

3Q of FY ending March 31, 2025
Q&A Summary on disclosure of settlement of accounts

About full-year forecast

Q1. Operating income through the 3Q has progressed to 85% of the full-year plan. Please tell us about the reason for leaving the full-year plan unchanged and forecast for profits onward (Presentation slide P27)

A1. In the 4Q, we expect to see an increase in the completion of RC properties that were ordered before the price increase, an increase in the cost of promoting tenant recruitment for newly built properties, and an increase in SG&A expenses due to an increase in base salaries, so we expect the results to be in line with the initial plan.

Q2. Please tell us about the progress towards achieving an ROE of 20%.

A2. The possibility of achieving an ROE of 20% is increasing through sales of securities, etc.

About orders received

Q3. Please tell us about forecast of orders received for the next FY.

A3. It is expected that rising costs and interest rates will continue into the next FY and beyond. We will effectively implement sales measures to address these issues and work to increase orders.

Q4. Please tell us about your sales strategy in provincial areas. (Presentation slide P41)

A4. Following the revision of sales prices, we are focusing our sales activities mainly in central areas of each area where we can pass on the price increase to rent.

About net sales and gross profit on completed construction work

Q5. Please tell us about forecast of the gross profit margin on completed construction work.

A5. Due to the logistics “2024 problem” or depreciation of yen, material costs are tending to rise. Through appropriate price revisions and leveling out construction volume, we are to secure the gross profit margin of 28% for completed construction in FY2026. In the event that costs rise further, we intend to secure profits from our medium-term management plan by increasing construction volume.

About real estate leasing business

Q6. Please tell us about forecast of occupancy rate. (Presentation slide P24)

A6. As the completion of high-rent properties is expected, in which rising construction costs have been passed on to rents, we will continue to invest in sales promotion expenses and other measures to maintain high occupancy rates.

About real estate development business

Q7. As real estate development business expands, assets such as real estate for sale are expected to increase. Please tell us about your thoughts on the balance sheet.

A7. As our real estate development business expands, the amount of real estate for sale on our balance sheet will increase. However, we will maintain appropriate borrowing and equity capital based on the financial indicators of our medium-term management plan.

About tender offer for Ascot Corp.

Q8. Please tell us about the purpose of acquiring Ascot shares and the expected synergies.

A8. The main purpose is to strengthen real estate development business in the city center. In particular, we believe that Ascot's land procurement and real estate development know-how in the central metropolitan area will contribute greatly to the growth of our group.

Q9. Please tell us about forecast for Ascot's contribution to profits of the group.

A9. As the tender offer has not yet been completed, we will provide details regarding profits and amortization of goodwill from next FY onwards.

Others

Q10. Please tell us about your thoughts on shareholder returns.

A10. While making growth investments to expand future business profits, we will also flexibly consider shareholder returns according to capital needs.

Q11. This time the M&A was in the real estate development sector, but what are your thoughts on future M&A deals?

A11. In order to secure construction engineers, we will also consider M&A and alliances in the construction sector.

End