 President Eiichi Wakita	LA Holdings Co., Ltd. (2986)
	LA HOLDINGS

Company Information

Market	Growth Market of Tokyo Stock Exchange and Main Board of Fukuoka Stock Exchange
Industry	Real estate
President	Eiichi Wakita
HQ Address	Kokusai Hamamatsucho Building 7F, 1-9-18 Kaigan, Minato-ku, Tokyo
Year-end	December
Homepage	https://lahd.co.jp/

Stock Information

Share Price	Shares Outstanding (Term-end)	Total Market Cap	ROE Act.	Trading Unit	
3,785 yen	6,306,375 shares	23,869 million yen	25.0%	100 shares	
DPS Est.	Dividend Yield Est.	EPS Est.	PER Est.	BPS Act.	PBR Act.
220.00 yen	5.8%	560.30 yen	6.8x	2,409.00 yen	1.6x

*Share price as of closing on September 10. The number of outstanding shares, DPS, and EPS were taken from the brief report on financial results in the second quarter of the fiscal year ending December 2024. ROE and BPS are actual values in the previous fiscal year.

Earnings Trend

Fiscal Year	Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
December 2020 Act.	13,757	1,124	978	650	123.58	43.00
December 2021 Act.	14,677	3,216	2,847	1,959	410.83	132.00
December 2022 Act.	18,253	4,226	3,730	3,381	638.25	200.00
December 2023 Act.	31,499	5,552	4,941	3,293	549.10	211.00
December 2024 Est.	33,000	5,700	5,000	3,500	560.30	220.00
December 2025 Plan	51,000	8,200	7,400	5,100	816.40	TBD

*Unit: million yen. Estimates are those of the company. Net income is profit attributable to owners of the parent. The figures for the fiscal year ending December 2025 were taken from the medium-term management plan (FY 12/23 to FY 12/25).

This report includes the financial results for the second quarter of the fiscal year ending December 2024 and other information of LA Holdings Co., Ltd.

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Key Points

- **“The medium-term management plan” (FY 12/23 to FY 12/25) set the goal of achieving “sales of 51 billion yen and an ordinary income of 7.4 billion yen” in the fiscal year ending December 2025, by pursuing their existing businesses and creating new businesses.**
- **In August 2024, they announced that they would launch “M&A support business” and “corporate investment business” as new businesses for operating businesses as new revenue sources in accordance with the policy set in the medium-term management plan, in order to achieve sustainable growth and improve corporate value in the medium/long term.**
- **The sales in the second quarter of the fiscal year ending December 2024 were 13.9 billion yen, down 16.0% year on year. In the real estate sale business, the sales of new real estate sales segment dropped 61.6% year on year, because sale is scheduled to be completed mainly in the second half of the fiscal year, while the sales of revitalized real estate sales segment increased 24.0% year on year, as renovated condominiums sold well. Operating income declined 45.3% year on year to 1.5 billion yen. Operating income margin decreased 6.0 points year on year, because the ratio of sales of revitalized real estate sales segment grew.**
- **There is no revision to the full-year earnings forecast. For the fiscal year ending December 2024, it is expected that sales will grow 4.8% year on year to 33 billion yen and operating income will rise 2.7% year on year to 5.7 billion yen. They will continue the operation of the three business segments in accordance with the policy of the medium-term management plan. They plan to pay a dividend of 220.00 yen/share, up 9 yen/share from the previous fiscal year. The expected payout ratio is 39.3%.**
- **We interviewed the president Wakita about the overview of financial results in the first half of the fiscal year ending December 2024, recent situations, and new businesses. He said, “Up until now, as a ‘manufacturing company,’ our goal is not to increase the number of units sold, but rather to thoroughly avoid commoditization and constantly pursue high added value, and focused on ‘forming market prices ourselves.’ Of course, we will continue to pursue high added value by developing unique products, but credit from financial institutions has increased significantly, and with improved fundraising capabilities, we are now able to pursue business expansion through an increase in the number of properties sold. I hope everyone will understand this point.”**
- **For the fiscal year ending December 2024, the current forecast calls for single-digit growth of sales and profit, but they are now able to improve business performance by expanding the number of transactions as the credit lines of financial institutions were raised significantly, and we heard that their effects have been already exerted. Firstly, we would like to pay attention to the announcement of financial results in the third quarter. In addition, we would like to expect from the progress of “M&A support business” and “corporate investment business,” through which they aim to expand their business in a unique way under the management philosophy of “regional revitalization.”**

1. Company Overview

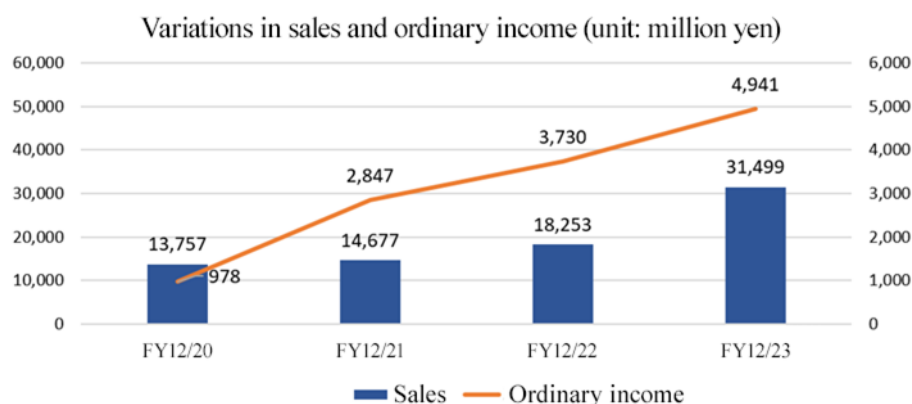
LA Holdings operates three core businesses: new real estate sales, revitalized real estate sales, and real estate leasing. “L’atrait Premium-Renovation[®],” the flagship series for revitalized real estate sales, features planning and design to provide “quality” that matches the needs of wealthy people, with prices ranging from 100 million yen to 900 million yen, aiming for high prices and high added value. The company has established a distinctive position that no other company can occupy. It is also focusing on operating its business in Kyushu and Okinawa.

[1-1 History]

The predecessor of the company was L’atrait Nijuichi, Co., Ltd. (currently L’atrait Co., Ltd.), established in December 1990 for the purpose of buying/selling real estate, acting as a sales agent, managing rental properties, and buying/selling golf memberships. Due to the expansion of its business, the company was listed on the “Hercules Market” of Osaka Exchange in June 2006.

As a result of the downturn in business performance after the Lehman shock, Eiichi Wakita (currently the representative director and president of LA Holdings Co., Ltd.) was entrusted with the restructuring of the business and was invited to join the company in February 2012 (appointed as the representative director and president of L’atrait Co., Ltd. in March 2013). Under the leadership of Wakita, who has developed a track record in building design and real estate development since his twenties, the restructuring of the business has progressed steadily with increased capital and changes in management strategies. In July 2020, L’atrait Co., Ltd. established LA Holdings Co., Ltd., which acquired shares of L’atrait, and got listed on JASDAQ (Growth) of Tokyo Stock Exchange (L’atrait Co., Ltd. was delisted in June 2020). At the same time, Mr. Wakita was appointed as representative director and president of LA Holdings Co., Ltd.

In April 2022, the TSE market was reorganized and the company was listed on the Growth market.



[1-2 Corporate Philosophy]

The Corporate Philosophy and Management Philosophy of the Group are as follows:

Corporate Philosophy	Creating “attractive products and services” to realize a “prosperous and attractive society” for people
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Management Philosophy of the Group

1	To establish a corporate culture that is free and open-minded and grow stably by fostering the wisdom and creativity of our employees while swiftly adapting to the new economic environment in the new era and taking into account new and innovative management without being bound by established business models, grow steadily, and pursue coexistence and co-prosperity with society.
2	While being constantly aware that “homes shape people's hearts and lives,” we not only pursue the original functionality and livability of homes, but also provide sophisticated and attractive products that are compatible with local communities and the environment while anticipating changes in times and trends, to realize business administration that can meet clients’ needs.
3	To strive for management that contributes to the creation of local living environments by providing “homes that enrich people's hearts” through clean and fair corporate activities that value the lifestyles of local communities.

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4	To create a working environment in which people can work together to exert their abilities fully through dedication and diligence to live a pleasant life full of enthusiasm, optimism, and ambition.
5	Based on the principle that “client satisfaction and employee motivation support a company,” we aim to manage business in harmony with society by ensuring an appropriate profit return.

[1-3 Business Environment]

The main business environment in which the company operates is as follows:

◎ Real estate investment market

The acquisition cost of J-REIT properties in 2023 increased by 26% from the previous year to 1,104.3 billion yen, exceeding 1 trillion yen for the first time in two years.

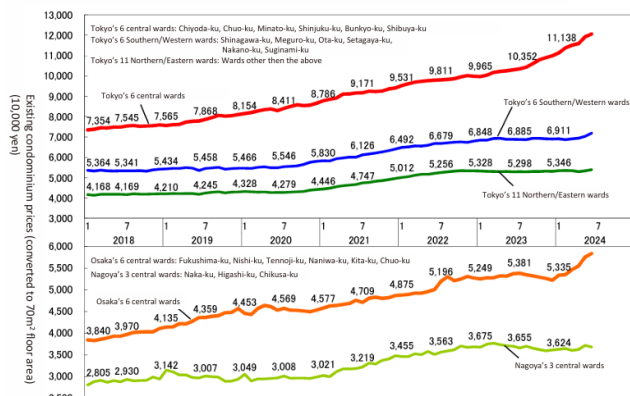
Demand for real estate investment continues to remain strong.



(Source: the reference material of the company)

◎ Second-hand condominium market in the Tokyo metropolitan area

In six wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Bunkyo, and Shibuya), the average selling price in 2023 was 104.19 million yen, up 6.3% from the previous year, exceeding 100 million yen for the first time. The average selling price in the six wards of Tokyo from January to June 2024 was 120.58 million yen, indicating an upward trend.

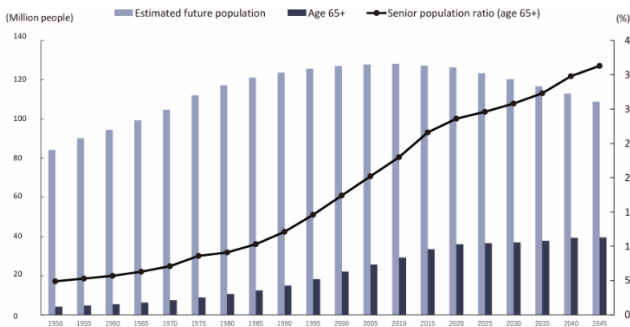


(Source: the reference material of the company)

◎ Variations in elderly population and future projections

The total population reached a peak in 2010, and has been declining since then, but the ratio of people aged 65 years or older will keep increasing until 2043. Accordingly, the social needs for healthcare facilities, in which the company actively invests, are expected to grow further.

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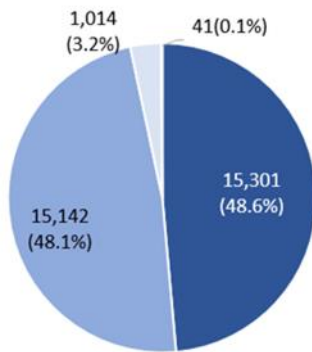


(Source: the reference material of the company)

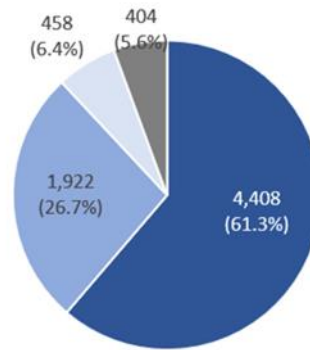
[1-4 Business Description]

The three reportable business segments are the “New Real Estate Sales segment,” the “Revitalized Real Estate Sales segment,” and the “Real Estate Leasing segment.” The business segment “Other,” which is not included in the reportable segments, includes real estate brokerage services and businesses derived from other businesses.

Sales composition by segment (unit: million yen, FY12/23)



Profit composition by segment (unit: million yen, FY12/23)



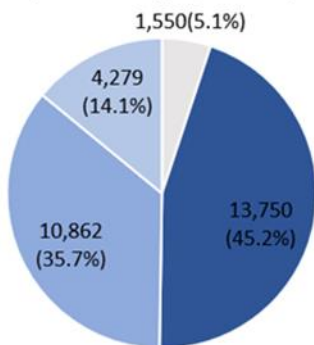
■ New Real Estate Sales segment ■ Revitalized Real Estate Sales segment
 □ Real Estate Leasing segment ■ Other * Sales to external clients

■ New Real Estate Sales segment ■ Revitalized Real Estate Sales segment
 □ Real Estate Leasing segment ■ Other * Segment profit means the ratio to the total before adjustments.

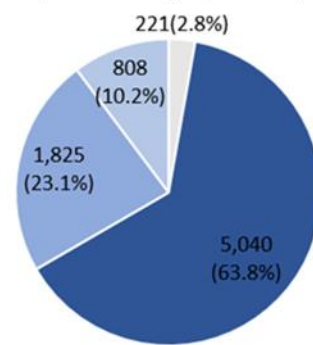
In addition, sales and gross profit from “Newly-built property sales” and “Land planning and sales” in the “New Real Estate Sales segment” and from “Renovated condominiums” and “Investment business” in the “Revitalized Real Estate Sales segment” are disclosed in the financial statements and other materials.

*Segment profit is obtained by subtracting selling and non-operating expenses from the gross profit of each segment.

Sales composition of the real estate sales business (unit: million yen, FY12/23)



Gross profit composition of the real estate sales business (unit: million yen, FY12/23)



■ Land planning and sales ■ Newly-built property sales
 ■ Renovated condominiums ■ Investment business

■ Land planning and sales ■ Newly-built property sales
 ■ Renovated condominiums ■ Investment business

(1) New real estate sales business

<p>(i) Development work</p>	<p><Overview> ◎ Profit-generating real estate development (L'atrait Co., Ltd.) Developmental services for rental residences, including residential condominiums, and urban commercial buildings, such as buildings for retail shops and office buildings, to be sold to investment corporations and general corporations.</p> <p>◎ Development of new condominiums for sale (L'atrait Co., Ltd. and FAN STYLE Co., Ltd.) Developmental services for new condominiums, to be sold to general customers and others.</p> <p><Characteristics> By participating in land procurement and product development, the company is able to pay attention to the overall design of the building and the smallest details. It can also focus on aspects such as structure, earthquake resistance, fire resistance, energy savings, eco-friendliness, air quality, and sound insulation. By conducting business from product development to sales, including procurement and planning, the company creates “attractive products and services” in anticipation of the needs of society.</p> <p>•Rental residences The company creates and establishes brands such as “THE DOORS,” a luxury rental residence that offers different values from the existing ones and extraordinary emotional experience value.</p> <p>•Urban commercial buildings The company is working to continuously improve the brand strength of the “A*G” series, which focuses on areas with high potential as prime future locations and is based on the concept of “small but brilliant,” and the “THE EDGE” series, which is based on the concept of “an office that is different from typical offices and like home” as an office brand that has uncovered potential needs among the core group of tenants.</p> <p>•New condominiums for sale By creating series such as “L'atrait Residence” by L'atrait Co., Ltd. and “rêve” by FAN STYLE Co., Ltd., the company is providing new value to lifestyle-oriented targets under the keywords: “innovative design,” “unique world view,” and “cutting-edge.”</p> <p>The strength of these product developments is that the land information can be used effectively to increase procurement opportunities.</p>
<p>(ii) Land planning and sales</p>	<p>Among the land L'atrait Co., Ltd. is considering as a site in its development work, the company will sell the land and the business plan as a set, after carrying out development planning and certain procedures, to other companies in the same industry for relatively prime sites that did not ultimately meet the criteria for product development. The benefit for buyers is that they can reduce the time required for development.</p>
<p>(iii) Purchase and resale work for new condominiums</p>	<p>L'atrait Co., Ltd. buys and sells newly built properties developed by other developers after reviewing their location, development concept, safety, design, habitability, and profitability. By leveraging the know-how developed to date, the company provides value-added sales by coordinating household goods, furniture, and interior furnishings to suit the property, along with advice and references for home loans.</p>

(2) Revitalized real estate sales business

(i) Sale of renovated condominium units	<p><Overview> L'atrait Co., Ltd. and L'atrait Residential Co., Ltd. purchase second-hand condominium units, plan and draft the details of renovation of each unit*1 to restore them as sophisticated residences, which are then sold by L'atrait Residential Co., Ltd. to general customers and other parties.</p> <p>When purchasing properties, the company carefully reviews and selects properties based on location, price, size, etc., and buys them, using information on the settlement of debts through brokers, real estate agents, servicers, and financial institutions.</p> <p><Characteristics> Used condominiums are furnished with interiors and amenities similar to those in new ones, enabling highly functional, individually renovated condominiums to be sold to customers at more reasonable prices than newly built properties with the same conditions. Focusing on the premium area in the high price range, the company has created a series of two condominiums with different concepts: "L'atrait Premium-Renovation®," priced at 100 million yen or over per unit, and "Hi▶La▶Re," priced between 70 million yen and 150 million yen per unit. The series offers attractive products at rare and unique locations with sophisticated living spaces.</p> <p>Furthermore, with the aim of creating new value, the company started developing "Billion Residence®," high-grade mansions worth over 1 billion yen.</p>
(ii) Renovation and sale of individual buildings	<p><Overview> L'atrait Co., Ltd. acquires a single building among company-owned employee dormitories, company housing, and rental condominiums in the Tokyo metropolitan area, completely renovates the building, and L'atrait Residential Co., Ltd. sells each unit to general customers, etc.</p> <p><Characteristics> Due diligence is carried out on the entire building by utilizing the renovation know-how of L'atrait Co., Ltd. Based on this, a complete renovation (renovation of a single building*2, conversion*3) is carried out, for not only private areas, but also common areas, to significantly renew the functionality of the building and make it attractive for sale. The company prepares building management plans, repair plans, financial budgets, etc., formulates management associations, appoints management specialists, and focuses on improving the living environment so that residents can live with peace of mind after they move in.</p>
(iii) Investment business	<p><Overview> L'atrait Co., Ltd. purchases a single building among office buildings, company-owned employee housing, and rental residences in the Tokyo metropolitan area, and uses the renovation know-how of the company to carry out detailed due diligence on the entire building in order to increase profitability.</p> <p>Based on this due diligence, cost management related to building management, etc., is carried out, while the building is converted or revitalized to improve its ability to attract tenants or occupants, increase profitability, improve cash flow, and then sell it (to corporate and individual investors).</p>

(3) Real estate leasing business

LA Asset Co., Ltd. and L'attrait Co., Ltd. lease and manage real estate owned as fixed assets, and manage the leasing to tenants of pre-resale properties held as real estate for sale.

The business of leasing of real estate owned by the company includes (1) to construct or acquire healthcare facilities, residential hotels, and commercial facilities and then lease individual buildings to operators, and (2) to construct or acquire office buildings and rental residences and then lease each unit separately.

*1: Renovation of each unit

This refers to the renovation of second-hand condominiums that have been in use for a certain period of time after construction, by reviewing the interior, layout, housing equipment, etc., to improve their functionality and restore them as sophisticated residences comparable to newly-built ones.

*2: Renovation of a single building

A comprehensive review of a building that has declined in value, including the repair history of the building, to improve the overall value of the building (value enhancement) by updating outdated facilities and adding new features to the building.

*3: Conversion

Renovation that involves changing the purposes of use of the building, such as converting an office building into an apartment building and converting dormitories or company housing into a commercial facility.

[1-5 Characteristics, strengths and competitive advantages]

The company's primary competitive advantage is its unique positioning in new and revitalized real estate sales.

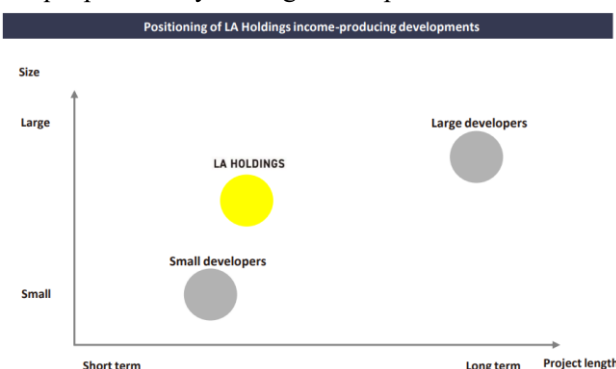
(1) New real estate sales

In terms of the scale of development, they focus on medium-scale development costing 1-5 billion yen.

In terms of development areas, the company focuses on finding areas with high potential to become “prime areas in the future,” and it has a significant advantage in the ability to gather information and identify the best areas to achieve this.

Furthermore, with regard to the development period, they focus on projects whose development period is not long, but 2-3 years and put importance on efficiency.

In this way, the company has found a competitive advantage by focusing on specific markets and areas and has established a unique position by finding white spaces that are difficult for other companies to deal with.



(Source: the reference material of the company)

(2) Revitalized real estate sales

“L'attrait Premium-Renovation[®],” a flagship series, features planning and design to provide “quality” that matches the needs of the rich, with prices ranging from 100 million yen to 900 million yen, aiming for high prices and high added value.

In addition, the company targets “100 m² or over” in terms of size and “three wards in the urban center” in terms of area, thereby establishing a unique position that other companies are not dealing with.

	LA Holdings premium category "L'atrait Premium-Renovation"	Competitors
Floor area	(1) 100m ² - 200m ² →For high-end buyers	Family condominiums (50m ² - 70m ²)
Location	(2) Mainly three wards in central Tokyo (Chiyoda, Minato, Shibuya)	Tokyo metropolitan area, major cities in other regions of Japan
Price range	(3) ¥100 million - ¥900 million	¥20 million - ¥50 million (*)

*Average price range of companies with a revitalized real estate business
Source: Securities Reports of competitors listed on the TSE Prime and Standard markets
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(Source: the reference material of the company)

[1-6 Comparison with competitors]

We compared the major indicators of LA Holdings and major listed companies that sell revitalized real estate.

LA Holdings ranks second in terms of operating income margin and first in terms of ROE, indicating high profitability, which is pursued by the president Wakita.

Code	Corporate name	Sales	Sales growth rate	Operating income	Income growth rate	Operating income margin	ROE	Market cap	PER	PBR
2975	Star Mica Holdings	54,157	+10.8%	5,028	+3.8%	9.3%	12.0%	20,502	7.2	0.9
2986	LA Holdings	33,000	+4.8%	5,700	+2.7%	17.3%	25.0%	24,153	6.8	1.6
3294	e'grand	30,000	+9.8%	1,730	-14.1%	5.8%	11.9%	8,988	8.3	0.8
8934	Sun Frontier Fudousan	100,000	+25.2%	20,870	+18.6%	20.9%	13.9%	88,344	6.3	1.0
8940	Intellex	45,011	+5.4%	1,619	+74.0%	3.6%	3.5%	6,073	6.1	0.5

*Unit: million yen and times. Sales and operating income are the forecasts for this fiscal year, taken from the latest brief financial reports of respective companies. Market cap, PER, and PBR are based on the closing price on Aug. 19, 2024.

2. Medium-term management plan

The “medium-term management plan (FY 12/23 to FY 12/25)” announced in February 2023 is ongoing.

[2-1 Basic policy]

They aim to “help create attractive town development that reflect society’s needs and new trends,” “play a role in creating a sustainable society by using business activities to help solve environmental and social issues,” and “establish a new business model for long-term growth of corporate value” and consider the following three as business issues.

- ① Pursuit of existing business
- ② Creation of new business
- ③ Promotion of M&A

Goals for the LA Holdings Group		
<ul style="list-style-type: none"> ✓ Help create attractive town development that reflect society's needs and new trends ✓ Play a role in creating a sustainable society by using business activities to help solve environmental and social issues ✓ Establish a new business model for long-term growth of corporate value 		
▼		
Corporate issues	Business issues	Social issues
A stronger foundation for the LA Holdings Group <ul style="list-style-type: none"> ✓ Expansion of the business portfolio ✓ Increase financial soundness ✓ Define performance indicators ✓ Create a highly productive organization 	Strengthen current businesses <ul style="list-style-type: none"> ✓ Broader coverage of core businesses → Residential, commercial, revitalization, leasing Start new businesses <ul style="list-style-type: none"> ✓ New business creation → Renewable energy, investments, DX <div style="border: 1px solid black; padding: 2px; display: inline-block;">New</div> Mergers & acquisitions <ul style="list-style-type: none"> ✓ A more powerful strategy for M&A 	Sustainability initiatives <ul style="list-style-type: none"> ✓ Environment → Environmentally responsible products ✓ Social → Co-existence with communities and regions Governance → Continue upgrading corporate governance

(Taken from the reference material of the company)

[2-2 Business issues]

(1) Pursuit of existing business

They will strive to enrich their core business.

***New real estate sales business**

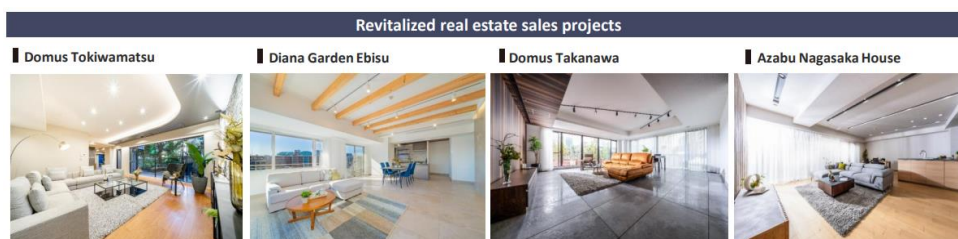
They engage in multiple projects for developing residential and commercial income-producing properties in the Tokyo Metropolitan Area.

The office building “THE EDGE” (Shimomeguro), which was completed in June 2023, has an office space with a depth of about 24 m and a width of about 3 m similar to a wooden house called “a bed for an eel.” They planned this building while considering the diversity of communication with others arising out of physical distance as an important keyword.

They are developing condominiums of their own brands, such as “L’attract Residence” of L’attract Co., Ltd. in Kyoto and the “Reve” series of FAN STYLE Co., Ltd. in Okinawa.

***Revitalized real estate sales business**

The “L’attract Premium-Renovation®” series priced in the order of 100 to 900 million yen sold well. By concentrating on high-priced properties, mainly this series, they aim to grow profit continuously in the premium real estate field. They also focus on the sale of “Hi-La-Re,” which targets from 70 million yen to less than 150 million yen.



(Source: the reference material of the company)

Furthermore, they started handling the high-grade mansion “Billion-Residence” priced at 1 billion yen or higher, with the aim of creating new value.

They rigorously select mansions and supply them based on the experience and know-how nurtured in the “L’attract Premium-Renovation®” business for many years and their broad information network.

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- ✓ Develop new Billion-Residence high-grade residences priced at over ¥1 billion
- ✓ Carefully select and supply the property based on the achievements and expertise cultivated over many years in the "L'atrait Premium-Renovation®" business and our extensive information network



(Source: the reference material of the company)

*Real estate leasing business

They are securing stable revenues and optimizing their rental portfolio by acquiring excellent rentable assets.

In particular, they will conduct active investment in healthcare facilities, which are strongly demanded by society, with the aim of investing 2 billion yen every fiscal year. In order to expand business scale, it is indispensable to fortify the revenue base through not only one-shot-revenue business, but also recurring-revenue business, which is expected to help secure stable revenues. In particular, they will allocate managerial resources to healthcare facilities with a high profit margin.



(Source: the reference material of the company)

(2) Creation of new businesses

In August 2024, they announced that they would launch "M&A support business" and "corporate investment business" as new businesses that would be new revenue sources, under the policy set in the medium-term management plan, in order to achieve sustainable growth and improve corporate value in the medium/long term.

The company has been obtaining a lot of information on transactions on a daily basis through M&A, strategic alliance, the establishment and operation of funds, the investment in funds, etc. and have been discussing multiple transactions in diverse business types and categories or negotiating for them.

They decided to start the two new businesses for the purpose of establishing a new revenue base to improve profitability by utilizing the know-how and networks for M&A and investment in enterprises, management know-how, information on transactions of diverse business types and categories in Japan, etc. they have accumulated so far.

◎ M&A support business

In Japan, M&A is carried out actively in all kinds of business categories and industries, as there is the problem with business succession and the domestic market is shrinking, so the related support business domain is expanding.

Under these circumstances, the LA Holdings group considers M&A as an important growth strategy, and acquired FAN STYLE Co., Ltd., a real estate developer in Okinawa, as a 100% subsidiary on December 30, 2022. They plan to promote M&A targeting leading enterprises in each region with the aim of developing and vitalizing the regional economy.

Their M&A is targeted as a broad range of small and medium-sized enterprises in all kinds of fields. In particular, they plan to support enterprises and others that own real estate in the improvement of business administration and so on by raising the profitability of owned assets, efficiently using them, or the like while taking advantage of their management know-how.

◎ Corporate investment business

The LA Holdings group has conducted investment in enterprises with various methods, including the capital injection into the funds for business revitalization or succession for SMEs, venture funds, private placement real estate funds, etc., the direct investment in growing enterprises and others that could exert synergetic effects, and the investment in venture firms at the middle and later stages based on the joint establishment or operation of funds.

They will continue these corporate investments, and discuss new fund businesses, such as the support for sale of strategically held shares and private investments in public equities (PIPEs) in cooperation with affiliated enterprises that have plenty of experience of investment.

In addition, they are thinking of operating renewable energy and DX businesses.

Renewable energy business	They completed a wooden biomass power generation plant that uses unused lumber from thinning as fuel, which is owned by the LA Asset Co., Ltd. They will promote decarbonization measures for realizing a recycling energy society.
DX business	They invested in a startup firm that promotes DX in construction sites. They will keep discussing M&A for enterprises promoting DX.

[2-3 Future outlook]

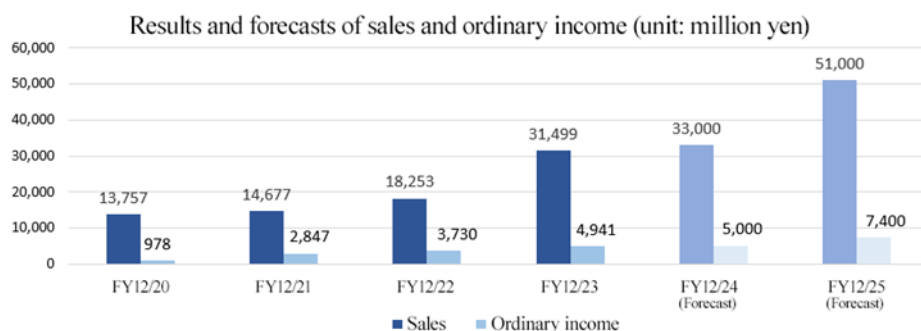
(Business Environment)

As the company's credit lines specified by financial institutions increased thanks to the improvement in credibility, the company procured large-scale real estate steadily. By adding high value to products, they plan to increase sales and profit every fiscal year and post a record-high profit, but it is forecast that construction periods will become longer and the construction of buildings will be delayed, due to the delay in supply of materials caused by wars around the world, the skyrocketing of building materials caused by the rise in commodity prices attributable to global economic situations, the chronic shortage of construction workers, the limitation of overtime work and the implementation of five-day week system in the construction industry, which were started in fiscal year 2024.

(Numerical goal)

Under these circumstances, the forecasts for each fiscal year are conservative, but in FY 12/2025, which is the last fiscal year of the "medium-term management plan," the new real estate sales segment plans to complete and sell large-scale properties, while the revitalized real estate sales business is expected to earn sales of over 10 billion yen. Furthermore, they will further expand the real estate leasing business, which is focused on the investment in healthcare facilities, and the business of the FAN STYLE Co., Ltd. in Okinawa, and actively promote M&A, so consolidated sales are expected to exceed 50 billion yen, showing a significant growth alongside profit.

The fiscal year ending December 2025 falls on the 35th anniversary of inauguration of their business, so all of executives and employees plan to make the utmost effort to grow business and improve corporate value further.



	FY 12/20	FY 12/21	FY 12/22	FY 12/23	FY 12/24 (Forecast)	FY 12/25 (Forecast)
Sales	13,757	14,677	18,253	31,499	33,000	51,000
Operating income	1,124	3,216	4,226	5,552	5,700	8,200
Ordinary income	978	2,847	3,730	4,941	5,000	7,400
Net income	650	1,959	3,381	3,293	3,500	5,100
EPS (Yen)	123.58	410.83	638.25	549.10	560.3	816.4

*Unit: million yen.

[2-4 Future financial strategy]

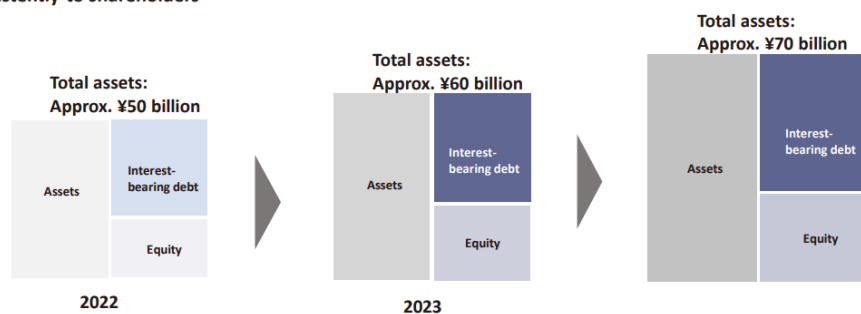
(1) Envisioned image of total assets

While aiming to conduct strategic investment for growth and return profit to shareholders stably, they will strive to improve capital efficiency, grow profit significantly every fiscal year, and keep capital-to-asset ratio 20% or higher (the capital-to-asset ratio in FY 12/23 was 24.6%) while aiming to achieve total assets of 70 billion yen.

Internally, they will pursue the stable growth of the real estate development business, which earns one-shot revenues, and the real estate leasing business, which earns recurring revenues.

Externally, they will conduct investment for growth in order to realize M&A or strategic cooperation with enterprises that are expected to exert synergy.

The goal is to use capital more efficiently while making strategic investments for growth and distributing earnings consistently to shareholders



(Source: the reference material of the company)

(2) Target value of each management indicator

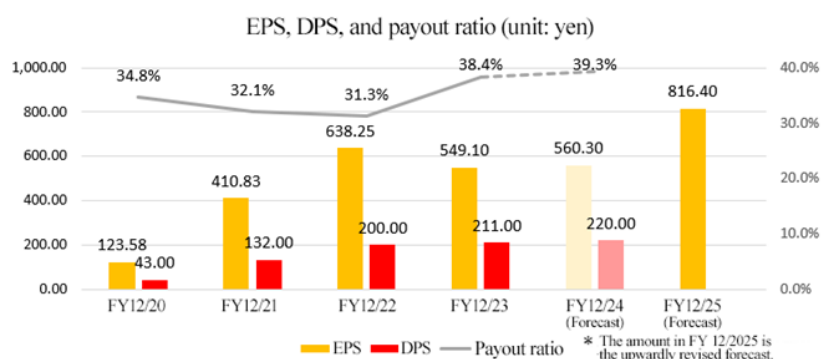
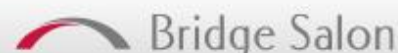
They will strive to improve their business performance and share price further by increasing profit stably and brushing up the capability of generating cash through the efficient utilization of invested capital exceeding the cost of capital. In parallel, they will aim to increase EPS and improve ROE.

	Goals for FY 12/23	Results in FY 12/23	Goals for FY 12/24
Gross profit margin	20% or more	27%	20% or more
Ordinary income margin	10% or more	15%	10% or more
Capital-to-asset ratio	20% or more	24%	20% or more
ROE	20% or more	25%	20% or more
Payout ratio	30% or more	38%	30% or more

[2-5 Return to shareholders]

They recognize the return of profit to shareholders as one of important issues for management, and their basic policy is to aim to return profit so that payout ratio will be 30% or higher, while comprehensively considering the fortification of the corporate structure, future business operation, earnings forecasts, etc. They aim to raise the dividend amount every fiscal year.

BRIDGE REPORT



3. Second Quarter of the Fiscal Year ending December 2024 Earnings Results

[3-1 Business Results]

	2Q of FY 12/23	Ratio to sales	2Q of FY 12/24	Ratio to sales	YoY
Sales	16,648	100.0%	13,986	100.0%	-16.0%
Gross profit	4,410	26.5%	3,159	22.6%	-28.4%
SG&A expenses	1,528	9.2%	1,582	11.3%	+3.5%
Operating income	2,881	17.3%	1,576	11.3%	-45.3%
Ordinary income	2,665	16.0%	1,162	8.3%	-56.4%
Quarterly net income	1,818	10.9%	792	5.7%	-56.4%

*Unit: million yen.

Decrease in sales and profit.

Sales were 13.9 billion yen, down 16.0% year on year. In the real estate sale business, the sales of new real estate sales segment dropped 61.6% year on year, because sale is scheduled to be completed mainly in the second half of the fiscal year, while the sales of revitalized real estate sales segment increased 24.0% year on year, as renovated condominiums sold well.

Operating income declined 45.3% year on year to 1.5 billion yen. Operating income margin decreased 6.0 points year on year, because the ratio of sales of revitalized real estate sales segment grew.

[3-2 Trend in each segment]

	2Q of FY 12/23	Composition ratio	2Q of FY 12/24	Composition ratio	YoY
Sales					
Real estate sale business	16,124	96.8%	13,462	96.3%	-16.5%
New real estate sales segment	7,631	45.8%	2,929	20.9%	-61.6%
Land planning and sales	927	5.6%	1,254	9.0%	+35.2%
Newly-built property sales	6,703	40.3%	1,675	12.0%	-75.0%
Revitalized real estate sales segment	8,493	51.0%	10,532	75.3%	+24.0%
Renovated condominiums	4,240	25.5%	10,293	73.6%	+142.7%
Investment business	4,252	25.5%	238	1.7%	-94.4%
Real estate leasing segment	502	3.0%	467	3.3%	-6.9%
Total sales	16,648	100.0%	13,986	100.0%	-16.0%
Gross profit					
Real estate sale business	4,120	25.6%	2,826	21.0%	-31.4%
New real estate sales segment	2,620	34.3%	822	28.1%	-68.6%
Land planning and sales	100	10.8%	371	29.6%	+271.0%
Newly-built property sales	2,519	37.6%	451	26.9%	-82.1%
Revitalized real estate sales segment	1,500	17.7%	2,003	19.0%	+33.5%
Renovated condominiums	702	16.6%	1,917	18.6%	+173.1%
Investment business	798	18.8%	86	36.4%	-89.2%
Real estate leasing segment	267	53.2%	277	59.3%	+3.7%
Total gross profit	4,410	26.5%	3,159	22.6%	-28.4%

BRIDGE REPORT



*Unit: million yen. “Sales” means “sales to external customers.” The composition ratio of profit means gross profit margin. The profit in a business segment in brief financial reports, etc. is obtained by subtracting selling expenditure and non-operating expenses from the gross profit in the business segment.

(1) Real estate sale business

Sales decreased 16.5% year on year, and gross profit dropped 31.4% year on year.

① New real estate sales segment

Sales and gross profit declined 61.6% and 68.6%, respectively, year on year.

The land for a factory of a food maker (2.4 ha) (Koga-shi, Fukuoka Prefecture) and the office building “THE EDGE Reisen” (Fukuoka-shi, Fukuoka Prefecture) were sold, but most properties will be sold in the second half, so sales and profit declined significantly year on year.

② Revitalized real estate sales segment

Sales grew 24.0% year on year, and gross profit rose 33.5% year on year.

Condominiums in which respective units have been renovated performed well, so sales and profit were healthy.

(2) Real estate leasing segment

Sales decreased 6.9% year on year, and gross profit increased 3.7% year on year.

The performance of rental assets was healthy.

[3-3 Financial Condition and Cash Flow]**◎Main BS**

	End of December 2023	End of June 2024	Increase/Decrease		End of December 2023	End of June 2024	Increase/Decrease
Current assets	49,880	53,661	+3,780	Current liabilities	19,859	22,129	+2,270
Cash and deposits	12,783	6,862	-5,920	Short-term interest-bearing liabilities	17,321	19,422	+2,101
Real estate for sale	15,693	24,739	+9,046	Noncurrent liabilities	26,137	24,773	-1,364
Real estate for sale in process	20,463	19,982	-481	Long-term interest-bearing liabilities	25,438	24,007	-1,431
Noncurrent assets	11,323	7,678	-3,645	Total liabilities	45,997	46,903	+905
Tangible assets	10,190	6,476	-3,714	Net assets	15,212	14,439	-773
Investments and other assets	1,094	1,163	+69	Retained earnings	11,948	11,422	-525
Total assets	61,209	61,342	+132	Total liabilities, net assets	61,209	61,342	+132

*Unit: million yen.

Total assets increased 100 million yen from the end of the previous fiscal year to 61.3 billion yen, as inventory assets grew while cash & deposits and tangible fixed assets decreased.

Total liabilities augmented 900 million yen from the end of the previous fiscal year to 46.9 billion yen, due to the increase in short-term and long-term interest-bearing liabilities, etc.

Net assets decreased 700 million yen from the end of the previous fiscal year to 14.4 billion yen, due to the drop in retained earnings, etc.

Capital-to-asset ratio declined 1.3 points from the end of the previous fiscal year to 23.3%.

◎ Cash Flow

	2Q of FY 12/23	2Q of FY 12/24	Increase/Decrease
Operating Cash Flow	-1,324	-4,430	-3,106
Investing Cash Flow	15	-438	-453
Free Cash Flow	-1,308	-4,868	-3,560
Financing Cash Flow	1,962	-1,064	-3,026
Cash, Equivalents	10,169	6,756	-3,412

*Unit: million yen.

The deficits of operating cash flow and free cash flow augmented, due to the decline in interim net income before taxes and other adjustments, etc.

Financial cash flow turned negative, due to the decrease in revenues from long-term debt, the augmentation of expenditure for acquiring treasury shares, etc.

The cash position declined.

[3-4 Topics]

(1) Start of new business

In August 2024, they announced that they would launch “M&A support business” and “corporate investment business” as new businesses that would be new revenue sources, under the policy set in the medium-term management plan, in order to achieve sustainable growth and improve corporate value in the medium/long term.

① Background

The company has been obtaining a lot of information on transactions on a daily basis through M&A, strategic alliance, the establishment and operation of funds, the investment in funds, etc. and have been discussing multiple transactions in diverse business types and categories or negotiating for them.

They decided to start the two new businesses for the purpose of establishing a new revenue base to improve profitability by utilizing the know-how and networks for M&A and investment in enterprises, management know-how, information on transactions of diverse business types and categories in Japan, etc. they have accumulated so far.

As of now, they have no plan to incur special expenses for launching new businesses.

② Outline of each business

◎M&A support business

In Japan, M&A is carried out actively in all kinds of business categories and industries, as there is the problem with business succession and the domestic market is shrinking, so the related support business domain is expanding.

Under these circumstances, the LA Holdings group considers M&A as an important growth strategy, and plans to promote M&A targeting leading enterprises in each region with the aim of developing and vitalizing the regional economy.

Their M&A is targeted as a broad range of small and medium-sized enterprises in all kinds of fields. In particular, they plan to support enterprises and others that own real estate in the improvement of business administration and so on by raising the profitability of owned assets, efficiently using them, or the like while taking advantage of their management know-how.

Through M&A support services, they will solve regional and social issues for realizing a sustainable society, and implement initiatives for attaining SDGs by contributing to regional economies through business.

◎Corporate investment business

The LA Holdings group has conducted investment in enterprises with various methods, including the capital injection into the funds for business revitalization or succession for SMEs, venture funds, private placement real estate funds, etc., the direct investment in growing enterprises and others that could exert synergetic effects, and the investment in venture firms at the middle and later stages based on the joint establishment or operation of funds.

They will continue these corporate investments, and discuss new fund businesses, such as the support for sale of strategically held shares and private investments in public equities (PIPEs) in cooperation with affiliated enterprises that have plenty of experience of investment.

(2) Issuance of share acquisition rights

In August 2024, they announced that they would issue share acquisition rights by utilizing treasury shares.

(Outline)

They plan to procure a total of about 1.2 billion yen through the 15th and 16th share acquisition rights. Equity capital would increase about 8.7% from the equity capital (about 14.4 billion yen) at the end of the second quarter of 2024.

The exercise period is from August 27, 2024 to August 27, 2027.

Share acquisition rights will be allocated to Macquarie Bank Limited.

(Purposes)

It has the following three primary purposes.

Enhancement of M&A strategies	To conduct investments for M&A and strategic alliance for growth without fail, to expand their business scale and portfolio and improve profitability.
Fortification of the financial base	To improve capital efficiency while maintaining financial soundness, with the aim of keeping equity ratio 20% or higher and increasing it to 25% and the goal of achieving a return on equity (ROE) of 20% or higher.
Utilization of treasury shares	To efficiently utilize treasury shares by allocating 150,000 treasury shares obtained from May to July 2024 to allocatees.

For enhancing M&A strategies, they will cooperate with leading medium-sized enterprises in each region as mentioned above in the section of new businesses.

For M&A, they plan to target (a) the real estate development and rental businesses, which are core businesses of the LA Holdings group, for expanding and enriching them, (b) real estate-related businesses, such as equipment, security, and maintenance for expanding the business area and portfolio of the LA Holdings group, (c) renewable energy and DX businesses, etc. in growing fields for creating and developing new businesses, and (d) companies that do other kinds of businesses, but own real estate.

It is assumed that the investment amount per case is about 100 million yen to 1 billion yen and the number of cases of M&A is about 3 to 10.

(Features of share acquisition rights)

*Limitation of dilution

The total number of shares to be issued is set at 200,000, so the number of dilutive shares will not change due to the change in share price in the market, except the case of adjustment with a share split.

*Setting of procurement amount

The strike price has been set at (1) 6,000 yen and (2) 6,600 yen, which are higher than the current share price (around 3,900 yen in mid-August 2024), and it will not be revised. Accordingly, the total procurement amount will be 1.26 billion yen.

The strike price is the minimum target share price in the coming three years. The company expects that by steadily attaining the target figures set in the medium-term management plan, they will improve business performance and corporate value, and then share price will get on a continuous, stepwise upward trend.

*Setting of exercise commitment

The company can specify an exercise commitment period under certain conditions, and the exercise of a certain amount of share acquisition rights by allocatees is guaranteed. This reduces the risk that fund procurement will not be conducted when share price rises.

4. Fiscal Year ending December 2024 Earnings Forecasts

[4-1 Earnings Forecast]

	FY 12/23	Ratio to sales	FY 12/24 Est	Ratio to sales	YoY	Progress rate
Sales	31,499	100.0%	33,000	100.0%	+4.8%	42.4%
Operating income	5,552	17.6%	5,700	17.3%	+2.7%	27.7%
Ordinary income	4,941	15.7%	5,000	15.2%	+1.2%	23.3%
Net income	3,293	10.5%	3,500	10.6%	+6.3%	22.6%

*Unit: million yen. The forecast figures were announced by the company.

There is no revision to the earnings forecast. Sales and profit are expected to grow.

There is no revision to the earnings forecast. Sales are projected to rise 4.8% year on year to 33 billion yen, while operating income is forecast to increase 2.7% year on year to 5.7 billion yen.

They will continue the operation of the three business segments in accordance with the policy of the medium-term management plan. The increase rates of sales and profit are single-digit, but they consider this fiscal year as the phase for securing a foothold for expanding sales and profit sustainably and stably.

They plan to pay a dividend of 220.00 yen/share, up 9 yen/share from the previous fiscal year. The expected payout ratio is 39.3%.

[4-2 Initiatives in each business]

① New real estate sales segment

The company will actively develop housing and commercial facilities in the business of development of income-producing properties, which is a growth driver, and plan products with competitive advantages to pursue high added value, while aiming to improve its brand power and expand target areas, including major local cities.

In the condominium business, they will promote the “L’atrait Residence” brand in major local cities. In Okinawa, they will strive to expand the business of the “rêve” series brand, fortify their business foundation, and establish a position where they can exert competitive advantages.

② Revitalized real estate sales segment

The company will concentrate on the core business, that is, the sale of renovated condominium units, including the “L’atrait Premium-Renovation®” series priced at over 100 million yen per unit, the “Hi▶La▶Re” series, and the high-grade mansion “Billion-Residence®” priced at over 1 billion yen per house.

They will establish a unique position by providing not only products that meet the needs of a broad range of customers, but also high value-added products with significant the competitive advantage, that is, being free from the pricing war thanks to their planning and designing capabilities.

③ Real estate leasing segment

While concentrating on the fostering of relationships with existing operators and the search for new excellent operators, they will actively invest in healthcare facilities, which are strongly demanded by society, to optimize the rental portfolio and secure stable revenues.

Based on the capital and business alliance contract concluded with URBAN LiKE INC. in Dec. 2023, they will promote the welfare facility business, including group homes for disabled people and healthcare facilities, such as fee-charging nursing homes, in Kyushu.

5. Interview with President Wakita

We asked President Wakita about the summary of financial results for the first half of the fiscal year ending December 2024, the current situation, and new businesses.

Q: Please comment on the financial results for the first half of the fiscal year ending December 2024.

Sales in the new real estate sales segment dropped significantly year on year, because sales plans were originally focused on the second half of the year, so the results were largely in line with the plan. Meanwhile, the revitalized real estate sales segment saw an increase in revenue from the same period last year, as renovated condominiums continued to perform well.

Company-wide revenue decreased 16% and operating income declined 45%, but the results in the first half were in line with the initial plan.

Q: How is the current situation as you have entered the second half of the fiscal year?

Our financial situation and past performance have been highly evaluated, and our credit limit has been significantly increased by financial institutions.

Initially, we had estimated that the maximum amount of credit in the Investment Business would be about 3 billion yen and had been working on a business plan for the current fiscal year, but this amount has risen to 8 billion yen.

Until now, our basic policy has been to secure sales and profit by increasing the profitability of each property, through pricing strategies, etc. rather than focusing on the number of deals. However, with this improvement in fundraising capabilities, we are now able to pursue business performance expansion through an increase in the number of deals.

We are already seeing results, and we believe that this will have a positive impact on our business performance from the third quarter onward.

Q: You have announced that you will start “M&A Support Business” and “Corporate Investment Business” as new businesses. Please tell us about the unique aims of your company.

As one of our group management philosophies states, "To strive for management that contributes to the creation of local living environments by providing 'homes that enrich people's hearts' through clean and fair corporate activities that value the lifestyles of local communities." As such, we position regional revitalization as an extremely important theme.

To that end, we intend to be more proactive than ever in supporting M&A and making corporate investments.

However, as we have pursued various developments and initiatives, including building relationships with regional financial institutions and leading regional companies, we have come to the conclusion that in order to truly solve regional problems and realize regional revitalization, our company or our group companies do not necessarily have to be at the center. In order for a company that should play a leading role in regional revitalization to grow, in some cases it may be more appropriate for it to temporarily partner with a construction company in the same industry.

We believe that being flexible in considering and responding to such issues will increase our contacts with local companies and financial institutions and deepen our relationships, which will lead to increased corporate value for our group in the medium/long term.

Therefore, we would like you to understand that our new businesses, the “M&A Support Business” and the “Corporate Investment Business,” are not merely about earning brokerage fees or capital gains, but are business developments unique to our company that aim to achieve growth in various patterns while realizing regional revitalization.

We are strengthening our organization by hiring experts for new businesses.

There are already several projects underway, but the acquisition of the real estate development company “FAN STYLE Co., Ltd.” in Okinawa as a subsidiary and subsequent efforts are an important case study.

Although FAN STYLE is the number one company in Okinawa, the fact that it became our subsidiary, as well as the fact that we made some improvements in its business, has raised our credit limit significantly. The case of FAN STYLE is a very clear message when talking about our regional strategy.

Based on these achievements in Okinawa and Kyushu, we would like to work on promoting our business in Hokkaido next.

Q: Thank you very much. Lastly, please give a message to the shareholders and investors.

Up until now, as a “manufacturing company,” our goal is not to increase the number of units sold, but rather to thoroughly avoid commoditization and constantly pursue high added value, and focused on “forming market prices ourselves.” Of course, we will continue to pursue high added value, by developing unique products, but as I mentioned earlier, credit from financial institutions has increased significantly, and with improved fundraising capabilities, we are now able to pursue business expansion through an increase in the number of properties sold.

I hope everyone will understand this point.

In addition to growth as a company, we will also focus on revitalization of regions and communities, which is possible only because we are a small to medium-sized real estate company.

Our goal is to revitalize regions and create jobs, which will ultimately lead to improved productivity and GDP expansion for Japan as a whole.

Although we are still a small company, we will always pursue uniqueness and aim for steady growth and expansion of market capitalization, so we would appreciate your support.

6. Conclusions

For the fiscal year ending December 2024, the current forecast calls for single-digit growth of sales and profit, but they are now able to improve business performance by expanding the number of transactions as the credit lines of financial institutions were raised significantly, and we heard that their effects have been already exerted. Firstly, we would like to pay attention to the announcement of financial results in the third quarter.

In addition, we would like to expect from the progress of “M&A support business” and “corporate investment business,” through which they aim to expand their business in a unique way under the management philosophy of “regional revitalization.”

<Reference: Regarding Corporate Governance>

◎Organizational structure and composition of directors and auditors

Organizational structure	Company with an audit and supervisory board
Directors	5 including 2 outside directors (including 2 independent officers)
Auditors	3 including 2 outside directors (including 2 independent officers)

◎Corporate Governance Report

Update date: May 23, 2024

<Basic policy>

We recognize that corporate governance means the basic framework of corporate management for fulfilling social responsibility toward stakeholders, including shareholders, customers, employees, business partners, and local communities. We will continue corporate governance-related strategies, while concentrating on the establishment of a better management base.

<Reasons for Non-compliance with the Principles of the Corporate Governance Code>

The company follows all of the basic principles of the Corporate Governance Code.

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