Sun Frontier Fudosan Co., Ltd.
Summary of Main Questions and Answers
at FY2027/3 the First Quarter Financial & Business Results Presentation

Date & Time: August 7, 2026 (Friday) 13:00 – 14:00
Respondent: Seiichi Saito, President and CEO

【Q1】
The acquisition of NY properties is expanding, and asset diversification is progressing. Please tell us the factors behind the strong progress in acquisitions, and whether there have been any changes to your acquisition criteria, such as relaxing or tightening them

【A1】
Regarding acquisitions, we conduct our sourcing activities with a focus on the quality, quantity, and speed of real estate information. The enhanced information-gathering capabilities at each point of contact, including sales, leasing, and PM, have contributed to the strong progress in acquisitions.
We have not relaxed our acquisition criteria; as before, we rigorously assess location and the potential for value creation. As we are in a rising interest rate environment, we carry out carefully selected property acquisitions, taking a conservative view of the room for rent increases and the price outlook at the time of sale.

As for our apartment redevelopment business in New York, the track record we have built up to date has raised our local profile in New York and strengthened relationships with local business partners. The resulting increase in property information is the main factor behind our acquisition progress.

【Q2】
Regarding the capital and business alliance with Itochu Corporation, please share the progress of the alliance's effects and any challenges.

【A2】
We are currently advancing four joint projects with Itochu Corporation, and some acquisitions have resulted from information provided by Itochu. In addition, there are several properties we plan to work on going forward, some of which materialized through relationships with Itochu's

business partners.

As it has not been long since the alliance began, we are currently at a stage of confirming each other's approaches, mainly on small- to medium-sized projects. However, we do not feel any particular discomfort with Itochu's speed of project evaluation, purchasing perspective, or business approach, and we recognize that we are advancing projects smoothly. Furthermore, regarding larger-scale projects, which is one of the aims of the alliance, there are projects approaching the contract stage, and we will continue to create further alliance effects going forward.

【Q3】

In property sales, the progress in net sales is high relative to gross profit. Please tell us whether you prioritized the sale of lower-margin projects.

【A3】

We are not prioritizing the sale of lower-margin properties. Within our annual sales plan, we confirm the progress of product development and align expectations with prospective buyers, balancing the profit margin and sales progress of each project. In some cases, we respond flexibly, such as by bringing forward the timing of sales.

【Q4】

We hear that major developers are entering the real estate redevelopment business. Please tell us whether there have been any changes in the competitive environment.

【A4】

The properties handled by major developers differ from those we handle in terms of location and scale, so cases of direct competition are not common. As for set-up offices, while there are some examples of major players beginning to engage in this area, we have accumulated more than ten years of track record and know-how. We believe we have competitiveness in product development and leasing that reflects property characteristics and tenant needs. Therefore, at this point, we do not regard the entry of major players as a strong threat.

【Q5】

Please tell us about securing prospective tenants for set-up offices and about building connections with startup companies.

【A5】

We are working to build multi-layered connections with startups and growth companies by utilizing FRONTIER PITCH TOKYO for Startups, social media, and our proprietary website (Officci). As a result, cases of end tenants moving into our properties via direct routes are increasing, and we feel a certain degree of positive response. On the other hand, there is still significant room for reinforcement, and we will continue to work on enhancing our customer-attraction capabilities and expanding our customer base.

【Q6】

Please tell us whether there have been any changes in buyers' investment stances or yield expectations due to rising interest rates, particularly the trends among overseas investors, including those in Taiwan, and the possibility of expanding sales channels through the alliance with Itochu Corporation.

【A6】

Although there are observations that views on expected yields are becoming more stringent due to rising interest rates, for the properties we sell, the yield outlook at the time of sale has not risen significantly. Real estate purchase decisions are determined not only by yield but also by a variety of factors, such as the nature of the property and the buyer's needs. Therefore, we believe that as long as we carry out solid sales activities, we will not be unilaterally swayed by rising interest rates.

As for Taiwanese investors, partly due to geopolitical factors, exchange rate levels, and the strong performance of Taiwanese companies, we continue to sense strong investment demand.

Regarding the expansion of sales channels through cooperation with Itochu Corporation, we have expectations for broader sales channels as we advance joint sales going forward.

【Q7】

Please tell us about your areas of focus and priorities in M&A. Also, is there a possibility of pursuing M&A jointly with Itochu Corporation？

【A7】

Our policy is to achieve growth in the three markets of "Office," "Hotel," and "Residential" by combining our manufacturing (value-creation) capabilities with our operational capabilities. Regarding the construction business, in which we have conducted M&A to date, we consider it important from the perspective of manufacturing that enhances the value of real estate, and we continue to view it as a target area for M&A. In addition, we will increase the number of guest rooms under operation by continuously conducting M&A in the hotel business. In the residential field, through the current M&A of the Aeras Group, we will incorporate leasing capabilities and extend the integrated leasing, management, and redevelopment model—built up in the office field—to the rental housing field.

We are not currently considering any M&A projects jointly with Itochu Corporation, but if joint investment opportunities arise in the future, we would like to consider them.