

Sansei Landic (TYO: 3277)

A player in the “revitalization” market that transforms social issues into profit opportunities: The shares are undervalued.

Investment conclusion in this report

Sansei Landic Co., Ltd. (hereinafter, “the Company”) has achieved stable growth through its unique business model, which centers on the revitalization of real estate with complex ownership or occupancy rights. Although profit declined in FY12/2024, the Company recorded its highest-ever net sales, and procurement results significantly exceeded the plan, reaffirming the strength of its business operations. The earnings forecast for FY12/2025 is conservative, with slight increases in both revenue and profit; however, it includes reassuring elements for shareholders, such as enhanced shareholder return measures and steady progress under the new medium-term management plan.

The stock price has been firm since the beginning of the year, which appears to reflect investors’ positive view of the strengthened shareholder initiatives and medium-term growth strategy. As per valuation, the stock remains notably undervalued with a projected PER of approximately 9x and a PBR of roughly 0.67x, suggesting there is room for revaluation.

Given the stability of earnings, future growth potential, and shareholder return stance, the stock is considered a worthy medium- to long-term investment opportunity, backed by its undervaluation.

Company overview

Sansei Landic Co., Ltd. primarily engages in a “Real estate revitalization business” that involves purchasing real estate with complex ownership or occupancy rights, such as land leasehold interests or properties with existing occupants, and reselling them after coordinating with the relevant parties. The Company also operates a leasehold land management business and a regional revitalization business.

Its main business segment is “real estate sales,” which includes the coordination of rights, sale, and management of “Leasehold land” and “Old unutilized properties” (aging apartment buildings with tenants and low profitability). In FY12/2024, the breakdown of consolidated net sales was as follows: 40% from Leasehold land, 51% from Old unutilized properties, 8% from Freehold, and 2% from other sources. The Company is headquartered in Tokyo and was established on February 1976.

Business characteristics and operations

The Company’s strength lies in revitalizing real estate that requires the coordination of rights and is difficult to distribute through ordinary channels. Focusing on Leasehold land and Old unutilized properties with existing leaseholders or tenants, the Company leverages its high level of expertise and negotiation capabilities to both resolve social issues and ensure profitability. In particular, land leaseholds are resilient to economic fluctuations and generate stable earnings.

In recent years, the Company has also focused on derivative business, such as ownership period (to maximize both income and capital gains), co-ownership, and leasehold rights. Additionally, it promotes regional revitalization business, including the restoration of vacant houses and traditional folk homes in rural areas. The sales structure is transitioning from a reliance on individuals to a team-based system, fostering a more sustainable growth structure through the appointment of younger employees and knowledge sharing.

Long-term performance

From FY2020 to FY2024, the Company’s performance has remained solid. Net sales increased from 17,774 million yen in FY2020 to 25,620 million yen in FY2024. Operating profit peaked at 2,155 million yen in FY2023, up from 847 million yen in FY2020, and settled at 1,882 million yen in FY2024, reflecting conservative profit estimates for certain old unutilized properties. The Leasehold land business, which offers high profit margins, supports earnings, and highlights the strength of the Company’s business model.

Investment report

Real estate

As of July 29, 2025

Share price (7/28)	¥1,191
52weeks high/low	¥834/1,250
Avg Vol (3 month)	15.2 thou shrs
Market Cap	¥10.23 bn
Enterprise Value	¥23.14 bn
PER (25/12 CE)	9.2 X
PBR (24/12 act)	0.7 X
Dividend Yield (25/12 CE)	3.5 %
ROE (24/12 act)	8.5 %
Operating margin (24/12)	7.3 %
Beta (5Y Monthly)	0.18
Shares Outstanding	8.584 mn shrs
Listed market	TSE Standard

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Most recent earnings (FY2024)

In FY12/2024, the Company posted record-high net sales of 25,620 million yen (+10.1% YoY). Operating profit declined to 1,882 million yen (-12.6% YoY), ordinary profit to 1,585 million yen (-10.2% YoY), and profit attributable to owners of parent to 1,050 million yen (-11.2% YoY). Still, all figures exceeded the Company's forecasts.

By segment, sales were as follows: Leasehold land, 10,233 million yen (YoY +24.0%); Old unutilized properties, 12,977 million yen (-1.2% YoY); and Freehold, 1,923 million yen (+29.2% YoY), with Freehold particularly standing out. Procurement totaled 19.24 billion yen (+3.4% YoY), significantly exceeding the initial plan of 15.8 billion yen, maintaining a high and stable level.

Full-year earnings forecast (FY2025)

The full-year earnings forecast for FY12/2025 calls for net sales of 25,650 million yen (YoY +0.1%), operating profit of 1,910 million yen (YoY +1.4%), ordinary profit of 1,600 million yen (YoY +0.9%), and profit attributable to owners of parent of 1,070 million yen (YoY +1.8%), indicating a conservative outlook of slight increases in both revenue and profit.

The forecasted sales breakdown is as follows: Leasehold land, 11.41 billion yen (YoY +11%), Old unutilized properties, 10.52 billion yen (YoY -18%), and Freehold, 3.14 billion yen (YoY +63%), with continued growth expected in Leasehold land and Freehold. Due to the nature of the Company's business model, earnings may fluctuate between halves depending on the concentration of projects. For the current fiscal year, large projects are expected to be concentrated in the first half of the year.

Growth strategy and risks

The Company's growth strategy is built on three pillars: "deepening of existing businesses," "development of derivative business," and "expansion of regional revitalization business." It aims to maintain a competitive edge through enhancements to valuation standards, geographic expansion, and an expanded menu of rights coordination options, while also scaling up derivative business, including co-ownership interests, leasehold rights, and medium- to long-term property holdings.

Risks include changes in real estate market conditions (particularly interest rate trends), deterioration in procurement environment, prolonged or increasingly complex rights coordination processes, and the rise of competitors. As the proportion of large-scale projects increases, earnings volatility may also rise, making diversification of the business portfolio and enhancement of operational efficiency essential.

Medium-term management plan (August 2024 – December 2027)

Under its new medium-term management plan, the Company is targeting ROE of 9–12% and operating profit of 2.0 billion yen, aiming for sustainable growth as a "company that lasts 100 years." Key focus areas include:

- Expansion of Leasehold land and Old unutilized properties, and improvement in profit margins
- Full-scale development of derivative business (co-ownership, ownership period, leasehold rights)
- Deployment of regional revitalization through a dedicated division (e.g., Hachimantai, Hirado City)
- Strengthening shareholder returns (dividend payout ratio of over 30%, share buybacks)
- Cost reduction, operational efficiency, and human resource development

The Company is also restructuring its PR strategy to raise brand awareness and aims to increase deal inflow from clients.

Stock price trend and valuation

Since the announcement of the medium-term management plan in August 2024, the stock price has remained firm in the 950–1,200 yen range. As of March 2025, the valuation indicators are: projected PER of approximately 9x, PBR of approximately 0.67x, and dividend yield of roughly 3.7%, suggesting an undervalued level with no signs of overheating, given the stability of earnings and shareholder returns.

Given the progress of the medium-term management plan and the potential achievements in derivative business and regional revitalization business, there remains ample room for further revaluation.

Investment conclusion based on performance and stock price assessment

Sansei Landic is a company that balances the resolution of social issues with profitability through its unique "rights-coordination-based real estate revitalization" business. In addition to its two core businesses, Leasehold land and Old unutilized properties, the Company is expanding into derivative business and regional revitalization business, pursuing medium- to long-term growth under its new medium-term management plan, and actively strengthening shareholder returns. All of these initiatives contribute to its appeal.

Currently, both projected PER and PBR remain at undervalued levels, indicating significant potential for future revaluation. With further enhancements to shareholder returns and the ongoing accumulation of corporate value, the stock is considered a worthy investment candidate for both domestic and international institutional investors.

Financial data

Unit: million yen	2020/12	2021/12	2022/12	2023/12	2024/12	2025/12 CE
(Income Statement)	17,775	16,836	15,533	23,269	25,620	25,650
Sales	847	1,118	1,469	2,155	1,883	1,910
Year-on-year	712	1,004	1,270	1,756	1,585	1,600
Cost of Goods Sold	358	609	1,060	1,183	1,051	1,070
Gross Income	4,330	5,361	3,837	3,770	5,013	
Gross Income Margin	20,071	20,051	28,977	30,976	33,107	
SG&A Expense	8,342	8,108	16,399	16,879	18,506	
EBIT (Operating Income)	4,012	2,747	12,562	13,109	13,493	
Year-on-year	10,004	9,749	17,921	18,899	20,349	
Operating Income Margin	10,067	10,302	11,056	12,077	12,759	
EBITDA	-917	1,705	-9,268	-12	1,143	
Pretax Income	21	40	28	304	138	
Consolidated Net Income	-288	-51	-267	-766	-715	
Minority Interest	953	-608	7,971	303	1,223	
Net Income ATOP	-923	1,682	-9,282	-291	1,049	
Year-on-year	1.82	3.04	4.32	3.95	3.28	
Net Income Margin	3.58	5.98	9.93	10.23	8.46	
	42.3	73.6	129.6	143.8	127.2	131.6
(Balance Sheet)	1,192.9	1,249.5	1,356.8	1,465.5	1,541.8	
Cash & Short-Term Investments	25.00	26.00	28.00	33.00	41.00	42.00
Total assets	8.47	8.47	8.49	8.58	8.58	

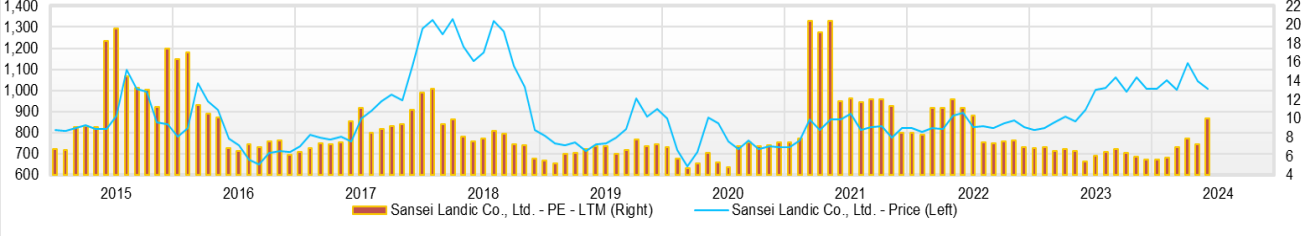
Source: Omega Investment from company materials

Share price

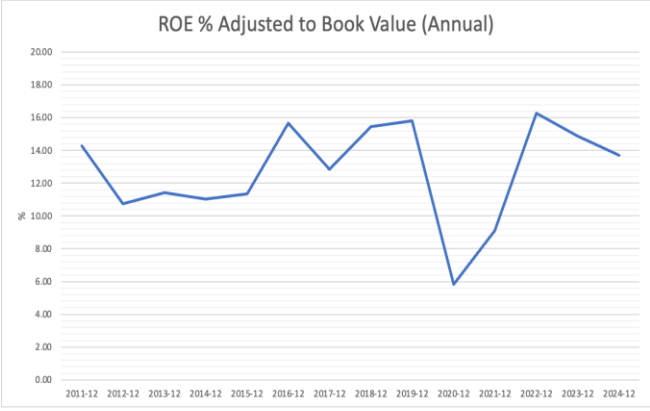
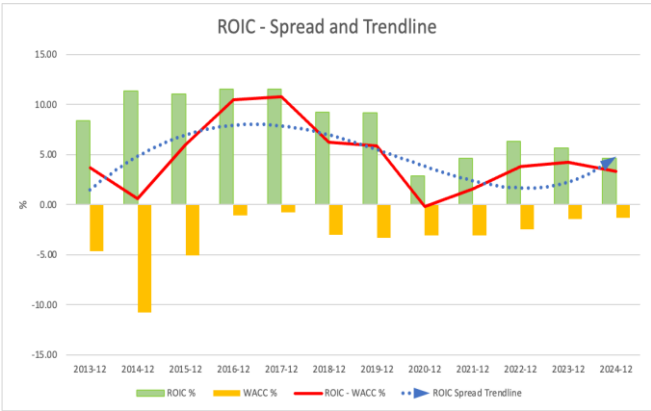
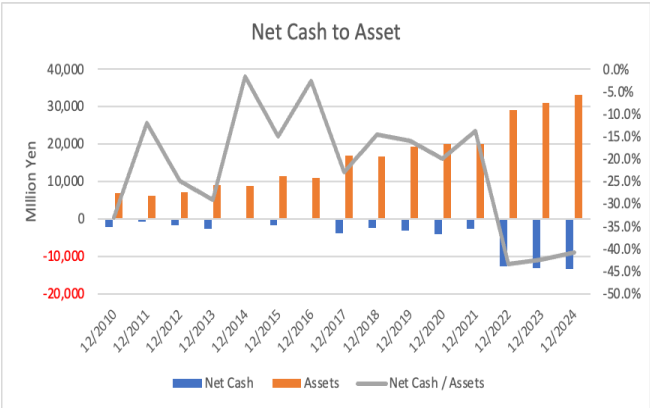
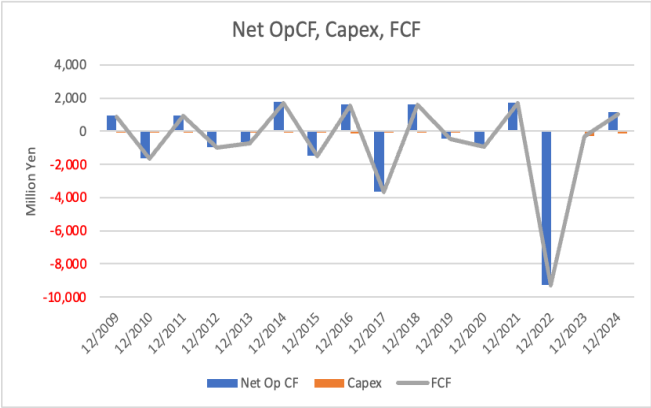
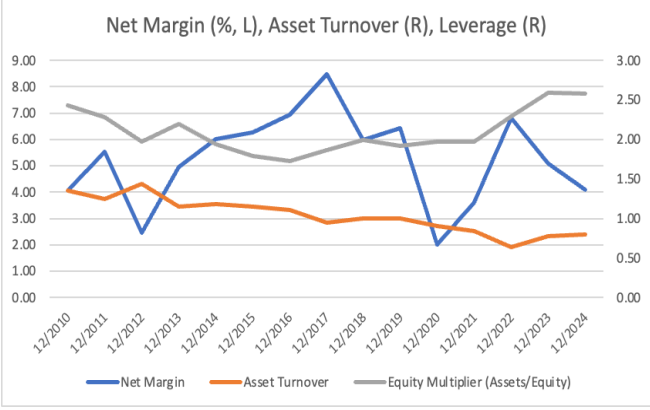
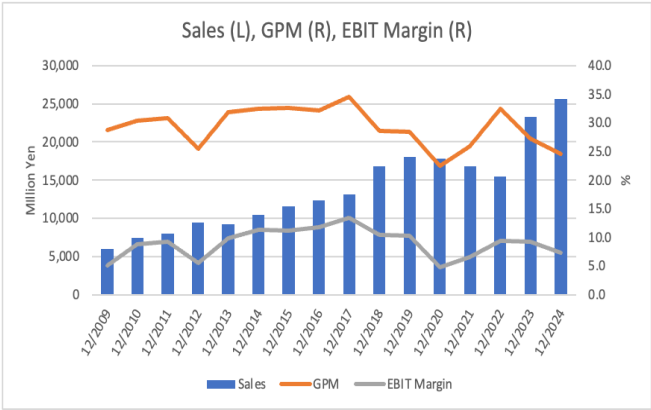
Share Price (5Y)



Share Price and PER (10Y)



Financials



Source: Omega Investment from company materials

Financial data (quarterly basis)

Unit: million yen	2023/12				2024/12				2025/12
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
(Income Statement)									
Sales	6,486	5,494	7,485	3,804	7,207	5,785	8,358	4,270	8,848
Year-on-year	45.9%	47.6%	141.8%	-11.0%	11.1%	5.3%	11.7%	12.3%	22.8%
Cost of Goods Sold (COGS)	4,320	3,858	5,681	3,067	5,521	4,228	6,448	3,122	5,842
Gross Income	2,166	1,635	1,803	737	1,686	1,558	1,910	1,149	3,006
Gross Income Margin	33.4%	29.8%	24.1%	19.4%	23.4%	26.9%	22.9%	26.9%	34.0%
SG&A Expense	1,048	1,097	1,128	914	1,115	1,102	1,125	1,077	1,200
EBIT (Operating Income)	1,118	539	676	-177	571	455	785	72	1,806
Year-on-year	150.0%	15.6%	135.5%	-165.8%	-49.0%	-15.5%	16.2%	-140.5%	216.6%
Operating Income Margin	17.2%	9.8%	9.0%	-4.7%	7.9%	7.9%	9.4%	1.7%	20.4%
EBITDA	1,145	559	692	-161	587	476	806	92	1,827
Pretax Income	1,046	378	587	-254	493	369	728	-4	1,728
Consolidated Net Income	684	256	387	-144	328	245	485	-7	1,175
Minority Interest	0	0	0	0	0	0	0	0	0
Net Income ATOP	684	256	387	-144	328	245	485	-7	1,175
Year-on-year	82.2%	-24.4%	97.9%	-195.1%	-52.0%	-4.0%	25.2%	-94.9%	258.2%
Net Income Margin	10.5%	4.7%	5.2%	-3.8%	4.6%	4.2%	5.8%	-0.2%	13.3%
(Balance Sheet)									
Cash & Short-Term Investments	3,569	4,266	5,388	3,770	4,479	4,988	4,728	5,013	5,788
Total assets	29,627	30,777	30,632	30,976	30,487	30,561	29,940	33,107	31,353
Total Debt	16,061	16,520	16,262	16,879	16,787	16,211	15,595	18,506	15,747
Net Debt	12,493	12,254	10,874	13,109	12,308	11,223	10,867	13,493	9,959
Total liabilities	18,064	18,944	18,412	18,899	18,354	18,163	17,173	20,349	17,712
Total Shareholders' Equity	11,563	11,833	12,220	12,077	12,133	12,398	12,768	12,759	13,641
(Profitability %)									
ROA	5.50	4.81	5.08	3.95	2.75	2.66	3.02	3.28	6.14
ROE	12.43	11.42	12.79	10.23	6.98	6.74	7.32	8.46	14.73
(Per-share) Unit: JPY									
EPS	83.5	31.0	47.0	-17.4	39.8	29.7	58.6	-0.9	142.4
BPS	1,406.1	1,435.9	1,482.9	1,465.5	1,472.3	1,501.2	1,542.9	1,541.8	1,665.9
Dividend per Share	0.00	0.00	0.00	33.00	0.00	16.00	0.00	25.00	0.00
Shares Outstanding (Million shares)	8.58	8.58	8.58	8.58	8.58	8.58	8.58	8.58	8.58

Source: Omega Investment from company materials

Financial data (full-year basis)

Unit: million yen	2014/12	2015/12	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12
(Income Statement)											
Sales	10,446	11,569	12,300	13,099	16,833	18,020	17,775	16,836	15,533	23,269	25,620
Year-on-year	13.7%	10.8%	6.3%	6.5%	28.5%	7.1%	-1.4%	-5.3%	-7.7%	49.8%	10.1%
Cost of Goods Sold	7,055	7,798	8,344	8,566	12,028	12,902	13,788	12,468	10,486	16,927	19,318
Gross Income	3,391	3,770	3,957	4,532	4,805	5,119	3,986	4,368	5,047	6,342	6,302
Gross Income Margin	32.5%	32.6%	32.2%	34.6%	28.5%	28.4%	22.4%	25.9%	32.5%	27.3%	24.6%
SG&A Expense	2,204	2,216	2,295	2,434	2,702	2,891	2,750	2,877	3,031	3,569	4,420
EBIT (Operating Income)	1,187	1,300	1,446	1,762	1,766	1,861	847	1,118	1,469	2,155	1,883
Year-on-year	31.6%	9.6%	11.2%	21.9%	0.2%	5.4%	-54.5%	31.9%	31.5%	46.7%	-12.6%
Operating Income Margin	11.4%	11.2%	11.8%	13.5%	10.5%	10.3%	4.8%	6.6%	9.5%	9.3%	7.3%
EBITDA	1,260	1,406	1,532	1,833	1,822	1,912	896	1,161	1,517	2,236	1,962
Pretax Income	1,044	1,196	1,329	1,672	1,539	1,759	712	1,004	1,270	1,756	1,585
Consolidated Net Income	626	724	854	1,111	1,007	1,159	358	609	1,060	1,183	1,051
Minority Interest	0	0	0	0	0	0	0	0	0	0	0
Net Income ATOP	626	724	854	1,111	1,007	1,159	358	609	1,060	1,183	1,051
Year-on-year	37.5%	15.6%	17.9%	30.2%	-9.4%	15.1%	-69.1%	70.5%	73.9%	11.6%	-11.2%
Net Income Margin	6.0%	6.3%	6.9%	8.5%	6.0%	6.4%	2.0%	3.6%	6.8%	5.1%	4.1%
(Balance Sheet)											
Cash & Short-Term Investments	2,276	2,254	2,435	3,558	3,594	4,134	4,330	5,361	3,837	3,770	5,013
Total assets	8,793	11,398	10,833	16,916	16,777	19,294	20,071	20,051	28,977	30,976	33,107
Total Debt	2,414	3,958	2,712	7,439	6,048	7,203	8,342	8,108	16,399	16,879	18,506
Net Debt	139	1,704	277	3,881	2,454	3,069	4,012	2,747	12,562	13,109	13,493
Total liabilities	3,531	5,363	3,977	8,909	7,869	9,399	10,004	9,749	17,921	18,899	20,349
Total Shareholders' Equity	5,262	6,034	6,856	8,006	8,908	9,895	10,067	10,302	11,056	12,077	12,759
(Cash Flow)											
Net Operating Cash Flow	1,761	-1,451	1,611	-3,666	1,617	-420	-917	1,705	-9,268	-12	1,143
Capital Expenditure	91	58	111	57	66	61	21	40	28	304	138
Net Investing Cash Flow	-111	-116	-184	107	-64	-71	-288	-51	-267	-766	-715
Net Financing Cash Flow	-612	1,588	-1,278	4,667	-1,495	984	953	-608	7,971	303	1,223
Free Cash Flow	1,697	-1,491	1,536	-3,692	1,572	-446	-923	1,682	-9,282	-291	1,049
(Profitability %)											
ROA	7.07	7.17	7.68	8.01	5.98	6.42	1.82	3.04	4.32	3.95	3.28
ROE	13.72	12.82	13.24	14.96	11.90	12.32	3.58	5.98	9.93	10.23	8.46
(Per-share) Unit: JPY											
EPS	90.2	90.1	104.9	134.4	119.6	137.1	42.3	73.6	129.6	143.8	127.2
BPS	664.8	744.2	841.3	958.0	1,054.5	1,170.2	1,192.9	1,249.5	1,356.8	1,465.5	1,541.8
Dividend per Share	6.00	10.00	12.00	18.00	21.00	23.00	25.00	26.00	28.00	33.00	41.00
Shares Outstanding (Million shares)	7.91	8.11	8.15	8.35	8.45	8.46	8.47	8.47	8.49	8.58	8.58

Source: Omega Investment from company materials



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