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FOR IMMEDIATE RELEASE

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Summary of Q&A at the Financial Results Briefing for FYE8/2026 and Frequently Asked Questions Regarding the Financial Results

We hereby announce a summary of the Q&A session from the financial results briefing for institutional investors and analysts held on October 6, 2026, regarding our full-year financial results for the fiscal year ended August 31, 2026, which were announced on October 5, 2026. Please note that this is not a verbatim transcript, but a summary edited and condensed at the Company's discretion.

In addition, from the perspective of fair disclosure, we are also disclosing below our responses, as of the date of this release, to inquiries received from investors regarding these financial results and our earnings forecasts.

[For Reference]

[Consolidated Financial Results for the Fiscal Year Ended August 31, 2026](#)

[Presentation Materials for the Full-Year FYE8/2026 Financial Results](#)

1. Summary of Q&A at the Financial Results Briefing for FYE8/2026

Q. The ROE target of “25% or higher, aim for 30%” could be interpreted as leaving room for a capital increase of approximately 30 billion yen. Please explain why you have set a range for this target.

A. We are aiming for a 30% ROE for the fiscal year ending August 2029, and with an eye toward the fiscal years ending August 2027 and August 2028—which will lead up to that goal—we have set a target with some flexibility. Given our current capital base, we do not believe there is a strong need to conduct a capital increase of 30 billion yen.

Q. As a company that has tripled its net income over the past two years, your stock does not appear to reflect this earnings growth. As a value stock, raising the dividend payout ratio to increase the dividend yield seems like one possible approach. What are your thoughts on measures to address the stock price?

A. We believe there are two main factors contributing to the weak stock price: concerns about a capital increase and the impact of interest rates.

Regarding concerns about a capital increase, we believe we can dispel these concerns, as profit growth has accelerated the accumulation of equity capital and we have moved away from a growth model that

relies solely on equity financing. As for the impact of interest rates, we believe we can absorb the increased costs by improving the cash flow of our development properties. For example, the RevPAR of properties held by Kasumigaseki Hotel REIT Investment Corporation has grown by nearly 15% year-over-year. Property values are rising, and we will continue to demonstrate this through our results. Regarding shareholder returns, we will consider each proposal on its merits while taking into account the opinions of market participants. At this time, our top priority is to allocate funds to growth investments and return value to shareholders through profit growth. We will strive to be recognized by the market as a growth stock rather than a value stock.

Q. Unlike in Japan, there is not yet a proven track record of success for your hotel business in the U.S., and we sometimes hear concerns from investors about the success of this venture. Could you please explain the current competitive environment and the key points of differentiation in operations after completion?

A. The competitive advantages and key differentiators of our U.S. business are primarily the following three points.

First is land acquisition. Due to the prolonged rise in interest rates, the U.S. market is currently a buyer's market, allowing us to acquire land at attractive prices.

Second is our regional strategy. We carefully select regions—such as Florida and Texas—where an influx of high-net-worth individuals and corporations is already occurring or is expected in the future, and invest in those areas.

Third is our operational know-how. In addition to the high quality of our physical facilities, we believe our unique operational know-how—which emphasizes labor-saving measures and self-service hospitality—will prove highly effective in the U.S. as well. The hotel industry is one with significant cost burdens, but unlike existing major companies, we recognize that our strength lies in our ability to implement a “subtractive” approach—stripping away unnecessary elements—from the ground up. By respecting local culture while integrating uniquely Japanese creativity, we believe we have a competitive edge in the U.S. market.

Q. While the collaboration with UMITO Corporation has produced projects with high asset turnover, the P/NAV of Kasumigaseki Hotel REIT Investment Corporation stands at only 0.8x, and fixed assets are increasing. Is there any concern that assets might become stagnant?

A. Overall, our asset turnover rate has not declined. For example, **the Miami BLOCK C EAST Project (provisional name) (the “Miami Project”)**, which contributed to revenue in the fiscal year ended August 2026, was sold in just five months. While the REIT's P/NAV has been sluggish, partly due to interest rates, we will work to improve it by raising RevPAR.

In addition, our collaboration with UMITO Corporation has enabled us to reach individual investors with products that offer both experience and ownership, alongside our traditional offerings for professional investors. We believe this will allow us to improve capital efficiency and add value even at the same turnover rate.

When acquiring development sites, we place emphasis on equity IRR and make disciplined investment decisions.

Q. Please provide an update on progress toward the net income target of 24 billion yen for the fiscal year ending August 2027.

A. As of the beginning of the fiscal year, we are making progress in securing specific projects at a faster pace than in the past.

Q. Regarding the recent rise in interest rates, to what extent have you factored in higher interest expenses?

A. In a rising interest rate environment, we believe we should anticipate not only increased costs but also rising rents. Going forward, we expect a widening gap between winners and losers based on location and asset quality, but we are developing properties that can remain competitive even in such an environment. We believe we are fully capable of absorbing the impact of rising interest rates.

Q. A portion of the costs on development projects in Dubai has been transferred to fixed assets. Please explain the leasing status and your assessment of impairment risk.

A. In Dubai, properties with prime locations and high quality continue to be sold. For our completed properties, our policy is to initially hold them as fixed assets to secure income through leasing operations, and then sell them at the appropriate time after carefully assessing market conditions and price trends. In the local rental market, against the backdrop of instability in neighboring countries, assets and people are flowing into Dubai, and we are seeing demand from those who are holding off on purchasing and choosing to rent instead. We have received numerous rental applications for our properties and are selectively entering into leases on favorable terms.

Q. Are rising interest rates having an impact on the investment appetite of development investors?

A. While some investors are raising their expected returns, the majority are maintaining their current expectations. We believe this is because the risk premium has decreased due to our established track record in development and operations, which has offset the rise in the base interest rate, thereby maintaining expected returns. The investment amounts per investor are also increasing.

2. Other Frequently Asked Questions

Q. Please explain why the gross profit margin has declined compared with the fiscal year ended August 2025.

A. The main factor behind the decline is that, in the fiscal year ended August 2025, a significant amount of success fees was generated following the completion of the transition to the operational phase across our three domestic businesses. As a result, for the fiscal year ended August 2026, the gross profit margin declined compared with the previous fiscal year; however, when viewed over the long term, the profit margin has been on an upward trend.

Q. Please explain the extraordinary income (gain on bargain purchase) for the current fiscal year.

A. The main factor is negative goodwill arising from the acquisition of shares in Wakayama Marina City

Co., Ltd., which was announced in August 2026.

Q. Is the increase in interest expense primarily due to the recent rise in interest rates?

A. The increase in interest expense is not primarily due to the recent rise in interest rates. Interest rates on borrowings for domestic projects have not fluctuated significantly compared to previous periods, and the increase in interest expense for the fiscal year ended August 2026 is mainly attributable to an increase in the outstanding balance of borrowings related to overseas projects.

Although we secured more dollar-denominated borrowings than initially anticipated for the fiscal year ended August 2026, total interest expense generally remained within the range projected at the beginning of the fiscal year.

Q. We have seen media reports stating that the sales agreement for the Miami Project includes a provision whereby your U.S. subsidiary will repurchase the property if the purchaser, BCE MIAMI PROPERTY LLC (“the Purchaser”), fails to obtain the necessary regulatory approvals within a specified period. Please tell us whether you have discussed and confirmed the accounting treatment for this matter with your audit firm in advance.

A. We consulted our audit firm on this matter in advance and obtained its confirmation. Furthermore, some of the necessary regulatory approvals had already been obtained as of the date of the resolution to sell, and regarding the remaining approvals, we have confirmed the prospects for obtaining them with local specialized agencies and have determined that they can be obtained within the specified period.

Q. We have received information that an officer of your company has been appointed to the board of the Purchaser in the Miami transaction. Please explain the personnel relationships between your company, your U.S. subsidiary, and the Purchaser as of the time of the resolution to sell.

A. The Purchaser is a special purpose company (SPC) established for the purpose of this transaction. During the formation of the SPC, an officer of our company temporarily served concurrently as an officer of the Purchaser due to practical necessities.

However, the officer's concurrent role was terminated by the time of the resolution to sell, and as of that point, there were no personnel relationships between our company, our U.S. subsidiary, and the Purchaser.

Furthermore, we have executed the sale under an appropriate transaction structure after completing the necessary procedures.

Q. Which business segment is expected to drive earnings for the fiscal year ending August 2027?

A. For the fiscal year ending August 2027, we expect our domestic hotel and infrastructure businesses to continue driving profit growth.

Through the fiscal year ending August 2029—the period covered by our Second Mid-Term Management Plan—we plan to achieve steady profit growth, primarily through our domestic operations, backed by the extensive pipeline we have built to date.

With regard to our overseas operations, primarily in North America, we are currently in the process of

building up our pipeline and view these operations as a key driver of further growth after the Second Mid-Term Management Plan.

Therefore, our policy for the time being is to enhance the certainty of profit growth through our domestic operations while simultaneously building a foundation for our overseas operations, thereby driving medium- to long-term growth.

Q. Is the amount of inventory sufficient to achieve the earnings forecast for the fiscal year ending August 2027?

A. Yes, it is. Our business model involves efficiently rotating capital by selling acquired development sites to development funds in approximately six months and reinvesting the recovered funds into the acquisition of the next site. Therefore, we anticipate that inventory will turn over approximately twice a year.

Considering the current inventory balance of 71,214 million yen, along with our annual asset turnover and the gross profit margin on land sales, we believe we have secured a sufficient business foundation to achieve our earnings forecast for the fiscal year ending August 2027.

Q. To what extent has the impact of rising interest rates been factored into the earnings forecast?

A. Our assumptions are conservative, taking into account not only the future increase in outstanding debt but also further interest rate hikes.

Therefore, we believe that even if interest rates rise to a certain extent in the future, we have secured a sufficient buffer to absorb such increases within the range of our current earnings forecast.

Q. Please tell us if there are any current plans to review or revise the target figures for the Second Mid-Term Management Plan.

A. At this time, we have no plans to revise the target figures for the Second Mid-Term Management Plan. We will continue to steadily implement various measures aimed at achieving the goals set forth in the Mid-Term Management Plan.

Q. Please tell us about the status of your business diversification.

A. We are steadily diversifying our business areas by applying the know-how cultivated in our existing businesses—primarily the hotel and infrastructure sectors—across other areas.

In the hotel business, in addition to new developments, we are expanding the “BASE LAYER HOTEL” brand by rebranding existing business hotels. Given the very strong track record at our first location in Nagoya Nishiki and our second in Fukuoka, we are proceeding with the multi-location rollout of this model. Furthermore, through the acquisition of shares in Wakayama Marina City Co., Ltd., we are expanding our business scope to include mixed-use developments that go beyond hotels.

In the infrastructure business, we are leveraging the automation expertise we have cultivated through the development of frozen and chilled warehouses to expand into the larger market segment of dry warehouses. In the fiscal year ended August 2026, we commenced our first-ever development project for an automated dry warehouse. We have also launched a data center business as a new growth area. In addition to this expansion of our business scope domestically, we are steadily building up our pipeline

overseas, primarily in North America.

As such, our diversification is not simply about adding new businesses, but rather about horizontally applying the development capabilities and business know-how we have cultivated to adjacent sectors and overseas markets, and we are making steady progress from the perspectives of revenue sources, asset types, and regions.

Q. Has your Representative Director, President and CEO, Mr. Komoto, sold any shares since the public offering in November 2025? Also, in some cases, information from data providers and other sources regarding major shareholders appears to show a decrease in his ownership percentage; please explain the reason for this.

A. Mr. Komoto has not sold any shares since November 2025. In major shareholder information published by external data providers, shares on loan may not be included in the total number of shares held; as a result, differences in calculation methods among providers may make it appear as though the ownership percentage has decreased.

*This document is based on information available as of October 8, 2026. The information contained herein is subject to change, and we will provide an update should any material changes occur.

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Contact for inquiries regarding this notice Kasumigaseki Capital Co., Ltd. PR & IR Department Email: ir@kasumigaseki.co.jp
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