

Sun Frontier Fudousan Co., Ltd.
Summary of Main Questions and Answers
at FY2026/3 2Q Financial & Business Results Presentation

Date and Time: Tuesday, November 11, 2025, 13:00–14:00

Respondent: Seiichi Saito, President and CEO

【Q1】

Regarding the Flow-Type Business, which generates profit through property sales, the progress rate including signed contracts stands at 54%. While this is higher than the previous fiscal year, it appears slightly behind compared with two years ago. Have you observed any changes in the market environment for property sales and purchases toward the second half of the fiscal year?

【A1】

The property sales in the Flow-Type Business are progressing smoothly in line with our initial plan, maintaining a high profit margin. We do not see any particular concerns regarding the sales and purchase market environment in the second half of the fiscal year.

【Q2.】

In the Real Estate Revitalization Business, it appears that property acquisitions in New York increased in the first half. Was this due to a deliberate strengthening of procurement during this fiscal year, or was it a one-time event? In addition, with the inauguration of the new mayor in New York and movements toward rent stabilization for residential properties, do you expect any impact on property sales?

【A2】

We acquired about three to four properties in New York during the first half, while also proceeding with sales in parallel. This does not represent an acceleration in acquisitions; we are operating at our usual pace. The new mayor has pledged to strengthen rent control measures, and we will carefully monitor future legislative developments.

However, in New York's residential market, the Housing Stability and Tenant Protection Act of 2019 already imposes certain restrictions on rent increases for many properties. Therefore, we consider the impact of the new mayor's policies to be limited.

In addition, sales from our New York business account for less than 10% of total property sales revenue, so the overall impact on the Group's performance is limited. Since 2019, we have maintained a policy of acquiring properties with a low ratio of rent-regulated units subject to this law.

【Q3】

Is it correct to understand that the target customers for the New York Apartment Replanning Business are mainly Japanese clients? Also, while real estate companies in the U.S. are struggling with property sales, could you tell us the factors that have enabled your company to continue achieving steady sales?

【A3】

Yes, the buyers in our Apartment Renovation Business in New York are primarily affluent Japanese clients. Given that these are rare apartment properties located in Manhattan, they are highly valued for their long-term asset potential rather than for short-term gains. This sustained appreciation of their long-term value has been a key factor enabling us to achieve steady sales.

【Q4】

Regarding the Rental Conference Room Business within the Real Estate Service segment, could you share your store expansion strategy going forward? The presentation materials indicate that Shibuya Ward is not yet included as a target area—could you elaborate on your area strategy?

【A4】

We have been increasing our number of locations mainly around major terminal stations in Tokyo, such as Tokyo, Shinagawa, and Hamamatsucho. Based on customer needs, we are expanding floor space within the same buildings or opening additional locations nearby. Going forward, we plan to open more locations in areas such as Shinjuku and Shibuya.

【Q5】

How much contribution to consolidated earnings do you expect from the Otake Kenso Group, which joined the Group in October under the Construction Business?

【A5】

We plan to include the Otake Kenso Group's performance in our consolidated results starting from the third quarter. As its annual sales are around 5 billion yen, the impact on this fiscal year's consolidated results is expected to be limited.

【Q6】

In the Residential Development Business, construction cost inflation seems to be continuing, and I understand that you are offsetting the impact through differentiation and higher rents compared to competitors. Could you elaborate on your strengths in differentiation and how profit margins compare with those in the Replanning Business?

【A6】

In the Residential Development Business, we mainly develop soundproof one-room units. Supported by strong demand from customers who value soundproofing—such as those who enjoy music or seek studio functionality—we expect to secure higher rent levels than neighboring properties.

As for profit margins, while the gross profit margin in the Replanning Business is typically around 25–30%, we expect margins of approximately 20–25% for newly built residential properties. However, as these properties are still under construction and there are no sales cases yet, these figures are based on plan estimates.