

SAMTY Co., Ltd.

Financial Result Explanatory Material

First Half of Fiscal Year Ending November 30, 2019



S-RESIDENCE Motoyawata (Ichikawa-shi, Chiba)



SAMTY

TSE First Section 3244

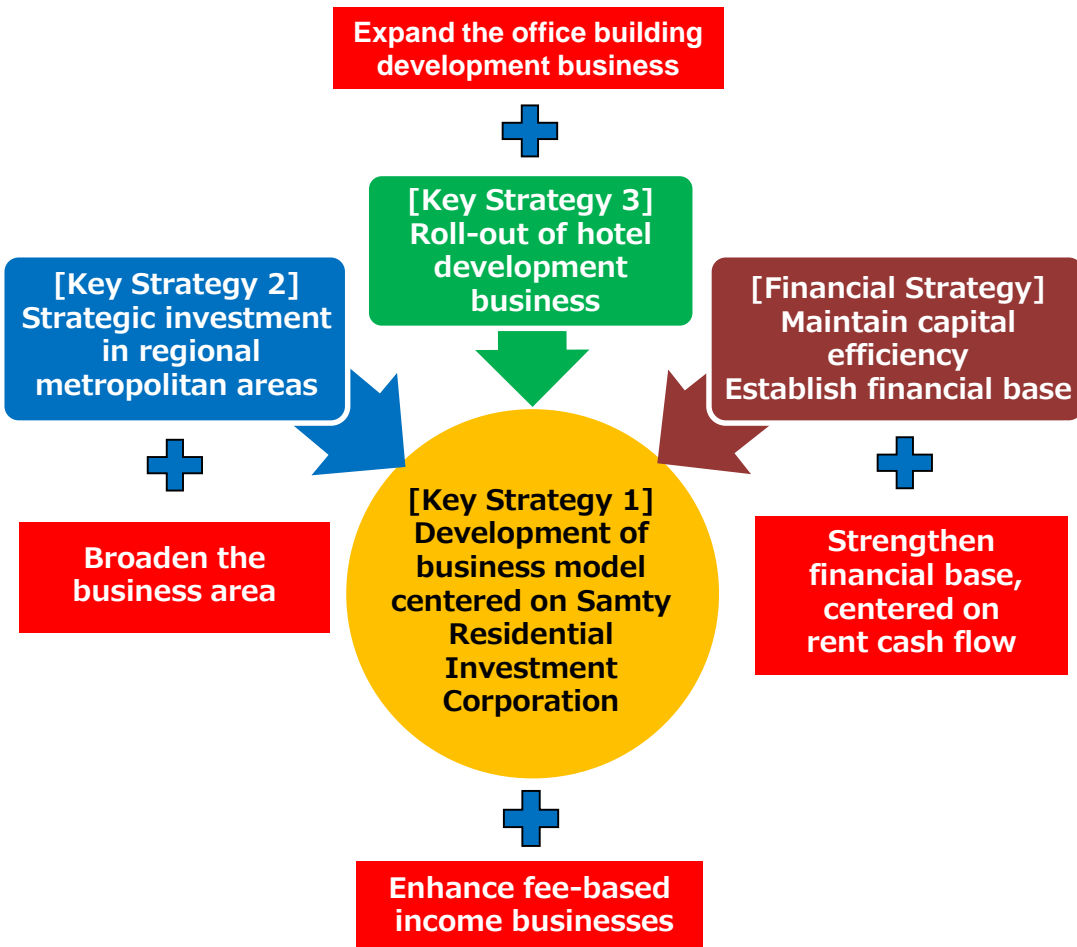
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New Medium-Term Management Plan “Samty Toughening Plan”

To succeed to and further strengthen “Challenge 40” key strategies and financial strategies. Samty will maintain an equity ratio of 30%, and as a growth engine, expand development of hotels and office buildings. In addition, we will achieve growth through expansion of our business area, and strengthening of non-asset businesses.

Key Strategies and Financial Strategies



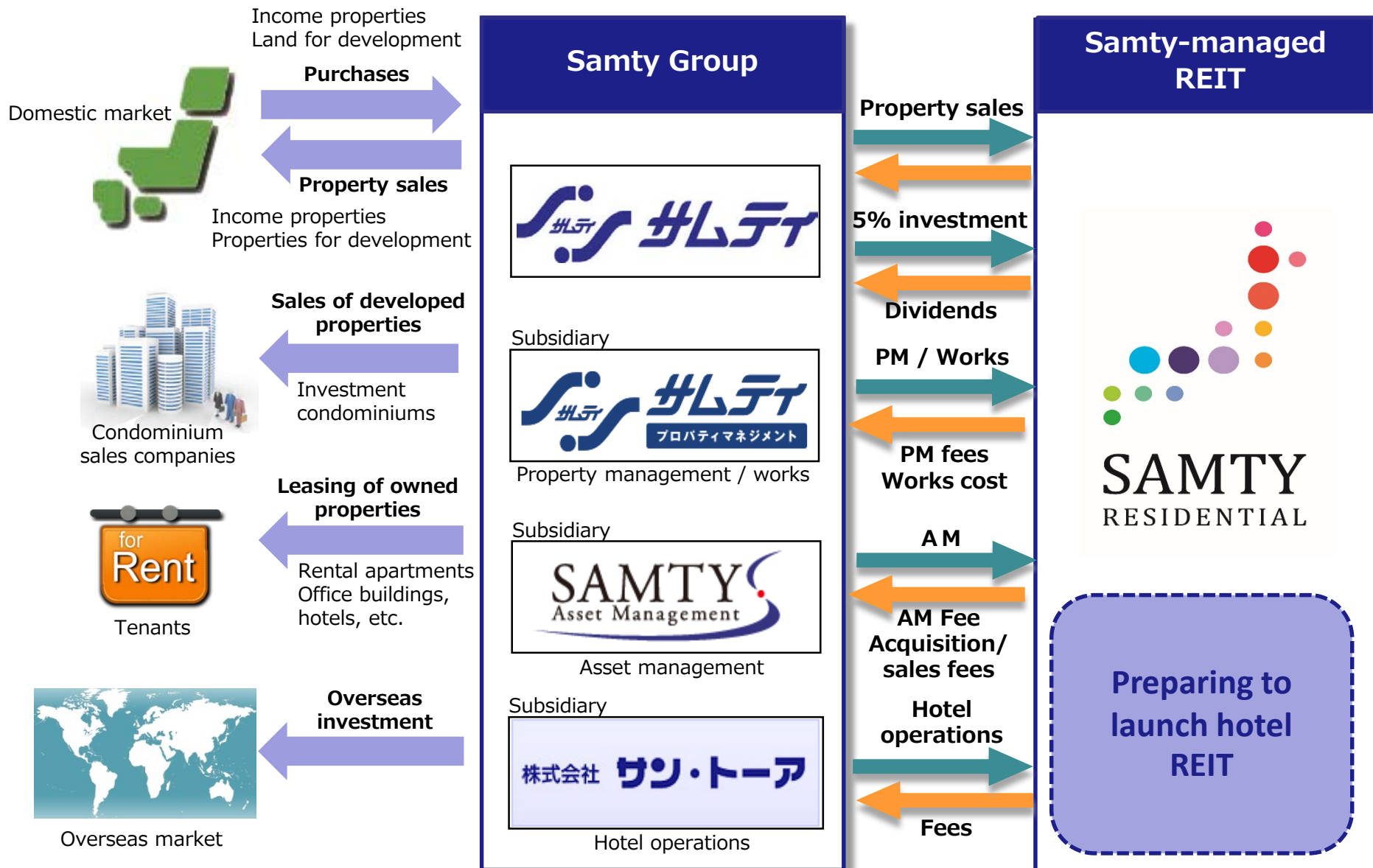
Target KPI (Key Performance Indicators)

	FY11/17	FY11/18	New Medium-term Plan	
	Result	Result	FY11/21	
			Target	
Operating income (¥mn)	10,131	14,033	20,000	level
ROE	15.8%	16.9%	15.0%	level
ROA *	6.6%	8.5%	7.0%	level
Capital-asset ratio	23.4%	37.9%	30.0%	or over

* ROA = Operating income / Total assets (Average of FY start and end)

Financial Strategy (Target indicators)

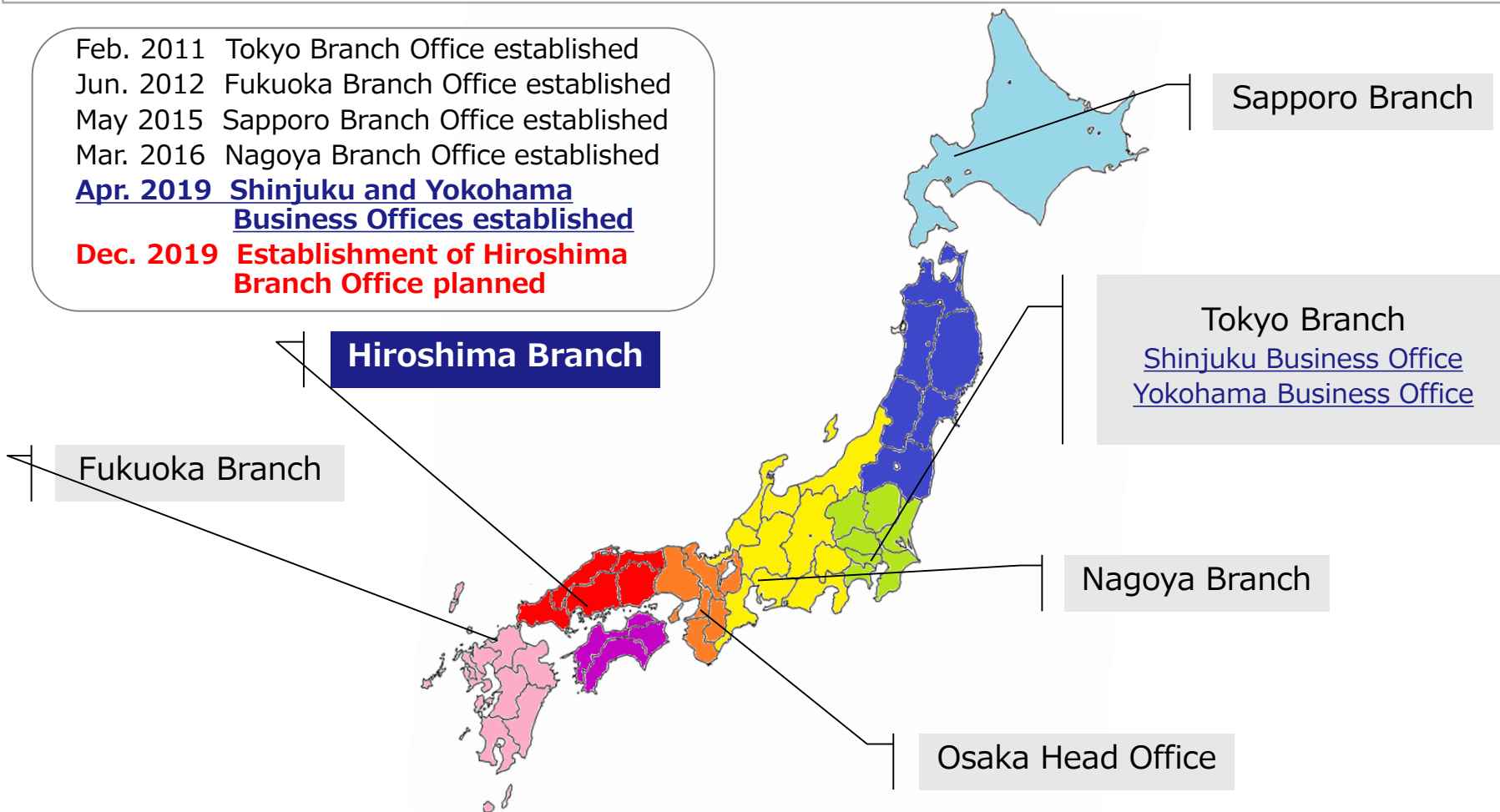
FY2021 Equity ratio At least 30%	FY2021 ROE 15% level	FY2021 ROA 7% level
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As part of the planned expansion of our business area, which is a key strategy of the “Samty Toughening Plan,” the Shinjuku Business Office of the Tokyo Branch Office and the Yokohama Business Office opened on April 1, 2019, to expand the sales area in metropolitan regions.

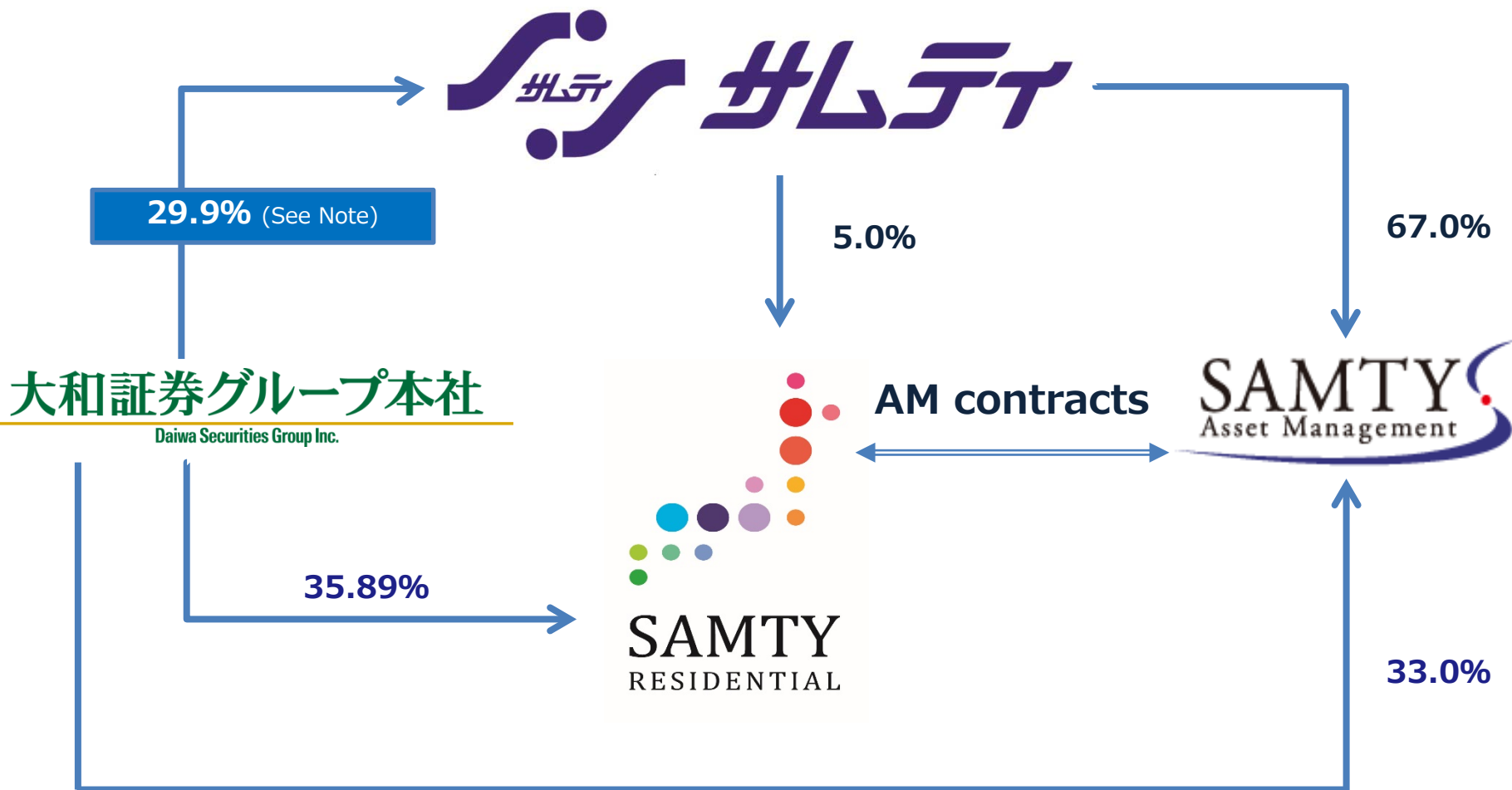
Going forward, we plan to open a Hiroshima Branch Office and promote the acquisition of profitable real estate and the development of residences, offices and hotels in metropolitan areas and major regional cities nationwide.

- Feb. 2011 Tokyo Branch Office established
- Jun. 2012 Fukuoka Branch Office established
- May 2015 Sapporo Branch Office established
- Mar. 2016 Nagoya Branch Office established
- Apr. 2019 Shinjuku and Yokohama Business Offices established**
- Dec. 2019 Establishment of Hiroshima Branch Office planned**



Topics

Capital Relationship between Samty Group and Daiwa Securities Group Inc.



(Note) The equity ratio after the offering is that after payment was completed on June 14, 2019. It is the value when all the new bonds with stock acquisition rights have already been converted. Includes the ownership ratio of Daiwa PI Partners Co., Ltd. (2.67%).

Purpose of and Reason for Capital Business Alliance

1. To jointly launch fund for development of large-scale hotels
2. To form hotel REIT by fiscal 2020 (asset management work to be entrusted to Samty AM)
3. To receive information Daiwa Securities Group Inc. has on corporate real estate
4. To cooperate with Daiwa Securities Group Inc. in development in Asia
5. To cooperate on real estate sales to wealthy individuals and crowdfunding



Aiming for following effects by incorporating creditworthiness of Daiwa Securities Group Inc.

- ◆ Diversification of project information
- ◆ Upsizing of scale of projects
- ◆ Reduction of financing costs

Hotel Development Fund, Hotel REIT

Development Fund

- Maximum utilization of Samty's development capabilities and Daiwa Securities Group's financing functions
- Up to ¥30 billion investment
- Development fund concept
 - Targeting inbound and domestic travelers
 - Targeting wide range of areas, such as business districts and tourist attractions
 - Full-service hotels or hotels specializing in accommodation

Further
growth



Hotel REIT

- Rich pipeline of more than **¥100 billion**
- Aiming for REIT management after Samty Residential Investment Corporation
- Early achievement of Samty Toughening Plan by expanding fee income

Hotel REIT Concept

Response to Burgeoning Inbound Demand!

- Aiming to assist sustained expansion of demand for accommodation from visitors to Japan through provision of comfortable accommodation bases and contribute to regional development/revitalization through the instilling of Japanese hospitality and leveraging of attractive local tourism resources
- Through such investment activities, in view of our philosophy to revitalize the Japanese economy from local cities, we believe we will offer lateral support to local governments that are actively promoting measures to create attractive environments, services, employment opportunities, etc. for residents, depending on local circumstances and characteristics, in accordance with the aim of regional revitalization
- Under this basic philosophy, to provide investors with opportunities to invest in diversified investment portfolios geared toward hotel assets in attractive local tourism cities throughout Japan, while targeting improvements in investor value through the medium- to long-term management of those hotel assets.

Hotel REIT Pipeline

Properties to Be Included in Portfolio upon Establishment



Mercure Kyoto Station



S-PERIA Hotel Hakata



S-PERIA Hotel Kyoto



S-PERIA INN Nihombashi Hakozaki



S-PERIA INN Osaka Hommachi



S-PERIA Hotel Nagasaki



Center Hotel Tokyo



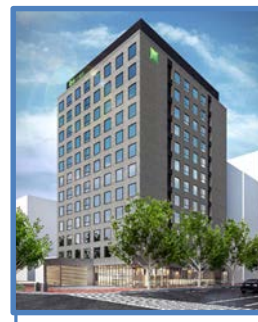
NEST HOTEL Hiroshima Hatchobori



GOZAN

Properties to Be Included in Portfolio in Future

Land has already been acquired for hotels to be included in portfolio



Ibis Styles Nagoya
(Estimated inclusion price)
¥10.0 billion or more

Kyoto Shijo-karasuma kita HOTEL PJ
(Estimated inclusion price)
¥4.5 billion or more

Kyoto Shijo-karasuma minami HOTEL PJ
(Estimated inclusion price)
¥9.0 billion or more

Kyoto Oike HOTEL PJ
(Estimated inclusion price)
¥5.0 billion or more

Fukuoka-shi PJ
(Estimated inclusion price)
¥3.0 billion or more

Haneda HOTEL PJ
(Estimated inclusion price)
¥15.0 billion or more

Properties to Be Included in Portfolio upon Establishment
approx. ¥55.0 billion

+

Properties to Be Included in Portfolio in Future
approx. ¥55.0 billion

=

More than ¥100 billion
to hotel REIT

Development in Asia

- Targeting business development overseas by cooperating with ACA Investment Pte Ltd of the Daiwa Securities Group, working to exchange information and strengthen relations with Southeast Asian growth companies, and participating in joint developments
- Establish SAMTY Asia Investment Pte Ltd in Singapore jointly with ACA Investment Pte Ltd. Uncover new business opportunities in Southeast Asia real estate
- Investing in two projects in Vietnam

* Overview of ACA Investments Pte Ltd

Location: Singapore
 Business overview: Formation and operation of investment funds
 Shareholders: ACA Partners Pte Ltd 66%, Daiwa Securities Group Inc. 34%

Projects under Investment

Investment targets: Ho Chi Minh real estate developers
 Form of investment: Convertible bonds
 Investment amount: US\$15 million
 Management duration: 5 years
 Investment ratio: approx. 4 times
 Expected return: approx. US\$45 million:

Providing development funds to developers in Ho Chi Minh City aiming for IPO in 2020. Target companies involved in development of Thu Thiem, the area of Ho Chi Minh City attracting most attention. Envisioning converting bonds to equity interest in target companies at time of IPO, obtaining return by selling on market.

Investment targets: Listed real estate developers in Ho Chi Minh City
 Form of investment: Loan with conversion rights
 Investment amount: US\$15 million
 Management duration: 1 years
 Investment ratio: approx. 1.3 times
 Expected return: approx. US\$45 million:

Providing development funds to listed developers in Ho Chi Minh City. After acquiring land in Thu Thiem, the area of Ho Chi Minh City attracting most attention, the target companies will convert to portion held by project development company. Envisioning to obtain return from equity transfer.

⇒ Considering numerous projects, such as real estate development and acquisition of business company

Cooperation on Real Estate Sales to Wealthy Individuals and Crowdfunding

- Cooperation on real estate sales to wealthy individuals who are current customers of Daiwa Securities
- Cooperation with Fintertech Co., Ltd. , established by Daiwa Securities Inc. in March 2018, utilizing crowdfunding to create next-generation financial services quickly and flexibly for digital native generation
- On subject of Samty-developed properties, holding talks toward their commercialization

Financial Soundness

- Aiming to Reduce Finance Costs by Leveraging Creditworthiness of Daiwa Securities Group

Current (Second quarter of fiscal year ending November 2019)

- ◆ Total balance of interest-bearing debt
¥102,252 million (Note 1)
- ◆ Total non-operating expenses
¥1,017 million
(Interest expenses and payment fees)
- ◆ Finance cost
2.0% (Note 2)



Working on Reduction

(Note 1) Calculated as a simple average of balances at end of November 2018 and end of second quarter of 2019.

(Note 2) Non-operating expenses total ¥1,017 million * 2 / Interest-bearing debt total ¥102,252 million.

Earnings Forecast Revised

As announced on May 30, 2019, due to having sold high-profit properties, the Company revised its full-year business forecast for the fiscal year ending November 2019 as follows.

(Unit: Millions of yen)	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (Yen)
Previously announced forecast (A)	86,000	15,000	13,000	9,000	236.44
Latest announced forecast (B)	86,000	16,000	13,500	9,500	240.99
Amount of increase/decrease (B-A)	–	1,000	500	500	–
Rate of increase/decrease (%)	–	6.7	3.8	5.6	–
Previous result (FY2018/11)	84,274	14,033	11,635	8,489	283.99

Revised Dividend Forecast

(Unit: Yen)	Dividends per share		
	Interim	Year-end	Total
Initial forecast	35.00	40.00	75.00
Revised forecast	35.00	42.00	77.00
Previous result (FY2018/11)	–	68.00	68.00

In line with the abovementioned upward revision of the business forecast, the interim dividend of ¥35 is implemented in line with the dividend target of 30%, which is the numerical target of the Medium-Term Management Plan, and the annual dividend per share forecast is ¥77. This represents a ¥9 increase in dividend compared with the previous year.

From FY2012/11
Planning seventh consecutive increase

(Note) The dividend of ¥33 per share for the fiscal year ended November 2016 included a commemorative dividend of ¥3.

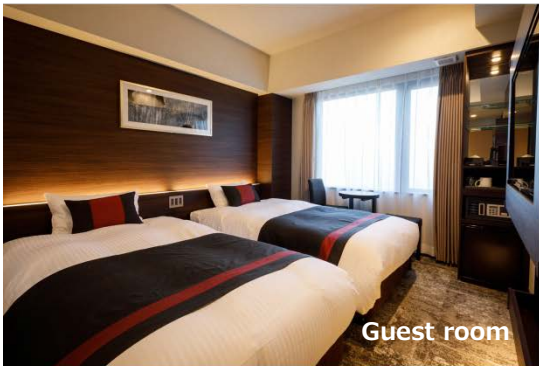
Fourth Hotel Development, S-PERIA Hotel Kyoto Opened in Shimogyo-ku, Kyoto, April 25, 2019



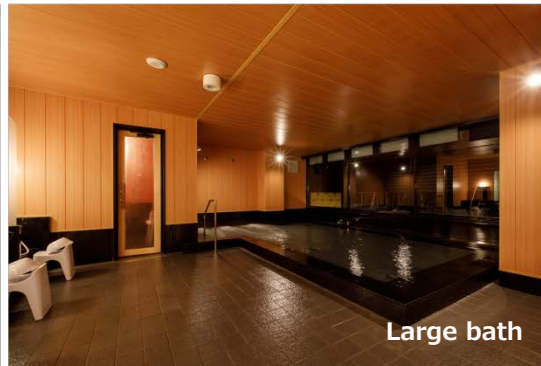
Exterior



Lobby ceiling decorated with lacquered bamboo paper



Guest room



Large bath

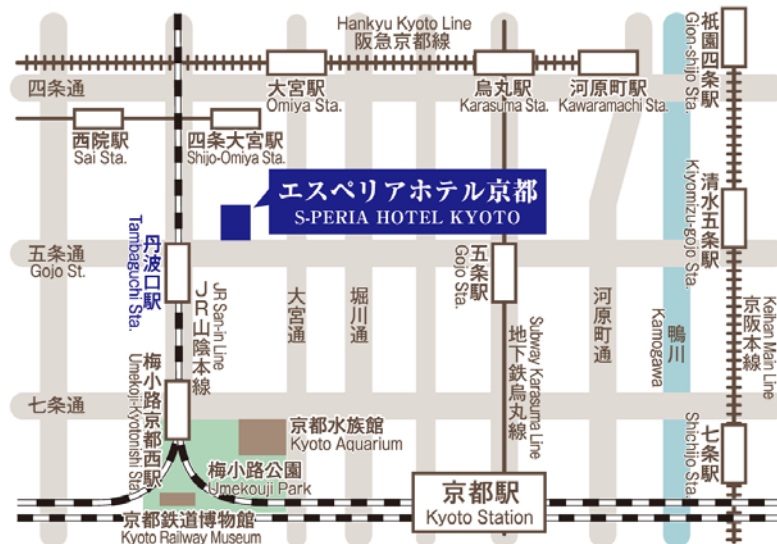
Located about a four-minute walk from Tambaguchi Station, the second station from JR Kyoto Station on the JR Sanin Main Line (Sagano Line), the S-PERIA Hotel Kyoto offers excellent convenience, being also within walking distance of, for example, Kyoto's aquarium and railway museum. Lacquered bamboo paper (see Note) was used for the ceiling of the hotel's entrance to lend a traditional atmosphere fitting for Kyoto, a former capital city.

As a lodging-based hotel that has 165 double-occupancy guest rooms and can meet rising inbound guest demand, the S-PERIA Hotel Kyoto features a large public bath designed to ease away travel fatigue. The hotel also has a restaurant that offers breakfast buffets with an array of Western and Japanese food, the latter including *obanzai* (Kyoto home-style cooking).

(Note) A beautiful hand-painted paper introduced to Japan from Tang China during the Nara period (710-794), used for the traditional crafts of interior decorating, such as sliding screens and wallpaper.

S-PERIA Hotel Kyoto Overview

- Address** : 22, Mibukawacho, Chudoji, Shimogyo-ku, Kyoto
- Access** : Approximately a four-minute walk from Tambaguchi Station on JR Sagano Line
- Structure/size** : Steel frame/8 stories
- Guest rooms** : 165
- Operator** : Green Hospitality Management Co., Ltd.



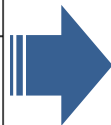
We Are Making Changes to Discounted/Complimentary Hotel Stays for Shareholders

We will change the content of benefits of the shareholders listed on the shareholder registry as of November 30, 2019.

In the past, we have offered accommodation discount coupons or free accommodation vouchers for the Center Hotel Tokyo and Center Hotel Osaka. As the latter can no longer be used following the end of its operation, we will be offering common discount coupons or free accommodation vouchers that will enable the use of three hotels: the **S-PERIA INN Nihombashi Hakozaki** and **S-PERIA INN Osaka Hommachi**, which Samty developed and operates, in addition to the **Center Hotel Tokyo**. Heeding opinions received from shareholders, two Tokyo hotels and one in Osaka will be available, making them more convenient to use than ever before.

Before Change

Number of shares held	Special Benefit Details
100-299 shares	<p>Center Hotel Tokyo One accommodation discount coupon (¥3,000)</p> <p>Center Hotel Osaka One accommodation discount coupon (¥3,000)</p>
300-1,499 shares	<p>Center Hotel Tokyo One free accommodation voucher</p> <p>Center Hotel Osaka One free accommodation voucher</p>
1,500 or more shares	<p>Center Hotel Tokyo One free accommodation voucher</p> <p>Center Hotel Osaka One free accommodation voucher</p> <p>AMANOHASHIDATE HOTEL Four accommodation discount coupons (¥5,000 each)</p>



After Change

<u>Number of shares held</u>	<u>Special Benefit Details</u>
<u>100-299 shares</u>	<p><u>For use at all three hotels</u> <u>Two accommodation discount coupons (¥3,000 each)</u></p>
<u>300-1,499 shares</u>	<p><u>For use at all three hotels</u> <u>Two free accommodation vouchers</u></p>
<u>1,500 or more shares</u>	<p><u>For use at all three hotels</u> <u>Two free accommodation vouchers</u></p> <p><u>AMANOHASHIDATE HOTEL</u> <u>Four accommodation discount coupons (¥5,000 each)</u></p>

Eligible Hotels after Change

Center Hotel Tokyo



S-PERIA INN Nihombashi Hakozaki



S-PERIA INN Osaka Hommachi



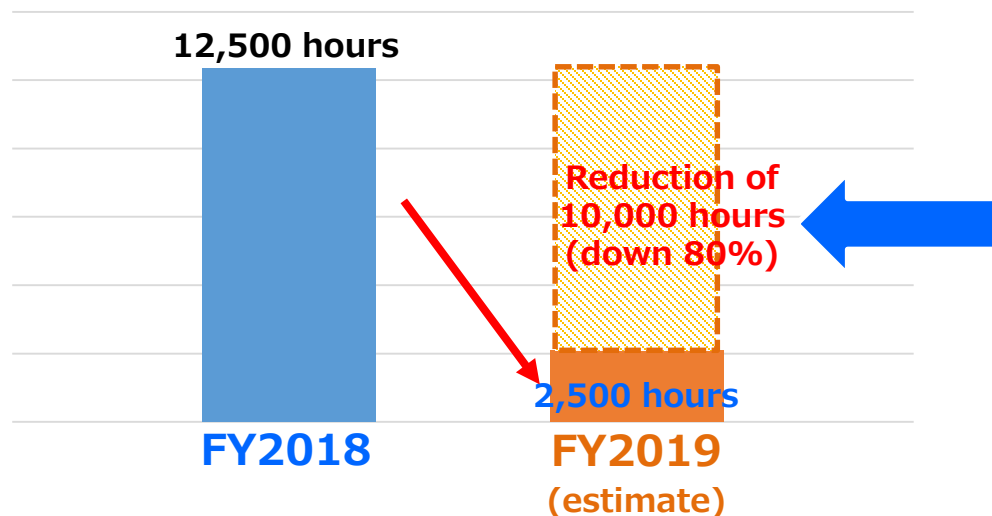
To encourage work style reforms, we will work to improve work efficiency by the installation of systems and address reduction of overtime work. Estimated annual overtime work hours are expected to be reduced by approximately 10,000 hours.

- (1) Installation of leasing management system
- (2) Development, installation of rent assessment system
- (3) Replacement of management systems, etc.



Reduction of overtime work

Ordinary Staff Total Overtime Hours Worked



Overtime hours
 Decrease of **approx. 10,000 hours** in one year

(Note) The total time for each year is calculated by annualizing the total number of hours worked by ordinary employees over the three-month period from April to June.

Key Strategies

Samty will invest a total of around ¥300 billion during the three-year period of the Samty Toughening Plan.

We will develop hotels and office buildings as the engine for Samty's growth.

Also, to strengthen the leasing business, ¥135 billion of this investment will be to acquire income properties, and bolster our asset portfolio.

Three-Year (2019-2021) Total Investment Amount

Approx. ¥300 billion (¥98.2 billion_(Note)/Rate of progress 32.7%)

Acquisition of
income properties
(fixed property)
(inventory property)

¥135bn



Progress status_(Note)

¥ 40.7bn

Rate of progress

30.2%

Development of
residential properties
(S-RESIDENCE)
(One-room apartments
for investors)

¥80bn



Progress status_(Note)

¥ 24.1bn

Rate of progress

30.1%

Development of hotels
and office buildings

¥ 85bn



Progress status_(Note)

¥ 33.3bn

Rate of progress

39.2%

(Note)The rate of progress of each of the abovementioned properties includes figures for contract completion and planned settlements. For the progress status figures, the figures for the total cost of the project are stated.

Had acquired land for projects equivalent to approx. ¥57.4 billion in assumed by end of 2Q.
Having accelerated settlements of contracted properties, the rate of progress on an acquisition amount basis is 98.1%.

Budget, Actual Results, Planned (Acquisition Amounts)

	Budget for whole year	Results up to 2Q of fiscal year ending November 30, 2019		Planned settlement (contract completion)
			Rate of progress	
Acquisition amount (Billions of yen)	25.0	21.5	86.1%	3.0

(Note) We list on acquisition amount of land base.

Actual Results/Plans (Number of Acquisitions)

	Results up to 2Q of fiscal year ending November 30, 2019						Planned settlement (contract completion)
	Hokkaido	Kanto	Chubu	Kansai	Kyushu	Total	
Number of Acquisitions	0	6	6	7	1	20	13
Residence	0	5	6	3	0	14	13
Hotel	0	1	0	3	1	5	0
Office Building	0	0	0	1	0	1	0

(3) [Real Estate Business] Sales Results

– Development and Renovation Securitization/Investment Unit Sales in Lots



A total of 23 properties sold: 10 S-RESIDENCE properties, three hotels and one other property as development securitization, plus eight properties and a fixed asset as renovation securitization.

Budget and actual results

Number of sales (Buildings)	Budget for whole year	FY11/19 2Q Results	Rate of progress
Development securitization	17	14	82.4%
S-RESIDENCE	12	10	-
Hotel	3	3	-
Other	2	1	-
Renovation securitization	40	8	20.0%
Non-current assets	0	1	-
Total	57	23	40.4%

(Note) Including the sale, announced on May 30, 2019, of the Mercure Kyoto Station hotel site.



S-RESIDENCE Awaza WEST

Cumulative total by area

Number of sales (Buildings)	Hokkaido	Kanto	Chubu	Kansai	Chugoku · Shikoku	Kyushu	Total
Development securitization	0	6	2	4	0	1	14
S-RESIDENCE	0	6	2	2	0	0	10
Hotel	0	0	0	2	0	1	3
Other	0	0	0	1	0	0	1
Renovation securitization	1	3	1	2	0	1	8
Non-current assets	0	0	0	1	0	0	1
Total	1	9	3	7	0	2	23

(4) [Real Estate Business] Residence Development Projects

[Key Strategy 2]



FY Completed	Property Name / Project Name	Location	No. of Units	FY Completed	Property Name / Project Name	Location	No. of Units	
2019	S-RESIDENCE Sumida-ku Higashimukojima 1cho-me PJ	Chuo-ku, Tokyo	76	2020	S-RESIDENCE Taito-ku Imado 2cho-me PJ	Taito-ku, Tokyo	47	
	S-RESIDENCE Minato-ku Shiba 5cho-me PJ	Minato-ku, Tokyo	29		SAMTY Nishiyodogawa-ku Himesato 2cho-me II PJ	Nishiyodogawa-ku, Osaka	130	
	S-RESIDENCE Meito-ku Homgo 3cho-me PJ	Meito-ku, Nagoya	77		SAMTY Nishiyodogawa-ku Hanakawa 2cho-me PJ	Nishiyodogawa-ku, Osaka	72	
	S-RESIDENCE Shigahontori 1cho-me II PJ	Kita-ku, Nagoya	108		SAMTY Minato-ku Yunagi 1cho-me PJ	Minato-ku, Osaka	54	
	S-RESIDENCE Kita-ku Shimo 2cho-me PJ	Kita-ku, Tokyo	28		SAMTY Suita-shi Tarumicho 3cho-me II PJ	Suita-shi, Osaka	49	
	S-RESIDENCE Yodogawa-ku Nishinakajima 4cho-me II PJ	Yodogawa-ku, Osaka	54		SAMTY Fukushima-ku Ebie 1cho-me II PJ	Fukushima-ku, Osaka	169	
	S-RESIDENCE Taito-ku Torigoe 1cho-me PJ	Taito-ku, Tokyo	49		Total	28 buildings	1,764	
	SAMTY Higashiyodogawa-ku Higashinakajima 1cho-me III PJ	Higashiyodogawa-ku, Osaka	48		2021	S-RESIDENCE Meito-ku Homgo 2cho-me PJ	Meito-ku, Nagoya	183
	SAMTY Naniwa-ku Nippombashi 5cho-me II PJ	Naniwa-ku, Osaka	45			S-RESIDENCE Atsuta-ku Yokota 1cho-me PJ	Atsuta-ku, Nagoya	77
Total	9 buildings	514	S-RESIDENCE Yokkaichi-shi Motomachi PJ	Yokkaichi-shi, Mie		60		
2020	S-RESIDENCE Kita-ku Kurokawahontori 2cho-me PJ	Kita-ku, Nagoya	105	S-RESIDENCE Kita-ku Oji 2cho-me PJ		Kita-ku, Tokyo	36	
	S-RESIDENCE Nishi-ku Minamihorie 3cho-me PJ	Nishi-ku, Osaka	55	S-RESIDENCE Nishi-ku Kujo 2cho-me PJ		Nishi-ku, Osaka	90	
	S-RESIDENCE Nerima-ku Asahicho 3cho-me PJ	Nerima-ku, Tokyo	61	S-RESIDENCE Nishi-ku Kodama 1cho-me PJ		Nishi-ku, Nagoya	88	
	S-RESIDENCE Ota-ku Nishikamata 7cho-me PJ	Ota-ku, Tokyo	42	S-RESIDENCE Nishi-ku Noritakeshinmachi 3cho-me PJ		Nishi-ku, Nagoya	40	
	S-RESIDENCE Taito-ku Taito 2cho-me II PJ	Taito-ku, Tokyo	74	S-RESIDENCE Mizuho-ku Yanagaecho 2cho-me		Mizuho-ku, Nagoya	56	
	S-RESIDENCE Taito-ku Kuramae 2cho-me PJ	Taito-ku, Tokyo	47	S-RESIDENCE Higashi-ku Aoi 3cho-me PJ		Higashi-ku, Nagoya	95	
	S-RESIDENCE Kita-ku Nishitenma 3cho-me PJ	Kita-ku, Osaka	180	S-RESIDENCE Ichikawa-shi Ichikawaminami 3cho-me PJ		Ichikawa-shi, Chiba	46	
	S-RESIDENCE Chikusa-ku Imaikeminami PJ	Chikusa-ku, Nagoya	54	S-RESIDENCE Naka-ku Kamimaezu 2cho-me PJ		Naka-ku, Nagoya	56	
	S-RESIDENCE Sumida-ku Ishihara 1cho-me PJ	Sumida-ku, Tokyo	28	S-RESIDENCE Atsuta-ku Gobancho PJ		Atsuta-ku, Nagoya	60	
	S-RESIDENCE Chikusa-ku Kiyozumicho 1cho-me PJ	Chikusa-ku, Nagoya	34	S-RESIDENCE Kita-ku Onaritori 3cho-me PJ		Kita-ku, Nagoya	56	
	S-RESIDENCE Showa-ku Hirojitori 2cho-me PJ	Showa-ku, Nagoya	27	S-RESIDENCE Arakawa-ku Higashinipori 4cho-me PJ		Arakawa-ku, Tokyo	29	
	S-RESIDENCE Ota-ku Yaguchi 1cho-me PJ	Ota-ku, Tokyo	38	S-RESIDENCE Chiyoda-ku Iwamotocho 1cho-me		Chiyoda-ku, Tokyo	39	
	S-RESIDENCE Chiyoda-ku Higashikanda 2cho-me PJ	Chiyoda-ku, Tokyo	51	S-RESIDENCE Tenpaku-ku Furukawacho PJ		Tenpaku-ku, Nagoya	60	
	S-RESIDENCE Sumida-ku Midori 1cho-me PJ	Sumida-ku, Tokyo	30	S-RESIDENCE Ichinomiya-shi Sakae 2cho-me PJ		Ichinomiya-shi, Aichi	55	
	S-RESIDENCE Ota-ku Sanno 3cho-me PJ	Ota-ku, Tokyo	48	S-RESIDENCE Chikusa-ku Shirutanicho PJ		Chikusa-ku, Nagoya	54	
	S-RESIDENCE Kita-ku Kurokawahontori 3cho-me PJ	Kita-ku, Nagoya	77	S-RESIDENCE Kita-ku Ozone 3cho-me PJ		Kita-ku, Nagoya	56	
	S-RESIDENCE Toda-shi Shimomae 2cho-me PJ	Toda-shi, Saitama	40	S-RESIDENCE Chikusa-ku Nakata 2cho-me PJ		Chikusa-ku, Nagoya	36	
	S-RESIDENCE Nakamura-ku Meiekiminami 3cho-me PJ	Nakamura-ku, Nagoya	44	S-RESIDENCE Nishi-ku Nagono 2cho-me PJ		Nishi-ku, Nagoya	32	
	S-RESIDENCE Mizuho-ku Naeshirocho PJ	Mizuho-ku, Nagoya	36	SAMTY Naniwa-ku Nippombashi 5cho-me III PJ		Naniwa-ku, Osaka	98	
	S-RESIDENCE Kawasaki-ku Ikeda 1cho-me PJ	Kawasaki-shi, Kanagawa	77	Total	22 buildings	1,402		
	S-RESIDENCE Adachi-ku Senjutatsutacho PJ	Adachi-ku, Tokyo	46	Total	59 buildings	3,680		
	S-RESIDENCE Taito-ku Asakusa 6cho-me PJ	Taito-ku, Tokyo	49					

Note: With regard to S-RESIDENCE, we have granted preferred negotiation rights to Samty Residential Investment Corporation, but as of the end of May 2019 there was no agreement to buy or sell with Samty Residential Investment Corporation.

The rate of progress with regard to the full-year budget is 50.2%. From the third quarter onward, the Property Leasing Business plans to acquire 21 properties in major cities across Japan for approximately ¥20.7 billion. The Business is on track to achieve its full-year budget.

Budget, Actual Results, Planned (Acquisition Amounts)

	Budget for whole year	2019 FY11/19 2Q Results		Planned settlement (contract completion)
		Acquisition amount (Billions of yen)	Rate of progress	
Acquisition amount (Billions of yen)	40.0	20.1	50.2%	20.7

Actual Results/Plans (Number of Acquisitions)

	2019 FY11/19 2Q Results							Planned settlement (contract completion)
	Hokkaido	Kanto	Chubu	Kansai	Chugoku	Kyushu	Total	
Number of Acquisitions	5	5	3	7	0	6	26	21



SAMTY Maruyamasakura



HELIOS Building



Belc Yagoto



SAMTY Kagoshima Bayside II

Development Plan for Hotels and Office Buildings

FY Start	Type	Project Name (provisional)	Location	No. of Units
2020	Hotel	Mercure Kyoto Station	Shimogyo-ku, Kyoto	225
	Hotel	Ibis Styles Nagoya	Nakamura-ku, Nagoya	284
	Office building	Yodogawa-ku Nishimiyahara 1cho-me PJ	Yodogawa-ku, Osaka	-
	Office building	Chuo-ku Odorinishi 5Cho-me PJ	Chuo-ku, Sapporo	-
Total 4 buildings				509
2021	Hotel	Kyoto Shijo-karasuma kita HOTEL PJ	Shimogyo-ku, Kyoto	80
	Hotel	Kyoto Shijo-karasuma minami HOTEL PJ	Shimogyo-ku, Kyoto	140
	Hotel	Kyoto Oike HOTEL PJ	Nakagyo-ku, Kyoto	120
Total 3 buildings				340
2022	Hotel	Haneda HOTEL PJ	Ota-ku, Tokyo	362
Total 1 building				362
Total 8 buildings				1,211



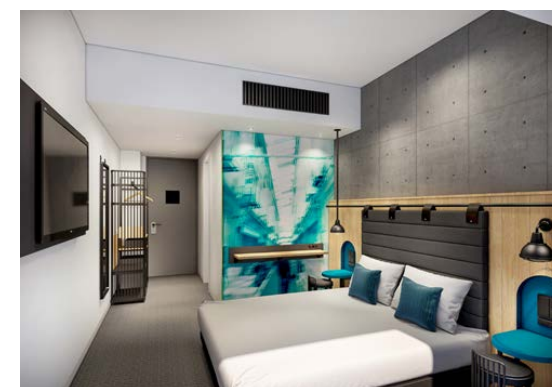
(Office development project)
 SAMTY Odorinishi 5cho-me PJ
 (Scheduled for completion in 2020)



(Office development project)
 Yodogawa-ku Nishimiyahara 1cho-me PJ
 (Scheduled for completion in 2020)



Mercure Kyoto Station (Lobby)

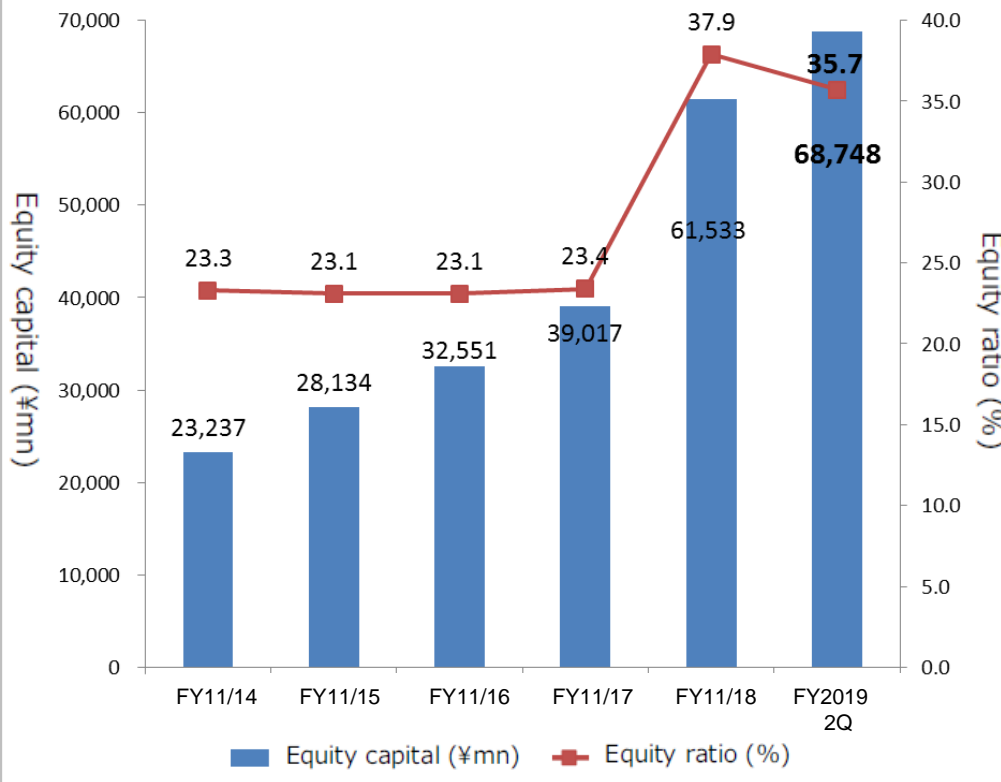


Ibis Styles Nagoya (Guest room)

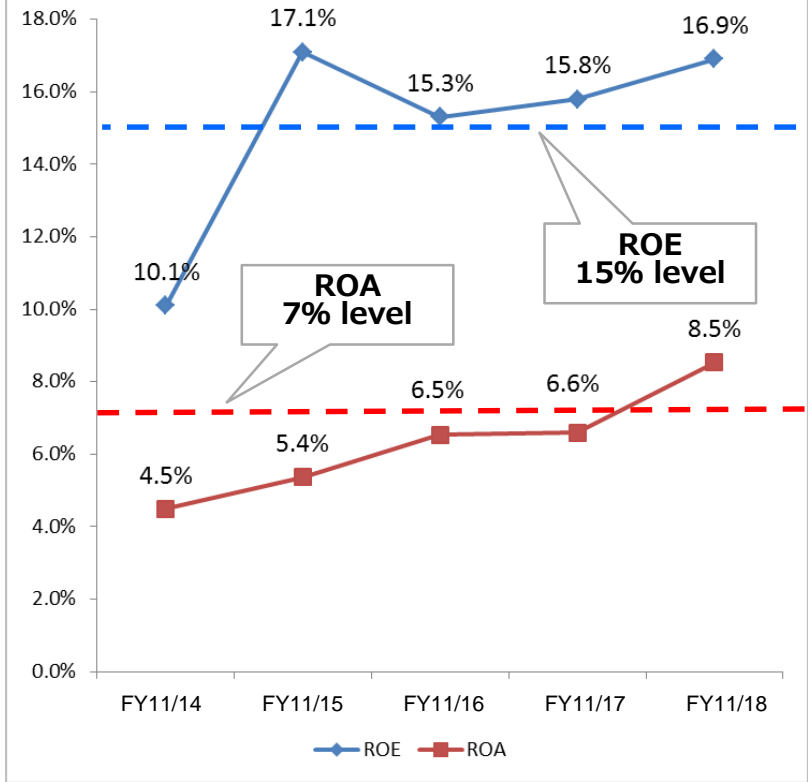
Note: The abovementioned development project figures are correct as of the date of this document but there remains the possibility that these will change.

In addition to self-financing through rights offerings and property sales, we use borrowing to actively acquire earning real estate. The capital ratio is maintained at above 30%, as planned.

Equity capital · Equity ratio



ROE · ROA



*ROA=Operating income/total assets (beginning and ending balance average)

Forecasts for Year Ending November 30, 2019

Net sales ¥86.0 billion, Operating income ¥16.0 billion, ordinary income ¥13.5 billion planned

Sales plan	Development securitization: Sell 14 properties, net sales approx. ¥36.0 billion Renovation securitization: Sell 41 properties, net sales approx. ¥37.0 billion Investment condominiums: Sell 2 properties 93 units, net sales approx. ¥1.3 billion
Investment plan	Acquisitions of land for development: approx. ¥25.0 billion Acquisitions of profitable real estate: approx. ¥40.0 billion
Shareholder returns	Paying interim dividend from current fiscal year Interim ¥35, end of year ¥42 Plan to increase dividend by ¥9 as a normal dividend and pay dividend of ¥77 per share

(Unit: Millions of yen)	FY11/18		FY11/19		FY11/19		Year on year	
	Actual	Ratio	Full-year Forecast (before revision)	Ratio	Full-year Forecast (after revision)	Ratio	Increase/decrease	Rate of increase/decrease
Net sales	84,274	100.0	86,000	100.0	86,000	100.0	+1,726	+2.0%
Real Estate Business	75,143	89.2	75,100	87.3	75,100	87.3	-43	-0.1%
Property Leasing Business	6,807	8.1	6,800	7.9	6,800	7.9	-7	-0.1%
Other Business	2,491	3.0	4,400	5.1	4,400	5.1	+1,909	+76.6%
Adjustment	-167	-	-300	-	-300	-	-133	-
Operating income	14,033	100.0	15,000	100.0	16,000	100.0	+1,967	+14.0%
Real Estate Business	15,547	110.8	17,300	115.3	18,300	114.4	+2,753	+17.7%
Property Leasing Business	1,907	13.6	2,200	14.7	2,600	16.3	+693	+36.3%
Other Business	83	0.6	500	3.3	100	0.6	+17	+20.5%
Adjustment	-3,504	-	-5,000	-	-5,000	-	-1,496	-
Ordinary income	11,635	-	13,000	-	13,500	-	+1,865	+16.0%
Net income	8,489	-	9,000	-	9,500	-	+1,011	+11.9%
Dividends per share (Yen)	68.00	-	75.00	-	77.00	-	+9.00	+13.2%
Net income per share (Yen)	283.89	-	236.44	-	240.99	-	-42.9	-15.1%

First Half of Fiscal Year Ending November 30, 2019

Overview of Financial Results

Overview

In the second quarter of the fiscal year ending November 30, 2019, sales of profitable real estate in the real estate business proceeded smoothly amid ongoing active real estate market conditions. Net sales increased 3.3% year on year to ¥47,827 million, operating income rose 53.0% to ¥13,941 million, ordinary income climbed 61.9% to ¥12,803 million, and net income increased 60.9% to ¥9,099 million. There were also firm second-quarter increases in each of operating profit margin (29.1%, up 9.4 points year on year), ordinary profit margin (26.8%, up 9.7 points), and net profit margin (19.0%, up 6.8 points), thus we recorded increases in income and profit.

Furthermore, sales are almost in line with the forecast for the full fiscal year. In terms of profit, we achieved a high rate of progress because we sold high-margin development properties, such as hotels.

(Unit: Millions of yen)	FY11/18 2Q Results		FY11/19 2Q Results		Year on year Increase/decrease		FY11/19 Full-year Forecast (after revision)	Rate of progress
		Ratio		Ratio		Rate of increase/d ecrease		
Net sales	46,317	100.0	47,827	100.0	+1,510	+3.3%	86,000	55.6%
Cost of sales	33,822	73.0	29,597	61.9	-4,225	-12.5%	-	-
Selling, general and administrative expenses	3,382	7.3	4,288	9.0	+906	+26.8%	-	-
Operating income	9,112	19.7	13,941	29.1	+4,829	+53.0%	16,000	87.1%
Non-operating income	26	0.1	17	0.0	-9	-34.0%	-	-
Non-operating expenses	1,230	2.7	1,155	2.4	-74	-6.1%	-	-
Ordinary income	7,908	17.1	12,803	26.8	+4,895	+61.9%	13,500	94.8%
Extraordinary income	521	1.1	259	0.5	-261	-	-	-
Extraordinary loss	55	0.1	0	0.0	-54	-	-	-
Profit attributable to owners of parent	5,655	12.2	9,099	19.0	+3,444	+60.9%	9,500	95.8%
Net income per share (Yen)	224.24	-	237.00	-	+13	+5.7%	240.99	-

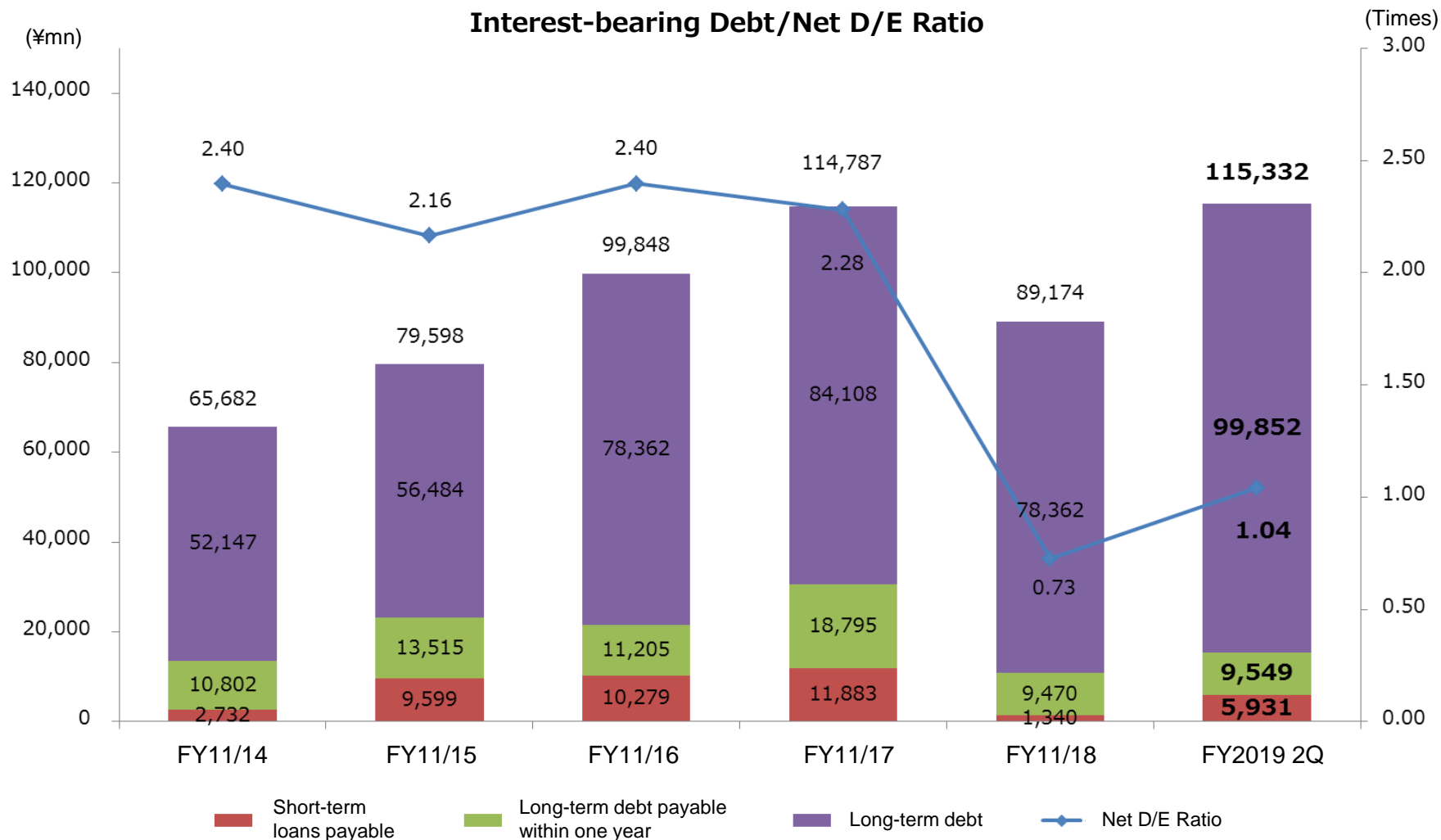
Overview

Making effective use of funds raised through rights offerings and property sales, the Company actively acquires land for development and profitable real estate.

While working to expand its assets, the Company also safeguards an equity ratio of 30% or higher and maintains a sound financial position.

(Unit: Millions of yen)	FY11/18 Period-end results	FY11/19 2Q Results	Increase/ decrease	Main Reasons for Increase/Decrease
Total assets	162,500	192,808	+30,308	◇ Real Estate Properties for Sale
Current assets	107,904	124,512	+16,608	Property acquisitions +¥8,160 million
Cash and deposits	44,510	43,658	-852	Property completion/development costs +¥22,925 million
Real estate for sale	26,181	35,838	+9,656	Transfers and other +¥5,632 million
Real estate for sale under construction	34,886	42,574	+7,688	Property sales (¥27,060 million)
Non-current assets	54,595	68,295	+13,700	◇ Real Estate for Sales in Progress
Property and equipment	46,539	56,008	+9,468	Acquisitions of land for development +¥25,989 million
Intangible assets	172	184	+11	Transfers and other (¥18,300 million)
Investments and other assets	7,883	12,103	+4,219	
Total Liabilities	100,061	123,488	+23,426	◇ Shareholders' Equity
Current liabilities	19,779	21,517	+1,738	Net income for quarter +¥9,045 million
Short-term borrowings	1,340	5,931	+4,590	Dividend payments (¥2,588 million)
Current portion of long-term debt	9,470	9,549	+78	
Non-current liabilities	80,282	101,970	+21,687	
Long-term debt	78,362	99,852	+21,489	
Total net assets	62,438	69,320	+6,881	
Total liabilities and net assets	162,500	192,808	+30,308	
Interest-bearing debt	89,174	115,332	+26,157	
Shareholders' equity	61,404	68,355	+6,951	
Equity ratio (%)	37.9%	35.7%	-2.2%	

Long-term debt increased due to active acquisition of profitable real estate
Interest-bearing debt increased, but net D/E ratio remained at 1.04 times

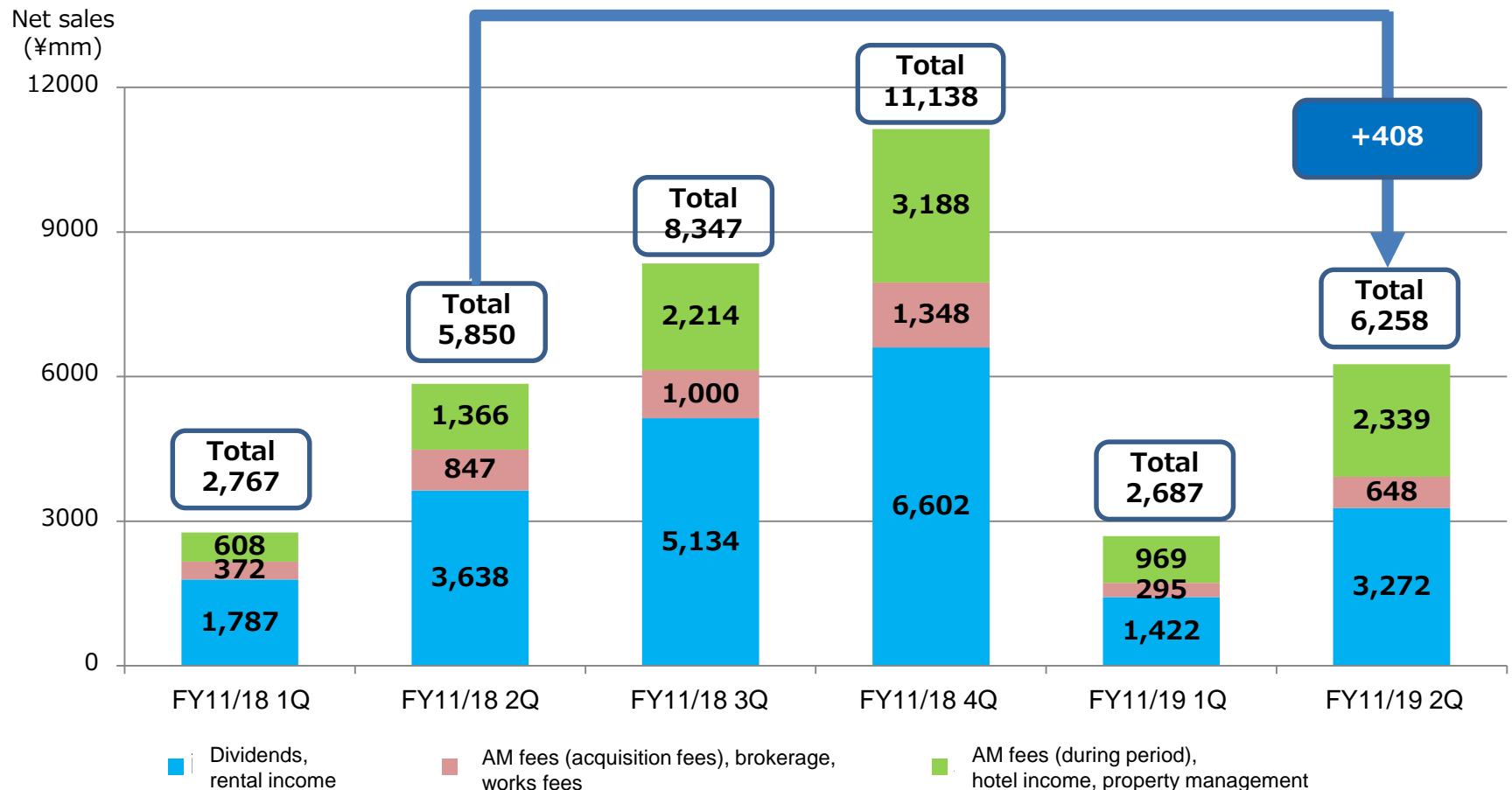


*Net Debt Equity Ratio= (Interest-bearing debt - Cash and deposits) ÷ Shareholders' equity

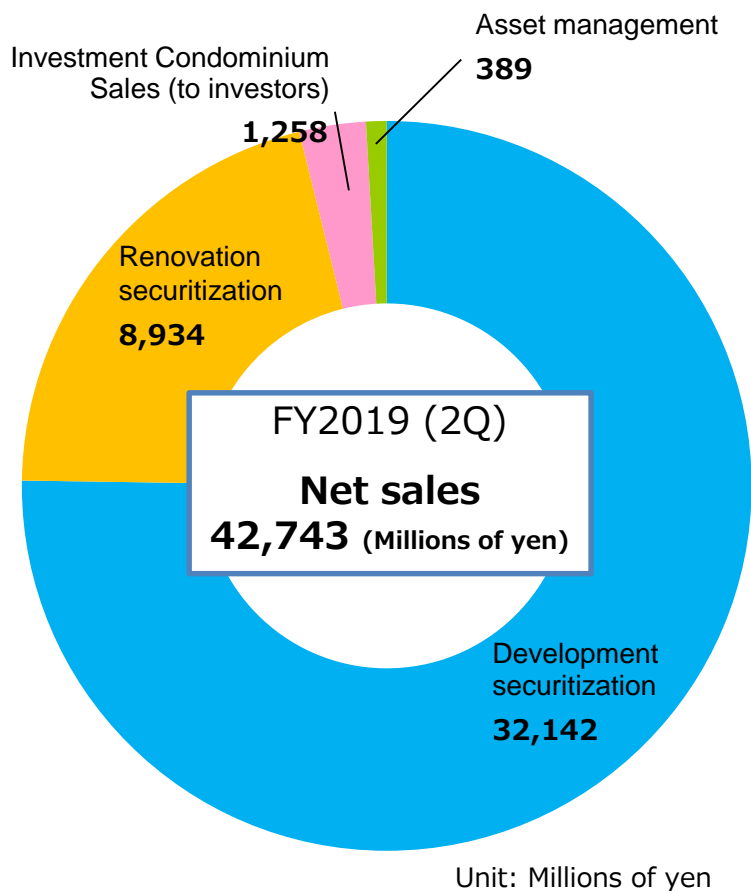
		Net sales	YoY
Real Estate Business	We recorded steady performance in sales of developed real estate, and net sales and operating income increased year on year. Particularly with regard to operating income, we achieved a high rate of progress because we sold high-margin development properties, such as hotels.	¥42,743mn	+2.1%
Property Leasing Business	In the Property Leasing business, the occupancy rates of real estate under ownership remains high. As in the real estate business, sales were temporarily down year on year because of the Company's active promotion of sales of properties under ownership. Progress has been almost as expected in the full-year forecast.	¥3,203mn	-11.4%
Other Business	In accordance with the steady occupancy rates at S-PERIA Hotel Hakata and the openings of the S-PERIA INN Nihombashihakozaki and S-PERIA INN Osakahommachi, sales increased by 122.5% year on year and operating income returned to the black.	¥2,106mn	+122.5%

(Unit: Millions of yen)	FY11/18 2Q Results		FY11/19 2Q Results		Year on year Increase/decrease		FY11/19 Full-year Forecast (after revision)	Rate of progress
		Ratio		Ratio		Rate of increase/ decrease		
Net sales	46,317	100.0	47,827	100.0	+1,510	+3.3%	86,000	55.6%
Real Estate Business	41,869	90.4	42,743	89.4	+873	+2.1%	75,100	56.9%
Property Leasing Business	3,616	7.8	3,203	6.7	-412	-11.4%	6,800	47.1%
Other Business	946	2.0	2,106	4.4	+1,159	+122.5%	4,400	47.9%
Adjustment	-115	-	-226	-	-110	-	-300.0	-
Operating income	9,112	100.0	13,941	100.0	+4,829	+53.0%	16,000	87.1%
Real Estate Business	9,608	105.4	14,845	106.5	+5,236	+54.5%	18,300	81.1%
Property Leasing Business	1,046	11.5	1,174	8.4	+127	+12.2%	2,600	45.2%
Other Business	-42	-0.5	5	0.0	+47	+112.1%	100	5.0%
Adjustment	-1,500	-	-2,083	-	-582	-	-5,000.0	-

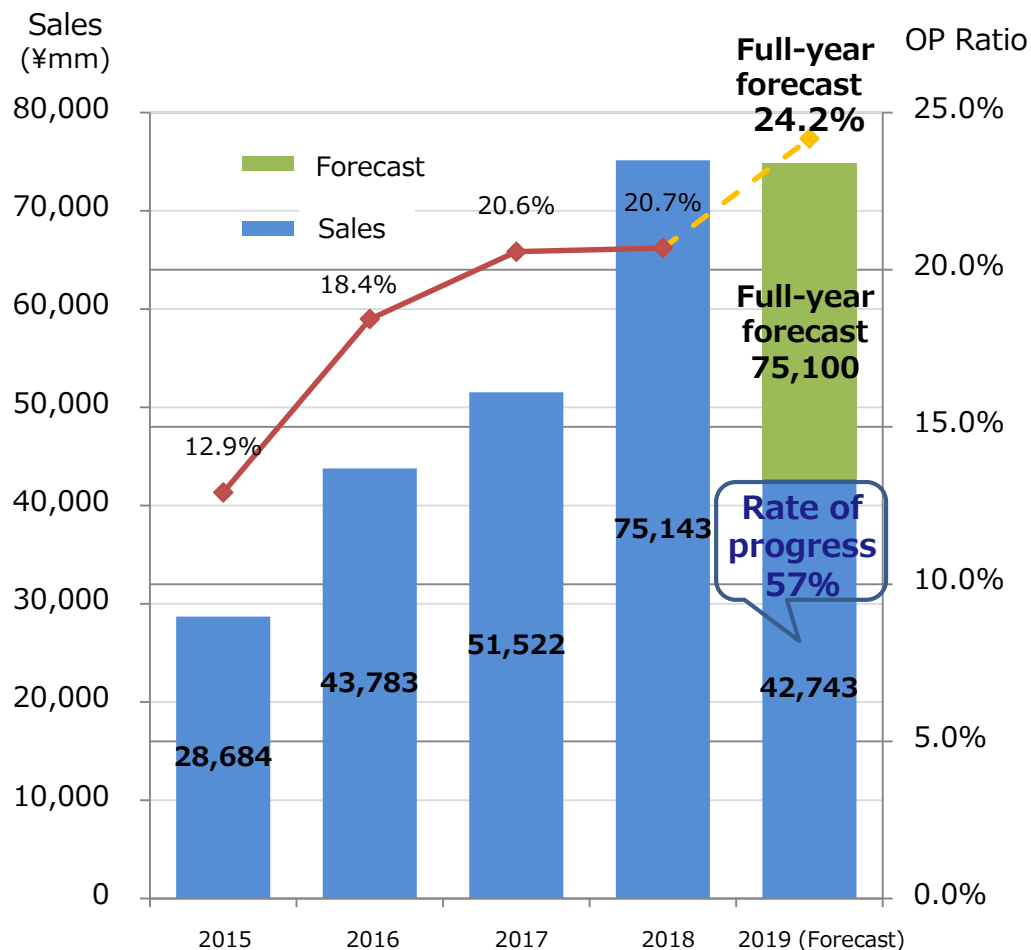
- With regard to dividends and rental income, since we are promoting the sale of properties in order to contribute to REIT growth, a temporary decline in property holdings resulted in a decline in revenue.
- In contrast, with regard to AM fees (during the period), which were stable, hotel income and property management fees, all recorded increases due to the expansion of the REIT'S scale and the accompanying increase in the number of properties under management, and the increase in hotel income due to the stable operation of S-PERIA Hotel Hakata.
- As a result, overall profit increased to a total of ¥408 million compared with the same quarter in the previous year.



Net Sales by Asset Category



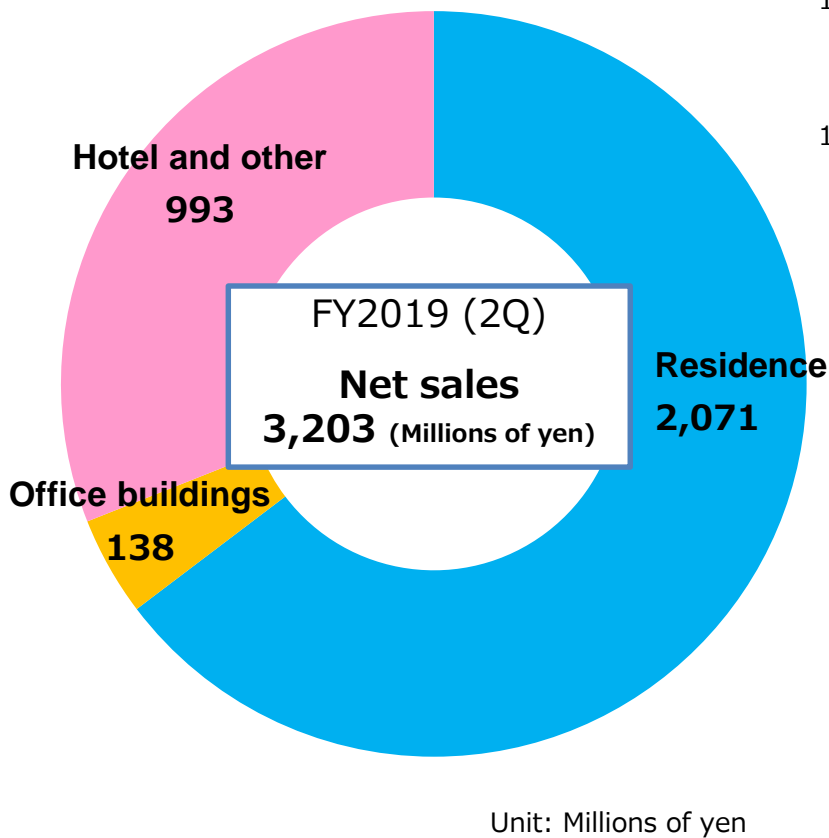
Segment Sales and Operating Profit Ratio



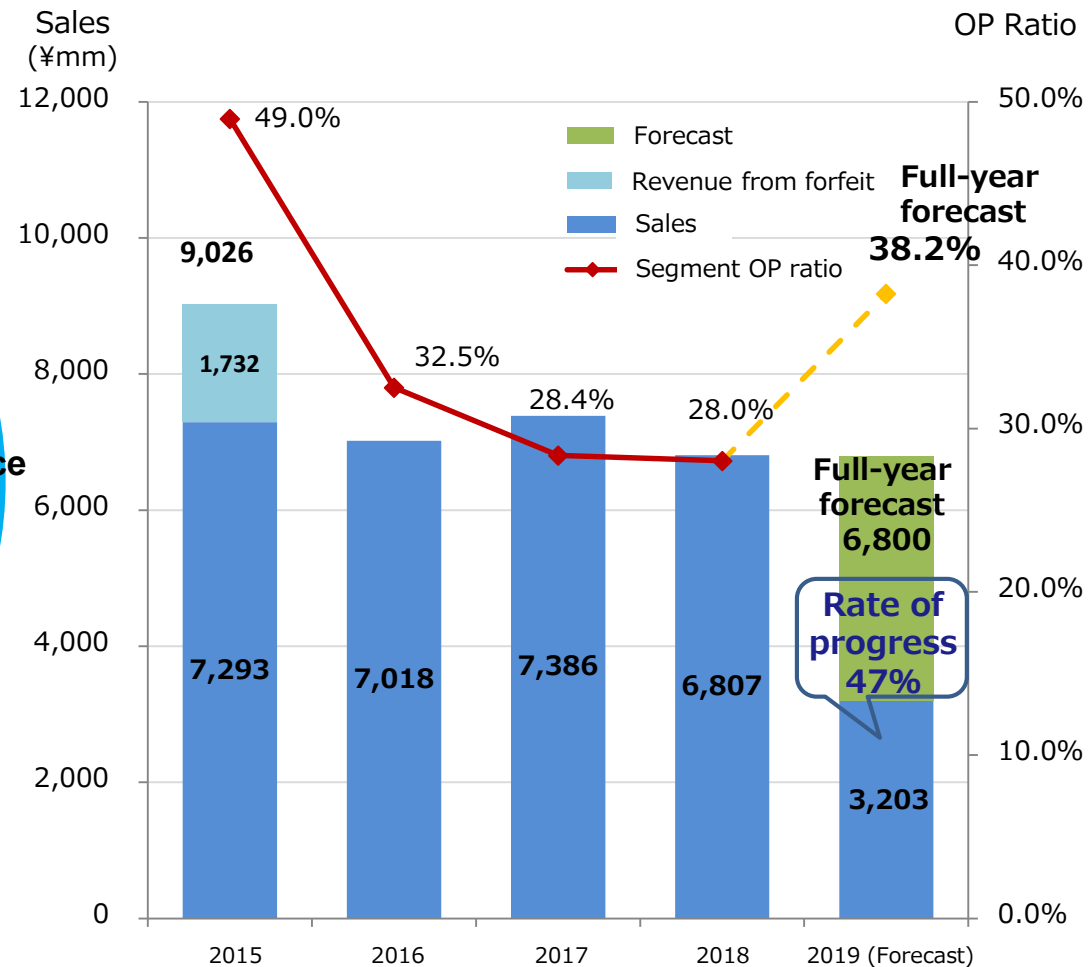
Note: Segment sales figures for FY2019 are after intersegment eliminations, while total sales amount figure is prior to intersegment eliminations.

Note: Forecast net sales figure for 2019 is prior to intersegment eliminations.

Net Sales by Asset Category



Segment Sales and Operating Profit Ratio

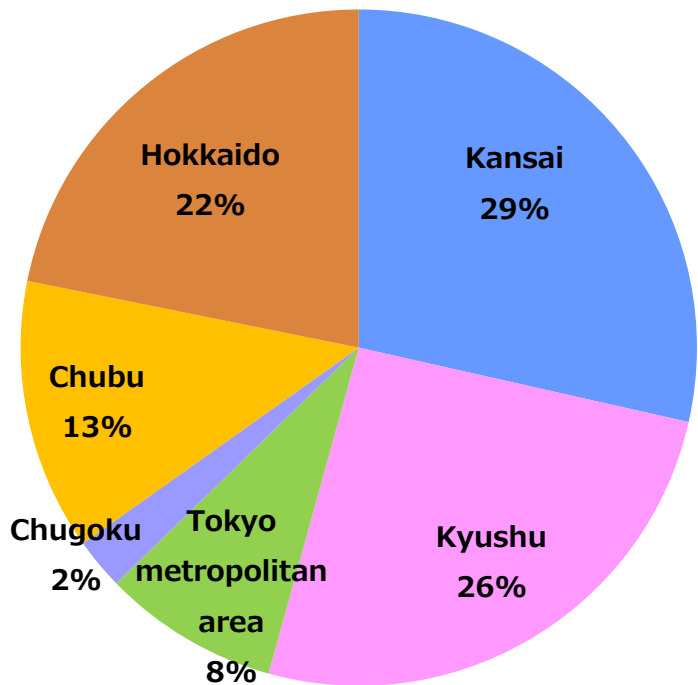


Note: Segment sales figures for FY2019 are after intersegment eliminations, while total sales amount figure is prior to intersegment eliminations.

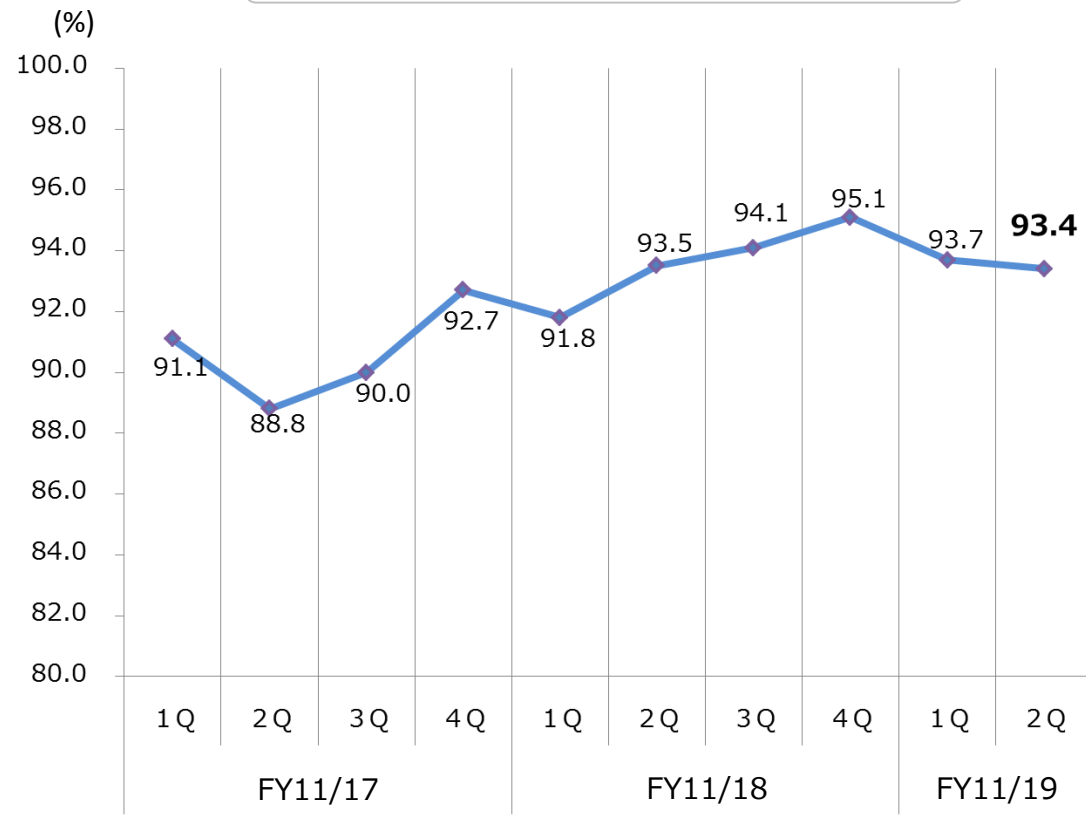
Note: Forecast net sales figure for 2019 is prior to intersegment eliminations.

- Diversified asset holdings centered on ordinance-designated cities and regional hub cities
 - ◇ Competition for property transactions limited
 - ◇ Relatively high profitability compared with Tokyo metropolitan area
- Maintaining high occupancy rates of around 90% for residences

Asset Holdings by Region



Occupancy Rate of Residences



(Note 1) As of end of second quarter of fiscal year ending November 30, 2019

(Note 2) Profitable real estate held by Samty on non-consolidated basis (fixed assets + real estate for sale)

(Note 3) Excluding development properties, such as S-RESIDENCE

(Note 4) Average occupancy rate at end of each quarter

(*) Total floor area basis (weighted average):

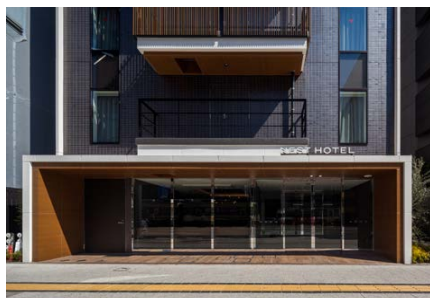
Total leased area of each property / Total leasable area

Hotels in Which Samty Participates

Hotel Name	Location	No. of Guest Rooms
Center Hotel Tokyo	Chuo-ku, Tokyo	108
Amano Hashidate Hotel	Miyazu, Kyoto	86
GOZAN	Higashiyama-ku, Kyoto	21
S-PERIA Hotel Nagasaki	Nagasaki, Nagasaki	155
Hotel Sunshine Utsunomiya	Utsunomiya, Tochigi	160
SMART HOTEL kutchan	Abutagun, Hokkaido	67
S-PERIA Hotel Hakata	Hakata-ku, Fukuoka	287
S-PERIA INN Nihombashi Hakozaeki	Chuo-ku, Tokyo	114
S-PERIA INN Osaka Hommachi	Nishi-ku, Osaka	125
S-PERIA Hotel Kyoto	Shimogyo-ku, Kyoto	165
NEST HOTEL Hiroshima Hatchobori	Naka-ku, Hiroshima	126
Total		1,414

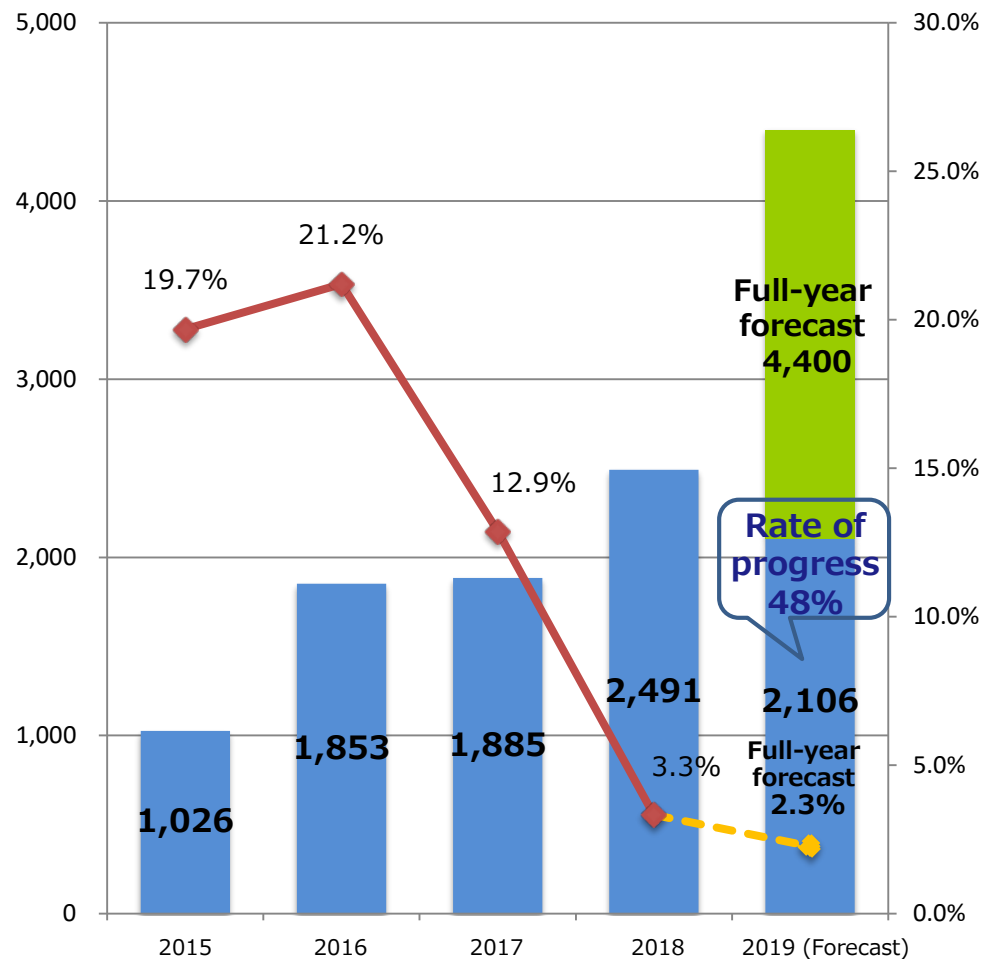


S-PERIA HOTEL Kyoto (Lobby)



NEST HOTEL Hiroshima Hatchobori (Exterior)

Segment Sales and Operating Profit Ratio



Note: Forecast net sales figure for 2019 is prior to intersegment eliminations.

Shares

Number of Shares/Shareholders

Total number of authorized shares	159,200,000 common shares
Total number of shares of common stock outstanding	39,209,172 common shares
Number of shareholders (common shares)	23,346

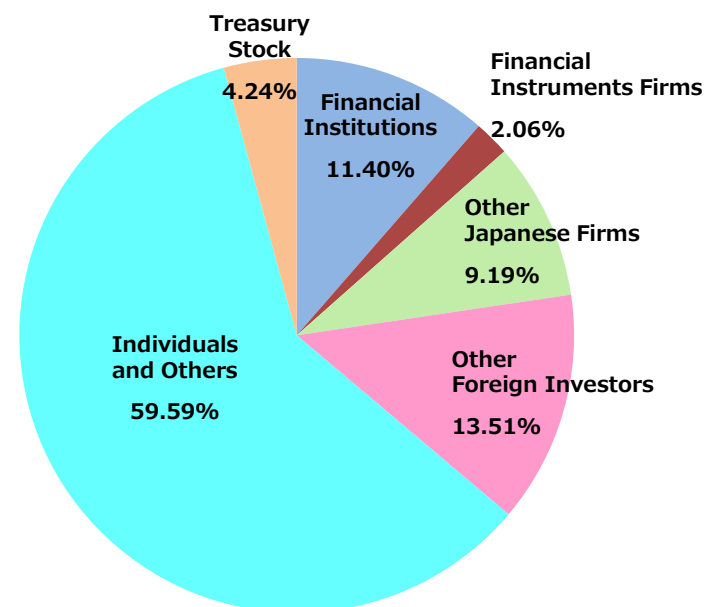
Main Shareholders (Top 10)

Name of Shareholder	Shareholding	Shareholding Ratio
Shigeru Moriyama	5,184,872	13.22%
Individual	3,662,566	9.34%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,431,000	3.65%
Kazushi Eguchi	1,342,124	3.42%
Tsuyoshi Building Ltd.	1,325,000	3.38%
Daiwa PI Partners Co.Ltd.	1,250,000	3.19%
Individual	1,199,500	3.06%
Individual	1,185,000	3.02%
Japan Trustee Services Bank, Ltd. (Trust Account)	951,700	2.43%
State Street Bank and Trust Company 505019	731,700	1.87%
Total	18,263,462	46.58%

* In addition to the above, there are 1,737,068 shares of treasury stock owned by the Company. Shareholding ratio is calculated after deducting the treasury stock and rounded to the third decimal place.

Distribution of Shares by Owner

Owner	Number of Shares	Number of Shareholders	Ratio
Financial Institutions	4,667,050	27	11.40%
Financial Instruments Firms	845,401	33	2.06%
Other Japanese Firms	3,764,508	237	9.19%
Other Foreign Investors	5,531,067	162	13.51%
Individuals and Others	24,401,146	22,886	59.59%
Treasury Stock	1,737,068	162	4.24%



This document includes forecasts of future business performance and statements concerning development plans, numerical targets, etc.

These statements are based on the information available at the time of preparation and certain subjective assumptions we have made that depend on uncertain factors. As such, they are subject to underlying risks and uncertainties.

There is no guarantee that these statements will match future events.

Actual results could differ from the projections made within this document due to changes in economic conditions, market trends, the business environment and other factors.

Moreover, while utmost care has been taken in the preparation of this document, we cannot guarantee the novelty, validity, usefulness, suitability for a specific purpose, function or safety of every item within.

Thank you for your understanding.

This document is not intended as a solicitation for investment.

Any investment decision is to be made at your own discretion.

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The word "SAMTY" in a bold, black, serif font, with a blue and purple swoosh graphic element behind it.