

SAMTY Co., Ltd.

Financial Result Explanatory Material

First Half of Fiscal Year Ending November 30, 2020



S-RESIDENCE Nishitenma GrandJour (Kita-ku, Osaka)



TSE First Section 3244

At this time, we would like to extend our heartfelt sympathy to all those affected by the novel coronavirus (COVID-19), their families, and others persons concerned.

We would also like to show our respect for and express our sincere gratitude to all those working hard to prevent the spread of infections, including medical personnel and the health authorities.

All Executives and Employees of Samty, Co., Ltd.

1. Measures to Prevent Spread of COVID-19 Infections in Samty Group	P.4	9. First Half of Fiscal Year Ending November 30, 2020 Overview of Financial Results	P.21
2. Market Environment by Segment	P.5	✓ First Half of Fiscal Year Ending November 30, 2020 Overview of Consolidated Financial Statements	
3. Hotel Occupancy Rate Status	P.6	✓ First Half of Fiscal Year Ending November 30, 2020 Consolidated Balance Sheet Overview	
4. Concerning Assumptions for Business Forecast Revision for Fiscal Year Ending November 30, 2020	P.7	✓ Financial Position	
5. Revised Business Summary and Business Forecast for Fiscal Year Ending November 30, 2020	P.8	✓ Interest-bearing Debt/Net D/E Ratio	
6. Dividend Policy/Shareholder Returns	P.9	✓ First Half of Fiscal Year Ending November 30, 2020 Overview of Consolidated Financial Statements by Segment	
7. Medium-Term Management Plan “Samty Toughening Plan”	P.10	✓ Securing Ongoing Steady Profit	
8. Key Strategies	P.12	✓ [Real Estate Business] Overview of Consolidated Financial Statements	
✓ Samty Group Business Model [Key Strategy 1]		✓ [Property Leasing Business] Overview of Consolidated Financial Statements	
✓ Initiatives with Samty Residential Investment Corporation		✓ [Property Leasing Business] Asset Holdings by Region, Occupancy Rates	
✓ Investment Plan Progress Status [Key Strategy 2]		✓ [Other Business] Overview of Consolidated Financial Statements	
✓ [Real Estate Business] Purchase Status – Land for Projects [Key Strategy 2]			
✓ [Real Estate Business] Sales Results – Development and Renovation Securitization/ Investment Unit Sales in Lots			
✓ [Real Estate Business] Residence Development Projects			
✓ [Property Leasing Business] Acquisition Results [Key Strategy 2]			
✓ [Real Estate Business] Development Plan for Hotels and Office Buildings [Key Strategy 3]			
		10. Shares	P.32

To give the highest priority to the health and safety of its employees, their families, and business partners, the Group is implementing the following efforts, as far as possible limiting the chance of direct contact, and striving to prevent infections.

- (1) Working from home, online meetings, installation of online communication tools
- (2) Recommendation of staggered working hours and commuting by car/bicycle
- (3) Exercising of self-restraint with regard to nonessential and non-urgent business travel
- (4) Distribution of non-woven masks and sanitizer products

Samty Social Distancing Logo

S A ← M M M → T Y

3つのM(密)を避けて、家にいよう



Job Creation and Maintenance of Employee Hiring

- ◆ Recognition that the hiring of employees is in itself social responsibility and the source of sustainable growth
- ◆ In the COVID-19 pandemic, quickly implemented the introduction of teleworking and created safe and comfortable working environments
- ◆ Enhancing education and open recruitment systems to maximize the talent and motivation of employees



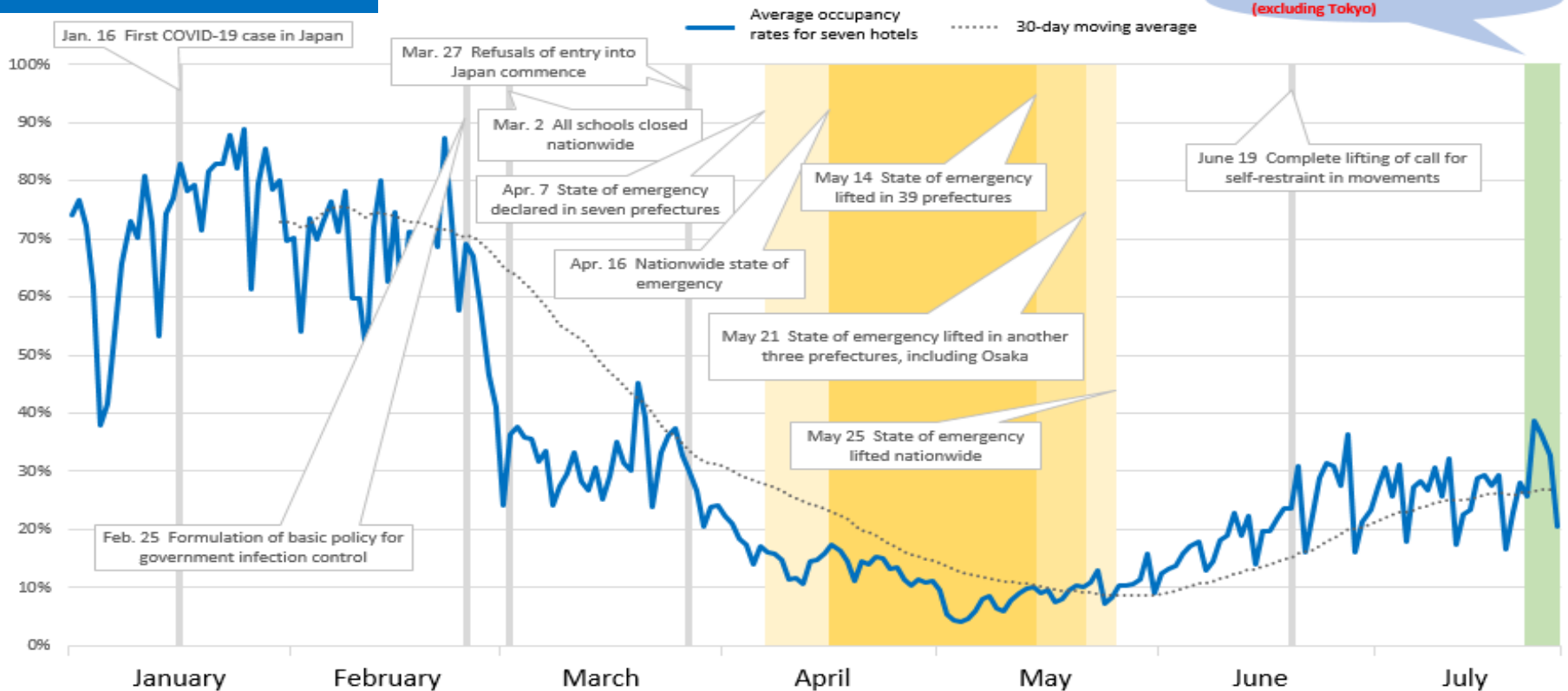
In addition to striving to prevent the spread of COVID-19 infections based on government policy and action plans, etc., we will seek new ways of working attuned to the “with COVID-19” and “after COVID-19” times.

Residential apartments remained firm with no significant change in terms of rent level or occupancy rate. Investors' willingness to invest also remained strong. From the perspective that the global low interest era will continue for the foreseeable future, assets that generate stable cash flows may see a decline in cap rates. In contrast, although the hotel buying and selling market is frozen, there are no real estate properties being dumped or sold at a loss. Once the COVID-19 pandemic has ended, it is likely that the market will return to normal in a short period of time. In office buildings, the rent outlook is harsh and adjustments strong in tone.

Asset Type		Before COVID-19	Currently	Recognition of after COVID-19 Situation
Residence (Urban, one room)	(Rental)			Foreign investment funds (U.S., Asian), domestic private placement funds, and the investment appetite of J-REITs remained firm. In urban areas, cap rates are also seeing declines. There are some adjustments for luxury rentals.
Residence (Urban, one room)	(Investment Condominium)			There are variations depending on the area. In Osaka, the supply base has weakened, and the sales base has dropped, but in Tokyo sales have remained unchanged.
Office Building				Rents are often regarded as bearish, and the cap rate seen to be adjusted by 0.2% to 0.5%.
Hotel/Vacation Rental			Stop	Both the occupancy rates and ADR bottomed out at the end of May. Although there is a gradual recovery, there are currently no buyers. However, there are no fire sales, and trading itself has stopped. Finance depends on both investor attributes and category.
Finance Environment				COVID-19-related loans are given priority and real estate loans are proceeding by selection. However, the procurement environment is still favorable, and there are no major changes in economic conditions.

Occupancy Rate Status of Hotels Involving Samty

July 2020 Average Occupancy Rates (to July 26)



* Seven hotels: S-PERIA Hotel Hakata, Nagasaki, and Kyoto; S-PERIA INN Osakahommachi; Hotel Sunshine Utsunomiya; Center Hotel Tokyo; S-PERIA INN Nihombashihakozaki

- ◆ Business demand high in hotels involving Samty.
- ◆ Significant impact on people voluntarily refraining from traveling due to decrease in inbound tourism demand brought about by immigration restrictions.
- ◆ A recovery trend since the complete lifting of the call for people to refrain from travel on June 19.
- ◆ The self-supporting measures by local governments, such as subsidizing accommodation fees for local residents by each local government, also successful.
- ◆ Great expectations from Go to Travel Campaign that started on July 22.

- Rental condominiums are less susceptible to economic fluctuations or the impact from COVID-19 infections, and occupancy rates, rent levels, and sales prices have been stable.
- For office buildings, there has so far been no acute worsening of conditions.
- In B-to-B real estate sales, the Group's main type of transaction, the impact from COVID-19 has been limited, and growth has been steady amid globally low interest rates.

Concerning the Impact of COVID-19 on Business Performance

Impacted by COVID-19, the hotel occupancy rate declined, and some hotels were forced to close temporarily. Due to effects of COVID-19, establishment of hotel REIT planned for first half of 2020 postponed to next fiscal year or later.

Following lifting of state of emergency, hotels that were closed reopened, and occupancy rates were getting back to where they were.

Details of Business Forecast Revision

- ◆ Portion expected to be sold to hotel REIT
- ◆ Losses from hotel sales (assuming ¥482 million in 2Q, ¥1,500 million in full-year budget)



Changes to Sales of Residences, Office Buildings

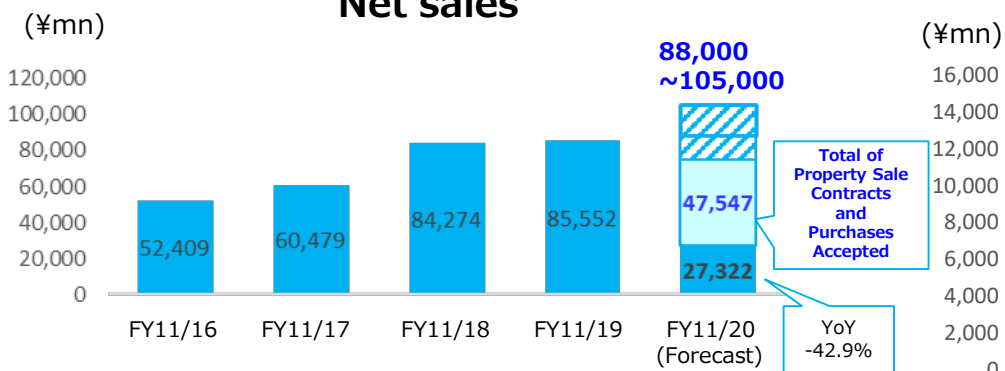
- ◆ The Mercure Kyoto Station, which had been scheduled to be sold in the first half, will be sold in the second half as a result of a completion date overrun due to delays in the manufacturing and delivery of furniture from plants in China.
Concerning other development properties, there are no significant delays at the present time.

In light of the external environment, the establishment of the hotel REIT and the sale of the hotel were postponed to the next fiscal year.

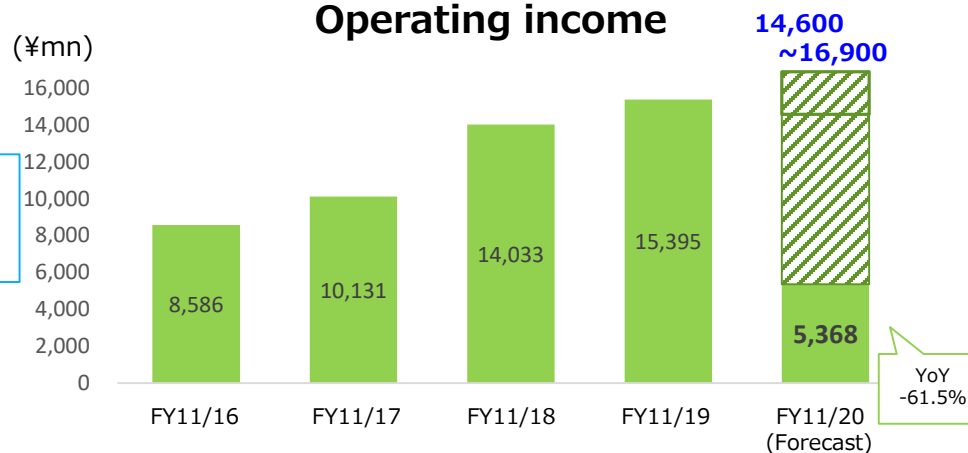
Changes to the properties to be sold center on rental apartments, which are less susceptible to economic fluctuations or the impact from COVID-19, and office buildings. At the present time, precisely predicting the impact from COVID-19 in beset with difficulty, and we have thus announced a range of financial forecasts assuming multiple scenarios.

In June, we sold the Mercure Kyoto Station at the planned price, and we expect sales to increase by ¥2.4 billion year-on-year even at the lower end of the range.

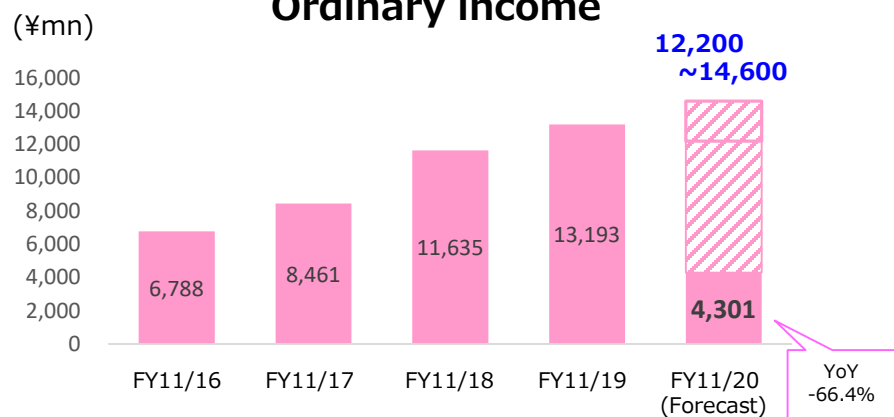
Net sales



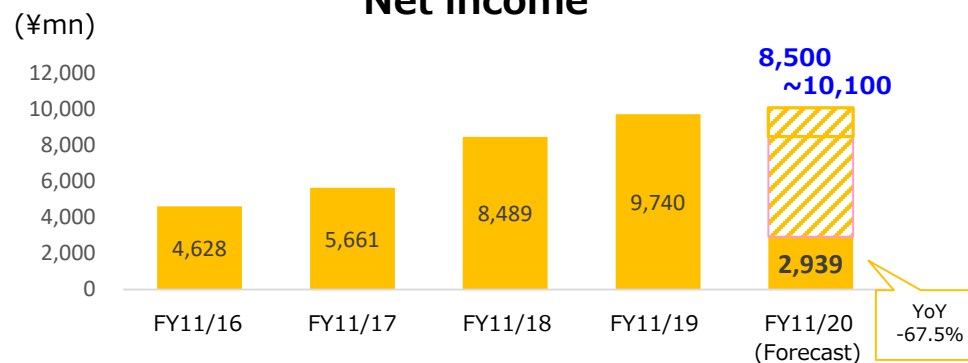
Operating income



Ordinary income



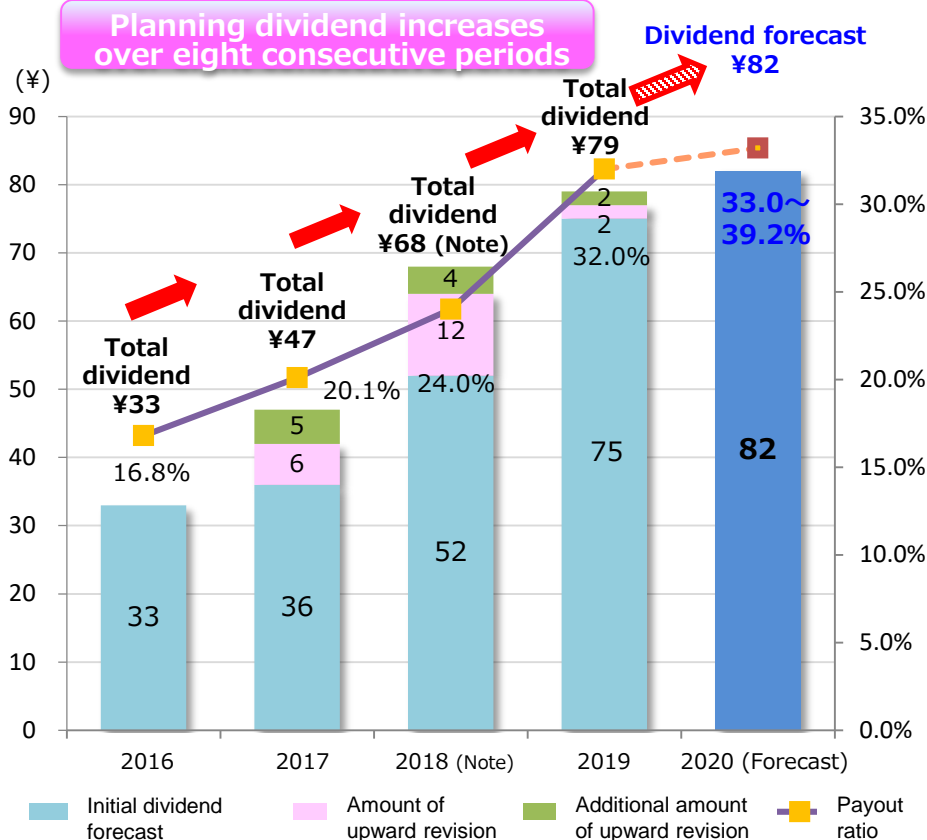
Net income



* Profit attributable to owners of parent

Changes in Dividends

For the fiscal year ending November 30, 2020, we expect an interim dividend of ¥38 yen, a year-end dividend of ¥44, for an annual dividend of ¥82 (up ¥3 from the previous year), and a payout ratio of between 33.0% and 39.2%. Maintaining the dividend target of 30% or over.



(Note) With regard to the 2018 dividend, on August 29, 2018, the dividend forecast was **increased by ¥44** from the ¥52 forecast to a **¥96 dividend forecast**. The Company subsequently issued a free allotment of stock acquisition rights based on the rights offering dated October 2018 and, by increasing the number of shares issued by 1.5 times, the dividend forecast was ¥96 divided by 1.5, making ¥64. In addition, the Company **increased the dividend by ¥4** at the end of the fiscal year, for a total dividend of **¥68**.

Shareholder Returns

Purchase of Treasury Shares

- ◆ Reason for purchase of treasury shares
As a result of comprehensively taking into consideration the impact of COVID-19 infections, recent trends in the stock market and the Company's stock price, a flexible capital policy in accordance with the business environment, and the return of profits to shareholders, the Company conducted the purchase of treasury shares.
- ◆ Total number of shares to be purchased
1,000,000 shares (upper limit)
(2.44% of total number of shares issued, excluding treasury shares)
- ◆ Total purchase price
¥1.0 billion (upper limit)
- ◆ Treasury share purchase period
From April 14, 2020, to August 31, 2020
- ◆ Status of purchase (as of June 30, 2020)
Total number of shares purchased 644,400 shares (upper limit)
(1.6% of total number of shares issued, excluding treasury shares)
Total purchase price: ¥890,813,000

Expansion of Shareholders' Coupons

- ◆ Content of shareholder benefits changed
Convenience has been improved by changing the hotels that can be used from two hotels, the Center Hotel Tokyo and Center Hotel Osaka, to a common hotel ticket for three hotels, the Center Hotel Tokyo, S-PERIA INN Nihombashihakozaki, and S-PERIA INN Osaka Hommachi.

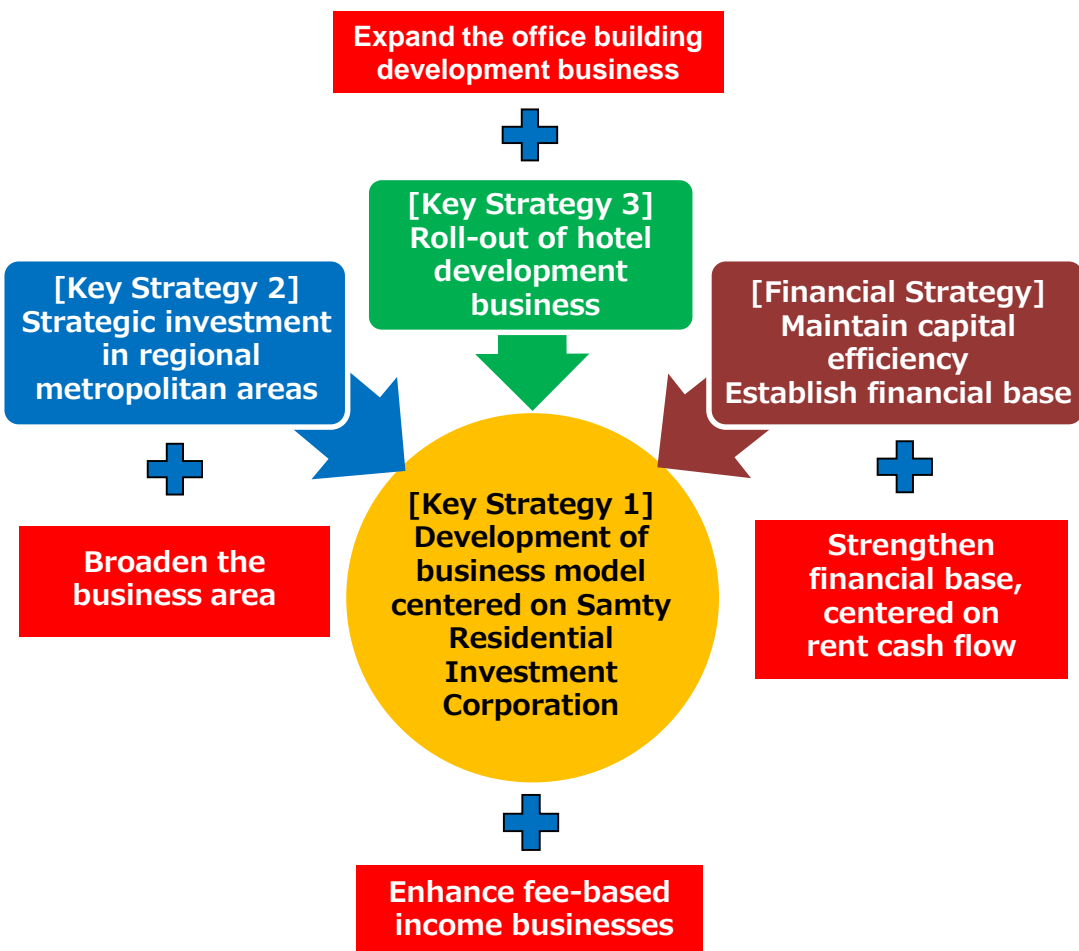
Increasing Voting Rights

- ◆ To raise the voting right utilization rate, a QUO prepaid card is presented as a reward to all shareholders who have exercised their voting rights effectively.
Compared with the February 2019 Annual General Meeting of Shareholders, the ratio of shareholders exercising their voting rights increased by 33.5% (the ratio of the number of voting rights exercised increased by 12.3%).

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)

	FY11/18	FY11/19	New Medium-term Plan	
	Result	Result	FY11/21	
			Target	
Operating income (¥mn)	14,033	15,395	20,000	level
ROE	16.9%	14.7%	15.0%	level
ROA*	8.5%	8.1%	7.0%	level
Capital-asset ratio	37.9%	32.5%	30.0%	or over

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

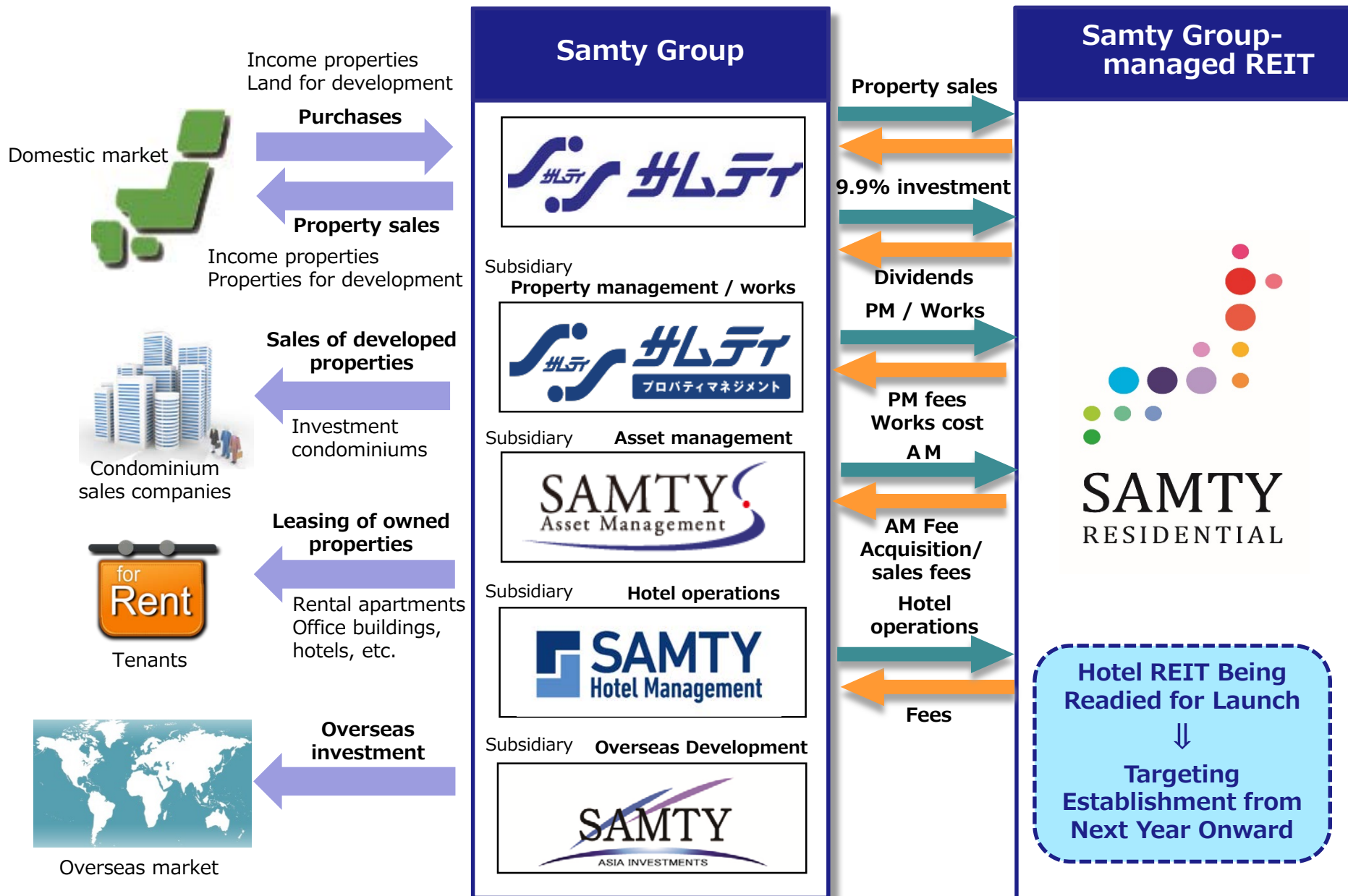
Financial Strategy (Target indicators)

FY2021
Equity ratio
At least 30%

FY2021
ROE
15% level

FY2021
ROA
7% level

Key Strategies



(1) Increased Third-party Capital Allotment for SRR Investment Units

Samty Residential Investment Corporation (SRR) has issued new investment funds through a third-party allotment with the Company and the Daiwa Securities Group Inc.

Under the Samty Toughening Plan, our priority strategy is to build a business model centered on SRR, and the total number of investment units is 86,337, and the total amount of same boat investment has reached about ¥9.0 billion.

Allotment recipient	Number of units allocated	Contribution ratio after allocation
SAMTY Co., Ltd.	27,951 units	13.50%
Daiwa Securities Group Inc.	18,749 units	38.44%



<Investment Ratio>
9.85%
↓
13.50%



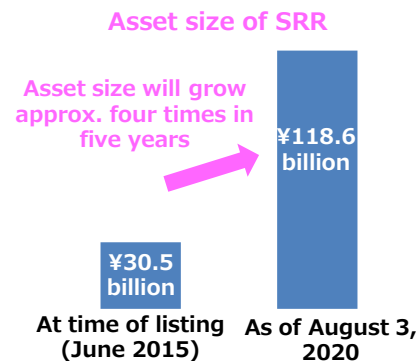
<Investment Ratio>
38.31%
↓
38.44%



(2) Sale of Properties to SRR

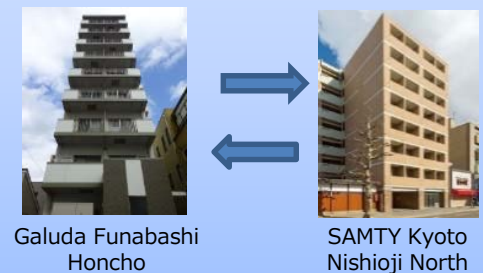
Proactively providing properties to SRR. The 10 properties listed below (a total sales amount of ¥8,636 million) were sold to SRR on August 3, 2020. As a main sponsor, we aim to strengthen the fee business of our company by growing the investment corporation.

Tokyo Metropolitan area	Chubu	Kansai	Kyushu	Total
2	3	3	2	10
¥1,261mn	¥1,560mn	¥4,490mn	¥1,325mn	¥8,636mn



Supporting SRR Portfolio Reclassification

Prior to the sale of the 10 properties, supporting the reclassification of SRR's portfolio by July 31, 2020.



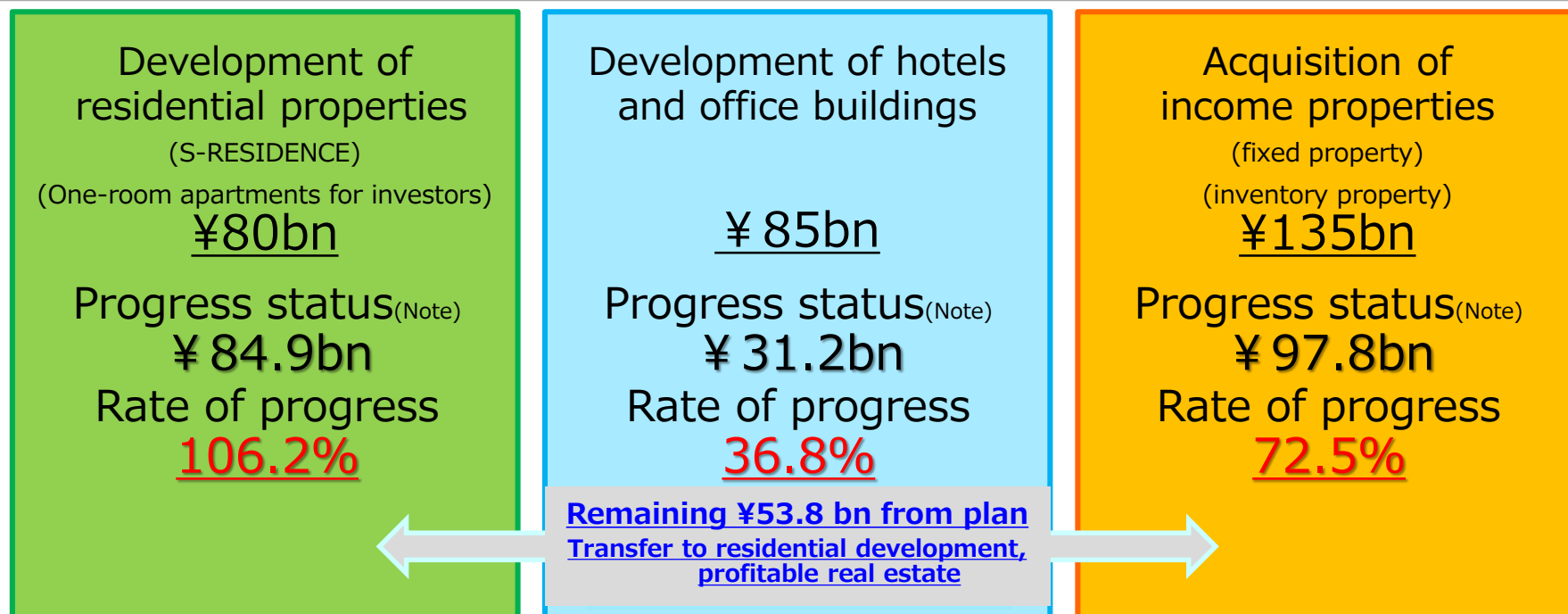
Samty will invest a total of around ¥300 billion during the three-year period of the Samty Toughening Plan. The current investment amount is ¥214.1 billion, and the progress rate is 71.4%.

Concerning residential developments and the acquisition of profitable real estate that can secure stable income, at 106.2% and 72.5%, respectively, steady progress has been made in the half year.

With regard to the remaining ¥53.8 billion for hotel and office building development, we aim to achieve ¥300 billion by taking into account the current market conditions and transferring those funds to residential developments and profitable real estate that are less susceptible to economic trends and the impact of COVID-19.

Three-Year (2019-2021) Total Investment Amount

Approx. ¥300 billion (¥214.1 billion_(Note)/Rate of progress 71.4%)



(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.

Acquired 33 properties and ¥12.5 billion condominium development site by the second quarter of the fiscal year ending November 30, 2020. Based on the acquisition amount, the budget progress rate is 47.2%. Including planned settlement plans on 64 properties for ¥24.9 billion, budget progress rate bullish at 94.0%.

Acquisition amount basis

	Budget for whole year	FY11/20 2Q Result		Planned Settlement	Actual Results + Planned Settlement	
			Rate of progress			Rate of progress
Acquisition amount (Billions of yen)	26.5	12.5	47.2%	12.4	24.9	94.0%

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

Number of acquisitions by area

	By Area Actual Results + Number of Planned Settlements						
	Hokkaido	Tokyo Metropolitan area	Chubu	Kansai	Chugoku	Kyushu	Total
Number of Acquisitions	6	16	19	9	11	3	64
Residence	6	16	19	9	11	3	64

[Real Estate Business] Sales Results

- Development and Renovation Securitization/Investment Unit Sales in Lots



Sold a total of 11 properties: S-RESIDENCE properties (three), hotels/office buildings (three), other (one), renovation securitization (five)

There are 36 prospects for sale from the third quarter onward, with a progress rate of 65.3% to 81.0%. Accelerating sales toward achievement of budget.

Budget and actual results

Number of sales	Budget for whole year	FY11/20 2Q Results	Rate of progress
Development securitization	28	6	21.4%
S-RESIDENCE	18	3	-
Hotel, Office Building	(Note 1) 3	1	-
Lots sold for investment	7	2	-
Renovation securitization (Note 2)	30 ~ 44	5	16.7% ~ 11.4%
Non-current assets	-	-	-
Total	58 ~ 72	11	19.0% ~ 15.3%

Planned Sales	Actual Results + Planned Sales	
	Actual Results	Rate of progress
19	25	89.3%
15	18	100.0%
2	3	100.0%
2	4	57.1%
17	22	73.3% ~ 50.0%
-	-	-
36	47	81.0% ~ 65.3%

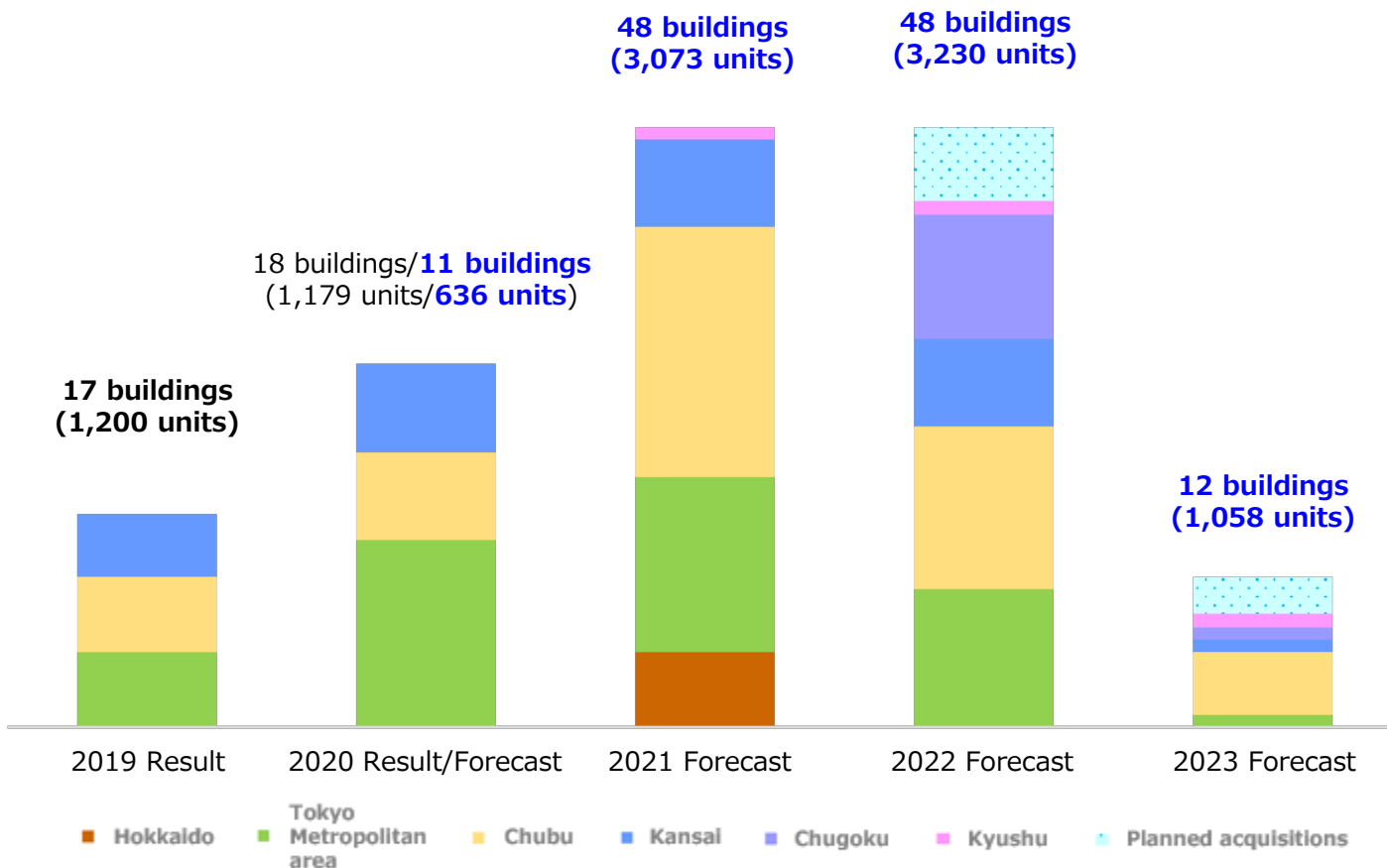
(Note 1) Including the sale of the Ibis Styles Nagoya site announced on February 20, 2020.

(Note 2) As announced on July 15, 2020, since sales are within range of the business forecast, the sales plan is also deemed in range.

Number of sales	By Area Actual Results + Number of Planned Settlements					
	Hokkaido	Tokyo Metropolitan area	Chubu	Kansai	Kyushu	Total
Development securitization	1	12	6	6		25
S-RESIDENCE	1	8	5	4		18
Hotel, Office Building			1	2		3
Lots sold for investment		4				4
Renovation securitization	3	4	3	8	4	22
Total	4	16	9	14	4	47

The actual number of residence developments in 2019 was 17 buildings (1,200 units), and the number achieved up to June 2020 was 18 buildings (1,179 units).

Planned for completion from the summer of 2020 onward are 11 buildings (636 units), 2021 48 buildings (3,073 units), 2022 48 buildings (3,230 units), and 2023 12 buildings (1,058 units). A **total of 119 buildings (approx. 8,000 units)** are under development in cities throughout Japan, but primarily in Tokyo, Nagoya and Osaka.



Note: With regard to S-RESIDENCE described on pages 14 and 15, we have granted preferred negotiation rights to Samty Residential Investment Corporation, but as of the end of May 2020 there had been no agreement to buy or sell made with Samty Residential Investment Corporation.

Acquired 39 properties of profitable real estate in major cities nationwide for approx. ¥26.4 billion. Budget progress rate is 55%. Including acquisition prospects, budget progress rate is 89.8%. Steady progress, similar to land acquisition.

Acquisition amount basis

	Budget for whole year	FY11/20 2Q Result		Planned Settlement	Actual Results + Planned Settlement	
			Rate of progress			Rate of progress
Acquisition amount (Billions of yen)	48.0	26.4	55.0%	16.7	43.1	89.8%

Number of acquisitions by area

	By Area Actual Results + Number of Planned Settlements								
	Hokkaido	Tohoku	Tokyo Metropolitan area	Koshinetsu	Chubu	Kansai	Chugoku	Kyushu	Total
Number of Acquisitions	5	1	11	1	8	13	2	13	54
Residence	5	1	11	1	8	12	1	13	52
Hotel, Office Building							1		1
Other						1			1



SAMTY Tower N26, ELM Kita26jo



Maison Rapport



AS Residence Yokkaichi



SAMTY Honmachi EAST THE MARKS



SAMTY Residence Hakataekiminami

Development Plan for Hotels and Office Buildings

(Hotels) The sale of Mercure Kyoto Station was completed on June 30, and the sale of Ibis Styles Nagoya by land transfer completed.

The two Agora hotels, Fukuoka Hotel and Kyoto Oike Hotel are all expected to be sold to the hotel REIT. Since these four hotels have long-term financing in place, it is possible to own them until the establishment of the hotel REIT.

(Office Buildings) The purchase of S-BUILDING Shin-Osaka has already been accepted and completed, and negotiations for the sale of S-BUILDING Sapporo-Odori are under way.

Several parties are considering office building acquisitions. At present, there is no trend toward a rapid deterioration.

FY Start	Type	Project Name (provisional)	Location	No. of Units	Scheduled to open (completed)	Reference
2020	Hotel	Mercure Kyoto Station	Shimogyo-ku, Kyoto	225	Sep. 2020	Sale completed
	Hotel	Ibis Styles Nagoya	Nakamura-ku, Nagoya	284	Nov. 2020	Site sale completed
	Office building	S-BUILDING Shin-Osaka	Yodogawa-ku, Osaka	-	Aug. 2020	Purchase accepted and completed
	Office building	S-BUILDING Sapporo Odori	Chuo-ku, Sapporo	-	Oct. 2020	Sale negotiations under way
Total 4 buildings				509		
2021	Hotel	(Provisional name) Agora Kyoto Shijo-karasuma North	Shimogyo-ku, Kyoto	80	Spring 2021	
	Hotel	(Provisional name) Agora Kyoto Shijo-karasuma South	Shimogyo-ku, Kyoto	140	Spring 2021	
	Hotel	Fukuoka Hotel PJ	Fukuoka	87	Summer 2021	
	Hotel	Kyoto Oike HOTEL PJ	Nakagyo-ku, Kyoto	120	Fall 2021	
Total 4 buildings				427		
2022	Hotel	Haneda HOTEL PJ	Ota-ku, Tokyo	362	Winter 2022	Construction not yet started
	Total 1 buildings				362	
Total 9 buildings				1,298		

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

First Half of Fiscal Year Ending November 30, 2020

Overview of Financial Results

First Half of Fiscal Year Ending November 30, 2020

Overview of Consolidated Financial Statements



In the fiscal year ended November 30, 2019, many properties were sold in the first half, and profits were also biased towards the first half. As a result of sales being biased toward the second half in the fiscal year ending November 30, 2020, sales decreased by 42.9% and operating income decreased by 61.5% compared with the same period of the previous year. They are expected to end up the same over the full fiscal year.

(Unit: Millions of yen)	FY11/19 2Q Results		FY11/20 2Q Results		Year on year Increase/decrease	
		Ratio		Ratio		Rate of increase/d ecrease
Net sales	47,827	100.0	27,322	100.0	-20,505	-42.9%
Cost of sales	29,586	61.9	16,635	60.9	-12,951	-43.8%
Selling, general and administrative expenses	4,288	9.0	5,317	19.5	+1,028	+24.0%
Operating income	13,952	29.1	5,368	19.7	-8,584	-61.5%
Non-operating income	7	0.0	59	0.2	+52	+742.9%
Non-operating expenses	1,155	2.4	1,126	4.1	-28	-2.5%
Ordinary income	12,803	26.8	4,301	15.7	-8,502	-66.4%
Extraordinary income	259	0.5	117	0.4	-141	-
Extraordinary loss	0	0.0	(*)108	0.4	+108	-
Profit attributable to owners of parent	9,044	18.9	2,939	10.8	-6,104	-67.5%
Net income per share (Yen)	237.00	-	71.88	-	-165	-69.7%

* Concerning recording of loss due to temporary close (¥101 million)

Their occupancy rates having dropped significantly due to the impact of the spread of COVID-19 infections, hotels incurred fixed costs of ¥482 million. Of this amount, fixed costs (personnel expenses, land rents, depreciation expenses, etc.) of ¥101 million were incurred at hotels and other facilities during the period of temporary closures.

First Half of Fiscal Year Ending November 30, 2020

Consolidated Balance Sheet Overview

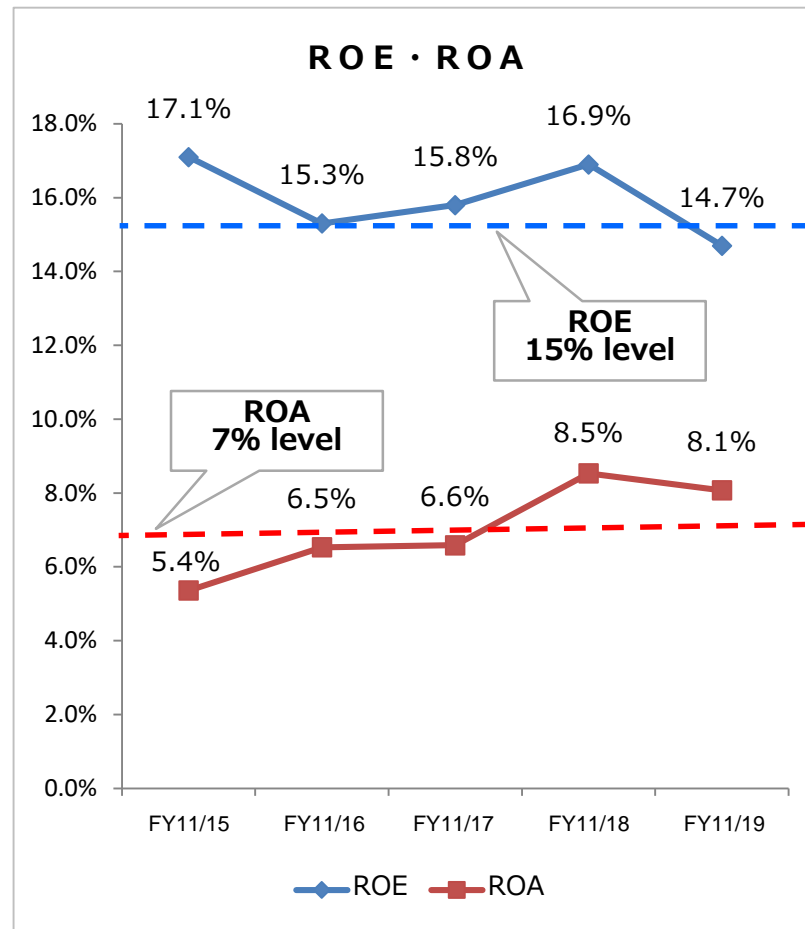
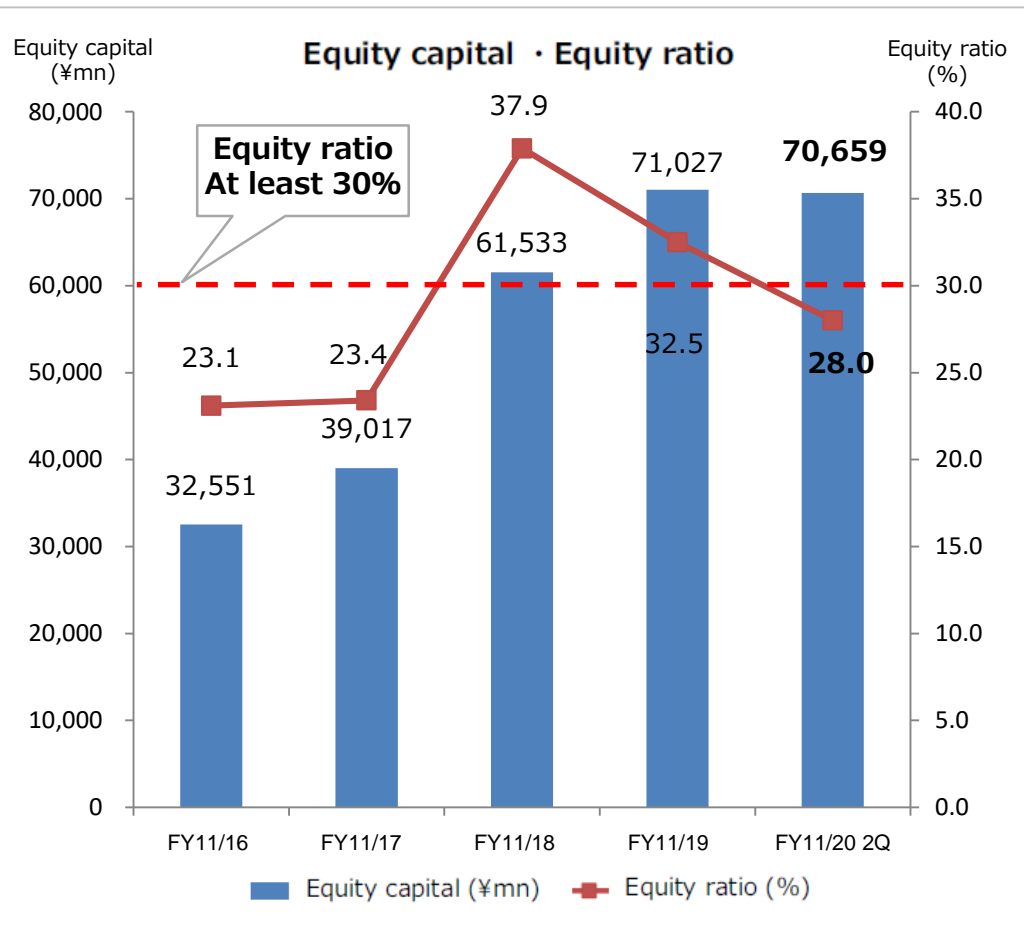


Making effective use of funds raised through property sales and borrowings, the Company actively acquires land for development and profitable real estate.

In the second quarter, assets increased due to the postponement of sales to the hotel REIT.

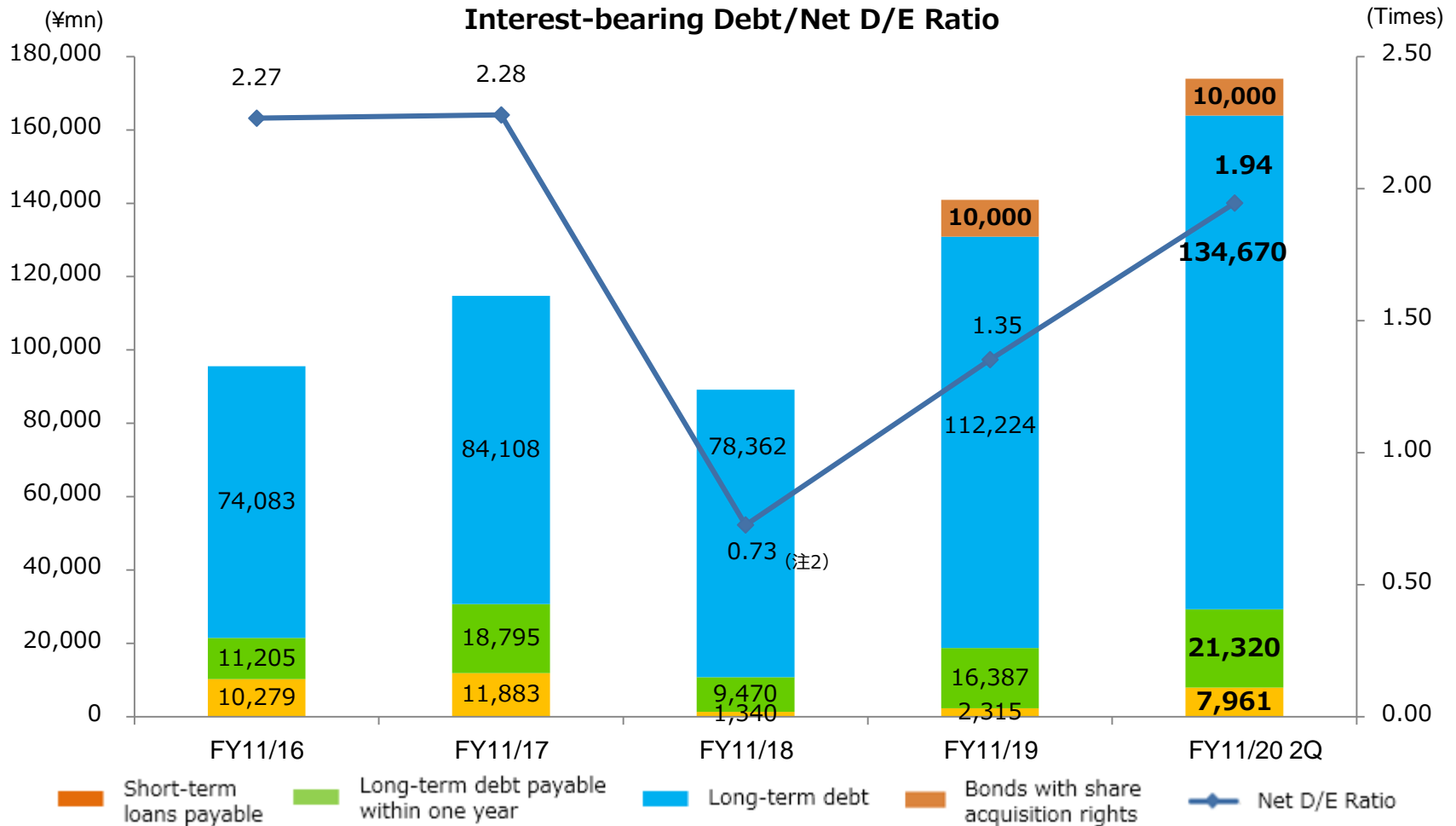
(Unit: Millions of yen)	FY11/19	FY11/20	Increase/ decrease	Main Reasons for Increase/Decrease
	Period-end results	2Q Results		
Total assets	218,803	252,522	+33,718	◇ Real Estate Properties for Sale
Current assets	122,428	160,384	+37,955	Property acquisitions +11,869 million
Cash and deposits	44,918	36,548	-8,369	Transfers and other +50,899 million
Real estate for sale	28,637	77,027	+48,390	Property sales -14,378 million
Real estate for sale under construction	46,339	44,073	-2,266	
Non-current assets	96,374	92,138	-4,236	◇ Real Estate for Sales in Progress
Property and equipment	78,420	74,973	-3,446	Acquisitions of land for development/Building costs +22,620 million
Intangible assets	172	157	-14	Transfers and other -24,886 million
Investments and other assets	17,781	17,007	-774	
Total Liabilities	147,175	181,250	+34,075	◇ Property and equipment
Current liabilities	22,581	34,214	+11,632	Acquisitions of Profitable Real Estate +23,200 million
Short-term borrowings	2,315	7,961	+5,645	Property sales -26,647 million
Current portion of long-term debt	16,387	21,320	+4,933	
Non-current liabilities	124,593	147,036	+22,442	◇ Shareholders' Equity
Long-term debt	112,224	134,670	+22,446	Net income for quarter +2,940 million
Bonds with share acquisition rights	10,000	10,000	+0	Dividend payments -1,802 million
Total net assets	71,627	71,271	-356	
Total liabilities and net assets	218,803	252,522	+33,718	
Interest-bearing debt	140,927	173,952	+33,025	
Shareholders' equity	70,455	70,788	+333	
Equity ratio (%)	32.5%	28.0%	-4.5%	

In addition to self-financing, we utilize borrowing to actively acquire profitable real estate. Due to a temporary increase in assets brought about by the acquisition of treasury shares and the postponed establishment of the hotel REIT, the capital ratio as of the end of the second quarter was 28%. The policy is to maintain this at 30% at the end of the fiscal year.



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

Long-term debt increased due to active acquisition of profitable real estate. Net D/E ratio was 1.94 times. Average long-term borrowing period is 15.3 years, average borrowing interest rate is 1.15% (average borrowing period for profitable real estate 19.5 years, average borrowing interest rate 1.12%)



(Note 1) Net Debt Equity Ratio = (Interest-bearing debt - Cash and deposits) ÷ Shareholders' equity

(Note 2) Net D/E ratio temporarily declined due to rights offering in fiscal year ended November 30, 2018

Sales and operating income decreased by 48.2% and 55.1%, respectively, compared with the same period of the previous fiscal year due to the delay in the sale of Mercure Kyoto Station, which had been scheduled to be sold in the second quarter. In the current fiscal year, sales have been biased toward the second half, and the properties for which contracts have been completed or the purchases accepted and completed at the moment are currently worth approximately ¥48.4 billion.

Net sales	YoY
¥22,125mn	-48.2%

Real Estate Business

In the Property Leasing business, the occupancy rates of real estate under ownership remains high. Due to the aggressive acquisition of profitable real estate, net sales increased 23.3% compared with the 2Q of FY2019/11. Operating increased by 42.3% compared with the 2Q of FY2019/11.

¥3,949mn	+23.3%
----------	--------

Property Leasing Business

Due to the impact of the spread of COVID-19 infections, hotel occupancy rates dropped sharply, and sales and operating income were down compared with the same period of the previous fiscal year as a result of the temporary closures enforced at some locations. Hotel occupancy rates are getting back to where they were.

¥1,439mn	-31.7%
----------	--------

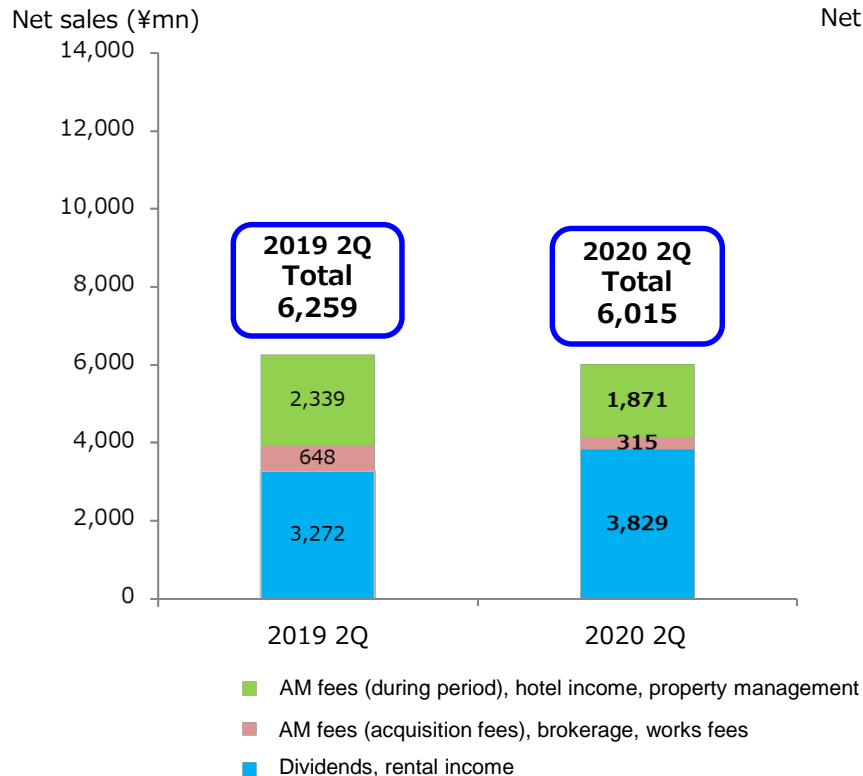
Other Business

(Unit: Millions of yen)	FY11/19 2Q Results		FY11/20 2Q Results		Year on year Increase/decrease	
		Operating profit ratio		Operating profit ratio		Rate of increase/ decrease
Net sales	47,827	-	27,322	-	-20,505	-42.9%
Real Estate Business	42,743	-	22,125	-	-20,617	-48.2%
Property Leasing Business	3,203	-	3,949	-	+745	+23.3%
Other Business	2,106	-	1,439	-	-666	-31.7%
Adjustment	-226	-	-192	-	+33	-
Operating income	13,952	29.2%	5,368	19.6%	-8,584	-61.5%
Real Estate Business	14,855	34.8%	6,669	30.1%	-8,186	-55.1%
Property Leasing Business	1,174	36.7%	1,671	42.3%	+497	+42.3%
Other Business	5	0.2%	-285	-19.8%	-290	-
Adjustment	-2,083	-	-2,686	-	-603	-

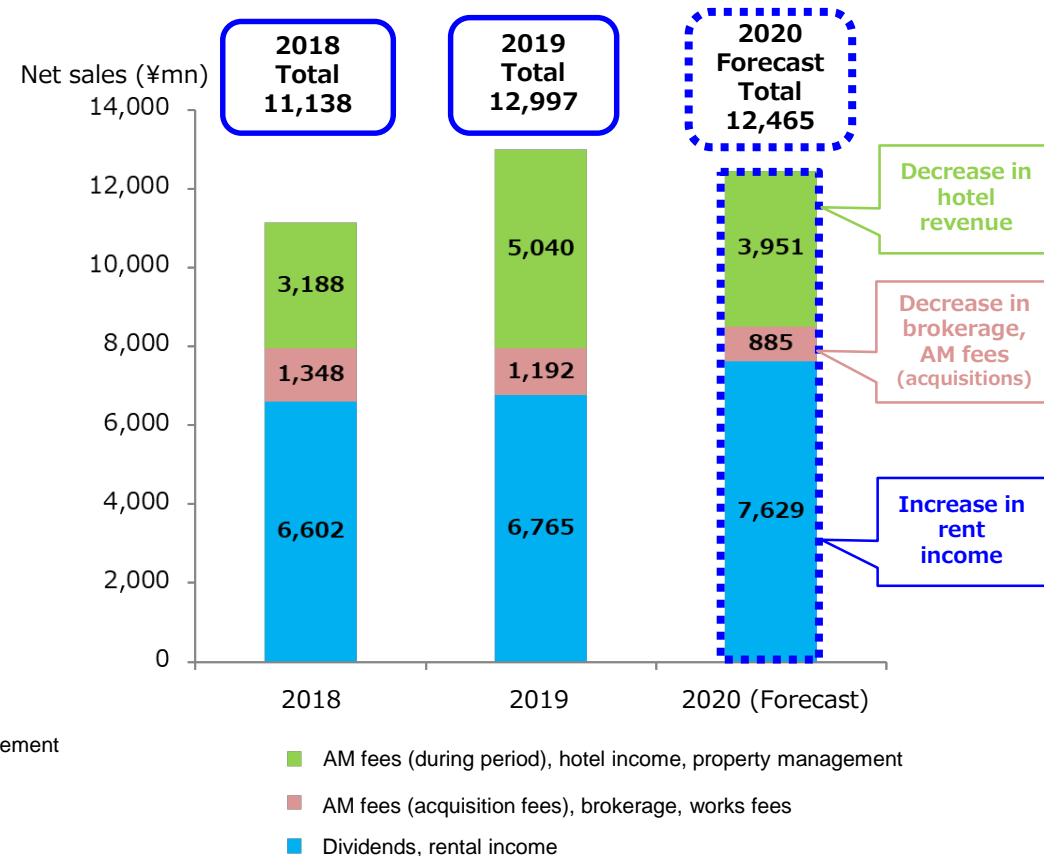
(Factors Contributing to Differences with Same Period in Previous Fiscal Year)

- Increase in rent income due to increase in number of properties (+¥557 million)
- Although AM fees increased (+¥66 million) during the period due to the expansion of Samty Residential Investment Corporation's scope, hotel revenue decreased (-¥468 million) due to the impact of the spread of COVID-19 infections.
- Brokerage, AM fees (acquisition), decrease in construction works (-¥333 million)

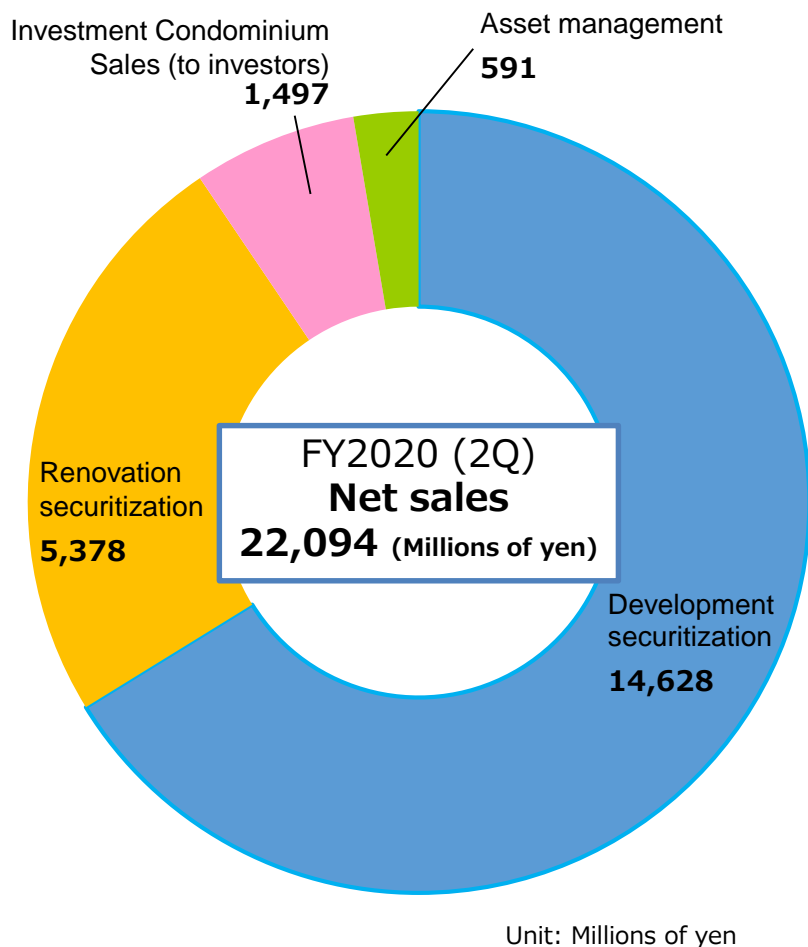
Compared with Same Period of Previous Fiscal Year



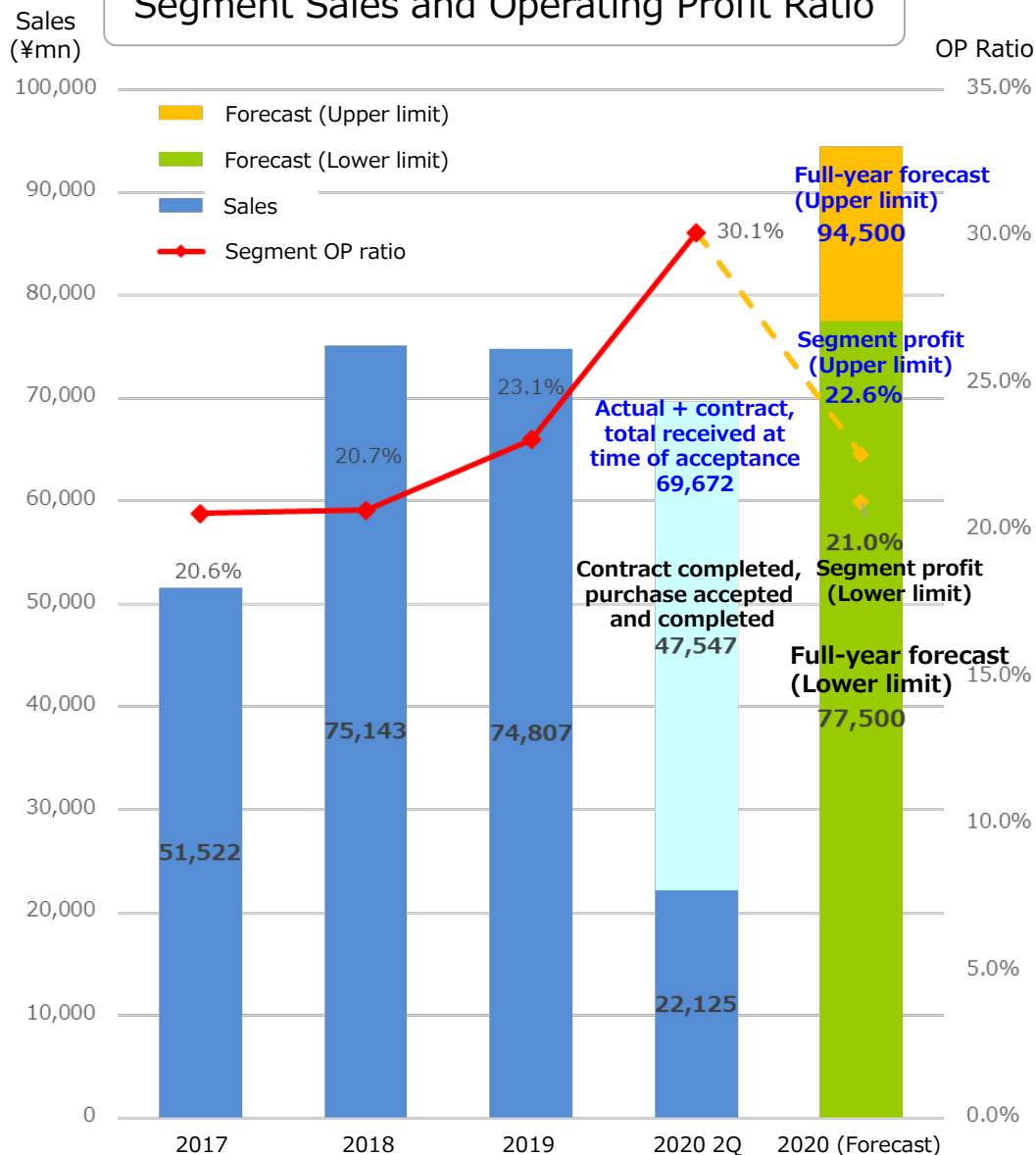
Fiscal Year-end Comparison



Net Sales by Asset Category

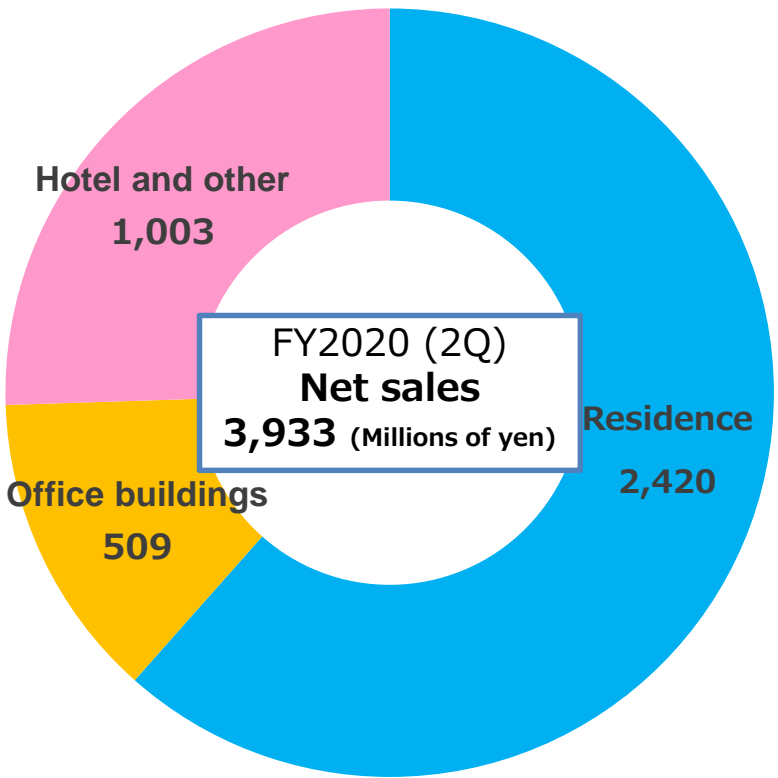


Segment Sales and Operating Profit Ratio



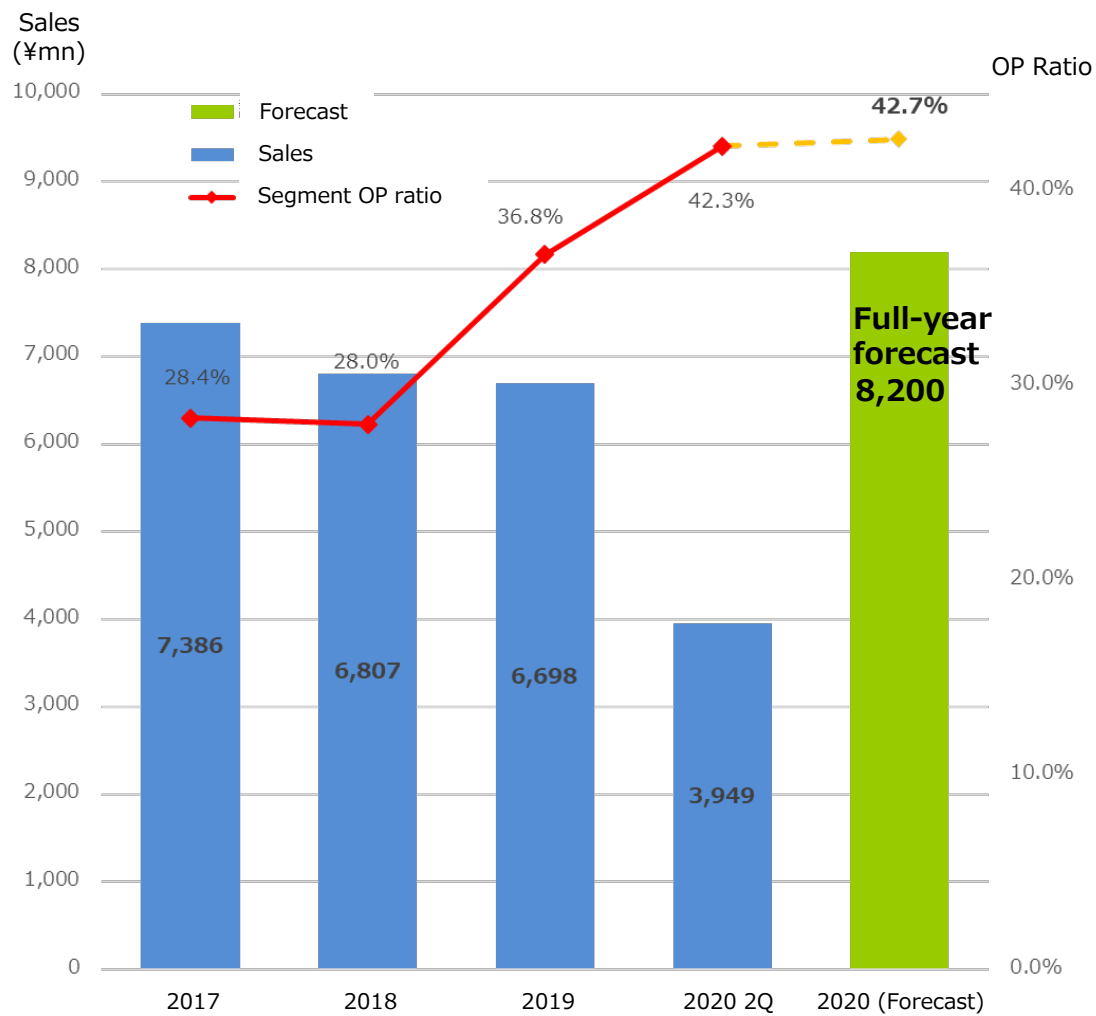
Note: Segment sales figures for FY2020 are after intersegment eliminations, while total sales amount figure is prior to intersegment eliminations.

Net Sales by Asset Category



Unit: Millions of yen

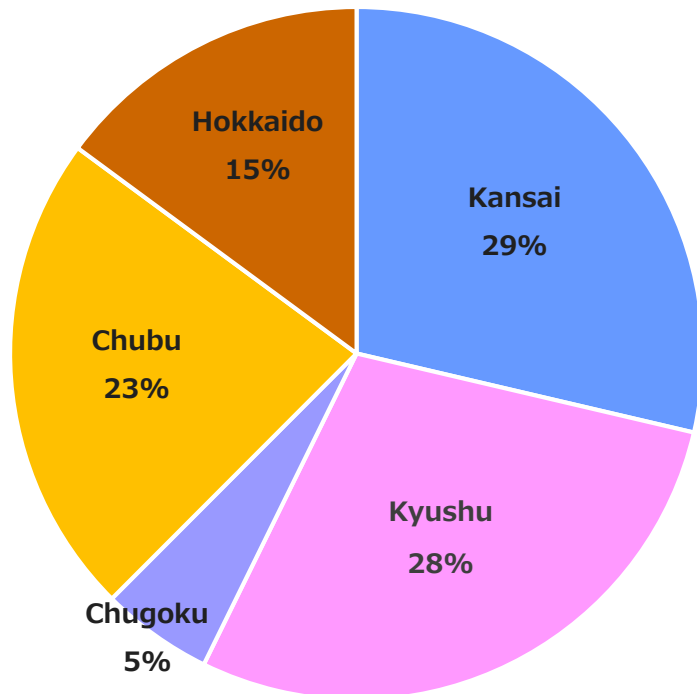
Segment Sales and Operating Profit Ratio



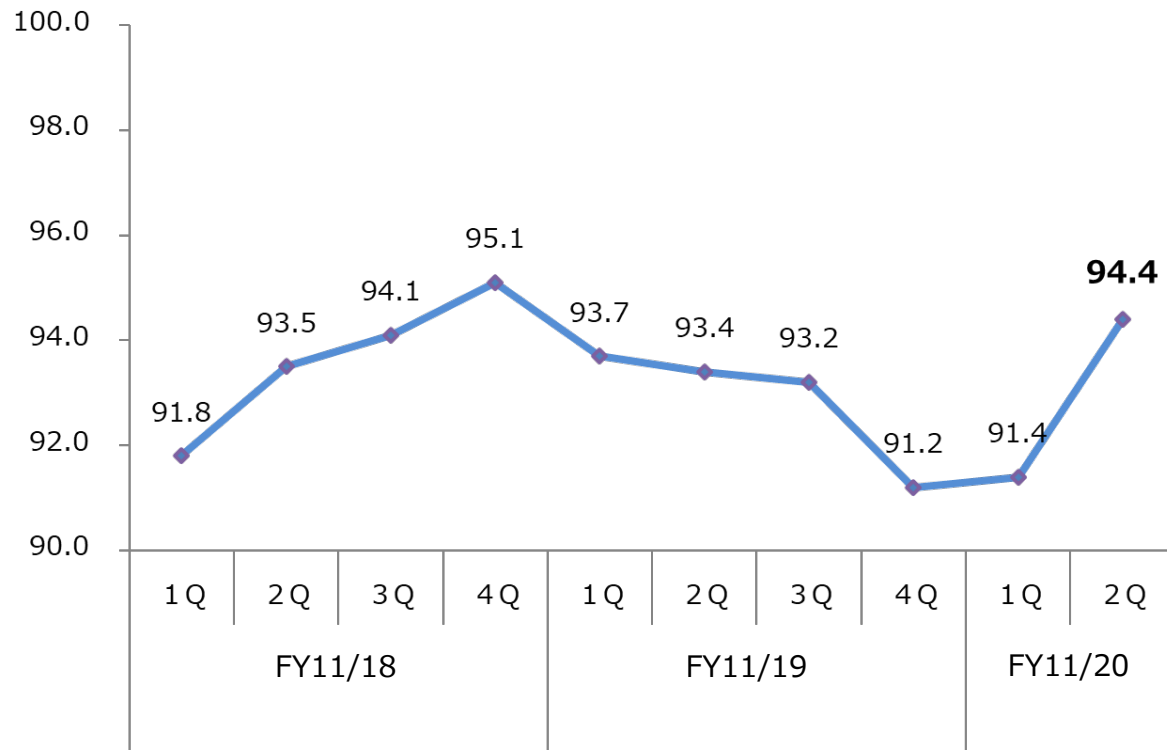
Note: Segment sales figures for FY2020 are after intersegment eliminations, while total sales amount figure is prior to intersegment eliminations.

- ◆ 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
- ◆ Not susceptible to the impact of COVID-19 infections, the residence occupancy rate remains high at 94.4%.
- ◆ Strengthen leasing for busy fall season.

Asset Holdings by Region



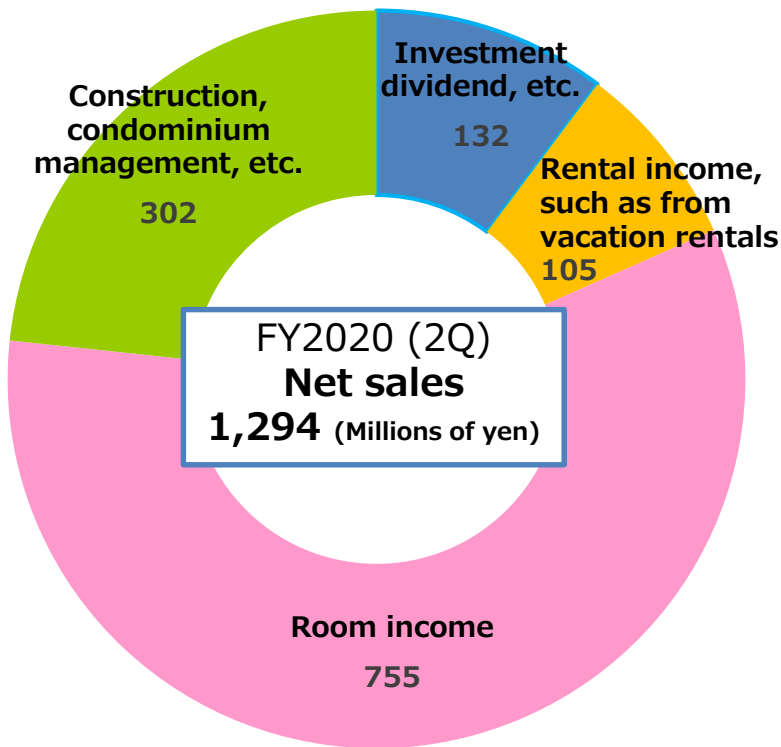
Occupancy Rate of Residences



(Note 1) As of end of fiscal year ending May 31, 2020
 (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

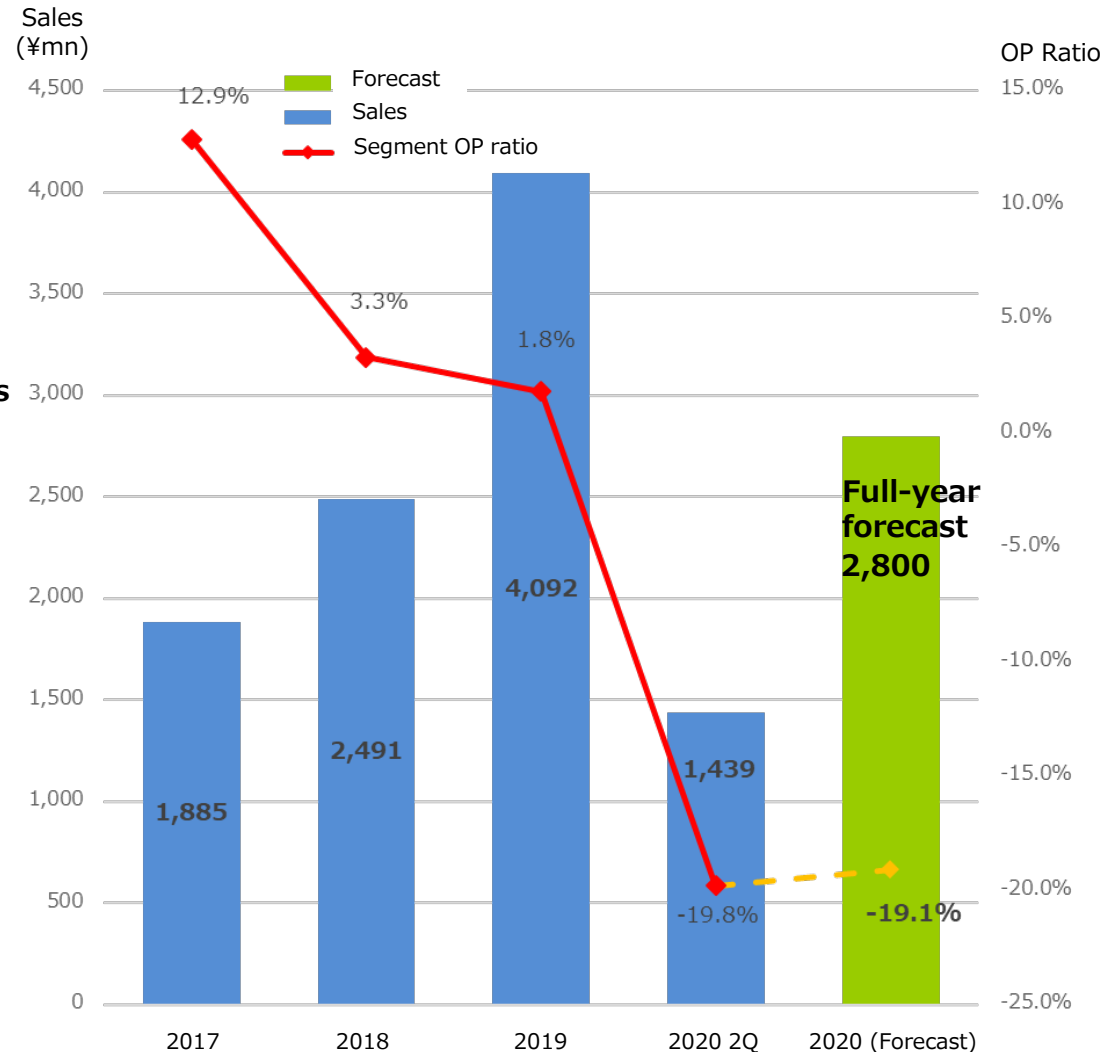
(Note) With the exception of special properties, calculated on the basis that, for example, the buildings were acquired new and that a certain period of time has not passed since the acquisition.

Net Sales by Asset Category



Unit: Millions of yen

Segment Sales and Operating Profit Ratio



Note: Segment sales figures for FY2020 are after intersegment eliminations, while total sales amount figure 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	41,020,140 common shares
Number of shareholders (common shares)	25,571

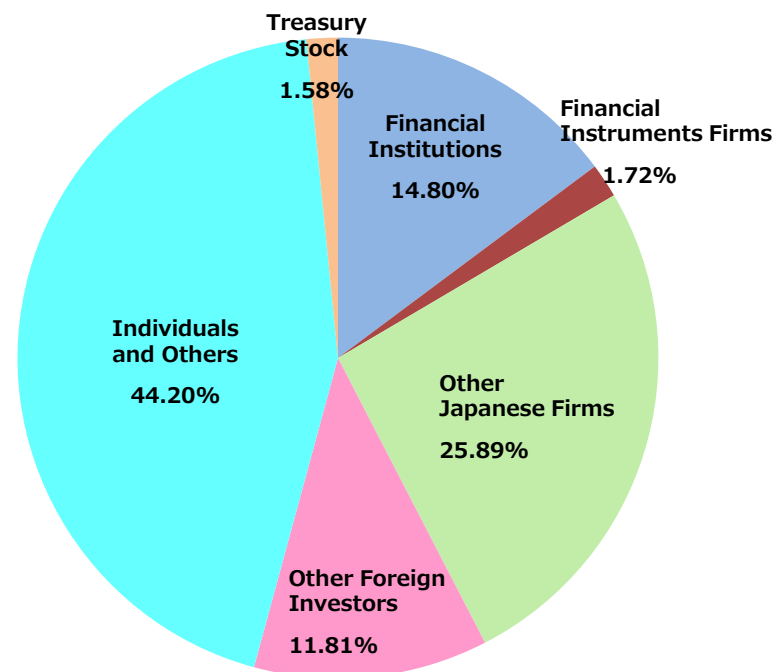
Main Shareholders (Top 10)

Name of Shareholder	Shareholding	Shareholding Ratio
Daiwa Securities Group Inc.	6,941,142	17.19%
Shigeru Moriyama	3,005,272	7.44%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,776,900	4.40%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,738,900	4.31%
Individual	1,505,566	3.73%
Daiwa PI Partners Co. Ltd.	1,250,000	3.10%
Individual	1,225,000	3.03%
Tsuyoshi Building Ltd.	1,220,000	3.02%
Kazushi Eguchi	802,824	1.99%
JPMC GOLDMAN SACHS TRUST	625,500	1.55%
JASDEC LENDING ACCOUNT		
Total	20,091,104	49.76%

* In addition to that mentioned above, the Company possesses 646,861 treasury shares. In addition, the shareholding ratio is calculated by excluding the treasury shares and rounding to the third decimal place.

Distribution of Shares by Owner

Owner	Number of Shares	Number of Shareholders	Ratio
Financial Institutions	6,071,915	27	14.80%
Financial Instruments Firms	706,328	34	1.72%
Other Japanese Firms	10,618,399	208	25.89%
Other Foreign Investors	4,845,277	177	11.81%
Individuals and Others	18,131,360	25,124	44.20%
Treasury Stock	646,861	1	1.58%
Total	41,020,140	25,571	100.00%



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.

<Inquiries>

Investor Relations Office

✉ samty-pr@samty.co.jp

The word "SAMTY" is written in a bold, black, serif font. It is overlaid on a graphic consisting of two overlapping, curved, brushstroke-like shapes: a blue one in the foreground and a purple one behind it, both pointing towards the right.