

Consolidated Financial Statements for the First Quarter of the Fiscal Year ending March 2020

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

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August 8, 2019



SUN FRONTIER

Stock Code: 8934

Financial Summary for the First Quarter of the Year Ending March 2020



Financial Results for Q1 of FY Ending March 2020

Q1's Net Sales and Incomes Broke an All-time High

	Results	Profit Margin	From the Same Period of the Previous Fiscal Year	Growth Rate	Full-year Forecast	Progression Rate
Net Sales	32,652 million yen	-	+ 14,441 million yen	+ 79.3%	70,000 million yen	46.6%
Operating Income	9,867 million yen	30.2%	+ 5,028 million yen	+ 103.9%	14,500 million yen	68.0%
Ordinary Income	9,758 million yen	29.9%	+ 5,011 million yen	+ 105.6%	14,000 million yen	69.7%
Net Income *	6,697 million yen	20.5%	+ 3,438 million yen	+ 105.5%	9,500 million yen	70.5%

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

Performance Highlights

1) RP Business doubled its Net Sales and Incomes

- In RP Business, sales of buildings significantly increased to 19 buildings (11 more than those in the same period of the previous year), and **the segment income ratio was further improved** (from 30.5% to **34.8%**). Net Sales and Incomes grew about twice, hitting a record high again.
- Our company's unique business model to maximize the attractiveness of buildings is deepened by bringing together the expertise of each division of the company through all processes, including purchasing, commercialization and sales, **by using repeatedly our ingenuity which was caught the sources of added values from the client's point of view.**

2) Steady growth in Operation Business

- In Hotel Operation Business, newly opened hotels contributed to earnings and Net Sales rose as much as 36%. **HIYORI Hotel Osaka Namba Ekimae** officially opened in May, and **12 hotels with 1,625 rooms are in operation in Japan as of the end of June.** 4 more new hotels (677 rooms in total) are scheduled to open in the current period.
- In Conference Room Rental Business, Vision Center Shinjuku and Kanda opened as new sites in June. The number of sites has increased to **17 (with 6,100 seats in total)** as of today. We are aiming to expand the business further by launching a new brand.

Consolidated Income Statement



(Unit: 1 million yen)

	FY ended March 2019 Q1 (April to June)	FY ending March 2020 Q1 (April to June)		FY ended March 2019 Q1 (April to June)	FY ending March 2020 Q1 (April to June)
Net Sales	18,211	32,652	Operating Income	4,839	9,867
Real Estate Revitalization Business	16,394	30,447	Non-operating Income	19	28
Replanning Business (including Hotel Development)	15,636	29,594	Non-operating Expenses	111	137
Rental Buildings and Sublease	757	852	Ordinary Income	4,747	9,758
Real Estate Service Business	793	844	Extraordinary Gains (losses)	-	-
Operation Business	903	1,277	Corporate Income Taxes	1,489	3,062
Other Business	313	335	Non-controlling gain or loss	▲0	▲0
Adjustment	▲192	▲251	Net Income	3,258	6,697
Gross Profit	6,221	11,897			
Real Estate Revitalization Business	5,424	11,186			
Replanning Business (including hotel development)	5,047	10,827			
Rental Buildings and Sublease	376	359			
Real Estate Service Business	463	544			
Operation Business	144	124			
Other Business	199	62			
Adjustment	▲11	▲19			
Selling, general and administrative expenses	1,382	2,030			

• RP Business (including hotel development) has a **gross profit margin of 36.6%**, a higher level than the last FY's 34.6%.

• Steady growth was made in new business areas, such as Operation Business and other business, etc. **Total Net Sales reported a year-on-year increase by 33.7% to ¥1.6 billion**. On the other hand, Gross Profit decreased due to an increase in costs associated with the opening of new hotels and unrealized losses on a part of Inventory Assets in Overseas Business.

Consolidated Balance Sheet - Assets -



(Unit: 1 million yen)

	FY Ended March 2018	FY Ended March 2019	FY Ending March 2020 As of End of June 2019	Increase/Decrease (Compared to End of March 2019)
Current Assets	80,174	97,149	98,530	+ 1,381
Cash and deposits	23,892	20,257	27,461	+ 7,203
Inventory Assets	54,593	74,329	68,815	▲5,514
Breakdown) RP	45,525	62,143	55,495	▲6,647
Hotel	5,291	7,552	8,511	+ 959
Overseas, etc.	3,775	4,634	4,808	+ 174
Other Current Assets	1,687	2,562	2,253	▲308
Noncurrent Assets	11,587	13,749	16,019	+ 2,269
Property, Plant and Equipment	8,565	9,339	11,435	+ 2,095
Intangible Assets	474	863	825	▲37
Investments and other Assets	2,546	3,546	3,757	+ 211
Total Assets	91,761	110,898	114,549	+ 3,650

Inventory Assets decreased by 5.5 billion yen in total due to the sale of RP properties and others.
Among them ¥6.6 billion decreased in RP Business projects while ¥900 million increased in Hotel Business projects.

Property, Plant and Equipment increased about 2.1 billion yen due to progress in construction work related to hotel development.

Cash and deposits increased ¥7.2 billion, reflecting steady sales in RP Business projects.

Consolidated Balance Sheet – Liabilities/Equity – SUN FRONTIER

(Unit: 1 million yen)

	FY Ended March 2018	FY Ended March 2019	FY Ending March 2020 As of End of June 2019	Increase/Decrease (Compared to End of March 2019)
Current Liabilities	10,155	12,859	14,402	+ 1,543
Short-term Loans Payable, etc.	2,716	2,248	2,577	+ 329
Income Taxes Payable, etc.	3,178	2,661	3,194	+ 532
Other Current Liabilities	4,260	7,949	8,630	+ 681
Noncurrent Liabilities	32,756	42,179	39,430	▲2,748
Long-term Loans and Bonds Payable	30,865	39,751	37,273	▲2,477
Other Noncurrent Liabilities	1,890	2,428	2,157	▲270
Total Liabilities	42,912	55,038	53,833	▲1,205
Shareholders' Equity	48,750	55,900	60,720	+ 4,820
Others	99	▲40	▲4	+ 35
Total Net Assets	48,849	55,860	60,716	+ 4,855
Total Liabilities and Capital	91,761	110,898	114,549	+ 3,650

Transition of Equity Ratio		
End of March 2018	End of March 2019	End of June 2019
53.2%	50.3%	52.9%

As sales of RP properties progressed, borrowings decreased by approximately 2.1 billion yen from the end of the previous fiscal year, and the balance of interest-bearing debt was 39.8 billion yen.

Retained Earnings increased by 4.8 billion yen as a difference between Quarterly Net Income (+ ¥6.69 billion) and year-end dividend payment (▲ 1.87 billion yen).

Operating Results by Business Segment



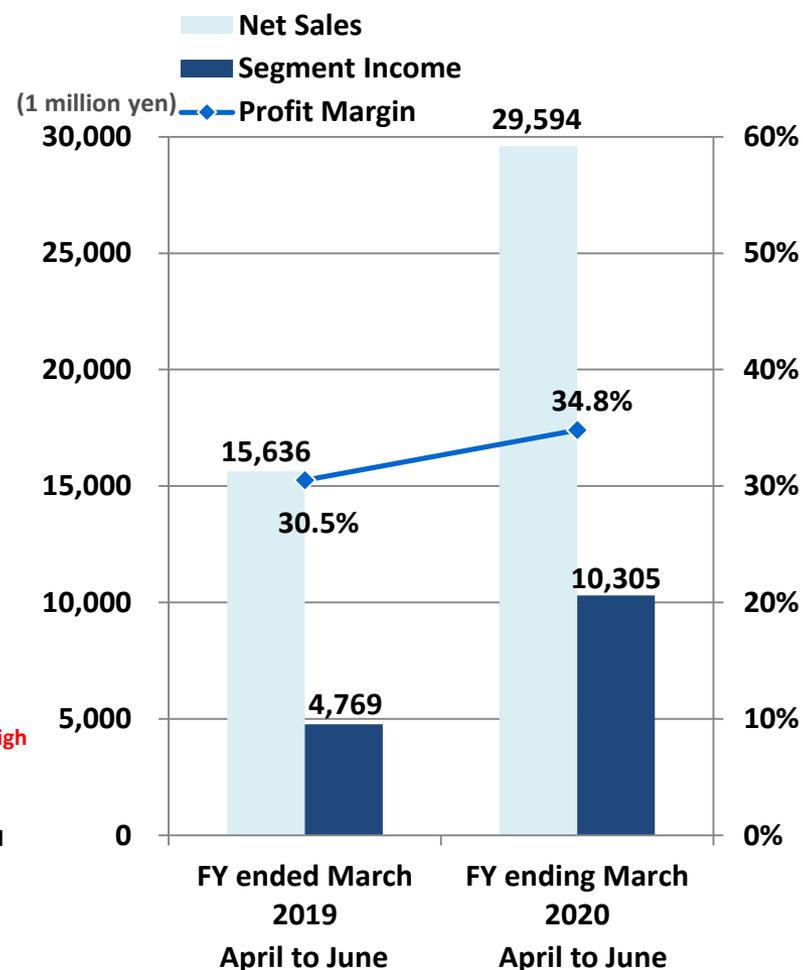
Replanning Business (Replanning (RP) / Hotel Development)

(Unit: 1 million yen)	FY ended March 2019 April to June	FY ending March 2020 April to June	Increase/ Decrease
Net Sales	15,636	29,594	+ 89.3%
Segment Income (Note 1)	4,769	10,305	+ 116.1%
Profit Margin	30.5%	34.8%	+ 4.3% pt
Number of items purchased	13 cases	14 cases	+ 1 case
Number of properties sold	8 cases	19 cases	+ 11 cases
Number of stocks at the end of Q1	58 cases	64 cases (Note 2)	+ 6 cases

- Both Net Sales and Income surged. The attractiveness of buildings was maximized by identifying sources for added values through each process of purchasing, commercialization and sales, and by repeatedly using our ingenuity. **The segment profit margin remained at a high level of 34.8%.**
- The average business period was 406 days (+ 55 days from the previous year). Although commercializing efforts to increase the level of rents for buildings have caused the prolonged business period, they resulted in the high profit margin in sales.
- Purchasing progressed favorably, with 64 properties in term-end inventory (55 RP Business-related properties and 9 Hotel Business-related properties). **¥64 billion in inventories** (¥55.4 billion for RP Business-related and ¥8.5 billion for Hotel Business-related).

*Excluding those related to Overseas Business

*In addition to the above, there are **17 RP properties of ¥16.7 billion** which were purchased, settled and contracted by the end of July.



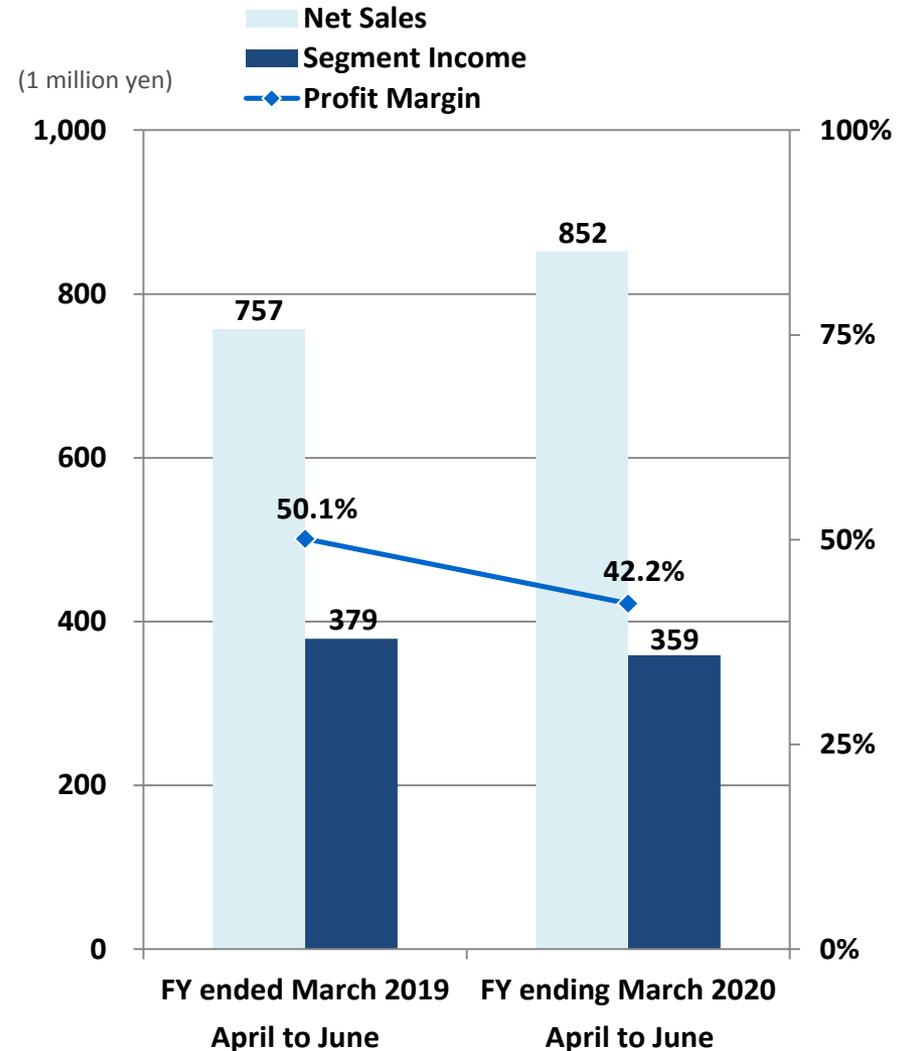
(Note 1) "Segment Income" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and goodwill depreciation expense from Gross Profit.

(Note 2) Projects of Land Purchase and Development are included in RP inventory.

Rental Building Business (Rental Buildings / Sub-leases)

(Unit: 1 million yen)	FY ended March 2019 April to June	FY ending March 2020 April to June	Increase/ Decrease
Net Sales	757	852	+ 12.6%
Segment Income	379	359	▲5.2%
Profit Margin	50.1%	42.2%	▲7.9% pt

- Inventory rent income increased as the purchasing of RP properties progressed. Rent revenue increased due to successful efforts to attract tenants in the sub-leases business
- We aim to focus on purchasing properties for the medium and long-term RP projects to increase rent revenue.



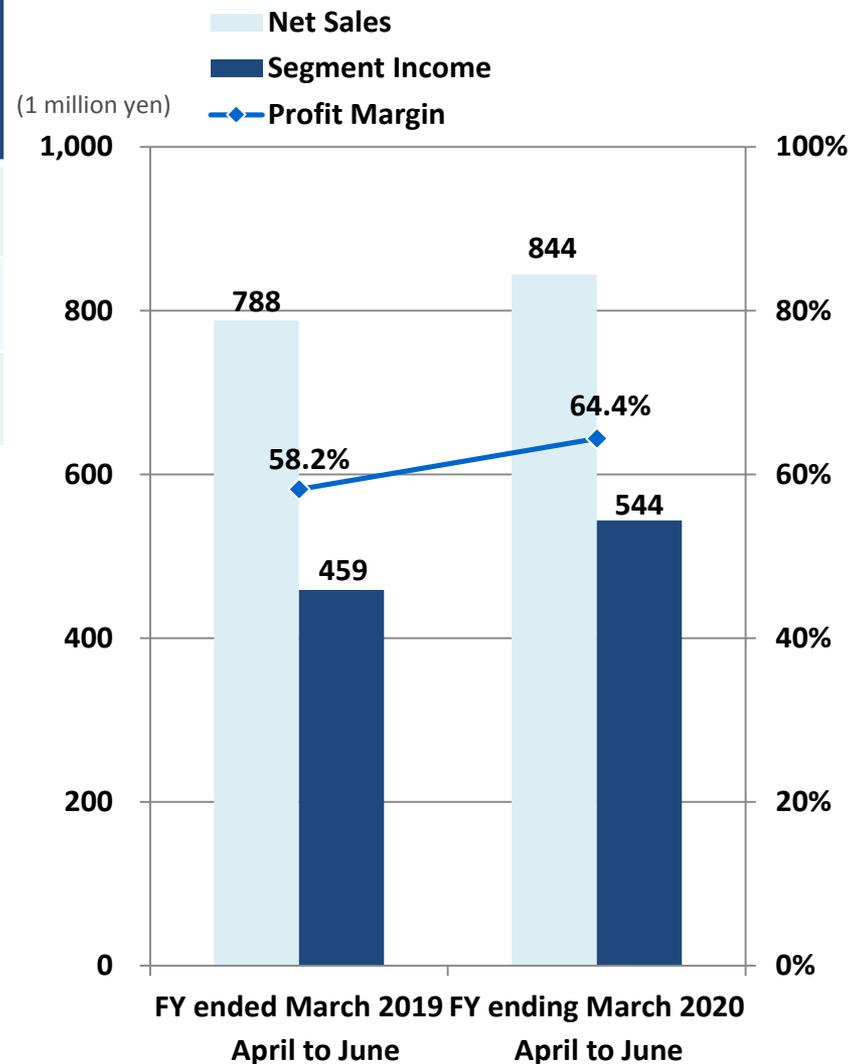
Operating Results by Business Segment

Real Estate Service Business

(Property Management (PM) / Building Maintenance (BM) / Brokerage / Leasing)



(Unit: 1 million yen)	FY ended March 2019 April to June	FY ending March 2020 April to June	Increase/ Decrease
Net Sales	788	844	+ 7.1%
Segment Income	459	544	+ 18.5%
Profit Margin	58.2%	64.4%	+ 6.2% pt



<PM and BM Businesses>

- In PM and BM businesses, we provide our clients with high added value services by **meticulously taking care of tenants, solving any and all problems of our clients** as well as improving revenues from building management. Thus, our PM and BM businesses have **expanded the tenant and business bases** of the building owners in central Tokyo and contributed to the revenue of the whole group.

[Number of PM Managing Buildings and Occupancy Rate]

	[Number of Managing Buildings]	[Occupancy Rate]
End of June 2017	369 buildings	95.9%
End of June 2018	381 buildings	95.9%
End of June 2019	374 buildings	97.6%

<Brokerage and Leasing>

- Both Net Sales and Income increased compared to the same period of the previous year. The brokerage business has contributed to the revenue of the whole group, working as **driving force to create high added values from the client's point of view** in terms of the process of purchasing, commercialization and sales.

Operation Business (Hotel Management and Conference Room Rental Business)

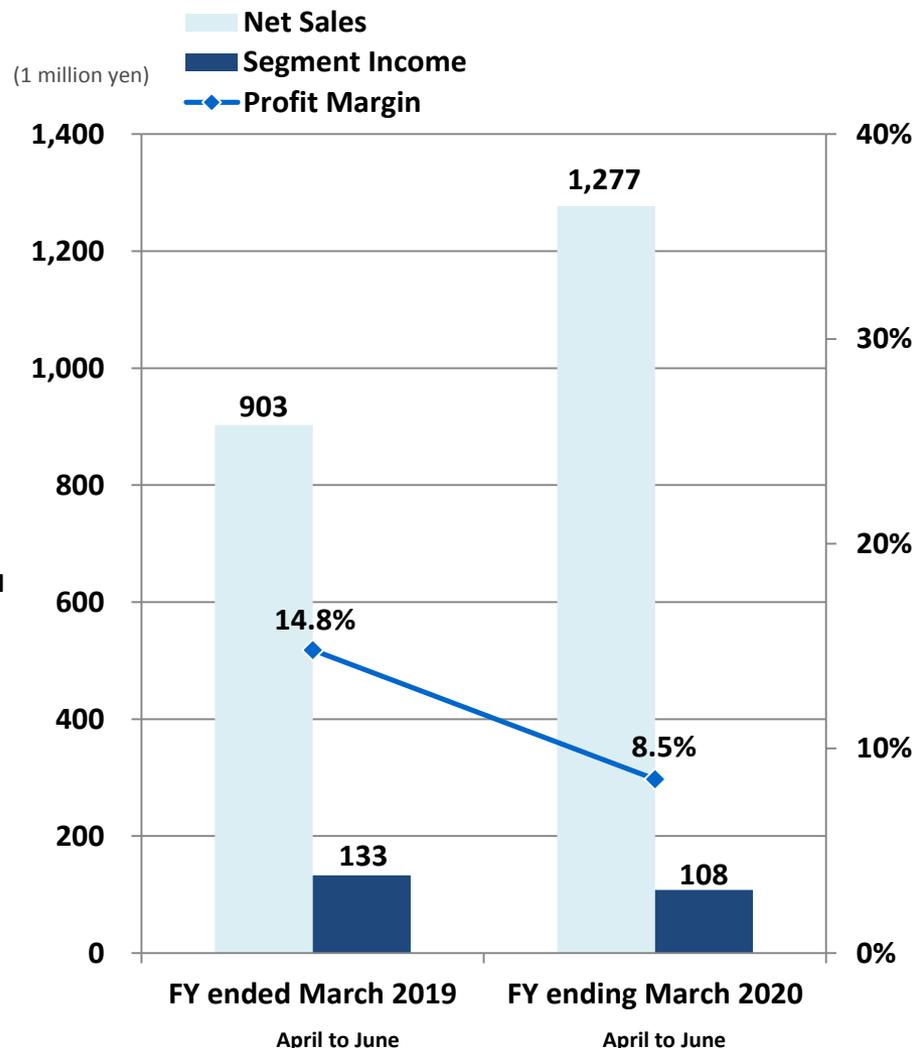
(Unit: 1 million yen)	FY ended March 2019 April to June	FY ending March 2020 April to June	Increase/ Decrease
Net Sales	903	1,277	+ 41.5%
Segment Income	133	108	▲ 18.9%
Profit Margin	14.8%	8.5%	▲ 6.3% pt

<Hotel Operation Business>

- Net Sales saw a 36% increase. Sales of Tabino Hotel Hida-Takayama and Tabino Hotel Sado which opened last year were main reasons for the increase. On the other hand, Segment Income decreased because of the start-up expenses of HIYORI Hotel Osaka Namba Ekimae (opened in May) and Osaka Honmachi Hotel (scheduled to open in October).
- **HIYORI Hotel Osaka Namba Ekimae**, that opened in late May **showed steady growth in unit price of guest rooms and occupancy rate**, which will make a significant contribution to our revenue in the future.

<Conference Room Rental Business>

- Vision Center Shinjuku and Kanda newly opened in June. The number of the sites has expanded to 17 in total as of today. We will further accelerate the pace of opening new facilities especially in the five wards of central Tokyo.
- **We launched a smart conference room brand, "Vision Room,"** which are equipped with an automatic entry/exit function and others. We will make the brand more compact and flexible, which is easier to open than the existing brands, **aiming for further business expansion.**

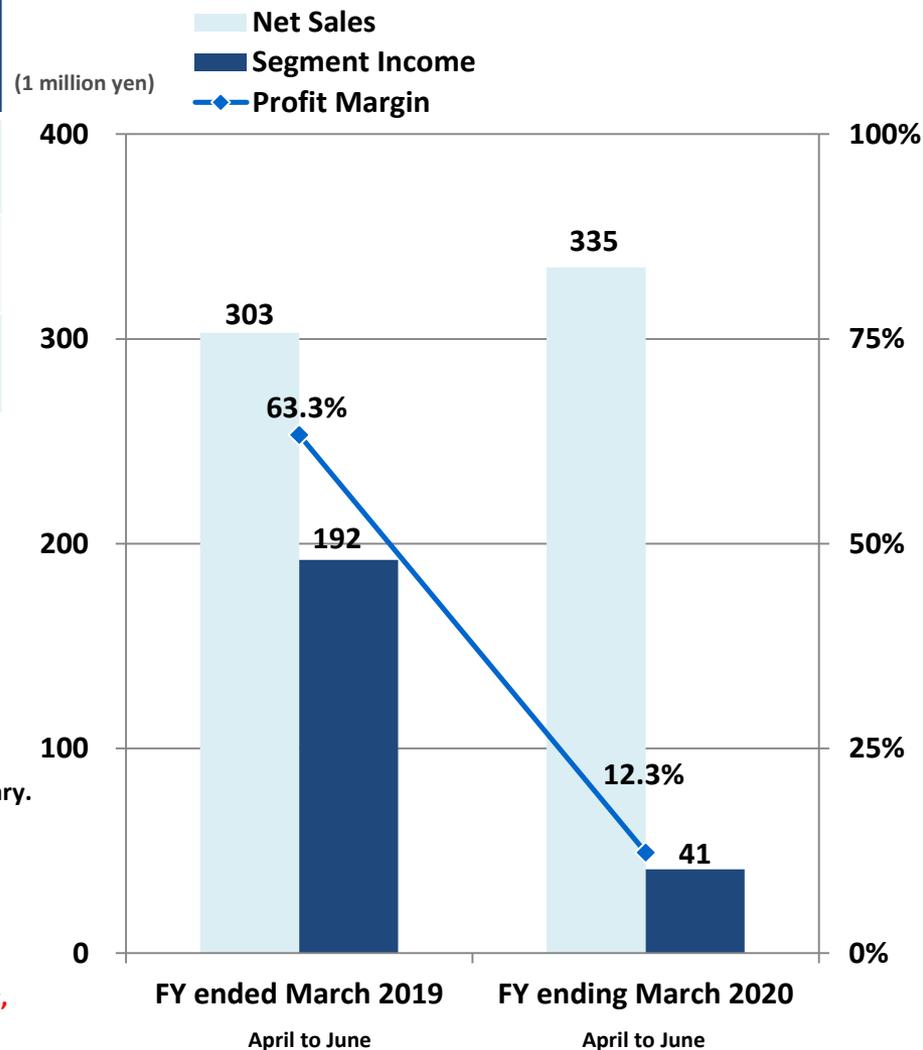


Operating Results by Business Segment



Others (Rent Guarantee, Construction and Overseas Business, etc.)

(Unit: 1 million yen)	FY ended March 2019 April to June	FY ending March 2020 April to June	Increase/ Decrease
Net Sales	303	335	+ 10.3%
Segment Income	192	41	▲78.5%
Profit Margin	63.3%	12.3%	▲51.0% pt



<Rent Guarantee Business>

- The number of new and renewed guarantees handled, remained steady, which has led to higher Net Sales and Income. With the major revision of debt-related provisions (to be enforced in 2020), as demand for institutional guarantees is expected to increase, we will enforce seminars and other events for building owners, which will develop new opportunities to expand our client base and create new added values.

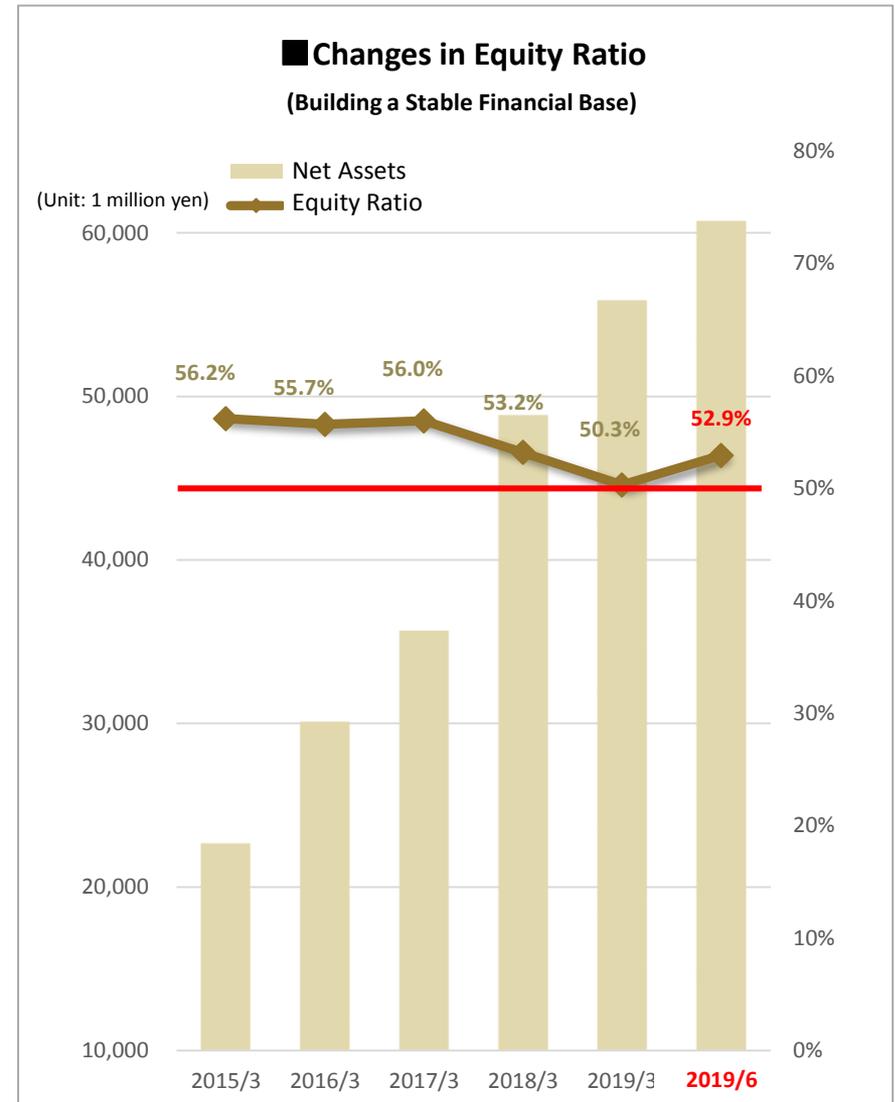
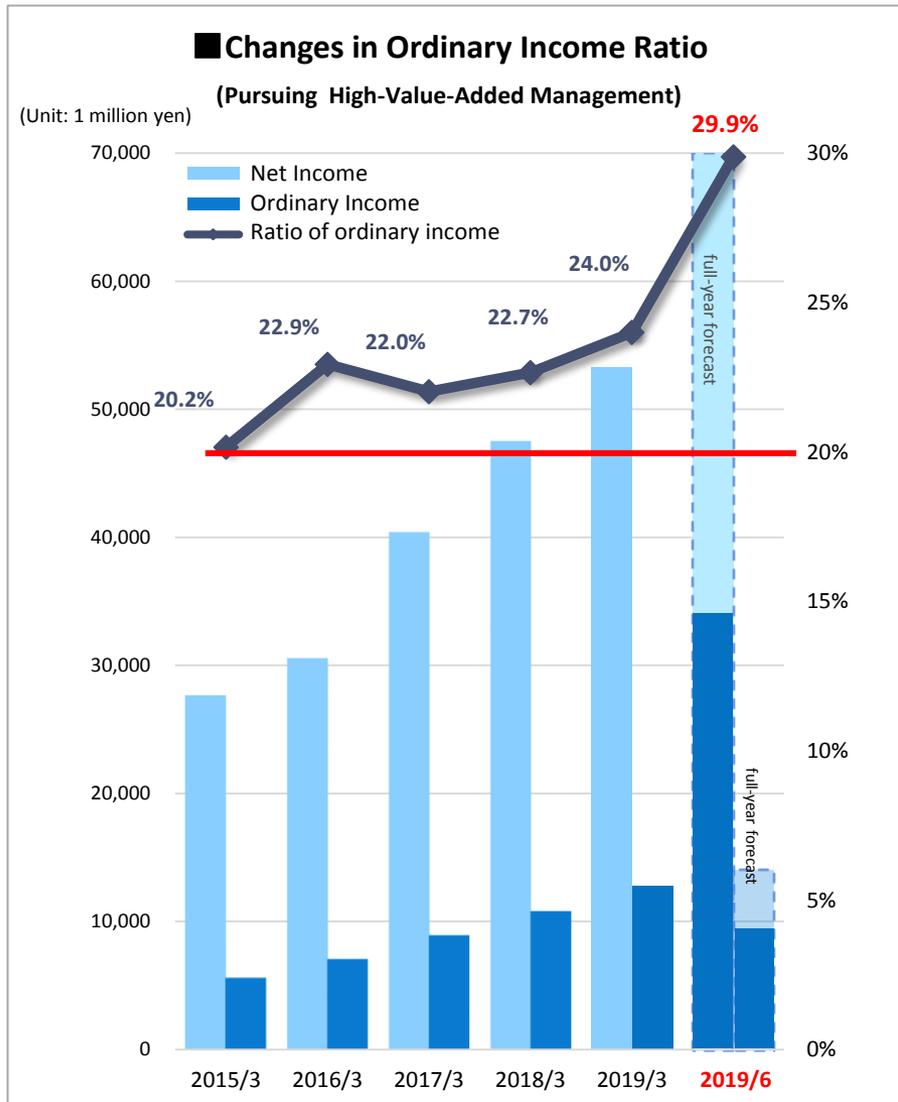
<Construction Business>

- Both Net Sales and Income increased by adding the sales of "Kouwa Corporation," which became a consolidated subsidiary through M&A in January.

<Overseas Business>

- Unrealized losses of certain assets we hold in Indonesia were recognized, considering their current profitability.
- Interior finishing work is under way for completion of a condominium project, HIYORI Garden Tower in Da Nang in November.

Trends in Key Management Indicators



2) Business Environment

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

◆The IMF **has lowered** its forecast for world economic growth in 2019 **4 times in a row** to 3.2%, which shows a strong decelerating trend.

◆With **the trade friction between the United States and China** and **the slowing economic growth in China and Europe**, a downward risk of world economy is smoldering.

◆Attention also should be paid to the impacts on the real economy which are caused by of the political turmoil, such as **the deteriorating relation between Japan and Korea** and the Brexit.

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 keeps renewing its record high. This good trend has continued since the visa requirements for Chinese citizens were eased in January.

◆Attention should be paid to **the effects of the consumption tax hike** scheduled in October, **changes in the FRB's monetary policy**, and **the trend of exchange rate (strong yen)**.

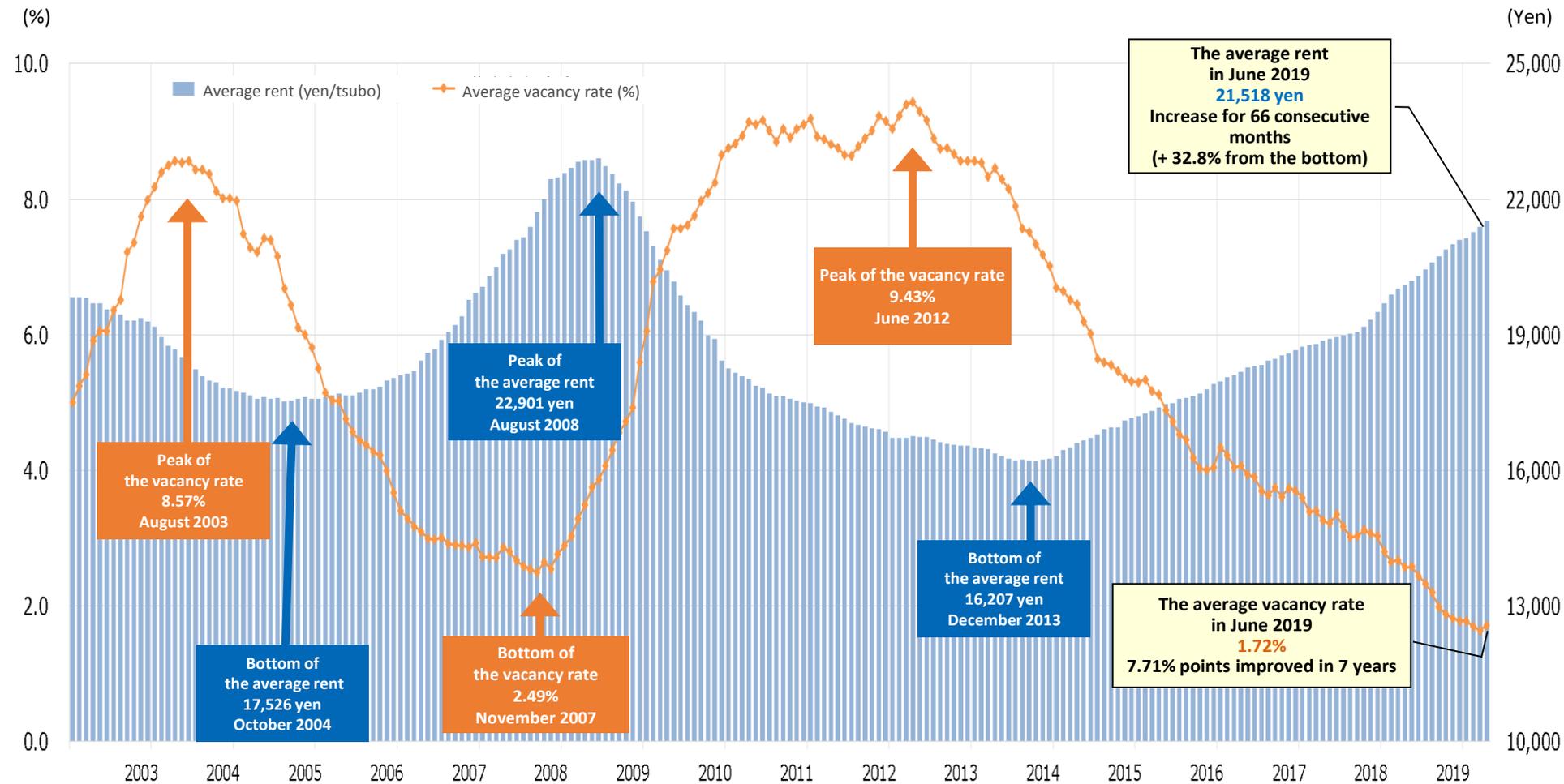
3. As for the office building market in central Tokyo, its vacancy rate is in the historically low level and the demands for office spaces still continue.

◆**Rent hikes are expected to continue modestly as demand for office space remains firm** due to steady corporate performance and **the increase of shared offices** and others.

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

◆Attention should be paid to the future trend because financial institutions' **lending attitudes toward real estate have become cautious** and some trading transactions have been declining.

Trends in Office Rents and Vacancy Rate in the 5 wards of central Tokyo



*Source: Prepared by our company based on Miki Shoji's "Office Reports." Subjects are office buildings with a standard floor space of 100 tsubo or more in the 5 wards in Central Tokyo.

3) Current Progress and Future Policies

Our Belief

~ Not for profit, but for trust ~

Business is a competition of usefulness.

How many people can we be of service to?

We aim for steady achievements and sustainable growth.

As we go ahead with our strategy for the fiscal year ending March 2023,
 we aim for not a temporal achievement but for
“steady achievements with profitability, safety and growth”
 followed by “sustainable and steady growth”.

<Basic policy>

Development of Business Focusing on Urban Areas and Growth Markets

<Three Policies>

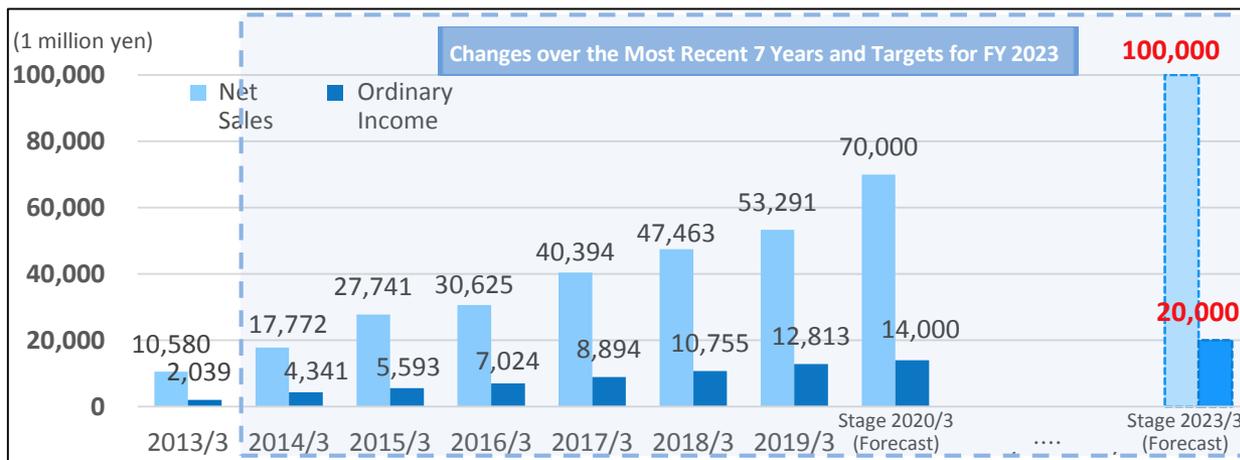
- ① To deepen and expand “office building business in central Tokyo” which has strong influences
- ② To focus on growth markets of “hotels and Asia”
- ③ To actively utilize “M&A” to accelerate a growth of our company

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 businesses”

<Quantitative Target>

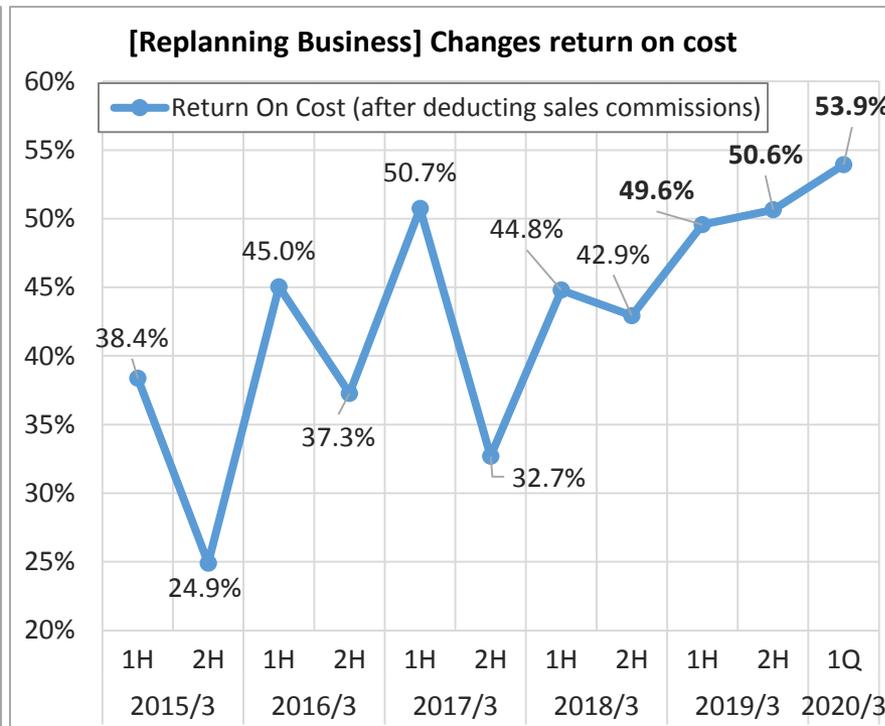
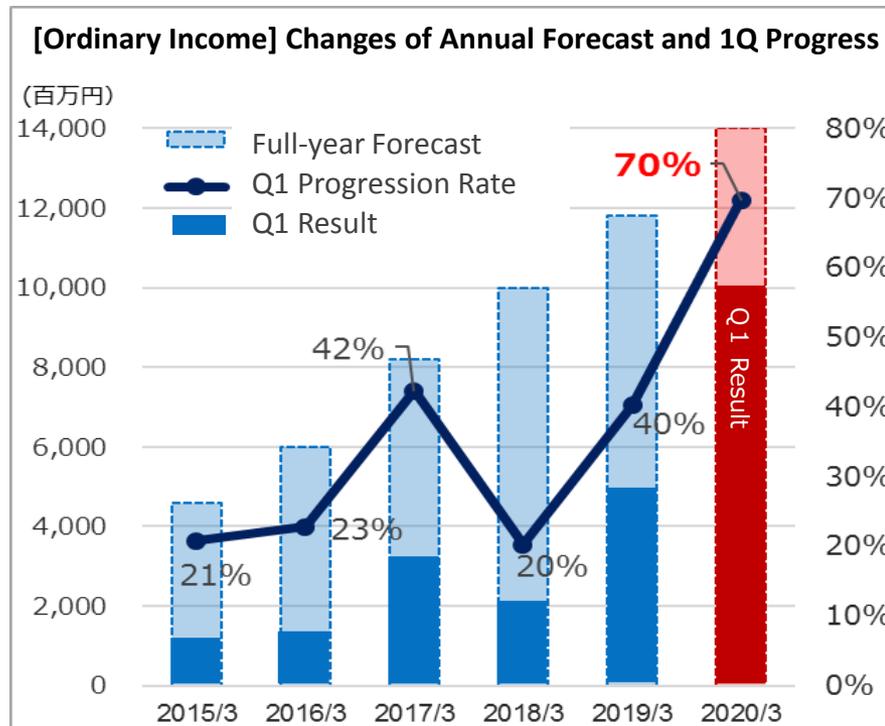
Fiscal Year ending March 2023

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



Progress significantly ahead of full-year forecasts

The number of buildings sold in RP Business is ahead of schedule compared with the full-year sales plan. In addition, Profit Margin is further improved and thus, Net Sales and Incomes nearly doubled to renew their record high.



The results of the First Quarter are ahead of the full-year plan, preparing for possible market fluctuations
 We will concentrate on the management to realize both growth and stability by managing risks as well as bold challenges and thus by developing our capacity not to grow in short-time but to improve the values of real estate substantially for a long-term period.

Focusing on the central Tokyo area and small and medium-sized office buildings, we continuously keep refining our company's unique strengths.

Our business begins with “solving problems from the clients’ point of view.”

=> We focus on the business area where we can exert our influence and keep on refining our strength to grow the business and make it highly profitable.

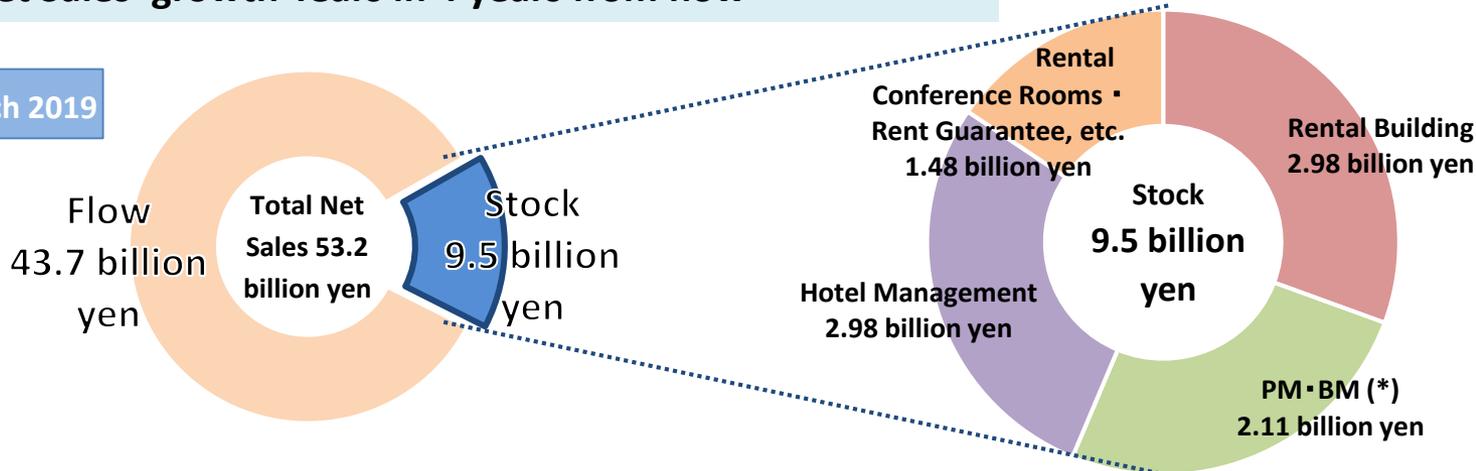


⇒ We will find and thoroughly refine business areas where we have strong influence in new businesses such as hotel and overseas which we are working on now.

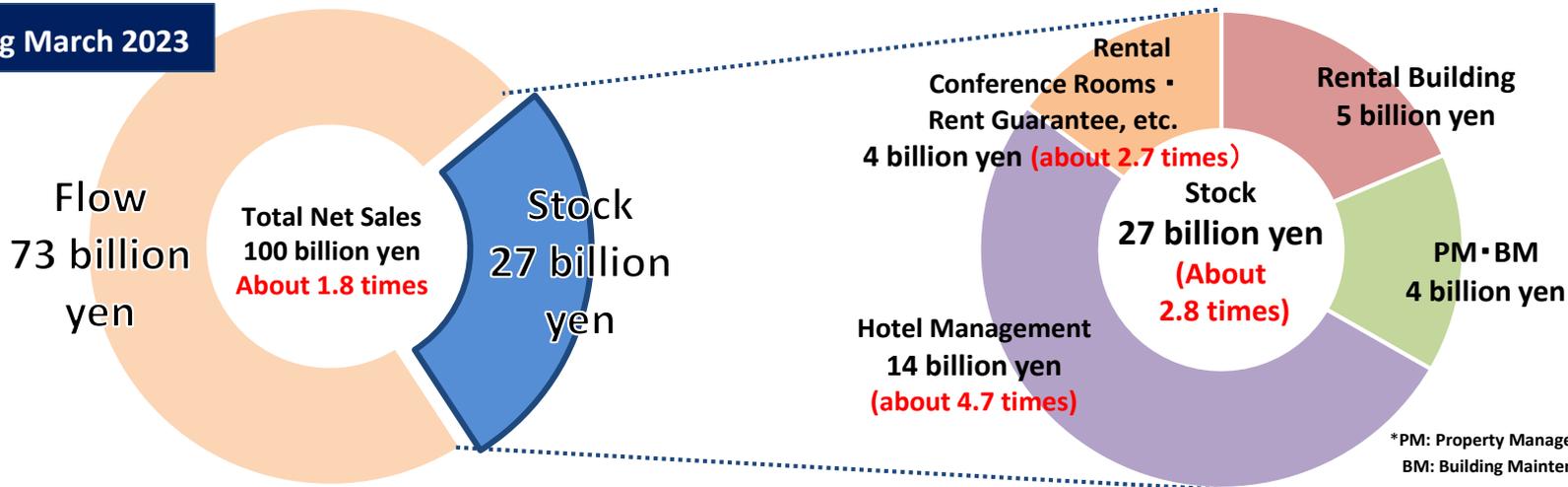
To achieve a firm revenue structure based on “both Flow (short term and high returns) and Stock (long-term and accumulation) Businesses”

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

FY ended March 2019



FY ending March 2023



*PM: Property Management
BM: Building Maintenance

Growth Strategies of 'Four Arrows'



Expansion of Core Business

~ To deepen and expand office building business ~

1) Expansion of Core Business

To Deepen and Expand the Office Building Business



For Office Building Business, Net Sales target for FY 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 improving our capacity to generate added values. We will also challenge new construction business.

<Real Estate Service Business (Leasing, 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 our clients feel free to consult on any topics.

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

<Conference Room Rental Business>

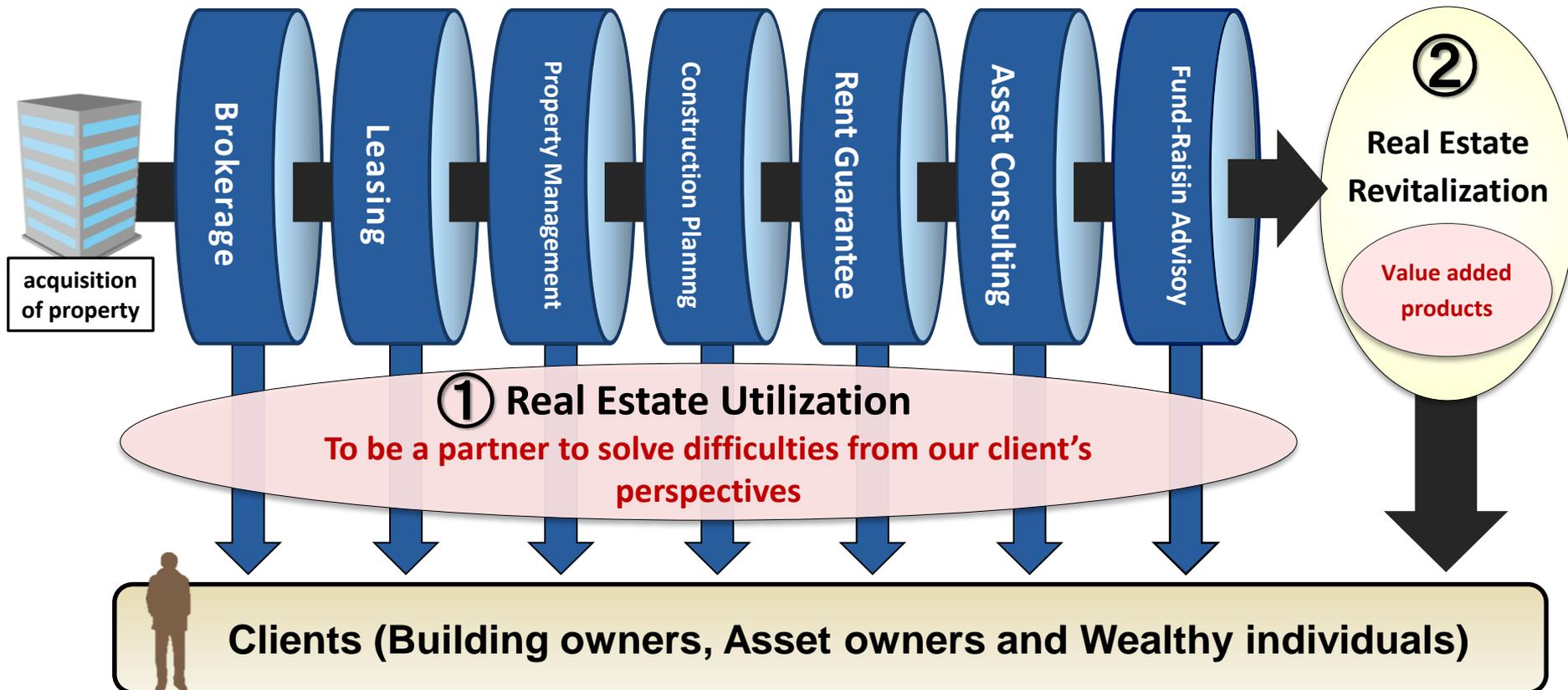
Leveraging our expertise and experiences to improve added values of office buildings, we are **rapidly expanding the sharing business, such as conference room rental business** that utilize vacant spaces and idle times.

To create differentiated added values

Consistent Office Building Business



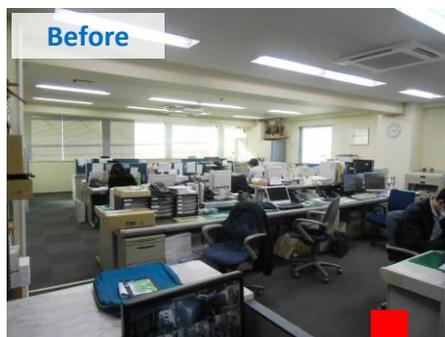
- ① **In vertical real estate utilization business**, we survey and solve difficulties by listening to our client's concerns.
- ② **In horizontal real estate revitalization business**, we put together our know-how and the our client's needs learned from the process above. We apply this knowledge to transform the existing buildings that we purchased into higher value products, and then to re-sell them.



Conversion of a whole building into a licensed nursery school that meets local needs

We are currently leasing one of our buildings as a whole to a nursery school management company. We attracted a socially conscious tenant to a building which is located within two-minute walk from the nearest station and revitalized it to the building needed by the local community, securing stable profits over the long term.

The population in Meguro Ward is growing every year, and its birthrate is higher than the national average. There is a high need for childcare in the area. This is an example of revitalization to meet local needs.



Before

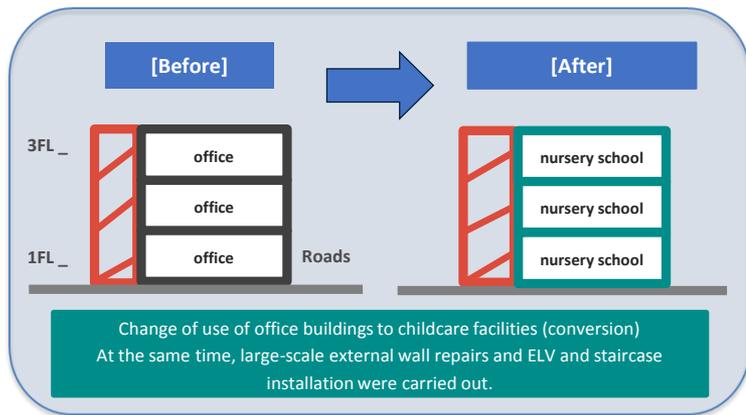


After

▲nursery



▲Toilet for infants



▲entrance



▲kitchen

Expanding Our Network Focused on Local Communities in Central Tokyo



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

We have expanded to **12 branches** mainly in central Tokyo (+ 2 branches year-on-year).

We are good at careful tenant placement by having close ties with the local communities and utilizing our local knowledge.

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

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

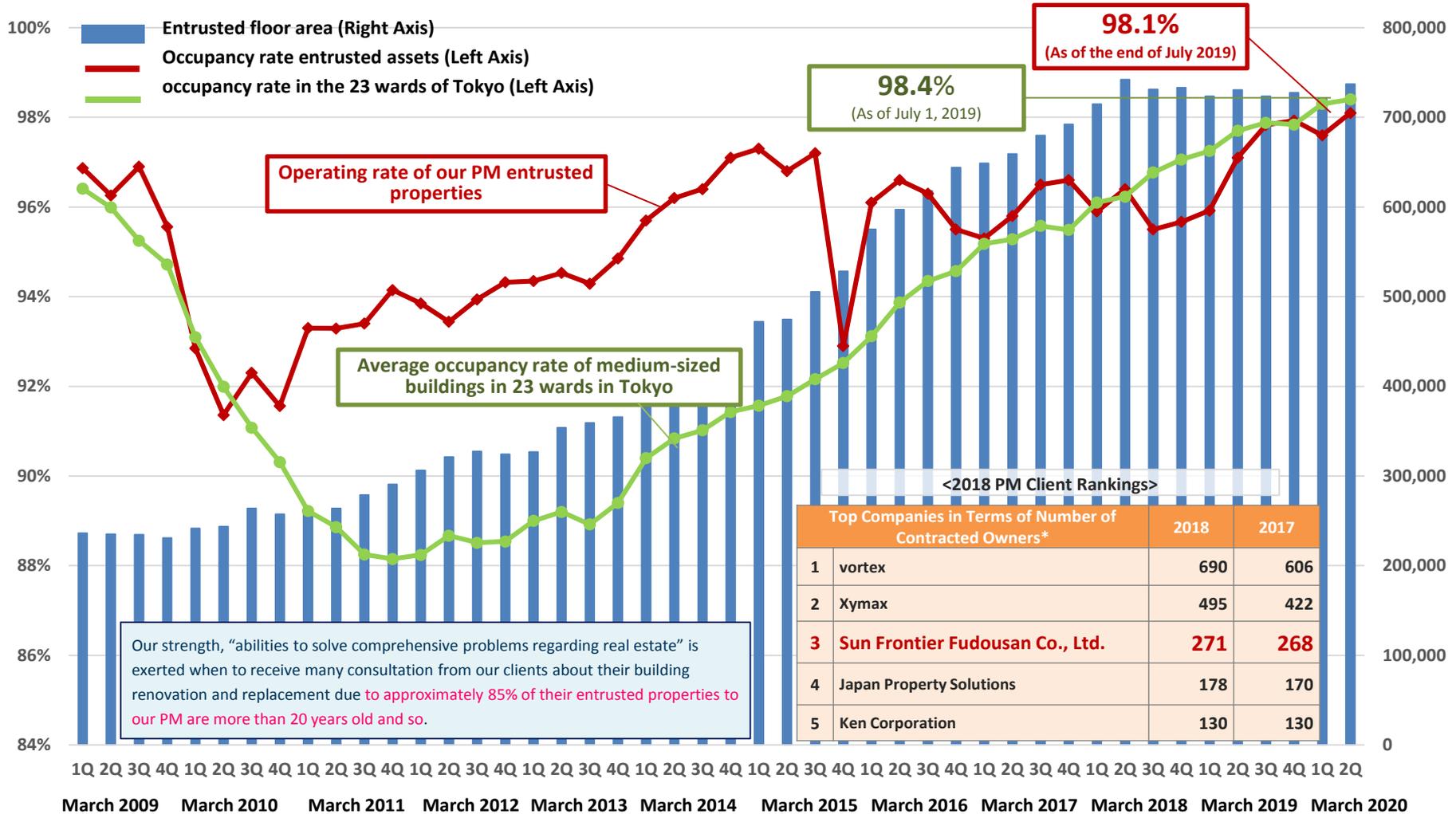
3. We have **understood our tenants’ needs** and **significantly contributed to full occupancy of the properties** of Replanning business.

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

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



Floor Space and Occupancy Rates of Buildings Entrusted by PM


SUN FRONTIER


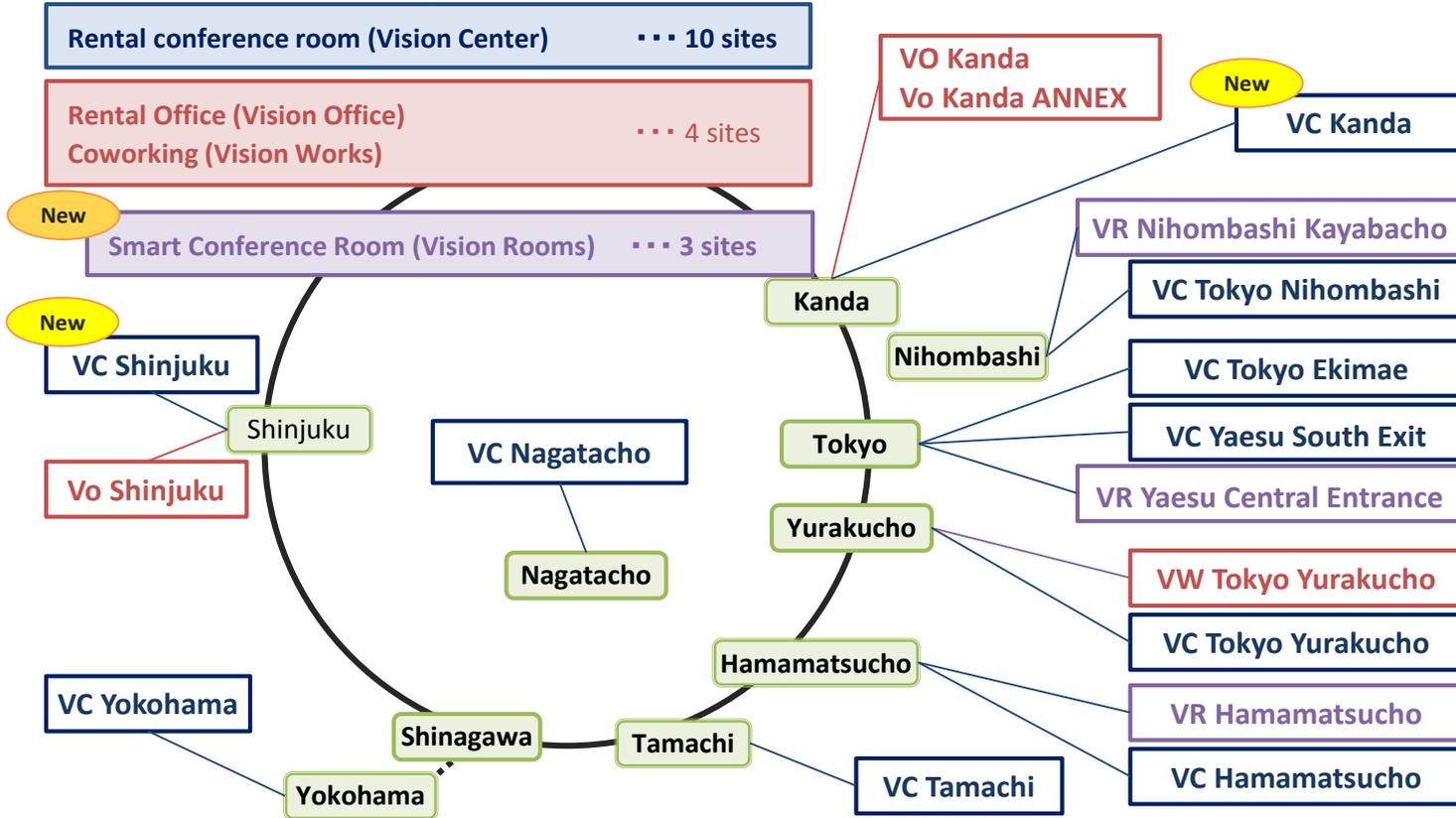
*Source: Our research based on "Monthly Office Market Research Report" by Sanko Estate Co., Ltd., for the average occupancy rates of medium-sized buildings in 23 wards in Tokyo.

*Operating rate: (Total operating area)/(Total lent available area).

*Source: PM Client Ranking is based on the November 2018 issue, "Monthly property management."

Expanding the sharing business to utilize space

Our business objective is “to contribute to the Japanese economy as infrastructure, supporting cooperate activities in central Tokyo.”



- ◆ We newly launched VC Shinjuku and VC Kanda in June and a new management brand, "Vision Rooms" in August, making the total number of the sites 17 with 6,100 seats.
- ◆ We plan to expand the number to 45 by the end of March 2023.

*The seat number of rental conference rooms 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 cannot be applied.

The Hotel Business

Proactive Expansion into Growth Markets

2) The Hotel Business

Proactive Expansion into Growth Markets



<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 warm, high quality, comfortable and personal service by kind employees who work from the guests' viewpoint.

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

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

<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.

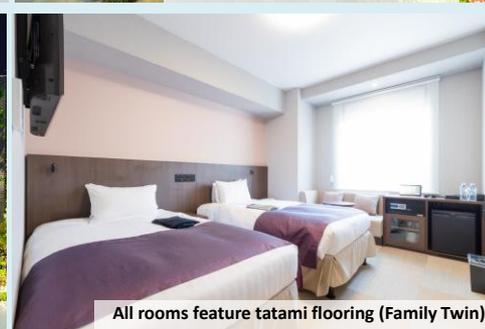
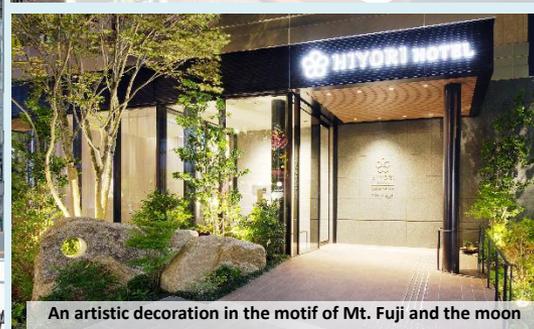
- Hotel Business -

A warm-hearted Hotel” located 2-minute walk from Namba Station on the Nankai Line, convenient for both sightseeing and business

Grand opening of HIYORI Hotel Osaka Namba Ekimae

The hotel is located at the most convenient place for both sightseeing and business just in front of Namba Station on the Nankai line, only a 38-minute train ride from Kansai International Airport on Limited Express rapid. As many foreign visitors come to Japan for the purpose of sightseeing in Kansai and Osaka areas, we have multilingual staff members to offer the guests a comfortable stay at the hotel.

We also have many artistic decorations which express images of Japanese hospitality here and there in the hotel building. The SAKURA Building has a path with a series of torii gates made of natural wood while the MOMIJI Building has a tasteful entrance decorated with natural stones in the motif of Mt. Fuji and the moon. In the outdoor garden there are natural stones and trees which present the Japanese seasonal beauty, such as cherry blossoms, autumn leaves and so on. With this warm and relaxing atmosphere, we welcome our guests to offer them the most comfortable stay.



Large-scale hotels to open one after another in this fiscal year



Courtyard by Marriott Osaka Honmachi

International brand hotel in central Osaka
[Outline of property]

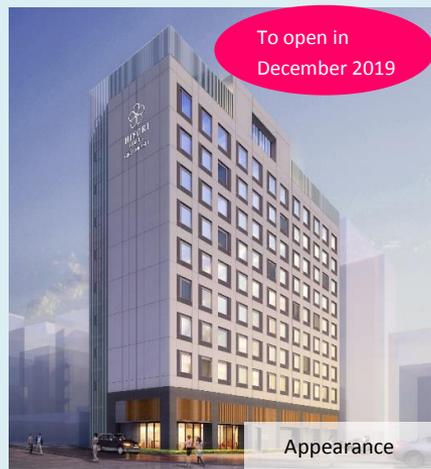
- *Location: Chuo-ku, Osaka City, Osaka Prefecture
- *Structure: Steel structure, partially reinforced concrete structure
- 17-story building with one basement
- *Number of guest rooms: 193 rooms
- *Site area: 754.75 m²
- *Total floor space: 8,194.32 m²

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



Sky Heart Hotel Premier Kurashiki Mizushima

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



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
 - *Total floor space: 3,725.0 m²

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



Sky Heart Hotel Premier Kashima

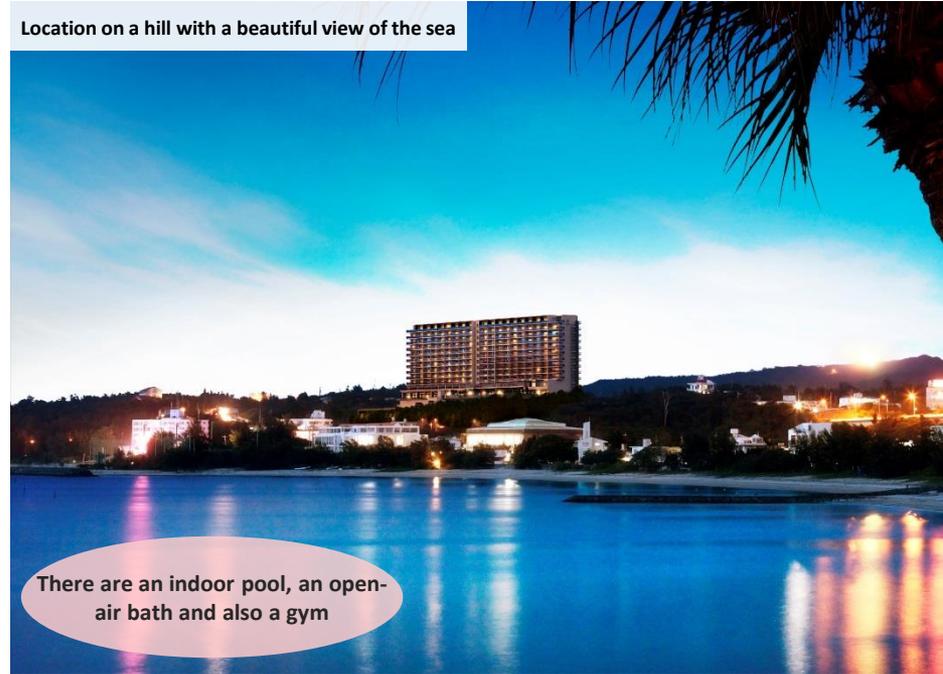
- *Location: Kamisu City, Ibaraki Prefecture
- *Number of guest rooms: 194 rooms

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

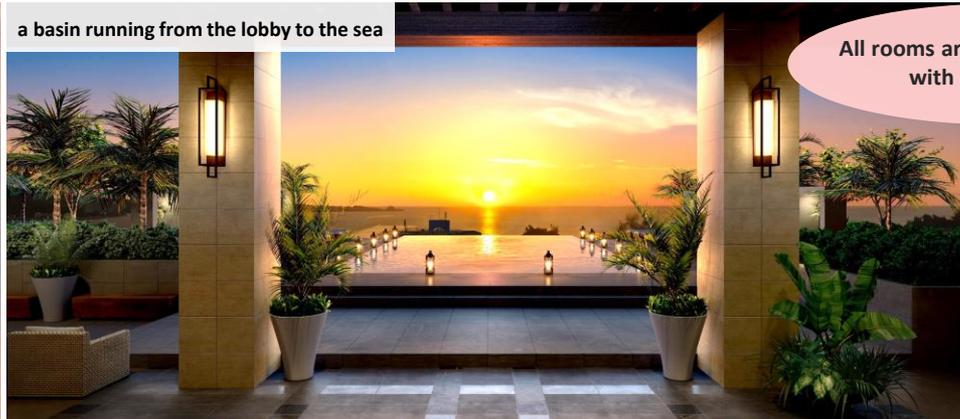
Sold out of the registration for “the second sale” of HIYORI Ocean Resort Okinawa



Scheduled to open in September 2020
Condominium Hotel with 204 rooms



There are an indoor pool, an open-air bath and also a gym



All rooms are suites has a terrace with an ocean view



List of hotels under operation and development

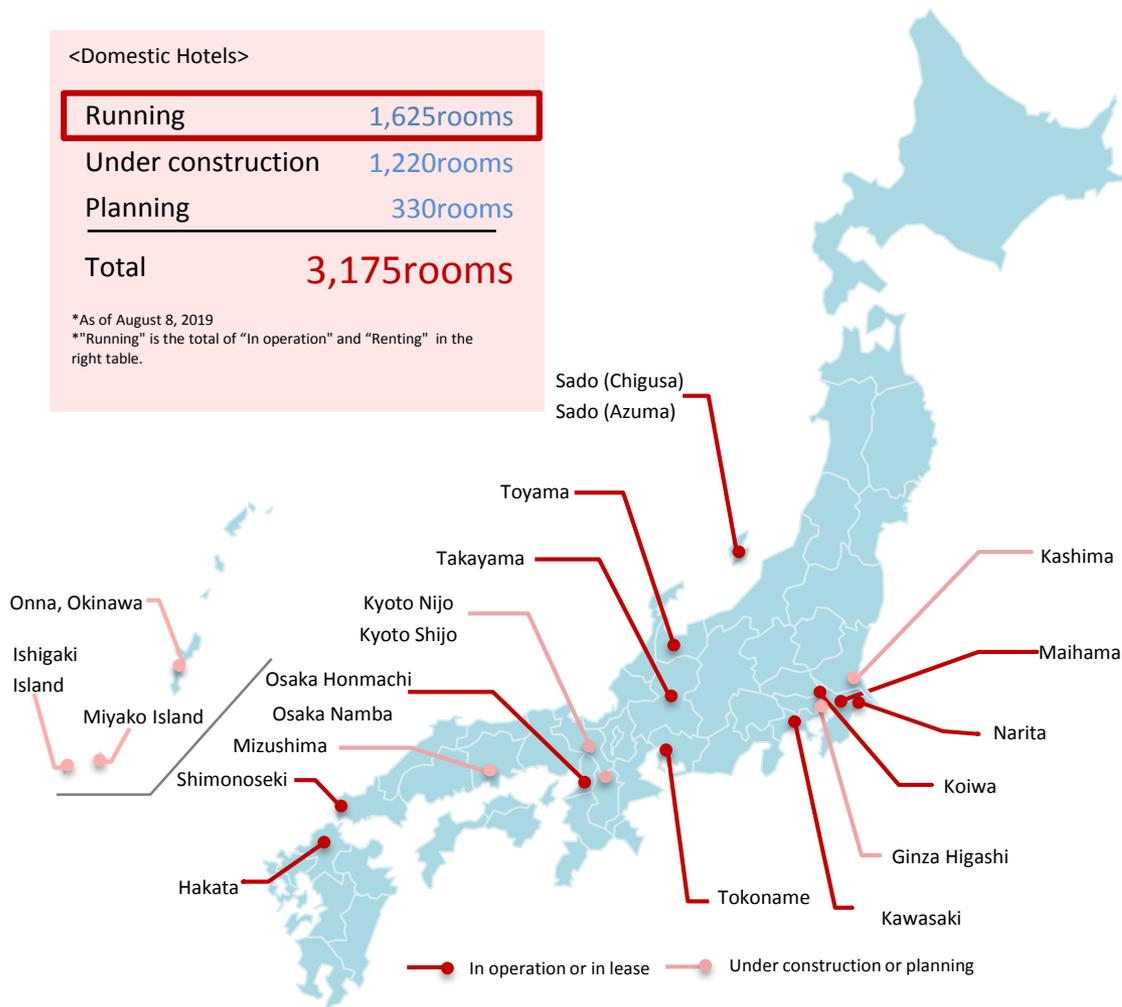


Ongoing Development to equip 5,000 guest rooms in FY Ending March 2023

<Domestic Hotels>

Running	1,625rooms
Under construction	1,220rooms
Planning	330rooms
Total	3,175rooms

*As of August 8, 2019
**"Running" is the total of "In operation" and "Renting" in the right table.



Status	Open (Plan)	Hotel Name Location	No. of Rooms
In operation	April 2016	SSH Nagoya Tokoname	194
In operation	-	Sky Heart Hotel Kawasaki	200
In operation	-	Sky Heart Hotel Koiwa	105
In operation	-	Sky Heart Hotel Narita	100
In operation	-	Sky Heart Hotel Hakata	159
In operation	April 2017	Hiyori Hotel Maihama	80
Renting	-	Toyama	210
In operation	-	Azuma Sado	57
In operation	May 2018	Tabino Hotel Takayama	80
In operation	-	Sky Heart Hotel Shimonoseki	105
In operation	July 2018	Tabino Hotel Sado	111
In operation	May 2019	Osaka Namba Ekimae	224
Under construction	October 2019	Osaka Honmachi	193
Under construction	December 2019	Ginza Higashi	135
Under construction	February 2020	Kurashiki Mizushima	155
Under construction	March 2020	Ibaraki Kashima	194
Under construction	September 2020	Onna, Okinawa	204
Under construction	December 2020	Kyoto Nijo Kawaramachi	205
Under construction	April 2022	Kyoto Shijo Kawaramachi	134
Planning	April 2021	Miyako-jima	120
Planning	December 2022	Ishigaki Island	210

To open in this FY

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

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 PJ 'HIYORI Garden Tower'

To be completed
in November 2019



Planned Appearance on completion

Night view of Da Nang



Model Room (living room)



Completed in January and currently interior finishing is under construction.

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

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
		Hotel AU Tokoname (Currently Spring Sunny Hotel Nagoya Tokoname)	Hotel
		Sky Court Hotel (Currently Skyheart Hotel)	Hotel
④			
⑤			
⑥	2018	Sado Resort 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

4) ESG initiatives

ESG initiatives of Sun Frontier Group

We will actively promote ESG activities through our business to achieve sustainable growth and long-term improvement in our corporate value.

Environment

- We revitalize old buildings without destroying them in our Real Estate Revitalization Business, which grows in harmony with the environment. Utilizing existing real estate stocks, we make efforts to extend the useful life of real estate and improve their quality.
(377 buildings were revitalized as of the end of June 2019.)
- We have opened and managed a furnished office distribution market, “Sonomanma (Just like that!) Office” since 2010.
We have succeeded in reducing waste materials born from office relocation.

Social

- In our Real Estate Revitalization Business, we promote the revitalization of buildings for purpose of the most suitable utilization that meets the needs of local communities and society, such as nursery schools, restaurants, etc.
- The countryside has rich tourism resources, including beautiful scenery with full of nature, cultural assets, original food and others.
Under the slogan, “Cheer up Japan!” we develop Regional Revitalization Business from the aspect of tourism, building new hotels as a main pillar, utilizing old houses, and discovering new tourism resources. (We have started it first in Sado Island.)

Governance

- We have established “Nomination and Compensation Committee” as a voluntary advisory body to the Board of Directors in order to improve of objectivity and transparency of the procedures regarding election and dismissal of the directors and their compensations.
We have improved its monitoring function for the management by appointing 2 outside directors to 2 members out of 3 directors of the committee.
- We decided to invite 1 outside director (to be added) and 1 outside auditor at the shareholders’ general meeting in June. We have 5 independent outside directors out of 10 directors of the board to strengthen our corporate governance.

Revitalization of old buildings without destroying them Development of Real Estate Revitalization Business in Harmony with the Environment

□ Our initiatives for Environment through real estate revitalization

We improve their environmental performance through renovation of buildings and equipment

Many of the buildings purchased in Revitalization Business are 20 to 30 years old and they often have old and inefficient facilities equipped. We revitalize those buildings by installing the latest air conditioning systems and LED lighting and renovating their restrooms, and so we reduce their failure risk after sales and, at the same time, we promote energy saving of the buildings.

[Renovation of air conditioning system]



[Renewal to LED lighting]



Our Real Estate Revitalization Business is a business in harmony with environment where we don't simply scrap and build (ie rebuild) old buildings, but identify their potential to revitalize them as highly profitable and functional offices buildings so that we can minimize waste of fossil resources and increase resource productivity.

Contribution to the Revitalization of Local Communities and Society [S]

We promote the revitalization of buildings for the most suitable utilization that meets the needs of society

We identify the needs for childcare services in the areas with a rapidly growing population and convert an old office building into a nursery school (We have done it in 5 buildings).

Before



After



In industry-government-academia cooperation we create a recreational waterfront space where local people can get together.

Before



After



We changed the usage of the first floor from a parking lot to a restaurant and connected it with a boardwalk along the canal, which creates an attractive waterfront scenery.

<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 fascination (culture, history, nature, food, 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. We have already created over 100 employments.

Sun Frontier Sado Inc.

Hotel Business

Transportation Infrastructure Project

Highlight Finding Project

Tourism and Travel Business

Web Advertising Business

Hotel AZUMA

Okesa Kanko Taxi

Kanko Oyasumidokoro

travel agency

Sado Biyori



Rental Car Business



Tabino Hotel Sado



Enhancement of our Governance System (G)



In our company, all executives and employees hold an idea of “right humanity” as their business philosophy. Based on this idea, we have implemented the following measures to enhance the system.

We have established Nomination and Compensation Committee

We have established “Nomination and Compensation Committee” as a voluntary advisory body to the Board of Directors in order to improve of objectivity and transparency of the procedures regarding appointment and removal of the directors and their compensations.

The majority of the committee members are outside directors to ensure sound management of the company.

We have ensured our risk management at the time of acquisition of properties and our compliance with laws and regulations at the time of their sale.

When we acquire properties, we make a comprehensive business judgement, considering not only their profitability but their key risks, environmental impact, compliance and others. We have also established our three-step checking system to identify risks in a broad context not only by our departments in charge but in cooperation with legal and audit departments. As for sale of the existing buildings which are disqualified, we first make them qualified enough to meet legal compliance requirements and sell them.

We conduct a monthly training on compliance.

We give all the employees a monthly training on compliance in order to establish an efficient system of legal compliance. The training has a broad range of themes, such as “prevention of insider trade,” “prevention of trades with antisocial forces,” “information management,” etc. We will devote ourselves to sound business operation.

Increase outside directors as board members (G)

We decided to add 1 outside director to our board of directors in order to enhance our corporate governance at the general meeting in June. Our outside directors have been selected from those who have abundant experience and knowledge in various fields and who can fulfill their roles and responsibilities in improving our corporate value over the medium to long term.

Takahara Toshio(Outside Director)

- He has a track record of business expansion and a wealth of experience as the manager of **Unicharm Corporation**.
- He supervises our management in details from an independent standpoint from our management team who actually executes the operation, and gives us unbiased, shrewd and effective advice in the decision-making process by the Board of Directors.

Kubo Yukitoshi (Outside Director)

- He is a former head of listing screening at the Tokyo Stock Exchange, a certified public accountant, and has extensive expertise and experience in the Financial Instruments and Exchange Act, Companies Act and finance.
- He gives us unbiased and shrewd advice and suggestions as a leading expert on governance and disclosure for a listed company, from an independent standpoint from our management team who actually executes the operation.

Okubo Kazutaka (Outside Director)

- As a certified public accountant, he is well-versed in corporate auditing and has held various posts, such as a manager of an auditing firm, a member of many civil service groups of intellectuals, and an executive of several groups in the business community, and has a wealth of insight and experience in such fields as risk management, compliance, CSR and regional revitalization.
- He gives us useful advice and suggestions for the management of our company and supervises it for the sustainable improvement of our corporate value.

Moriya Koichi (Outside Auditor)

- As a lawyer, he has extensive experience in real estate and financial fields, and gives us shrewd advice for the enhancement of our legal compliance system.
- He also has extensive experience as an outside director of **Tamura Corporation** and **Samantha Thavasa Japan Limited**.

Tanaka Hidetaka (Outside Auditor)

- He is a U.S. certified public accountant and has extensive overseas business experience.
- Utilizing his rich expertise in the financial industry, his experience as head of overseas subsidiaries of the Industrial Bank of Japan, and his deep insight in such fields as ESG, he gives us objective and shrewd advice for our future overseas development and management in general, including ESG disclosure suggestions he will continue to develop our company's expertise in the future. Our company will use its audit system from an objective standpoint in relation to overall management including overseas business development and ESG disclosure.

5) Company Information and Reference Materials

Sun Frontier's Corporate philosophy



Company policy

Altruism

Corporate Philosophy

With a vision to protect all employees and to pursue both spiritual and material happiness. At the same time, we will contribute to the prosperity of humankind and society with a spirit of symbiosis.

Three Major Policies

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

<Corporate Mission Statement>



Vision

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

Clients

Building owners, asset holders, wealthy individuals

Core Business

Real estate revitalization and utilization

Policy

- Not for profit, but for trust
To solve problems from the clients’ perspective
- To focus on people rather than property
- One-stop solutions to any and all problems

Strategy

Central
Tokyo

Office

Strength

Tenant
mediation

Real estate
revitalization

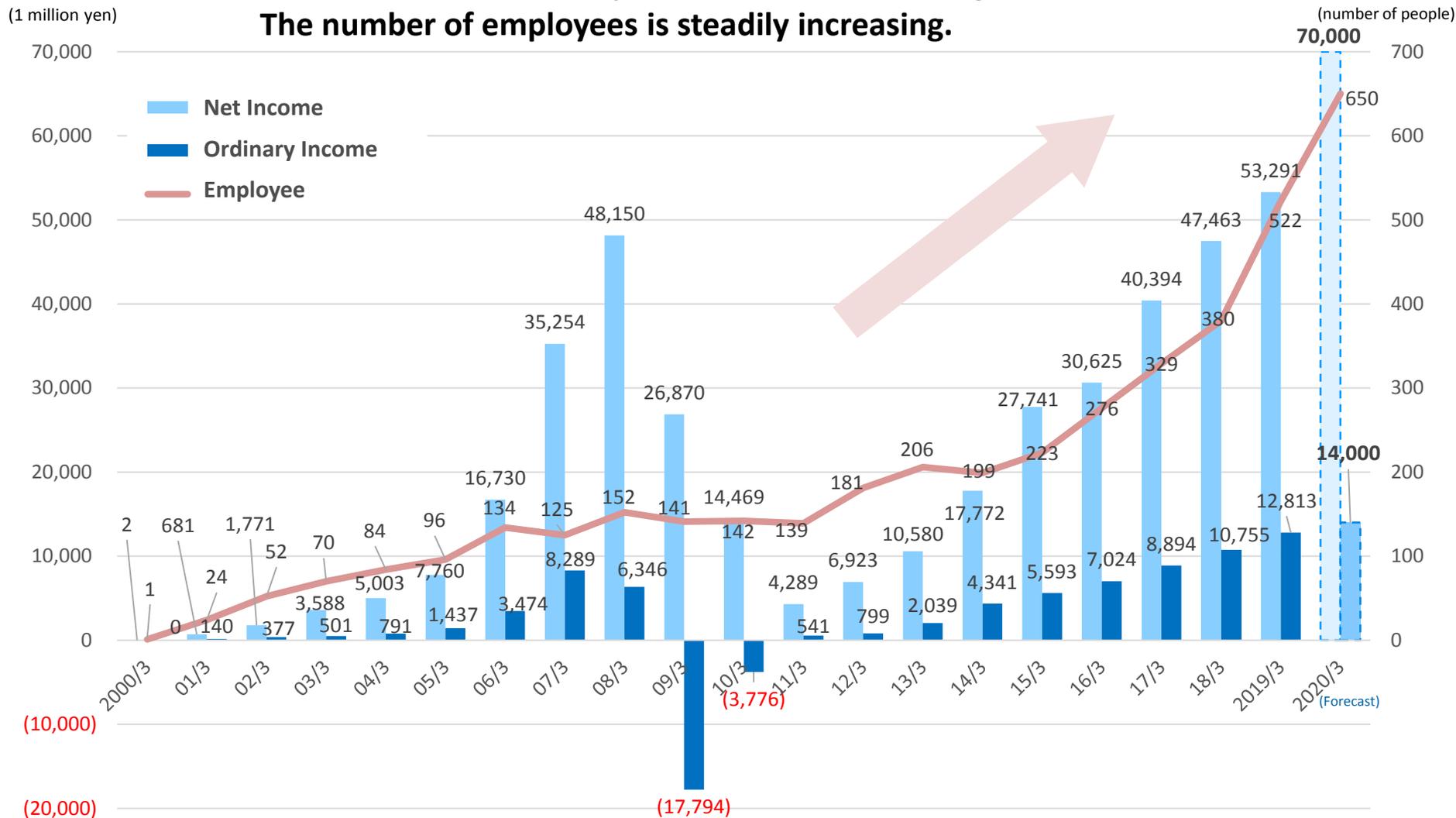
Effective operation

creativity

Changes in Net Sales, Ordinary Income, and Number of Employees



**Both Net Sales and Ordinary Income remained strong.
The number of employees is steadily increasing.**



Corporate Profile

Company Name	Sun Frontier Fudosan Co., Ltd.
Location of Head Quarters	2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo
Date of Foundation	April 8, 1999
Date of Lsting	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 (939 including part-timers and temporary workers)
Average Age of Employees※	33.5 years old (※ As of June 30, 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)



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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