

Consolidated Financial Statements for the Second Quarter of the Fiscal Year ending March 31, 2018

Our goal is to be the real estate company
that customers love and choose over any other worldwide.

Executive Summary Results for the Second Quarter of FY ending Mar 31, 2018	1 - 10
Future activities	
1) Business environment	11 - 13
2) Business policy and model	14 - 22
3) Growth strategies	23 - 32
Reference/Company Overview	33 - 38

November 9, 2017



SUN FRONTIER

Stock Code : 8934

Summary of the Results for the Second Quarter



Summary of the Second Quarter for Fiscal Year Ending March 31, 2018

Achieved a record-high profit for the cumulative second quarter

(¥ million)

	Results	Sales and Profit Ratio	Year on Year Change	Rate of Change	Forecast of FY2018/3	Achievement Rate
Sales	24,486	—	+5,579	+29.5%	50,000	49.0%
Operating income	5,534	22.6%	+359	+7.0%	10,500	52.7%
Ordinary income	5,341	21.8%	+500	+10.3%	10,000	53.4%
Net income [※]	3,649	14.9%	+229	+6.7%	7,000	52.1%

(※) Net income attributable to owners of parent

Highlights

1) The business performance goes as planned

- For the 2nd quarter, we earned record-high sales and profit.
- The progress rate toward the full-year earnings forecast is as healthy as over 50%.
- The replanning business contributed to the overall results, keeping ordinary income ratio over 20%.

2) Procurement is progressing well.

- Procurement for properties to sell in FY2019/3 has been almost finished.
- Furthermore, we will procure buildings for rental to increase the revenue from the rental building business.
- Number of buildings in inventory related to replanning business at the end of this quarter is 41. Balance of inventory assets increased to 36.5 billion yen. (increased 36.9% compared to the same period of previous fiscal year.) (Number of buildings at the end of September 2016 is 36, worth 26.7 billion yen)

3) Operation business is steadily growing.

- Operation business grew 2.7 times in sales and 1.7 times in profit as compared with the same period last year.
- "Hiyori Hotel Maihama," the first hotel under our original brand began full operation in July, which increased the total number of our operating hotels to 8 (6 in domestic, 2 in overseas.)
- In space rental business, we newly opened 4 branches in 6 months, which increased the total number of branches to 10 in 2 years.

Revenue/Profit Summary



(¥ million)

	Apr. to Sep. in the FY ended Mar 31, 2017	Apr. to Sep. in the FY ending Mar 31, 2018
Sales	18,906	24,486
Real Estate Revitalization Business	16,655	21,348
Replanning Business (including Hotel Development)	15,656	20,199
Rental Building, Sublease	998	1,149
Real Estate Service Business	1,662	1,600
Operation Business	514	1,392
Other Business	344	450
Adjustment	(270)	(306)
Gross Profit	7,236	7,863
Real Estate Revitalization Business	5,898	6,431
Replanning Business (including Hotel Development)	5,414	5,993
Rental Building, Sublease	484	438
Real Estate Service Business	984	1,006
Operation Business	99	203
Other Business	286	325
Adjustment	—	(103)
Selling and general administrative expenses	2,062	2,329

	Apr. to Sep. in the FY ended Mar 31, 2017	Apr. to Sep. in the FY ending Mar 31, 2018
Operating income	5,174	5,534
Non-operating income	10	6
Non-operating expenses	344	199
Ordinary income	4,840	5,341
Extraordinary loss/income	0	0
Corporate income tax, etc.	1,420	1,691
Net income	3,420	3,649

- **Gross profit ratio** of the second quarter of replanning business (including Hotel Development) is **29.7%** (gross profit ratio of last fiscal year was 29.9%).

- Operation business and other new businesses are all expanding smoothly. **Total sales grew two times year on year to 1.84 billion yen. Gross profit increased 1.4 times year on year to 520 million yen.**

Consolidated Balance Sheet

-Assets-



(¥ million)

	End of Mar. 2016	End of Mar. 2017	End of Sep. 2017	Increase/Decrease (Compared to the end of Mar. 2017)
Current assets	51,365	55,195	63,940	+8,744
Cash and deposits	15,413	16,246	16,086	(159)
Inventory assets	32,714	36,186	45,621	+9,435
Breakdown) RP	27,189	26,039	36,568	+10,529
Hotel	5,525	7,254	5,522	(1,731)
Overseas, etc.	—	2,892	3,530	+637
Other current assets	3,237	2,762	2,232	(530)
Noncurrent assets	2,718	8,458	9,371	+912
Property, plant, and equipment	1,919	7,288	8,158	+869
Intangible assets	278	562	517	(45)
Investments and other assets	520	608	696	+88
Total assets	54,084	63,654	73,311	+9,657

While the sale of properties for replanning business progressed, procurement and commercialization progressed too. As a result, the balance of inventory assets of RP real estate grew 10.5 billion yen.
As one hotel was sold, the balance of inventory assets dropped 1.7 billion yen.

For the purpose of increasing the revenue from rents, we acquired one hotel (about 700 million yen) as noncurrent assets.

Consolidated Balance Sheet -Liabilities/Equity-



(¥ million)

	End of Mar. 2016	End of Mar. 2017	End of Sep. 2017	Increase/Decrease (Compared to the end of Mar. 2017)
Current liabilities	7,641	8,281	7,782	(499)
Short-term loans payable, etc.	3,353	3,438	1,979	(1,458)
Income taxes payable, etc.	973	802	1,895	+1,092
Other current liabilities	3,314	4,040	3,907	(132)
Noncurrent liabilities	16,298	19,686	27,608	+7,921
Long-term loans and bonds payable	15,055	18,626	26,091	+7,464
Other noncurrent liabilities	1,242	1,059	1,516	+456
Total liabilities	23,939	27,968	35,390	+7,421
Shareholders' equity	30,144	35,528	37,895	+2,367
Others	(0)	157	25	(132)
Total net assets	30,144	35,686	37,921	+2,235
Total liabilities and capital	54,084	63,654	73,311	+9,657

Transition of Equity Ratio

End of Mar. 2016	End of Mar. 2017	End of Sep. 2017
55.7%	56.0%	51.7%

Because of the progress of the procurement of properties for replanning business, loans payable increased by 6.0 billion yen compared the end of previous fiscal year and balance of interest-bearing debt of the end of Sep. 2017 became 28.0 billion yen.

Retained earnings increased by approx. 2.4 billion yen as difference of net income (+3.64 billion yen) and dividend payment (-1.28 billion yen).

Performance of Replanning Business



(Replanning / Hotel Development)

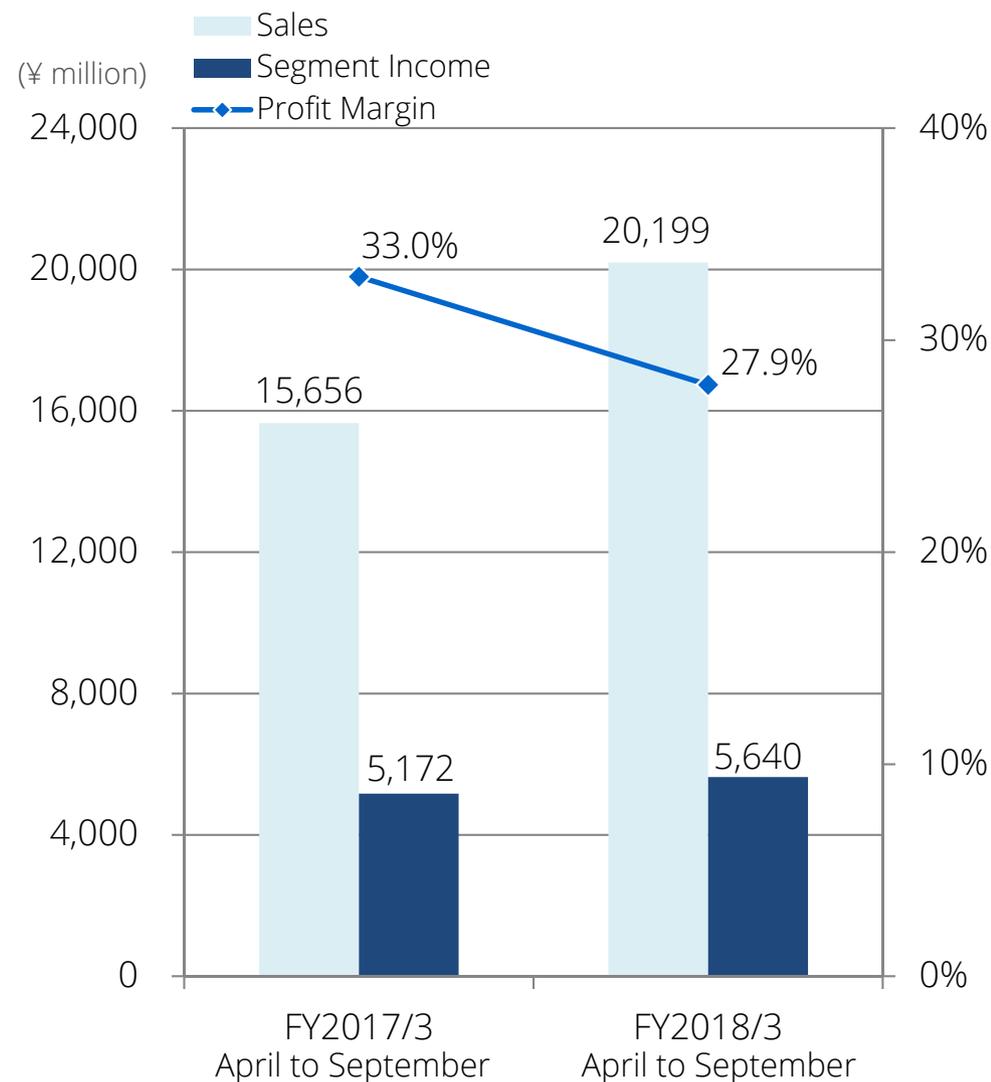
(¥ million)	Apr. to Sep. in the FY ended Mar 31, 2017	Apr. to Sep. in the FY ending Mar 31, 2018	Increase/Decrease
Sales	15,656	20,199	+29.0%
Segment income ^(Note1)	5,172	5,640	+9.0%
Profit margin	33.0%	27.9%	(5.1%pt)
No. of procured buildings	15	24	+9
No. of sold buildings	11	17	+6
No. of buildings in stock as of the end Sep.	43 ^(Note2)	46 ^(Note2)	+3

<Replanning Business/ Hotel Development>

- Sales and profit grew year on year
- As we are keeping on making ingenious efforts towards procurement, commodification and sales, as well as direct sales to our customers, **profit margin** of Replanning Business excluding Hotel Development **maintains at a high level of 30.6%**.
- The average business period for selling revitalized properties is 339 days (Hotel development excluded)
- Procurement progressed substantially, and the number of properties in inventory is 46 (41 for replanning business and 5 for hotel business.)
- **Balance of inventory assets is 42.0 billion yen** (36.5 billion yen of which is replanning business, 5.5 billion yen of which is hotel business.)

※Overseas business excluded.

※We have also procured **9 pieces of RP real estate worth 5.7 billion yen** as of the end of Oct.



(Note1) "Segment income" is calculated by subtracting various expenses of respective businesses from gross profit on sales. Various expenses include interest paid, sales commission and goodwill amortization, etc.
 (Note2) Land procurement and development cases are also included in the inventory of replanning business.

Rental Building Business

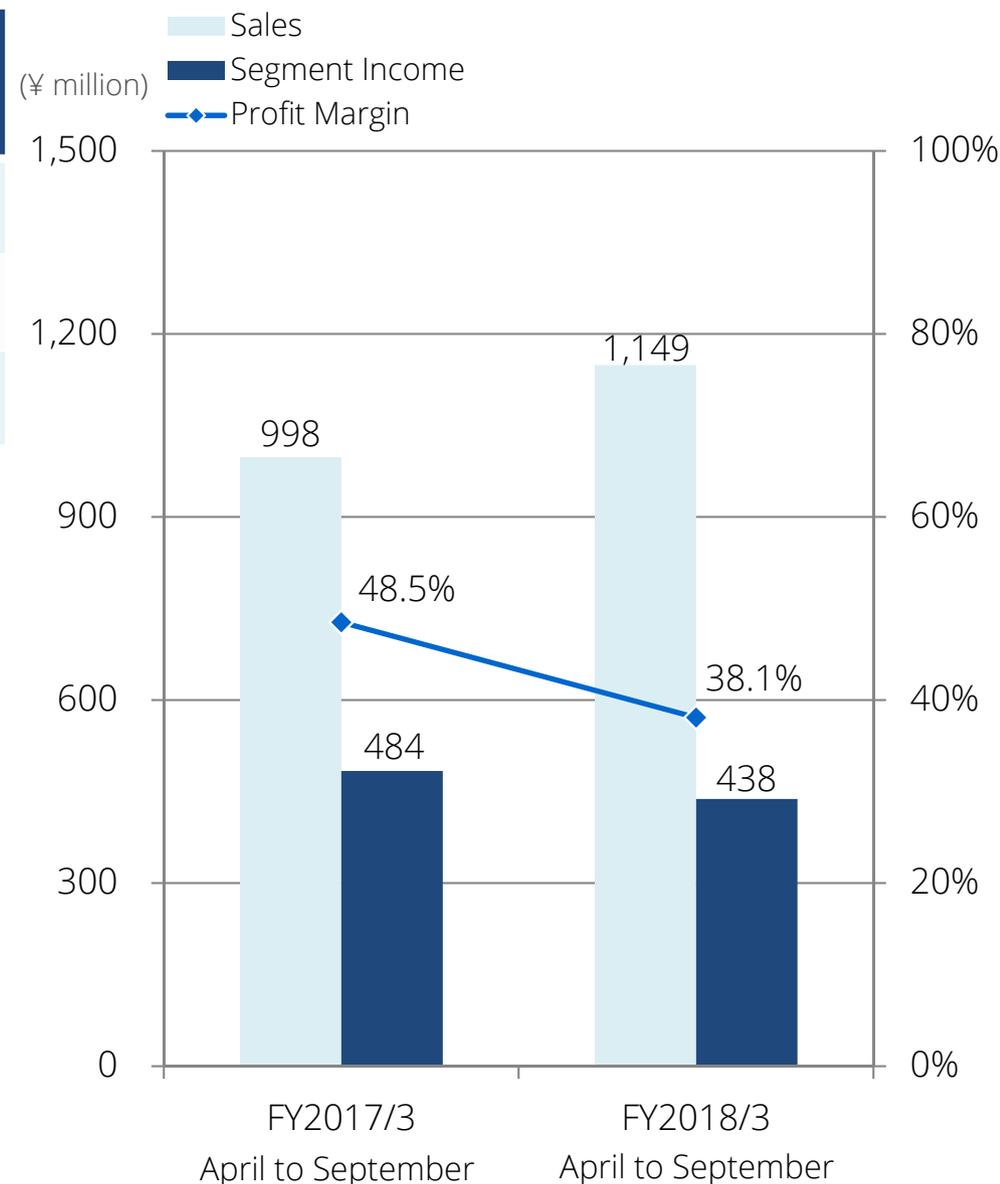
(Rental Building / Sublease)



(¥ million)	Apr. to Sep. in the FY ended Mar 31, 2017	Apr. to Sep. in the FY ending Mar 31, 2018	Increase/Decrease
Sales	998	1,149	+15.1%
Segment income	484	438	(9.6%)
Profit margin	48.5%	38.1%	(10.4%pt)

<Rental Building Business>

- Sales increased in accordance with an increase of the number of buildings in inventory
- Most of newly procured buildings have many vacant rooms, which is suited for commercialization in the replanning business. As depreciation, etc. augmented, the growth of cost of sales exceeded that of sales. Consequently, profit declined.

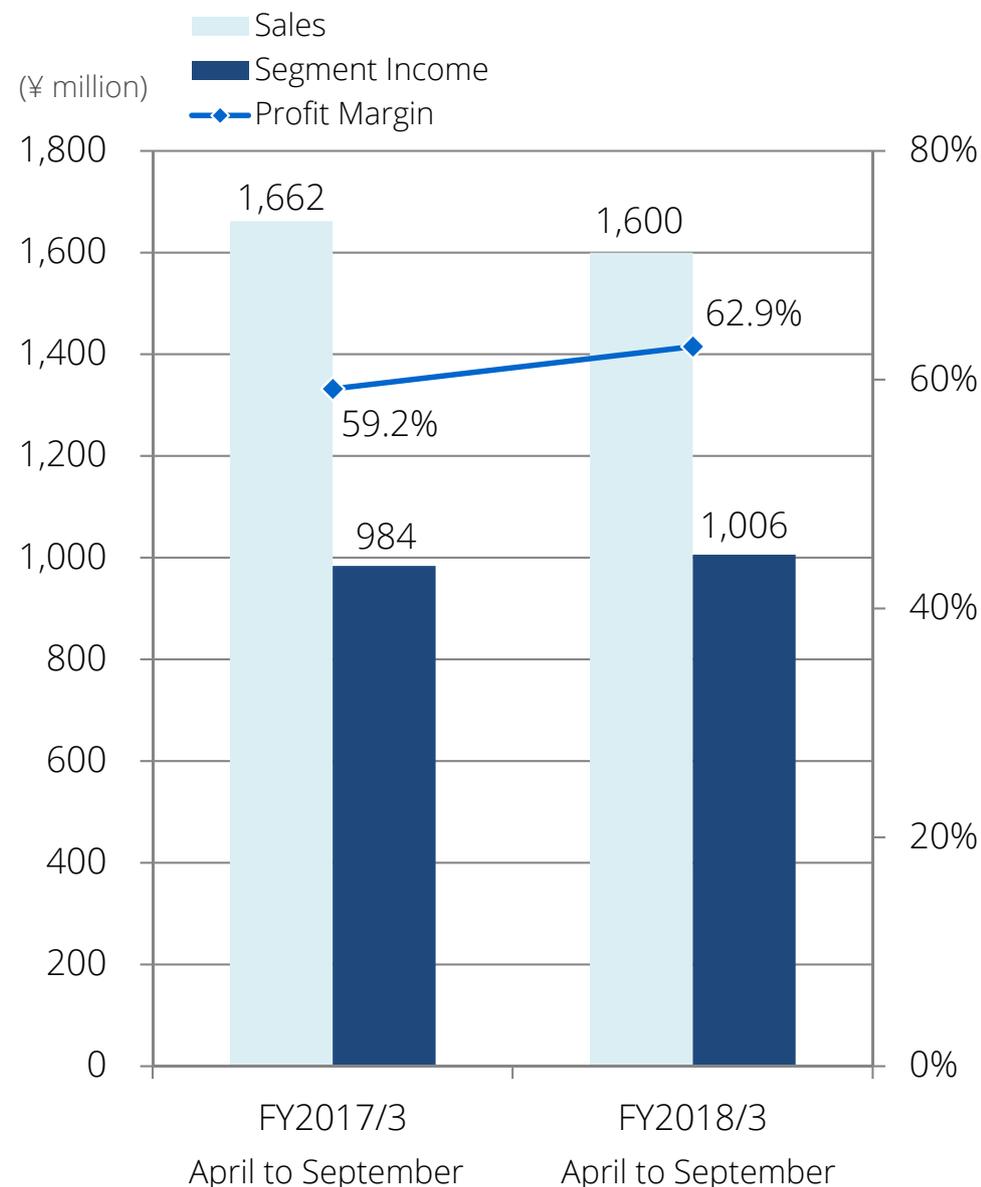


Performance of Real Estate Service Business



(Sales Brokerage/ Rental Brokerage / Property Management / Building Maintenance)

(¥ million)	Apr. to Sep. in the FY ended Mar 31, 2017	Apr. to Sep. in the FY ending Mar 31, 2018	Increase/ Decrease
Sales	1,662	1,600	(3.7%)
Segment income	984	1,006	+2.3%
Profit margin	59.2%	62.9%	+3.7%pt



<Sales Brokerage Business>

- Both sales and profit were nearly unchanged from the same period of the previous year. Sales Brokerage Business is, as part of real estate consultancy services, the starting point of procuring and selling properties for replanning business. It also creates transactions in other business sections.

<Rental Brokerage Business>

- As we concentrated on the increase of tenants for properties for replanning business, the number of external brokerage cases decreased, and then both sales and profit dropped.
- In the process of commercializing properties for replanning business, **high planning ability from the tenant's perspective become a driving force for improvement of added value and early full occupancy.** As a result, It contributed a lot for the profit of the whole company.

<Property Management Business>

- In addition to the increase of managing properties, we thoroughly made the proposal from the perspective of our customers in order to create the business opportunity. As a result, both sales and profit increased stably.
- No. of managing properties : 381 (31 more properties, 8.9% increase compared to the same period of previous fiscal year)**
- Occupancy rate: 96.4% (up by 0.6%pt on a year on year basis)

<Building Maintenance Business>

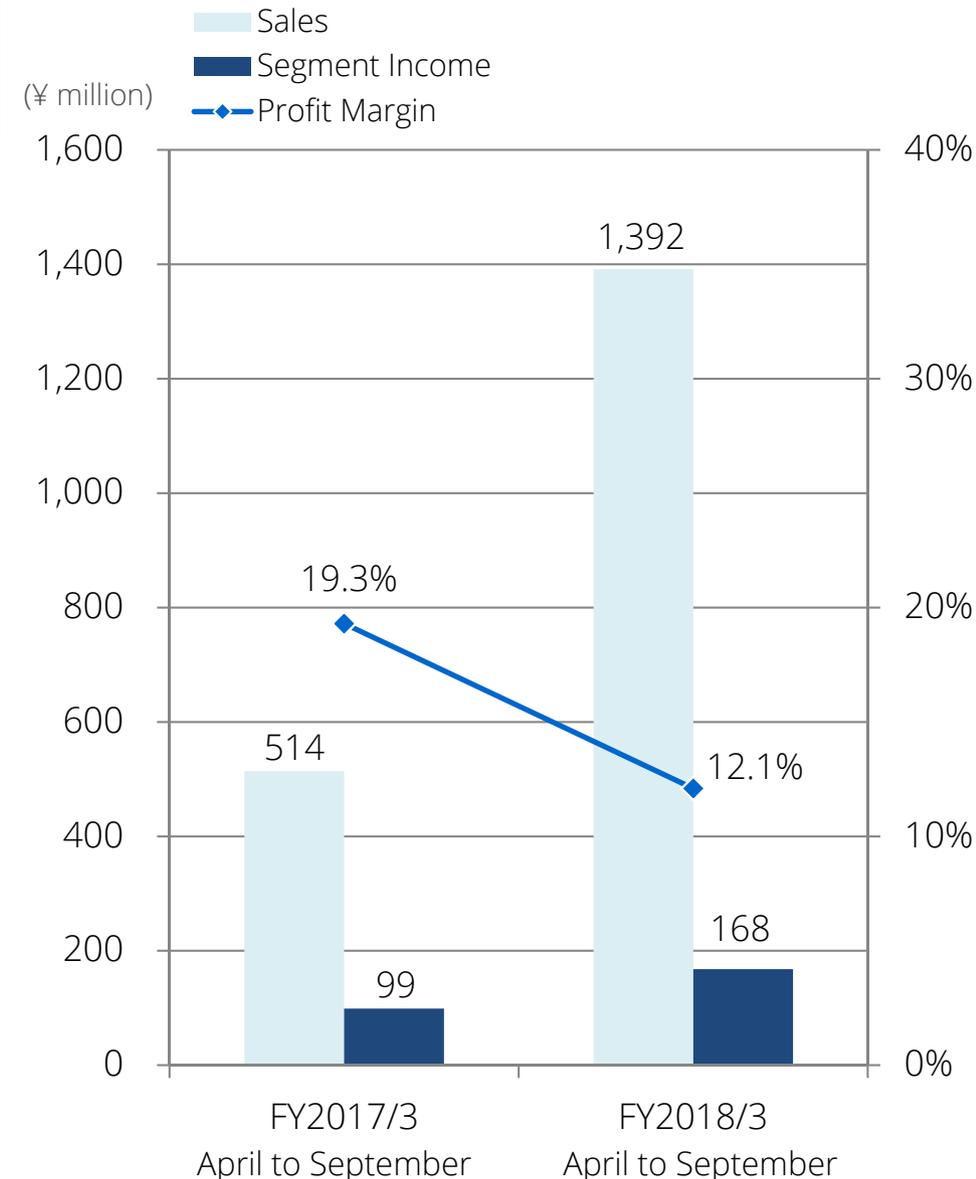
- Growth of managing properties for property management affected the growth of managing properties for building maintenance and spot case, and both sales and profit increased.

Operation Business

(Hotel Management / Space Rental)



(¥ million)	Apr. to Sep. in the FY ended Mar 31, 2017	Apr. to Sep. in the FY ending Mar 31, 2018	Increase/Decrease
Sales	514	1,392	+170.7%
Segment income	99	168	+69.5%
Profit margin	19.3%	12.1%	(7.2%pt)



<Hotel Management Business>

- Both sales and profit grew significantly, thanks to the effects of M&A of "Sky Court Hotel Co., Ltd." at the end of last year and the establishment of "Hiyori Hotel Maihama".
- For "Hotel Sky Court" and "Spring Sunny Hotel", both occupancy rate and average spending per customer were healthy.
- "Hiyori Hotel Maihama" ranked second in the popular hotel section in a target area based on the word-of-mouth evaluation in a leading hotel booking website.

<Space Rental (Rental Conference Room) Business>

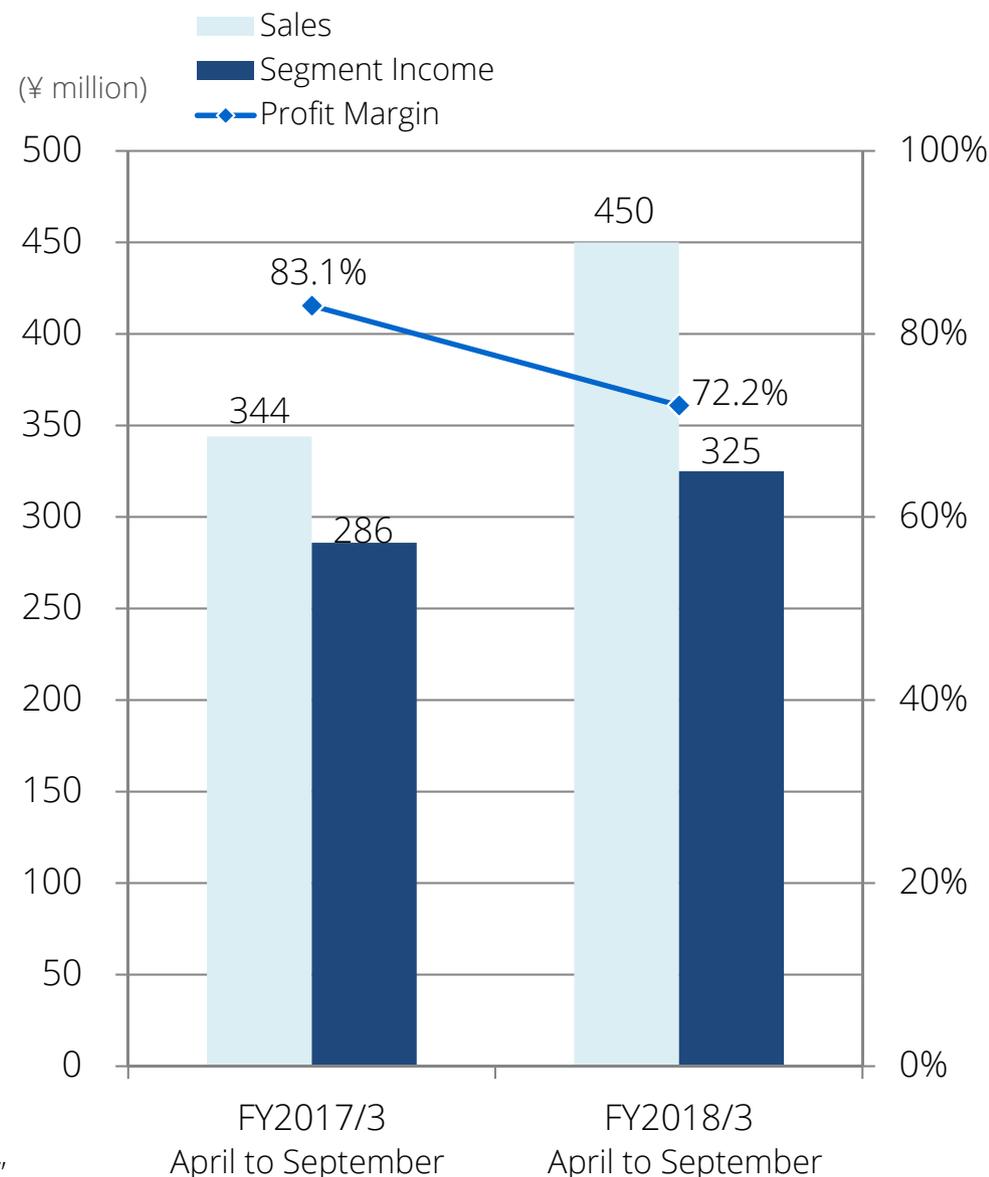
- **Newly opened 4 branches (Nihonbashi, Yaesu, Nagata-cho, and Hamamatsu-cho) in 6 months.** In addition, **the floor space** of "Vision Center Tokyo ANNEX" which opened in June **will be expanded** in November.
- Both sales and profit grew considerably, due to the steady increase of repeat users and introductions.

Performance of Other Business



(Rent Guarantee / Construction Solutions / Overseas Business, etc.)

(¥ million)	Apr. to Sep. in the FY ended Mar 31, 2017	Apr. to Sep. in the FY ending Mar 31, 2018	Increase/Decrease
Sales	344	450	+30.8%
Segment income	286	325	+13.6%
Profit margin	83.1%	72.2%	(11.0%pt)



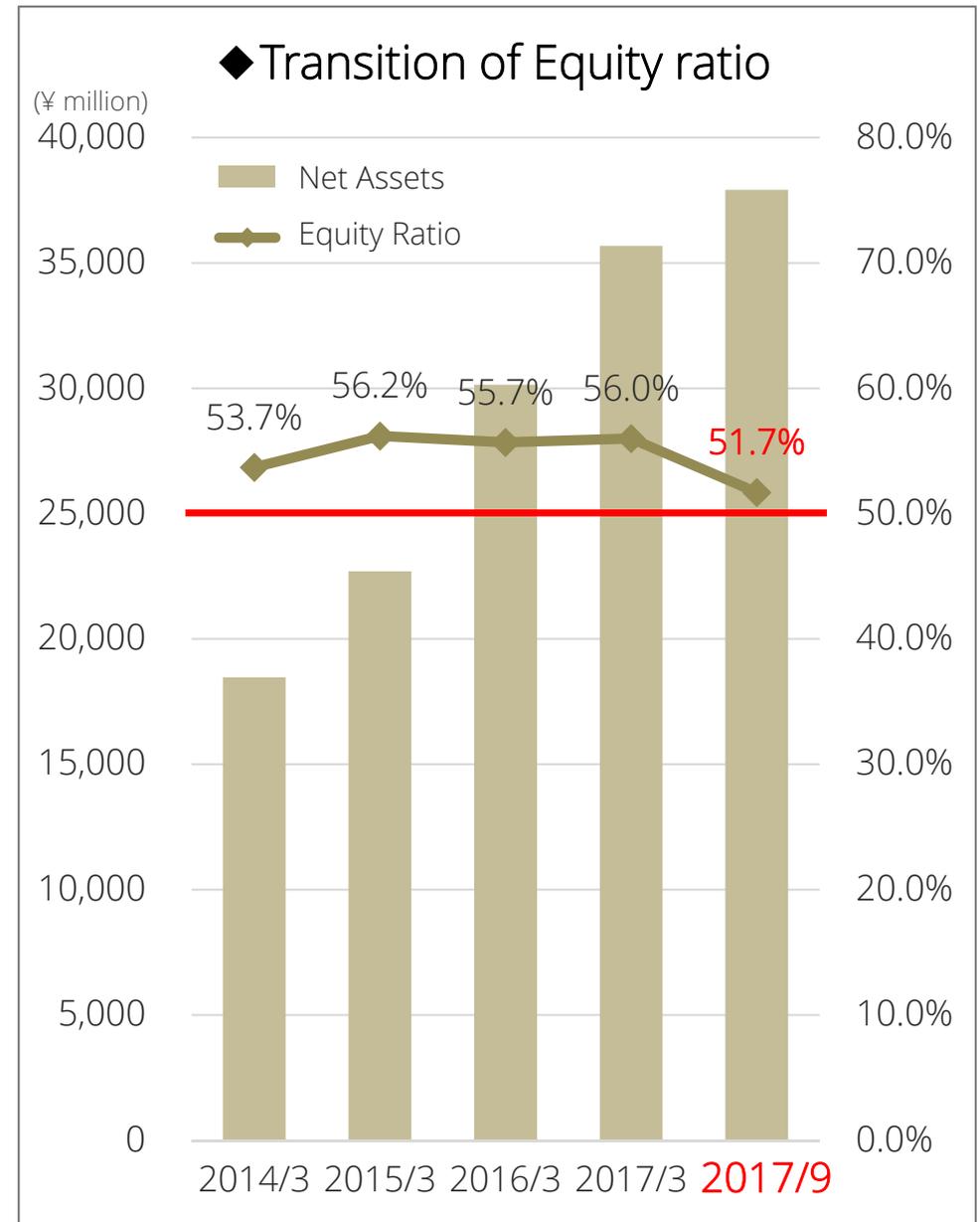
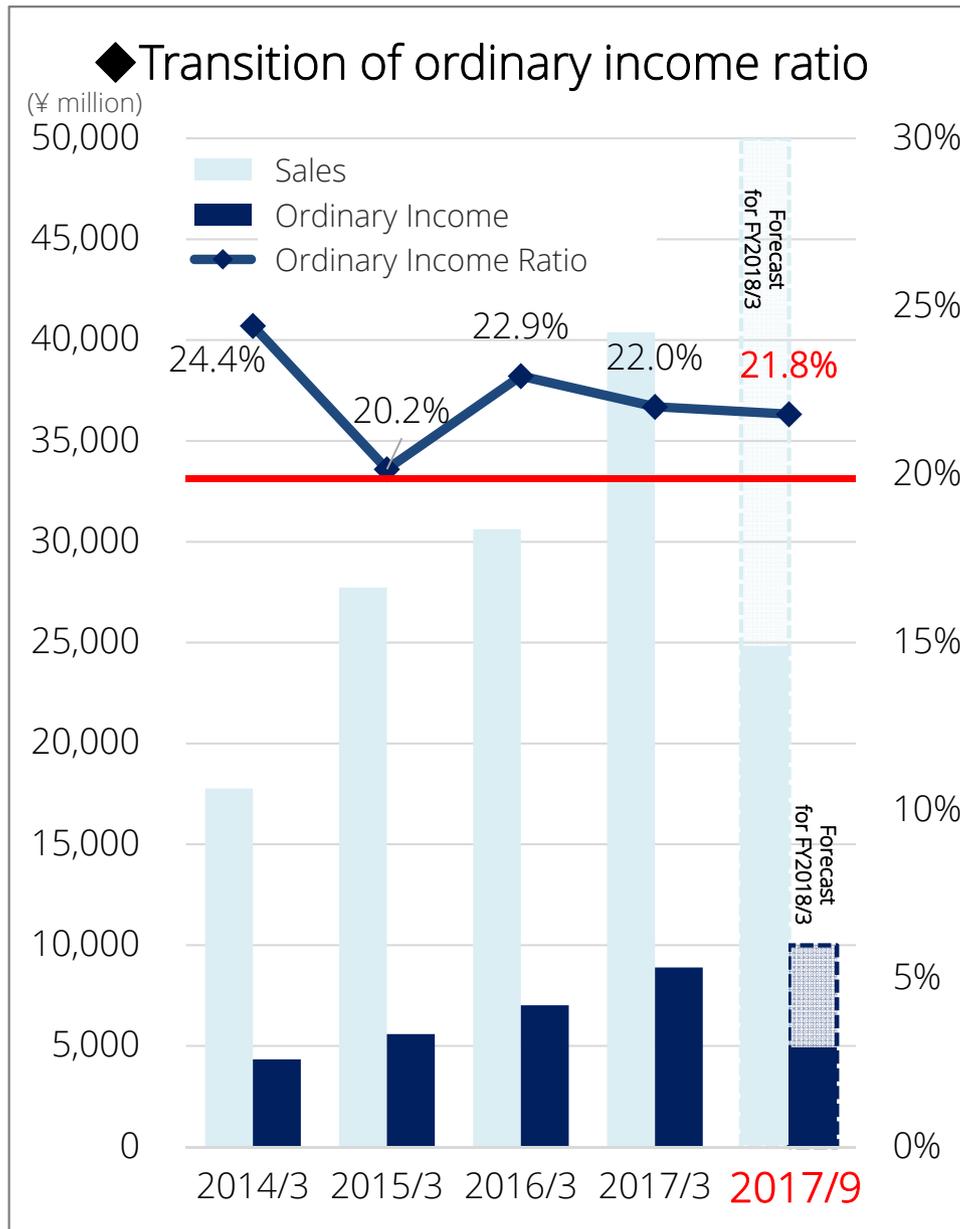
<Rent guarantee business>

- We have been keeping on making efforts in improving the awareness of guarantee system by holding seminars for building owners and cooperating companies. As a result, **cases of new guarantee and guarantee renewal are increasing steadily**, therefore both sales and profit increased as well.

<Overseas Business>

- Accelerate the development in Southeast Asia which is growing continuously.
 - ① Danang, the Biggest City in Central Vietnam
 - Owning and operating our first overseas hotel "The Blossom City"
 - **Construction for "Hiyori Garden Tower"**, high-rise urban apartment house of 28 floors and 306 flats has **started in June, 2017**.
 - ② Jakarta, Capital of Indonesia
 - Progressing construction of urban detached house.
 - Owning and operating Serviced Apartment "Kyo Serviced Apartment".

Transition of Key Performance Indicators



Future Developments

- 1) Business Environment
- 2) Business Policy and Model
- 3) Growth Strategies

As for world economy, a steady recovery is continuing.

The economic growth in a broad range of countries, including the U.S., EU, Japan, Asian countries, emerging European countries, and Russia, is fueling the growth of the global economy. The concern over the slowdown of emerging countries' economies diminished, and the cyclical upturn of the global economy is gathering steam. Accordingly, it is estimated that **the global economy will recover firmly in the near term.**

For reason of fluctuation risk in financial and capital market, uncertainty for the economic policies of the United States due to **the emerging protectionism**, the heightening of geopolitical risks in Europe and North Korea, etc., it is necessary to pay attention to the outlook for the global economy.

The Japanese economy is estimated to keep expanding, while overseas economies are growing.

Aiming at increasing the country's nominal GDP to 600 trillion in 2020, the government of Japan put together all the growth strategies up to now to enhance economy. Through working-style reform, relaxation of several regulations, and the utilization of IT, **the government is strengthening the reform for realization of the "Dynamic Engagement of All Citizens."**

As the Nikkei Stock Average rose for 16 trading days in row, which was the longest after the World War II, and hit a new high for the first time in 26 years after the collapse of the economic bubble. As the prices of real estate in the urban center of Tokyo exceeded those during the bubble period, the Japanese economy **is expected to keep growing, thanks to monetary policy relaxation and governmental economic measures, while overseas economies are growing gently.**

Working towards the realization of Japan as a tourism nation, the Japanese government aims to increase the number of foreign visitors to Japan to 40 million by 2020. In 2016, the number of foreign visitors to Japan was 24.03 million, and in 2017, it already reached 21.19 million at the end of September, exceeding 20 million at the rapidest pace in history. **Lack of accommodation became an urgent issue.** However, caution is needed in strains due to increase of construction in plan and lifting of vacation rentals. In addition, trends of tourists to Japan is that the consumption demand is shifting from "shopping" to "experiencing."

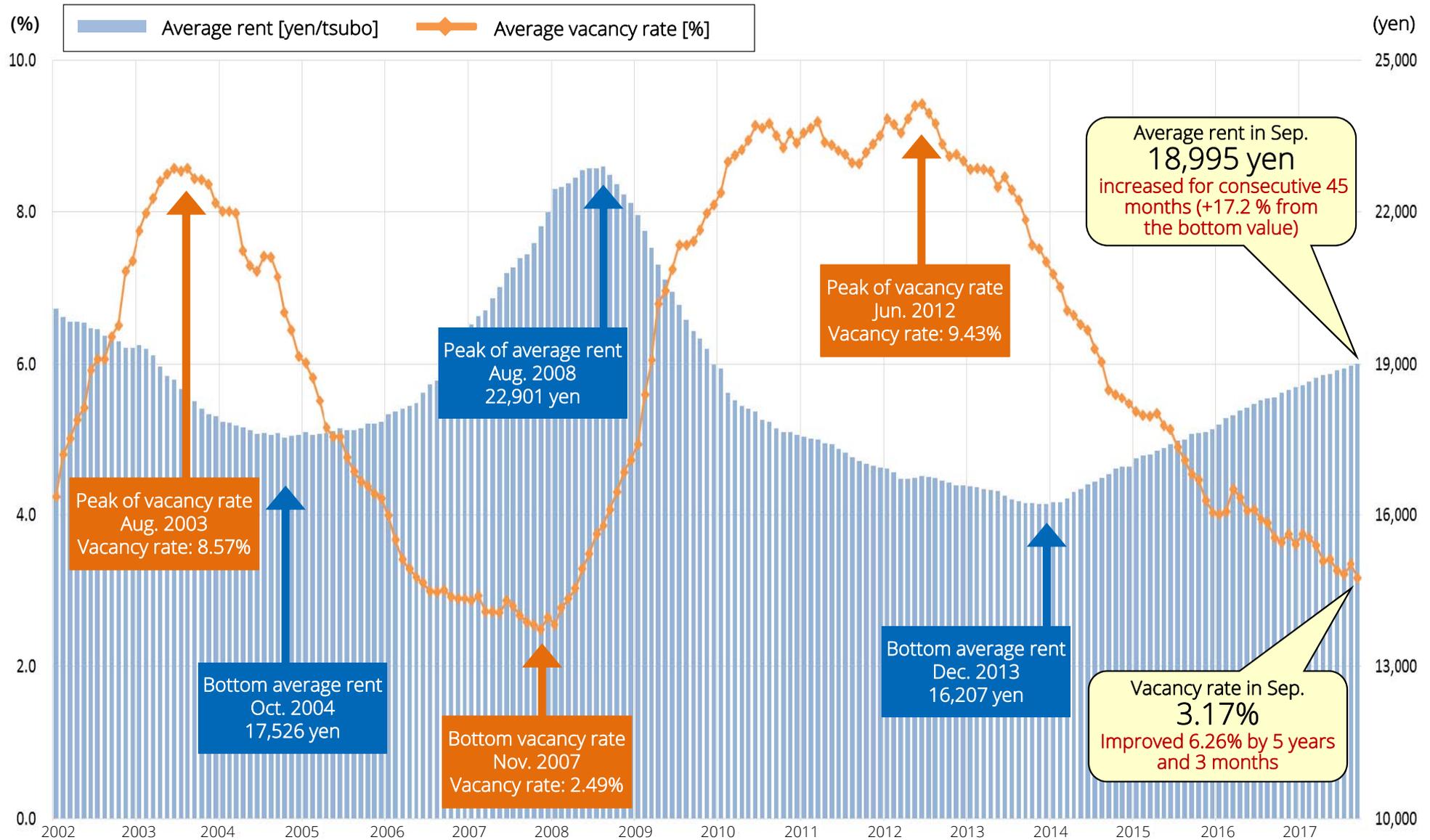
The urban office building market is thriving, although there is concern over the overvalue.

Supported by positive business performance, needs for offices in central Tokyo is high and stable, and rent remained strong. But as there will be a big supply of newly-built big buildings in 2018, the average rent is showing only a slight increase. The average vacancy rate in five wards of central Tokyo remained at a low level, also difference of vacancy rate by area is occurring.

Against the background of the graying of society and a good financing environment, **for small and medium-sized buildings in central Tokyo which our company is focusing on, the dynamism of purchase demand is still growing as there are high needs of inheritance countermeasures and fund management.** However, it is necessary to be careful when making a decision about investment, because of the skyrocketing of real estate prices and the risk of drop of Tokyo Stock Exchange REIT index.

As BOJ is continuing the monetary easing policy and long-term interest rate is still low level, **attitudes of banks towards lending to real estate businesses haven't changed significantly** while some financial institutions are showing a strict stance toward collateral evaluation with a sense of vigilance to the overvalue of real estate market.

Changes in office Rent and Vacancy Rate in 5 Wards of Central Tokyo



※Source: Created based on Miki Shoji's "Office Report." Graph reflects office buildings within the 5 wards of Tokyo of which have a standard floor area of 100 tsubo (roughly 331 square meters) or larger.

2) Managerial Policy and Business Model

Not for profit, but for trust.

**We change, not you. We resolve difficulties from
our customers' point of view.**

Sun Frontier's Vision and Policies



Vision

As **professionals in real estate utilization**, our goal is to be “the company that customers love and choose the most in the world.”

Customers

Building owners, asset holders, and wealthy individual

Core Business

Real estate revitalization and utilization

Policies

Not for profit, but for trust.
To focus on people rather than property
Solve any real estate related difficulties from the perspective of our customers

Strategies

Central
Tokyo

Office

Strength

Tenant
Finding
Capability

Real Estate
Revitalization
Capability

Operation Capability

Office Buildings

Real Estate Revitalization Business



Re-planning
Building Rental
Real Estate Securitization

Real Estate Services Business

Rental Brokerage / Sales Brokerage
Property Management / Building Maintenance
Construction Planning / Interior Design
Asset Consulting
Rent Guarantee
Rental Conference Room and Small Office

Hotel

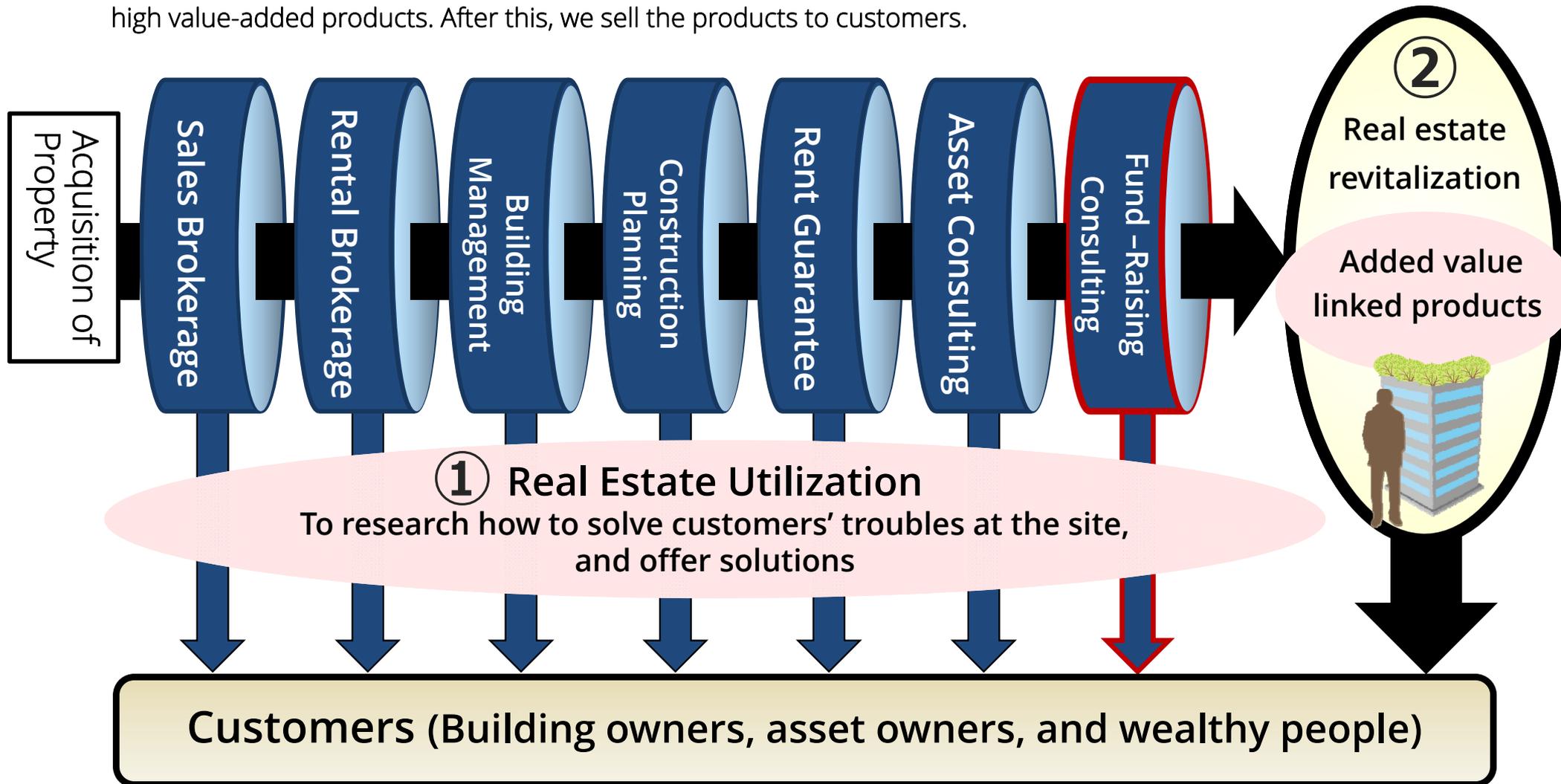
Hotel Possession and Operation
Hotel Development, Revitalization
and Sales

Overseas

Hotel Management and Housing Developments
in Vietnam
Hotel Management and Detached House
Developments in Indonesia
Attract investment from Taiwan to Tokyo

Business Structure of Office Buildings Business

- ① In vertical real estate utilization business, we survey and solve difficulties by listening to customers' concerns.
- ② In horizontal real estate revitalization business, first, we put together the know-how and customer needs learned from the process above. Then we apply this knowledge to renovate used buildings we purchased and transform them into high value-added products. After this, we sell the products to customers.



Participative Management of All Employees Based on Core Principles Change and Challenge ~Sun Frontier Management 3 Core Contents~



1. Mental management based on our ethos and philosophy

- We have upheld **altruism** since the establishment of our company.
- By cleaning our office and reading the philosophy booklet every morning we become a group that shares the value of **making others happiness our own happiness**.
- Aiming at offering much greater happiness to customers, we contribute to the actualization of a rich society.

2. Management among all employees' participation based on the accounting for each section

- By developing and diffusing the accounting system for each division (**Amoeba management**), we enhance employees' profit awareness and promote the business operation **involving all employees** with the management perspective.

3. Business management from the customers' viewpoint

- We listen to customers' requests carefully, handle and solve even minor troubles, without rushing anyone.
- **We change ourselves to meet our customers' needs**, making efforts to challenge new things, create and advance.
- Through internal collaboration of different sections, **we create high added values that are linked to one another**.



Employees play major roles.
Resonant business administration.

Three roles of the branch network specializing in the urban center

1. To specialize in the introduction of tenants to the owners of small to medium-sized office buildings in the urban center

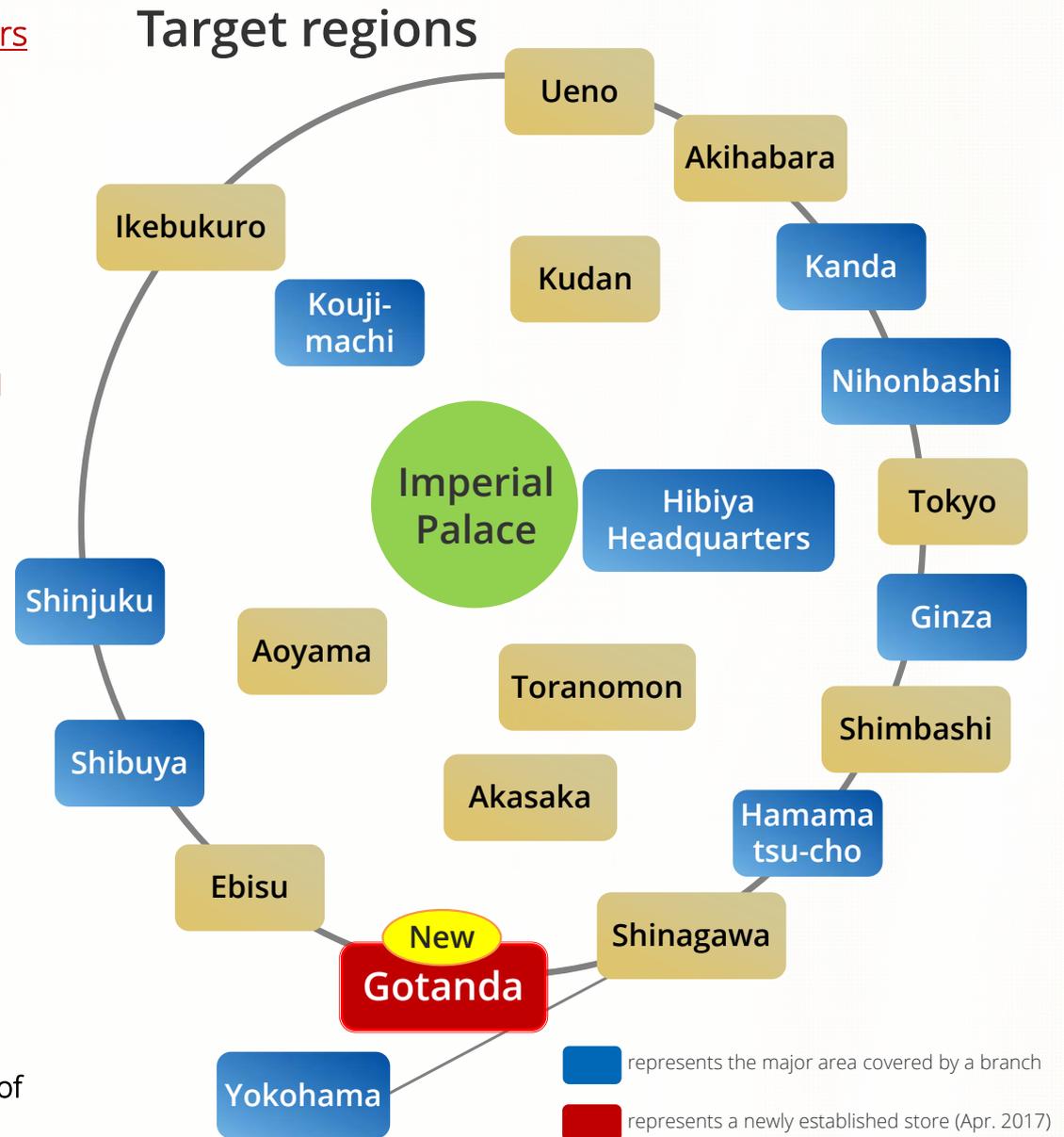
We are operating **10 branches** in Chiyoda, Chuo, Minato, Shinjuku, Shibuya, and Shinagawa Wards and Yokohama. 84 members of the rental team and 105 members of the administration team* finds tenants by utilizing their familiarity with local information while **specializing in the introduction and management of tenants for owners.** (*Fixed-term, part-time, and temporary workers)

2. To deal with the needs for solving troubles from the viewpoint of owners

In addition to introducing tenants, we **offer consulting services for solving troubles** for owners, and meet a variety of needs related to real estate by marshalling our sections.

3. To procure real estate for Real Estate Revitalization Business

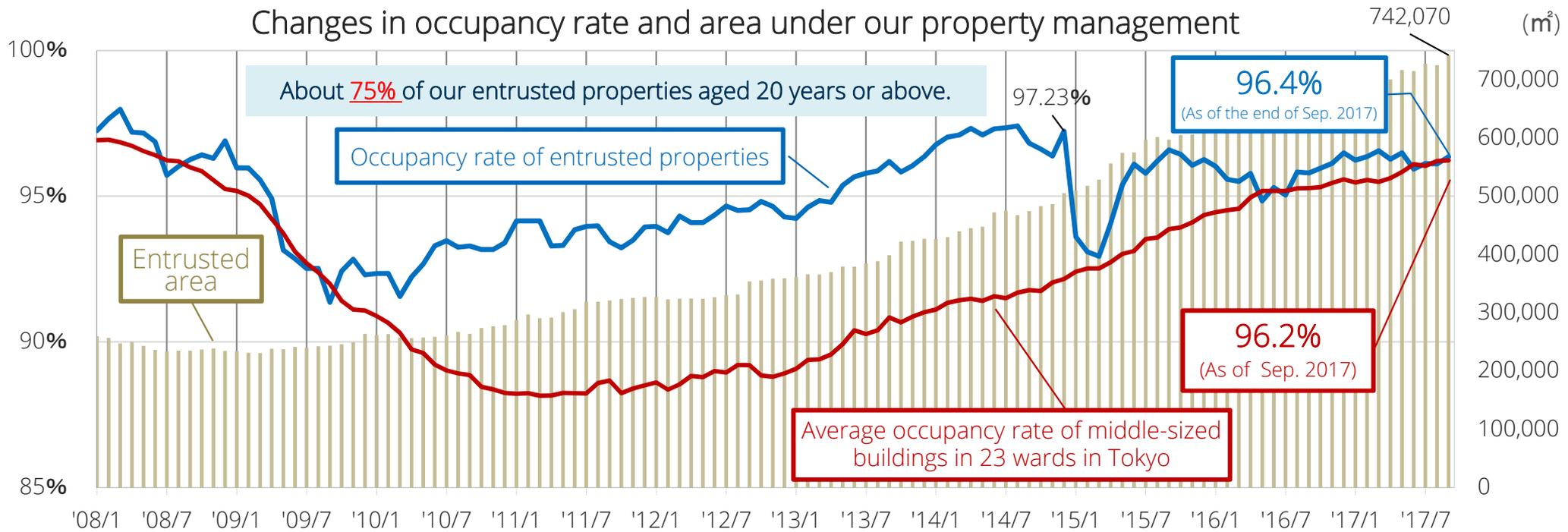
Through discussions with owners, we rent their buildings in a lump. Or We directly buy buildings when owners encounter inheritance, their buildings deterioration or they become tired of management of buildings.



Keeping High Occupancy Rate while Increasing Area of Managing Properties and Number of Customers.



Changes in occupancy rate and area under our property management



※Source: the occupancy rate of middle - sized buildings in 23 wards in Tokyo was produced by our company based on "Market Data Rent and Vacancy" of Sanko Estate Co., Ltd.

<Ranking of Managing Properties Area and Customer Number>

Top-ranked Companies in managing area (Thousand m ²)※		2017	2016
1	Mitsubishi Jisho Property Management	7,882	7,149
2	Mitsui Fudousan Building Management	7,114	8,270
3	CBRE	4,780	3,800
<hr/>			
26	Tosei Community	857	705
27	KENEDIX Property Monegament	830	864
28	Sun Frontier Fudousan	727	650

Top-ranked Companies in Number of Customers ※		2017	2016
1	Vortex	606	482
2	XYMAX	422	266
3	Sun Frontier Fudousan	268	232
4	RIO CONSULTING	222	209
5	EARTH WIND	173	—

※Resource: It is produced by our company based on "Monthly Magazine Property Management Nov. 2017"

Note: Occupancy rate of buildings under management of Property Management Section

In the 4th quarter of fiscal year 2014, as important tenants moved to larger offices, some units become vacant. Thus occupancy rate declined temporarily at the end of the term. Later, tenants have been moving in steadily, occupancy rate got recovered.

The Entire South-side Wall Changed to Windows, to Enjoy the scenery of the Park all the year round

Appearance **Before**



Appearance **After**



Glass wall that allows sunlight to enter



Tenants can enjoy the four seasons by viewing "Sakuragawa Park" at the back of the property.

Back side of the building



Interior **After**

Outdoor terrace for tenants



Interior **Before**



Interior **After**

- ① An existing customer introduced our company to the seller of this real estate, and we bought it.
- ② A financial institution that had occupied the 1st to 3rd floors moved out, and the entire building was renewed, creating a space for feeling nature by taking advantage of "Sakuragawa Park" at the back of the property.
- ③ We made the vacant rooms on 5 floors occupied at rents about 50% higher than those before renovation.
- ④ Sold to one of the regular customers.

【Property Outline】

- Location: Hatchobori, Chuo-ku, Tokyo
- Structure: Steel Reinforced-Concrete Construction, 5 stories above ground
- Date of completion: 1986
- Purpose of use: Workplace/Office/Housing
- Land area: 217.60㎡ (65.82 tsubo)
- Gross floor area: 861.60㎡ (260.63 tsubo)

Optimal Conversion Utilizing the Location Beside an Avenue



Appearance **After**



Interior **After**



Rooftop **After**



Terrace on rooftop to face on Eitai Avenue

- ① Purchased a used as the head office of a company.
- ② Created building volume while complying with laws. Converted the first floor from a parking lot to a convenience store, by utilizing the location beside the Eitai Avenue.
- ③ For upper floors, we set target tenants, and renovated rental rooms by producing an entrance that depicts the "river surface" and renders the "Japanese-style" atmosphere.
- ④ Made the first floor and upper floors occupied at rents over 20% higher than the estimates.
- ⑤ Sold to one of regular customers.

【Property Outline】

- Location: Shinkawa, Chuo-ku, Tokyo
- Structure: Steel Reinforced-Concrete Construction, 9 stories above ground
- Date of completion: 1986
- Purpose of use: Office/Shop
- Land area: 277.12㎡ (83.82 tsubo)
- Gross floor area: 1,855.28㎡ (561.22 tsubo)

Entrance **Before**



Entrance **After**



Entrance covered with indigo Japanese traditional paper

3) Growth Strategies

Establish our base by flow type business
and expand stock type business

~Standing on our two feet, “flow” and “stocks”~



•••New information for “Stock Type Business”



•••New information for “Flow Type Business”

Four-pronged Strategy for Future Growth SUN FRONTIER



Target Fields

We communicate with real estate markets, and actively operate our business in business fields where demand will grow.



1. Rise in the international position of Tokyo



2. Utilization of surplus money and expanding investment funds



3. Business targeted at visitors to Japan



4. Asia region which are growing rapidly

As for Rental Conference Room and Rental Office business, Total branch number increased to 10.



Rental Conference Room (Vision Center)

1. Vision Center Tokyo



5. Vision Center Tamachi



6. Vision Center Yokohama



7. Vision Center Tokyo, Nihonbashi



Newly opened in May, 2017

8. Vision Office Tokyo ANNEX



Newly opened in June, 2017

9. Vision Center Nagata-cho



Newly opened in August, 2017

10. Vision Center Hamamatsu-cho



Newly opened in August, 2017

Rental Office (Vision Office)

2. Vision Office Kanda



3. Vision Office Shinjuku



4. Vision Office Kanda ANNEX



Under the introduction from the leasing brokerage department which has strong familiarity and good sense for the market of central Tokyo, **subsequent cases in good locations** are progressing well.

We opened 2 branches in front of Tokyo station in May and June 2017, and these branches become monthly profitable in a short span of time. In addition, branches in Nagata-cho and Hamamatsu-cho opened in August, and **the floor space of "Vision Center Tokyo ANNEX" will be expanded in November.** **Total branch number increased to 10 just after 2 years of our business start.**

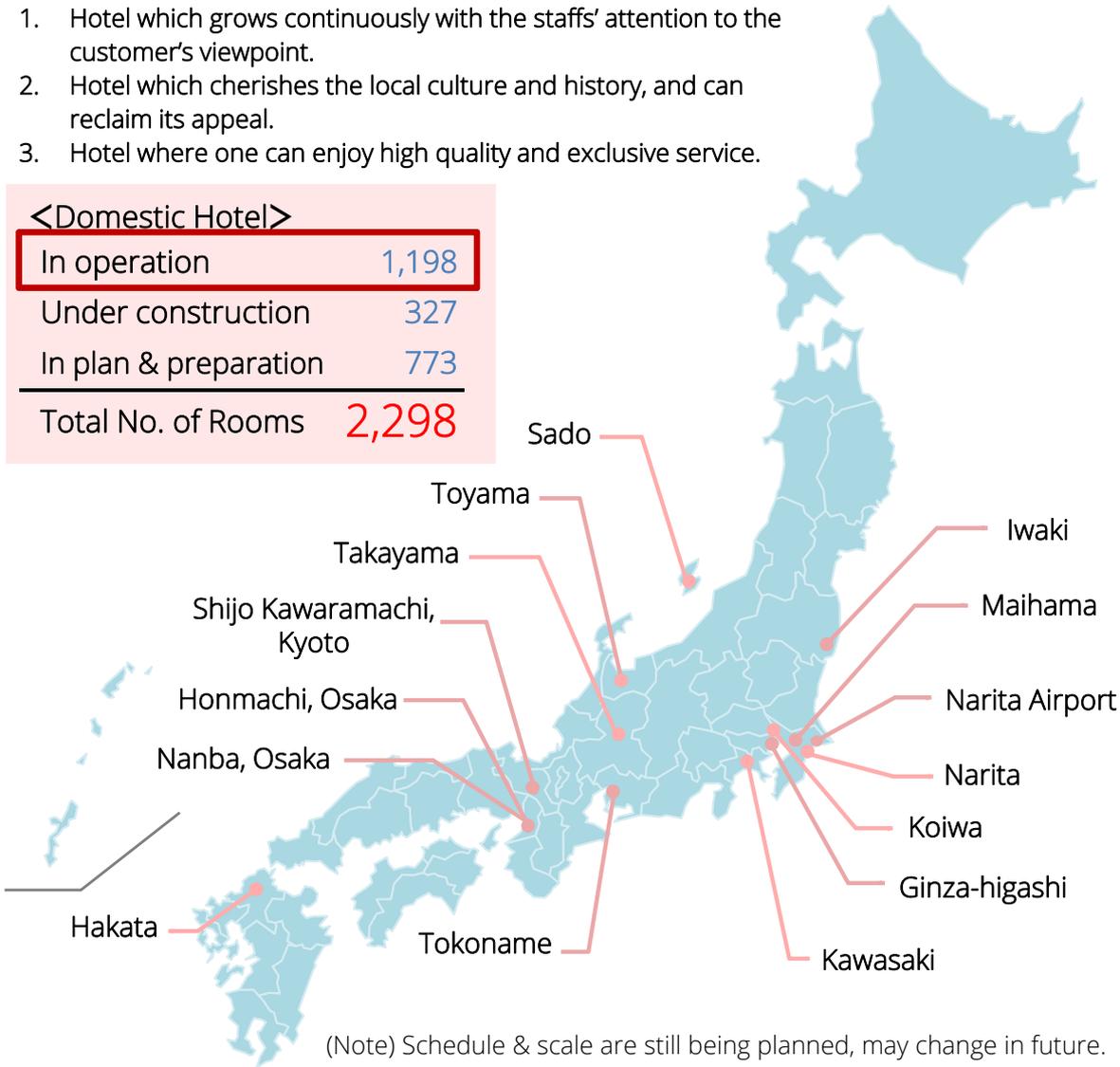
Concept and Development of Hotel Business — Inbound City-tourism Hotel —



“Heart-warming Hotel”

1. Hotel which grows continuously with the staffs' attention to the customer's viewpoint.
2. Hotel which cherishes the local culture and history, and can reclaim its appeal.
3. Hotel where one can enjoy high quality and exclusive service.

<Domestic Hotel>	
In operation	1,198
Under construction	327
In plan & preparation	773
Total No. of Rooms	2,298



(Note) Schedule & scale are still being planned, may change in future.

<List of Domestic Hotel>

Status	Open (Plan)	Brand	Hotel Name Location	No. of Rooms
Rented	—	Other Company	Iwaki	150
In operation	Apr. 2016	Collaborative	Tokoname	194
In operation	—	Original	Kawasaki	200
In operation	—	Original	Koiwa	105
In operation	—	Original	Narita	100
In operation	—	Original	Hakata	159
In operation	Apr. 2017	Original	Maihama	80
Rented	—	Other Company	Toyama	210
Under Construction	Apr. 2018	Original	Takayama	81
Under Construction	Jul. 2018	Original	Sado	111
In plan	Jun. 2019	Original	Nanba, Osaka	224
Under Construction	Aug. 2019	Original	Ginza-higashi	135
In plan	Sep. 2019	Original	Honmachi, Osaka	193
In plan	Jun. 2021	Original	Shijo Kawaramachi, Kyoto	146
In plan	Undecided	Undecided	Narita Airport	210

Together with collaborative brand “SPRINGSUNNY Hotels & Resorts”, our own original brand hotel “HIYORI HOTELS & RESORTS” is also in progress.



“Hiyori Hotel Maihama” is under operation healthily. “Dormy Inn Kofu-Marunouchi” sold off.



“Hiyori Hotel Maihama”, the first hotel under our original brand began full operation.

Newly opened on July 1, 2017

Appearance



Ranked 3rd in Chiba area at “Breakfast Festival” of Rakuten Travel.



【Property Outline】

- Location: Urayasu, Chiba
- Structure: Steel Reinforced-Concrete Construction, Steel Construction in a part, 5 stories above ground.
- Date of completion: April, 2017
- **Number of guest rooms: 80 rooms**
- Land area: 2,998.55㎡ (907.06 tsubo)
- Gross floor area: 1,623.07㎡ (491.11 tsubo)



“Dormy inn Kofu-Marunouchi”, the first hotel under our Hotel Development business was sold off.

Sold off in August, 2017

Appearance



Open-air bath



【Property Outline】

- Location: Kofu, Yamanashi
- Structure: Steel Construction, 9 stories above ground.
- Date of completion: July, 2017
- **Number of guest rooms: 190 rooms**
- Land area: 1,476.01㎡(447.53 tsubo)
- Gross floor area : 6,297.58㎡ (1,905.01 tsubo)

New Hotels to be Built One after Another



Takayama

Construction in Aug, 2017
Will be opened in Apr, 2018

Effect Drawing (Appearance)



Hiyori Hotel Hida Takayama (provisional)

Takayama area popular among foreign visitors to Japan

【Property Outline】

- Location: Takayama, Gifu
- Structure: Wood and galvanized steel construction with shingle roof, 2 stories above ground
- Date of completion: April, 2018 (Plan)
- **Number of guest rooms: 81 rooms**
- Land area: 2,421.34 m² (732.45 tsubo)
- Gross floor area: 1,848.11 m² (559.05 tsubo)

Sado

Construction in Jun, 2017
Will be opened in Jul 2018

Effect Drawing (Appearance)



Hiyori Hotel Sado (provisional)

Hotel serving as a foothold for vitalizing the local economy

【Property Outline】

- Location: Sado, Niigata
- Structure: Steel construction, 5 stories above ground
- Date of completion: June, 2018 (Plan)
- **Number of guest rooms: 111 rooms**
- Land area: 3,010.07 m² (910.76 tsubo)
- Gross floor area: 2,998.88 m² (907.38 tsubo)

Ginza-Higashi

Construction in Oct, 2017
Will be opened in Aug, 2019

Effect Drawing (Appearance)



Hiyori Hotel Ginza-Higashi (provisional)

Hotel we developed for the first time in Ginza area

【Property Outline】

- Location: Chuo-ku, Tokyo
- Structure: Steel construction, 11 stories above ground
- Date of completion: July, 2019 (Plan)
- **Number of guest rooms: 135 rooms**
- Land area: 551.38 m² (166.83 tsubo)
- Gross floor area: 3,725.00 m² (1,127.08 tsubo)

(Note) Schedule & scale are still being planned, may change in future.

Aiming at Becoming a Company that can Play a Role in Receiving Investments from Wealthy People in Asia.



Concept "To Realize the Happiness of Everyone in Asia with People who Share the Same Values."

★ Projects in Vietnam

Status	Open	Location /Use	Scale
In operation	Aug. 2016	Danang Hotel "The Blossom City"	45 rooms
Under construction	1st half of 2019	Danang Condominium Residence "Hiyori Garden Tower"	306 houses
In plan	Undecided	Danang commercial complex	Hotel+SA 156 rooms +Residence 229 houses+Shop

▬ Projects in Indonesia

Status	Open	Location /Use	Scale
All sold		Jakarta detached house	5 houses
Under construction	Undecided	Jakarta detached house "CASA EMERALD GANDARIA"	9 houses
In operation		Jakarta Residence+SA "Kyo Serviced Apartment"	90 rooms

(Note)"SA"...Serviced apartment. Fully furnished apartment available for monthly stay, providing all the hotel-like service.





Danang, Vietnam, Project No.2

- High-rise Urban Apartment House Project -



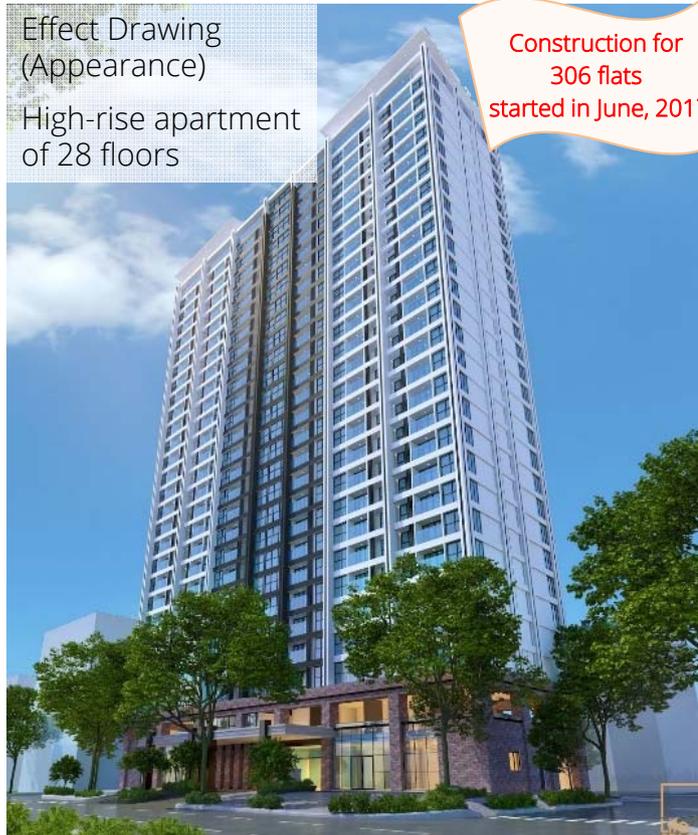
Danang was chosen to be the host of 2017 Asia-Pacific Economic Cooperation (APEC) summit and is gaining worldwide attention. We established "Sun Frontier Vietnam" as an overseas subsidiary in 2015. Beside the first overseas hotel "The Blossom City" opened in August, 2016, the high-rise urban apartment house project as our 2nd project, "HIYORI Garden Tower" has started construction in June.



Bldg. No. 2
High-rise urban apartment house
「HIYORI Garden Tower」

Effect Drawing
(Appearance)

High-rise apartment
of 28 floors



Construction for
306 flats
started in June, 2017



Mockup (Bedroom)



Mockup (Living Room)

Direct flights from Narita/Kansai Airport to Danang went into service (Narita: 5 flights per week / Kansai: 4 flights per week.)
76 direct flights per week from China.
77 direct flights per week from Korea.
Danang is an area that many companies want to help develop, while gathering worldwide attention as a fascinating resort area.

It is only a 10-minute drive from Danang Airport to the city center, and a 15-minute drive to a beautiful beach where there are many hotels. Located at an optimal place with very convenient access.



Jakarta, Indonesia

~ Urban Housing & Serviced Apartment ~



We established "Sun Frontier Indonesia" as an overseas subsidiary.
We are progressing projects in central Jakarta.



Bldg. No.2 City Type Ready-built House
"CASA EMERALD GANDARIA"



Effect Drawing
All houses have a pool

9 houses under construction



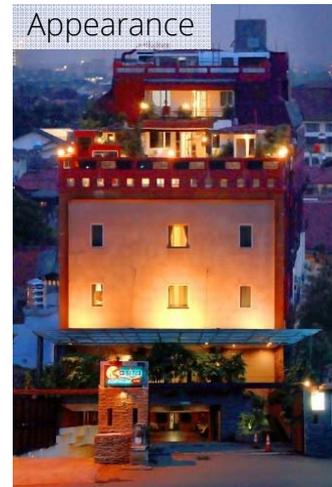
Effect Drawing (Interior)



Effect Drawing (Appearance)



Bldg. No.3 Serviced Apartment
"Kyo Serviced Apartment"



Appearance



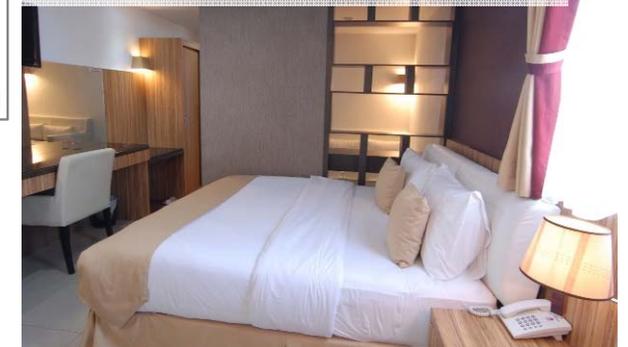
Internal pool

Operation started on Dec. 2016

<Logo Mark>



Serviced Apartment with 90 rooms



(Reference) Introduction of corporate climate

Evening Event for Thanking Customers

—to give heartfelt thanks—Wednesday, October 25, 2017



The representative Horiguchi gave an address to all customers



400 customers attended



Each department head gave an address (the photo shows the senior managing director Nakamura)



Special performance by the taiko group "Kodo"



Activity report with an album handmade by employees

Efforts for Creating Corporate Culture



Cleaning every morning



Reading the philosophy pocketbook together every morning



Morning assembly of all employees every Monday



Morning assembly at the headquarters

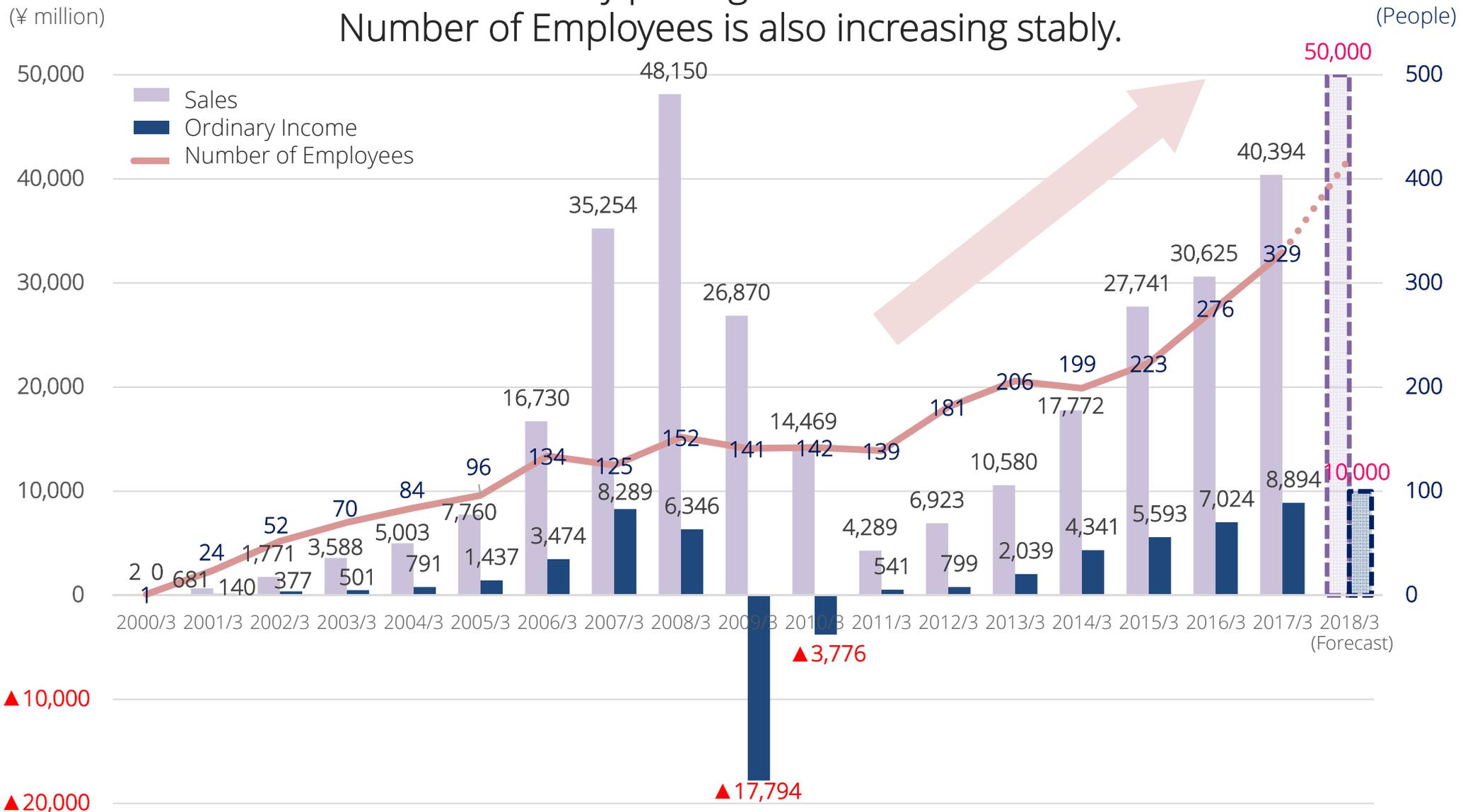


New employee training in which the president gives a lecture

Transition of Sales / Ordinary Income / Number of Employees



Sales and ordinary profit grew for 6 terms in a row.
Number of Employees is also increasing stably.



Basic Policy for Profit Distribution



The basic policy of our corporate group is to **comprehensively contribute to the benefit of shareholders** by (1) striving to **return profits to shareholders stably** on a long-term basis, (2) securing investment funds for **actively conducting** the hotel and overseas businesses for future growth, and (3) **improving the stability of finance**.

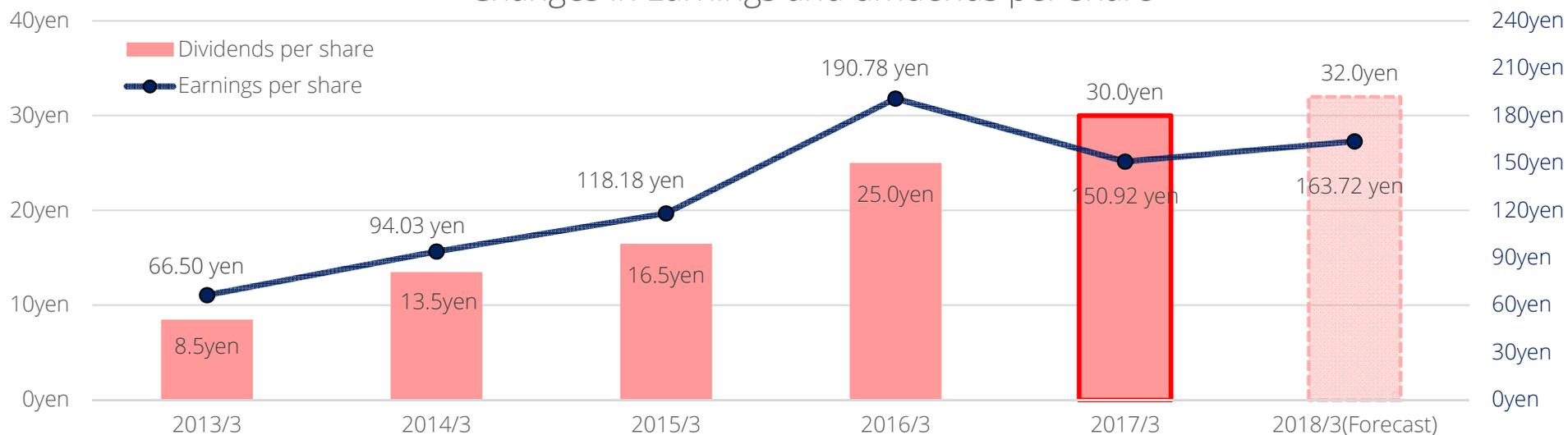
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3 (Forecast)
Net income per share	66.50 yen*	94.03 yen	118.18 yen	190.78 yen	150.92 yen	163.72 yen
dividends per share	8.50 yen*	13.50 yen	16.50 yen	25.00 yen	30.00 yen	32.00 yen
payout ratio	12.8%	14.4%	14.0%	13.1%	19.9%	19.5%
Payout ratio for reference (after considering effective tax rate)	22.1%	23.3%	19.7%	19.3%	20.9%	—

* Our company carried out 100-for-1 stock split for common shares on Oct. 1, 2013. Accordingly, the dividend per share divided by 100 is shown for easy comparison.

(Dividends per share)

Changes in Earnings and dividends per share

(Net income per share)



Company History



1999	Established Sun Frontier Co., Ltd. (It has been 19 years since then)
2000	Changed the Trade Name to Sun Frontier Fudousan Co., Ltd.
2001	Started replanning business* (real estate revitalization)
2004	Got listed on JASDAQ Securities Exchange (5 years and 7 months after establishment)
2007	Got listed on the first section of the Tokyo Stock Exchange (2 years and 3 months after the listing in JASDAQ)
2012	Made Yubi Co., Ltd. (building maintenance business) a consolidated subsidiary by M&A
2013	Established local subsidiary "Sun Frontier Fudousan Taiwan Co., Ltd."
2015	Started space rental business (managing rental conference room/rental office)
	Established Sun Frontier Hotel Management Inc. and started hotel management business
	Made a business alliance on hotel business in Japan with Spring Group of China
2016	Established local subsidiary "SUN FRONTIER VIETNAM CO., LTD." in Vietnam
	Established local subsidiary "PT. SUN FRONTIER INDONESIA" in Indonesia
	Opened our first domestic hotel "SPRINGSUNNY Hotel Nagoya Tokoname" in Tokoname, Aichi
	Opened our first overseas hotel "The Blossom City" in the biggest city Danang of central Vietnam
	Made Sky Court Hotel Co., Ltd. a consolidated subsidiary by M&A
2017	Started operating serviced apartment "Kyo Serviced Apartment" in Jakarta, Capital of Indonesia
	Selected as a stock that constitutes "JPX-Nikkei Mid and Small Cap Index"
	"Hiyori Hotel Maihama", the first hotel under our original brand began full operation
	Construction for "Hiyori Garden Tower", the high-rise urban apartment house in Danang

Origin of our corporate name

SUN FRONTIER

The corporate name "Sun Frontier" is infused with the hopes of "emitting love to everyone like solar energy for the happiness of humankind and society," "living strongly and brightly," and "becoming a company that can keep taking on challenges like a frontier settler with ambition and dream."



President, Tomoaki Horiguchi

* "Replanning" is the registered trademark of Sun Frontier Fudousan Co., Ltd.

Company Overview



Name	Sun Frontier Fudousan Co., Ltd.
Head Office	1-2-2 Yurakucho, Chiyoda-ku Tokyo
Established	April 8, 1999
Date of listing	November 19, 2004 (JASDAQ Securities Exchange) February 26, 2007 (The first section of the Tokyo Stock Exchange)
Capital	¥8,387 million
Representative	President: Tomoaki Horiguchi
Employees*	Full-time employees: 358 (Including part-time employees: 679)
Average Age*	32.4 years old
Business	Revitalization of real estate Real Estate Service (Brokerage, management, construction planning for real estate, compensation for rent in arrears, Rental building operation, consultancy for assets) Hotel Development and operation
Settlement Month	March
Listed in	The first section of the Tokyo Stock Exchange (Code Number: 8934)



Head Office : Hibiya, Chiyoda-ku, Tokyo

Disclaimer

- ◆ This reference material is intended for providing information, not for soliciting or promoting you to purchase a specific product. When you invest, please do so based on your own judgment and responsibility. If you want to purchase the shares of our company, please contact securities companies.
- ◆ The information included in this material may not follow the Financial Instruments and Exchange Act, the Building Lots and Buildings Transaction Business Act, the regulations for the companies listed in Tokyo Stock Exchange, etc.
- ◆ This reference material mentions our future business performance, but it does not guarantee the performance.
- ◆ This reference material was produced carefully, but we do not guarantee the accuracy and certainty of its contents. In addition, the contents may be changed or deleted without notice. We appreciate your understanding.

<Inquiries about this document>

Sun Frontier Fudousan Co., Ltd. IR Desk

Phone:+81-3-5521-1551

URL:<http://www.sunfrt.co.jp/en/>

Mail: ir-contact@sunfrt.co.jp



SUN FRONTIER