

November 29, 2022

For Translation Purposes Only

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Notice Concerning Submission of Amended Shelf Registration Statement for Issuance of Green Bonds

Samty Residential Investment Corporation (“Samty Residential”) hereby announces that it has submitted an amended shelf registration statement with regard to the shelf registration statement of Investment Corporation Bonds submitted on November 25, 2022, for the issuance of green bonds (unsecured investment corporation bonds) (the “Green Bonds”) to the Director of the Kanto Local Finance Bureau as follows.

1. Details of the Amended Shelf Registration Statement for the Issuance of the Green Bonds

Samty Residential submitted an amended shelf registration statement of investment corporation bonds to the Director of the Kanto Local Finance Bureau today in order to facilitate the issuance of the Green Bonds. Daiwa Securities Co. Ltd. (the green finance structuring agent) and Mizuho Securities Co., Ltd. are scheduled to be appointed as lead managing underwriters for the issuance of the Green Bonds and will examine the feasibility of the issuance of the Green Bonds, as well as the terms and conditions of the issuance, including interest rates. The entire amount of the proceeds from the Green Bonds will be used to acquire assets or fund renovation work, etc. that meet the green eligibility criteria (as described in 3. below), or for refinancing of borrowings or investment corporation bonds required for such acquisition or renovation, in accordance with the Green Finance Framework (described in 3. below; the “Framework”).

2. Purpose and Background of Issuance of the Green Bonds

The basic philosophy of Samty Residential is “revitalizing Japan’s economy starting with its regional cities by investing in high-quality residential assets in a wide range of regional cities throughout Japan in accordance with the actual conditions and characteristics of each area.” Through these investment activities, we have been striving to secure stable income and increase unitholder value. Based on this philosophy, Samty Asset Management Co., Ltd. (the “Asset Management Company”), which manages the assets of Samty Residential, has established and strives to put into practice its “Sustainability Policy” under the recognition that environmental, social and governance considerations and carrying out initiatives for the promotion of sustainability in asset management would serve to maximize the interest of customers over the medium to long term.

As part of our ESG initiatives, we have been promoting environmentally friendly and energy-saving initiatives in our owned properties through participation in the GRESB Real Estate Assessment since 2021 and acquisition of certification and evaluation by external evaluation organizations such as DBJ Green Building Certification.

Samty Residential has submitted the amended shelf registration statement in order to further promote sustainability initiatives and contribute to the realization of a sustainable environment and society through issuance of the Green Bonds, as well as to strengthen its financing base by expanding a base of investors who are interested in ESG investment.

Disclaimer: This translation is for informational purposes only. Neither Samty Residential Investment Corporation nor Samty Asset Management Co., Ltd. guarantees the accuracy or completeness of the translation. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.

3. Overview of the Framework

(1) Eligibility as Green Bonds

In order to implement green finance, including the issuance of the Green Bonds, Samty Residential has formulated its Green Finance Framework (the “Framework”) in accordance with the Green Bond Principles 2021 ^(Note 1), Green Loan Principles 2021 ^(Note 2), Green Bond and Sustainability-Linked Bond Guidelines (2022 edition) ^(Note 3), and Green Loan and Sustainability-Linked Loan Guidelines (2022 edition) ^(Note 4). In a third-party assessment of the Framework, Samty Residential has obtained a Green 1 (F) rating, the highest rating in the JCR Green Finance Framework Evaluation ^(Note 5) from Japan Credit Rating Agency, Ltd. (“JCR”).

(Note 1) The Green Bond Principles 2021 (the “Green Bond Principles”) are a set of guidelines for the issuance of green bonds established by the Green Bond Principles and Social Bond Principles Executive Committee, a private organization for which the International Capital Market Association (ICMA) serves as the secretariat.

(Note 2) The Green Loan Principles 2021 (the “Green Loan Principles”) are a set of guidelines developed by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), and the Loan Syndications and Trading Association (LSTA) for loans whose uses are restricted to environmental areas.

(Note 3) The Green Bond and Sustainability-Linked Bond Guidelines (2022 Edition) (the “Green Bond Guidelines”) are a set of guidelines developed and published by the Ministry of the Environment in March 2017 (last revised in July 2022). These guidelines provide examples of specific actions and interpretations tailored to the characteristics of Japan that can be used as reference by market participants at the working level when considering specific actions regarding green bonds with consideration of consistency with the Green Bond Principles, with the aim of further promoting green bonds in Japan.

(Note 4) The Green Loan and Sustainability-Linked Loan Guidelines (2022 Edition) (the “Green Loan Guidelines”) are a set of guidelines developed and published by the Ministry of the Environment in March 2020 and revised in July 2022. These guidelines provide examples of specific actions and interpretations tailored to the characteristics of Japan that can be used as reference by borrowers, lenders, and other stakeholder institutions at the working level when considering specific actions regarding green loans with consideration of consistency with the Green Loans Principles, with the aim of further promoting green loans in Japan.

(Note 5) The JCR Green Finance Framework Evaluation is an independent third-party evaluation of an issuer’s or borrower’s green bond issuance or green loan borrowing policy (green finance policy) based on the Green Bond Principles, Green Loan Principles, Green Bond Guidelines, and Green Loan Guidelines. In the evaluation, JCR assesses whether the project category described in the green finance policy of the issuer or borrower qualifies as a green project and conducts a “Greenness Evaluation” to evaluate the use of procured funds (percentage of funds allocated to green projects) and a “Management, Operation, and Transparency Evaluation” to evaluate the management and operation system and transparency of the issuer or borrower. The JCR Green Finance Framework Evaluation is presented as the overall evaluation of these assessments. The JCR Green Finance Framework Evaluation includes an (F) at the end of the evaluation grade to distinguish it from evaluations of individual bonds or borrowings. The JCR Green Finance Framework Evaluation for Samty Residential is available on the following JCR website.
<https://www.jcr.co.jp/en/greenfinance/>

(2) Use of Procured Funds

The funds procured through green finance (the “Procured Funds”) will be used to acquire assets that meet the green eligibility criteria listed in ① below (“Green Buildings”), conduct renovation work, etc. that meets the green eligibility criteria listed in ② below (“Renovation Work, etc.”), or refinancing of borrowings or investment corporation bonds required for such acquisition or renovation (“Refinancing of Borrowings, etc.”).

Green Eligibility Criteria

① Green Buildings

Buildings that have acquired or are scheduled to acquire any of the following environmental certifications by the respective third-party certification bodies (i) through (iii), that are valid as of the payment date of green bonds or as of the drawdown date of green loans

- (i) DBJ Green Building Certification: 3 Stars, 4 Stars or 5 Stars
- (ii) CASBEE Evaluation Certification: Rank S, Rank A, or Rank B+
- (iii) BELS Certification: 3 Stars, 4 Stars or 5 Stars

② Renovation Work, Etc.

Renovation Work, etc. that fulfills any of the following conditions (i) through (iii)

- (i) Renovation work intended to improve the number of stars or ranks by one or more for any of the certifications listed in ① in the green eligibility criteria
- (ii) Renovation work with the potential of reducing either energy use or greenhouse gas emissions by 30% or more
- (iii) Installation or acquisition of equipment related to renewable energy

(3) Evaluation and Selection Process of Projects

The Sustainability Promotion Office of the Asset Management Company will verify and evaluate the compliance with the green eligibility criteria for the projects for which the Procured Funds will be used, in accordance with the Sustainability Policy and the rules on the Sustainability Promotion System. Based on such verification and evaluation, the Asset Management Company's Board of Directors and other appropriate bodies will resolve to implement green finance pursuant to the Asset Management Company's internal rules.

(4) Management of Procured Funds

The Procured Funds will be allocated promptly after the Asset Management Company confirms that they are linked to the acquisition of a Green Building, conducting of Renovation Work, etc., or Refinancing of Borrowings, etc. required for such.

Any unallocated Procured Funds will be managed by the Asset Management Company in cash or cash equivalents. In the event that, even after full allocation, the asset for which the funds were intended to be used becomes no longer the subject of the funds due to sale, damage, etc. before the redemption of the subject investment corporation bonds or repayment of the borrowings, the temporary unallocated funds will be managed through portfolio management ^(Note 6).

(Note 6) "Portfolio management" is a management method to ensure that the total amount of green finance outstanding does not exceed the upper limit amount of green eligible debt (total acquisition price of Green Buildings x total-asset based LTV (as of the end of the fiscal period) + the total amount allocated for Renovation Work, etc.) for each fiscal period.

(5) Reporting

① Reporting of Funds Allocation Status

Until the Procured Funds are allocated to the specified use, allocation status (including the amounts allocated and unallocated for each category of the green eligibility criteria) will be disclosed on an annual basis on Samty Residential's website. Even after the full amount of the Procured Funds has been allocated, any major changes in circumstances, such as the sale of assets for which the funds were used, will be disclosed on Samty Residential's website.

② Reporting on Environmental Improvement Effects, Etc.

As long as there is an outstanding green finance balance, and to the extent reasonably practicable, Samty Residential will disclose on its website on an annual basis environmental improvement effects for the following.

(i) Green Building Reporting

- (a) Type and rank of acquired environmental certification
- (b) Energy use
- (c) Greenhouse gas emissions

(ii) Reporting on Renovation Work, Etc.

- (a) For renovation work intended to improve the number of stars or ranks by one or more for any of the certifications listed in ① in the green eligibility criteria, the following indicator values
 - Type and rank of acquired environmental certification
- (b) For renovation work with the potential of reducing either energy use or greenhouse gas emissions by 30% or more, the values or the reduction percentage before and after the renovation work for one of the following two indicators, in accordance with the status of compliance with the criteria
 - Energy use
 - Greenhouse gas emissions
- (c) For installation or acquisition of equipment related to renewable energy, the values or the reduction percentage for one of the following two indicators
 - Amount of electricity generated
 - Greenhouse gas emissions

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