

Financial Results for the Third 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.

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February 10, 2022



SUN FRONTIER

Securities Code : 8934

Overview of the 3Q Results of FY ending March 2022



Profit is ahead of plan. Real Estate Revitalization Business drives performance.

(Unit: million yen)

	Results	Profit Margin	Year-on-Year	Growth Rate
Net sales	61,618	-	+15,175	32.7%
Operating Profit	12,151	19.7%	+5,119	72.8%
Ordinary Profit	11,983	19.4%	+5,420	82.6%
Profit*	7,519	12.2%	+3,460	85.3%

Full-Year Forecast	Progression Rate
76,000	81.1%
12,000	101.3%
11,500	104.2%
7,400	101.6%

* "Profit" represents the profit attributable to owner of parent.

Performance Highlights

1) Large year-on-year increase in Real Estate Revitalization Business, driving the companywide performance

- The number of units sold in RP Business was 18 (18 units 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. Segment profit margin in the Real Estate Revitalization Business remained high (29.6%, +3.6% 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 the pandemic of COVID-19 and made steady progress in sales.

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

- Despite the prolonged the pandemic of COVID-19, performance increased mainly in the brokerage business. Both sales (+ 22.9% year-on-year) and profit (+ 20.7% year-on-year) greatly exceeded the previous fiscal year's level and expanded well beyond the level before the pandemic of COVID-19.
- In 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: million yen)

	FY ending Mar 2021 Apr-Dec	FY ending Mar 2022 Apr-Dec	Year-on-year Change	Composition Ratio
Net Sales	46,442	61,618	32.7%	100.0%
Real Estate Revitalization Business	29,914	49,677	66.1%	80.1%
Replanning Business	27,974	48,084	71.9%	77.6%
Rental Buildings and Sub-leases	1,940	1,592	-17.9%	2.6%
Real Estate Service Business	4,456	5,477	22.9%	8.8%
Hotel and Tourism Business	8,994	5,637	-37.3%	9.1%
Other Business	3,440	1,197	-65.2%	1.9%
Adjustment	-363	-371	-	-
Gross Profit (Loss)	12,421	17,519	41.0%	100.0%
Real Estate Revitalization Business	8,433	15,358	82.1%	83.0%
Replanning Business	7,689	14,924	94.1%	80.6%
Rental Buildings and Sub-leases	744	434	-41.6%	2.3%
Real Estate Service Business	2,470	2,996	21.3%	16.2%
Hotel and Tourism Business	1,004	-828	-	-
Other Business	678	158	-76.7%	0.9%
Adjustment	-164	-164	-	-
Selling, General and Administrative Expenses	5,389	5,368	-0.4%	
Operating Profit (Loss)	7,032	12,151	72.8%	
Non-operating Income	126	253	100.9%	
Non-operating Expenses	596	421	-29.2%	
Ordinary Profit (Loss)	6,562	11,983	82.6%	
Extraordinary Gain (Loss)	-8	-151	-	
Income Tax	2,526	4,317	70.9%	
Profit Attributable to Non- controlling Interests	-31	-5	-	
Profit	4,059	7,519	85.3%	

Income Statement Points

<Real Estate Revitalization Business>

In the RP Business, sales progressed as commercialization made progress steadily even during the pandemic of COVID-19. As a result for the Real Estate Revitalization Business, **sales was 49.6 billion yen (up 66% year-on-year), gross profit was 15.3 billion yen (up 82% year-on-year)**, and gross profit margin was 31%, exceeding full-year forecast margin (27%).

<Real Estate Service Business>

In addition to generating stable income in each business segment, profits grew due to the increasing opportunities to solve problems in the pandemic of COVID-19. As a result, the Real Estate Service Business as a whole posted **sales of 5.4 billion yen (up 23% year-on-year) and gross profit of 2.9 billion yen (up 21% year-on-year)**.

<Hotel and Tourism Business>

The Hotel Operation Business was sluggish due to the pandemic of COVID-19 and start-up expenses. The Hotel Development Business saw a significant decline in reaction to the sales and profits from the Okinawa Condominium Hotel recorded in the previous fiscal year. The Hotel and Tourism Business as a whole posted sales of 5.6 billion yen and **a loss of 820 million yen**.

Consolidated Balance Sheet - Assets -

<Cash and deposits> Increased 11 billion yen due to progress in the sale of RP projects.

<Inventories> Decreased 14.9 billion yen due to the sale of properties and so on, of which RP projects decreased 14.7 billion yen due to progress in sales. Hotel projects decreased slightly due to progress in sales of Okinawa Hotel and so on while construction of new hotels progressed.

(Unit: million yen)	FY ending March 2020	FY 2021	FY 2022 As of End of December 2021	Increase/Decrease (compared to the End of March 2021)
Current assets	113,842	110,785	107,238	-3,546
Cash and deposits	18,627	21,508	32,536	+11,028
Inventories	91,766	86,087	71,148	-14,938
Breakdown) RP	71,353	71,349	56,615	-14,734
Hotel	17,019	13,917	13,913	-4
Overseas, etc.	3,395	821	620	-201
Other current assets	3,448	3,189	3,553	+363
Non-current assets	16,450	16,700	24,039	+7,339
Property, Plant and Equipment	10,413	10,528	17,318	+6,790
Intangible Assets	712	701	645	-55
Investments and Other Assets	5,324	5,470	6,075	+605
Total assets	130,293	127,485	131,278	+3,792

Consolidated Balance Sheet

- Liabilities /Equity -



<Interest-bearing Debt >

Borrowings decreased 2 billion yen from the end of the previous fiscal year to 45.4 billion yen due to property sales and so on.

<Net assets>

Increased 4.7 billion yen due to Profit (7.5 billion yen) and other factors despite the payment of year-end dividends payable (-2.0 billion yen) and interim dividends payable (-1.0 billion yen).

Changes of Equity Ratio		
FY ending of March 2020	FY ending of March 2021	FY 2022 ending of December 2021
49.6%	52.3%	54.3%

(Unit: million yen)	FY ending March 2020	FY 2021	FY 2022 As of End of December 2021	Increase/Decrease (compared to End of March 2021)
Current liabilities	18,052	13,358	15,144	+1,786
Short-term Borrowings, etc.	4,463	5,530	5,420	▲110
Income Taxes Payable, etc.	3,566	901	2,988	+2,087
Other Current liabilities	10,022	6,926	6,735	▲191
Non-current liabilities	47,431	44,354	41,632	▲2,721
Long-term Borrowings and Bonds Payable	44,906	41,991	40,021	▲1,969
Other Non-current Liabilities	2,525	2,363	1,611	▲752
Total Liabilities	65,483	57,712	56,777	▲935
Shareholders' Equity	64,690	66,916	71,364	+4,447
Others	119	2,856	3,136	+279
Total Net Assets	64,809	69,773	74,500	+4,727
Total Liabilities and Net Assets	130,293	127,485	131,278	+3,792

Operating Results by Business Segment

Real Estate Revitalization Business

(Replanning and Rental Buildings)



<Replanning Business>

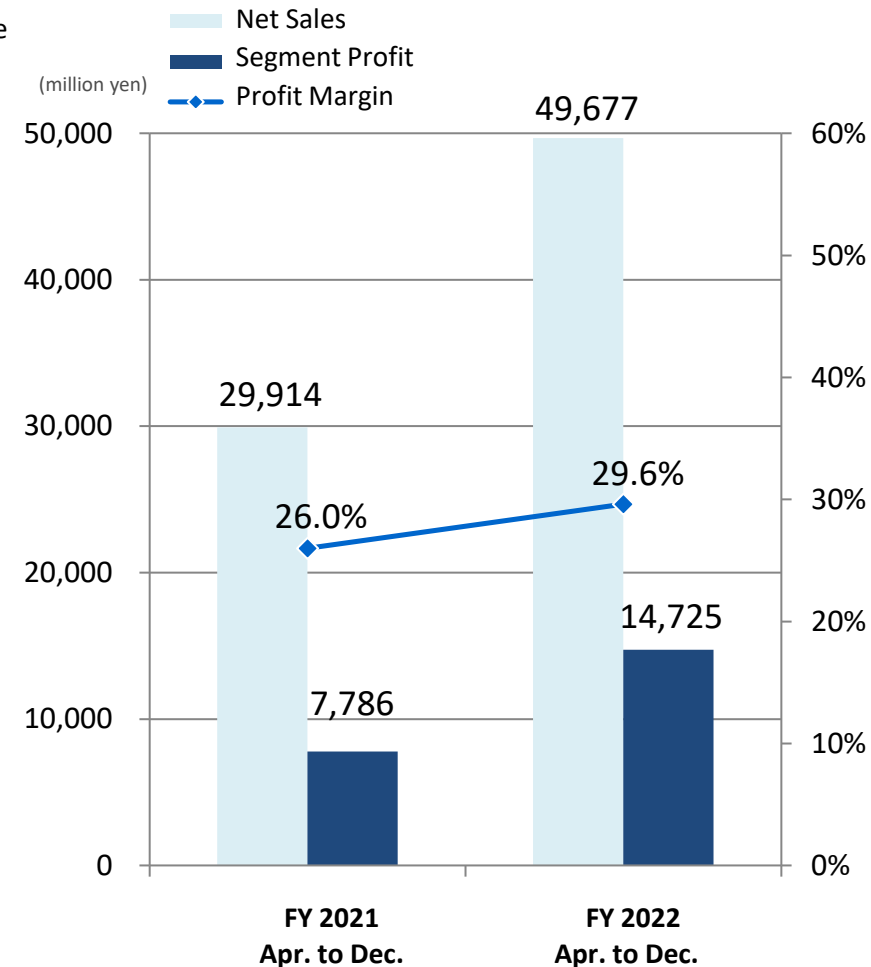
- The number of properties sold was 18, the same level as the same period of the previous year (18 units).
- Average business period was 719 days (increase 187 days year-on-year). This was due to the sale of mid-to-long term properties. There has been no change to our business policy of building in one year period from purchase to sale.

* In addition to the following number of stocks at the end of FY 2022, there are 13 RP properties that have been purchased by the end of January for 12.4 billion yen.

<Rental Building Business>

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

(Unit: million yen)	FY 2021 Apr. to Dec.	FY 2022 Apr. to Dec.	Increase/ Decrease
Net Sales	29,914	49,677	+66.1%
Replanning Business	27,974	48,084	+71.9%
Rental Building Business	1,940	1,592	-17.9%
Segment Profit (Note 1)	7,786	14,725	+89.1%
Replanning Business	7,045	14,291	+102.8%
Rental Building Business	740	434	-41.3%
Profit margin	26.0%	29.6%	+3.6%pt
Replanning Business	25.2%	29.7%	+4.5%pt
Rental Building Business	38.2%	27.3%	-10.9% pt
Number of properties purchased	13	10	-2 cases
Number of properties sold	18	18	-
Number of stocks at the End of FY	52 (Note 2)	47 (Note 2)	-5 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, Brokerage, Leasing, Rental Conference Room, Rent Guarantee, etc.)

<Property Management / Building Maintenance>

- In the PM business, sales and profits declined due to the vacancies increase caused by the pandemic of COVID-19.
- Both sales and profit increased in the BM business due to a rebound from last year's decline in orders, M&A, and an increase in entrusted properties.

<Brokerage>

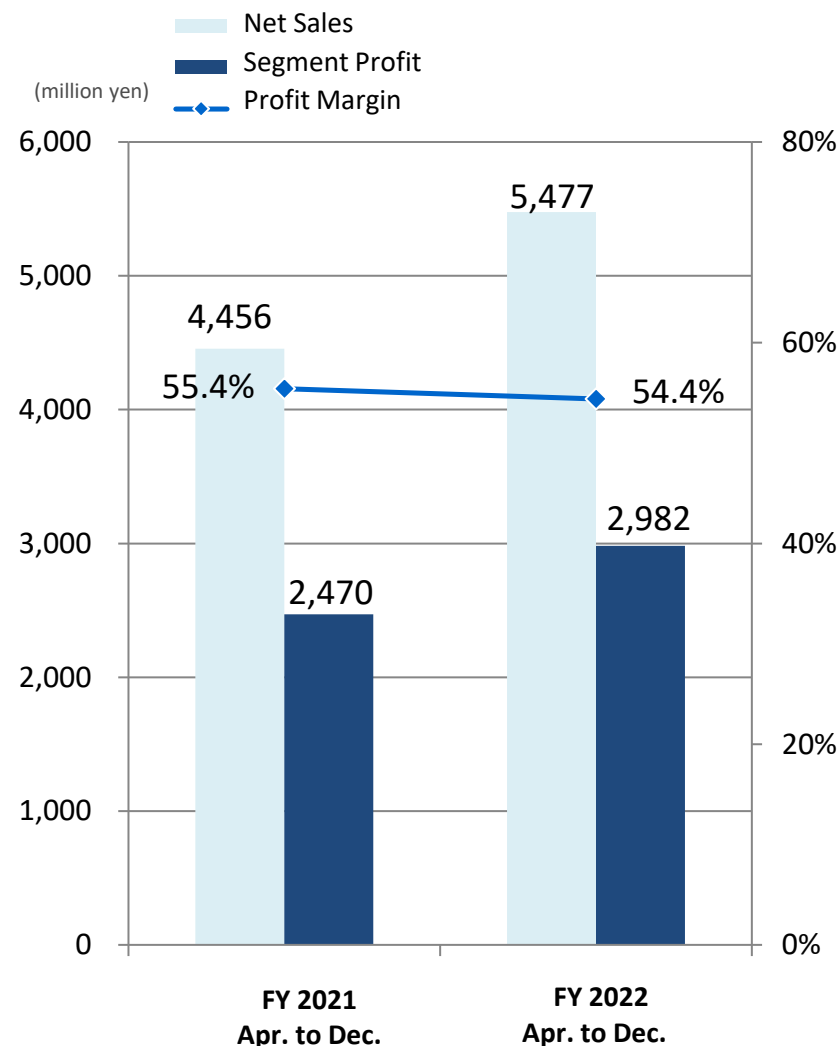
- Sales and profit increased in Brokerage due to steady progress in winning referrals from other divisions.
- Sales and profit increased in Leasing due to rebound from the same period of the previous year, when office relocation stagnated.

<Rental Conference Room>

- Sales increased by grasping the limited demand from local community-based businesses, but profits declined slightly due to new site openings, etc.

<Rent Guarantee>

- Both sales and profit increased due to steady growth in both new and re-guarantee volume during the pandemic of COVID-19.



(Unit: million yen)	FY 2021 Apr. to Dec.	FY 2022 Apr. to Dec.	Increase/ Decrease
Net Sales	4,456	5,477	+22.9%
Segment Profit	2,470	2,982	+20.7%
Profit Margin	55.4%	54.4%	-1.0% pt

Operating Results by Business Segment



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

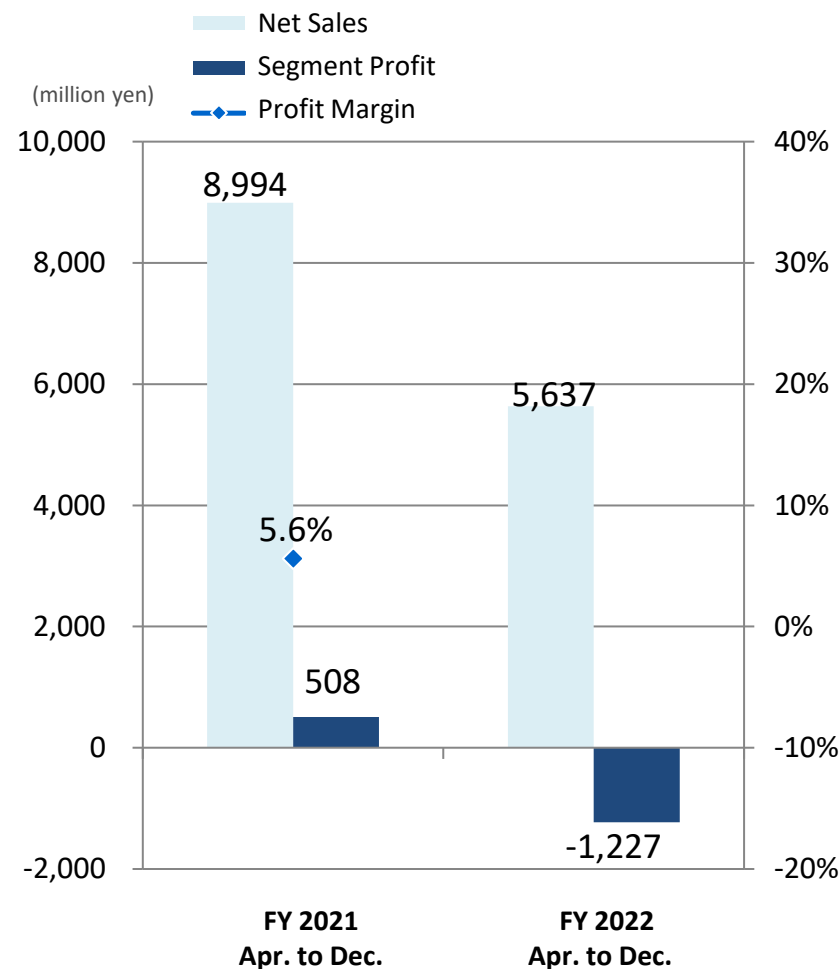
<Hotel Development Business>

- With sale of HIYORI Ocean Resort Okinawa, 40 lots were delivered (cumulative sales: 199 lots/ total 203 lots in total). Posted Segment profit of 360 million yen (Profit margin: 15.4%).

<Hotel Operation Business>

- Occupancy rate and average room rate were sluggish mainly in urban hotels due to the impact of self-restraint on tourism caused by the state of emergency declaration declaration. Losses increased due to start-up expenses for three new hotels opened in the first and second quarter of the fiscal year.

Unit: 1 million yen	FY 2021 Apr. to Dec.	FY 2022 Apr. to Dec.	Increase/ Decrease
Net Sales	8,994	5,637	-37.3%
Hotel Development Business	7,432	2,366	-68.2%
Hotel Operation Business, etc.	1,562	3,271	+109.4%
Segment Profit	508	-1,227	-
Hotel Development Business	1,553	364	-76.6%
Hotel Operation Business	-1,045	-1,591	-
Profit Margin	5.6%	-	-
Hotel Development Business	20.9%	15.4%	-5.5% pt
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.

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

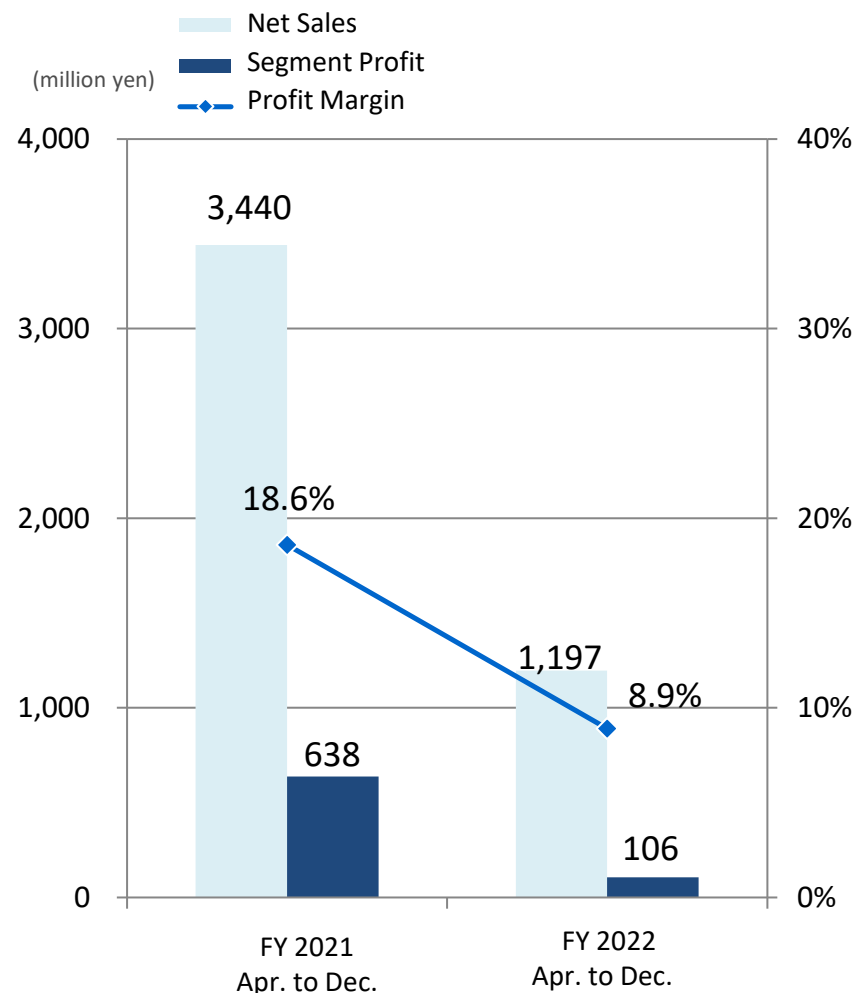
<Construction Business>

- 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.

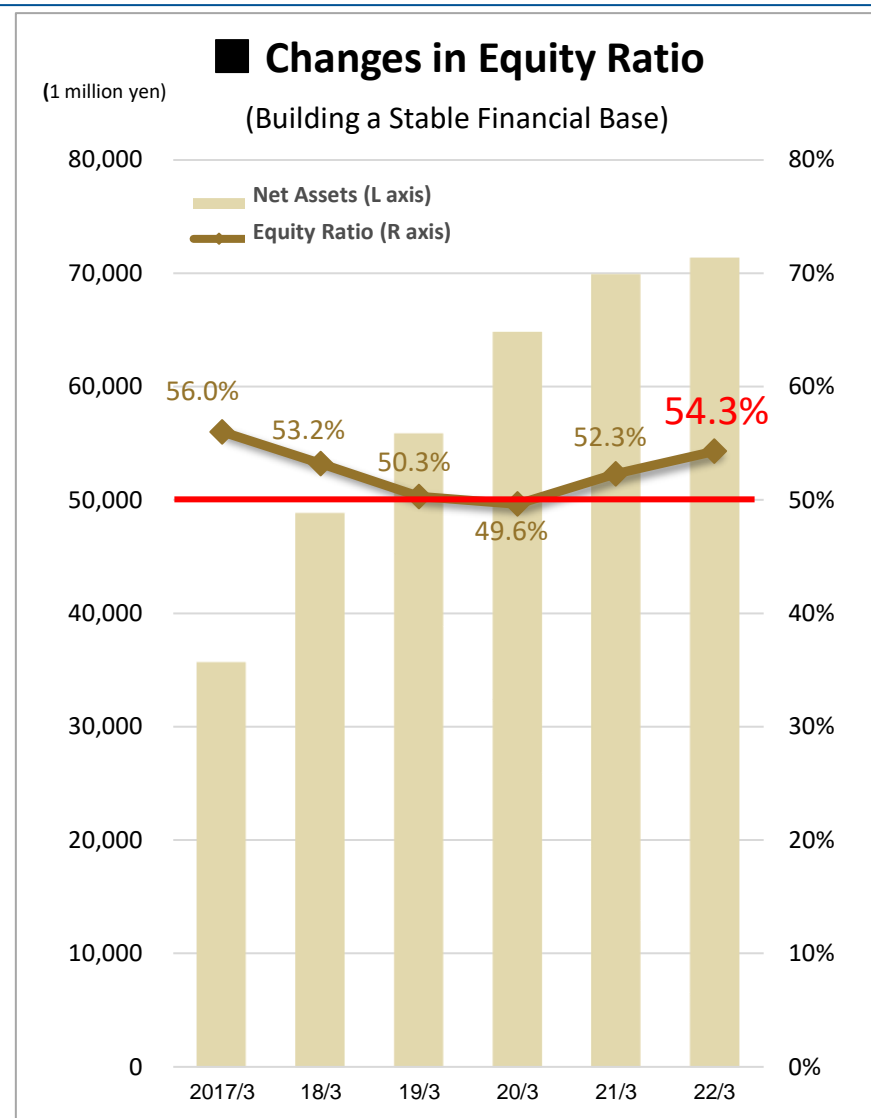
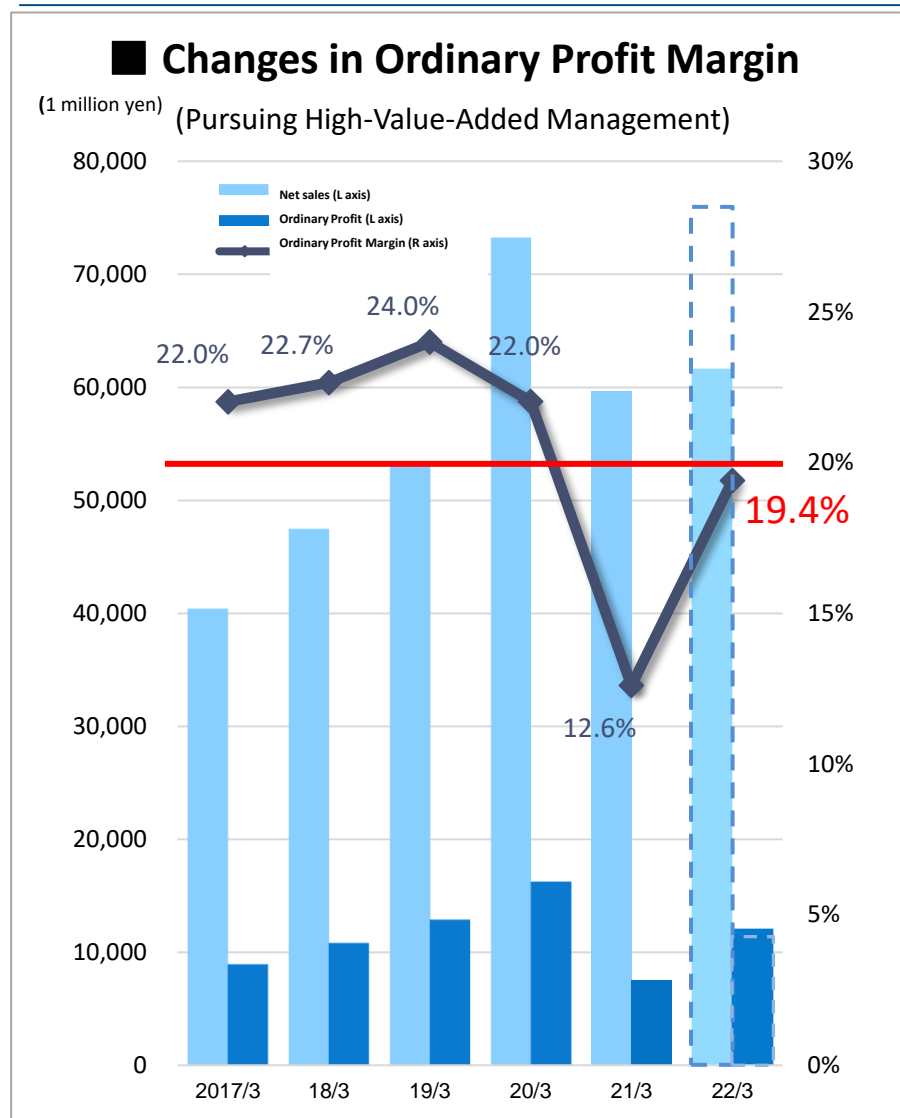
<Overseas Development Business>

- Substantial decreasing 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: 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: million yen)	FY 2021 Apr. to Dec.	FY 2022 Apr. to Dec.	Increase/ Decrease
Net Sales	3,440	1,197	-65.2%
Segment Profit	638	106	-83.3%
Profit Margin	18.6%	8.9%	-9.7% pt



Trends in Key Management Indicators



Growth Strategy

Business Environment Awareness

1. The Japanese economy is in an unpredictable situation due to the re-spread of COVID-19.

- ◆ After the lifting of the state of emergency declaration there were signs of recovery, but the spread of the COVID-19 has pushed the situation downward.
- ◆ With the rapid increase of the number of infected people and priority measures such as preventing the spread of disease, business environment remains severe, centering on lodging and tourism sectors.
- ◆ Despite rising prices due to higher crude oil prices and rising long-term interest rates and so forth, the Bank of Japan is likely to continue its easy monetary policy.

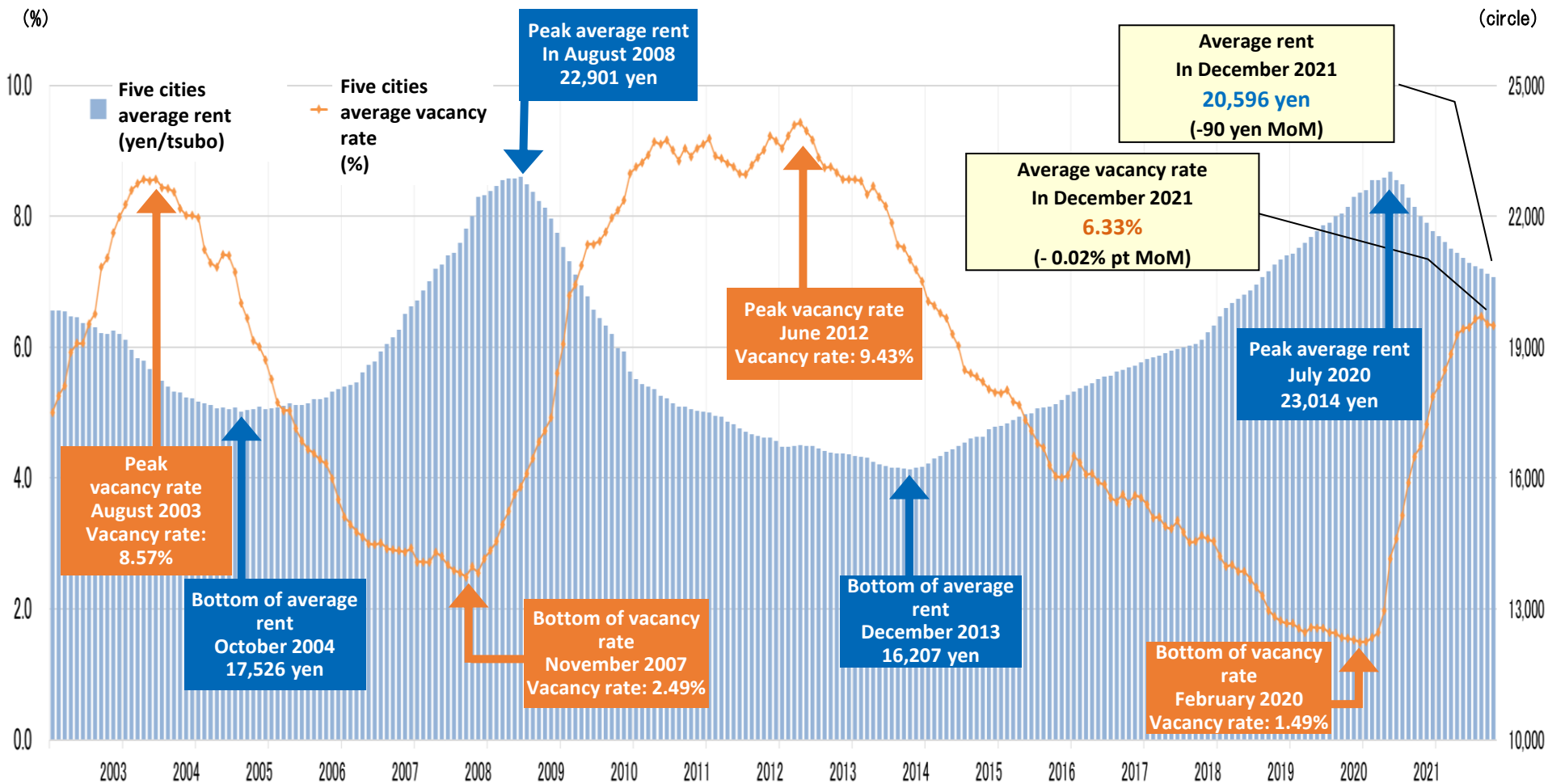
2. In the global economy, amid the continuing spread of COVID-19, there are concerns about monetary tightening against the background of inflation.

- ◆ The IMF revised downward its global growth forecast due to COVID-19, inflation, supply constraints and tighter U.S. monetary policy.
- ◆ There are growing concerns over the accelerating inflation due to the continued high oil prices backed by geopolitical risks such as the Ukraine crisis.
- ◆ The U. S. FRB's monetary policy normalization to curb inflation is expected to proceed quickly, accelerating the rise in long-term interest rates.

3. In the central Tokyo office building market, despite the prolonged the pandemic of COVID-19, the hybrid models have been popular in response to changing needs.

- ◆ Although the rise in the average vacancy rate for central Tokyo offices has paused, the average rent is likely to decline gradually.
- ◆ A hybrid work style combining teleworking and coming to the office is required, with an emphasis on communication.
- ◆ Although there is a strong appetite for real estate investment, we need to pay attention to the outlook for interest rates as we enter a phase of global monetary tightening.

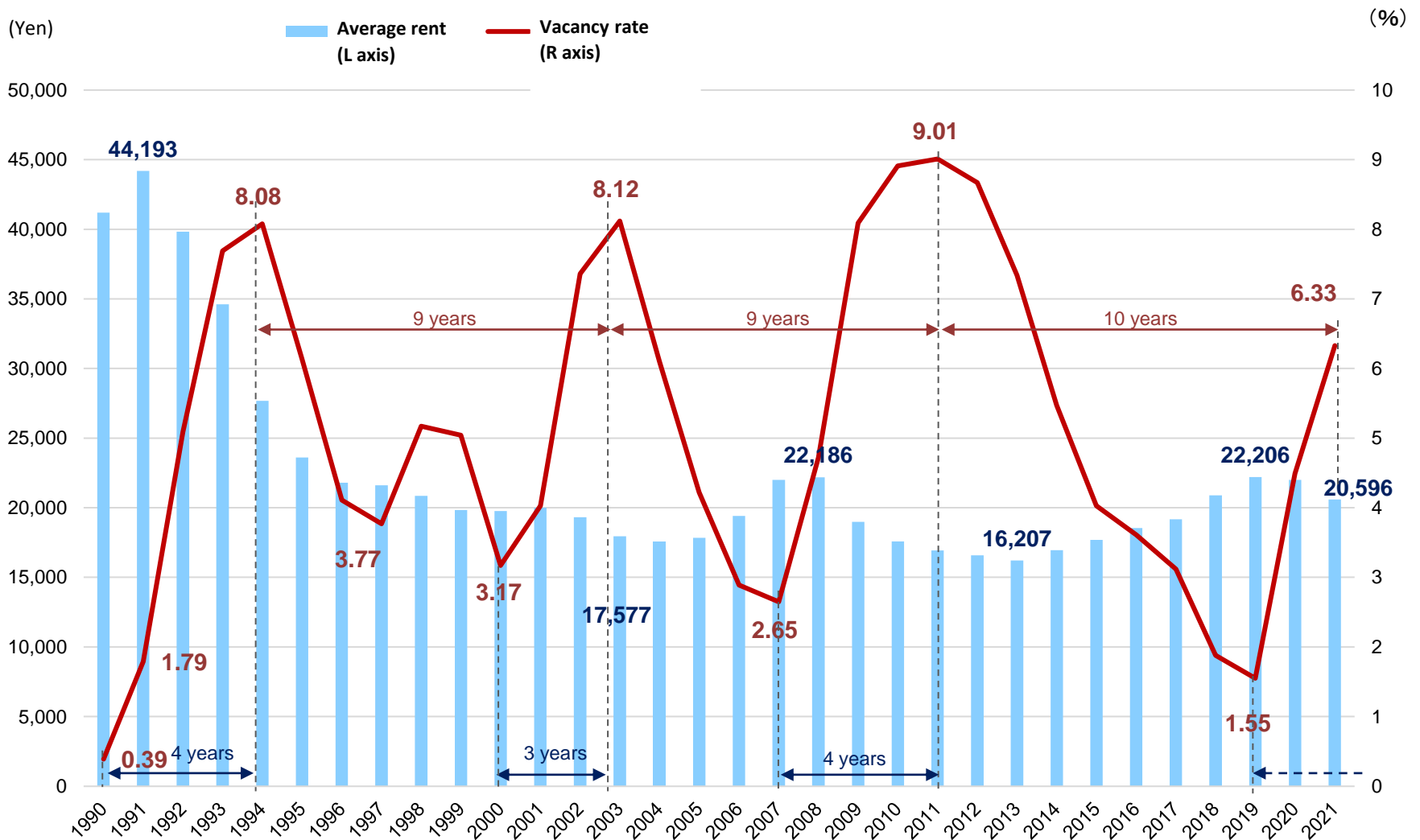
Trends in Office Vacancy Rates and Rents In Five Cities of Central Tokyo



* 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

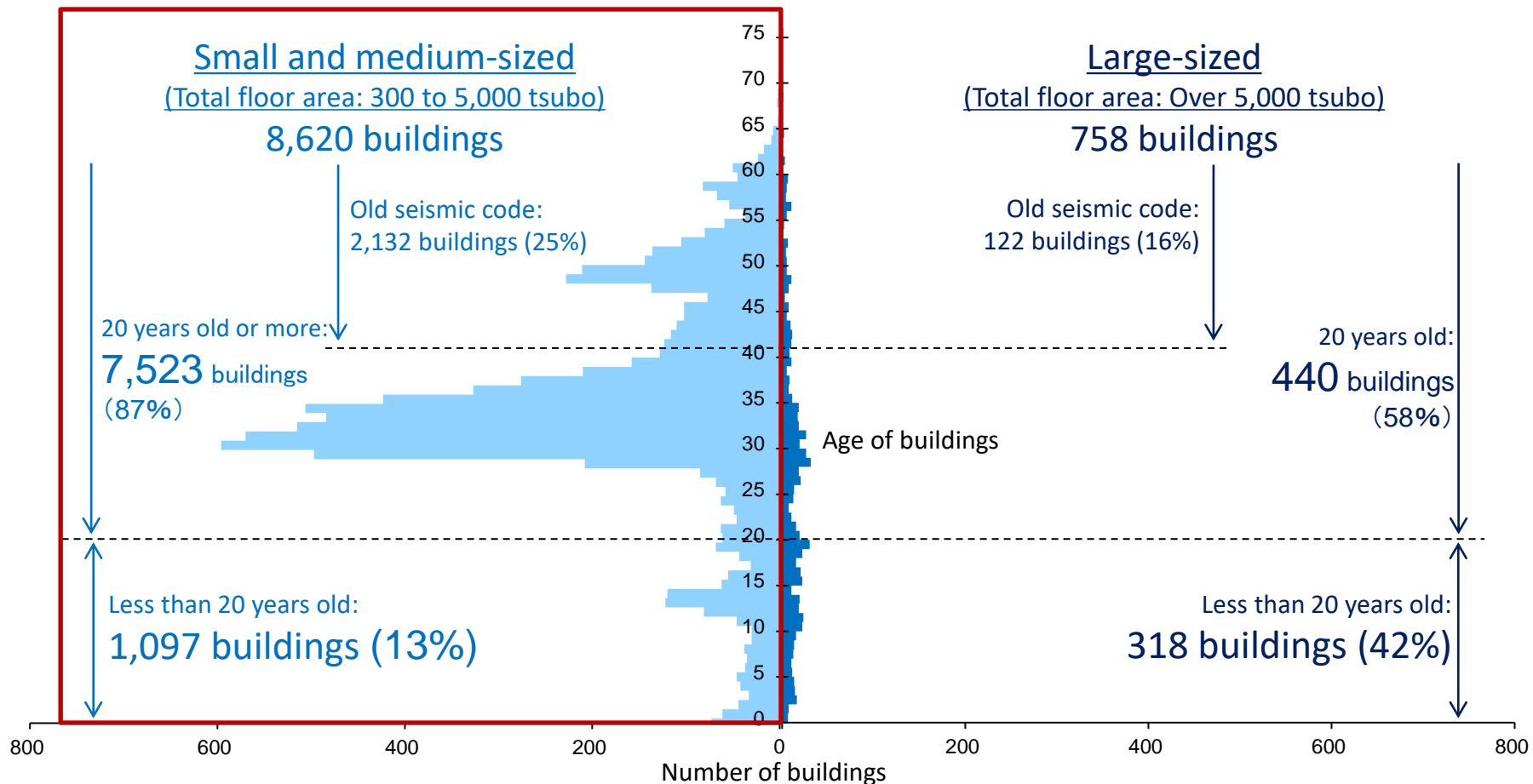


Source: Compiled by the Company based on Miki Shoji's "Office Report"
 Target office buildings with a standard floor area of 100 tsubo or more in five central cities of Tokyo are covered.
 Figures for 2020 and earlier are taken as of December of each year. Figures for 2021 are as of December.

Age Distribution of Office Buildings in Tokyo's 23 Cities

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

Tokyo 23 cities 9,378 buildings



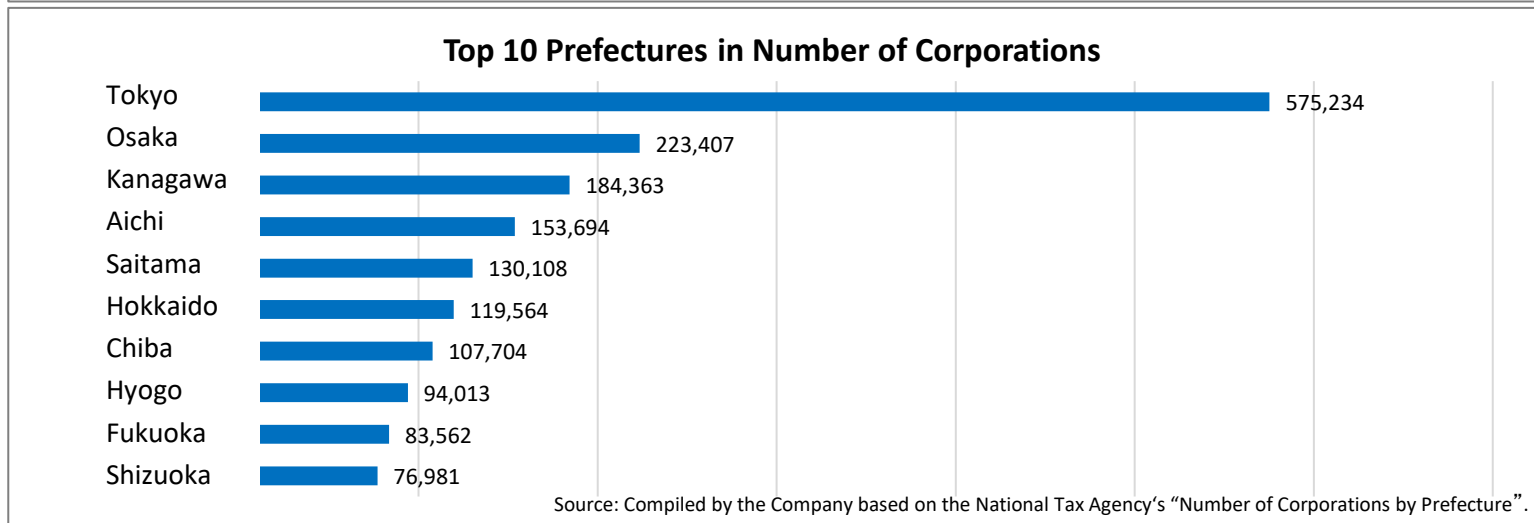
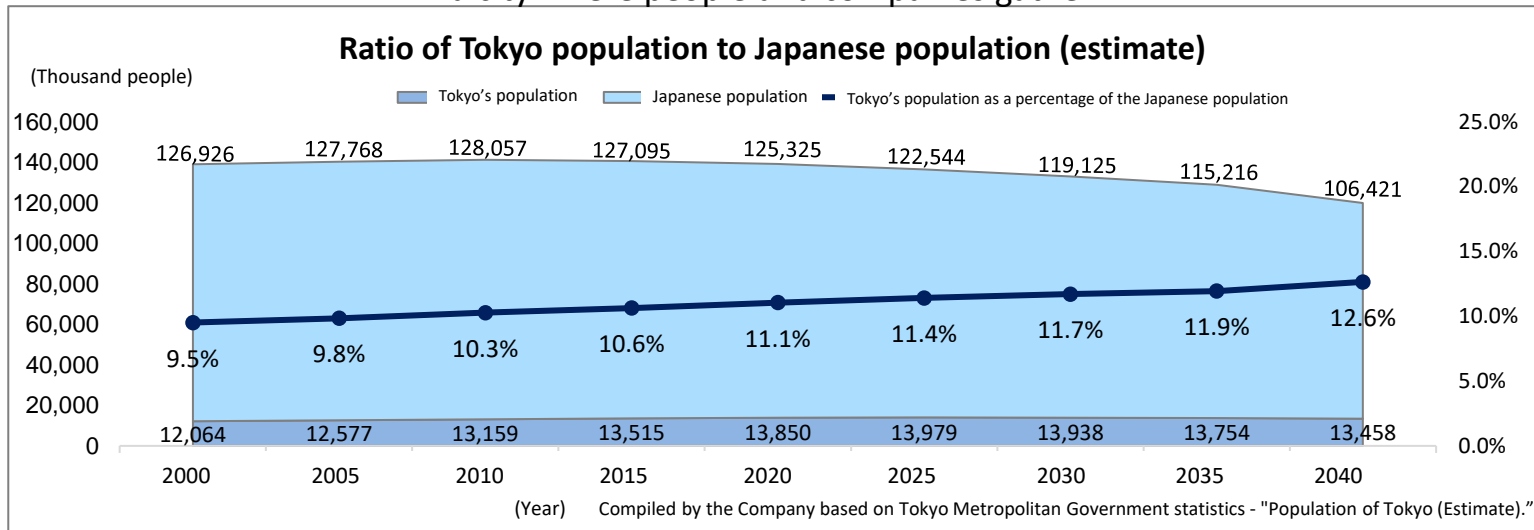
Source : Created by us based on "Tokyo 23 cities Office Pyramid 2022 (based on the number of buildings)" (Xymax Real Estate Institute)

Market Size in Tokyo

Number of Corporations and Demographics

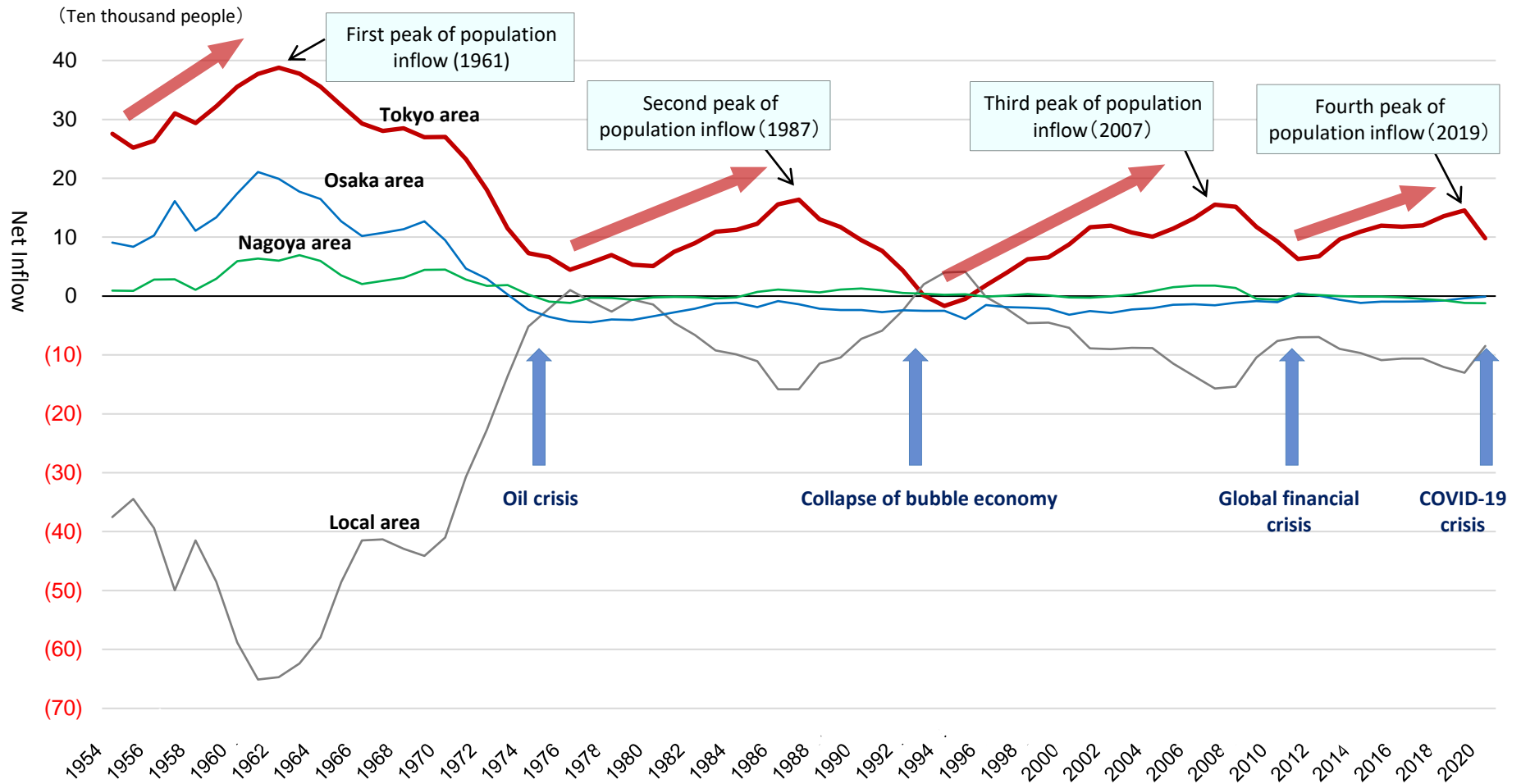


Contribute to the development of society and the happiness of people in Tokyo, a city where people and companies gather.



Population Movement in the Three Major Metropolitan Areas and Local Areas

In the past economic crisis, the number of people moving into the Tokyo area became the starting point for growth.



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.

Growth Strategy

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

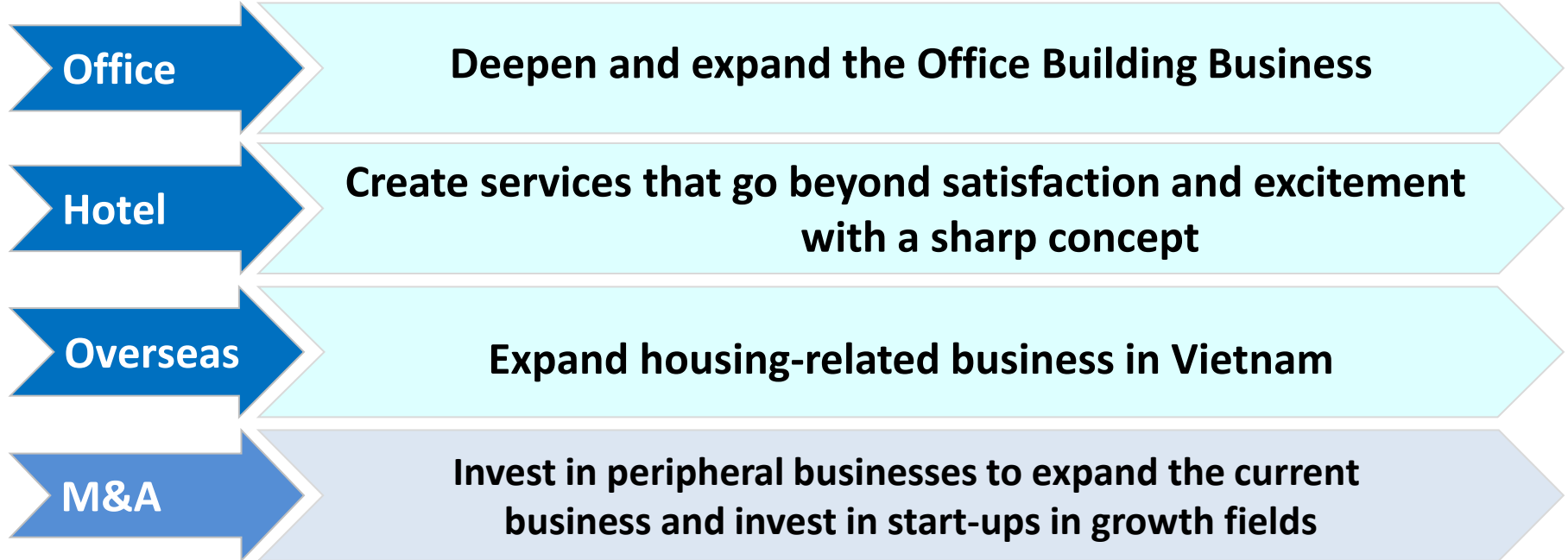
Basic Policy and Growth Strategy in Medium-term Management Plan



Basic Policy

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

Growth Strategy



Key Points



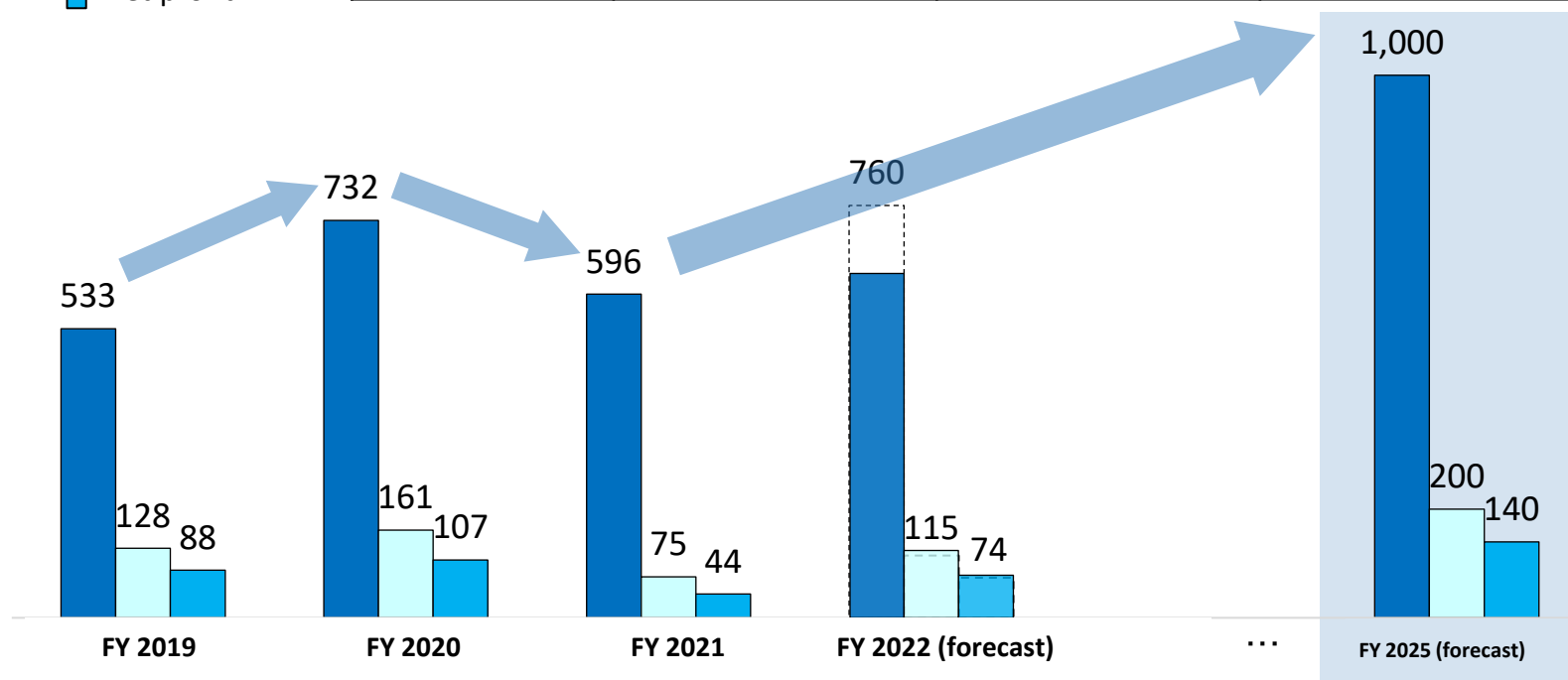
Medium-term Management Plan

	FY 2022 Cummulative 3Q results	FY 2022 Forecast	FY 2025 Target
Net sales	61.6 billion yen	76.0 billion yen	100.0 billion yen
Ordinary profit	11.9 billion yen	11.5 billion yen	20.0 billion yen
Net profit	7.5 billion yen	7.4 billion yen	14.0 billion yen
Ordinary profit ratio	19.4%	15.1%	20%
Equity ratio	54.3%	50% level	50% level
ROE	-	10.8%	10% or more

- Net sales
- Ordinary profit
- Net profit

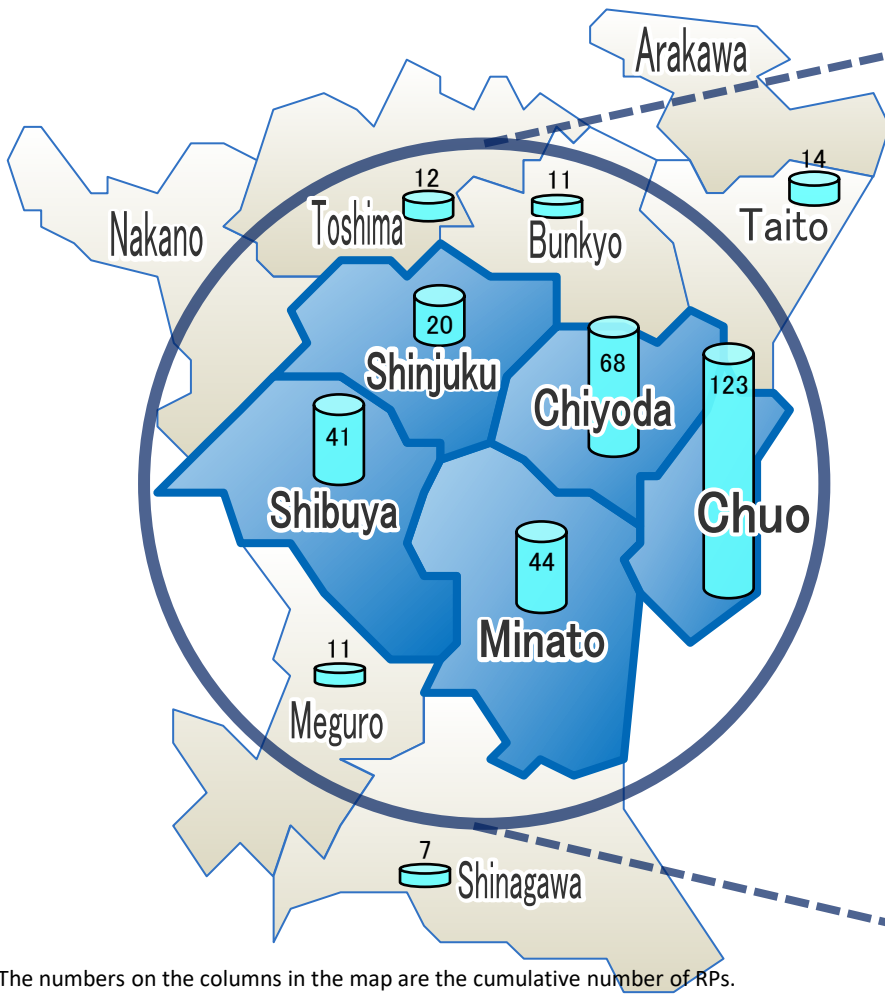
(100 million yen)

1,200
1,000
800
600
400
200
0



Strategy in Office Building Business

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

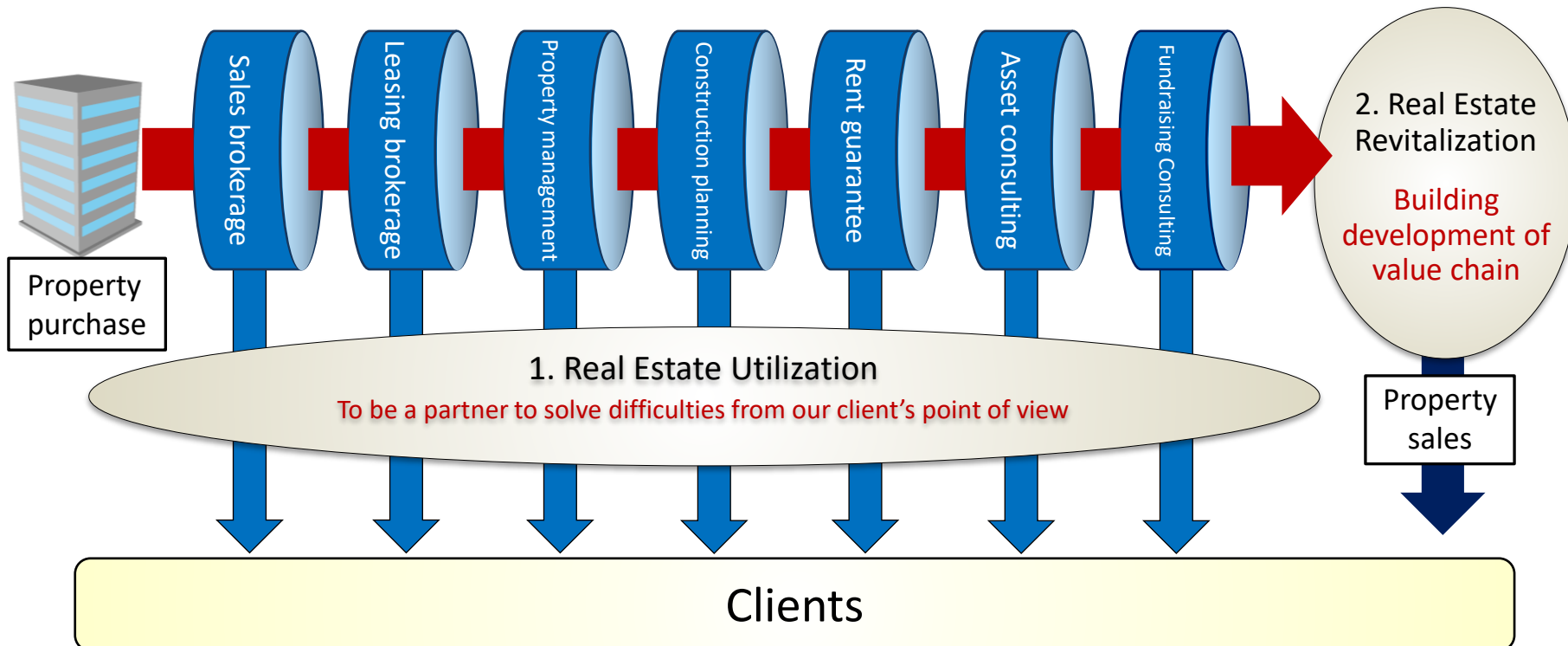


R P	Of the total number of RPs over 436 properties, 80% are located in the five cities of central Tokyo and adjacent cities. <i>*As of the end of December 2021</i>
Leasing Brokerage	A net work of ten community-based branches Ginza, Kanda, Nihonbashi, Kodemmacho, Kojimachi, Shinjuku, Shibuya, Gotanda, Hamamatsucho, Yokohama
P M	More than 80% of the 413 entrusted properties are located in the five cities of central Tokyo. <i>*As of the end of December 2021</i>
B M	Of the 200 buildings under comprehensive management, 85% are located in the five cities of central Tokyo. <i>*As of the end of December 2021</i>
Rent Guarantee	Of the 646 new contracts signed, 80% are in the five cities of central Tokyo. <i>*Results for FY 2021</i>
Rental Conference Room	22 of the 23 sites are located in the five cities of central Tokyo. <i>*As of the end of December 2021/One site in Yokohama</i>

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

Strengths in Office Building Business

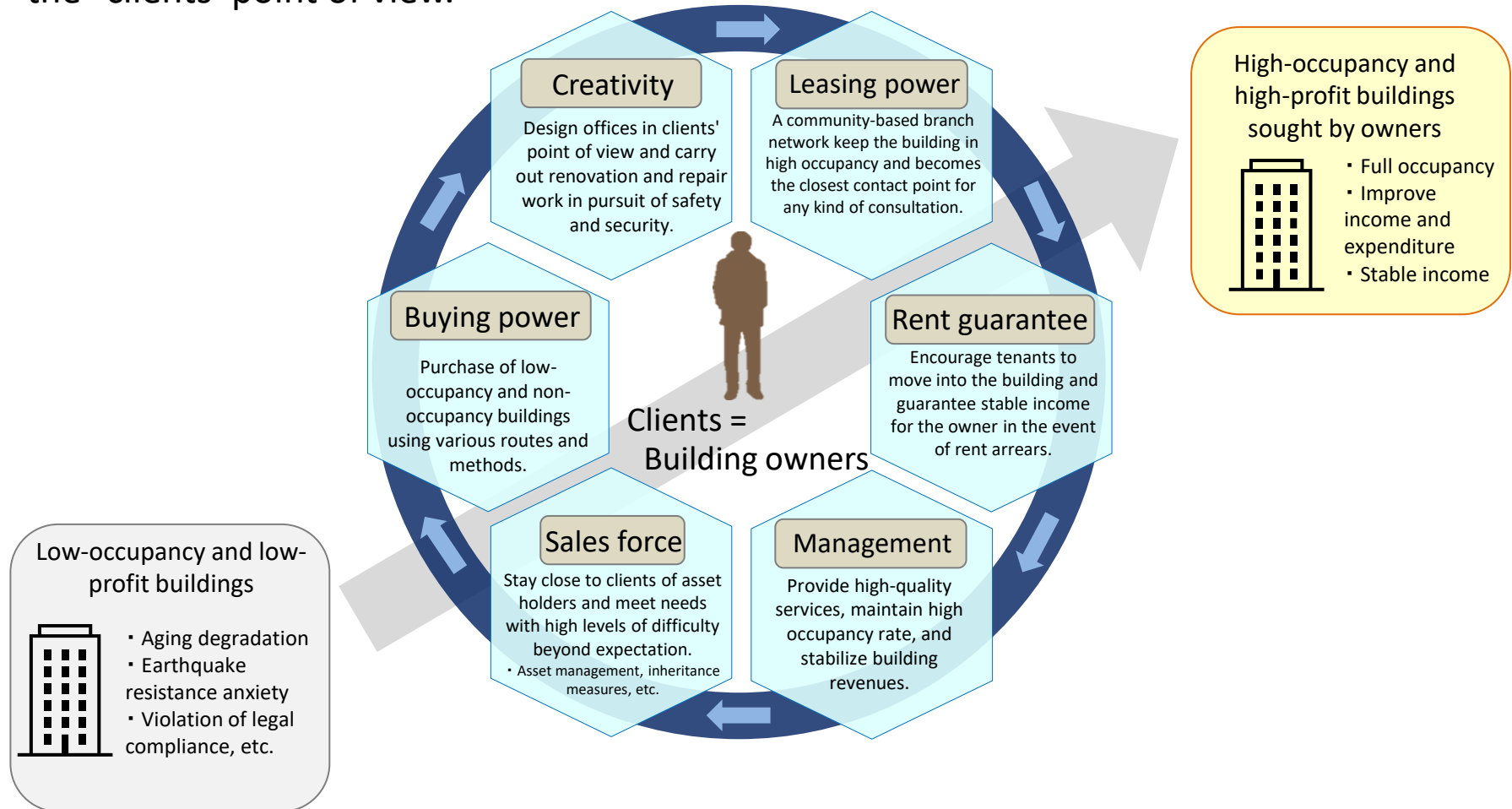
Solve various problems by in-house manufacturing from purchase to development, occupancy, sales and support, and by understanding the client's intentions in detail.



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 for Replanning Business

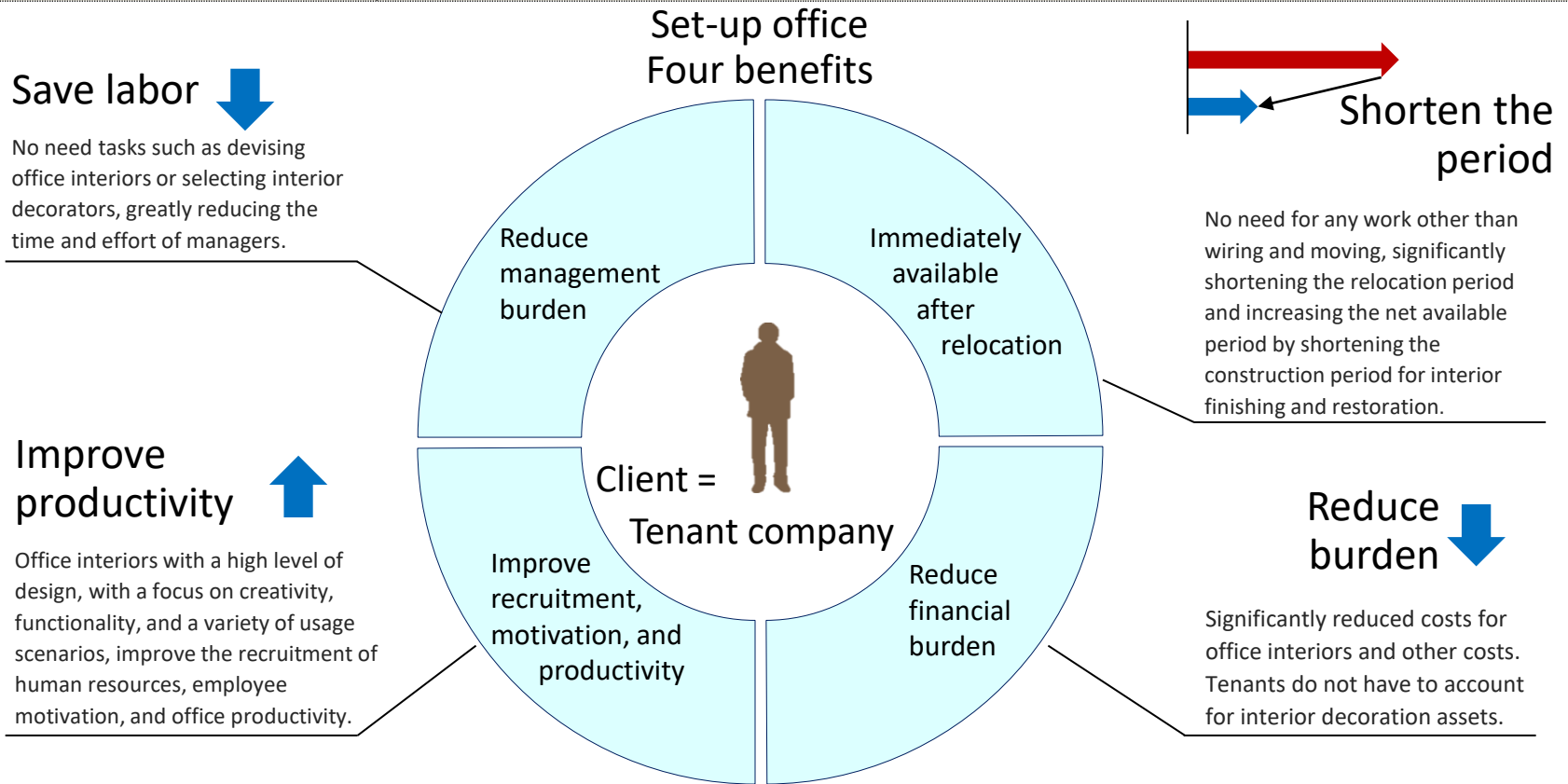
Renovate office buildings in need of large-scale repairs due to declining occupancy rates into high-value-added real estate that is sought after by society through renovation from the “clients’ point of view.”



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.

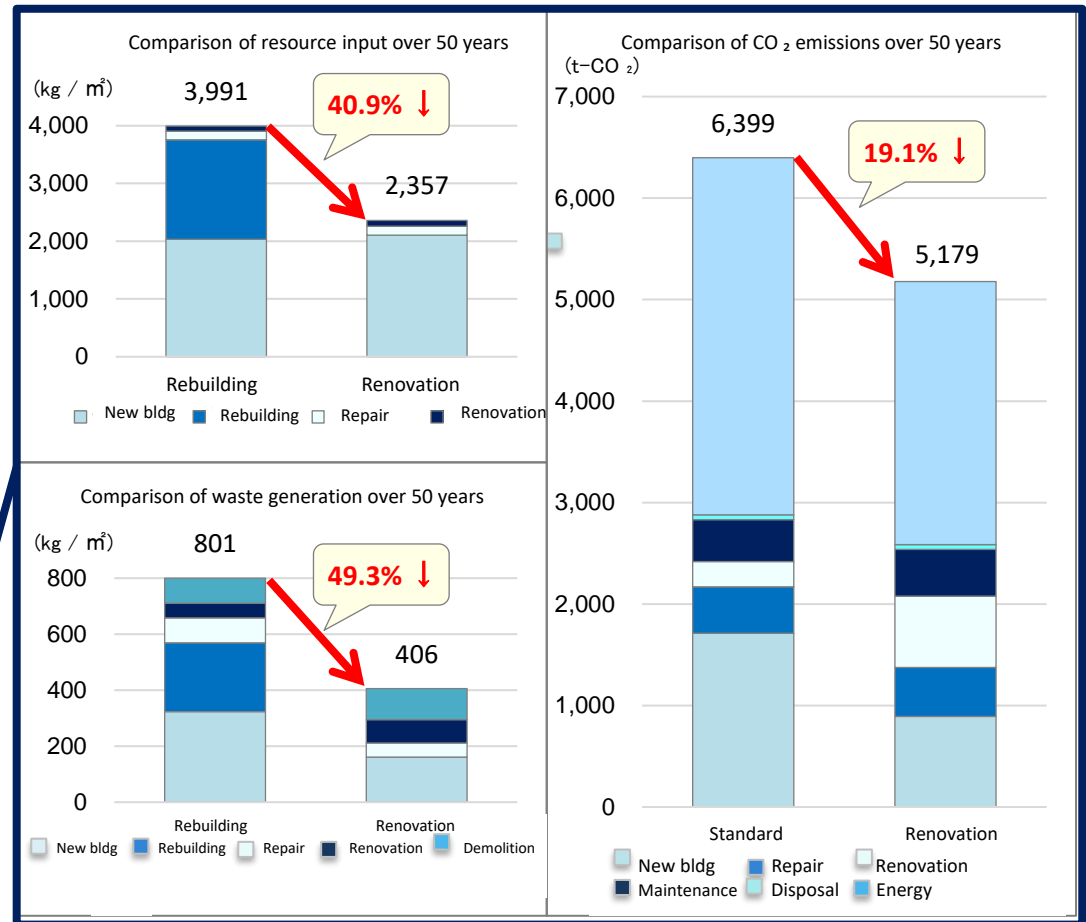
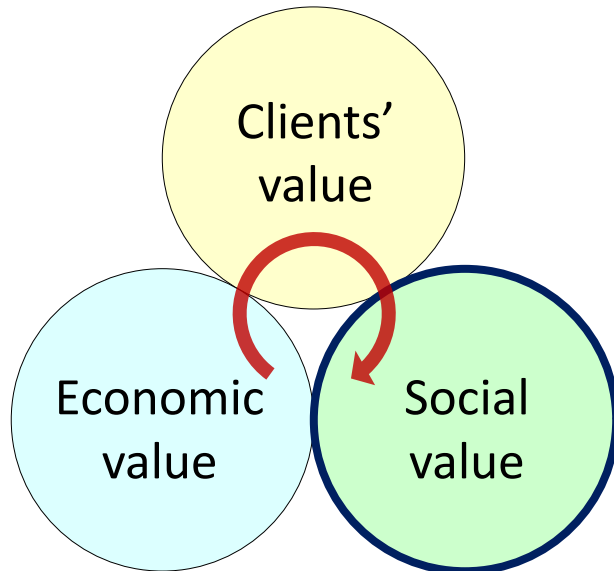


Contribute to the resolution of social issues through contributions to our clients' businesses.

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 (*).

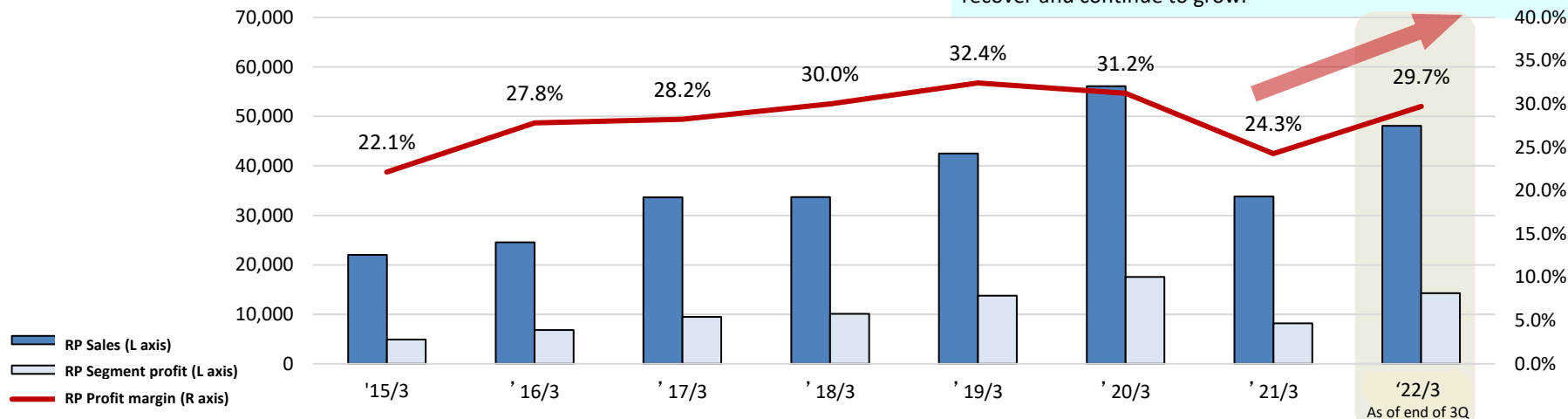
• Rebuilding: "In the case of rebuilding every 35 years" • Renovation: "Regeneration without destroying old buildings (long-life buildings)" • Standard: "Assuming a 30-year-old unrenovated building"

*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.

Continue High Profitability in Office Building Business

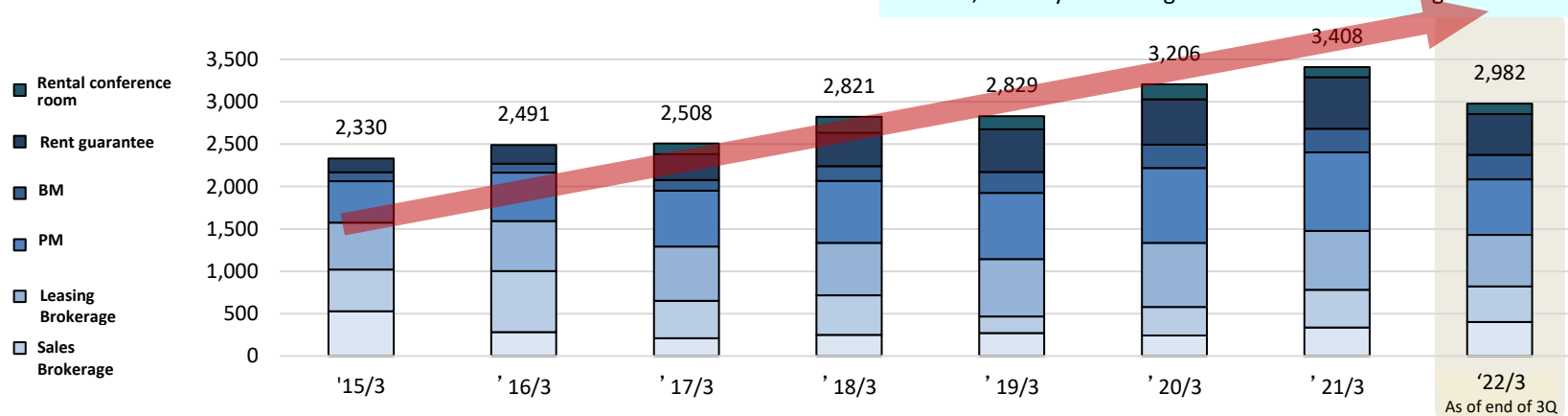
● Replanning Business maintains high segment profit margin

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

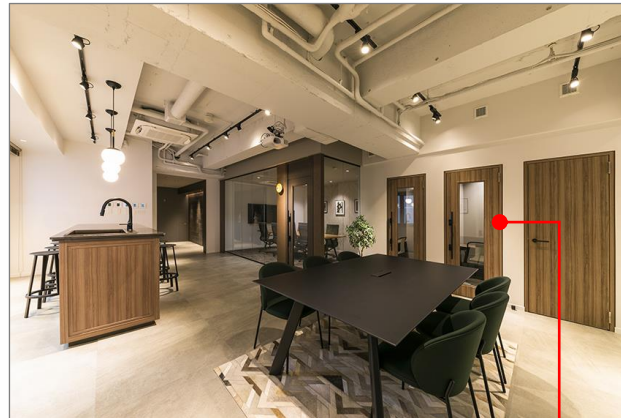
Replanning Business Initiatives

The building was marketed as a building with high liquidity and profitability through a revitalization with a combination of design and legal compliance.

One profitable building in Chuo Ward (33 years old)



Completed leasing of 10 lots, increasing the value of the building to a highly profitable building.



Open layout to enhance communication



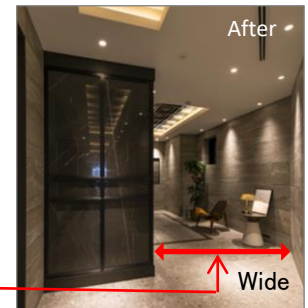
Set up a teleconference booth that allows you to focus on your work and is suitable for web meetings.



Removed illegal extension to make room for the evacuation stair opening.



Relocated electrical wiring behind the wall to make the entrance wider and more open.



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



Strengthen Initiatives for Small-lot Real Estate Property

Small-Lot property based on the Act on Specified Joint Real Estate Ventures

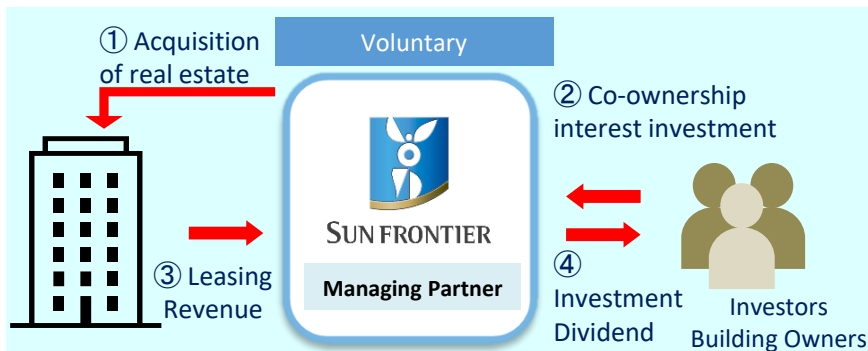
Commenced sales of the fourth property, "Ota Ward new medical and educational mall" and made good progress in primary composition.



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



Appeal

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

◆ Ability to design differentiated products to be selected

Appeal points reflecting clients needs in line with market conditions

- Stable income from long-term fixed lease tenants
- Newly-built properties that are safe for long-term ownership
- Reliable tenants who contribute to the community

We are also promoting the fifth commercialization project!

Reopening of Vision Center Sites after Renovation



Developing a variety of services to meet the needs of with COVID-19 and post COVID-19. Fully compatible with web conferencing and online distribution as working styles change and diversify

January 14, 2022

Vision Center Tamachi Renewed and Reopened

2-minute walk from JR Tamachi Station
1- minute wak from Toei Subway Sanda Station
Convenient location with easy access to Shinkansen and airport.
Total 26 rooms / 8 – 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/>

February 25, 2022

Vision Center Yokohama Expanded and Opened

5-minute walk from JR Tokaido Line/Keihin Tohoku Line/Yokosuka Line/ Sagami Railway Main Line Yokohama Station (West Exit)

Great access not only from Tokyo but also from other regions.
Total 15 rooms / 6 – 245 seats

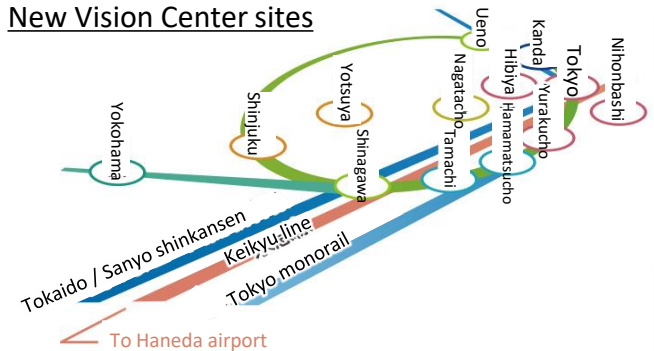


2-5-15 Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa 160-0023
Premier Yokohama West Exit Building, 3rd and 4th floor (Reception: 3rd floor)
<https://www.visioncenter.jp/yokohama/>

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

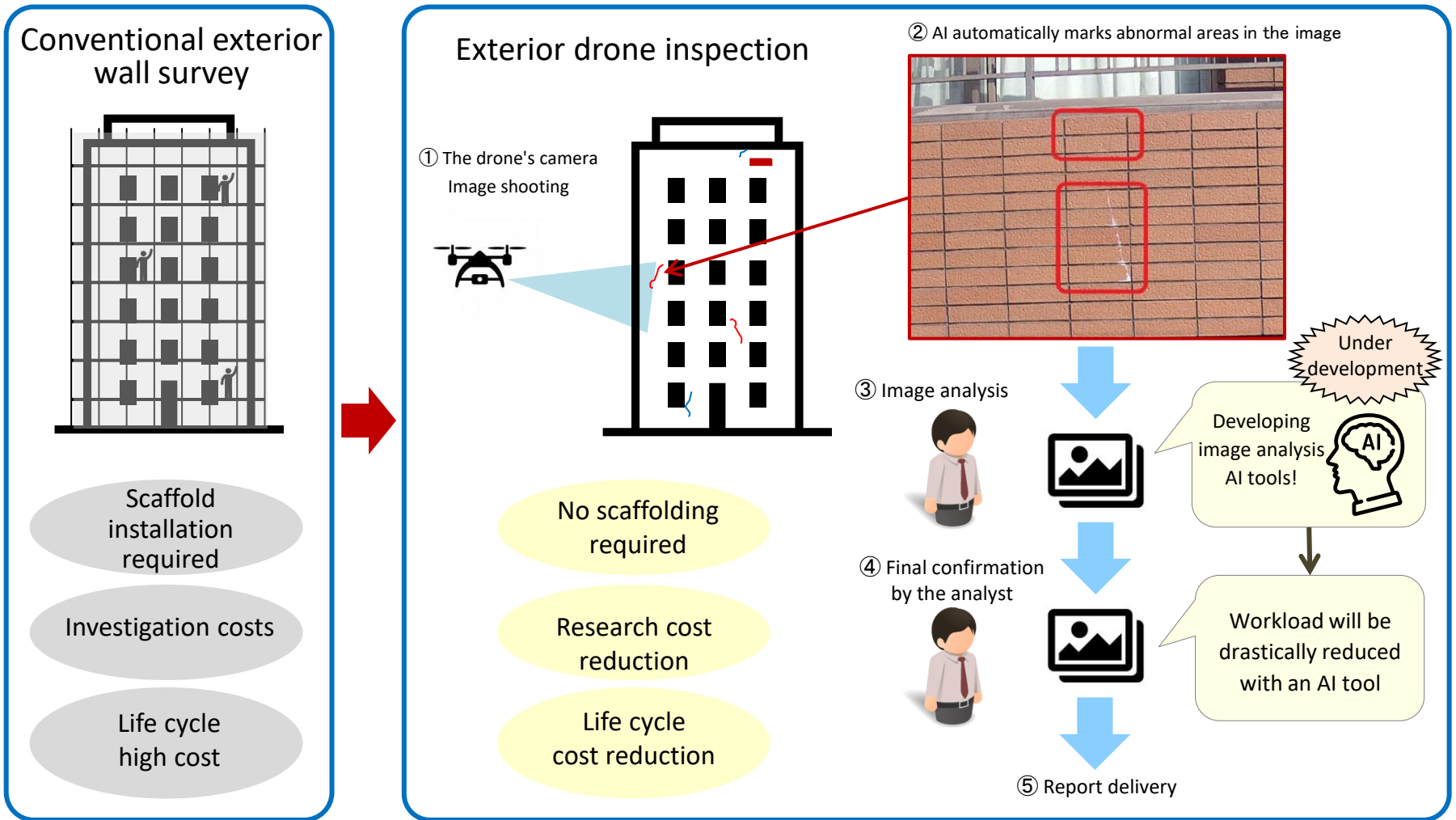
Total of 23 sites

New Vision Center sites



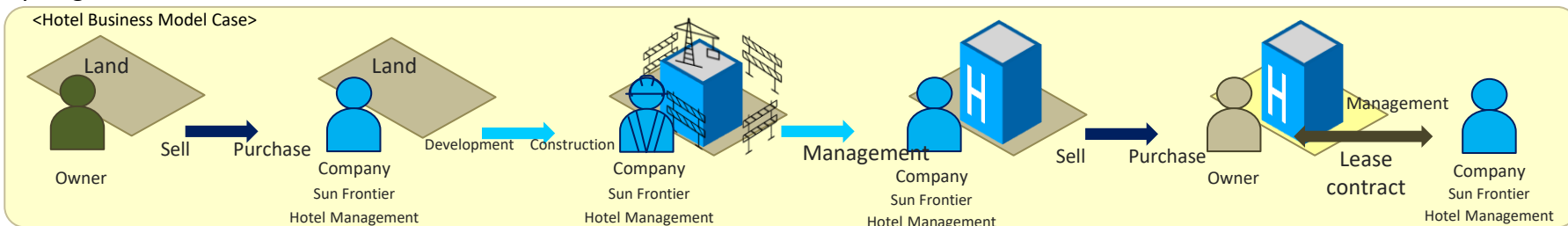
Promote DX of Building Exterior Wall Survey

Implementing drone surveys of exterior walls. 70% automation of post-survey report preparation.

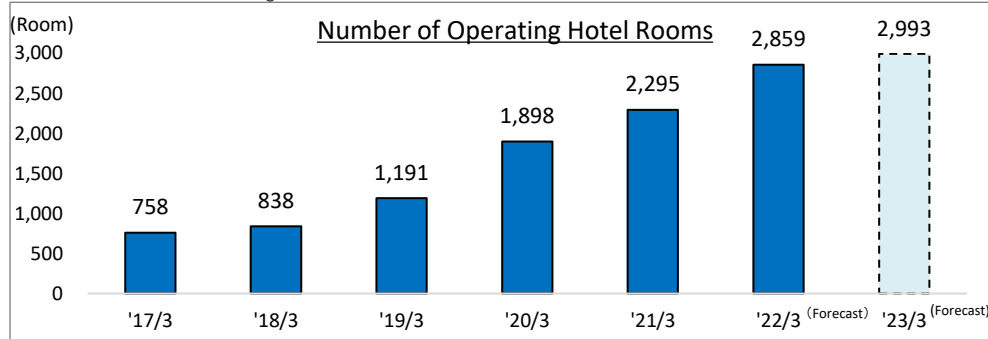


Business Models for Hotel Business Growth

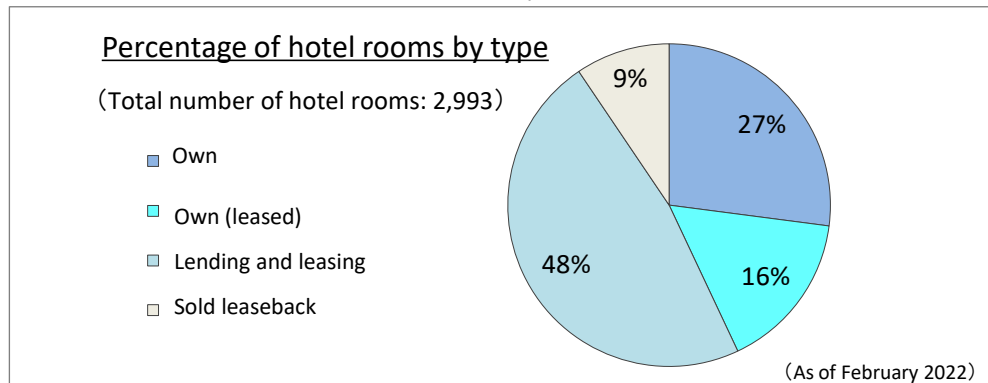
Increase added value by developing and acquiring some properties in addition to operating revenues, and aim for growth through synergies with sales revenues.



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



The company's model is to operate the hotel after development, sell it and lease it back, and 9% of the 2,993 hotel rooms it operates have been achieved.



HIYORI Ocean Resort Okinawa – Sold Out!

Condominium hotel lots were sold out, contributing to earnings in the previous and current fiscal years.



Of the 203 guest rooms, 199 lots for sale were sold out in December 2021.

As a hotel resort where you can span your time as you like, comfortably, and as if you were living in Okinawa, we will sublimate our services into a “heartwarming and enjoyable hotel that will fill with the world with happiness.



All rooms have ocean views overlooking the Churaumi Sea.



The Infinity pool looks as if it is connected to the ocean.



Dinner on the terrace with a view of sunset



A comfortable lobby lounge with a breeze blowing through.



Suite with flat terrace



The resort is lit up to create a resort night.

Hotel Operation Focuses on Creating Enthusiastic Fans



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

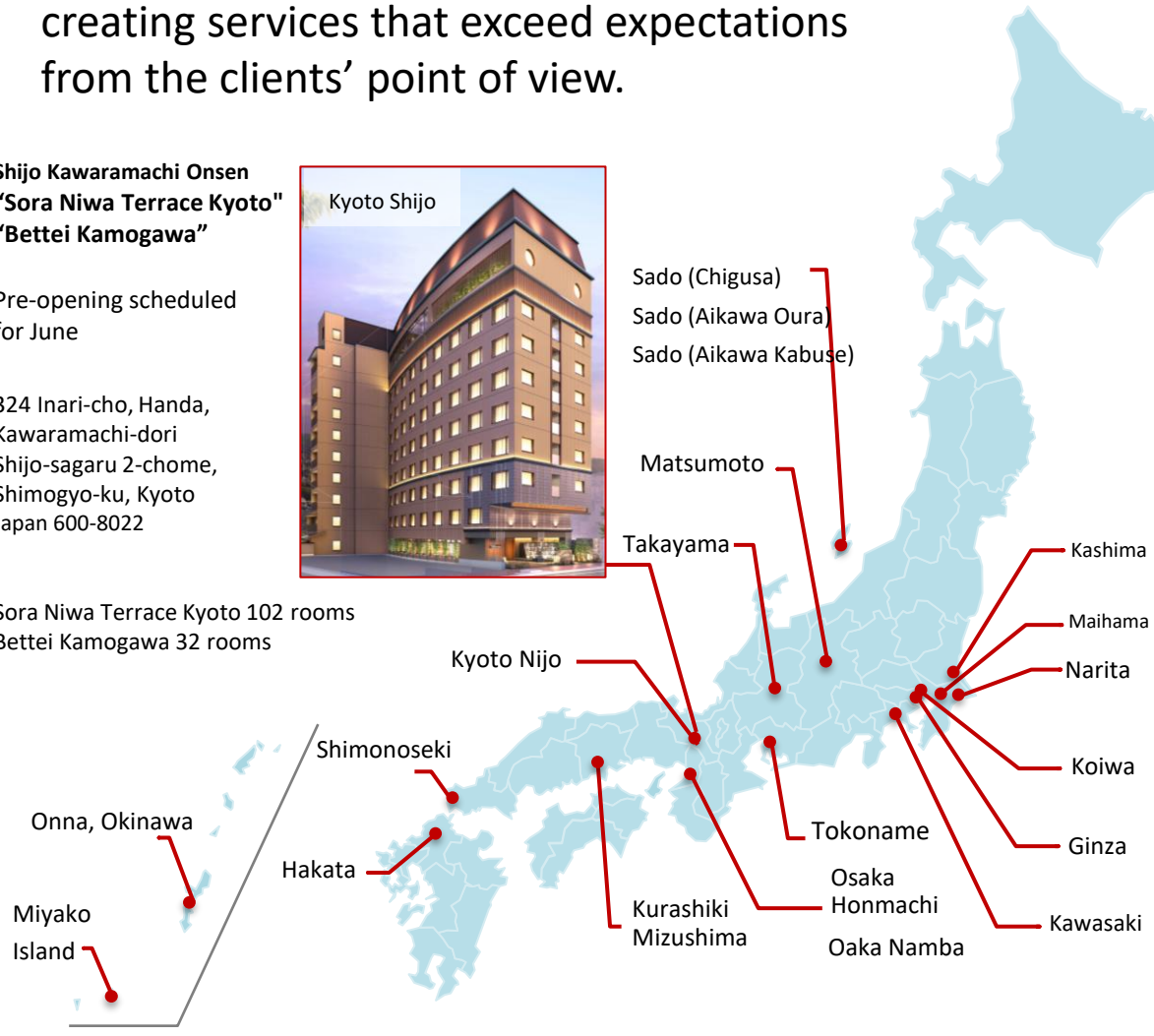
Shijo Kawaramachi Onsen
 "Sora Niwa Terrace Kyoto"
 "Bettei Kamogawa"



Pre-opening scheduled for June

324 Inari-cho, Handa, Kawaramachi-dori
 Shijo-sagaru 2-chome, Shimogyo-ku, Kyoto
 Japan 600-8022

Sora Niwa Terrace Kyoto 102 rooms
 Bettei Kamogawa 32 rooms



Hotel brand development

Own brand



Upper Class
HIYORI Ocean Resort Okinawa
HIYORI Chapter Kyoto
Sado Resort Hotel Azuma
Upper Middle Class
Hotel Osado
Sora Niwa Terrace Kyoto / Bettei Kamogawa
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
Tabi no Hotel Lit Miyakojima
Tabi no Hotel Lit Matsumoto

Joint operation



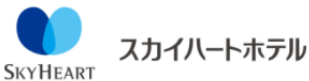
Osaka Honmachi

Upper Class
Courtyard by Marriot Osaka Honmachi

Co-brand



Budget Class
Spring Sunny H Nagoya Tokoname Station



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

Reference Materials

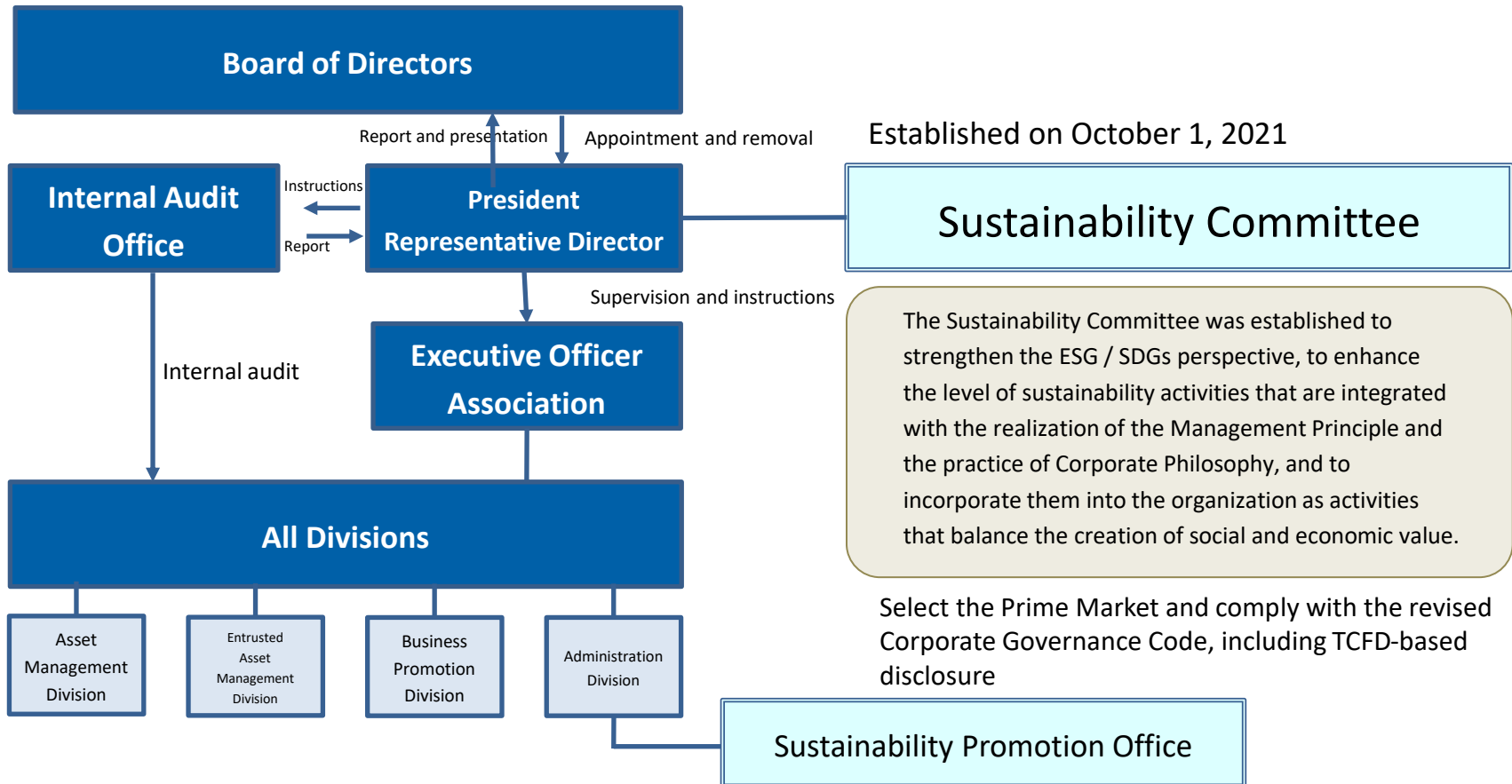
Our ESG Initiatives

Through our initiatives heavily based on the viewpoints of ESG, we will achieve our sustainable growth and a long-term improvement in our corporate value.

<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: 436 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 December 2021: Female employees 36.4% and Foreign employees 11.9%) ❑ 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 4 independent outside directors out of 11 directors.

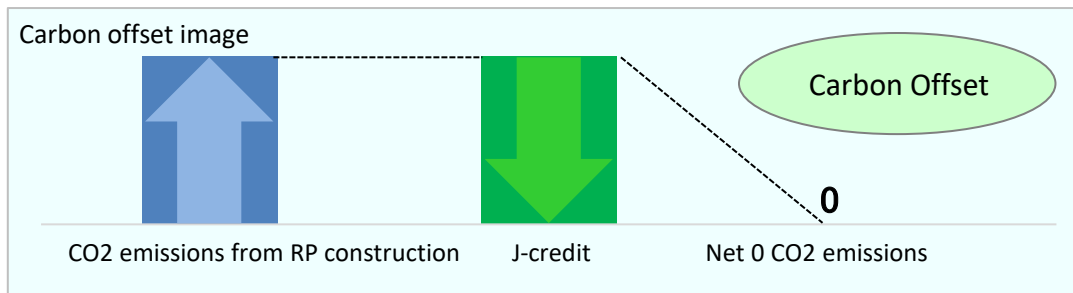
Sustainability Committee Established

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



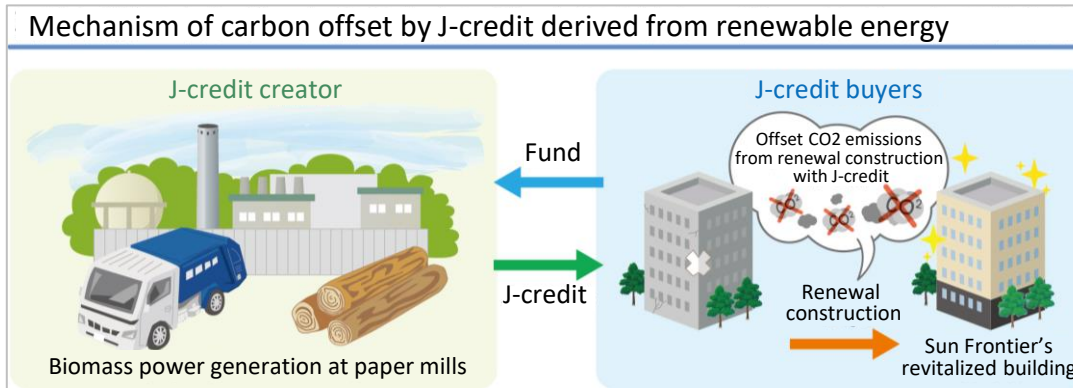
Initiatives to Carbon Neutral [E]

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."



What is Carbon Offset?

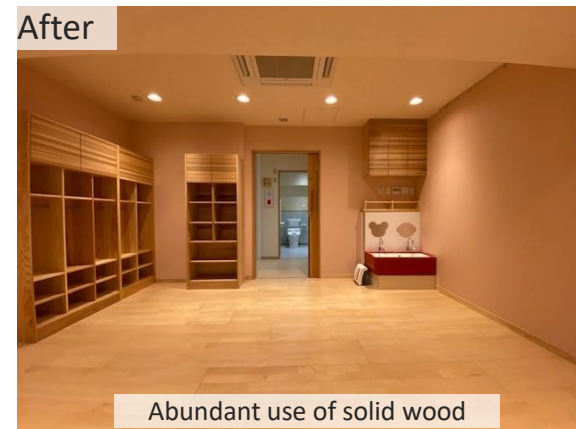
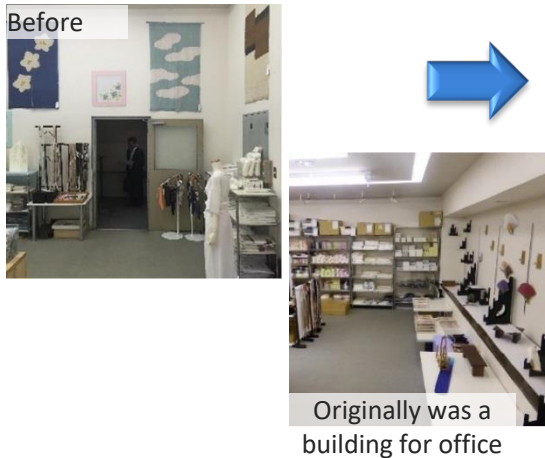
An initiative to offset CO2 (carbon), which is generated no matter how much effort is made in daily life and corporate activities, with the reduction of other places created by the absorption of CO2 by forests and the renewal of energy-saving facilities.

Promotion of carbon offset for all properties in replanning construction

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



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 36.4% ratio of outside Directors 25.0%

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.

* In December 2021, Outside Director Yukitoshi Kubo retired due to health reasons, so the outside Officers ratio has changed.

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]

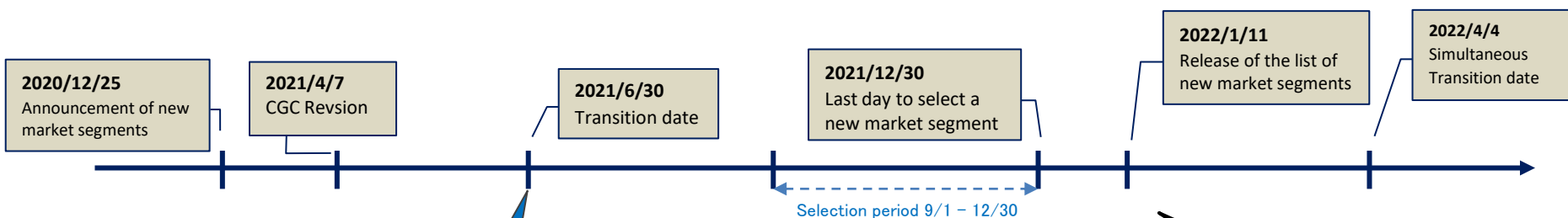
Outside Directors and Outside Audit & Supervisory Board Members are expected to return their wide-ranging knowledge and experience to the Board of Directors and play a role in improving corporate value. We promote a balanced corporate management and corporate governance system based on our expertise 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 Management	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	Toshio Takahara	●	●						●	●
(Outside) Director	Kazutaka Okubo			●	●		●	●		●
Full-time Auditor	Kouichi Shinada	●		●	●	●			●	
(Outside) Auditor	Koichi Moriya	●	●		●	●			●	
(Outside) Auditor	Hidetaka Tanaka	●		●				●	●	●

* In December 2021, Outside Director Yukitoshi Kubo retired due to health reasons.

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	○

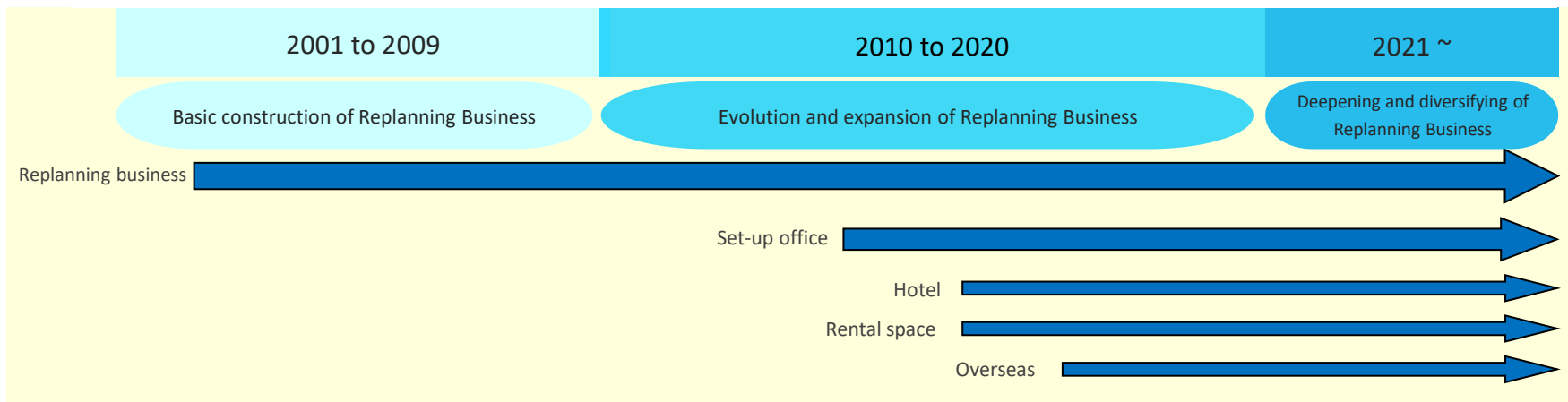
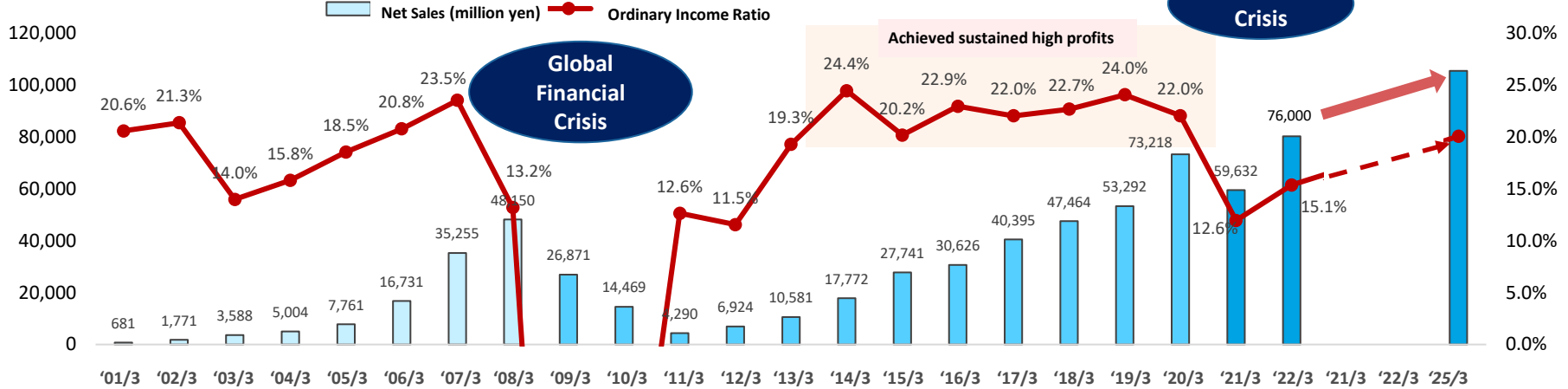
Selected the Prime Market and submitted Corporate Governance Report

New market segment announced Listing on the Prime Market decided

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 *	681 full-time employees (1,261 including part-timers and temporary workers)
Average Age of Employees*	35.9 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 December 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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