

**Sun Frontier Fudousan Co., Ltd.**  
**Summary of Main Questions and Answers**  
**at FY2025/3 Financial & Business Results Presentation**

Date: Tuesday, May 13, 2025, 13:00–14:00  
Respondent: Seiichi Saito, President and CEO

**Q1**

- Question: The actual acquisition amount of properties for FY2025/3 was 50.8 billion yen, falling short of the target of 55.0 billion yen. While this level was maintained, should we consider the progress towards the targets of the new Medium-Term Management Plan, which started in April 2025, as delayed? Also, to what extent does the acquisition plan for FY2026/3 incorporate acquisitions of properties in the Osaka area?
- Answer: Although property acquisitions totaled 50.8 billion yen, slightly below our 55.0-billion-yen target, we view this result as being largely in line with our expectations. In property acquisition, we prioritize acquiring high value-added projects over merely achieving numerical targets. We believe that gradually increasing acquisition levels to 55.0, 60.0, and 65.0 billion yen will allow us to achieve the goals of the Medium-Term Management Plan. As for the property acquisitions in Osaka, we have only just begun and expect to start with one or two properties. While no specific amount is included in this fiscal year's plan, we will proceed with a strategic approach.

**Q2**

- Question: What are your concerns and the competitive landscape in the Osaka market? Also, is it correct to assume that for the time being you will focus only on replanning projects in Osaka, without offering integrated services such as brokerage and property management like in Tokyo?
- Answer: We aim to deploy the business model we have developed in central Tokyo in central Osaka, particularly in the Chuo and Kita Wards. In Osaka, there is growing demand for office investment to strengthen talent recruitment, and some players who provide furnished (set-up) offices in Tokyo have started to enter the market. A similar market is gradually emerging. That said, Osaka's market size is said to be about one-fifth that of Tokyo, with lower liquidity. We've seen cases of buildings being significantly extended beyond code due to prolonged use. We will leverage our expertise in asset assessment and replanning gained in Tokyo to restore such properties into high-liquidity assets, thus differentiating ourselves. For the time being, we will collaborate with local partners for brokerage and property management to promote our business.

**Q3**

- Question: Is there investor demand for Osaka properties among your existing clients? Also, what are your expectations for tenant demand among startups and the rent gap from refurbishment?
- Answer: Many clients are interested in investing not only in Tokyo but also in the Kansai region. Recently, investors from Kansai who have purchased our fractional real estate products have expressed strong interest in investing in local properties. In Osaka, more companies are prioritizing office environments to enhance recruitment. Cases are emerging where set-up offices are leased at higher

rents than standard offices, resulting in rent gaps. Startups and growth-stage companies upgrading from shared offices are likely to be the main tenants, as they emphasize office quality.

#### **Q4**

- Question: With ROE already exceeding 14%, is there room for further improvement? If ROE remains stable at 14%, is it possible to revise the Medium-Term Plan's targets of 135.0 billion yen in revenue and 27.0 billion yen in ordinary profit upward?
- Answer: Our Medium-Term Plan sets ROE of 14% as a minimum target, and we aim to consistently exceed that level. Given that we have already surpassed 14%, we see potential for further improvement. We will also strive to exceed the target revenue of 135.0 billion yen and ordinary profit of 27.0 billion yen. Rather than pursuing scale alone, we focus on generating high value-added returns, meaning profitability is key. For example, while revenue may expand in facility-operation-type businesses, initial investment and opening costs can suppress profit margins. Thus, we aim to strike a balance between growth and profitability. Under this approach, we will maintain and improve ROE above 14% and aim to achieve and surpass our revenue and profit targets.

#### **Q5**

- Question: What types of rental apartments will you be developing?
- Answer: As we continue our office business in central Tokyo, we are increasingly acquiring sites better suited for rental apartment development rather than office use. We will focus on differentiated properties, such as fully soundproofed apartments and family-oriented units in the city center, where supply is limited but latent demand is strong.

#### **Q6**

- Question: Is there a possibility of engaging in M&A outside of the hotel sector?
- Answer: We are considering M&A opportunities outside of hotels, including design-capable construction firms and residential property management companies that can grow together with our Group.