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

Date & Time: November 10, 2026 (Tuesday) 13:00 – 14:00
Respondent: Seiichi Saito, President and CEO

【Q1】
Please explain the factors behind the strong progress in property acquisitions.

【A1】
Our property acquisition plan is already nearly 95% complete. This does not mean that the acquisition environment has improved. As before, we carefully assess the potential to create added value in each project and selectively acquire properties that meet our criteria. Assigning personnel with experience in leasing and property management to the Replanning Business has strengthened our information-gathering capabilities and response speed, contributing to steady acquisition progress. The joint projects being pursued with ITOCHU Corporation currently comprise seven projects with a total business scale of approximately ¥30.0 billion, of which our share is approximately ¥20.0 billion. The alliance has also increased access to information and investment opportunities for larger-scale projects than before, which is another factor contributing to the expansion of acquisitions.

【Q2】
Please explain the main client segments and purposes of use in the Rental Conference Room Business, the reasons for the increase in average spending per client, and how you intend to promote collaboration with other real estate services going forward.

【A2】
Our main users are corporate clients, who frequently use our facilities for large meetings, training sessions, general meetings of shareholders, and other events. Many companies that have used our facilities once continue to use them for company-wide meetings and regular meetings. The increase in repeat clients has contributed to higher occupancy rates and average spending per client. The penetration of the price revisions implemented during the current fiscal year has also contributed to the increase in unit prices. At present, the Rental Conference Room Business is operated mainly as a stand-alone business. Going forward, however, we will further strengthen collaboration within the Group. For example, we are currently enhancing our CRM system and intend to make effective use of customer information to promote cross-referrals within the Group.

【Q3】

Please explain your future expansion strategy for the Rental Conference Room Business, including whether you intend to prioritize expanding operating space and opening facilities in areas with lower unit prices.

【A3】

We will not open new facilities solely for the purpose of expanding operating space. We will carefully select locations in areas with strong client demand while considering profitability. We will continue to expand our network primarily in locations that are highly convenient for clients, including areas along and within the Yamanote Line and around major terminal stations. In addition, although no specific project has been decided at this time, we would like to consider opening facilities in Osaka in the future, in response to our client requests.

【Q4】

Please explain how you are responding to rising construction costs and interest rates in new office building development projects.

【A4】

While taking into account rising construction costs and interest rates, we carefully assess the feasibility of each project in light of rising office rents. In some cases, we may sell acquired development projects after completing tenant move-outs, rights adjustments, and other procedures necessary to make the site ready for construction. As the market environment evolves, we remain flexible in our approach and may sell projects before completion, taking into account the balance between profitability and risk.

【Q5】

Please explain the background to the strong progress in property sales.

【A5】

From the first half, we have focused on bringing forward property sales and have strengthened efforts to secure buyers from the product development stage, including commencing sales activities for new building development projects before completion. Continued inflows of funds into the real estate market and the resulting favorable transaction environment have also supported the strong progress in sales.

We are also promoting collaboration on property sales with the ITOCHU Group, including ITOCHU

REIT Management Co., Ltd., and the benefits of the alliance are beginning to be realized in our exit strategies.

【Q6】

Please explain trends in inbound demand in the Hotel and Tourism Business.

【A6】

Although the proportion of guests from China has declined from previous levels, demand from Europe, the United States, Taiwan, South Korea, and other markets has increased. Demand from these countries and regions has offset the decline in demand from China, and overall accommodation demand remains solid. Going forward, we will continue to strengthen sales activities in overseas markets by deepening collaboration with local travel agencies and participating in overseas travel fairs and events.

【Q7】

Please explain your current assessment and future initiatives for improving ROE and ROIC.

【A7】

Under our medium-term management plan, we target ROE of 14% or higher and will aim for an even higher level going forward. In the current fiscal year, the increase in shareholders' equity resulting from the third-party allotment of shares associated with the capital and business alliance with ITOCHU Corporation is expected to temporarily lower ROE. We are actively investing the funds raised, resulting in an increase in inventories and projects in progress. We will improve ROE and ROIC by steadily advancing the product development and sale of these properties and translating these activities into profit growth. We also consider it important to increase the asset turnover ratio. By bringing forward property sales and shortening business periods while securing profits, we aim to achieve profitability that exceeds our cost of capital and funding costs.