

# Financial Results for Fiscal Year Ended March 31, 2024

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

May 10, 2024



**SUN FRONTIER**

Securities Code : 8934

## Results for FY2024/3

- Recorded the highest operating profit, ordinary profit, and net income ever.
- Achieved the revised financial forecast disclosed on February 8. Moreover, increased the year-end cash dividend by 2 yen to 32.0 yen. (58.0 yen for full year)
- The amount of purchase also reached the highest ever. (over 51 billion yen)

## Forecast for FY2025/3

As medium-term management plan enters its final year,

- Aim to achieve quantitative targets, 100 billion of sales and 20 billion yen of ordinary profit.
- Continued high profitability (20% of ordinary profit margin) and high return on equity (10% or more of ROE)
- Planned the forecast of full year cash dividend by increase 8 yen YoY to be 66 yen per share. (33.0 yen for interim and 33.0 yen for year end)

## Next Medium-term Management Plan FY2026/3~FY2028/3

- Basic Policy is “Work for resolving social issues by promoting cooperation and diversification within core business, providing manufacturing through clients' point of view and heart-warming services.
- Targets for the next medium-term management plan are 135 billion yen of sales and 27 billion yen. (20% for ordinary profit margin and 10% or more for ROE)

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# Results for FY2024/3

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**SUN FRONTIER**

# Overview of the Results of FY2024/3

Record high for operating income, ordinary profit, and net income. The ordinary profit margin exceeded 20%. Full-year cash dividends will be increased by 10 yen from 48.0 yen in the previous year to 58.00 yen (forecast).

(Unit: million yen)

	Results	Profit margin	Year-on-year	Growth rate
Net sales	79,868	—	-2,909	-3.5%
Operating profit	17,600	22.0%	+2,694	18.1%
Ordinary profit	17,374	21.8%	+2,651	18.0%
Profit*	11,917	14.9%	+304	2.6%

Forecast (disclosed on Feb. 8, 2024)	Achievement rate
79,000	101.1%
16,700	105.4%
16,500	105.3%
11,600	102.7%

\*The profit attributing to owners of parent.

Dividends	Forecast after revision	Forecast before revision (disclosed on Feb. 8, 2024)	Initial Forecast	FY 2024/3 Achievement
2Q end	26.0 yen	26.0 yen	26.0 yen	23.0 yen
Year end	32.0 yen	30.0 yen	26.0 yen	25.0 yen
total	58.0 yen	56.0 yen	52.0 yen	48.0 yen

- In Real Estate Revitalization Business, a total of 25 properties were sold (including 2 in New York and 1 in small-lot property), contributing to the Company's performance. The amount of purchase also reached the highest ever.
- In Real Estate Service Business, the expansion of the new sites in rental conference room, the opening of new stores in LM, and the increasing of PM managing buildings contributed to the performance.
- In Hotel and Tourism Business, Hotel Development Business decreased sales but increased profits. In Hotel Operating Business, both occupancy rate and average daily rate improved due to a recovery in travel demand and the significant impact of recovery in inbound tourism, resulting in significant increases in both sales and profit.

# Trends in Consolidated Results

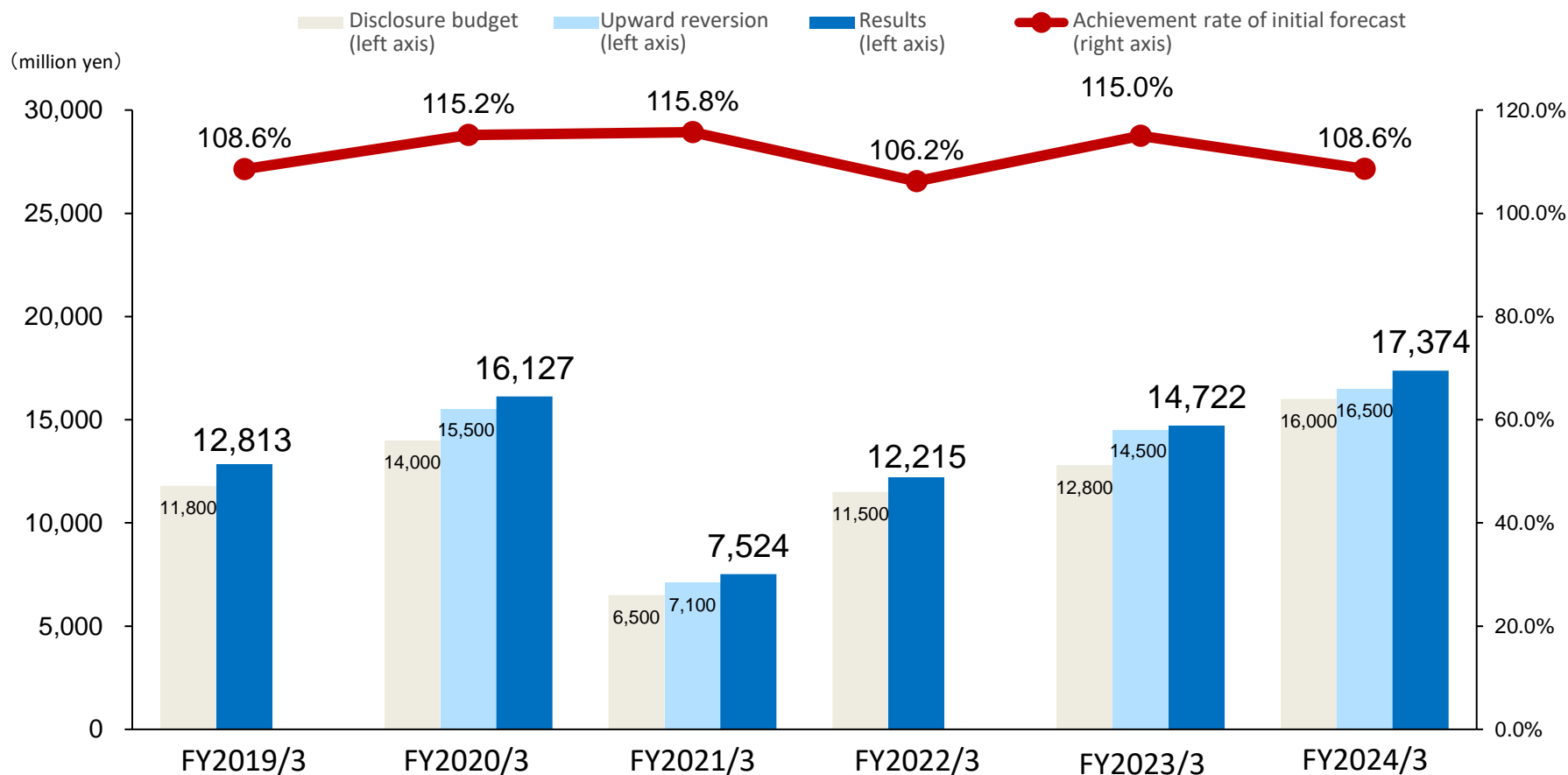
Record high in all profits and earnings per share.

(Unit: million yen)

	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Net sales	73,218	59,632	71,251	82,777	79,868
Operating profit	16,571	7,912	12,127	14,905	17,600
Ordinary profit (Ordinary profit margin)	16,127 (22.0%)	7,524 (12.6%)	12,215 (17.1%)	14,722 (17.8%)	17,374 (21.8%)
Profit	10,666	4,274	7,415	11,612	11,917
Profit per share	219.03 yen	87.77 yen	152.26 yen	238.98 yen	245.50 yen

# Trends in Achievement Rate of Forecast

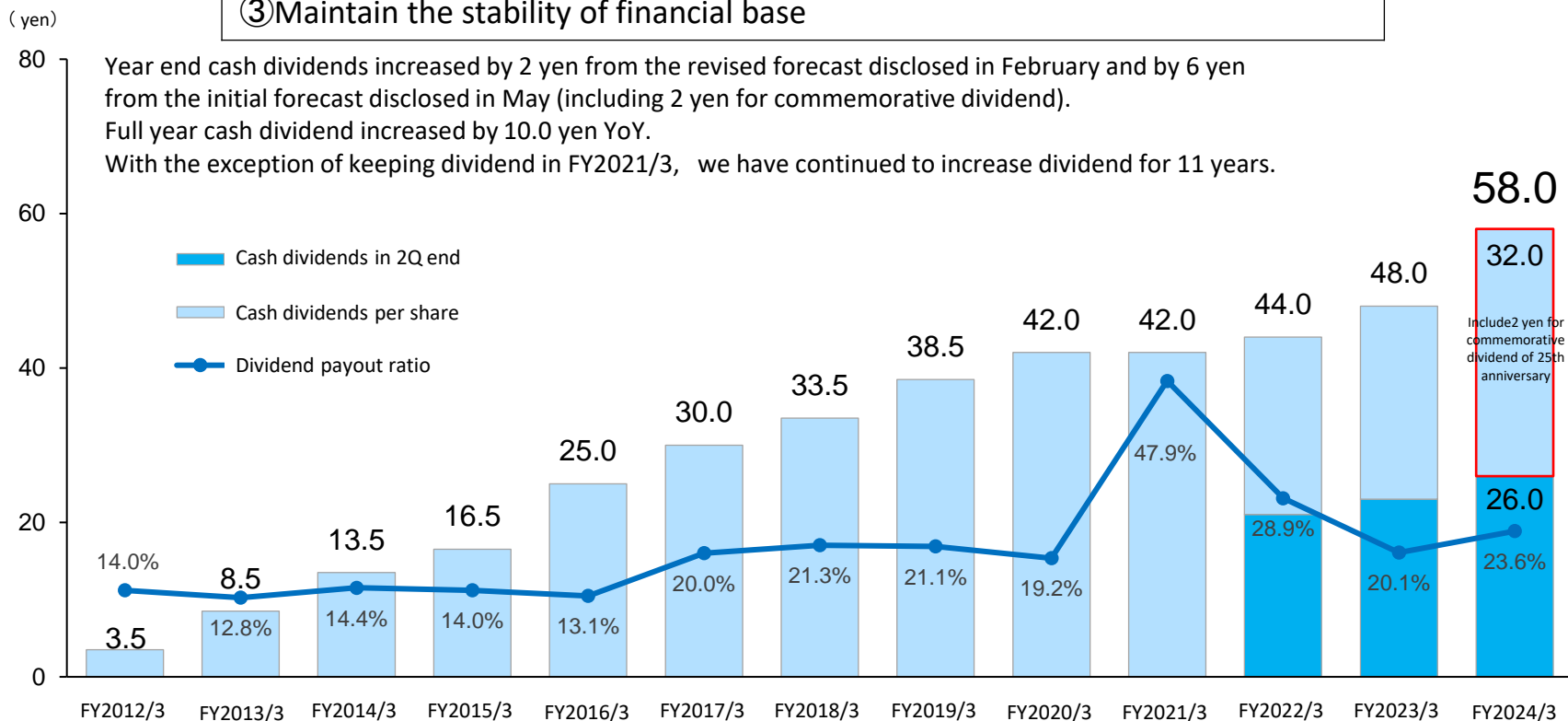
Despite rapid changes in the business environment, we have continued to over-achieve initial forecasts.



# Shareholder 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



※Interim dividend started from FY2022/3



# Consolidated Income Statement



(Unit: million yen)

	FY2023/3	FY2024/3	YoY increase/decrease	YoY change rate
Net sales	82,777	79,868	-2,909	-3.5%
Real Estate Revitalization Business	50,066	51,027	+960	+1.9%
Replanning Business	47,995	48,395	+399	+0.8%
Rental Buildings Business	2,070	2,632	+561	+27.1%
Real Estate Service Business	8,843	10,497	+1,653	+18.7%
Hotel and Tourism Business	22,967	16,977	-5,989	-26.1%
Hotel Development Business	13,500	5,270	-8,229	-61.0%
Hotel Operation, etc	9,467	11,707	+2,240	+23.7%
Other Business	1,788	2,409	+621	+34.8%
Adjustments	-887	-1,043	-155	—
Gross Profit (Loss)	22,805	26,405	+3,599	+15.8%
Real Estate Revitalization Business	16,122	16,593	+471	+2.9%
Replanning Business	15,722	15,881	+258	+1.6%
Rental Buildings Business	399	612	+212	+53.2%
Real Estate Service Business	4,898	5,636	+737	+15.1%
Hotel and Tourism Business	1,907	4,440	+2,533	+132.8%
Hotel Development Business	1,506	2,200	+693	+46.0%
Hotel Operation, etc	400	2,240	+1,839	+458.9%
Other Business	337	352	+15	+4.4%
Adjustments	-461	-618	-157	—
Selling, General and Administrative Expenses	7,900	8,804	+904	+11.5%
Operating Profit (Loss)	14,905	17,600	+2,694	+18.1%
Ordinary Profit (Loss)	14,722	17,374	+2,651	+18.0%
Profit	11,612	11,917	+304	+2.6%
EPS	238.98 yen	245.50 yen	+6.52 yen	+2.7%

## Keynotes of Income Statement

### <Real Estate Revitalization Business>

Completed the initial plan by selling 25 properties (including 2 in New York and 1 in small-lot property) in high profit margin (gross profit margin is 32.5%)

### <Real Estate Service Business>

Rental Conference Room Business with expansion of new sites, Property Management Business with expansion of entrusted buildings, and Leasing Brokerage Business with opening of new stores led the performance, recorded the highest profit ever.

### <Hotel and Tourism Business>

Sales of Hotel development decreased due to the sale of 2 hotels in the previous year, but profit increased due to the sale of 1 hotel in 1Q this year. Sales and profit of Hotel operation increased significantly due to the recovery in travel demand.

### <SG&A Expenses>

Increased as planned from the previous year due to human capital investment (including training) and system investment.

# Consolidated Balance Sheet

## - Assets -



<Cash and deposits> Increased by 5.8 billion yen compared to the end of the previous fiscal year due to the issuance of convertible bonds with share acquisition rights of 10 billion yen in the third quarter and gains on the sale of properties

<Inventories> Increased by 26.6 billion yen compared to the end of the previous fiscal year due to the purchase and construction of RP properties and the purchase of properties for small lot real estate product in addition to the acquisition of the land in Vietnam

(Unit: million yen)	As of End of March 2022	As of End of March 2023	As of End of March 2024	Increase/decrease (compared to the End of March 2023)
Current assets	110,920	125,886	159,518	+33,631
Cash and deposits	30,053	42,016	47,867	+5,851
Inventories	77,340	80,182	106,869	+26,687
Breakdown) RP※	63,424	70,327	95,927	+25,600
Hotel	13,516	9,750	9,545	-205
Overseas, etc.	400	105	1,398	+1,293
Other current assets	3,527	3,688	4,780	+1,092
Non-current assets	25,591	26,633	29,143	+2,509
Property, plant and equipment	18,796	20,410	22,323	+1,912
Intangible assets	572	815	1,193	+377
Investments and other assets	6,222	5,406	5,626	+219
Total assets	136,512	152,519	188,661	+36,141

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

# Consolidated Balance Sheet

## - Liabilities/Equity -



<Interest-bearing debt> Increased by 13.9 billion yen due to borrowings for the purchase of properties , and interest-bearing debt totaled 79.5 billion yen

<Bonds> Procured approximately 10 billion yen through issuance of convertible bonds in the third quarter

<Equity ratio> Equity ratio remained at a high level of 48.0% despite active investments

Changes of Equity Ratio		
As of End of March 2022	As of End of March 2023	As of End of March 2024
52.2%	52.9%	<b>48.0%</b>

(Unit: million yen)	As of End of March 2022	As of End of March 2023	As of End of March 2024	Increase/decrease (compared to the End of March 2023)
Current liabilities	16,210	16,363	24,767	+8,403
Short-term borrowings, etc.	6,904	5,492	12,269	+6,776
Other current liabilities	9,306	10,871	12,497	+1,626
Non-current liabilities	45,849	52,190	69,477	+17,287
Long-term borrowings	44,169	50,170	57,272	+7,101
Bonds payable	0	0	9,999	+9,999
Other non-current liability	1,680	2,019	2,205	+185
Total liabilities	62,060	68,553	94,244	+25,690
Shareholders' equity	71,260	80,430	89,889	+9,459
Other	3,191	3,535	4,526	+991
Total net assets	74,452	83,965	94,416	+10,450
Total liabilities and net assets	136,512	152,519	188,661	+36,141

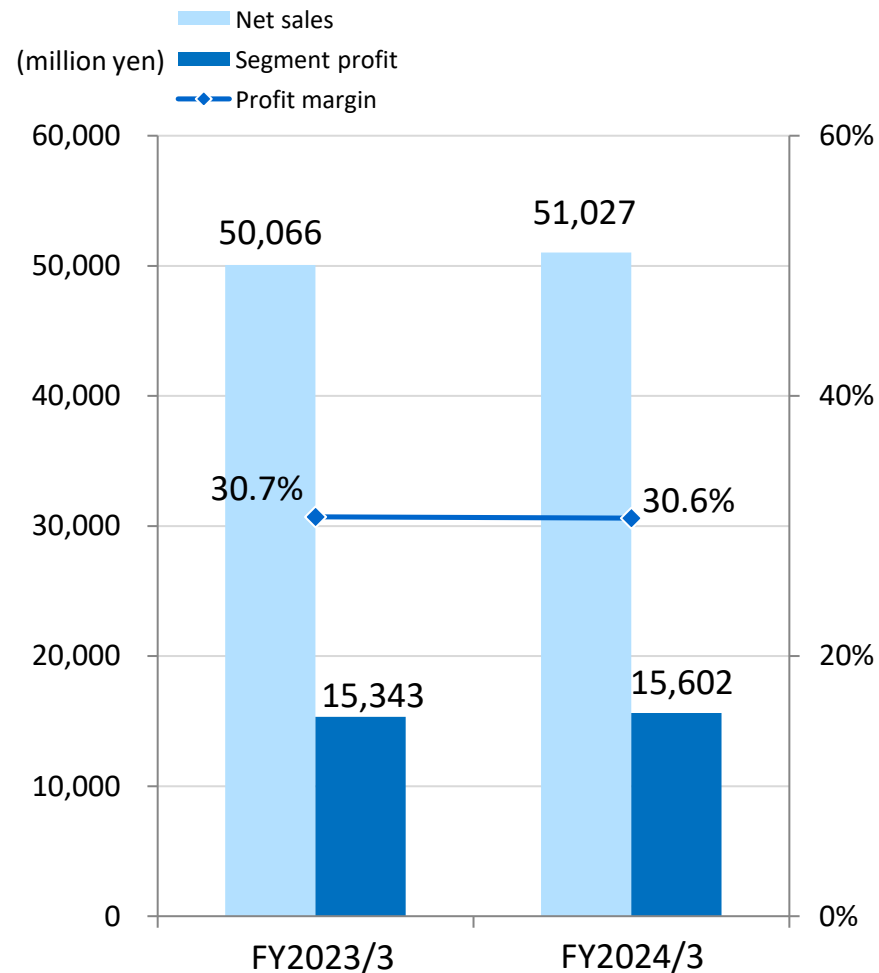
# Performance for Each Business Segment

## Real Estate Revitalization Business (Replanning and Rental Buildings)

### <Replanning Business>

- A total of 25 properties were sold (including 2 in New York and 1 in small-lot property). Segment profit margin remained at a high level of 30%.
- The average business period was 705 days (+ 52 days from the previous fiscal year). Average business period excluding new properties and long-term held properties is 625 days. (- 28 days from the previous fiscal year)

(Unit: million yen)	FY2023/3	FY2024/3	Increase/ decrease
Net sales	50,066	51,027	+1.9%
Replanning Business	47,995	48,395	+0.8%
Rental Building Business	2,070	2,632	+27.1%
Segment profit (Note 1)	15,343	15,602	+1.7%
Replanning Business	14,943	14,989	+0.3%
Rental Building Business	399	612	+53.2%
Profit margin	30.7%	30.6%	-0.1pt
Replanning Business	31.1%	31.0%	-0.2pt
Rental Building Business	19.3%	23.3%	+4.0pt
Number of properties sold	24cases	25cases	+1cases
Number of stocks	52cases※ <sup>2</sup>	67cases※ <sup>2</sup>	+15cases



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

(Note 2) Land purchase and development projects are included.

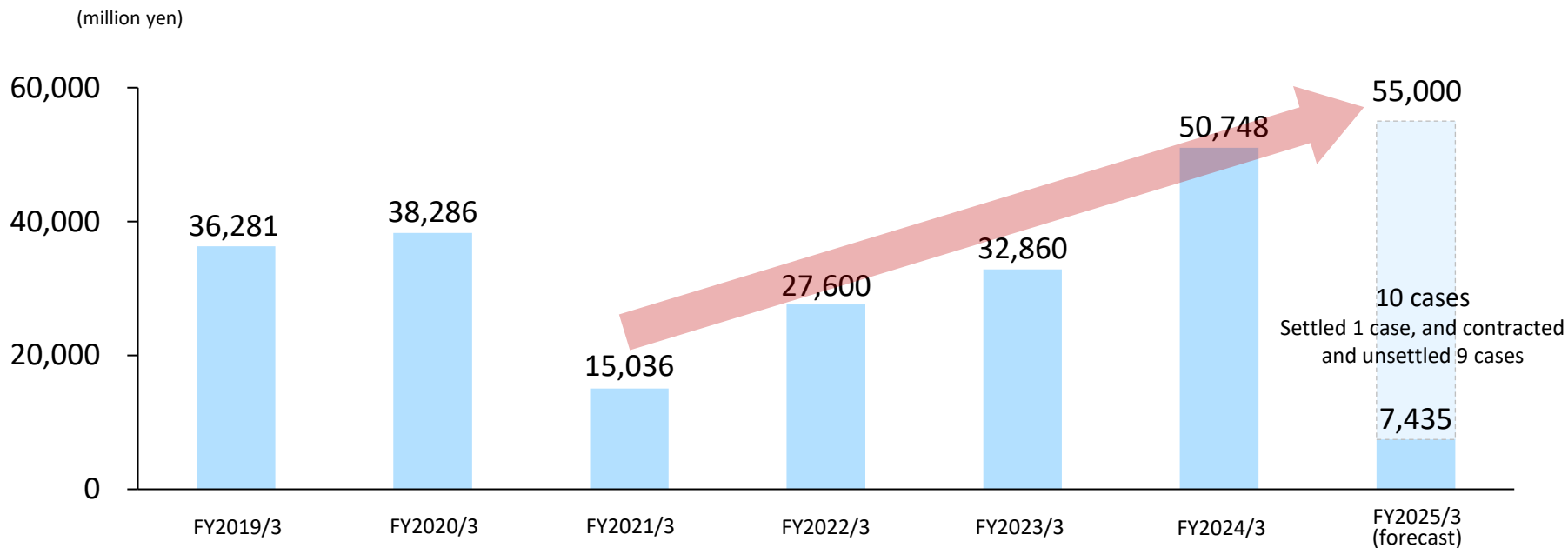
## Real Estate Revitalization Business

### <Purchasing properties of Replanning Business>

The amount of purchase reached a record high of over 50 billion yen, +17.8 billion yen from the same period of the previous year. Plan to increase the amount of purchase to more than 55 billion yen this fiscal year.

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

(Unit: million yen)	FY2023/3	FY2024/3	Growth
Number of properties purchased	23 cases	43 cases	+20 cases
Purchase amount	32,860	50,748	+17,888



# 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>

- In the PM Business, sales and profit increased due to an increase in entrusted buildings.
- In the BM Business, sales and profit decreased due to a decrease in disinfection work and cancellation of unprofitable sites.

### <Brokerage>

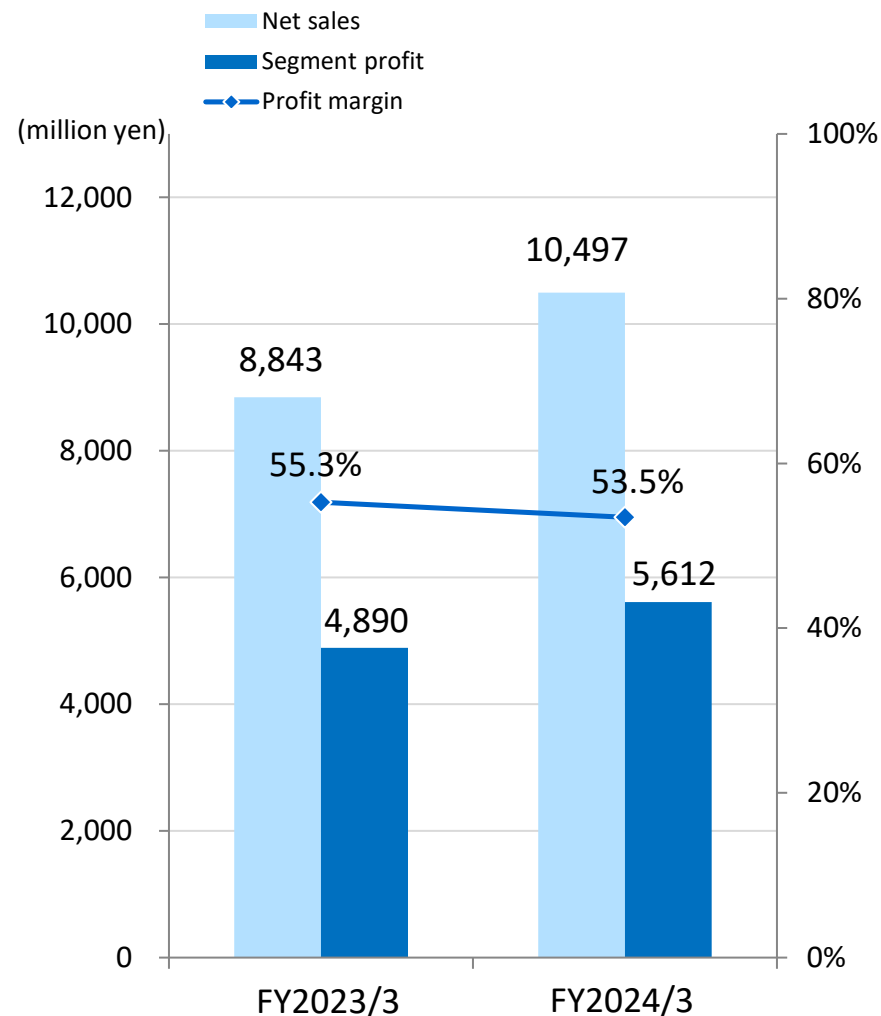
- In Leasing Brokerage, sales and profit increased due to an increase of brokerage for leasing tenants from entrusted properties.
- In Sales Brokerage, sales remained steady despite a decline in reaction to a large contract in the previous year.

### <Rental Conference Room>

- Achieved a high growth rate as the increase in the number of operating areas following the opening and expansion of floor space contributed to both sales and profit growth

### <Rent Guarantee>

- Trust Guarantee Business performed strongly.



(Note 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)	FY2023/3	FY2024/3	Increase/decrease
Net sales	8,843	10,497	+18.7%
Segment profit (Note 1)	4,890	5,612	+14.8%
Profit margin	55.3%	53.5%	-1.8pt

# Performance for Each Business Segment



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

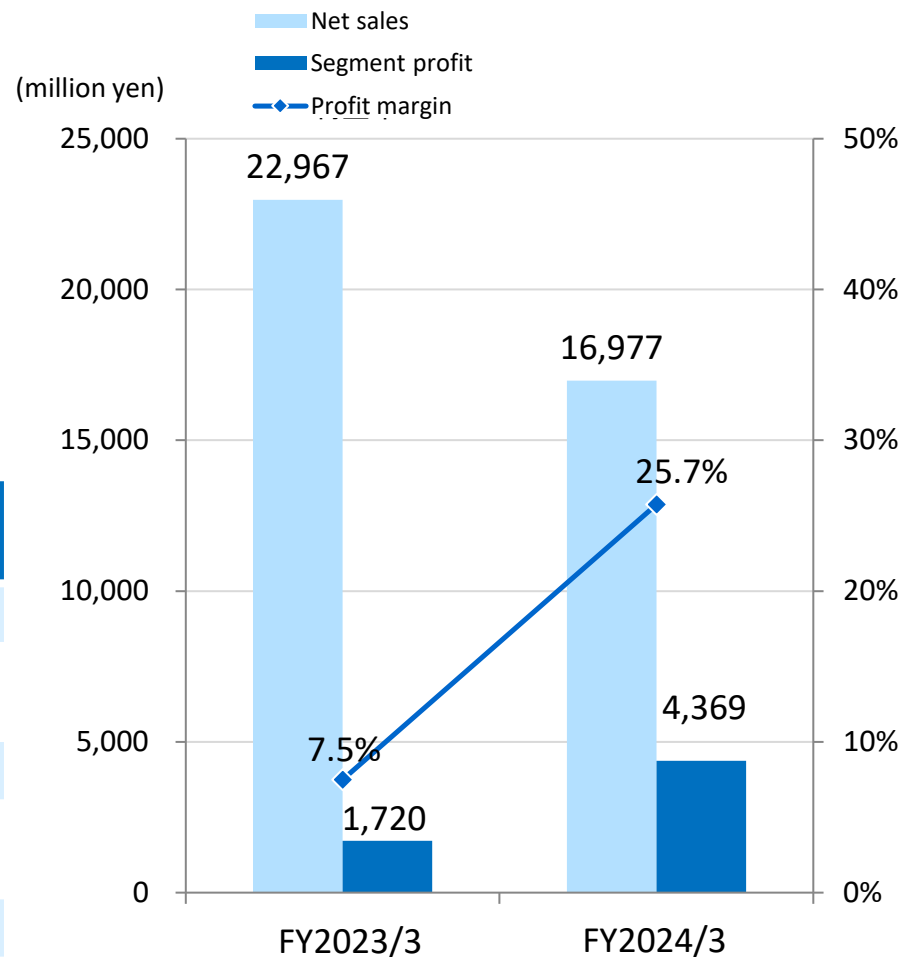
### <Hotel Development Business>

- Sales decreased compared to the previous year sold 2 hotels, but profit increased due to the sale of 1 hotel in 1Q this year.
- Land acquisition in Hakonemachi and Kawaguchiko progressed. There are many projects in progress in other regions.

### <Hotel Operation Business>

- Significant increase in both sales and profit due to the increase in occupancy rate and average daily rate resulted from the expansion of travel demand and the effect of recovery in inbound tourism.

(Unit: million yen)	FY2023/3	FY2024/3	Increase/ decrease
Net sales	22,967	16,977	-26.1%
Hotel Development Business	13,500	5,270	-61.0%
Hotel Operation Business, etc.	9,467	11,707	+23.7%
Segment profit (Note 1)	1,720	4,369	+153.9%
Hotel Development Business	1,392	2,134	+53.3%
Hotel Operation Business, etc.	328	2,234	+580.3%
Profit margin	7.5%	25.7%	+18.2%pt
Hotel Development Business	10.3%	40.5%	+30.2%pt
Hotel Operation Business, etc.	3.5%	19.1%	+15.6%pt



(Note 1) "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.)

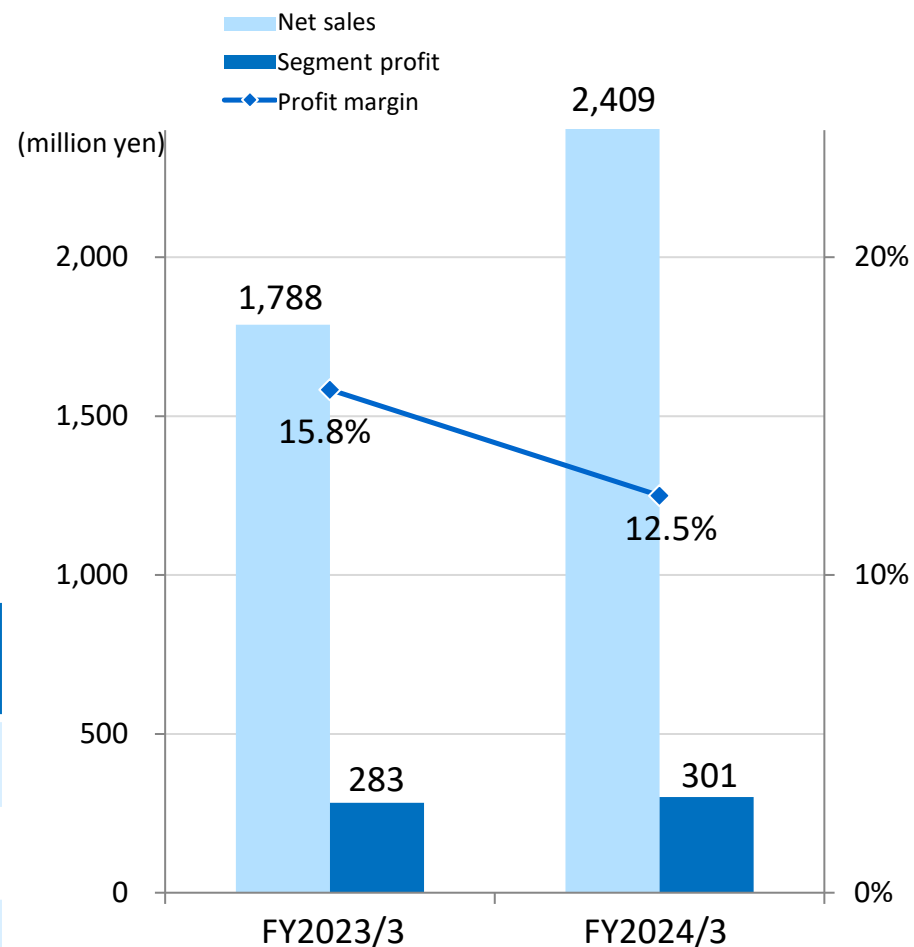
### <Construction Business>

- Both sales and profit increased due to an increase in orders at Group subsidiaries and steady progress in construction work.

### <Overseas Development Business>

- The second new condominium project in Vietnam (HIYORI Aqua Tower), for which land has been acquired, is scheduled to start the construction in the first half year.

(Unit: million yen)	FY2023/3	FY2024/3	Increase/ decrease
Net sales	1,788	2,409	+34.8%
Segment profit (Note 1)	283	301	+6.4%
Profit margin	15.8%	12.5%	-3.3pt



(Note 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

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1. Although there are concerns about geopolitical risks, a soft landing of the world economy is expected to be postponed due to prolonged inflation.

- ◆ The IMF raised its global growth forecast for 2024 to 3.2 percent, forecasting a soft landing despite high inflation.

- ◆ The U.S. Federal Reserve has kept its policy interest rate unchanged for six consecutive times. No progress in resolution of high inflation, start of interest rate cut postponed.

2. The Japanese economy is expected to see a change from deflation to inflation and a virtuous cycle of wages and prices

- ◆ The Bank of Japan ended its monetary easing, but keeps its policy interest rate unchanged and yen remains weak due to the interest rate difference between Japan and the U.S.

- ◆ While a virtuous cycle between wages and prices is expected, there are concerns about inflation stemming from the rise in import prices due to the yen's depreciation.

3. In the central Tokyo office building market, the return to the office is progressing, vacancy rate is on a declining trend, and rents are gradually rising.

- ◆ The new supply of office space was less than the previous year, the return to office has progressed, and decline in vacancy rate and the continued rise in rents are expected.

- ◆ Although attention should be paid to a rise in interest rates, the outlook for higher interest rates is not strong for the time being, and the desire to invest in real estate is firm.

4. In hotel and tourism market, inbound demand was brisk due to the impact of the weak yen, and domestic travel demand also continued.

- ◆ From January to March 2024, spending by foreign visitors to Japan hit a record high of 1.7 trillion yen due to the depreciation of the yen.

- ◆ The number of foreign visitors to Japan in March 2024 exceeded 3 million for the first time. Possibility of advancing the government target of exceeding the pre-pandemic levels by 2025.

# Forecast for FY2025/3

(Unit: million yen)

	FY2024/3	FY2025/3	YoY increase/decrease	YoY change rate
Net sales	79,868	100,000	+20,132	+25.2%
Real Estate Revitalization Business	51,027	69,800	+18,773	+36.8%
Replanning Business	48,395	67,000	+18,604	+38.4%
Rental Buildings Business	2,632	2,800	+167	+6.4%
Real Estate Service Business	10,497	11,650	+1,152	+11.0%
Hotel and Tourism Business	16,977	17,430	+453	+2.7%
Hotel Development Business	5,270	3,000	-2,270	-43.1%
Hotel Operation, etc	11,707	14,430	+2,722	+23.3%
Other Business	2,409	2,560	+151	+6.3%
Adjustments	-1,043	-1,440	-397	-
Gross Profit (Loss)	26,405	31,000	+4,594	+17.4%
Real Estate Revitalization Business	16,593	21,230	+4,637	+27.9%
Replanning Business	15,981	20,600	+4,618	+28.9%
Rental Buildings Business	612	630	+18	+2.9%
Real Estate Service Business	5,636	6,300	+663	+11.8%
Hotel and Tourism Business	4,440	3,840	-600	-13.5%
Hotel Development Business	2,200	1,100	-1,100	-50.0%
Hotel Operation, etc	2,240	2,740	+499	+22.3%
Other Business	352	420	+68	+19.4%
Adjustments	-618	-790	-172	-
Selling, General and Administrative Expenses	8,804	10,130	+1,326	+15.1%
Operating Profit (Loss)	17,600	20,870	+3,270	+18.6%
Ordinary Profit (Loss)	17,374	20,000	+2,626	+15.1%
Profit	11,917	14,000	+2,083	+17.5%
EPS	245.50 yen	288.41 yen	+42.91 yen	+17.5%

## Keynotes of P & L statement

As we enter the final year of Medium-Term Management Plan, we aim to achieve quantitative targets, 100 billion of sales, 20 billion yen of ordinary profit and 14 billion yen of net income. At the same time, we also aim a sustainable growth from the next fiscal year onwards.

### <Real Estate Revitalization Business>

Maintain a high profitability with gross profit margin of over 30%. Not only Replanning Business properties, selling property of New York Apartment Replanning Business and Small-lot Real Estate Property Business are also be planned.

### <Real Estate Service Business>

All businesses continued to grow steadily. Aim for a profit growth through opening new leasing stores, expanding new sites of rental conference room, and increasing entrusted building of PM.

### <Hotel and Tourism Business>

Property is planned to be sold in hotel development. In hotel management, in addition to improve occupancy rate and average daily rate, hotels acquired in the previous year contributing to the performance is planned.

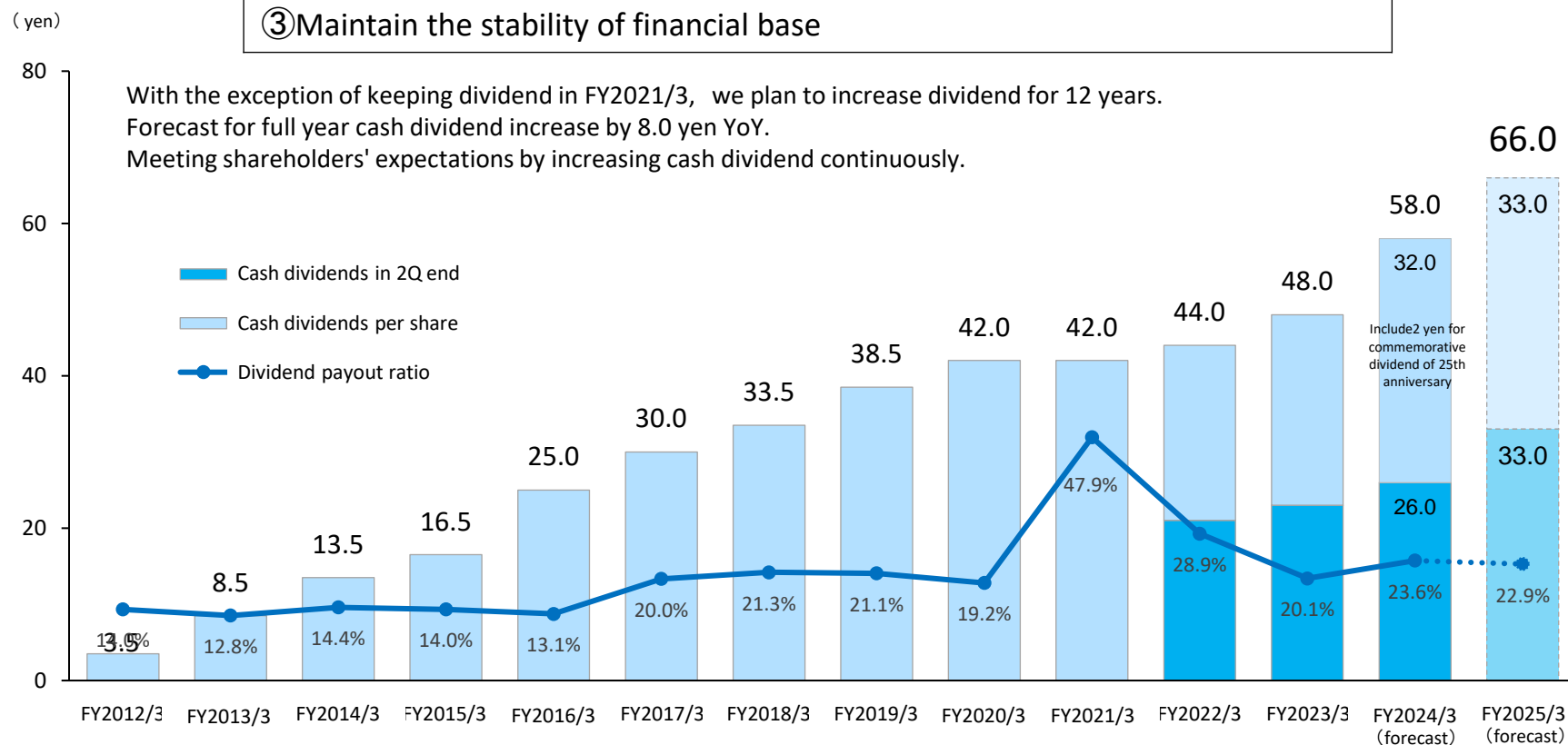
### <SG&A Expenses>

Increased YoY due to the strengthen investment in human capital and systems at hotels.

# Forecast for Cash Dividend

## 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



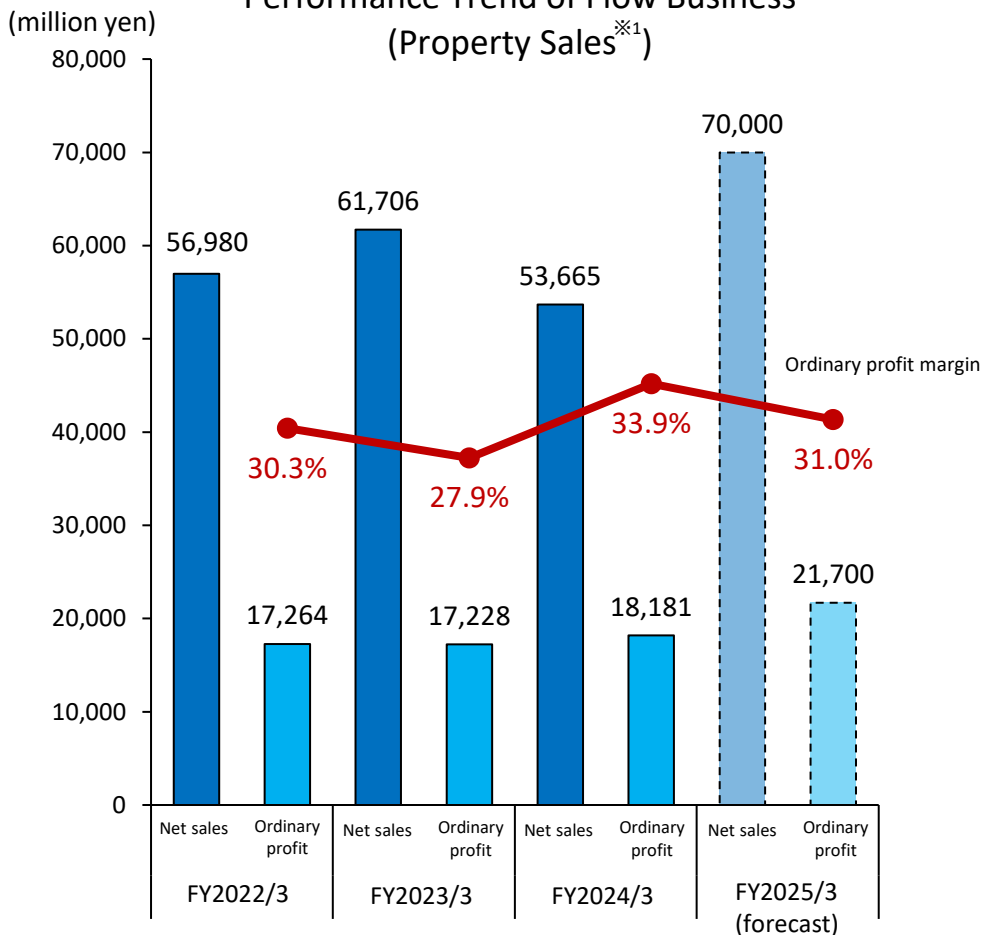
※Interim dividend started from FY2022/3

# Performance of Flow-Type Businesses and Stock-Type Businesses

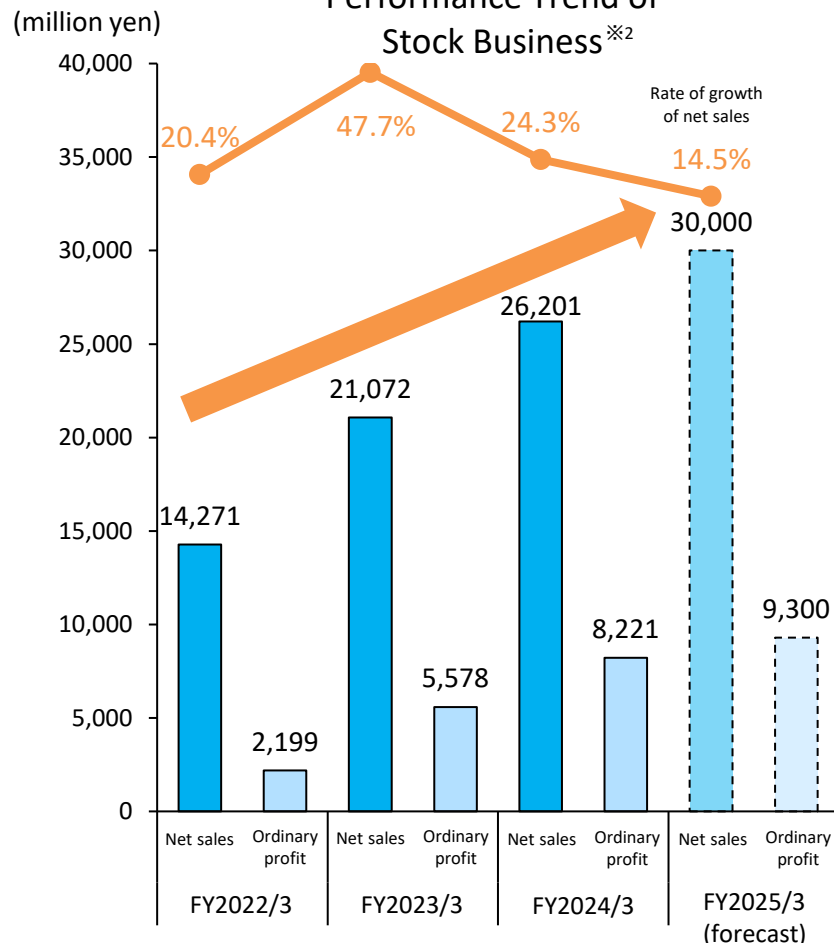


Focusing on profitability in flow-type businesses and pursuing high growth rates in stock-type businesses

### Performance Trend of Flow Business (Property Sales<sup>※1</sup>)



### Performance Trend of Stock Business<sup>※2</sup>



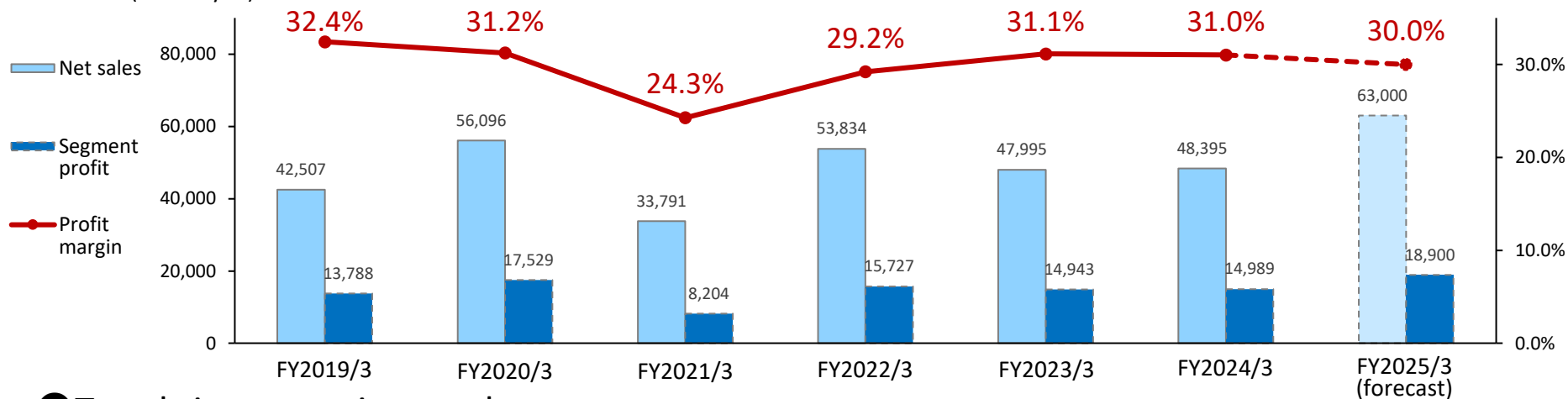
※1 Includes the sale of properties in RP Business, Hotel Development Business and Overseas Business.

※2 Include Real Estate Service Business, Hotel Operation Business and except for properties sale

# Trends in Performance of Replanning Business and Properties Purchase

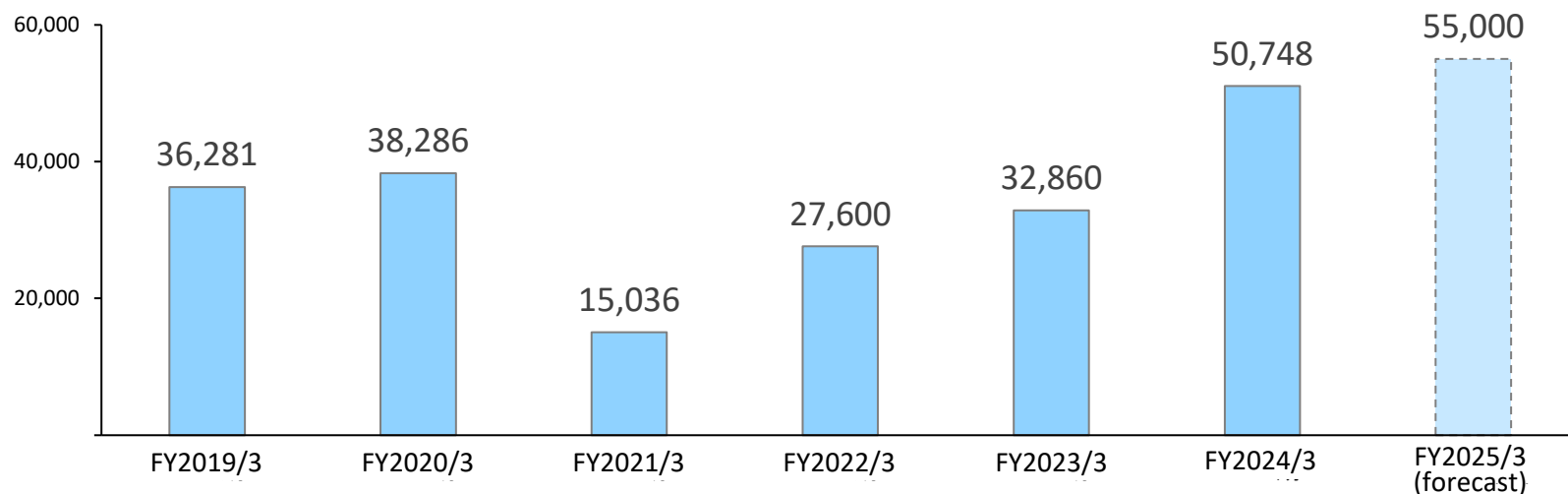
## ● Trends in net sales, Segment profit and Segment margin

(million yen)



## ● Trends in properties purchases

(million yen)



# 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	120~125 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

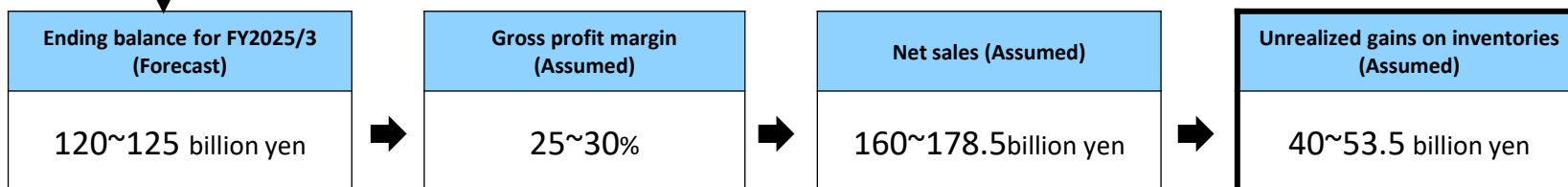
Affected by COVID-19, both net sales and purchase decreased, and causing the decrease of the balance of inventories .

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

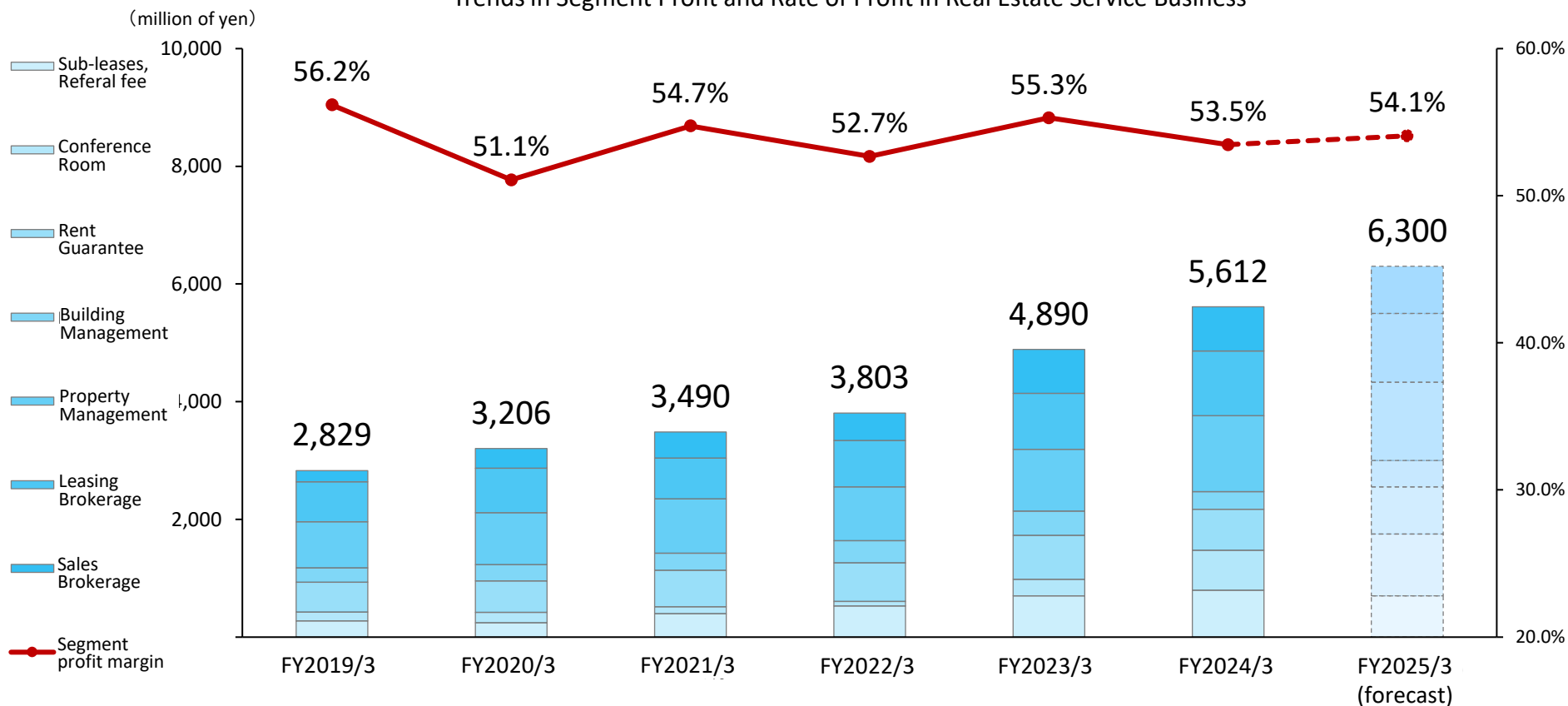


※ Gross profit = ordinary profit - sales commission

# 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

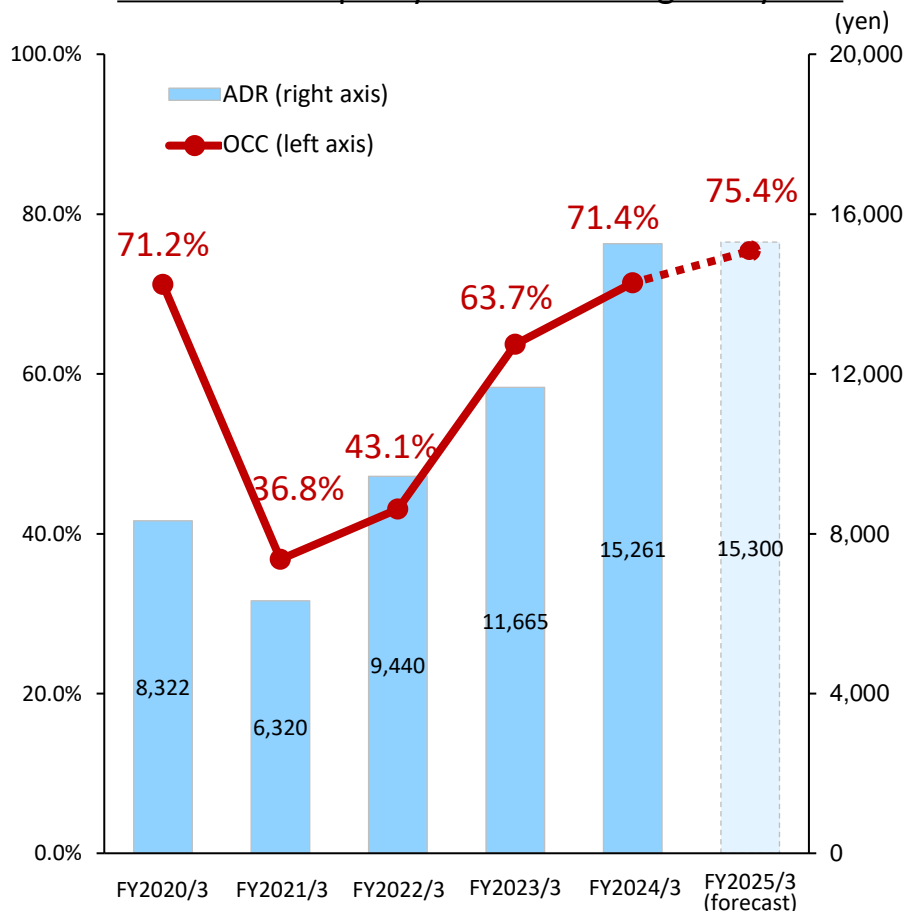




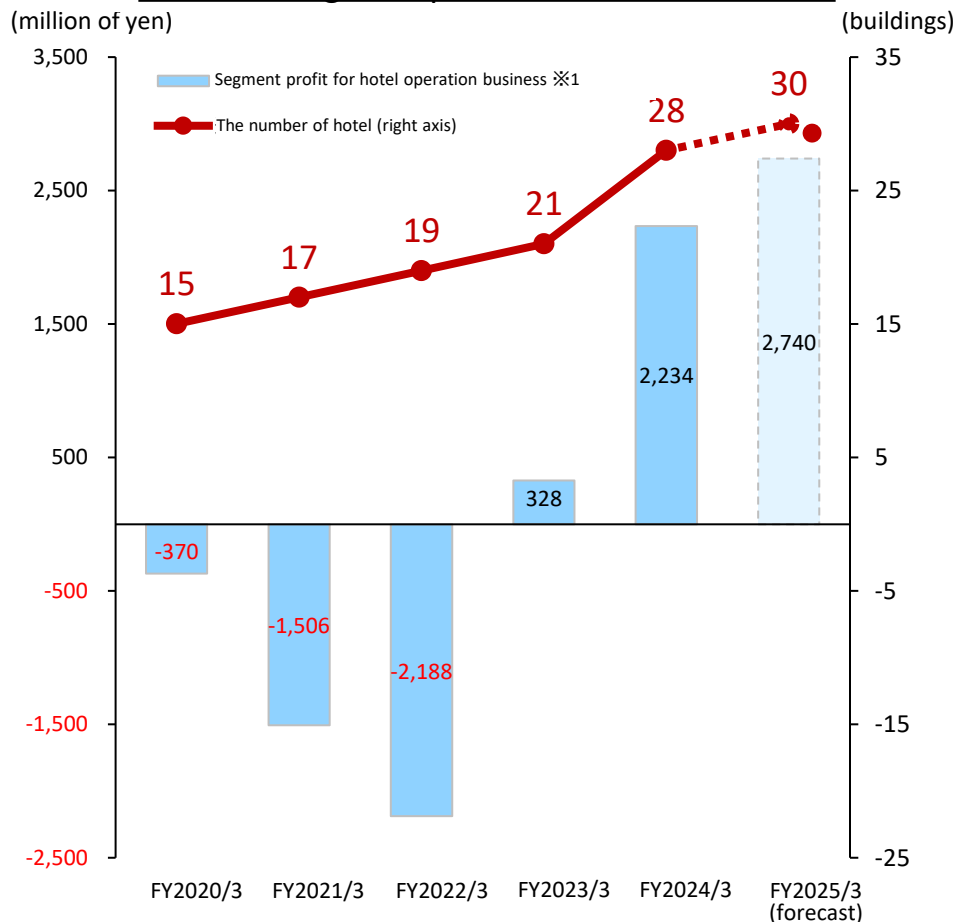
# Occupancy Rates and Average Daily Rates

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 Include the profit of hotel rent.

# Increasing the Value of Diverse Properties through Replanning



➤ In the previous fiscal year, 2 apartments in New York were sold in addition to 22 buildings such as small and medium-sized buildings and relatively large-sized replanning properties.



Income-yielding property in Mita, Minato-ku, Tokyo



The top floor and a part of the first floor parking lot converted into an office



With a concept of circular economy, placed a desk from CARBON STOCK FURNITURE



Manhattan, New York single apartment building

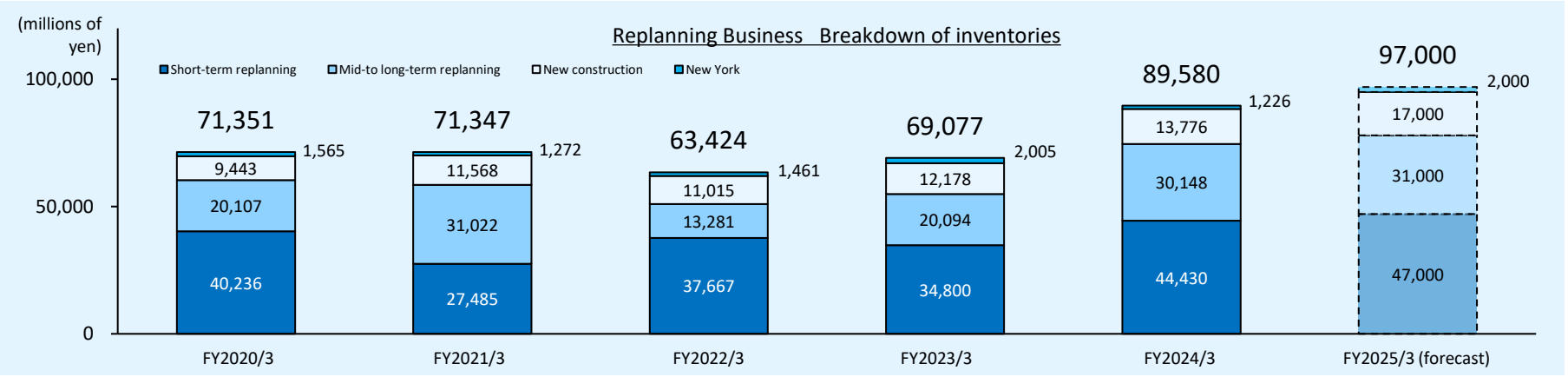


Increase the value of a 100-year-old apartment building with high-quality technologies



Replanning to comfortable living spaces (interior and furniture are a sample image)

➤ The balance of inventories is expected to increase by purchasing various properties as base for business growth in the future.



# Promote Sales of Small-lot Real Estate Property

Provide small-lot real estate properties with the theme of education and medical in the residential area at 23 wards of Tokyo.



Sold out in Feb., 2024

### Compass Nerima

A new construction licensed nursery school in Nerima-Takanodai, Tokyo



Now on Sale

### Compass Sakurashinmachi

International Academy in Sakurashinmachi, Setagaya, Tokyo

Sale in December 2023



Sold out in August 2021. licensed nursery school



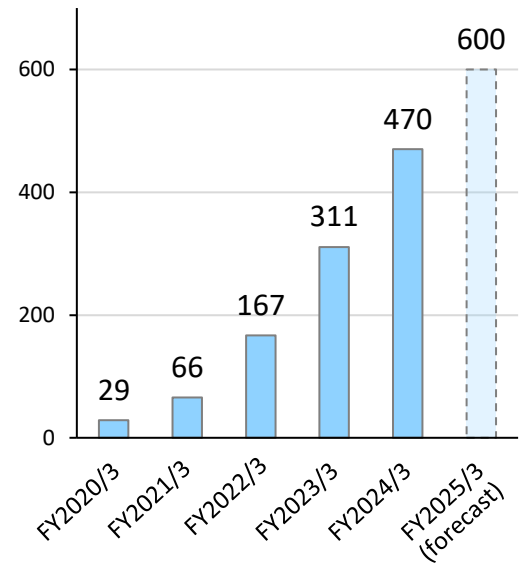
Sold out in November 2022 medical and educational mall



Sold out in March 2023. Licensed nursery school

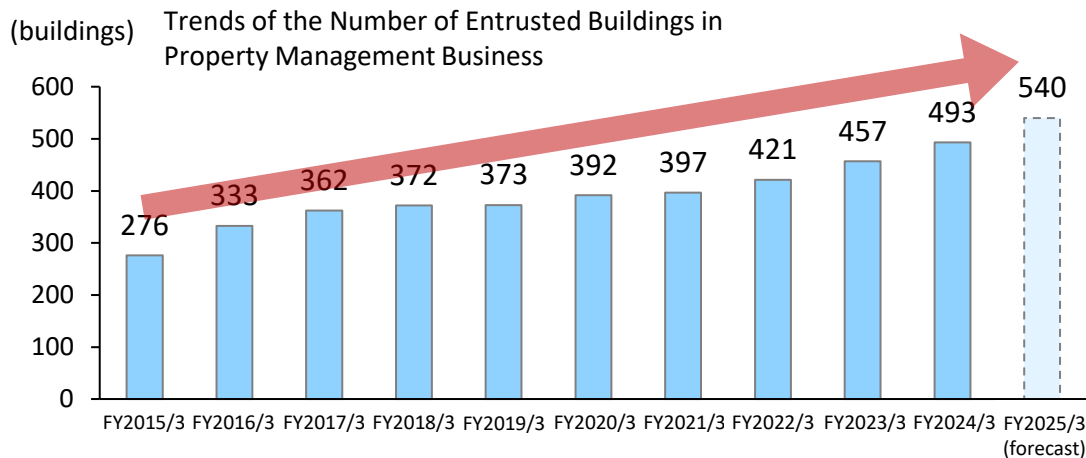
**Sales network**  
(tax accountants and financial institutions)  
**192 companies**  
Expanding, aiming to reach over 200 companies

Number of Investors in Small-Lot Real Estate Property (Accumulated) (people)

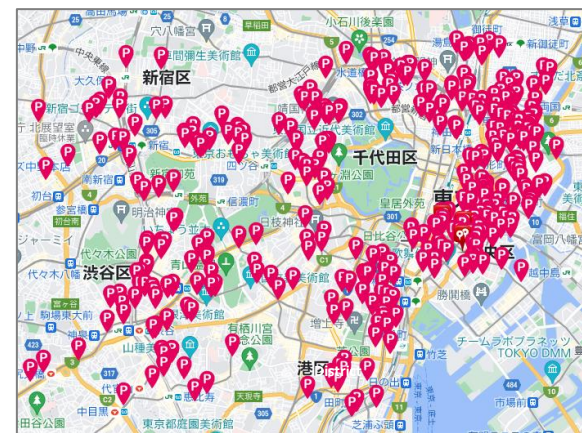


# Real Estate Service Business Continues to Expand Its Customer Base

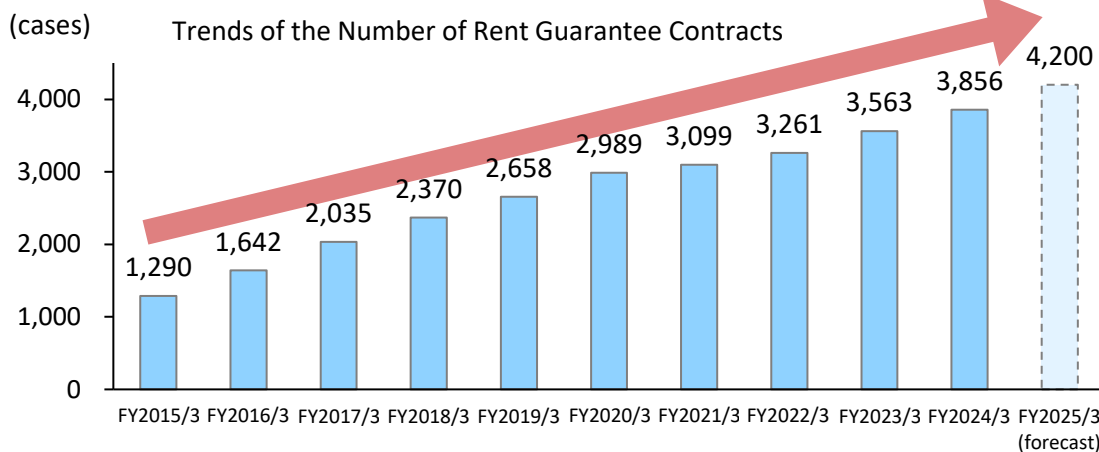
## Expanding as a platform for business growth



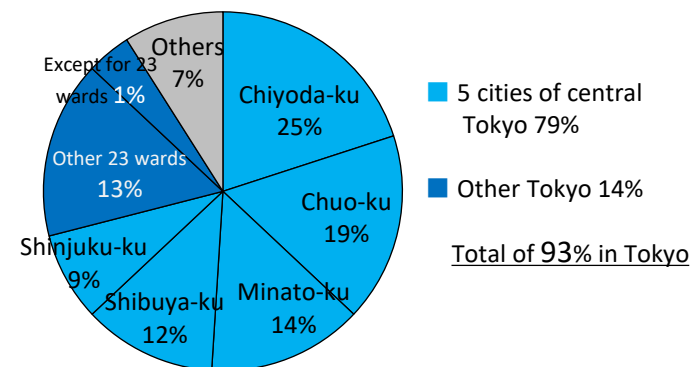
【Property Management entrusted property distribution】



Entrusted properties of the Company



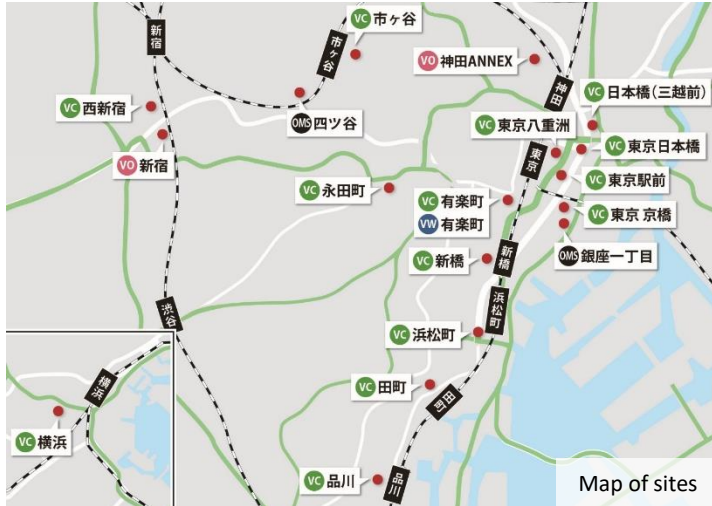
【Percentage of new contracts of Rent Guarantee by area】



\* As of March 31, 2024 : 701 new contracts

# Strong Performance at New Sites Continuing Opening New Sites Actively

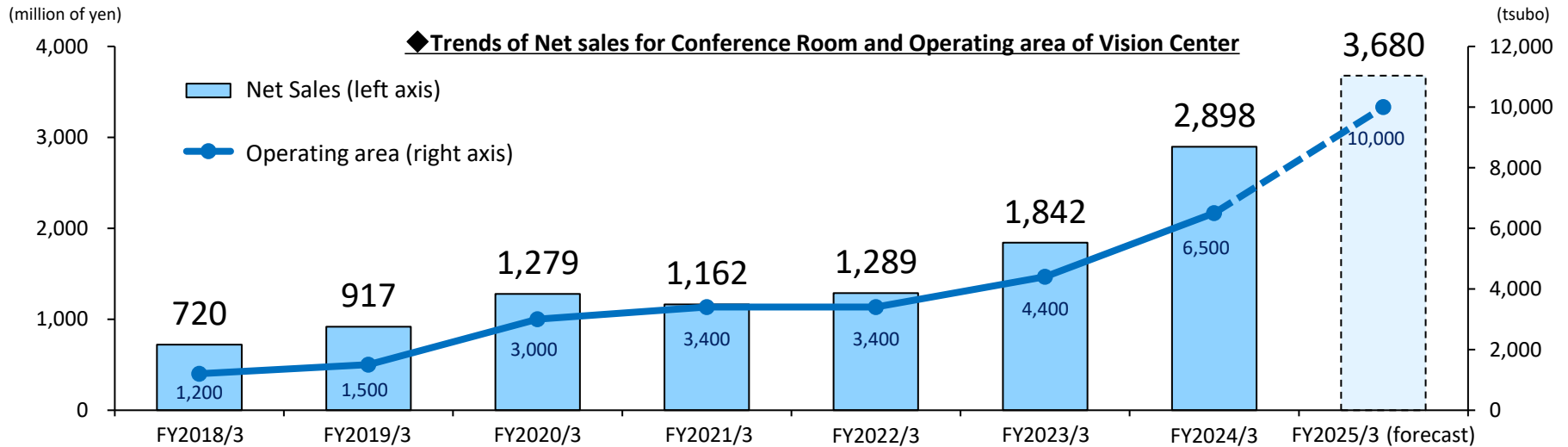
Increased repeat demand from corporate customers; focus on terminal stations in central Tokyo to expand operating area to 10,000 tsubo



### ◆ Sites for expansion

FY2025/3

Vision Center Shinjuku Minds Tower, 13F, 500 tsubo	expansion in April, 2024
Vision Center Tamachi, 9F, 200 tsubo	expansion in April, 2024
Vision Center Ichigaya, 2F, 200 tsubo	expansion in June, 2024

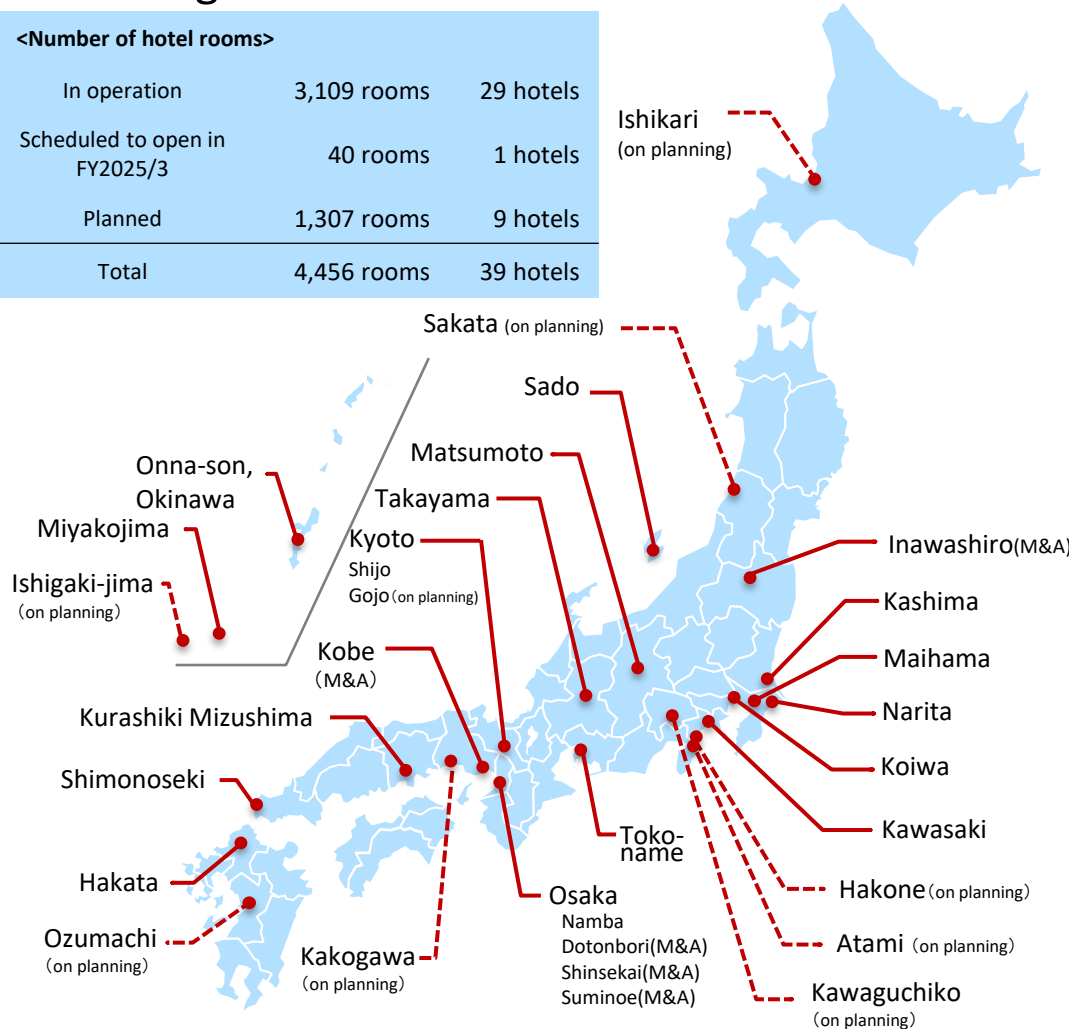


## Investing in Hotel Development actively

Contributing to regional revitalization while meeting the needs of business and tourism.

### <Number of hotel rooms>

In operation	3,109 rooms	29 hotels
Scheduled to open in FY2025/3	40 rooms	1 hotels
Planned	1,307 rooms	9 hotels
<b>Total</b>	<b>4,456 rooms</b>	<b>39 hotels</b>



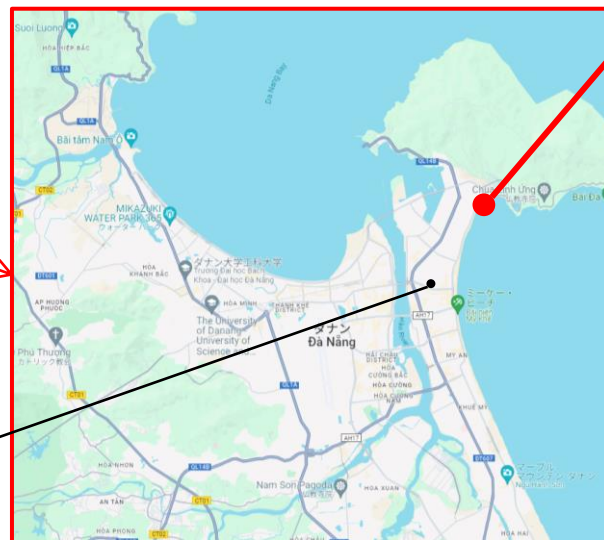
	(As of February 2024)
<b>Luxury Class</b>	
Sora Niwa Terrace Kyoto Bettei	32
Hiyori Ocean Resort Okinawa	203
Atami Hotel Project	150 ※on planning
Seifutei	11 ※M&A
<b>Upper Class</b>	
Sora Niwa Terrace Kyoto	102
SADO RESORT HOTEL AZUMA	52
SADO NATIONAL PARK OOSADO	72
Hakone Hotel PJ	110 ※on planning
<b>Upper Middle Class</b>	
HIYORI HOTEL MAIHAMA	80
HIYORI HOTEL OSAKA NAMBA STATION	224
Tabino Hotel lit Matsumoto	176
Tabino Hotel lit Miyakojima	111
Tabino Hotel Villa Miyakojima	4
Spring Sunny Hotel Nagoya Tokoname Station	194
Tabino Hotel live Sado I・II	18
Tabino Hotel lit Sakata	174 ※on planning
Tabino Hotel lit Kawaguchiko	130 ※on planning
Tabino Hotel lit Ishigakijima	200 ※on planning
Kyoto Shijo Hotel PJ	16 ※on planning
Kyoto Gojo Hotel PJ	40 ※FY2025/3 OPEN
<b>Economy Class</b>	
Tabino Hotel Hida Takayama	80
Tabino Hotel Kashima	194
Tabino Hotel Kurashiki Mizushima	155
Tabino Hotel Sado	111
Tabino Hotel EXpress Narita	100
Tabino Hotel Ishikari	175 ※on planning
Tabino Hotel Kumamoto Ozu	180 ※on planning
Tabino Hotel Kakogawa	172 ※on planning
Joytel Hotel Namba Dotonbori	53 ※M&A
Joytel Hotel Shinsekai Sakaisujidori	103 ※M&A
Osaka Joy Hotel	229 ※M&A
Kobe Plaza Hotel	107 ※M&A
Kobe Plaza Hotel West	120 ※M&A
DONDEN Highland	12
<b>Budget Class</b>	
SKY HEART Hotel Koiwa	105
SKY HEART Hotel Kawasaki	200
SKY HEART Hotel Hakata	157
SKY HEART Hotel Shimonoseki	104

# Vietnam HIYORI Aqua Tower PJ Starting

Second condominium project (202 units), construction scheduled to begin in this first half year

## 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 <sup>2</sup>	Building area 1,062m <sup>2</sup>	Total floor area 24,498m <sup>2</sup>
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 this first half year, completion in Autumn 2026		



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



# Next Medium-term Management Plan

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**SUN FRONTIER**

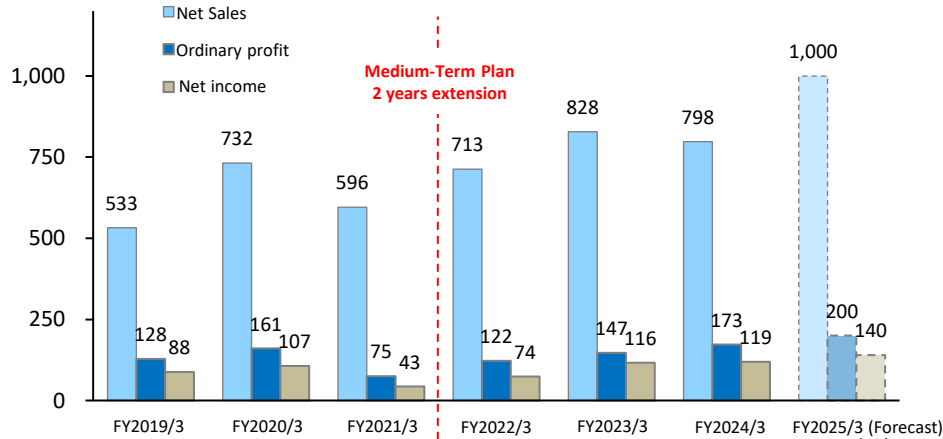


# Medium-term Management Plan (FY2019/3-FY2025/3) Review and Progress

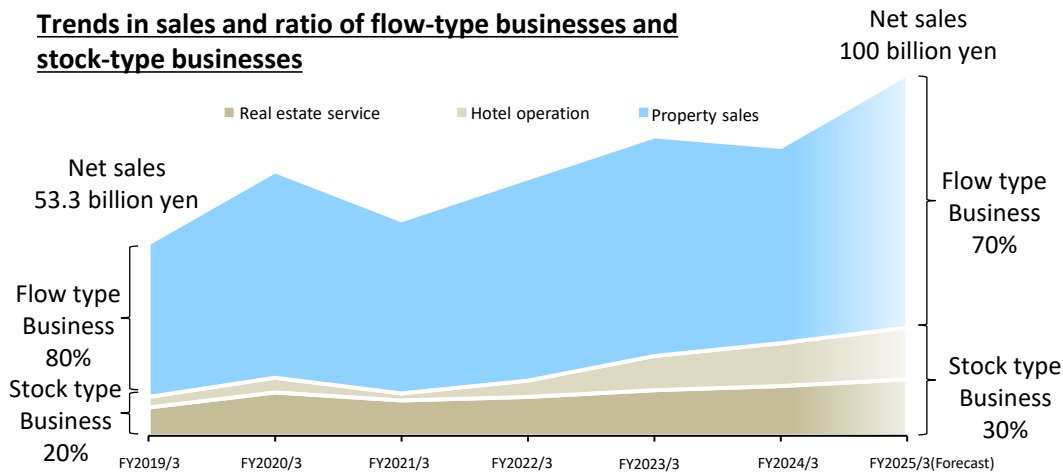


Medium-term management plan from FY2019/3 expected to be ended in FY2022/3 was extended by 2 years due to the pandemic of COVID-19. However, it is expected to be achieved in FY2025/3.

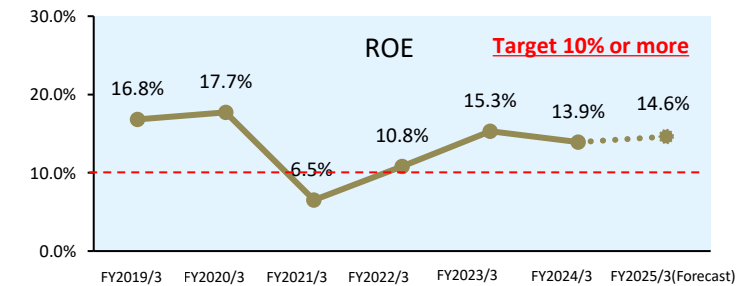
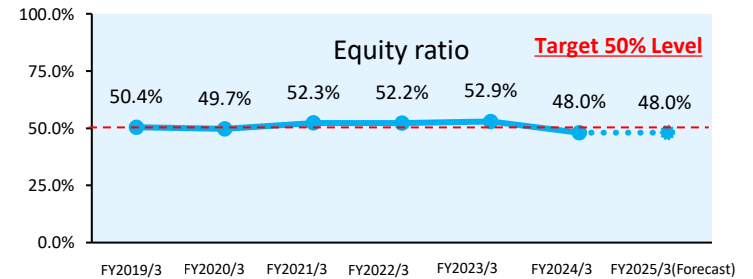
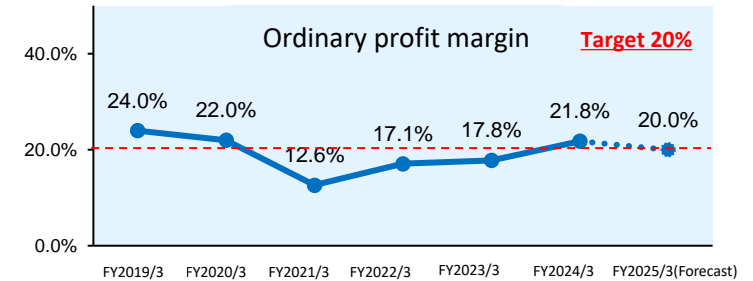
## Trends in quantitative target



## Trends in sales and ratio of flow-type businesses and stock-type businesses



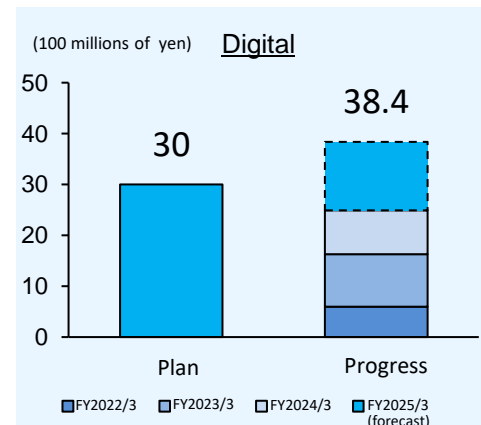
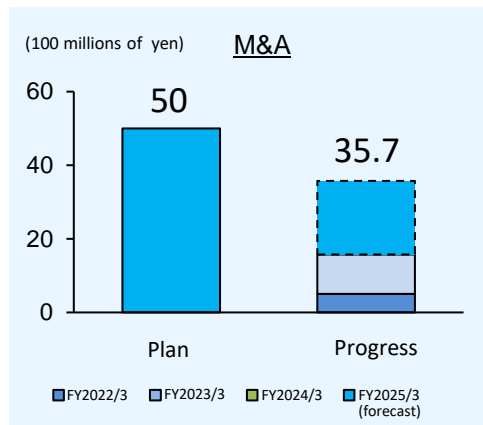
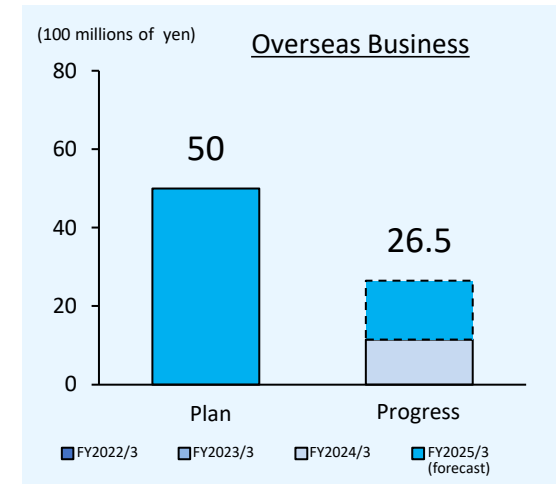
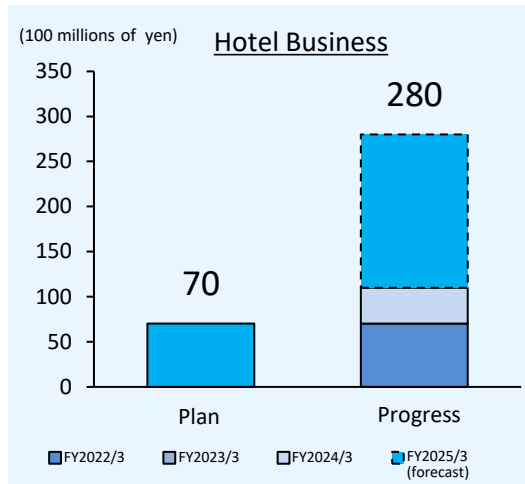
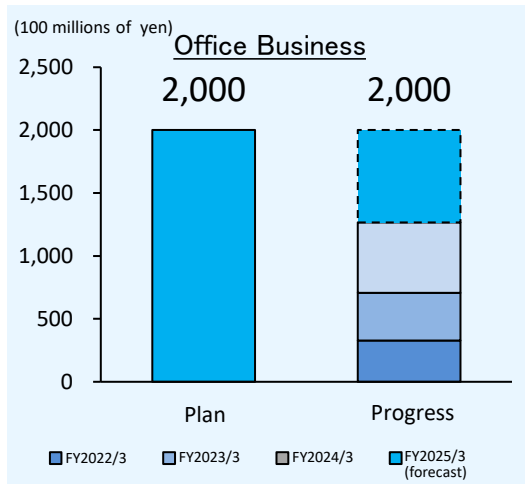
## Trends in important management indicator



# Review and Progress of Medium-term Management Plan (FY2022/3- FY2025/3)



The total amount of investment is expected to be around 240 billion yen, compared with 220 billion yen planned for these 4 fiscal years. Investment in Office Business was as planned. Investment in Hotel Business was appended aggressively due to the travel demand recovered rapidly. Project in Overseas Business has started and is scheduled to proceed. Investment in M&A continuously while probing deals. Expanding investment of digital transformation for business growth.



\* The plan is the total investment amount from FY2022/3 to FY2025/3. The investment amount for Office, Hotel, and Overseas Business are the total of purchases and construction. The one for M&A is the equity amount. The other one for digital DX is the total of system installation cost and running cost.












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"> <li>Extension of healthspan of real estate</li> <li>"Energy conservation" and "Reduction of environmental impact" through real estate revitalization</li> </ul>	<ul style="list-style-type: none"> <li>Economic lifespan extended by 30% or more</li> <li>Occupancy rate of buildings over 30 years old: 90% or more</li> <li>Continuation of management after the sale of replanning properties: 90% or more</li> <li>Reduce CO2 emissions by an average of 12% or more compared to building reconstruction work</li> <li>Carbon offset 100%</li> <li>Reduce greenhouse gas emissions by 22% from fiscal 2022 levels by 2030 and achieve carbon neutrality by 2050</li> </ul>	  
	Revitalization of the regional economy	<ul style="list-style-type: none"> <li>Create buildings, offices, and spaces that are motivating and creative and contribute to economic growth</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Conduct tenant satisfaction survey (Company-owned properties)</li> </ul>	 
Regional Revitalization	Response to devastating natural disasters	<ul style="list-style-type: none"> <li>Disaster prevention and mitigation through regional cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Provide set-up offices with emergency supplies or installation space</li> <li>At least five lots by fiscal 2023, and at least 20 lots by fiscal 2025</li> <li>Posting disaster prevention information on a dedicated website: 100% in fiscal 2023 (Company-owned properties)</li> </ul>	
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"> <li>Respect for and utilization of diversity</li> <li>Create a workplace with "Job satisfaction," "creativity" and "growth opportunities"</li> </ul>	<ul style="list-style-type: none"> <li>Increase the ratio of female managers to at least 12% by April 2025</li> <li>Ratio of training hours to designated working hours: 12% or more</li> <li>Increase the amount of ordinary profit per hour compared to the previous year</li> </ul>	
				 

# 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



# 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%

# Basic Policy for 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	<b>135</b> billion yen
	Ordinary profit	<b>27</b> billion yen
Management indicator	Ordinary profit margin	<b>20%</b>
	ROE	<b>10% or more</b>
	Equity ratio	<b>Around 45%</b>





# 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

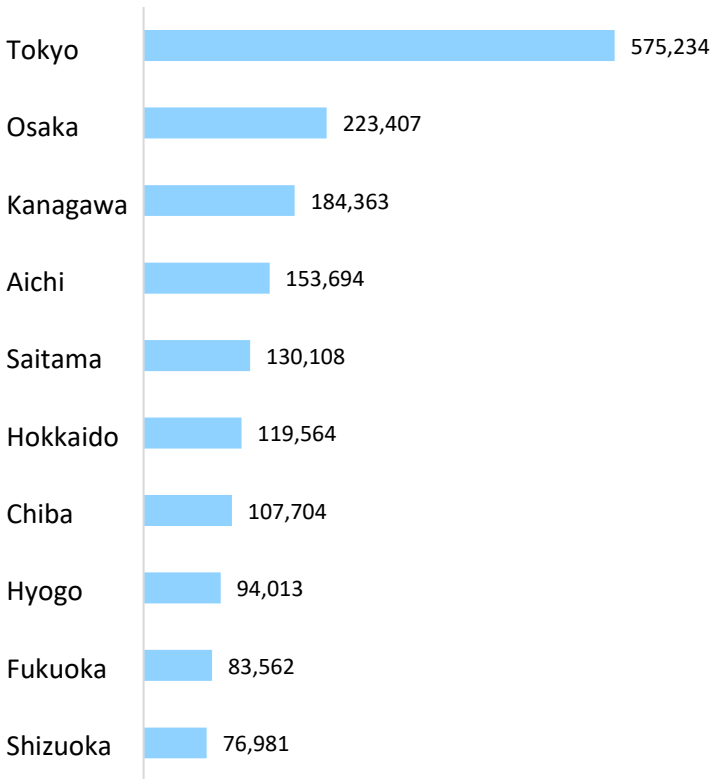
Three markets to focus	Business model	Business domain	Area	Our goal	
Office	Development	Renovation	Tokyo	Contribute to the realization of a sustainable society by utilizing real estate in resource recycling methods.	
		<small>Business domain expansion</small> New construction			
	Services	Real Estate Services	Tokyo		<small>Area expansion</small> Osaka, Nagoya
	Operation	Rental conference rooms	Tokyo		<small>Area expansion</small> Osaka, Nagoya
Hotel	Development	New construction	Nationwide	Expand heartwarming and fun hotels nationwide to grow with local communities.	
		Renovation			
	Operation	Hotel operation			
Residential	Development	<small>Business domain expansion</small> New construction	<small>Area expansion</small> 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		

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



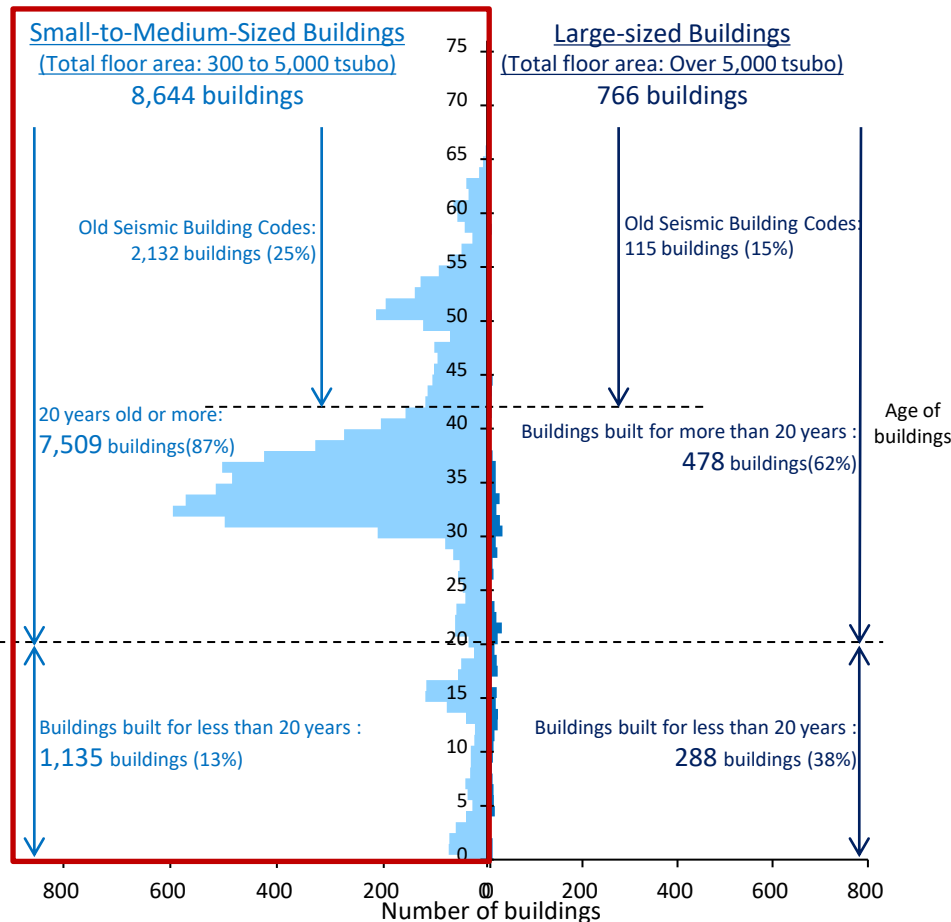
In Tokyo concentrated many companies, demand renovation and rebuilding suppressed waste of resources remains high in while small and medium-sized buildings continue to age.

Top 10 Prefectures in Number of Corporations



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

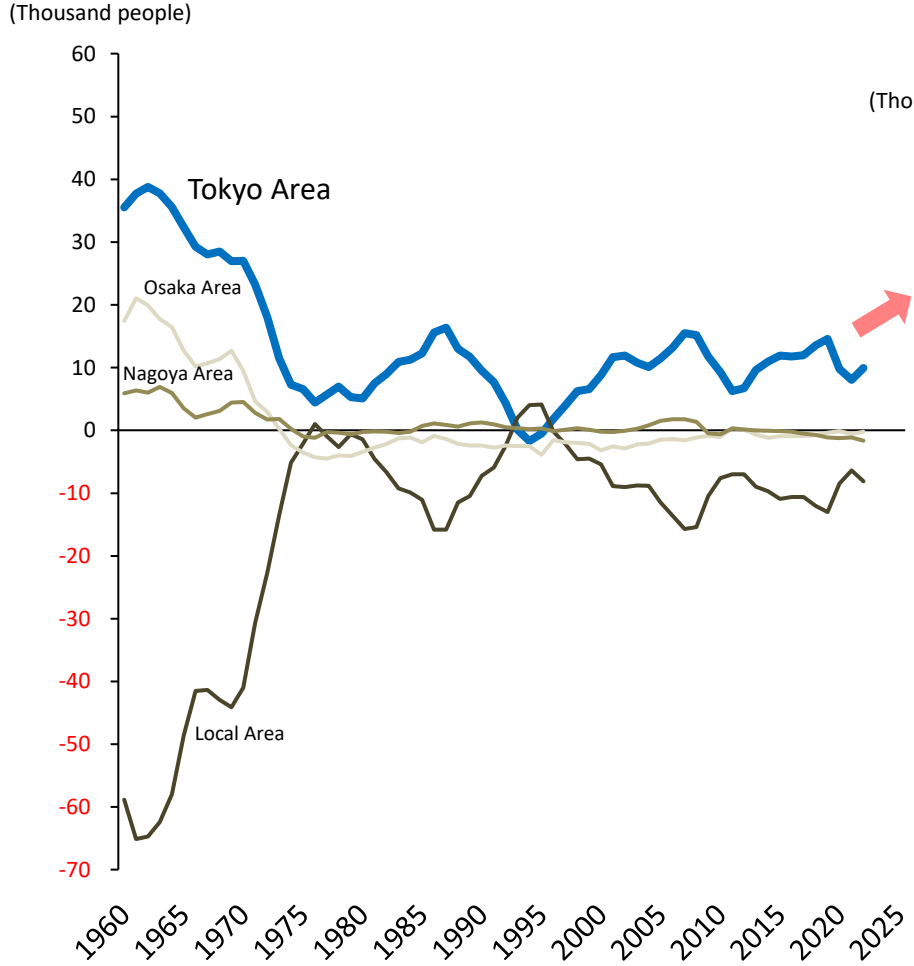
Tokyo 23 cities with 9,410 buildings



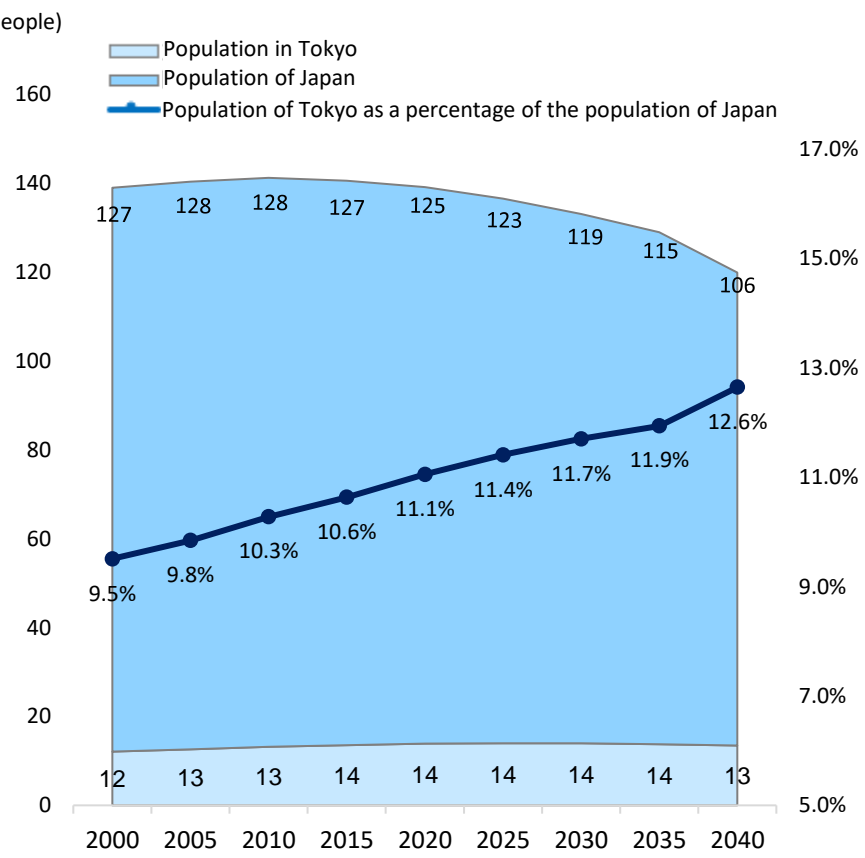
Source : Created by us based on "Tokyo 23 cities Office Pyramid 2023 (based on the number of buildings)" (Xymax Real Estate Institute)

# 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)



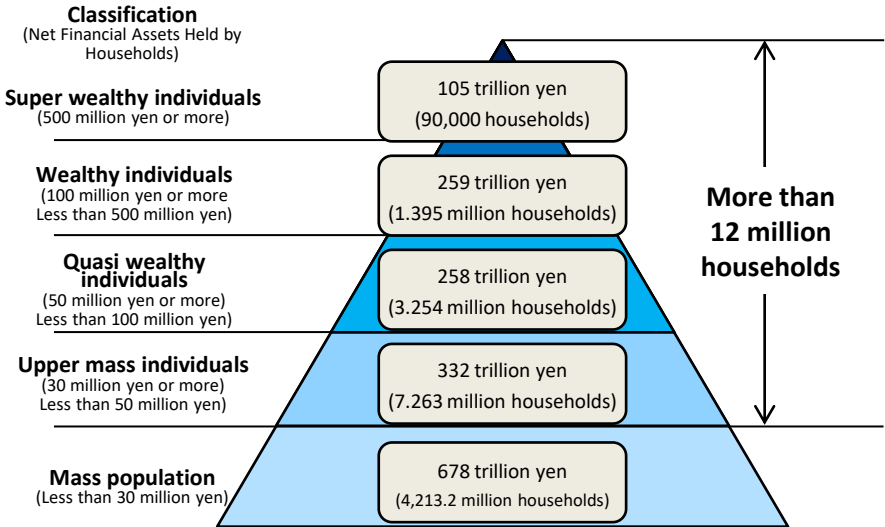
Source: Prepared by the Company based on Statistics Bureau, Ministry of Internal Affairs and Communications, "Number of New Residents by Address Before and After"

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

# Marketability in small-lot real estate property

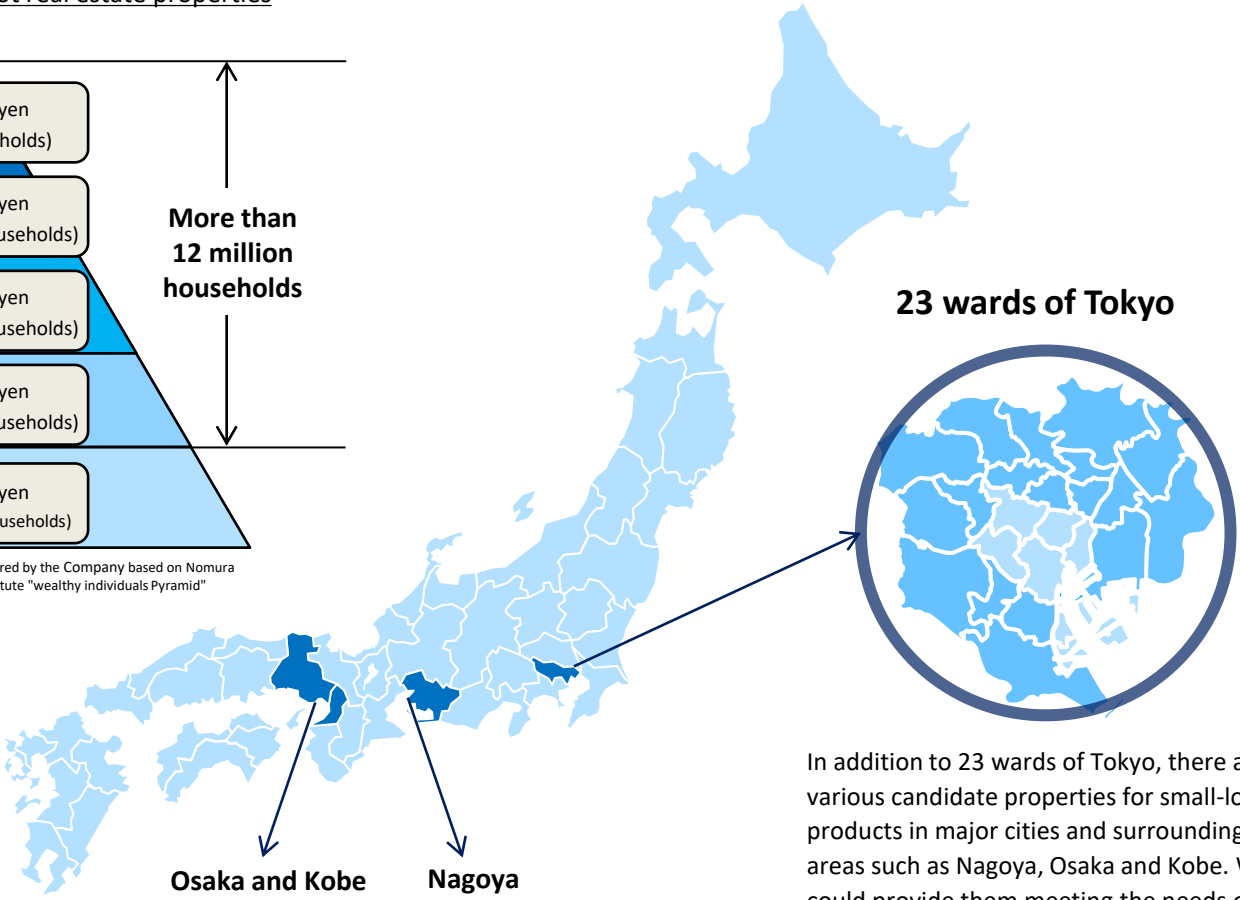
Promote commercialization of small-lot real estate properties in major cities. Make proposals meeting needs of investors throughout Japan.

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"

More than 12 million households



23 wards of Tokyo

Osaka and Kobe Nagoya

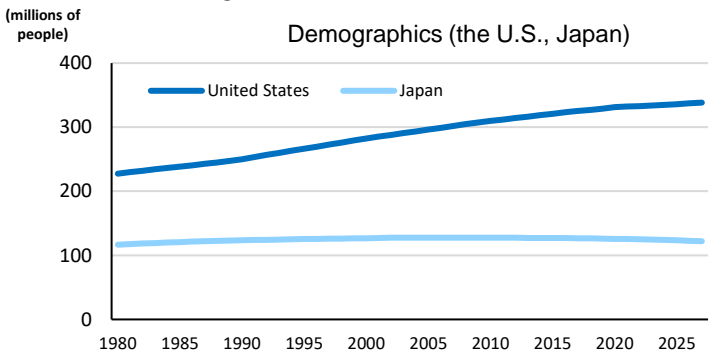
In addition to 23 wards of Tokyo, there are various candidate properties for small-lot products in major cities and surrounding areas such as Nagoya, Osaka and Kobe. We could provide them meeting the needs of investors nationwide

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

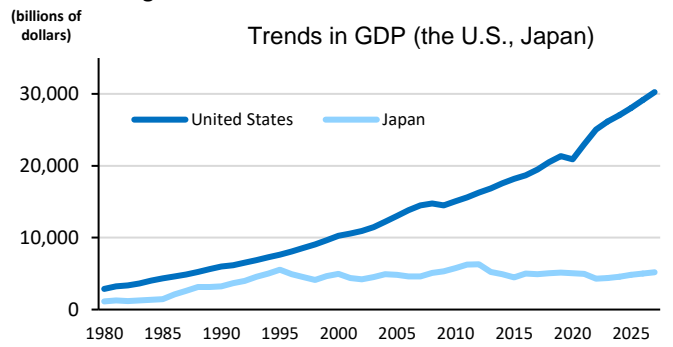
# Overseas Markets (the U.S., Vietnam)

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

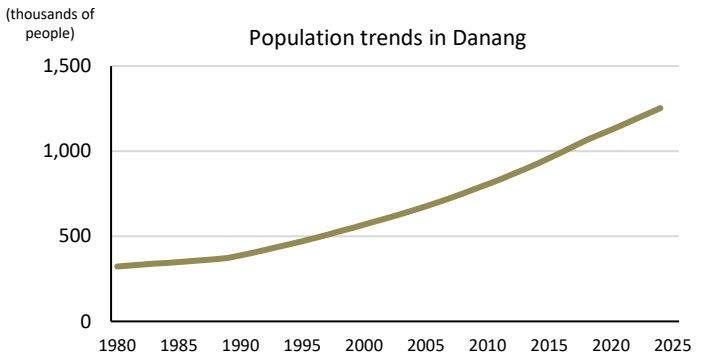
While the population of Japan is decreasing, the population of the United States continues to increase, and there is a high possibility of continued housing demand.



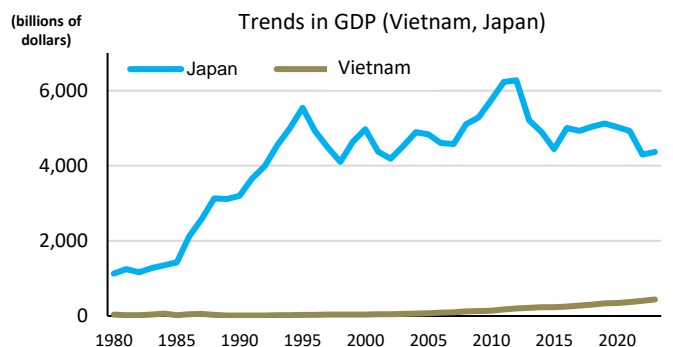
In contrast to Japan, where the growth rate is flat, the U.S. has a very high growth rate, has many jobs, and is expected to continue to have a high demand for real estate.



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.

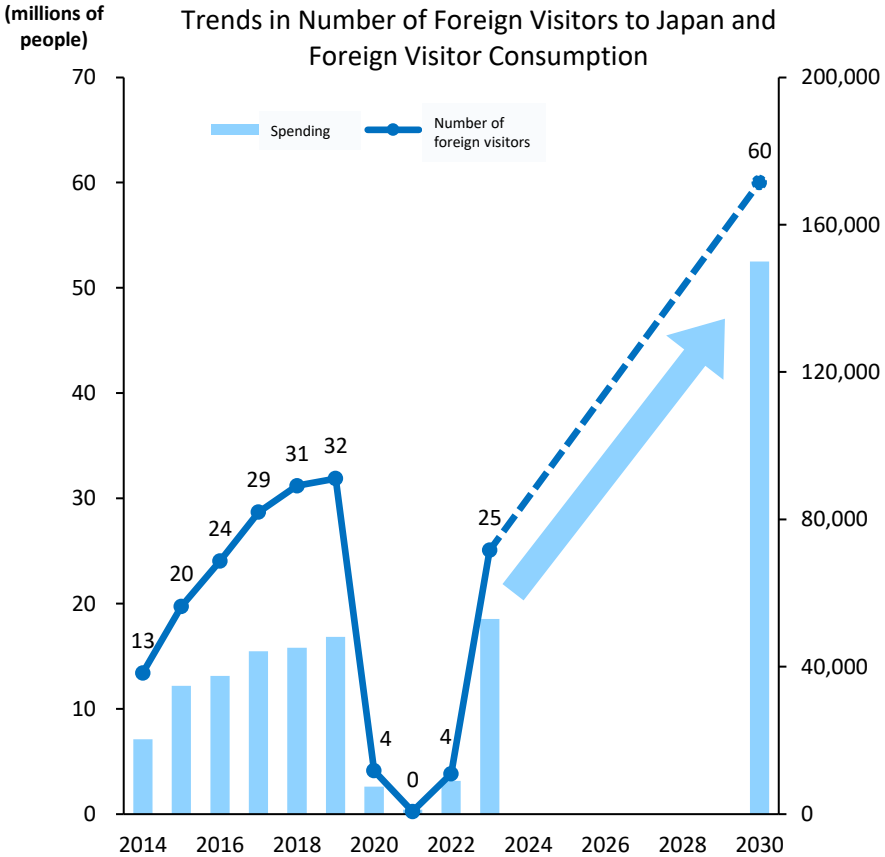
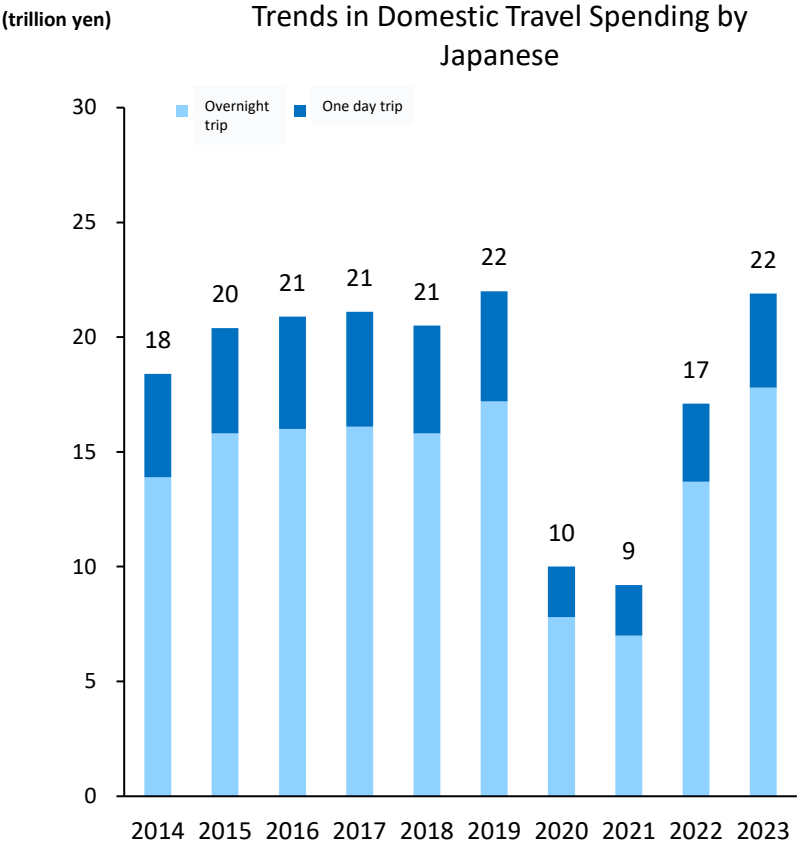


Source: IMF World Economic Outlook database (prepared by the Company)

# 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

# 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).



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

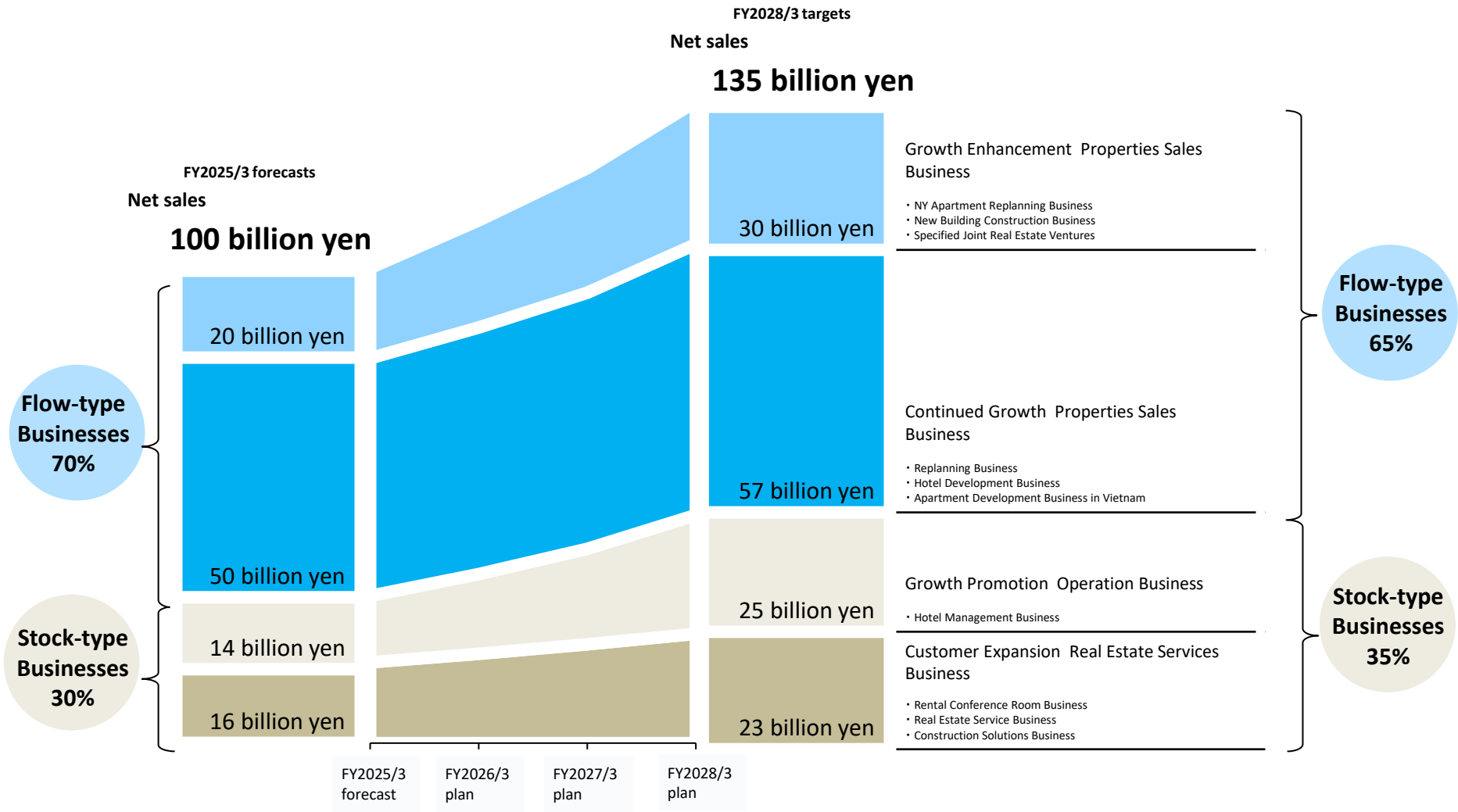
Working to resolve social issues by promoting core business tie-ups and diversification through customer-oriented manufacturing and heart-warming services



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



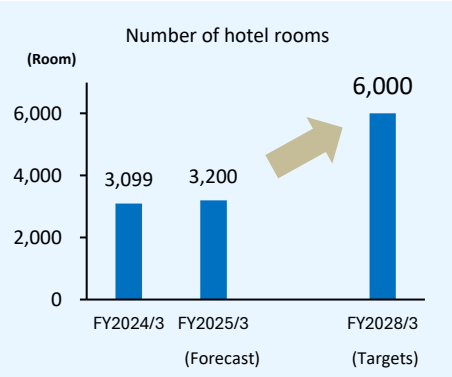
As we expand our business areas, we will diversify our flow-type businesses and increase the sales ratio of our stock-type businesses.



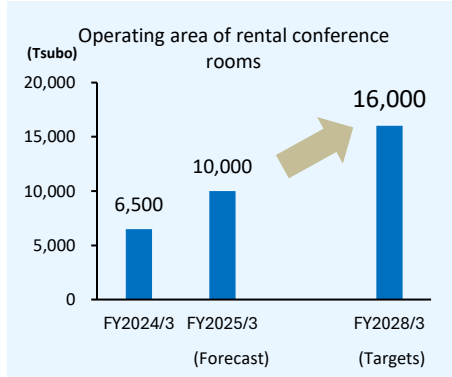
# Expanding the Business Base and Customer Base of Stock-Type Business



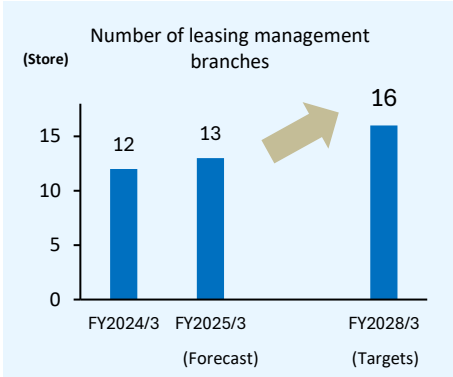
Accelerate growth of stock-type businesses and strengthen the stable earnings base of the Group as a whole



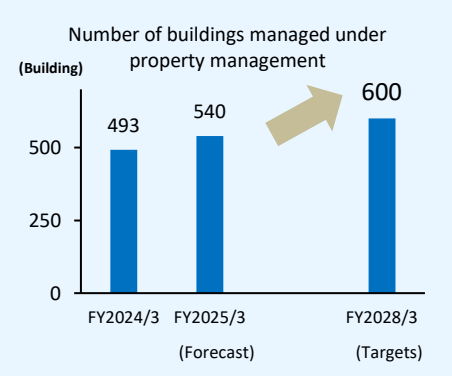
Promote development and M&A, aiming for 10,000 rooms



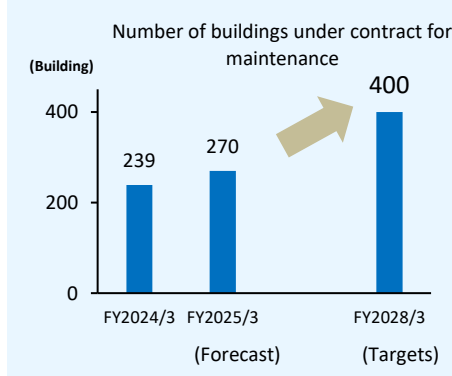
In addition to promoting business in the Tokyo area, planning to expand business in the Kansai area



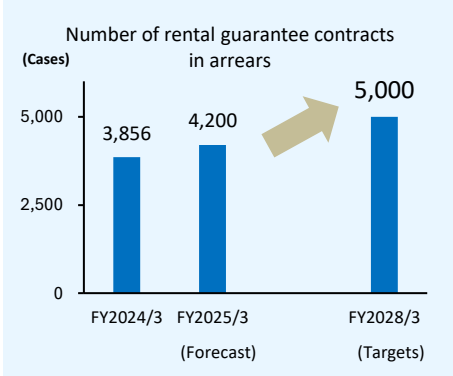
Strengthening community-based branch network in central Tokyo  
Further improve our ability to solve customer problems



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



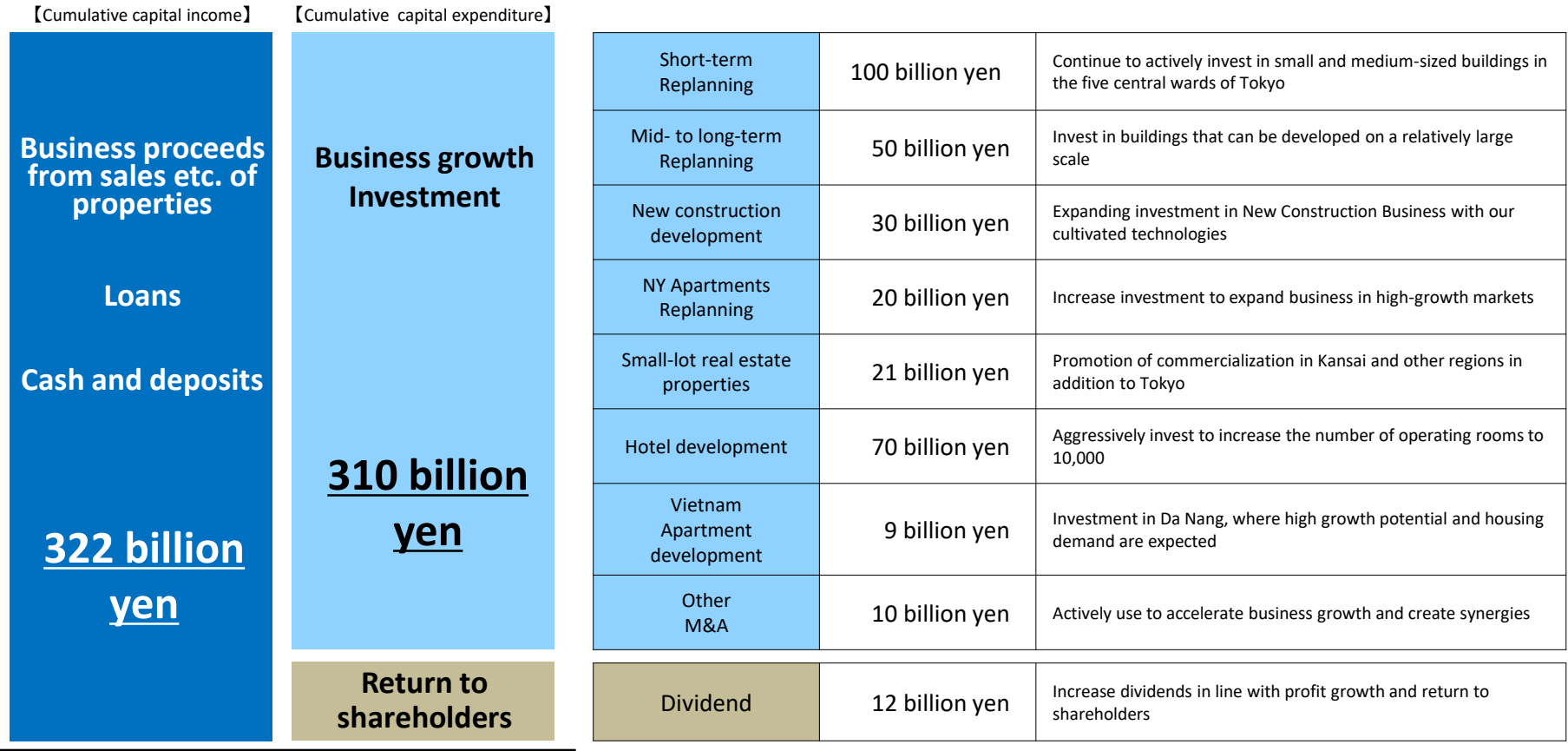
Specializing in Rent Guarantee Business for commercial buildings  
Focusing on new acquisitions and contract growth

# 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

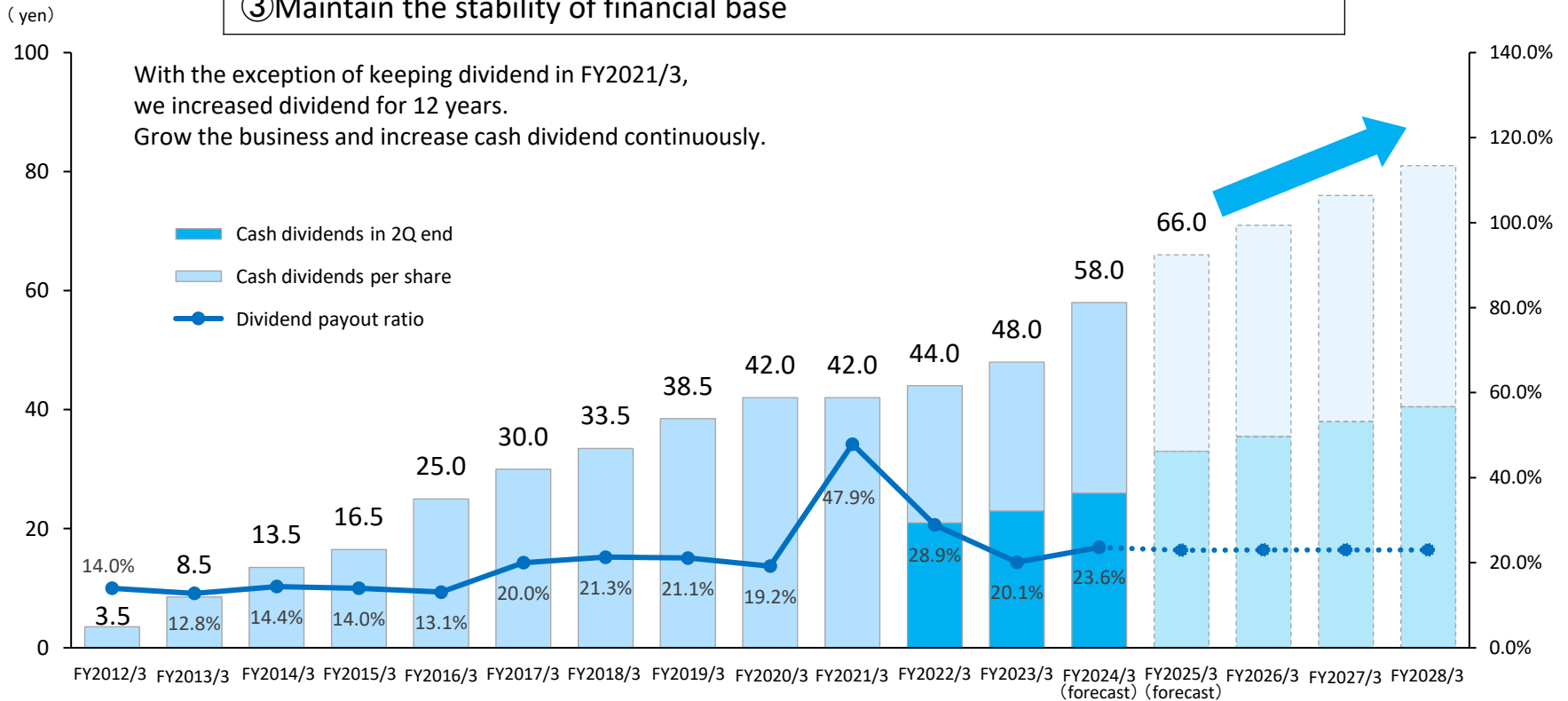


\* From FY3 / 25 to end-FY3 / 27, conversion of convertible bonds into shares is expected to progress at the end of each fiscal year, resulting in increased number of shares issued and outstanding.

# 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



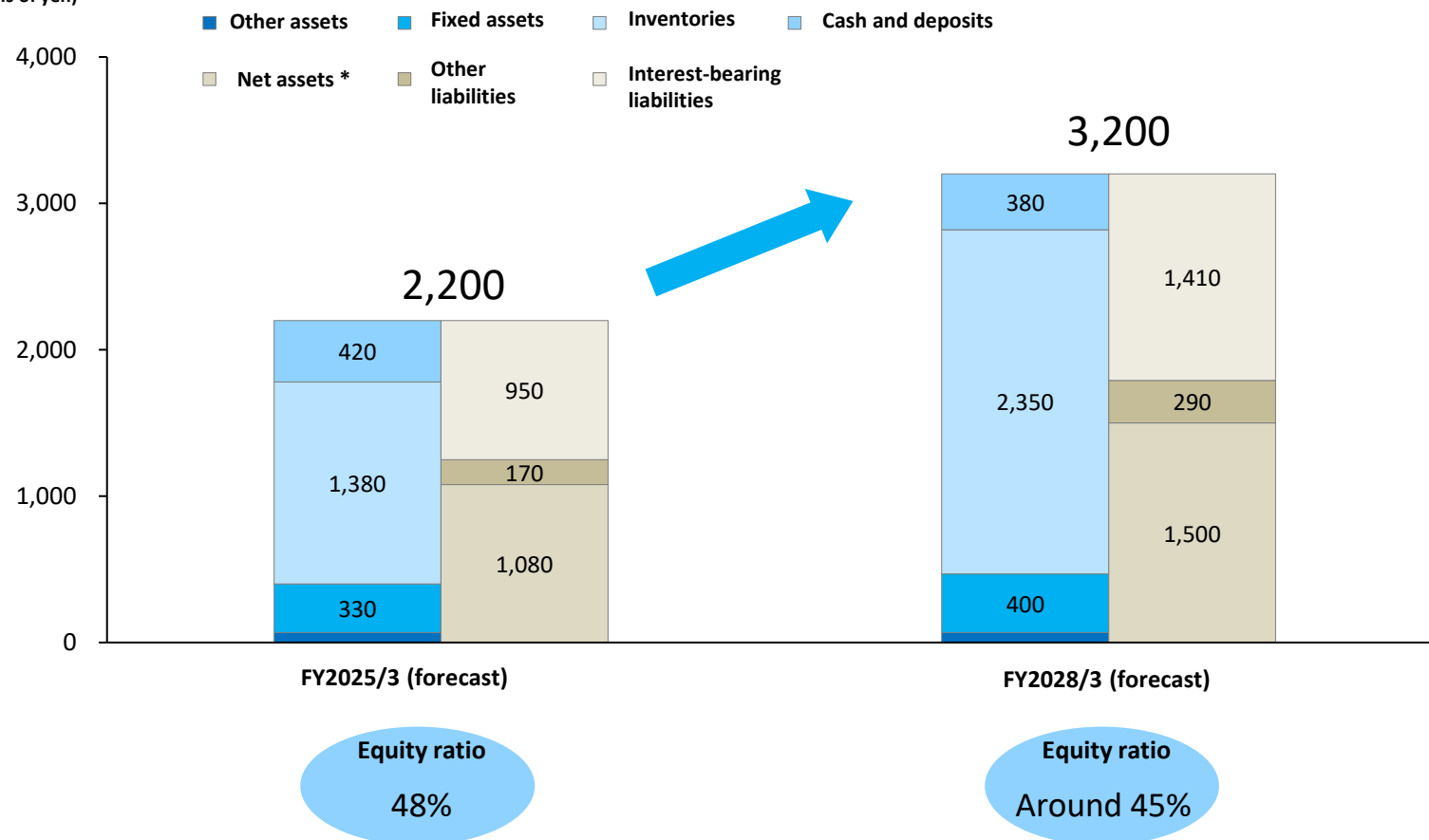
※1 Interim dividend started from FY2022/3

※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

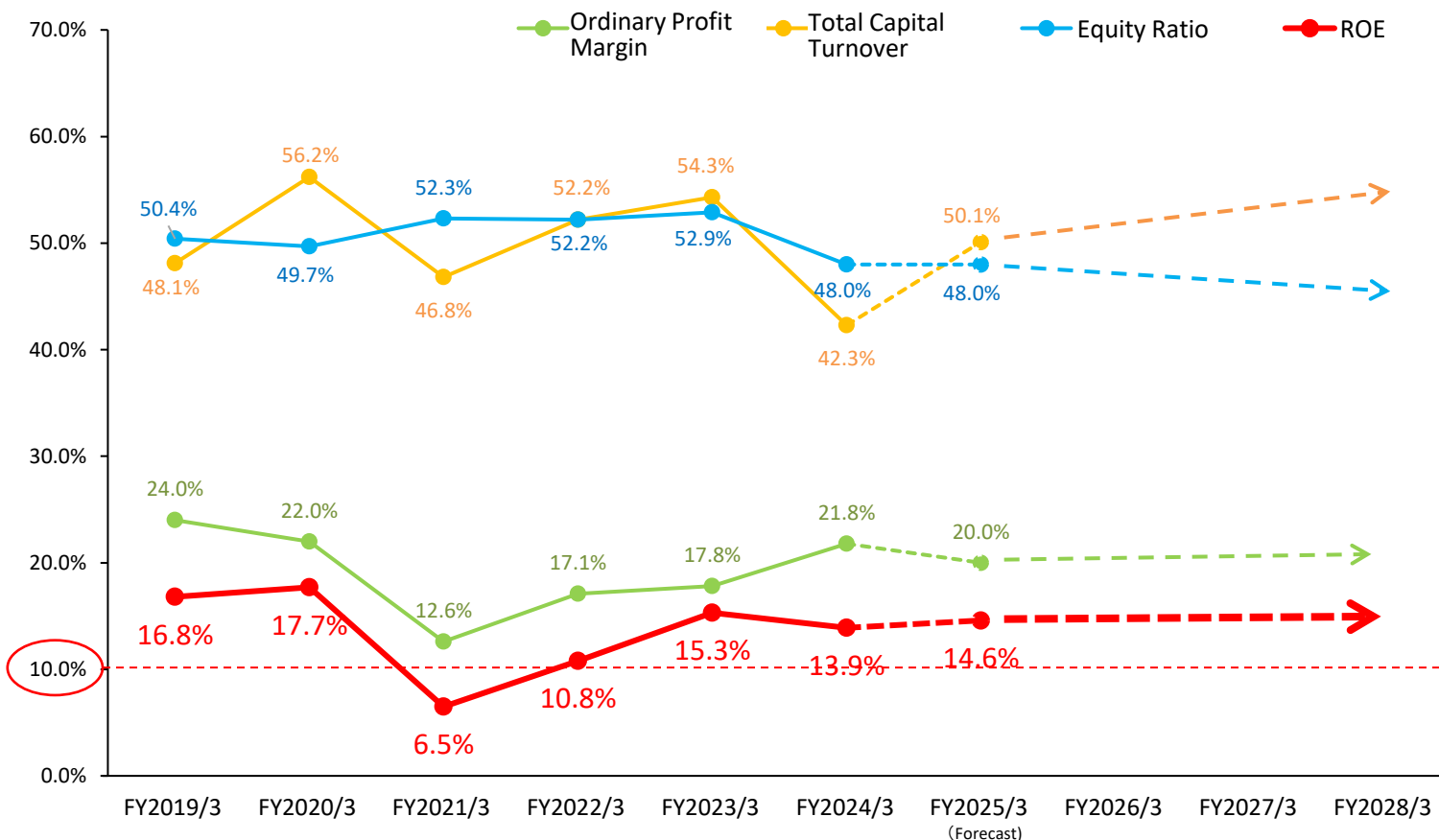
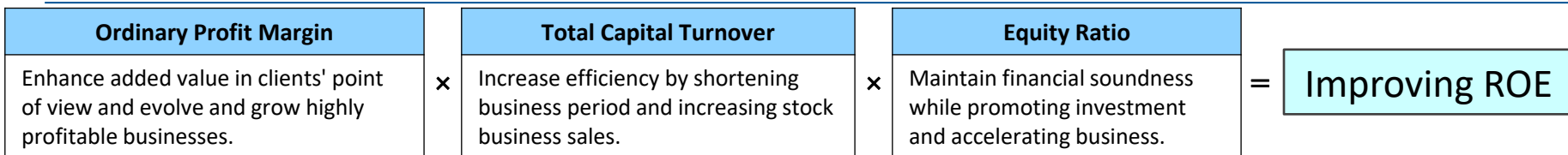
Expand total assets by investing more aggressively for future business growth while maintaining financial discipline

(100 millions of yen)

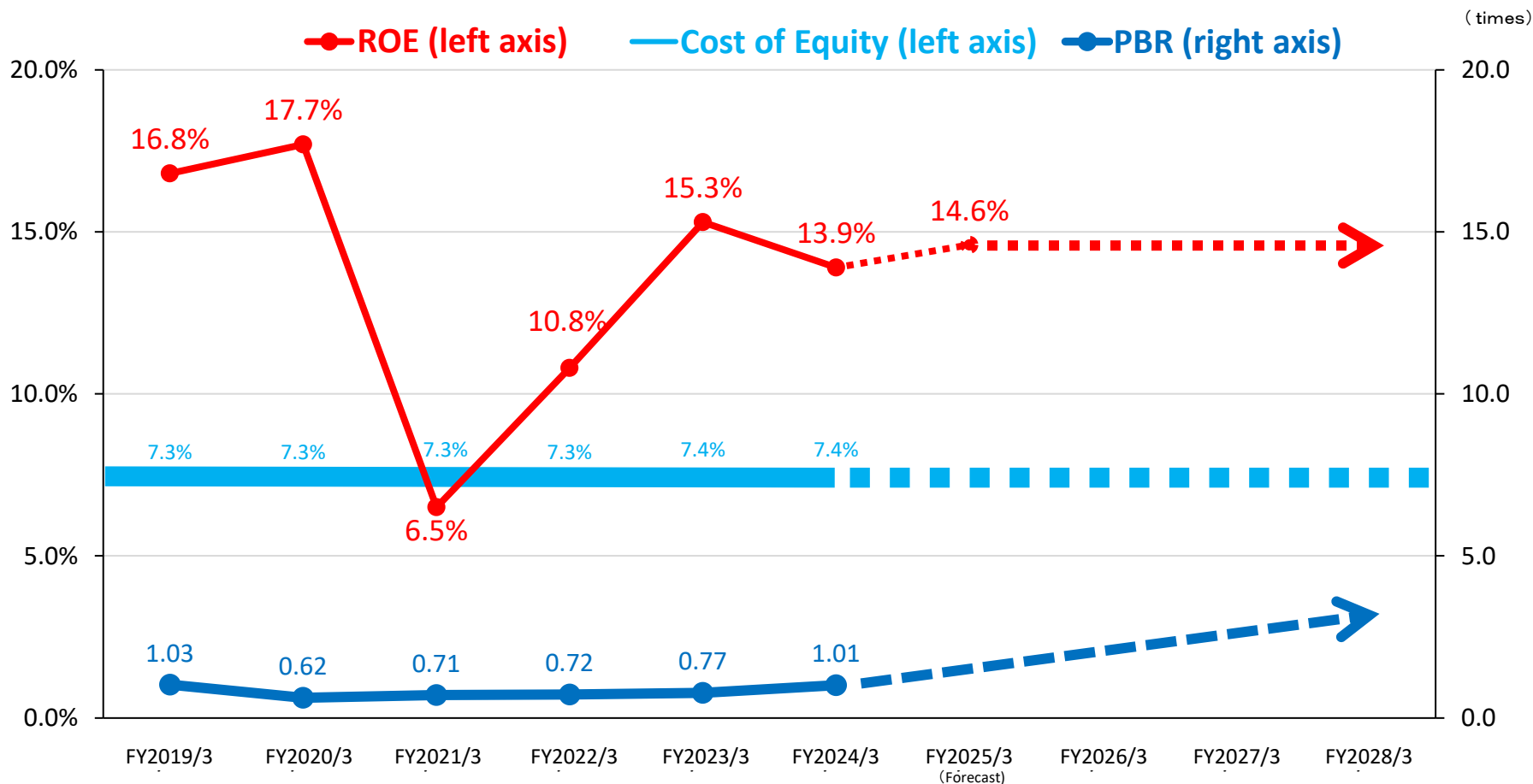


\* From FY2025/3 to end-FY2027/3, conversion of convertible bonds into shares is expected to progress at the end of each fiscal year.

# Trends for Each Indicator and Initiatives for ROE Improvement



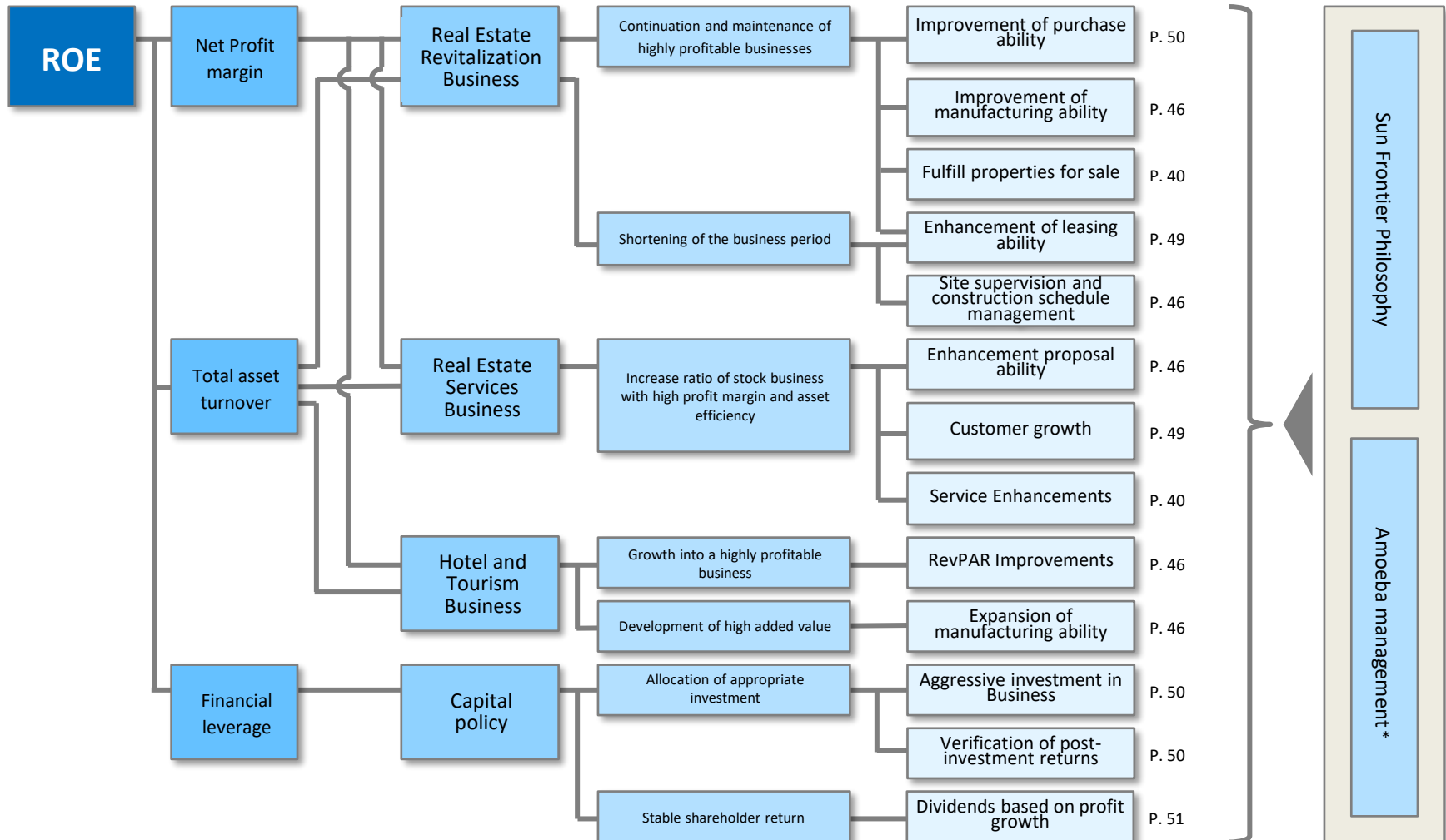
# Improve PBR by the initiatives for ROE Improvement



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

# Driver to improve ROE

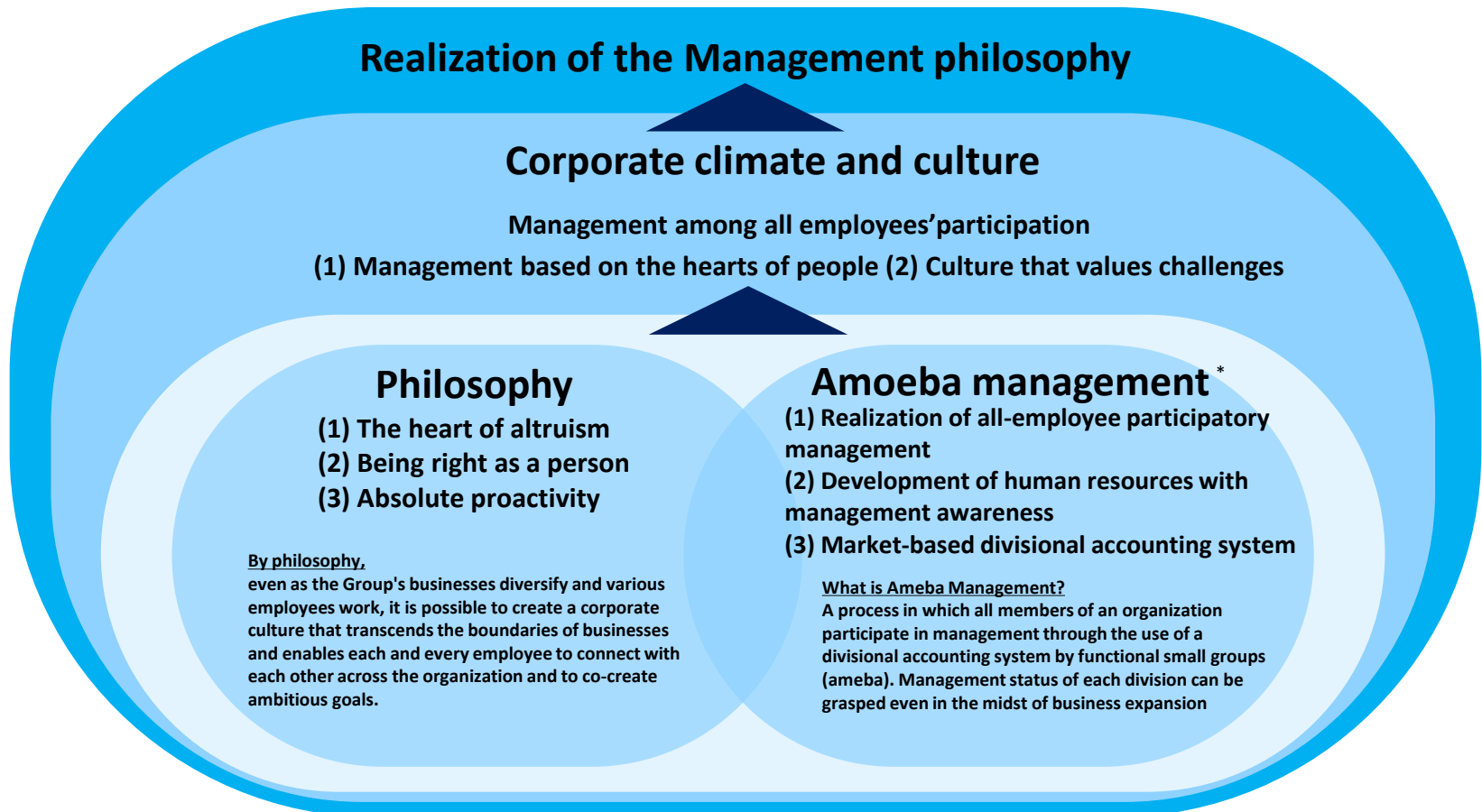
Keep employees in high engagement through Sun Frontier Philosophy and Ameoba Management. Promoting Business by the style of “All join to Management”.



\* Ameoba management is the registered trademark of KYOCERA Corporation.



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.

# 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, Seichi Saito.	Website for on-demand broadcast (including Q&A) <a href="https://www.sunfrt.co.jp/ir_info/ir_doc/on-demand.html">https://www.sunfrt.co.jp/ir_info/ir_doc/on-demand.html</a>
Individual IR meetings	Conducted individually as needed. (mainly handled by IR staff).	FY2024/3: 68 times (FY2023/3: 61 times)
Property visit	A hotel visit(Hiyori Hotel Maihama) held on July 12, 2023 for sell-side analysts and institutional investors.	
Web sites for investors	FISCO: <a href="https://web.fisco.jp/platform/companies/0893400">https://web.fisco.jp/platform/companies/0893400</a>	
Investor briefings	Participated in a seminar for individual investors hosted by the Securities Analysts Association of Japan (To be held on March 12, 2024 at the Nikkei Kayabacho Conference Room)	

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

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 <a href="https://www.sunfrt.co.jp/ir_info/stockholder_benefit_plan/">https://www.sunfrt.co.jp/ir_info/stockholder_benefit_plan/</a>



# Business Model

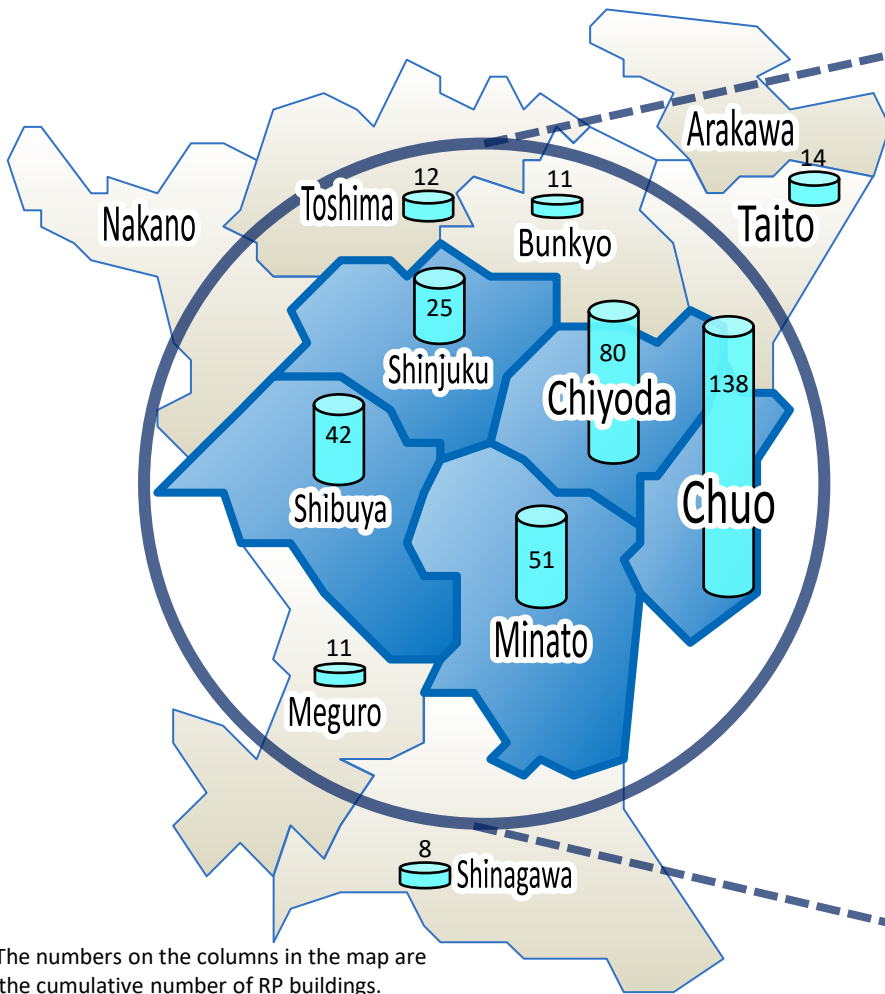
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**SUN FRONTIER**

# Strategy in Office Business

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

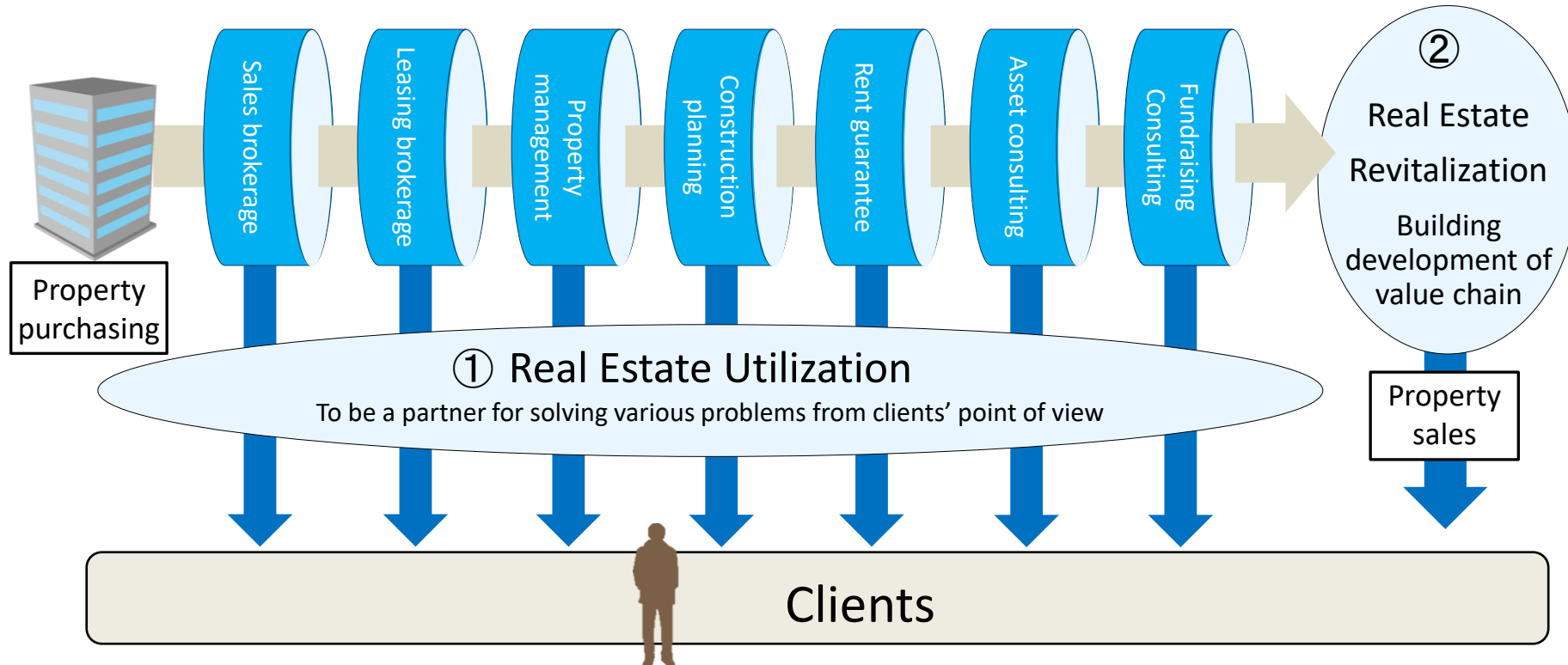


- RP** Of the total number of RP buildings, 483 buildings, 80% are in the five cities of central Tokyo and adjacent cities.  
\*As of the end of March 2024
- LM** Community-based 12 branches  
Ginza, Kanda, Nihonbashi, Kodemmacho, Kojimachi, Shinjuku, Shibuya, Gotanda, Hamamatsucho, Yokohama, Shimbashi, Ikebukuro
- PM** Of the 493 entrusted properties, over 80% are in the five cities of central Tokyo.  
\*As of the end of March 2024
- BM** Of the 239 buildings under comprehensive management, 85% are in the five cities of central Tokyo.  
\*As of the end of March 2024
- Rent Guarantee** Of the 7,853 cumulative new contracts signed, 90% are in the five cities of central Tokyo.  
\*As of the end of March 2024
- Rental Conference Room** 15 of the 14 sites are in the five cities of central Tokyo.  
\*As of the end of March 2024. The rest of one is in Yokohama

\* 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 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 3) Reduced financial burden**

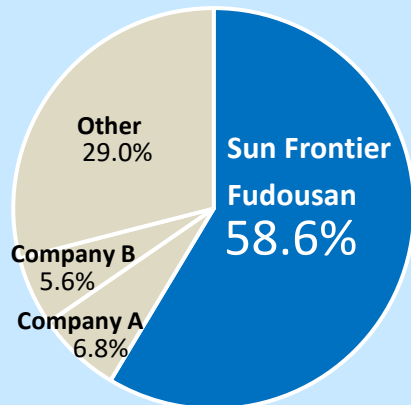
Significant cost reduction for office interiors, etc., and no interior assets recorded by tenants.

**Merit 4) Employment, motivation and productivity improvement**

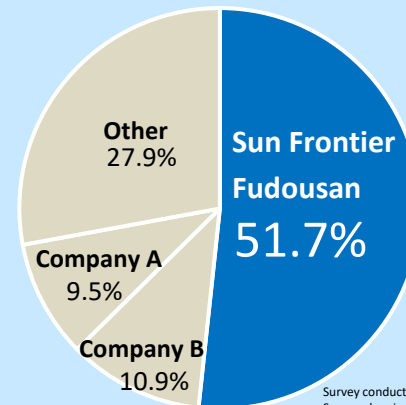
Improve employment of human resources, employee motivation, and office productivity by the office interior that pursues a high level of design, focusing on design, functionality, and various usage scenes.

## 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 September 2022  
 Survey planning: Sun Frontier Fudousan Co., Ltd.  
 Survey conducted: H. M. Marketing Research

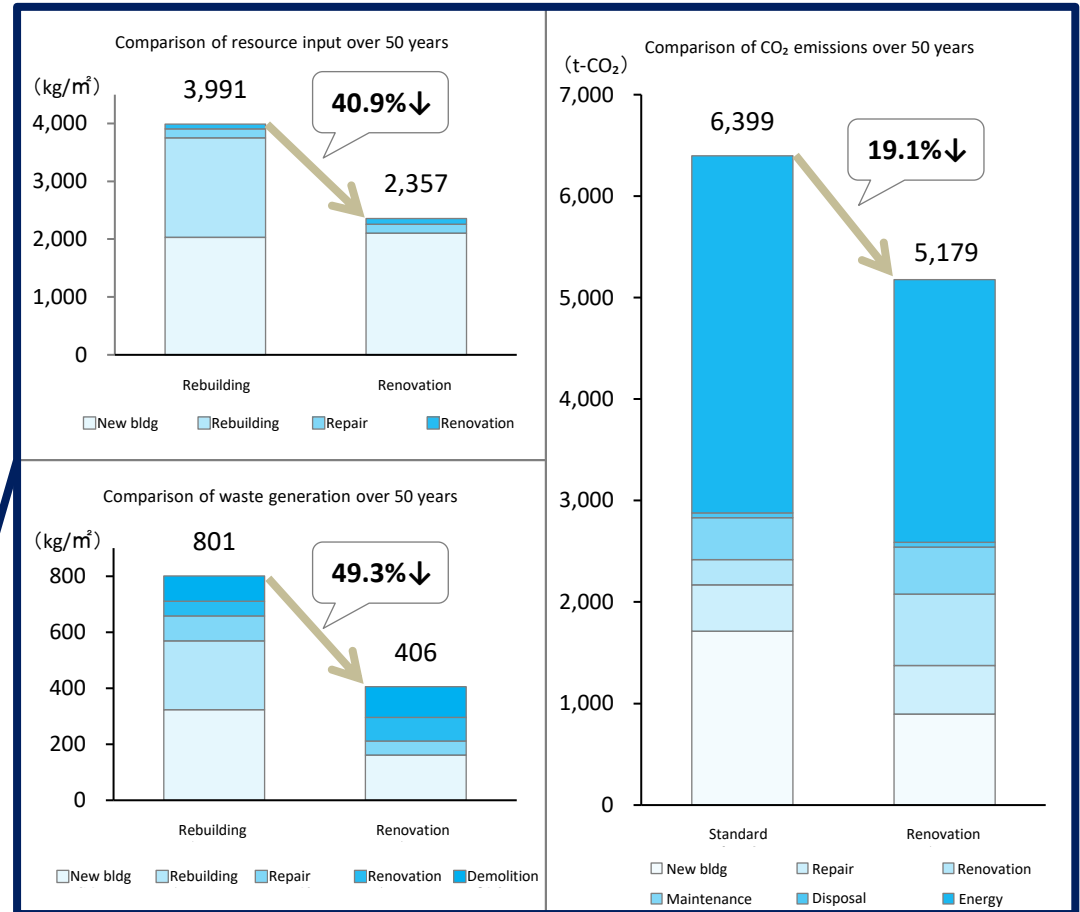
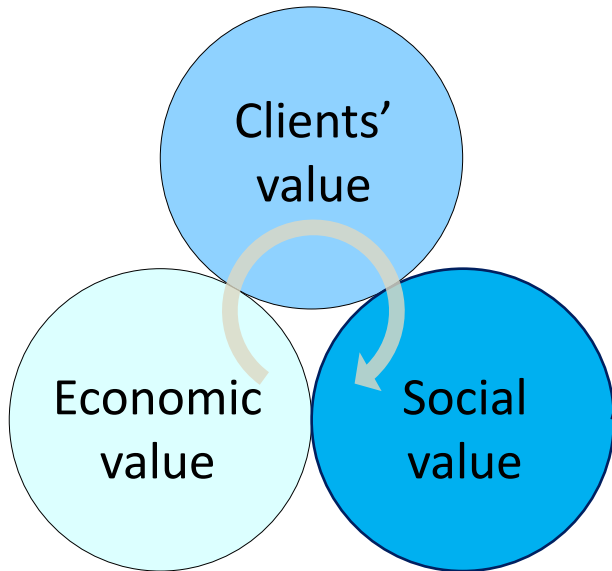
# Create both Customer Value and Social Value

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

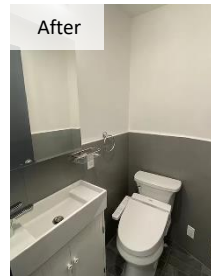


A 100-year-old brick apartment in Manhattan, New York



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

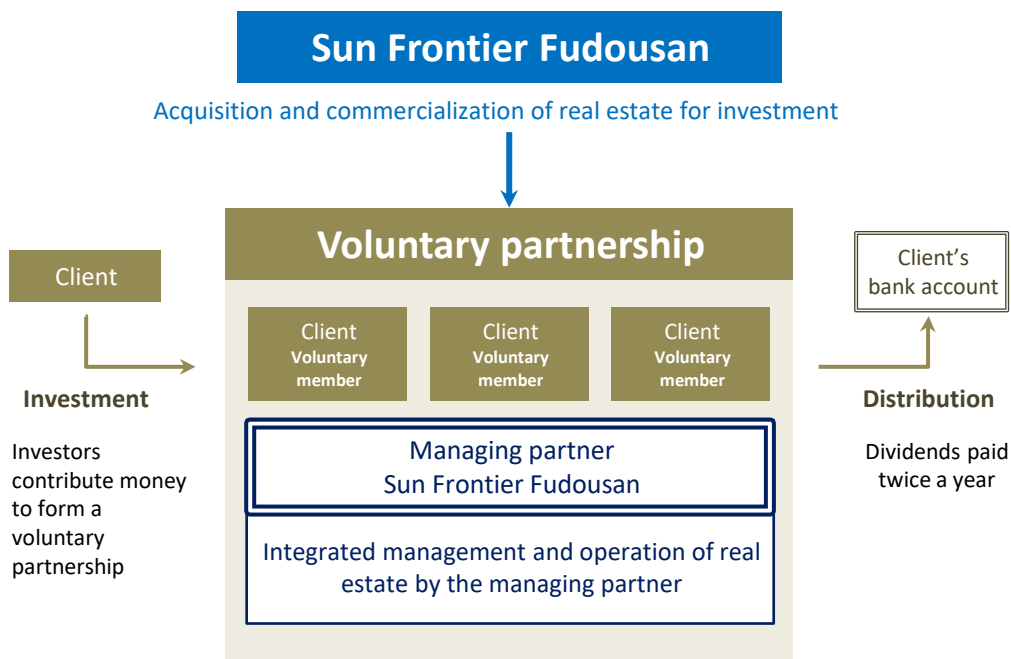
Sun Frontier will conduct both building management and lease operation after purchase.

# 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



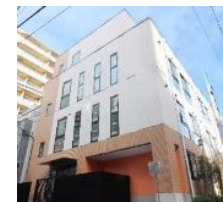
### Features of the Compass Series

- 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



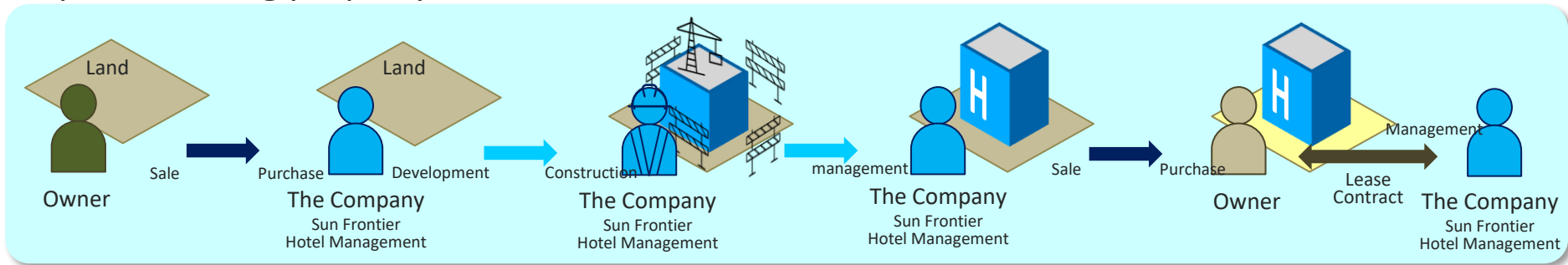
New Medical and Educational Mall in Ota-ku, Tokyo



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



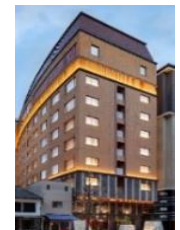
HIYORI Ocean Resort Okinawa  
 Opened in February 2021, sold and currently in operation



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



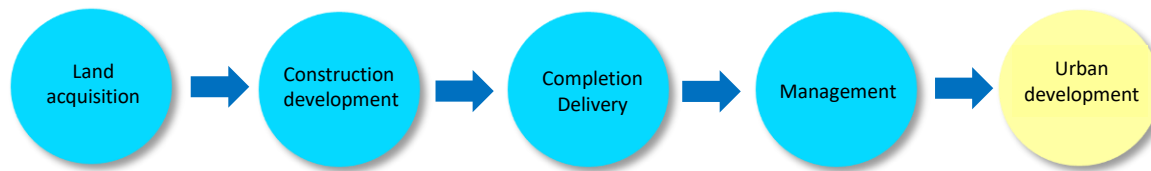
Tabino Hotel Iit Matsumoto  
 Opened in July 2021, currently in operation



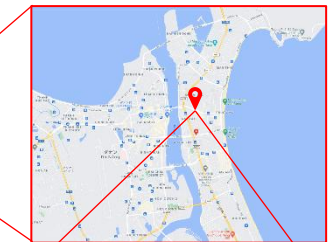
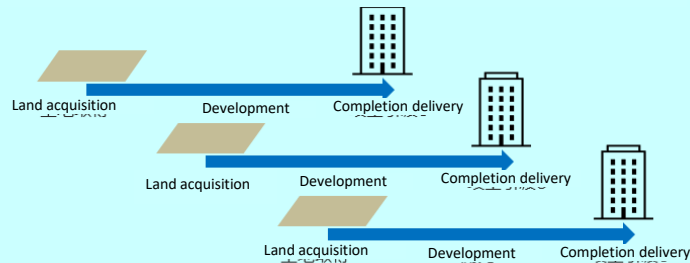
Sora Niwa Terrace Kyoto Bettei  
 Opened in June 2022, currently in operation

# Condominium Development Project in Vietnam

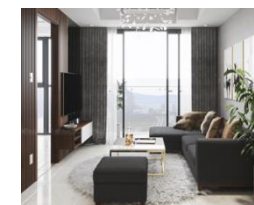
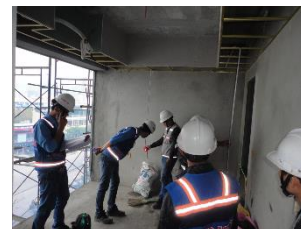
Specialized in condominium development, sales, management and brokerage in Da Nang, Vietnam, we are contributing to the improvement of the quality of local people's housing and the development of the city



Start development in a planned and continuous manner and contribute to future performance



Rooted in Vietnam, high construction quality, safe and organized beautiful construction site with local partners



# Regional Revitalization Business

## --Shima Yume Business--

We will energize the islands through tourism business!

When region becomes energized, Japan will be as well. As the number of visitors spurred by fascination (culture, history, nature, food, hot spring, hospitality and others) that Japan is proud of is rapidly increase, we challenge of regional revitalization business that focuses on the attractiveness and features unique to the regions to spread the "Wonderfulness of Japan."





# References Materials

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## Environment

As of March 31, 2024

Actual number of RP buildings



Total **483** buildings

**Carbon Offset**  
Cumulative total **3,015t**



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

RP construction  
**40 buildings**  
774t



Capital and business alliance  
Promoting the use of electricity storage systems



Capital and business alliance  
Promoting agrivoltaics

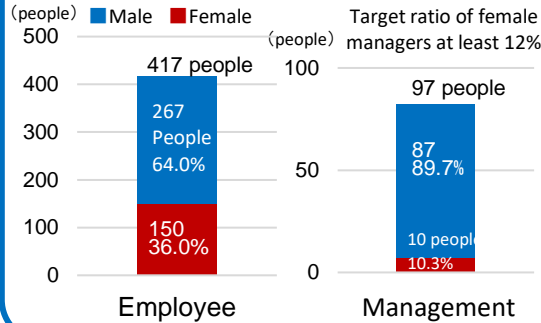


Acquired BELS for  
**9 properties**

## Social

As of March 31, 2024

Ratio of male and female employees in managerial positions

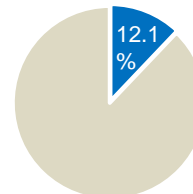


Childcare leave  
Utilization rate 100%



From childcare leave,  
100% return to work

Human resource development  
Aim to over 12%



Training 12.1% of working hours

## Governance

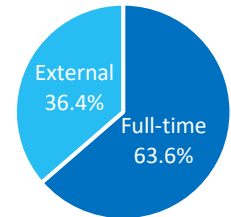
As of March 31, 2024

Transition to a company with Audit & Supervisory Committee

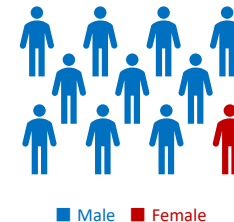
As of June 30, 2022



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

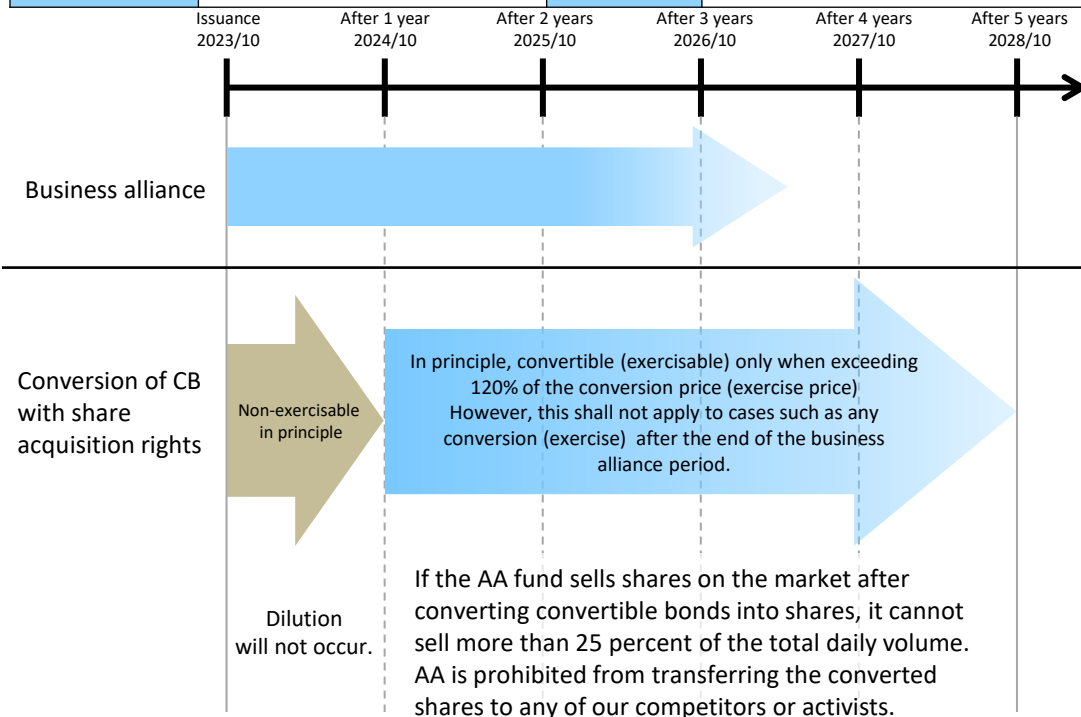
<https://www.sunfrt.co.jp/en/sustainability/>

- 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.

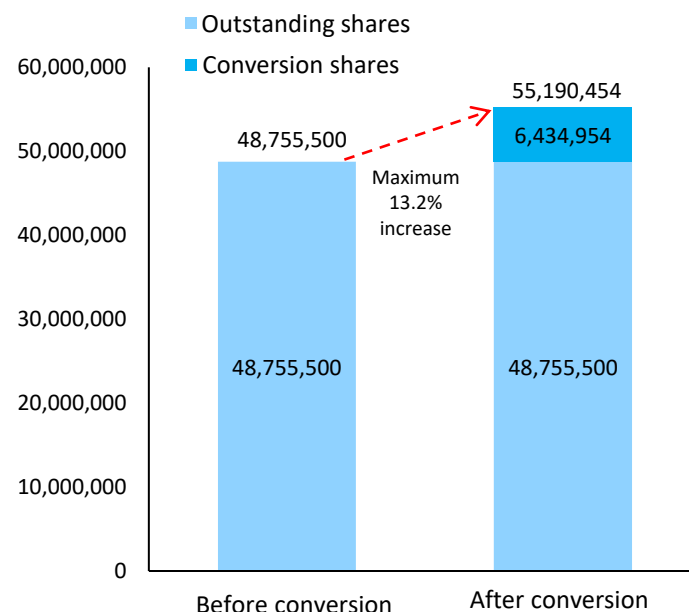
# Conversion conditions of CB

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

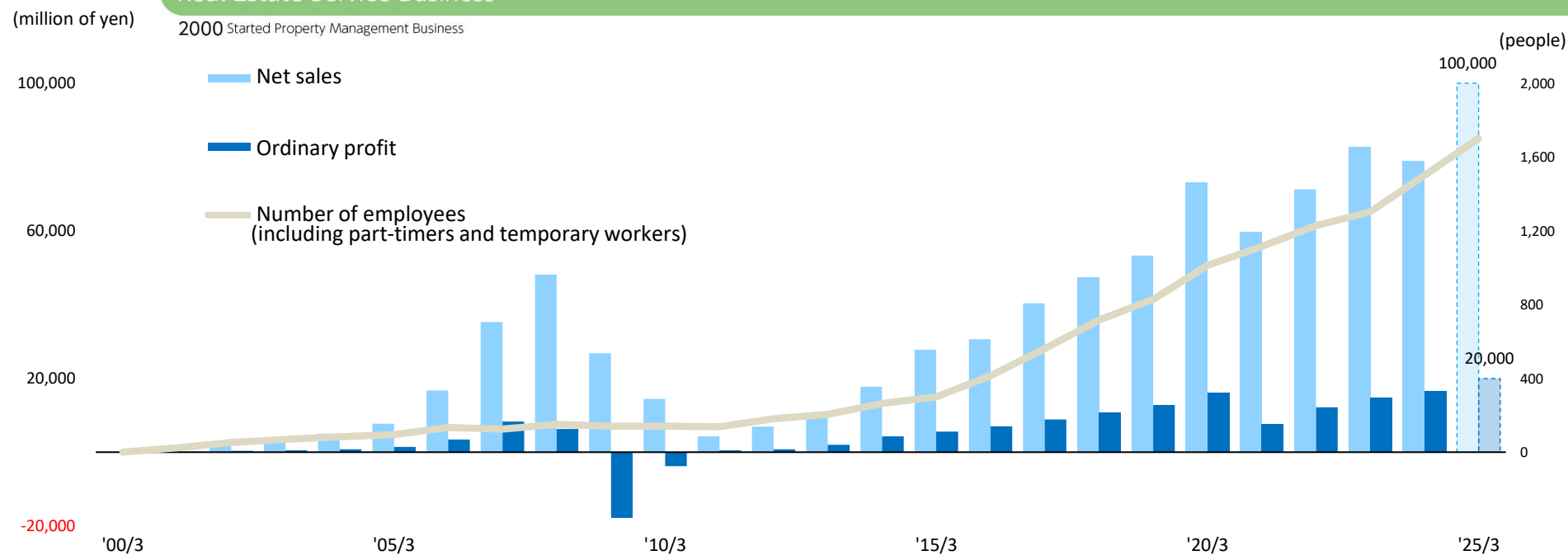
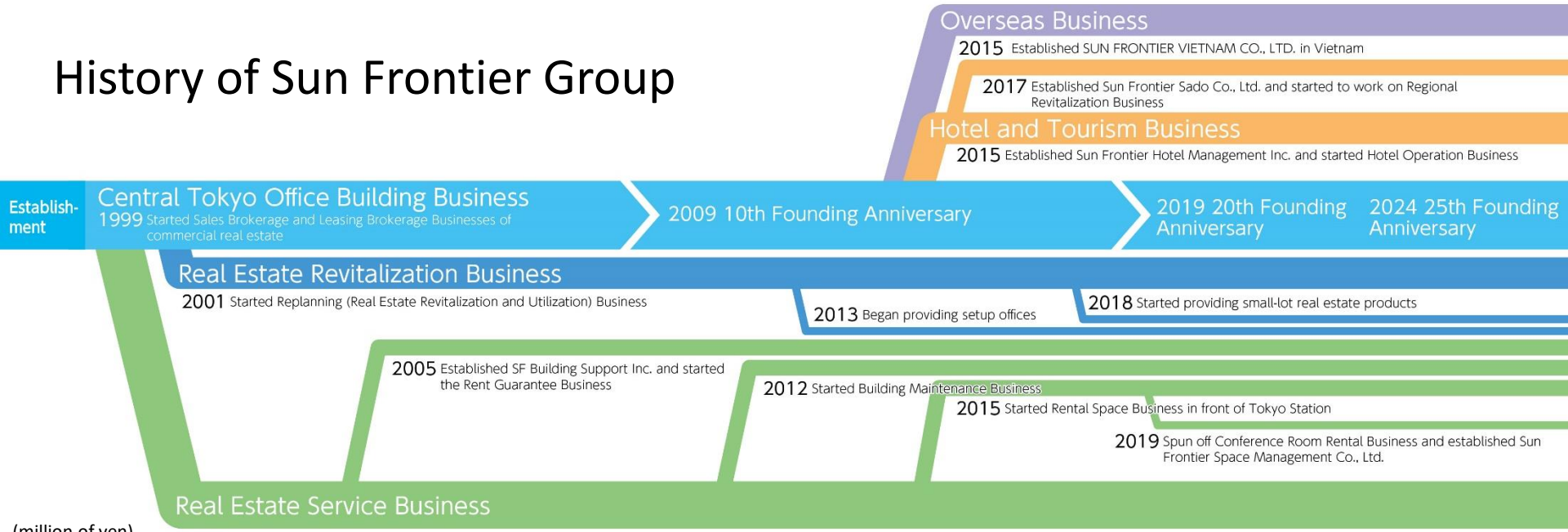


Possibility of Share Increasing due to the Conversion





# History of Sun Frontier Group



# Company Profile



<b>Company Name</b>	Sun Frontier Fudosan Co., Ltd.
<b>Location of Head Quarters</b>	1-2-2, Yurakucho, Chiyoda-ku, Tokyo
<b>Date of Foundation</b>	April 8, 1999
<b>Date of Listing</b>	February 26, 2007 (First Section of Tokyo Stock Exchange)
<b>Capital Stock *</b>	11,965 millions yen
<b>Representative</b>	Tomoaki Horiguchi, Chairman Representative Director Seiichi Saito, President Representative Director
<b>Number of Consolidated Employees *</b>	763 employees (1,417 including part-timers and temporary workers)
<b>Average Age of Employees*</b>	36.4 years old
<b>Business Profile</b>	<p><b>Real Estate Revitalization</b></p> <p><b>Real Estate Service</b> ( Properties Management, Brokerage, Construction Planning, Rent Guarantee, Rental Conference Room, Building Operations, Asset Consultation )</p> <p><b>Hotel Development and Operation</b></p> <p><b>Others</b></p>
<b>Accounting Month</b>	March
<b>Listed Market</b>	Tokyo Stock Exchange Prime (Code number: 8934)

\* As of the end of March 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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