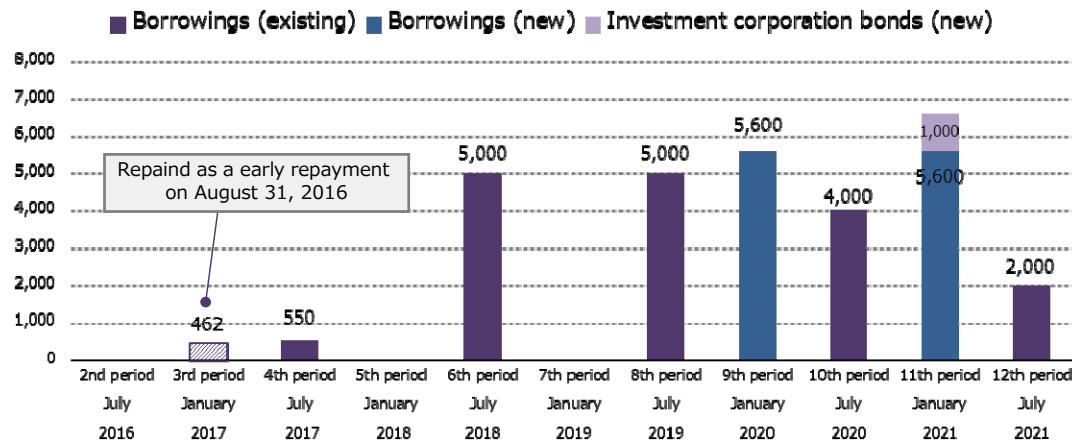
Financial highlight

Change in financial Status

	<u>End of 1st period</u>	<u>End of 2nd period</u>	<u>1st PO</u> (August 2, 2016)	<u>The latest date</u> (August 31, 2016)
Total interest-bearing debt	<u>17.1 billion yen</u>	<u>17 billion yen</u>	<u>29.2 billion yen</u>	<u>28.7 billion yen</u>
Average remaining borrowing period	<u>3.4 year</u>	<u>3.0 year</u>	<u>3.2 year</u>	<u>3.2 year</u>
Ratio of long-term debt	<u>93.2%</u>	<u>94.1%</u>	<u>96.5%</u>	<u>98.1%</u>
Total asset based LTV _(Note)	<u>50.6%</u>	<u>50.6%</u>	<u>52.5%</u>	<u>51.7%</u>

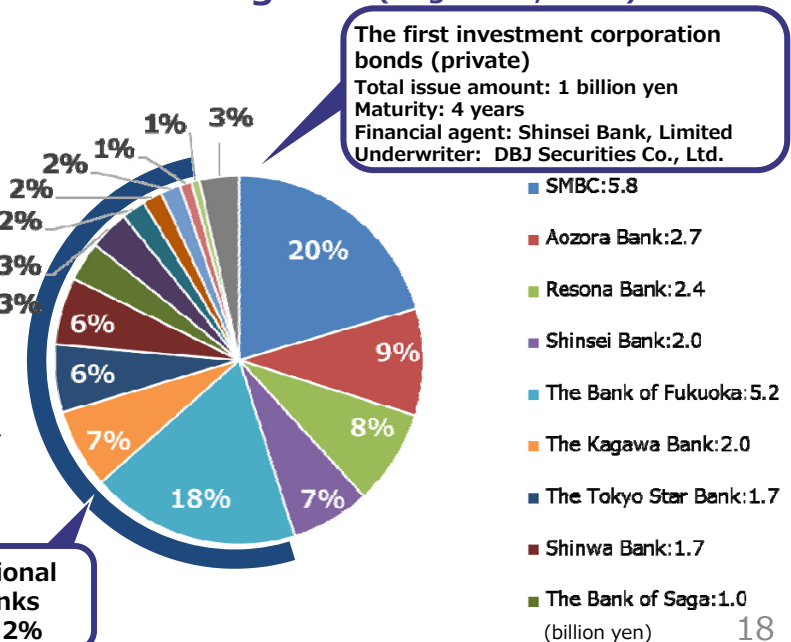
Status of Maturity ladder

(million yen)



(Note) The total asset based LTV at the time of 1st PO and the most recent date is the forecast, interest-bearing debt is divided by total assets (adding incidental expenses in line with 20 properties that newly acquired on August 1, 2016 and August 2, 2016 (assumption at the present time), and the total acquisition price including the consumption taxes.) to total assets as of end of 2nd period.

Breakdown of the interest-bearing debt(August 31, 2016)



Appraisal Value Status (1)

Summary of Appraisal Value

	No. of properties	Acquisition price (million yen) <small>(Note1)</small>	Book value End of 2nd period (as of July 31, 2016) (million yen)	IPO (July 10, 2015) <small>(Note1)</small>		1st fiscal period				1st PO (August 2, 2016) <small>(Note3)</small>	
						End of interim period (August 31, 2015) <small>(Note1)</small>		End of 1st period (January 31, 2016)			
				Appraisal value (million yen)	Cap Rate (%) <small>(Note2)</small>	Appraisal value (million yen)	Cap Rate (%) <small>(Note2)</small>	Appraisal value (million yen)	Cap Rate (%) <small>(Note2)</small>	Appraisal value (million yen)	Cap Rate (%) <small>(Note2)</small>
【Properties acquired through the 1st Fiscal Period】											
Major regional cities	16	20,607	21,545	20,451	5.5	20,879	5.4	21,675	5.3	22,002	5.2
Other regional cities	4	2,777	2,930	2,861	6.1	2,885	5.9	2,935	5.8	2,951	5.8
Greater Tokyo area	9	7,578	7,865	7,624	5.0	7,719	4.9	7,824	4.8	8,022	4.8
Subtotal	29	30,962	32,341	30,936	5.4	31,483	5.3	32,434	5.2	32,975	5.1
【Properties acquired through PO in August 2016】											
Major regional cities	13	14,164	-	-	-	-	-	-	-	15,172	5.0
Other regional cities	5	4,990	-	-	-	-	-	-	-	5,295	5.3
Greater Tokyo area	2	1,435	-	-	-	-	-	-	-	1,514	5.4
Subtotal	20	20,589	-	-	-	-	-	-	-	21,981	5.1
Total	49	51,551	32,341	30,936	5.4	31,483	5.3	32,434	5.2	54,956	5.1

(Note1) Acquisition price at the 1st fiscal period includes the acquisition price for S-FORT Gakuenmae (462 million yen) acquired on October 1, 2015.

However, appraisal values for at IPO and end of interim period for 1st period do not include the appraisal value of the property.

(Note2) Cap Rate is calculated with the weighted average using the cap rate as per the direct capitalization method of the appraisal reports.

(Note3) The figures for properties acquired through PO in August 2016 are based on real estate appraisal reports at time of acquisition on May 1, 2016.

Appraisal Value Status (2)

Changed in appraisal value of properties acquired in the 1st Fiscal Period through the end of the 2nd Fiscal Period

■ Change of appraisal value at end of 2nd period with those at IPO and at end of 1st period

		No. of properties	
		Compared to IPO	Compared to end of 1 st period (Note1)
Change in appraisal value	Upward	26	22
	Unchanged	0	2
	Downward (Note2)	2	5

(Note) The figure for the end of 1st period includes S-FORT Gakuenmae acquired on October 1, 2015.

(Note2) Reasons for the decline in appraisal value for each property are as follows.

A-09 S-FORT Tsurumai marks . . . -0.9% compared to end of 1st period.
 Actual amount of fixed asset tax finalized.

A-12 S-FORT Hokudai Mae . . . -0.3% compared to end of 1st period.

Benefit of property tax relief decreased.

A-14 S-FORT Kyoto Nishioji . . . -0.9% compared to end of 1st period.

Expense increased due to introduction of internet service

B-01 S-FORT Shjizuoka Hondori . . . -1.6% compared to end of 1st period.

Assumption for occupancy rate for the area reviewed.

B-04 S-FORT Suzuka . . . -1.8% compared to end of 1st period.

Depreciable tax recorded in line with the acquisition.

Changed in Cap Rate of properties acquired in the 1st Fiscal Period through the end of the 2nd Period

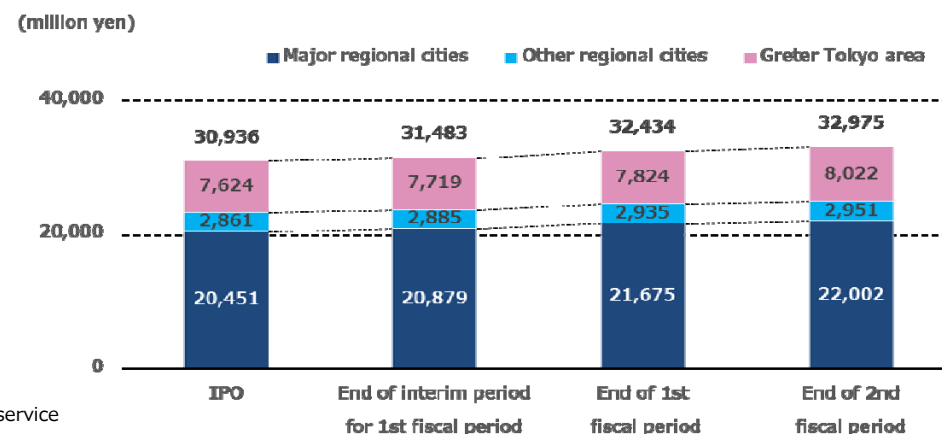
■ Change of Cap Rate at end of 2nd Period with those at IPO and at end of 1st Period

		No. of properties	
		Compared to IPO	Compared to end of 1 st period (Note1)
Change in Cap Rate	Upward	0	0
	Unchanged	0	12
	Downward (Note2)	28	17

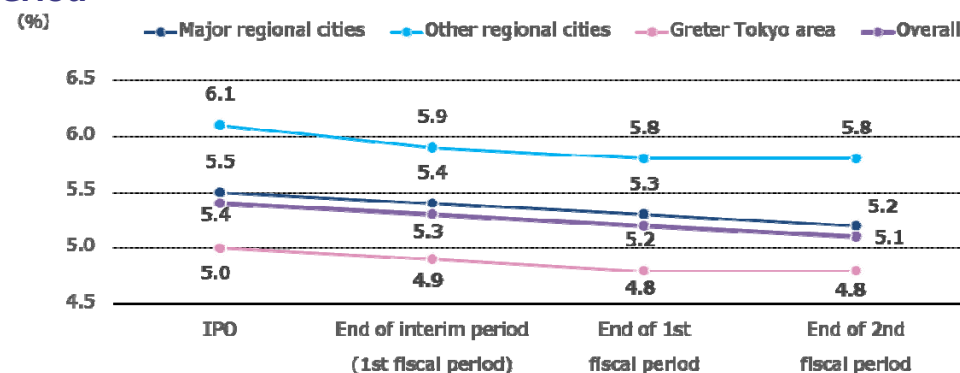
(Note1) Cap rate at the end of 1st Period is calculated with S-FORT Gakuenmae acquired on October 1, 2015 included.

(Note2) Cap Rate has declined due to the rise in appraisal value.

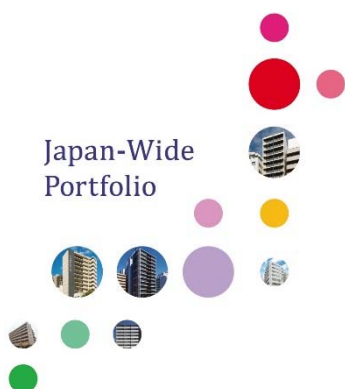
■ Change in appraisal value of properties acquired in the 1st fiscal period



■ Change in Cap Rate of properties acquired in the 1st fiscal period



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

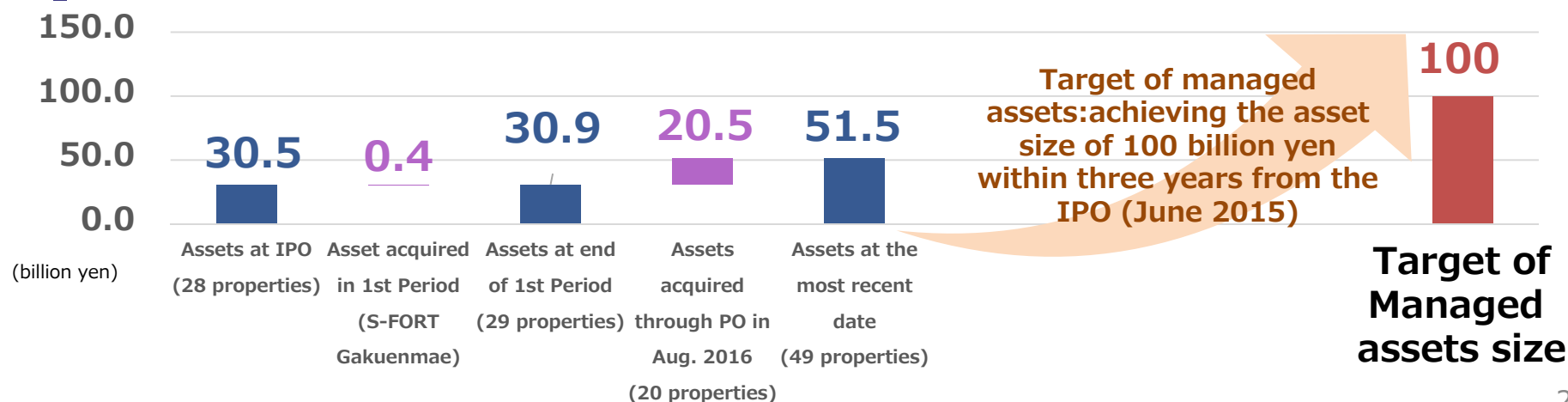


4. Future Growth Strategy

Growth Strategy · Managed Target

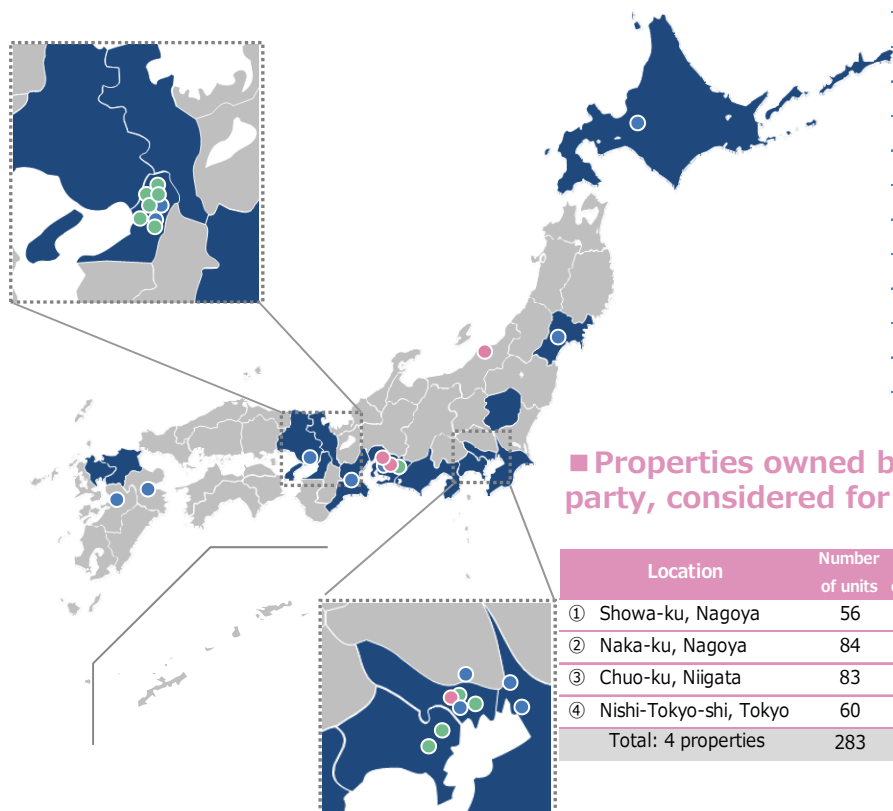
External growth strategy	<ol style="list-style-type: none"> Expand the asset size and enhance the quality of the portfolio through continuous acquisitions of the “S-RESIDENCE” properties developed by the sponsor Acquire properties through sponsor support Acquire properties by taking advantage of the 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 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 in the future

Change in Asset size · Management Target (Based on acquisition price)



Pipeline (Properties of which exclusive negotiating rights were granted and properties under the negotiation for acquisition)

Properties in development and owned by the sponsor considered for acquisition (including scheduled to acquire)



Properties owned by the third party, considered for acquisition

Location	Number of units	Scheduled completion date	Area
① Showa-ku, Nagoya	56	Jan-17	Major regional cities
② Naka-ku, Nagoya	84	Feb-18	Major regional cities
③ Chuo-ku, Niigata	83	Feb-18	Other regional cities
④ Nishi-Tokyo-shi, Tokyo	60	Mar-07	Greater Tokyo area
Total: 4 properties	283		

Properties in development by the sponsor, granted exclusive negotiating rights

Property Name	Location	Number of units	Scheduled completion date	Area
① S-RESIDENCE Midoribashi SF	Higashinari-ku, Osaka	148	Sep-16	Major regional cities
② S-RESIDENCE Fukaebashi EAST	Higashinari-ku, Osaka	144	Jan-17	Major regional cities
③ S-RESIDENCE Shin Osaka WEST	Yodogawa-ku, Osaka	224	Feb-17	Major regional cities
④ S-RESIDENCE Miyakojima	Miyakojima-ku, Osaka	120	Jul-17	Major regional cities
⑤ S-RESIDENCE Nagoya Chiyoda	Naka-ku, Nagoya	109	Aug-17	Major regional cities
⑥ S-RESIDENCE Minami Horie	Nishi-ku, Osaka	154	Sep-17	Major regional cities
⑦ S-RESIDENCE Kikawa Higashi	Yodogawa-ku, Osaka	187	Dec-17	Major regional cities
⑧ S-RESIDENCE Esaka Tarumicho	Suita-shi, Osaka	75	Jun-17	Other regional cities
⑨ S-RESIDENCE Yokohama Tammachi	Kanagawa-ku, Yokohama	36	Oct-16	Greater Tokyo area
⑩ S-RESIDENCE Kawasaki Kaizuka	Kawasaki-ku, Kawasaki	43	Feb-17	Greater Tokyo area
⑪ S-RESIDENCE Nihombashi Nakasu	Chuo-ku, Tokyo	116	Oct-17	Greater Tokyo area
⑫ S-RESIDENCE Shinjyuku	Shinjuku-ku, Tokyo	65	Jan-18	Greater Tokyo area
⑬ S-RESIDENCE Matsudo Honcho	Matsudo-shi, Chiba	52	Mar-18	Greater Tokyo area
Total: 13 properties		1,473		

Properties owned by the sponsor considered for acquisition (including scheduled to acquire)

Location	Number of units	Completion date	Area
① Yodogawa-ku, Osaka	54	Sep-02	Major regional cities
② Aoba-ku, Sendai	66	Oct-07	Major regional cities
③ Toyohira-ku, Sapporo	63	Mar-08	Major regional cities
④ Tsu-shi, Mie	62	Feb-06	Other regional cities
⑤ Oita-shi, Oita	90	Dec-06	Other regional cities
⑥ Chuo-ku, Kumamoto	91	Jan-08	Other regional cities
⑦ Nishinomiya-shi, Hyogo	102	Mar-09	Other regional cities
⑧ Machida-shi, Tokyo	45	Feb-08	Greater Tokyo area
⑨ Funabashi-shi, Chiba	117	Mar-08	Greater Tokyo area
⑩ Kawaguchi-shi, Saitama	70	Aug-16	Greater Tokyo area
Total: 10 properties	760		

■ Prefectures where the 49 owned properties are located

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

Leasing Activities / Examples

(1) Promoting leasing by using model units

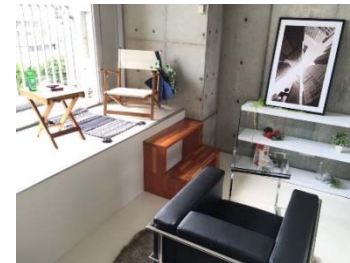
Setting up model units of leasing properties. Presenting ideas of actual living in the unit to prospective tenants to have them sign up at an early stage

- Presenting ideals of actual living in the unit to prospective tenants.
 - Make easier to guide prospective tenants to the units.
 - Acquire signing up at an early stage by presenting ideas of actual living in the unit to prospective tenants.
 - The number of inquiry from prospective tenants have been increased by appealing the picture of model units through internet advertisement.

■ Period before sign-ups after introduction of model units

	Vacant period before introduction of model units	Period before the first sign-up after introduction of model units
A-10 S-FORT Rokuban-cho	Room A:113 days Room B:134 days	2 weeks (each)
A-16 S-FORT Gakuenmae	108 days	2 weeks
B-01 S-FORT Shizuoka Hondori	102 days	4 days

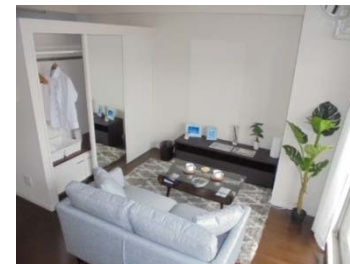
A-10 S-FORT Rokuban-cho



A-16 S-FORT Gakuenmae



B-01 S-FORT Shizuoka Hondori



Examples of cost reduction/improvement of profitability

Building up profit through various cost-cutting measures and profitability improvement measures

■ Reduction of management costs by reviewing contracts with BM companies (Note1)

Reducing costs by around 1.15 million yen (annual) in the 2nd Fiscal Period by reviewing management specifications and management costs stipulated in the contracts with BM companies.

【Examples of review of management specifications】

- Reviewing the frequency of inspection of the mechanical parking facility (4 times/year → 3 times/year)
- Reducing management cost used as lease/rental fees by reviewing part of lease/rental contracts (rental mats, etc.) and changing it to self-management

■ Additional installment of motorcycle parking and conversion of parking

Enhancing convenience by additionally installing motorcycle parking in vacant spaces of common-use areas; and improving profitability by converting low utilized monthly parking into coin-operated parking.

- Introduction of coin-operated parking at A-08 S-RESIDENCE Namba Briller



■ Reduction of utilities expenses by introducing LED lighting

Reducing utilities expenses at the following properties by introducing LED lighting

	Reduced amount of utilities expenses (annual)(thousand yen) (Note2)
A-01 S-FORT Shin Osaka ravir	119
A-02 S-FORT Sanno	981
A-03 S-FORT Fujigaoka	380
A-04 S-FORT Chikushi Dori	356
A-05 S-FORT Fukuoka Kencho Mae	203
A-07 S-FORT Tsutsujigaoka Koen	66
B-02 S-FORT Suminodo	817
Total	2,924

(Note1) BM companies(building management company): Companies that conduct management such as cleaning, hygiene, equipment and security of properties.

(Note2) The reduced amounts are predicted figures calculated based on actual figures of monthly electricity consumption before and after the introduction of LED lighting.

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

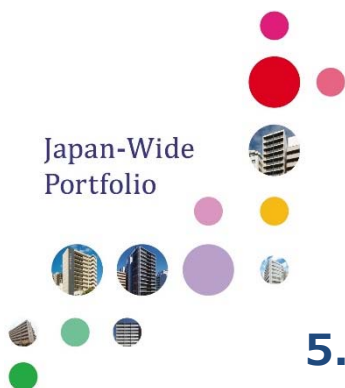
**Develop new banking relation ship
including regional banks**

**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

Acquire credit ratings in the future



5. Operating Results and Distribution Information

Management Forecast of the 3rd and the 4th Fiscal Period



(million yen)	3rd fiscal period (January 31, 2017)	4th fiscal period (July 31, 2017)	Increase and decrease
Operating revenue	1,790	1,791	+1
Real estate rental revenue	1,790	1,791	+1
Operating expenses	955	1,051	+96
Real estate rental expenses	768	815	+47
Miscellaneous rental expenses	256	257	+1
Taxes and dues	71	117	+46
Depreciation	440	440	0
Real estate rental income	1,021	975	-46
Other operating expenses	187	235	+48
Asset management fees	76	127	+51
Other expenses	110	108	-2
Operating income	834	740	-94
Non-operating income and loss	-251	-150	+101
Ordinary income	582	589	+7
Corporate tax, etc.	1	1	0
Net income	581	588	+7
Distribution per unit	2600 yen	2625 yen	+ 25 yen
Distribution per unit (Not including distribution in excess of earnings)	2056 yen	2081 yen	+25 yen
Distribution in excess of earnings per unit	544 yen	544 yen	-

Assumptions

■ Calculation period

The 3rd fiscal period :
August 1, 2016 to January 31, 2017
The 4th fiscal period :
February 1, 2017 to July 31, 2017

■ Assets

The 3rd fiscal period : 49 properties
The 4th fiscal period : 49 properties
(Number of acquired properties
as of the date of this document)

■ Period average

month-end occupancy rate

The 3rd fiscal period : 95.4%
The 4th fiscal period : 95.2%

■ Balance of interest-bearing debt at end of period

The 3rd fiscal period : 28,750 million yen
The 4th fiscal period : 28,750 million yen

■ No. of outstanding units

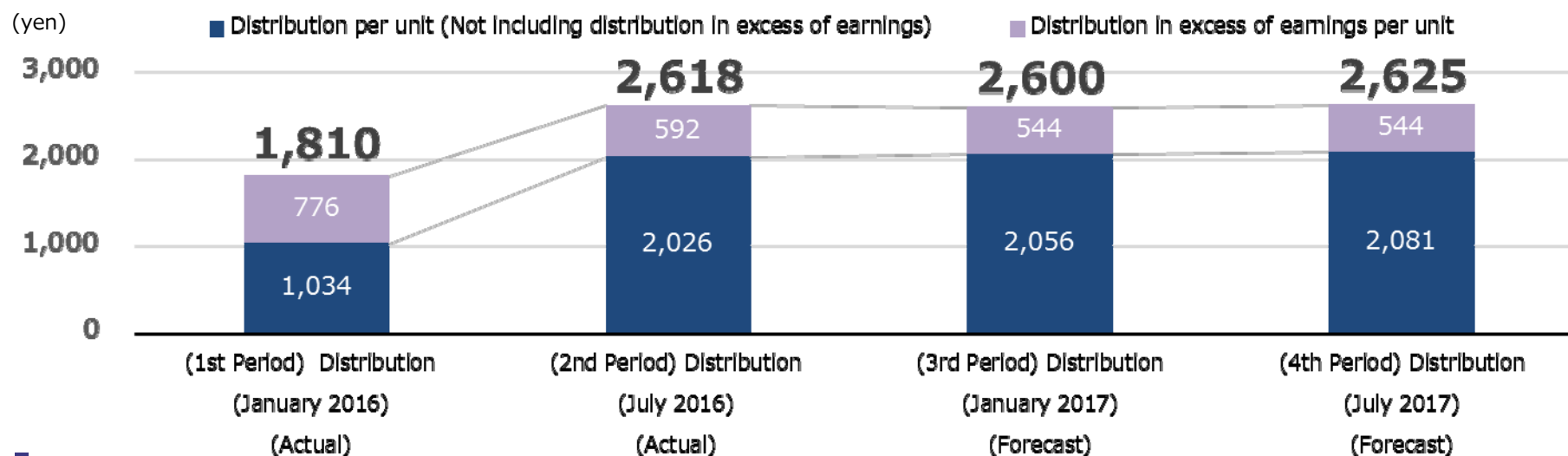
The 3rd fiscal period : 283,000 units
The 4th fiscal period : 283,000 units
(Number of investment units issued and
outstanding as of the date of this document)

■ Capital expenditures (planned amount)

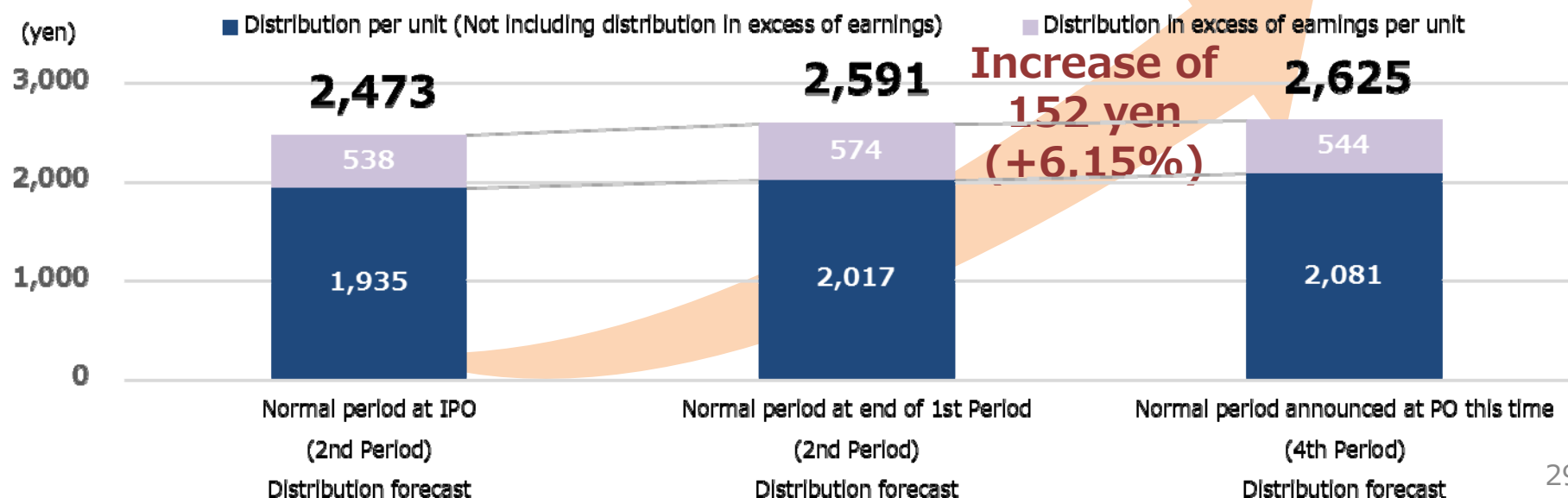
The 3rd fiscal period : 42 million yen
The 4th fiscal period : 42 million yen

Outlook of Distribution

Change in forecast/actual distribution



Change in distribution at normal periods



Distribution Policy (1)

- Due to the characteristics nature of the portfolio, the ratio of depreciation to property acquisition price tends to be large, 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 3rd and the 4th 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.
- Amount of distribution amount 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

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

Investment that should help enhance the portfolio's profitability enhance

Distribution Policy (2)

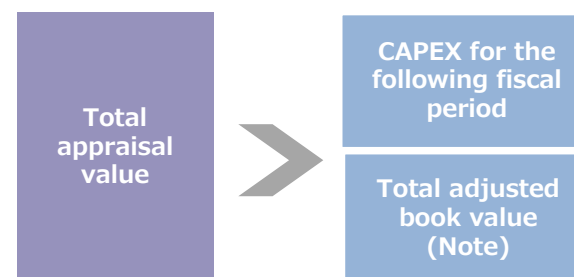
Distributions in Excess of Earnings

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.

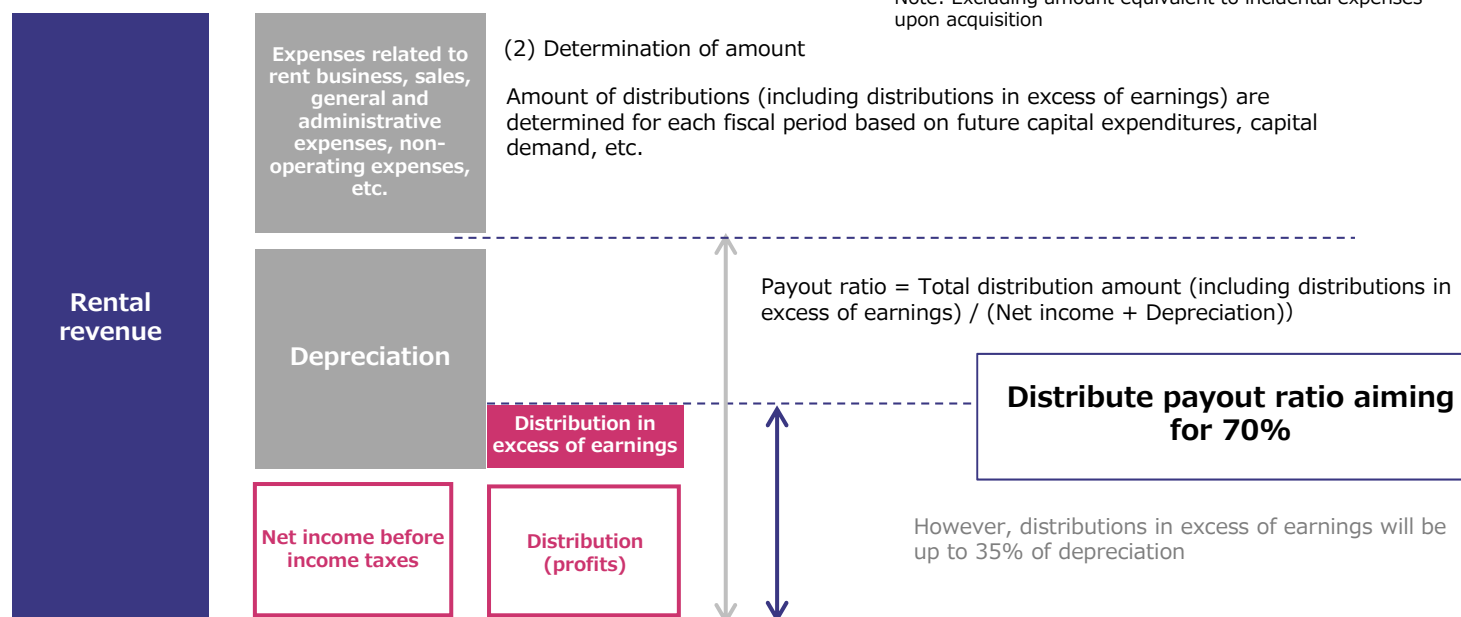
■ Conceptual diagram of distributions in excess of earnings

(1) Determination of distributions

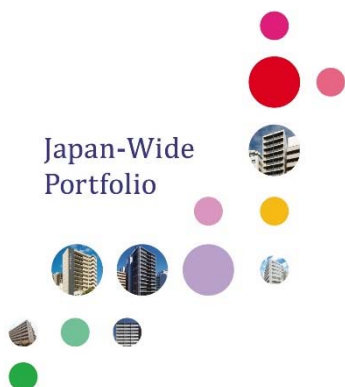
With a view to enhancing unitholder value over the medium to long term, distributions in excess of earnings are authorized when Samty Residential's portfolio meets the right conditions.



Note: Excluding amount equivalent to incidental expenses upon acquisition



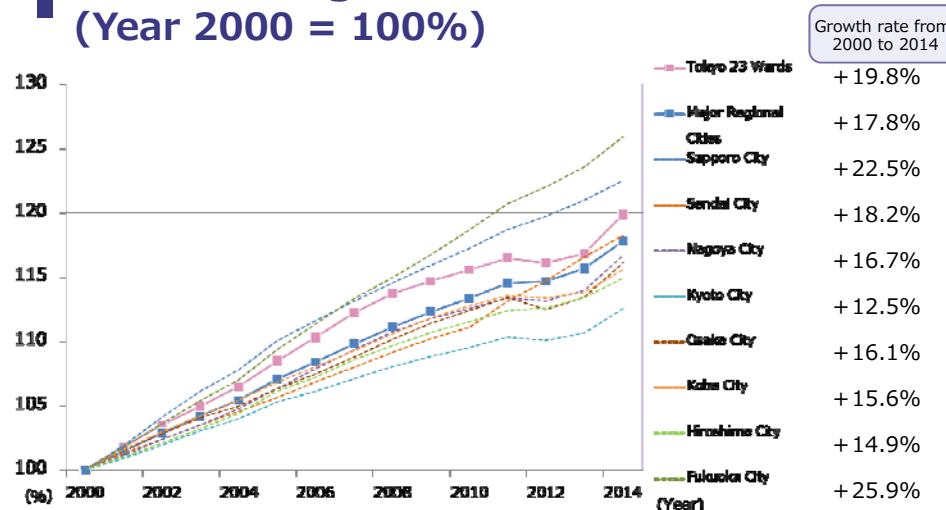
Japan-Wide
Portfolio



6 . Appendix

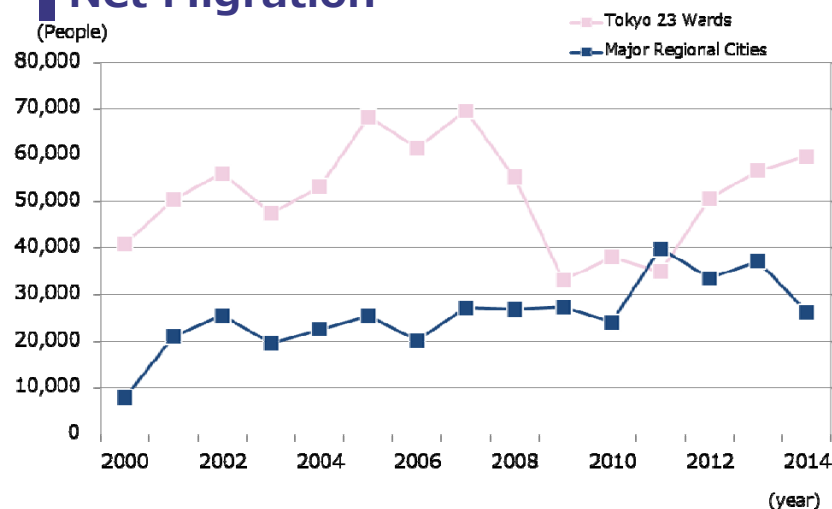
Characteristics of Regional Residence Investments

Household growth rate (Year 2000 = 100%)



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

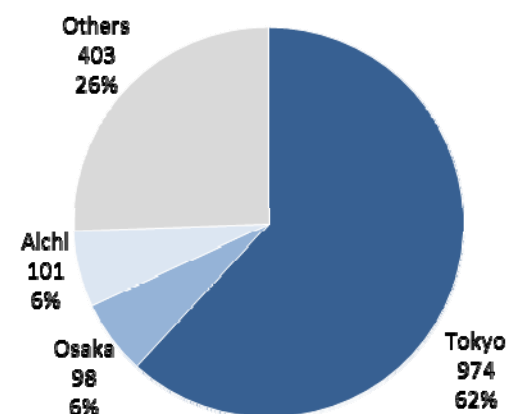
Number of New Housing Starts (Year 2000 = 100%)



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

Status of Investment into Residences by Listed J-REITs

(number of buildings)

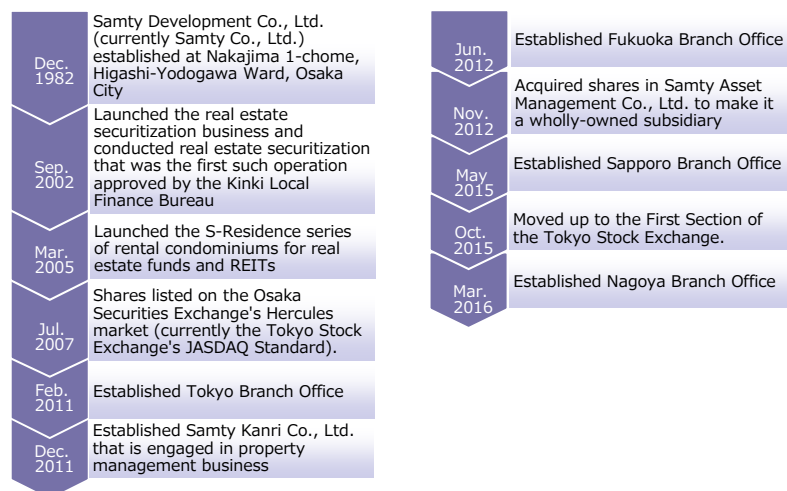


Source: Prepared by Samty Asset Management based on ARES J-REIT Property Database
(Note) Total of each listed J-REIT's owned residences (1,576 buildings) at end of the most recent fiscal period as of August 24, 2016.

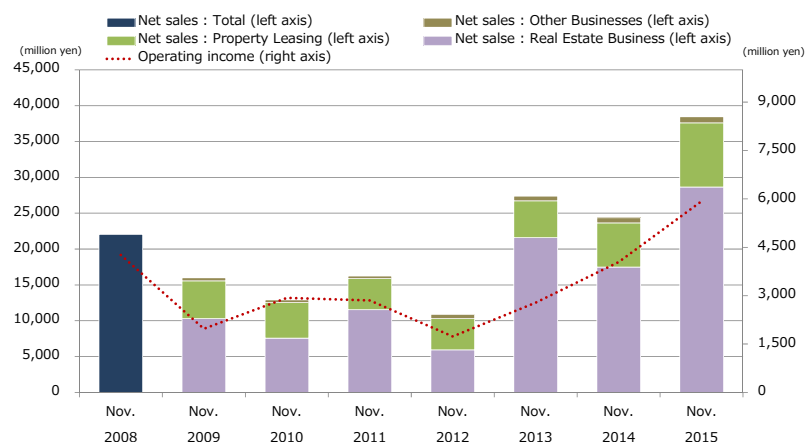
Overview of the Samty Group

History and Operating Results

History



Change in the Operating Results of the Samty Group (Consolidated Basis)



Source: Securities Reports (from the fiscal year ended November 2008 to the fiscal year ended November 2015) of Samty Co., Ltd.

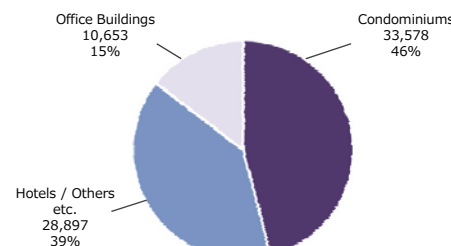
(Note) The Net sales figure as of November 2008 shows the total of all the sales due to the change in segmentation method.

Property Leasing

- The Samty Group owns condominiums, office buildings, retail properties, hotels and parking lots either for the entire buildings or in sectional ownership, and leases them to individuals and corporate tenants.
- The Group continuously acquires income-generating real estate properties in major regional cities throughout Japan, centering on the Kansai area where the Group's headquarters exist.
- The in-house design and leasing divisions have qualified architects of the first class, who study and implement lease-up plans and measures to enhance asset value. The Group also conducts subleasing and consigned operations of building management, etc. As such, the group has accumulated a wide range of know-how and experiences.

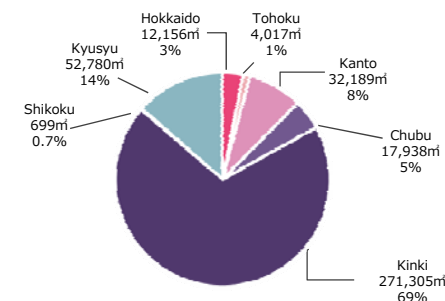
Composition ratio of Lease Assets of the Samty Group

(Book value : as of November 30, 2015)



Distribution of Lease Assets of the Samty Group

(Leased area : as of November 30, 2015)

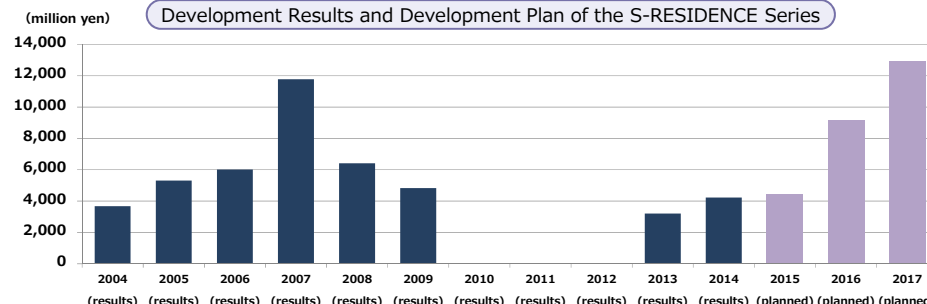


Real Estate Business

Solution Business

The Samty Group sells real estate properties it develops on its own and existing income-generating real estate properties, etc. that it acquires from third parties to external investors and other buyers. A representative product of the real estate properties it develops is the S-RESIDENCE series rental condominiums, prefixed with its own brand, for which the Group operates consistently from acquiring land for the project to planning and developing the product and constructing it. For the income-generating real estate properties it has developed or acquired, the Samty Group not only invites tenants but also works to enhance the grades of the properties through facility renovations by utilizing its know-how, in an endeavor to secure earnings during the period it owns them and maximize their sale value. Since 2004, the Group has sold 28 buildings (totaling 45.5 billion yen on a sale price basis), of which 6 buildings (totaling 13.8 billion yen on a sale price basis) are owned by listed J-REITs as of the date of this document.

Development Results and Development Plan of the S-RESIDENCE Series



Source: Presentation on Operating Results for Fiscal Year Ending November 2015 by Samty Co., Ltd.
 (Note 1) Development results represent a compilation of the sale amounts of rental condominiums developed for listed J-REITs and investment funds.
 (Note 2) Development plans represent a compilation of the assumed sale amounts of properties for which the Samty Group has concluded agreements regarding acquisition of the land for the projects. The figures are as of the end of November 2015, and may be changed in accordance with an increase or a decrease in the number of future agreements on acquiring land and changes in the assumed sale amounts.

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



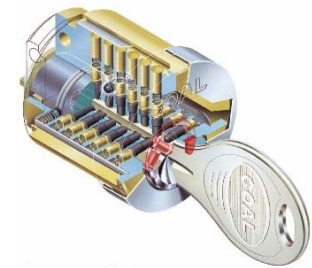
S-RESIDENCE Brand

- “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



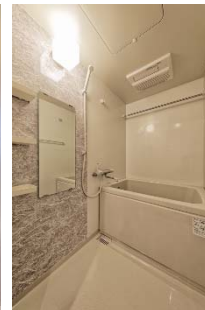
S-RESIDENCE Shin Osaka Ekimae



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

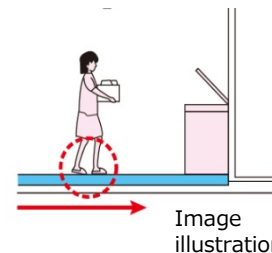


Image illustration

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)

Property No.	Property name	Location	type	Acquisition Price (millions of yen)	Appraisal Value at End of Period (millions of yen) (note)	appraisal NOI yield (%)	Number of rentable units
Major regional cities							
A-01	S-FORT Shin Osaka ravir	Yodogawa-ku, Osaka	Single / Compact	635	660	5.5	49
A-02	S-FORT Sanno	Nakagawa-ku, Nagoya	Single / Compact	2,890	3,100	6.1	230
A-03	S-FORT Fujigaoka	Meitou-ku, Nagoya	Single	750	797	6.0	80
A-04	S-FORT Chikushi Dori	Hakata-ku, Fukuoka	Compact	1,170	1,190	5.7	90
A-05	S-FORT Fukuoka Kencho Mae	Hakata-ku, Fukuoka	Single	979	1,070	5.8	104
A-06	S-FORT Takamiya	Minami-ku, Fukuoka	Single / Commercial	794	826	5.6	82
A-07	S-FORT Tsutsujigaoka Koen	Miyagino-ku, Sendai	Single / Compact / Family	1,340	1,390	5.7	94
A-08	S-RESIDENCE Namba Briller	Naniwa-ku, Osaka	Single	2,020	2,220	5.4	154
A-09	S-FORT Tsurumai marks	Naka-ku, Nagoya	Family	1,020	1,150	5.7	42
A-10	S-FORT Rokuban-cho	Atsuta-ku, Nagoya	Single / Commercial	722	753	5.4	56
A-11	S-FORT Nakajima Koen	Chuo-ku, Sapporo	Compact / Family	1,590	1,630	5.7	75
A-12	S-FORT Hokudai Mae	Kita-ku, Sapporo	Compact / Commercial	690	730	5.8	59
A-13	S-RESIDENCE Kobe Isogamidori	Chuo-ku, Kobe	Single / Compact	2,470	2,680	5.4	166
A-14	S-FORT Kyoto Nishioji	Shimogyo-ku, Kyoto	Single / Commercial	745	797	6.0	71
A-15	S-FORT Katahira	Aoba-ku, Sendai	Single / Compact	2,330	2,530	5.9	191
A-16	S-FORT Gakuenmae	Toyohira-ku, Sapporo	Single / Compact	462	479	6.0	48
A-17	S-RESIDENCE Shin Osaka Ekimae	Higashi Yodogawa-ku, Osaka	Single / Compact	2,489	2,650	5.3	167
A-18	S-FORT Aoi 1-Chome	Higashi-ku, Nagoya	Compact	1,080	1,120	5.3	54
A-19	S-FORT Aoi	Higashi-ku, Nagoya	Family	870	973	5.7	28
A-20	S-FORT Kurumamichi	Higashi-ku, Nagoya	Family	400	423	5.8	19
A-21	S-FORT Kamiotai	Nishi-ku, Nagoya	Family	720	735	5.6	40
A-22	S-FORT Tsurumai arts	Naka-ku, Nagoya	Family	680	753	5.6	28
A-23	S-FORT Tsurumai cube	Naka-ku, Nagoya	Compact / Family	570	631	5.6	32
A-24	S-FORT Fukuoka Higashi	Hakata-ku, Fukuoka	Compact	1,900	2,010	5.4	135
A-25	S-RESIDENCE Kobe Motomachi	Chuo-ku, Kobe	Single / Compact	1,200	1,320	5.6	81
A-26	S-FORT Kobe Kaguracho	Nagata-ku, Kobe	Single	1,858	2,090	6.2	168
A-27	S-FORT Nijo-jo mae	Nakagyo-ku, Kyoto	Single / Compact / Family	812	842	5.1	47
A-28	S-FORT Chion-in mae	Higashiyamaku, Kyoto	Compact / Family / Commercial	500	515	5.0	18
A-29	S-FORT Miyamachi	Aoba-ku, Sendai	Single / Compact	1,085	1,110	5.5	91

(Note) Appraisal values are indicated for properties acquired in August 2016, and appraisal values at end of period (end of fiscal period ending July 2016) are indicated for other properties.

Portfolio List (2) Other Regional Cities / Greater Tokyo Area



List of acquired properties

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

Other regional cities							
B-01	S-FORT Shizuoka Hondori	Aoi-ku, Shizuoka	Compact	297	300	6.0	28
B-02	S-FORT Suminodo	Daitou-shi, Osaka	Single / Compact	1,420	1,530	6.0	126
B-03	S-FORT Yokkaichi motomachi	Yokkaichi-shi, Mie	Compact	480	513	6.7	54
B-04	S-FORT Suzuka	Suzuka-shi, Mie	Compact	580	608	6.9	69
B-05	S-RESIDENCE Esaka	Suita-shi, Osaka	Single / Compact	2,323	2,490	5.4	138
B-06	S-FORT Utsunomiya	Utsunomiya-shi, Tochigi	Compact	612	640	6.1	52
B-07	S-FORT Yokkaichi Nishishinchi	Yokkaichi-shi, Mie	Compact / Family	630	701	6.6	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	394	6.5	46
Greater Tokyo area							
C-01	S-FORT Maita Koen	Minami-ku, Yokohama	Single / Compact	987	1,020	5.3	70
C-02	S-FORT Nihombashi Hakozaki	Chuo-ku, Tokyo	Single / Compact	925	992	4.7	36
C-03	S-FORT Itabashi Shimura	Itabashi-ku, Tokyo	Compact	645	670	4.7	32
C-04	S-FORT Shiomi	Koto-ku, Tokyo	Single	866	977	5.1	52
C-05	S-FORT Noborito	Tama-ku, Kawasaki	Single	666	694	4.8	40
C-06	S-FORT Shonan Hiratsuka	Hiratsuka-shi, Kanagawa	Single	818	889	5.5	66
C-07	S-FORT Nishifunabashi	Funabashi-shi, Chiba	Single / Compact	732	754	5.3	47
C-08	S-FORT Maihama	Urayasu-shi, Chiba	Single	1,130	1,170	5.4	83
C-09	S-FORT Ichikawa	Ichikawa-shi, Chiba	Single / Commercial	809	856	5.2	51
C-10	S-RESIDENCE Yokosuka Chuo	Yokosuka-shi, Kanagawa	Single / Nursery	850	910	6.1	25
C-11	S-FORT Sagamihara	Sagamihara-shi, Kanagawa	Single	585	604	5.4	53
Total				51,551	54,956	5.6	3,754

(Note) Appraisal values are indicated for properties acquired in August 2016, and appraisal values at end of period (end of fiscal period ending July 2016) are indicated for other properties.

Income and Expenditure by Property (1)

Fiscal Period Ending July 2016 (As of July 31, 2016)



(1) Area category		Major regional cities								
(2) Property No.		A-01	A-02	A-03	A-04	A-05	A-06	A-07	A-08	
(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	S-RESIDENCE Namba Briller	
(4) Acquisition date		Apr. 15, 2015	Apr. 15, 2015	Apr. 15, 2015	May 1, 2015	Apr. 15, 2015	May 1, 2015	Apr. 15, 2015	Jul. 1, 2015	
(5) Price information	Acquisition price (million yen)	635	2,890	750	1,170	979	794	1,340	2,020	
	Composition ratio (%)	2.1	9.3	2.4	3.8	3.2	2.6	4.3	6.5	
	Balance sheet amount (million yen)	656	3,010	777	1,212	1,023	825	1,407	2,108	
(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	3,631.60	
	Leased area (㎡)	1,238.56	7,746.37	1,788.50	3,499.14	2,319.92	2,030.61	3,380.02	3,631.60	
	Occupancy rate (%)	95.9	95.2	91.3	94.4	90.4	96.5	93.6	100.0	
(7) Income and expenses information	(1) Number of operating days	182	182	182	182	182	182	182	182	
	(2) Total real estate rental income (thousand yen)	21,270	110,643	28,512	43,205	34,159	28,547	51,790	69,668	
		Real estate rental revenues	19,536	101,856	26,136	39,754	32,524	27,256	44,763	64,447
		Other lease business revenues	1,733	8,786	2,376	3,450	1,634	1,291	7,027	5,220
	(3) Real estate rental expenses (thousand yen)	6,212	25,273	7,896	10,204	8,694	7,186	12,933	13,349	
		Management service fee	1,190	5,616	1,483	1,668	1,612	1,403	2,047	2,581
		Taxes and dues	1,309	8,175	1,987	2,981	2,430	2,011	2,863	5,018
		Utilities expenses	304	949	418	512	402	462	1,659	830
		Repair Cost	946	5,762	2,238	2,827	2,847	2,022	2,823	1,215
		Insurance expenses	33	177	46	93	62	60	82	103
		Trust fees	297	297	297	297	297	297	297	396
		Other	2,130	4,295	1,426	1,825	1,041	927	3,160	3,204
		(4) NOI(= (2)-(3)) (thousand yen)	15,057	85,369	20,615	33,000	25,465	21,360	38,856	56,318
		(5) Depreciation (thousand yen)	5,751	26,680	10,163	10,723	9,130	8,731	12,291	13,803
	(6) Real estate rental income(= (4)-(5)) (thousand yen)	9,305	58,688	10,452	22,277	16,334	12,629	26,565	42,514	
	(7) Capital Expenditures (thousand yen)	968	950	-	-	-	-	264	-	
	(8) NCF(= (4)-(6)) (thousand yen)	14,089	84,419	20,615	33,000	25,465	21,360	38,592	56,318	

Income and Expenditure by Property (2)

Fiscal Period Ending July 2016 (As of July 31, 2016)



(1) Area category		Major regional cities							
(2) Property No.		A-09	A-10	A-11	A-12	A-13	A-14	A-15	A-16
(3) Property name		S-FORT Tsurumai marks	S-FORT Rokuban-cho	S-FORT Nakajima Koen	S-FORT Hokudai Mae	S-RESIDENCE Kobe Isogamidori	S-FORT Kyoto Nishioji	S-FORT Katahira	S-FORT Gakuenmae
(4) Acquisition date		Jul. 1, 2015	Jul. 1, 2015	Jul. 1, 2015	Jul. 1, 2015	Jul. 1, 2015	Jul. 1, 2015	Jul. 1, 2015	Oct. 1, 2015
(5) Price information	Acquisition price (million yen)	1,020	722	1,590	690	2,470	745	2,330	462
	Composition ratio (%)	3.3	2.3	5.1	2.2	8.0	2.4	7.5	1.5
	Balance sheet amount (million yen)	1,099	749	1,665	732	2,580	785	2,416	492
(6) Leasing information	Total rentable area (㎡)	2,772.00	1,833.29	5,292.65	2,287.22	4,372.45	1,657.31	5,483.22	1,757.28
	Leased area (㎡)	2,640.00	1,706.84	4,988.67	2,249.88	4,348.20	1,590.40	5,280.55	1,536.31
	Occupancy rate (%)	95.2	93.1	94.3	98.4	99.4	96.0	96.3	87.4
(7) Income and expenses information	(1) Number of operating days	182	182	182	182	182	182	182	182
	(2) Total real estate rental income (thousand yen)	35,912	22,308	57,522	25,190	88,055	25,854	86,416	16,560
	Real estate rental revenues	33,508	20,840	53,139	24,263	79,188	23,716	79,780	14,992
	Other lease business revenues	2,404	1,467	4,383	927	8,867	2,137	6,635	1,567
	(3) Real estate rental expenses (thousand yen)	4,959	6,519	17,005	4,679	13,271	8,362	20,950	5,731
	Management service fee	1,643	1,223	2,649	1,021	2,715	1,727	3,999	739
	Taxes and dues	1,679	1,676	4,793	1,619	5,424	1,452	6,298	1,277
	Utilities expenses	275	240	1,678	498	486	1,098	843	376
	Repair Cost	573	1,914	3,718	451	1,476	2,064	5,584	1,760
	Insurance expenses	55	38	120	53	116	45	145	31
	Trust fees	297	297	396	297	396	297	297	277
	Other	434	1,129	3,649	739	2,655	1,678	3,781	1,267
	(4) NOI(= (2)-(3)) (thousand yen)	30,953	15,789	40,516	20,510	74,783	17,491	65,466	10,828
	(5) Depreciation (thousand yen)	9,690	7,431	13,226	5,291	18,371	8,071	27,944	4,622
	(6) Real estate rental income(= (4)-(5)) (thousand yen)	21,263	8,357	27,290	15,219	56,411	9,419	37,521	6,206
	(7) Capital Expenditures (thousand yen)	101	100	825	-	-	1,600	2,631	271
	(8) NCF(= (4)-(6)) (thousand yen)	30,852	15,689	39,691	20,510	74,783	15,891	62,834	10,557

Income and Expenditure by Property (3)

Fiscal Period Ending July 2016 (As of July 31, 2016)



(1) Area category		Other regional cities				Greater Tokyo area			
(2) Property No.		B-01	B-02	B-03	B-04	C-01	C-02	C-03	C-04
(3) Property name		S-FORT Shizuoka Hondori	S-FORT Suminodo	S-FORT Yokkaichi Motomachi	S-FORT Suzuka	S-FORT Maita Koen	S-FORT Nihombashi Hakozaki	S-FORT Itabashi Shimura	S-FORT Shiomi
(4) Acquisition date		Apr. 15, 2015	Apr. 15, 2015	Jul. 1, 2015	Jul. 1, 2015	Apr. 15, 2015	Jul. 1, 2015	Jul. 1, 2015	Jul. 1, 2015
(5) Price information	Acquisition price (million yen)	297	1,420	480	580	987	925	645	866
	Composition ratio (%)	1.0	4.6	1.6	1.9	3.2	3.0	2.1	2.8
	Balance sheet amount (million yen)	310	1,471	521	626	1,016	959	667	901
(6) Leasing information	Total rentable area (㎡)	911.40	3,332.16	1,691.28	2,286.69	1,609.80	1,114.38	1,119.54	1,042.48
	Leased area (㎡)	716.10	3,254.13	1,599.93	2,256.24	1,471.70	1,038.56	1,046.49	1,022.47
	Occupancy rate (%)	78.6	97.7	94.6	98.7	91.4	93.2	93.5	98.1
(7) Income and expenses information	(1) Number of operating days	182	182	182	182	182	182	182	182
	(2) Total real estate rental income (thousand yen)	11,230	54,297	21,391	26,193	31,475	27,560	19,953	29,059
	Real estate rental revenues	9,246	46,844	18,746	22,195	28,576	24,411	18,671	26,398
	Other lease business revenues	1,983	7,453	2,645	3,998	2,898	3,149	1,282	2,660
	(3) Real estate rental expenses (thousand yen)	5,004	12,674	5,117	7,124	10,236	4,788	5,391	6,727
	Management service fee	1,071	1,833	1,402	1,670	2,421	1,639	1,339	1,948
	Taxes and dues	852	2,897	1,118	1,672	1,883	1,289	1,296	1,324
	Utilities expenses	143	1,983	738	1,131	510	479	294	537
	Repair Cost	1,672	2,871	897	1,008	3,127	311	868	1,329
	Insurance expenses	24	87	37	53	53	36	32	39
	Trust fees	297	297	297	297	297	396	396	396
	Other	942	2,703	624	1,290	1,943	635	1,162	1,151
	(4) NOI(= (2)-(3)) (thousand yen)	6,225	41,623	16,274	19,069	21,238	22,771	14,562	22,331
	(5) Depreciation (thousand yen)	3,126	14,873	6,206	7,284	10,339	4,967	4,109	6,048
	(6) Real estate rental income(= (4)-(5)) (thousand yen)	3,098	26,749	10,068	11,784	10,899	17,804	10,452	16,283
	(7) Capital Expenditures (thousand yen)	687	-	-	130	-	508	400	-
	(8) NCF(= (4)-(6)) (thousand yen)	5,538	41,623	16,274	18,939	21,238	22,263	14,162	22,331

Income and Expenditure by Property (4)

Fiscal Period Ending July 2016 (As of July 31, 2016)

(1) Area category		Greater Tokyo area				
(2) Property No.		C-05	C-06	C-07	C-08	C-09
(3) Property name		S-FORT Noborito	S-FORT Shonan Hiratsuka	S-FORT Nishifunabashi	S-FORT Maihama	S-FORT Ichikawa
(4) Acquisition date		Jul. 1, 2015	Jul. 1, 2015	Jul. 1, 2015	Jul. 1, 2015	Jul. 1, 2015
(5) Price information	Acquisition price (million yen)	666	818	732	1,130	809
	Composition ratio (%)	2.2	2.6	2.4	3.6	2.6
	Balance sheet amount (million yen)	688	877	757	1,165	832
(6) Leasing information	Total rentable area (㎡)	1,022.10	1,717.46	1,397.64	1,726.56	1,255.90
	Leased area (㎡)	1,022.10	1,717.46	1,329.14	1,664.08	1,234.08
	Occupancy rate (%)	100.0	100.0	95.1	96.4	98.3
(7) Income and expenses information	(1) Number of operating days	182	182	182	182	182
	(2) Total real estate rental income (thousand yen)	21,256	31,091	24,008	38,746	27,768
	Real estate rental revenues	20,251	28,871	22,620	34,103	25,624
	Other lease business revenues	1,005	2,219	1,387	4,642	2,143
	(3) Real estate rental expenses (thousand yen)	5,032	7,535	5,430	6,960	6,582
	Management service fee	1,327	1,541	1,311	1,802	2,337
	Taxes and dues	1,085	1,907	1,356	1,370	1,506
	Utilities expenses	211	222	350	721	831
	Repair Cost	915	433	1,144	1,713	657
	Insurance expenses	31	42	34	44	39
	Trust fees	396	396	396	396	396
	Other	1,065	2,990	836	911	814
	(4) NOI(= (2)-(3)) (thousand yen)	16,223	23,556	18,577	31,785	21,186
	(5) Depreciation (thousand yen)	5,452	6,456	6,121	6,764	3,050
	(6) Real estate rental income(= (4)-(5)) (thousand yen)	10,771	17,099	12,455	25,020	18,135
	(7) Capital Expenditures (thousand yen)	-	-	110	400	105
	(8) NCF(= (4)-(6)) (thousand yen)	16,223	23,556	18,467	31,385	21,080

Financial Documents: Balance Sheet

(Unit: thousand yen)

(Unit: thousand yen)

	Previous Fiscal Year (January 31, 2016)	Current Fiscal Year (July 31, 2016)		Previous Fiscal Year (January 31, 2016)	Current Fiscal Year (July 31, 2016)
Assets			Liabilities		
Current Assets			Current liabilities		
Cash and deposits	276,619	348,514	Operating accounts payable	72,714	58,959
Cash and deposits in trust	705,877	736,636	Short-term loans payable	1,162,000	1,012,000
Operating accounts receivable	4,243	3,174	Accounts payable – other	161,846	10,406
Prepaid expenses	42,931	45,113	Accrued expenses	1,166	1,022
Consumption tax receivable	144,140	-	Accrued dividend	-	2,095
deferred tax assets	27	11	Accrued consumption taxes	-	4,555
Other	-	20,841	Income taxes payable	1,581	827
Total-current assets	1,173,839	1,154,291	Advances received	143,550	150,156
Non-current assets			Deposits received	12,870	2,146
Property, plant and equipment			Total current liabilities	1,555,730	1,242,170
Buildings in trust	20,131,994	20,139,584	Non-current liabilities		
Accumulated depreciation	-351,345	-619,387	Long-term loans payable	16,000,000	16,000,000
Buildings in trust, net	19,780,648	19,520,196	Tenant leasehold and security deposits in trust	150,602	149,714
Machinery and equipment in trust	358,415	358,415	Total non-current liabilities	16,150,602	16,149,714
Accumulated depreciation	-10,831	-19,013	Total Liabilities	17,706,332	17,391,884
Machinery and equipment in trust, net	347,584	339,401	Net assets		
Tools, furniture and fixtures in trust	2,894	5,355	Unitholders' equity		
Accumulated depreciation	-396	-899	Unitholders' capital	16,015,052	16,015,052
Tools, furniture and fixtures in trust, net	2,498	4,456	Amount deducted from Unitholders' capital	-	-126,751
Land in trust	12,477,166	12,477,166	Unitholders' capital (Net amount)	16,015,052	15,888,300
Total property, plant and equipment	32,607,898	32,341,221	Surplus		
Investments and other assets			Unappropriated retained earnings	168,963	330,936
Investment securities	-	20,966	Total surplus	168,963	330,936
Lease and guarantee deposits	10,284	10,284	Total unitholders' equity	16,184,016	16,219,237
Long-term prepaid expenses	98,327	84,358	Total net assets	16,184,016	16,219,237
Total investments and other assets	108,611	115,609	Total liabilities and net assets	33,890,349	33,611,122
Total non-current assets	32,716,510	32,456,831			
Total Assets	33,890,349	33,611,122			

Financial Documents : Statement of Income



(Unit: thousand yen)

	Previous Fiscal Period From: March 16, 2015 To: January 31, 2016)	Current Fiscal Year From: February 1, 2016 To: July 31, 2016
Operating revenue		
Rent revenue - real estate	1,299,936	1,012,267
Other lease business revenues	158,639	97,383
Dividends from anonymous partnership	-	966
Total operating revenue	1,458,576	1,110,617
Operating expenses		
Expenses related to rent business	628,836	538,568
Asset management fee	91,851	76,044
Asset custody fee	5,015	3,233
Administrative service fees	28,454	23,128
Directors' compensations	4,400	2,400
Remuneration for Accounting Auditors	-	8,150
Other operating expenses	101,288	41,768
Total operating expenses	859,846	693,294
Operating income	598,729	417,322
Non-operating income		
Interest income	71	77
Interest on refund	-	305
Total non-operating income	71	382
Non-operating expenses		
Interest expenses	120,663	64,924
Borrowing related expenses	180,020	21,049
Deferred organization expenses	70,000	-
Investment unit issuance costs	57,584	-
Total non-operating expenses	428,268	85,973
Ordinary income	170,532	331,731
Net income before income taxes	170,532	331,731
Income taxes - current	1,596	849
Deferred Income taxes	-27	15
Total income taxes	1,569	865
Net income	168,963	330,866
Balance brought forward (-)	-	70
Unappropriated retained earnings (-)	168,963	330,936

Financial Documents : Statement of Cash Flows



(Unit: thousand yen)

(Unit: thousand yen)

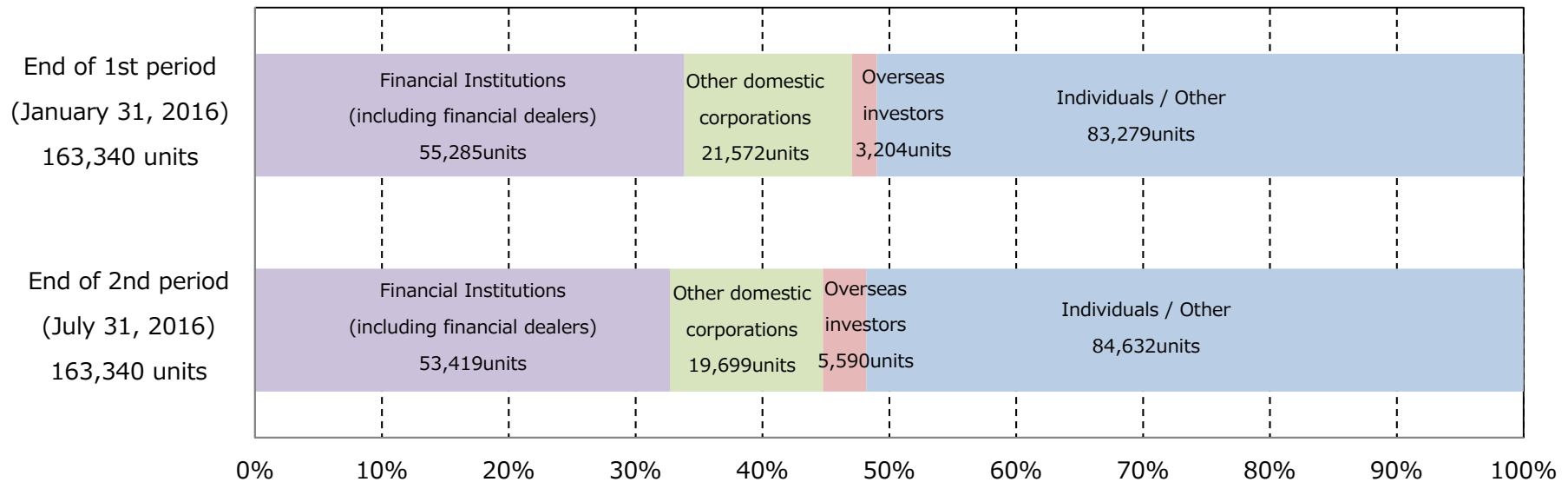
	Previous Fiscal Period From: March 16, 2015 To: January 31, 2016	Current Fiscal Year From: February 1, 2016 To: July 31, 2016		Previous Fiscal Period From: March 16, 2015 To: January 31, 2016	Current Fiscal Year From: February 1, 2016 To: July 31, 2016
Cash flows from operating activities			Cash flows from financing activities		
Net income before income taxes	170,532	331,731	Proceeds from short-term loans payable	12,962,000	550,000
Depreciation	362,572	276,728	Repayments of short-term loans payable	-11,800,000	-700,000
Interest income	-71	-77	Proceeds from long-term loans payable	16,000,000	-
Interest expenses	120,663	64,924	Proceeds from the issuance of investment units	15,957,467	-
Investment unit issuance costs	57,584	-	Cash dividends paid	-	-293,549
Decrease (increase) in operating accounts receivable	-4,243	1,069	Cash flows from financing activities	33,119,467	-443,549
Decrease (increase) in consumption taxes receivable	-144,140	144,140	Net increase (decrease) in cash and cash equivalents	982,496	102,653
Decrease (increase) in consumption taxes payable	-	4,555	Cash and cash equivalents at the beginning of period	-	982,496
Decrease (increase) in prepaid expenses	-42,931	-2,181	Cash and cash equivalents at the end of period	982,496	1,085,150
Increase (decrease) in operating accounts payable	69,591	-13,785			
Increase (decrease) in accounts payable - other	161,306	-150,899			
Increase (decrease) in advances received	143,550	6,606			
Decrease (increase) in long-term prepaid expenses	-98,327	13,968			
Other, net	-32,926	-32,532			
Subtotal	763,160	644,247			
Interest income received	71	77			
Interest expenses paid	-119,496	-65,068			
Income taxes - current	-14	-1,603			
Cash flows from operating activities	643,721	577,652			
Cash flows from investing activities					
Purchase of property, plant and equipment in trust	-32,966,807	-10,561			
Payments for lease and guarantee deposits	-10,284	-			
Repayments of tenant leasehold and security deposits in trust	-19,086	-22,076			
Proceeds from tenant leasehold and security deposits in trust	215,486	21,188			
Purchase of investment securities	-	-20,000			
Cash flows from investing activities	-32,780,692	-31,449			

Unitholder Information (1)

Number of Units and Number of Unitholders by Unitholder Type



Number of units by unitholder type



Unitholder Information

Number of units by unitholder type	As of January 31, 2016		As of July 31, 2016		Increase/decrease	
	Number of units	Ratio	Number of units	Ratio	Number of units	Ratio
Financial Institutions (including financial dealers)	55,285 units	33.8%	53,419 units	32.7%	-1,866 units	-1.1%
Other domestic corporations	21,572 units	13.2%	19,699 units	12.1%	-1,873 units	-1.1%
Overseas investors	3,204 units	2.0%	5,590 units	3.4%	2,386 units	1.5%
Individuals / Other	83,279 units	51.0%	84,632 units	51.8%	1,353 units	0.8%
Total	163,340 units	100.0%	163,340 units	100.0%	0 units	0.0%

Number of unitholders by unitholder type	As of January 31, 2016		As of July 31, 2016		Increase/decrease	
	Number of unitholders	Ratio	Number of unitholders	Ratio	Number of unitholders	Ratio
Financial Institutions (including financial dealers)	45 people	0.4%	51 people	0.5%	6 people	0.0%
Other domestic corporations	207 people	2.0%	186 people	1.6%	-21 people	-0.3%
Overseas investors	34 people	0.3%	46 people	0.4%	12 people	0.1%
Individuals / Other	10,148 people	97.3%	10,999 people	97.5%	851 people	0.2%
Total	10,434 people	100.0%	11,282 people	100.0%	848 people	0.0%

Unitholder Information (2)

Major Unitholders



Major Unitholders (top 10) as of July 31, 2016

Unitholder name	Investment units (units)	Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	15,008	9.2
Samty Co., Ltd.	10,000	6.1
Kinki Sangyo Credit Union	7,588	4.6
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	5,679	3.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,343	3.3
Daido shinyoukumiai	3,500	2.1
Individual	3,321	2.0
The Nomura Trust and Banking Co., Ltd. (Trust Account)	2,893	1.8
Osaka co-sei Shinkin Bank	2,310	1.4
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,860	1.1
Total of major unitholders (top 10)	57,502	35.2
Total of units	163,340	100.0

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