

# Revision of the Medium-term Management Plan

May 12, 2021



**SUN FRONTIER**

Securities Code :  
8934

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# 1. Review and Revision of the Current Medium-term Management Plan

# Review of the Current Medium-term Plan (FY ended March 2019 - FY ending March 2023)



## ■ Fiscal year ended March 2020:

Net sales of 73.2 billion yen and Ordinary profit of 16.1 billion yen, on track to achieve our targets

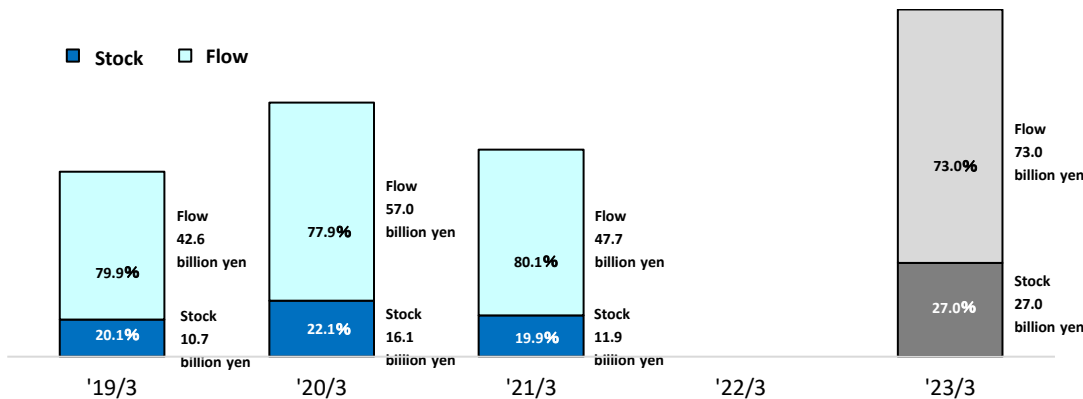
## ■ Fiscal year ended March 2021:

Secured Net sales of 59.6 billion and Ordinary profit of 7.5 billion yen

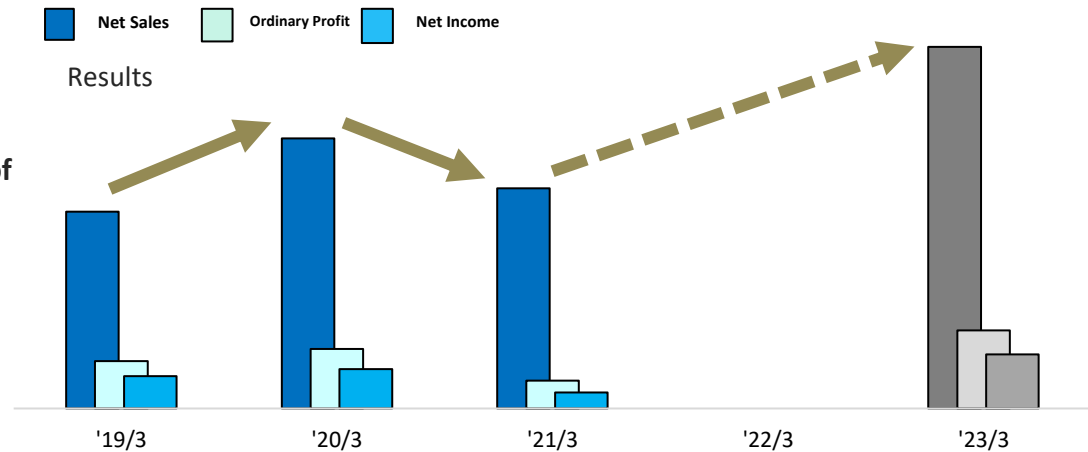
## ■ Targets for fiscal year ending March 2023:

Slow progress toward Net sales of 100 billion yen and Ordinary profit of 20 billion yen

## ■ Net sales of stock and the ratio slightly decreased in the fiscal year ended March 2021



Final Year of the Current Medium-term Plan  
Targets for Fiscal Year ending March 31, 2023



## ■ New development plans were postponed in the Hotel Business

	Number of Hotels in Operation	Number of Occupied Rooms
FY ended March 2019	10 Hotels	1,191 rooms
FY ended March 2020	14 Hotels	1,898 rooms
FY ended March 2021	16 Hotels	2,295 rooms
Hotels under Development	4 Hotels	624 rooms
<b>Total</b>	<b>20 Hotels</b>	<b>2,919 rooms</b>

# Insight for Business Environment

**Change, Challenge, Create!**

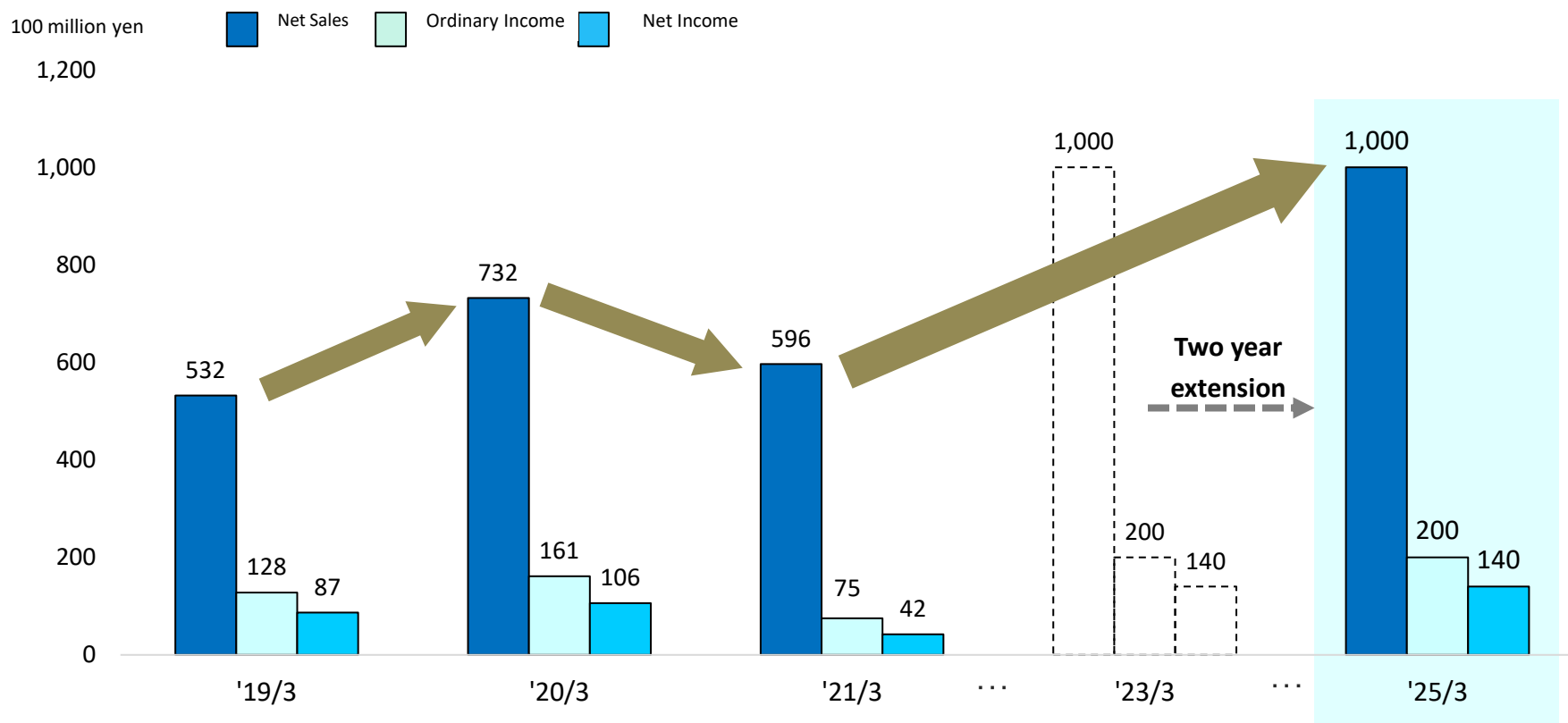
**Assuming the Post COVID-19 for Each Business that Has Gone through COVID-19 Pandemic**

	Offices		Hotel Market	Overseas (Vietnam) Market
	Office Rental Market	Office Trading Market		
<b>Before the Spread of COVID-19</b>	<ul style="list-style-type: none"> <li>Both occupancy rate and average asking rent were high</li> <li>Strong needs for floor expansion and relocation</li> </ul>	<ul style="list-style-type: none"> <li>Low transaction yield due to low interest rate environment, and low transaction volume due to difficulties of operation</li> <li>High revenue due to high occupancy rate and high rent with high added-value properties</li> </ul>	<ul style="list-style-type: none"> <li>Boomed tourism demand, increased inbound (visitors to Japan) year by year, and hotels operations at high capacity</li> <li>Increased hotel construction due to many market entries</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for high value-added real estate (housing) in line with economic growth in emerging countries</li> </ul>
<b>After the Spread of COVID-19</b>	<ul style="list-style-type: none"> <li>Both occupancy rate and average asking rent fell.</li> <li>Telecommuting and online services spread.</li> <li>Changes in needs for office relocation, downsizing, expansion, concentration, decentralization, and offices</li> </ul>	<ul style="list-style-type: none"> <li>Stagnated economic activity, low interest rate environment, and low transaction yield continued.</li> <li>There are property transactions due to business restructuring, etc.</li> <li>Demand from overseas investors due to relative stability compared to other countries</li> </ul>	<ul style="list-style-type: none"> <li>Disappeared demand for overseas tourism, limited domestic demand, and a series of closures</li> <li>Limited effect of the Go To Campaign</li> <li>Despite the efforts of cost reduction, the prolonged period of self-restraint led to bankruptcies and closures.</li> </ul>	<ul style="list-style-type: none"> <li>With the success of infection control, economic activities resumed, but we are not able to predict it.</li> <li>Despite the impact on the economy, we are hoping for a post-coronavirus convergence.</li> </ul>
<b>After the Convergence of COVID-19</b>	<ul style="list-style-type: none"> <li>Demand for offices will resume as people start to pay attention to coming to the office again.</li> <li>Telecommuting has taken hold to a certain extent and tenants' needs will be diversified.</li> <li>Constant demand for high added-value offices in central Tokyo</li> </ul>	<ul style="list-style-type: none"> <li>Low transaction yields due to continued low interest rates and strong demand mainly from overseas investors</li> <li>Corporate business restructuring and work-style reforms will increase cases for sale, resulting in increased buyer demand and market activation</li> </ul>	<ul style="list-style-type: none"> <li>Business demand will gradually recover from micro-tourism and workation will gradually expand.</li> <li>Travel demand will return as soon as restrictions on overseas travel are lifted.</li> </ul>	<ul style="list-style-type: none"> <li>Resumption of economic activities, recovery of the original economic growth rate, and revitalization of the real estate market</li> <li>Growth in housing (condominium) demand due to urban development</li> </ul>

⇒ Through 1. vaccination, 2. large-scale fiscal stimulus in various countries, and 3. monetary easing by central banks, we assume that the global economy has bottomed out and is expected to recover toward next year and beyond. We will grow by evolving our businesses in response to changes in each field.

# Change of the Final FY of Current Medium-term Plan SUN FRONTIER

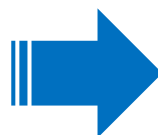
The final fiscal year was extended by two years to the fiscal year ending March 2025 without changing the target figures.



# Quantitative Target after the Change in the Final Year of the Mid-term Plan

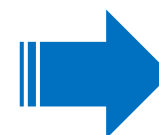
## Results for the period

Fiscal year ended March 2021	
<b>[Profit Plan]</b>	
Net Sales	59.6 billion yen
Ordinary Income	7.5 billion yen
Net Income	4.2 billion yen
<b>[Management Indicator]</b>	
Ordinary Income Margin	12.6%
Equity Ratio	52.3%
ROE	6.5%



## Targets before change

Targets for FY ending March 2023	
<b>[Profit Plan]</b>	
	100 billion yen
	20 billion yen
	14 billion yen
<b>[Management Indicator]</b>	
	20%
	50%

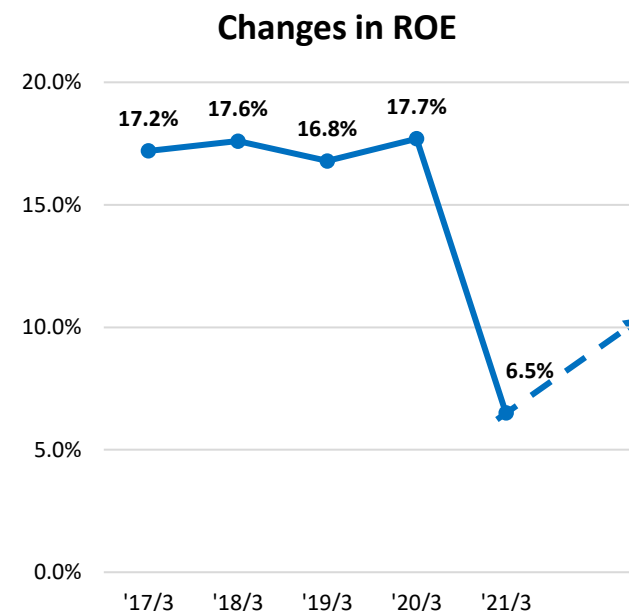
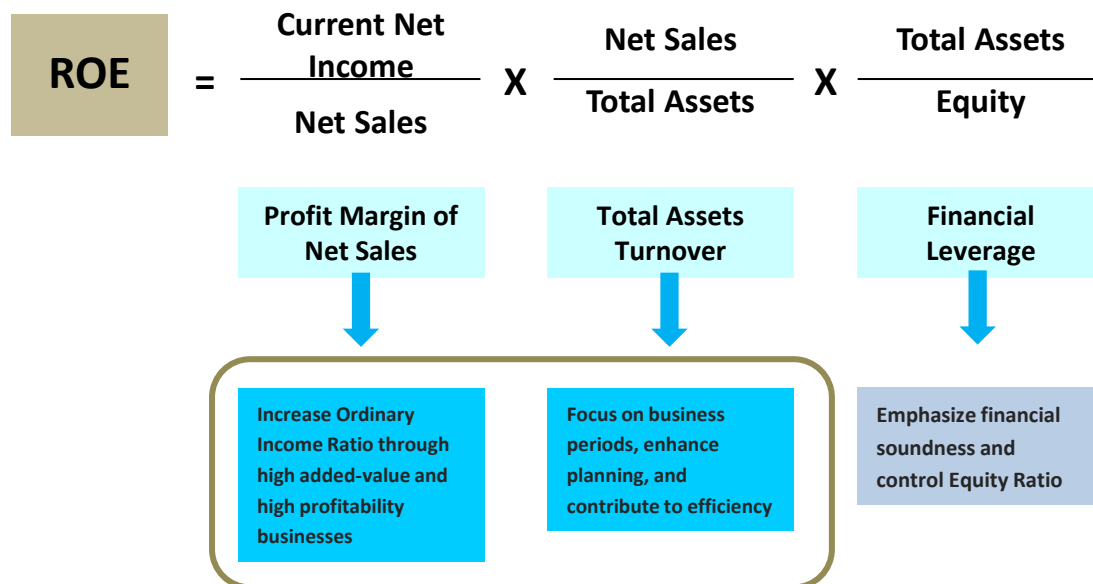


## Targets after change

Targets for FY ending March 2025	
<b>[Profit Plan]</b>	
	100 billion yen
	20 billion yen
	14 billion yen
<b>[Management Indicator]</b>	
	20% or more
	50% level
	10% or more

# Approach to ROE

Maintain high ROE while maintaining financial soundness with a focus on profit margin and business period

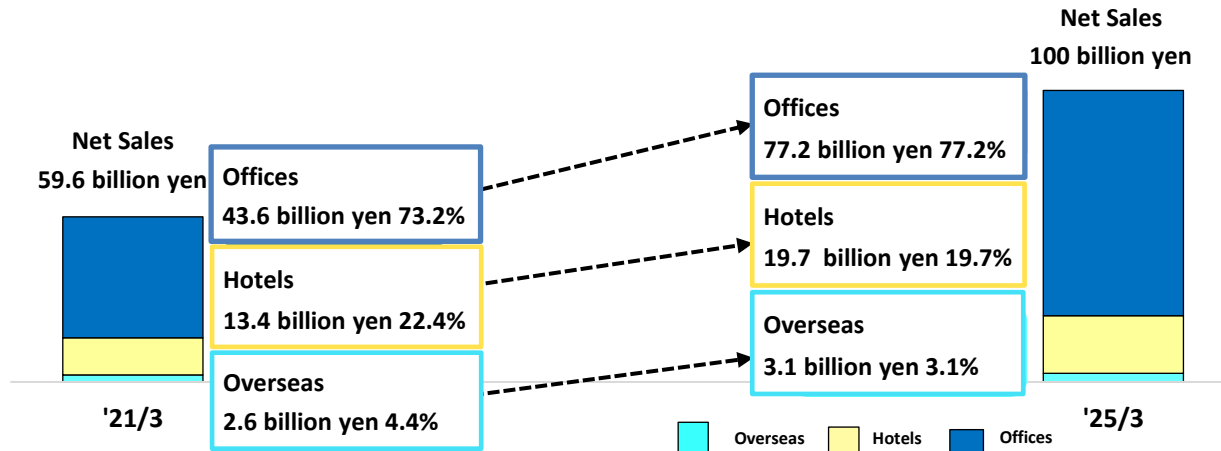


By continuing to change and take on challenges, we will achieve high efficiency (turnover rate) by creating high value-added and high profitable businesses in clients' point of view, enhancing Ordinary Income Ratio, and developing well-planned businesses. At the same time, we will maintain our Equity Ratio of 50% level as a company with a sound financial structure that can withstand unpredictable environmental and market conditions.

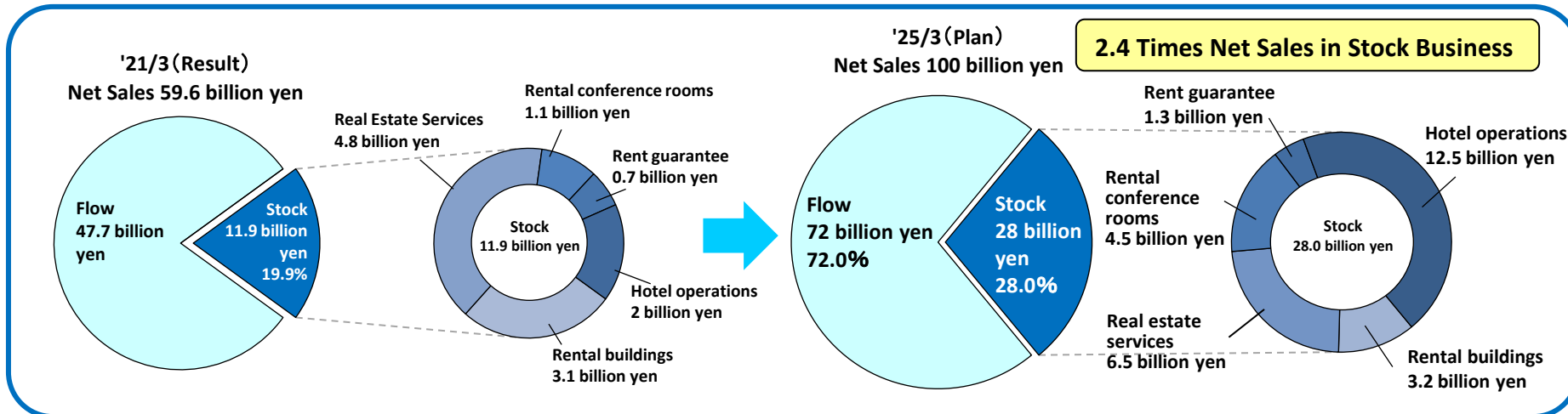


# Composition of Net Sales

## ■ Achieve Targets by Drawing Growth for Each Business



## ■ Establish a Well-balanced Business Structure between Flow and Stock



# Investment Plan (FY 2022/3 - FY 2025/3)

Systematically invest in each business, digitalization and M&A, recovering through growth

## Office Business

Balance at the End of March 2021	72.8 billion yen
Investment amount	200 billion yen
Amount collected	182.8 billion yen
Balance at the end of March 2025	90 billion yen

Aim for business growth while collecting investment at a constant turnover rate through systematic procurement and development

## Hotel Business

Balance at the End of March 2021	21.8 billion yen
Investment amount	7 billion yen
Amount collected	5.8 billion yen
Balance at the End of March 2025	23 billionyen

Complete the hotels under construction and aim to achieve profitability operating the existing hotels and the opening hotels on schedule. At the same time, recover from the sale of the existing hotels and operate them effectively

## Overseas Business

Balance at the End of March 2021	0.6 billion yen
Investment amount	8 billion yen
Amount collected	2.5 billion yen
Balance at the End of March 2025	6.1 billion yen

Continuously and systematically invest in condominium development projects for the future

## 3 billion yen for Digitalization

Actively invest in digitization for operational efficiency and business support and expansion

## 5 billion yen for M&A

Systematically invest in peripheral businesses and growing fields to expand existing businesses



## Generate free cash flow

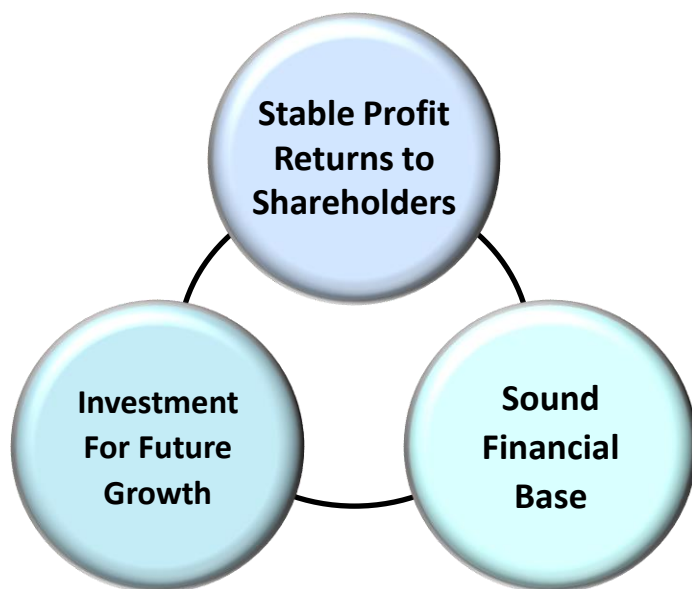
Ensure positive free cash flow through systematic investment and recovery

# Returns to Shareholders

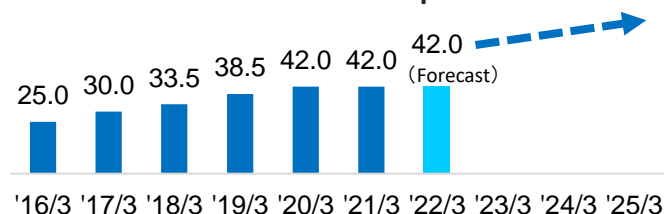
Long-term and stable profit returns to shareholders while making necessary investments for business growth

## Basic Policy for the Profit Returns to to Shareholders

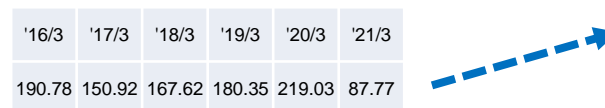
1. Strive for providing long-term and stable profit returns to shareholders
2. Secure investment funds to aggressively take on the challenge for future growth
3. Maintain the stability of financial base



Trends in Dividends per Share



Trends in Current Net Income per Share



We will strive to maintain a sound financial base and provide stable profit returns to shareholders, while making systematic and flexible investments for growth in line with market conditions and raising appropriate funds.

## 2. Basic Policy and Growth Strategy

# Basic Policy

**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 in 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)

# Growth Strategy

## 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 in start-ups in growth fields

# Key Points

## 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.



# ESG

## Enhance Corporate value by strengthening ESG perspectives and implementing corporate philosophy

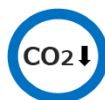
### Corporate Philosophy

Through our work, we will improve our knowledge, skills, and personality with overflowing enthusiasm. By concentrating on the utilization and distribution of real estate stocks, we will suppress the use of non-reproducible resources and contribute to the lasting prosperity of humankind and plants and animals on the earth.

### Environment

#### Reduction of CO2 emissions

Reduce CO2 emissions through the revitalization business of environmentally friendly buildings



Reduce waste of resources with setup offices that do not require restoration work



#### Carbon neutral

Promote the Introduction of Renewable Energy (RE100) and Carbon Neutral (Mori no Denki) in Electric Power Procurement for 0 Carbon

Start business utilizing J credit system certified by CO2 absorption amount



### Social

#### Meet the needs of society

Meet social needs through the development of buildings suitable for occupancy by nursery schools and medical facilities (rehabilitation facilities)



#### Local revitalization

Promote local tourism and job creation under the slogan "Cheer up Japan!"



#### Promoting socially appropriate management

Focus on human resource development and promote systems and management that enable diverse human resources to play active roles



### Governance

#### Compliance

Create safe and secure buildings by correcting construction defects, and ensure legal compliance through building restoration



#### Strengthening Governance

Ratio of outside officers : 41.7%  
 Percentage of outside directors : 33.3%  
 Ensure sound management of the Board of Directors through a wide range of knowledge, experience and diversity. Improve the driving force of management through participation in management meetings and other activities besides the Board of Directors meetings.  
 Convene and operate the Nomination and Compensation Committee appropriately for sound management.





# Digitalization

In April 2021, the Digitalization Promotion Office has been established to promote innovation through digitalization.

We will examine the workflow of each business and actively systemize those that can be digitalized to improve efficiency and strengthen internal controls. We will enhance productivity through efficiency improvements, create useful opportunities, and create new businesses that can strengthen solutions of problems.

IT Control, Risk Management / Company-wide Business Improvement / Division Productivity Improvement, Business Creation

Promote operational efficiency and strengthen internal controls (strengthen IT infrastructure)

Boost productivity  
Build a data-driven management environment

Implement Data-driven management

Variety of information in different systems



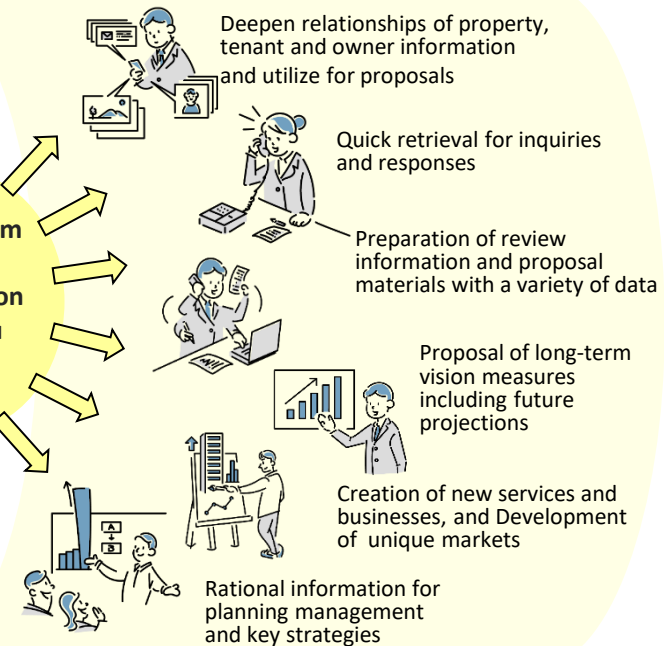
Coordinated Cooperation

Sun Frontier Fudousan data base



[External Information]  
Map information / Corporate information /  
Property information /  
Route price / Space travel statistics, etc.

To the form of information that you want to know



# Cash Flow

Focusing on cash flow and realizing capital allocation to enhance corporate value

Generate cash for the future along with growth in Ordinary profit

- Focus on cash flow in addition to the growth in Ordinary profit

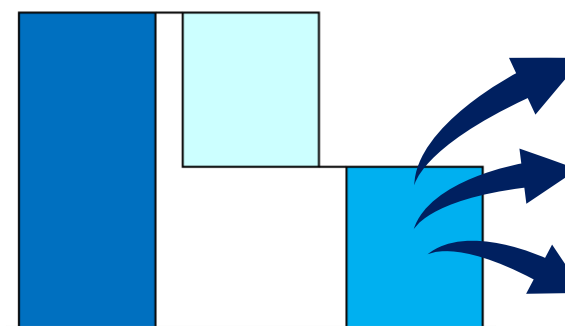
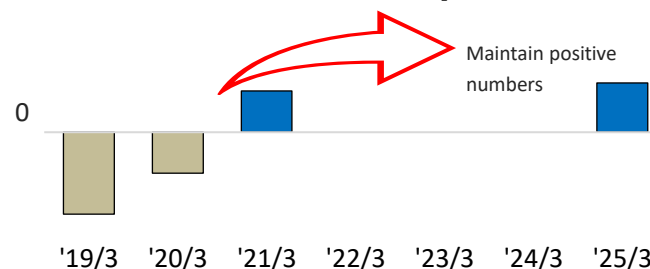
- Maintain positive free cash flow

- Advance high added-value businesses and generate stable operating cash flow

- By controlling investment cash flow and generate positive free cash flow

- Invest in future growth together with stable shareholder returns and sound financial base

Turn free cash flow positive



$$\text{Operating CF} - \text{Investment CF} = \text{Free CF}$$

Stable returns to shareholders

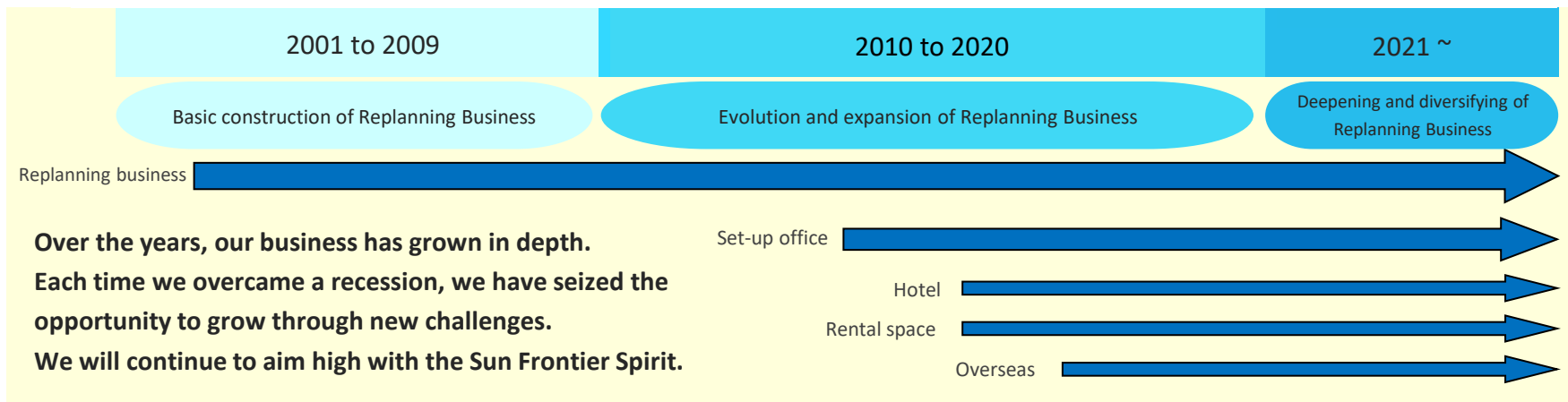
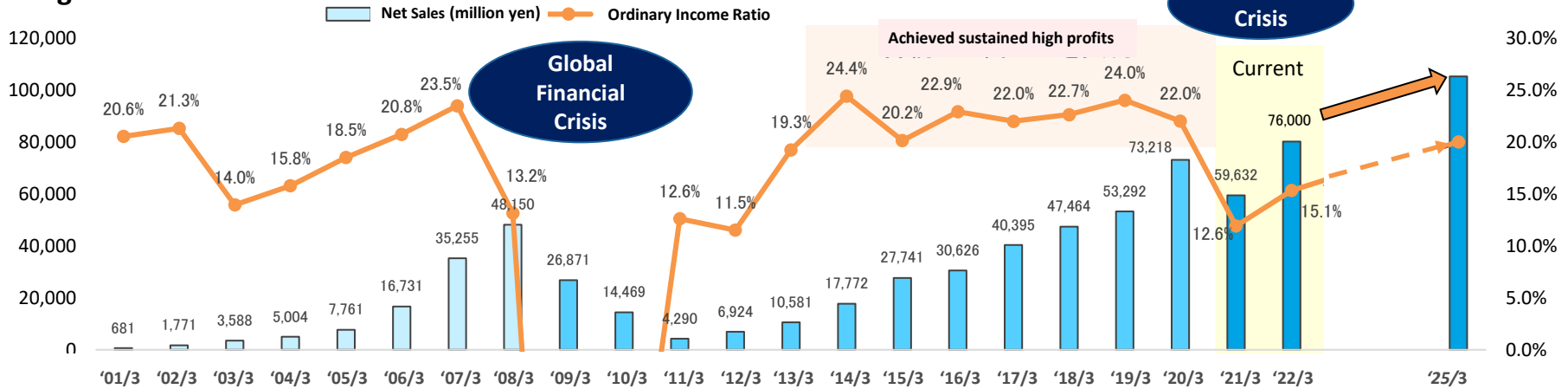
Investment in future growth

Sound financial base

# Changes from the Past and Present Location

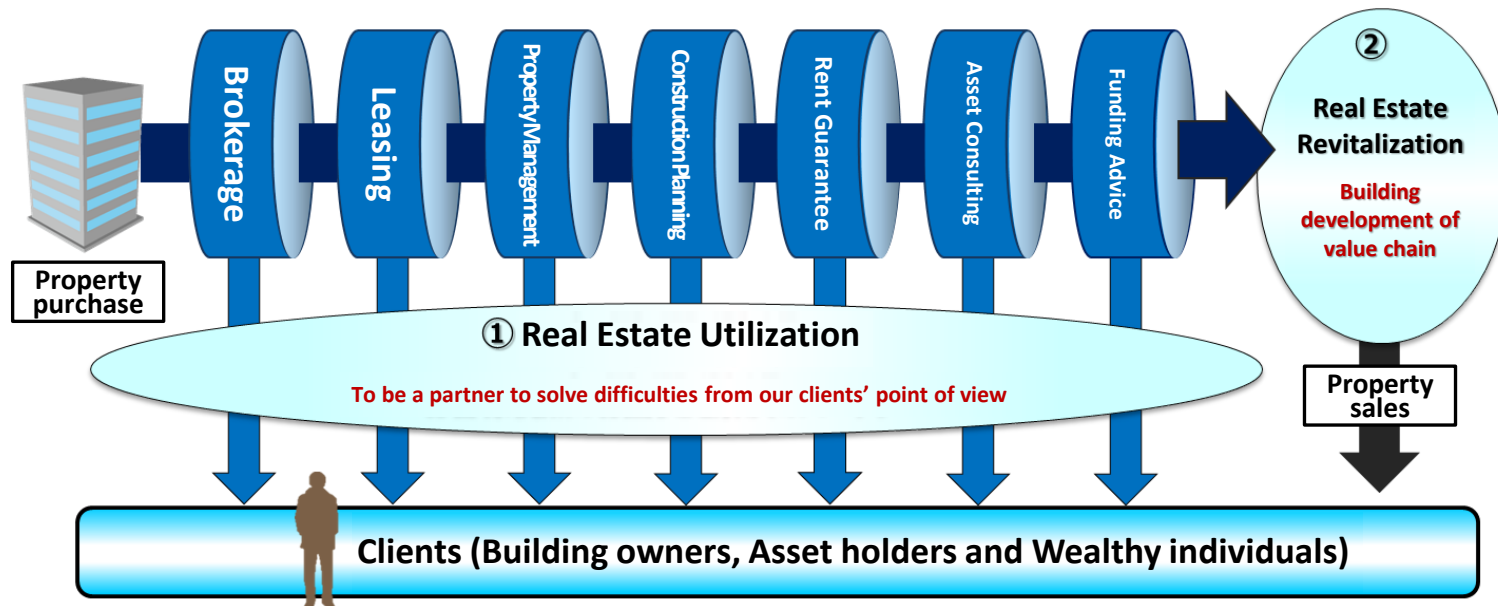
Grow by changing, challenging and creating new values with the Sun Frontier spirit

## Long-Term Performance



# Office Building Business utilizing our strengths

Each of our business divisions uses their strength and teamwork based on our Company philosophy to solve real estate utilization problems and work on revitalization.



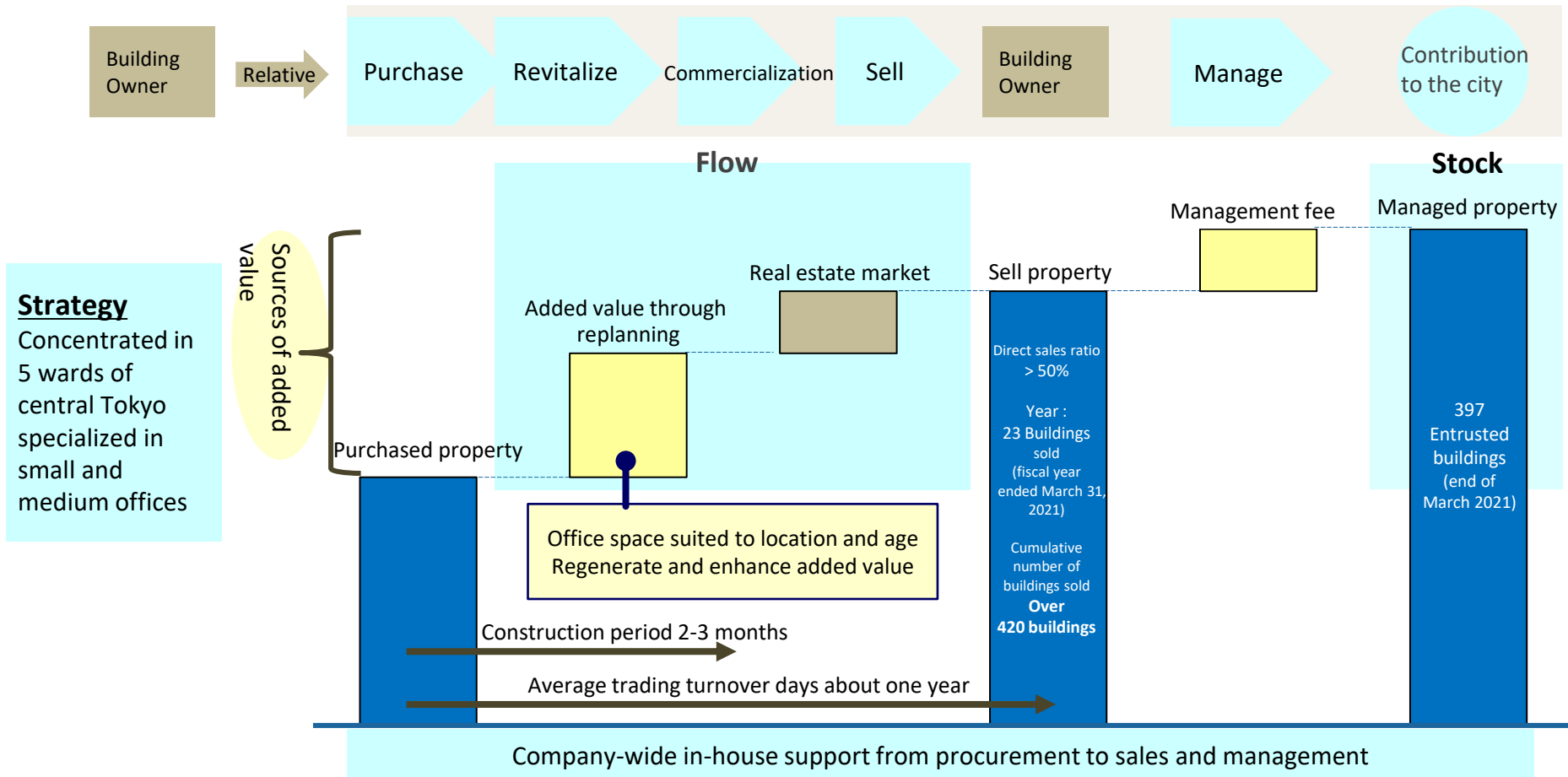
## Our strength

In-house production of brokerage, leasing, property management, construction planning, rent guarantee, assets consulting and fund-raising consulting

- Use internal resources to solve problems of clients through teamwork
- Create new services such as OMS (Order Made Space) business in Conference Room Rental Business
- Not only revitalize used properties, but also gain the trust of clients through teamwork and new services
- Clients can purchase Replanning property and this can lead to property purchase for the Company too

# Added value in Office Building Business

Contribute to the development of the city by refining and heightening the sources of added value based on our philosophy.



# 3. Strategies for Each Business

# Business Strategy Office Business (1) -1 Replanning Business

## Pursuing added value creation through office building revitalization.

Revitalization business in Sun Frontier Fudousan Co., Ltd.

**"The Replanning® Business"** means:

**Replanning® is a registered trademark of Sun Frontier Fudousan Co., Ltd.**

Acquiring office buildings requiring large-scale repairs due to a decline in occupancy rate and going through renovation (setup interior) that focuses on the "clients' point of view". It's a business that attract tenants, transform property into a high added value real estate that society demands and is provided to wealthy individual and business corporations.

It's a sustainable ESG project that contribute to the prosperity of human beings, animals and plants on the earth by reducing waste of resources.

Sun Frontier Fudousan Co., Ltd. has done Replanning® of office buildings for **over 420 buildings!**



### Improving added value

**Occupancy rate** UP ↗

**Rent income** UP ↗

**Waste of resource** Down ↘

**"Set-up office"** is an office that can be installed in an office building that Sun Frontier Fudousan Co., Ltd. has relaunched.

Offices where some equipment and fixtures are installed in advance and leased and unlike ordinary rental office interiors, the reception and reception room's set up, and office area is decorated with highly designed interior construction.

Year 2013 Sun Frontier Fudousan Co., Ltd. has started providing set-up offices! **Over 700 rooms!**

#### **Advantages 1. Reduce the burden on management**

Management burden is significantly reduced because there is no need to come up with ideas on how to design office interiors or selecting interior decorators

#### **Advantages 2. Immediate availability after relocation**

Usable period is increased due to the elimination of work other than wiring and moving, significant shortening of relocation period, and shortening of construction period for interior finishing and restoration.

#### **Advantages 3. Reduce financial burden**

Significantly reduced costs for office interiors, etc.  
No interior assets for tenants

#### **Advantages 4. Employment, motivation and productivity improvement**

Focusing on design, functionality, and a wide range of applications, the office interior has been designed with a high degree of design. This has resulted in improved employment, employee motivation, and office productivity.

**Set-up office = "Office for accelerating growth" for tenants**

# Business Strategy Office Business (1) -2 Replanning Business

## Deepening and diversifying Replanning Business.

### Office building revitalization business

#### ■ Replanning® Business

Focusing on "central Tokyo", "small and medium-sized buildings", and "offices", aiming to complete a business project within "1 year of business period" through early, high-utilization and high added value "revitalization".



#### ■ Medium - to long-term Replanning® business and challenge project business

A business that realizes initiatives, high added value, and high profitability through large-scale development or new trials than usual by owning a building for a few years (2-3 years) and obtaining rent revenue during the period of ownership.

#### ▼ Building offices that incorporate new needs



Anti-virus "Designing the Air" office

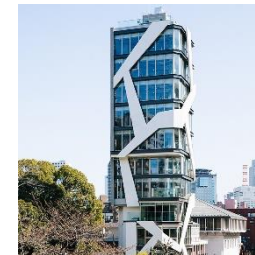


Art office "A YOTSUYA"

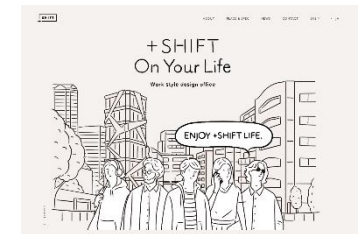
### New building development business

#### ■ New office building development business

A business that contributes to high profits by creating offices that meet the needs of a new and ever-present style regardless of the layout or use of existing buildings, and by acquiring rent revenue as a flagship building or selling them as a high added value building.



+SHIFT NOGIZAKA



"+ SHIFT" series HP

#### ■ Low-rise store development business

A business that focuses on areas with higher store needs than offices and develops and sells new properties while maintaining a short business period (one year).



### Proposing diverse office utilization methods

#### ■ Day-of-the-week office "WEEK"



Available on the day offices that stimulate creativity

#### ■ Gathering office "LIT"



Balancing a creative work style and open communication

Continue to create new added value through change and challenge



# Business Strategy Office Business (2)

Construction work

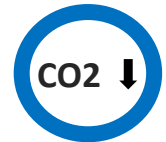
SF Engineering, Communication Development



Creating high added value, securing compliance with laws and regulations, providing safety and security, and contributing to carbon neutrality.



With Replanning<sup>®</sup>, we avoid scrap-and-build, reduce wasting resource, and contribute to achieving **carbon neutrality**.



We have implemented the Replanning<sup>®</sup> construction to old and declining occupancy rate properties that focuses on of clients' point of view and meets their needs and **revitalized the town** with the high added value properties.



To secure safe and secure buildings by correcting uses and structures not conforming to the Building Standards Law and by **securing compliance** with laws and regulations.



Use of 100% recycled materials and environmentally friendly adhesives for interior construction work. Initiatives for reducing waste and thorough separation of waste to recycle (SF Engineering Co., Ltd.).

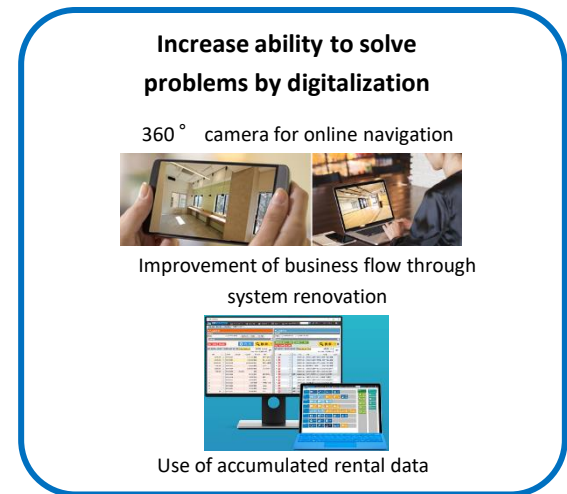
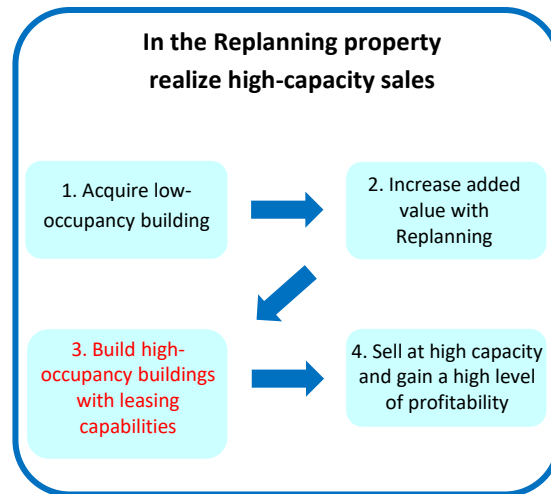
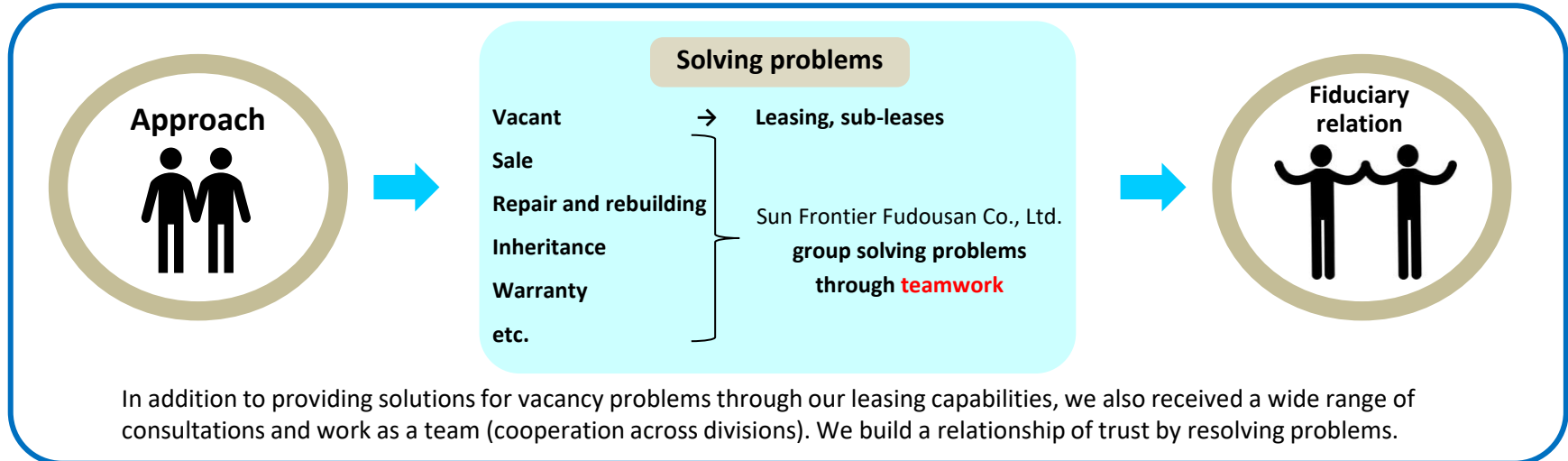


Construction of **5G communications infrastructure** essential for the realization of a digitalized society. Providing a foundation to support social and economic activities in a new normal (Communication Development Co., Ltd.).



# Business Strategy Office Business (3) Leasing

**Focusing on central Tokyo small and medium-sized office buildings, working close to building owners, and becoming trusted by solving problems.**

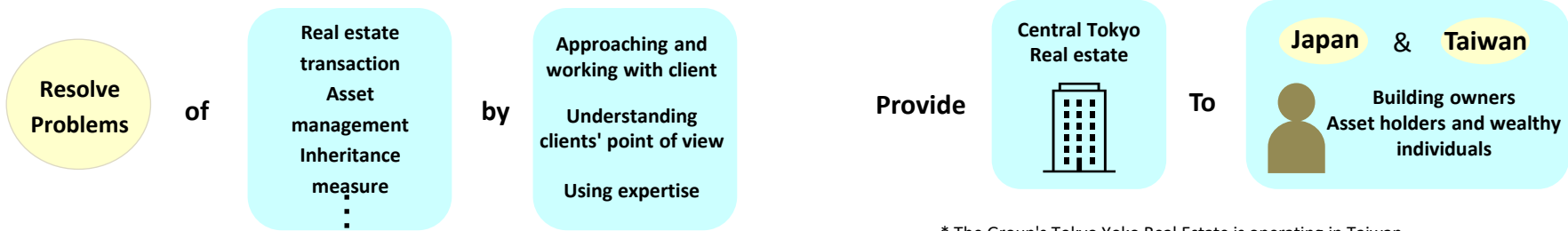


# Business Strategy Office Business (4) Brokerage



Small-lot real estate products

Work close with building owners, solve problems, and be consulted out of trust and reliance becoming to confidence.

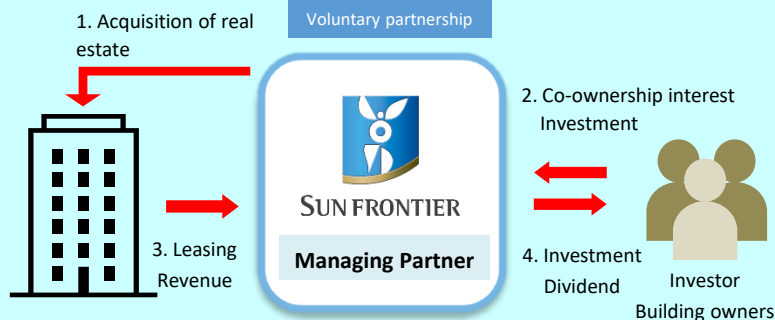


\* The Group's Tokyo Yoko Real Estate is operating in Taiwan.

## Focusing on sales of small-lot real estate products under the Real Estate Specified Joint Enterprise Act \*

\* Real estate specified joint enterprise: A business in which investors invest in real estate and businesses that meet certain licensing requirements conduct real estate transactions and distribute profits to investors. Only businesses that meet the requirements can organize and sell small-lot real estate products.

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



As a product that can be used as a measure against inheritance, we recommend products to clients through tax accountants and financial institutions, so we will promote the development of sales networks of tax accountants and financial institutions nationwide.

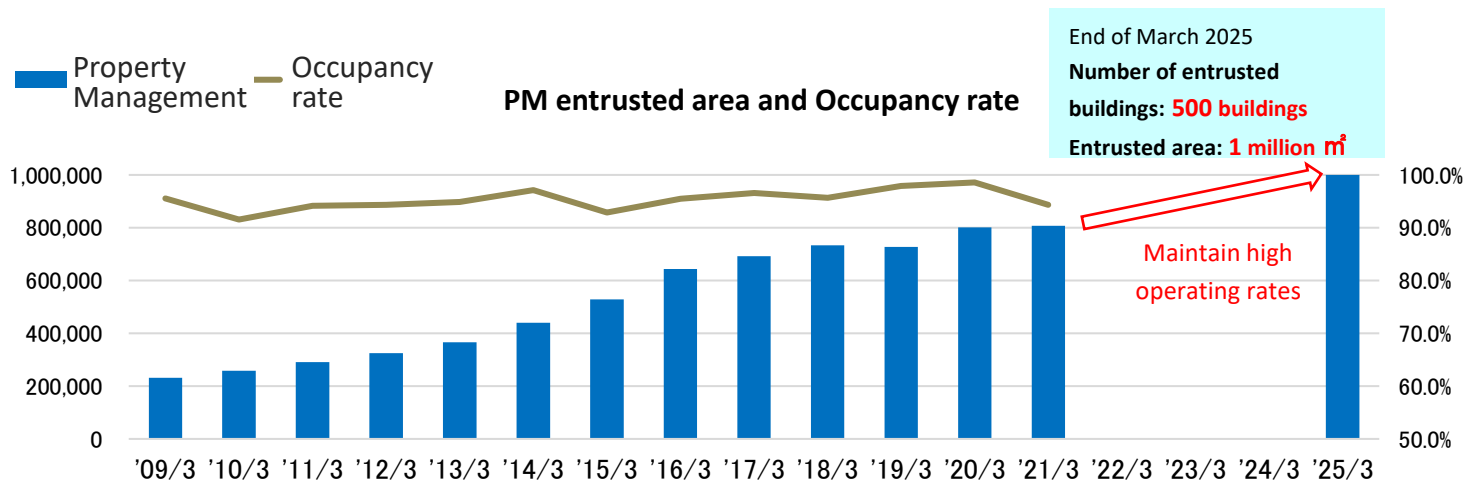
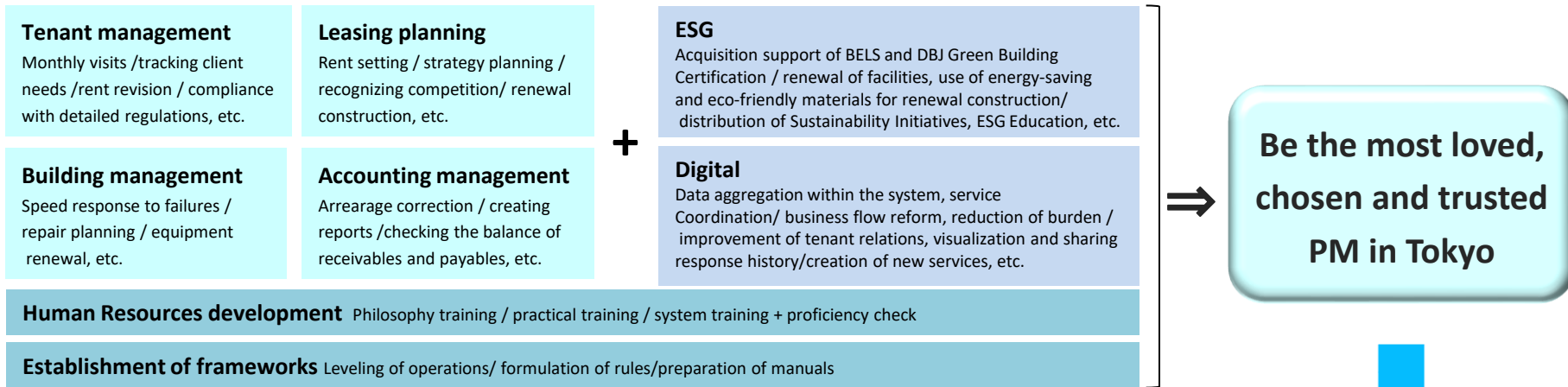
By expanding our sales network (tax accountants and financial institutions) develop products that meet diverse Client needs

Certified Public Tax Accountants Network: Increased from more than 130 companies to **200 companies**

# Business Strategy Office Business (5) Property Management



Stable and profitable building management for building owners, high-quality services for tenants, and revitalization of the city through distribution and utilization of real estate.



**Aim to be entrusted with 1000 buildings**



# Business Strategy Office Business (6)

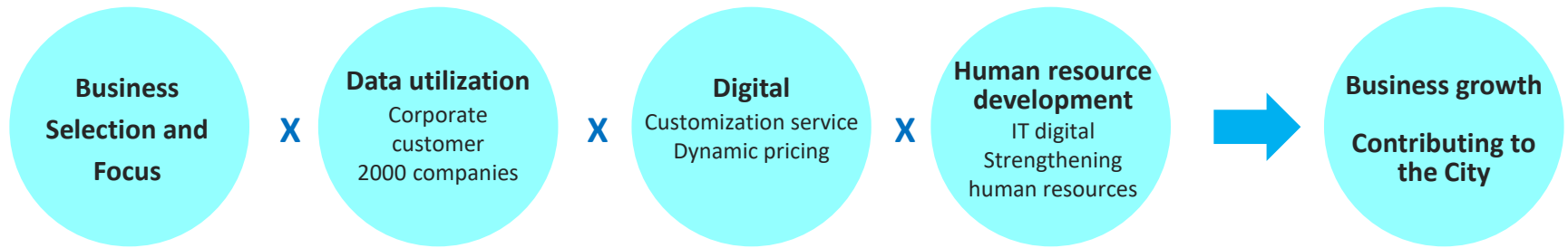
Rental conference room  
Sun Frontier Space Management Co., Ltd.



Maximizing the value of space and time in central Tokyo's real estate to contribute to the development the city.

Business "select" and "focus" **Focusing on Vision Center and Order Made Space**

Service Name	Feature	Strategy
 <p><b>Vision Center</b> Web会議、オンライン配信するなら</p>	<p>Available as a BCP support space for office and campus dispersion and telework, web conferences and online seminars.</p> <p>In addition to thorough infection control measures, we also provide free anti-infection goods and support for online devices and web tools.</p>	<p>Aiming to be the No. 1 company in "central Tokyo" and "Middle Spec" as a space infrastructure indispensable for corporate management.</p> <p>Focus on opening large buildings in terminal stations with a floor space of 300 tsubo or more.</p>
 <p><b>Order Made Space</b> オーダーメイドスペース</p>	<p>Not limited to "office" and "conference room", it can be used for all purposes as a custom-made product and can be used from a week.</p> <p>A flexible proposal that can be used on the same day without an initial cost to meet the need for a meeting room that does not require a regular lease contract and for cases that would be costly to borrow a meeting room that is rented by the hour.</p>	<p>Promoting the use of idle space as a multipurpose space that can be rented monthly or weekly by joint operation with building owners who is troubled by the increase in vacancies.</p> <p>Collaboration with the Leasing Division to develop Partner Owners for joint operations.</p>



# Business Strategy Office Business (7)

Rent guarantee  
SF Building Support Inc.

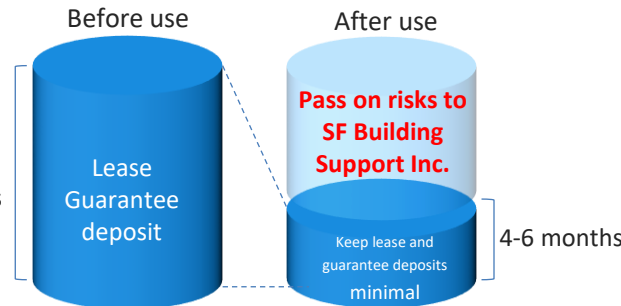


Fair and equitable leasing market by eliminating "defects" of building owners and tenants through institutional guarantee.

**15<sup>th</sup> ANNIVERSARY**  
皆様に支えられて15年

We specialize in the Tokyo, Kanagawa, Chiba and Saitama areas, we offer full support from rent guarantees, litigation costs, and up to 10 months withdrawals.

### Guarantee system



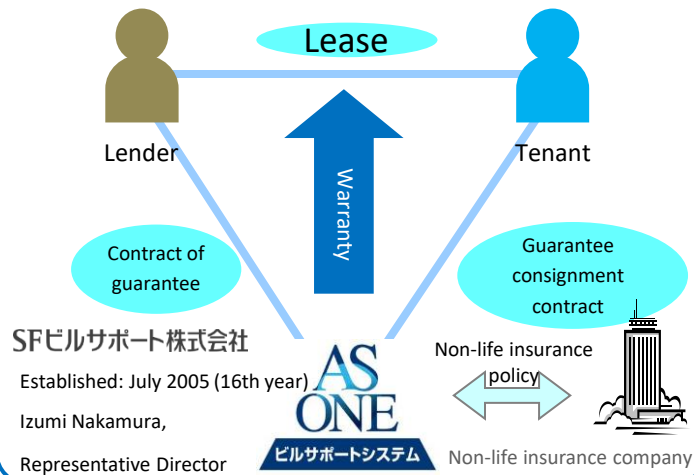
### Building owners benefits

1. Promote occupancy by reducing initial costs
2. Peace of mind by institutional guarantee
3. Elimination of burden when responding to arrears

### Tenant benefits

1. Reduce the burden on tenants
2. Careful response without intermediary
3. Flexibility regardless of corporate size or industry

### Pioneer of offices and stores rent guarantee



### Changes in number of entrusted cases (total)



We will grow our business by becoming a guarantee company chosen by clients by solving their problem.

# Business Strategy Office Business (8)

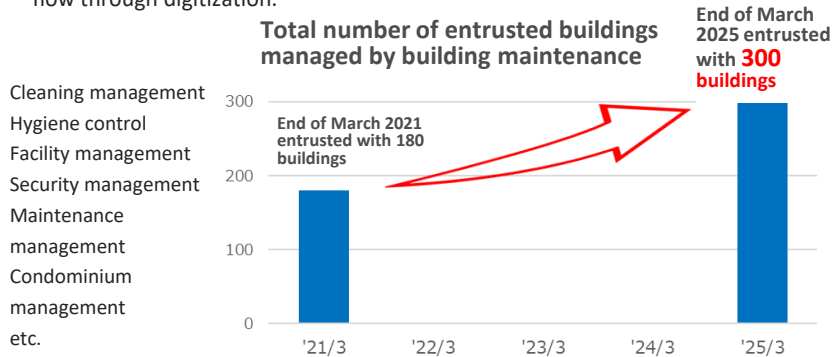
Building maintenance  
SF Building Maintenance Inc.  
Nippon System Service Co., Ltd.



Contributing to the creation of a clean and secure urban environment with the technologies we have cultivated and high speed responding at the clients' point of view.

## Comprehensive building maintenance contracted for entrusted management

Increase the number of entrusted buildings and achieve steady growth by strengthening systems, developing human resources, and improving business flow through digitization.



## Entrusted with cleaning glass windows and floors

Number of buildings entrusted with for cleaning: 600 buildings (as of March 2021)  
Promoting orders for cleaning services mainly in central Tokyo by bringing Japan System Service Inc. into the Group through M&A

Glass cleaning backed by technology and experience →



Creating a hygienic environment by reviving the building through careful cleaning work →

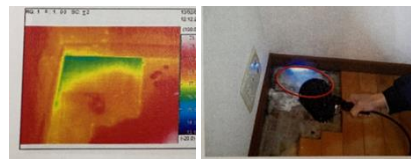


## Early detection of areas needing repair through water leakage surveys and reinforcement of waterproofing business

Expansion of business activities is also promoted. We found dirt accumulated due to aging degradation and corrosion due to water leakage in an invisible place, and the construction work made the building last longer.



Cleans the inside of the piping and lasts longer due to lining processing



Using infrared and ultraviolet rays to identify internal leaks



Checking for external Leaks also

## SF Building Maintenance Inc. ESG

Use of environmentally friendly detergent and thorough control of wastewater discharge methods after cleaning  
↓  
**Maintaining clean water and contributing to environmental conservation**

# Business Strategy Hotel Business (1)

## Pursuing a warm-hearted hotel thinking in the clients' point of view and providing services that transcend satisfaction and excitement.

Thanks to you, we received many awards. We will continue to strive on improving our services.

### List of awards

- Year 2021
  - Hotels. comTM Loved by Guests Award Popular Inn Award Selected by Clients 2021  
 “HIYORI HOTEL OSAKA NAMBA STATION” and “TABINO HOTEL Hida Takayama”
- Year 2020
  - Jalan net Ranking Award for Best Accommodation for Staying Overnight  
 “HIYORI HOTEL MAIHAMA”
  - OZmall AWARDS 2021 won 2 awards  
 “Hiyori Hotel Tokyo Ginza EAST”
  - Tripadvisor (R) Travelers' Choice Awards 2020  
 “HIYORI HOTEL MAIHAMA”
  - Rakuten Travel reviews "Maihama / Urayasu / Funabashi / Makuhari area No. 1"  
 “HIYORI HOTEL MAIHAMA”
  - OZ Mall Awards: Annual Ranking of Japan's Word-of-mouth ranking No. 1 for 2 consecutive years  
 “HIYORI HOTEL MAIHAMA”
  - Booking. com Traveler Review Awards 2020  
 “HIYORI HOTEL OSAKA NAMBA STATION”
- Year 2019
  - Hotels. com Popular Inn Award Selected by Clients 2019  
 “HIYORI HOTEL MAIHAMA”
  - OZmall Awards 2019 Word-of-mouth ranking No. 1  
 “HIYORI HOTEL MAIHAMA”





# Business Strategy Hotel Business (2)

Sun Frontier Hotel Management Inc.  
Sky Heart Co., Ltd.



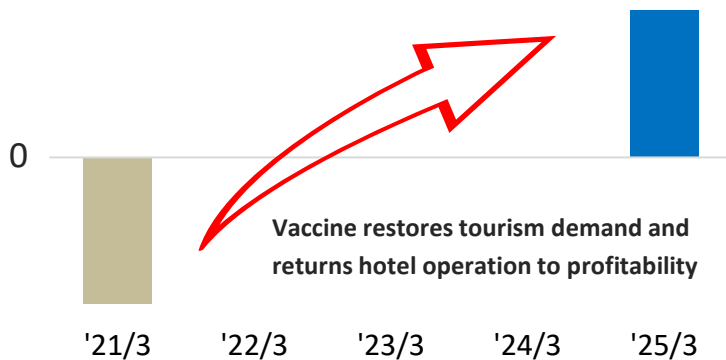
## Stopped development and concentrated management resources on developing highly profitable operations.

The theme is creating enthusiastic fans in the clients' point of view.

We create enthusiastic fans at the operating hotels and will engage in increasing fans after hotels under construction will open on schedule.

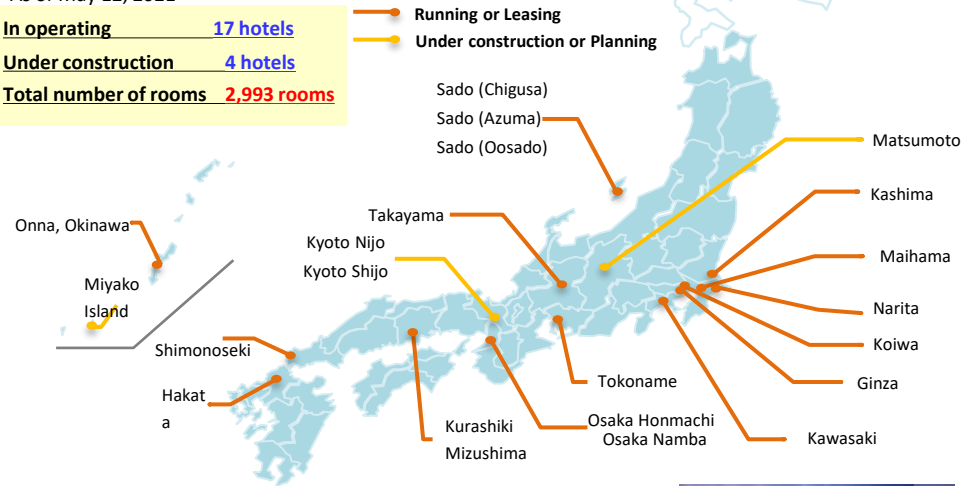
Based on the premise that the COVID-19 outbreak will settle as vaccinations become wide-spread, we will strive to improve services and operations to contribute to the development of our tourism business and earn profits.

Hotel Management Gross Profit



\* As of May 12, 2021

**In operating** 17 hotels  
**Under construction** 4 hotels  
**Total number of rooms** 2,993 rooms



June 18, 2021

HIYORI CHAPTER KYOTO  
Tribute Portfolio Hotel opened.



July 2021

TABINO HOTEL Lit MIYAKOJIMA opens.



July 2021

TABINO HOTEL Lit MATSUMOTO opens.



# Business Strategy Hotel Business (3)

Hotel development  
Sun Frontier Hotel Management Inc.

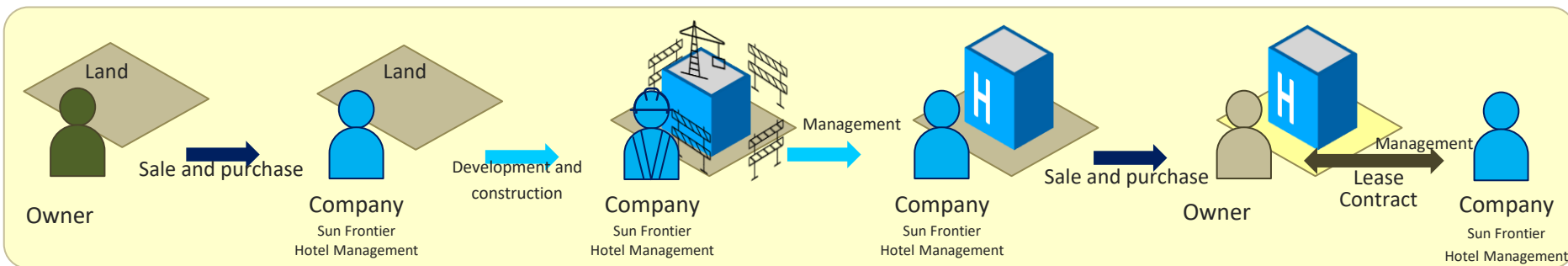
**Creating a healing space where people gather, operating a warm-hearted hotel full of smiles, and enriching people's minds.**

By operating the developed hotel, selling it, signing a lease agreement and paying the rent, it will be useful for the owner's asset formation as a profitable real estate.

We have sold our first hotel, "HIYORI HOTEL MAIHAMA", and we will continue to manage the hotel.



HIYORI HOTEL MAIHAMA



\* In addition to acquiring and developing land, we will select the most appropriate development methods depending on the situation, such as leasing the land and building.

Considering the impact of the COVID-19 outbreak, we will carefully consider the start of new hotel development. We will firmly manage the hotels in operation and hotels which have already started development and are under construction as a warm-hearted hotel for the right time to sell them.

# Business Strategy Overseas Business

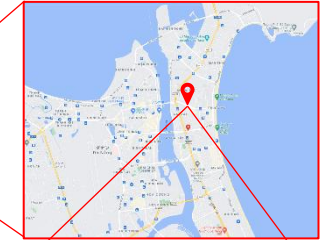
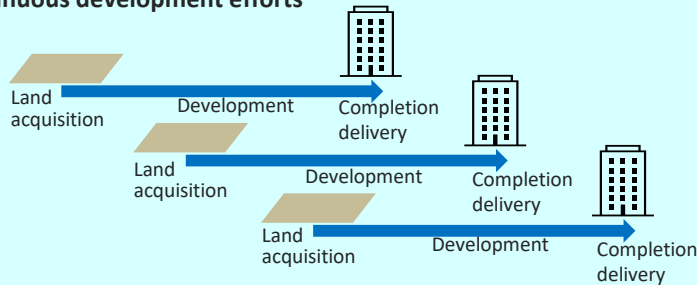
Contributing to the development of local communities by creating client's joy and happiness through the creation of new businesses.

Contributing to the improvement of the quality of housing for local people and the development of the city by specializing in housing (condominium) development, sales, management and brokerage in the Vietnamese Da Nang.

A total business that includes acquisition of land, development and construction, delivery after completion, and management and mediation.



Contribute to future performance through systematic and continuous development efforts



Rooted in the local community in Vietnam, we work together with local partners to ensure high construction quality, a safe, organized, and beautiful construction site.



# Business Strategy New Business M&A

Creating a new added value through pioneering, M&A, and investment in new businesses.

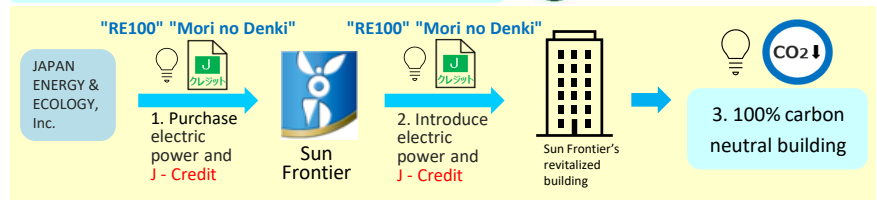
**Exterior drone inspection**  
 Creating new markets and expanding business with accumulated data



- Without setting up a scaffold, can investigate the exterior walls of the building with a drone
- Drone camera finds places needing repair
- Expert drone pilots conduct safety surveys at high altitudes
- Firmly repair the parts found that need repair
- Contributing to the prosperity of the city through safe and secure building management

**Achieved 100% carbon neutral by introducing "RE100" and "Mori no Denki" and launched new J-credit business**

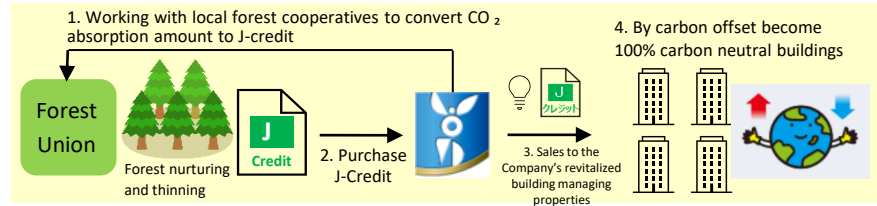
Promoting the introduction of "RE100" and "Mori no Denki"



\* J-Credits are issued under a system in which the government certifies the amount of CO<sub>2</sub> emission reduction and absorption by initiatives, such as renewable energies and forest management, as "credits."

**Making Replanning® Building in Sun Frontier 100% Carbon Neutral**

**Started the J-Credit business**



\* Carbon offset refers to the concept of compensating for CO<sub>2</sub> emissions by investing in CO<sub>2</sub> reduction activities in line with CO<sub>2</sub> emissions.

**With central Tokyo Office Building Business at the core, we will diversify our business and expand our added value chain business. We will actively and systematically invest in new businesses and M&As to improve our ability to solve problems and contribute to the city.**

# 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!

## We will appreciate your further supports.

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**SUN FRONTIER**