COMPANY RESEARCH AND ANALYSIS REPORT

MUGEN ESTATE Co., Ltd.

3299

Tokyo Stock Exchange Standard Market

26-Nov.-2025

FISCO Ltd. Analyst

Hideo Kakuta

FISCO

FISCO Ltd.

https://www.fisco.co.jp

In 3Q FY12/25, sales and income decreased as the pace of investment-type property sales (large transactions) slowed. Despite downward revision of the full-year forecasts, increased sales and income are still expected

MUGEN ESTATE Co., Ltd. <3299> (hereafter, also "the Company") is engaged in the business of purchasing and reselling pre-owned properties, primarily investment-type and residential-type condominiums. The Company is recognized as a pioneer in the real estate industry and is highly profitable.

1. Overview of 3Q FY12/25 results

In 3Q FY12/25, both sales and income decreased, with net sales down 2.9% year on year (YoY) to ¥46,959mn, operating income declining 6.1% to ¥7,117mn, ordinary income falling 9.8% to ¥6,310mn, and net profit attributable to owners of parent dropping 9.0% to ¥4,197mn.

In the real estate industry, the benchmark land price has risen 1.5% (average for all uses) in 2025 (as of July 1, 2025) due to factors such as the economy's recovery, redevelopment projects, and inbound demand. Furthermore, Japan recorded real estate investment in excess of ¥3tn in 1H 2025. Foreign investors accounted for 34% of the real estate purchase amount, with Tokyo ranking first among the world's cities. In September 2025, the number of transactions and transaction prices for pre-owned condominiums in the Tokyo metropolitan area both increased YoY for the 11th consecutive month.
In the core Purchase & Resale Business, sales of high-priced residential properties performed strongly, and net sales rose 17.4% to ¥25,122mn. On the other hand, sales of investment-type properties declined 10.4% to ¥18,875mn, and sales of large properties were sluggish due to the Company pursuing sales focused on profitability. In the Purchase & Resale Business, sales to foreigners were strong, increasing 19.5% to ¥18,174mn, which is 41.3% of the sales mix for the business as a whole. In the Real Estate Specified Joint Business, the Shinkoiwa project was completed in September. Regarding the status of real estate purchases, efforts to strengthen sales were successful and purchases increased 9.1% to ¥37,459mn.

2. FY12/25 forecasts

In FY12/25, the Company forecasts that sales and income will increase YoY, despite downwardly revising both net sales and profits at each level to reflect the 3Q results. It expects net sales to rise 3.1% to ¥64,135mn, operating income to increase 6.2% to ¥10,216mn, ordinary income to rise 3.3% to ¥9,147mn, and net profit attributable to owners of parent to increase 1.5% to ¥6,178mn.
The extent of the downward revision of results is relatively small for profits at each level: a ¥16,558mn decrease in net sales (down 20.5%), ¥744mn decrease in operating income (down 6.8%), ¥807mn decrease in ordinary income (down 8.1%), and ¥325mn decrease in net profit attributable to owners of parent (down 5.0%). The downward revision mainly reflects the fact that the Company was unable to achieve sales of large investment-type properties at the initially forecast pace due to pursuing sales activities that were completely focused on profitability. Since the market for investment-type properties is still booming, the Company also plans to pursue sales of large investment-type properties in 4Q. The 3Q progress rate toward the full-year forecasts (revised) is 73.3% for net sales in the Purchase & Resale Business (investment-type: 67.0%, residential-type: 81.1%). For the Real Estate Specified

Joint Business, the Company will strengthen sales of the eighth product (the Ogikubo project; offering amount of ¥878mn). Real estate for sale at the end of 3Q stood at ¥70,030mn (an increase of ¥9,303mn from the end of FY12/24), and is deemed sufficient. Given that the opening of new offices and hiring undertaken in the previous and current fiscal year are expected to generate positive effects, the Company can be said to have laid the groundwork for achieving its plans.

Growth strategy and topic: Growth of purchasing and sales in regional market areas

The Company's sales activities in regional market areas have started to ramp up, with net sales at regional offices rising significantly by 2.8 times YoY to ¥3,010mn. Kansai and Chubu account for over 60% of the sales transaction mix in regional market areas. Purchasing in regional market areas also performed strongly. Besides the four prefectures in the Tokyo metropolitan area (Tokyo, Kanagawa, Chiba, and Saitama), the Company has opened offices and hired personnel in various regional market areas (Sapporo, Sendai, Nagoya, Kyoto, Osaka, Fukuoka, and Naha), and since one of its strengths is its ability to acquire information about purchasing and sales via a network of brokers in Japan and abroad, it is starting to see the benefit of this. In the current fiscal year, it has opened the Kyoto Office (February 2025) and Naha Office (March 2025) for the purpose of developing and deepening business in the western Japan area.

Shareholder return policy: In FY12/25, the annual dividend is forecast to increase ¥8 to ¥112 (issued interim dividend: ¥45, year-end dividend: ¥67), with a dividend payout ratio of 42.3%. Despite the downward revision of the forecasts, there is no change in the forecast dividend

The Company considers the return of profits to shareholders to be one of its most important management initiatives. Its basic policy is to continue to pay stable dividends while strengthening its financial position and maintaining adequate internal reserves in order to expand its business in the long term. The Company determines the allocation of profits by comprehensively taking into account the levels of performance and the cost of capital and capital profitability based on the balance sheet, aiming for a consolidated dividend payout ratio of 40% or more in the medium to long term. For FY12/25, the Company forecasts an annual dividend of ¥112 (an increase of ¥8 YoY, consisting of an already issued interim dividend of ¥45 and a forecast year-end dividend of ¥67), with a dividend payout ratio of 42.3%. Even though the results forecasts were revised downward, the basic policy on returning profits to shareholders remains the same and there is no change in the forecast dividend. In order to enhance opportunities to return profits to shareholders, the Company has decided to pay dividends twice a year, offering an interim dividend beginning in the current fiscal year (FY12/25) in addition to a year-end dividend. In its third medium-term management plan, the Company plans to pay a dividend of ¥130 in FY12/26 and ¥161 in FY12/27.

Disclaimer

■ For inquiries, please contact: ■
FISCO Ltd.
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062
Phone: 03-5774-2443 (IR Consulting Business Division)
Email: support@fisco.co.jp