



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

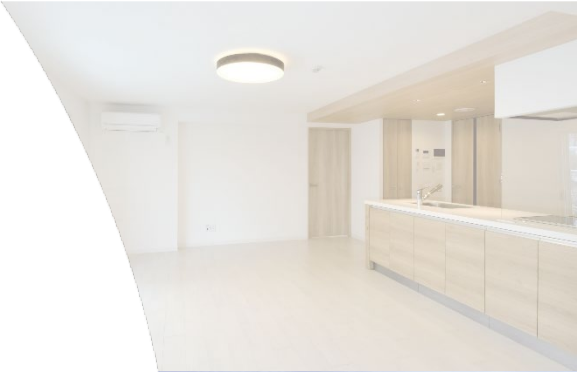
Samty Co., Ltd. (securities code: 3244)



<p><b>1. First Quarter of the Fiscal Year Ending November 30, 2022 Topics and Future Initiatives</b></p> <ul style="list-style-type: none"> <li>✓ Investment in Banyan Tree Higashiyama Kyoto</li> <li>✓ Acquisition of DBJ Green Building Certification for Our Developments</li> <li>✓ Completion of the Chugoku Area's First S-RESIDENCE</li> <li>✓ Business with Samty Residential Investment Corporation (SRR)</li> <li>✓ Became an Official Sponsor of the ORIX Buffaloes</li> <li>✓ Response to The Plastic Resource Circulation Act</li> </ul>	P. 02	<p><b>4. Medium-Term Management Plan Samty Toughening Plan (Post-COVID Version) Review and State of Progress</b></p> <p style="text-align: right;">P. 27</p> <ul style="list-style-type: none"> <li>✓ Basic Policy and Key Performance Indicators (KPIs)</li> <li>✓ Transformation of the Earnings Structure</li> <li>✓ State of Progress of the Investment Plan</li> <li>✓ State of Progress in Key Performance Indicators (KPIs)</li> <li>✓ State of Progress in Expanding Group Assets</li> <li>✓ State of Progress in the Transformation of the Profit Structure (Expansion of Income Gains)</li> </ul>
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**First Quarter of the Fiscal Year Ending November 30, 2022**

**Topics and Future Initiatives**



- This property will become a consolidated subsidiary through the phased acquisition of about 90% of the silent partnership’s investment in the joint venture owning the trust beneficiary rights in the hotel development project, which is being built by Wealth Management, Inc. (WM), an equity-method affiliate.
- It is also being considered for future inclusion in our hotel REIT, which is now preparing for an IPO, depending on the attributable profit from our ownership stake following the hotel’s completion.



Artist’s rendition of the exterior of the building



Artist’s rendition of the restaurant terrace overlooking the Noh stage



Artist’s rendition of the lobby lounge

## Project summary and hotel features

- 1. Kengo Kuma & Associates, which is led by world-renowned architect Kengo Kuma, is handling the hotel’s design.**
- 2. Banyan Tree Hotels & Resorts, a primarily Asian high-end hotel chain, will be responsible for operations.**  
The hotel will be launched as a luxury hotel, the first in Japan for the Banyan Tree brand, an international hotel brand.
- 3. The Gion and Higashiyama area has hot springs and this will be the first international brand hotel in the area which will have some guest rooms with hot springs. Construction plans also call for a Noh stage, the first one at a hotel in Kyoto City.**



BANYAN TREE GROUP

## Details

<b>Name</b>	Banyan Tree Higashiyama Kyoto
<b>Location</b>	Ryozen-cho 7, Seikanji, Higashiyama-ku, Kyoto
<b>No. of floors</b>	One below ground, four above ground
<b>Total floor space</b>	Approximately 7,120 m <sup>2</sup>
<b>Lot size</b>	Approximately 5,850 m <sup>2</sup>
<b>No. of guest rooms</b>	52
<b>Expected opening</b>	Spring 2024

- In line with our transition to a “develop and own” business model, the Samty Group has acquired three-star, two-star, and plan certification as part of DBJ Green Building Certification,\* an environmental certification program, on 11 S-RESIDENCE properties that we have developed and own.
- Going forward, we plan to acquire more of the same certification on develop & own properties. Our policy is to supply income properties that consider diverse social needs and energy, not just profitability, and to implement initiatives that will help improve our sustainable corporate value over the medium and long term.

\* A program created by the Development Bank of Japan (DBJ) to evaluate and certify real estate properties for their environmental performance, as well as their impact on society and the economy based on a comprehensive assessment.

New certifications (8 properties)



DBJ Green Building 2021



S-RESIDENCE Oji east



S-RESIDENCE Maruyama Omotesando



DBJ Green Building 2021



S-RESIDENCE Soen



S-RESIDENCE Horita



S-RESIDENCE Mitakeidaimae



S-RESIDENCE Nihonbashi Qualier



S-RESIDENCE Motoyama



S-RESIDENCE Yokkaichi Motomachi

Plan certification (3 properties)



DBJ Green Building 2021 Plan



S-RESIDENCE Kawaramachi



S-RESIDENCE Ujina 5 chome I



S-RESIDENCE Ujina 5 chome II

- Three properties in the S-RESIDENCE Series, which are the first in the Chugoku Area, were completed in Hiroshima City.
- By the end of 2022, we plan to complete a total of seven buildings in Hiroshima City, which is a business development location for us.



<b>Building name</b>	S-RESIDENCE Kawaramachi	S-RESIDENCE Ujina 5 chome I	S-RESIDENCE Ujina 5 chome II
<b>Location</b>	3-20 Kawaramachi, Naka-ku, Hiroshima	5-22-9 Ujinakanda, Minami-ku, Hiroshima	518-10 Ujinakanda, Minami-ku, Hiroshima
<b>Transportation</b>	2 minute walk from Funairi-machi stop on Hiroshima Electric Railway's Eba Line. 3 minute walk from Kawaramachi bus stop on Hiroshima Bus Route 25.	4 minute walk from Ujina 5-chome stop on Hiroshima Electric Railway's Ujina Line.	1 minute walk from Ujina 5-chome stop on Hiroshima Electric Railway's Ujina Line.
<b>Completed</b>	March 1, 2022	February 24, 2022	March 4, 2022
<b>Construction type/scale</b>	Reinforced concrete (RC) construction, 13 floors (120 units: studio apts)	RC construction, 11 floors (50 units: studio apts)	RC construction, 10 floors (54 units: studio and 1 bedroom apts)
<b>Features</b>	<ul style="list-style-type: none"> <li>• Very convenient spot popular among business people living away from their families</li> <li>• Near Peace Memorial Park and in walking distance of the city center</li> </ul>	<ul style="list-style-type: none"> <li>• Located near Hiroshima University and a general hospital. An accessible location with a stop for the downtown-bound tram</li> <li>• S-RESIDENCE Ujina 5 chome II will also have 1-bedroom layouts for DINKS</li> </ul>	

**With the aim of making strategic investments near major regional cities, the Samty Group plans to continue focusing on building in regional metropolitan areas, especially in areas near our branches**

- We acquired three properties from SRR for a total purchase price of ¥2,023 million and sold three properties to them for a total sale price of ¥3,212 million.
- By supporting the growth of this investment firm as its main sponsor, we aim to achieve mutual sustainable growth by aligning our interests.



**Properties acquired by Samty (sold by SRR)**

**3 properties**

**¥2,023 million**



S-FORT  
Gakuenmae



S-FORT  
Itabashi Shimura



S-FORT  
Noborito



**Properties sold by Samty (acquired by SRR)**

**3 properties**

**¥3,212 million**



SAMTY  
Taisho River Terrace



S-RESIDENCE  
Senrioka



S-RESIDENCE  
Kitasenju reiz

**Acquiring properties with a relatively high yield on Net Operating Income (NOI) will increase profitability**

**Helps to stabilize and maintain the overall profitability of the portfolio**

**Going forward, we will continue to help SRR build a stable portfolio**

- The Samty Group has been an ongoing supporter of the ORIX Buffaloes since 2012 by holding sponsor games and placing advertisements on the outfield fence at Kyocera Dome Osaka as an official stadium advertising sponsor.
- Starting with the 2022 season, we entered into an official sponsorship contract, and the left sleeve of players' uniforms now carry our corporate logo.



©ORIX Buffaloes

Yoshinobu Yamamoto, pitcher

The ORIX Buffaloes, who are based in our hometown of Osaka, has the team ideology of **giving fans excitement and exhilaration, nurturing children's dreams and hopes, and contributing to community- and people-building efforts in the local area.**

At the same time, as a member of society, the Samty Group is engaged in grass-roots initiatives geared toward practicing our corporate philosophy, which is the **realization of dreams through ethics, passion, and challenge.** In response to everyone's trust and expectations, we have now become an official sponsor because we are in harmony with the team's aspirations and are striving for a future in which anyone who has a dream can grow.

### Keeping our ads on the rightfield fence

Under the banner of regional revitalization, all of our executives and staff will proactively support the team's activities so that the local Osaka community and all of Japan can prosper through professional baseball.



**The Samty Group will continue its efforts to popularize sports and contribute to the development of regional economies throughout Japan by supporting team and players' activities by being a sponsor and other means.**



- This Act, which went into force in April, mandates measures for the reduction of single-use plastics.\* Hotels directly operated by the Samty Group are in the process of reducing plastics and properly disposing of them through voluntary efforts as a business operator and consumer of single-use plastic products.
- From now on, we will strive to increase the value of our portfolio assets from a medium- to long-term perspective in a way that aligns with the diversifying needs of society and takes energy and other resources into consideration under the theme, Coexistence of People and Nature, in addition to implementing initiatives to increase our sustainable value.

\* Mandated reductions are being promoted as a voluntary initiative of the Group because the Act targets business operators that use five tons or more of the items listed in the table below.

### Summary of the Plastic Resource Circulation Act

Major sectors	Hotels	Supermarkets, convenience stores, etc.	Dry cleaners, etc.
Applicable items	Hairbrushes, combs, razors, toothbrushes, shower caps	Spoons, forks, knives, stirrers, straws	Hangers, garment coverings
Reduction efforts of each business	Confirmation of intent regarding necessity, give points to non-users, switch to alternative materials, charge a use fee, etc.		

Set up an “amenity bar” at the front desk to promote thoughtful use of the above applicable items

Implement at the following four directly operated hotels

- CENTER HOTEL Tokyo
- S-PERIA INN Nihombashi Hakozaki
- S-PERIA INN Osaka Hommachi
- S-PERIA HOTEL Fukuoka Nakasu

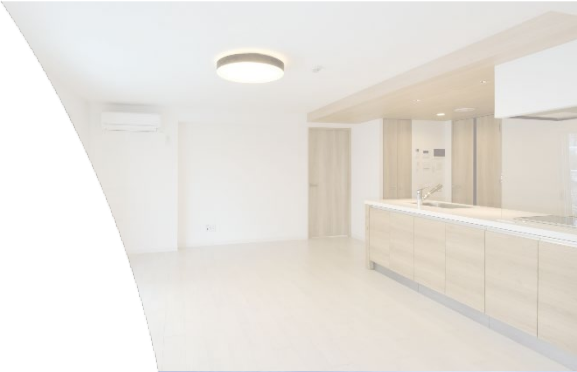


Help promote resource recycling by improving the recycling of plastics overall through awareness campaigns encouraging more thoughtful use of avoidable plastics (Reduce, Reuse) and practicing proper recycling (Recycle) when use is absolutely necessary.

**First Quarter of the Fiscal Year Ending November 30, 2022**

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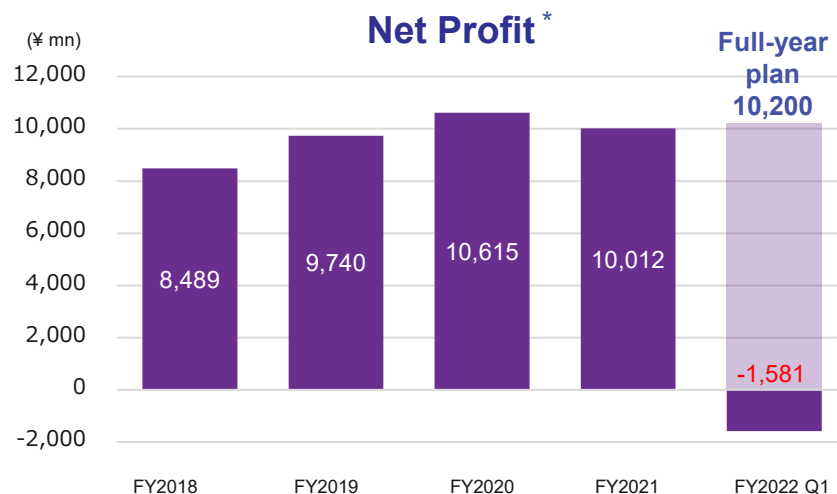
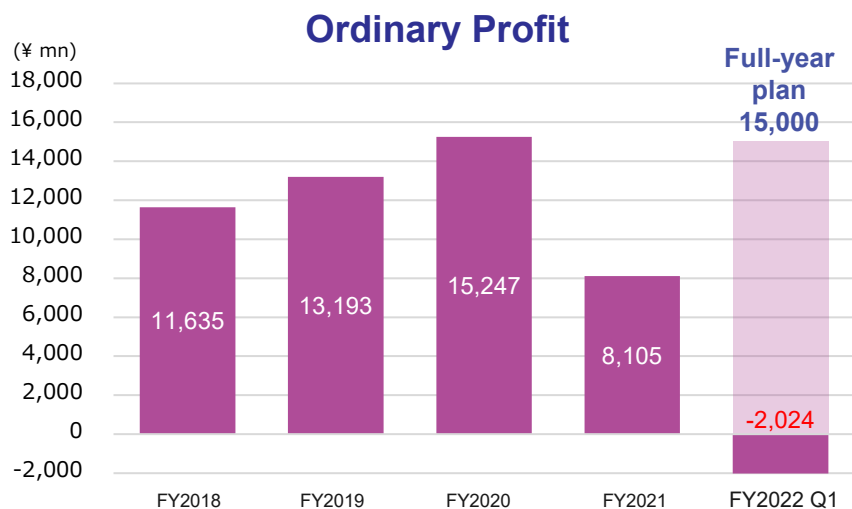
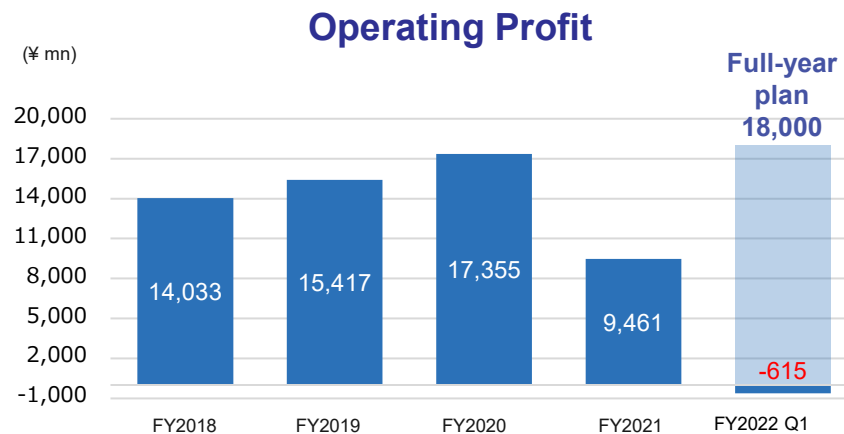
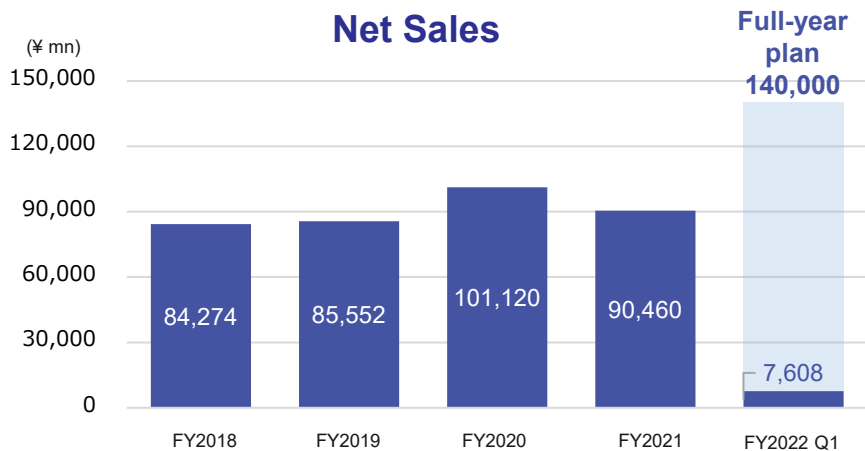
**Overview of the Consolidated Financial Statements**





## In Line with the Strategy in Our Medium-Term Management Plan, We Plan to Sell Properties Starting in Q2

- Q1 net sales were about ¥7.6 billion, and each of the three types of profit was negative. Based on the Medium-Term Management Plan, we are working to maximize income gains and, as our target period for property divestitures begins in our Q2, steadily moving toward achieving our full-year plan.



\*Profit attributable to owners of parent

- Net sales rose compared to the same period last year. With the transition of the earnings structure, in Q1 we continued promoting business from the perspective of purchasing in advance.
- The sales plan is concentrated in Q2 and onward, and it is expected to proceed according to plan.

(Unit: Millions of yen)	FY2021 Q1		FY2021 Q1		Year on Year		FY2022	
	Actual	Percent	Actual	Percent	Increase/ decrease	Percent change	Full-year plan	Percentage of progress
<b>Net sales</b>	<b>3,301</b>	<b>100.0</b>	<b>7,608</b>	<b>100.0</b>	<b>4,307</b>	<b>+130.4%</b>	<b>140,000</b>	<b>5.4%</b>
Cost of sales	2,741	83.0	6,088	80.0	3,347			
Selling, general and administrative expenses	1,888	57.2	2,135	28.1	247			
<b>Operating profit</b>	<b>-1,328</b>	-	<b>-615</b>	-	<b>713</b>	-	<b>18,000</b>	-
Non-operating profit	78	2.4	538	-	460			
Non-operating expenses	1,065	32.3	1,947	25.6	882			
<b>Ordinary profit</b>	<b>-2,315</b>	-	<b>-2,024</b>	-	<b>291</b>	-	<b>15,000</b>	-
Extraordinary income	918	27.8	-	-	-			
Extraordinary loss	0	0.0	0	0.0	0			
<b>Profit attributable to owners of parent</b>	<b>-905</b>	-	<b>-1,581</b>	-	<b>-676</b>	-	<b>10,200</b>	-
<b>Earnings per share (yen)</b>	<b>-22.47</b>	-	<b>-34.04</b>	-	<b>-11.57</b>	-	219.50	-

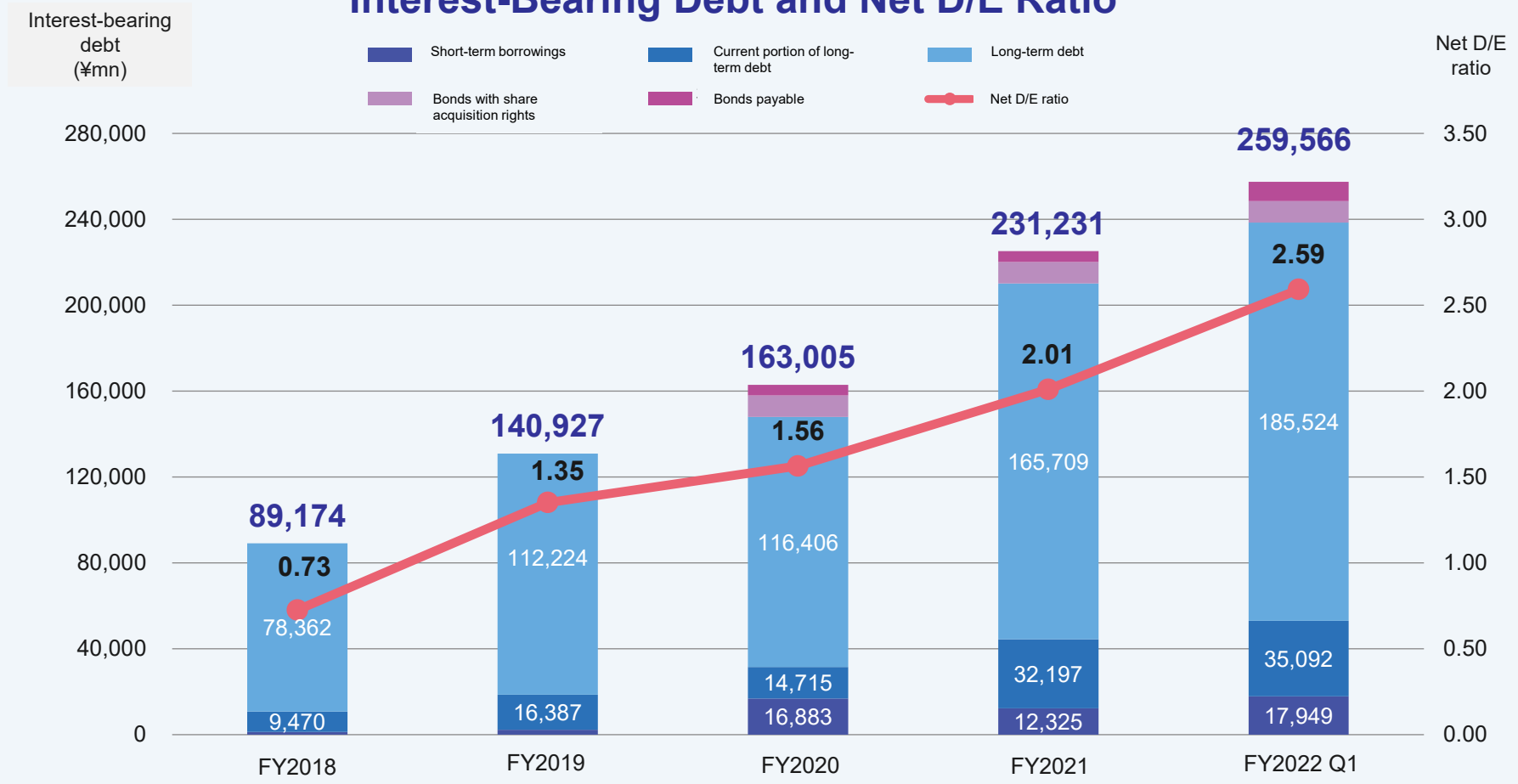
- Total Group assets increased by about ¥22.0 billion from the end of the previous fiscal year. Going forward, we will build our assets while focusing on financial discipline, etc.

(Unit: Millions of yen)	As of Nov. 30, 2021 Actual	As of Feb. 28 2022 Actual	Increase/ decrease	Main reasons for increase/decrease	
<b>Total assets</b>	<b>349,194</b>	<b>371,014</b>	<b>21,819</b>	◇Real estate for sale	
Current assets	225,094	231,897	6,802	Property acquisitions	+7,860 mn. yen
Cash and deposits	41,646	28,571	-13,075	Transfers and other	+9,868 mn. yen
Real estate for sale	107,875	121,939	14,064	Property sales	-3,630 mn. yen
Real estate for sale in process	71,075	77,882	6,806		
Non-current assets	124,048	139,066	15,018	◇Real estate for sale in process	
Property and equipment	91,306	106,177	14,871	Acquisition of land for development, and building costs	+11,943 mn. yen
Intangible assets	426	415	-11	Transfers and other	-5,137 mn. yen
Investments and other assets	32,315	32,474	158		
<b>Total liabilities</b>	<b>246,166</b>	<b>271,715</b>	<b>25,548</b>	◇Property, plant and equipment	
Current liabilities	54,618	60,354	5,735	Acquisition of income properties	+19,155 mn. yen
Short-term borrowings	12,325	17,949	5,623	Transfers and other	-4,284 mn. yen
Current portion of long-term debt	32,197	35,092	2,894		
Non-current liabilities	191,547	211,360	19,813	◇Shareholders' equity	
Long-term debt	165,709	185,524	19,815	Profit	-1,581 mn. yen
Bonds payable	9,000	9,000	0	Dividend payments	-2,369 mn. yen
Bonds with share acquisition rights	12,000	12,000	0		
<b>Net assets</b>	<b>103,028</b>	<b>99,299</b>	<b>-3,729</b>		
<b>Total liabilities and net assets</b>	<b>349,194</b>	<b>371,014</b>	<b>21,819</b>		
Interest-bearing debt	231,231	259,566	28,334		
Shareholders' equity	93,336	89,384	-3,951		
Equity ratio (%)	27.0%	24.3%	-2.7%		



- We continue to make growth investments while focusing on financial discipline. As borrowings increase, we will spread out the maturities of our liabilities and reduce their average interest rate.
- Long-term borrowings have an average maturity of 12.7 years and an average interest rate of 1.20%, and among them, our borrowings on income properties have an average maturity of 13.6 years and an average interest rate of 1.23%.

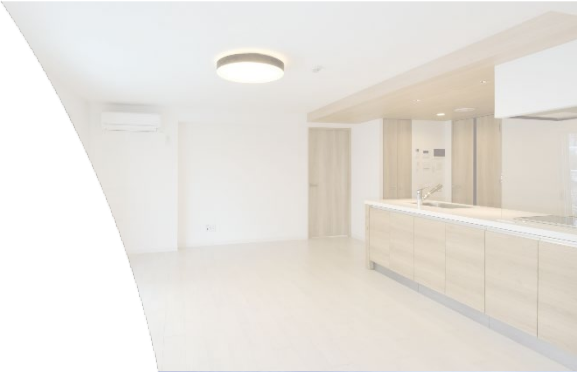
## Interest-Bearing Debt and Net D/E Ratio



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

**First Quarter of the Fiscal Year Ending November 30, 2022**

**Overview by Segment**



**Capital gains** The sales plan, which is concentrated in Q2 and thereafter, is expected to steadily generate net sales and profit for each business segment.

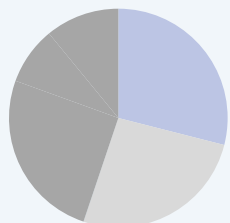
**Income gains** This consists mainly of acquiring income gains. The Real Estate Leasing Business and Real Estate Management Business are up compared to the same period last year and are proceeding according to plan. The Hotel Business recorded an operating loss due to the impact of activity restrictions implemented under the quasi-emergency measures for COVID-19.

(Unit: Millions of yen)	FY2021 Q1		FY2022 Q1		Year on Year		FY2022	
	Actual	Operating margin	Actual	Operating margin	Actual	Percent change	Full-year plan	Percentage of progress
<b>Net sales</b>	<b>3,301</b>	-	<b>7,608</b>	-	<b>4,306</b>	<b>+130.4%</b>	<b>140,000</b>	<b>5.4%</b>
Real Estate Development Business	493	-	2,212	-	1,718	+347.9%	47,000	4.7%
Real Estate Solution Business	402	-	2,000	-	1,598	+397.5%	53,600	3.7%
Overseas Business	49	-	-	-	-49	-99.9%	18,500	0.0%
Real Estate Leasing Business	1,520	-	1,908	-	387	+25.5%	9,400	20.3%
Hotel Business	350	-	709	-	359	+102.5%	8,100	8.8%
Real Estate Management Business	600	-	1,068	-	468	+78.0%	5,000	21.4%
Adjustment	-115	-	-290	-	-174	-	-1,600	-
<b>Operating profit</b>	<b>-1,328</b>	-	<b>-615</b>	-	<b>713</b>	-	<b>18,000</b>	-
Real Estate Development Business	0	0.0%	157	7.1%	157	-	11,000	1.4%
Real Estate Solution Business	-20	-	370	18.5%	391	-	6,000	6.2%
Overseas Business	-14	-	-57	-	-42	+307.1%	500	-
Real Estate Leasing Business	582	38.3%	968	50.7%	385	+66.3%	5,000	19.4%
Hotel Business	-760	-	-769	-	-9	-	800	-
Real Estate Management Business	-7	-	210	19.7%	217	-	1,100	19.1%
Adjustment	-1,109	-	-1,496	-	-386	-	-6,400	-



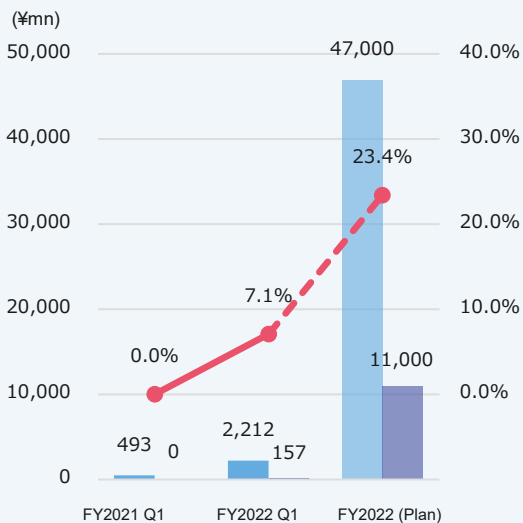


## Real Estate Development Business

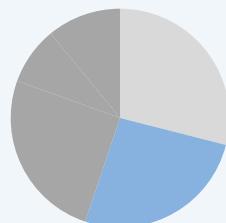


Percent of sales:  
**29.0%**

- Sold two properties in Q1.
- Remaining aware of the concept of the Medium-Term Management Plan that promotes retaining ownership after development, a certain level of flow-type business is expected from the sale of properties to the REIT.

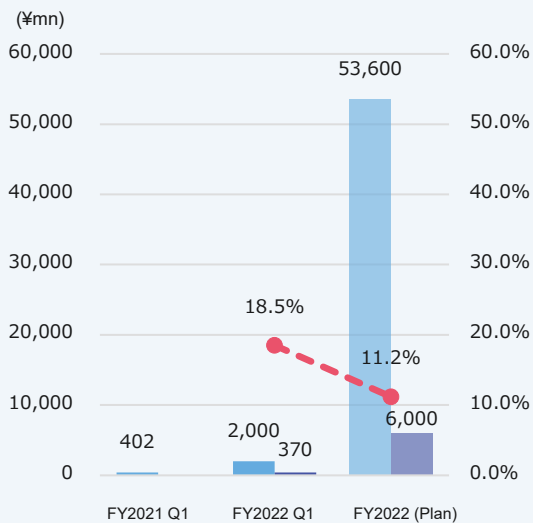


## Real Estate Solution Business

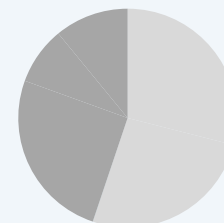


Percent of sales:  
**26.3%**

- Sold two properties in Q1.
- The period planned for selling income properties begins in Q2. We will continue such sales using the REIT as a means of exit, so as to maximum income.

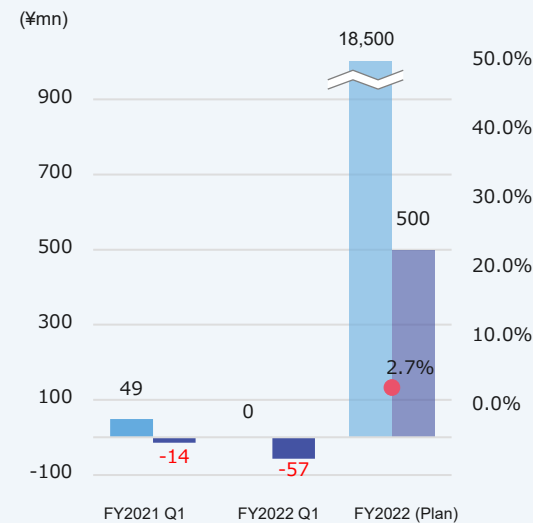


## Overseas Business



Percent of sales:  
**0.0%**

- The number of sale reservations at the SAKURA Project has been trending favorably since the lifting of restrictions on holding direct sales events in Vietnam.
- We expect to record income this fiscal year, as units will be delivered starting this autumn.



■ 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.

- During Q1, we acquired land for development of 18 properties for a purchase price of about ¥7.8 billion (percentage of progress: 17.3%). Purchases for Q2 onward got off to a smooth start, and we expect to steadily complete acquisitions ¥20.7 billion worth of land for development of 33 properties.

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

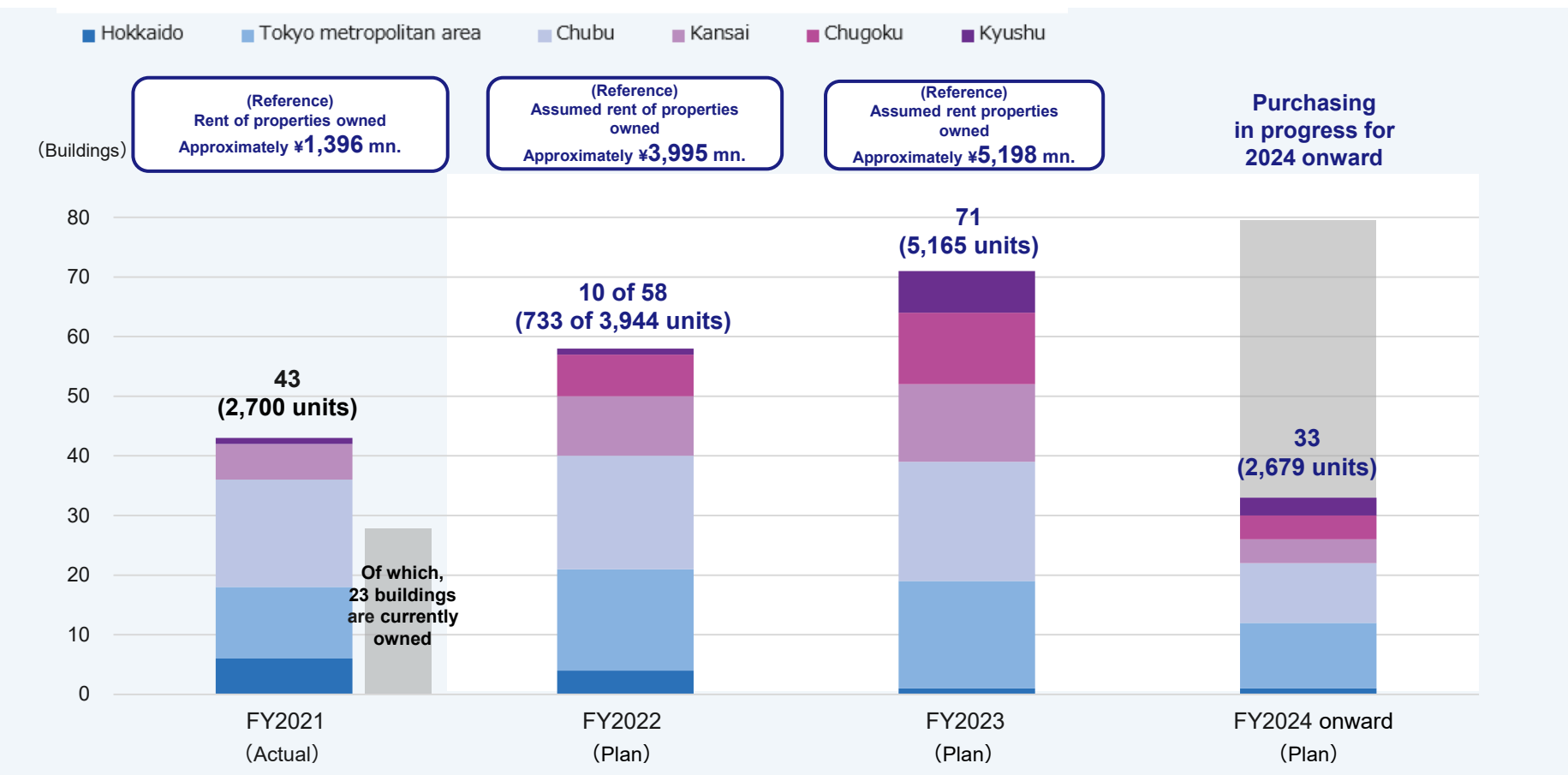
Full-year plan	FY2022 Q1		Planned settlement (contracted + Intent to Sell Certificate received)	FY2022		
	Actual	Percentage of progress		Full-year plan	Actual + planned settlement	Percentage of progress
¥45.0 bn.	¥7.8 bn.	17.3%	¥20.7 bn.	¥45.0 bn.	¥28.5 bn.	45.9%

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

	Hokkaido	Tokyo metropolitan area	Chubu	Kansai	Chugoku	Kyushu	Total
FY2022 Q1 acquisitions	3	5	7	1	0	2	18
Planned settlements (to be settled + Intent to Buy Certificate provided )	3	10	9	4	4	3	33
<b>Total</b>	<b>6</b>	<b>15</b>	<b>16</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>51</b>

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.

- In Q1 of 2022, we completed 10 residential buildings (733 units). A development plan is underway for a **total of 152 buildings with about 11,055 units** in cities throughout the country.
- We expect synergies to increase our future income gains, in line with our strategy of holding properties for a certain period of time after their development.



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.

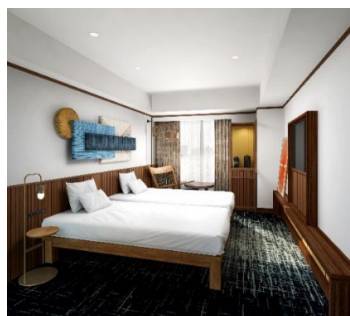
- The decision was made to open the Mercure Hida Takayama for business in winter 2022 as a hotel development project for a regional city. This will be the second Mercure-brand hotel that the Samty Group has opened in partnership with Accor of France.
- Banyan Tree Higashiyama Kyoto was added as a new project.

Type	FY Start	Project Name	Location	No. of Rooms	Planned Opening (completion)
Hotel	2022	Mercure Hida Takayama	Takayama-shi, Gifu	161	Winter 2022
	2023 onward	Haneda Hotel Project (tentative name)	Ota-ku, Tokyo	363 (planned)	Fall 2023
		SIX SENSES Kyoto	Higashiyama-ku, Kyoto	81 (planned)	Spring 2024
		Banyan Tree Higashiyama Kyoto	Higashiyama-ku, Kyoto	52	Spring 2024
		Shangri-La Hotel Kyoto Nijojo Project (tentative name)	Kamigyo-ku, Kyoto	80-100 (planned)	Spring 2025
<b>Total: 5 buildings</b>				<b>737-757 (planned)</b>	
Office	2023 onward	Nakamura-Ku Noritake 1-Chome Office Building Project (tentative name)	Nakamura-ku, Nagoya-shi	-	2024
		Odori-Nishi 5-Chome II Office Building Project (tentative name)	Chuo-ku, Sapporo-shi	-	2024
<b>Total: 2 buildings</b>					

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



Artist's rendering of the Mercure Hida Takayama lobby



Artist's rendering of a Mercure Hida Takayama 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 Q1 we sold two properties in the Real Estate Development Business and two properties in the Real Estate Solution Business, for a total of four properties.  
Three of these properties (Development Business: two properties; Solution Business: one property) were supplied to Samty Residential Investment Corporation.
- One property (Real Estate Solution Business: one property) was sold to a third party.
- Sales results were according to the plan, a percentage of progress of 58.8%, based on the number of buildings, including properties whose sale is expected to settle.

**Based on number of sales (percentage of progress)**

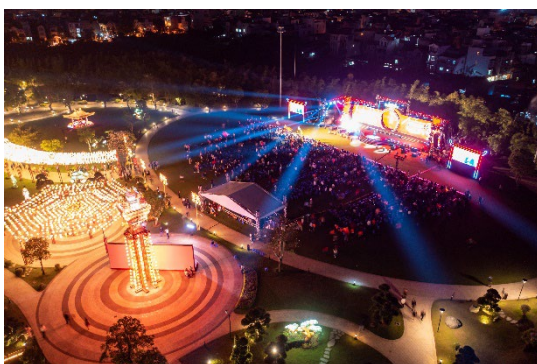
Segment	Full-year plan	FY2022		Planned sales	FY2022	
		Actual	Percentage of progress		Actual + planned sales	Percentage of progress
Real Estate Development Business	27	2	7.4%	12	14	51.9%
(S-RESIDENCE)	(19)	(2)	-	(11)	(13)	-
(Investment unit sales in lots)	(1)	-	-	(1)	(1)	-
(Hotel and other)	(7)	-	-	-	-	-
Real Estate Solution Business	24	2	8.3%	14	16	66.7%
<b>Total</b>	<b>51</b>	<b>4</b>	<b>7.8%</b>	<b>26</b>	<b>30</b>	<b>58.8%</b>

**Based on number of sales (by region)**

Segment/Region	Hokkaido	Tokyo metropolitan area	Chubu	Kansai	Chugoku	Kyushu	Total
Real Estate Development Business	-	1	-	1	-	-	2
(S-RESIDENCE)	-	(1)	-	(1)	-	-	(2)
(Investment unit sales in lots)	-	-	-	-	-	-	(0)
(Hotel and other)	-	-	-	-	-	-	(0)
Real Estate Solution Business	-	-	1	1	-	-	2
<b>Total</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>4</b>

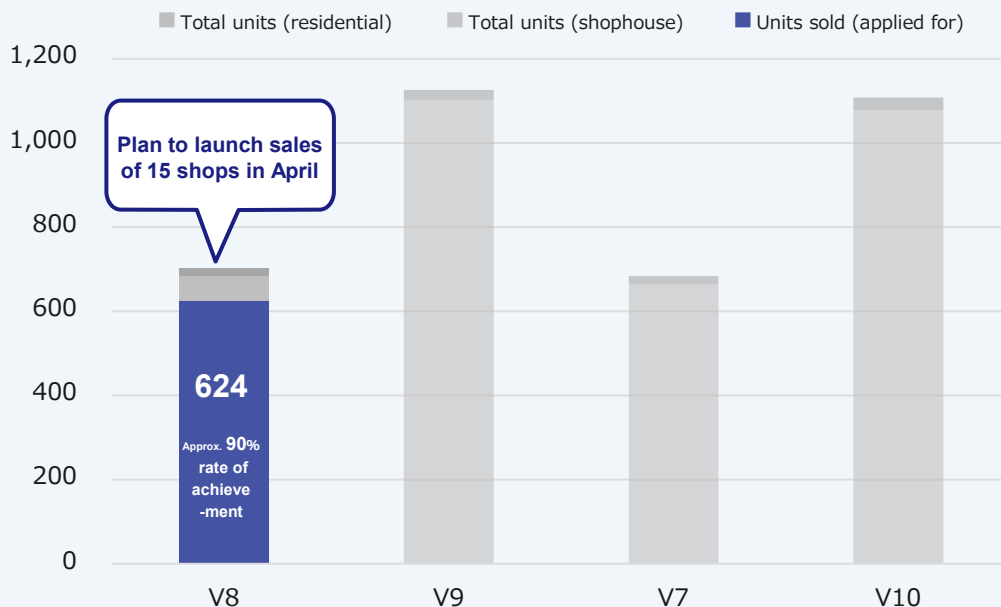


- Sales are progressing favorably due to the lifting of the ban on face-to-face events for sales agents and customers.  
The V8 building (684 residential units + 19 shophouse units) currently has 699 units for sale, with applications received for 624 units as of April 20.
- Sales have been launched at a second building we are planning to deliver, the V9 building (1,103 residential units + 23 shophouse units).



View of the sales event

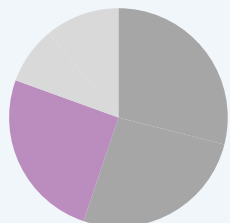
### Timing of Delivery and Status of Sales (As of April 20, 2022)



Scheduled delivery	Fall 2022	Fall 2022	Fall 2023	Fall 2023
Status of sales	Currently for sale	Sales launch planned for April	Not yet for sale	Not yet for sale

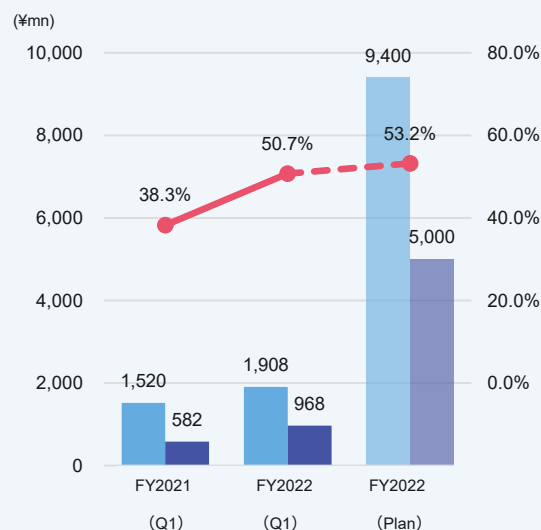


## Real Estate Leasing Business

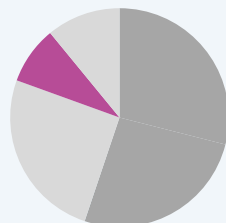


Percent of sales:  
**25.1%**

- Grow sales and profits by building up assets. Leasing during the peak leasing season was also strong.
- Operating margin recovered after declining in the prior year due to some one-time expenses.
- Ownership of development properties should accelerate growth further.

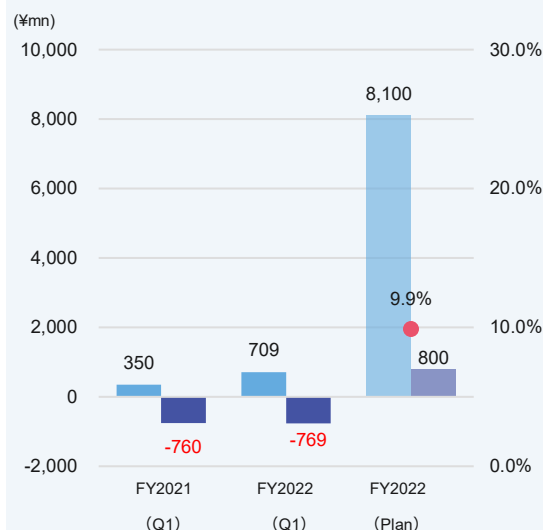


## Hotel Business

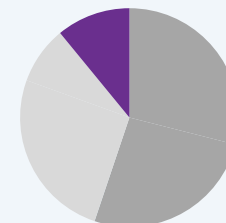


Percent of sales:  
**8.6%**

- Hotel revenues increased.
- However, operating profit recorded the same level of loss as the same period last year due to such factors as higher expenses from newly opened hotels.
- Occupancy rates are increasing, so profitability is expected to steadily recover going forward.

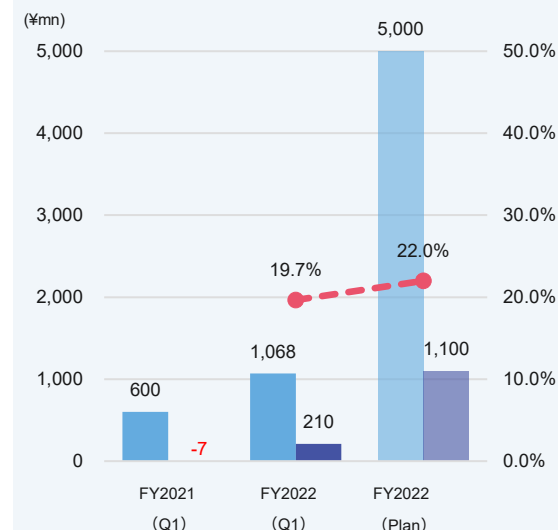


## Real Estate Management Business



Percent of sales:  
**11.0%**

- Assets under management (AUM) and the number of units managed continued to grow, and sales and profits grew compared to the same period last year.
- The goal is to raise 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 Q1, we acquired 18 income properties in major cities throughout Japan for about ¥10.3 billion (percentage of progress: 20.8%).
- With acquisitions trending favorably from Q2 on, we expect to complete purchases of 25 income properties for about ¥26.3 billion.

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

Full-year plan	FY2022 Q1		Planned settlement (to be settled + Intent to Buy Certificate provided)	FY2022		
	Actual	Percentage of progress		Full-year plan	Actual + Planned settlement	Percentage of progress
¥49.5 bn.	<b>¥10.3 bn.</b>	<b>20.8%</b>	<b>¥26.3 bn.</b>	<b>¥49.5 bn.</b>	<b>¥36.6 bn.</b>	<b>53.1%</b>

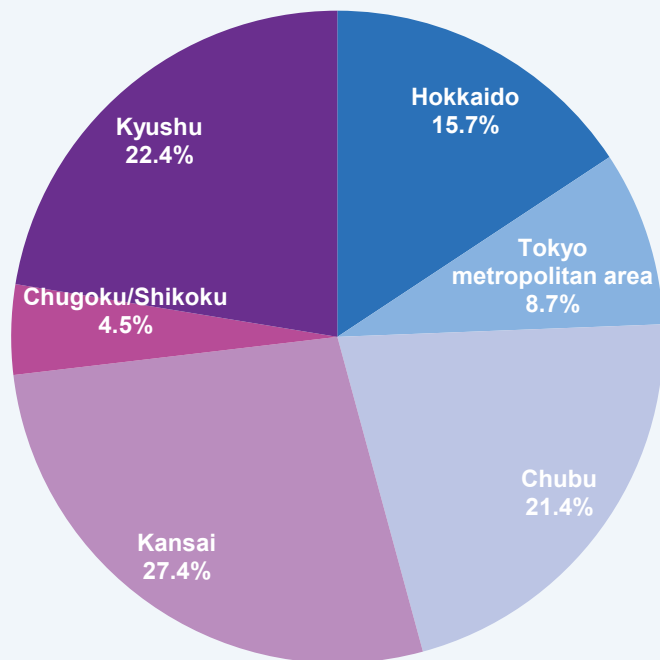
### Income properties: Based on number of acquisitions (by region)

	Hokkaido	Tokyo metropolitan area	Koshinetsu	Chubu	Kansai	Chugoku	Kyushu	Total
FY2022 Q1 acquisitions	7	3	0	1	3	2	2	18
Planned settlements (contracted + Intent to Sell Certificate received)	2	6	1	3	4	3	6	25
<b>Total</b>	<b>9</b>	<b>9</b>	<b>1</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>8</b>	<b>43</b>



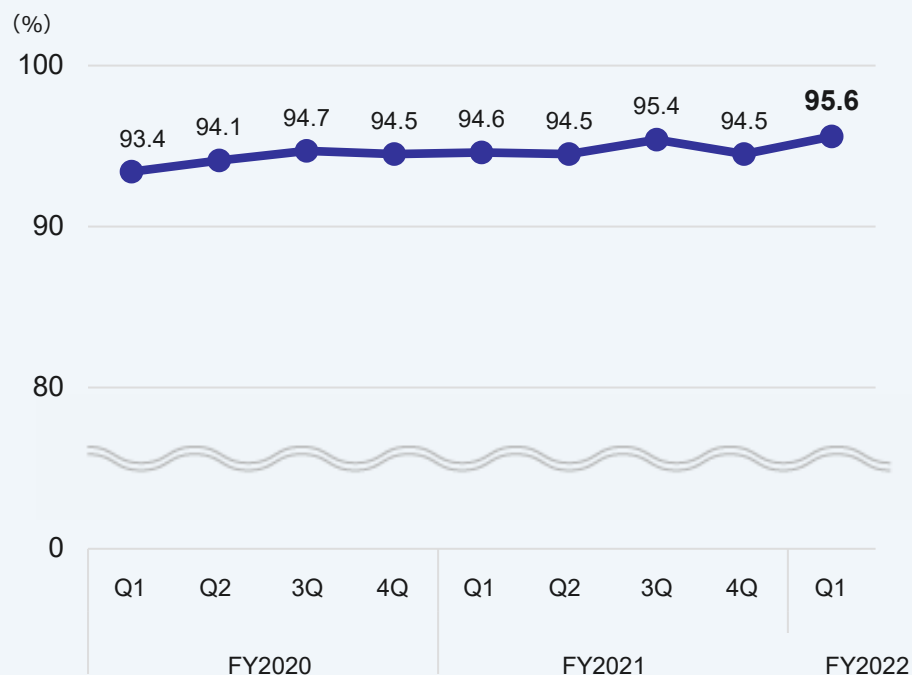
- Building a well-balanced portfolio of owned properties based on dispersion among areas.
- Residential occupancy rates remain near the 95% level. Starting this fiscal year, leasing management business operations (leasing business, management, etc.) are being consolidated in Samty Asset Management Co., Ltd. Leasing activity during the peak leasing season was firm.

### Asset Holdings by Region



Note: Data is as of February 28, 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.

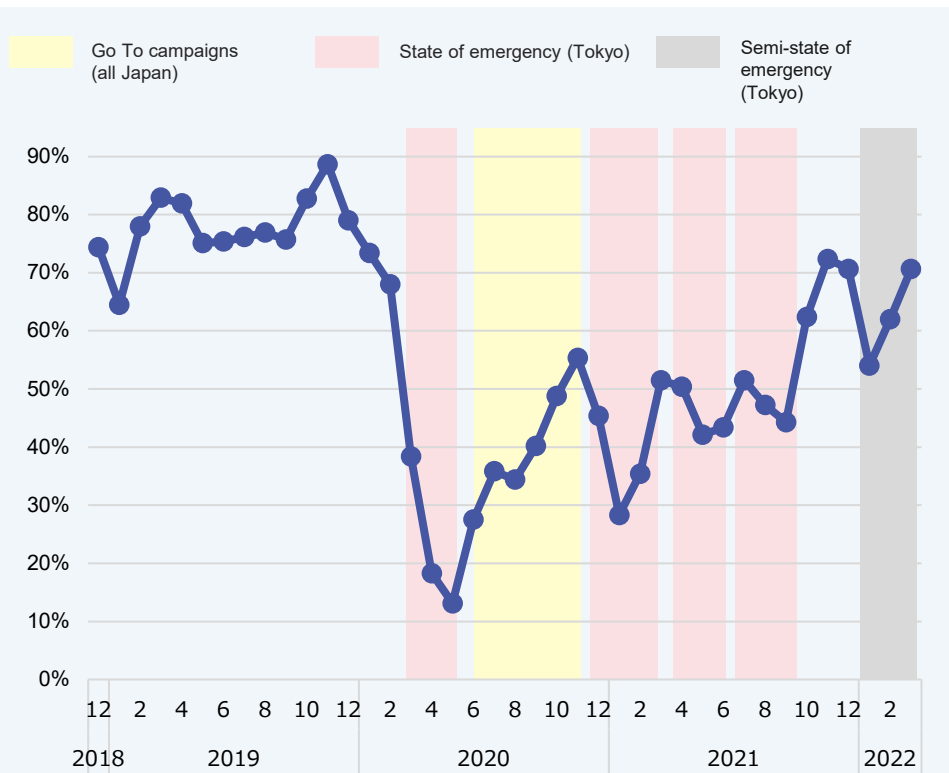


- Following the peak of the variant-spread “sixth wave,” occupancy rates for March recovered to more than 70%.
- The quasi-emergency measures were lifted on March 21, and signs pointing to a market recovery are appearing, such as the resumption of support for in-prefecture tourism by prefectural residents.
- Looking toward the resumption of the government’s measures to increase demand for tourism after the Golden Week holiday period and to prepare for the recovery of the tourism industry from the easing of border control measures, which was done to resume entry by inbound tourists, we will aim to upgrade the quality of our services and improve our profitability.

### 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 Hakozaki	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 and Owned
18	Kansai	Oakwood Hotel Kyoto Oike	120	Developed and Owned
<b>Total</b>		<b>18 hotels</b>	<b>2,672 rooms</b>	

### 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.

# Real Estate Management Business

## AUM and Number of Units Under Management

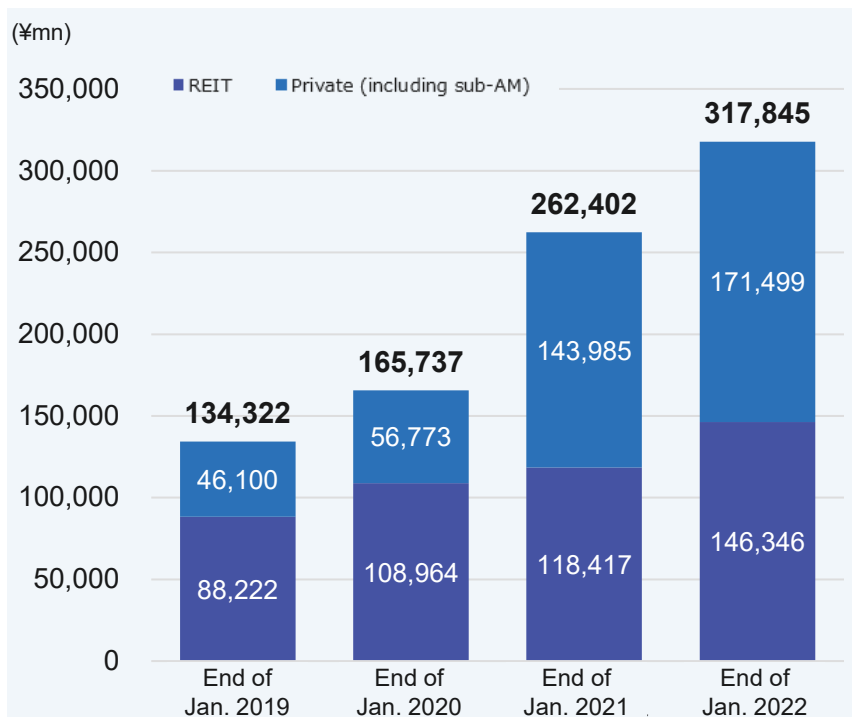


- AUM reached the ¥300 billion level. This will contribute greatly to the future expansion of Group assets.
- AUM continue to expand with the growth of assets under sub-asset management (AM) due to the growth of residential REIT assets and formation of the hotel REIT.

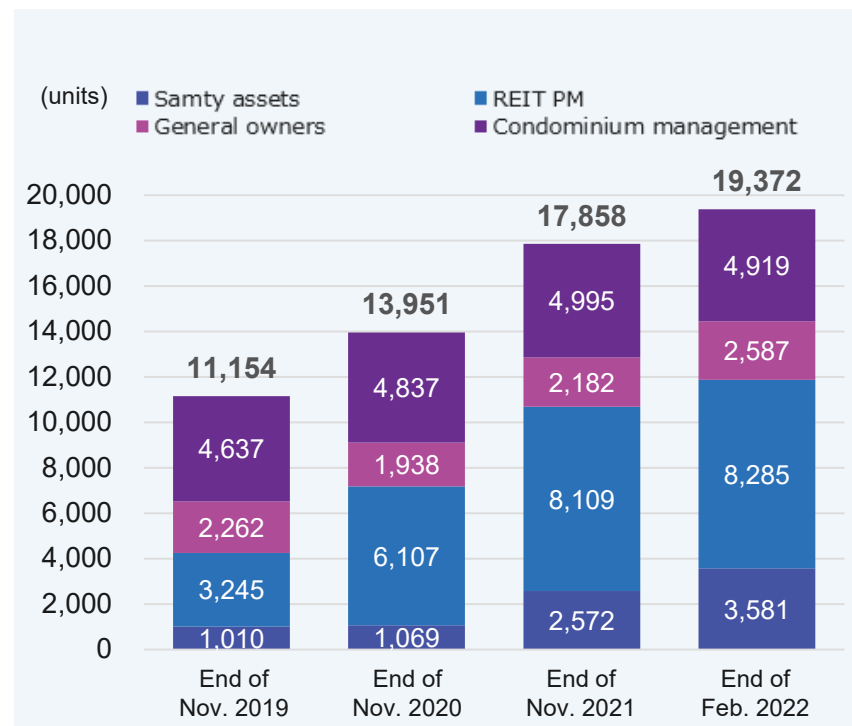


- The number of units under property management (PM) expanded due to growth in the Samty Group's rental real estate and AUM.
- We expect further growth due to our strategy of increasing our real estate holdings, as the Real Estate Development Business plans to complete more than 100 buildings by the end of FY2024.

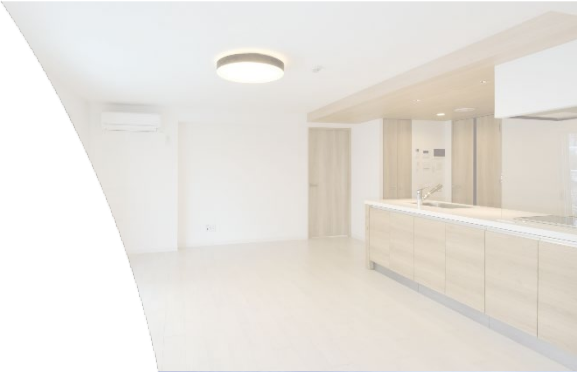
### AUM



### 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.

### 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

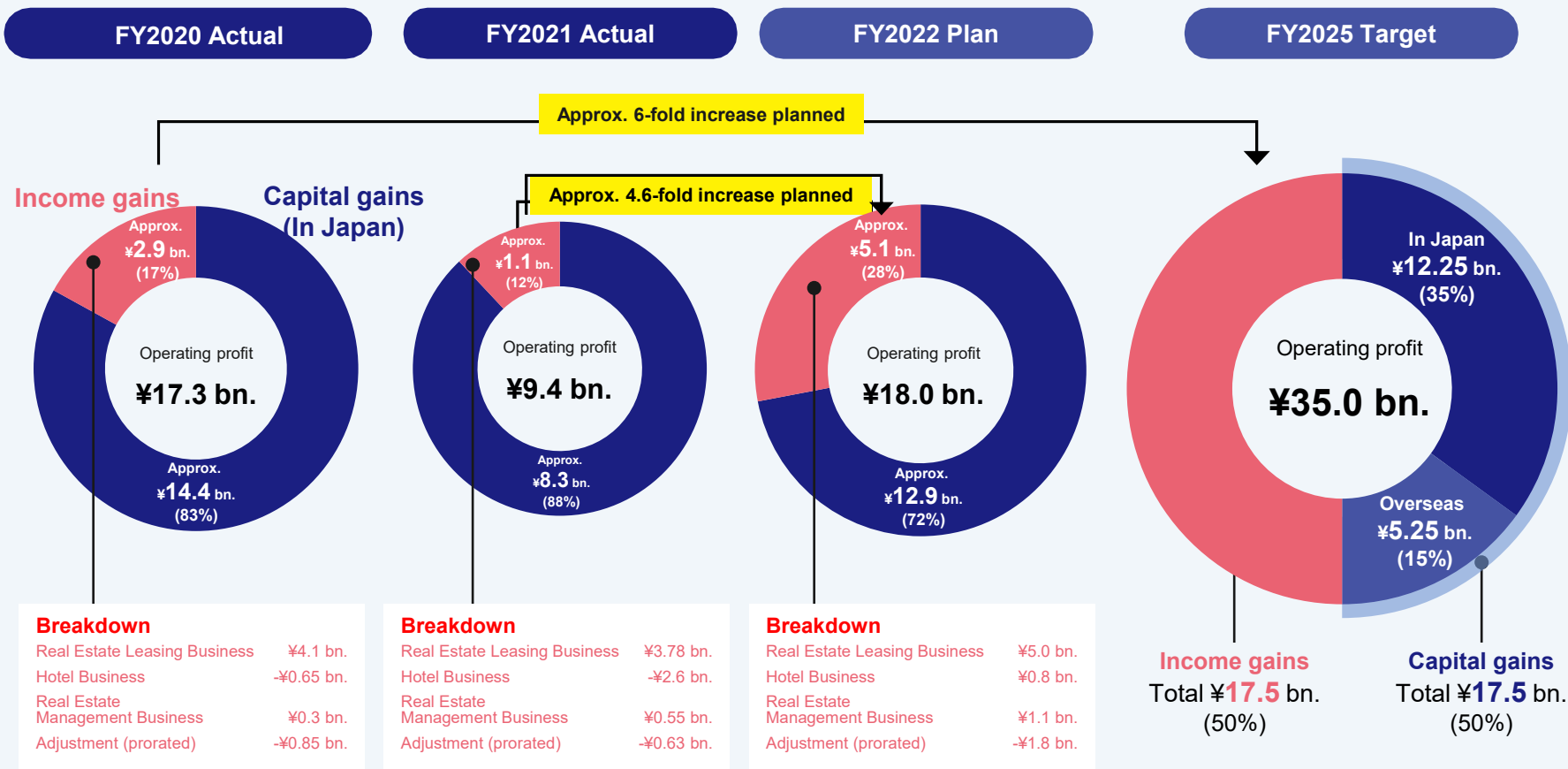
	FY2020 Actual	FY2021 Actual	FY2022 Plan	FY2023 Numerical Target	FY2025 Numerical Target
Net sales (includes rental income, etc.)	¥101.1 bn. (¥12.1 bn.)	¥90.4 bn. (¥13.8 bn.)	¥140.0 bn. (¥20.9 bn.)	About ¥170.0 bn. (¥35.0 bn.)	About ¥220.0 bn. (¥45.0 bn.)
Operating profit	<b>¥17.3 bn.</b>	<b>¥9.4 bn.</b>	<b>¥18.0 bn.</b>	More than <b>¥20.0 bn.</b>	More than <b>¥35.0 bn.</b>
ROE	14.3%	11.6%	11.9%	12.0%–15.0%	About 15.0%
ROA	7.4%	3.2%	4.8%	6.0%–7.0%	About 7.0%
Equity ratio	30.7%	27.0%	25.2%	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 Well Toward Early Achievement of Targets

- We are proceeding with a five-year (2021-2025) plan for a total of ¥750 billion in investments. The targets and progress toward them are shown below by theme.  
Cumulative investments as of Q1 FY2022 totaled about **¥328.5 billion (+¥39.8 billion from the previous fiscal year-end), for a percentage of progress of 43.8%**. The pace of progress remains strong in Year 2 of the Plan. Steps are being taken toward early achievement of the targets.

## Percentage of Progress toward Targets by Theme

### Development of Residential Properties

State of progress

¥**114.9** bn.

38.3%



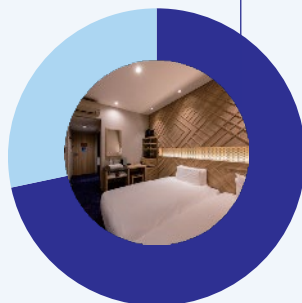
Target amount ¥**300.0** bn.

### Development of Hotels and Office Buildings

State of progress

¥**86.0** bn.

71.7%



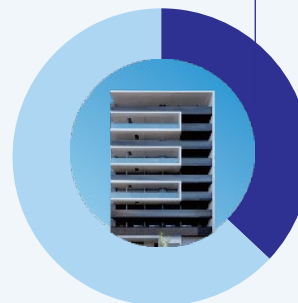
Target amount ¥**120.0** bn.

### Acquisition of Income Properties

State of progress

¥**92.4** bn.

37.0%



Target amount ¥**250.0** bn.

### Overseas Business

State of progress

¥**35.0** bn.

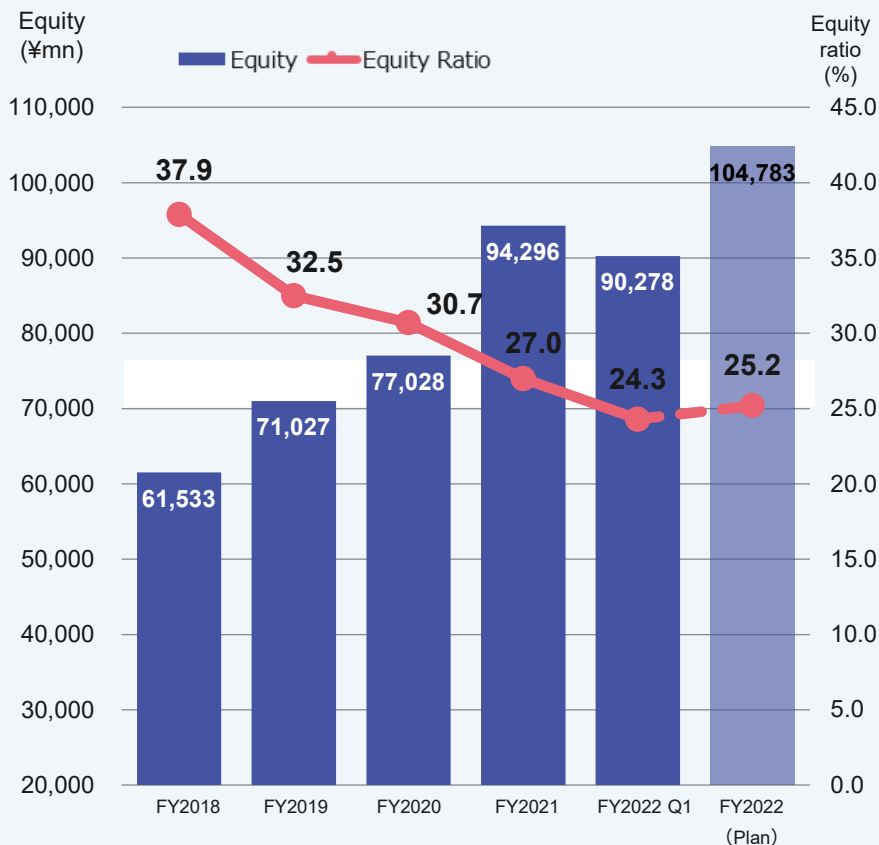
43.8%



Target amount ¥**80.0** bn.

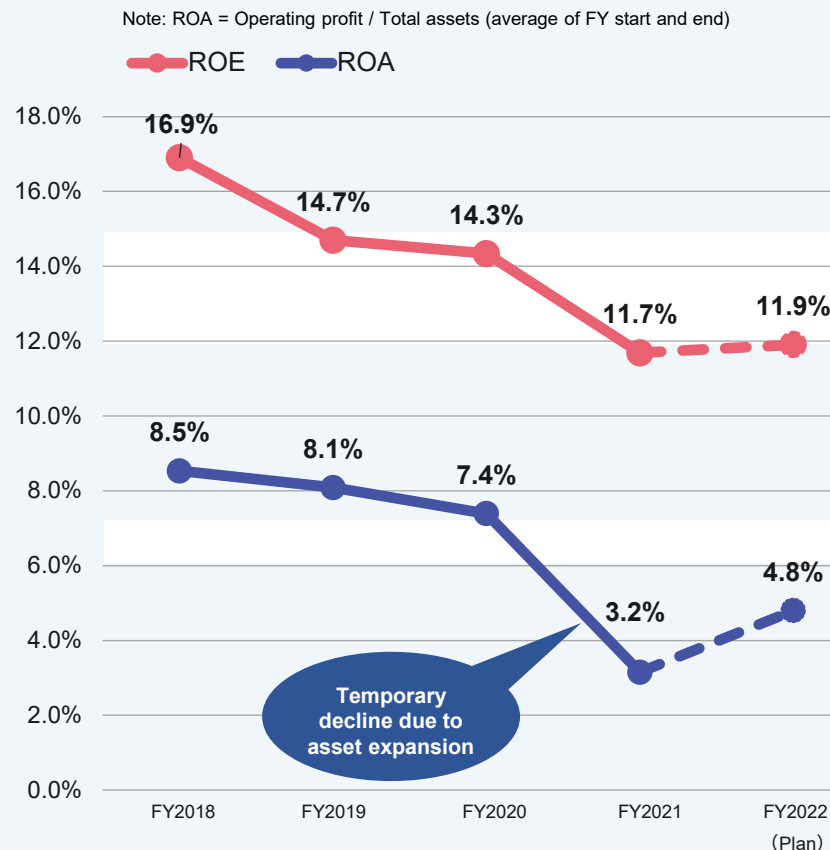
- Borrowings increased with the settlement of more than 30 property acquisitions, including land for development and income properties. Our equity ratio was 24.3%.
- We are aiming to improve ROA and ROE while being mindful of the Medium-Term Management Plan's target levels for FY2023.

### Equity and Equity Ratio



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

### ROE and ROA

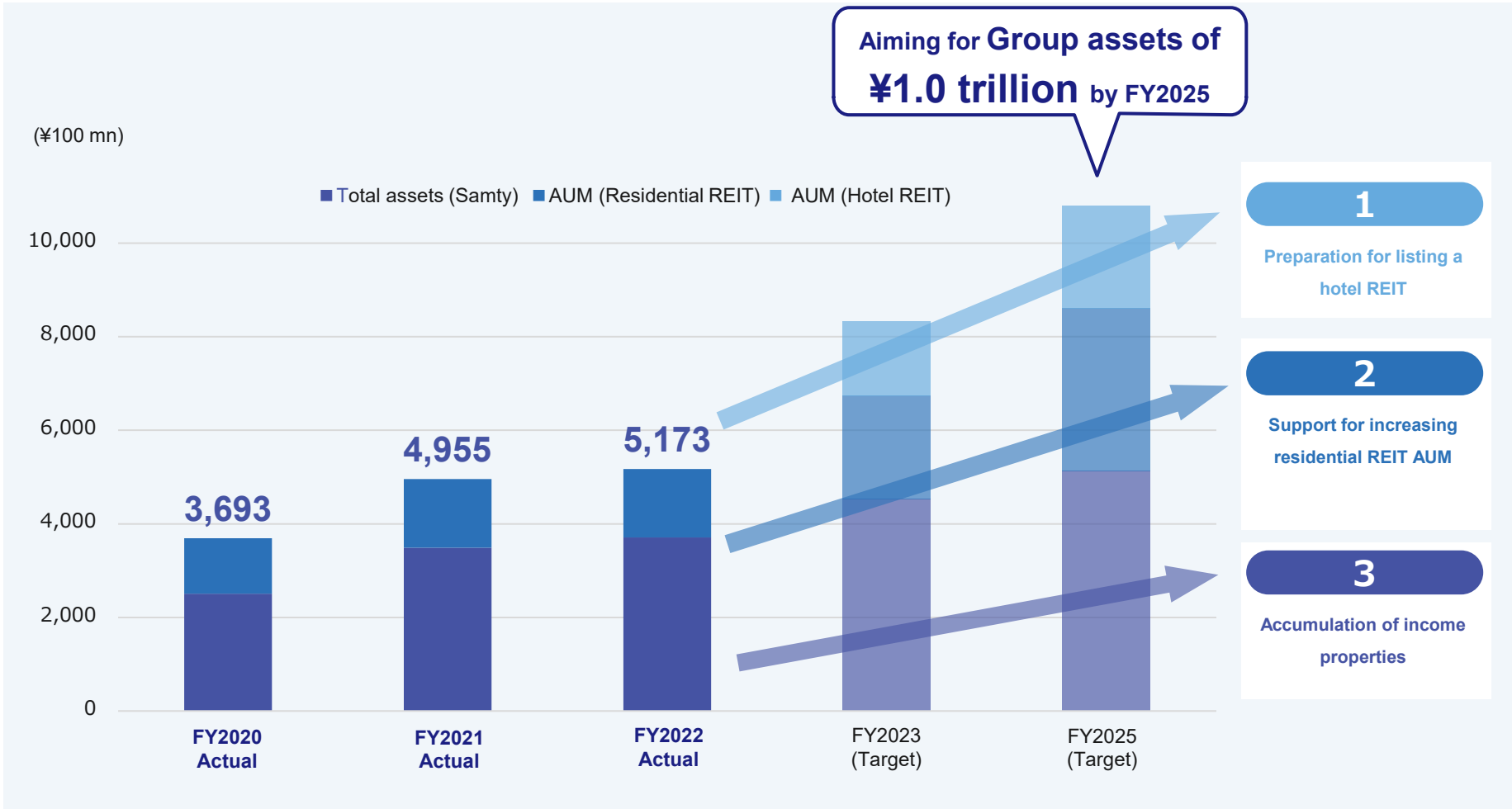


ROE: FY2023 in the range of 12%-15%  
ROA: FY2023 in the range of 6%-7%



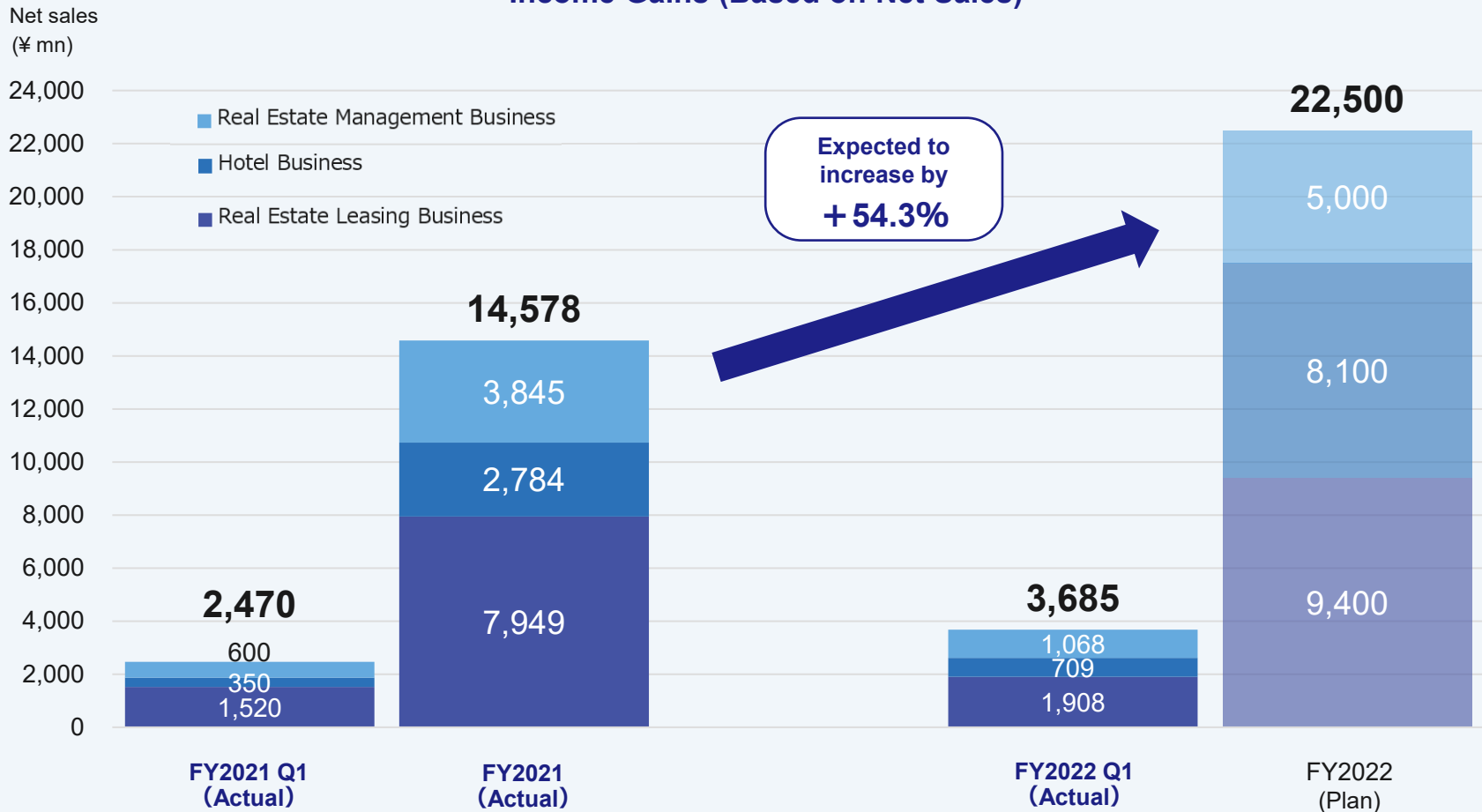
- Group assets increased by ¥22.0 billion (+4.4%) compared with the previous fiscal year. We surpassed ¥500.0 billion, the midpoint of our target.
- To steadily increase assets by FY2025, we are promoting strategic initiatives under the themes (1) through (3) listed below.

Note: Group assets are calculated by adding Samty's total assets + the balance of the REIT AUM (assets under management).  
REIT AUM is as of the end of November 2022.



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

### Income Gains (Based on Net Sales)



Note: Calculated as total net sales, including internal sales

- 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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