



Strategic Capital

株式会社 ストラテジックキャピタル

# **Background and Overview of the Shareholder Proposal to Goldcrest Co., Ltd. (8871)**

**Strategic Capital, Inc.**

**April 24, 2025**

# Executive Summary

## ① Disclosure on independence of outside directors from controlling shareholder

- **Include information on the independence from controlling shareholder in nominations for outside director/audit & supervisory board members**
- **Information to include**
  - ✓ Required: If the nominee was an officer or employee of a business partner who previously had an annual transaction of JPY 1B or more with the controlling shareholder.
  - ✓ To include: Name of business partner, details of transaction, importance of business partner

## ② Decide year-end dividend at the AGM

- **Revision to Articles so that, in principle, the decision on the year-end dividend to be made at the AGM**

## ③ Pay dividends equal to the larger of 8% DOE or 100% payout ratio

- **Dividend for the full year to be JPY316 (interim dividend of JPY40 + year-end dividend of JPY276)**
  - ※ Subject to the passage of proposal ②

(Note: This material contains only a summary of the shareholder proposal.) For more details, please refer to the Notice of Convocation of the General Meeting of Shareholders. )

# 1 Disclosure on independence of outside directors from controlling shareholder (Concerns about the independence of Tsumura and Tanaka)

- Relationship between Tsumura Law Office (where Tsumura works) and Takenaka Corp (where Tanaka works), and the controlling shareholder is unclear, making it difficult for minority shareholder to ascertain candidates' appropriateness.
- If the listing is to be maintained, any relationship between the outside directors, who represent minority shareholders, and the controlling shareholder should be made clear.

## Notice of Convocation of the June 2024 General Meeting

3	Masao Tsumura (May 17, 1954)	April 1985	Registered as an attorney at law and joined Tokyo Bar Association Joined Kyuzaburo Hino Law Office	100
		September 1994	Established Tsumura Law Office (current position)	
		June 2012	Director of the Company (current position)	
		[Significant concurrent positions] Director of Tsumura Law Office		
4	Ryukichi Tanaka (March 13, 1950)	April 1974	Joined TAKENAKA CORPORATION	0
		March 2010	Managing Officer and General Manager of Design Division	
		March 2012	Executive Managing Officer	
		March 2015	Senior Executive Managing Officer	
		March 2018	Adviser	
		June 2022	Director of the Company (current position)	

Tsumura / Tanaka is related to  
Tsumura Law Office / Takenaka Corp

Company declares that the candidates are  
independent

No information supporting case that  
candidate is independent

3. Only mentions Tsumura and Tanaka are candidates for outside director
4. Mentions why they were selected as candidates
5. Exemption from liability limitation assuming no negligence
6. That they will be registered at the TSE as independent directors.

1. There are no special interests between each of the above candidates and the Company.
2. Mr. Hidetoshi Yasukawa falls under the category of "Parent Company, etc." of the Company. He is concurrently serving as Director of MYU ASSET Corporation from March 2003 and Representative Director of MYU ASSET Co., Ltd. from November 2014 due to an organizational change.
3. Mr. Masao Tsumura and Mr. Ryukichi Tanaka are candidates for Outside Director.
4. The reasons for nomination as candidates for Outside Director and their expected roles are as follows:  
Mr. Masao Tsumura has never been involved in corporate management other than as an Outside Director, however he has deep insight into corporate legal affairs and management practice which has been acquired in his many years of legal practice as an attorney at law, and he can be expected to supervise management from an independent and objective perspective for ensuring and improving the appropriateness of the Company's business operations.  
The term of office of Mr. Masao Tsumura as Outside Director of the Company will be twelve years at the conclusion of this General Meeting of Shareholders.  
Mr. Ryukichi Tanaka has expertise in design and managerial experience in other company, and he can be expected to give advice on the overall management of the Company.  
The term of office of Mr. Ryukichi Tanaka as Outside Director of the Company will be two years at the conclusion of this General Meeting of Shareholders.
5. The Company has entered into an agreement with Mr. Masao Tsumura and Mr. Ryukichi Tanaka to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act, under which the said liability shall be limited to the minimum amount stipulated by Article 425, Paragraph 1 of the Companies Act, provided that they performed their duties in good faith and without gross negligence. In the event that they are reelected, the Company plans to continue the said liability limitation agreement with them.
6. The Company has submitted notification forms to the Tokyo Stock Exchange to register Mr. Masao Tsumura and Mr. Ryukichi Tanaka as Independent Directors as stipulated by the Exchange.

(Source: Excerpt from the Company's notice of convocation of the General Meeting of Shareholders)

## ② Decide year-end dividend at the AGM (Concerns about the taxation of retained earnings)

- Given taxation on retained earnings and its financial situation, in principle, the Company should not retain earnings
- However, without explaining the reason, the Company has retained earnings and as a result been subject to AET\*
- If the Company is to remain listed, it should ask general shareholders whether it is appropriate to retained earnings internally and be subject to AET.

### AET over time

(JPY 100m)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Net income (NI) (if not AET)	20	42	55	69	54	76	43	76	70	38
Actual net income (after AET)	20	42	52	63	54	74	43	74	69	38
<b>AET amount</b>	<b>0.1</b>	<b>NC</b>	<b>2.2</b>	<b>5.2</b>	<b>NC</b>	<b>1.7</b>	<b>0.3</b>	<b>2.1</b>	<b>1.3</b>	<b>NC</b>
<i>AET as a % of NI</i>	0.5 %	NC	4.2 %	8.2 %	NC	2.3 %	0.8 %	2.8 %	1.8 %	NC

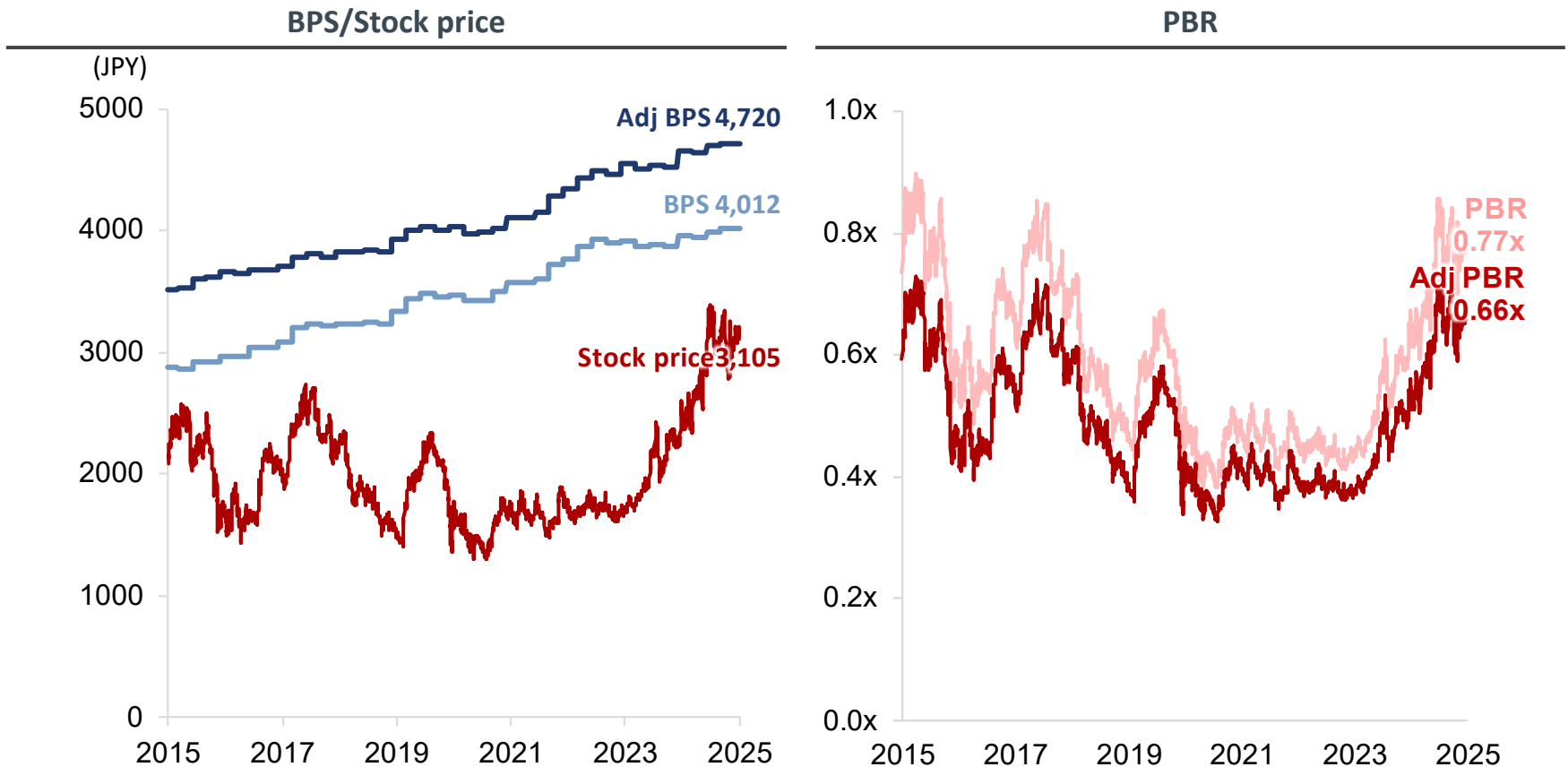
\*AET (Accumulated Earnings Tax) :To curb excessive income tax savings from individual corporate owners, the AET imposes an additional tax on the after-tax profits of family-owned companies when retained earnings exceeding a certain amount meet certain conditions.

**More than JPY1.3B in AET over past 10 years**

(Source - Annual Securities Reports. AET is estimated based on the retained earnings tax burden ratio disclosed as a reconciliation of the statutory tax rate to consolidated income before income taxes.  
NC is used where the tax burden rate of retained earnings is not disclosed.

### ③ Pay dividends equal to the larger of 8% DOE or 100% payout ratio (Sluggish stock price)

- BPS has been rising steadily, but stock price has been stagnant for a long time
- As a result, PBR has remained stagnant at a level below 1x



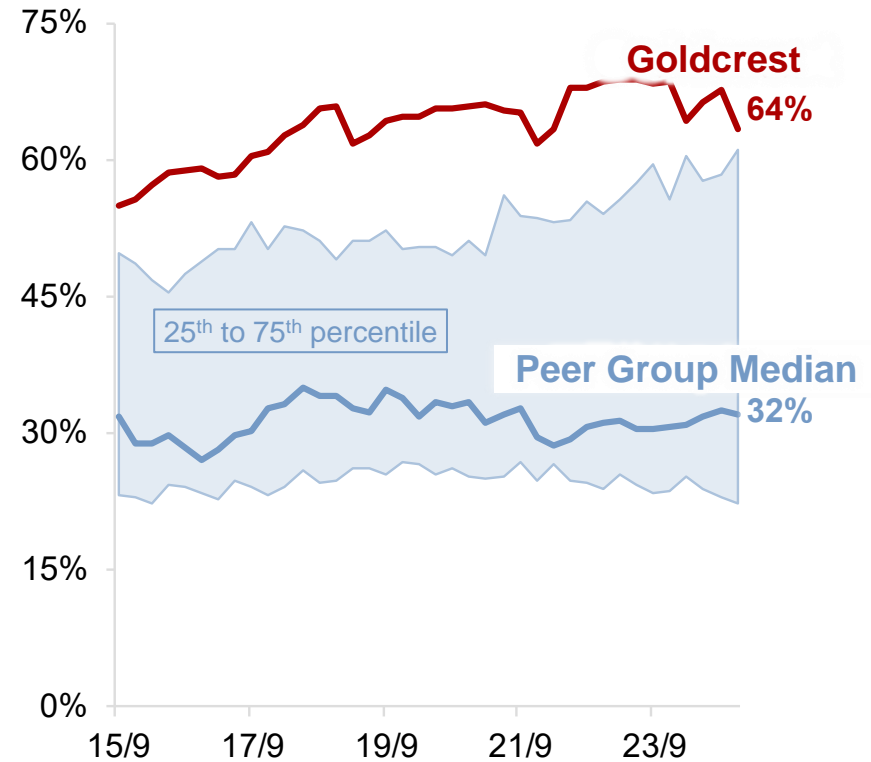
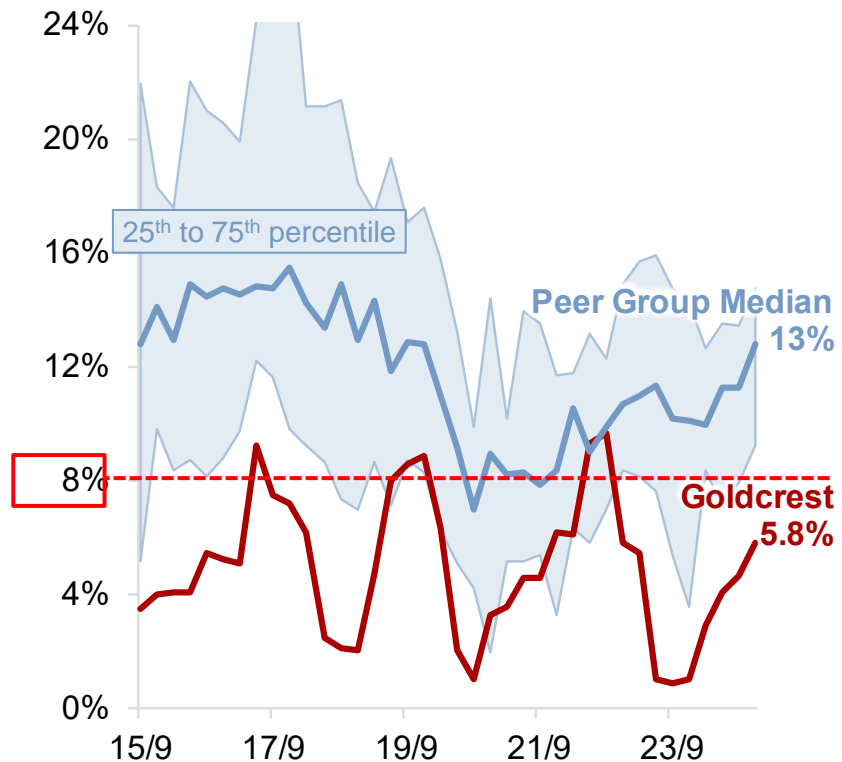
Source: QUICK Workstation (Astra Manager), as of March 31, 2025. adj. BPS and adj. PBR are calculated by adding the after-tax unrealized gains on real estate for lease, sale, and sale in process.

### ③ Pay dividends equal to the larger of 8% DOE or 100% payout ratio (ROE too low/shareholder equity ratio too high)

- While ROE has persistently trailed the 8% minimum threshold for listed companies, the company's equity ratio markedly exceeds industry peers—signaling an over-capitalized balance sheet.
- If the Company is to remain listed, it must adopt a reasonable capital-allocation policy to maximize shareholder value.

ROE

Shareholder equity ratio



Source: QUICK Workstation (Astra Manager) . Companies in the same industry were compiled for 26 listed companies that have been listed continuously since 2015 and have been classified as "condominium development and condominium sales" in the Nikkei NEEDS industry.

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