



Forecast for FY2025/3 and Business Initiatives



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Now, I will provide an update on the progress of our performance forecast for the current fiscal year and highlight some of the recent initiatives across our various business segments.

Progress for FY2025/3 Forecast



(Unit: million yen)	Result for FY2024/3	Forecast for FY2025/3	Result for FY2025/3 2Q	Progress Rate
Net sales	79,868	100,000	36,786	36.8%
Real Estate Revitalization Business	51,027	69,800	22,344	32.0%
Replanning Business	48,395	67,000	20,987	31.3%
Rental Buildings Business	2,632	2,800	1,357	48.5%
Real Estate Service Business	10,497	11,650	5,954	51.1%
Hotel and Tourism Business	16,977	17,430	8,216	47.1%
Hotel Development Business	5,270	3,000	272	9.1%
Hotel Operation, etc	11,707	14,430	7,943	55.1%
Other Business	2,409	2,560	953	37.2%
Adjustments	▲1,043	▲1,440	▲682	—
Gross Profit (Loss)	26,405	31,000	11,520	37.2%
Real Estate Revitalization Business	16,593	21,230	6,684	31.5%
Replanning Business	15,981	20,600	6,501	31.7%
Rental Buildings Business	612	630	182	28.9%
Real Estate Service Business	5,636	6,300	2,949	46.8%
Hotel and Tourism Business	4,440	3,840	2,101	54.7%
Hotel Development Business	2,200	1,100	107	9.7%
Hotel Operation, etc	2,240	2,740	1,994	72.8%
Other Business	352	420	259	61.7%
Adjustments	▲618	▲790	▲474	—
Selling, General and Administrative Expenses	8,804	10,130	4,817	47.6%
Operating Profit (Loss)	17,600	20,870	6,703	32.1%
Ordinary Profit (Loss)	17,374	20,000	6,350	31.8%
Profit	11,917	14,000	4,422	31.6%
EPS	245.50 yen	288.41 yen	91.07 yen	31.6%

As mentioned earlier, the performance for the second quarter is in line with the initial forecast.

Regarding overall progress toward our full-year targets, sales are at 36.8%, and operating profit is at 31.8%.

While the progress rate is slightly lower compared to the first half of last year, we are still largely on track with the initial plan.

Looking at each business segment, the re-planning (RP) business has achieved a sales progress rate of 31%, while the hotel development business has made 9% progress.

This is due to the fact that larger property sales in the RP business and property sales in the hotel development business are both concentrated in the second half of the year.

I will provide further details on the current sales situation shortly.

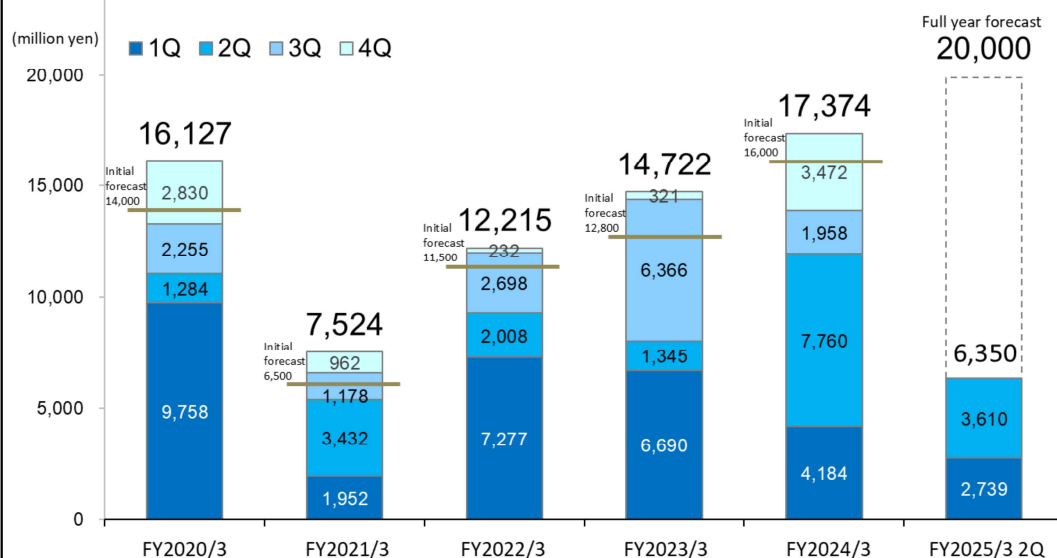
On the other hand, the real estate services business and hotel operations business have shown strong progress, with sales progress rates of 51% and 55%, respectively.

Both segments have exceeded the 50% mark in the first half, indicating solid growth in performance.

Trends in Ordinary Profit for the past 5 fiscal years



Many of the planned property sales are scheduled in the second half of the year.
Progress against the forecast was in line with the plan.



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Here is a graph showing the trend in operating profit over the last five periods, including the first half of the current fiscal year.

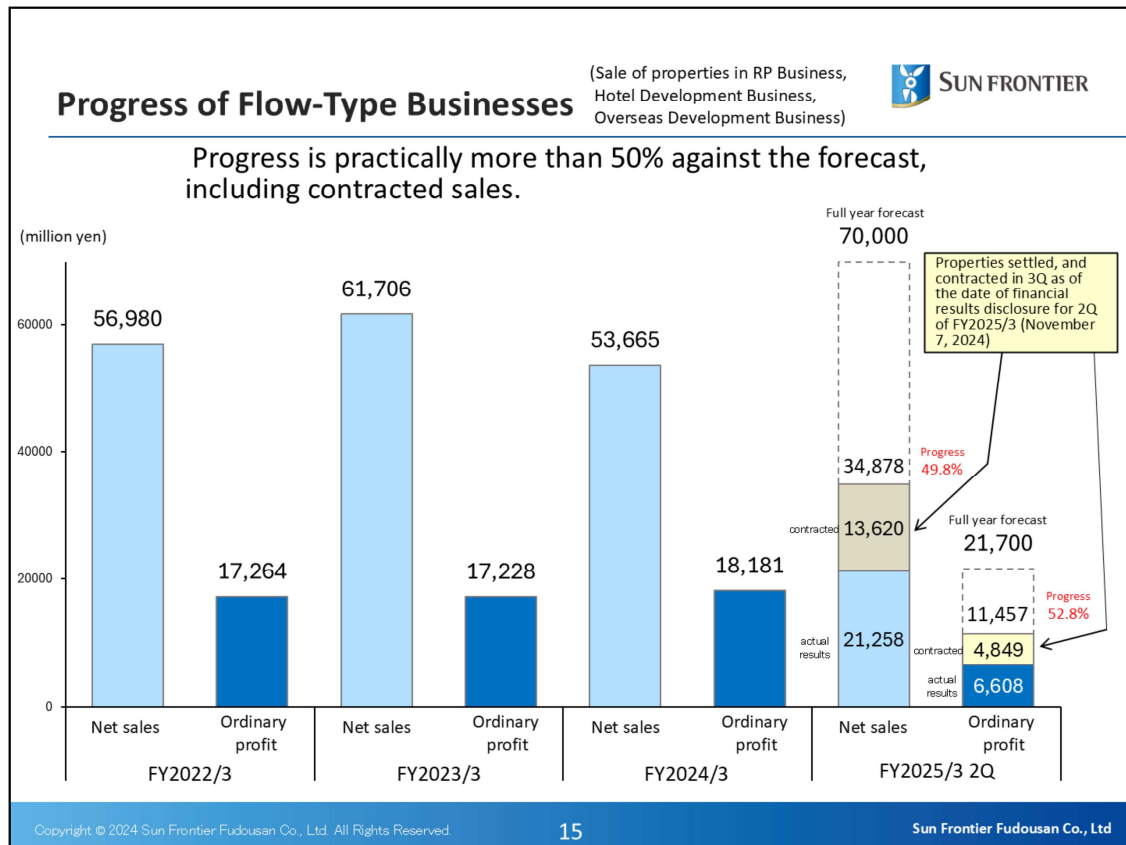
We have color-coded each quarter's progress. The light blue section represents the performance of the second quarter.

As I mentioned earlier, last year, large-scale sales of RP properties in Q2 led to significant progress.

This year, however, we expect a higher number of sales, both in terms of volume and value, in the second half.

As is often the case with property sales, quarterly progress can fluctuate significantly depending on the size and timing of property transactions.

However, on a full-year basis, we have consistently exceeded initial forecasts, and we are confident that we will continue to meet our targets for the year.



Next, let's take a closer look at the progress of sales to date.

This slide shows the sales of real estate assets, including RP properties, hotel properties, and fractional ownership properties.

We have highlighted in light yellow the properties that have either been finalized or are under contract for future settlement as of October 1st, up to yesterday.

In terms of sales, we have achieved 13.6 billion yen, and gross profit stands at just over 4.8 billion yen.

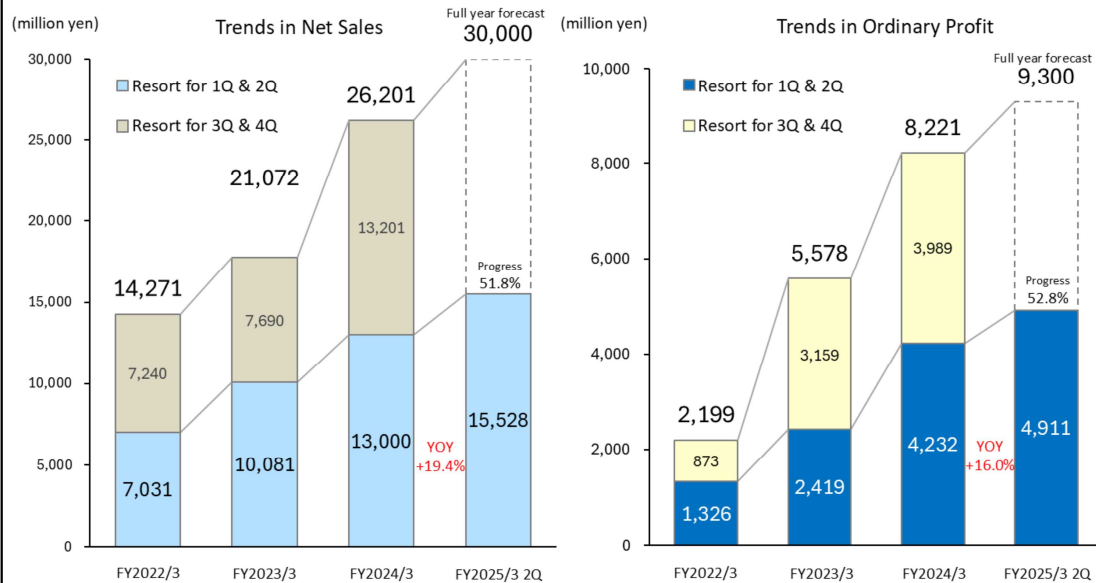
When we add these figures to the results from Q2, the actual progress against our full-year forecast stands at 49% for sales and 52% for gross profit.

Progress of Stock-Type Businesses

(All businesses other than sale of properties such as Real Estate Services, Hotel Operation Business, etc.)



Continued increase in sales and profit.
Both sales and gross profit hit record highs for the first half of the year.



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Meanwhile, in our stock-type businesses, we are on track to achieve record-high results for the first half of this year.

This graph shows the performance of our stock-type businesses—such as the real estate services and hotel operations businesses—excluding the sales of real estate assets.

For these segments, sales have reached 15.5 billion yen, which is a 19.4% increase year-on-year, while gross profit stands at 4.9 billion yen, up 16.0% from the previous year.

This growth in stock-type business profits has allowed us to cover the company's SG&A expenses of 4.8 billion yen, reinforcing our earnings structure.

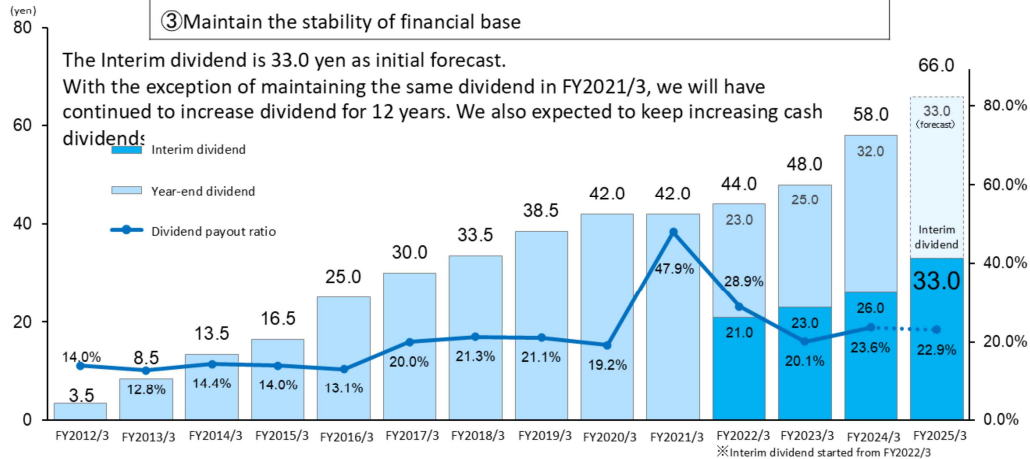
Moving forward, we plan to further strengthen and expand this area, contributing to a more stable and robust financial foundation.

Forecast for Cash Dividend



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



Date of Interim dividend effective : December 3, 2024

As for the interim dividend, we will proceed with the payment of 33 yen per share, in line with our initial forecast.

We remain committed to further growing our business and steadily increasing dividends, thereby enhancing corporate value and meeting market expectations.

Business Environment Awareness



1. The global economy is expected to benefit from interest rate cuts in the United States and Europe, but there are concerns about the slowdown in the Chinese economy and the situation in the Middle East and Ukraine.

The IMF has maintained its forecast for the real growth rate of the world economy at 3.2% for both 2024 and 2025.

In the United States, economic growth is expected to continue due to interest rate cuts, and attention is focused on the policies following the change of administration.

2. The Japanese economy is on a moderate recovery trend, with attention focused on future economic policies, such as the improvement of real wages

◆ Even after the termination of negative interest rates by the Bank of Japan, the increase in the policy interest rate has been gradual and steady.

With prices continuing to rise, a virtuous cycle between wages and prices is forming, and sustained wage increases are expected.

3. In the central Tokyo office building market, rents are continuing to rise and the vacancy rate is improving, and there is a strong appetite for investment.

◆ The new supply of office buildings has decreased, the return to offices has progressed, and the rise in rents and the improvement in vacancy rate have continued.

◆ Despite expectations for higher interest rates, strong investment appetite continues from wealthy individuals and institutional investors, especially from Asian countries.

4. In the hotel and tourism market, inbound demand continues due to the depreciation of yen, and domestic travel demand has been also strong.

◆ Tourist spending by visitors to Japan from January to September 2024 exceeded 5,306.5 billion yen, setting a new annual record.

◆ The number of visitors to Japan was 2.68 million in September alone, and the cumulative total from January to September was 26.88 million, exceeding the cumulative total for 2023 and setting a new record.

Now, let's talk about the business environment.

From a macro perspective, while there are numerous risk factors such as political and geopolitical issues, the overall economy is expected to remain stable in the near term, albeit with some deceleration. In Japan, policy interest rates are on an upward trajectory.

Meanwhile, major countries such as the United States, which announced its second rate cut of the year yesterday, as well as Europe and China, are moving toward monetary easing.

This general scenario is expected to continue for a while.

In this context, we anticipate that the recovery in the office building market and the expansion of demand in the hotel and tourism sectors will continue in the near term without significant changes.

While remaining mindful of the unstable financial environment, we are committed to advancing our business in line with our initial plans.

Replanning Business, An Example of Initiatives (1)



Chosen by many repeat customers seeking a higher grade setup office, achieving high occupancy.



[Building exterior (after Replanning)]
Kandasudacho, Chiyoda-ku, Tokyo
Steel-framed and steel reinforced concrete structure with deck roof, 8-story building with 1 basement



Install office fixtures in even a large area of 100 tsubos to improve tenants to move in.



Establishment of a lounge to promote diverse working styles and employee communication



Instead of small booth, there are three large private rooms could be used for online meetings, etc



Install private rooms which is unique from usual private rooms and has large space

Now, I'd like to share a few recent highlights from each of our business segments.

First, a case from the re-planning business. This building is located in Kanda-Sudacho, Chiyoda Ward. It is a 26-year-old building with a basement and eight floors.

The standard floor area is about 100 tsubo (approximately 330 square meters), which is slightly larger than usual, and we have fully outfitted the space.

In addition to standard conference rooms and communication lounges, we've set up desks and other office furniture to ensure that tenant companies can start work immediately upon moving in.

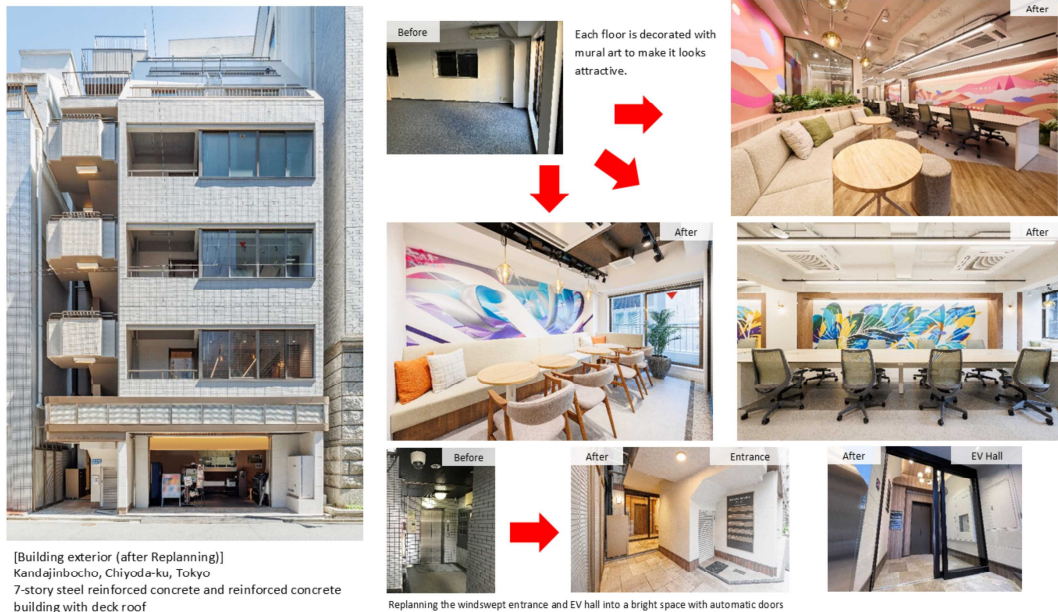
Special care was taken in designing large spaces for telework booths, offering a sense of exclusivity for users.

These efforts proved successful, and we were able to lease the space to a tenant company that had been considering relocation in the area.

The building was sold as a high-occupancy, high-revenue property.

Replanning Business, An Example of Initiatives (2)

An office with sophisticated floor design and mural art that boosts motivation of workers.



Next, another example from Chiyoda Ward, this time in Kanda-Jimbocho.

This is a seven-story office building. For this project, we added mural art on the walls of the executive office floors.

The art's "special colors," "personality," and "sense of freedom" were designed to inspire new ideas and create a motivating work environment.

The high design quality of the office space was well-received, contributing to new tenant signings.

Thanks to these efforts, we were able to sell the building at full occupancy.

Notably, both of the buildings I just mentioned were purchased by Taiwanese entrepreneurs and investors. We continue to manage the buildings post-sale.

Promote Sales of Small-lot Real Estate Property

Offering a wide variety of products, including educational and medical facilities, office buildings, land, and facilities for operating companies.



Moving on to Small-lot Real Estate Business.

We have been successfully offering small-lot properties in a variety of properties, including daycare centers, clinics, service stations, and ground leases for buildings.

Our business has been growing steadily, and this month we began sales of a fractional ownership office building, Compass Biz Ginza East, which is shown in the photo at the top right of this slide.

This is our fourth fractional ownership offering for the current fiscal year.

Established Sun Frontier Asset Management Co., Ltd.



As part of our efforts to diversify and cooperate within our core business, we have entered the private REIT business to further expand our business base.



Based on 25 years of experience in real estate revitalization and utilization, Sun Frontier Asset Management Co., Ltd. was established on September 18, 2024, to address regional social issues and contribute to the realization of a sustainable and affluent society through the long-term management of real estate.

We aim to establish the first private REIT sponsored by Sun Frontier Fudousan Co., Ltd. in the fiscal year ending March 2026..

In our real estate services business, we recently established an asset management company.

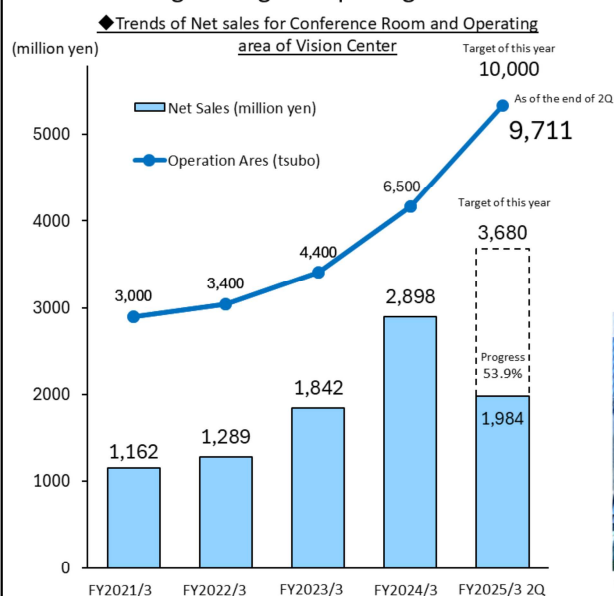
This is part of our diversification strategy to expand our stock-type business, and we have created this new entity to launch a private REIT (Real Estate Investment Trust).

We are currently in the process of obtaining the necessary licenses and approvals. We aim to begin managing the private REIT in the second half of the next fiscal year.

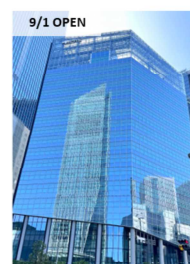
Rental Conference Room Business

New site openings are progressing ahead of schedule, and we expect them to contribute to future earnings.  **SUN FRONTIER**

We will continue to focus on increasing the operation of new locations while strengthening the opening of sites around major terminal stations.



Vision Center Grande Tokyo Hamamatsucho
Operation Area :1,456 tsubo



Vision Center Tokyo Toranomon
Operation Area: 697 tsubo



Vision Center Yokohama Minatomirai
Operation Area: 427 tsubo

Next, let's talk about the rental conference room business.

This segment continues to perform well, and we have been actively expanding.

Between August and September, we opened relatively large new facilities, totaling approximately 2,500 tsubo, in Hamamatsucho, Toranomon, and Yokohama Minato Mirai.

As a result, the total operating area has reached 9,711 tsubo, moving ahead of the original target of 10,000 tsubo by the end of the fiscal year.

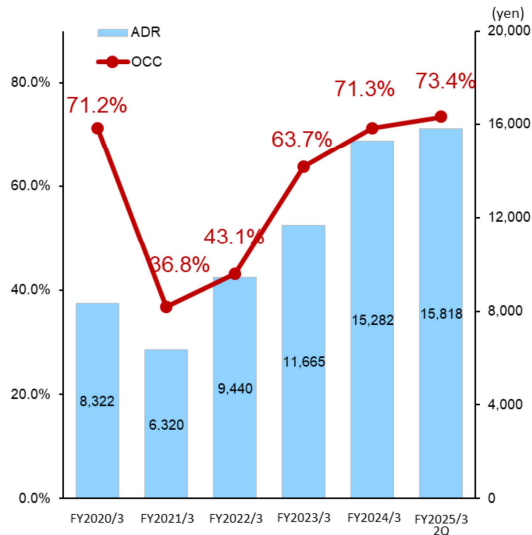
Additionally, revenue is expected to exceed the initial forecast and is growing steadily.

Occupancy Rates and Average Daily Rates

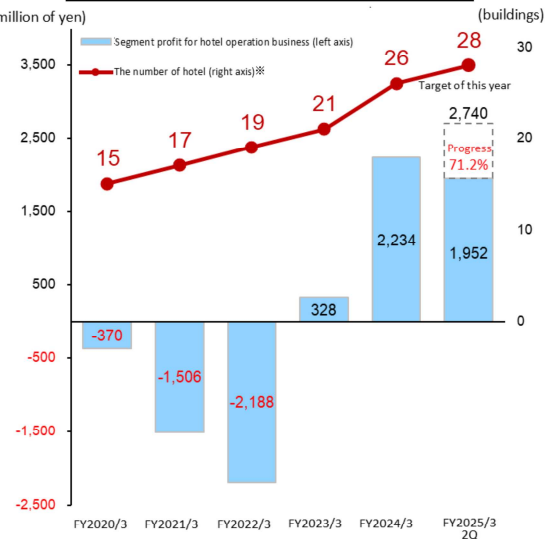


The business has significantly expanded due to an increase in the number of guest rooms and the enhancement of heart-warming service. With strong inbound demand, the performance has been robust.

Trends in occupancy rate and average daily rate



Trends in Segment profit and number of hotel



Next, let's look at our hotel operations business, which continues to perform very well.

There has been steady inbound demand and recovery in domestic travel, leading to increased occupancy rates and room rates.

Sales have already reached 71% of the full-year forecast.

While the fourth quarter may experience some seasonal softening, we are confident that we will exceed the initial forecast for the year.

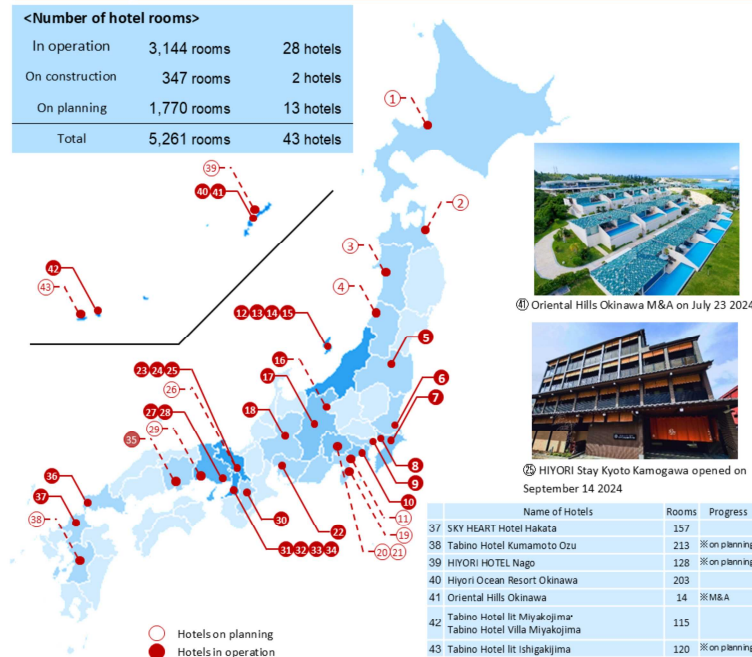
Hotel and Tourism Business

Actively expanding the hotel business through hotel development and M&A



<Number of hotel rooms>

In operation	3,144 rooms	28 hotels
On construction	347 rooms	2 hotels
On planning	1,770 rooms	13 hotels
Total	5,261 rooms	43 hotels



⑪ Oriental Hills Okinawa M&A on July 23 2024



⑫ Hiyori Stay Kyoto Kamogawa opened on September 14 2024

(As of November 2024)		
	Name of Hotels	Rooms Progress
1	Tabino Hotel Ishikari	175 ※ on construction
2	Tabino Hotel Rokkashomura	202 ※ on planning
3	Tabino Hotel Iit Akita Ekimae	230 ※ on planning
4	Tabino Hotel Iit Sakata	173 ※ on planning
5	Selfutei	11
6	Tabino Hotel Kashima	194
7	HIYORI HOTEL MAIHAMA	80
8	Tabino Hotel Ekpress Narita	91
9	SKY HEART Hotel Keisei Koiki Mae	102
10	SKY HEART Hotel Kawasaki	197
11	Sora Niwa TERRACE Hakone Yumoto	108 ※ on planning
12	SADO RESORT HOTEL AZUMA	52
13	SADO NATIONAL PARK HOTEL OOSADO	72
14	Tabino Hotel Sado Live Sado	129
15	DONDEN Highland	12
16	HIYORI Hotel Karuizawa Spa & Resort	81 ※ on planning
17	Tabino Hotel Iit Matsumoto	176
18	Tabino Hotel Iitda Takayama	80
19	Atami Hotel Project	150 ※ on planning
20	Sora Niwa TERRACE Kawaguchiko Bettel	30 ※ on planning
21	HIYORI TERRACE Kawaguchiko (Fuji)	142 ※ on planning
22	Spring Sunny Hotel Nagoya Tokoname Station	194
23	Sora Niwa Terrace Kyoto	102
24	Sora Niwa Terrace Kyoto Bettel	32
25	HIYORI Stay Kyoto Kamogawa	38
26	Stitch Hotel Kyoto	16 ※ on planning
27	Kobe Plaza Hotel	107
28	Kobe Plaza Hotel West	120
29	Tabino Hotel Kakogawa	172 ※ on construction
30	HIYORI HOTEL Kintetsu Nara	177 ※ on planning
31	HIYORI HOTEL OSAKA NAMBA STATION	224
32	Joytel Hotel Namba Dotonbori	53
33	Joytel Hotel Shinsekai Sakaisujidori	103
34	Osaka Joy Hotel	229
35	Tabino Hotel Kurashiki Mizushima	155
36	SKY HEART Hotel Shimonoseki	102
37	SKY HEART Hotel Hakata	157
38	Tabino Hotel Kumamoto Ozu	213 ※ on planning
39	HIYORI HOTEL Nago	128 ※ on planning
40	Hiyori Ocean Resort Okinawa	203
41	Oriental Hills Okinawa	14 ※ M&A
42	Tabino Hotel Iit Miyakojima	115
43	Tabino Hotel Iit Ishigakijima	120 ※ on planning

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Our hotel portfolio is steadily expanding.

Recently, we added the Oriental Hills Okinawa to our group through an M&A deal in July, and in September, we opened "Hiyori Stay Kyoto Kamogawa" in Kyoto.

With these additions, our operating hotels now number 28, with a total of 3,144 rooms.

Including properties under construction and those for which we've acquired development sites, we expect our total number of hotels to reach 43 with over 5,200 rooms within the next three years.

Regional revitalization initiatives centered on hotels



We will energize the islands through tourism business! When region becomes energized, Japan will be as well.

Japan offers many attractions, including beautiful nature, rich history and culture, delicious food and hot springs, warm hospitality, local festivals, and outdoor activities.. With the rapid increase in foreign visitors to Japan and growing interest in various regions, we started our business in Sado, where we have strong connections, and have already created more than 210 jobs as of the end of September 2024



Next, I'd like to talk about our regional revitalization efforts.

Under the slogan "Revitalizing local areas through tourism! If regions thrive, Japan thrives!" we have been working on regional development projects centered around our hotels.

In Niigata's Sado Island, recently registered as a UNESCO World Heritage site, and in Okinawa's Miyako Island, we are contributing to regional development through hotel-related initiatives.

We are also progressing with hotel development plans in Aomori's Rokkasho Village and Yamagata's Sakata City, based on agreements with local governments.

Through these efforts, we are dedicated to contributing to the prosperity of local communities.

Vietnam HIYORI Aqua Tower PJ Construction Starting



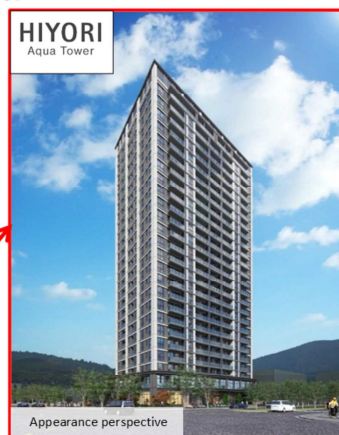
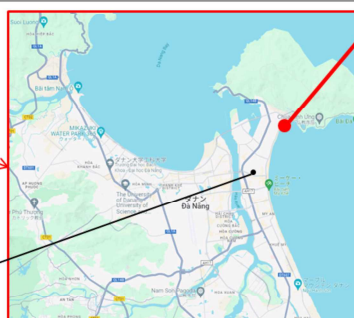
The construction of 2nd condominium project (202 units) started.
It is estimated to be completed in Autumn 2026.

Project Overview

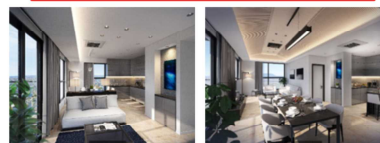
Location	Lot 3-A2-1, Son Tra-Dien Ngoc Complex Center, Tho Quang Ward Son Tra District, Da Nang City, Vietnam		
Area size	Land area 1,850m ²	Building area 1,062m ²	Total floor area 24,498m ²
Building structure	Reinforced concrete construction 25 floors with 2 basement floors		
Facilities	202 residences,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



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



Appearance perspective



Interior perspective

Lastly, I'll update you on our Vietnam business.

Our second condominium project (202 units) broke ground in August.

We plan to complete it in Autumn 2026. However, once the foundation work is completed, sales will be possible, and we will be able to proceed with them. Therefore, the project is expected to progress further from next fiscal year.

That concludes my presentation.