

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2025

We are aiming to be the most appreciated
visionary company in the world.



August 8, 2024

SUN FRONTIER

Securities Code : 8934

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Overview of the Results for FY2025/3 1Q

Overall sales and profit decreased YoY due to fewer sales of large-scale properties in 1Q. In stock-type businesses such as Real Estate Services Business and Hotel Operation Business, both sales and profit increased and hit record highs.

(Unit: million yen)

	Results	Profit margin	Year-on-year	Growth rate
Net sales	15,685	—	-2,766	-15.0%
Operating profit	2,834	18.1%	-1,372	-32.6%
Ordinary profit	2,739	17.5%	-1,444	-34.5%
Profit**	1,878	12.0%	-1,256	-40.1%

Forecast (disclosed on Feb. 8, 2024)	Achievement rate
100,000	15.7%
20,870	13.6%
20,000	13.7%
14,000	13.4%

*The profit attributing to owners of parent.

Performance Highlights

- Sales including large-scale properties will accelerate from the second quarter. The sale (including contract-based sale) as of the day of this financial presentation is 30% of the full-year financial results forecast.
- In Replanning Business, both sales and profits increased as the number of sales increased YoY and the profit margin maintained a high level.
- In Real Estate Service Business, the performance is well with exceeding targets mainly due to the PM Business, which saw an increase in the number of entrusted buildings, and the Rental Conference Room Business, which saw an expansion of the new sites.
- In Hotel Operation Business, both sales and profits grew significantly due to continued strong inbound demand backed by the weak yen.
- In Hotel Development Business, the sale of properties is scheduled in the second half of the year. M&A and acquisition of land for development are in progress to increase the number of hotel rooms.

Consolidated Income Statement



(Unit: million yen)

	FY2024/3 1Q	FY2025/3 1Q	YoY increase/decrease	YoY change rate
Net sales	18,452	15,685	- 2,766	-15.0%
Real Estate Revitalization Business	7,693	8,711	1,018	13.2%
Replanning Business	7,083	8,020	936	13.2%
Rental Buildings Business	609	690	81	13.4%
Real Estate Service Business	2,665	3,119	454	17.1%
Hotel and Tourism Business	8,029	3,681	- 4,348	-54.2%
Hotel Development Business	5,270	0	- 5,270	-
Hotel Operation, etc	2,759	3,681	921	33.4%
Other Business	368	481	112	30.6%
Adjustments	-303	-308	-5	-
Gross Profit (Loss)	6,306	5,194	- 1,112	-17.6%
Real Estate Revitalization Business	2,261	2,638	377	16.7%
Replanning Business	2,125	2,591	465	21.9%
Rental Buildings Business	135	47	-88	-65.1%
Real Estate Service Business	1,557	1,699	141	9.1%
Hotel and Tourism Business	2,665	888	- 1,777	-66.7%
Hotel Development Business	2,200	-0	- 2,200	-
Hotel Operation, etc	465	888	423	91.0%
Other Business	45	172	127	282.0%
Adjustments	-223	-204	18	-
Selling, General and Administrative Expenses	2,099	2,359	259	12.4%
Operating Profit (Loss)	4,206	2,834	- 1,372	-32.6%
Ordinary Profit (Loss)	4,184	2,739	- 1,444	-34.5%
Profit	3,134	1,878	- 1,256	-40.1%
EPS	64.60 yen	38.68 yen	- 25.92yen	-40.1%

Keynotes of Income Statement

<Real Estate Revitalization Business>

The number of sales was 6 (+1 YoY). The progress rate against the financial results forecast is over 30%, including the number of sales of contracted and shortly settled properties.

<Real Estate Service Business>

The performance of the PM Business, which saw an increase in the number of entrusted buildings, and the Rental Conference Room Business, which saw an expansion of the new sites, led to record highs for the first quarter.

<Hotel and Tourism Business>

Driven by robust inbound demand, Hotel Operation grew significantly in both sales and profits. The overall performance of Hotel Development was affected by a rebound of the sale of one hotel in the same period of the previous year.

<Selling, General and Administrative Expenses>

Increased as planned from the same period of the previous year as personnel expenses increased due to human capital investment, and depreciation expenses increased due to proactive business investment and system investment, etc.

Consolidated Balance Sheet



- Assets -

<Cash and deposits> Decreased by 7.5 billion yen from the end of the previous fiscal year due to progress in purchasing properties, tax payments and dividends.

<Inventories> Increased by 12.3 billion yen from the end of the previous fiscal year due to purchase and construction of land or properties for RP products small-lot real estate products and hotel development.

(Unit: million yen)	As of End of March 2023	As of End of March 2024	As of End of June 2024	Increase/decrease (compared to the End of March 2024)
Current assets	125,886	159,518	163,738	+4,220
Cash and deposits	42,016	47,867	40,317	-7,550
Inventories	80,182	106,869	119,213	+12,344
Breakdown) RP※	70,327	95,927	103,209	+7,283
Hotel	9,750	9,545	14,509	+4,963
Overseas, etc.	105	1,398	1,494	+97
Other current assets	3,688	4,780	4,207	-572
Non-current assets	26,633	29,143	29,807	+664
Property, plant and equipment	20,410	22,323	22,662	+339
Intangible assets	815	1,193	1,150	-43
Investments and other assets	5,406	5,626	5,994	+368
Total assets	152,519	188,661	193,546	+4,885

Note : Includes properties in small-lot real estate properties and New York properties.

Consolidated Balance Sheet

- Liabilities/Equity -



<Interest-bearing debt> Increased by 5.1 billion yen due to borrowings for purchase of properties. 10 billion yen was raised through CB issuance in the third quarter of the previous fiscal year, resulting in a total of 84.6 billion yen in interest-bearing debt.

<Equity ratio> Maintained at a high level of 47.1% while actively investing.

Changes of Equity Ratio		
As of End of March 2023	As of End of March 2024	As of End of June 2024
52.9%	48.0%	47.1%

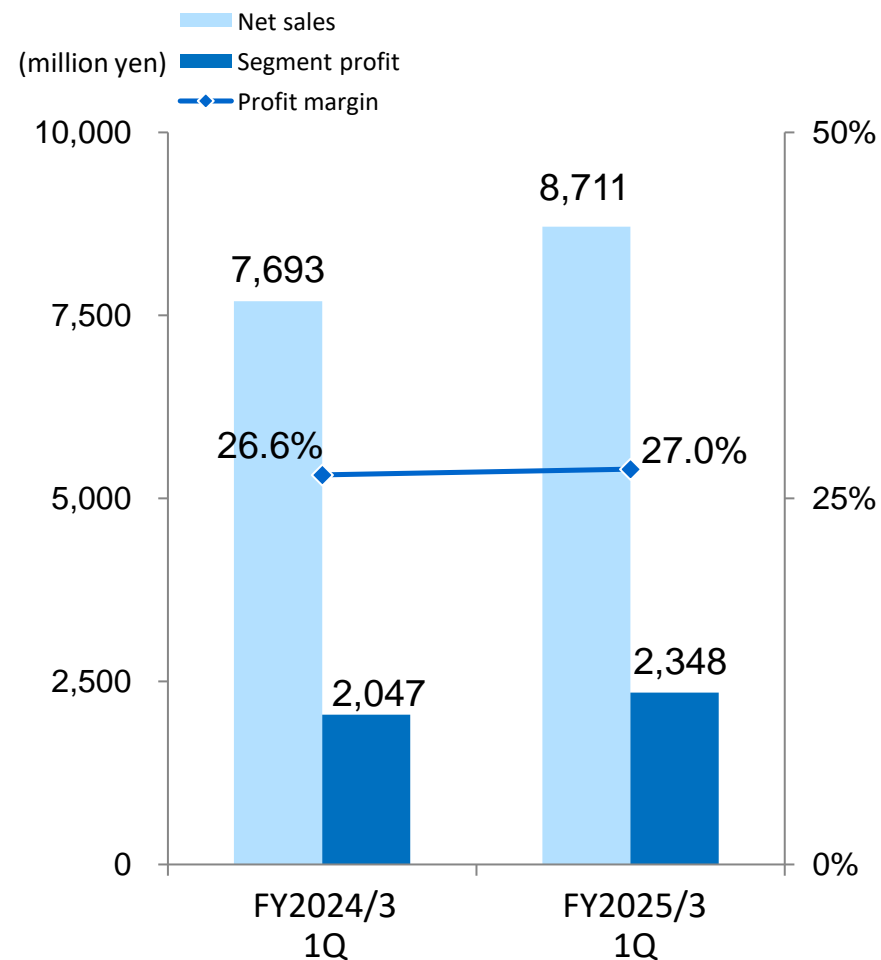
(Unit: million yen)	As of End of March 2023	As of End of March 2024	As of End of June 2024	Increase/decrease (compared to the End of March 2024)
Current liabilities	16,363	24,767	19,962	-4,804
Short-term borrowings, etc.	5,492	12,269	8,765	-3,504
Other current liabilities	10,871	12,497	11,197	-1,299
Non-current liabilities	52,190	69,477	78,450	+8,973
Long-term borrowings	50,170	57,272	65,913	+8,640
Bonds payable	0	9,999	9,999	0
Other non-current liabilities	2,019	2,205	2,537	+332
Total liabilities	68,553	94,244	98,413	+4,168
Shareholders' equity	80,430	89,889	90,210	+320
Other	3,535	4,526	4,923	+396
Total net assets	83,965	94,416	95,133	+716
Total liabilities and net assets	152,519	188,661	193,546	+4,885

Real Estate Revitalization Business (Replanning and Rental Buildings)

<Replanning Business>

- The number of sales was 6 (+1 YoY). Both sales and profit increased YoY.
- The average business period was 583 days (down 122 days YoY). There were a lot of short-term properties sold in this period, resulting in a significant shortening of the business period.

(Unit: million yen)	FY2024/3 1Q	FY2025/3 1Q	Increase/ decrease
Net sales	7,693	8,711	+13.2%
Replanning Business	7,083	8,020	+13.2%
Rental Building Business	609	690	+13.4%
Segment profit ※1	2,047	2,348	+14.7%
Replanning Business	1,911	2,300	+20.4%
Rental Building Business	135	47	-65.1%
Profit margin	26.6%	27.0%	+0.3%pt
Replanning Business	27.0%	28.7%	+1.7%pt
Rental Building Business	22.3%	6.9%	-15.4%pt
Number of properties sold	5 cases	6 cases	+1 cases
Number of stocks	57 cases ※2	59 cases ※2	+2 cases



※1 "Segment profit" is calculated by deducting specific costs of each segment, including interest expenses, sales commission and amortization of goodwill from gross profit.
 ※2 Land purchase and development projects are included.

Real Estate Revitalization Business

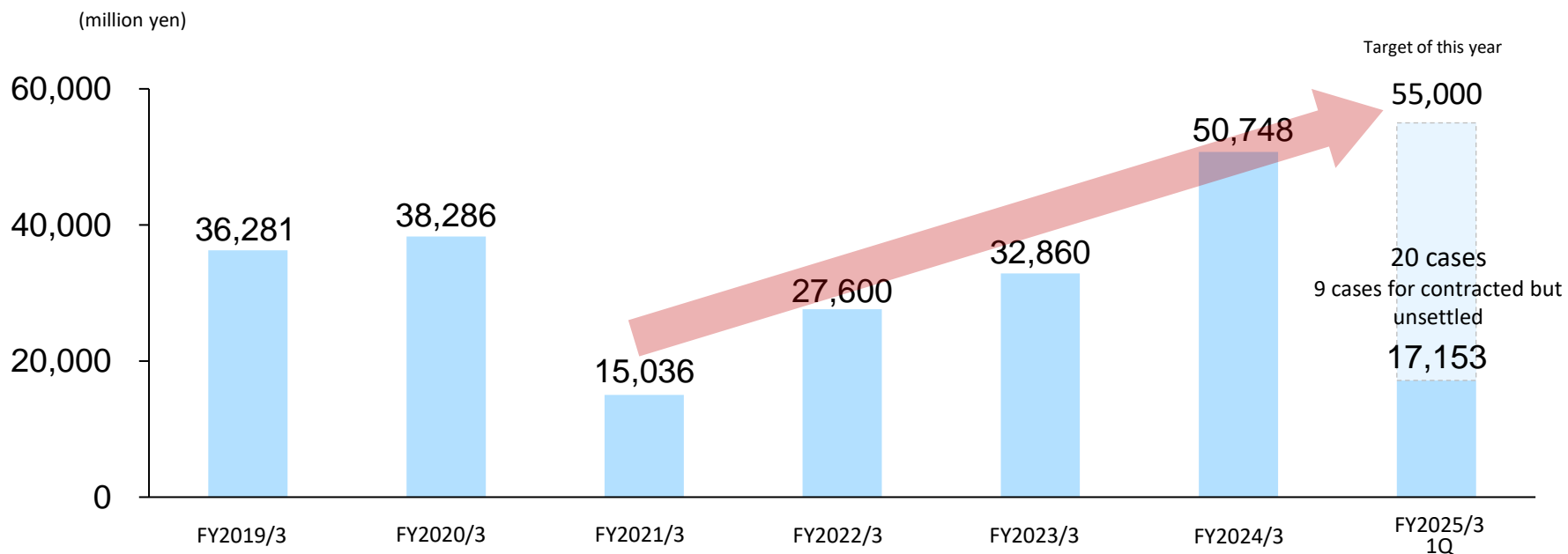
<Purchasing properties of Replanning Business>

The purchase amount, including contracted and unsettled properties, is 17.1 billion yen.

More than 30% progress toward the full-year purchase target of 55 billion yen.

Note : Includes properties in non-current assets, small-lot real estate properties and New York properties.

	FY2024/3 1Q	FY2025/3 1Q	Increase/ decrease
(Unit: million yen)			
Number of properties purchased	24 cases	20 cases	-4 cases
(of which, contracted and unsettled)	9 cases	6 cases	-3 cases
Purchase amount	22,510	17,153	-5,357
(of which, contracted and unsettled)	12,590	3,428	-9,162



Trends in Inventories and Gross Profit of Property Sales

Ahead of the Medium-Term Management Plan Targets, aggressively invest for sustainable growth and plan to build up inventories

	FY2021/3 (Results)	FY2022/3 (Results)	FY2023/3 (Results)	FY2024/3 (Results)	FY2025/3 (Forecast)
Sales of properties	45.1 billion yen	57.0 billion yen	61.7 billion yen	53.7 billion yen	70.0 billion yen
Cost of property sales	33.1 billion yen	40.3 billion yen	44.9 billion yen	36.1 billion yen	49.0 billion yen
Gross profit ※	12 billion yen RP 9.2 billion yen Hotel 2.8 billion yen	16.7 billion yen RP 16.0 billion yen Hotel 0.7 billion yen	16.8 billion yen RP 15.3 billion yen Hotel 1.5 billion yen	17.6 billion yen RP 15.5 billion yen Hotel 2.1 billion yen	21.0 billion yen RP 20.0 billion yen Hotel 1.0 billion yen
Gross profit margin	26.6%	29.2%	27.2%	32.8%	30.0%
Purchases during the fiscal year, construction work, etc.	27.4 billion yen	31.6 billion yen	47.7 billion yen	62.8 billion yen	62.2~67.2 billion yen
Ending balance of the inventory	86 billion yen	77.3 billion yen	80.1 billion yen	106.8 billion yen	120.0~125.0 billion yen
		Sale in the following fiscal year	Sale during the year	Sale in the following fiscal year	Sale during the year
		Keep holding	Carry-over	Keep holding	Carry-over
			Keep holding		Keep holding
					Carry-over

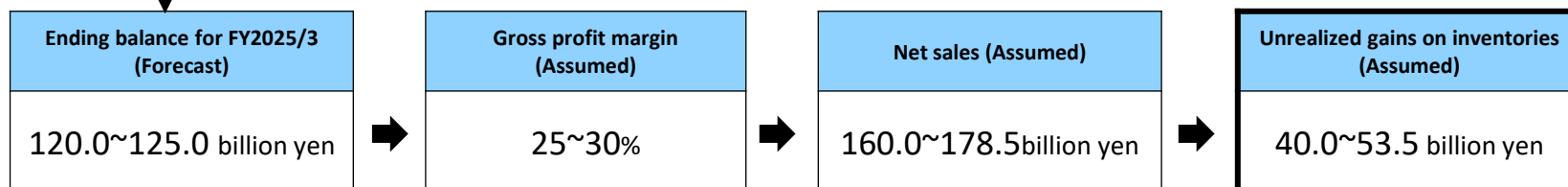
Affected by COVID-19, both net sales and purchase decreased, and causing the decrease of the balance of inventories .

Although COVID-19 prolonged, sales were good. Started refocusing on purchases, but the balance of inventories declined.

Sales remained strong. The results of strengthening purchase emerged, leading to the increase of the balance of inventories .

Increase in the balance by selling as planned and investing aggressively.

Aggressively invest for the next fiscal year and beyond while selling at high margins and achieving the Medium-Term Management Plan



※ Gross profit = ordinary profit - sales commission

Performance for Each Business Segment



Real Estate Services Business

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

<Property Management and Building Maintenance>

- Business, both sales and profit increased due to an increase in the number of entrusted buildings
- In BM Business, sales increased due to an increase in the number of managed buildings, but profits did not increase due to an increase in costs associated with rising prices.

<Brokerage>

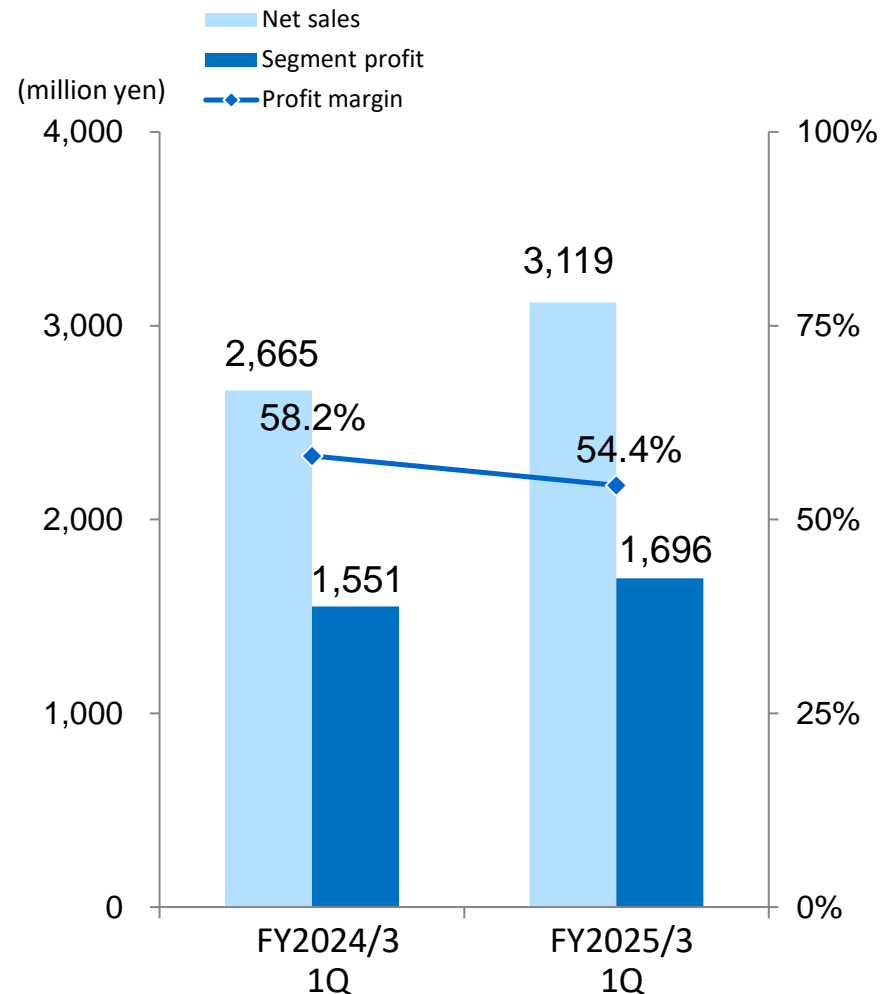
- Leasing brokerage was flat compared with the same period of the previous year.
- Sales brokerage, in addition to referral projects, projects for repeat customers and new customers also led steadily to contracts, resulting in a strong performance.

<Rental Conference Room>

- New sites contributed to sales and profit growth while making progress in investment for further expansion of sites.

<Rent Guarantee>

- Both sales and profit increased YoY due to an increase in the number of new contracts.



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

(Unit: million yen)	FY2024/3 1Q	FY2025/3 1Q	Increase/decrease
Net sales	2,665	3,119	+17.1%
Segment profit ※1	1,551	1,696	+9.4%
Profit margin	58.2%	54.4%	-3.8%pt

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

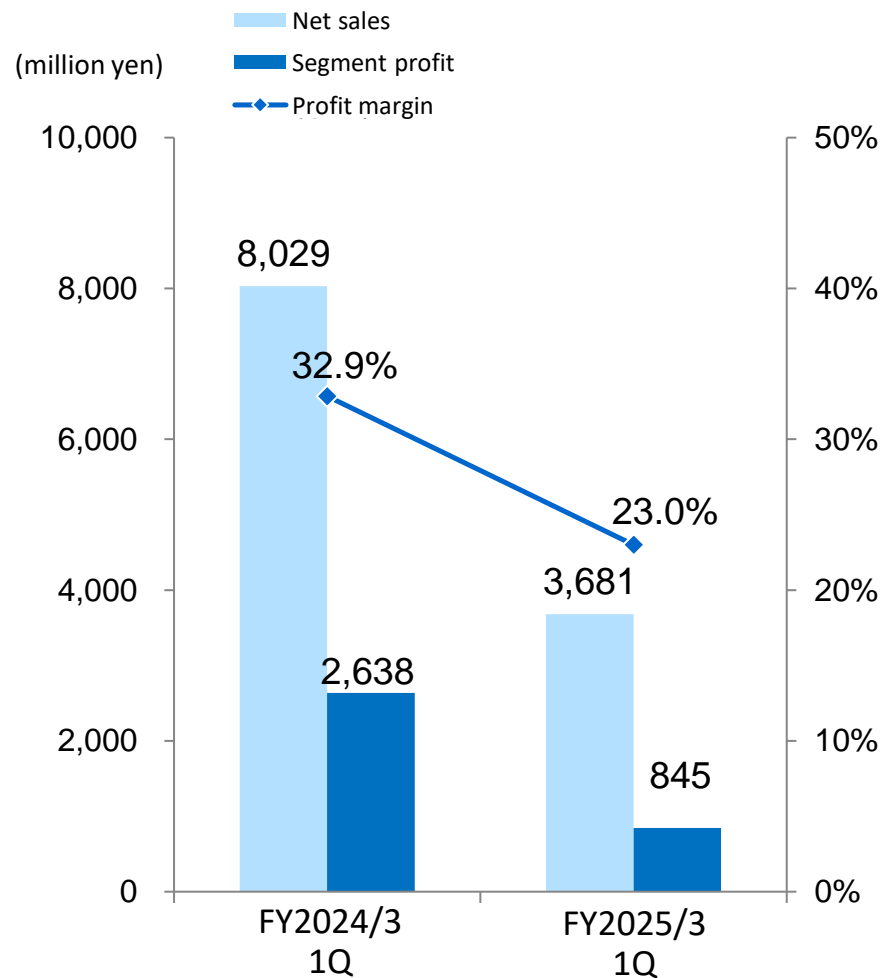
<Hotel Development Business>

- Both sales and profit decreased due to a reaction of the sale of one hotel in the previous year.
- Making a progress in land acquisition in Karuizawa, Akita, etc., and many ongoing development projects in other regions.

<Hotel Operation Business ※1>

- Both sales and profit increased significantly due to an increase in occupancy rate and average daily rate as travel demand continued to expand and inbound demand recovered.

(Unit: million yen)	FY2024/3 1Q	FY2025/3 1Q	Increase/ decrease
Net sales	8,029	3,681	-54.2%
Hotel Development Business	5,270	0	—
Hotel Operation Business, etc.	2,759	3,681	33.4%
Segment profit ※2	2,638	845	-68.0%
Hotel Development Business	2,173	-22	—
Hotel Operation Business, etc.	465	867	86.5%
Profit margin	32.9%	23.0%	-9.9%pt
Hotel Development Business	41.2%	—	—
Hotel Operation Business, etc.	16.8%	23.6%	6.7%pt



※1 There is Profit of Hotel Rental included.

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

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

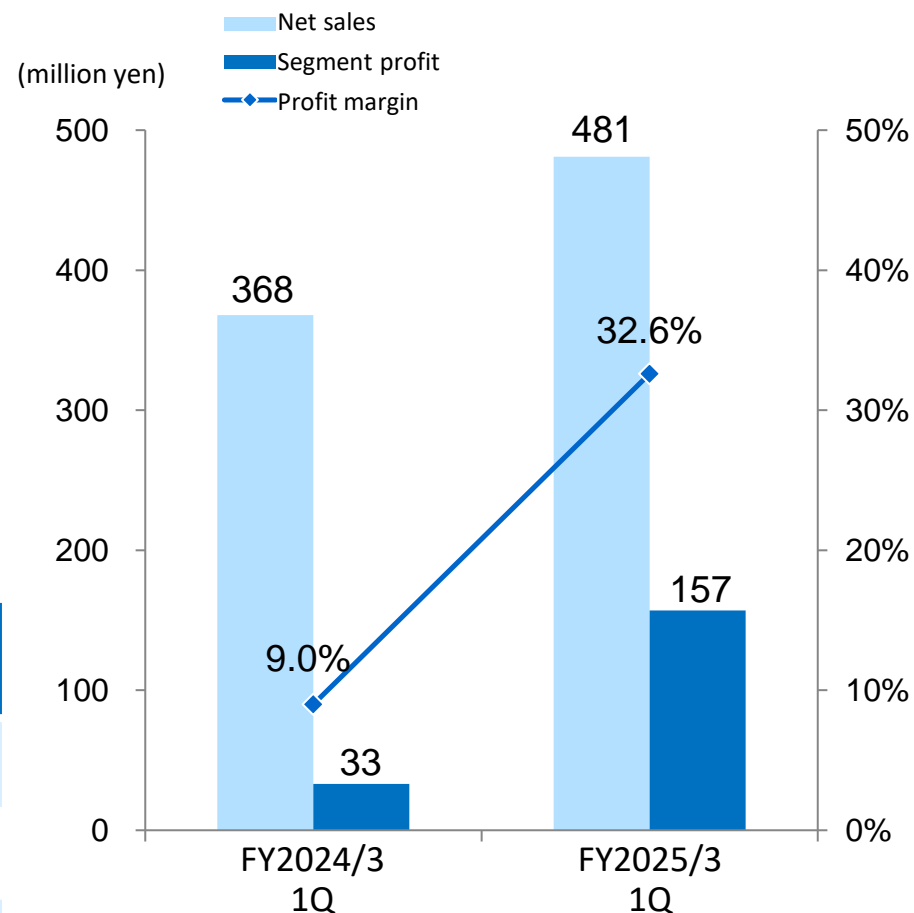
<Construction Business>

- Both sales and profit increased due to an increase in sales of percentage of construction completion method at a Group subsidiary compared to the previous year and settlement of labor costs for completed projects in the previous fiscal year.

<Overseas Development Business>

- Construction of the second condominium project in Viet Nam (HIYORI Aqua Tower), for which land was acquired, is scheduled to begin in August 2024.

(Unit: million yen)	FY2024/3 1Q	FY2025/3 1Q	Increase/ decrease
Net sales	368	481	+30.6%
Segment profit ※1	33	157	+371.5%
Profit margin	9.0%	32.6%	23.6%pt



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



Forecast for FY2025/3 and Business Initiatives



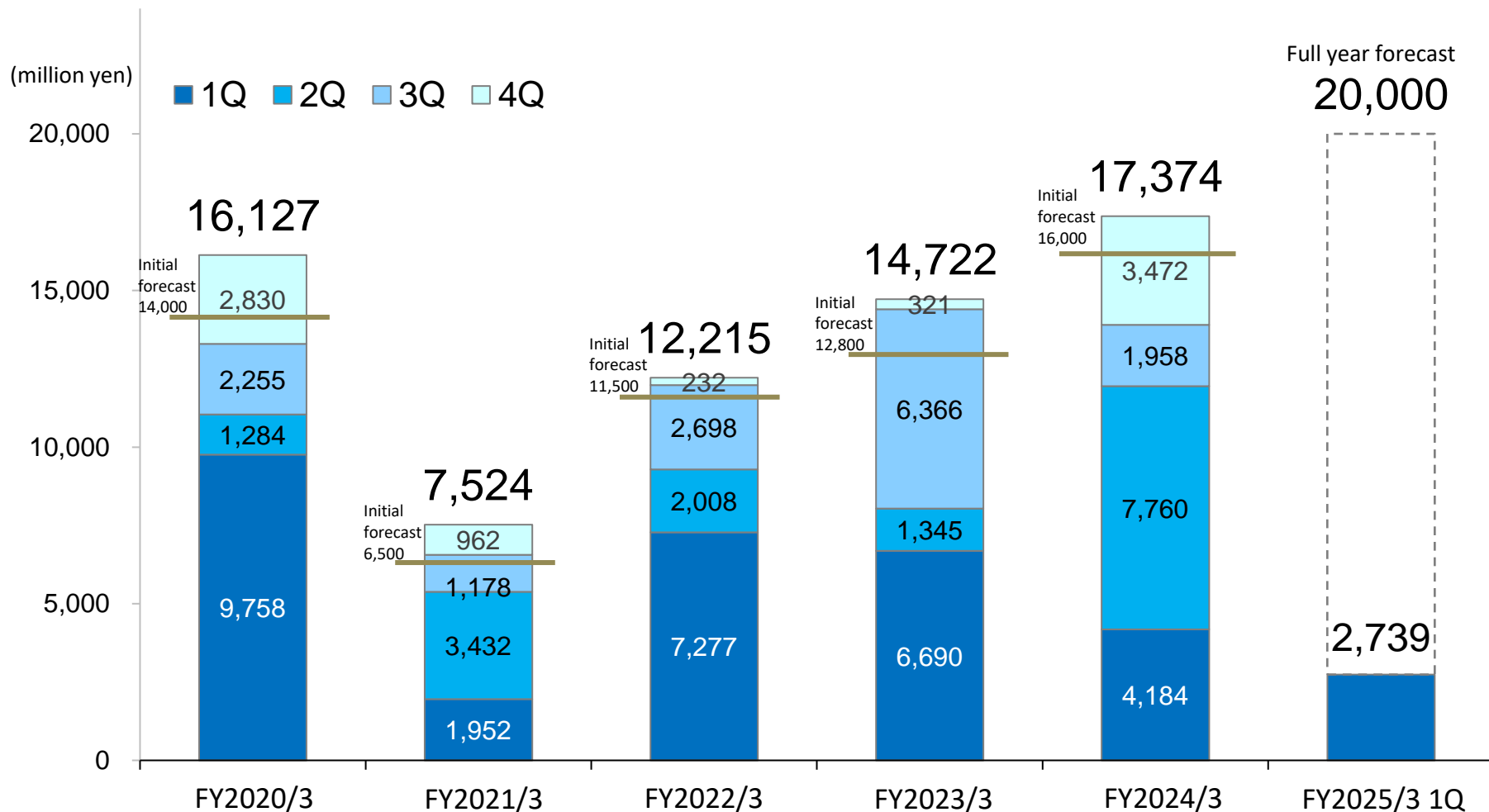
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2025年3月期 業績予想に対する進捗

(Unit: million yen)	Result for FY2024/3	Forecast for FY2025/3	Result for FY2025/3 1Q	Progress Rate
Net sales	79,868	100,000	15,685	15.7%
Real Estate Revitalization Business	51,027	69,800	8,711	12.5%
Replanning Business	48,395	67,000	8,020	12.0%
Rental Buildings Business	2,632	2,800	690	24.7%
Real Estate Service Business	10,497	11,650	3,119	26.8%
Hotel and Tourism Business	16,977	17,430	3,681	21.1%
Hotel Development Business	5,270	3,000	0	0.0%
Hotel Operation, etc	11,707	14,430	3,681	25.5%
Other Business	2,409	2,560	481	18.8%
Adjustments	-1,043	-1,440	-308	—
Gross Profit (Loss)	26,405	31,000	5,194	16.8%
Real Estate Revitalization Business	16,593	21,230	2,638	12.4%
Replanning Business	15,981	20,600	2,591	12.6%
Rental Buildings Business	612	630	47	7.5%
Real Estate Service Business	5,636	6,300	1,699	27.0%
Hotel and Tourism Business	4,440	3,840	888	23.1%
Hotel Development Business	2,200	1,100	-0	0.0%
Hotel Operation, etc	2,240	2,740	888	32.4%
Other Business	352	420	172	41.1%
Adjustments	-618	-790	-204	—
Selling, General and Administrative Expenses	8,804	10,130	2,359	23.3%
Operating Profit (Loss)	17,600	20,870	2,834	13.6%
Ordinary Profit (Loss)	17,374	20,000	2,739	13.7%
Profit	11,917	14,000	1,878	13.4%
EPS	245.50 yen	288.41 yen	38.68 yen	13.4%

Trends in Ordinary Profit for recently 5 fiscal years

Progress against the financial results forecast was in line with the plan. Many of the planned sales of the properties are scheduled for 2Q or later.

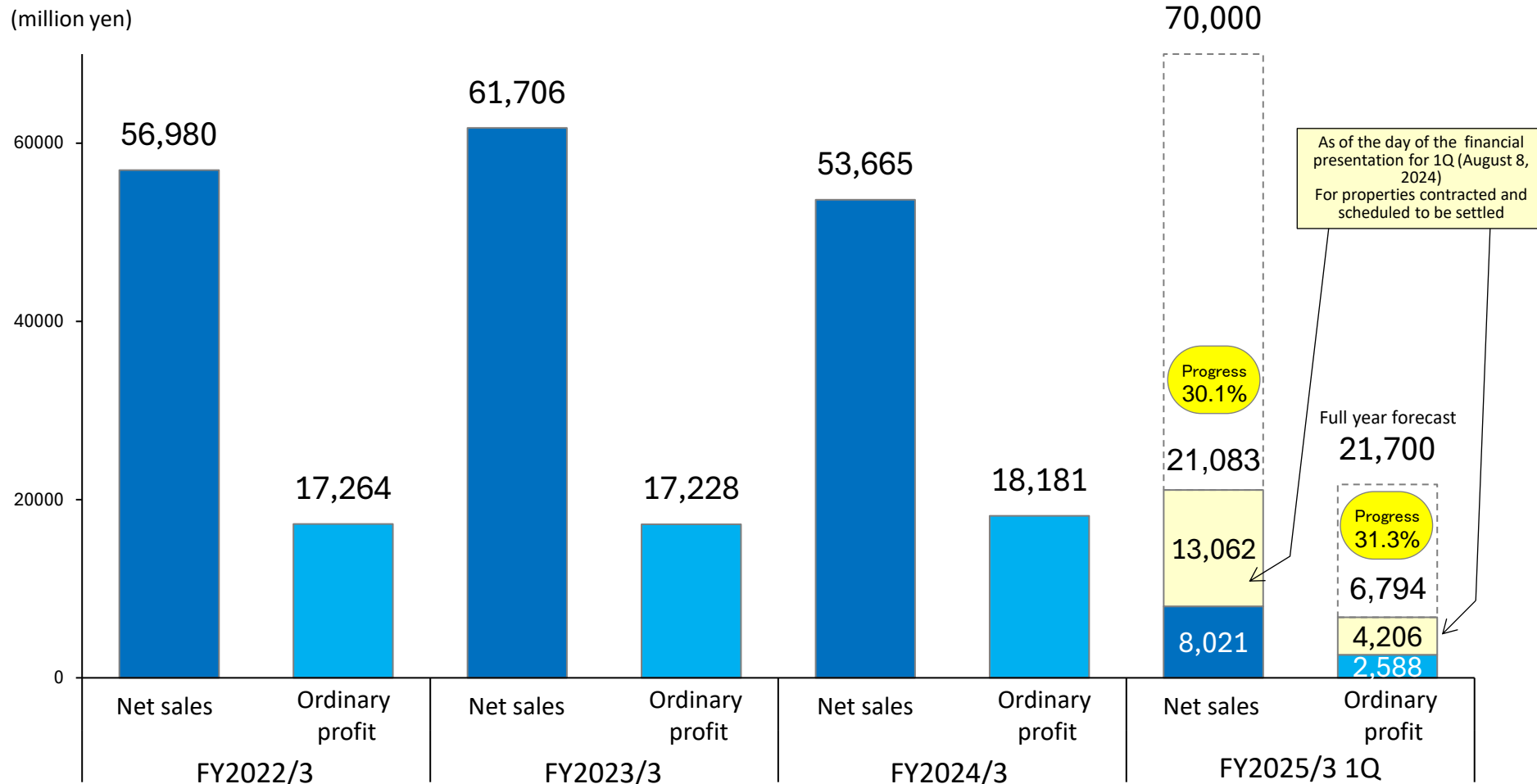


Progress of Flow-Type Businesses

(Sale of properties in RP Business,
Hotel Development Business,
Overseas Development Business)



Steady progress of more than 30% against the full-year forecast, including contracted sales of properties.

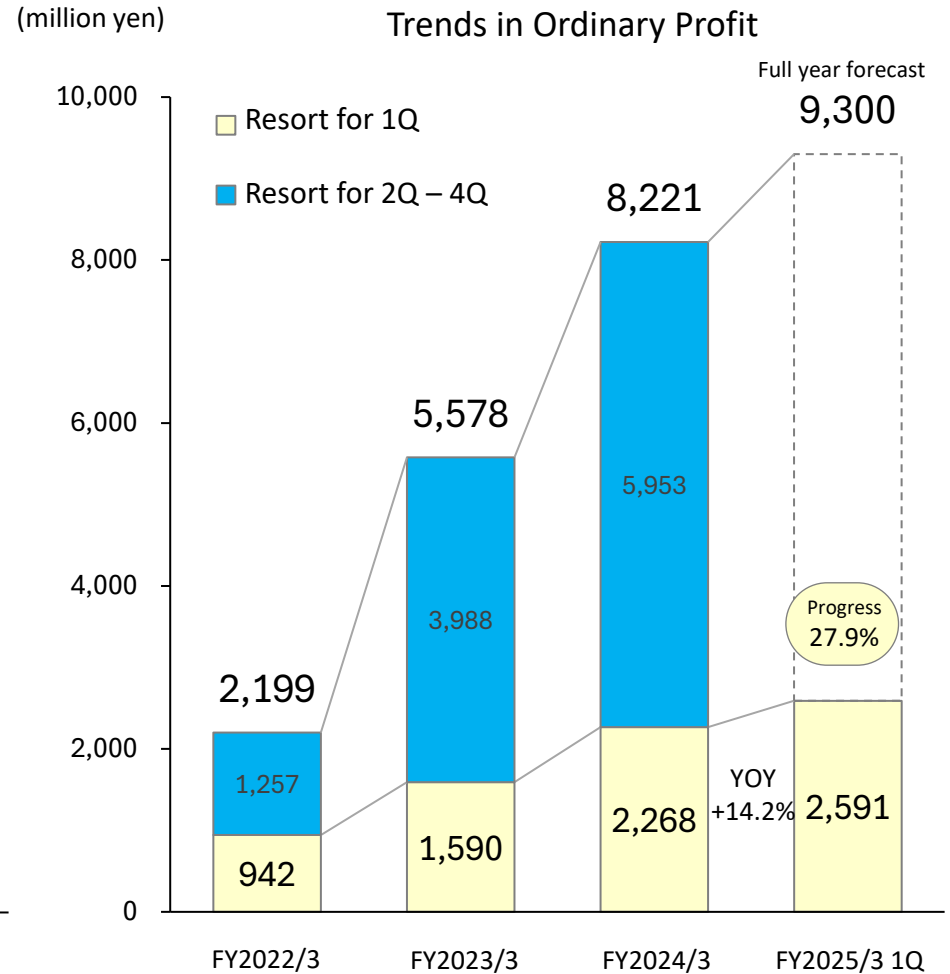
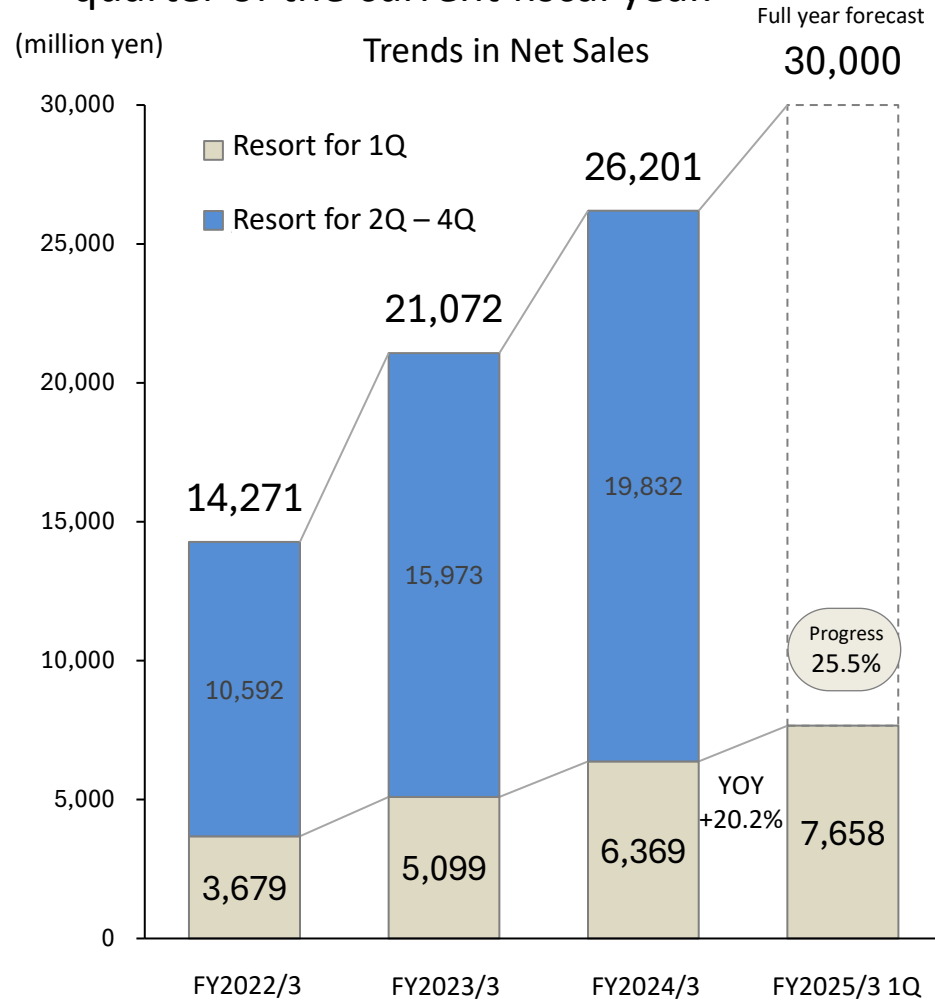


Progress of Stock-Type Businesses

(All businesses other than sale of properties such as Real Estate Services, Hotel Operation Business, etc.)



Continued growth in sales and profits. Both sales and gross profit hit record highs in the first quarter of the current fiscal year.



Business Environment Awareness

1. The global economy is showing signs of a slowdown in inflation trends, with expectations of interest rate cuts in Europe and the United States, leading to a potential soft landing.

◆ The IMF has not changed its global growth forecast for 2024 of 3.2%, despite concerns over prolonged inflation.

◆ While the U.S. Federal Reserve is figuring out the right timing of the start of interest rate cut, attention should be paid to the outcome of the U.S. presidential election.

2. The Japanese economy is facing uncertainty as the financial markets become chaotic due to a sudden surge in the yen and a sharp drop in stock prices, triggered by a policy rate hike.

◆ Despite the continued rise in prices, personal consumption is expected to remain firm due to rising wages and incomes.

◆ The Bank of Japan decided to raise its policy interest rate by about 0.25% and reduce its amounts of purchases of Japanese government bonds, suggesting the possibility of further rate hikes.

3. In the central Tokyo office building market, vacancy rate will continue to decline and rents will continue to rise as the demand for office is recovering.

◆ The new supply of office space was less than the previous year, vacancy rate is expected to decrease, and rents are expected to bottom out and gradually rise.

◆ Despite rising expectations for higher interest rates, the desire to invest in real estate remains strong.

4. In the hotel and tourism market, inbound demand has been brisk due to the depreciation of yen, and domestic travel demand has been also strong.

◆ From April to June 2024, spending by foreign visitors to Japan hit a record high of 2.1 trillion yen.

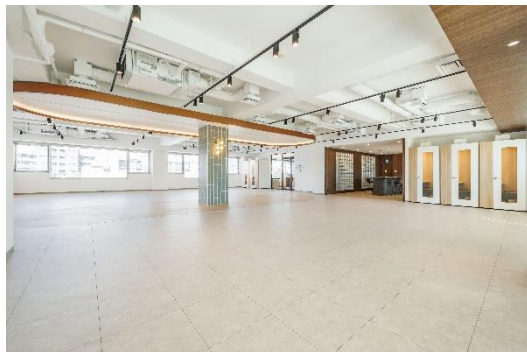
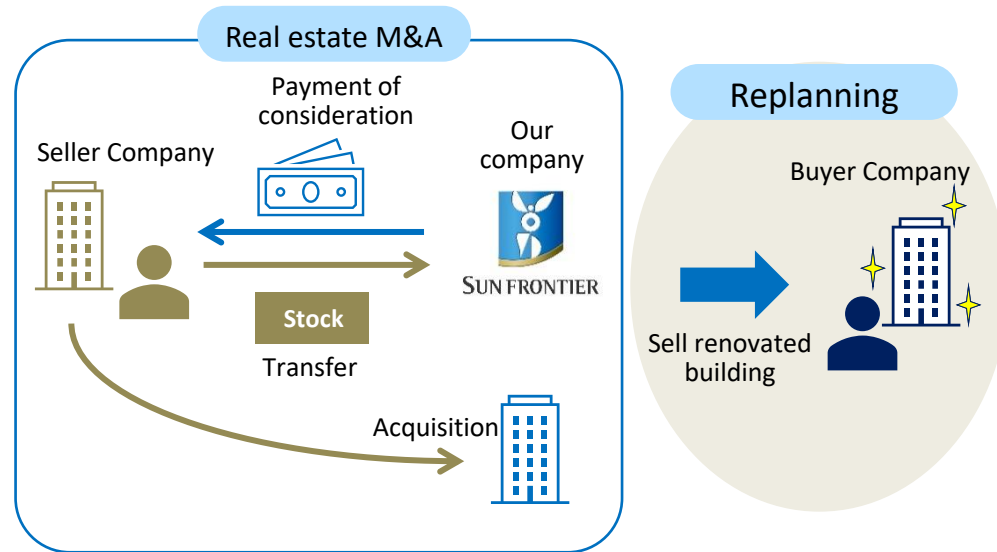
◆ The number of foreign visitors to Japan reached a record high of 3.13 million in June and 17.77 million in the six months from January.

Replanning Business, An Example of Initiatives (1)

Renovated a building acquired through real estate M&A into one with excellent design and functionality.



[Building exterior] Sendagaya Head Office Building, Shibuya-ku, Tokyo
4-story reinforced concrete building with deck roof



A telephone conference booth is also installed in the spacious and bright office



A meeting room made of glass with soft light shining through



A wood-grain interior that harmonizes with the greenery spreading over the windows

Replanning Business, An Example of Initiatives (2)

Converted parking lots to office space to increase operating area and improve profitability of buildings.



[Building exterior]
Nihonbashi Kodenmachi, Chuo-ku, Tokyo
8-story steel structure building with deck roof

Before



Parking lot on the first floor, which had been losing profitability due to low occupancy

After



Converted to a set-up office and increased profitability

After



Renovated entrance with a sense of unity that matches the color tone of the office converted from the parking lot



Various fixtures in the lounge can support various working styles and stimulate communication

Promote Sales of Small-lot Real Estate Property

In addition to promoting sales of educational and medical facilities, launched new small-lot real estate property.

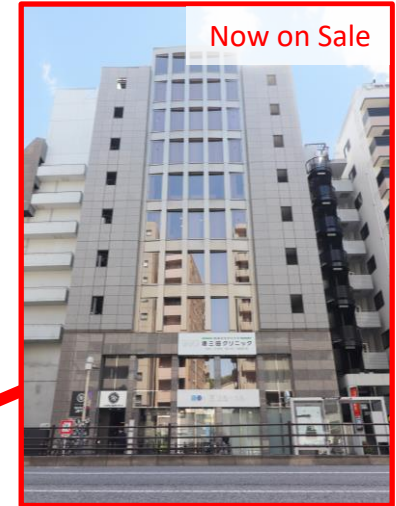


Now on Sale

Sold out in February 2024.
licensed nursery school



Compass Oyama (Condominium type)
A licensed nursery school in Oyama, Itabashi, Tokyo
Sale in April 2024



Now on Sale

Sold out in March 2023.
Licensed nursery school

Compass JINUSHI
In front of Keio University
Land Owner Project. Sale in June 2024



Now on Sale

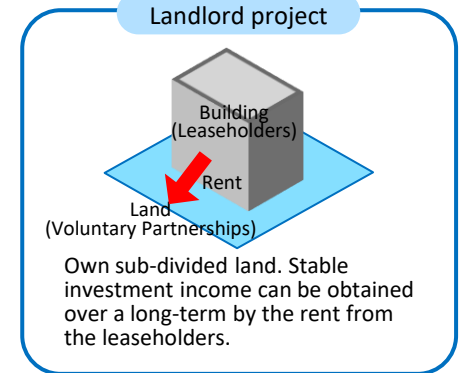
Compass Sakurashinmachi
International Academy in Sakurashinmachi,
Setagaya, Tokyo
Sale in December 2023



Sold out in August 2021.
licensed nursery school



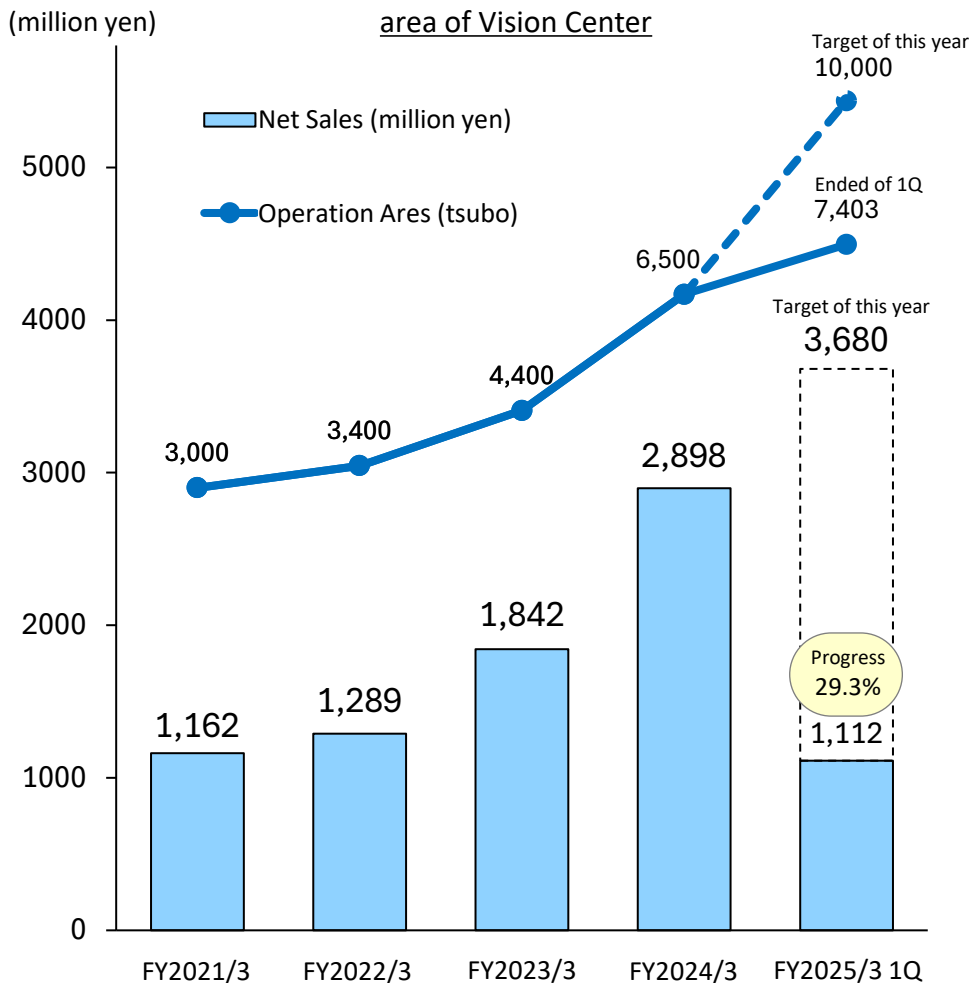
Sold out in November 2022
medical and educational mall



Strong Performance at New Sites Continuing Opening New Sites Actively

The performance was strong due to the effects of new site openings and floor space expansion, and an increase in repeat customers. Plan to open more sites in the future.

◆ Trends of Net sales for Conference Room and Operating area of Vision Center



8/16 OPEN
Vision Center Grande Tokyo Hamamatsucho
Operation Area :1,456 tsubo



9/1 OPEN
Vision Center Tokyo Toranomon
Operation Area: 697 tsubo



9/17 OPEN
Vision Center Yokohama Minatomirai
Operation Area: 427 tsubo

Operating area opening in August and September:
Total of 2,580 tsubo at three sites

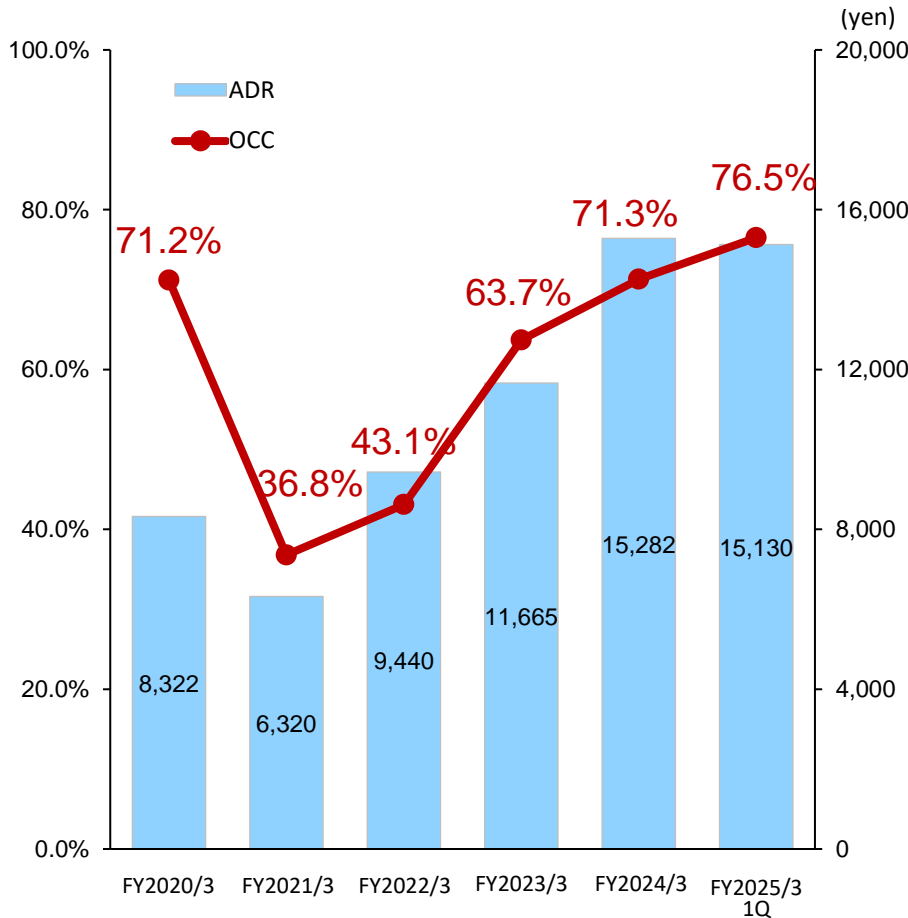


Operating area as of the end of 1Q:
Together with 7,403 tsubo,
Around 10,000 tsubo in total.
Expected to achieve the full-year target ahead of schedule

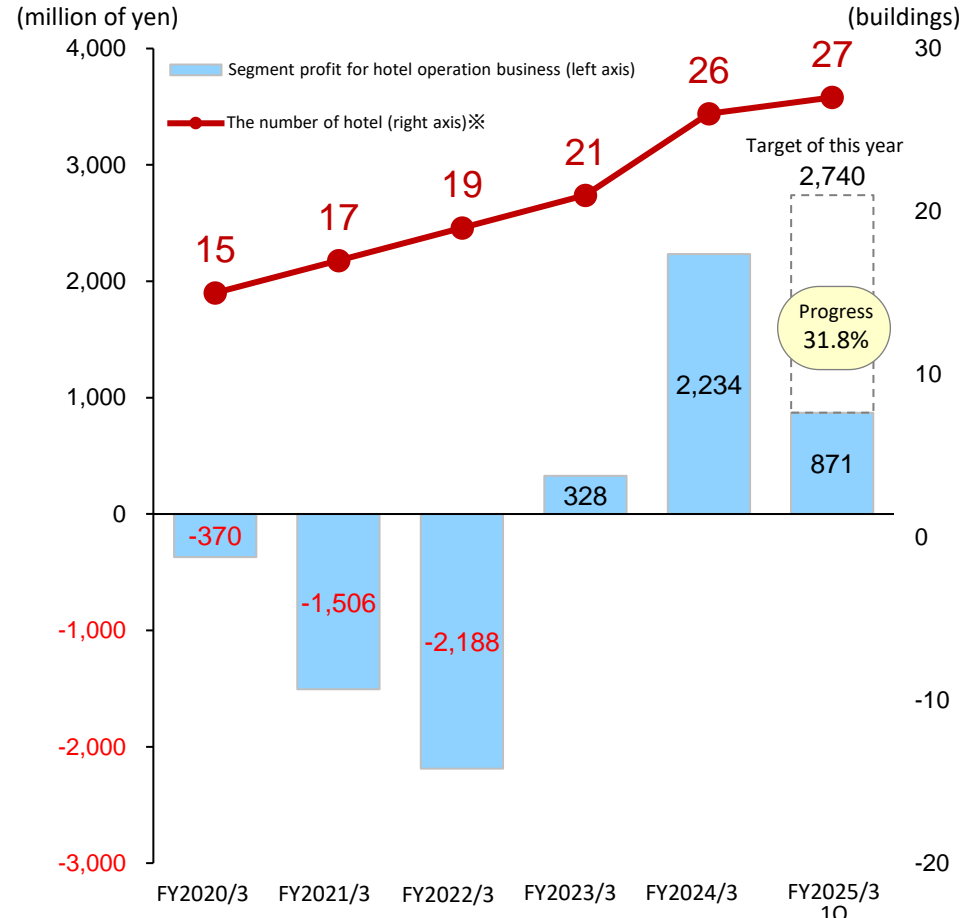
Occupancy Rates and Average Daily Rates

Demand recovery and our heart-warming services has grown our performance. Accelerating business growth by increasing the number of operating rooms and improving service capabilities.

Trends in occupancy rate and average daily rate



Trends in Segment profit and number of hotel



※1 The 27 hotels for the first quarter of the fiscal year ending March 2025 incl Oriental Hills Okinawa, which was acquired through M&A in July.

Expanding Hotel Business actively with Hotel Development and M&A

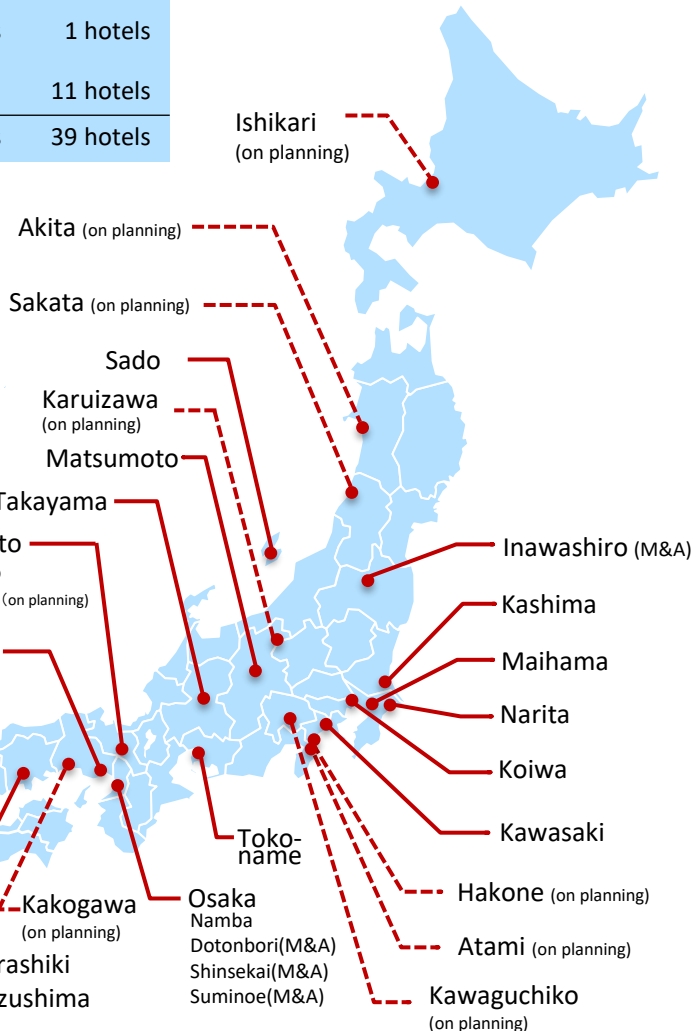


<Number of hotel rooms>

In operation	3,123 rooms	27 hotels
Scheduled to open in FY2025/3	40 rooms	1 hotels
Planned	1,638 rooms	11 hotels
Total	4,801 rooms	39 hotels



HIYORI STAY Kyoto Kamogawa
Planned to opened on Sep. 14 2024



Luxury Class

Sora Niwa Terrace Kyoto Bettei	32	
Hiyori Ocean Resort Okinawa	203	
Atami Hotel Project	150	※on planning
HIYORI Hotel Karuizawa Spa & Resort	85	※on planning
Seifutei	11	
Oriental Hills Okinawa	14	※M&A

Upper Class

Sora Niwa Terrace Kyoto	102	
SADO RESORT HOTEL AZUMA	52	
SADO NATIONAL PARK OOSADO	72	
Hakone Hotel PJ	110	※on planning

Upper Middle Class

HIYORI HOTEL MAIHAMA	80	
HIYORI HOTEL OSAKA NAMBA STATION	224	
Tabino Hotel Iit Matsumoto	176	
Tabino Hotel Iit Miyakojima - Villa Miyakojima	115	
Spring Sunny Hotel Nagoya Tokoname Station	194	
Tabino Hotel Iit Sakata	174	※on planning
Tabino Hotel Iit Kawaguchiko	130	※on planning
Tabino Hotel Iit Ishigakijima	200	※on planning
Tabino Hotel Iit Akita Ekimae	216	※on planning
Kyoto Shijo Hotel PJ	16	※on planning
Kyoto Gojo Hotel PJ	40	※2024/9/14 OPEN

Economy Class

Tabino Hotel Hida Takayama	80	
Tabino Hotel Kashima	194	
Tabino Hotel Kurashiki Mizushima	155	
Tabino Hotel Sado - live Sado	129	
Tabino Hotel EXpress Narita	100	
Tabino Hotel Ishikari	175	※on planning
Tabino Hotel Kumamoto Ozu	210	※on planning
Tabino Hotel Kakogawa	172	※on planning
Joytel Hotel Namba Dotonbori	53	
Joytel Hotel Shinsekai Sakaisujidori	103	
Osaka Joy Hotel	229	
Kobe Plaza Hotel	107	
Kobe Plaza Hotel West	120	
DONDEN Highland	12	

Budget Class

SKY HEART Hotel Keisei Koiwa Mae	105	
SKY HEART Hotel Kawasaki	200	
SKY HEART Hotel Hakata	157	
SKY HEART Hotel Shimonoseki	104	

Acquired ORIENTAL HILLS OKINAWA

Improve the service capabilities of the entire hotel group through the operation of luxury class hotels



Opened in 2006 in Onna-son, Okinawa, one of the best resorts in Okinawa.

Nestled on a small hill 30 meters above sea level overlooking the East China Sea, this all-suite villa consists of 14 cottage-type buildings.



Stock Acquisition date	July 23, 2024	Sun Frontier Hotel Management Inc. 100% investment	
Management Facility	Oriental Hills Okinawa (Opened in June 2006)	79-1 Serakaki, Onna-son, Kunigami-gun, Okinawa	14 buildings

We have one of the largest private pools in Japan in all of our buildings. Our meals are prepared with local ingredients carefully selected by our three expert chefs who specialize in sushi, French cuisine and teppanyaki. We are the auberge that offers the best experiences to suit each guest's preferences.

Sado Island's Gold Mine Registered as a World Cultural Heritage Site



With the registration of Sado Gold Mine as a World Heritage Site, the number of tourists to Sado is expected to increase. We will support tourism in Sado and contribute to regional prosperity through hotel operations and transportation infrastructure projects.



The symbol of Sado "Aikawa Gold and Silver Mine" is registered as a World Cultural Heritage Site.



As a result of the World Heritage registration, the number of tourists is expected to exceed pre-pandemic levels.

UNESCO World Heritage Centre and Business of Sun Frontier Sado





Medium-term Management Plan



SUN FRONTIER

Road Map for the next Medium-term Management Plan

Long-term vision
2035

Utilize limited resources to fill the world with smiles and excitement!
Becoming a corporate group that continues to challenge the creation of future value.

Net sales	300 billion yen
Ordinary profit	60 billion yen



Next Medium-term Management Plan
FY2026/3 to FY2028/3

Basic policy
Work to resolve social issues by promoting cooperation and diversification within core business, providing manufacturing through clients' point of view and heart-warming services.

Net sales	135 billion yen
Ordinary profit	27 billion yen
Ordinary profit margin	20%
ROE	10% or more
Equity ratio	Around 45%



Extant Medium-term Management Plan
FY2019/3 to FY2025/3

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

Net sales	100 billion yen
Ordinary profit	20 billion yen
Ordinary profit margin	20%
ROE	10% or more
Equity ratio	Around 50%

Long-term vision 2035

Utilize limited resources to fill the world with smiles and excitement!
Becoming a corporate group that continuing to challenge and create future value.

FY2035/3

Net Sales **300** billion yen

Ordinary Profit **60** billion yen



Basic Policy for the next Medium-term Management Plan

Work for resolving social issues by promoting cooperation and diversification within core business, providing manufacturing through clients' point of view and heart-warming services.

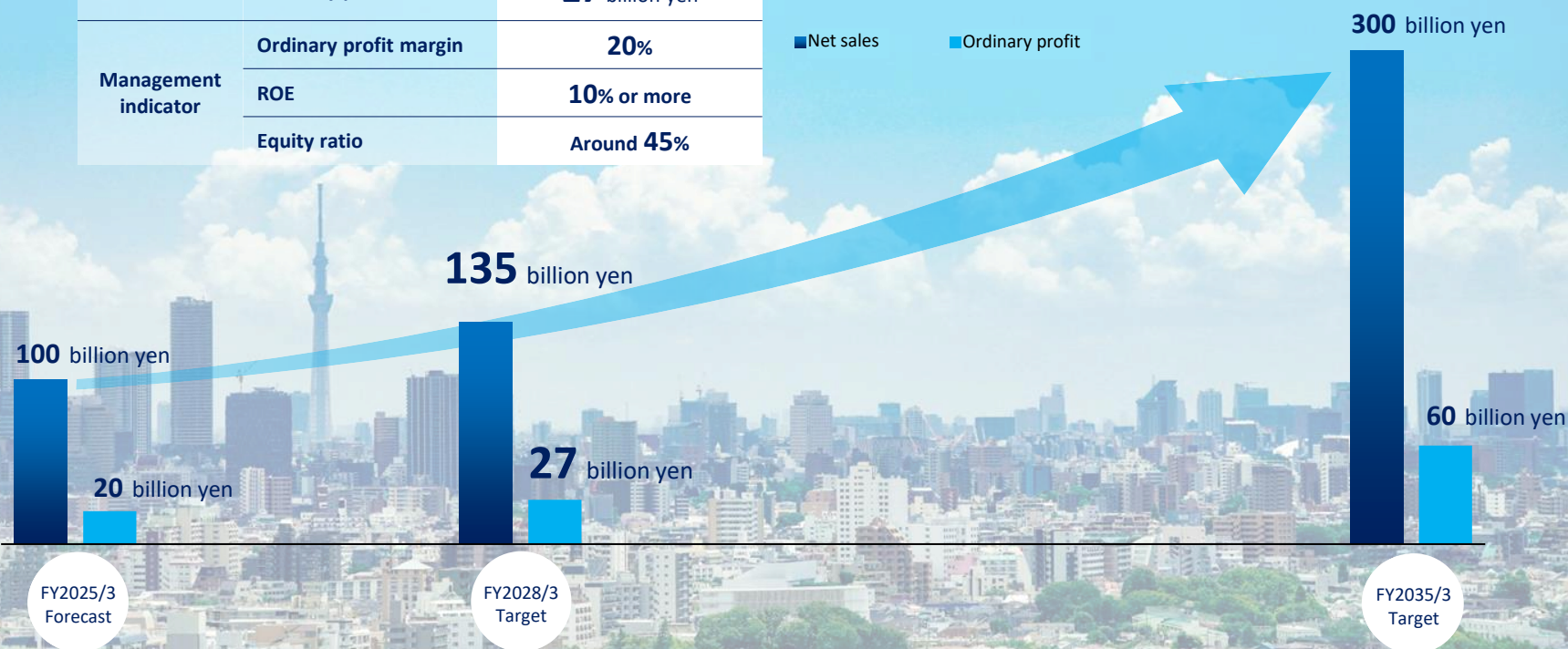


Quantitative Plan for the next Medium-term Management Plan



Continuing high profitability and growth even after achieving the current medium-term plan. Invest more actively in business while maintaining financial discipline and develop business with high capital efficiency.

		FY2028/3 Plan
Profit Plan	Net sales	135 billion yen
	Ordinary profit	27 billion yen
Management indicator	Ordinary profit margin	20%
	ROE	10% or more
	Equity ratio	Around 45%



Focus points for the Next Medium-term Management Plan



1 Strengthening human resource base

- Strengthen recruitment and training to enhance human recourse.
- Cultivating human resources as leaders through education and expanding organizations through amoeba division.
- Further evolve into a corporate group that attracts human resource with diversity and our values of altruism regardless of age, sex, or nationality

2 Manufacturing through clients' point of view and heart-warming services

Manufacturing through clients' point of view

- To develop new buildings, hotels, apartments in New York City, and condominiums in Viet Nam through utilizing the creativity cultivated by clients' point of view in Office Replanning and further strengthen.
- Strengthening base of Construction Business through M&A.

Heart-warming services through clients' point of view

- Working closely with building owners to improve long-term problem-solving ability.
- Improving ability of responding to needs of tenants and service users with care and warmth.
- Educate and create an organizational culture to provide heart-warming and enjoyable services that impress hotel guests

3 Cooperation and diversification within core business

Cooperation and diversification within core business (flow-type business)

- Development of New Construction Business that aims to maintain the long-term economic value of buildings through the cooperation with Leasing Management, Property Management, and Construction department.
- Promotion of small-lot real estate property (properties in Osaka and Nagoya in addition to the central Tokyo area)
- Development of apartment replanning in New York and condominium in Vietnam.

Cooperation and diversification within core business (stock-type business)

- Provide further variegate service for real estate to solve clients' problems.
- Increase branches in Tokyo, focus on sub-leases entrusted, and increase entrusted buildings for Property Management.
- Increase operating area in Rental Conference Room Business
- Increase rooms of hotel operation (including M&A).

Growth Strategies in the Next Medium-Term Management Plan



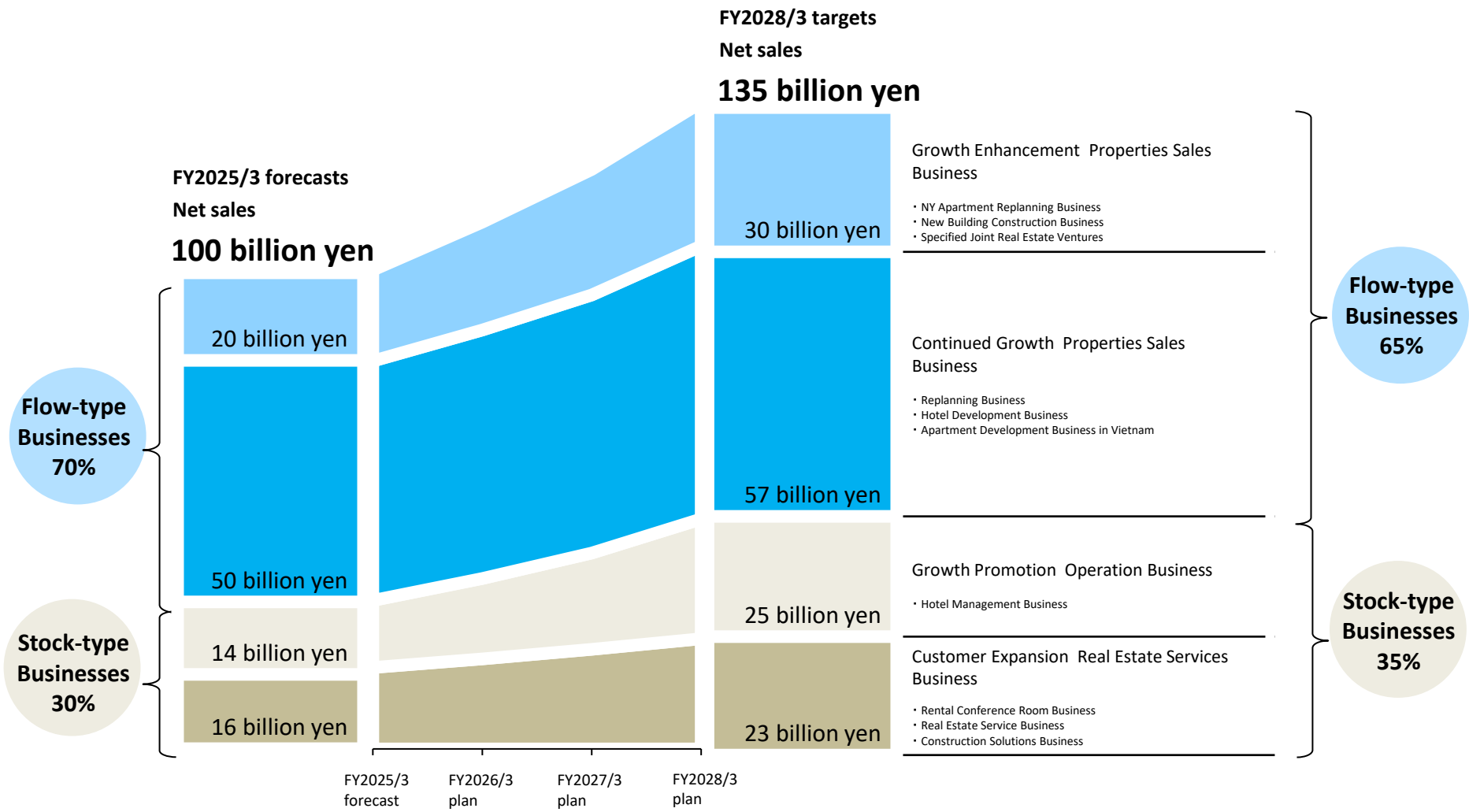
Diversify the use of real estate by combining development and services, and expand business domains and areas and accelerate growth

Three markets to focus	Business model	Business domain	Area	Our goal
Office	Development	Renovation	Tokyo	Contribute to the realization of a sustainable society by utilizing real estate in resource recycling methods.
		Business domain expansion New construction		
	Sale of small-lot (Act on Specified Joint Real Estate Ventures)	Tokyo	Area expansion Osaka, Nagoya	
	Services	Real Estate Services	Tokyo	
Operation	Rental conference rooms	Tokyo	Area expansion Osaka, Nagoya	
Hotel	Development	New construction	Nationwide	Expand heartwarming and fun hotels nationwide to grow with local communities.
		Renovation		
	Operation	Hotel operation		
Residential	Development	Business domain expansion New construction	Area expansion Vietnam	Provide high quality residential environment full of safety, security and comfort to contribute to the development of nations.
		Renovation	New York	
	Services	Real Estate Services	Vietnam New York	

Diversification of Flow-type Business and Expansion of Stock-type Business



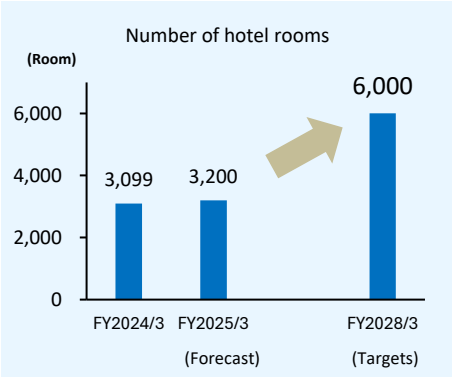
As we expand our business areas, we will diversify our flow-type businesses and increase the sales ratio of our stock-type businesses.



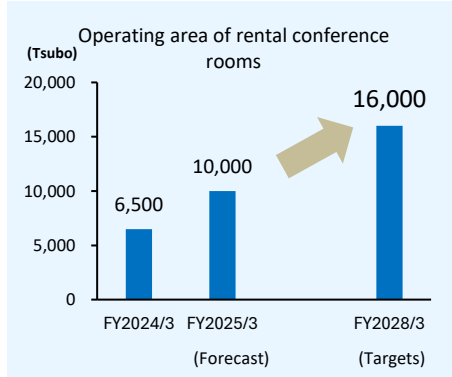
Expanding the Business Base and Customer Base of Stock-Type Business



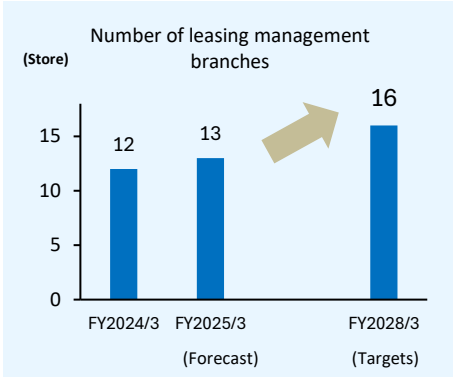
Accelerate growth of stock-type businesses and strengthen the stable earnings base of the Group as a whole



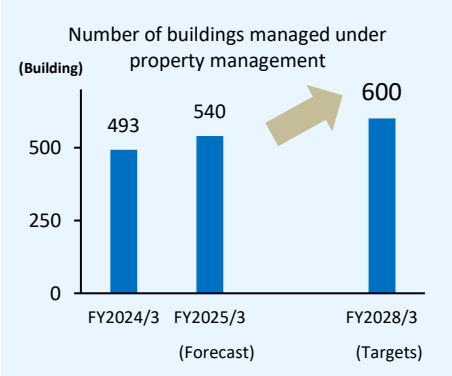
Promote development and M&A, aiming for 10,000 rooms



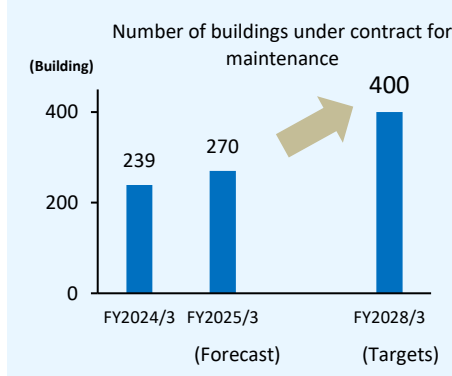
In addition to promoting business in the Tokyo area, planning to expand business in the Kansai area



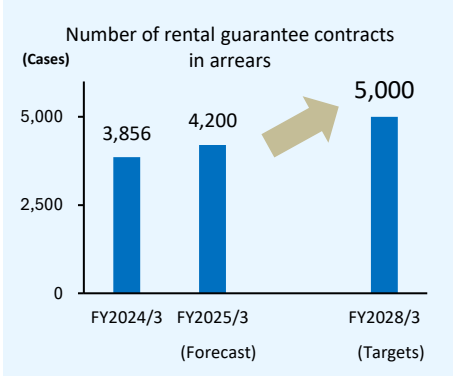
Strengthening community-based branch network in central Tokyo
Further improve our ability to solve customer problems



Increase the number of entrusted buildings in central Tokyo with the aim of increasing the number of entrusted buildings to 1,000 by 2035



Aiming to "Make Tokyo the Most Beautiful City in the World," increase the number of entrusted buildings for cleaning, sanitation and safety



Specializing in Rent Guarantee Business for commercial buildings
Focusing on new acquisitions and contract growth

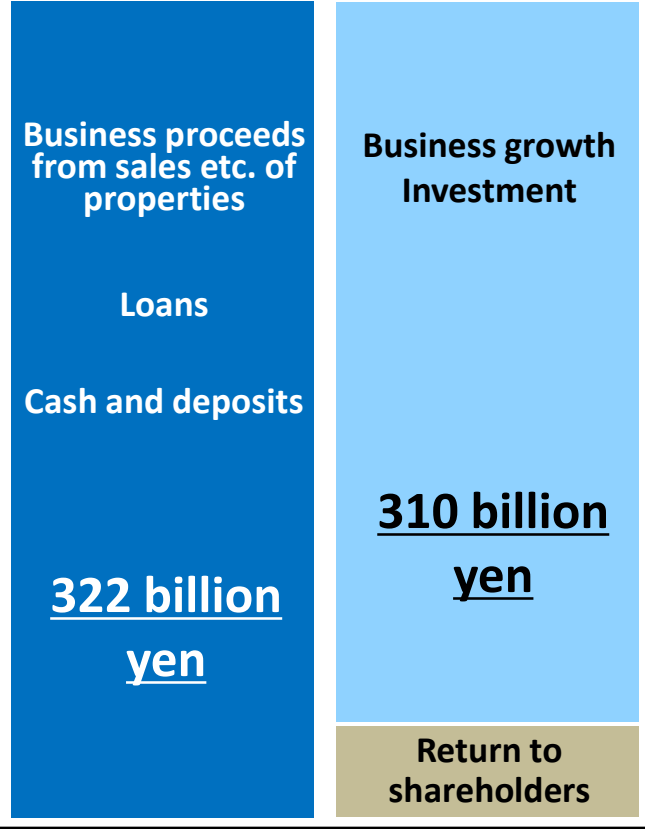
Aggressive Investment for Future Business Growth



Actively invest in growing fields while paying attention to the capital cost, focusing on the profitability and turnover of each business.

Total investment in the next Medium-term Management Plan (FY2026/3-FY2028/3): will be 310 billion yen

【Cumulative capital income】 【Cumulative capital expenditure】



Short-term Replanning	100 billion yen	Continue to actively invest in small and medium-sized buildings in the five central wards of Tokyo
Mid- to long-term Replanning	50 billion yen	Invest in buildings that can be developed on a relatively large scale
New construction development	30 billion yen	Expanding investment in New Construction Business with our cultivated technologies
NY Apartments Replanning	20 billion yen	Increase investment to expand business in high-growth markets
Small-lot real estate properties	21 billion yen	Promotion of commercialization in Kansai and other regions in addition to Tokyo
Hotel development	70 billion yen	Aggressively invest to increase the number of operating rooms to 10,000
Vietnam Apartment development	9 billion yen	Investment in Da Nang, where high growth potential and housing demand are expected
Other M&A	10 billion yen	Actively use to accelerate business growth and create synergies
Dividend	12 billion yen	Increase dividends in line with profit growth and return to shareholders

* From FY3 / 25 to end-FY3 / 27, conversion of convertible bonds into shares is expected to progress at the end of each fiscal year, resulting in increased number of shares issued and outstanding.



Philosophy and Business Initiatives



SUN FRONTIER












The Value and the Course of Action shared by all employees, the Core of our Corporate Culture

Sustainability Management

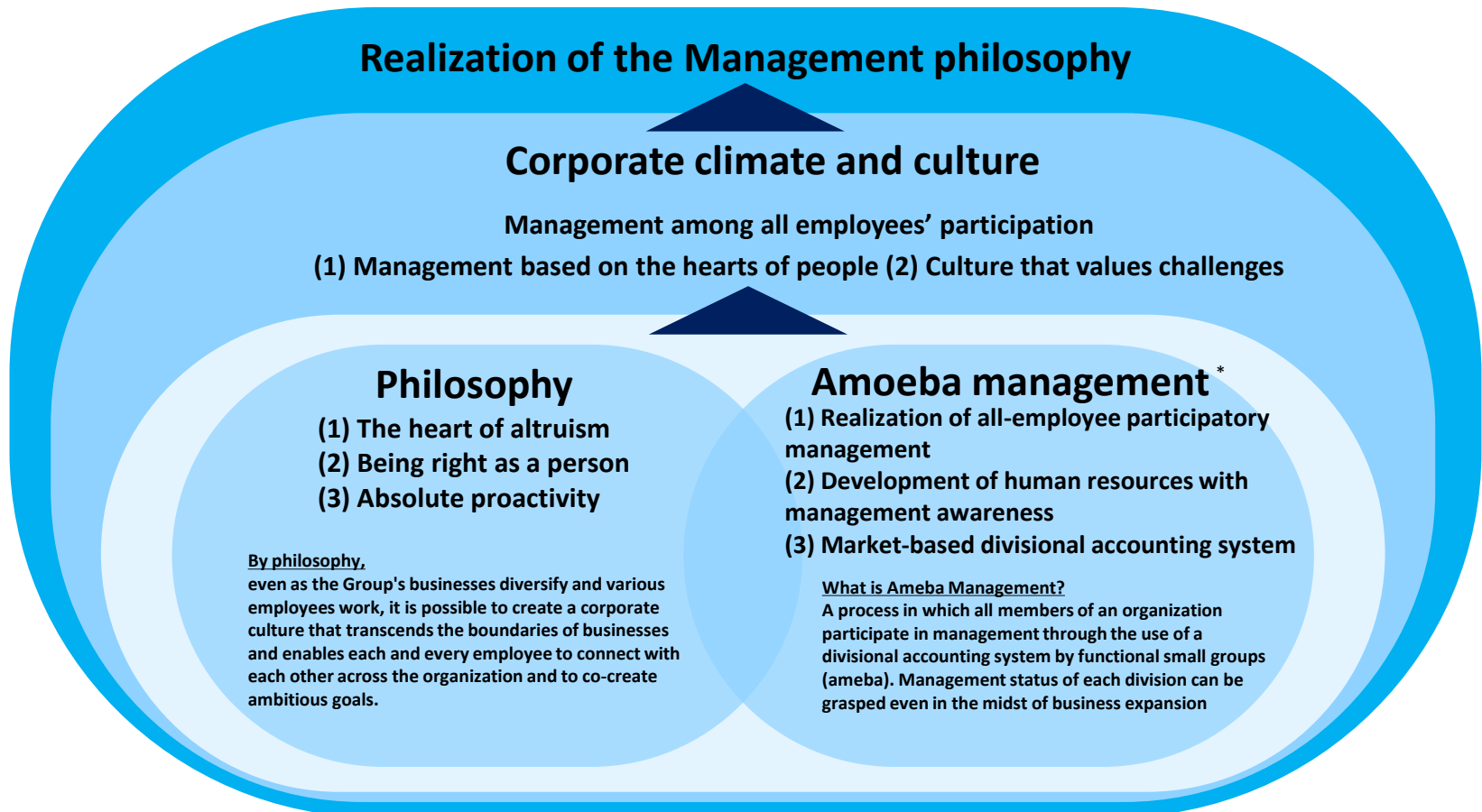
Sustainability Vision

We will contribute to the realization of a sustainable society through our business activities, respecting the heart of altruism that is our company policy.

The Group's sustainability website → <https://www.sunfrt.co.jp/en/sustainability/>

Important Challenges	Social issues to be solved	Main Measures	Targets (KPIs)	Related SDGs
Environmental Protection	Small and medium-sized buildings that can still be used if their value increases are being demolished = Waste of resources	<ul style="list-style-type: none"> Extension of healthspan of real estate "Energy conservation" and "Reduction of environmental impact" through real estate revitalization 	<ul style="list-style-type: none"> Economic lifespan extended by 30% or more Occupancy rate of buildings over 30 years old: 90% or more Continuation of management after the sale of replanning properties: 90% or more Reduce CO2 emissions by an average of 12% or more compared to building reconstruction work Carbon offset 100% Reduce greenhouse gas emissions by 22% from fiscal 2022 levels by 2030 and achieve carbon neutrality by 2050 	  
	Revitalization of the regional economy	<ul style="list-style-type: none"> Create buildings, offices, and spaces that are motivating and creative and contribute to economic growth 	<ul style="list-style-type: none"> Establish "Sun Frontier Wellness Score (SWO)," an in-house standard for the revitalization of real estate that takes well-being into consideration and increase the ratio of newly supplied replanning properties that exceed SWO to at least 30% in fiscal 2023, 50% in fiscal 2025 and 70% in fiscal 2030. Conduct tenant satisfaction survey (Company-owned properties) 	 
Regional Revitalization	Response to devastating natural disasters	<ul style="list-style-type: none"> Disaster prevention and mitigation through regional cooperation 	<ul style="list-style-type: none"> Provide set-up offices with emergency supplies or installation space At least five lots by fiscal 2023, and at least 20 lots by fiscal 2023 Posting disaster prevention information on a dedicated website: 100% in fiscal 2023 (Company-owned properties) 	
Human Resource Development	Decrease in the working-age population (decrease in the real labor force) due to the declining birthrate and aging population, and elimination of the gender gap	<ul style="list-style-type: none"> Respect for and utilization of diversity Create a workplace with "Job satisfaction," "creativity" and "growth opportunities" 	<ul style="list-style-type: none"> Increase the ratio of female managers to at least 12% by April 2025 Ratio of training hours to designated working hours: 12% or more Increase the amount of ordinary profit per hour compared to the previous year 	
				 

Create a good corporate climate and culture based on the two wheels of Philosophy and Amoeba Management to realize our Management philosophy.



* Amoeba management is the registered trademark of KYOCERA Corporation.



Desired image of human resources

Human resources with both "the heart of altruism" and "frontier spirit"

Human Resources Development Policy

Develop human resources who can develop new fields with a frontier spirit toward the realization of a sustainable and affluent society together with colleagues who share values of altruism.

We aim to realize a society that can be passed down to future generations by fostering human resources who have the kindness to care for others around them and the strength to maintain personal integrity, and boldly take on challenges in areas where they have no experience. To this end, the pillars of our human assets are exploration, curiosity, self-motivation, autonomy, and respect for and utilization of diversity.

Environmental Improvement Policy

Create a work environment that provides "job satisfaction," "creativity," and "growth opportunities." Create a "co-creation" organization in which all employees set their own goals, work toward those goals with enthusiasm, and continue to create new value based on mutual trust.

- Job satisfaction** — A corporate culture that encourages challenge and growth
- Creativity** — A corporate culture that envisions the future and aims to create new value
- Growth opportunity** — A corporate culture that stimulates the desire to learn and works toward high goals

Human Resources Development Policy

Respect for and utilization of diversity

Environmental Improvement Policy

Creating a workplace with motivation, creativity, and growth opportunities

Measures

- Creation of a work environment suited to each employee's life stage and provision of flexible training opportunities
- Cultivating Ameba leaders for business diversification and organizational expansion
- Establish training programs for the next generation leaders, improve support systems for external training, and increase the ratio of training hours to designated working hours to 12% or more.
- Use of DX, improvement of business processes and individual capabilities, and year-on-year increase in ordinary profit per hour

Key Points

Strengthening the human resource base

Manufacturing from the perspective of customers and heart-warming services

Promotion of core business tie-ups and diversification

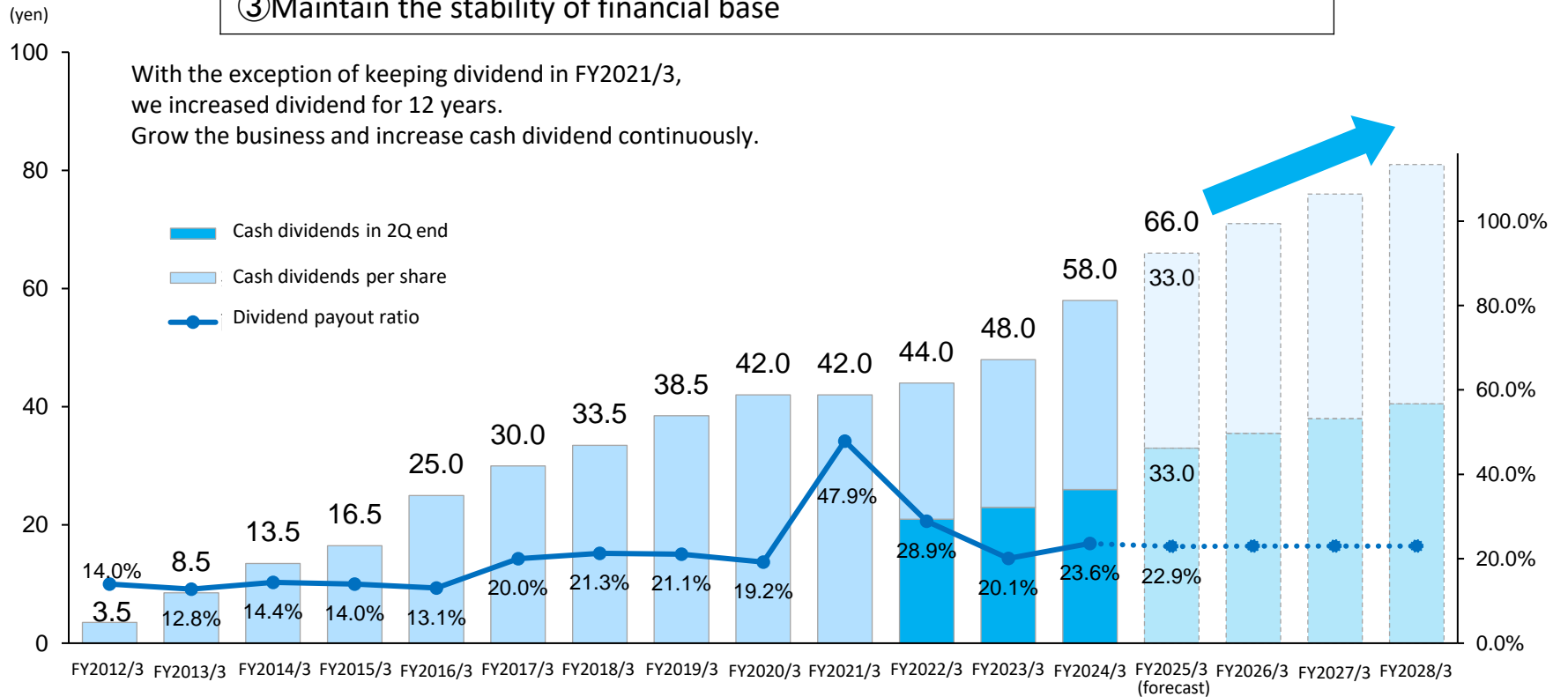
Basic Policies of the next Medium-Term Management Plan

Working to resolve social issues by promoting core business tie-ups and diversification through customer-oriented manufacturing and heart-warming services

Shareholders Return

Basic Policy for Shareholder Return

- ① Strive to provide long-term and stable shareholder return
- ② Secure investment funds for future growth
- ③ Maintain the stability of financial base



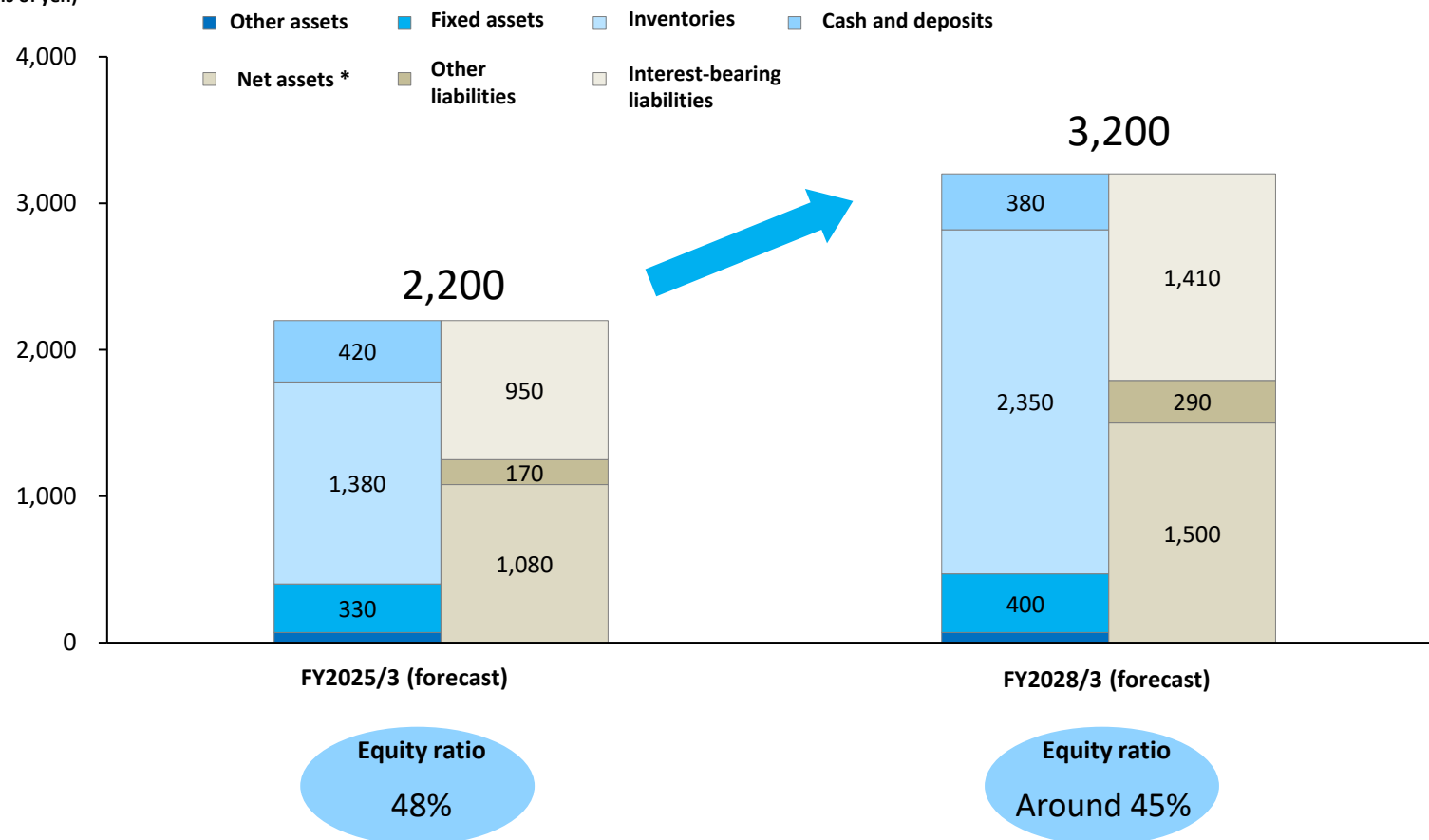
※1 Interim dividend started from FY2022/3

※2 Dividends are anticipated in expectation of the progress of conversion of CB to stocks at the end of each period from FY25/3 to the end of FY27/3.

Simulation of Balance Sheet

Expand total assets by investing more aggressively for future business growth while maintaining financial discipline

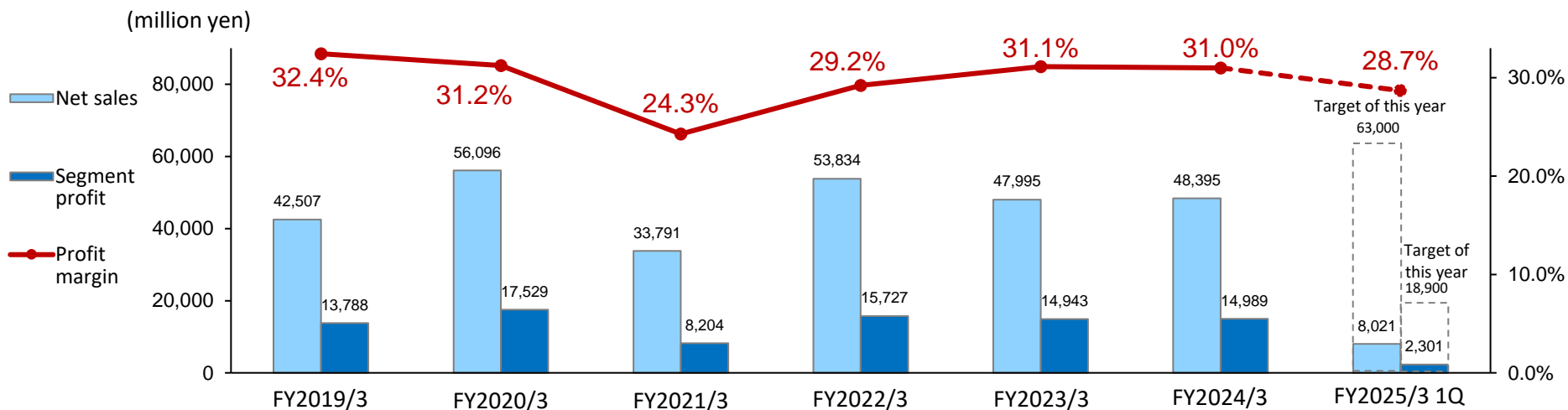
(100 millions of yen)



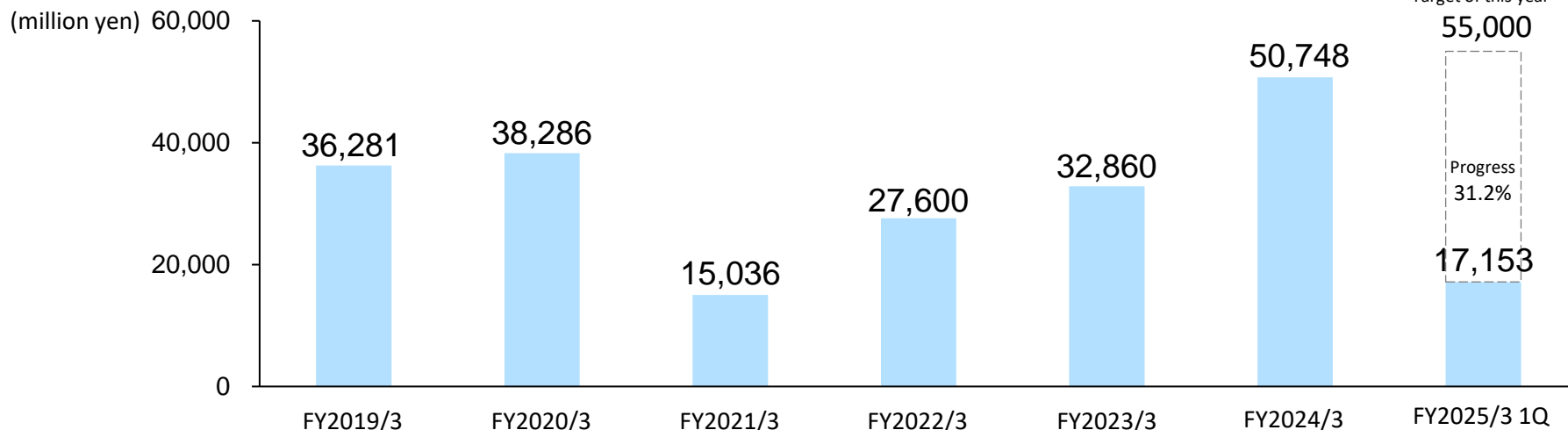
* From FY2025/3 to end-FY2027/3, conversion of convertible bonds into shares is expected to progress at the end of each fiscal year.

Trends in Performance of Replanning Business and Properties Purchase

● Trends in net sales, Segment profit and Segment margin



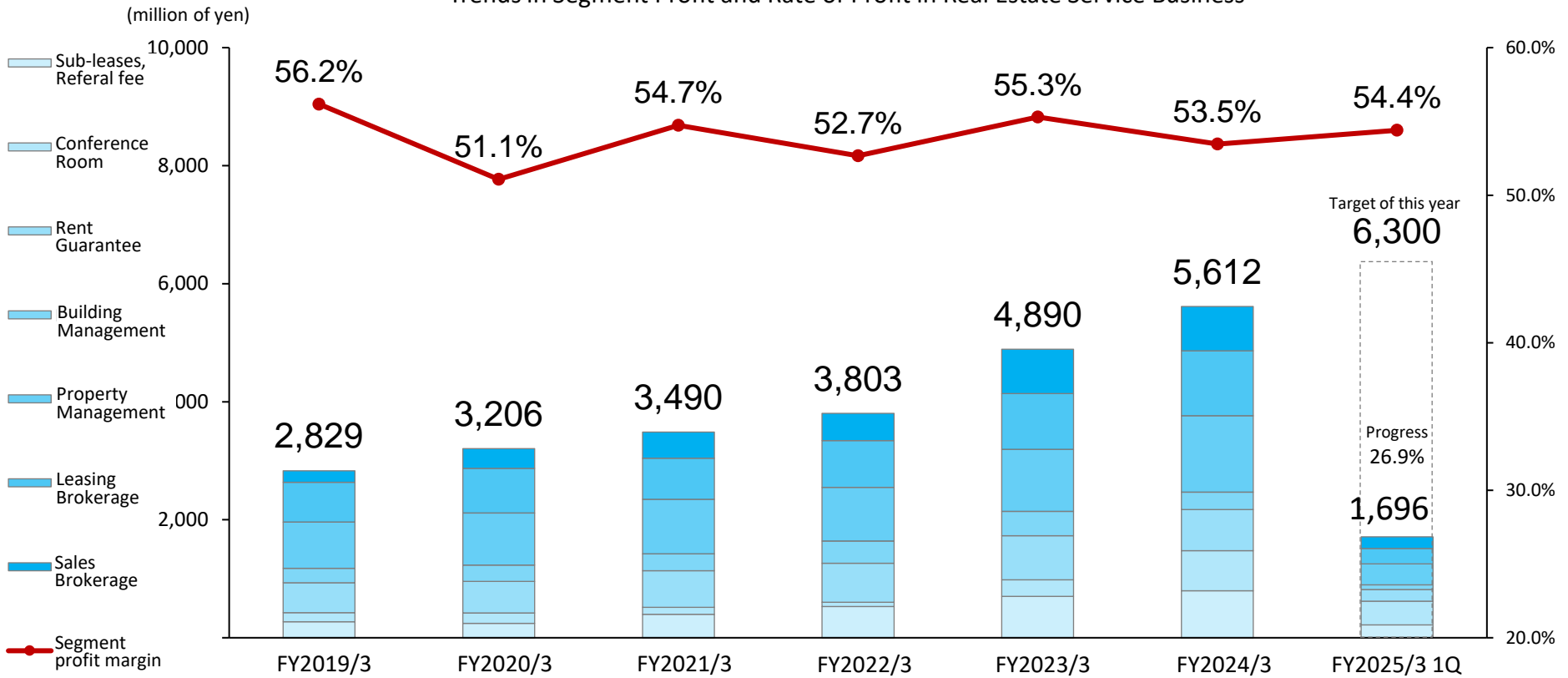
● Trends in properties purchases



Steady Growth in Real Estate Service Business

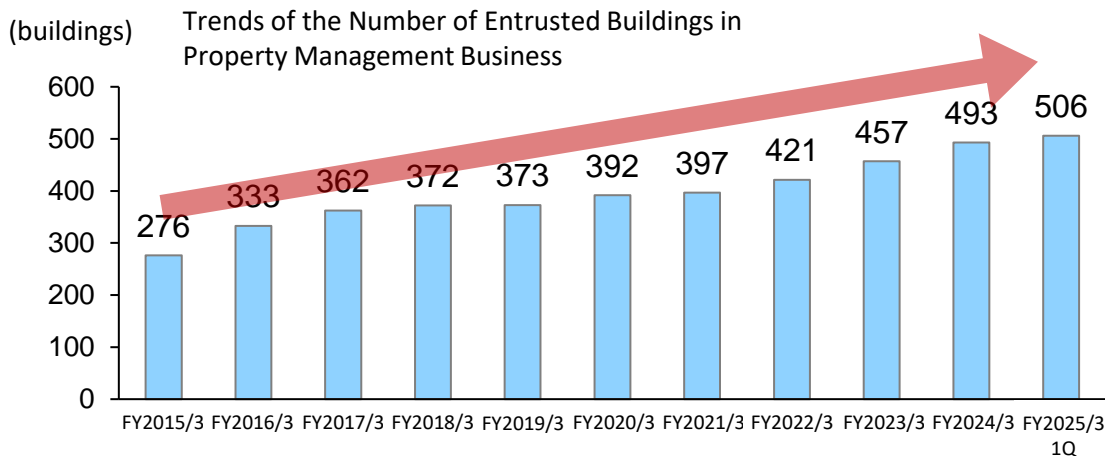
Stock Business continues to grow steadily as stable business. The profit in FY2025/3 is expected to record a new high.

Trends in Segment Profit and Rate of Profit in Real Estate Service Business

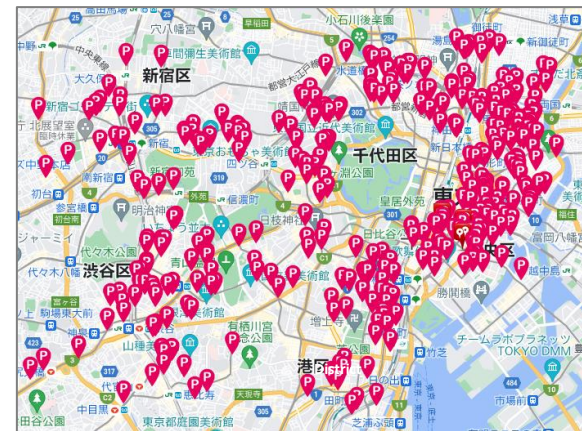


Real Estate Service Business Continues to Expand Its Customer Base

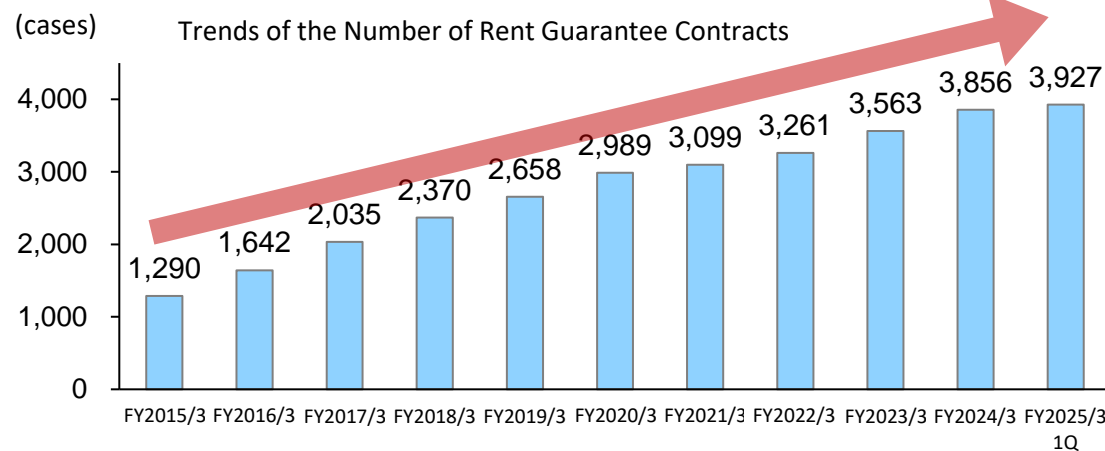
Expanding as a platform for business growth



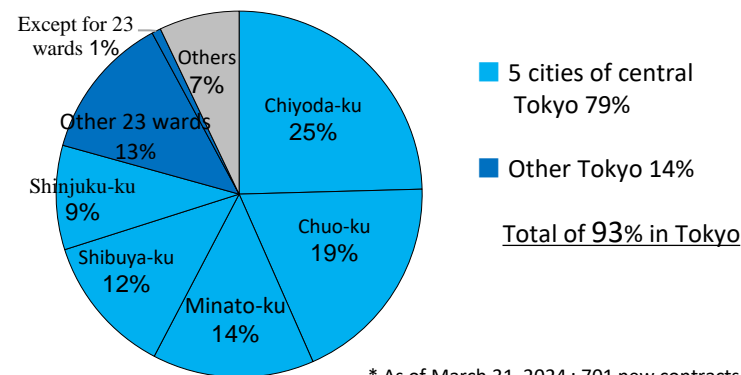
【Property Management entrusted property distribution】



Entrusted properties of the Company



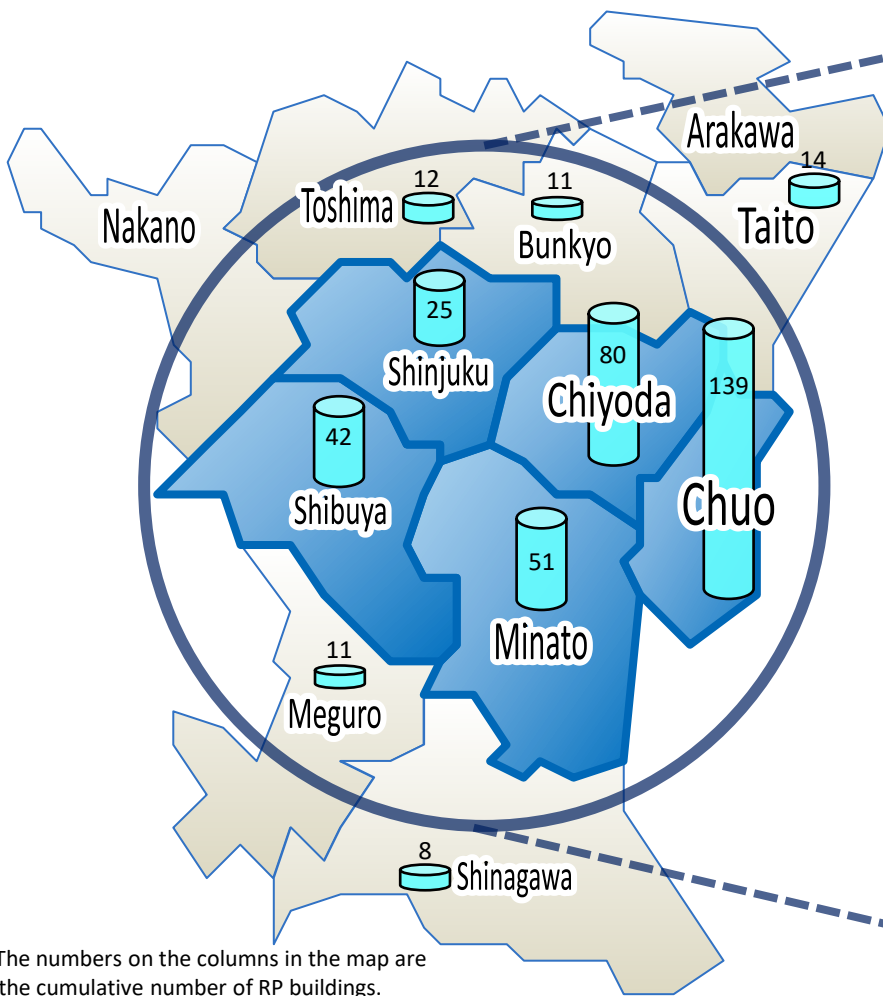
【Percentage of new contracts of Rent Guarantee by area】



* As of March 31, 2024 : 701 new contracts

Strategy in Office Business

Solving client's various problems, mainly in the five cities of central Tokyo.

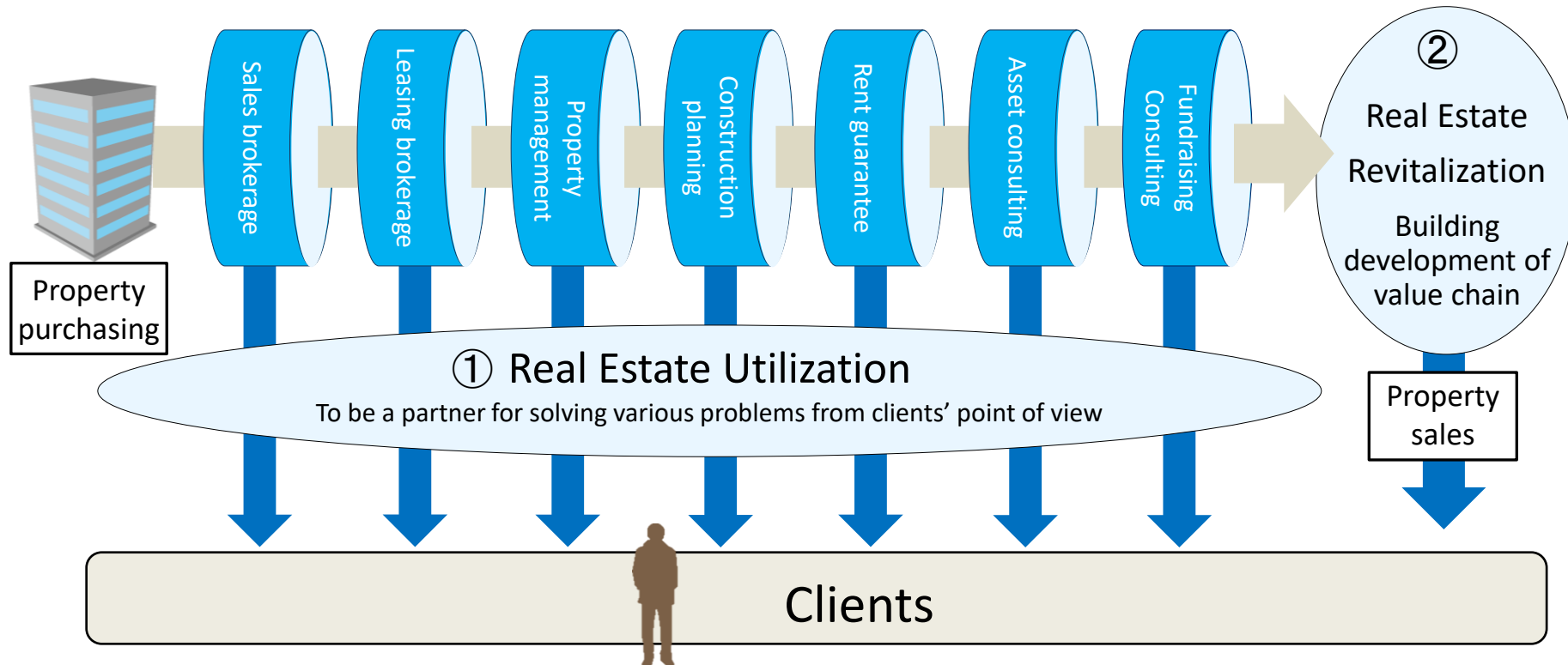


RP	Of the total number of RP buildings, 488 buildings, 80% are in the five cities of central Tokyo and adjacent cities. <small>*As of the end of June 2024</small>
LM	Community-based 12 branches Ginza, Kanda, Nihonbashi, Kodemmacho, Kojimachi, Shinjuku, Shibuya, Gotanda, Hamamatsucho, Yokohama, Shimbashi, Ikebukuro
PM	Of the 506 entrusted properties, over 80% are in the five cities of central Tokyo. <small>*As of the end of June 2024</small>
BM	Of the 270 buildings under comprehensive management, 85% are in the five cities of central Tokyo. <small>*As of the end of June 2024</small>
Rent Guarantee	Of the 8,054 cumulative new contracts signed, 90% are in the five cities of central Tokyo. <small>*As of the end of June 2024</small>
Rental Conference Room	15 of the 14 sites are in the five cities of central Tokyo. <small>*As of the end of June 2024. The rest of one is in Yokohama</small>

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

Strengths in Office Business

With in-house manufacturing from purchase, development, leasing to sales and consulting, we solve various problems by getting client's needs correctly.



1. Real estate utilization: Get close to our clients and solve various problems. Capture the source of added value from clients' voices.
2. Real estate revitalization: Utilize the needs we earned and the know-how for improving the valuation to conduct sales activities.

Business Model for Replanning Business

Renovating the office buildings with low occupancy and in need of large-scale repairs into high-value-added properties demanded by society using “clients’ point of view.”



Set-up Office Share

"Set-up Office" is a kind of office replanned by our Company. Unlike regular office interiors, there are reception and reception room, etc., in the office with highly designed interior. We also provide some equipment for rent or fixtures pre-installed.

◆ Four benefits for tenant companies

Merit 1) Reduced burden on management

No need for unfamiliar tasks such as designing office interiors and selecting interior decorators, significantly reducing management's effort.

Merit 3) Reduced financial burden

Significant cost reduction for office interiors, etc., and no interior assets recorded by tenants.

Merit 2) Immediately available after moving

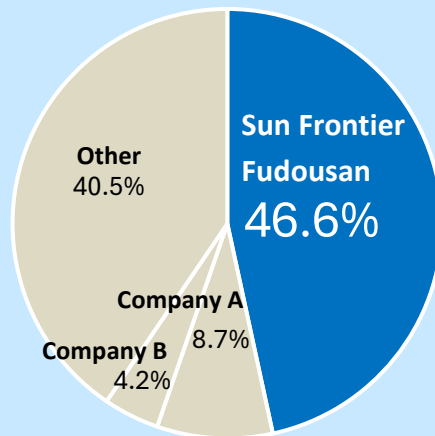
Increase the net estimated internal useful life due to no work other than wire-related work and moving, a significant reduction in the relocation period and a shorter construction period for interior finishing and restoration.

Merit 4) Employment, motivation and productivity improvement

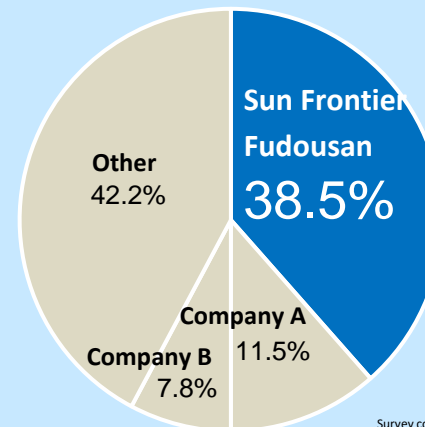
Improve employment of human resources, employee motivation, and office productivity by the office interior that pursues a high level of design, focusing on design, functionality, and various usage scenes.

The share of Set-up Office in 23 wards of Tokyo

Based on the number of rental rooms



Based on rental area



Survey conducted in February 2024
 Survey planning: Sun Frontier Fudousan Co., Ltd.
 Survey conducted: H. M. Marketing Research

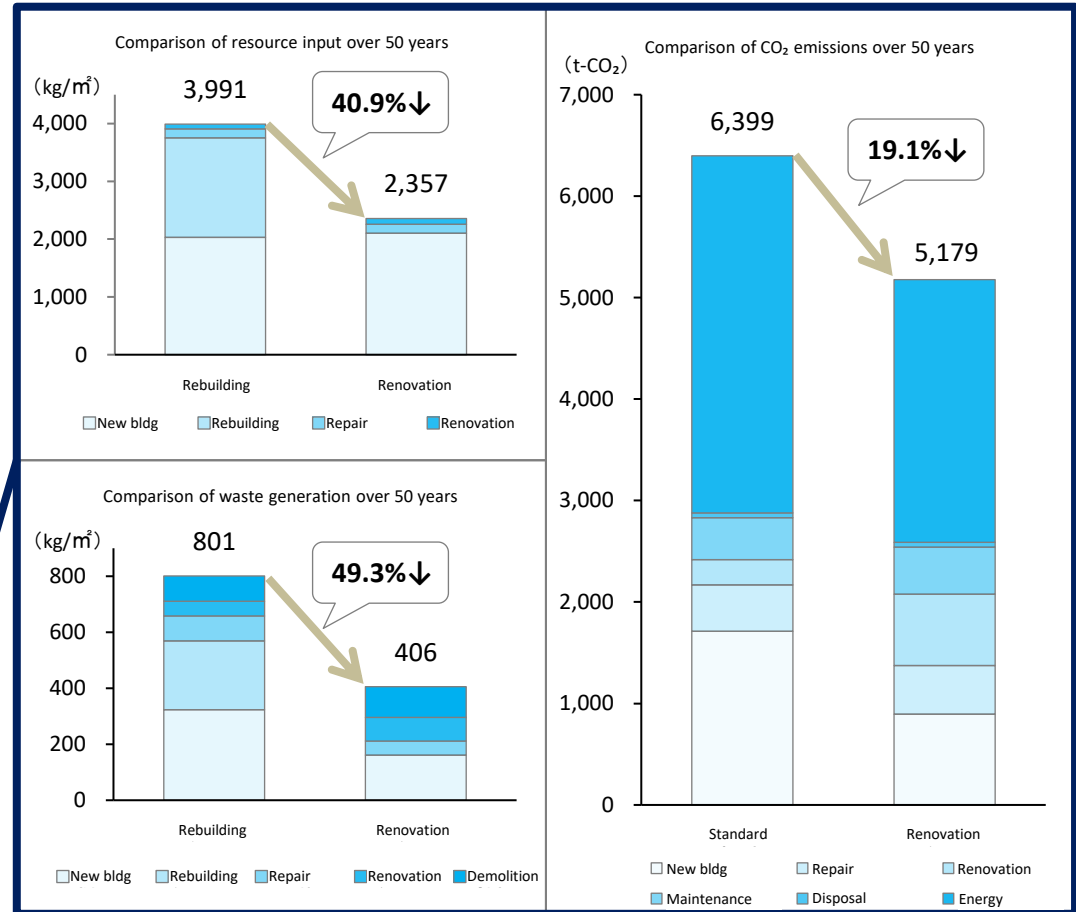
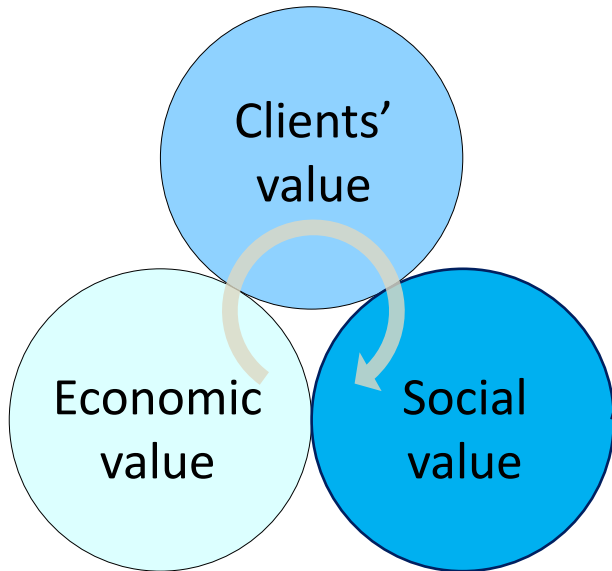
Create both Customer Value and Social Value

Solving social issues through supporting our clients' business.

Supporting the business growth for building owners and tenants through our Replanning Business.

II

Utilizing the limited, keeping challenging to create new value, and aiming to become the most appreciated visionary company in the world.



<Assumptions and rationale> Assuming a 30-year-old office building of approximately 3,000 square meters, the environmental contribution over a 50-year period (the service life of SRC office buildings) was estimated based on the Architectural Institute of Japan's LCA Tool (*).
 • Rebuilding: "In the case of rebuilding every 35 years" • Renovation: "Regeneration without destroying old buildings (long-life buildings)" • Standard: "Assuming a 30-year-old unrenovated building"
 *Architectural I "LCA Tool for Buildings Ver5.0 - Evaluation Tool for Global Warming, Resource Consumption and Waste Management", estimated with the cooperation of Engineering Research Institute of Japan.

Business Model of NY Apartment Replanning Business

Use high-quality technology to add value to apartments that are over 100 years old in the United States, where growth is high

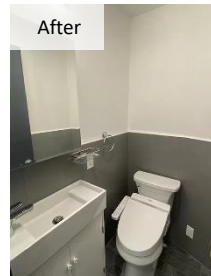


A 100-year-old brick apartment in Manhattan, New York



The United States has a high growth rate and its population continues to grow. Manhattan in New York has many jobs and high housing demand.

▪ Example of construction



Separate bathrooms and toilets
Installation of washlet toilets



Installation of a built-in kitchen



Replanning to a comfortable living space (Interior and furniture are a sample image)

Point 1

Long-term stable assets can be held in New York, the world's largest city

Point 2

High-quality building renovated and repaired by Sun Frontier

Point 3

Sun Frontier's buildings can be purchased after consideration.

Point 4

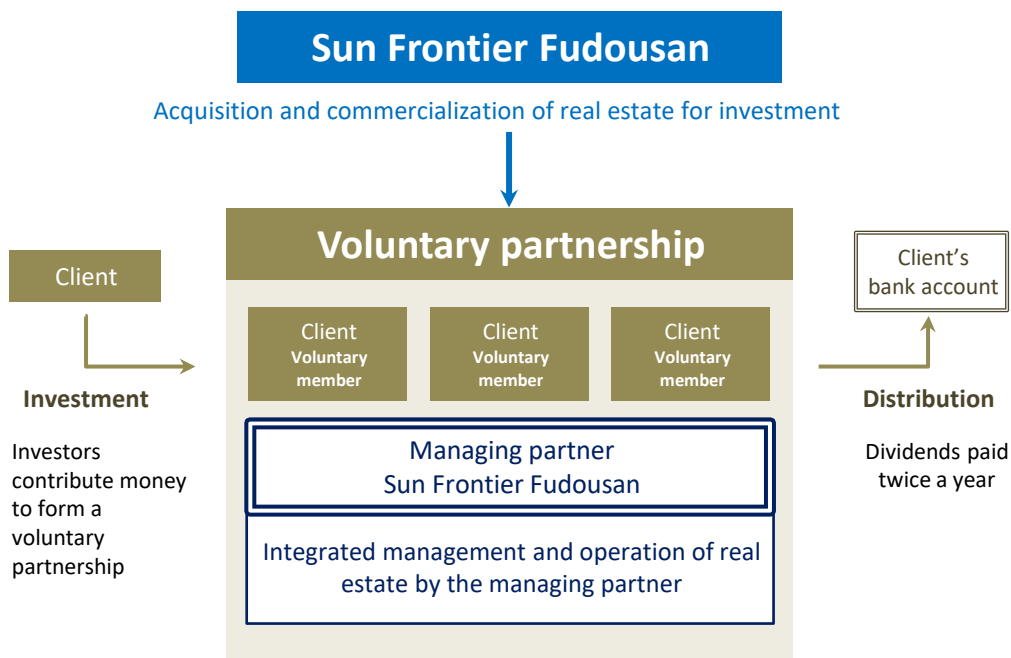
Sun Frontier will conduct both building management and lease operation after purchase.

Specified Joint Real Estate Ventures

(Sale of Small-lot Real Estate Properties)

Realizing a form of real estate ownership that makes it easy to divide the estate to the successor and makes asset management easy.

Scheme of the Compass series



Features of the Compass Series

- Point 1** Easy acquisition of prime real estate that can be expected to operate stably
- Point 2** Easy and secure management and operation by Sun Frontier Fudousan
- Point 3** Can be used as a measure against asset division

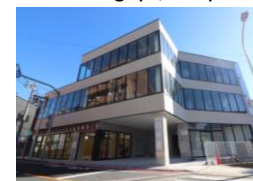
Examples of Compass Series



New licensed nursery school in Setagaya, Tokyo



New licensed nursery school in Ueno



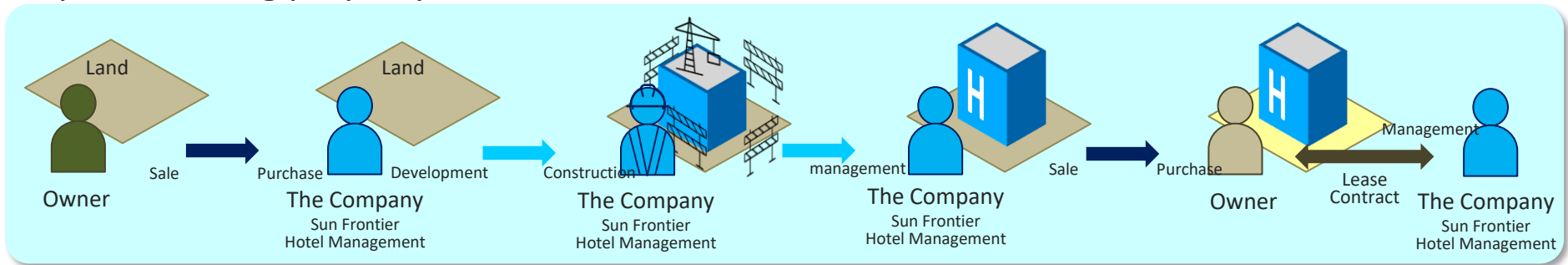
New Medical and Educational Mall in Ota-ku, Tokyo



New licensed nursery school in Takanodai, Nerima

Hotel Development Business and Hotel Management Business

Selling the hotel we developed after operation
 After the sale, the property is leased and managed, contributing to asset formation as a profit-making property



* In addition to the method of acquisition and development of the land, the optimal development method is selected according to the case, such as renting and leasing the land and the building.

Examples of hotels under development and management



Hiyori Hotel Maihama
 Opened in July 2017, sold and currently in operation



Hiyori Hotel Nanba Ekimae
 Opened in May 2019, currently in operation



Tabino Hotel Kurashiki Mizushima
 Opened in February 2020, currently in operation



Tabino Hotel Kashima
 Opened in April 2020, currently in operation



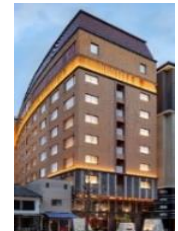
HIYORI Ocean Resort Okinawa
 Opened in February 2021, sold and currently in operation



Tabino Hotel Iit Miyakojima
 Opened in June 2021, currently in operation



Tabino Hotel Iit Matsumoto
 Opened in July 2021, currently in operation



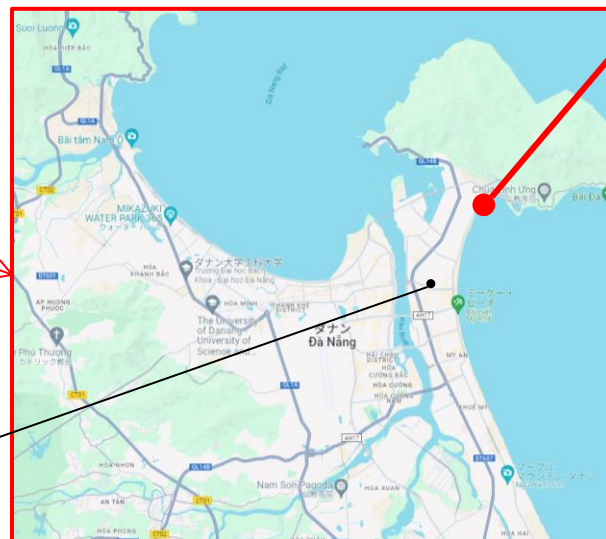
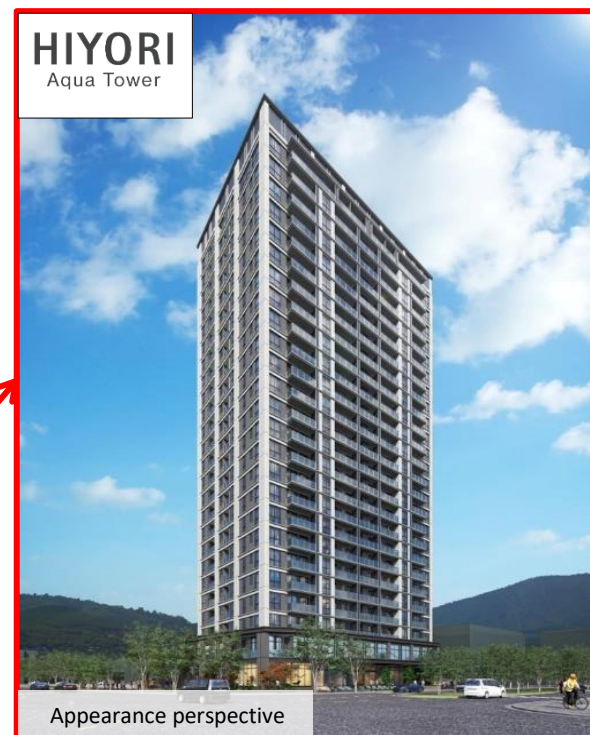
Sora Niwa Terrace Kyoto Bettei
 Opened in June 2022, currently in operation

Vietnam HIYORI Aqua Tower PJ Starting

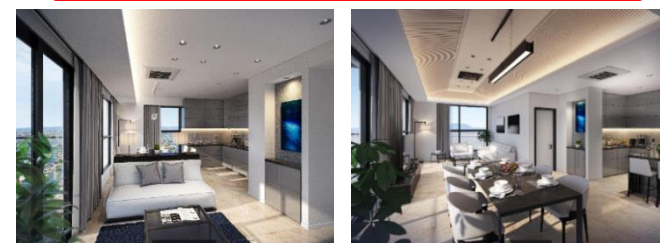
Second condominium project (202 units), construction scheduled to begin in August.

Project Overview

Location	Lot 3-A2-1, Son Tra-Dien Ngoc Complex Center, Tho Quang Ward Son Tra District, Da Nang City, Vietnam			
Area size	Land area 1,850m ²	Building area 1,062m ²	Total floor area	24,498m ²
Building structure	Reinforced concrete construction 25 floors with 2 basement floors			
Facilities	202 residences, stores, kindergarten, swimming pool, fitness gym, community room, car parking lot, motorcycle parking lot			
Schedule	Construction start in August, completion in Autumn 2026			

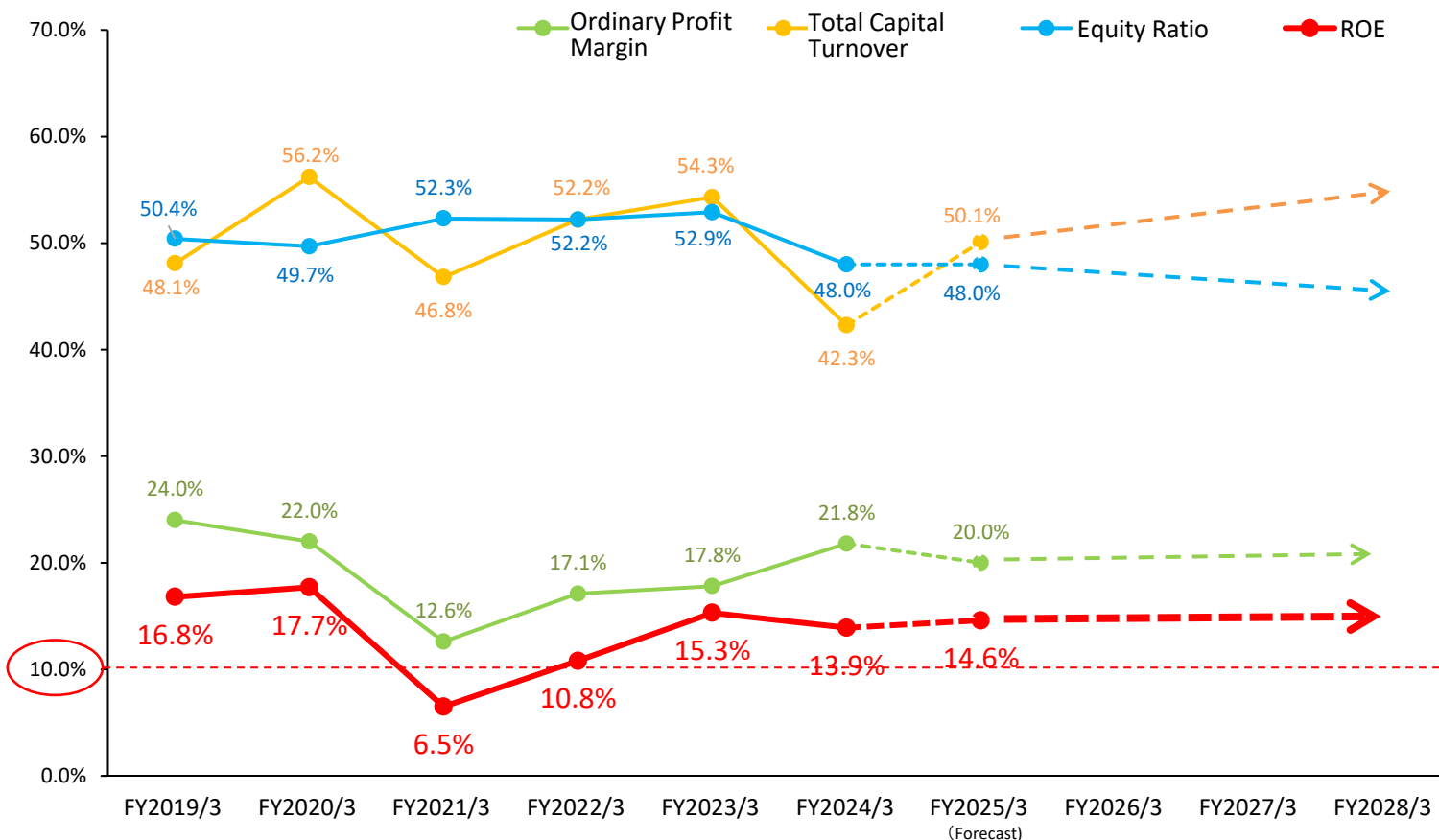
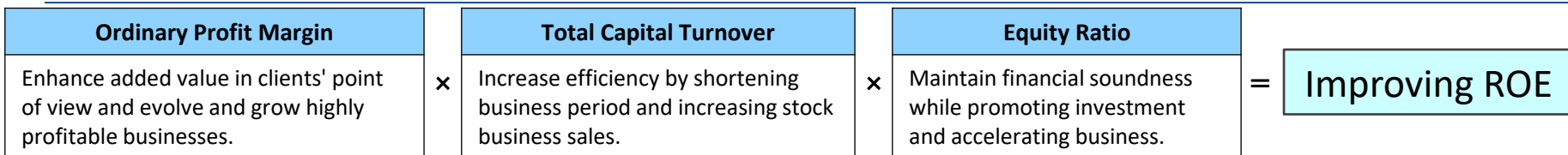


HIYORI Garden Tower
Completed in December 2019
306 houses sold
2 blocks of stores

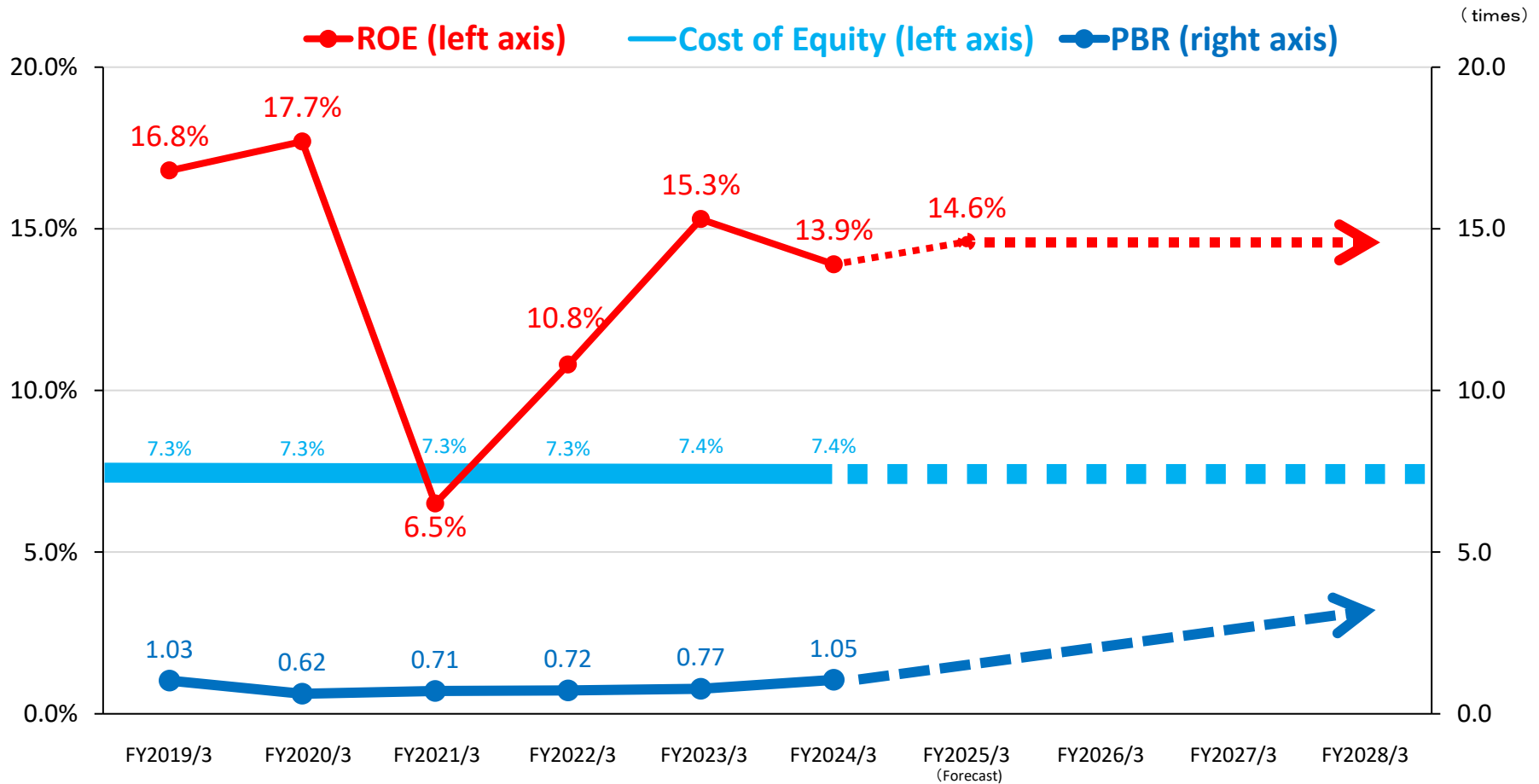


Interior perspective

Trends for Each Indicator and Initiatives for ROE Improvement



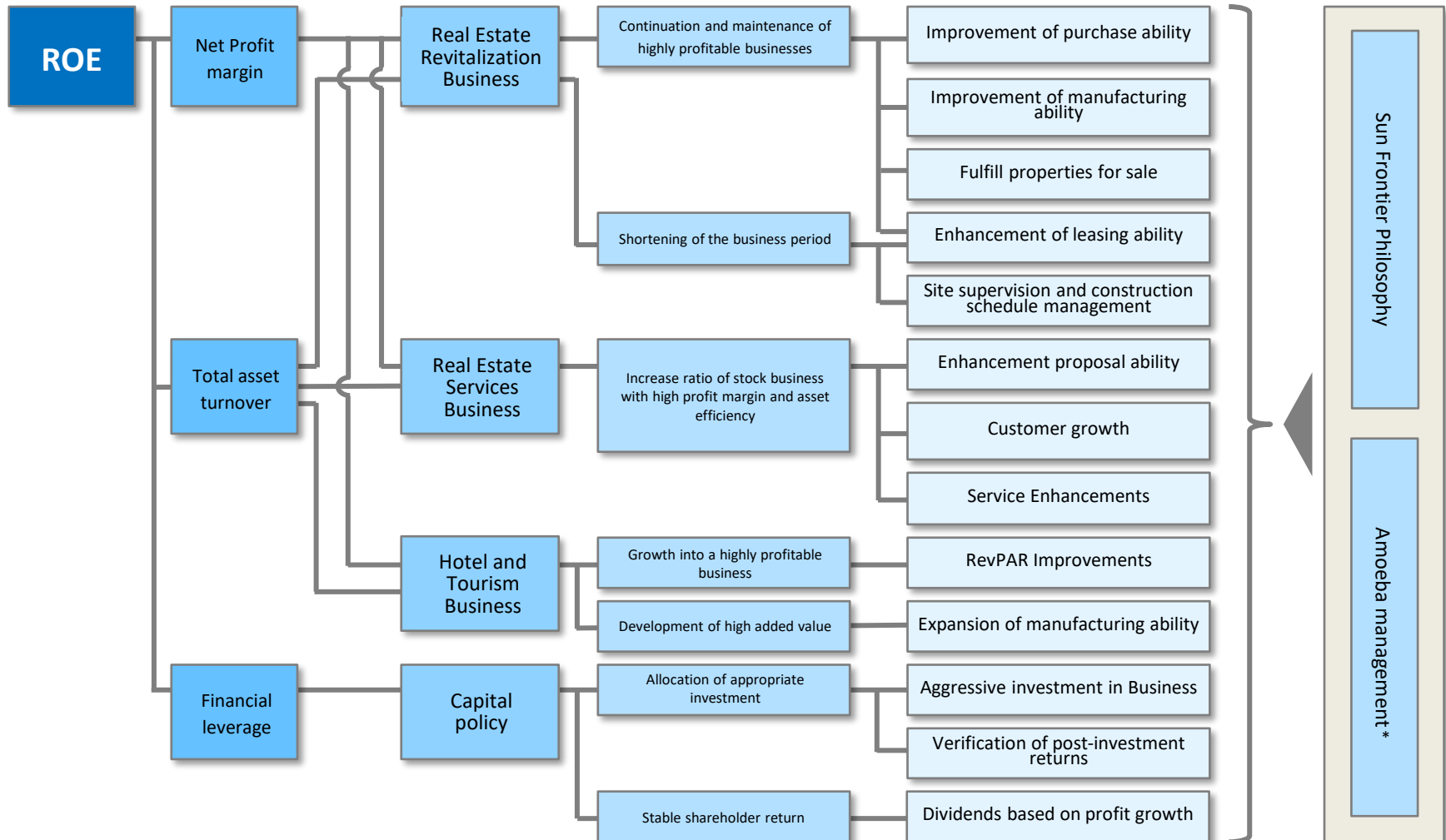
Improve PBR by the initiatives for ROE Improvement



※Cost of Equity is calculated by Capital Asset Model. Cost of Equity will be around 7 to 8%.

Driver to improve ROE

Keep employees in high engagement through Sun Frontier Philosophy and Ameoba Management. Promoting Business by the style of “All join to Management”.



* Ameoba management is the registered trademark of KYOCERA Corporation.

Strengthening IR Activities

By expanding IR activities, we aim to make more conversation with capital market actively.

IR activities		
Presentation of financial results	Held every quarter by President Representative Director, Seiichi Saito.	Website for on-demand broadcast (including Q&A) https://www.sunfrt.co.jp/ir_info/ir_doc/on-demand.html
Individual IR meetings	Conducted individually as needed. (mainly handled by IR staff).	22times in 1Q for FY2025 (FY2024/3: 68 times, FY2023/3: 61 times)
Property visit	Invite to our RP property (3 times in 1Q for FY2025/3) ※for analysts and institutional investors. (FY2024/3: 9 times)	
Web sites for investors	FISCO: https://web.fisco.jp/platform/companies/0893400	

Disclosed materials		
Financial Results	Disclose Japanese and English version simultaneously. Disclose Chinese version within a week after Japanese.	Website (IR Library) Japanese: https://www.sunfrt.co.jp/ir_info/ir_doc/statement-of-accounts/ English: https://www.sunfrt.co.jp/en/ir_info/ir_doc/statement-of-accounts/ Chinese: https://www.sunfrt.co.jp/ch/ir_info/ir_doc/
IR Presentation	Disclose Japanese, English version and Chinese version simultaneously.	
Annual Securities Report	Disclose Japanese and English version.	Japanese: https://www.sunfrt.co.jp/ir_info/ English: https://www.sunfrt.co.jp/en/ir_info/ir_doc/annual_security_report/
Notice of General Meeting of Shareholders	Disclose Japanese and English version.	Japanese: https://www.sunfrt.co.jp/ir_info/annual_general_meeting/ English: https://www.sunfrt.co.jp/en/ir_info/annual_general_meeting/
Analyst Report	FISCO、Shared Research	Japanese: https://www.sunfrt.co.jp/ir_info/ English: https://www.sunfrt.co.jp/en/ir_info/

Shareholder benefit program	
Outline	Discount coupons for hotels operated by our group companies based on the number and period of shares held.
Details and facilities available for use	Shareholder benefit program website https://www.sunfrt.co.jp/ir_info/stockholder_benefit_plan/



References Materials

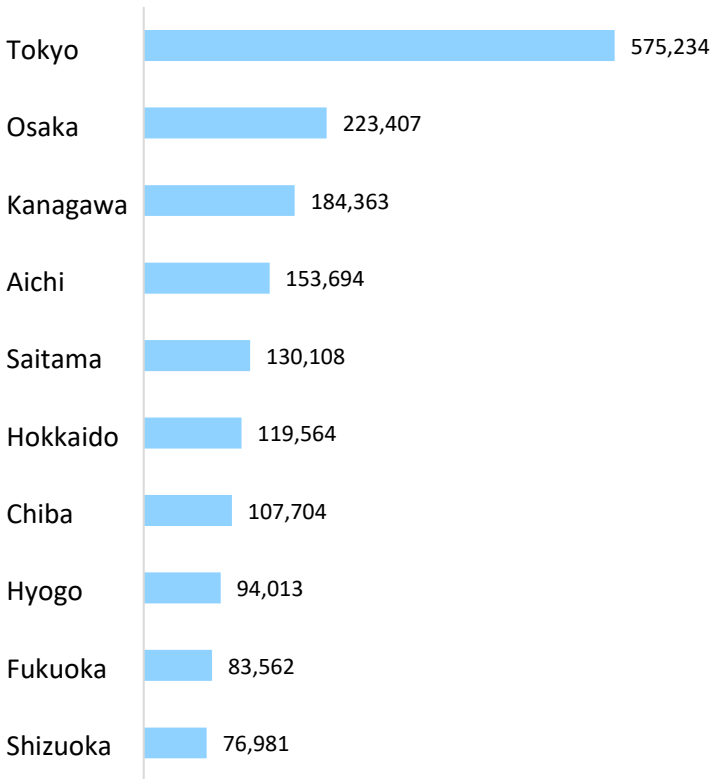


Number of Corporations by Prefecture and Number of Office Buildings in Tokyo's 23 wards



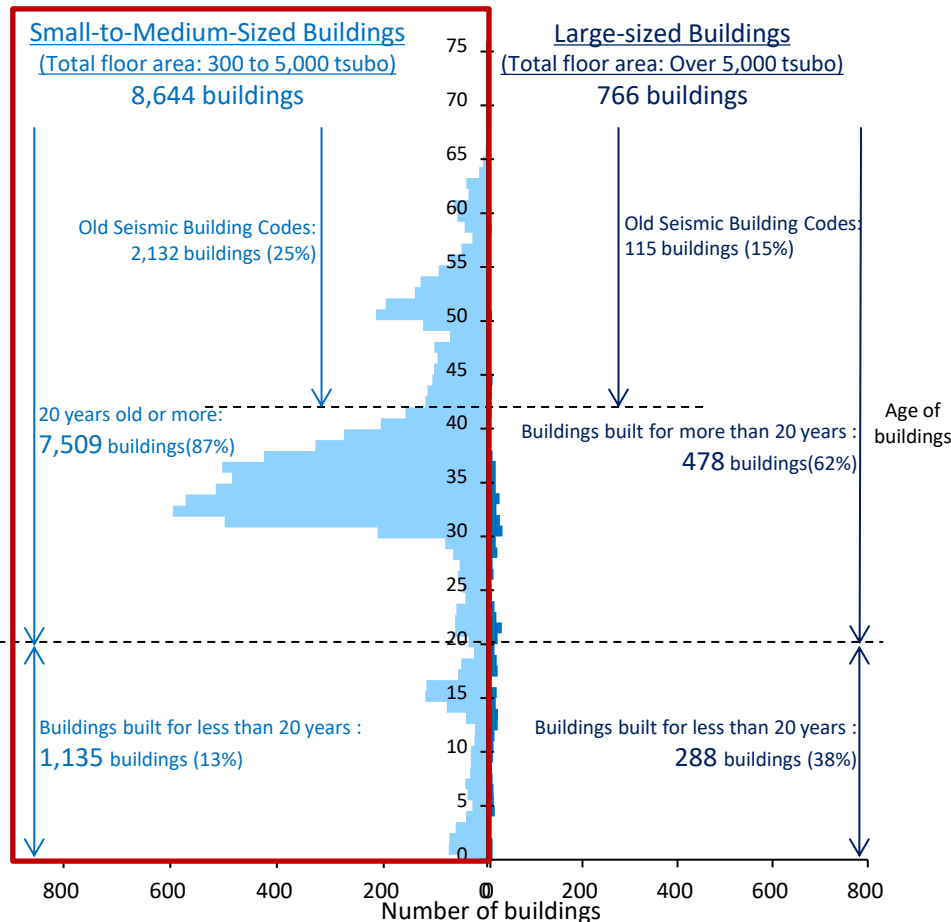
In Tokyo concentrated many companies, demand renovation and rebuilding suppressed waste of resources remains high in while small and medium-sized buildings continue to age.

Top 10 Prefectures in Number of Corporations



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

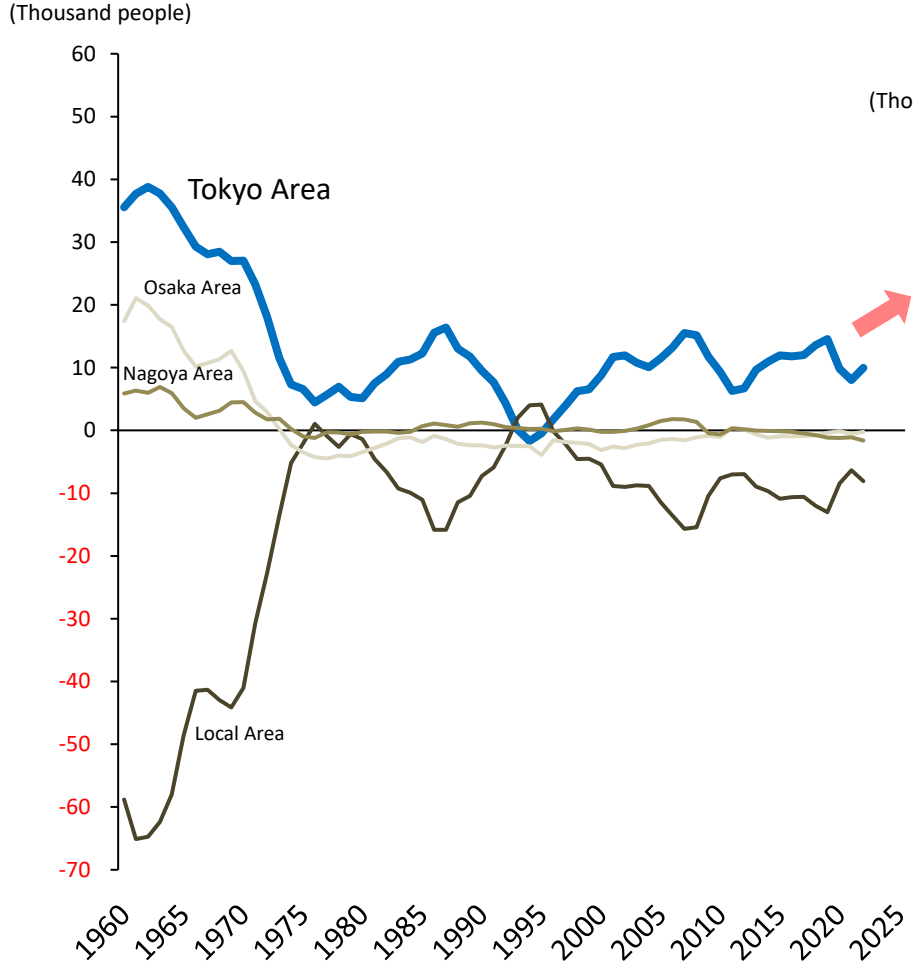
Tokyo 23 cities with 9,410 buildings



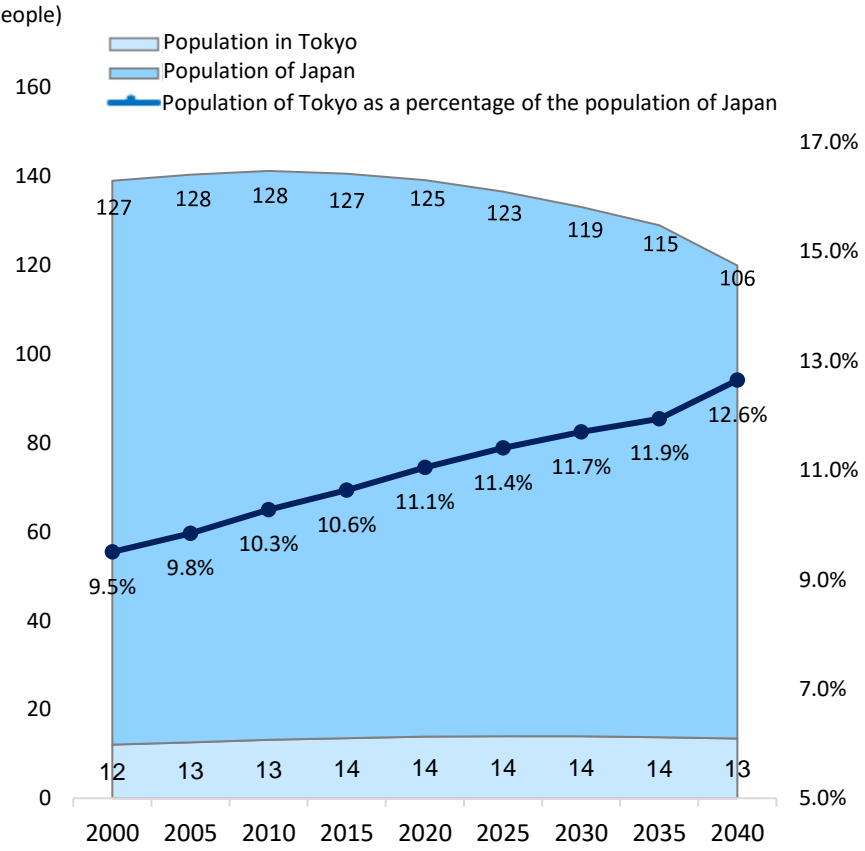
Source: Created by us based on "Tokyo 23 cities Office Pyramid 2023 (based on the number of buildings)" (Xymax Real Estate Institute)

Transfer of Tokyo Area and Japanese Population

While the population of Japan is decreasing, the population of Tokyo is increasing as more people are moving into the Tokyo area.



Ratio of Tokyo population to Japanese population (estimate)



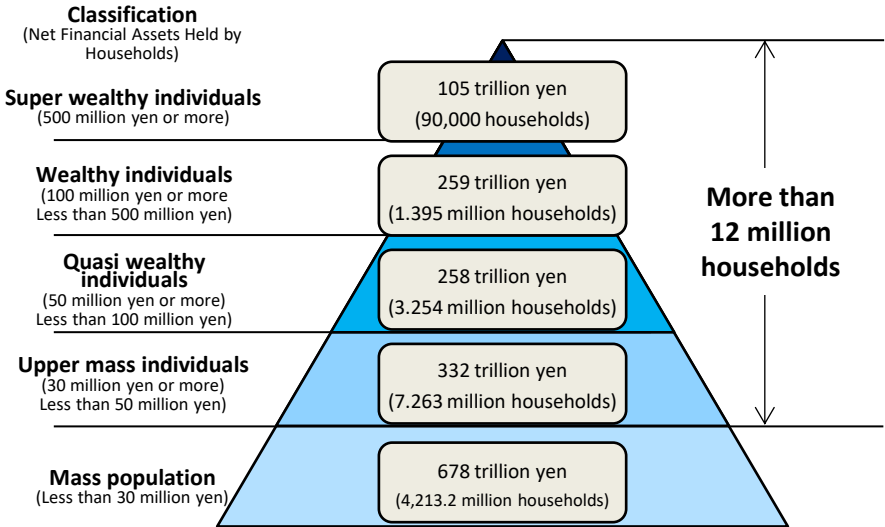
Source: Prepared by the Company based on Statistics Bureau, Ministry of Internal Affairs and Communications, "Number of New Residents by Address Before and After"

Source: Compiled by the Company based on Tokyo Metropolitan Government statistics - "Population of Tokyo (Estimate)."

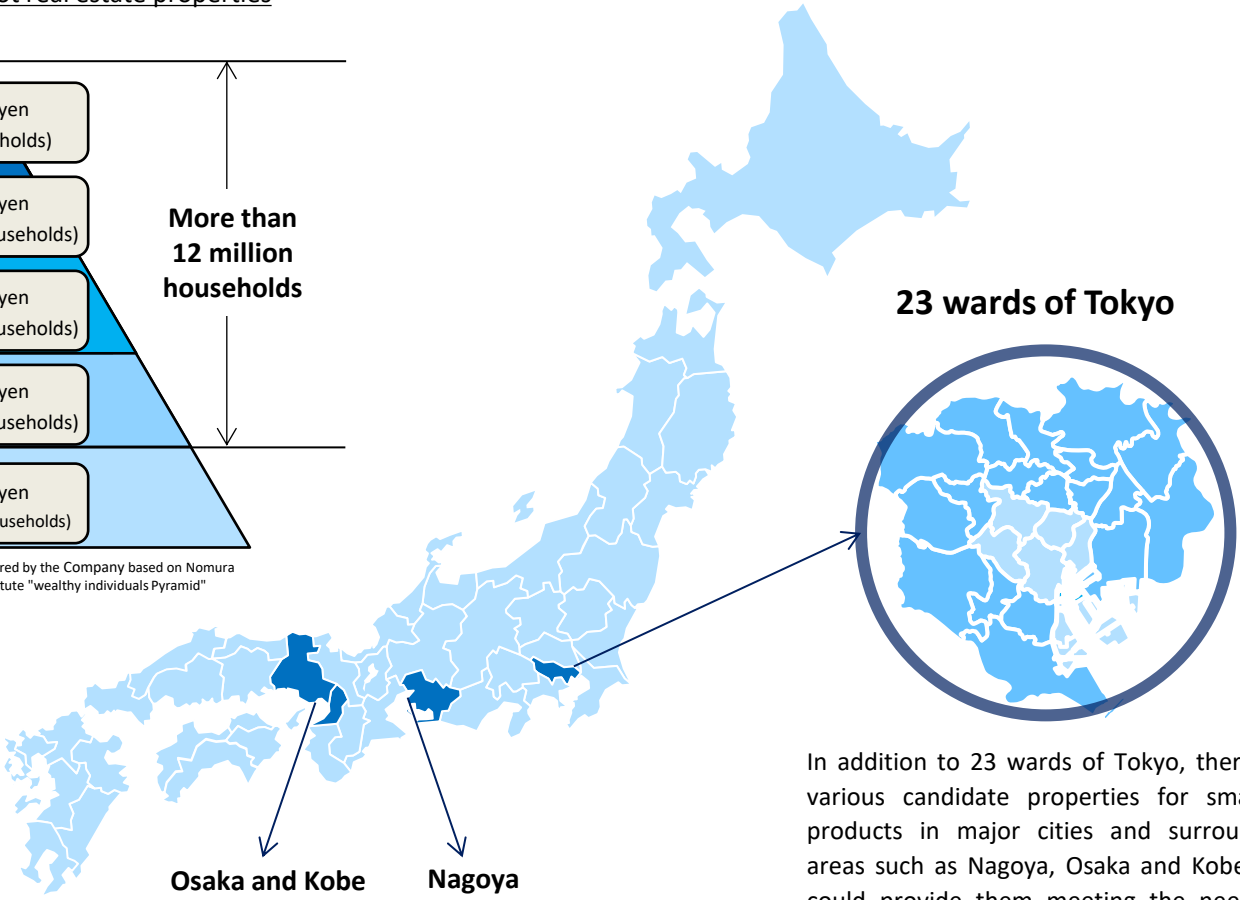
Marketability in small-lot real estate property

Promote commercialization of small-lot real estate properties in major cities. Make proposals meeting needs of investors throughout Japan.

There are more than 12 million households nationwide of potential customers in small-lot real estate properties



Source: Prepared by the Company based on Nomura Research Institute "wealthy individuals Pyramid"



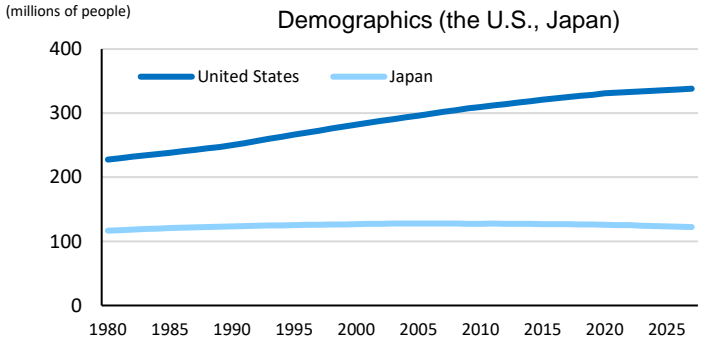
- Small-lot real estate properties
- Nursery school
 - Educational and medical malls
 - Commercial buildings
 - Office buildings
 - Land, etc.
- Provide wide varieties of properties

In addition to 23 wards of Tokyo, there are various candidate properties for small-lot products in major cities and surrounding areas such as Nagoya, Osaka and Kobe. We could provide them meeting the needs of investors nationwide

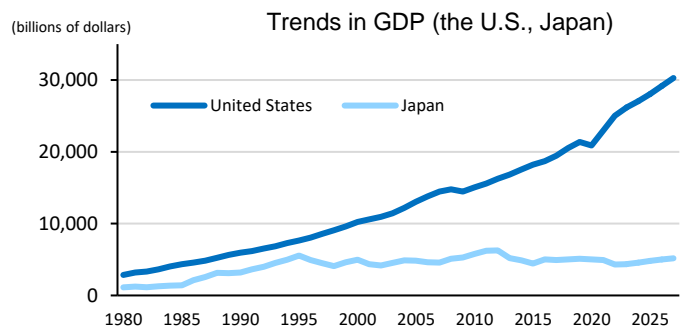
Overseas Markets (the U.S., Vietnam)

Supplying Japan's high-quality residential real estate in the United States (New York) and Vietnam (Danang), where population growth and high growth rates continue

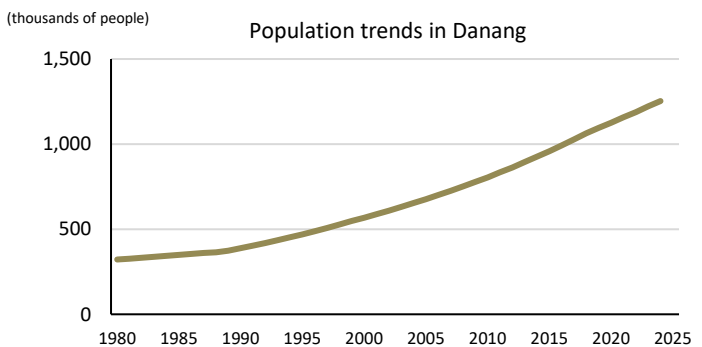
While the population of Japan is decreasing, the population of the United States continues to increase, and there is a high possibility of continued housing demand.



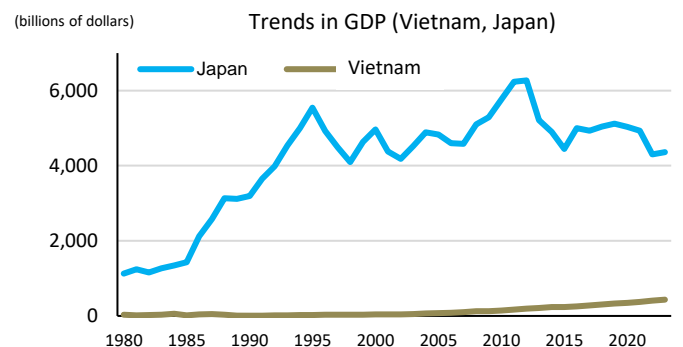
In contrast to Japan, where the growth rate is flat, the U.S. has a very high growth rate, has many jobs, and is expected to continue to have a high demand for real estate.



Da Nang is the third largest city in Vietnam. The population exceeded 1 million in 2017 and has continued to increase since then, and high housing demand is expected in the future.



Although the GDP of Vietnam is lower than that of Japan, the growth rate is higher than that of Japan, and Vietnam is considered to have a high potential for future.



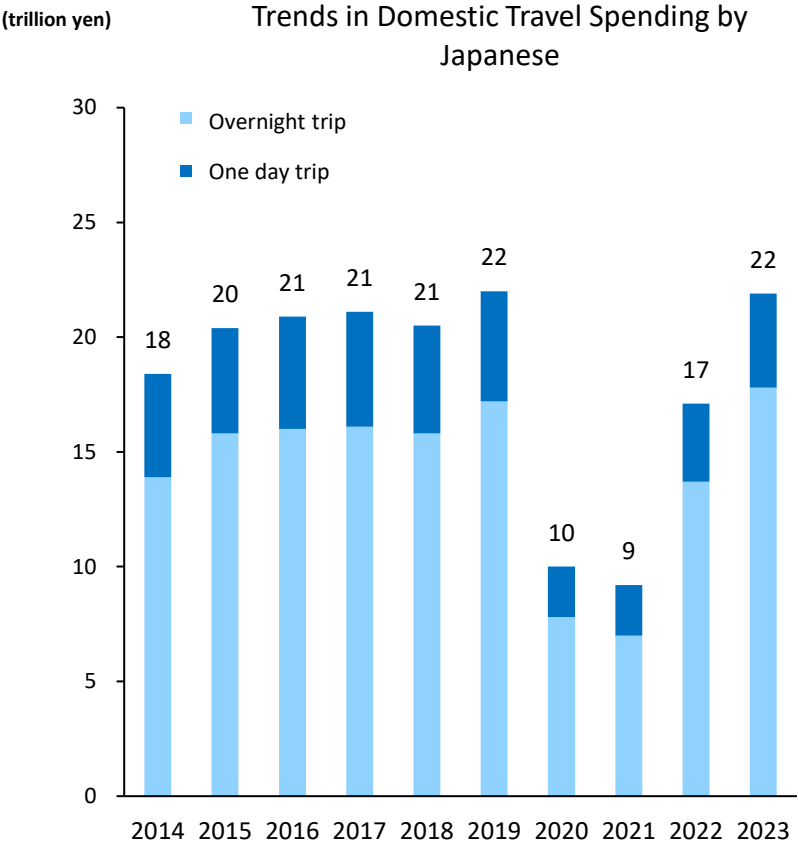
Source: IMF World Economic Outlook database (prepared by the Company)

Recognition of the business environment

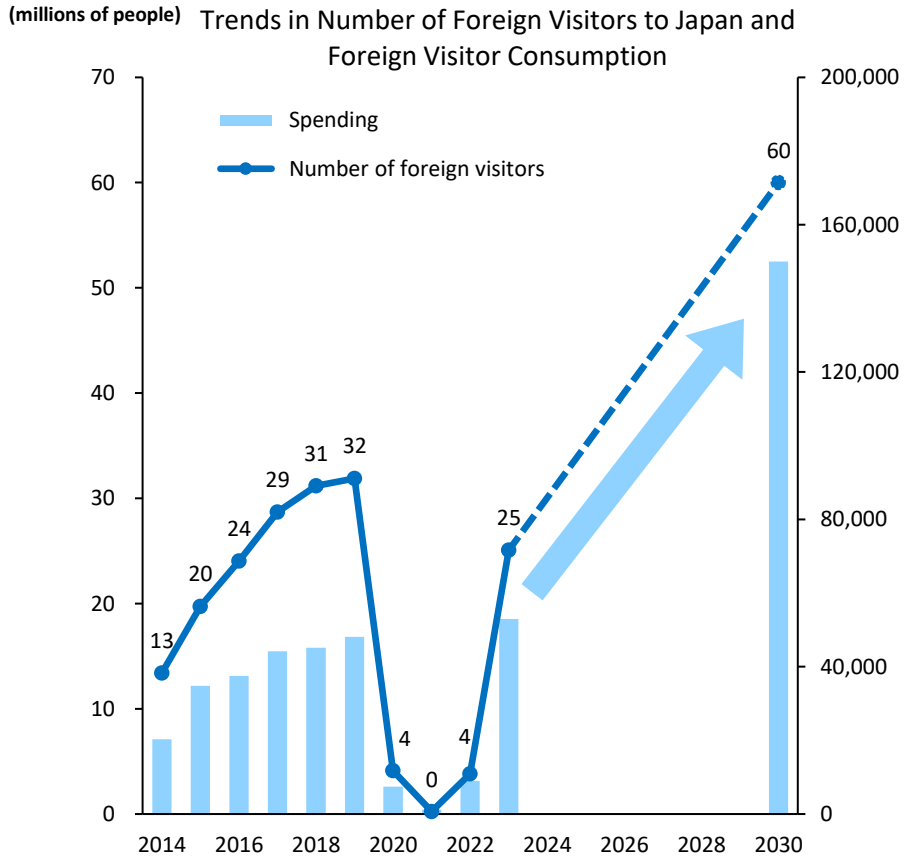
Demand recovery and growth potential in the hotel market



The recovery in travel demand has been remarkable, and both the number of foreign visitors to Japan and their spending are expected to further expand in the future.



Source: Compiled by the Company based on the Japan Tourism Agency's Travel and Tourism Consumption Trend Survey "Domestic Travel Spending of Japanese"



Source: Compiled by the Company based on the JNTO Statistics on the Number of Foreign Visitors to Japan and the government's targets for the number of foreign visitors to Japan and the amount of consumption

Environment

As of June 30, 2024

Actual number of RP buildings



Total **488** buildings

Carbon Offset
Cumulative total **3,046t**



RE100/Mori no Denki
Total 19 buildings 2,241t

RP construction
42 buildings
805t



Capital and business alliance
Promoting the use of electricity storage systems



Capital and business alliance
Promoting agrivoltaics

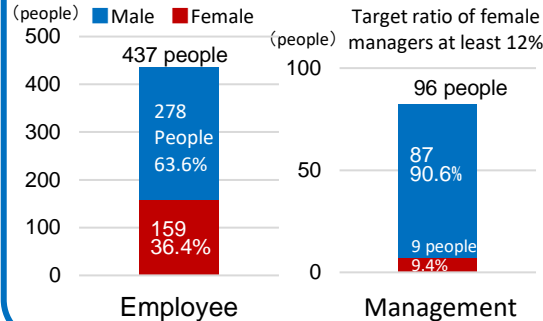


Acquired BELS for
9 properties

Social

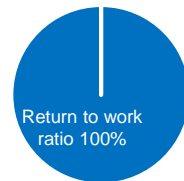
As of June 30, 2024

Ratio of male and female employees in managerial positions



Childcare leave

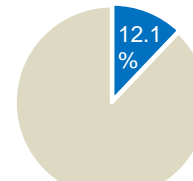
Utilization rate 100%



From childcare leave,
100% return to work

Human resource development

Aim to over 12%



Training 12.1% of working hours

※As of March 31, 2024

Governance

As of June 30, 2024

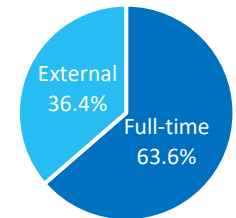
Transition to a company with Audit & Supervisory Committee

As of June 30, 2022

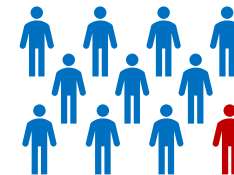
Board of Directors

Audit & Supervisory Committee

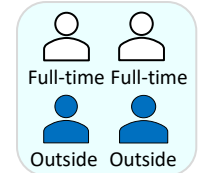
Ratio of Outside Officers 1/3 or more



Female Directors
1 out of 11



Nomination and Compensation Committee (optional)
2 out of 4 outside officers



Ensuring transparency and soundness

Sustainability website

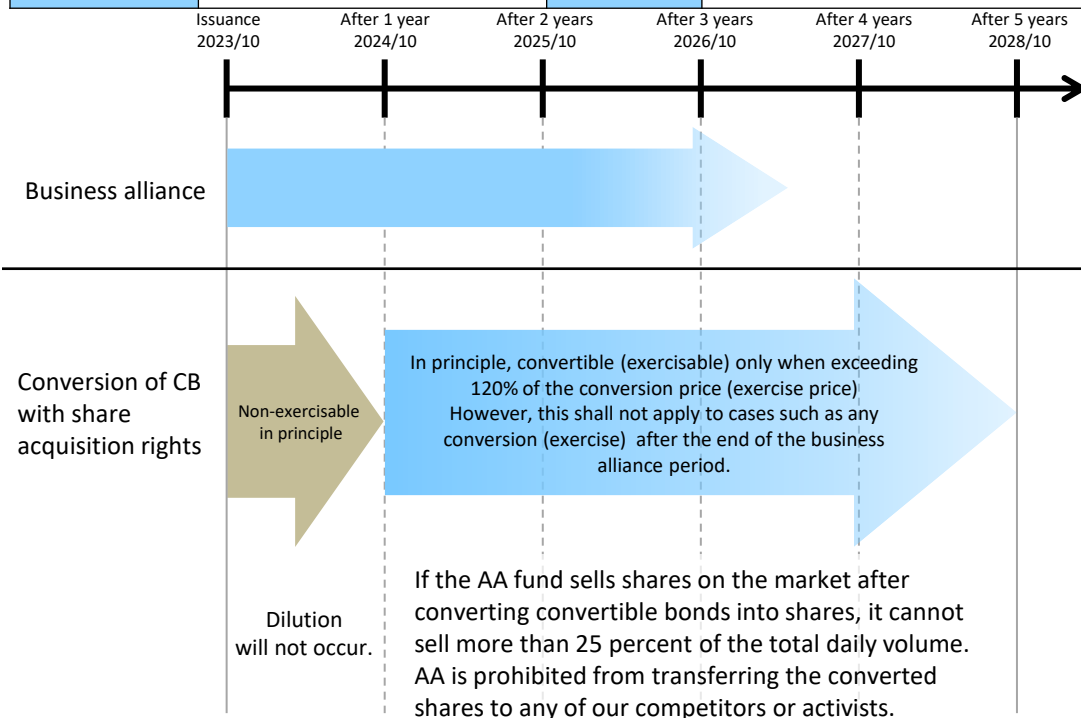
<https://www.sunfrt.co.jp/en/sustainability/>

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

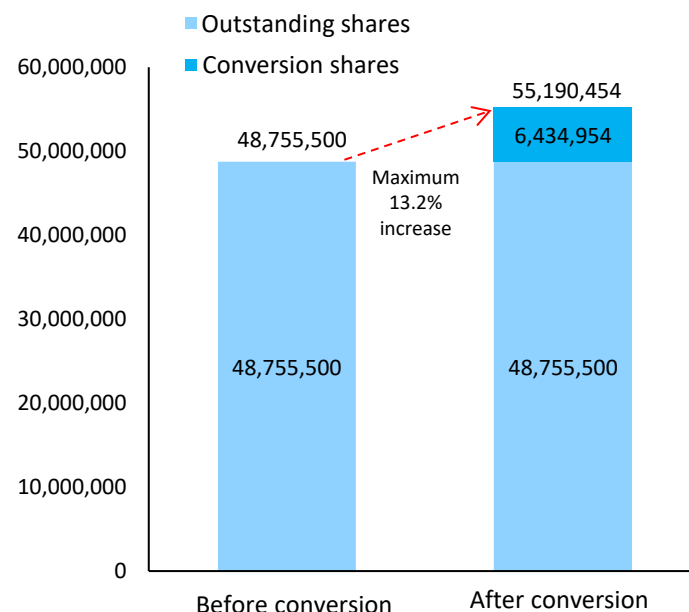
Conversion conditions of CB

Type	Convertible bonds with share acquisition rights	Maturity	5 years
Issuance date	October 6, 2023	Convertible period	5 years after the payment due date However, In principle, non-convertible for 1 year after the payment due date
Amount of funds acquired	Approximately 10 billion yen	Conversion price	1,554 yen per share In principle, convertible (exercisable) only when exceeding 120% (1,865 yen) of the conversion price (exercise price) However, this shall not apply to cases such as any conversion (exercise) after the end of the business alliance period.
Bond interest rate	0%		

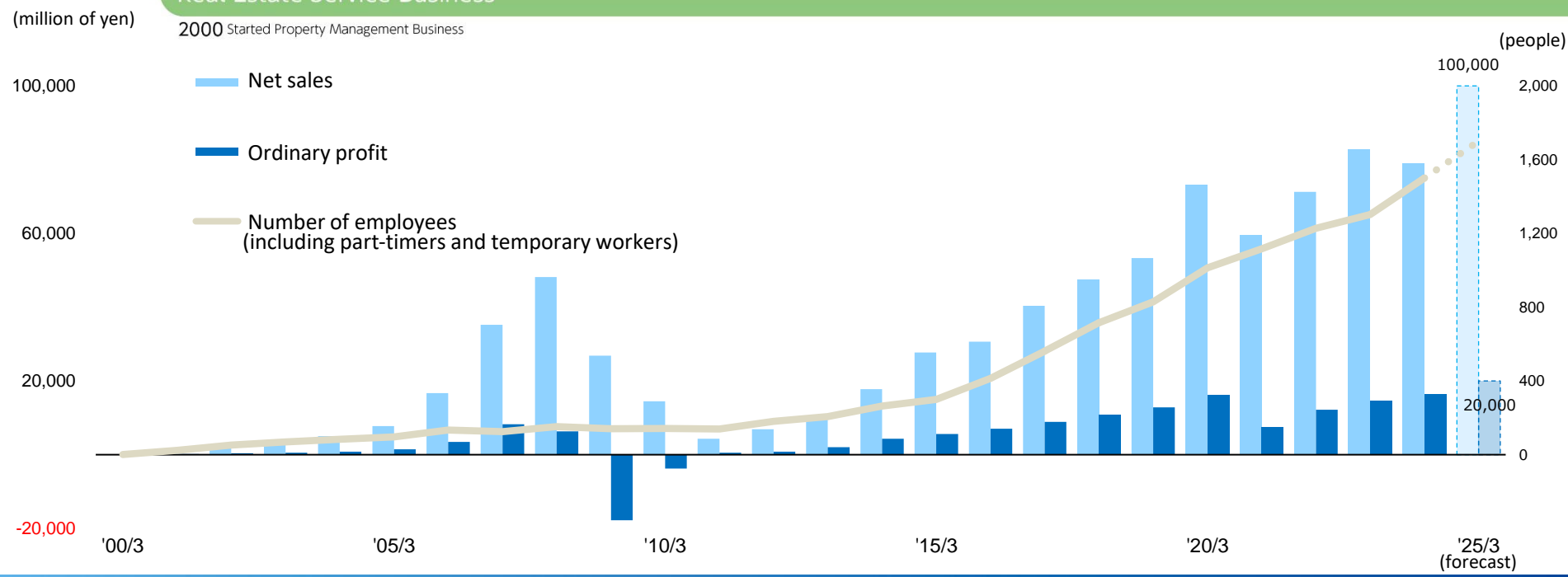
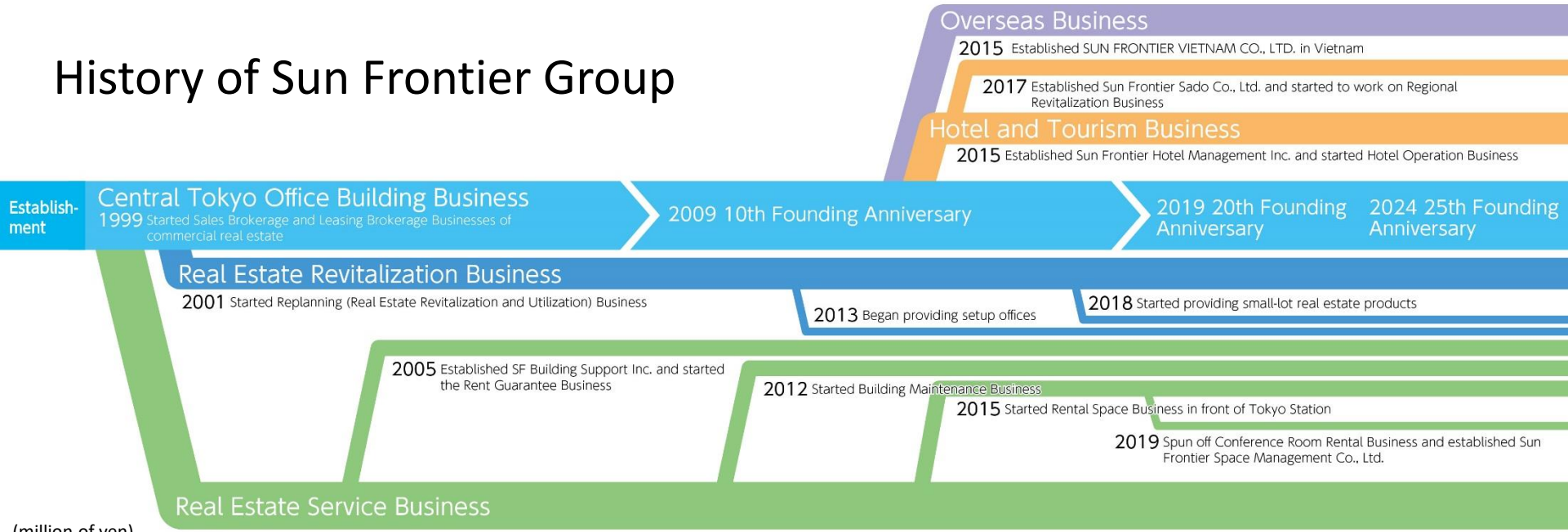
Specific use of funds	Amount
Acquisition of land in conjunction with new hotel development and construction work investment	Approx. 8 billion yen
M&A funds primarily for the hotel development business and construction business	Approx. 2 billion yen



Possibility of Share Increasing due to the Conversion



History of Sun Frontier Group



Company Profile



Company Name	Sun Frontier Fudosan Co., Ltd.
Location of Head Quarters	1-2-2, Yurakucho, Chiyoda-ku, Tokyo
Date of Foundation	April 8, 1999
Date of Listing	February 26, 2007 (First Section of Tokyo Stock Exchange)
Capital Stock *	11,965 millions yen
Representative	Tomoaki Horiguchi, Chairman Representative Director Seiichi Saito, President Representative Director
Number of Consolidated Employees *	837 employees (1,636 including part-timers and temporary workers)
Average Age of Employees*	35.6 years old
Business Profile	<p>Real Estate Revitalization</p> <p>Real Estate Service (Properties Management, Brokerage, Construction Planning, Rent Guarantee, Rental Conference Room, Building Operations, Asset Consultation)</p> <p>Hotel Development and Operation</p> <p>Others</p>
Accounting Month	March
Listed Market	Tokyo Stock Exchange Prime (Code number: 8934)

* As of the end of June 2024

Thank you for your continued support.

- ◆ The purpose of this document is to provide information that can be used as a reference, not for soliciting or promoting you to purchase a specific product. Please make your decision by your own discretion and responsibility when you make an investment. If you want to purchase shares of our Company, please contact securities companies.
- ◆ The information provided in this document is not necessarily in compliance with the Financial Instruments and Exchange Act, the Building Lots and Buildings Transaction Business Act, the Listing Rules for the Tokyo Stock Exchange and other related laws and regulations.
- ◆ Forward-looking statements included in this document do not guarantee future performance.
- ◆ Although we have made every effort to ensure the contents of this document, we can not guarantee their accuracy or certainty. Please note that they are subject to change or removal without notice.

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Mail : ir-contact@sunfrt.co.jp



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