

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2023

We are aiming to be the visionary company of the world's most loved by clients.

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August 10, 2022



SUN FRONTIER

Securities Code : 8934

Overview of the 1Q Results of FY ending March 2023



Led by Real Estate Revitalization Business. Strong start for the fiscal year under review.

(unit: million yen)

	Results	Profit margin	Year-on-year	Growth rate
Net Sales	22,903	-	-8,309	-26.6%
Operating Profit	6,668	29.1%	-672	-9.2%
Ordinary Profit	6,690	29.2%	-587	-8.1%
Profit *	4,690	20.4%	-111	-2.3%

Full-Year Forecast	Progression Rate
84,000	27.3%
13,300	50.1%
12,800	52.3%
8,300	56.5%

**Profit* represents profit attributable to owners of parent

Performance Highlights

1) Strong start from Replanning Business to drive performance in the fiscal year under review

- In Replanning Business, the number of units sold was 10 (8 units year-on-year) as planned. Although both net sales and gross profit saw year-on-year declines due to the sale of three properties owned over the medium - to long-term in the previous year, the full-year earnings forecast has started well as planned.
- Although central Tokyo office rents are on a moderate downward trend, some of them have started to show signs of bottoming out, and the real estate market is booming. As properties with high added value, they can be sold at high profit margin.

2) Real Estate Service Business is steady, while Hotel and Tourism Business is recovering

- Real Estate Service Business responded to changing needs through the pandemic of COVID-19 in clients' point of view, and its performance grew in all areas of brokerage, management, rent guarantee, and rental conference room. Double-digit growth in net sales (+15.9% year-on-year) and profit (+24.6% year-on-year)
- With the lifting of social action restrictions, people's flow has returned, and the performance of hotel operation in Hotel and Tourism Business has recovered. As a result, losses have decreased compared to the previous year.

Consolidated Income Statement

(Unit: million yen)

	FY ended Mar 2022 Apr-Jun	FY ending Mar 2023 Apr-Jun	Year-on- year Change	Composition Ratio
Net Sales	31,213	22,903	-26.6%	100.0%
Real Estate Revitalization Business	27,450	18,582	-32.3%	80.1%
Replanning Business	26,924	18,062	-32.9%	77.9%
Rental Buildings Business	526	519	-1.3%	2.2%
Real Estate Service Business	2,060	2,387	15.9%	10.3%
Hotel and Tourism Business	1,346	1,917	42.4%	8.3%
Other Business	469	306	-34.8%	1.3%
Adjustments	-114	-290	-	-
Gross Profit (Loss)	9,306	8,519	-8.5%	100.0%
Real Estate Revitalization Business	8,465	7,299	-13.8%	81.9%
Replanning Business	8,329	7,167	-14.0%	80.4%
Rental Buildings and Sub-leases	136	132	-2.9%	1.5%
Real Estate Service Business	1,257	1,565	24.5%	17.6%
Hotel and Tourism Business	-393	-170	-	-
Other Business	30	48	60.0%	0.5%
Adjustments	-53	-224	-	-
Selling, General and Administrative Expenses	1,965	1,850	-5.9%	
Operating Profit (Loss)	7,340	6,668	-9.2%	
Non-operating Income	64	167	160.9%	
Non-operating Expenses	127	145	14.2%	
Ordinary Profit (Loss)	7,277	6,690	-8.1%	
Profit	4,802	4,690	-2.3%	
Ordinary Profit Margin	23.3%	29.2%		

Income Statement Points

<Real Estate Revitalization Business>

High profit margin contributed significantly to the start of fiscal year under review. Completed sales of 10 units of RP properties as planned (including one in New York).

<Real Estate Service Business>

Responded to changing needs, solved problems in clients' point of view, and made profits in accumulation. Increased people's flow led to a recovery in Conference Room Rental Business demand.

<Hotel and Tourism Business>

With the lifting of social action restrictions, occupancy rate and unit prices started to rise due to increased people's flow, reducing losses compared to the previous year.

- Selling, general and administrative expenses decreased mainly due to decreases in sales commission, taxes and duties, etc.
- Non-operating income, was mainly due to foreign exchange gains.

Consolidated Balance Sheet - Assets -



<Cash and deposits> Increased 5.2 billion yen due to realization of cash mainly from sale of RP properties

<Inventories> Sales in RP properties exceeded those in purchase, resulting in a decrease of 6 billion yen

<Non-current assets> Increased 200 million yen due to construction of hotel properties and capital investment

(Unit: million yen)	FY 2021 As of End of March 2021	FY 2022 As of End of March 2022	FY 2023 As of End of June 2022	Increase/decrease (compared to the End of March 2022)
Current assets	110,785	110,920	111,111	+191
Cash and deposits	21,508	30,053	35,327	+5,274
Inventories	86,087	77,340	71,243	-6,096
Breakdown) RP	71,349	63,424	57,333	- 6,091
Hotel	13,917	13,516	13,425	-91
Overseas, etc.	822	400	485	+85
Other current assets	3,189	3,527	4,540	+1,013
Non-current assets	16,700	25,591	25,574	-16
Property, Plant and Equipment	10,528	18,796	18,996	+200
Intangible assets	701	572	581	+9
Investments and Other assets	5,470	6,222	5,996	-226
Total assets	127,485	136,512	136,686	+174

Consolidated Balance Sheet

- Liabilities/Equity -



<Interest-bearing debt> Decreased 2.9 billion yen as repayments from the sale of properties exceeded borrowings from purchase. Interest-bearing debt balance was 48 billion yen.

<Net assets> Increased 3.6 billion yen mainly due to profit (4.6 billion yen) despite dividend payment (-1.1 billion yen).

Changes of Equity Ratio		
End of March 2021	End of March 2022	End of June 2022
52.3%	52.2%	54.8%

(Unit: million yen)	FY 2021 As of End of March 2021	FY 2022 As of End of March 2022	FY 2023 As of End of June 2022	Increase/decrease (compared to the End of March 2022)
Current liabilities	13,358	16,210	13,547	-2,662
Short-term borrowings, etc.	5,530	6,904	4,830	-2,074
Income taxes payable, etc.	901	3,528	1,948	-1,579
Other Current liabilities	6,926	5,777	6,768	+991
Non-current liabilities	44,354	45,849	45,020	-828
Long-term borrowings and Bonds payable	41,991	44,169	43,264	-905
Other Non-current liabilities	2,363	1,680	1,756	+76
Total liabilities	57,712	62,060	58,568	-3,491
Shareholders' equity	66,916	71,260	74,679	+3,419
Other	2,856	3,191	3,438	+246
Total Net assets	69,773	74,452	78,117	+3,665
Total Liabilities and Net assets	127,485	136,512	136,686	+174

Real Estate Revitalization Business



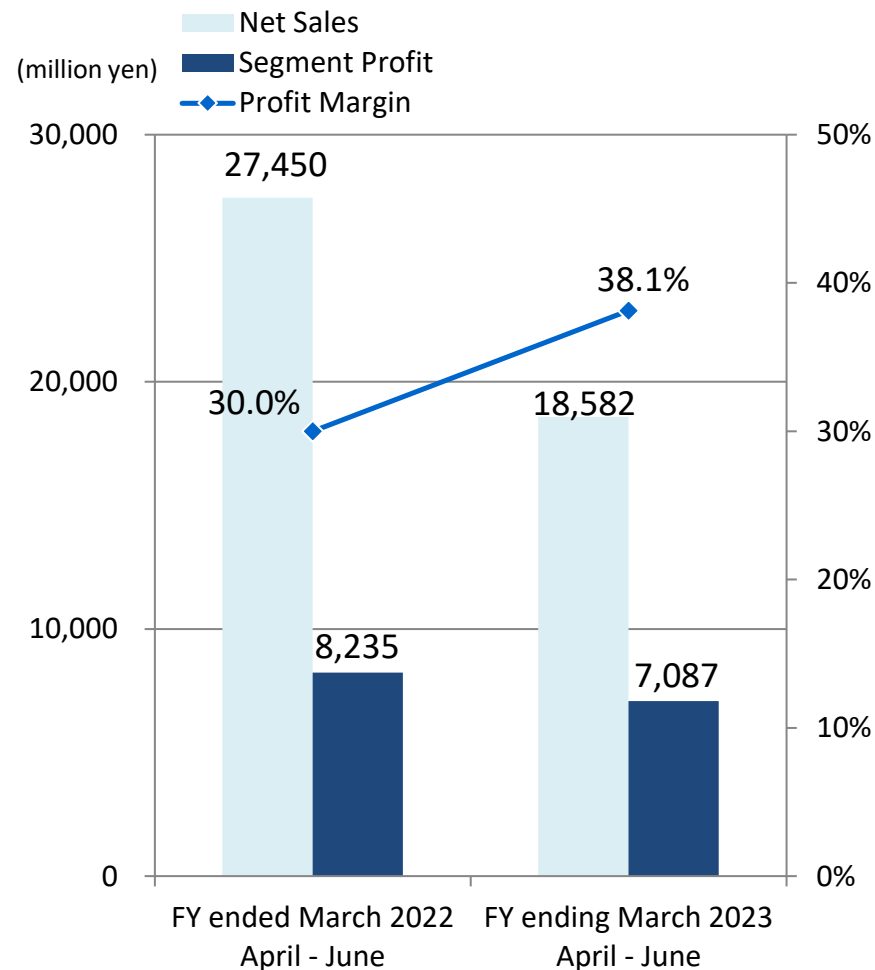
(Replanning and Rental buildings)

<Replanning Business>

- Number of sales was 10 units, up 2 units from the same period of the previous year (8). Sales and profit decreased compared to the previous fiscal year when 3 properties owned over the medium- to long-term were sold. However, several properties with particularly high profit margin were included and segment profit margin was pushed up.
- While average business period was 643 days (down 28 days year-on-year), we are focusing on leasing and working to shorten the operating period.

* In addition to the number of stocks at the end of FY listed below, there are 7 properties (9.85 billion yen) that have already been purchased by the end of June. Purchase (contract basis) for the fiscal year under review was 13.16 billion yen.

(Unit: million yen)	FY ended March 2022 April - June	FY ending March 2023 April - June	Increase/ decrease
Net Sales	27,450	18,582	-32.3%
Replanning Business	26,924	18,062	-32.9%
Rental Building Business	526	519	-1.2%
Segment Profit (Note 1)	8,235	7,087	-13.9%
Replanning Business	8,104	6,955	-14.2%
Rental Building Business	130	132	+1.4%
Profit Margin	30.0%	38.1%	+8.1%pt
Replanning Business	30.1%	38.5%	+8.4%pt
Rental Building Business	24.8%	25.5%	+0.7%pt
Number of properties purchased	2 cases	3 cases	+1 case
Number of properties sold	8 cases	10 cases	+2 cases
Number of stocks at the end of FY	48 cases (Note 2)	47 cases (Note 2)	-1 case



(Note 1) "Segment profit" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and amortization of goodwill from gross profit.

(Note 2) Projects of land purchase and development are included.

Operation Results by Business Segment

Real Estate Service Business

(Property Management, Building Maintenance, Sales Brokerage, Lease Brokerage, Rental Conference Room, Rent Guarantee, etc.)

<Property Management/Building Maintenance>

- Sales and profits increased in the PM business due to an increase in the number of entrusted buildings.
- BM business was flat in net sales and increased profits due to improved profit margin.

<Brokerage>

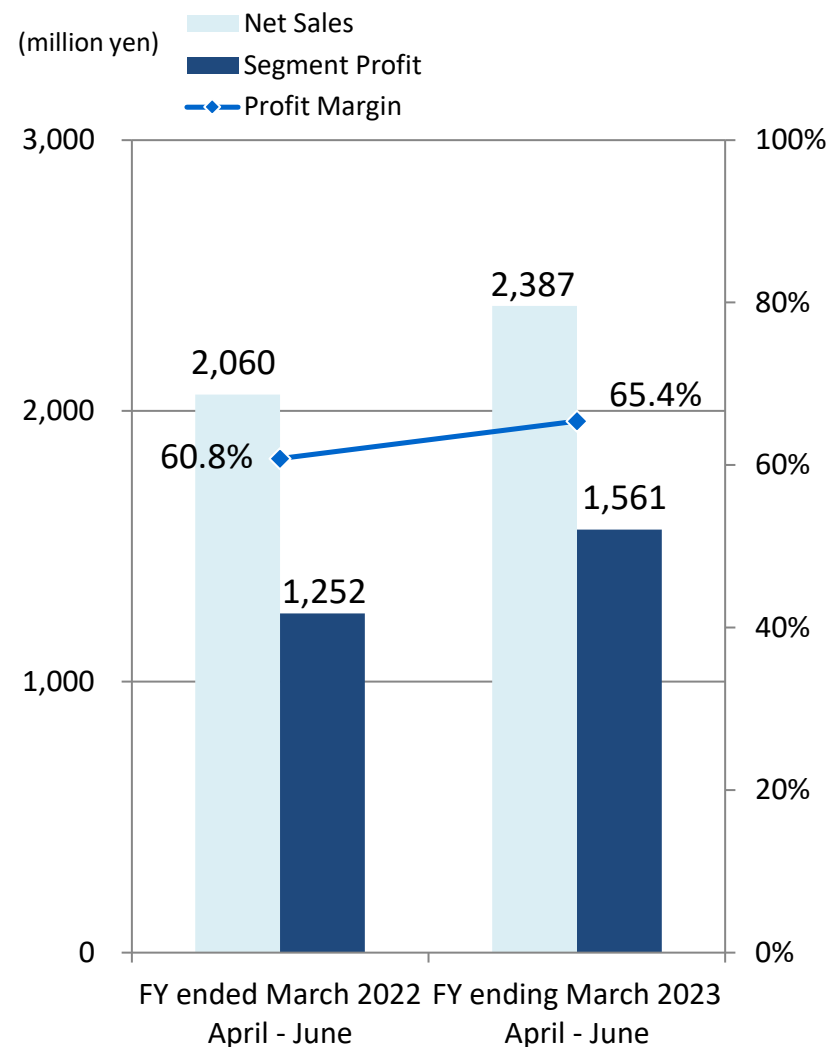
- Sales and profits increased in Sales Brokerage due to the steady conclusion of projects introduced by other divisions.
- Lease Brokerage sales increased and the profits were remained mostly unchanged as leasing costs were incurred.

<Rental Conference Room>

- Sales and profits increased as demand recovered and occupancy rate improved.

<Rent Guarantee>

- Sales and profits increased due to an increase in the number of new contracts compared to the previous year.



(unit: million yen)	FY ended March 2022 April - June	FY ending March 2023 April - June	Increase/ Decrease
Net Sales	2,060	2,387	+15.9%
Segment Profit	1,252	1,561	+24.6%
Profit Margin	60.8%	65.4%	+4.6%pt

Hotel and Tourism Business (Hotel Development, Hotel Operation, etc.)

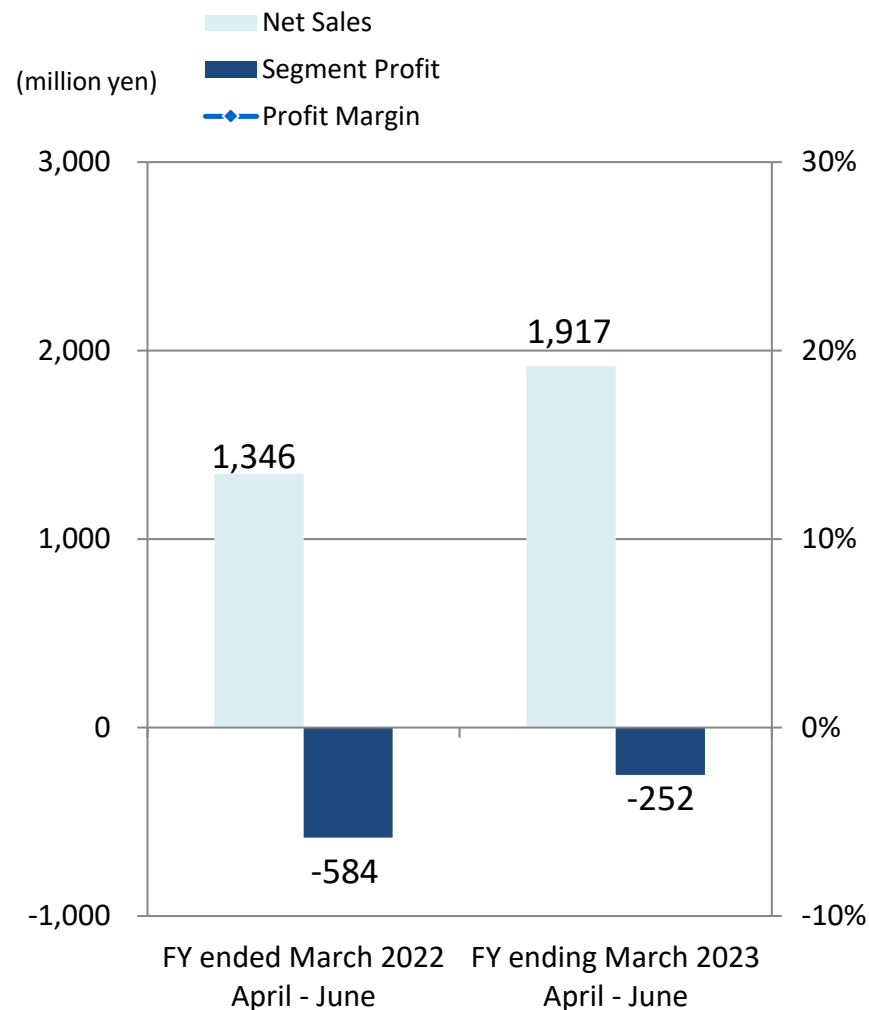
<Hotel Development Business>

- Sales decreased due to a reaction from sales of 43 HIYORI OCEAN RESORT OKINAWA lots in the previous year. The sale of hotel properties is scheduled in 2nd quarter or later.

<Hotel Operation Business>

- Tourism demand is recovering. While the recovery in urban areas has been slow, occupancy rate has improved at hotels in rural areas. The loss decreased compared to the previous year, despite the recording of Hotel start-up expenses in Kyoto Shijo Kawaramachi.

(Unit: million yen)	FY ended March 2022 April - June	FY ending March 2023 April - June	Increase/Decrease
Net Sales	1,346	1,917	+42.4%
Hotel Development Business	604	0	-
Hotel Operation Business	742	1,917	+158.3%
Segment Profit	-584	-252	-
Hotel Development Business	122	-30	-
Hotel Operation Business	-707	-222	-
Profit Margin	-	-	-
Hotel Development Business	20.3%	-	-
Hotel Operation Business, etc.	-	-	-



(Note 1) "Segment Profit" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and amortization of goodwill from gross profit.

Other Business (Construction Business and Overseas Development Business, etc.)

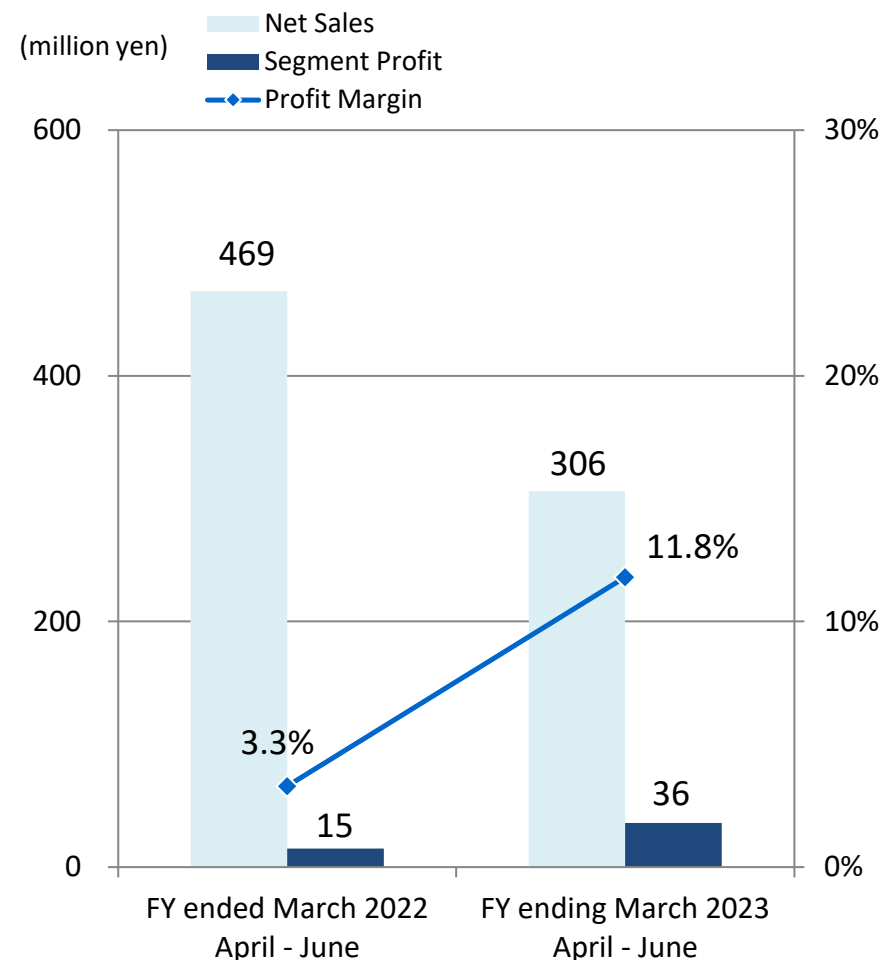
<Construction Business>

- Profit increased due to improved performance of subsidiaries that recorded losses in the previous fiscal year, despite lower sales due to a decrease in interior finishing work.

<Overseas Development Business>

- Revenue increased due to condominium management revenue in Vietnam, but unrealized loss of inventory in Indonesia (3.7 million yen) was recorded.

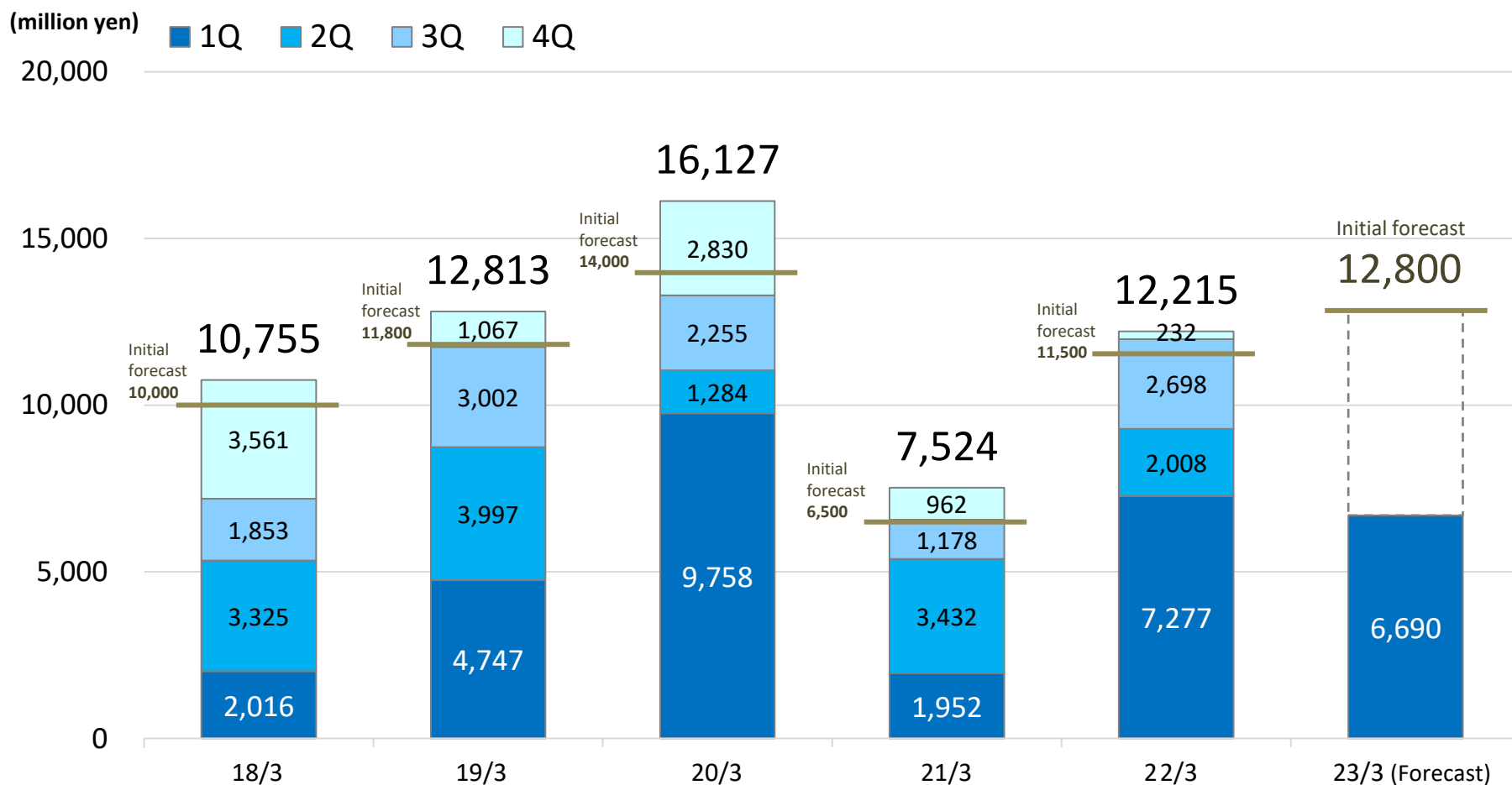
(Unit: million yen)	FY ended Mar 2022 April - June	FY ending Mar 2023 April - June	Increase/ Decrease
Net Sales	469	306	-34.8%
Segment Profit	15	36	+134.5%
Profit Margin	3.3%	11.8%	+8.5%pt



(Note 1) "Segment Profit" means gross profit to interest expenses, sales commission calculated by deducting specific expenses such as goodwill depreciation.

Changes in Ordinary Profit over the Last Five Years

Strong sales in RP properties and growth in service business drove earnings ahead of schedule.



Despite a year-on-year decline, steady progress toward achieving full-year profit growth

1. Global economy's increasing concern is a slowdown due to inflation and interest rate hikes in various countries and a lockdown in China.

- ◆ The International Monetary Fund (IMF) cut its forecast for global economic growth to 3.2%, raising concerns over a sharp economic slowdown.
- ◆ In May and July, the U.S. Federal Reserve Board raised interest rates by a total of 1.5% to curb inflation, but concerns over economic slowdown are growing.

2. In Japan monetary easing amid rising prices and depreciation of yen has continued and the economy is recovering within coexisting with COVID-19.

- ◆ While each country has raised interest rates to control inflation, the Bank of Japan has continued to ease monetary policy and interest rate differentials cause the yen to depreciate.
- ◆ Despite the current 7th wave of COVID-19 infections, efforts are made to recover social and economic activities without restricting activities.

3. In the central Tokyo office buildings market, while hybrid working styles are partly established, needs are diversifying.

- ◆ Average vacancy rate of central Tokyo offices remains unchanged. Although the decrease in rents continues slowly, there are signs of recovery of the number of workers at office.
- ◆ Despite strong desire to invest in real estate partly due to the impact of the yen's depreciation, attention should be paid to the impact of interest rate hikes in various countries.

4. Despite concerns about the seventh wave of COVID-19, hotel and tourism market is recovering with no restrictions on activity.

- ◆ Although nationwide travel support was postponed due to the impact of the 7th wave, travel demand is recovering.
- ◆ Foreign investors are eager to invest in hotels partly due to the yen's depreciation, while caution is required to interest rate hikes in various countries.

Progress against Forecast for the Fiscal Year ending March 31, 2023



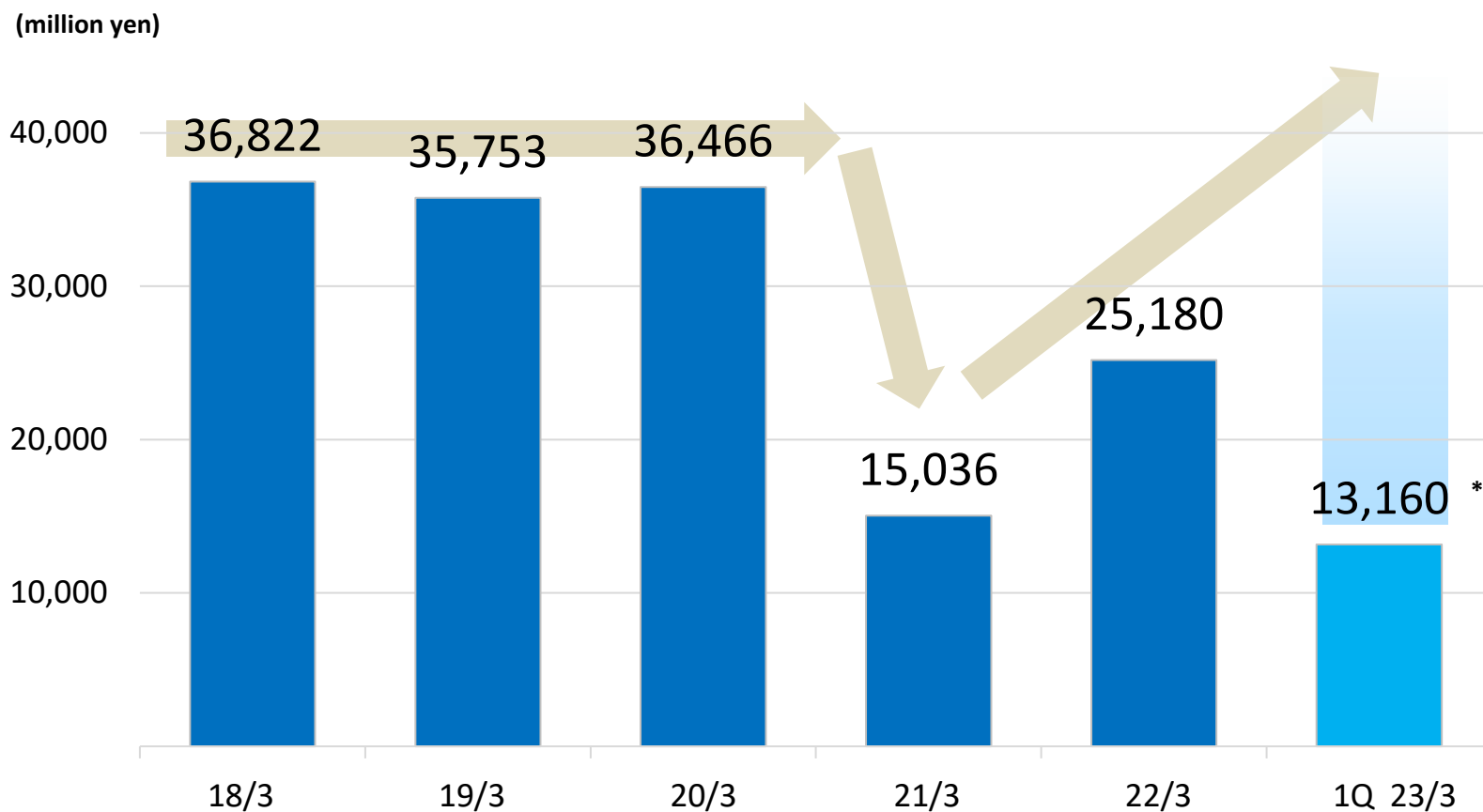
Steady progress in Real Estate Revitalization Business and Real Estate Service Business.

In the Hotel and Tourism Business, hotel operation is recovering. Hotel sales planned in 2Q or later.

(Unit: million yen)	FY ending March 2023 Earnings Forecast	FY ending March 2023 1Q Results	Progress rate
Net sales	84,000	22,903	27.3%
(1) Real Estate Revitalization Business	56,700	18,582	32.8%
Replanning	54,700	18,062	33.0%
Rental buildings	2,000	519	26.0%
(2) Real Estate Service Business	7,300	2,387	32.7%
(3) Hotel and Tourism Business	18,600	1,917	10.3%
(4) Others	1,900	306	16.1%
Adjustments	-500	-290	-
Gross profit	22,000	8,519	38.7%
(1) Real Estate Revitalization Business	16,000	7,299	45.6%
Replanning	15,500	7,167	46.2%
Rental buildings	500	132	26.4%
(2) Real Estate Service Business	3,900	1,565	40.1%
(3) Hotel and Tourism Business	1,800	-170	-
(4) Others	300	48	16.0%
Adjustments	0	-224	-
Selling General and Administrative Expenses	8,700	1,850	21.3%
Operating profit	13,300	6,668	50.1%
Ordinary profit	12,800	6,690	52.3%
Profit	8,300	4,690	56.5%
EPS (Earnings per share)	170.67 yen	96.45 yen	56.5%

Progress in Purchasing Properties

As of the end of 1Q, RP properties purchase was 13.1 billion yen on a contractual basis. Strengthening purchase activities to reach the level before the pandemic of COVID-19.



* Including 9.85 billion yen for contracted properties

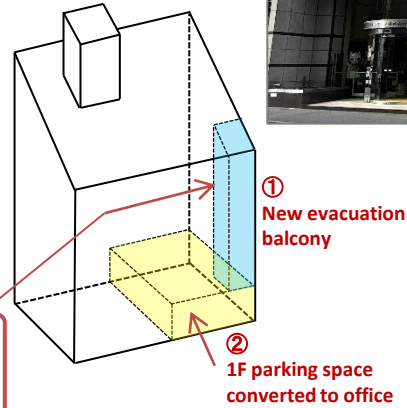
Business Progress and Initiatives

Replanning Business, Examples of Initiatives (1)

Replanning buildings in excess of FAR to create buildings with legal compliance and profitability



[Building appearance (after replanning)]
 Nihonbashitomizawacho, Chuo-ku, Tokyo
 One building profit building
 Deck roof, steel-framed reinforced concrete, 9 stories high with 1 basement



Before



After



Parking lot on the first floor that was used as a warehouse

Conversion



Increase profitability of buildings by converting to offices

Although the parking lot on the 1st floor was used as a warehouse, which exceeded the floor area ratio, **by installing new evacuation balconies on the 2nd to 5th floors excess of floor area ratio was corrected. Improved profitability of the building by converting parking lots on the first floor into office space.**

Created a high-profit building with full occupancy by leasing tenants on the first to ninth floors that have been replanned.

6 out of 8 tenants use rent guarantee service.

Clients (repeat customers) of PM (management) purchase the property as a profitable property.

Even after the sale, we are entrusted with PM (management) by our clients (repeat customers).



We demonstrate in-house strengths in procurement, RP, leasing, sales, and management.

Replanning Business, Examples of Initiatives (2)

Converted unused space and sold to overseas investors as high-profit investment real estate



[Building appearance (after replanning)]
Hatchobori, Chuo-ku, Tokyo
One building profit building
Deck roof, steel-framed reinforced concrete, 10 stories high with 1 basement

Before



Parking lot on the first floor



Conversion

After



Created value in the unused basement by connecting the 1st floor and the 1st basement floor with stairs.



Warehouse on the 1st basement floor, which had no elevator and was unused.



Conversion



Converted the parking lot on the 1st floor and the basement storage space into a maisonette-type office by utilizing the surplus volume.
→ **Increased floor space for rent and improved profitability.**

A client, a repeat Taiwanese investor, who was unable to come to Japan due to the pandemic of COVID-19, made a purchase through online viewing etc. PM (management) after sale is also entrusted.

Demonstrate RP's ability to create added value, sell while foreign investors are unable to visit Japan, also entrusted with management

Promote Sales of Small-lot Real Estate Property

Sales of a nursery school, a medical and educational mall that contribute to the lives of local communities as small-lot products.

Compass Magome

Ota Ward New Medical and Educational Mall

2-28-4 Kitamagome, Ota-ku, Tokyo
 2-minute walk from Magome Station on Toei Subway Asakusa Line
 3-story building with a total floor area of 1,274.89 square meters

A new mall with the theme of “medical care and education”, in which after-school childcare, English conversation school, etc. enter as tenants, centered on a drugstore with a large medical corporation and a dispensing pharmacy that has strengths in hemodialysis.



Fourth period on sale

Compass Ueno

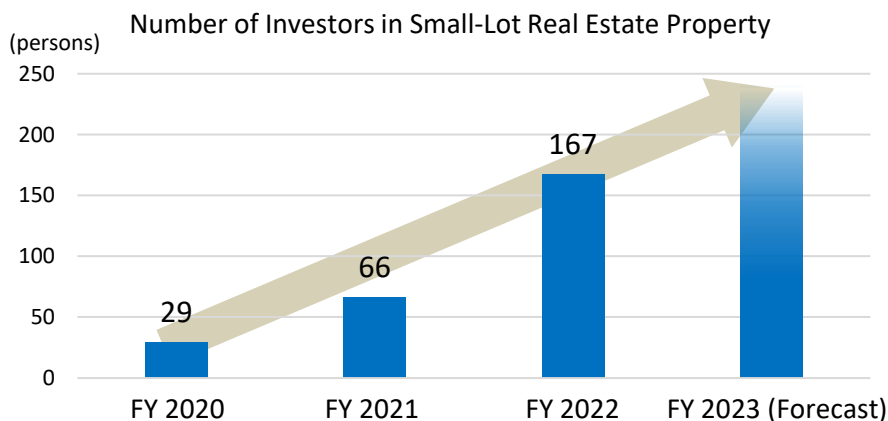
A Newly built licensed nursery school, Ueno, Tokyo

3-45 Taito, Taito-ku, Tokyo
 2-minute walk from Naka-okachimachi Station on Tokyo Metro Hibiya Line.
 6-minute walk from Okachimachi Station on JR Yamanote and Keihin-Tohoku Lines
 4-story building with a total floor area of 546.77 square meters

A newly built licensed nursery school that is in line with SDGs and ESG investments, including eliminating the problems of children waiting for admission and promoting women’s activities



**Sales started 6/13
 First period on sale**



Increasing number of clients are investing in small-lot products to meet real estate investment needs

Sales network (tax accountants and financial institutions)

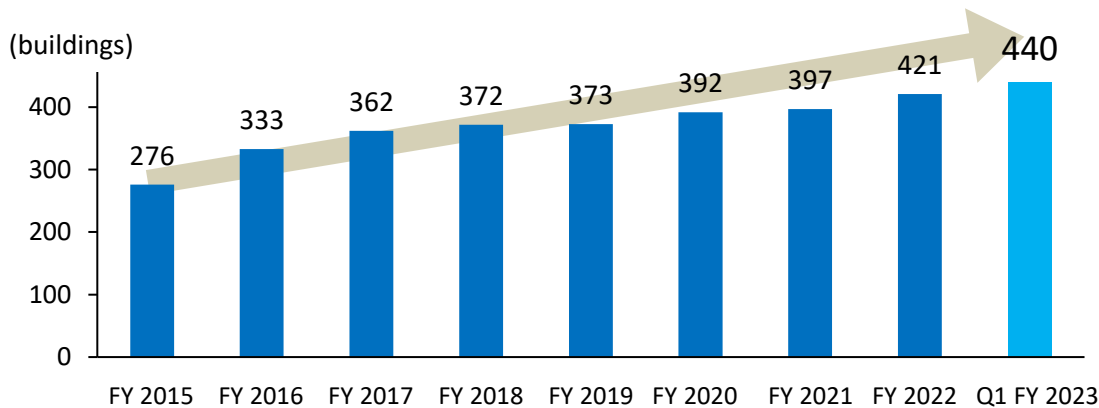
Over 180 companies

Expanding, aiming to reach over 200 companies

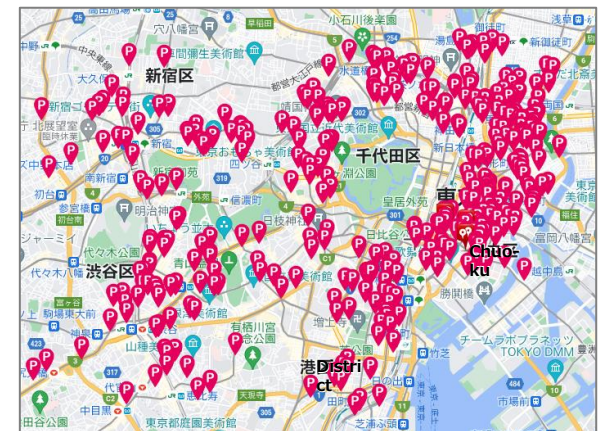
Real Estate Service Business Continues to Expand Its Customer Base

Real Estate Service Business, which specializes in the central Tokyo area, increases clients and strengthens its operating base.

Number of Entrusted Buildings in Property Management

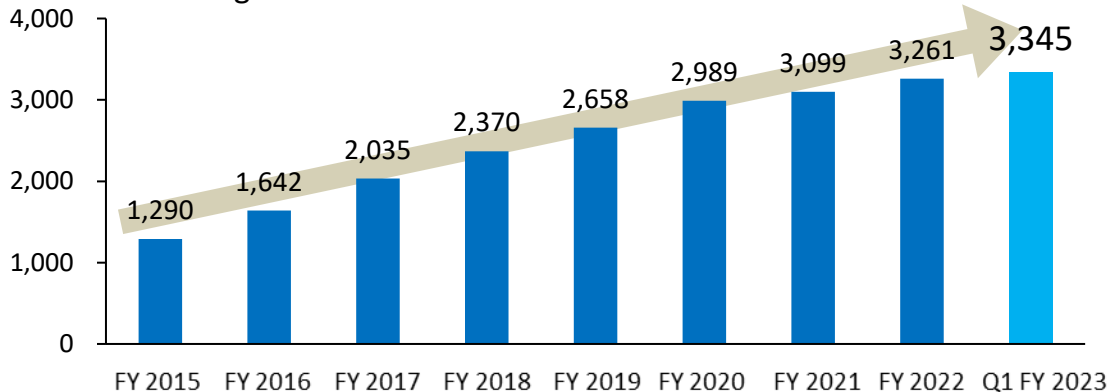


[Property Management entrusted property distribution]

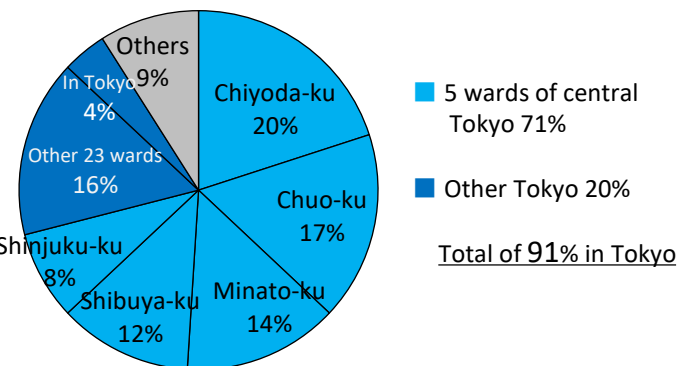


Entrusted properties of the Company

Changes in the Number of Rent Guarantee Contracts



[Rent Guarantee Percentage of new contracts * by area]

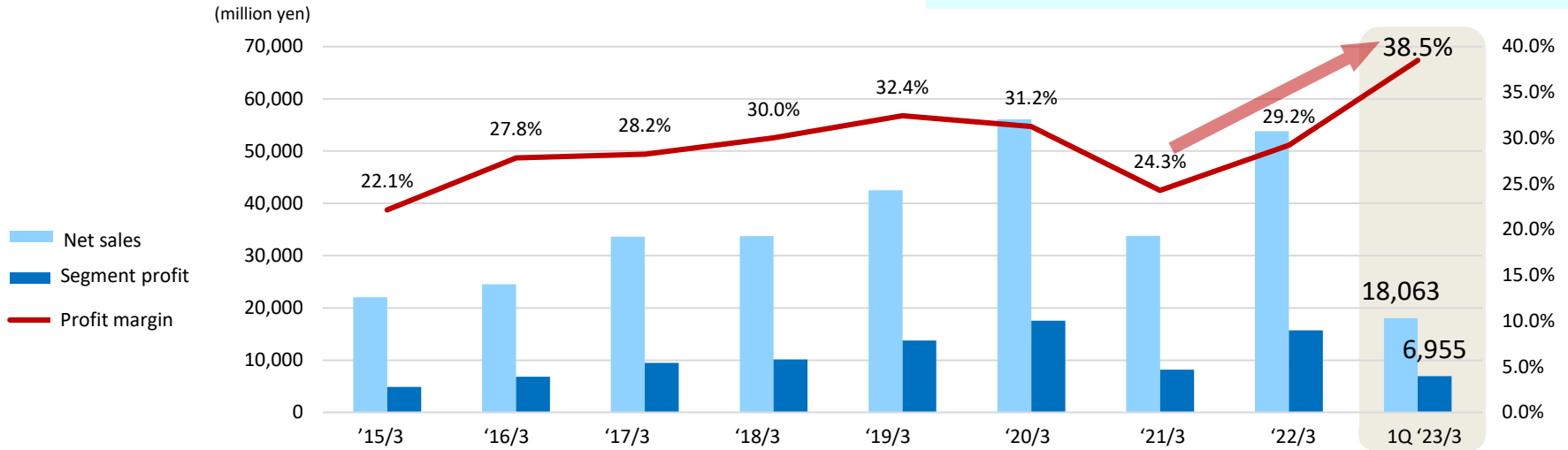


* As of March 31, 2022 : 652 new contracts

Continue High Profitability in Office Building Business

● Replanning Business maintains high profit margin

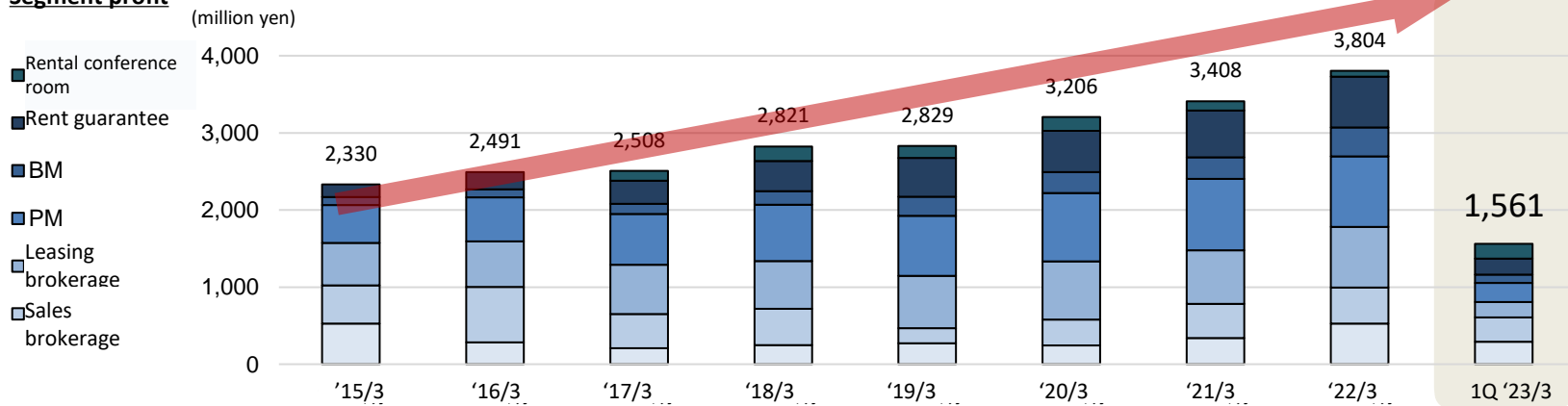
1Q includes several properties with particularly high profit margin, driving performance as highly a profitable business with high added value.



● Real Estate Service Business continues to grow steadily

Sales Brokerage and Conference Room Rental Business made a good start, contributing to earnings with a high progress rate.

Segment profit



Shijo Kawaramachi Onsen Hotel Open

A “new Japanese Inn” with two different styles has opened in Kyoto’s largest downtown area

四条河原町温泉



空庭テラス京都

Sora Niwa Terrace Kyoto

A hotel where you can actively enjoy your trip as a site for Kyoto sightseeing, with 102 guest rooms equipped with Kyoto-like Japanese-style relaxing spaces

四条河原町温泉

別邸 鴨川

BETTEI KAMOGAWA

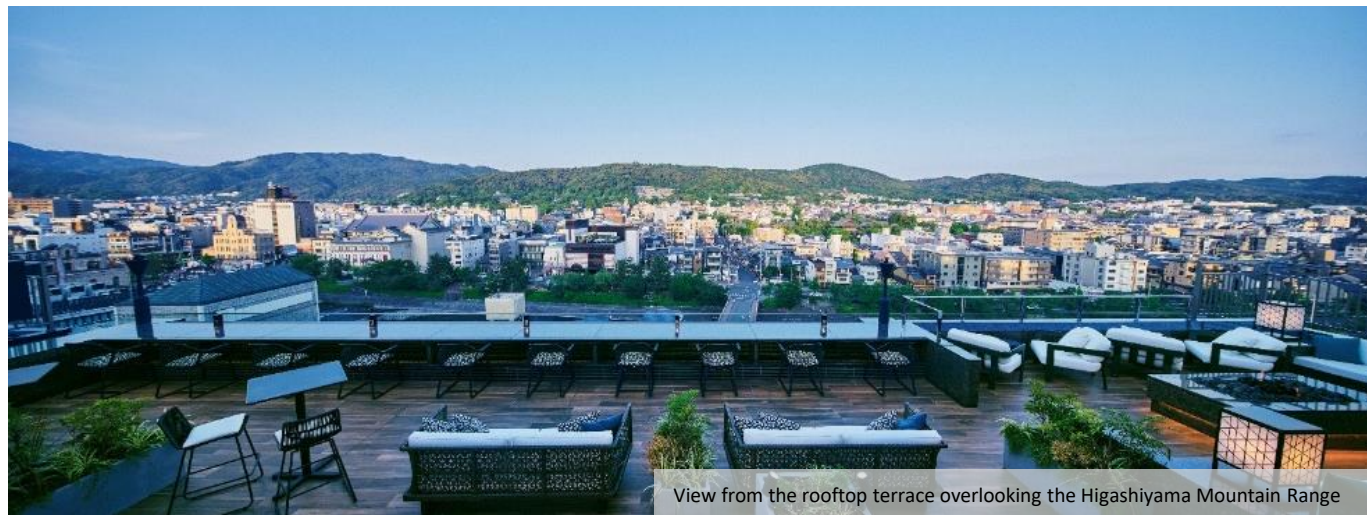
A hotel with 32 luxurious guest rooms facing the Higashiyama side. All rooms are equipped with private hot spring an open-air bath

Upon opening on June 20, media announcement and private viewing were implemented.

Many articles and programs were broadcast in newspapers, TV, and news agencies such as Nikkei Shimbun, Asahi Television, and Kyodo News.



Appearance



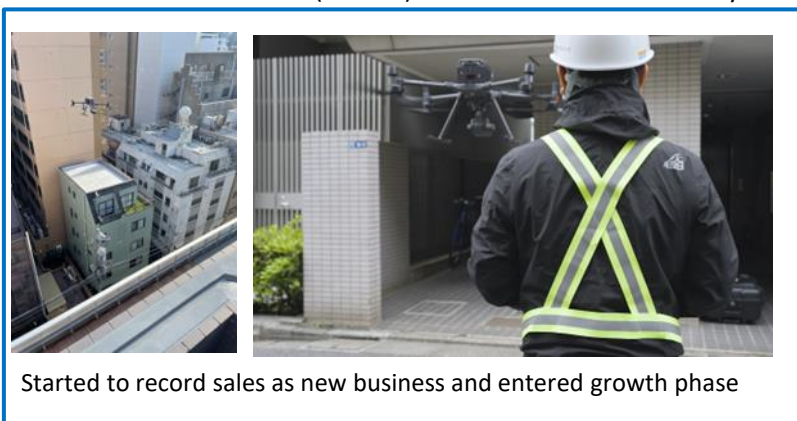
View from the rooftop terrace overlooking the Higashiyama Mountain Range



DX Initiatives

Promote DX in business models of various businesses and improve value creation capabilities

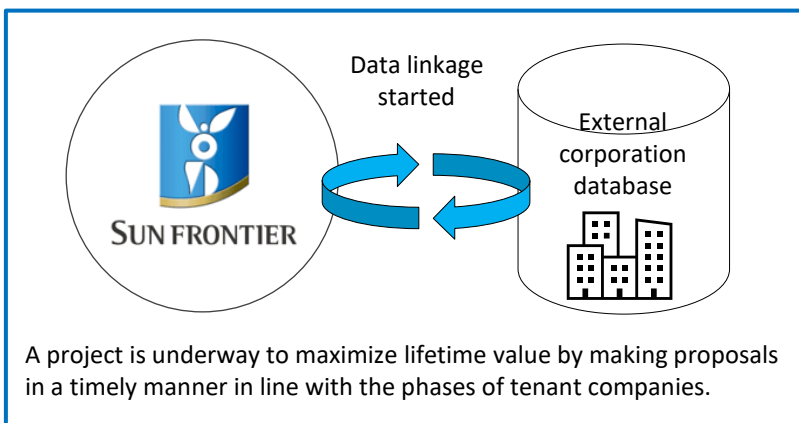
Unmanned Aerial Vehicles (Drones) conduct exterior wall surveys



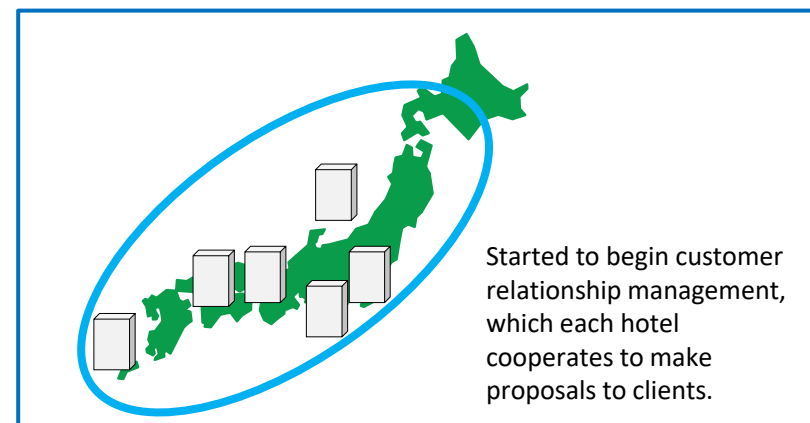
Started collaboration with estie Co., Ltd. to improve property performance



Started linking various office business data with external corporation data



Started construction of a system to strengthen digital contacts for Hotel Business

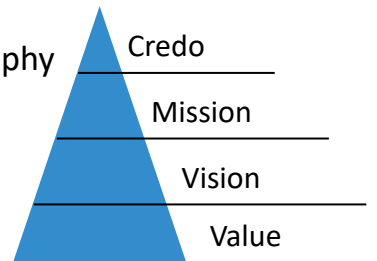


Branding and Marketing

Instill the philosophy, develop human resources, and promote improvement of brand value

Vision Project

Organize the Sun Frontier Philosophy systematically and implement initiatives to maintain and evolve our philosophy management



Marketing Training Program started

Started a training program for the first 30 employees based on the idea that "marketing is management".



Production and distribution of the Company blog "FRONTIER JOURNEY" started

Distribute weekly coverage articles focusing on "people"
Distribute to approximately 100,000 affiliated companies

FRONTIER
J O U R N E Y

Social Media "Sun Frontier Communication" distribution started

On Facebook/Twitter/Instagram



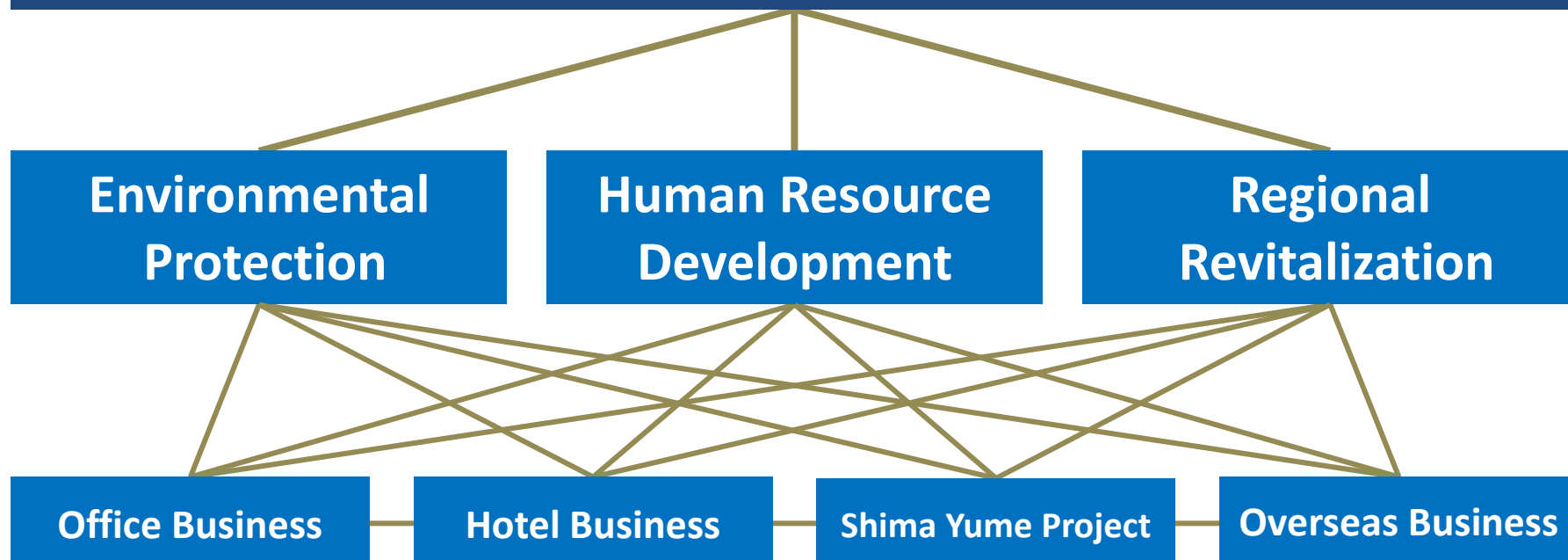
Management Principle, ESG

Systematize and further promote the Sun Frontier Philosophy



Contribute to solving social issues through real estate utilization, the core business










Realization of a Sustainable Society



Sustainability Vision

We will contribute to the realization of a sustainable society through business activities while respecting the heart of altruism, the Company policy.

Materiality (Important Issues)

Important Issues	Vision	Policy	Mainly relevant SDGs
Environmental protection	Increase environmental sustainability by significantly reducing waste and greenhouse gas emissions, as a frontier of Real Estate Revitalization Business	<ul style="list-style-type: none"> Extend the life and health of real estate Energy conservation and reduction of environmental impact by Real Estate Revitalization Business Expanded use of renewable energy 	  
Regional revitalization	Create sustainable growth of regional economies through offices, hotels, and tourism, as a frontier for sustainable regional revitalization	<ul style="list-style-type: none"> Create buildings, offices, and spaces with “job satisfaction” and “creativity” that contribute to economic growth Prevent and mitigate disaster through regional cooperation Solve regional issues through community activation and creation 	  
Human resource development	Spread the concept of "altruism" that is indispensable for realizing a sustainable society, as a frontier of philosophy management	<ul style="list-style-type: none"> Create workplaces with job satisfaction, creativity and growth opportunities Respect and utilize diversity Disseminate information on philosophy management to foster next-generation managers 	  

Agreeing to TCFD Recommendations

Support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and participation in the TCFD Consortium



A project team set up by the Financial Stability Board (FSB) in 2015 at the request of the G20 to examine how climate-related information disclosure and responses from financial institutions can be implemented.

Under the revision of the TSE Corporate Governance Code announced in June 2021, companies listed on the prime market are required to disclose climate change-related information based on the TCFD disclosure standards.

The Group has expressed its support for the preparation of disclosure based on the TCFD recommendations from the Annual Securities Report to be submitted in June 2023.



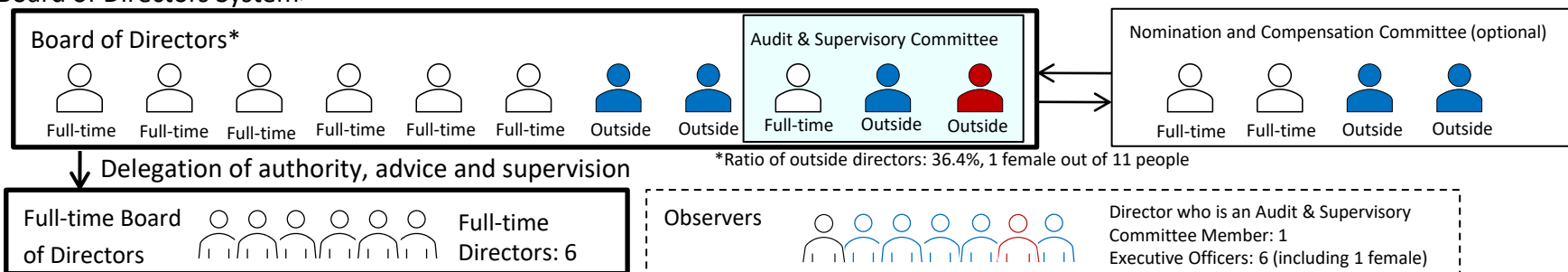
Established in 2019 as a forum for discussions on effective corporate information disclosure and initiatives to link disclosed information to appropriate investment decisions in financial institutions etc.. Companies and institutions that support TCFD recommendations promote initiatives.

Promote information collection and utilization through participation in the TCFD Consortium and promote voluntary and proactive information disclosure.

Transition to an Audit & Supervisory Committee System

Improve management transparency and fairness by effectively promoting delegation of authority, enabling flexible and prompt management decisions, and strengthening Board of Directors' advisory and supervisory functions

<Board of Directors System>



<Outside Directors>

Name	Officers	Career	Skills
Kazutaka Okubo	Director who is not an Audit & Supervisory Committee Member Nomination / remuneration Member	Has extensive knowledge and experience in a wide range of fields including corporate compliance and CSR. Served as an expert member of various government offices and a secretary of economic organizations and has audit experience at a major audit corporation.	<ul style="list-style-type: none"> Accounting and finance Legal, compliance and risk management IT / Digital CSR / ESG / Sustainability
Keiichi Asai	Director who is not an Audit & Supervisory Committee Member -	Worked in various divisions of the petroleum business at Mitsubishi Corporation and worked in the United States and India and consistently involved in international business in the energy sector. Also has experience in corporate management at Lithium Energy Japan Co., Ltd. and KH Neochem Co., Ltd..	<ul style="list-style-type: none"> Corporate management M&A Overseas
Hidetaka Tanaka	Director who is an Audit & Supervisory Committee Member Nomination / remuneration Member	Is qualified as a Certified Public Accountant in the United States. Has a wealth of experience as a corporate manager and in business outside Japan and broad knowledge in the financial industry and the sustainability field.	<ul style="list-style-type: none"> Corporate management Accounting and finance CSR / ESG / Sustainability Overseas
Tsuneko Murata	Director who is an Audit & Supervisory Committee Member -	Worked as the head of the legal department at the Panasonic Group, as a board member and inspector at the Japan Pension Service, and as an outside director at a listed company. Also has wide-ranging knowledge in promoting the active participation of women.	<ul style="list-style-type: none"> Legal, compliance and risk management CSR / ESG / Sustainability M&A Overseas

Environment

As of June 30, 2022

Actual number of RP buildings



Total
449 buildings

Carbon Offset
Cumulative total
2,057 tons



RE100
12 buildings
1,746 tons



Mori no Denki
7 buildings
128 tons



RP construction
8 buildings
183 tons

Establishment of SF Ocean Power Generation Co., Ltd.

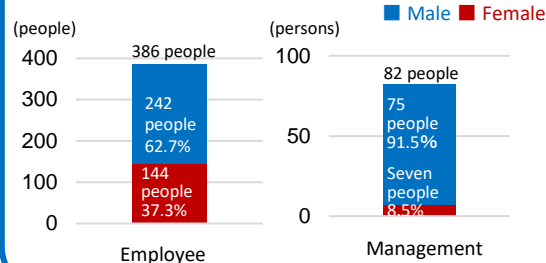


Research and study for the realization of new-energy infrastructure

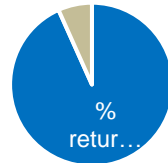
Social

As of April 1, 2022

Ratio of male and female employees in managerial positions

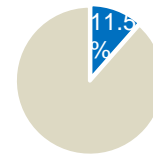


Childcare leave
Utilization rate 100%



From childcare leave
93.3% return to work

Human resource development
Training at least 10% of set working hours



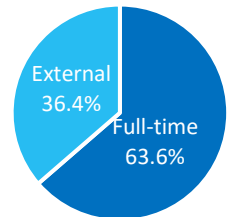
Governance

As of June 30, 2022

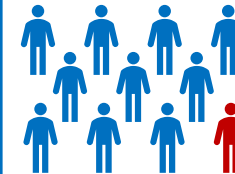
Transition to an Audit & Supervisory Committee system



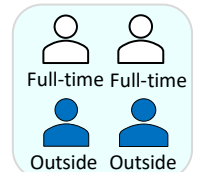
Ratio of outside directors
1/3 or more



Female Directors
1 out of 11



Nomination and remuneration committee (optional)
2 out of 4 Outside Directors



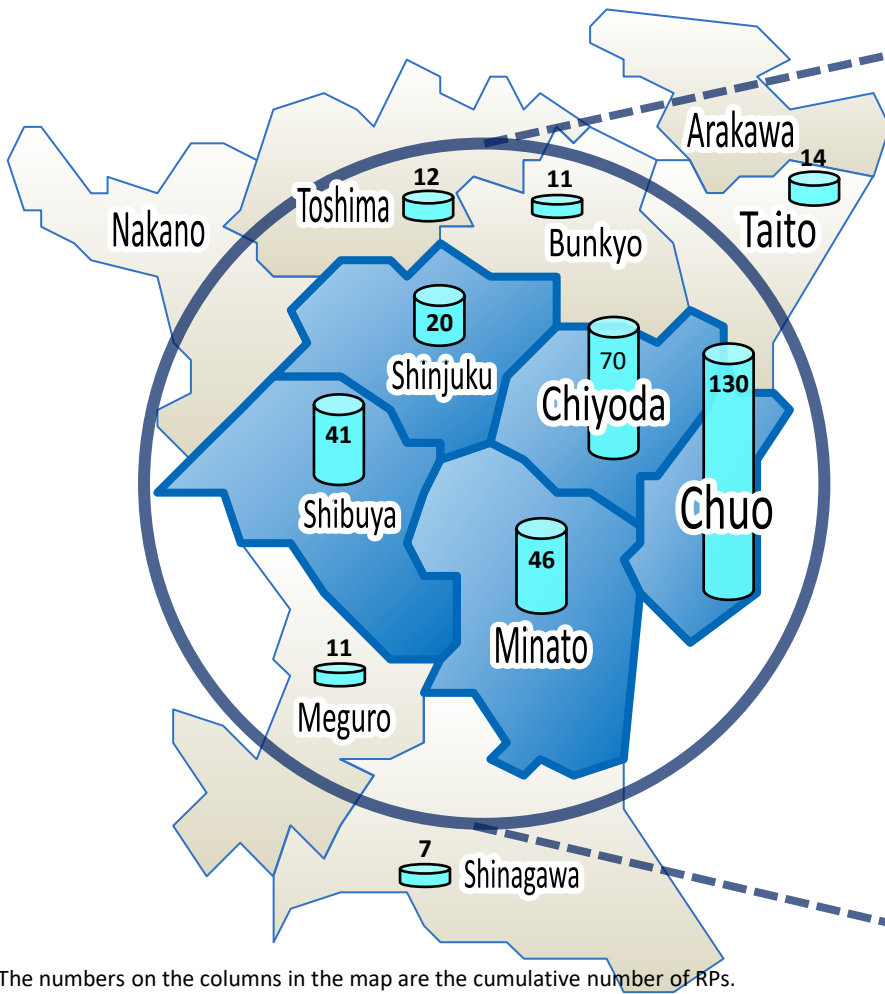
Ensuring transparency and soundness

• RE100 Carbon offset using J-credit derived from renewable energy. Initiatives to become the first in Japan to introduce this system on each floor. Achieve 0 Co2 emissions per tenant company.
• "Mori no Denki" Carbon offset using J-credit derived from forests. We can feel that we are supporting forests side-by-side and moving into the building will contribute to the environment.

Business Model

Strategy in Office Business

Provide services to solve client's every problem, mainly in the five cities of central Tokyo.

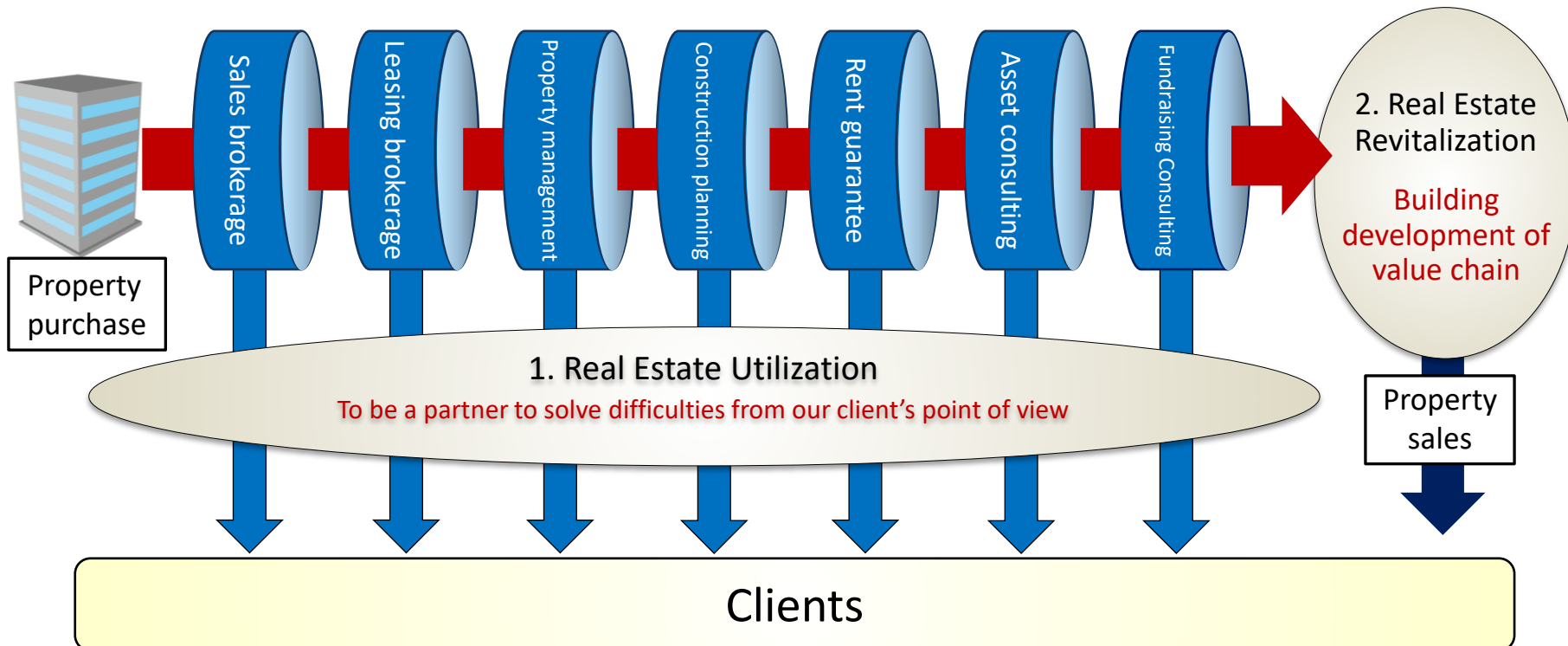


- RP** Of the total number of RPs over 449 properties, 80% are located in the five cities of central Tokyo and adjacent cities.
*As of the end of June 2022
- Leasing Brokerage** A community-based network ten branches
 Ginza, Kanda, Nihonbashi, Kodemmacho, Kojimachi, Shinjuku, Shibuya, Gotanda, Hamamatsucho, Yokohama
- PM** More than 80% of the 440 entrusted properties are located in the five cities of central Tokyo. *As of the end of June 2022
- BM** Of the 205 buildings under comprehensive management, 85% are located in the five cities of central Tokyo. *As of the end of June 2022
- Rent Guarantee** Of the 652 new contracts signed, 90% are in the five cities of central Tokyo.
*Results for FY 2022
- Rental Conference Room** 18 of the 19 sites are located in the five cities of central Tokyo.
*As of the end of June 2022/One site in Yokohama

* The numbers on the columns in the map are the cumulative number of RPs.

Strengths in Office Business

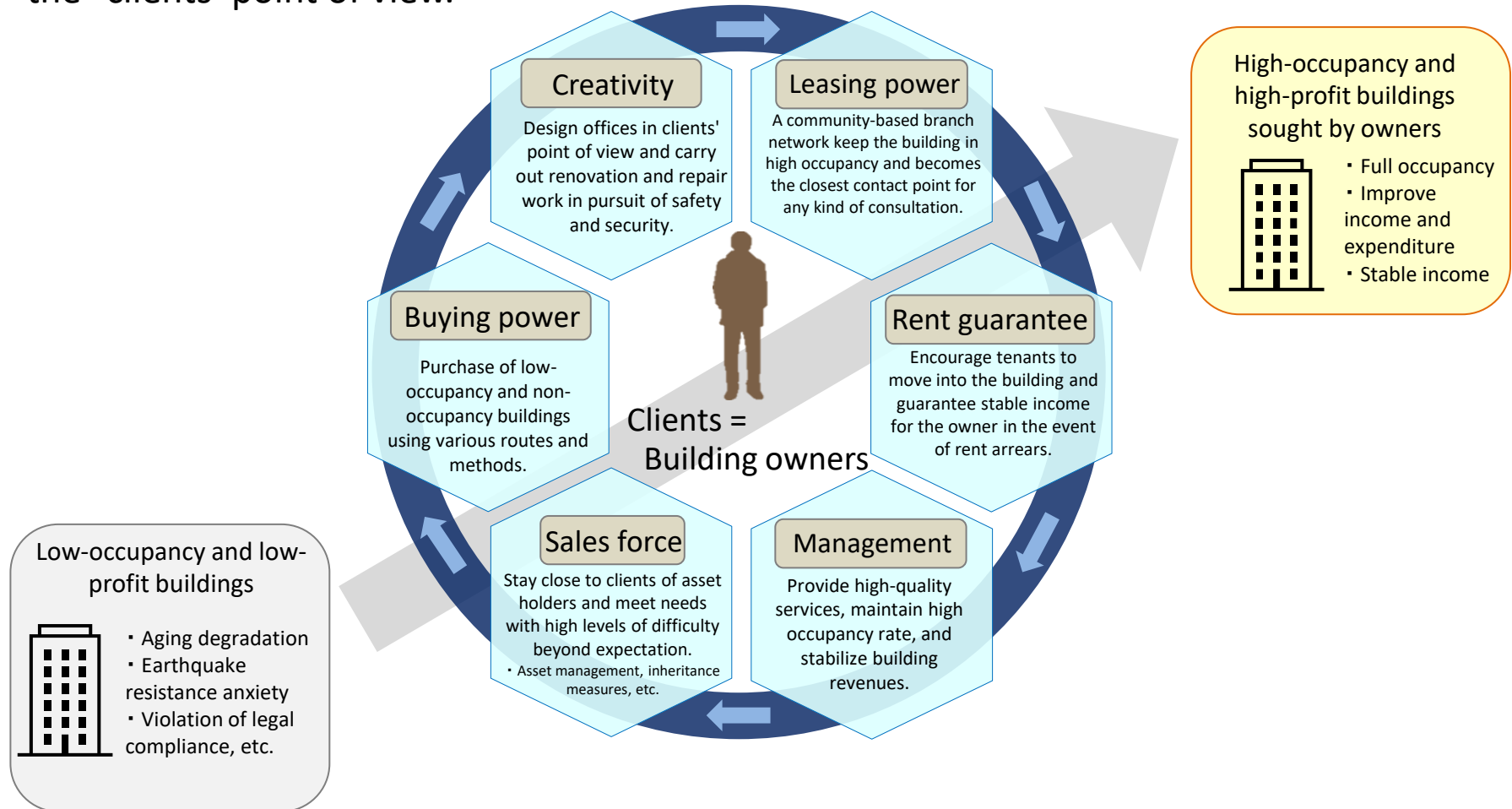
Solve various problems by in-house manufacturing from purchase to development, occupancy, sales and support, and by understanding the client's intentions in detail.



1. Real estate utilization: Get close to clients at the site and solve problems. Capture the source of added value from clients' voices.
2. Real estate revitalization: Reflect our expertise to increase asset value and the needs we have identified in revitalized buildings to increase their value and sell them.

Business Model for Replanning Business

Renovate office buildings in need of large-scale repairs due to declining occupancy rates into high-value-added real estate that is sought after by society through renovation from the “clients’ point of view.”

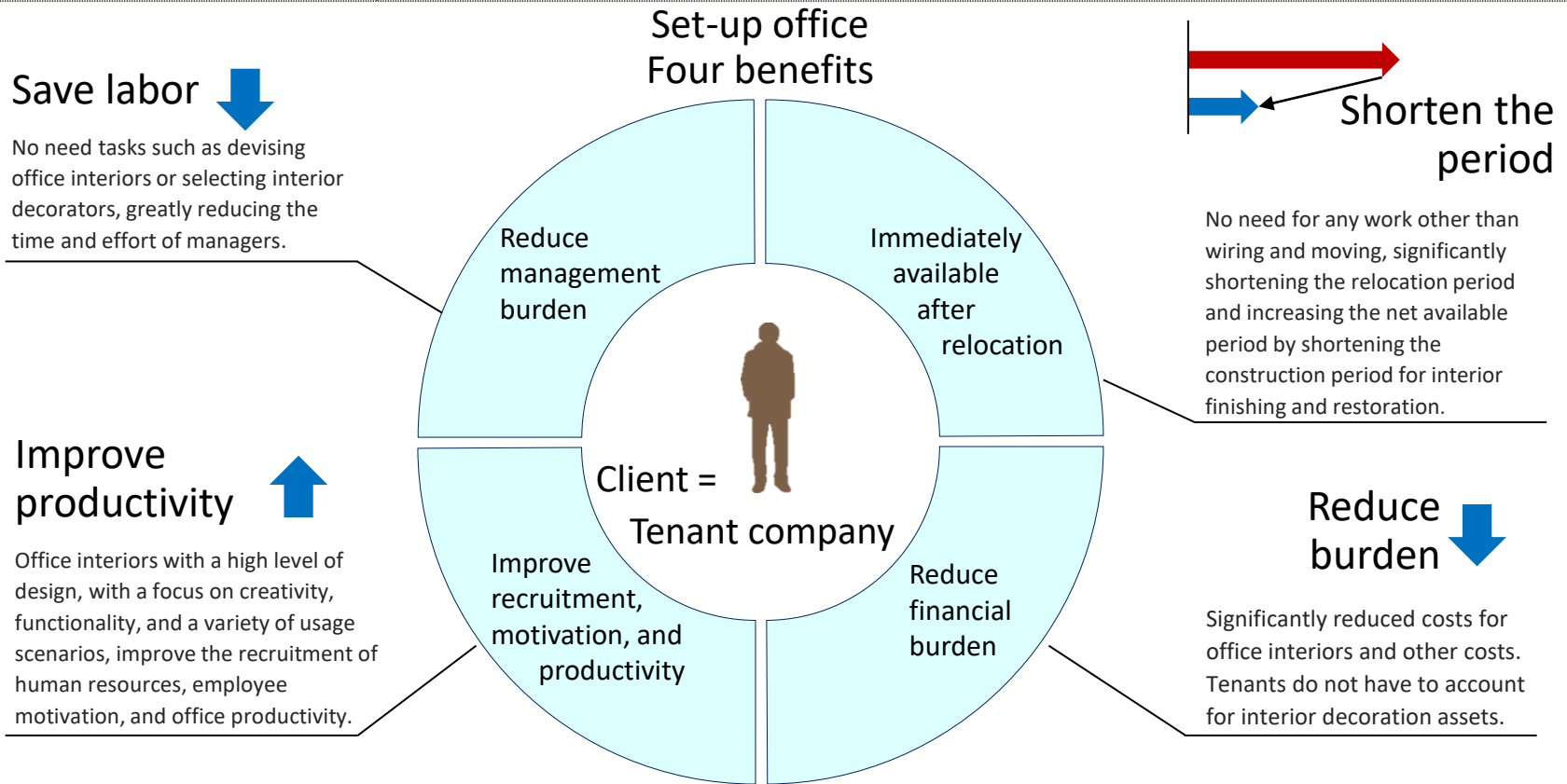


Accelerate the Growth of Tenant Companies

Set-up offices focusing on the clients' point of view accelerate business growth.

Set-up office

An office that differs from the interior of a normal rental office in that it has a reception area, reception room, and other facilities, as well as highly design-oriented interior construction in the office area, with some facilities and fixtures already installed.



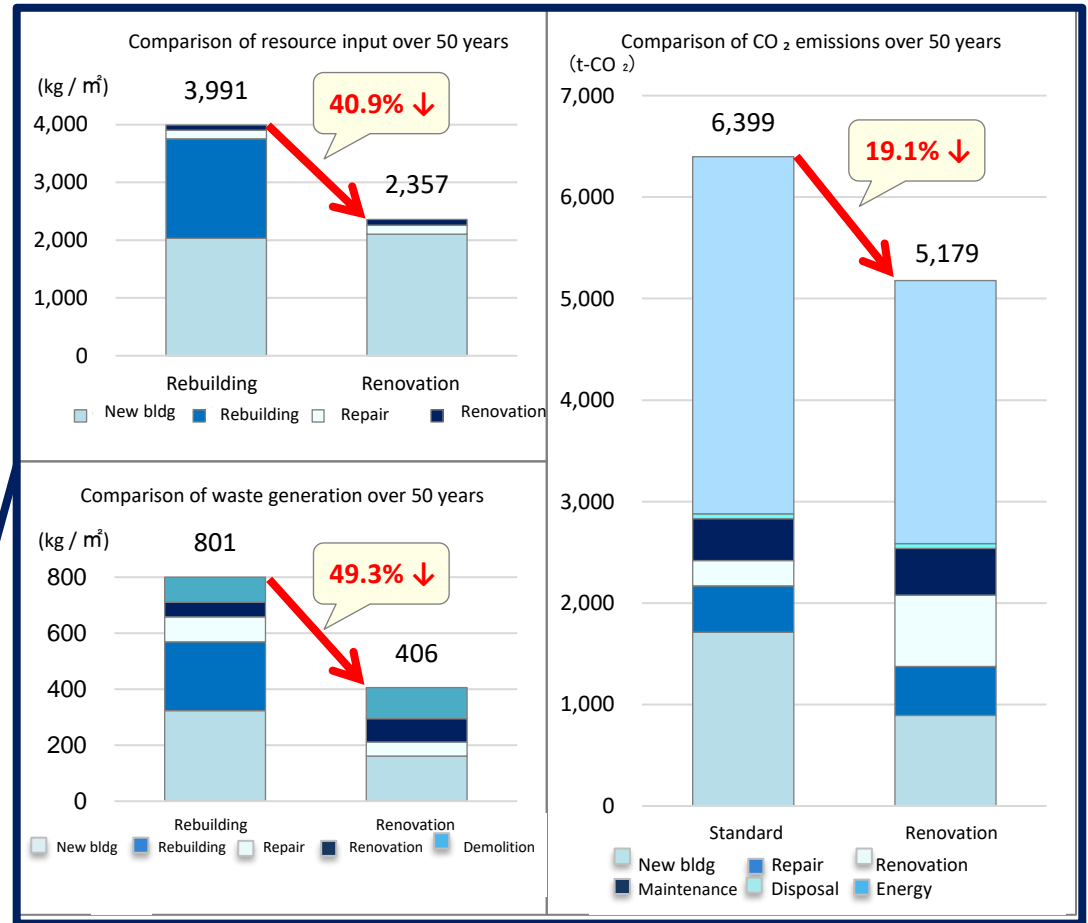
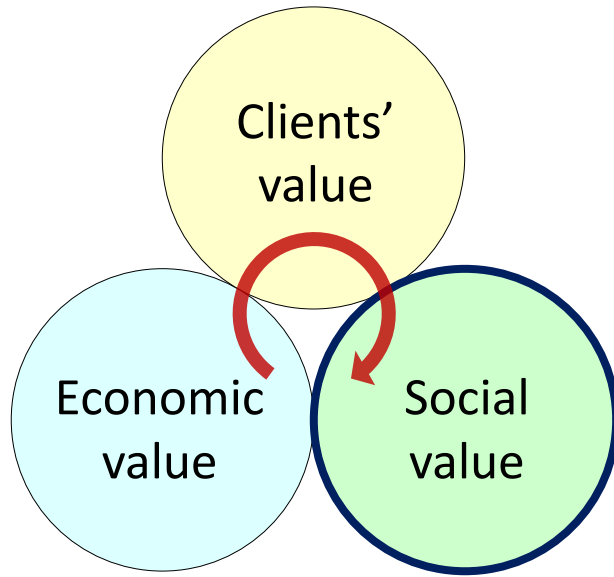
Create both Customer Value and Social Value

Contribute to the resolution of social issues through contributions to our clients' businesses.

Contribute to the business growth of building owners and tenant companies through Replanning Business.

II

Reduce the waste of non-reproducible resources and contribute to the prosperity of humankind, plants and animals on the earth.



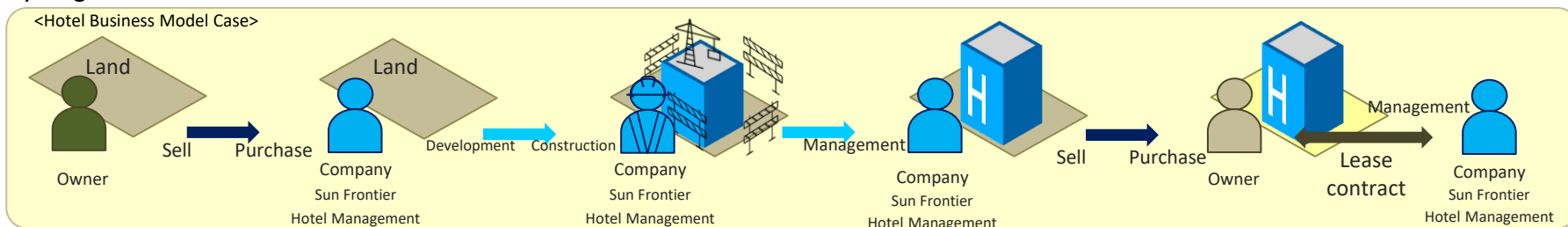
<Assumptions and rationale> Assuming a 30-year-old office building of approximately 3,000 square meters, the environmental contribution over a 50-year period (the service life of SRC office buildings) was estimated based on the Architectural Institute of Japan's LCA Tool (*).

• Rebuilding: "In the case of rebuilding every 35 years" • Renovation: "Regeneration without destroying old buildings (long-life buildings)" • Standard: "Assuming a 30-year-old unrenovated building"

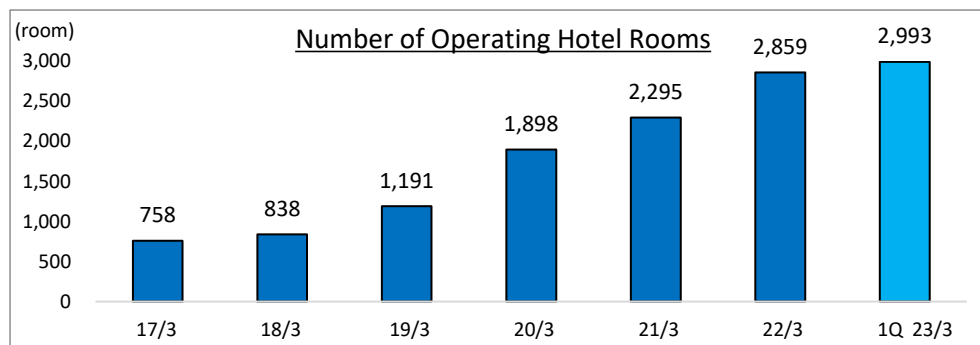
*Architectural I "LCA Tool for Buildings Ver5.0 - Evaluation Tool for Global Warming, Resource Consumption and Waste Management", estimated with the cooperation of Engineering Research Institute of Japan.

Business Models for Hotel Business Growth

Increase added value by developing and acquiring some properties in addition to operating revenues, and aim for growth through synergies with sales revenues.



Hotel name and location	Number of rooms	Acquisition and opening		Status
Spring Sunny H Nagoya Tokoname Station	194	2016.4	Acquired	Own
4 Sky Heart Hotels (excluding Shimonoseki)	564	2016.12	Acquired	Lending and leasing
Hiyori Hotel Maihama	80	2017.4	Newly constructed	Sold leaseback
Sado Resort Hotel Azuma	57	2018.4	Acquired	Own
Tabino Hotel Hida Takayama	80	2018.5	Newly constructed	Own (leased)
Sky Heart Hotel Shimonoseki	105	2018.6	Acquired	Own
Tabino Hotel Sado	111	2018.7	Newly constructed	Lending and leasing
Hiyori Hotel Osaka Namba Station	224	2019.5	Newly constructed	Lending and leasing
Courtyard by Marriot Osaka Honmachi	193	2019.1	Newly constructed	Lending and leasing
Hiyori Hotel Tokyo Ginza EAST	135	2019.12	Newly constructed	Own
Tabino Hotel Kurashiki Mizushima	155	2020.2	Newly constructed	Lending and leasing
Tabino Hotel Kashima	194	2020.4	Newly constructed	Own (leased)
HIYORI Ocean Resort Okinawa	203	2021.2	Newly constructed	Sold leaseback*
Hotel Osado	74	2021.4	Acquired	Own
HIYORI Chapter Kyoto	203	2021.6	Newly constructed	Own (leased)
Tabi no Hotel Lit Miyakojima	111	2021.6	Newly constructed	Own
Tabi no Hotel Lit Matsumoto	176	2021.7	Newly constructed	Lending and leasing
Sora Niwa Terrace Kyoto / Bettei Kamogawa	134	2022.6	Newly constructed	Own



In the future, we will focus on the development of the Tabi-no-Hotel Series and small luxury hotels.

Tabi no Hotel Series



Tabino Hotel Kurashiki Mizushima



Tabi no Hotel Lit Miyakojima



Tabino Hotel Lit Matsumoto

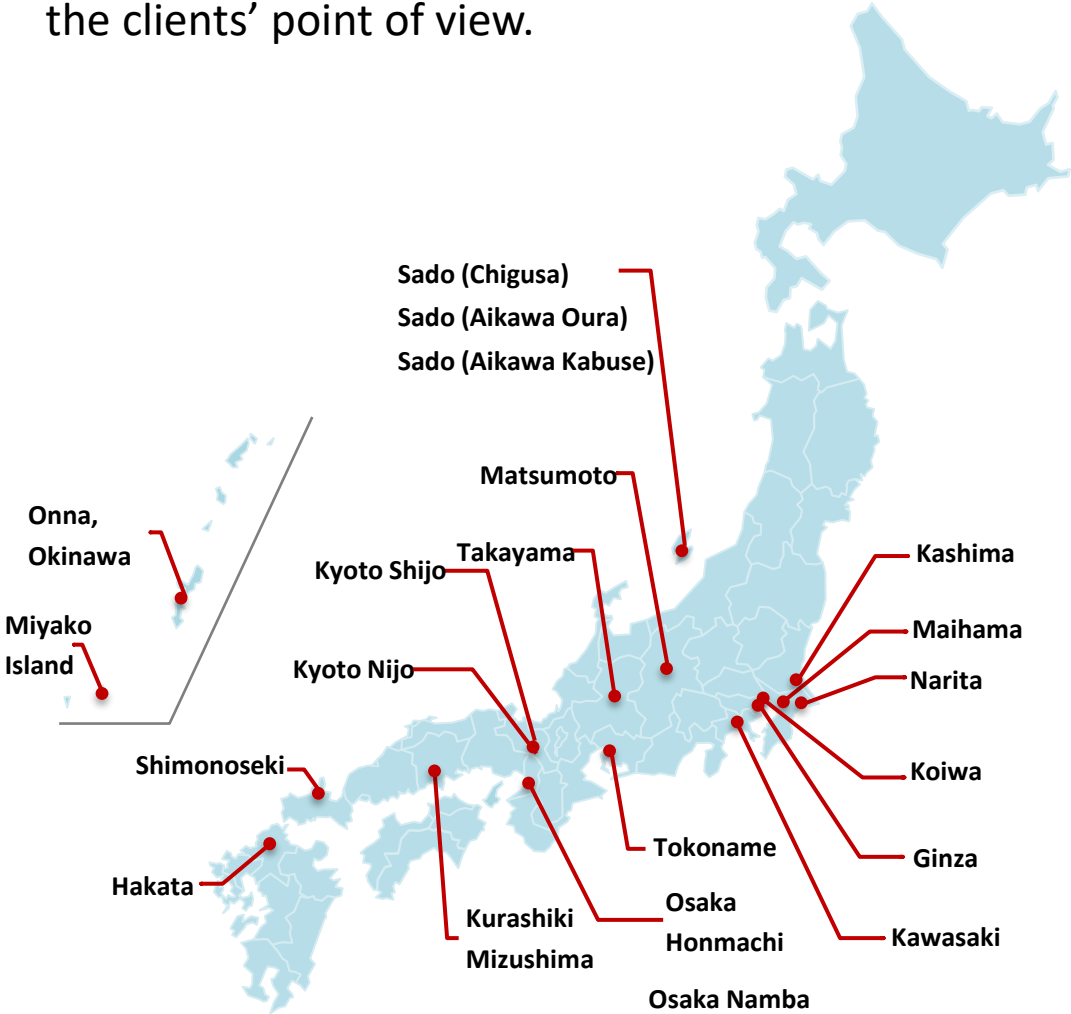
Small Luxury Hotel



Sora Niwa Terrace Kyoto / Bettei Kamogawa

Focus on Creating Enthusiastic Fans

Continue efforts to create enthusiastic fans by creating services that exceed expectations from the clients' point of view.



Brand development

Luxury Class
Shijo Kawaramachi Onsen Bettei Kamogawa
HIYORI OCEAN RESORT OKINAWA



HIYORI
HOTELS & RESORTS

Upper Class
Kasugazaki Onsen Hotel Osado
Sado Resort Hotel AZUMA
HIYORI Chapter Kyoto
Shijo Kawaramachi Onsen Soraniwa Terrace Kyoto
COURTYARD BY MARRIOTT Osaka Honmachi

Upper Middle Class
HIYORI Hotel Tokyo Ginza East
HIYORI Hotel Maihama
HIYORI Hotel HIYORI Hotel Osaka Namba Ekimae
Tabi no Hotel Lit Matsumoto
Tabi no Hotel Lit Miyakojima
Spring Sunny H Nagoya Tokoname Ekimae

Economy Class
DONDEN Highland Lodge Natural Resort Sado
Tabino Hotel Sado
Tabino Hotel Hida-Takayama
Tabino Hotel Kashima
Tabino Hotel Kurashiki Mizushima

Budget Class
SKY HEART Hotel Narita
SKY HEART Hotel Koiwa
SKY HEART Hotel Kawasaki
SKY HEART Hotel Hakata
SKY HEART Hotel Shimonoseki

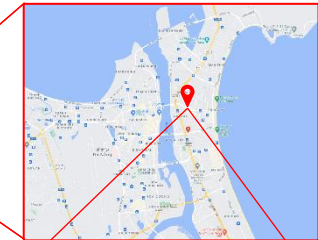
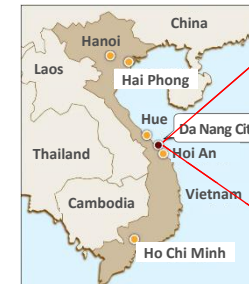
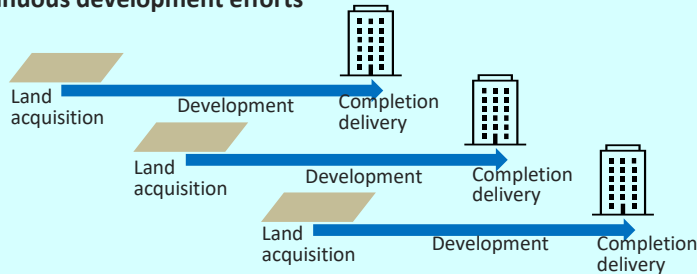
Business Model of Overseas Business

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

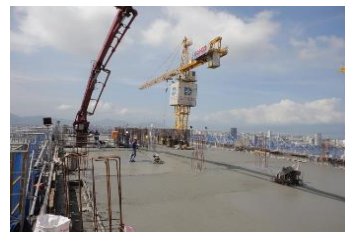
A total business that includes acquisition of land, development and construction, delivery after completion, and management and mediation.



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.



Next project in progress!

Regional Revitalization Business Dream Project

<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.” With the addition of Osado in April 2021 and the Sado Outdoor Base in December 2021, the area will be further revitalized.

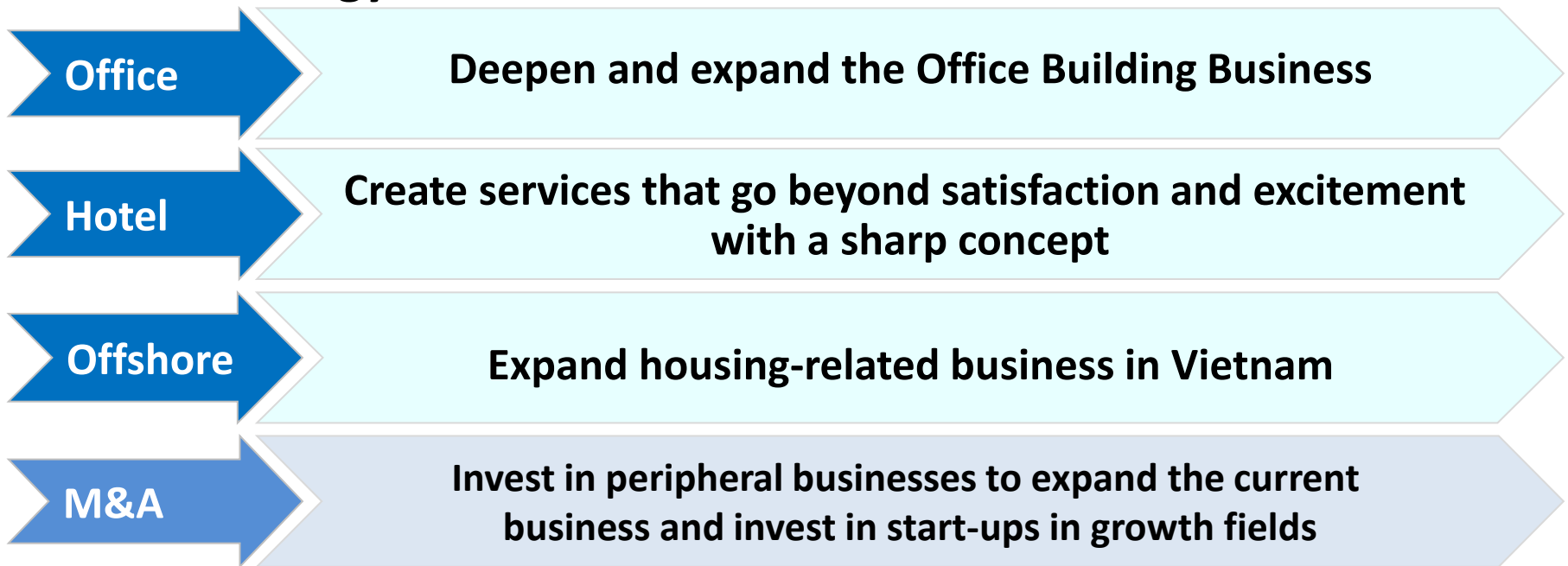


Medium-term Management Plan

Basic Policy

Providing “a place where people gather and communicate with each other, and create social development and happiness for people”

Growth strategy



Key Points

ESG

Digital

Cash flow

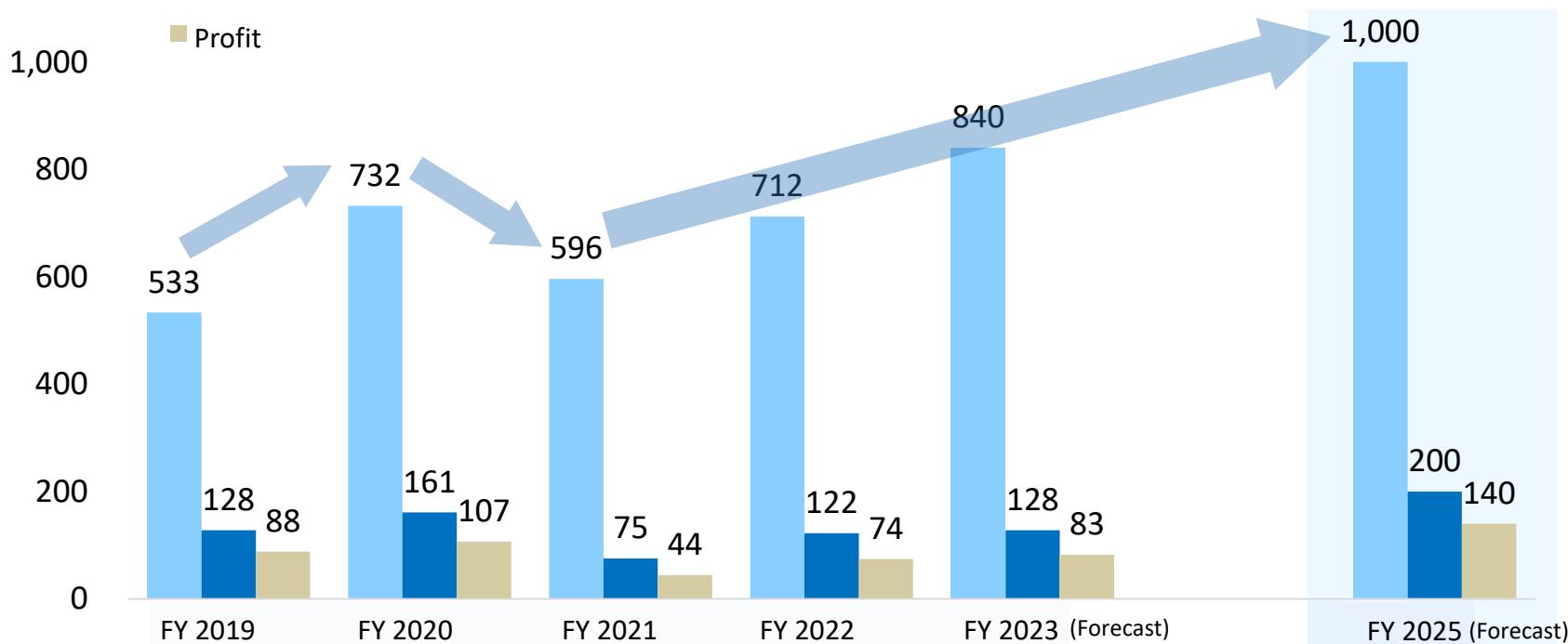
Marketing

Medium-term Management Plan

	FY ending March 2023 First quarter Result	FY ending March 2023 Forecast	FY ending March 2025 Target
Net sales	22.9 billion yen	84 billion yen	100 billion yen
Ordinary profit	6.6 billion yen	12.8 billion yen	20 billion yen
Net profit	4.6 billion yen	8.3 billion yen	14 billion yen
Ordinary profit ratio	29.2%	15.2%	20%
Equity ratio	54.8%	50% level	50% level
ROE	-	10% or more	10% or more

(100 million yen)

- Net Sales
- Ordinary Profit
- Profit



Medium-term Investment Plan (FY ended March 2022 – FY ending March 2025)

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

Plan procurement and development to achieve business growth while recovering investments at a constant turnover rate.

Refocus on purchasing properties while holding back during the confusion caused by the pandemic of COVID-19.

Make sound investments in short-term, medium- to long-term, and new construction 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 billion yen

Complete the hotels under construction. Aim to achieve profitability in operating existing hotels. Collect funds through the sale of land and buildings, operating them effectively.

Planned hotel completed. Sell, collect, and reinvest.

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.

Land acquisition procedure is in progress for the next development projects.

Digitalization 3 billion yen

Continue to actively invest in data-driven management

Building databases
Developing drone image analysis AI

M&A 5 billion yen

Systematically invest in peripheral businesses and growth areas to expand existing businesses

Diversification and customer expansion to create business synergies

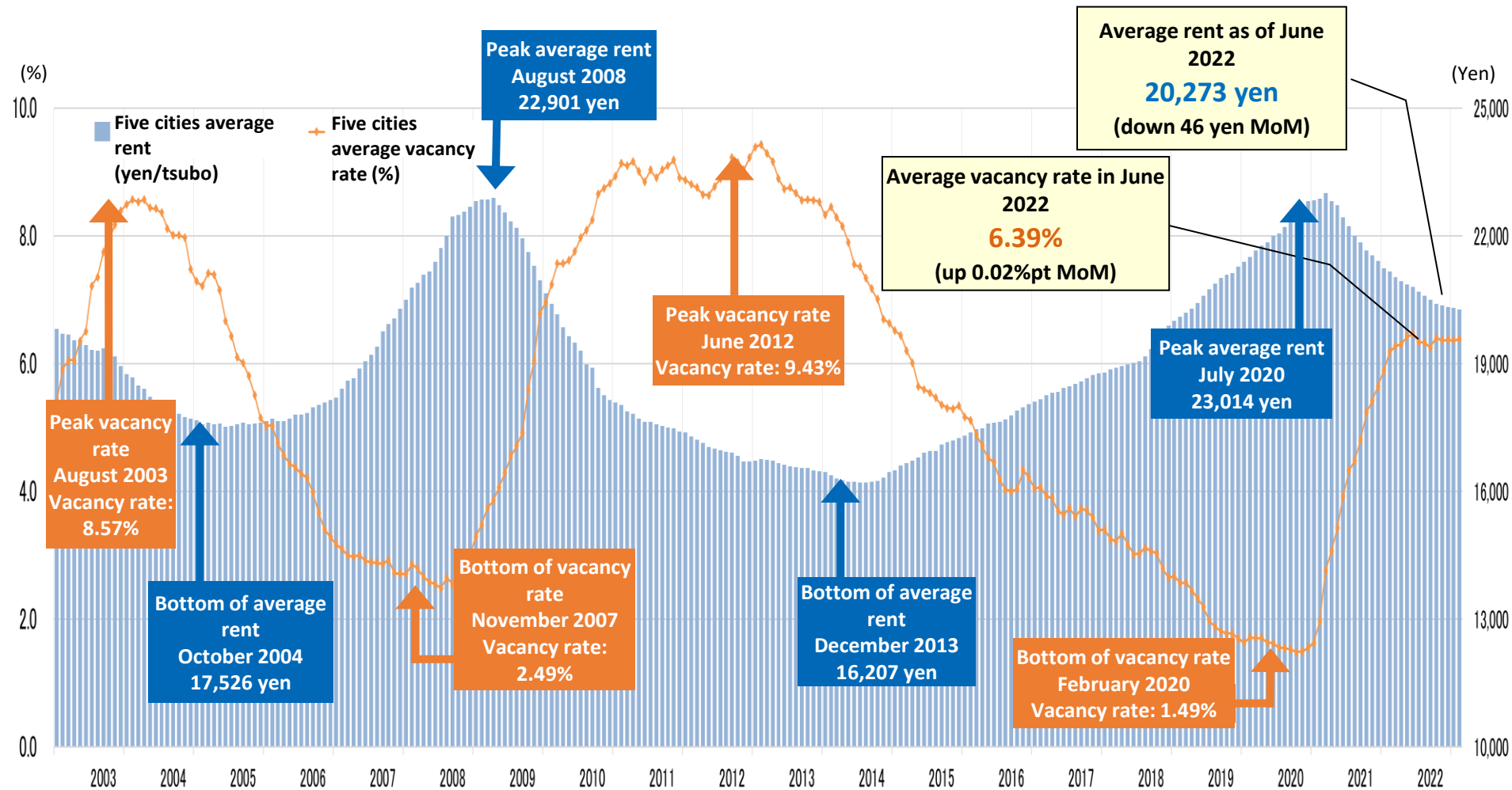


Generate free cash flow

Ensuring positive free cash flow through systematic investment and recovery

Reference Materials

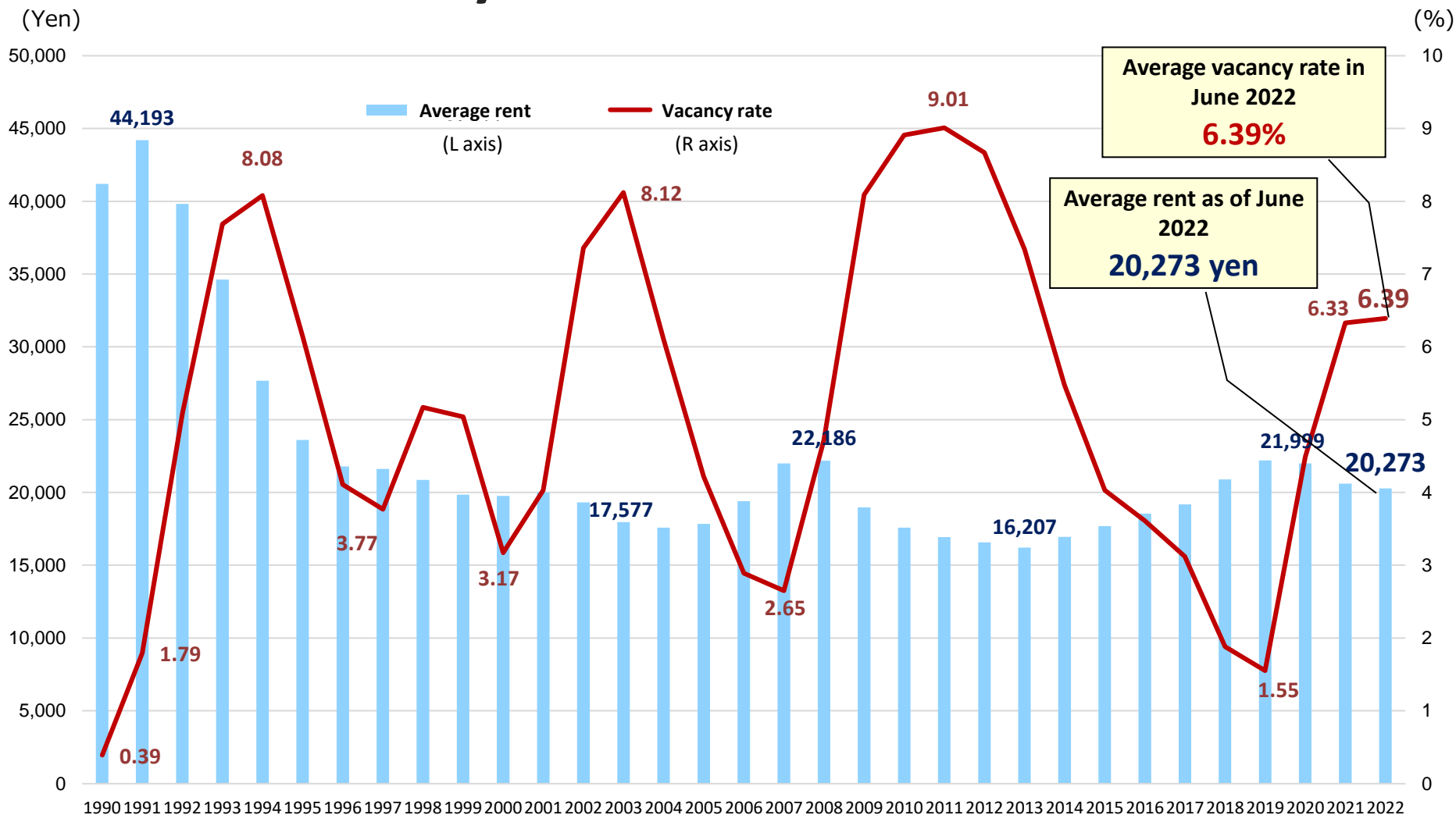
Trends in Office Vacancy Rates and Rents In Five Cities of Central Tokyo



* Source: Compiled by the Company based on Miki Shoji's "Office Report."

Office buildings with a standard floor area of 100 tsubo or more in five central cities of Tokyo are covered.

Long-term Trends in Office Vacancy Rate and Rent

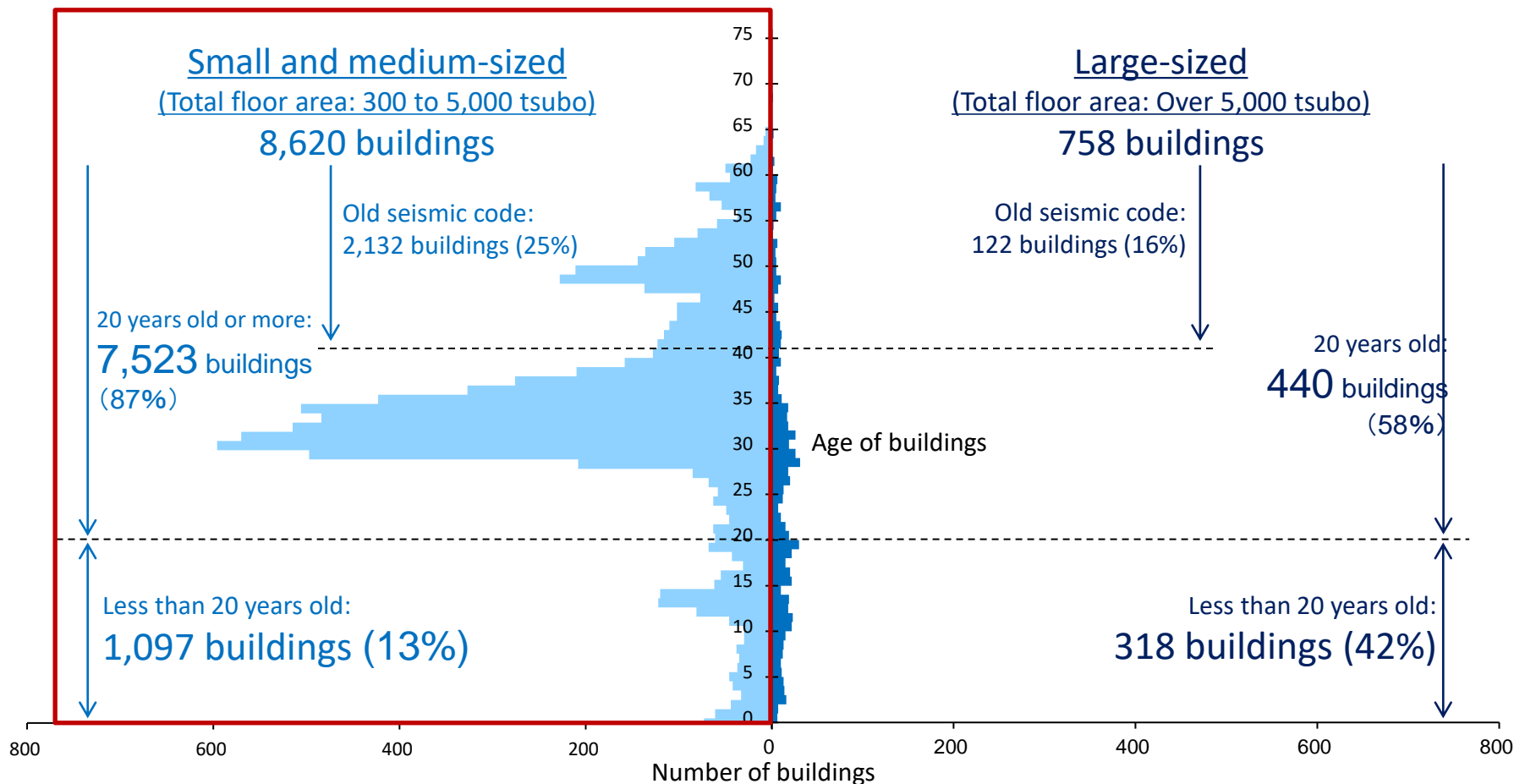


Source: Compiled by the Company based on Miki Shoji's "Office Report"
 Target office buildings with a standard floor area of 100 tsubo or more in five central cities of Tokyo are covered.
 Figures for 2021 and earlier are taken as of December of each year.

Age Distribution of Office Buildings in Tokyo's 23 Cities

Solving social issues through the revitalization and utilization of aging small-to- medium-sized buildings

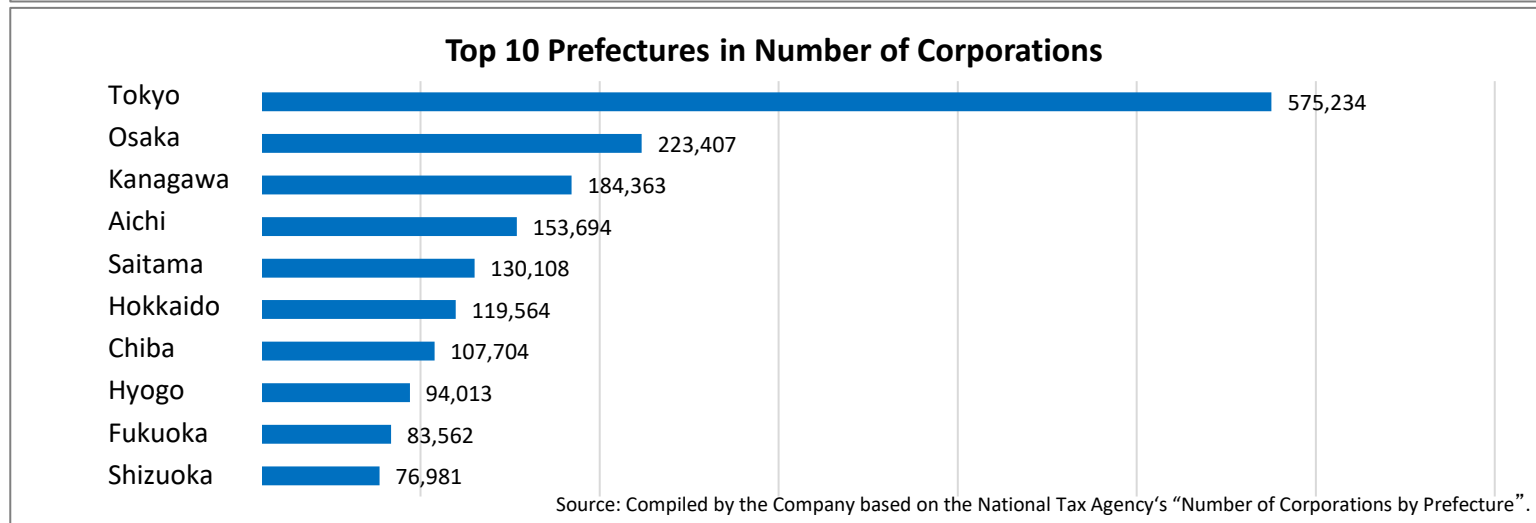
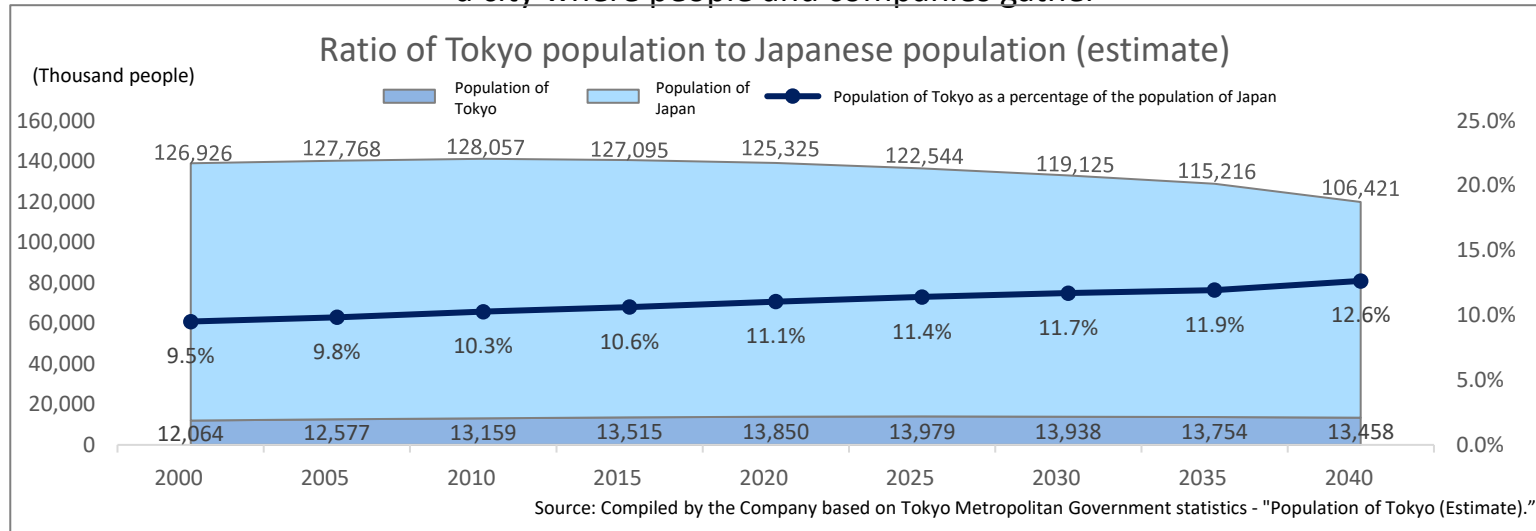
Tokyo 23 cities 9,378 buildings



Source : Created by us based on "Tokyo 23 cities Office Pyramid 2022 (based on the number of buildings)" (Xymax Real Estate Institute)

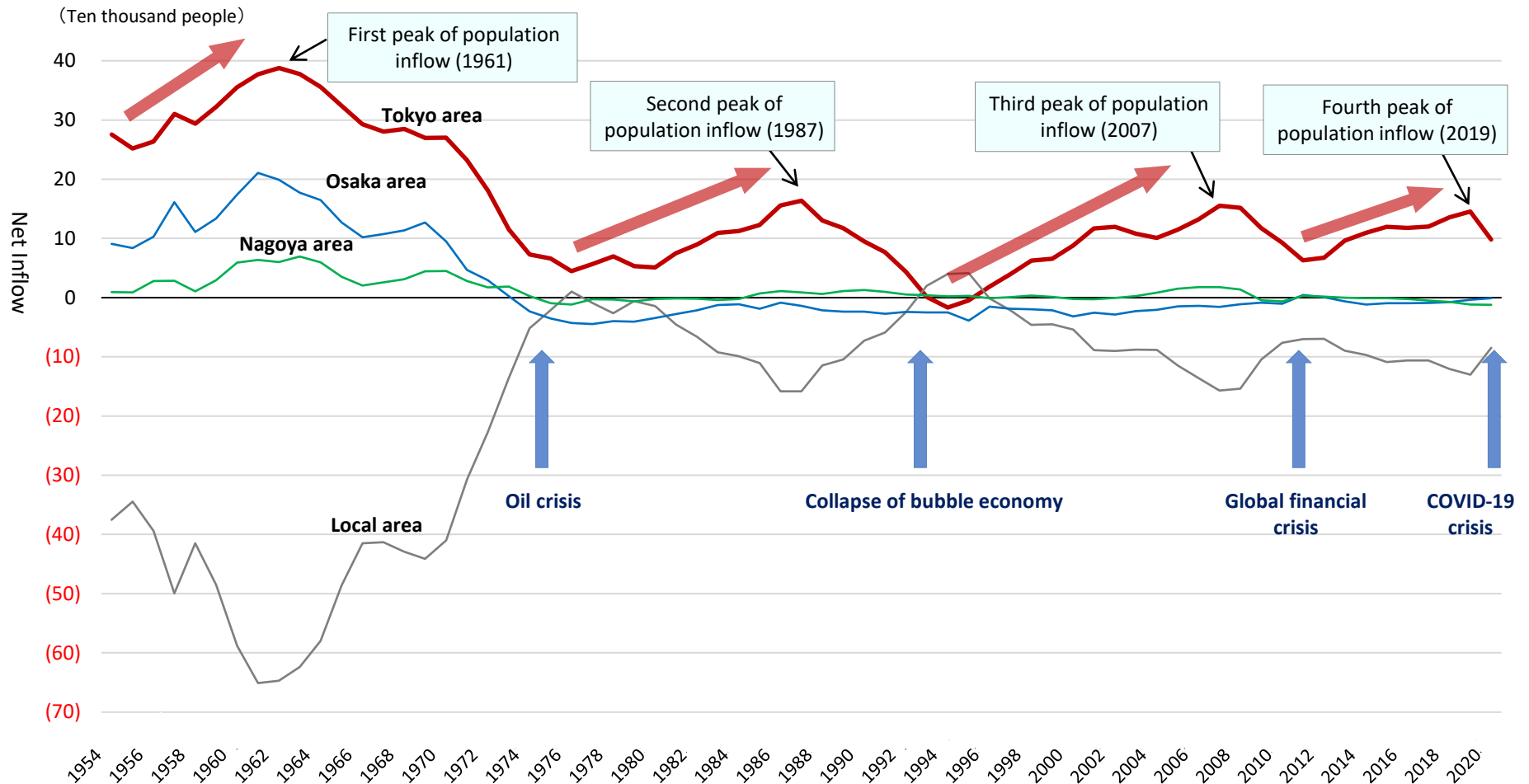
Market Size and Number of Corporations in Tokyo

Contributing to the development of society and the happiness of people in Tokyo,
a city where people and companies gather



Population Movement in the Three Major Metropolitan Areas and Local Areas

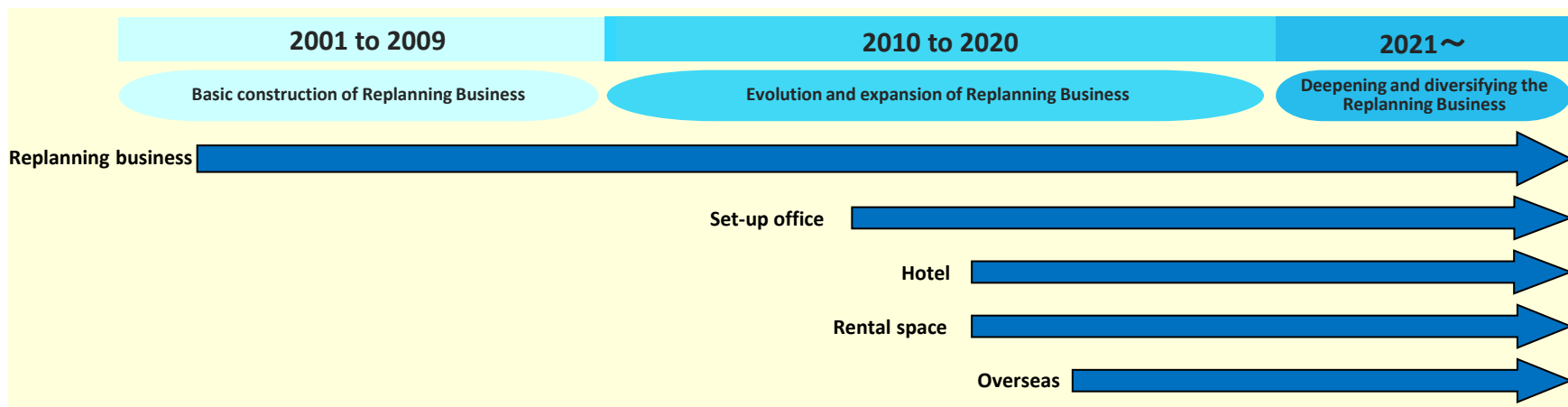
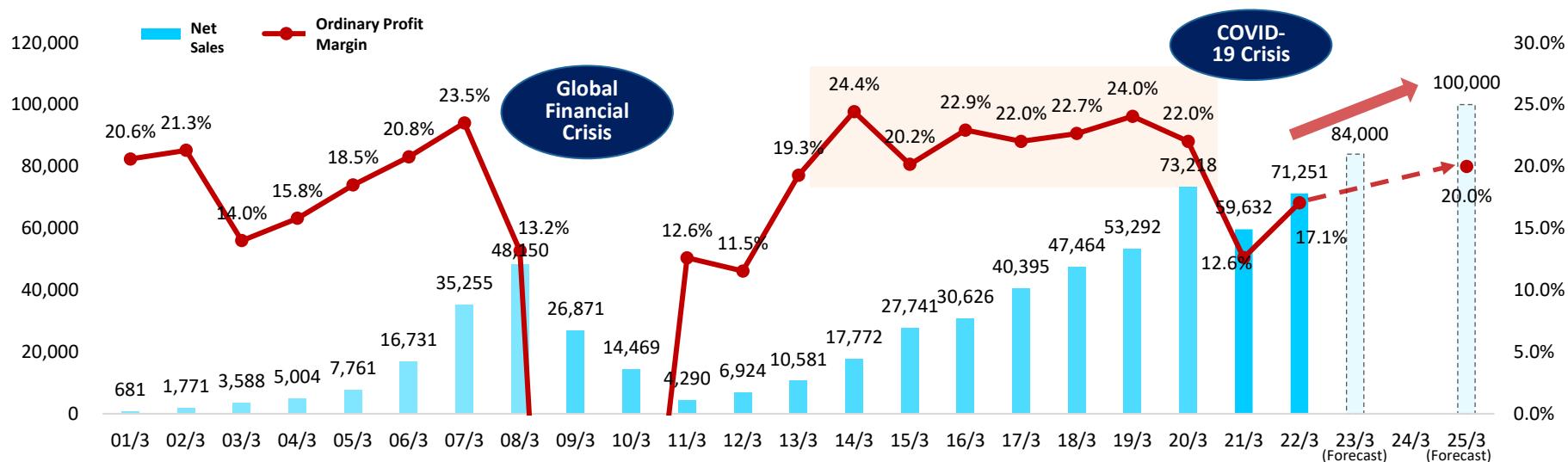
The past economic crisis was the starting point for the number of people moving into the Tokyo area to increase.



Source: Compiled by the Company based on "Number of people moving in by place of residence before the move and number of people moving out by place of residence after the move" from the Statistics Bureau of the Ministry of Internal Affairs and Communications.

Transition and Present

Change, challenge and create new value with the Sun Frontier Spirit



Company Profile

Company Name	Sun Frontier Fudosan Co., Ltd.
Location of Head Quarters	1-2-2, Yurakucho, Chiyoda-ku, Tokyo
Date of Foundation	April 8, 1999
Date of Listing	February 26, 2007 (Currently Tokyo Stock Exchange Prime)
Capital Stock *	11,965 million yen
Representative	Tomoaki Horiguchi, Chairman Representative Director Seiichi Saito, President Representative Director
Number of Consolidated Employees *	712 full-time employees (1,287 including part-timers and temporary workers)
Average Age of Employees*	35.7 years old
Business Profile	<p>Real estate revitalization</p> <p>Real estate service } Real estate management, brokerage, construction planning, non-payment guarantee, operation of rental buildings, asset consulting</p> <p>Hotel and tourism</p>
Accounting Month	March
Listed Market	Tokyo Stock Exchange Prime (Code number: 8934)

* As of the end of June 2022



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.

Thank you for your continued support.

- ◆ 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 removal without notice.

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Mail : ir-contact@sunfrt.co.jp



SUN FRONTIER