

# SAMTY Co., Ltd.

## Financial Result Explanatory Material

First Quarter of Fiscal Year Ending November 30, 2019



S-RESIDENCE Esaka EMINENCE  
Built in Feb. 2019 (Suita-shi, Osaka)



TSE First Section 3244

**Contents**

- ▶ New Medium-Term Management Plan “Samty Toughening Plan” ..... P.02
  
- ▶ Topics ..... P.04
  
- ▶ Key Strategies ..... P.09
  
- ▶ Forecasts for Year Ending November 30, 2019 ..... P.19
  
- ▶ First Quarter of Fiscal Year Ending November 30, 2019  
Overview of Financial Results ..... P.21

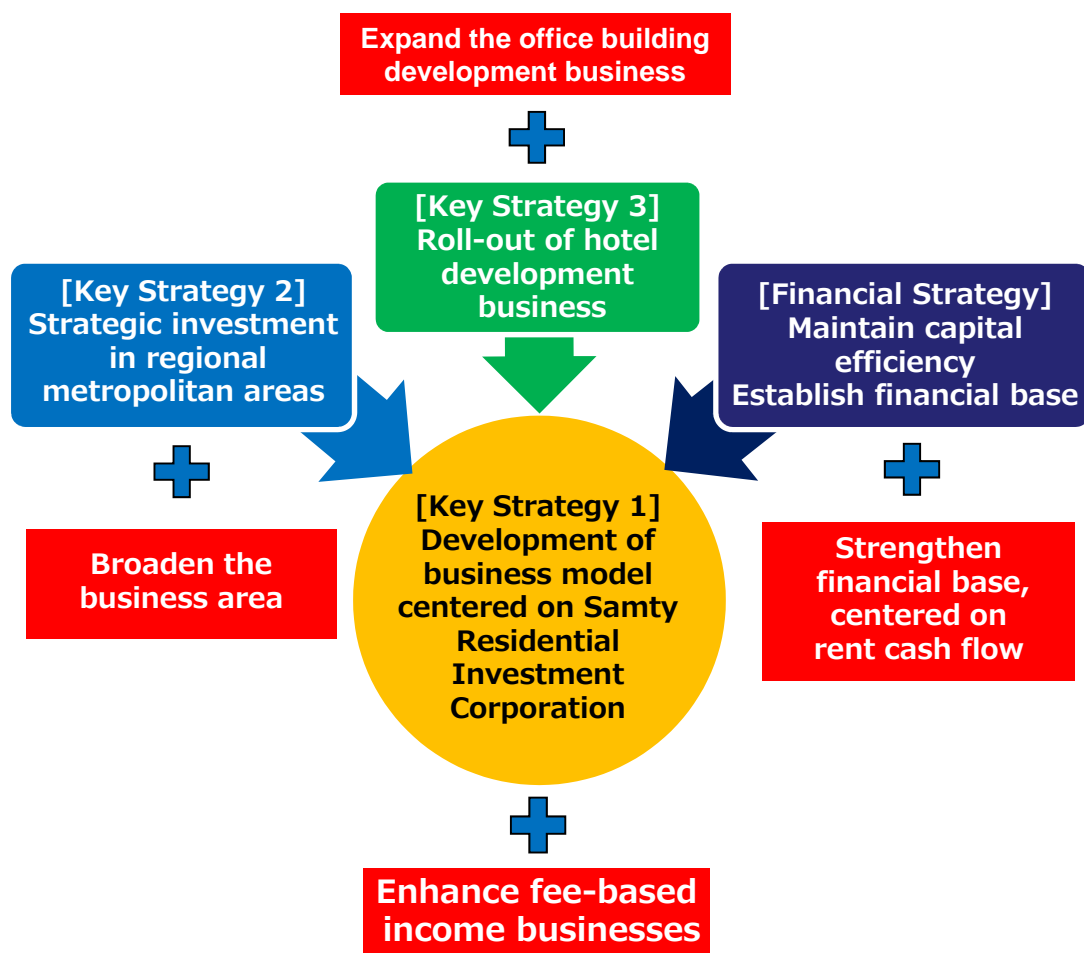
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# New Medium-Term Management Plan “Samty Toughening Plan”

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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

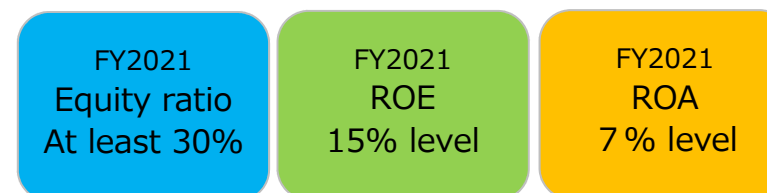


## Target KPI (Key Performance Indicators)

	FY11/17 Result	FY11/18 Result	New Medium-term Plan 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)



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# Topics

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## Change of Representative Director and Change of President (February 27, 2019)

We will work to rejuvenate top management and strive for further growth and the improvement of our corporate value under a new management system.



## Establishment of Tokyo Head Office/Organizational Changes (February 27, 2019)

### Establishment of Tokyo Head Office

For the purposes of securing diverse human resources as well as enhancing and accelerating information gathering/dissemination functions, we established a Tokyo head office and now operate a two head office system.

➔ Steady implementation of our new Medium-Term Management Plan, "Samty Toughening Plan"

### Organizational Changes

1. President's Office newly established as an organization under direct control of president  
→ Working to steadily implement our new Medium-Term Management Plan
2. Corporate Planning Department to come under direct control of president  
→ Responsible for managing budget results of new Medium-Term Management Plan
3. Financial Controls Department newly established in Business Management Division  
→ Integrating Companywide accounting management, working on rapid decision making
4. Real Estate Division renamed Osaka Main Branch, the Real Estate Business Department renamed Osaka Real Estate Business Department, and the Business Development Department renamed Osaka Business Development Department
5. Building Design Department to be group independent from Real Estate Division
6. Integrating hotel management functions at Samty Asset Management Co., Ltd.

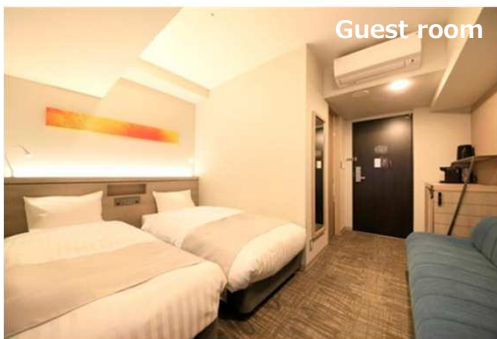
**Third Hotel Development Project S-PERIA INN Osakahommachi Opens in Nishi-ku, Osaka, February 15, 2019**



Exterior



Lobby aria



Guest room



Breakfast lounge

Located in Hommachi, in the center of the Osaka business district, about a two-minute walk from Hommachi station where three Osaka Metro lines (Yotsubashi, Chuo and Midosuji) intersect, this hotel is very conveniently situated for both business and sightseeing.

The floors and entrances of the hotel feature designs based on the "Aqua Metropolis Osaka" theme, and the guest rooms in a variety of layouts have uniformly modern interiors.

Guests are at liberty to select pillows and amenities in the lobby on the first floor while spending a comfortable time.

**S-PERIA INN Osakahommachi Overview**

**Address** : 1-11-8, Nishihommachi, Nishi-ku, Osaka

**Access** : Approximately a two-minute walk from Osaka Metro Hommachi Station

**Structure/size** : Steel frame/14 stories

**Guest rooms** : 125

**Operator** : Suntoa Co., ltd. \*Subsidiary of Samty Co., Ltd.



## Topics (3) Establishment of Overseas Subsidiary

### Reason for Establishment

As announced on September 23, 2016, in “Notice Concerning Investment in Overseas Company through ACA Vietnam Real Estate LP,” the Samty Group made an investment in ACA Vietnam Real Estate LP (hereinafter ACA Fund), a fund management firm with investment targets of real estate companies operating real estate development and leasing businesses in the Vietnamese capital of Ho Chi Minh City.

This was an investment (net investment) through the ACA Fund, but the Group regarded the investment as a way to gain a foothold in overseas business. Utilizing the Southeast Asian network of the fund’s management company, ACA Investments Pte Ltd. (hereinafter ACA), the Group investigated the possibility of further overseas business development with a view to establishing a subsidiary, focusing on Southeast Asian countries where high growth can be expected.

As a result of its investigations, the prospect of overseas business development arose, and the Group established a subsidiary jointly with ACA to leverage the latter’s Southeast Asian network and global human resources.

(1)	Name	SAMTY Asia Investments Pte Ltd.	
(2)	Location	8 Temasek Boulevard #34-02, Suntec Tower 3 Singapore 038988	
(3)	Representative	Yoshikazu Hirayama (Managing Director)	
(4)	Business Content	• Investment and financing for real estate companies and projects mainly the Southeast Asian countries, and real estate market research	
		• Support for Samty Co., Ltd.’s business development outside Japan.	
		• Discovery of globally capable talent, and training support.	
(5)	Capital	USD 15,100,000	
(6)	Establishment	February 2019	
(7)	Main Shareholders and Holding Ratio	(Common shares)	
		Samty Co., Ltd.	80%
(7)	Main Shareholders and Holding Ratio	(Preferential shares)	
		Samty Co., Ltd.	100%
(8)	Relationship with the Subject Company	Capital Ties	Samty Co., Ltd. plans to hold 80% of common shares, and 100% of preferential shares in the subsidiary.
		Personnel Ties	Samty Co., Ltd. plans to assign to employees to the subsidiary as directors.
		Business relationships	None applicable





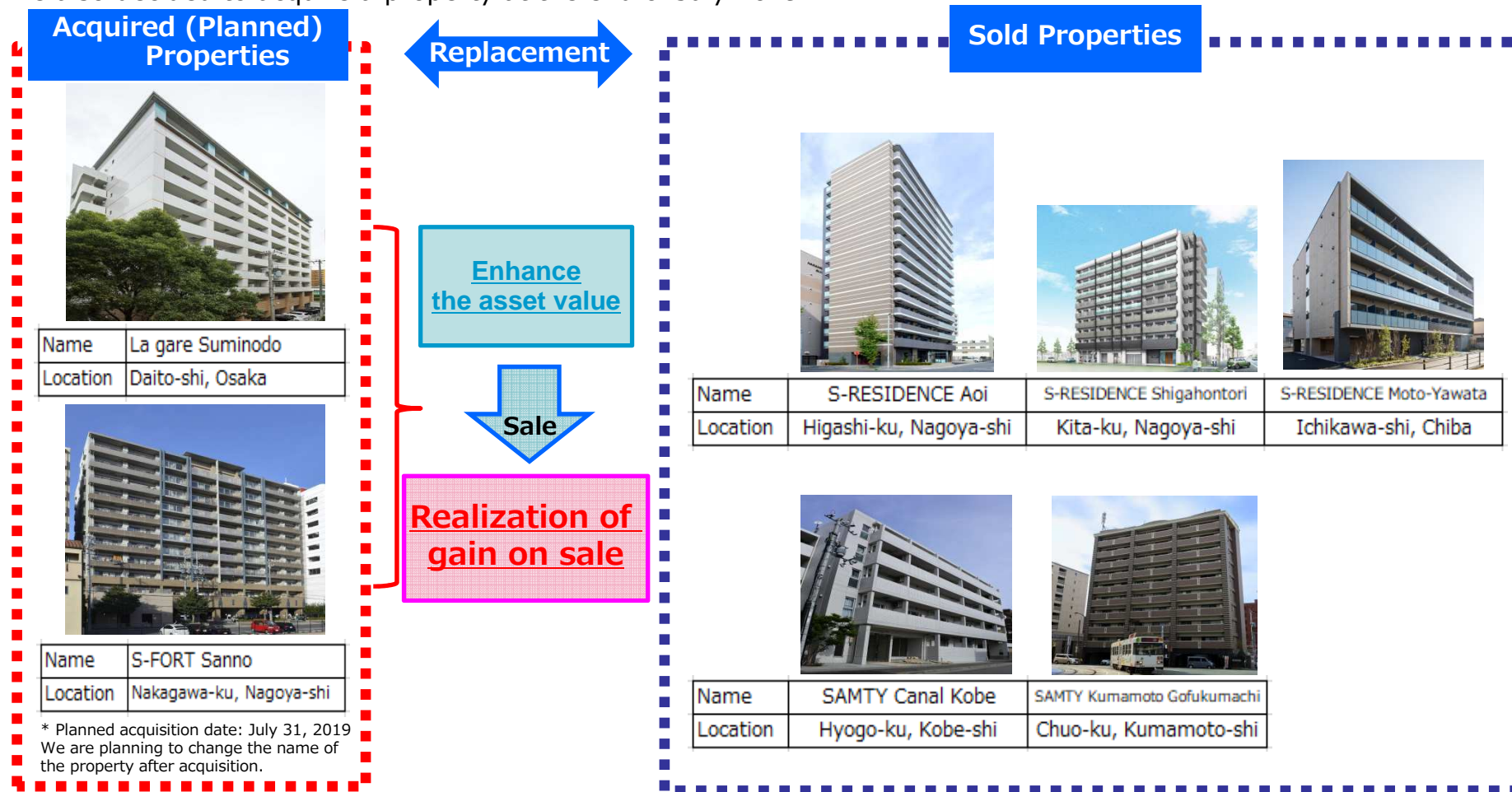
# Topics (4) Supporting Samty Residential Investment Corporation Property Replacement



## Expand asset size of Samty Residential Investment Corporation to 96 properties, ¥90.8 billion

We acquired one property from Samty Residential Investment Corporation and completed the sale of five properties.

We also decided to acquire a property at the end of July 2019.



Note: Acquisitions and sales have already been incorporated into the consolidated earnings forecast for the fiscal year ending November 30, 2019.

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## Key Strategies

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## (1) Investment Plan Progress Status [Key Strategy 2]



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** (¥81.6 billion\*/Rate of progress 27.2%)

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

¥135bn



Progress status\*

¥ 29.3bn

Rate of progress

21.7%

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

¥80bn



Progress status\*

¥ 18.9bn

Rate of progress

23.7%

Development of hotels  
and office buildings

¥ 85bn



Progress status\*

¥ 33.3bn

Rate of progress

39.2%

- The rate of progress of each of the abovementioned properties includes figures for contract completion and planned settlements.
- For the progress figures, the figures for the total cost of PJ are stated.

## (2) [Real Estate Business] Purchase Status – Land for Projects

[Key Strategy 2]



The Group has acquired land for projects equivalent to approximately ¥22.5 billion in assumed sales.

On an acquisition amount basis, the rate of progress is 39.6%. We will accelerate settlement of contracted properties in the second quarter.

### Budget, Actual Results, Planned (Acquisition Amounts)

	Budget for whole year	Results for 1Q of fiscal year ending November 30, 2019		Planned settlement (contract completion)
		Acquisition amount (Billions of yen)	Rate of progress	
Acquisition amount (Billions of yen)	25.0	9.9	39.6%	13.0

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

### Actual Results/Plans (Number of Acquisitions)

	Results for 1Q of fiscal year ending November 30, 2019						Planned settlement (contract completion)
	Hokkaido	Kanto	Chubu	Kansai	Kyushu	Total	
Number of Acquisitions	0	3	2	5	2	12	14
Residence	0	3	2	2	1	8	12
Hotel	0	0	0	3	1	4	1
Office Building	0	0	0	0	0	0	1

### (3) [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 Mizuho-ku Naeshirocho PJ	Mizuho-ku, Nagoya	36
	S-RESIDENCE Yodogawa-ku Nishinakajima 4cho-me II PJ	Yodogawa-ku, Osaka	54		S-RESIDENCE Nishi-ku Noritakeshinmachi 3cho-me	Nishi-ku, Nagoya	44
	S-RESIDENCE Minato-ku Shiba 5cho-me PJ	Minato-ku, Tokyo	29		S-RESIDENCE Naka-ku Kamimaezu 2cho-me PJ	Naka-ku, Nagoya	56
	S-RESIDENCE Hongo 3cho-me PJ	Meito-ku, Nagoya	77		S-RESIDENCE Nakamura-ku Meiekiminami 3cho-me PJ	Nakamura-ku, Nagoya	44
	S-RESIDENCE Nishi-ku Minamihorie 3cho-me PJ	Nishi-ku, Osaka	55		S-RESIDENCE Adachi-ku Senjutatsutacho PJ	Adachi-ku, Tokyo	46
	S-RESIDENCE Taito-ku Torigoe 1cho-me PJ	Taito-ku, Tokyo	49		S-RESIDENCE Shimomae 2cho-me PJ	Toda-shi, Saitama	40
	S-RESIDENCE Shigahontori 1cho-me-Shinmeicho PJ	Kita-ku, Nagoya	108		S-RESIDENCE Higashi-ku Aoi 3cho-me PJ	Higashi-ku, Nagoya	95
	S-RESIDENCE Kita-ku Shimo 2cho-me PJ	Kita-ku, Tokyo	28		S-RESIDENCE Kawasaki-ku Ikeda 1cho-me PJ	Kawasaki-shi, Kanagawa	77
	SAMTY Higashiyodogawa-ku Higashinakajima 1cho-me III	Higashiyodogawa-ku, Osaka	48		SAMTY Nishiyodogawa-ku Hanakawa 2cho-me	Nishiyodogawa-ku, Osaka	72
	SAMTY Naniwa-ku Nippombashi 5cho-me II	Naniwa-ku, Osaka	64		SAMTY Minato-ku Yunagi 1cho-me	Minato-ku, Osaka	54
<b>Total</b>	<b>10 building</b>		<b>588</b>	SAMTY Nishiyodogawa-ku Himesato 2cho-me II	Nishiyodogawa-ku, Osaka	130	
2020	S-RESIDENCE Chikusa-ku Kiyozumicho 1cho-me PJ	Chikusa-ku, Nagoya	34	SAMTY Suita-shi Tarumicho 3cho-me II	Suita-shi, Osaka	48	
	S-RESIDENCE Showa-ku Hirojitori 2cho-me PJ	Showa-ku, Nagoya	27	<b>Total</b>	<b>29 building</b>		<b>1,854</b>
	S-RESIDENCE Kita-ku Kurokawahontori 2cho-me PJ	Kita-ku, Nagoya	105	2021	S-RESIDENCE Meito-ku Homgo 2cho-me PJ	Meito-ku, Nagoya	183
	S-RESIDENCE Taito-ku Taito 2cho-me II PJ	Taito-ku, Tokyo	74		S-RESIDENCE Taito-ku Asakusa 6cho-me PJ	Taito-ku, Tokyo	49
	S-RESIDENCE Ota-ku Yaguchi 1cho-me PJ	Ota-ku, Tokyo	38		S-RESIDENCE Kita-ku Oji 2cho-me	Kita-ku, Tokyo	36
	S-RESIDENCE Sumida-ku Ishihara 1cho-me PJ	Sumida-ku, Tokyo	28		S-RESIDENCE Mizuho-ku Yanagaecho 2cho-me	Mizuho-ku, Nagoya	56
	S-RESIDENCE Nerima-ku Asahicho 3cho-me PJ	Nerima-ku, Tokyo	61		S-RESIDENCE Atsuta-ku Yokota 1cho-me	Atsuta-ku, Nagoya	72
	S-RESIDENCE Nishikamata 7cho-me PJ	Ota-ku, Tokyo	42		S-RESIDENCE Atsuta-ku Gobancho	Atsuta-ku, Nagoya	60
	S-RESIDENCE Taito-ku Kuramae 2cho-me PJ	Taito-ku, Tokyo	47		S-RESIDENCE Yokkaichi-shi Motomachi	Yokkaichi-shi, Mie	60
	S-RESIDENCE Kita-ku Nishitenma 3cho-me PJ	Kita-ku, Osaka	180		S-RESIDENCE Ichinomiya-shi Sakae 2cho-me	Ichinomiya-shi, Aichi	55
	S-RESIDENCE Taito-ku Imado 2cho-me PJ	Taito-ku, Tokyo	47		S-RESIDENCE Nishi-ku Kujo 2cho-me	Nishi-ku, Osaka	90
	S-RESIDENCE Chikusa-ku Imaikeminami PJ	Chikusa-ku, Nagoya	54		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 Kita-ku Onaritori 3cho-me	Kita-ku, Nagoya	56
	S-RESIDENCE Sumida-ku Midori 1cho-me PJ	Sumida-ku, Tokyo	30		S-RESIDENCE Chikusa-ku Shirutanicho	Chikusa-ku, Nagoya	54
	S-RESIDENCE Kita-ku Kurokawahontori 3cho-me PJ	Kita-ku, Nagoya	77		SAMTY Naniwa-ku Nippombashi 5cho-me III	Naniwa-ku, Osaka	98
	S-RESIDENCE Fukushima-ku Ebie 1cho-me II PJ	Fukushima-ku, Osaka	169	<b>Total</b>	<b>13 building</b>		<b>908</b>
	S-RESIDENCE Ota-ku Sanno 3cho-me PJ	Ota-ku, Tokyo	48	<b>Total</b>	<b>52 building</b>		<b>3,350</b>

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

## (4) [Property Leasing Business] Acquisition Results [Key Strategy 2]



The rate of progress with regard to the full-year budget is 17.5%. From the second quarter onward, the Property Leasing Business plans to acquire 22 properties in major cities across Japan for approximately ¥22.2 billion. The Business is on track to achieve its full-year budget.

### Budget, Actual Results, Planned (Acquisition Amounts)

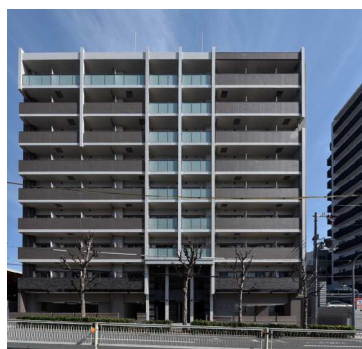
	Budget for whole year	2019 FY11/19 1Q Results		Planned settlement (contract completion)
			Rate of progress	
Acquisition amount (Billions of yen)	40.0	7.0	17.5%	22.2

### Actual Results/Plans (Number of Acquisitions)

	2019 FY11/19 1Q Results							Planned settlement (contract completion)
	Hokkaido	Kanto	Chubu	Kansai	Chugoku	Kyushu	Total	
Number of Acquisitions	3	0	1	5	0	3	12	22



Le Sillage Aobadai



SAMTY Miyakojima Takakuracho



T'S SQUARE Esaka



SAMTY Nishi-Kumamoto

(5) [Real Estate Business] Development Plan for Hotels and Office Buildings  
 [Key Strategy 3]



Development Plan for Hotels and Office Buildings

FY Start	Type	Project Name (provisional)	Location	No. of Units
2019	Hotel	S-PERIA HOTEL Kyoto (Opened April 25, 2019)	Shimogyo-ku, Kyoto	165
	Total 1 building			165
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 9 buildings			1,376	



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



S-PERIA HOTEL Kyoto (Lobby)



Mercure Kyoto Station (Lobby)

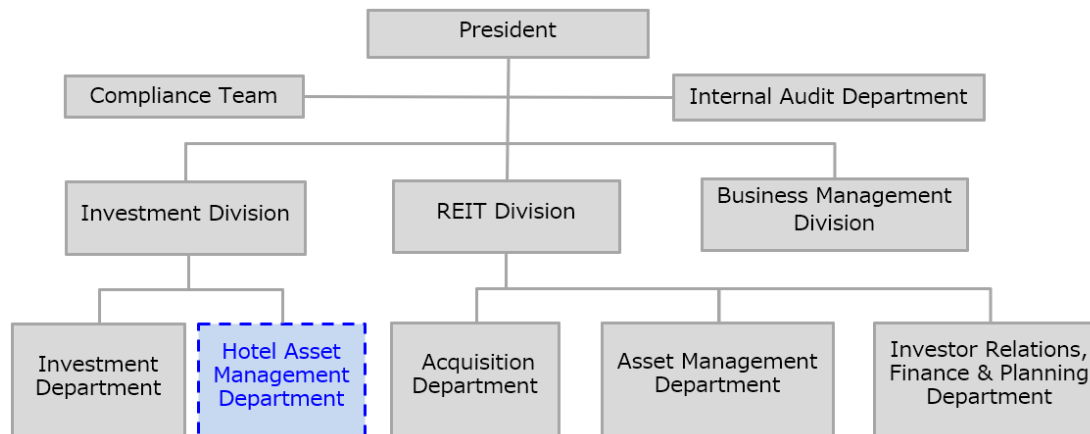


Ibis Styles Nagoya (Guest room)

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

**Hotel management team established at Samty Asset Management  
→ Integrate hotel functions within dispersed Group**

[Samty Asset Management Co., Ltd. Organizational Chart]



**Gaining of Overseas Earnings  
→ Establishment of SAMTY Asia Investments Pte Ltd. (Topics 3)**

Date of Establishment (Planned)	Investment Amount	Project Overview
Sep. 2016	US\$5,000,000	Investment in convertible bonds with redemption rights for development project funds in Ho Chi Minh City for Vietnamese unlisted developers.
Apr. 2019	US\$10,000,000	As above, additional investment
Apr. 2019	US\$15,000,000	Investment in stock-secured loans for development project funds in Ho Chi Minh City for Vietnamese listed developers.
Total	US\$30,000,000	



## Supporting Samty Residential Investment Corporation Property Replacement (Topics 4)

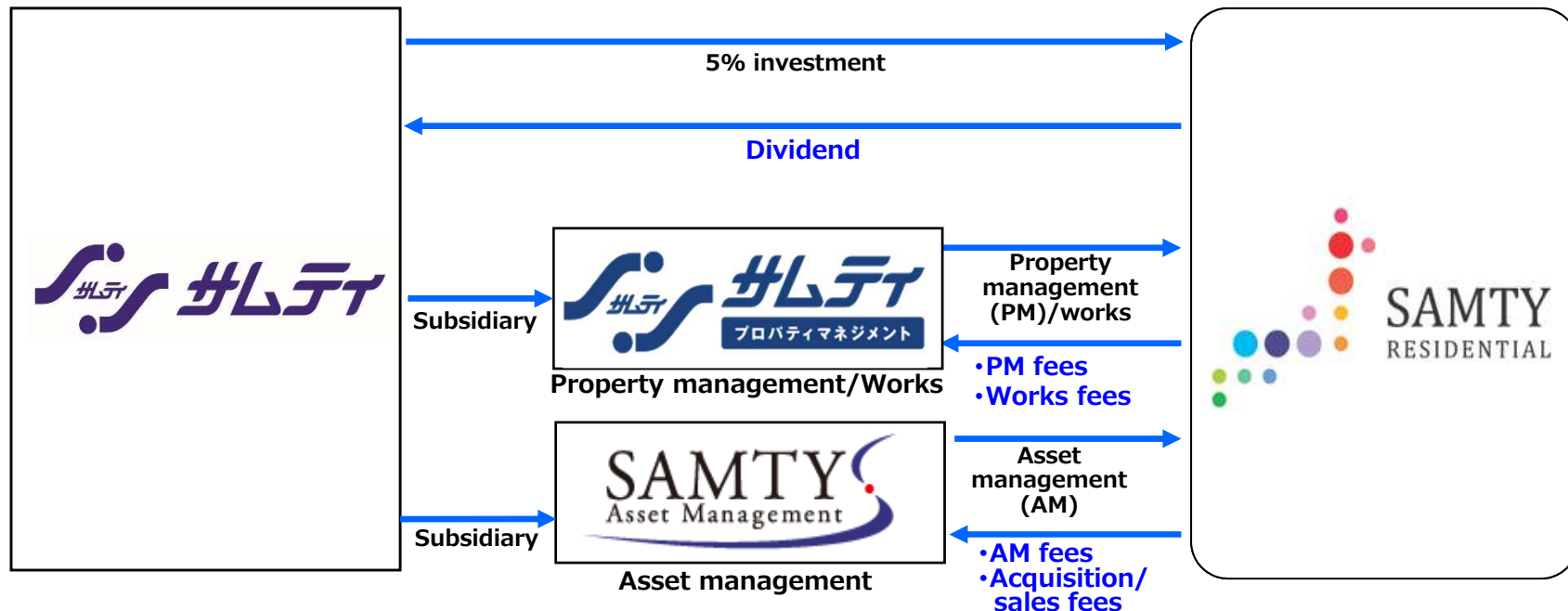
[Change to Samty Residential Investment Corporation's Scale of Assets]

91 Properties → 96 Properties

¥89.6 Billion → ¥90.8 Billion

(\*) As of January 31, 2019

(\*) As of July 31, 2019 (Assumed)

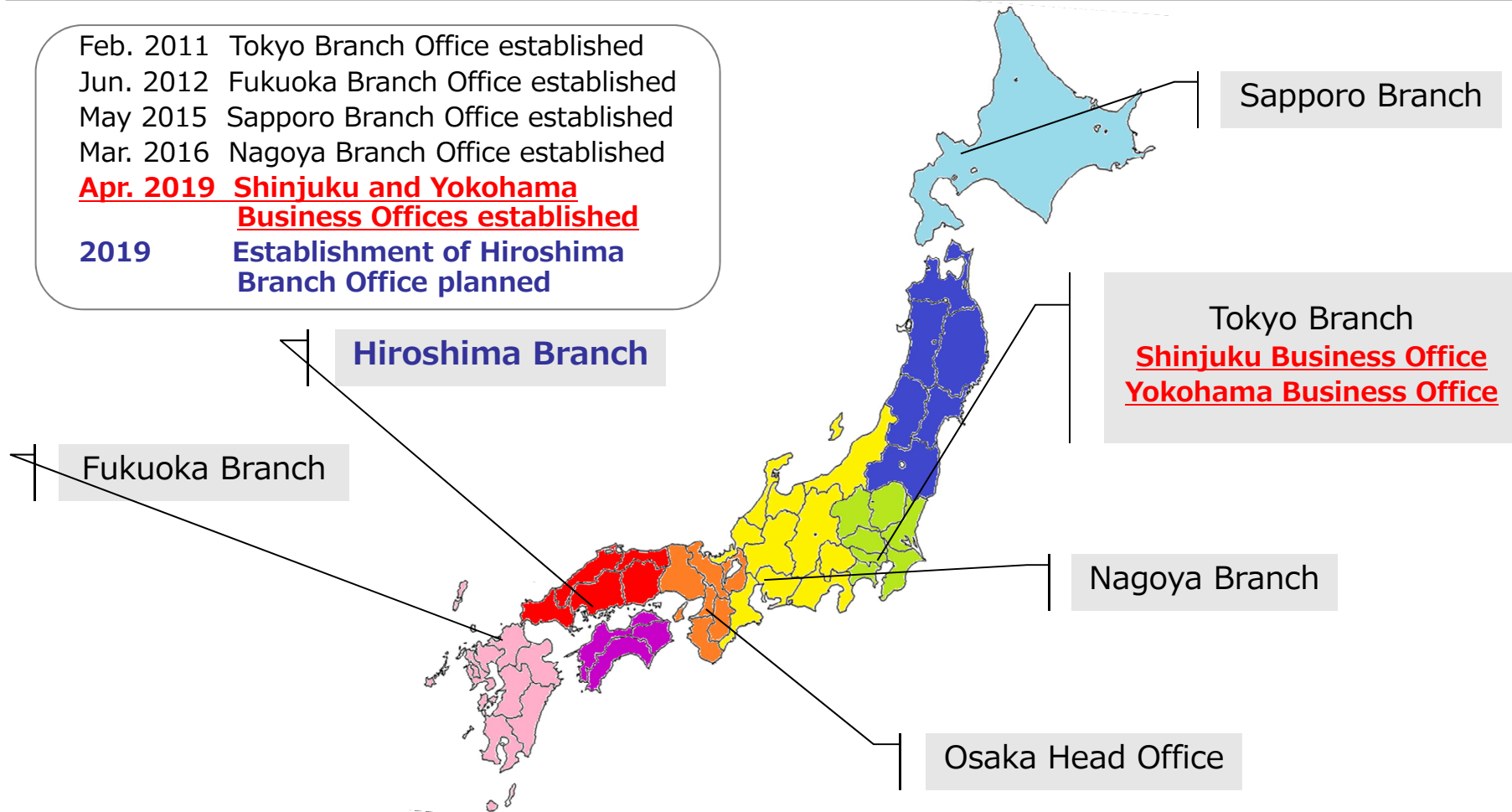


## (8) Expansion of Business Area [Key Strategy 2]

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.

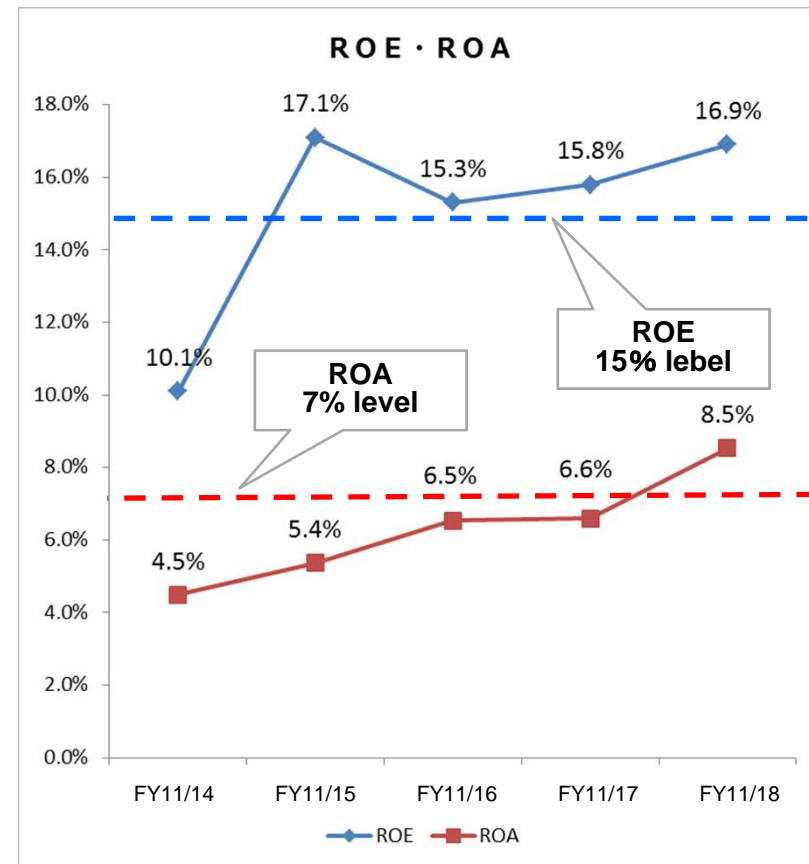
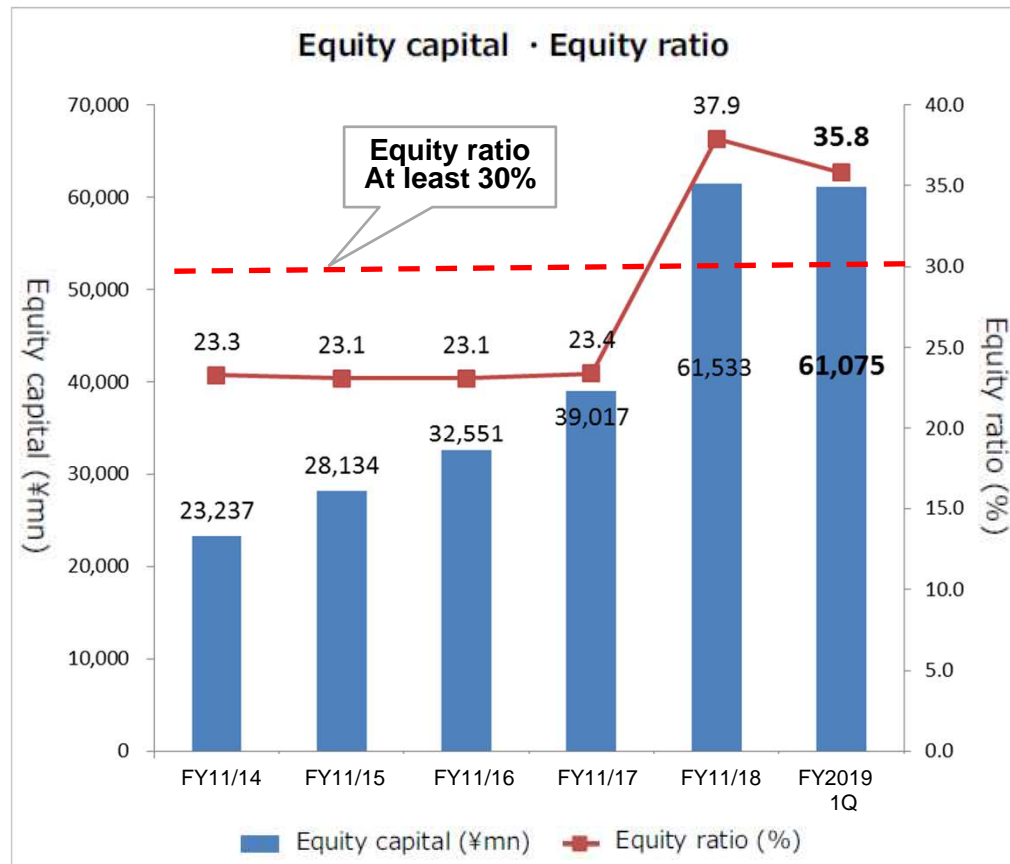
Feb. 2011 Tokyo Branch Office established  
Jun. 2012 Fukuoka Branch Office established  
May 2015 Sapporo Branch Office established  
Mar. 2016 Nagoya Branch Office established  
**Apr. 2019 Shinjuku and Yokohama Business Offices established**  
**2019 Establishment of Hiroshima Branch Office planned**



## (9) Financial Strategy



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.



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

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Forecasts for Year Ending November 30, 2019

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# Consolidated Earnings Forecast for Year Ending November 30, 2019



## **Net sales ¥86.0 billion, Operating income ¥15.0 billion, ordinary income ¥13.0 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	Plan to <u>increase dividend by ¥7</u> as a normal dividend and pay dividend of ¥75 per share

**Paying interim dividend from current fiscal year**

(Unit: Millions of yen)	FY11/18 Actual		FY11/19 Full-year Forecast		Year on year	
		Ratio		Ratio	Increase/decrease	Rate of increase/decrease
Net sales	84,274	100.0	86,000	100.0	+1,726	+2.0%
Real Estate Business	75,143	89.2	75,100	87.3	-43	-0.1%
Property Leasing Business	6,807	8.1	6,800	7.9	-7	-0.1%
Other Business	2,491	3.0	4,400	5.1	+1,909	+76.6%
Adjustment	-167	-	-300	-	-133	-
Operating income	14,033	100.0	15,000	100.0	+967	+6.9%
Real Estate Business	15,547	110.8	17,300	115.3	+1,753	+11.3%
Property Leasing Business	1,907	13.6	2,200	14.7	+293	+15.4%
Other Business	83	0.6	500	3.3	+417	+502.4%
Adjustment	-3,504	-	-5,000	-	-1,496	-
Ordinary income	11,635	-	13,000	-	+1,365	+11.7%
Net income	8,489	-	9,000	-	+511	+6.0%
Dividends per share (Yen)	68.00	-	75.00	-	+7.00	+10.3%
Net income per share (Yen)	283.89	-	236.44	-	-47.5	-16.7%

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First Quarter of Fiscal Year Ending November 30, 2019

Overview of Financial Results

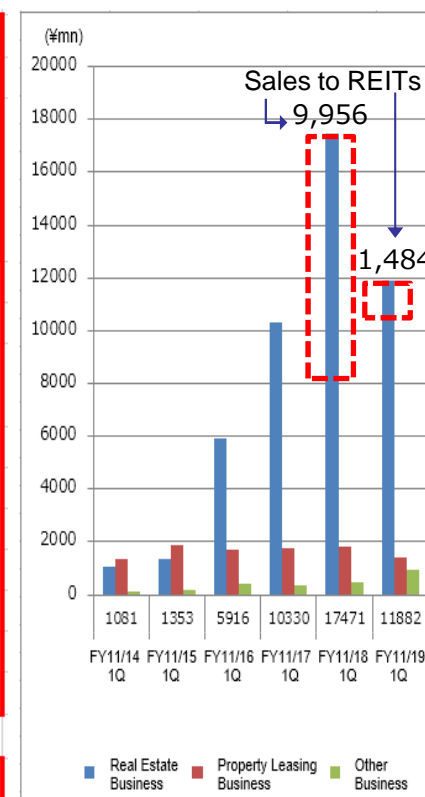
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## Overview

In the first 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. Despite decreases in sales and profits, as provision to Samty Residential Investment Corporation in the previous fiscal year had totaled ¥9,956 million, it is expected that steady progress will be made over the full fiscal year.

Although net sales decreased 28.2% year on year to ¥14,144 million, operating income fell 10.1% to ¥3,235 million, ordinary income declined 9.8% to ¥2,740 million, and net income decreased 5.3% to ¥2,074 million, an ongoing improvement in efficiency resulted in year-on-year increases in operating profit margin (22.9%, up 4.6 points), ordinary profit margin (19.4%, up 4.0 points), and net profit margin (14.7%, up 3.6 points).

(Unit: Millions of yen)	FY11/18 1Q Results		FY11/19 1Q Results		Year on year Increase/decrease		FY11/19	
		Ratio		Ratio		Rate of increase/ decrease	Full-year Forecast	Rate of progress
Net sales	19,702	100.0	14,144	100.0	-5,558	-28.2%	86,000	16.4%
Cost of sales	14,555	73.9	9,012	63.7	-5,543	-38.1%	-	-
Selling, general and administrative expenses	1,548	7.9	1,897	13.4	+349	+22.6%	-	-
Operating income	3,599	18.3	3,235	22.9	-363	-10.1%	15,000	21.6%
Non-operating income	21	0.1	12	0.1	-8	-39.5%	-	-
Non-operating expenses	582	3.0	507	3.6	-75	-12.9%	-	-
Ordinary income	3,038	15.4	2,740	19.4	-297	-9.8%	13,000	21.1%
Extraordinary income	280	1.4	259	1.8	-21	-	-	-
Extraordinary loss	49	0.2	0	0.0	-48	-	-	-
Profit attributable to owners of parent	2,190	11.1	2,074	14.7	-116	-5.3%	9,000	23.0%
Net income per share (Yen)	77.88	-	54.49	-	-23	-30.0%	236.44	-



# Consolidated Balance Sheet Overview



## Overview

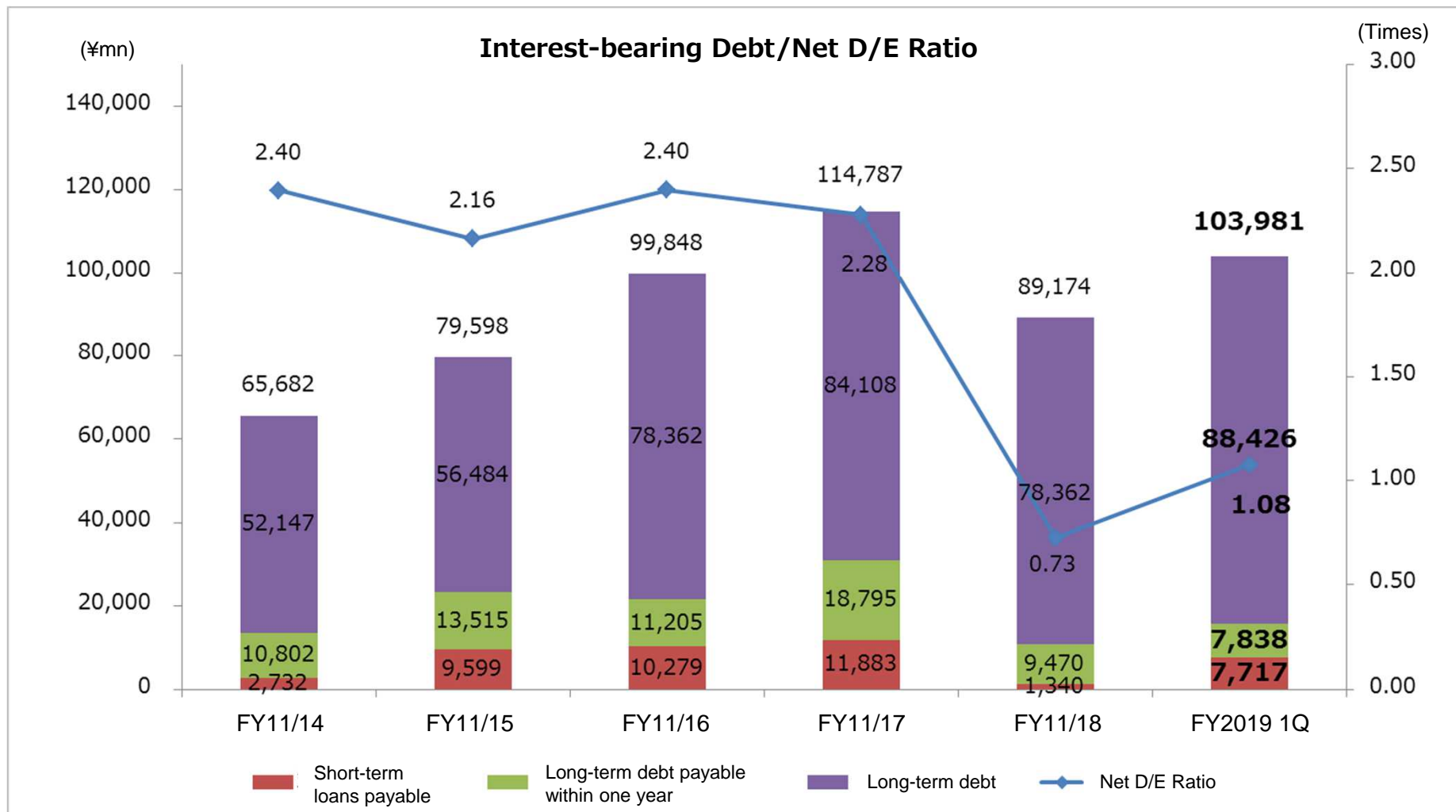
Making effective use of funds raised through rights offerings and property sales, the Company actively acquires land for development and profitable real estate.

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 1Q Results	Increase/ decrease	Main Reasons for Increase/Decrease
Total assets	162,500	170,730	+8,229	Real Estate Properties for Sale
Current assets	107,904	108,102	+198	Capital expenditure +¥440 million
Cash and deposits	44,510	38,222	-6,287	Property completion/development costs +¥10,300 million
Real estate for sale	26,181	29,007	+2,825	Property sales (¥8,000 million)
Real estate for sale under construction	34,886	38,728	+3,841	
Non-current assets	54,595	62,627	+8,031	Real Estate for Sales in Progress
Property and equipment	46,539	54,272	+7,732	Acquisitions of land for development +¥8,000 million
Intangible assets	172	191	+18	Building cost increases +¥5,600 million
Investments and other assets	7,883	8,163	+279	Transfers and other (¥9,600 million)
Total Liabilities	100,061	108,705	+8,643	
Current liabilities	19,779	18,255	-1,523	Shareholders' Equity
Short-term borrowings	1,340	7,717	+6,376	Net income for quarter +¥2,074 million
Current portion of long-term debt	9,470	7,838	-1,632	Dividend payments (2,589 million)
Non-current liabilities	80,282	90,449	+10,167	
Long-term debt	78,362	88,426	+10,063	
Total net assets	62,438	62,024	-413	
Total liabilities and net assete	162,500	170,730	+8,229	
Interest-bearing debt	89,174	103,981	+14,806	
Shareholders' equity	61,404	60,889	-514	
Equity ratio (%)	37.9%	35.8%	-2.1%	



Long-term debt increased due to active acquisition of profitable real estate  
 Interest-bearing debt increased, but net D/E ratio remained at 1.08 times



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

# First Quarter of Fiscal Year Ending November 30, 2019

## Overview of Consolidated Financial Statements by Segment



		Net sales	YoY
<b>Real Estate Business</b>	Sales of profitable real estate remained firm, but Real Estate Business sales were down because 12 properties had been sold for ¥9.9 billion yen to Samty Residential Investment Corporation in the same period of the previous year. In contrast, operating profit margin improved 8.9 points year on year to 30.5%.	<b>¥14,144mn</b>	<b>-28.2%</b>
<b>Property Leasing Business</b>	The occupancy rates of real estate under ownership remains high. As in the real estate business, sales were temporarily down year on year, not only because of sales to the investment corporation but also because of the Company's active promotion of sales of properties under ownership. In contrast, operating profit margin improved 7.7 points year on year to 39.1%.	<b>¥1,423mn</b>	<b>-22.8%</b>
<b>Other Business</b>	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 101% year on year and operating income returned to the black.	<b>¥923mn</b>	<b>+101.3%</b>

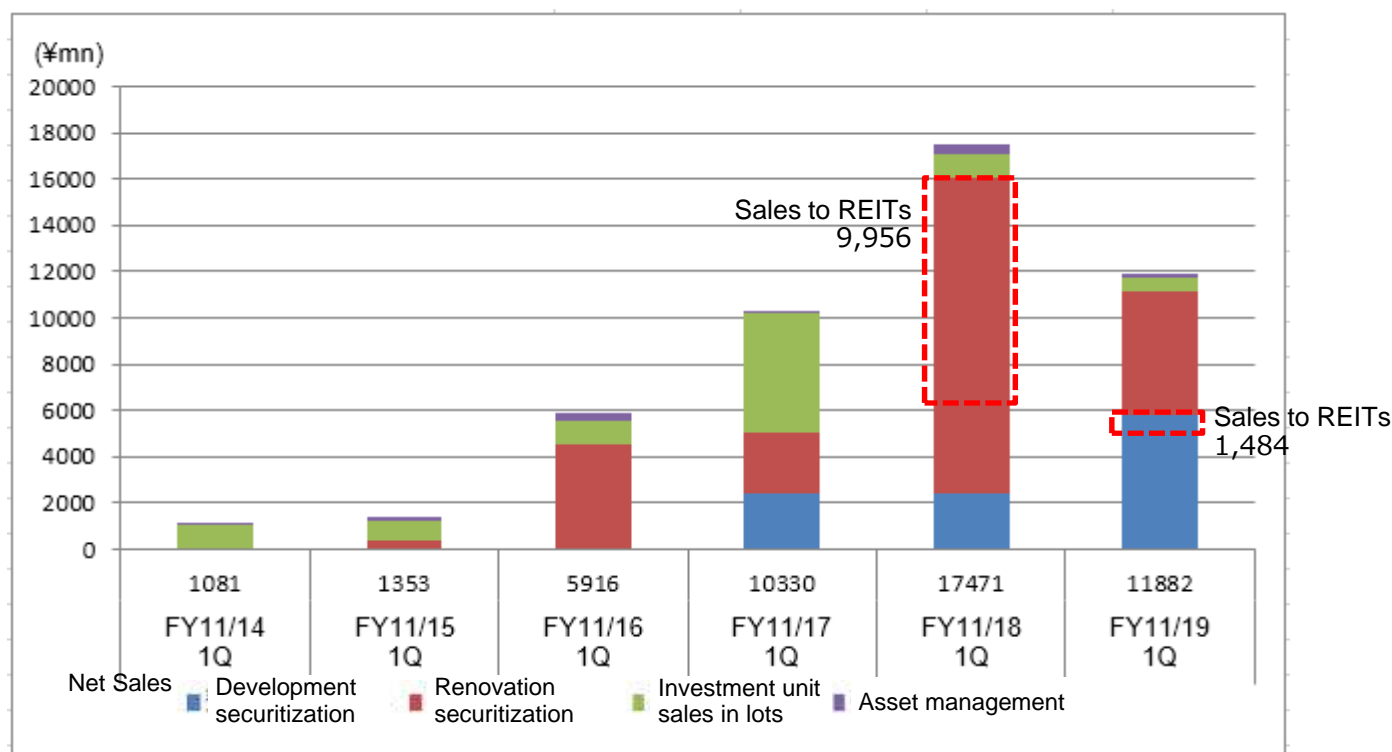
(Unit: Millions of yen)	FY11/18 1Q Results		FY11/19 1Q Results		Year on year Increase/decrease		FY11/19 Full-year Forecast	Rate of progress
		Ratio		Ratio		Rate of increase/ decrease		
Net sales	19,702	100.0	14,144	100.0	-5,558	-28.2%	86,000	16.4%
Real Estate Business	17,471	88.7	11,882	84.0	-5,589	-32.0%	75,100	15.8%
Property Leasing Business	1,843	9.4	1,423	10.1	-419	-22.8%	6,800	20.9%
Other Business	458	2.3	923	6.5	+465	+101.3%	4,400	21.0%
Adjustment	-72	-	-86	-	-13	-	-300	-
Operating income	3,599	100.0	3,235	100.0	-363	-10.1%	15,000	21.6%
Real Estate Business	3,776	104.9	3,625	112.1	-151	-4.0%	17,300	21.0%
Property Leasing Business	580	16.1	557	17.2	-22	-3.9%	2,200	25.3%
Other Business	-33	-0.9	30	1.0	+63	+192.9%	500	6.0%
Adjustment	-725	-	-979	-	-254	-	-5,000	-

# [Real Estate Business] Overview of Consolidated Financial Statements



Note: Detailed category figures are those after elimination of intersegment transactions.

(Unit: Millions of yen)	FY11/18 1Q Results	FY11/19 1Q Results	Increase/ decrease	Rate of increase/ decrease	Full-year Forecast	Rate of progress
Net sales	17,471	11,882	-5,589	-32.0%	75,100	15.8%
Development securitization (Planned development and sale of S-RESIDENCE series)	2,420	5,784	+3,364	+139.0%	-	-
Renovation securitization (Redevelopment and sale of existing profitable real estate)	13,660	5,351	-8,309	-60.8%	-	-
Investment unit sales in lots (Planned development and sale of investment-use condominiums)	1,031	583	-448	-43.5%	-	-
Asset management	352	151	-201	-57.0%	-	-
Segment profit	3,776	3,625	-151	-4.0%	17,300	21.0%
Segment profit margin	21.6%	30.5%	-	+8.9%	23.0%	-



## [Real Estate Business] Sales Results

### - Development and Renovation Securitization/Investment Unit Sales in Lots



A total of seven properties sold: one S-RESIDENCE property and one hotel as development securitization plus four properties and a fixed asset as renovation securitization.

#### Budget and actual results

Number of sales (Buildings)	Budget for whole year	FY11/19 1Q Results	Rate of progress
Development securitization	14	3	21.4%
S-RESIDENCE	12	1	-
Hotel	2	2	-
Renovation securitization	31	3	9.7%
Non-current assets	0	1	-
<b>Total</b>	<b>45</b>	<b>7</b>	<b>15.6%</b>



S-RESIDENCE Ikebukuro Norte

#### Cumulative total by area

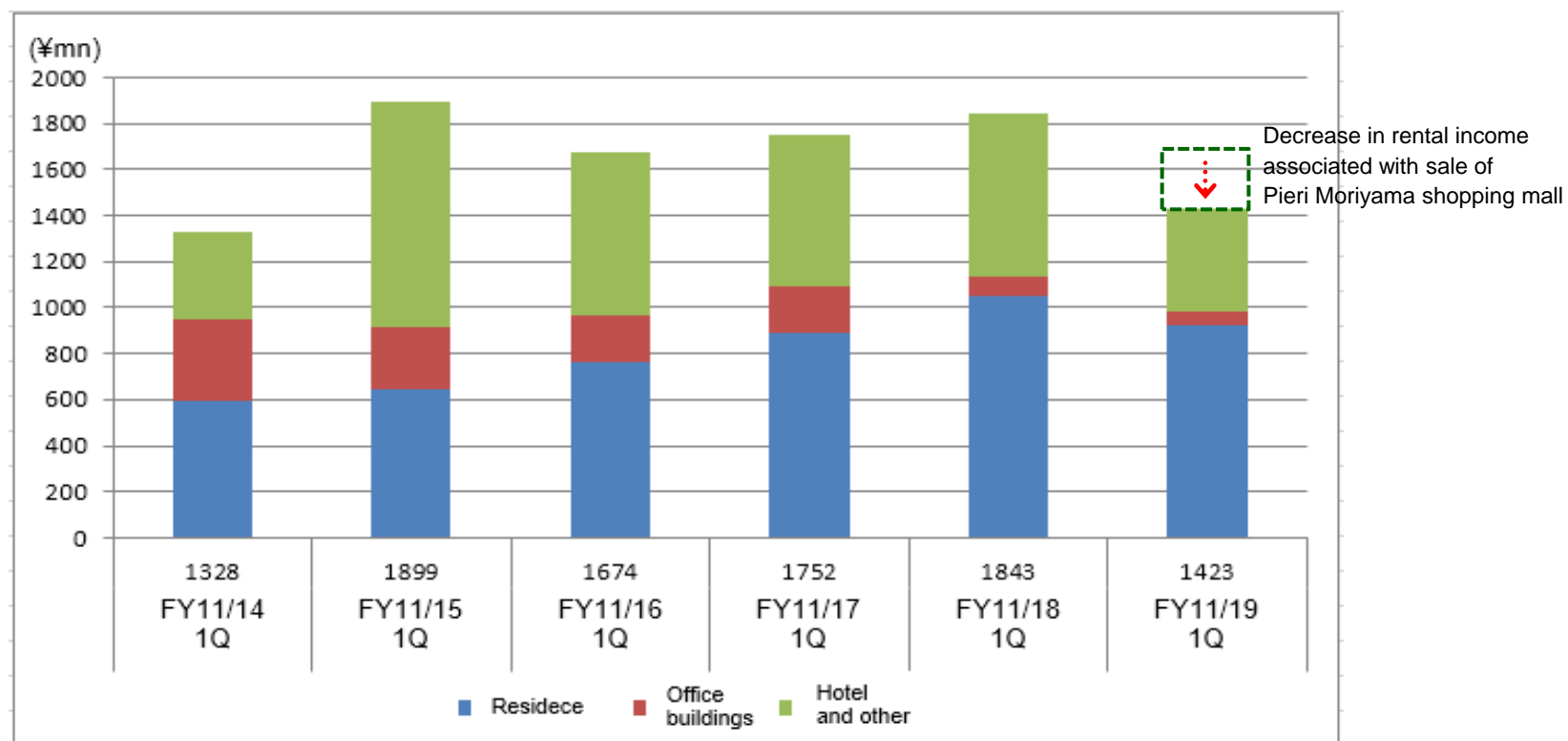
Number of sales (Buildings)	Hokkaido	Kanto	Chubu	Kansai	Chugoku · Shikoku	Kyushu
Development securitization	0	0	1	1	0	1
S-RESIDENCE	0	0	1	0	0	0
Hotel	0	0	0	1	0	1
Renovation securitization	1	0	1	1	0	0
Non-current assets	0	0	0	1	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>1</b>

# [Property Leasing Business] Overview of Consolidated Financial Statements



Note: Detailed category figures are those after elimination of intersegment transactions.

(Unit: Millions of yen)	FY11/18 1Q Results	FY11/19 1Q Results	Increase/ decrease	Rate of increase/ decrease	Full-year Forecast	Rate of progress
Net sales	1,843	1,423	-419	-22.8%	6,800	20.9%
Residence	1,049	922	-126	-12.1%	-	-
Office buildings	89	64	-25	-28.3%	-	-
Hotel and other	704	445	-259	-36.8%	-	-
Segment profit	580	557	-22	-3.9%	2,200	25.3%
Segment profit margin	31.5%	39.2%	-	+7.7%	32.4%	-



Building a portfolio centered on three major metropolitan areas, ordinance-designated cities, etc.

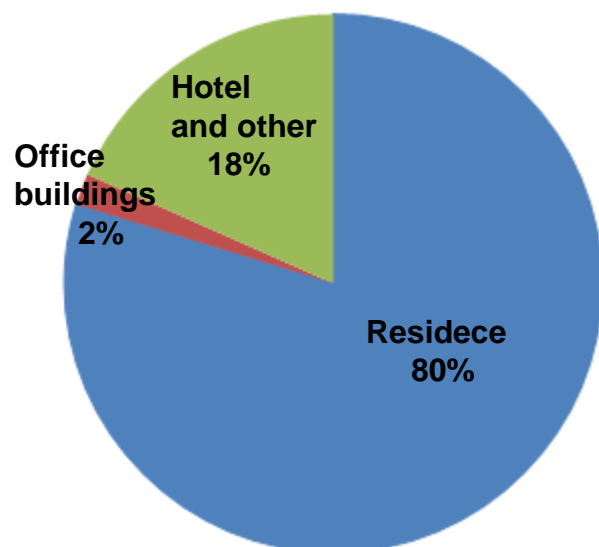
Assets under Samty Ownership

As of February 28, 2019	Number of properties (Buildings)	Total floor area (m2)
Residence	62	132,527
Office buildings	2	3,134
Hotel and other	8	30,510
<b>Total</b>	<b>72</b>	<b>166,171</b>

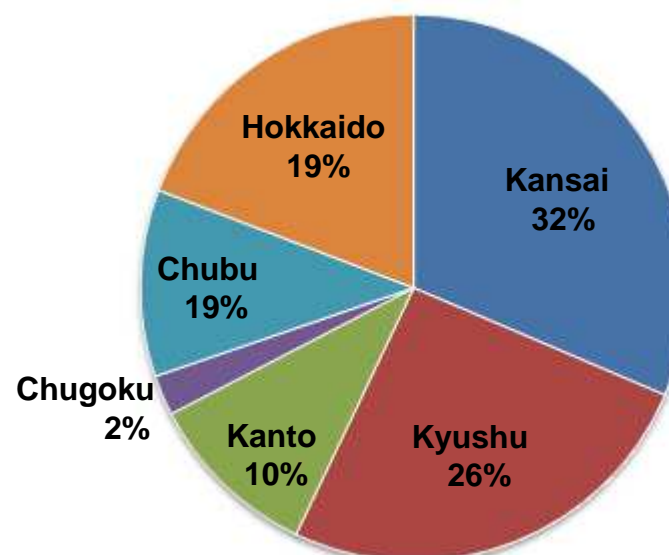
(Note 1) Fixed assets held by Samty on non-consolidated basis as of February 28, 2019

(Note 2) Pie chart based on total floor area

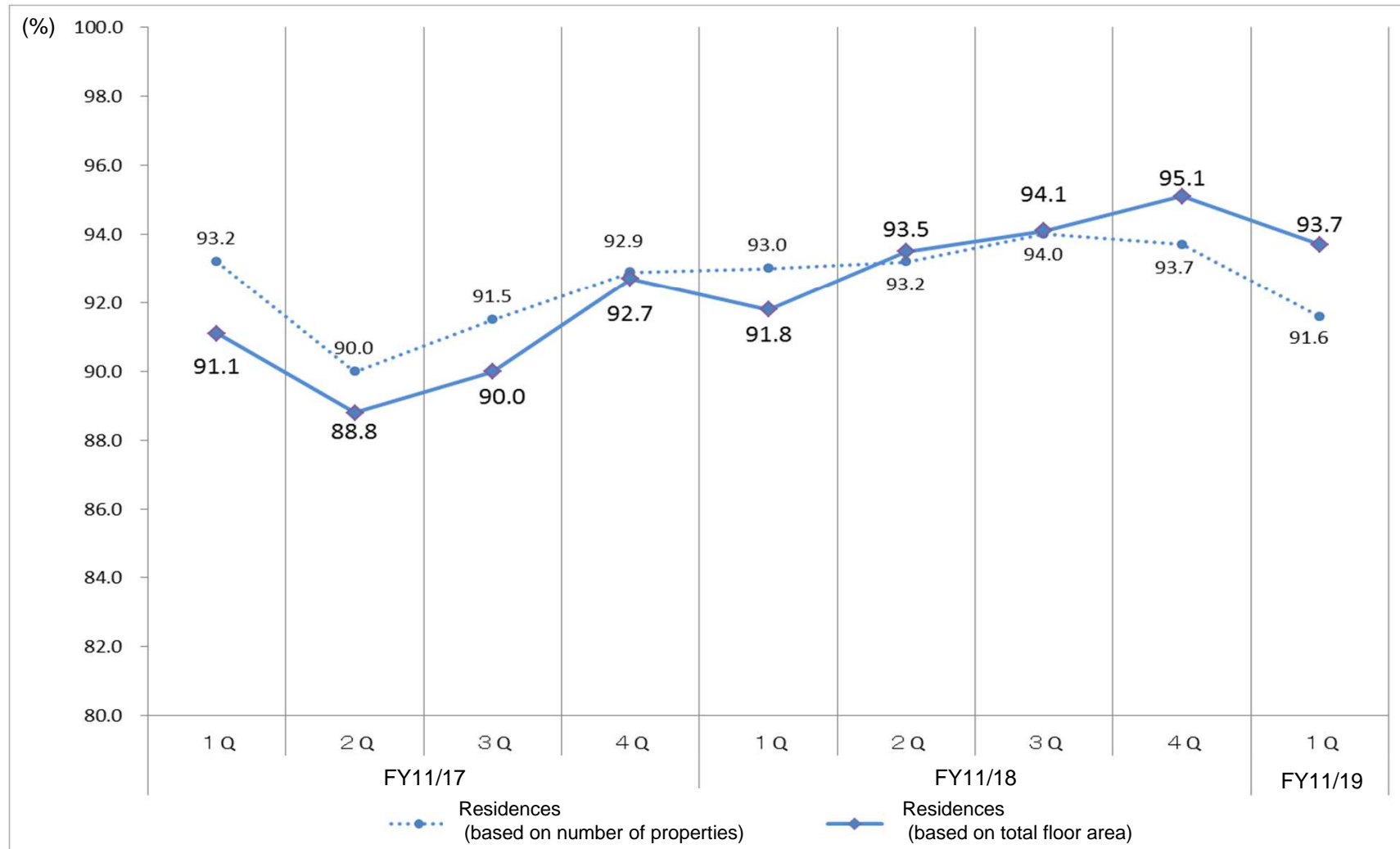
Distribution by Use



Distribution by Area



# [Property Leasing Business] Residence Occupancy Rates



(Note 1) Profitable real estate held by Samty on non-consolidated basis (fixed assets + real estate for sale)

(Note 2) Excluding development properties, such as S-RESIDENCE

(Note 3) Average occupancy rate at end of each quarter

Changed to total floor area basis from current quarter (Number of buildings basis also shown for reference)

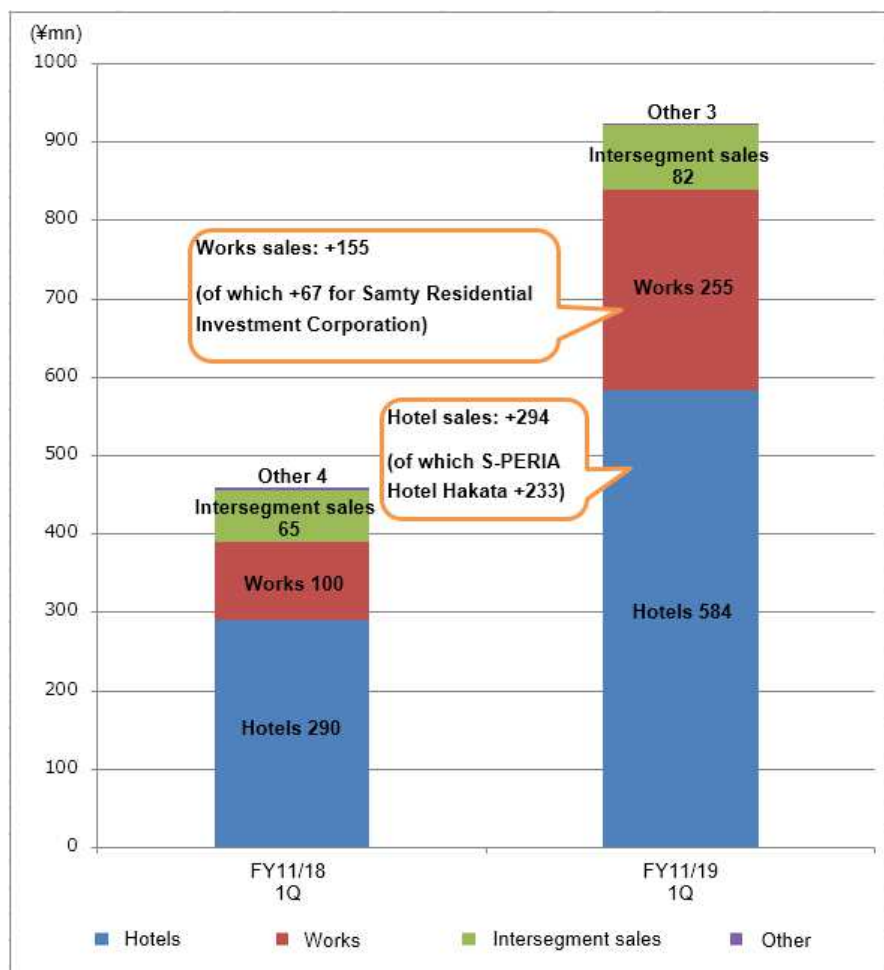
(\*) Total floor area basis (weighted average): Total leased area of each property / Total leasable area

Number of properties basis (simple average): Total occupancy rate of each property / total number of properties

# [Other Business] Overview of Consolidated Financial Statements



(Unit: Millions of yen)	FY11/18 1Q Results	FY11/19 1Q Results	Increase/ decrease	Rate of increase/ decrease	Full-year Forecast	Rate of progress
Net sales	458	923	+465	+101.3%	4,400	21.0%
Segment profit	-33	30	+63	-192.9%	500	6.0%
Segment profit margin	-7.2%	3.3%	-	+10.6%	11.4%	-



## Hotels in Which Samty Group Participates

Hotel Name	Location	No. of Guest Rooms
Center Hotel Tokyo	Chuo-ku, Tokyo	108
Amano Hashidate Hotel	Miyazu, Kyoto	86
GOZAN HOTEL	Higashiyama-ku, Kyoto	21
S-PERIA Hotel Nagasaki	Nagasaki, Nagasaki	153
Hotel Sunshine Utsunomiya	Utsunomiya, Tochigi	160
SMART HOTEL kutchan	Abutagun, Hokkaido	67
S-PERIA Hotel Hakata	Hakata-ku, Fukuoka	287
S-PERIA INN Nihombashihakozaki	Chuo-ku, Tokyo	114
S-PERIA INN Osakahommachi	Nishi-ku, Osaka	125
S-PERIA Hotel Kyoto	Shimogyo-ku, Kyoto	165
<b>Total</b>		<b>1286</b>



S-PERIA Hotel Kyoto



Center Hotel Tokyo







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