

For Translation Purposes Only

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Notice Concerning Revisions to the Forecasts of Management Status and Distribution per Unit
for the 16th Fiscal Period Ending July 2023 and the 17th Fiscal Period Ending January 2024

Samty Residential Investment Corporation (“Samty Residential”) announces revisions to the forecast of its management status and distribution per unit for the 16th fiscal period ending July 2023 (from February 1, 2023 to July 31, 2023) and the 17th fiscal Period ending January 2024 (from August 1, 2023 to January 31, 2024), which was announced in “(REIT) Summary of Financial Results for Fiscal Period Ended January 2023” dated March 17, 2023.

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

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (including distribution in excess of earnings)	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	(million yen)	(million yen)	(million yen)	(million yen)	(yen)	(yen)	(yen)
Previous forecast (A)	5,666	2,480	1,988	1,987	2,720	2,369	351
Revised forecast (B)	5,802	2,635	2,145	2,144	2,788	2,557	231
Variation (B-A)	136	155	157	157	68	188	-120
Rate of variation	2.4%	6.3%	7.9%	7.9%	2.5%	7.9%	-34.2%

(Reference) Forecast net income per unit: Forecast net income / Forecast number of investment units at end of period
For the 16th fiscal period ending July 2023, forecast number of investment units issued and outstanding at the end of the period was 838,726 and forecast net income per unit was 2,557 yen.

(Note 1) The above forecast is the current forecast calculated based on the assumptions stated in the attached “Assumptions Underlying Forecast of Management Status for the 16th Fiscal Period Ending July 2023 and Forecast of Management Status for the 16th Fiscal Period Ending January 2024.” Accordingly, discrepancies with the assumptions may arise due to future additional acquisition or disposition of real estate properties, changes in the real estate market and other developments, fluctuation in interest rates, further issuance of new investment units in the future, change in other circumstances surrounding Samty Residential, and other factors. As a result, actual operating revenue, operating income, ordinary income, net income, distribution per unit (including distribution in excess of earnings), distribution per unit (excluding distribution in excess of earnings), and distribution in excess of earnings per unit may vary. In addition, the forecast is not a guarantee of the amount of distributions and distributions in excess of earnings.

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

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

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2. Revisions to Forecast of Management Status and Distribution per Unit for the 17th Fiscal Period Ending January 2024

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distribution		
					per unit (including distribution in excess of earnings) (yen)	per unit (excluding distribution in excess of earnings) (yen)	in excess of earnings per unit (yen)
Previous forecast (A)	5,461	2,392	1,893	1,892	2,614	2,256	358
Revised forecast (B)	5,780	2,723	2,223	2,222	2,820	2,649	171
Variation (B-A)	318	330	329	329	206	393	-187
Rate of variation	5.8%	13.8%	17.4%	17.4%	7.9%	17.4%	-52.2%

(Reference) Forecast net income per unit: Forecast net income / Forecast number of investment units at end of period
For the 17th fiscal period ending January 2024, forecast number of investment units issued and outstanding at the end of the period was 838,726 and forecast net income per unit was 2,649 yen.

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

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

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

3. Reason for Disclosure

As notified in "Notice Concerning Acquisition and Disposition of Properties" (the "Notice") announced today, due to the acquisition and disposition of assets, the assumptions underlying the forecast of management status for the 16th fiscal period ending July 2023 (from February 1, 2023 to July 31, 2023) and the 17th fiscal Period ending January 2024 (from August 1, 2023 to January 31, 2024) announced on March 17, 2023, have changed. Therefore, revisions to the forecast of management status and distribution per unit for the 16th fiscal period ending July 2023 (from February 1, 2023 to July 31, 2023) and the 17th fiscal Period ending January 2024 (from August 1, 2023 to January 31, 2024) are made.

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

[Attachment]

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

Item	Assumption
Fiscal period	<ul style="list-style-type: none"> Period ending July 2023: February 1, 2023 to July 31, 2023 (181 days) Period ending January 2024: August 1, 2023 to January 31, 2024 (184 days)
Managed assets	<ul style="list-style-type: none"> Fiscal period ending July 2023: It is assumed that Samty Residential will continue to own a total of 181 properties, which are the 178 properties, including real estate properties and beneficial interests in real estate trusts, it owns as of today (the "Acquired Assets") and the 3 properties to be acquired announced in the Notice (the "Assets to Be Acquired"), through the end of the fiscal period ending July 2023, and that no other property will be newly acquired or sold, except for the 3 properties that it intends to dispose of as announced in the Notice (the "Assets to be Sold(1)"). Fiscal period ending January 2024: It is assumed that Samty Residential will continue to own a total of 178 properties for real estate/trust beneficiary interests in the real estate above owned as of the end of the fiscal period ending July 2023 through the end of the fiscal period ending January 2024, and that no other property will be newly acquired or sold except for the 2 properties that it intends to dispose of as announced in the Notice (the "Assets to be Sold(2)"). In practice, changes may arise due to the acquisition of new properties apart from the Assets to be Acquired or disposition of owned properties, etc.
Operating revenue	<ul style="list-style-type: none"> Real estate rent revenue is calculated on the basis of past results of Samty Residential (or the past results disclosed by the previous owners, etc. for the periods for which Samty Residential does not have past results) for the Acquired Assets and on the basis of information provided by the current owner of each property, etc., for the Assets to Be Acquired as well as upon taking into account the status of leasing. Samty Residential anticipates gain on sale of real estate properties for the Assets to Be Sold, comprising 5 properties to be sold on June 28, 2023 and November 28, 2023, announced in the Notice. Gain on sale of real estate properties is an assumption at the present time, and there may be changes in the future. Operating revenue is based on the assumption that there will be no gain or loss on sale of real estate properties other than the gain on sale of real estate properties described above.
Operating expenses	<ul style="list-style-type: none"> Expenses related to the rent business, which are the principal operating expenses, are calculated on the basis of past results of Samty Residential (or the past results disclosed by the previous owners, etc. for the periods for which Samty Residential does not have past results) for the Acquired Assets and on the basis of the information provided by the current owner of each property, etc. for the Assets to Be Acquired, taking into account the fluctuation factors of expenses. Real estate rent income (excluding gain on sale of real estate properties) after deducting expenses related to the rent business (excluding depreciation) is assumed to be 4,232 million yen for the fiscal period ending July 2023 and 4,253 million yen for the fiscal period ending January 2024. The property tax and city planning tax, etc. to be recorded as expenses are assumed to be 371 million yen for the fiscal period ending July 2023 and 365 million yen for the fiscal period ending January 2024. In general practice, the property tax and city planning tax, etc. levied on transactions of real estate properties are settled at the time of acquisition by prorating for the period with the current owner. However, as Samty Residential includes the amount equivalent to such settlement in the acquisition costs for the property, the amount is not recorded as expenses. As for the Assets to Be Acquired, the property tax and city planning tax, etc. to be included in the acquisition costs are assumed to be 5 million yen in total, and 5 million yen is assumed to be recorded as property tax and city planning tax, etc. of the Assets to Be Acquired from the fiscal period ending January 2024. Depreciation is calculated using the straight-line method and is assumed to be 1,102 million yen for the fiscal period ending July 2023 and 1,109 million yen for the fiscal period ending January 2024. Repair expenses for buildings are assumed to be 262 million yen for the fiscal period ending July 2023 and 226 million yen for the fiscal period ending January 2024, based on the medium- to long-term repair plans prepared by Samty Asset Management Co., Ltd. (the "Asset Management Company"). However, the amounts actually required for repair expenses for buildings could differ significantly from the assumed figures, as increased or additional repair expenses may arise due to unpredictable factors.
Non-operating expenses	<ul style="list-style-type: none"> As for the amortization of expenses for the issuance of investment units, 12 million yen is assumed for the fiscal period ending July 2023 and 10 million yen is assumed for the fiscal period ending January 2024. As for the amortization of expenses for the issuance of investment corporation bonds, 4 million yen is assumed for the fiscal period ending July 2023 and 4 million yen is assumed for the fiscal period ending January 2024. As for interest expenses and other financing-related expenses, 474 million yen is assumed for the fiscal period ending July 2023 and 484 million yen is assumed for the fiscal period ending January 2024.
Interest-bearing debt	<ul style="list-style-type: none"> The balance of Samty Residential's interest-bearing debt as of today is outstanding loans of 80,700 million yen and outstanding investment corporation bonds of 4,600 million yen. It is assumed that loans maturing and investment corporation bonds due for redemption in the fiscal

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	<p>periods ending July 2023 and January 2024 will be refinanced in the entire amount or repaid with funds procured through the issuance of investment corporation bonds.</p> <ul style="list-style-type: none"> Based on the above assumptions, the balance of interest - bearing debt at the end of the fiscal period ending July 31 , 2023 and the end of the fiscal period ending January 31,2024, are assumed to be outstanding loans of 80,700 million yen and outstanding investment corporation bonds of 4,600 million yen.
Investment units	<ul style="list-style-type: none"> Assumptions are based on a total number of 838,726 investment units issued and outstanding as of today. It is assumed that there will be no change to the number of units above due to the issuance of new investment units, etc. through the end of the fiscal periods ending July 2023 and January 2024.
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> Distribution per unit (excluding distribution in excess of earnings) is calculated on the assumption that the amount of earnings is distributed pursuant to the cash distribution method stipulated in Samty Residential's Articles of Incorporation. There is the possibility that the distribution per unit (excluding distribution in excess of earnings) may vary due to various factors, including changes of managed assets, variation in real estate rental revenue in accordance with changes of tenants, and occurrence of unpredicted repairs.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> Distribution amount in excess of earnings per unit is calculated pursuant to the cash distribution policy method stipulated in Samty Residential's Articles of Incorporation as well as the Asset Management Company's internal regulations. Samty Residential anticipates that there will be ample opportunities, etc. to acquire new properties as investments that should contribute to increasing portfolio earning power in the fiscal period ending July 2023 and the fiscal period ending January 2024, although the real estate transaction market appears to be partially overheated. Accordingly, it is highly necessary to reserve certain amounts of funds to make it possible to respond to such opportunities flexibly. On the other hand, in consideration of such factors as Samty Residential's financial conditions and the possibility of refinancing interest-bearing debt, Samty Residential does not consider itself in such two fiscal periods to be in a position to allocate funds preferentially for reinforcing its financial base through such measures as reducing interest-bearing liabilities. While depreciation for the Acquired Assets and the Assets to Be Acquired is anticipated to be 1,102 million yen for the fiscal period ending July 2023 and 1,109 million yen for the fiscal period ending January 2024, the six-month average of the sum total of the estimated urgent repair expenses, estimated short-term repair expenses and estimated long-term repair expenses described in the building condition survey reports will be only 207 million yen (Estimate is 207 million yen for the fiscal period ending July 2023 and 205 million yen for the fiscal period ending January 2024). Accordingly, Samty Residential expects to have residual free cash flow even after administering certain reserves from cash and deposits on hand equivalent to the depreciation amount at the end of each fiscal period to reserves for capital expenditures to maintain building functions, etc., in the form of funds equivalent to the estimated amount required for working capital, etc. and funds equivalent to reserves in preparation for investments that should contribute to increasing portfolio earning power as stated above. Considering the above, Samty Residential believes as of today that it is appropriate to implement distribution in excess of earnings for the fiscal periods ending January 2023 and July 2023 and anticipates total distribution in excess of earnings of 193 million yen and 143 million yen, respectively. Such distribution in excess of earnings is calculated by taking into account the level of the payout ratio (the ratio of total cash distribution, including distribution in excess of earnings, to net income and depreciation combined), and the payout ratio will be 72.0% and 71.0%, respectively. In addition, the total distribution in excess of earnings will be equivalent to 17.6% and 13.0% of the depreciation expected to accrue in the respective fiscal periods. Regarding the basic policy for cash management and the like for distribution in excess of earnings, please refer to "Part 1 Fund Information, 1. Fund Status, 2. Investment Policy" in the securities report filed on April 27, 2023.
Other	<ul style="list-style-type: none"> It is assumed that there will be no revision of laws and regulations, tax system, accounting standards, regulations applying to publicly listed companies and rules of The Investment Trusts Association, Japan, etc. that will impact the aforementioned forecast figures. It is also assumed that there will be no unexpected material changes in general economic trends and real estate market conditions, etc.

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