

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

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

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February 8, 2024



SUN FRONTIER
Securities Code : 8934

Overview of the Results of FY2024/3 3Q



The third quarter saw a reactionary decrease from the same period of the previous year due to the impact of concentrated property sales. For the full year, our profit forecast has been revised upward and the year-end dividend is expected to increase.

(Unit: million yen)

	Results	Profit margin	Year-on-year	Growth rate	Full year forecast before revision	Full year forecast after revision on Feb. 8	Achievement rate
Net sales	62,258	—	-13,069	-17.4%	83,000	79,000	78.8%
Operating profit	14,163	22.7%	-533	-3.6%	16,500	16,700	84.8%
Ordinary profit	13,902	22.3%	-499	-3.5%	16,000	16,500	84.3%
Profit*	9,744	15.7%	-609	-5.9%	11,000	11,600	84.0%

*The profit attributing to owners of parent.

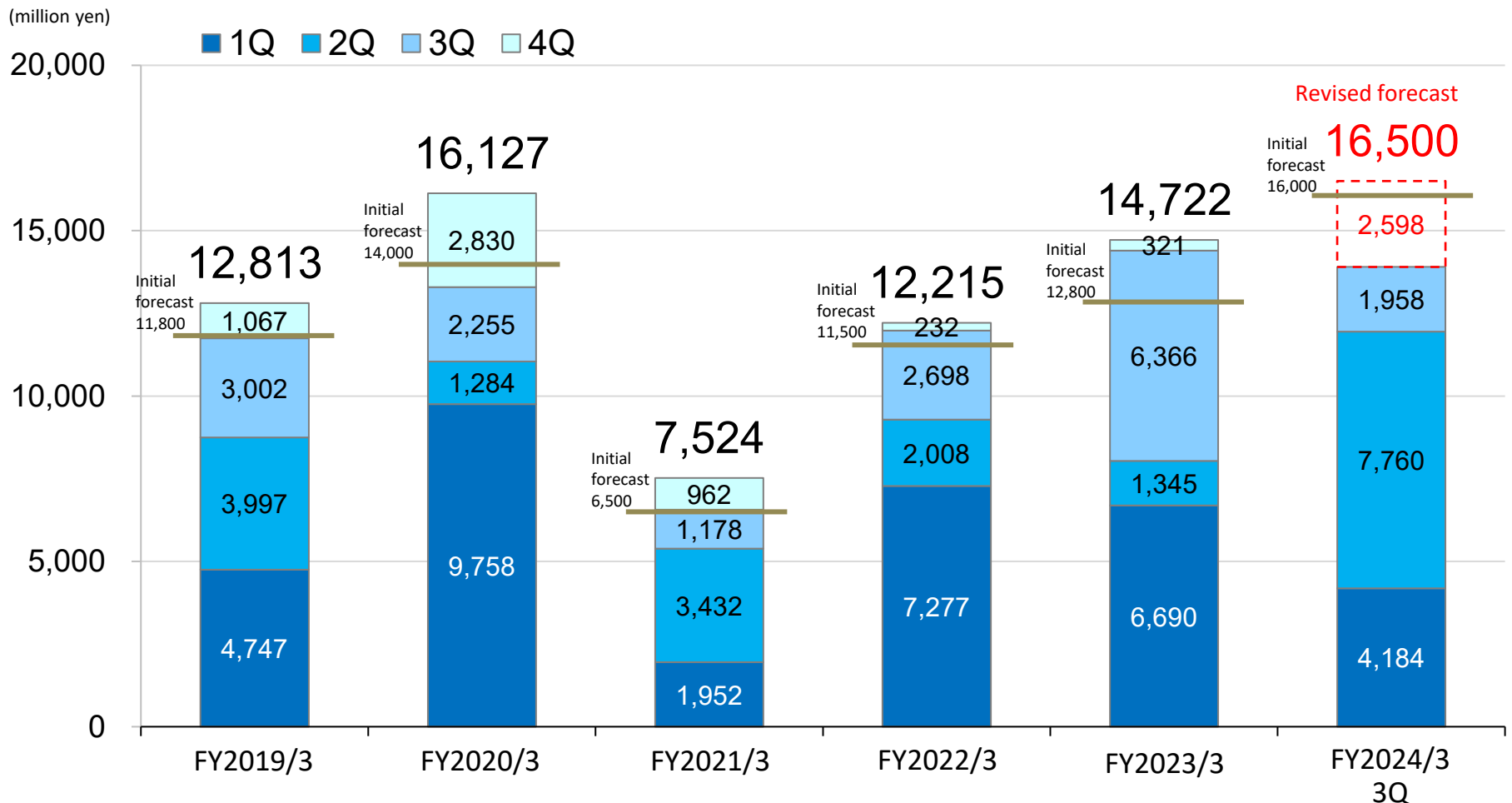
Dividends	Dividend forecast before revision	Full year forecast after revision on Feb. 8	Growth
2Q end	26.0 yen	26.0 yen	※done
Year end	26.0 yen	30.0 yen	+4.0 yen
total	52.0 yen	56.0 yen	+4.0 yen

Performance Highlights

- Net sales and profit decreased from the same period of the previous year due to the sales of 2 hotels and the bulk sales for 5 properties of RP last year.
- In Real Estate Revitalization Business, a total of 20 units were sold in the current fiscal year. Profit margin grew exceeded the plan. Keep focusing on purchase properties for the next year.
- In Real Estate Service Business, Rental Conference Room Business, which expanded new sites and floor space, continued to perform well, and all businesses grew steadily.
- In Hotel and Tourism Business, both occupancy rate and average daily rate improved due to continued expansion of travel demands and recovery in inbound tourism, resulting in significant increases in both net sales and profit.

Forecast for ordinary profit and Trends in result

Forecast for ordinary profit revised upward. Expected to record the highest profit.



Consolidated Income Statement

(Unit: million yen)

	FY2023/3 Apr. - Dec.	FY2024/3 Apr. - Dec.	YoY increase/ decrease	YoY change rate
Net Sales	75,328	62,258	-13,069	-17.4%
Real Estate Revitalization Business	47,550	39,037	-8,513	-17.9%
Replanning Business	46,027	37,118	-8,908	-19.4%
Rental Buildings Business	1,523	1,919	+395	+25.9%
Real Estate Service Business	6,505	7,766	+1,260	+19.4%
Hotel and Tourism Business	20,680	14,352	-6,327	-30.6%
Hotel Development Business	13,500	5,270	-8,229	-61.0%
Hotel Operation, etc	7,180	9,082	+1,902	+26.5%
Other Business	1,228	1,786	+557	+45.4%
Adjustments	-636	-683	-46	+7.3%
Gross Profit (Loss)	20,483	20,620	+136	+0.7%
Real Estate Revitalization Business	15,286	12,421	-2,864	-18.7%
Replanning Business	15,003	11,954	-3,049	-20.3%
Rental Buildings Business	282	467	+184	+65.4%
Real Estate Service Business	3,653	4,290	+637	+17.5%
Hotel and Tourism Business	1,622	4,095	+2,473	+152.5%
Hotel Development Business	1,506	2,200	+693	+46.0%
Hotel Operation, etc	115	1,895	+1,780	+1,546.5%
Other Business	219	238	+18	+8.6%
Adjustments	-297	-425	-128	+43.1%
Selling, General and Administrative Expenses	5,787	6,457	+670	+11.6%
Operating Profit (Loss)	14,696	14,163	-533	-3.6%
Non-operating Income	196	154	-42	-21.5%
Non-operating Expenses	490	414	-76	-15.6%
Ordinary Profit (Loss)	14,401	13,902	-499	-3.5%
Profit	10,354	9,744	-609	-5.9%

Keynotes of Income Statement

< Real Estate Revitalization Business >

There were 20 sales in the first three quarters. Both net sales and profit decreased from the same period of the previous year when large-scale properties were sold, but progress is as planned and the full-year is expected to be at the same level as the previous year.

< Real Estate Service Business >

Steady growth in Rental Conference Room Business and Property Management Business, as well as leasing brokerage and Rent Guarantee Business.

< Hotel and Tourism Business >

Net sales in Hotel Development decreased in reaction to the sale of two buildings in the same period of the previous year, but profit increased due to the sale of one building in 1Q. Net sales and profit in Hotel Operation increased significantly due to demand recovery.

< Selling, General and Administrative Expenses >

Increase from the same period of the previous year due to human capital investment (including training) and system investment as planned.

Consolidated Balance Sheet

- Assets -



- <Cash and deposits> Procured approximately 10 billion yen through the issuance of convertible bonds with share acquisition rights. Increased by 7.7 billion yen from the end of the previous fiscal year, despite progress in property purchase and payment of interim dividends.
- <Inventories> An increase of 10.3 billion yen due to the purchase and construction of RP properties and the acquisition of land in Vietnam.

(Unit: million yen)	As of End of March 2022	As of End of March 2023	As of End of December 2023	Increase/decrease (compared to the End of March 2023)
Current assets	110,920	125,886	145,160	+19,273
Cash and deposits	30,053	42,016	49,743	+7,727
Inventories	77,340	80,182	90,484	+10,302
Breakdown) RP	63,424	70,327	79,948	+9,621
Hotel	13,516	9,750	9,231	-519
Overseas, etc.	400	105	1,304	+1,199
Other current assets	3,527	3,688	4,931	+1,243
Non-current assets	25,591	26,633	27,333	+700
Property, plant and equipment	18,796	20,410	20,943	+532
Intangible assets	572	815	1,147	+331
Investments and other assets	6,222	5,406	5,241	-164
Total assets	136,512	152,519	172,493	+19,973

Consolidated Balance Sheet

- Liabilities/Equity -



<Interest-bearing debt> Increased by 2.7 billion yen due to borrowings for purchase of properties, and 58.3 billion yen in total for interest-bearing debt.

<Bonds> Approximately 10.0 billion yen increase due to issuance of convertible bonds with share acquisition rights (CB)

<Shareholders' equity> Increased by 7.3 billion yen due to the profit (9.7 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 December 2023
52.2%	52.9%	51.4%

(Unit: million yen)	As of End of March 2022	As of End of March 2023	As of End of December 2023	Increase/decrease (compared to End of March 2023)
Current liabilities	16,210	16,363	21,524	+5,160
Short-term borrowings, etc.	6,904	5,492	11,948	+6,456
Other current liabilities	9,306	10,871	9,576	-1,296
Non-current liabilities	45,849	52,190	58,430	+6,240
Long-term borrowings	44,169	50,170	46,413	-3,756
Bonds payable	0	0	9,999	+9,999
Other non-current liabilities	1,680	2,019	2,016	-3
Total liabilities	62,060	68,553	79,954	+11,400
Shareholders' equity	71,260	80,430	87,744	+7,313
Other	3,191	3,535	4,795	+1,259
Total net assets	74,452	83,965	92,539	+8,573
Total liabilities and net assets	136,512	152,519	172,493	+19,973

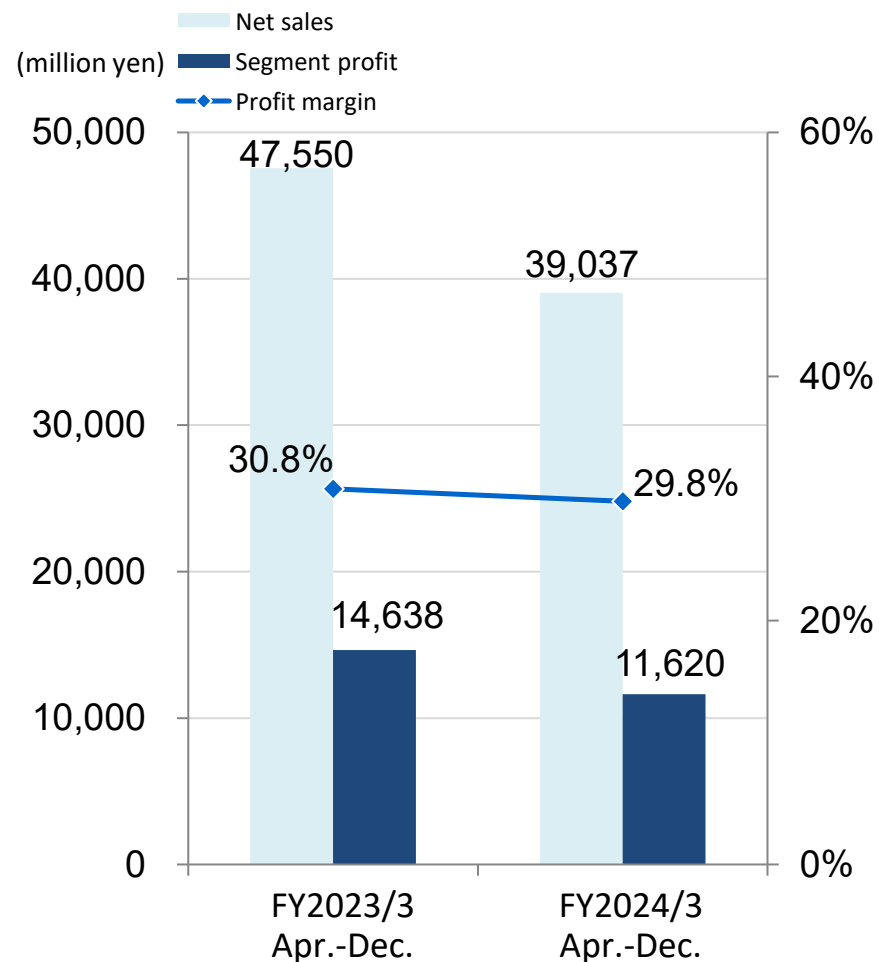
Performance for Each Business Segment

Real Estate Revitalization Business (Replanning and Rental Buildings)

< Replanning Business >

- The number of properties sold in 1-3Q was 20 (included 1 in New York). Segment profit margin maintained a high level of 30%. Both net sales and profit decreased in reaction to the sale of large properties in the same period of the previous year.
- Average business period was 608 days (down 46 days YoY).

(Unit: million yen)	FY2023/3 Apr. – Dec.	FY2024/3 Apr. – Dec.	Increase/ decrease
Net sales	47,550	39,037	-17.9%
Replanning Business	46,027	37,118	-19.4%
Rental Building Business	1,523	1,919	+25.9%
Segment profit (Note 1)	14,638	11,620	-20.6%
Replanning Business	14,355	11,152	-22.3%
Rental Building Business	282	467	+65.4%
Profit margin	30.8%	29.8%	-1.0pt
Replanning Business	31.2%	30.1%	-1.1pt
Rental Building Business	18.6%	24.4%	+5.8pt
Number of properties sold	22 cases	20 cases	-2 cases
Number of stocks at the end of 3Q	48 cases (Note 2)	61 cases (Note 2)	+13 cases



(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.

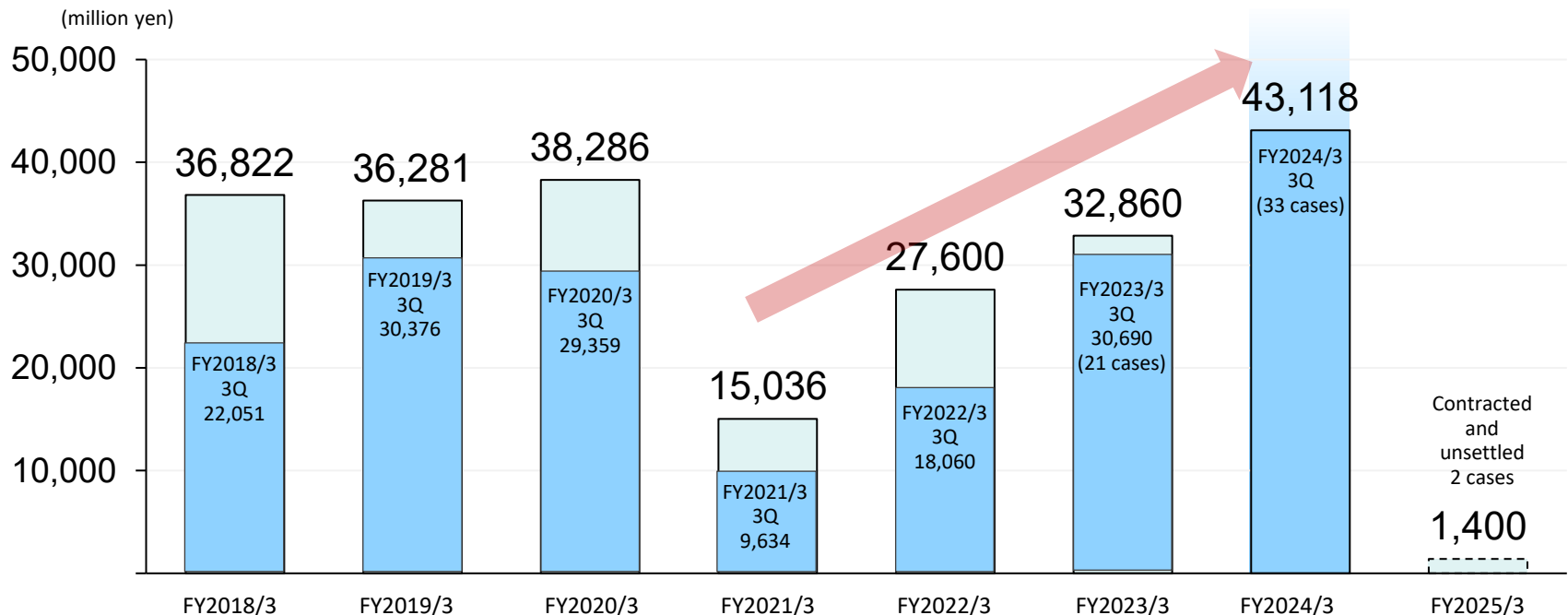
Real Estate Revitalization Business

<Replanning Business※>

Purchase value reached a record high of 43.1 billion yen (including properties contracted and will be settled in this year), up 12.4 billion yen from the same period of the previous year.

In initiatives for the purchase amount of 50 billion yen this period.

(Unit: million yen)	FY2023/3 Apr. –Dec.	FY2024/3 Apr. – Dec.	Increase/ decrease
Number of properties purchased	21 cases	33 cases	+12 cases
(of which, contracted and unsettled)	4 cases	4 cases	0 cases
Purchase amount	30,690	43,118	+12,428
(of which, contracted and unsettled)	4,520	6,920	+2,400



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

Performance for Each Business Segment

Real Estate Services Business

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



<Property Management and Building Maintenance>

- Net sales and profit increased in PM Business due to an increase in number of entrusted buildings.
- In BM business, net sales and profit decreased due to a decrease in disinfection work and cancellation of unprofitable sites.

<Brokerage>

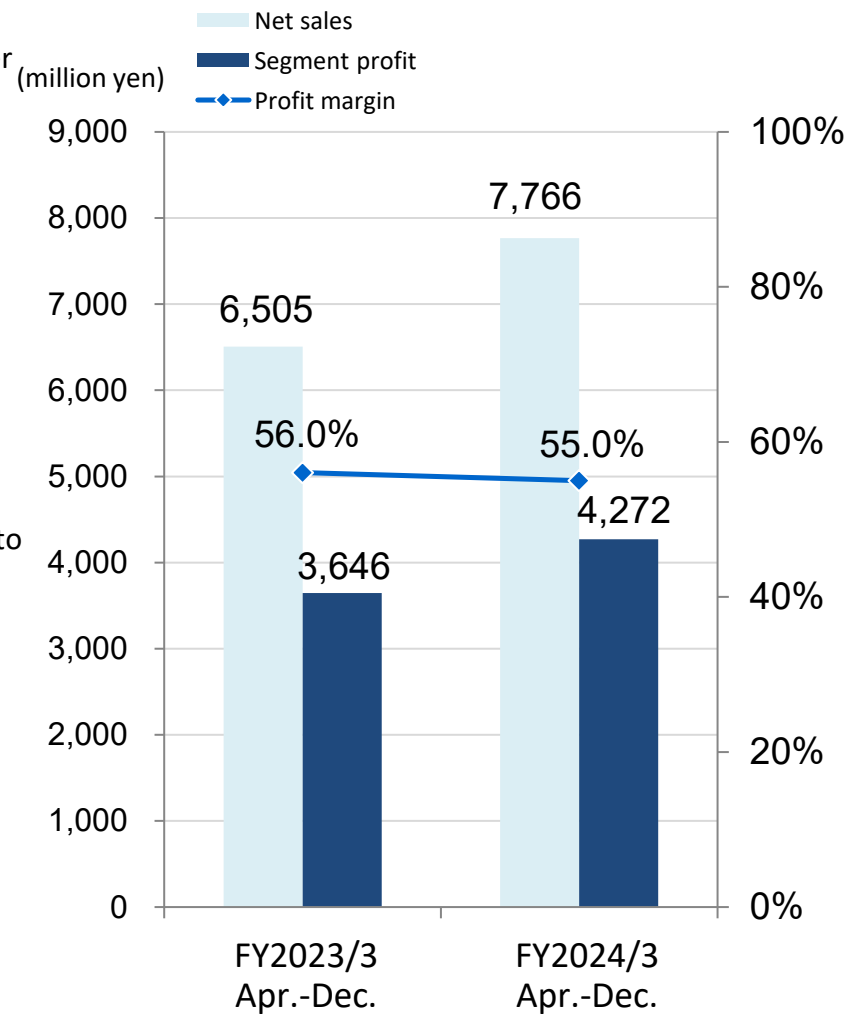
- Both net sales and profit increased in leasing brokerage due to an increase in the number of leasing tenants at entrusted properties.
- Sales brokerage remained steady, although sales decreased in reaction to large contracts in the previous year.

<Rental Conference Room>

- Along with the recovery in demand, the increase in the number of operating areas through expanding new sites and floor space contributed to the increase in both net sales and profits.

<Rent Guarantee>

- The performance of the core business, Trust Guarantee Business, grew strongly.



(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.

(Unit: million yen)	FY2023/3 Apr. – Dec.	FY2024/3 Apr. – Dec.	Increase/ decrease
Net sales	6,505	7,766	+19.4%
Segment profit (Note 1)	3,646	4,272	+17.2%
Profit margin	56.0%	55.0%	-1.0%pt

Performance for Each Business Segment

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

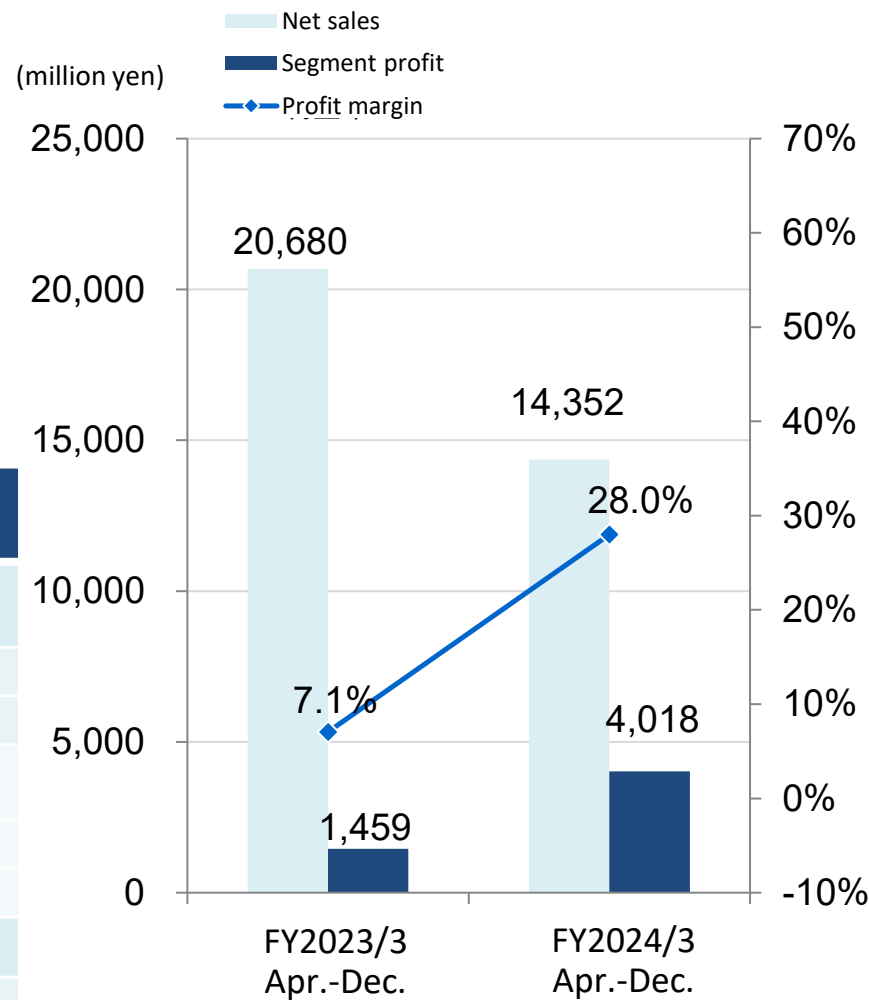
<Hotel Development Business>

- Net sales decreased compared to the sale of two hotels in the same period of the previous year but profit increased due to the sale of one hotel in 1Q.
- Acquisition of land in Hakone-machi and Kawaguchi-ko is in progress, and many development projects are in progress in other regions.

<Hotel Operation Business>

- As travel demand continues growing, as well as inbound recovery, both net sales and profit increased significantly due to the increase in occupancy rate and average daily rate.

(Unit: million yen)	FY2023/3 Apr. – Dec.	FY2024/3 Apr. – Dec.	Increase/ decrease
Net sales	20,680	14,352	-30.6%
Hotel Development Business	13,500	5,270	-61.0%
Hotel Operation Business, etc.	7,180	9,082	+26.5%
Segment profit	1,459	4,018	+175.4%
Hotel Development Business	1,416	2,123	+49.9%
Hotel Operation Business, etc.	42	1,895	+4,342.5%
Profit margin	7.1%	28.0%	+20.9pt
Hotel Development Business	10.5%	40.3%	+29.8pt
Hotel Operation Business, etc.	0.6%	20.9%	+20.3pt



(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.

Performance for Each Business Segment

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

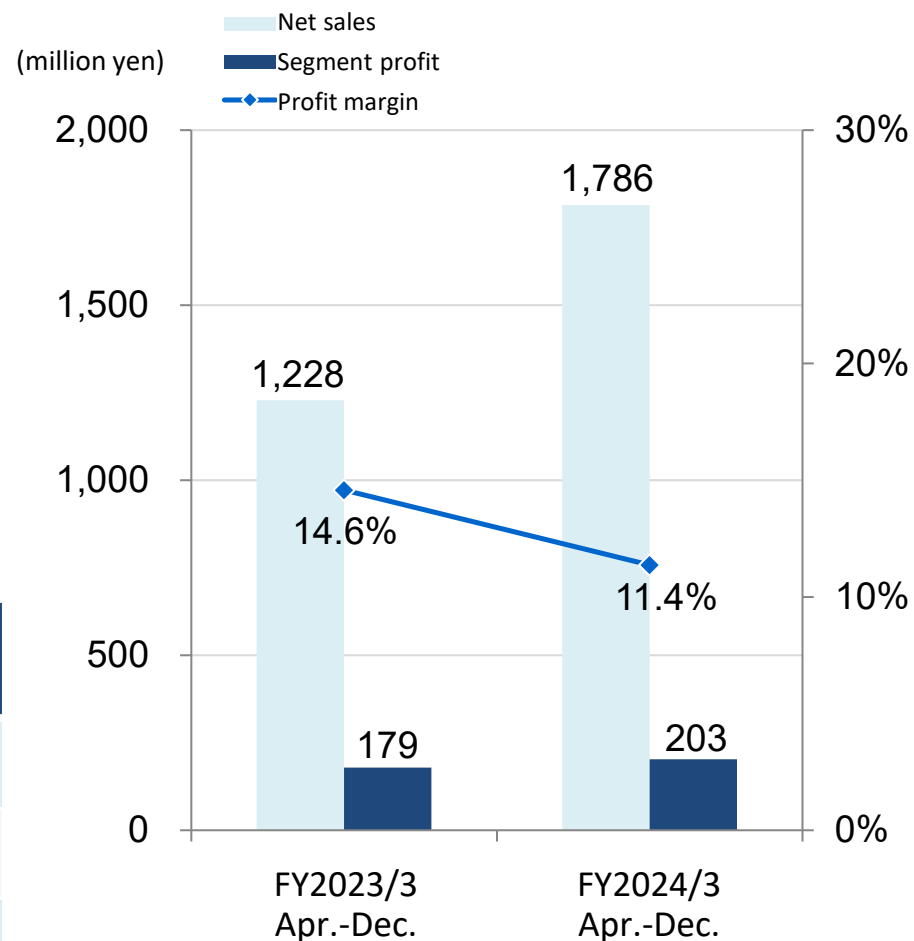
<Construction Business>

- Net sales and profit increased due to the increase of orders and smooth construction .

<Overseas Development Business>

- Acquired land for a new project in Vietnam(HIYORI Aqua Tower which is the second project for condominium apartment project). The construction is planned to start in Spring.

(Unit: million yen)	FY2023/3 Apr. – Dec.	FY2024/3 Apr. – Dec.	Increase/ decrease
Net sales	1,228	1,786	+45.4%
Segment profit	179	203	+13.1%
Profit margin	14.6%	11.4%	-3.2%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.

Revision of Operating Results and Dividend Forecast

Revision of Financial Results Forecast and cash dividend

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Cash dividends per share
Previous forecast (A)	¥ million 83,000	¥ million 16,500	¥ million 16,000	¥ million 11,000	yen 52.0
Revised forecast (B)	¥ million 79,000	¥ million 16,700	¥ million 16,500	¥ million 11,600	yen 56.0 ※2Q end 26.0 yen year end 30.0 yen
Increase/decrease (B-A)	¥ million -4,000	¥ million 200	¥ million 500	¥ million 600	yen 4.0 ・dividend +2.0 yen ・commemorative dividend 2.0 yen
(Reference) Results of FY2023/3	¥ million 82,777	¥ million 14,905	¥ million 14,722	¥ million 11,612	yen 48.0
Rate of change (%)	-4.6%	+12.0%	+12.1%	-0.1%	+16.7%

Revised forecast and progress rate

(Unit: million yen)	Results for FY2023/3	Revised Forecast for FY2024/3	3Q Results for FY2024/3	Progress Rate
Net sales	82,777	79,000	62,258	78.8%
(1) Real Estate Revitalization Business	50,066	51,000	39,037	76.5%
Replanning	47,995	48,500	37,118	76.5%
Rental building	2,070	2,500	1,919	76.8%
(2) Real Estate Service Business	8,843	10,000	7,766	77.7%
(3) Hotel and Tourism Business	22,967	17,000	14,352	84.4%
Hotel Development Business	13,500	5,300	5,270	99.4%
Hotel Operation Business, etc.	9,467	11,700	9,082	77.6%
(4) Other	1,788	2,100	1,786	85.0%
Adjustments	-887	-1,100	-683	
Gross profit	22,805	25,500	20,620	80.9%
(1) Real Estate Revitalization Business	16,122	16,200	12,421	76.7%
Replanning	15,722	15,600	11,954	76.6%
Rental building	399	600	467	77.8%
(2) Real Estate Service Business	4,898	5,400	4,290	79.4%
(3) Hotel and Tourism Business	1,907	4,300	4,095	95.2%
Hotel Development Business	1,506	2,200	2,200	100.0%
Hotel Operation Business, etc.	400	2,100	1,895	90.2%
(4) Other	337	300	238	79.3%
Adjustments	-461	-700	-425	
Selling, general and administrative expenses	7,900	8,800	6,457	73.4%
Ordinary profit	14,722	16,500	13,902	84.3%
Profit	11,612	11,600	9,744	84.0%

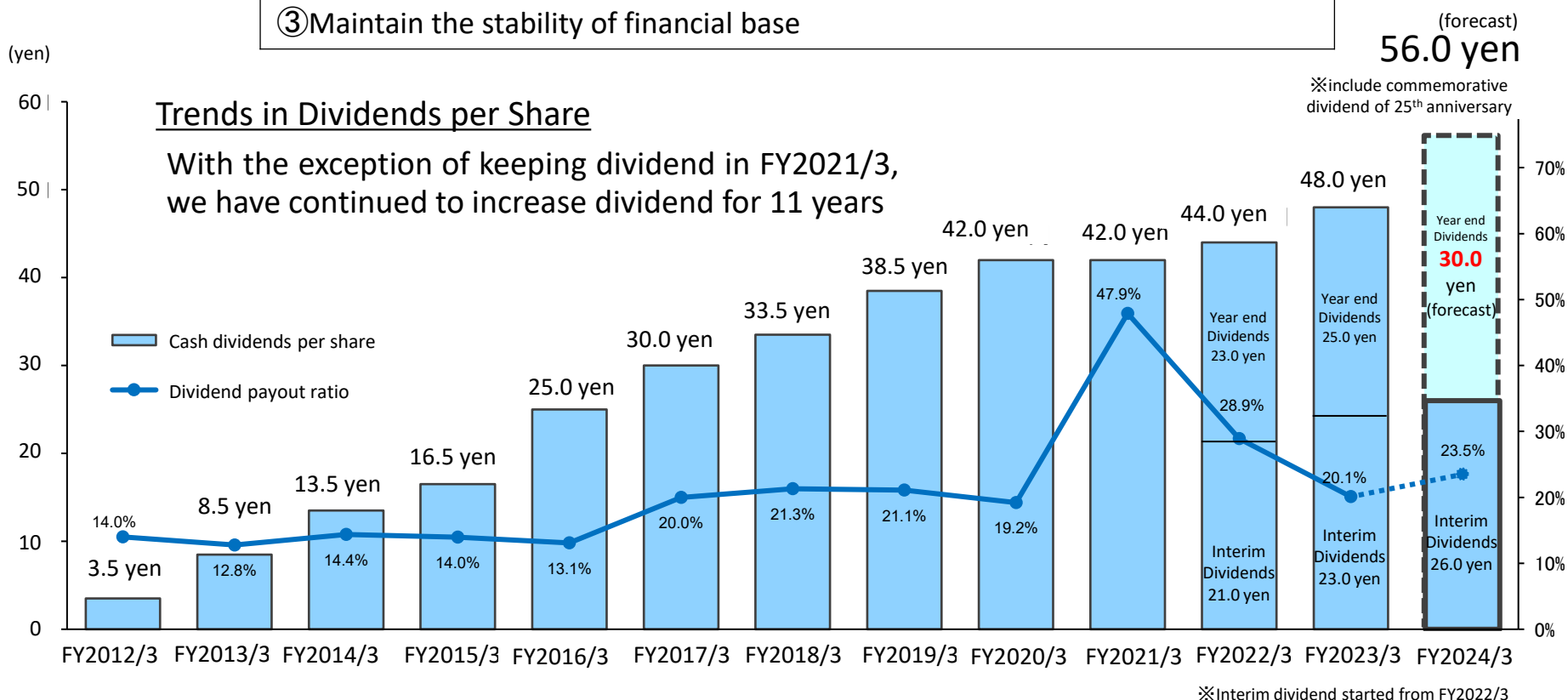
Shareholder Return

Basic Policy for Shareholder Return

- ① Strive to provide long-term and stable shareholder return
- ② Secure investment funds for future growth
- ③ Maintain the stability of financial base

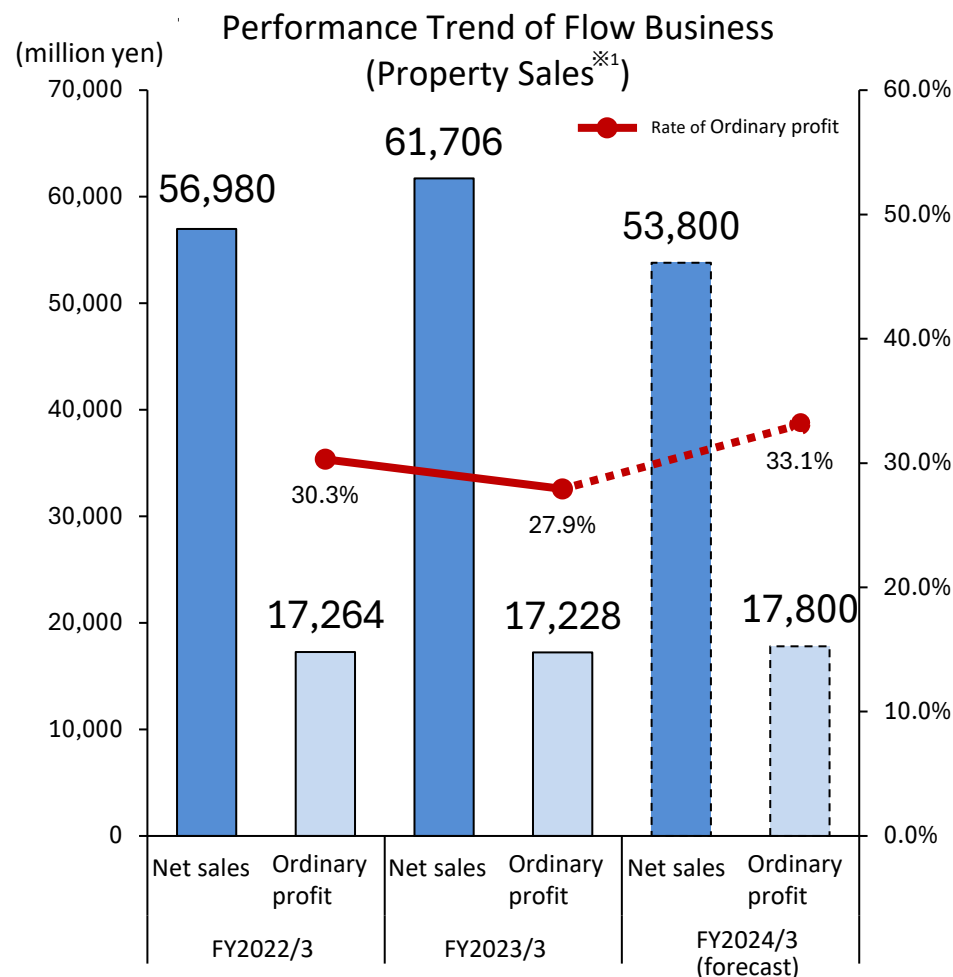
Trends in Dividends per Share

With the exception of keeping dividend in FY2021/3, we have continued to increase dividend for 11 years

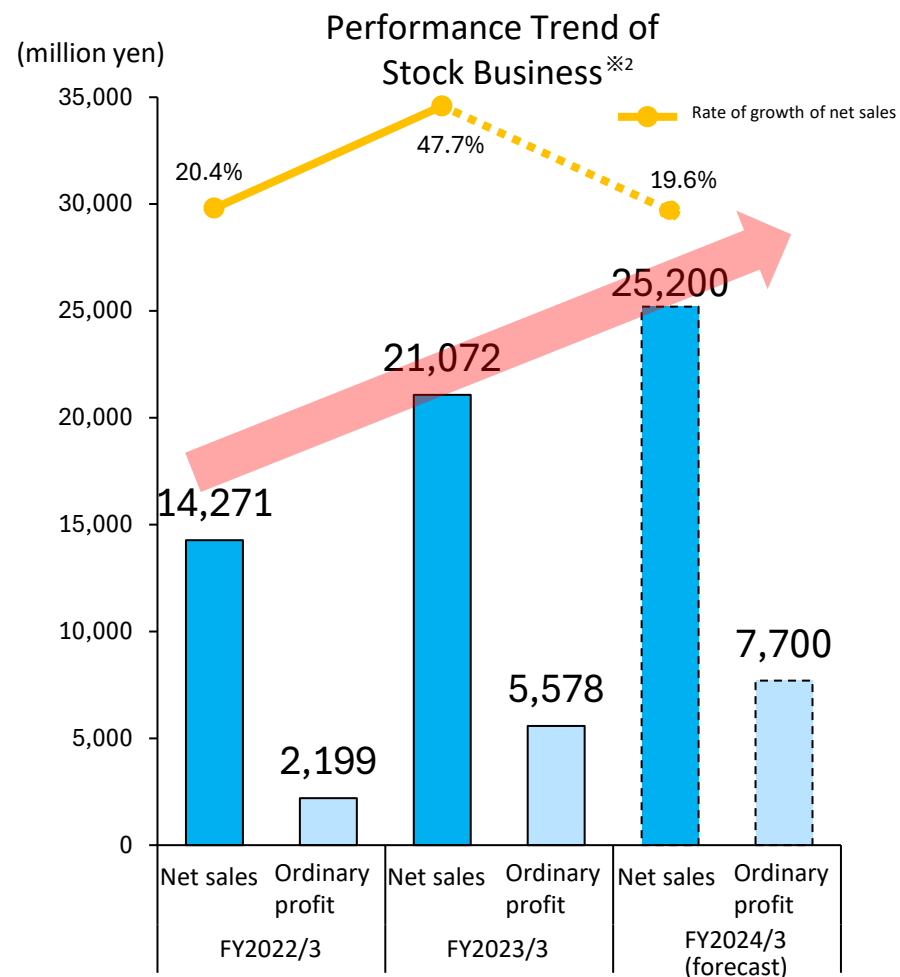


Trends in Flow and Stock Performance

To emphasize rate of profit for flow business. To pursue high rate of growth for stock business



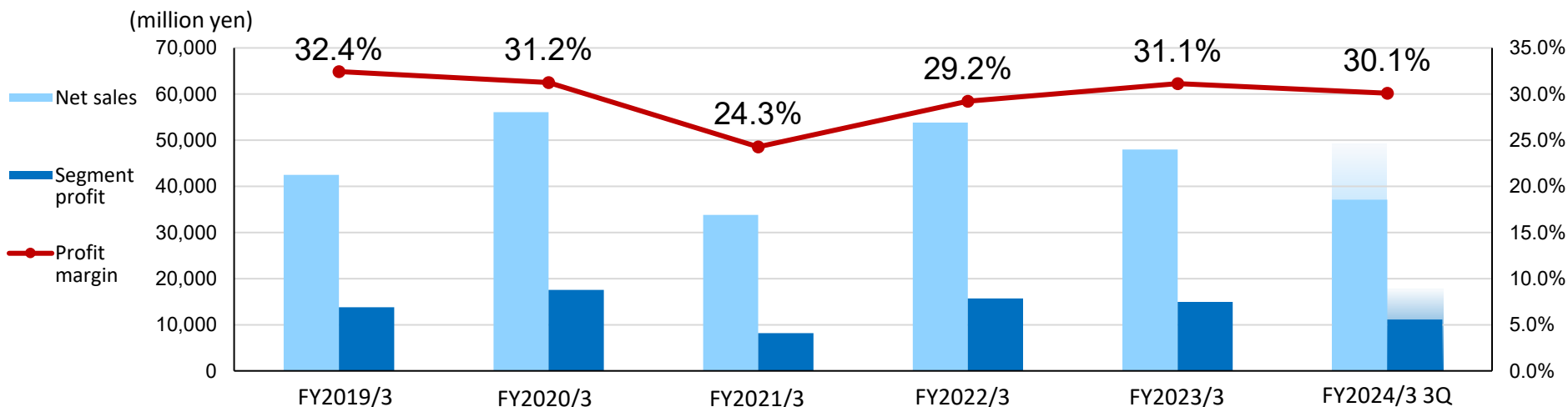
※1 Includes the sale of properties in RP Business, Hotel Development Business and Overseas Business.



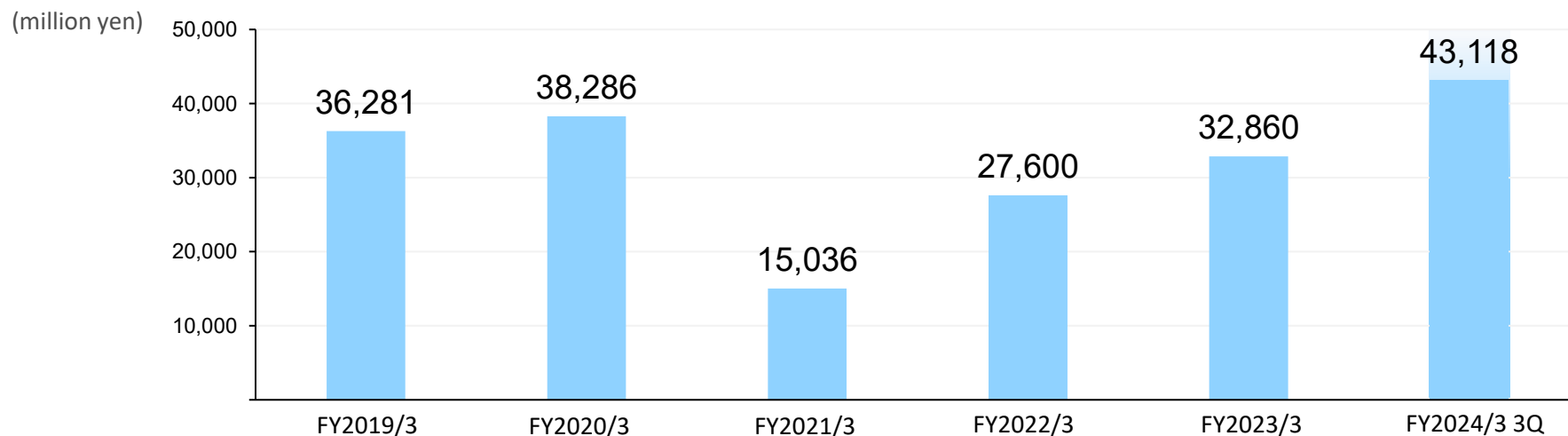
※2 Include Real Estate Service Business, Hotel Operation Business and except for properties sale

Trends in Performance of Replanning Business and Properties Purchase

● Trends in net sales, Segment profit and Segment margin



● Trends in properties purchases



Trends in Inventories and Gross Profit of Property Sales

To generate future profit, we improve to invest aggressively. Inventory increased as planned.

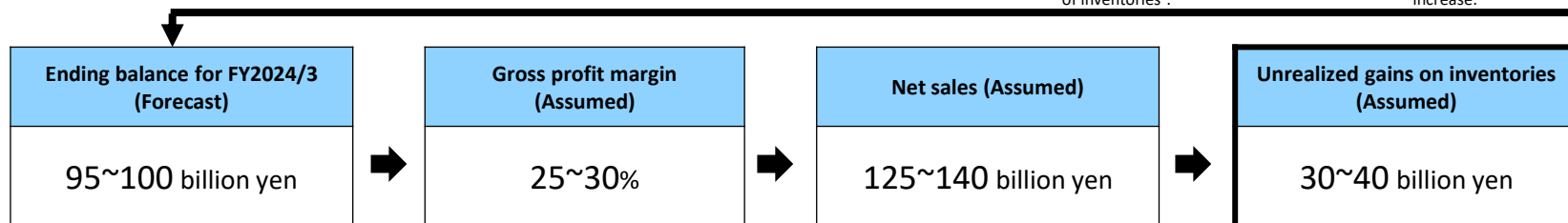
	FY2020/3 (Results)	FY2021/3 (Results)	FY2022/3 (Results)	FY2023/3 (Results)	FY2024/3 (Forecast)
Sales of properties	56.1 billion yen	45.1 billion yen	57.0 billion yen	61.7 billion yen	53.8 billion yen
Cost of property sales	37.3 billion yen	33.1 billion yen	40.3 billion yen	44.9 billion yen	36.5 billion yen
Gross profit※	18.8 billion yen	12 billion yen RP 9.2 billion yen Hotel 2.8 billion yen	16.7 billion yen RP 16.0 billion yen Hotel 0.7 billion yen	16.8 billion yen RP 15.3 billion yen Hotel 1.5 billion yen	17.3 billion yen RP 15.1 billion yen Hotel 2.2 billion yen
Gross profit margin	33.5%	26.6%	29.2%	27.2%	32.1%
Purchases during the fiscal year, construction work, etc.	54.7 billion yen	27.4 billion yen	31.6 billion yen	47.7 billion yen	51.4~56.4 billion yen
Ending balance of the inventory	91.7 billion yen	86 billion yen	77.3 billion yen	80.1 billion yen	95~100 billion yen

Affected by COVID-19, both net sales and purchase decreased, and causing the decrease of the balance of inventories .

Although COVID-19 prolonged, sales were good. Started refocusing on purchases, but the balance of inventories declined.

Sales remained strong. The results of strengthening purchase emerged, leading to the increase of the balance of inventories .

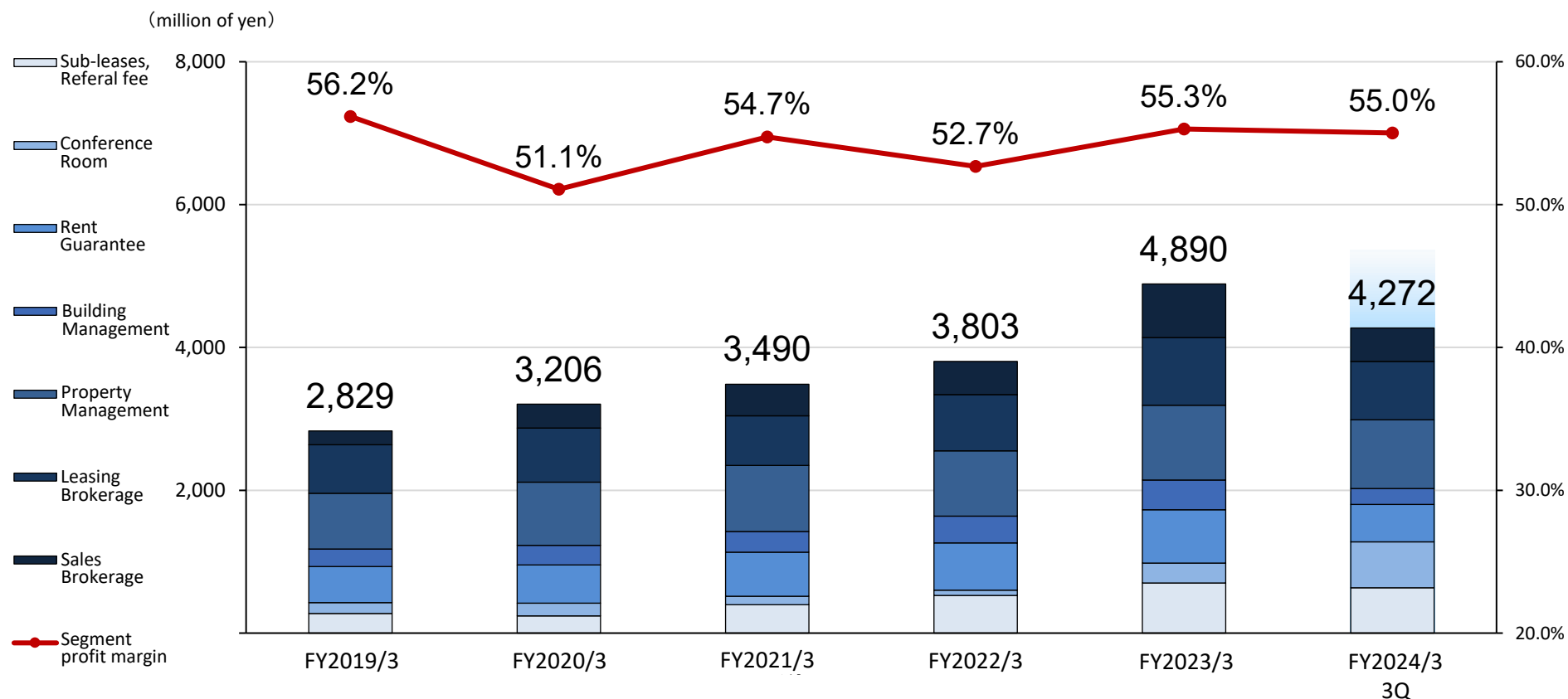
The profit on sale is expected to be higher than the previous year. Through the aggressive investment, balance of inventories is expected to increase.



※ Gross profit = ordinary profit — sales commission

Steady Growth in Real Estate Service Business SUN FRONTIER

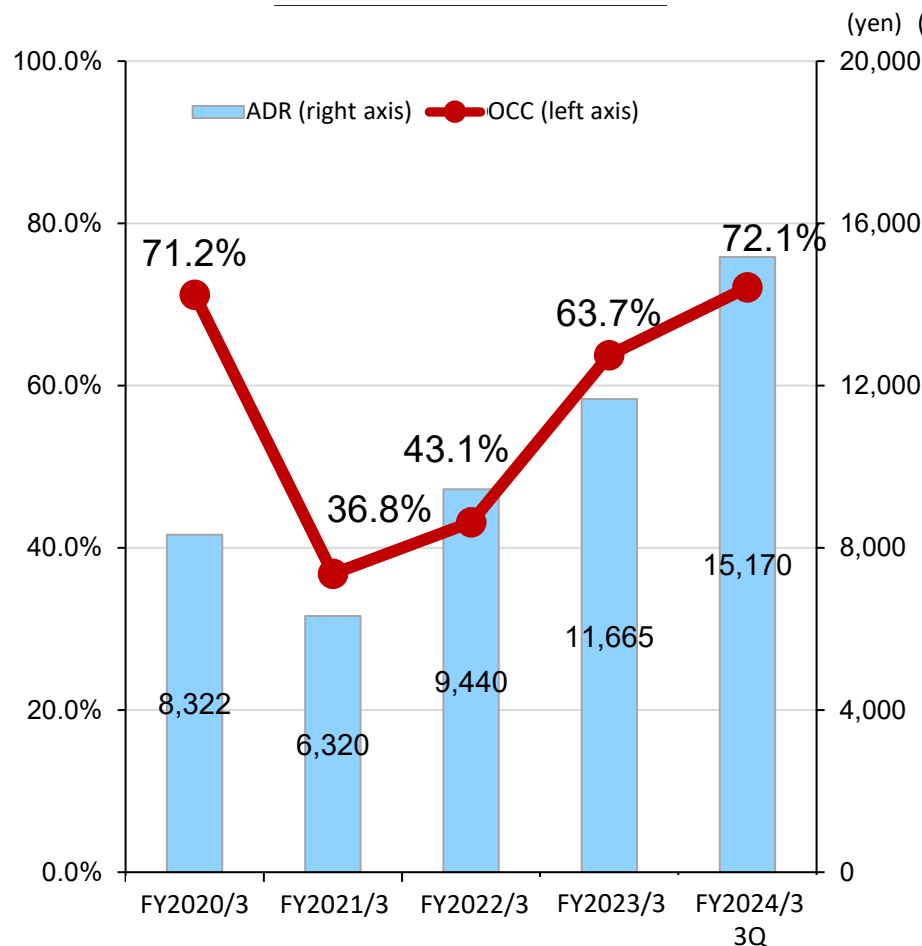
Aiming to consecutive record high profits, performance in 3Q keep progressing steadily.



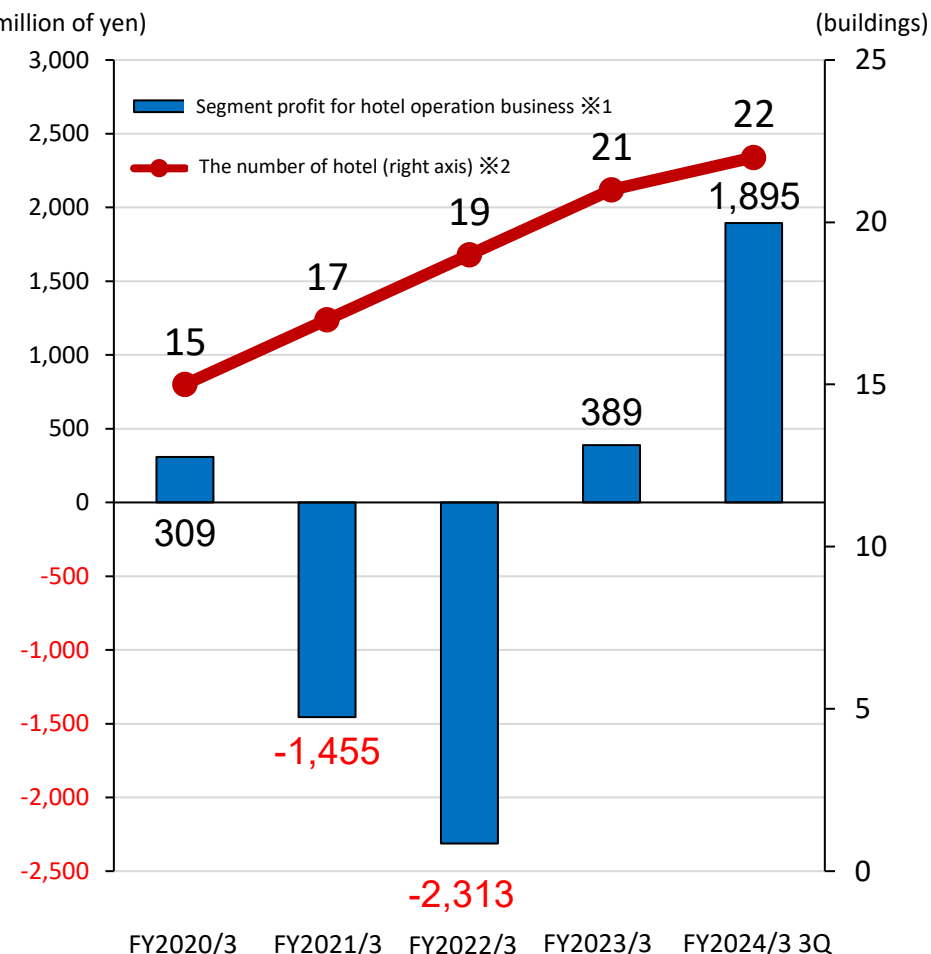
Occupancy Rates and Average Daily Rates

Developing hotels to make the business grow and expand steadily.

Trends in occupancy rate and average daily rate



Trends in Segment profit and number of hotel



※1 Include the profit of hotel rent.

Business Environment Awareness and Performance Progress

Business Environment Awareness

1. Concerns about a slowdown in the Chinese economy and geopolitical risks continue, however the global economy is expected to make a soft landing

◆ IMF raised its global growth forecast for 2024 to 3.1 percent, raising expectations of a soft landing.

◆ U.S. Federal Reserve has refrained from raising its policy interest rate for the fourth consecutive time and attention is focused on the timing of the rate decrease.

2. Japanese economy continued its large-scale monetary easing amid the gradual recovery from economic normalization

◆ Economic recovery is expected to continue due to the resumption of economic activities, slowing inflation and rising wages.

◆ As the prospects for stable rises in prices and wages increase, the Bank of Japan's monetary policy is expected to move closer to normalization.

3. In the central Tokyo office building market, with the completion of many new buildings, demand recovered as the return to offices progressed

◆ Although new buildings continue to be completed, the average vacancy rate of central Tokyo offices was flat, and the average rent rose for the first time in about three and a half years.

◆ Japanese real estate investment remained strong due to the return to offices and the weak yen, but rising interest rates are a concern.

4. The hotel and tourism market continued to be active due to a marked recovery in domestic travel and inbound demand

◆ In addition to the recovery of domestic travel demand, inbound demand rose due to the impact of the weak yen and occupancy rates and average daily rates improved.

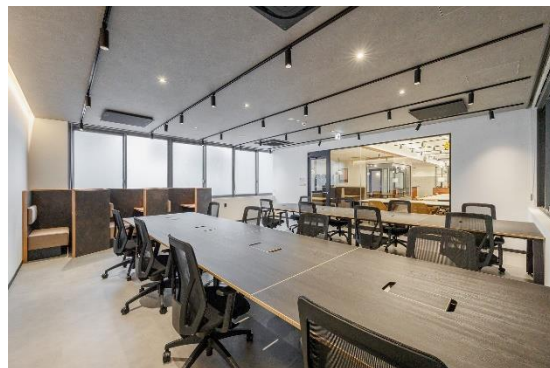
◆ In 2023, 25.06 million people visited Japan. The amount of travel spending for inbound recorded as the highest before Covid-19.

Replanning Business, An Example of Initiatives (1) SUN FRONTIER

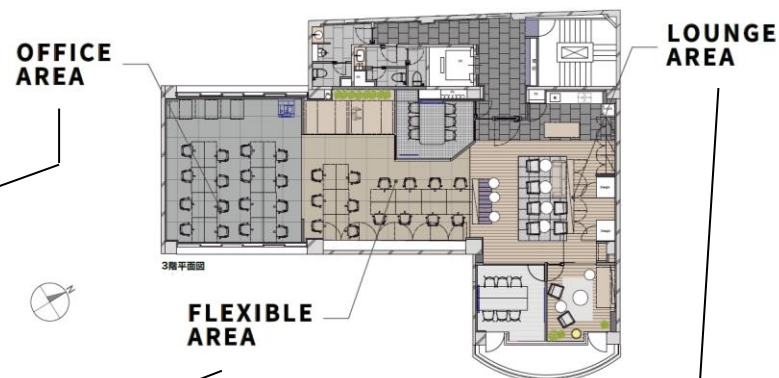
Adding value by creating “offices employees want to go to” that capture changes in technology and lifestyles



Building exterior
Nishi-Shinjuku,
Shinjuku-ku
5-story steel-framed
reinforced concrete building
with one basement floor



Calm color tones and calculated placement of lights create an office area where people can concentrate on work



A flexible area with greenery and warm colors, suitable for interactive work and lively discussions



A lounge area with a cafe-like space that promotes communication and functional teleconference booths

Replanning Business, An Example of Initiatives (2) SUN FRONTIER

Adding value to a highly productive, people-friendly office space by providing light control and sound insulation



Building exterior
Nihonbashi Kabutocho,
Chuo-ku
6-story reinforced concrete
building with deck roof



Lighting equipment that adjusts lighting intensity according to circadian rhythm (internal body clock) to improve productivity and motivation to work



Wood-grain ceilings and greenery contribute to stress reduction and working at full potential



Along with the installation of an inner lounge with adjustable partitions, the introduction of sound equipment with a masking effect that blocks the voices from the inner lounge and the sound of vehicles on the Metropolitan Expressway to the west of the building has increased concentration.



Promote Sales of Small-lot Real Estate Property SUN FRONTIER

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



Now on Sale

Compass Nerima

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



Now on Sale

Compass Sakurashinmachi

International Academy in Sakurashinmachi, Setagaya, Tokyo

Sale in December 2023



Sold out in August 2021.
licensed nursery school

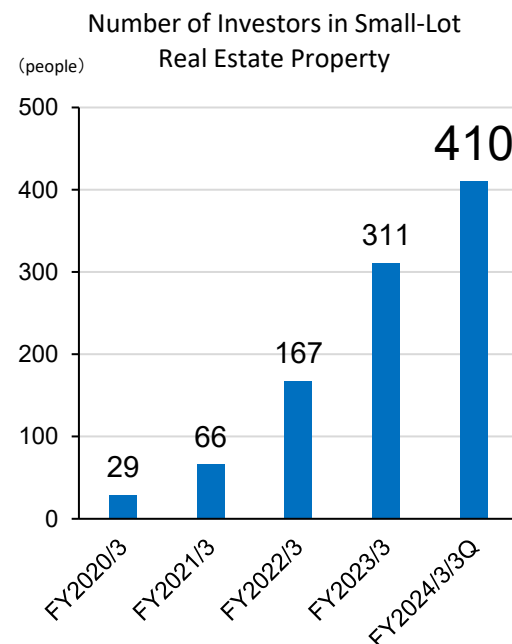


Sold out in March 2023.
Licensed nursery school



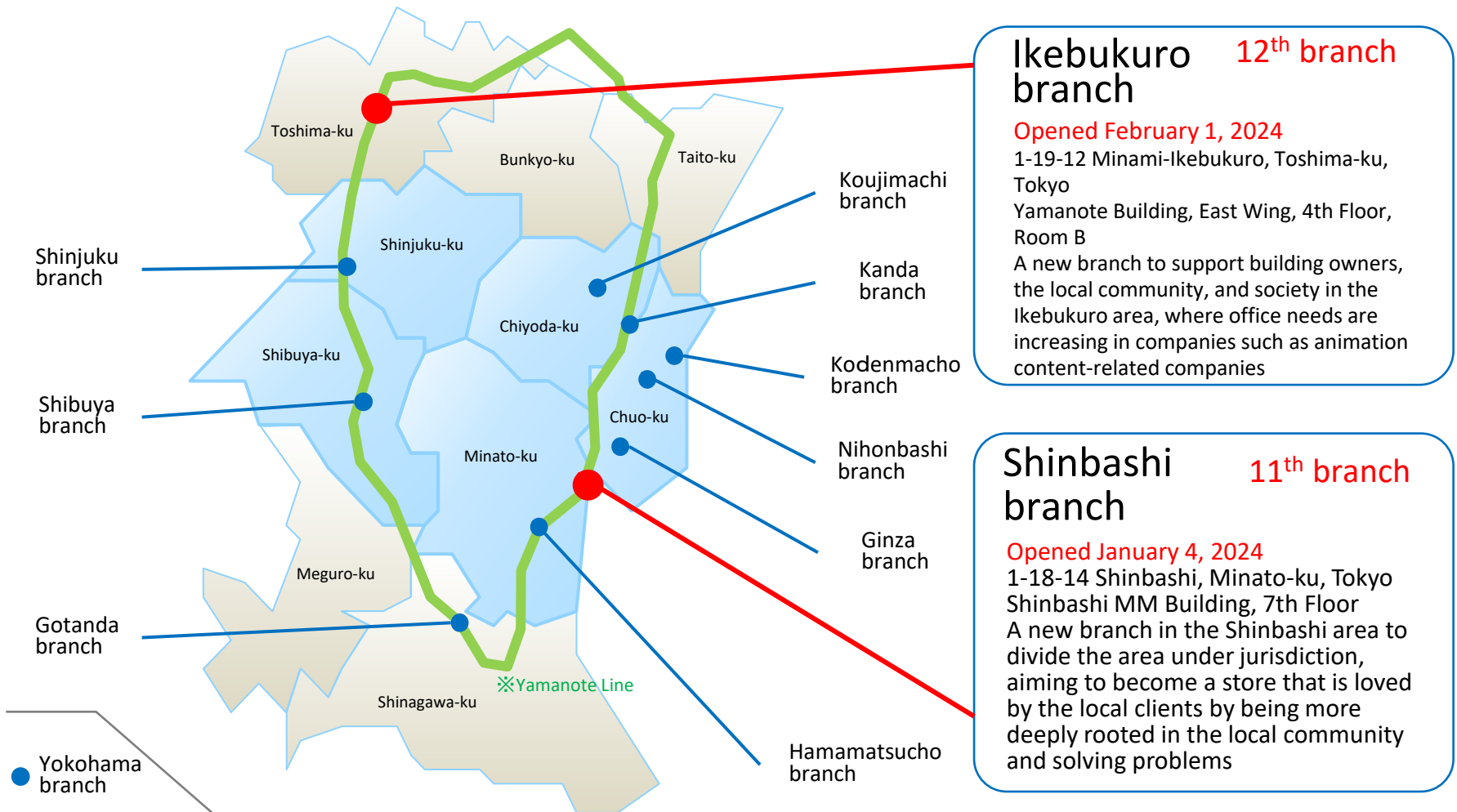
Sold out in November 2022
medical and educational mall

Sales network
(tax accountants and financial institutions)
189 companies
Expanding, aiming to reach over 200 companies



Opening of the Shinbashi and Ikebukuro branches SUN FRONTIER

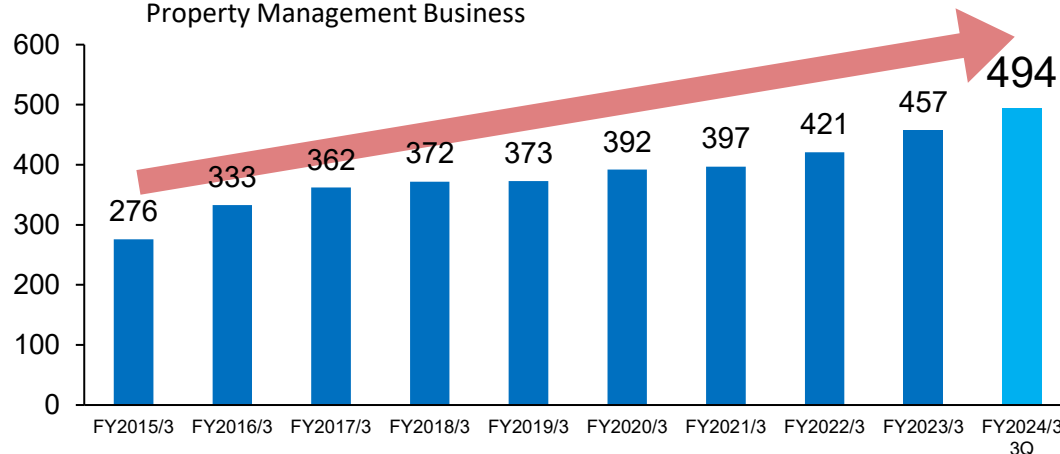
Expansion of branch networks to provide more detailed solutions to clients' problems



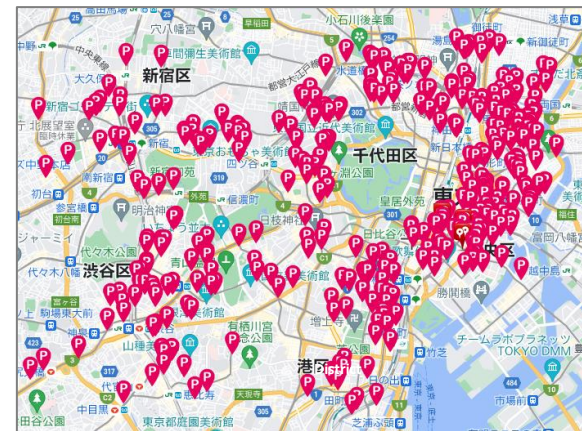
Real Estate Service Business Continues to Expand Its Customer Base

Expanding as a platform for business growth

(buildings) Trends of the Number of Entrusted Buildings in Property Management Business

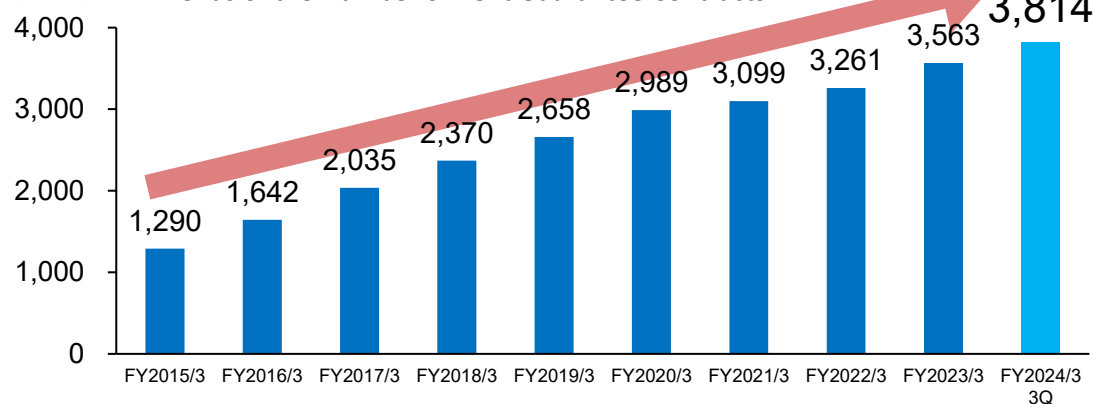


【Property Management entrusted property distribution】

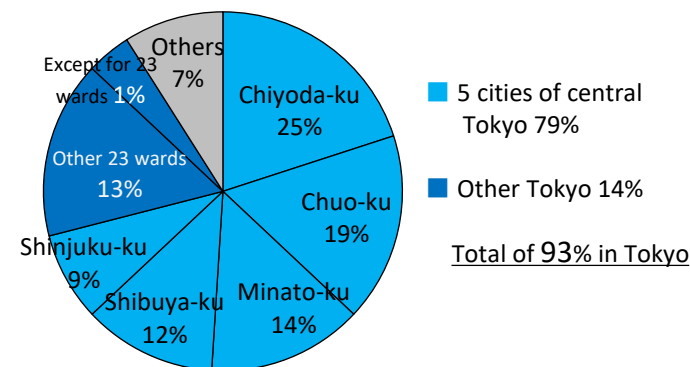


Entrusted properties of the Company

(cases) Trends of the Number of Rent Guarantee Contracts



【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

Demands from repeat corporate clients are increasing, occupancy rates of newly opened buildings are good, and further expansion



Sites of new open and expand

FY2024/3

Vision Center Shinjuku Minds Tower 220 tsubo	Opened on Nov. 16
Vision Center Shinbashi 390 tsubo	Scheduled to open on Feb. 14, 2024



Vision Center Shinbashi
3-minute walk from Shimbashi Station

FY2025/3

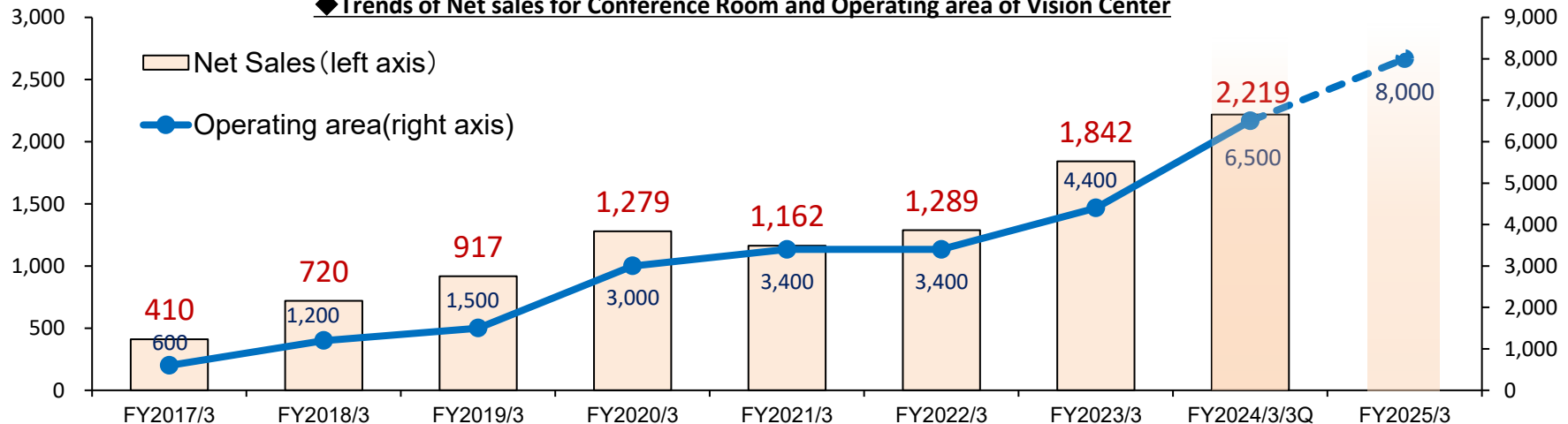
Vision Center Shinjuku Minds Tower 500 tsubo	Scheduled to expand on April 1, 2024
--	--------------------------------------



Vision Center Shinjuku Minds Tower
opened in November will expand operating area 500 tsubo as early as April.

(million of yen)

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

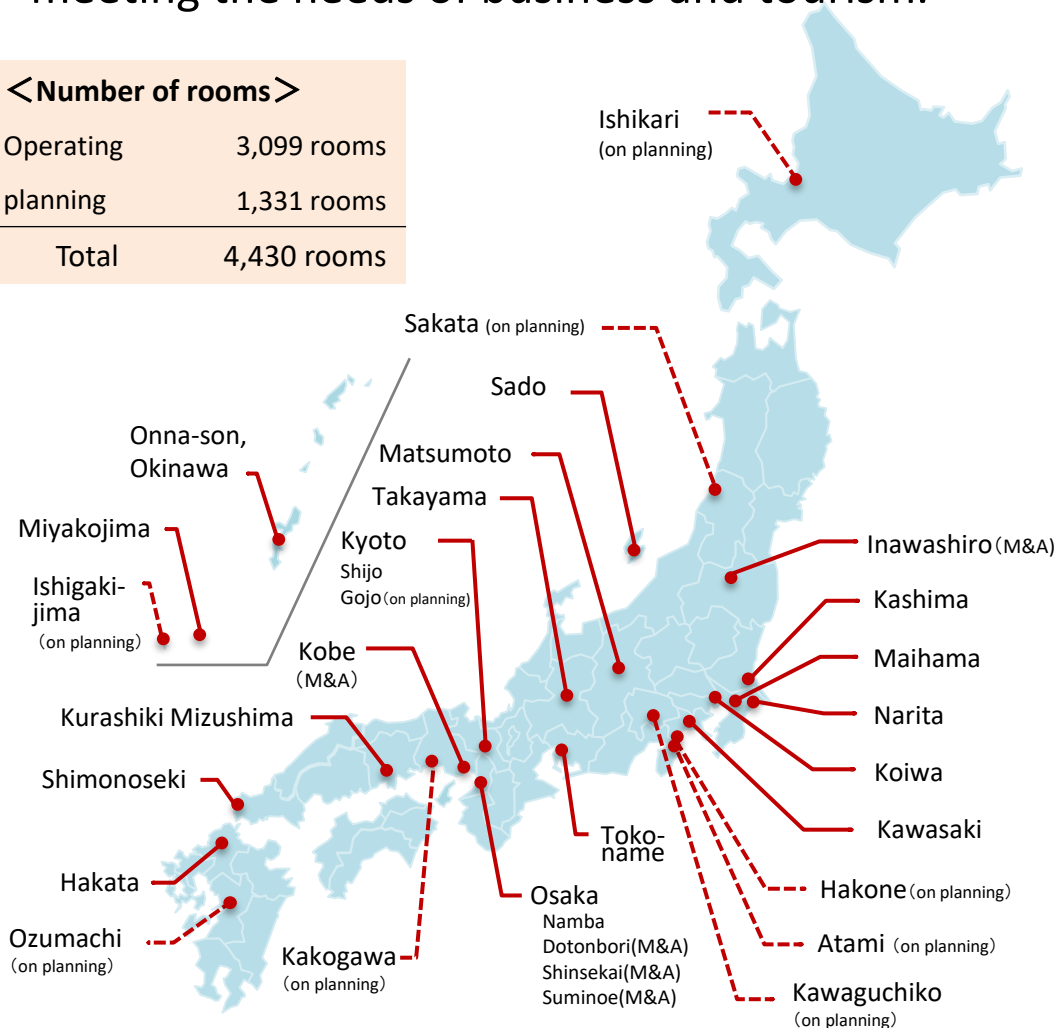




Investing in Hotel Development actively

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

<Number of rooms>	
Operating	3,099 rooms
planning	1,331 rooms
Total	4,430 rooms



(As of February 2024)

Luxury Class		Number of rooms
Sora Niwa Terrace Kyoto Bettei		32
Hiyori Ocean Resort Okinawa		203
Atami Hotel Project		150
Seifutei		11
Upper Class		
Sora Niwa Terrace Kyoto		102
SADO RESORT HOTEL AZUMA		52
SADO NATIONAL PARK OOSADO		72
Hakone Hotel PJ		110
Upper Middle Class		
HIYORI HOTEL MAIHAMA		80
HIYORI HOTEL OSAKA NAMBA STATION		224
Tabino Hotel lit Matsumoto		176
Tabino Hotel lit Miyakojima		111
Tabino Hotel Villa Miyakojima		4
Spring Sunny Hotel Nagoya Tokoname Station		194
Tabino Hotel live Sado		8
Tabino Hotel lit Sakata		174
Tabino Hotel lit Kawaguchiko		130
Tabino Hotel lit Ishigakijima		200
Kyoto Gojo Hotel PJ		40
Economy Class		
Tabino Hotel Hida Takayama		80
Tabino Hotel Kashima		194
Tabino Hotel Kurashiki Mizushima		155
Tabino Hotel Sado		111
Tabino Hotel EXpress Narita		100
Tabino Hotel Ishikari ※		175
Tabino Hotel Kumamoto Ozu ※		180
Tabino Hotel Kakogawa		172
Joytel Hotel Namba Dotonbori		53
Joytel Hotel Shinsekai Sakaisujidori		103
Osaka Joy Hotel		229
Kobe Plaza Hotel		107
Kobe Plaza Hotel West		120
DONDEN Highland		12
Budget Class		
SKY HEART Hotel Koiwa		105
SKY HEART Hotel Kawasaki		200
SKY HEART Hotel Hakata		157
SKY HEART Hotel Shimonoseki		104

Acquired 2 Hotel Operation Companies by M&A



Increased 6 hotels and the hotels under operation increased by 623 rooms

Date of Foundation	1994.2.2	Capital Stock	5,000 thousands of yen
Date of M&A	2023.11.28	100% M&A by Sun Frontier Hotel Management Co., Ltd.	
Date of merger	2024.3.1	To be margered by Sun Frontier Hotel Management Co., Ltd.	
Facilities	Seifutei	1640-3, Yama Gun Inawashiro Machi, Fukushima Ken	11 rooms



Date of Foundation	1991.4.19	Capital Stock	25,000 thousands of yen
Date of M&A	2024.1.23	100% M&A by Sun Frontier Hotel Management Co., Ltd.	
Facilities (※operation entrusted)	Joytel Hotel Namba Dotonbori	2-6-10, Nishishinsaibashi, Osaka Shi Chuo Ku, Osaka Fu	53 rooms
	Joytel Hotel Shinsekai Sakaisujidori	2-10-9, Ebisuhigashi, Osaka Shi Naniwa Ku, Osaka Fu	103 rooms
	Osaka Joy Hotel	1-2-1, Shinkitajima, Osaka Shi Suminoe Ku, Osaka Fu	229 rooms
	Kobe Plaza Hotel ※	1-13-12, Motomachidori, Kobe Shi Chuo Ku, Hyogo Ken	107 rooms
	Kobe Plaza Hotel West ※	3-4-7, Motomachidori, Kobe Shi Chuo Ku, Hyogo Ken	120 rooms



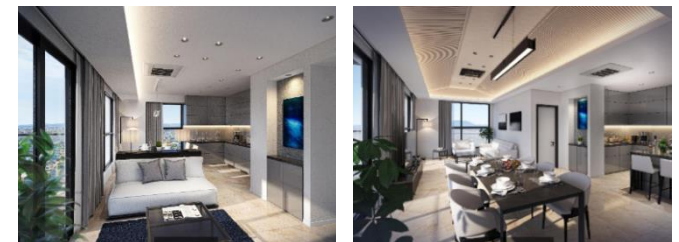
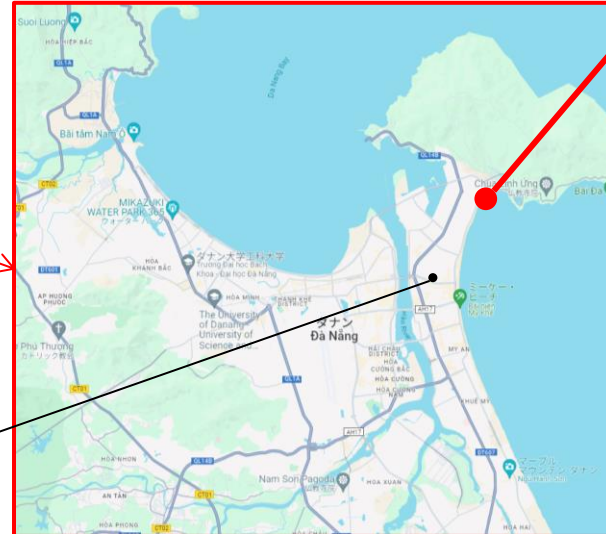
We aim to be the one and only hotel in the world for our customers by spreading the warm and naturally friendly services of our hotel group.

Vietnam HIYORI Aqua Tower PJ Starting

Second condominium project (202 units), construction scheduled to begin this spring

Project Overview

Location	Lot 3-A2-1, Son Tra-Dien Ngoc Complex Center, Tho Quang Ward Son Tra District, Da Nang City, Vietnam				
Area size	Land area	1,850m ²	Building area	1,062m ²	Total floor area 24,498m ²
Building structure	Reinforced concrete construction		25 floors with 2 basement floors		
Facilities	202 residences, stores, kindergarten, swimming pool, fitness gym, community room, car parking lot, motorcycle parking lot				
Schedule	Construction start in Spring 2024, completion in Autum 2026				



HIYORI Garden Tower
Completed in December 2019
306 houses sold
2 blocks of stores



Partnership initiatives

Working on projects with Advantage Advisors

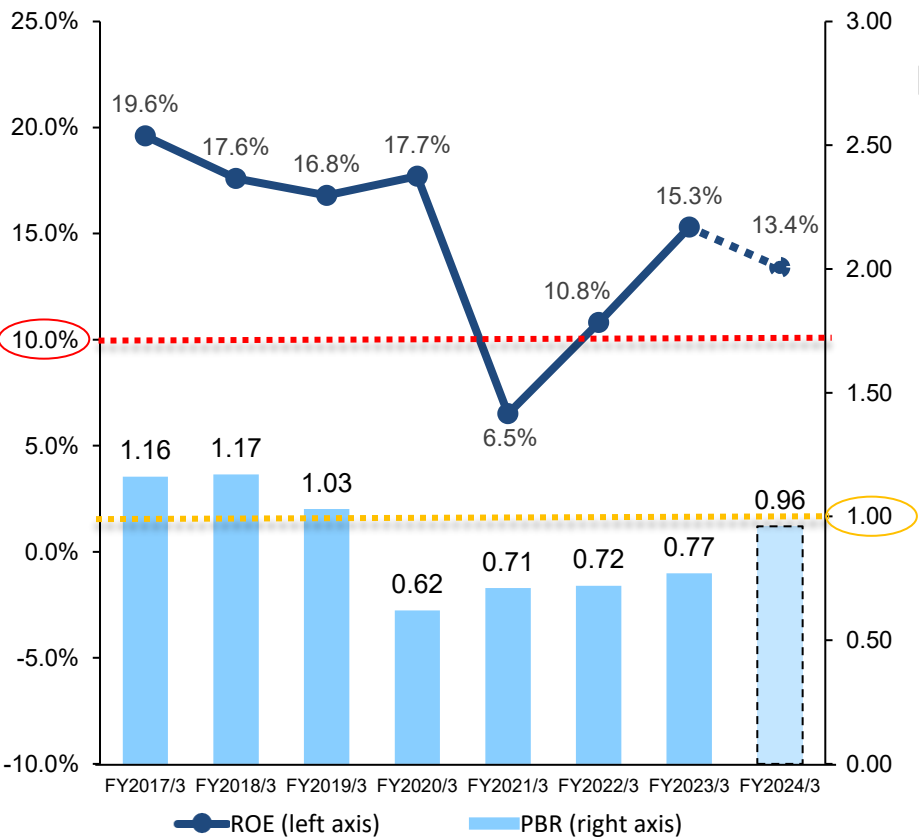
Purchasing force Strengthen Project	Sales force Strengthen Project	DX Project	M &A Project	Hotel differentiation Project
Strengthen procurement in central Tokyo and expand target applications	Capture profit opportunities by strengthening cooperation among business divisions	DX measures to improve work efficiency and productivity	Promote M&A in Construction, Hotel Business and Real Estate divisions	Strengthen marketing functions and measures
Human resource development, promote data utilization promote New York business	Defining requirements for building CRM	Improve workflow and promote the use of customers' data	2 hotel M&As and currently selecting one other M&A candidate	Redefining hotel strengths and accelerating expansion

Management initiatives with an awareness of capital costs and stock prices



Improve profitability and capital efficiency through sustained business growth, and also improve ROE while maintaining financial soundness, to aim for PBR of 1 or higher.

Trend in ROE and PBR



※ PBR is the figure as of the end of each period.
However, for FY2024/3, the figures are as of February 1, 2024.

ROE = Profitability X Capital efficiency X Financial soundness

(1) Net profit margin	(2) Total asset turnover	(3) Financial leverage
-----------------------	--------------------------	------------------------

Initiative policies to improve ROE

(1) Net profit margin	Improve profitability by enhancing added value in Hotel Business and evolving a highly profitable Office Building Business.
(2) Total asset turnover	We will strengthen the cooperation with divisions, focus on the business period, and enhance the feasibility of plans to increase efficiency.
(3) Financial leverage	We will maintain financial soundness and strive to maintain an appropriate equity ratio while pursuing business growth.

Trends for Each Indicator and Initiatives for ROE Improvement

Ordinary Profit Margin

Enhance added value in clients' point of view and evolve and grow highly profitable businesses.

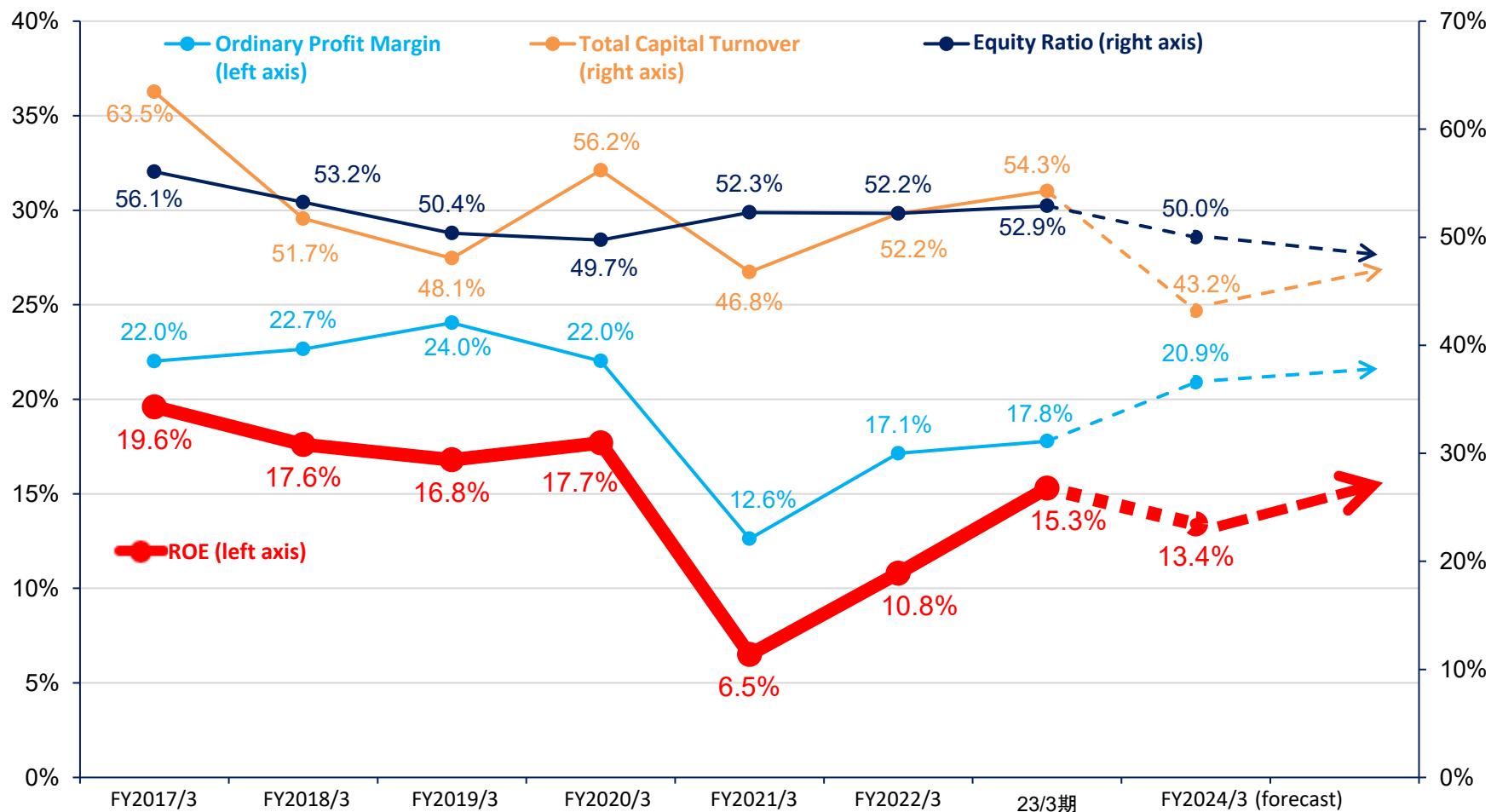
Total Capital Turnover

× Increase efficiency by shortening business period and increasing stock business sales.

Equity Ratio

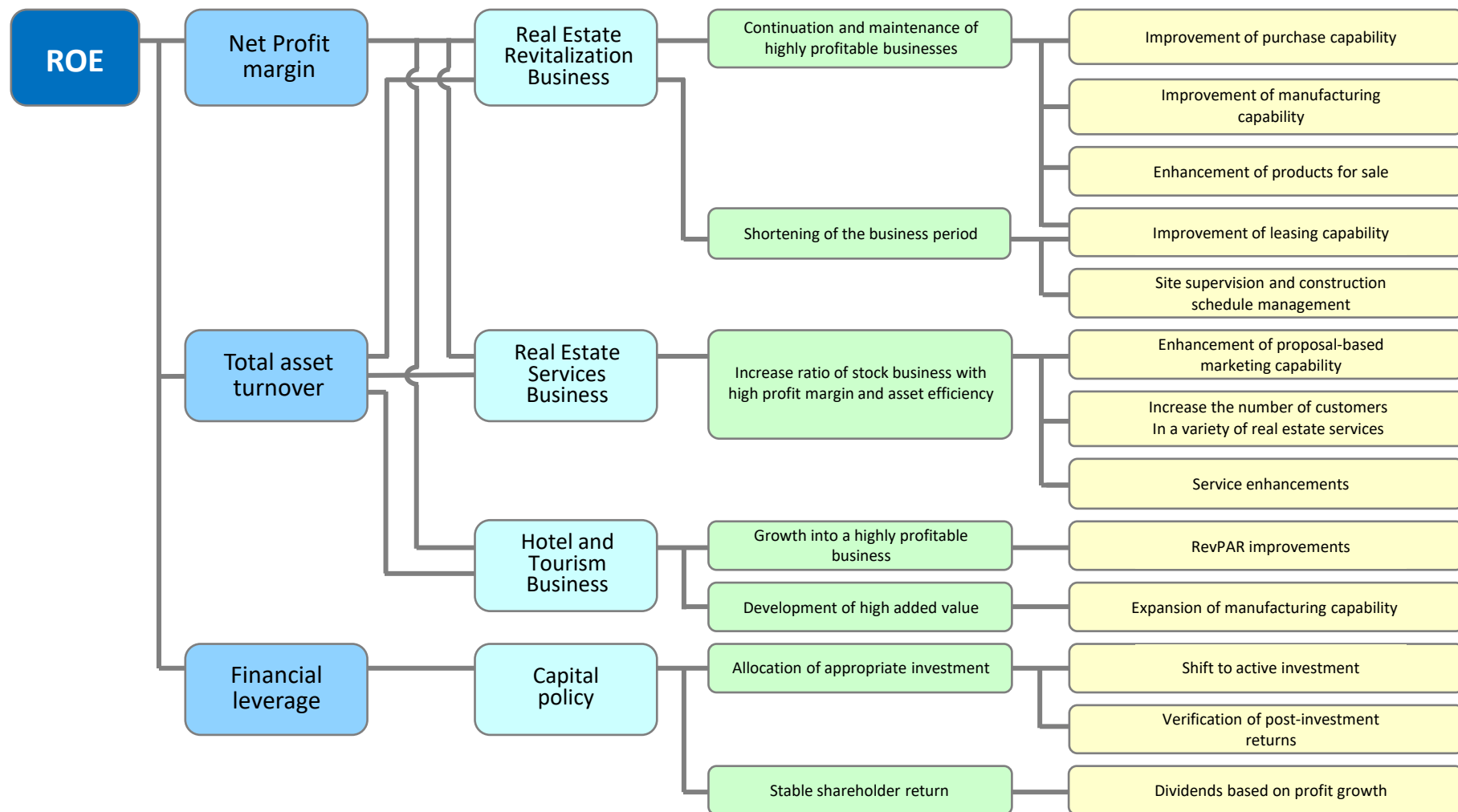
× Maintain financial soundness while promoting investment and accelerating business.

= Improving ROE



Driver to improve ROE

Initiatives for expanding business and stable shareholder return accordingly to profit growth.



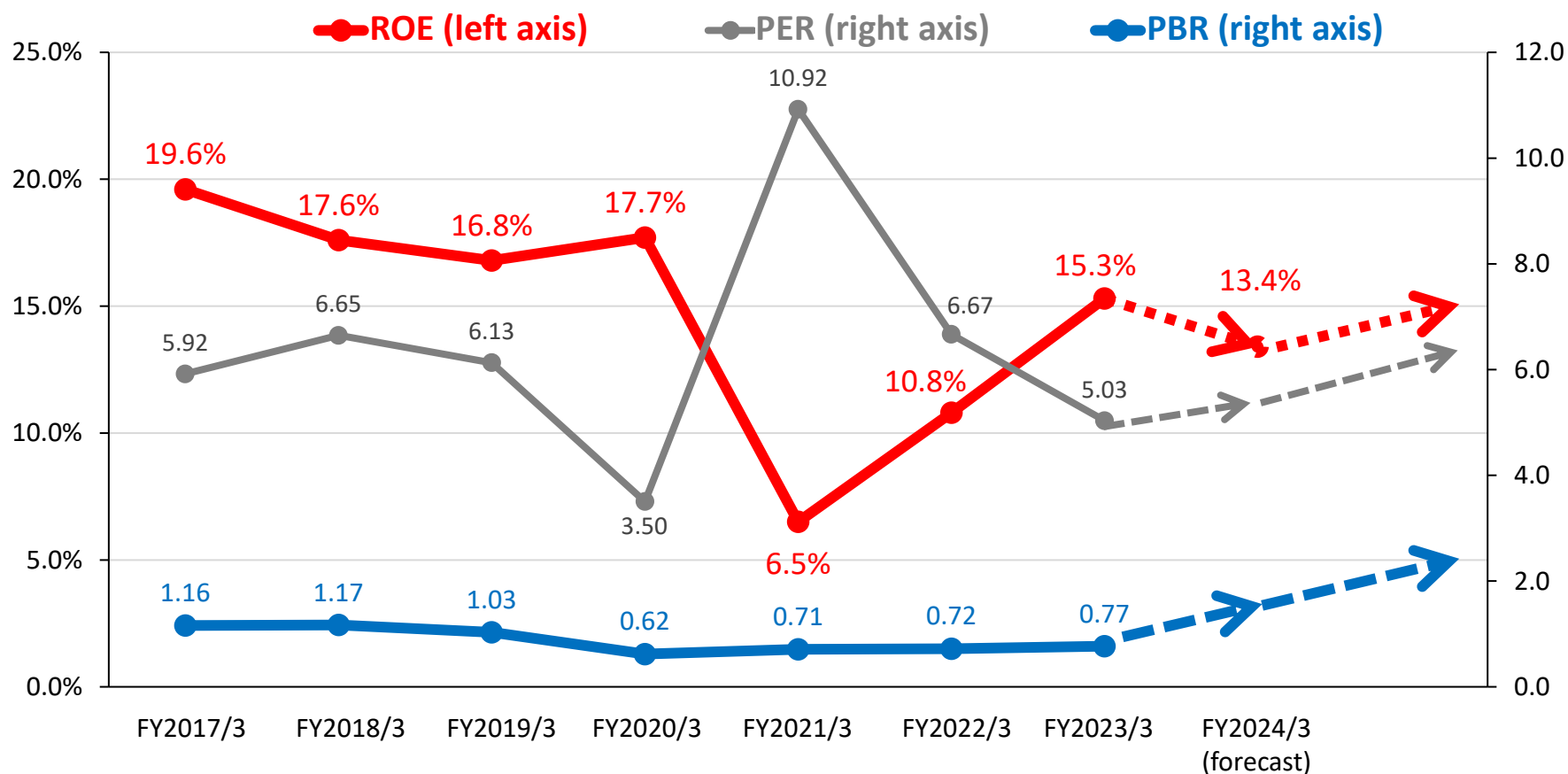
Strengthening IR Activities

By expanding IR activities, we aim to make more conversation with capital market actively.

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 2Q: 32 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.	
Web sites for investors	FISCO: https://web.fisco.jp/platform/companies/0893400 IR STREET: https://www.irstreet.com/new/en/brand/index.php?&contents=brand_whatsnew&brand=398	
Investor briefings	Scheduled to participate in a seminar for individual investors hosted by the Securities Analysts Association of Japan (To be held on March 12, 2024 at the Nikkei Kayabacho Conference Room)	
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/ Chinese: https://www.sunfrt.co.jp/ch/ir_info/ir_doc/
IR Presentation	Disclose Japanese, English version and Chinese version simultaneously.	
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/
Anaylist Report	FISCO 、 Shared Research	Japanese: https://www.sunfrt.co.jp/ir_info/ English: https://www.sunfrt.co.jp/en/ir_info/
Shareholder benefit program		
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/	

Improve PBR by the initiatives for ROE Improvement

$$\begin{array}{c} \text{ROE} \\ \hline \text{Net profit} \\ \text{Equity} \end{array} \times \begin{array}{c} \text{PER} \\ \hline \text{Market capitalization} \\ \text{Net profit} \end{array} = \begin{array}{c} \text{PBR} \\ \hline \text{Market capitalization} \\ \text{Equity} \end{array}$$



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

Office

Accelerate property purchasing and commercialization.
Enhance purchase capabilities by improving leasing capabilities.

Hotel

Further evolve "a heartwarming and fun hotel" and accelerate the growth toward 10,000 rooms in 10 years.

Overseas

Increasing assets under custody from Taiwan clients, apartment replanning in NY, apartment construction in Da Nang.

M&A

Invest in start-ups and peripheral businesses to expand our current business

Key Points

ESG

Digital

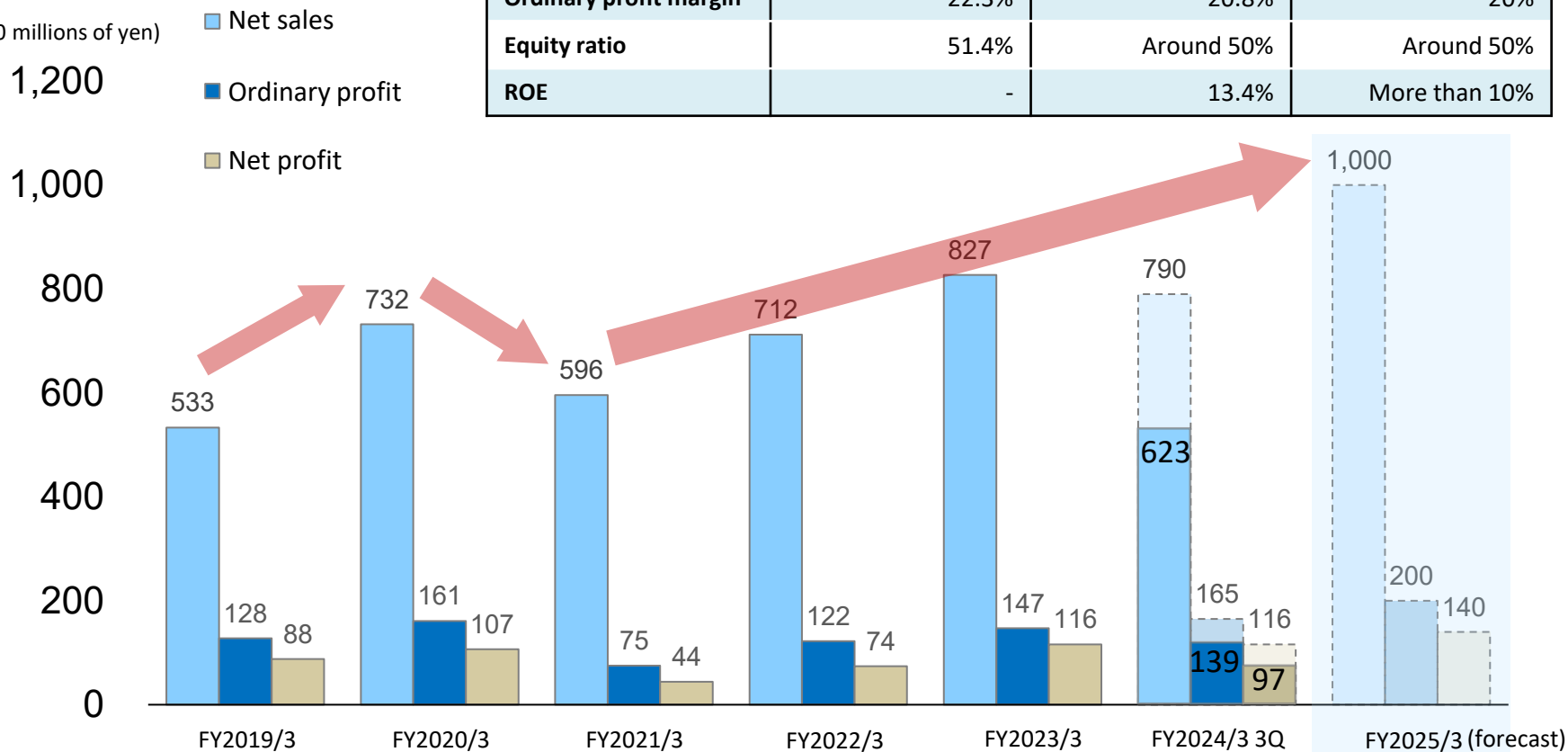
Cash flow

Marketing

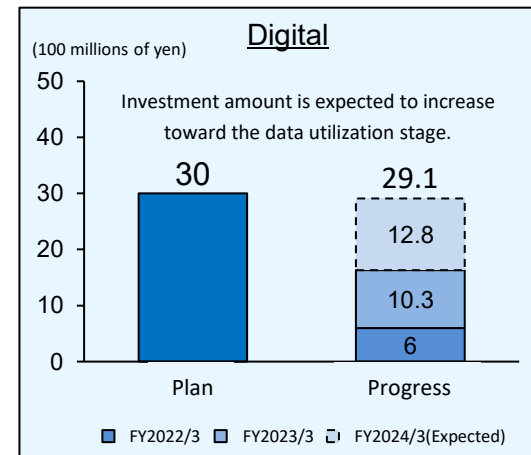
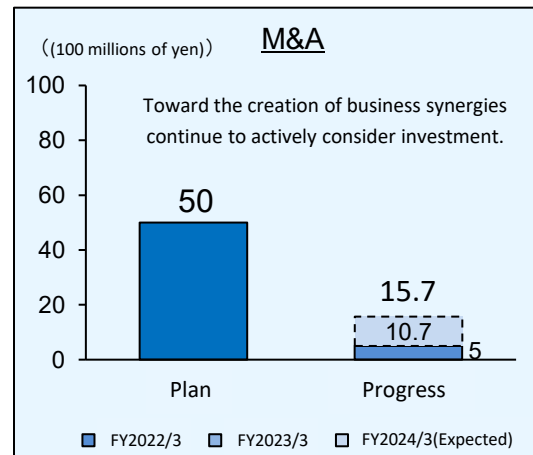
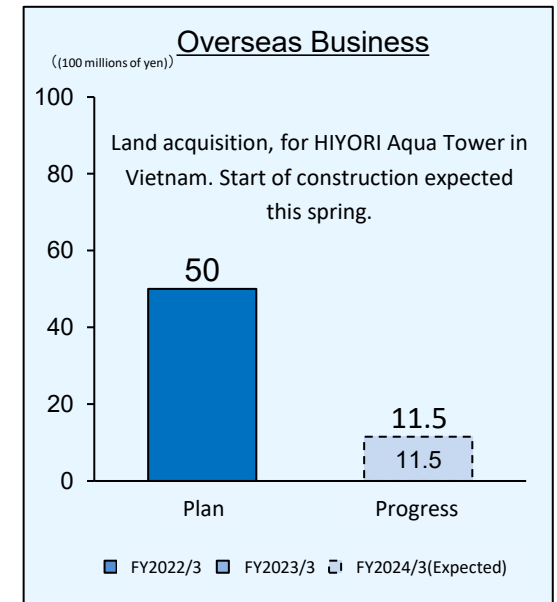
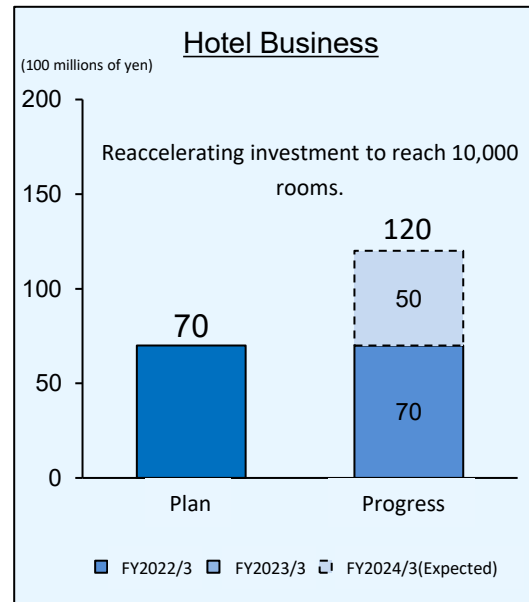
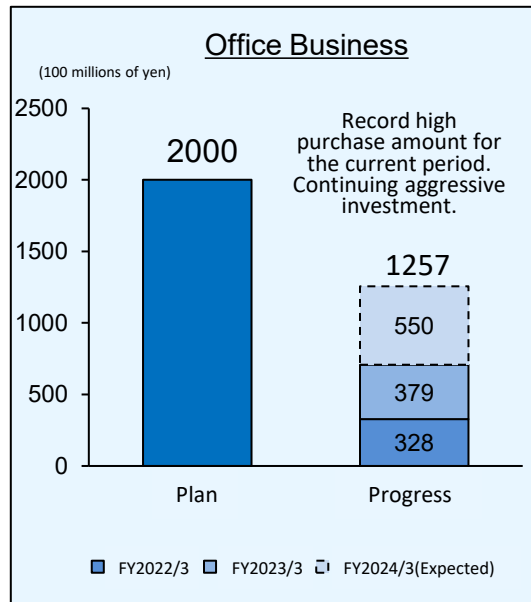
Medium-term Management Plan

	FY2024/3 3Q Results	FY2024/3 Revised forecast	FY2025/3 Target
Net sales	62.3 billions yen	79.0 billions yen	100.0 billions yen
Ordinary profit	13.9 billions yen	16.5 billions yen	20.0 billions yen
Net profit	9.7 billions yen	11.6 billions yen	14.0 billions yen
Ordinary profit margin	22.3%	20.8%	20%
Equity ratio	51.4%	Around 50%	Around 50%
ROE	-	13.4%	More than 10%

(100 millions of yen)



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



* Plan is the total investment amount for the four periods of 22/3-25/3. The figures for Office Business, Hotel Business, and Overseas Business are the sum of purchases and construction. The amount of M&A investment is the amount invested. Digital investment is the total of system installation costs and running costs.

Philosophy and Sustainability

Systematic the philosophy for the further penetration



Business area

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

Realization of Sustainable Society

Environmental
Protection

Human Resource
Development

Regional
Revitalization

Office Business

Real Estate Revitalization Real Estate Service

- Replanning
- Small-lot Property
- Rental Building
- Sales Brokerage
- Leasing Brokerage
- Property Management
- Building Maintenance
- Asset Consulting
- Rent Guarantee
- Conference Room Rental

Others

- Construction

Hotel and Tourism

Hotel Operating Hotel Development

- Operating
- Development
- Revitalization
- Sales

Regional Revitalization (Shima Yume)

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

Overseas

Taiwan

- Sales Brokerage

USA

(New York)

- Replanning

Vietnam










- Residential Development
- Residential Management

Sustainability Issues and Targets

Sustainability Vision

Sustainability HP → <https://www.sunfrt.co.jp/en/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, “Sun Frontier Wellness Score”, 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) 	 
	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 • Training hours as a percentage of prescribed working hours to be 12% or more • Increase hourly recurring profit in FY ending March 2023 year-on-year 	  

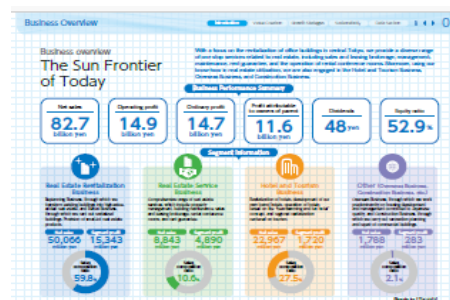
Sun Frontier Sustainability Report 2023 Issued



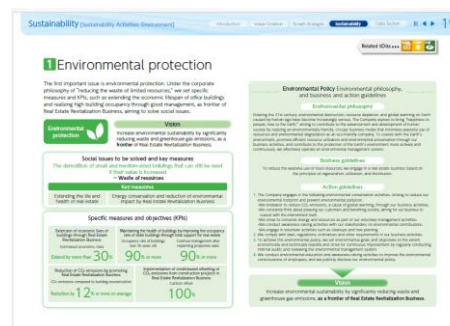
Front cover



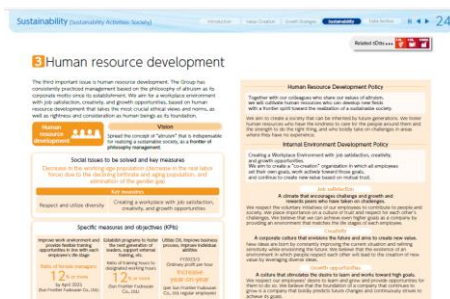
Top message



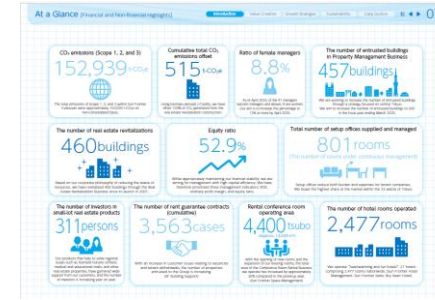
Business overview



Environmental protection



Human resource development



Financial and non-financial highlights



Regional revitalization

[Main contents]

- Sun Frontier Philosophy
- History of Sun Frontier
- Top message
- Growth strategies by businesses
- Sustainability management
- Examples of sustainability activities
- ESG data
- Etc.

Environment

As of December 31, 2023

Actual number
of RP buildings



Total **480** buildings



Capital and business alliance

Promoting the use of
electricity storage systems



Capital and business alliance

Promoting agrivoltaics

Carbon Offset
Cumulative total **3,003t**



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

RP construction
39 buildings
762t

Establishment of SF
Ocean Power Generation
Co., Ltd.

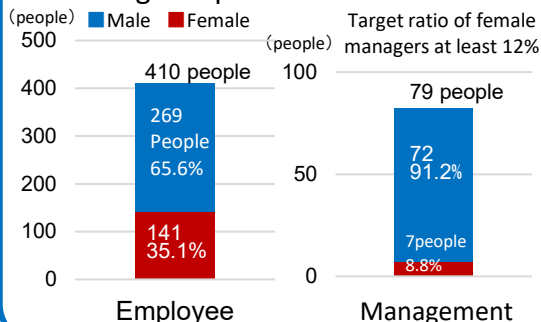


Acquired BELS for
6 properties

Social

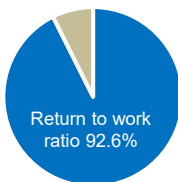
As of December 31, 2023

Ratio of male and female employees
in managerial positions



Childcare leave

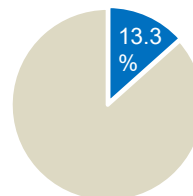
Utilization rate 100%



From childcare leave,
92.6% return to work

Human resource
development

Aim to over 12%



Training 13.3% of
working hours

Governance

As of December 31, 2023

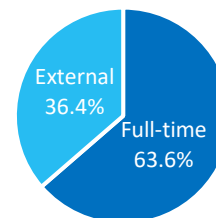
Transition to a
company with
Audit & Supervisory
Committee

As of June 30, 2022

Board of Directors

Audit &
Supervisory
Committee

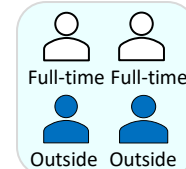
Ratio of Outside
Officers 1/3 or more



Female Directors
1 out of 11



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



Ensuring transparency
and soundness

Sustainability website

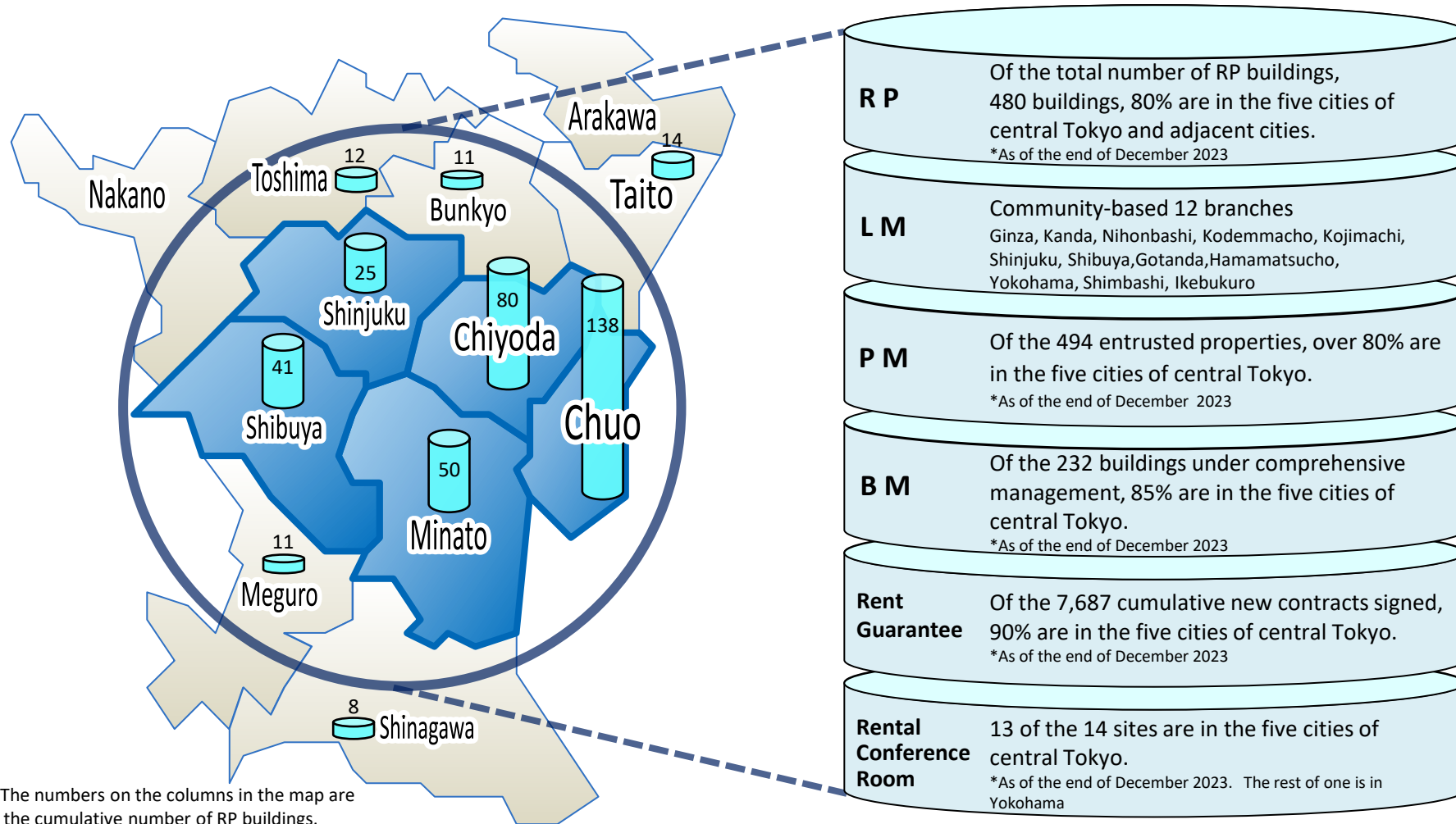
<https://www.sunfrt.co.jp/en/sustainability/>

• 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.

Business Model

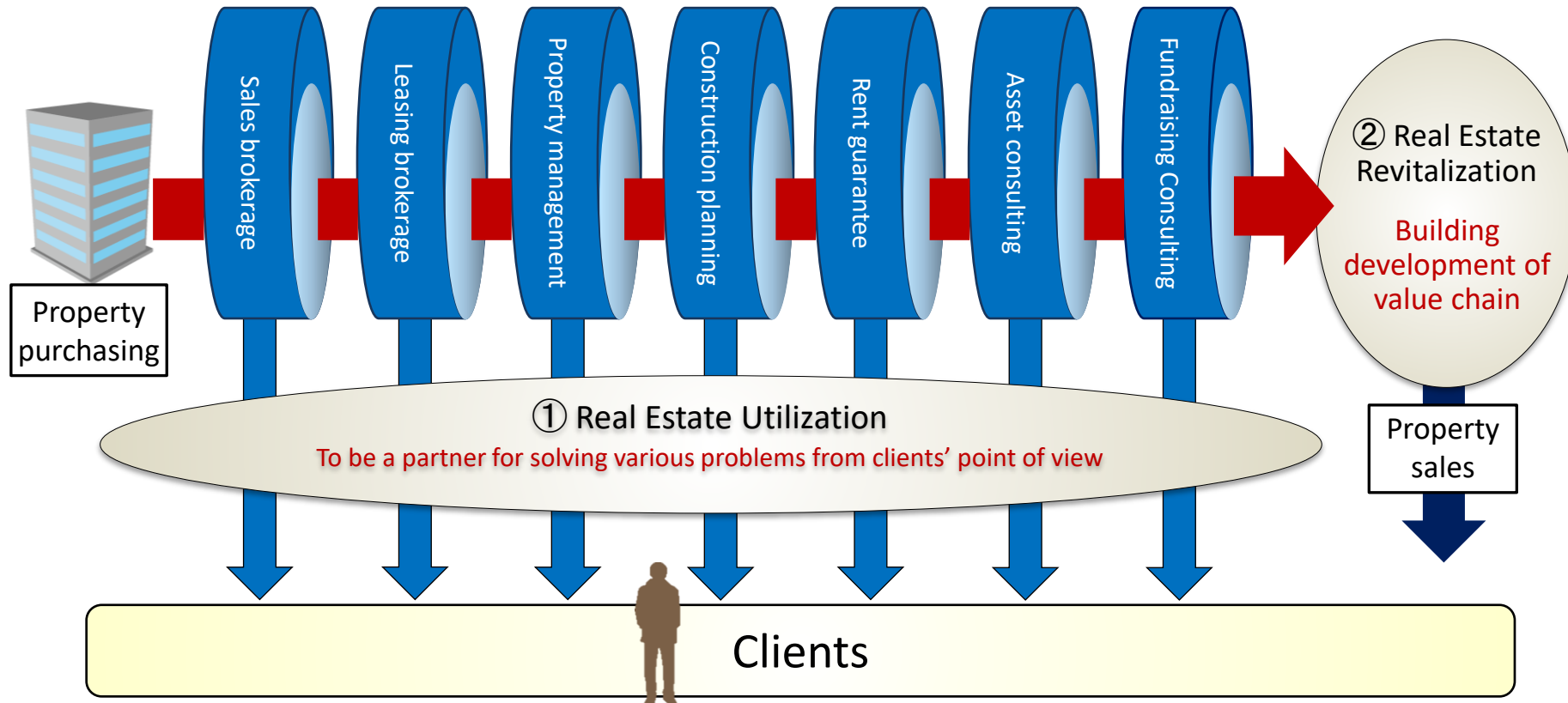
Strategy in Office Business

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



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 a kind of office replanned by our Company. Unlike regular office interiors, there are reception and reception room, etc., in the office with highly designed interior. We also provide some equipment for rent or 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 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 3) Reduced financial burden

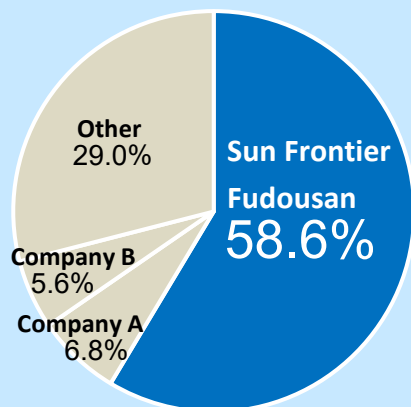
Significant cost reduction for office interiors, etc., and no interior assets recorded by tenants.

Merit 4) Employment, motivation and productivity improvement

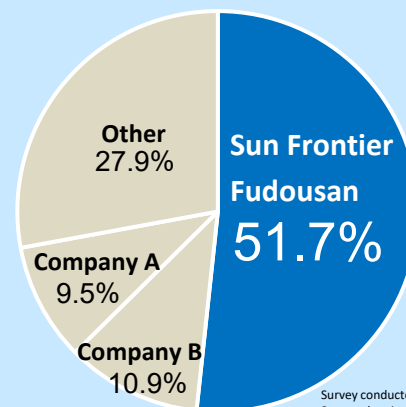
Improve employment of human resources, employee motivation, and office productivity by the office interior that pursues a high level of design, focusing on design, functionality, and various usage scenes.

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

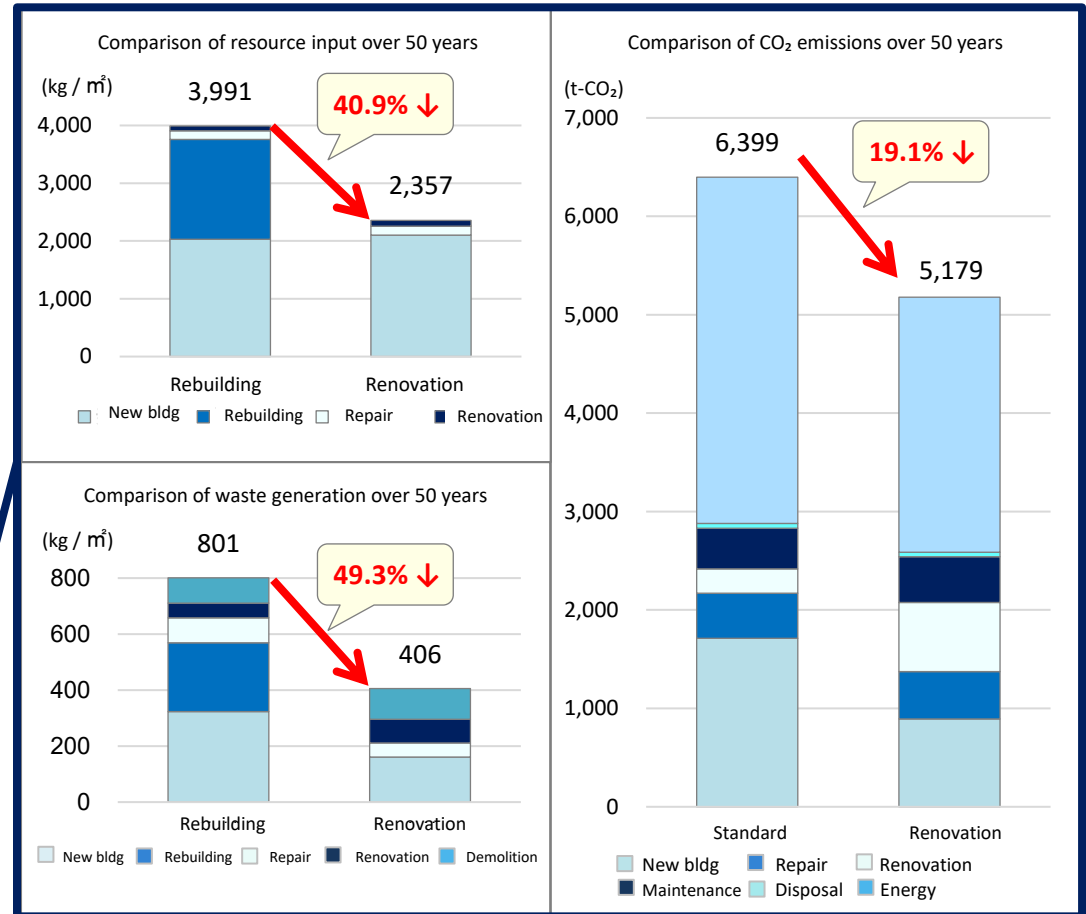
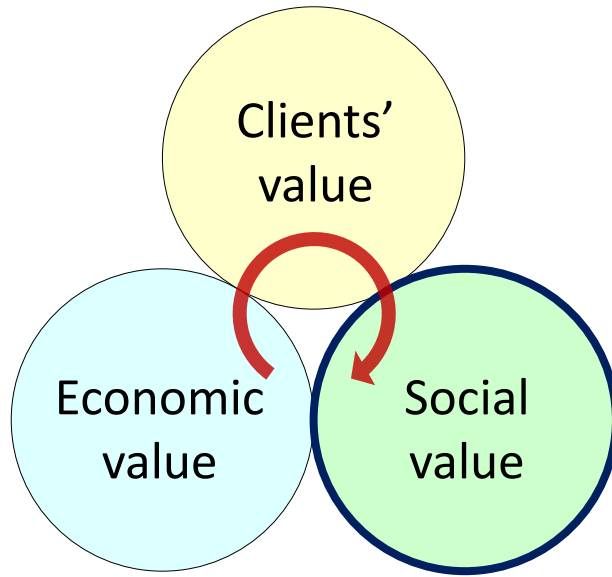
Create both Customer Value and Social Value

Solving social issues through supporting our clients' business.

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

II

Utilizing the limited, keeping challenging to create new value, and aiming to become the most appreciated visionary company in the world.



<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.

Regional 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 regional 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として、楽しい観光のお手伝いとして



Donden Kogen Lodge



気軽にレンタカー
Kigaru ni Rent a Car

Port of Ryotsu



Sado Outdoor Base



SADO NATIONAL PARK
HOTEL OOSADO



SADO RESORT HOTEL AZUMA



LE BLUE
SADO SAWANE



Tabino Hotel live Sado
Start operating in June 2023



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

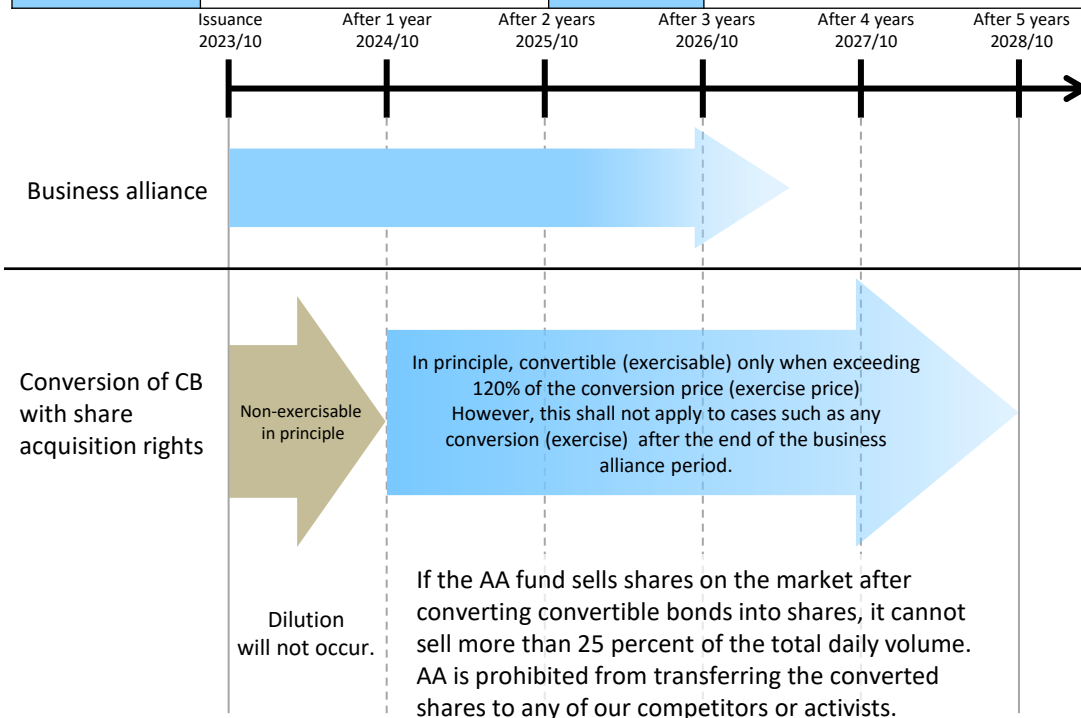
Miyakojima, Okinawa

Reference Materials

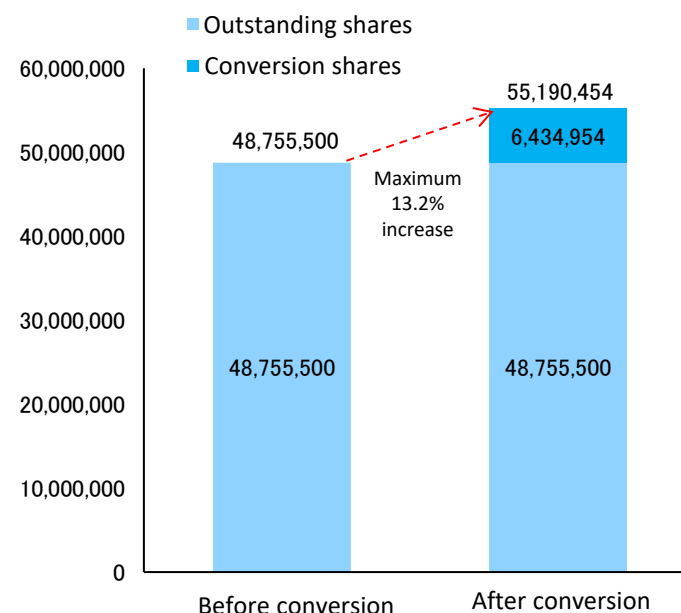
Conversion conditions of CB

Type	Convertible bonds with share acquisition rights	Maturity	5 years
Issuance date	October 6, 2023	Convertible period	5 years after the payment due date However, In principle, non-convertible for 1 year after the payment due date
Amount of funds acquired	Approximately 10 billion yen	Conversion price	1,554 yen per share In principle, convertible (exercisable) only when exceeding 120% (1,865 yen) of the conversion price (exercise price) However, this shall not apply to cases such as any conversion (exercise) after the end of the business alliance period.
Bond interest rate	0%		

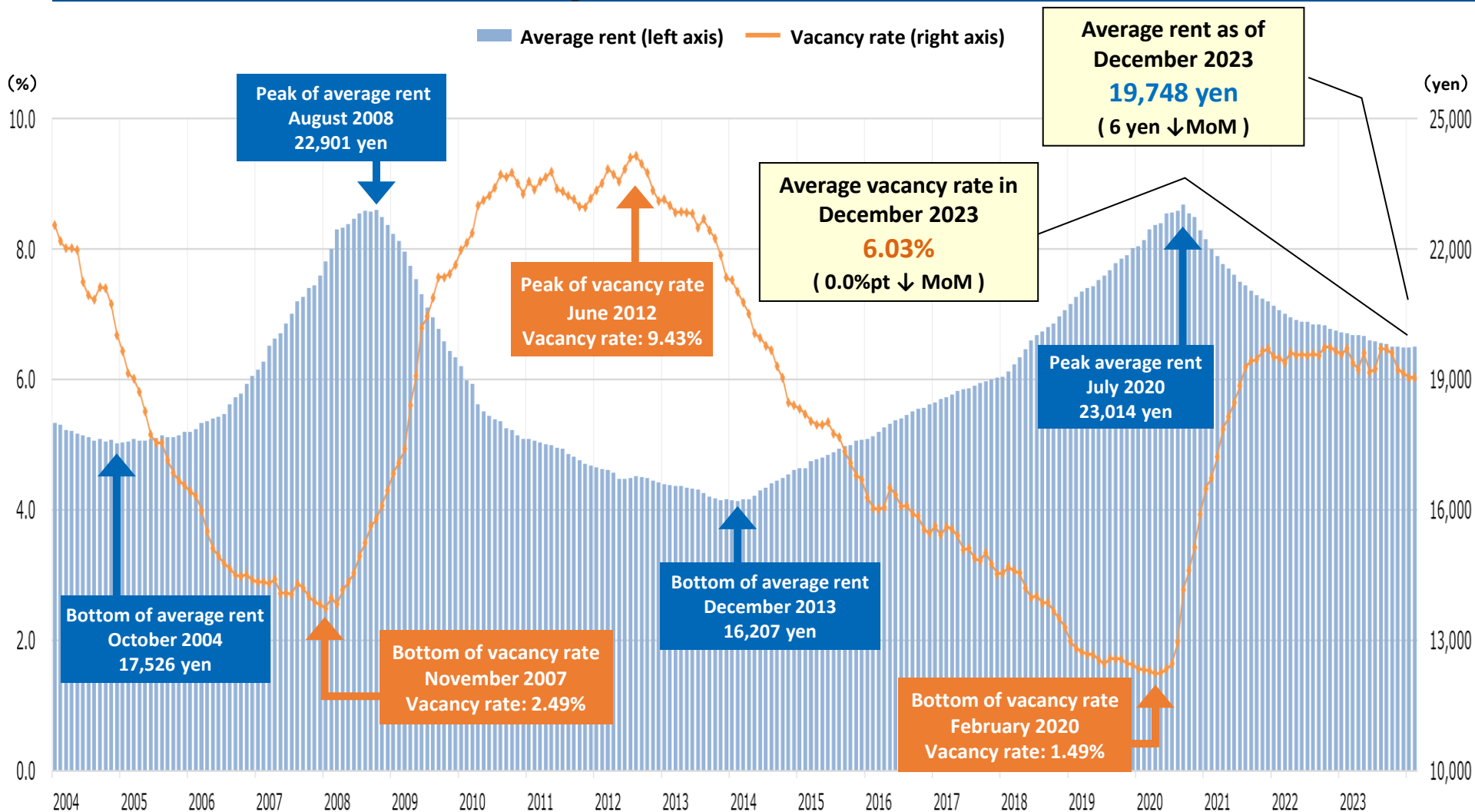
Specific use of funds	Amount
Acquisition of land in conjunction with new hotel development and construction work investment	Approx. 8 billion yen
M&A funds primarily for the hotel development business and construction business	Approx. 2 billion yen



Possibility of Share Increasing due to the Conversion

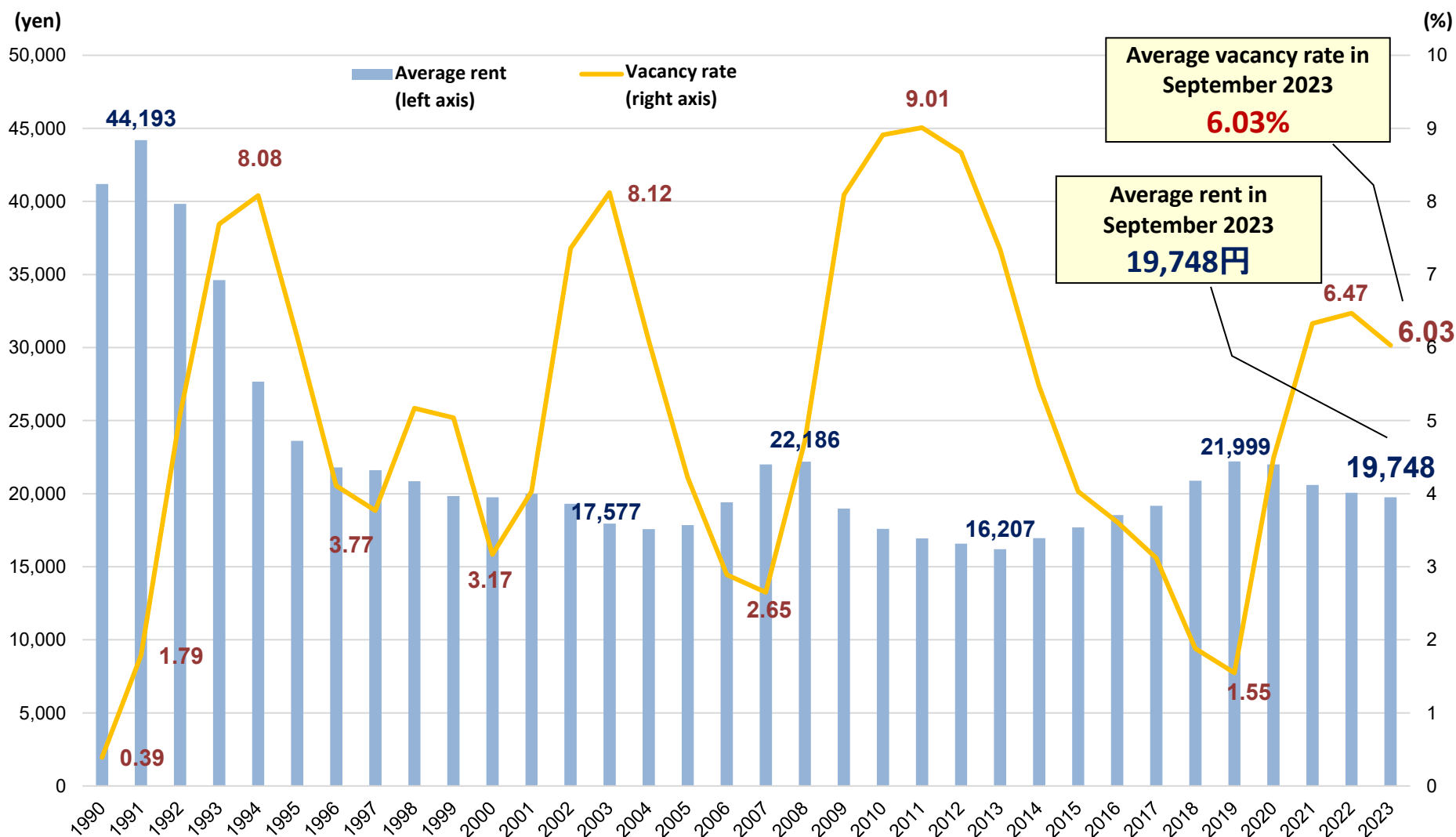


Office Vacancy Rates and Rents in Five Cities of Central Tokyo



* 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



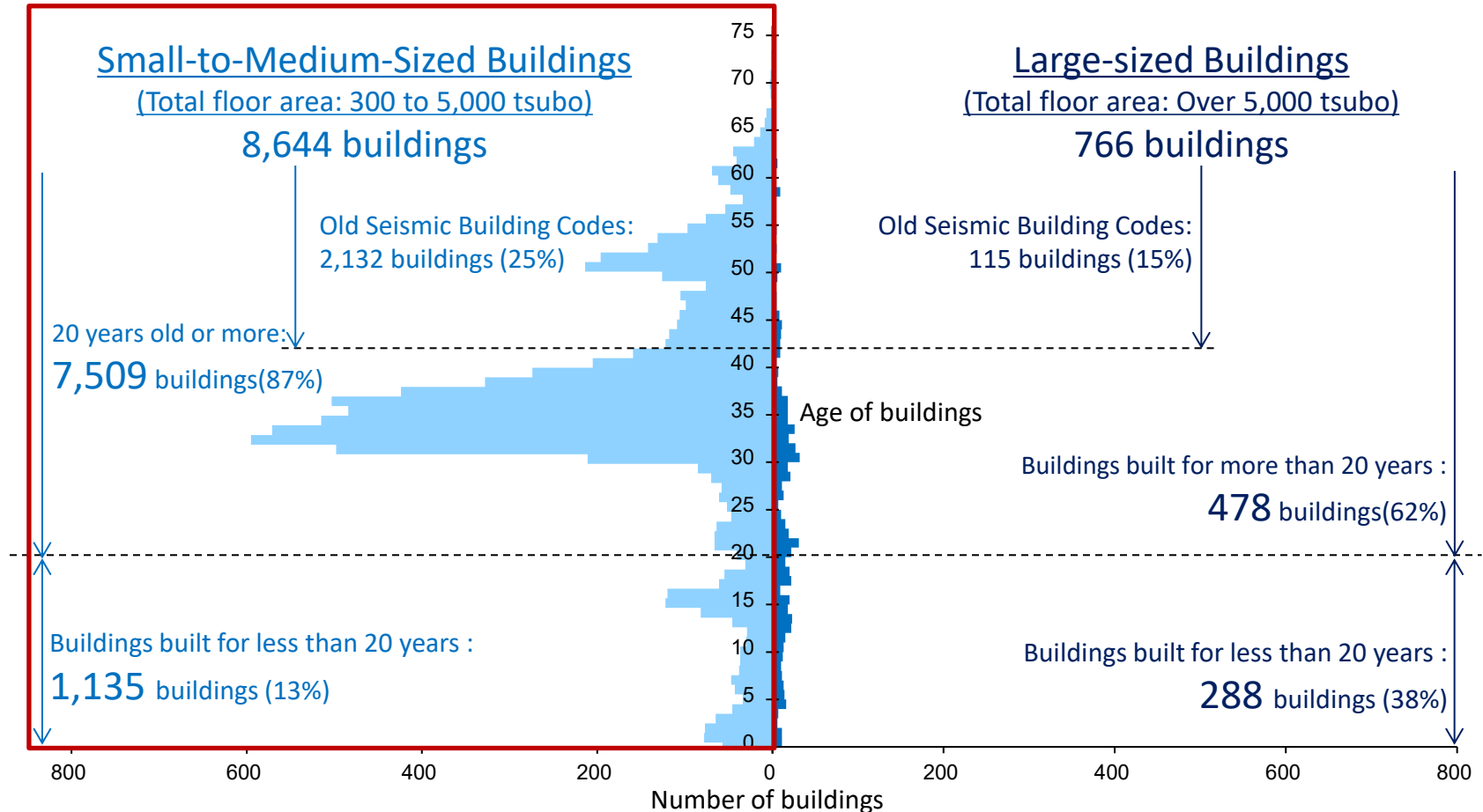
Source: Compiled by the Company based on Miki Shoji's "Office Report"

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

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

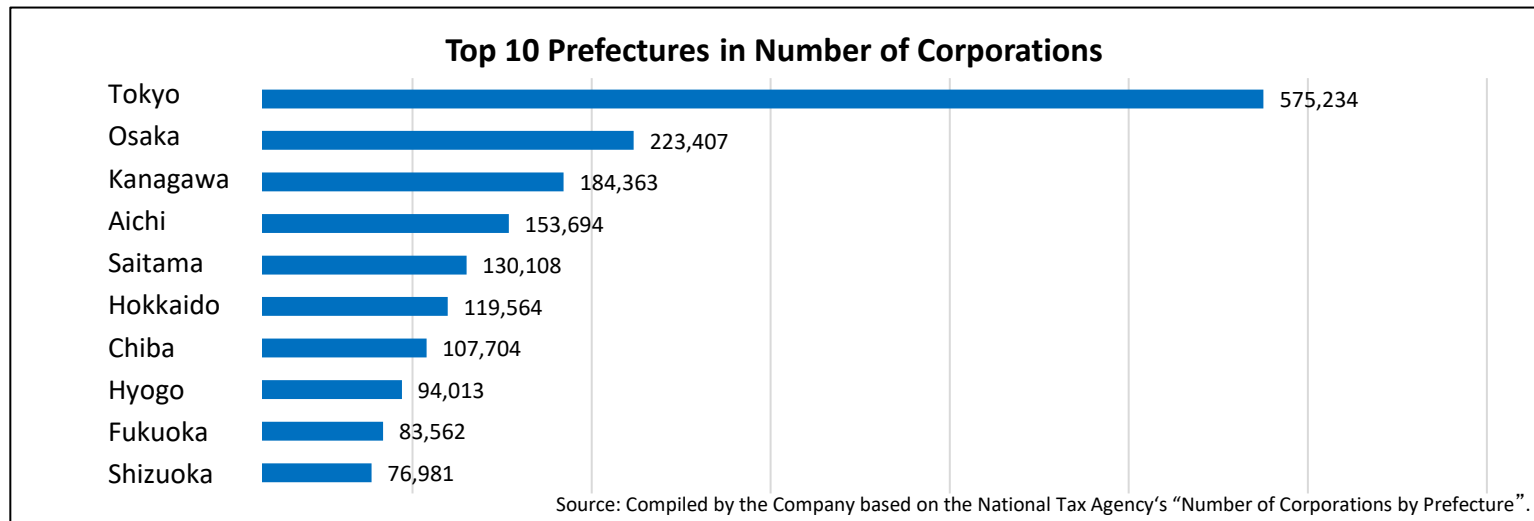
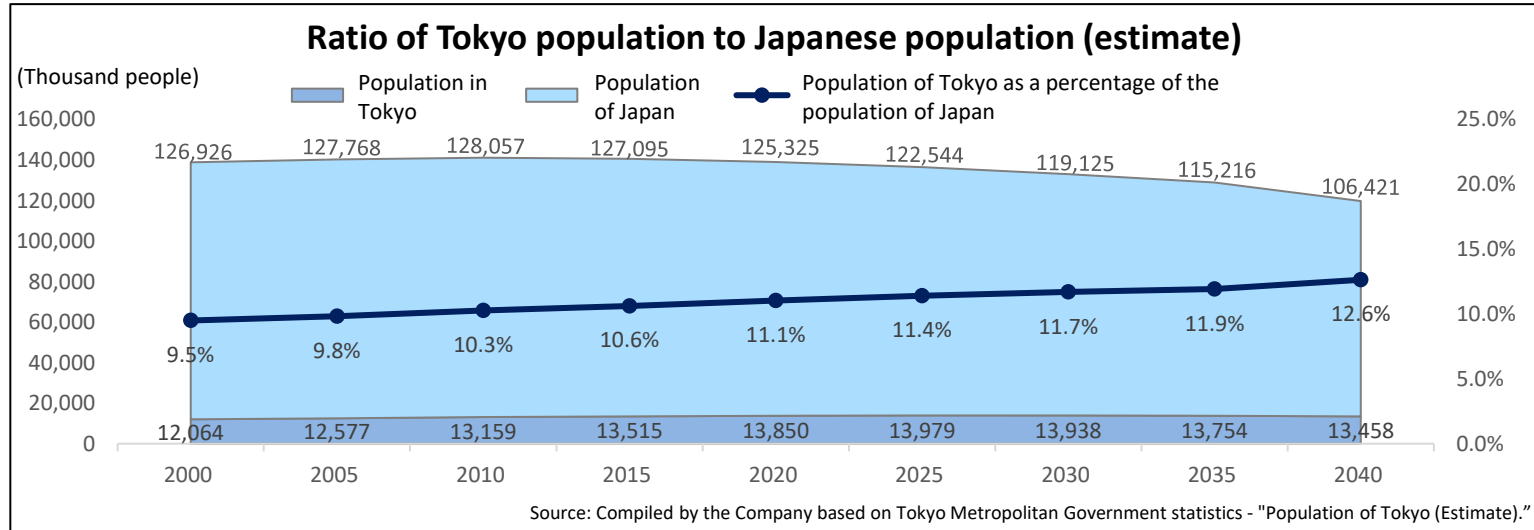
Tokyo 23 cities with 9,410 buildings



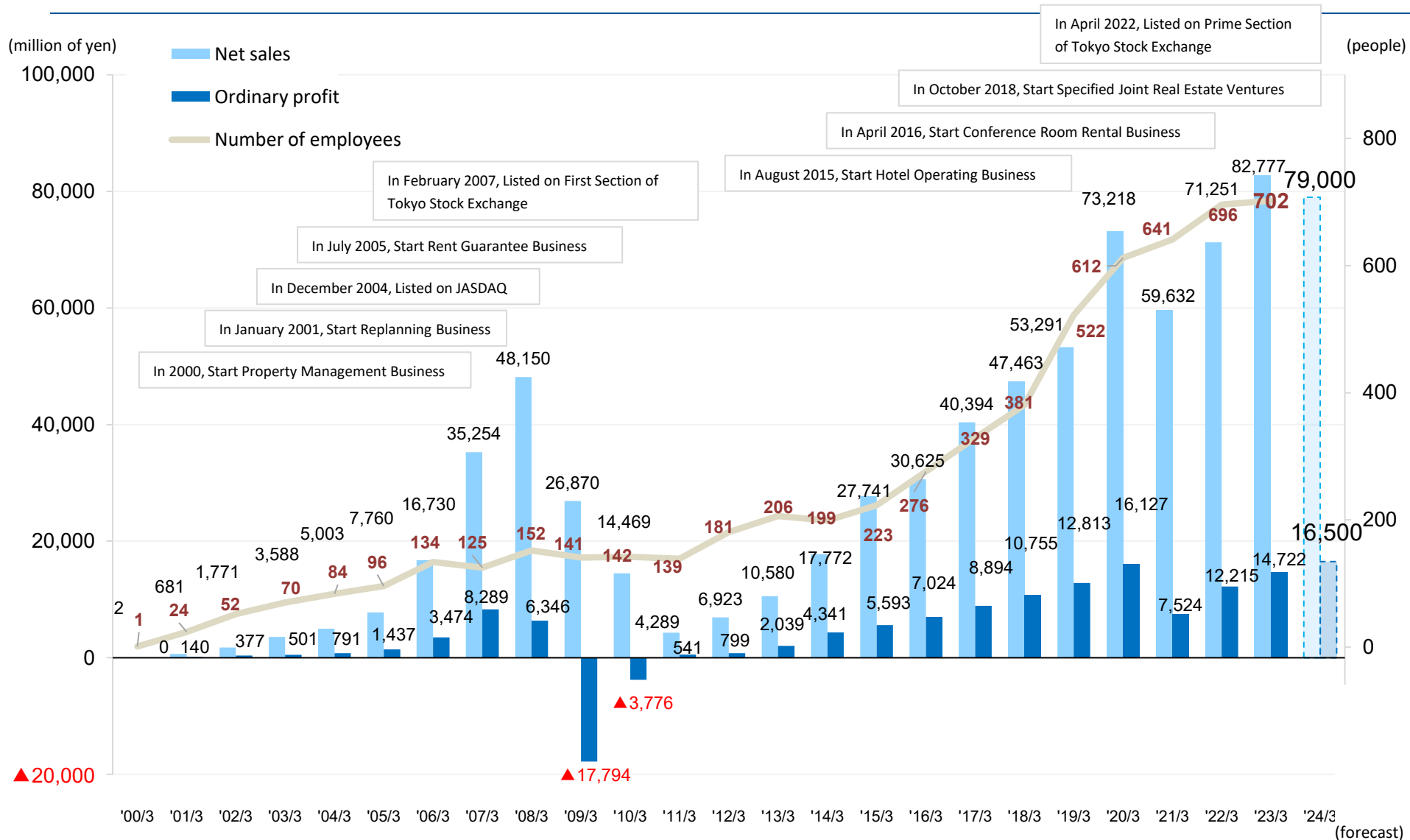
Source : Created by us based on "Tokyo 23 cities Office Pyramid 2023 (based on the number of buildings)" (Xymax Real Estate Institute)

Demographics and Number of Corporations in Tokyo

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



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 (1,339 including part-timers and temporary workers)
Average Age of Employees*	36.4 years old
Business Profile	Real Estate Revitalization Real Estate Service { Properties Management, Brokerage, Construction Planning, Rent Guarantee, Building Operations, Asset Consultation } Hotel Development and Operation Others
Accounting Month	March
Listed Market	Tokyo Stock Exchange Prime (Code number: 8934)

* As of the end of December 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.

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SUN FRONTIER