

October 9, 2018

**Flash Report (Consolidated Basis)**  
**Results for the nine-month period ended August 31, 2018**  
**(Based on Japanese GAAP)**

Company name: **Samty Co., Ltd.**  
Stock Listings: Tokyo Stock Exchange  
Stock Code: 3244  
URL: <https://www.samty.co.jp/en/>

Representative

Title: Representative Director and President

Name: Kazushi Eguchi

Contact Person

Title: Director & General Manager of Business Administration Division

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Quarterly report filing date (Planned): October 9, 2018

Start of dividend payments (Planned): —

Quarterly supplemental explanatory material prepared: No

Quarterly results briefing held: No

(Figures less than ¥1 million have been omitted.)

**1. Consolidated Results for the nine-month period of FY11/18**  
**(December 1, 2017 to August 31, 2018)**

**(1) Consolidated Operating results**

Nine months ended August 31

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2018	61,981	45.2	10,140	43.9	8,531	47.8	6,285	48.7
2017	42,679	31.8	7,046	60.3	5,771	87.1	4,228	95.2

(Note) Comprehensive Income: Nine months ended August 31, 2018: ¥6,497 million, 51.5%  
Nine months ended August 31, 2017: ¥4,288 million, 106.1%

	Net income per share	Net Income per share after adjustment for residual shares
	Yen	Yen
2018	248.94	240.98
2017	177.13	162.67

## (2) Consolidated Financial condition

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
August 31, 2018	148,486	45,289	29.9
November 30, 2017	166,449	39,360	23.4

(Reference) Total shareholders' equity: August 31, 2018: ¥44,424 million, November 30, 2017: ¥39,017 million

## 2. Dividends

Years ended/ending November 30

	Dividends per share				
	February 28	May 31	August 31	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2017	—	0.00	—	47.00	47.00
2018	—	0.00	—		
2018 (Forecast)				64.00	64.00

(Note) Revision of dividends forecast for this period: None

## 3. Forecasts for Fiscal Year Ending November 30, 2018

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	78,000	29.0	13,000	28.3	11,000	30.0

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Fiscal year	8,000	41.3	316.45

(Note) Revision of results forecast for this period: None

Net income per share does not take into account the additional shares from the rights offering (partial commitment-type rights offering / allotment of listing-type stock acquisition rights without contribution) disclosed on September 18, 2018.

## Notes

- (1) Significant changes in subsidiaries during the subject fiscal period: None  
(Changes in specified subsidiaries related to a change in the scope of consolidation)

Additions: None

Deletions: None

- (2) Application of special accounting practices in the preparation of the consolidated financial statements:  
None

- (3) Changes in accounting policies, changes in accounting estimates, restatements

1) Changes in accounting policies due to revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

- (4) Number of shares issued and outstanding (common share)

1) Number of shares issued and outstanding (including treasury stock)

Nine months ended August 31, 2018	27,183,118 shares	Year ended November 30, 2017	26,989,518 shares	
2) Number of treasury stock	Nine months ended August 31, 2018	1,805,959 shares	Year ended November 30, 2017	1,805,959 shares
3) Average number of shares outstanding for each period (cumulative term)	Nine months ended August 31, 2018	25,249,893 shares	Nine months ended August 31, 2017	23,871,339 shares

\* Quarterly financial statements are not subject to review by certified public accountants or audit firms.

\* Explanation regarding the appropriate use of results forecasts, and other items of note

- Results forecasts and other forward-looking statements contained in this report are based on information available to the Company at the time of disclosure, and certain assumptions the Company considers reasonable. Actual results may vary considerably due to a variety of factors. For the assumptions underlying results forecasts and precautions on use of results forecasts, see Page 5 of the accompanying material "1. Qualitative Information on Consolidated Results for the Nine-Month Period of Fiscal 2018; (3) Explanation of Consolidated Results Forecasts and Other Future Predictions."

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## 1. Qualitative Information on Consolidated Results for the Nine-Month Period of Fiscal 2018

### (1) Explanation of Business Results

During the third quarter cumulative period, the Japanese economy, amid continued expansion in employment and incomes, continued to recover at a moderate pace, with improvement in corporate earnings on the back on government economic measures and the Bank of Japan's easy-money policy. However, caution remains necessary regarding such factors as the economic outlook in China and other emerging Asian economies, the effects of uncertainty in government policy, the direction of international trade problems, and fluctuations in financial and capital markets.

In the real estate industry, of which the Samty Group is a part, retail store and hotel demand has risen in response to the continued low interest rate environment and increase in overseas tourists, while real estate demand remains robust on improved profitability due to low office vacancy rates in major cities. According to the benchmark land prices (at July 1, 2018) announced by the Ministry of Land, Infrastructure, Transport and Tourism, the national average land price (average for all purposes) increased for the first time in 27 years. In Japan's three major metropolitan areas (Tokyo, Osaka, and Nagoya), the upward trend is strengthening overall for both residential and commercial land. In regional areas, land prices for all purposes increased in the four main regional cities (Sapporo, Sendai, Hiroshima, and Fukuoka) for a sixth consecutive year at a rate of increase even greater than a year earlier, and up sharply higher than that of the three major metropolitan areas, particularly in commercial areas.

Under such conditions, the Samty Group, in accordance with its "Challenge 40" medium-term management plan (revised in July 2016), actively pursued business operations based on the three key strategies of 1) Development of business model centered on Samty Residential Investment Corporation; 2) Strategic investment in regional metropolitan areas; and 3) Roll-out of hotel development business. Also, in September 2018, Samty formulated and released a new medium-term management plan, the "Samty Toughening Plan."

As a result, for the subject third quarter cumulative period, net sales amounted to ¥61,981 million (+45.2% from the same period of the previous fiscal year), with operating income of ¥10,140 million (+43.9%), ordinary income of ¥8,531 million (+47.8%), and profit attributable to owners of parent of ¥6,285 million (+48.7%).

#### a. Real Estate Business

The Real Estate business comprises the planning, development, and sales of real estate properties, including the Samty brand S-RESIDENCE series, as well as the revitalization and sales of income properties and other real estate. We also plan, develop, and sell one-room condominiums for investment.

Properties sold as the S-RESIDENCE Series were "S-RESIDENCE Ochanomizu" (Bunkyo-ku, Tokyo), "S-RESIDENCE Bunkyo Koishikawa" (Bunkyo-ku, Tokyo), "S-RESIDENCE Shinjuku Urban Style" (Shinjuku-ku, Tokyo), "S-RESIDENCE Shinjuku EAST" (Shinjuku-ku, Tokyo), "S-RESIDENCE Kiyosumi-shirakawa" (Koto-ku, Tokyo), "S-RESIDENCE Oshiage Park Side" (Sumida-ku, Tokyo), "S-RESIDENCE Kinshicho Park Side" (Sumida-ku, Tokyo), "S-RESIDENCE Nihombashi Hamacho"

(Chuo-ku, Tokyo), “S-RESIDENCE Nerima Sakuradai” (Nerima-ku, Tokyo), “S-RESIDENCE Tsurumai” (Naka-ku, Nagoya-shi), “S-RESIDENCE Shin-Osaka Luna” (Yodogawa-ku, Osaka-shi), and “S-RESIDENCE Shin-Osaka Ridente” (Yodogawa-ku, Osaka-shi). As income apartments, the Company sold a total of 31 properties, including “SAMTY Felice Odoriminami” (Chuo-ku, Sapporo-shi), “SAMTY Residence Mito Chuo” (Mito-shi, Ibaraki), “SAMTY Residence Shonan Chigasaki” (Chigasaki-shi, Kanagawa), “SAMTY Sanno Residence” (Nakagawa-ku, Nagoya-shi), “SAMTY Kamiyashiro” (Meito-ku, Nagoya-shi), “SAMTY Kobe Sta. Minami Dori” (Hyogo-ku, Kobe-shi), “SAMTY Charme Hakata A, B” (Hakata-ku, Fukuoka-shi), “SAMTY Kumamoto Keitokuko-mae” (Chuo-ku, Kumamoto-shi), “Prosperre Tsurukawa” (Machida-shi, Tokyo), “S-FORT Kawaguchi Namiki” (Kawaguchi-shi, Saitama), “Dimus Yokohama Kannai” (Naka-ku, Yokohama-shi), “Greencourt Aratama” (Minami-ku, Nagoya-shi), “AS Residence Tsu City” (Tsu-shi, Mie), “Succeed Takaragaike” (Sakyo-ku, Kyoto-shi), “Charmant de Minoh” (Minoh-shi, Osaka), “Grand Heights Funairi” (Naka-ku, Hiroshima-shi), “Grand E'terna Oita” (Oita-shi, Oita), and “Studio Square Takasagomachi” (Oita-shi, Oita). As hotels, the Company sold “S-PERIA Hotel Hakata” (Hakata-ku, Fukuoka-shi). As office buildings, the Company sold “SAMTY Uehommachi Building” (Tennoji-ku, Osaka-shi), and “Nissan Minamihorie Building” (Nishi-ku, Osaka-shi), and as other commercial facilities, “SAMTY Minatogawakoen Building” (Hyogo-ku, Kobe-shi).

The Company also sold 256 units of condominiums for investment, at “SAMTY Osaka GRAND EAST” (Higashinari-ku, Osaka-shi), “SAMTY Osaka GRAND EAST II” (Higashinari-ku, Osaka-shi), “SAMTY Osaka CITY WEST” (Nishiyodogawa-ku, Osaka-shi), “STAGE GRANDE Akihabara” (Taito-ku, Tokyo), and “Jiacosmo Edobori Parkfront” (Nishi-ku, Osaka-shi).

As a result, net sales in the Real Estate Business segment amounted to ¥55,294 million (+53.1% from the same period of the previous fiscal year), with operating income of ¥10,953 million (+50.4%).

## **b. Property Leasing Business**

The Property Leasing business comprises the leasing and management of rental apartments, office buildings, commercial facilities, hotels, and other properties.

The Samty Group continued its efforts to expand its area of business operations and strengthen purchasing of income properties. Properties acquired were “SAMTY Residence Funabashi Honcho” (Funabashi-shi, Chiba), “SAMTY Residence Aobadai” (Aoba-ku, Yokohama-shi), “SAMTY Residence Fujigaoka” (Aoba-ku, Yokohama-shi), “SAMTY Uemachidai Ryuzouji” (Chuo-ku, Osaka-shi), “SAMTY Esaka LIBERTS” (Suita-shi, Osaka), “SAMTY Itami Nishidai” (Itami-shi, Hyogo), “SAMTY Nishijin-minami” (Sawara-ku, Fukuoka-shi), “SAMTY Ohashi” (Minami-ku, Fukuoka-shi), “SAMTY Hakozaki-higashi” (Higashi-ku, Fukuoka-shi), “Orioncourt” (Chuo-ku, Sapporo-shi), “Attract” (Saiwai-ku, Kawasaki-shi), “La stella” (Handa-shi, Aichi), “GRANDUKE Shinsakae” (Naka-ku, Nagoya-shi), and “S-CREA Shin-Osaka EAST” (Higashiyodogawa-ku, Osaka-shi). The Company also acquired as a hotel asset, “SMART HOTEL kutchan” (Abuta-gun, Hokkaido).

As a result, net sales in the Property Leasing Business segment amounted to ¥5,220 million (-3.8% from the same period of the previous fiscal year), with operating income of ¥1,491 million (-1.5%).

### **c. Other Business**

Other business operations comprise the hotel business, including the holding and operating of “S-PERIA Hotel Nagasaki” (Nagasaki-shi, Nagasaki), and “Center Hotel Tokyo” (Chuo-ku, Tokyo), and the management of “Center Hotel Osaka” (Chuo-ku, Osaka), “Hotel Sunshine Utsunomiya” (Utsunomiya-shi, Tochigi), and “S-PERIA Hotel Hakata” (Hakata-ku, Fukuoka-shi), as well as a condominium management business and construction / renovation business.

As a result, net sales in the Other Business segment amounted to ¥1,466 million (+27.7% from the same period of the previous fiscal year), with operating income of ¥14 million (-92.9%).

## **(2) Qualitative Information on the Consolidated Financial Position**

### **1) Assets, Liabilities, and Net Assets**

#### **Assets**

Total assets at the end of the subject third quarter cumulative period amounted to ¥148,486 million, a decrease of ¥17,963 million compared to the end of the previous fiscal year. Of this amount, current assets decreased ¥12,759 million to ¥85,798 million, and non-current assets decreased ¥5,109 million to ¥62,687 million. The main factor for the decrease in current assets was a decline of ¥17,442 million in real estate for sale; against an increase of ¥4,703 million in cash and deposits. The main factor for the decrease in non-current assets was a decline of ¥6,641 million in net property and equipment; against an increase of ¥1,524 million in investments and other assets.

#### **Liabilities**

Total liabilities at the end of the subject third quarter cumulative period amounted to ¥103,196 million, a decrease of ¥23,891 million compared to the end of the previous fiscal year. Of this amount, current liabilities decreased ¥14,657 million to ¥24,525 million, and non-current liabilities decreased ¥9,234 million to ¥78,671 million. The main factors for the decrease in current liabilities were declines of ¥2,743 million in notes and accounts payable; ¥6,636 million in short-term borrowings; and ¥6,429 million in current portion of long-term debt; against an increase of ¥1,273 million in accrued income taxes. The main factors for the decrease in non-current liabilities were declines of ¥7,665 million in long-term debt; and ¥1,319 million in deferred tax liabilities.

#### **Net Assets**

Total net assets at the end of the subject third quarter cumulative period amounted to ¥45,289 million, an increase of ¥5,928 million compared to the end of the previous fiscal year. This was due mainly to an increase of ¥6,285 million in retained earnings from the recording of profit attributable to owners of parent; against a decrease of ¥1,183 million in retained earnings from dividend payments.

### **2) Cash Flows**

Cash and cash equivalents (“cash”) at the end of the subject third quarter cumulative period amounted to ¥29,335 million, an increase of ¥4,501 million compared to the end of the previous fiscal year. This was due mainly to ¥21,171 million in cash provided by operating activities; ¥4,968 million in cash provided by investing activities; and ¥21,637 million in cash used in financing activities.

The main factors affecting cash flows during the subject third quarter cumulative period are as follows.

#### **Cash Flow from Operating Activities**

Net cash provided by operating activities amounted to ¥21,171 million (compared to ¥11,093 million in cash provided in the same period of the previous fiscal year). This was due mainly to ¥9,343 million in income before income taxes; ¥17,771 million in decrease in inventories; ¥2,757 million in decrease in notes and accounts payable—trade; and ¥3,000 million in income taxes paid.

#### **Cash Flow from Investing Activities**

Net cash provided by investing activities amounted to ¥4,968 million (compared to ¥24,585 million in cash used in the same period of the previous fiscal year). This was due mainly to ¥12,968 million in purchase of property, plant and equipment; ¥19,507 million in proceeds from sales of property, plant and equipment; and ¥1,822 million in purchase of investment securities.

#### **Cash Flow from Financing Activities**

Net cash used in financing activities amounted to ¥21,637 million (compared to ¥12,144 million in cash provided in the same period of the previous fiscal year). This was due mainly to ¥16,988 million in increase in short-term loans payable; ¥21,740 million in decrease in short-term loans payable; ¥41,083 million in proceeds from long-term loans; ¥57,063 million in repayments of long-term loans; and ¥1,182 million in dividends paid.

### **(3) Explanation of Consolidated Results Forecasts and Other Future Predictions**

The full-year results forecast for the fiscal year ending November 2018 is unchanged from that announced in “Revision to Earnings and Dividend Forecast” released August 29, 2018.



## 2. Consolidated Financial Statements and Main Explanatory Notes

### (1) Consolidated Balance Sheets

	Millions of yen	
	November 30, 2017	August 31, 2018
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	25,857	30,561
Receivables	297	350
Real estate for sale	37,059	19,616
Real estate for sale under construction	34,456	34,128
Goods	0	0
Supplies	5	8
Deferred tax assets	182	196
Other	700	938
Allowance for doubtful accounts	(1)	(1)
Total current assets	<b>98,558</b>	<b>85,798</b>
<b>Non-current assets:</b>		
<b>Property and equipment:</b>		
Buildings and structures net	30,734	27,469
Buildings in trust net	3,787	2,771
Land	23,355	23,208
Land in trust	3,797	1,475
Other net	211	320
Net property and equipment	<b>61,887</b>	<b>55,246</b>
<b>Intangible assets:</b>		
Goodwill	82	53
Other intangible assets	57	92
Total intangible assets	140	146
<b>Investments and other assets:</b>		
Investment securities	2,558	3,956
Deferred tax assets	310	176
Other	2,936	3,214
Allowance for doubtful accounts	(36)	(53)
Total Investments and other assets	<b>5,769</b>	<b>7,294</b>
Total non-current assets	<b>67,797</b>	<b>62,687</b>
<b>Deferred assets:</b>		
Inauguration expenses	93	—
Total deferred tax assets	93	—
<b>Total assets</b>	<b>166,449</b>	<b>148,486</b>

	Millions of yen	
	November 30, 2017	August 31, 2018
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	3,658	914
Short-term borrowings	11,883	5,247
Current portion of long-term debt	18,795	12,365
Accrued income taxes	1,933	3,206
Deferred tax liabilities	29	—
Other	2,883	2,790
Total current liabilities	<b>39,182</b>	<b>24,525</b>
<b>Non-current liabilities:</b>		
Long-term debt	84,108	76,443
Deferred tax liabilities	1,319	—
Liabilities for retirement benefits	147	153
Guarantee deposits	1,710	1,401
Construction assistance fund	593	552
Other long-term liabilities	26	121
Total non-current liabilities	<b>87,906</b>	<b>78,671</b>
<b>Total liabilities</b>	<b>127,088</b>	<b>103,196</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	8,461	8,504
Capital surplus	8,575	8,781
Retained earnings	23,251	28,349
Treasury stocks at cost	(1,382)	(1,382)
Total shareholders' equity	<b>38,906</b>	<b>44,253</b>
<b>Accumulated other comprehensive income:</b>		
Unrealized gain on available for-sale securities	111	170
Total accumulated other comprehensive income	111	170
Stock acquisition rights	343	363
Non-controlling interests	—	502
<b>Total net assets</b>	<b>39,360</b>	<b>45,289</b>
<b>Total liabilities and net assets</b>	<b>166,449</b>	<b>148,486</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****Consolidated Statements of Income**

Nine months ended August 31

	Millions of yen	
	2017	2018
<b>Net sales</b>	<b>42,679</b>	<b>61,981</b>
Cost of sales	31,744	46,930
<b>Gross profit</b>	<b>10,934</b>	<b>15,050</b>
Selling, general and administrative expenses	3,888	4,910
<b>Operating income</b>	<b>7,046</b>	<b>10,140</b>
<b>Non-operating income:</b>		
Interest income	2	1
Dividends	11	11
Refund of premium for cancelled insurance	7	17
Other	17	15
<b>Total non-operating income</b>	<b>40</b>	<b>46</b>
<b>Non-operating expenses:</b>		
Interest expenses	1,092	1,064
Commission fee	183	337
Other	38	253
<b>Total non-operating expenses</b>	<b>1,314</b>	<b>1,655</b>
<b>Ordinary income</b>	<b>5,771</b>	<b>8,531</b>
<b>Extraordinary income:</b>		
Gain on sales of non-current assets	323	881
Other	—	37
<b>Total extraordinary income</b>	<b>323</b>	<b>918</b>
<b>Extraordinary loss:</b>		
Loss on sales of non-current assets	204	100
Loss on retirement of non-current assets	1	0
Impairment loss	68	5
Other	0	—
<b>Total extraordinary losses</b>	<b>275</b>	<b>106</b>
<b>Income before income taxes</b>	<b>5,818</b>	<b>9,343</b>
Income taxes-current	1,674	4,160
Income taxes-deferred	(84)	(1,254)
Total income taxes	<b>1,590</b>	<b>2,905</b>
<b>Net income</b>	<b>4,228</b>	<b>6,437</b>
<b>Profit attributable to non-controlling interests</b>	<b>—</b>	<b>152</b>
<b>Profit attributable to owners of parent</b>	<b>4,228</b>	<b>6,285</b>

## Consolidated Statements of Comprehensive Income

Nine months ended August 31

	Millions of yen	
	2017	2018
Income before minority interests	4,228	6,437
<b>Other comprehensive income:</b>		
Unrealized gain on available for-sale securities	60	59
Total other comprehensive income	60	59
<b>Comprehensive income</b>	<b>4,288</b>	<b>6,497</b>
<b>Comprehensive income attributable to:</b>		
Comprehensive income attributable to owners of the parent	4,288	6,345
Comprehensive income attributable to non-controlling interests	—	152

### (3) Consolidated Statements of Cash Flows

Nine months ended August 31

	Millions of yen	
	2017	2018
<b>Operating activities:</b>		
Income before income taxes	5,818	9,343
Depreciation	1,142	966
Impairment loss	68	5
Amortization of goodwill	6	23
Increase (decrease) in allowance for doubtful accounts	0	17
Increase (Decrease) in net defined benefit liability	6	5
Interest and dividends income	(14)	(13)
Interest expenses	1,092	1,064
Commission fee	183	337
Loss (gain) on sales of property, plant and equipment	(118)	(780)
Decrease (increase) in notes and accounts receivable - trade	433	(26)
Decrease (Increase) in inventories	8,751	17,771
Increase (decrease) in notes and accounts payable - trade	(1,077)	(2,757)
Increase (decrease) in accrued consumption taxes	—	1,004
Increase (decrease) in lease and guarantee deposits received	(346)	(309)
Other-net	(1,539)	(1,420)
Subtotal	<b>14,407</b>	<b>25,233</b>
Decrease in interest and dividends receivable	14	13
Decrease in interest payable	(1,071)	(1,075)
Income taxes paid	(2,257)	(3,000)
<b>Net cash provided by (used in) operating activities</b>	<b>11,093</b>	<b>21,171</b>
<b>Investing activities:</b>		
Proceeds from withdrawal of time deposits	—	473
Payments for deposits in time deposits	—	(676)
Purchase of property, plant and equipment	(26,791)	(12,968)
Proceeds from sales of property, plant and equipment	2,678	19,507
Purchase of intangible assets	(6)	(48)
Purchase of investment securities	(525)	(1,822)
Proceeds from redemption of investment securities	100	503
Payments for investments in capital	(1)	(3)
Proceeds from collection of investments	0	1
Payments of construction assistance fund receivables	(41)	(41)
Other-net	—	42
<b>Net cash provided by (used in) investing activities</b>	<b>(24,585)</b>	<b>4,968</b>

(continued on page 11)

	Millions of yen	
	2017	2018
<b>Financing activities:</b>		
Increase in short-term loans payable	17,091	16,988
Decrease in short-term loans payable	(19,433)	(21,740)
Proceeds from long-term loans	38,198	41,083
Repayments of long-term loans	(22,734)	(57,063)
Proceeds from issuance of common shares	0	40
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	585
Dividends paid	(782)	(1,182)
Other-net	(195)	(350)
<b>Net cash provided by (used in) financing activities</b>	<b>12,144</b>	<b>(21,637)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,347)</b>	<b>4,501</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>20,715</b>	<b>24,833</b>
<b>Cash and cash equivalents, end of the period</b>	<b>19,367</b>	<b>29,335</b>

#### (4) Notes Relating to Consolidated Financial Statements

##### (Note on Assumptions for Going Concern)

Not applicable.

##### (Notes in the Event of Major Changes in Shareholders' Equity)

Not applicable.

##### (Segment Information)

#### I Results for the nine months of FY11/17 (from December 1, 2016 to August 31, 2017)

##### 1. Operating Revenues and Earnings (or Loss) by Reportable Segment

Nine months ended August 31, 2017

	Millions of yen					
	Reportable Segment				Adjustment (Note 1)	Amount Recorded on Consolidated Income Statement (Note 2)
	Real Estate Business	Property Leasing Business	Other Business	Total		
Net sales:						
Net sales from third parties	36,105	5,425	1,148	42,679	—	42,679
Inter-segment net sales and transfers	70	5	210	286	(286)	—
Total	36,175	5,431	1,359	42,966	(286)	42,679
Operating income	7,284	1,513	197	8,995	(1,949)	7,046

##### Notes

1. The ¥1,949 million adjustment to operating income comprises ¥51 million in intersegment eliminations, and ¥1,898 million in corporate expenses not allocated to any reportable segment. Corporate expenses are general and administrative expenses not attributed to any reportable segment.
2. Segment operating income is adjusted to the operating income on the consolidated income statement.

##### 2. Disclosure of Impairment Loss of Non-Current Assets or Goodwill by Reportable Segment

###### (Significant Impairment Loss on Non-Current Assets)

The Company recorded an impairment loss of ¥68 million in the Property Leasing Business.

## II Results for the nine months of FY11/18 (from December 1, 2017 to August 31, 2018)

### 1. Operating Revenues and Earnings (or Loss) by Reportable Segment

Nine months ended August 31, 2018

	Millions of yen					
	Reportable Segment				Adjustment (Note 1)	Amount Recorded on Consolidated Income Statement (Note 2)
	Real Estate Business	Property Leasing Business	Other Business	Total		
Net sales:						
Net sales from third parties	55,294	5,220	1,466	61,981	—	61,981
Inter-segment net sales and transfers	9	1	131	141	(141)	—
Total	55,303	5,221	1,597	62,122	(141)	61,981
Operating income	10,953	1,491	14	12,458	(2,318)	10,140

#### Notes

1. The ¥2,318 million adjustment to operating income comprises ¥41 million in intersegment eliminations, and ¥2,276 million in corporate expenses not allocated to any reportable segment. Corporate expenses are general and administrative expenses not attributed to any reportable segment.
2. Segment operating income is adjusted to the operating income on the consolidated income statement.

### 2. Disclosure of Impairment Loss of Non-Current Assets or Goodwill by Reportable Segment

Not applicable.



## (Significant Events after the Reporting Period)

### Partial Commitment-type Rights Offering

The Company, at a meeting of the Board of Directors held on September 18, 2018, decided to make a partial commitment-type rights offering, and on October 1, 2018, issued stock acquisition rights to all shareholders other than the Company through a partial commitment-type rights offering.

### Summary of the Stock Acquisition Rights

Name of stock acquisition rights	SAMTY Co., Ltd., Stock Acquisition Rights No. 19
(1) Method of allotment of stock acquisition rights	Through the method of allotment of stock acquisition rights without contribution stipulated in Article 277 of the Corporation Law, in relation to shareholders, other than the Company, registered or recorded in the Company's register of shareholders at the close of September 30, 2018 (hereinafter, "shareholder determination date"), stock acquisition rights shall be allotted (hereinafter, "gratis allotment of stock acquisition rights") at a ratio of one stock acquisition right per share of common stock of the Company held.
(2) Total number of stock acquisition rights	25,377,159 rights * This is the number of issued and outstanding shares of common stock of the Company on the shareholder determination date excluding the number of shares of common stock of the Company held by the Company on the aforementioned date. The number specified above is the expected number calculated using the number of issued and outstanding shares of common stock of the Company on September 14, 2018 (excluding the number of shares of common stock of the Company held by the Company), as its basis. This includes the number of issued and outstanding shares held by shareholders resident outside Japan.
(3) Number of dilutive shares resulting from allotment of stock acquisition rights	12,688,579 shares * Number of dilutive shares excluding dilutive shares resulting from the gratis allotment of stock acquisition rights: 749,000 shares
(4) Effective date of gratis allotment of stock acquisition rights	October 1, 2018
(5) Class and number of shares underlying the stock acquisition rights	The class and number of shares underlying each of the stock acquisition rights is 0.5 shares of common stock of the Company.
(6) Value of the property to be contributed upon exercise of the stock acquisition rights	The value of the property to be contributed upon exercise of the stock acquisition rights (hereinafter, "capital contribution amount") shall be 589 yen per stock acquisition right (0.5 shares of common stock of the Company). * The capital contribution amount per share of common stock of the Company is 1,178 yen. In the case that the exercise price has been revised, the capital contribution amount is revised to the exercise price multiplied by 0.958 (calculated to the first decimal place for amounts less than one yen, and rounded down to the nearest yen).

(7) Exercise period for the stock acquisition rights	From October 1, 2018, to November 19, 2018, and from November 22, 2018, to November 26, 2018.
(8) Matters related to increases in capital and capital reserve in the case of issuance of shares through the exercise of stock acquisition rights	<p>① The amount of increase in capital in the case of issuance of shares through the exercise of stock acquisition rights shall be one half of the amount of the maximum limit for capital increase as calculated in accordance with the provisions of Article 17-1 of the Ordinance on Company Accounting. When a fractional amount less than one yen arises as a result of calculations, the fraction shall be rounded up.</p> <p>② The amount of increase in capital reserve in the case of issuance of shares through the exercise of stock acquisition rights shall be the amount of the maximum limit for capital increase stipulated in ① above less the amount of increase in capital stipulated in ① above.</p>
(9) Use of funds	Funds for acquiring land for development for revenue-earning purposes
(10) Restriction on transfer of stock acquisition rights	Acquiring stock acquisition rights through transfer does not require approval of the Company (items specified in Article 236-1-6 of the Corporation Law are not applicable).
(11) Conditions for exercise of stock acquisition rights	One stock acquisition right shall not be exercised in part.
(12) Grounds for acquiring stock acquisition rights	On November 21, 2018, the Company shall acquire all outstanding stock acquisition rights in exchange for the delivered property on that day (acquiring a portion of outstanding stock acquisition rights shall not be possible).
(13) Application of laws relating to transfer of corporate bonds, shares, etc.	In accordance with Article 163 of the Act on Book-Entry Transfer of Company Bonds, Shares, etc. (Law No. 75, 2001; including subsequent amendments; hereinafter, "Bond Transfer Law"), all of the stock acquisition rights are subject to the application of the provisions of the Bond Transfer Law. Stock acquisition rights certificates may not be issued except in cases stipulated under Article 164-2 of the Bond Transfer Law. The stock acquisition rights shall be handled in accordance with the business regulations concerning book-entry transfer of shares, etc., and other rules specified by the book-entry transfer institution.
(14) Method of application for exercise of stock acquisition rights	<p>① A stock acquisition rights holder intending to exercise the stock acquisition rights shall provide notice of such intention along with payment of the exercise price to the immediate upper-tier institution*. (* This refers to the book-entry transfer institution at which the stock acquisition rights holder has opened an account for the purpose of carrying out book-entry transfer of the stock acquisition rights, or the account management institution. Hereinafter, the same.)</p> <p>② A party that has provided notice of intention to exercise the stock acquisition rights to the immediate upper-tier institution may not subsequently withdraw such notice.</p> <p>③ An application for exercise of stock acquisition rights shall come into effect on the date that the notice containing the necessary items for exercise applications arrives at the</p>

	receiving place for exercise applications, and the capital contribution amount for the stock acquisition rights is deposited in full into the account specified by the Company at the place handling payments.
(15) Note regarding exercise of stock acquisition rights by shareholders resident outside Japan	<p>① A shareholder resident in the United States of America may not exercise the stock acquisition rights. "Shareholder resident in the United States of America" refers to the definition of a "U.S. holder" under Rule 800 of the U.S. Securities Act of 1933.</p> <p>② With regards to the stock acquisition rights offering, the Company has not registered or notified the offering in any jurisdictions outside Japan, and has no plans to undertake such registration or notification. Consequently, shareholders resident outside Japan (excluding institutional investors not subject to the aforementioned limitations based on foreign laws and ordinances that are applied to such shareholders) require attention to relevant points.</p>
(16) Book-entry transfer institution	Japan Securities Depository Center, Inc.
(17) Other matters	<p>① Upon the exercise of the stock acquisition rights, the Company shall newly issue shares of common stock, or deliver shares of common stock of the Company held by the Company.</p> <p>② With regard to all of the items above, these are conditional upon notifications coming into force relating to the allotment of the stock acquisition rights pursuant to the Financial Instruments and Exchange Act.</p> <p>③ In addition to the matters stipulated above, in relation to the issuance of the stock acquisition rights, decisions on necessary matters shall be at the discretion of the President and Representative Director.</p>

**END**