

# Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2019

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

1) Executive Summary Results for the Second Quarter of the Fiscal Year Ending March 31, 2019	1-10
2) Business Conditions	11-13
3) 1 <sup>st</sup> half Fiscal year initiatives and Future Growth Strategies	14-36
Reference	37-38

November 8, 2018



**SUN FRONTIER**

Stock Code: 8934

# Highlights of the Second Quarter



## Summary for the Second Quarter of the Fiscal Year Ending March 31, 2019

### Sales and income reached new record highs in the Second Quarter

(¥ Million, except for per share figures.)

	Results	Profit margin	YoY change	Rate of Change	Full-year forecast	Progress
Sales	33,029	—	+8,543	+34.9%	58,000	56.9%
Operating income	9,040	27.4%	+3,506	+63.4%	12,300	73.5%
Ordinary income	8,744	26.5%	+3,403	+63.7%	11,800	74.1%
Net income*	5,976	18.1%	+2,326	+63.7%	8,200	72.9%

\* Quarterly net income attributable to owners of parent

## Highlights

### 1) High profit margins in the replanning business are driving business performance

- At 32.1%, the segment profit margin remains high (vs. 27.6% in the FY ended March 2017 and 29.7% in the FY ended March 2018).
- Progress is currently underway on procuring properties. The procurement of properties scheduled for sale in the fiscal year has been nearly completed. Current efforts seek to build up inventory through property procurement for growth in rent.
- The stock of buildings associated with the replanning business stood at 57 buildings at the end of this quarter. The balance of inventory assets was ¥49.2 billion, up 34.5% YoY compared to 41 buildings and ¥36.5 billion at the end of September 2017.

### 2) The operation business showed steady growth.

- Sales in the operation business grew 1.4-fold year on year. Segment income was up 1.5-fold.
- The new hotels that opened in Q1 (Tabino Hotel Hida-Takayama, Tabino Hotel Sado, Sky Heart Hotel Shimonoseki) reached full-scale operational status, contributing to sales growth. The number of hotels we manage in Japan has grown to 10 hotels, accounting for 1,191 guest rooms in the two and one-half years since this business was launched.
- With the October opening of "Vision Center Tokyo Station", the rental conference room business grew to a total of 14 sites, corresponding to capacity for 5,000 people (compared to 10 sites with capacity for approximately 3,000 people at the end of September 2017).

# Revenue/Profit Summary

(¥ million)

	FY Ended March 2018 April-September	FY Ended March 2019 April-September		FY Ended March 2018 April-September	FY Ended March 2019 April-September
<b>Sales</b>	<b>24,486</b>	<b>33,029</b>	<b>Operating income</b>	<b>5,534</b>	<b>9,040</b>
Real Estate Revitalization Business	21,348	29,202	Non-operating income	6	37
Replanning Business (including Hotel Development)	<b>20,199</b>	<b>27,750</b>	Non-operating expenses	199	333
Rental Building, Sublease	1,149	1,452	<b>Ordinary income</b>	<b>5,341</b>	<b>8,744</b>
Real Estate Service Business	1,600	1,684	Extraordinary loss/income	-	-
Operation Business	<b>1,392</b>	<b>1,963</b>	Corporate income tax, etc.	1,700	2,768
Other Business	450	563	Profit or loss of Non-controlling interest	(9)	(0)
Adjustment	(306)	(385)	<b>Net income</b>	<b>3,649</b>	<b>5,976</b>
<b>Gross Profit</b>	<b>7,863</b>	<b>11,961</b>	<ul style="list-style-type: none"> <li>The replanning business showed 1.4-fold growth in sales and 1.6-fold growth in gross profits.</li> <li>The gross profit margin rose to 34.7% (compared to 29.7% in the same period last year).</li> </ul>		
Real Estate Revitalization Business	6,431	10,294	<ul style="list-style-type: none"> <li>The operation business a stable revenue source, is growing steadily, recording 1.4-fold growth in both sales and gross profits.</li> </ul>		
Replanning Business (including Hotel Development)	<b>5,993</b>	<b>9,627</b>	<ul style="list-style-type: none"> <li>Operating income grew by 63.3% thanks to growth of 52.1% in gross profits, which handily outpaced a 25.4% increase in sales expenses.</li> </ul>		
Rental Building, Sublease	438	666			
Real Estate Service Business	1,006	1,048			
Operation Business	<b>203</b>	<b>285</b>			
Other Business	325	379			
Adjustment	(103)	(46)			
<b>Selling and general administrative expenses</b>	<b>2,329</b>	<b>2,921</b>			

# Consolidated Balance Sheet

## -Assets-



(¥ million)

	FY Ended March 2017	FY Ended March 2018	End of September 2018	Increase/Decrease (Compared to the end of Mar. 2018)
<b>Current assets</b>	<b>55,195</b>	<b>80,174</b>	<b>85,993</b>	<b>+5,419</b>
Cash and deposits	16,246	23,892	23,388	(504)
Inventory assets	36,186	54,593	59,680	+5,086
Breakdown) RP	26,039	45,525	49,202	+3,677
Hotel	7,254	5,291	6,878	+1,587
Overseas, etc.	2,892	3,775	3,584	(191)
Other current assets	2,762	1,687	2,925	+1,237
<b>Noncurrent assets</b>	<b>8,458</b>	<b>11,587</b>	<b>12,267</b>	<b>+680</b>
Property, plant, and equipment	7,288	8,565	8,953	+387
Intangible assets	562	474	448	(26)
Investments and other assets	608	2,546	2,865	+318
<b>Total assets</b>	<b>63,654</b>	<b>91,761</b>	<b>98,260</b>	<b>+6,499</b>

Since we procured more than properties than we sold, the balance of inventory assets in the replanning business grew by ¥3.6 billion. Due to the acquisition of land for a project in Okinawa, the inventory assets of the hotel business grew by ¥1.5 billion.

# Consolidated Balance Sheet

## -Liabilities/Equity-



	FY Ended March 2017	FY Ended March 2018	End of September 2018	(¥ million) Increase/Decrease (Compared to the end of Mar. 2018)
<b>Current liabilities</b>	<b>8,281</b>	<b>10,155</b>	<b>11,278</b>	<b>+1,123</b>
Short-term loans payable, etc.	3,438	2,716	2,912	+196
Income taxes payable, etc.	802	3,178	3,147	(30)
Other current liabilities	4,040	4,260	5,218	+957
<b>Noncurrent liabilities</b>	<b>19,686</b>	<b>32,756</b>	<b>33,992</b>	<b>+1,236</b>
Long-term loans and bonds payable	18,626	30,865	31,839	+973
Other noncurrent liabilities	1,059	1,890	2,153	+262
<b>Total liabilities</b>	<b>27,968</b>	<b>42,912</b>	<b>45,271</b>	<b>+2,359</b>
Shareholders' equity	35,528	48,750	53,093	+4,343
Others	157	99	(105)	(203)
<b>Total net assets</b>	<b>35,686</b>	<b>48,849</b>	<b>52,989</b>	<b>+4,139</b>
<b>Total liabilities and capital</b>	<b>63,654</b>	<b>91,761</b>	<b>98,260</b>	<b>+6,499</b>

### Transition of Equity Ratio

End of Mar. 2017	End of Mar. 2018	End of Sep. 2018
56.0%	53.2%	<b>53.9%</b>

Due to progress with property procurement the replanning business, loans payable grew by ¥1.1 billion compared to the end of the previous FY. The balance of interest-bearing debt at the end of September stood at ¥34.7 billion.

Retained earnings, equivalent to the difference between quarterly net income (up ¥5.9 billion) and dividend payment of the previous term (negative ¥1.6 billion), rose by ¥4.3 billion.

# Performance of Replanning Business

## (Replanning (RP)/ Hotel Development)



(¥ million)	FY 2018 April- September	FY 2019 April- September	Increase/ decrease
Sales	20,199	27,750	+37.4%
Segment income <sup>(Note1)</sup>	5,640	8,904	+57.9%
Profit margin	27.9%	32.1%	+4.1%pt
No. of procured properties	24	27	+3
No. of sold properties	17	18	+1
No. of properties in stock as of the end Mar.	46 <sup>(Note2)</sup>	62 <sup>(Note2)</sup>	+16

- Both sales and profits grew significantly.
- Thanks to sustained creative efforts in procurement, commercialization, and sales efforts and efforts to increase added value, **margins grew dramatically.**
- The average business period is 342 days.
- **Procurement progressed steadily. Our property inventory at the end of the period stood at 62 properties (accounting for ¥55.8 billion).**

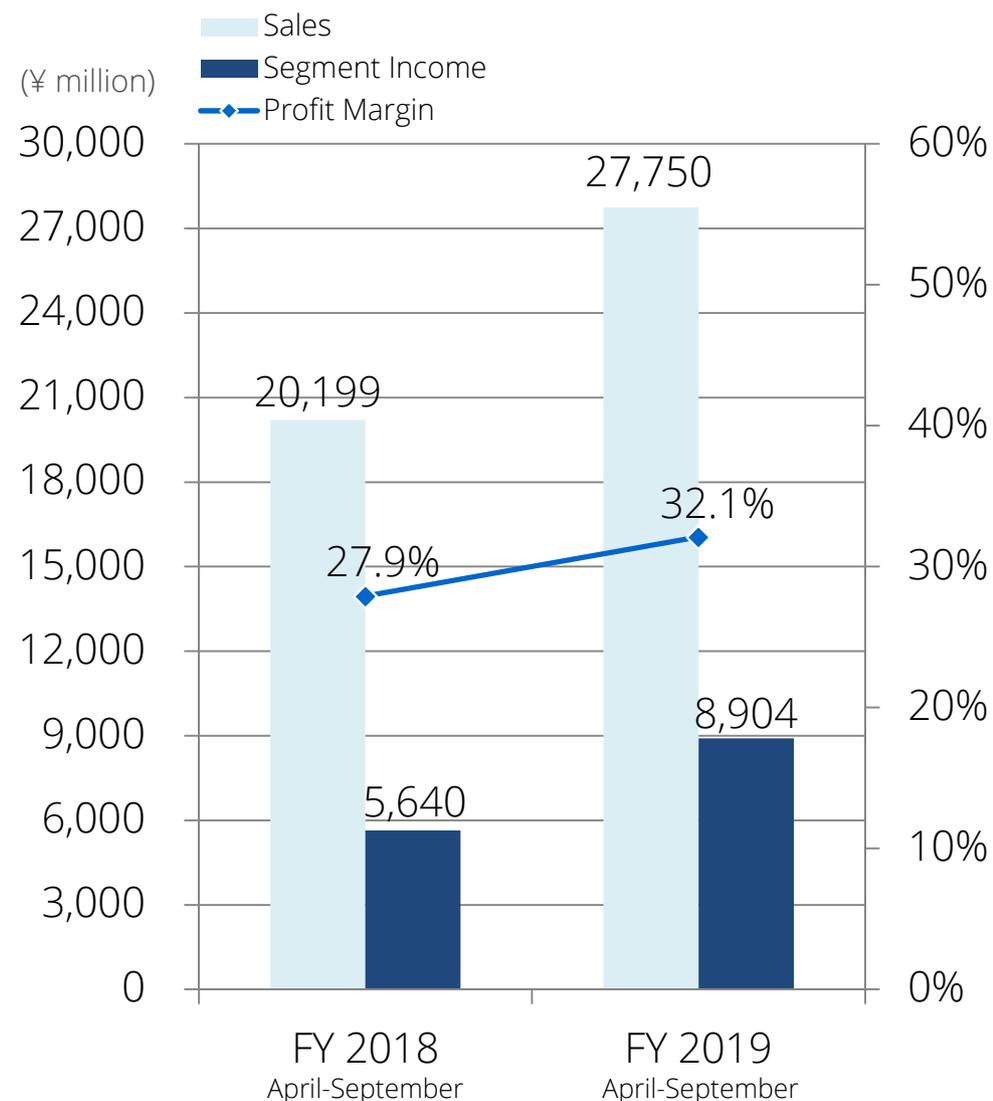
(Breakdown)

Replanning business: 57 properties (¥49.2 billion)

Hotel business: 5 properties (¥6.8 billion)

\* Overseas business is excluded.

\* We also procured or contracted for **12 replanning properties** through the end of October worth **¥15.5 billion** in addition to the above-mentioned properties.



(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.

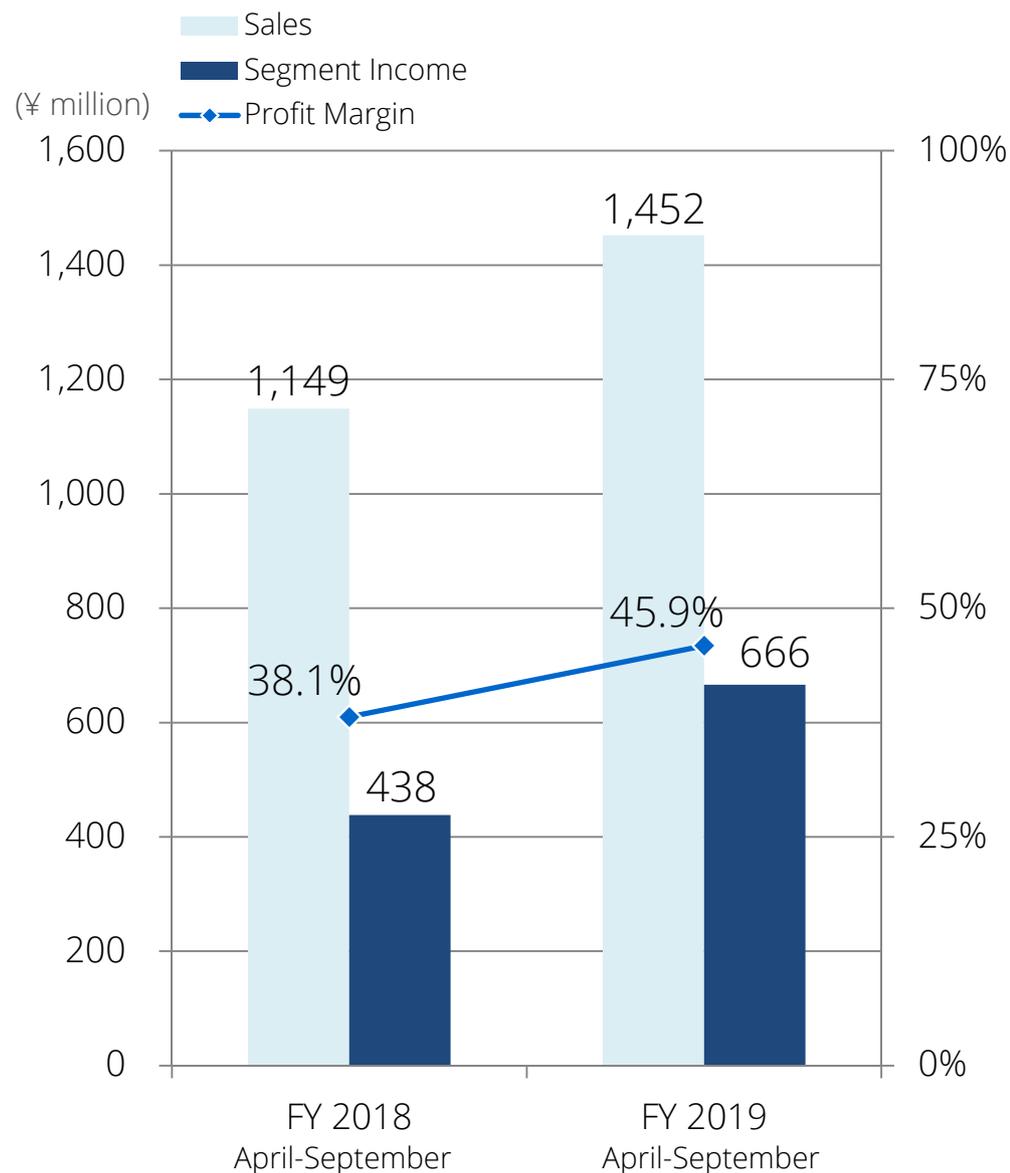
# Rental Building Business

(Rental Building / Sublease)



(¥ million)	FY 2018 April- September	FY 2019 April- September	Increase/ decrease
Sales	1,149	1,452	+26.3%
Segment income	438	666	+52.2%
Profit margin	38.1%	45.9%	+7.8%pt

- In the replanning business, income from rents increased, **due primarily to office buildings for which commercialization has advanced.**
- Income also grew from rents from the hotel business.
- To add to our sources of stable income, we are moving forward with efforts to procure and build office buildings suitable for long-term holding.

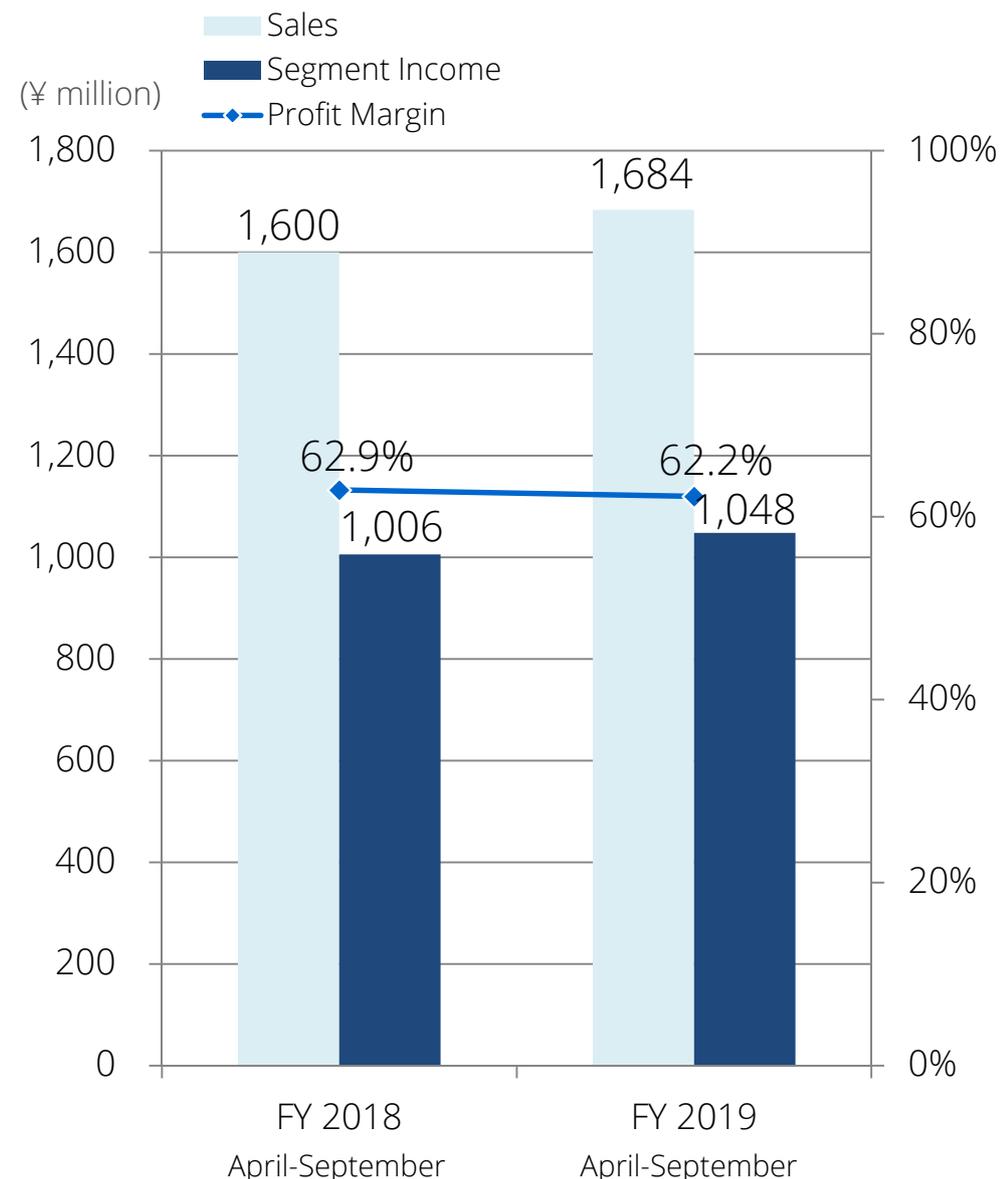


# Real Estate Service Business



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

(¥ million)	FY 2018 April- September	FY 2019 April- September	Increase/ decrease
Sales	1,600	1,684	+5.3%
Segment income	1,006	1,048	+4.1%
Profit margin	62.9%	62.2%	(0.7%pt)



<PM Business/BM Business>

- We offer high-value-added services by providing meticulous tenant management and solving customer's troubles, as well as improving revenue by modifying conditions to achieve fair rents. As a result, we contributed to expand the customer base and the business base for the entire group.

[Number of managing properties buildings for PM and occupancy rate]

	No. of managing properties	Occupancy rate
End of March 2017	362	96.6%
End of March 2018	372	95.7%
<u>End of September 2018</u>	<u>378</u>	<u>97.2%</u>

<Sales Brokerage Business/Rental Brokerage Business>

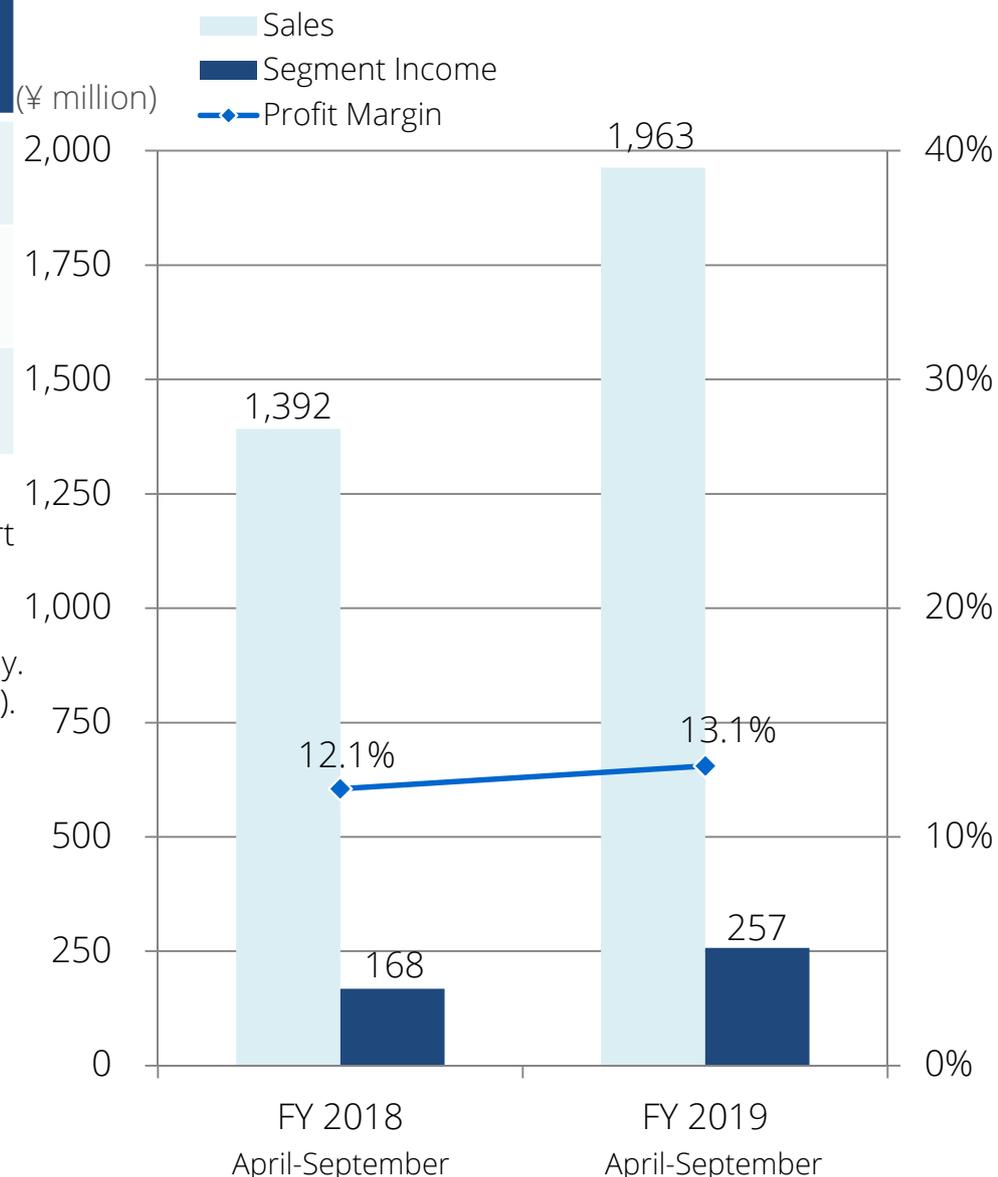
- The brokerage business contributes to the revenue of the entire corporate group by driving the creation of high added value from the customer's viewpoint in the procurement, commercialization, and sale of RP real estate.

# Performance of Operation Business

(Hotel Management / Rental Conference Room)



(¥ million)	FY 2018 April- September	FY 2019 April- September	Increase/ decrease
Sales	1,392	1,963	+40.9%
Segment income	168	257	+52.1%
Profit margin	12.1%	13.1%	+1.0%pt



## <Hotel Management Business>

- Strong occupancy ratio and average daily rates per room at Sky Heart Hotel (formerly the Hotel Sky Court), Hiyori Hotel Maihama, and SPRINGSUNNY Hotel contributed to both **sales and income growth**.
- Tabino Hotel opened in Hida-Takayama in May and Sado Island in July. In June, we acquired VIP Nangoku (now Sky Heart Hotel Shimonoseki).
- **The number of hotels managed grew to 10 hotels** as of the end of September 2018. (April-September: total sales of ¥1,547 million, segment income of ¥159 million)

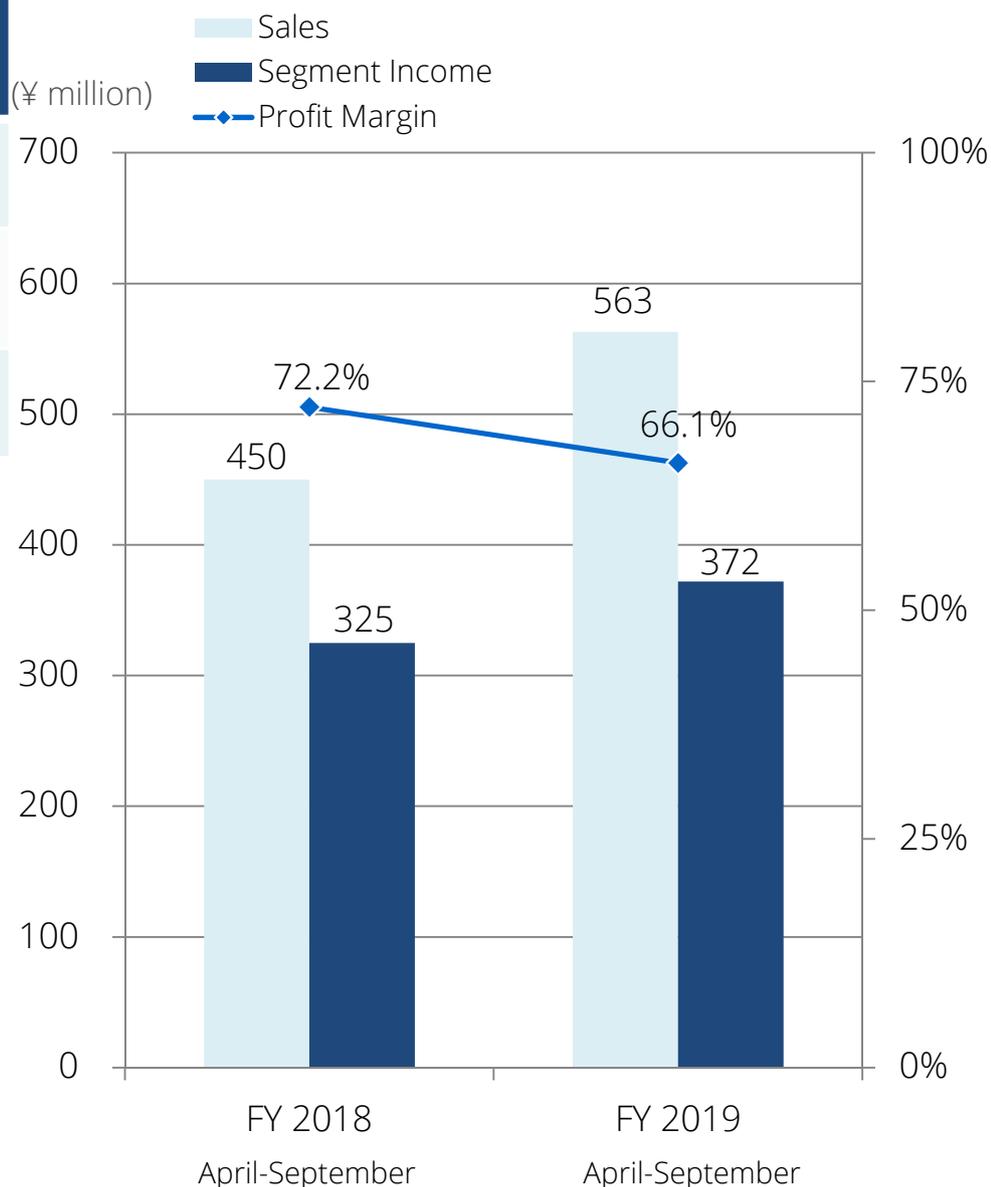
## <Rental Conference Room Business>

- **The total number of facilities grew to 14** as of the end of October 2018 (nine rental conference room facilities, three rental office facilities, and two coworking space facilities).
- Vision Center Tokyo Station opened on October 29. (April-September: total sales of ¥415 million, segment income of ¥97 million)

# Performance of Other Business

(Rent Guarantee / Overseas Business, etc.)

(¥ million)	FY 2018 April- September	FY 2019 April- September	Increase/ decrease
Sales	450	563	+25.1%
Segment income	325	372	+14.6%
Profit margin	72.2%	66.1%	(6.0%pt)



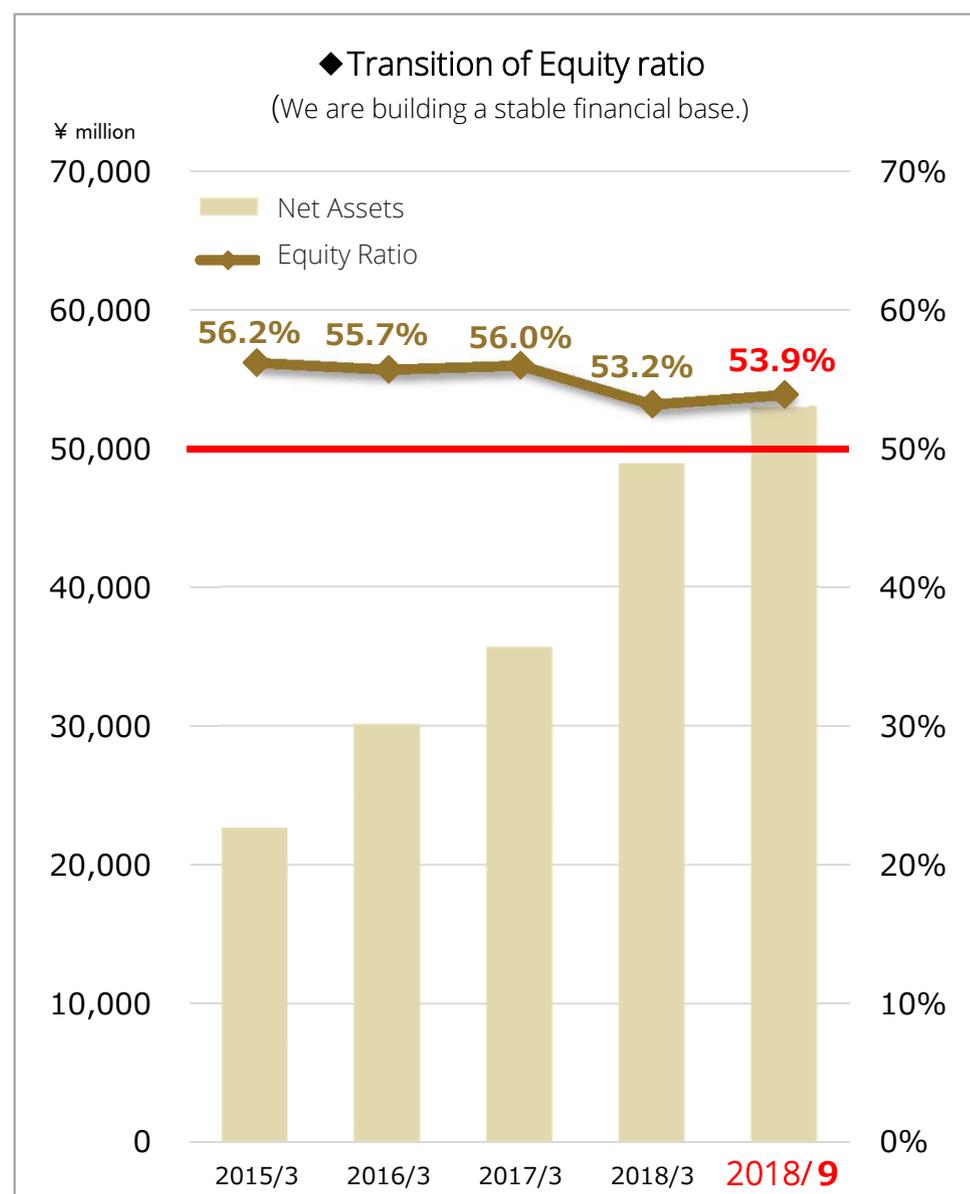
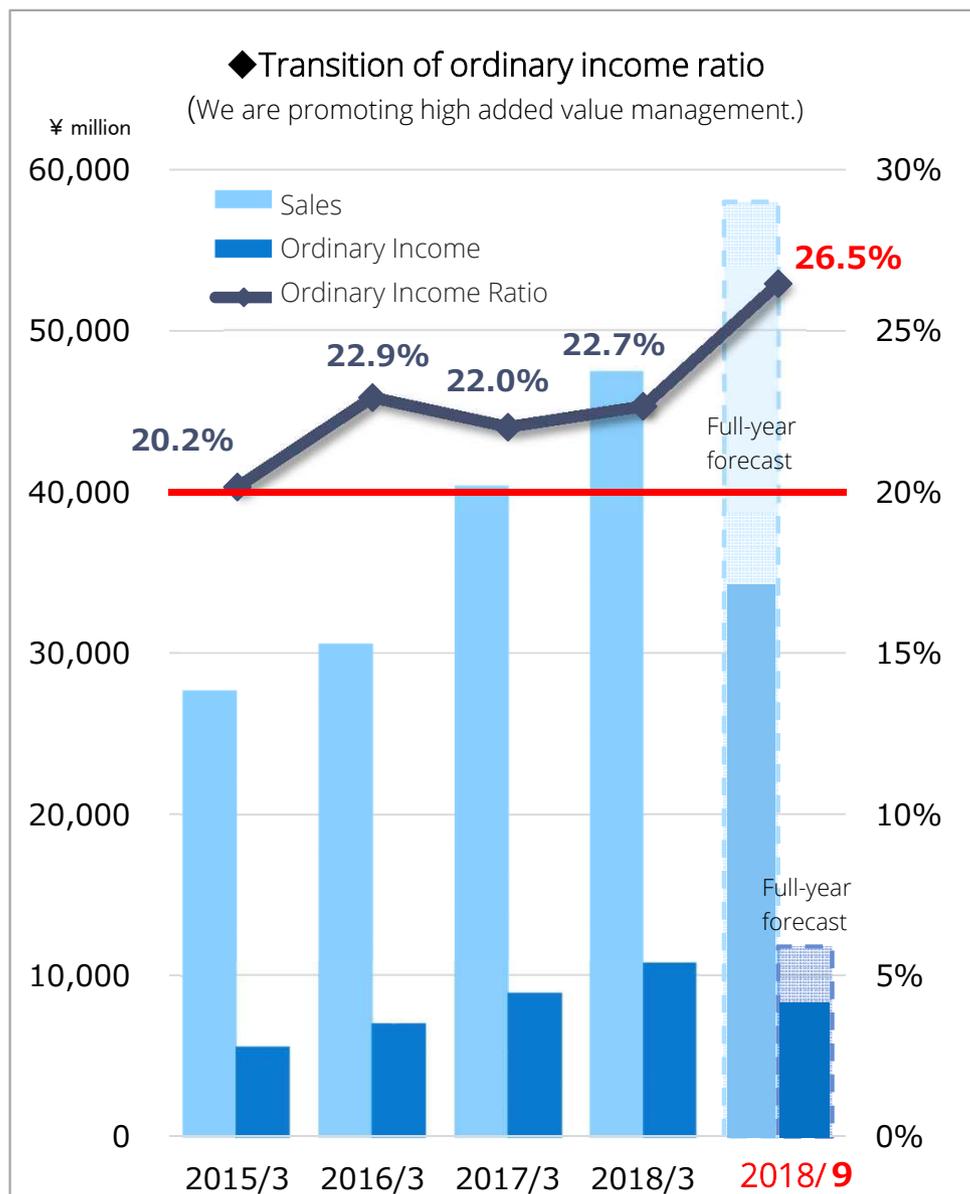
<Rent guarantee business>

- We achieved **steady growth in numbers of new and renewed guarantees** through efforts to increase name recognition, which increased both sales and income.
- The revised Civil Code set to enter into effect in 2020 is expected to strengthen demand for institutional guarantees. In response, we plan to expand seminar activities targeting building owners and to undertake other such efforts to create opportunities to deliver new added value.

<Overseas Business>

- Danang, the Largest City in Central Vietnam  
**Sale** of units in **HIYORI Garden Tower**, a high-rise urban apartment house of 28 floors (306 units), **was completed in August 2018**. Construction is slated for completion in September 2019.

# Variation of Key Performance Indicators



## 2) Business Environment

1. Although the global economy is expected to remain in a pattern of gentle recovery, there are growing downside risks.

- ◆ The IMF's forecasts of economic growth for both 2018 and 2019 have been **revised downward by 0.2% pts.**, from 3.9% to 3.7%.
- ◆ A cautious approach is advisable due to downside risks resulting from **increased US interest rates and intensifying trade frictions between the US and China.**
- ◆ Other circumstances that prompt caution include **various political and economic factors**, including the global rise of populism, situation in the Middle East, and Brexit issues.

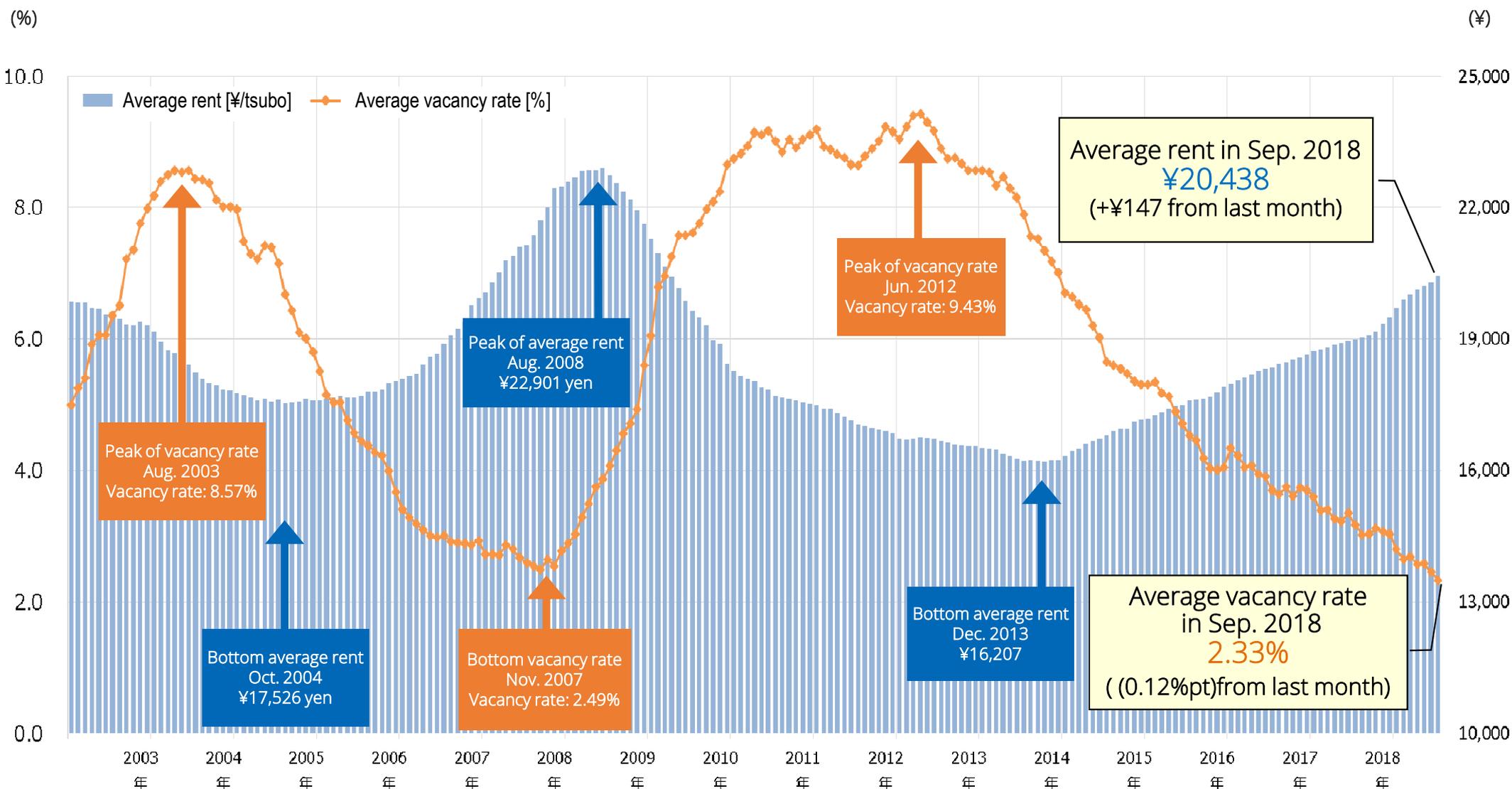
2. As employment and income conditions continue to improve, the Japanese economy is projected to experience gentle recovery.

- ◆ The real grows rate in the Japanese economy remains in a growth trend, underpinned by **strong capital investment and foreign demand.**
- ◆ While the number of foreign visitors to Japan fell YoY in September due to the impact of natural disasters and other factors, **the overall rising trend remains unchanged.**
- ◆ The looming **increase in consumption tax** in October 2019, **trends in financial and capital markets, and the continuing at a high level of crude oil prices** all suggest the need for **caution.**

3. Conditions in the market for office buildings in central Tokyo remain brisk, thanks to steady demand generated by strong corporate business performance.

- ◆ Average rent continues its strong growth. Vacancy rates remain low, as a sense of **tight supply in the rental office market** continues to strengthen.
- ◆ **Vacancy rates fell below previous lows** and are expected to remain low due to continuing tightening of the demand-supply balance in the office market.
- ◆ The Tokyo Exchange Stock REIT Index is strong, **rising about 90 pts. to roughly 1,750 pts from the end of 2017.**

# 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.

### 3) 1<sup>st</sup> half Fiscal year initiatives and Future Growth Strategies

Goal:

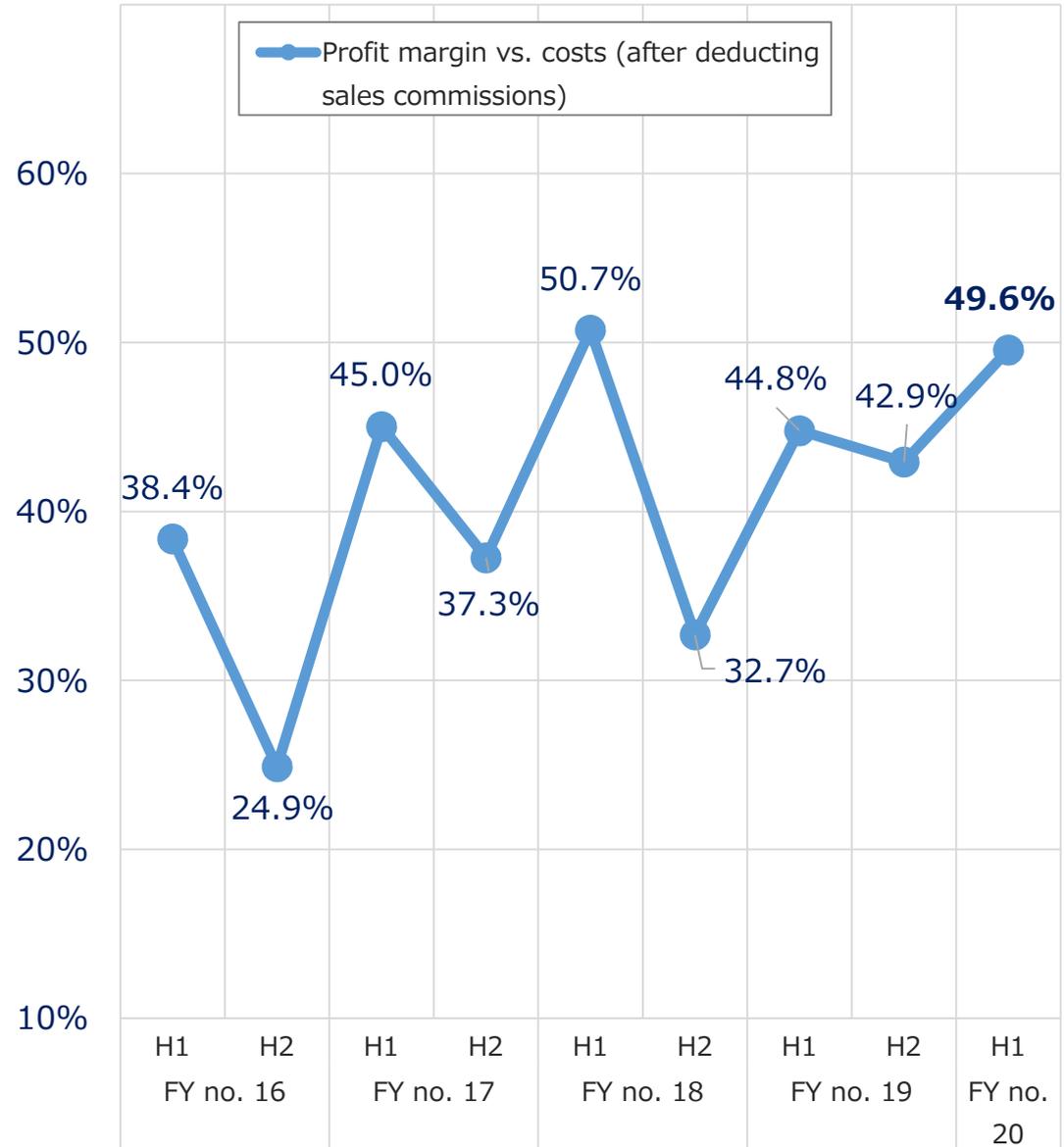
To become a company that is based on the businesses contribute to the national interests.

# The Replanning Business is Driving Business Performance.

## Maintaining high profit margins

1. **Development capabilities** that enable differentiation with respect to quality and design, by matching customers' ideals and true needs using familiarity with local information and community ties.
2. The **interpersonal skills of PM** managers that increase value by providing inspiration and strengthening understanding of our business vision through harmonious relationships with existing tenants

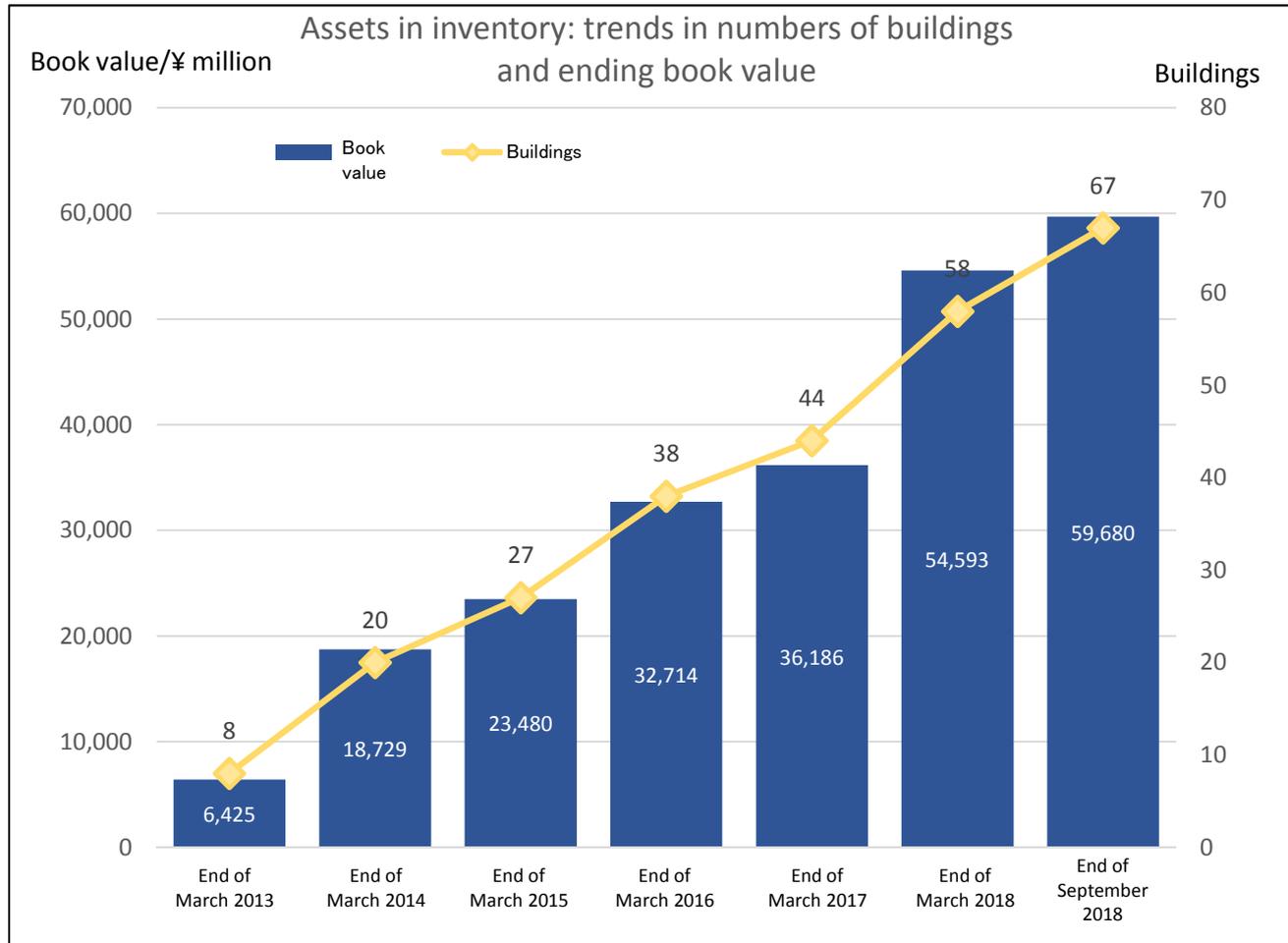
Grounded in the ability of our staff to **deliver solutions and create added value** by working together, based on a shared philosophy and shared altruistic values



# The Property Procurements Scheduled for the Next Year Are Largely Complete.



A revenue-generating building in Nihonbashi



We are currently strengthening our management foundations. We see the second half as the period in which we will take action to bring our vision to fruition.

We will focus on realizing high value added and quality to achieve business progress and thereby meet customer expectations. We will also proceed with procurement and commercialization with a view to the next fiscal year and beyond.

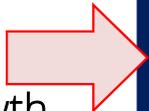
# Progress on the Medium-term Management Plan

Overview of the mid-term 5 years management plan till the fiscal year ending March 2023

Basic policy:  
Expansion of the business that are specialized in central Tokyo and growth market

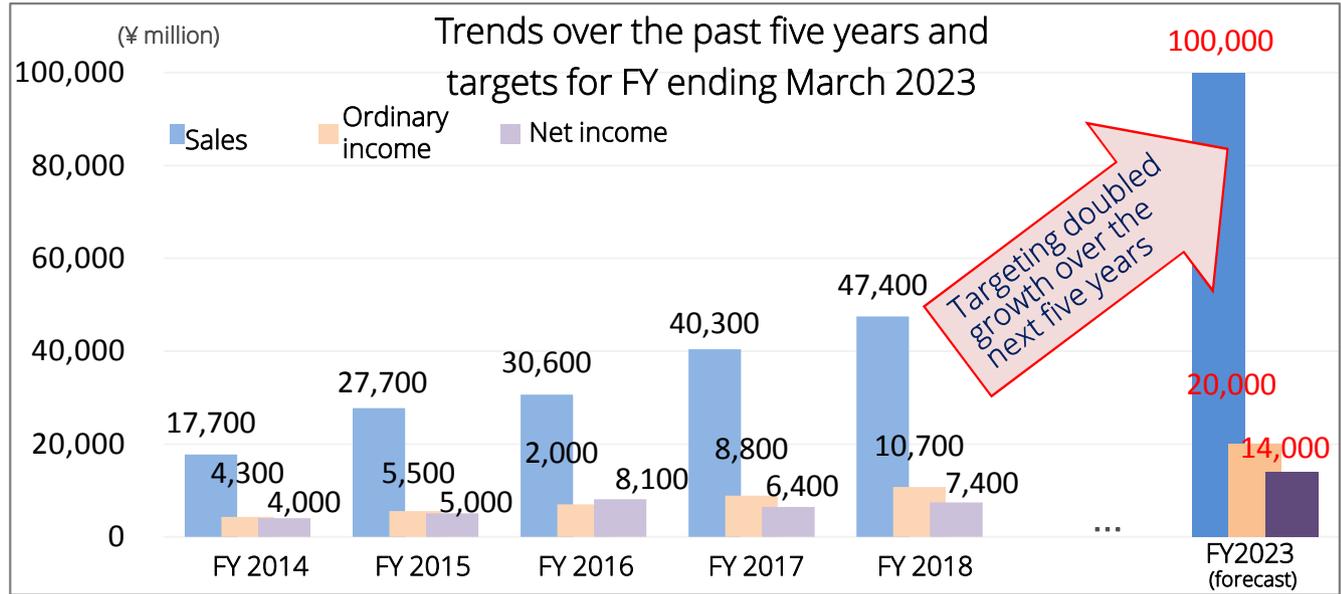
### Three policies

- ① Intensification and expansion of the highly influential "urban office building business"
- ② Focusing on "hotels and Asia" as growth markets
- ③ Making proactive use of "M&As" to accelerate growth



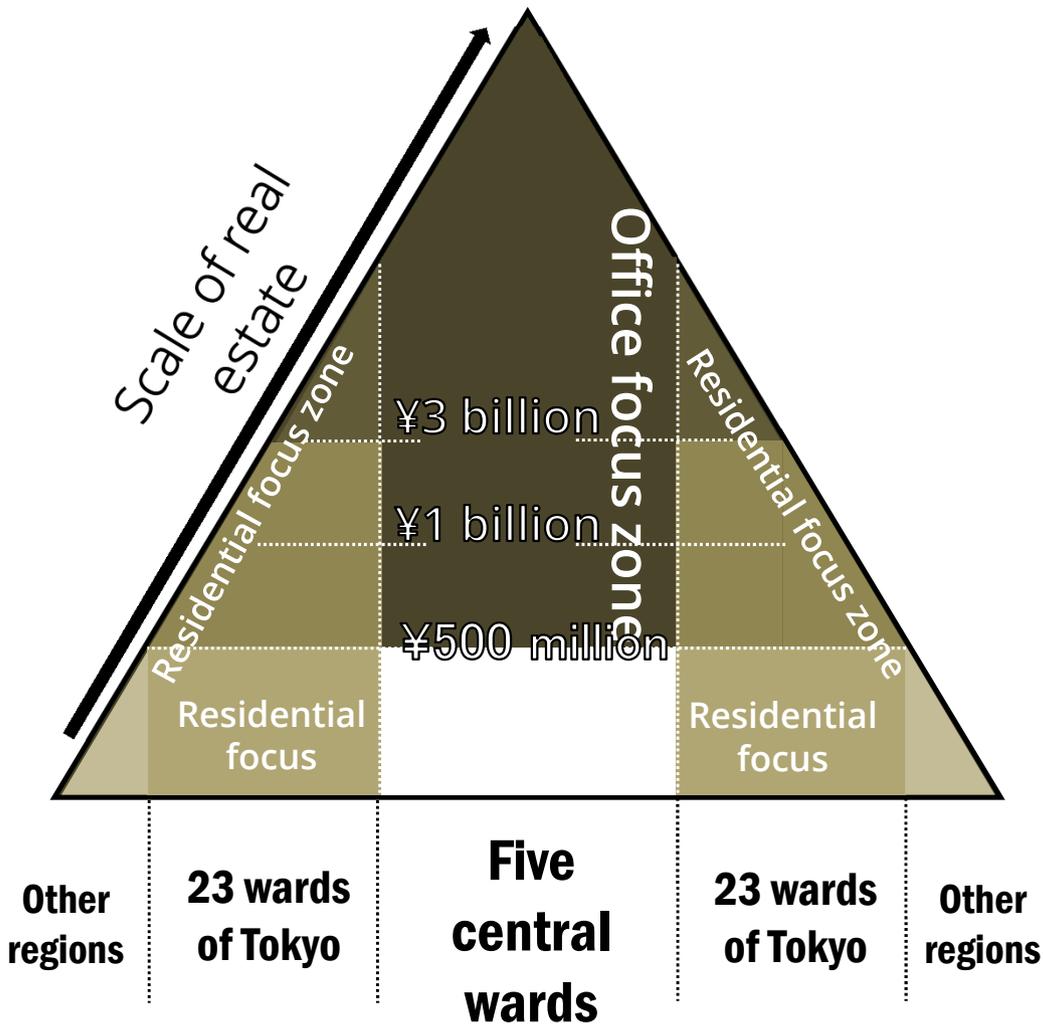
As a result, establishing a business structure that "balances flows and stocks" to achieve stable growth over the medium and long term

<Quantitative targets> FY ending March 2023	
Sales	¥100 billion
Ordinary income	¥20 billion
Net income	¥14 billion
Equity ratio	50% or better
Ordinary profit margin	20% or better

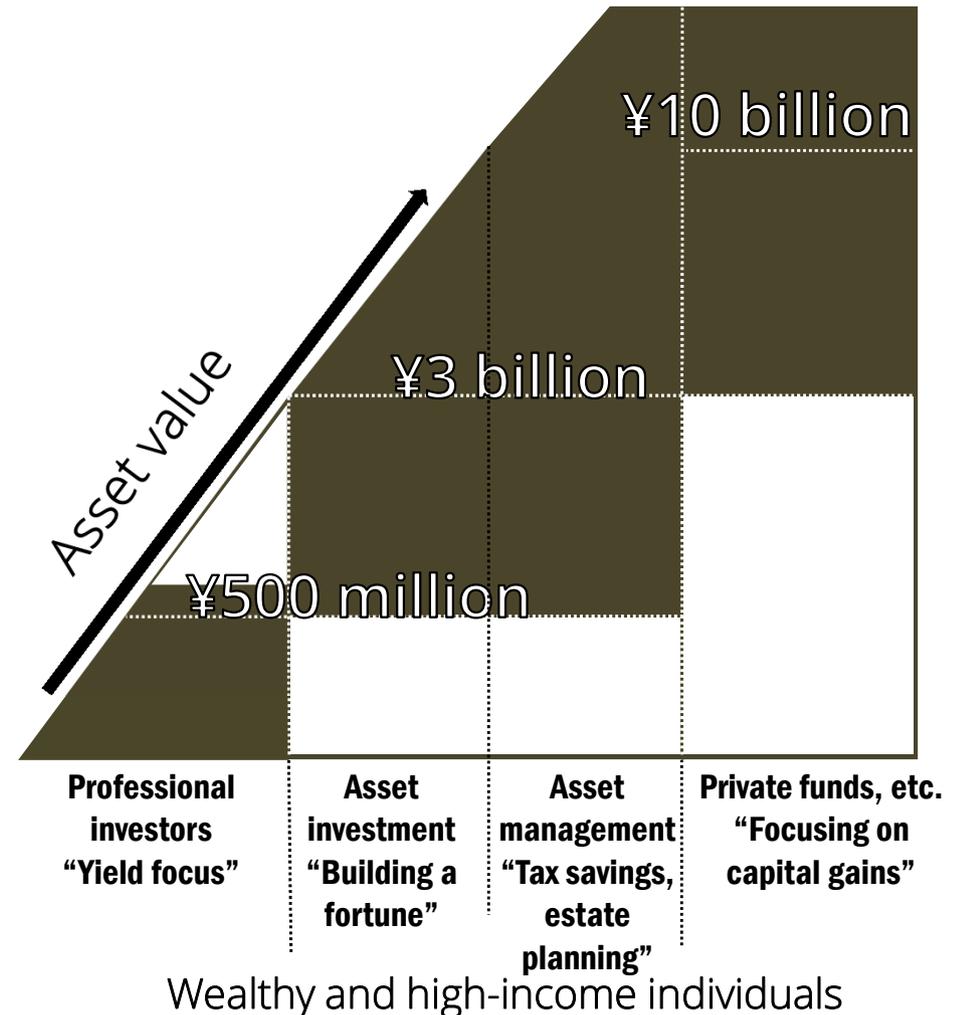


# Product and Customer Positioning Map

## Product scale/type

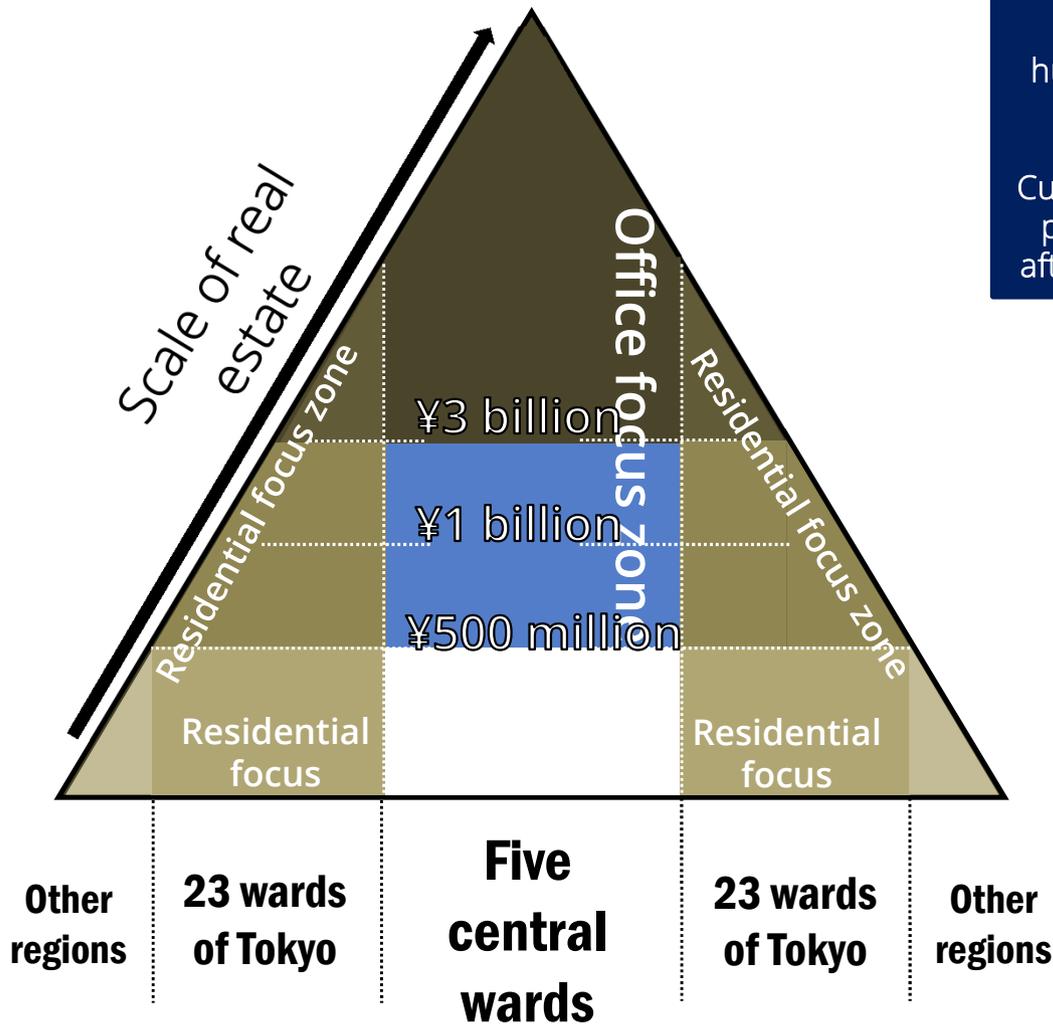


## Purchasing customer side

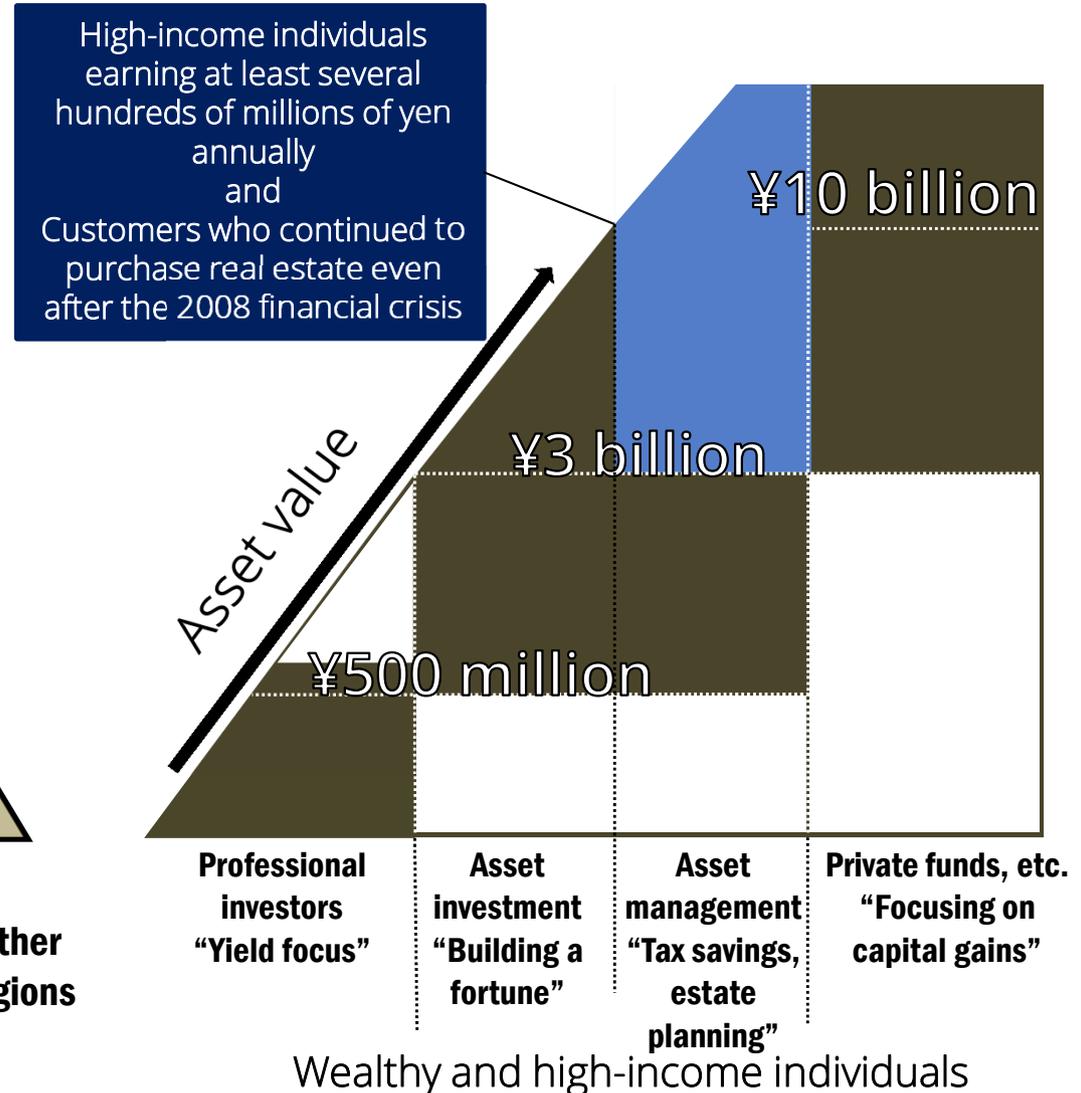


# Product and Customer Positioning Map

## Product scale/type



## Purchasing customer side



# Four-pronged Strategy for Future Growth SUN FRONTIER



# Growing Current Businesses

Deepening and expansion of the office building business



**Office building business sales target for FY ending March 2023:  
¥80 billion (approximately twice as much as the fiscal year  
ended March 2018)**

## <Replanning Business>

Seeking to **deepen and expand the office building revitalization business**, focusing on small and medium-sized office buildings in central Tokyo

## <Real Estate Service Business (rental brokerage, property management, etc.)>

Contributing to office building owners through familiar and specialized services not offered by competitors

Deepening ties by repeatedly delivering solutions to even minor issues and thereby becoming a trusted “real estate partner” with whom clients feel free to consult on any topic

**Basing our business strength on a customer base of office buildings** owners in central Tokyo

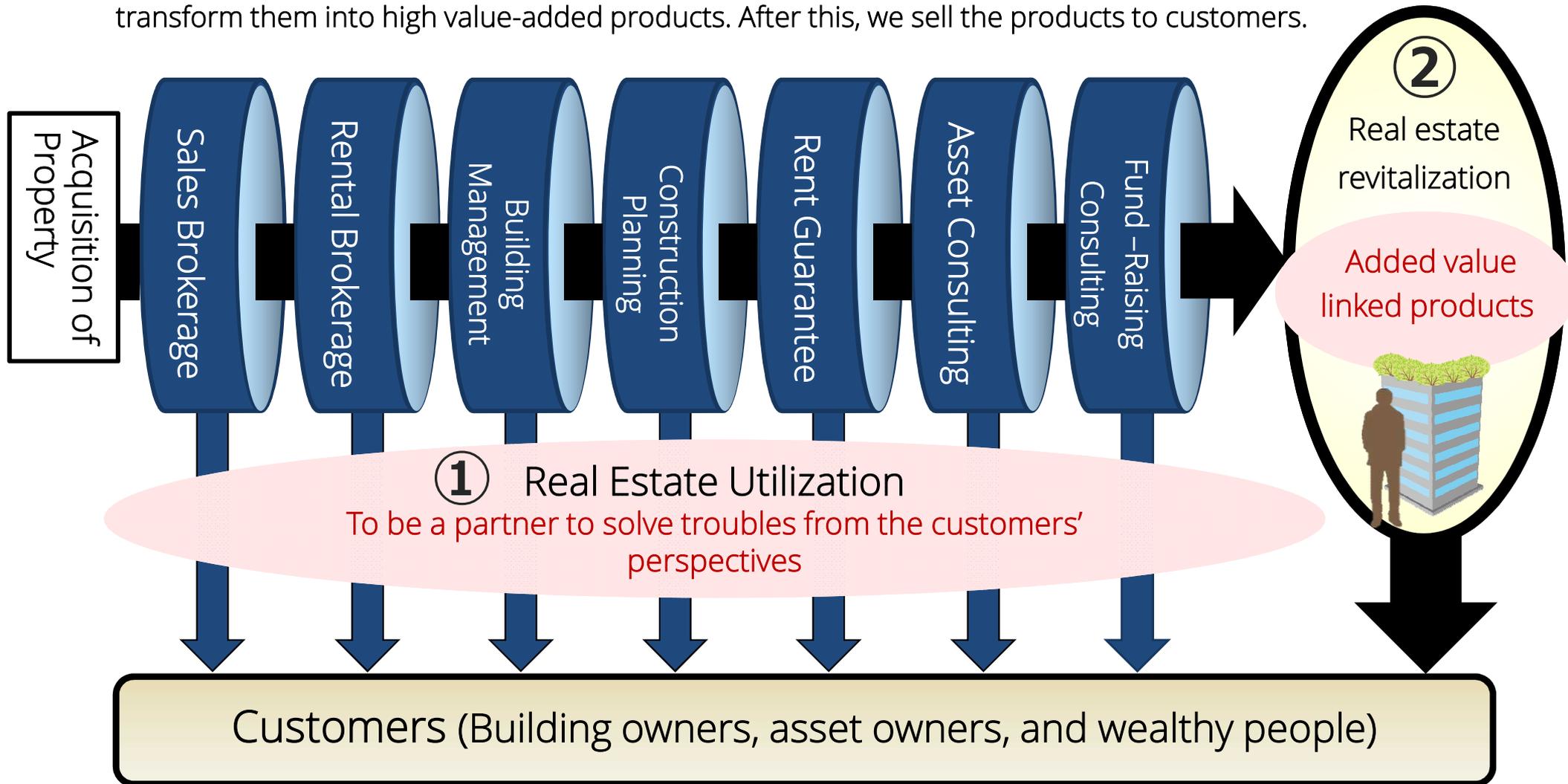
## <Rental Conference Room Business>

**Rapidly expanding sharing businesses**—for example, the Rental Conference Room Business—using available spaces and available time and grounded in our experiences, thereby adding to office building value

To produce differentiated added values.

# Business Structure of Office Buildings Business SUN FRONTIER

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.



# Creating Added Value through Ceaseless Creativity



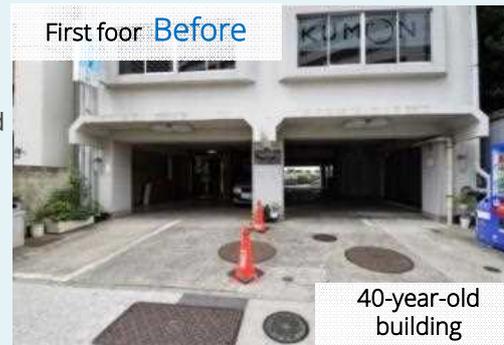
## Winner of Minato Ward Encouragement Award for Cityscape Development

In the first industry-government-academic partnership to revitalize an existing building, this property was renovated to connect the community to the canal and to create an inviting space where local residents can gather.



First floor **After**

Half of the first-floor parking facility was converted to a public walkway. A popular restaurant was secured as a tenant for the other half.



First floor **Before**

40-year-old building

### Creating a bustling waterfront space



Rear of building **Before**

State of levee

Connected to canalside walkway



Rear of building **After**



Rear of building **After**

Stepped terrace installed

# Setup Office Spaces in Anticipation of Changing Times

Responding to changing tenant needs by creating comfortable, high-quality, "setup office" spaces



Before

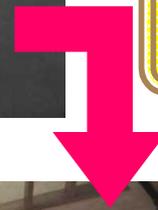


After

We installed a meeting room with a reception desk and glass partitions based on an approach emphasizing both design and functionality.



Before



After

We created an open office space, with the ceiling height of over 5m.

Four types of value generated by setup offices:

- (i) Design style, functionality, comfortable, and luxury
- (ii) Ease of use that minimizes necessary costs for entering.
- (iii) Freedom from complexities such as the need to reconfigure interior construction
- (iv) Increased employee vocation , motivation and productivity



We created a highly designable space which makes tenants calm and convenient, functional and stylish space .

# State-of-the-Art Offices with a Focus on the Needs and Perspective of Office Workers



Quality office spaces make it easier to secure outstanding human resources. Offices can provide value as investments in growth.

**Adopting IoT systems**  
Creating a new kind of state-of-the-art office



Interior perspective drawing



Entry controlled using facial recognition technology



Linked to Amazon Alexa

"Alexa, apply the morning settings!"

In this connected office, everything can be controlled with a single smartphone!



Turning lights on/off



Checking restroom occupancy



Calling an elevator



Turning air conditioning on/off

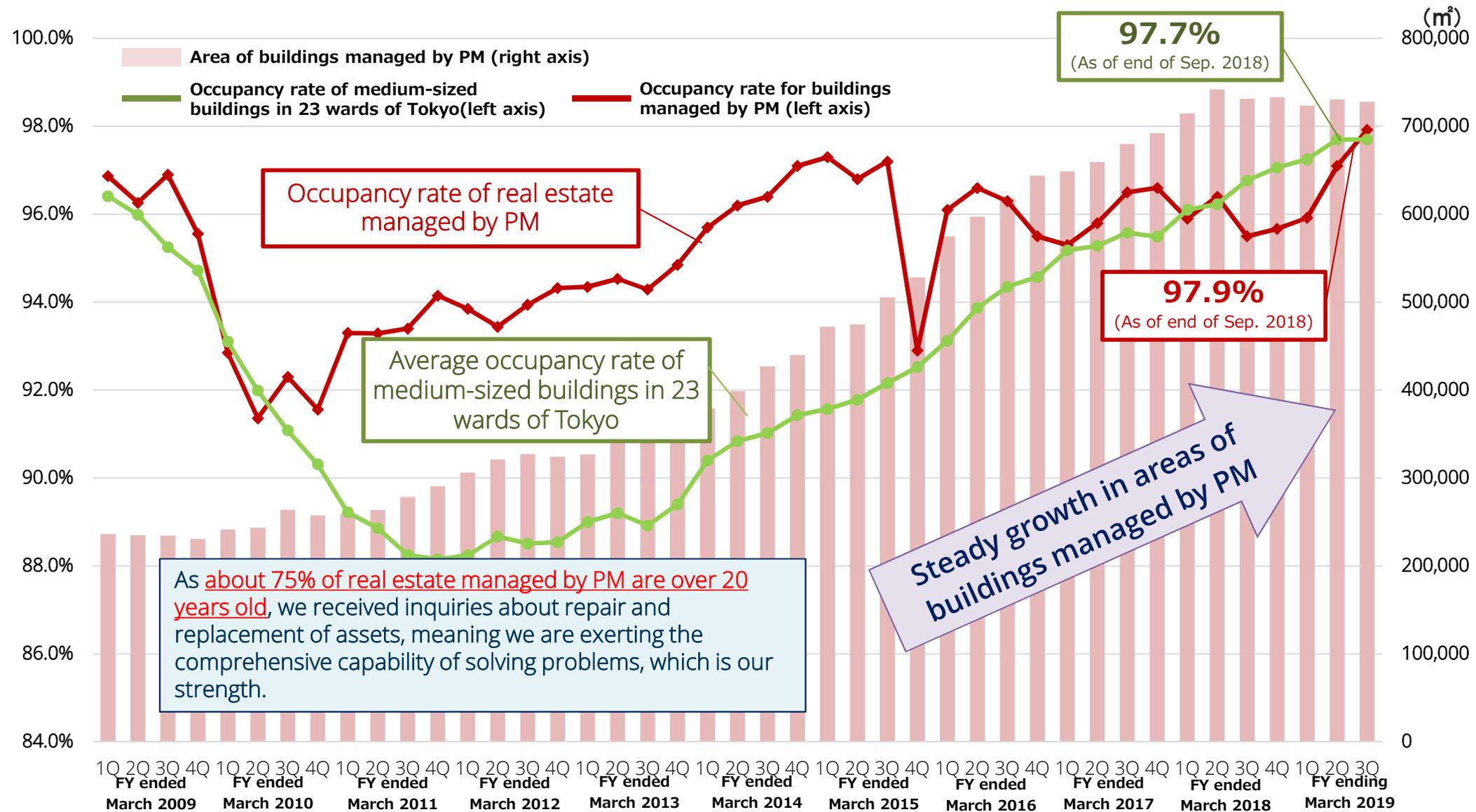


Opening/closing the first-floor entrance



Instant-dimming glass

# Real estate revitalization business Sources of added value – Property management – Area and occupancy rates of buildings managed by PM



※Source: The average occupancy rate of medium-sized buildings in 23 wards of Tokyo was calculated by our company with reference to “Monthly Report on Office Market Surveys” by Sanko Estate.  
 ※Occupancy rate: Total Area Occupied / Total Area for Rental; Occupancy rate and managed area include those of real estate subject to our RP.

# Enhancing Our Ability to Provide Solutions Suited to Community Needs



**The Akasaka office opened in July; the Kodenmacho office is slated to open in January 2019.**

**1. To specialize in small to mid-sized office buildings located in the central Tokyo**

We operate **10 locations**, with a focus on central Tokyo. Their strengths are the ability to find tenants through a familiarity with local information and community ties.

**2. To be a trusted real estate partner with whom clients can consult on any topic**

Serving as a **contact point for solutions based on the perspectives of building owners**

**3. Identifying tenant needs to contribute to commercialization in the revitalization business**

**4. To serve as a contact point for procuring real estate for the Real Estate Revitalization Business**

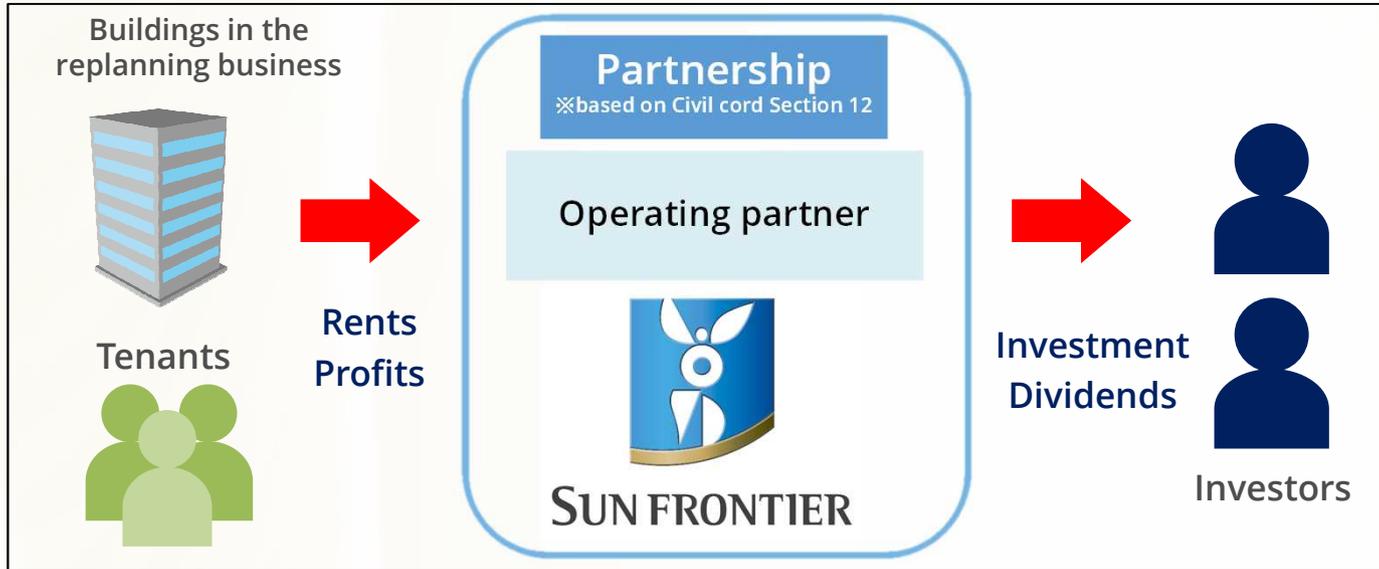
We buy buildings directly in certain cases: for example, when owners acquire properties by inheritance, their buildings deteriorate, and so forth.



# First Sales of Real Estate Securitization Products



**October 29: We secured a license under the Act on Specified Joint Real Estate Ventures.**



Sales started in November.

(Significance)  
These products make it easy to subdivide assets for worry-free asset investment across multiple generations. By handling property management for these buildings, we also improve property values in perpetuity.

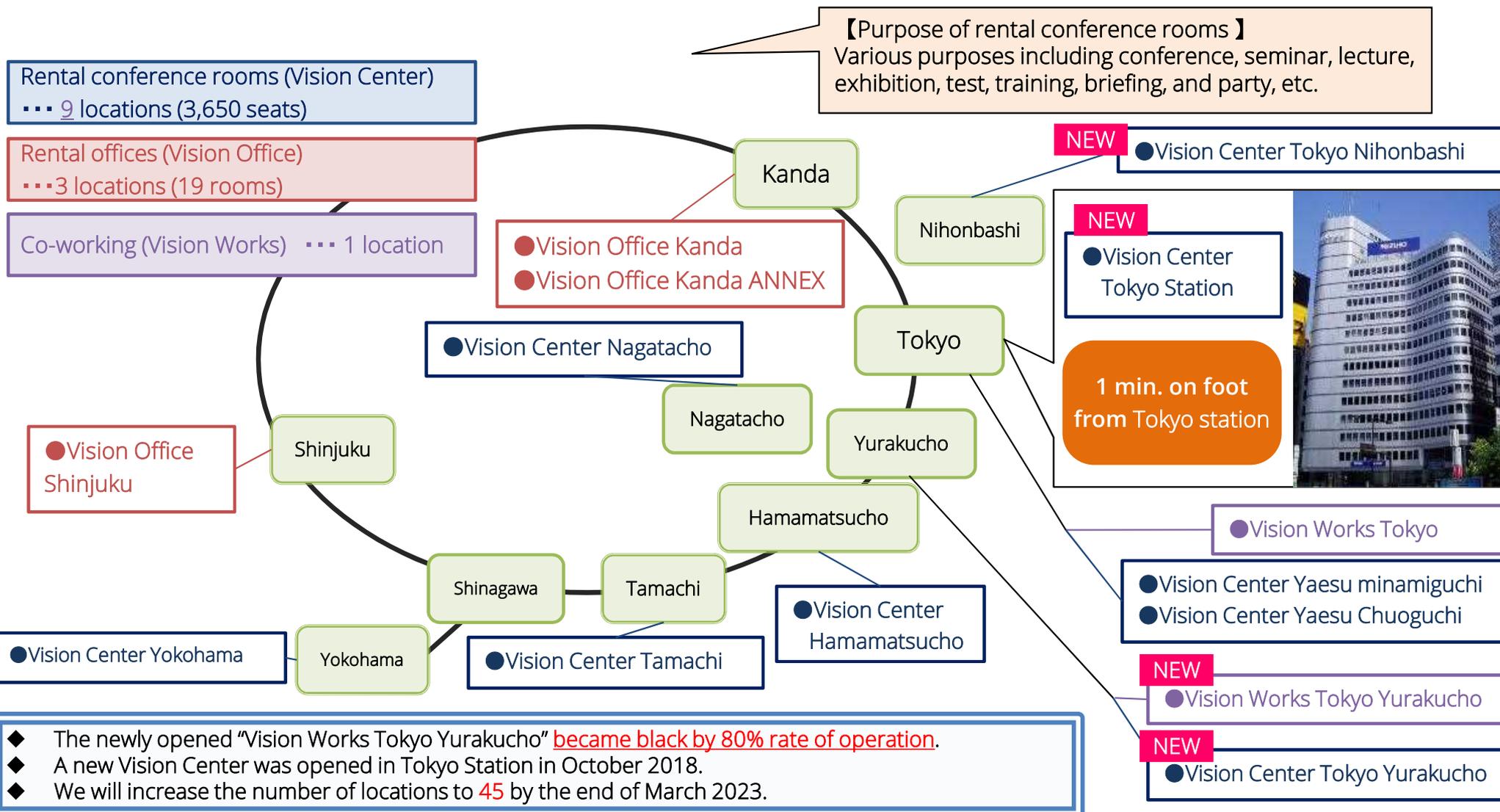
Purposes: As a trust partner for our clients, this business seeks to help current workers plan for their retirement, to preserve assets, and to facilitate asset inheritance for the next generation.

Strengths: In addition to serving as investments that pay returns from building operation in accordance with amounts invested, these affordable investment assets are also ideal for reducing gift and inheritance taxes.

We handle all management for the investment target buildings, eliminating client concerns for such responsibilities.

# Expanding the sharing business using space

The rentar conference room business grew to a total of 14 sites , corresponding to capacity for 5,000 people.



※ The number of seats in a conference room is calculated according to the school seating arrangement (three-person seat). For the rooms where school type is not possible, the number of seats in the quadrilateral arrangement was added.

The first hotel in our Tabino Hotel brand

# Grand opening of Tabino Hotel Hida-Takayama



The only one newly-built hotel made of wood in Takayama, which inherited Japanese beautiful tradition

We opened this hotel in May 2018 as the first one of casual brand "TABINO HOTEL" of "HIYORI HOTELS & RESORTS". This hotel which was used frequently wood from local aims for the warm-hearted hotel wrapped in the warmth of trees. The strength is the convenient location when visiting actively various areas from the hotel for the sightseeing and tour.



May 2nd, 2018  
GRAND OPEN



The hotel exterior: A hotel with warm hearted staffs, surrounded by natural wood



A Japanese-style entrance welcomes guests



Twin room



Spotless, spacious bathrooms



Breakfast buffet made with local ingredients



The traditional Japanese-style entrance evokes the ancient capital.



Open-air bath

The second hotel in our Tabino Hotel brand

# Grand opening of Tabino Hotel Sado



We opened this hotel as the **second one of "TABINO HOTEL"** in July 2018. This **warm-hearted hotel** with a homey atmosphere, located in the center of Sado is designed with a motif of the bamboo of Sado's specialty. Also, we aim for contributing the development of Sado tourism as the center of regional revitalization business.

 Tabino Hotel Sado, the second hotel in the Tabino Hotel brand

  
July 20, 2018 GRAND OPEN  
Exterior design based on a bamboo theme

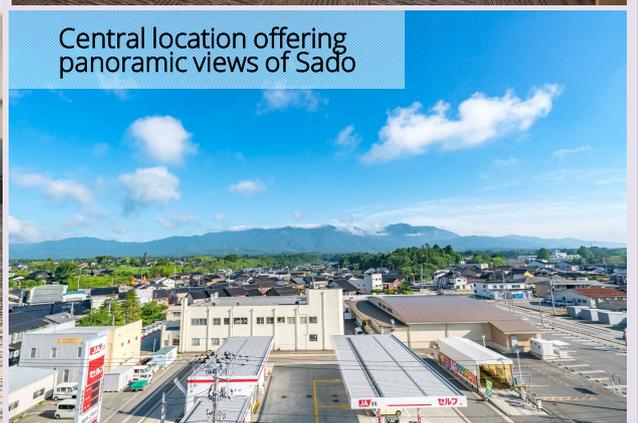
  
Contemporary Japanese entrance

  
Deluxe double room

  
Large bath with deep sea water inflows

  
A wealth of local Sado ingredients

  
Guestrooms where guests can relax on comfortable tatami mats

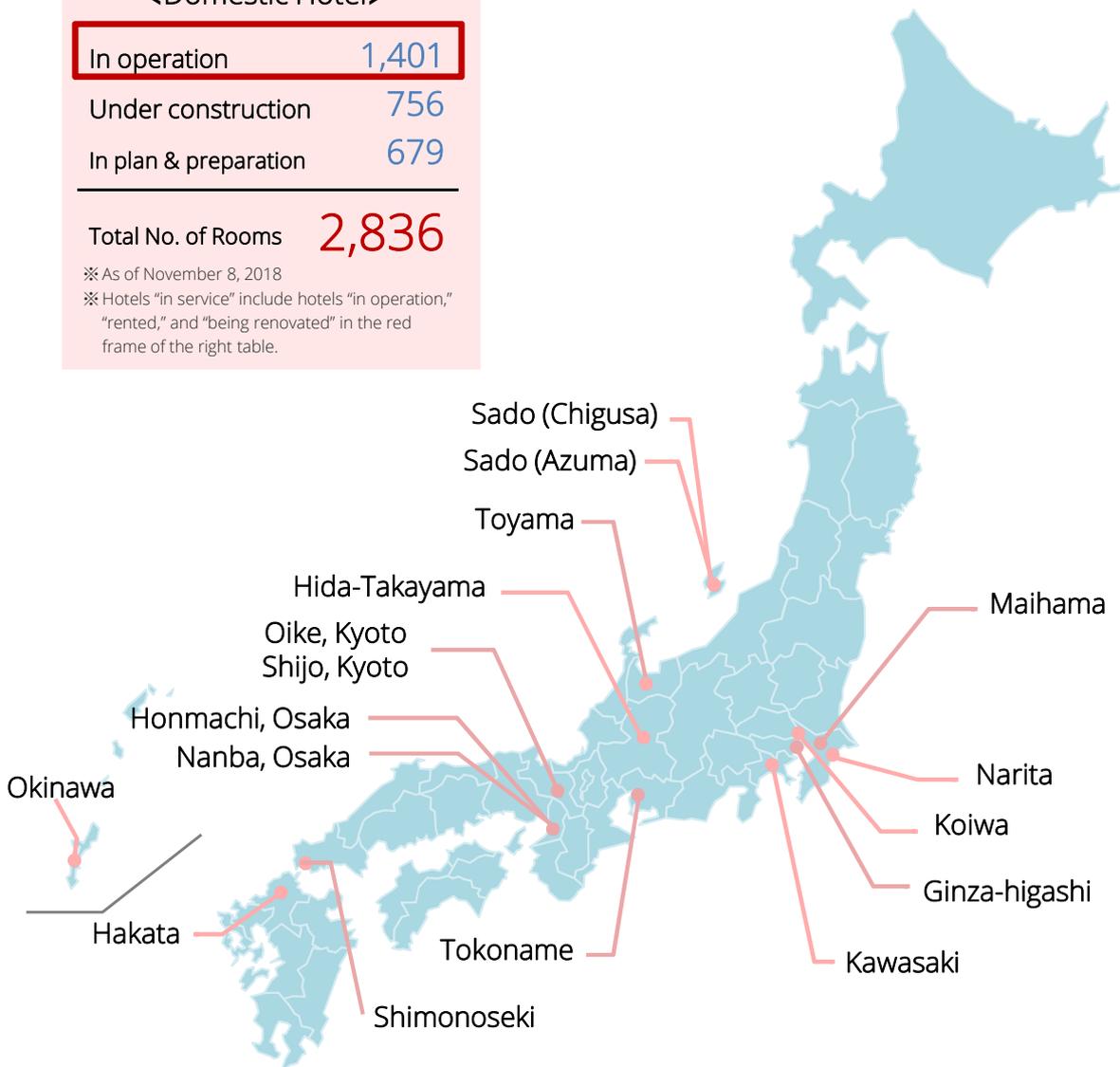
  
Central location offering panoramic views of Sado

# List of domestic hotels of our Group companies



<Domestic Hotel>	
In operation	1,401
Under construction	756
In plan & preparation	679
<b>Total No. of Rooms</b>	<b>2,836</b>

※ As of November 8, 2018  
 ※ Hotels "in service" include hotels "in operation," "rented," and "being renovated" in the red frame of the right table.



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

## <List of Domestic Hotels>

Status	Open (Plan)	Brand	Hotel Name	Location	No. of Rooms
In operation	Apr. 2016	Collaborative	Spring Sunny	Tokoname	194
In operation	—	Original	Sky Heart Hotel	Kawasaki	200
In operation	—	Original	Sky Heart Hotel	Koiwa	105
In operation	—	Original	Sky Heart Hotel	Narita	100
In operation	—	Original	Sky Heart Hotel	Hakata	159
In operation	Apr. 2017	Original	Hiyori Hotel	Maihama	80
Rented	—	Other Company	Toyama		210
In operation	—	Original	Sado (Azuma)		57
In operation	May. 2018	Original	Tabino Hotel	Hida-Takayama	80
In operation	—	Original	Sky Heart Hotel	Shimonoseki	105
In operation	Jul. 2018	Original	Tabinohotel	Sado (Chigusa)	111
Under Construction	Jun. 2019	Original	Nanba,	Osaka	224
Under Construction	Oct. 2019	Original	Honmachi,	Osaka	193
Under Construction	Dec. 2019	Original	Ginza-higashi		135
Under Construction	Jul. 2020	Original	Onnason,	Okinawa	204
In plan	Dec. 2019	Original	—		155
In plan	Feb. 2020	Original	—		190
In plan	Dec. 2020	Original	Oike, Kyoto		200
In plan	Apr. 2022	Original	Shijo, Kyoto		134

# Goals and Themes in the Hotel Business



The target number of rooms in operation for the Hotel Business (FY ending March 2023): 5,000 rooms (approximately 4.5 times the number in FY ending March 2018)

## <Theme: Warm-hearted Hotels>

- ① Hotels that are grown by the employees
- ② Hotels that are grown by the customer's voice
- ③ Hotels that grow with the community



The power of self,  
the power of others, the  
power of community  
 We will grow on a daily  
 basis with 3 types of power

High-quality and personalized hotels offered  
warm-hearted workers from the customer's point of view

## <Growing the number of rooms managed through various methods to reach the target of 5,000 rooms>

- Our core hotel brand, Hiyori Hotels & Resorts, will establish premium brand status through development on vacant sites.
- Deploying a flexible range of brands (Hiyori, Springsunny, Sky Heart, etc.) for different guest classes and increasing the number of rooms through various methods, including in-house development, leasing, revitalization, and M&As

## Introduction of hotels under development

### Ginza-Higashi

#### Our first hotel in Ginza

##### Appearance



##### 【Property Outline】

- Location: Chuo-ku, Tokyo
- Structure: 11-story reinforced concrete building
- To be opened in Dec. 2019
- Number of guest rooms: 135 rooms
- Land area: 551.38 m<sup>2</sup> (166.79 tsubo)
- Gross floor area: 3,725.00 m<sup>2</sup> (1,126.81 tsubo)

An open-air bath and a large bath from which Ginza and the Skytree can be viewed are equipped on the top floor.

### Namba, Osaka

Twin-tower hotel 1 min. on foot from “Namba Station” of the Nankai Line

##### Appearance



##### 【Property Outline】

- Location: Naniwa-ku, Osaka-shi, Osaka
- Structure: (Northern premises) 10-story steel-framed building with one basement, (Southern premises) 9-story steel-framed building with one basement
- To be opened in Jun. 2019
- Number of guest rooms: 224 rooms
- Land area: 1,281.4m<sup>2</sup> (387.62 tsubo)
- Gross floor area: 6,784.41m<sup>2</sup> (2,052.28 tsubo)

There are various types of restaurants and cool café-type bar in the Twin Tower.

### Shijo , Kyoto

Urban tourist hotel at a good location along the Kawaramachi Street



Rooftop terrace for enjoying the landscape of Kamogawa

##### 【Property Outline】

- Location: Shimogyo-ku, Kyoto-shi, Kyoto
- Structure: 9-story reinforced concrete building with one basement
- To be opened in Apr. 2022
- Number of guest rooms: 146 rooms
- Land area: 871.70m<sup>2</sup> (263.68 tsubo)
- Gross floor area: 6,617.83m<sup>2</sup> (2,001.89 tsubo)

An open-air bath and a large bath, from which Kamo-river, Gion and Higashi-yama can be viewed, are equipped on the top floor.



Guest room with an open-air bath

### Honmachi, Osaka

Overseas-brand hotel in the heart of Osaka.

##### Appearance



##### 【Property Outline】

- Location: Chuo-ku, Osaka-shi, Osaka
- Structure: a 17-story steel-framed (partially reinforced concrete) building with one basement
- To be opened in Oct. 2019
- Number of guest rooms: 193 rooms
- Land area: 754.75m<sup>2</sup> (228.31 tsubo)
- Gross floor area: 8,194.32m<sup>2</sup> (2,478.78 tsubo)

A restaurant with a famous chef, gym, large bath and open-air bath are equipped.

※ The photos, schedule, scale, etc. are based on the current plan, and they may be changed.

# Progressing of Da Nang, Vietnam, Project

## - High-rise Urban Apartment House Project -



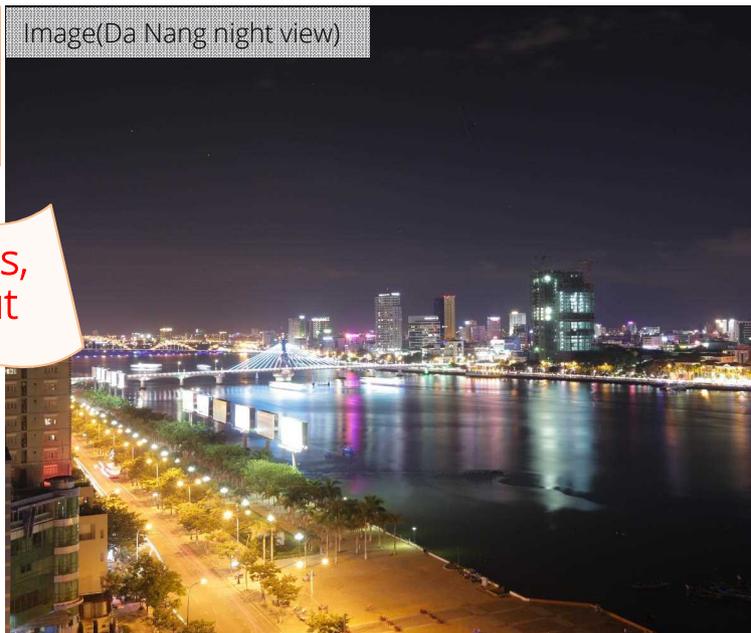
Bldg. No. 2  
High-rise urban apartment house  
"HIYORI Garden Tower"

Effect Drawing (Appearance)  
High-rise urban apartment house with 28 floors

306 units,  
Sold Out



Image(Da Nang night view)



Under construction



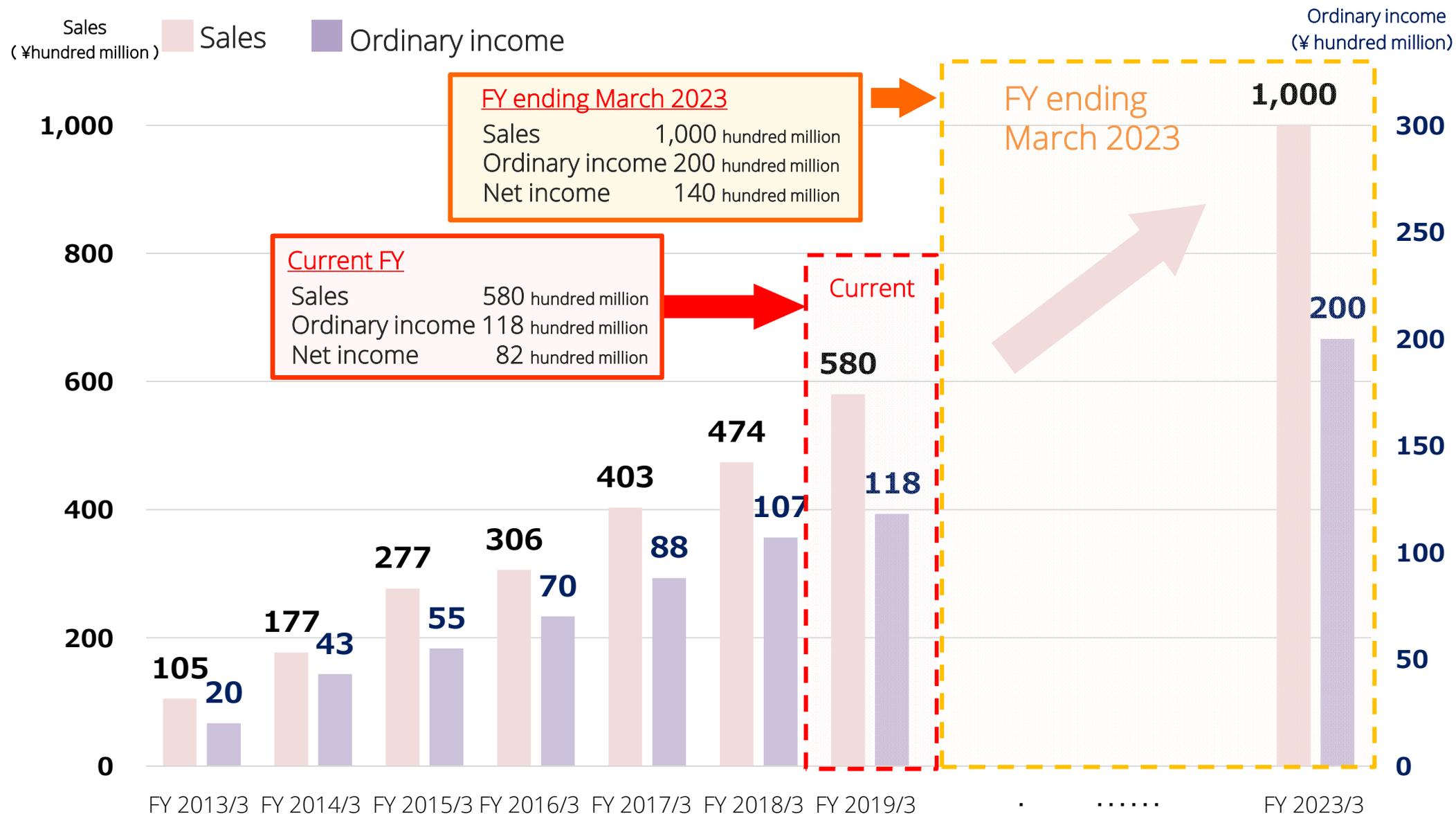
Mockup (Living Room)

Direct flights from Narita/Kansai Airport to Da Nang went into service (Narita: 5 flights per week / Kansai: 11 flights per week.)

60 direct flights per week from China.  
134 direct flights per week from Korea.  
Da Nang is an area that many companies want to help develop, while gathering worldwide attention as a fascinating resort area.

NEXT PROJECT  
In Plan

# Roadmap of 1,000 hundred million sales to targets for the FY ending March 2023



# 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

# 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*	¥11,965 million
Representative	President: Tomoaki Horiguchi
Employees*	Full-time employees: 498 (Including part-time employees: 812)
Average Age*	32.9 years old (* As of the end of September 2018)
Business	<p><b>Revitalization of real estate</b></p> <p><b>Real Estate Service</b> ( Management, brokerage, construction planning for real estate, compensation for rent in arrears Rental building operation, consultancy for assets )</p> <p><b>Hotel Development and operation</b></p>
Settlement Month	March
Listed in	The first section of the Tokyo Stock Exchange (Code Number: 8934)



# 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](mailto:ir-contact@sunfrt.co.jp)



**SUN FRONTIER**