



First Half of the Fiscal Year Ending November 30, 2022 Explanatory Material for the Financial Results

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



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First Half of the Fiscal Year Ending November 30, 2022

Overview of the Consolidated Financial Statements



Previous Fiscal Year

FY ended 11/30/2021
Review

1. **We revised our Medium-Term Management Plan in January 2021** due to the changing business environment and to change our earnings model. **We shifted to an asset-ownership business** so that we can execute our investment plan for the next five years and achieve our KPI targets.
2. **We participated in THE SAKURA Project**, a housing development project in Vietnam.
3. **We established the Samty Japan Hotel Management Investment Corp.,** a hotel REIT.
4. **We converted Wealth Management, Inc.,** which has expertise in hotel development and management, **into a subsidiary accounted for using the equity method.**

Current Fiscal Year

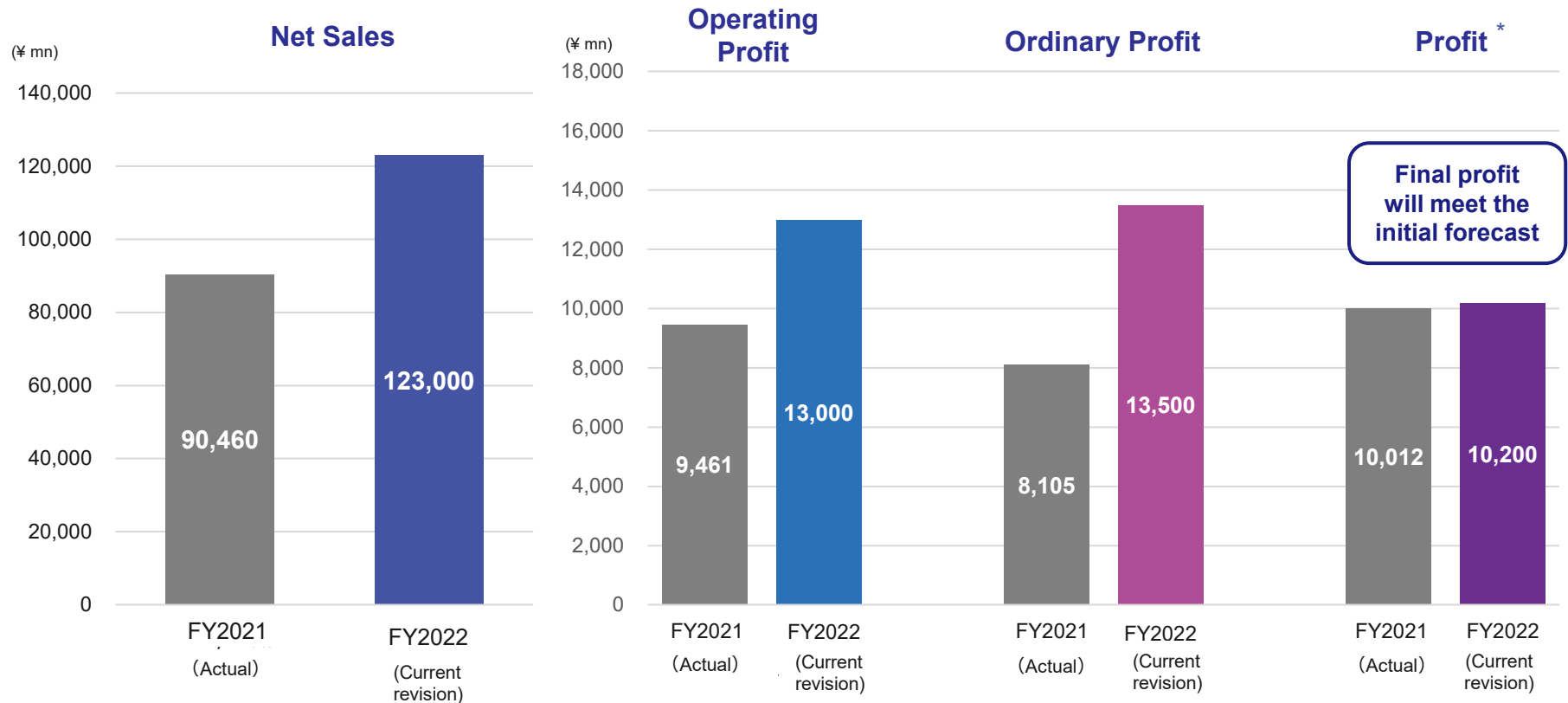
FY ending 11/30/2022
Overview

1. In view of market conditions, **we are postponing the IPO of our hotel REIT and the sale of owned hotels until at least next year.**
As a post-COVID initiative, **we are promoting the development of luxury hotels.**
In the first half of FY2022, we converted the development project company for the planned Shangri-La Kyoto Nijojo (tentative name) and the Banyan Tree Higashiyama Kyoto into a consolidated subsidiary.
2. With the marketing group Katana Inc., we acquired management control of the **Nesta Resort Kobe**. We entered the theme park business as the third pillar of the growth strategy for our domestic business.
3. We ramped up sales at our condominium development project in Vietnam. **We expect it to recognize revenue in the second half as these sales start to close.**
4. We will actively pursue purchases to increase Group assets and expand our income gains.

Through flexible responses, we will work toward achieving our initial plan for profit and maintain shareholder returns in our structural reform plan aimed at toughening us in the above situation.

Flexibly Respond by Revising the Sales Plan to Incorporate the Change in Timing of the Hotel REIT's IPO

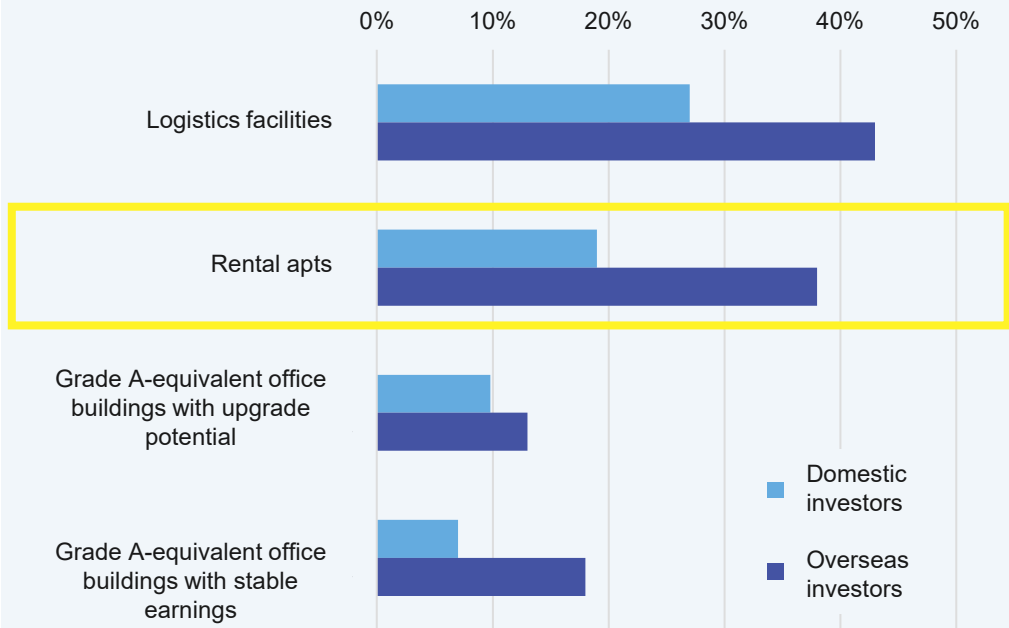
- In view of changes in the external environment and conditions for REITs, we revised the timing of the sale of owned hotels and the anticipated IPO of the Samty Japan Hotel Investment Corporation until at least next year and shifted to a strategy of selling rental apartments. We have revised our business forecast due to this change in plans.
- Domestic and overseas investors continue to prefer the rental apartment business, and property prices remain strong. We expect our final profit to meet our initial forecast.



*Profit attributable to owners of parent

- For all asset classes, buying by foreign investors exceeds that of domestic investors, and the properties are getting larger year by year.
- Although the future direction of the Japanese economy remains unclear due to rising U.S. interest rates and the worsening of the situation in Ukraine, rental apartments are preferred by foreign investors because of their stability. The investors are therefore taking a stronger investment stance.

Percentage of investors responding that 2022 price levels exceed sellers' asking prices



Reasons why foreign investors are interested in Japanese rental apts

- 1 Relatively low interest rates compared with policy interest rates in North America and Europe
- 2 Stable rents
- 3 Political stability

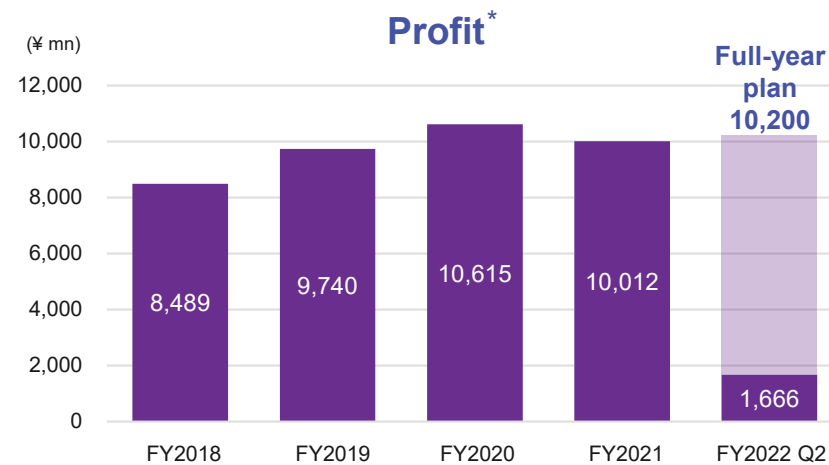
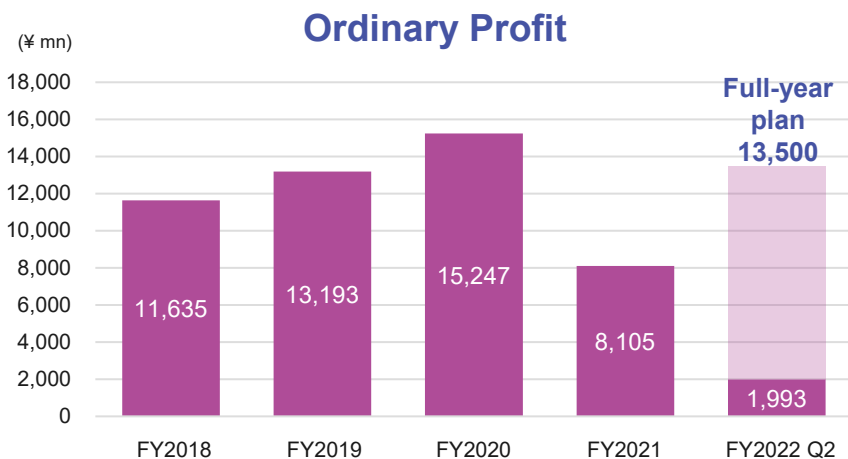
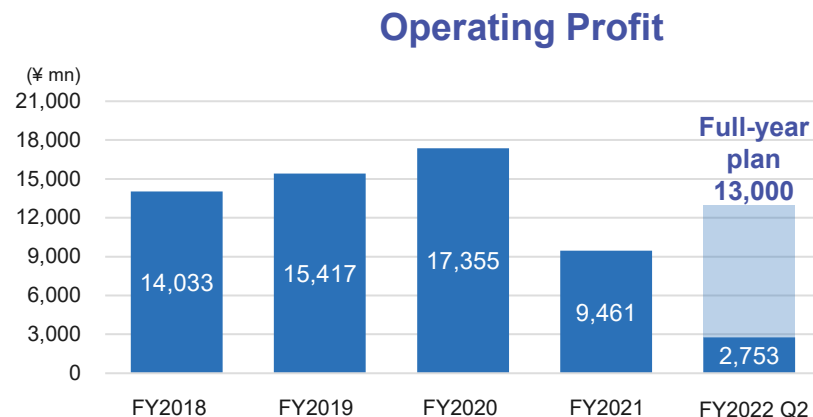
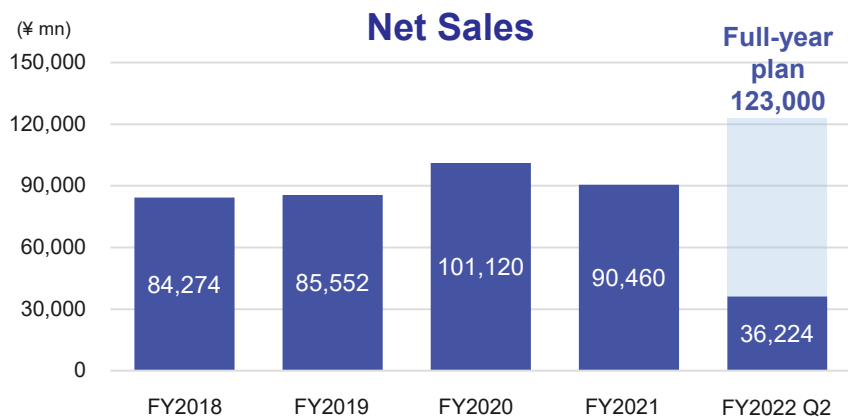


While the weaker yen is a positive, the exchange rate is not a key factor in investor decision making.

Source: Japan Investors Intention Survey, CBRE Research, February 2022

Property Sales Scheduled for Q4, Planning to Maximize Income Gains

Q2 net sales were about ¥36.2 billion, and all three profit metrics are holding steady due to the expansion of the real estate rental business and property divestitures in 2Q. In line with the Medium-Term Management Plan, we expect to achieve our full-year plan by promoting our targeted sales strategy in the second half.



- Net sales increased year over year. As in Q1, with the transition of our earnings structure, we actively continued pursuing purchases in Q2.
- To achieve our full-year plan, in the second half, we will continue transferring the properties that we plan to sell while maximizing our income gains.
- In Q3, we will transfer 18 properties to Samty Residential Investment Corporation (SRR) (sales of about ¥14.3 billion).

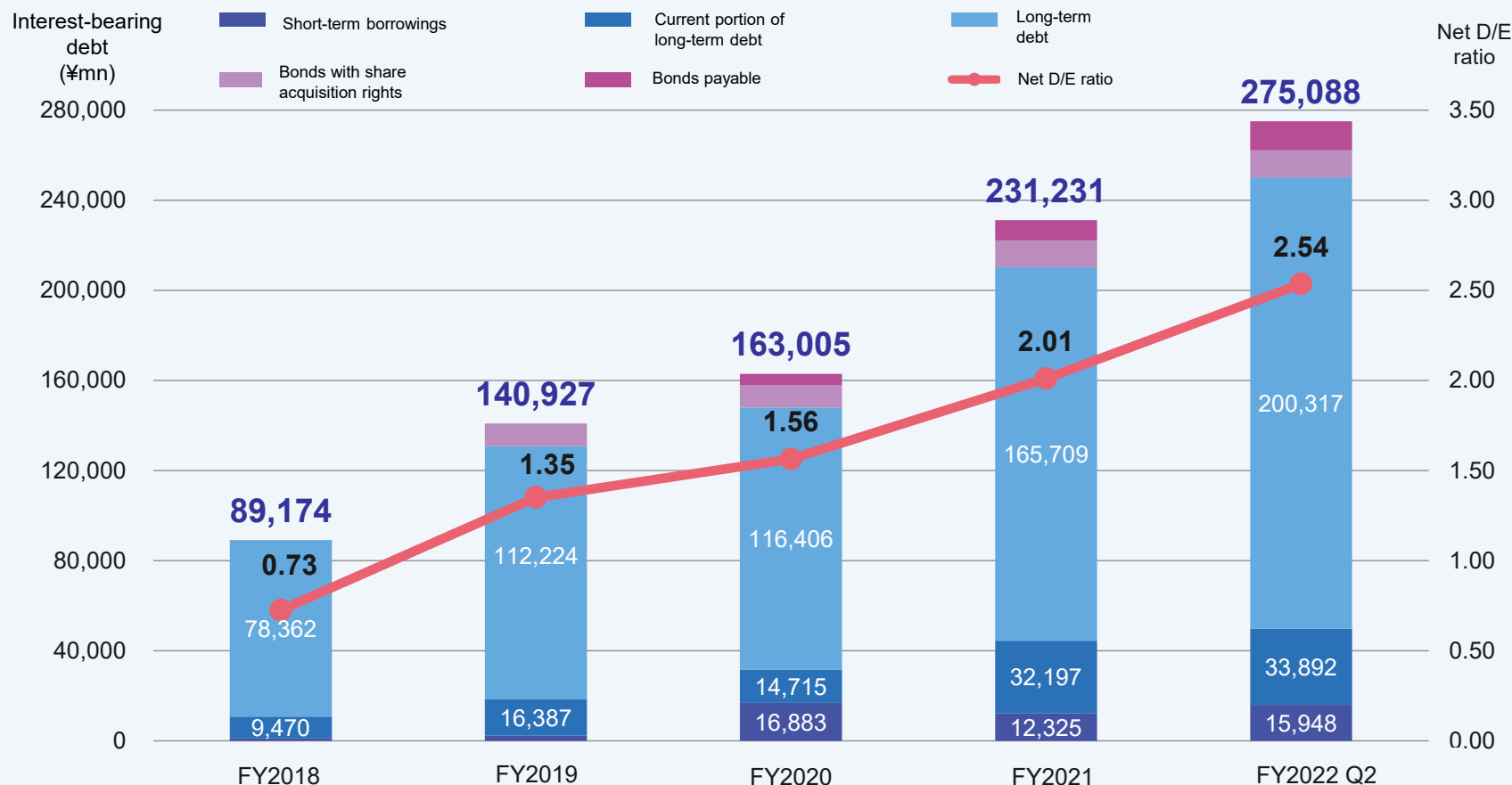
(Unit: Millions of yen)	FY2021 Q2		FY2022 Q2		Year on Year		FY2022	
	Actual	Percent	Actual	Percent	Increase/ decrease	Percent change	Full-year plan	Percentage of progress
Net sales	24,193	100%	36,224	100.0%	12,030	49.7%	123,000	29.4%
Cost of sales	16,444	68.0%	28,617	79.0%	12,173			
Selling, general and administrative expenses	4,149	17.2%	4,853	13.4%	703			
Operating profit	3,599	14.9%	2,753	7.6%	-845	-23.5%	13,000	21.1%
Non-operating profit	906	3.7%	2,016	5.6%	1,109			
Non-operating expenses	1,697	7.0%	2,775	7.7%	1,078			
Ordinary profit	2,808	11.6%	1,993	5.5%	-814	-29.0%	13,500	14.7%
Extraordinary income	4,307	17.8%	-	-	-			
Extraordinary loss	132	0.5%	7	0.0%	-124			
Profit attributable to owners of parent	6,076	25.1%	1,666	4.6%	-4,410	-72.5%	10,200	16.3%
Earnings per share (yen)	151.02	-	35.85	-	-115.16	-76.2%	219.50	-

- Total Group assets increased by about ¥47.1 billion from the end of the previous fiscal year. Going forward, we will build up our assets while adhering to fiscal discipline.

(Unit: Millions of yen)	As of Nov. 30, 2021	As of May. 31, 2022	Increase/ decrease	Main reasons for increase/decrease	
Total assets	349,194	396,295	47,101	◇Real estate for sale	
Current assets	225,094	261,449	36,355	Property acquisitions	+15,500 mn. yen
Cash and deposits	41,646	34,910	-6,735	Transfers and other	+23,796 mn. yen
Real estate for sale	107,875	123,346	15,471	Property sales	-23,863 mn. yen
Real estate for sale in process	71,075	99,447	28,372	◇Real estate for sale in process	
Non-current assets	124,048	134,717	10,668	Acquisition of land for development, and building costs	+38,438 mn. yen
Property and equipment	91,306	104,692	13,386	Transfers and other	-10,067 mn. yen
Intangible assets	426	432	6	◇Property, plant and equipment	
Investments and other assets	32,315	29,591	-2,723	Acquisition of income properties	+27,609 mn. yen
Total liabilities	246,166	290,482	44,316	Transfers and other	-14,251 mn. yen
Current liabilities	54,618	59,987	5,368	◇Shareholders' equity	
Short-term borrowings	12,325	15,948	3,623	Net profit for the quarter	+1,666 mn. yen
Current portion of long-term debt	32,197	33,892	1,694	Dividend payments	-2,369 mn. yen
Non-current liabilities	191,547	230,495	38,947	RS issuance	+124 mn. yen
Long-term debt	165,709	200,317	34,607	Adjustment for business combinations	-40 mn. yen
Bonds payable	9,000	12,930	3,930		
Bonds with share acquisition rights	12,000	12,000	0		
Net assets	103,028	105,813	2,784		
Total liabilities and net assets	349,194	396,295	47,101		
Interest-bearing debt	231,231	275,088	43,856		
Shareholders' equity	93,336	92,716	-620		
Equity ratio (%)	27.0%	23.9%	-3.1%		

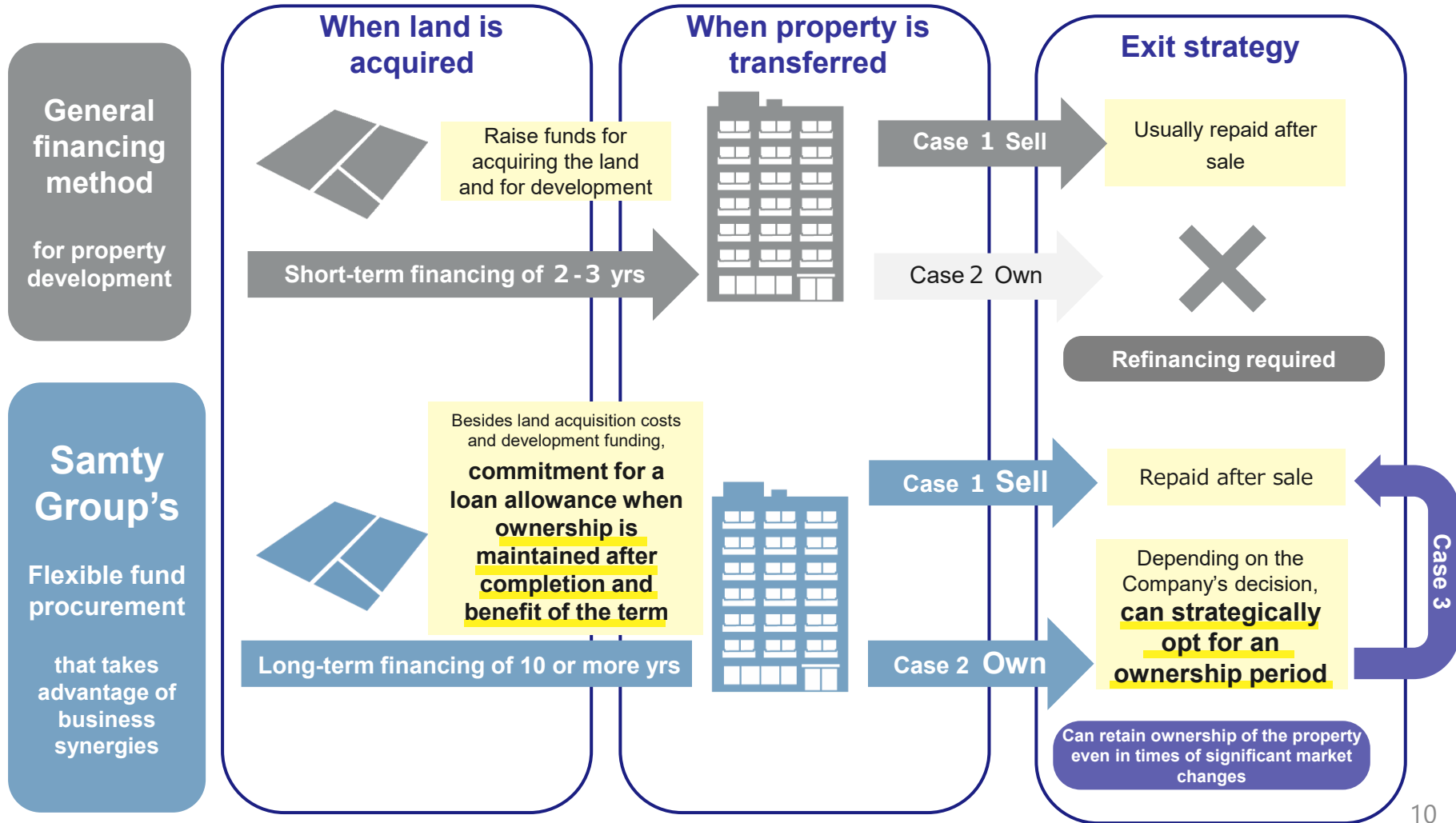
- Income gains increased, and to expand Group assets borrowings increased for active acquisitions.
- Long-term borrowings have an average maturity of 11.9 years and an average interest rate of 1.25%, and among them, borrowings on income properties have an average maturity of 13.5 years and an average interest rate of 1.19%.

Interest-Bearing Debt and Net D/E Ratio



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

- We are in the process of lengthening our financing for development projects as we transition into a develop and own business.
- When we acquire land for residential development, we usually complete financing for the building portion as well.
- To diversify our Group’s exit strategies, we make sure that financing methods employed when the land is acquired will enable us to maintain ownership subsequent to the completion of the buildings.



First Half of the Fiscal Year Ending November 30, 2022

Overview by Segment

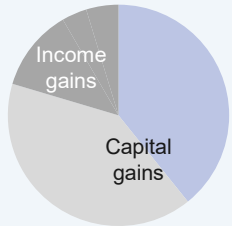


【Capital Gains】 Capital gains rose in Q2, as we focused on selling properties to external parties. Investor interest in real estate acquisition is rising due to the low-interest-rate environment, and going forward, we will emphasize initiatives that achieve our Plan, such as ongoing sales to REITs and foreign investment funds.

【Income Gains】 We continue to focus on achieving income gains. Both the Real Estate Leasing Business and the Real Estate Management Business remain strong and were up year on year. Operating profit for the Hotel Business declined due to higher expenses for the development of new hotels, despite higher sales from more hotels.

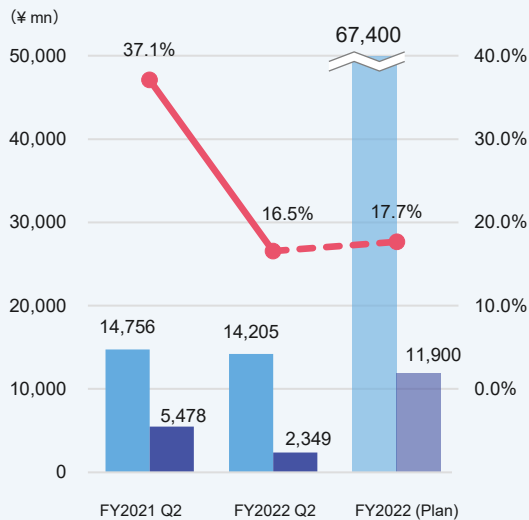
(Unit: Millions of yen)	FY2021 Q2		FY2022 Q2		Year on Year		FY2022	
	Actual	Operating margin	Actual	Operating margin	Actual	Percent change	Full-year plan	Percentage of progress
Net sales	24,193	-	36,224	-	12,030	+49.7%	123,000	29.5%
Real Estate Development Business	14,756	-	14,205	-	-551	-	67,400	21.1%
Real Estate Solution Business	3,595	-	14,628	-	11,033	+306.9%	29,300	49.9%
Overseas Business	99	-	-	-	-99	-	7,900	0.0%
Real Estate Leasing Business	3,709	-	4,352	-	643	+17.3%	8,900	48.9%
Hotel Business	790	-	1,339	-	549	+69.4%	6,400	20.9%
Real Estate Management Business	1,562	-	2,284	-	721	+46.2%	4,500	50.8%
Adjustment	-320	-	-586	-	-266	-	-1,400	-
Operating profit	3,599	-	2,753	-	-846	-	13,000	-
Real Estate Development Business	5,478	37.1%	2,349	16.5%	-3,129	-	11,900	19.7%
Real Estate Solution Business	349	9.7%	2,563	17.5%	2,213	+634.4%	4,000	64.1%
Overseas Business	-50	-	-174	-	-124	-	200	-
Real Estate Leasing Business	1,683	45.4%	2,120	48.7%	437	+26.0%	4,300	49.3%
Hotel Business	-1,488	-	-1,562	-	-74	-	-1,900	-
Real Estate Management Business	175	11.2%	390	17.1%	214	+122.9%	500	78.0%
Adjustment	-2,550	-	-2,934	-	-383	-	-6,000	-

Real Estate Development Business

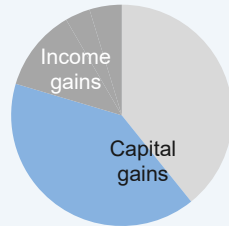


Percent of sales:
39.2%

- In the first half of the fiscal year, we sold 14 properties (for about ¥14.2 billion).
- Because our Medium-Term Management Plan is based on the idea of retaining ownership following development, we are watching market trends so that we can run our business smoothly and flexibly.

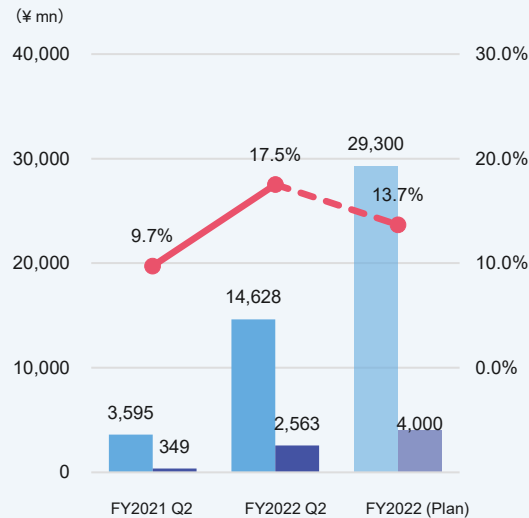


Real Estate Solution Business

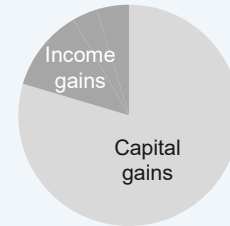


Percent of sales:
40.4%

- In the first half of the fiscal year, we sold 16 properties (for about ¥14.6 billion).
- Going forward, we will continue sales to the REIT and to overseas investors as a way of exiting so that we can maximize our earnings.

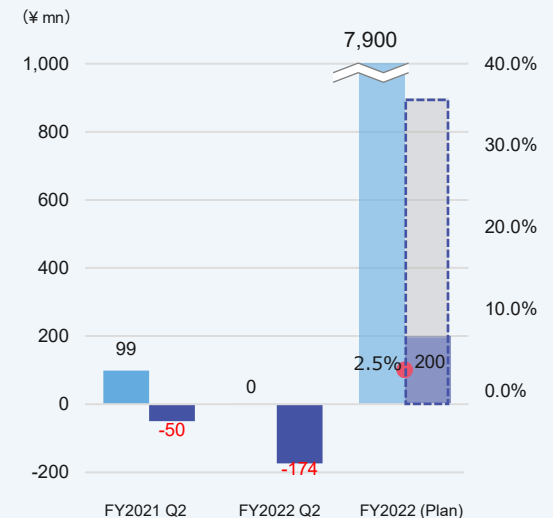


Overseas Business



Percent of sales:
0.0%

- Sales at THE SAKURA Project are going well. We anticipate project profits of about ¥900 million (denoted by the dotted line portion in the graph) when the V8 building, which we have been selling ahead of time this year, is completely sold.



- In H1 we acquired 30 parcels of land for development for a purchase price of about ¥15.9 billion (percentage of progress: 35.3%).
- We plan to continue our acquisition efforts in Q3 and beyond, so that in the remainder of the current fiscal year we will acquire land for development consisting of 29 properties for about ¥14.1 billion (full-year percentage of progress of 66.7%).
- We also signed contracts to acquire 11 parcels of land for development (for about ¥5.5 billion) next fiscal year and thereafter.

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

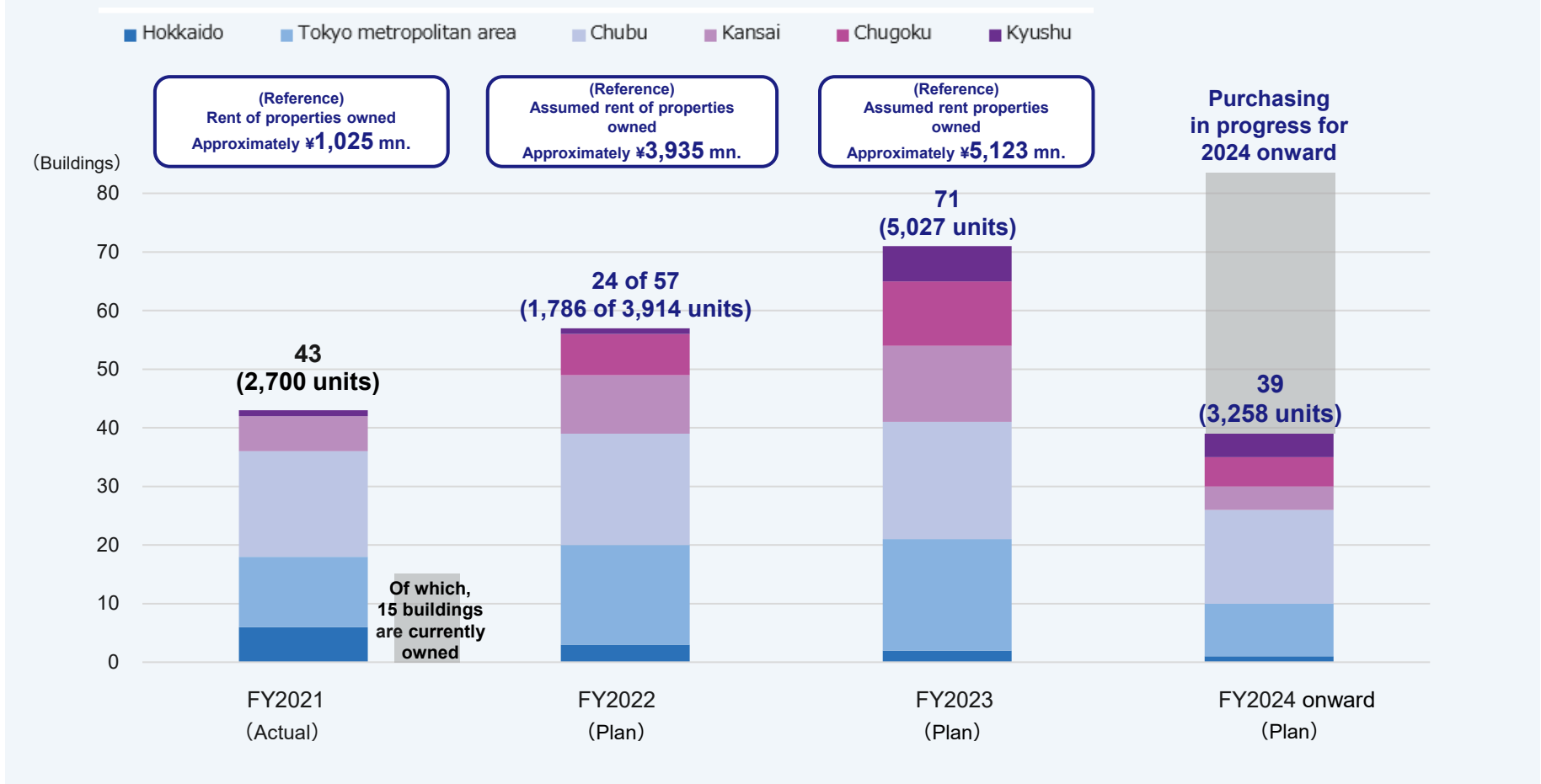
Full-year plan	FY2022 Q2		Planned settlement (contracted + provided a promise to sell)	FY2022			To settle next FY or later
	Actual	Percentage of progress		Full-year plan	Actual + planned settlement	Percentage of progress	
¥45.0 bn.	¥15.9 bn.	35.3%	¥14.1 bn.	¥45.0 bn.	¥30.0 bn.	66.7%	¥5.5 bn.

Land for development: Based on number of acquisitions (by region)

	Hokkaido	Tokyo metropolitan area	Chubu	Kansai	Chugoku/ Shikoku	Kyushu	Total
FY2022 Q2 acquisitions	4	7	12	3	2	2	30
Expected to settle this FY	2	7	7	4	4	5	29
Total	6	14	19	7	6	7	59
Expected to settle next FY or later	1	2	5	1	2	0	11

Note: Calculations of acquisition amounts and number of acquisitions do not include Banyan Tree Higashiyama Kyoto, which will be acquired in stages through a limited liability company.

- Year-to-date Q2, we completed 24 residential buildings (with 1,786 units). We are proceeding with a plan to develop a **total of 143 buildings with about 10,413 units** in cities throughout the country.
- We will remain flexible regarding the business going forward, taking into consideration the characteristics of the individual properties and market trends.



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

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

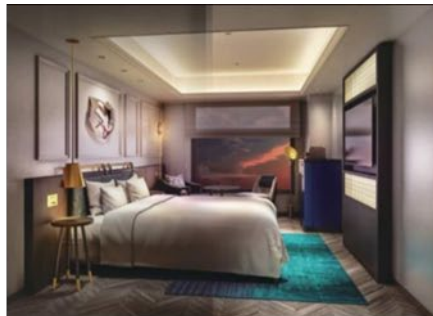
- We are proceeding smoothly with our plans to develop office buildings and hotels that are planned for completion and opening next year and thereafter.
- In line with our policy of making strategic investments in regional cities, we are promoting developments focused on cities where we have branch offices and their surrounding areas.

Type	FY Start	Project Name	Location	No. of Rooms	Planned Opening (completion)
Hotel	2023	Mercure Hida Takayama	Takayama-shi, Gifu	161	December 2022 opening
		Mercure Haneda	Ota-ku, Tokyo	363	Winter 2023 opening
	2024	Six Senses Kyoto	Higashiyama-ku, Kyoto	81	Spring 2024 opening
		Banyan Tree Higashiyama Kyoto	Higashiyama-ku, Kyoto	52	Spring 2024 opening
	2025	Shangri-La Hotel Kyoto Nijojo Project (tentative name)	Kamigyo-ku, Kyoto	77	Spring 2025 opening
Total: 5 buildings				734	
Office	2024	Nakamura-Ku Noritake 1-Chome Office Building Project (tentative name)	Nakamura-ku, Nagoya-shi	-	2024 completion
		Odori-Nishi 5-Chome II Office Building Project (tentative name)	Chuo-ku, Sapporo-shi	-	2024 completion
Total: 2 buildings					

Note: The above development plan figures are as of the date this document was made and they may change in the future.



Artist's rendering of a Mercure Hida Takayama guest room



Artist's rendering of a Mercure Haneda guest room



Artist's rendering of the Banyan Tree Higashiyama Kyoto restaurant terrace overlooking the Noh stage



Artist's rendering of the Six Senses Kyoto exterior

Note: The renderings are from the consideration stage of the project and may change in the future.

- In H1, we sold 14 properties in our Real Estate Development Business and 16 properties in our Real Estate Solution Business, for a total of 30 properties. Of these, 3 properties (2 from the Development Business and one from the Solution Business) were supplied to Samty Residential Investment Corporation.
- A total of 27 properties (12 from the Development Business and 15 from the Solution Business) were sold to external parties.

Based on number of sales (percentage of progress)

Segment	Full-year plan (revised)	FY2022 Q2		Planned sales	FY2022	
		Actual	Percentage of progress		Actual + planned sales	Percentage of progress
Real Estate Development Business	53	14	26.4%	13	27	50.9%
(S-RESIDENCE)	(51)	(13)	-	(12)	(25)	49.0%
(Investment unit sales in lots)	(1)	(1)	-	-	(1)	100%
(Hotel and other)	(1)	-	-	(1)	(1)	100%
Real Estate Solution Business	40	16	40.0%	8	24	60.0%
Total	93	30	32.3%	21	51	54.8%

Based on number of sales (by region)

Segment/Region	Hokkaido	Tokyo metropolitan area	Chubu	Kansai	Chugoku/Shikoku	Kyushu	Total
Real Estate Development Business	1	7	3	3	-	-	14
(S-RESIDENCE)	(1)	(6)	(3)	(3)	-	-	(13)
(Investment unit sales in lots)	-	(1)	-	-	-	-	(1)
(Hotel and other)	-	-	-	-	-	-	-
Real Estate Solution Business	-	3	3	4	2	4	16
Total	1	10	6	7	2	4	30



- Sales continue to do well at THE SAKURA Project, a condominium development in Vietnam.
- At the V8 building, 684 of the housing units have been put on the market, and sales contracts have been signed on 573 of them. For these 684 units, 707 applications were received, exceeding the number of units for sale by a large amount. The 15 remaining units went on the market at the end of July. Applications have already been received for all 19 of the shophouse units, and 10 of them have signed sales contracts. In the V9 building, where 1,103 residential units went on the market in May, 869 applications were received, exceeding the initial sales plan, and sales contracts have been signed for 404 of these units.
- Most recently, 50-100 applications have been coming in each week.



(Sample rooms: living room, bedroom)

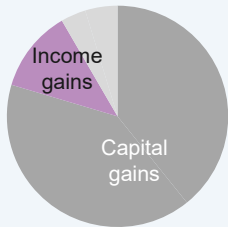


On July 24, 2022, we held a huge sales event, to which we invited buyers and potential buyers. More than 2,500 people attended.

Timing of Delivery and Status of Sales (As of July 28, 2022)

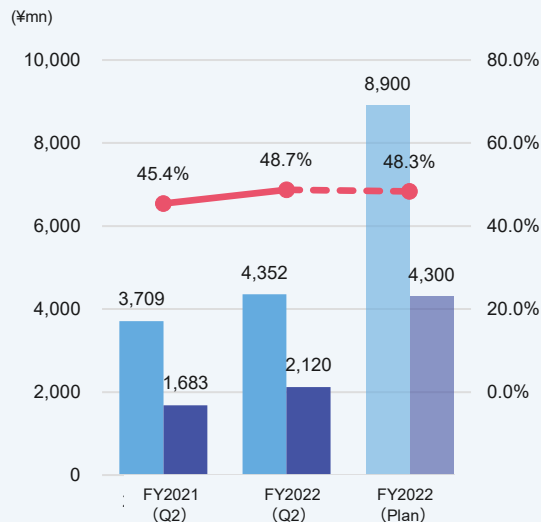


Real Estate Leasing Business

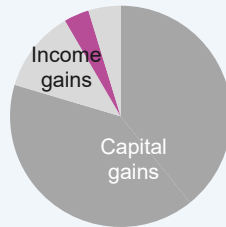


Percent of sales:
12.0%

- Sales and profit grew due to the cumulative success of leased real estate.
- Although we will switch to selling owned residential property starting in Q3, we expect this segment's sales and profit to remain solid, in line with our full-year plan.

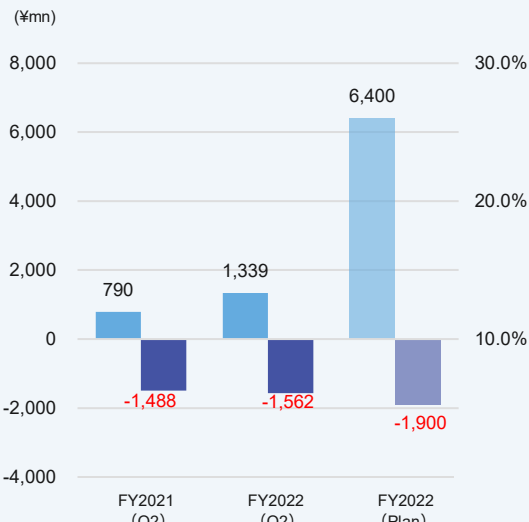


Hotel Business

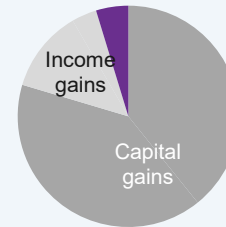


Percent of sales:
3.7%

- Hotel segment sales rose year on year.
- However, operating profit was lower than the year-ago level due to higher expenses from newly opened hotels.
- Occupancy rates are rising, so we expect profitability to steadily recover from now on.

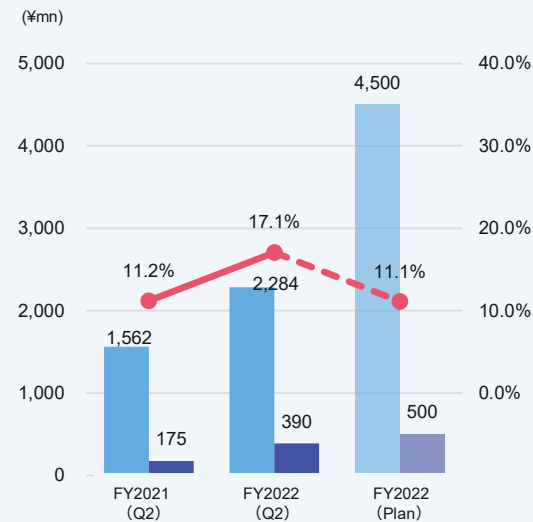


Real Estate Management Business



Percent of sales:
4.7%

- Assets under management (AUM) and the number of units under management continued to grow, as did sales and profits.
- The goal is to further increase the operating margin by improving operating performance.



■ 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

- In H1, we acquired 30 income properties in major cities throughout Japan for about ¥18.9 billion from external parties. We will continue our acquisition efforts in Q3 and beyond, and are planning to acquire 15 income properties for about ¥11.1 billion in the remainder of this fiscal year (full-year percentage of progress: 60.5%).
- With respect to the purchase of 25 income properties (for about ¥25.0 billion) next year and onward, we have entered into contracts for 15 properties (for about ¥13.5 billion) as forward commitments, which are contracts for transactions on properties that have not yet been completed.

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

Full-year plan	FY2022 Q2		Planned settlement	FY2022			To settle in FY2023 or later
	Actual	Percentage of progress		Full-year plan	Actual + Planned settlement	Percentage of progress	
¥49.5 bn.	¥18.9 bn.	38.2%	¥11.1 bn.	¥49.5 bn.	¥30.0 bn.	60.5%	¥25.0 bn.

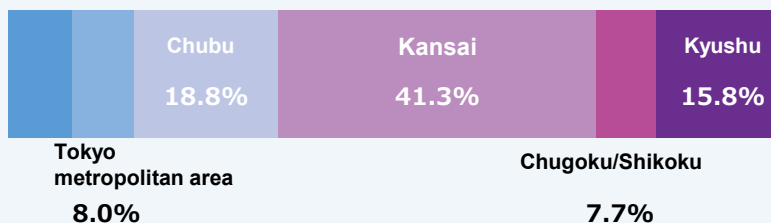
Income properties: Based on number of acquisitions (by region)

	Hokkaido	Tokyo metropolitan area	Chubu	Kansai	Chugoku/Shikoku	Kyushu	Total
FY2022 Q2 acquisitions	8	6	3	5	5	3	30
Expected to settle	4	0	0	4	0	7	15
Total	12	6	3	9	5	10	45
Expected to settle next FY or later	4	9	2	4	0	6	25

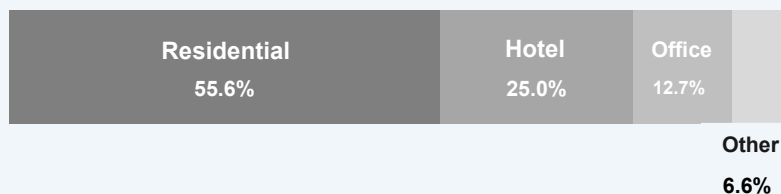
- In the Real Estate Leasing Business, we own a total of 175 properties worth about ¥180.0 billion. We have built a portfolio that is well-balanced in terms of geographical distribution.
- Residential occupancy rates remain around the 95% level, which is contributing to steadily improving investment performance as the number of owned properties increases.

Asset Holdings by Region

Hokkaido
8.4%

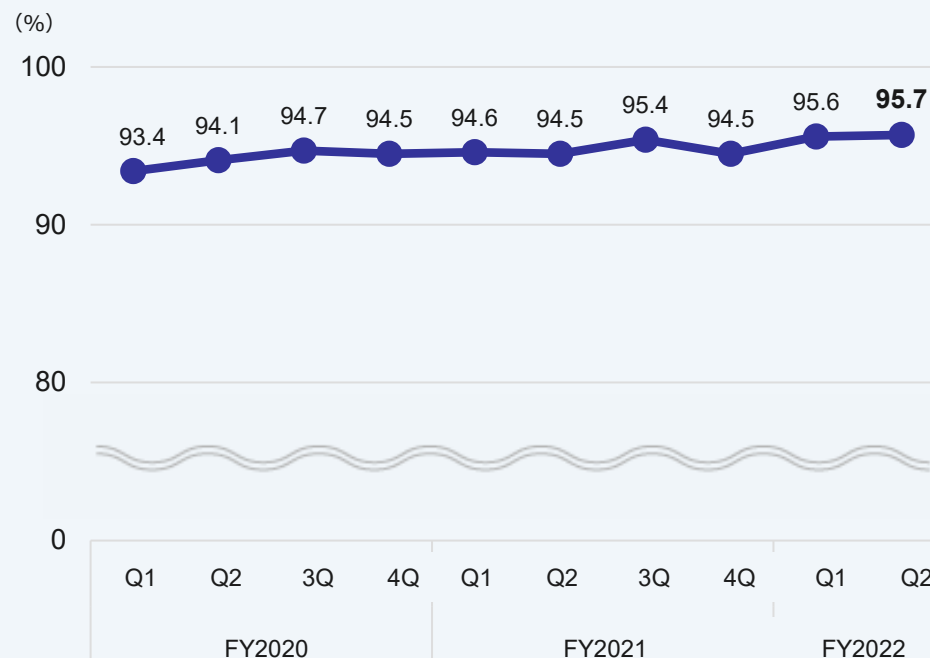


Asset Holdings by Asset Type



Note: Data is as of May 31, 2022. The total is based on the total floor area 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.

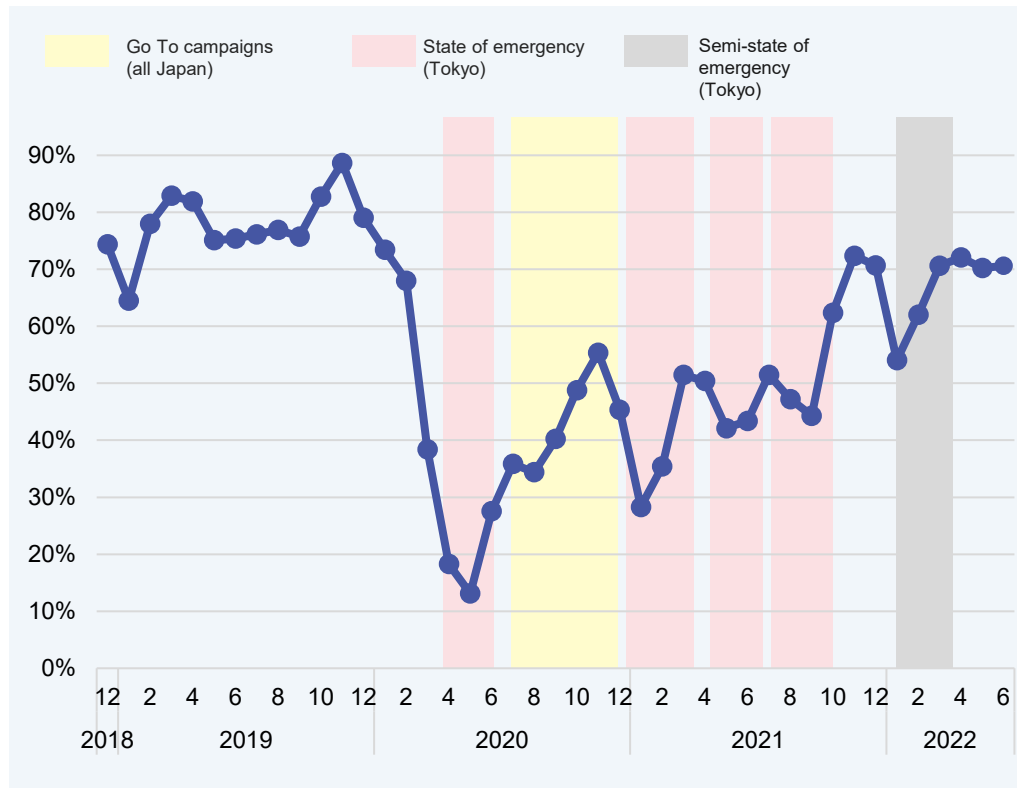


- Occupancy rates remained at 70% or above from March through May.
- The number of COVID-19 cases has jumped to its highest level ever, and the impact of the seventh wave could put a damper on the hotel business. Although the government has partially eased border controls, restrictions remain severe, and the number people entering Japan for tourism is not expected to return to pre-COVID levels. We thus expect the recovery process to continue for the time being.

Hotels in Which Samty Is Involved
(In Order of Acquisition/Development)

No	Region	Hotel name	Rooms	Remark
1	Tokyo metropolitan area	Center Hotel Tokyo	108	Owned
2	Kansai	Amano Hashidate Hotel (including Auberge)	86	Owned
3	Tokyo metropolitan area	HOTEL SUNSHINE UTSUNOMIYA	160	
4	Kyushu	S-PERIA HOTEL Nagasaki	155	
5	Kansai	GOZAN	21	Owned
6	Kyushu	S-PERIA HOTEL Hakata	287	Developed
7	Tokyo metropolitan area	S-PERIA INN Nihombashi Hakozaeki	114	Developed
8	Kansai	S-PERIA INN Osaka Hommachi	125	Developed
9	Kansai	S-PERIA HOTEL Kyoto	165	Developed and Owned
10	Chugoku	NEST HOTEL HIROSHIMA HATCHOBORI	126	Owned
11	Chugoku	NEST HOTEL HIROSHIMA STATION	84	Owned
12	Kansai	Mercure Kyoto Station	225	Developed
13	Chubu	Ibis Styles Nagoya	284	Developed and Owned
14	Kansai	Agora Kyoto Karasuma	140	Developed
15	Kansai	Agora Kyoto Shijo	80	Developed
16	Kansai	Aloft Osaka Dojima	305	Owned
17	Kyushu	S-PERIA HOTEL Fukuoka Nakasu	87	Developed
18	Kansai	Oakwood Hotel Kyoto Oiike	120	Developed and Owned
Total		18 hotels	2,672 rooms	

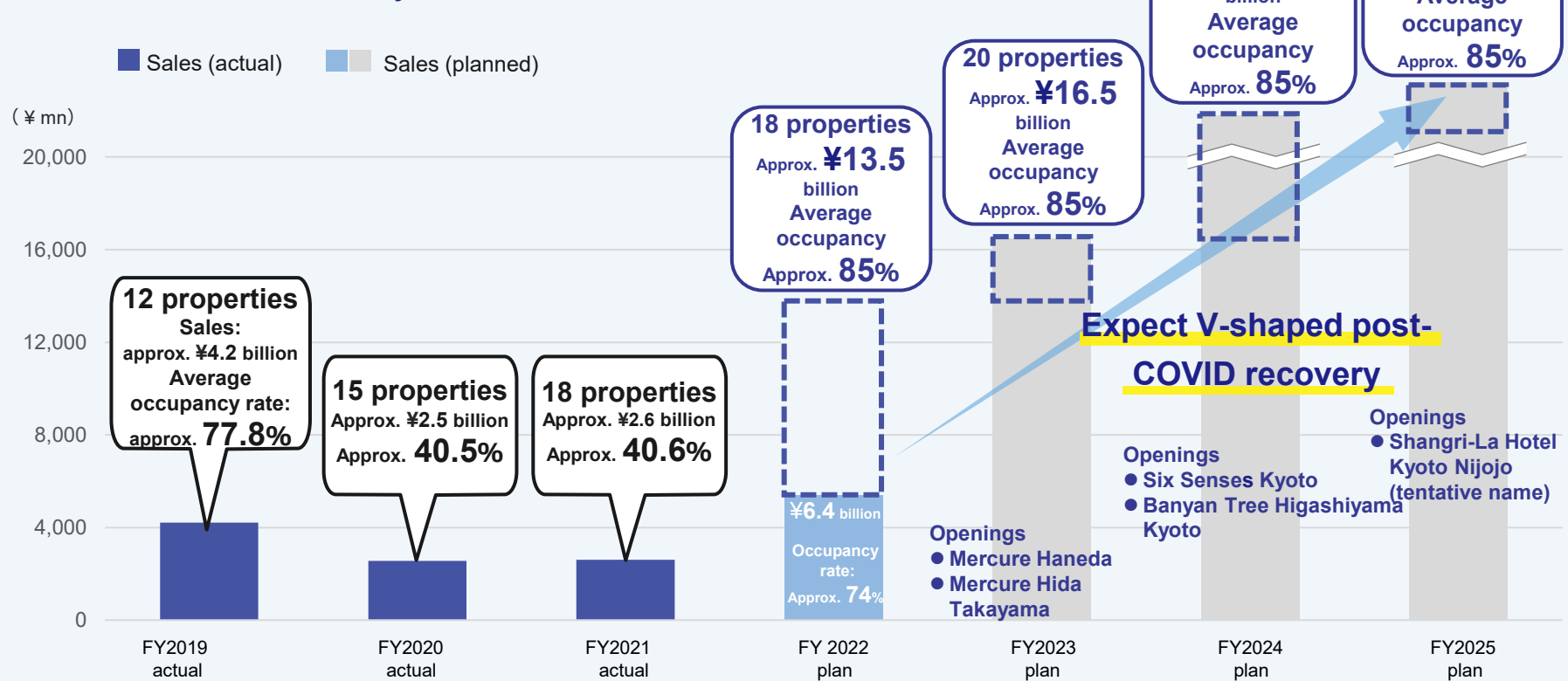
Average Occupancy Rates



Note: Calculated based on a weighted average of the average occupancy rate of each hotel in which Samty is involved.
The number of properties is totaled based on data as of the end of each month.
Excluded from the total are properties that have been open less than one year.

- Sales for the Hotel Business in FY2022 are planned at about ¥6.4 billion, lower than when tourism is in full swing.
- Sales at the 18 hotels in which Samty is involved, when tourism is in full swing, are ¥13.5 billion, with an expected occupancy rate of about 85%. As demand recovers in the future, we expect the hotels now under development, including the luxury hotels, that we plan to open between 2023 and spring of 2025 will make major contributions to our sales.

Sales at Hotels in Which Samty Is Involved



Notes: Occupancy rates include hotels that have opened within the past year. Calculations exclude divested hotels.

Figures for actual sales are Samty's segment data. Figures for sales when tourism is in full swing are calculated by Samty Group companies Samty Asset Management and Samty Hotel Management Corp. based on the business plan and data provided by each operator. Sales and occupancy rates for hotels opening in FY2023 onward are based on the business plan.



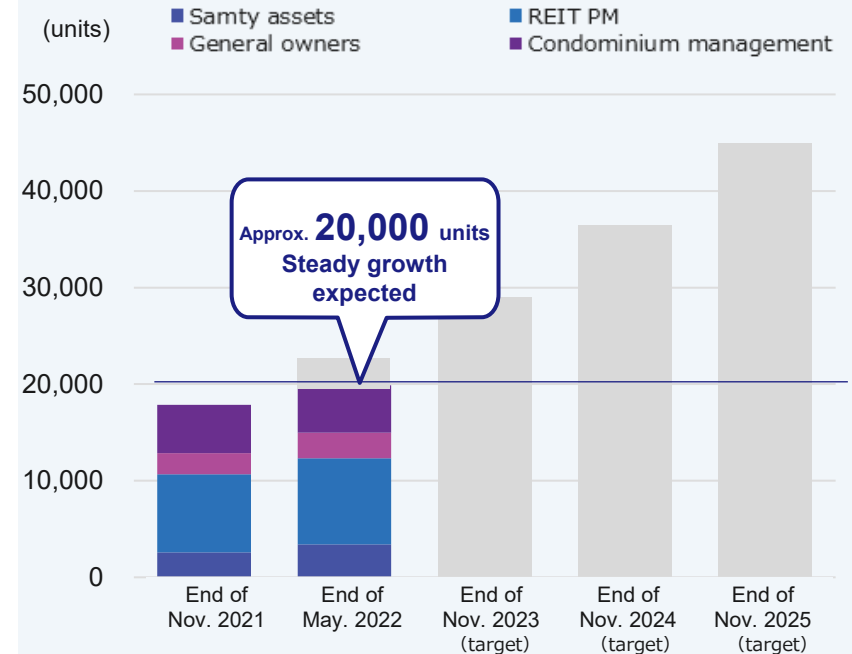
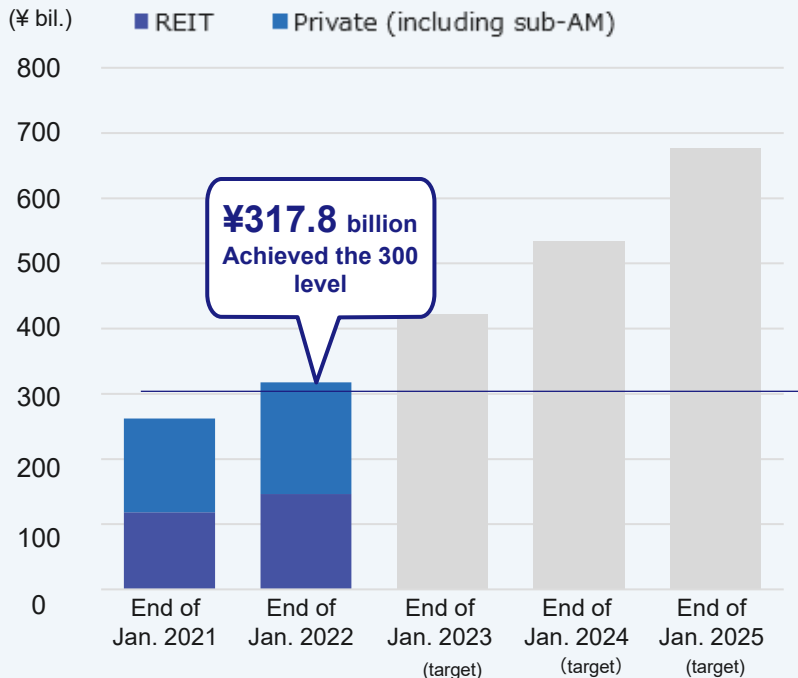
- AUM reached the ¥300 billion level at the end of January. In August, we will transfer 18 properties to Samty Residential Investment Corp. to spur its continued growth.
- We expect continued growth with the expansion of AUM accompanying the hotel REIT's formation.



- The number of properties under management is steadily growing.
- Steady expansion is expected in the future based on an increase in properties owned by Samty Residential Investment Corp. and the planned completion of at least 10,000 units developed by Samty by 2024 or thereafter.

AUM

Number of Units Under Management



First Half of the Fiscal Year Ending November 30, 2022

Initiatives with Samty Residential Investment Corporation (SRR)



- In August 2022, we plan to sold 18 properties (worth about ¥14.3 billion) to Samty Residential Investment Corp. (SRR).
- As the main sponsor supporting SRR's growth, we also help increase its asset management fees. We are striving to strengthen fee business.

Hokkaido	Tokyo metro	Chubu	Kansai	Kyushu	Total
4 properties	1 property	5 properties	7 properties	1 property	18 properties
¥3,420 mn.	¥480 mn.	¥2,880 mn.	¥6,880 mn.	¥670 mn.	¥14,340 mn.



Assets grew 5.3x
in the 7 years
following the IPO



At IPO
(June 2015)



As of Aug. 2,
2022

- To raise funding for property investments, SRR acquired new investors in August 2022 by issuing a public offering of shares and a third-party allotment of shares to Samty and the parent company of the Daiwa Securities Group, Inc. The Samty Group's joint investment share of ownership will remains at 13.52%, and we receive investment income commensurate with our share of ownership.
- In view of the dividends that SRR will be distributing to its investors in the future, we will be supporting SRR's steady growth by maintaining our joint investment share of ownership as its main sponsor and remain aligned with its interests.

Recipients of allotment	Additional units	Total investment units
Samty Co., Ltd.	9,341 units	113,383 units
Daiwa Securities Group, Inc.	27,770 units	326,210 units
(Reference) Public offering for increasing capital	30,466 units	-



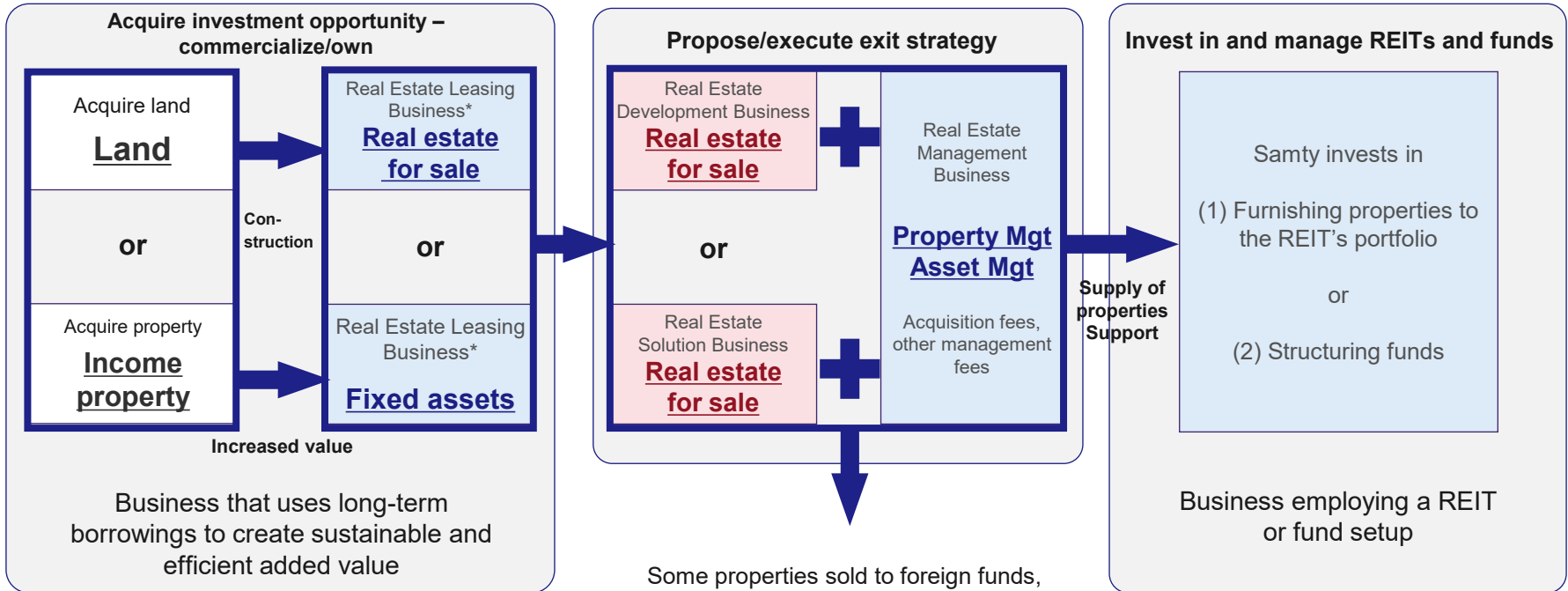
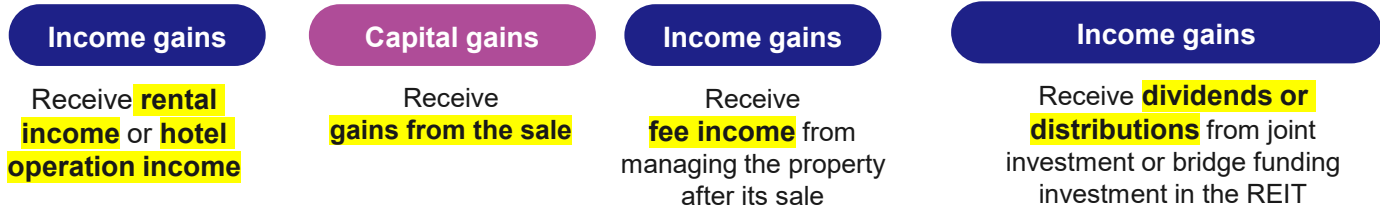
Share of ownership
13.52%



Share of ownership
38.89%

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





*For hotels, this is under the Hotel Business

- 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.

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

KPIs of the Medium-Term Management Plan

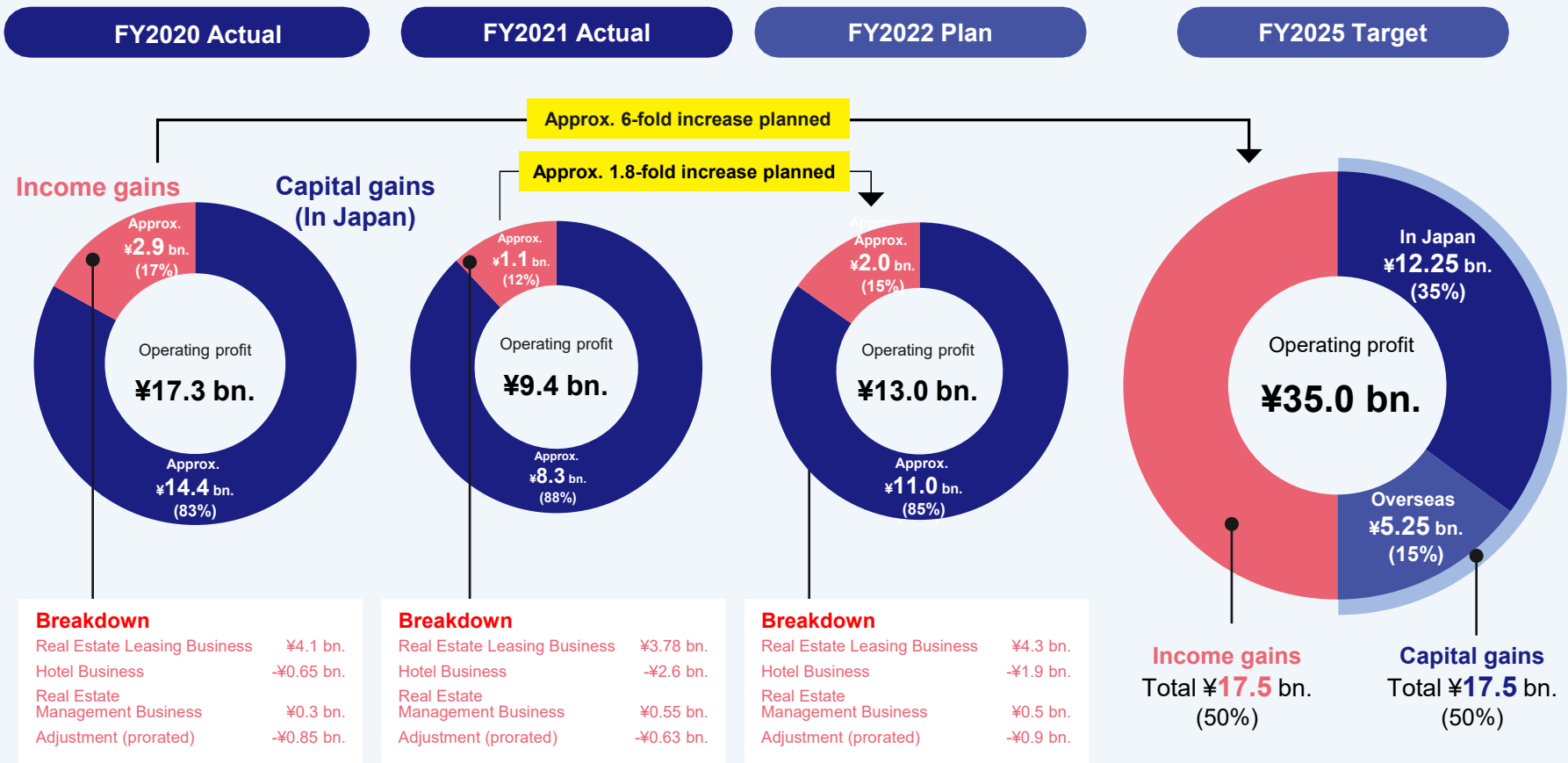
	FY2020 Actual	FY2021 Actual	FY2022 Plan	FY2023 Numerical Target	FY2025 Numerical Target
Net sales (includes rental income, etc.)	¥101.1 bn. (¥12.1 bn.)	¥90.4 bn. (¥13.8 bn.)	¥123.0 bn. (¥19.8 bn.)	About ¥170.0 bn. (¥35.0 bn.)	About ¥220.0 bn. (¥45.0 bn.)
Operating profit	¥17.3 bn.	¥9.4 bn.	¥13.0 bn.	More than ¥20.0 bn.	More than ¥35.0 bn.
ROE	14.3%	11.6%	10.6%	12.0%–15.0%	About 15.0%
ROA	7.4%	3.2%	3.3%	6.0%–7.0%	About 7.0%
Equity ratio	30.7%	27.0%	23.4%	27.0%–30.0%	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.

- Operating profit for FY2025 is targeted at ¥35.0 billion, and the strategy to transform the business portfolio aims for operating profit-based income gains of ¥17.5 billion, about a sixfold increase from the date of formulation.

Income Gains as a Percentage of Operating Profit

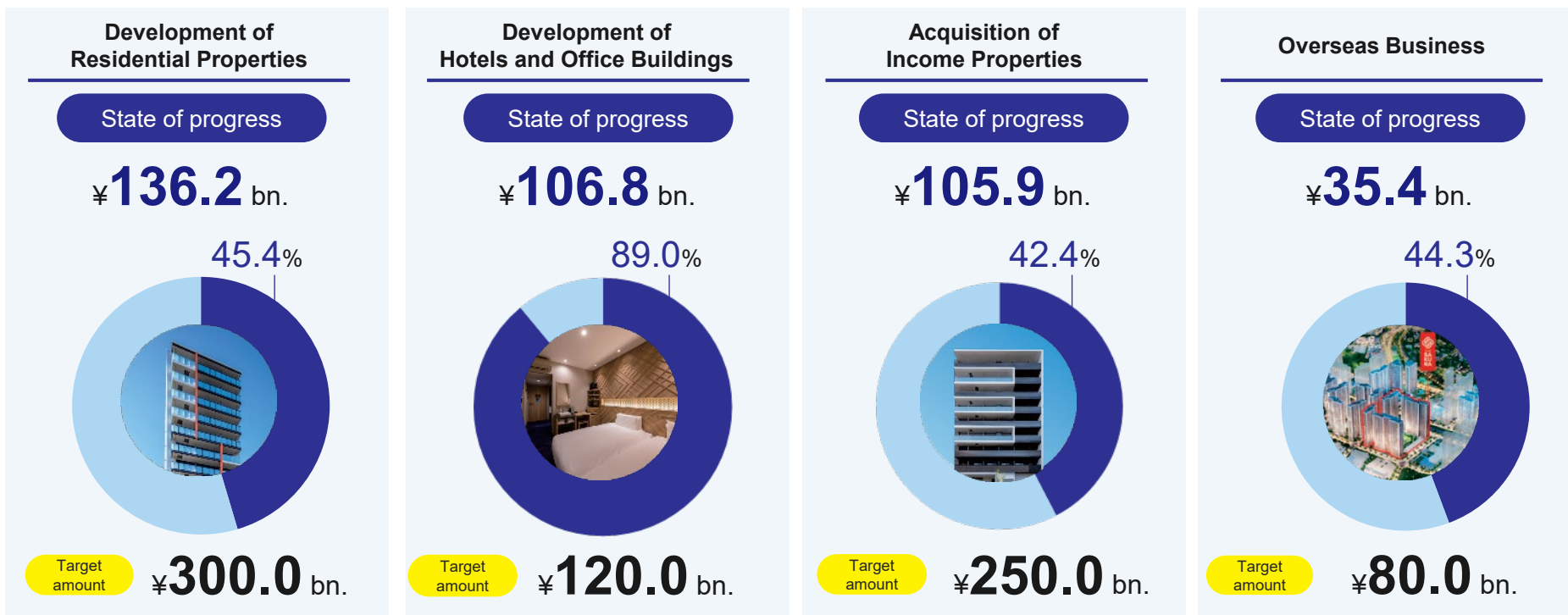


Note: Calculated as a percentage after deducting general and administrative expenses not attributable to a reporting segment. Those for prior fiscal years have been revised to reflect the reclassification into new segments.

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 FY2022 Q2, cumulative investment totaled **about ¥384.4 billion (+¥95.7 billion from the previous fiscal year-end), and the percentage of progress was 51.3%**, so that we achieved 50% of our targeted investment amount in the second year of the plan. We will continue working on early achievement of our targets.

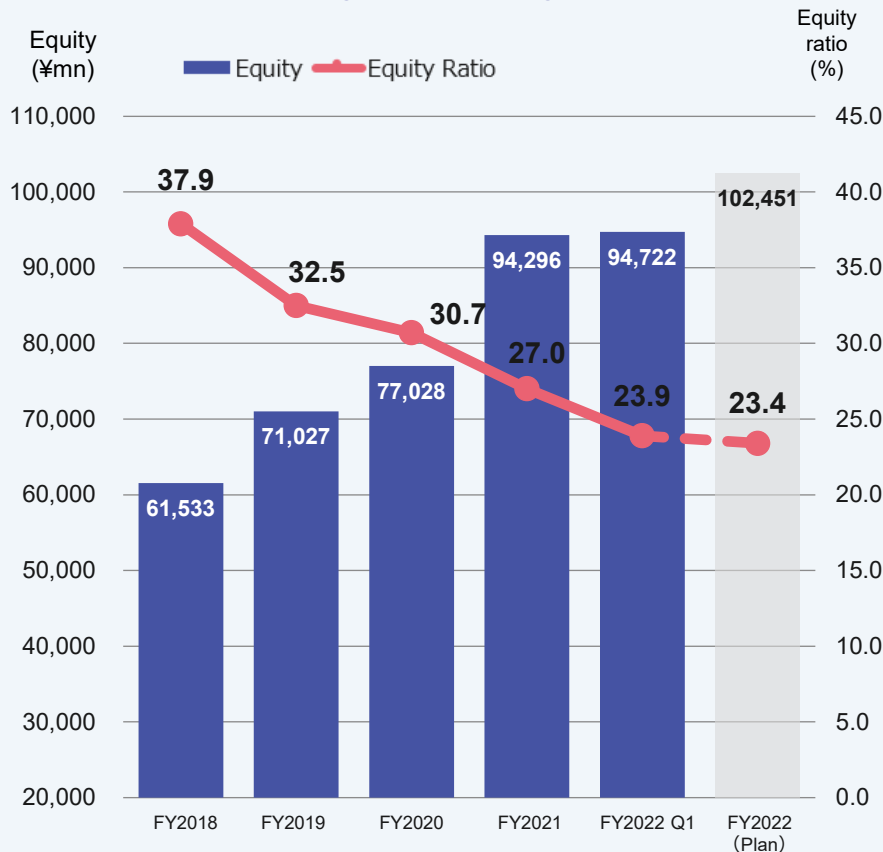
Percentage of Progress toward Targets by Theme



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.

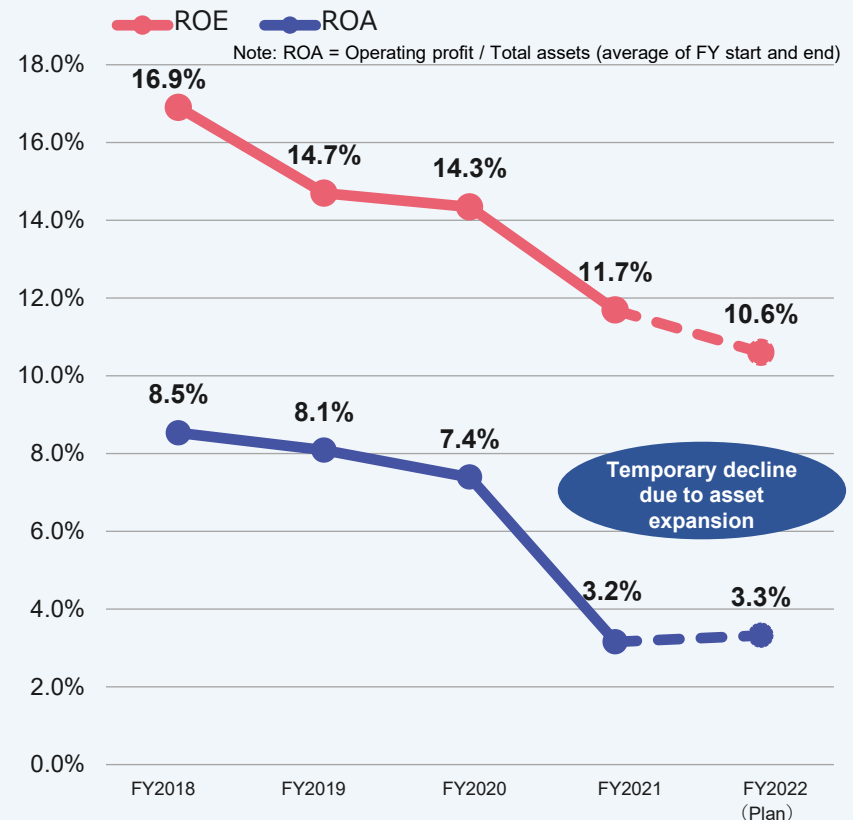
- The equity ratio is declining due to the increase in portfolio assets from property acquisitions made to enhance our income gains and due to changes in our asset divestiture plans as a result of the hotel REIT's delayed IPO. We expect to continue increasing total assets until the hotel REIT IPO is done.
- We are striving to improve ROA and ROE, as we remain mindful of the targets for FY2023 set forth in our Medium-Term Management Plan.

Equity and Equity Ratio



Equity Ratio: FY2023 in the range of 27%-30%

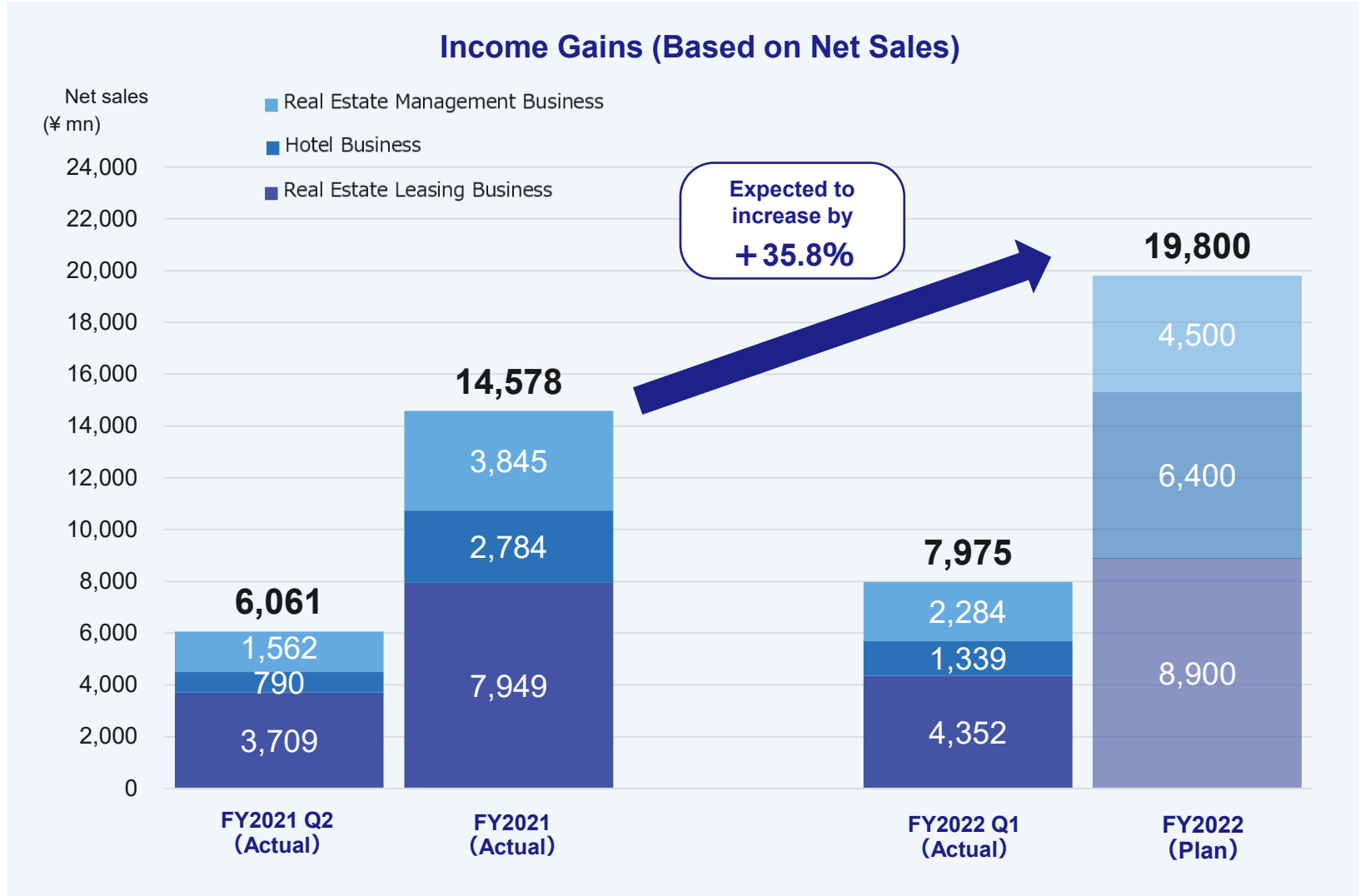
ROE and ROA



ROE: FY2023 in the range of 12%-15%

ROA: FY2023 in the range of 6%-7%

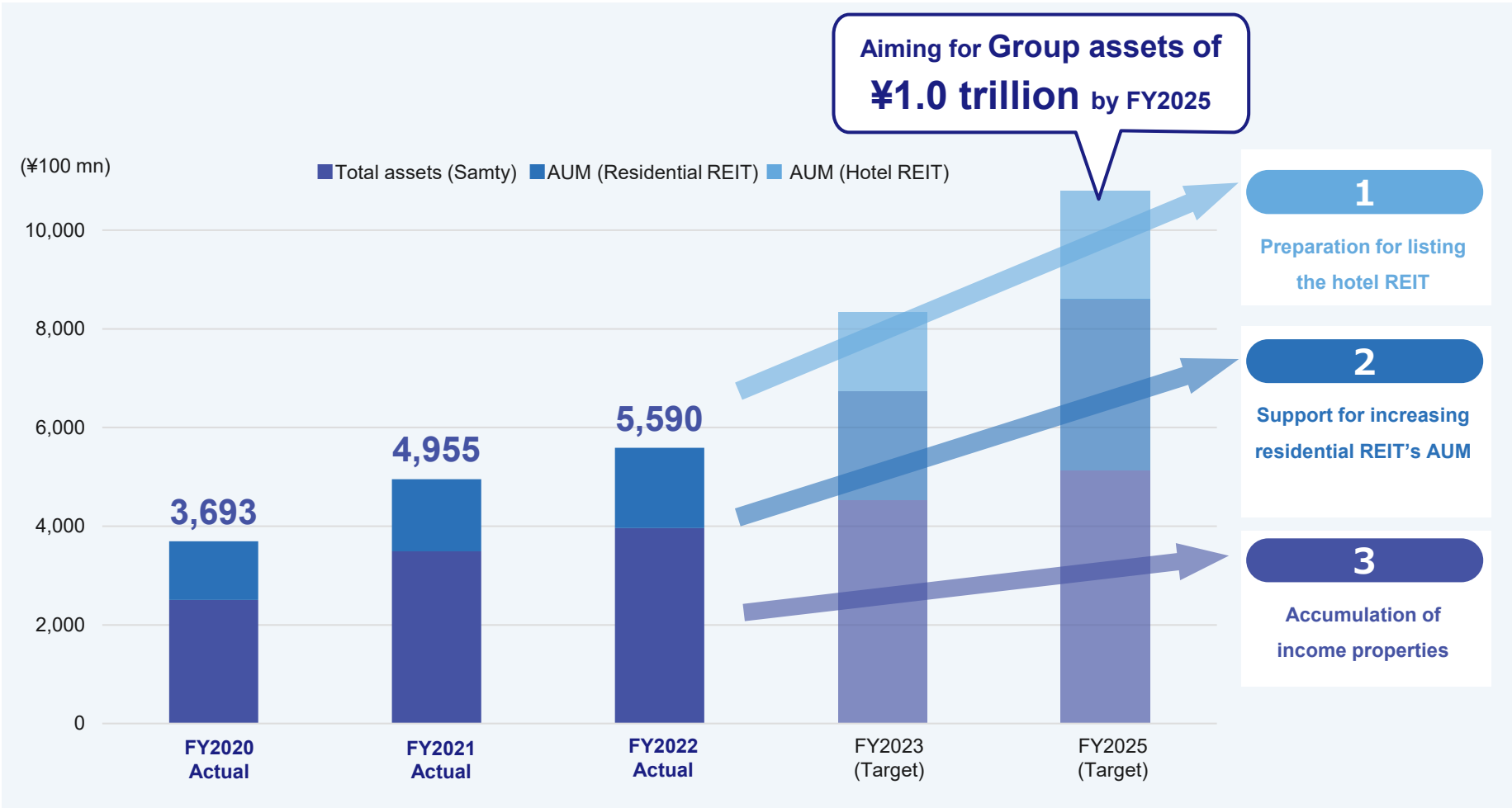
- Income gains based on net sales rose compared to the previous year in all three segments. We expect them to expand further going forward.



Note: Calculated as total net sales, including internal sales

- Group assets rose by about ¥63.5 billion year on year (+11.2%) due to asset growth. We exceeded the Plan's interim target of ¥500 billion.
- We are implementing strategic initiatives 1-3 below so that our assets will grow steadily until the end of FY2025.

Note: Group assets are calculated by adding Samty's total assets + the balance of the REIT AUM (assets under management). Also, the REIT's AUM are as of the date of the properties' acquisition as given in the Notice Concerning Acquisition of Properties released on July 15, 2022.

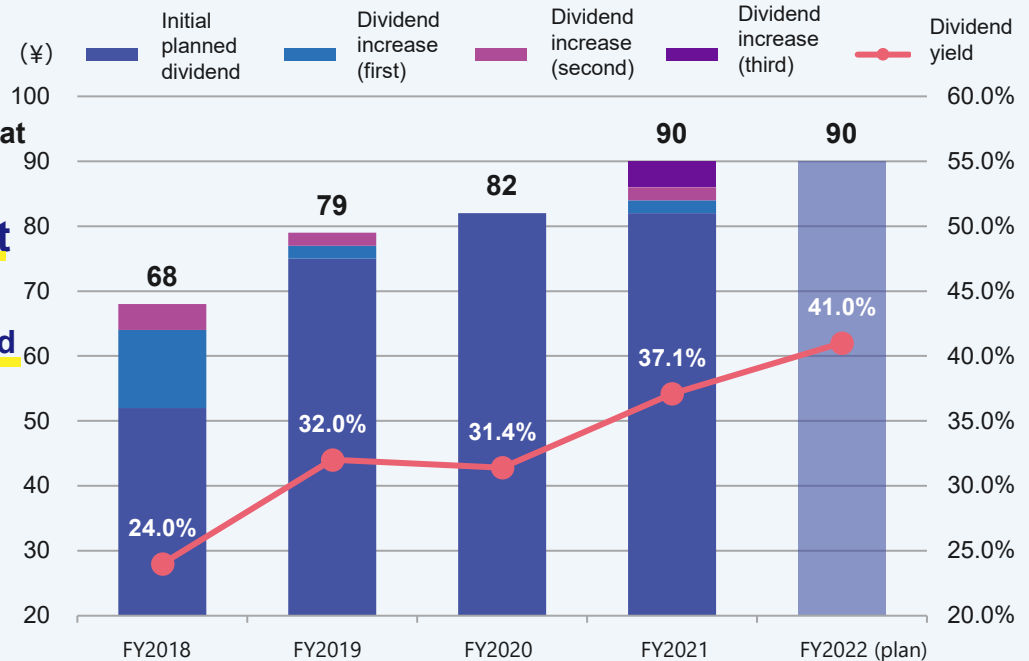


Dividends

In FY2021 we increased the dividend by ¥8 over the prior year, for an annual dividend of ¥90 (¥39 at mid-year and ¥51 at year-end).

In FY2022, we plan to maintain dividends at the prior year's level, with an annual dividend of ¥90 (¥39 at mid-year and ¥51 at year-end).

Note: In August 2018, we increased the planned dividend of ¥52 by ~~¥44~~, bringing the planned annual dividend to ~~¥96~~. Subsequently, on October 1, 2018, we allotted share acquisition rights without contribution based on a rights offering. This increased the number of shares issued and outstanding by 1.5 times, so the planned dividend of ¥96 was divided by 1.5, giving a dividend of ¥64. The dividend was then increased by ¥4 at year-end, bringing the total annual dividend to ¥68.



Shareholder returns

1. Shareholder benefits

We send out vouchers for a free stay at the hotels in Japan in which we are involved to shareholders of record as of November 30.

2. Increase the ratio of voting rights exercised (underway since FY2020)

We give a QUO prepaid card worth ¥1,000 to those shareholders who have exercised their voting rights. (Reference metric: The ratio of voting rights exercise has increased by more than 30% for two consecutive years)

Number of Shares and Shareholders

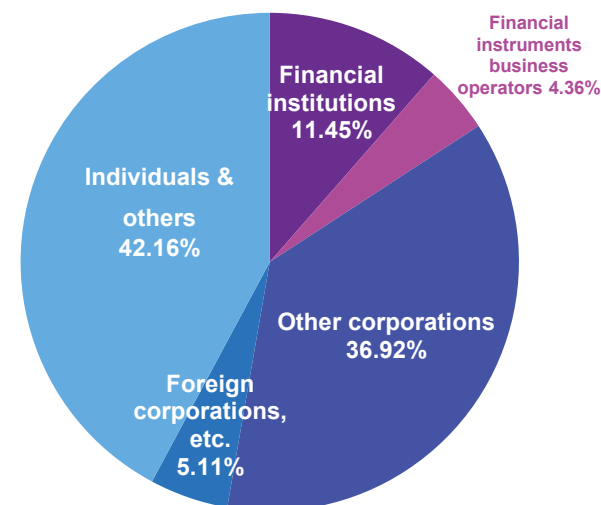
Total no. of authorized shares	----- Ordinary shares	159,200,000
No. of shares issued	----- Ordinary shares	46,522,685
No. of shareholders	----- Ordinary shares	35,367

Major Shareholders (Top 10)

Name of shareholder	Number of shares owned	Percentage of ownership
Daiwa Securities Group Inc.	13,195,050	28.36%
The Master Trust Bank of Japan, Ltd. (a trust)	3,493,800	7.50%
Shigeru Moriyama	3,006,872	6.46%
SMBC Nikko Securities Inc.	1,313,600	2.82%
Individual	1,300,200	2.79%
Individual	1,271,566	2.73%
Daiwa PI Partners Co. Ltd.	1,250,000	2.68%
Tsuyoshibiru Co., Ltd.	1,220,000	2.62%
Custody Bank of Japan, Ltd. (trust account)	1,027,500	2.20%
Kazushi Eguchi	804,124	1.72%
Total	27,882,712	59.93%

Share Distribution by Ownership

Owner	No. of shares	No. of shareholders	Percentage
Financial institutions	5,326,250	22	11.45%
Financial instruments business operators	2,029,224	29	4.36%
Other corporations	17,176,823	256	36.92%
Foreign corporations, etc.	2,375,595	174	5.11%
Individuals & other	19,614,391	34,885	42.16%
Treasury shares	402	1	0.00%
Total	46,522,685	35,367	100.00%



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

First Half of the Fiscal Year Ending November 30, 2022

Topics and Future Initiatives



- Through a joint investment with Katana Inc. (Katana), we have established a new company that will hold the management rights to Nesta Resort Kobe, a large-scale resort facility with a hotel and other lodging accommodations in Miki City, Hyogo Prefecture. This company became a consolidated subsidiary as of June 30, and we began managing the resort in July.

About Nesta Resort Kobe

The first great outdoors adventure theme park in Japan. With a huge area of 2.3 million m² (e.g., about 60 times the area of Hanshin Koshien Stadium and larger than the Tokyo Disney Resort's roughly 2 million m²), this leading Kansai area resort and entertainment facility offers more than 40 types of activities and excitement beyond one's wildest imagination that cannot be experienced in daily life.

* According to a Katana survey of types of theme park facilities among 603 Japanese domestic leisure and amusement facilities as of September 2018

A well-known case of a successful V-shaped recovery in visitors due to Katana's brand design and building efforts starting in 2018. In terms of profitability, its EBITDA is now positive, despite COVID-19.



Official website:

<https://nesta.co.jp/>



About Katana Inc. and Tsuyoshi Morioka



Mr. Tsuyoshi Morioka, CEO, Strategist, and Marketer Katana Inc.

Developed the Morioka method of marketing theory and carried out a dramatic corporate restructuring in just a few years at Universal Studios Japan, which was facing a management crisis. Founded Katana Inc., a specialist marketing group, in 2017. With the slogan, "Energize Japan Through Marketing and Entertainment," he is involved in a number of projects, including the reopening of the Seibu Amusement Park in celebration of its 70th anniversary and the Okinawa North Theme Park.



- In the future, **we plan to invest ¥10 billion in this facility over a 5-year period.** We will make the park more attractive for growth by rebranding the hotel, enhancing the attractions, and, mindful of its coexistence with the local community, focusing on foreign visitors to the Kansai area.
- With this initiative, we will develop a sustainable business that is a new source of income for our domestic business.

Reason for business entry and future prospects

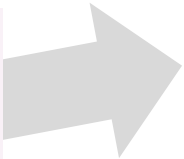
Post-COVID, people's behavior will shift toward "experiences"

The theme park market will therefore expand globally.

We view the theme park business as a growable resource for attracting external demand to Japan



Being our third domestic segment after rental apartments and hotels, it will add more potential to our existing business model



From our joint press conference with Katana Inc. (July 5)



We announced our future plans in a statement to the press attended by more than 30 reporters from 15 companies, explaining to them our use of hotel development knowhow and that we are investing in facilities encompassing large areas that take advantage of the outdoors.



We are taking new steps to build a theme park business, which has high entry barriers, and we want to contribute to local economic development using this as a model case for regional revitalization.

We want to make Nesta Resort Kobe into a favored space for outdoor leisure activities that will attract foreign visitors from throughout Japan.

- Fifteen major broadcasters and newspapers in the Kansai area attended the press conference.
- Following the press conference, we sat for individual interviews and many media outlets reacted to this news, so we sent them information. This suggests the level of interest.

Examples of media coverage and exposure

Covered by 46 media companies, such as newspapers, TV, and news websites (as of July 19)

Nikkei newspaper, Yomiuri newspaper, Asahi newspaper, Sankei newspaper, Mainichi newspaper, Kobe newspaper, Kyoto newspaper, NHK, Kansai Television, Mainichi Broadcasting System, Yomiuri Telecasting, Asahi Television Broadcasting, Television Osaka, Diamond Online, Kyodo News, Jiji Press (in random order)

Targets for Nesta Resort Kobe

- Create a setup that generates profits after depreciation so that in 5 years we can increase the level of profit by 5x-10x from the current level.
- We want to run ATVs in the mountains.
- We want to use our hotel development and management knowhow to remodel the park into a facility where people can experience staying overnight in an environment like the outdoors.



Outlook for the theme park business

- Expand the knowhow that is being build up at Nesta Resort Kobe to facilities in other areas.
- We would also like to export our theme park management knowhow overseas.



- We decided to open the hotels being developed in Hida Takayama and Haneda under the Mercure brand of the French global hotel chain company Accor. We will contribute to the creation of attractions that take advantage of the characteristics of various regions, not just the recovery and growth of the tourism industry in urban areas.

Name	Mercure Hida Takayama	Mercure Haneda
Location	Hanasatomachi 4-chome, Takayama City, Gifu Prefecture	Haneda 1-chome. Ota-ku, Tokyo
Access	4-minute walk from Takayama Station on the JR Takayama Main Line	3-minute walk from Otorii Station on the Keikyuu Airport Line
Guest rooms	161	363
Opening	Scheduled for Dec. 2022	Scheduled for winter 2023
Concept	A hotel with a delicate yet bold design inspired by Hida Takayama's traditional crafts and where one can pass comfortable and sumptuous days and time while enjoying the scenery of the changing seasons.	A design that evokes "TOKYO ELECTRIC." A hotel where one can appreciate a design that is both new and somewhat nostalgic, as it combines the old image of Tokyo's Haneda with a modernistic atmosphere.

Summary of the Operator and Hotel Brand



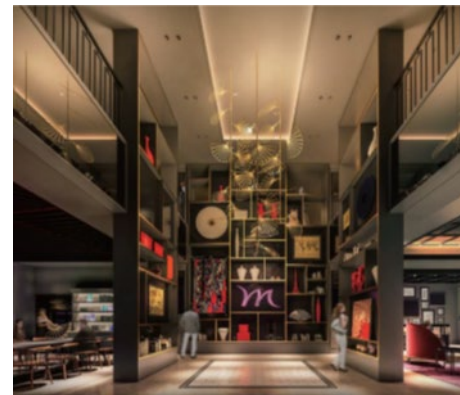
A hotel chain company headquartered in Paris, France. Has more the 5,300 hotels and residences with more than 10,000 restaurant and bar facilities in 110 countries around the world.

MERCURE HOTELS

Mercure is Accor's mid-scale hotel brand aimed at both business and leisure travelers. It combines the advantage of an international network with the true hospitality that reflects local characteristics and culture.



Mercure Hida Takayama
Rendering of entrance lobby



Mercure Haneda
Rendering of entrance lobby

- We opened the East Kanto Office and the North Kanto Office under our Tokyo Branch, as we intend to expand our sales territory in the Kanto district.
- We will also actively pursue the acquisition of income properties and development projects in popular areas of Chiba and Saitama Prefectures.

Tokyo Branch, East Kanto Office (opened Aug. 1, 2022)

Location: Funabashi Sky Bldg., 7th fl., 2-1-34, Honcho, Funabashi City, Chiba Prefecture



Exterior



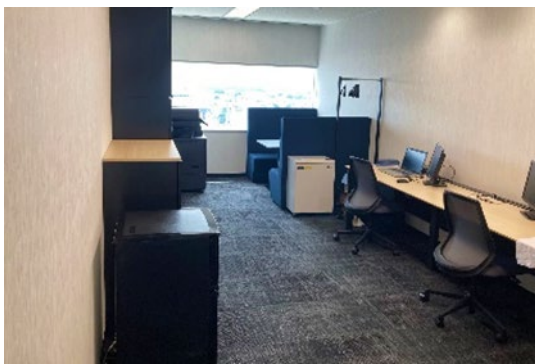
View of the office

Tokyo Branch, North Kanto Office (opened July 4, 2022)

Location: Sonic City Bldg., 16th fl., 1-7-5, Sakuragicho, Omiya-ku, Saitama City



Exterior



Office



Opening these new offices gives us four locations in the Tokyo area, including the Tokyo Branch, and further strengthens our sales network. We will be pursuing the acquisition of land for development and income properties.

In advance of our 40th anniversary, we revamped our corporate logo to represent our rising to new heights

The motif of the logo's design is that of a wing taking flight. Based on the Samty Group's corporate statement and new slogan adopted last year, "**Samty, Beyond real estate**," it represents the image of a wing flying toward the future, beyond conventional thinking. We also changed how we write the company's name to English, in line with the further expansion of our overseas business in the future.



Corporate Statement

"Let's put some wood together and live in this place."
The person who first came up with this idea was probably laughed at for being an iconoclast. However, this repeated lack of common sense built our world of today.

We at Samty want to be real estate iconoclasts.
We want to shock the world with our ideas.
You can expect Samty to be intrigued by and leap up to tackle yet unseen challenges.

Slogan

"Samty, Beyond real estate."

The same logo design is being used consistently throughout the Samty Group. We are aiming to steadily increase our corporate value by working together as one Group in the future.

Sustainability Initiatives



- We formed an ESG investment fund at our subsidiary, SAMTY ASIA INVESTMENTS PTE. LTD. (SAI). The fund anticipates making impact investments and investing in green bonds and social bonds for projects that contribute to the environment and the building of a sustainable society.
- One project of the ESG investment fund is investing in green bonds for a wind power generation project in Italy.

Establish ESG investment fund

Established at SAI, one of our subsidiaries. Will contribute to the building of a sustainable society in accordance with the theme, "Coexistence of people and nature."

SAI monitors investments

Actively pursue ESG investments, not only taking the economics and profitability into consideration, but also energy and resources.

Invest globally

Develop overseas business that transcends national boundaries and scales and that does not adhere to conventional frameworks.

Contribute to the building of a sustainable society

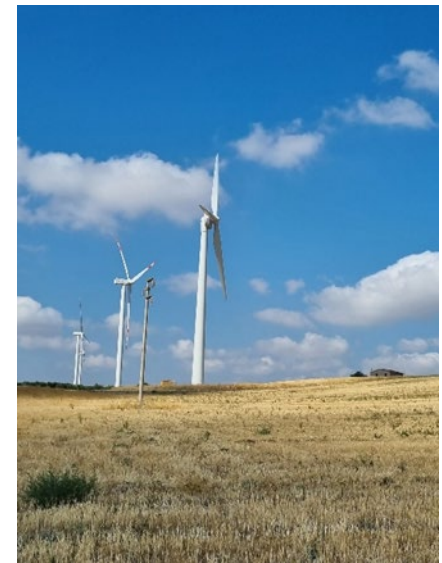


Overview of green bond investment

Investment purpose	Investment in sustainable energy power generation projects anchored by a wind and solar power project in Italy
Investment location	Potenza, Basilicata in southern Italy
Investment type	Private placement bonds (fixed-rate)
Source of interest and principal payments	Principal and interest payments will be sourced from income from the sale of electricity
Investment term	10 years
Generation capacity	500kW × 20 towers
Annual volume generated	28 million kW h (electricity to serve about 6,500 households/year)



Tower under construction



Nearby towers

- On May 20, 2022, we sponsored the second online edition of the Dream Classroom at Kitanodai Primary School in Sapporo.
- The Samty Group will encourage the realization of our company as one that values people by supporting people throughout Japan who strive toward achieving their dreams, including children and current and former athletes.



The Dream Classroom is a program that aims to contribute to the healthy growth of children’s bodies and minds. Current and former athletes developed this course, which teaches children the greatness of having a dream and the importance of striving to make one’s dreams come true.



Mr. Takeomi Ito (former member of the Japanese national rugby team), the Dream Teacher for the second sponsored class



Realization of a company that values people

From our Sustainability Basic Policy

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.

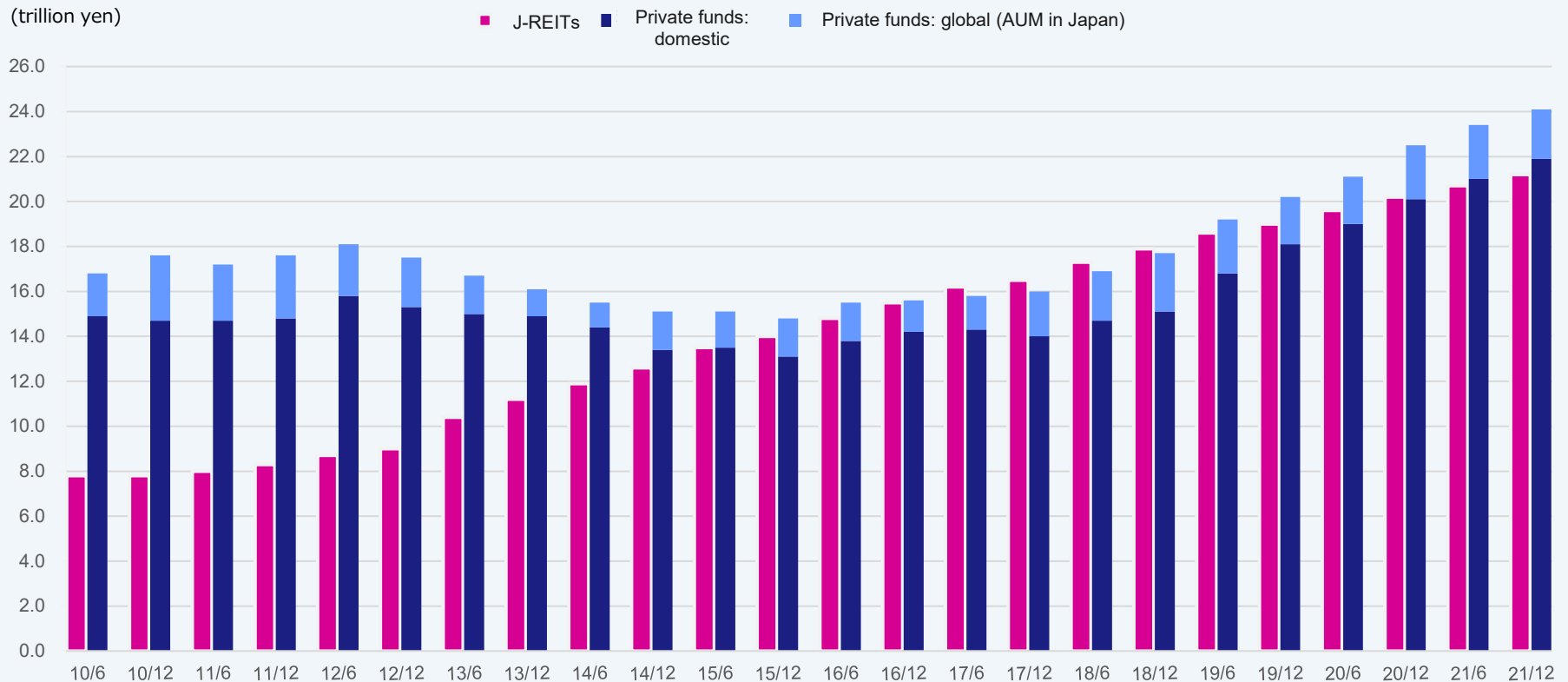
We will continue to actively support social contribution activities that share the Samty Group’s management philosophy, Sustainability Basic Policy, and values.

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 March 2022.
- The pace of the market's growth remained the same as in the previous survey. Overseas investors view Japanese real estate as highly desirable for investment due to the weak yen and low interest rates, so the market for private domestic real estate funds will continue growing.

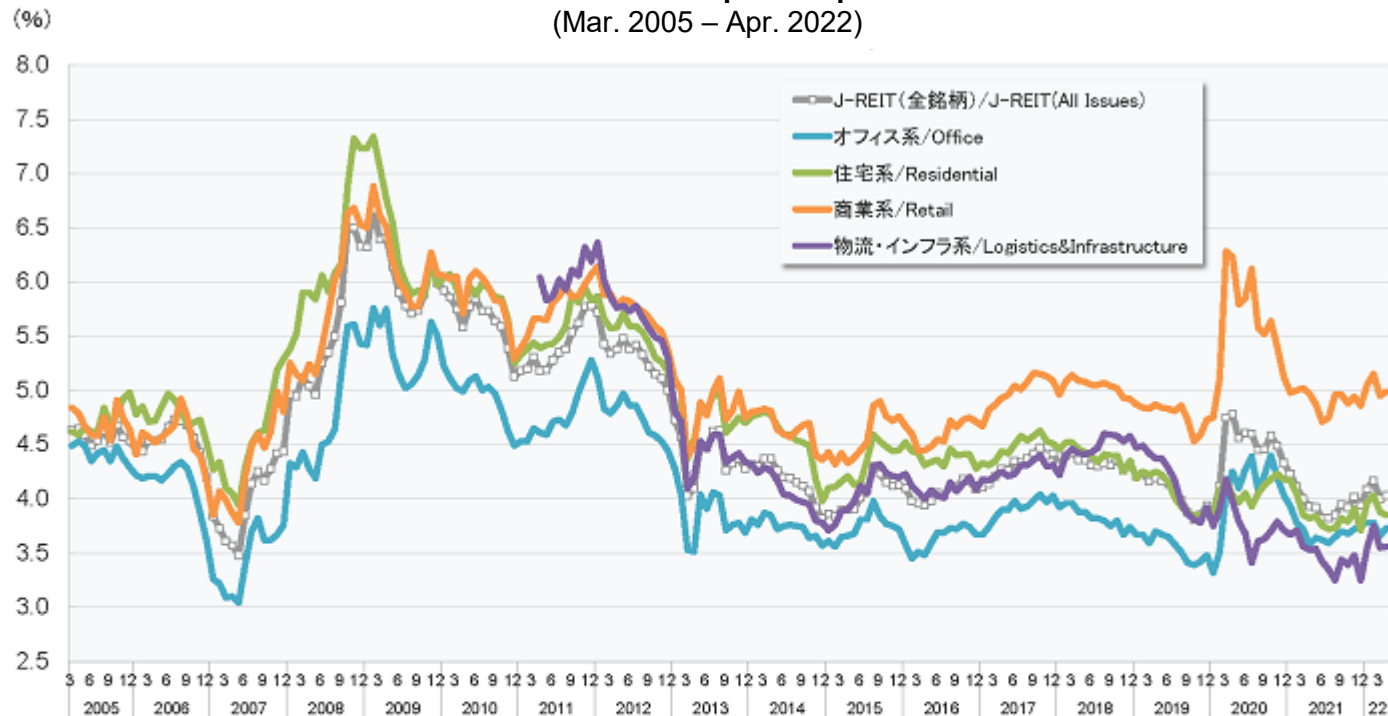
Trend in the market scale of the J-REIT and private placement funds



Source: Prepared by Samty using data from the Sumitomo Mitsui Trust Research Institute Ltd.'s Survey on Private Real Estate Funds, released on March 15, 2022.

- In a survey released in June 2022, the capitalization rate of players who constantly invest in rental apartments continued to decline. Market prices for income properties continue to rise, and the cap rate, including for residential REITs, remains low.

SMTRI J-REIT Implied Cap Rate
(Mar. 2005 – Apr. 2022)



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

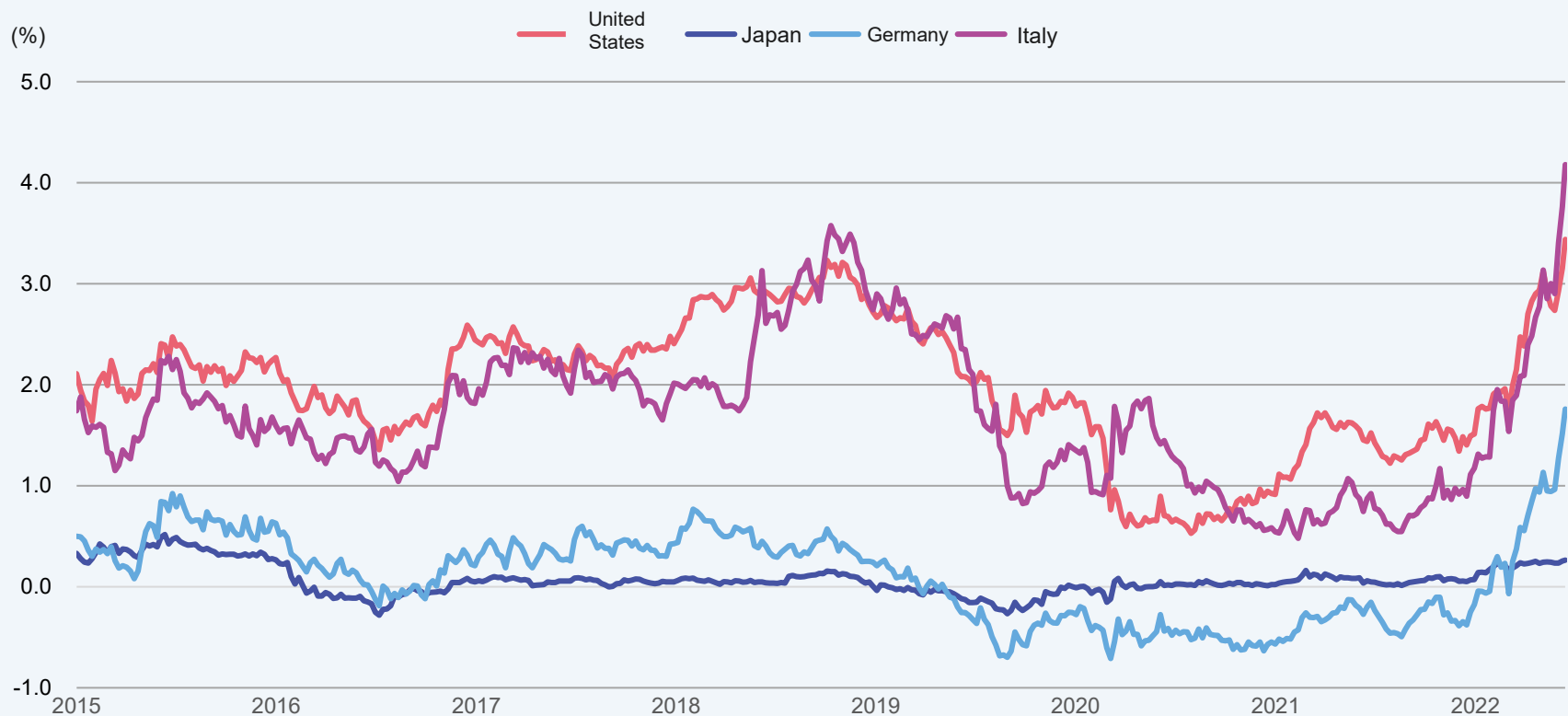
Notes: 1. Implied cap rate = leasing business profits before depreciation / (market cap + net interest-bearing debt + deposits from tenant)

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

- While central banks overseas have been raising their policy interest rates, the Bank of Japan maintains its policy of monetary easing and intends to continue its policy of low, stable interest rates going forward.
- The interest-rate differential with Western countries, where monetary easing is diminishing, has been expanding. The yen is weakening, and the trend toward overseas investors' preference for Japanese real estate continues.

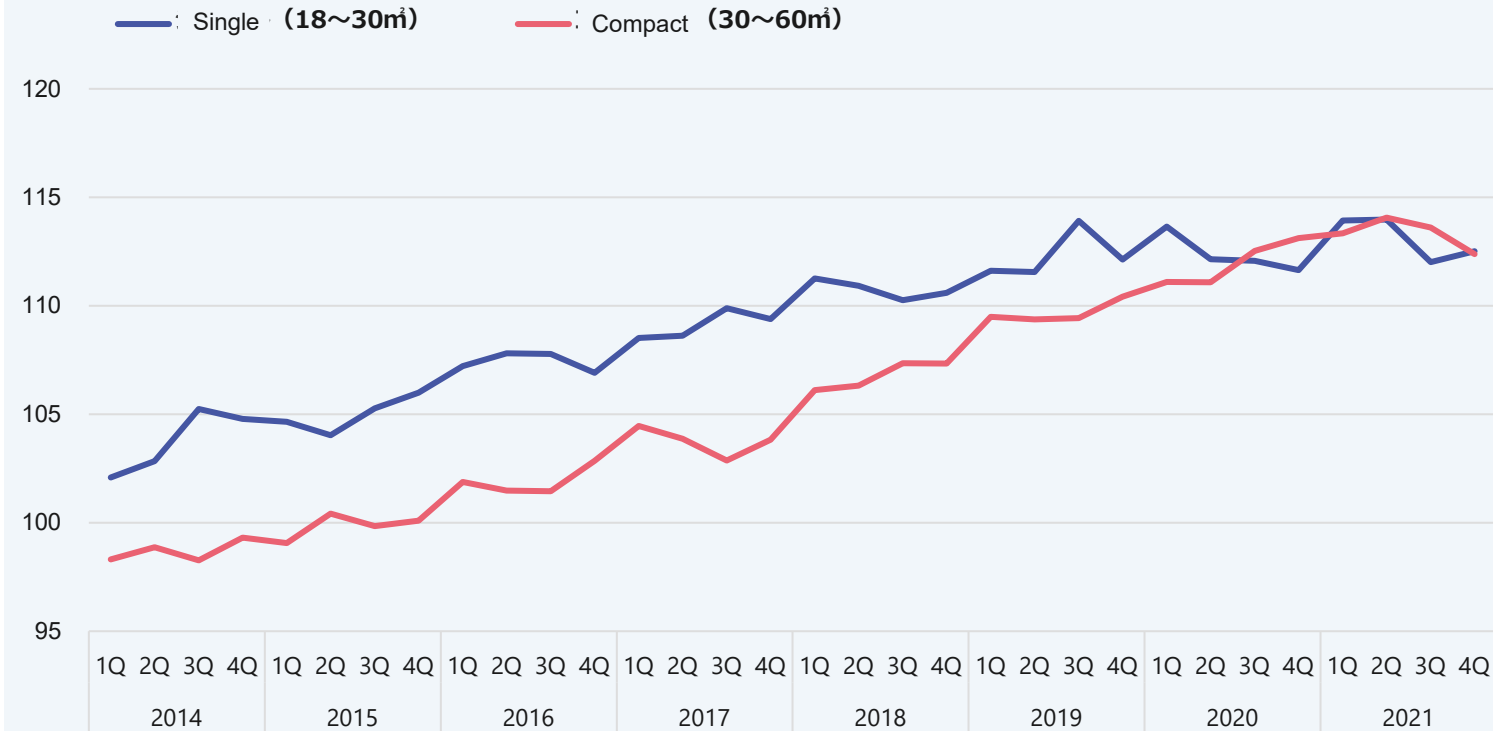
Trends in Long-term Interest Rates in Various Countries



Source: Prepared by Samty using Bloomberg data.

- Due to strong demand for living near work and other reasons, residential rents in major cities have continued to trend gently upward, increasing by more than 10% since the survey's inception in 2009.
- **According to statistics, in the Tokyo suburbs and in major cities nationwide, except for single-size units in Nagoya, rents continued to inch up in 2021, but our view of the market is that rents are generally firm in areas other than the 23 central wards of Tokyo. However, in the Joto (eastern) part of Tokyo, we are starting to see signs of change compared with other major cities, such as lease periods lengthening, so as one countermeasure, we are changing the room layouts for our development housing.**

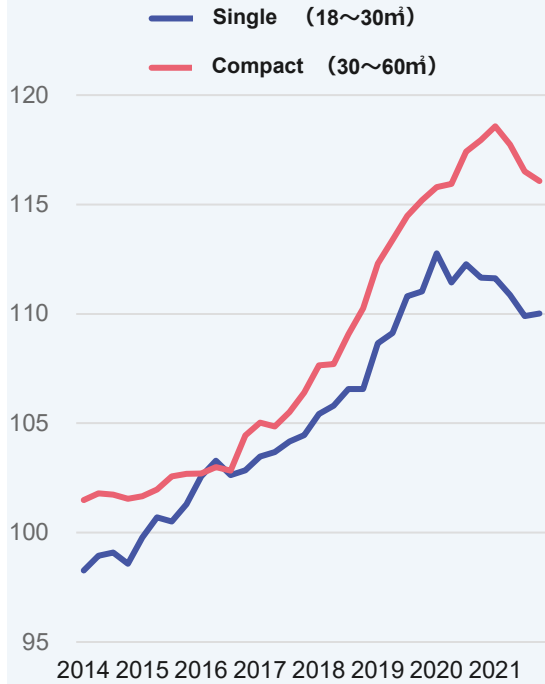
Average Rents by Dwelling Type in Five Major Cities (2009 Q1 = 100)



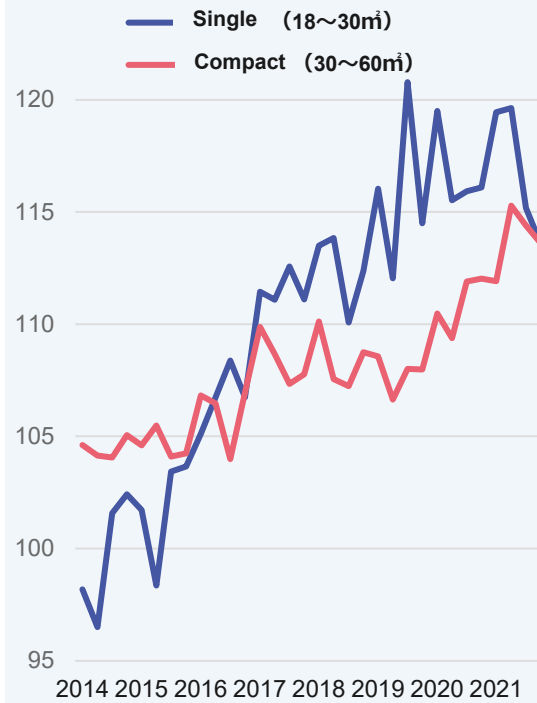
Source: Prepared by Samty based on data from the AtHome Lab Co., Ltd. and Sumitomo Mitsui Trust Research Institute Ltd.'s Residential Rent Index, released on March 22

*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.)

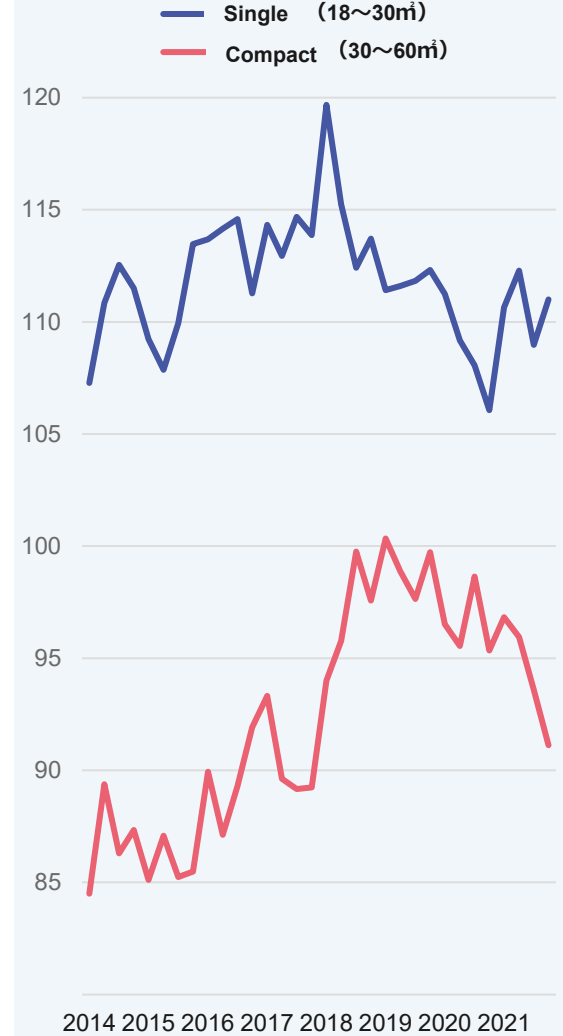
Tokyo 23-ward area



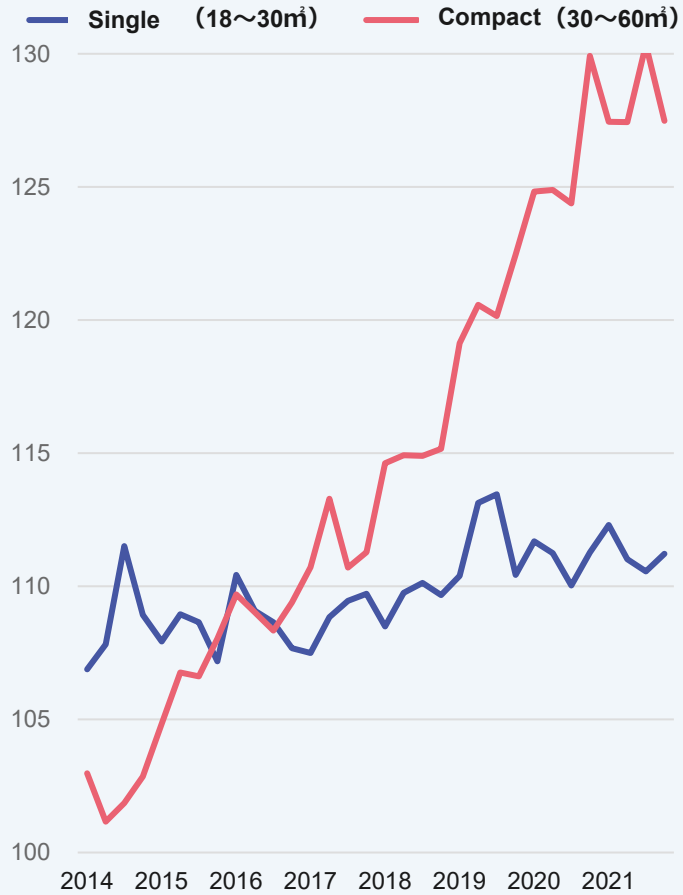
Sapporo



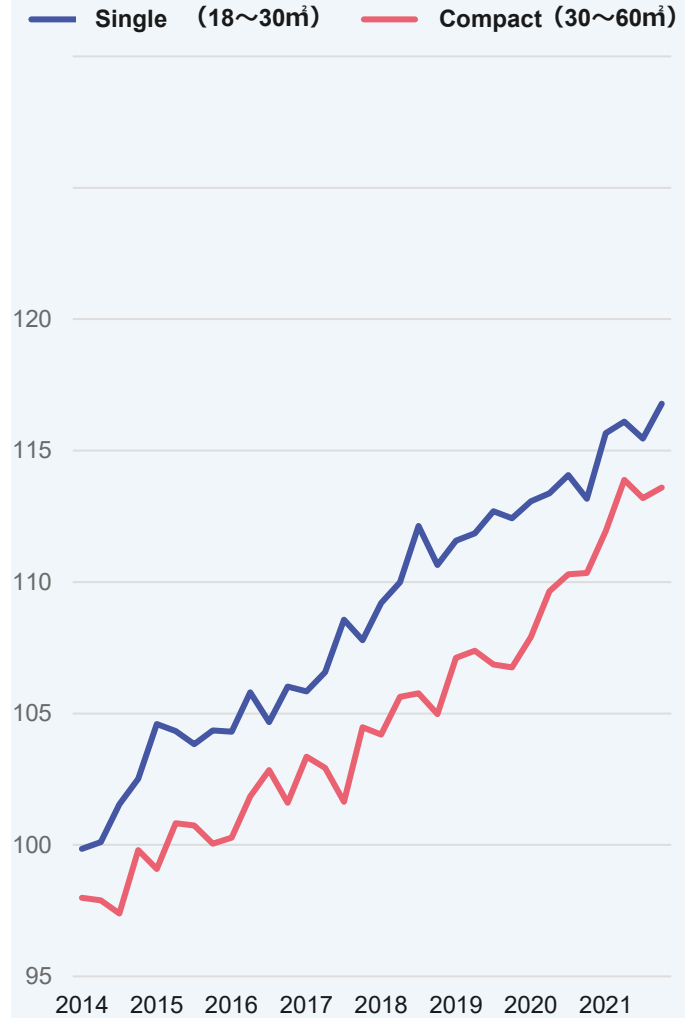
Nagoya



Osaka



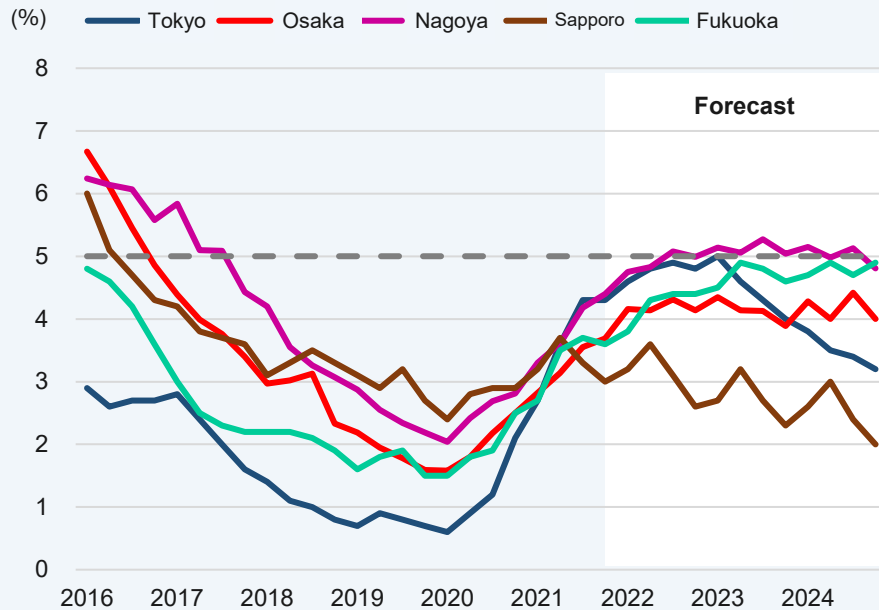
Fukuoka



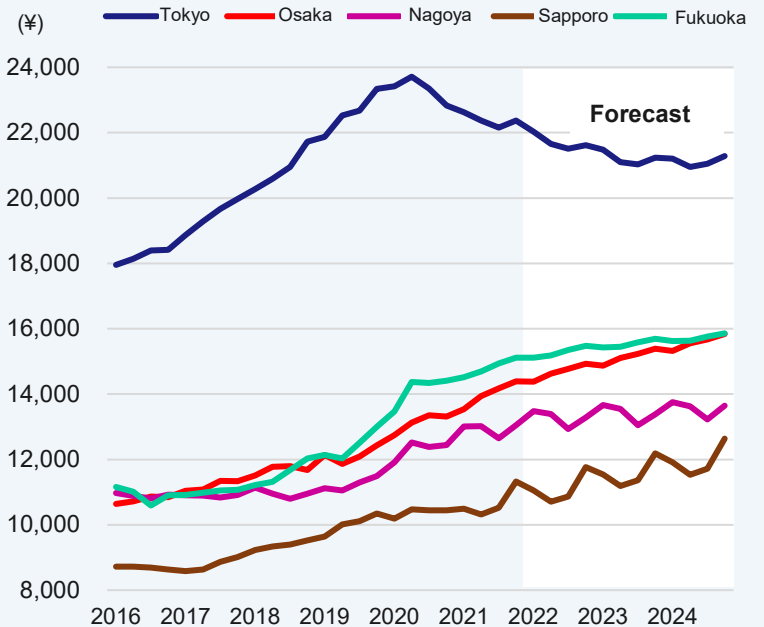
Vacancy rates: Vacancies rates have risen in all five major cities, except Sapporo, due to such factors as the spread of telework and a shift to smaller rental spaces. In the forecast, one area is exceeding the level at which it becomes a renter's market (5%), but the forecast is for vacancies to remain flat or to decline again. The need for offices in regional urban areas where new supply is limited is expected to be firm.

Rents: In Tokyo, office rents will continue their downward trend for the time being. In the other cities, rents are expected to increase, as they did prior to COVID-19.

Trend and Projections of Office Vacancy Rates in the Five Major Cities



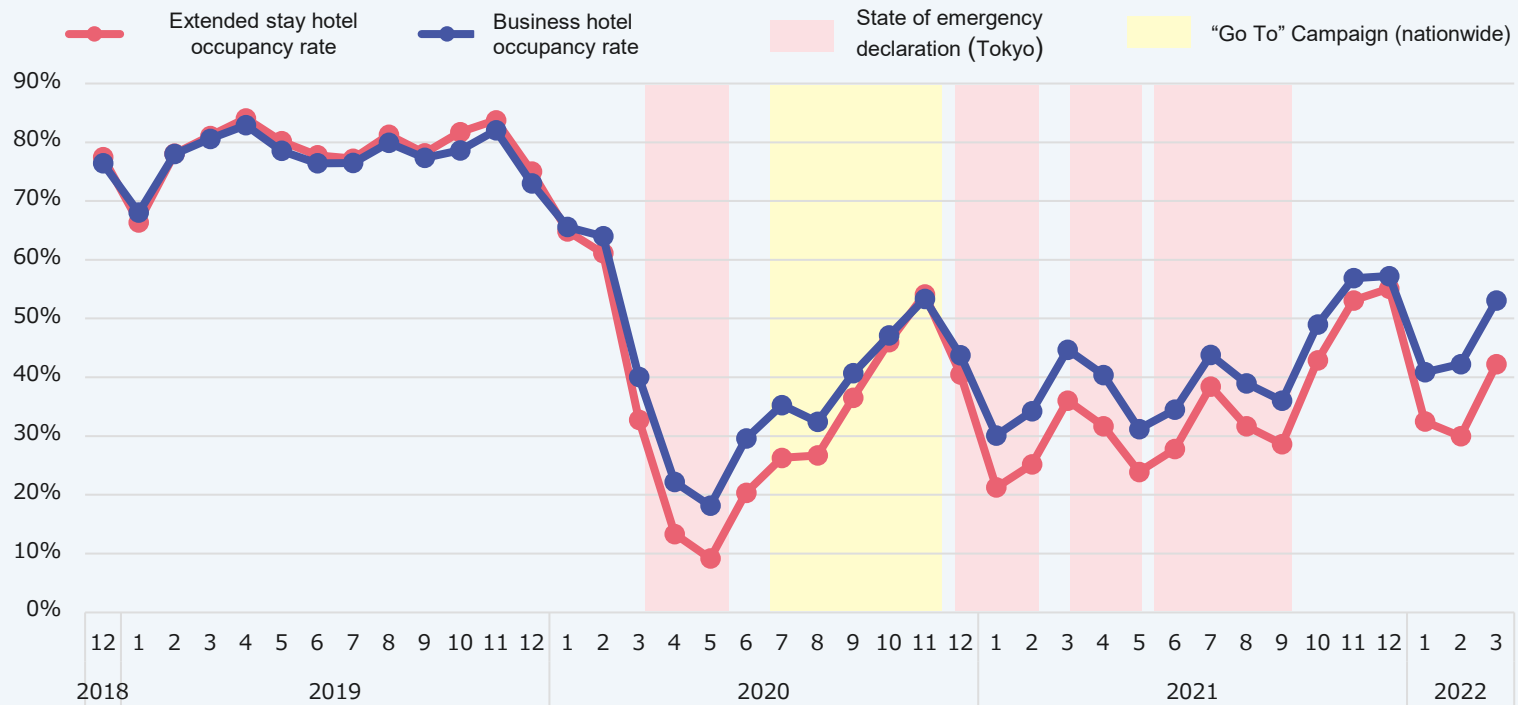
Trend and Projections of Office Rents in the Five Major Cities



Source: Prepared by Samty based on Commercial Property Research Institute Inc.'s 2021 Q4 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: Fukuoka City
 (Q1: Jan.-Mar.; Q2: Apr.-June; Q3: July-Sept.; Q4: Oct.-Dec.)

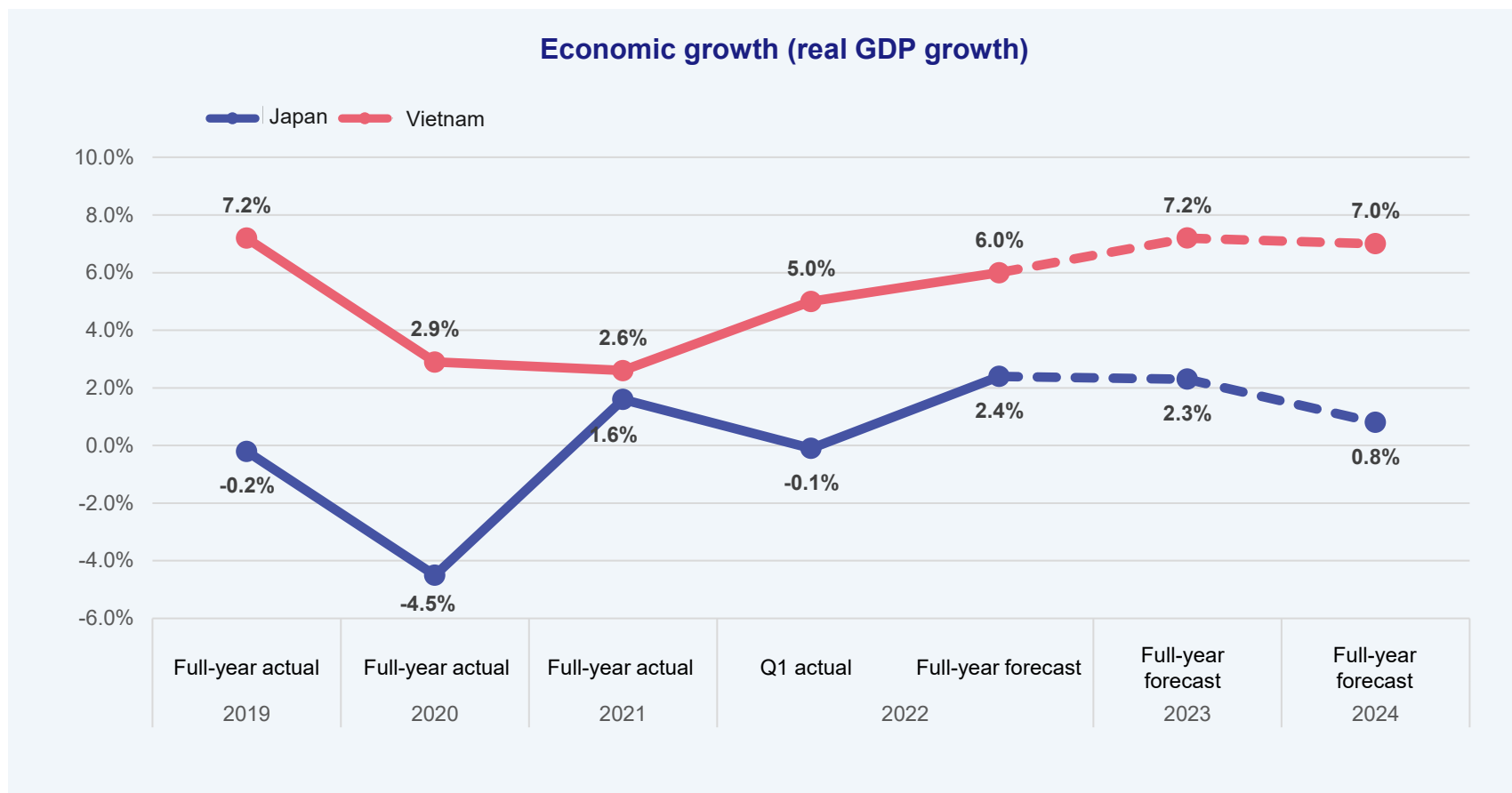
- Total overnight guests and room occupancy rates have been recovering since the beginning of 2022 due to pent-up demand for travel and progress with the third COVID-19 vaccinations.
- Demand for tourism is expected to recover further because some regions started offering discounts to prefectural residents in April and due to the anticipated launch of support for travel throughout the country.
- We are keeping an eye on the recovery of demand for domestic business travel and tourism by Japanese residents and an increase in inbound demand as the border controls are eased.

Hotel Occupancy Rates (Average for 8 Prefectures Where We Are Present)



Source: Prepared by Samty based on the Japan Tourism Agency's Overnight Travel Statistical Survey.
The 8 prefectures are Tochigi, Tokyo, Aichi, Kyoto, Osaka, Hiroshima, Fukuoka, and Nagasaki

- In Vietnam, where economic growth is rapid, the full-year forecast sees a clear recovery from the shock of COVID-19. In Japan as well, there are signs of a recovery to pre-COVID levels. In addition, central banks around the world are starting to tighten their monetary policies due to concern about the sudden inflation across the globe, and we are watching to see whether the large-scale interest rate hikes in the U.S. will lead to a recession and have an impact on the global economy.



Source: Prepared by Samty based on each country's actual figures for 2021 Q1-Q3 and on the International Monetary Fund's full-year actual numbers and forecasts as of April 2022.

(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 abolished 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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