

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2024

We are aiming to be the most appreciated visionary company in the world.

| | |
|---|-------|
| 1) Overview of the Results of FY2024/3 1Q | 1-9 |
| 2) Business Progress and Initiatives | 10-23 |
| 3) Medium-term Management Plan | 24-27 |
| 4) Philosophy and Sustainability | 28-33 |
| 5) Business Model | 34-40 |
| 6) Reference Materials | 41-46 |

August 9, 2023



SUN FRONTIER

Securities Code : 8934

Overview of the Results of FY2024/3 1Q



Strong started in Hotel and Tourism Business by the remarkable recovery of tourism demand. Office Business progressed steadily as planned.

(Unit: million yen)

| | Results | Profit margin | Year-on-year | Growth rate |
|------------------|---------|---------------|--------------|-------------|
| Net sales | 18,452 | — | -4,450 | -19.4% |
| Operating profit | 4,206 | 22.8% | -2,461 | -36.9% |
| Ordinary profit | 4,184 | 22.7% | -2,505 | -37.4% |
| Profit* | 3,134 | 17.0% | -1,555 | -33.2% |

| Forecast | Achievement rate |
|----------|------------------|
| 83,000 | 22.2% |
| 16,500 | 25.5% |
| 16,000 | 26.2% |
| 11,000 | 28.5% |

*The profit attributing to owners of parent.

Performance Highlights

- In Hotel and Tourism Business, the completion of the sale of property and the remarkable recovery of tourism demand for hotel operating contributed significantly to the performance.
- In Real Estate Revitalization Business, though both revenue and profit decreased due to the reaction for previous first quarter, in which the property sales was concentrated, property sales progressed in line with the initial plan.
- In Real Estate Service Business, as the recovery of the demand, performance of Rental Conference Room Business grew thanks to the expansion of new sites and floor space. Solid start in each business.

Consolidated Income Statement

(Unit: million yen)

| | FY2023/3 Apr. - Jun. | FY2024/3 Apr. - Jun. | YoY increase/ decrease | YoY change rate |
|--|-------------------------|-------------------------|---------------------------|-----------------|
| Net Sales | 22,903 | 18,452 | -4,450 | -19.4% |
| Real Estate Revitalization Business | 18,582 | 7,693 | -10,889 | -58.6% |
| Replanning Business | 18,062 | 7,083 | -10,979 | -60.8% |
| Rental Buildings Business | 519 | 609 | +90 | 17.2% |
| Real Estate Service Business | 2,387 | 2,665 | +278 | 11.6% |
| Hotel and Tourism Business | 1,917 | 8,029 | +6,112 | 318.7% |
| Hotel Development Business | 0 | 5,270 | +5,270 | — |
| Hotel Operation, etc | 1,917 | 2,759 | +842 | 43.9% |
| Other Business | 306 | 368 | +62 | 20.3% |
| Adjustments | -290 | -303 | -13 | — |
| Gross Profit (Loss) | 8,519 | 6,306 | -2,213 | -26.0% |
| Real Estate Revitalization Business | 7,299 | 2,261 | -5,038 | -69.0% |
| Replanning Business | 7,167 | 2,125 | -5,041 | -70.3% |
| Rental Buildings Business | 132 | 135 | +3 | 2.7% |
| Real Estate Service Business | 1,565 | 1,557 | -8 | -0.5% |
| Hotel and Tourism Business | -170 | 2,665 | +2,835 | — |
| Hotel Development Business | 0 | 2,200 | +2,200 | — |
| Hotel Operation, etc | -170 | 465 | +635 | — |
| Other Business | 48 | 45 | -3 | -6.1% |
| Adjustments | -224 | -223 | +1 | — |
| Selling, General and Administrative Expenses | 1,850 | 2,099 | +249 | 13.5% |
| Operating Profit (Loss) | 6,668 | 4,206 | -2,461 | -36.9% |
| Non-operating Income | 167 | 125 | -42 | -25.1% |
| Non-operating Expenses | 145 | 147 | +1 | 1.4% |
| Ordinary Profit (Loss) | 6,690 | 4,184 | -2,505 | -37.4% |
| Profit | 4,690 | 3,134 | -1,555 | -33.2% |

Keynotes of Income Statement

<Real Estate Revitalization Business>

The number of sales was 5 (-5 YoY). It is the reaction for the previous first quarter in which there were 10 of the 24 property sales in the fiscal year concentrated. However, it is in line with the plan.

<Real Estate Service Business>

Although there was the reaction of the previous first quarter brokered large-scale projects in the previous first quarter, net sales increased due to an improvement of operating rate in Rental Conference Room Business and an increase in number of entrusted buildings in the PM business, which made a solid start for Real Estate Service Business.

<Hotel and Tourism Business>

Completed the sale of hotel property contracted in the previous fiscal year. Due to the remarkable recovery of tourism demand, the occupancy rate and average daily rates were improved. As a result, net sales and profit increased and made a good start.

<Selling General and Administrative Expenses>

Increased year-on-year due to human capital investment and system investment as planned.

Consolidated Balance Sheet

- Assets -



<Cash and deposits> Decreased by 4.4 billion yen due to the payment of dividends and corporate taxes, together with the progress in property purchases.

<Inventory assets> Increased by 3.1 billion yen as purchase amount in Replanning properties was higher than the decreased amount from the sale of Hotel properties and Replanning properties.

| (Unit: million yen) | As of End of March 2022 | As of End of March 2023 | As of End of June 2023 | Increase/decrease (compared to the End of March 2023) |
|-------------------------------|----------------------------|----------------------------|---------------------------|---|
| Current assets | 110,920 | 125,886 | 124,615 | -1,271 |
| Cash and deposits | 30,053 | 42,016 | 37,606 | -4,409 |
| Inventories | 77,340 | 80,182 | 83,351 | +3,169 |
| Breakdown) RP | 63,424 | 70,327 | 76,543 | +6,216 |
| Hotel | 13,516 | 9,750 | 6,660 | -3,090 |
| Overseas, etc. | 400 | 105 | 147 | +42 |
| Other current assets | 3,527 | 3,688 | 3,656 | -31 |
| Non-current assets | 25,591 | 26,633 | 26,440 | -192 |
| Property, plant and equipment | 18,796 | 20,410 | 20,574 | +163 |
| Intangible assets | 572 | 815 | 861 | +45 |
| Investments and other assets | 6,222 | 5,406 | 5,004 | -401 |
| Total assets | 136,512 | 152,519 | 151,056 | -1,463 |

Consolidated Balance Sheet

- Liabilities/Equity -



<Interest-bearing debt> Decreased by 1.1 billion yen as the repayment from property sales were higher than the borrowings from purchases. Temporary increase in short-term borrowing due to the loan repaid within one year.

<Net assets> Increased by 1.9 billion yen due to the profit (3.1 billion yen), etc., despite the payment of dividends (-1.2 billion yen).

| Changes of Equity Ratio | | |
|-------------------------|-------------------------|------------------------|
| As of End of March 2022 | As of End of March 2023 | As of End of June 2023 |
| 52.2% | 52.9% | 54.7% |

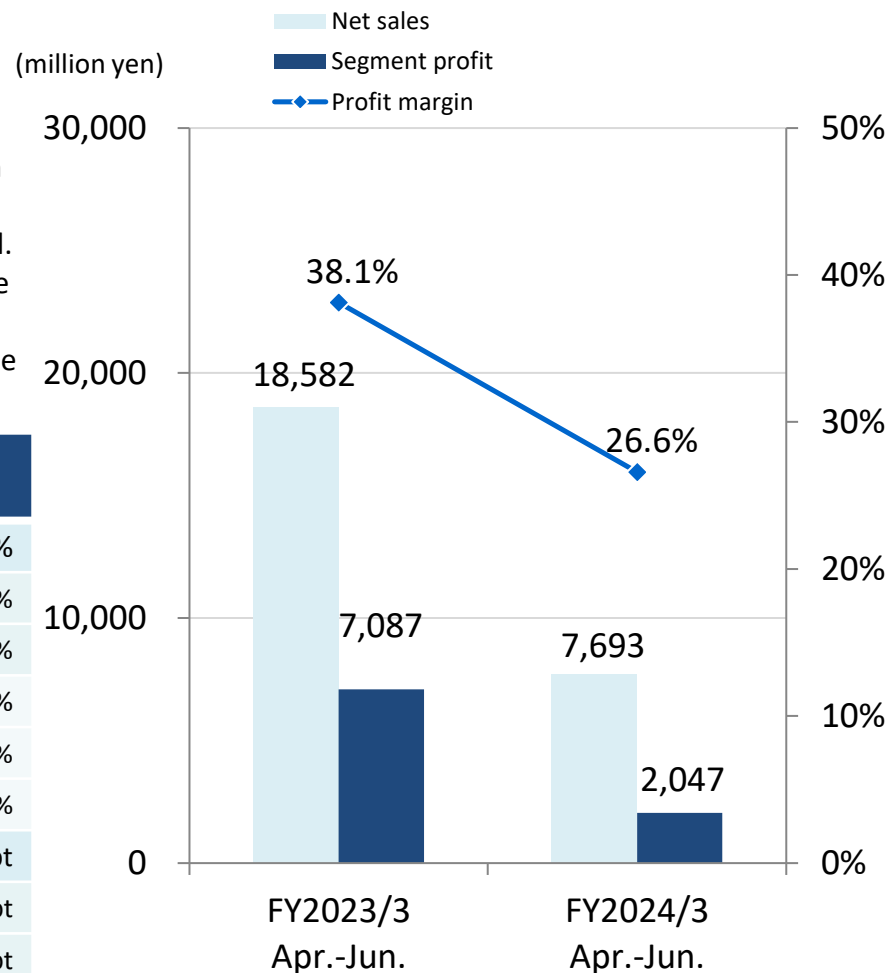
| (Unit: million yen) | As of End of March 2022 | As of End of March 2023 | As of End of June 2023 | Increase/decrease (compared to End of March 2023) |
|---|-------------------------|-------------------------|------------------------|--|
| Current liabilities | 16,210 | 16,363 | 18,803 | +2,439 |
| Short-term borrowings, etc. | 6,904 | 5,492 | 10,298 | +4,805 |
| Income taxes payable | 3,528 | 1,699 | 585 | -1,113 |
| Other current liabilities | 5,777 | 9,172 | 7,920 | -1,251 |
| Non-current liabilities | 45,849 | 52,190 | 46,333 | -5,856 |
| Long-term borrowings and bonds payable | 44,169 | 50,170 | 44,261 | -5,908 |
| Other non-current liabilities | 1,680 | 2,019 | 2,072 | +52 |
| Total liabilities | 62,060 | 68,553 | 65,137 | -3,416 |
| Shareholders' equity | 71,260 | 80,430 | 82,348 | +1,918 |
| Other | 3,191 | 3,535 | 3,569 | +34 |
| Total net assets | 74,452 | 83,965 | 85,918 | +1,952 |
| Total liabilities and net assets | 136,512 | 152,519 | 151,056 | -1,463 |

Real Estate Revitalization Business (Replanning and Rental Buildings)

<Replanning Business>

- The number of sales was 5 (-5 YoY), which is in line with the plan. It is the reaction for previous first quarter, in which the property sales (10 out of 24) was concentrated.
- Average business period was 458 days (-194 days YoY). Compared with the previous first quarter, which mainly sold medium- to long-term properties, there were a lot of short-term properties sold in this period. As a result, the business period becomes short. We continue to achieve high capital efficiency by focusing on business period.
- Maintained a high profit margin, although it is decreased YoY due to the sales of medium- to long-term properties in the previous first quarter.

| (Unit: million yen) | FY2023/3 Apr. – Jun. | FY2024/3 Apr. – Jun. | Increase/ decrease |
|--|-------------------------|-------------------------|-----------------------|
| Net sales | 18,582 | 7,693 | -58.6% |
| Replanning Business | 18,062 | 7,083 | -60.8% |
| Rental Building Business | 519 | 609 | +17.2% |
| Segment profit (Note 1) | 7,087 | 2,047 | -71.1% |
| Replanning Business | 6,955 | 1,911 | -72.5% |
| Rental Building Business | 132 | 135 | +2.7% |
| Profit margin | 38.1% | 26.6% | -11.5%pt |
| Replanning Business | 38.5% | 27.0% | -11.5%pt |
| Rental Building Business | 25.5% | 22.3% | -3.1%pt |
| Number of properties sold | 10 cases | 5 cases | -5 cases |
| Number of stocks at the end of FY | 47 cases (Note 2) | 57 cases (Note 2) | +10cases |



(Note 1) "Segment profit" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and amortization of goodwill from gross profit.

(Note 2) Land purchase and development projects are included.

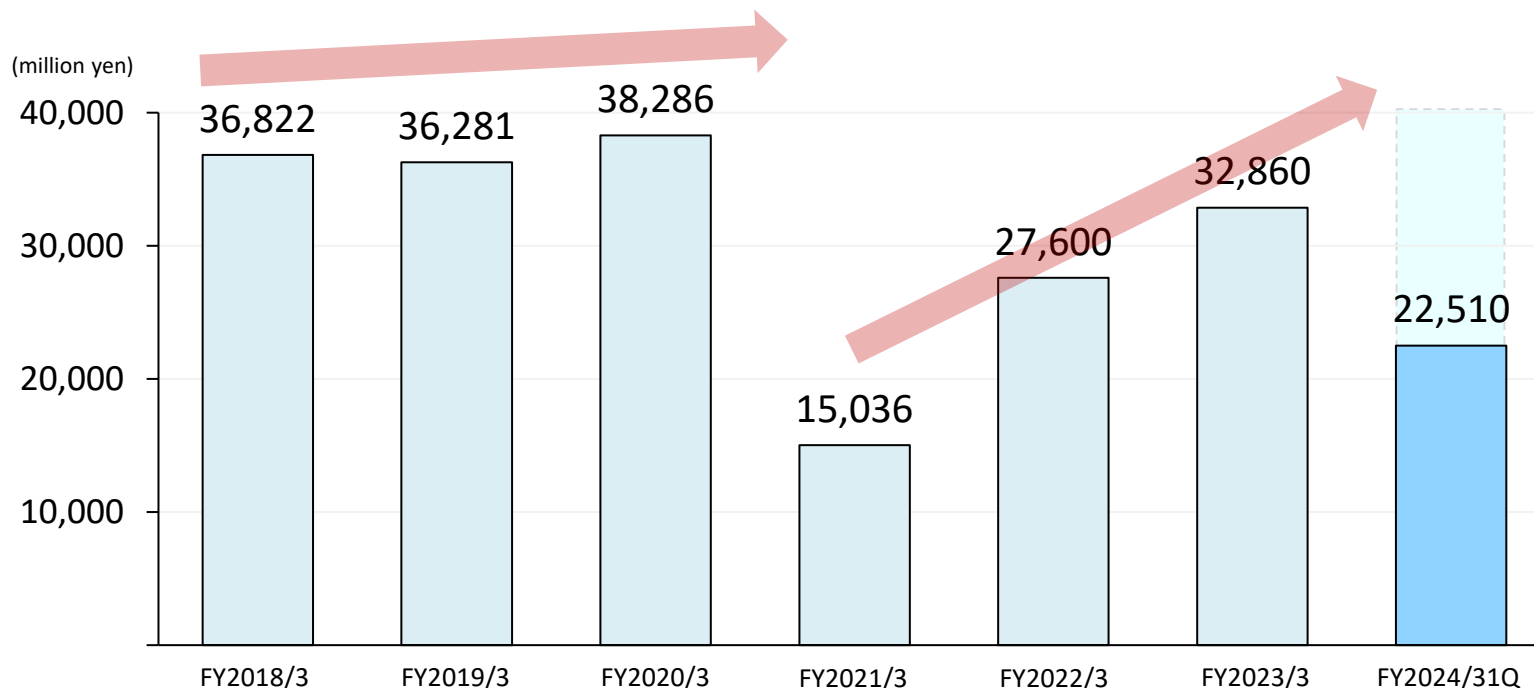
Real Estate Revitalization Business

<Replanning Business>

Properties purchased, which is keeping strengthening, was 22.5 billion yen (including contracted but unsettled properties), which is +9.65 billion yen YoY.

It is faster than the before of the pandemic of COVID-19.

| (Unit: million yen) | FY2023/3 Apr. – Jun. | FY2024/3 Apr. – Jun. | Increase/ decrease |
|--------------------------------------|-------------------------|-------------------------|-----------------------|
| Number of properties purchased | 10 cases | 24 cases | +14 cases |
| (of which, contracted and unsettled) | 7 case | 9 cases | +2 cases |
| Purchase amount | 12,860 | 22,510 | +9,650 |
| (of which, contracted and unsettled) | 9,560 | 12,590 | +3,030 |



Note : Includes properties in non-current assets, small-lot real estate properties and New York properties.

Operating Results by Business Segment

(Property Management, Building Maintenance, Sales Brokerage, Leasing Brokerage, Rental Conference Room, Rent Guarantee, etc.)



Real Estate Services Business

<Property Management and Building Maintenance>

- Net sales and profit increased in PM Business due to an increase in number of entrusted buildings.
- Net sales in BM Business were flat, profit decreased due to the increasing costs.

<Brokerage>

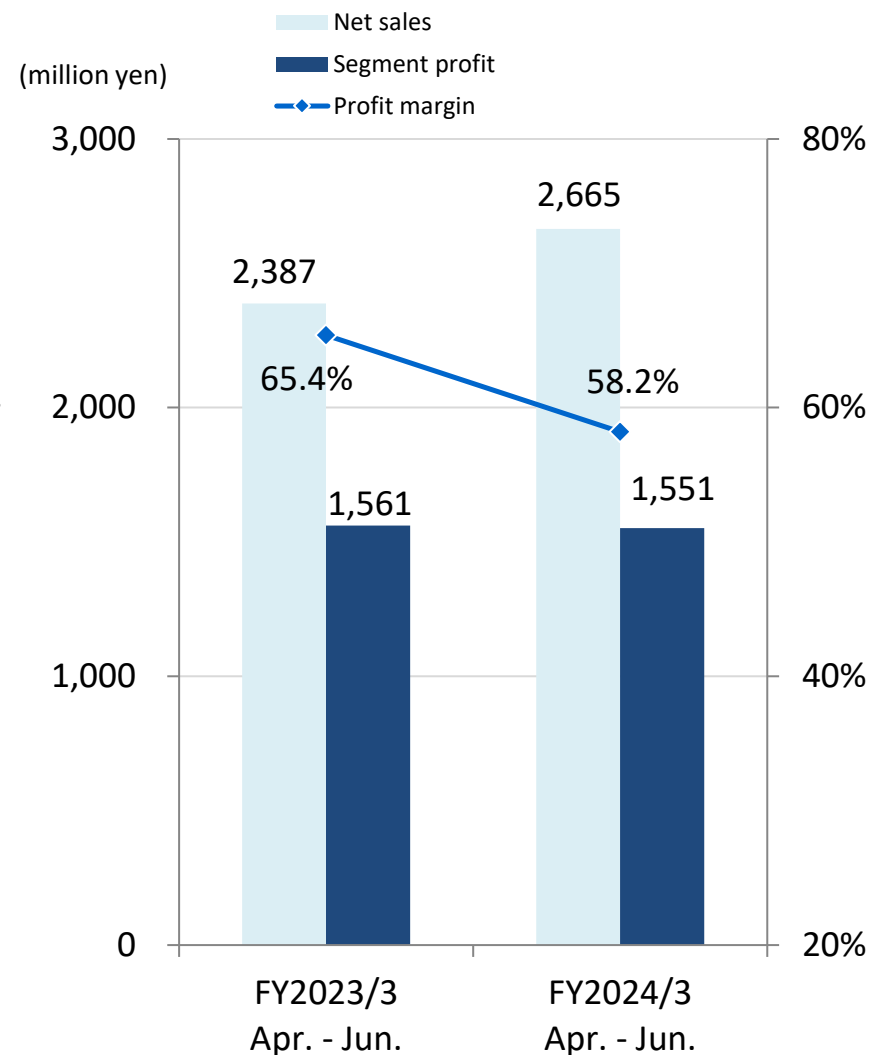
- Sales and profit increased in leasing brokerage by meeting needs for relocation and expansion.
- Net sales and profit of Sales brokerage decreased due to the reaction of the previous first quarter in which brokered large-scale projects. It is also a reason for the decrease of profit margin in Real Estate Service.

<Rental Conference Room>

- Both net sales and profit increased due to the recovery of the demand and the expansion of new sites and floor space.

<Rent Guarantee>

- Although there was a reactional decrease due to the intra-group transactions in the previous first quarter, the number of new contracts increased, so the result remained steady.



| (Unit: million yen) | FY2023/3 Apr. - Jun. | FY2024/3 Apr. - Jun. | Increase/ decrease |
|---------------------|-------------------------|-------------------------|-----------------------|
| Net sales | 2,387 | 2,665 | +11.6% |
| Segment profit | 1,561 | 1,551 | -0.6% |
| Profit margin | 65.4% | 58.2% | -7.2%pt |

Operating Results by Business Segment



Hotel and Tourism Business (Hotel Development, Hotel Operation, etc.)

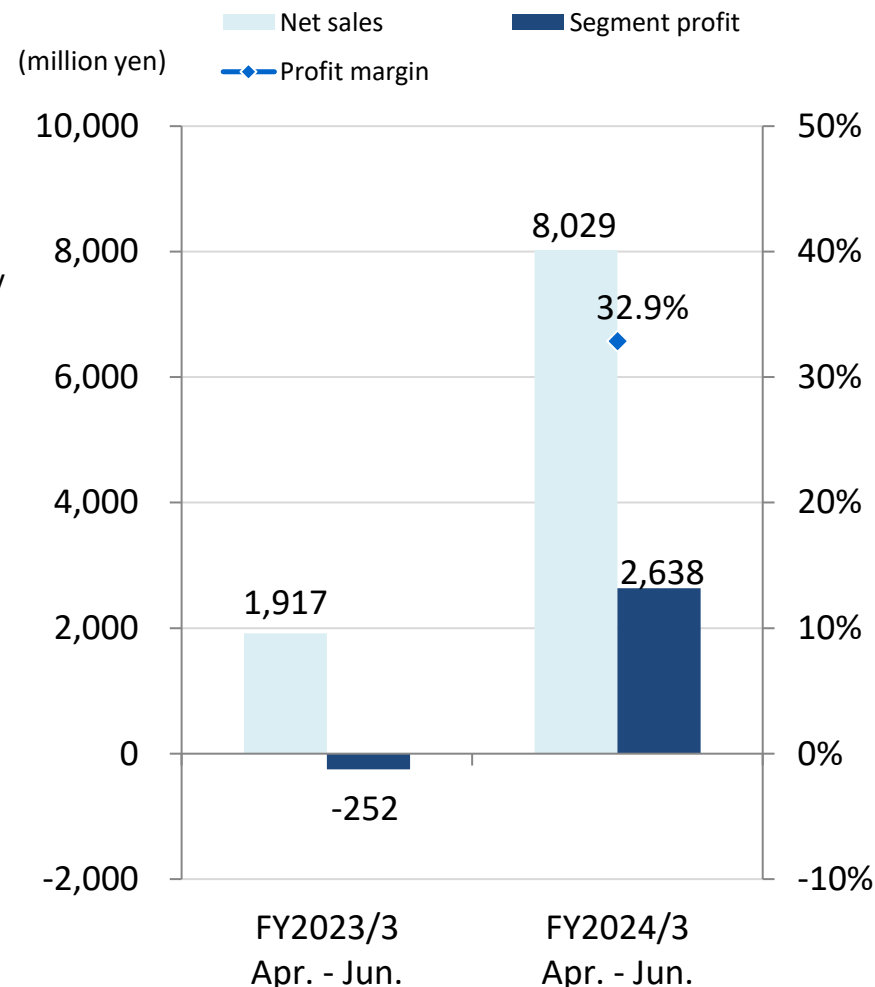
<Hotel Development Business>

- Completed the sale of hotel property contracted in the previous fiscal year as scheduled. It is contributed to the business performance significantly.

<Hotel Operation Business>

- Net sales and profit increased due to the improvement in occupancy rates and average daily rates at all hotels under operating according to the remarkable recovery of tourism demand.

| (Unit: million yen) | FY2023/3 Apr. – Jun. | FY2024/3 Apr. – Jun. | Increase/ decrease |
|--------------------------------|-------------------------|-------------------------|-----------------------|
| Net sales | 1,917 | 8,029 | +318.7% |
| Hotel Development Business | 0 | 5,270 | — |
| Hotel Operation Business, etc. | 1,917 | 2,759 | +43.9% |
| Segment profit | -252 | 2,638 | — |
| Hotel Development Business | -30 | 2,173 | — |
| Hotel Operation Business, etc. | -222 | 465 | — |
| Profit margin | — | 32.9% | — |
| Hotel Development Business | — | 41.2% | — |
| Hotel Operation Business, etc. | — | 16.8% | — |



(Note 1) "Segment profit" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and amortization of goodwill from gross profit.

Other Business (Construction Business, Overseas Development Business, etc.)

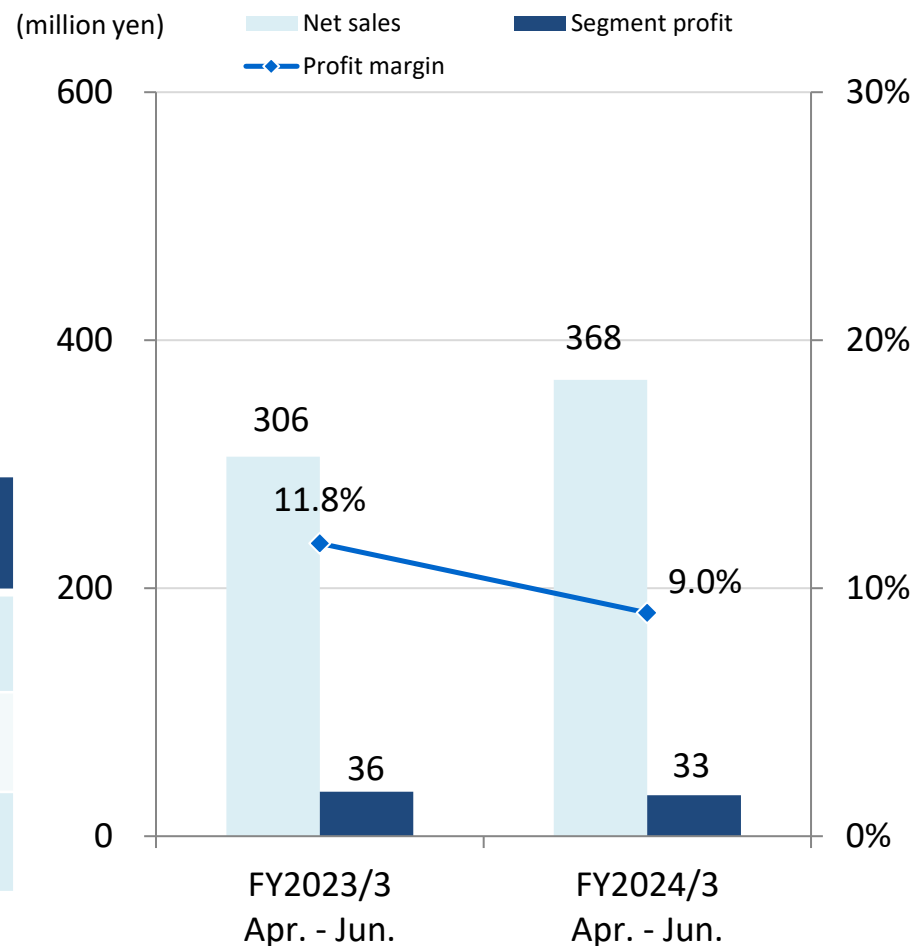
<Construction Business>

- Net sales increased due to the completion of orders and the start of new construction, but profit decreased due to an increase in costs.

<Overseas Development Business>

- Continue to focus on arranging new project.

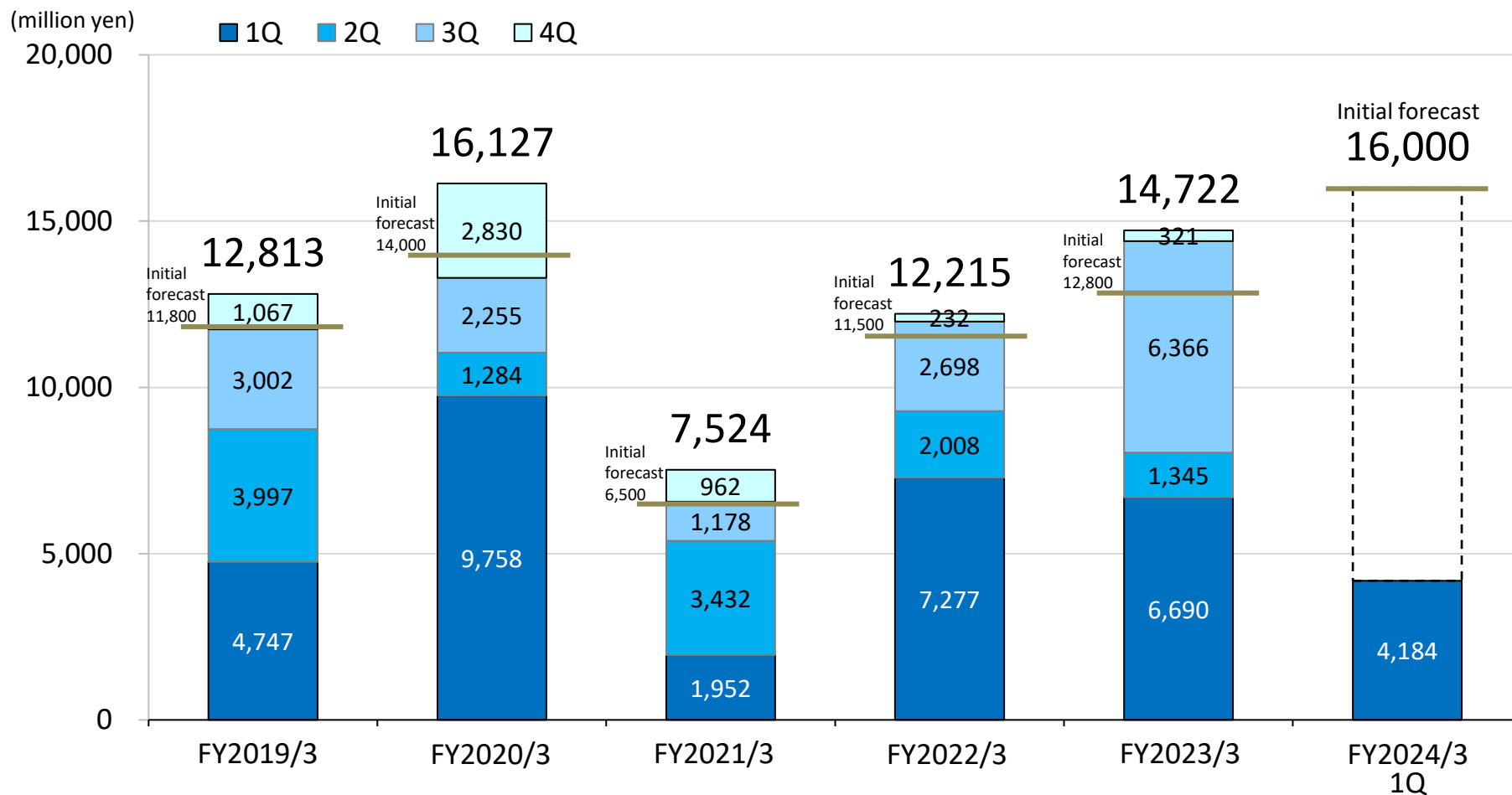
| (Unit: million yen) | FY2023/3 Apr. – Jun. | FY2024/3 Apr. – Jun. | Increase/ decrease |
|---------------------|-------------------------|-------------------------|-----------------------|
| Net sales | 306 | 368 | +20.4% |
| Segment profit | 36 | 33 | -8.1% |
| Profit margin | 11.8% | 9.0% | -2.8%pt |



(Note 1) "Segment profit" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and amortization of goodwill from gross profit.

Trends in Ordinary Profit for recently 5 fiscal years

Against the Forecast for FY2024/3, the results for 1Q was progressed smoothly as scheduled.



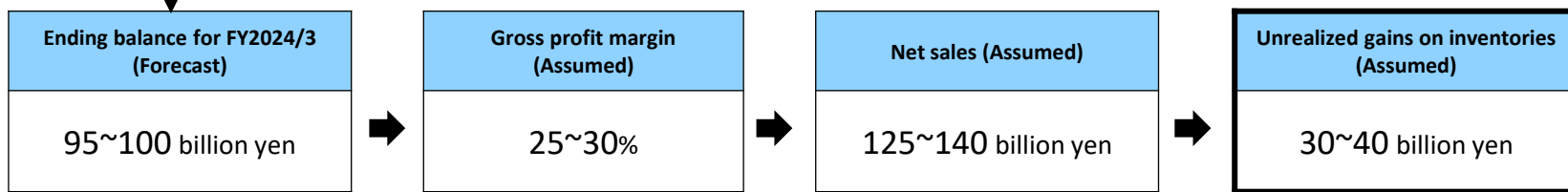
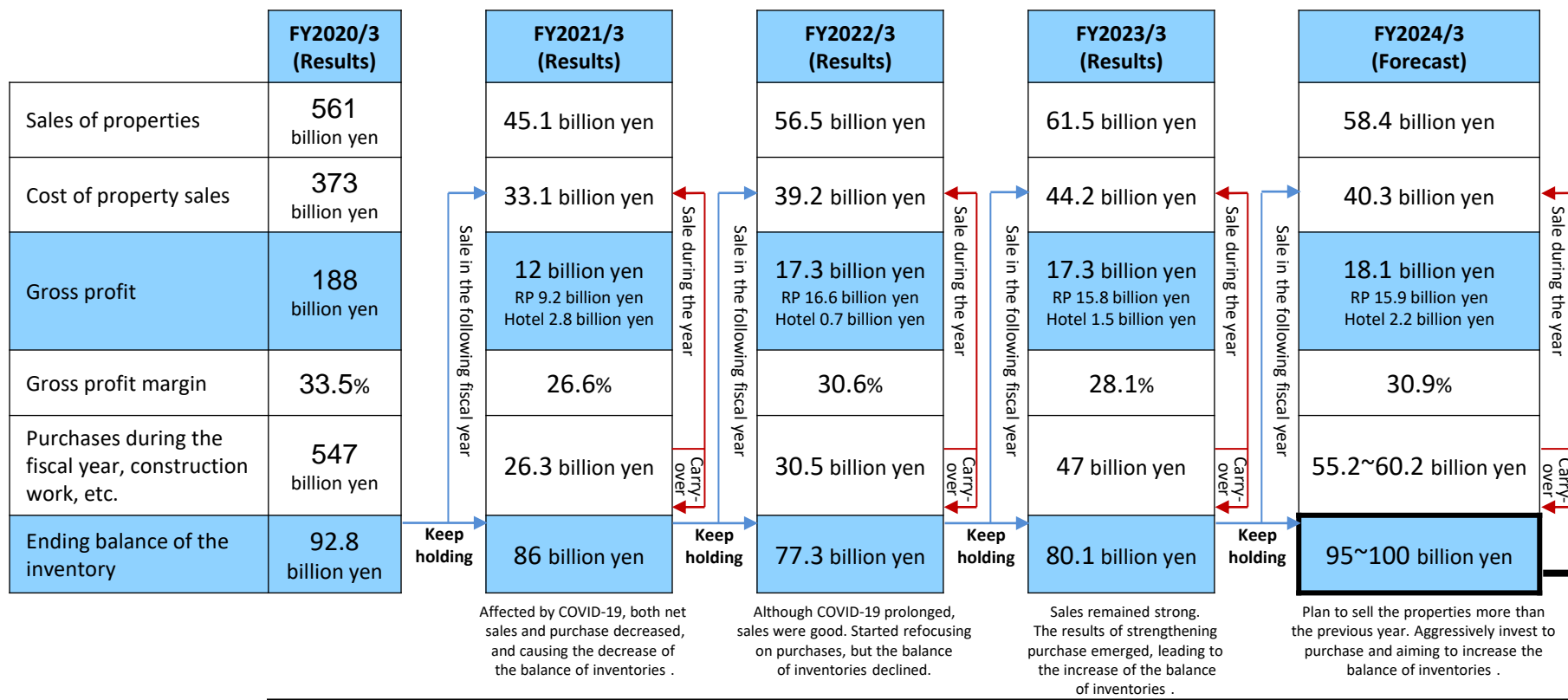
Progress against Forecast for FY2024/3

Strong started for 1Q due to the completion of the sale of hotel and the remarkable recovery of demand for hotel operating. Office Business progressed steadily as planned.

| (Unit: million yen) | Results for FY2023/3 | Forecast for FY2024/3 | 1Q Results for FY2024/3 | Progress Rate |
|--|-------------------------|--------------------------|----------------------------|---------------|
| Net sales | 82,777 | 83,000 | 18,452 | 22.2% |
| (1) Real Estate Revitalization Business | 50,066 | 55,100 | 7,693 | 14.0% |
| Replanning | 47,995 | 53,000 | 7,083 | 13.4% |
| Rental building | 2,070 | 2,100 | 609 | 29.0% |
| (2) Real Estate Service Business | 8,843 | 10,000 | 2,665 | 26.7% |
| (3) Hotel and Tourism Business | 22,967 | 16,900 | 8,029 | 47.5% |
| Hotel Development Business | 13,500 | 5,400 | 5,270 | 97.6% |
| Hotel Operation Business, etc. | 9,467 | 11,500 | 2,759 | 24.0% |
| (4) Other | 1,788 | 1,860 | 368 | 19.8% |
| Adjustments | -887 | -860 | -303 | — |
| Gross profit | 22,805 | 25,300 | 6,306 | 24.9% |
| (1) Real Estate Revitalization Business | 16,122 | 16,400 | 2,261 | 13.8% |
| Replanning | 15,722 | 15,900 | 2,125 | 13.4% |
| Rental building | 399 | 500 | 135 | 27.0% |
| (2) Real Estate Service Business | 4,898 | 5,400 | 1,557 | 28.8% |
| (3) Hotel and Tourism Business | 1,907 | 3,800 | 2,665 | 70.1% |
| Hotel Development Business | 1,506 | 2,200 | 2,200 | 100.0% |
| Hotel Operation Business, etc. | 400 | 1,600 | 465 | 29.1% |
| (4) Other | 337 | 400 | 45 | 11.3% |
| Adjustments | -461 | -700 | -223 | — |
| Selling, general and administrative expenses | 7,900 | 8,800 | 2,099 | 23.9% |
| Operating profit | 14,722 | 16,000 | 4,184 | 26.2% |
| Ordinary profit | 11,612 | 11,000 | 3,134 | 28.5% |

Trends in Inventories and Gross Profit of Property Sales

To generate future profit, we improve to invest aggressively and increase inventories.



Business Environment Awareness

1. World economy remained uncertain about economic slowdown due to the prolonged war in Ukraine crisis and interest rate hikes to curb inflation.

The IMF raised its forecast for the world economy's real growth rate to 3.0%, but still keeping in low.

The U.S. Federal Reserve continues to raise interest rates. However, it is expected for a soft landing without meeting recession.

2. Japanese economy expected to recover due to the easing of supply constraints and the recovery of inbound consumption.

There is a sign of recovery in personal consumption and facility investment since COVID-19 was shifted to Category 5.

Although the Bank of Japan has revised its policy of manipulating short-term and long-term interest rates, it is still easing the monetary policy to achieve a stable 2% of inflation rate.

3. Central Tokyo office building market continues hybrid work styles with both commuting and teleworking.

Average vacancy rate of central Tokyo offices remained flat and average rents continued to decrease moderately, partly due to an increase in new building completions.

Although institutional investors' appetite for investment is generally strong, attention should be paid to a rise in interest rates due to monetary tightening.

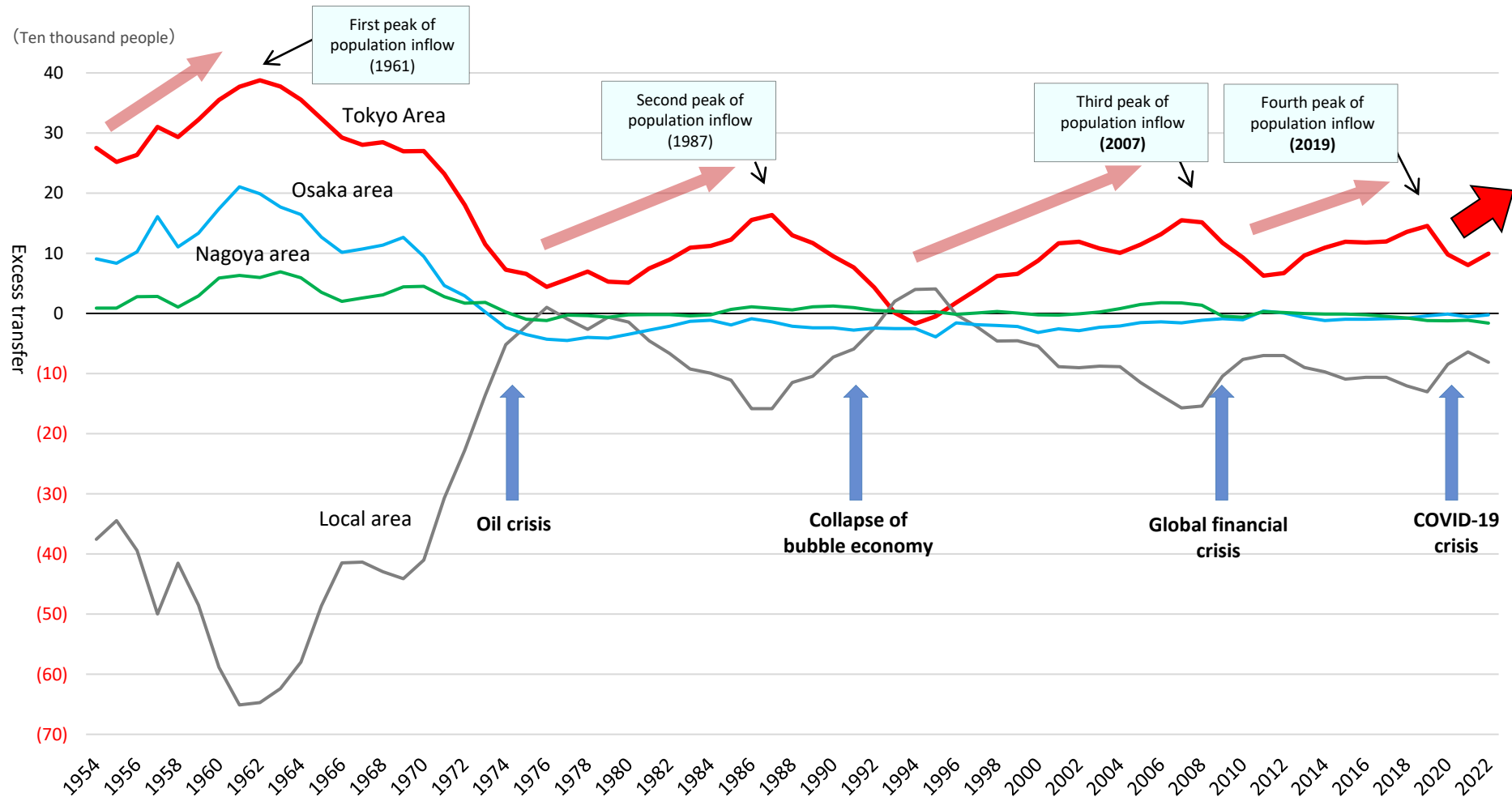
4. In the hotel and tourism market, tourism demand is recovering. Continuing to expect for the inbound demand.

Domestic travel and inbound demand are both recovering. The number of overnight guests has exceeded of 2019 which is before the pandemic of COVID-19.

As tourism demand is rapidly recovering, there is a need to cope with labor shortages and over tourism.

Population Movements in the Three Major Metropolitan Areas and Local Areas

In 2022, the number of people moving into the Tokyo area started to increase again, and the trend of population concentration remains unchanged.

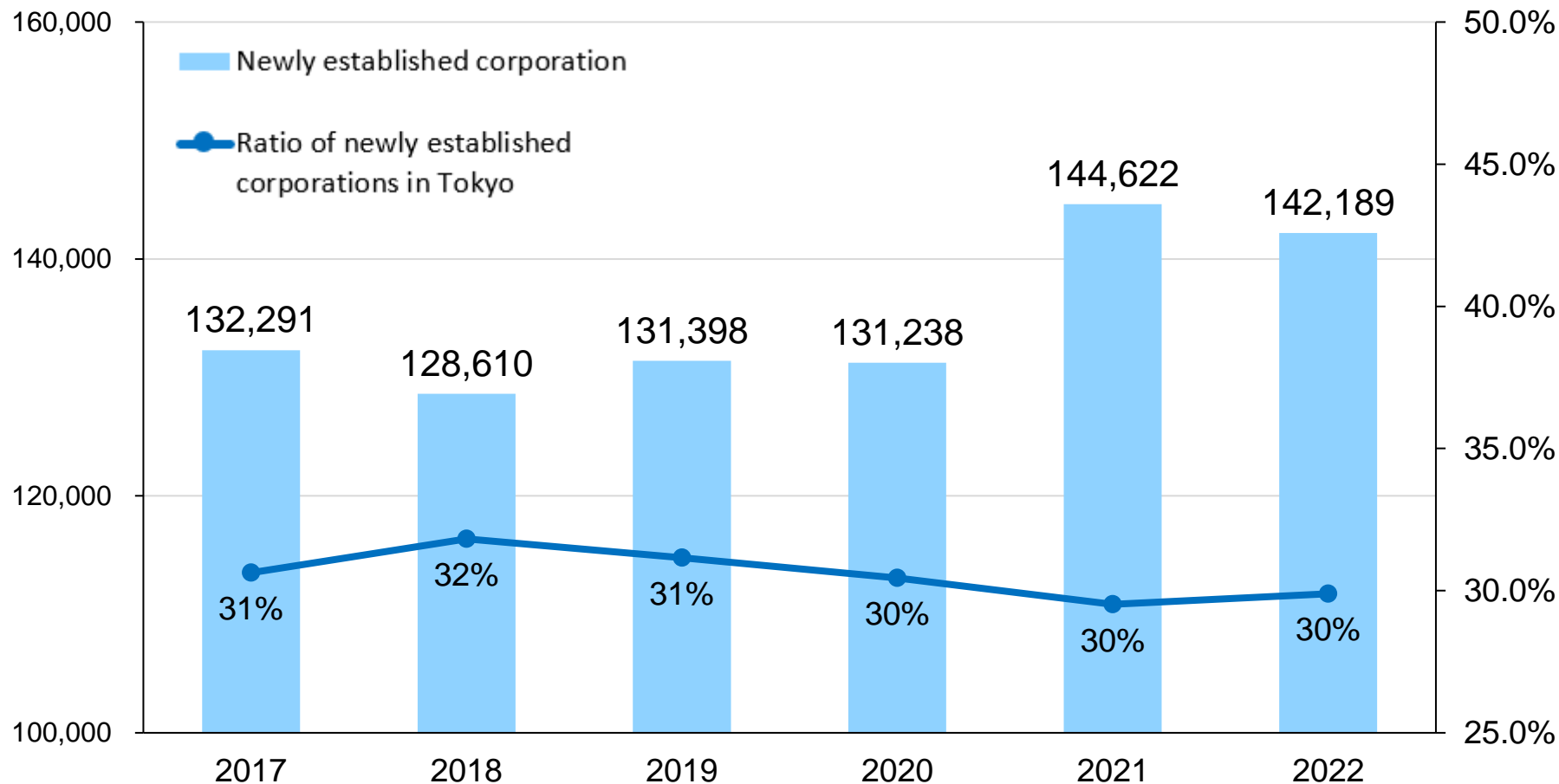


Source: Prepared by the Company based on Statistics Bureau, Ministry of Internal Affairs and Communications, "Number of New Residents by Address Before and After"

Trend of Number of Newly Established Corporations

The number of newly established corporations is on an increasing trend. The ratio of newly established corporations in Tokyo keep in high.

(Companies)



Source: Compiled by the Company based on "National Trends of Newly Established Corporations" by Tokyo Shoko Research, Ltd.

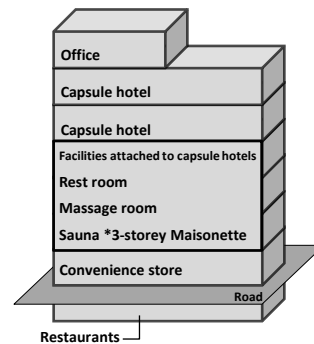
Replanning Business, Examples of Initiatives (1)

Converted a 38-year-old commercial building into an office building and sold it as a highly profitable building.



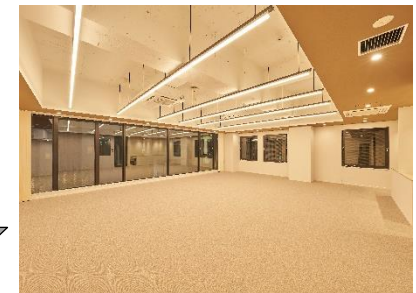
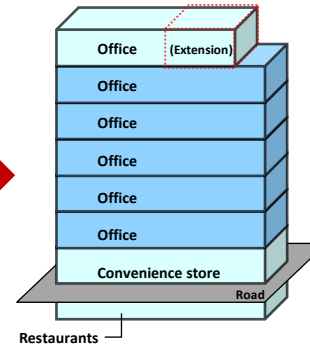
[Building appearance (after replanning)]
 Kandamisaki-cho, Chiyoda-ku, Tokyo
 Steel-framed reinforced concrete,
 7 stories high with 1 basement

Before



Capsule hotel

After



Office space



Reception space of
the former hotel



Bathroom



EV hall



Office lounge



Lavatory

Although it was difficult for new tenants to move into the building due to the remaining accommodation facilities and bathrooms of the capsule hotel, the building was turned into an office building with high-occupancy and high-profitability by value-up. We also entrusted the property management from the client after the sale.

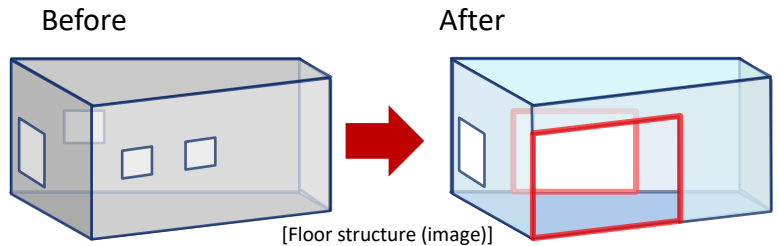


Replanning Business, Examples of Initiatives (2)

Converted a dormitory into an office, and the wall renovated with large windows create a bright space.



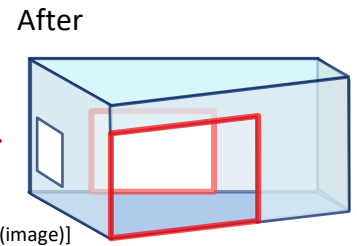
[Building appearance (after replanning)]
Iidabashi, Chiyoda-ku, Tokyo
Steel structure, 9 stories



Small windows that cannot see the outside



Dark floor without sunlight



Spacious floors with high ceilings and large windows



There are no buildings in the front and back, so the view is good



Bright and functional conference room



Equipped with separate toilets for male and female

Dark rooms with small windows have been refurbished with large windows on the wall, renewing the lighting and view. Value up into a building combined design and functionality. Tenant move-in progressed, and the building was sold as a highly profitable building.



Promote Sales of Small-lot Real Estate Property

Provide small-lot real estate properties with the theme of education and medical in the residential area at 23 wards of Tokyo.

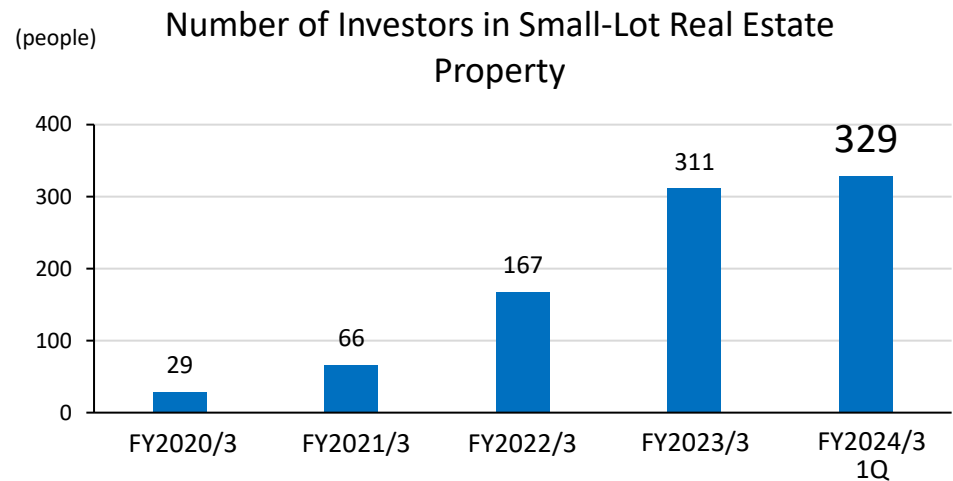


Compass Nerima

A new construction licensed nursery school in Nerima-Takanodai, Tokyo

3-15-1 Takanodai, Nerima-ku, Tokyo
 8 minutes walk from Nerima-Takanodai station on Seibu Ikebukuro Line
 2 storey wooden building
 513.00 square meters for total floor area

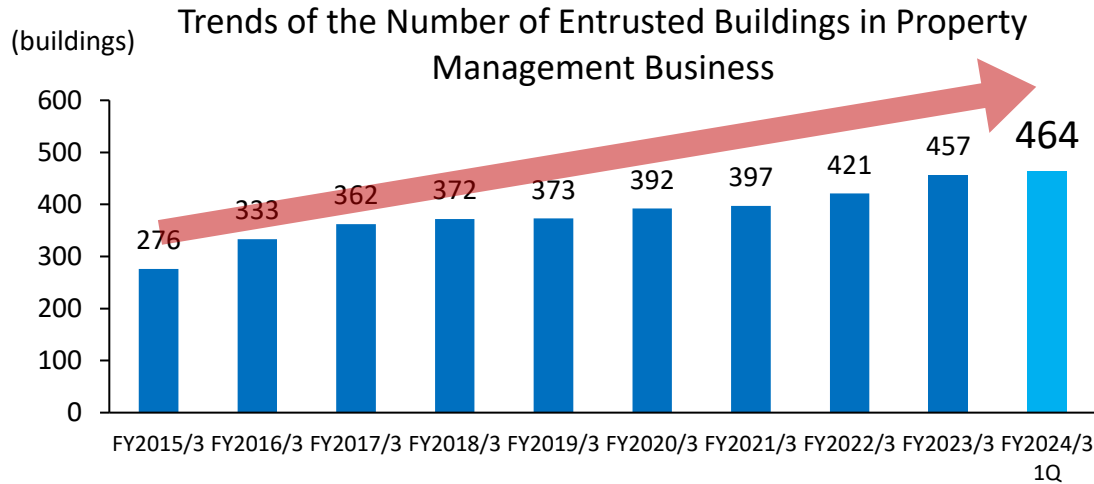
In line with SDGs and ESG investments, including eliminating the problems of children waiting for admission and promoting women's activities.



Sales network (tax accountants and financial institutions) is over 180 companies.
 We are expanding and aiming to reach over 200 companies.

Real Estate Service Business Continues to Expand Its Customer Base

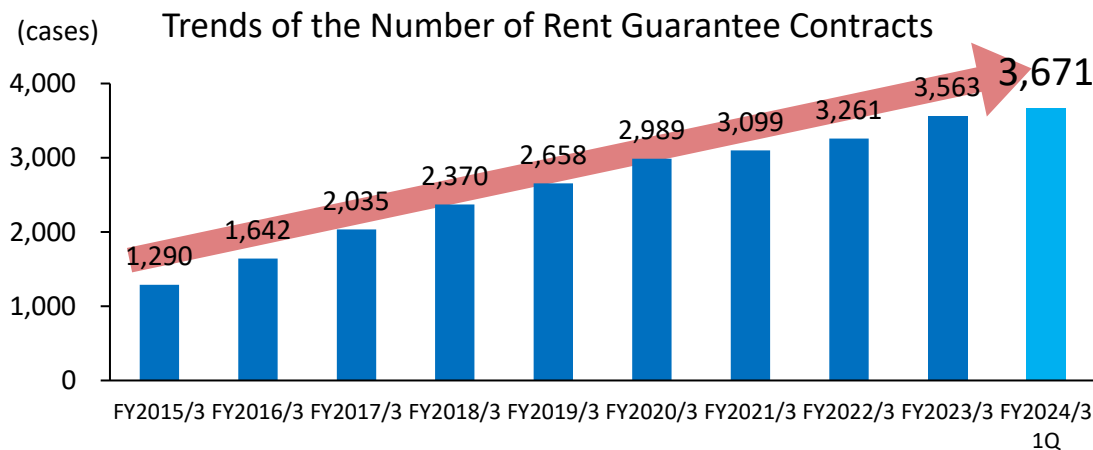
Increase the clients of Real Estate Service Business, which specializes in the central Tokyo area, and strengthens the business base.



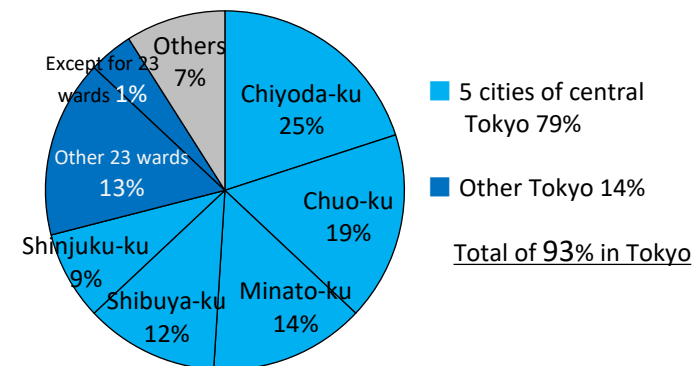
【Property Management entrusted property distribution】



📍 Entrusted properties of the Company



【Percentage of new contracts of Rent Guarantee by area】



* As of March 31, 2023 : 749 new contracts

Strong Performance at New Sites Continuing opening New Sites actively

New sites opened and expanded in April is operating well. A new site is scheduled to open in Nihonbashi in September.

◆ Network of Vision Center Sites



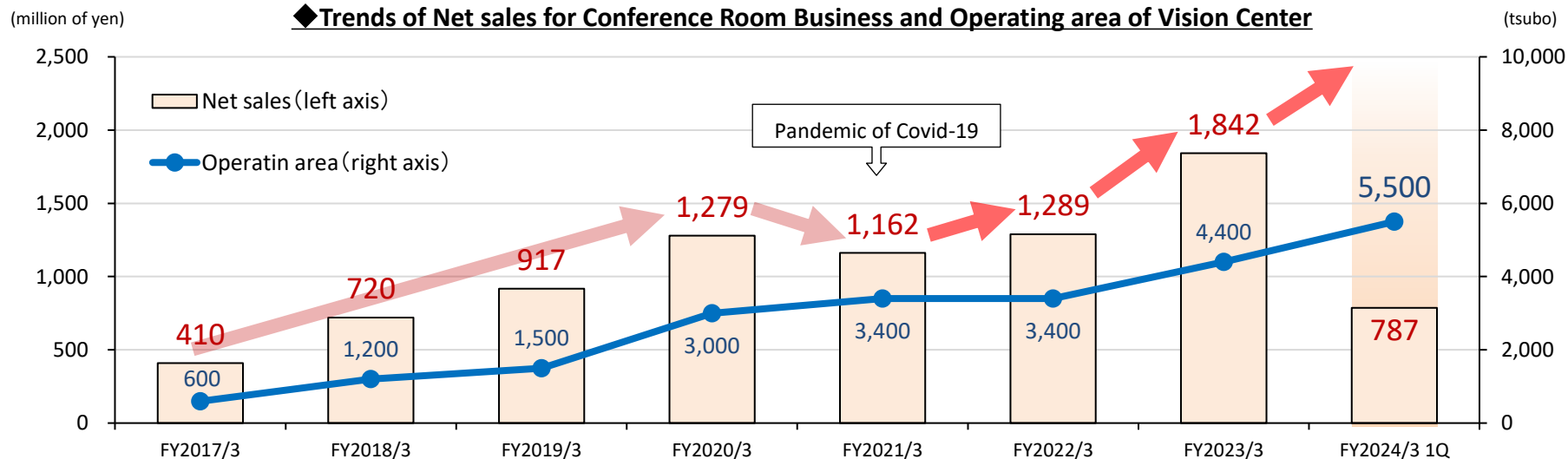
◆ Sites of new open and expand

| | |
|---|-----------------------------|
| Vision Center Tokyo Nihonbashi | Scheduled to open on Sep. 1 |
| Vision Center Ichigaya | Apr. 3 opened |
| Vision Center Tokyo Yaesu | Apr. 10 opened |
| Vision Center Nihonbashi(Mitsukoshimae) | Apr. 1 opened |
| Vision Center Tokyo Kyobashi | Apr. 1 expanded |
| Vision Center Nishishinjyuku | Apr. 24 expanded |



2 minutes walk from Nihonbashi Station,
5 minutes walk from Tokyo Station.
1,133.8 square meters for total floor area.

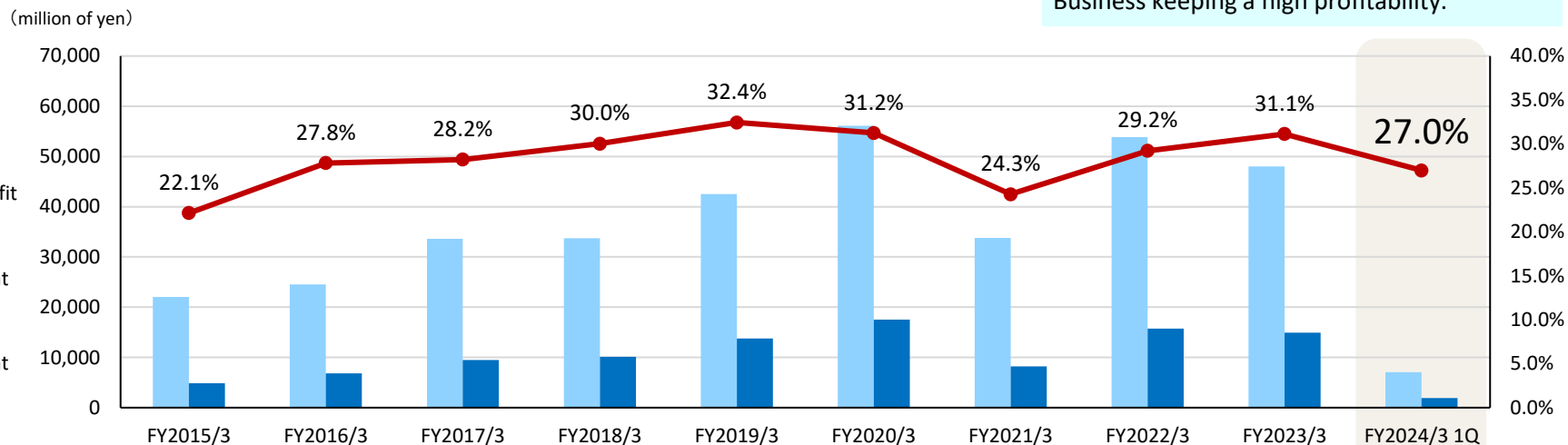
◆ Trends of Net sales for Conference Room Business and Operating area of Vision Center



Office Building Business Keep in High Profitability

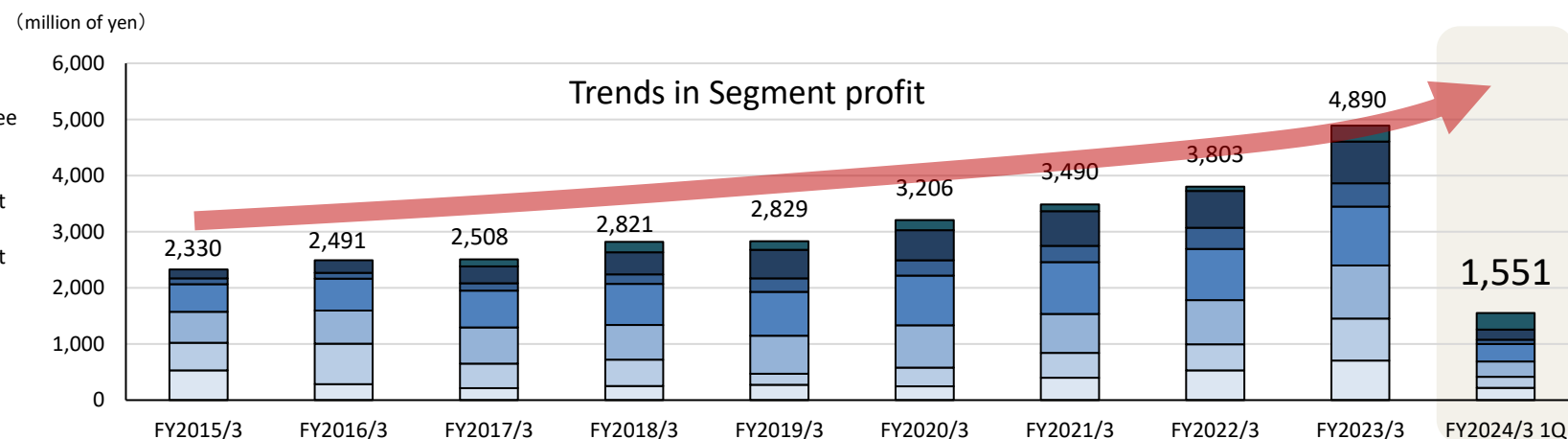
● Replanning Business maintains high profit margin

As the core business in our group, Replanning Business keeping a high profitability.



● Steady Growth in Real Estate Service Business

Steady start for 1Q. Aiming to consecutive record high profits.



Plan to Invest in Hotel Development actively.

Aiming to contribute to regional revitalization while meeting the needs of business and tourism.

(As of August 2023)

<Number of rooms>

| | |
|---------------------|--------------------|
| Operating | 2,373 rooms |
| Renewing & planning | 631 rooms |
| Total | 3,004 rooms |



| Luxury Class | |
|--|-----------|
| Sora Niwa Terrace Kyoto Bettei | 32 rooms |
| Hiyori Ocean Resort Okinawa | 203 rooms |
| Hakone Condominium Hotel (on planning) | 60 rooms |

| Upper Class | |
|---------------------------------|-----------|
| Sora Niwa Terrace Kyoto | 102 rooms |
| SADO RESORT HOTEL AZUMA | 52 rooms |
| SADO NATIONAL PARK HOTEL OOSADO | 72 rooms |

| Economy Class | |
|-------------------------------------|-----------|
| Tabino Hotel Hida Takayama | 80 rooms |
| Tabino Hotel Kashima | 194 rooms |
| Tabino Hotel Kurashiki Mizushima | 155 rooms |
| Tabino Hotel Sado | 111 rooms |
| Tabino Hotel Ishikari (on planning) | 180 rooms |
| DONDEN Highland | 11 rooms |

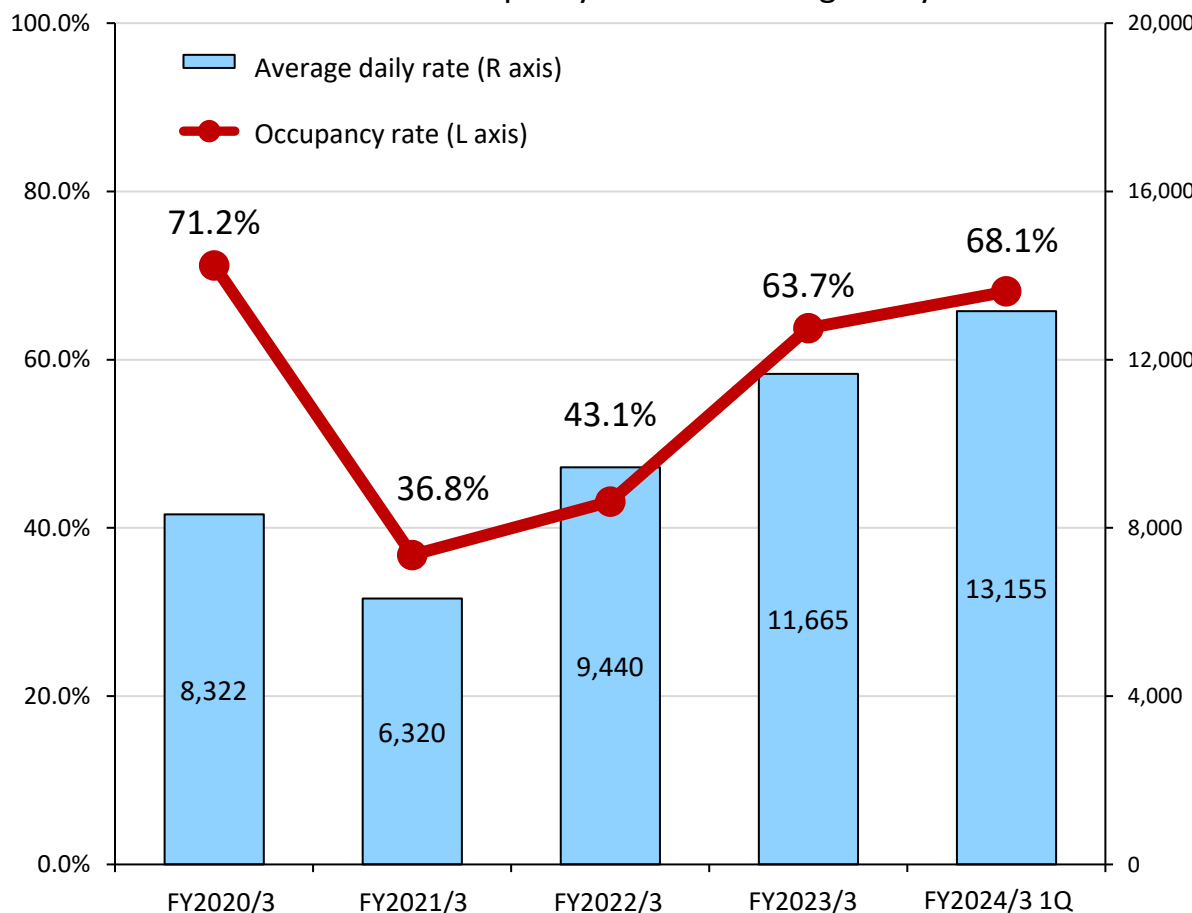
| Upper Middle Class | |
|--|-----------|
| HIYORI HOTEL MAIHAMA | 80 rooms |
| HIYORI HOTEL OSAKA NAMBA STATION | 224 rooms |
| Tabino Hotel lit Matsumoto | 176 rooms |
| Tabino Hotel lit Miyakojima | 111 rooms |
| Tabino Hotel Villa Miyakojima | 4 rooms |
| Spring Sunny Hotel Nagoya Tokoname Station | 194 rooms |
| Tabino Hotel live Sado (2023.6.23 OPEN) | 8 rooms |
| Tabino Hotel lit Sakata (on planning) | 171 rooms |
| Tabino Hotel lit Kawaguchiko (on planning) | 120 rooms |

| Budget Class | |
|--------------------------------------|-----------|
| SKY HEART Hotel Narita (on renewing) | 100 rooms |
| SKY HEART Hotel Koiwa | 105 rooms |
| SKY HEART Hotel Kawasaki | 200 rooms |
| SKY HEART Hotel Hakata | 157 rooms |
| SKY HEART Hotel Shimonoseki | 102 rooms |

Improvement in Occupancy Rate and Average Daily Rate

Strengthening initiatives for the realization of a heartwarming and fun hotel and a sustainable society.

Trends in occupancy rate and average daily rate



(yen)

Aiming to be certified as SDGs Partners in all hotel.

【certified hotel】

| |
|----------------------------------|
| Hiyori Ocean Resort Okinawa |
| HIYORI HOTEL MAIHAMA |
| HIYORI HOTEL OSAKA NAMBA STATION |
| Tabino Hotel Sado |
| Tabino Hotel Hida Takayama |
| Tabino Hotel Kurashiki Mizushima |
| Tabino Hotel lit Matsumoto |
| Tabino Hotel lit Miyakojima |
| Tabino Hotel Villa Miyakojima |
| SADO RESORT HOTEL AZUMA |
| SADO NATIONAL PARK HOTEL OOSADO |
| DONDEN Highland |



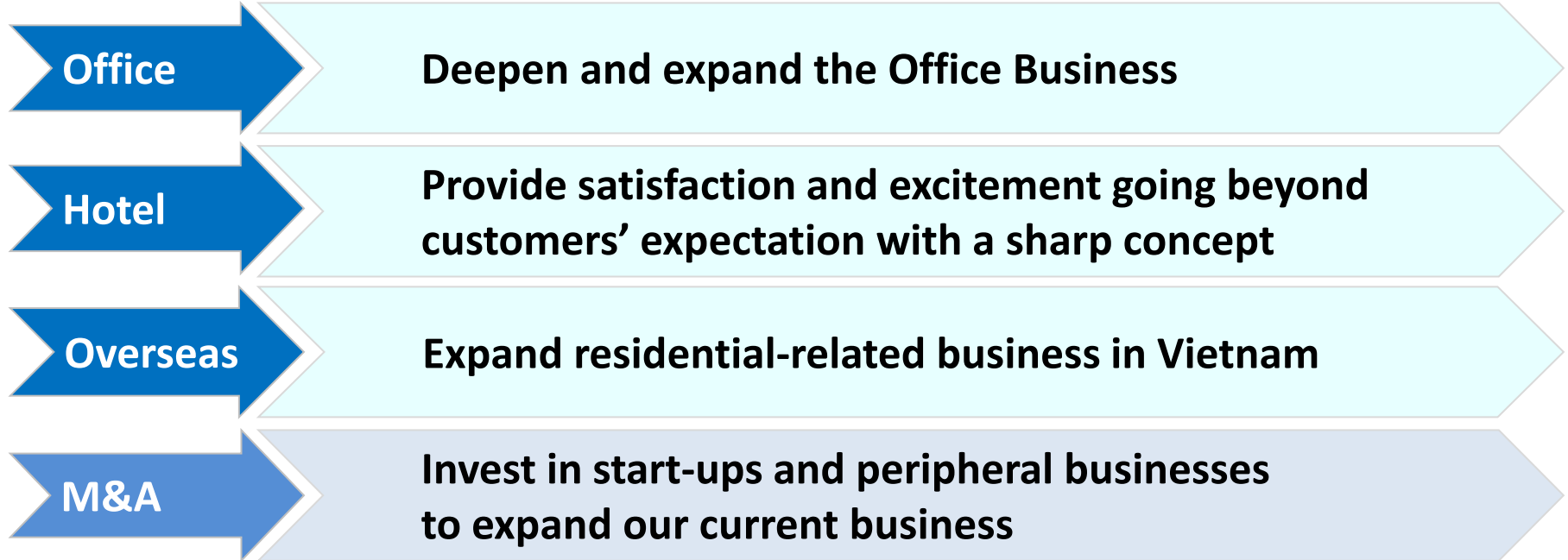
Medium-term Management Plan

Basic Policy and Growth Strategies

Basic Policy

Providing “a place where people gather and communicate with each other, and create social development and happiness for people”

Growth strategies



Key Points

ESG

Digital

Cash flow

Marketing

Medium-term Management Plan

| | FY2024/3 1Q Results | FY2024/3 Forecast | FY2025/3 Target |
|-------------------------------|---------------------|-------------------|------------------|
| Net sales | 18.4 billions yen | 83 billions yen | 100 billions yen |
| Ordinary profit | 4.1 billions yen | 16 billions yen | 20 billions yen |
| Net profit | 3.1 billions yen | 11 billions yen | 14 billions yen |
| Ordinary profit margin | 22.7% | 19.4% | 20% |
| Equity ratio | 54.7% | Around 50% | Around 50% |
| ROE | - | 12.9% | More than 10% |

(100 millions of yen)

1,200

1,000

800

600

400

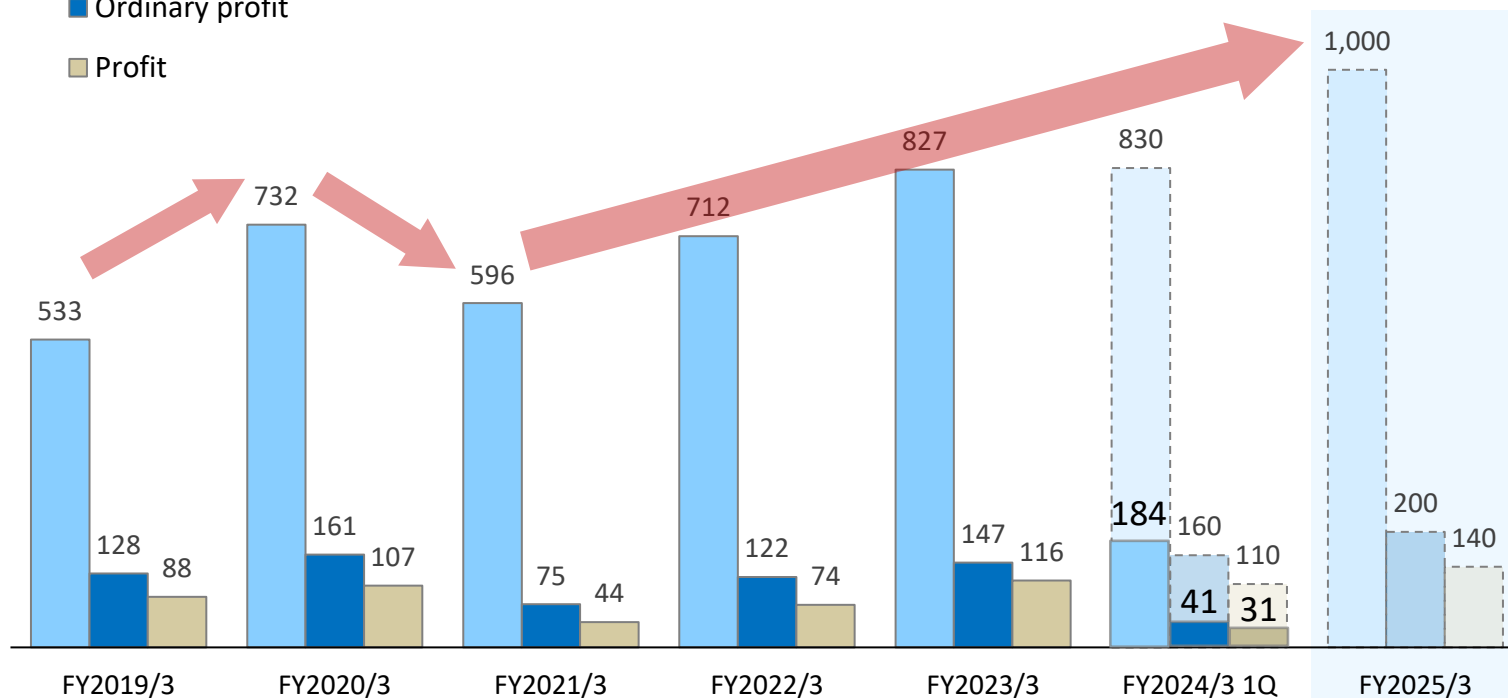
200

0

■ Net sales

■ Ordinary profit

■ Profit



Investment Plan of Medium-term Management Plan (FY2022/3-FY2025/3)

Office Business

Initial plan

| | |
|---------------------------|----------------|
| Balance at March 31, 2021 | ¥72.8 billion |
| Investment amount | ¥200.0 billion |
| Amount collected | ¥182.8 billion |
| Balance at March 31, 2025 | ¥90.0 billion |

Maintain a high turnover rate by carrying out purchase and development in a planned manner and aim for business growth while recouping investment.

Property sales are proceeding as planned. Strengthening purchase for future business growth.

Hotel Business

Initial plan

| | |
|---------------------------|---------------|
| Balance at March 31, 2021 | ¥21.8 billion |
| Investment amount | ¥7.0 billion |
| Amount collected | ¥5.8 billion |
| Balance at March 31, 2025 | ¥23.0 billion |

Realized recovery by selling hotel properties as planned. Opening new hotels and hotel operation is recovering rapidly.

Progressing additional investment in areas with high demand for business and tourism.

Overseas Business

Initial plan

| | |
|---------------------------|--------------|
| Balance at March 31, 2021 | ¥0.6 billion |
| Investment amount | ¥8.0 billion |
| Amount collected | ¥2.5 billion |
| Balance at March 31, 2025 | ¥6.1 billion |

Residential development in Vietnam. Invest continuously and systematically.

Making purchases for next development project.

Digital ¥3.0 billion

Build data infrastructure and move on to the phase of data utilization.

M&A ¥5.0 billion

Expansion of Office, Hotel, Environment Businesses



Improve free cash flow

Pay close attention to free cash flow and make investments in a planned manner according to recouping status.

Philosophy and Sustainability



Business area

Solving social issues through our core business, Real Estate Utilization.

Realization of Sustainable Society

Environmental Protection

Human Resource Development

Region Revitalization

Office Business

Hotel and Tourism

Overseas

Environment

Real Estate Revitalization

- Replanning
- Small-lot Property
- Rental Building

Real Estate Service

- Sales Brokerage
- Leasing Brokerage
- Peoperty Management
- Building Maintanace
- Aseet Consulting
- Rent Guarantee
- Conference Room Rental

Others

- Construction

Hotel Operating Hotel Development

- Operating
- Development
- Revitalization
- Dales

Shima Yume

Region Revitalization

- Hotel Operating and Development
- Tourism
- Taxi, Restaurant
- Rental car, Rental bicycle

USA (New York)

- Replanning

Taiwan

- Sales Brokerage

Vietnam

- Residential Development
- Residential Management

- Solar Power EPC, PPA

- Agrivoltaics

- Sales of power storage










- Environment value

Sustainability Issues and Targets

Sustainability Vision

Sustainability HP → <https://www.sunfrt.co.jp/sustainability/>

We will contribute to the realization of a sustainable society through business activities while respecting the heart of altruism, the Company policy.

| Important Issues | Social issues to be solved | Policy | Goal (KPI) | SDGs icon |
|-----------------------------------|--|---|---|---|
| Environmental protection | Small and medium-sized buildings that can still be used with increased value are being demolished. = Waste of resources | <ul style="list-style-type: none"> ■ Extend the life and health of real estate ■ Energy conservation and reduction of environmental impact by the Real Estate Revitalization Business | <ul style="list-style-type: none"> • Extend economic estimated useful lives by at least 30% • Occupancy rate of buildings over 30 years old to be 90% or more • Retention of management after sale of replanning property to be 90% or more • Reduce carbon dioxide emissions by an average of at least 12% compared to a building reconstruction project • 100% carbon offset |    |
| | Revitalization of regional economies | <ul style="list-style-type: none"> ■ Create buildings, offices, and spaces with “job satisfaction” and “creativity” that contribute to economic growth | <ul style="list-style-type: none"> • Establish internal standards by the end of FY2022 • Percentage of new supply of replanning properties that exceed the established internal standards to be 30% or more in FY2023 • Implement tenant satisfaction surveys (for Company-owned properties) |   |
| Regional revitalization | Response to massive natural disasters | <ul style="list-style-type: none"> ■ Prevent and mitigate disaster through regional cooperation | <ul style="list-style-type: none"> • At least five lots by FY2023 • Post disaster prevention information on the dedicated website 100% in FY2023 (for Company-owned properties) |  |
| Human resource development | Elimination of the decline in the working-age population due to low birthrate and aging population (real decrease in labor force) and the gender gap | <ul style="list-style-type: none"> ■ Respect and utilize diversity ■ Create workplaces with job satisfaction, creativity and growth opportunities | <ul style="list-style-type: none"> • Ratio of female management to be 12% or more by April 2025 (Sun Frontier Fudousan Co., Ltd.) • Training hours as a percentage of prescribed working hours to be 10% or more • Increase hourly recurring profit in FY ending March 2023 year-on-year (per regular employee of Sun Frontier Fudousan Co., Ltd.) |    |

ESG Data

Environment

As of June 30, 2023

Actual number of RP buildings



Total **465** buildings



Capital and business alliance
Promoting the use of electricity storage systems



Capital and business alliance
Promoting agrivoltaics

Carbon Offset
Cumulative total **2,796t**



RE100/Mori no Denki
Total 19 buildings 2,241t

RP construction
25 buildings
555t

Establishment of SF Ocean Power Generation Co., Ltd.



Acquired BELS for 6 properties

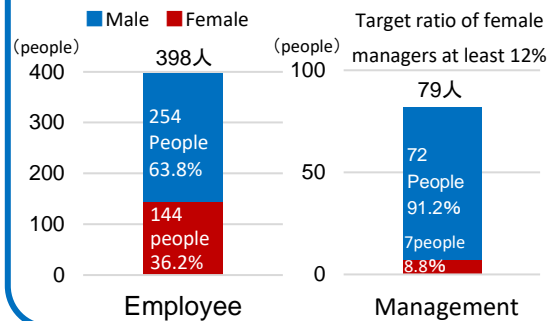
- RE100 Carbon offset using J-credit derived from renewable energy. Initiatives to become the first in Japan to introduce this system on each floor. Achieve zero Co2 emissions per tenant company.
- "Mori no Denki" Carbon offset using J-credit derived from forests. We can feel that we are supporting forests side-by-side and moving into the building will contribute to the environment.

For more information, please refer to our sustainability website → <https://www.sunfrt.co.jp/en/sustainability/>

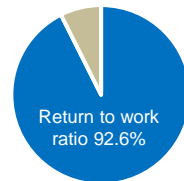
Social

As of June 30, 2023

Ratio of male and female employees in managerial positions

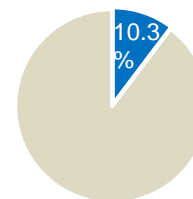


Childcare leave
Utilization rate 100%



From childcare leave, 92.6% return to work

Human resource development
Training at least 10% of working hours



Governance

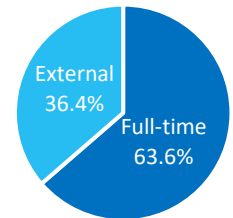
As of June 30, 2023

Transition to a company with Audit & Supervisory Committee

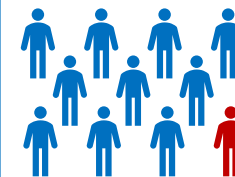
As of June 30, 2022



Ratio of Outside Officers 1/3 or more



Female Directors 1 out of 11



Male Female

Nomination and Compensation Committee (optional)
2 out of 4 outside officers



Ensuring transparency and soundness

Shareholder - Investor Relations

In order to contribute to sustainable growth and the improvement of corporate value over the medium to long term, we disclose information fairly and in a timely manner to all stakeholders. We place importance on direct communication by the Representative Director, and report and share information with the Board of Directors to make improvements.

Disclosed materials

| | | |
|---|---|---|
| Financial Results | Disclose Japanese and English version simultaneously. Disclose Chinese version within a week after Japanese. | Website (IR Library) Japanese: https://www.sunfrt.co.jp/ir_info/ir_doc/statement-of-accounts/ English: https://www.sunfrt.co.jp/en/ir_info/ir_doc/statement-of-accounts/ |
| IR Presentation | Disclose Japanese and English version simultaneously. Disclose Chinese version within a week after Japanese. | |
| Annual Securities Report | Disclose Japanese and English version. | Japanese: https://www.sunfrt.co.jp/ir_info/ English: https://www.sunfrt.co.jp/en/ir_info/ir_doc/annual_securities_report/ |
| Notice of General Meeting of Shareholders | Disclose Japanese and English version. | Japanese: https://www.sunfrt.co.jp/ir_info/annual_general_meeting/ English: https://www.sunfrt.co.jp/en/ir_info/annual_general_meeting/ |

IR activities

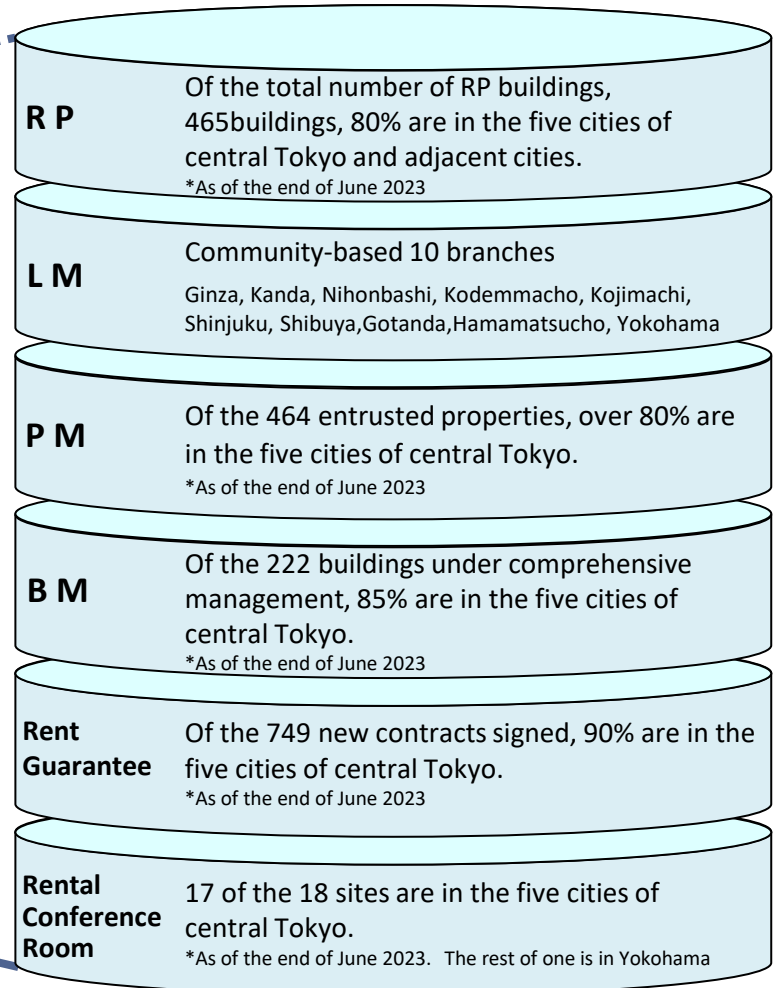
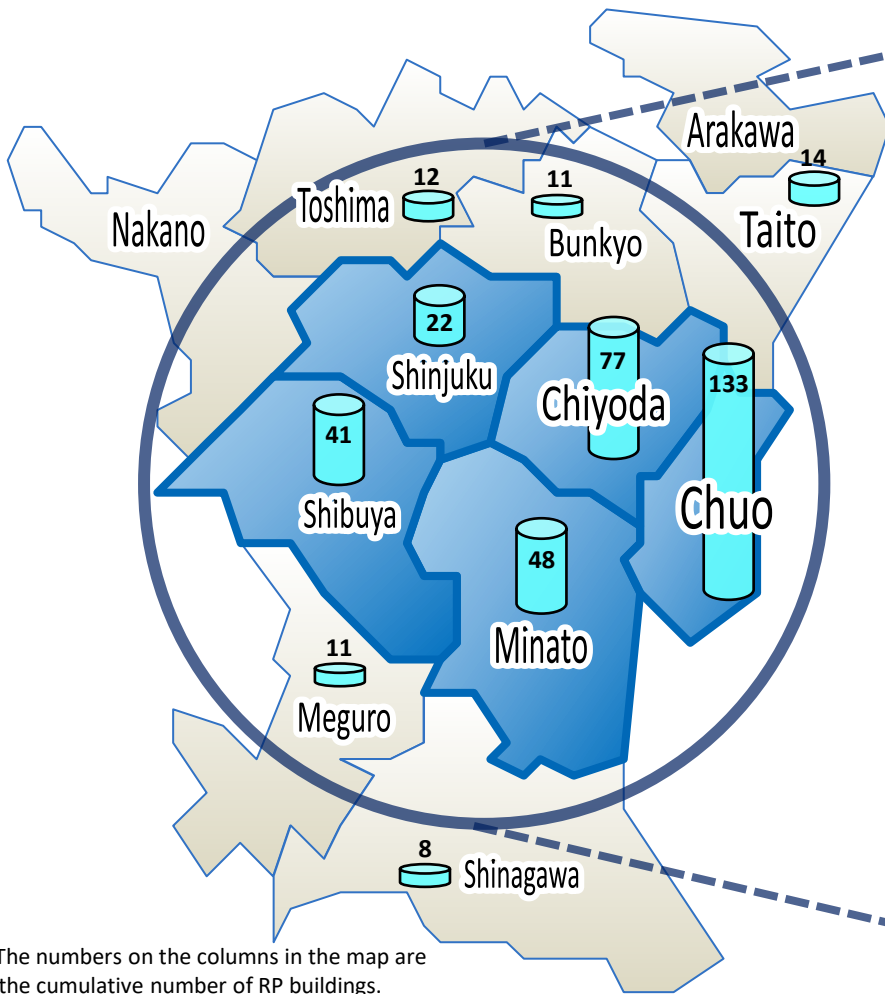
| | | |
|-----------------------------------|---|--|
| Presentation of financial results | Held every quarter by President Representative Director, Seiichi Saito. | Website for on-demand broadcast (including Q&A) https://www.sunfrt.co.jp/ir_info/ir_doc/on-demand.html |
| Individual IR meetings | Conducted individually as needed. (mainly handled by IR staff). | FY2024/3 1Q: 14 times (FY2023/3: 61 times) |
| Property visit | A hotel visit(Hiyori Hotel Maihama) held on July 12, 2023 for sell-side analysts and institutional investors. | |
| RP Property tour | Invited sell-side analysts and institutional investors to the tour for real estate brokerages introduced the Replanning property (4 times). | |

Shareholder benefit program

| | |
|--|--|
| Eligible shareholders | Shareholders stated or recorded in the shareholder list as of the end of March of each year who hold one unit (100 shares) or more for our company share. |
| Outline | Discount coupons for hotels operated by our group companies based on the number and period of shares held. |
| Details and facilities available for use | Shareholder benefit program website https://www.sunfrt.co.jp/ir_info/stockholder_benefit_plan/ |

Strategy in Office Business

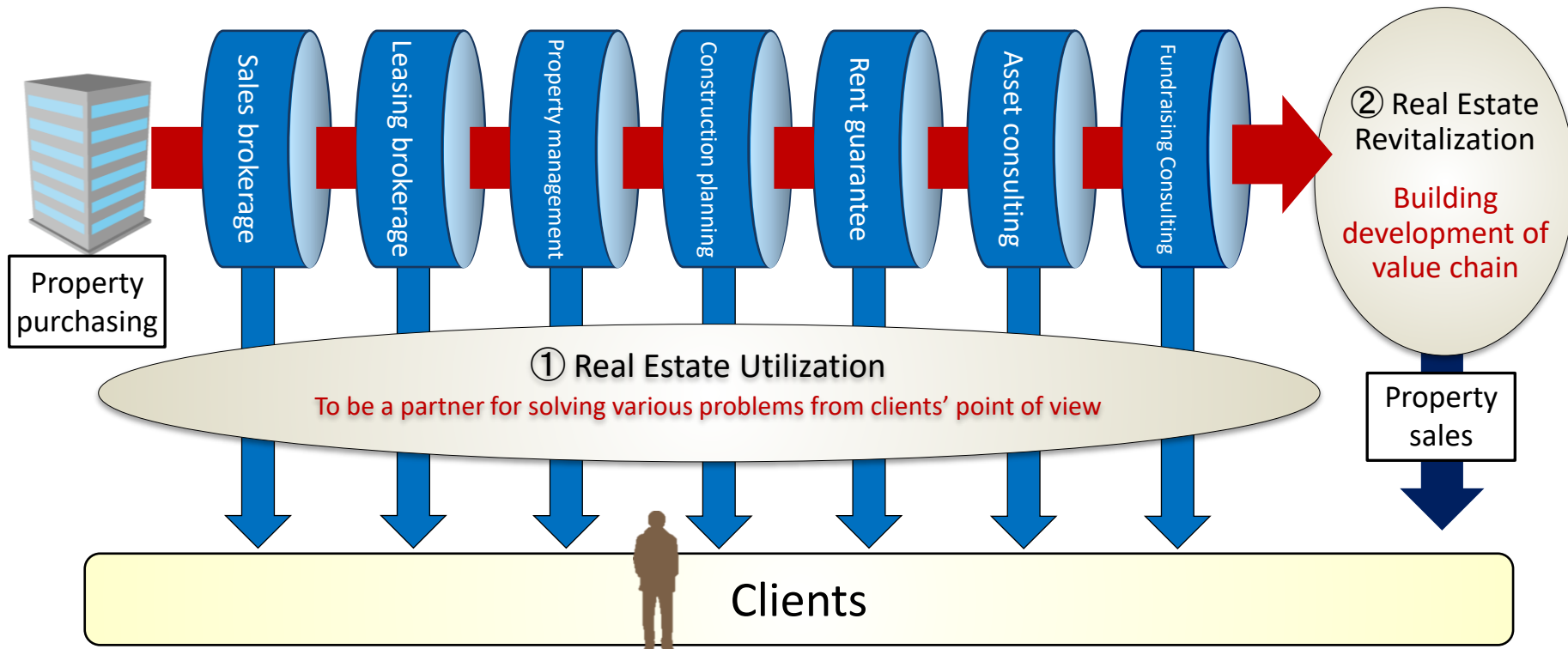
Solving client's various problems, mainly in the five cities of central Tokyo.



* The numbers on the columns in the map are the cumulative number of RP buildings.

Strengths in Office Business

With in-house manufacturing from purchase, development, leasing to sales and consulting, we solve various problems by getting client’s needs correctly.



1. Real estate utilization: Get close to our clients and solve various problems. Capture the source of added value from clients’ voices.
2. Real estate revitalization: Utilize the needs we earned and the know-how for improving the valuation to conduct sales activities.

Business Model for Replanning Business

Renovating the office buildings with low occupancy and in need of large-scale repairs into high-value-added properties demanded by society using “clients’ point of view.”



Set-up Office Share

"Set-up Office" is an office set up in an office building replanned by the Company. Unlike regular office interiors, the office has reception and reception room, etc. set up, highly designed interior work in the office area, which is rented out with some equipment and fixtures pre-installed.

◆ Four benefits for tenant companies

Merit 1) **Reduced burden on management**

No need for unfamiliar tasks such as designing office interiors and selecting interior decorators, significantly reducing management's effort.

Merit 3) **Reduced financial burden**

Significant cost reduction for office interiors, etc., and no interior assets recorded by tenants.

Merit 2) **Immediately available after moving**

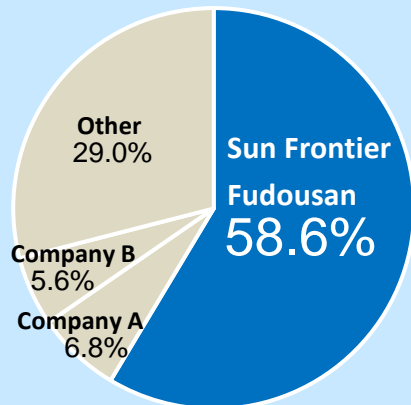
Increase the net estimated internal useful life due to no work other than wire-related work and moving, a significant reduction in the relocation period and a shorter construction period for interior finishing and restoration.

Merit 4) **Employment, motivation and productivity improvement**

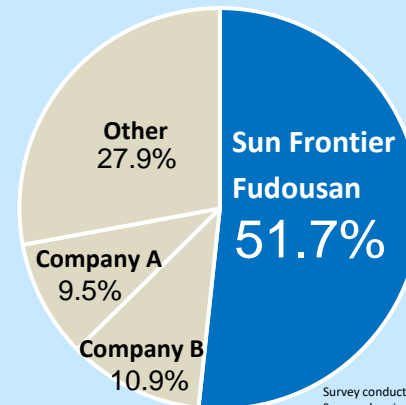
Improve employment of human resources, employee motivation, and office productivity by the office interior that pursues a high level of design, focusing on design, functionality, and various usage scenes.

The share of Set-up Office in 23 wards of Tokyo

Based on the number of rental rooms



Based on rental area



Survey conducted in September 2022
 Survey planning: Sun Frontier Fudousan Co., Ltd.
 Survey conducted: H. M. Marketing Research

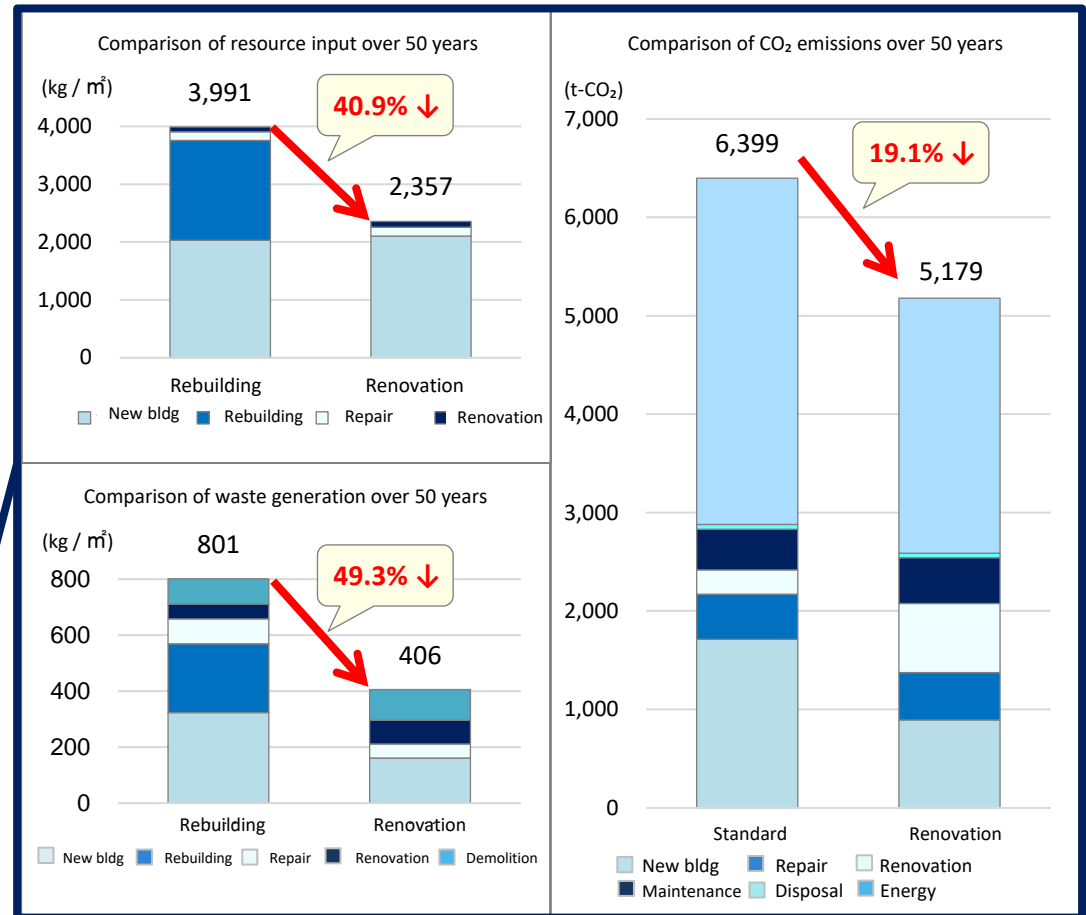
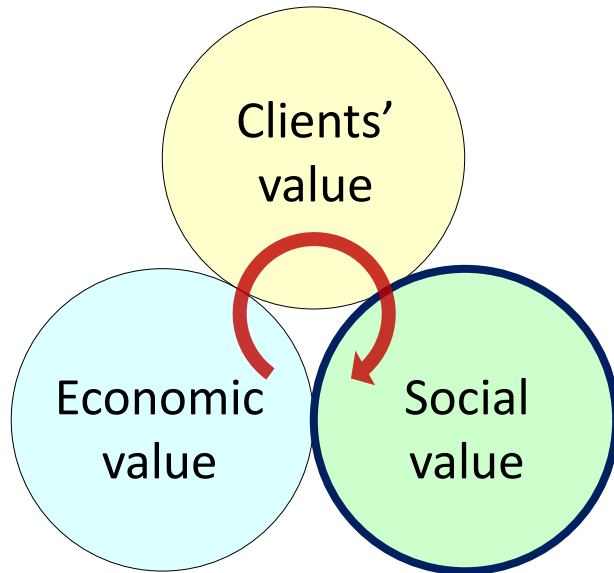
Create both Customer Value and Social Value

Solving social issues through supporting our clients' business.

Supporting the business growth for building owners and tenants through our Replanning Business.

II

Reducing non-reproducible resources to prosper humankind, plants and animals on the earth.



<Assumptions and rationale> Assuming a 30-year-old office building of approximately 3,000 square meters, the environmental contribution over a 50-year period (the service life of SRC office buildings) was estimated based on the Architectural Institute of Japan's LCA Tool (*).
 • Rebuilding: "In the case of rebuilding every 35 years" • Renovation: "Regeneration without destroying old buildings (long-life buildings)" • Standard: "Assuming a 30-year-old unrenovated building"
 *Architectural I "LCA Tool for Buildings Ver5.0 - Evaluation Tool for Global Warming, Resource Consumption and Waste Management", estimated with the cooperation of Engineering Research Institute of Japan.

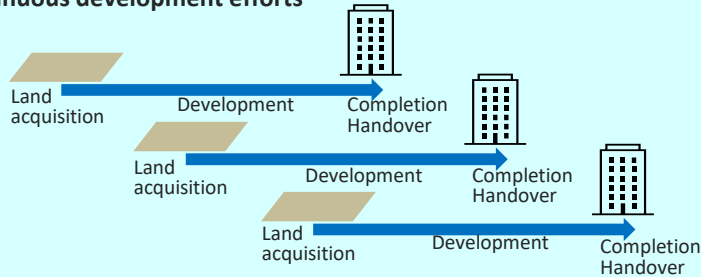
Business Model of Overseas Business

Developing local communities through creating clients' joy and happiness.

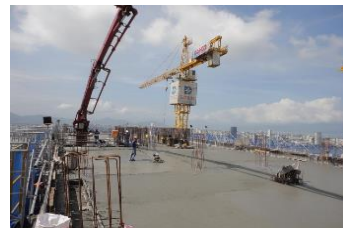
Our business includes land acquisition, development, construction, Handover after completion, property management and brokerage.



Contribute to future performance through systematic and continuous development efforts



Rooted in the local community in Vietnam, we work together with local partners to ensure high construction quality, a safe, organized, and beautiful construction site.



Region Revitalization Business--Shima Yume Business--

We will energize the islands through tourism business!

When region becomes energized, Japan will be as well. As the number of visitors spurred by fascination (culture, history, nature, food, hot spring, hospitality and others) that Japan is proud of is rapidly increase, we challenge of region revitalization business that focuses on the attractiveness and features unique to the regions to spread the "Wonderfulness of Japan."

SADO

Sado Island,
Niigata Prefecture



Tabino Hotel Sado



おけさ観光タクシー
おけさ観光タクシー



Donden Kogen Lodge



気軽にレンタカー
Kigaroni Rent a Car



Sado Outdoor Base



Tabino Hotel live Sado
Start operating in June 2023



LE BLUE
SADO SAWANE



SADO NATIONAL PARK
HOTEL OOSADO



SADO RESORT HOTEL AZUMA



Miyako Shimojishima Airport
Restaurant - Coral Port
Operation starts on October 1, 2022



Tabino Hotel lit
Miyakojima

Miyako Shimojishima
Airport

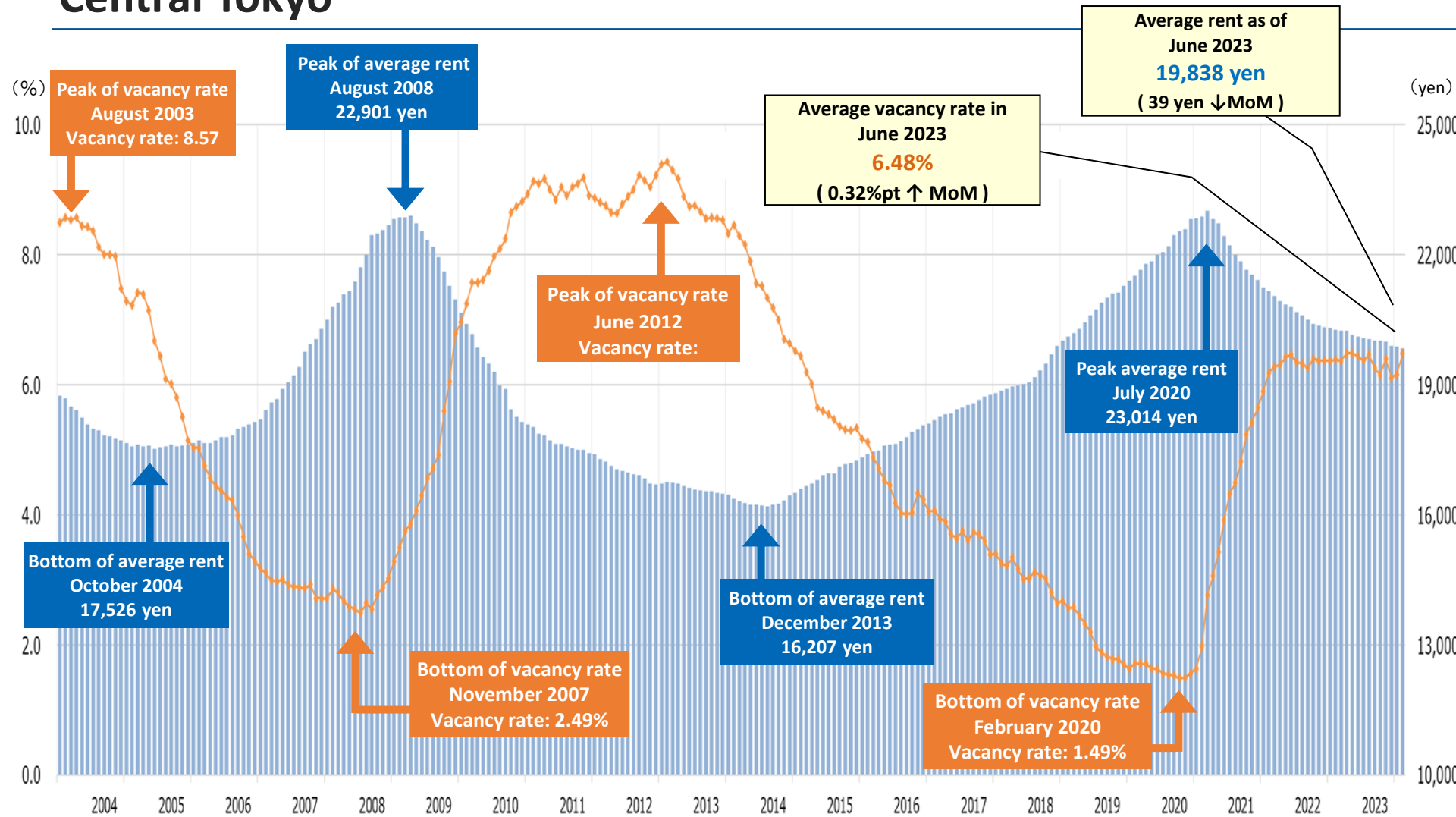


Tabino Hotel Villa Miyakojima
Operation starts on November 3, 2022.

MIYAKO

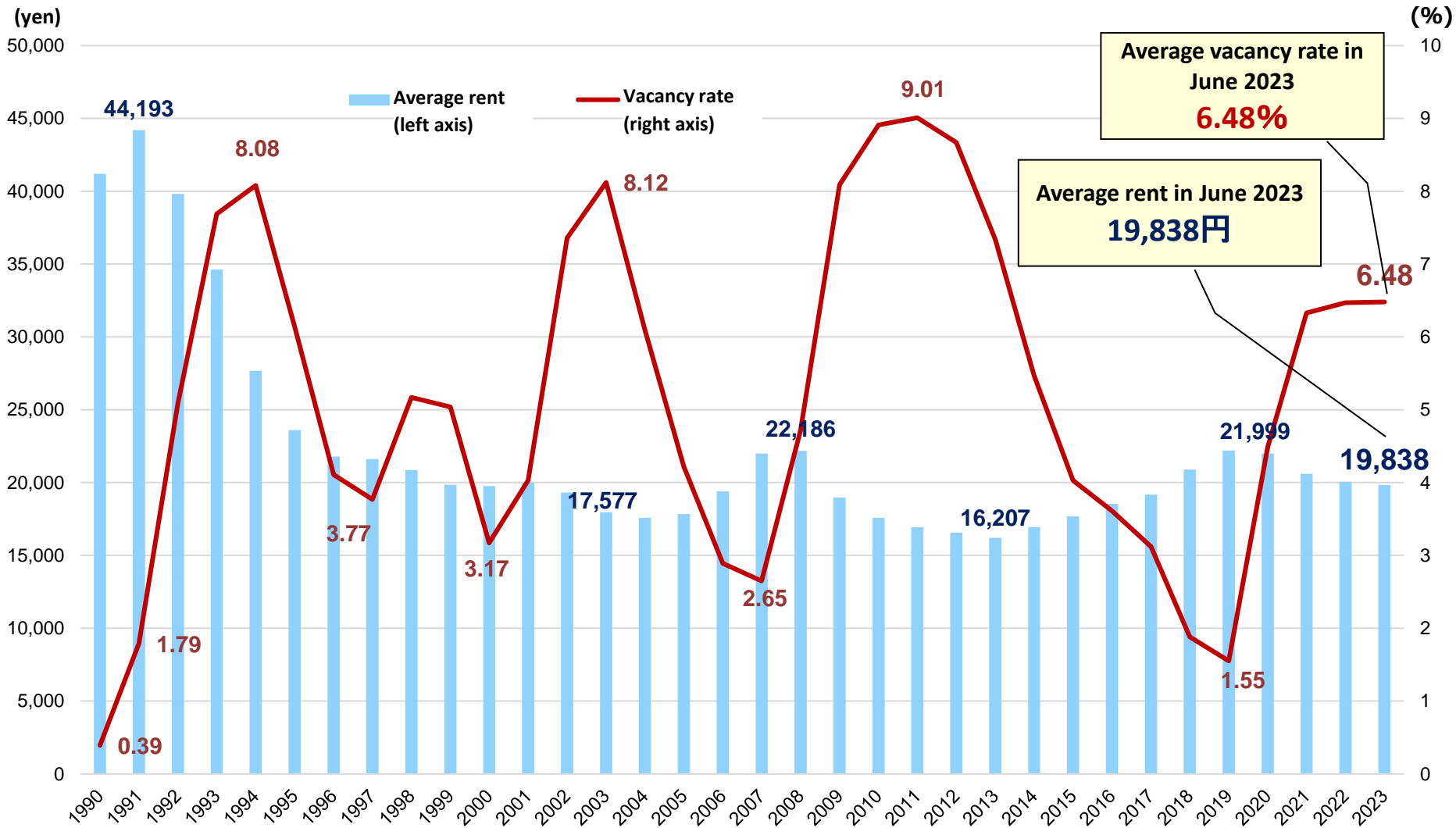
Miyakojima, Okinawa

Office Vacancy Rates and Rents in Five Cities of Central Tokyo



* Source: Compiled by the Company based on Miki Shoji's "Office Report". Office buildings with a standard floor area of 100 tsubo or more in five central cities of Tokyo are covered.

Long-term Trends in Office Vacancy Rate and Rent



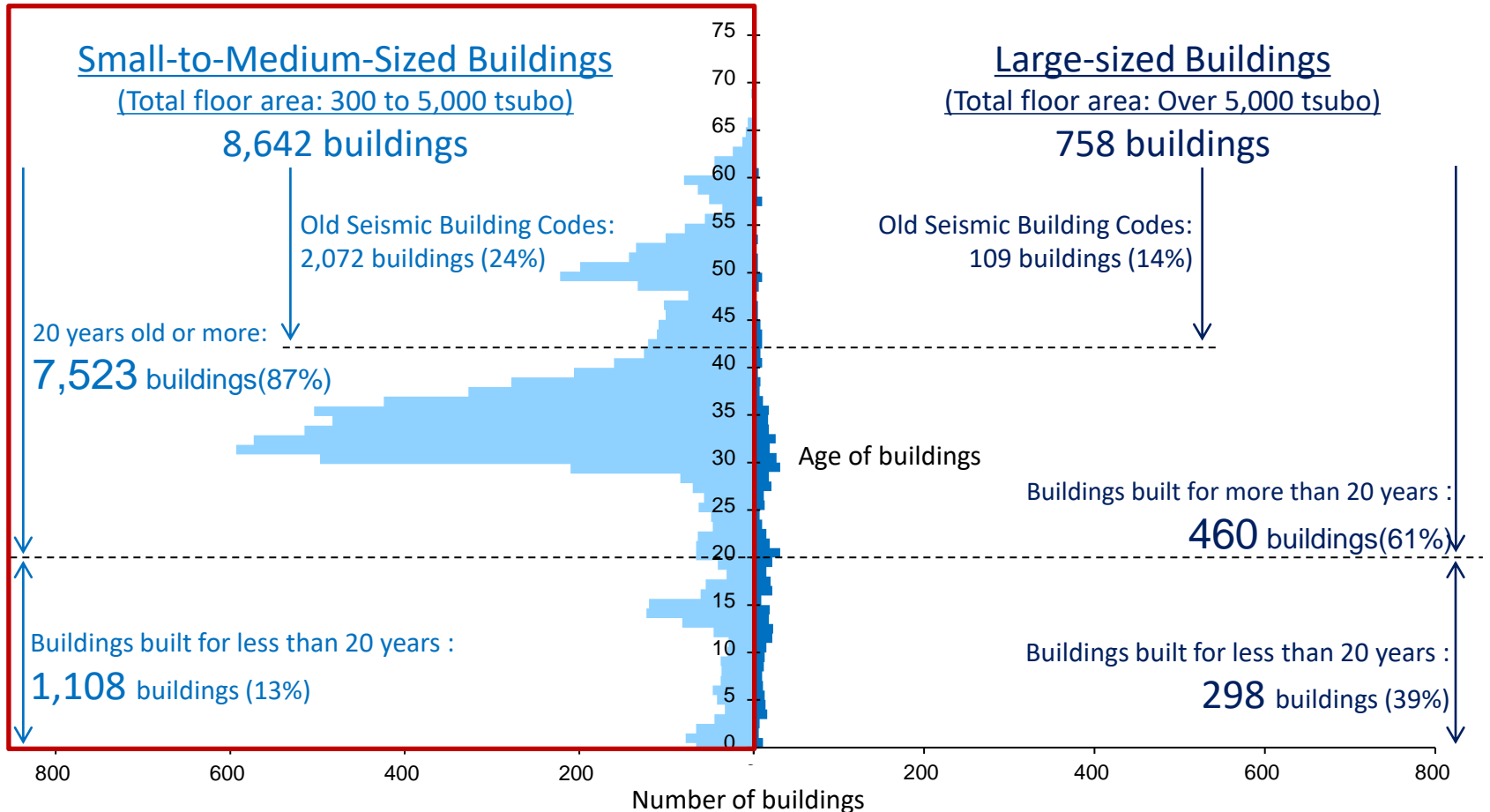
Source: Compiled by the Company based on Miki Shoji's "Office Report"

Target office buildings with a standard floor area of 100 tsubo or more in five central cities of Tokyo are covered. Figures for 2021 and earlier are taken as of December of each year.

Age Distribution of Office Buildings in Tokyo's 23 Cities SUN FRONTIER

Solving social issues through revitalizing and utilizing Aging Small-to-Medium-Sized Buildings

Tokyo 23 cities with 9,400 buildings

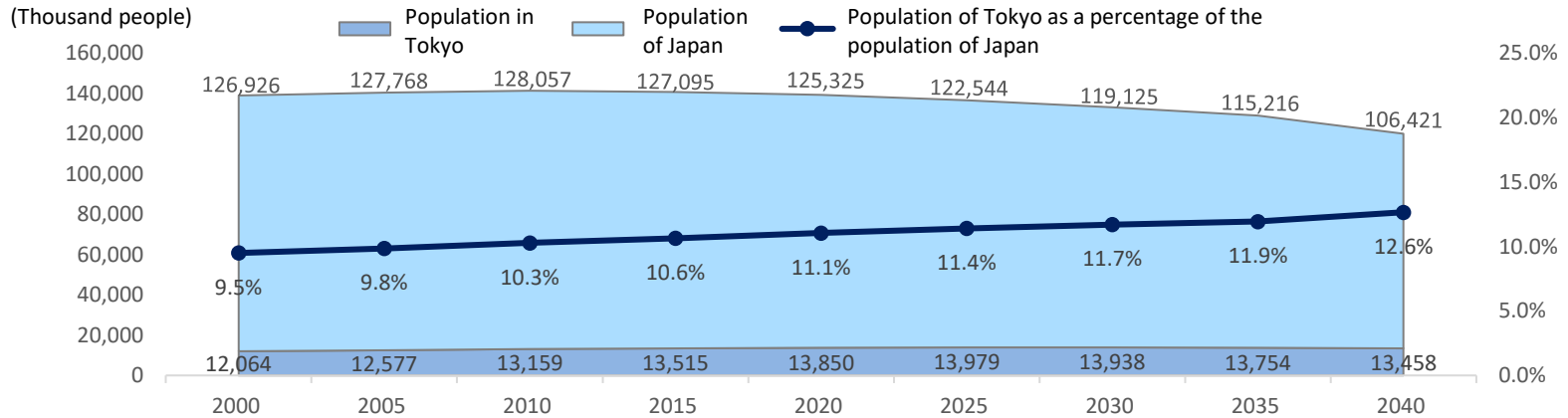


Source : Created by us based on "Tokyo 23 cities Office Pyramid 2023 (based on the number of buildings)" (Xymax Real Estate Institute)

Market Size and Number of Corporations in Tokyo

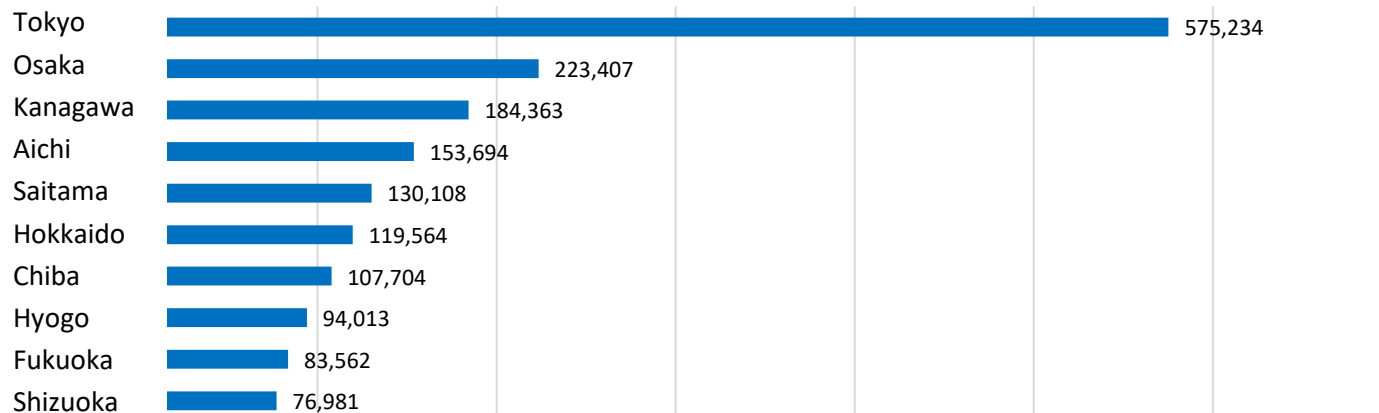
Provide happiness and improve society development in Tokyo which people and corporations gathering.

Ratio of Tokyo population to Japanese population (estimate)



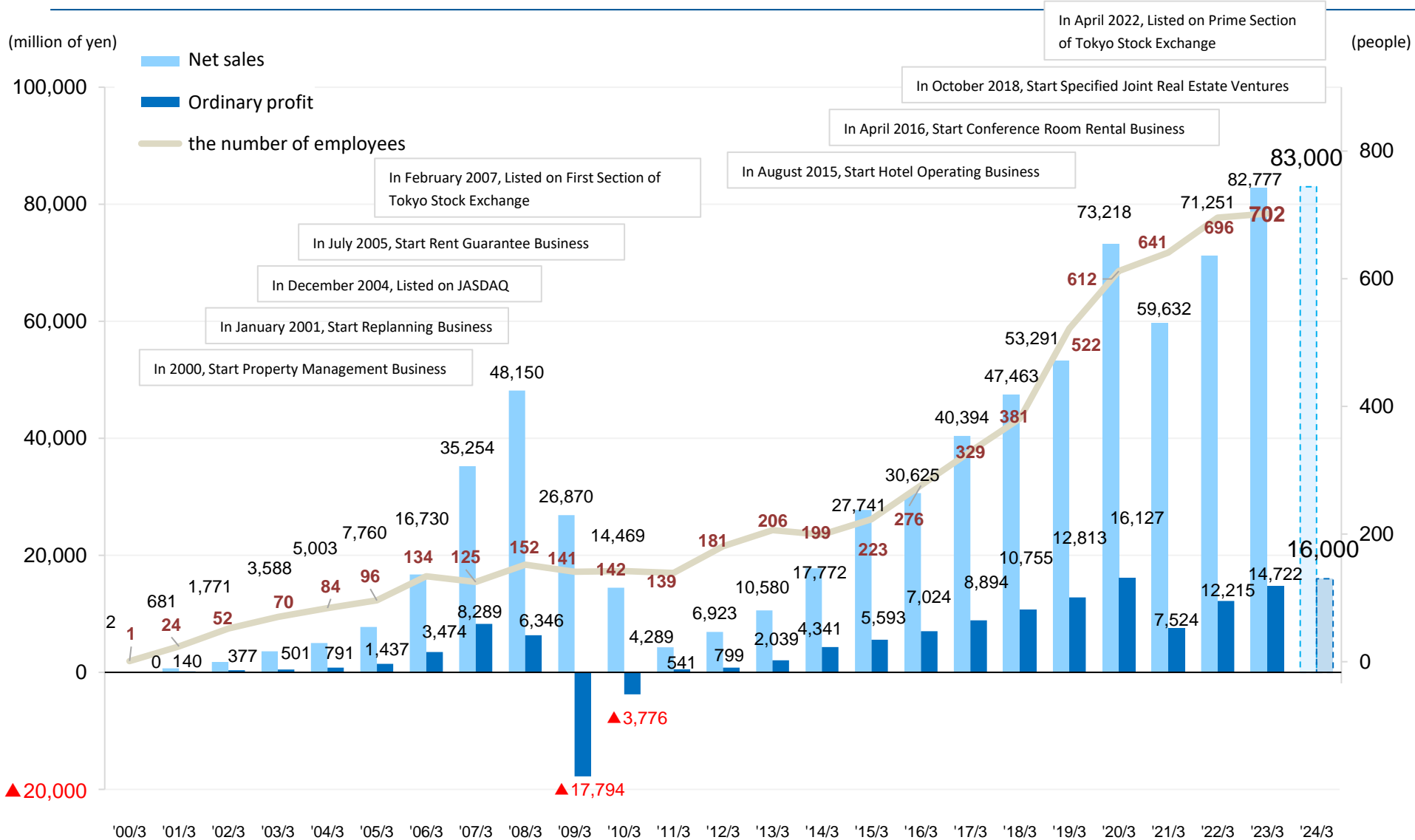
Source: Compiled by the Company based on Tokyo Metropolitan Government statistics - "Population of Tokyo (Estimate)."

Top 10 Prefectures in Number of Corporations



Source: Compiled by the Company based on the National Tax Agency's "Number of Corporations by Prefecture".

History



Company Profile



| | |
|---|--|
| Company Name | Sun Frontier Fudosan Co., Ltd. |
| Location of Head Quarters | 1-2-2, Yurakucho, Chiyoda-ku, Tokyo |
| Date of Foundation | April 8, 1999 |
| Date of Listing | February 26, 2007 (First Section of Tokyo Stock Exchange) |
| Capital Stock * | 11,965 millions yen |
| Representative | Tomoaki Horiguchi, Chairman Representative Director Seiichi Saito, President Representative Director |
| Number of Consolidated Employees * | 739 employees (1,371 including part-timers and temporary workers) |
| Average Age of Employees* | 35.9 years old |
| Business Profile | <p>Real Estate Revitalization</p> <p>Real Estate Service (Properties Management, Brokerage, Construction Planning, Rent Guarantee, Building Operations, Asset Consultation)</p> <p>Hotel Development and Operation</p> <p>Others</p> |
| Accounting Month | March |
| Listed Market | Tokyo Stock Exchange Prime (Code number: 8934) |

* As of the end of June 2023

Thank you for your continued support.

- ◆ The purpose of this document is to provide information that can be used as a reference, not for soliciting or promoting you to purchase a specific product. Please make your decision by your own discretion and responsibility when you make an investment. If you want to purchase shares of our Company, please contact securities companies.
- ◆ The information provided in this document is not necessarily in compliance with the Financial Instruments and Exchange Act, the Building Lots and Buildings Transaction Business Act, the Listing Rules for the Tokyo Stock Exchange and other related laws and regulations.
- ◆ Forward-looking statements included in this document do not guarantee future performance.
- ◆ Although we have made every effort to ensure the contents of this document, we can not guarantee their accuracy or certainty. Please note that they are subject to change or removal without notice.

<Inquiries about this document>
Sun Frontier Fudousan Co., Ltd. IR Desk
Phone : +81-3-5521-1551
[URL : https://www.sunfrt.co.jp/](https://www.sunfrt.co.jp/)
Mail : ir-contact@sunfrt.co.jp



SUN FRONTIER