February 25, 2026

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Notice concerning Capital and Business Alliance with ITOCHU Corporation, Issuance of New Shares by Third-Party Allotment, and Change in a Major Shareholder

Sun Frontier Fudousan Co., Ltd. (the “Company”) hereby announces that it has resolved at its Board of Directors meeting held today to execute an agreement regarding a capital and business alliance (the “Capital and Business Alliance”; the agreement regarding the Capital and Business Alliance, the “Capital and Business Alliance Agreement”) with ITOCHU Corporation (“ITOCHU”) and to issue new shares for ITOCHU by way of a third-party allotment (the “Capital Increase by Third-Party Allotment”). The details are as described below.

The Company also hereby announces that, as a result of the Capital Increase by Third-Party Allotment, ITOCHU will constitute a major shareholder of the Company.

In addition, as stated in the “Notice concerning Opinion on the Tender Offer for the Shares of the Company by SI Co., Ltd., a Wholly-Owned Subsidiary of ITOCHU Corporation” released by the Company today, the Company resolved at its Board of Directors meeting held today to state an opinion in favor of a tender offer (the “Tender Offer”; together with the Capital Increase by Third-Party Allotment and the Capital and Business Alliance, the “Transactions”) for the common shares of the Company (the “Company Shares”) by SI Co., Ltd. (the “Tender Offeror”; together with ITOCHU Corporation, the “Tender Offeror et al”; according to the Tender Offeror et al, the form of the Tender Offeror will be converted from a stock corporation (*kabushiki kaisha*) to a limited liability company (*godo kaisha*) through an entity conversion during the period from the day following the last day of the tender offer period (the “Tender Offer Period”) for the Tender Offer until the commencement date of settlement .), which is a wholly-owned subsidiary of ITOCHU that is a scheduled allottee for the Capital Increase by Third-Party Allotment, in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended), and relevant laws and regulations, and also to leave that decision regarding whether the Company’s shareholders should tender their shares in the Tender Offer to the discretion of the shareholders.

I. Overview of the Capital and Business Alliance

1. Purpose of and Reasons for the Capital and Business Alliance

(1) Purpose of and Reasons for the Capital and Business Alliance

ITOCHU has listed its common shares on the former Osaka Securities Exchange and on the TSE since July 1950. ITOCHU is a member of the ITOCHU Group, which consists of ITOCHU and its 186 subsidiaries and 78 affiliates (as of September 30, 2025; the same shall apply hereinafter), and through its domestic and overseas business networks, “Textile Company,” “Machinery Company,” “Metals & Minerals Company,” “Energy & Chemicals Company,” “Food Company,” “General Products & Realty Company,” “ICT & Financial Business Company,” and “The 8th Company” (Note 1) (Note 2), whose business areas have been extended from “upstream” business areas, such as those relating to raw materials, to “downstream” consumer business areas, ITOCHU has been running diversified businesses, in order to offer a variety of products and services that support people’s daily lives.

Among these, the General Products & Realty Company consists of two divisions: the Forest Products, General Merchandise & Logistics Division and the Construction & Real Estate Division. The Forest Products, General Merchandise & Logistics Division deals with North American building materials, pulp, mobility, goods, and materials, and operates a distribution business including third-partly logistics (3PL) (Note 3) and international transportation. The Construction & Real Estate Division deals with the construction materials business that handles wood products and OEM materials, the real estate development business that develops mainly residential housing and logistics facilities, and the real estate investment and building operation and management business. Each division utilizes its collective strength and global network to provide society with new value and contribute to the realization of fulfilling housing experiences and the enhancement of ITOCHU’s corporate value.

The Tender Offeror, the trade name of which is SI Corporation, is a kabushiki kaisha wholly owned by ITOCHU and was established on January 29, 2026 primarily for the purpose of acquiring and holding Company Shares through the Tender Offer. ITOCHU has appointed the Tender Offeror as the entity implementing the Tender Offer from the perspective of securing flexibility in the Company’s future capital policy after implementation of the Tender Offer and the Third-Party Allotment. However, whether additional Company Shares will be acquired after implementation of the Tender Offer and the Third-Party Allotment has not been determined at this time. Although the Tender Offeror et al. may reconsider the acquisition of additional Company Shares following implementation of the Tender Offer and the Third-Party Allotment, no consideration has been given at this time to the timing or terms thereof.

(Note 1) A “Company” in the applicable sentence refers to a business division within ITOCHU that is deemed to be one highly independent unit. Delegation of management resources and discretion to each Company allows it to manage responsibly, rapidly and flexibly, and develop businesses meeting the needs in each field.

(Note 2) The 8th Company collaborates with the other seven business companies to fully leverage various business platforms, particularly in the consumer sector which is an area of strength of ITOCHU. Through this, ITOCHU accelerates initiatives that combine different industries and extend across the boundaries of business companies and create new businesses and develop new customers from a market-oriented perspective to meet market and consumer needs.

(Note 3) 3PL (Third Party Logistics) refers to a form of business in which a third-party company undertakes a customer’s overall logistics operations and proposes measures to improve logistics efficiency. In its domestic logistics services, ITOCHU provides a wide range of services across various fields, including inventory storage for a broad array of products; the provision of logistics functions such as customs clearance, inspection, and distribution processing; and the resolution of fundamental logistics issues through the review and optimization of logistics bases.

On the other hand, the Company was founded in April 1999 as Sun Frontier Co., Ltd. for the business purpose of brokering the sale, leasing and management of commercial real estate. In November 2000, the Company changed its trade name to the current Sun Frontier Fudousan Co., Ltd. The Company was subsequently listed on the JASDAQ Securities Exchange in December 2004, listed on the First Section of the Tokyo Stock Exchange in February 2007, and transitioned to the Prime Market of the

Tokyo Stock Exchange in April 2022 following the restructuring of the Exchange's market segments, where the Company remains listed as of today.

Since its founding in 1999, the Company has upheld "Altruism" (i.e., a mindset that is the spirit in which all employees collaborate with compassion, approach their work with integrity, and contribute to society under the values of "we believe in helping others, as many as we can, throughout our lives") as its corporate motto, and the Company has conducted its business operations with the objective of achieving the realization of its management philosophy to "to look after every employee and pursue the happiness of both mind and matter. At the same time, to cocreate a rich and sustainable society by contributing to the evolution and the development of human society." As of today, the business of the Company's group (meaning the corporate group that is comprised of the Company and 39 subsidiaries; the same shall apply hereinafter) is comprised of the following four segments: the "Real Estate Revitalization Business" and the "Real Estate Service Business," which aim to conduct urban development through the revitalization and efficient use of existing real estate, the "Hotel and Tourism Business," which is tied to the promotion of regional development, and the "Other" segment, which includes the overseas development and management business, construction business, and the like.

The Company's original "Real Estate Revitalization Business" has high social significance from both an environmental and economic perspective. The Company believes such business is significant from an environmental standpoint because by utilizing and renovating existing buildings rather than demolishing them, the Company helps reduce construction waste and promotes the effective use of resources. From an economic standpoint, the Company positions the business as having social significance as well because it revitalizes properties that are not being fully utilized due to aging or declining occupancy rates and enhance their economic value, thereby creating added value through the effective use of real estate. Through these types of real estate revitalization operations, the Company believes that the "Real Estate Revitalization Business" operates as a business model which is differentiated compared to its competitors.

Meanwhile, the Company's "Real Estate Service Business," which serves as a platform, greatly enhances its customer base in the mid- to long-term by continuously providing services such as property management as well as rental and sales brokerage services to real estate owners and tenants. The Company believes that, through these services, the "Real Estate Service Business" fulfills a foundational role as a platform where information and transaction opportunities related to real estate continuously accumulate.

The "Real Estate Service Business" has strong synergy with the Company's "Real Estate Revitalization Business" because the Company is able to utilize the property information and the tenant needs it obtains from its "Real Estate Revitalization Business" customer base and, at the same time, the properties acquired and revitalized through the "Real Estate Revitalization Business" can be managed and leased through the "Real Estate Services Business."

The Company believes that, by promoting these two businesses, the "Real Estate Revitalization Business" and the "Real Estate Service Business," in an integrated manner, it has, from a relatively early stage, developed a business model in Japan's existing real estate revitalization market that combines acquisition, renovation, and operation in a single, unified process. In addition, in light of the fact that the Company was a pioneer of "setup offices," in which interiors and facilities are prepared prior to tenant occupancy, and that it has obtained trademark registration for the term "Replanning," meaning revitalization, the Company believes that it has established a pioneering position in the revitalization of existing real estate. Through such business development, the Company believes that it has been able to not only expand its existing businesses, but also to carry out meticulous and bold investments in new ancillary businesses.

Further, the Company has positioned the "Hotel and Tourism Business," which engages in the

Company's hotel development and management businesses, as a business that aims to contribute to the revitalization of regional economies by promoting the maintenance and creation of local employment and enhancing the value of tourism resources, through the development and operation of hotels that leverage regional assets. Furthermore, the Company is conducting its business through a profit model in which it develops hotels throughout all regions of Japan, and after obtaining development profits by selling the hotel's real estate after operating the hotel for a certain period, the Company continues to operate the hotel through a leaseback scheme, thereby generating operating income. In addition, the Company has increasingly been acquiring existing hotels through M&A transactions and concentrating on hotel management outsourcing and leasing, and in this way has been striving to expand its hotel operations network by exhausting various means.

Under these circumstances, the Company's group, which in 2013 had set a target of "increasing net sales tenfold over the next 10 years" (net sales were approximately 10.6 billion yen in the fiscal year ending March 2013, with ordinary income of approximately 2 billion yen), recently achieved net sales of approximately 103.1 billion yen and ordinary income of approximately 20.4 billion yen, both of which were goals set out in the Medium-Term Management Plan which concluded in the fiscal year ending March 31, 2025, and the Company's group has been further seeking opportunities to accelerate its major leaps forward. In addition, the Company's group has also been continuously considering strategic alliances as one valid option to enhance its corporate value by resolving corporate issues by practicing its management philosophy while maintaining its corporate culture and identity.

In light of these circumstances, ITOCHU has long promoted capital and business alliances with companies with which synergy effects can be expected. In particular, within the construction and real estate industries, ITOCHU has pursued initiatives based on the following basic policies: (i) to build construction (Note 4), (ii) to bring technologies to realize a more safe, secure, and decarbonized society, (iii) to collaborate in real estate businesses under a capital efficiency and optimization strategy (Note 5), and (iv) to expand its customer base and enhance competitiveness. By constructing a value chain spanning from upstream activities (construction materials) to downstream activities (real estate), ITOCHU has strengthened alliances with leading companies in the construction and real estate fields and has worked to address social issues such as the SDGs and national resilience. More specifically, in December 2021, ITOCHU commenced a capital and business alliance with Nishimatsu Construction Co., Ltd., through which it has deepened cooperation in areas including real estate development projects, placement of construction orders, and procurement of materials and equipment. Furthermore, in May 2023, ITOCHU entered into a capital and business alliance with Oriental Shiraishi Corporation and has jointly promoted public–private partnership projects through bridge construction businesses and prestressed concrete technologies, with the aim of contributing to the development of social infrastructure.

(Note 4) Under construction partnerships, ITOCHU promotes labor savings, efficiency improvement, and DX in the construction industry through building construction partnerships with leading companies in the industry, which have the technologies and construction methods to resolve frontline issues, including investment in Nishimatsu Construction Co., Ltd. and Oriental Shiraishi Corporation.

(Note 5) The business model of real estate businesses under a capital efficiency and optimization strategy refers to the building and expansion of a value chain through real estate development and investment in and management of income-generating real estate.

Through these efforts to strengthen alliances, ITOCHU has become capable of providing an integrated set of functions across various asset classes, including residential properties, logistics facilities, and office buildings, encompassing material supply and construction, land acquisition and development, property management and leasing, and operation. On the other hand, ITOCHU has recognized challenges in further enhancing profitability within its existing business domains, due to rising domestic new construction development costs and the depletion of construction resources caused by labor shortages. As ITOCHU explored new opportunities for revenue growth as alternatives to its existing business domains, it turned its attention to the real estate renovation sector. In particular, in the office building market, which is the largest asset class in the domestic real estate market, the supply of newly constructed office buildings in central urban areas and regional core cities is becoming increasingly limited, due to constraints on land acquisition and prolonged construction periods resulting from labor shortages. Meanwhile, there exists a substantial stock of aging office buildings. ITOCHU believes that renovating such office buildings, which would previously have been demolished as sites for new development, can serve as an effective means of maintaining supply while reducing environmental impact. ITOCHU considers the resolution of these social and market challenges to be the key to unlocking potential revenue growth, and accordingly has sought to strengthen alliances in the real estate renovation sector.

Under such circumstances, in mid-February 2025, ITOCHU became aware, through Daiwa Securities Co., Ltd., (the "Daiwa Securities") of the potential for a strategic partnership between ITOCHU and the Company, and confirmed, via Daiwa Securities, that both parties had an initial willingness to engage in discussions. From ITOCHU's perspective, as it was aiming to expand its business in the renovation domain as a new pillar of growth, building on the business foundation it had established in domestic residential and logistics real estate development businesses, ITOCHU considered the Company, whose strength lies in the Real Estate Revitalization Business, to be a potential partner for expanding its business in the renovation domain. Accordingly, in mid-March 2025, the Company held an initial meeting with ITOCHU, where the Company made a proposal to ITOCHU regarding a subscription to a capital increase by third-party allotment. Subsequently, as the Company confirmed with ITOCHU that the two companies were aligned in terms of business potential and strategic direction, it commenced concrete discussions and examinations with the Company to explore the possibility of building a strategic partnership, including the Transaction, such as by holding multiple subcommittee meetings by business area with the Company for the purpose of examining concrete possibilities for collaboration. As of mid-February 2025, because it had been approached that month by ITOCHU, through Daiwa Securities, with the intention of consultation as such strategic partner, the Company respectively appointed Daiwa Securities as its financial advisor independent from the Tender Offeror et al, the Company, and AAGS S5, L.P. (the "Shareholder Agreeing to Tender Shares") and Mori Hamada & Matsumoto ("MH") as its legal advisor. The Company also established a framework for discussing and examining the creation of a partnership that included the Transactions.

In light of the Company's future business development, particularly the anticipated expansion in project scale and business scope in the "Real Estate Revitalization Business" and the "Hotel and Tourism Business," the Company expects that there will be continuous funding needs for land acquisitions, construction costs, and other related expenses. Accordingly, the Company has come to believe that, rather than merely receiving capital participation through the market, it is preferable to establish a stable capital relationship, by way of a capital increase by third-party allotment, with a strategic partner capable of supporting the Company's business growth from a medium- to long-term perspective. The Company believes that such an approach would enable it to steadily pursue business opportunities while addressing its financing needs. Furthermore, while giving due consideration to the impact a capital increase by third-party allotment would have on minority shareholders and taking into account the Company's specific business opportunities and funding requirements, the Company has determined that it is reasonable to employ this method within the necessary scope. As a result, the Company informed ITOCHU that it considers the Capital Increase by Third-Party Allotment to be a desirable means of establishing the partnership. In conducting such discussions and examinations with the Company, on June 4 , 2025 ITOCHU appointed Nishimura & Asahi as its legal advisor independent of the Tender Offeror et al., the Company, and the Shareholder Agreeing to Tender Shares, and, on October 3, 2025, appointed KPMG FAS Co., Ltd. ("KPMG") as a third-party valuation agency independent of the Tender Offeror et al., the Company, and the Shareholder Agreeing to Tender Shares, thereby establishing a framework for discussions and examinations regarding the formation of a partnership, including the Transaction.

In mid-March 2025, at the initial meeting with ITOCHU, the Company requested funding from ITOCHU to support the expansion of its existing office building business, including engagement in large-scale projects, as well as the further development of the hotel chain operated by the Company. ITOCHU considered that, as the Company continued to pursue expansion of its business domains, its funding needs remained strong and that strengthening the Company's financial soundness so as to ensure liquidity on hand and additional borrowing capacity sufficient to meet such funding needs on an ongoing basis would enhance the likelihood that the Company's business would be conducted in a stable manner and, in turn, increase the likelihood that ITOCHU would be able to receive dividend income from the Company on a stable basis, as well as minimize, to the greatest extent possible, the risk that collaboration between ITOCHU and the Company could be disrupted due to any deterioration in the Company's financial soundness, thereby enabling the parties to stably realize the benefits of their partnership going forward,and would also contribute to enhancement of ITOCHU's corporate value. Accordingly, after careful consideration, ITOCHU proceeded to examine a policy of subscribing for shares in a capital increase issued a capital increase by third-party allotment to be implemented by the Company.

Further, ITOCHU discussed with the Company the terms of the capital increase by way of third-party allotment, including the number of shares to be issued, and, in parallel, held multiple subcommittee meetings by business area for the purpose of examining concrete possibilities for collaboration, in early September 2025, ITOCHU was introduced by the Company to the Shareholder Agreeing to Tender Shares, a key stakeholder holding Bonds with Share Acquisition Rights, and had an opportunity to engage in initial discussions with the Shareholder Agreeing to Tender Shares regarding the potential for a business alliance between ITOCHU and the Company. Thereafter, in parallel with its discussions and examinations with the Company, ITOCHU continued to hold preliminary discussions with the Shareholder Agreeing to Tender Shares regarding the methods for implementing a business alliance between ITOCHU and the Company, the synergies that could arise from such business alliance, as well as the concrete methods of ITOCHU's capital participation in the Company, including the acquisition by ITOCHU of the Company Shares underlying the share acquisition rights attached to the Bonds With Share Acquisition Rights owned by the Shareholder Agreeing to Tender Shares and the subscription for shares issued in a capital increase by third-party allotment. Based on the discussions and examinations conducted respectively with the Company and the Shareholder Agreeing to Tender Shares, ITOCHU having determined that the likelihood of acquiring Company Shares from the Shareholder Agreeing to Tender Shares was low and having confirmed that the Company's funding needs remained strong, concluded that establishing a partnership with the Company by subscribing for shares issued in a capital increase by third-party allotment would contribute to enhancement of the corporate value of both ITOCHU and the Company. Accordingly, in order to begin formally considering with the Company the formation of such partnership, on October 1, 2025, ITOCHU submitted a written proposal (the "Letter of Intent") setting forth (i) ITOCHU's intent to subscribe for shares issued in a capital increase issued by third-party allotment to be implemented by the Company, (ii) ITOCHU's intention to acquire Company Shares such that the ratio of voting rights held by ITOCHU would be 20.0%, assuming that all Share Acquisition Rights pertaining to the Bonds With Share Acquisition Rights relating to the voting rights of the Company held by ITOCHU were exercised in full, and (iii) a proposal on collaboration accompanying the formation of the partnership.

In response, the Company responded to ITOCHU that, with respect to the abovementioned Capital Increase by Third-Party Allotment, it believed it needed to carefully consider the necessity and appropriateness of the amount of the capital increase anticipated in light of the impact that the large-scale Capital Increase by Third-Party Allotment would have on the Company's minority shareholders.

In addition, under these circumstances, in mid-October 2025, ITOCHU received an inquiry from the Shareholder Agreeing to Tender Shares indicating that, if it were deemed economically reasonable for it, it intended to transfer a portion of the shares underlying the Share Acquisition Rights attached to the Bonds with Share Acquisition Rights held by it. Thereafter, based on the content of the Letter of Intent, on October 20, 2025, the Company requested ITOCHU to respect its management autonomy, which it had maintained since its founding, while continuing to implement the management philosophy that it had cultivated since its establishment. The Company also stated that, in order to maintain its independence as a listed company, it intended to maintain a 35% tradable share ratio (as required under the continued listing criteria of the Prime Market of the Tokyo Stock Exchange) at a level that it could stably ensure, and to maintain as high of a tradable share ratio as possible. Further, the Company stated that it would like to limit the degree of any dilution resulting from any capital increase by third-party allotment to a level that would not constitute a third-party allotment involving a dilution of 25% or more, which would require the acquisition of an opinion from an independent third party or the implementation of procedures to confirm the intent of shareholders pursuant to Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, and, taking into account the impact of a dilution on existing shareholders, to restrict the issuance of new shares to the minimum necessary to meet its funding needs. Accordingly, taking into consideration the intentions of the Shareholder Agreeing to Tender Shares and the requests of the Company, ITOCHU, in late October 2025, initially conveyed to the Shareholder Agreeing to Tender Shares its interest in acquiring Company Shares, including the Shares Agreed to Be Tendered, in order to commence consideration of a transaction structure that would include such acquisition.

On December 16, 2025, the Company received a proposal from ITOCHU stating that, in light of its intention to establish a closer capital relationship with the Company, as well as the Company's request and the aforementioned intention of the Shareholder Agreeing to Tender Shares to sell their shares, it had comprehensively considered these factors and proposed a specific method in which ITOCHU would combine a tender offer with a capital increase by third-party allotment. This structure was intended to strengthen the financial soundness of the Company and satisfy its funding needs, while taking into consideration the dilution of Company Shares, and at the same time enabling ITOCHU to acquire the number of Company Shares necessary to establish a closer capital relationship. The proposal also aimed to secure an opportunity to broadly acquire Company Shares not only from the Shareholder Agreeing to Tender Shares but also from the Company's other shareholders. On December 25, 2025, ITOCHU appointed Nomura Securities Co., Ltd. as a financial advisor independent from the Tender Offeror et al., the Company, and the Shareholder Agreeing to Tender Shares, in order to discuss and consider with the Company a transaction based on the aforementioned structure. ITOCHU carefully discussed and considered with the Company the details of the capital and business alliance, the scheme for combining a tender offer and a third-party allotment, and the number of shares to be subscribed through the third-party allotment.

The Company carefully considered the abovementioned proposal. The Company believes that ITOCHU and its Group, one of the world's leading non-conglomerate (*zaibatsu*) general trading companies and a planned allottee of the Capital Increase by Third-Party Allotment, has a wealth of capable human talent, has built a stable revenue base characterized by its strengths in non-resource businesses, has a proven track record of launching new ventures, and boasts strong brand power and a diverse business portfolio. The Company believes that the combination of ITOCHU's wide networks and abundant information and capital resources with the Company's real estate development capabilities and heartwarming services, which are key differentiating features of the Company's group, is expected to greatly increase the Company's business opportunities and generate synergies between the two groups. Particularly in business operations, while the Company's group has built its strengths in one-stop services which specialize in revitalizing and utilizing small-to-medium-sized office buildings in Tokyo's five central wards (Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward, and Shinjuku Ward), the ITOCHU Group leverages its strengths in the development and management of residential properties in the greater Tokyo area and the Keihanshin region. The ITOCHU Group also has experience in developing and managing large-scale properties such as major office buildings, commercial facilities, and logistics facilities. On top of this, ITOCHU's "*Sampo-yoshi*" corporate mission (meaning "good for all three sides": good for the seller, good for the buyer, and good for society) emphasizes the provision of value not only to business partners and customers but also to society as a whole, and embodies a commitment to realizing benefits for all stakeholders. The emphasis it places on contributing to others is aligned with the spirit of "Altruism," which is the philosophy of the Company's group. Accordingly, the Company believes that both companies share similarities and a sense of kinship in their corporate cultures. The Company believes that by leveraging the strengths of the ITOCHU Group, particularly its abundant financial resources, extensive domestic and international networks, stable procurement capabilities for materials and equipment, the advanced capabilities of its general contractors, and its extensive experience and overwhelming track record cultivated in commercial, distribution, and residential buildings, it can further expand its business, focusing primarily on the Company's "Real Estate Revitalization Business" which includes the renewal of downtown office buildings. Further, carrying out the business collaborations stated in "(1) Details of the business alliance" in "2. Details of the Capital and Business Alliance" would enable the Company and ITOCHU to enhance the competitiveness of both companies because there is almost no overlap in the existing business fields of both corporate groups; instead, the business fields have a complementary relationship. In addition, the Company believes that leveraging the abovementioned strengths of the ITOCHU Group would allow it to aim to further enhance the corporate value of the Company's group, with a focus on its "Real Estate Revitalization Business" and "Hotel and Tourism Business," and therefore the Company has decided to carry out the business alliance.

The Company needs to continue new hotel development in order to continuously enhance its corporate value, and it is currently continuing with such hotel development as stated in "(i) Funds for acquisition of real estate in conjunction with new hotel development and construction work" in "(2) Specific use of funds to be procured" under "3. Amount and Use of Funds to be Procured, and Scheduled Timing of Expenditure" in "II. Issuance of New Shares by way of Third-Party Allotment" below. A portion of the funds raised through the Capital Increase by Third-Party Allotment will be appropriated for matters such as real estate acquisitions for new hotel development and hotel construction expenses, which could lead to further business expansion. In addition to the hotel development planned for the fiscal year ending March 2027 (in Matsuyama-shi, Ehime, Ozu-machi, Kumamoto, Utsunomiya-shi, Tochigi, Rokkasho-mura, Aomori, Toyokawa-shi, Aichi, Sakata-shi, Yamagata, Akita-shi, Akita, and Nago-shi, Okinawa), the Company plans to allocate approximately 6 billion yen for hotel development costs planned for areas including Higashi Ginza, Tokyo, Karuizawa-machi, Nagano, Hakone-machi, Kanagawa, Atami-shi, Shizuoka, Fujikawaguchiko-machi, Yamanashi, and Ishigaki-shi, Okinawa.

In addition, the Company has been emphasizing its revitalization work for offices located in central Tokyo and has been proceeding with its immediate projects, and the Company aims to further expand the scale of such office revitalization work through collaborations with ITOCHU under the business alliance. Funds will also be required for land acquisitions, construction expenses, and the like for these office projects. Accordingly, implementing the business alliance together with the Capital Increase by Third-Party Allotment and appropriating some of the approximately 6.8 billion yen in funds raised thereby to the funding needs of the aforementioned projects will allow the Company to further expand its Tokyo office revitalization business and also proceed more effectively with the business alliance with ITOCHU.

The Company believes that the abovementioned business alliance constitute effective measures which will enable the maximization of the strengths of both groups and will be able to address the Company's funding needs, including those arising from the Capital and Business Alliance due to the Capital Increase by Third-Party Allotment. Therefore, the Company believes that the Capital and Business Alliance will contribute to the enhancement of the Company's mid- to long-term corporate value and increasing shareholder value.

As stated above, the Company determined that the Capital Increase by Third-Party Allotment addresses the Company's need for fundraising that will arise as a result of the Capital and Business Alliance and will contribute to the enhancement of the Company's mid- to long-term corporate value and the increase of shareholder value. At the same time, the Company also determined that ITOCHU's planning to build an even closer capital relationship with the Company by conducting the Tender Offer in addition to the Capital Increase by Third-Party Allotment will realize the purposes of said Capital and Business Alliance by enabling both companies to build a stronger collaborative relationship, which will in turn further contribute to enhancing the Company's corporate value and shareholder value.

With respect to the price per Company Share in the Tender Offer (the "Tender Offer Price"), ITOCHU informed the Company on February 24, 2026 that it had made a proposal to the Shareholder Agreeing to Tender Shares to set the Tender Offer Price at 2,800 yen, and that on the same day, ITOCHU had agreed with the Shareholder Agreeing to Tender Shares on the Tender Offer Price. In addition, ITOCHU additionally verbally informed the Company that, of the shares underlying the Share Acquisition Rights attached to the Bonds With Share Acquisition Rights held by the Shareholder Agreeing to Tender Shares, some portion was expected to be tendered in the Tender Offer, and that it had assessed the level of potential participation by the Company's minority shareholders as reasonably foreseeable, and ITOCHU decided to set the Tender Offer Price at 2,800 yen on the assumption that the final decision would be resolved at ITCOHU's board of directors meeting scheduled to be held today. In response, based on the advice it received from Daiwa Securities and MH and as a result of a detailed examination on the Tender Offer price communicated by ITOCHU from the perspective of whether the Tender Offer would contribute to the enhancement of the Company's corporate value and shareholder value, while also giving due consideration to the protection of the interests of minority shareholders, the Company determined that the protection of the interests of the minority shareholders had been sufficiently considered in the proposal because the Company believes the following: (i) the Tender Offer Price (2,800 yen) is set to be higher than the highest closing price of Company Shares in the previous 18 years (2,571 yen; as of February 19, 2026) (the longest continuous period, counting back from February 24, 2026 , the day before the public announcement of the Tender Offer, during which the Tender Offer Price consistently exceeded the market price of Company shares.) and does not have an adverse economic effect on the shareholders who have acquired the Company Shares on the market, (ii) the Company can deem that the opportunity for the minority shareholders of the Company who wish to sell their Company Shares to sell such shares at an appropriate price has been ensured (while there is a possibility that the total number of share certificates, etc. tendered will exceed the upper limit of the number of shares to be purchased and the settlement will be conducted on a pro rata basis, even in such case, the minority shareholders of the Company who wish to sell their Company Shares will generally be able to sell a portion of the Company Shares they hold in the Tender Offer, and, with respect to the remaining Company Shares that such shareholders could not sell in the Tender Offer, given that the Tender Offeror intends to continue to maintain the listing of the Company Shares after the Transactions, if those shareholders still wish to sell their shares, they will have opportunities to do so on the Prime Market of the Tokyo Stock Exchange, and on the other hand, if those shareholders continue to hold such shares, they will have opportunities to enjoy the benefits resulting from an increase in the Company's corporate value through the implementation of measures by the Company and ITOCHU); and (iii) given that the Tender Offeror et al intend to continue to maintain the listing of the Company Shares after the Transactions, for minority shareholders of the Company who do not wish to sell their Company Shares, they will be able to choose to continue to hold their Company Shares even after the Transactions, and in the mid- to long-term, as a result of the implementation of measures by the Company and ITOCHU increasing the Company's corporate value, it can be expected that the benefits to be obtained will outweigh the disadvantages resulting from the dilution of the Company Shares caused by the Capital Increase by Third-Party Allotment. Accordingly, the Company responded to the Tender Offeror today that it will accept the Tender Offer Price of 2,800 yen on the assumption that the final decision will be made pursuant to a resolution at the Board of Directors meeting of the Company to be held today. Thereafter, at the meeting of its board of directors held today, ITOCHU informed the Company that it had resolved to set the Tender Offer Price at 2,800 yen, and the Company responded that it would accept such proposal.

Although it is possible that, when also taking into account that the certain matters to be approved in advance have been stipulated in the Capital and Business Alliance Agreement, decision-making speed may be slower than if the Company were self-managed, the Company believes that the benefits of enhanced corporate value and increased shareholder value through advancing the above measures with ITOCHU after building a closer capital relationship therewith outweigh such disadvantage. For details on the matters that require prior approvals in the Capital and Business Alliance Agreement, please see "(f) Matters that require prior approvals" in "(3) Material agreements in the Capital and Business Alliance Agreement" in "2. Details of the Capital and Business Alliance" below.

As a result of these examinations, the Company determined that building an even closer capital relationship with ITOCHU through the Transactions and further promoting the above measures will contribute to the mid- to long-term enhancement of the Company's corporate value and increase in shareholder value. In addition, taking into account that the Tender Offer Price has been set at a level reflecting sufficient consideration of the protection of the interests of the minority shareholders of the Company, the Company resolved at its Board of Directors meeting held today to state an opinion in favor of the Tender Offer.

In light of the fact that it is considered sufficiently reasonable for the shareholders of the Company to choose the option of owning the Company Shares even after the Tender Offer given that the maximum number of shares to be purchased has been set in the Tender Offer and the Company Shares are planned to remain listed even after the Tender Offer, the Company has also resolved to leave the decision regarding whether its shareholders should tender their shares in the Tender Offer to the discretion of each shareholder.

For the details of the Tender Offer, see the "Notice concerning Opinion on the Tender Offer for the Shares of the Company by SI Co., Ltd., a Wholly-Owned Subsidiary of ITOCHU Corporation" released by the Company today.

(2) Reasons for selecting a third-party allotment as the fundraising method

The Company considered multiple fundraising methods for securing the funds necessary for further business expansion and improved earning power. As a result of such considerations, the Company has reached the conclusion that issuing common stock by way of a third-party allotment is the most appropriate fundraising method for the following reasons.

(i) Fundraising through indirect financing (bank loans) and fundraising through corporate bonds (including convertible bonds) would lead to a decrease in the Company's capital ratios by adding debt financing and would not contribute to preserving or strengthening the Company's financial condition.

(ii) Methods such as public offerings, shareholder allotments, or rights offerings tend to require longer procurement times and incur higher costs compared to equity financing through third-party allotments, and given that these methods are not connected to a capital and business alliance that would contribute to enhancing mid- to long-term corporate value and shareholder value, the Company believed that such methods could possibly have a direct impact on share prices.

(iii) There was a possibility that fundraising through share options would be unable to raise the funds necessary at the time such share options were issued, that the amount of fundraising would not be as originally projected due to stock price fluctuations, or that the actual amount of funds raised would be lower than the amount originally projected.

In addition, while the Capital Increase by Third-Party Allotment will result in a certain dilution of the share value of the Company Shares, the Company has determined that, as stated above, the Transactions will contribute to enhancing its corporate value and increasing shareholder value, and as a result, the interests of the Company's existing shareholders.

2. Details of the Capital and Business Alliance

(1) Details of the business alliance

The Company and ITOCHU will implement the business alliance with a focus on the following matters to pursue business synergies of both parties. In this business alliance, the Company's group will preferentially provide opportunities for real estate development, etc. to ITOCHU group to the extent commercially reasonable, and at the same time, ITOCHU group will provide support, etc. for new development projects to the Company's group to the extent commercially reasonable. The Company and ITOCHU will establish an alliance promotion committee comprised of persons designated by the Company and ITOCHU to conduct discussions regarding the consideration and implementation of the business alliance.

- Expanding investment opportunities by leveraging the Company's expertise and results in its replanning business (Note 1) and the group networks and capital resources of the ITOCHU Group (including jointly pursuing projects involving the acquisition, revitalization, and development of properties of sizes and in regions into which the Company has not previously been able to expand)
- Increasing opportunities for hotel openings by leveraging the Company's development and operational expertise in its hotel business and ITOCHU's development track record across diverse asset types, as well as its real estate value chain and allocating roles in order to efficiently exercise their respective functions
- Collaborating in order to efficiently and multilaterally identify real estate to be acquired by leveraging the information networks owned by the respective companies
- Improving the efficiency of materials and equipment procurement in the Company's replanning and development businesses through the effective utilization of ITOCHU's supplier and wholesaler functions
- Achieving broader customer outreach and expanding opportunities to secure project orders through the mutual complementation of the real estate management and operational functions of both parties
- Collaboration between both parties in their overseas real estate businesses, as well as mutual introductions to each party's existing business contacts
- Diversifying approaches to business development with local governments and expanding business scope by combining the Company's hotel business, which seeks to secure the opportunities for hotel openings in real estate owned by local governments and other public entities focused on regional revitalization with ITOCHU's public-private partnership businesses, which seek to develop public facilities through collaboration with local governments
- Implementing mutual secondments of personnel for the purpose of ensuring the steady implementation of the above measures

Note 1: The "replanning business" refers to the business in which the Company purchases an existing office building located in a city center, renovates such building so as to transform it into a high-quality office building embodying new concepts with the superior design that reflects customer-oriented needs, enhances the market value of such building by improving its occupancy rates through the attraction of tenants rooted in the location of such building, and subsequently resells the building to building owners or investors.

(2) Terms, etc. of the Capital and Business Alliance

The Company will allot to ITOCHU, by way of the Capital Increase by Third-Party Allotment, 5,500,000 common shares of the Company (representing 55,000 voting rights) (11.28% (rounded to the second dicimal place) to the total number of issued shares of the Company (48,755,500 shares) as of December 31, 2025, and 11.31% (rounded to the second dicimal place) of the total number of voting rights of the Company (486,319 voting rights) as of September 30, 2025). ITOCHU will hold 10.14%

of the total number of issued common shares of the Company after the Capital Increase by Third-Party Allotment.

As stated in "Notice concerning Opinion on the Tender Offer for the Shares of the Company by SI Co., Ltd., a Wholly-Owned Subsidiary of ITOCHU Corporation" released by the Company today, it was announced that the Tender Offeror would execute the Tender Offer for the Company Shares, and the overview of the Tender Offer is as described below (for the details, please refer to the press release referred to above.). If the Tender Offeror acquires 6,656,900 shares, the maximum number of shares to be purchased through the Tender Offer, the number of common shares of the Company held by the Company will be 6,656,900 shares (representing 66,569 voting rights) (13.65% (rounded to the second dicimal place) to the total number of issued shares of the Company as of December 31, 2025, and 13.69% (rounded to the second dicimal place) of the total number of voting rights of the Company (486,319 voting rights) as of September 30, 2025), and the Tender Offeror et al will hold 22.41% in total of the total number of issued common shares of the Company after the Transactions.

(i) Period for purchase, etc.
From February 26, 2026 (Thursday) to April 9, 2026 (Thursday) (30 business days)

(ii) Class of share certificates, etc. to be purchased and purchase price
Common shares: 2,800 yen per share

(iii) Number of share certificates, etc. to be purchased

Number of share certificates, etc. to be purchased	Minimum number of share certificates, etc. to be purchased	Maximum number of share certificates, etc. to be purchased
6,656,900 shares	-shares	6,656,900 shares

(iv) Commencement date of settlement
April 16, 2026 (Thursday)

(iv) Tender offer agent
Nomura Securities Co., Ltd. 1-13-1 Nihonbashi, Chuo-ku, Tokyo

(3) Material agreements in the Capital and Business Alliance Agreement

The Company executed the Capital and Business Alliance Agreement with ITOCHU on February 25, 2026. Under the Capital and Business Alliance Agreement, (i) ITOCHU and the Company have agreed that ITOCHU will subscribe for all of 5,500,000 shares of common stock issued by the Company through the Capital Increase by Third-Party Allotment, with April 1, 2026 as the due date and the payment amount per share to be 2,438 yen, and (ii) ITOCHU and the Company have agreed to enter into a business alliance for the purpose of combining their resources and know-how and thereby achieving the mid- to long-term enhancement of the corporate value of their respective companies through the expansion of their existing businesses and development of new businesses.

The outline of the Capital and Business Alliance Agreement is as follows.

(a) Purpose
The purpose of the Capital and Business Alliance Agreement is to establish a capital relationship between ITOCHU and the Company through ITOCHU's acquisition of the Company Shares by way of the Capital Increase by Third-Party Allotment and the Tender Offer on the assumption that while the Company respects its management autonomy, which it had maintained since its founding, while continuing to implement the management

philosophy that it had cultivated since its establishment and maintains its independence as a listed company and to combine the resources and know-how of both parties based on the spirit of mutual equality, thereby achieving the mid- to long-term enhancement of the corporate value of both parties through the expansion of their existing businesses and the development of new businesses.

(b) Matters relating to the Tender Offer

The Company shall adopt a resolution to support the Tender Offer (the "Support Resolution") at the Board of Directors meeting to be held on the execution date of the Capital and Business Alliance Agreement, and shall announce the details of the Support Resolution pursuant to laws and regulations.

For the period from the execution date of the Capital and Business Alliance Agreement to the last day of the Tender Offer Period, the Company shall maintain, and shall not change or withhold, the Support Resolution, and shall not pass any resolutions that are contrary to the Support Resolution. However, upon the receipt of a Conflicting Proposal (as defined in "(d) Obligation of Exclusive Negotiation" below) from a person other than ITOCHU and even after consultations with ITOCHU, if the Company reasonably determines at its Board of Directors meeting that there is a possibility that expressing an opinion in favor of the Tender Offer may constitute a breach of the directors' duty of care of the Company, the Company may change or withhold the Support Resolution.

(c) Implementation of the Capital Increase by Third-Party Allotment

The Company shall implement the Capital Increase by Third-Party Allotment, and ITOCHU shall subscribe for the shares of common stock to be issued by the Company on the condition that the securities registration statement submitted by the Company in connection with the Capital Increase by Third-Party Allotment pursuant to the Financial Instruments and Exchange Act has become effective.

The payment made by ITOCHU for the Capital Increase by Third-Party Allotment shall be subject to the satisfaction of all of the conditions set out in the Capital and Business Alliance Agreement, including:

(i) that the representations and warranties by the Company (Note 1) are true and accurate in all material respects;

(ii) that the Company has, in all material respects, performed or complied with the obligations for which it was required to perform or comply with prior to the payment for the Capital Increase by Third-Party Allotment;

(iii) that the securities registration statement for the Capital Increase by Third-Party Allotment has legally and validly become effective and legally and validly remains effective;

(iv) that the subscription agreement for the total number of shares relating to the Capital Increase by Third-Party Allotment has been legally and validly executed and legally and validly remains effective without any amendment;

(v) that there exists no decision or other action by any judicial or administrative agency that restricts or prohibits the implementation of the Capital Increase by Third-Party Allotment or the Capital and Business Alliance, and that there exists no litigation or other proceeding that restricts or prohibits, or disputes the validity of, the Capital Increase by Third-Party Allotment or the Capital and Business Alliance, nor any petition for such litigation or other proceeding (excluding abusive petitions without reasonable grounds);

(vi) that the Company has adopted a resolution of its Board of Directors approving the Capital Increase by Third-Party Allotment, and such resolution has not been amended or revoked and remains effective, and that ITOCHU has received a copy of the minutes of the meeting of the Board of Directors relating to such resolution;

(vii) that the Company has obtained in writing from Shareholder Agreeing to Tender Shares Shareholder all approvals or the like required for the implementation of the Capital Increase by Third-Party Allotment and the Capital and Business Alliance or the performance of the Capital and Business Alliance Agreement, and that such approvals or the like have not been amended or revoked and remain effective as of the time of payment for the Capital Increase by Third-Party Allotment; and

(viii) that no event or circumstance that may have a material adverse effect on the financial condition, operating results, cash flow, business, assets, or liabilities of the Company's group has occurred or been discovered.

Even if any of the conditions set out above are not satisfied, nothing shall preclude ITOCHU from making the payment for the Capital Increase by Third-Party Allotment at its sole discretion.

The issuance of shares by the Company for the Capital Increase by Third-Party Allotment shall be subject to the conditions:

(i) that the representations and warranties by ITOCHU (Note 2) are true and accurate in all material respects;

(ii) that ITOCHU has, in all material respects, performed or complied with the obligations for which it was required to perform or comply with prior to the payment for the Capital Increase by Third-Party Allotment;

(iii) that the securities registration statement for the Capital Increase by Third-Party Allotment has legally and validly become effective and legally and validly remains effective;

(iv) that the subscription agreement for the total number of shares relating to the Capital Increase by Third-Party Allotment has been legally and validly executed and legally and validly remains effective without any amendment; and

(v) that there exists no decision or other action by any judicial or administrative agency that restricts or prohibits the implementation of the Capital Increase by Third-Party Allotment or the Capital and Business Alliance, and that there exists no litigation or other proceeding that restricts or prohibits, or disputes the validity of, the Capital Increase by Third-Party Allotment or the Capital and Business Alliance, nor any petition for such litigation or other proceeding (excluding abusive petitions without reasonable grounds).

Even if any of the conditions set out above are not satisfied, nothing shall preclude the Company from issuing shares for the Capital Increase by Third-Party Allotment at its sole discretion.

In accordance with Article 124, Paragraph 4 of the Companies Act, the Company shall, at the shareholders' meeting of the Company to be held on or after the execution date of the Capital and Business Alliance Agreement and with the date before the day prior to the payment of the Capital Increase by Third-Party Allotment as a reference date, determine that ITOCHU may exercise the voting rights represented by the Company Shares issued in the Capital Increase by Third-Party Allotment.

Note 1: Under the Capital and Business Alliance Agreement, the Company has made representations and warranties to the Tender Offeror as of the execution date of the Capital and Business Alliance Agreement and as of the date on which the payment for the Capital Increase by Third-Party Allotment is made, with respect to the following matters.

The representations and warranties of the Company include matters related to the following:

(i) its lawful and valid incorporation and existence;

(ii) its authority and capacity to execute the Capital and Business Alliance Agreement;
(iii) the validity and enforceability of the Capital and Business Alliance Agreement;
(iv) the absence of any violation of laws, regulations, or the like in connection with the execution and performance of the Capital and Business Alliance Agreement;
(v) the performance of procedures required for the execution and performance of the Capital and Business Alliance Agreement;
(vi) the absence of insolvency proceedings or other proceedings; and
(vii) that the Company does not constitute an anti-social force and the absence of any relationship of the Company with anti-social forces.

The representations and warranties of the Company's group include matters related to the following:

(a) its lawful and valid incorporation, existence, and scope of business;
(b) the absence of insolvency proceedings or other proceedings;
(c) the lawful and valid issuance and existence of its shares and other securities;
(d) the appropriateness and accuracy of its financial statements;
(e) the absence of subsequent events occurring on or after October 1, 2025;
(f) the lawful and valid execution and existence of contracts or the like;
(g) the scope of any related party transactions;
(h) the absence of debt guarantees;
(i) its lawful and valid ownership, right to use, and right of utilization with respect to its material assets;
(j) its lawful and valid ownership and right to use with respect to its material intellectual property rights;
(k) its lawful and valid ownership, right to use, and right of utilization with respect to its material systems;
(l) the thorough implementation of information security measures;
(m) the acquisition of permissions, licenses, and other approvals relating to its businesses;
(n) its payment of taxes and public charges;
(o) the absence of any violation of laws or regulations;
(p) its compliance with labor-related laws and regulations;
(q) the absence of any litigation or dispute;
(r) its compliance with environmental laws and regulations;
(s) its enrollment in insurance;
(t) that the Company does not constitute an anti-social force and the absence of any relationship of the Company with anti-social forces;
(u) the absence of payment to brokers or advisors; and
(v) the accuracy and adequacy of its information disclosure.

Note 2: Under the Capital and Business Alliance Agreement, the Tender Offeror has made representations and warranties to the Company as of the execution date of the Capital and Business Alliance Agreement and as of the date on which the payment for the Capital Increase by Third-Party Allotment is made, with respect to the following matters.

The representations and warranties of the Tender Offeror include matters related to the following:

(i) its lawful and valid incorporation and existence;
(ii) its authority and capacity to execute the Capital and Business Alliance Agreement;

(iii) the validity and enforceability of the Capital and Business Alliance Agreement;
(iv) the absence of any violation of laws, regulations, or the like in connection with the execution and performance of the Capital and Business Alliance Agreement;
(v) the performance of procedures required for the execution and performance of the Capital and Business Alliance Agreement;
(vi) the absence of insolvency proceedings or other proceedings;
(vii) the securing of funds necessary for the payment for the Capital Increase by Third-Party Allotment; and
(viii) that the Company does not constitute an anti-social force and the absence of any relationship of the Company with anti-social forces.

(d) Obligation of Exclusive Negotiation

During the period from the execution date of the Capital and Business Alliance Agreement until the payment of the Capital Increase by Third-Party Allotment, the Company will not, directly or indirectly, provide any information, make any proposal or solicitation, conduct any consultations or negotiations, or execute any transaction to or with any third party in connection with a capital alliance, share assignment, merger, company split, share exchange, share transfer, share delivery, or transfer of business, in whole or part, or other similar transactions that may contradict or conflict with the Capital Increase by Third-Party Allotment and the Transactions or the Capital and Business Alliance (the "Conflicting Transactions") (the "Obligation of Exclusive Negotiation"). In addition, if the Company becomes aware that the Company's group receives from a third party any proposal or solicitation in connection with a Conflicting Transaction (a "Conflicting Proposal"), the Company will immediately notify ITOCHU of the details thereof and consult with ITOCHU in good faith on the response thereto. Upon the receipt of a Conflicting Proposal, if the Company reasonably determines at its Board of Directors meeting that even after such consultation with ITOCHU, there is a possibility that not conducting an examination, etc. on the Conflicting Proposal may constitute a breach of the directors' duty of care of the Company, and the Company gives written notice to ITOCHU to that effect, the Company will cease to bear the Obligation of Exclusive Negotiation.

(e) Right to Recommend Candidates for Directors

ITOCHU has the right to recommend to the Company one person as a would-be candidate for director to be proposed by the Company at the shareholders' meeting of the Company to be held on or after the date of payment of the Capital Increase by Third-Party Allotment, and the Company will seriously consider at the Nomination and Compensation Committee whether such recommended person should become a candidate for director.

In addition, during the period in which a person recommended by ITOCHU is not a director, ITOCHU may in principle cause one person nominated by ITOCHU to attend and observe at the Board of Directors meeting of the Company.

(f) Matters that Require Prior Approvals

If the holding ratio of the voting rights held by ITOCHU and its subsidiaries in the Company is equal to or more than 5%, then in principle, the Company shall not decide on or conduct, or cause any subsidiaries thereof to decide on or conduct, any of the following acts without the prior written approval of ITOCHU after the date of the payment of the Capital Increase by Third-Party Allotment:

(i) the act of issuing or disposing of shares, etc. of the Company in a manner by which the ratio of the number of voting rights represented by the shares of the Company held by ITOCHU and its subsidiaries to the total number of voting rights represented by the issued shares of the Company will be decreased, or entering into an agreement regarding such act; or

(ii) the act of the Company or its subsidiaries entering into (a) a business alliance that contradicts or conflicts with the business alliance (the "Business Alliance") as stated in "(g) Contents of the Business Alliance" (including those for real estate development, etc. to be executed through establishing a joint venture with a specific third-party group and for the sale of real estate that has been reinstated to a bare site (which means real estate that has been cleared to a vacant lot or otherwise is in a state with no tenants.) to a specific third-party group exceeding a certain scale) and (b) a business alliance with companies and their subsidiaries separately agreed to by ITOCHU and the Company as being competitors of ITOCHU (limited to those engaged in real estate revitalization businesses, real estate service businesses, or hotel and tourism businesses) (including, in each case, the act of executing agreements regarding those acts).

(g) Contents of the Business Alliance

ITOCHU and the Company will implement the business alliance with the following contents to pursue business synergies of both parties, and the details thereof will be determined upon separate consultation between both parties.

(i) Expanding investment opportunities by leveraging the Company's expertise and results in its replanning business and the group networks and capital resources of the ITOCHU Group (including jointly pursuing projects involving the acquisition, revitalization, and development of properties of sizes and in regions into which the Company has not previously been able to expand)

(ii) Increasing opportunities for hotel openings by leveraging the Company's development and operational expertise in its hotel business and ITOCHU's development track record across diverse asset types, as well as its real estate value chain and mutually collaborating

(iii) Collaborating in sourcing land and buildings by leveraging the networks of both parties

(iv) Improving the efficiency of materials and equipment procurement in the Company's replanning and development businesses through the effective utilization of ITOCHU's supplier and wholesaler functions

(v) Achieving broader customer outreach and expanding opportunities to secure project orders through the mutual complementation of the real estate management and operational functions of both parties

(vi) Collaboration between the both parties in their overseas real estate businesses, as well as mutual introductions to each party's existing business contacts

(vii) Diversifying approaches to business development with local governments and expanding business scope by combining the Company's hotel business focused on regional revitalization with ITOCHU's public-private partnership businesses

(viii) Implementing mutual secondments of personnel for the purpose of ensuring the steady implementation of the above measures

(ix) Other matters agreed between the parties

ITOCHU and the Company will establish an alliance promotion committee comprised of persons designated by ITOCHU and the Company to conduct discussions regarding the consideration and implementation of the business alliance as stated in (b) above.

(h) Effectiveness

The provisions of (e), (f), and (g) stated above become effective subject to the legal and valid completion of the Capital Increase by Third-Party Allotment.

(i) Termination Events

The Capital and Business Alliance Agreement will be terminated if the payment is not executed on the due date for the Capital Increase by Third-Party Allotment, if the Capital and Business Alliance Agreement is cancelled by ITOCHU or the Company pursuant to the Capital and Business Alliance Agreement (Note 3), or if ITOCHU and the Company agree in writing to terminate the Capital and Business Alliance Agreement.

Note 3: It is stipulated in the Capital and Business Alliance Agreement that ITOCHU and the Company may terminate the Capital and Business Alliance Agreement before the payment of the Capital Increase by Third-Party Allotment by giving written notice to the other party in any of the following events: (i) the breaching party materially breaches any of its representations and warranties; (ii) the breaching party defaults or fails to perform any of its contractual obligations in any material respect, and the breaching party fails to cure such breach or failure despite the non-breaching party giving written notice for cure to the breaching party; or (iii) in the event that a petition, etc. for the commencement of insolvency proceedings is filed with respect to the breaching party and after the payment of the Capital Increase by Third-Party Allotment is made, (a) the breaching party materially breaches any of its representations and warranties that may have a material adverse effect on the execution of the Business Alliance, (b) the breaching party defaults or fails to perform any of its contractual obligations that may have a material adverse effect on the execution of the Business Alliance, and the breaching party fails to cure such breach or failure within 14 days after the non-breaching party gives written notice for cure to the breaching party, (c) a petition, etc. for the commencement of insolvency proceedings is filed by the breaching party, or (d) ITOCHU ceases to hold any shares, etc. of the Company.

3. Overview of the Partner of the Capital and Business Alliance

(1)	Name	ITOCHU Corporation	
(2)	Location	1-3, Umeda 3-chome, Kita-ku, Osaka	
(3)	Name and title of representative	Keita Ishii, President & Chief Operating Officer	
(4)	Description of business	General trading company	
(5)	Capital	253,448,000,000 yen	
(6)	Date of incorporation	December 1, 1949	
(7)	Number of shares issued	1,584,889,504 shares	
(8)	End of fiscal year	March 31	
(9)	Number of employees	115,089 employees (consolidated)	
(10)	Main trading partners	-	
(11)	Major banks	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited,	
(12)	Large shareholders and their ownership percentages (as of September 30, 2025)	The Master Trust Bank of Japan, Ltd. (Trust Account)	16.24%
		STATE STREET BANK AND TRUST COMPANY 505104 (Name of standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	9.74%
		Custody Bank of Japan, Ltd. (Trust Account)	5.32%
		Nippon Life Insurance Company	2.42%

	STATE STREET BANK AND TRUST COMPANY 505001 (Name of standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	2.27%
	Mizuho Bank, Ltd.	2.22%
	STATE STREET BANK WEST CLIENT - TREATY 505234 (Name of standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.73%
	JP MORGAN CHASE BANK 385632 (Name of standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.52%
	GOVERNMENT OF NORWAY (Name of standing proxy: CITIBANK, N.A. Tokyo Branch)	1.42%
	Asahi Mutual Life Insurance Company	1.33%

(13)	Relationships between the Company and the Tender Offeror	
	Capital relationships	N/A
	Personnel relationships	N/A
	Transactional relationships	The Company has real estate sales transactions to investment companies and private funds managed by ITOCHU REIT Management Co., Ltd., a subsidiary of ITOCHU. The Company also has construction material purchase transactions with ITOCHU KENZAI CORPORATION, a subsidiary of ITOCHU.
	Status as related person	N/A

(14) Consolidated business results and consolidated financial status for the last three years (under the International Financial Reporting Standards)

Fiscal-year end	FY ended March 2023 (millions of yen)	FY ended March 2024 (millions of yen)	FY ended March 2025 (millions of yen)
Total shareholders' equity	4,823,259	5,426,962	5,755,072
Total assets	13,115,400	14,489,701	15,134,264
Shareholders' equity per share (yen)	3,314.35	3,771.77	4,059.19
Revenue	13,945,633	14,029,910	14,724,234
Gross profit	2,129,903	2,232,360	2,376,456
Profit attributable to the shareholders	800,519	801,770	880,251
Base Profit attributable to the shareholders per share (yen)	546.10	553.00	615.65
Dividend per share (yen)	140.00	160.00	200.00

Note: 1. The figures above are as of today unless otherwise noted.

2. The shares of ITOCHU, which is a scheduled allottee, are listed on the Prime Market of the Tokyo Stock Exchange, and in its Corporate Governance Report (last updated: January 6, 2026), ITOCHU clearly indicated its policy to cut off any relationship and business with anti-social forces and groups that threaten the order and safety of civic society, and represented that it regularly promotes enlightenment education and improving internal systems such as thorough confirmation that our business counterparts are not anti-social forces and groups. Further, the Company has received representations and warranties in the Capital and Business Alliance Agreement to be executed with the scheduled allottee that the scheduled allottee is not an anti-social force and has no relationship with anti-social forces. Based on the above,

the Company determined that the scheduled allotee and its officers have no relationship with anti-social forces.

4. Schedule

(1)	Date of resolution of the Board of Directors	February 25, 2026 (Wednesday)
(2)	Execution date of the Capital and Business Alliance Agreement	February 25, 2026 (Wednesday)
(3)	Commencement date of the business alliance under the Capital and Business Alliance Agreement	April 1, 2026 (Wednesday) (scheduled)
(4)	Due date of the Capital Increase by Third-Party Allotment	April 1, 2026 (Wednesday) (scheduled)

5. Future Outlook

Although the Company believes that the Capital and Business Alliance is expected to have a minimal direct impact on the operating results for the year ending March 2026, it expects that the Capital and Business Alliance based on the Transactions will contribute to further improved corporate value and increased shareholder value of the Company.

For the future outlook in the Capital Increase by Third-Party Allotment, please refer to “8. Future Outlook” in “II. Issuance of New Shares by way of Third-Party Allotment” below.

II. Issuance of New Shares by way of Third-Party Allotment

1. Overview of Offering

(1)	Due date	April 1, 2026
(2)	Number of shares newly issued	5,500,000 common shares
(3)	Issue price	2,438 yen per share
(4)	Amount of funds to be procured	13,409,000,000 yen
(5)	Method of offering or allotment (Scheduled allottee)	All shares shall be allotted to ITOCHU Corporation by way of third-party allotment.
(6)	Other matters	Each of the above items is subject to the condition that the filing under the Financial Instruments and Exchange Act becomes effective.

2. Purpose of and Reasons for Offering

Please refer to “(1) Purpose of and Reasons for the Capital and Business Alliance” in “1. Purpose of and Reasons for the Capital and Business Alliance” in “I. Overview of the Capital and Business Alliance” above.

3. Amount of funds to be procured, purpose of use, and scheduled timing of expenditure

(1) Amount of funds to be procured (estimated net proceeds)

Total amount to be paid in (yen)	Estimated amount of issuance costs (yen)	Estimated net proceeds (yen)
13,409,000,000	549,000,000	12,860,000,000

Note:
1. Consumption taxes and the like are not included in the estimated amount of issuance costs.
2. The estimated amount of issuance costs are mainly comprised of expenses for preparing securities registration statement and other documents (such as attorney’s fees), registration and license taxes, other administrative expenses, and the like.

(2) Specific use of funds to be procured

In respect of 12,860,000,000 yen of the abovementioned estimated net proceeds, the funds are scheduled to be allocated as follows.

Specific use of funds	Amount (Millions of yen)	Scheduled timing of expenditure
(i) Funds for acquisition of real estate in conjunction with new hotel development and construction work	6,000	April 2026 to March 2027
(ii) Funds for acquisition of real estate for the Tokyo office revitalization business and construction work	6,860	April 2026 to March 2028

Note:
1. For the management of the procured funds until their expenditure, the procured funds will be invested and retained in secure financial assets such as the bank deposits.
2. There is no order of priority for the specific use of funds described above. The procured funds will be allocated to expenditures scheduled to be made earlier.

(i) Funds for acquisition of real estate in conjunction with new hotel development and construction work

As stated above in "(1) Purpose of and Reasons for the Capital and Business Alliance" in "1. Purpose of and Reasons for the Capital and Business Alliance" in "I. Overview of the Capital and Business Alliance," the Company develops and operates hotels throughout Japan through Sun Frontier Hotel Management Inc., a consolidated subsidiary of the Company. For sustainable future growth following the Company's current mid-term management plan, the Company plans to reopen a hotel under a new brand in Matsuyama-shi, Ehime in April, and open hotels in phases in Ozu-machi, Kumamoto, Utsunomiya-shi, Tochigi, Rokkasho-mura, Aomori, Toyokawa-shi, Aichi, Sakata-shi, Yamagata, Akita-shi, Akita, and Nago-shi, Okinawa during the fiscal year ending 2027, and the Company will progress with development in places like Karuizawa-machi, Nagano, Fujikawaguchiko-machi, Yamanashi, Nara-shi, Nara, Higashi-ginza, Tokyo, Hakone-machi, Kanagawa, Atami-shi, Shizuoka, and Ishigaki-shi, Okinawa. In order to realize the foregoing projects, the Company will allocate approximately 6,000 million yen through financing to Sun Frontier Hotel Management Inc. as a part of the funds for acquiring real estate in conjunction with new hotel development, hotel construction work, and the like.

(ii) Funds for acquisition of real estate for Tokyo office revitalization business and construction work

As stated above in "(1) Purpose of and Reasons for the Capital and Business Alliance" in "1. Purpose of and Reasons for the Capital and Business Alliance" in "I. Overview of the Capital and Business Alliance," the Company has been emphasizing its revitalization work for offices located in central Tokyo and has been proceeding with its immediate projects. The Company has also commenced three downtown Tokyo office revitalization businesses as projects conducted solely by the Company. In addition, the Company aims to further expand its business, focusing mainly on its "real estate revitalization business" such as the Tokyo office building revitalization business, and further improve its corporate value by leveraging the strengths such as ITOCHU group's abundant information and financial resources, extensive domestic and international networks, capabilities to stably procure materials and equipment, advanced construction capabilities, extensive experience and overwhelming track record cultivated in commercial/distribution and residential buildings, and the like through implementing the business alliance with ITOCHU.

As described above, the Company will allocate approximately 6,860 million yen as part of the funds for acquiring real estate, construction work, and the like to expand the scale of real estate revitalization business of Tokyo's offices including a joint venture with ITOCHU based on such business alliance.

4. Views concerning rationality of use of funds

The Company believes that the use of funds is reasonable from the Company's business perspective because the allocation of the funds procured from the Capital Increase by Third-Party Allotment for the uses stated above in "(2) Specific use of funds to be procured" in "3. Amount and Use of Funds to be Procured, and Scheduled Timing of Expenditure" is connected with an improvement of corporate value and increase in shareholder value of the Company in the mid- to long-term.

5. Rationality of Issuance Conditions, Etc.

(1) Basis of calculation and specific details of the amount to be paid in

The amount to be paid in for the Shares has been determined to be 2,438 yen (rounded down to the nearest whole number) that is the average of the closing price (the "Closing Price") of the common shares of the Company on the Prime Market of the Tokyo Stock Exchange for the three-month period (from November 25, 2025 to February 24, 2026) up to February 24, 2026, which is the business day immediately prior to the date of resolution of the Board of Directors (February25, 2026) for the Capital Increase by Third-Party Allotment.

The Company adopted the average of the Closing Price for the three-month period up to the business day immediately prior to the date of resolution of the Board of Directors because it judged that rather than using a specific point in time as reference, because adopting the average share price over a fixed period allowed for the exclusion of special factors such as the impact of temporary share price fluctuations and was a more objective for basis of calculation, and because the volatility of the Company Shares was relatively high for a period of two months before the date of resolution of the Board of Directors regarding the Capital Increase by Third-Party Allotment, it was more appropriate to obtain the average of the closing price for three months up to the business day immediately prior to the date of resolution of the Board of Directors as the value of the Company Shares, and the scheduled allottee and the Company agreed to such method after fully consulting with each other thereon.

The above amount to be paid in is the amount that is equal to or greater than the Closing Price of the common shares of the Company on the Tokyo Stock Exchange, Inc. as of the business day immediately prior to the date of resolution of the Board of Directors for the Capital Increase by Third-Party Allotment multiplied by 0.9 and complies with the "Guidelines of Treatment concerning Capital Increase by Third-Party Allotment" stipulated by the Japan Securities Dealers Association. Therefore, the Company determined that the above amount to be paid in is not an amount particularly favorable to the scheduled allottee.

While the Tender Offer Price is 2,800 yen, because the issue price of the Capital Increase by Third-Party Allotment is 2,438 yen that is the average of the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange for the three-month period up to the business day immediately prior to the announcement, there is a difference between the Tender Offer Price and the issue price of the Capital Increase by Third-Party Allotment.
This is because, although the Third-Party Allotment and the Tender Offer constitute a series of integrated transactions aimed at establishing a close capital relationship with the Company, the Tender Offer is a transaction with the Company's shareholders, in which the Tender Offeror acquires the Company Shares by paying cash to such shareholders, whereas the Capital Increase by Third-Party Allotment is a transaction with the Company, in which ITOCHU acquires the Company Shares by paying cash to the Company, and therefore the nature of the transactions differs, resulting in different considerations to be applied. Specifically, with respect to the Tender Offer, there exists a possibility that a number of the Company Shares may not be tendered at a level at which ITOCHU can stably treat the Company as an equity-method affiliate. Accordingly, it is important to enhance the likelihood of the Company's shareholders tendering their shares, and ITOCHU considers it necessary to offer a sufficient premium over the market price, taking into account trends in the market price of the Company Shares. In addition, while shareholders who do not tender their shares in the Tender Offer may enjoy benefits from enhancement of the Company's corporate value through the realization of synergies arising from the establishment of a close capital relationship between the Tender Offeror and the Company after the Tender Offer, shareholders who tender their shares in the Tender Offer will not be able to enjoy such benefits after selling their shares. Accordingly, ITOCHU also considers that it is necessary, by having the Tender Offer Price include a premium, to distribute a portion of such synergies from the Tender Offeror to the Company's shareholders who sell their Company Shares in the Tender Offer.

For these reasons, taking into account factors such as the outlook for tenders, the distribution of synergies, and the results of discussions with the Shareholder Agreeing to Tender Shares, the Tender Offeror determined the Tender Offer Price to be 2,800 yen, as described above (representing a premium of 8.95% (rounded to two decimal places) over the closing price of 2,570 yen of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the same day).

Based on the above, the Company determined that, because the Tender Offer Price would be determined by the Offerors taking into account the difference of transactional nature of the Tender Offer and the Capital Increase by Third-Party Allotment, the number of shares to be purchased, the tender expected to be made by the Company's shareholders, the elements of synergy distributions in the Tender Offer, and other matters, and because this does not necessarily reflect the objective share value of the Company, the Tender Offer Price does not change the Company's determination that the amount to be paid in is not an amount particularly favorable to the scheduled allottee depending on the level of the Tender Offer Price.

The Company has obtained an opinion from the Audit & Supervisory Committee of the Company (consisting of three members, including two outside directors), stating that because the amount to be paid in for the Capital Increase by Third-Party Allotment is based on the objective market price, it complies with the "Guidelines of Treatment concerning Capital Increase by Third-Party Allotment" stipulated by the Japan Securities Dealers Association and is not an amount particularly favorable to the scheduled allottee and is therefore legal.

(2) Basis of judgment that the issuance quantity and impact of dilution are reasonable

The number of common shares of the Company to be issued upon the Capital Increase by Third-Party Allotment is 5,500,000 shares (representing 55,000 voting rights), and such number represents 11.28% (rounded to the second dicimal place) of 48,755,500 shares, which is the total number of issued shares of the Company as of December 31, 2025, (representing 486,319 voting rights) (11.31% to the total number of voting rights of the Company as of September 30, 2025) (10.14% of the total number of issued shares of the Company of 54,255,500 shares (representing 541,319 voting rights) (10.16% to the total number of voting rights) after the implementation of the Capital Increase by Third-Party Allotment), and the share value of the Company Shares will be diluted to a certain extent.

However, the Company believes that the promotion of the business alliance with ITOCHU as stated above in "(1) Details of the business alliance" in "2. Details of the Capital and Business Alliance" will contribute to improved corporate value and to increased shareholder value of the Company in the mid- to long-term. Based on the above, the Company determined that the number of issued shares, and the scale of the dilution of shares, due to the Capital Increase by Third-Party Allotment, are reasonable to the existing shareholders.

6. Reason for Selection of Scheduled Allottee, Etc.

(1) Overview of Scheduled Allottee

Please refer to "3. Overview of the Partner of the Capital and Business Alliance" in "I. Overview of the Capital and Business Alliance" above.

(2) Reason for selection of scheduled allottee

Please refer to "(1) Purpose of and Reasons for the Capital and Business Alliance" in "1. Purpose of and Reasons for the Capital and Business Alliance" in "I. Overview of the Capital and Business Alliance" above.

(3) Holding policy of scheduled allottee

The Company has confirmed with the scheduled allottee that the scheduled allottee has a policy to hold the Company Shares in the mid- to long-term.

The Company will execute a confirmation letter with the scheduled allottee specifying that (i) if the scheduled allottee transfers all or part of the shares to be newly issued upon allotment within two years from the issuance of the Shares, it shall notify the Company of the details thereof in writing, and (ii) the scheduled allottee agrees that the Company will report to the Tokyo Stock Exchange, Inc. on the details of such notification, and the details of such notification will be made available for public inspection.

(4) Confirmation of the existence of assets required for the Scheduled Allottee to make payment

The Company has received explanations from the scheduled allottee that the scheduled allottee will make payment for the Capital Increase by Third-Party Allotment with its own funds. The Company confirmed the business results and financial status of the scheduled allottee in the most recent annual securities report and semi-annual securities report filed by the scheduled allottee and confirmed that the scheduled allotee has sufficient assets for the payment for the Capital Increase by Third-Party Allotment.

7. Major Shareholders and Ownership Ratio After the Offering

Before offering (As of September 30, 2025)		After offering	
HOUON Co., Ltd.	38.03%	HOUON Co., Ltd.	38.73%
The Master Trust Bank of Japan, Ltd. (Trust Account)	9.51%	ITOCHU Corporation	10.15%
Custody Bank of Japan, Ltd. (Trust Account)	5.71%	The Master Trust Bank of Japan, Ltd. (Trust Account)	8.54%
Tomoaki Horiguchi	5.11%	Custody Bank of Japan, Ltd. (Trust Account)	5.13%
STATE STREET BANK AND TRUST COMPANY 505001 (Name of standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.31%	STATE STREET BANK AND TRUST COMPANY 505001 (Name of standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.18%
THE BANK OF NEW YORK MELLON 140044 (Name of standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.24%	THE BANK OF NEW YORK MELLON 140044(Name of standing proxy: Mizuho Bank,Ltd., Settlement & Clearing Services Department)	1.12%
DFA INTL SMALL CAP VALUE PORTFOLIO (Name of standing proxy: CITIBANK, N.A. Tokyo Branch)	1.21%	DFA INTL SMALL CAP VALUE PORTFOLIO (Name of standing proxy: CITIBANK, N.A. Tokyo Branch)	0.90%
STATE STREET BANK AND TRUST COMPANY 505103 (Name of standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	0.97%	STATE STREET BANK AND TRUST COMPANY 505103 (Name of standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	0.87%
Keiko Horiguchi	0.86%	Keiko Horiguchi	0.77%
Sun Frontier Employee Shareholding Association	0.83%	Sun Frontier Employee Shareholding Association	0.75%

Note:
1. The major shareholders and shareholding ratios before the offering are calculated based on the shareholders’ register as of September 30, 2025.
2. The shareholding ratio is rounded to the second dicimal place.
3. As announced in “Notice Concerning Act of Buying Up of Shares of Sun Frontier Fudousan Co., Ltd. (Stock code: 8934) Specified by Cabinet Order as Equivalent to a Tender Offer” dated December 2, 2025, the Company received notice to the effect that Tomoaki Horiguchi, Representative Director of the Company, transferred 2,471,100 shares that he held as of December 2, 2025 to HOUON Co., Ltd., which is an asset management company of Tomoaki Horiguchi. Such share transfer is reflected in the major shareholders and shareholding ratios after the offering.

4. If the Tender Offeror acquires 6,656,900 shares, the maximum number of shares to be purchased, through the Tender Offer implemented with the Capital Increase by Third-Party Allotment, the number of the Company Shares held by the Tender Offeror et al will be 12,156,900 Company Shares (representing 121,569 voting rights) and the total shareholding ratio held by the Tender Offeror et al will be 22.45 %.
5. The shareholding ratio is calculated by deducting the number of treasury shares (93,600 shares as of September 30, 2025). 128,300 Company Shares held by the Employee Stock Ownership Plan (J-ESOP) are not included in the treasury shares stated above.

8. Future Outlook

The Company believes that the Capital Increase by Third-Party Allotment is expected to have a minimal direct impact on its operating results for the year ending March 2026. For the future outlook in the Capital and Business Alliance, please refer to "6. Future Outlook" in "I. Overview of the Capital and Business Alliance" above.

9. Matters Concerning the Procedures Required by the Corporate Code of Conduct

The Capital Increase by Third-Party Allotment does not require the procurement of an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Rule 432 of the Listing Regulations of the Tokyo Stock Exchange, because (i) the dilution ratio is less than 25% and (ii) the Capital Increase by Third-Party Allotment does not involve a change in a controlling shareholder.

10. Operating Results and Status of Equity Finance Executed for the Last Three Years

(1) Operating results for the last three years (consolidated)

(Under the Japanese GAAP)	FY ended March 2023 (millions of yen)	FY ended March 2024 (millions of yen)	FY ended March 2025 (millions of yen)
Net sales	82,777	79,868	103,174
Operating profit	14,905	17,600	21,279
Ordinary profit	14,722	17,374	20,446
Profit attributable to the owners of the parent company	11,612	11,917	14,163
Earnings per share (yen)	238.98	245.50	291.58
Dividend per share (yen)	48.00	58.00	66.00
Net assets per share (yen)	1,663.33	1,864.36	2,102.79

Note: The Company has adopted the Employee Stock Ownership Plan (J-ESOP) since the 19th fiscal year, and the Company's shares held by the trust account of the Employee Stock Ownership Plan are included as treasury shares in the consolidated financial statements for the 19th fiscal year and thereafter. Therefore, when calculating consolidated earnings per share, the weighted average number of shares for the period in common shares is calculated including the number of the said shares in treasury shares. In calculating the amount of consolidated net assets per share, the said number of shares is included in the number of treasury shares to be deducted from the total number of issued shares at the end of the period.

(2) Current number of issued shares and dilutive shares (as of February 25, 2025)

	Number of shares	Ratio to the number of issued shares
Number of issued shares	44,875,500 shares	100.00%

Number of dilutive shares at current conversion price (exercise price)	6,434,900 shares	13.20 %
Number of dilutive shares at lowest conversion price (exercise price)	—	—
Number of dilutive shares at highest conversion price (exercise price)	—	—

(3) Status of recent share prices

(i) Status for the last three years

	FY ending March 2023	FY ending March 2024	FY ending March 2025
Opening price	1,058 yen	1,295 yen	1,963 yen
Highest price	1,317 yen	1,965 yen	2,235 yen
Lowest price	1,005 yen	1,241 yen	1,450 yen
Closing price	1,281 yen	1,961 yen	1,959 yen

(ii) Status for the last six months

	September 2025	October 2025	November 2025	December 2025	January 2026	February 2026
Opening price	2,325 yen	2,340 yen	2,278 yen	2,439 yen	2,401 yen	2,475 yen
Highest price	2,443 yen	2,366 yen	2,457 yen	2,452 yen	2,552 yen	2,577 yen
Lowest price	2,283 yen	2,228 yen	2,216 yen	2,304 yen	2,375 yen	2,345 yen
Closing price	2,342 yen	2,283 yen	2,439 yen	2,400 yen	2,447 yen	2,570 yen

Note: The share price for February 2026 is as of February 24, 2026.

(iii) Share prices on the business day immediately preceding the date of resolution for issuance.

	As of February 24, 2026
Opening price	2,550 yen
Highest price	2,577 yen
Lowest price	2,539 yen
Closing price	2,570 yen

(4) Status of equity finance executed for the last three years

Issuance of 1st Series Unsecured Convertible Bonds with Share Acquisition Rights through a third-party allotment

Due date of payment	October 6, 2023
Amount of funds to be procured	10,019,919,840 yen (estimated net proceeds: 9,999,318,200 yen)
Conversion price	1,554 yen
Total number of issued shares at the time of offering	48,755,500 shares

Allotee	AAGS S5, L.P.
Number of dilutive shares resulting from offering	6,434,900 shares
Current conversion status (exercise status)	Number of shares converted (number of shares exercised): 0 shares
Initial use of funds at the time of issuance	The funds for (i) the acquisition of land in conjunction with new hotel development and construction work investment (8,000 million yen) and (ii) M&A funds primarily for the hotel development business and construction business (1,999 million yen) were scheduled to be allocated from October 2023 to March 2026.
Expected timing of use at the time of issuance	From October 2023 to March 2026
Current status of allocation of funds	8,000 million yen has already been allocated for the acquisition of land in conjunction with new hotel development and construction work investment and 1,999 million yen has already been allocated for M&A funds primarily for the hotel development business and construction business.

11. Issuance Terms and Conditions

(1)	Number of shares for subscription	The common shares of the Company: 5,500,000 shares
(2)	Amount to be paid in	2,438 yen per share
(3)	Total amount to be paid in	13,409,000,000 yen
(4)	Amount of stated capital and capital reserve to be increased	Amount of stated capital to be increased:6,704,500,000 yen Amount of capital reserve to be increased: 6,704,500,000 yen
(5)	Method of offering or allotment (scheduled allottee)	All shares shall be allotted to ITOCHU Corporation by way of third-party allotment.
(6)	Due date	April 1, 2026 (Wednesday)
(7)	Other matters	Each of the above items is subject to the condition that the filing under the Financial Instruments and Exchange Act becomes effective.

III. Change in a Major Shareholder

1. Scheduled Change Date

April1, 2026 (Wednesday)

2. Background Leading to the Change

As a result of the Capital Increase by Third-Party Allotment, it is expected that the ratio of the number of voting rights of the Company held by ITOCHU will become 10.16%; therefore, ITOCHU is expected to constitute a major shareholder of the Company.

3. Outline of the Shareholder Whose Status Will Change

Please refer to "(1) Overview of Scheduled Allottee" in "6. Reason for Selection of Scheduled Allottee, Etc." in "II. Issuance of New Shares by way of Third-Party Allotment" above.

4. Number of Shares (Number of Voting Rights) Held by the Relevant Shareholder and its Ratio to the Voting Rights Held by All Shareholders

	Number of voting rights (Number of shares held)	Ratio to the voting rights held by all shareholders (Note)	Ranking among major shareholders
Before the change	— (0 shares)	0.00%	—
After the change	55,000 (5,500,000 shares)	10.16%	Second

Note:
1. The number of shares without voting rights that were excluded from the total number of issued shares: 123,600 shares
   The total number of issued shares as of September 30, 2025: 48,755,500 shares
2. The ratio to the voting rights held by all shareholders is rounded to the second dicimal place.
3. If the Tender Offeror acquires 6,656,900 shares, the maximum number of shares to be purchased through the Tender Offer implemented with the Capital Increase by Third-Party Allotment, the number of common shares of the Company held by ITOCHU and the Tender Offeror will be 12,156,900 shares (the number of voting rights represented by such shares: 121,569) and the ratio of the total number of voting rights held by ITOCHU and the Tender Offeror to the voting rights held by all shareholders will be 22.46%.

5. Future Outlook

Please refer to “5. Future Outlook” in “I. Overview of the Capital and Business Alliance” and “8. Future Outlook” in “II. Issuance of New Shares by way of Third-Party Allotment” above respectively.