



**Fiscal Year Ended November 30, 2023
Explanatory Material for the Financial Results**

Samty Co., Ltd. (securities code: 3244)



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Fiscal Year Ended November 30, 2023

Overview of the Consolidated Financial Statements



**Fiscal Year
ended Nov. 30, 2023**

Overview

1. For FY2023, the Company's **net sales were ¥198.6 billion (up 54.6% from the previous year), operating profit was ¥19.5 billion (up 38.7% from the previous year), and ordinary profit was ¥15.8 billion (up 9.8% from the previous year).**

Although there was a one-time expense of ¥900 million recorded as an extraordinary loss, and **profit (attributable to owners of parent) was ¥10.3 billion (down 5.2% from the previous year), net sales, operating profit, and ordinary profit set new record highs.**

2. The Company has been promoting rent increases at properties it owns to cope with inflation. In FY2023, rent increases amounted to about +4.6%. Going forward, we will continue to pay attention to inflationary trends and set rents appropriately.

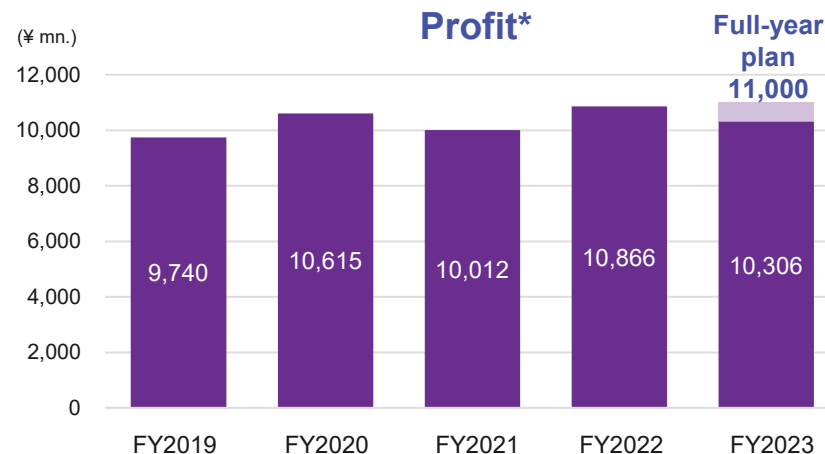
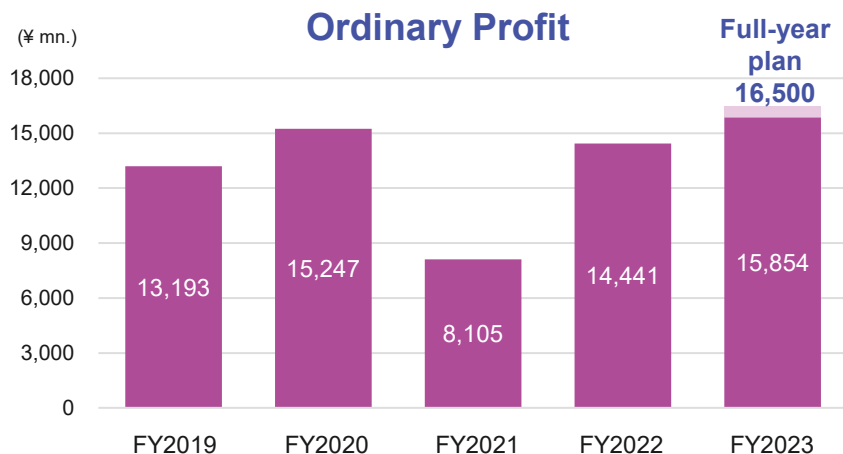
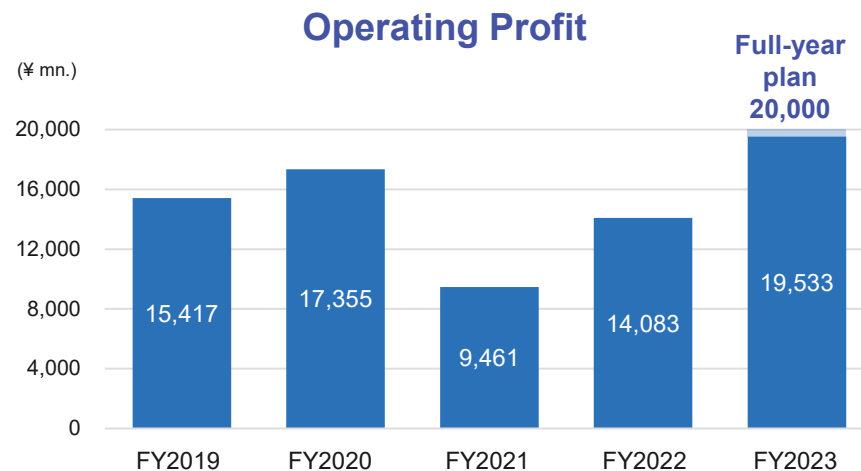
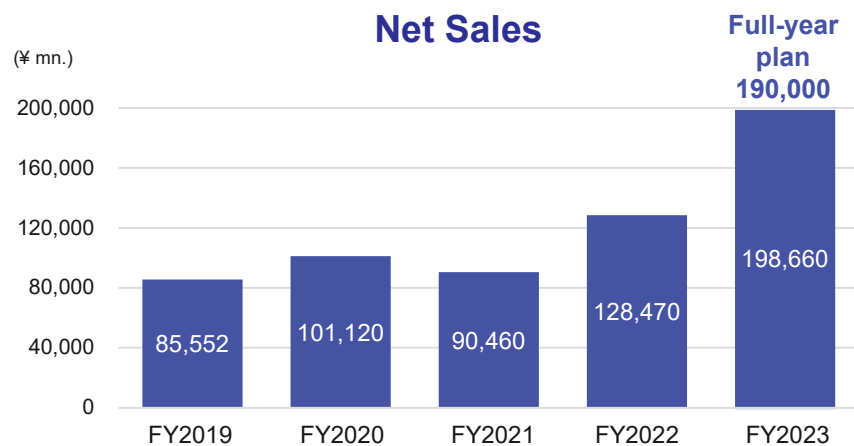
3. For the Hotel Business, net sales were **¥12.9 billion (up 104.6% from the previous year)**, a significant improvement due to the recovery of hotel occupancy rates. With a further recovery in domestic tourism and inbound demand, the Company expects a significant improvement in net sales and a return to profitability in operating profit for the fiscal year ending December 31, 2024.
⇒Continue preparing for the listing of a hotel REIT.

4. In the overseas business, net sales were **¥16.6 billion (up 122.9% from the previous year)**, and operating profit was **¥1.2 billion (the previous year was an operating loss of ¥0.5 billion)**. Following strong sales of "THE SAKURA Project," a condominium project in Vietnam, the Company launched its second condominium project, "THE STAR Project."

5. In the theme park business, which is the third pillar of our domestic business growth strategy, we invested in Japan Entertainment Holdings Inc., the parent company of the developer and operator of JUNGLIA, a new theme park in northern Okinawa scheduled to open in 2025. **We are supporting this project that will bring hope and vitality to Okinawa's future.**

Record High Net Sales, Operating Profit, and Ordinary Profit for FY2023.

Net sales for FY2023 were about ¥198.6 billion (up 54.6% from the previous year) and operating profit was about ¥19.5 billion (up 38.7% from the previous year), both record highs except for profit, which was affected by a one-time special research expense.



*Profit attributable to owners of parent

- As a result of aggressive property sales, net sales increased by 54.6% over the previous year and operating profit increased by 38.7% over the previous year.
- In the previous fiscal year, a foreign exchange gain of ¥5.7 billion was recorded, while this fiscal year's foreign exchange gain was about ¥0.9 billion. In addition, a special research expense was recorded as an extraordinary loss of ¥0.9 billion. Excluding this impact, net sales, operating profit, ordinary profit, and profit were all at record highs.

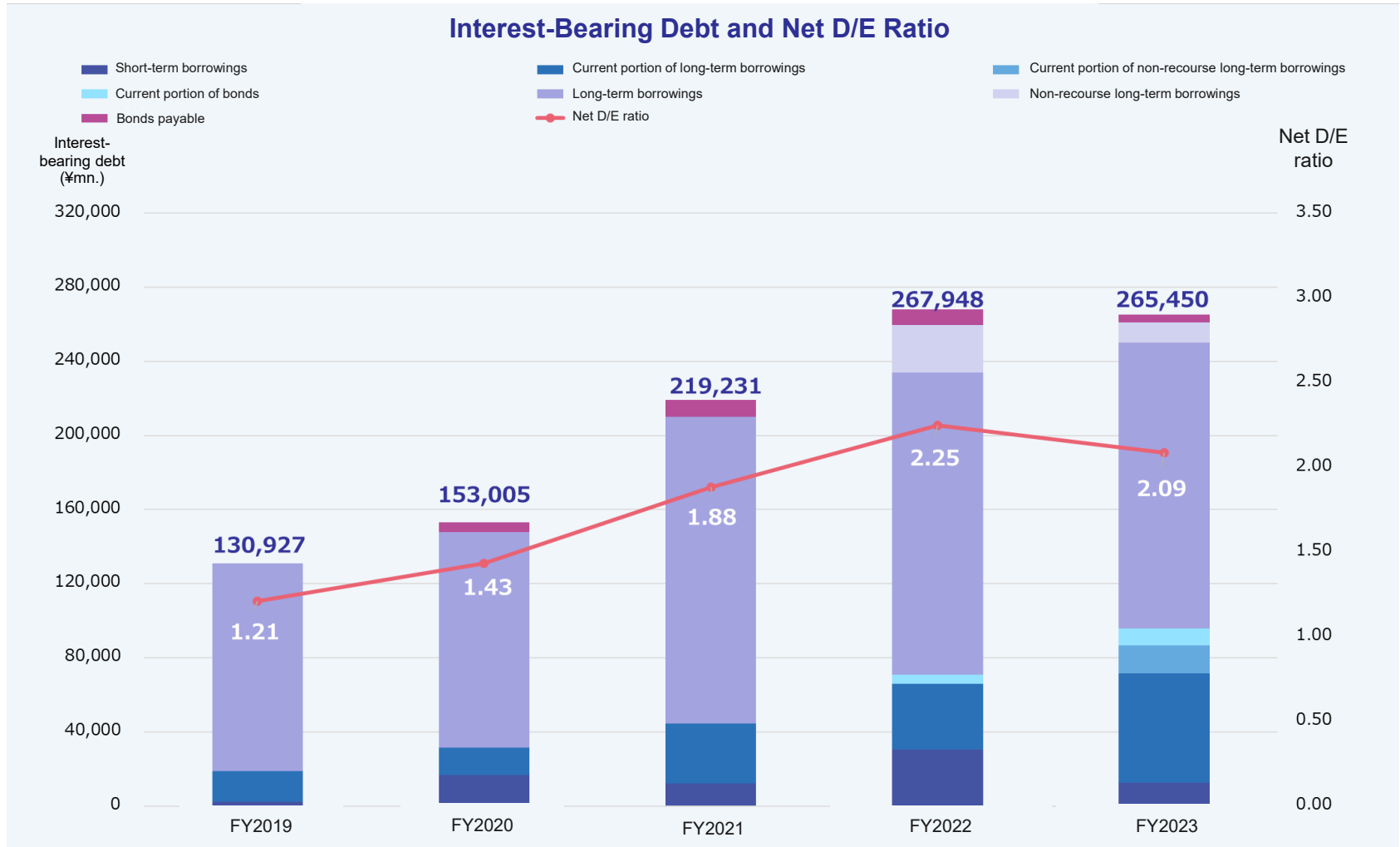
(Unit: Millions of yen)	FY2022		FY2023		Year on Year		FY2023	
	Actual	Percent	Actual	Percent	Increase/ decrease	Percent change	Full-year plan (revised)	Percentage of progress
Net sales	128,470	100%	198,660	100%	70,190	54.6%	190,000	104.6%
Cost of sales	101,304	78.9%	162,567	81.8%	61,263		-	-
Selling, general and administrative expenses	13,081	10.2%	16,558	8.3%	3,477		-	-
Operating profit	14,083	11.0%	19,533	9.8%	5,449	38.7%	20,000	97.7%
Non-operating profit	6,012	4.7%	1,691	0.9%	-4,320		-	-
Non-operating expenses	5,654	4.4%	5,371	2.7%	-283		-	-
Ordinary profit	14,441	11.2%	15,854	8.0%	1,412	9.8%	16,500	96.1%
Extraordinary income	80	0.1%	750	0.4%	670		-	-
Extraordinary loss	12	0.0%	1,045	0.5%	1,033		-	-
Profit attributable to owners of parent	10,866	8.5%	10,306	5.2%	-559	-5.2%	11,000	93.7%
Earnings per share (yen)	233.68	-	221.44	-	-12.24	-	236.34	-

- The Group's total assets remained flat as a result of aggressive property sales. Taking into account trends in financial indicators and the market environment, the Group will continue to accumulate assets in order to achieve its medium-term management plan (post-COVID version).

(Unit: Millions of yen)	As of Nov. 30, 2022	As of Nov. 30, 2023	Increase/ decrease	Main reasons for increase/decrease
Total assets	413,594	413,429	-164	◇Real estate for sale
Current assets	289,904	317,771	27,866	Property acquisitions +31,972 mn. yen
Cash and deposits	46,002	45,285	-717	Transfers and other -23,682 mn. yen
Real estate for sale	114,623	122,117	7,493	
Real estate for sale in process	122,065	130,096	8,031	◇Real estate for sale in process
Non-current assets	123,581	95,578	-28,003	Acquisition of land for development, and building costs +75,282 mn. yen
Property and equipment	90,435	53,577	-36,858	Transfers and other -68,594 mn. yen
Intangible assets	414	459	44	
Investments and other assets	32,731	41,541	8,810	◇Property, plant and equipment
Total liabilities	303,199	302,315	-883	Acquisition of income properties +5,657 mn. yen
Current liabilities	89,543	115,255	25,712	Transfers and other -44,332 mn. yen
Short-term borrowings	30,468	12,689	-17,778	
Current portion of long-term borrowings	35,395	59,018	23,622	◇Shareholders' equity
Current portion of non-recourse long-term borrowings	-	14,844	14,844	Net profit for the quarter +10,306 mn. yen
Current portion of bonds	5,170	9,270	4,100	Dividend payments -4,186 mn. yen
Non-current liabilities	213,656	187,060	-26,595	
Long-term borrowings	162,999	154,503	-8,496	
Non-recourse long-term borrowings	25,770	10,750	-15,020	
Bonds payable	8,145	4,375	-3,770	
Bonds with share acquisition rights	12,000	12,000	-	
Net assets	110,395	111,114	718	
Total liabilities and net assets	413,594	413,429	-164	
Interest-bearing debt	267,948	265,450	-2,498	
Shareholders' equity	100,101	106,314	6,213	
Equity ratio (%)	23.9%	25.5%	+1.6%	

(Note: Interest-bearing debt is calculated excluding zero-coupon bonds with stock acquisition rights.)

- Borrowings decreased due to aggressive sales. As a result, the net D/E ratio improved from 2.25 to 2.09.
- Long-term borrowings have an annual maturity of 9.8 years and an average interest rate of 1.36%, and among them, borrowings on income properties have an average maturity of 14.1 years and an average interest rate of 1.26%.
- Strengthened the sustainability perspective in finance, including consideration of borrowing through green loans.



Note: Net debt-equity ratio = (Interest-bearing debt - Cash and deposits) / Equity

Note 2: Interest-bearing debt excluding zero-coupon bonds with stock acquisition rights

Fiscal Year Ended November 30, 2023

Overview by Segment



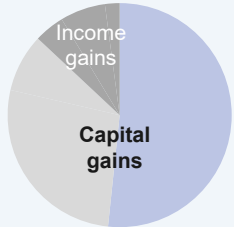
Capital Gains Both sales and profit increased in all segments: the Real Estate Development Business, Real Estate Solution Business, and Overseas Business. In the Real Estate Development Business, there are 209 residential properties with about 13,500 units that will be completed, which will continue to drive our business. In the Overseas Business, the Group's second residential condominium project was launched in Ho Chi Minh City, Vietnam.

Income Gains The Real Estate Leasing Business posted slight decreases in both sales and profit as a result of aggressive property sales. The Hotel Business is expected to achieve significantly higher sales and return to profitability in FY2024 (Dec.).

(Unit: Millions of yen)		FY2022		FY2023		Year on Year		FY2023	
		Actual	Operating margin	Actual	Operating margin	Increase/decrease	Percent change	Full-year plan	Percentage of progress
Net sales		128,470	-	198,660	-	70,190	+54.6%	190,000	104.6%
Capital	Real Estate Development Business	73,488	-	102,627	-	29,138	+39.7%	94,000	109.2%
	Real Estate Solution Business	28,656	-	53,523	-	24,867	+86.8%	56,000	95.6%
	Overseas Business	7,463	-	16,640	-	9,176	122.9%	15,000	110.9%
Income	Real Estate Leasing Business	8,704	-	8,679	-	-24	-0.3%	8,500	102.1%
	Hotel Business	6,293	-	13,020	-	6,727	+106.9%	12,800	101.7%
	Real Estate Management Business	5,193	-	6,700	-	1,506	+29.0%	6,400	104.7%
	Adjustment	-1,330	-	-2,532	-	-1,201	-	-2,700	-
Operating profit		14,083	-	19,533	9.8%	5,450	-	20,000	97.7%
Capital	Real Estate Development Business	15,637	21.3%	16,193	15.8%	555	+3.6%	16,400	98.7%
	Real Estate Solution Business	3,928	13.7%	6,554	12.2%	2,626	+66.8%	6,500	100.8%
	Overseas Business	-593	-	1,237	7.4%	1,831	-	1,300	95.2%
Income	Real Estate Leasing Business	4,168	47.9%	4,020	46.3%	-147	-3.5%	3,700	108.7%
	Hotel Business	-2,742	-	-1,086	-	1,655	-	-1,100	-
	Real Estate Management Business	775	14.9%	476	7.1%	-299	-38.6%	500	95.2%
	Adjustment	-7,090	-	-7,861	-	-771	-	-7,300	-

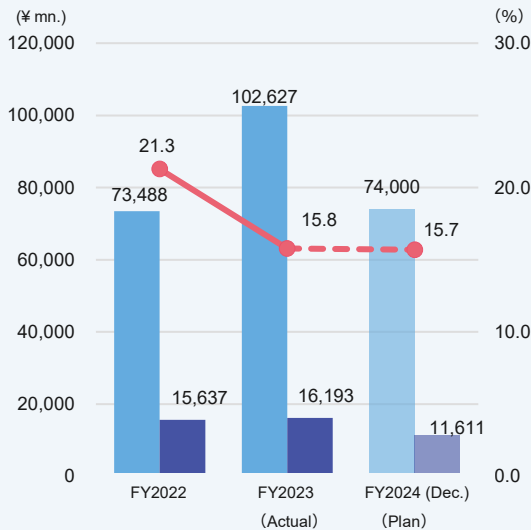
Note: Net sales of each segment include intersegment sales or transfers.

Real Estate Development Business

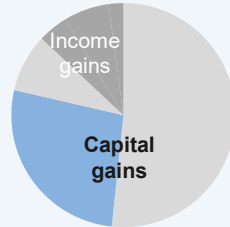


Percent of sales:
51.7%

- We sold 66 properties (¥102.6 billion) in FY2023. The Company will continue to watch market trends and flexibly sell properties, while maintaining a balance with its borrowings.
- We will proceed with improving the environmental performance of developed properties, and the acquisition of BELS certification, and strive to enhance the social value of properties in development.

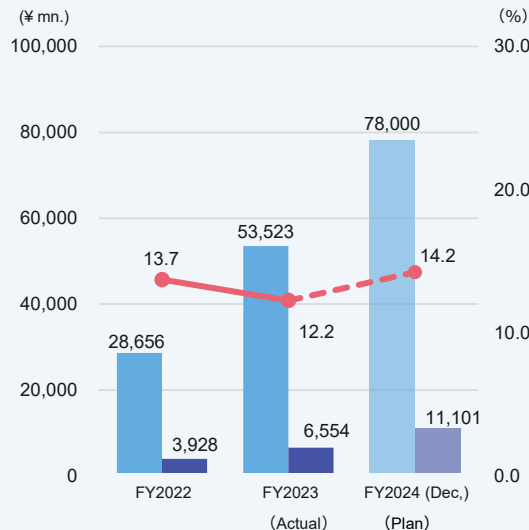


Real Estate Solution Business

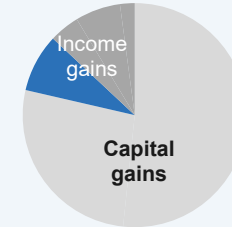


Percent of sales:
26.9%

- We sold 60 properties (¥53.5 billion) in FY2023. Recognizing a bit of difficulty regarding future procurement due to soaring property prices, the Company strengthened its procurement activities.
- We strengthened procurement activities, while promoting investment in more carefully selected properties.

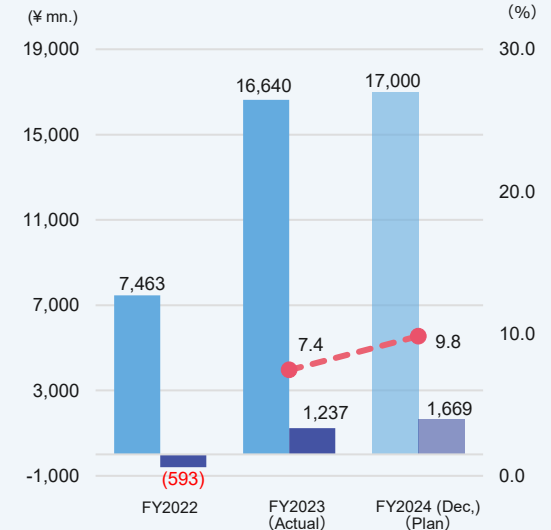


Overseas Business



Percent of sales:
8.4%

- THE SAKURA Project sales progressed steadily. Sales of the remaining units are also progressing well, and expect to record sales at the time of delivery.
- Based on the strong performance of the above project, we began work on our second project, "THE STAR Project." This will be a condominium development project in Ho Chi Minh City, Vietnam, on the same scale as the above project.



■ Net sales ■ Segment operating profit ● Segment operating margin

Note: Net sales for the percent of sales is calculated based on the amount of net sales to third parties.

- For FY2023, we acquired 99 parcels of land for development in major cities throughout Japan for about ¥39.8 billion. For FY2024 (Dec.), the Company currently plans to acquire 46 parcels of land for development (about ¥22.3 billion).
- We plan to acquire parcels of land for development of four properties (about ¥8.4 billion) in the next fiscal year and thereafter.

Land for development: Based on acquisition amount (percentage of progress)

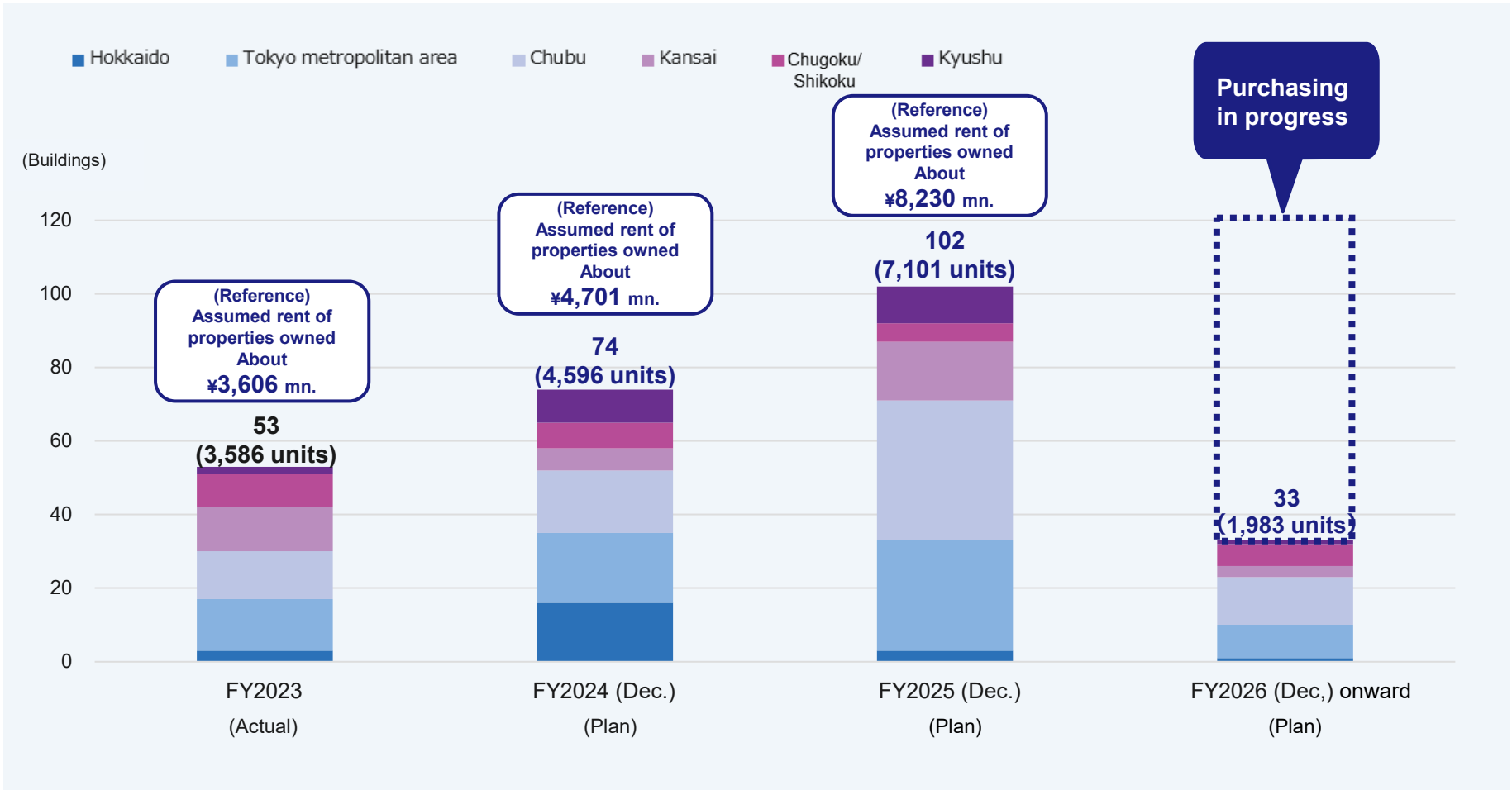
Full-year plan	FY2023		FY2024 (Dec.)			To settle next FY or later
	Actual	Percentage of progress	Planned settlement	Full-year plan	Percentage of progress	
¥72.0 bn.	¥39.8 bn.	55.3%	¥22.3 bn.	<u>¥83.5 bn.</u>	26.6%	¥8.4 bn.

***Focus on acquiring land for development, including land for forward committed projects.**

Income properties: Based on number of acquisitions (by region)

	Hokkaido	Tokyo metropolitan area	Chubu	Kansai	Chugoku /Shikoku	Kyushu	Total
Acquired in fiscal year ending Nov. 2023	13	24	35	13	8	6	99
Expected to be settled in fiscal year ending Dec. 2024	2	17	14	4	7	2	46
Expected to be settled in fiscal year ending Dec. 2025 or later	-	-	-	2	-	2	4

- A total of 53 residential buildings (3,586 units) are scheduled to be completed in FY2023.
- From FY2024 (Dec.) on, we are planning to develop a **total of 209 buildings with about 13,500 units** in cities across Japan going forward. We will continue to promote residential development.



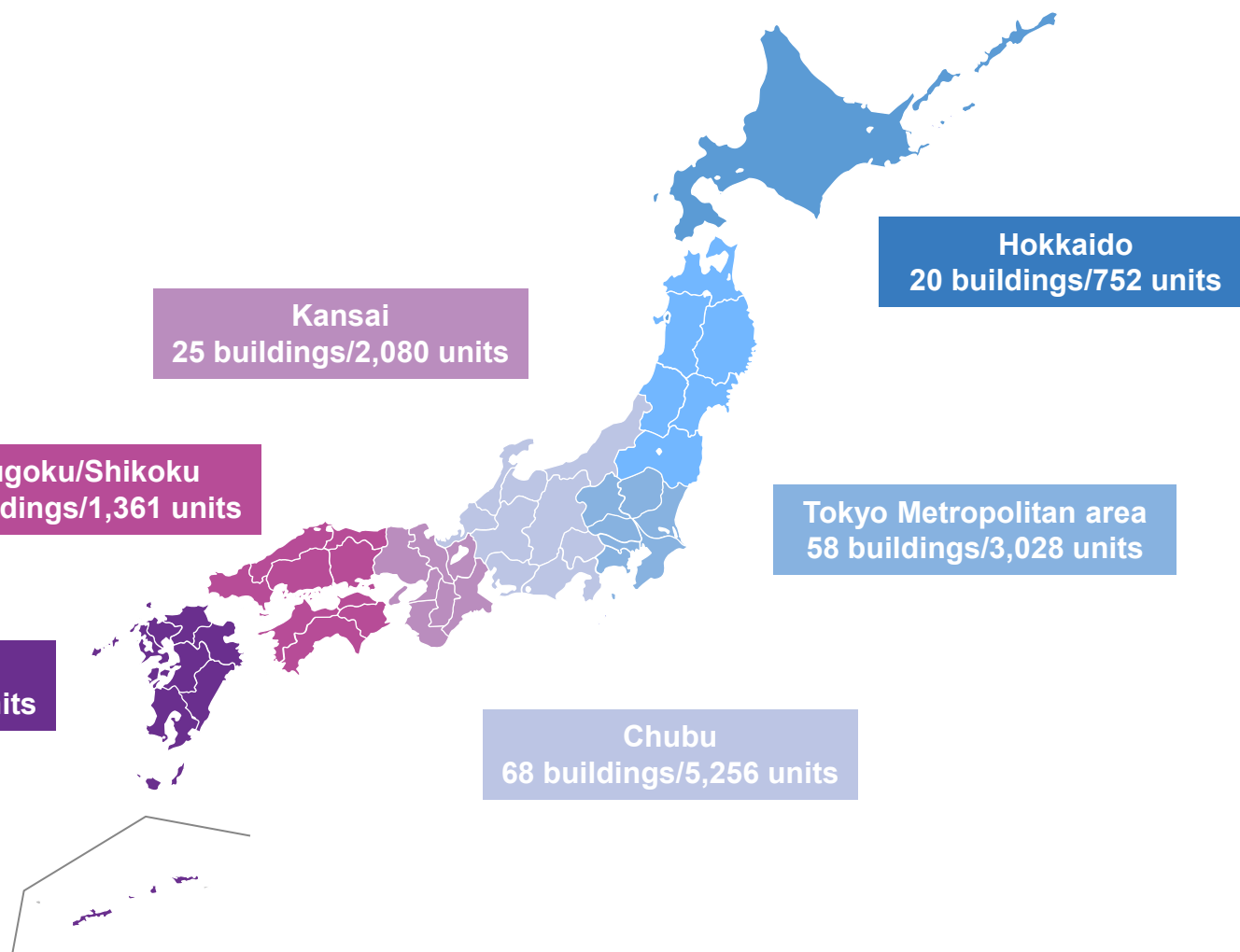
Notes: (1) The number of buildings is the total of the development plan and results for S-RESIDENCE and investment unit sales.

(2) Assumed rental revenue (annual) is calculated using the number of properties owned and the rents expected from the projects at full occupancy.

Real Estate Development Business

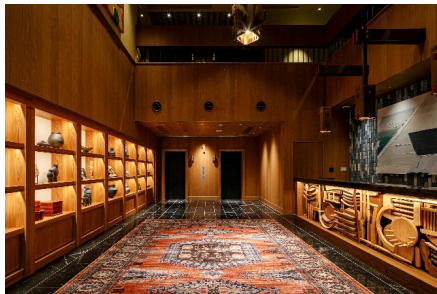
Residential Development Plan (by area)

- Future residential development plans by area: Hokkaido: 20 buildings (752 units); Tokyo metropolitan area: 58 buildings (3,028 units); Chubu: 68 buildings (5,256 units); Kansai: 25 buildings (2,080 units); Chugoku and Shikoku: 18 buildings (1,361 units); and Kyushu: 20 buildings (1,203 units), for a total of **209 buildings (about 13,500 units)** scheduled for completion.



- Hotel and office development projects scheduled for completion and opening this fiscal year and beyond are also on track.
- In line with our policy of making strategic investments in regional cities, we are promoting developments focused on cities where we have branch offices and their surrounding areas.

Type	FY	Project Name	Location	No. of Rooms	Planned Opening (completion)
Hotel	2024	Six Senses Kyoto	Higashiyama-ku, Kyoto	81	Tuesday, April 23, 2024
		Banyan Tree Higashiyama Kyoto	Higashiyama-ku, Kyoto	52	Summer 2024
	2026	Shangri-La Hotel Kyoto Nijojo Project (tentative name)	Kamigyo-ku, Kyoto	77	Fall 2026
		Sapporo-shi Hotel Project	Sapporo-shi	-	-
	TBD	Osaka-shi Kita-ku Hotel Project	Kita-ku, Osaka-shi	-	-
		Hiroshima-shi, Minami-ku Hotel Project	Minami-ku, Hiroshima-shi	-	-
Total: 6 buildings				210	-
Office	2024	Odori-Nishi 5-Chome II Office Building Project	Chuo-ku, Sapporo-shi	-	2024
		Nakamura-ku Noritake 1-Chome Office Building Project	Nakamura-ku, Nagoya-shi	-	2024
	2025	Sapporo-shi Chuo-ku Office Project	Chuo-ku, Sapporo-shi	-	2025
		Nagoya-shi Nakamura-ku Office Project	Nakamura-ku, Nagoya-shi	-	2025
		Hiroshima-shi Naka-ku Office Project	Naka-ku, Hiroshima-shi	-	2025
	TBD	Hiroshima-ken, Fukuyama-shi Office Project	Fukuyama-shi, Hiroshima-ken	-	-
		Fukuoka-shi Hakata-ku Office Project	Hakata-ku, Fukuoka-shi	-	-
	Total: 7 buildings				-



Entrance lobby,
Hotel Mercure Hida Takayama



Artist's rendering of the Mercure Tokyo
Haneda Airport Bar



Artist's rendering of the Banyan Tree
Higashiyama Kyoto lobby



Artist's rendering of the Six Senses
Kyoto

Notes: (1) Project names that have the word "Project" in them are tentative names.
(2) The renderings are from the consideration stage of the project and may change in the future.

- In FY2023, we sold 66 properties in our Real Estate Development Business and 60 properties in our Real Estate Solution Business for a total of 126 properties.
- In FY2024 (Dec.), the Company will continue with flexible and agile property sales in light of market trends.

Based on number of sales (percentage of progress)

Segment	Full-year plan	FY2023	
		Actual	Percentage of progress
Real Estate Development Business	61	66	108.2%
(S-RESIDENCE)	(60)	(63)	105.0%
(Investment unit sales in lots)	-	-	-
(Hotel and other)	(1)	(3)	300%
Real Estate Solution Business	44	60	136.4%
Total	105	126	120.0%

FY2024 (Dec.)		
Planned sales	Planned sales	Percentage of progress
55	4	7.3%
(54)	(4)	7.4%
(0)	(0)	-
(1)	(0)	0%
88	8	9.1%
143	12	8.4%

Based on number of sales (by region, FY2023 results)

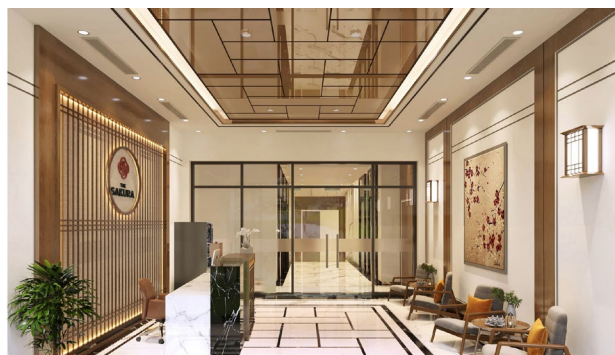
Segment/Region	Hokkaido	Tokyo metropolitan area	Chubu	Kansai	Chugoku/Shikoku	Kyushu	Total
Real Estate Development Business	4	17	21	11	12	1	66
(S-RESIDENCE)	(4)	(16)	(20)	(10)	(12)	(1)	(63)
(Investment unit sales in lots)	-	-	-	-	-	-	-
(Hotel and other)	-	(1)	(1)	(1)	-	-	(3)
Real Estate Solution Business	13	14	6	9	5	13	60
Total	17	31	27	20	17	14	126



- The V8 building is completely sold on an application basis. Deliveries to customers are also close to being completed.
- As with V8, V9 was completely sold, with about 99% of the total units delivered.
- V10 began sales around the end of 2022, with sales progressing steadily at about 94%. Sales are recorded after completion and upon delivery.
- V7 sales are also progressing well, with a progress rate of about 78%. We will continue to promote this business to complete our first for-sale housing business overseas.

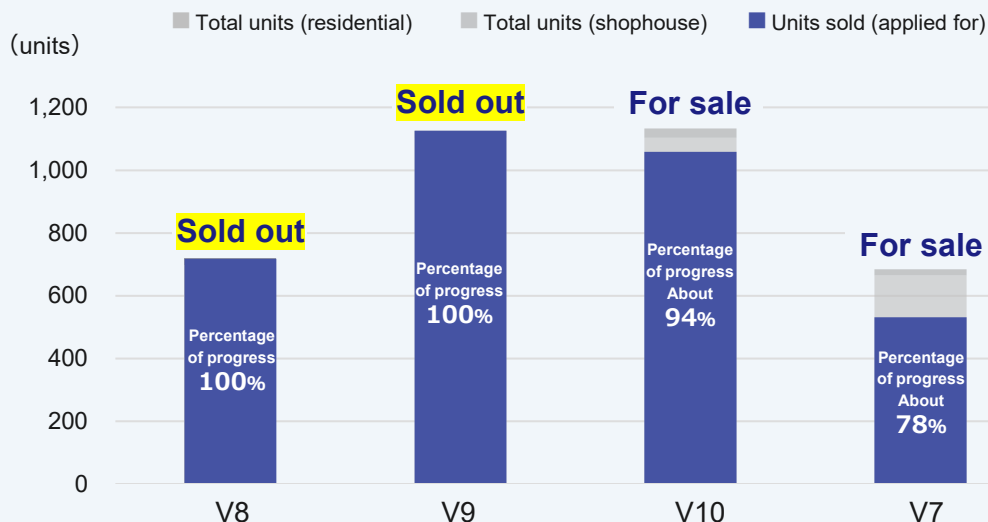


Artist's rendering of the rooftop garden



Artist's rendering of an entrance hall

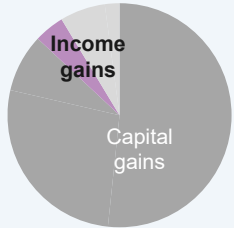
Timing of Delivery and Status of Sales (As of January 15, 2024)



Start of delivery	November 2022	January 2023	Fall 2024 (Plan)	Summer 2025 (Plan)
Number sold	718 units/ 718 units	1,126 units/ 1,126 units	1,059 units/ 1,133 units	532 units/ 690 units

Note: In the graph above, "percentage of progress" is calculated on applications.

Real Estate Leasing Business

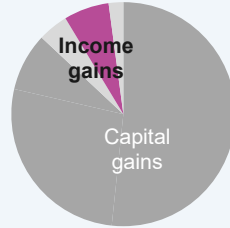


Percent of sales:
4.4%

- Aggressive property sales resulted in a slight decrease in revenue and profit compared to the previous year.
- To improve the environmental performance of the properties we own, we are considering switching to green energy in the future. In addition, we plan to increase rents and common area management fees in light of inflationary trends to increase stable income.

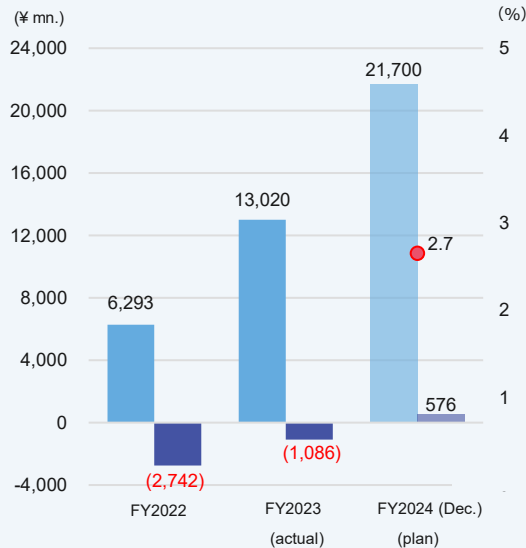


Hotel Business

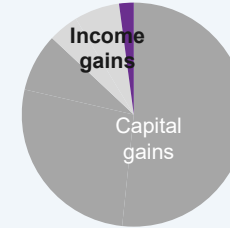


Percent of sales:
6.5%

- Sales increased significantly from the previous fiscal year, and the operating profit loss decreased.
- We expect business performance to improve due to a recovery in domestic tourism and inbound demand.
- Although there will be some negative impact until newly opened hotels are in full operation, we expect a significant increase in revenue and a return to profitability in operating profit for FY2024 (Dec.).

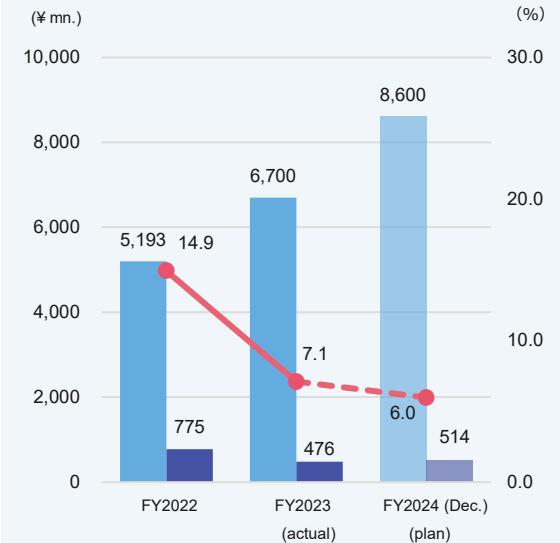


Real Estate Management Business



Percent of sales:
2.1%

- Assets under management (AUM) and the number of units under management grew steadily, and sales also increased steadily.
- Accompanying the expansion of the scale of business, such as the development of offices nationwide, there were increased expenses so sales increased but profits decreased. Aiming for steady growth with an increase in the number of units under management.



- In FY2023, we acquired 53 income properties in major cities throughout Japan for about ¥32.5 billion.
- For FY2024 (Dec.) and beyond, the Company will focus on acquiring land rather than income-producing real estate, but currently plans to acquire two income-producing properties (about ¥1.6 billion).

Income properties: Based on acquisition amount
(percentage of progress)

Full-year plan	FY2023	
	Actual	Percentage of progress
¥50.0 bn.	¥32.5 bn.	65.0%

To be settled in
FY2024 (Dec.)
or later

¥1.6 billion

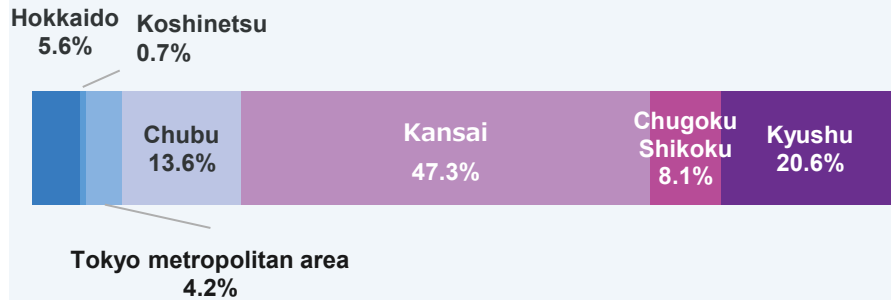
Be stricter on procurement,
and invest selectively.

Income properties: Based on number of acquisitions (by region)

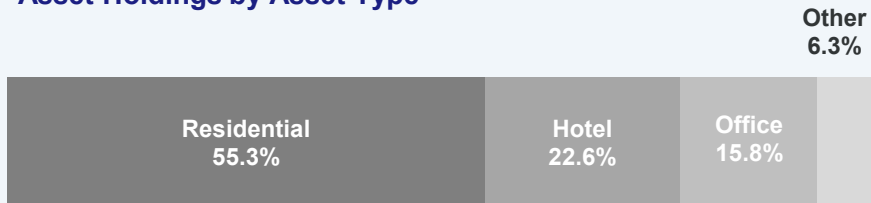
	Hokkaido	Tokyo metropolitan area	Koshinetsu	Chubu	Kansai	Chugoku /Shikoku	Kyushu	Total
FY2023 acquisitions	7	12	1	8	11	5	9	53
To be settled in FY2024 (Dec.)	0	0	0	1	0	0	1	2

- We own 152 rental properties (total book value of about ¥148.6 billion), including residences, hotels, and offices. Of these, the occupancy rate for residential properties is continuing to be steady, at around 93%.
- We have created a well-balanced portfolio by holding properties throughout Japan.

Asset Holdings by Region

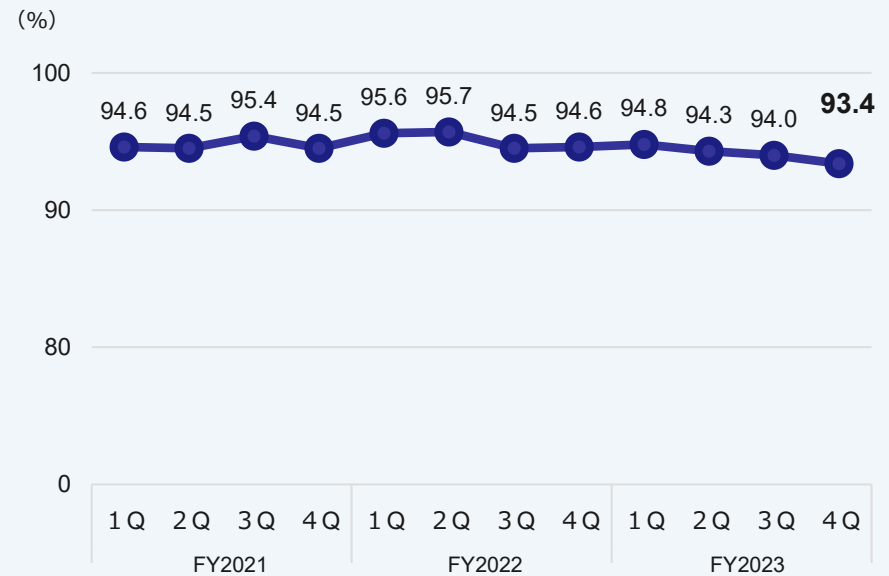


Asset Holdings by Asset Type



Note: Data is as of November 31, 2023. The total is based on the total book value of real estate for sale and non-current assets owned by the Samty Group on a consolidated basis.

Residential Occupancy Rates



Note: Average occupancy rate at end of each quarter Total floor area basis (weighted average):

Total leased area of each property/total floor area

Excluded from the total are special properties, such as newly built properties or properties that are acquired that have not passed a certain period of time.

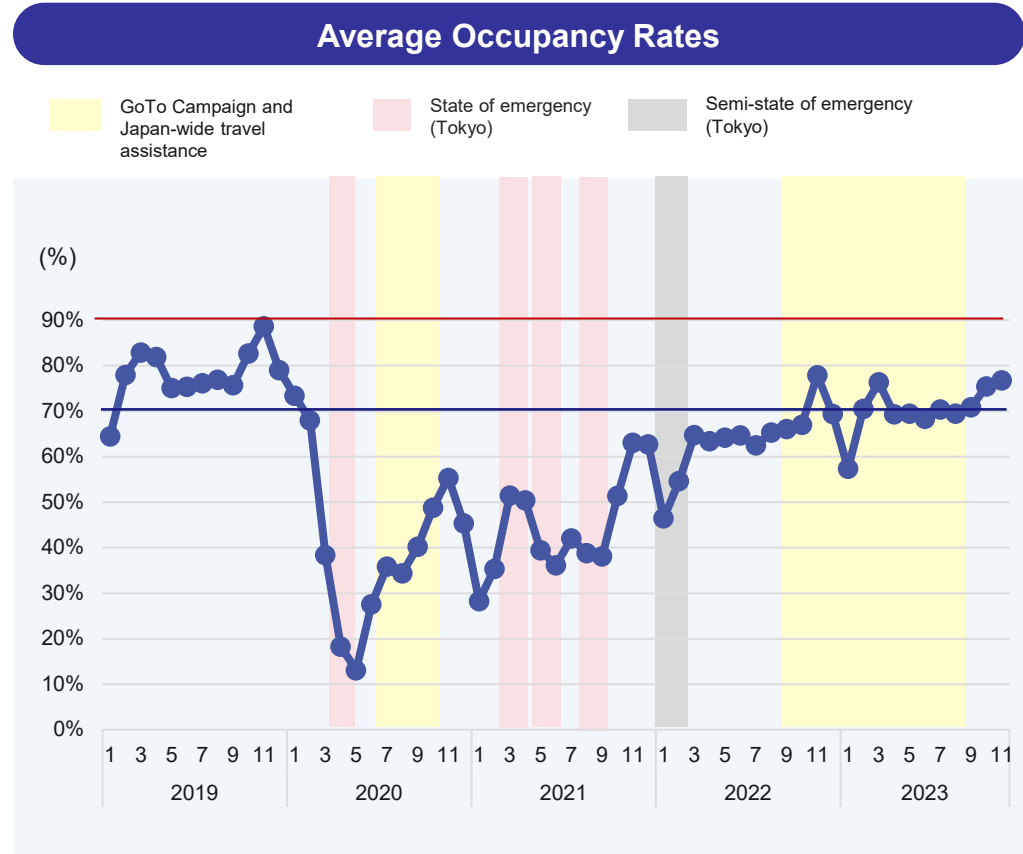


- Mercure Tokyo Haneda Airport was added to the hotels in which we are participating for leasing. Six more hotels are scheduled to be developed in the future.
- Average occupancy rates are steadily recovering. The number of foreign tourists is increasing in addition to the number of domestic tourists, and further increases in occupancy rates and average room rates are expected.

Hotels in which Samty is Involved

Region	Hotel name	Rooms	Remark
Tokyo metropolitan area	Center Hotel Tokyo	108	Operated
	Hotel Sunshine Utsunomiya	160	Operated
	S-PERIA INN Nihombashi Hakozaki	114	Developed and operated
	Mercure Tokyo Haneda Airport	363	Developed
Chubu	Mercure Hida Takayama	161	Developed
	Ibis Styles Nagoya	284	Developed
Kansai	Amano Hashidate Hotel (including Auberge)	86	Owned
	GOZAN	21	Owned
	S-PERIA INN Osaka Hommachi	125	Developed and operated
	S-PERIA HOTEL Kyoto	165	Developed and operated
	Mercure Kyoto Station	225	Developed
	Agora Kyoto Karasuma	140	Developed
	Agora Kyoto Shijo	80	Developed
	Aloft Osaka Dojima	305	Owned
	Oakwood Hotel Kyoto Oike	120	Developed and owned
	Hotel the Pavone (Nesta Resort Kobe)	109	Operated
	Chugoku	Nest Hotel Hiroshima Hatchobori	126
NEST Hotel Hiroshima Station		84	Owned
Kyushu	S-PERIA HOTEL Hakata	287	Developed and operated
	S-PERIA HOTEL Fukuoka Nakasu	87	Developed and operated
	S-PERIA HOTEL Nagasaki	155	Operated
Total	21 hotels	3,305 rooms	

Average Occupancy Rates



Note: Calculated based on a weighted average of the average occupancy rate of each hotel as of the end of each month. Excluded from the total are properties that have been open less than one year.

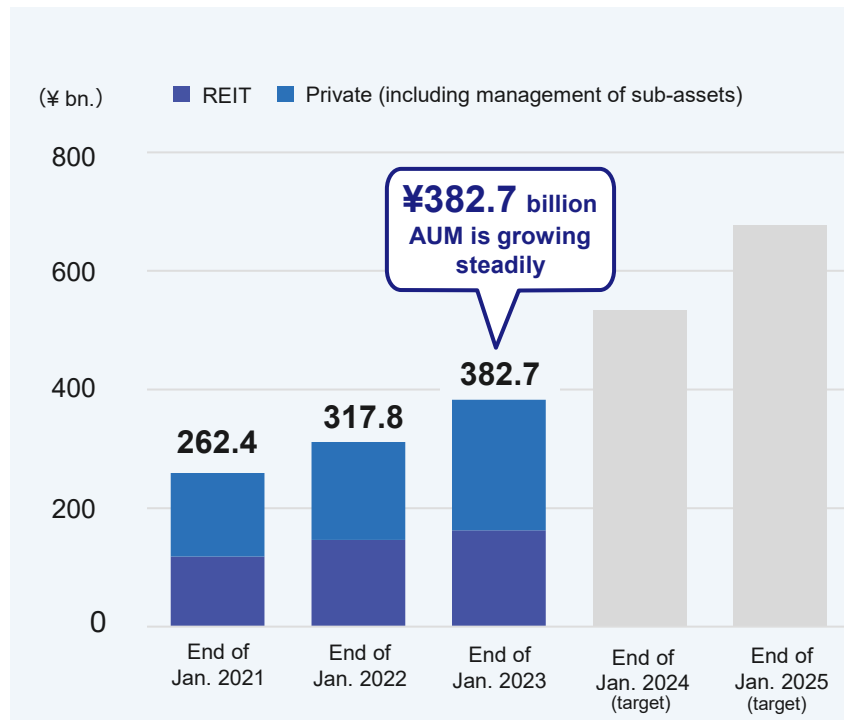


- AUM reached the ¥380 billion level at the end of January 2023.
- AUM is expected to expand due to an increase in assets under management and the formation of a hotel REIT. We will continue to share properties as a sponsor.

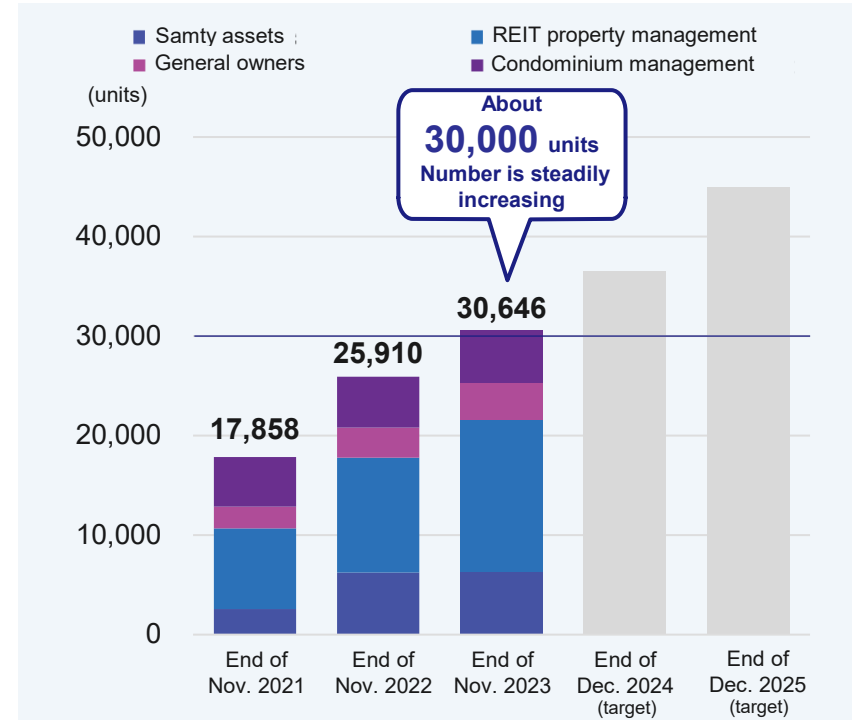


- The number of units under management by SPM reached the 30,000 level, and is increasing steadily.
- In addition to an increase in the number of properties owned by Samty Residential Investment Corporation, more than 10,000 units of properties developed by the Company are scheduled for completion in the next fiscal year and beyond. Steady expansion is expected in the future.

AUM



Number of Units Under Management



Medium-Term Management Plan
Samty Toughening Plan (Post-COVID Version)
Review and State of Progress



- The retooled Medium-Term Management Plan of January 2021 takes a look at social trends and has a plan to transform our structure to expand stable earnings.
- The goal is to maintain an equity ratio of 30% and aim for approximately double the net sales and operating profit at the time the plan was formulated, by the end of FY2025 (Dec.).

Basic Policies

1 Switch to a “develop and own” business

2 Establish a hotel REIT

3 Strategically invest in regional metropolitan areas

4 Build a profit base overseas

KPI Targets

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 (Dec.) Plan	FY2025 (Dec.) Numerical Target
Net sales (rental income, etc.)	¥101.1 bn. (¥12.1 bn.)	¥90.4 bn. (¥13.8 bn.)	¥128.4 bn. (¥18.8 bn.)	¥198.6 bn. (¥25.8 bn.)	¥205.0 bn. (¥37.6 bn.)	About ¥220.0 bn. (¥45.0 bn.)
Operating profit	¥17.3 bn.	¥9.4 bn.	¥14.0 bn.	¥19.5 bn.	¥21.0 bn.	More than ¥35.0 bn.
ROE	14.3%	11.6%	11.1%	10.0%	–	About 15.0%
ROA	7.4%	3.2%	3.7%	4.7%	–	About 7.0%
Equity ratio	30.7%	27.0%	23.9%	25.5%	–	More than 30.0%

Notes : (1) ROA = Operating profit / Total assets (average of FY start and end)

(2) Net sales for the rental income, etc. portion of net sales is calculated based on the amount of net sales to third parties.

The Investment Plan Is Proceeding Favorably toward Early Achievement of Targets

- Implementing a plan to invest about ¥750 billion over the five-year period of 2021-2025. The numerical targets and percentages of progress for each theme are given below.
- As of the end of FY2023, cumulative investments totaled **¥658.3 billion (up ¥154.6 billion over the end of the previous period)**, with a steady **progress rate of 87.8%**. We will continue working on early achievement of our targets.

Launched THE STAR PJ, a project of the same scale as THE SAKURA PJ

Percentage of Progress toward Targets by Theme

Development of Residential Properties

State of progress

¥**307.2** bn.

102.4% **Reached✓**



Target amount

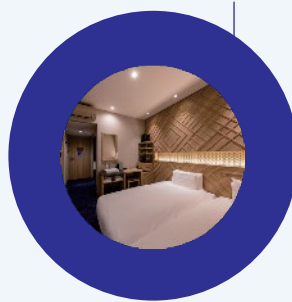
¥**300.0** bn.

Development of Hotels and Office Buildings

State of progress

¥**121.0** bn.

100.9% **Reached✓**



Target amount

¥**120.0** bn.

Acquisition of Income Properties

State of progress

¥**156.2** bn.

62.5%



Target amount

¥**250.0** bn.

Overseas Business

State of progress

¥**73.7** bn.

92.2%



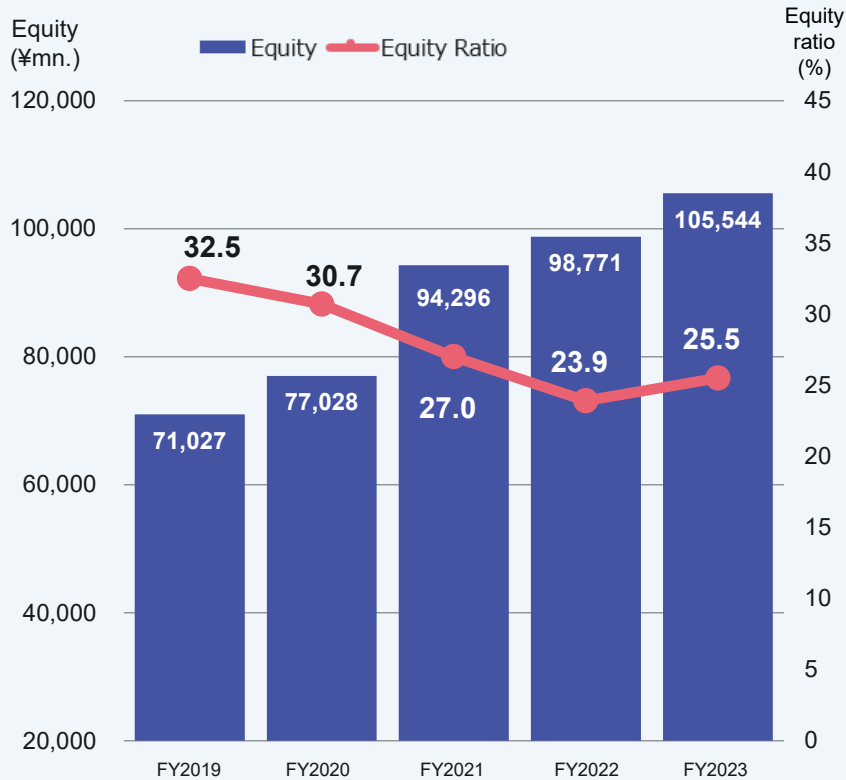
Target amount

¥**80.0** bn.

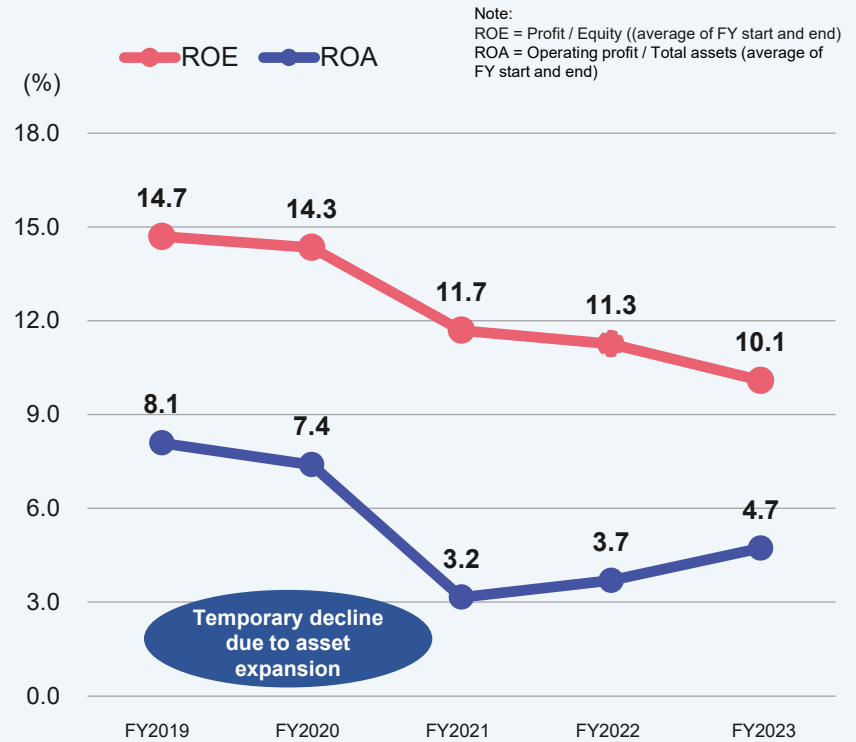
Note: For projects contracted and settled or planned to be settled from December 2020 onward. The progress figures are total cost values for the projects.

- Due to aggressive property sales, the equity ratio showed increased.
- Continuing from FY2022, ROA increased again. The Company will keep the target level of the medium-term management plan in mind and continue aiming to improve ROA and ROE.

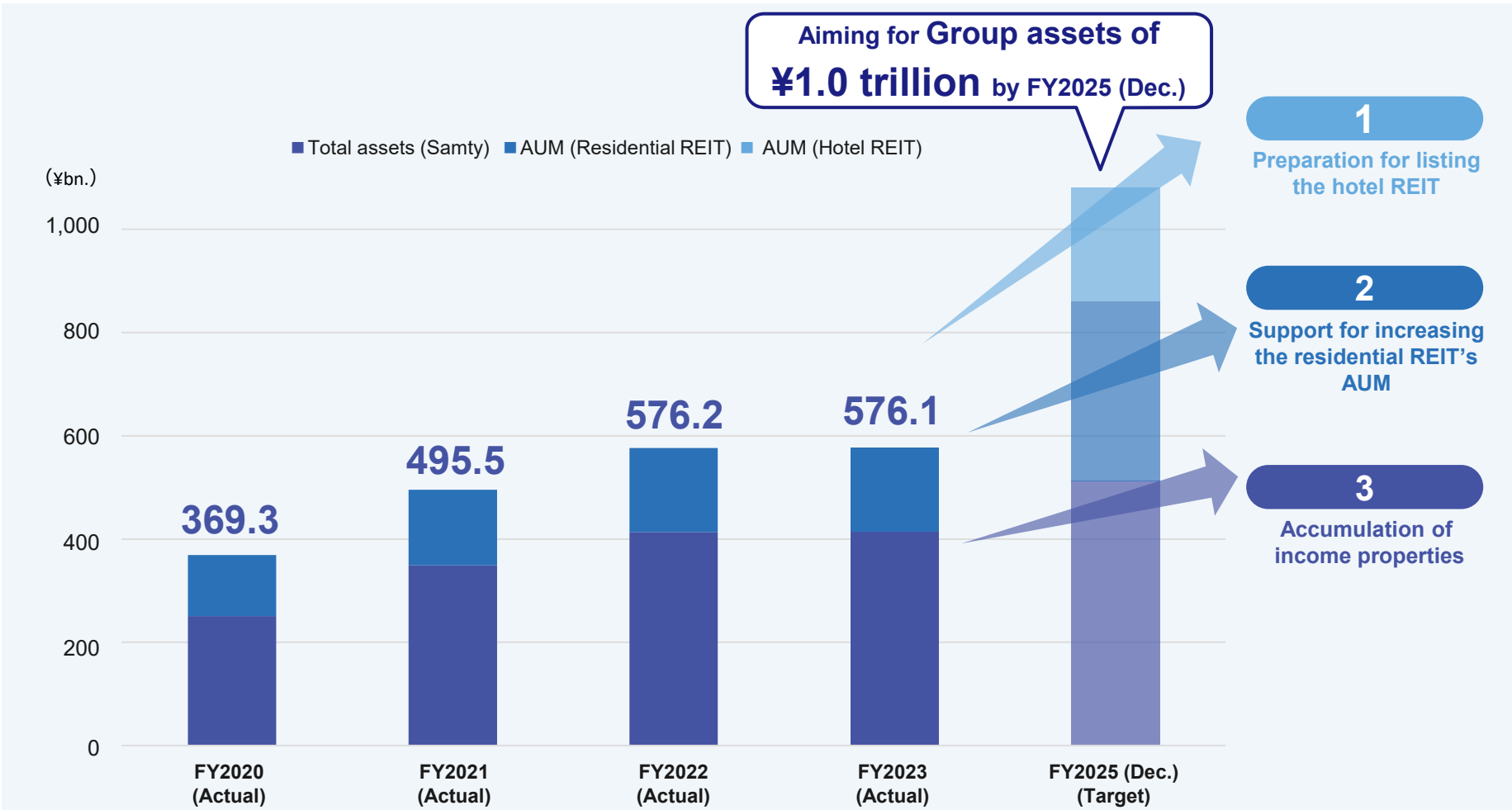
Equity and Equity Ratio



ROE and ROA



- In FY2023, Group assets remained unchanged from the previous year as a result of the sale of properties.
- We are implementing strategic initiatives 1-3 below so that our assets will grow steadily until the end of FY2025 (Dec.).



Note: Group assets are calculated by adding Samty's total assets + the balance of the REIT AUM (assets under management).

Dividends and Shareholder Returns

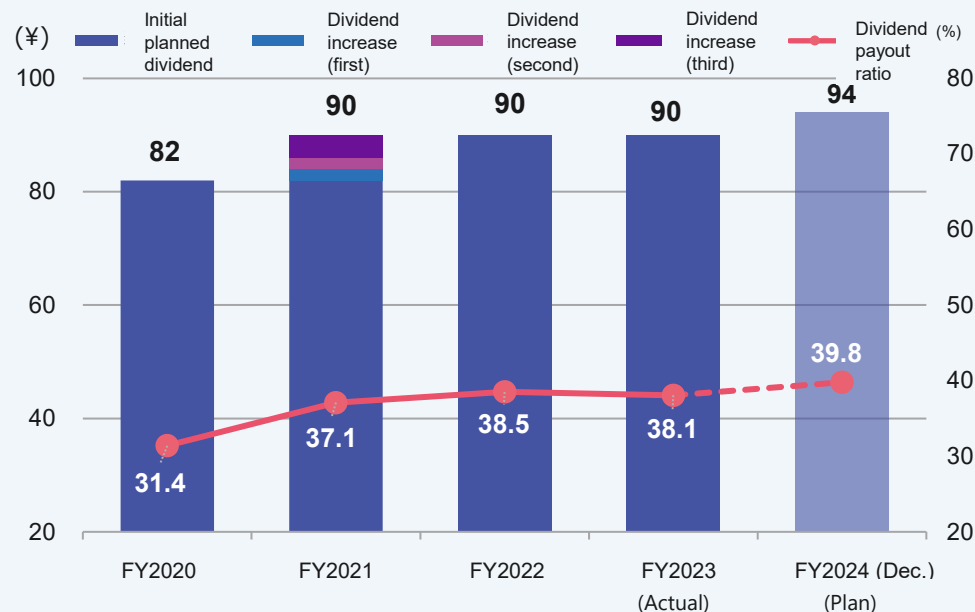


The New NISA Started in January 2024. Continue with Measures that Emphasize Shareholder Returns, Including Dividends and Shareholder Benefits.

Dividends

In FY2023 we kept dividends at the same level as FY2022, with an annual dividend of ¥90 (¥39 at mid-year and ¥51 at year-end).

The Company recognizes that returning profits to shareholders is one of its most important management tasks, so we plan to increase the dividend, and our dividend forecast for FY2024 is **¥94** (interim: ¥43, year-end: ¥51).



Shareholder Returns

1. Shareholder benefits

We provide benefits to shareholders of record as of November 30 allowing them to stay for free at the hotels in Japan in which we are involved.

2. Presentation of QUO cards

We give a QUO prepaid card worth ¥1,000 to those shareholders who have exercised their voting rights.

Number of Shares and Shareholders

Total no. of authorized shares	Ordinary shares	159,200,000
No. of shares issued	Ordinary shares	46,584,085
No. of shareholders	Ordinary shares	56,236

Major Shareholders (Top 10)

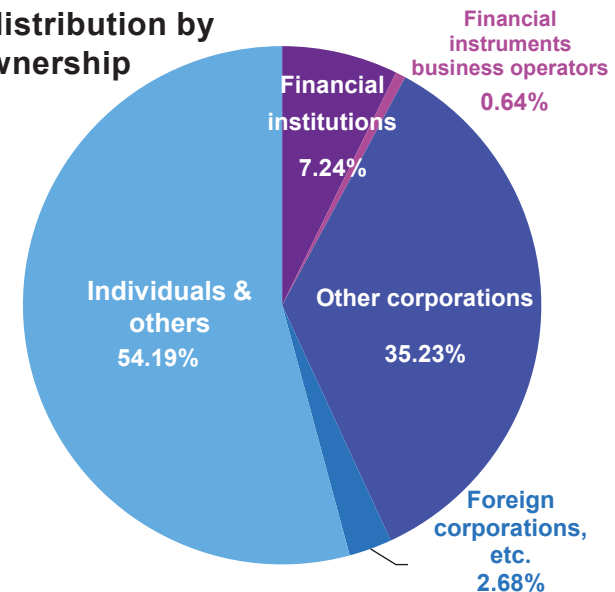
Name of shareholder	Number of shares owned	Percentage of ownership
Daiwa Securities Group Inc.	13,195,050	28.32%
The Master Trust Bank of Japan, Ltd. (a trust)	2,571,800	5.52%
Individual	1,376,572	2.95%
Individual	1,330,000	2.85%
Daiwa PI Partners Co. Ltd.	1,250,000	2.68%
Tsuyoshibiru Co., Ltd.	1,220,000	2.61%
Individual	1,200,000	2.57%
Individual	804,524	1.72%
Individual	362,500	0.77%
OG Capital Co., Ltd.	352,900	0.75%
Total	23,663,346	50.79%

- The percentages of share ownership exclude treasury shares and have been rounded to two decimal places.

Share Distribution by Ownership

Owner	No. of shares	No. of shareholders	Percentage
Financial institutions	3,374,850	22	7.24%
Financial instruments business operators	298,304	21	0.64%
Other corporations	16,411,721	424	35.23%
Foreign corporations, etc.	1,251,333	242	2.68%
Individuals & other	25,247,001	55,526	54.19%
Treasury shares	876	1	0.00%
Total	46,584,085	56,236	100%

Share distribution by ownership



Fiscal Year Ending December 31, 2024
Forecast of Consolidated Results



- For FY2024 (Dec.), the Company forecasts consolidated sales of ¥205.0 billion (+3.2%) and operating income of ¥21.0 billion (+7.5%). We expect ordinary profit to be ¥13.9 billion (down 12.3% from the previous year) and profit to be ¥11.0 billion (up 10.6% from the previous year).
- The Company expects a significant increase in revenue and a return to profitability in the Hotel Business. In addition, the Company plans to increase the dividend per share to ¥94 yen (up ¥4.0 from the previous year).

(Unit: Millions of yen)	FY2023		FY2024 (Dec.)		Year on Year	
	Full-year actual	Percent	Full-year forecast	Percent	Increase/decrease	Percent change
Net sales	198,660	100%	205,000	100%	6,340	+3.2%
Real Estate Development Business	102,627	51.7%	74,000	36.1%	-28,627	-27.9%
Real Estate Solution Business	53,523	26.9%	78,000	38.0%	24,477	+45.7%
Overseas Business	16,640	8.4%	17,000	8.3%	360	+2%
Real Estate Leasing Business	8,679	4.4%	7,300	3.6%	-1,379	-15.9%
Hotel Business	13,020	6.6%	21,700	10.6%	8,680	+66.7%
Real Estate Management Business	6,700	3.4%	8,600	4.2%	1,900	+28.4%
Adjustment	-2,532	-	-1,600	-	932	-
Operating profit	19,533	9.8%	21,000	10.2%	1,467	+7.5%
Real Estate Development Business	16,193	15.8%	11,611	15.7%	-4,582	-28.3%
Real Estate Solution Business	6,554	12.2%	11,101	14.2%	4,547	+69.4%
Overseas Business	1,237	7.4%	1,669	9.8%	432	+34.9%
Real Estate Leasing Business	4,020	46.3%	3,240	44.4%	-780	-
Hotel Business	-1,086	-	576	2.7%	1,662	-
Real Estate Management Business	476	7.1%	514	6.0%	38	+8.0%
Adjustment	-7,861	-	-7,711	-	150	-
Ordinary Profit	15,854	8.0%	13,900	6.8%	-1,954	- 12.3%
Profit	10,306	5.2%	11,400	5.6%	1,094	+10.6%
Dividend per share	90.00	-	94.00	-	+4.0	4.4%
Earnings per share (yen)	221.44	-	244.72	-	+23.3	10.5%

Fiscal Year Ended November 30, 2023

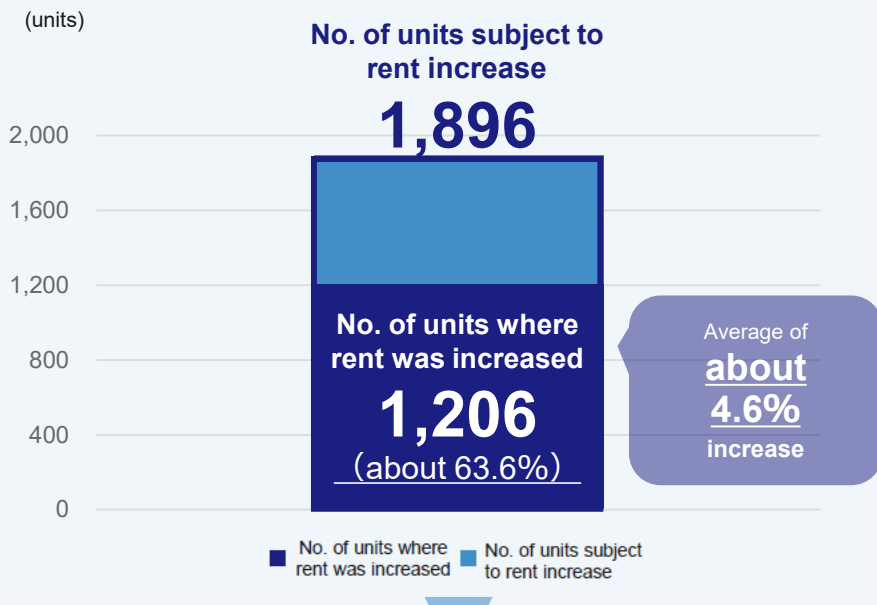
Topics and Sustainability Initiatives



- The Company increased rents in the rental condominiums it owns in response to recent inflation. Between March 2023 and the end of November 2023, of the 1,986 units for which there was a change of tenants, rents were increased on 1,206 units (approximately 63.6%). On average, rents were increased about 4.6%.
- Asking rents for newly constructed properties developed by the Company also increased. Compared to the average for the fiscal years ended November 30, 2022 and 2023, the asking rents for properties to be completed in the fiscal years ending December 2024 and 2025 are higher. We will promote rent increases for both owned and developed properties.

Owned properties: Rent increased

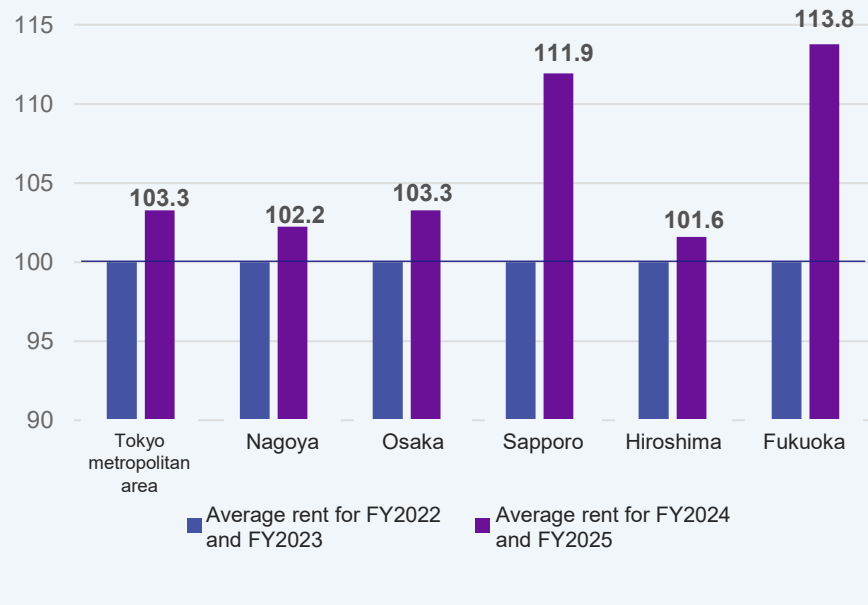
Percentage of units with increased rent



At rental apartments that we own nationwide, rent increases were implemented when new tenants moved in. Implemented increases on 1,206 units (about 63.6%) of the number of units subject to the increase.

Developed properties: Asking rents for new properties increased

Percentage of rent increase



*Rents for properties developed by the Company for the fiscal years ended November 30, 2022 and 2023 (when newly built) as 100

Asking rents for new construction also rose steadily. We will continue to review asking rents according to inflation.

- Following "THE SAKURA Project" in Hanoi, Vietnam, "THE STAR Project," a residential condominium project in Ho Chi Minh City, was launched.
- Following the first project, we will develop a total of four residential buildings (1,954 residential units and 56 stores) for sale in collaboration with Vinhomes Joint Stock Company, the largest real estate developer in Vietnam. We will continue to expand the Group's overseas business.

Overview of THE STAR Project

- Area of lot: 23,098 m²
- Total floor area: 183,578.3m²
- Number of buildings: 4
- Number of floors: 32 – 34
- Number of units: residential: 1,954, stores: 56
- Schedule: start of sales July 2024 (planned)
Completion and delivery Early 2026 (planned)

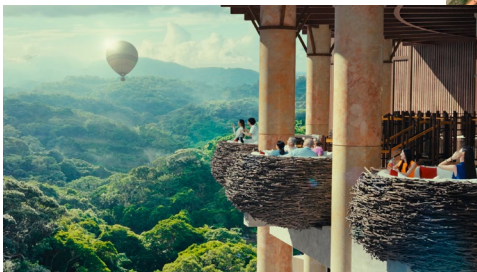


Artist's rendition of the project

THE STAR Project is a large-scale, 272-hectare development in Grand Park in northern Ho Chi Minh City that will include not only residences, but also a school, hospital, supermarket, shopping mall, office building, and a vast park. The plan is to develop luxury-specification homes in areas with a good living environment and views.

- We invested in "JUNGLIA," a new theme park in northern Okinawa scheduled to open in 2025. We are supporting a project that will bring hope and vitality to Okinawa's future.
- In connection with the theme park, we are planning to develop an official hotel and housing for employees, etc.

In Okinawa, which is expected to grow to the same level as a world-class tourist city by 2030, we will collaborate with Japan Entertainment Corporation, the developer and operator of the theme park, to develop in close proximity to "JUNGLIA," and on a priority basis, **an official hotel, housing for employees, and other facilities**, which are the main pillars of our business. The Company aims to not only contribute to inbound demand and the tourism industry, but also contribute to the development of local communities in various ways, such as by creating attractions that take advantage of local characteristics and creating employment.



(Concept)

Images provided by Japan Entertainment Corporation

Overview of the facility

- Name: JUNGLIA
- Location: Nakijin Village, Naha, Okinawa
- Concept: Power Vacance !!
- Site area: about 60 hectares
- Start of operation: 2025 (planned)

Official web site ▶▶▶



- Mercure Tokyo Haneda Airport, a hotel developed by our Company, opened on November 26, 2023.
- This is the fourth hotel that our Group has opened in partnership with Accor of France, which operates hotels under the "Mercure" brand.

Mercure Tokyo Haneda Airport

The hotel's design concept is **TOKYO ECLECTIC**, a fusion of pieces of old-fashioned Tokyo and the Tokyo of the future. The hotel incorporates elements of traditional Japanese handicrafts and the European essence of the Mercure brand, giving it both a new, and a nostalgic feel.

The hotel also incorporates objects inspired by Japan's electronic products and its subculture, such as manga and anime. When you step into the hotel, you will find a space that evokes Tokyo's past and future.



View of the hotel

Lobby



Bar

Guest room

Overview of the hotel

- Location: 2-11, Haneda 1-chome, Ota-ku, Tokyo
- Site area: 5,036.25 m²
- Total floor area: 3,336.62m²
- Building: 11 floors above ground (363 rooms)
- Access: Keikyu Airport Line Ōtorii Station, 4 minute walk

MERCURE
HOTELS

Official web
site ▶



- We announced the launch of SAMTY's official baseball team on December 19, 2023, with plans to begin team activities in 2025.
- In addition to providing work opportunities and a fulfilling baseball environment that employs players as full-time employees, the program also aims to further improve the Group's internal communication and teamwork.

The SAMTY Baseball Team is a team for adults made up of SAMTY employees, with Hirofumi Ogawa, who was a player and coach for the Orix Buffaloes and Yokohama DeNA BayStars, as its first manager. The team will begin team activities in 2025. It will be based at the Nesta Resort Kobe, a large natural theme park located in the city of Miki, Hyogo Prefecture and operated by a subsidiary of the Company, The Resort has a clubhouse and indoor practice field range. The Company is also planning to obtain the naming rights from Hyogo Prefecture and name the baseball stadium at the Miki General Disaster Prevention Park "Samty Dream Stadium." The stadium will be used as a practice field and game field.

Profile of Hirofumi Ogawa



Coach Ogawa

Born: 1967

Joined Orix Braves (currently Orix Buffaloes): 1989

Made large contributions to back-to-back league championships in 1995 and 1996.

Played in the 1988 Seoul Olympics, won a silver medal. Since retiring in 2004, he has been a coach at both Orix and DeNA.



Official announcement, Dec.19, 2023


SAMTY
硬式野球部

- In 2024, we will build a new clubhouse and indoor practice facility, recruit new team members, and hold team tryouts in the fall.
- The team members will be officially announced in 2025. The team will apply to the Japan Amateur Baseball Association (JABA) as a corporate team. Upon approval, the team is scheduled to begin activities. The team aims to participate in the national baseball tournament for working adults.

Schedule (planned)

2024

Obtain naming rights

April: Rename the current Miki Disaster Prevention Park Baseball Stadium as Samty Dream Stadium

Organize the team

Jan. to Nov.: hire team members and the coach

New facilities

Build the indoor practice facility, dormitory, and clubhouse

2025

New Team

January: Announcement of team members

March: Approval by JABA

April: Team members join the Company

Start team practice



Artist's conception of the indoor practice facility



Stadium
To be named Samty Dream Stadium in April 2024 (planned)

With the activities of this baseball team, the Company aims to use the power of sports to support people who have a dream and work hard, foster a sense of unity and enhance morale among the employees of the Group, and be a company that is loved by the local community.

- With the aim of promoting regional development, we became an official sponsor of the Osaka-based Orix Buffaloes last season to enliven Osaka, the city where our Company was founded, and the whole of Japan through sports. We actively support the team's activities.
- **The team won the league championship this season, the third consecutive year. In the Pacific League, they won three consecutive championships, the first team to do so this century. They also advanced to the Japan Series for the third consecutive year.**



Third consecutive league championship!

©ORIX Buffaloes



©ORIX Buffaloes

The Orix Buffaloes has a team philosophy of "bringing excitement and inspiration to fans, fostering dreams and hopes in children, and contributing to the development of the community and its people" through baseball. And, the Samty Group, to practice its corporate philosophy of "Morals, Passion, Challenge, and the Realization of Dreams," has been conducting community-based activities as a member of society, and therefore, sympathized with the team's efforts in its activities and became an official sponsor of the team.

Samty Group will continue to support the success of the team and its players through sponsorship and other activities, thereby contributing to the stimulation of sports and the development of regional economies throughout Japan.

- As part of our promotion of human capital management, we will increase annual income by an average of about 7% on an annual income basis from April 2024.
- The starting salary for new college graduates will be set at ¥285,000, an increase of ¥25,000.

We raised starting salaries for new college graduates and increased salaries for employees as measures to shift from **human resource management**, which considers employees and the skills and abilities they possess as management resources to be used successfully to achieve business goals, to **human capital management**, which positions the skills and knowledge of employees as assets and considers them as an object of investment. We did this to foster employees resources and improve their work environment.



Maximize the value of human resources to improve corporate value over the medium to long term.

The thinking behind human capital management




Human resources

Human capital

The way people are viewed

How can it be **used** the most efficiently?

How can the **capital** of each person's skills be most **efficiently increased**? 

The way improving education and treatment is viewed

Keep **COSTS** as low as possible and prevent resource depletion

Capital can be increased by **investing**

We will continue to invest in education and compensation improvements in order to grow our human capital and aim to increase our corporate value as a company that is sought after by society.

- Taiga Hoshi, a deaf swimmer, Fuminori Kamezawa, a deaf table tennis player, and Natsuki Ando, a wheelchair rugby player, are active as athlete employees.

Taiga Hoshi, deaf swimmer


- Short-course/long-course 200m breaststroke
Deaf Japan Record Holder
- The 6th World Deaf Swimming Championships (Venue: Argentina)
400m Mixed Medley Relay Bronze medalist

Fuminori Kamezawa, deaf table tennis


- The 4th World Deaf Table Tennis Championships (Venue: Taipei)
Men's team, Bronze medalist

Natsuki Ando, wheelchair rugby

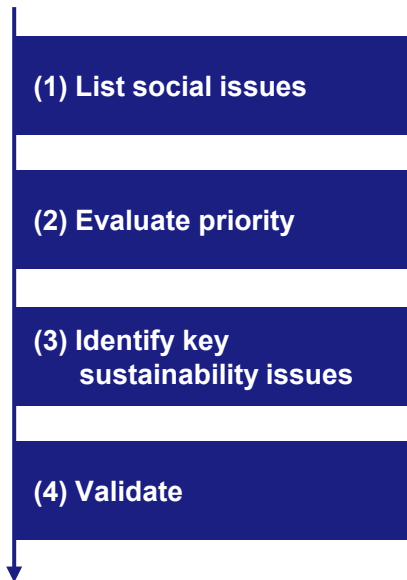

- Fukuoka DANDELION member
(Japan National Team member)
- International Wheelchair Rugby Cup Paris 2023
Bronze medalist (Japan National Team)

In accordance with one of our basic sustainability policies, "We respect the human rights and diverse ideas of all people involved with the Samty Group and strive to realize a society in which the next generation can grow up with dreams," we support athlete employees who are moving toward their dreams.

We actively address respect for human rights and prevention of discrimination and harassment, etc., while supporting the development of skills in accordance with the growth stages of employees and creating a workplace environment in which diverse human resources can play a rewarding and active role.

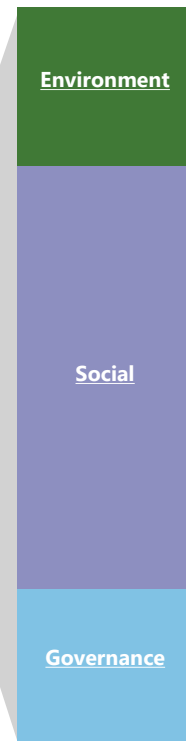
- Material issues, and risks and opportunities associated with climate change, are identified and disclosed on the sustainability section of our website.
- To enhance information disclosure, information on human capital, including policies on human resource development and workplace environment improvement, will also be posted on the sustainability section of our website, in addition to the disclosure in the Annual Securities Report.

Steps in Identification of Material Issues



Periodically review our material issues and ensure their appropriateness

Our Material Issues



Bring about a society where people and nature coexist in harmony

- Prevent the worsening of climate change and promote a decarbonized society
- Take countermeasures to natural disasters (including earthquakes)



Develop and acquire talented personnel who are passionate about what they do

- Promote employee growth and personnel development
- Acquire talented employees to enhance business competitiveness
- Diversify lifestyles and work styles, improve job satisfaction of employees, and improve work-life balance



Providing innovative and creative new products and services

- Meet the diverse needs of customers and society
- Invigorate regions
- Contribute to a safe and secure society



Have ethical corporate activities

- Enhance governance
- Improve efforts regarding human rights



As a member of society, we will strive to realize a sustainable society and enhance our corporate value from a medium- to long-term perspective to put our corporate philosophy of Morals, Passion, Challenges, and the Realization of Dreams into practice.

Sustainability pages,
Information on addressing
climate change and other
details⇒



- In the Q4 of FY2023, we acquired BELS certification, a system for indicating a building's energy efficiency and conservation performance, for a total of seven S-RESIDENCE properties under development.
- To date, we have acquired BELS certification for a total of 19 properties. We will continue to promote the development of environmentally friendly properties.

■ Properties that acquired BELS certification in Q4

(1) Taito-ku, Asakusa, 6-chome II Project	(2) Nakagawa-ku, Yaguma, 3-chome Project	(3) Naniwa-ku, Daikoku, 2-chome Project	(4) Higashi Osaka-shi, Takaida-nishi, 6-chome Project	(5) Moriguchi-shi, Takai-motomachi, 1-chome Project	(6) Hakata-shi, Hakata Eki Minami, 6-chome Project
 <p>この住棟のエネルギー消費量 19%削減 2023年10月31日交付 国土交通省告示に基づく第三者認証</p>	 <p>この住棟のエネルギー消費量 18%削減 2023年8月24日交付 国土交通省告示に基づく第三者認証</p>	 <p>この住棟のエネルギー消費量 16%削減 2023年12月7日交付 国土交通省告示に基づく第三者認証</p>	 <p>この住棟のエネルギー消費量 18%削減 2023年10月11日交付 国土交通省告示に基づく第三者認証</p>	 <p>この住棟のエネルギー消費量 17%削減 2023年11月22日交付 国土交通省告示に基づく第三者認証</p>	 <p>この住棟のエネルギー消費量 26%削減 2023年10月5日交付 国土交通省告示に基づく第三者認証</p>
Location: Tokyo-to, Taito-ku Floors/units: 12/33 Completion: April 2025	Location: Nagoya-shi, Nakagawa-ku Floors/units: 11/50 Completion: March 2025	Location: Osaka-shi, Naniwa-ku Floors/units: 9/72 Completion: November 2024	Location: Osaka-fu, Higashi Osaka-shi Floors/units: 11/90 Completion: February 2025	Location: Osaka-fu, Moriguchi-shi Floors/units: 15/84 Completion: January 2025	Location: Fukuoka-shi, Hakata-ku Floors/units: 8/56 Completion: September 2024

(7) Kagoshima-shi, Komatsubara, 2-chome Project



この住棟のエネルギー消費量 **18%**削減
2023年9月27日交付 国土交通省告示に基づく第三者認証

Location: Kagoshima-ken, Kagoshima-shi
Floors/units: 9/68
Completion: January 2025

Note: All project names are provisional names

Develop and supply properties that are not only economical and profitable, but also have had consideration of energy, resources, etc., thereby contributing to sustainable enhancement of corporate value from a medium- to long-term perspective.



- On Tuesday, May 2, 2023, the third "Dream Classroom" capstone class was held at Mushiroda Elementary School in Fukuoka City, where the Company has a base of operations.
- Former rhythmic gymnastics Japan representative Ms. Honami Tsuboi was invited as the dream teacher to teach a total of 51 fifth grade students.



The Dream Classroom is an initiative sponsored by the Japan Football Association to contribute to the sound development of children's minds and bodies. Current and former athletes hold classes to teach children about the beauty of having a dream and the importance of striving toward one's dream.



Honami Tsuboi, (former member of the Japan rhythmic gymnastics team), the dream teacher for the third sponsored class



Realization of a company that values people

By respecting the human rights and diverse views of all people involved in the Samty Group, the Group will contribute to the realization of a society in which the people of the next generation will be able to grow with a dream.

From our Sustainability Basic Policy

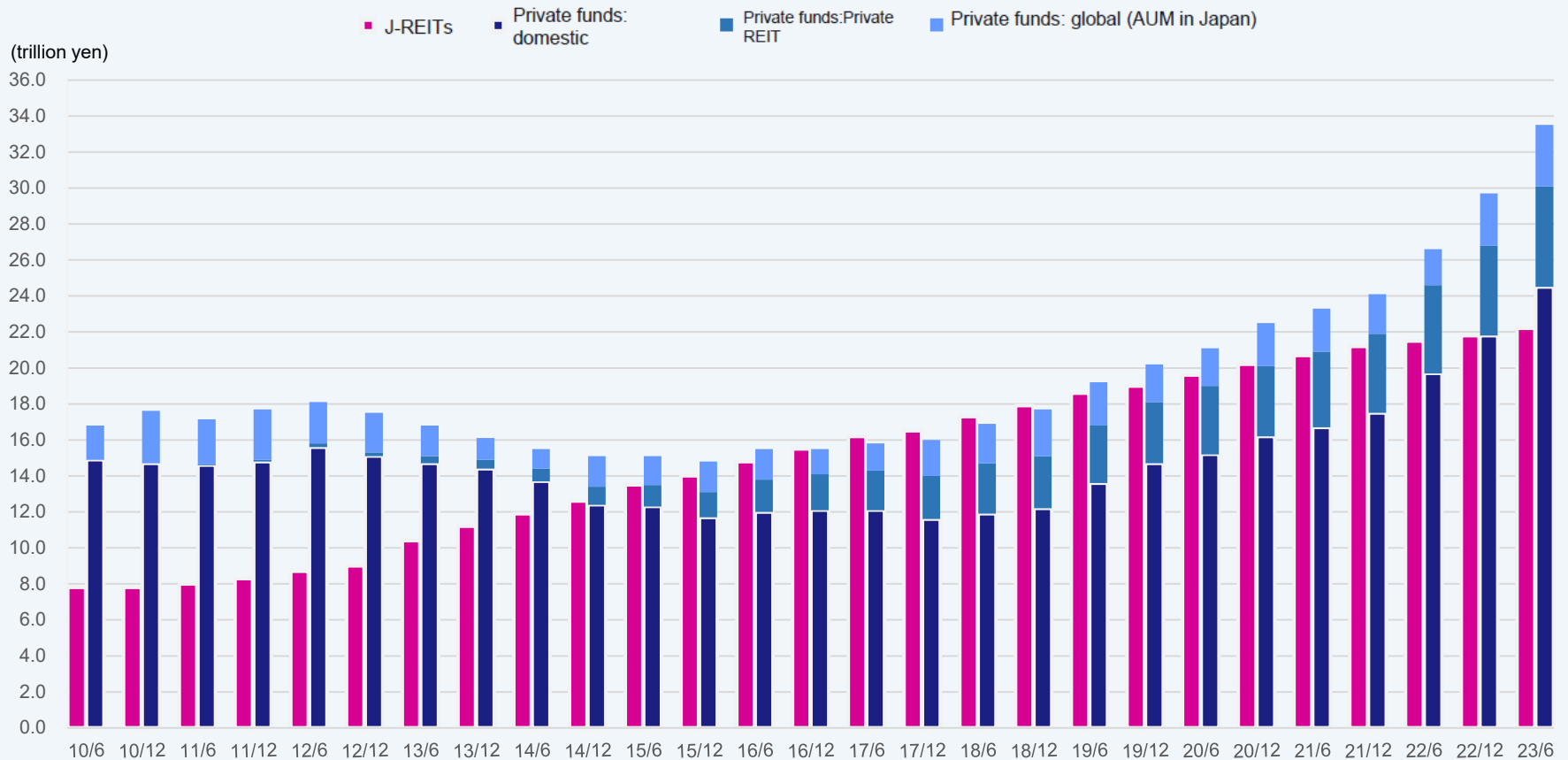
We will continue to actively support social contribution activities that share the Samty Group's management philosophy, Sustainability Basic Policy, and values.

APPENDIX



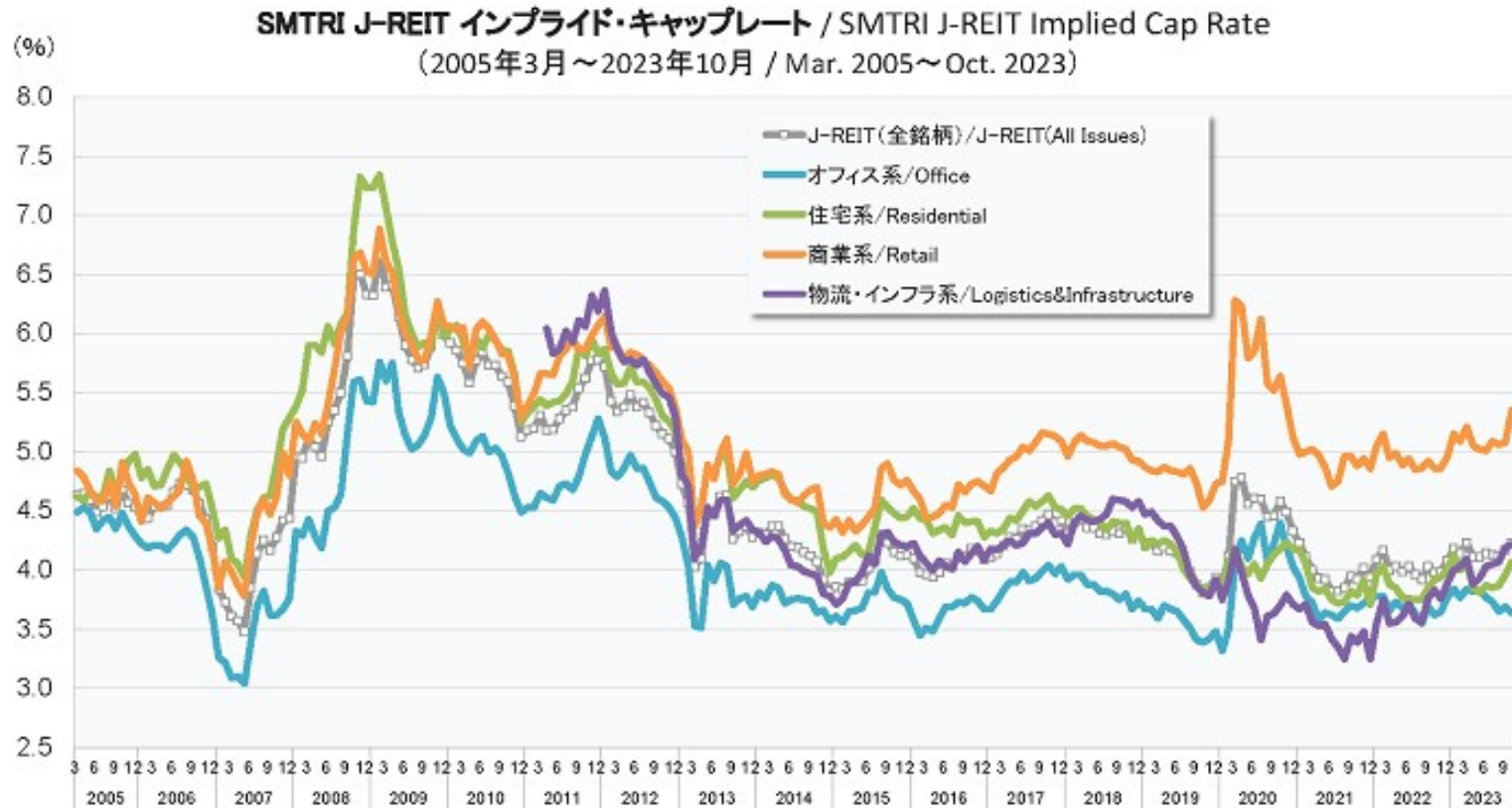
- The estimated amount of assets under management by J-REITs and private real estate funds reached a record high in the survey released in September 2023.
- The growth of the J-REIT market has slowed somewhat, but it is still growing.
- The pace of expansion of the market size of privately placed funds accelerated since the previous survey. The market size of privately placed domestic real estate funds continued to expand, due in part to the strong appetite of foreign investors for investing in Japanese real estate against a backdrop of political stability, low interest rates, and a weak yen.

Trend of the market size of J-REIT and private funds



Source: Prepared by Samty using data from the Sumitomo Mitsui Trust Research Institute Ltd.'s Survey on Private Real Estate Funds, released on September 15, 2023.

- In the survey released in December 2023, implied cap rates increased slightly in all segments except Office, but there were no major movements and generally remained low. Although it is necessary to watch future interest rate movement closely, actual prices continue to move upward.



- 注) 1. インプライド・キャップレート = ポートフォリオ NOI ÷ (時価総額 + ネット有利子負債 + テナントからの預かり敷金・保証金)
 2. 各J-REITのポートフォリオ NOIおよびB/Sは、各時点におけるSMTRI予想に基づく、NOIは固定資産税費用化調整後の標準NOI(取得予定物件含む)
 3. 「J-REIT(全銘柄)」は、2014年3月までは主要大型銘柄、2014年4月から全銘柄に変更

出所) 三井住友トラスト基礎研究所

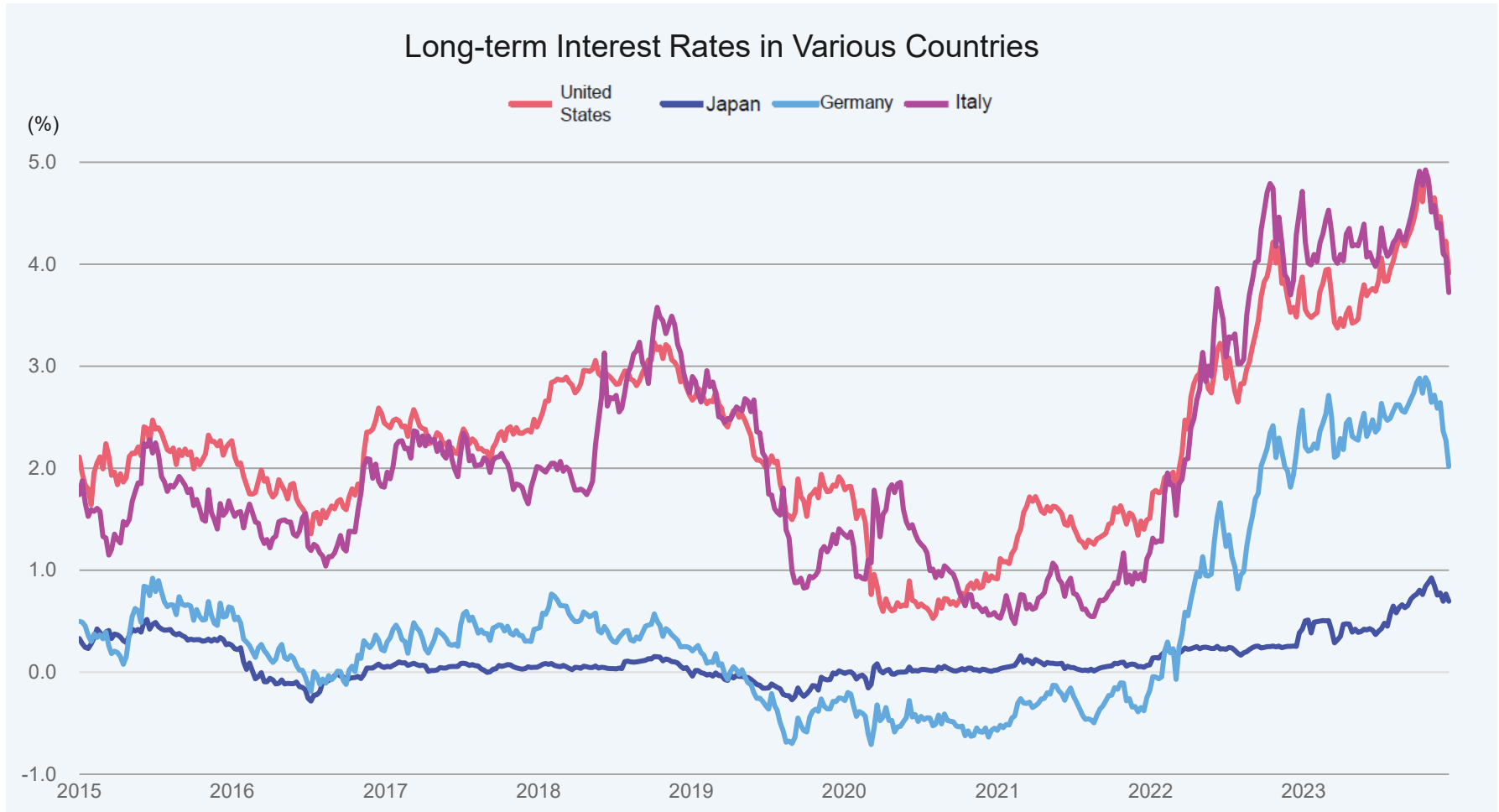
Notes: 1. Implied cap rate = leasing business profits before depreciation / (market cap + net interest-bearing debt + deposits from tenant)

2. "J-REIT(All Issues)" is composed by all listed J-REIT issues since April 2014. It was calculated from selected major issues until March 2014.

Source: Sumitomo Mitsui Trust Research Institute

Source: Sumitomo Mitsui Trust Research Institute Ltd.'s J-REIT Market Trends: Implied cap rate; released December 15, 2023

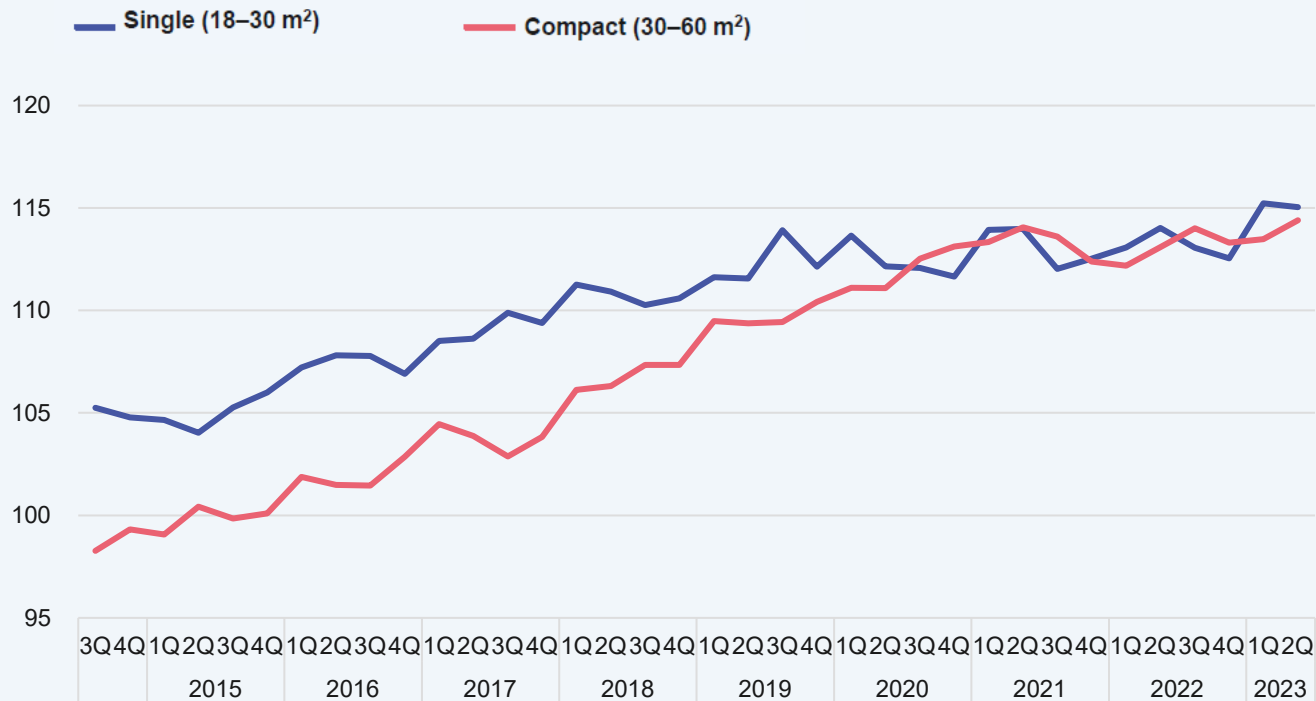
- Long-term interest rates around the world continued to rise, but have recently trended lower due to slowing inflation.
- Long-term interest rates in Japan rose slightly, but remained low compared to those in the U.S. and Europe. Foreign investors continue to favor investing in Japanese real estate.



Source: Prepared by Samty using Bloomberg data.

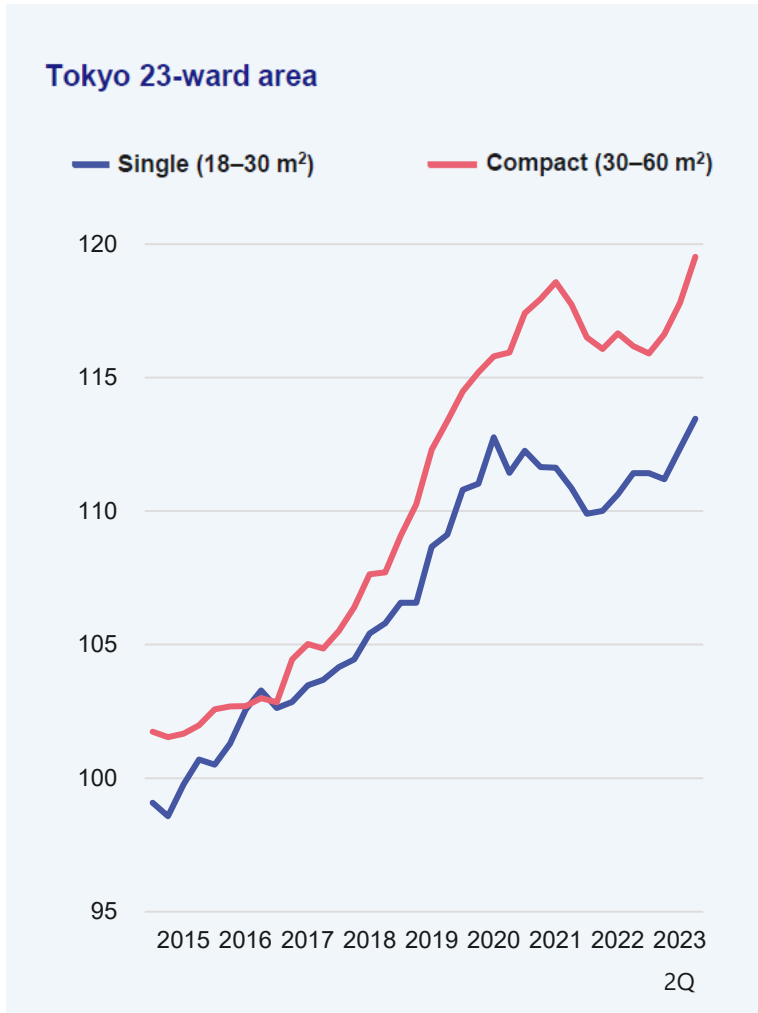
- Against the backdrop of deep-rooted demand for work and homes to be close to each other, condominium rents in the five major cities have been growing steadily, up approximately 15 points since 2009, when the survey was first conducted. Stable growth has continued since the financial crisis of 2008.
- Statistics show that rents in Nagoya and Sapporo, which were in a downtrend at the time of the previous survey, are also recovering on the back of strong demand for rental condominiums for single adults. We forecast that condominium rents in major cities nationwide are expected to remain steady.

Average Rents by Dwelling Type in Five Major Cities (2009 Q1 = 100)



Source: Prepared by Samty based on data from the AtHome Lab Co., Ltd. and Sumitomo Mitsui Trust Research Institute Ltd.'s Residential Rent Index, released on September 21

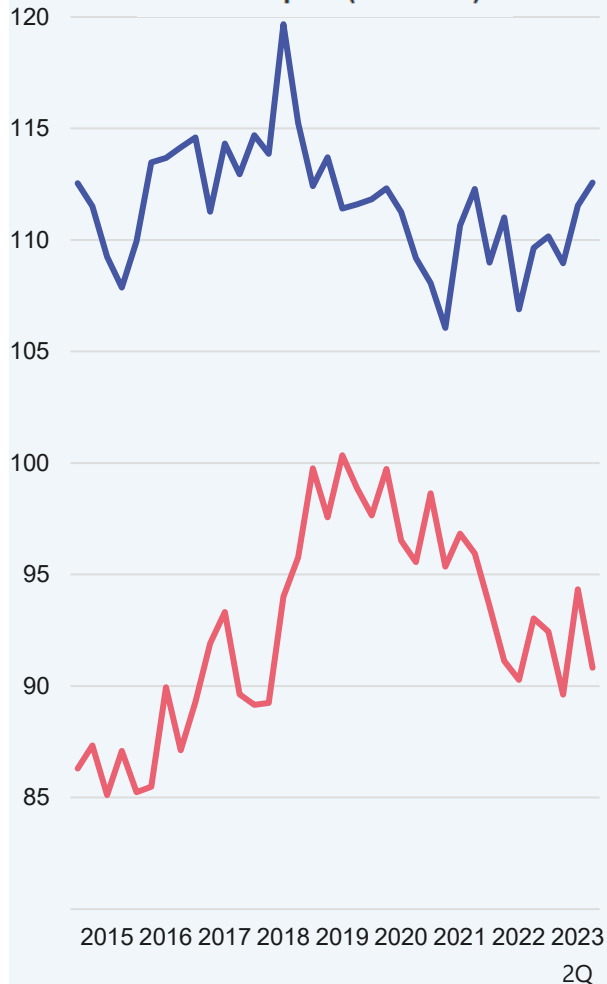
*The five major cities are Tokyo (23 wards), Osaka, Nagoya, Sapporo, and Fukuoka (Q1: Jan.-Mar.; Q2: Apr.-June; Q3: July-Sept.; Q4: Oct.-Dec.)



Note: First quarter of 2009 = 100

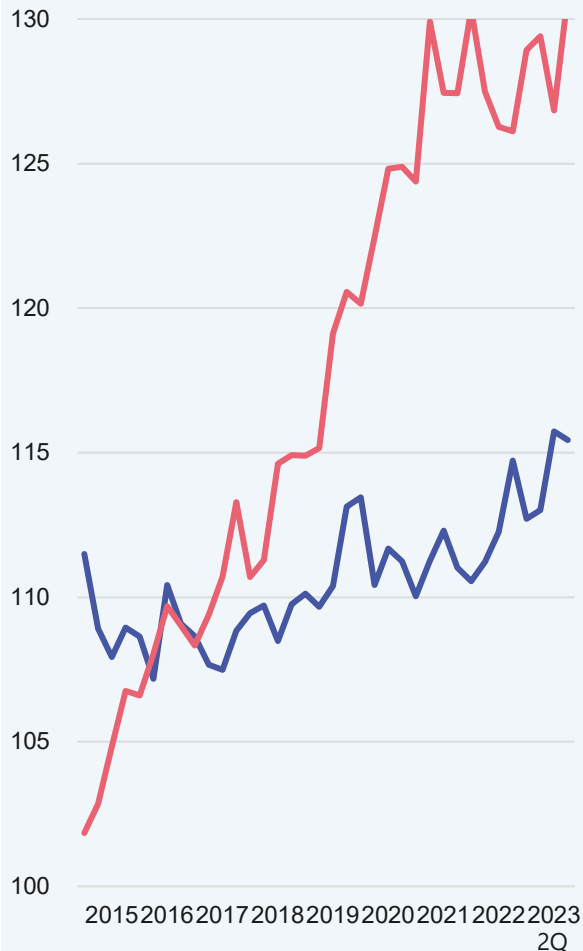
Nagoya

— Single (18–30 m²)
— Compact (30–60 m²)



Osaka

— Single (18–30 m²)
— Compact (30–60 m²)



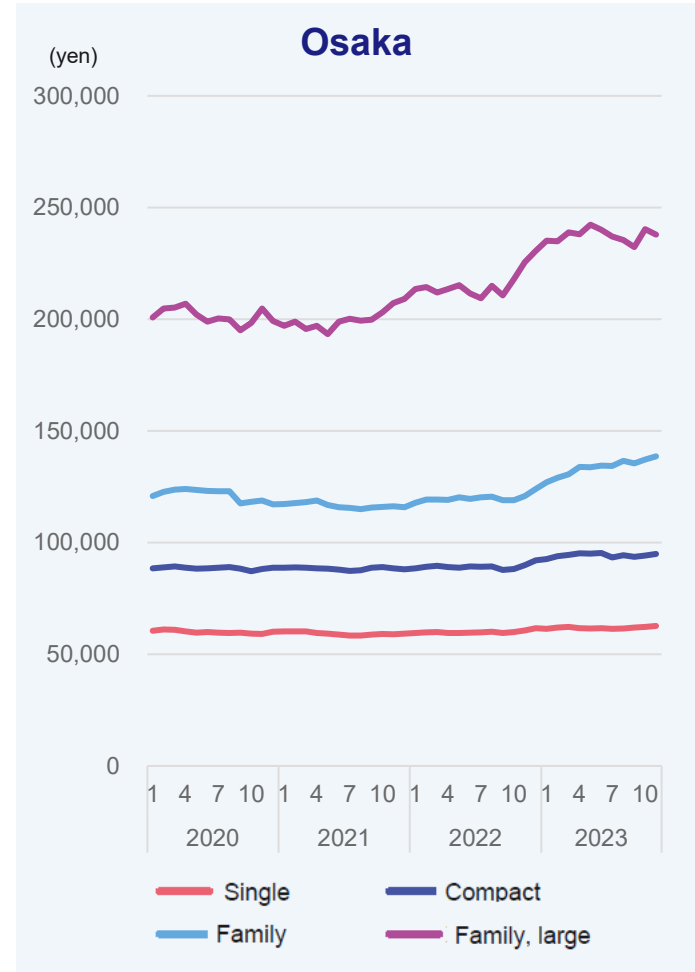
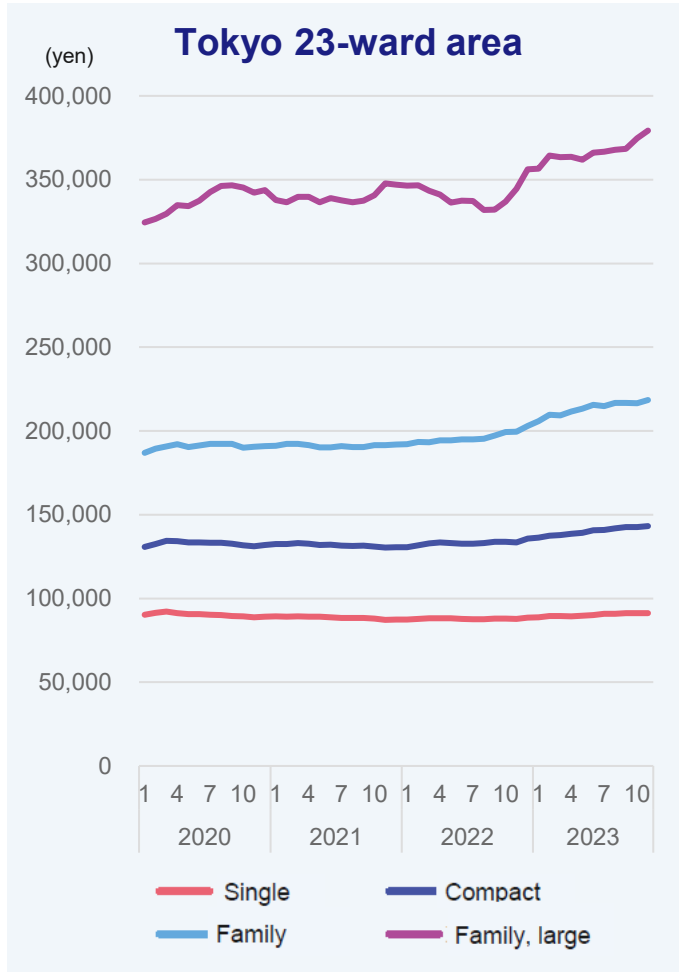
Fukuoka

— Single (18–30 m²)
— Compact (30–60 m²)



Note: First quarter of 2009 = 100

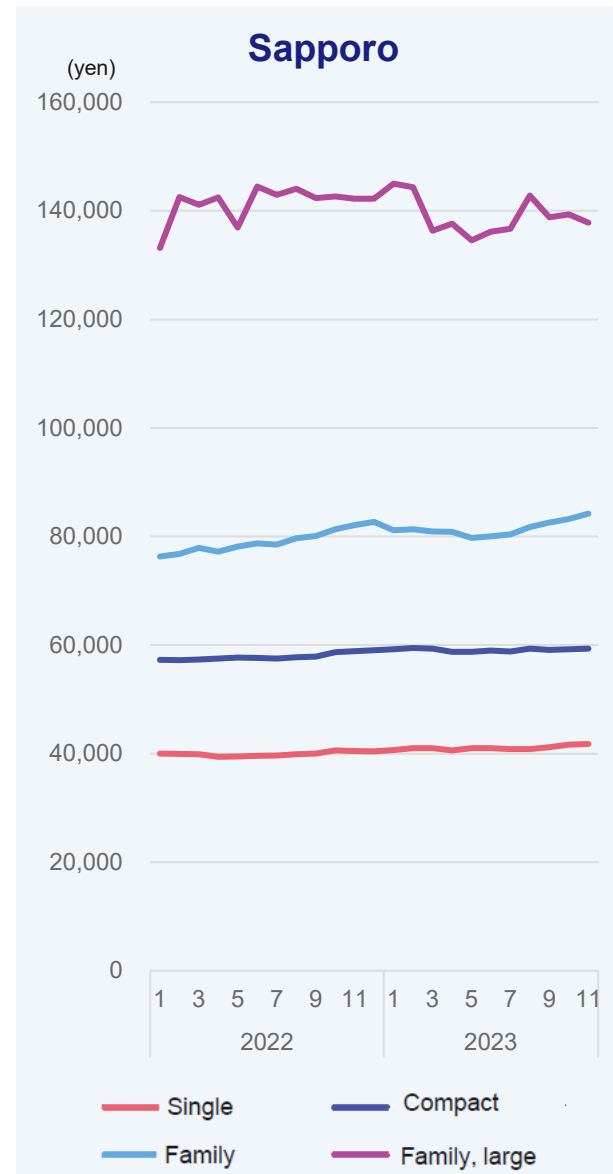
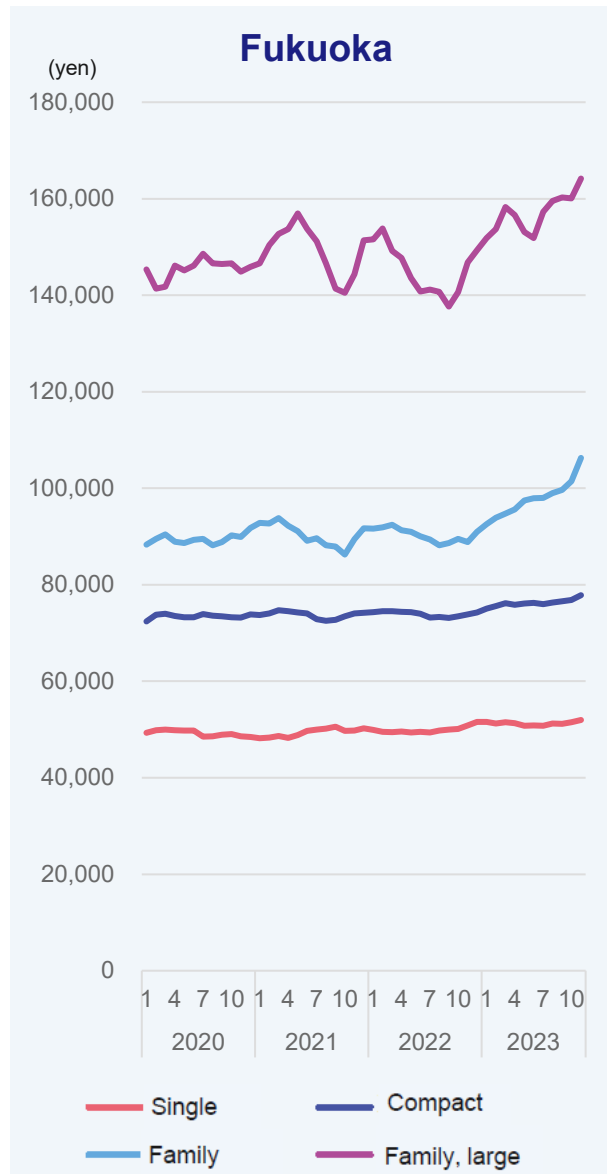
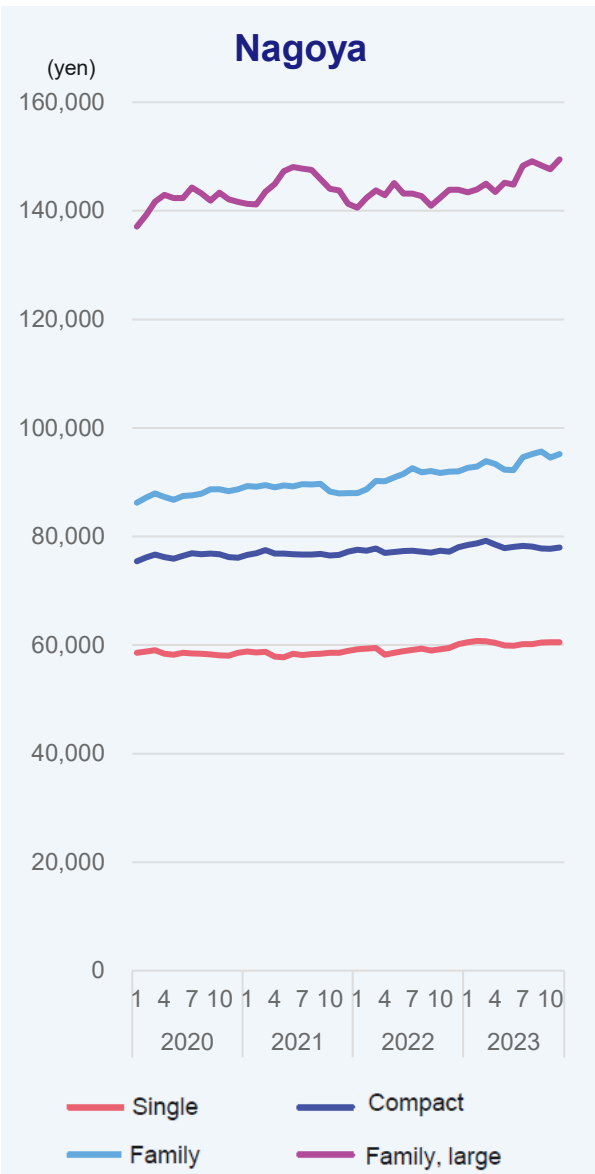
- Rents for rental residences in urban areas are generally flat to slightly higher than in 2020 (2022 for Sapporo only), backed by persistent demand for residences close to work, etc. In the COVID-19 pandemic, there was no significant fluctuation in statistical rents, indicating that rental residences are a stable asset that is resistant to market changes.



Source: Based on apartment rental data from At Home Co., Ltd.'s "Rental Condominiums and Apartments" rent trends in major cities nationwide.

Data from January 2020 to November 2023 is used for Tokyo's 23 wards, Osaka, Nagoya, and Fukuoka.

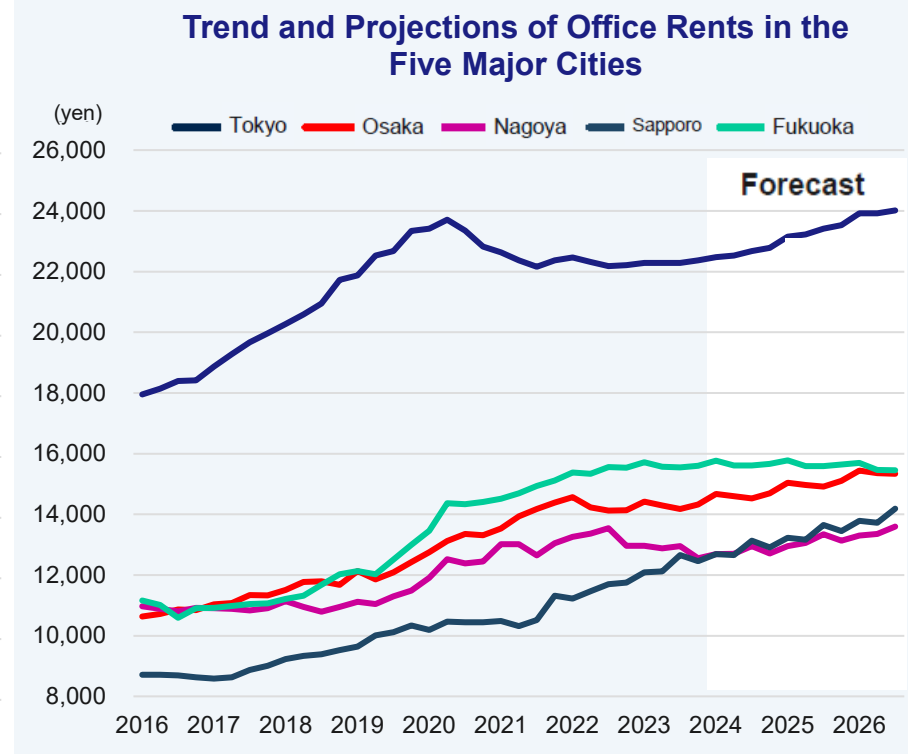
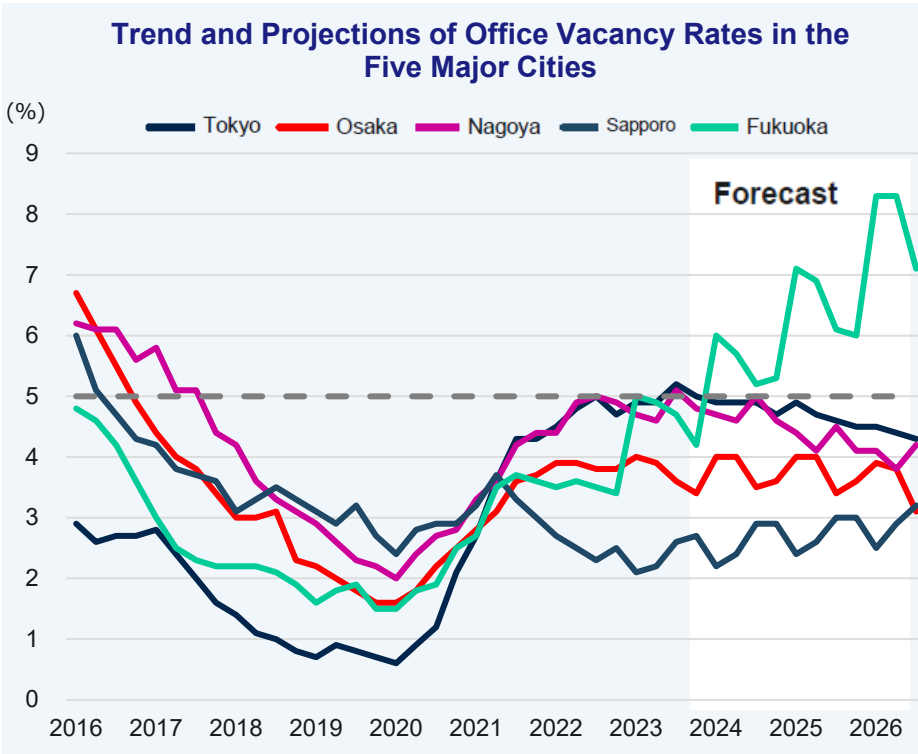
Note: Only for Sapporo, data provided is from January 2022, and data from that time to November 2023 is used.



Note: Only for Sapporo, data provided is from January 2022, and data from that time to November 2023 is used.

Vacancy rates: In the COVID-19 pandemic, the vacancy rates increased due to the spread of teleworking, but the rise in the vacancy rate has slowed as more companies switch to having employees come to work after the transition to category 5 (the same as influenza and measles), and the rates are expected to remain low in 2024 and beyond. While vacancy rates are expected to rise in Fukuoka, where large-scale redevelopment is underway, we surmise that office needs in other major regional cities with limited new supply will remain strong in specific areas.

Rents: Tokyo saw a decline in rents during the COVID-19 pandemic, but rents are expected to remain flat or increase in all cities, including Tokyo, from 2024 onward.

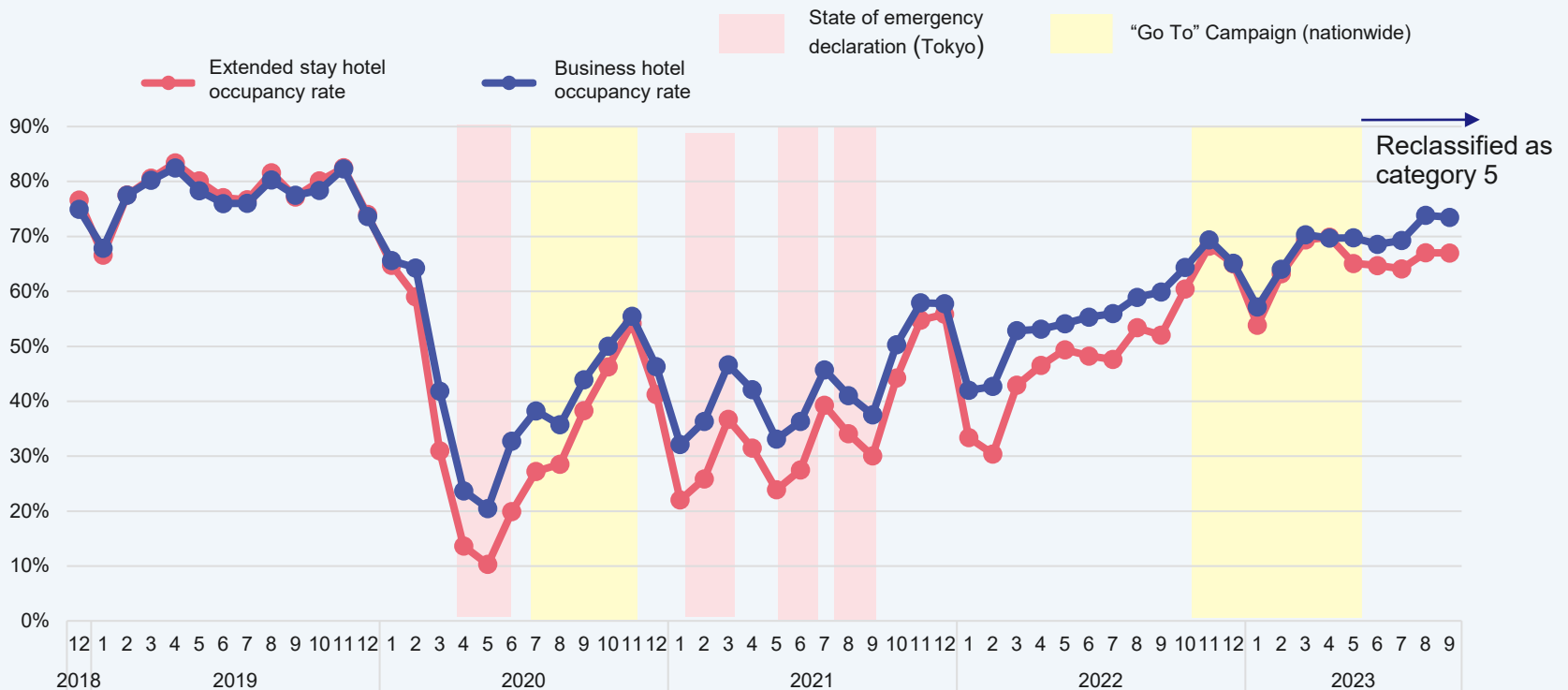


Source: Prepared by Samty based on Commercial Property Research Institute Inc.'s 2023 Q3 data on rental office buildings with floor areas of at least 165 sq. m.
 Tokyo: The 5 central wards of Chiyoda, Chuo, Minato, Shibuya & Shinjuku; Osaka: The 3 central wards of Kita, Chuo & Nishi; Nagoya: Nagoya City; Sapporo: Sapporo City; Fukuoka City
 (Q1: Jan.-Mar.; Q2: Apr.-June; Q3: July-Sept.; Q4: Oct.-Dec.)

Note: Vacancy rate forecast for Tokyo is based on the assumption that the impact of the revision of working hours on demand is -15%.

- Room occupancy rates at extended stay hotels and “business” (minimum service) hotels recovered moderately after the COVID-19 virus was reclassified as category 5.
- In addition to room occupancy rates, according to the Japan Tourism Agency's Lodging Travel Statistics Survey, the total number of both Japanese and foreign guests increased year-on-year in all months from January to September 2023, for which survey results have been published. Further recovery in tourism demand and higher hotel occupancy rates are expected in the future.

Hotel Occupancy Rates (Average for 10 Prefectures Where We Are Present)

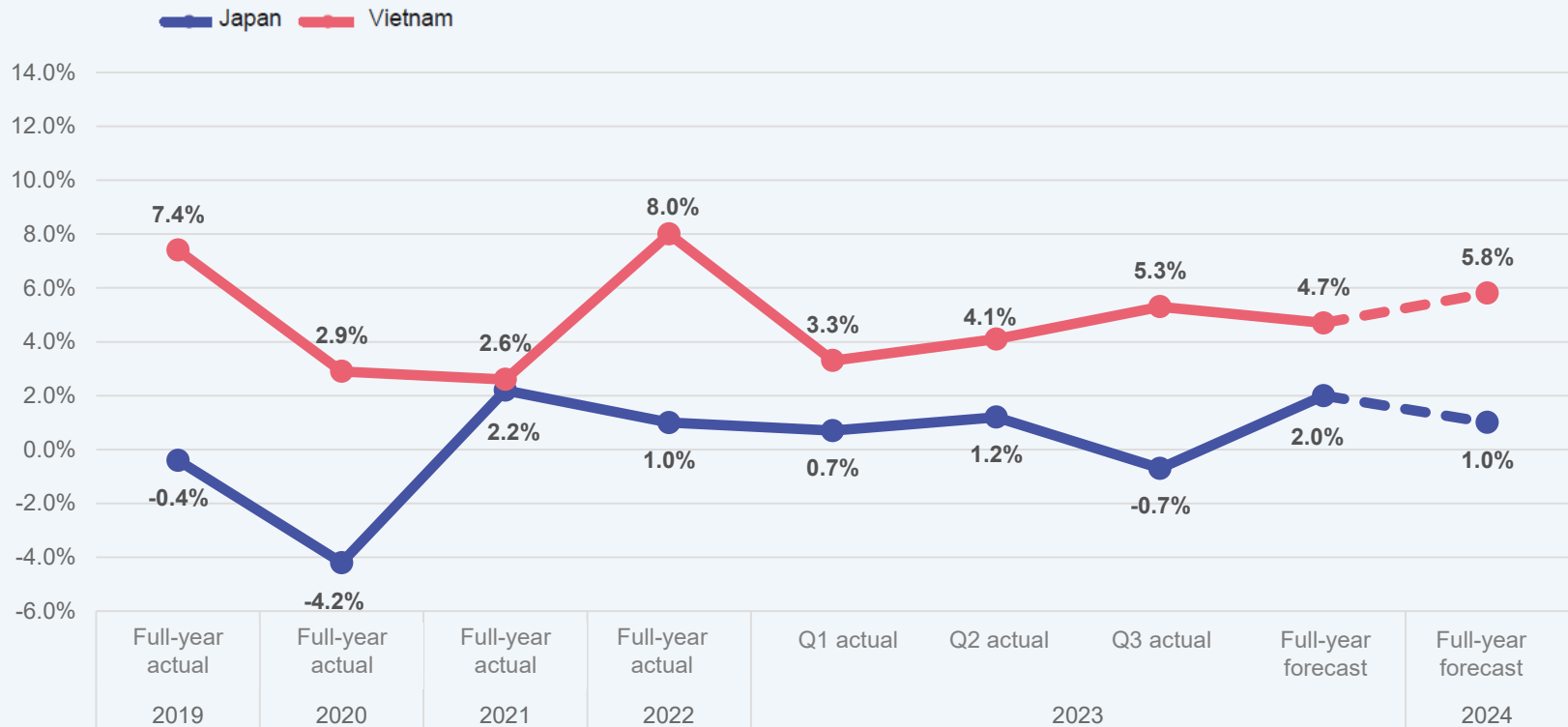


Source: Prepared by Samty based on the Japan Tourism Agency's Overnight Travel Statistical Survey.

The 10 prefectures are Tochigi, Tokyo, Gifu, Aichi, Kyoto, Osaka, Hyogo Hiroshima, Fukuoka, and Nagasaki

- In Japan, the full-year forecast was raised to 2.0% in the current statistics, compared to the 1.3% growth forecast in the previous edition. The normalization of social activities due to the reclassification of COVID-19 to category 5 and the depreciation of the yen due to the difference in interest rates between Japan and the rest of the world are expected to result in the second highest growth rate since the 2019 statistics.
- In Vietnam, on the other hand, the full-year forecasts for 2023 and 2024 have decreased from the previous editions (the previous statistics forecasted growth of 5.8% in 2023 and 6.9% in 2024). However, the economy continues to grow at a high rate in absolute terms, and high housing demand, especially among the middle class, is expected to continue.

Economic growth (real GDP growth)



Source: Prepared by Samty based on each country's actual figures for 2023 Q1-Q3 and on the International Monetary Fund's full-year actual numbers and forecasts as of October 2023.

(Q1: Jan.-Mar.; Q2: Apr.-June; Q3: July-Sept.; Q4: Oct.-Dec.)

- While due diligence is exercised for the information provided in this document, no guarantee is made as to the accuracy or safety of the information. In addition, please note in advance that the contents may be changed or deleted without prior notice.
- This document contains forward-looking statements on our current plans and business performance based on information available as of the date of announcement. These statements involve risks and uncertainties that could affect our business performance in the future, and actual results may differ from these statements due to various factors.
- This document is merely intended to foster understanding of the Company and not necessarily intended as a solicitation for investment.

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