

## Company Report

April 14, 2025

Strategy Advisors Inc.  
Takao Kanai



## 1H of FY8/2025 Results Progressed Smoothly Compared to Full-Year Company Forecasts. Acquisition of Development Land Also Expanded as Planned

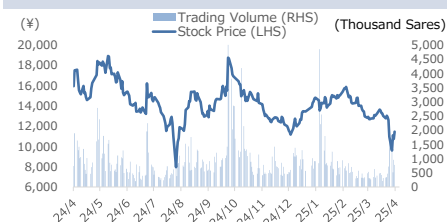
In 1H of FY8/25 saw a large increase in both sales and profits, with sales up 62.1% YoY to ¥33.75 bn, operating income up 2.41 times to ¥4.80 bn, and net profit up 89.8% to ¥2.45 bn. Sales and operating income progressed 35.5% and 29.1% against the company's full-year forecast for FY8/25, respectively. As revenue is typically concentrated in Q4, the results are expected to be in line with the company's forecast.

Q2 (3 months) were ¥18.48 bn, 2.12 times higher than the same period last year, and operating income was ¥1.83 bn, up 37.0% YoY. This is a decrease in the operating income of ¥2.97 bn in Q1, but this is thought to be due to the presence of profitable properties in Q1 and an increase in selling and administrative expenses. Of the gross profit of ¥6.03 bn in Q2, it is estimated that flow income accounted for just over ¥5 bn, with contributions from hotels, logistics, healthcare, and overseas.

Inventory assets increased from ¥51.8 bn at the end of Q1 to ¥52.7 bn at the end of 1H. Advance payments, consisting of deposits for properties before contracts, increased from ¥2.24 bn to ¥4.96 bn during this period, suggesting that the procurement of properties such as land is steadily increasing. According to the company's disclosure, the total amount of the pipeline and AUM increased significantly in six months from ¥491.6 bn at the end of FY8/24 to ¥598.2 bn at the end of 1H of FY8/25.

The current stock market is fluctuating wildly due to the trends in the tariff policy of the Trump administration in the United States. In addition to this, Kasumigaseki Capital's share price fell following the announcement of its financial results on April 3rd, possibly due to the fact that the progress of profits in 1H of the fiscal year and the increase in inventory were seen as somewhat disappointing. However, as mentioned above, the company's revenue and property purchases are expanding smoothly as expected. In addition, the US tariff policy has created uncertainty about the trends of the global economy, but the company is domestic demand-oriented except for its overseas business in Dubai, and its growth is largely due to factors unique to the company, so it is relatively less susceptible to the impact of the tariff policy. The most recent PER is 12.7 times on a diluted basis, which is at the bottom of the past range, and valuation is low.

### Stock Price & Trading Volume



Source: Strategy Advisors

### Key Indicators

Stock Price (4/10)	11,460
52-Week High (20/5/24)	18,910
52-Week Low (24/8/5)	7,950
All-Time High (20/5/24)	18,910
All-Time Low (18/12/26)	594
Shares on Issue (mn)	9.84
Market Capitalization (¥ bn)	112.7
EV (¥ bn)	154.4
Equity Ratio (1H Actual, %)	27.0
PER (8/25 CoE, Times)	12.7
PBR (8/25 1H Actual, Times)	4.1
Dividend Yield (8/25 CoE, %)	2.1

Note: High and low prices are based on closing prices. PER is calculated based on diluted share count.

Source: Strategy Advisors.

### Japanese GAAP - Consolidated

FY	Sales (¥ mn)	YoY Change (%)	Operating Income (¥ mn)	YoY Change (%)	Ordinary Income (¥ mn)	YoY Change (%)	Net Profit (¥ mn)	YoY Change (%)	EPS (¥)	DPS (¥)
8/2024 1H	20,817	26.2	1,991	38.5	1,940	53.0	1,292	58.2	148.1	-
<b>8/2025 1H</b>	<b>33,750</b>	<b>62.1</b>	<b>4,805</b>	<b>141.3</b>	<b>4,154</b>	<b>114.1</b>	<b>2,453</b>	<b>89.8</b>	<b>249.3</b>	-
8/2021	14,295	78.5	1,328	306.9	1,037	475.6	793	489.9	121.4	20.0
8/2022	20,780	45.4	2,141	61.2	1,732	67.0	1,018	28.3	132.9	30.0
8/2023	37,282	79.4	4,442	107.4	4,119	137.8	2,050	101.4	253.2	60.0
8/2024	65,685	76.2	8,537	92.2	7,860	90.8	5,020	144.8	541.7	170.0
8/2025 CoE	95,000	44.6	16,500	93.3	15,000	90.8	10,000	99.2	1,016.4	240.0

Note: 1:2 stock splits were carried out in September 2019 and September 2021. EPS and DPS are after adjustment.

Source: Company Data. Compiled by Strategy Advisors.

## 1. 1H Results In-Line with Company Forecasts

### Progress is Going Well Considering Seasonality

In 1H of FY8/2025, sales increased 62.1% YoY to ¥33.75 billion, operating income increased 2.41 times YoY to ¥4.8 billion, and net profit increased 89.8% YoY to ¥2.45 billion, showing a significant increase in both sales and profits. In Q2 (three months), sales were ¥18.48 billion (2.12 times YoY, up 21.1% from the previous quarter), and operating income was ¥1.83 billion (up 37.0% YoY, down 38.2% from the previous quarter), showing an increase in sales and a decrease in profits compared to the previous quarter. The progress rate against the company's forecast for FY8/2025 was 35.5% for sales and 29.1% for operating income, but considering that the figures for FY8/2024, which achieved the initial forecast, were 31.7% and 23.3%, respectively, it is believed that progress in 1H of the year is going well considering the progress rate in previous years.

### In Q2, All Businesses, Especially Hotels, Contributed to Profits

Of the ¥6.03 billion gross profit for Q2 (three months), flow income is thought to have accounted for just over ¥5 billion. In the hotel business, in addition to the sale of land in the Nagasaki Rebrand Hotel Project and the sale of four hotel development sites, including the Nagoya Marunouchi Hotel, there also appears to have been success fees for the "FAV LUX Kagoshima Tenmonkan" which opened on December 13, 2024. In logistics, the sale of a development site in Koshigaya City, Saitama Prefecture, and in healthcare, the sale of a development site in Suginami Ward are thought to have contributed to the increase. Overseas, there was a property sale in Dubai. Gross profit for Q2 decreased from ¥6.46 billion in Q1, but this is thought to be partly due to the inclusion of profitable hotel properties in Q1, and Q2 can be said to have been a solid performance.

### SG&A Expenses Increased Significantly

Selling and general administrative expenses for 1H of the year were ¥7.68 billion, up ¥3.38 billion (78.6%) from the same period last year. According to company documents, of this, personnel expenses increased by ¥1.63 billion, and advertising expenses increased by ¥670 million. Personnel expenses are due to an increase in personnel accompanying the expansion of business operations. Advertising expenses are thought to be mainly due to the promotion of hotel branding, co-hosting of events, promotion of the "COLD X NETWORK" frozen storage service business launched at the Tokorozawa automated frozen warehouse, and TV commercials. As the company's ultimate customers are individuals for hotels and healthcare, and a wide range of shippers and transport companies for logistics, these advertising efforts are expected to be effective in expanding the business.

**Figure 1. Summary of 8/25 1H Financial Results**

(¥ mn)

	<b>8/25 1H (A)</b>	<b>YoY</b>	<b>Progress (A)/(B)</b>	8/25 Q1	YoY	<b>8/25 Q2</b>	<b>YoY</b>	8/25 CoE (B)	YoY
Sales	<b>33,750</b>	<b>62.1%</b>	<b>35.5%</b>	15,264	26.2%	<b>18,486</b>	<b>111.9%</b>	95,000	44.6%
Gross Profit	<b>12,493</b>	<b>98.4%</b>	<b>NA</b>	6,460	147.4%	<b>6,033</b>	<b>63.7%</b>	NA	NA
Gross Margin	<b>37.0%</b>	-	-	42.3%	-	<b>32.6%</b>	-	-	-
Operating Income	<b>7,687</b>	<b>78.6%</b>	-	3,490	78.2%	<b>4,197</b>	<b>78.9%</b>	-	-
SG&A	<b>4,805</b>	<b>141.3%</b>	<b>29.1%</b>	2,970	355.5%	<b>1,835</b>	<b>37.0%</b>	16,500	93.3%
Operating Margin	<b>14.2%</b>	-	<b>82.0%</b>	19.5%	-	<b>9.9%</b>	-	17.4%	-
Ordinary Income	<b>4,154</b>	<b>114.1%</b>	<b>27.7%</b>	2,882	632.6%	<b>1,272</b>	<b>-17.8%</b>	15,000	90.8%
Net Income	<b>2,453</b>	<b>89.9%</b>	<b>24.5%</b>	2,002	790.3%	<b>451</b>	<b>-57.8%</b>	10,000	99.2%

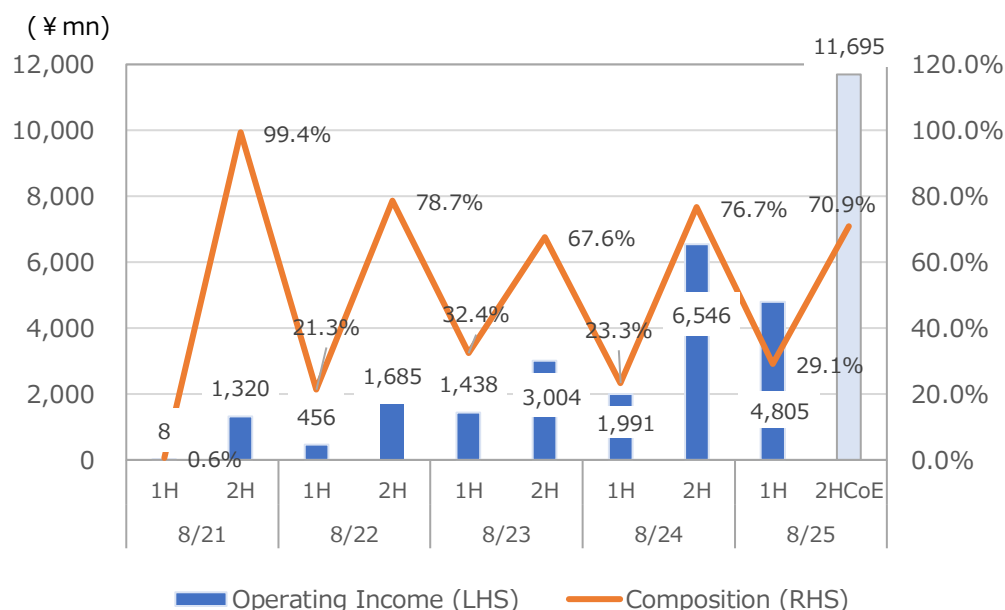
Source: Company data compiled by Strategy Advisors.

**Figure 2. Major Projects Estimated to Have Contributed to Sales**

	Release	Real Estate Sales	Business
FY8/25 Q1	2024/11/15	Sales of Development Site for Yufuin Hotel Project	Hotel
	2024/11/26	Three Hotel Mid In properties (Meguro-Ekimae, Kawasaki-Ekimae and Kuramae-Ekimae)	Hotel
	2024/11/29	Land Sale for Hotel Rebranding Project in Naka-Ku, Nagoya	Hotel
FY8/25 Q2	19/12/2024	Land Sale for Nagasaki Hotel Rebranding Project	Hotel
	2025/01/27	Land Sale for Healthcare Facility Development in Suginami City	Healthcare
	2025/2/14	Sales of four Hotel Development Sites (Nagoya Marunouchi Hotel Project, Kanazawa Katamachi Hotel Project, Asahikawa Hotel Project and Ujiamada Hotel Project)	Hotel
	2025/2/28	Majestic Vistas (1 Room) House for Sale in Dubai	Overseas
	2025/2/28	Land Sale for Development of Logistics Facilities in Koshigaya, Saitama Prefecture	Logistics

Source: Company data compiled by Strategy Advisors.

**Figure 3. Trends in Operating Income (by Half Year)**



Source: Company data compiled by Strategy Advisors.

## Exchange Losses Occurred in Q2 (3 Months)

In 1H of the year, there was a foreign exchange gain of ¥70 million, but in Q2 there was a foreign exchange loss of ¥180 million, compared to a foreign exchange gain of ¥260 million in Q1. This was mainly due to the revaluation of Dubai assets at the exchange rate at the end of the quarter. It is estimated that the appreciation of the yen towards the end of Q2 affected assets that had increased during the period.

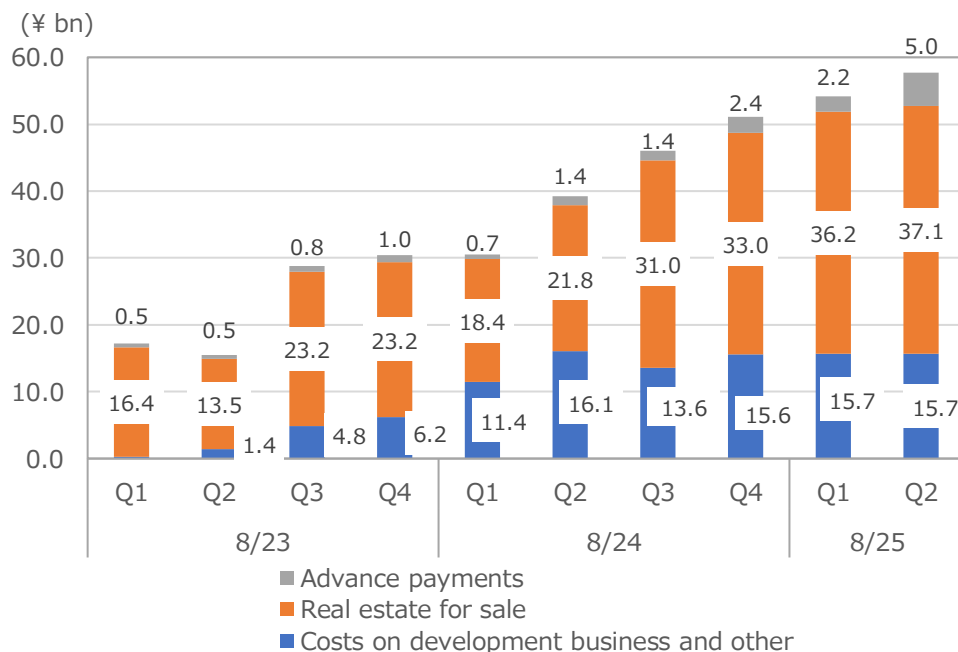
## Effective Tax Rate

The effective tax rate for corporate tax etc. in 1H of the year was 40.0%, up from 36.9% in the same period of the previous year. In particular, it was high at 63.1% in Q2 (3 months). This is thought to be due to changes in the revenue composition of subsidiaries with different effective tax rates, but it is estimated that Q2 was somewhat irregular.

## Procurement Also Steadily Increased

Inventory assets at the end of 1H were ¥52.76 billion (including ¥37.07 billion of real estate for sale), up from ¥48.67 billion (¥33.04 billion) at the end of FY8/2024 and ¥51.87 billion (¥36.16 billion) at the end of Q1. In addition, advance payments, consisting of deposits and other payments made for properties with a high probability of closing, increased significantly to ¥4.97 billion at the end of 1H from ¥2.25 billion at the end of Q1. This will lead to an increase in inventory assets from Q3 onwards. In addition, the amount of pipeline and AUM disclosed by the company increased by ¥106.6 billion in six months, from ¥491.6 billion at the end of FY8/2024 to ¥598.2 billion at the end of 1H, indicating that the procurement of development land and subsequent development is progressing smoothly.

**Figure 4. Changes in Inventory and Prepayments (by Quarter)**



Source: Company data compiled by Strategy Advisors.

**Figure 5. Project Pipeline and AUM Trends**

## H1 FYE8/2025: Project Pipeline and AUM

**Built up projects steadily, up ¥106.6bn from the previous fiscal year-end.  
Total project pipeline and AUM grew to ¥598.2bn.**

(Billions of yen, unless otherwise stated)

		As of Aug. 31, 2024		As of Feb. 28, 2025		Change (Amount)	Change (%)
		No. of projects	Project value*	No. of projects	Project value*		
Logistics	LOGI FLAG	19	247.5	22	297.6	+50.1	+20.2%
Hotel	F&V F&V seven X seven	44	158.0	51	210.1	+52.1	+33.0%
Healthcare	CLASWELL	15	37.0	16	39.5	+2.5	+6.8%
Alternative Investment	Overseas business	8	15.6	9	17.5	+1.9	+12.2%
	Residential funds	13 (4 funds)	33.4	13 (4 funds)	33.4	±0.0	–
<b>Total</b>		<b>99</b>	<b>491.6</b>	<b>111</b>	<b>598.2</b>	<b>+106.6</b>	<b>+21.7%</b>

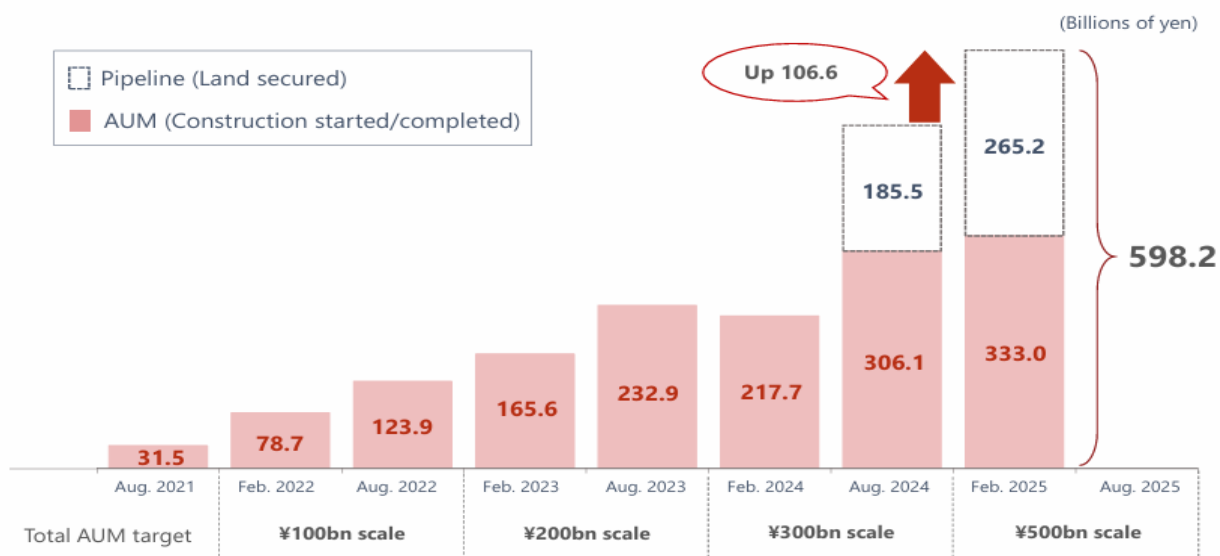
\* Project value represents the total value of projects (including certain undisclosed projects) within each business on a cost basis.

Source: Company data.

Figure 6. Project Pipeline and AUM Trends

## H1 FYE8/2025: Progress of AUM

Total project value, including the pipeline, reached ¥598.2bn.  
Average size of new project wins grew ~2.5x in 4.5 years.



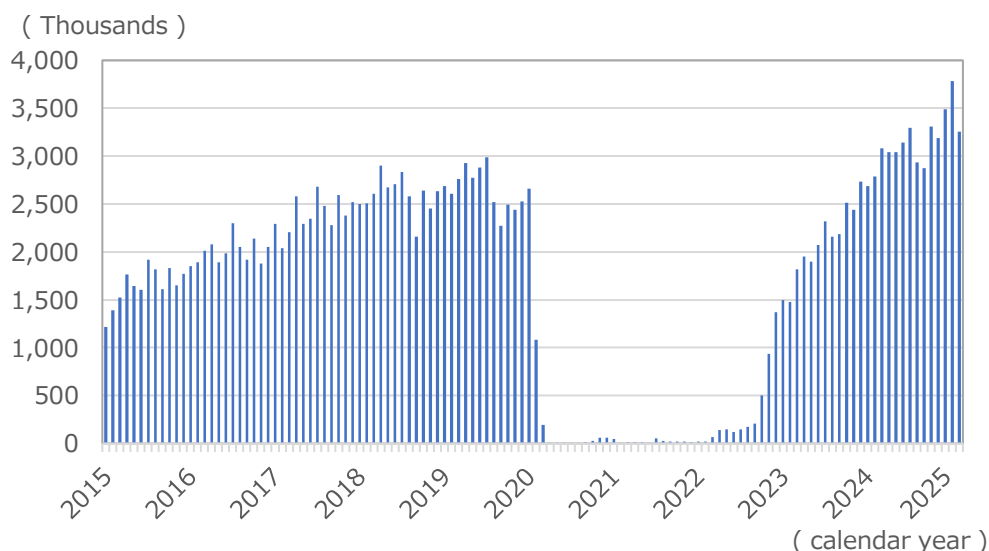
Source: Company data.

## 2. Recent Trends in Major Businesses

### Hotel Business Remains Strong

The number of foreign visitors to Japan continues to break records, reaching 3.78 million in February 2025. Annually, the number reached a record high of 30.87 million in 2024, exceeding 31.88 million. JTB predicts that the number will reach 40.2 million in 2025. As long as there is no significant fluctuation in the yen's appreciation, demand for the hotel business is expected to remain strong. The company develops hotels with distinctive concepts such as hotels for large groups and the pursuit of sell-through hospitality through the promotion of digital transformation, and it is estimated that occupancy rates are steadily increasing in newly opened hotels.

**Figure 7. Trends in the Number of Foreign Visitors to Japan (Monthly)**



Source: Created by Strategy Advisors based on data from the Japan Tourism Agency.

## In The Logistics Business, Automated Warehouses Will Become More Advantageous Due to The Revision of the Building Standards Act

In logistics, the company is focusing on refrigerated warehouses, and is particularly differentiating itself with automated warehouses. Automated refrigerated warehouses contribute to reducing human error, preventing industrial accidents in harsh environments such as -25°C, and improving the working environment. In addition, the Building Standards Act was revised in July 2024 to change the virtual floor height for calculating the floor area ratio of floorless automated warehouses from 5 meters to 8 meters. This will increase the amount of goods stored in automated warehouses and improve efficiency. Compared to conventional warehouses, automated warehouses already have lower construction costs because they do not have floors, but these regulatory changes are expected to further increase the advantages of automated warehouses.

## Advance into HAZMAT Warehouse

In logistics, in Q2, the company acquired land in Kanagawa Prefecture for the development of a HAZMAT (hazardous materials) warehouse. HAZMAT warehouses are thought to be in short supply due to increasing demand. With growing awareness of compliance in society, they are being transferred to these locations as storage locations for spray cans, cosmetics, alcohol disinfectants, etc., and in addition, the volume of lithium-ion batteries handled is increasing due to increased demand. Conventional HAZMAT warehouses were small warehouses scattered around due to the need to secure vacant land, and in many cases the floor area ratio was not utilized due to the single-story structure. By introducing an automated warehouse, Kasumigaseki Capital is able to fully utilize the floor area ratio by securing a height of 20 meters even for a single-story building.

## 2. Outlook for the Second Half

### Steady Procurement Will Contribute to Future Sales Growth

As in previous years, revenues are expected to be concentrated in Q4 for FY8/2025. The project pipeline on a cost basis, which indicates the scale of the business, reached ¥265.2 billion at the end of 1H, and will be recorded as the company's sales from the second half onwards. The procurement of projects announced by the company is accumulating as shown in Figure 8, and the company's sales are expected to expand as the company designs and plans these and then sells them to external capital for development.

### The Scale of Each Project is Also Expanding

As shown in Figure 5, the business scale per project is also expanding. The business scale per project was ¥4.96 billion at the end of FY8/2024, but it had increased to ¥5.38 billion at the end of 1H of FY8/2025. Although business scale and profitability do not necessarily go hand in hand, it is presumed that large projects tend to be generally more efficient, which is expected to lead to improved profitability.

### Expected Returns for Kasumigaseki Capital Do Not Appear to Be Rising

Interest rates are on the rise in Japan. Although 10-year government bond yields have recently fluctuated due to the impact of the Trump administration's tariff policies, interest rates are generally expected to be under upward pressure as the inflation rate rises. On the other hand, it is assumed that the risk premium that investors consider for Kasumigaseki Capital's projects has decreased due to the company's track record. For this reason, the expected yields for the company's projects do not appear to be rising despite the rise in interest rates in Japan. Therefore, there does not appear to be any negative impact on the profitability of the company's projects at present.



**Figure 8. Main Property Acquisition Status**

	Release	Real Estate Acquisition	Business
FY8/25 Q1	2024/9/2	Acquired Shares in Mid In Hotel	Hotel
	2024/10/1	Acquired Shares in Tanda Kaiun	Hotel
	2024/11/20	Fuji-kawaguchiko Hotel Project Development Site	Hotel
	2024/11/26	Osaka Honmachi Hotel Project Development Site	Hotel
	2024/11/29	Rebranding Hotel in Naka-ku, Nagoya	Hotel
	2024/11/29	Asakusa Kaminarimon Hotel Project Development Site	Hotel
FY8/25 Q2	2024/12/20	Miyako Irabujima Hotel Project Development Site	Hotel
	2024/12/23	Izumo Hotel Project Development Site	Hotel
	2025/01/17	Kamakura City Yukinoshita Hotel Project Development Site	Hotel
	2025/01/31	HAZMAT Automated Warehouse Development Site in Kanagawa	Logistics
	2025/01/31	Sendai Aoba-dori Hotel Project Development Site	Hotel
	2025/2/14	Healthcare Facility Development Site in Asahi-ku, Yokohama	Healthcare
	2025/2/27	Matsuyama Ichibancho Hotel Project Development Site	Hotel
	2025/2/28	Kusatsu Hotel Project Development Site in Gunma	Hotel

Source: Company data compiled by Strategy Advisors.

**Figure 9. Quarterly Earnings Trends**

(¥ mn)	8/24		8/25		8/24				8/25	
FY	1H	2H	1H	2HCoE	Q1	Q2	Q3	Q4	Q1	Q2
<b>Net Sales</b>	<b>20,817</b>	<b>44,868</b>	<b>33,750</b>	<b>61,250</b>	<b>12,094</b>	<b>8,723</b>	<b>12,778</b>	<b>32,090</b>	<b>15,264</b>	<b>18,486</b>
Cost of Sales	14,521	32,604	21,256		9,482	5,039	8,711	23,893	8,803	12,453
Gross Profit	6,296	12,263	12,493		2,611	3,685	4,066	8,197	6,460	6,033
Gross Profit Margin	30.2%	27.3%	37.0%		21.6%	42.2%	31.8%	25.5%	42.3%	32.6%
SG&A Expenses	4,304	5,718	7,687		1,958	2,346	2,415	3,303	3,490	4,197
Sales to SG&A Expenses Ratio	20.7%	12.7%	22.8%		16.2%	26.9%	18.9%	10.3%	22.9%	22.7%
<b>Operating Income</b>	<b>1,991</b>	<b>6,546</b>	<b>4,805</b>	<b>11,695</b>	<b>652</b>	<b>1,339</b>	<b>1,652</b>	<b>4,894</b>	<b>2,970</b>	<b>1,835</b>
Operating Income Margin	9.6%	14.6%	14.2%	19.1%	5.4%	15.4%	12.9%	15.3%	19.5%	9.9%
Ordinary Income	-52	-626	-651		-259	207	271	-897	-88	-563
YoY	-258	-404	-491		-132	-126	-170	-234	-253	-238
Ordinary Income Margin	328	-21	76		-53	381	548	-569	261	-185
Non-Operating Balance	-122	-201	-236		-74	-48	-107	-94	-96	-140
<b>Ordinary Income</b>	<b>1,940</b>	<b>5,920</b>	<b>4,154</b>	<b>10,846</b>	<b>393</b>	<b>1,547</b>	<b>1,921</b>	<b>3,999</b>	<b>2,882</b>	<b>1,272</b>
Ordinary Income Margin	9.3%	13.2%	12.3%	17.7%	3.2%	17.7%	15.0%	12.5%	18.9%	6.9%
Extraordinary Income	256	242	88		19	237	8	234	92	-4
Extraordinary Loss	0	312	3		0	0	0	312	0	3
Profit before Tax	2,196	5,849	4,239		413	1,783	1,929	3,920	2,974	1,265
Total Corporate Taxes	810	1,817	1,696		157	653	470	1,347	898	798
(Corporate Tax Rate)	36.9%	31.1%	40.0%		38.0%	36.6%	24.4%	34.4%	30.2%	63.1%
<b>Net Income Attributable to Owners of Parent</b>	<b>1,292</b>	<b>3,728</b>	<b>2,453</b>	<b>7,547</b>	<b>224</b>	<b>1,068</b>	<b>1,335</b>	<b>2,393</b>	<b>2,002</b>	<b>451</b>
Net Income Margin	6.2%	8.3%	7.3%	12.3%	1.9%	12.2%	10.4%	7.5%	13.1%	2.4%

Source: Company data compiled by Strategy Advisors.

### 3. Stock Price Trends and Outlook

#### Stock Prices Have Been Heavily Influenced by the Market and Have Recently Fallen

The stock market as a whole has been in turmoil since April 3rd following the announcement of reciprocal tariffs by the Trump administration in the United States. On April 7th, the business day following the announcement of the company's 1H financial results (April 4th), the TOPIX fell 7.9% from the previous day, while the company's stock price fell 12.5%. As the market fell so sharply, it is difficult to break down the factors behind this, but it is possible that the market deemed the company's 1H financial results to be somewhat disappointing.

#### There May Have Been Company-Specific Factors Behind the Decline After 1H Settlement

The first reason given is that gross profit and operating income for Q2 (three months) decreased compared to Q1. However, the company's earnings are currently mainly flow income, and the timing of projects contributing to sales and profits varies from QoQ, so the trend of full-year performance is more important. Secondly, there may have been concerns that procurement slowed

down as inventory at the end of 1H increased only slightly compared to the end of Q1. However, as mentioned above, considering prepayments and other factors, the preparation of development sites is progressing smoothly, and it is judged that there is no significant risk in achieving the company's forecast for FY8/2025.

## **Valuations Are at The Bottom of Their Historical Ranges**

As a result of the sharp decline in the stock price, the PER calculated by dividing the company's forecast-based net income for FY8/2025 by the number of fully diluted shares of the Euro-Yen CB issued in October last year is 12.7 times, which is at the bottom of the company's past PER range. Compared to its peers, the PER had been high up until now, reflecting its high profit growth potential, but the difference has now narrowed. Therefore, it can be said that the current valuation is low compared to its past range and to its peers.

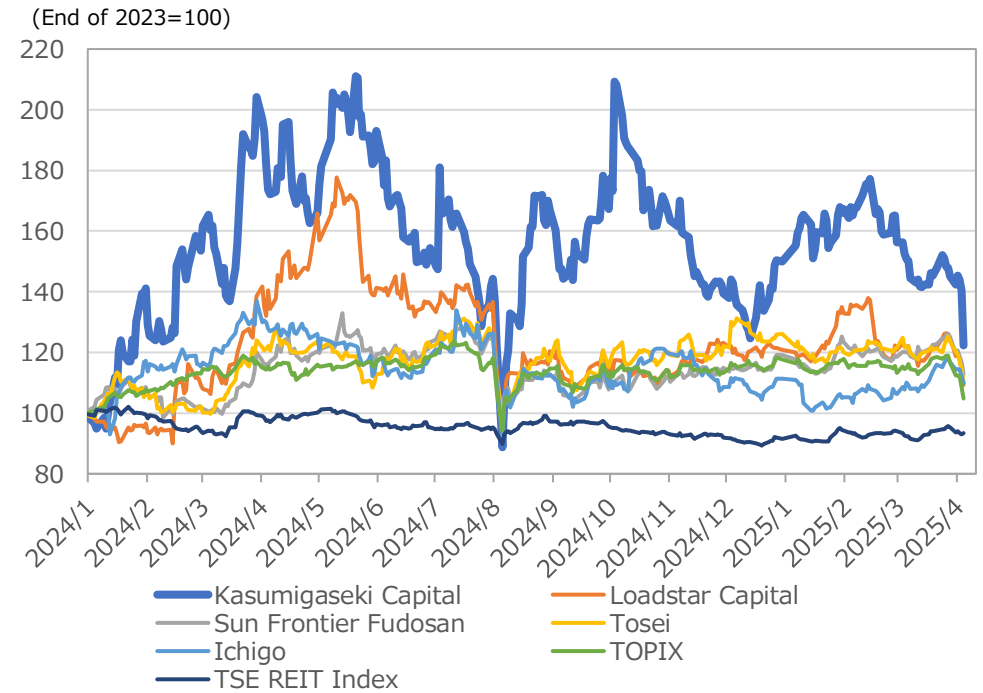
## **Less Susceptible to US Tariff Policies**

For the time being, the stock market as a whole is likely to continue to be affected by the economic policies of the Trump administration, and the company's stock will not be able to escape this impact. However, in terms of fundamentals, the company's main business is domestic demand-driven, with the exception of its overseas business in Dubai. In addition, since the company has many unique growth factors, it can be said that it is relatively less susceptible to the effects of trends in the global economy. Furthermore, if the economic slowdown in the United States and Japan intensifies, interest rates are likely to come under downward pressure, which is also a positive aspect for a real estate-related stock that utilizes external funds such as funds.

## **If The Company's Forecasts for FY8/2025 are More Likely to Be Achieved, The Stock Price is Likely to Recover.**

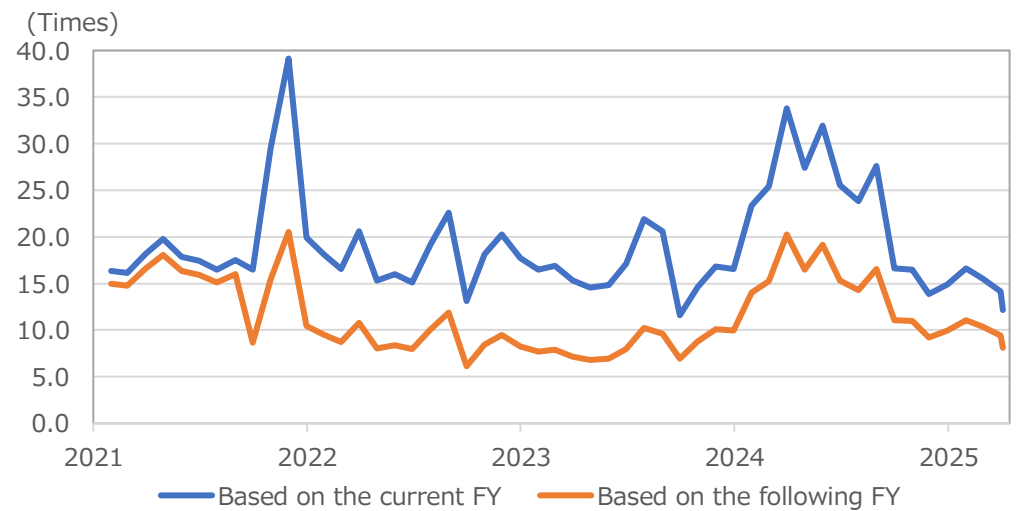
It is believed that the company's current stock price does not fully incorporate the company's forecast for FY8/2025. Therefore, if the market judges that the probability of achieving the forecast has increased due to the announcement of the sales of development land in the future, this could be a factor in pushing up the stock price, given that the valuation is currently low. Furthermore, as the next step, if the company's forecast for net income of ¥15 billion for FY8/2026, announced in the medium-term management plan, begins to be incorporated into the stock price, it is expected that the stock price will gain momentum in recovering.

**Figure 10. Stock Price Trends of Real Estate Investment Companies**



Source: Strategy Advisors.

**Figure 11. Trends in PER**



Note: FY8/25 forecast EPS is calculated by dividing the company's forecast net income by the number of diluted shares issued. FY8/26 forecast EPS is calculated based on projected net income and diluted number of shares issued in the mid-term plan.  
Source: Strategy Advisors.

**Figure 12. Comparison with Other Companies in the Same Industry (Profitability)**

Code	Company Name	Latest	Sales	Gross Profit Margin	Operating Income Margin	Net Income Margin	ROE	ROA	Leverage	Total Asset Turnover
			¥ bn	%	%	%	%	%	Times	Times
<b>3498</b>	<b>Kasumigaseki Capital</b>	<b>8/24</b>	<b>65.7</b>	<b>28.3</b>	<b>13.0</b>	<b>7.6</b>	<b>26.3</b>	<b>8.3</b>	<b>2.9</b>	<b>1.08</b>
<b>Real Estate Investment</b>										
2337	Ichigo	2/24	82.7	25.2	15.7	14.6	11.6	3.4	3.5	0.23
3482	Loadstar Capital	12/24	34.4	38.8	33.3	20.0	30.6	7.5	4.2	0.38
8923	Tosei	11/24	82.2	42.8	22.5	14.6	13.9	4.6	3.1	0.31
8934	Sun Frontier Fudosan	3/24	79.9	33.1	22.0	14.9	13.9	7.0	2.1	0.47
	Average			35.0	23.4	16.0	17.5	5.6	3.2	0.35
<b>Major Developers</b>										
3003	Hulic	12/24	591.6	33.2	27.6	17.3	12.8	3.7	3.2	0.21
8801	Mitsui Fudosan	3/24	2,383.3	24.9	14.3	9.4	7.5	2.5	3.1	0.26
8802	Mitsubishi Estate	3/24	1,504.7	26.1	18.5	11.2	7.4	2.3	3.2	0.21
	Average			28.1	20.1	12.6	9.2	2.8	3.2	0.23
<b>Hotel</b>										
4681	Resorttrust	3/24	201.8	84.6	10.5	7.9	12.9	3.5	3.6	0.44
9616	Kyoritsu Maintenance	3/24	204.1	24.0	8.2	6.1	15.4	4.6	3.1	0.75
9722	FUJITA KANKO	12/24	76.2	21.0	16.2	12.0	35.4	9.7	3.7	0.81
	Average			43.2	11.6	8.6	21.2	5.9	3.5	0.67
<b>Healthcare</b>										
7061	Japan Hospice Holdings	12/24	12.1	15.9	15.4	5.3	20.9	3.8	5.3	0.72
7071	Amvis Holdings	9/24	42.5	40.2	25.0	17.5	24.9	11.7	2.2	0.67
9158	CUC	3/24	33.0	48.2	11.3	7.9	13.3	5.1	2.3	0.64
	Average			34.8	17.2	10.2	19.7	6.9	3.3	0.68

Source: Company Data. Compiled by Strategy Advisors.

**Figure 13. Comparison with Other Companies in the Same Industry (Valuation)**

Code	Company Name	Stock Price (4/10) ¥	Market Capitalization ¥ bn	PER (CoE) Times	PBR Times	ROE %	Dividend Yield (CoE) %	EV/EBITDA Times
<b>3498</b>	<b>Kasumigaseki Capital</b>	<b>11,460</b>	<b>112.7</b>	<b>12.7</b>	<b>4.1</b>	<b>26.3</b>	<b>2.1</b>	<b>9.1</b>
<b>Real Estate Investment</b>								
2337	Ichigo	380	164.7	11.8	1.6	11.6	2.6	16.8
3482	Loadstar Capital	2,281	37.8	4.9	1.5	30.6	3.6	7.2
8923	Tosei	2,323	112.9	8.8	1.2	13.9	3.8	11.0
8934	Sun Frontier Fudosan	1,906	92.4	6.6	1.0	13.9	3.5	5.4
	Average			8.0	1.3	17.5	3.4	10.1
<b>Major Developers</b>								
3003	Hulic	1,438.0	1,095.1	10.1	1.3	12.8	4.0	14.5
8801	Mitsui Fudosan	1,404.5	3,895.8	16.3	1.3	7.5	2.1	17.5
8802	Mitsubishi Estate	2,469.5	3,077.0	17.9	1.3	7.4	1.7	14.9
	Average			14.8	1.3	9.2	2.6	15.6
<b>Hotel</b>								
4681	Resorttrust	1,463	313.7	17.5	2.4	12.9	2.1	9.4
9616	Kyoritsu Maintenance	3,026.0	236.2	16.9	2.7	15.4	1.2	13.6
9722	FUJITA KANKO	9,300	111.5	14.1	4.7	35.4	0.4	9.2
	Average			16.1	3.3	21.2	1.2	10.7
<b>Healthcare</b>								
7061	Japan Hospice Holdings	1,458	12.3	11.0	3.5	20.9	1.7	12.0
7071	Amvis Holdings	445	43.4	7.5	1.3	24.9	0.9	6.3
9158	CUC	1,236	36.2	12.5	1.3	13.3	0.0	9.4
	Average			10.3	2.0	19.7	0.9	9.2

Note: Kasumigaseki Capital's PER (company forecast) is calculated as EPS, which is the company's forecast net income for the current period divided by the number of diluted shares.

Blackstone's P/E and dividend yield are taken from FactSet consensus.

EBITDA in EV/EBITDA is calculated by adding the company's forecast operating income and the most recent actual depreciation expenses.

Source: Company Data. Compiled by Strategy Advisors.

**Figure 14. Hotel Project List**

**Opened**

	<b>Hotel</b>	<b>Opening</b>	<b>Floor Area (㎡)</b>	<b>Rooms</b>
1	fav Hida Takayama	26-Oct-2020	1,702	38
2	fav Takamatsu	20-Nov-2020	1,985	41
3	fav Kumamoto	18-Nov-2021	2,957	67
4	fav Ise	1-Dec-2021	1,216	36
5	fav Hiroshima Stadium	22-Aug-2022	1,271	33
6	fav Hakodate	30-Aug-2022	1,380	30
7	fav Kagoshima Chuo	21-Nov-2022	2,226	51
8	fav Hiroshima Heiwa Odori	12-Dec-2022	2,500	51
9	fav Tokyo Nishinipori	21-Dec-2022	772	24
10	fav Tokyo Ryogoku	1-Mar-2023	730	19
11	FAV LUX Hida Takayama	11-Aug-2023	2,908	53
12	FAV LUX Nagasaki	1-Feb-2024	2,552	52
13	seven x seven Itoshima	1-Mar-2024	3,785	47
14	FUV LUX Kagoshima Tenmonkan	13-Dec-2024	3,463	63
15	seven x seven Ishigaki	9-Sep-2024	16,974	121

**Under Development**

	<b>Project</b>	<b>Scheduled Opening</b>	<b>Floor Area (㎡)</b>	<b>Rooms</b>
16	BASE LAYER HOTEL Nagoya	May-2025	4,106	186
17	Gotemba Higashitanaka Hotel PJ	Aug-2025	3,843	49
18	FAV LUX Shodoshima	Nov-2025	4,635	45
19	Hiroshima Miyajimaguchi Hotel PJ	Feb-2026	4,400	34
20	BASE LAYER HOTEL Fukuoka	Feb-2026	3,273	Planning
21	Nagasaki Hotel rebrand PJ	Oct-2026	Planning	Planning
22	Uji Yamada Hotel PJ	Dec-2026	2,919	49
23	Nagoya Nakaku Hotel rebrand PJ	Winter 2026	7,461	Planning
24	Awajishima Sumoto Hotel PJ	Mar-2027	5,073	59
25	Yufuin Hotel PJ	Mar-2027	7,691	39
26	Nagoya Marunouchi Hotel PJ	Apr-2027	2,802	59
27	Kanazawa Katamachi Hotel	May-2027	3,760	59
28	Asahikawa Hotel PJ	Jun-2027	3,306	64
29	FAV LUX Sapporo Susukino	Jul-2025	4,285	84
30	Miyazaki City, Tachibana-dori Higashi Hotel PJ	Jun-2026	2,495	41

## Under Planning

	Project	Scheduled Opening
31	Shodoshima Kobe Hotel PJ	Planning
32	Hakone Gora Hotel PJ	Planning
33	Atami Ginza-cho Hotel PJ	Planning
34	Miyako Nishihama Beach Hotel PJ	Planning
35	Ginza Hotel PJ	Planning
36	Shibuya-ku Hotel PJ	Planning
37	Fuji Kawaguchi-ko Hotel PJ	Planning
38	Osaka Honmachi Hotel PJ	Planning
39	Asakusa Kaminarimon Hotel PJ	Planning
40	Miyako Irabujima Hotel PJ	Planning
41	Izumo Hotel PJ	Planning
42	Kamakura Yukinoshita Hotel PJ	Planning
43	Sendai Aoba-dori Hotel PJ	Planning
44	Matsuyama Ichiban-cho Hotel PJ	Planning
45	Gunma Kusatsu Hotel PJ	Planning

Note: Schedules and room numbers may change depending on development status.

Source: Company data compiled by Strategy Advisors.



**Figure 15. Logistics Warehouse Project Pipeline List**

	Location	Asset Type	Floor Area (sqm)	Expected Construction Start	Expected Completion
1	Ichikawa City, Chiba	Frozen/refrigerated	8,609	-	Completed
2	Funabashi City, Chiba	Frozen/refrigerated	6,960	-	Completed
3	Yokohama Kohoku area	Frozen/refrigerated	10,979	-	Completed
4	Kyoto-fu, Kyoto	Frozen/refrigerated	12,012	-	Completed
5	Atsugi, Kanagawa	Frozen/refrigerated	14,257	-	Completed
6	Osaka Nanko area	Frozen, automated	25,247	Started	Oct-2027
7	Koga, Fukuoka	3 temperature band	35,901	-	Completed
8	Sendai, Miyagi	3 temperature band	36,758	-	Completed
9	Tokorozawa area, Saitama	Frozen, automated	9,579	-	Completed
10	Ibaraki, Osaka	Frozen/refrigerated	29,357	-	Completed
11	Narashino, Chiba	Frozen/refrigerated	8,441	Started	Apr-2026
12	Hachinohe, Aomori	Frozen, automated	15,918	-	Completed
13	Kawasaki, Kanagawa 1)	Frozen, automated	20,777	Started	Summer 2026
14	Kawasaki, Kanagawa 2)	Frozen, automated	27,130	Summer 2025	Winter 2027
15	Koshigaya, Saitama	Frozen, automated	14,362	Started	May-2027
16	Kobe, Hyogo	Frozen, automated	19,238	Winter 2025	Winter 2027
17	Nagoya, Aichi	Frozen, automated	20,345	Started	May-2026
18	Fukuroi, Shizuoka	Frozen, automated	74,000	Spring 2026	Winter 2028
19	Kanagawa	Automated HAZMAT	5,000	Spring 2026	Summer to fall 2027

**Note:**

- Total floor area figures have been rounded off to the closest whole number. The total floor areas and schedule shown above may vary depending on the status of each project's development.
  - As the automated warehouses listed above have an open-ceiling structure and no floors, total floor area figures represent the reference area used to calculate the floor-area ratio including the area of virtual floor.
  - A three-temperature zone warehouse is a logistics facility that supports three temperature zones: dry, frozen & chilled.
- Source: Company data compiled by Strategy Advisors.

**Figure 16. Hospice Housing Project Pipeline List**

**Facilities already launched**

	<b>Location (Facility)</b>	<b>Status</b>	<b>Opening / Schedule</b>	<b>Total floor areas(sqm)</b>	<b>Rooms</b>
1	Minami Ward, Sapporo City (PALME Sumikawa)	Completed	Jul-2022	1,539	37
2	Chofu City, Tokyo (CLASWELL Senkawa)	Completed	Jul-2023	3,178	70
3	Chuo Ward, Sapporo City (PALME Sapporo Chuo)	Completed	Apr-2024	3,001	60
4	Itabashi Ward, Tokyo (CLASWELL Kotakemukaihara)	Completed	Nov-2024	2,336	59
5	Shinjuku Ward, Tokyo (CLASWELL Shinanomachi)	Completed	Feb-2025	1,770	48
6	Nerima Ward, Tokyo (CLASWELL Shimo-Shakujii)	Completed	Mar-2025	2,093	50

**Facilities under development**

	<b>Location (Facility)</b>	<b>Status</b>	<b>Opening / Schedule</b>	<b>Total floor areas(sqm)</b>	<b>Rooms</b>
7	Fuchu City, Tokyo	Developing	Early 2026	2,356	47
8	Saitama City, Saitama 2)	Developing	Early 2026	2,992	58
9	Toyonaka City, Osaka	Developing	Winter/Spring 2026	2,435	56
10	Suita City, Osaka	Developing	Winter/Spring 2026	2,128	56
11	Saitama City, Saitama 1)	Developing	Winter/Spring 2026	2,628	60
12	Nerima Ward, Tokyo	Developing	Summer 2026	2,363	57
13	Fukuoka City, Fukuoka	Developing	Summer 2026	2,369	51
14	Suginami Ward, Tokyo	Developing	Fall 2026	2,149	50
15	Nishinomiya City, Hyogo	Developing	Winter 2026	2,201	44
16	Yokohama City, Kanagawa	Land Acquired	Spring 2027	2,498	51

Note: The number of rooms and schedule may vary depending on the status of each project's development.

Source: Company data compiled by Strategy Advisors.

**Figure 17. Income Statement**

(¥ mn)

FY	8/19	8/20	8/21	8/22	8/23	8/24	8/25 CoE
<b>Net Sales</b>	<b>5,352</b>	<b>8,008</b>	<b>14,295</b>	<b>20,780</b>	<b>37,282</b>	<b>65,685</b>	<b>95,000</b>
YoY	32.4%	49.6%	78.5%	45.4%	79.4%	76.2%	44.6%
Cost of Sales	3,559	5,693	9,885	14,601	27,183	47,125	
Gross Profit	1,793	2,315	4,410	6,178	10,099	18,559	
Gross Profit Margin	33.5%	28.9%	30.8%	29.7%	27.1%	28.3%	
SG&A Expenses	1,094	1,989	3,081	4,036	5,656	10,022	
<b>Operating Income</b>	<b>699</b>	<b>326</b>	<b>1,328</b>	<b>2,141</b>	<b>4,442</b>	<b>8,537</b>	<b>16,500</b>
YoY	88.9%	-53.4%	307.4%	61.2%	107.5%	92.2%	93.3%
Operating Income Margin	13.1%	4.1%	9.3%	10.3%	11.9%	13.0%	17.4%
Non-Operating Income	12	8	7	84	249	347	
Interest and Dividend Income	0	3	0	3	3	5	
Non-Operating Expenses	71	154	299	493	572	1,025	
Interest Expense and Discount	39	83	175	337	370	667	
<b>Ordinary Income</b>	<b>639</b>	<b>180</b>	<b>1,037</b>	<b>1,732</b>	<b>4,119</b>	<b>7,860</b>	<b>15,000</b>
YoY	86.8%	-71.8%	476.1%	67.0%	137.8%	90.8%	90.8%
Ordinary Income Margin	11.9%	2.2%	7.3%	8.3%	11.0%	12.0%	15.8%
Extraordinary Income	0	218	675	89	45	498	
Extraordinary Loss	0	201	676	275	191	312	
Pretax Profit	639	197	1,035	1,546	3,973	8,045	
YoY	84.1%	-69.2%	425.4%	49.4%	157.0%	102.5%	
Pretax Profit Margin	11.9%	2.5%	7.2%	7.4%	10.7%	12.2%	
Total Income Taxes (Corporate Tax Rate)	204	73	245	508	1,487	2,627	
Net Income	435	123	789	1,038	2,486	5,417	
Net Income Attributable to Non-Controlling Interests	0	-11	-3	20	435	397	
<b>Net Income Attributable to Owners of Parent</b>	<b>435</b>	<b>134</b>	<b>793</b>	<b>1,018</b>	<b>2,050</b>	<b>5,020</b>	<b>10,000</b>
YoY	90.8%	-69.2%	491.8%	28.4%	101.4%	144.9%	99.2%
Net Income Margin	8.1%	1.7%	5.5%	4.9%	5.5%	7.6%	10.5%
<b>EPS (¥)</b>	<b>81.7</b>	<b>21.7</b>	<b>121.4</b>	<b>132.9</b>	<b>253.2</b>	<b>541.7</b>	<b>1,015.9</b>

Source: Company data compiled by Strategy Advisors.

**Figure 18. Balance Sheet**

(¥ mn)

FY	8/19	8/20	8/21	8/22	8/23	8/24	8/25 1H
<b>Current Assets</b>	5,794	7,125	10,705	25,759	37,350	67,066	86,720
Cash & Deposits	572	2,179	3,607	5,393	5,897	11,064	23,404
Accounts Receivable	134	29	137	233	265	1,203	1,738
Inventory	4,076	3,920	5,141	18,704	29,410	48,670	52,756
Allowance for Doubtful Accounts - Current	-1	0	0	-8	-13	-16	-2
Other Current Assets	1,013	997	1,820	1,437	1,791	6,145	8,824
<b>Fixed Assets</b>	1,146	1,312	4,321	4,666	6,418	10,474	16,438
Tangible Fixed Assets	947	774	3,276	3,236	2,382	4,488	6,866
Intangible Fixed Assets	19	21	76	74	78	778	803
Investments & Other Assets	179	517	968	1,356	3,956	5,207	8,768
<b>Total Assets</b>	6,944	8,440	15,040	30,437	43,780	77,549	103,273
<b>Current Liabilities</b>	1,751	2,593	4,139	13,889	16,166	22,130	36,890
Trade Payables	0	0	0	0	0	0	0
Interest-Bearing Debt	863	2,054	2,725	11,873	13,023	16,227	29,291
Others	888	539	1,414	2,016	3,143	5,903	7,599
<b>Fixed Liabilities</b>	3,635	1,973	5,994	7,187	15,932	27,678	37,543
Interest-Bearing Debt	3,490	1,920	4,779	6,532	15,260	25,661	35,779
Deferred Tax Liabilities	0	0	398	348	358	1,177	648
Others	145	53	817	307	314	840	1,116
<b>Net Worth</b>	1,556	3,873	4,906	9,360	11,681	27,739	28,839
Shareholders' Equity	1,556	3,863	4,833	9,218	11,106	27,125	27,952
Capital	408	1,586	1,643	3,514	3,549	9,287	9,310
Capital Surplus	313	1,495	1,561	3,438	3,453	9,206	9,230
Retained Earnings	834	914	1,644	2,529	4,145	8,673	9,454
Accumulated Other Comprehensive Income	0	-3	-1	-21	-56	-274	-112
Stock Acquisition Rights	0	12	46	80	134	180	392
Non-Controlling Interests	0	0	28	82	496	708	606
<b>Liabilities &amp; Net Assets</b>	6,944	8,440	15,040	30,437	43,780	77,549	103,273
<b>Equity</b>	1,556	3,860	4,832	9,197	11,050	26,851	27,840

Source: Company data compiled by Strategy Advisors.

**Figure 19. Cash Flow Statement**

(¥ mn)

FY	8/19	8/20	8/21	8/22	8/23	8/24	8/25 1H
<b>Cash Flows from Operating Activities</b>							
Net Income Before Taxes and Other Adjustments	639	197	1,035	1,546	3,973	8,045	4,239
Depreciation and Goodwill Amortization	141	148	199	269	300	536	474
Increase/Decrease in Accounts Receivable	-106	104	-106	-96	-31	-636	-517
Increase or Decrease in Inventory	-2,426	376	322	-12,812	-9,399	-10,014	-1,878
Other Operating Cash Flows	-750	-540	-478	-596	-2,771	-6,377	-3,977
<b>Total</b>	<b>-2,502</b>	<b>285</b>	<b>972</b>	<b>-11,689</b>	<b>-7,928</b>	<b>-8,446</b>	<b>-1,659</b>
<b>Cash Flows from Investing Activities</b>							
Expenditures for Acquisition of Tangible Fixed Assets	-245	-109	-1,664	-203	-465	-1,899	-2,859
Proceeds from Sales of Property, Plant and Equipment	0	8	0	9	15	54	455
Expenditures for Acquisition of Intangible Fixed Assets	0	-10	-8	-4	-15	-249	-82
Expenditures for Acquisition of Investment Securities	0	-76	-61	-264	-702	-2,419	-1,138
Proceeds from Sales of Investment Securities	0	0	0	0	8	8	9
Other Investment Cash Flow	-49	-259	92	26	6	-304	-3,431
<b>Total</b>	<b>-294</b>	<b>-446</b>	<b>-1,641</b>	<b>-436</b>	<b>-1,153</b>	<b>-4,809</b>	<b>-7,046</b>
<b>Cash Flows from Financing Activities</b>							
Net Increase/Decrease in Short-Term Interest-Bearing Debt	219	1,138	46	1,526	3,126	4,367	1,399
Net Increase/Decrease in Long-Term Interest-Bearing Debt	2,113	-1,525	2,060	9,343	6,920	4,137	21,779
Share Issuance	462	2,312	0	3,568	0	10,894	0
Expenditures for Acquisition of Treasury Stock	0	-199	0	-321	-178	0	0
Dividend Payment	0	-55	-63	-132	-240	-489	-1,670
Other Financing Activities Cash Flow	-32	-3	152	-83	-123	-496	-429
<b>Total</b>	<b>2,762</b>	<b>1,668</b>	<b>2,195</b>	<b>13,901</b>	<b>9,505</b>	<b>18,413</b>	<b>21,079</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	0	-4	0	10	79	4	-28
Increase in Cash and Cash Equivalents	-34	1,503	1,527	1,786	502	5,163	12,343
Cash and Cash Equivalents at Beginning of Period	606	572	2,075	3,603	5,390	5,893	11,056
Impact of Changes in Scope of Consolidation	0	0	0	0	0	0	0
Cash and Cash Equivalents at End of Period	<b>572</b>	<b>2,075</b>	<b>3,603</b>	<b>5,390</b>	<b>5,893</b>	<b>11,056</b>	<b>23,400</b>
Free Cash Flow	-2,796	-161	-669	-12,125	-9,081	-13,255	-8,705

Source: Company data compiled by Strategy Advisors.

## Disclaimer

---

This report is published by Strategy Advisors Inc. (hereinafter referred to as the "Publisher ") and was prepared primarily by external partner companies and analysts.

The purpose of this report is to introduce and explain the target companies using a different approach than usual. In principle, the issuer does not review or approve the contents of the report (however, the issuer will point out to the author only if there are obvious errors or inappropriate expressions).

The Issuer may have received compensation, directly or indirectly, from the Target Company for planning, proposing and providing the infrastructure for issuing this report.

The external partners and analysts who write this report may receive compensation directly or indirectly from the subject company for activities other than preparing this report. In addition, the external partners and analysts who write this report may have or may in the future have transactions in the securities of the subject company.

This report has been prepared solely for the purpose of providing information to serve as a reference for investment decisions and is not intended as a solicitation for securities or other transactions. Investors should make final decisions regarding securities and other transactions at their own discretion and responsibility.

In preparing this report, the authors received information through interviews with the target companies, etc. However, the hypotheses and opinions expressed in this report are not those of the target companies but are the result of the authors' analysis and evaluation.

This report is based on information that the author believes to be reliable, but does not guarantee its accuracy, completeness or timeliness. The views and forecasts contained in this report are the judgment of the author at the time of publication of this report and are subject to change without notice.

Neither the issuer nor the authors shall be liable for any direct, indirect, incidental or special damages which an investor may suffer as a result of placing reliance on the information or analysis contained in this report.

In principle, the copyright of this report belongs to the publisher. It is prohibited by law to copy, sell, display, distribute, publish, modify, distribute or use for commercial purposes any information provided in this report without the publisher's consent.



**Strategy Advisors**

Address: Central Building 703, 27-8 Ginza 1-chome, Chuo-ku, Tokyo 104-0061