

Material for the Presentation on Financial Statement for FY ended March 2019

Consolidated Financial Statements for the Fiscal Year ended March, 2019

We are aiming to be the real estate company of the world's most loved, trusted and selected by customers.

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May 10, 2019



SUN FRONTIER

Stock Code: 8934

Financial Summary for the Year Ended March 2019



Financial Results for Year Ended March 2019 Sales and Incomes Increased for 8 Consecutive Fiscal Years Record-breaking Profits and Dividends

	Results	From the Previous Fiscal Year	Growth Rate
Net Sales	53,291 million yen	+ 5,828 million yen	+ 12.3%
Operating Income	13,305 million yen	+ 2,066 million yen	+ 18.4%
Ordinary Income	12,813 million yen	+ 2,058 million yen	+ 19.1%
Net Income ※	8,783 million yen	+ 1,363 million yen	+ 18.4%
Dividends per Share (Schedule)	38.5 yen <small>(including commemorative dividends of 2 yen)</small>	+ 5.0 yen	+ 14.9%

Full-year Forecast	Progression Rate
58,000 million yen	91.9%
12,300 million yen	108.2%
11,800 million yen	108.6%
8,200 million yen	107.1%
34.5 yen	111.6%

※ "Net Income" represents net income attributable to shareholders of the parent company.

Performance Highlights

1) RP Business maintains high profit margin

- **RP (Replanning) business continue to boost profits**
(Segment profit margin rose from 29.7% to **32.1% in this FY.**)
- **Our Company's unique business model has been deepened to maximize the attractiveness of buildings by identifying sources of added value, repeating creative ingenuity to increase added value from the customer's perspective, and bringing together specialist knowledge across all processes, including: purchasing, commercialization, and sales.**
- **Purchases for this term (year ending March, 2020) are complete. We will focus on the purchase of medium and long-term projects to increase rent revenue.**

2) Steady growth in operation business

- **In the hotel management sector, sales increased 36% and profits grew 51%. This was driven by improving unit prices and occupancy rates. As of the end of the fiscal year ended March 2019, **1,401 rooms in 11 hotels were occupied in Japan.** "HIYORI Hotel Osaka Namba " will have its grand opening at the end of May this year, and 5 hotels, including those situated in Osaka, are scheduled to open.**
 - **Conference Room Rental Business has expanded to **13 hubs (seating capacity of 4,700 seats)** in total as of the end of March 2019. Vision Center is scheduled to open in Shinjuku in June this year (with **a present total seating capacity of 6,000 seats**).**

Changes in Consolidated Results

Operating Income and Ordinary Income marked **record highs for the three consecutive fiscal years** and Net Income also marked **a record high**.

Dividends **increased for 7 consecutive fiscal years**, Ordinary Income margin remained high at **over 20% level for 6 consecutive fiscal years**.

Unit: 1 million yen

	FY Ended March 2015	FY Ended March 2016	FY Ended March 2017	FY Ended March 2018	FY Ended March 2019	Profit Margin of Net Sales
Net Sales	27,741	30,625	40,394	47,463	53,291	-
Operating Income	5,850	7,387	9,380	11,239	13,305	25.0%
Ordinary Income (Ratio of Ordinary Income)	5,593 (20.2%)	7,024 (22.9%)	8,894 (22.0%)	10,755 (22.7%)	12,813	24.0%
Net Income ※	5,053	8,157	6,452	7,420	8,783	16.5%
Net Income per Share	118.18 yen	190.78 yen	150.92 yen	167.62 yen	180.35 yen	-
Dividends per Share	16.50 yen	25.00 yen	30.00 yen	33.50 yen	38.50 yen <small>(Schedule)</small>	

※"Net Income" represents net income attributable to shareholders of the parent company.

Consolidated Income Statement

(Unit: 1 million yen)

	FY Ended March 2018	FY Ended March 2019		FY Ended March 2018	FY Ended March 2019
Net Sales	47,463	53,291	Operating Income	11,239	13,305
Real Estate Revitalization Business	40,997	45,490	Non-operating Income	16	63
Replanning Business (including Hotel Development)	38,642	42,507	Non-operating Expenses	500	555
Rental Buildings and Sublease	2,355	2,983	Ordinary Income	10,755	12,813
Real Estate Service Business	3,225	3,179	Extraordinary Gains (losses)	0	0
Operation Business	2,898	3,898	Corporate Income Taxes	3,344	4,293
Other Business	931	1,508	Non-controlling gain or loss	(9)	1
Adjustment	(589)	(784)	Net Income	7,420	8,783
Gross Profit	16,264	19,192			
Real Estate Revitalization Business	13,334	16,048			
Replanning Business (including hotel development)	12,324	14,712			
Rental buildings and Sublease	1,010	1,336			
Real Estate Service Business	1,993	1,898			
Operation Business	387	476			
Other Business	586	829			
Adjustment	(37)	(60)			
Selling and general administrative expenses	5,024	5,886			

- RP business (including hotel development) has a **gross profit margin of 34.6%** (31.9% the previous FY)

- Steady growth in new business areas such as operation business and other business, etc. **Total Net sales reported a year-on-year increase of 41% to ¥5.4 billion. Gross Profit rose 34% to ¥1.3 billion.**

Consolidated Balance Sheet - Assets -

(Unit: 1 million yen)

	FY Ended March 2017	FY Ended March 2018	FY Ended March 2019	Increase/Decrease (Compared to FY Ended March 2018)
Current Assets	55,195	80,174	97,149	+16,974
Cash and Deposits	16,246	23,892	20,257	(3,635)
Inventory Assets	36,286	54,593	74,329	+19,736
Breakdown) RP	26,039	45,525	62,143	+16,618
Hotel	7,254	5,291	7,552	+2,261
Overseas, etc.	2,892	3,775	4,634	+859
Other Current Assets	2,762	1,687	2,562	+874
Noncurrent Assets	8,458	11,587	13,749	+2,162
Property, Plant and Equipment	7,288	8,565	9,339	+773
Intangible Assets	562	474	863	+388
Investments and other Assets	608	2,546	3,546	+1,000
Total Assets	63,654	91,761	110,898	+19,137

Inventory Assets increased 19.7 billion yen in total.
Among them ¥16.6 billion was for RP projects. For Hotel business projects did 2.2 billion

Property, plant and equipment increased by approximately 700 million yen. Investments and other assets increased by 1 billion yen due to an increase in "Goodwill" resulting from M & A and an increase in long-term guarantee deposits by the opening of hotels, etc.

Cash and deposits decreased 3.6 billion due to a steady increase in purchases of RP projects.

Consolidated Balance Sheet - Liabilities/Equity -



(Unit: 1 million yen)

	FY Ended March 2017	FY Ended March 2018	FY Ended March 2019	Increase/Decrease (Compared to FY Ended March 2018)
Current Liabilities	8,281	10,155	12,859	+2,703
Short-term Loans Payable, etc.	3,438	2,716	2,248	(467)
Income Taxes Payable, etc.	802	3,178	2,661	(516)
Other Current Liabilities	4,040	4,260	7,949	+3,688
Noncurrent Liabilities	19,686	32,756	42,179	+9,422
Long-term Loans and Bonds Payable	18,626	30,865	39,751	+8,885
Other Noncurrent Liabilities	1,059	1,890	2,428	+537
Total Liabilities	27,968	42,912	55,038	+12,126
Shareholders' Equity	35,528	48,750	55,900	+7,149
Others	157	99	(40)	(139)
Total Net Assets	35,686	48,849	55,860	+7,010
Total Liabilities and Capital	63,654	91,761	110,898	+19,137

Transition of Equity Ratio

End of March 2017	End of March 2018	End of March 2019
56.0%	53.2%	50.3%

As purchase of RP properties progressed, borrowings increased by approximately 8.4 billion yen from the end of the previous FY, and the balance of interest-bearing debt is 41.9 billion yen.

Shareholders' equity increased ¥7.1 billion due to recording of Net Income (8.78 billion yen) and payment of year-end dividends of the previous fiscal year (1.63 billion yen Minus).

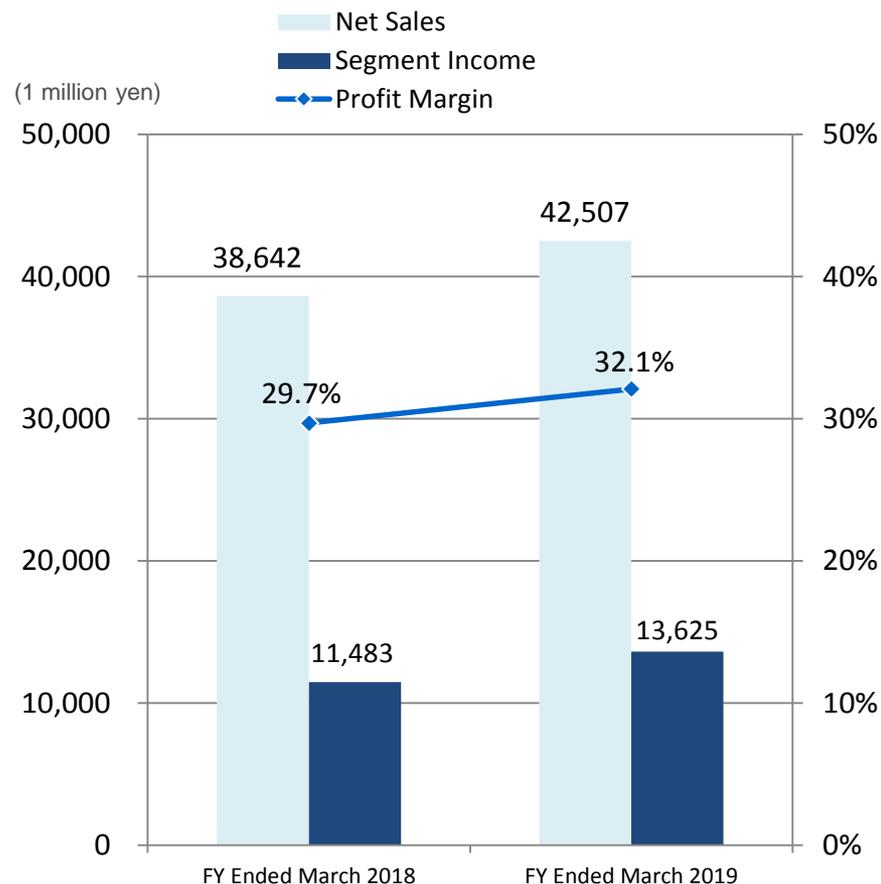
Replanning Business (Replanning (RP) / Hotel development)



(Unit of Net Sales & Income: 1 million yen)	FY Ended March 2018	FY Ended March 2019	Increase/Decrease
Net Sales	38,642	42,507	+10.0%
Segment Income (Note 1)	11,483	13,625	+18.7%
Profit Margin	29.7%	32.1%	+2.4%pt
Number of items purchased	49	47	(2)
Number of properties sold	35	31	(4)
Number of stocks at the end of FY	53	69	+16

- Both net sales and profits increased.
- **Segment profit ratio rose to a record high level of 32.1%** as a result of continued ingenuity in the process of purchasing, commercialization and sales, as well as direct sales to our customers.
- The average business period is 351 days.
- Purchasing progressed favorably, with 69 properties in the term-end inventory (63 RP business-related properties and 6 hotel business-related properties.)
- **¥69.6 billion in inventories** (RP business-related ¥62.1 billion, hotel business-related ¥7.5 billion) *Excluding those related to overseas business

*In addition to the above, there are **10 RP properties for 8.58 billion yen** purchased and settled as of the end of April this year.



(Note 1) "Segment Income" is calculated by deducting other costs inherent in each business including Interest expenses, Sales commission, Goodwill amortization etc. from gross profit.

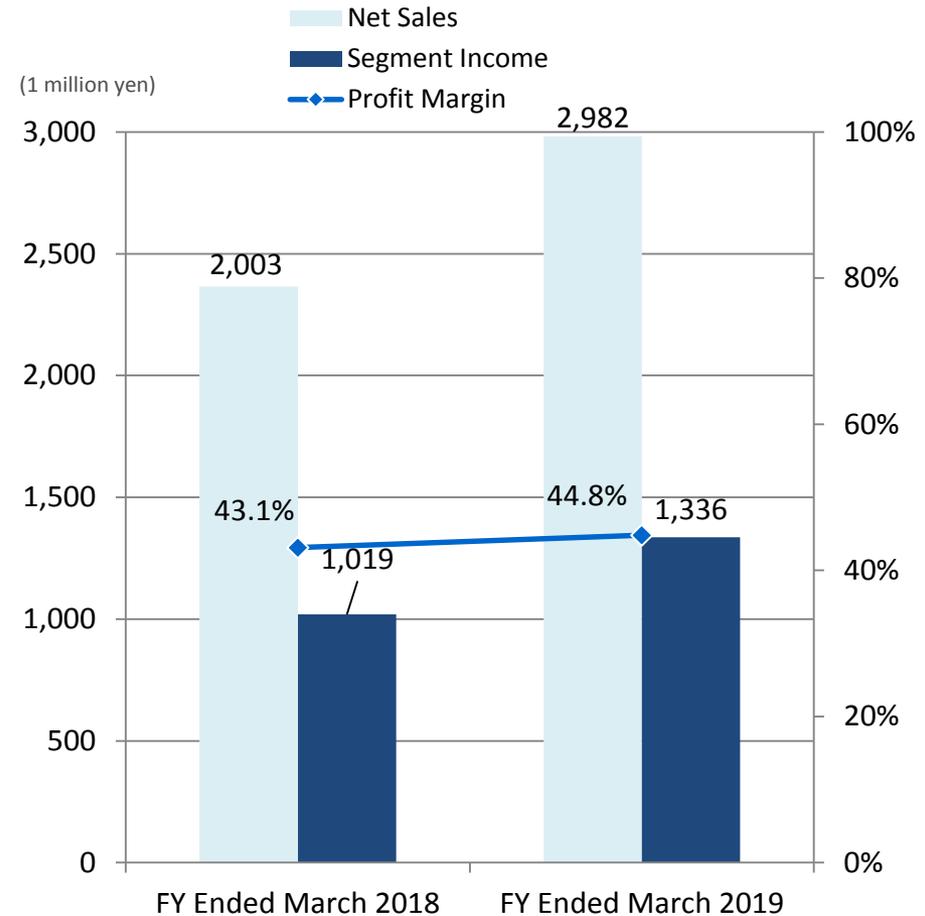
(Note 2) Including Land Purchase and Development projects in RP inventory

Rental Building Business (Rental Buildings / Sub-leases)



(Unit: 1 million yen)	FY Ended March 2018	FY Ended March 2019	Increase/Decrease
Net Sales	2,355	2,983	+26.6%
Segment Income	1,010	1,336	+32.3%
Profit Margin	42.9%	44.8%	+1.9%pt

- Inventory rent income increased as the purchasing of RP properties progressed. Net sales also grew due to rental income from the hotel leasing business.
- We aim to focus on purchasing properties for the medium and long-term RP projects to increase rent revenue.



Real Estate Service Business

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

(Unit: 1 million yen)	FY Ended March 2018	FY Ended March 2019	Increase/Decrease
Net Sales	3,225	3,179	(1.4%)
Segment Income	1,993	1,898	(4.7%)
Profit Margin	61.8%	59.7%	(2.1%pt)

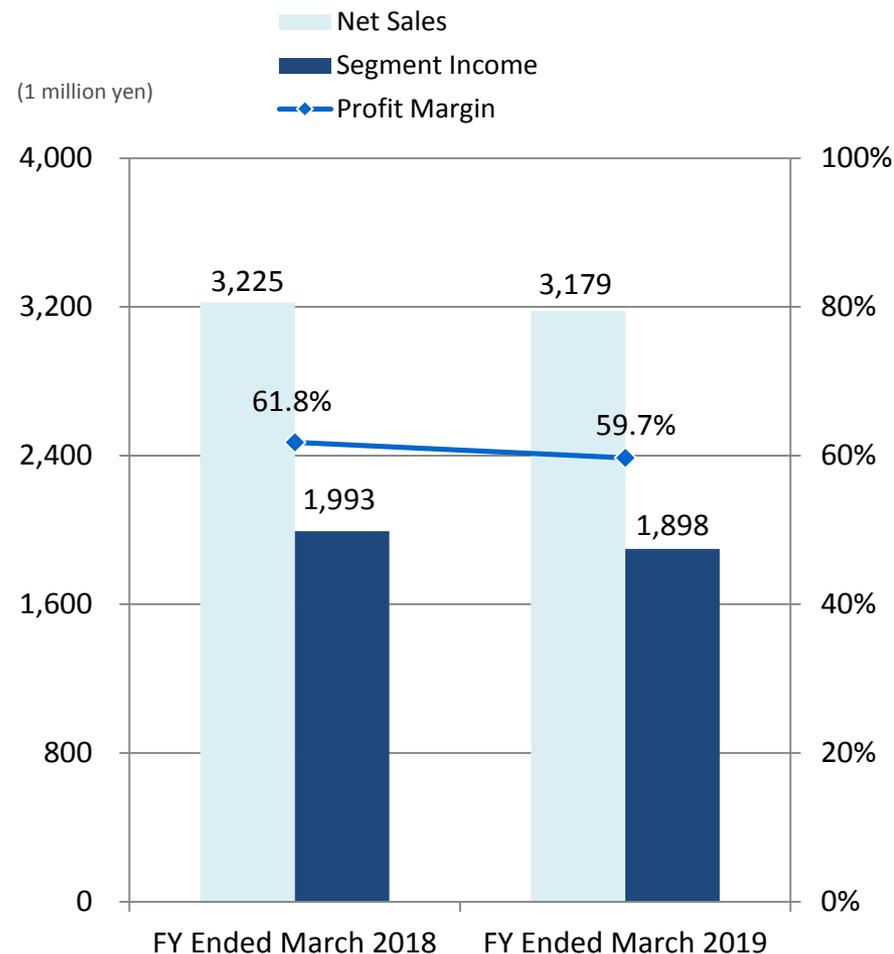
<PM and BM Businesses>

- In PM and BM businesses, we provided customers with added-value services by improving revenues through changes of conditions for appropriate rents in addition to **meticulous responses to tenants' needs and the resolutions for problems of the customers**. As a result, **PM and BM businesses have contributed to expansion of the customer and business bases** of the whole Group.

Number of PM Managing Buildings and Occupancy Rate	Number of Managing Buildings	Occupancy Rate
End of March 2017	362 buildings	96.6%
End of March 2018	372 buildings	95.7%
End of March 2019	373 buildings	97.6%

<Sales Brokerage and Rental Brokerage>

- Although the brokerage business saw a decline in both net sales and profits, it contributed to the earnings of the whole Group in terms of the process of purchasing, commercialization and sales, working as **driving force to create high added values from the customers' viewpoint**.



Operation Business (Hotel management and conference room rental business)



<small>(Unit: 1 million yen)</small>	FY Ended March 2018	FY Ended March 2019	Increase/Decrease
Net Sales	2,898	3,898	+34.5%
Segment Income	326	412	+26.3%
Profit Margin	11.3%	10.6%	(0.7%pt)

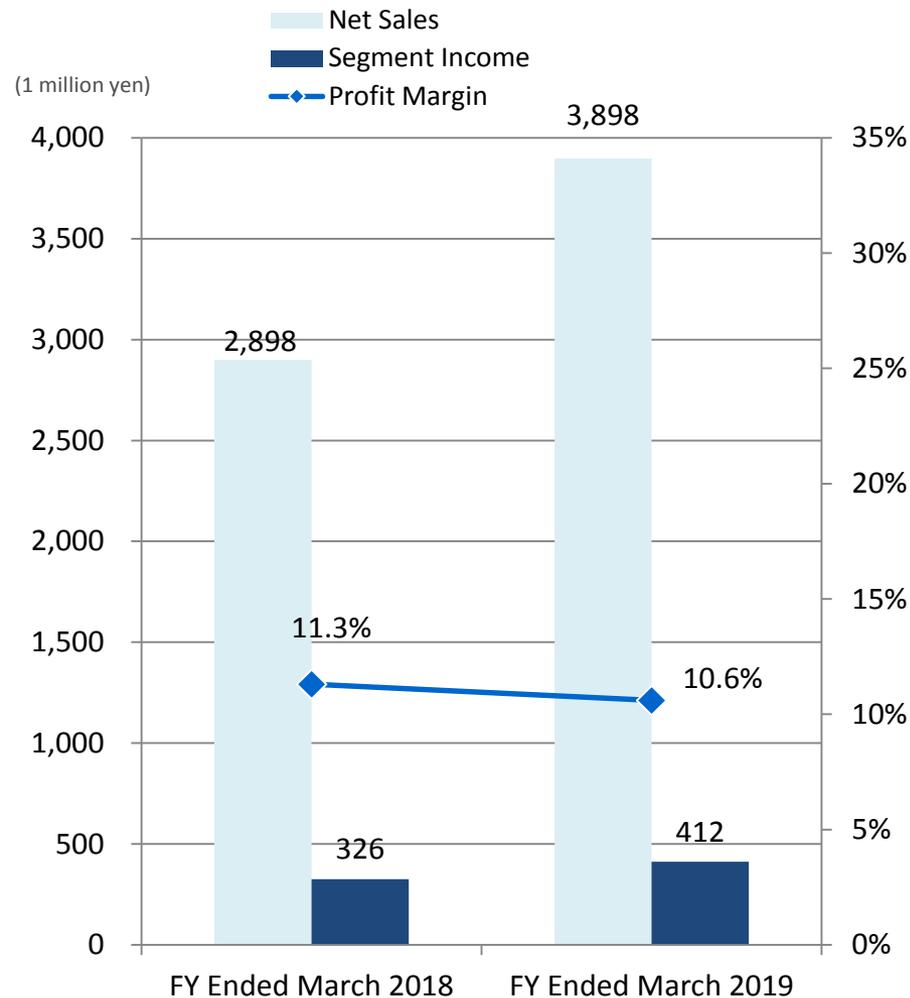
◆ A surge in both Net Sales and Profits

<Hotel Operation Business>

- Existing hotels: “HIYORI Hotel in Maihama”, “Sky Heart Hotel”, and “The Spring Sunny Hotel”. Their unit prices and occupancy rates have been growing steadily.
- “Tabino Hotel Hida Takayama” newly opened in May last year, and “Tabino Hotel Sado” did in July last year. **The grand opening of “HIYORI Hotel Osaka Namba” is scheduled for May this year** (It partly opened in April.)
A total of five new hotels are scheduled to open during the current fiscal year.

<Conference Room Rental (Space Management) Business>

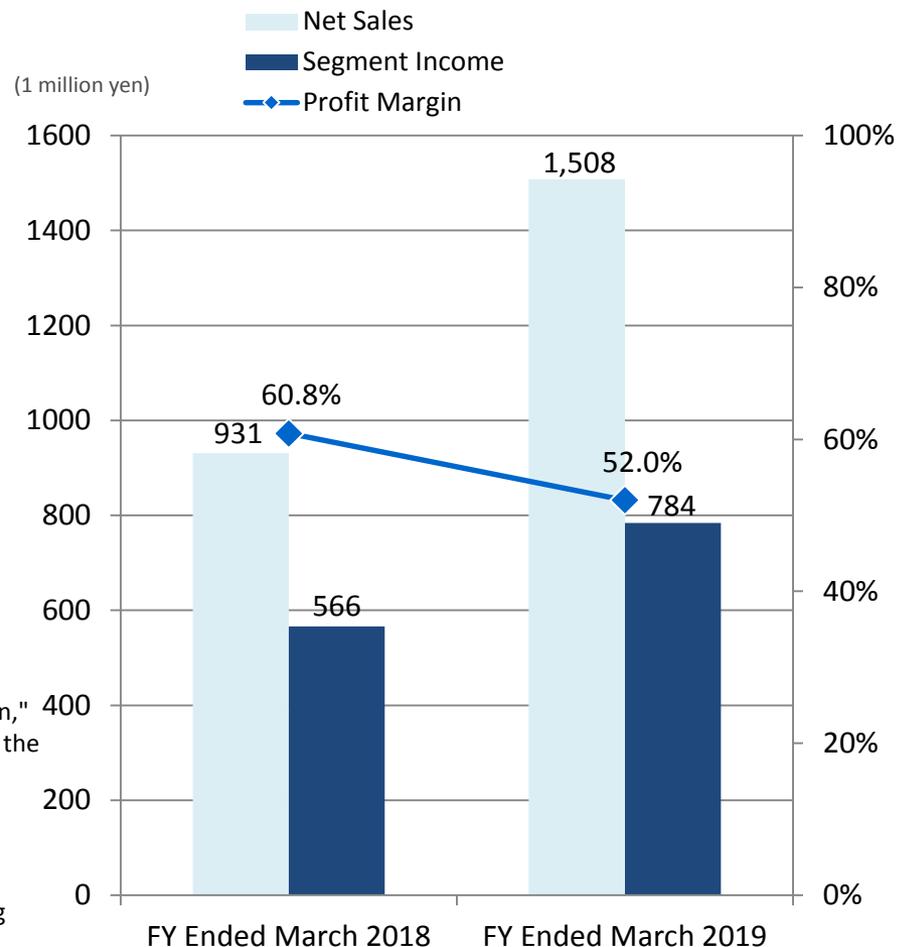
- The business has expanded to 13 hubs in total as of the end of March 2019. As for the existing facilities, their floor space is also increasing. The company was spun-off in April this year. **We aim to expand the business further** to provide an infrastructure which supports corporate activities in central Tokyo.
- Vision Center Shinjuku is scheduled to open in June this year. In addition, we plan to accelerate the opening of new facilities, focusing on the five wards in central Tokyo.



Others (Rent guarantee, Construction, Overseas Business, etc.)



(Unit: 1 million yen)	FY Ended March 2018	FY Ended March 2019	Increase/Decrease
Net Sales	931	1,508	+61.9%
Segment Income	566	784	+38.5%
Profit Margin	60.8%	52.0%	(8.8%pt)



<Rent Guarantee Business>

- The number of new and renewed guarantees handled, remain steady, which has led to higher Net Sales and profits. With the major revision of the debt-related provisions (enforced in 2020), as demand for institutional guarantees is expected to increase, we will enforce seminars and other events for building owners in order to open up new opportunities to create new added values.

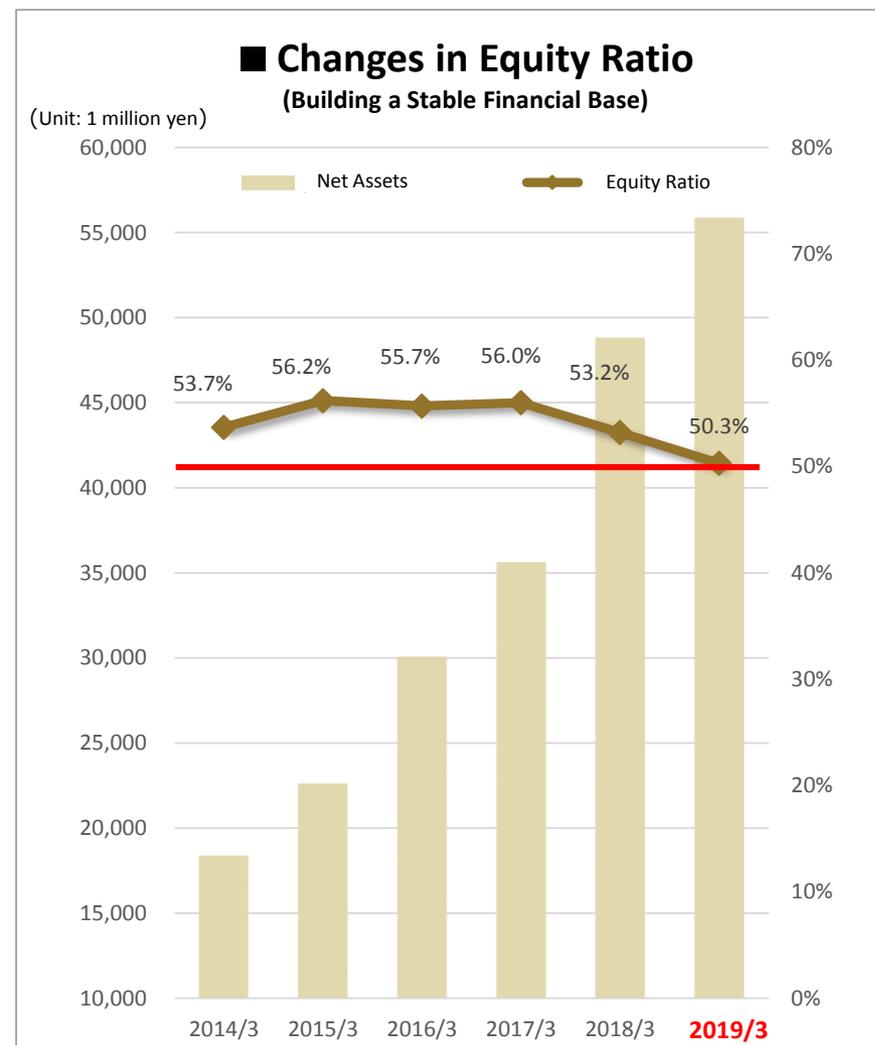
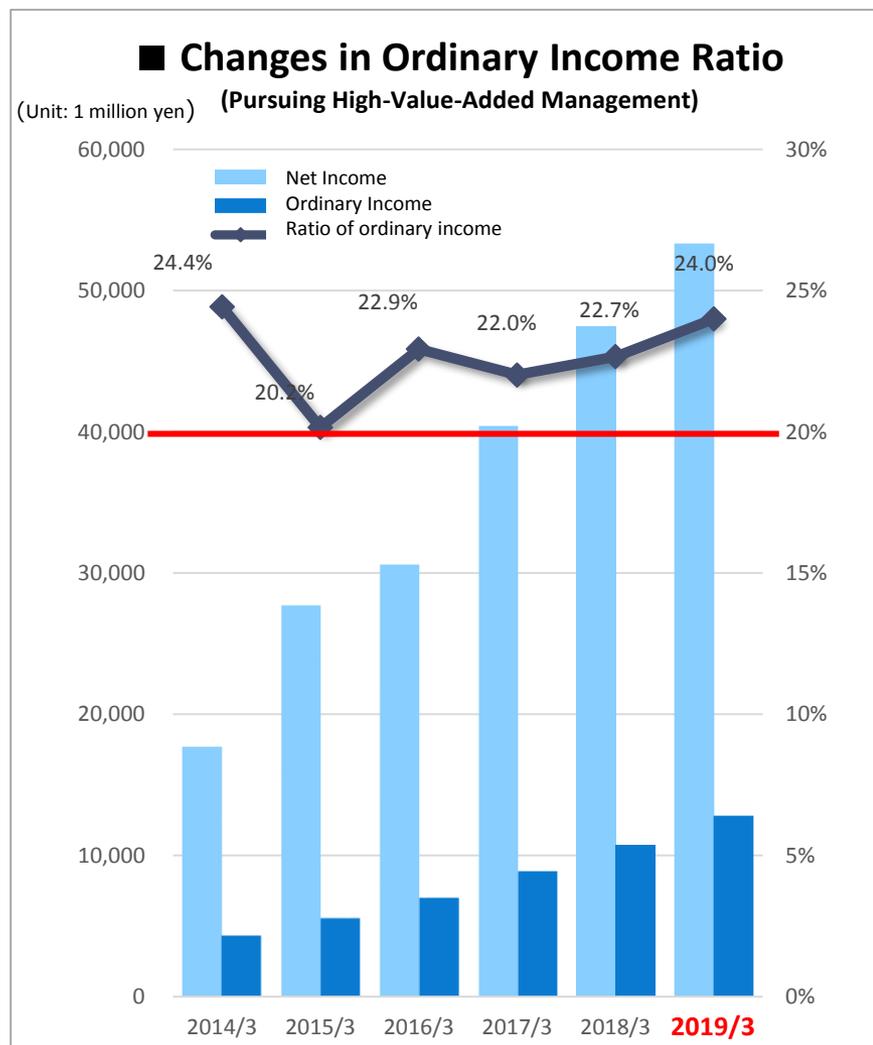
<Construction Business>

- Both Net Sales and profits increased by adding the sales of "Kouwa Corporation," which became a consolidated subsidiary through M&A. The collaboration with the existing construction solution business that undertake office renovations and renewal, etc. will expand our business because of this M&A.

<Overseas Business>

- We will contribute to local economic development by providing high quality housings that utilize the quality of Japanese standards and planning in Da Nang in Vietnam and Jakarta in Indonesia.
- A 28-story condominium in Da Nang (306 houses)
 The framework of "HIYORI Garden Tower" was completed in January this year and it is now under construction for completion in September.

Trends in Key Management Indicators



2) Outlook for Fiscal Year Ending March 2020

Outlook for FY Ending March 2020

	FY ended March 2019	Forecast for FY 2020.3	Rate of Change
Net Sales	53,291	70,000	+31.4%
(1)Real Estate Revitalization Business	45,490	52,340	+15.1%
RP Business (including hotel development)	42,507	48,559	+14.2%
Rental Building Business	2,982	3,781	+26.8%
(2)Real Estate Service Business	3,179	3,550	+11.6%
(3)Operation Business	3,898	6,710	+72.1%
(4)Other Business	1,508	8,479	+462.2%
Adjustment Amount	▲784	▲1,080	—
Gross Profit	19,192	21,450	+11.8%
(1)Real Estate Revitalization Business	16,048	16,657	+3.8%
RP Business (including hotel development)	14,712	15,058	+2.3%
Rental Building Business	1,336	1,599	+19.6%
(2)Real Estate Service Business	1,898	2,233	+17.6%
(3)Operation Business	476	760	+59.8%
(4)Other Business	829	1,798	+116.8%
Adjustment Amount	▲60	—	—
Selling, general and administrative expenses	5,886	6,950	+18.1%
Operating Income	13,305	14,500	+9.1%
Ordinary Income	12,813	14,000	+9.3%
Net Income	8,783	9,500	+8.2%
Cash Dividends per Share (yen)	38.50	39.50	+2.6%

- Our core business is the office building business in central Tokyo.
- We will steadily grow the revitalization business to which the entire company's force are consolidated.
- Furthermore, we will also strengthen our stock business, including rental buildings to secure a stable revenue structure.

- We will expand and improve new business areas such as operation business and other business.
- Net Sales of hotel operation business and conference room rental business are expected to increase 2.3 billion yen from the previous FY.
- Net Sales of overseas and construction solution businesses are expected to increase by about 7 billion yen from the previous year.

- RP gross profit margin is set on the assumption that rents remain flat with the current market environment.
31.9% for the year ended March 2018
34.6% for the year ended March 2019
⇒ 31.0% for the year ending March 2020

- 800 million yen expected from RP Sales commission is included.
(580 million yen in fiscal year Ended March 2019)

- Dividends are expected to increase by 1.0 yen to 39.5 yen.

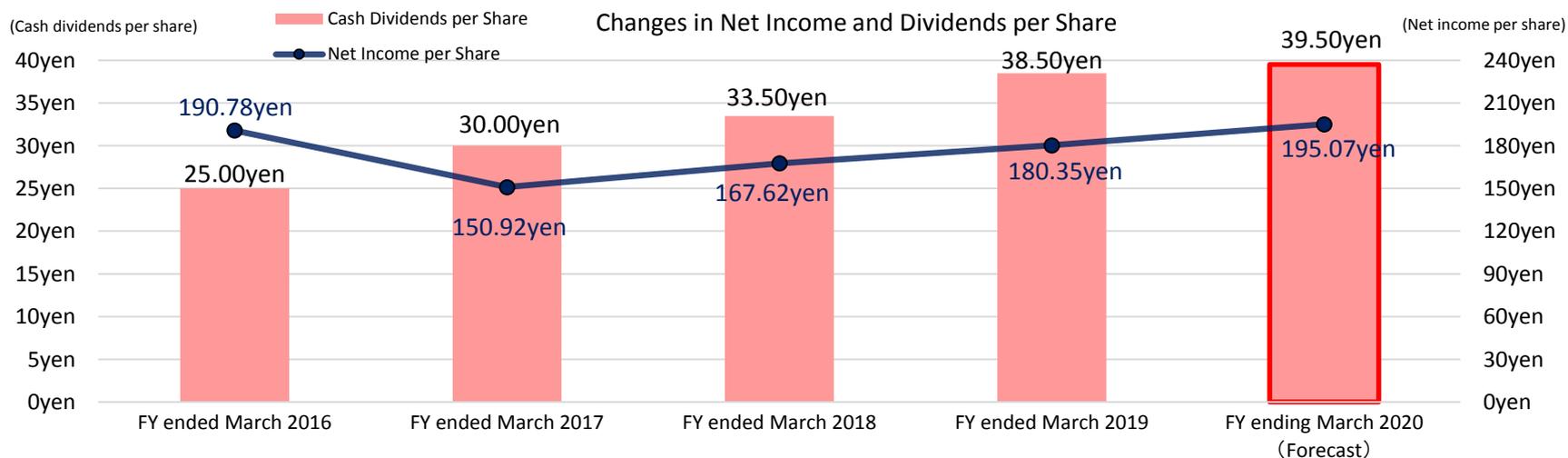
Basic Policy on Profit Sharing

Our Group's basic policy is to: (1) strive providing long-term and stable profit returns to shareholders, (2) secure investment funds to proactively challenge the hotel business and overseas business for future growth, and at the same time (3) contribute to shareholders' interests comprehensively by taking into account the stability of financial resources.

The year ended March 2019: dividends per share are to be 38.50 yen (a common dividend of 36.50 yen and a commemorative dividend of 2.0 yen)

The year ending March 2020: dividends per share is expected to be 39.50 yen, which is increased for 8 consecutive fiscal years.

	FY ended March 2016	Year ended March 2017	Year ended March 2018	Year ended March 2019	Year ending March 2020 (Forecast)
Net Income per Share	190.78 yen	150.92 yen	167.62 yen	180.35 yen	195.07 yen
Cash Dividends per Share	25.00 yen	30.00 yen	33.50 yen	38.50 yen (Schedule) (Commemorative dividends of 2 yen included)	39.50 yen
Dividend Payout Ratio	13.1%	19.9%	20.0%	21.3%	20.2%
Reference dividend payout ratio (After the effective tax rate)	19.3%	20.9%	-	-	-



2) Business Environment

Business Environment

1. While the global economy is slowing, the risk of a rapid decline has eased and growth will continue to slow down for the time being.

◆The IMF lowered **3 times in a row** its forecast to 3.3% for world economic growth in 2019 **by total -0.6 points, showing a decelerating trend.**

◆Attention should be paid to risks of **a global economic downturn**, such as **the intensifying trade friction between the United States and China** and **the slowing of economic growth in China and Europe.**

◆Attention should also be paid to **political turmoil** stemming from the rise of global populism and Brexit from EU.

2. Although the Japanese economy continues to grow at a moderate pace, the outlook remains uncertain due to the impact of the global economy.

◆While the Japanese economy continues to expand for the longest time after the end of World War II, its environment maintains a sense of caution due to the **slowing growth of the world economy.**

◆The number of foreign visitors to Japan in 2019 keeps on renewing its record high, and the number of repeat visitors also has been increasing remarkably.

◆Attention should be paid to **the effects of the consumption tax hike to 10% from 8%** scheduled in October and **fluctuations in financial and capital markets.**

3. The market for office buildings in central Tokyo continues to be brisk on the back of solid demand from brisk corporate earnings.

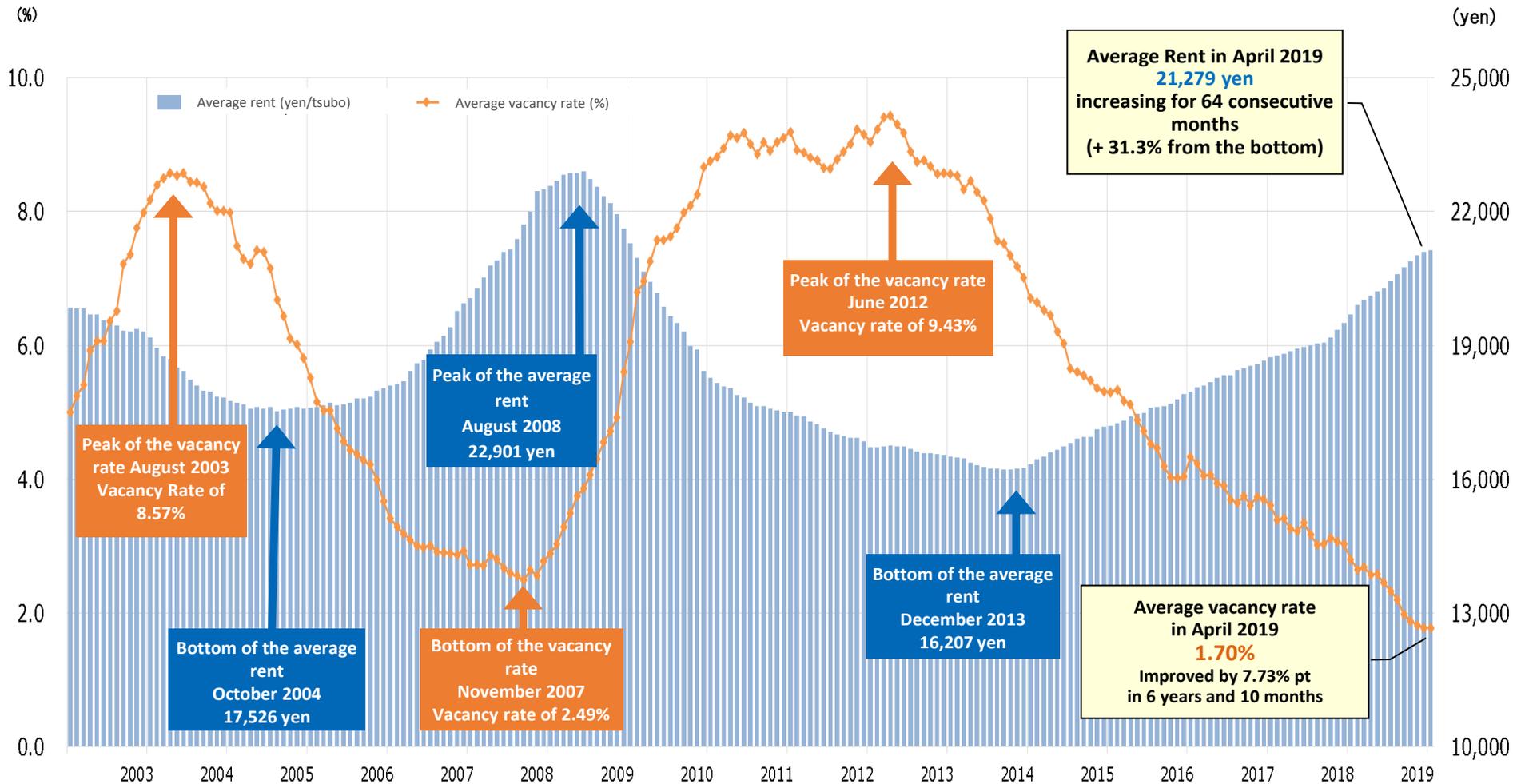
◆**Rent hikes are expected to continue for some time as demand for office space remains firm due to steady economic growth and the expansion of shared offices.**

◆**The vacancy rate is in the lowest level for the first time in 28 years since 1991.** There is a sense of bottoming out, but demands for office spaces continue.

◆Financial institutions' **lending attitudes toward real estate have become somewhat cautious**, and trading transactions have been declining, thus attention should be paid to the future trend.

Trends in Office Rents and Vacancy Rates

The five wards in the central Tokyo



*Source: Prepared by Our Company based on Miki Shoji's "Office Reports". Office buildings with a standard floor space of 100 tsubo or more in 5 wards of central Tokyo are surveyed.

3) Initiatives in FY Ended March 2019 and Future Growth Strategies

Our Belief

~ Not for profit, but for trust~

Business is a competition of usefulness.

How many people can we be of service to?

Outline of Medium-Term Management Plan for FY Ending March 2023



Basic Policy: Development of Business Focusing on Urban Areas and Growth Markets

<Three Policies>

1. To deepen and expand “office building business in central Tokyo” which has strong influences
2. To focus on growth markets of “hotels and Asia”
3. To actively utilize M&A to accelerate a growth of our company



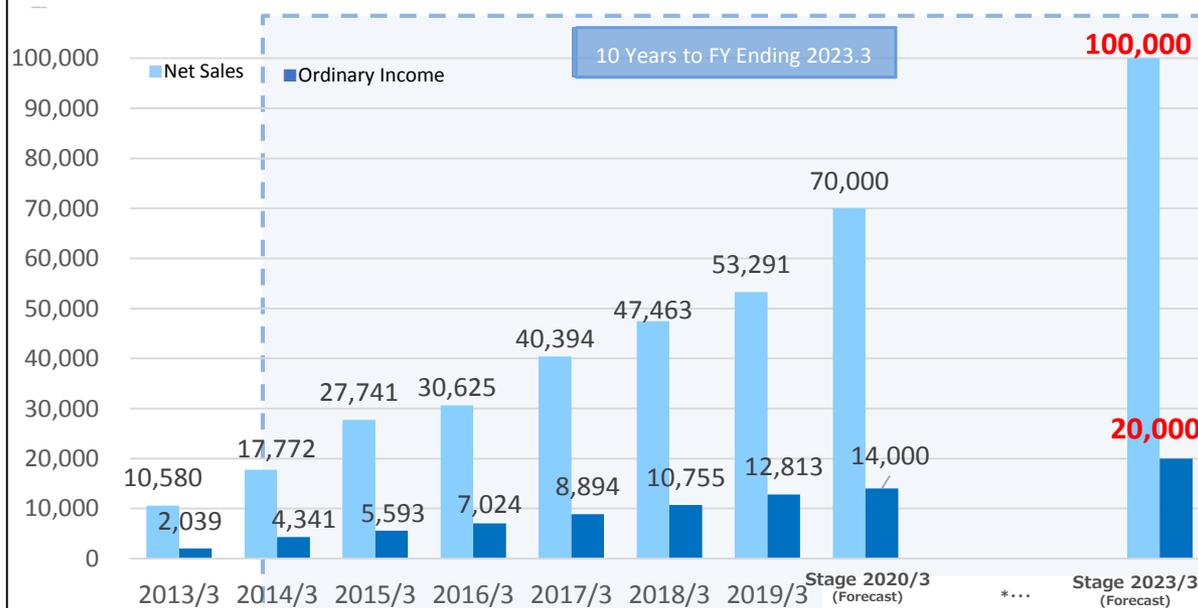
To achieve stable growth over the medium to long term, we will strengthen creation and management of real estate value and build our firm revenue structure based on “both Flow and Stock business”

<Quantitative Target>

Fiscal Year ending March 2023

Net Sales	100 billion yen
Ordinary Income	20 billion yen
Net Income	14 billion yen
Capital Adequacy Ratio	50% or more
Ratio of Ordinary Income	20% or more

Changes over the Most Recent 7 Years and Targets for FY 2023

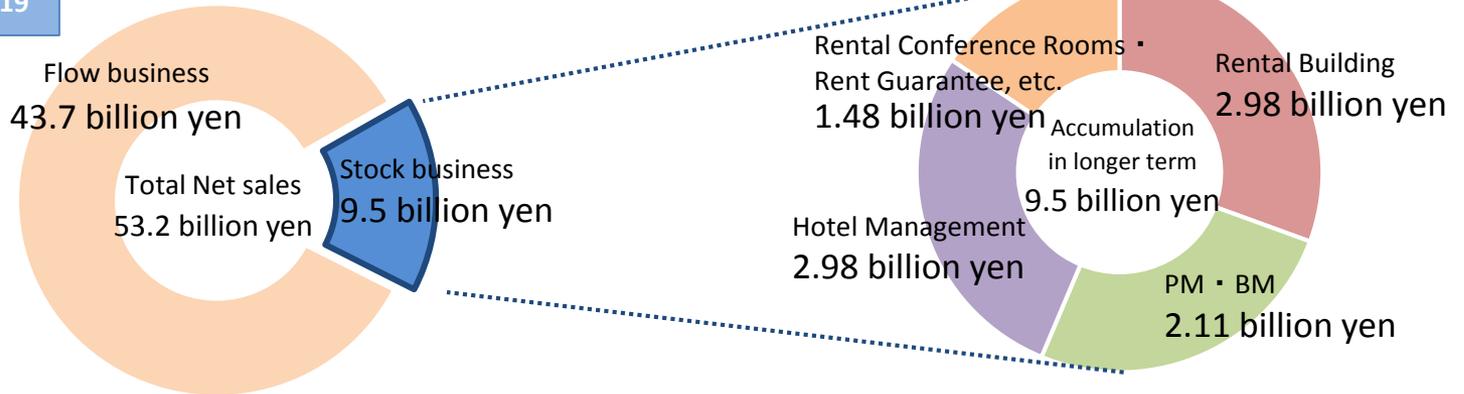


Toward the profit structure

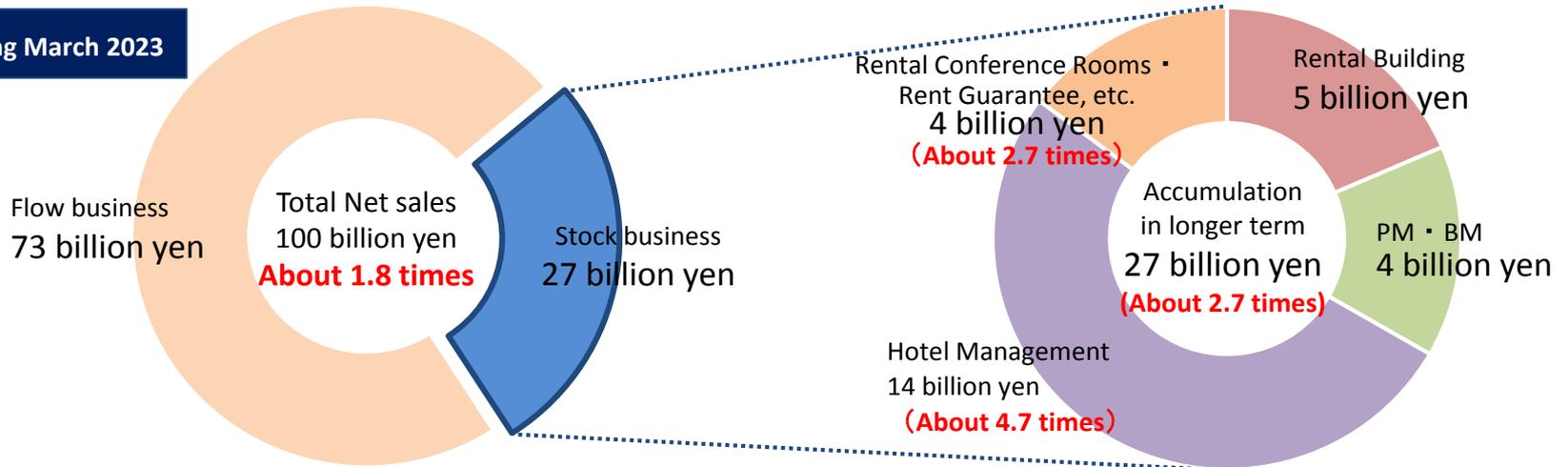
Based on both "Flow business" and "Stock business"

Image of Net Sales's growth in 4 years from now

FY ended March 2019



FY ending March 2023



Growth Strategies of 'Four Arrows'



Expansion of Core Business

- To deepen and expand office building business -

1) Expansion of Core Business

Deepen and Expand the Office Building Business



Office building business Net sales target for the year ending March 2023: 80 billion yen

<Replanning Business>

We aim to deepen and expand our building revitalization business by specializing in small and medium-sized office buildings in central Tokyo and also take on the challenge of new construction work.

<Real Estate Service Business (Rental Brokerage, Property Management, etc.)>

Being kind and polite, contributing to building owners with specialized services unparalleled by our competitors. By repeatedly delivering solutions to their small concerns, we deepen our bonds with them to become a trusted real estate partner with whom clients feel free to consult on any topics.

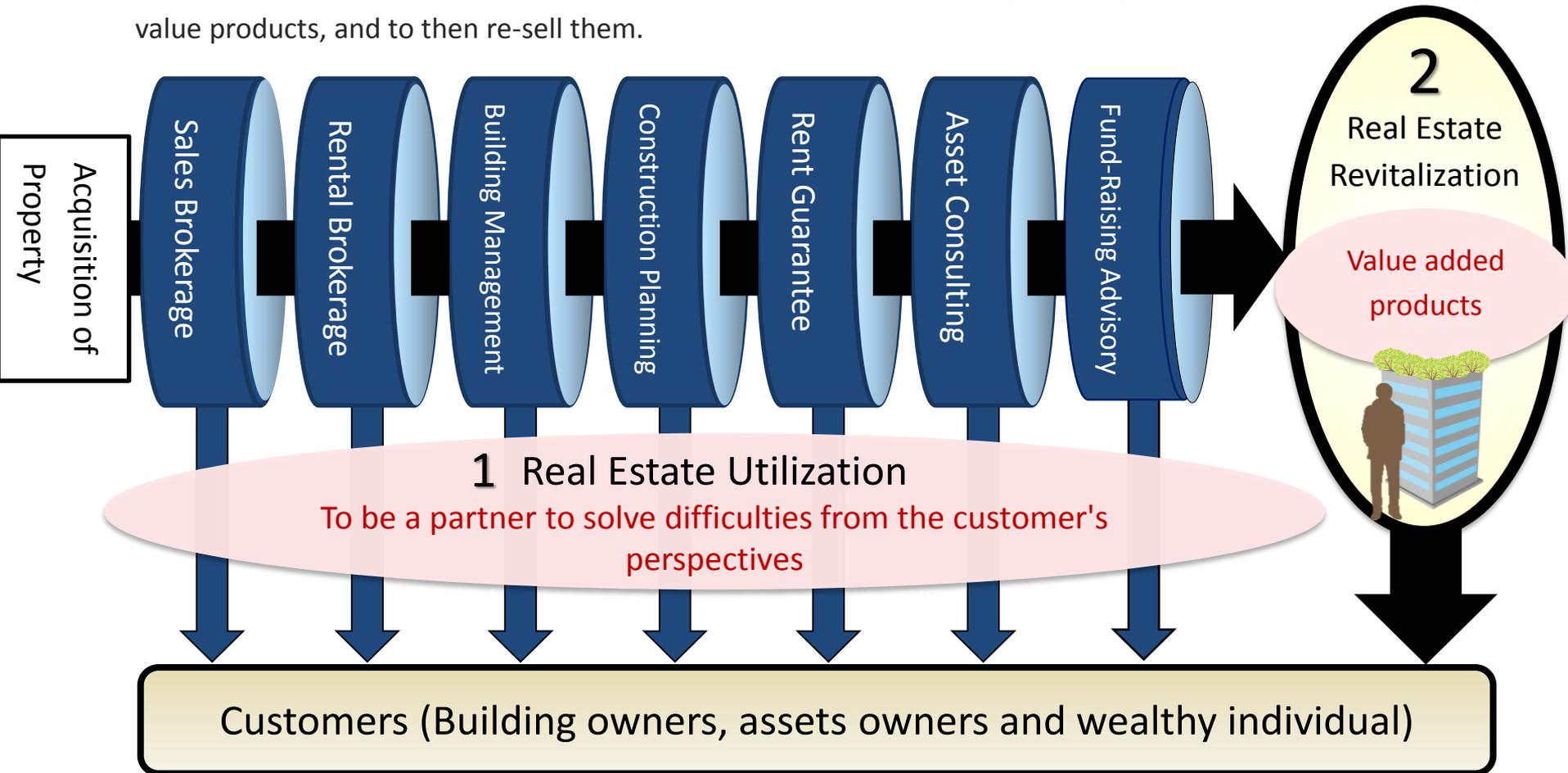
Our strength lies in a customer base of office building owners in central Tokyo.

<Rental Conference Room and Coworking Space business>

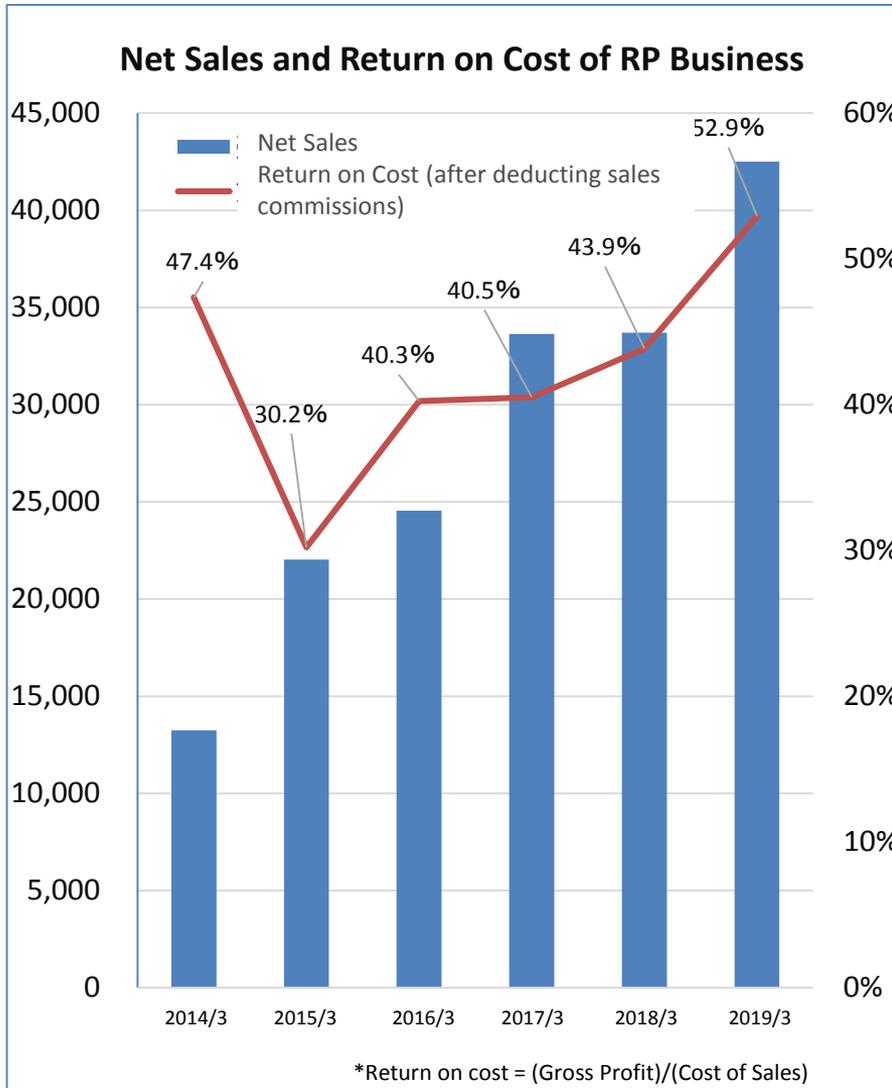
Leveraging our experience to add value of office buildings we are rapidly expanding the sharing business such as conference room rental business that make use of vacant space and idle time.

Structure of Office Building 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, we put together our know-how and customer needs learned from the process above. We apply this knowledge to transform existing buildings that we purchased into higher value products, and to then re-sell them.



Our Replanning Business Drives Performance

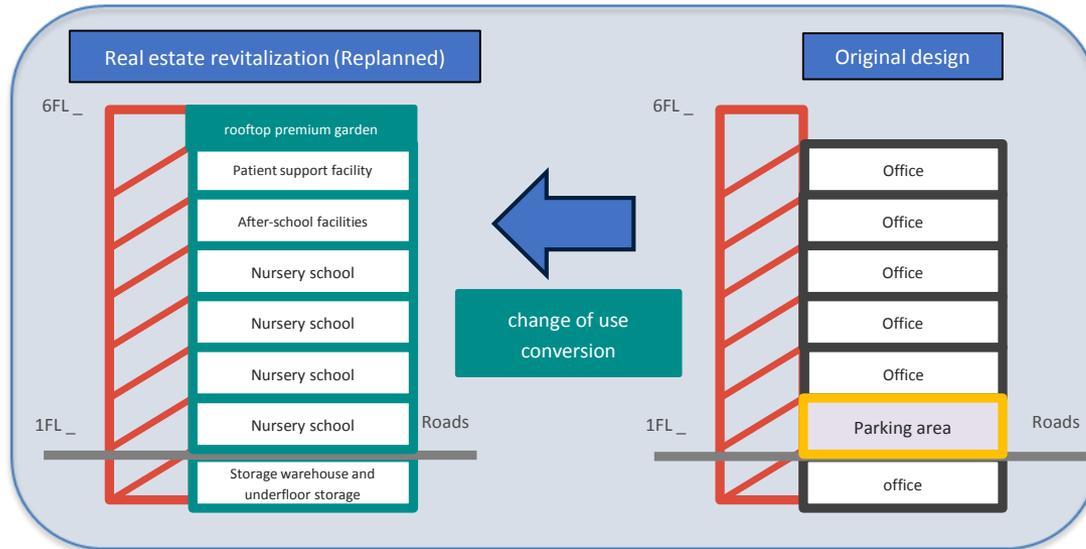


Four Sources of High Added Value

1. **“Creativity”** to plan from the customer's point of view, realize their ideals and true needs and differentiate our services with quality and high design from others.
2. **“Humanity of PM managers”** who can cooperate with existing tenants, have good causes and present the tenants business visions which they can agree with in order to increase the value of real estate.
3. **“Ability of tenant mediation”** to specialize in the central Tokyo and close to the area in order to provide familiar and professional services which result in steady and quick improvement of profitability of the buildings.
4. **“Speedy revitalization”** realized by the teamwork of our staff members beyond departments who share common values and work together.

Real Estate Revitalization for All Stages of Life

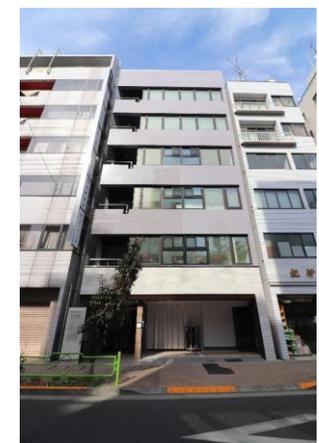
We are currently leasing one of our buildings as a whole to a nursery school management company. The **nursery school** occupies B1 to the 4th floor, and a **children's facility** for elementary school students is located on the 5th floor. On the 6th floor there is a **cancer patient support facility**. The businesses are collaborating to support **all stages of life**. We have regenerated the building that are needed by local communities.



*Playroom



*Stair



*Appearance



Before



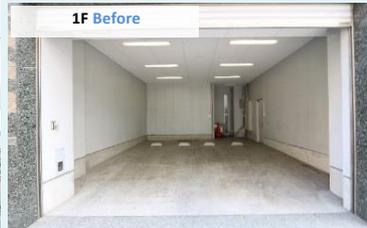
After



“Creativity” to Differentiate Properties with High Quality and Design

A dynamic office space with 4-metre-high ceilings in classy buildings furnished with granite. Purpose built offices that serve as a base for software and IT venture companies to expand their businesses.

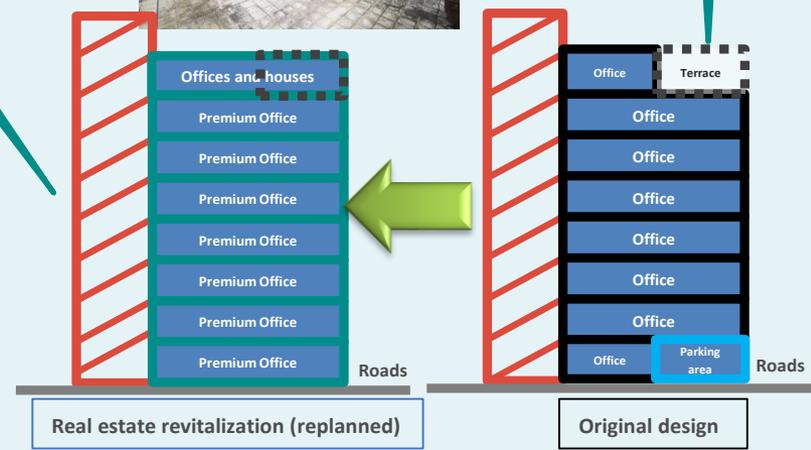
Appearance



Conversion of the parking area on 1F into an office



Expansion of houses and offices from the terrace(8F)



Expanding Our Network Focused on Local Communities in Central Tokyo

1. **Specialized in small and medium-sized office buildings in central Tokyo**

We have **11 hubs**, mainly in central Tokyo. Because we have close ties with the local community, and can better utilise local knowledge, careful tenant placement is our strength.

2. **Courtesy extended to our clients** have come to trust and we have become “the partner for their real estate”.

We are their trustworthy point of contact to consult and solve any of their problems.

3. **We have understood tenant needs and significantly contributed to full occupancy of the properties of revitalization business.**

4. **Windows to purchase properties for revitalization business.**

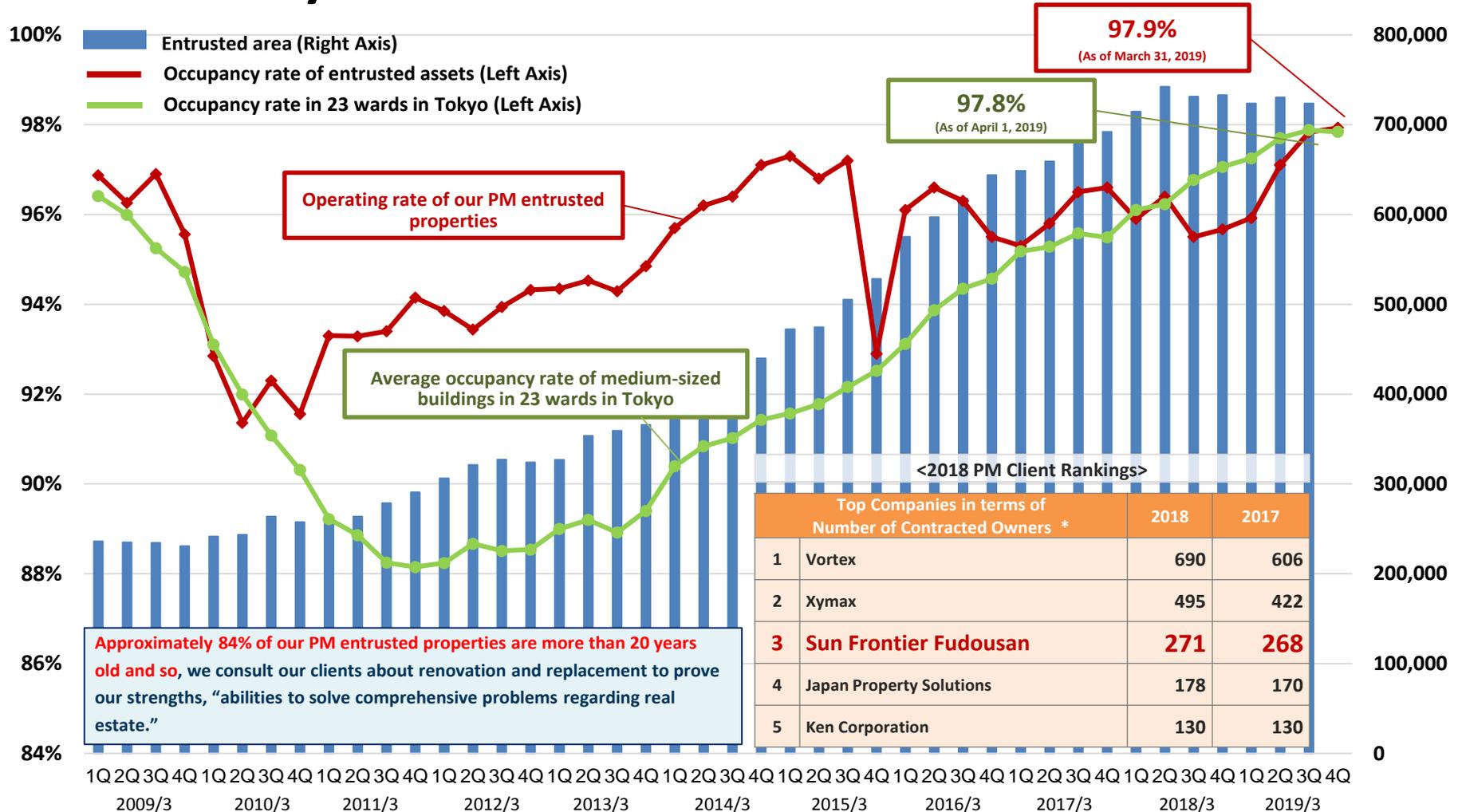
We have often purchased buildings directly from our customers through the consultation on their problems of inheritance and aging buildings.



Appearance of Kodenmacho branch

Hamamatsucho branch (to open)

Area and Occupancy Rates of Buildings entrusted by PM

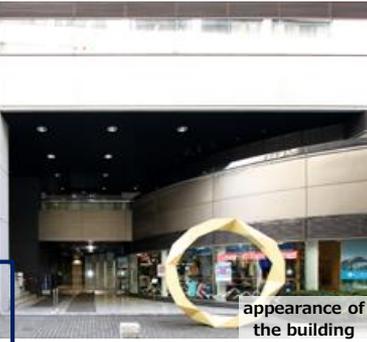
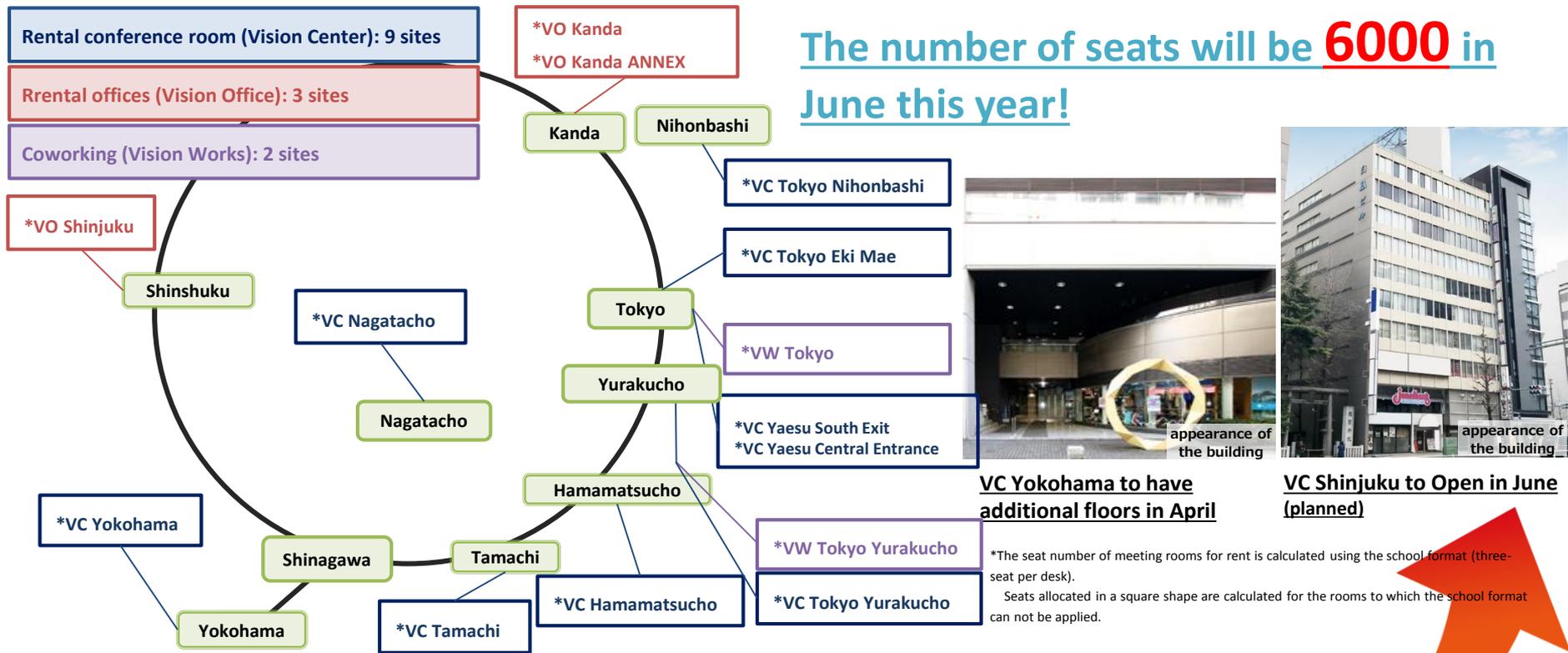


*Source: Our research based on "Monthly Office Market Research Report" by Sanko Estate Co., Ltd., for average occupancy rate of medium-sized buildings in Tokyo 23 wards in Tokyo.
 *Operating rate: (Total operating area)/(Total lent available area). Operating rates and contracted areas include those of our RP properties.
 *Source: "PM Client Ranking is based on the November 2018 issue, "Monthly Property Management".

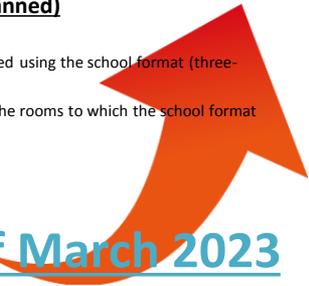
Expanding the Sharing Business to Utilize Space

Our purpose is “to contribute to the Japanese economy as infrastructure, supporting corporate activities in central Tokyo” and to pursue the purpose we have spun off conference room rental business for further business expansion.

Established Sun Frontier Space Management Co., Ltd.



*The seat number of meeting rooms for rent is calculated using the school format (three-seat per desk).
Seats allocated in a square shape are calculated for the rooms to which the school format can not be applied.



The Hotel Business

Proactive Expansion into Growth Markets

2) The Hotel Business

Proactive Expansion into Growth Markets



We are aiming to have 5,000 rooms in operation by FY ending March 2023.

Taking advantage of the increasing volume of visitors to Japan, we are expanding into urban and regional tourism areas.

<Theme> Warm-Hearted Hotels

1. Hotels that grow by their employees
2. Hotels that grow by listening to their customers
3. Hotels that grow and fit in with the community



Self-reliance, Cooperation with others and

Corporate Social Responsibility

We will continue to grow every day with these three important factors

Hotels provide a high quality, comfortable and personal service by warm-hearted employees who work from the guests' viewpoint.

<Two Strategies to Increase the Number of Operating Rooms>

1) Our flagship hotel brand "HIYORI HOTELS & RESORTS" is developed from a vacant lot.

We are aiming to become a well-known brand among upper brands.

2) Utilizing revitalization, M&A, and brand change, we will increase the number of guest rooms in a flexible way to respond to diverse needs and markets.

2nd Hotel of "HIYORI Hotel" brand is ready to open

The warm-hearted hotel, nearest to Kansai Airport.

'HIYORI HOTEL OSAKA NAMBA' TO OPEN.



A new hotel is going to open in front of the station, 38 minutes away by the Nankai Rapid Express from Kansai International Airport and 2 minutes away on foot from Namba Station's ticket gate.

The grand opening of a total of 224 rooms is scheduled in May when the SAKURA building is due to be completed. The hotel will be fully equipped with an Italian restaurant run by a famous chef and a cafe serving freshly baked bread. The guest rooms are spacious and luxurious by design to provide guests with the most comfortable experiences.

Following our theme, "A warm-hearted hotel", the entire staff will welcome guests with heartwarming hospitality that will make guests think "I want to see that member of staff again." and "I want to stay again."

SAKURA Building
Grand Open in May



MOMIJI Building
Pre-Open in April



Our international staff welcomes you with a spirit of hospitality.



All rooms feature tatami flooring (Family Twin).

The image of a café to serve freshly baked bread

Large-scale hotels to open one after another in FY Ended March 2020



To open in October 2019

Appearance

Courtyard by Marriott Osaka Honmachi

International brand hotel in central Osaka
[Outline of property]

- *Location: Chuo-ku, Osaka City, Osaka Prefecture
- *Structure: Steel structure, partially reinforced concrete structure
- 17-story building with one basement
- *Number of guest rooms: 193 rooms
- *Site area: 754.75 m² (228.31 tsubo)
- *Total floor space: 8,194.32 m² (2,478.78 tsubo)

A restaurant by a famous chef, a fitness gym, a large public bath and an open-air bath are available.



To open in February 2020

Appearance

Sky Heart Hotel Premier Kurashiki Mizushima

- *Location: Kurashiki City, Okayama Prefecture
- *Number of guest rooms: 155 rooms



To open in December 2019

Appearance

HIYORI Hotel Ginza Higashi

Our Company's first hotel development project in the Ginza area
[Outline of property]

- *Location: Chuo-ku, Tokyo
- *Structure: 11 stories reinforced concrete structure
- *Number of guest rooms: 135 rooms
- *Site area: 551.38 m² (166.79 tsubo)
- *Total floor space: 3,725.0 m² (1,126.81 tsubo)

An open-air bath and a large public bath overlooking Ginza and Sky Tree are located on the top floor.



To open in March 2020

Appearance

Sky Heart Hotel Premier Kashima

- *Location: Kamisu City, Ibaraki Prefecture
- *Number of guest rooms: 194 rooms

(Note) The schedule and scale are based on current plans and may be changed in the future.

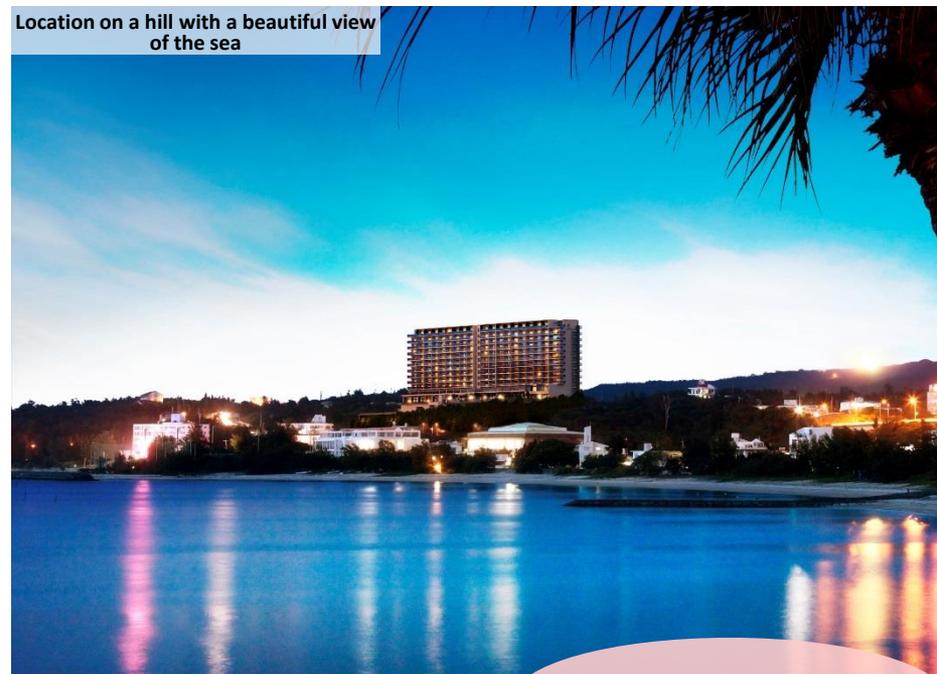
“HIYORI Ocean Resort Okinawa” Project in progress

Hotel Appearance



To open in September 2020
Condominium Hotel with 204 rooms

Location on a hill with a beautiful view of the sea



All rooms are suites with a terrace with an ocean view

Model guest room



A Basin extending from the lobby to the sea



HIYORI
OCEAN RESORT
OKINAWA

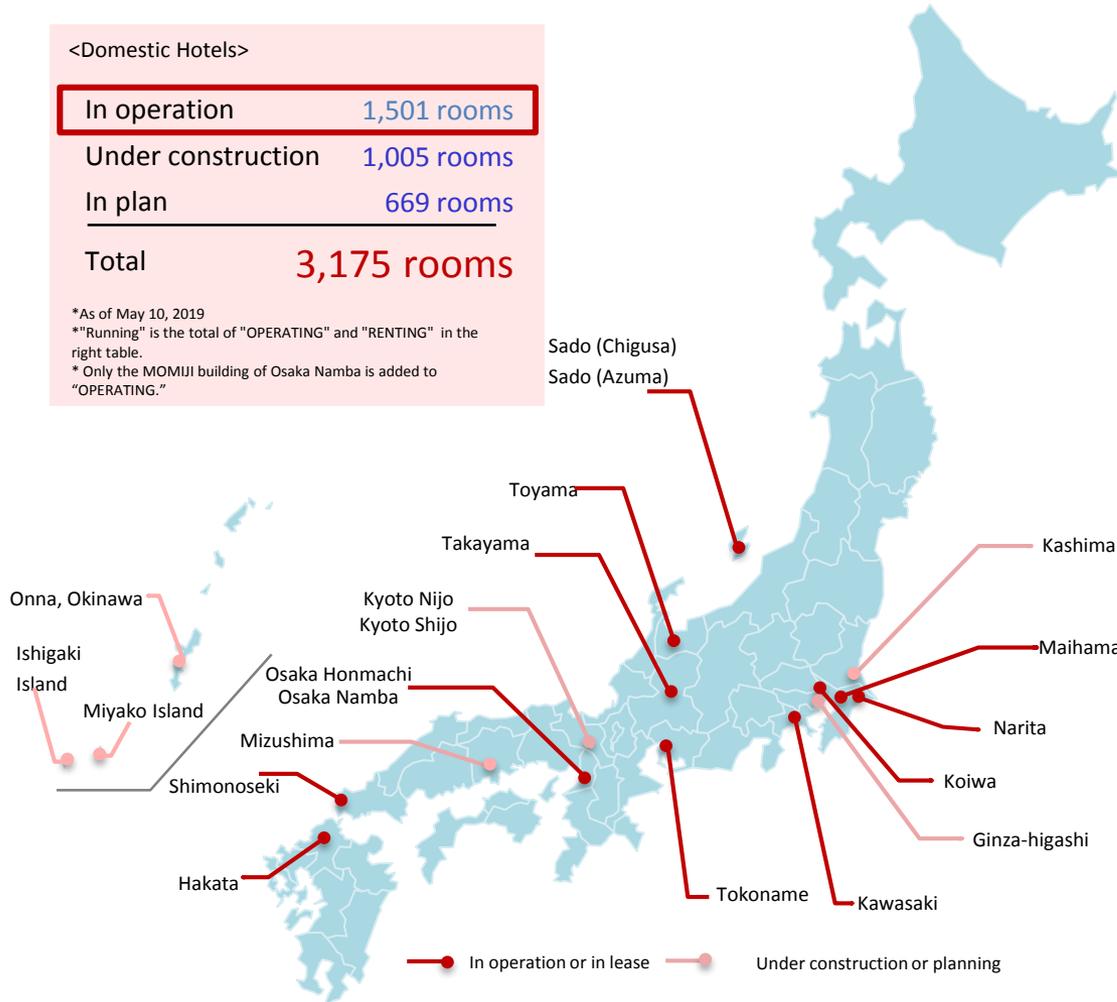
List of hotels under operation and development

Ongoing Development to equip 5,000 guest rooms in FY Ending March 2023

<Domestic Hotels>

In operation	1,501 rooms
Under construction	1,005 rooms
In plan	669 rooms
Total	3,175 rooms

*As of May 10, 2019
 **"Running" is the total of "OPERATING" and "RENTING" in the right table.
 * Only the MOMIJI building of Osaka Namba is added to "OPERATING."



*The schedule and scale are based on the current plans and may be changed in the future.

Status	Open (Plan)	Brand	Hotel Name Location	No. of Rooms
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
In operation	—	Original	Sado (Azuma)	57
In operation	May 2018	Original	Hida-Takayama	80
In operation	—	Original	Shimonoseki	105
In operation	July 2018	Original	Sado (Chigusa)	111
Under Construction	May 2019	Original	Namba, Osaka	224
Under Construction	Oct.. 2019	Original	Honmachi, Osaka	193
Under Construction	Dec.. 2019	Original	Ginza-higashi	135
Under Construction	Feb. 2020	Original	Mizushima	155
Under Construction	Mar. 2020	Original	Kashima	194
Under Construction	Sep. 2020	Original	Onna, Okinawa	204
In plan	Dec. 2020	Original	Kyoto Nijo	205
In plan	Apr. 2021	Original	Miyako Island	120
In plan	Apr. 2022	Original	Kyoto Shijo	134
In plan	Dec. 2022	Original	Ishigaki Island	210

To open in this FY

*Only the MOMIJI building (100 rooms) is pre-opening. With the completion of SAKURA Building (124 rooms) at the end of May, the hotel will officially open.

3) Overseas Business

PJ in progress in Da Nang, Vietnam



<Philosophy:

"To provide a happy residential environment to people in Asia with our good neighbors">

Providing high-quality housing with sophisticated quality and planning in accordance with the Japanese standards, we will contribute to economic development by meeting the growing demand for housing in the region.



No.2 High-rise condominium 'HIYORI Garden Tower'

To be completed
in September 2019



Planned Appearance
on completion

Night view of Da Nang



Model Room (living room)



Completed in January after 623 days
construction without accidents

There are seven direct flights a week from Narita Airport to Da Nang and also seven direct flights a week from Kansai International Airport

There are 24 direct flights a week from China.
There are 247 direct flights a week from Korea.

This is the area where many companies are willing to expand business and a resort which attracts many visitors from Asia.

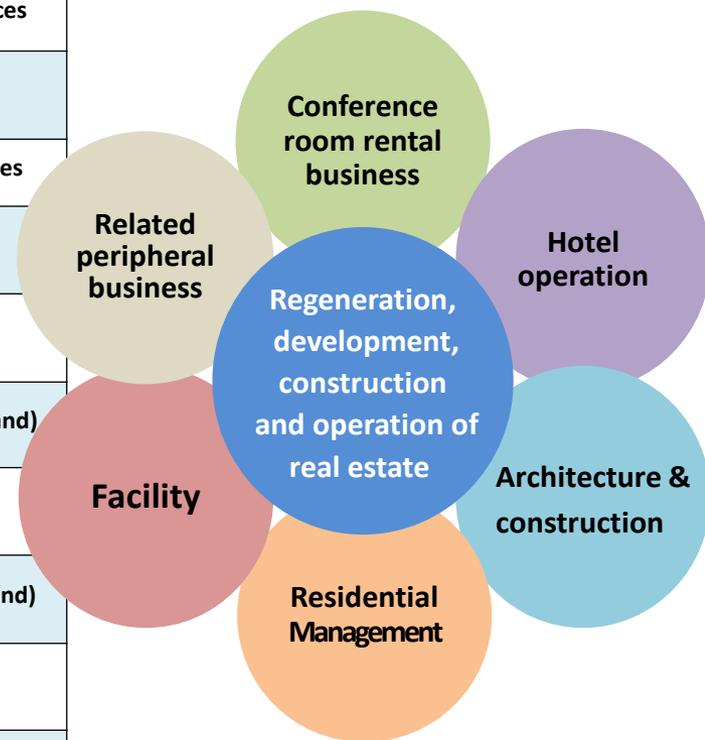
4) M&A

To Expand Existing Businesses and Improve Peripheral Services

Accelerate the growth of peripheral businesses by expanding optimal services in line with changes in the environment through the introduction of human resources, technologies and platforms in our Group.

<M&A and Business Acquisition Results>

	Year	Company name and business name	Overview of Business
1	2010	Sonomamma (just as it is) Office !	Specialized sites for furnished offices
2	2012	Yubi (Current SF Building Maintenance)	Building maintenance
3	2016	Vision Center and Vision Office	Rental conference rooms and offices
4		Hotel AU Tokoname (Currently Spring Sunny Hotel Nagoya Tokoname)	Hotel
5		Sky Court Hotel (Currently SKY HEART Hotel)	Hotel
6	2018	Hotel Azuma	Long-established ryokan (Sado Island)
7		VIP Nangoku (Currently SKY HEART Hotel Shimonoseki)	Hotel
8		Okesa Kanko Taxi	Taxi and sightseeing bus (Sado Island)
9	2019	Kouwa Corporation	Interior finishing work for offices
10		Sado Biyori	Information site on Sado Island



=> Raise employees' spirit, motivate them, and revitalize the business by sharing and disseminating the Philosophy

Regional Revitalization Business

Project in progress on Sado Island

< We Will Energize Sado Island through Tourism! >

When rural areas are energized, so Japan as a whole will be. As the number of foreign visitors to Japan rapidly increases, spurred by a fascination (culture, history, nature, meals, hot springs, hospitality, etc.) that Japan is proud of, we will take on the challenge of regional revitalization projects that focus on the attractiveness and features unique to regions, in particular the regions that possess the "Wonderfulness of Japan". **The first will be Sado**, where we are familiar with.

Sun Frontier Sado

Hotel Business

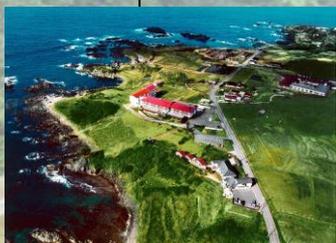
Transportation
Infrastructure Project

Highlight Finding
Project

Tourism and Travel
Business

Web Advertising
Business

Hotel Azuma



Okesa Kanko Taxi



Kanko
Oyasuminokoro



Travel Agency

Sado Biyori

Rental Car Business



TABINO Hotel
Sado



5) Company Information and Reference Materials

Corporate Data

Company Name	Sun Frontier Fudousan Co., Ltd.
Head office address	Toho Hibiya Building, 1-2-2 Yurakucho, Chiyoda-ku Tokyo
Established	April 8, 1999
Stock listing	November 19, 2004 (Jasdaq Stock Exchange) February 26, 2007 (First Section of Tokyo Stock Exchange)
Capital Stock ※	11,965 million yen
Representative	Tomoaki Horiguchi, President
Number of Consolidated Employees ※	522 full-time employees (850 including part-timers and temporary workers)
Average Age of Employees※	33.6 years old (※ As of March 31, 2019)
Business Profile:	<p>Real estate revitalization</p> <p>Real estate Services (Real estate management, brokerage, construction planning, non-payment guarantee, operation of rental buildings, asset consulting)</p> <p>Hotel development and management</p>
Accounting Month	March
Listed Market	Tokyo Stock Exchange, First Section (Code number: 8934)



Corporate History

1999	Foundation of Sun Frontier Co., Ltd. (20th years anniversary in April 2019)
2000	Company name changed to Sun Frontier Fudousan Co., Ltd.
2001	Replanning ※ Business (real estate revitalization) started
2004	Shares registered over the counter with the Japan Securities Dealers Association (Currently JASDAQ) (5 years and 7 months after the company was founded)
2007	Listed on the First Section of the Tokyo Stock Exchange (2 years and 3 months after JASDAQ listing)
2012	Yubi Co., Ltd. (Currently SF Building Maintenance Co., Ltd.) became a consolidated subsidiary through M & A
2013	Established a local subsidiary (Tokyo Yoko Real Estate Co., Ltd.) in Taiwan
2015	Established Sun Frontier Hotel Management Co., Ltd. (for hotel management business)
	Established a local subsidiary (SUN FRONTIER VIETNAM CO., LTD.) in Vietnam
2016	Acquired rental conference room and office business
	Established a local subsidiary (PT.SUN FRONTIER INDONESIA) in Indonesia
	Opened the first overseas hotel "The Blossom City" in Da Nang, the largest city in central Vietnam
	Skycourt Hotel Co., Ltd. (Currently SKY HEART Hotel Co., Ltd.) becomes a consolidated subsidiary through M & A
2017	Opened "HIYORI Hotel Maihama, " the first hotel of our own brand HIYORI
	Started construction of 'HIYORI Garden Tower,' an urban high-rise condominium in Da Nang, Vietnam
	Established Sun Frontier Sado Co., Ltd., starting regional revitalization business
2018	Opened "Tabino Hotel Hida Takayama" and "Tabino Hotel Sado"
	Established Sun Frontier Okinawa Co., Ltd., starting construction of "HIYORI Ocean Resort Okinawa"
2019	"HIYORI Hotel Maihama" won the 2019 OZmall Award, ranked at the top of Japan word of mouth ranking of the year
	Established Sun Frontier Space Management Co., Ltd. a spin-off of the rental conference room business
	Opened "HIYORI Hotel Osaka, Namba" the 2nd hotel of our flagship HIYORI brand

Origin of the company name

SUN FRONTIER

Sun Pioneer of frontier

I named our company Sun Frontier, wishing "just as the sun shines its light equally on all every day for the happiness of human kind and society, we could shine all the people with our love and also we want to live a strong and bright life. To this end, we strive to be a company that never ceases to be ambitious, dream, challenge and pioneer."



Tomoaki Horiguchi, President

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

Sun Frontier's Corporate philosophy



Company policy

Altruism

Corporate Philosophy

With a vision to protect all employees and pursue mental and material happiness, we will contribute to prosperity of human kinds and society with a mindset of cohabitation.

<Corporate Mission Statement>

Three Major Policies

1. Altruism rather than selfishness
2. To follow the right things.
3. Absolute proactivity.



Vision and Policy

Vision

As “professionals of real estate utilization”
we aim to be “the real estate company” of the world's most loved, trusted and selected.

Customer

Building owners, asset holders, wealthy individual

Core Business

Real estate revitalization and utilization

Policy

Not for profit, but for trust
To solve problems from the customer's perspective
To focus on people rather than property

Strategy

Central Tokyo

Office

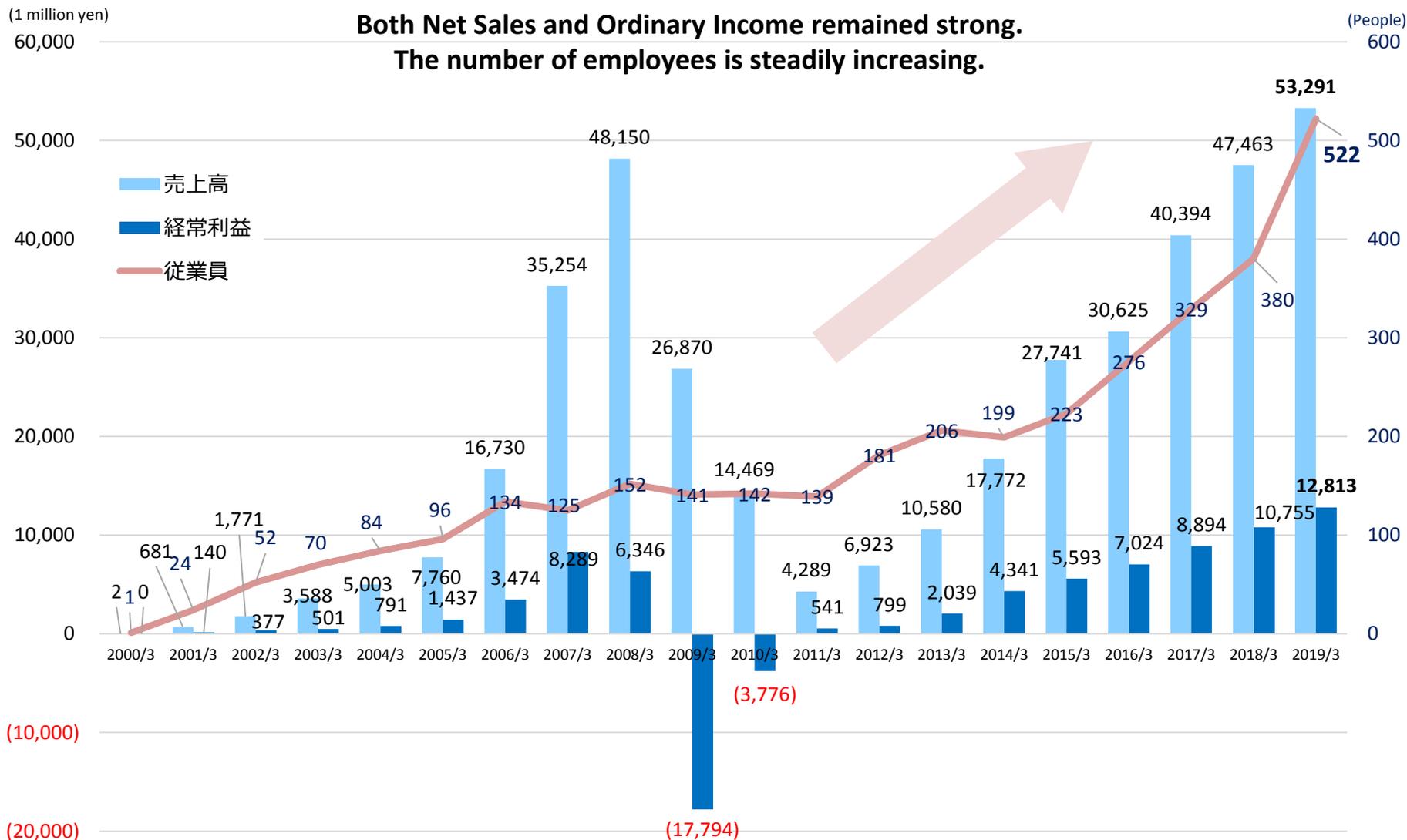
Strength

Tenant
mediation

Real estate
revitalization

Effective
operation

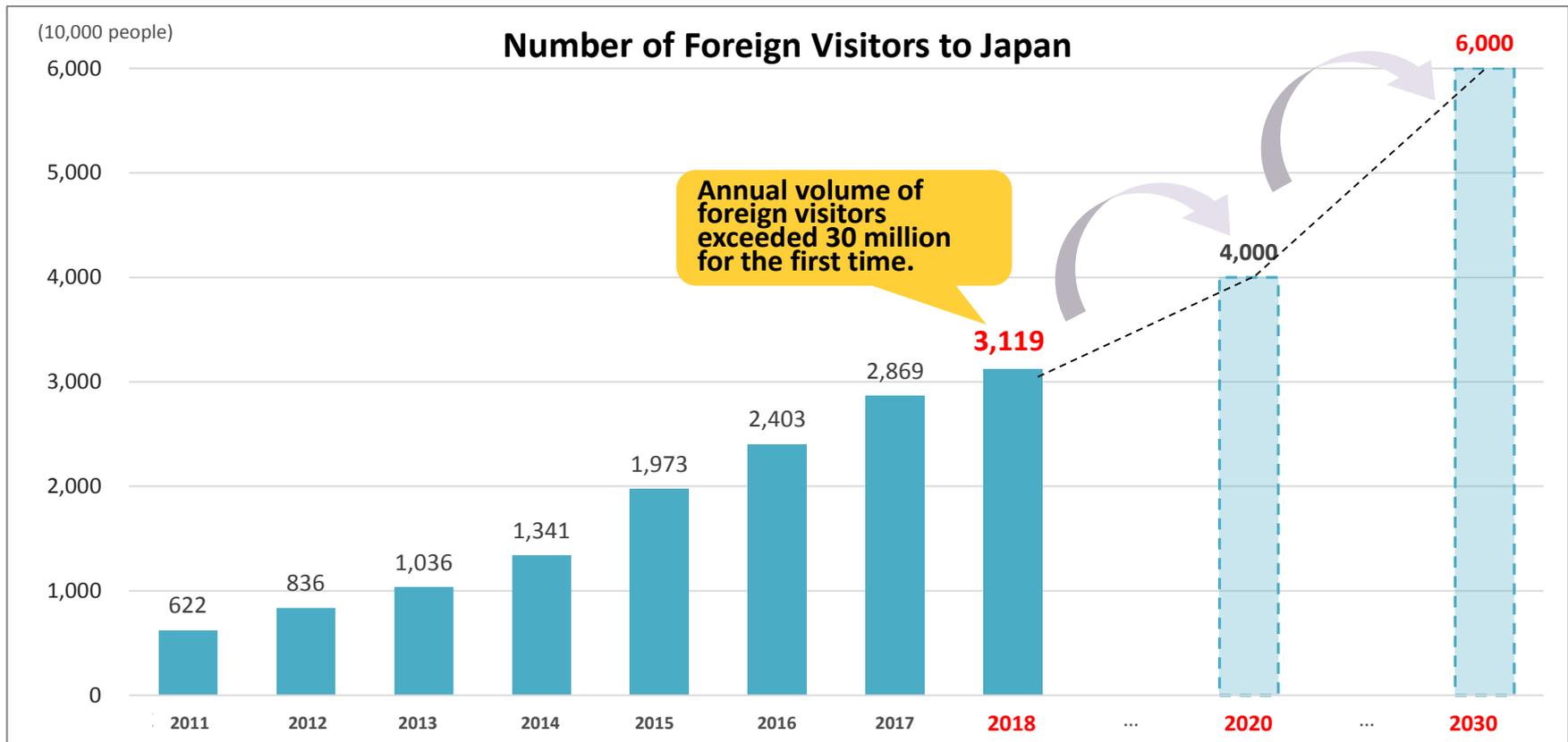
Changes in Net Sales, Ordinary Income and Number of Employees



Steep Increase of Foreign Visitors to Japan

Since the volume of foreign visitors exceeded 10 million in 2013, it has increased rapidly because the requirements for issuing visas have been eased and their income levels have improved. In 2018, the volume of foreign visitors finally exceeded 30 million.

The government has set a target of 40 million by 2020 and 60 million by 2030.



Source: Prepared by Our Company based on materials released by the Japan National Tourism Organization (JNTO).

We will appreciate your further supports.

- ◆ The purpose of this document is to provide information that can be used as a reference, not for soliciting or promoting you to purchase a specific product. Please make your decision by your own discretion and responsibility when you make an investment. If you want to purchase shares of our company, please contact securities companies.
- ◆ The information provided in this document is not necessarily in compliance with the Financial Instruments and Exchange Act, Building Lots and Buildings Transaction Business Act, the Listing Rules for the Tokyo Stock Exchange and other related laws and regulations.
- ◆ Forward-looking statements included in this document do not guarantee future performance.
- ◆ Although we have made every effort to ensure the contents of this document, we can not guarantee their accuracy or certainty. Please note that they are subject to change or cancellation without notice.

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SUN FRONTIER