

Financial Results for the Second Quarter of Fiscal Year Ending March 2022

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

1) Overview of the 2Q Results of FY ending March 2022	1-10
2) Growth Strategy	11-23
3) Initiatives in the Fiscal Year under Review	24-36
4) Reference Materials	37-46

November 9, 2021



SUN FRONTIER
Securities Code :
8934

Overview of the 2Q Results of FY Ending March 2022



Net sales and profit grew significantly year-on-year and made steady progress against the forecast.

(Unit: 1 million yen)

	Results	Profit Margin	Year-on-Year	Growth Rate
Net Sales	45,326	-	+13,161	40.9%
Operating Profit	9,400	20.7%	+3,733	65.9%
Ordinary Profit	9,285	20.5%	+3,901	72.5%
Profit*	5,862	12.9%	+2,402	69.4%

Full-Year Forecast	Progression Rate
76,000	59.6%
12,000	78.3%
11,500	80.7%
7,400	79.2%

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

Performance Highlights

1) Large year-on-year increase in RP Business, driving the company-wide performance

- The number of units sold in RP Business was 14 (-1 year-on-year). Sales and profit increased significantly compared with the same period of the previous fiscal year partly due to the reaction from the previous year, driving the company-wide performance. The segment profit margin remained high (29.7%, +1.5% pt year-on-year).
- The Office Division is making a concerted effort in commercialization. Completed and sold replanning products with high occupancy and high added value. Maintained high quality even in COVID-19 pandemic and made steady progress in sales.

2) Real Estate Service Business expanded to a level higher than before COVID-19 pandemic

- Despite the prolonged COVID-19 pandemic, performance increased mainly in the brokerage business. Both sales (+ 28.4% year-on-year) and profit (+ 30.4% year-on-year) greatly exceeded the previous fiscal year's level and expanded well beyond the level before COVID-19 pandemic.
- In the the field of small and medium-sized office buildings in central Tokyo, each division brought together the expertise it has cultivated through the creativity and ingenuity of each field, and developed the business while cooperating, which functioned as a foundation for creating high profitability in RP Business.

Consolidated Income Statement



(Unit: 1 million yen)

	FY ended Mar-2021 Apr.-Sept.	FY ending Mar-2022 Apr.-Sept.	Year-on-year Change
Net Sales	32,164	45,326	40.9%
Real Estate Revitalization Business	25,691	37,472	45.9%
Replanning Business	24,306	36,404	49.8%
Rental Buildings and Sub-leases	1,384	1,067	-22.9%
Real Estate Service Business	2,942	3,777	28.4%
Hotel and Tourism Business	806	3,300	309.1%
Other Business	3,018	1,050	-65.2%
Adjustment	-293	-275	-
Gross Profit (Loss)	9,010	12,988	44.1%
Real Estate Revitalization Business	7,693	11,519	49.7%
Replanning Business	7,151	11,222	56.9%
Rental Buildings and Sub-leases	541	296	-45.3%
Real Estate Service Business	1,632	2,063	26.4%
Hotel and Tourism Business	-842	-678	-
Other Business	624	117	-81.2%
Adjustment	-97	-35	-
Selling, General and Administrative Expenses	3,343	3,587	7.3%
Operating Profit (Loss)	5,667	9,400	65.9%
Non-operating Income	87	161	84.3%
Non-operating Expenses	370	276	-25.4%
Ordinary Profit (Loss)	5,384	9,285	72.5%
Extraordinary Gain (Loss)	-5	-131	-
Income Taxes	1,925	3,295	71.1%
Profit Attributable to Non-controlling Interests	-6	-3	-
Profit	3,459	5,862	69.4%

Income Statement Points

<Real Estate Revitalization Business>

In RP Business, commercialization progressed made steady progress despite COVID-19 pandemic, and sales progressed favorably. As a result, the Real Estate Revitalization Business posted sales of 37.4 billion yen (up 46% year-on-year) and gross profit of 11.5 billion yen (up 50% year-on-year), with a gross profit margin of 30.7%, exceeding the full-year forecast margin (27.2%). This became a major driver of growth in companywide performance.

<Real Estate Service Business>

In addition to generating stable income in each business segment, profits grew significantly due to the increasing opportunities to solve problems in COVID-19 pandemic. As a result, the Real Estate Service Business as a whole posted sales of 3.7 billion yen (up 28% year-on-year) and gross profit of 2.0 billion yen (up 26% year-on-year). The profit margin was secured at a high level of 55%.

<Hotel and Tourism Business>

The Hotel Operation Business was sluggish due to the impact of the prolonged state of emergency declared until the end of September and the cost of three new start-up hotels. The Hotel and Tourism Business as a whole posted a loss of 670 million yen despite an increase of 3.3 billion yen (up 309% year-on-year) in sales.

Consolidated Balance Sheet - Assets -



<Cash and deposits> Increased by 9.1 billion yen due mainly to progress in sales of RP projects.

<Inventories> Decreased by 9.8 billion yen due mainly to the sale of properties. Of this amount, RP projects decreased by 10.4 billion yen due to progress in sales. Hotel projects increased by approximately 0.8 billion yen due mainly to progress of construction of newly opened hotels.

(Unit: 1 million yen)	FY ended March 2020	FY ended March 2021	FY ending March 2022 As of End of September 2021	Increase/Decrease (compared to End of March 2021)
Current Assets	113,842	110,785	109,129	-1,655
Cash and deposits	18,627	21,508	30,688	+9,180
Inventories	91,766	86,087	76,227	-9,859
Breakdown) RP	71,353	71,349	60,928	-10,420
Hotel	17,019	13,917	14,710	+793
Overseas, etc.	3,395	822	589	-232
Other Current Assets	3,448	3,189	2,213	-976
Non-current Assets	16,450	16,700	24,068	+7,367
Property, Plant and Equipment	10,413	10,528	17,407	+6,878
Intangible Assets	712	701	660	-40
Investments and Other Assets	5,324	5,470	6,000	+529
Total Assets	130,293	127,485	133,197	+5,712

Consolidated Balance Sheet - Liabilities/Equity -



<Interest-bearing Debt> Borrowings increased by 0.7 billion yen from the end of the previous fiscal year to 48.2 billion yen due to property purchase, etc.

<Net Assets> Despite cash dividends paid in the previous fiscal year (-2.0 billion yen), increased by 4.0 billion yen compared to the end of last fiscal year due to Profit (5.8 billion yen) and other factors.

Changes of Equity Ratio		
End of March 2020	End of March 2021	End of September 2021
49.6%	52.3%	53.0%

(Unit: 1 million yen)	FY ended March 2020	FY ended March 2021	FY ending March 2022 As of End of September 2021	Increase/Decrease (compared to End of March 2021)
Current Liabilities	18,052	13,358	15,045	+1,687
Short-term Borrowings, etc.	4,463	5,530	5,659	+129
Income Taxes Payable, etc.	3,566	901	3,468	+2,567
Other Current Liabilities	10,022	6,926	5,917	-1,009
Non-current Liabilities	47,431	44,354	44,334	-20
Long-term Borrowings and Bonds Payable	44,906	41,991	42,593	+602
Other Non-current Liabilities	2,525	2,363	1,740	-622
Total Liabilities	65,483	57,712	59,380	+1,667
Shareholders' Equity	64,690	66,916	70,731	+3,814
Others	119	2,856	3,086	+230
Total Net Assets	64,809	69,773	73,817	+4,044
Total Liabilities and Net Assets	130,293	127,485	133,197	+5,712

Operating Results by Business Segment

Real Estate Revitalization Business

(Replanning and Rental Buildings)



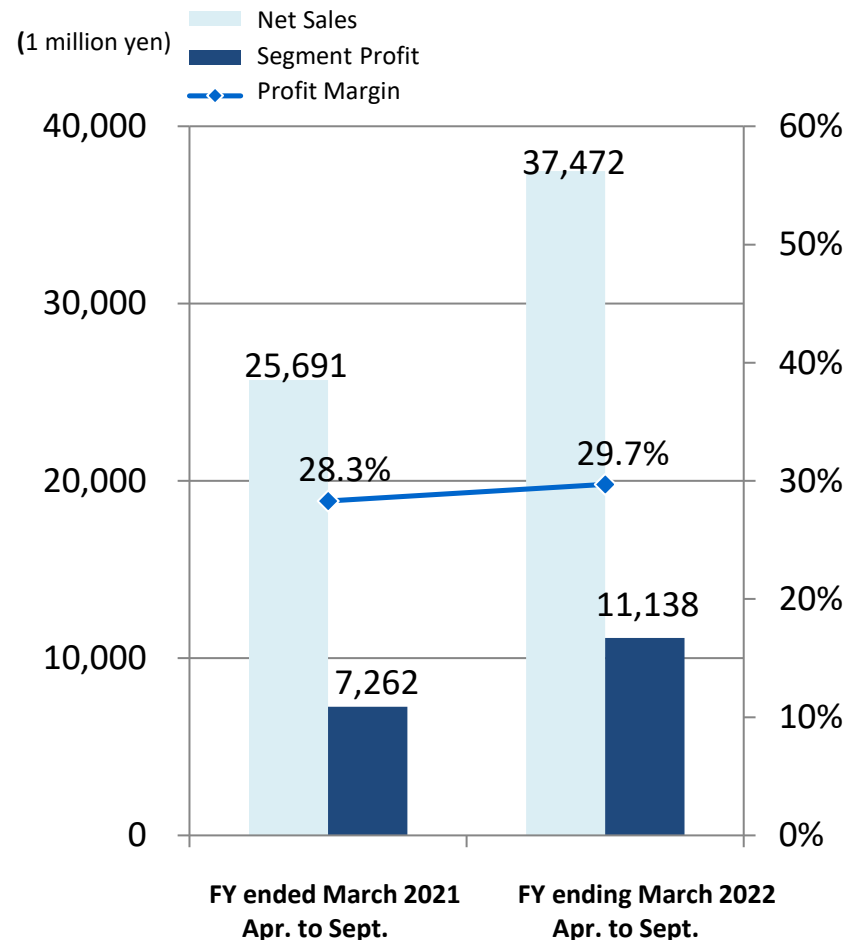
<Replanning Business>

- The number of units sold was 14, the same level as the same period of the previous year (15 units).
- Average business period was 712 days (plus 180 days year-on-year) due to the impact by the sales of three cases of medium-to long-term properties. Excluding that, it was 578 days (+46 days year-on-year). There has been no change to our business policy of targeting a period of one year from purchase to sales.
- Inventory related to RP business at the end of the period: 49 cases.

<Rental Building Business>

- We will strive to increase rent income in the medium-to long-term to build a stable revenue base as a stock business.

(Unit: 1 million Yen)	FY ended March 2021 Apr. to Sept.	FY ending March 2022 Apr. to Sept.	Increase/ Decrease
Net Sales	25,691	37,472	+45.9%
Replanning Business	24,306	36,404	+49.8%
Rental Building Business	1,384	1,067	-22.9%
Segment Profit (Note 1)	7,262	11,138	+53.4%
Replanning Business	6,721	10,842	+61.3%
Rental Building Business	541	296	-45.3%
Profit Margin	28.3%	29.7%	+1.5%pt
Replanning Business	27.7%	29.8%	+2.1%pt
Rental Building Business	39.1%	27.8%	-11.4% pt
Number of properties purchased	7	9	-
Number of properties sold	15	14	-1 cases
Number of stocks at the End of FY	52 (Note 2)	49 (Note 2)	-3 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.

Operating Results by Business Segment

Real Estate Service Business



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

<PM/BM>

- The PM business saw a slight decrease in sales and profit due to an increase in vacancies caused by COVID-19 pandemic.
- Both sales and profit increased in BM business due to rebound from the previous year's decline in orders and increase in M&A and entrusted properties.

<Sales Brokerage/Leasing Brokerage>

- Sales and profit increased in Sales Brokerage due to steady progress in winning referrals from other divisions.
- Sales and profit increased in Leasing Brokerage due to rebound from the same period of the previous year, when office relocation stagnated.

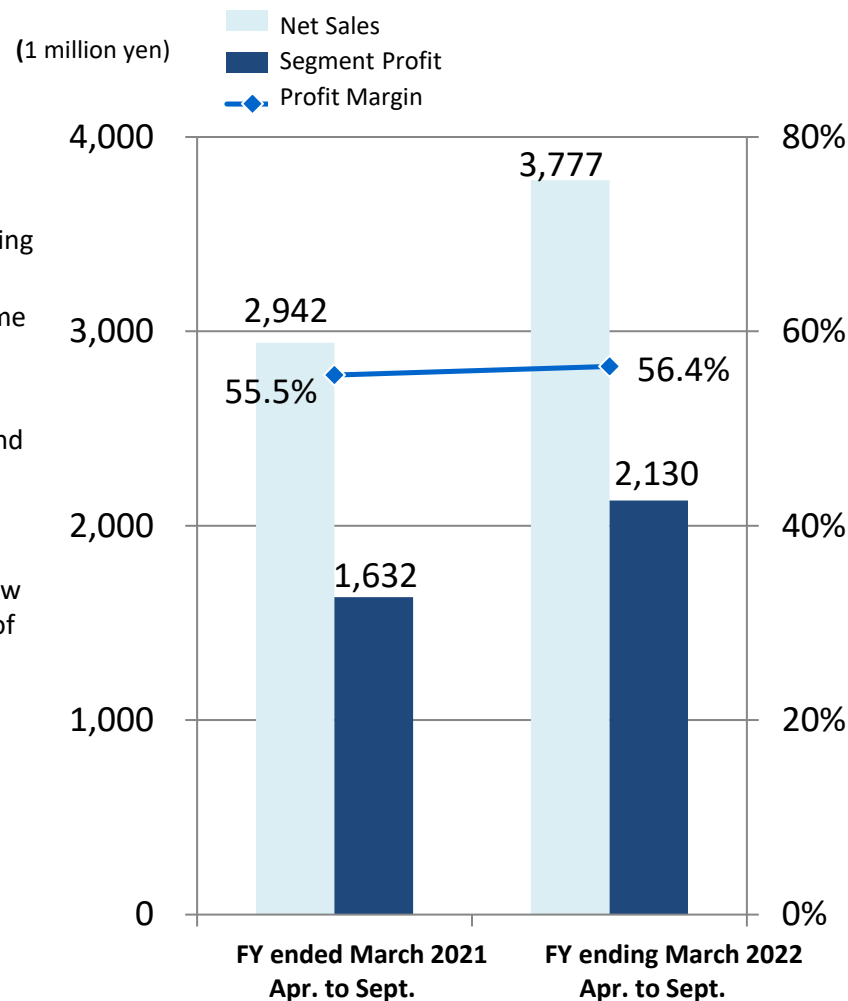
<Rental Conference Room>

- Sales increased due to the thorough implementation of community-based and flexible proposal-based sales, capturing the limited demand for COVID-19 damages, but profits decreased slightly due to the opening of new sites.

<Rent Guarantee>

- Both sales and profit increased due to a steady increase in the number of new guarantee and re-guarantee transactions due to an increase in the number of vacancies for COVID-19 pandemic and credit concerns among tenants.

(Unit: 1million Yen)	FY ended March 2021 Apr. to Sept.	FY ending March 2022 Apr. to Sept.	Increase/ Decrease
Net Sales	2,942	3,777	+28.4%
Segment Profit	1,632	2,130	+30.4%
Profit Margin	55.5%	56.4%	+0.9%pt



Operating Results by Business Segment



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

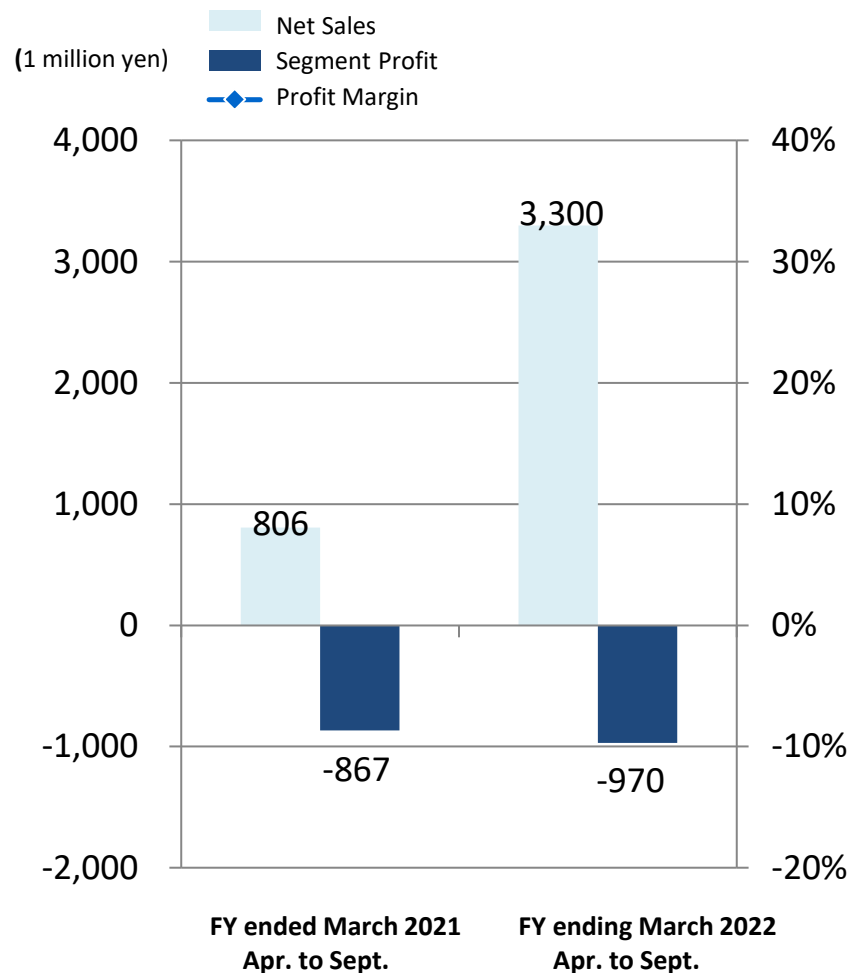
<Hotel Development Business>

- With sale of HIYORI Ocean Resort In Okinawa, 25 lots were delivered (cumulative sales: 184 lots/203 lots in total). Posted Segment income of 200 million yen (Profit margin: 14.8%).

<Hotel Operation Business>

- Three new hotels opened in the first half of the fiscal year under review, but during this period occupancy rates and room rates were sluggish, particularly for urban hotels, due to the self-restraint on tourism under the declaration of a state of emergency. A loss was recorded due to start-up expenses for three new hotels.

	FY ended March 2021 Apr. to Sept.	FY ending March 2022 Apr. to Sept.	Increase/ Decrease
(Unit: 1 million yen)			
Net Sales	806	3,300	+309.1%
Hotel Development Business	0	1,398	-
Hotel Operation Business, etc.	806	1,902	+136.0%
Segment Profit	-867	-970	-
Hotel Development Business	-62	207	-
Hotel Operation Business, etc.	-805	-1,177	-
Profit Margin	-	-	-
Hotel Development Business	-	14.8%	-
Hotel Operation Business, etc.	-	-	-



(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.

Operating Results by Business Segment



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

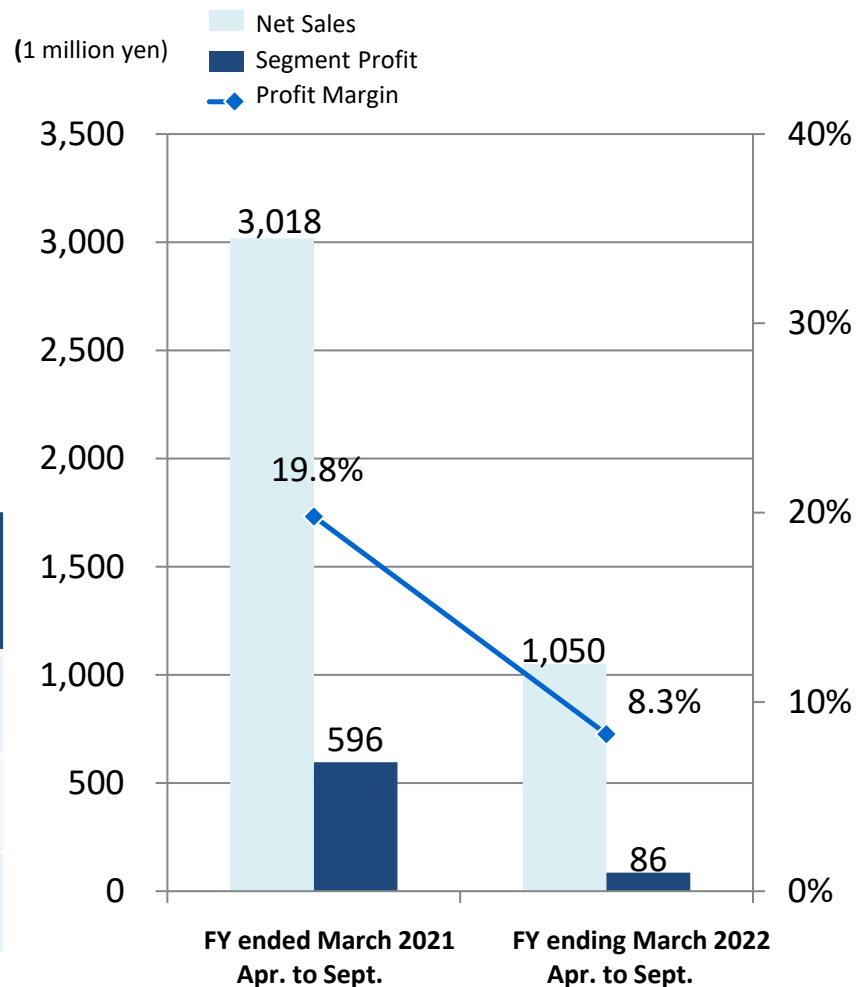
<Construction Business>

- Both sales and profit increased due to the addition of the performance of Communication Development Inc., whose shares were acquired through M&A in the previous fiscal year.

<Overseas Development Business>

- Substantial decrease in both sales and profits from the same period of the previous fiscal year was recorded due to the absence of the results of the high-rise condominium project in Da Nang, Viet Nam (Net sales: approximately 2.38 billion yen, profit: 0.53 billion yen), which was added to the operating results in the same period of the previous fiscal year.

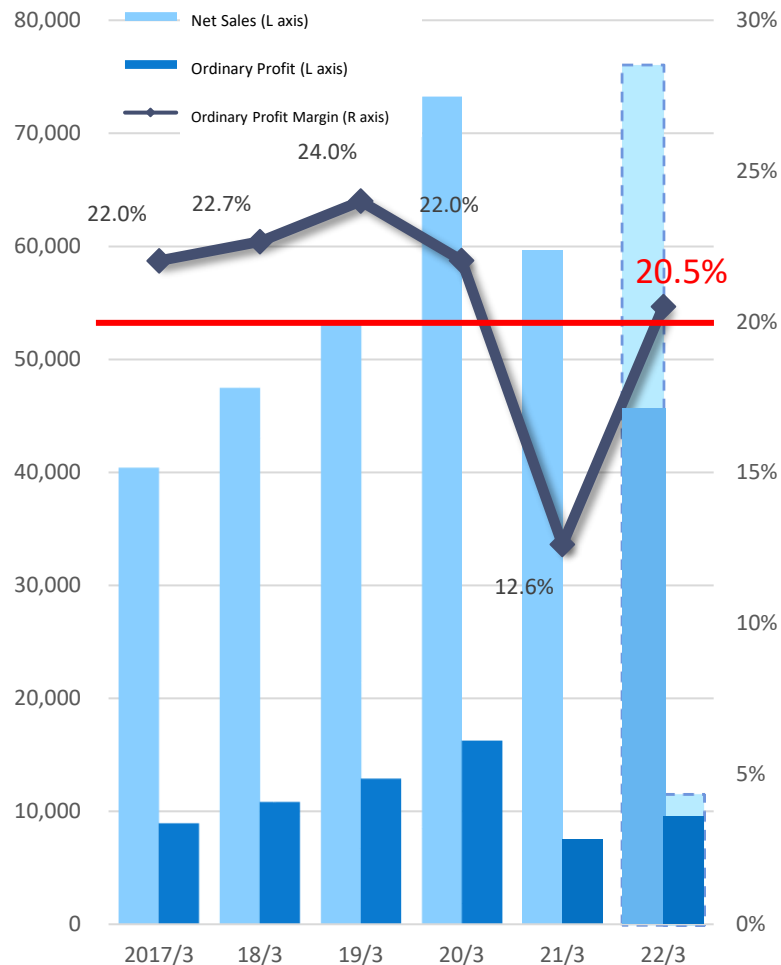
(Unit: 1 million yen)	FY ended March 2021 Apr. to Sept.	FY ending March 2022 Apr. to Sept.	Increase/ Decrease
Net Sales	3,018	1,050	-65.2%
Segment Profit	596	86	-85.5%
Profit Margin	19.8%	8.3%	-11.5%



Trends in Key Management Indicators

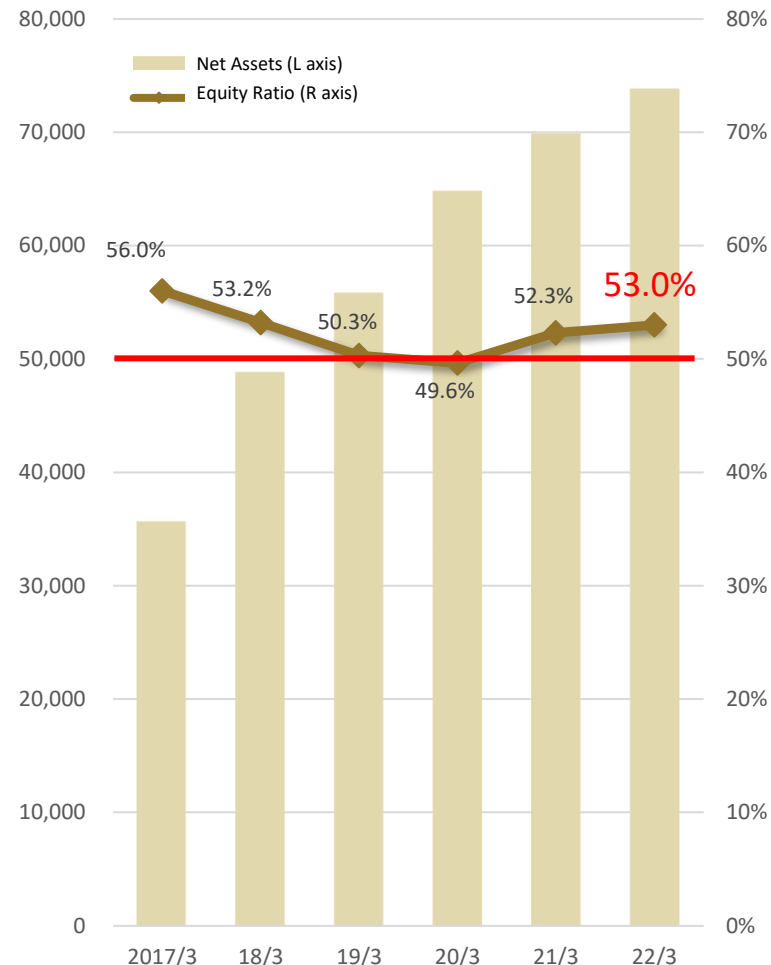
Changes in Ordinary Profit Margin

(1 million yen) (Pursuing High-Value-Added Management)



Changes in Equity Ratio

(1 million yen) (Building a Stable Financial Base)

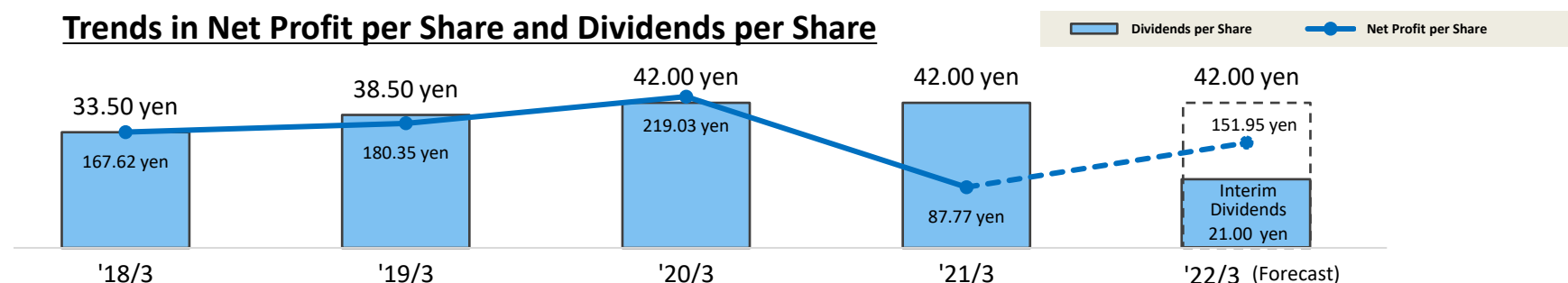


Interim Dividends for Shareholder Return

Interim dividends will be paid to meet the expectations of shareholders and enhance opportunities for profit returns.

The Company has been paying a lump-sum dividend of surplus once a year at the end of each fiscal year, but interim dividends will be paid from the fiscal year under review (ending March 31, 2022) to enhance opportunities for profit returns to shareholders.

Trends in Net Profit per Share and Dividends per Share



Effective Date of Interim Dividends: December 7, 2021 (Tuesday)

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

Growth Strategy

Business Environment Awareness

1. The Japanese economy is on a gradual recovery track due to progress in vaccination, despite the prolonged stagnation caused by the COVID-19 pandemic.

As the number of new infections plummeted due to the spread of vaccinations, the state of emergency was lifted, and COVID-19 pandemic is now under control.

Economic activity is normalizing, but turn-out has not yet fully returned, and it will take time for the tourism and accommodation industries to recover.

Some manufacturing industries have been affected by the shortage of semiconductor supplies and the disruption of supply chains due to the spread of infection in Southeast Asia.

2. As the global economy is recovering from the effects of the COVID-19 pandemic, the movement toward decarbonization is growing.

The IMF has lowered its global economic outlook for 2021 to 5.9%, expressing concern about supply restrictions due to the reemergence of the COVID-19 infection.

There is concern that rising energy prices will cause inflation in the global economy as action towards decarbonization intensifies.

The U.S. Federal Reserve Board has decided to start tapering in recognition of economic recovery amid concerns over supply restrictions and inflation.

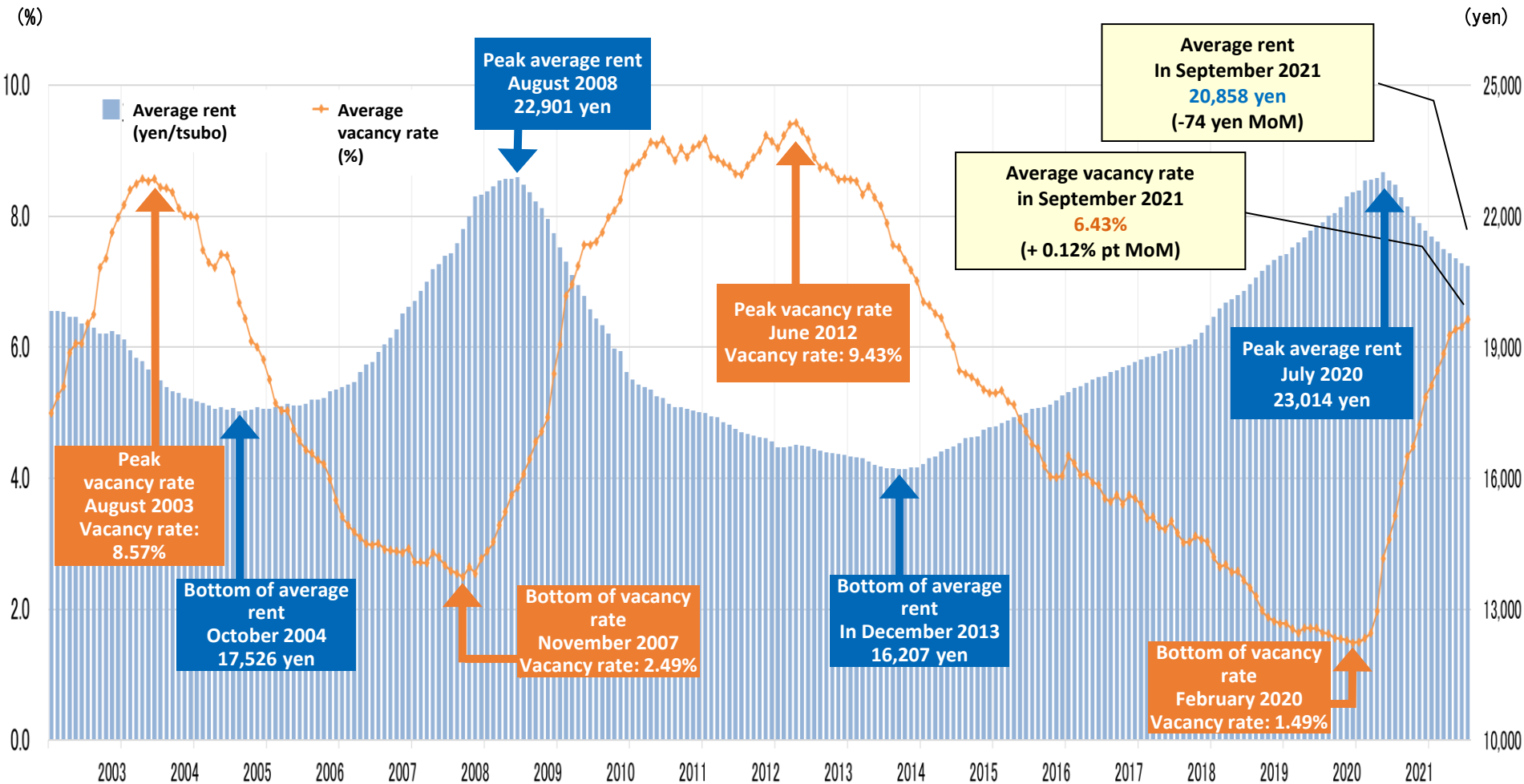
3. The office building market in central Tokyo is still weak despite a slowdown in the pace of deterioration due to the convergence of the COVID-19 pandemic.

Office vacancy rate has risen for 19 consecutive months due to cost reductions and changes in work style, but it is beginning to pause.

The COVID-19 pandemic has converged, and a hybrid model that incorporates the benefits of coming to the office and teleworking is being explored.

As the environment of low interest rates due to monetary easing measures continues, demands for real estate remain high and real estate prices are rising.

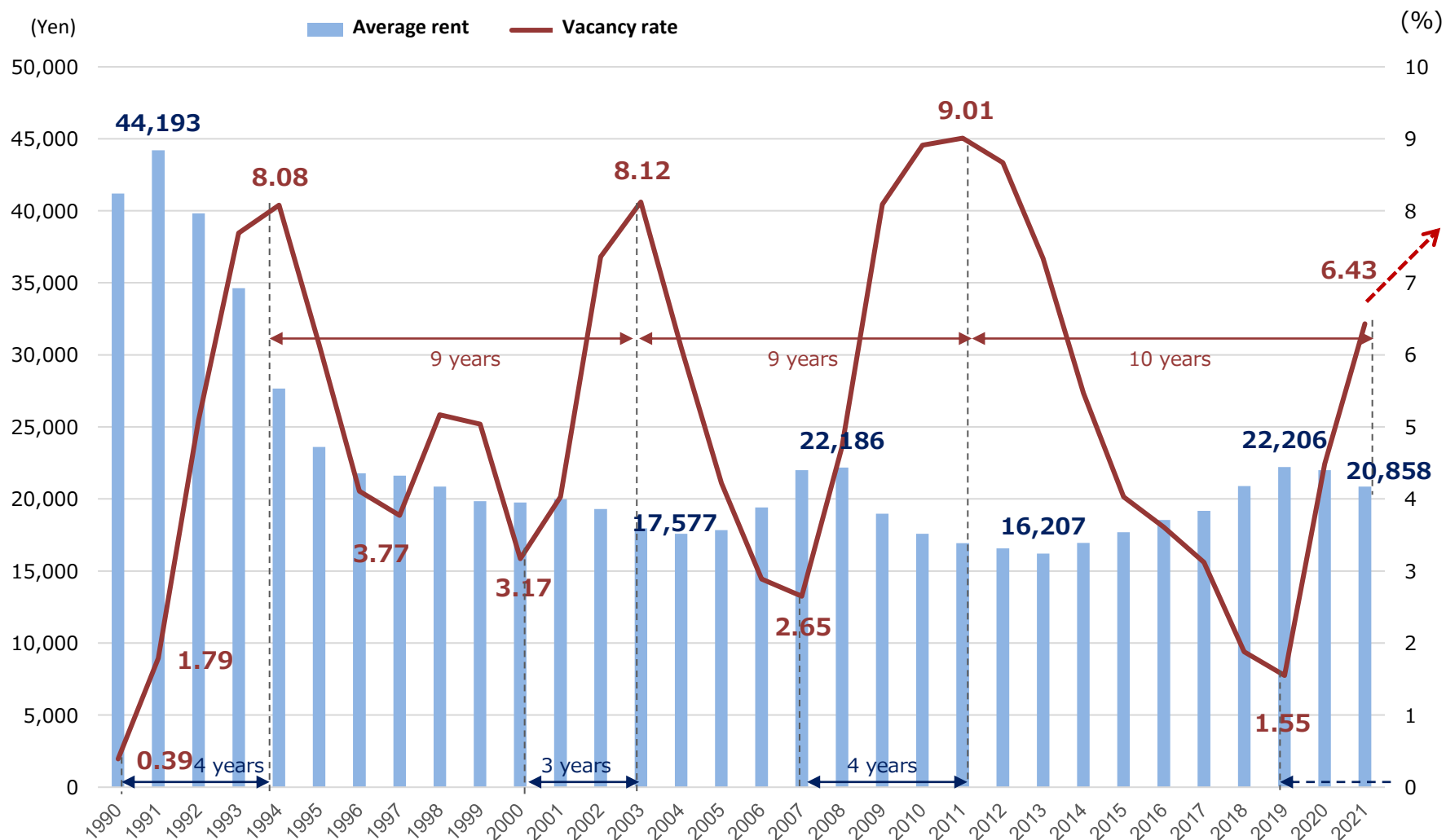
Trends in Office Vacancy Rates and Rents In Five Central Wards of Tokyo



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

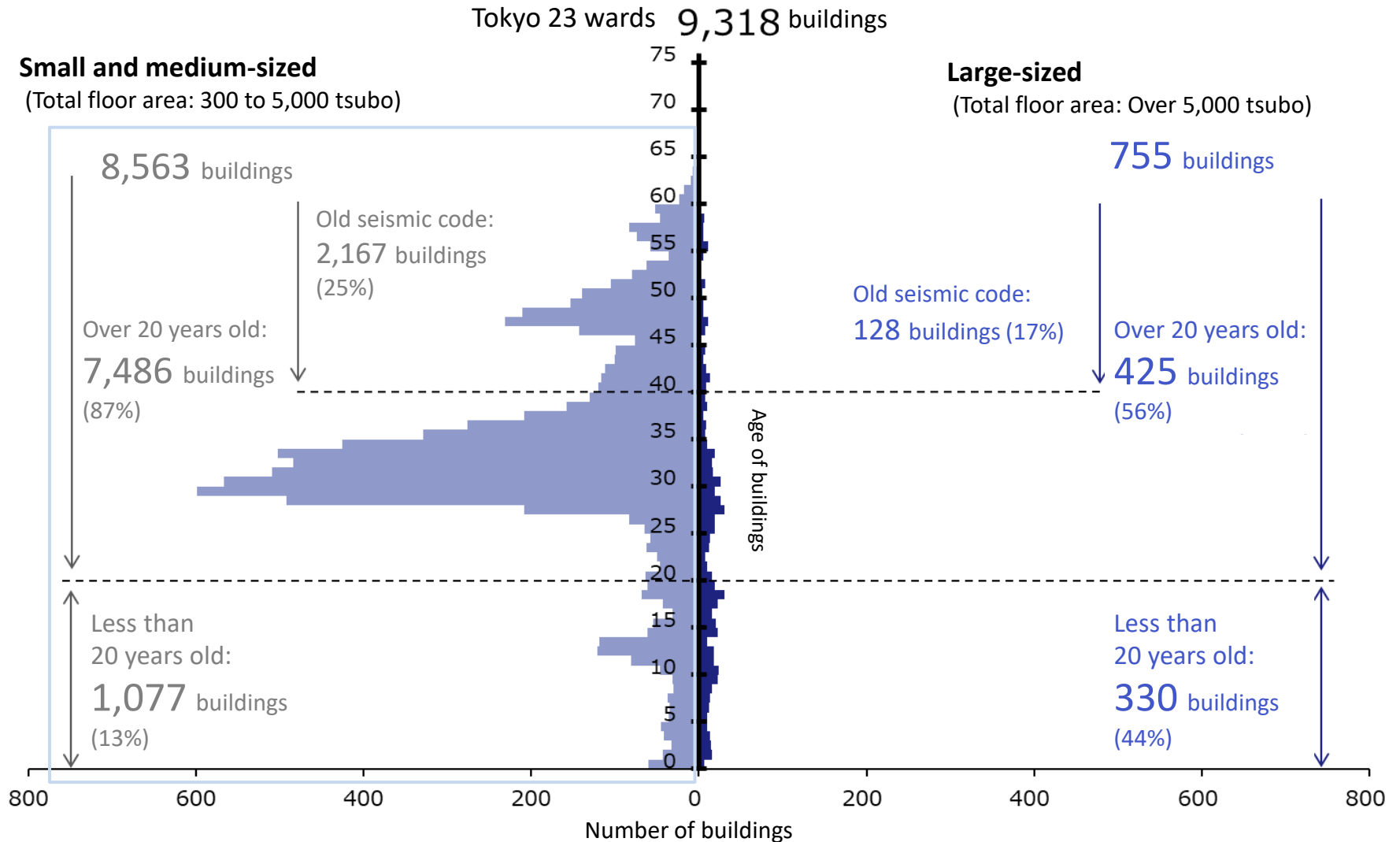
Office buildings with a standard floor area of 100 tsubo or more in five central wards of Tokyo are covered.

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 wards of Tokyo are covered.
 Figures for 2020 and earlier are taken as of December of each year. Figures for 2021 are as of September.

Age Distribution of Office Buildings in Tokyo's 23 Wards



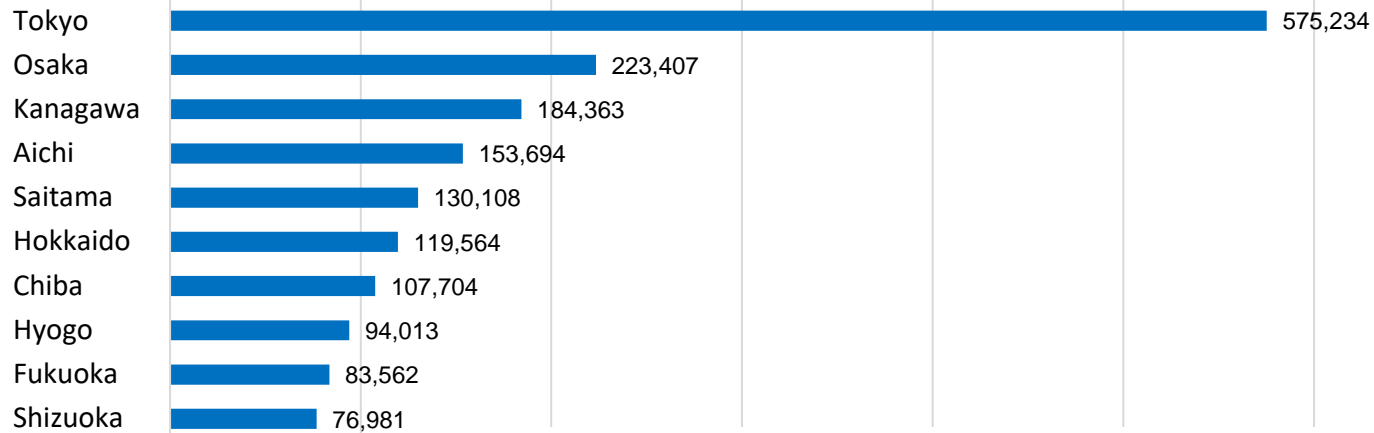
Source: Compiled by the Company based on "Tokyo 23 Wards Office Pyramid 2021 (based on number of buildings)" (Xymax Real Estate Institute)

Market Size in Tokyo

Number of Corporations and Demographics

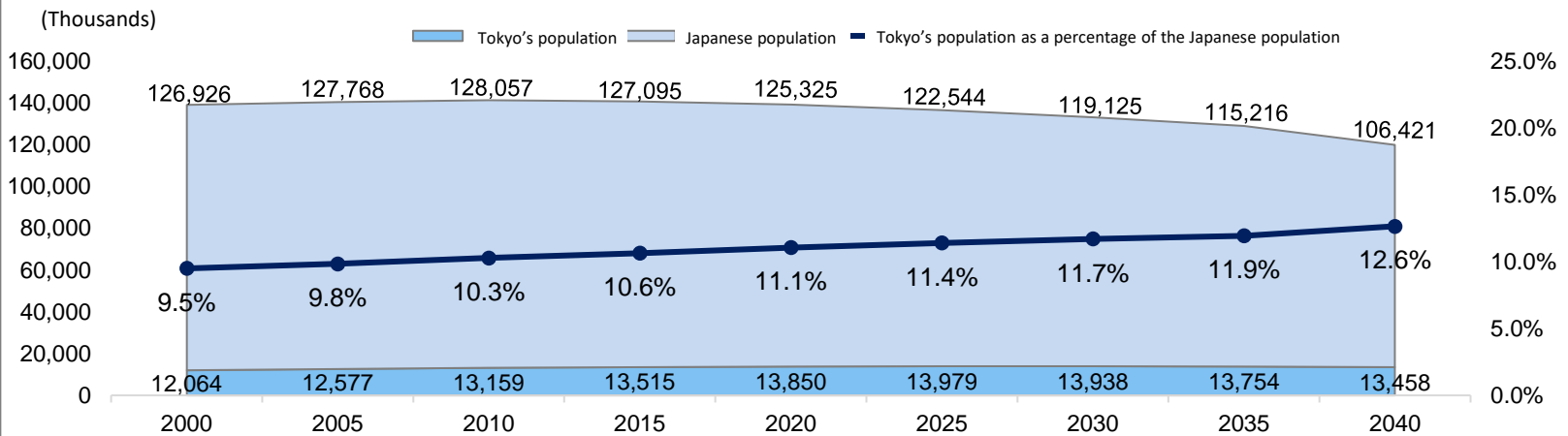


Top 10 Prefectures in Number of Corporations



Source: Compiled by the Company based on the National Tax Agency's "Number of Corporations by Prefecture".

Trends in Tokyo's Population as Percentage of the Japanese Population (forecast)



Source: Compiled by the Company based on the statistics of Tokyo, "Population of Tokyo (estimation)".

Growth Strategy

**-Strengths of Medium-term Management Plan
and Our Business Model-**

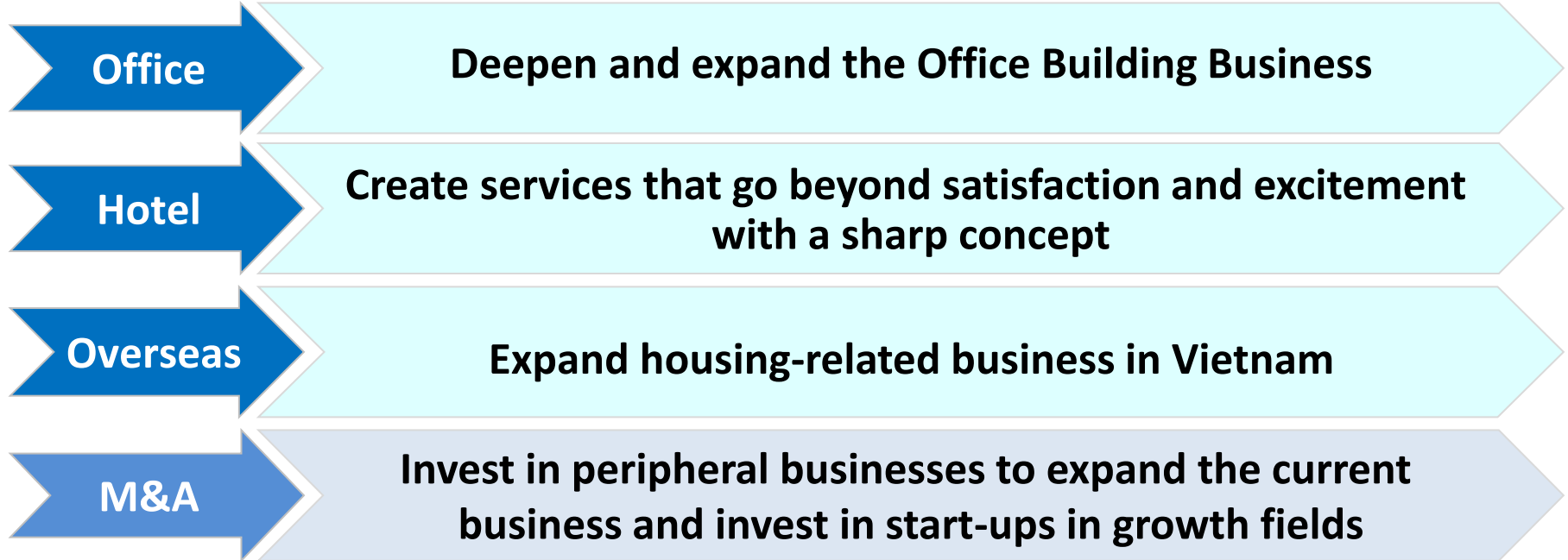
Basic Policy and Growth Strategy in Medium-term Management Plan



Basic Policy

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

Growth Strategy



Key Points

ESG

Digital

Cash flow

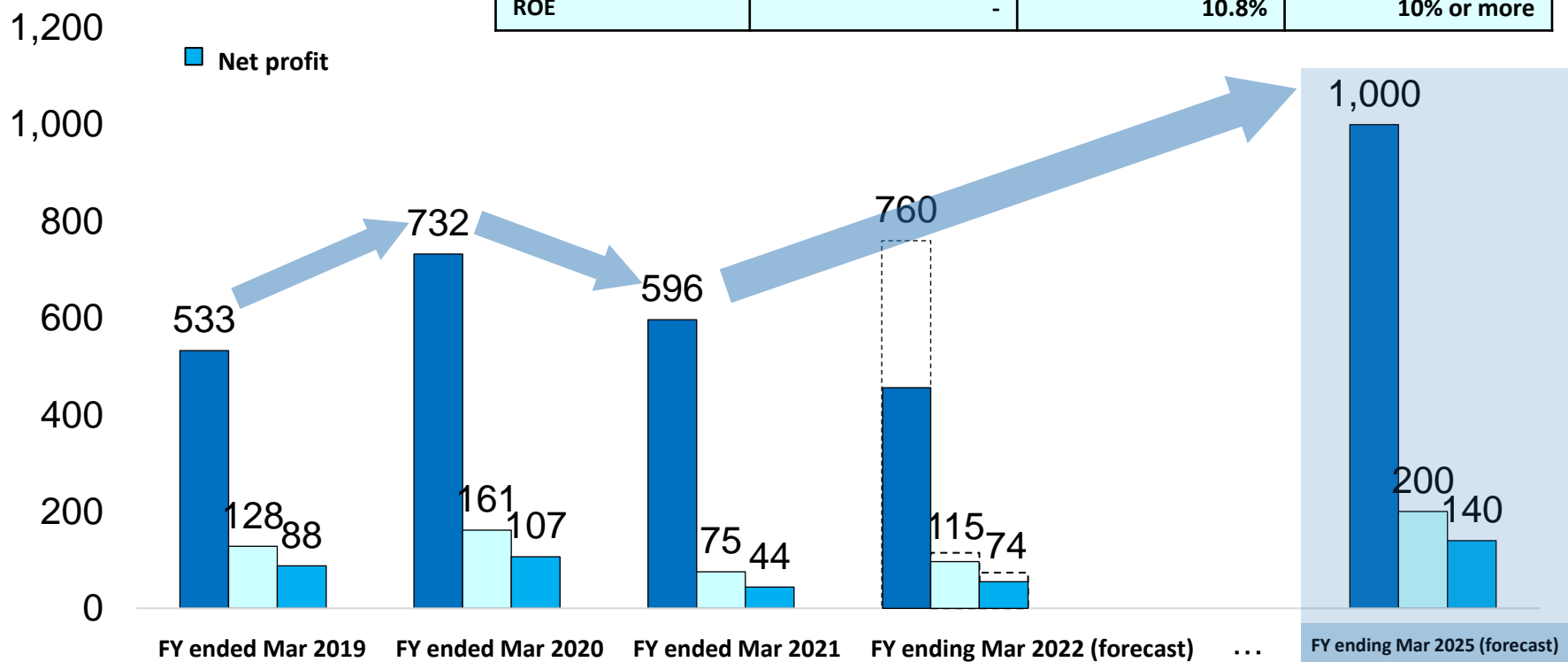
Progress in Medium-term Management Plan



	FY ending March 2022 Apr. to Sept. Result	FY ending March 2022 Forecast	FY ending March 2025 Target
Net sales	45.3 billion yen	76 billion yen	100 billion yen
Ordinary profit	9.2 billion yen	11.5 billion yen	20 billion yen
Net profit	5.8 billion yen	7.4 billion yen	14 billion yen
Ordinary profit ratio	20.5%	15.1%	20%
Equity ratio	53.0%	50% level	50% level
ROE	-	10.8%	10% or more

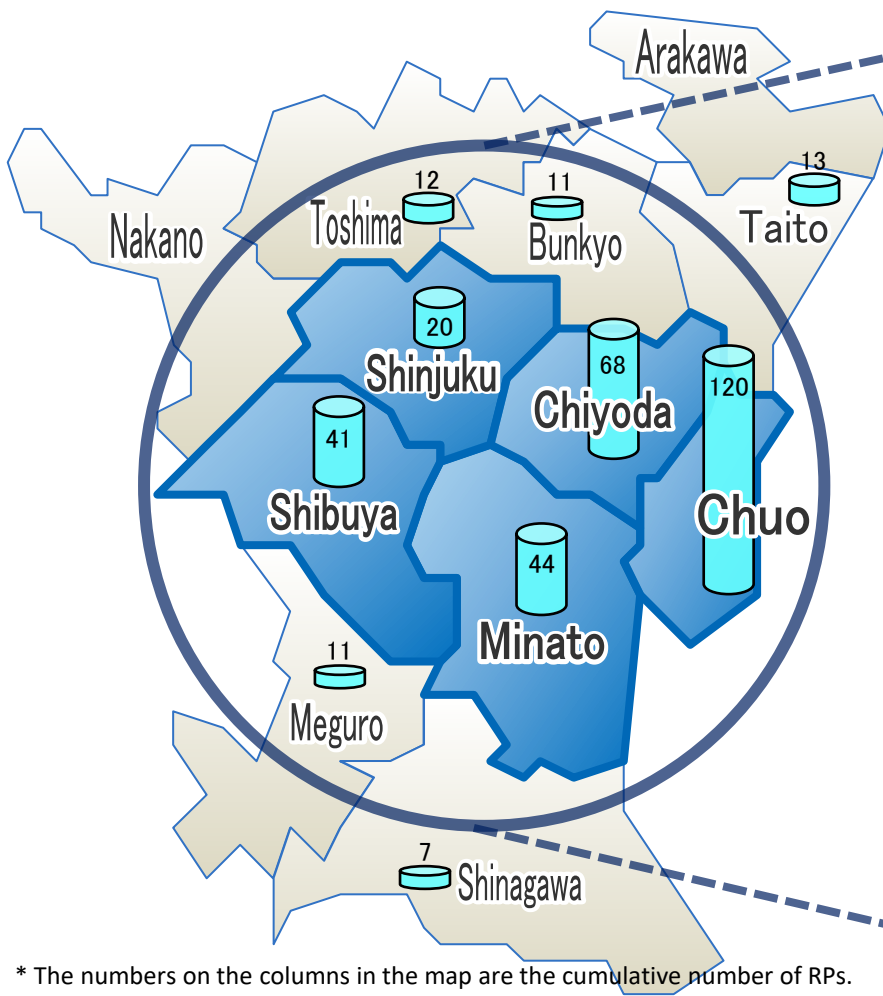
(100 million yen)

- Net sales
- Ordinary profit
- Net profit



Strategy in Office Building Business

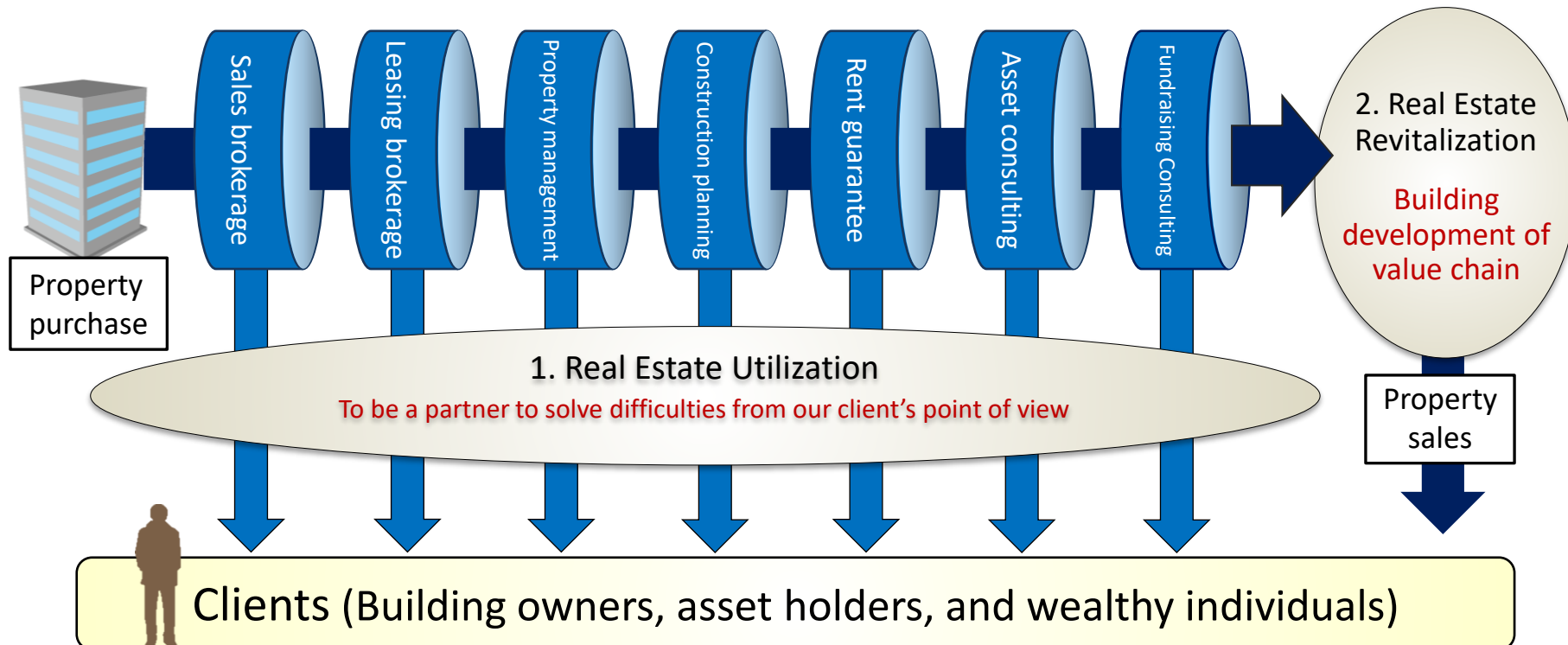
Provide services to solve every problem in clients, mainly in the five wards of central Tokyo



R P	Of the total number of RPs over 430 properties, 80% are located in the five wards of central Tokyo and its adjacent wards. * As of the end of September 2021
Leasing Brokerage	A network of nine community-based branches Ginza, Kanda, Nihonbashi, Kodenmachi, Kojimachi, Shinjuku, Shibuya, Gotanda, Hamamatsucho
P M	More than 80% of 403 entrusted properties are located in the five wards of central Tokyo. * As of the end of September 2021
B M	Of the 197 buildings under comprehensive management, 85% are located in the five wards of central Tokyo. * As of the end of September 2021
Rent Guarantee	80% of the 646 new contracts were in the five central wards of Tokyo. * Results for FY ended March 2021
Rental Conference Room	22 of the 23 sites are located in the five wards of central Tokyo. * As of the end of September 2021/One site in Yokohama

Strengths in Office Building Business

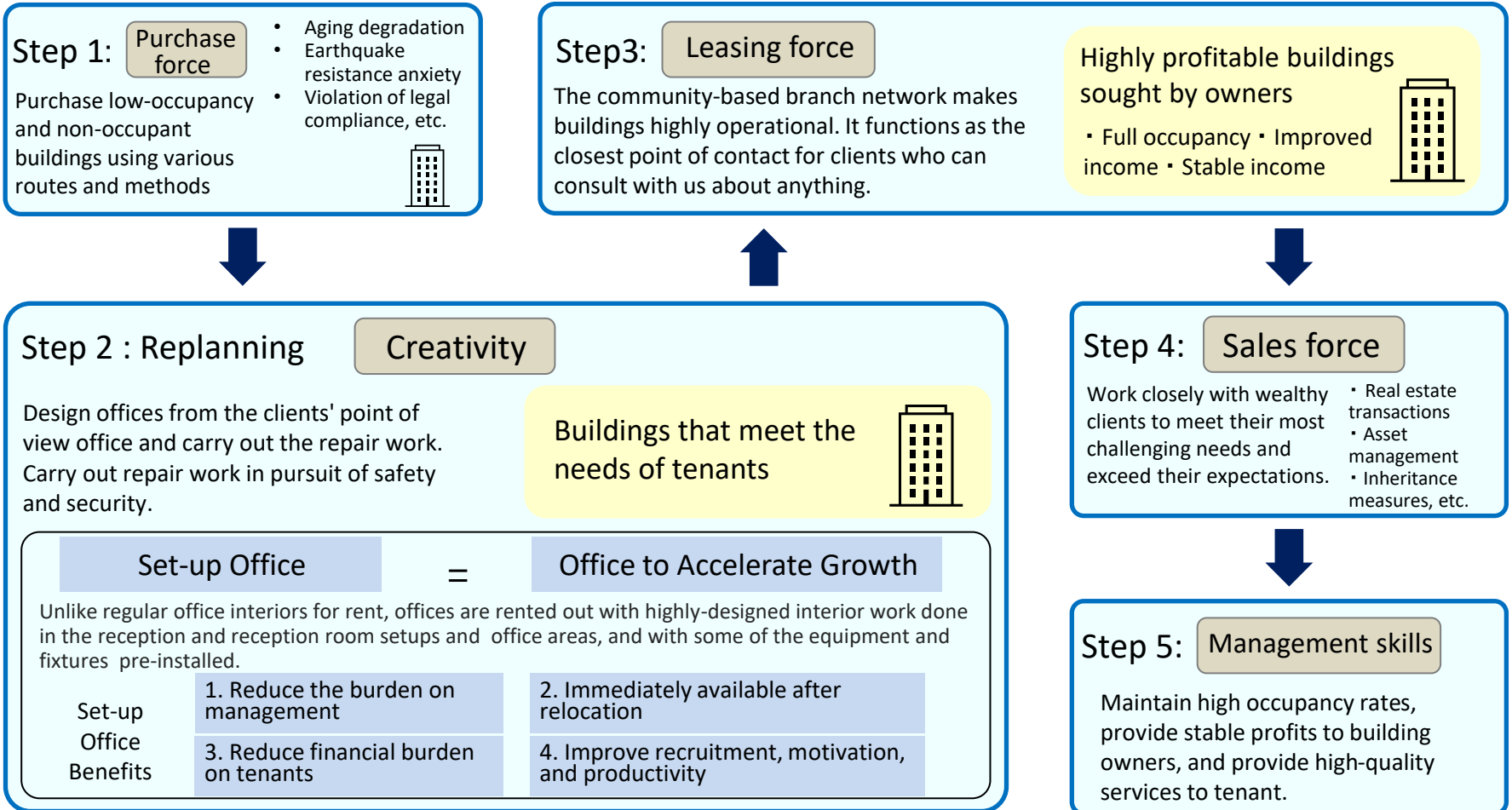
Solve various problems by in-house manufacturing from purchase to development, occupancy, sales and support, and by understanding the client's intentions in detail.



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 of Replanning Business

Renovate office buildings that require large-scale repairs due to declining occupancy rate into high-value-added-real estate demanded by society through renovation from the client's point of view

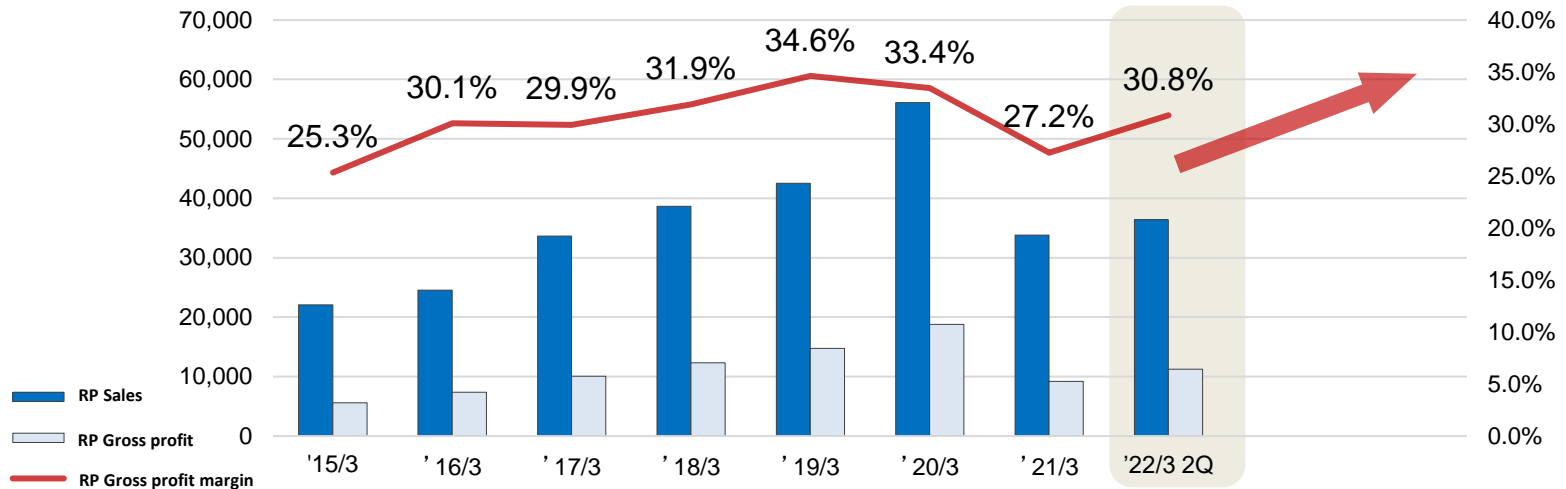


Continue High Profitability in Office Building Business



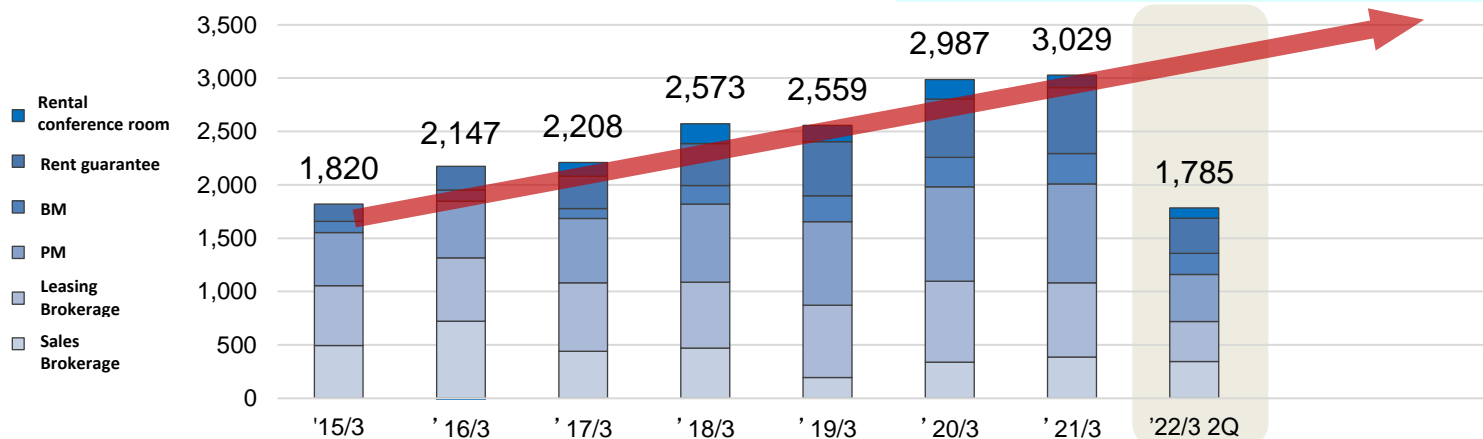
● Replanning Business maintains high profit margin

Despite the impact of market conditions, the Replanning Business maintains a high profit margin and have the ability to recover and continue to grow.



● Real Estate Service Business continues to grow steadily

In addition to Sales Brokerage, Leasing Brokerage, and PM, the Company has added BM, Rent Guarantee, and Rental Conference Room to its services, steadily increasing its stock business earnings.



Initiatives in the Fiscal Year under Review

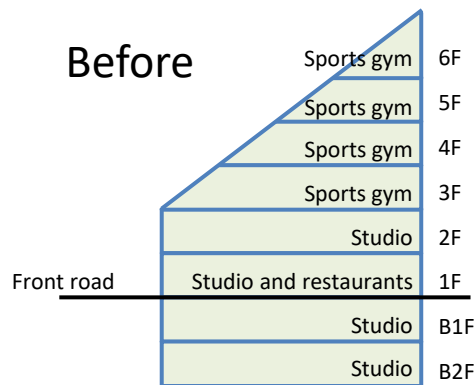
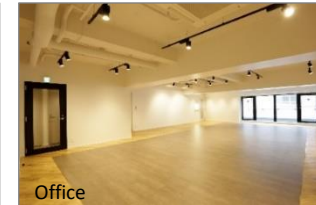
Replanning Business Initiatives Case 1

Converting gyms into offices, creating highly profitable buildings with versatility and scarcity

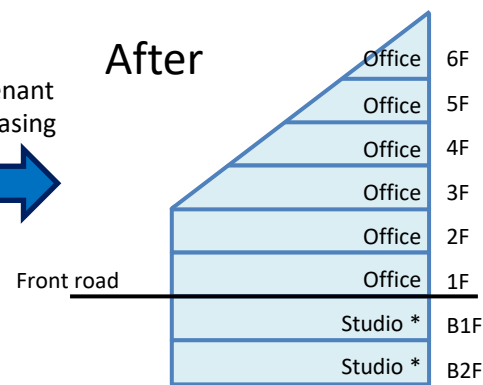
One profitable building in Shinjuku Ward (36 years old)



Replanning
Construction



Tenant
Leasing



* B1F and B2F are different studio operating companies from before replanning.

Creativity

Converted gyms with special facilities (shower, dressing room) which only gains limited tenants to a highly versatile office

Leasing force

Utilizing rare studio facilities to lease to new studio operating companies

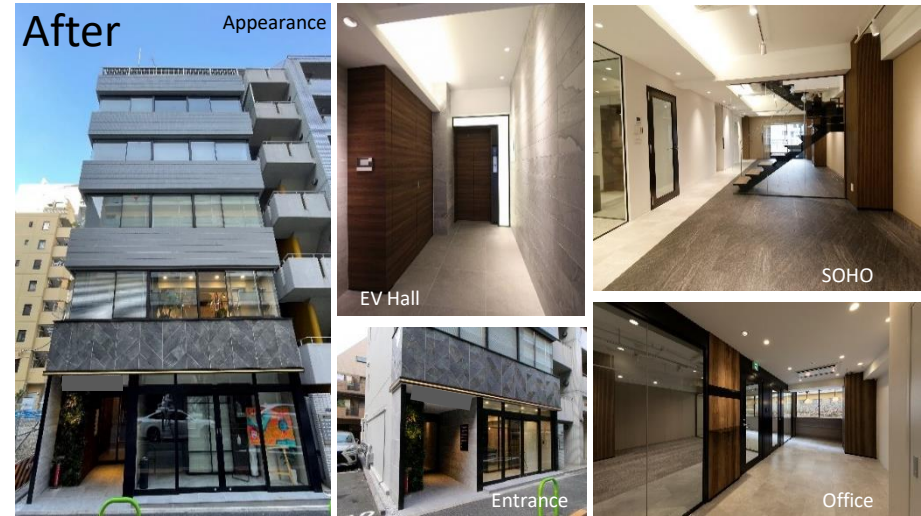
Replanning Business Initiatives Case 2

Refurbished into high-quality, high-design buildings and sold to overseas investors as investment real estate


One profitable building in Minato Ward (36 years old)



Replanning Construction




Before

Residence	7F
Residence 	6F
Office	5F
Office	4F
Office	3F
Office	2F
Office	1F
Front road	Office Parking lot

Tenant Leasing



After

SOHO	7F
SOHO 	6F
Office	5F
Office	4F
Office	3F
Office	2F
Office	1F
Front road	Office

Purchase force

Sales force

Acquiring long-lived buildings from owners, replanning them into high-occupancy office buildings, and selling them to overseas investors in Taiwan



Flexible office meeting needs

Choose your office fashionably
 Proposing "Rich Working Styles" for a New Era
 of Diversification



◆ Features of flexible offices

POINT 1	Easy entry and exit under a monthly contract
POINT 2	The hidden costs are all inclusive and one price!
POINT 3	Resident community manager! Look forward to networking!

An office that you can rent by the week



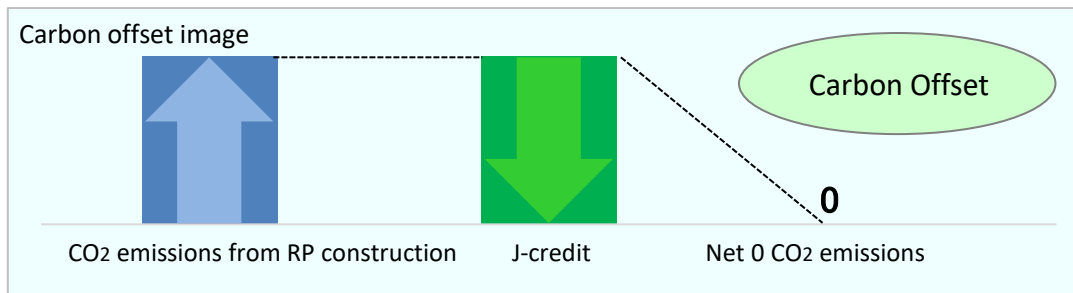
◆ Flexible Office Line up

- +SHIFT NOGIZAKA**
 1-minute walk from Nogizaka Station, 8-11-26 Akasaka, Minato-ku
- +SHIFT KANDA**
 4-minute walk from Akihabara Station, 4-7, Kandaiwamotocho, Chiyoda-ku
- A YOTSUYA**
 6-minute walk from Yotsuya Station, 2-8 Yotsuya Honshiocho, Shinjuku-ku
- LIT**
 2-minute walk from Bakurocho Station 2-24-9 Higashi-Nihonbashi, Chuo-ku



Initiatives to Carbon Neutral

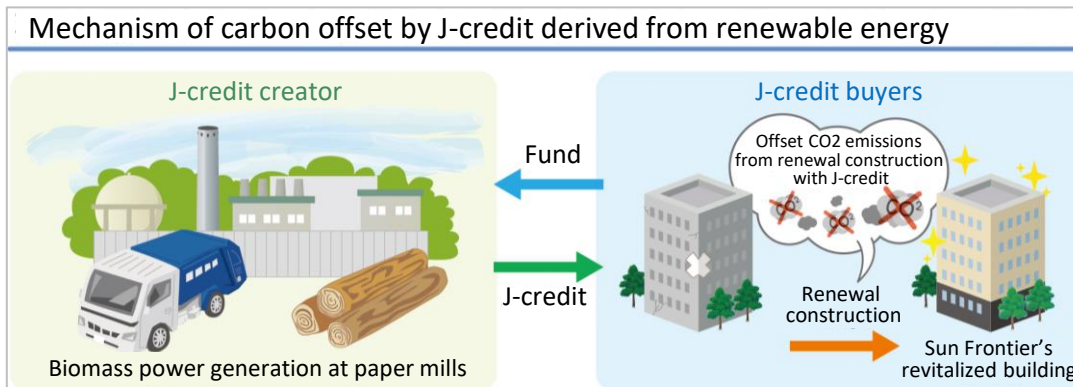
Contributing to the realization of carbon neutral by offsetting CO2 emissions from replanning construction with J-credit derived from renewable energy resources



What is the J-Credit System?

A system in which the national government certifies the reduction or absorption of CO2 and other greenhouse gases through the introduction of renewable energy and forest management as "credits."

Mechanism of carbon offset by J-credit derived from renewable energy



What is Carbon Offset?

An initiative to offset CO2 (carbon), which is generated no matter how much effort is made in daily life and corporate activities, with the reduction of other places created by the absorption of CO2 by forests and the renewal of energy-saving facilities.

Transforming Replanning Business into a more sustainable ESG-related business by contributing to the everlasting prosperity of human beings, plants and animals on the earth by reducing the use of non-renewable resource

New Vision Center Sites Open

Developing various services to meet coexisting with COVID-19 and post COVID-19 needs
Fully compatible with web conferencing and online distribution as working styles change and diversify

August 18, 2021

Vision Center Nishi Shinjuku Open

5-minute walk from the south or west exit of JR Shinjuku Station

Tokyo Metro / Toei Subway "Shinjuku Station"
1-minute walk from exit 7 of the underground passage

Great access not only from Tokyo but also from other regions

Total 7 rooms, 24 seats -288 seats

1-22-2 Nishi Shinjuku, Shinjuku-ku, Tokyo 160-0023
Shinjuku Sanei Building, 1st and 7th floors (reception: 1st floor)
<https://www.visioncenter.jp/nishishinjuku/>



January 14, 2022

Vision Center Tamachi Renewal Open

2-minute walk from Tamachi Station

1-minute walk from Toei Subway Mita Station.

Convenient location with convenient access to shinkansen and airport

Total 26 rooms, 8 seats-360 seats

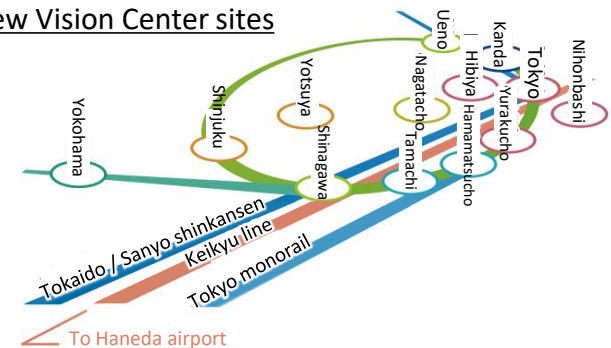
5-31-19 Shiba, Minato-ku, Tokyo 108-0014
Round Cross Tamachi, 2nd and 4th floors (reception: 4th floor)
<https://www.visioncenter.jp/tamachi/>



- Hourly rental Vision Center: 13 sites
- Weekly / monthly rental Order Made Space: 6 sites
- Monthly rental offices (Vision Works, Vision Office): 4 sites

Total of 23 sites

New Vision Center sites



Specified Joint Real Estate Ventures Strengthen Initiative for Small-lot Real Estate Property



Sold out "Setagaya newly-built licensed nursery school", No.3 small-lot real estate property owned by Act on Specified Joint Real Estate Ventures
Began soliciting investors for No.4 property, "Ota Ward new medical and educational mall"



No.3 Setagaya Ward newly-built licensed nursery school

5-52-11 Matsubara, Setagaya-ku, Tokyo
5-minute walk from Higashi-matsubara Station, Keio Inokashira Line
8-minute walk from Meidaimae Station on the Keio Line and Keio Inokashira Line
Total floor area of three floors: 524.86 square meters

Attractive as an ESG investment that contributes to solving the shortage of licensed nursery schools
Contributing to the value of Setagaya being a "childcare-friendly town"

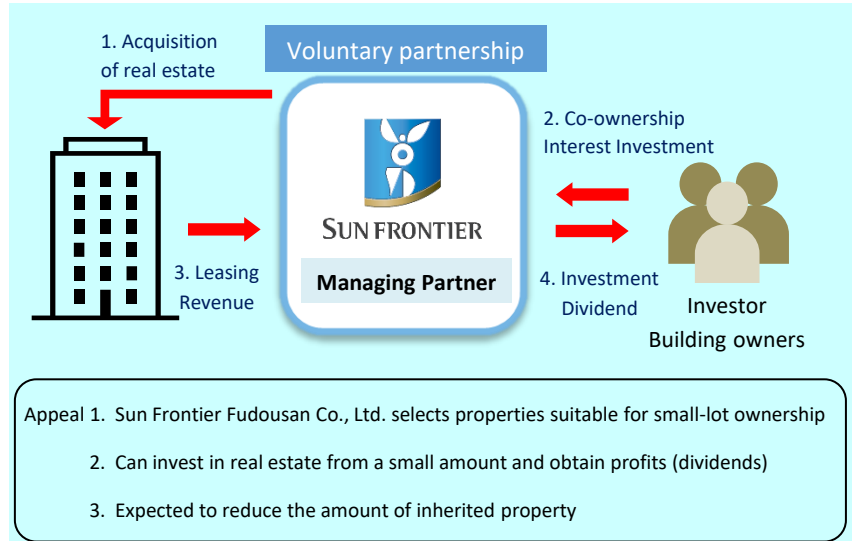


No.4 Ota Ward new medical and educational mall

2-28-4 Kitamagome, Ota-ku
2-minute walk from Toei Subway Asakusa Line Magome Station
Total floor area of three floors: 1,327.25 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.

◆ Business model for small-lot real estate products

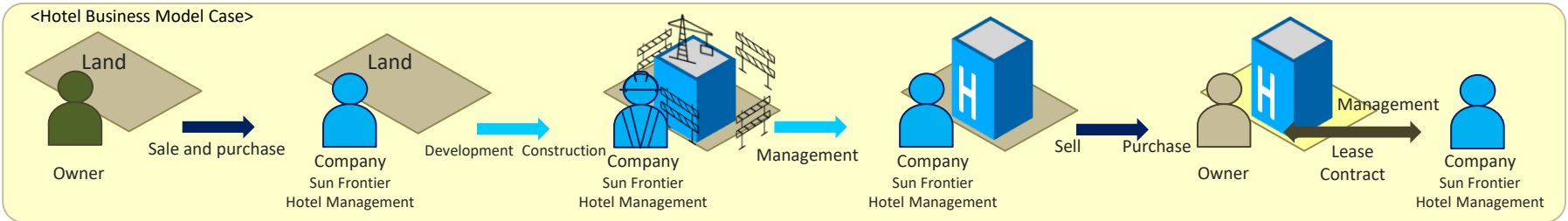


As a professional in real estate utilization, we will continue to develop attractive small-lot real estate products by combining our know-how in the revitalization and utilization of real estate that we have cultivated over 20 years

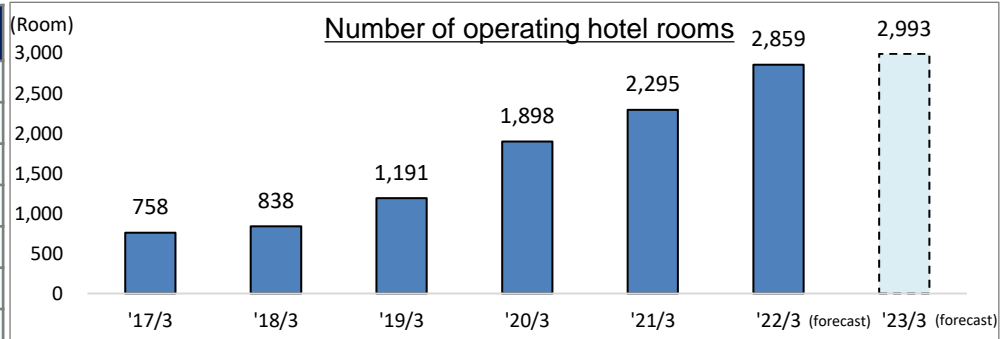
We are also promoting the No.5 commercialization project!

Business Models for Hotel Business Growth

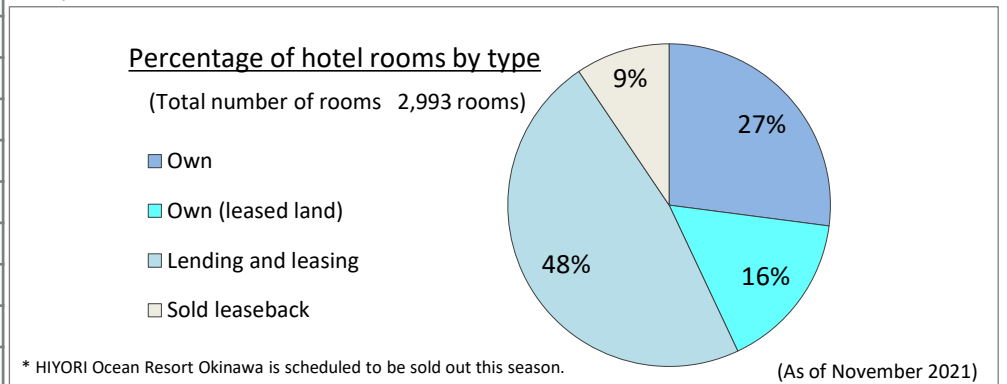
Increase added value by developing and acquiring some properties in addition to operating revenues, and aim for growth through synergies with sales revenues



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 land)
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 Marriott Osaka Honmachi	193	2019.10	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 land)
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 land)
Tabino Hotel Lit Miyakojima	111	2021.6	Newly constructed	Own
Tabino Hotel Lit Matsumoto	176	2021.7	Newly constructed	Lending and leasing
Kyoto Shijo Kawaramachi	134	2022 Spring	Under construction	Own



After development, is operated after development, sold, and then leased back is operated. 9% of the total number of hotel rooms of 2993



Hotel Operation Focuses on Creating Enthusiastic Fans

Continuing initiative to create enthusiastic fans by creating services that exceed expectations from the clients' point of view

● Running ● Under construction

Hotel brand development

Own brand

Joint operation



Osaka Honmachi

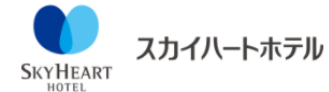
Upper Class
HIYORI Ocean Resort Okinawa
HIYORI Chapter Kyoto
Sado Resort Hotel Azuma
Hotel Osado
Kyoto Shijo Kawaramachi Hotel (under construction)
Upper Middle Class
Hiyori Hotel Maihama
Hiyori Hotel Osaka Namba Station
Hiyori Hotel Tokyo Ginza EAST
Economy Class
Tabino Hotel Hida Takayama
Tabino Hotel Sado
Tabino Hotel Kurashiki Mizushima
Tabino Hotel Kashima
Tabino Hotel Lit Miyakojima
Tabino Hotel Lit Matsumoto

Upper Class
Courtyard by Marriott Osaka Honmachi

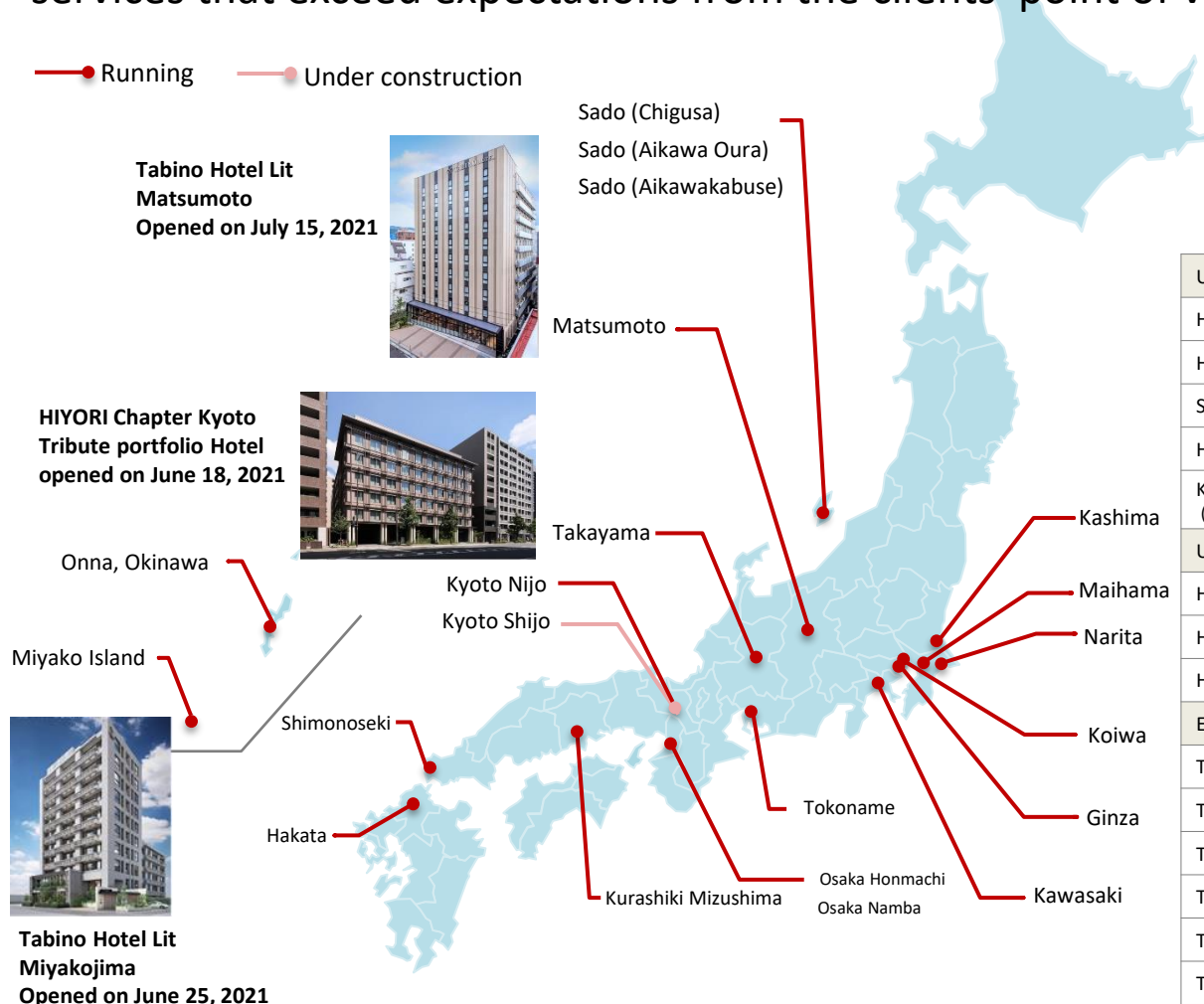
Co-brand



Budget Class
Spring Sunny H Nagoya Tokoname Station



Budget Class
Sky Heart Hotel Narita
Sky Heart Hotel Koikiwa
Sky Heart Hotel Kawasaki
Sky Heart Hotel Hakata
Sky Heart Hotel Shimonoseki



Tabino Hotel Lit Matsumoto
Opened on July 15, 2021



HIYORI Chapter Kyoto Tribute portfolio Hotel
opened on June 18, 2021



Tabino Hotel Lit Miyakojima
Opened on June 25, 2021

Cooperation in Core Business Operations to Promote Digitalization



Collaboration with SENSYN ROBOTICS Inc. for core business management Digital transformation aimed at improving the productivity and work style of the real estate industry



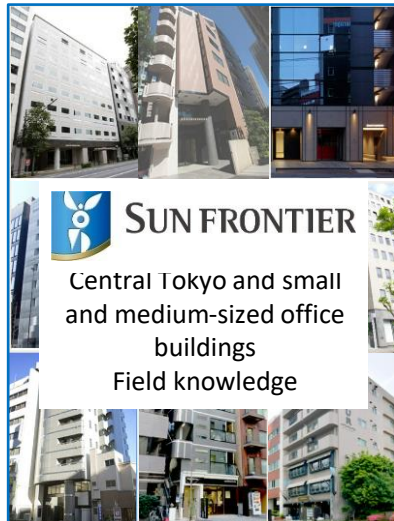
SUN FRONTIER

X

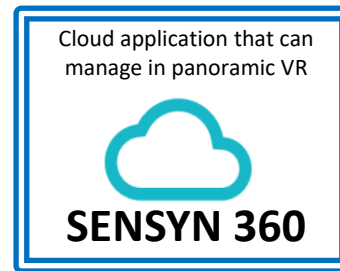


SENSYN
ROBOTICS

Develop remote management collaboration tools in the areas of construction, property management and building management by combining field knowledge about central Tokyo and small and medium-sized office buildings with "SENSYN 360", a cloud application capable of managing field information operated by SENSYN ROBOTICS with 360° panoramic VR.



X



Joint development



Aiming to significantly reduce cost and time for exterior wall surveys through joint development of an AI system

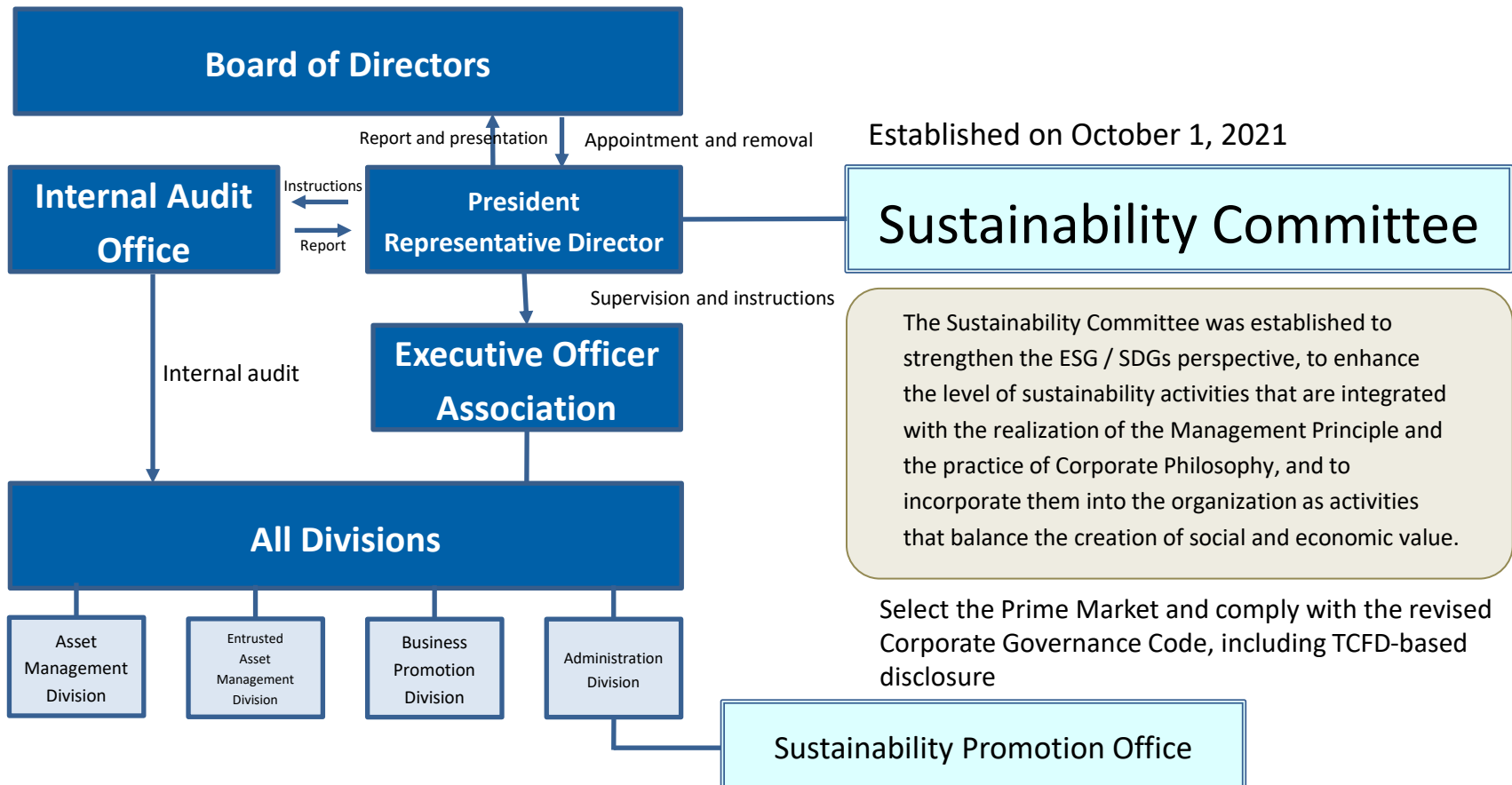
Our ESG Initiatives

Aiming to Sustainable Growth and Improvement of Corporate Value over the long-term through our initiatives emphasized ESG

<h2>Environment</h2>	<ul style="list-style-type: none"> ❑ We revitalize buildings without destroying them. We develop the Real Estate Revitalization Business, which grows in harmony with the environment (revitalized buildings: 438 buildings.) ❑ We operate a circulation market of furnished offices with an aim to reduce waste materials generated by office relocation. ❑ We promote the reduction of energy consumption at the buildings we manage in Property Management Business, utilizing the Energy-saving Subsidy and others. ❑ Introduction of environmentally friendly electric power services in replanning buildings Cumulative number of installations: 12 renewable energy power plants and 7 forest-based J-credit “Mori no Denki.” ❑ Carbon offset by allocating J-credits CO2 generated during the replanning construction.
<h2>Social</h2>	<ul style="list-style-type: none"> ❑ Promotion of management and development of human resources in accordance with social responsibility. Creation of a system in which diverse human resources can play active roles. (As of the end of September 2021: Female employees 37.0% and Foreign employees 14.3%) ❑ In our Real Estate Revitalization Business, we promote the revitalization of buildings to meet the social needs (resolving lack of authorized nursery school). ❑ Under the slogan, “Cheer up Japan!” we develop Regional Revitalization Business from the aspect of tourism. ❑ We go ahead with the introduction of the drone technology to accelerate the innovation in the real estate industry.
<h2>Governance</h2>	<ul style="list-style-type: none"> ❑ When we acquire properties, we clarify their possible risks, improve their legal compliance and correct shoddy workmanship on them through the process of commercialization and then turn the properties into a real estate stock with high social values and sell them. ❑ We have improved our monitoring function for the corporate management by appointing 5 independent outside directors out of 12 directors.

Sustainability Committee Established

Aiming to contribute to the realization of a sustainable society and to increase corporate value over the medium to long term by vigorously promoting activities that contribute to the resolution of social issues based on Management Principle and Corporate Philosophy



New Market Segment: Prime Market

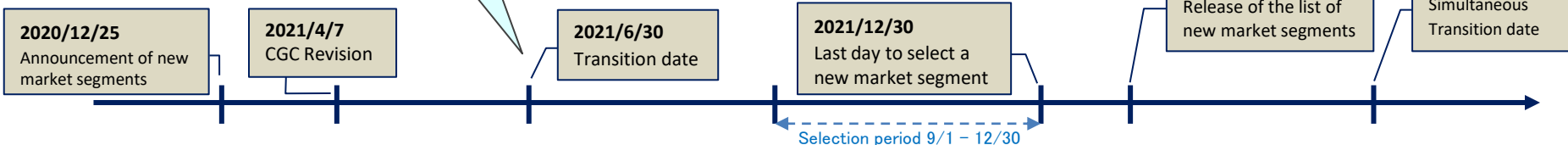
We will strive to achieve sustainable growth and enhance corporate value over the medium- to long-term, while maintaining a high standards of governance and focusing on constructive dialogue with our investors.

Listing Maintenance Standard	Prime Market Standard	Compliance Status of the Company
Number of shares in circulation	20,000 units or more	○
Market capitalization of outstanding shares	10 billion yen or more	○
Ratio of outstanding shares	35% or more	○
Trading value	Average daily trading value 20 million yen or more	○

As of June 30, 2021, the Company met the listing maintenance standard for the Prime Market.



Select Prime Market



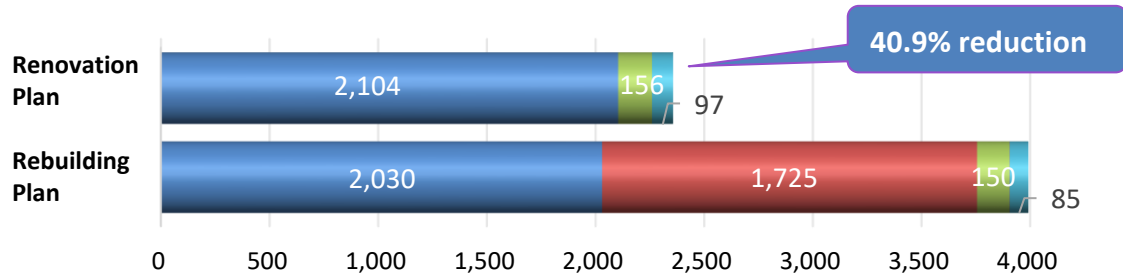
Prime Market Concept	
	◆ Market capitalization suitable for investment by many institutional investors (liquidity)
	◆ Constructive dialogue with investors with a higher level of governance
	◆ Proactive efforts to achieve sustainable growth and enhance corporate value over the medium- to long-term

Reference Materials

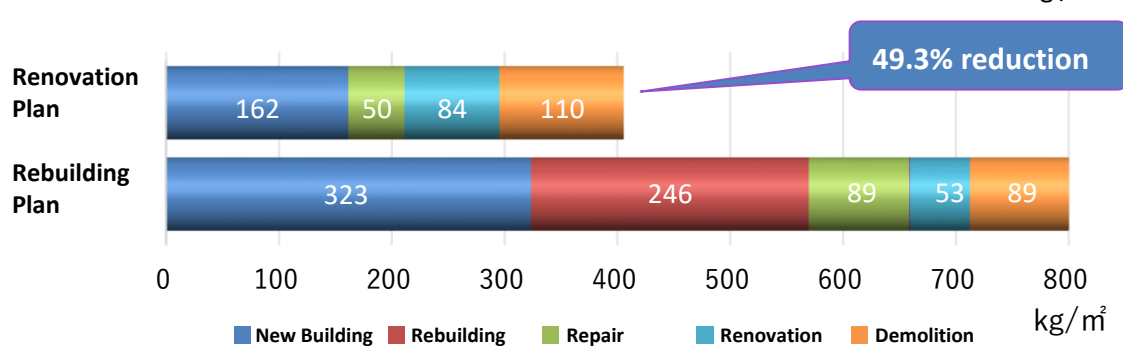
ESG initiatives

Real Estate Revitalization Business that Conserves Limited Resources and Coexists with the Environment [E]

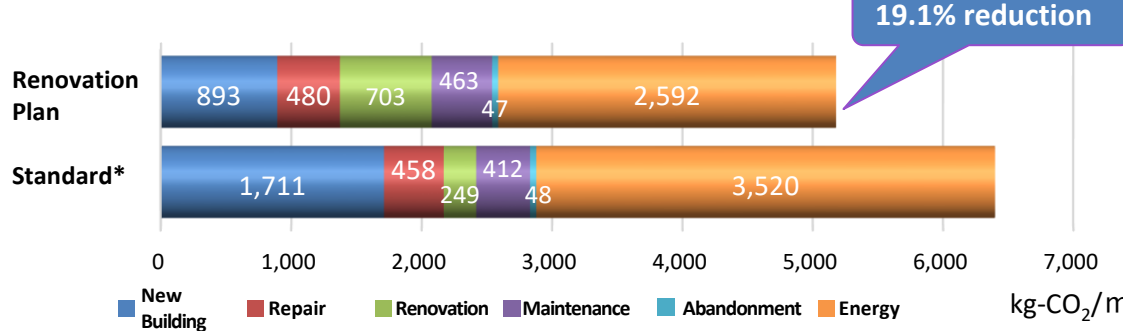
● Comparison of resource input over 50 years



● Comparison of waste generation over 50 years



● Comparison of CO₂ 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.

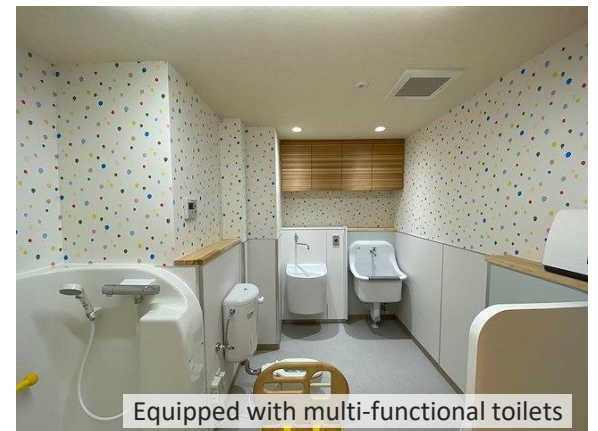
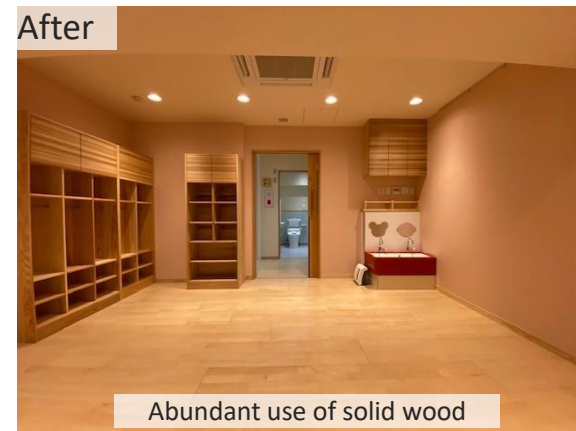
Compared to the proposed reconstruction and standard building

- Resource input: **4,899t reduction**
- Amount of waste generated: **1,182t reduction**
- CO₂ emissions: **3,660t-CO₂ reduction**

Contributing to the Revitalization of Communities and Society [S]

Promoting recycling for optimal applications that meet social needs

Converting into nursery schools to meet the needs of the rapidly growing population



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

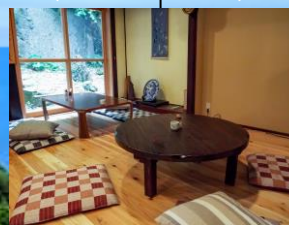


Hotel Osado



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



Our Initiatives for Governance [G]

In our Company, we have an idea of “right humanity” as judgement criterion for all of our executives and employees to execute business assignments. We endeavor to strengthen our system of governance to ensure the execution.

Ratio of outside Officers 41.7% ratio of outside Directors 33.3%

Operate an equal Board of Directors where everyone can speak freely. Promote a sound Board of Directors with broad knowledge, experience, and variety. In addition, they will attend important meetings such as the Executive Committee to ensure the soundness of management.

We have established Nomination and Compensation Committee

We have established the Committee as a voluntary advisory body to the Board of Directors. The majority of the committee members are outside directors to ensure sound management of the Company.

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

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

We conduct a monthly training on compliance

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

Effective Corporate Governance System [G]

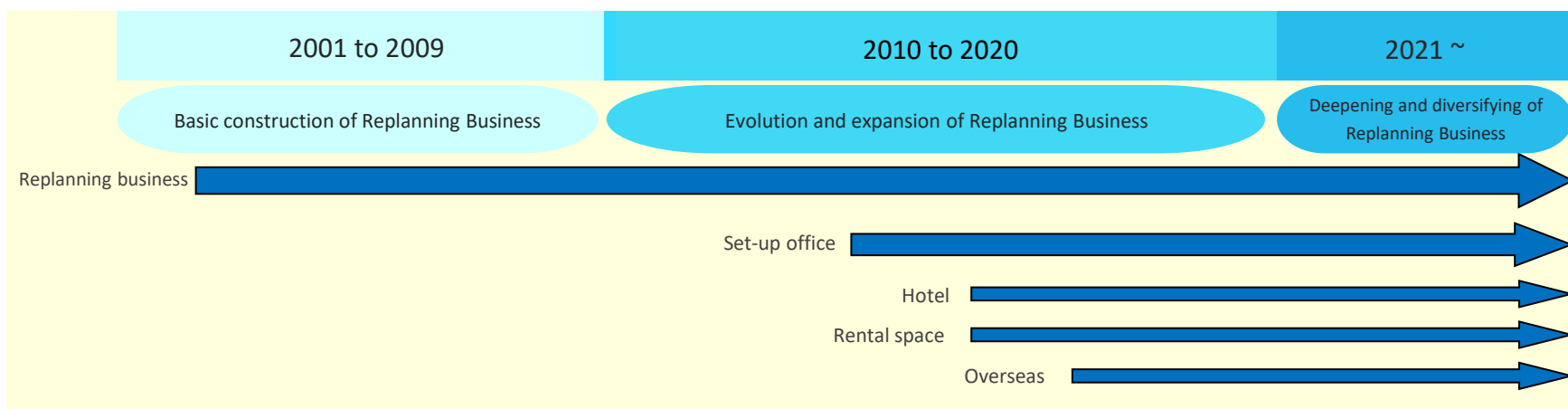
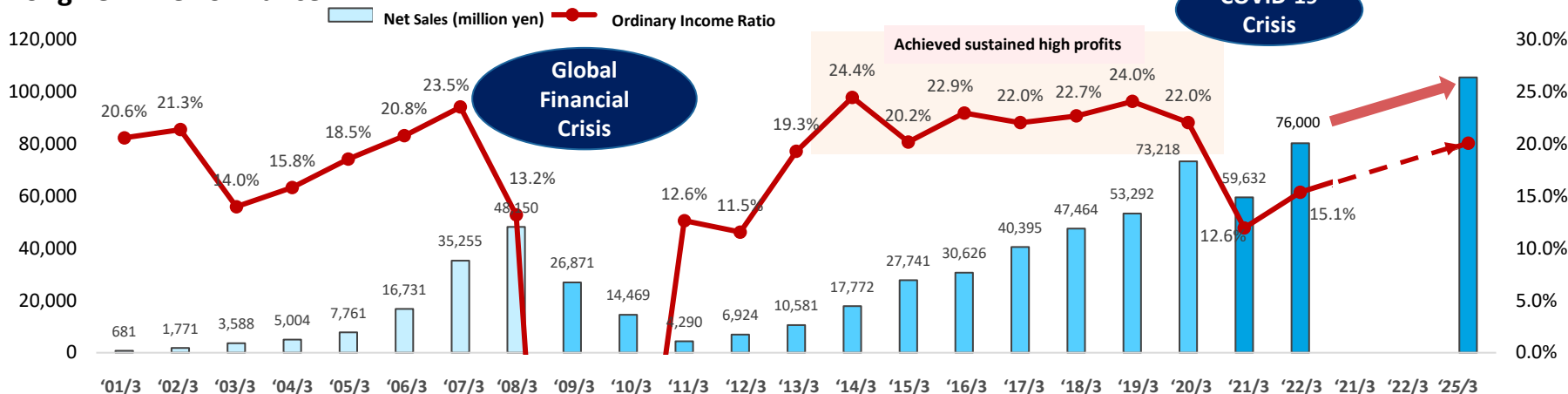
Outside Directors and Outside Audit & Supervisory Board Members are expected to return their wide-ranging knowledge and experience to the Board of Directors and play a role in improving corporate value. We promote a balanced corporate management and corporate governance system based on our expertise and experience in each field.

Job title	Name	Expertise and experience (skill matrix) * Up to 5 main items are listed.								
		Corporate management	Real estate	Accounting/ Finance	Legal/Compliance /Risk Mangement	HR/Labor/HR Development	IT/Digital	CSR/ ESG/ Sustainability	M&A	Overseas
Chairman Representative Director	Tomoaki Horiguchi	●	●			●			●	
President representative director	Seiichi Saito	●	●	●			●			●
Executive Vice President	Izumi Nakamura	●	●	●					●	
Senior Managing Director	Yasushi Yamada	●	●	●					●	●
Director	Mitsuhiro Ninomiya	●	●		●	●				
Director	Kenji Honda	●	●			●				●
(Outside) Director	<u>Toshio Takahara</u>	●	●						●	●
(Outside) Director	<u>Yukitoshi Kubo</u>			●	●	●	●			●
(Outside) Director	<u>Kazutaka Okubo</u>			●	●		●	●		●
Full-time Auditor	Kouichi Shinada	●		●	●	●			●	
(Outside) Auditor	<u>Koichi Moriya</u>	●	●		●	●			●	
(Outside) Auditor	<u>Hidetaka Tanaka</u>	●		●				●	●	●

Changes from the Past and Present Location

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

Long-Term Performance



Management Principle, Corporate Philosophy and Vision



Flexibly change plans and strategy looking ahead for life coexisting with COVID-19 and post COVID-19. 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!

Corporate Profile

Company Name	Sun Frontier Fudosan Co., Ltd.
Location of Head Quarters	2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo
Date of Foundation	April 8, 1999
Date of Listing	February 26, 2007 (First Section of Tokyo Stock Exchange)
Capital Stock *	11,965 million yen
Representative	Tomoaki Horiguchi, Chairman Seiichi Saito, President
Number of Consolidated Employees *	679 full-time employees (1,197 including part-timers and temporary workers)
Average Age of Employees*	35.7 years old
Business Profile	<p>Real estate revitalization</p> <p>Real estate services } Real estate management, brokerage, construction planning, non-payment guarantee, operation of rental buildings, asset consulting</p> <p>Hotel development and management</p>
Accounting Month	March
Listed Market	Tokyo Stock Exchange, First Section (Code number: 8934)

(*As of now, the end of September 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