

# Financial Results for the Fiscal Year Ended March 31, 2021

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

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May 12, 2021



**SUN FRONTIER**

Securities Code :  
8934

# Performance Summary of FY ended March 2021

**Despite a year-on-year decline due to the COVID-19 outbreak, profits were achieved by upward revision of our initial forecast.**

(Unit: 1 million yen)

	Results				Forecast Comparison			
	Results	Profit Margin	Year-on-Year	Growth Rate	Full-year Forecast (announced on August 6, 2020)	Full-year Forecast (revised on March 29, 2021)	Progression Rate	
Net Sales	59,632	-	-13,585	-18.6%	70,000	59,500	100.2%	
Operating Income	7,912	13.3%	-8,659	-52.3%	6,930	7,600	104.1%	
Ordinary Income	7,524	12.6%	-8,602	-53.3%	6,500	7,100	106.0%	
Profit *	4,274	7.2%	-6,392	-59.9%	4,100	4,200	101.8%	
					Dividends per Share	42.0 yen	42.0 yen	-

\* "Profit" represents net income attributable to shareholders of the parent company.

## Topics

### 1) Solid performance in RP Business drove the companywide results

- The number of properties sold in RP Business was 23, and **the segment profit margin remained high** (24.3% down 7.0% year-on-year). Despite the COVID-19 outbreak, business performance **remained solid and drove the companywide performance**. However, sales and profits fell sharply year-on-year partly due to a reactionary fall from the previous fiscal year.
- In commercialization, we **promoted the creation of offices that are selected even in this new normal based on the new values**, by firmly capturing the changes in cities, offices and work styles.

### 2) Increased profits of Hotel Development Business and Overseas Businesses supported results

- In the Hotel Development Business, we completed the delivery of 159 lots of HIYORI OCEAN RESORT OKINAWA, which was completed at the end of last year. In addition, the sale of HIYORI Hotel Maihama was completed in March, **resulting in the segment income of about 2.1 billion yen** while improving cash flow and covering the negative impact of the operation division in the hotel business.
- In Overseas Business, the delivery of HIYORI Garden Tower, a condominium in Da Nang, Vietnam was completed. **The segment income increased year-on-year and contributed to companywide results**.

# Consolidated Income Statement

(Unit: 1 million yen)

	FY ended March 2020	FY ended March 2021	Year-on-year Change
<b>Net Sales</b>	73,218	59,632	-18.6%
Real Estate Revitalization Business	60,061	48,398	-19.4%
Replanning Business (including Hotel Development)	56,127	45,175	-19.5%
Rental Buildings and Sub-leases	3,933	3,223	-18.1%
Real Estate Service Business	3,476	3,656	5.2%
Operation Business	5,405	3,069	-43.2%
Other Business	5,659	5,294	-6.4%
Adjustment	-1,384	-785	-
<b>Gross Profit (Loss)</b>	24,028	15,083	-37.2%
Real Estate Revitalization Business	20,314	12,629	-37.8%
Replanning Business (including Hotel Development)	18,830	11,677	-38.0%
Rental Buildings and Sub-leases	1,484	951	-35.9%
Real Estate Service Business	2,253	2,347	4.2%
Operation Business	-41	-1,207	-
Other Business	1,615	1,541	-4.6%
Adjustment	-115	-228	-
<b>Selling, general and administrative expenses</b>	7,456	7,170	-3.8%
<b>Operating Profit (Loss)</b>	16,571	7,912	-52.3%
Non-operating Income	260	270	3.8%
Non-operating Expenses	704	658	-6.5%
<b>Ordinary Profit (Loss)</b>	16,127	7,524	-53.3%
Extraordinary Income and Loss	-40	-61	-
Income Tax	-5,503	-3,224	-
Profit Attributable to Non-controlling Interests	83	36	-56.6%
<b>Net Income</b>	10,666	4,274	-59.9%

## Income Statement Points

### <Real Estate Revitalization Business>

In RP Business, although decreased year-on-year, sales progressed steadily even in the COVID-19 outbreak. With Hotel Development Business, HIYORI OCEAN RESORT OKINAWA (159 lots) and HIYORI Hotel Maihama were completed.

As a result, in Real Estate Revitalization Business, sales were 48.3 billion yen (down 19 % year-on-year), gross profit was 12.6 billion yen (down 38% year-on-year), and **the gross profit ratio was 26.1% and kept a level exceeding the full-year forecast rate (19.1%).**

### <Operation Business>

**Hotel Operation Business suffered a decline in performance.** 4Q was sluggish due to the re-issuance of the state of emergency. Conference Room Rental Business, on the other hand, secured profitability by capturing the limited demand as it developed new services in response to the COVID-19 outbreak. However, Operation Business as a whole posted net sales of 3.0 billion yen (down 43% year-on-year) and **a loss of 1.2 billion yen** for the period.

### <Other Business>

In Overseas Business, the delivery of all units of the condominium PJ was completed. As a result, sales of Other Businesses were 5.2 billion yen (down 6% year-on-year), gross profit was 1.5 billion yen (down 5% year-on-year), and **the profit ratio secured a high level of 29%.**

# Consolidated Balance Sheet - Assets -

<Inventories>

Decreased by 5.6 billion yen due to the sale of properties. Sales of RP projects remained unchanged as sales progressed, while purchase and construction projects progressed. Hotel projects decreased by 3.1 billion yen due to the delivery of HIYORI OCEAN RESORT OKINAWA and the sale of Maihama Hotel. Overseas projects decreased by 2.5 billion yen due to the completion of the delivery of condominiums in Da Nang.

<Cash and time deposits >

Increased by 2.8 billion yen due to the progress in sales of RP properties, hotel projects and overseas projects

(Unit: 1 million yen)	FY ended March 2019	FY ended March 2020	FY ended March 2021	Increase/ Decrease (compared to End of March 2020)
<b>Current Assets</b>	97,149	113,842	110,785	-3,056
Cash and deposits	20,257	18,627	21,508	+ 2,880
Inventories	74,329	91,766	86,087	-5,678
Breakdown) RP	62,143	71,353	71,349	-4
Hotel	7,552	17,019	13,917	-3,102
Overseas, etc.	4,634	3,395	822	-2,573
Other Current Assets	2,562	3,448	3,189	-258
<b>Non-current Assets</b>	13,749	16,450	16,700	+249
Property, Plant and Equipment	9,339	10,413	10,528	+114
Intangible Assets	863	712	701	-11
Investments and Other Assets	3,546	5,324	5,470	+146
<b>Total Assets</b>	110,898	130,293	127,485	-2,807

# Consolidated Balance Sheet - Liabilities/Equity -



<Interest-bearing Debt> Borrowings decreased by approximately 1.8 billion yen from the end of the previous fiscal year to 47.5 billion yen due to the sale of property, etc.

<Net Assets> Despite the dividends paid in the previous fiscal year (-2.0 billion yen), current Net Income (4.2 billion yen) and issuance of preferred stock by subsidiaries (3.0 billion yen) resulted in an increase of approximately 5.0 billion yen.

Changes of Equity Ratio		
End of March 2019	End of March 2020	End of March 2021
50.3%	49.6%	52.3%

(Unit: 1 million yen)	FY ended March 2019	FY ended March 2020	FY ended March 2021	Increase/Decrease (Compared to End of March 2020)
<b>Current Liabilities</b>	12,859	18,052	13,358	-4,693
Short-term Borrowings, etc.	2,248	4,463	5,530	+1,067
Income Taxes Payable, etc.	2,661	3,566	901	-2,665
Other Current Liabilities	7,949	10,022	6,926	-3,095
<b>Non-current Liabilities</b>	42,179	47,431	44,354	-3,077
Long-term Borrowings and Bonds Payable	39,751	44,906	41,991	-2,915
Other Noncurrent Liabilities	2,428	2,525	2,363	-161
<b>Total Liabilities</b>	55,038	65,483	57,712	-7,771
Shareholders' Equity	55,900	64,690	66,916	+2,226
Others	-40	119	2,856	+2,737
<b>Total Net Assets</b>	55,860	64,809	69,773	+4,963
<b>Total Liabilities and Net Assets</b>	110,898	130,293	127,485	-2,807

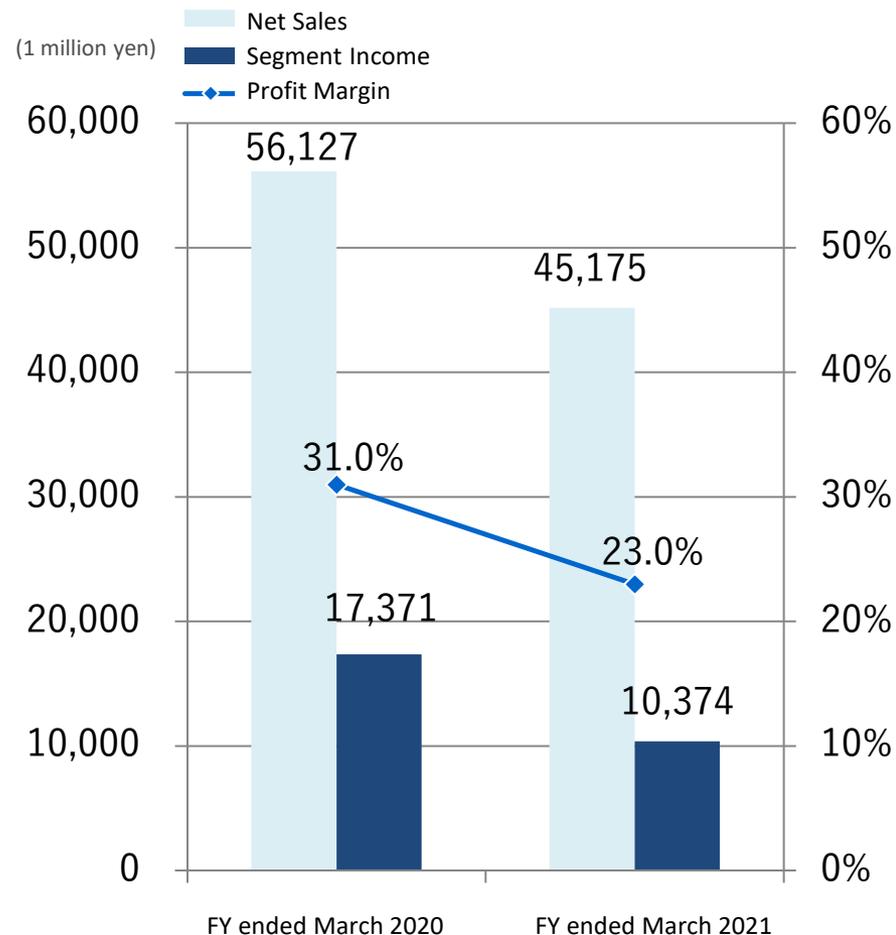
## Operating Results by Business Segment



# Replanning Business (Replanning (RP)/ Hotel Development)

- In Replanning Business, the number of properties sold was 23, a significant decrease from the previous fiscal year (43), due to the impact of COVID-19 and because the sale of properties in the previous fiscal year went well.
- Write-downs (0.27 billion yen) for RP Business projects in New York were recorded.
- The average RP business period was 532 days (up 123 days from the previous year). The business period has been getting longer due to the time required for leasing for the stagnation of economic activities caused by COVID-19. However, the business policy of building in a time frame of approximately one year from purchase to sale remains unchanged.
- In Hotel Development Business, the sales of HIYORI OCEAN RESORT OKINAWA and HIYORI Hotel Maihama contributed to the Segment Income of 2.16 billion yen (profit margin 19.1%). We will continue to operate the hotels after the sale.
- The number of properties in year-end inventory was 64 (54 for RP Business-related properties and 10 Hotel Business-related properties)

(Unit: 1 million yen)	FY ended March 2020	FY ended March 2021	Increase/ Decrease
<b>Net Sales</b>	56,127	45,175	-19.5%
Replanning Business	56,097	33,796	-39.8%
Hotel Development Business	30	11,378	+37,826.7%
<b>Segment Income (Note 1)</b>	17,371	10,374	-40.3%
Replanning Business	17,529	8,205	-53.2%
Hotel Development Business	-157	2,169	-
<b>Profit Margin</b>	31.0%	23.0%	-8.0% pt
Replanning Business	31.3%	24.3%	-7.0% pt
Hotel Development Business	-	19.1%	-
<b>Number of Properties Purchased</b>	40 cases	21 cases	-19 cases
<b>Number of Properties Sold</b>	43 cases	26 cases <small>* Including 3 hotels</small>	-17 cases
<b>Number of Stocks at the End of FY</b>	70 cases (Note 2)	64 cases (Note 2)	-6 cases



(Note 1) "Segment Profit" 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.

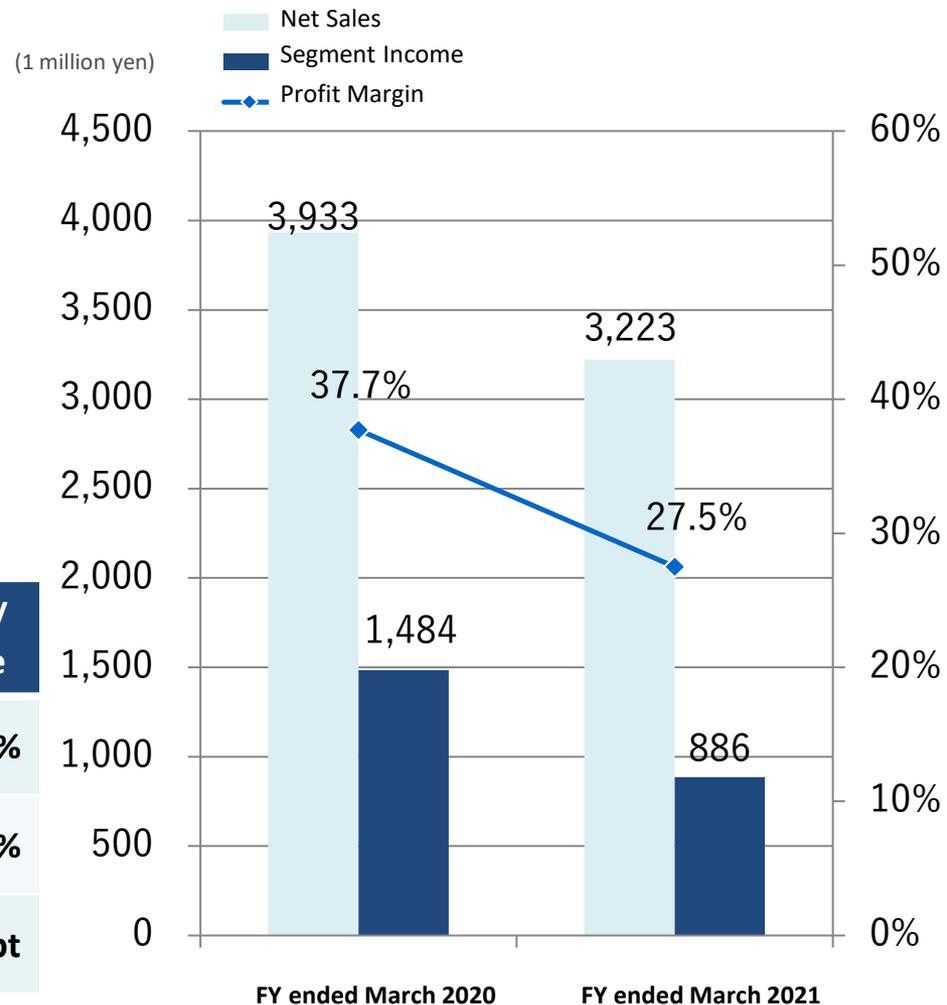
## Operating Results by Business Segment



# Rental Building Business (Rental Buildings/ Sub-leases)

- In order to build a stable revenue base as a stock business, we intend to increase the number of rental building properties in the RP business and promote tenant attraction by leveraging the operational capabilities cultivated in the real estate service division to increase rent income over the medium to long term.
- During the fiscal year, sales and profit decreased and profit margin decreased due to the temporary closure of hotels under management and the waiver of rents along with a decrease in occupancy rate.

(Unit: 1 million yen)	FY ended March 2020	FY ended March 2021	Increase/Decrease
Net sales	3,933	3,223	-18.1%
Segment Income	1,484	886	-40.3%
Profit Margin	37.7%	27.5%	-10.2% pt



# Operating Results by Business Segment

## Real Estate Service Business

(Property Management/Building  
Maintenance/Brokerage/Leasing)



### <PM and BM Businesses>

- In the PM Business, sales and profits increased as the number of PM managing buildings increased. In the BM business, sales and profits increased. The company acquired Nippon System Service Co., Ltd., which is engaged in the BM business, through M&A.

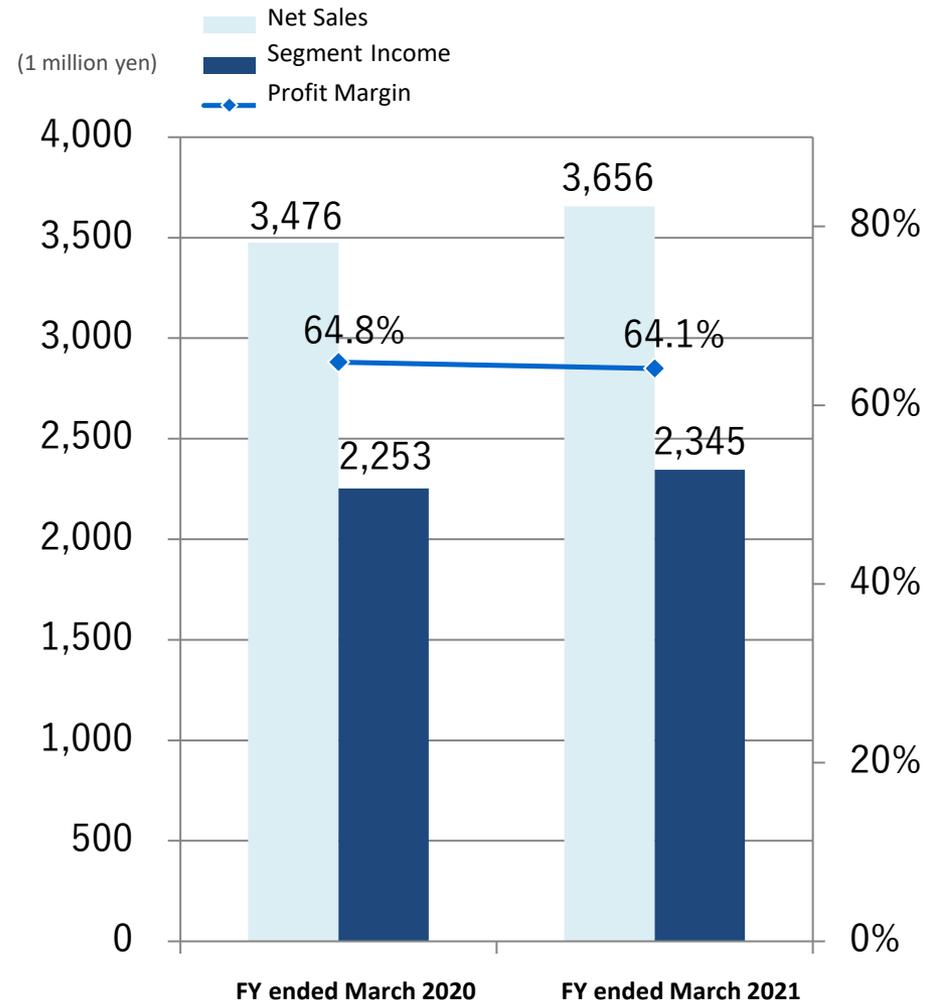
#### [Changes in Number of PM Managing Buildings and Occupancy Rate]

	[Number of Managing Buildings]	[Occupancy Rate]
End of March 2019	373 buildings	97.6%
End of March 2020	392 buildings	98.6%
<b>End of March 2021</b>	<b>397 buildings</b>	<b>94.4%</b>

### <Brokerage and Leasing>

- Sales and profits increased in Brokerage Business as a result of a steady increase in the project contracts in collaboration with other divisions. Sales and profits decreased in Leasing Business due to a decrease in contracts for external properties for the impact of COVID-19, despite the contribution to the commercialization of RP properties.

(Unit: 1 million yen)	FY ended March 2020	FY ended March 2021	Increase/ Decrease
Net Sales	3,476	3,656	+5.2%
Segment Income	2,253	2,345	+4.0%
Profit Margin	64.8%	64.1%	-0.7% pt



# Operating Results by Business Segment

## Operation Business (Hotel Operation and Conference Room Rental Business)



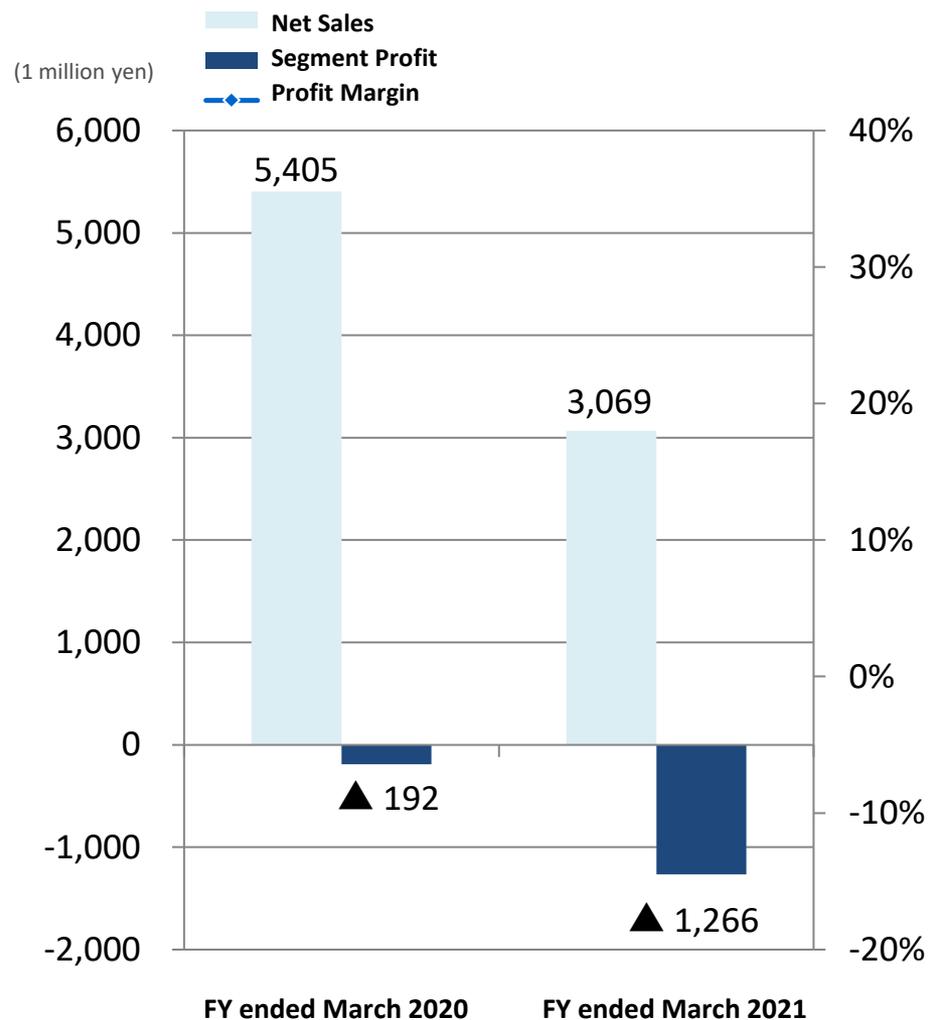
### <Hotel Operation Business>

- Seven hotels were closed in 1Q. In 2Q and 3Q, hotels in local areas performed well, while hotels in the urban areas such as Tokyo and Osaka struggled. In 4Q, the state of emergency was reissued, and occupancy rate fell significantly. Substantial decrease in revenue and loss was posted.

### <Conference Room Rental Business>

- The environment is such that the need for training and seminars is decreasing and business is not viable in its existing form. In order to capture the needs of the limited number of customers, we have been developing new services that capture the changing times, such as custom-made spaces. At the same time, sales and profits have declined despite thorough cost-reduction efforts.

(Unit: 1 million yen)	FY ended March 2020	FY ended March 2021	Increase/Decrease
<b>Net Sales</b>	<b>5,405</b>	<b>3,069</b>	<b>-43.2%</b>
Hotel Operation Business	4,126	1,906	-53.8%
Conference Room Rental Business	1,279	1,162	-9.1%
<b>Segment Income</b>	<b>-192</b>	<b>-1,266</b>	<b>-</b>
Hotel Operation Business	-370	-1,384	-
Conference Room Rental Business	178	117	-34.3%
<b>Profit Margin</b>	<b>-</b>	<b>-</b>	<b>-</b>
Hotel Operation Business	-	-	-
Conference Room Rental Business	13.9%	10.1%	-3.9% pt



# Operating Results by Business Segment



## Other (Rent guarantee, Construction, Overseas Business, etc.)

### <Rent guarantee>

- The number of consultations from building owners increased due to an increase in the number of vacant rooms caused by the COVID-19 outbreak, concerns about the credit of tenants, and the switch from personal guarantee to institutional guarantee due to the revision of the Civil Code. Sales and profits increased due to steady growth in the number of guarantees.

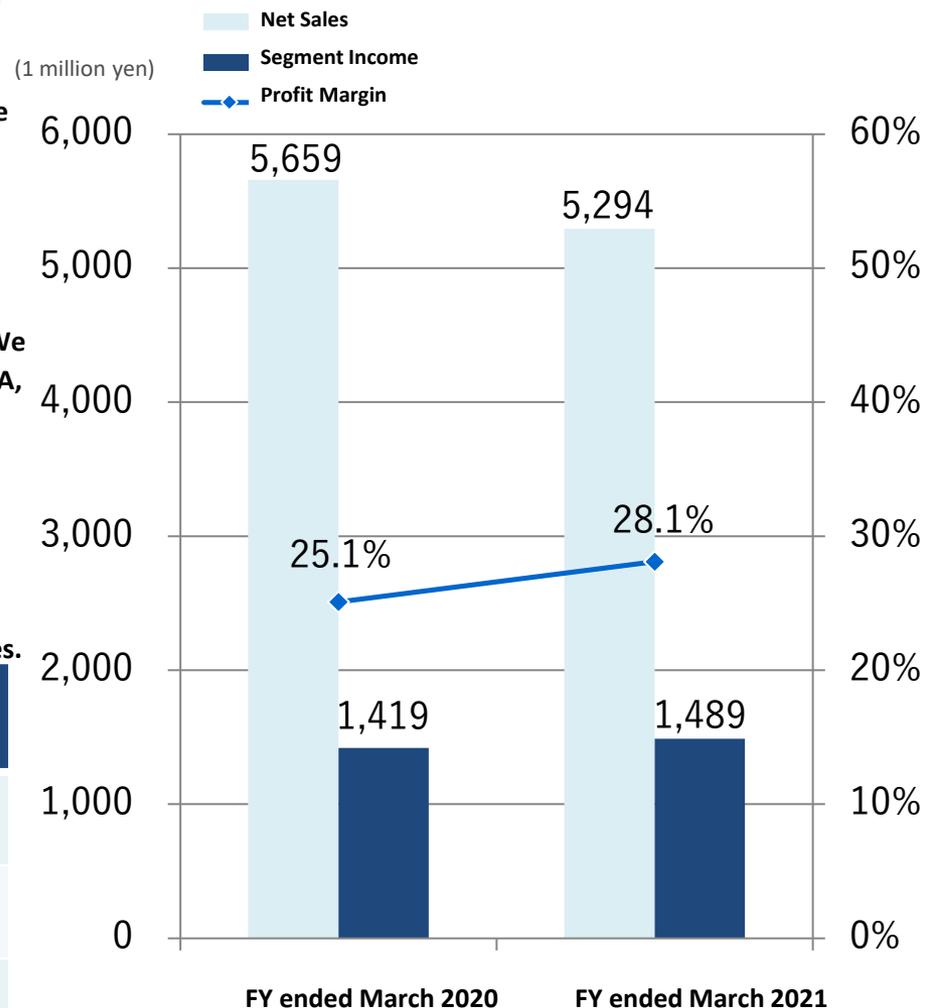
### <Construction Business>

- Both sales and profits decreased due to a reactionary fall for SF Engineering's large-scale construction deliveries in the previous year. We acquired shares of Communication Development Co., Ltd. through M&A, which will make a full-scale contribution to business results from the fiscal year ending March 31, 2022.

### <Overseas Business>

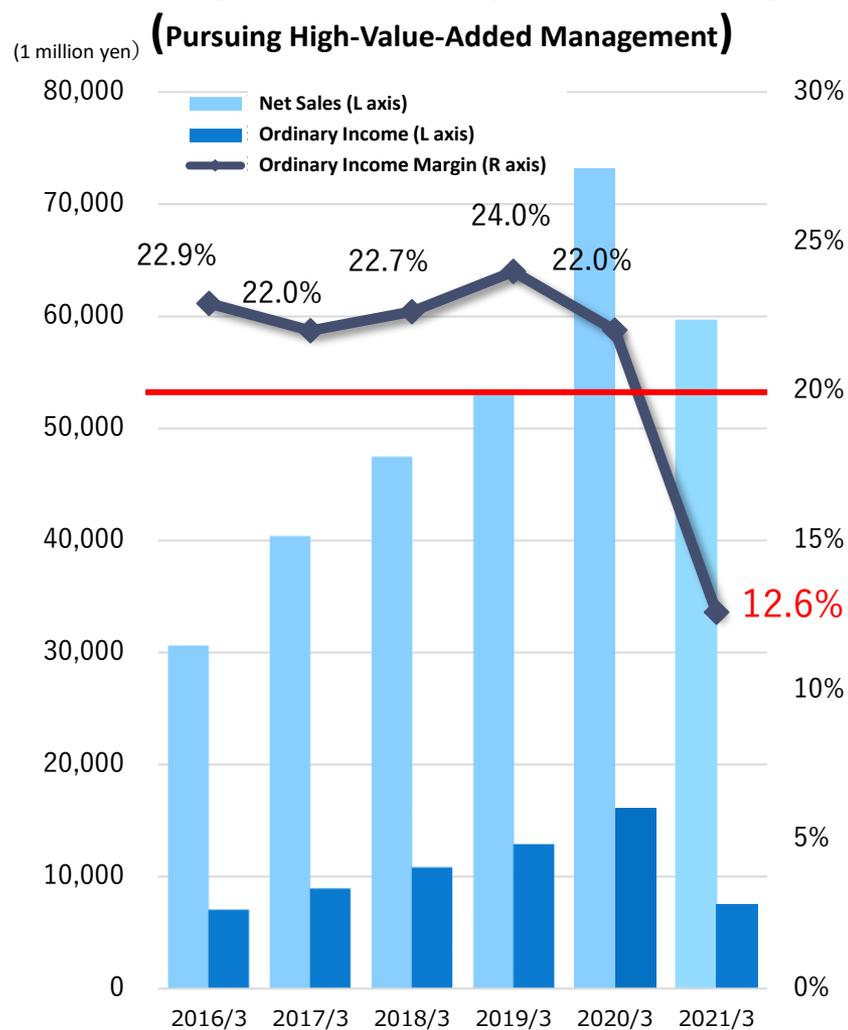
- Delivery of the condominium PJ in Da Nang was completed. Sales of PJ alone for this fiscal year was 2.5 billion yen, and Segment Income was 0.62 billion yen. Overseas Business increased despite a decrease in sales.

(Unit: Million yen)	FY ended March 2020	FY ended March 2021	Increase/Decrease
Net Sales	5,659	5,294	-6.4%
Segment Income	1,419	1,489	+4.9%
Profit Margin	25.1%	28.1%	+3.0%pt

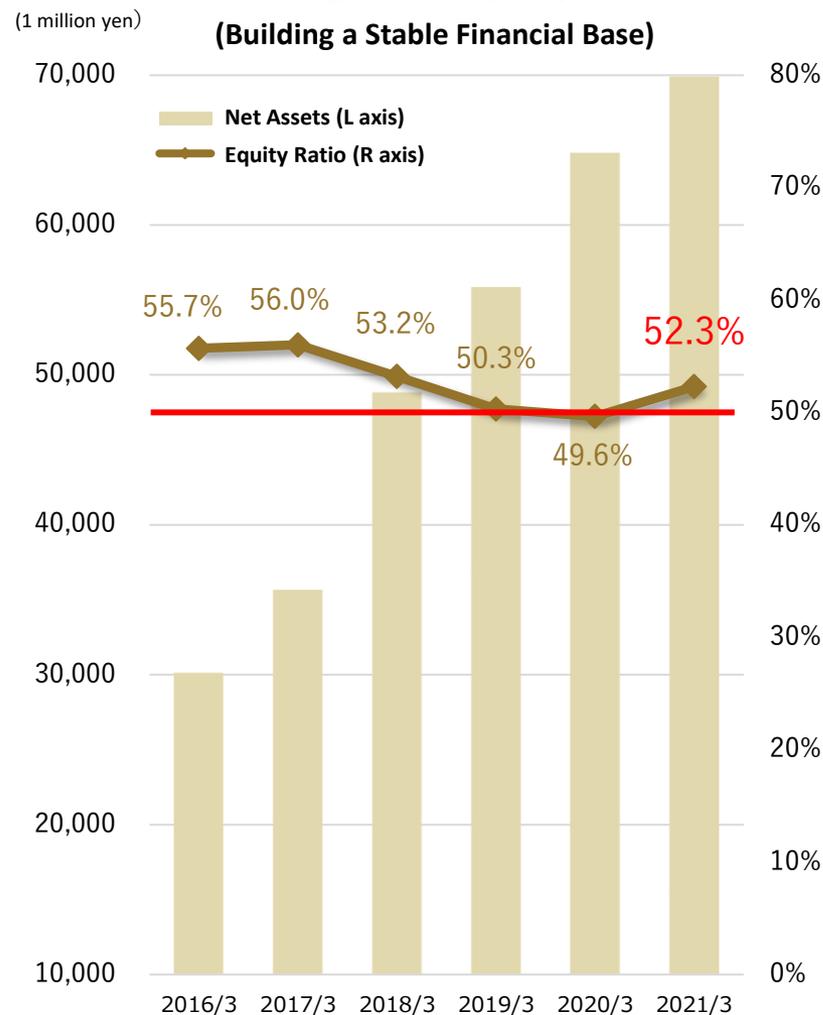


# Trends in Key Management Indicators

## Changes in Ordinary Income Margin



## Changes in Equity Ratio



## **2) Forecast for the Fiscal Year ending March 2022**

# Forecast for FY ending March 2022

(1 million yen)	FY ended March 2021	Forecast for FY ending March 2022	Increase/ Decrease
<b>Net sales</b>	<b>59,632</b>	<b>76,000</b>	<b>+27.4%</b>
(1) Real Estate Revitalization Business	48,398	60,900	+25.8%
RP Business (including hotel development)	45,175	58,400	+29.3%
Rental Building Business	3,223	2,500	-22.4%
(2) Real Estate Service Business	3,656	3,900	+6.7%
(3) Operation Business	3,069	8,700	+183.5%
(4) Other Business	5,294	2,800	-47.1%
Adjustment	-785	-300	-
<b>Gross profit (loss)</b>	<b>15,083</b>	<b>19,600</b>	<b>+29.9%</b>
(1) Real Estate Revitalization Business	12,629	16,600	31.4%
RP Business (including hotel development)	11,677	15,650	34.0%
Rental Building Business	951	950	-
(2) Real Estate Service Business	2,347	2,300	-2.0%
(3) Operation Business	-1,207	-500	-
(4) Other Business	1,541	1,300	-15.6%
Adjustment	-228	-100	-
Selling, General and Administrative Expenses	7,170	7,600	+6.0%
<b>Operating Profit (loss)</b>	<b>7,912</b>	<b>12,000</b>	<b>+51.7%</b>
<b>Ordinary Profit (loss)</b>	<b>7,524</b>	<b>11,500</b>	<b>+52.8%</b>
<b>Current Net Income</b>	<b>4,274</b>	<b>7,400</b>	<b>+73.1%</b>
<b>Dividends per Share (yen)</b>	<b>42.00</b>	<b>42.00</b>	<b>+0.0%</b>

- The Office Building Business in central Tokyo is the core business.
- We plan to record stable sales in the Revitalization Business that brings together the company-wide strength.
- In Hotel Development Business, the remaining units (44 lots) of the hotel for sale in Okinawa are scheduled to be booked this fiscal year.

- In Other Business, we expect a decrease of about 47% from the previous fiscal year due to a reaction to development projects in Overseas Business in the previous fiscal year.

- The RP gross profit margin is set based on the current market environment. While setting a conservative profit margin, we expect to generate steady profits.  
Fiscal year ended March 31, 2020: 33.5%  
Fiscal year ended March 31, 2021: 25.8%  
→ **Fiscal year ending March 31, 2022: 26.8%**

- The Operation Business is expected to post a loss due to the impact of the new coronavirus, although the loss is expected to be reduced by about 60% from the previous fiscal year.

- SG & A expenses are expected to increase year-on-year due to an increase in personnel expenses, despite the continued cost reduction efforts from the previous fiscal year.

- The dividend is expected to remain unchanged, 42.0 yen.

# Dividend Forecast for FY ending March 2022

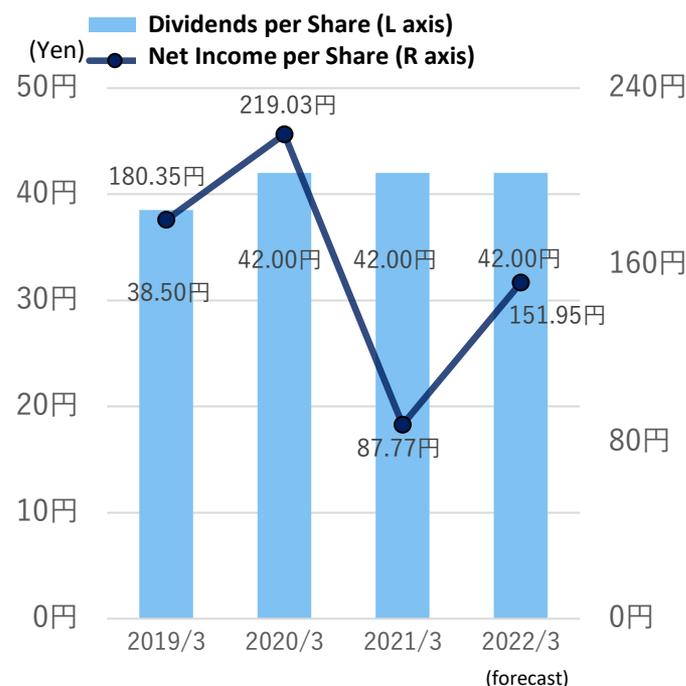
The Company's profit sharing is based on the assumption that it will contribute to the interests of shareholders in a comprehensive manner in accordance with the following basic policy. Despite the uncertain outlook due to the impact of COVID-19, while securing internal reserves to maintain financial stability, we intend to pay a dividend of 42 yen per share for the current fiscal year, the same amount as the dividend (forecast) for the previous fiscal year, in order to respond to shareholders that continue to support us even under this environment.

## Basic Policy for Profit Sharing

1. We will strive to provide long-term and stable returns to our shareholders, and
2. secure investment funds for future growth, and
3. consider financial stability and reinforcement, working to contribute to the interests of our shareholders in a comprehensive manner.

	FY ended March 2019	FY ended March 2020	FY ended March 2021	FY ending March 2022 (forecast)
Net Income per Share	180.35 yen	219.03 yen	87.77 yen	151.95 yen
Dividends per Share	38.50 yen	42.00 yen	42.00 yen	42.00 yen
Payout Ratio	21.3%	19.2%	47.9%	27.6%

## Trends in Net Income per Share and Dividends per Share



# Revision of the Medium-term Management Plan



**SUN FRONTIER**

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**1. Review and Revision of the Current  
Medium-term Management Plan**

**2. Basic Policy and Growth Strategy**

**3. Strategies for Each Business**

# 1. Review and Revision of the Current Medium-term Management Plan

# Review of the Current Medium-term Plan (FY ended March 2019 - FY ending March 2023)



## ■ Fiscal year ended March 2020:

Net sales of 73.2 billion yen and Ordinary profit of 16.1 billion yen, on track to achieve our targets

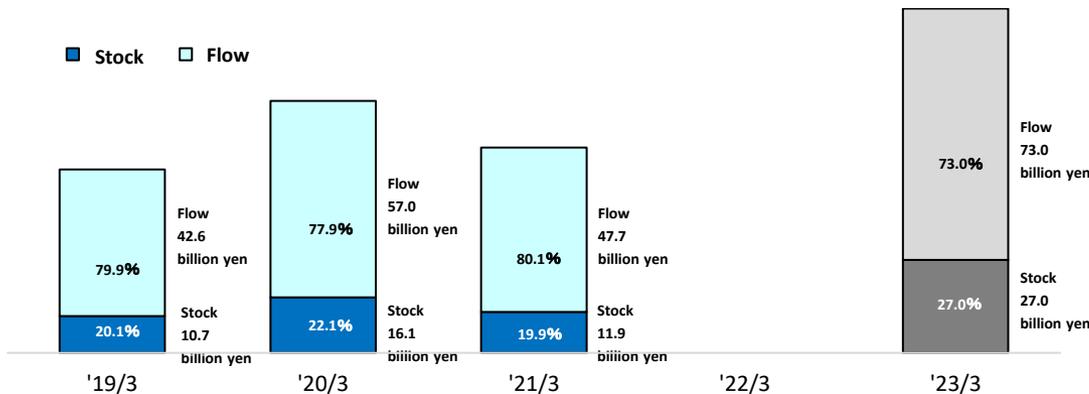
## ■ Fiscal year ended March 2021:

Secured Net sales of 59.6 billion and Ordinary profit of 7.5 billion yen

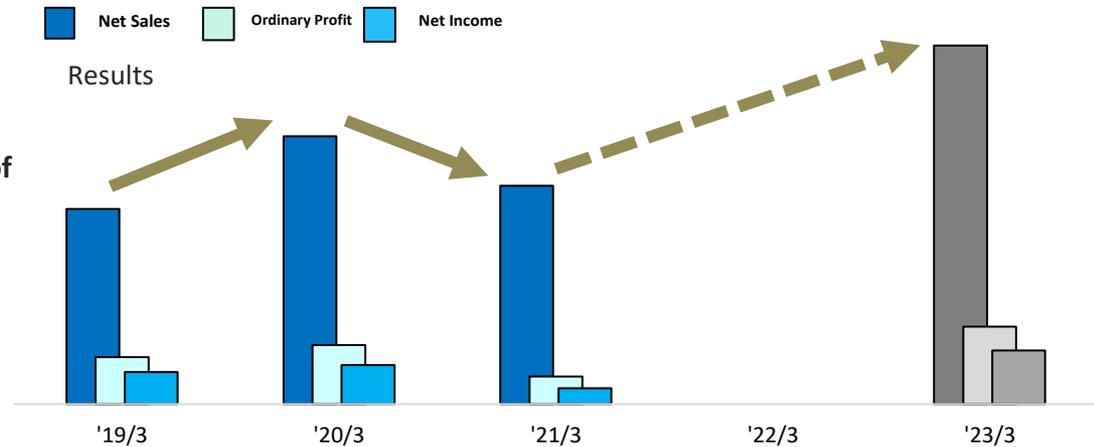
## ■ Targets for fiscal year ending March 2023:

Slow progress toward Net sales of 100 billion yen and Ordinary profit of 20 billion yen

## ■ Net sales of stock and the ratio slightly decreased in the fiscal year ended March 2021



Final Year of the Current Medium-term Plan  
Targets for Fiscal Year ending March 31, 2023



## ■ New development plans were postponed in the Hotel Business

	Number of Hotels in Operation	Number of Occupied Rooms
FY ended March 2019	10 Hotels	1,191 rooms
FY ended March 2020	14 Hotels	1,898 rooms
FY ended March 2021	16 Hotels	2,295 rooms
Hotels under Development	4 Hotels	624 rooms
<b>Total</b>	<b>20 Hotels</b>	<b>2,919 rooms</b>

# Insight for Business Environment

**Change, Challenge, Create!**

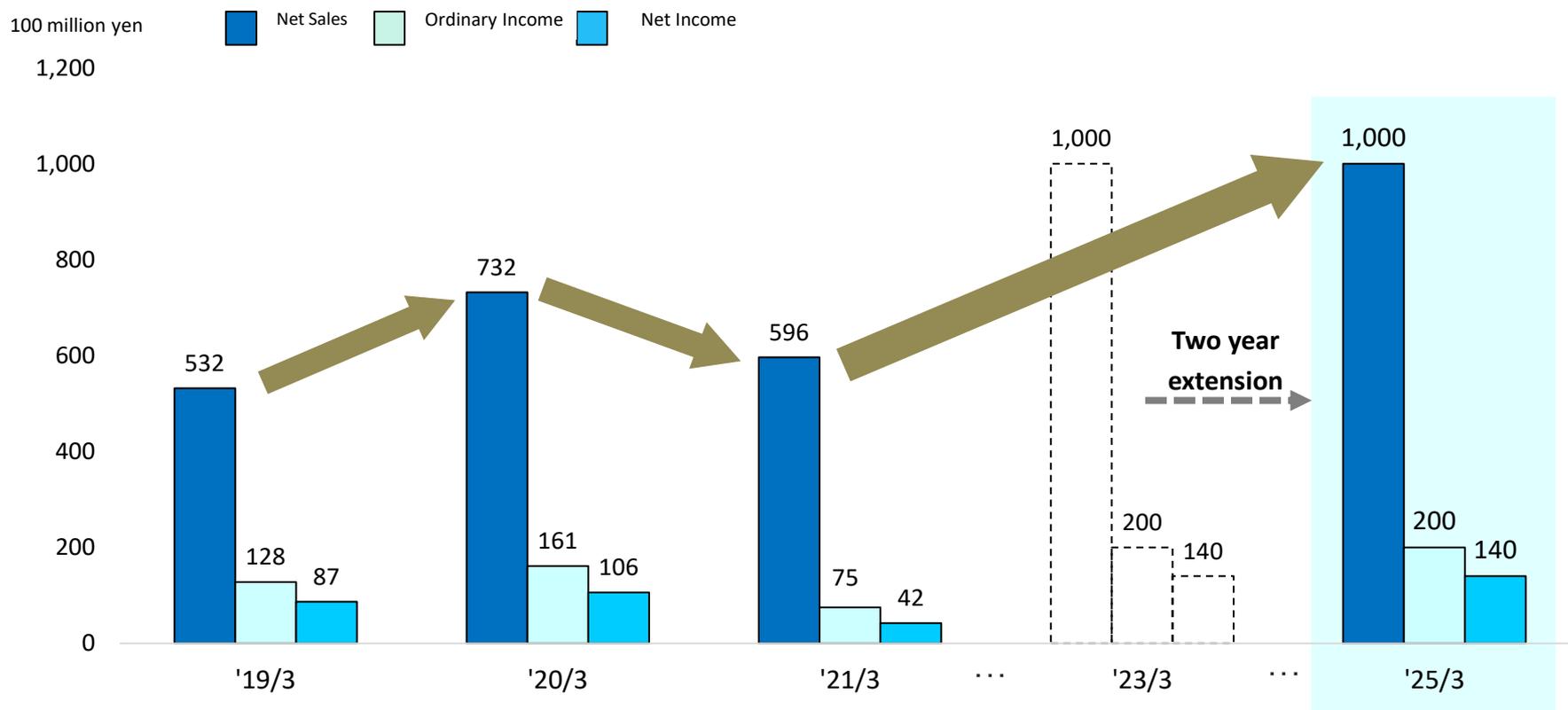
**Assuming the Post COVID-19 for Each Business that Has Gone through COVID-19 Pandemic**

	Offices		Hotel Market	Overseas (Vietnam) Market
	Office Rental Market	Office Trading Market		
<b>Before the Spread of COVID-19</b>	<ul style="list-style-type: none"> <li>Both occupancy rate and average asking rent were high</li> <li>Strong needs for floor expansion and relocation</li> </ul>	<ul style="list-style-type: none"> <li>Low transaction yield due to low interest rate environment, and low transaction volume due to difficulties of operation</li> <li>High revenue due to high occupancy rate and high rent with high added-value properties</li> </ul>	<ul style="list-style-type: none"> <li>Boomed tourism demand, increased inbound (visitors to Japan) year by year, and hotels operations at high capacity</li> <li>Increased hotel construction due to many market entries</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for high value-added real estate (housing) in line with economic growth in emerging countries</li> </ul>
<b>After the Spread of COVID-19</b>	<ul style="list-style-type: none"> <li>Both occupancy rate and average asking rent fell.</li> <li>Telecommuting and online services spread.</li> <li>Changes in needs for office relocation, downsizing, expansion, concentration, decentralization, and offices</li> </ul>	<ul style="list-style-type: none"> <li>Stagnated economic activity, low interest rate environment, and low transaction yield continued.</li> <li>There are property transactions due to business restructuring, etc.</li> <li>Demand from overseas investors due to relative stability compared to other countries</li> </ul>	<ul style="list-style-type: none"> <li>Disappeared demand for overseas tourism, limited domestic demand, and a series of closures</li> <li>Limited effect of the Go To Campaign</li> <li>Despite the efforts of cost reduction, the prolonged period of self-restraint led to bankruptcies and closures.</li> </ul>	<ul style="list-style-type: none"> <li>With the success of infection control, economic activities resumed, but we are not able to predict it.</li> <li>Despite the impact on the economy, we are hoping for a post-coronavirus convergence.</li> </ul>
<b>After the Convergence of COVID-19</b>	<ul style="list-style-type: none"> <li>Demand for offices will resume as people start to pay attention to coming to the office again.</li> <li>Telecommuting has taken hold to a certain extent and tenants' needs will be diversified.</li> <li>Constant demand for high added-value offices in central Tokyo</li> </ul>	<ul style="list-style-type: none"> <li>Low transaction yields due to continued low interest rates and strong demand mainly from overseas investors</li> <li>Corporate business restructuring and work-style reforms will increase cases for sale, resulting in increased buyer demand and market activation</li> </ul>	<ul style="list-style-type: none"> <li>Business demand will gradually recover from micro-tourism and workation will gradually expand.</li> <li>Travel demand will return as soon as restrictions on overseas travel are lifted.</li> </ul>	<ul style="list-style-type: none"> <li>Resumption of economic activities, recovery of the original economic growth rate, and revitalization of the real estate market</li> <li>Growth in housing (condominium) demand due to urban development</li> </ul>

⇒ Through 1. vaccination, 2. large-scale fiscal stimulus in various countries, and 3. monetary easing by central banks, we assume that the global economy has bottomed out and is expected to recover toward next year and beyond. We will grow by evolving our businesses in response to changes in each field.

# Change of the Final FY of Current Medium-term Plan SUN FRONTIER

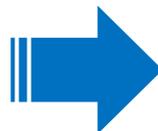
The final fiscal year was extended by two years to the fiscal year ending March 2025 without changing the target figures.



# Quantitative Target after the Change in the Final Year of the Mid-term Plan

## Results for the period

Fiscal year ended March 2021	
<b>[Profit Plan]</b>	
Net Sales	59.6 billion yen
Ordinary Income	7.5 billion yen
Net Income	4.2 billion yen
<b>[Management Indicator]</b>	
Ordinary Income Margin	12.6%
Equity Ratio	52.3%
ROE	6.5%



## Targets before change

Targets for FY ending March 2023	
<b>[Profit Plan]</b>	
	100 billion yen
	20 billion yen
	14 billion yen
<b>[Management Indicator]</b>	
	20%
	50%

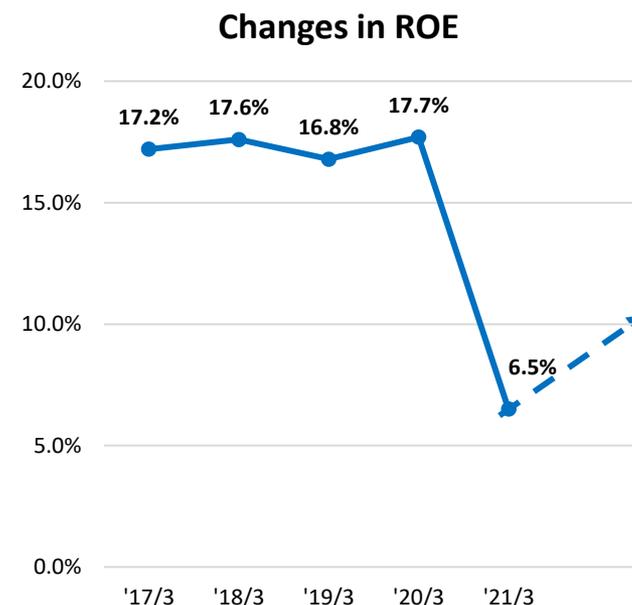
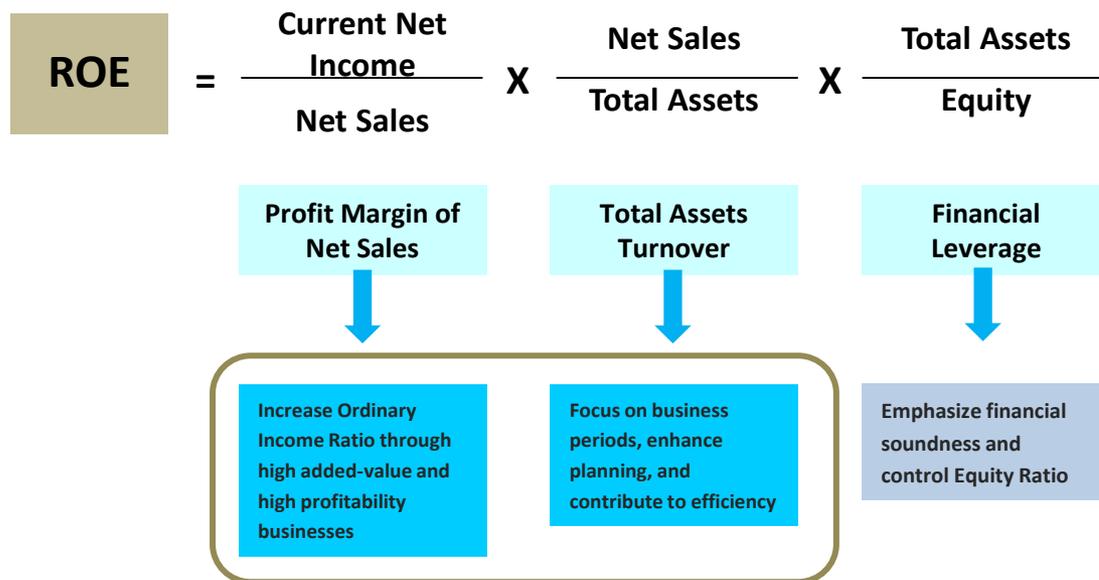


## Targets after change

Targets for FY ending March 2025	
<b>[Profit Plan]</b>	
	100 billion yen
	20 billion yen
	14 billion yen
<b>[Management Indicator]</b>	
	20% or more
	50% level
	10% or more

# Approach to ROE

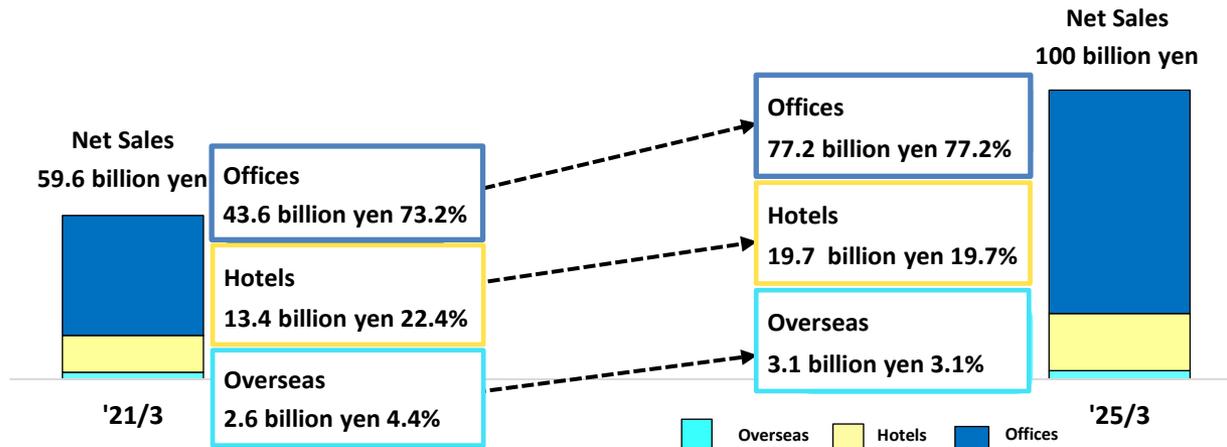
Maintain high ROE while maintaining financial soundness with a focus on profit margin and business period



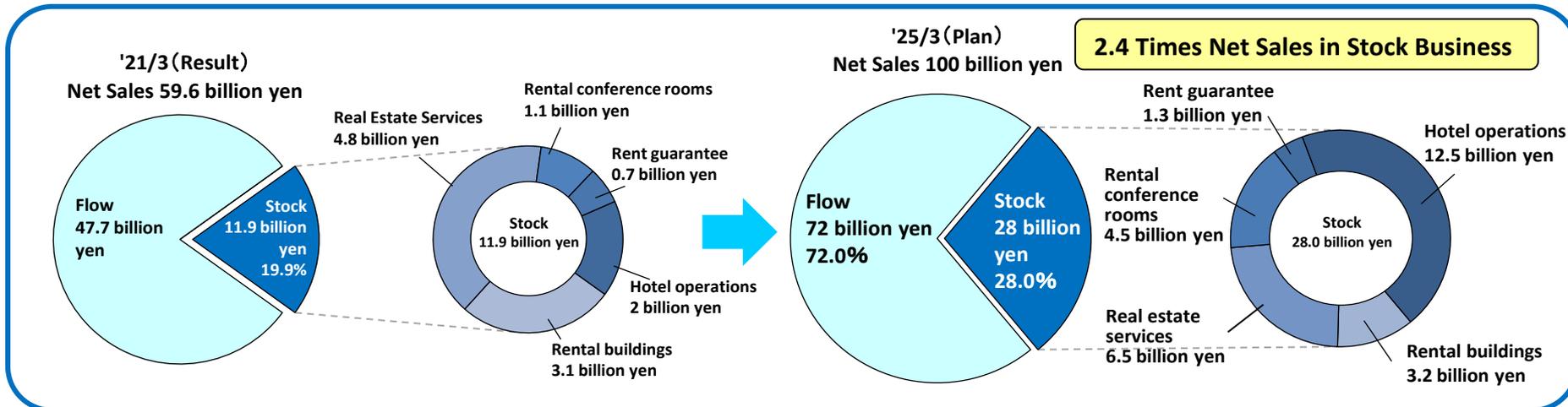
By continuing to change and take on challenges, we will achieve high efficiency (turnover rate) by creating high value-added and high profitable businesses in clients' point of view, enhancing Ordinary Income Ratio, and developing well-planned businesses. At the same time, we will maintain our Equity Ratio of 50% level as a company with a sound financial structure that can withstand unpredictable environmental and market conditions.

# Composition of Net Sales

## ■ Achieve Targets by Drawing Growth for Each Business



## ■ Establish a Well-balanced Business Structure between Flow and Stock



# Investment Plan (FY 2022/3 - FY 2025/3)

Systematically invest in each business, digitalization and M&A, recovering through growth

## Office Business

Balance at the End of March 2021	72.8 billion yen
Investment amount	200 billion yen
Amount collected	182.8 billion yen
Balance at the end of March 2025	90 billion yen

Aim for business growth while collecting investment at a constant turnover rate through systematic procurement and development

## Hotel Business

Balance at the End of March 2021	21.8 billion yen
Investment amount	7 billion yen
Amount collected	5.8 billion yen
Balance at the End of March 2025	23 billionyen

Complete the hotels under construction and aim to achieve profitability operating the existing hotels and the opening hotels on schedule. At the same time, recover from the sale of the existing hotels and operate them effectively

## Overseas Business

Balance at the End of March 2021	0.6 billion yen
Investment amount	8 billion yen
Amount collected	2.5 billion yen
Balance at the End of March 2025	6.1 billion yen

Continuously and systematically invest in condominium development projects for the future

## 3 billion yen for Digitalization

Actively invest in digitization for operational efficiency and business support and expansion

## 5 billion yen for M&A

Systematically invest in peripheral businesses and growing fields to expand existing businesses



## Generate free cash flow

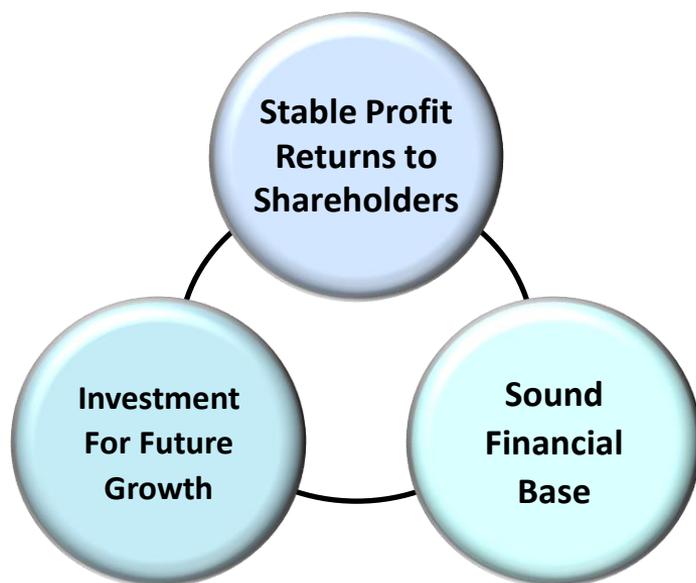
Ensure positive free cash flow through systematic investment and recovery

# Returns to Shareholders

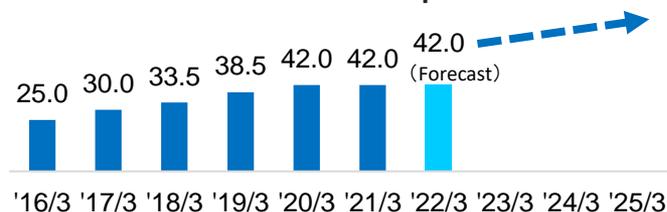
Long-term and stable profit returns to shareholders while making necessary investments for business growth

## Basic Policy for the Profit Returns to Shareholders

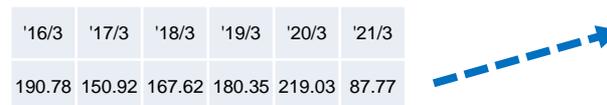
1. Strive for providing long-term and stable profit returns to shareholders
2. Secure investment funds to aggressively take on the challenge for future growth
3. Maintain the stability of financial base



Trends in Dividends per Share



Trends in Current Net Income per Share



We will strive to maintain a sound financial base and provide stable profit returns to shareholders, while making systematic and flexible investments for growth in line with market conditions and raising appropriate funds.

## 2. Basic Policy and Growth Strategy

# Basic Policy

**Providing "places where people gather and communicate with each other, and create social development and happiness for people"**

## Office Business

- Contribute to carbon neutrality by helping to reduce the waste from non-renewable resources through "Revitalization"
- Focus on "Central Tokyo," "Small and Medium size," and "Office Building," and capture diversifying needs in a clients' point of view that is on-site consistent
- Contribute to creating prosperous towns for the future by utilizing new fields including digital technology

## Hotel Business

- Provide safe and soothing time and space, creating the best smiles and making people's minds healthy and rich

## Overseas Business

- Provide comfort to the people in Asia, together with our partners
- Improve the quality of housing for local residents and contribute to the urban development by specializing in development, sales, management and mediation of housing (condominiums)

# Growth Strategy

## Office

### Deepen and Expand the Office Building Business

- With a focus on central Tokyo, small and medium-sized offices, revitalization, and Replanning Business with a project period of one year, we are committed to high added-value utilization of real estate. We will also work on medium-to long-term ownership, low-rise store development, and new buildings.
- By utilizing not only our planning and proposal capabilities from the clients' point of view, architectural technology, design capabilities, and space utilization technology, which have been refined through consistent on-site problem solving, but also our ability to attract tenants as our strength, we increase the added value of office buildings.
- Provide “offices that accelerate tenant growth” that anticipate changing and diversifying needs by utilizing new fields such as digital technology, clean energy and art, strengthening office peripheral businesses.

## Hotel

### Service that Goes beyond Satisfaction and Excitement with a Sharp Concept

- To be the hotel of choice through warm-hearted hotel management
- Create enthusiastic fans through clients-oriented services that go beyond satisfaction and excitement

## Overseas

### Expand Housing-related Business in Vietnam

- Growth rooted in the local community through integrated development, sales, management and mediation of condominiums

## M&A

Invest in peripheral businesses to expand the current business and in start-ups in growth fields

# Key Points

## Points to be Strengthened to Capture the Changing Times and Upgrade Business and Management

### ESG

Based on our corporate philosophy of “contributing to the lasting prosperity of humankind, plants and animals on the earth, by reducing the waste of non-renewable resources,” we will take into account the perspectives that contribute to the resolution of social and environmental issues more than ever before in our business development and conduct corporate governance to become a model company for society.

### Digital

In addition to the Information Systems Department, which is responsible for enhancing operational efficiency, reducing costs, and strengthening internal controls, the Digitization Promotion Office has been established to utilize new technologies and rapidly respond to changes, focusing on business model transformation.



### Cash Flow

One of our policies is to maintain financial stability even in the event of COVID-19 pandemic. We manage our business with a focus on cash and deposits, increase cash generation through systematic collection of funds, and effectively invest funds in our business.



# ESG

## Enhance Corporate value by strengthening ESG perspectives and implementing corporate philosophy

### Corporate Philosophy

Through our work, we will improve our knowledge, skills, and personality with overflowing enthusiasm. By concentrating on the utilization and distribution of real estate stocks, we will suppress the use of non-reproducible resources and contribute to the lasting prosperity of humankind and plants and animals on the earth.

### Environment

#### Reduction of CO2 emissions

Reduce CO2 emissions through the revitalization business of environmentally friendly buildings



Reduce waste of resources with setup offices that do not require restoration work



#### Carbon neutral

Promote the Introduction of Renewable Energy (RE100) and Carbon Neutral (Mori no Denki) in Electric Power Procurement for 0 Carbon

Start business utilizing J credit system certified by CO2 absorption amount



### Social

#### Meet the needs of society

Meet social needs through the development of buildings suitable for occupancy by nursery schools and medical facilities (rehabilitation facilities)



#### Local revitalization

Promote local tourism and job creation under the slogan "Cheer up Japan!"



#### Promoting socially appropriate management

Focus on human resource development and promote systems and management that enable diverse human resources to play active roles



### Governance

#### Compliance

Create safe and secure buildings by correcting construction defects, and ensure legal compliance through building restoration



#### Strengthening Governance

Ratio of outside officers : 41.7%  
 Percentage of outside directors : 33.3%  
 Ensure sound management of the Board of Directors through a wide range of knowledge, experience and diversity. Improve the driving force of management through participation in management meetings and other activities besides the Board of Directors meetings.  
 Convene and operate the Nomination and Compensation Committee appropriately for sound management.



# Digitalization

In April 2021, the Digitalization Promotion Office has been established to promote innovation through digitalization.

We will examine the workflow of each business and actively systemize those that can be digitalized to improve efficiency and strengthen internal controls. We will enhance productivity through efficiency improvements, create useful opportunities, and create new businesses that can strengthen solutions of problems.

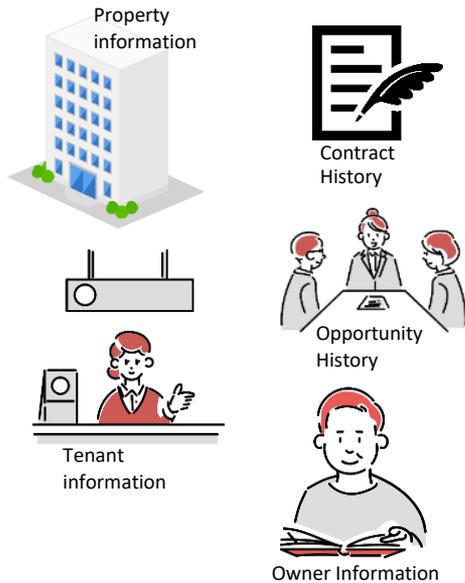
IT Control, Risk Management / Company-wide Business Improvement / Division Productivity Improvement, Business Creation

Promote operational efficiency and strengthen internal controls (strengthen IT infrastructure)

Boost productivity  
Build a data-driven management environment

Implement Data-driven management

Variety of information in different systems



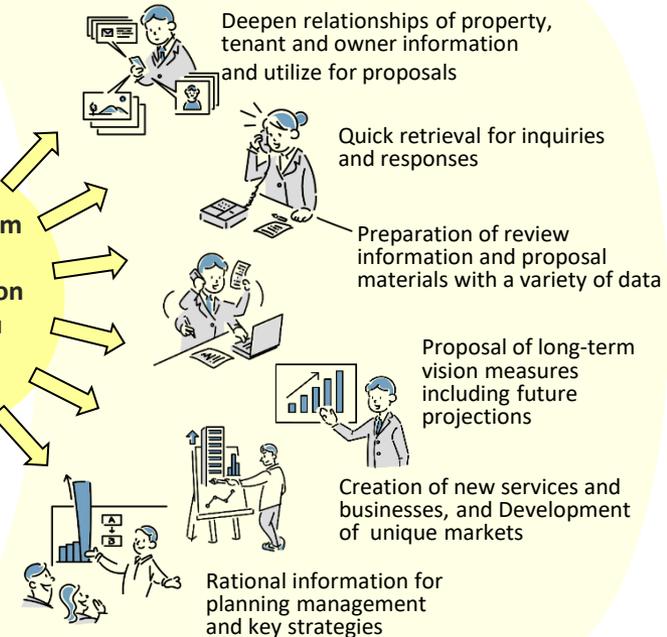
Coordinated Cooperation

Sun Frontier Fudousan data base



[External Information]  
Map information / Corporate information /  
Property information /  
Route price / Space travel statistics, etc.

To the form of information that you want to know



# Cash Flow

Focusing on cash flow and realizing capital allocation to enhance corporate value

Generate cash for the future along with growth in Ordinary profit

- Focus on cash flow in addition to the growth in Ordinary profit

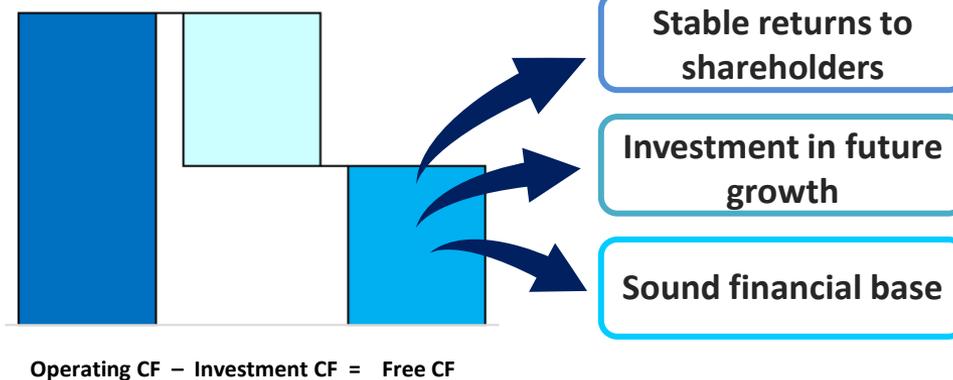
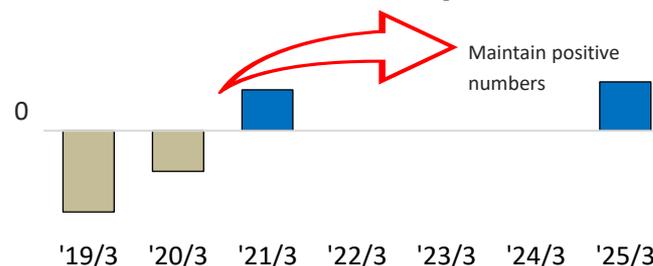
- Maintain positive free cash flow

- Advance high added-value businesses and generate stable operating cash flow

- By controlling investment cash flow and generate positive free cash flow

- Invest in future growth together with stable shareholder returns and sound financial base

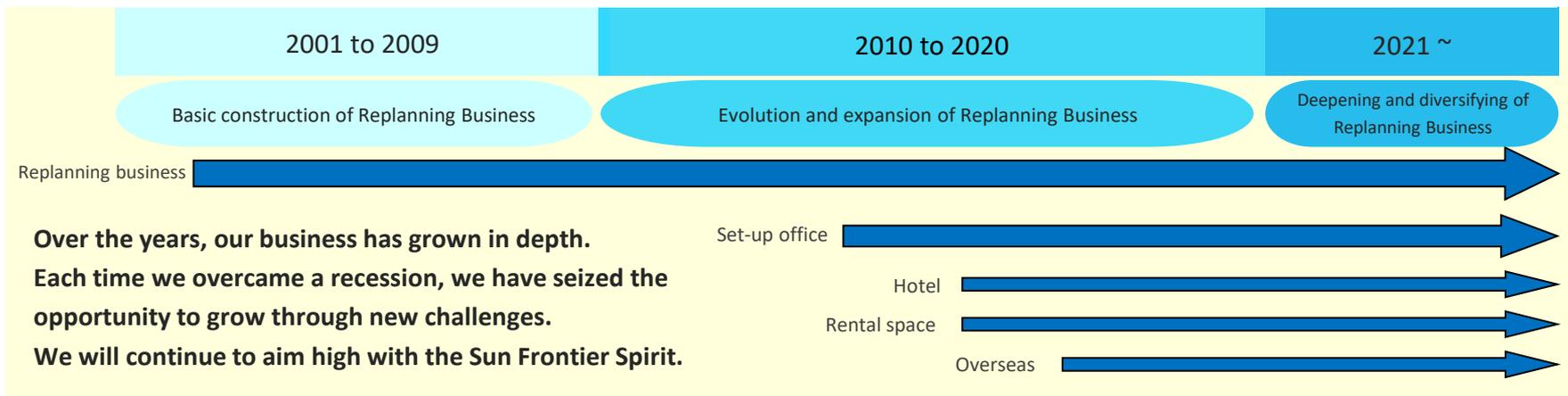
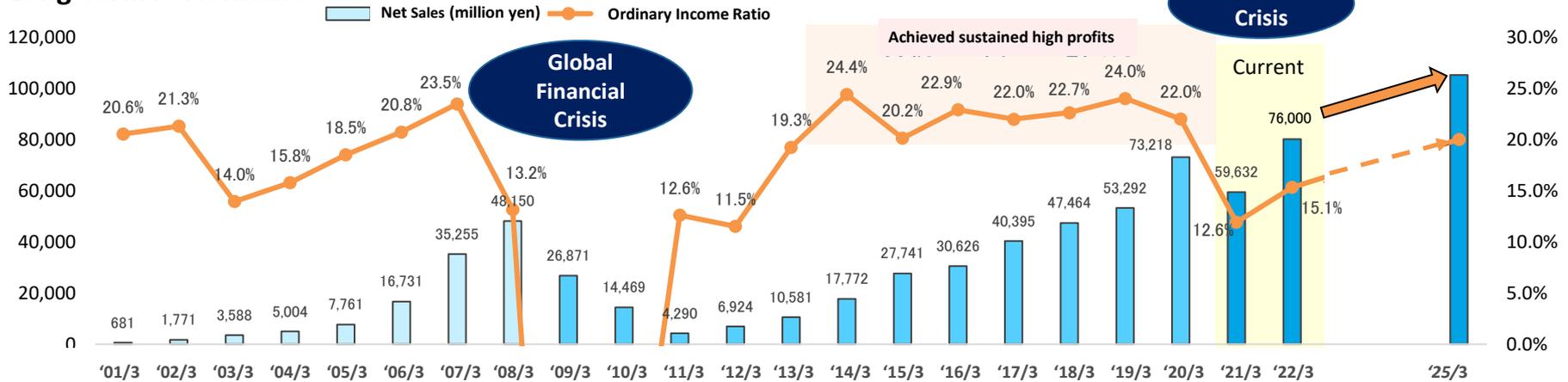
Turn free cash flow positive



# Changes from the Past and Present Location

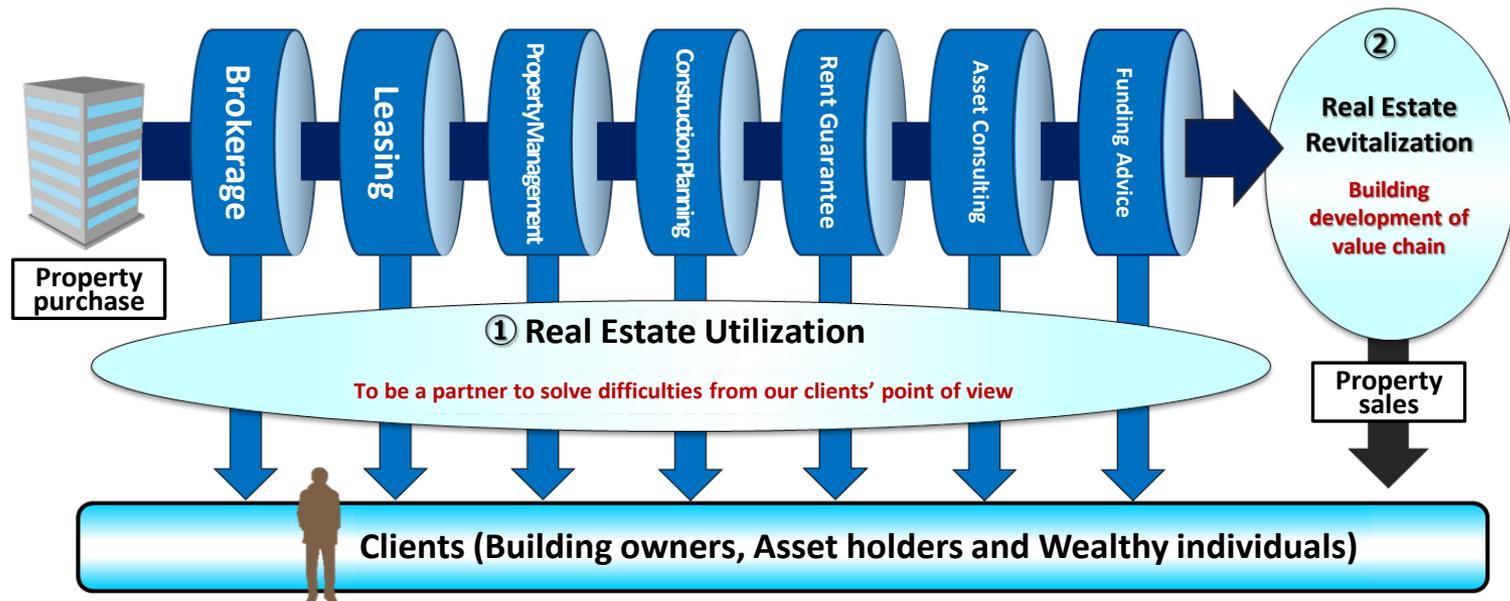
Grow by changing, challenging and creating new values with the Sun Frontier spirit

## Long-Term Performance



# Office Building Business utilizing our strengths

Each of our business divisions uses their strength and teamwork based on our Company philosophy to solve real estate utilization problems and work on revitalization.

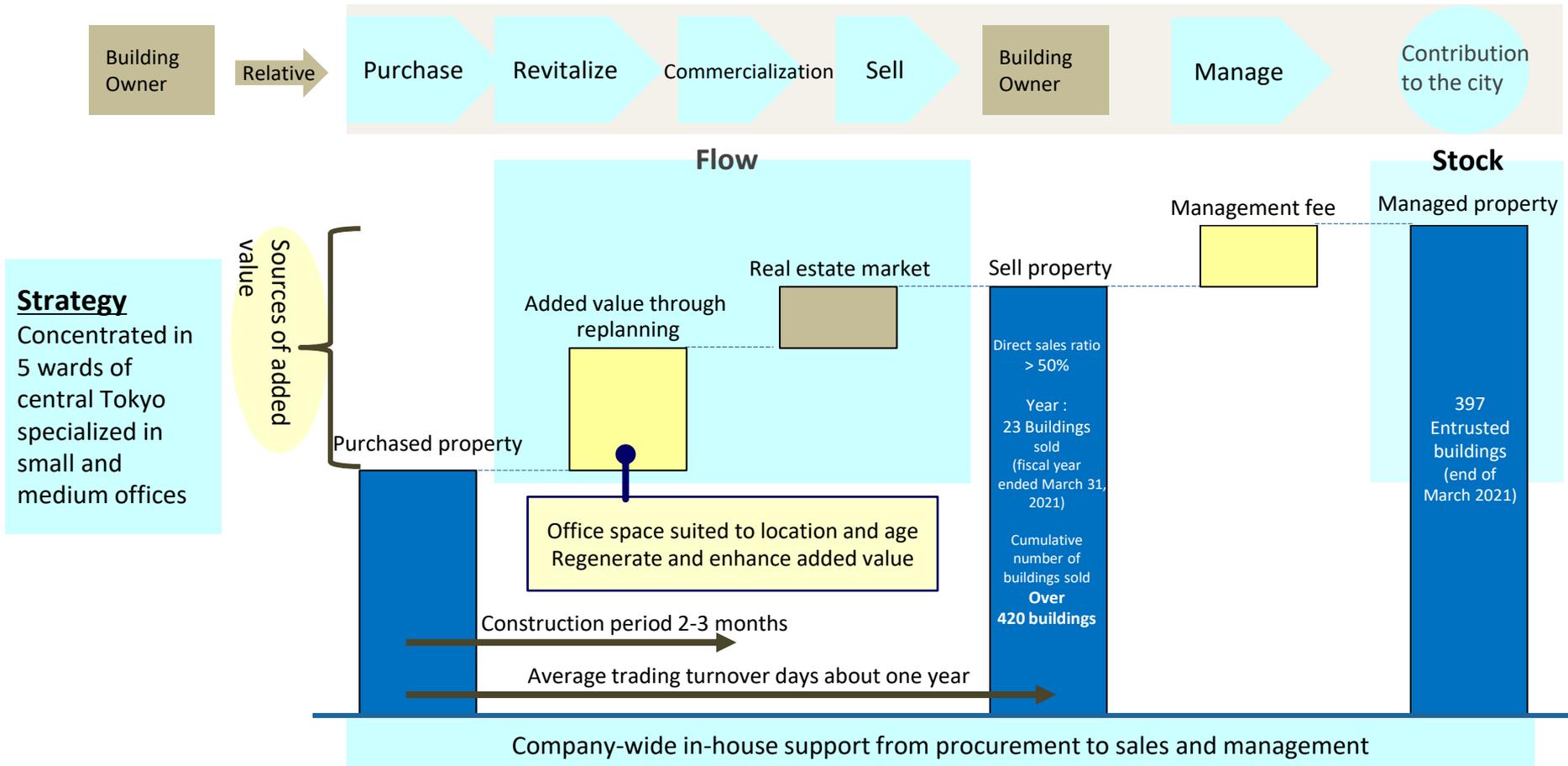


## Our strength

- In-house production of brokerage, leasing, property management, construction planning, rent guarantee, assets consulting and fund-raising consulting
- Use internal resources to solve problems of clients through teamwork
- Create new services such as OMS (Order Made Space) business in Conference Room Rental Business
- Not only revitalize used properties, but also gain the trust of clients through teamwork and new services
- Clients can purchase Replanning property and this can lead to property purchase for the Company too

# Added value in Office Building Business

Contribute to the development of the city by refining and heightening the sources of added value based on our philosophy.



# 3. Strategies for Each Business

# Business Strategy Office Business (1) -1 Replanning Business

## Pursuing added value creation through office building revitalization.

Revitalization business in Sun Frontier Fudousan Co., Ltd.

**"The Replanning® Business"** means:

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

Acquiring office buildings requiring large-scale repairs due to a decline in occupancy rate and going through renovation (setup interior) that focuses on the "clients' point of view". It's a business that attract tenants, transform property into a high added value real estate that society demands and is provided to wealthy individual and business corporations.

It's a sustainable ESG project that contribute to the prosperity of human beings, animals and plants on the earth by reducing waste of resources.

Sun Frontier Fudousan Co., Ltd. has done Replanning® of office buildings for **over 420 buildings!**



### Improving added value

**Occupancy rate** UP ↗

**Rent income** UP ↗

**Waste of resource** Down ↘

**"Set-up office"** is an office that can be installed in an office building that Sun Frontier Fudousan Co., Ltd. has relaunched.

Offices where some equipment and fixtures are installed in advance and leased and unlike ordinary rental office interiors, the reception and reception room's set up, and office area is decorated with highly designed interior construction.

Year 2013 Sun Frontier Fudousan Co., Ltd. has started providing set-up offices! **Over 700 rooms!**

#### **Advantages 1. Reduce the burden on management**

Management burden is significantly reduced because there is no need to come up with ideas on how to design office interiors or selecting interior decorators

#### **Advantages 2. Immediate availability after relocation**

Usable period is increased due to the elimination of work other than wiring and moving, significant shortening of relocation period, and shortening of construction period for interior finishing and restoration.

#### **Advantages 3. Reduce financial burden**

Significantly reduced costs for office interiors, etc.  
No interior assets for tenants

#### **Advantages 4. Employment, motivation and productivity improvement**

Focusing on design, functionality, and a wide range of applications, the office interior has been designed with a high degree of design. This has resulted in improved employment, employee motivation, and office productivity.

**Set-up office = "Office for accelerating growth" for tenants**

# Business Strategy Office Business (1) -2 Replanning Business

## Deepening and diversifying Replanning Business.

### Office building revitalization business

#### ■ Replanning® Business

Focusing on "central Tokyo", "small and medium-sized buildings", and "offices", aiming to complete a business project within "1 year of business period" through early, high-utilization and high added value "revitalization".



#### ■ Medium - to long-term Replanning® business and challenge project business

A business that realizes initiatives, high added value, and high profitability through large-scale development or new trials than usual by owning a building for a few years (2-3 years) and obtaining rent revenue during the period of ownership.

#### ▼ Building offices that incorporate new needs



Anti-virus "Designing the Air" office



Art office "A YOTSUYA"

### New building development business

#### ■ New office building development business

A business that contributes to high profits by creating offices that meet the needs of a new and ever-present style regardless of the layout or use of existing buildings, and by acquiring rent revenue as a flagship building or selling them as a high added value building.



+SHIFT NOGIZAKA



"+ SHIFT" series HP

#### ■ Low-rise store development business

A business that focuses on areas with higher store needs than offices and develops and sells new properties while maintaining a short business period (one year).



### Proposing diverse office utilization methods

#### ■ Day-of-the-week office "WEEK"



Available on the day offices that stimulate creativity

#### ■ Gathering office "LIT"



Balancing a creative work style and open communication

Continue to create new added value through change and challenge

# Business Strategy Office Business (2)

Construction work  
SF Engineering, Communication Development



Creating high added value, securing compliance with laws and regulations, providing safety and security, and contributing to carbon neutrality.



With Replanning<sup>®</sup>, we avoid scrap-and-build, reduce wasting resource, and contribute to achieving **carbon neutrality**.



We have implemented the Replanning<sup>®</sup> construction to old and declining occupancy rate properties that focuses on of clients' point of view and meets their needs and **revitalized the town** with the high added value properties.



To secure safe and secure buildings by correcting uses and structures not conforming to the Building Standards Law and by **securing compliance** with laws and regulations.



Use of 100% recycled materials and environmentally friendly adhesives for interior construction work. Initiatives for reducing waste and thorough separation of waste to recycle (SF Engineering Co., Ltd.).

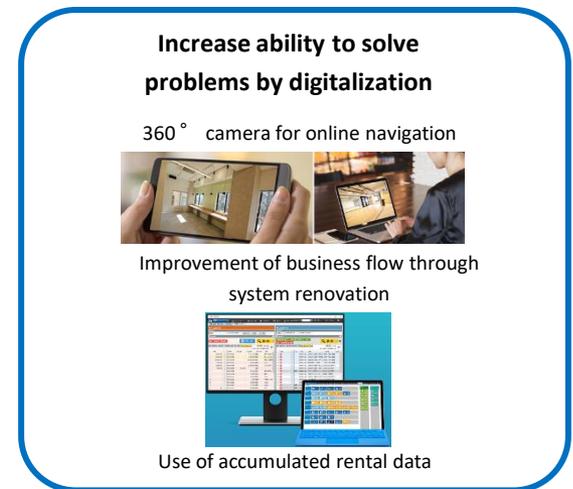
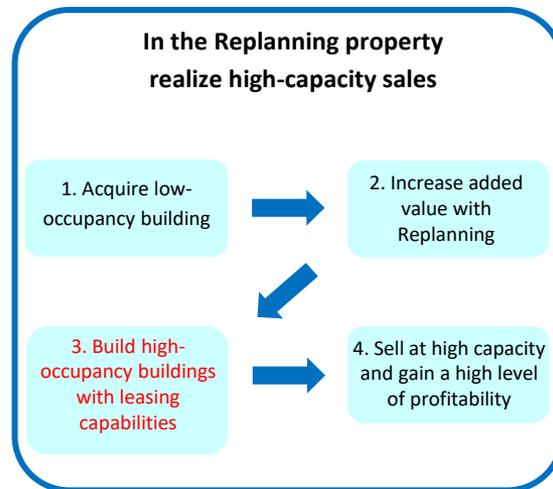
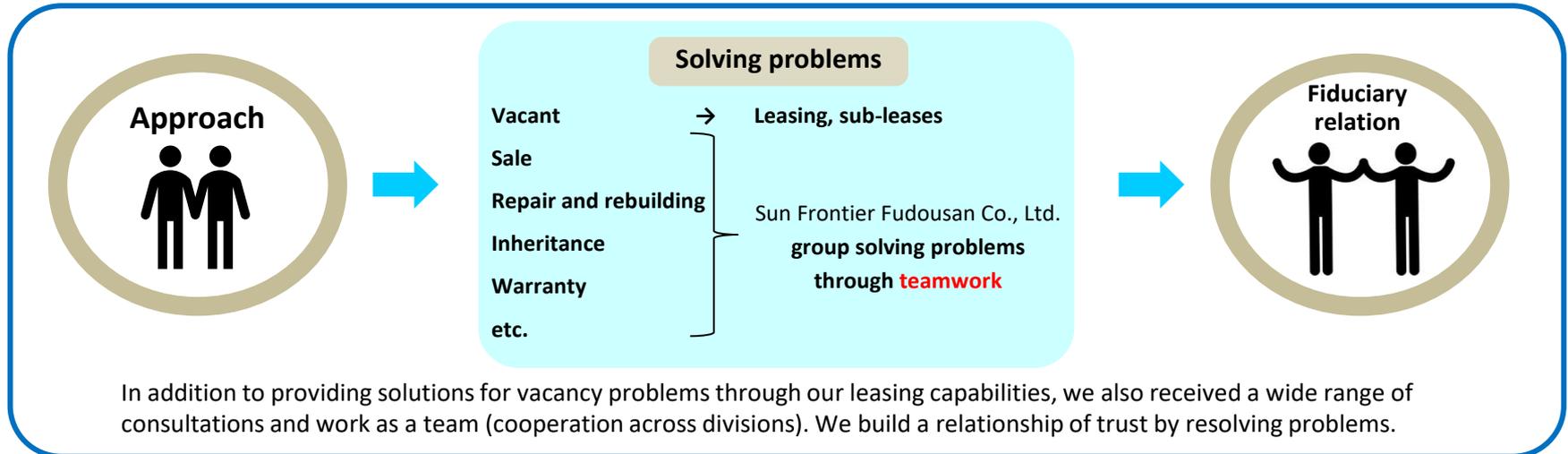


Construction of **5G communications infrastructure** essential for the realization of a digitalized society. Providing a foundation to support social and economic activities in a new normal (Communication Development Co., Ltd.).



# Business Strategy Office Business (3) Leasing

**Focusing on central Tokyo small and medium-sized office buildings, working close to building owners, and becoming trusted by solving problems.**

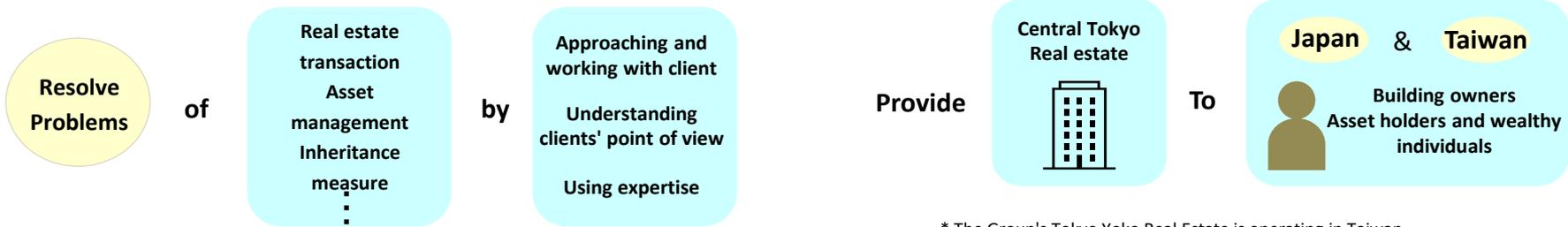


# Business Strategy Office Business (4) Brokerage



Small-lot real estate products

Work close with building owners, solve problems, and be consulted out of trust and reliance becoming to confidence.

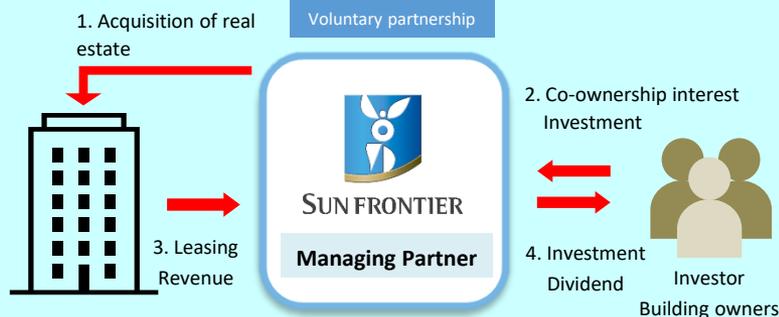


\* The Group's Tokyo Yoko Real Estate is operating in Taiwan.

## Focusing on sales of small-lot real estate products under the Real Estate Specified Joint Enterprise Act \*

\* Real estate specified joint enterprise: A business in which investors invest in real estate and businesses that meet certain licensing requirements conduct real estate transactions and distribute profits to investors. Only businesses that meet the requirements can organize and sell small-lot real estate products.

- Appeal 1. Sun Frontier Fudousan Co., Ltd. selects properties suitable for small-lot ownership
  - 2. Can invest in real estate from a small amount and obtain profits (dividends)
  - 3. Expected to reduce the amount of inherited property



As a product that can be used as a measure against inheritance, we recommend products to clients through tax accountants and financial institutions, so we will promote the development of sales networks of tax accountants and financial institutions nationwide.

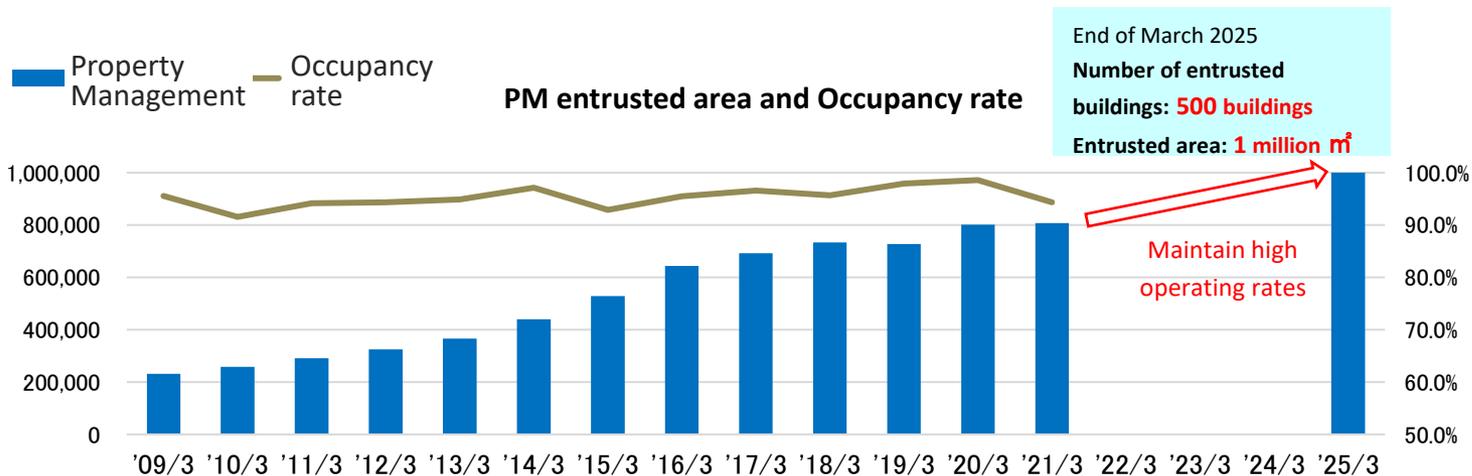
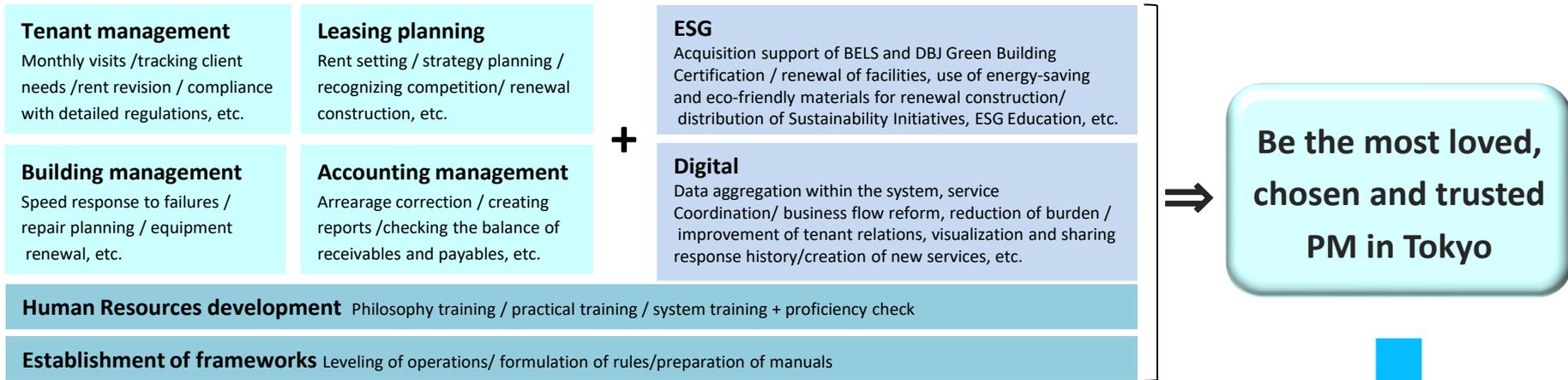
By expanding our sales network (tax accountants and financial institutions) develop products that meet diverse Client needs

Certified Public Tax Accountants Network: Increased from more than 130 companies to **200 companies**

# Business Strategy Office Business (5) Property Management



Stable and profitable building management for building owners, high-quality services for tenants, and revitalization of the city through distribution and utilization of real estate.



**Aim to be entrusted with 1000 buildings**

# Business Strategy Office Business (6)

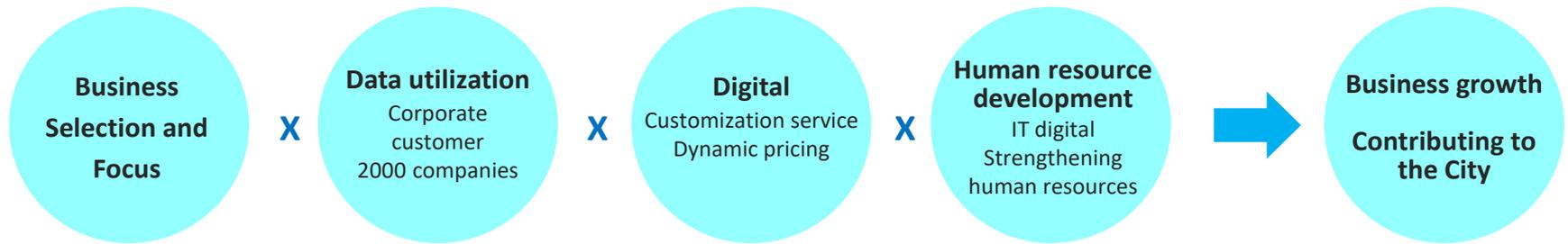
Rental conference room  
Sun Frontier Space Management Co., Ltd.



Maximizing the value of space and time in central Tokyo's real estate to contribute to the development the city.

Business "select" and "focus" **Focusing on Vision Center and Order Made Space**

Service Name	Feature	Strategy
 <p><b>Vision Center</b> Web会議、オンライン配信するなら</p>	<p>Available as a BCP support space for office and campus dispersion and telework, web conferences and online seminars.</p> <p>In addition to thorough infection control measures, we also provide free anti-infection goods and support for online devices and web tools.</p>	<p>Aiming to be the No. 1 company in "central Tokyo" and "Middle Spec" as a space infrastructure indispensable for corporate management.</p> <p>Focus on opening large buildings in terminal stations with a floor space of 300 tsubo or more.</p>
 <p><b>Order Made Space</b> オーダーメイドスペース</p>	<p>Not limited to "office" and "conference room", it can be used for all purposes as a custom-made product and can be used from a week.</p> <p>A flexible proposal that can be used on the same day without an initial cost to meet the need for a meeting room that does not require a regular lease contract and for cases that would be costly to borrow a meeting room that is rented by the hour.</p>	<p>Promoting the use of idle space as a multipurpose space that can be rented monthly or weekly by joint operation with building owners who is troubled by the increase in vacancies.</p> <p>Collaboration with the Leasing Division to develop Partner Owners for joint operations.</p>



# Business Strategy Office Business (7)

Rent guarantee  
SF Building Support Inc.

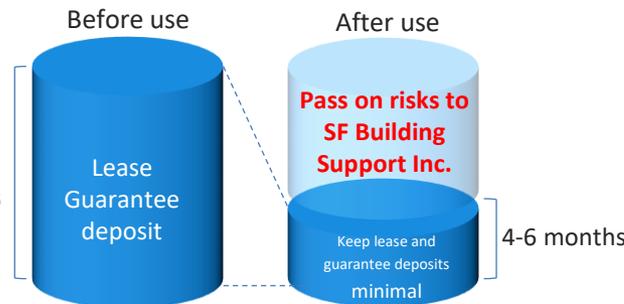


Fair and equitable leasing market by eliminating "defects" of building owners and tenants through institutional guarantee.

**15<sup>th</sup>** ANNIVERSARY  
皆様に支えられて15年

We specialize in the Tokyo, Kanagawa, Chiba and Saitama areas, we offer full support from rent guarantees, litigation costs, and up to 10 months withdrawals.

### Guarantee system



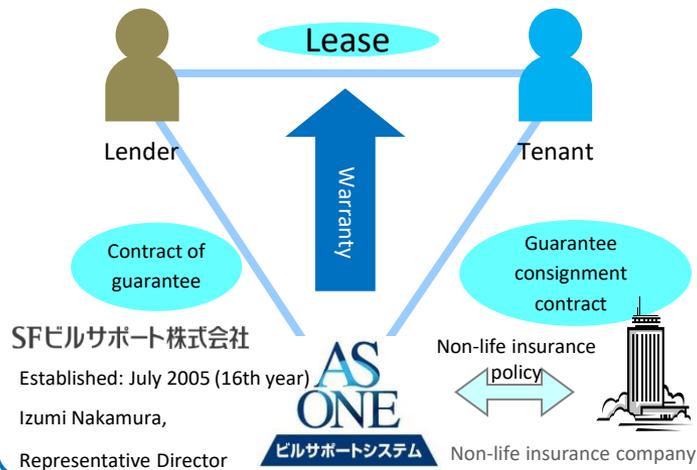
### Building owners benefits

1. Promote occupancy by reducing initial costs
2. Peace of mind by institutional guarantee
3. Elimination of burden when responding to arrears

### Tenant benefits

1. Reduce the burden on tenants
2. Careful response without intermediary
3. Flexibility regardless of corporate size or industry

### Pioneer of offices and stores rent guarantee



### Changes in number of entrusted cases (total)

End of March 2025  
total of **10,000**  
cases



We will grow our business by becoming  
a guarantee company chosen by clients  
by solving their problem.

# Business Strategy Office Business (8)

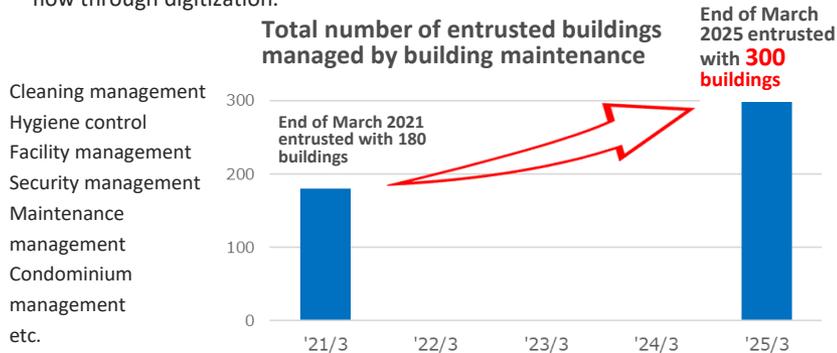
Building maintenance  
SF Building Maintenance Inc.  
Nippon System Service Co., Ltd.



Contributing to the creation of a clean and secure urban environment with the technologies we have cultivated and high speed responding at the clients' point of view.

## Comprehensive building maintenance contracted for entrusted management

Increase the number of entrusted buildings and achieve steady growth by strengthening systems, developing human resources, and improving business flow through digitization.



## Entrusted with cleaning glass windows and floors

Number of buildings entrusted with for cleaning: 600 buildings (as of March 2021)  
Promoting orders for cleaning services mainly in central Tokyo by bringing Japan System Service Inc. into the Group through M&A

Glass cleaning backed by technology and experience →



Creating a hygienic environment by reviving the building through careful cleaning work →

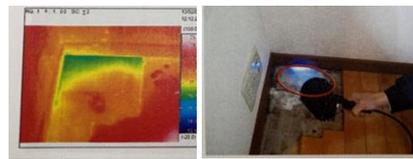


## Early detection of areas needing repair through water leakage surveys and reinforcement of waterproofing business

Expansion of business activities is also promoted. We found dirt accumulated due to aging degradation and corrosion due to water leakage in an invisible place, and the construction work made the building last longer.



Cleans the inside of the piping and lasts longer due to lining processing



Using infrared and ultraviolet rays to identify internal leaks



Checking for external Leaks also

## SF Building Maintenance Inc. ESG

Use of environmentally friendly detergent and thorough control of wastewater discharge methods after cleaning  
↓  
**Maintaining clean water and contributing to environmental conservation**

# Business Strategy Hotel Business (1)

Sun Frontier Hotel Management Inc.  
Sky Heart Co., Ltd.



## Pursuing a warm-hearted hotel thinking in the clients' point of view and providing services that transcend satisfaction and excitement.

Thanks to you, we received many awards. We will continue to strive on improving our services.

### List of awards

- Year 2021
  - Hotels. comTM Loved by Guests Award Popular Inn Award Selected by Clients 2021  
"HIYORI HOTEL OSAKA NAMBA STATION" and "TABINO HOTEL Hida Takayama"
- Year 2020
  - Jalan net Ranking Award for Best Accommodation for Staying Overnight  
"HIYORI HOTEL MAIHAMA"
  - OZmall AWARDS 2021 won 2 awards  
"Hiyori Hotel Tokyo Ginza EAST"
  - Tripadvisor (R) Travelers' Choice Awards 2020  
"HIYORI HOTEL MAIHAMA"
  - Rakuten Travel reviews "Maihama / Urayasu / Funabashi / Makuhari area No. 1"  
"HIYORI HOTEL MAIHAMA"
  - OZ Mall Awards: Annual Ranking of Japan's Word-of-mouth ranking No. 1 for 2 consecutive years  
"HIYORI HOTEL MAIHAMA"
  - Booking. com Traveler Review Awards 2020  
"HIYORI HOTEL OSAKA NAMBA STATION"
- Year 2019
  - Hotels. com Popular Inn Award Selected by Clients 2019  
"HIYORI HOTEL MAIHAMA"
  - OZmall Awards 2019 Word-of-mouth ranking No. 1  
"HIYORI HOTEL MAIHAMA"



# Business Strategy Hotel Business (2)

Sun Frontier Hotel Management Inc.  
Sky Heart Co., Ltd.



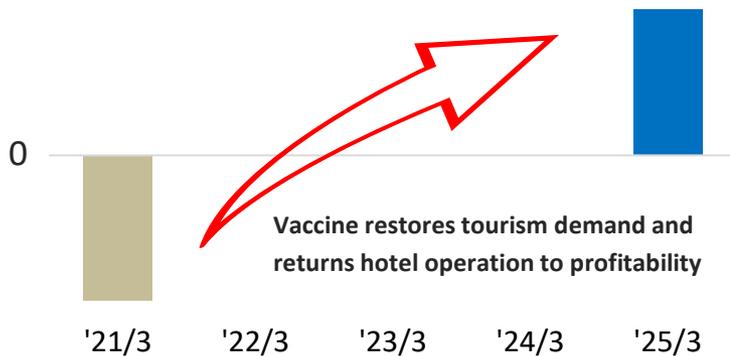
Stopped development and concentrated management resources on developing highly profitable operations.

The theme is creating enthusiastic fans in the clients' point of view.

We create enthusiastic fans at the operating hotels and will engage in increasing fans after hotels under construction will open on schedule.

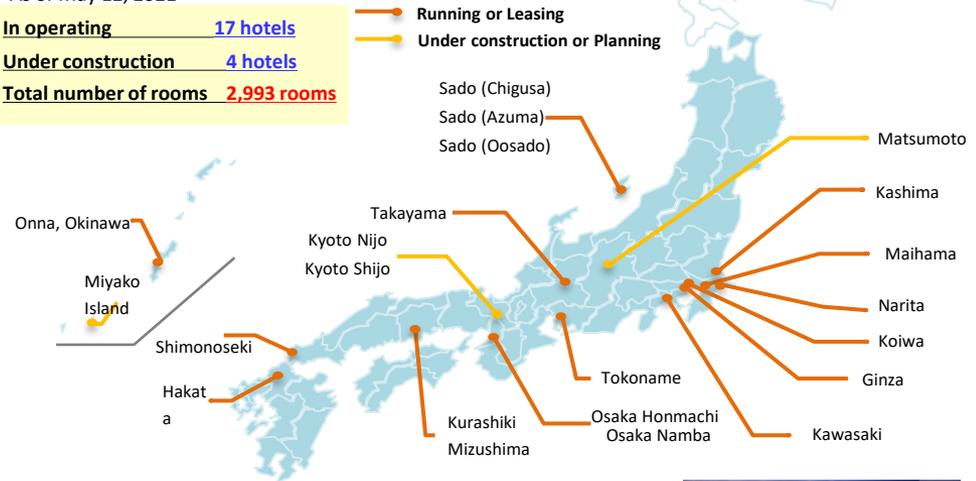
Based on the premise that the COVID-19 outbreak will settle as vaccinations become wide-spread, we will strive to improve services and operations to contribute to the development of our tourism business and earn profits.

Hotel Management Gross Profit



\* As of May 12, 2021

In operating	17 hotels
Under construction	4 hotels
Total number of rooms	2,993 rooms



June 18, 2021  
HIYORI CHAPTER KYOTO  
Tribute Portfolio Hotel opened.



July 2021  
TABINO HOTEL Lit MIYAKOJIMA opens.



July 2021  
TABINO HOTEL Lit MATSUMOTO opens.



# Business Strategy Hotel Business (3)

Hotel development  
Sun Frontier Hotel Management Inc.

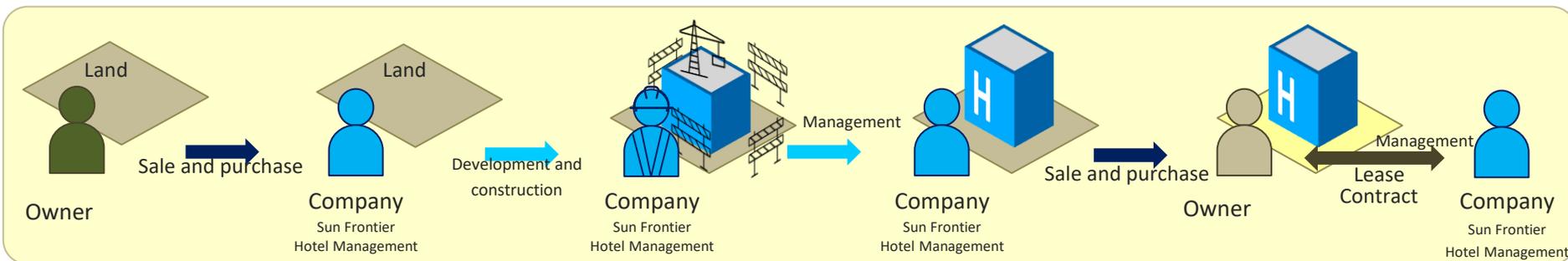
**Creating a healing space where people gather, operating a warm-hearted hotel full of smiles, and enriching people's minds.**

By operating the developed hotel, selling it, signing a lease agreement and paying the rent, it will be useful for the owner's asset formation as a profitable real estate.

We have sold our first hotel, "HIYORI HOTEL MAIHAMA", and we will continue to manage the hotel.



HIYORI HOTEL MAIHAMA



\* In addition to acquiring and developing land, we will select the most appropriate development methods depending on the situation, such as leasing the land and building.

Considering the impact of the COVID-19 outbreak, we will carefully consider the start of new hotel development. We will firmly manage the hotels in operation and hotels which have already started development and are under construction as a warm-hearted hotel for the right time to sell them.

# Business Strategy Overseas Business

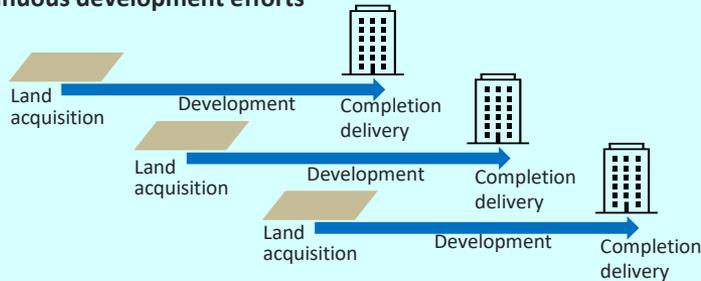
Contributing to the development of local communities by creating client's joy and happiness through the creation of new businesses.

Contributing to the improvement of the quality of housing for local people and the development of the city by specializing in housing (condominium) development, sales, management and brokerage in the Vietnamese Da Nang.

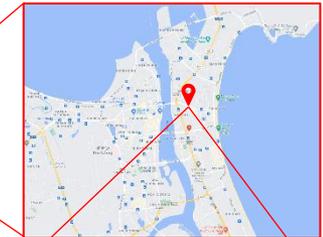
A total business that includes acquisition of land, development and construction, delivery after completion, and management and mediation.



Contribute to future performance through systematic and continuous development efforts



Rooted in the local community in Vietnam, we work together with local partners to ensure high construction quality, a safe, organized, and beautiful construction site.



# Business Strategy New Business M&A

Creating a new added value through pioneering, M&A, and investment in new businesses.

**Exterior drone inspection**  
 Creating new markets and expanding business with accumulated data



- Without setting up a scaffold, can investigate the exterior walls of the building with a drone
- Drone camera finds places needing repair
- Expert drone pilots conduct safety surveys at high altitudes
- Firmly repair the parts found that need repair
- Contributing to the prosperity of the city through safe and secure building management

**Achieved 100% carbon neutral by introducing "RE100" and "Mori no Denki" and launched new J-credit business**

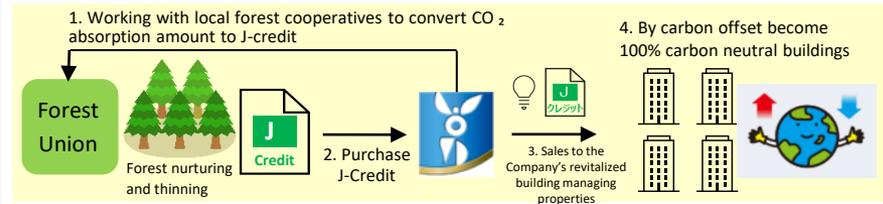
Promoting the introduction of "RE100" and "Mori no Denki"



\* J-Credits are issued under a system in which the government certifies the amount of CO<sub>2</sub> emission reduction and absorption by initiatives, such as renewable energies and forest management, as "credits."

**Making Replanning® Building in Sun Frontier 100% Carbon Neutral**

**Started the J-Credit business**



\* Carbon offset refers to the concept of compensating for CO<sub>2</sub> emissions by investing in CO<sub>2</sub> reduction activities in line with CO<sub>2</sub> emissions.

**With central Tokyo Office Building Business at the core, we will diversify our business and expand our added value chain business. We will actively and systematically invest in new businesses and M&As to improve our ability to solve problems and contribute to the city.**

# Management Principle, Corporate Philosophy and Vision



Even if plans and strategies changes due to the COVID-19 outbreak, Management Principle, Corporate Philosophy, Vision and Major Policy stays unchanged.

## Management Principle:

To protect all employees and pursue physical and mental well-being, while the same time contributing to the prosperity of mankind and society with a spirit of symbiosis.

## Corporate Philosophy:

We will improve our knowledge, skills, and personality through our work, and by concentrating on the utilization and distribution of real estate stocks, and then reduce the waste of non-renewable resources, and contribute to the everlasting prosperity of human beings, plants and animals on the earth.

## Vision:

We aim to become the company loved and chosen by customers the most in the world as real estate professionals!

## Major Policy:

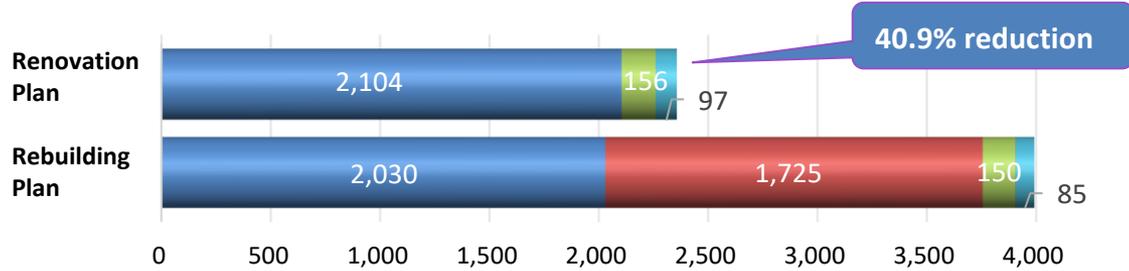
“Not for profit, but for trust”.

Change ourselves, solve problems in clients' point of view, and exceed expectations!

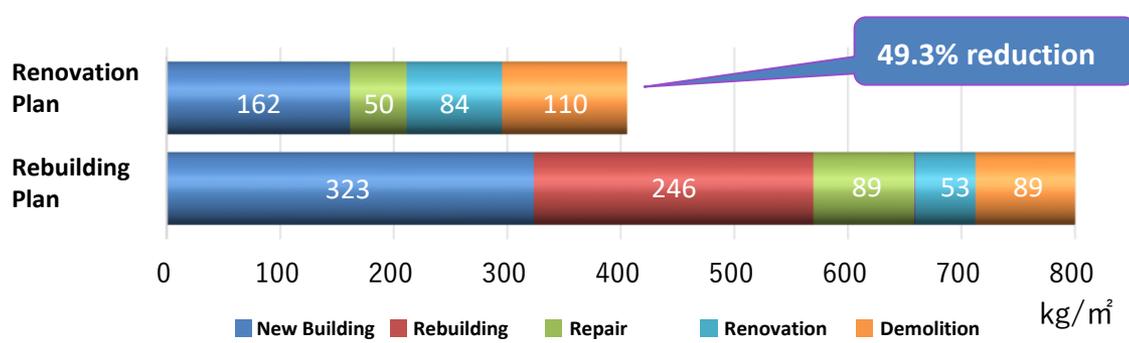
## **4) Company Information and Reference Materials**

# Real Estate Revitalization Business that conserves limited resources and coexists with the environment [E]

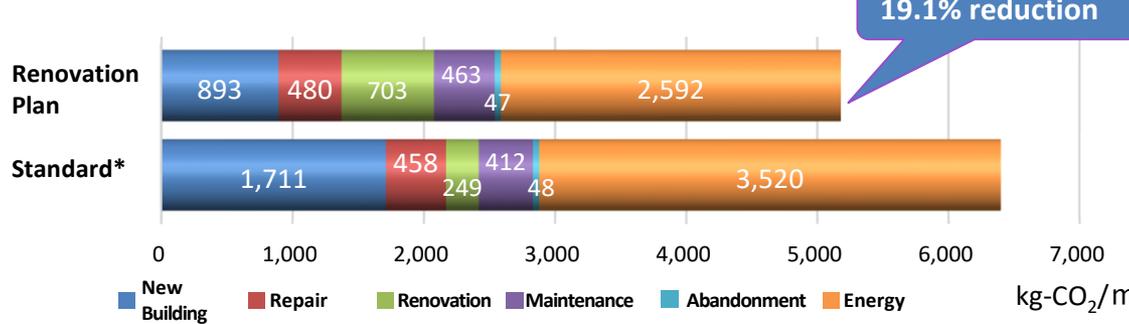
## ● Comparison of resource input over 50 years



## ● Comparison of waste generation over 50 years



## ● Comparison of CO<sub>2</sub> emissions over 50 years



**<Prerequisites and Basis>**  
 Assuming a 30-year-old, approximately 3,000 square meter office building. Estimating environmental contribution over 50 years (the service life of an SRC building) based on the Architectural Institute of Japan LCA tool (\*).  
 Rebuilding: If the building is to be rebuilt every 35 years  
 Renovation: Revitalization of aging buildings without demolishing them (long life buildings)  
 Standard: Assuming a 30-year-old unrenovated building  
 \*Architectural Institute of Japan, "LCA Tool for Buildings Ver.5.0 - Assessment Tool for Measures against Global Warming, Resource Consumption and Waste" (Japanese only)  
 Estimated with the help of ERC, Inc.

**Compared to the proposed reconstruction and standard building**

- Resource input: **4,899t reduction**
- Amount of waste generated: **1,182t reduction**
- CO<sub>2</sub> emissions: **3,660t-CO<sub>2</sub> reduction**

# Regional Revitalization Business [S] ~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 visitors to Japan rapidly increases, spurred by fascination (culture, history, nature, food, hot spring, hospitality and others) 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. Moreover, Osado was included starting April 2021 and will even revitalize the community more.**

## Sun Frontier Sado Inc.

Hotel Business

Tabino Hotel Sado



Hotel AZUMA



Transportation Infrastructure Project

Okesa Kanko Taxi



New

Hotel Osado



Highlight Finding Project

Anaguchi-tei  
(Café & Restaurant)



Kigaruni Rent a Car



Tourism and Travel Business

Happy Sado Travel



DONDEN Highland Lodge

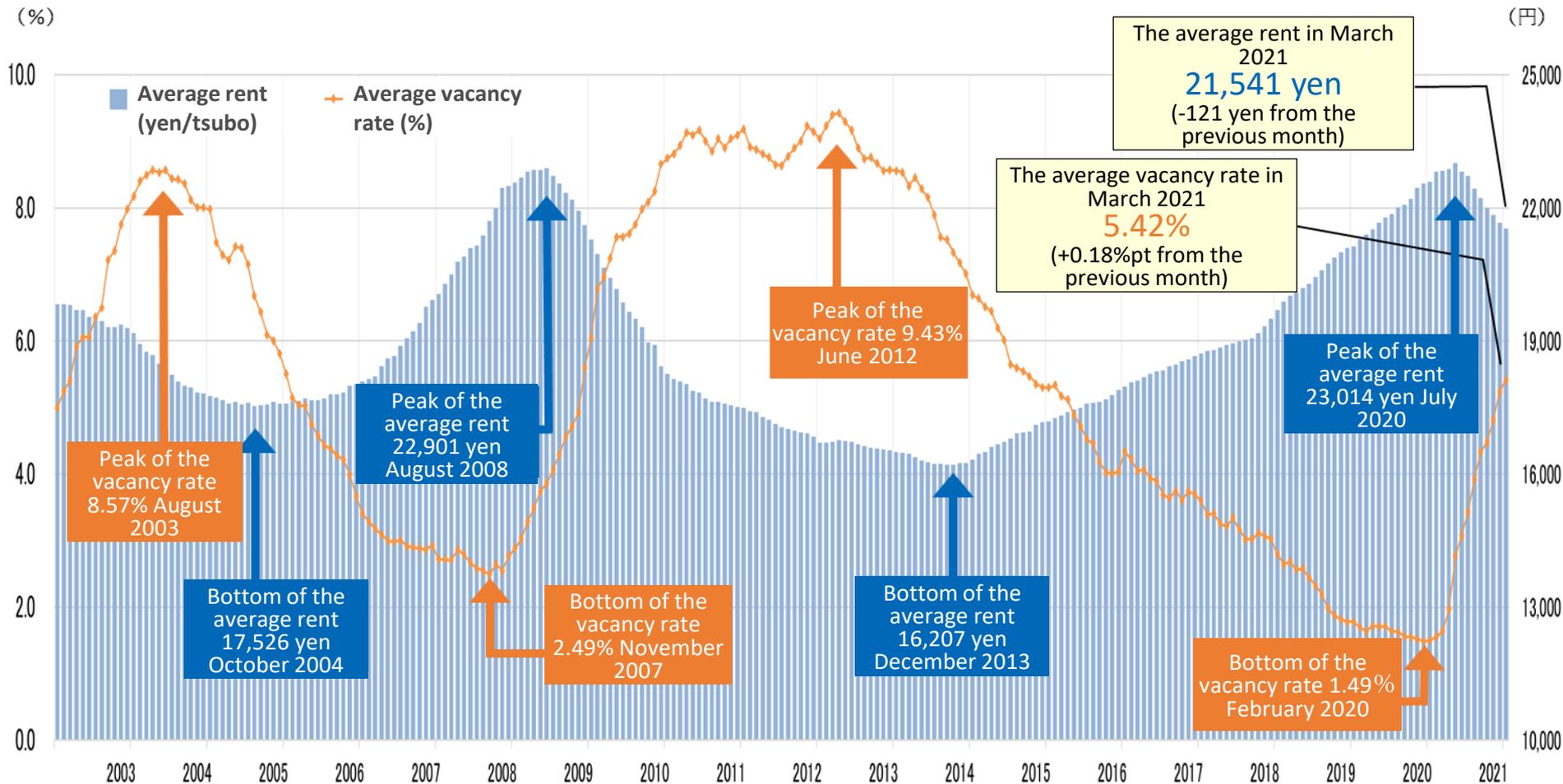


Web Advertising Business

Sado Biyori



# Trends in Vacancy Rate and Office Rents in 5 Wards of the Central Tokyo



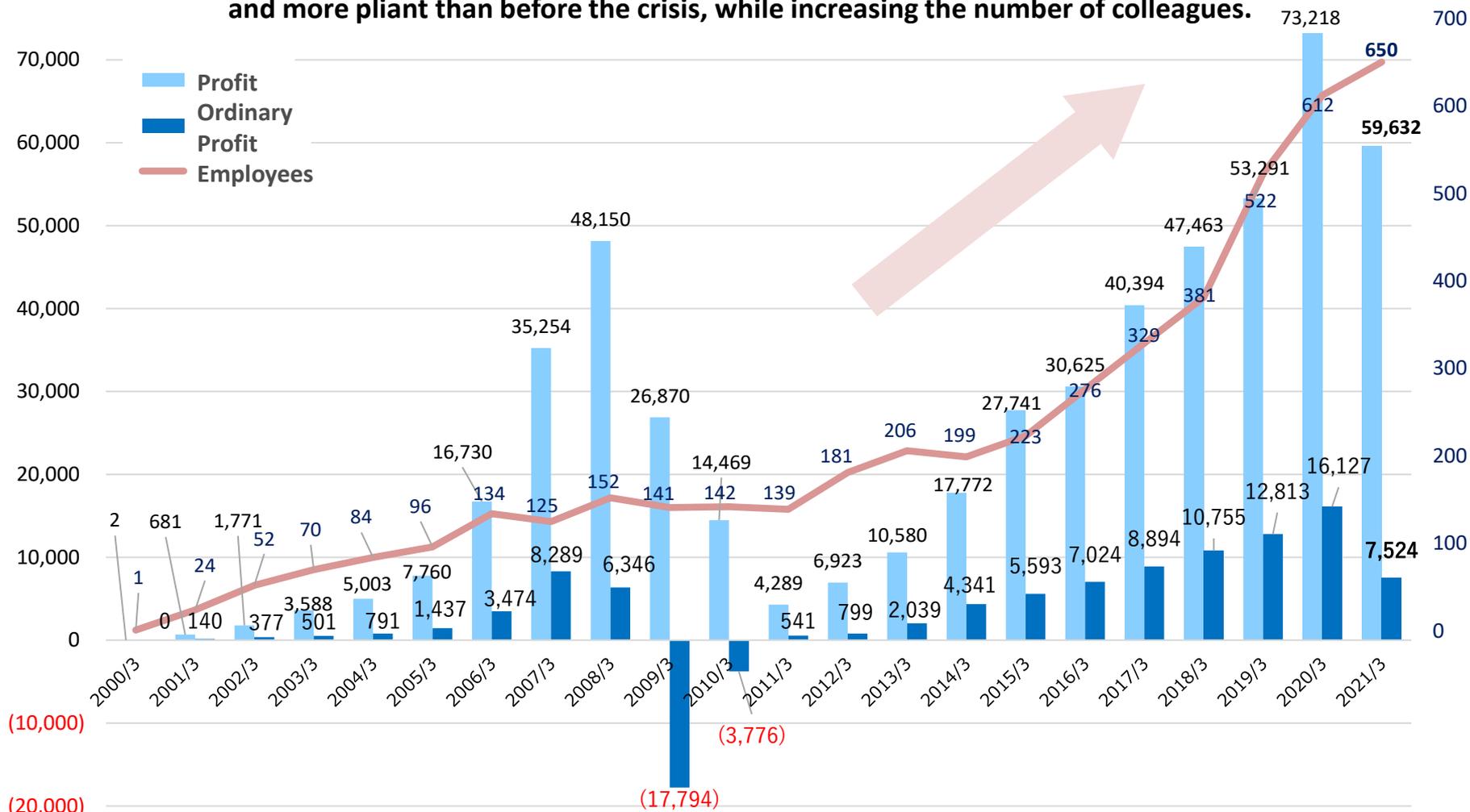
\* Source : Prepared by the Company based on Miki Shoji's Office Report. Office buildings with a standard floor area of 100 tsubo or more in central Tokyo's Fifth District are eligible.

# Our human resources base that survived the 2008 global financial crisis is the cornerstone of growth

(1 million yen)

We overcame difficulties immediately after listing, and have grown stronger and more pliant than before the crisis, while increasing the number of colleagues.

(number of people)



# Corporate Profile

<b>Company Name</b>	Sun Frontier Fudosan Co., Ltd.
<b>Location of Head Quarters</b>	2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo
<b>Date of Foundation</b>	April 8, 1999
<b>Date of Listing</b>	February 26, 2007 (First Section of Tokyo Stock Exchange)
<b>Capital Stock *</b>	11,965 million yen
<b>Representative</b>	Tomoaki Horiguchi, Chairman Seiichi Saito, President
<b>Number of Consolidated Employees *</b>	641 full-time employees (1,144 including part-timers and temporary workers)
<b>Average Age of Employees*</b>	35.0 years old
<b>Business Profile</b>	<p>Real estate revitalization</p> <p>Real estate services <span style="font-size: 2em;">}</span> Real estate management, brokerage, construction planning, non-payment guarantee, operation of rental buildings, asset consulting</p> <p>Hotel development and management</p>
<b>Accounting Month</b>	March
<b>Listed Market</b>	Tokyo Stock Exchange, First Section (Code number: 8934)

(\*As of now, the end of March 2021)



Full-time directors  
 From the left in the front row : Seiichi Saito, President and Representative Director ; Tomoaki Horiguchi, Chairman and Representative Director.  
 From the left in the back row : Mitsuhiro Ninomiya, Director; Yasushi Yamada, Senior Managing Director; Izumi Nakamura, Executive Vice President; Kenji Honda, Director.

## 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, the 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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Mail : ir-contact@sunfrt.co.jp



**SUN FRONTIER**