

Sun Frontier Fudousan Co., Ltd.
Summary of Main Questions and Answers
at FY2026/3 1Q Financial & Business Results Presentation

Date and Time: Friday, August 8, 2026, 13:00–14:00

Respondent: Seiichi Saito, President & CEO

[Q1]

In the Real Estate Revitalization Business, progress on the procurement of replanning properties for FY2026 has reached 36.0 billion yen so far, against the full-year target of 55.0 billion yen, which appears to be faster than in the previous fiscal year. What types of properties are you purchasing? Also, has the expansion into new office development projects and residential projects as part of your growth strategy contributed to this increase in procurement?

[A1]

We have not engaged in any M&A or large-scale property acquisitions; rather, consistent with past practice, we have steadily accumulated properties in areas and price ranges where we can add value, resulting in strong procurement progress. Specifically, we have acquired projects in the five central wards of Tokyo, each ranging from 500 million to 3.0 billion yen. In addition, our expansion into properties for new office development and residential projects has also contributed to the increase in procurement.

[Q2]

As part of your growth strategy, you have been diversifying into the residential business. Do you have any strengths in this field that leverage your track record in set-up offices (offices with interior furnishings), which is one of your core competencies? Also, in the current environment of rising construction costs, is it correct to assume that rent increases can offset these higher costs?

[A2]

In the residential business, we are undertaking development projects where we can demonstrate our unique strengths. For example, in New York, we are improving plumbing facilities to enhance tenant satisfaction. In development projects in Tokyo, we are working on soundproof-type condominiums to differentiate from standard rental apartments. Rent levels are also higher than those of typical rental apartments, enabling us to absorb rising construction costs and still position these as attractive investment projects.

[Q3]

Regarding the office leasing market, we have heard from other real estate companies that a polarization is taking place between S/A-class buildings and B-class buildings. What is the current leasing situation for B-class buildings?

[A3]

Even among B-class buildings, polarization is progressing. Properties like ours—for which we have undertaken significant enhancements such as set-up offices—are seeing an upward trend in rents. We believe such offices are meeting the needs of companies focused on attracting talent.

[Q4]

In the conference room rental business, monthly sales per tsubo rose significantly from 37,040 in FY2025 to 51,487 in the first quarter of FY2026. What is driving this increase?

[A4]

The spring season is the busiest period of the year for the conference room rental business, and this seasonality is the main factor behind the increase.

[Q5]

Please tell us your outlook for the gross profit margin in the Replanning Business. Are there any impacts from the recent rise in construction costs?

[A5]

We expect no sharp increases in interest rates going forward and also anticipate no significant rise in CAP rates. While rising construction costs do have some impact, we believe we can maintain our expected gross profit margin through improvements in NOI supported by higher rental income, as well as through various customer-oriented initiatives.

[Q6]

Your business performance seems to be progressing well at present. Under your growth strategy in the medium-term management plan, which includes expansion into the Osaka area and residential development, is the securing of employees progressing smoothly?

[A6]

Our hiring plan is generally on track, and in businesses such as hotels and tourism, we are actively recruiting foreign nationals. Alongside hiring, we also place particular emphasis on post-recruitment training, investing considerable amount of time, financial resources, and energy. We believe the key point is how effectively we can develop employees into the type of talent we envision for our company.

[Q7]

In the hotel business, some companies are establishing new subsidiaries to secure foreign employees. Has your company introduced any measures for securing talent?

[A7]

In 2023, we established SF Human Support Co., Ltd., a subsidiary that supports the employment of specified skilled workers and others, to help secure personnel for our hotel and construction divisions.

[Q8]

In the hotel business, you categorize properties as LUXURY, UPPER MIDDLE, and ECONOMY. In future hotel development, which segments do you aim to expand?

[A8]

Hotels that we develop from the ground up are mainly operated under our “Hiyori Hotel” or “Tabino Hotel” brands, with new openings focused on areas where both business and leisure demand can be expected.

“Hiyori Hotel” properties are positioned as urban resorts, while “Tabino Hotel” properties are positioned as regional revitalization hotels that create vibrancy in the local community, in collaboration with local stakeholders including government.

Going forward, rather than offering a uniformly low-priced service, we will focus on providing high value-added, heartwarming and enjoyable hotels for LUXURY and UPPER MIDDLE guests—hotels that deliver smiles and memorable experiences to our customers.