

Sun Frontier Fudousan Co., Ltd. Business Report

Interim Shareholder Newsletter 2022

April 1, 2021 to September 30, 2021



Stock Code: 8934



SUN FRONTIER

To our Shareholders

Summary of the First Half of the 23rd Fiscal Year

Both sales and ordinary profit improved significantly by 40% and 72%, respectively, year on year in the first half of the term, allowing Sun Frontier Fudousan to get back on a growth track.

We would like to express our sincere gratitude for your continued patronage. In addition, we would like to send our heartfelt condolences to those who are suffering from COVID-19, and to those who have been affected by the spread of the virus, and we would like to show our genuine appreciation for all the work done by healthcare professionals.

In the first half of the 23rd fiscal year (from April 1, 2021 to September 30, 2021) of our corporate group, the resurgence of the COVID-19 caused by its new variants forced the world to suffer from the COVID-19 crisis for a prolonged period, and restrained our overall socioeconomic activities due to such factors as travel restrictions, stay-at-home orders, and stagnated supply chains. Under these circumstances, our company made strenuous group-wide efforts to solve problems afflicting our customers while taking thorough measures against further spread of COVID-19. In the Office Business segment, in particular, the replanning real estate, which we have transformed into high-value-added buildings with an elevated occupancy rate through cooperation among our various departments, sold well and contributed to our overall business performance. Furthermore, the Real Estate Service Business steadily delivered satisfactory results even amid the COVID-19 pandemic. As a result, thankfully, both sales and ordinary income went up significantly in the first half by 40% and 72%, respectively, year on year, getting us back on a growth track.

Payment of interim dividends

Our company paid dividends of surplus in a lump once a year at the end of each fiscal year; however, we have decided to pay interim dividends from this term, to enrich opportunities of medium- and long-term returns to shareholders. The amount of the dividend is to be 21 yen per share as announced on August 10, 2021. The estimated amount of the annual dividend, which is the sum of the interim and year-end dividends, is kept at 42 yen per share. We continuously strive to enhance our corporate group's value and return profits to our shareholders on a long-term and stable basis to keep living up to shareholders' expectations.

Steady implementation of the medium-term management plan

Our corporate group is currently pressing ahead with a medium-term management plan that ends in the fiscal year ending March 2025. Pursuing our basic policy of providing the society with "places where people gather, communicate with each other, and create social development and people's happiness," we will thrive in our three principal business segments.

In the Office Business, through revitalization and utilization of our existing buildings, we will provide companies occupying our buildings with places and opportunities to grow and create new industries and innovations one after another while we contribute to carbon neutrality. In the Hotel Business, we will provide guests with places that bring about peace, excitement, and smiles. We also create places for healthy, safe, and happy life to residents of the apartment buildings that our company is developing in Vietnam. We will put forth more effort to settle social issues and put our all into sustainable improvement of our corporate value toward the medium-term management plan and the future beyond it.

Pursuit of the major policy under any circumstances

Following our major policy: "Not for profit, but for trust. It's us who can change, to solve troubles from the viewpoints of customers, exceeding their expectations," under any circumstances, we aim to become "the world's most loved, trusted, and selected real estate company" as experts at utilizing real estate.

We would appreciate your continued support and guidance.

December, 2021

Sun Frontier Fudousan Co., Ltd.

President

Seiichi Saito



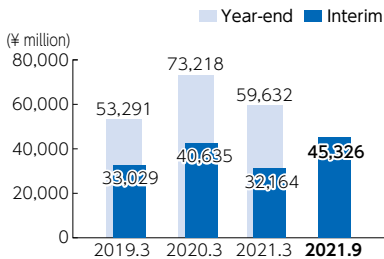
Business Report for the First Half of FY March 2022 (Financial Highlights)

Points of Consolidated Financial Results

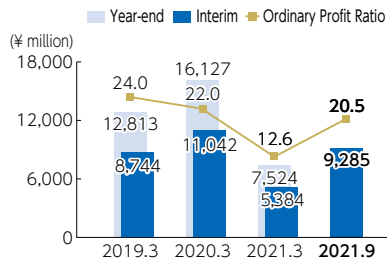
- In the mainstay Real Estate Revitalization Business, the Office Section went all out to commercialize our buildings and transformed them into highly profitable products with high value added, which increased sales on a steady basis. Consequently, sales and profit grew significantly year on year, and this business contributed to our company's overall performance.
- The Real Estate Service Business has a growing number of business opportunities for resolving customers' problems amid the COVID-19 crisis. Sales and profit considerably exceeded those in the previous year because each service yielded revenue continuously and stably, and this business is expanding above the pre-pandemic level.

Variations in Sales and Profit/Loss

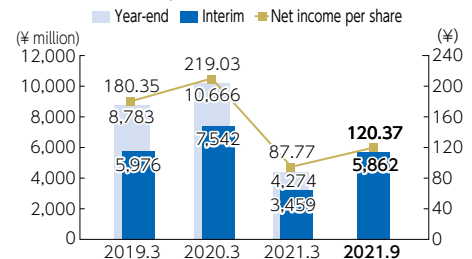
■ Net Sales



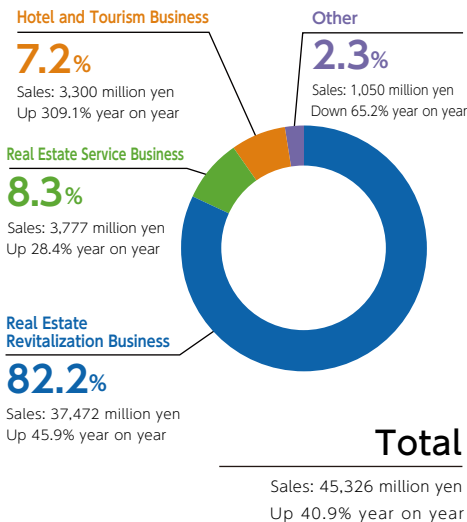
■ Ordinary Profit • Ordinary Profit Ratio



■ Profit attributable to owners of parent • Net income per share



Composition of Sales by Segment



Revision to Business Segments and Names

Before the revision		After the revision	
Real Estate Revitalization Business	Replanning Business	Real Estate Revitalization Business	Replanning Business
	Rental Building Business		Leasing/RP Buildings
	Hotel Development Business		Leasing/Fixed Assets
Real Estate Service Business	Property Management Business	Real Estate Service Business	Sales Brokerage Business
	Building Maintenance Business		Rental Brokerage Business
	Sales Brokerage Business		Property Management Business
	Rental Brokerage Business		Building Maintenance Business
Operation Business	Hotel Operation Business	Hotel and Tourism Business	Subleasing Business
	Conference Room Rental Business		Conference Room Rental Business
Other	Rent Guarantee Business	Other	Rent Guarantee Business
	Overseas Business		Hotel Development Business
	Construction Business		Leasing/Hotels
			Hotel Operation Business
			Overseas Business
			Construction Business

*The restructuring of the Hotel Business within our corporate group in November 2020 has been considered, and the business segment has been renamed to Hotel and Tourism Business. In addition, we made changes in the Real Estate Service segment and have integrated various services into the Real Estate Service Business to further strengthen the connection among the services.

Launching +SHIFT to Design Workstyles in a New Era



Our company has launched a new brand +SHIFT and opened a flagship building +SHIFT NOGIZAKA. +SHIFT was born as a working place for entrepreneurs who pursue enriched workstyles in which they shift or switch from the conventional concept of offices to a new standard, and do not change everything at once but keep changing gradually and flexibly by adding something to their current personality and lifestyle while taking advantage of such elements.

April 2021

Acquisition of the Shares in Hotel Osado

Hotel Osado is located in Aikawa Kasugazaki in the west coast of Sadogashima, which is one of the foremost picturesque places in Sadogashima, Niigata Prefecture, and boasts its imposing appearance in the magnificent natural landscape facing the Sea of Japan.



Guests can enjoy a splendid view of the blue sea of Sado from every room and admire a glorious sunset in the early evening hours. The hotel is equipped with large public baths and open-air baths of hot spring, and guests can enjoy meals cooked using fresh seafood and ingredients unique to Sado in a relaxing atmosphere.

LIT was Born as a Community Workplace that is More Than an Office as a Place of Work



We newly opened a community workplace, LIT, in Higashi-nihombashi as our new approach in the Replanning® Business. As a new workstyle in the post-pandemic era, we

propose a community workplace that is a space evolving from an office, which is just a place where people do nothing but work, to a place that encourages people to gather for creating innovations.

June 2021

A project “Pay us back the rent when your dream has come true,” which Allows You to Rent Offices with Your Dreams

“Pay us back the rent when your dream has come true” is a project based on a new method of tenant screening adopted at LIT. In this project, our company invites individuals and organizations that hope to move in to LIT and makes them present to us their dreams that they aspire to turn into reality. People’s dreams are the item of screening, and we will offer LIT’s office rooms for free of charge for a year to those who have presented dreams that Sun Frontier Fudousan has decided to support. We would like to fulfill the concept of “supporting innovations” that we pursue through LIT.



3rd Small-lot Ownership Product Sold Out



We have sold out the third project, the newly established licensed nursery school in Setagaya Ward, Tokyo, which we offered as a small-lot ownership real estate product under the Act on Specified Joint Real Estate Ventures. It was well received as

a product that boosts the number of nursery schools as social infrastructure and helps resolve social issues. We will continue to carefully select superior real estate and provide our investors with a new value and sense of security.

August 2021

Opening of Vision Center Nishi-shinjuku



Our company has opened Vision Center Nishi-shinjuku, the 15th base of the Conference Room Rental Business. This is our corporate group's largest facility with accommodations for up to 288 people and a great location

that is a one-minute walk from Shinjuku Station on various subway lines and a five-minute walk from JR Shinjuku Station. We will make it a facility that flexibly fulfills myriad user requests and that will be chosen by users.

Capital and Business Alliance with SENSYN ROBOTICS, Inc.



Our company has forged a capital and business alliance with SENSYN ROBOTICS, Inc., a company that aims to settle social issues by combining robotics with AI, regarding proactive digital transformation (DX) aimed at enhancing productivity and reforming workstyles in the real estate field. The objective of the alliance between the companies is to shorten the period of a project from procurement of a building to commercialization and sale of it by taking full advantage of digital technology as well as by saving unnecessary man-hours and contributing to boosting productivity in the sites of real estate-related businesses.

September 2021

Realization of Net Zero Carbon Emissions in Real Estate Revitalization Works

Our company began to take an approach to reducing carbon dioxide emissions substantially to zero by calculating the amount of carbon dioxide released from remodeling works of our Replanning® buildings (such as exterior repairs, interior renovation, and repairs of air conditioning systems and sanitary facilities) and offsetting the amount of carbon dioxide given off with renewable energy-based credits created under the J-Credit Scheme. We will adopt this approach to all the Replanning® buildings completed in August 2021 onward.

How carbon dioxide is offset with renewable energy-based credits under the J-Credit Scheme



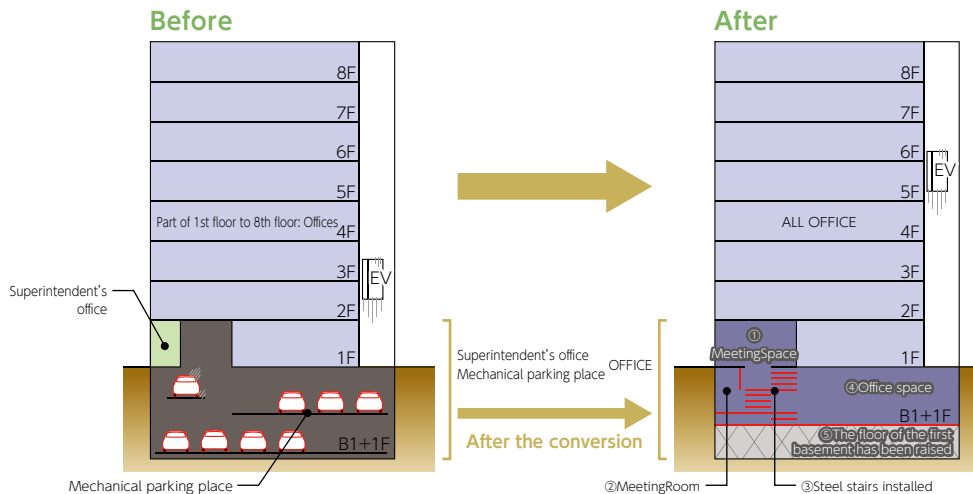
Real Estate Revitalization Case Study

Suidobashi Building for Investment

— Conversion of a mechanical multi-story parking place into a room for rent that takes advantage of the vast space about 6 meters below ground —

Our company remodeled this building on a large scale after we acquired it. It has been revitalized as real estate that is safe after sale through repairs of the entrance and interior design, exterior repairs, waterproofing of the rooftop, an overhaul of the elevators, and upgrading of the air conditioning systems and other various facilities.

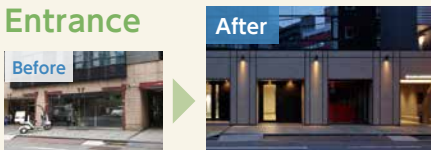
In addition, making the most of the knowledge that our company has cultivated through our past revitalization projects, we have converted the old mechanical multi-story parking place on the first floor and the first basement into a room for rent (which means that we have changed the intended use of the space), creating an attractive rental room by using the wide-open space about 6 meters below ground and transforming the facility into a profitable building with an elevated occupancy rate.



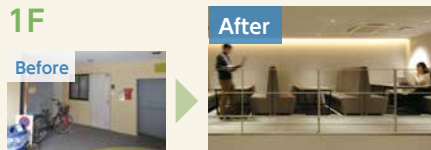
1st basement



Entrance



1F



5F·6F·8F



Hotel Business – Opening of Three New Hotels –

HIYORI Chapter Kyoto Tribute Portfolio Hotel

Our company has opened HIYORI Chapter Kyoto Tribute Portfolio Hotel as the second hotel that we operate jointly with the Marriott hotel brand.

This hotel has a total of 203 rooms including two suite rooms. Facing Kawaramachi Street, one of the main streets in Kyoto City, it is easily accessible with only a four-minute walk from Kyoto Shiyakusho-mae Station on the Tozai Line of Kyoto Municipal Subway.

With the word “Chapter” in the hotel’s name whose principal meaning is a division of a book, we wish with all our heart that the days guests spend at the hotel will fill a new page of the memories in their life as a new chapter of their trips in Kyoto. We devote ourselves to making the hotel more attractive so that the story guests and the hotel weave together will give memorable and unforgettable moments as a new form of travel that guests have never experienced before.



▲Appearance



▲Guest rooms

TABINO HOTEL lit MIYAKOJIMA

Our company has opened TABINO HOTEL Lit MIYAKOJIMA (address: 596 Hirara-nishizato, Miyakojima-shi, Okinawa; No. of rooms: 111), the first hotel under our new brand TABINO HOTEL Lit, which is a new branch of our hotel brand TABINO HOTEL.

Located in the central part of Miyakojima City, this hotel is characterized by its accessibility that satisfies a multitude of needs, such as sightseeing and business. It faces Nishizato Street, the main street in Miyakojima, and guests can not only easily access tourist spots from the hotel, but also go on foot to a number of restaurants where they can enjoy local foods of Miyakojima for various occasions including lunch and dinner.



▲Guest rooms



▲Appearance

TABINO HOTEL lit MATSUMOTO

We have opened TABINO HOTEL lit MATSUMOTO (address: 1-4-5 Fukashi, Matsumoto-shi, Nagano; No. of rooms: 176) as the second hotel under the new TABINO HOTEL lit brand, a new branch of our hotel brand TABINO HOTEL.

This hotel is a four-minute walk away from JR Matsumoto Station and is characterized by its location that allows guests to go on foot to historical tourist spots, including Matsumoto Castle and Nakamachi Street, as well as its convenience for business purposes. Furthermore, a bus terminal for busses bound for major tourist spots is a one-minute walk from the hotel, enabling guests to actively visit myriad places, such as Kamikochi, Norikura Highland, and Hakuba.



▲Large public bath



▲Appearance

Corporate Information

(As of September 30, 2021)

Share Information

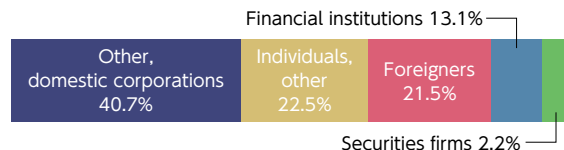
Total number of authorized shares	91,200,000
Total number of shares issued	48,755,500
Number of shareholders	10,418

Major Shareholders (Top 10)

Shareholder name	Number of shares held	Shareholding Ratio ^{*1}
Houon	17,957,500	36.83
The Master Trust Bank of Japan, Ltd. (Trust account)	3,450,100	7.08
Tomoaki Horiguchi	3,013,800	6.18
Custody Bank of Japan, Ltd. (Trust account)	1,699,400	3.49
S Kawagoe Co., Ltd	1,566,400	3.21
THE BANK OF NEW YORK MELLON 140044	887,700	1.82
STATE STREET BANK AND TRUST COMPANY 505103	448,266	0.92
Custody Bank of Japan, Ltd (Trust account 9)	418,700	0.86
Keiko Horiguchi	416,500	0.85
QUINTET PRIVATE BANK (EUROPE) S.A. 107704	416,400	0.85

^{*1} Numbers displayed are rounded off to the second decimal place.
Shareholding ratio is calculated by subtracting the treasury stock (144 shares).
The calculation for shareholding ratio includes the 56,500 shares of our company held by Mizuho Trust & Banking as a trust account according to the Japanese Employee Stock Ownership Plan (J-ESOP).

Breakdown of Shareholders (by share number)



Shareholder Memo

Fiscal year	From April 1 to March 31 of the following year
Annual shareholder meeting	June
Date of record	March 31
Announcement listing method	Electronic public notice (the Company homepage) If an electronic public notice is not possible due to accident or any other unavoidable circumstances, the notice will be published in the Nihon Keizai Shimbun.
Shareholder registry Administrator	Mizuho Trust and Banking Co., Ltd. 1-2-1 Yaesu, Chuo-ku, Tokyo ^{*2} ^{*2} Mizuho Trust and Banking Co., Ltd. was relocated to 1-3-3 Marunouchi, Chiyoda-ku, Tokyo on November 22, 2021.
Location for handling this business	Security Agency Department. Mizuho Trust and Banking Co., Ltd.
Contact address	[Number for inquiries only] ☎ 0120-288-324

Company Overview

Name	Sun Frontier Fudousan Co., Ltd. (Code number: 8934)
Headquarters	https://www.sunfrt.co.jp Toho Hibiya Building, 1-2-2, Yurakucho, Chiyoda-ku, Tokyo 100-0006 Tel.03-5521-1301 https://www.sunfrt.co.jp
Branches	Ginza, Nihonbashi, Kodenmacho, Kanda, Kojimachi, Hamamatsucho, Shinjuku, Shibuya, Gotanda, Yokohama
Capital	¥11,965 million
Number of employees	679 (consolidated)

Please see here for detailed information on the company.



Principal	SF Building Support Inc.
Consolidated Subsidiaries	SF Building Maintenance Inc. Sun Frontier Space Management Inc. SF Engineering Inc. Sun Frontier Hotel Management Inc. Sky Heart Hotel Inc.