

# Business Alliance with Advantage Advisors Co., Ltd., and Fundraising through Issuance of Convertible Bonds with Share Acquisition Rights

September 20, 2023



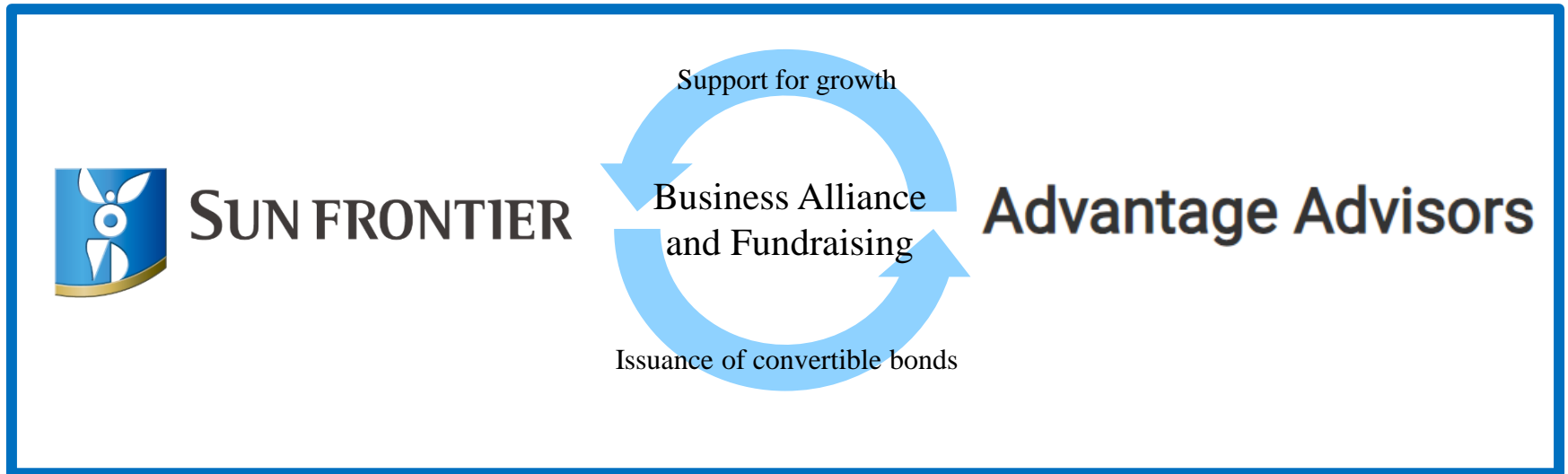
**SUN FRONTIER**

Security code: 8934

# Purpose of Business Alliance and Fundraising



Our corporate group will enter into a Business Alliance Agreement with Advantage Advisors Co., Ltd. on September 20, 2023 and will raise funds by issuing convertible bonds with share acquisition rights to the funds for which Advantage Advisors provides services.



- We contribute to the realization of a sustainable society through our business activities.
- We aim to achieve sustainable growth for our business and to improve our corporate value over medium to long term.

# Summary of Advantage Advisors

## Advantage Partners Group

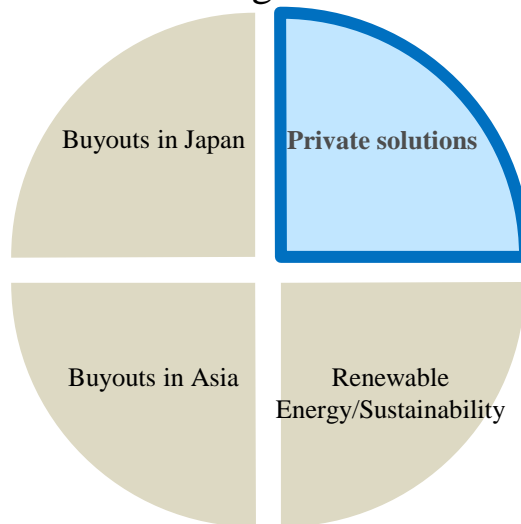
A pioneer in private equity investment with over 25 years of experience in 110 investments worth over 500 billion yen (Note 1).



### Philosophy

Advantage Partners nurtures its portfolio companies to be able to grow as competitive companies even after they have left its funds, and supports an investment process and post-investment management process which allows it to provide value not only to its funds and investors, but also to all affiliated parties, including other shareholders, employees and their families, business partners, and financial institutions, so that they can enjoy the economic value through the fund investments.

### Four Investment Strategies of Advantage Partners



## Advantage Advisors

Within the Advantage Partners Group, a pioneer in Japanese private equity funds, Advantage Advisors is responsible for a “private solutions” strategy in which it acquires shares of listed companies, etc. and works hand in hand with the management teams of those companies to enhance corporate value.

<Recent Major Clients>

RENAISSANCE INCORPORATED  
KOSHIDAKA HOLDINGS Co., LTD.

VisasQ Inc.

Saint Marc Holdings Co., Ltd.

Star Flyer Inc.

The Monogatari Corporation

Ferrotec Holdings Corporation

<Strategic Partners>

Development Bank of Japan Inc. (Note 2)

NTT DoCoMo Inc.

Note 1: The number of investments does not include subsequent investments, and the stated amount includes investments through co-investment funds for which Advantage Partners provides services.

Note 2: The Development Bank of Japan has been supporting the Advantage Advisors Growth Support Investment Limited Partnership since 2019, and is utilizing a “Special Investment Operations” scheme for investment projects from the Partnership which meets the requirements to qualify for “Special Investment Operations” (which meet the policy goals of (i) revitalizing the regional economy or (ii) increasing competitiveness of Japanese companies while (iii) promoting the supply of funds for the self-reliant development of private businesses) and business requirements (including the effective use of management support, management innovation, and improvement of productivity and profitability). The Development Bank of Japan will also support this case by utilizing a “Special Investment Operations” scheme.

# Business Areas of Sun Frontier



Realizing a sustainable society by solving social issues through business activities

## Realizing a sustainable society

Environmental Protection

Human Resource Development

Regional Revitalization

### Office Building Business

- |                                   |                             |
|-----------------------------------|-----------------------------|
| <b>Real Estate Revitalization</b> | <b>Real Estate Service</b>  |
| - Replanning                      | - Sales brokerage           |
| - Real estate small-lot products  | - Rental brokerage          |
| - Rental buildings                | - Building management       |
|                                   | - Maintenance               |
| <b>Others</b>                     | - Assets consultancy        |
| - Construction                    | - Delinquent rent guarantee |
|                                   | - Rental conference rooms   |

### Hotel and Tourism Business

- |                         |                          |
|-------------------------|--------------------------|
| <b>Hotel Management</b> | <b>Hotel Development</b> |
| - Management            | - Development            |
|                         | - Revitalization         |
|                         | - Sale                   |

### Shimayume Business

#### Regional Revitalization

- Hotel management and development
- Tourism business
- Taxis, Restaurants
- Rental cars, Rental bicycles

### Overseas Business

- U.S. (NY)**
- Replanning
- Taiwan**
- Sales brokerage
- Vietnam**
- Condo development
- Condo management

### Environmental Energy Business

- Solar Power
- EPC, PPA
- Agricultural solar sharing
- Sales of storage batteries
- Environmental credits

# Our Agenda and Expected Effects of the Business Alliance and Fundraising



## Our Agenda

- Further broaden the Office Building Business, which has grown through synergy between the “Real Estate Revitalization Business” and the “Real Estate Service Business,” and expand and further enhance our business foundation by promoting the diversification of our business in related fields.
- Bolster business investments to achieve 10,000 hotel guest rooms (the total number of rooms operated) in 10 years by refining the high value-added business model that combines development (manufacturing) and management capabilities in the “Hotel and Tourism Business”
- Accelerate business growth through M&A

## Expected Effects

- On business

Through the Business Alliance Agreement with Advantage Advisors ( “AA”), which has a good track record of increasing corporate value for a wide range of companies, we expect to receive management support from AA based on its know-how and network. We also expect that the business alliance will allow us to implement and promote various measures by deploying highly specialized external professionals and to train our own personnel.
- On finance

We expect to achieve rapid financing with a limited immediate dilutive impact on shares.

# Business Alliance Initiatives

## Our Initiatives

### **Expansion of Office Building Business area**

Expand business to the areas surrounding the five central wards of Tokyo/other areas

### **Promotion of M&A**

Enhance the creation of the Office Building Business within the group, and expand hotels

### **Diversification of sales methods for revitalized office space**

Increase small-lot owned products and expand sales thereof

### **Accelerate growth of Hotel and Tourism Business**

Create highly profitable hotels and increase repeat customers

### **Operational Upgrading Measures**

Promote DX to improve productivity, enhance procurement, support sales, and reduce costs

### **Others**

Formulate the next mid-term management plan, enhance IR, and support personnel recruitment and training

## Support from AA

- Provide know-how for each initiative and support for the steady implementation of measures therefor
- Provide support for the search of M&A candidates and for the enhancement of reviewing process and PMI
- Provide support for the expansion of sales networks by utilizing AA's diverse networks
- Provide support for the establishment of business models and enhanced marketing
- Provide support for productivity and improved efficiency by deploying highly specialized professionals



# Use of Funds acquired through the Issuance of Convertible Bonds

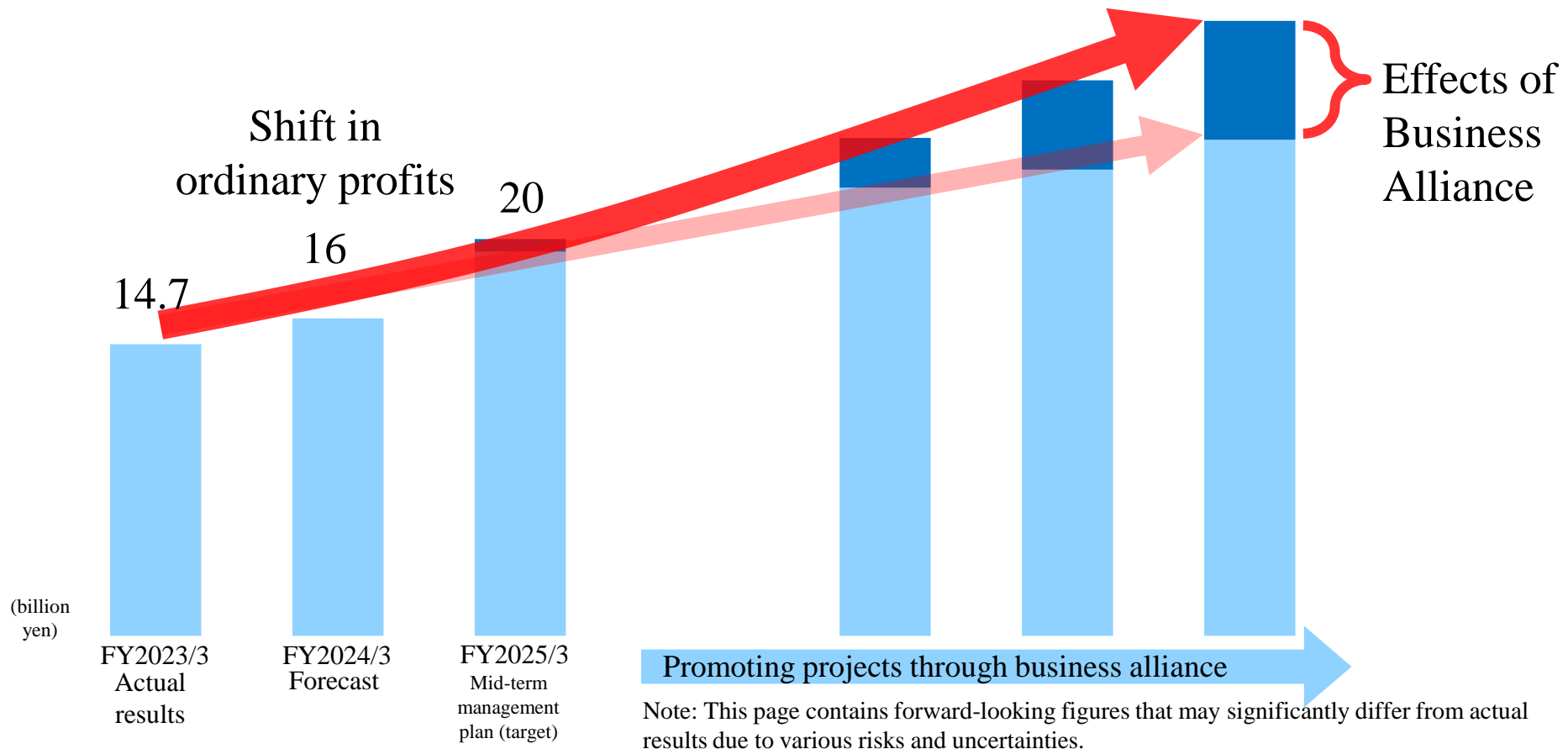
Specific use of funds	Amount	Scheduled timing of expenditure	Details
1. Acquisition of land in conjunction with new hotel development and construction work investment	Approx. 8 billion yen	October 2023 to March 2026	<Major sites for potential hotel development> Ishikari-shi, Hokkaido, Sakata-shi, Yamagata, Fujikawaguchiko-machi, Yamanashi, Hakone-machi, Kanagawa, Atami-shi, Shizuoka, Ozu-machi, Kumamoto, Ishigaki-shi, Okinawa, and others
2. M&A funds primarily for the hotel development business and construction business	Approx. 2 billion yen	October 2023 to March 2026	<Major business to be considered for M&A> - Hotel and Tourism Business - Office Building Business (Construction Business) *There are no specific M&A plans at this time.

# Business Growth Example



SUN FRONTIER + Advantage Advisors =

Aiming to accelerate growth and increase corporate value by promoting each project



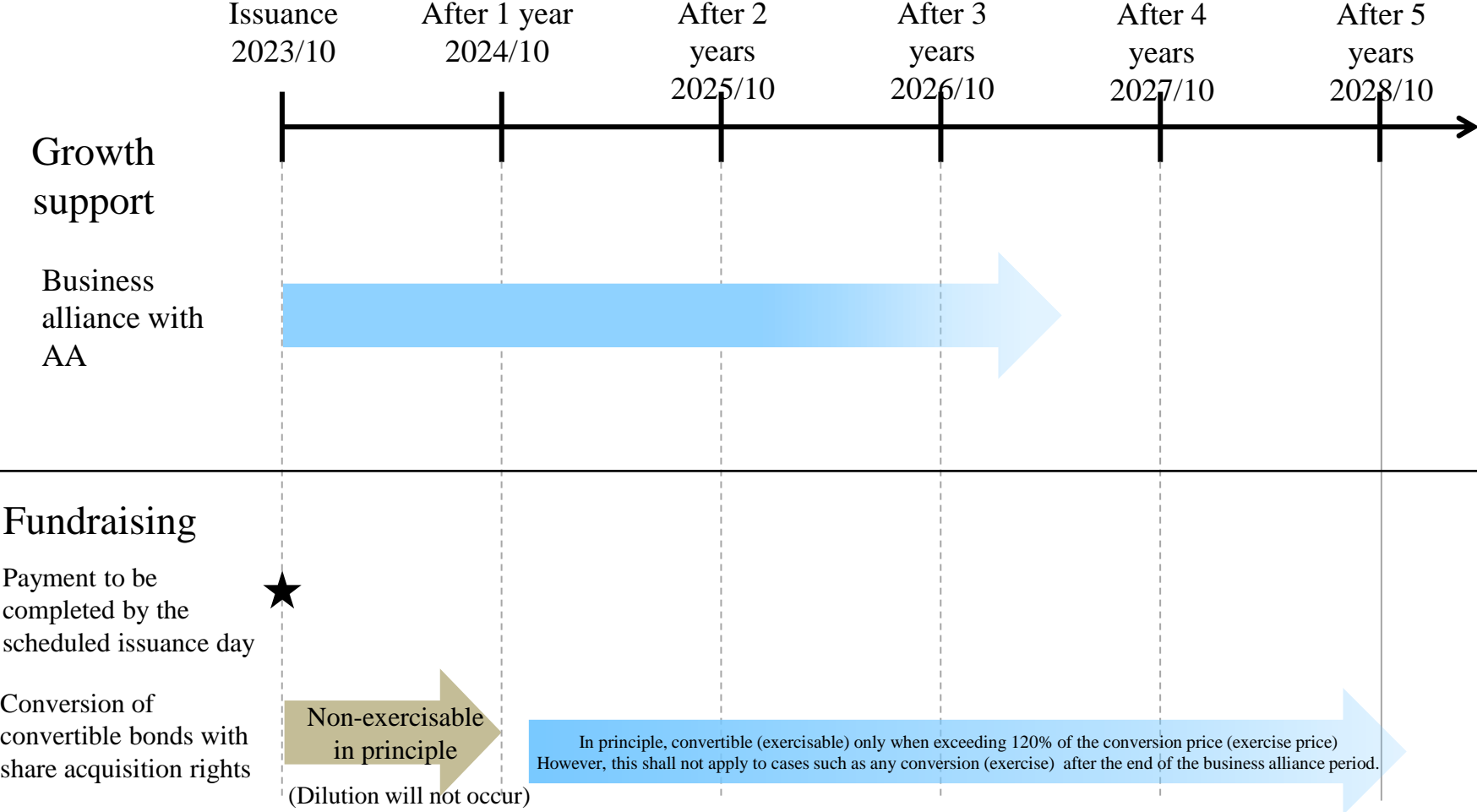


# Outline of Convertible Bonds with Share Acquisition Rights



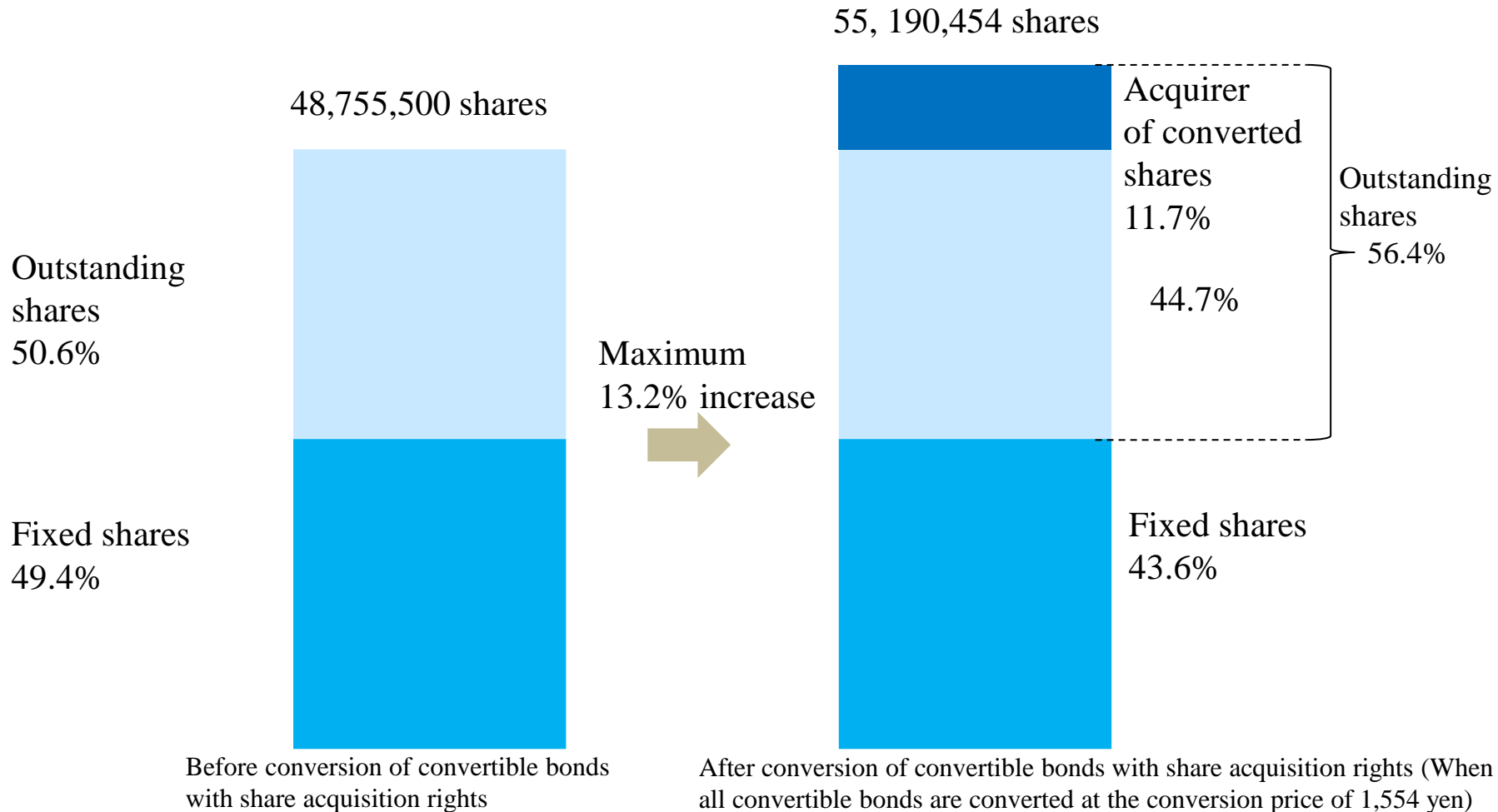
Type	Convertible bonds with share acquisition rights
Scheduled issuance date	October 6, 2023
Amount of funds to be acquired	Approximately 10 billion yen
Bond interest rate	0%
Maturity	5 years
Convertible period (Exercisable period)	5 years after the payment due date However, in principle, non-convertible for 1 year after the payment due date
Conversion price (Exercise price)	1,554 yen per share In principle, convertible (exercisable) only when exceeding 120% of the conversion price (exercise price) However, this shall not apply to cases such as any conversion (exercise) after the end of the business alliance period.
Maximum dilution ratio	13.2%
Allottee	AAGS S5, L.P. (100% owned by Advantage Advisors Growth Support Investment Limited Partnership)

# Business Alliance and Conversion Schedule



# Impact on Shares

## Increase in corporate value from increased liquidity through dilution



# We sincerely look forward to your continued support.

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