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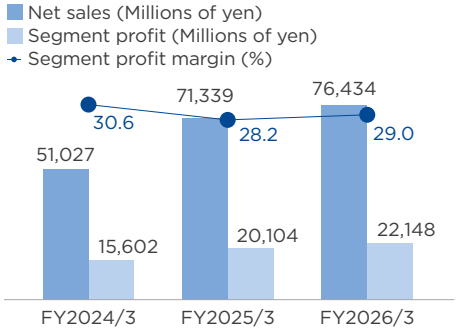
Real Estate Revitalization Business

We will unlock the true potential of real estate by creating high added value with an eye to the future, and vigorously promote community development that contributes to revitalizing local communities through the expansion of Setup Offices and other initiatives.

Kenji Honda
Senior Executive Officer, Division Director of Asset Management Division

High Value Creation and Sales of Large-Scale Properties Drive Performance

In the fiscal year ended March 2026, although the number of properties sold declined year on year, sales of large-scale properties and improved profitability on each property drove increases in both net sales and profit. Net sales reached 76.4 billion yen up 7.1% year on year, and segment profit was 22.1 billion yen, up 10.2%. Office demand exceeded our expectations, supported by rising rents. We are capitalizing on this market environment and improving profitability by increasing added value at every stage, from property acquisition through revitalization and sale.



Demand also remains strong for our Setup Offices, which we began offering in 2013 ahead of the industry. By providing offices with sophisticated interiors and certain equipment and furniture already installed, enabling tenants to begin work immediately with little more than a computer, we meet demand for expansion and relocation in line with companies' growth.

Our fractional real estate ownership products also provide socially beneficial facilities such as medical malls and childcare centers. Their stable operations and the reassurance offered by geographic diversification of real estate assets have earned continued support from investors.

Risk Management and Optimization of Capital Turnover in a Rapidly Changing Environment

The current business environment presents increasingly evident challenges, including inflation-driven increases in construction material prices, delivery delays, and rising interest rates. Unit costs rise each time we obtain a construction estimate, creating a severe operating environment. We are working to overcome this cost gap by adding exceptional value to the properties we provide.

To achieve our management targets of an equity ratio of 45% and ROE of 14%, we are optimizing capital turnover by shortening project periods. When a tenant has decided to vacate, we advance the design and layout work so renovation can begin immediately after the space becomes vacant. We also act ahead of schedule by conducting leasing activities during renovation using perspective renderings. In addition to the profitability of each property, we focus on how efficiently capital can be redeployed into the next project, thereby accelerating the pace of our business.

Our apartment replanning business in New York, launched in 2018, is also progressing steadily. This is a rapidly changing market where even the legal approach may shift with a change of mayor. By gathering timely, practical information through our network of local representatives and specialists, and learning through repeated trial and error, we have strengthened our ability to address country risk.

Internalizing the Supply Chain and the Community Development We Aim to Achieve

Looking ahead, with our core strength in real estate revitalization, we will jointly undertake larger-scale projects through our capital and business alliance with ITOCHU Corporation. Our expansion of Setup Offices into Osaka, long regarded as a market where rents would not rise, has also generated a very positive response and a strong sense of traction. Going forward, we will broaden our scope to include rental residences with added value such as soundproofing and pet-friendly features, as well as new development. Toward achieving our Long-Term Vision 2035, we will develop offices and residences as two robust pillars of growth.

The Otake Kenso Group joined us last year, further strengthening the internal construction supply chain that we have expanded through M&A since 2019. As partners sharing the same aspiration to create smiles for people, we will exchange candid views and leverage flexible responses to shorten construction periods and control costs.

Our goal is community development that goes beyond revitalizing individual properties. By transforming underutilized real estate into assets with more than 100% of their potential value, we seek to change the flow of people and economic activity and create opportunities for entire communities to be renewed. We will continue creating new value while contributing to solutions for social issues and the revitalization of local communities.



Real Estate Services Business

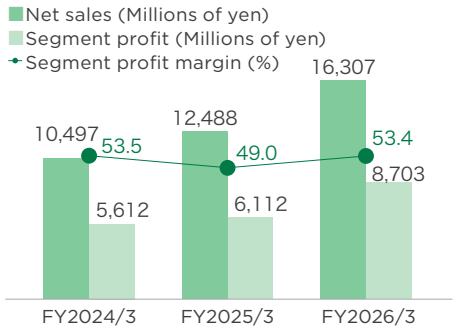
Driven by the expansion of property management contracts and the strength of cross-divisional integration, we achieved significant growth. By systematizing our expertise across the organization, we aim to become a comprehensive problem-solving partner that supports the growth of both building owners and tenants.

Kentaro Kawanishi
Director and Senior Executive Officer; Division Director of Entrusted Asset Management Division; General Manager of Real Estate Solutions Department; and Head of Sustainability Promotion Office

Major Growth Driven by Cross-Divisional Integration and Large-Scale Transactions

The Real Estate Services Business made major progress in the fiscal year ended March 2026, with net sales increasing approximately 31% year on year and segment profit rising approximately 43%. Although the buoyant overall real estate market provided a tailwind, the largest factor was growth in the number of properties under property management contracts to 559 buildings. In addition, larger brokerage transactions increased the value per transaction and significantly boosted earnings.

Above all, our unique strength in cross-divisional integration has produced substantial results. This is a framework in which functions such as property management, leasing, rent guarantees, and property brokerage collaborate across organizational boundaries to solve clients' problems. In fact, approximately 90% of the brokerage transactions that generated record-high profit originated from client needs identified through leasing and property management. We feel that we are building relationships in which clients believe they can rely on Sun Frontier. Our Taiwan-based operating company, Sun Frontier Fudousan Taiwan Co., Ltd is also performing strongly by meeting the needs of high-net-worth individuals seeking to invest in Japanese real estate. During the fiscal year, it accounted for approximately 20% of properties sold, contributing to the expansion of our client base.



Embedding the Spirit of Altruism in Our Systems and Developing Young Talent Across the Company

While pursuing our goal of double-digit growth each year, we are currently advancing toward ROE of 14% or higher. To further expand stable recurring revenue that is less susceptible to market conditions, we must continue providing high-value-added services that go beyond existing frameworks. In recent years, we have therefore focused on systematizing expertise across the organization rather than relying heavily on individual capabilities. Our Company has long fostered a culture that values the spirit of altruism and collaboration across departmental boundaries.

To turn this corporate culture into an even stronger organizational capability, a project team conducted extensive discussions and introduced a CRM system. This enables records of client meetings in the field to be shared company-wide, creating an environment in which experienced employees and managers can identify opportunities in observations made even by newly hired employees and provide precise advice. In April this year, we also established the Sales Promotion Office, further developing a robust framework that enables young talent to contribute at an early stage and provide clients with more sophisticated solutions.

Becoming a Partner That Stands Beside Clients and Provides Comprehensive Solutions to Their Challenges

Looking ahead, we will evolve beyond the conventional boundaries of real estate services to become a partner that supports corporate growth through both physical assets and services and provides comprehensive solutions to clients' challenges.

We are intentionally increasing opportunities to engage with clients through initiatives such as the Sun Frontier Owners Club, a community where building owners can deepen interaction and learning with one another, as well as seminars and efforts by the Customer Success Office to promote the use of Sun Frontier My Page, which supports the business growth of tenant companies and their comfortable use of office space. We directly incorporate the valuable feedback we receive through these interactions, including suggestions on how we can better serve our customers, into product development, thereby further strengthening Group synergies. We are also steadily advancing initiatives for our next stage of growth, including improving operational efficiency and sophistication through the use of generative AI, expanding into larger-scale assets, and extending our business into the residential sector.

Our aim is to enhance the asset value of building owners' properties while supporting the business growth of their tenants. By fully supporting the growth of both and building relationships in which they feel they can rely on Sun Frontier, we will continue providing value over the long term.



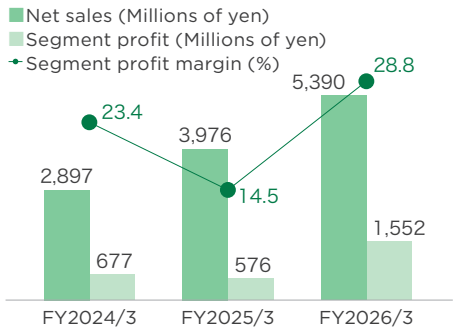
Real Estate Services Business (Rental Conference Room Business)

We achieved remarkable growth as in-person events returned and large-scale venues entered full operation. Through collaboration with accommodation services and effective use of underutilized assets, we will evolve our venues into spaces that support corporate growth.

Keitaro Otomichi
Director and Senior Executive Officer; Deputy Division Director of Entrusted Asset Management Division; and President and Representative Director of Sun Frontier Space Management Inc.

Remarkable Growth Driven by Full-Scale Operation of Large Venues and the Return of In-Person Events

In the fiscal year ended March 2026, the Rental Conference Room Business achieved remarkable growth, with segment profit increasing approximately 170% year on year, driven by the full-scale operation of the large venues we have developed, which made a significant contribution to earnings. Rather than simply increasing the number of locations, we are building a business platform capable of meeting diverse client needs by offering venues with different locations, sizes, and uses. Following the COVID-19 pandemic, online meetings have become firmly established for routine discussions. On the other hand, there has been a clear return to in-person events for occasions such as new employee training, where companies recognize that conveying their corporate values and philosophy through a screen alone can be difficult. Today, the mainstream format is a hybrid approach, with in-person participation as the basis, supplemented by online streaming for archival purposes.



Our Rental Conference Room Business has primarily operated in Tokyo and Yokohama, and we have received requests from companies with nationwide operations to open rental conference room locations in Osaka as well. We are currently selecting properties for new locations and aim to establish a presence in Osaka within the next two to three years. Looking further ahead, we expect our alliance with ITOCHU Corporation to provide a significant tailwind for expanding the use of our facilities.

Moving Beyond Simple Space Rental and Pursuing Our Strength in Human-Centered Service

As we seek to expand the scale of the business, balancing investment with investment recovery remains a challenge. We are developing our Rental Conference Room Business by leveraging the property sourcing network and client base unique to a company whose core business is real estate.

In the rental conference room market, facilities and design, which are the tangible aspects of the business, can be easily imitated. It is therefore essential to create added value through human-centered services so that we offer more than simply a space for rent. The key to differentiation lies in developing operational staff who can provide our heart-warming service.

Our strength lies not only in our facilities and locations, but also in delivering an experience that makes clients want to use our venues again, which in turn leads to repeat business. At our locations, we deliberately position reception staff where they are always visible to clients. By creating an environment where clients feel comfortable approaching our staff even about small matters, we can identify signs of dissatisfaction or potential problems at an early stage. This helps us create spaces that clients feel they can entrust to us with confidence and encourages repeat use.

We provide training primarily for on-site managers to maintain a consistently high standard of service across all staff, enabling them to anticipate client's needs and act proactively.

Future Prospects Through Accommodation Collaboration and the Use of Underutilized Assets

Looking ahead, we aim to evolve beyond simply providing comfortable spaces by offering higher-value-added services that contribute to greater ease of working and employee engagement. Training programs and seminars, in particular, often require accommodation and dining services as part of the overall package. For example, participants in long-term training programs currently often stay in monthly rental apartments arranged through other providers. If we can meet these accommodation needs within our Group, we believe we can generate even greater synergies.

We are also exploring new business models that leverage our operational capabilities while limiting investment risk, such as undertaking the operation of event halls on behalf of property owners.

We also intend to further expand our efforts to solve social issues, an objective we have valued since the inception of the business. Even buildings scheduled for redevelopment and generally difficult to lease can continue operating as hourly rental meeting rooms until immediately before demolition.

While balancing owners' earnings with convenience for the local community, we will continue leveraging the Group's collective capabilities to transform underutilized urban assets into places that accelerate corporate growth.



The Hotel & Tourism Business

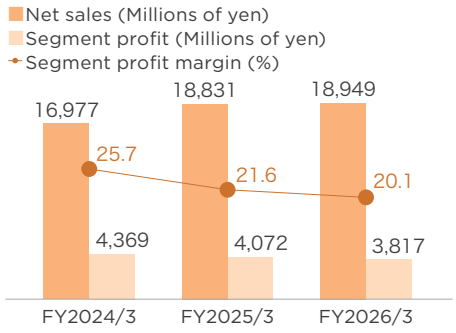
We will diversify risk through a three-tier brand portfolio and accelerate expansion toward our future target of 10,000 rooms, while focusing on regional revitalization and human resource development.

Kazuyuki Yanagimura
Group Executive Officer; President and Representative Director of Sun Frontier Hotel Management Inc.

Steady Expansion Through M&A, Supported by the Osaka-Kansai Expo

In the fiscal year ended March 2026, segment profit for the Hotel and Tourism Business as a whole declined due primarily to the absence of property sales and increased expenses associated with preparations for new hotel openings. Nevertheless, hotel operations benefited from strong inbound demand and solid domestic travel consumption, resulting in increases in both average room rates and occupancy rates. Consequently, hotel operations delivered strong results, with revenue increasing 20% year on year and segment profit rising approximately 25%.

A major factor behind this performance was the Osaka-Kansai Expo. Our 11 hotels in the Kansai area benefited significantly from the Expo, and our four hotels in Osaka City alone recorded a 70% year-on-year increase in gross profit, exceeding our expectations. To mitigate a potential pullback in demand following the conclusion of the Expo, we will combine flexible pricing adjustments with promotional measures to prevent a sharp decline in performance.



The number of hotels under operation has also continued to expand steadily. Through new hotel development and the acquisition of two hotels, Nagano Linden Plaza Hotel and Nanaeyae in Kinugawa Onsen, we added approximately 500 rooms, bringing the total number of rooms under operation to 3,690 rooms across 34 hotels as of the end of March.

In the Kansai area, our hotel network has expanded since Nippon Toshi Hotel Development Co., Ltd. joined the Group in January 2024. During the fiscal year ended March 2026, we rebranded three Joytel Hotels as Hiyori Hotels and have been actively promoting our heart-warming and enjoyable services.

Preparing for External Risks and Developing Hospitality Talent

In the current business environment, expanding inbound demand provides a tailwind, while we also recognize our vulnerability to geopolitical risks as a challenge. Although the number of group travelers from China has been declining, we have steadily improved occupancy rates by attracting individual travelers as well as guests from other countries. In addition, approximately 75% of guests staying at our hotels are Japanese, and maintaining and expanding this stable customer base is important.

We regard guest review ratings on major travel websites as our most important KPI and will steadily expand domestic demand by enhancing our services with a focus on "Experience × Relationship Value."

Another key priority as we accelerate our expansion into regional markets is securing hospitality talent amid intensifying competition for human resources. We have established a dedicated recruitment structure and hire approximately 50 new graduates each year. We have also shifted to a system under which recruitment begins around one year before the opening of a new hotel, allowing new hires to gain on-the-job training experience at existing hotels. This has enabled us to open new hotels much more smoothly.

New graduate hires also participate in a one-month residential training program in Sado. This has helped build strong horizontal connections among employees and has also contributed to the encouraging result of a lower employee turnover rate.

Going forward, we will also focus on developing talent for hotel general manager and executive chef positions.

Contributing to Local Communities, with 10,000 Rooms as a Milestone on Our Journey

For medium- to long-term growth, we are pursuing a risk-hedging strategy by diversifying our portfolio of business opportunities. We are building a business foundation that is resilient to fluctuations in economic conditions and regional markets through a three-tier brand portfolio: TABINO HOTEL, which contributes to regional revitalization while also meeting business demand; Hiyori Hotel, which meets inbound and tourism demand in urban areas; and our Onsen & Resort hotels, which offer extraordinary experiences.

As part of our efforts to contribute to regional revitalization, we have also begun initiatives to make effective use of public bathing facilities previously operated by local governments. In locations such as Katsuyama in Fukui Prefecture and Sado City in Niigata Prefecture, we are developing these facilities into destination resorts that make the most of local tourism resources.

At our hotels across Japan, we also place great importance on incorporating the distinctive characteristics of each region. We will further promote programs that enhance the customer experience, such as the highly popular takoyaki-making experience offered at our hotel in Osaka, as well as initiatives that promote local production for local consumption.

As of June 2026, the number of hotel rooms under our operation exceeded 4,000, and we expect this figure to surpass 6,000 within two years. By continuing to expand the scale of our operations in step with the growth of our people, while maintaining a strong focus on business performance and investment returns, we believe our target of 10,000 rooms is not merely an aspiration, but simply a milestone on our growth journey.

Going forward, we will continue to grow as we strive to build a one-of-a-kind hotel chain through a diverse portfolio of hotel brands.