

Consolidated Financial Statements for the Third 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.

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February 6, 2019



SUN FRONTIER

Stock Code: 8934

Highlights of the Third Quarter



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

Sales and income reached new record highs in the Third Quarter

(¥ Million, except for per share figures.)

	Results	Profit margin	YoY change	Rate of Change	Full-year forecast	Progress
Sales	45,196	—	+11,723	+35.0%	58,000	77.9%
Operating income	12,162	26.9%	+4,655	+62.0%	12,300	98.9%
Ordinary income	11,746	26.0%	+4,552	+63.3%	11,800	99.5%
Net income*	7,963	17.6%	+3,065	+62.6%	8,200	97.1%

* Quarterly net income attributable to owners of parent

Highlights

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

- At 32.5%, 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 59 buildings at the end of this quarter. The balance of inventory assets was ¥57.7 billion, up 60.0% YoY compared to 42 buildings and ¥36.0 billion at the end of December 2017.

2) The operation business showed steady growth.

- Sales in the operation business grew 1.3-fold year on year. Segment income was up 1.4-fold.
- Our new hotels opened in the present term and the last term are expanding the business steadily. Especially the hotels running more than 2 years increased their sales. As a result, their sales grew 1.4-fold and their profit grew 1.8-fold.
- 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 5,440 people (compared to 10 sites with capacity for approximately 3,000 people at the end of December 2017).

Revenue/Profit Summary

(¥ million)

	FY Ended March 2018 April-December	FY Ended March 2019 April-December		FY Ended March 2018 April-December	FY Ended March 2019 April-December
Sales	33,473	45,196	Operating income	7,507	12,162
Real Estate Revitalization Business	28,741	39,572	Non-operating income	12	36
Replanning Business (including Hotel Development)	27,003	37,361	Non-operating expenses	325	452
Rental Building, Sublease	1,737	2,086	Ordinary income	7,194	11,746
Real Estate Service Business	2,345	2,483	Extraordinary loss/income	—	0
Operation Business	2,170	2,967	Corporate income tax, etc.	2,296	3,782
Other Business	707	772	Profit or loss of Non-controlling interest	(7)	(0)
Adjustment	(490)	(599)	Net income	4,906	7,963
Gross Profit	11,039	16,515			
Real Estate Revitalization Business	8,931	14,073			
Replanning Business (including Hotel Development)	8,220	13,070	<ul style="list-style-type: none"> The replanning business showed 38.0% growth in sales and growth of 59.0% in gross profits. The gross profit margin rose to 36.5% (compared to 33.0% in the same period last year). 		
Rental Building, Sublease	710	1,002			
Real Estate Service Business	1,424	1,538	<ul style="list-style-type: none"> The operation business a stable revenue source, is growing steadily, recording 1.3-fold growth in both sales and gross profits. 		
Operation Business	308	412			
Other Business	486	556	<ul style="list-style-type: none"> Operating income grew by 63.3% thanks to growth of 49.6% in gross profits, which handily outpaced a 23.2% increase in sales expenses. 		
Adjustment	(111)	(65)			
Selling and general administrative expenses	3,532	4,352			

Consolidated Balance Sheet

-Assets-



(¥ million)

	FY Ended March 2017	FY Ended March 2018	End of December 2018	Increase/Decrease (Compared to the end of Mar. 2018)
Current assets	55,195	80,174	93,602	+13,428
Cash and deposits	16,246	23,892	22,502	(1,389)
Inventory assets	36,186	54,593	69,025	+14,432
Breakdown) RP	26,039	45,525	57,722	+12,197
Hotel	7,254	5,291	7,522	+2,231
Overseas, etc.	2,892	3,775	3,780	+5
Other current assets	2,762	1,687	2,073	+386
Noncurrent assets	8,458	11,587	12,391	+804
Property, plant, and equipment	7,288	8,565	9,042	+477
Intangible assets	562	474	422	(52)
Investments and other assets	608	2,546	2,926	+379
Total assets	63,654	91,761	105,993	+14,232

Since we procured more than properties than we sold, the balance of inventory assets in the replanning business grew by ¥14.4 billion.

Consolidated Balance Sheet

-Liabilities/Equity-



	FY Ended March 2017	FY Ended March 2018	End of December 2018	(¥ million) Increase/Decrease (Compared to the end of Mar. 2018)
Current liabilities	8,281	10,155	11,084	+928
Short-term loans payable, etc.	3,438	2,716	2,754	+37
Income taxes payable, etc.	802	3,178	1,966	(1,211)
Other current liabilities	4,040	4,260	6,363	+2,102
Noncurrent liabilities	19,686	32,756	39,882	+7,125
Long-term loans and bonds payable	18,626	30,865	37,735	+6,869
Other noncurrent liabilities	1,059	1,890	2,146	+255
Total liabilities	27,968	42,912	50,966	+8,054
Shareholders' equity	35,528	48,750	55,081	+6,330
Others	157	99	(53)	(152)
Total net assets	35,686	48,849	55,027	+6,177
Total liabilities and capital	63,654	91,761	105,993	+14,232

Transition of Equity Ratio

End of Mar. 2017	End of Mar. 2018	End of Dec. 2018
56.0%	53.2%	51.9%

Due to progress with property procurement the replanning business, loans payable grew by ¥6.9 billion compared to the end of the previous FY. The balance of interest-bearing debt at the end of December stood at ¥40.4 billion.

Retained earnings, equivalent to the difference between quarterly net income (up ¥7.9 billion) and dividend payment of the previous term (negative ¥1.6 billion), rose by ¥6.3 billion.

Performance of Replanning Business

(Replanning (RP)/ Hotel Development)



(¥ million)	FY 2018 April- December	FY 2019 April- December	Increase/ decrease
Sales	27,004	37,361	+58.2%
Segment income ^(Note1)	7,734	12,126	+56.8%
Profit margin	28.6%	32.5%	+3.9%pt
No. of procured properties	31	37	+6
No. of sold properties	23	26	+3
No. of properties in stock as of the end Mar.	47 ^(Note2)	64 ^(Note2)	+17

- Both sales and profits grew significantly.
- The profit margin continues the higher level than 32% because of increasing the direct sales to our customers with keeping our creative efforts for commercializing.
- The average business period is 339 days.
- Procurement progressed steadily. Our property inventory at the end of the period stood at 64 properties (accounting for ¥65.2 billion).

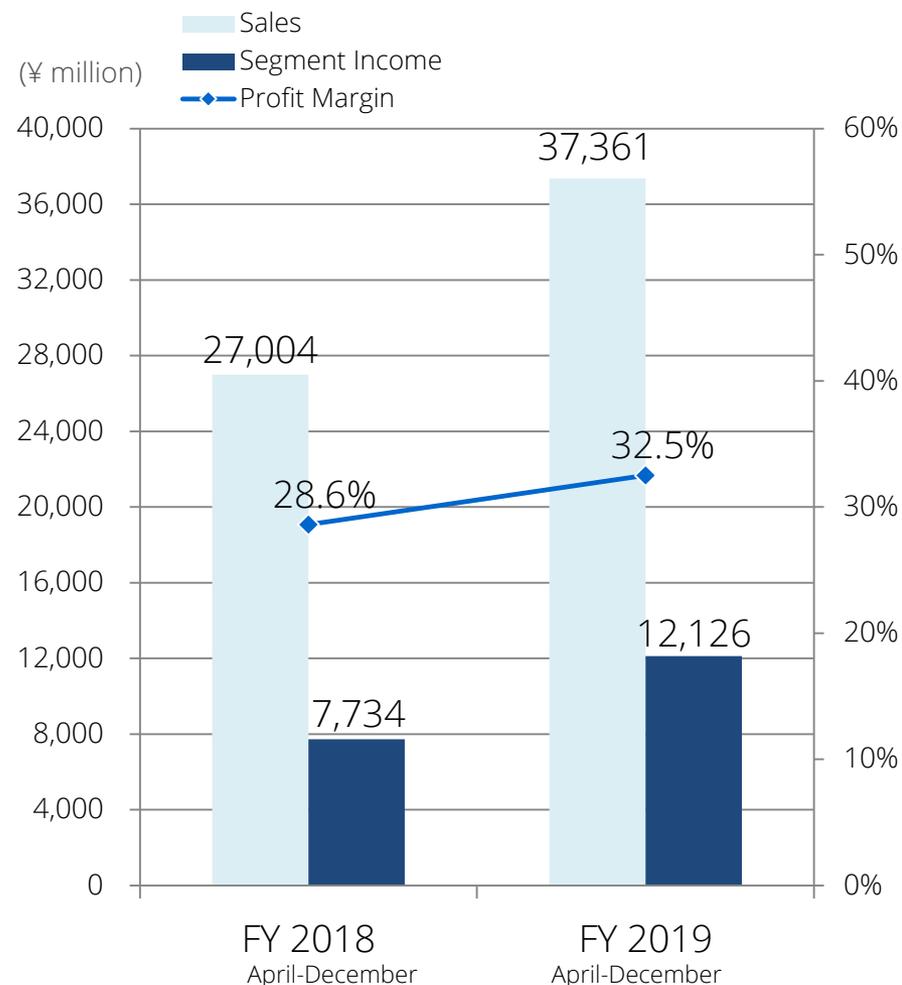
(Breakdown)

Replanning business: 59 properties (¥57.7 billion)

Hotel business: 5 properties (¥7.5 billion)

* Overseas business is excluded.

* We also procured or contracted for 13 replanning properties through the end of January worth ¥10.1 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.

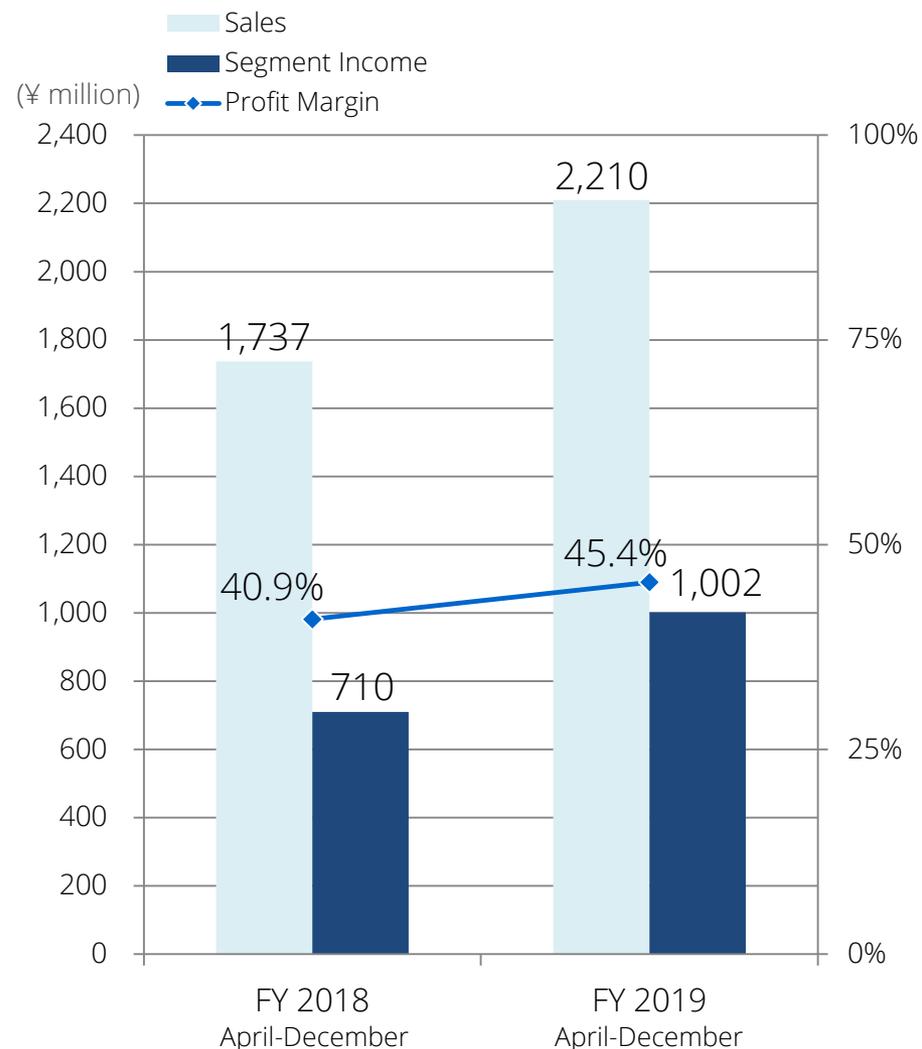
Performance of Rental Building Business

(Rental Building / Sublease)



(¥ million)	FY 2018 April- December	FY 2019 April- December	Increase/ decrease
Sales	1,737	2,210	+27.3%
Segment income	710	1,002	+41.1%
Profit margin	40.9%	45.4%	+4.5%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.

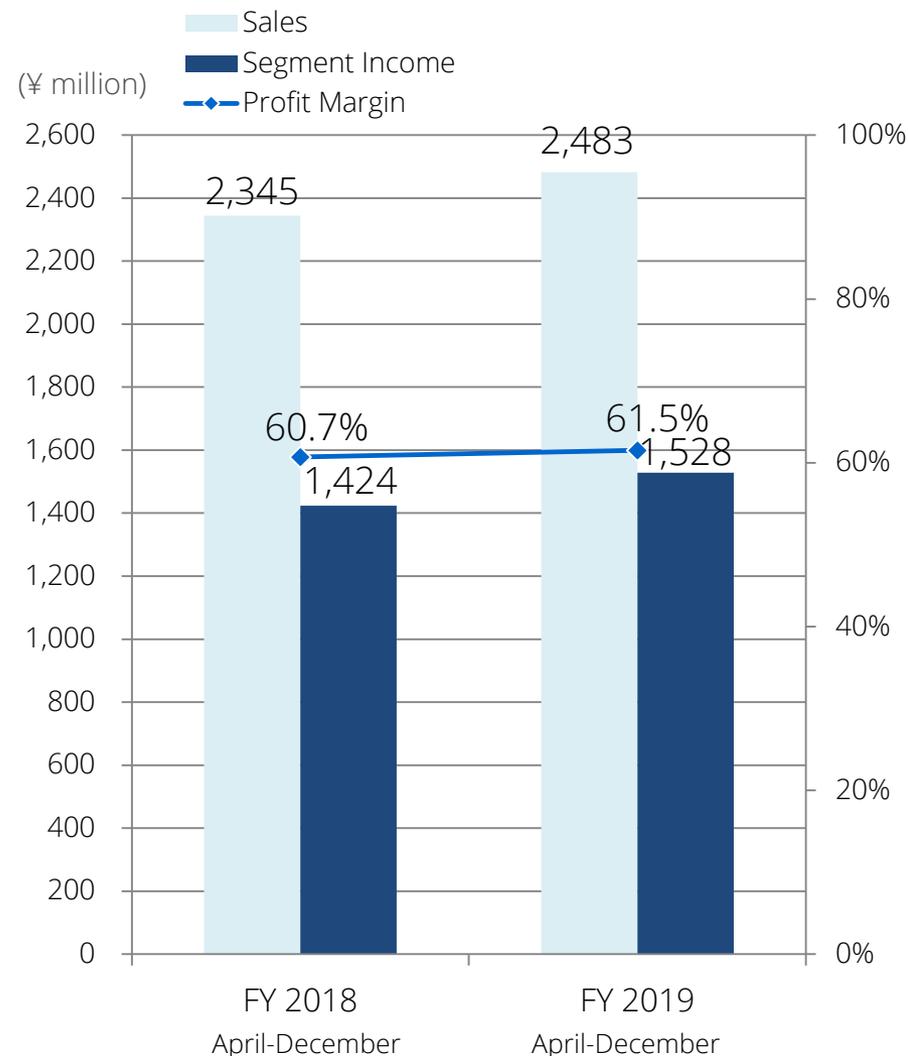


Performance of Real Estate Service Business



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

(¥ million)	FY 2018 April- December	FY 2019 April- December	Increase/ decrease
Sales	2,345	2,483	+5.8%
Segment income	1,424	1,528	+7.3%
Profit margin	60.7%	61.5%	+0.9%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 December 2016	356	96.5%
End of December 2017	369	95.5%
End of December 2018	377	97.8%

<Sales Brokerage Business/Rental Brokerage Business>

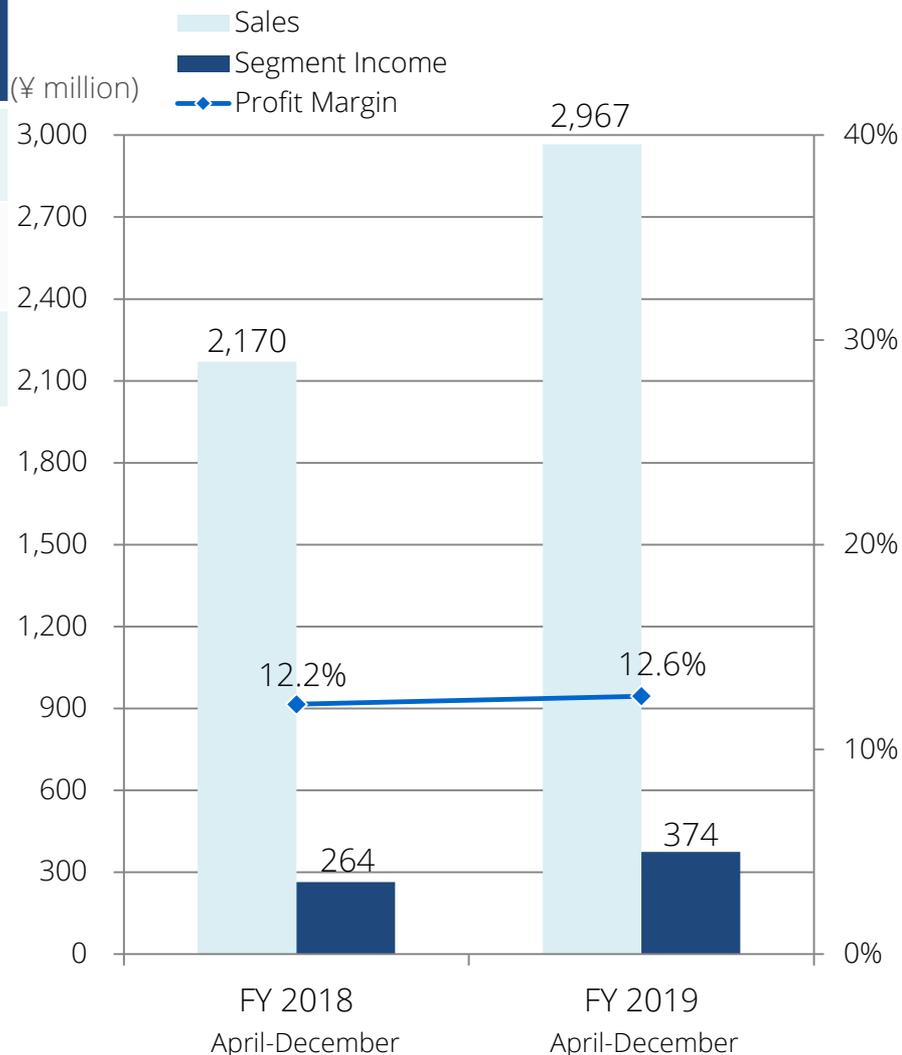
- While decreasing both sales and profit in sales brokerage, The brokerage section contributes to the revenue of the entire corporate group by driving the creation of high added value from the customer's viewpoint in the procurement, commercialization, and sale of RP real estate.

Performance of Operation Business



(Hotel Management / Rental Conference Room)

(¥ million)	FY 2018 April- December	FY 2019 April- December	Increase/ decrease
Sales	2,170	2,967	+36.8%
Segment income	264	374	+41.7%
Profit margin	12.2%	12.6%	+0.4%pt



<Hotel Management Business>

- Sky Heart Hotel, Hiyori Hotel Maihama and SPRING SUNNY Hotel steadily increased the sales and the profit since Occupancy Ratio and Average Daily Rate grew against the last same term.
- Tabino Hotel opened in Hida-Takayama in May and Sado Island in July. Three new hotels are being constructed and will be opened in 2019.
- **The number of hotels managed grew to 10 hotels** as of the end of December 2018.
(April-December: total sales of ¥2,322 million, segment income of ¥221 million)

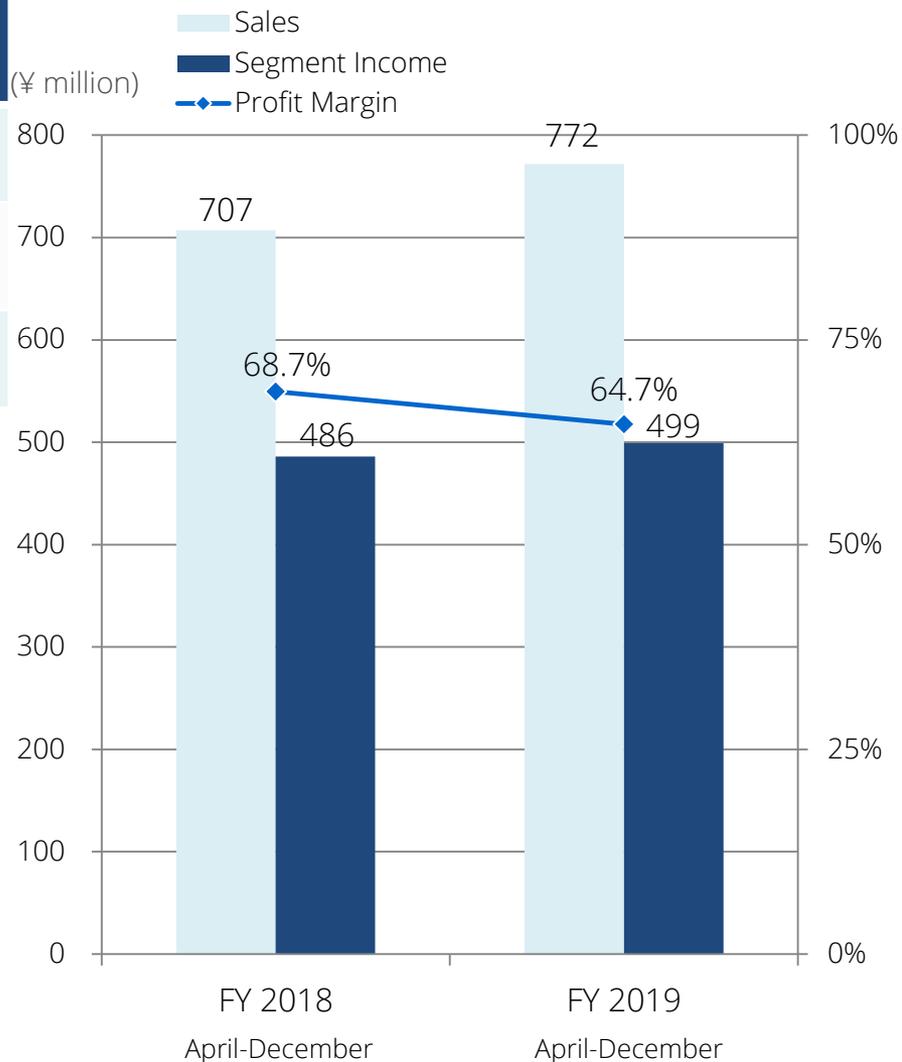
<Rental Conference Room Business>

- **The total number of facilities grew to 14** as of the end of January 2018 (nine rental conference room facilities, three rental office facilities, and two coworking space facilities).
- Vision Center Tokyo Station opened on October 29.
(April-December: total sales of ¥655 million, segment income of ¥117 million)

Performance of Other Business

(Rent Guarantee / Overseas Business, etc.)

(¥ million)	FY 2018 April-December	FY 2019 April-December	Increase/ decrease
Sales	707	772	+9.2%
Segment income	486	499	+2.7%
Profit margin	68.7%	64.7%	(4.0%pt)



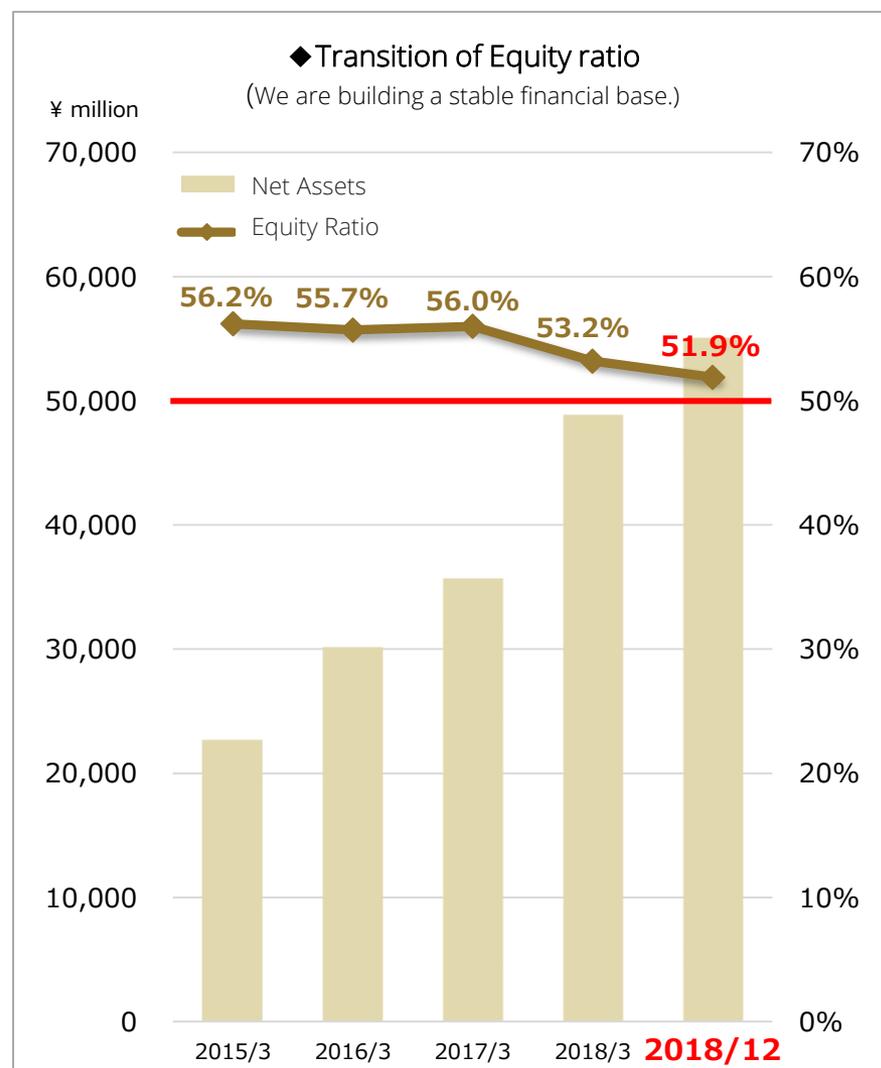
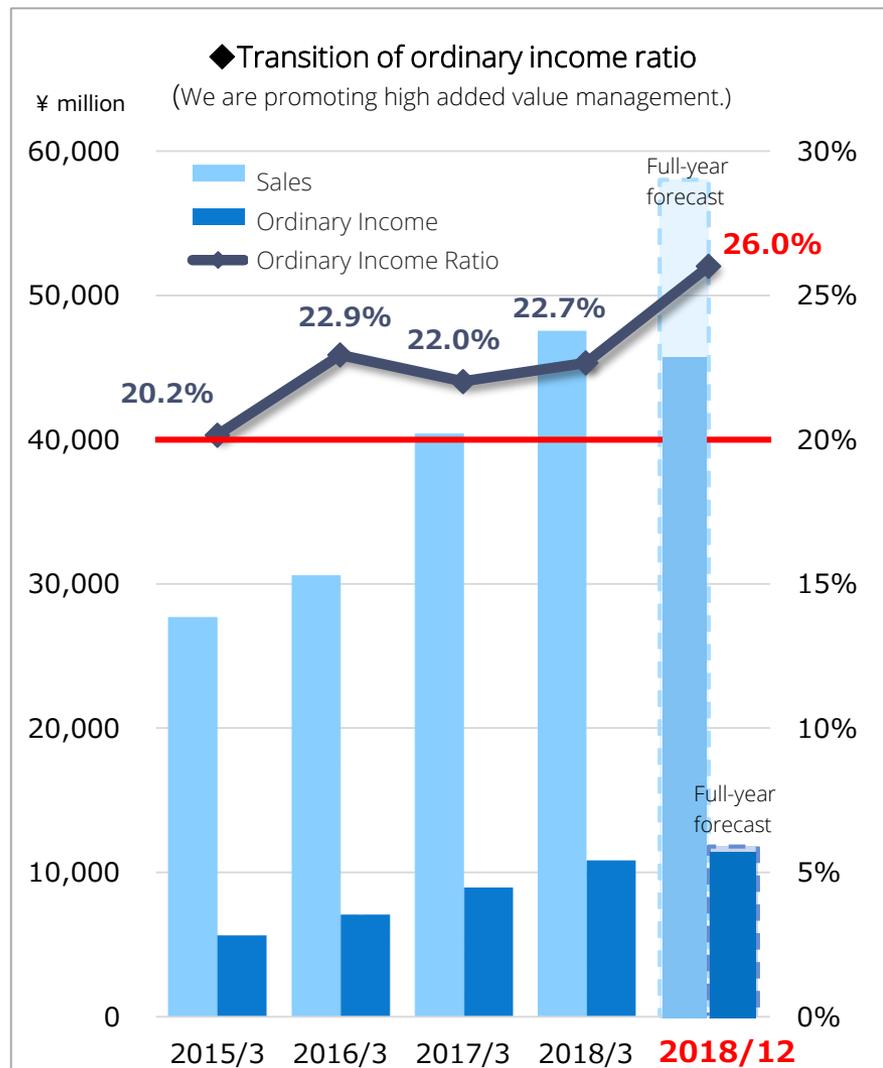
<Rent guarantee business>

- The owners having the worry about the tenant's capacity to pay the rent are increasing due to the trend of the rent increasing by the less office supply. Since the number of undertaking regarding to both the new rent guarantee and the rent re-assurance are increasing, both sales and profit are growing.
- 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. The global economy did not recede, but its slowdown became clearer. The risk of economic downturn is augmenting.

- ◆ The global economic growth rate in 2019 estimated by IMF has been **revised downwardly twice by 0.4** indicating economic slowdown.
- ◆ It is necessary to pay attention to the risk of global economic downturn, due to the worsening of **trade the U.S. and China, the sluggish growth of Chinese and European economies**, etc.
- ◆ It is also necessary to consider the **risks of political and economic turmoil**, due to the worldwide Brexit, etc.

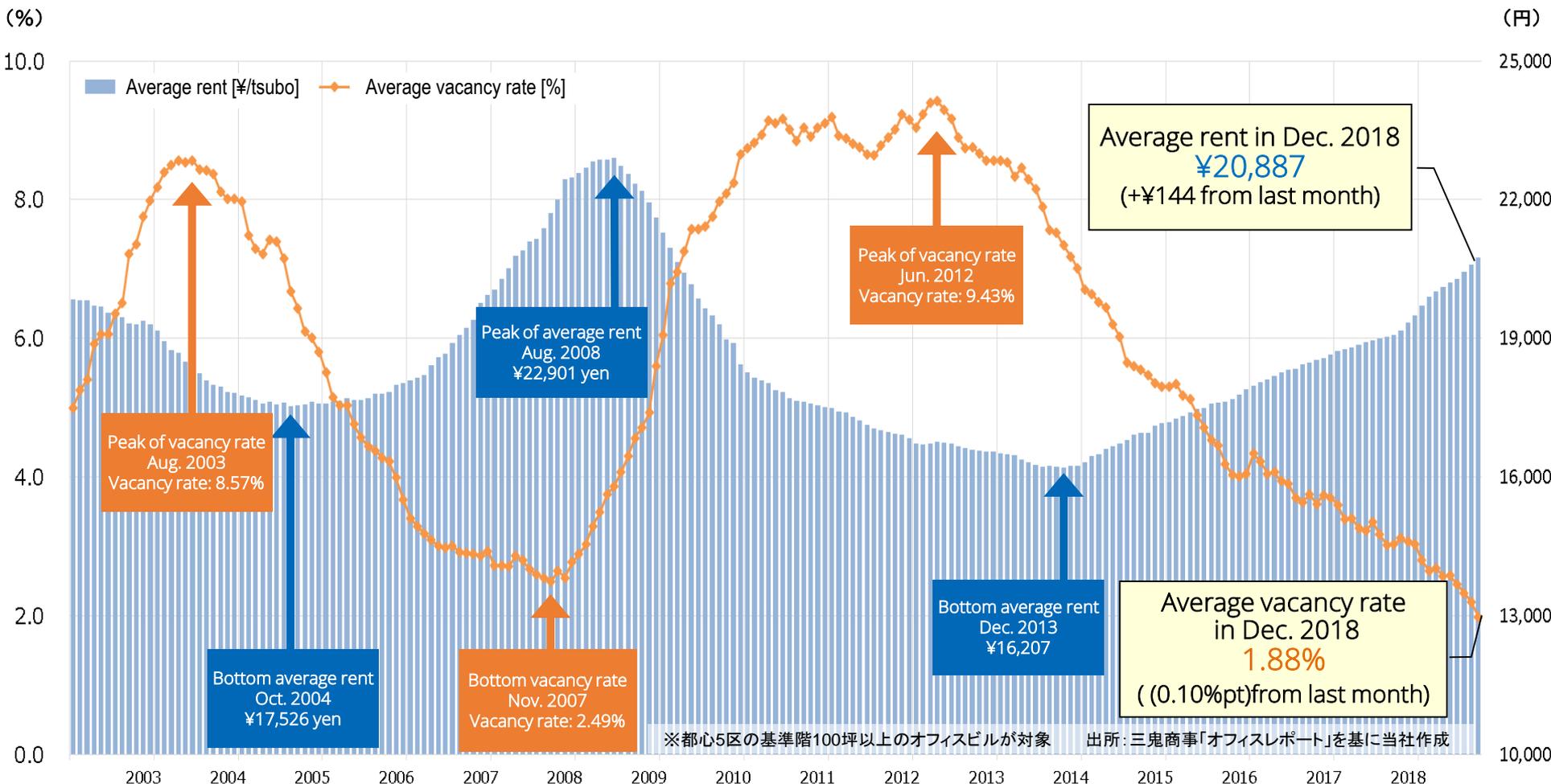
2. The Japanese economy is gently growing, but often affected by the global economy. Accordingly, increasing.

- ◆ The Japanese economy is growing for the longest period in postwar history, but the sluggish growth of evoked a sense of caution.
- ◆ In 2018, the number of foreign visitors to Japan dropped temporarily from the previous year, but the **exceeded 30 million for the first time**.
- ◆ It is necessary to consider **the effects of a consumption tax hike in Oct. and the fluctuations in the markets**.

3. The urban office building market is thriving, thanks to the firm demand underpinned by enterprises.

- ◆ **The demand for offices remains firm** thanks to the steady economic growth, **the popularization of shared rents are expected to keep rising**.
- ◆ **Vacancy rate became below 2% for the first time in 27 years since the bubble period in 1991, and remain scarce**.
- ◆ Financial institutions became **partly cautious about offering real estate loans**, and the transactions for decreasing. It is necessary to pay attention to business prospects.

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) Third Quarter initiatives and Future Growth Strategies

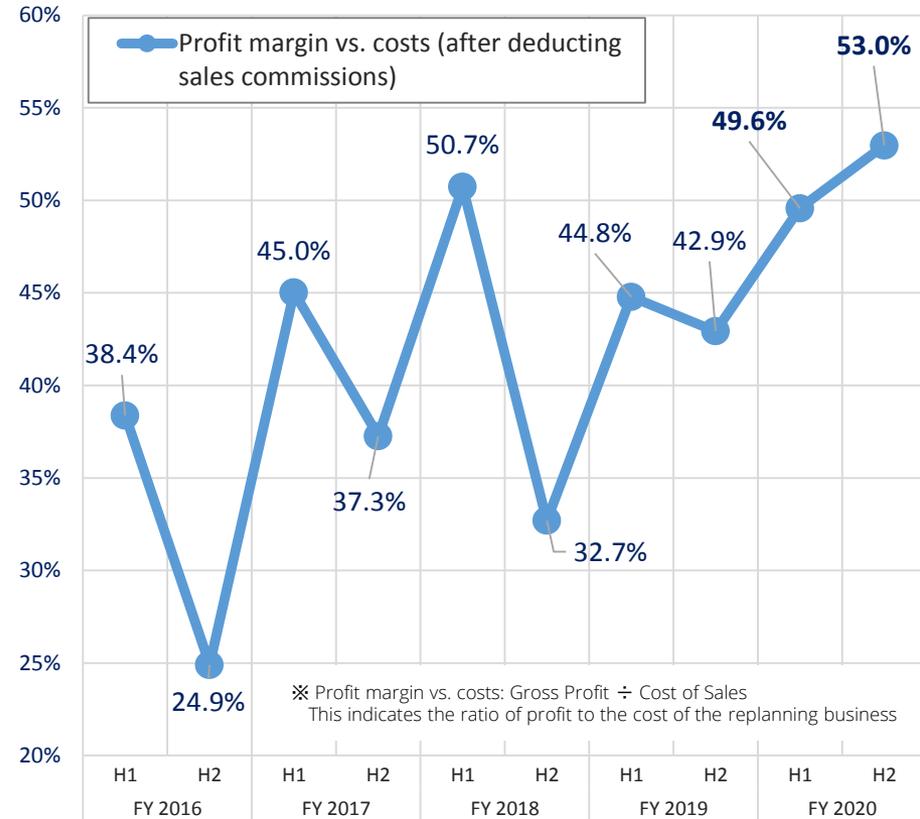
**– Not for profit, but for trust. –
Business is competition in being
helpful to customers.
We compete in helpfulness.**

The Replanning Business Contributed Most.



Further growth of high profit rate

1. **Development capability**, to live up to the ideals and true needs of customers with the ability to plan things from the viewpoint of customers, and differentiate our services based on high quality and excellent design
2. **The interpersonal skills of PM managers**, to harmonize with existing tenants, talk about principles, and win the sympathy about our business perspective, to enhance the value of real estate.
3. **Capability of finding tenants**, to increase the profitability of buildings stably and swiftly, while offering services specializing in urban areas and closely communicating with local communities

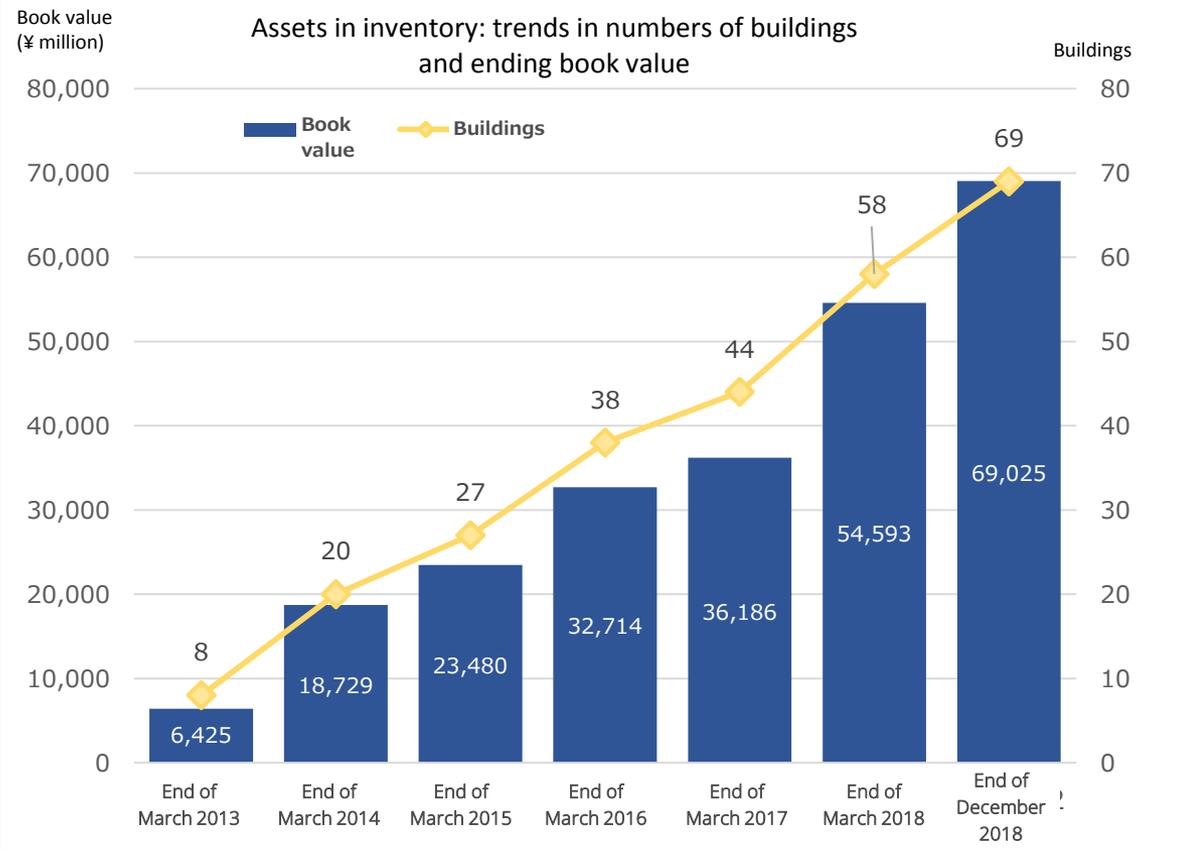


4. **Speedy revitalization**, which is realized by specialized sections with the same concept of values and based on teamwork

The Procurement for the Next Term Has Been Nearly Completed. Fortification of Our Business Base



A building for investment in Shinjuku



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 work on personnel development with a sense of crisis, and strengthen our management base, including the bases for business operation, finance, and business administration, with eye to the future.

Four-pronged Strategy for Future Growth



1) Existing Business Expansion

Deepening and expansion of Office Building Business

2) Hotel Business

Accommodation-focused hotels for tourism and business

3) Overseas Business Development

Vietnam & Indonesia

4) M&A

Stock Acquisition, Capital Participation, Business Alliance

1) Existing Business Expansion



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

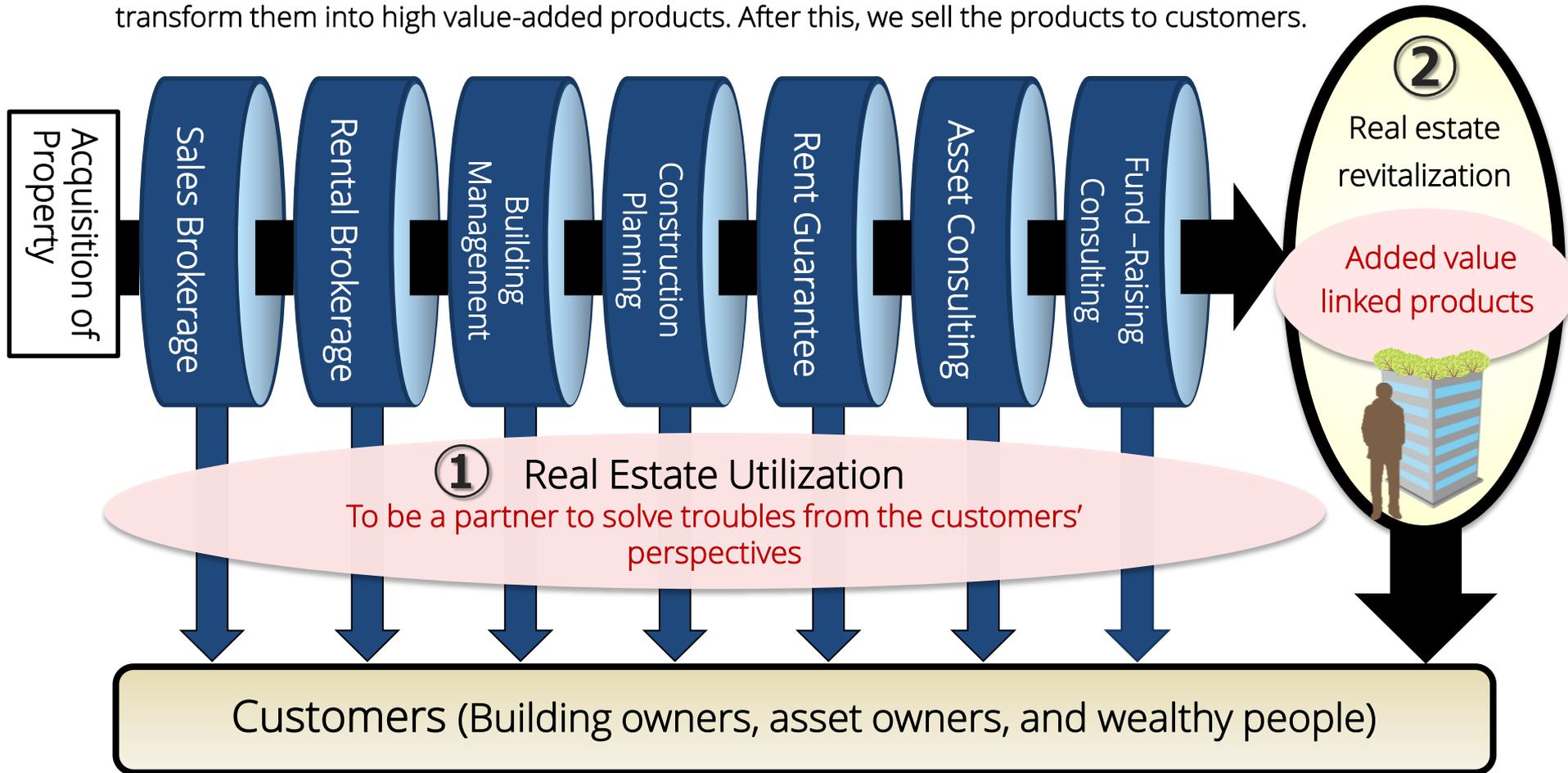
<Rental Conference Room and Coworking Space Facilities Business>

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.



Development Capability, to Differentiate Our Services Based on High Quality and Excellent Design



Classy buildings that have dynamic office spaces with high ceilings and granite-stone design
Development of buildings that can be used as the footholds of software/IT venture firms, etc.



Spacious room with a ceiling height of 4 m



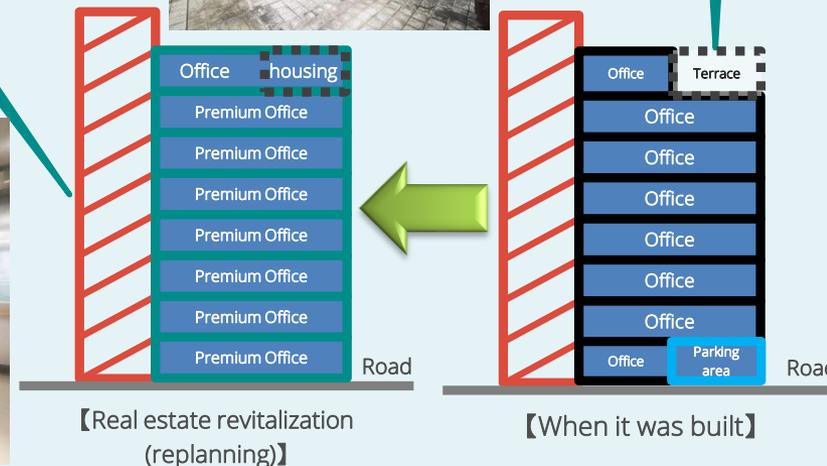
Interior design that would propose a way of working



Conversion of a parking area on the 1st floor into an office



Enlargement of the terrace on the 8th floor for housing and an office



Setup Office Spaces in Anticipation of Changing Times

“Setup Offices,” which are high-quality, functional, and comfortable while following trends

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) Clients can move in and start business swiftly.
- (v) Increased employee vocation, motivation and productivity
- (vi) Very effective for recruiting personnel



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

Enrichment of a Network of Footholds Specializing in Urban Areas While Closely Communicating with Local Communities



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

We operate 11 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

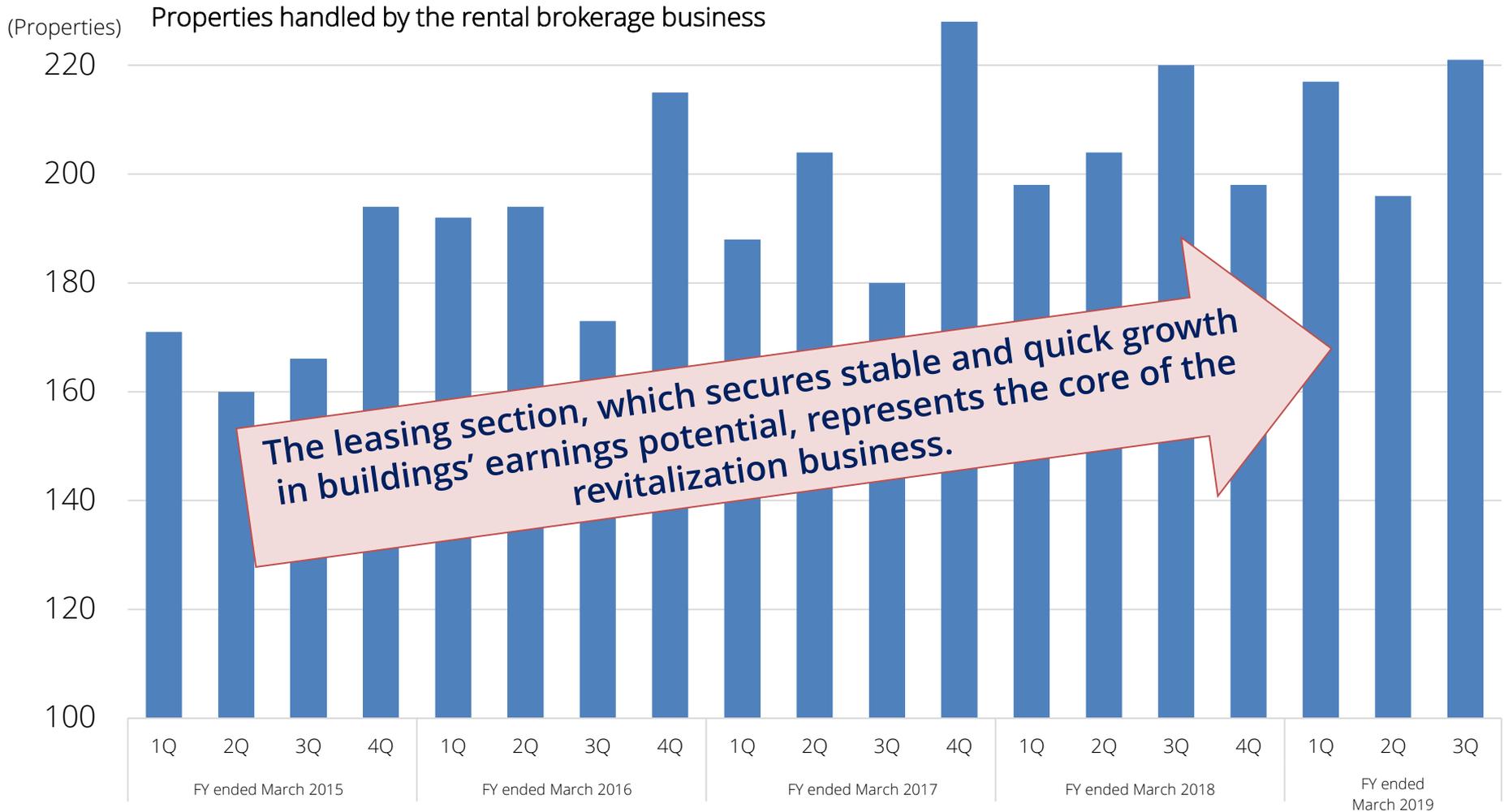
3. To grasp the needs of the tenants significantly contribute no vacancy of our replanning buildings

4. To serve as a contact point for procuring real estate for the real estate revitalization business

Some consultations received from our customers about their inheritance or the aging of their building sometimes lead them to sell their properties to us.



Trends in numbers of properties handled by the rental brokerage business

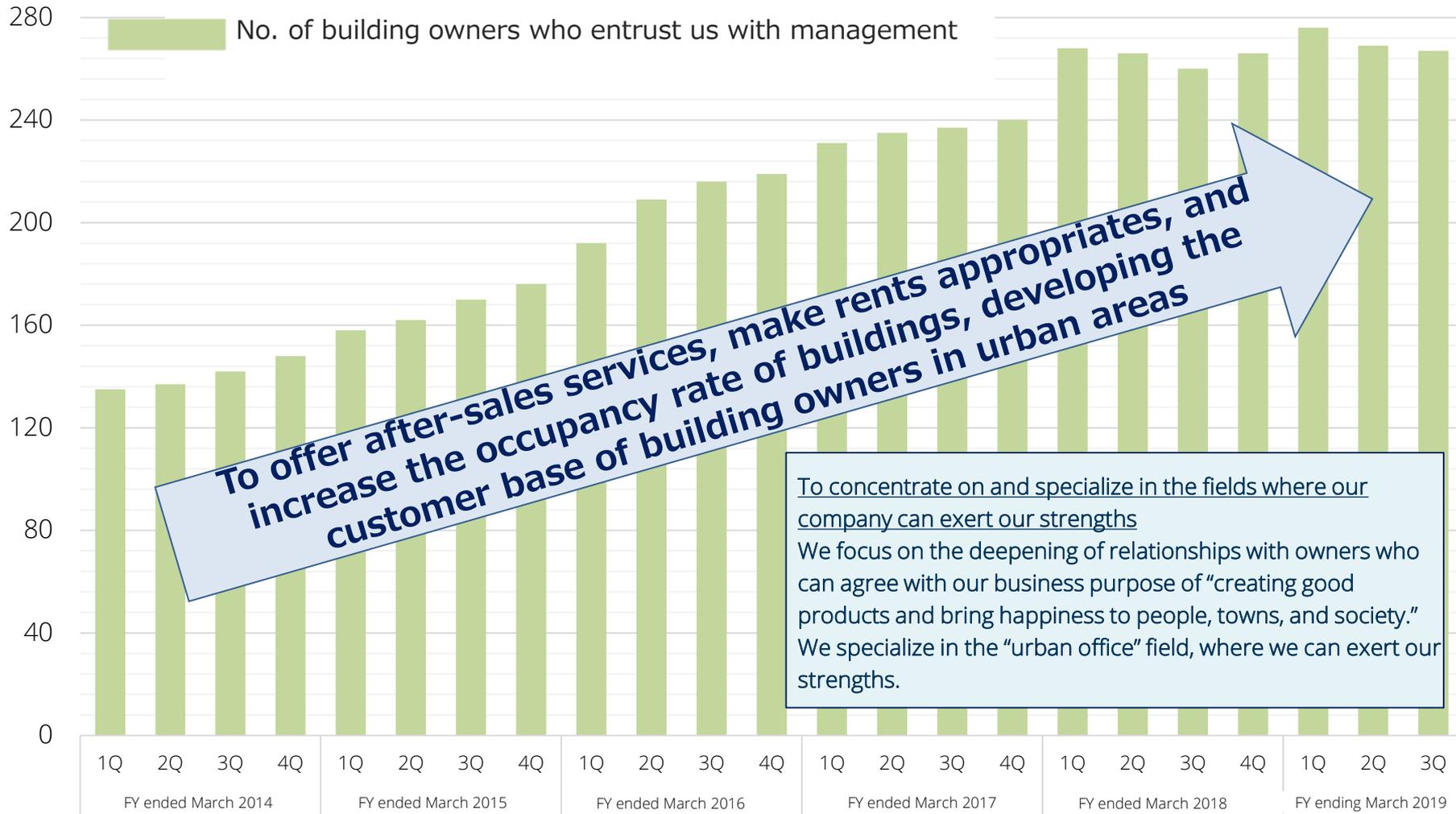


* Includes our own properties handled by the rental brokerage business, such as replanning properties.

Increase of Building Owners Who Entrust Us with Management



(companies/owners)



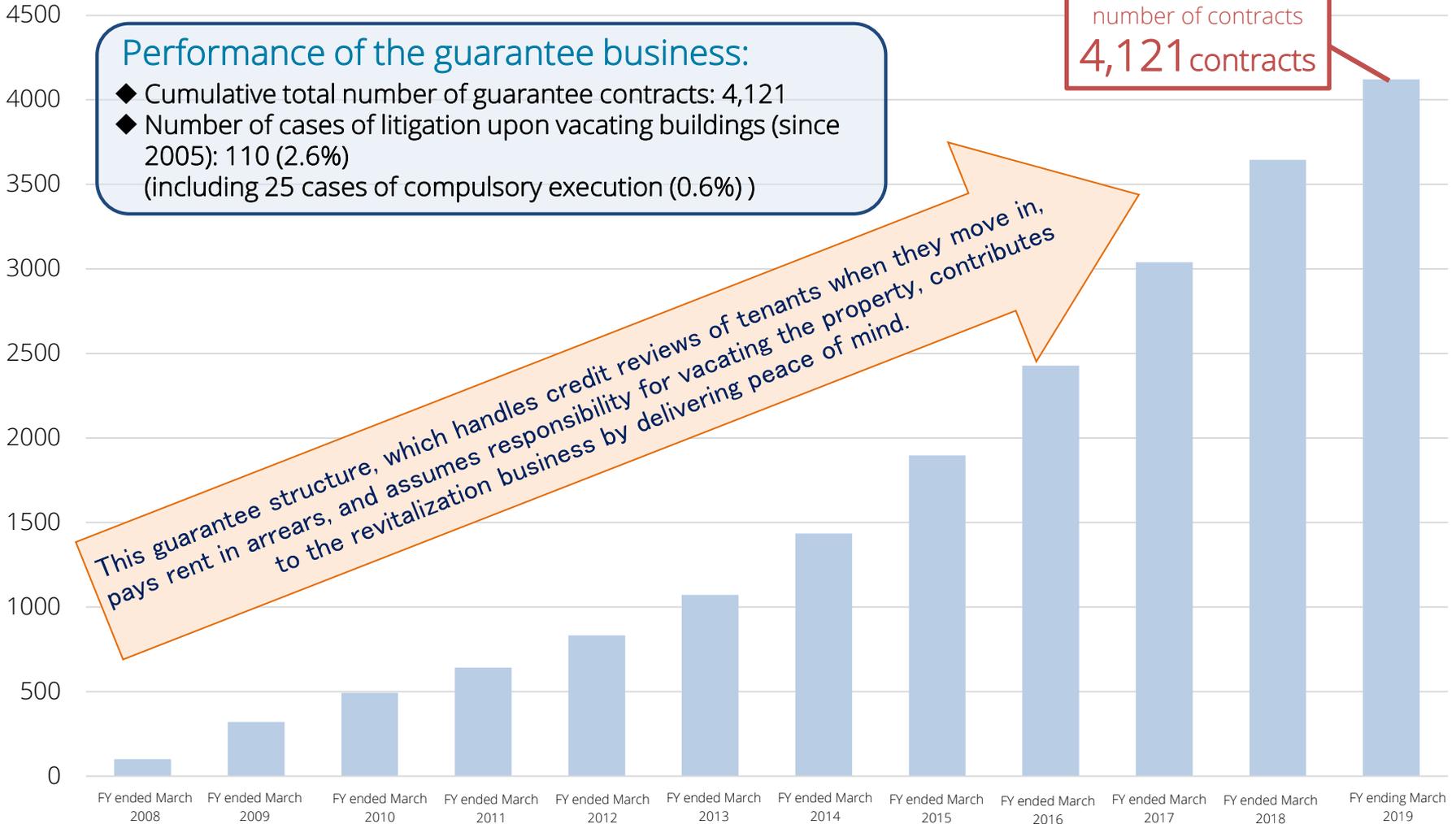
To offer after-sales services, make rents appropriate, and increase the occupancy rate of buildings, developing the customer base of building owners in urban areas

To concentrate on and specialize in the fields where our company can exert our strengths
 We focus on the deepening of relationships with owners who can agree with our business purpose of “creating good products and bring happiness to people, towns, and society.”
 We specialize in the “urban office” field, where we can exert our strengths.



Number of rent guarantees

(Properties)



Performance of the guarantee business:

- ◆ Cumulative total number of guarantee contracts: 4,121
- ◆ Number of cases of litigation upon vacating buildings (since 2005): 110 (2.6%) (including 25 cases of compulsory execution (0.6%))

Cumulative total number of contracts
4,121 contracts

This guarantee structure, which handles credit reviews of tenants when they move in, pays rent in arrears, and assumes responsibility for vacating the property, contributes to the revitalization business by delivering peace of mind.

As of the end of Dec. 2018

To Improve Quality and Grow Our Specialized Domain



■ SF Building Maintenance

An employee of our corporate group won first place at the window glass cleaning competition.



Mr. Sugahara of SF Building Maintenance, won first place



Scene of the competition

Became a building maintenance company that employs the best window glass cleaning engineer in Japan.

■ Construction solutions

M&A with an interior finishing company that has a history of 32 years and advanced technologies

On Jan. 11, 2019, we acquired all outstanding shares of “Kohwa Industry Co., Ltd.” to reorganize it into a subsidiary, for the next growth stage.

We plan to develop a high value-added business by fusing the advanced technologies of Kohwa Industry based on 32 years of experience as the primary subcontractor of leading general contractors and our development capability based on the viewpoint of clients.

【Corporate Profile】

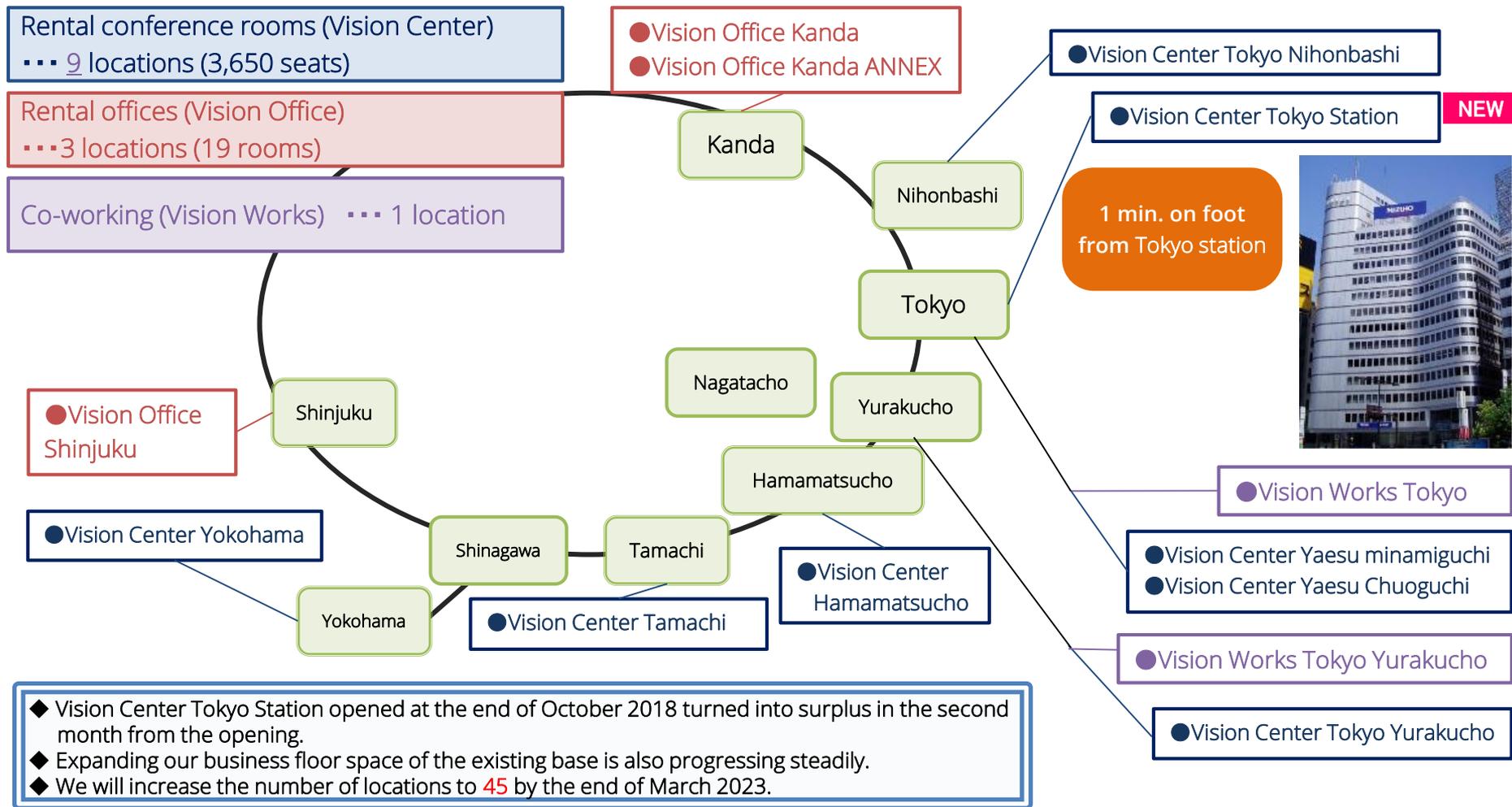
- Name: Kohwa Industry Co., Ltd.
- Location: 1-17-6 Ryogoku, Sumida-ku, Tokyo
- Major businesses:
Interior finishing and sale of floor materials for apartments, condominiums, public facilities, office buildings, etc.
- Capital: 20 million yen
(100% injected by Sun Frontier Fudousan Co., Ltd.)
- Established in: March 1987

We aim to improve our interior finishing business in cooperation with the construction department.

Expanding the sharing business using space



The rental conference room business grew to a total of 14 sites, corresponding to capacity for 5,440 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.

2) Hotel Business



Aggressive Business Operation in the Growing "Hotel" Market

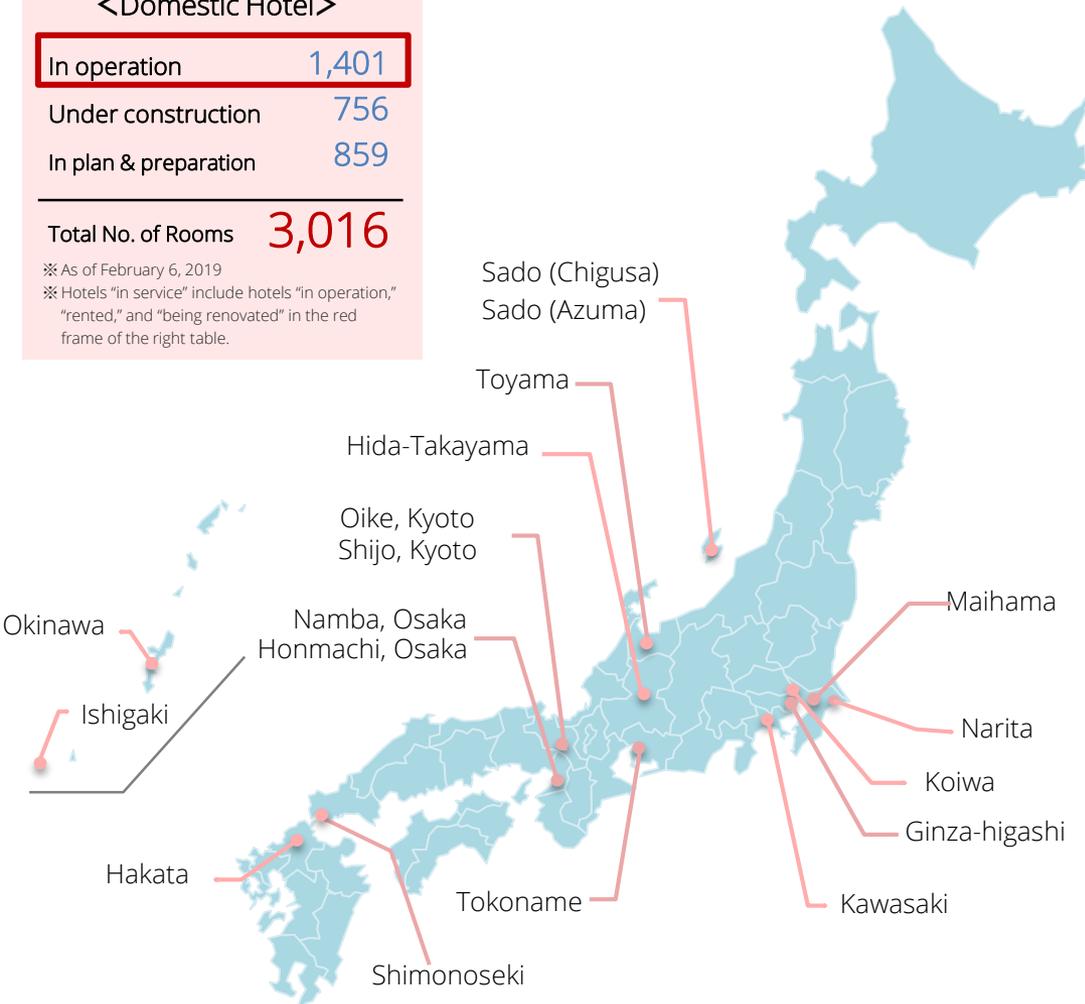
<Domestic Hotel>

In operation	1,401
Under construction	756
In plan & preparation	859

Total No. of Rooms 3,016

※ As of February 6, 2019

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



<List of Domestic Hotels>

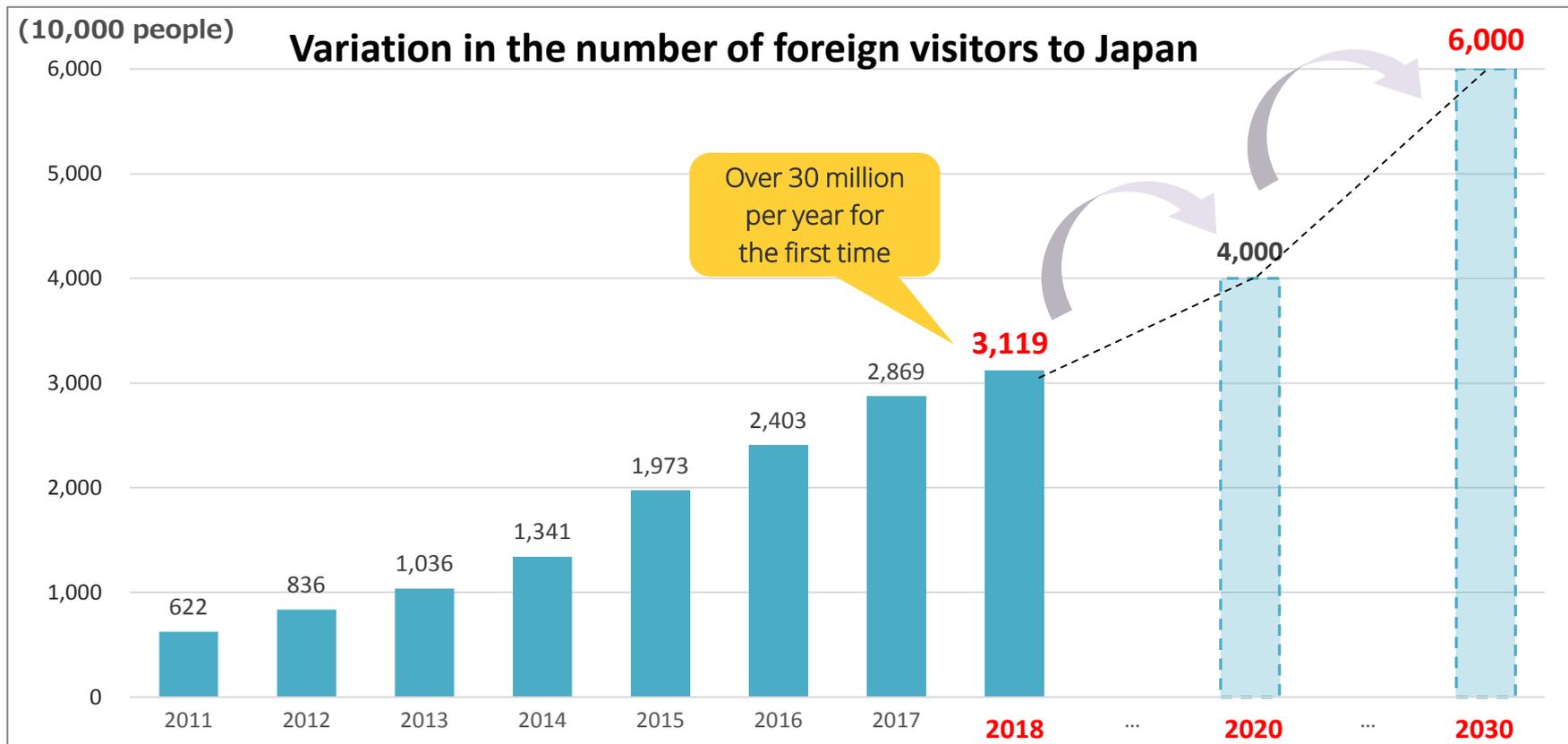
Status	Open (Plan)	Brand	Hotel Name	Location	No. of Rooms
In operation	Apr. 2016	Collaborative	Spring Sunny	Tokoname	194
In operation	—	Original	Sky Heart Hotel	Kawasaki	200
In operation	—	Original	Sky Heart Hotel	Koiwa	105
In operation	—	Original	Sky Heart Hotel	Narita	100
In operation	—	Original	Sky 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	Namba, 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	Mizushima, Kurashiki		155
In plan	Feb. 2020	Original	Kashima, Ibaragi		190
In plan	Dec. 2020	Original	Oike, Kyoto		200
In plan	Apr. 2022	Original	Shijo, Kyoto		134
In Plan	Dec. 2022	Original	Ishigaki		180

3 Hotels Will open In 2019

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

Steep Increase of Foreign Visitors to Japan

Since the number of foreign visitors to Japan exceeded 10 million in 2013, it has been skyrocketing due to the easing of requirements for issuing visas, the improvement in income level, etc. In 2018, the number of foreign visitors exceeded 30 million. The government aims to increase it to 40 million in 2020 and 60 million in 2030.



Source: reference material released by Japan National Tourist Organization

Large-scale hotel will be open one after another in 2019

Honmachi,
Osaka

Will open in
Oct. 2019



Appearance image

COURTYARD BY MARRIOTT Osaka Honmachi

Overseas-brand hotel in the heart of Osaka.

【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: 754.75㎡ (228.31 tsubo)
- Gross floor area: 8,194.32㎡ (2,478.78 tsubo)

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

Namba,
Osaka

Will open in
Jun. 2019



Appearance image

Hiyori Hotel Namba

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

【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: 1,281.4㎡ (387.62 tsubo)
- Gross floor area: 6,784.41㎡ (2,052.28 tsubo)

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

Ginza-higashi
Tokyo

Will open in
Dec. 2019



Appearance image

Hiyori Hotel Ginza-higashi

Our first hotel in Ginza

【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㎡ (166.79 tsubo)
- Gross floor area: 3,725.00㎡ (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.

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

“Hiyori Hotel Maihama” Ranked First.



“Hiyori Hotel Maihama,” the 1st hotel of our brand opened in 2017, ranked first in the annual word-of-mouth ranking in the casual hotel section of “OZmall Award 2019” announced by “OZmall,” a website targeted at women. With the aim of becoming a familiar hotel filled with warm gentleness, this hotel has pursued meticulous services from the viewpoint of female guests, including Ryukyu straw-matted guest rooms and enriched amenities.

“Hiyori Hotel Maihama,” the 1st hotel of our brand



Ryukyu mats that allow hotel guests to walk around barefoot

Surprise events for customers on their respective birthdays



Rigorously selected cozy twin beds

Selectable additional amenity services (HIYORI Happy Presents)

Rental of cribs and baby goods

“Hiyori Ocean Resort Okinawa” Project in Progress

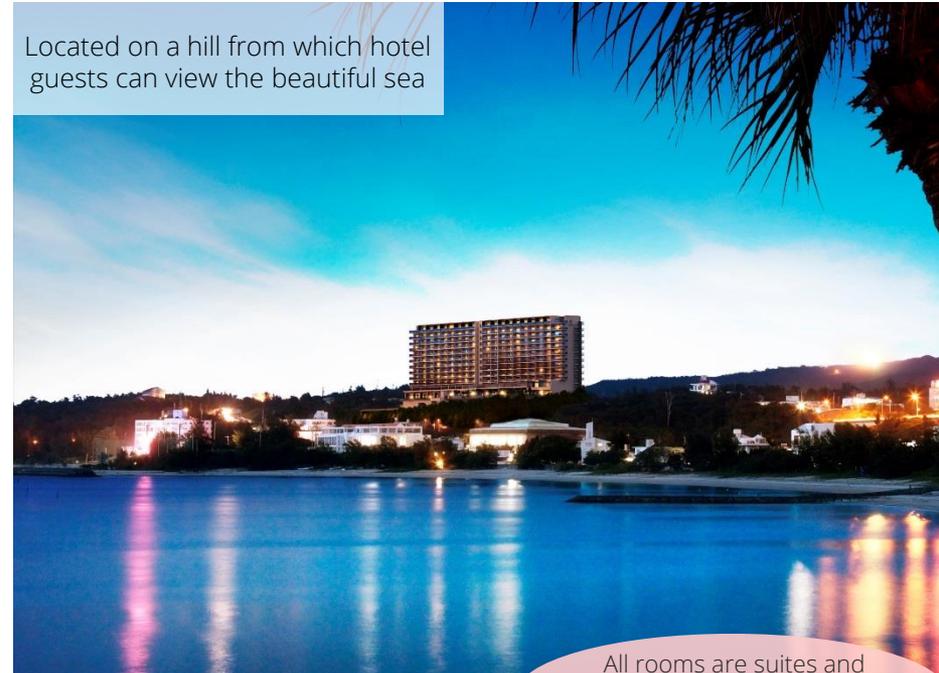


Perspective illustration of the hotel



To be opened in Sep. 2020
Condo hotel
with 204 guest rooms

Located on a hill from which hotel guests can view the beautiful sea

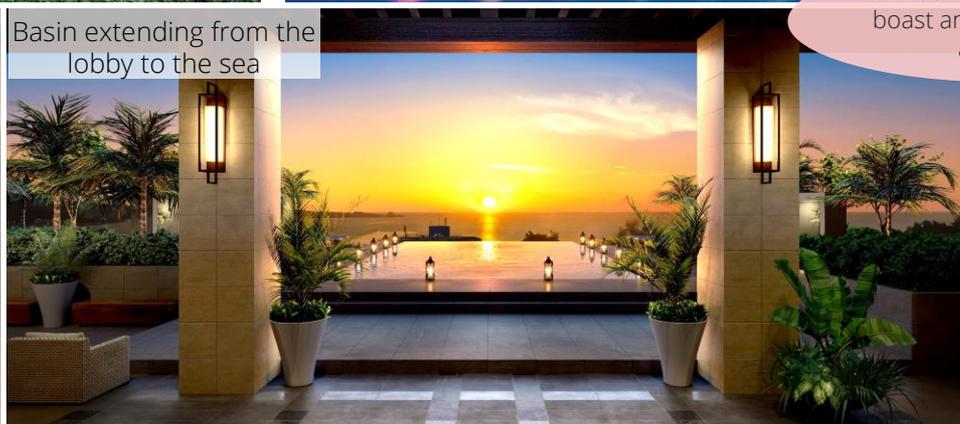


All rooms are suites and
boast an ocean view and
a terrace

Guest room for
preview



Basin extending from the
lobby to the sea



HIYORI
OCEAN RESORT
OKINAWA

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>



<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

3) Overseas Business Development

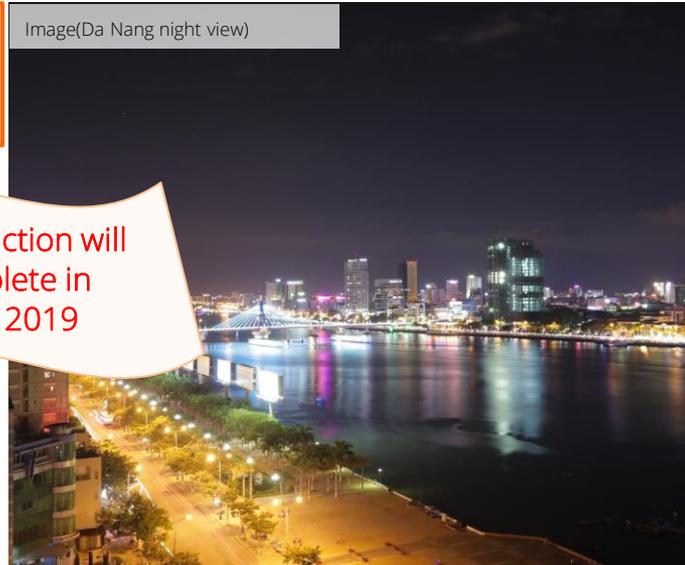


Project in progress in Da Nang, Vietnam



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

Image(Da Nang night view)



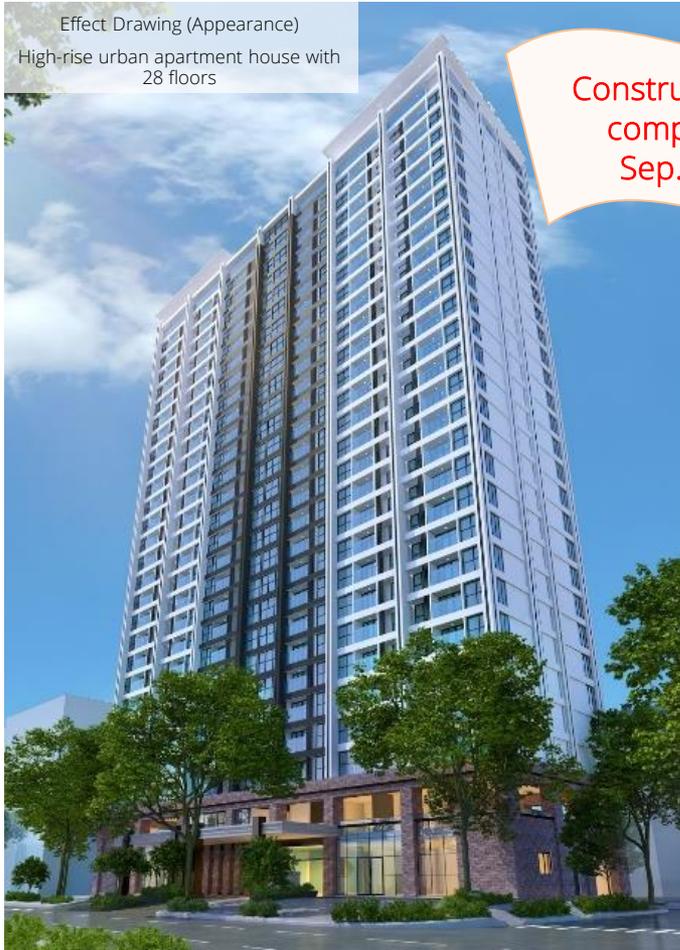
In January, completed raising the framework with no accident in 623 days from the construction start.



Effect Drawing (Appearance)

High-rise urban apartment house with 28 floors

Construction will complete in Sep. 2019



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.

Progress on the Medium-term Management Plan

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

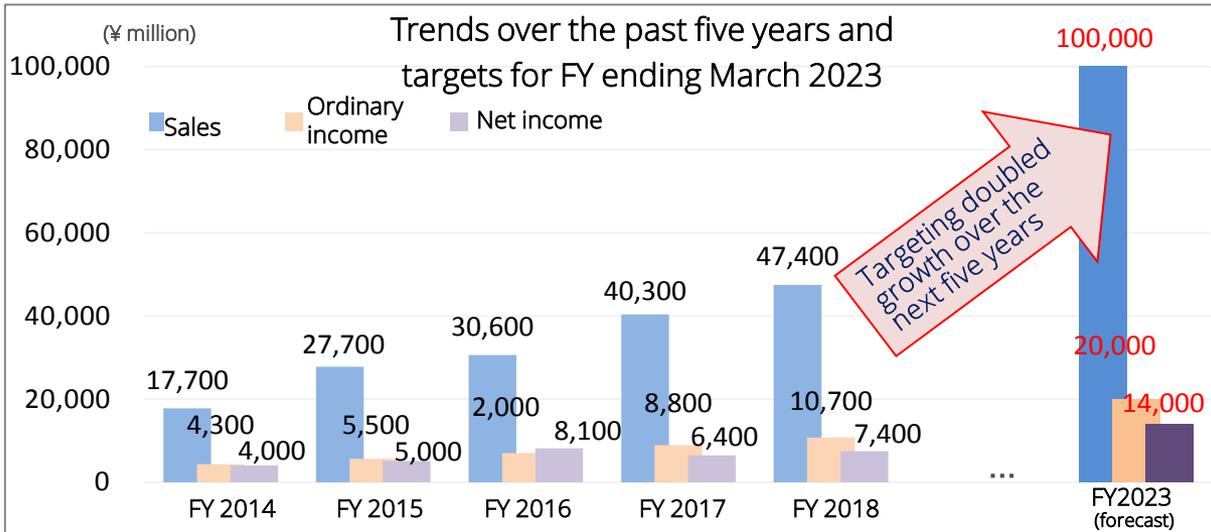
Basic policy:
Expansion of the business that are specialized in central Tokyo and growth market

- 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



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*	33.2 years old (* As of the end of December 2018)
Business	<p>Revitalization of real estate</p> <p>Real Estate Service (Management, brokerage, construction planning for real estate, compensation for rent in arrears Rental building operation, consultancy for assets)</p> <p>Hotel Development and operation</p>
Settlement Month	March
Listed in	The first section of the Tokyo Stock Exchange (Code Number: 8934)



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- ◆ 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.

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SUN FRONTIER