SUN FRONTIER INTEGRATED REPORT

INTEGRATED REPORT 2026

SUN FRONTIER

Origin of the Company Name and Symbol Mark

The word “SUN” represents love and the spirit of altruism, symbolizing a powerful presence that continues to shine equally on everyone. The word “FRONTIER” embodies a pioneering spirit—an attitude of constant challenge and positive engagement.
Our company name reflects our aspiration to be a powerful force that contributes to the happiness of humankind and society, and to be a company where employees can pursue their dreams and take on the challenge of creating new value.
The symbol mark, introduced in 2014, expresses our determination to deliver the best possible service to each client as trustworthy and dignified professionals, while cherishing a spirit of altruism.

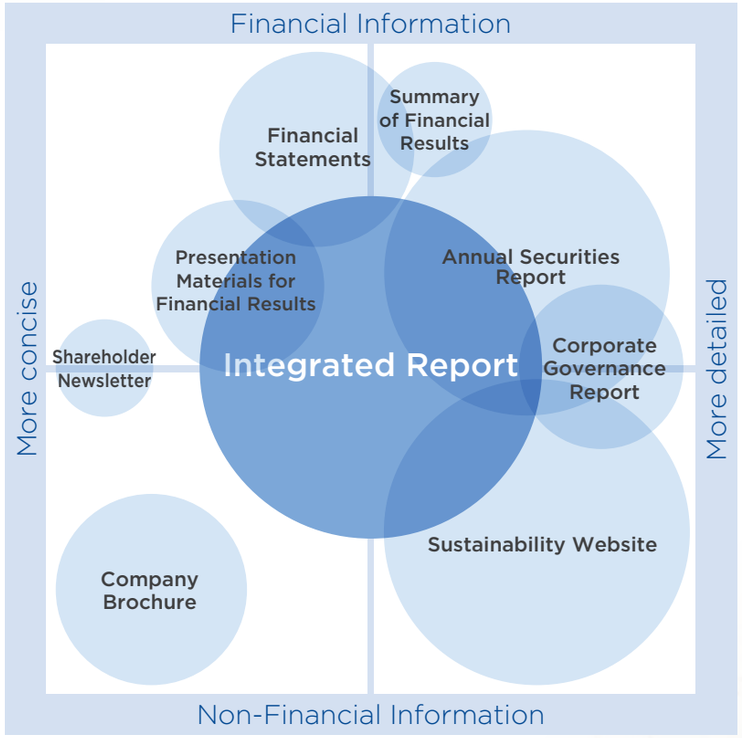
SUN FRONTIER

Concept Behind the Cover Design

The Sun Frontier Group pursues the creation of intangible value through connections among aspirations, people, and communities, going beyond the provision of physical value through such businesses as the revitalization and utilization of office buildings in central Tokyo and the Hotel & Tourism Business. Beginning with COMPASSION (Altruism), our credo, the cover of Integrated Report 2026 visualizes revitalization, circulation, and connection in a gentle and embracing manner. Its watercolor touch conveys warmth and kindness, expressing the people-centered management characteristic of our Group, while the circular motif symbolizes the value creation process, sustainable growth, and revitalization. The design embodies our hope for a prosperous future that expands together with all our stakeholders.



Sun Frontier Fudousan’s Information Disclosure Framework



Scope of the Report

Period Covered:	Fiscal year 2025 (April 2025 - March 2026). Some information outside this period is also included.
Organizations Covered:	Sun Frontier Group (Sun Frontier Fudousan Co., Ltd. and consolidated subsidiaries)

Reference Guidelines

- Integrated Reporting Framework (IFRS Foundation)
- Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry)
- GRI Standards for Sustainability Reporting
- ISO 26000 and Environmental Reporting Guidelines (Ministry of the Environment)
- Task Force on Climate-related Financial Disclosures (TCFD)

Forward-Looking Statements

This report contains not only information on the past and present of the Sun Frontier Group, but also forward-looking statements including forecasts and plans. These forecasts and plans are based on assumptions and judgments made with information available at the time of writing and therefore involve uncertainties. Accordingly, actual business results and future events may differ materially from the forecasts and plans described in this report.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier’s Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

INTEGRATED REPORT 2026 HIGHLIGHTS

A Letter from the Founder (Chairman's Message)

The spirit of COMPASSION (Altruism) has been passed down since our founding as the source of our competitiveness. The Chairman explains how the human capital base, including the transition to "Shinkansen-style management," in which each employee independently generates momentum, creates sustainable growth and corporate value. To pass the baton to the next generation, he personally shares this philosophy with our future colleagues.

Message from the President

The President explains how the spirit of COMPASSION (Altruism) and Amoeba Management are transformed into highly profitable capabilities that are difficult to imitate. He also presents a discontinuous growth story toward Long-Term Vision 2035, triggered by the capital and business alliance with ITOCHU Corporation, and conveys our firm resolve to achieve sustainable enhancement of corporate value driven by the growth of human capital.

Message from the Division Director of the Administration Division

The Division Director of the Administration Division discusses the financial strategy underpinning the realization of our Long-Term Vision. He logically explains the proof of our highly profitable model aimed at achieving ROE of 14% or more and the evolution of our business portfolio, while setting out a path to corporate value enhancement with an awareness of the cost of capital, including firm financial discipline for growth investments, the alliance with ITOCHU Corporation, and reinforcement of our capital base through M&A.

Roundtable Discussion: An Institutional Investor × Outside Directors

From the perspectives of the market (institutional investors) and oversight (outside directors), participants discuss the effectiveness of governance in supporting sustainable enhancement of corporate value. The discussion examines from multiple angles proactive growth investment following the capital and business alliance with ITOCHU Corporation and business strategies that emphasize capital efficiency. It highlights how the Company is evolving while thoroughly protecting the interests of minority shareholders.

CONTENTS

CHAP. 01

Sources of Value Creation

Sun Frontier Philosophy 4
Three Core Management Pillars 5
A Letter from the Founder 6

The spirit of COMPASSION (Altruism), inherited as the DNA of our organization even as times change



CHAP. 02

Sun Frontier's Journey

Sun Frontier Group's Path of Creating New Value 11
History of Value Creation 12
At a Glance - Financial Information 13
At a Glance - Non-Financial Information 14
Business Characteristics 15
Sun Frontier Group Structure 16

CHAP. 03

Challenges for Sustainable Growth

Message from the President 18
Value Creation Process 23
Sources of Value Creation 24
Long-Term Vision 2035 and Medium-Term Management Plan 2028 25
Growth Strategies and Priority Measures of Medium-Term Management Plan 2028 26



Advancing to a new stage of growth, expanding the potential of our businesses, and taking on the challenge of further enhancing corporate value.

Management Conscious of Cost of Capital and Share Price 27
Message from the Division Director of the Administration Division 28

CHAP. 04

Growth Strategies by Business Segment

Real Estate Revitalization Business 33
Real Estate Services Business 34
Real Estate Services Business (Rental Conference Room Business) 35
The Hotel & Tourism Business 36

CHAP. 05

Sustainability Management

Sustainability Management 38
Important Issue 1: Environmental Protection 39
Interview: Environmental Protection Initiatives 41
Important Issue 2: Regional Revitalization 44
Interview: Regional Revitalization Initiatives 47
Important Issue 3: Human Resource Development 49
Interview: Human Resource Development Initiatives 55
Approach to Stakeholder Engagement 57
Human Rights and Supply Chain Management 58
Special Feature: Roundtable Discussion between an Institutional Investor and Outside Directors 59
Management Structure 63
Corporate Governance 64
Risk Management & Compliance 67

Data

11-Year Financial Data 70
5-Year Non-Financial Data 71
Company Overview and Stock Information 72

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

CHAP.
01

Sources of Value Creation

- Sun Frontier Philosophy 4
- Three Core Management Pillars 5
- A Letter from the Founder 6

INDEX

Introduction

CHAP. 01 Sources of Value Creation

CHAP. 02 Sun Frontier's Journey

CHAP. 03 Challenges for Sustainable Growth

CHAP. 04 Growth Strategies by Business Segment

CHAP. 05 Sustainability Management

Data

PICK UP

A Letter from the Founder

Message from the President

Message from the Division Director of the Administration Division

Roundtable Discussion between an Institutional Investor and Outside Directors

Sun Frontier Philosophy



Company Policy (Credo)

利他

Calligraphy: Tomoaki Horiguchi, Founder and Chairman

We believe in helping others,
as many as we can, throughout our lives.

Management Philosophy

Our mission is to look after every employee and pursue the happiness of both mind and matter. At the same time, with a spirit of coexistence, we aim to contribute to the evolution and development of human society and realize a sustainable society.

Future Image

Our vision is to become the most appreciated visionary company that fully utilizes limited resources and continues the challenges to create new values.

Course of Action

1. Work for Your Colleagues
2. Do the Right Thing
3. Absolute Proactiveness
4. Do it immediately, do it definitely, do it until success
5. Stay Humble, Thankful, and Respectful
6. Always Work Creatively
7. Be GENBA-centric
8. Be Open-minded, Cheerful and Wonderful

From the Philosophy Handbook: 1. Sun Frontier Management (Core Edition) [1] COMPASSION

The credo of Sun Frontier is "COMPASSION."

First and foremost, we work for our colleagues. On top of that, for the happiness of our colleagues, we strive to contribute tenfold to our clients with the spirit of COMPASSION (Altruism). To serve our clients, we must undertake work that fulfills our social responsibility with even greater love. Social responsibility means considering, through our work and way of life, the Earth and the plants and animals with whom we coexist with a compassionate heart.

It is a way of life in which every employee exercises ingenuity and continuously improves for people's happiness in order to contribute to society. The first step is to ask how much we can contribute to those around us. That is the value we pursue.

Purity of heart enables us to accomplish great things. With pride, affection, and a sense of closeness to the Company, and with big dreams and gratitude, we devote ourselves fully to our clients and colleagues.

With the spirit of COMPASSION, let us each help build Sun Frontier into a company of which we can be proud.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Three Core Management Pillars

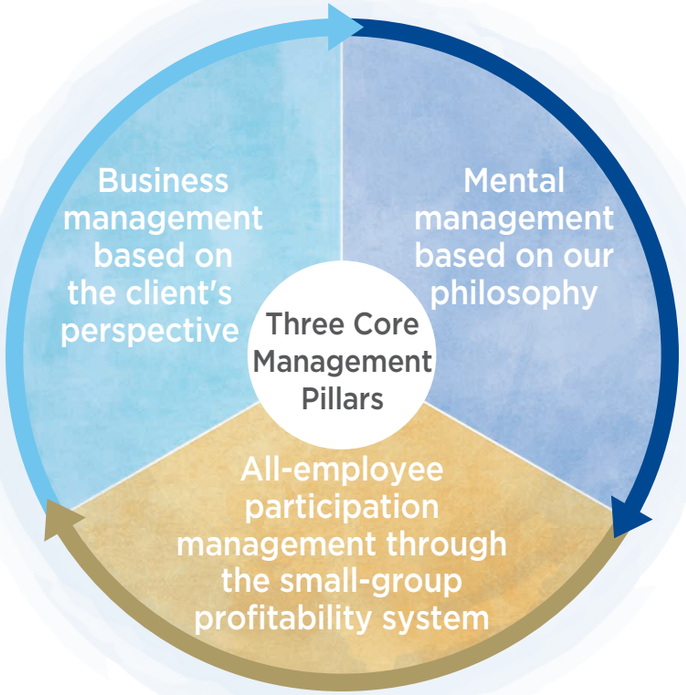
Based on this value, we cultivate people through the practice of Philosophy Management and Amoeba Management*.
By combining a thorough client-oriented approach with our “power of manufacturing” and “heart-warming services,” we promote diversification and integration across our core businesses, creating high value-added products and services.

Sun Frontier management is structured around three pillars: mental management based on our philosophy, all-employee participation management through divisional profitability, and business management that evolves from the client’s perspective. By sharing our principles and Philosophy and emphasizing employees’ spiritual growth, we foster a corporate culture rooted in altruism. Through the small-group divisional profitability system of Amoeba Management, each employee develops a managerial mindset, encouraging initiative and strengthening the growth capabilities of the organization as a whole. By taking the client’s perspective and responding swiftly to changes in society and client needs, we continuously provide valuable services and pursue sustainable development.

Practicing these management principles enhances employees’ sense of fulfillment and trust in the Company and serves as a source of long-term value creation.

We think from the client’s perspective in all aspects, constantly changing ourselves, taking on challenges, creating, and moving forward.Based on the philosophy that serving others is the essence of business, we create high added value through a chain-compounded model, grounded in collaboration among divisions.

- Building trust with clients
- Deep understanding of client needs
- Ability to adapt to changing times
- Sharing client information



Since our founding, our credo has been COMPASSION (Altruism). We first work for our closest colleagues, and then aim to contribute tenfold to our clients by uniting our collective strength. By delivering compounded and greater happiness to our clients, we contribute to the realization of a prosperous society.

- Stakeholder happiness
- Sharing of values
- Strengthening organizational capabilities
- Gaining trust from society

By constructing and instilling the small-group profitability system (Amoeba Management*), we enhance employees’ awareness of profitability and promote all-employee participation management in which each employee works with a sense of ownership.

- Visualization of accountability
- Sense of achievement
- Fostering leaders
- Speedy decision-making

*“Amoeba Management” is a registered trademark of Kyocera Corporation.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier’s Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

A Letter from the Founder

～To our future colleagues～

Message from the Founder, Chairman

The Inherited Spirit of COMPASSION - Transforming Philosophy into the Strength of People and the Organization



Since its founding, Sun Frontier has placed the spirit of COMPASSION (Altruism) at the heart of its management. Serving our colleagues, our clients, and society is more than a principle we have simply proclaimed. It is a way of life and a cornerstone of management that I have gradually come to believe in more deeply through the uncertainties, struggles, and many experiences I have encountered in managing the Company. Today, this belief guides the judgment and actions of every employee and has been passed down as part of our organizational DNA. Even as times change, some things must never change. That is Sun Frontier's spirit of COMPASSION.

Tomoaki Horiguchi
Representative Director and Chairman

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors



The Starting Point of Management Is Making Employees Happy

After founding the Company in 1999, I repeatedly encountered major obstacles and experienced anxiety and hardship as a business leader amid the difficult business environment following the collapse of Japan's bubble economy. It was during this period that I encountered the teaching that "management means making employees happy." Until then, I had focused solely on growing the Company. However, I came to understand that the true purpose of management is to bring happiness to employees, those closest to us who share the same small boat and a common destiny. When I encountered this teaching, I deeply agreed with it and became acutely aware of my own immaturity. Since then, I have placed employee happiness at the starting point of management.

To make employees happy, I myself, as the leader of the Company, must first grow. Improving my capabilities and knowledge is important, but I came to understand that acquiring and continuously refining the right way of thinking as a human being forms an even more fundamental basis for management. I am convinced that it is this commitment to constantly striving for self-improvement and practicing the right way of life that develops people, strengthens the organization, and ultimately brings happiness to employees.

It was a scene I witnessed at the age of 27 that first made me strongly conscious of serving people and society. I saw a building that had been constructed only about a year earlier being demolished for redevelopment. The building had only just been completed using the Earth's precious resources, yet it was being destroyed so easily for human convenience. The sight filled me with a strong sense of indignation. I thought, "This cannot continue. We must curb the waste of resources and pass on our blue planet to the next generation." That earnest conviction later formed the foundation for Sun Frontier's Real Estate Revitalization Business.

COMPASSION Is the Strongest Business Model

The spirit of COMPASSION, expressed in the words "We believe in helping others, as many as we can, throughout our lives." is both my purpose in life and the credo deeply rooted in our Group.

One experience in particular gave me firm conviction in this belief as the leader of the Company.

Soon after our founding, the Company was in severe financial circumstances and struggling with cash flow. Even so, I wanted to help a client in need and live with integrity. With this single-minded determination, I made a major decision. In 2000, I brokered the sale of a building in Harajuku worth approximately 200 million yen. The seller lived in the building and faced the imminent prospect of personal bankruptcy if the transaction failed. However, only ten days before closing, the buyer's financing suddenly fell through, and the transaction was cancelled under the loan contingency. As the broker, the Company had no legal responsibility and could have stepped away from the transaction at that point. Yet the seller had placed their trust in me and entrusted me with this important transaction.

"I will never betray someone who has placed their trust in me."

That was a promise I had always valued in my life. Although the Company had no previous record of borrowing from a bank at the time, I made up my mind and approached a shinkin bank, a Japanese cooperative financial institution, with which we had an established business relationship. Having developed trust in us through our work up to that point, the shinkin bank approved a loan of 150 million yen in just a

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

few days. Combining the loan with my own funds, the Company purchased the building, enabling us to support the seller.

At that time, the business category now known as real estate revitalization was not yet common. Although we had little financial leeway, all of our employees worked together as one, pooling their ideas to convert the vacant residential spaces into offices and revitalize the building. As a result, tenants moved in one after another, and the building reached full occupancy. We were delighted to hear people in the neighborhood say that the area had become brighter. Ultimately, we earned a profit far exceeding the brokerage fee originally anticipated.

Through this experience, I realized the importance of putting service to others first, avoiding causing trouble for others, and acting with integrity. I came to understand that the accumulation of such actions builds trust, expands business opportunities, and ultimately leads to corporate growth and contribution to society.

I became convinced that living rightly as a human being leads to a fulfilling life and the growth of a business, and that COMPASSION is the best business model for benefiting the seller, the buyer, and society.

Putting "Altruism" into Practice Through Our Daily Actions

Its true power is realized only when we translate it into action in our daily work. For this reason, since our founding, we have placed Human Resource Development at the heart of management, with the Sun Frontier Philosophy serving as its foundation.

"What is the purpose of life?" "How should we conduct ourselves as human beings?" "How should we approach our work?" While addressing these fundamental questions, we place great importance on developing people who can put the spirit of "Altruism" into practice in their daily work. Simply sharing a common way of thinking, however, is not enough. What matters most is to put into practice a spirit of "Love, Sincerity, and Contribution" and to think and act for oneself. The accumulation of such actions by each individual earns the trust of our clients, strengthens the organization, and ultimately drives corporate growth.

"The Five Ways of Living" which I have valued since my twenties, are one example. Always answer a client's call on the first ring. When a decision can be made on site, make it promptly then and there. Even when faced with a difficult task, continue to consider "how it can be done" rather than "why it cannot be done." Each of these actions may seem small. However, their steady accumulation in our daily work builds trust with our clients.

"Altruism" becomes a force that benefits people and society only when we hold it strongly in our hearts and continue to put it into practice through our daily actions. Developing people who steadily accumulate such practices has been the fundamental approach to Human Resource Development that we have valued since our founding.

Three Core Management Pillars Centered on People

To put this philosophy into practice as an organization, Sun Frontier places importance on three pillars of management.

Through Philosophy, we cultivate the mindset and state of mind with which employees approach their work and lives. Through Amoeba Management, each employee takes personal ownership of their work and approaches it with a managerial mindset. Through a thorough commitment to the client's perspective, we think deeply about the problems each customer faces and what they truly need, and create value that exceeds their expectations.

Three Core Management Pillars

- Mental management based on our philosophy
- All-employee participation management through the small-group profitability system
- Management that evolves from the client's perspective

For details, please refer to page 5 of this report.

These three pillars are not independent systems. We cultivate the mindset that shapes how we think, strengthen our awareness of how we manage, and maintain a clear perspective on whom we create value for. By putting these three pillars into practice as an integrated whole, we generate high added value through their interconnected and

The Five Ways of Living

1. Always keep your promises
2. Act immediately with overwhelming speed
3. Deliver more than expected
4. Never say no and never let the answer end with no
5. Take an overwhelming volume of action and accomplish an overwhelming amount of work

In addition, remain curious, strive for self-improvement, and actively seek out experiences in new and unfamiliar fields.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

mutually reinforcing effects. This is a defining characteristic of Sun Frontier's management.

From "Locomotive-style" to "Shinkansen-style" Management

In the early years, management was "locomotive-style," with me at the front pulling the Company forward. As the Company grew and more colleagues joined, however, sustainable growth could not be achieved in that way alone. We have now evolved into a "Shinkansen-style" organization led by executives and Amoeba leaders who embody our Philosophy. Rather than relying on one person to drive the Company forward, each person demonstrates their own capabilities, and their combined strengths enable the organization as a whole to become a powerful force. This evolution has also led to the creation of new businesses and value.

Our Setup Office Business began with a desire to reduce the waste of resources associated with restoration work. Our Rental Conference Room Business began when a client consulted us about how to make effective use of vacant space. Neither was created out of an intention to develop a new business from the outset. Both emerged from addressing the challenges faced by our clients, asking ourselves what we could do to help, and turning our ideas into tangible solutions.

Under the shared value of COMPASSION, each person thinks, takes on challenges, and combines their strengths.

I believe that our evolution into such an organization is one of Sun Frontier's greatest assets as we enter our 28th year since founding.

Passing What Must Never Change to the Next Generation

Ten or twenty years from now, the people responsible for management may have changed. Technology, society, and the environment surrounding us are also likely to undergo significant change. However, no matter how much the times change, there are things that must never change.

That is the spirit of COMPASSION.

"We believe in helping others, as many as we can, throughout our lives."

When someone is in need, we ask ourselves what we can do to help. We always place clients at the center, focusing on what they truly seek and the challenges they face. With a sincere desire to serve others, we take the initiative to learn and embrace challenges without fear of failure. We grow as individuals, join forces with our colleagues, and make an even greater contribution to society. I believe that Sun Frontier's future will be created by an organization of talented individuals who possess this spirit of COMPASSION and continue to gather, learn, and grow together.

I also believe that personal growth is proportional to the distance traveled. Rather than thinking about things only in one's head, people should visit worksites themselves, engage directly with clients, and gain a wide range of experiences. It is through such first-hand experiences that we find the lessons that enable us to grow significantly. I also want employees to travel actively not only throughout Japan but also around the world, and, with curiosity and a desire for self-improvement, experience diverse cultures and values and encounter beauty and history. By discovering unfamiliar worlds, broadening their perspectives, and accumulating experience, they cultivate their personal appeal and inner strength. Through these experiences, I hope they will go on to create new value that no one has ever seen before.

That is my wish for everyone who will lead the next generation.



INDEX

Introduction

CHAP. 01 Sources of Value Creation

CHAP. 02 Sun Frontier's Journey

CHAP. 03 Challenges for Sustainable Growth

CHAP. 04 Growth Strategies by Business Segment

CHAP. 05 Sustainability Management

Data

PICK UP

A Letter from the Founder

Message from the President

Message from the Division Director of the Administration Division

Roundtable Discussion between an Institutional Investor and Outside Directors

CHAP.
02

Sun Frontier’s Journey

- Sun Frontier Group’s Path of Creating New Value 11
- History of Value Creation 12
- At a Glance - Financial Information 13
- At a Glance - Non-Financial Information 14
- Business Characteristics 15
- Sun Frontier Group Structure 16

INDEX

Introduction

CHAP. 01 Sources of Value Creation

CHAP. 02 Sun Frontier’s Journey

CHAP. 03 Challenges for Sustainable Growth

CHAP. 04 Growth Strategies by Business Segment

CHAP. 05 Sustainability Management

Data

PICK UP

A Letter from the Founder

Message from the President

Message from the Division Director of the Administration Division

Roundtable Discussion between an Institutional Investor and Outside Directors

Sun Frontier Group's Path of Creating New Value

With the Sun Frontier Spirit (pioneering spirit), we embrace change and challenges and grow by creating new value.

1999

Founding

The Company began as a one-person operation led by the President, providing brokerage services for investment properties. The Company commenced sales and leasing brokerage services for commercial properties.

2000s onward

Establishing and Growing the Foundation of the Urban Office Building Business

2001: Launched the Replanning* Business. This model quickly became an industry forerunner, revitalizing and adding high value to existing buildings while reducing resource waste and benefiting owners, tenants, and the environment.
2005: Established SF Building Support Inc. and began comprehensive support services for office buildings in central Tokyo.

2010s onward

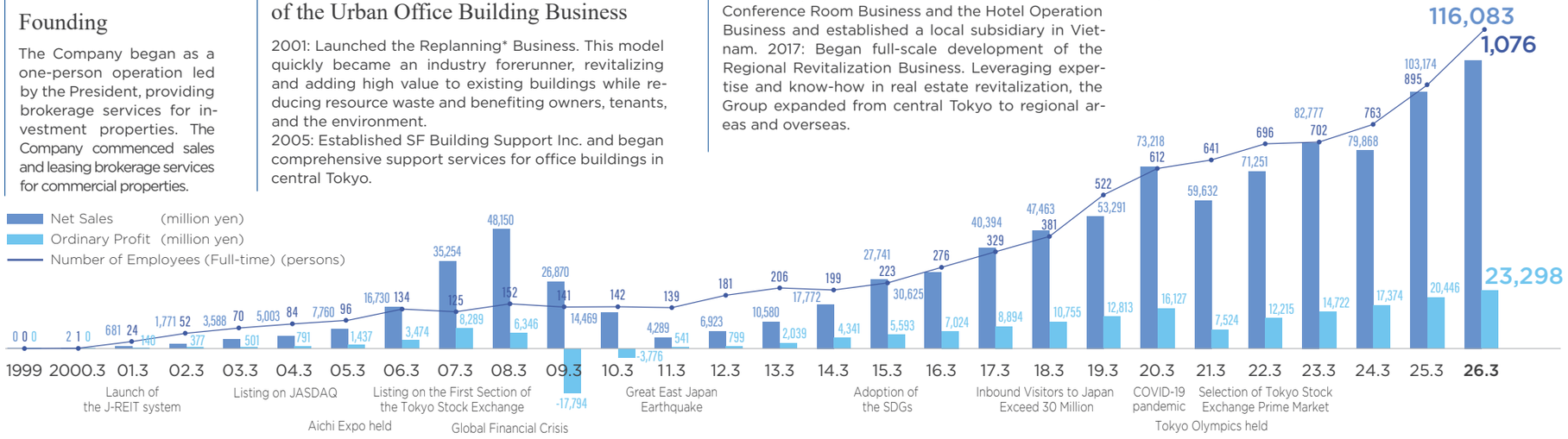
Beyond Offices, Expanding to Regional Revitalization and Overseas

2013: Established Sun Frontier Fudousan Taiwan Co., Ltd. in Taipei, Taiwan. 2015: Launched the Rental Conference Room Business and the Hotel Operation Business and established a local subsidiary in Vietnam. 2017: Began full-scale development of the Regional Revitalization Business. Leveraging expertise and know-how in real estate revitalization, the Group expanded from central Tokyo to regional areas and overseas.

2020s onward

Toward New Value Creation and Sustainable Growth

Leveraging the strengths developed in the Office Building Business, we have expanded into the Hotel & Tourism Business, Regional Revitalization Business, Overseas Development Business, and Residential Business. Toward the realization of Long-Term Vision 2035, we continue to address social issues and pursue sustainable growth while promoting diversification and integration across our core businesses.



The Real Estate Revitalization Business

- Launched Replanning* (building revitalization and activation) Business
- Began offering Setup Offices
- Established Sun Frontier NY Co., Ltd. and launched the apartment revitalization business
- Start of offering small-lot real estate ownership products
- Full-scale launch of the Residential Business in Japan

The Real Estate Service Business

- Launched the Property Management Business
- Established SF Building Support Inc. and launched the Rent Guarantee Business
- Start of the Building Maintenance Business
- Launch of the Rental Space Business in front of Tokyo Station
- Spun off the Rental Conference Room Business and established Sun Frontier Space Management Inc.
- Established Sun Frontier Fudousan Taiwan Co., Ltd., a local subsidiary in Taiwan

The Hotel & Tourism Business

- Established Sun Frontier Hotel Management Inc. and launched the Hotel Operation Business
- Established Sun Frontier Sado Inc. and launched the Regional Revitalization Business

Overseas Development Business

- Established the local subsidiary SUN FRONTIER VIETNAM CO., LTD. and launched the condominium development business

*"Replanning" is a registered trademark of Sun Frontier Fudousan Co., Ltd.

INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

History of Value Creation

Our Group has achieved steady profit growth through the Global Financial Crisis and the COVID-19 pandemic. We will continue taking on the challenge of creating new value as we pursue sustainable enhancement of corporate value.

Achieving Both High Profitability and Financial Soundness

Performance has grown strongly over the five fiscal years since FY2022/3, while financial soundness and capital efficiency have remained at high levels. Through our unique business model, we have established a robust and highly profitable business foundation.

Market Valuation

Despite the rise in EPS over the past five fiscal years, PER has remained low. We recognize that this reflects market concerns regarding industry characteristics that are susceptible to market conditions and the sustainability of a labor-intensive model. Dispelling these concerns is a challenge for the Company.

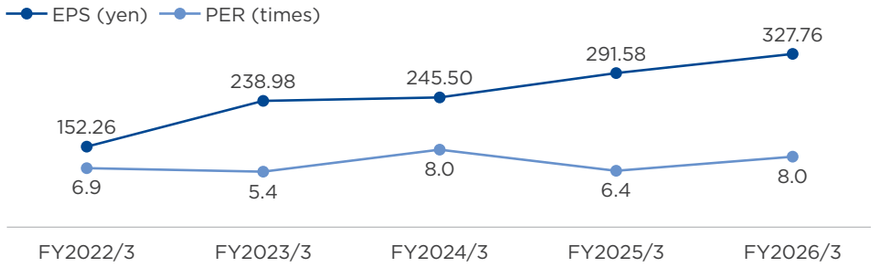
Sun Frontier's Growth Scenario

Ordinary profit has grown at an annual average rate of 17.5%, which we view as the result of expanding high value-added businesses while maintaining profit margins. Even as net assets have accumulated at an annual average rate of 12.8%, ROE has not been diluted, and we continue to maintain high capital efficiency.

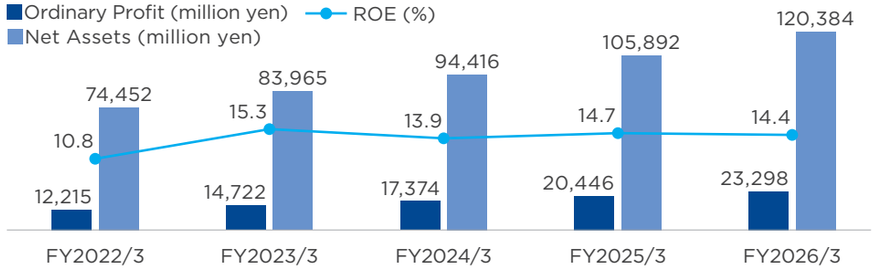
	FY2022/3	FY2026/3	Medium-Term Management Plan 2028 Targets
Ordinary Profit Margin	17.1%	20.1%	20% or more
Equity Ratio	52.2%	45.3%	Around 45%
ROE	10.8%	14.4%	14% or more

Compound Annual Growth Rate of Ordinary Profit	Approx. +17.5%
Compound Annual Growth Rate of Net Assets	Approx. +12.8%

Trends in EPS and PER



Relationship Between Ordinary Profit, Net Assets, and ROE



Demonstrating the Quality of Earnings

Our Group's growth results from the ability of our people on the front line to resolve fundamental property issues and create our unique added value. The expansion of the earning power of our core businesses while maintaining high profit margins demonstrates that our acquisition and revitalization capabilities are strengths that can be exercised even amid changes in market conditions.

Demonstrating Efficiency

Through Amoeba Management, employees who think and act autonomously reinvest in the next high value-added project and continue to cycle capital at overwhelming speed. This mechanism of value amplification through human capital is the engine that sustains high capital efficiency.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

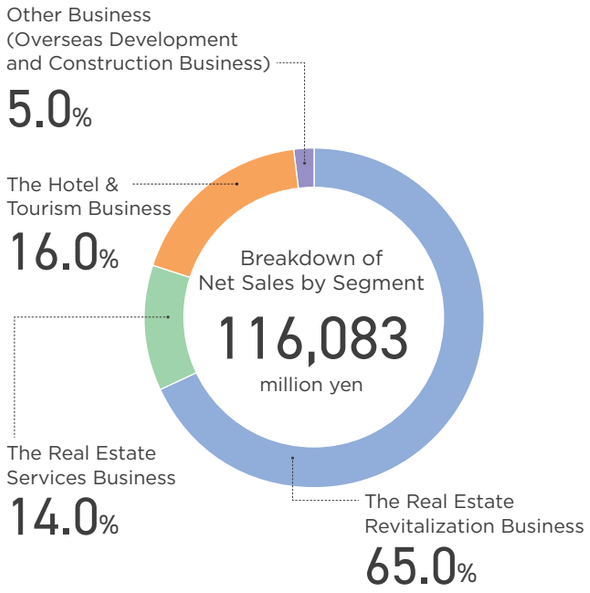
At a Glance - Financial Information FY2026/3 Results

Centered on the revitalization of mid-sized office buildings in central Tokyo, we provide a one-stop range of real estate services including sales and leasing brokerage, property management, building maintenance, rent guarantee, and conference room rentals. Leveraging our expertise in real estate utilization, we also develop businesses in hotels and tourism, overseas development, and construction.

Performance Summary

Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Dividend	Equity Ratio
116.0 billion yen	25.3 billion yen	23.2 billion yen	15.9 billion yen	76 yen	45.3 %

Segment Information



		Full-year Results	Business Overview
The Real Estate Revitalization Business	Net Sales	76,434 million yen	Replanning, which revitalizes existing buildings to add high value; leasing of revitalized buildings; small-lot real estate ownership products; development of new buildings; and residential businesses in Japan and New York.
	Segment Profit	22,148 million yen	
The Real Estate Services Business	Net Sales	16,307 million yen	Comprehensive real estate services including property management, building maintenance, sales and leasing brokerage, conference room rentals, and rent default guarantees.
	Segment Profit	8,703 million yen	
The Hotel & Tourism Business	Net Sales	18,949 million yen	Hotel revitalization, development of proprietary hotel brands, operation of hotels under the theme of "Heart-warming and enjoyable," and regional revitalization through tourism.
	Segment Profit	3,817 million yen	
Other Business (Overseas Development and Construction Business)	Net Sales	5,872 million yen	Overseas development centered on the development and management of high-quality, Japan-standard housing in Vietnam, and construction projects such as renovation planning and repair of commercial buildings.
	Segment Profit	1,177 million yen	

Note: Net sales and segment profit by segment exclude adjustments.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

At a Glance - Non-Financial Information FY2026/3 Results



Cumulative Offset of Greenhouse Gas Emissions

1,655 t-CO_2e

Greenhouse gas emissions generated from real estate revitalization construction are 100% offset by utilizing biomass-derived J-Credits.



Cumulative Number of Environmentally Certified Properties

29 properties

The number of environmental certifications obtained during the real estate revitalization project period (average of 1.5 to 2 years) is also increasing.



Ratio of Female Managers

9.6%

As of April 1, 2026, the ratio of female managers was 9.6%. We aim to raise this ratio to 15% by FY2035.



Male Childcare Leave Utilization Rate

45.5%

The utilization rate of childcare leave by male employees increased significantly, by 24.1 percentage points year on year.



Paid Leave Utilization Rate

74.3%

The utilization rate exceeds the average of 65.3% reported in the Ministry of Health, Labour and Welfare's 2024 Comprehensive Survey on Working Conditions.



Average Years of Service

6.91 years

The average length of service is 6.91 years. We are creating an environment in which diverse human resources can continue working over the long term.



Training Hours Ratio

11.7%

The goal is to achieve a training hours ratio of 12% or more relative to prescribed working hours.



Ratio of Outside Directors

50.0%

Five of the Company's ten directors are outside directors.

INDEX

Introduction

CHAP. 01 Sources of Value Creation

CHAP. 02 Sun Frontier's Journey

CHAP. 03 Challenges for Sustainable Growth

CHAP. 04 Growth Strategies by Business Segment

CHAP. 05 Sustainability Management

Data

PICK UP

A Letter from the Founder

Message from the President

Message from the Division Director of the Administration Division

Roundtable Discussion between an Institutional Investor and Outside Directors

Business Characteristics

Based on our Philosophy and adopting a client-oriented perspective, we tackle challenges and provide high value-added products and services through a chain-compounded model.

Guided by our credo of COMPASSION (Altruism), we position the Office Building Business, where we can exert the greatest influence, at the core, while boldly taking on the challenges of the Hotel & Tourism Business, the Overseas Development Business, and the Construction Business. We never remain satisfied with the status quo. By evolving our businesses powerfully, we contribute to the happiness and prosperity of our clients and society. Aligning all employees with shared values and working wholeheartedly to solve client issues is our strength in generating high value-added products and services through synergistic integration.

Office Building Business





Real Estate Revitalization Business

- Replanning
- Leasing Business
- Small-lot Real Estate Products

Real Estate Services Business

- Sales and Leasing Brokerage
- Property and Building Management
- Building Planning and Interior Renovation
- Asset Consulting
- Rent Guarantee
- Conference Room Rental

We renovate office buildings whose occupancy rates have declined due to aging and other factors, revitalizing them into highly occupied, high value-added properties through a steadfast commitment to the client's perspective. We have also expanded our business to include real estate revitalization in New York, the provision of small-lot real estate investment products under the Real Estate Specified Joint Enterprise Act, and the development of new buildings. Furthermore, we provide a comprehensive range of real estate services on a one-stop basis, including property management, building maintenance, real estate sales and leasing brokerage, conference room operations, and rent default guarantee services.

Hotel & Tourism Business



- Hotel Development, Revitalization, and Sales
- Hotel Operations
- Regional Revitalization and Tourism

We promote effective utilization of real estate that contributes to regional revitalization, either by constructing hotels on land purchased from owners, or by acquiring and renovating existing hotels. In both cases, operations are carried out by our Group. We also propose schemes whereby we construct hotels on owners' land under long-term lease agreements, allowing owners to retain ownership of their assets while receiving stable rental income. In hotel operations, we relentlessly pursue the client's perspective, making continuous small improvements to consistently deliver services that exceed expectations.

Other Business (the Overseas Development and the Construction Business)



- Condominium Development, Management, and Brokerage in Vietnam
- Renovation Planning and Repair of Office Buildings, and Other Construction Projects

To contribute to the further development of Vietnamese society, we supply high-quality, Japan-standard housing to the growing middle class. In 2015, we established SUN FRONTIER VIETNAM CO., LTD. in Da Nang, which was selected as the host city for APEC 2017. The company engages in the development, management, and brokerage of condominium projects, thereby advancing our overseas business. In construction, we leverage our real estate revitalization expertise to plan and execute renovations of building exteriors, entrances, and interiors, as well as office fit outs and IT network installations.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Sun Frontier Group Structure

As of March 31, 2026

The Sun Frontier Group consists of Sun Frontier Fudousan Co., Ltd. and 39 consolidated subsidiaries.

SUN FRONTIER

	Main Group Companies	
The Real Estate Revitalization Business	● Sun Frontier NY Co., Ltd. ● SF Building Support Inc. ● SF Building Maintenance Inc. ● Sun Frontier Space Management Inc. ● Sun Frontier Fudousan Taiwan Co., Ltd.	Others
The Real Estate Services Business		
The Hotel & Tourism Business	● Sun Frontier Hotel Management Inc. ● Sky Heart Hotel Inc. ● Sun Frontier Sado Inc. ● Hotel Oosado Inc. ● Sun Frontier Okinawa Co., Ltd.	Others
Other Business (Overseas Development and Construction Business)	● SUN FRONTIER VIETNAM CO., LTD. ● SUN FRONTIER DANANG CO., LTD. ● SF Engineering Inc. ● SF Communication Inc. ● SF Human Support Inc. ● Otake Kenso Group	Others

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

CHAP.
03

Challenges for Sustainable Growth

- Message from the President 18
- Value Creation Process 23
- Sources of Value Creation 24
- Long-Term Vision 2035 and Medium-Term Management Plan 2028 25
- Growth Strategies and Priority Measures of Medium-Term Management Plan 2028 26
- Management Conscious of Cost of Capital and Share Price 27
- Message from the Division Director of the Administration Division 28

INDEX

Introduction

CHAP. 01 Sources of Value Creation

CHAP. 02 Sun Frontier's Journey

CHAP. 03 Challenges for Sustainable Growth

CHAP. 04 Growth Strategies by Business Segment

CHAP. 05 Sustainability Management

Data

PICK UP

A Letter from the Founder

Message from the President

Message from the Division Director of the Administration Division

Roundtable Discussion between an Institutional Investor and Outside Directors

MESSAGE *From* CEO



President and CEO
Seiichi Saito

Advancing to a New Stage of Growth, Expanding the Potential of Our Businesses, and Taking on the Challenge of Further Enhancing Corporate Value

FY2026/3, the first year of our Medium-Term Management Plan, gave us clear confidence that we are advancing to a new stage of growth. Progress in diversification has steadily strengthened our earnings base, and our capital and business alliance with ITOCHU Corporation has been in effect since April 2026. By further refining the Sun Frontier Group's distinctive value-creation and service capabilities in our three focus markets of offices, hotels, and residential properties, we will pursue sustainable growth and enhanced corporate value toward the realization of Long-Term Vision 2035.

Q. Please look back on the previous fiscal year, the first year of Medium-Term Management Plan 2028.

In FY2026/3, the previous fiscal year and the first year of our Medium-Term Management Plan, the Company made a strong start. Business performance exceeded our plan, and the profit target for the current fiscal year is already approaching the level originally set for the final year of the Plan. Some segments are already expected to achieve their original final-year targets ahead of schedule. Furthermore, in anticipation of business synergies from the capital and business alliance with ITOCHU Corporation, we revised upward our FY2028/3 performance targets to net sales of 150.0 billion yen and ordinary profit of 30.0 billion yen.

Under Long-Term Vision 2035, our Group aims to achieve net sales of 300.0 billion yen and ordinary profit of 60.0 billion yen in FY2035/3. The Medium-Term Management Plan represents an important milestone toward achieving these targets. Following the completion of the previous Medium-Term Management Plan, the true test was whether we could maintain the pace of growth and continue taking on the challenge of creating new value. The previous fiscal year, the first year of the current Medium-Term Management Plan, was a year in which our true capabilities were put to the test. As a result, we believe we gained clear confidence in our progress toward the next stage of growth.

The Medium-Term Management Plan sets out three priority measures. The first is "Strengthening the Human Resource Base," which involves investing in people, the driving force behind our growth, and building an organization in which employees share our principles and embrace challenges. The second is "Providing Manufacturing through

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Making the Spirit of COMPASSION the Starting Point for Every Decision and Action



Clients' Point of View and Heart-Warming Services," through which we engage with clients from both manufacturing and service perspectives and enhance Sun Frontier's distinctive added value. The third is "Promoting Cooperation and Diversification within Core Business," which involves connecting functions and client touchpoints across the Group so that they enhance one another's value. We believe that the results of the previous fiscal year demonstrate steady progress in these measures.

A particularly important achievement was the progress made in transforming our earnings structure through diversification. Property sales, including Replanning, have long served as a key driver of our growth. At the same time, we have worked to develop stock-type businesses that generate recurring earnings, including real estate services, hotel operations, rental conference rooms, and property management. Our aim is to increase the share of stock-type businesses that are resilient to market fluctuations while maintaining growth in our flow-type businesses.

At the start of the Medium-Term Management Plan, the sales mix of flow-type and stock-type businesses was approximately 70:30. After the first year, we surpassed the 65:35 level initially targeted for the final year of the Plan ahead of schedule. This was driven by substantial growth in our stock-type businesses, including an increase in the number of hotel rooms under operation, growth in the Rental Conference Room Business, and strong performance in real estate brokerage. Furthermore, gross profit from our stock-type businesses exceeded fixed costs for the first time. We regard this as an important step toward strengthening the stability of our business foundation. With an eventual 50:50 balance in mind, we will continue to build a business portfolio that combines growth potential with stability.

Q. Please explain how the Three Core Management Pillars generate added value.

The Company practices philosophy management guided by COMPASSION (Altruism), our credo. COMPASSION means making service to clients and society, rather than our own interest, the starting point for decisions and actions. Achieving our performance and numerical targets serves as evidence of the extent to which we have contributed to our clients and society, while also enhancing each employee's sense of fulfillment in their work.

Under this shared value, our management is structured around three pillars: mental management based on our philosophy, all-employee participation management through divisional profitability, and management that evolves from the client's perspective. These are not independent initiatives. By connecting and putting them into practice at worksites, we generate distinctive added value and competitive advantage.

At the core of our management is "mental management based on our philosophy (Philosophy Management)." The Company provides numerous opportunities for employees to return to the Philosophy in their daily work. Employees share the uncertainties and challenges they encounter in the workplace and reflect on them in light of the Philosophy, putting COMPASSION (Altruism) into practice. We continually ask one another whether we are acting sincerely toward our clients and doing the right thing as human beings. This culture supports Sun Frontier's distinctive organizational character and fosters a corporate culture rooted in altruism.

The second pillar,"all-employee participation management through the small-group profitability system," is based on Amoeba Management advocated by Kazuo Inamori, founder of Kyocera Corporation. It is a management system in which the organization is divided into small units, each of which operates as an independent business. This system provides opportunities to develop leaders while enabling every employee to approach their work with a managerial mindset.

The third pillar, "Management that Evolves from the Client's Perspective," means continually asking what clients truly need. Based on the belief that while we cannot change others or the past, we can change ourselves and the future, we share client feedback and insights gained through our daily work across all of our operations, including office revitalization, hotel operations, and real estate services, and continuously refine our products and services.

What matters is that these three pillars interact with one another in the workplace. Viewed in isolation, the small-group profitability system may be merely one form of management accounting. However, when combined with the sharing of our Philosophy and management that evolves from the client's perspective, it becomes more than a mechanism for managing numbers and demonstrates its true value.

Under the small-group profitability system, the income and expenses of each division become more transparent, enabling every employee to understand how their work contributes to the Company's results. Furthermore, when multiple divisions are involved in a single project, internal transactions make the relationships of cooperation and contribution among the divisions more visible. While such a system could potentially lead each division to prioritize its own interests, our principles, Philosophy, and the client's perspective serve as the basis

**"Amoeba Management" is a registered trademark of Kyocera Corporation.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

for our decisions.

Under a shared set of values, employees can discuss not only the interests of their own divisions, but also how they can make a greater contribution to clients. This is the significance of the three pillars working together. By making each division's contribution visible, the system encourages collaboration across divisional boundaries and enhances each employee's sense of participation. As a result, it fosters a workplace culture in which employees work together and share their ideas to better serve clients.

The Company has an integrated, end-to-end structure spanning planning, commercialization, operations, and management. With support from our partner companies, employees who share common values take responsibility for core value creation across a broad range of areas. As a result, insights and know-how gained from each project accumulate within the Company without becoming fragmented, leading to the creation of new value. This is the source of our distinctive value creation capabilities and high profitability.

Q. What growth strategies are you pursuing to realize Long-Term Vision 2035?

To realize Long-Term Vision 2035, the Medium-Term Management Plan designates offices, hotels, and residential properties as our three focus markets. In each market, our basic growth policy is to leverage the product creation and service capabilities we have refined and create value by starting with solutions to the challenges faced by our clients. We will aim to expand earnings opportunities by moving beyond existing frameworks and strengthening collaboration among our businesses.

In the office market, with the Real Estate Revitalization Business, our founding business, at the core, we are expanding our business domains and strengthening the earnings base of the Real Estate Services Business. The market for small- and medium-sized buildings in central Tokyo still includes a large number of properties facing various challenges, such as aging facilities and a mismatch with current user needs. While steadily capturing Replanning business opportunities, for which strong demand is expected to continue, we are also expanding into areas such as new building development and small-lot real estate investment products, thereby diversifying our asset types.

In the Real Estate Services Business, expanding the number of property management contracts not only secures stable earnings but also creates opportunities in related services such as leasing brokerage, construction, and sales brokerage. Stable earnings from real estate services also provide the capacity for proactive property acquisitions in flow-type businesses and investment in new growth areas. By further refining a business structure in which the stock-type Real Estate Services Business and the flow-type Real Estate Revitalization Business complement one another, we will strengthen the earnings base of our office business still further.

The Hotel and Tourism Business is an important growth engine for the Company, expanding stock-type earnings through regional revitalization. Regions throughout Japan possess distinctive attractions in their culture, nature, cuisine, and history, and we believe tourism demand still offers substantial room for growth. Under the theme of "heart-warming and enjoyable hotels," we seek to leverage each region's appeal and provide experiential value that makes clients feel they have found a truly one-of-a-kind hotel. We will continue to expand the number of hotel rooms under operation through a combination of new development, revitalization through renovation, and M&A, while pursuing sustainable profit growth through hotel operations that advance together with local communities.

In the Residential Business, we pursue development and revitalization tailored to the characteristics of markets in countries and regions where populations continue to grow. In Da Nang, Vietnam, we develop condominiums that leverage Japanese-standard quality and planning capabilities, while in New York, the United States, we revitalize aging apartment buildings. In the Tokyo metropolitan area, we combine new development, including soundproof condominiums, with the revitalization of existing residences to meet diverse client needs. By combining different growth opportunities in Japan and overseas, we will further broaden our earnings base.

Developing Residential Businesses Tailored to Regional Characteristics (from left: Vietnam, New York, and Tokyo).







INDEX

Introduction

CHAP. 01 Sources of Value Creation

CHAP. 02 Sun Frontier's Journey

CHAP. 03 Challenges for Sustainable Growth

CHAP. 04 Growth Strategies by Business Segment

CHAP. 05 Sustainability Management

Data

PICK UP

A Letter from the Founder

Message from the President

Message from the Division Director of the Administration Division

Roundtable Discussion between an Institutional Investor and Outside Directors

The current business environment presents risks including rising resource and construction material prices, higher interest rates, and exchange rate fluctuations. Nevertheless, our businesses have strengths that can be demonstrated even amid these changes. For example, real estate revitalization, which enhances the value of existing properties, is less susceptible to increases in material prices than new construction. In addition, office rents in central Tokyo and demand for hotel accommodation remain firm, creating an environment in which the value of truly worthwhile products and services for clients can be reflected in pricing.

Regardless of how the environment changes, the essential question is whether we can continue to be chosen by our clients. Business is, in a sense, a competition to see who can be of greater service to clients. Whatever the environment, we will remain sincerely focused on this essence and continue to do our utmost.



Q. Please explain the objectives of the capital and business alliance with ITOCHU Corporation and the synergies expected from it.

In April 2026, the Company commenced a capital and business alliance with ITOCHU Corporation. This is an important initiative for further accelerating our business growth.

In entering into the alliance with ITOCHU Corporation, we placed importance on whether the two companies could share common values. ITOCHU's principle of sampo-yoshi seeks value not only for the company itself but for all stakeholders, including business partners and society. This principle is deeply aligned with COMPASSION (Altruism), our credo. We are greatly encouraged by the opportunity to take on the challenge of creating new value together with a partner that shares our values.

Through this alliance, we aim to create new business opportunities by combining the strengths of ITOCHU Corporation and the Company. ITOCHU has an extensive business network as a general trading company, financial strength, and expertise in development and asset management. We, meanwhile, possess Replanning expertise developed through the revitalization of small- and medium-sized buildings in central Tokyo. Our strengths also include an integrated value chain spanning acquisition, planning, leasing, construction, sales, and management; locally rooted leasing capabilities; and operational expertise in hotels and rental conference rooms. By combining the strengths of both companies, we believe we can take on the challenge of creating value on an even greater scale.

Specifically, we anticipate two synergies. The first is an expansion of business opportunities. Through ITOCHU's network, we expect to gain broader access to information on the sale and utilization of real estate, leading to opportunities that would have been difficult for us to approach independently. The second is an increase in project scale. Joint investment will enable us to undertake larger office building revitalization and development projects than before. While we have traditionally built our track record primarily through small- and medium-sized projects, we will also take on projects in the 10 billion to 20 billion yen range, expanding growth opportunities in both the number and scale of projects.

As growth opportunities expand, the competitive environment will become even more demanding. However, the essential nature of the value required will not change significantly. By combining the product creation and service capabilities we have cultivated with ITOCHU's network and expertise, we will further deepen our value creation process and provide differentiated value even in large-scale projects.

As investment opportunities expand, growth investment will require an even higher degree of discipline. Under the Medium-Term Management Plan, we plan total investment of 350.0 billion yen over three years to expand our businesses through office and hotel revitalization and development, M&A, and other initiatives. In executing these investments, we will remain mindful of the cost of capital, emphasize profitability and capital turnover in each business, and pursue disciplined growth investment.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Q. Please describe the progress of your sustainability initiatives.

Based on our Management Philosophy, the Group aims to contribute to a sustainable society through its business activities. We have identified Environmental Protection, Regional Revitalization, and Human Resource Development as our three Important Issues and are advancing a range of initiatives through our businesses.

In Environmental Protection, our business itself can contribute to environmental conservation by revitalizing and enhancing the value of existing buildings rather than relying on demolition and reconstruction. Specific initiatives include "healthy building longevity," which maintains building value over the long term, and offsetting carbon dioxide emissions generated during construction.

The Hotel and Tourism Business plays a major role in Regional Revitalization. In cooperation with local partner companies and business operators, we work to revitalize entire communities with our hotels as a starting point, while also contributing to the utilization of local transportation, events, and tourism resources.

Among our three Important Issues, Human Resource Development is an area on which the Company places particular emphasis. People are the driving force behind our businesses, and human resources who recognize the challenges faced by our clients are the source of value creation toward realizing a sustainable society. The Company systematically and continuously provides a range of training programs, including training on our Management Philosophy, basic business knowledge, and specialized skills, as well as opportunities to participate in external professional training. We also believe that employee development should not be left solely to the Human Resources Department, but should be led proactively by those responsible for each business. Human resources with diverse experience and expertise connect under a shared Management Philosophy and learn from one another. We believe that leveraging diversity in this environment and enhancing employees' sense of fulfillment and growth will enable them to make an even greater contribution to our clients, thereby enhancing corporate value.

For these Important Issues, we establish KPIs directly linked to our business activities and monitor progress to ensure that our initiatives are effective.

Continuously Serving Society Is What Enhances Corporate Value.



Q. Please share a message for our stakeholders.

I would like to express my sincere gratitude once again to all stakeholders for their continued support of our Group.

The market environment is becoming increasingly complex due to geopolitical risks, inflation, rising interest rates, exchange rate fluctuations, and changes in working styles and tourism demand. As the saying goes, "It is neither the most intelligent nor the strongest that survives, but the one most adaptable to change." What matters in this era is to accurately identify signs of change without fearing them and to continue transforming ourselves. The Group will also anticipate changes in the times and sincerely work to resolve the challenges faced by our clients.

At the same time, no matter how much the environment changes, what we must accomplish remains unchanged: the realization of our Management Philosophy. We believe in helping others, as many as we can, throughout our lives. Guided by this value of COMPASSION (Altruism), we strive to make effective use of limited resources and contribute to our clients, local communities, and society. We believe that the accumulation of these efforts leads to the enhancement of corporate value over the medium to long term.

We also believe that, to live up to the trust placed in us by our stakeholders, it is important to communicate in our own words what the Company believes, what it aims to achieve, and how it is taking action. We will continue to communicate the Group's progress and direction of growth carefully through the Integrated Report, various other media, and opportunities for dialogue.

We will continue to take on challenges with all employees united in purpose so that we can meet the expectations of our stakeholders.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Sun Frontier's Value Creation Process

Starting from COMPASSION (Altruism), our credo, we implement the Medium-Term Management Plan and address our Important Issues (Materiality) to resolve social issues through our businesses and create new value, thereby pursuing Long-Term Vision 2035.

Company Policy (Credo) | **COMPASSION (Altruism)** We believe in helping others, as many as we can, throughout our lives.

External Environment

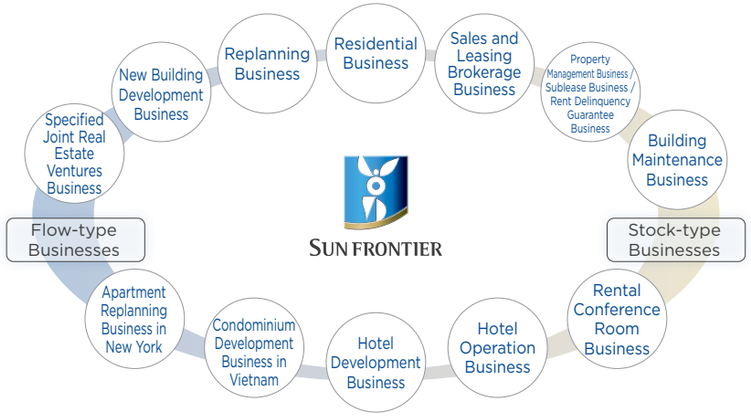
- **Trends in Society**
  - Carbon neutrality
  - Slowdown of the Chinese economy
  - Rising crude oil prices due to geopolitical risks
- **Risks**
  - Inflation and rising interest rates
  - Rising energy costs
  - Rising personnel expenses
- **Opportunities**
  - Conservation of and coexistence with nature
  - Higher selling prices

Management Resources Supporting Value Creation

FY2026/3 Results

Capital	Qualitative	Quantitative
Human Capital	Diverse Human Resources Who Embody the Philosophy	Number of Consolidated Employees 1,949 (including part-time employees)
Intellectual Capital	Expertise and Know-How to Meet Client Needs	Number of Registered Trademarks 93
Social and Relationship Capital	Customer Base and Brand	Consolidated Subsidiaries 39
Natural Capital	Reduction of Environmental Impact	Number of Buildings with BELS Certification 29 Buildings in Total
Financial Capital	Sound Financial Position	Total Assets 264.4 billion yen

Business Activities Supporting Value Creation



Medium-Term Management Plan (FY2026/3 to FY2028/3)

Priority Strategies

Strengthening the Human Capital Base
- Manufacturing Through Clients' Point of View and Heart-Warming Services
- Promoting Cooperation and Diversification Within Core Business

Important Issues (Materiality)

- Environmental Protection
- Regional Revitalization
- Human Resource Development

Value Creation

- Customers
- Employees
- Business Partners
- Shareholders and Investors
- Environment

Value Provided to Society

Economic Value: FY2028/3 Targets

Net Sales	150 billion yen
Ordinary Profit	30 billion yen
Ordinary Profit Margin	20%
ROE	14% or more
Equity Ratio	Approximately 45%

Social Value

Further Evolution into a Corporate Group That Attracts Human Resources Who Share the Value of COMPASSION (Altruism).
Providing an Even Wider Range of Real Estate Services to Resolve the Challenges Faced by Our Clients.

Long-term vision 2035

Utilize limited resources to fill the world with smiles and excitement!
Becoming a corporate group that continues to challenge the creation of future value.

Governance Structure Supporting Value Creation

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Sources of Value Creation Cultivated under the Spirit of COMPASSION

The Sun Frontier Group leverages its five forms of management capital to grow its businesses and continues to take on the challenge of creating future value. Each form of capital is directly linked to our management strategies and daily practices.

The Strength of Each Employee Drives the Growth of the Entire Group.

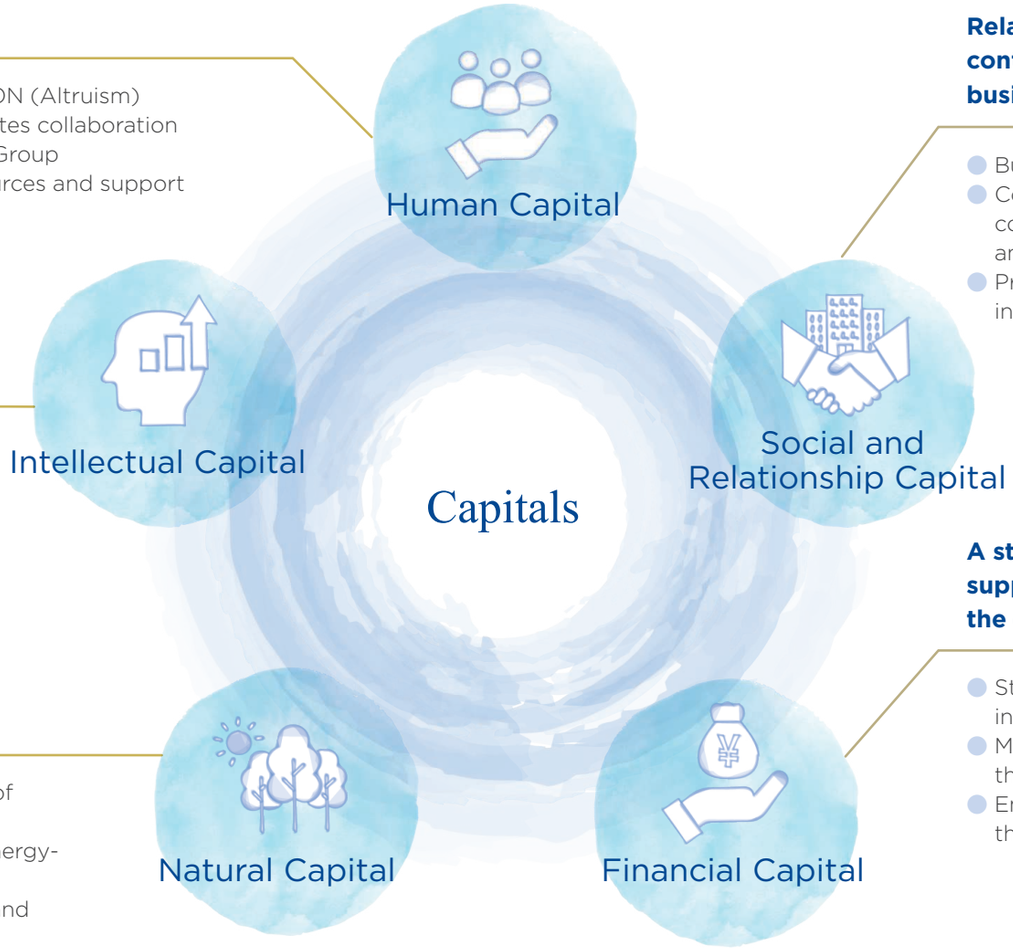
- A deeply rooted spirit of COMPASSION (Altruism)
- An organizational culture that promotes collaboration across divisions and throughout the Group
- Development of diverse human resources and support for career development.

Leveraging our expertise and technologies to drive the creation of new value.

- Putting the Sun Frontier Philosophy into Practice
- Distinctive Expertise and Know-How in Real Estate Revitalization
- Enhancing Operational Efficiency Through Data Utilization and IT Infrastructure

Environmental considerations enable sustainable growth.

- Reducing the environmental impact of building operations.
- Introducing renewable energy and energy-efficient equipment.
- Contributing to resource circulation and sustainable urban development.



Relationships of trust and contributions to society enable business sustainability.

- Building trust with each stakeholder
- Collaborating with and contributing to local communities and municipalities
- Promoting ESG and sustainability initiatives

A stable financial foundation supports business expansion and the creation of future value.

- Stable funding to support growth investment
- Maintaining financial soundness through a high equity ratio
- Ensuring business sustainability through cash flow management

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Long-Term Vision 2035 and Medium-Term Management Plan 2028

Guided by the value of COMPASSION (Altruism), our credo, the Group seeks to realize Long-Term Vision 2035 and its quantitative targets through the realization of our Management Philosophy: "Look after every employee and pursue the happiness of both mind and matter. At the same time, contribute to the evolution and development of human society with a spirit of coexistence and realize a sustainable society."
In FY2026/3, the first year of Medium-Term Management Plan 2028, which represents a milestone toward achieving Long-Term Vision 2035, we confirmed steady progress and a favorable business outlook, as well as expected synergies and solid prospects for business growth through the capital and business alliance with ITOCHU Corporation. Accordingly, we revised upward the Plan's final-year quantitative targets. We will vigorously pursue the early realization of Long-Term Vision 2035.

The Roadmap to Long-Term Vision 2035

The former medium-term management plan (results) (FY2019/3 to FY2025/3)

Basic Policy

We provide "places where people gather, connect with one another, and create social development and happiness."

Net Sales	103.1 billion yen
Ordinary Profit	20.4 billion yen
Ordinary Profit Margin	19.8%
ROE	14.7%
Equity Ratio	46.8%

Medium-term Management Plan (FY2026/3 to FY2028/3)

Basic Policy

Work to resolve social issues by promoting cooperation and diversification within core business, providing manufacturing through clients' point of view and heart-warming services.

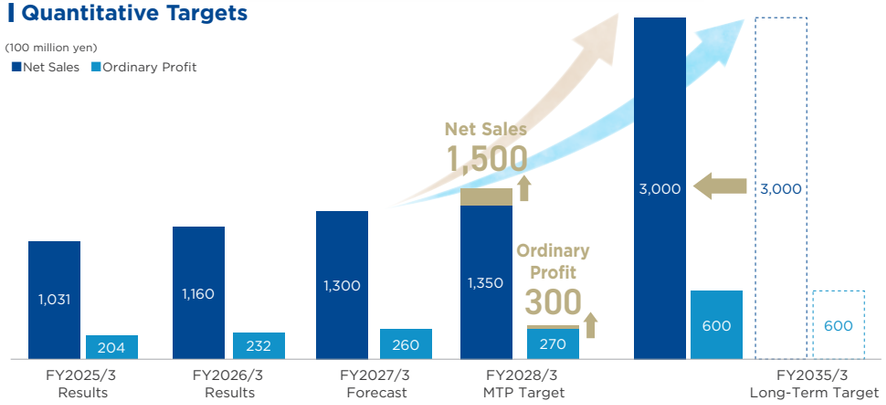
Net Sales	150 billion yen
Ordinary Profit	30 billion yen
Ordinary Profit Margin	20%
ROE	14% or more
Equity Ratio	Approximately 45%

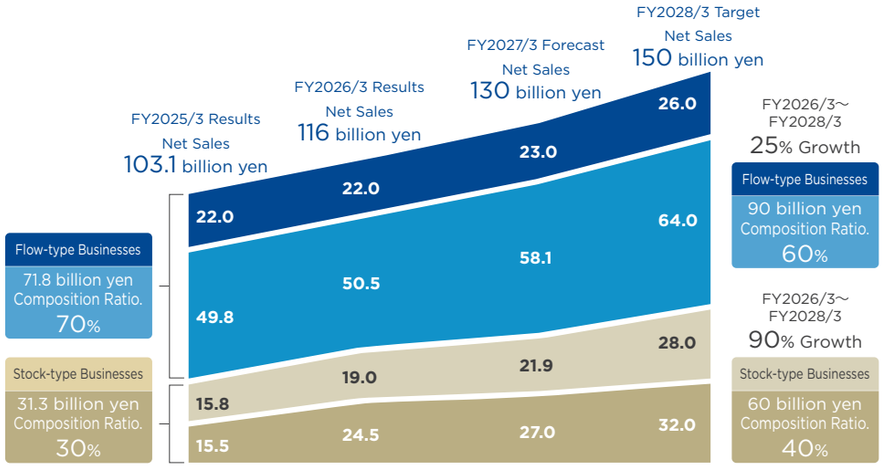
Long-Term Vision 2035

Utilize limited resources to fill the world with smiles and excitement!
Becoming a corporate group that continues to challenge the creation of future value.

Net Sales	300 billion yen
Ordinary Profit	60 billion yen

Quantitative Targets





Evolution of the Business Portfolio

We are further transforming our earnings structure while expanding and growing our businesses.

In our flow-type businesses, we are diversifying asset types, while in our stock-type businesses, we are diversifying into related fields. While steadily growing overall net sales, we will increase the share of stock-type businesses, which are resilient to market fluctuations.

Under the upwardly revised Medium-Term Management Plan, we project a 25% increase in net sales from flow-type businesses compared with FY2025/3 and strong growth of more than 90% in stock-type businesses. By FY2028/3, we aim to increase the share of stock-type businesses in net sales from the current 37% to 40%.

Flow-type Businesses	**Property Sales Businesses (New Areas)** ・Apartment Replanning Business in New York ・New Building Development Business ・Small-Lot Real Estate Investment Products Business ・New Residential Development Business	**Property Sales Businesses (Existing Areas)** ・Replanning Business ・Hotel Development Business ・Condominium Development Business in Vietnam
Stock-type Businesses	**Operation Businesses** ・Hotel Operation Business	**Real Estate Services Business** ・Real Estate Services Business ・Rental Conference Room Business ・Construction Solutions Business

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Growth Strategies and Priority Measures of Medium-Term Management Plan 2028

Under the three priority policies, we will further evolve our business model by combining renovation, new construction and development businesses, and service and operation businesses in our three focus markets.

Priority Measures

Strengthening the Human Capital Base



- Strengthen recruitment and development to expand our human resources
- Develop leaders through education and training based on our Management Philosophy, and expand the organization through the division of Amoebas under Amoeba Management
- Further evolve into a corporate group that attracts diverse human resources, regardless of age, gender, or nationality, who share the value of COMPASSION (Altruism)

Providing Manufacturing and Heart-Warming Services through Clients' Point of View



Providing Manufacturing through Clients' Point of View

- New building development; hotel development; apartment Replanning in New York; and condominium development in Vietnam
- Utilize M&A to strengthen the foundation of the Construction Business

Heart-warming Services from the Client's Perspective

- Enhance our ability to stay close to building owners and resolve their challenges from a long-term perspective
- Enhance our ability to respond attentively and warmly to the needs of tenant companies and corporate users of our services
- Develop human resources and foster an organizational culture capable of providing heart-warming and enjoyable services that inspire hotel guests

Promoting cooperation and diversification within core business



Flow-type Businesses

- Develop the New Building Business with the aim of maintaining the long-term economic value of buildings through collaboration among the Leasing Management, Property Management, and Construction divisions
- Promote small-lot real estate investment products, expanding beyond central Tokyo to Osaka and Nagoya
- Pursue apartment Replanning in New York and condominium development in Vietnam

Stock-type Businesses

- Provide diverse real estate services to resolve the challenges faced by our clients
- Strengthen our Tokyo branch network, focus on securing sublease contracts, and increase the number of buildings under management
- Expand the operating area of the Rental Conference Room Business
- Increase the number of hotel rooms under operation, including through M&A

Growth Strategy

Accelerate growth by diversifying real estate utilization through a combination of development, services, and operations, while expanding our business domains and geographic reach.

Three Focus Markets	Business Model	Business Domain	Area		Our Aspiration
Office	Development	Renovation	Tokyo	Osaka*2	Contribute to a sustainable society through resource-circulating real estate utilization
		New Construction*1			
		Small-Lot Real Estate Investment Products (Specified Joint Real Estate Ventures)			
	Services	Real Estate Services			Create smiles and inspiration by resolving challenges from the client's perspective
	Operations	Rental Conference Room Operations			
Hotel	Development	New Construction	Nationwide		Develop heart-warming and enjoyable hotels nationwide and grow together with local communities
		Renovation			
	Operations	Hotel Operations			
Residential	Development	New Construction*1	Vietnam*2	Tokyo*2	Provide safe, secure, comfortable, and high-quality living environments and contribute to national development
		Renovation*1	New York*2		
	Services	Real Estate Services*1	Vietnam*2 New York		

*1 Expansion of business domains *2 Geographic expansion

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

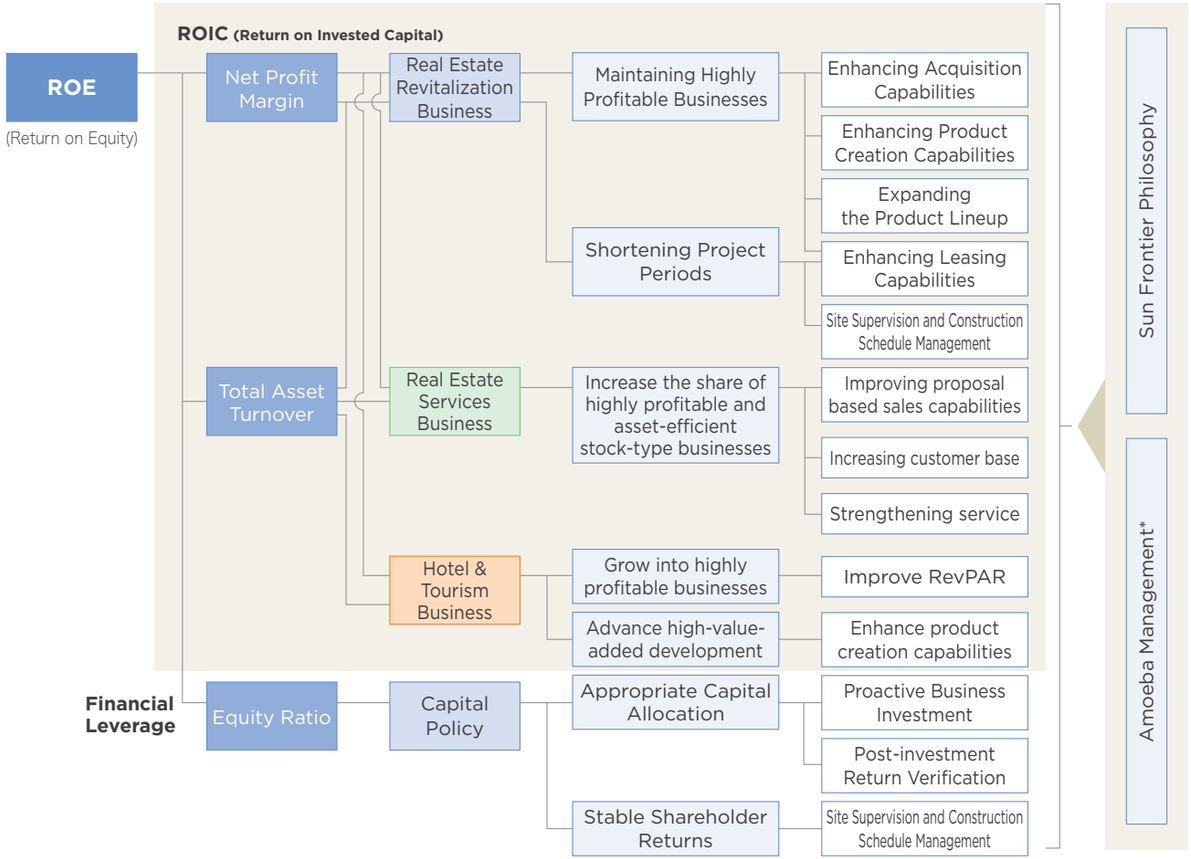
PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Management Conscious of Cost of Capital and Share Price

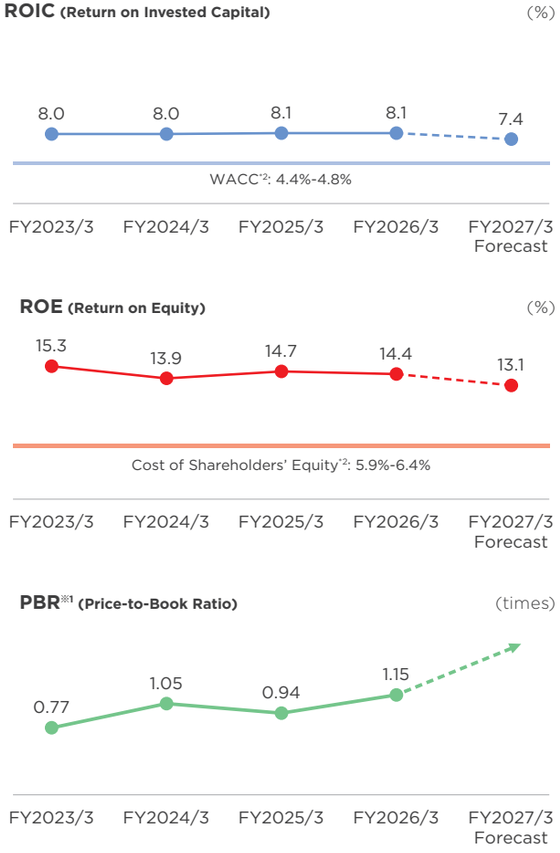
The permeation of the Philosophy and Amoeba Management enhances employee engagement and drives our businesses through all-employee participation management. While maintaining financial discipline, we seek to raise ROIC and improve ROE. By keeping ROIC above WACC, we aim to maintain ROE above the cost of shareholders' equity and thereby improve PBR.

Drivers of ROE Improvement



*"Amoeba Management" is a registered trademark of Kyocera Corporation.

Trends in ROIC, ROE, and PBR



*1 PBR figures are as of the end of each fiscal year.
*2 The cost of shareholders' equity is calculated using the Capital Asset Pricing Model. We assume that the cost of shareholders' equity will remain at 5.9%-6.4% and WACC at 4.4%-4.8%, in line with the medians for the past five fiscal years.

INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Message from the Division Director of the Administration Division

We will take on the challenge of creating future value through growth investment, financial discipline, and improved capital efficiency.



Takeshi Hirahara
Director, Senior Executive Officer, Division Director of Administration Division and General Manager of Corporate Planning Department

We achieved record-high results in the first year of the new Medium-Term Management Plan. By balancing growth investment with financial discipline, enhancing our business portfolio, pursuing M&A, and advancing the capital and business alliance with ITOCHU Corporation, we will support sustainable growth and greater corporate value with a focus on capital efficiency.

Achievements in the First Year of the New Medium-Term Management Plan and Building a Foundation for the Next Stage of Growth

In the previous fiscal year, the first year of the Medium-Term Management Plan, we achieved record-high net sales and ordinary profit. The business environment was far from calm, with rising material prices and interest rates in Japan and uncertainty surrounding trade policies. Nevertheless, we believe that the breadth of the earnings base our Group has built and our ability to respond flexibly to environmental changes underpinned these steady results.

By segment, all four segments expanded their operations, steadily diversifying our business portfolio and strengthening our earnings base. The Real Estate Revitalization Business, our core business accounting for approximately two-thirds of net sales, maintained high profitability with a segment profit margin of 29.0%. The Real Estate Services Business recorded net sales of 16.3 billion yen and a segment profit margin of 53.4%, increasing its presence as a stable earnings base. In the Hotel and Tourism Business, hotel operations generated net sales of 18.9 billion yen and a segment profit margin of 21.7%, contributing to both scale expansion and higher profitability. In Other Business, net sales increased from 1.9 billion yen in the previous fiscal year to 5.8 billion yen, partly reflecting the contribution of the Otake Kenso Group, which joined the Group through M&A.

In addition to this performance growth, the previous fiscal year was also one in which we laid the groundwork for sustainable growth. In the Real Estate Revitalization Business, while steadily executing sales, we increased acquisitions that will become future sources of earnings by 26.6%, from 50.8 billion yen in FY2025/3 to 64.3 billion yen, making progress in both sales and acquisitions. Initiatives for the next stage of growth also advanced across our businesses, including expanding property management contracts and our branch network in the Real Estate Services Business, proactive investment in the Hotel and Tourism Business, internalizing the supply chain through M&A in construction, and expanding the Overseas and Residential Businesses. We believe the major significance of the year was that we achieved current results while also preparing for the future.

Evolution of Our Business Portfolio by Combining Flow-Type and Stock-Type Businesses

Optimizing the business portfolio is a key theme of our growth strategy. While securing growth through flow-type businesses centered on real estate revitalization, we are increasing the share of stock-type businesses, such as hotel operations and real estate services, that are less susceptible to market fluctuations, thereby building a more stable earnings structure. To achieve this, in May 2026 we revised upward the Medium-Term Management Plan targets for FY2028/3, projecting a 25% increase in net sales from flow-type businesses compared with FY2025/3 and growth of more than 90% in stock-type businesses.

Under this policy, in the Real Estate Revitalization Business, our founding business, we continue to deepen the Replanning market while expanding into new asset types, including newly developed offices and residential properties, small-lot real estate investment products, and overseas real estate revitalization. By combining products with different asset turnover rates, we intend to build a sustainable growth base that is less affected by market conditions and sales timing. We will also allocate more resources to asset-efficient stock-type businesses. Our target portfolio combines high profitability with stable earnings.

In the previous fiscal year, growth in stock-type businesses was driven by the Hotel Operation Business, which captured robust inbound demand, and the Rental Conference Room Business, which achieved higher net sales and profit through increased repeat clients and large-scale projects. To convert this expanding demand into further earnings opportunities, we will continue growth investment in hotel operations and rental conference rooms while building operating systems that remain mindful of investment recovery periods and capital efficiency.

In addition, sales brokerage, leasing brokerage, and property management (PM) are important components supporting our stock-type business. In particular, as the number of buildings under management increases, PM generates additional business opportunities in brokerage and construction work, making it an important growth driver. To establish a stable earnings base through the expansion of our stock-type business, we must expand the number of locations and the total area under

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

management, accurately identify client needs through ongoing points of contact, and continuously refine the quality of our services.

This is where our Group's corporate culture and human strengths come into play. Rather than expanding flow-type and stock-type businesses independently, we combine them to create added value. Feedback from tenant companies and hotel guests obtained through real estate services and hotel operations is reflected in the planning, design, and renewal of office buildings and hotels. By maintaining ongoing client relationships through PM, building maintenance, and hotel operations even after revitalized or developed properties are sold or opened, we can help maintain and enhance asset value comprehensively over the medium to long term.

In other words, our product creation capabilities developed through flow-type businesses generate new client touchpoints, and the service insights gained from those touchpoints further refine our next round of product creation. This enables us to maintain and deepen client relationships and maximize long-term client value. We will continue to strengthen a highly profitable and stable business structure by evolving from the client's perspective and continuously improving daily operations.

Balancing Growth Investment and Financial Discipline to Improve Capital Efficiency.

In addition to the strong progress made in the first year of the Medium-Term Management Plan, following the capital and business alliance with ITOCHU Corporation launched in April 2026 and the approximately 13.1 billion yen raised through the associated third-party allotment of shares, we raised our targets for FY2028/3, the final year of the Plan, to net sales of 150.0 billion yen and ordinary profit of 30.0 billion yen. We also increased the total growth investment framework from the initial 310.0 billion yen to 350.0 billion yen and executed investments of 107.4 billion yen in the first year, approximately one-third of the initial plan.

This financing plan is intended to allocate funds to areas in which we can leverage our strengths and further reinforce our future earnings base toward the realization of Long-Term Vision 2035. In making investment decisions, we comprehensively assess factors including business synergies, return on invested capital (ROIC), and investment recovery periods, and will maintain disciplined capital allocation from the perspectives of both growth potential and profitability.

In the current economic environment, we must also anticipate the possibility of a higher cost of capital due to rising interest rates and changes in market risk perceptions. What matters in such an environment is not refraining from investment, but generating added value that exceeds cost increases and continuing to be chosen by all stakeholders. The key lies in the quality of our product creation and services. By enhancing the appeal of properties themselves and the quality of their operations, they can continue to be selected even at higher rents, while occupancy rates remain stable. If net operating income (NOI), an indicator of real estate profitability, grows at a rate exceeding inflation, we can absorb higher costs while maintaining and improving profitability. We believe that it is precisely when the external environment becomes more challenging that our Group's strengths come to the fore: addressing each client challenge and continuing to provide optimal product creation and services.

We emphasize capital efficiency in order to allocate limited management resources to areas with the greatest potential to create added value and thereby achieve sustainable enhancement of corporate value. In terms of capital efficiency, we target ROE of 14% or more while maintaining an equity ratio of approximately 45% as an indicator of financial stability. Through profit growth driven by growth investment and improved asset efficiency, we will continue to generate added value exceeding the cost of capital. ROE can be broken down into the product of profit margin, asset turnover, and financial leverage, but we do not seek management that relies on excessive leverage.

This approach is rooted in the management stance we have cultivated through challenging business environments in the past. Even in difficult circumstances, the Group has placed importance on valuing its human resources and preserving relationships of trust with stakeholders, including financial institutions. The commitment to "valuing people" and "keeping promises," which has taken root through these experiences, underpins our financial discipline. We will therefore continue to improve ROE through lean and resilient management based on high profit margins and a streamlined balance sheet.

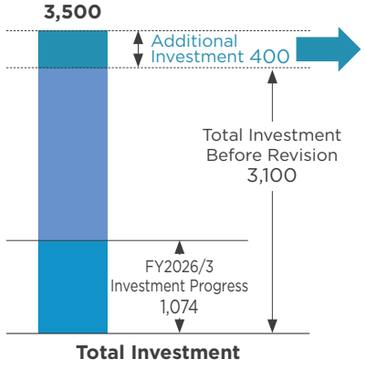
Regarding shareholder returns, we forecast annual dividends of 80 yen per share for FY2027/3, an increase of 4 yen from the previous fiscal year. We will continue to uphold our three basic policies of providing long-term and stable returns to shareholders, securing funds for proactive and bold investment in future growth, and maintaining the stability of our financial foundation. At the same time, we will pursue highly capital-efficient management while emphasizing the balance among growth investment, financial discipline, and shareholder returns.

Creating New Business Value through M&A with People Who Share Our Values

M&A is one of the important means by which the Group can accelerate growth. Its success, however, requires a process of jointly enhancing business value through post-merger integration (PMI)*2.

The most important consideration in evaluating M&A opportunities is whether we can share corporate philosophies and values. Both

Total Investment for FY2026/3-FY2028/3
(100 million yen)



Breakdown (100 million yen)

Business	Investment Before Revision	Additional Investment
Replanning (including short- and long-term)	1,530	220
New Construction	310	40
New York	210	40
Small-Lot Real Estate Investment Products	220	40
Hotel	640	60
Vietnam	90	—
M&A*1	100	—

*1 Excluding real estate M&A

*2 Post-Merger Integration: the integration process following an M&A transaction

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

companies must identify with and put into practice the values of pursuing the happiness of employees in both mind and matter and contributing to society through business. The extent to which these values are shared has a significant impact on organizational integration and business growth following an acquisition.

For this reason, during negotiations we communicate candidly the philosophy we uphold and what we value in conducting our businesses. At the same time, as the accepting company, we believe it is important to respect the history of the other company and the views of its employees and to engage in careful and repeated dialogue. This approach has proven effective at the Otake Kenso Group and Nagano Linden Plaza Hotel, which joined our Group during the previous fiscal year, and PMI is progressing smoothly and according to plan.

In PMI for the Hotel Operation Business, the staff members who join our Group become irreplaceable assets. The "heart-warming and enjoyable hotels" we aspire to create are places where employees themselves enjoy exercising creativity and ingenuity and achieve self-realization through the smiles of clients. Attracting human resources who identify with our Group's Philosophy, regardless of their previous experience, brings renewed vitality and hospitality to the workplace. M&A tends to be discussed in terms of numbers such as acquisition prices and financial indicators. However, future value that cannot necessarily be measured by numbers alone lies in people and trust. In other words, deeper sharing of values promotes employee retention and the creation of synergies after integration, ultimately leading to enhanced corporate value.

The funds invested in M&A are valuable capital entrusted to us by shareholders, investors, and financial institutions. We therefore pursue investment results encompassing not only the acquisition itself, but also synergy creation through PMI and the recovery of invested capital. We put our Management Philosophy into practice in daily business activities and consistently reflect it in investment decisions and PMI. Together with our new colleagues, we seek to create synergies that turn "one plus one into three or even four," enabling people in the workplace to grow with energy and enthusiasm and jointly cultivate new business value. This is the Group's fundamental approach to M&A.

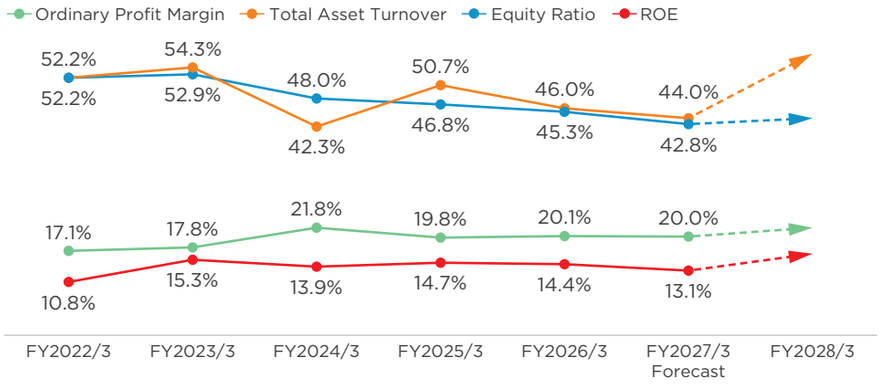
Expanding Growth Opportunities through the Capital and Business Alliance with ITOCHU Corporation.

We believe it will take some time for the results of the capital and business alliance with ITOCHU Corporation to become evident in our financial performance. Nevertheless, the two companies are already holding discussions on specific themes for collaboration, and we have made a positive start through candid exchanges of views. ITOCHU's principle of sampo-yoshi and COMPASSION (Altruism), which lies at the heart of the Group's management, are deeply aligned, and we strongly recognize the compatibility of our corporate cultures.

The strategic significance of this alliance lies in its potential to greatly expand the Group's growth opportunities by combining the management resources of both companies. By bringing together ITOCHU's extensive business network, human resources and expertise in asset management, financial strength, and information capabilities with our expertise in real estate revitalization, on-site capabilities, agility, and operational capabilities, we intend to expand into growth areas in a wide range of fields. These include larger projects, stronger sourcing capabilities, financial support, broader access to overseas investors, the creation of business opportunities in the Hotel and Tourism Business, and a stronger supply chain.

As a specific indication of progress, we have incorporated joint investment projects into our acquisition plan and are planning investment exceeding the level of the previous fiscal year. In the first year, we envisage joint investments in which ITOCHU's investment exceeds 10.0 billion yen, focusing on projects to revitalize existing office buildings. This alliance has broadened the potential for us to take on large-scale projects of approximately 10.0 billion yen per building, in addition to the small- and medium-sized projects in which we have traditionally excelled. Starting with our current collaboration, we will gradually

Trends in Key Indicators and ROE

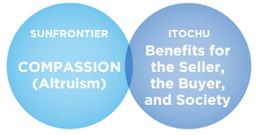


Purpose and Background of the Capital and Business Alliance with ITOCHU Corporation

Purpose Accelerate business growth and significantly enhance corporate value over the medium to long term through a strategic capital and business alliance toward the realization of our Management Philosophy.

Background

Compatibility of Corporate Cultures



Strong alignment of corporate philosophies, enabling the development of a robust, long-term relationship of trust

Strategic Complementarity



INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors



expand these initiatives while capturing new project opportunities.

At the same time, as our business domains expand, significant management risks are also increasing, including rising interest rates, economic fluctuations, post-M&A PMI, and IT risks such as cybersecurity. The Group will strengthen its risk monitoring framework and balance growth with discipline.

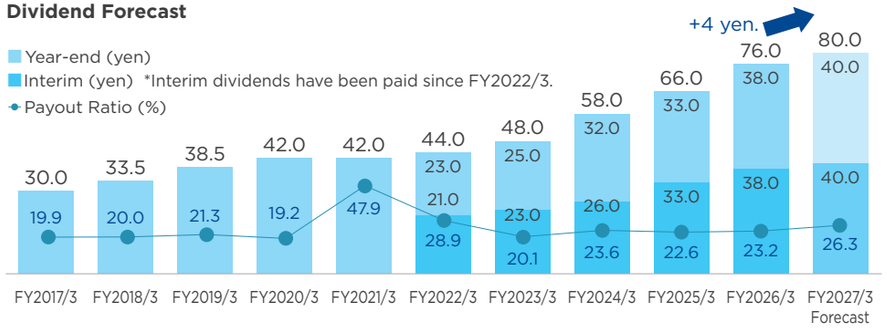
From a financial perspective, the third-party allotment of shares enabled us to strengthen our equity capital to a certain extent. Going forward, we will seek the understanding of our financial institutions regarding our improved creditworthiness and translate this into greater financing capacity and better financing terms. At the same time, we will convert business synergies from the alliance into tangible results one by one and pursue growth opportunities while maintaining management independence and operational autonomy as a listed company.

Transforming Our Philosophy into Competitiveness and Continuing to Create Future Value.

The source of the Group's distinctive added value lies in the practice of our Management Philosophy: "Look after every employee and pursue the happiness of both mind and matter. At the same time, contribute to the evolution and development of human society with a spirit of coexistence and realize a sustainable society." Guided by this Philosophy, we have addressed social issues through our businesses.

The Group regards human resources as the source of corporate value. Through the practice of the Philosophy and Amoeba Management, we continuously develop human resources who will lead the next generation of management and strengthen the organizational foundation supporting the realization of Long-Term Vision 2035.

Dividend Forecast



The practice of our Philosophy and the embodiment of value creation are supported by six foundational strengths: human resources developed through the Philosophy; a trusted client base; businesses with high social significance; business processes based on advanced management; partner companies that share our values; and disciplined finance. These are not independent elements, but interact with one another.

Our commitment to addressing client challenges deepens relationships of trust and leads to repeat business and new business opportunities. Investment in human resources strengthens on-site capabilities and service quality, while sharing values with partner companies reinforces the network supporting our businesses. Maintaining strong financial discipline also provides a solid foundation for continued growth investment. In this way, the integration of financial strategy with non-financial initiatives ultimately improves earnings power and capital efficiency, forming one of the Group's structural strengths.

Sustainability management is also an extension of our philosophy-driven management. The Real Estate Revitalization Business, our founding business, makes effective use of limited resources and breathes new value into buildings. Regional Revitalization through the Hotel and Tourism Business creates new flows of people and renewed vitality in local communities. Our response to climate change based on the TCFD*3 recommendations, enhanced disclosures on human capital, and compliance initiatives also provide concrete evidence of the Group's commitment to addressing social issues through its businesses.

In governance, we emphasize not only establishing systems and formal structures, but also the character of the people who make them function in practice. What we value is the commitment to ask, based on the Group's Philosophy, "What is the right thing to do as a human being?" and to uphold what is right. Precisely because business opportunities are expanding through growth investment, M&A, and the capital and business alliance, we will strengthen Sun Frontier's distinctive decision-making principles and thoroughly maintain disciplined management.

Under Long-Term Vision 2035, the Group aspires to "Utilize limited resources to fill the world with smiles and excitement! Becoming a corporate group that continues to challenge the creation of future value." Our mission is to make effective and careful use of nonrenewable resources, contribute to the development of people, society, and the environment, and, guided by this corporate philosophy, develop human resources who continue to take on the challenge of creating new value with a frontier spirit.

In the second year of the Medium-Term Management Plan, we will continue to fulfil this mission by further refining Providing Manufacturing through Clients' Point of View and Heart-Warming Services, promoting diversification through cooperation within our core business, and translating synergies from the capital and business alliance with ITOCHU Corporation into concrete results one by one. In our capital policy, we will enhance capital efficiency and pursue sustainable enhancement of corporate value while maintaining a medium- to long-term balance among growth investment, financial soundness, and shareholder returns. Through continued constructive dialogue with shareholders and investors, we will sincerely respond to the expectations and assessments of the capital markets and practice transparent information disclosure, appropriate capital allocation, and risk management.

*3 Task Force on Climate-related Financial Disclosures

INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

CHAP.
04

Growth Strategies by Business Segment

Real Estate Revitalization Business 33
Real Estate Services Business 34
Real Estate Services Business (Rental Conference Room Business) 35
The Hotel & Tourism Business 36

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors



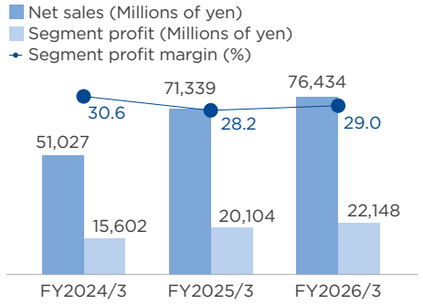
Real Estate Revitalization Business

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.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors



Real Estate Services Business

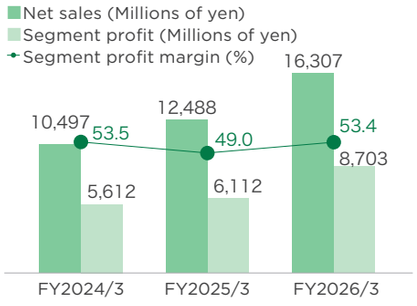
Driven by the expansion of property management contracts and the strength of cross-divisional integration, we achieved significant growth. By systematizing our expertise across the organization, we aim to become a comprehensive problem-solving partner that supports the growth of both building owners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

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors



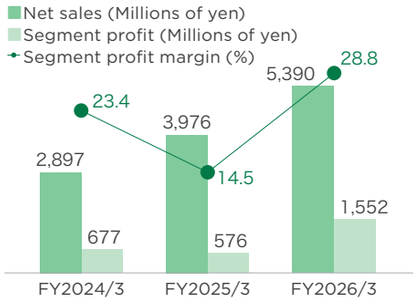
Real Estate Services Business (Rental Conference Room Business)

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.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors



The Hotel & Tourism Business

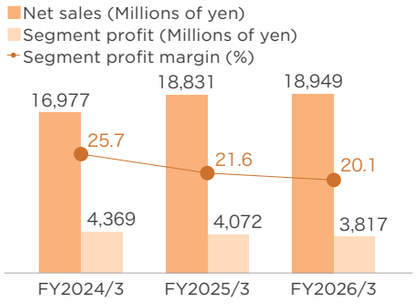
We will diversify risk through a three-tier brand portfolio and accelerate expansion toward our future target of 10,000 rooms, while focusing on regional revitalization and human resource development.

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.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

CHAP.
05

Sustainability Management

- Sustainability Management 38
- Important Issue 1: Environmental Protection 39
  Interview: Environmental Protection Initiatives 41
- Important Issue 2: Regional Revitalization 44
  Interview: Regional Revitalization Initiatives 47
- Important Issue 3: Human Resource Development 49
  Interview: Human Resource Development Initiatives 55
- Approach to Stakeholder Engagement 57
- Human Rights and Supply Chain Management 58
- Special Feature: Roundtable Discussion between an Institutional Investor and Outside Directors 59
- Management Structure 63
- Corporate Governance 64
- Risk Management & Compliance 67

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Sustainability Management

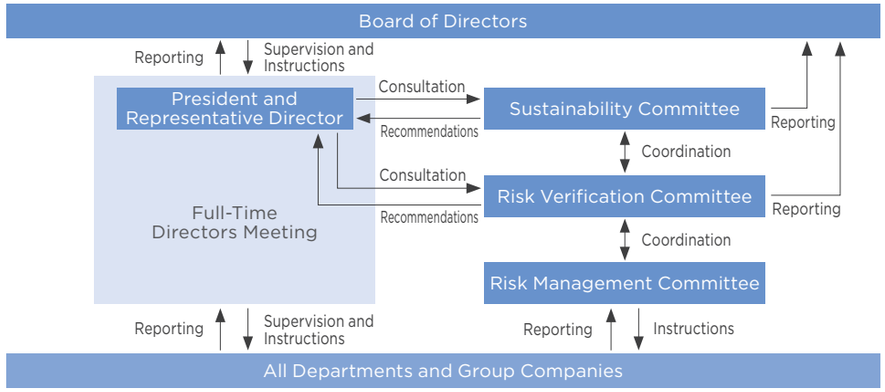
Since its founding, the Group has practiced philosophy-driven management centered on the spirit of Altruism. Based on this philosophy, we have established our Sustainability Vision and three material issues.
We will continue to promote sustainability management toward the realization of a sustainable society and a better future beyond.

Sustainability Vision

We value the spirit of Altruism, our Credo,
and contribute to the realization of
a sustainable society through
our business activities.

Sustainability Promotion Structure

To contribute to the realization of a sustainable society and enhance corporate value over the medium to long term, we have established the Sustainability Committee, chaired by the President and Representative Director and vice-chaired by the Head of the Sustainability Promotion Office. Sustainability representatives from each business division serve as committee members, while outside officers serve as advisors. Based on our Management Philosophy and corporate philosophy, the Committee further promotes initiatives that contribute to solving social issues.



Three Material Issues (Materiality)

Materiality 1

Environmental Protection

As a frontier in the Real Estate Revitalization Business, we enhance environmental sustainability by significantly reducing waste and greenhouse gas emissions.

Materiality 2

Regional Revitalization

As a frontier in sustainable regional revitalization, we create sustainable growth for regional economies through our office, hotel, and tourism businesses.

Materiality 3

Human Resource Development

As a frontier in philosophy-driven management, we seek to spread the concept of Altruism, which is essential to realizing a sustainable society.

Materiality Identification Process

With reference to various frameworks, including the SDGs, ISO 26000, and the GRI Standards, we held extensive discussions on the various social issues that need to be addressed, integrating the perspectives of our stakeholders with those of the Company's management. Through direct dialogue with stakeholders and with insights and advice from experts, we clarified the issues we recognize and the direction we should take. The material issues were then identified following approval by the Board of Directors.

Identification Process

Identification	Assessment	Measures	Monitoring
• Risk Verification Committee • Risk Management Committee		• Sustainability Committee • Each Group Company and Business Division	• Risk Verification Committee • Risk Management Committee • Board of Directors

Related Organizations

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors



Materiality 1 Environmental Protection

Our Aspiration

As a frontier in the Real Estate Revitalization Business, we enhance environmental sustainability by significantly reducing waste and greenhouse gas emissions.

Based on our corporate philosophy of “avoiding the waste of limited resources,” as a frontier in the real estate revitalization business, we have set concrete initiatives and KPIs such as extending the economic service life of office buildings and achieving high occupancy through sound management and operations, with the aim of solving social issues.

Material Issues, Specific Initiatives and KPIs

Social Issues to Be Addressed	Key Initiatives	Specific Initiatives	Indicators	KPIs / Targets	FY2023 Results	FY2024 Results	FY2025 Results	Related SDGs
Global warming caused by greenhouse gas emissions	Reduction of greenhouse gas emissions from business activities	Reduction of greenhouse gas emissions from construction through real estate revitalization	CO_2 emissions reduction rate compared with rebuilding	Reduction rate of 12% or more	12.7%	12.8%	12.6%	
		Offset greenhouse gas emissions from real estate revitalization construction using carbon credits	Carbon offset implementation rate for revitalized properties	100% carbon offset implementation rate	100%	100%	100%	
		Reduction of greenhouse gas emissions from our own business activities	Greenhouse Gas Emissions (Scope 1 and 2)	Compared with FY2022 FY2030: 22% reduction (2.7% annual reduction) FY2050: Carbon neutrality	—	3.5% increase	2.0% reduction	
		Reduction of greenhouse gas emissions across the supply chain (upstream/downstream)	Greenhouse Gas Emissions (Scope 3)	—	—	—	—	
	Expansion of Renewable Energy Use	Renewable Energy Development Initiatives	Number of solar power generation systems and other facilities installed at commercial properties and hotels developed by the Company	—	—	—	—	
Resource Conservation and Waste Reduction (Biodiversity)	Extending the Healthy Life of Real Estate	Extension of buildings' economic useful lives through real estate revitalization	Rate of Extension of Economic Useful Life	Average extension rate of 30% or more	54.1%	59.5%	66.9%	
		Improve occupancy rates of aging buildings through comprehensive real estate support.	Occupancy Rate of Buildings Over 30 Years Old	Average occupancy rate of 90% or more	93.8%	92.8%	94.1%	
			Building management contract retention rate required to achieve the above occupancy rate for buildings over 30 years old	Building management contract retention rate of 90% or more	98.0%	98.0%	98.0%	
	Reducing Environmental Impact in Real Estate Revitalization	Reduction of resource inputs/waste through real estate revitalization	Reduction rate of resource input/waste generation compared with building reconstruction	Reduction rate: 40.9%/49.3% (theoretical values)	—	—	—	
		Environmentally Conscious Buildings and Offices (Initiatives to Obtain Environmental Certifications)	Environmental certification acquisition rate for new office developments	100%	—	—	No newly completed buildings in FY2025	
Pollution Prevention and Water Resource Conservation	Safe and Secure Hotel Operations with Consideration for the Environment	Reduction of Plastic Waste in Hotel Operations	Initiatives to reduce plastic waste (number of hotels implementing such initiatives)	—	—	—	—	
		Thorough Water Hygiene Management in Hotel Operations	• Planned completion rate for facility inspections, including water leakage and water quality checks • Number of hotels equipped with water-saving facilities/fixtures	—	—	—	—	

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier’s Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Climate Change Initiatives

Disclosures Based on the TCFD Recommendations

To accurately assess how climate-related risks and opportunities may affect the Company's management, including its financial position and performance, we disclose information in accordance with the four core elements recommended by the TCFD: Governance, Strategy, Risk Management, and Metrics and Targets. We remain committed to continuously enhancing these disclosures.

Greenhouse Gas Emissions

(Unit: t-CO_2e)

Consolidated	FY2022	FY2023	FY2024	FY2025
Scope 1*1	3,238	3,392	3,642	3,854
Scope 2*2	7,634	7,281	7,608	8,286
Scope 3*3	—	—	210,557	219,274
Non-consolidated	**FY2022**	**FY2023**	**FY2024**	**FY2025**
Scope 1*1	0.0	0.0	0.0	0.0
Scope 2*2	213	88	162	198
Scope 3*3	153,108	148,641	168,918	162,742

*1 Emissions resulting from the use of gas and gasoline *2 Emissions resulting from electricity consumption *3 Other indirect emissions
- Calculation periods: FY2022 (April 2022 to March 2023), FY2023 (April 2023 to March 2024), FY2024 (April 2024 to March 2025), and FY2025 (April 2025 to March 2026)
- Scope of disclosure: Domestic and overseas consolidated subsidiaries
- Calculation method: Market-based method

There are two methods of calculation: the location-based method, which uses the average emissions factor for electricity supplied in Japan, and the market-based method, which uses the emissions factor of each electricity provider. The Company adopts the latter, market-based method.
Emission factors used for Scope 2: Electricity provider-specific emission factors based on actual results for FY2021, FY2022, FY2023, and FY2024
The scope of Scope 3 calculations has been expanded to cover the entire consolidated Group since FY2024. For FY2022 and FY2023, calculations covered the Replanning Business. For Category 1, calculations have been based on the recycled content method, also known as the cut-off method, since FY2024.

Greenhouse Gas Emissions Reduction Targets (Compared with 2022 Levels)

	2030	2050	FY2025 Results
Total Scope 1 and Scope 2 Emissions	22% reduction (annual reduction of 2.7%)	Carbon neutrality	2% reduction*

* Excluding increases attributable to additional locations resulting from M&A.

Status of ESG Ratings and Certifications by Third-Party Organizations

The Group endorses and participates in relevant initiatives as part of its efforts to make effective use of resources through its business activities and conserve natural capital and biodiversity. These proactive initiatives toward realizing a sustainable society have been highly evaluated by external rating organizations in Japan and overseas, and the Group has received various certifications.

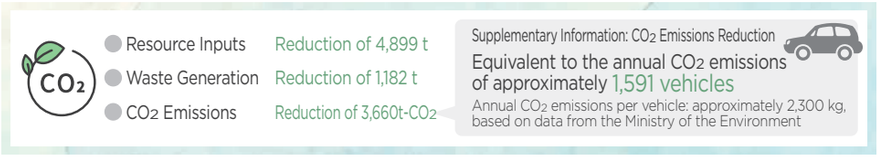
Environmental Protection Initiatives

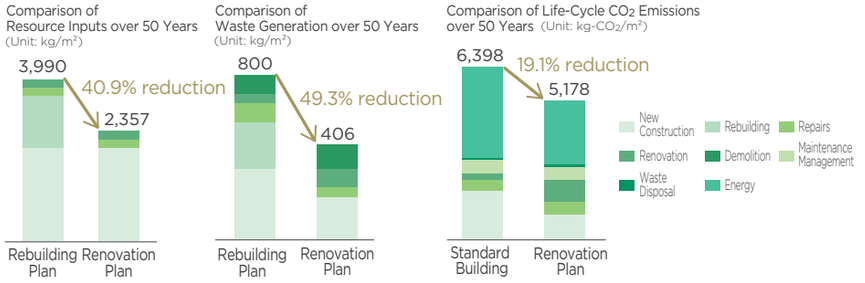
Real Estate Revitalization in Harmony with the Environment

In the Real Estate Revitalization Business, rather than simply demolishing and rebuilding aging buildings, we identify and unlock their potential, revitalizing them into highly profitable and functional buildings. In this way, we reduce the waste of fossil resources, enhance resource productivity, and promote the business in harmony with the environment. To measure the environmental contribution of our Real Estate Revitalization Business, we used the Architectural Institute of Japan's LCA Tool*1 to estimate resource inputs, waste generation, and reductions in life-cycle CO_2 emissions ($LCCO_2$)*2, assuming building operations over a 50-year period. The estimates were based on a hypothetical office building with an age and total floor area representative of the largest segment of properties handled by our Real Estate Revitalization Business.

*1 LCA Tool for Buildings, Version 5.0: An Assessment Tool for Global Warming, Resource Consumption, and Waste Reduction Measures
*2 Assessment of carbon dioxide (CO_2) emissions at all stages of a product's life cycle, including manufacturing, transportation, sale, use, disposal, and reuse

Compared with the Rebuilding Plan and a Standard Building





Assumptions and Basis for Calculation

A 30-year-old office building with a total floor area of approximately 3,000 m² in central Tokyo was selected as the model building. Its environmental contribution was estimated over a 50-year period, corresponding to the statutory useful life of a steel-reinforced concrete office building.

Rebuilding Plan: The building is rebuilt every 35 years.
Renovation Plan: The aging building is revitalized without demolition as a long-life building
Standard Building: An unrenovated 30-year-old building is assumed.

For details on disclosures based on the TCFD Recommendations

INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Examples of Environmental Protection Initiatives

Renovating aging properties into modern, high-performance buildings with reduced environmental impact, while pursuing greater comfort for people working today

In January 2026, the renovation plans for three of our Replanning properties were selected as model projects under the Model Research Project for Promoting Investment in Value-Enhancing Renovations of Small and Medium-Sized Buildings (Phase 2), for which the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) publicly solicited proposals. Here, we introduce the key aspects of our proposals that received recognition, as well as our ongoing efforts toward "sustainable real estate revitalization" for the future.





Assessing the actual condition of each property to achieve optimal renovations while ensuring safety

What were the initial challenges you faced in renovating the three selected properties, and how did you address them?

Heiraku All three properties were more than 30 years old and had compliance-related issues, such as the absence of certificates of inspection or discrepancies between the actual buildings and their drawings. Our first challenge, therefore, was to accurately assess the condition of each building and determine the extent to which its safety could be ensured.

When renovating existing buildings, it is important to distinguish between areas that need to be renovated and those that can continue to be utilized, so as to avoid unnecessary or excessive renovation. We began by conducting repeated on-site surveys and carefully examining each aspect of the buildings, thereby ensuring safety and reliability based on their actual conditions.

What are the distinctive features of each of the three properties?

Heiraku Biz Feel KANDA was originally a property where the owner resided in a maisonette occupying the top two floors. We renovated the property into an office building while retaining this portion. As there are many similar office buildings in the surrounding area, we believe that using this project as a pioneering model and applying the approach to other properties could contribute to revitalizing the local community through building revitalization.

Wakao Hommachi Highest Building is a symbolic project demonstrating that the approach to value enhancement and environmental impact reduction that we have cultivated through our work on small and medium-sized office buildings in central Tokyo has also been well received in Osaka. As laws, regulations, and operational practices differ in some respects between the Kanto and Kansai regions, we began by gaining a thorough understanding of the local regulatory framework and requirements.

Building on this understanding, we have proceeded with the renovation by leveraging the expertise we have accumulated to date, while also undertaking initiatives with a view to obtaining CASBEE and BELS certifications. By making the building's environmental performance and value more visible, we believe this will also provide an opportunity to demonstrate more broadly the added value of the property as a better-quality space.

INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors



Ogawa What is particularly noteworthy about THE PORTAL IWAMOTOCHO is that by renovating the first-floor parking area into office space, we achieved effective utilization of the building and enhanced its physical value. Furthermore, we converted the building's use while taking into account environmental performance and user comfort, striving to make its value more visible. We believe that value enhancement through such changes of use and spatial diversification leads not only to the supply of competitive office space, but also to the formation of a new business community rooted in the local area.

Enhancing Environmental Performance and Creating Wellness Value for Our Clients

What measures did you take to equip existing building structures with up-to-date environmental performance?

Ogawa Rather than making the acquisition of environmental certifications such as BELS and CASBEE an end in itself, we prioritized environmental considerations and user comfort. We upgraded air-conditioning and lighting systems to reduce unnecessary energy consumption and installed double-glazed windows to improve thermal insulation. These initiatives ultimately led to positive evaluations of the buildings' environmental performance.

In designing setup offices, what kinds of value in terms of services, products, and experiences do you seek to create through design and construction?

Wakao Our business is not about excessively upgrading everything to the latest specifications, but about providing added value that reflects the needs of the times. By designing spaces with the people who will actually work there in mind, we can provide offices in which a wide range of people can find value.

At the same time, needs regarding working styles and comfort continue to change over time. We therefore work closely with our Leasing, Property Management, and other internal departments to share information and incorporate direct feedback from our clients into office layouts and spatial design. In this way, we constantly strive to identify and respond to the evolving needs of the times.

Ogawa Our proprietary Sun Frontier Wellness Score also plays an important role. By making qualitative value, such as comfort and ease of working, more visible, we can use these insights to create more attractive spaces. The score not only serves as a benchmark for providing offices that clients will choose, but also enables us to quantitatively evaluate our initiatives. This allows us to continuously enhance value by implementing the PDCA cycle, which is another key feature of this initiative.

Developing People at the Worksite to Create New Value for the Future

Looking ahead, how would you like the Construction Department to evolve?

Wakao In October 2025, the Otake Kenso Group joined our Group, and we believe this will enable us to further strengthen our efforts to reduce environmental impact. By combining our capabilities with the Group's specialized expertise in window frames, we believe we can deliver even greater value that contributes to a more sustainable future.

In addition, to raise awareness of buildings designed to reduce environmental impact, we aim to obtain BELS certification for all of our projects. For example, it may be difficult for tenant companies to reduce their environmental impact entirely through their own efforts. By moving into one of our buildings, however, we hope to enable them to say, "We too are contributing to reducing environmental impact."

Ogawa For us, sustainable real estate revitalization means providing offices that have been upgraded with environmentally conscious equipment and facilities. By revitalizing aging buildings one by one and carrying that value forward, we believe we can increase the number of properties that do not need to be demolished simply because they have aged, thereby contributing to a more sustainable environment.

From the perspective of Human Resource Development, what message would you like to share with the next generation?

Heiraku I joined the Company as a new graduate in April 2025, and despite having only limited experience, I have already been given opportunities to work at many project sites. With the support of my senior colleagues, I can feel myself growing day by day.





At the Company, there is an environment in which even younger employees can take on challenges without hesitation, and the support I receive gives me a strong sense of fulfillment in my work. By working together to overcome problems and difficult challenges, we are also able to build relationships of trust.

I hope those who join us as new colleagues in the future will actively embrace challenges and enjoy the process of their own growth.

Wakao As Heiraku mentioned, the Company provides an environment in which younger employees are encouraged to take on challenges. Behind this is a deeply rooted culture in which senior colleagues support younger employees while helping them grow.

There is a saying in the construction industry that "the worksite is where the true essence of craftsmanship lies." The worksite is equally important when it comes to Human Resource Development. Even when you think you understand something from looking at drawings, you may experience something entirely different when you actually visit the worksite and experience it firsthand.

We ourselves have learned a great deal from our senior colleagues, and we want to pass those lessons on to the next generation. I encourage everyone to actively visit worksites, see things with their own eyes, experience them firsthand, and use those experiences as opportunities for growth.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

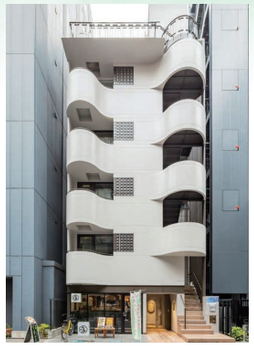
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

The three properties selected for the Ministry of Land, Infrastructure, Transport and Tourism's model survey project differ in location, scale, and the challenges affecting each building. We carefully assessed the actual condition of each property and planned and implemented renovations that made effective use of existing assets while enhancing safety, environmental performance, and user comfort. Through these initiatives, we aim to unlock the potential of existing real estate and establish revitalization models that can be applied to other buildings.

For details of the value enhancement initiatives at each building, please refer to the materials published by the Ministry of Land, Infrastructure, Transport and Tourism. (Japanese Only)

Biz Feel KANDA

Transforming Legal Compliance and Wellness into New Value



Starting with a building that lacked a certificate of inspection, we conducted a legal compliance survey and implemented corrective measures to ensure safety and compliance. In addition to upgrading the air-conditioning, ventilation, and lighting systems and strengthening security, we converted the upper-floor maisonette into office space, creating a workplace that also promotes wellness

Built in 1988 | Chiyoda-ku, Tokyo | Total floor area: 628.06 m² | 7 floors above ground and 1 basement floor





Key Points Recognized

In addition to addressing an existing building without a certificate of inspection, the project visualized the relationship between wellness, employee retention, and productivity improvement. The narrative of enhancing asset value by ensuring legal compliance and upgrading building equipment was also highly regarded.

Hommachi Highest Building

Revitalizing an Aging Building by Enhancing Safety and Environmental Performance



In addition to conducting a legal compliance survey and corrective work, we secured the building's safety through exterior wall renovations. We also improved the efficiency of the air-conditioning, ventilation, and lighting systems, enhancing environmental performance and creating new value through Setup Offices.

Built in 1988 | Osaka City, Osaka Prefecture | Total floor area: 2,502.72 m² | 9 floors above ground and 1 basement floor



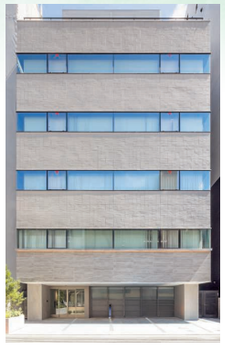


Key Points Recognized

The project addressed social issues affecting existing real estate stock through measures including safety improvements, equipment upgrades, and the provision of Setup Offices. Efforts to visualize environmental performance using CASBEE were also recognized.

THE PORTAL IWAMOTOCHO

Creating a New Office That Responds to Changing Workstyles



In addition to ensuring legal compliance, we created new workspace through a change of use and building expansion. By incorporating greenery both indoors and outdoors and adopting different layouts on each floor, we revitalized the property into an office that accommodates diverse workstyles.

Built in 1991 | Chiyoda-ku, Tokyo | Total floor area: 2,898.57 m² | 9 floors above ground and 1 basement floor





Key Points Recognized

In addition to equipment upgrades and legal compliance, the project was recognized as a highly versatile initiative applicable to small- and medium-sized buildings, including greenery and wellness features, biophilic design, and increased floor space through a change of use

Sun Frontier's Approach to Real Estate Revitalization Across All Three Properties

Placing the people who work there at the center, we make the most of existing value while enhancing safety, environmental performance, and comfort to revitalize properties into real estate that society needs



INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors



Materiality 2 Regional Revitalization

Our Aspiration

As a frontier in sustainable regional revitalization, we create sustainable growth for regional economies through our office, hotel, and tourism businesses.

We aim to realize a sustainable society together with local communities by helping bring vitality and activity to the areas surrounding the office buildings we provide through real estate revitalization and the hotels and tourism facilities we operate, while also working with users and local residents on disaster preparedness and mitigation

Material Issues, Specific Initiatives and KPIs

Social Issues to Be Addressed	Key Initiatives	Specific Initiatives	Indicators	KPIs / Targets	FY2023 Results	FY2024 Results	FY2025 Results	Related SDGs
Revitalization of Regional Economies	Creating Buildings, Offices, and Spaces That Foster Fulfilling Work and Creativity and Contribute to Economic Growth	Promoting Real Estate Revitalization with Consideration for Well-being	Percentage of Newly Supplied Replanning Properties That Exceed Internal Standards	FY2023: 30% FY2025: 50% FY2030: 70%	68.8%	76.0%	66.7%	
			Conduct tenant satisfaction survey (company-owned properties)	Every fiscal year	Completed	Completed	Completed	
Responding to Increasingly Severe Natural Disasters	Disaster Preparedness and Mitigation Through Community Collaboration	Provision of Setup Offices Equipped with Emergency Supplies or Dedicated Storage Space	Number of office sections equipped with disaster prevention equipment or designated installation space	20 sections in FY2024 50 sections in FY2027 75 sections in FY2030	9 sections	33 sections	20 sections	
		Providing Information to Raise Tenants' Awareness of Disaster Preparedness	Percentage of Company-Owned Properties with Disaster Preparedness Information Posted on Dedicated Webpages	100%	100%	100%	100%	
Decline in Japan's Working-Age Population Due to the Falling Birthrate and Aging Population	Creating Buildings, Offices, and Spaces That Foster Fulfilling Work and Creativity and Contribute to Economic Growth	Expanding Conversions and Providing Assets That Address the Specific Challenges of Each Community	Providing Real Estate Products That Address the Falling Birthrate, Aging Population, and Other Regional Issues	–	–	–	–	
Decline of Regional Economies Due to Overconcentration in Major Cities/Depopulation in Regional Areas	Solving Regional Issues Through Community Revitalization	• Participation in Local Community Activities at Each Hotel • Regional Revitalization Initiatives Centered on Sado	Obtaining SDGs Partner Certifications Promoted by Local Governments and Participating in Community Activities	–	–	–	–	

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Creating Buildings, Offices, and Spaces That Foster Fulfilling Work and Creativity and Contribute to Economic Growth

Operation of the Sun Frontier Wellness Score (SWS), Our Internal Standard

"Offices that accelerate the growth of tenant companies" is the theme of the offices we provide. Through our Setup Offices, which feature sophisticated interiors in reception areas, meeting rooms, and workspaces before tenants move in, we support the growth of tenant companies, including startups, from the perspective of the office environment. Offices play an important role in improving productivity and employee motivation. We established the Sun Frontier Wellness Score (SWS) as an indicator for measuring office comfort and manage the percentage of newly supplied properties that meet the standard as a KPI.

Setup Offices That Accelerate Growth

A Setup Office is provided with interiors, meeting rooms, furniture, and other features already in place so that tenants can begin using the space immediately after moving in. By reducing the initial costs, time, and effort required for interior construction and furniture purchases, we provide an environment in which companies can focus on their core businesses. Since launching Setup Offices in 2013, we have pursued office creation from the tenant company's perspective. Today, in addition to meeting the diverse needs of startups and other growth companies, we have expanded our initiatives into STARTUP FRONTIER TOKYO, which supports startup growth. Under the vision of making Tokyo the world's most startup-friendly city, we facilitate corporate growth not only by providing offices, but also through events, networking opportunities, and business pitch programs.

Disaster Preparedness and Mitigation Through Community Collaboration

Provision of Setup Offices Equipped with Emergency Supplies and Dedicated Storage Space

Our Setup Offices incorporate emergency supplies and dedicated storage space in advance, enabling tenants to be prepared from the time they move in. This allows tenant companies to strengthen disaster preparedness while reducing the burden of initial implementation. We provided 20 such units in FY2025 and aim to equip 75 units by FY2030. By expanding office environments that heighten awareness of disaster preparedness through Setup Offices equipped with emergency supplies and storage space, we believe we can help ensure business continuity and provide peace of mind for employees.

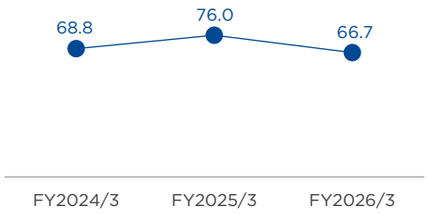
Regional Revitalization Initiatives Centered on Hotels

Community Participation Event at HOTEL AZUMA Tackles Winter Tourism Challenges Through Industry-Academia Collaboration

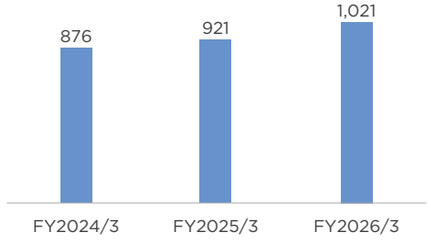
To promote regional revitalization, the Group held a community revitalization event at HOTEL AZUMA in Sado City, Niigata Prefecture, in collaboration with Sado General High School. To address regional challenges such as declining winter tourism demand and reduced hotel use by island residents, students took the initiative in planning a local products fair and events linked to the hotel's hot springs, leveraging the Group's network and facilities. The event created new flows of people into the community and generated warm interaction and vitality.



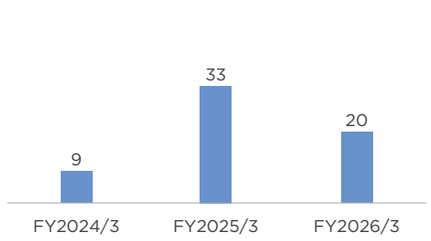
Ratio of Newly Supplied Replanning Properties Meeting SWS Standards (%)



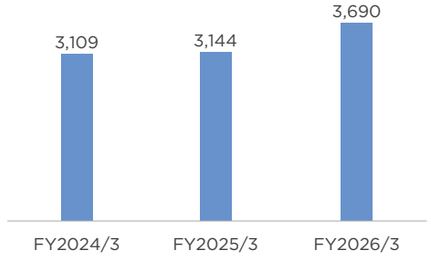
Cumulative Number of Setup Offices Supplied (units)



Number of Office Sections Equipped with Disaster Prevention Tools or Installation Spaces (units)



Trends in Number of Hotel Rooms (rooms)



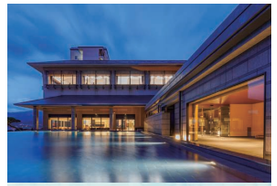
INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Regional Revitalization Initiatives in Sado City, Niigata Prefecture

When regional communities thrive, Japan thrives. As the number of travelers drawn to Japan's world-class culture, history, natural beauty, cuisine, hot springs, and hospitality continues to grow rapidly, we are turning our attention to regional areas that embody these strengths and undertaking regional revitalization initiatives that make the most of each area's unique appeal.




HOTEL OOSADO



Sado Outdoor Base


TABINO HOTEL Live Sado


Sado Seaside Resort & Spa

01 2017.12 Began revitalization of the long-established Hotel Azuma, now HOTEL AZUMA

02 2018.7 Began operation of the business hotel TABINO HOTEL Sado

03 2018.7 Launched the Kigaru ni Rent-a-Car business

04 2018.8 Assumed management of taxi and bus company Okesa Kanko through M&A

05 2019.4 Launched the local travel agency Happy Sado Travel

06 2019.8 Opened Le Bleu Sado SAWANE, a traditional house accommodation

07 2020.4 Began manufacturing and selling Sado souvenirs


HOTEL AZUMA


TABINO HOTEL Sado


Le Bleu Sado SAWANE


Donden Kogen Lodge

08 2020.4 Appointed designated manager of the municipally owned Donden Kogen Lodge Nature Resort

09 2020.6 Opened the traditional-house restaurant Oryori Anaguchi

10 2021.4 Began revitalization of Hotel Oosado through M&A, now HOTEL OOSADO

11 2022.3 Opened Sado Outdoor Base

12 2023.6 Opened the serviced apartment TABINO HOTEL Live Sado

13 2024.5 Opened TABINO HOTEL Live II Sado

14 2025.9 Launched a Sado seafood processing business

15 2026.4 Began operating the municipally owned Sunrise Jogahama, (now Sado Seaside Resort & Spa)

16 2026.4 Began operation of TABINO HOTEL Sado Annex

INDEX

Introduction

CHAP. 01 Sources of Value Creation

CHAP. 02 Sun Frontier's Journey

CHAP. 03 Challenges for Sustainable Growth

CHAP. 04 Growth Strategies by Business Segment

CHAP. 05 Sustainability Management

Data

PICK UP

A Letter from the Founder

Message from the President

Message from the Division Director of the Administration Division

Roundtable Discussion between an Institutional Investor and Outside Directors

Regional Revitalization Case Study

Advancing Regional Revitalization Beyond Real Estate, Beginning with the Belief That Our Clients' Success Builds the Community's Future

The Customer Success Office goes beyond conventional property management to support clients' success by working alongside both building owners and tenant companies. This section introduces the Office's efforts to revitalize sustainable regional economies, starting with the voices of our clients.



Keiichiro Nishimoto
Executive Officer; General Manager of Leasing Management Department, Entrusted Asset Management Division

Executive Officer; General Manager of Leasing Management Department, Entrusted Asset Management Division

Please explain the background and issues that led to the establishment of the Customer Success Office, as well as its principal activities.

A major turning point for our business was the rapid spread of remote work during the COVID-19 pandemic. At the time, approximately 20% of the roughly 4,000 tenant companies occupying properties under our management either moved out or reduced their office space. We felt both powerless and deeply concerned that we could do little more than observe these changes in workstyles. This led us to realize that if we could provide not only comfortable office space but also added value that supports business growth, tenants might find greater meaning in continuing to lease space from us.

By proactively supporting tenant companies' success, increasing their satisfaction, and encouraging them to become loyal supporters of Sun Frontier, we can help them remain in our properties for longer periods. This, in turn, contributes to stable long-term earnings for building owners and increased property value. To fulfill this important role, we established the Customer Success Office as a client-centered framework for supporting success. Its main activities include operating the Sun Frontier Owners Club, which provides a forum for building owners to exchange information, developing and operating the Sun Frontier My Page app for tenant companies, and planning and managing seminars for tenants.

Value Created Through Client Engagement

How have these initiatives changed your relationships with clients, and how do you believe they contribute to enhancing corporate value?

As the first step in enhancing the tenant experience, we launched the dedicated Sun Frontier My Page app in October 2025. Previously, our reliance on telephone and email meant that confirming conditions on site and arranging assistance from contractors took time. The app now enables accurate sharing of information through photographs and videos, facilitating two-way communication between tenant companies and the Company and dramatically accelerating our initial response to everyday issues. Going forward, we plan to create a system that enables information to be shared directly with building maintenance companies through the app, further speeding up our response.

In addition to building trust through prompt responses, we provide new added value that supports the growth of tenant companies. For example, while revitalized properties are being prepared for market, we offer Neighbor+, a free workspace where tenants can experience the latest office environment and provide candid feedback. More than 150 companies have already used the space. Increased contact with tenant companies has enabled us to identify the timing of their business growth and their needs at an earlier stage. We intend to apply the voices and insights gained through these daily interactions to new services and property development, connecting client dialogue to the next stage of value creation and extending that value to local communities. We have also begun offering tenant companies a broad range of services that leverage Group synergies, including preferential rates at hotels and rental conference rooms operated by the Group.

Greater tenant satisfaction fosters an attachment to the property and encourages long-term occupancy. By minimizing vacancy periods, this also improves the profitability of building operations for owners. Our initiative is not simply a customer service program, but a business model that enables building owners, tenant companies, and Sun Frontier to grow together.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Our Clients' Success Builds the Community's Future

How does supporting tenant companies contribute to revitalizing local communities and economies?

The Customer Success Office views regional revitalization as more than participation in specific local events. Our approach is based on the belief that supporting the growth of tenant companies ultimately contributes to the economic development of the entire community, including urban areas.

One specific initiative is our management seminar for tenant companies, now in its fifth edition. In planning the seminar, we considered which topic would benefit a broad range of companies rather than only a select few, and chose business continuity planning (BCP). Helping companies develop the ability to continue operating during unforeseen events such as cyberattacks and natural disasters protects their employees, families, and business partners. We believe that when many companies have strong business continuity capabilities, they help prevent the collapse of regional economies and serve as a bulwark for sustaining society.

These activities have also created new value by connecting clients with one another. Both the speaker at the seminar and the company that provided emergency supplies are tenants in properties managed by Sun Frontier. We believe that enabling tenant companies to connect through our platform and support one another's business growth represents a distinctive form of regional revitalization that only we can provide.

Turning Client Feedback into Future Value Creation

Finally, please tell us what the Customer Success Office aims to achieve

The Customer Success Office is grounded in principles long valued by our founder and current Chairman, Tomoaki Horiguchi: solving clients' problems from the client's perspective and embracing the spirit of Altruism expressed in the belief, "We believe in helping others, as many as we can, throughout our lives." In addition to the Owners Club for building owners launched in 2023, the establishment of an organization sincerely committed to solving tenant companies' challenges has further clarified our future growth strategy. We will continue connecting the voices gathered through daily client interactions to new value creation, contributing to the growth of tenant companies, increased asset value for owners, and the sustainable development of local communities.

Our mission is to go beyond the role of a property management company and become a true partner that supports our clients' business growth and moves forward together with them. We will continue maximizing the experience of everyone who uses our properties and providing opportunities for companies to connect and support one another. We believe that the resulting chain of client co-creation will become a driving force behind the sustainable development of local communities. Through support that extends beyond the boundaries of real estate, we will vigorously create the "Brilliant Future" to which we aspire.



Management Seminar for Tenant Companies



Members of the Customer Success Office

INDEX

Introduction

CHAP. 01 Sources of Value Creation

CHAP. 02 Sun Frontier's Journey

CHAP. 03 Challenges for Sustainable Growth

CHAP. 04 Growth Strategies by Business Segment

CHAP. 05 Sustainability Management

Data

PICK UP

A Letter from the Founder

Message from the President

Message from the Division Director of the Administration Division

Roundtable Discussion between an Institutional Investor and Outside Directors



Materiality 3 Human Resource Development

Our Aspiration

As a frontier in philosophy-driven management, we seek to spread the concept of Altruism, which is essential to realizing a sustainable society.

Since its founding, the Group has consistently practiced philosophy-driven management with Altruism as its Credo. Based on human resource development grounded in the ethics and norms most important to us as human beings, including integrity and compassion, we seek to create a workplace that offers fulfilling work, creativity, and opportunities for growth.

Material Issues, Specific Initiatives and KPIs

Social Issues to Be Addressed	Key Initiatives	Specific Initiatives	Indicators	KPIs / Targets	FY2023 Results	FY2024 Results	FY2025 Results	Related SDGs
Decline in the Working-Age Population Due to the Falling Birthrate and Aging Population, and Elimination of the Gender Gap	Respecting and Leveraging Diversity	Developing Workplace Environments Suited to Employees' Life Stages and Providing Flexible Training Opportunities	Percentage of Women in Management Positions (Sun Frontier Fudousan)	FY2035: 15% or more	10.3%	9.2%	9.6%	5
		Enhancing Systems That Respect Diversity	Consideration of Various New Systems	–	–	–	–	
		Obtaining Third-Party Certifications Assessing Corporate Diversity	Initiatives to Obtain Third-Party Certifications	–	–	–	–	
	Create workplaces with job satisfaction, creativity, and growth opportunities	Establishment of Next-Generation Leader Development Programs and Support for External Training	Training Hours as a Percentage of Prescribed Working Hours (Sun Frontier Fudousan)	12% or more	12.1%	12.0%	11.7%	4, 8
		Use of DX, Business Process Improvement, and Enhancement of Individual Capabilities	Ordinary Profit per Working Hour per Full-Time Employee (Sun Frontier Fudousan)	Increase Year on Year	13,232 yen (91.9% year on year)	17,949 yen (135.6% year on year)	17,647 yen (98.3% year on year)	
		Hold seminars to promote employees' physical and mental health and create an environment in which each employee can work in good health, both physically and mentally	Seminars Led by Occupational Physicians and Other Specialists	At least twice a year	–	–	Three times	8
		Improvement of the Office Environment	Promotion of Health and Productivity Management					

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Human Capital Management at Sun Frontier

Human Resource Strategy

The Group regards people as the source of corporate value creation. Based on the spirit of Altruism, we value working together with our colleagues to contribute to the evolution and development of human society and create social value. All employees share these values, ways of thinking, and approaches to daily conduct as our Philosophy, and putting the Philosophy into practice is reflected in the added value we provide to clients. Based on our Long-Term Vision and Medium-Term Management Plan, we promote diversification linked to our core businesses through manufacturing from the client's perspective and heart-warming services, while focusing on expanding our business domains and geographic reach.

Basic Policy on Human Resource Strategy

Under the value of Altruism, we will build a human resource foundation of people who pioneer new fields with a frontier spirit and contribute to the evolution and development of human society, thereby achieving sustainable growth.

❶ Secure diverse talent through recruitment and development
❷ Embed the Philosophy throughout the organization
❸ Develop people with a management mindset

Human Resource Development Policy

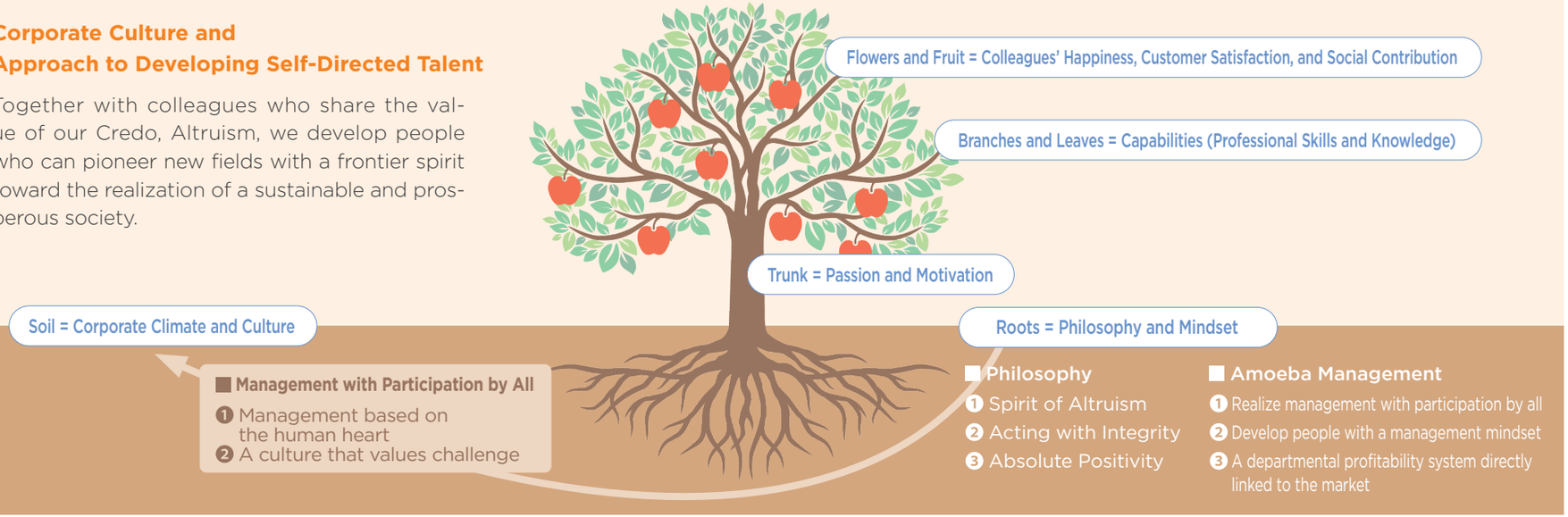
Together with colleagues who share the value of Altruism, we develop people who can pioneer new fields with a frontier spirit toward the realization of a sustainable society.



People Who Combine the Spirit of Altruism with a Frontier Spirit

Corporate Culture and Approach to Developing Self-Directed Talent

Together with colleagues who share the value of our Credo, Altruism, we develop people who can pioneer new fields with a frontier spirit toward the realization of a sustainable and prosperous society.



INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Respecting and Leveraging Diversity

As-is

Under the value of our Credo, Altruism, we are working to create an organization in which diverse talent can thrive by promoting women's advancement, recruiting non-Japanese employees, and employing persons with disabilities. At the same time, we have not yet reached the stage where diverse talent can fully demonstrate its capabilities and apply its perspectives and experience to organizational value creation. Improving diversity in management and executive positions remains a particular challenge

To-be

We will realize an organization in which colleagues with diverse values and experience respect and inspire one another, leverage their individual strengths, and create new value. Diverse talent sharing the value of Altruism will become a driving force for new value creation and support sustainable growth.

D&I Initiatives

As part of our D&I initiatives, we have set a target of increasing the percentage of women in management positions to at least 15% by FY2035. The current percentage is 9.6%. However, women account for a high 41.2% of candidates for future management positions, helping us expand the pool of prospective women managers. We will continue building an organization in which all employees can thrive. Following the appointment of one woman Outside Director, we also aim to appoint a woman Director from within the Company in the future.

Gender Composition by Position (Persons)

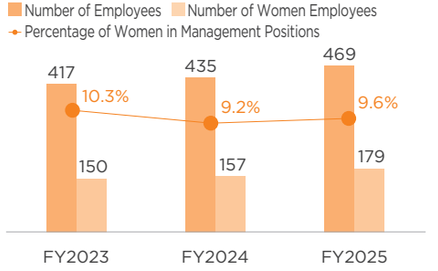
Position	Deputy Branch Manager	Branch Manager	Section Chief	Assistant Manager	Manager	Head of Office	Vice General Manager	Deputy General Manager	General Manager	Deputy Division Director	Division Director	Total
Men	3	9	30	25	21	2	30	7	21	3	4	**155**
Women	4	1	32	14	7	0	0	0	2	0	0	**60**

Initiatives to Create an Environment Where Employees Can Demonstrate Their Capabilities

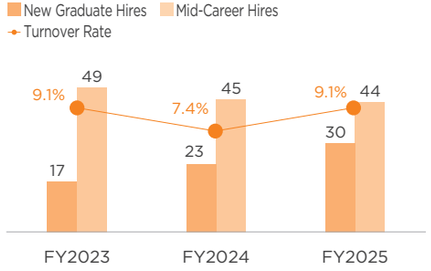
In FY2025, the utilization rate of childcare leave and other childcare-related leave was 100% for women and 72.7% for men.* Currently, 30 employees raising children of elementary school age or younger use the reduced working hours system. These measures have contributed to higher return-to-work and retention rates and longer average years of service.

* The figure includes other leave taken for childcare purposes.

Number of Employees and Percentage of Women in Management



Recruitment and Turnover Rate



* Management percentages are as of April 1.

Empowering Diverse Talent

Promoting the Participation of Persons with Disabilities

In FY2025, persons with disabilities accounted for 2.26% of the Company's workforce, with average service of 10 years and one month. They have contributed over many years in both administrative and sales departments.

Senior Talent

The Company extends employment through a reemployment system for employees who wish to continue working after the mandatory retirement age. We currently have 13 employees aged 65 or older, who contribute to business development by applying their extensive experience and knowledge.

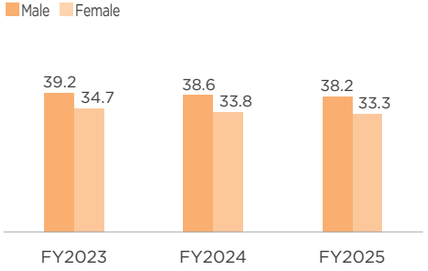
Promoting the Participation of Non-Japanese Employees

Non-Japanese employees account for 9.4% of the Sun Frontier Group's workforce in Japan, compared with 7.3% in the previous year. In the Hotel Business in particular, we also accept technical intern trainees, and diverse talent is contributing on the front lines.

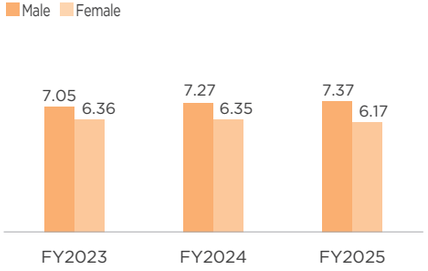
Recruitment and Talent Acquisition

To realize our Management Philosophy, the Group seeks curious, self-directed, and diverse talent who embody the spirit of Altruism and a frontier spirit. We actively recruit both new graduates and experienced professionals to build a team of highly capable individuals. During the selection process, candidates deepen their understanding of our culture and values through office visits and interaction with employees, while multiple interviews enable us to assess their character and aptitude from various perspectives. In this way, we conduct recruitment that respects diversity and makes the most of each individual's characteristics.

Average Age (Years)



Average Years of Service



INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Creating a Workplace with Fulfilling Work, Creativity, and Opportunities for Growth

Investment in Human Resource Development and Growth

The Group positions Human Resource Development as a key initiative supporting sustainable growth. We have set a KPI of ensuring that training hours account for at least 12% of prescribed working hours and are enhancing a diverse range of training programs that respond to changes in the business environment, including Philosophy training, next-generation leader development, DX, and the advancement of women. We also continue to create opportunities for growth by providing an annual self-development subsidy of 100,000 yen among other measures, to support each employee's self-directed learning. We are steadily expanding our investment in our people, and training-related expenses are also increasing. For trends in training-related expenses, see page 53.

Initiatives to Use DX, Improve Business Processes, and Enhance Individual Capabilities

New Employee Training

We believe that integrity and courtesy are the foundations of being a business professional. In addition to acquiring basic etiquette such as telephone manners and business rules, employees aim to grow as individuals and become compelling talent. To develop the ability to contribute to society through their own efforts, they learn not only basic business skills but also the mindset required as individuals and business professionals.

Basic Business Training

Once a month, we conduct Basic Business Training in which employees learn about global economic trends and domestic market conditions by interpreting a range of overseas and Japanese economic indicators, with a focus on finance and real estate. We also administer a weekly Nikkei test to encourage employees to remain attentive to rapidly changing economic conditions in their daily work.

Practical Real Estate Training

We provide level-specific practical training to enhance real estate skills and specialized knowledge. Training delivered by internal and external instructors at levels suited to employees' practical capabilities broadens their perspectives and scope of work and provides applicable knowledge that can be used for insights and activities in the field.

Amoeba Management Training

Under Amoeba Management, the Company is divided into small independently profitable teams that manage their own operations under their leaders. Each leader must be able to translate top management's intentions and Company targets into the management of their team and put them into practice. This core training program seeks to raise profitability awareness through participation by all employees and develop future leaders who will assume responsibility for management.

Human Resource Development Programs and Career Development

Our Human Resource Development is grounded in embedding the Philosophy and fosters a culture in which employees learn independently and inspire one another in pursuit of contributions to clients and society. We have designed a level-specific training framework from new employees through managers, supporting growth in line with each person's career while actively encouraging self-development. We develop people who continually acquire new knowledge and skills and remain useful to society.



Characteristics of Each Training Category

1. Human Skills & Philosophy	Essential foundational skills for all levels that support the development of other capabilities
2. Technical Skills (Specialized Expertise)	Early careers focus on professional expertise; at higher levels, these skills are developed alongside leadership capabilities
3. Leadership Skills	Importance increases with career progression and is particularly reinforced at management level and above
4. Other Expertise and Skills (Advanced Specialization)	Additional skill areas supporting individual career development and greater expertise
5. Relationship Between Career Stages and Skills Development	Horizontal axis (Career Stages): New Employee → Employee → Senior Staff → Section Chief → Assistant Manager → Manager → Deputy General Manager → General Manager → Executive Officer Vertical axis (Development Areas): Lower level: Human Skills and Philosophy (Required at All Career Stages) Middle level: Technical Skills (Professional Expertise) and Leadership Skills (Increasingly Emphasized for Management Positions) Upper level: Other Expertise and Advanced Skills (Enhancement of Individual and Specialized Capabilities)

This framework enables employees to progressively develop fundamental capabilities, professional expertise, organizational leadership, and advanced specialization, simultaneously supporting individual growth and higher corporate value.

INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Creating Workplaces with Job Satisfaction, Creativity, and Growth Opportunities

As-is

Believing that people are the source of corporate value creation, we continue to invest actively in Human Resource Development. At the same time, as our business domains and Group scale expand, continuously developing the next generation of leaders while both sharing the Philosophy and enhancing expertise has become a challenge.

To-be

We will further evolve as an organization where people grow by thinking, learning, and taking on challenges on their own initiative and by connecting those experiences to their next stage of growth. With the Philosophy at our core, we will combine expertise with new capabilities, including digital skills, and increase the number of people who embrace new value creation with a management mindset.

Policy on Developing the Internal Environment

We will create a workplace environment that offers fulfilling work, creativity, and opportunities for growth. We will realize a co-creative organization in which all employees set their own goals, work enthusiastically toward them, trust one another, and continue taking on the challenge of creating new value



Fulfilling Work

A culture that supports challenge and growth and recognizes colleagues who take on challenges



Creativity

A culture that envisions the future and seeks to create new value



Opportunities for Growth

A culture that stimulates the desire to learn and pursue ambitious goals

Approach to Evaluation and Compensation

Basic Policy

Employee treatment and compensation are determined based on a comprehensive evaluation that considers both the practice of the Philosophy and business performance.

The Company places importance not only on short-term individual performance, but also on the daily practice of the Philosophy, personal growth based on the Guiding Principles, and the creation of added value through collaboration with colleagues. Employee evaluations are conducted using performance appraisal forms covering eight items related to the Guiding Principles and six items related to capabilities, together with management by objectives (MBO). Evaluations are determined on a three-level scale and through feedback interviews. Through ongoing dialogue and regular interviews, we assess not only results, but also the processes followed and the expectations and roles assigned to each employee.

Our compensation system is centered on fixed compensation determined with reference to objective market benchmarks. It is designed to support employees' material and spiritual well-being over the medium to long term by enabling them to take on challenges and pursue growth with confidence. We have also introduced restricted stock compensation (RS), primarily for senior management, to provide incentives for enhancing corporate value.

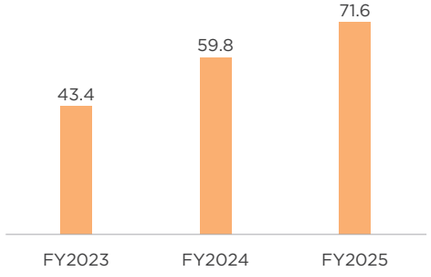
Through these measures, we will promote employees' self-directed growth and enhance the organization's capacity to create value.

Gender Pay Gap

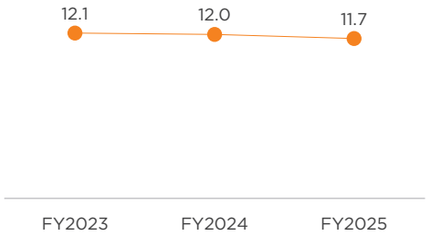
For the fiscal year ended March 2026, the Company's gender pay gap for all employees on a non-consolidated basis was 77.2%.* We recognize that this difference mainly reflects differences in the percentage of management positions and occupational composition. We promote an environment in which every individual can demonstrate their capabilities and grow regardless of gender, and we are working to build an organization where diverse talent can thrive by developing and appointing women to management positions and supporting career development.

* The gender pay gap shows women's wages as a percentage of men's wages, with men's wages set at 100.

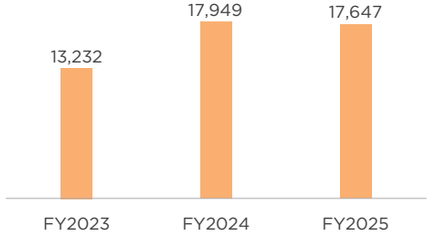
Training-Related Expenses (Millions of yen)



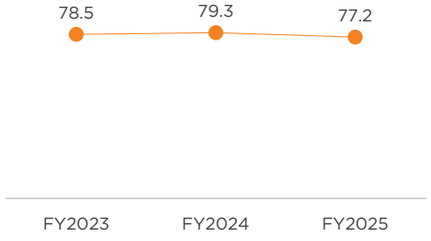
Training Hours as a Percentage of Prescribed Working Hours (%)



Ordinary Profit per Working Hour (Yen)



Gender Pay Gap (%)



INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Health and Productivity Management

As-is

We regard the physical and mental health of every employee as an important factor supporting the practice of Altruism and the provision of value to clients. At the same time, as our business expands and workstyles diversify, we must create an environment in which employees can remain connected and engaged while working energetically.

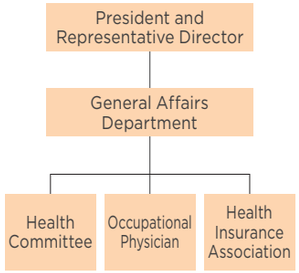
To-be

Starting with physical and mental health, we promote Health and Productivity Management that enhances fulfilling work and motivation for self-improvement and enables each person to fully demonstrate their capabilities. While valuing connections among colleagues, we will create a workplace where employees support one another, approach their work positively, demonstrate their abilities with confidence, and continue embracing challenges.

Health and Productivity Management Declaration

Sun Frontier Fudousan will protect all employees, pursue their material and spiritual well-being, and work to maintain and improve their health.

The President and Representative Director serves as the chief officer responsible for promoting Health and Productivity Management. Led by the General Affairs Department, we collaborate with the Health Committee, occupational physicians, and the health insurance association. The Health Committee meets monthly under the chairmanship of the General Manager of the General Affairs Department and comprises personnel responsible for labor affairs, employees with health and safety experience, and an occupational physician. It discusses measures to maintain and improve employee health and create a comfortable workplace environment. The General Affairs Department and health insurance association will continue to exchange information regularly and discuss relevant measures.



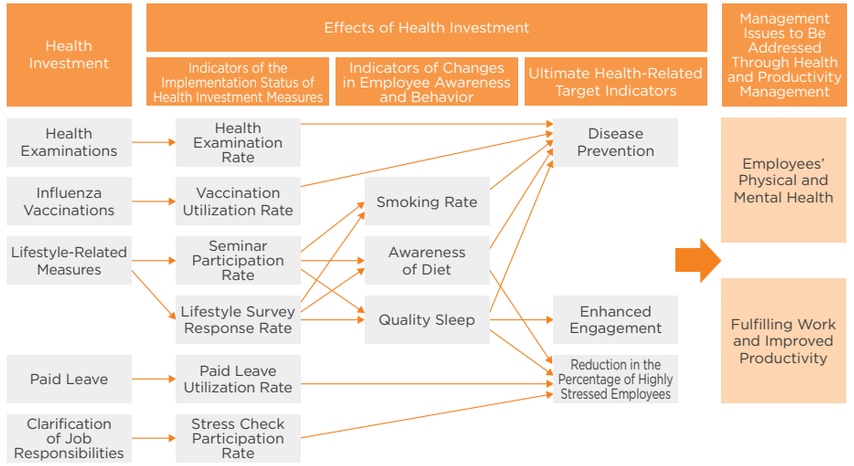
Results and Targets for Initiatives to Address Health Issues

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 Target
Periodic Health Examination Rate (%)	98.9	99.1	99.7	98.0	98.0	100.0
Paid Leave Utilization Rate (%)	66.5	64.2	68.4	66.8	74.3	—
Stress Check Participation Rate (%)	100.0	100.0	100.0	100.0	100.0	100.0
Absenteeism (Days)	—	—	—	2.7	—	—
Presenteeism (%)	—	—	—	76.0	—	—

Management Issues to Be Addressed Through Health and Productivity Management

- Maintain and improve employees' physical and mental health
- Enable employees to experience greater fulfillment and improve productivity by maintaining physical and mental health

Physical and mental health is the foundation for fulfilling work and motivation for self-improvement. To maintain and improve employee health, we focus on disease prevention, reducing the risk of mental health issues, and enhancing engagement, while creating an environment in which individuals can demonstrate their capabilities to the fullest.



Health Promotion Initiatives

Each year, we hold a sports camp, or Company-wide athletic meet, one of our signature internal events. Approximately 450 employees participate in competitions including soccer, basketball, relay races, and tug-of-war. At the awards ceremony afterward, colleagues recognize one another's efforts and share a fulfilling day together, both physically and mentally.



INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Human Resource Development Initiatives

Deepening Human Resource Development Based on the Philosophy of Altruism:

Steady, Persistent Efforts Pave the Way for the Next Stage of Growth

Since its founding, the Sun Frontier Group has embraced "Altruism" as its Credo and practiced philosophy-based management, viewing people as its greatest form of capital. How has Human Resource Development, passed down unwaveringly even as the times have changed, energized employees on the front lines and led to the creation of added value for clients and the sustainable enhancement of corporate value? We discuss where we stand today in human capital management and our outlook for the future.



Ai Ehama
Assistant Manager, Human Resource Development Department

Hisae Yokoi
General Manager, General Affairs Department

The Philosophy of Altruism and Education of the Heart: A Corporate Culture That Deepens Across Generations

Since its founding, the Company has placed great importance on Human Resource Development. How have the foundations of a company where people grow and its distinctive culture been cultivated?

Ehama One of the most distinctive features of our environment for developing people is that employees are given significant discretion and opportunities to take on important roles from an early stage in their careers. I myself joined the Company as a new graduate, and at an early stage, I was entrusted with responsibility for everything from planning to executing a new graduate recruitment project. I strongly believe that the accumulation of these practical experiences of "thinking and acting for oneself" provides powerful support for employees' steady growth.

Yokoi Having gained experience at another company before rejoining Sun Frontier as an alumnus, I have come to appreciate our distinctive strengths even more clearly. At Sun Frontier, we regard people as our greatest source of value and position Human Resource Development as one of our key materialities. This is deeply connected to the concept of "Altruism," our Credo.

At the heart of our approach is a thorough commitment to "education of the heart," through which employees not only acquire business skills but also cultivate their character by reflecting inwardly through our Management Philosophy and philosophy. Our distinctive initiatives, which we have continued over many years, include reading and discussing our Philosophy Handbook together, cleaning activities undertaken as an expression of gratitude to the local community, and compa gatherings where employees speak openly and candidly about the future.

Rather than merely "evolving" by changing their form with the times, these initiatives have undergone a process of "deepening," taking firmer root as everyone continues to share and reaffirm their essential significance and purpose. The personal growth of each and every employee forms the foundation for providing value to our clients and society.

Amoeba Management That Encourages Voluntary Challenges and Strengthens Frontline Capabilities

Against this foundation of Human Resource Development, how do you encourage employees to take initiative and unleash their "frontline capabilities," thereby linking their efforts to sustainable growth?

Ehama The mechanism that enables employees to put the spirit of "Altruism" into practice in their daily work and transform it into value is Amoeba Management. Even younger employees are frequently given opportunities to serve as leaders and take responsibility for managing the profitability of their respective units.

Rather than simply carrying out assigned tasks, employees discuss and act with a strong sense of ownership, asking themselves, "What challenges are our clients facing?" and "How can we create added value for society?" This cycle stimulates ingenuity and innovation on the front lines and ultimately serves as the driving force behind our business model, one of our core strengths: solving our clients' challenges and providing high added value.

Yokoi Our training framework begins not with learning about real estate, but with clarifying fundamental questions of purpose and meaning, such as "What do we live for?" and "Why do we work?"

Based on the belief that "integrity and courtesy are the fundamentals of being a businessperson," we have cultivated a culture in which employees value the actual place, actual things, and actual facts, while deepening mutual understanding through direct, face-to-face communication.

The "branches and leaves" of knowledge and skills are supported by the "trunk" of our employees' passion. Most important of all is cultivating deep "roots" in the form of our philosophy, which supports that trunk. This approach develops people who can autonomously take on challenges even in a rapidly changing market environment, thereby contributing to the Company's sustainable growth.

A Foundation for Long-Term Careers: Health and Productivity Management and Enhanced Engagement

Please tell us about the current state of your health and productivity management and employee engagement initiatives, which enable employees to work with confidence over the long term and perform to their full potential.

Yokoi The physical and mental well-being of our employees, who are the source of our corporate value, is our most important foundation. We have steadily worked to create a comfortable working environment that values connections among colleagues through initiatives such as our "Sports Camp," a major Company-wide athletic event, golf competitions held twice a year, and club activities centered primarily on sports.

While obtaining certification as a "Health and Productivity Management Outstanding Organization" has never been an objective in itself, these efforts have ultimately been

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors



recognized by external organizations, resulting in certification for multiple consecutive years.

At the same time, we have continued to foster an organizational culture in which diverse human resources can leverage their individual strengths and thrive. We are also promoting an environment that enables each employee to independently build their career and continue to grow.

Ehama The results of these initiatives are also clearly reflected in our employee engagement survey. In particular, the score for the statement, "This is a workplace where we understand one another," was significantly higher than both the industry average and the national average.

A workplace environment with a high degree of psychological safety brings out employees' sense of fulfillment at work and creativity, serving as a driving force for the creation of new value through collaboration across departmental boundaries. We see this as evidence that, beyond simply putting systems in place, our culture of "Altruism," in which people care for one another, is being put into practice every day across our workplaces.

A Chain of Altruism Opens the Way to the Next Phase of Growth and Maximizes Corporate Value

How will you further develop the strengths cultivated through the practice of our philosophy and translate them into future growth?

Yokoi The "strong sense of unity" and "strength of character" fostered through the deep-rooted penetration of our philosophy, something that cannot be replicated overnight, constitute an overwhelming competitive advantage for the Company.

However, rather than being satisfied with the status quo, we will also accelerate "data-driven management" to dramatically enhance productivity. Specifically, we are developing an integrated database for property and client information and introducing a customer relationship management (CRM) system.

Under our behavioral guideline of "Working for Our Colleagues," we have traditionally shared knowledge through close communication. As the Company grows in scale, however, we need a foundation that systematizes information that was previously dependent on individuals and enables it to be utilized as knowledge shared across the entire Group.

Data integration will allow teams to accurately understand circumstances and provide advice at the appropriate time, further stimulating communication among employees. We believe that facilitating the smooth sharing of information will not merely improve operational efficiency, but will also directly contribute to the advancement of Human Resource Development.

Ehama Our philosophy is the foundation of the Company, and the fact that we share the same values is the source of our strength. By continuing to communicate these values clearly and consistently, we will further strengthen our organizational foundation, enabling highly engaged colleagues to take initiative and continually challenge themselves by launching new businesses and projects. We want to remain a strong organization where people continue to grow.

Yokoi Our Real Estate Revitalization Business and our regional revitalization initiatives undertaken in collaboration with local communities are born from our employees' heartfelt desire to "contribute to society and help others."



We will further "deepen" the strong roots of our long-standing "education of the heart" while combining them with digital technologies, thereby strengthening the mechanisms that enable diverse human resources to continue generating innovation.

I am convinced that the steady accumulation of these efforts will earn the empathy and trust of our stakeholders, lead to the sustainable enhancement of corporate value, and ultimately enable us to realize our Long-Term Vision: "Fill the World with Smiles and Excitement."



INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Approach to Stakeholder Engagement

Further details on stakeholder engagement are available on our website.

The Sun Frontier Group values dialogue with all stakeholders connected with the Group, including employees and their families, clients, business partners, shareholders and investors, and local communities. We seek to build positive relationships with them, address social issues together, and evolve into a corporate group that continues taking on the challenge of creating future value

	Examples of Activities	Employees and Their Families
 Examples of Activities	• Internal events • Training based on the Human Resource Development Policy • Promotion of Health and Productivity Management • Club activities • Intranet • Employee engagement surveys • Whistleblowing system, etc.	To promote health and mutual understanding through interaction across departments and job functions, we encourage a variety of club activities, including baseball, soccer, tennis, golf, triathlon, basketball, and cultural clubs. These interactions foster solidarity and help create a comfortable workplace.
 Clients	• Daily sales activities • Sun Frontier Owners Club • Building Owners Appreciation Evening • Golf tournaments for building owners • Tenant satisfaction surveys • Tenant My Page • Exhibitions and events • Website and social media, etc.	We conduct an annual survey of tenant companies to assess their satisfaction. We share client feedback and market trends internally and work to improve satisfaction. The wide range of feedback received through the survey is also used to continuously improve and maintain the quality of our products and services.
 Business Partners	• Daily procurement activities • Partner Companies Association (Kyoeikai) • SunSun networking association • Declaration of Partnership Building, etc.	To build new partnerships by promoting collaboration and mutual prosperity with suppliers and other businesses engaged in value creation, we have declared our commitment to coexistence and mutual prosperity throughout the supply chain, new collaboration beyond differences in company size or affiliation, and compliance with the Promotion Standards.
 Shareholders and Investors	• Briefings for securities analysts and investors • Individual meetings with securities analysts and investors in Japan and overseas • General Meeting of Shareholders and shareholder meetings • Website (IR and sustainability), etc.	We actively engage in dialogue with investors and analysts, with the President presenting at financial results briefings and briefings for individual investors. Members of management, as well as the IR department, also participate actively in individual meetings. Valuable feedback obtained through dialogue is reported to the Board of Directors and used in initiatives to further enhance corporate value.
 Local Communities	• SDGs initiatives • Participation in local social contribution activities • Agreements on cooperation in disaster preparedness activities, etc.	As the number of international visitors drawn to Japan's renowned culture, history, natural beauty, cuisine, hot springs, and hospitality increases rapidly, we are focusing on regional areas that embody these attractions and undertaking regional revitalization initiatives centered on each area's distinctive appeal and characteristics. In Sado City, Niigata Prefecture, we are advancing regional revitalization through tourism, which is also creating local employment.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Sun Frontier Group Human Rights Policy

Establishment of the Human Rights Policy

Since its founding, the Group has practiced philosophy-driven management with Altruism as its Credo, pursuing the material and spiritual well-being of all employees and the realization of a sustainable society. Respect for human rights is essential if we are to bring smiles to all stakeholders who support our business. As a concrete action toward this goal, we have established a new Human Rights Policy.

Human Rights Matters the Group Considers Important

1 Basic Approach to Human Rights	2 Scope of Application	3 Respect for Human Rights	4 Governance	5 Human Rights Due Diligence
6 Prohibition of Discrimination and Harassment	7 Remediation and Relief	8 Education and Training	9 Information Disclosure	10 Dialogue and Consultation with Stakeholders

- Consideration for safety, security, and health in building and community development
- Realization of a sustainable society through specific initiatives focused on environmental protection
- Prohibition of discrimination, harassment, and other unfair treatment in the workplace
- Protection of the privacy of clients, officers and employees, and other relevant parties
- Respect for diversity among officers and employees, enhancement of engagement, and provision of a workplace environment with a high degree of psychological safety
- Appropriate compliance with labor laws and regulations and promotion of employees' physical and mental well-being
- Ensuring a safe and comfortable working environment for officers and employees and our partner companies
- Building a sustainable supply chain and conducting fair transactions based on partnerships with our partner companies
- Appropriate communication and sincere engagement with our stakeholders.

Respect for Employee Rights and Prevention of Excessive Work.

We regard creating a workplace where diverse talent can demonstrate its capabilities with confidence as an important issue. We continuously improve the working environment through monthly monitoring to prevent excessive work and by establishing appropriate labor-management relations and consultation systems based on ILO standards. We also promote the identification and management of risks through human rights due diligence and work to build a sound organizational foundation that respects human rights.

For details of the Human Rights Policy

Sun Frontier Group Supply Chain Management

Approach to Supply Chain Management

At the Sun Frontier Group (hereinafter referred to as "our Group"), we promote Sustainability Management under our Sustainability Vision: "We value the spirit of altruism, which is our credo, and contribute to the realization of a sustainable society through our business activities."

We are also taking on various new challenges to achieve our Long-Term Vision 2035: "Utilize limited resources to fill the world with smiles and excitement! Becoming a corporate group that continues to challenge the creation of future value."

Approach to Procurement

Toward realizing a sustainable society and creating future value, we promote socially responsible procurement throughout the supply chain. Based on five pillars, legal compliance, fair transactions, respect for human rights, reduction of environmental impact, and partnership building, we seek mutual prosperity with business partners and contribute to the evolution and development of society.

Kyoeikai (Partner Companies Association)

Together with partner companies, we have organized the Kyoeikai to strengthen collaboration. Through regular meetings and the sharing of our Philosophy, we seek to deepen understanding of our principles and jointly become a truly professional team that maximizes the added value of real estate from the client's perspective, thereby enhancing Tokyo's appeal and contributing to the development of society.



● Safety and Health Throughout the Supply Chain

The Group regards the safety and health of all parties involved as its highest responsibility and has established a safety management system in collaboration with partner companies throughout every stage of its operations. Through thorough risk management, we promote a safe working environment and sustainable value creation.

● Ensuring Fairness

We establish standards covering occupational safety, fair wages, anti-corruption, and other matters when selecting and managing partner companies, placing importance on human rights and the working environment throughout the supply chain. We ensure effectiveness through questionnaire-based assessments, training support, and requests for corrective measures in response to risks, thereby realizing fair and sustainable real estate operations.

For more information on supply chain management

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Roundtable Discussion between an Institutional Investor and Outside Directors

The Quality of Growth and Governance Required Now to Create Future Value

With the launch of the Medium-Term Management Plan 2028 in FY2025 and the commencement of our capital and business alliance with ITOCHU Corporation in April this year, the Group has entered a new phase of growth. What strengths should we further refine, and what challenges should we address to sustainably enhance corporate value? We invited Katsuhiko Takegawa, representing a major Japanese institutional investor, to join Outside Directors Keiichi Asai and Kazutaka Okubo for a candid discussion from the perspectives of the capital markets and management oversight.



Katsuhiko Takegawa
Institutional Investor

Senior Analyst at Sumitomo Mitsui Trust Asset Management Co., Ltd. He joined the institution now known as Sumitomo Mitsui Trust Bank in 1992, served as a portfolio manager for pension assets from 1996, and has worked as a securities analyst since 2003. He currently also serves as Deputy Chair of the Construction, Housing and Real Estate Working Group of the Disclosure Study Group at the Securities Analysts Association of Japan.



Keiichi Asai
Outside Director

After joining Mitsubishi Corporation, he held numerous positions, including overseas assignments, mainly in the energy business. He subsequently served as Executive Vice President and Director of Lithium Energy Japan Corporation before becoming President and Representative Director of KH Neochem Co., Ltd. in 2014. After stepping down from that company in 2019, he was appointed an Outside Director of the Company in June 2022.



Kazutaka Okubo
Outside Director and Audit & Supervisory Committee Member

A certified public accountant and certified fraud examiner specializing in corporate compliance and CSR. He became Senior Managing Executive Board Member of Ernst & Young ShinNihon LLC in 2016. After leaving the firm in 2019, he established Okubo Associates Co., Ltd. He was appointed an Outside Director of the Company in June 2019 and has served as an Outside Director and Audit & Supervisory Committee Member since June 2024.

A Foundation for Sustainable Growth Supported by Our Distinctive Value-Creation Capabilities

Takegawa Having observed the real estate sector for many years, I believe the Company stands apart from a simple asset-turnover business. The leveraged turnover model that once swept the industry, in which companies acquired properties and quickly realized gains on sale, collapsed during the global financial crisis. I witnessed many companies become unable to recover after funding dried up and unrealized losses accumulated. The reason your Company has continued to grow despite that wave of consolidation is that it has consistently chosen to create value through its own capabilities rather than relying solely on rising markets and the simple formula of buying low and selling high. For each building, you have asked how it should be transformed to attract tenants and what use would best meet local demand, then applied your expertise property by property. That is the essence of your competitiveness. I see three principal strengths: the discerning acquisition capabilities to identify potential in aging buildings overlooked by major companies; the planning capabilities to read the characteristics of each location and remodel properties for their optimal use; and the depth of a client base in which relationships of trust with owners and tenants continue after a sale and lead to the next opportunity.

At a time when rising interest rates are increasing financing and construction costs and the industry is being tested on its ability to create added value, this may be precisely the environment in which your business model once again demonstrates its true worth.

Asai I believe your observations accurately capture the Company's distinctive characteristics. As reflected in our high ROE and ordinary profit margin, we have established a unique position in profitable market segments. By developing deep expertise in selected markets, including the revitalization of small and medium-sized buildings in central Tokyo and hotel operations, we can be described as a boutique real estate company that enhances corporate value.

In revitalizing small and medium-sized offices, for example, we have leveraged our locally rooted tenant placement capabilities to increase property value. In the Hotel Business, internalizing functions from development through operation has strengthened the foundation for accumulating operating earnings. We have cultivated recurring-revenue businesses that provide stable earnings while also

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

operating transaction-based businesses that are more susceptible to market conditions. I believe this dual structure supports our growth.

Okubo I believe these business strengths are supported by our people and organizational culture. Even now that the Group has grown to nearly 2,000 people, our ability to move businesses forward as one team across departmental boundaries remains a major characteristic.

Management meetings are not merely forums for reporting; they function as venues where people on the front lines share issues and deepen discussions on business execution. The practice of Amoeba Management is also steadily developing the next generation of talent. This organizational strength is an intangible asset that cannot be replicated overnight. Having observed the Company's progress for nearly 20 years, I believe its current growth is not temporary,



but the result of the business and human resource foundations built while overcoming numerous difficult circumstances.

Addressing Multifaceted Risks to Enhance the Quality of Growth

Takegawa The issue going forward is how to translate the Company's strengths into sustainable growth. Operating profit has grown at a compound annual rate of approximately 26% over the past five years and approximately 13% over the past ten years. The targets in the Medium-Term Management Plan, an ordinary profit margin of 20% and ROE of at least 14%, are well within reach. Investors, however, look at more than a high growth rate. They also consider how its repeatability will be ensured. Given the significant fluctuations in profit during the global financial crisis and the COVID-19 pandemic, the market values the Company's strong growth but remains cautious about stability.

Asai Risk factors affecting earnings stability include rising interest rates, changes in office demand resulting from evolving workstyles, adjustments in real estate prices, and the impact of fluctuations in inbound demand on the Hotel Business.

Okubo I am particularly focused on whether the appeal supporting the central Tokyo office market can be maintained. As remote work becomes established and communication methods diversify, the functions and value expected of offices are changing. If central Tokyo becomes less attractive as a place where companies and people gather and generate close communication, the Real Estate Revitalization Business will also be affected. Management must respond swiftly to changes in the competitive environment and make decisions based on the balance of supply and demand.

Asai In addition, the effects of international developments and geopolitical risks on tourism demand and the business environment cannot be ignored. The Board of Directors discusses these risks while sharing an understanding based on multifaceted data and individual scenarios. The quality of dialogue between the executive and supervisory sides has steadily improved. In formulating the Medium-Term Management Plan, we have continued to examine from the shareholders' perspective whether the growth targets involve risk-taking appropriate to the Company's scale and financial capacity.

Okubo Preparing for risk requires viewing the business portfolio across multiple time horizons. Even if the domestic office business slows, growth in overseas and hotel businesses could complement it and maintain the depth of earnings across the portfolio. Combining businesses with different time horizons also helps build the next pillars of growth. In particular, I believe the Hotel Business has medium- to long-term growth potential by capturing expanding tourism demand.

Naturally, expansion into new areas involves trial and error. What matters is to view the costs accompanying such challenges not as losses, but as investments in cultivating future sources of earnings.

Takegawa I agree. Enhancing corporate value requires investment in the future as well as shareholder returns. The ability to determine where capital should be allocated and how it can be monetized, while maintaining investment discipline, will be tested more than ever.

Asai Judging from its ROE and PBR, the Company has earned a solid valuation within the real estate industry, although I believe there remains room to enhance corporate value. Going forward, the key to further raising the market valuation will be to balance growth and stability by capturing earnings opportunities in transaction-based businesses while expanding recurring earnings from the Hotel Business, property management, and other areas.

Enhancing the Repeatability of Growth Through an Alliance with a Long-Term Partner

Takegawa From the perspective of reducing volatility and pursuing stable growth, the capital and business alliance with ITOCHU Corporation represents a major turning point. I sense a common philosophy underlying the businesses of ITOCHU, which develops businesses from consumer touchpoints under its sampo-yoshi principle of benefits to the seller, buyer, and society, and your Company, which has cultivated long-term relationships with owners and tenants.

Okubo We are currently advancing toward the realization of Long-Term Vision 2035, and I view this alliance within that long-term roadmap. My understanding is that ITOCHU respects the values and individuality of its partner companies while seeking to understand the essence of their businesses from a long-term perspective. It could become an invaluable partner as the Company charts the next ten years and beyond.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Asai The Board of Directors held extensive discussions regarding the alliance with ITOCHU Corporation. We provided the necessary advice while examining both the value of the Company from the trading company's perspective and the value of the trading company from the Company's perspective.

Gaining a shareholder that shares a long-term perspective also has considerable significance for management in terms of the shareholder composition. Stable shareholders are indispensable to continuing management decisions with a long-term commitment. In addition to business synergies, this alliance was a decision intended to stabilize the shareholder composition and support management focused on long-term corporate value enhancement.

Okubo At the same time, concluding a capital and business alliance is not an end in itself. What matters is the kind of businesses we build on that foundation.

Takegawa As an investor, I expect the involvement of trading company capital to enhance credibility and expand the possibility of undertaking larger projects in addition to small and medium-sized transactions. I will be watching for tangible synergies, including joint development, joint ventures, overseas investment, and more diverse exit strategies utilizing a global network.

Asai Building a win-win alliance first requires a strong relationship of trust, beginning with top management. The next key is not to stop at investment, but to continue cultivating the projects undertaken and enhancing their value.

The alliance also provides a rare opportunity for the organization to absorb ITOCHU's investment criteria and business



management expertise. I believe its true significance is to give every employee an opportunity to consider how to further develop the Company's strengths and supplement its weaker areas.

Takegawa By partnering with an organization that shares its values and demonstrating a concrete path to higher growth and repeatable earnings, the Company should be able to change the market's perception from a highly volatile company to one combining growth potential with stability.

Okubo The Board of Directors will support the process of combining lessons learned at the operational level through the alliance with the Company's strengths to raise the quality of growth to a new level.

Transforming the Strengths of Founder-Led Management into Sustainable Governance

Takegawa I also expect governance to evolve further with the addition of external capital. The Company already has many strengths that deserve recognition, including financial discipline without excessive reliance on leverage, agility in changing its approach as the environment evolves, a record of stable dividends, and a business strategy not swayed by short-term profit. All provide considerable reassurance to long-term investors and represent strengths supported by the founder's management judgment.

In the next phase of growth, however, succession planning and greater visibility into decision-making processes will become increasingly important. The market is watching whether the strengths of founder-led management can be elevated into an organizational form that is reproducible.

Okubo Strong leadership is a source of corporate value, but its strengths become sustainable only when the governance supporting it functions effectively. The role of outside directors is neither to apply a formal brake nor simply to endorse management decisions. We must build relationships of trust with the front lines, identify early signs of risk, and engage in candid dialogue with the executive side. I believe that is the role expected of us, and I will continue fulfilling that responsibility as an Audit & Supervisory Committee Member.

Takegawa How investments and their results are explained is also important. I expect the Company to enhance disclosure of its policy for utilizing external capital and the process for verifying outcomes.

Asai At present, I emphasize three questions when making investment decisions. First, does the investment leverage the strengths of the recurring-revenue businesses the Company seeks to expand? Second, is it in an area where the expertise accumulated to date can be applied? Third, is there a functioning mechanism through which the organization learns from past failures and shares the lessons? The Board will continue asking these questions as a framework for balancing the willingness to take on challenges with disciplined growth.

Takegawa That is precisely the substance of the discussion and verification I would like the Company to communicate to investors. Disclosure of capital allocation to each business area, the relevant decision criteria, and reviews of outcomes would provide information for assessing the credibility of the growth strategy.



INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Asai In addition to investment criteria, sustainability is another area where both substantive initiatives and the disclosures supporting them are required.

Okubo We should deepen discussions of our materialities, including Environmental Protection, Regional Revitalization, and Human Resource Development, by focusing on their connection to our core businesses.

Asai For example, precisely because global trends concerning themes such as decarbonization are fluctuating, the Company should clearly express its commitment to steady medium- to long-term progress aligned with its businesses, even where short-term implementation is difficult.

Okubo I expect the Company to strengthen both its Human Resource Development initiatives and related communications. To further evolve Amoeba Management, one of our strengths, we need to develop people throughout the organization who can manage businesses with awareness of shareholder value and the share price. At a time when advances in generative AI and other technologies are bringing major changes to workstyles and client touchpoints, how we develop people and adapt as an organization will become an increasingly important topic for dialogue with stakeholders.

Takegawa Today's discussion made it clear that both Outside Directors view management from a long-term perspective. The Board also benefits from diverse perspectives based on their respective expertise and has a foundation for constructive exchanges of views. The fact that dialogue is substantive rather than merely formal provides important evidence for external stakeholders assessing the Company's governance.

Supporting Further Growth and Advancing Governance

Okubo Japan still has considerable room for growth, and the real estate industry offers numerous growth opportunities. By continuing to refine a business foundation resilient to changes in the market environment, supported by our strengths in people and organizational culture, I believe the Company can move onto a new growth trajectory. As an Outside Director, I intend to engage directly in achieving a more mature style of management appropriate for a listed company.

Asai Following the capital and business alliance with ITOCHU Corporation, the Company is entering a phase in which it will pursue greater value creation while being held to a higher standard of governance. It is therefore essential not only to discuss investment decisions and Human Resource Development at Board meetings, but also to continue following up on subsequent progress. We will steadily advance toward Long-Term Vision 2035 by raising management transparency, firmly protecting minority shareholder interests, and taking the risks that should be taken. As an Outside Director, I will support the Company on that journey.

Takegawa Investors seek enhanced corporate value as reflected in PBR and the share price. Achieving this requires not only higher ROE but also a higher PER. PER reflects the premium the market assigns to a company's future potential and brand strength, in other words, its attractiveness. To further increase that premium, it is important for the Company to continue clearly communicating its growth strategy, investment discipline, and governance evolution, and to demonstrate management that is keenly aware of the stock market and corporate value. Today's discussion reaffirmed my conviction that the Company has the ability to do so. I look forward to continuing to follow its progress.



INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Management Structure (As of June 23, 2026)

For more information on the management structure

		Directors					Outside Directors				
											
Name		Tomoaki Horiguchi	Seiichi Saito	Kentaro Kawanishi	Takeshi Hirahara	Keitaro Otomichi	Keiichi Asai	Hideaki Okamoto	Kouichi Ishimizu	Kazutaka Okubo	Yukiko Edahiro
Title		Chairman Representative Director	President & CEO	Director	Director	Director	Outside Director	Outside Director	Outside Director and Audit & Supervisory Committee Member	Outside Director and Audit & Supervisory Committee Member	Outside Director and Audit & Supervisory Committee Member
Years of Service		27 years	20 years	1 year	Newly appointed	Newly appointed	4 years	Newly appointed	Newly appointed	2 years	2 years
Board of Directors Meetings Attended/Held		18 /19	19 / 19	15 / 15	— / —	— / —	19 / 19	— / —	19 / 19	19 / 19	19 / 19
Key Areas of Expertise and Experience Expected (Principal Areas)	Corporate Management	●	●			●	●	●	●		
	Real Estate	●	●	●		●		●	●		
	Accounting, Finance and Corporate Finance		●		●					●	
	Legal Affairs, Compliance and Risk Management				●					●	●
	Human Resources, Labor Relations and Human Resource Development	●				●					●
	CSR, ESG and Sustainability			●						●	
	M&A	●			●		●				
	International Business		●		●		●	●			
Committee and Executive Positions	Board of Directors	○	◎	○	○	○	○	○	○	○	○
	Audit & Supervisory Committee								◎	○	○
	Nomination and Compensation Committee	○	◎				○			○	○

Executive Officers

President and Executive Officer	Seiichi Saito
Senior Executive Officer	Kentaro Kawanishi Takeshi Hirahara Keitaro Otomichi Yasushi Yamada Kenji Honda Shuhei Oda
Executive Officers	Kenji Wakao Hiroyuki Takekawa Keiichiro Nishimoto Tetsuya Arai Hiroyuki Kobayashi Akihiro Inada Yasushi Sera

Group Executive Officer

President Representative Director Sun Frontier Hotel Management Inc.	Kazuyuki Yanagimura

* "Compliance" and "Sustainability" are abbreviated in the table.
◎ indicates the Chair.

Approach to the Skills Required of Directors

Skill Category	Rationale for Selection
Corporate Management	Selected because people with broad corporate management expertise, including the formulation and execution of management strategies, are essential to achieving the Group's sustainable growth and enhancing corporate value.
Real Estate	Selected because real estate expertise is essential for clarifying business direction, improving the quality of decision-making, and viewing the business from a broad perspective at the Company, whose core business is real estate revitalization and utilization.
Accounting, Finance and Corporate Finance	Selected because people with accounting and finance expertise who can assess the appropriateness of financial strategies are essential to ensuring financial soundness and transparency and implementing timely and appropriate capital policies.
Legal Affairs, Compliance and Risk Management	Selected because perspectives that support sound corporate management are required to maintain public trust through thorough legal compliance and corporate ethics and to appropriately assess and manage business risks.

Skill Category	Rationale for Selection
Human Resources, Labor Relations and Human Resource Development	Selected because expertise in human resource strategy is necessary to make optimal use of human capital, promote a fulfilling workplace, develop people, and enhance organizational vitality.
CSR, ESG and Sustainability	Selected because deep sustainability expertise is necessary to fulfill our social responsibilities, coexist with local communities and the environment, and achieve long-term value creation.
M&A	Selected because practical M&A experience, a strategic perspective, and sound judgment that contributes to enhancing corporate value are necessary to optimize the business portfolio and execute growth strategies.
International Business	Selected because people with an international perspective and cross-cultural understanding are necessary to advance business globally, and accurately identifying trends in overseas markets is essential.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

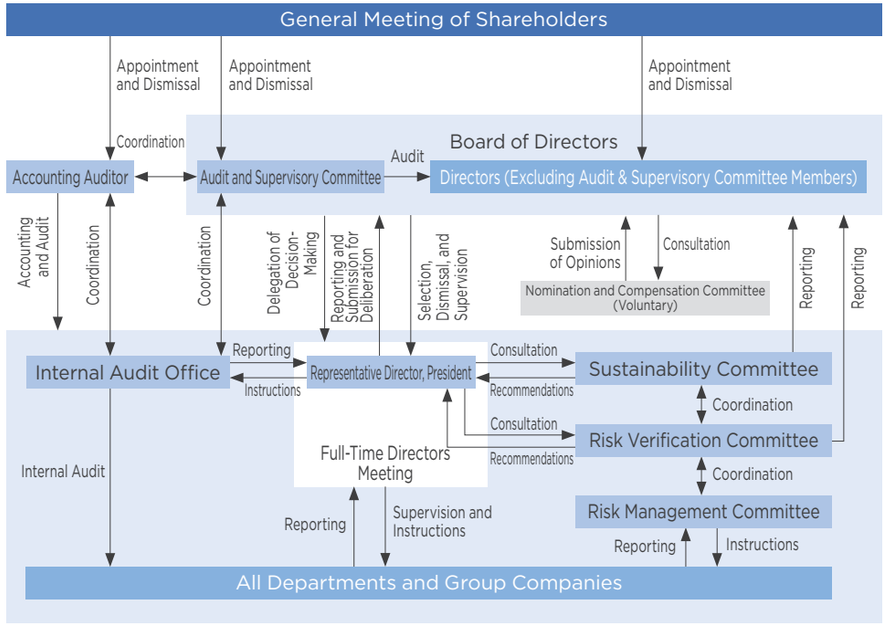
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Corporate Governance — Building a Robust Management Foundation

The Group's basic policy is for all officers and employees to apply "what is right as a human being" as the standard for judgment in performing their duties.
We recognize that management's mission is to enhance corporate value over the long term and on a continuing basis and to build trust with stakeholders.

Corporate Governance Structure

From the perspectives of corporate social responsibility and enhancing corporate value over the medium to long term, the Company discloses information to all stakeholders, including shareholders and investors, in a timely, accurate, and fair manner. We comply with the Companies Act, the Financial Instruments and Exchange Act, other applicable laws and regulations, and stock exchange rules; promptly disclose information subject to the Securities Listing Regulations; and proactively disclose other socially useful information concerning the Group.



Management Bodies

	Composition	Role	Meetings Held in FY2025
Board of Directors	10 members 5 internal officers 5 outside officers Chair: President	Focuses on deciding important matters concerning basic management policies and supervising the execution of business.	19 times
Audit and Supervisory Committee	3 members 3 outside officers Chair: Independent Outside Officer	Audits and supervises the execution of duties by Directors, strengthens the supervisory function of the Board of Directors, and enhances corporate governance.	13 times
Nomination and Compensation Committee	5 members 2 internal officers 3 outside officers Chair: Internal Officer	As a voluntary advisory body to the Board of Directors, the Committee examines and deliberates standards, processes, and basic evaluation policies to improve the objectivity and transparency of procedures for appointing and dismissing officers and determining officer compensation.	3 times
Sustainability Committee	25 members 2 internal officers 5 outside officers 18 committee members Chair: Internal Officer	As an advisory body to the President and Representative Director, the Committee promotes sustainability activities, including climate change measures. In coordination with the Risk Verification Committee and Risk Management Committee, it consolidates climate-related and other risks and opportunities identified by business divisions and Group companies, considers response measures, and reports regularly to the Board of Directors.	4 times

Internal Control

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, the Board of Directors has resolved the Basic Policy on the Development of Internal Control Systems, and the Company has established and operates systems based on this policy.

For more information on the internal control system

For more information on corporate governance

INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data
PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Corporate Governance —Board of Directors

Composition of the Board of Directors

The Board of Directors comprises ten Directors, including five Outside Directors. It resolves matters stipulated by laws and regulations and the Articles of Incorporation, makes management decisions, and supervises the execution of duties. The Board meets once a month and holds extraordinary meetings as necessary. It decides matters prescribed by law and the Board of Directors Regulations, including important matters concerning management, and supervises Directors and Executive Officers through regular reports on the status of their duties.

Capabilities Required of Directors

When selecting any Director, the Group requires that candidates satisfy statutory and Articles of Incorporation requirements, do not fall under any grounds for disqualification stipulated in the Officer Regulations, have no current or past involvement with antisocial forces, and meet the following requirements.

(1) Empathy with the Group's Philosophy and a commitment to contributing to the progress and development of society through the management of the Group's businesses
(2) Outstanding character, knowledge, and insight, together with a strong commitment to legal compliance and high ethical standards
(3) Objective judgment, insight, and foresight

In addition to the foregoing, Outside Director candidates are particularly required to meet the following requirements.

(1) A high level of insight, extensive practical experience, or leadership experience in corporate management, internal control, legal compliance, finance and accounting, financial services, law, public administration, crisis management, education, or another relevant field
(2) The ability to understand the Group from a broad perspective and identify essential issues and risks, with an expectation of contributing to candid, active, and constructive deliberations at Board meetings and other forums
(3) Independence, with no direct interest in relation to the Representative Directors or other Directors and no risk of conflicts of interest with the Company's general shareholders

The following additional requirements are established according to each Director's position and role.

(1) The ability to provide objective management oversight and judgment, as well as advice and support for the Company's sustainable growth, from a practical perspective based on extensive experience in corporate management or a specialized field
(2) Full-Time Directors must be well versed in industry trends, relevant regulations, and the Group's business model; possess extensive practical experience in their respective areas of expertise; and be able to execute duties with organizational management capabilities and a company-wide perspective
(3) Outside Directors who are Audit & Supervisory Committee Members must be able to express objective audit opinions from a neutral standpoint, as they are appointed to further enhance the neutrality and independence of the audit system
(4) Full-Time Directors who are Audit & Supervisory Committee Members must be familiar with the Group's organization, businesses, and operational processes and be capable of conducting highly effective audits after appropriately gathering internal information

Director Training Policy

Our Management Philosophy includes contributing to the evolution and development of human society with a spirit of coexistence and realizing a sustainable society. Accordingly, the Company provides officers and employees with extensive training opportunities to acquire the knowledge required to fulfill their roles and responsibilities and bears the related costs. At the request of individual officers, the Company also arranges seminars and covers participation in external seminars as appropriate.

Independence Criteria for Outside Directors

To ensure the practical independence of Independent Outside Directors, the Company has established independence criteria for Outside Directors. If an Outside Director is determined not to fall under any of the specified categories, the Company judges that the person is independent from the Company and poses no risk of a conflict of interest with general shareholders. Even if a person falls under one of the categories, the Company may determine that the person is independent in substance, provided that the reasons are explained and disclosed at the time of appointment.

Evaluation of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors to improve its functions. All officers are surveyed regarding the Board's composition, operation, and other matters, and the Board assesses the analysis results. To elicit candid opinions and ensure objectivity, the Company uses an anonymous questionnaire administered by an external organization, thereby strengthening governance.

Evaluation Results

Based on the FY2025 evaluation, the Company determined that the effectiveness of the Board of Directors was ensured overall. At the same time, the following issues were identified. We will address these issues to further improve the Board's functions and sustainably enhance corporate value.

Board Operations	: Provide materials at more appropriate times, refine agenda setting, and further stimulate discussion
Management Strategy and Oversight	: Strengthen oversight of the follow-up framework for the Medium-Term Management Plan, responses to DX, and alignment between human resource and management strategies
Risk Management	: Strengthen the cybersecurity oversight framework
Nomination and Governance	: Strengthen the Board of Directors' involvement in succession planning

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Corporate Governance — Officer Compensation

Director Compensation

Compensation for Directors, excluding Outside Directors, consists of the following three components. In light of their role in supervising management from an independent and objective standpoint, Outside Directors receive fixed compensation only.

Fixed Compensation (Monetary Compensation)

Amounts are determined at an appropriate and competitive level based on a comprehensive consideration of each Director's responsibilities and the Company's management conditions, as well as comparisons with compensation at other companies in the real estate industry.

Performance-Linked Compensation (Monetary Compensation)

To provide an incentive reflecting improvements in annual performance, consolidated ordinary profit for the relevant fiscal year is used as the indicator, and the amount paid is determined based on achievement against the target.

Restricted Stock Compensation (Non-Monetary Compensation)

Granted by resolution of the Board of Directors to provide incentives for the sustainable enhancement of corporate value over the medium to long term and to further promote value sharing with shareholders.

Compensation Composition

To link improvements in the Group's performance with the interests of Directors and thereby increase motivation and morale toward improved performance, the Company pays officer bonuses to Directors. As part of a review of the officer compensation system, the Company has also introduced a restricted stock compensation plan for Directors who are not Audit & Supervisory Committee Members, excluding Outside Directors, so that they share the benefits and risks of share price fluctuations with shareholders and become even more motivated to contribute to higher share prices and enhanced corporate value.



Total Director Compensation, etc. (FY2025 Results)

Officer Category	Total Compensation, etc. (Millions of yen)	Total by Type of Compensation, etc. (Millions of yen)			Number of Eligible Officers
		Basic Compensation	Performance-Linked Compensation	Restricted Stock Compensation	
Directors (Excluding Audit & Supervisory Committee Members) (Of Whom, Outside Directors)	271.8 (15.4)	165.6 (15.4)	80.0 (—)	26.3 (—)	9 (2)
Directors Audit & Supervisory Committee Members (Of Whom, Outside Directors)	25.9 (13.9)	25.9 (13.9)	(—) (—)	(—) (—)	3 (2)

Matters Concerning Resolutions of the General Meeting of Shareholders on Director Compensation, etc.

1. At the 23rd Annual General Meeting of Shareholders held on June 21, 2022, it was resolved that monetary compensation for Directors who are not Audit & Supervisory Committee Members, comprising fixed and performance-linked compensation, would be limited to 360 million yen per year, including up to 36 million yen for Outside Directors and excluding employee salaries for Directors concurrently serving as employees. At the time of the resolution, there were eight such Directors, including two Outside Directors. Separately, the same meeting resolved that restricted stock compensation for Directors who are not Audit & Supervisory Committee Members, excluding Outside Directors, would be limited to 36 million yen per year. At the time of that resolution, there were six eligible Directors.
2. At the 23rd Annual General Meeting of Shareholders held on June 21, 2022, it was resolved that monetary compensation for Directors who are Audit & Supervisory Committee Members, consisting solely of fixed compensation and including Outside Directors, would be limited to 36 million yen per year. At the conclusion of the meeting, there were three Audit & Supervisory Committee Members, including two Outside Directors.

Compensation-Determination Process and Governance (Ensuring Objectivity and Transparency)

Determination of individual fixed and performance-linked compensation is delegated to the President and Representative Director by resolution of the Board of Directors. To enhance the objectivity and transparency of the process, however, the Company has established a voluntary Nomination and Compensation Committee comprising the Chairman and Representative Director, the President and Representative Director, and at least two Outside Directors. The Committee deliberates compensation amounts, composition, indicators, and other matters from multiple perspectives, and the President makes decisions with the utmost respect for those deliberations.

Operation During the Fiscal Year

For the fiscal year, consolidated ordinary profit, the indicator for performance-linked compensation, was 23,298 million yen against a target of 22,500 million yen. Determination of individual compensation was delegated to the President and Representative Director with the involvement of the Nomination and Compensation Committee. After receiving the Committee's report, the Board of Directors determined that the procedures and substance were appropriate and consistent with the policy.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Risk Management

Basic Approach to Risk Management

To address all risks that could threaten enhanced corporate value and sustainable development, the Company works to build an organizational crisis management framework by preparing risk management manuals and establishing an emergency response headquarters led by the President and Representative Director in the event of an unforeseen incident.

We have also established a Risk Management Committee chaired by the President and Representative Director and appointed risk management officers in each department. When a potential management or business risk is identified, it is reported to the Committee, which analyzes the risk information and considers response measures to prevent losses to the Company and Group companies or minimize damage if the risk materializes.

Risk Management Structure

Each division manages its own risks, while Directors, division heads, and office heads maintain a cross-functional understanding of important management matters. These are reported and discussed at weekly department head meetings. In an emergency, the Company can promptly convene an extraordinary Board meeting and take action. To strengthen risk management, we enhance internal audits and education and training for officers and employees on relevant laws and regulations and conduct awareness-raising activities to ensure thorough understanding.

Risk Verification Committee

The Company has established the Risk Verification Committee as an advisory body to the President and Representative Director. Chaired by the Division Director of the Administration Division, its principal members are the General Managers of the General Affairs and Legal Departments and the Head of the Internal Audit Office. It meets quarterly and as necessary. The Committee reviews risks reported by the monthly Risk Management Committee and comprehensively manages the formulation of risk management policies, measures, and annual plans.

Risk Management Committee

The Company has established the Risk Management Committee, chaired by the President and Representative Director, as an advisory body to the President and Representative Director. Its principal members are the heads of each sales division and department heads in the Administration Division, and it meets monthly. The Committee discusses comprehensive risk management and responses in each department and considers measures to prevent potential risks and raise awareness.

Principal Risks Identified

Principal Risk	Contents
Competition and Loss of Competitive Advantage	Risk that competitiveness may decline if the Group is unable to maintain the collective strength and advantages created through the organic integration of its businesses, including replanning, leasing, brokerage, and hotels.
Market and Financial Fluctuations Affecting the Replanning Business	Risk of a slowdown in real estate transactions, declines in inventory valuations, and delayed sales due to financial market disruption, as well as effects on results from fluctuations in the timing and value of large transactions.
Deterioration in Financing Conditions	Risk that financial market disruption, including a credit contraction, may impede debt financing required for business development.
Extended Hotel Development Periods and Economic Fluctuations	Risk that hotel projects developed from land acquisition may require a long period to completion, creating periods without earnings and greater exposure to economic fluctuations.
Demand Fluctuations in Hotel Operations	Risk of lower room rates and occupancy due to economic downturns, weaker consumption, oversupply, infectious diseases, exchange-rate fluctuations, and geopolitical factors, including territorial issues and anti-Japanese sentiment.
Country Risk	Risks in overseas businesses arising from exchange-rate trends, differences in culture and business practices, political instability including conflict and terrorism, labor disputes, changes in laws, regulations and tax systems, and prolonged investment recovery periods.
Natural Disasters, Terrorism, and Other Events	Risk of significant impairment to the value of owned or managed real estate due to earthquakes, floods, other natural disasters, war, terrorism, fire, or similar events.
Litigation and Claims	Risk of lawsuits or claims by business partners, clients, or others in connection with real estate sales, leasing, management, and other transactions.
Delayed Response to Climate Change and Environmental Issues	Risk of reputational decline due to delays in offering products with lower environmental impact or taking action toward a decarbonized society.
Supply Chain Disruption	Risk of longer project periods and higher costs due to shortages of materials and fixtures, delivery delays, and price increases.
Rising Market Interest Rates	Risk of higher financing costs, lower property-sale earnings due to weaker purchasing appetite and higher required yields, and declines in asset values.
Exchange-Rate Fluctuations	Risk of impacts on overseas procurement costs and translated financial results, knock-on effects on construction and energy costs, and lower rental income due to deterioration in tenant performance.
Decline in Inventory Valuations	Risk of valuation losses due to declines in net realizable value caused by delays in preparing properties for sale, worsening market conditions, or rising interest rates.
Impairment Losses on Non-Current Assets	Risk of impairment losses on non-current assets in the Hotel Business and other businesses due to lower future cash flows resulting from changing market conditions or reduced occupancy.
Changes in Laws, Regulations, and Accounting Standards	Risk of restrictions on business activities or increased costs due to revocation of licenses under the Real Estate Brokerage Act or other laws, amendment or introduction of related laws and regulations, or changes in accounting standards or real estate taxation.
Leakage of Personal Information	Risk of damage to corporate credibility due to external leakage of client information, including personal information of owners, tenants, and hotel guests.

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Compliance

Basic Approach to Compliance

We recognize that it is our social responsibility as a company for all Directors and employees to embody a commitment to legal compliance and perform their duties fairly and with high ethical standards. We strengthen internal management systems, raise compliance awareness, and work to establish a management framework that will continue to earn society's trust. The Internal Audit Office reports directly to the President and Representative Director and regularly audits all departments and Group companies. Internal audits assess operational conditions and systems and objectively examine whether all operations comply with laws, the Articles of Incorporation, and internal regulations and whether the Company's systems, organization, and regulations are appropriate. Audit results are reported regularly to the President and Representative Director and the Audit & Supervisory Committee, and to the Board of Directors as necessary.

Whistleblowing System

To prevent and detect at an early stage incidents arising from legal violations or misconduct, improve the responsiveness of self-correction processes, control reputational risk, and secure public trust, the Company has established a Corporate Ethics Helpline with multiple reporting channels and thorough protection for whistleblowers.

Officers and employees of the Company and Group companies may report to the internal channels prescribed in the Corporate Ethics Helpline Regulations and may also report directly to the Company's Audit & Supervisory Committee Members.

The Regulations explicitly provide that no officer or employee will be disadvantaged in personnel evaluations or subjected to disciplinary or other unfavorable treatment for making a report, and the Company ensures awareness that no person will be disadvantaged for reporting to the Audit & Supervisory Committee.

Reports, Consultations, and Violations Identified

	FY2021	FY2022	FY2023	FY2024	FY2025
Helpline Reports and Consultations	0	0	3	4	4
Corruption and Bribery Violations Identified	0	0	0	0	0
Antitrust and Anti-Competitive Conduct Violations Identified	0	0	0	0	0
Other Compliance Violations Identified	0	0	0	0	0

Initiatives to Embed Compliance Awareness

The Group uses "what is right as a human being" as the standard for daily decisions and conduct. Underlying this standard is the Sun Frontier Philosophy, including our Credo of Altruism. Every employee values considering what is good for society and what constitutes universal integrity, and acting sincerely.

To embed these values in individual conduct, our daily corporate activities include reading the Philosophy Handbook together and opportunities to learn, discuss, and practice the Philosophy. At the weekly Company-wide morning assembly held every Monday, which is also attended by Group company employees, we regularly conduct risk and compliance training to enhance specific knowledge and awareness.

In this way, we develop each person's awareness and conduct through both a firm standard of "what is right as a human being" and compliance knowledge. These daily efforts support a sound and sincere corporate culture that puts this principle into practice.

Risk and Compliance Training

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of Sessions	12	13	12	13	11
Total Participants	3,487	4,270	4,141	4,832	4,506

Anti-Bribery and Corruption Guidelines

The Group values transparency and fairness in corporate activities and has established clear guidelines for preventing bribery and corruption. We ensure that every officer and employee complies with laws and social norms and refrains from inappropriate benefits or entertainment. We also promote corporate ethics by building sound and sincere relationships with business partners and other related parties. Through these efforts, we aim to remain a company trusted by society.

For more information on the Anti-Bribery and Corruption Guidelines

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Data

- 11-Year Financial Data 70
- 5-Year Non-Financial Data 71
- Company Overview and Stock Information 72

INDEX

Introduction

CHAP. 01 Sources of Value Creation

CHAP. 02 Sun Frontier's Journey

CHAP. 03 Challenges for Sustainable Growth

CHAP. 04 Growth Strategies by Business Segment

CHAP. 05 Sustainability Management

Data

PICK UP

A Letter from the Founder

Message from the President

Message from the Division Director of the Administration Division

Roundtable Discussion between an Institutional Investor and Outside Directors

11-Year Financial Data (As of March 31, 2026)

For more information on operating results and financial information

		FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3	FY2026/3
Operating Results (Millions of yen)	Net Sales	30,625	40,394	47,463	53,291	73,218	59,632	71,251	82,777	79,868	103,174	116,083
	Operating Profit	7,387	9,380	11,239	13,305	16,571	7,912	12,127	14,905	17,600	21,279	25,356
	Ordinary Profit	7,024	8,894	10,755	12,813	16,127	7,524	12,215	14,722	17,374	20,446	23,298
	Profit Attributable to Owners of Parent	8,157	6,452	7,420	8,783	10,666	4,274	7,415	11,612	11,917	14,163	15,986
Financial Position (Millions of yen)	Total Assets	54,084	63,654	91,761	110,898	130,293	127,485	136,512	152,519	188,661	218,190	264,463
	Net Assets	30,144	35,686	48,849	55,860	64,809	69,773	74,452	83,965	94,416	105,892	120,384
	Inventories	32,714	36,186	54,593	74,329	91,766	86,087	77,340	80,182	106,869	133,713	178,540
	Interest-Bearing Debt	18,409	22,064	33,582	41,999	49,371	47,523	51,076	55,633	79,577	92,494	118,067
Cash Flows (Millions of yen)	Net Cash Provided by (Used in) Operating Activities	(1,555)	4,353	(6,989)	(5,988)	(2,697)	4,733	17,443	16,544	(11,003)	(4,236)	(18,736)
	Net Cash Provided by (Used in) Investing Activities	123	(4,764)	(2,443)	(4,258)	(4,441)	451	(9,386)	(6,681)	(4,254)	(8,809)	(10,226)
	Net Cash Provided by (Used in) Financing Activities	3,607	1,984	17,235	6,599	5,535	(1,150)	449	2,039	21,040	9,479	22,837
	Cash and Cash Equivalents at End of Period	13,375	14,871	22,682	18,933	17,394	21,319	29,951	41,914	47,866	44,754	38,502
Per Share Information (Yen)	EPS (Earnings per Share)	190.78	150.92	167.62	180.35	219.03	87.77	152.26	238.98	245.50	291.58	327.76
	BPS (Net Assets per Share)	704.92	834.4	1,003.05	1,145.34	1,326.93	1,368.14	1,463.74	1,663.33	1,864.36	2,102.79	2,316.75
	Annual Dividend per Share	25.0	30.0	33.5	38.5	42.0	42.0	44.0	48.0	58.0	66.0	76.0
Key Financial Indicators (%)	Ordinary Profit Margin	22.9	22.0	22.7	24.0	22.0	12.6	17.1	17.8	21.8	19.8	20.1
	ROE (Return on Equity)	30.9	19.6	17.6	16.8	17.7	6.5	10.8	15.3	13.9	14.7	14.4
	ROA (Return on Assets)	14.9	15.1	13.8	12.6	13.4	5.8	9.3	10.2	10.2	10.1	9.7
	Equity Ratio	55.7	56.0	53.2	50.3	49.6	52.3	52.2	52.9	48.0	46.8	45.3
	Dividend Payout Ratio	13.1	19.9	20.0	21.3	19.2	47.9	28.9	20.1	23.6	22.6	23.2

INDEX

Introduction

CHAP. 01 Sources of Value Creation

CHAP. 02 Sun Frontier's Journey

CHAP. 03 Challenges for Sustainable Growth

CHAP. 04 Growth Strategies by Business Segment

CHAP. 05 Sustainability Management

Data

PICK UP

A Letter from the Founder

Message from the President

Message from the Division Director of the Administration Division

Roundtable Discussion between an Institutional Investor and Outside Directors

Five-Year Non-Financial Data (ESG) (As of March 31, 2026)

For more information on ESG data

Environment

			FY2021	FY2022	FY2023	FY2024	FY2025
CO_2 Emissions (Consolidated)*1,2,3	Scope 1		4,089	3,238	3,392	3,642	3,854
	Scope 2 (Location-Based)		6,240	6,635	6,753	8,288	8,901
	Scope 2 (Market-Based)		6,693	7,634	7,281	7,608	8,286
	Scope 3*4		—	—	—	210,557	219,274
Carbon Credits Retired (Consolidated)			151	437	259	405	403
Energy Consumption (Consolidated)	Scope 1 Gaseous Fuel: City Gas	Nm^3	413,868	599,557	539,622	656,357.0	685,062
	Scope 1 Gaseous Fuel: Liquefied Petroleum Gas (LPG)	m^3	293,870	141,349	141,528	155,038.0	207,716
	Scope 1 Liquid Fuel: Gasoline	L	64,904	81,786	75,061	62,968.8	86,732
	Scope 1 Liquid Fuel: Kerosene	L	9,571	10,893	9,639	10,239.1	10,284.0
	Scope 1 Liquid Fuel: Diesel Oil	L	12,024	17,459	24,326	24,104.0	27,150.0
	Scope 1 Liquid Fuel: Fuel Oil A	L	381,637	262,325	364,517	378,347.0	266,007
	Scope 2 Electricity	kWh	13,937,889	14,602,145	15,733,477	19,309,547.9	20,697,192
Environmental Certifications Obtained	Replanning Properties		—	6	2	8	12
	Newly Constructed Properties		—	—	—	1	0
	Total BELS Certifications*5		—	6	2	9	12

Social

			FY2021	FY2022	FY2023	FY2024	FY2025
Diversity & Inclusion	Total Employees	persons	386	398	417	435	469
	Percentage of Women Employees	%	37.6	36.2	36.0	36.1	38.2
	Total New Graduate Hires	persons	10	12	17	23	30
	Turnover Rate	%	12.5	7.3	9.1	7.4	9.1
	Total Employees Taking Childcare Leave	persons	13	8	9	10	14
	Employment Rate of Persons with Disabilities	%	2.05	2.49	2.64	2.52	2.26
	Percentage of Women in Management Positions	%	8.5	8.8	10.3	9.2	9.6
	Gender Pay Gap (All Employees)		—	76.5	78.5	79.3	77.2
Health and Productivity Management	Paid Leave Utilization Rate	%	66.5	64.2	68.4	66.8	74.3
	Health Examination Rate	%	98.9	99.1	99.7	98.0	98.0
Productivity Improvement	Training Hours as a Percentage of Prescribed Working Hours	%	—	10.3	12.1	12.0	11.7

Governance

		FY2021	FY2022	FY2023	FY2024	FY2025
Reports, Consultations, and Violations Identified	Helpline Reports and Consultations	0	0	3	4	4
	Corruption and Bribery Violations Identified	0	0	0	0	0
	Antitrust and Anti-Competitive Conduct Violations Identified	0	0	0	0	0
	Other Compliance Violations Identified	0	0	0	0	0

*1 To improve the reliability of greenhouse gas emissions data, third-party verification was conducted for Scope 1, 2, and 3 emissions in FY2024, and a verification report was obtained from the Environmental Energy Business Association, the verification body.
*2 Sun Frontier Okinawa Co., Ltd., Hotel Oosado Inc. SF Ocean Power Generation Co., Ltd., and Nippon Toshi Hotel Development Co., Ltd. are included under the parent company.
*3 Sun Frontier NY Co., Ltd., Navd Co., Ltd., and SF Human Support Inc. are excluded because they use shared offices or co-located premises.
*4 The scope of Scope 3 calculations has covered the entire consolidated Group since FY2024.
*5 BELS stands for the Building-Housing Energy-efficiency Labeling System, a building energy-efficiency labeling program launched in 2014 by the Association for Housing Performance Evaluation and Labeling.

INDEX
Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data
PICK UP
A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors

Company Overview

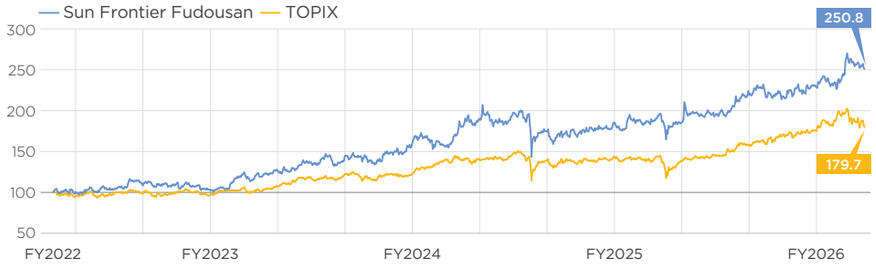
Corporate Profile (As of March 31, 2026)

Company Name	Sun Frontier Fudousan Co., Ltd.
Head Office	Toho Hibiya Building, 1-2-2 Yurakucho, Chiyoda-ku, Tokyo
Established	April 8, 1999
Listed	February 26, 2007 (First Section of the Tokyo Stock Exchange) / Transferred to the Prime Market on April 4, 2022
Capital	21,118 million yen (As of April 1, 2026)
Representatives	Chairman and Representative Director Tomoaki Horiguchi President and Representative Director Seiichi Saito
Consolidated Employees (Full-Time)	1,076 (1,949 including part-time employees)
Average Age	36.0 years
Licenses and Registrations	Real Estate Brokerage License: Minister of Land, Infrastructure, Transport and Tourism (6) No. 5968 Specified Construction Business License: Governor of Tokyo (Toku-4) No. 116846 Real Estate Appraisal Business Registration: Governor of Tokyo (5) No. 1843 Real Estate Investment Advisory Business Registration: Minister of Land, Infrastructure, Transport and Tourism, General No. 732 Type II Financial Instruments Business: Director-General of the Kanto Local Finance Bureau (Financial Instruments) No. 1297 First-Class Architect Office Registration: Governor of Tokyo No. 59895 Security Services Certification: Tokyo Metropolitan Public Safety Commission No. 30003705 Specified Joint Real Estate Venture: Commissioner of the Financial Services Agency and Minister of Land, Infrastructure, Transport and Tourism No. 88 Secondhand Dealer License: Tokyo Metropolitan Public Safety Commission No. 301011906391 Rental Housing Management Business Registration: Minister of Land, Infrastructure, Transport and Tourism (01) No. 002121
Business Activities	Real estate revitalization / Real estate services (property management, brokerage, architectural planning, rent guarantees, rental building operations, and asset consulting) / Hotel development and operation / Overseas development and construction, etc.
Offices	Ginza, Shimbashi, Hamamatsucho, Gotanda, Shibuya, Shinjuku, Ikebukuro, Kojimachi, Ueno, Kanda, Kodenmacho, Nihonbashi, and Yokohama
Principal Consolidated Subsidiaries	SF Building Support Inc. / Sun Frontier Space Management Inc. / Sun Frontier Hotel Management Inc. / Sun Frontier Sado Inc. / SF Building Maintenance Inc. / SF Engineering Inc. / Sky Heart Hotel Inc. / Sun Frontier NY Co., Ltd.
Consolidated Subsidiaries	39 companies

Reference Data

Stock Price Trend (index)

Note: The share price and TOPIX as of the end of March 2022 are each indexed to 100.0, with the figures at the end of each fiscal year shown on that basis.



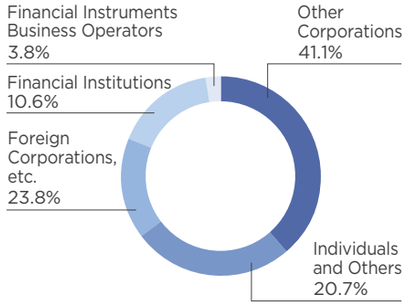
Stock Information (As of March 31, 2026)

Stock Information

Authorized Shares	91,200,000 shares*1
Shares Issued	57,407,314 shares*2
Number of Shareholders	15,309*1
Stock Exchange Listing	Prime Market
Fiscal Year-End:	March
Securities Code:	8934
Shareholder Registry Administrator	Mizuho Trust & Banking Co., Ltd.

*1 As of March 31, 2026
*2 As of April 1, 2026

Share Distribution by Shareholder Type*1



Major Shareholders (Top 10)

Shareholder Name	Shares Held	Shareholding Ratio (%)*
HOUON Co., Ltd.	20,978,600	40.49
AAGS S5, L. P.	3,151,800	6.08
The Master Trust Bank of Japan, Ltd. (Accounted in trust)	2,990,300	5.77
Custody Bank of Japan, Ltd. (Accounted in trust)	1,813,600	3.50
JP JPMSE LUX RE CITIGROUP GLOBAL MARKETS L EQ CO	758,504	1.46
JPMorgan Securities Japan Co., Ltd.	694,766	1.34
NOMURA INTERNATIONAL PLC A/C JAPAN FLOW	553,465	1.07
STATE STREET BANK AND TRUST COMPANY 505001	494,737	0.95
THE BANK OF NEW YORK MELLON 140044	492,300	0.95
SBI SECURITIES Co., Ltd.	437,570	0.84

* Figures are rounded to two decimal places. Shareholding ratios are calculated after excluding 94,320 treasury shares.
* For the calculation of shareholding ratios, 128,300 Company shares held by Mizuho Trust & Banking Co., Ltd. as the trust account for the J-ESOP stock benefit trust are included.

Total shareholder return

(%)

	FY2022/3	FY2023/3	FY2024/3	FY2025/3	FY2026/3
Sun Frontier Fudousan	113.1	142.0	218.3	224.9	302.5
Benchmark (TOPIX; dividends included)	102.0	107.9	152.5	150.2	202.2

INDEX

Introduction
CHAP. 01 Sources of Value Creation
CHAP. 02 Sun Frontier's Journey
CHAP. 03 Challenges for Sustainable Growth
CHAP. 04 Growth Strategies by Business Segment
CHAP. 05 Sustainability Management
Data

PICK UP

A Letter from the Founder
Message from the President
Message from the Division Director of the Administration Division
Roundtable Discussion between an Institutional Investor and Outside Directors