

# Sun Frontier Fudousan Co., Ltd. Business Report

## Interim Shareholder Newsletter 2024

April 1, 2023 to September 30, 2023

Stock Code: 8934



SUN FRONTIER

# To our Shareholders

## Summary of the First Half of the 25th Fiscal Year

**The real estate revitalization business, which is our core business, continues to drive the group's earnings, and the hotel management business rapidly recovered due to the growth of demand from foreigners traveling to Japan as well as demand for domestic travel.**

We would like to express our deepest gratitude to all our shareholders for their continued support.

During the first half of our group's 25th term (April 1, 2023 to September 30, 2023), we were able to make steady progress in our business. The progress rate toward the full-year forecast was 59% for sales, and over 70% for ordinary income, resulting in solid earnings. In particular, in the replanning business, which is the mainstay, property sale progressed steadily and continued to drive the group's earnings strongly. In addition, while the real estate services business has been steadily increasing its earnings, the synergistic effects achieved through collaboration with other businesses, mainly the replanning business, have become a source of added value in the office business. On the other hand, the hotel and tourism business, which had been severely affected by the Covid-19 until the previous fiscal year, has contributed greatly to the progress in earnings for the current term as occupancy rates and average daily rate rose due to the recovery of the demand from foreigners traveling to Japan and the demand for domestic travel as a result of the lifting of restrictions on movement and entry to Japan.

**We raised funds through the execution of the business alliance with Advantage Advisors Co., Ltd. and the issuance of convertible bonds with share acquisition rights (details on page 3)**

In order to further accelerate medium- to long-term growth, our corporate group signed a business alliance agreement with Advantage Advisors, Co., Ltd. (hereinafter called "AA" ) and issued convertible bonds with share acquisition rights to the funds for which AA give investment advice, to procure funds. Through this business alliance, our company will further expand its existing office-building business and promote expansion into new businesses in the surrounding fields. In addition, in the hotel and tourism business, which involves hotel development and operation, we will further refine the business model established through our past endeavors and aim to have 10,000 rooms in 10 years. Through these measures, we aim to achieve sustainable growth for our corporate group and maximize our corporate value.

**Publishing the sustainability report and corporate research reports (details on page 4)**

Our group has recently published the "Sun Frontier Sustainability Report 2023," which summarizes the philosophy we have cherished since our founding and our recent sustainability activities. In addition, as part of our IR activities, we asked two corporate research firms to issue their reports that research and analyze our group from a third-party perspective. Together, we will strive to promote the understanding and awareness of our group further, communicate our group's activities to the world, and put our corporate philosophy into practice.

**Our main policy will be firmly maintained under any circumstances.**

Currently, all staff of our corporate group are working together to achieve the goals of our medium-term management plan, which ends in the fiscal year ending March 2025, and we have positioned the current fiscal year as the actual final year of the plan. Under the key policy of "Not for profit, but for trust. It's us who change. To solve troubles from the viewpoints of customers, exceeding their expectations," we will continue to strive to meet the expectations of our shareholders by working to achieve the goals of our medium-term management plan and solve social issues to achieve a better future.

We would appreciate the continued support and encouragement of our shareholders.

Seiichi Saito  
President

Sun Frontier Fudousan Co., Ltd.  
December, 2023

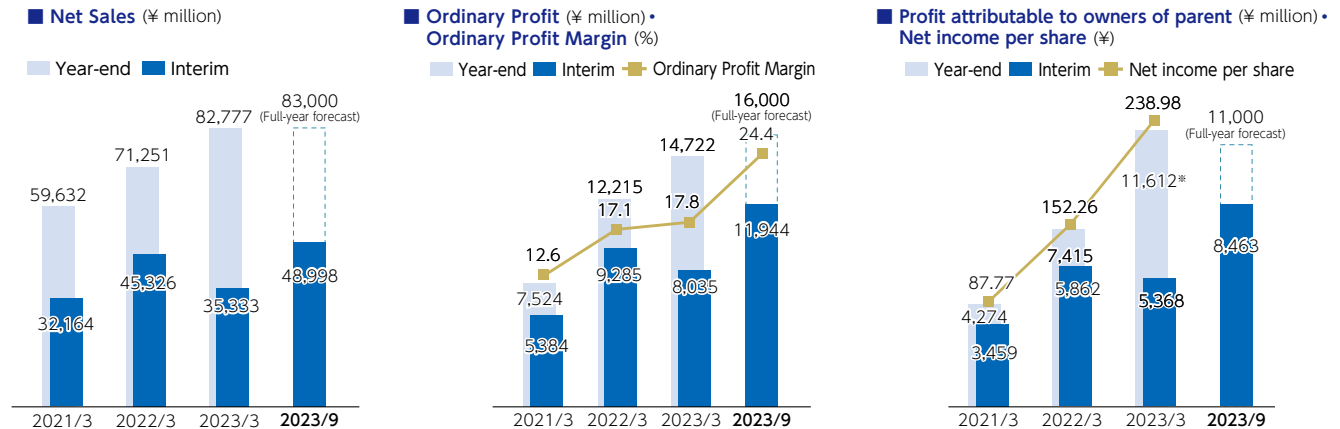


# Business Report for the First Half of FY March 2024 (Financial Highlights)

## Points of Consolidated Financial Results

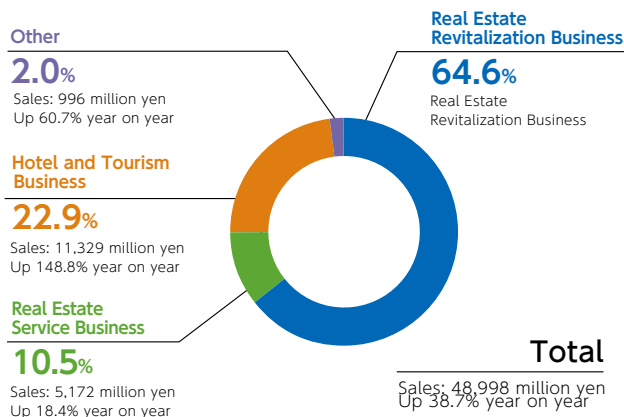
- In the real estate revitalization business, which is our core business, property sale continued to be steady this term, with sales and profit increasing year on year. Profit margin remained as high as approximately 30%, despite it declining year on year due to the impact of high-profit margin properties at that time. The business continued to be a strong driver of company-wide earnings. On the other hand, the company made steady progress in purchasing properties for the future.
- In the development business in the hotel and tourism segment, the delivery of the hotel ordered in the previous fiscal year was completed, and a profit from development was recorded. In the operation business, occupancy rates and average daily rates surged as the demand from foreigners traveling to Japan increased at a faster pace than before the pandemic of Covid-19, and the shifting to Category 5. Business performance recovered rapidly.

## Variations in Sales and Profit/Loss

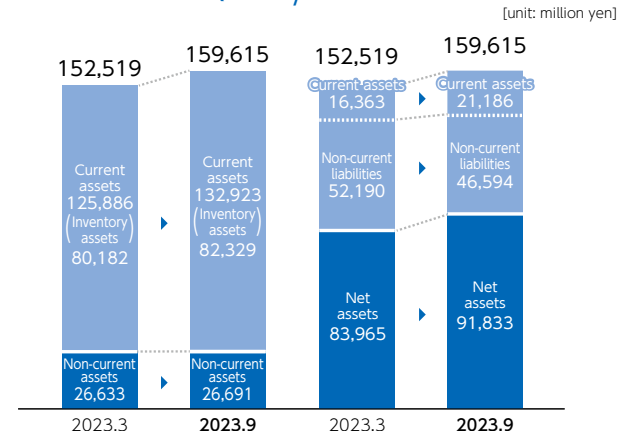


\*In the fiscal year ended March 2023, the company recorded significant growth, reaching a record high due to the impact of unique positive factors such as the reduction of taxable income due to loss carried forward resulting from the recovery of performance of the hotel and tourism business, and the tax effect of recording of deferred tax assets.

## Composition of Sales by Segment

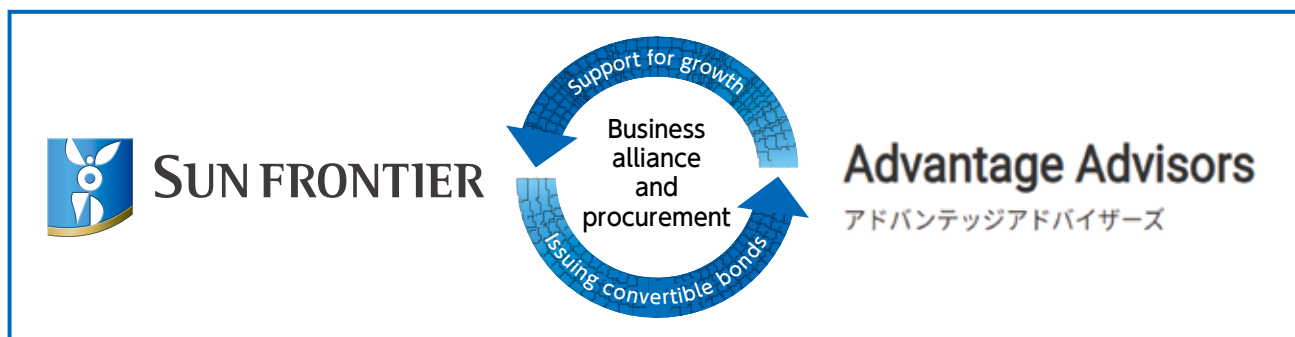


## Brief Consolidated Quarterly Statement of Financial Position



## Regarding the business alliance with Advantage Advisors Co., Ltd. and fund procurement through the issuance of bonds with share acquisition rights

Our corporate group has recently entered into a business alliance agreement with Advantage Advisors Co., Ltd. (AA) and issued convertible bonds with share acquisition rights to the fund to which AA gives advice on investment in order to raise funds. Through this business alliance, we will aim to expand the target region of our office business, promote M&A, diversify sales methods for renovated offices, and use the funds raised to accelerate the growth of our growing hotel business. Through these activities, we aim to grow and develop our business further and improve our corporate value.

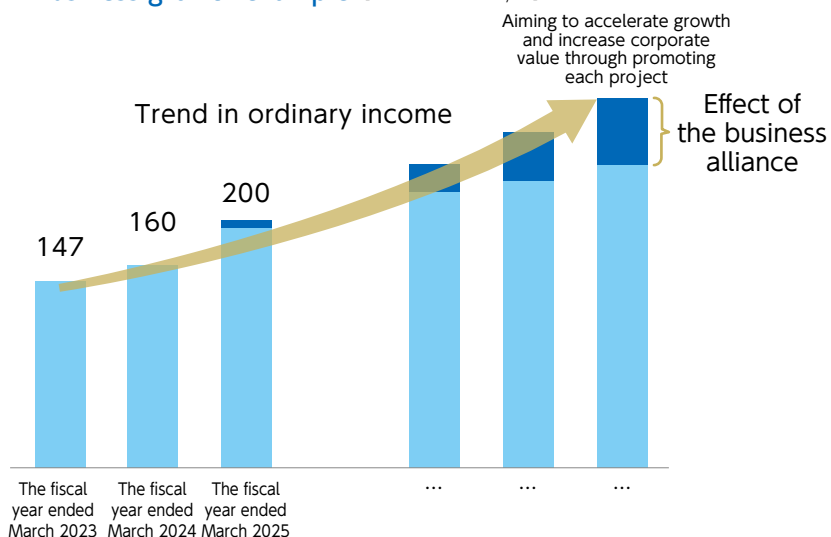


### Specific use of funds from convertible bonds

In the hotel business, which belongs to a growing market, we will expand investment in our business model with high profits.

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

### Business growth example [unit: 100 million yen]





## We have published a sustainability report.

"Sun Frontier Sustainability Report 2023," which summarizes the policies we have valued since our founding, the history of the Sun Frontier Group, and our most recent sustainability activities, was published in order to deepen your understanding of the Sun Frontier Group.



Please see here for details.



[https://www.sunfrt.co.jp/en/pdf/sustainability\\_report\\_2023\\_en.pdf](https://www.sunfrt.co.jp/en/pdf/sustainability_report_2023_en.pdf)

## We published corporate research reports by two companies

We are pleased to announce that we have received corporate research reports from Shared Research, Inc. and Fisco, Inc. These reports are analyst reports prepared based on independent research and analysis of our group from a third-party perspective. We are committed to further promoting IR activities to enhance our corporate value.

### Shared Research



Please click here to see the report.

<https://sharedresearch.jp/ja/companies/8934>



### Fisco



Please click here to see the report.

<https://web.fisco.jp/platform/companies/0893400/report>

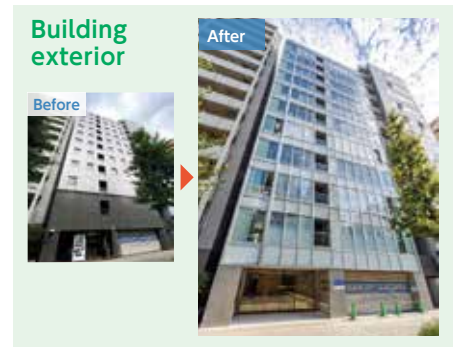
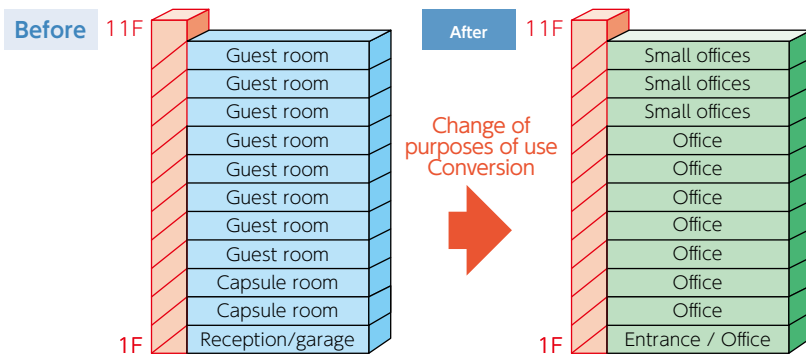


## Real Estate Revitalization Case Study

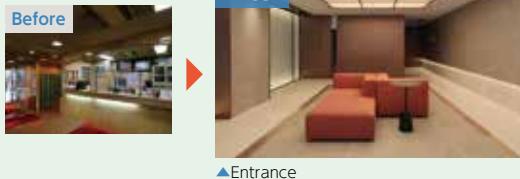
### Okachimachi revenue-generating building

–Full conversion of a business hotel into an office building.  
 Successful revitalization that utilizes the potential without destroying the building.

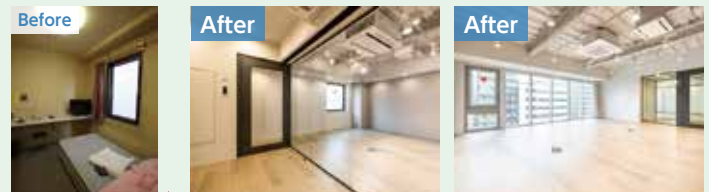
In this case, we acquired a business hotel as an empty building. We fully converted it into an office building to take advantage of the building's potential of being located along a main street and having a good view. As it was originally a hotel, the rooms only had small windows, making it too dark for offices, so the entire exterior wall was extensively renovated with glass curtain walls to increase the building's attractiveness, and the building was revitalized to become a fully occupied building. In addition, the 9th to 11th floors are for small offices with a dedicated lounge and a dedicated conference room. The floors are designed to accommodate 4 to 12 people per section, and as the companies grow, the building can flexibly accommodate office variations, such as relocations to additional standard floors or branching out as new businesses, making it a distinctive building that will allow tenants to remain in the property for many years and continue to grow.



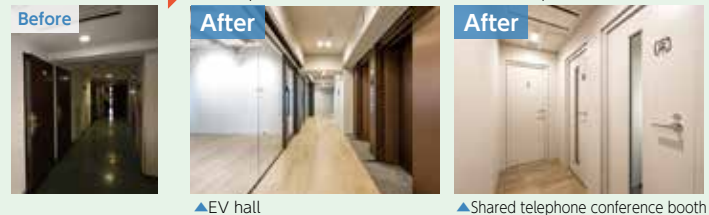
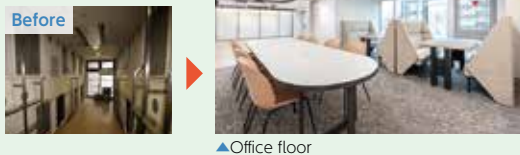
#### Entrance



#### Small office floors (9F to 11F)



#### Standard floors (2F to 8F)



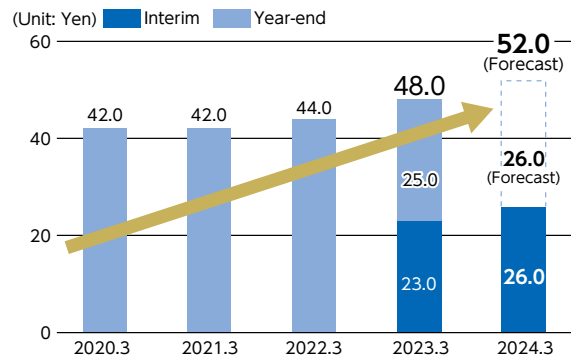
# Information on Shareholder Benefits

## Dividends

### Long-term and stable return of profit

Our corporate group's basic policy is to comprehensively benefit shareholders by striving (1) to return profits to shareholders in a stable manner over the long term, (2) to secure investment funds to aggressively take on challenges in the Office Building Business, Hotel and Tourism Business and Overseas Business for future growth, and (3) by taking into consideration the stability and enhancement of financial position.

For this term, we plan to pay an interim dividend of 26 yen per share and a term-end dividend of 26 yen per share.



## Shareholder Special Benefit

### Shareholder Benefit Program

We present discount coupons to shareholders listed in our company's shareholder registry as of March 31. Shareholders who hold 500 or more shares and meet the conditions for long-term holding will receive twice the number of discount coupons.

**Frequency:** Once a year with the record date being **March 31**

**Distributed:** around **late June**

### Conditions for Long-Term Shareholding

Shareholders holding shares for a long period of time in the 25th term must have the same shareholder number as that recorded in our company's shareholder registry as of March 31, 2021 or later.

(Please note that the shareholder number may change if you change your securities account or lend shares during the holding period.)

### Details of Shareholder Benefits

Number of stocks held	Holding period	Details of the special offers	Number of coupons
100 shares or more and less than 300	—	Discount coupon worth 1,000 yen	1
300 shares or more and less than 500	—		1
500 shares or more and less than 1,000	—		2
1,000 shares or more		4	
500 shares or more and less than 1,000	3 years or longer	Discount coupon worth 5,000 yen	4
1,000 shares or more			8

### Introduction of hotels offering shareholder benefits

[Hiyori Hotel Maihama]



▲ Good location with easy access to Tokyo Disneyland



▲ A comfortable space that can be enjoyed by families and couples and is great for girls' nights out.

[Hiyori Hotel Osaka Namba Station]



▲ In the vicinity of Nankai Namba Station, convenient for traveling to major cities in Kansai



▲ A private space where you can relax and feel at home. The comfort of a home away from home.

# Corporate Information

(As of September 30, 2023)

## Share Information

Total number of authorized shares	91,200,000
Total number of shares issued	48,755,500
Number of shareholders	13,009

### Major Shareholders (Top 10)

Shareholder name	Number of shares held	Shareholding Ratio*
Houou Co., Ltd.	17,957,500	36.89
The Master Trust Bank of Japan, Ltd. (Account in trust)	4,272,100	8.78
Tomoaki Horiguchi	3,026,796	6.22
Custody Bank of Japan, Ltd. (Account in trust)	1,600,400	3.29
S Kawagoe Co., Ltd	1,566,400	3.22
THE BANK OF NEW YORK MELLON 140044	726,268	1.49
MSIP CLIENT SECURITIERS STATE	552,900	1.14
STREET BANK AND TRUST COMPANY 505223	436,187	0.90
Keiko Horiguchi	416,500	0.86
Sun Frontier Employee Stock Ownership Association	404,100	0.83

\*1 Numbers displayed are rounded off to the second decimal place.  
Shareholding ratio is calculated by subtracting the treasury stock(73,752 shares).  
The calculation for shareholding ratio includes the 128,300 shares of our company held by Mizuho Trust & Banking as a trust account according to the Japanese Employee Stock Ownership Plan (J-ESOP).

## Shareholder Memo

Fiscal year	From April 1 to March 31 of the following year
Annual shareholder meeting	June
Date of record	March 31
Announcement listing method	Electronic public notice (the Company homepage) If an electronic public notice is not possible due to accident or any other unavoidable circumstances, the notice will be published in the Nihon Keizai Shimbun.
Shareholder registry administrator	Mizuho Trust and Banking Co., Ltd.
Location for handling this business	1-3-3 Marunouchi, Chiyoda-ku, Tokyo Securities Agency Department, Head Office, Mizuho Trust and Banking Co., Ltd.
Contact address	[Number for inquiries only] ☎0120-288-324

## Company Overview

Name Sun Frontier Fudousan Co., Ltd. (Code number: 8934)  
Headquarters Toho Hibiya Building, 1-2-2, Yurakucho, Chiyoda-ku, Tokyo 100-0006  
Tel.03-5521-1301 <https://www.sunfrt.co.jp>

Capital ¥11,965 million  
Number of employees 731 (consolidated)

### Executives

Chairman Representative Director	Tomoaki Horiguchi	President	Seiichi Saito*
President Representative Director	Seiichi Saito	Executive Officer	Izumi Nakamura*
Executive Vice President	Izumi Nakamura	Executive Officer	Yasushi Yamada*
Senior Managing Director	Yasushi Yamada	Executive Officer	Mitsuhiro Ninomiya*
Director	Mitsuhiro Ninomiya	Executive Officer	Kenji Honda*
Director	Kenji Honda	Executive Officer	Shuhei Oda
Outside Director	Kazutaka Okubo	Executive Officer	Kenji Wakao
Outside Director	Keiichi Asai	Executive Officer	Kentaro Kawanishi
Director, Audit & Supervisory Committee Member	Shinichi Tominaga	Executive Officer	Takeshi Hirahara
Outside Director, Audit & Supervisory Committee Member	Hidetaka Tanaka	Executive Officer	Midori Kaneko
Outside Director, Audit & Supervisory Committee Member	Tuneko Murata	Executive Officer	Hiroyuki Takekawa
Group Executive Officer	Keitaro Otomichi	Executive Officer	Keiichiro Nishimoto
Group Executive Officer	Kazuyuki Yanagimura		

\* This means combined post with the director position.

## Notice

Billboard advertisement now posted at Tokyo Metro Hibiya Station

This ad has visualized Sun Frontier's hope of spreading SUN = radiant vigor (value creation) in local communities.



Location: Near Exit A5 of Hibiya Station on the Tokyo Metro Hibiya Line