

Financial Results for the First 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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August 10, 2021



SUN FRONTIER

Securities Code :
8934

Overview of the 1Q Results of FY Ending March 2022

Sales, profit, and profit margin increased significantly from the previous year, which was affected by COVID-19 pandemic. (Unit: 1 million yen)

	Results	Profit Margin	Year-on-Year	Growth Rate	Full-Year Forecast	Progression Rate
Net Sales	31,213	-	+17,540	128.3%	76,000	41.1%
Operating Profit	7,340	23.5%	+5,245	250.3%	12,000	61.2%
Ordinary Profit	7,277	23.3%	+5,325	272.8%	11,500	63.3%
Profit *	4,802	15.4%	+3,563	287.7%	7,400	64.9%

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

Topics

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

- The number of units sold in RP Business was eight (+3 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 growth of the companywide performance. The segment profit margin remained high (30.1%, +2.0% pt year-on-year).
- The needs and changes of tenants that we gained through the real estate service sites have been reflected in the optimal use of office space and commercialized. Tenants attraction progressed steadily, turning the properties into high-occupancy, high-quality real estate.

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 (+42.9% year-on-year) and profit (+56.7% year-on-year) greatly exceeded the previous fiscal year's level and expanded well beyond the level before COVID-19 pandemic.
- In the field of small and medium-sized office buildings in central Tokyo, each division brought together the expertise they had 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-Jun	FY ending Mar 2022 Apr-Jun	Year-on- year Change
Net sales	13,672	31,213	128.3%
Real Estate Revitalization Business	10,145	27,450	170.6%
Replanning Business	9,437	26,924	185.3%
Rental Buildings and Sub-leases	708	526	-25.7%
Real Estate Service Business	1,441	2,060	43.0%
Hotel and Tourism Business	290	1,346	364.1%
Other Business	1,969	469	-76.2%
Adjustment	-174	-114	-
Gross Profit (Loss)	3,875	9,306	140.2%
Real Estate Revitalization Business	3,179	8,465	166.3%
Replanning Business	2,919	8,329	185.3%
Rental Buildings and Sub-leases	260	136	-47.7%
Real Estate Service Business	799	1,257	57.3%
Hotel and Tourism Business	-465	-393	-
Other Business	472	30	-93.6%
Adjustment	-110	-53	-
Selling, General and Administrative Expenses	1,779	1,965	10.5%
Operating Profit (Loss)	2,095	7,340	250.4%
Non-operating Income	33	64	93.9%
Non-operating Expenses	176	127	-27.8%
Ordinary Profit (Loss)	1,952	7,277	272.8%
Extraordinary Gain (Loss)	-6	78	-
Income Tax	711	2,556	259.5%
Profit Attributable to Non-controlling Interests	-3	-1	-
Profit	1,238	4,802	287.9%

Income Statement Points

<Real Estate Revitalization Business>

In RP Business, commercialization made steady progress despite COVID-19 pandemic, and sales progressed favorably. As a result, **The Real Estate Revitalization Business posted sales of 26.9 billion yen (up 185% year-on-year) and gross profit of 8.3 billion yen (up 185% year-on-year), with a gross profit margin of 30.3%, exceeding the full-year forecast margin (26.7%). 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 2.0 billion yen (up 43% year-on-year) and gross profit of 1.2 billion yen (up 57% year-on-year). The profit margin was secured at a high level of 60%.

<Hotel and Tourism Business>

Hotel Operation Business was sluggish due to the reissuance of the state of emergency in 1Q. The Hotel and Tourism Business as a whole **posted a loss of approximately 0.4 billion yen** despite an increase of 1.3 billion yen (up 363% year-on-year) in sales.

Consolidated Balance Sheet - Assets -

<Inventories> Decreased by 11.5 billion yen due mainly to the sale of properties. Of this amount, RP projects decreased by 12.8 billion yen due to the progress in sales. Hotel projects increased by 1.4 billion yen due mainly to progress in construction of newly opened hotels.

<Cash and time deposits> Increased by 8.9 billion yen due mainly to progress in sales of RP projects.

(Unit: 1 million yen)	FY ended March 2020	FY ended March 2021	FY ending March 2022 As of End of June 2021	Increase/Decrease (compared to End of March 2021)
Current Assets	113,842	110,785	107,258	-3,526
Cash and Deposits	18,627	21,508	30,461	+8,952
Inventories	91,766	86,087	74,568	-11,518
Breakdown) RP	71,353	71,349	58,505	-12,844
Hotel	17,019	13,917	15,379	+1,462
Overseas, etc.	3,395	822	682	-140
Other Current Assets	3,448	3,189	2,228	-961
Non-current Assets	16,450	16,700	19,283	+2,582
Property, Plant and Equipment	10,413	10,528	12,702	+2,173
Intangible Assets	712	701	672	-29
Investments and Other Assets	5,324	5,470	5,908	+438
Total Assets	130,293	127,485	126,541	-944

Consolidated Balance Sheet - Liabilities/Equity -



<Interest-bearing Debt>

Borrowings decreased by approximately 4.7 billion yen from the end of the previous fiscal year to 42.7 billion yen due mainly to property sales.

<Net Assets>

Despite dividend payments in the previous fiscal year (-2.0 billion yen), net assets increased by approximately 2.8 billion yen compared to the end of last fiscal year due to Profit (4.8 billion yen) and other factors.

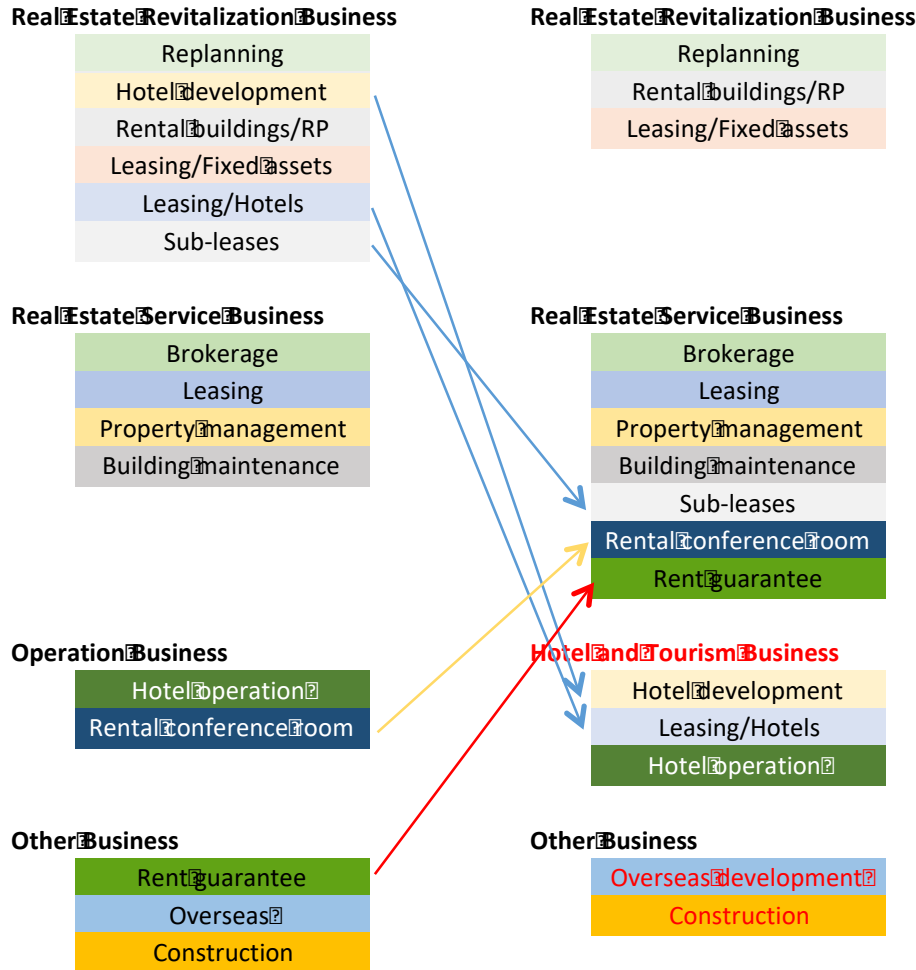
Changes of Equity Ratio

End of March 2020	End of March 2021	End of June 2021
49.6%	52.3%	54.9%

(Unit: 1 million yen)	FY ended March 2020	FY ended March 2021	FY ending March 2022 As of End of June 2021	Increase/Decrease (compared to End of March 2021)
Current Liabilities	18,052	13,358	15,720	+2,362
Short-term Borrowings, etc.	4,463	5,530	6,492	+961
Income Taxes Payable	3,566	901	2,597	+1,696
Other Current Liabilities	10,022	6,926	6,631	-295
Non-current Liabilities	47,431	44,354	38,192	-6,162
Long-term Borrowings and Bonds Payable	44,906	41,991	36,277	-5,713
Other Noncurrent Liabilities	2,525	2,363	1,914	-448
Total Liabilities	65,483	57,712	53,913	-3,799
Shareholders' Equity	64,690	66,916	69,671	+2,754
Others	119	2,856	2,957	+100
Total Net Assets	64,809	69,773	72,628	+2,855
Total Liabilities and Net Assets	130,293	127,485	126,541	-944

Changes in Segment Classification and Name

<Major Changes>



<Reason for the Changes>

- The Company restructured its business within the group in November 2020 with the aim of applying the operational know-how of the hotel operation business to the hotel development business, promoting the business in an integrated manner and strengthening profitability. The Company changed the business segment to reflect this change and changed the name of the reporting segment to “Hotel and Tourism Business.”
- The Company also changed the reporting segment classification as shown on the left from the perspective of further cooperation, creation of added value, and expansion of services among various businesses in the real estate service field, which the Company is mainly developing in small and medium-sized office buildings.
- The figures for the same period of the previous year in this report are reclassified to reflect the new segmentation for comparison.

Fiscal Year ended March 2022 Forecast (after segment adjustment)

(Unit: 1 million yen)	FY ended March 2021	FY ending March 2022 Forecast (revised)	Increase/ Decrease		
Net Sales	59,632	76,000	+27.4%	<ul style="list-style-type: none"> • The core business is the office building business in central Tokyo (Real Estate Revitalization Business and Real Estate Service Business). • We plan to record stable sales in the Revitalization Business, which will mobilize the companywide strength. 	
(1) Real Estate Revitalization Business	36,452	58,300	+59.9%		
Replanning Business	33,791	56,100	+66.0%		
Rental Building Business	2,661	2,200	-17.3%		
(2) Real Estate Service Business	6,461	6,450	-0.2%		
(3) Hotel and Tourism Business	13,360	9,800	-26.6%		
(4) Other	4,227	1,750	-58.6%		
Adjustment	-869	-300	-		
Gross Profit (Loss)	15,083	19,600	+29.9%		<ul style="list-style-type: none"> • Gross profit margin in RP Business was set based on the current market environment. While setting a conservative profit margin, we expect to generate steady profits. FY ended March 2021: 27.2% → FY ending March 2022: 26.7% • In the Hotel Development Business, the remaining units (44 units) of the hotel for sale in Okinawa are expected to be booked in the fiscal year under review. • In the Hotel Operation Business, losses are expected due to the impact of COVID-19 pandemic. • In Other businesses, we forecast approximately 40% decrease from the previous fiscal year in Gross profit due to the reaction to the development projects in overseas business booked in the previous fiscal year.
(1) Real Estate Revitalization Business	10,065	15,850	+57.5%		
Replanning Business	9,206	15,000	+62.9%		
Rental Building Business	859	850	-1.0%		
(2) Real Estate Service Business	3,392	3,510	+3.5%		
(3) Hotel and Tourism Business	1,425	-30	-		
(4) Other	611	370	-39.4%		
Adjustment	-412	-100	-		
Selling, general and administrative expenses	7,170	7,600	+6.0%		
Operating Profit (Loss)	7,912	12,000	+51.7%		
Ordinary Profit (Loss)	7,524	11,500	+52.8%	<ul style="list-style-type: none"> • SG&A expenses are expected to increase from the previous fiscal year due to an increase in personnel expenses, despite continuing efforts to reduce expenses from the previous fiscal year. 	
Profit	4,274	7,400	+73.1%		
Dividends per Share (yen)	42.00	42.00	+0.0%		

Operating Results by Business Segment

Real Estate Revitalization Business



(Replanning and Rental Buildings)

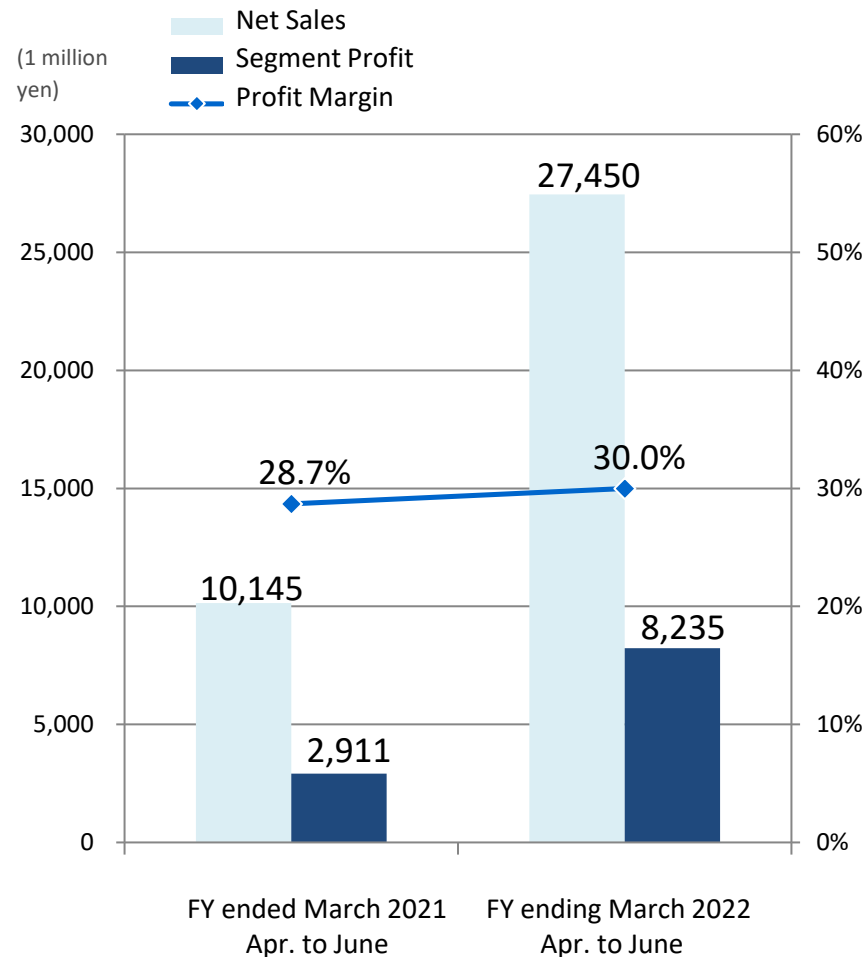
<Replanning Business>

- The number of units sold was eight, an increase from the same period of the previous year (five units).
- The average business period was 765 days (plus 233 days year-on-year), which was affected by the sales of three cases of medium- to long-term properties. Excluding this, it was 472 days (minus 60 days year-on-year). Our business policy remains unchanged, building in a period of approximately one year from purchase to sales.
- Inventory related to RP Business as of the end of 1Q was 48 cases.
(In addition to the above, there were five projects with purchase settlements and contracts already signed by the end of July, amounting to 4.6 billion yen.)

<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.

	FY ended March 2021 Apr. to June	FY ended March 2022 Apr. to June	Increase/ Decrease
(Unit: 1 million yen)			
Net Sales	10,145	27,450	+170.6%
Replanning Business	9,437	26,924	+185.3%
Rental Building Business	708	526	-25.7%
Segment Profit (Note 1)	2,911	8,235	+182.9%
Replanning Business	2,650	8,104	+205.7%
Rental Building Business	260	130	-49.9%
Profit Margin	28.7%	30.0%	+1.3%pt
Replanning Business	28.1%	30.1%	+2.0%pt
Rental Building Business	36.8%	24.8%	-12.0% pt
Number of Properties Purchased	8 cases	2 cases	-6 cases
Number of Properties Sold	5 cases	8 cases	+3 cases
Number of Stocks at the End of FY	62 cases (Note 2)	48 cases (Note 2)	-14 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.
- Sales and profit of BM business increased due to the rebound from the previous year, M&A, and increase in number of entrusted buildings.

<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 the rebound from the same period of the previous year, when office relocations were sluggish.

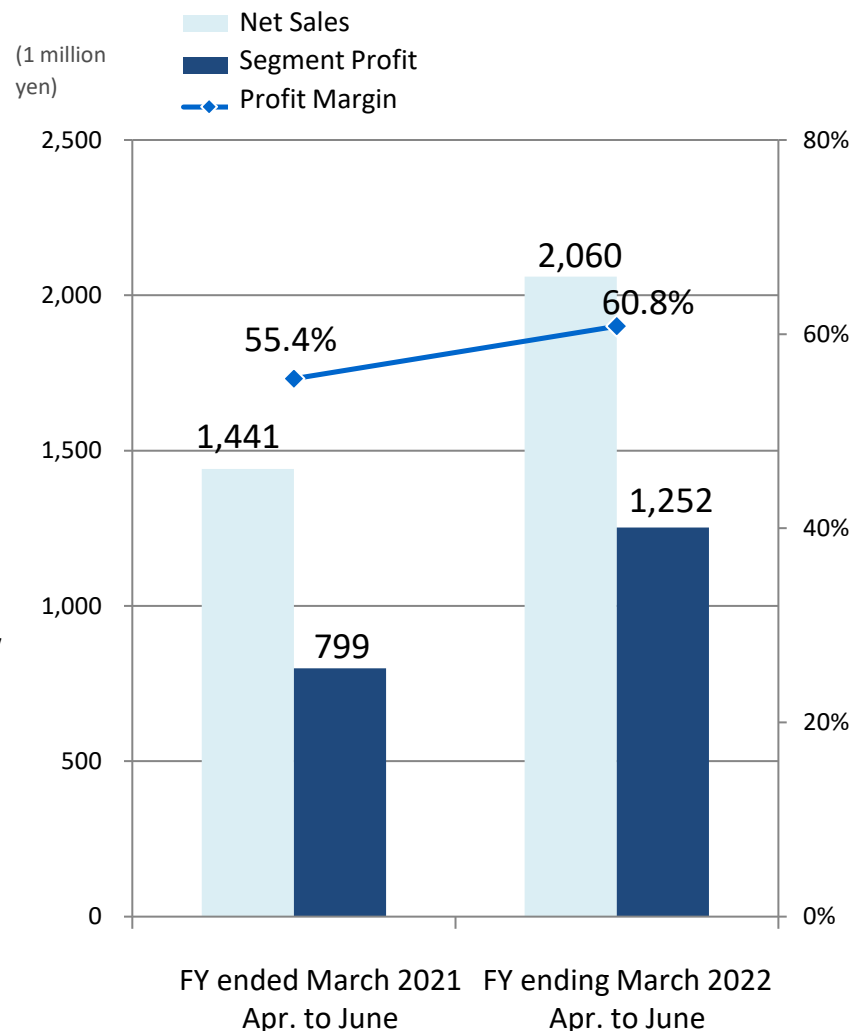
<Rental Conference Room>

- Sales and profit increased despite the limited demand for COVID-19 pandemic by proactively making proposals that are close to clients and so on.

<Rent Guarantee>

- Inquiries increased due to an increase in vacancies for COVID-19 pandemic and tenant credit concerns. Sales and profit increased due to steady growth in new and re-guarantee transaction volume.

	FY ended March 2021 Apr. to June	FY ended March 2022 Apr. to June	Increase/ Decrease
(Unit: 1 million yen)			
Net Sales	1,441	2,060	+42.9%
Segment Profit	799	1,252	+56.7%
Profit Margin	55.4%	60.8%	+5.4%pt



Operating Results by Business Segment

Hotel and Tourism Business



(Hotel Development and Hotel Operation, etc.)

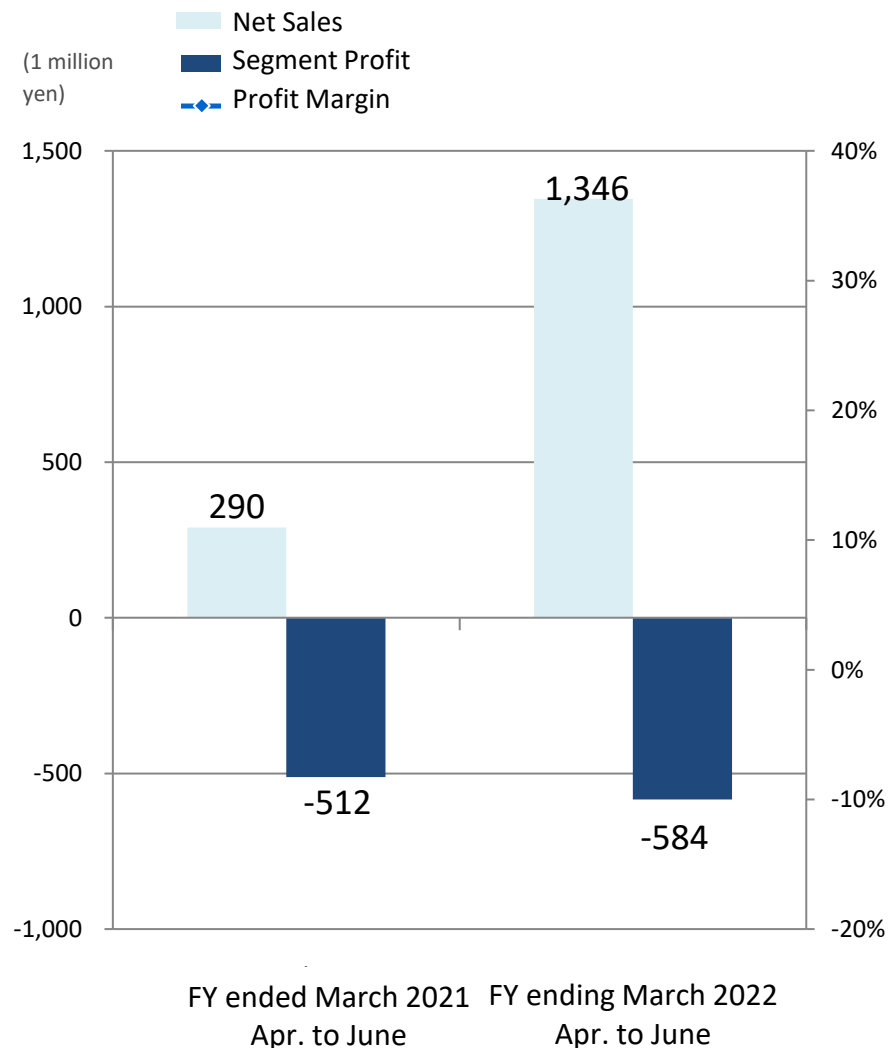
<Hotel Development Business>

- Sales of HIYORI Ocean Resort Okinawa progressed, and the delivery of 11 lots was completed (Cumulative sales: 170 lots / 203 lots in total). Segment Profit of 0.12 billion yen (Profit margin: 20.1%) was posted.

<Hotel Operation Business>

- Opened two new hotels. During the fiscal year under review, occupancy rates and room rates were sluggish, particularly for urban hotels, due to the disappearance of inbound demand for COVID-19 pandemic and the self-restraint in tourism following the declaration of a state of emergency. Losses were recorded due to preparation expenses for the opening of new hotels.

	FY ended March 2021 Apr. to June	FY ended March 2022 Apr. to June	Increase/ Decrease
(Unit: 1 million yen)			
Net Sales	290	1,346	+363.4%
Hotel Development Business	0	604	-
Hotel Operation Business, etc.	290	742	+155.6%
Segment Profit	-512	-584	-
Hotel Development Business	-32	122	-
Hotel Operation Business, etc.	-480	-707	-
Profit Margin	-	-	-
Hotel Development Business	-	20.3%	-
Hotel Operation Business, etc.	-	-	-



Operating Results by Business Segment

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



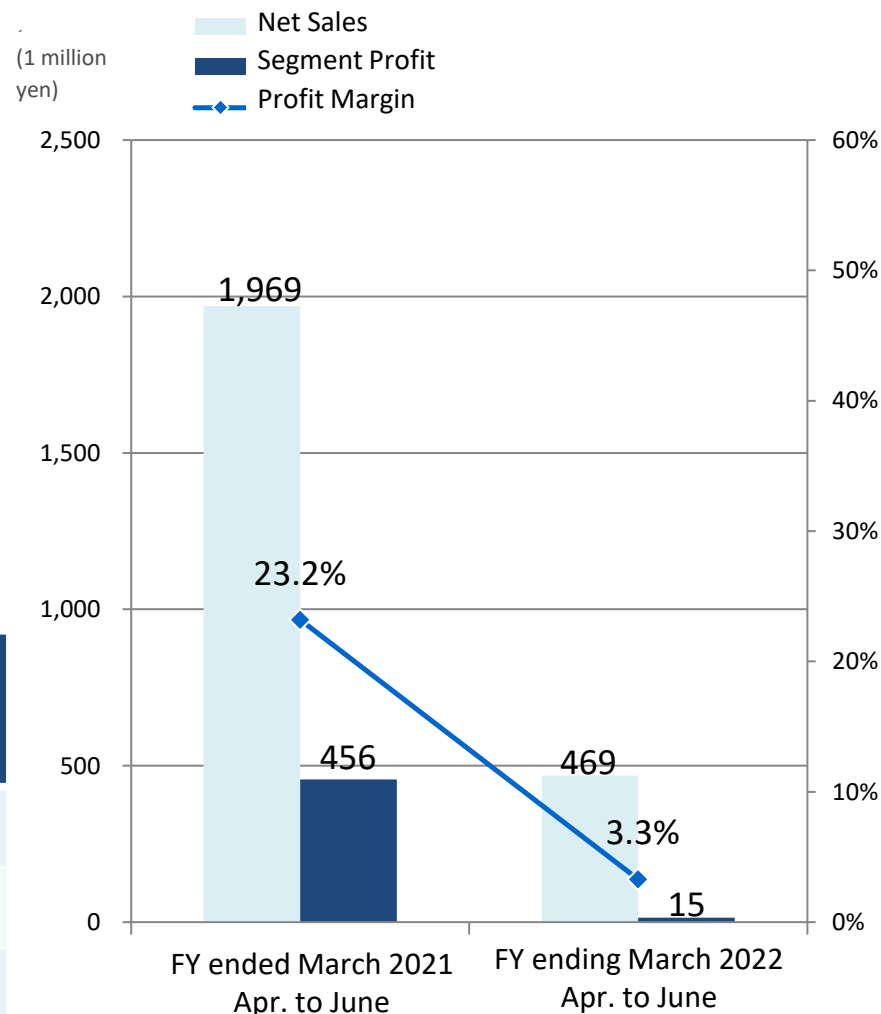
<Construction Business>

- Both sales and profits increased due to the addition of the operating results of Communication Development Inc., whose shares were acquired through an M&A in February. Sales increased by 0.232 billion yen in the fiscal year under review from the same period of the last fiscal year due mainly to the adoption of accounting standards for revenue recognition.

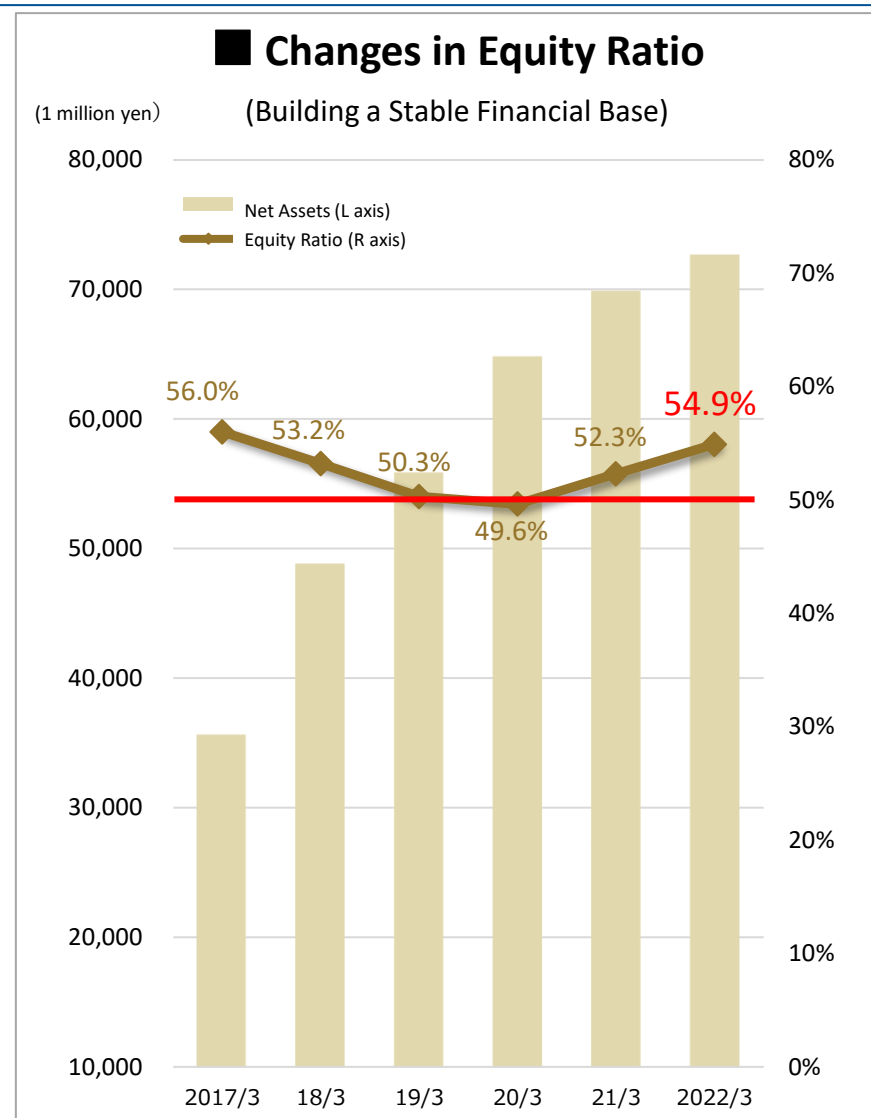
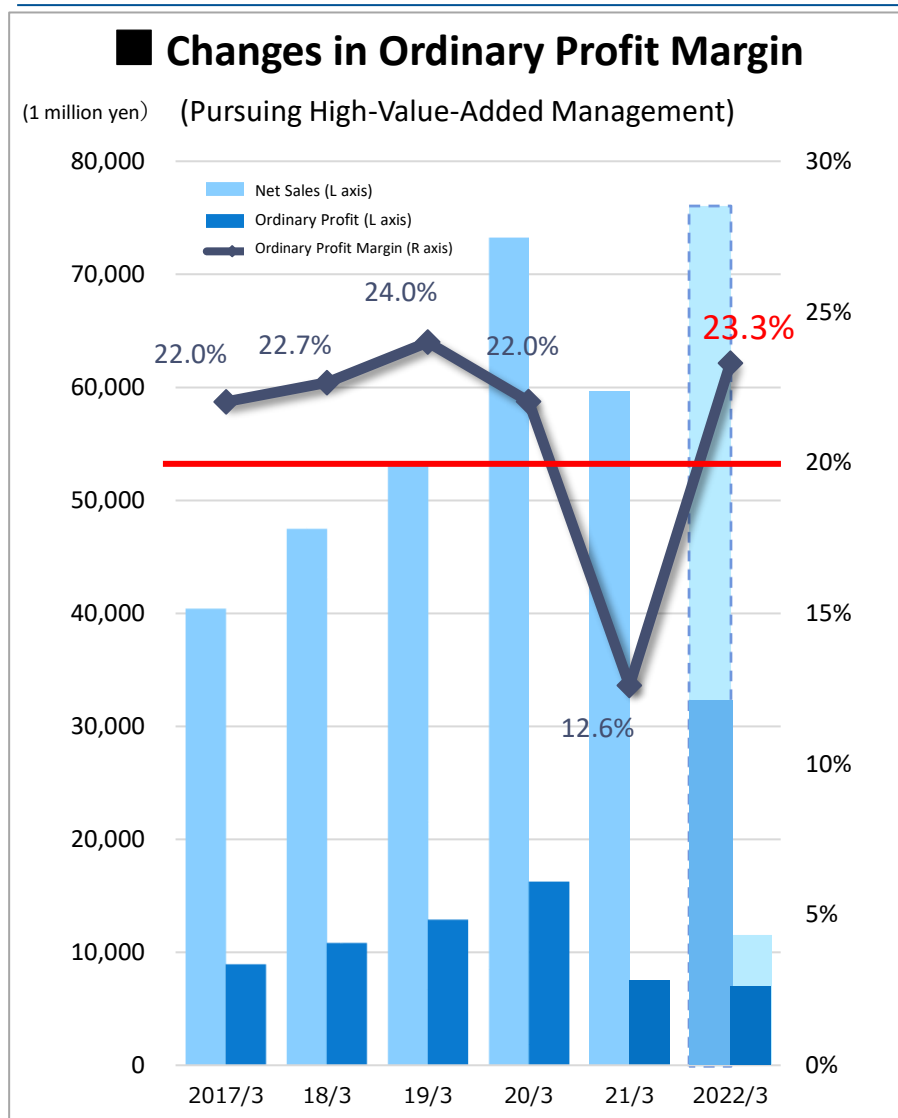
<Overseas Development Business>

- 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 1.86 billion yen, profit: 0.45 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 June	FY ended March 2022 Apr. to June	Increase/ Decrease
Net Sales	1,969	469	-76.2%
Segment Profit	456	15	-96.6%
Profit Margin	23.2%	3.3%	-19.9% pt



Trends in Key Management Indicators



Implementation of Interim Dividend

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 has decided to pay an interim dividend from the fiscal year under review (ending March 31, 2022) to enhance opportunities for profit returns to shareholders.

Cash Dividends per Share (forecast)			
	End of 2Q	End of FY	Yearly
After	21.0 yen	21.0 yen	42.0 yen
			* Annual dividend forecast unchanged
Before	-	42.0 yen	42.0 yen

After



Before

Based on Article 459, Paragraph 1 of Companies Act of Japan, the Company's Articles of Incorporation stipulate that the Company may pay interim dividends from surplus by resolution of the Board of Directors.
The record date for interim dividends is September 30.

Basic Policy on Shareholder Returns

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

Business Environment

Business Environment Awareness

1. Japanese economy suffers prolonged stagnation due to COVID-19 pandemic and is expected to go back to normal with vaccination.

Despite the progress of vaccinations, the number of people infected with COVID-19 reached a record high and the state of emergency was extended.

The number of infections with new variant of COVID-19 is increasing, and the areas subject to the declaration of a state of emergency and semi-emergency measures are expanding.

There are signs of recovery in tourism demand in some areas, particularly those outside the scope of the declaration of a state of emergency, but the recovery is not yet complete.

2. While vaccination is progressing, the future of the global economy is unpredictable due to the spread of the Delta variant.

The IMF predicts that the global economy will grow by 6.0 percent in 2021. The economic outlook for developed countries, where vaccinations are progressed, has been revised upward.

Some developed countries, such as the United States, have revised their economic growth rates upward through fiscal stimulus and expanded vaccination.

Emerging and developing countries are lagging behind in economic recovery due to the delay in spread of vaccines and the weak financial resources.

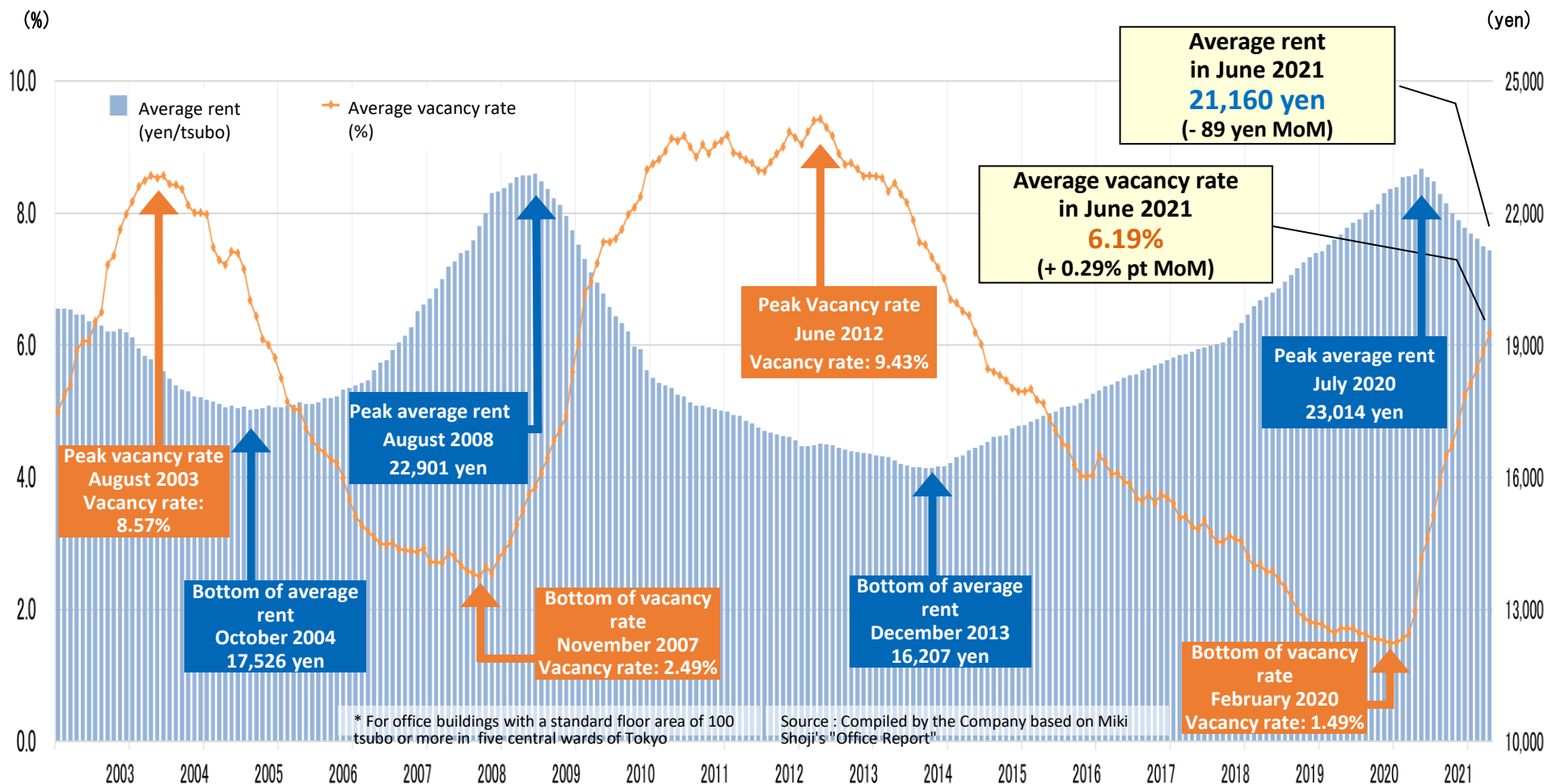
3. The office building market in central Tokyo has been in a gradual downward phase after peaking out due to COVID-19 pandemic.

Due to the economic recession and changes in work styles, the office vacancy rate has been deteriorating for 16 consecutive months.

While telework is spreading, office needs are also changing, and innovation through gathering is expected.

With low interest rates continuing, institutional investors appear to be eager to invest in real estate.

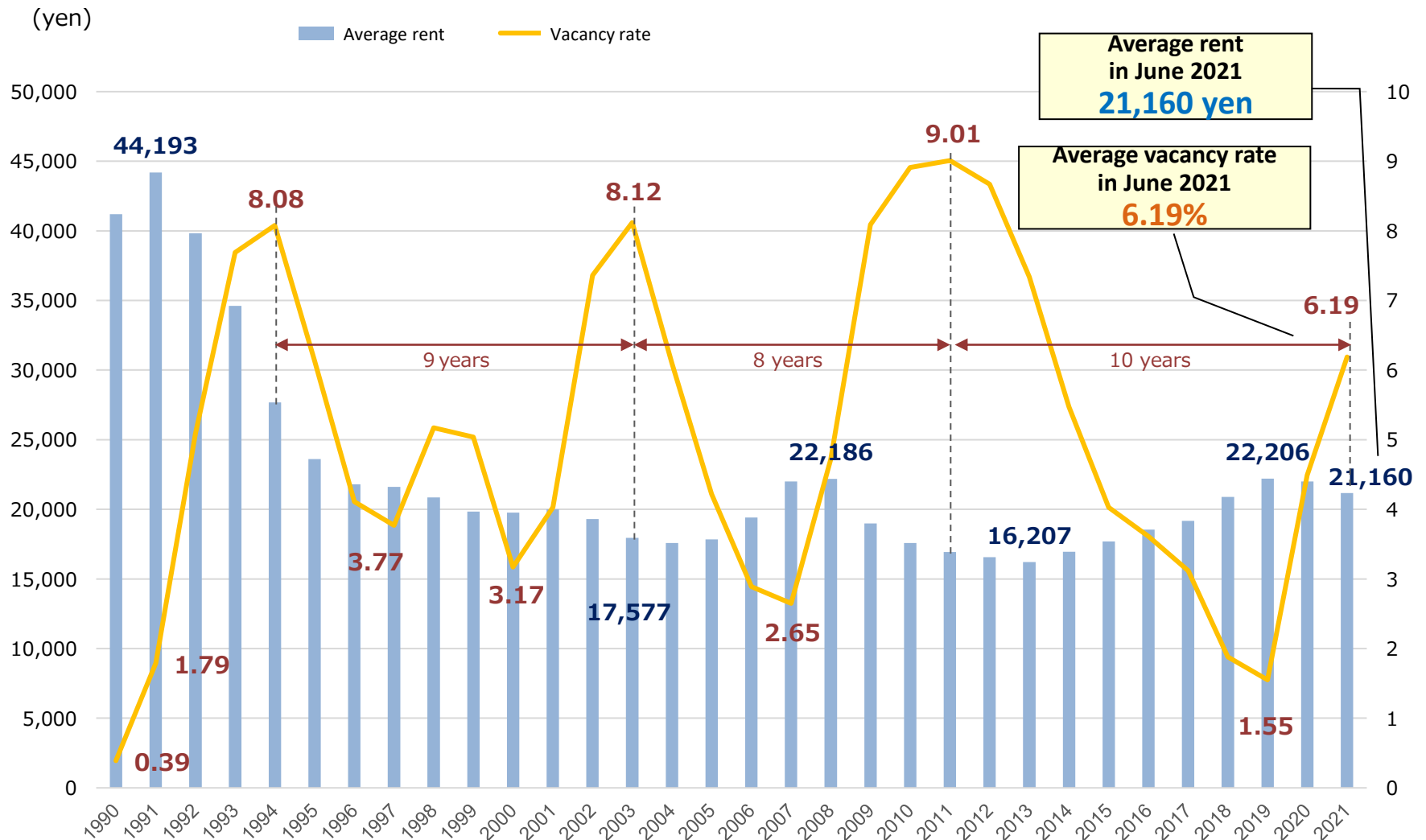
Trends in Office Vacancy Rates and Rents in Five Central Wards of Tokyo



* 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 Average Office Rent and Average Vacancy Rate (1990-2021)

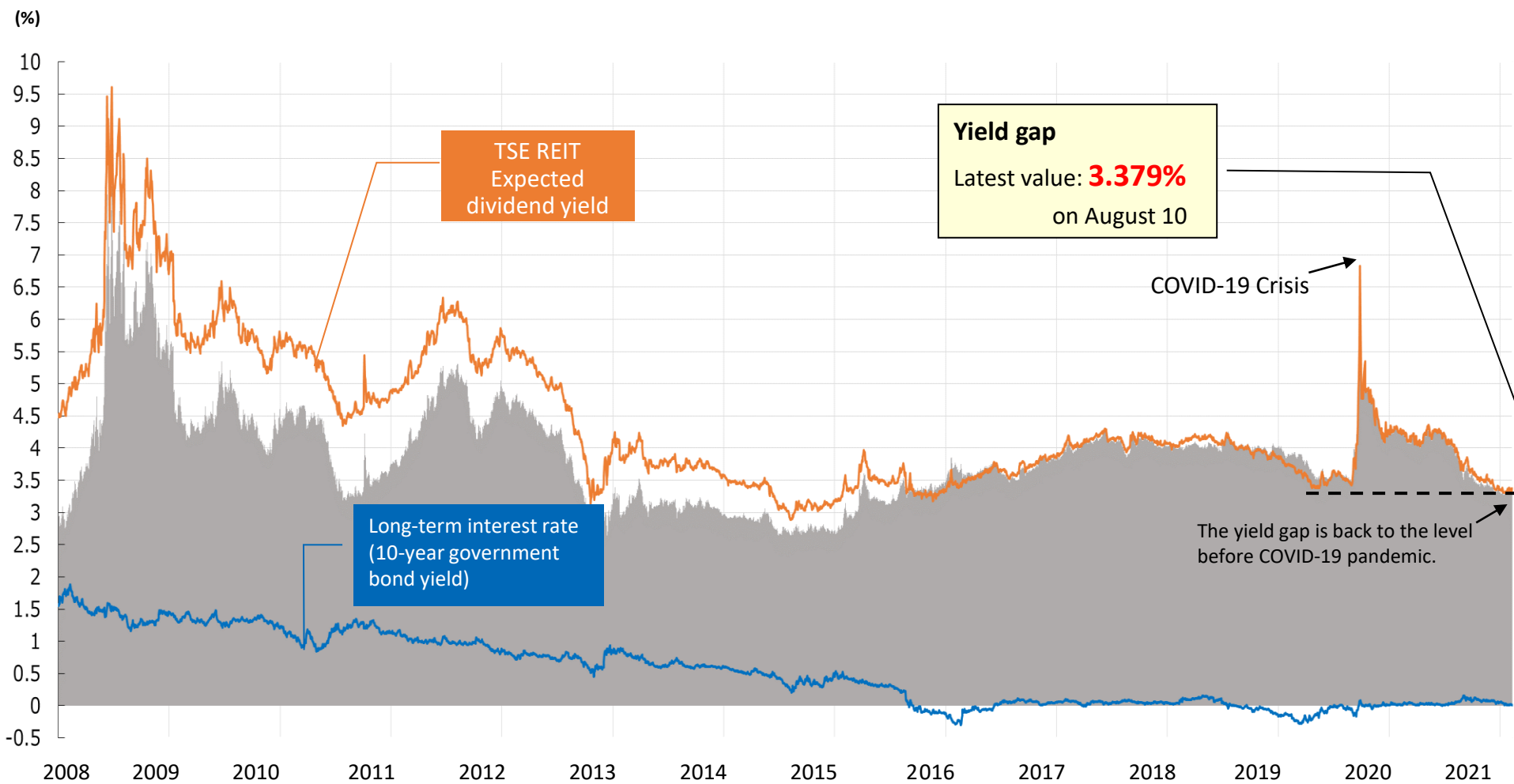


Source: Compiled by the Company based on Miki Shoji's "Office Report"

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

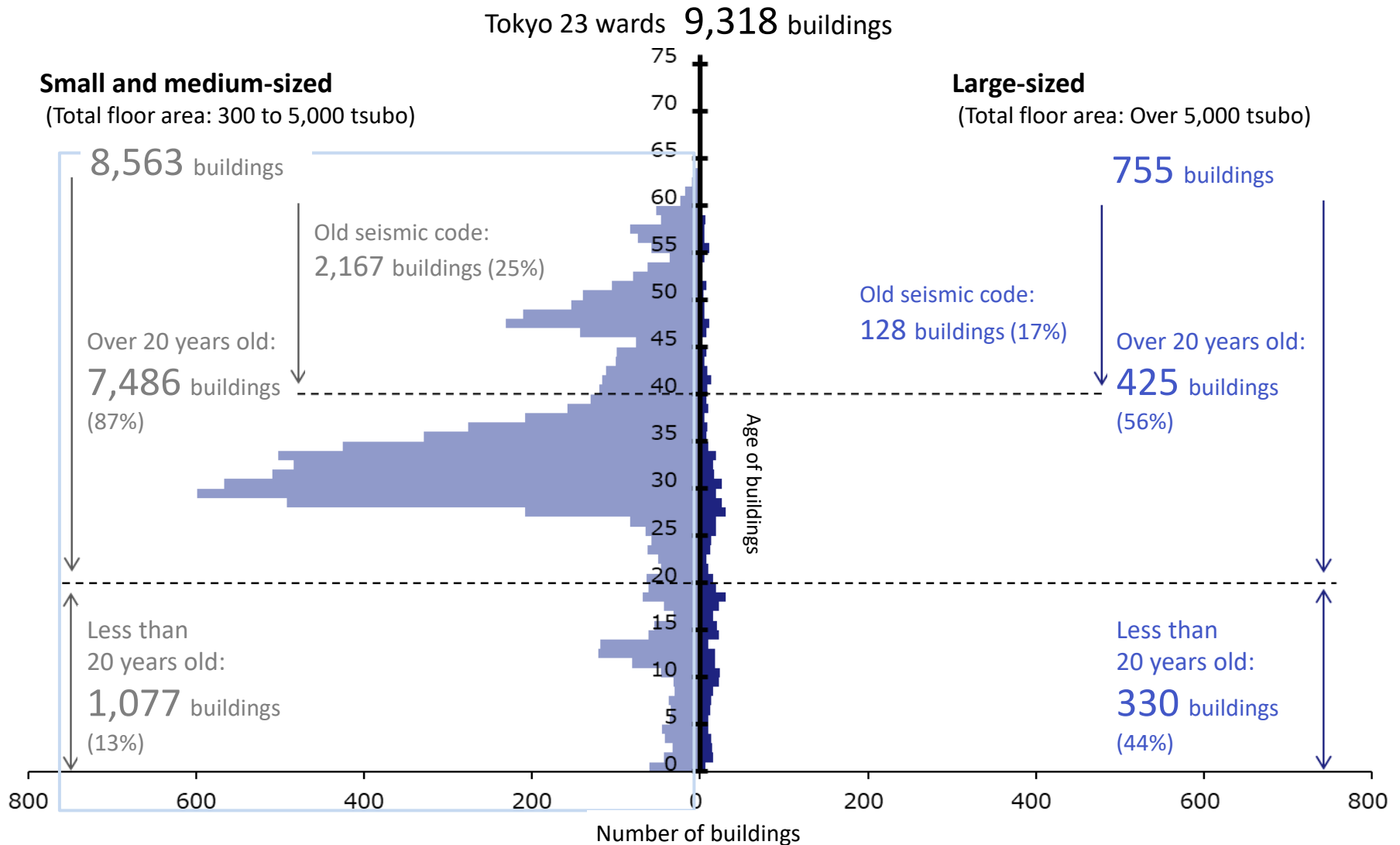
Figures for 2020 and earlier are taken as of December of each year. Figures for 2021 are as of June.

TSE REIT Expected Distribution Yield and Long-Term Interest Rate (Yield Gap)



Source : QUICK

Number of Small and Medium-sized Office Buildings and Large-sized Office Buildings by Age in Tokyo 23 Wards



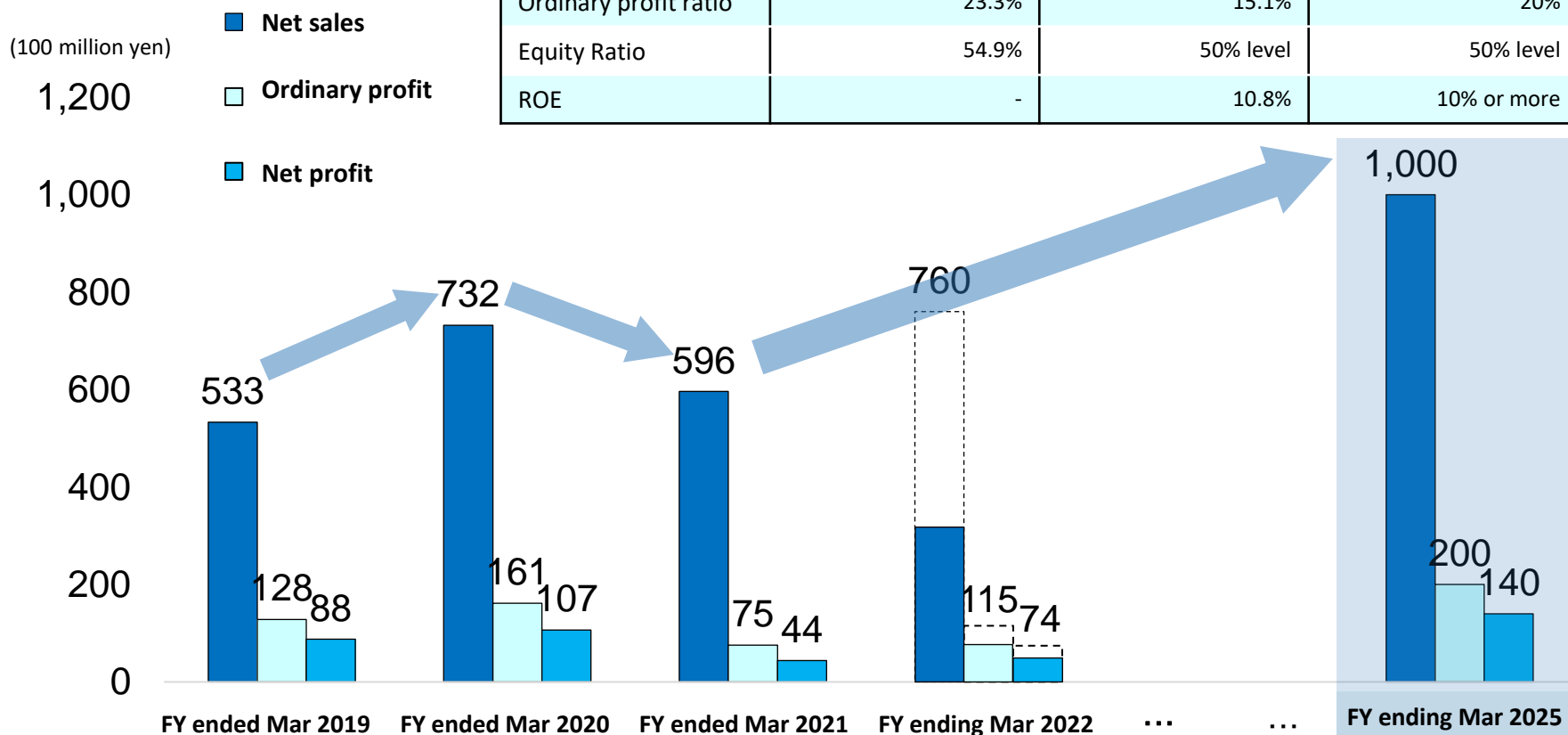
Source: Compiled by the Company based on "Tokyo 23 Wards Office Pyramid 2021 (based on number of buildings)" (Xymax Real Estate Institute)

Growth Strategy and Initiatives

Progress in Medium-term Management Plan

The fiscal year under review is off to a good start toward the mid-term plan for the fiscal year ending March 2025.

	FY ending March 2022 1Q Result	FY ending March 2022 Forecast	FY ending March 2025 Target
Net sales	31.2 billion yen	76 billion yen	100 billion yen
Ordinary profit	7.2 billion yen	11.5 billion yen	20 billion yen
Profit	4.8 billion yen	7.4 billion yen	14 billion yen
Ordinary profit ratio	23.3%	15.1%	20%
Equity Ratio	54.9%	50% level	50% level
ROE	-	10.8%	10% or more



Basic Policy of the Medium-term Management Plan

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

Office Business

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

Hotel Business

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

Overseas Business

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

Office

Deepen and Expand the Office Building Business

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

Hotel

Service that Goes beyond Satisfaction and Excitement with a Sharp Concept

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

Overseas

Expand Housing-related Business in Vietnam

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

M&A

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

Key Points in Medium-term Management Plan

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

ESG

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

Digital

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



Cash flow

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

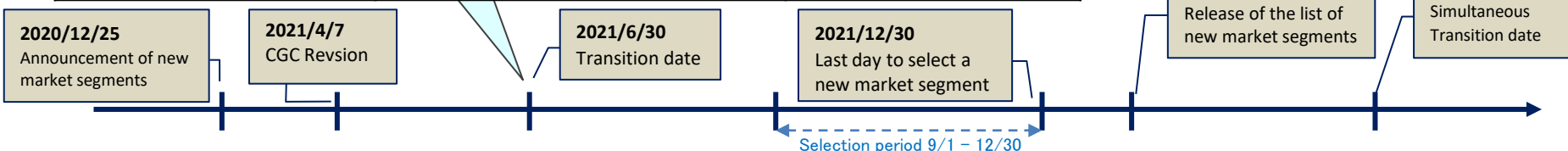


New Market Segment: Prime Market

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 the transition record date (June 30), the Company met the listing maintenance standard for the 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

In response to the revised Corporate Governance Code, we will work on enhancing corporate value in line with the Prime Market Concept, focusing on constructive dialogue with global investors.

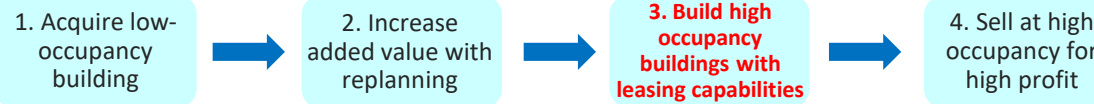
Initiatives in the Fiscal Year under Review

- Real Estate Revitalization Business: Replanning Business -

Progress in Sales of High-occupancy, High-profit Properties despite COVID-19 Pandemic

The leasing brokerage division, which has 12 offices in central Tokyo, filled vacancies in office buildings and added value to turn them into high-occupancy, high-profit properties, despite COVID-19 pandemic.

Our strength in tenant leasing contributes to the sale of replanned properties with high occupancy.



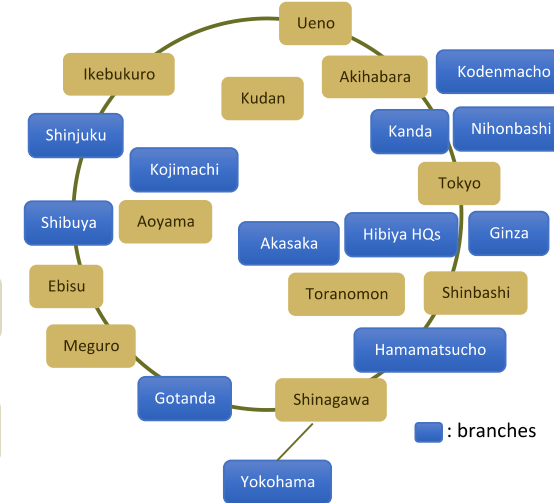
◆ Actively exchange information through an in-house system with 80 sales staff in 12 locations

◆ Solve problems with flexible and attractive proposals and plans from clients' perspective

◆ Firmly respond to office relocation needs in line with corporate growth and changes in work styles

Capture the needs of clients

Create fans



Despite COVID-19 pandemic, set-up offices with functionality, convenience, and design maintained high occupancy rates thanks to our tenant leasing capabilities.

The sale of several profitable properties, a medium- to long-term initiative, contributed significantly to the 1Q performance.



The Company's Excellent Problem-Solving Abilities Contribute to Our Performance

Replanned and sold building with excess volume as a profitable building that complies with laws and regulations.

[Before]

The parking lot is used as a retail store.

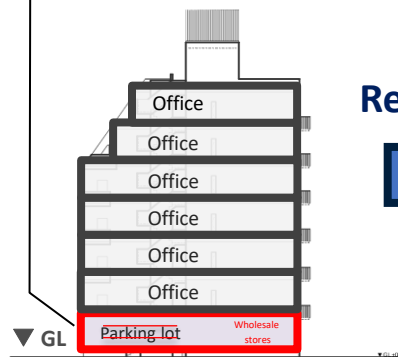
Excess volume

Located just a minute's walk from Suidobashi Station in Kanda, Chiyoda Ward, Tokyo, but the building holds illegality with excess capacity.

~~Compliance with laws and regulations~~

~~Liquidity~~

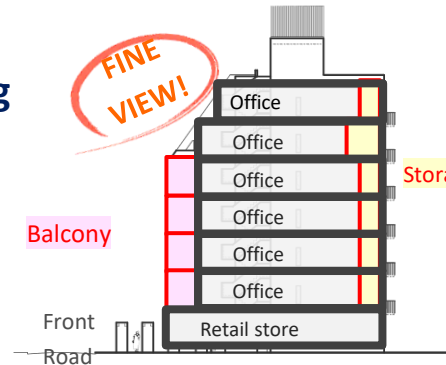
Old building with low profitability that is difficult to distribute



Replanning



[After]



Reduced office space of the building by creating balconies and warehouses to satisfy the need of compliance with laws and regulations for keeping a retail store in the building.

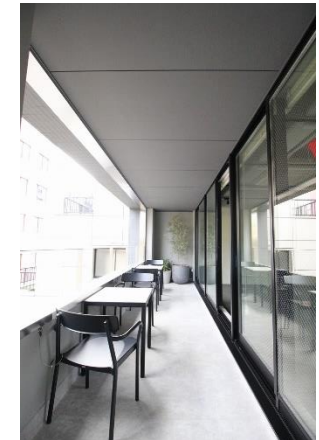
Compliance with laws and regulations

Liquidity

Storages etc.

Increase profitability ↑

Highly profitable and liquid buildings where growing companies reside



Set up construction to accelerate the growth of tenant companies that will be moving in. Excellent tenants will move in at an early stage due to high competitiveness in leasing. This will create an attractive building that meets the needs of investors.

Developing a New Office Brand that Pursues a Rich Working Environment

Based on the concept of "choose your office like fashion", we are developing three brands, "+ SHIFT", "A YOTSUYA" and "LIT", as a brand of "rich working style" required in the new era.

Office brand that realizes a rich working environment

+ SHIFT NOGIZAKA

Newly opened in April 2021. The interior is made of carefully selected materials. It is made of solid wood flooring without using any of the polyvinyl-chloride tile that is often used in offices. This is an office that focuses on the real thing with various ideas to stimulate the five senses.



+ SHIFT KANDA

Opened in August 2021 as the second new building under the "+ SHIFT" brand. An office that offers a variety of free and rich working styles with the theme of a rich space and diverse functions that can be found in a compact building.



A YOTSUYA

With 22 rooms, this is the only mural art share office in the world. With the theme of "Brooklyn X Art X Coffee", the barista grinds the coffee beans and drips the coffee with an authentic machine in this artistic office.



LIT

In a place where you can build a friendly relationship with your coworkers, you can create a space where you can enjoy your work by creating teamwork and ideas from a conversation that seems like an idle talk. This office is characterized by a reception that looks like a cafe.



Developing a New Office Brand that Pursues a Rich Working Environment

+ SHIFT goes beyond the traditional concept of an office and provides a rich and sophisticated workplace that seeks a rich way of working in a new age.



[Completion and opening of 2 new buildings]



"+ SHIFT KANDA" opened in August 2021.



"+ SHIFT NOGIZAKA" opened in April 2021.



An office that stimulates creativity that you can rent by the week



"+ SHIFT", "A YOTSUYA" and "LIT" are all possible to rent by the "WEEK"



Supporting the growth of the company by providing a space for employees to gather to create new ideas and business innovation

For startups, projects, satellites. Can be used from 1 person from 1 month and is possible to register as a corporation too.

Launched a "Personal Desk Plan"

"Personal Desk Plan" service is available starting from one person to use the four full-service set-up office facilities where work can be started immediately just with one computer.

[Free Rent Campaign]

A month's usage fee is free for clients who sign up by the end of September 2021.

Developing a New Office Brand that Pursues a Rich Working Environment

LIT proposes a community workplace that goes beyond the traditional office as a space to support "innovation created by gathering"



Property name : LIT
Address : Higashi-Nihonbashi,
Chuo-ku
Structure : steel structure 10F

* Monthly usage fee includes the following fees
Rent/ Common area management fees/ Furniture and equipment usage fees/ Cleaning fees/ Waste disposal fees/ Utilities fees/ Wi-fi communication fees/ Printing fees



Driving

dreams.

We will provide the office for free for 1 year.
Sign up starts June 23rd.

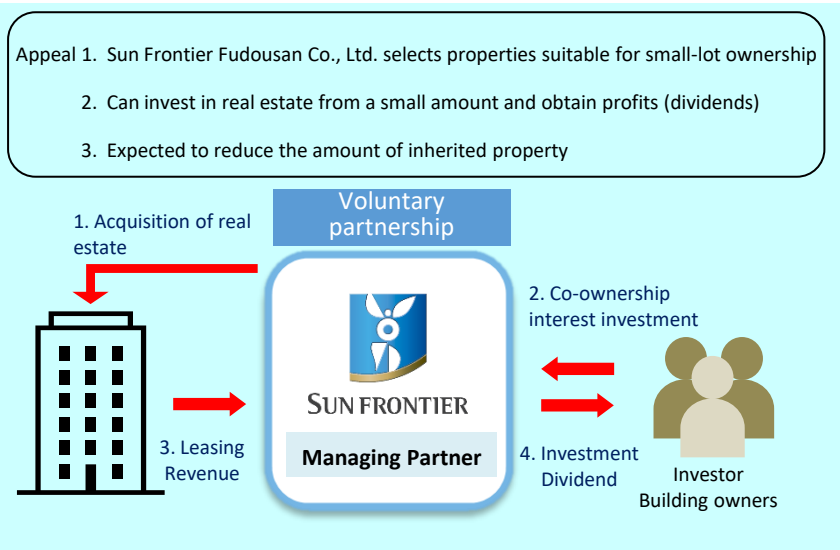
We will invite individuals and groups who want to move into LIT and have them present their dreams they want to realize. We will exam their future dreams and plan to provide an office for free for one year to those with high goals, who do not yet have the financial resources, and connections.

Driving dreams and innovation

Completed Sales of our Third Small-lot Real Estate Property

Completed sales of "Tokyo Setagaya newly-built licensed nursery school," a small-lot real estate property owned by Act on Specified Joint Real Estate Ventures

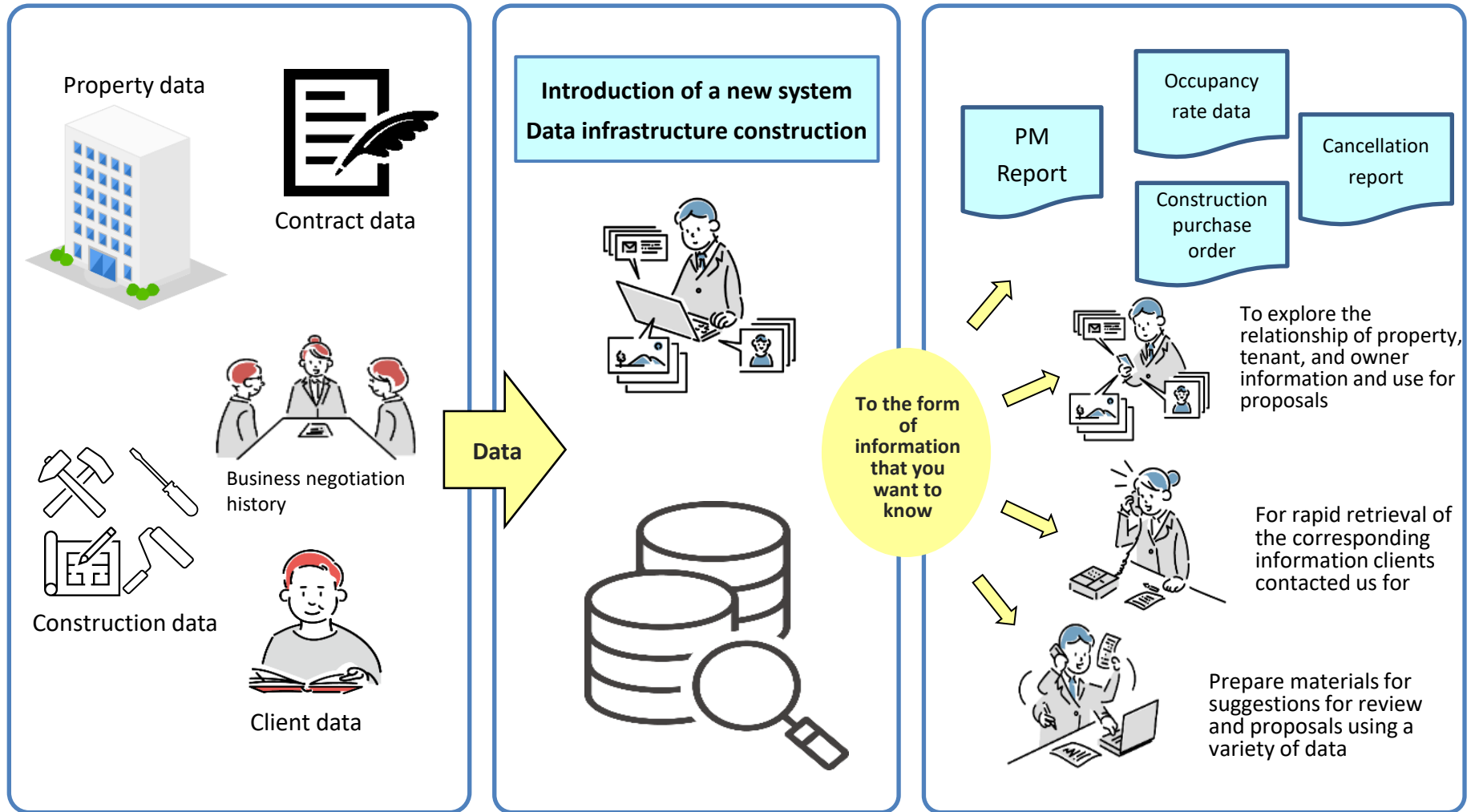
Carefully selected high-quality real estate in central Tokyo and offer new "value" and "peace of mind" as "Sun Frontier's small-lot real estate products." We will continue to promote the spread of nursery school and kindergartens as part of our social infrastructure and as an ESG business that support the advancement of women.



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. Currently dedicated to establishing our fourth small-lot real estate property.

Improve Forecasting and Problem-Solving Capabilities by Building Data Infrastructure

Using data to realize high level proposals of added value in clients' point of view



Actively Developing Customized Spaces Jointly Operated with Building Owners

Realize conversion with planning and operational capabilities

June 1, 2021

Opened Order Made Space in Nishi Shinjuku!

Turned a hotel into an office

Up until last year, the hotel was operated as a hotel, but due to the impact of COVID-19 pandemic, the operator withdrew. After consulting with the building owner, we converted the hotel into an office space.

Available on a one-week span at the shortest, it can be used not only as a remote work site, but also as a distributed office for projects and a video streaming room for online seminars.



Appearance



Setup done based on client's order (online meeting set example)

Order Made Space

オーダーメイドスペース

is a...



Jointly managed idle space with building owners space utilization of profit sharing business model tailored for all purposes, not limited to offices and conference rooms

Available from 1 week

The duration can be set freely

Ready to move in

Necessary furniture and fixtures prepared

Reasonable

No security deposit and deposit caution money

● Conference Room Rental Business Service

Service Name	Feature
Order Made Space	Available from a weekly basis Space
Vision Center	Rent on an hourly basis Conference room
Vision Office	Rent on a monthly basis Office

Flexibly choose the right service for clients

Expansion of Existing Businesses and Start-up Investments

We will welcome human resources, technologies, and platforms in our business to the Group to expand and optimize services in response to the changing environment and accelerate the growth of peripheral businesses.

<Achievements of M&A and Capital Alliances>

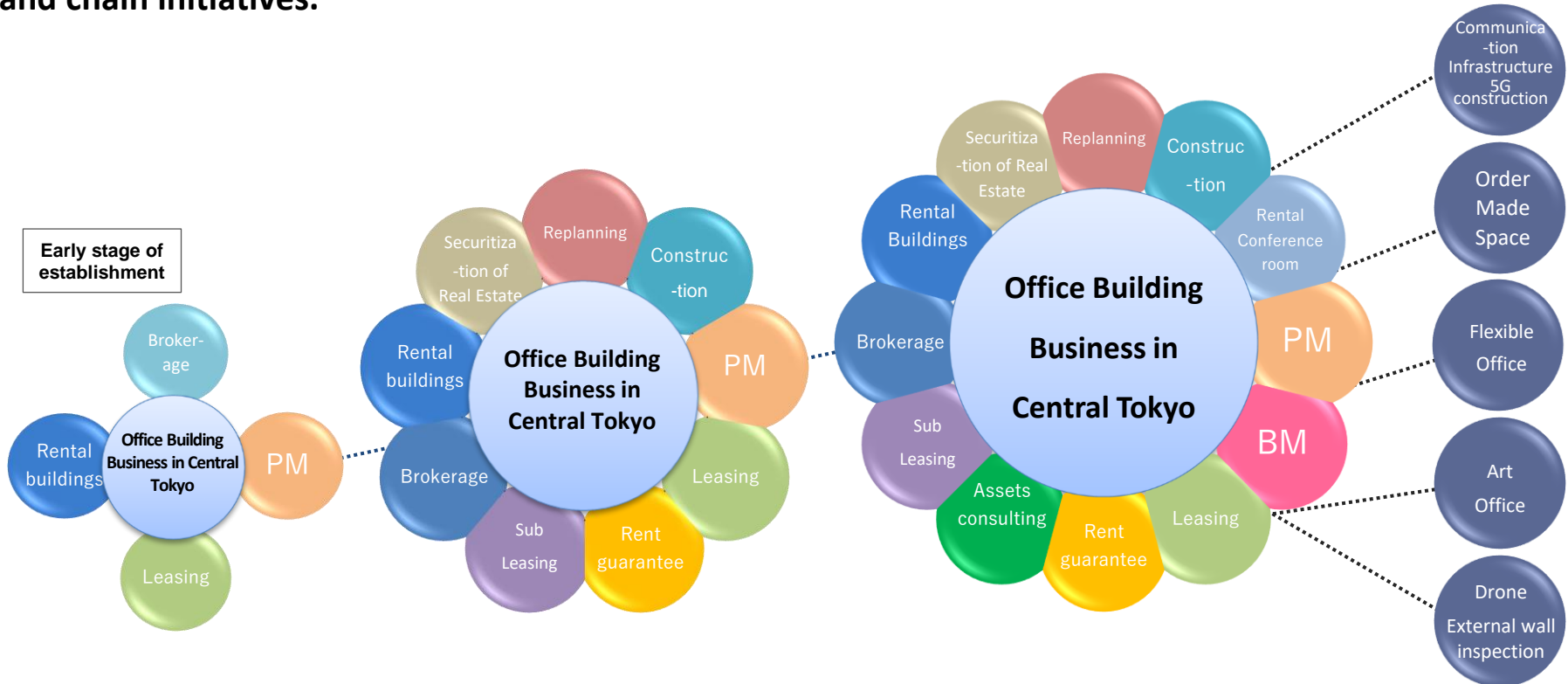
	Year	Company Name and Business Name	Business Overview
1	2010	Sonomanma Office!	Website Specializing in Set-up Offices
2	2012	Yubi (Currently SF Building Maintenance)	Building Maintenance
3 4 5	2016	Vision Center and Vision Office	Rental Conference Rooms and Rental Offices
		Hotel AU Tokoname (Currently Spring Sunny Hotel Nagoya Tokoname Station)	Hotel
		Sky Court Hotel (Currently Sky Heart Hotel)	Hotel
6 7 8	2018	Sado Resort Hotel Azuma	Japanese-style Inn with a long History (Sado Island)
VIP Nangoku (Currently Sky Heart Hotel Shimonoseki)		Hotel	
Okesa Kanko Taxi		Taxi and Tourist Bus (Sado Island)	
9 10 11	2019	Kouwa Corporation (Currently SF Engineering)	Interior Finishing Work for Offices, etc.
Sado Biyori		Sado Island Information Website	
SKY ESTATE		Drone Business	
12 13 14	2021	Nihon System Service	Building Maintenance
Communication Development		Communication infrastructure construction	
Hotel Oosado		Hotel	



-M&A and New Businesses -

Focusing on the Central Tokyo area and Small and Medium-Sized Office Buildings, Finding New Work Styles

We specialize in business areas where we can exert our influence, continue to pursue and refine the expertise of existing businesses based on client feedback, and maximize real estate value. Expand, strengthen, and differentiate high-profit businesses through cross-business collaboration and chain initiatives.



⇒ We will expand our existing business further and will challenge new fields of business by utilizing M&A, the IT. We will expand our business area of small and medium sized office buildings in central Tokyo.

⋮

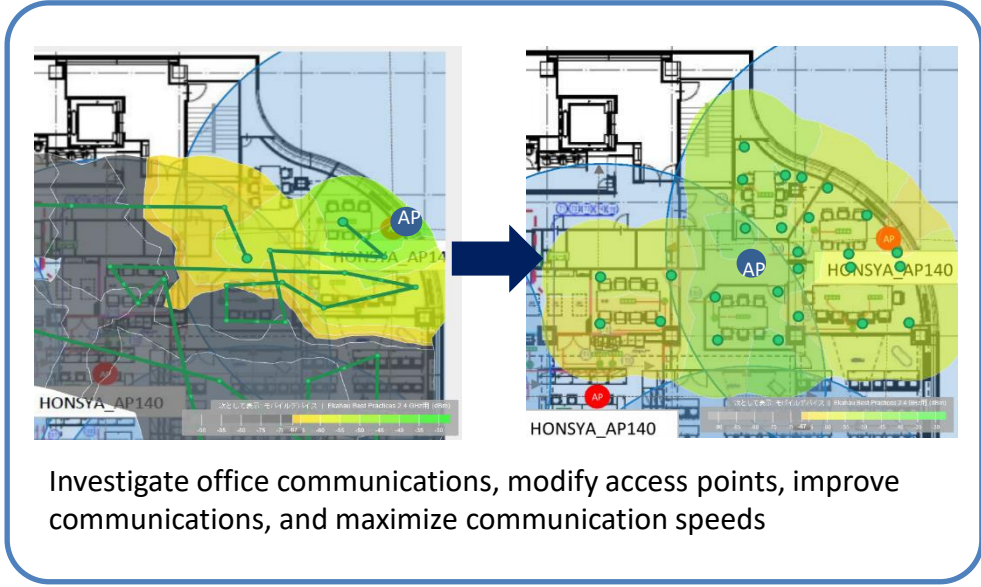
Expansion of Services through M&A

Communication Development Inc. provides solutions for office network environments

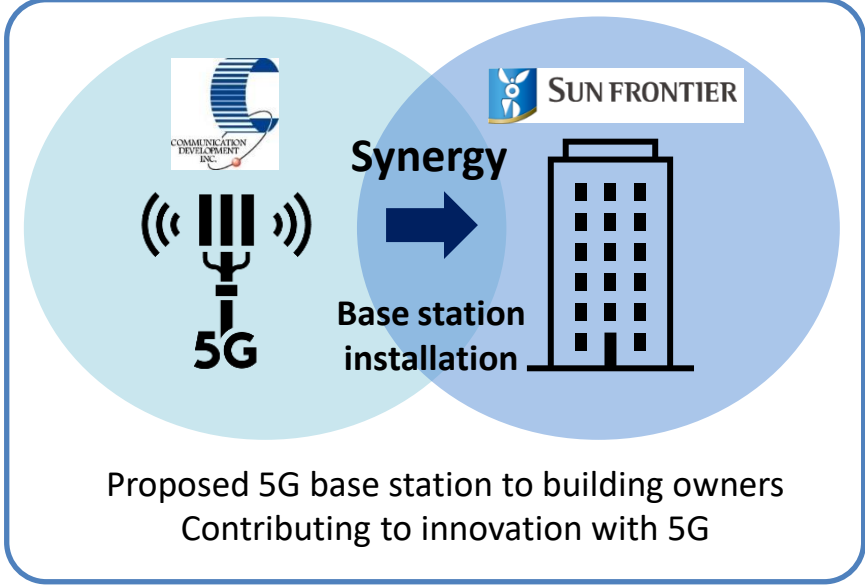


Joined the Company
February 2021

- Communication Development Inc.
1. Network construction
 2. Business phone and main equipment
 3. Security measures
 4. Office interior
 5. Communication infrastructure equipment



Investigate office communications, modify access points, improve communications, and maximize communication speeds



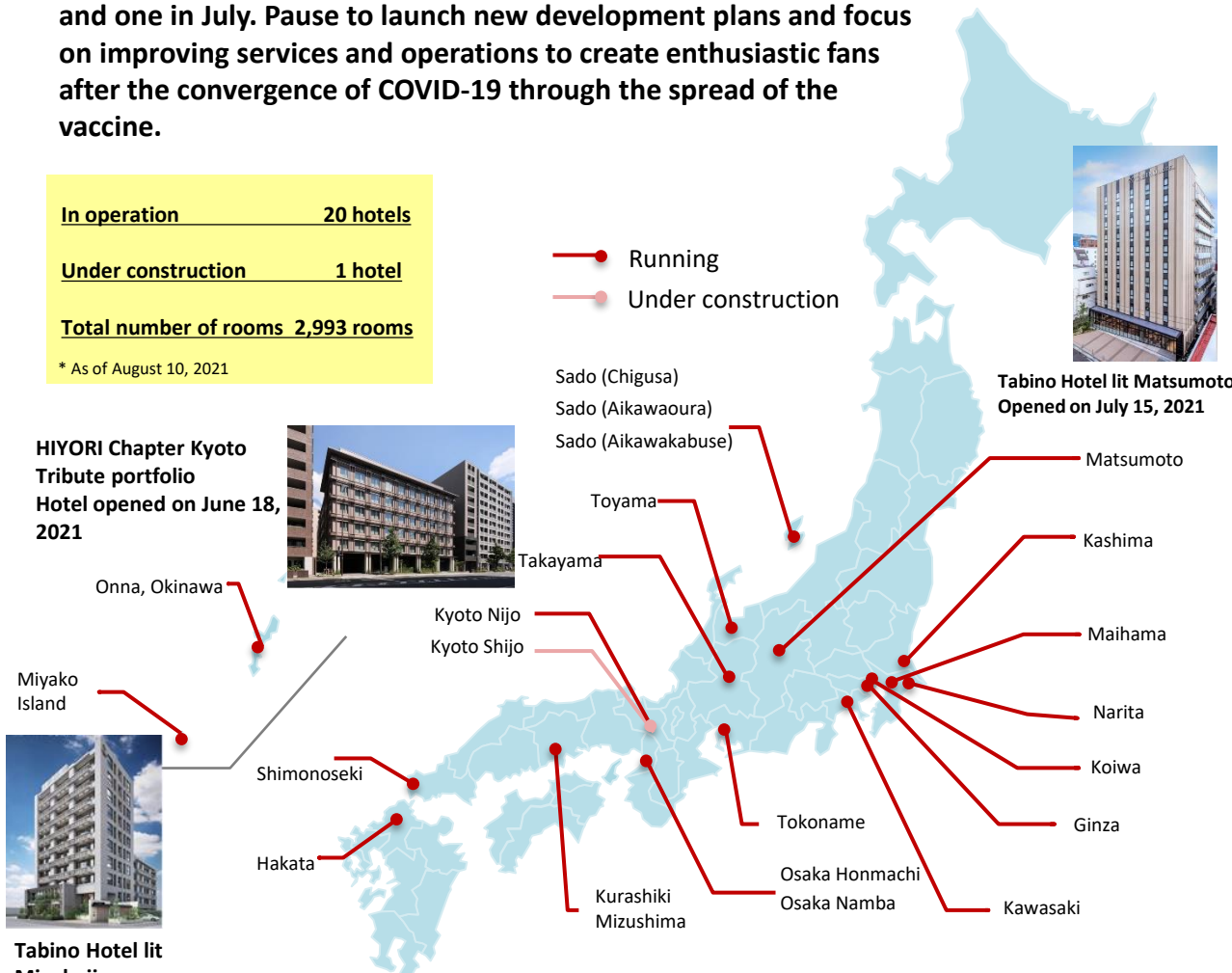
Three New Hotels Open as Planned in Anticipation of Post COVID-19

As planned, three hotels were completed and opened: two in June and one in July. Pause to launch new development plans and focus on improving services and operations to create enthusiastic fans after the convergence of COVID-19 through the spread of the vaccine.

In operation	20 hotels
Under construction	1 hotel
Total number of rooms	2,993 rooms

* As of August 10, 2021

● Running
● Under construction



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

*The schedule, hotel scale and others are based on the current plan, which may change in the future.

Status	Hotel name and location	Number of guest rooms
In operation	SSH Nagoya Tokoname	194
In operation	Hiyori Hotel Maihama	80
In operation	Hiyori Hotel Osaka Namba Station	224
In operation	Hiyori Hotel Tokyo Ginza EAST	135
In operation	HIYORI Ocean Resort Okinawa	203
In operation	HIYORI Chapter Kyoto	203
In operation	Tabino Hotel Hida Takayama	80
In operation	Tabino Hotel Sado	111
In operation	Tabino Hotel Kurashiki Mizushima	155
In operation	Tabino Hotel Kashima	194
In operation	Tabino Hotel lit Miyakojima	111
In operation	Tabino Hotel lit Matsumoto	176
In operation	Sky Heart Hotel Kawasaki	200
In operation	Sky Heart Hotel Koiwa	105
In operation	Sky Heart Hotel Narita	100
In operation	Sky Heart Hotel Hakata	159
In operation	Sky Heart Hotel Shimonoseki	105
In operation	Courtyard by Marriott Osaka Honmachi	193
In operation	Sado Resort Hotel Azuma	57
In operation	Hotel Oosado	74
Under construction	Kyoto Shijo Kawaramachi	134

Focus on Creating Enthusiastic Fans

Pursuing a warm-hearted hotel in the clients' point of view, providing services that transcend satisfaction and excitement, and dedicated to creating enthusiastic fans through hospitality.



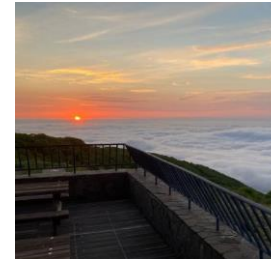
Morning yoga at Infinity Pool
(HIYORI Ocean Resort Okinawa)



Chef's Original Japanese Rolled Omelet
(Tabino Hotel lit Matsumoto)



Star-filled sky
(Tabino Hotel Sado / Donden Plateau Lodge)



Sunset over the sea
(Tabino Hotel Sado / Donden Plateau Lodge)



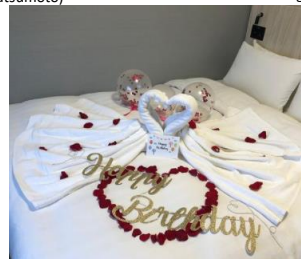
Senba de Marche
Courtyard By Marriott Osaka Honmachi



Sweets to celebrate joining the company
(HIYORI Ocean Resort Okinawa)



Highly transparent sea (Ikizu beach)
(Tabino Hotel lit Miyakojima)



Birthday decorations
(Hiyori Hotel Osaka Namba Station)



Special Obanzai Plate
(HIYORI Chapter Kyoto)



Wedding while watching the sunset
(HIYORI Ocean Resort Okinawa)



View of the Seto Inland Sea over the Great Seto Bridge
(Tabino Hotel Kurashiki Mizushima)



Cherry trees in Katori-jingu Shrine
(Tabino Hotel Kashima)



"Welcome Baby Accommodation Plan"
(Hiyori Hotel Maihama)



Takayama Spring Festival (Sanno Matsuri)
(Tabino Hotel HidaTakayama)

Posting little pleasant services and appeals of each season on SNS (Facebook and Instagram)

Reference Materials

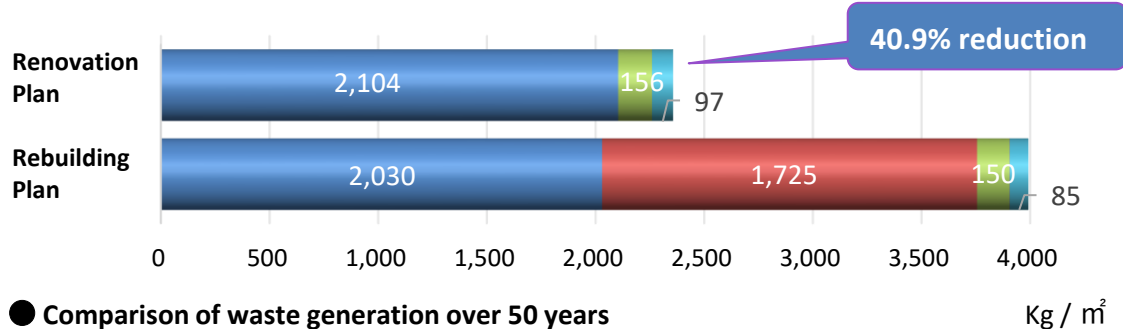
Outlines of our ESG Initiatives

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.

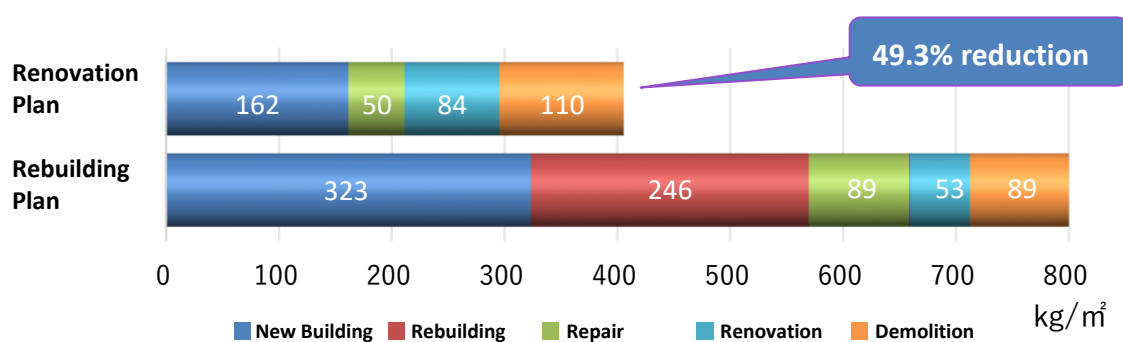
<h2>Environment</h2>	<ul style="list-style-type: none"> ❑ We revitalize buildings without destroying them. We develop the Real Estate Revitalization Business, which grows in harmony with the environment (revitalized buildings: 427 buildings.) ❑ We operate a circulation market of furnished offices with 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. ❑ We have introduced the renewable electric power service to 13 buildings we own.
<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 June 2021: Female employees 35% and Foreign employees 7%) ❑ In our Real Estate Revitalization Business, we promote the revitalization of buildings to meet the social needs. ❑ 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.

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

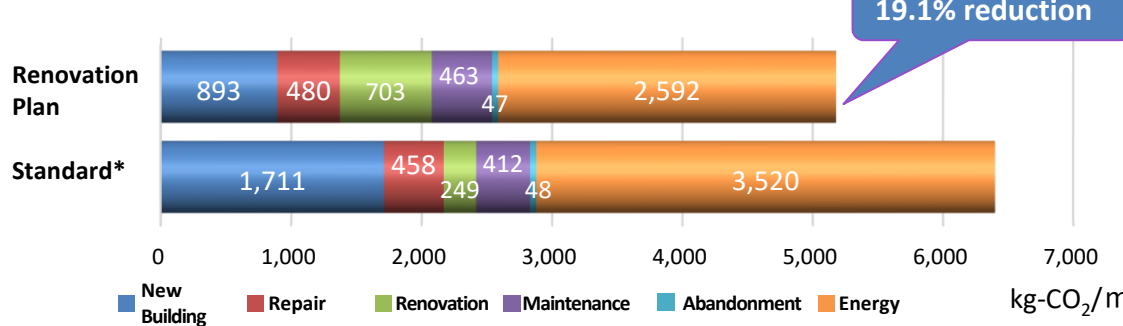
● Comparison of resource input over 50 years



● 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

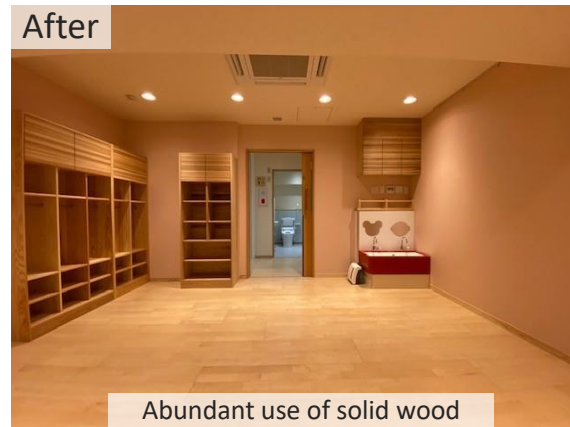
Converting into nursery schools to meet the needs of the rapidly growing population



Originally was a building for office



Originally a store and workshop



Abundant use of solid wood



Equipped with multi-functional toilets

ESG initiatives

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, Oosado 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 Oosado



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.

ESG initiatives

Effective Corporate Governance System [G]

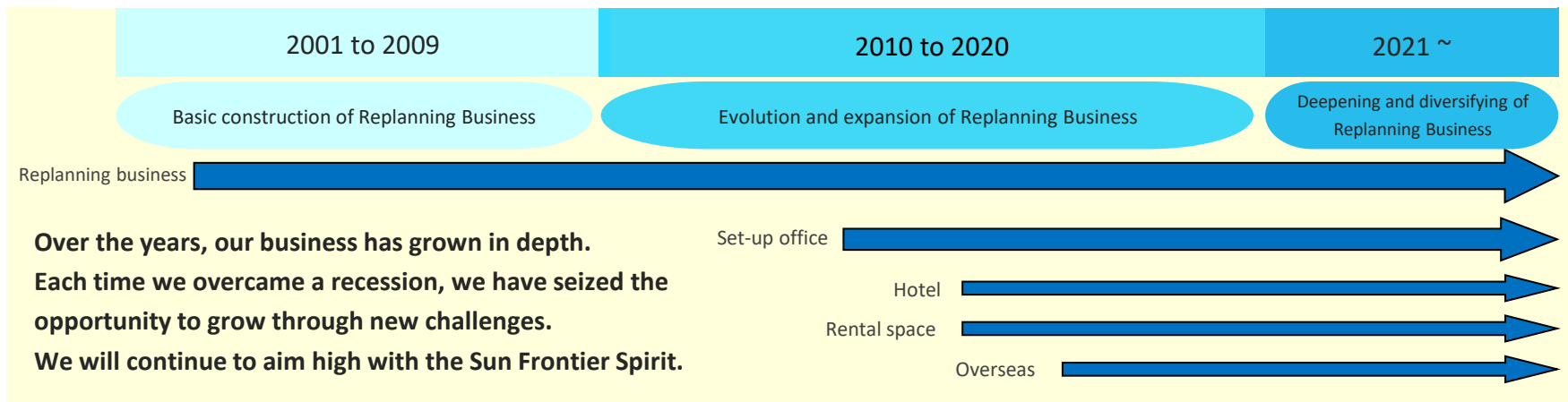
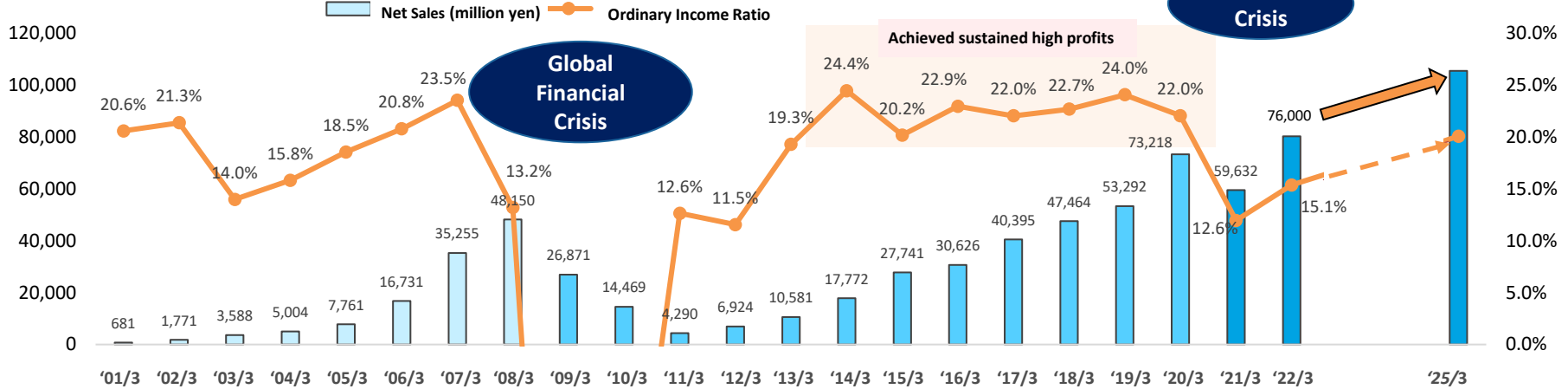
Outside Directors and Outside Audit & Supervisory Board Members are expected to return their wide-ranging knowledge and experience to the Board of Directors and play a role in improving corporate value. We promote a balanced corporate management and corporate governance system based on our expertise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

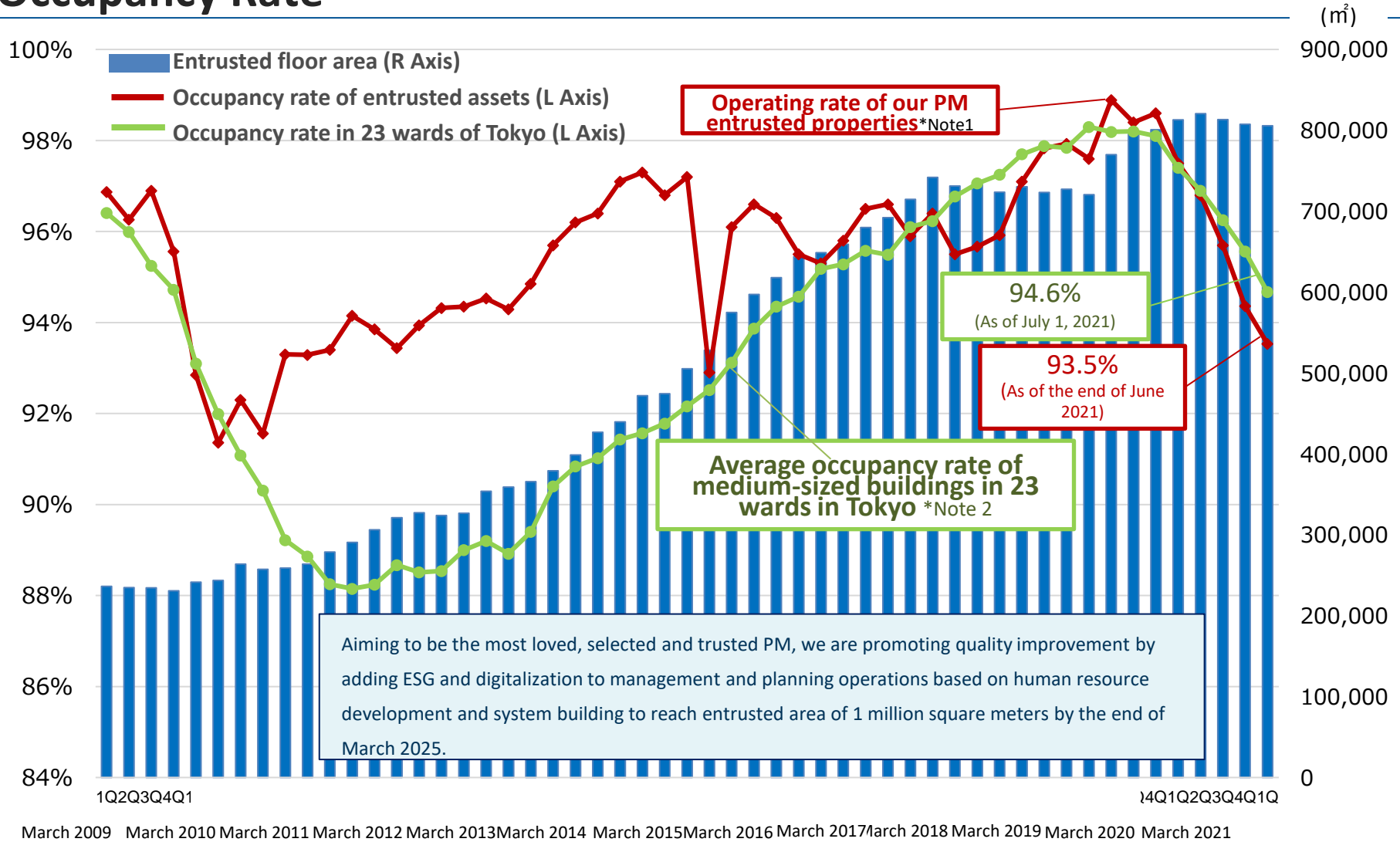
Changes from the Past and Present Location

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

Long-Term Performance



Despite the Impact of the COVID-19 Pandemic Focus on Sustaining Occupancy Rate



*Note1: Operating rate: (Total operating area)/(Total lent available area).

*Note2: Our research based on "Monthly Office Market Research Report" by Sanko Estate Co., Ltd.,

Management Principle, Corporate Philosophy and Vision



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

Management Principle:

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

Corporate Philosophy:

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

Vision:

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

Major Policy:

“Not for profit, but for trust”.

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

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 *	641 full-time employees (1,144 including part-timers and temporary workers)
Average Age of Employees*	36.2 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 June 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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SUN FRONTIER