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(Stock Exchange Code 8934)
June 2, 2025

To Shareholders with Voting Rights:

Sun Frontier Fudousan Co., Ltd.
Seiichi Saito, President and Representative Director
2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo

**NOTICE OF
THE 26th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

We would like to express our appreciation for your continued support and patronage.

Please be informed that the 26th Annual General Meeting of Shareholders of Sun Frontier Fudosan Co., Ltd. (the “Company”) will be held for purposes as described below.

For the convocation of this General Meeting of Shareholders, electronic provision of information (materials subject to electronic provision), which is the content of the Reference Documents, etc., has been implemented and posted on the following websites. Please access them to see the related information.

The Company's website: <https://www.sunfrt.co.jp/en/>

(Please access the above website and select “Shareholder and Investor Information” followed by “Stock Information”, “Annual General Meeting for shareholders” from the menu.)



The materials subject to electronic provision are also posted on the following website.

TSE website (TSE Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the above TSE website (TSE Listed Company Search), enter the name of the stock (Sun Frontier Fudousan Co., Ltd.) or securities code (8934), select “Basic information”, “Documents for public inspection/PR information”, then check “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” section of “Filed information available for public inspection”.



In lieu of attending the meeting, you may exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents listed in the “materials subject to electronic provision” and exercise your voting rights in accordance with the “Guide for Exercising Voting Rights” on page 4 by 6:00 p.m. on Monday, June 23, 2025 (JST).

Information of the 26th Annual General Meeting of Shareholders

1.	Date	2:30 p.m. (JST) on Tuesday, June 24, 2025 (The hall is scheduled to open at 1:30 pm.)		
2.	Location	Pulp & Paper Building, 2 nd Floor, Phoenix Hall, 3-9-11, Ginza, Chuo-ku, Tokyo		
3.	Agenda	Materials to be reported	1. Business Report, Consolidated Financial Statements, and the Results of Audits of the Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Committee for the 26th Fiscal Year (April 1, 2024 to March 31, 2025)	
			2. Non-consolidated Financial Statements for the 26th Fiscal Year (April 1, 2024 to March 31, 2025)	
		Materials to be resolved	Proposal	Election of Seven (7) Directors who are not Audit & Supervisory Committee Members

■ Other Matters

- After the conclusion of the General Meeting of Shareholders, we will hold an informal meeting with shareholders. We would appreciate your participation if your schedule permitted.
- To ensure timely information provision, the contents of this notice have been posted on the Company's website prior to its dispatch.
- Please note that no gifts will be provided to shareholders attending the General Meeting. We appreciate your kind understanding.
- If you attend the meeting, we kindly ask that you present the enclosed Voting Rights Exercise Form at the reception desk.
- If you wish to exercise your voting rights by proxy, only one shareholder with voting rights may attend the General Meeting of Shareholders as your proxy. In such case, please submit a document certifying the authority of representation, such as the power of attorney. (Persons who are not shareholders, including proxies who are not shareholders or accompanying individuals, may not attend the meeting.)
- If you exercise your voting rights both on the Voting Rights Exercise Form and via the Internet, the vote exercised via the Internet will be deemed valid.
- If the voting rights are exercised multiple times via the Internet, the last vote exercised will be treated as valid.
- If you do not indicate your approval or disapproval of the proposal on the Voting Rights Exercise Form, it will be treated as a manifestation of your approval.
- In accordance with laws and regulations as well as the provisions of the Company's Articles of Incorporation, among the materials subject to electronic provision, the following matters are not stated in the documents to be delivered to shareholders who have requested delivery of documents. The Audit & Supervisory Committee and the Accounting Auditor have audited the documents subject to audit, including the following items.

- (1) "Matters Related to the Company's Share Acquisition Rights, etc." "Matters Related to the Accounting Auditor" and "System for Ensuring Proper Business Operations and Overview of Operation Status" in the Business Report
- (2) "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
- (3) "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements

■ Information for Website Posting

- Any changes in the operation of the General Meeting of Shareholders will be posted on the Company's website at the following URL. (<https://www.sunfrt.co.jp/>)
- If there are any amendments made to the materials subject to electronic provision, such amendments will be posted on the respective websites listed.

■ Information on Preliminary Questions

To Shareholders who have questions

We welcome any opinions or questions shareholders may have regarding the agenda items of this Annual General Meeting, as they may serve as valuable input.

In addition, among the questions received in advance that relate to the agenda items of the General Meeting, those that are expected to be of high interest to many shareholders and can be appropriately answered by the Company will be addressed collectively before the Q&A session on the day of the meeting.

To facilitate preparation, we kindly ask that your questions be submitted by the specified deadline using one of the following methods:.

(Smart SR) Please refer to page 8 of the Notice of the General Meeting of Shareholders to send us your questions.
(Letter) Corporate Planning Division of Sun Frontier Fudousan Co., Ltd.
1-2-2 Yurakucho, Chiyoda-ku, Tokyo 100-0006
(Email) soukai2025@sunfrt.co.jp

Deadline




6:00 p.m. on Wednesday, June 18, 2025


- Please note that we do not promise to answer all questions we receive.
- Please note that we will not be able to answer the questions individually.
- Questions that were not answered at the General Meeting of Shareholders will be used for future reference.

Guide for Exercising Voting Rights

There are three ways to exercise the voting rights.

Please review the Reference Documents of the materials subject to electronic provision and exercise your voting rights.

Exercise the voting rights in writing	Exercise the voting rights via the Internet, etc.	Exercise the voting rights by attending on the day
 <p>Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and send back to us.</p>	 <p>Please review the information on page 6 of this notice, access the website for exercising voting rights from a smartphone or a computer, and indicate your approval or disapproval of the proposals.</p>	 <p>Please bring and submit the enclosed Voting Rights Exercise Form to the reception desk when attending.</p>
<p>Expiration Date</p> <p>By 6:00 p.m. on Monday, June 23, 2025</p>	<p>Expiration Date</p> <p>By 6:00 p.m. on Monday, June 23, 2025</p>	<p>Date</p> <p>2:30 p.m. on Tuesday, June 24, 2025</p>



Proposals No.1 and No.4

Approve >> Circle the "賛"

Disapprove >> Circle the "否"

Proposals No.1 and No.4

Approve everyone >> Circle the "賛"

Disapprove everyone >> Circle the "否"

Disapprove some candidate >> Circle the "賛". And write down the number of the candidate you disapprove.

*Shareholders who are willing to exercise the voting rights by proxy, may delegate the person who is also a shareholder and with the voting rights in accordance with the provisions of Article 18 of the Company's Articles of Incorporation. However, the Shareholders shall submit a document certifying the authority of representation.

For institutional investors	You can exercise your voting rights by electromagnetic means from the "Electronic Voting Rights Exercise Platform" operated by ICJ, Inc.
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Guide to Exercising Voting Rights via the Internet, etc.

How to read login QR code with
“Smart SR”

This is a method to log-in to the website of exercising voting rights without entering the code and password.

- 1 Please read the QR code at the bottom right of the Voting Rights Exercise Form.



*“QR code” is a registered trademark of DENSO WAVE INCORPORATED.

- 2 Please tap the “To voting rights exercise website” button at the top of the “Smart SR” screen. Please follow the instructions on the screen to indicate your approval or disapproval.



Please tap
“議決権行使サイトへ”

Shareholders could exercise the voting rights by
“Smart Exercise” **only one time**.

Shareholders who wish to change their vote, please access the website for PC, enter the code and password written on the Voting Rights Exercise Form to log-in, and exercise the voting rights again.

*Reading the QR code again could bring you to the website for PC too.

How to enter the code and password to
exercise the voting rights

Website for
exercising
voting rights

<https://soukai.mizuho-tb.co.jp/>

- 1 Please access the website for exercising the voting rights.



Please click “次へすすむ”

- 2 Please enter the code written on the Voting Rights Exercise Form.



Please enter the
“議決権行使コード”

Please click “次へ”

- 3 Please enter the password written on the Voting Rights Exercise Form.



Please enter the
“初期パスワード”

Please reset the password

Please click “登録”

- 4 Please follow the instructions on the screen to indicate your approval and disapproval.

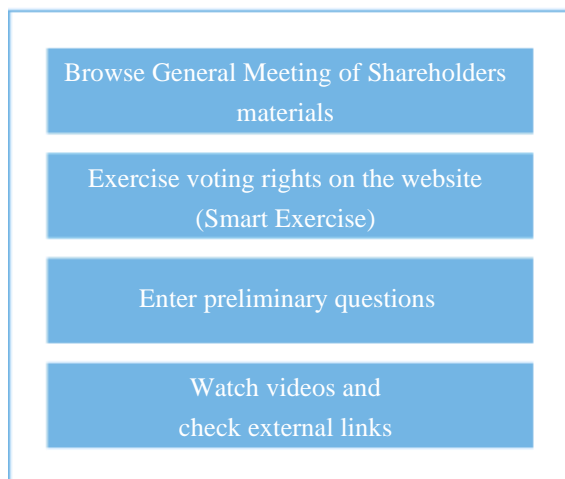
*This is an illustrative image.

Institutional investors can use the Electronic Voting Rights Exercise Platform for institutional investors operated by ICJ, Inc.

About “Smart SR”

“Smart SR” is a web service provided by Mizuho Trust & Banking that promotes the digitalization of dialogue between the Company and shareholders. By scanning the QR code on the Voting Rights Exercise Form, you can log in without entering your ID and password and use the following functions.

*“QR code” is a registered trademark of DENSO WAVE INCORPORATED.



(Please note)

The actual information provided varies depending on the issuing company. If you are unable to use “Smart SR” due to network issues, etc., please refer to the back of the right side of the Voting Rights Exercise Form, log in to the “Voting Rights Exercise Website” and exercise your voting rights.

“Smart SR” screen image (mobile)



Guide for Preliminary Questions

Shareholders can ask questions regarding the General Meeting of Shareholders' agenda on the "Smart SR" website. Questions that we believe are of particular interest to shareholders will be answered at the General Meeting of Shareholders as "answers to preliminary questions."

Deadline for questions

6:00 p.m. on Wednesday, June 18, 2025

How to submit questions

1. Submitting via a smartphone, tablet, etc.

- 1 Please scan the QR code at the bottom right of the Voting Rights Exercise Form.



- 2 Please press the "General Meeting of Shareholders Preliminary Questions" button on the "Smart SR" screen.



- 3 Transition to the "Preliminary Questions" screen. Please follow the instructions on the screen.



*"QR code" is a registered trademark of DENSO WAVE INCORPORATED.

2. Submitting via a PC, etc.

- 1 Please log in to "Smart SR" from the following URL by entering the voting rights exercise code and password on the back of the right side of the Voting Rights Exercise Form.

"Smart SR" URL

<https://smart-sr.m041.mizuho-tb.co.jp/SA>

「スマートSR」URL

<https://smart-sr.m041.mizuho-tb.co.jp/SA>



- 2 Please click the "General Meeting of Shareholders Preliminary Questions" button on the "Smart



- 3 Transition to the "Preliminary Questions" screen. Please follow the instructions on the screen.



Important notes

- Questions must be related to the agenda of this General Meeting of Shareholders.
- Each shareholder may ask up to three questions, each of which cannot exceed 200 characters.
- We may not be able to answer all questions. Please note that we will not be able to respond individually.
- Communication fees and other charges incurred in connection with the use of the service are borne by shareholders.

Proposal

Election of seven (7) Directors who are not Audit & Supervisory Committee Members

The terms of office of all eight (8) Directors who are not Audit & Supervisory Committee Members will expire at the conclusion of this general meeting of shareholders. Accordingly, the election of seven (7) Directors who are not Audit & Supervisory Committee Members is proposed. This proposal was discussed in the Audit & Supervisory Committee, but no particular opinions were expressed.

The candidates for Directors who are not Audit & Supervisory Board Members are as follows.

Candidate No.	Name	Sex	Current Positions and Responsibilities	Candidate Attributes	Attendance Rate of Board of Directors Meetings
1	Tomoaki Horiguchi	Male	Chairman Representative Director	Reappointment	94.4% (Attended 17 of 18 meetings)
2	Seiichi Saito	Male	President & CEO President Executive Officer	Reappointment	100% (Attended 18 of 18 meetings)
3	Izumi Nakamura	Male	Vice President Director Vice President Executive Officer Division Director, Entrusted Asset Management Division	Reappointment	100% (Attended 18 of 18 meetings)
4	Mitsuhiro Ninomiya	Male	Managing Director/Managing Executive Officer Division Director, Administration Division and Head of Sustainability Promotion Office	Reappointment	100% (Attended 18 of 18 meetings)
5	Kentaro Kawanishi	Male	Senior Executive Officer Deputy Division Director, Entrusted Asset Management Division Head of Property Management Business General Manager, Real Estate Solutions	New appointment	-
6	Keiichi Asai	Male	Outside Director	Reappointment Outside Independent	100% (Attended 18 of 18 meetings)
7	Kouichi Ishimizu	Male	Outside Director	Reappointment Outside Independent	100% (Attended 14 of 14 meetings)

(Notes) 1. There are no special interests or relationships between any of the candidates and the Company.

2. Mr. Keiichi Asai and Mr. Koichi Ishimizu are candidates for Outside Directors.

3. Mr. Keiichi Asai will have served as an Outside Director of the Company for three years as of the conclusion of this General Meeting of Shareholders.

4. Mr. Koichi Ishimizu will have served for one year as of the conclusion of this General Meeting of Shareholders.

5. The Company has entered into a liability limitation agreement with Mr. Keiichi Asai and Mr. Koichi Ishimizu pursuant to Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation. The maximum amount of liability for damages under the agreement is the amount prescribed by law. If they are elected as Directors, the Company plans to maintain this agreement.

6. The Company has designated Mr. Keiichi Asai and Mr. Koichi Ishimizu as Independent Directors pursuant to the rules of the Tokyo Stock Exchange and has submitted the necessary notifications. If elected, they will continue to serve as Independent Directors.

7. The Company has entered into a Directors and Officers (D&O) liability insurance policy with an insurance company, covering the Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries. This policy covers potential damages arising from claims related to the execution of their duties. If the candidates are elected as Directors, they will be included as insured persons under this policy. The policy is scheduled to be renewed with the same coverage terms at the next renewal. A summary of this insurance policy is provided in the Business Report under "Overview of the Directors and Officers Liability Insurance."



No.
1

Tomoaki Horiguchi

Reappointment

Born on April 21, 1958
2,483,074 shares held

Biography, Positions and Responsibilities at the Company

March 1990	Sun Frontier Co., Ltd. (merged company) President and Representative Director
April 1999	Established the Company, President and Representative Director
April 2020	Chairman and Representative Director of the Company (present)

Significant Concurrent Positions

Representative Director of Sun Frontier Hotel Management Inc.

Representative Director of Sun Frontier Sado Inc.

Reasons for selection as a candidate for Director

Mr. Tomoaki Horiguchi is the founder of the Company and has been leading the growth of the Company for many years as a President and Representative Director with his strong leadership and charisma and abundant experience in corporate management. Since stepping down as President and assuming the role of Chairman and Representative Director on April 1, 2020, he has been dedicated to developing the next generation of leaders and further strengthening the Company's management foundation to enhance the Group's long-term and sustainable corporate value. The Company believes that his extensive experience, accomplishments, and deep insight remain essential to its management, and is therefore recommending his reappointment as Director.



No.
2

Seiichi Saito

Reappointment

Born on June 9, 1960
88,266 shares held

Biography, Positions and Responsibilities at the Company

September 2005 Joined the Company
November 2005 Division Director of Administration Division of the Company
June 2006 Director and Division Director of Administration Division of the Company
June 2008 Senior Managing Director and Division Director of Administration Division of the Company
June 2012 Executive Vice President, Vice President Executive Officer and Division Director of Administration Division of the Company
June 2014 Representative Executive Vice President, Vice President Executive Officer and Division Director of Administration Division of the Company
April 2015 Representative Executive Vice President, Vice President Executive Officer and Division Director of Asset Management Division of the Company
April 2020 President and CEO , President Executive Officer (present)

Significant Concurrent Positions

CEO of Sun Frontier NY Co., Ltd.

Representative Director of SF Engineering Inc.

Reasons for selection as a candidate for Director

Mr. Seiichi Saito has extensive experience and a proven track record, having led the management of the Group as President and Chief Executive Officer. As Chairman of the Board of Directors, he has appropriately presided over important managerial matters and contributed to enhancing the Board's oversight function. Since succeeding Mr. Tomoaki Horiguchi, the founder, as President in 2020, he has played a key role in further advancing the Company and reinforcing the management foundation that supports the development of the next generation. The Company believes that he is well qualified to advance its Corporate Philosophy and enhance corporate value, and therefore recommends his reappointment as Director.



No.
3

Izumi Nakamura

Reappointment

Born on March 16, 1952
64,679 shares held

Biography, Positions and Responsibilities at the Company

September 2006	Joined the Company Head of Sales Administration Entrusted Asset Management Division
June 2008	Director and Division Director of Entrusted Asset Management Division of the Company
June 2012	Managing Director, Managing Executive Officer and Division Director of Entrusted Asset Management Division of the Company
June 2016	Senior Managing Director, Senior Managing Executive Officer and Division Director of Entrusted Asset Management Division of the Company
April 2020	Executive Vice President, Vice President Executive Officer and Division Director of Entrusted Asset Management Division of the Company (present)

Significant Concurrent Positions

Representative Director of SF Building Maintenance Inc.

Reasons for selection as a candidate for Director

Mr. Izumi Nakamura has demonstrated strong leadership in driving Real Estate Service Business such as leasing, property management and rent guarantee as Executive Vice President, Vice President Executive Officer and Division Director of Entrusted Asset Management Division. In addition, he supports the President and works to advance the Corporate Philosophy and enhance corporate value. The Company believes that, based on his extensive experience and deep knowledge in entrusted asset management, Mr. Nakamura is well suited to execute the Group's growth strategy and oversee its business divisions. Accordingly, the Company recommends his reappointment as Director.



No.
4

Mitsuhiro Ninomiya

Reappointment

Born on March 1, 1969
38,372 shares held

Biography, Positions and Responsibilities at the Company

September 2003	Joined the Company in Leasing Business Division
March 2006	General Manager of Property Management Business Division of the Company
October 2010	General Manager of Human Resources General Affairs Division of the Company
June 2014	Executive Officer of the Company
April 2018	Deputy Division Director of Administration Division and General Manager of Corporate Planning Division of the Company
April 2019	Deputy Division Director of Administration Division, General Manager of Corporate Planning Division and General Manager of Information System Division of the Company
July 2019	Deputy Division Director of Administration Division, General Manager of General Affairs Division and General Manager of Information System Division of the Company
April 2020	Division Director of Administration Division of the Company
June 2020	Director of the Company
October 2021	Head of Sustainability Promotion Office
April 2024	Managing Director, Managing Executive Officer, Division Director of Administration Division and Head of Sustainability Promotion of the Company (present)

Significant Concurrent Positions

None

Reasons for selection as a candidate for Director

Mr. Mitsuhiro Ninomiya has led the Administration Division as the Managing Director, Executive Officer, and Division Director of Administration Division, working to resolve management issues. He has also contributed to human resource development and the creation of a positive corporate culture by promoting and embedding the Corporate Philosophy, which forms the foundation of the Company. Based on his extensive knowledge and experience, the Company believes that he is well qualified to support the development and growth of its business from an administrative perspective and to contribute to the sustainable enhancement of corporate value. Accordingly, the Company proposes his continued appointment as Director.



No.
5

Kento Kawanishi

New appointment

Born on October 16, 1980
3,050 shares held

Biography, Positions and Responsibilities at the Company

February 2008	Joined the Company in Entrusted Asset Management Division, Property Management Business Department
April 2018	General Manager of Property Management 2nd Department of the Company
April 2020	Head of Property Management Business and General Manager of Property Management 2nd Department of the Company
June 2020	Executive Officer of the Company
April 2023	Head of Property Management Business, General Manager of Property Management 2nd Department and General Manager of Real Estate Solutions of the Company
April 2024	Senior Executive Officer, Deputy Division Director of Entrusted Asset Management Division, Head of Property Management Business, and General Manager of Real Estate Solutions of the Company (present)

Significant Concurrent Positions

None

Reasons for selection as a candidate for Director

As Senior Executive Officer and Deputy Division Director of Entrusted Asset Management Division, Mr. Kento Kawanishi has assisted the Division Director and made efforts to develop the Division. He has also served as the head of Property Management Business and Real Estate Solutions Business. He is well-versed in real estate operations and has led the growth of the Company's businesses by promoting cooperation across divisions. The Company has determined that he is a person capable of contributing to the further development and growth of the Company by leveraging his abundant knowledge and business experience and proposes that he be newly elected as Director.



No. 6	Keiichi Asai	Reappointment	Born on September 29, 1954 0 share held
		Outside	
		Independent	

Biography, Positions and Responsibilities at the Company

April 1978	Joined Mitsubishi Corporation
April 2009	Executive Officer, General Manager of the Energy Business Group CEO Office of the same company
April 2013	Vice President Director of Lithium Energy Japan Co., Ltd.
September 2014	President Representative Director of KH Neochem Co., Ltd.
June 2021	Outside Director (Audit and Supervisory Committee Member) of Cosmo Energy Holdings Co., Ltd. (present)
June 2022	Director of the Company (present)

Significant Concurrent Positions

Outside Director (Audit and Supervisory Committee Member) of Cosmo Energy Holdings Co., Ltd.

Reasons for selecting him as a candidate for Outside Director and an outline of his expected role

After joining Mitsubishi Corporation, Mr. Keiichi Asai has worked in various divisions of the oil business, including oil sales, supply and demand, and refining. He has been involved in international business in the energy sector for the most part, with assignments in the United States and India. In 2013, he was appointed Executive Vice President and Director of Lithium Energy Japan Co., Ltd., and in 2014, he became President and Representative Director of KH Neochem Co., Ltd., where he was responsible for overall corporate management. He possesses a wealth of knowledge and experience. Based on this extensive background, the Company believes he is well qualified to provide oversight and advice to management and appropriately fulfill his duties, and thus proposes his reappointment as an Outside Director.



No. 7	Koichi Ishimizu	Reappointment	Born on October 16, 1958 0 shares held
		Outside	
		Independent	

Biography, Positions and Responsibilities at the Company

April 1984	Joined Shimizu Corporation
February 1997	Director of Tokyo Branch Construction Department of the same company
July 2007	General Manager of Tokyo Building Construction Department No. 3, Building Construction Division of the same company
July 2008	General Manager of New Head Office Construction Division of the same company
April 2015	Executive Officer, Director of Hiroshima Branch of the same company
April 2017	Managing Officer in charge of the Tokyo Metropolitan Area, Director of Tokyo Branch of the same company
April 2020	Senior Managing Officer in charge of the Tokyo Metropolitan Area, Director of Tokyo Branch, Manager in charge of Nuclear Business of the same company
April 2021	Senior Managing Officer in charge of the Kansai Region, Director of the Yumeshima Project of the same company
April 2023	Standing Advisor of the same company
March 2024	Resigned from the same company
June 2024	Director of the Company (present)

Significant Concurrent Positions

None

Reasons for selecting him as a candidate for Outside Director and an outline of his expected role

Since joining Shimizu Corporation, Mr. Koichi Ishimizu has consistently been involved in on-site construction work. He has overseen all aspects of building construction management, including procurement, project initiation, and completion. He also has extensive experience in corporate management, having served as Managing Officer and Senior Managing Officer. Based on his deep knowledge and experience in both field operations and corporate management, the Company believes he is well qualified to provide supervision and advice to the Group and therefore proposes his reappointment as an Outside Director.

(Reference)

Management system after proposals are approved (planned)

Main expertise and experience we expect from Directors who are not an Audit & Supervisory Committee Member are as follows.

Name	Sex	Expected expertise and experience * Up to 4 main items are listed.							
		Corporate management	Real estate	Accounting/ Finance	Legal/ Compliance/ Risk Management	HR/Labor/ HR Development	CSR/ ESG/ Sustainability	M&A	Overseas
Tomoaki Horiguchi	Male	●	●			●		●	
Seiichi Saito	Male	●	●	●					●
Izumi Nakamura	Male	●	●	●				●	
Mitsuhiro Ninomiya	Male				●	●	●		
Kentaro Kawanishi	Male		●				●		
Keiichi Asai	Male	●						●	●
Koichi Ishimizu	Male	●	●						

Main expertise and experience we expect from Directors who are an Audit & Supervisory Committee Member are as follows.

Name	Sex	Expected expertise and experience * Up to 4 main items are listed.							
		Corporate management	Real estate	Accounting/ Finance	Legal/ Compliance/ Risk Management	HR/Labor/ HR Development	CSR/ ESG/ Sustainability	M&A	Overseas
Shinichi Tominaga	Male		●	●	●				
Kazutaka Okubo	Male			●	●		●		
Yukiko Eda Hiro	Female				●	●			

The above does not represent all the knowledge and experience possessed by each director.

(Reference)

“Independence Criteria for Outside Directors”

To ensure the independence of Outside Directors from a practical perspective, the Company selects candidates for Outside Director who satisfy the Company's own independence criteria in addition to the standards set by Companies Act and the Tokyo Stock Exchange.

The Company's “Independence Criteria for Outside Directors” are disclosed on the Company's website.

https://www.sunftr.co.jp/sustainability/en/governance/independence_criteria/

(Reference)

Evaluation of the effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors once a year and uses the results to improve the effectiveness. Please refer to the Corporate Governance Report for the results of the latest Board of Directors Effectiveness Evaluation.

https://www.sunftr.co.jp/sustainability/en/governance/corporate_governance/

1. Status of the Corporate Group

(1) Progress and Results of Operations

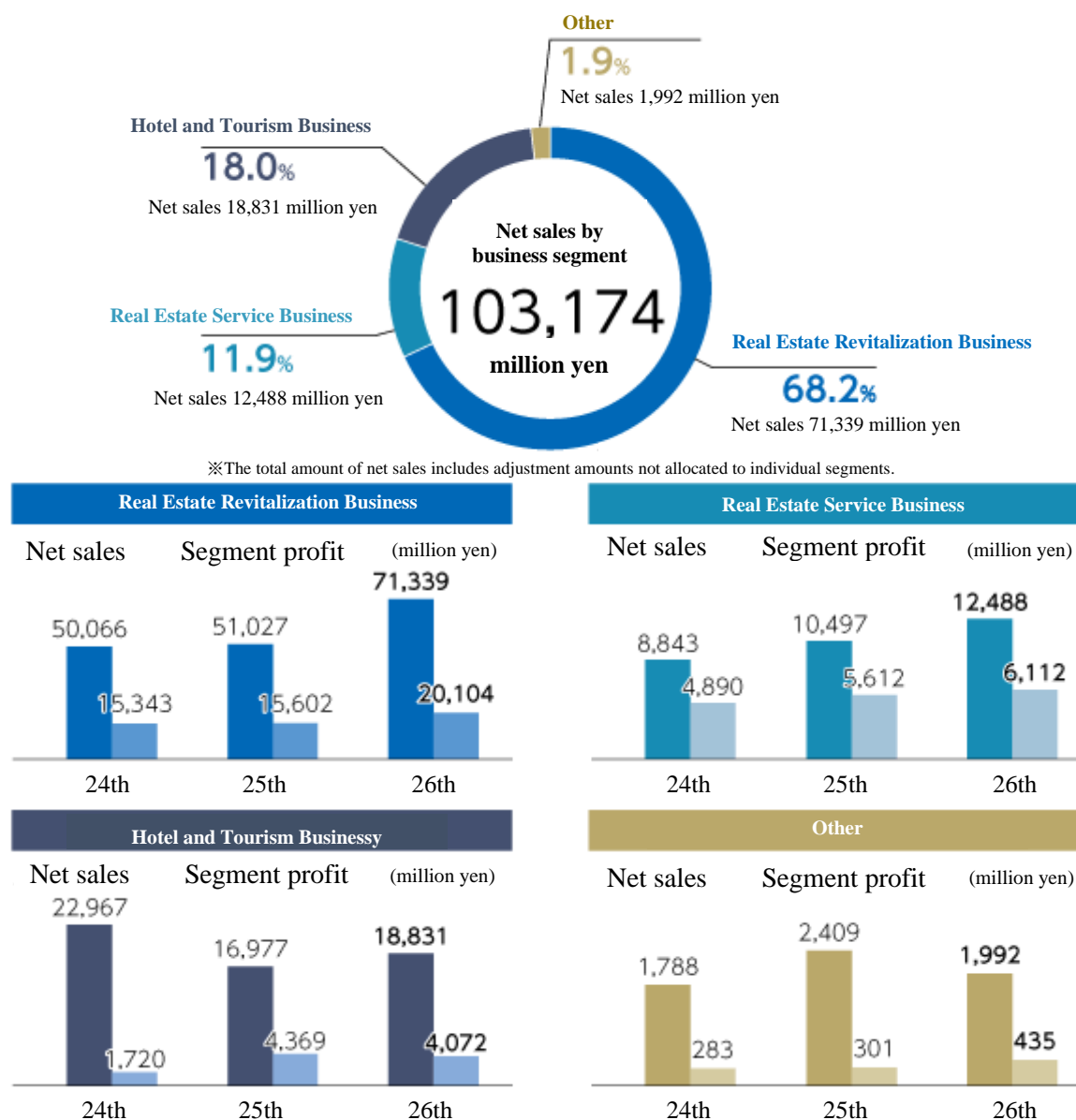
The Japanese economy continued its moderate recovery trend. At the Monetary Policy Meeting held in April 2025, the Bank of Japan decided not to raise interest rates again, partly due to the impact of the U.S. tariff policy. Although the rise in domestic interest rates has temporarily calmed down, it is still necessary to closely monitor developments in the financial environment. In addition to changes in the policy direction of the United States, the global economy has been affected by the slowdown in the Chinese economy and geopolitical risks, and uncertainties about the future have not been eliminated.

In the real estate market, as the new supply of office buildings began to decline and the trend towards returning to offices progressed, rents have continued to rise and the vacancy rate has continued to improve. Although the supply is also expected to increase as several large-scale office buildings are scheduled to be completed in 2025, the impact on the market is expected to be limited. In the real estate investment market, funding costs remain at low levels compared to Europe and the United States. As a result, high-net-worth individuals and institutional investors, particularly in Asia, continue to show interest in investing in stable income properties. In the hotel and tourism market, the occupancy rates and average room rates of accommodation facilities are on an upward trend due to an increase in domestic travel demands and foreign visitors to Japan (i.e., inbound tourists). On the other hand, issues such as labor shortage and overtourism are becoming apparent.

In this business environment, the Group's Office Building Business is promoting the renovation of offices to accommodate hybrid work styles that combine work from the office and home, and also focusing on the commercialization of office buildings that have acquired environmental certification. Sales of properties in the current period progressed as planned and the full-year forecast was achieved. Regarding the purchase of properties, we are making steady progress toward sustainable growth in the Medium-term Management Plan 2028 and beyond while carefully watching market changes. In the Hotel Business, construction work is proceeding smoothly for the opening of new hotels in the future. In terms of operations, the occupancy rates and average room rates rose significantly due to the enhancement of hospitality and marketing, leading to the business expansion. As a result, we achieved the quantitative target of net sales and profit set in the previous Medium-term Management Plan, which ended in the fiscal year ended March 2025, and set a new record in the current period.

As a result, net sales amounted to 103,174 million yen (up 29.2% YoY), operating profit amounted to 21,279 million yen (up 20.9% YoY), ordinary profit amounted to 20,446 million yen (up 17.7% YoY) and profit attributable to owners of parent amounted to 14,163 million yen (up 18.8% YoY).

Net sales by business segment for the current fiscal year (reference)



(2) Capital Expenditures

The Group's capital expenditure in the fiscal year ended March 31, 2025 was 4,833 million yen, mainly for the acquisition of hotel facilities (4,302 million yen).

(3) Financing Activities

During the fiscal year ended March 31, 2025, the Company has not made any noteworthy fund procurement.

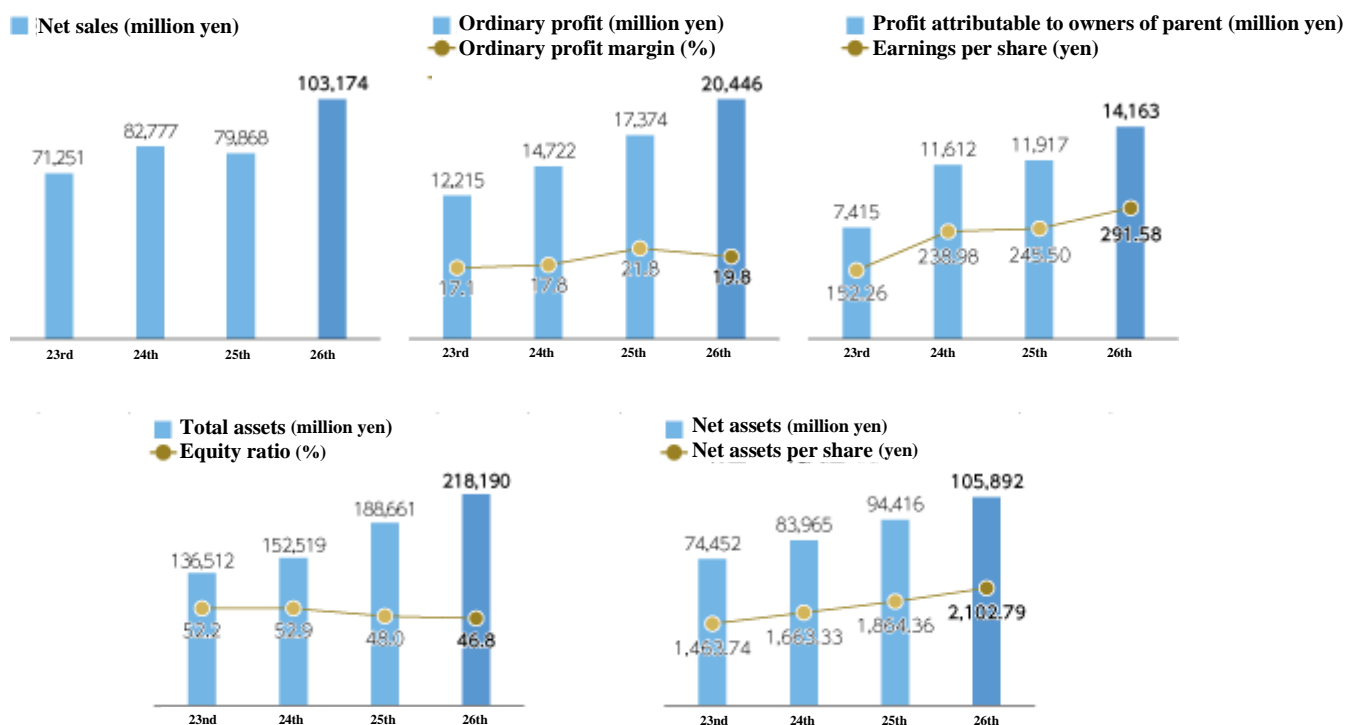
(4) Trends in Assets and Income

(i) Consolidated Assets and Income of the Corporate Group

		FY2022/3	FY2023/3	FY2024/3	FY2025/3 (current period)
Net Sales	(million yen)	71,251	82,777	79,868	103,174
Ordinary Profit	(million yen)	12,215	14,722	17,374	20,446
Ordinary Profit Ratio	(%)	17.1	17.8	21.8	19.8
Profit Attributable to Owners of Parent	(million yen)	7,415	11,612	11,917	14,163
Earnings per Share	(yen)	152.26	238.98	245.50	291.58
Total Assets	(million yen)	136,512	152,519	188,661	218,190
Equity Ratio	(%)	52.2	52.9	48.0	46.8
Net Assets	(million yen)	74,452	83,965	94,416	105,892
Net Assets per Share	(yen)	1,463.74	1,663.33	1,864.36	2,102.79

Note 1. The Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP) are included in the number of treasury shares deducted from the weighted average number of common shares during the period and from the total number of shares outstanding at the end of the fiscal year under review. Moreover, the number of the Company's shares held by the trust account at the end of the fiscal year under review was 128,300 shares.

Note 2. "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the "Revised Accounting Standard of 2022") and such have been applied from the beginning of the 26th fiscal year, and the figures for major management indicators, etc. for the 26th fiscal year have been restated to reflect the retrospective application of these standards. The Company adopted the transitional treatment in the proviso to Section 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso to Section 65-2(2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). As a result, the figures for major management indicator, etc. for the 26th fiscal year are the figures after the application of these accounting standards.



(ii) Non-consolidated Assets and Income of the Company

	FY2022/3	FY2023/3	FY2024/3	FY2025/3 (current period)
Net Sales (million yen)	59,563	52,097	52,929	72,930
Ordinary Profit (million yen)	14,356	11,753	11,614	15,339
Profit (million yen)	9,284	7,871	7,953	10,821
Earnings per Share (yen)	190.65	161.98	163.85	222.78
Total Assets (million yen)	124,800	137,212	168,972	186,019
Net Assets (million yen)	74,432	79,859	85,382	93,100
Net Assets per Share (yen)	1,527.80	1,645.34	1,757.95	1,915.70

Note 1. The Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP) are included in the number of treasury shares deducted from the weighted average number of common shares during the period and from the total number of shares outstanding at the end of the fiscal year under review. Moreover, the number of the Company's shares held by the trust account at the end of the fiscal year under review was 128,300 shares.

Note 2. "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the "Revised Accounting Standard of 2022") and such have been applied from the beginning of the 26th fiscal year, and the figures for major management indicators, etc. for the 26th fiscal year have been restated to reflect the retrospective application of these standards. The Company adopted the transitional treatment in the proviso to Section 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso to Section 65-2(2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). As a result, the figures for major management indicator, etc. for the 26th fiscal year are the figures after the application of these accounting standards.

(5) Material Subsidiaries

Name	Share capital	Investment ratio	Major businesses
SF Building Support Inc.	50 million yen	100.0%	Rent guarantee business
SF Building Maintenance Inc.	20 million yen	100.0%	Building maintenance business
Sun Frontier Space Management Inc.	50 million yen	100.0%	Conference room rental business, rental office business
SF Engineering Inc.	20 million yen	100.0%	Construction and interior finishing business
Sun Frontier Hotel Management Inc.	100 million yen	100.0%	Hotel planning, development, and management business
Sky Heart Hotel Inc.	10 million yen	100.0%	Hotel planning and operation business
Sun Frontier Sado Inc.	100 million yen	100.0%	Hotel planning and operation business, regional revitalization business
Nihon Toshi Hotel Kaihatsu Co. Ltd.	25 million yen	100.0%	Hotel planning and operation business
Sun Frontier NY Co., Ltd.	3 million U.S. dollar	100.0%	Real estate revitalization business in the United States
Oriental Resort Associates Inc.	50 million yen	100.0%	Hotel planning and operation business
Sun Frontier Asset Management Co., Ltd.	110 million yen	100.0%	Investment management business

(6) Issues to be Addressed

The Group set a new record in its financial results for the fiscal year ended March 31, 2025, and achieved the targets of the previous Medium-term Management Plan (from FY2019/3 to FY2025/3). In addition, in May 2024, the Group launched the “Long-Term Vision 2035,” as the ideal image to achieve in 10 years, and the new Medium-term Management Plan (from FY2026/3 to FY2028/3) as an action plan toward the realization of this vision. We aim to achieve the following Long-Term Vision 2035 and the quantitative targets through the implementation of the basic policy, growth strategies, and priority measures.

<Overview of the Long-Term Vision 2035>

Based on the Company policy “altruism”, the Company set its Management Philosophy of “Our mission is to look after every employee and pursue the happiness of both mind and matter. At the same time, to co-create a sustainable society by contributing to the evolution and the development of the human society.” The Group aims to achieve the Long-Term Vision 2035 and its quantitative targets through realizing this Management Philosophy.

- 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.
- Quantitative targets
Net Sales of 300 billion yen and Ordinary Profit of 60 billion yen in FY2035.

<Outline of the Medium-term Management Plan>

Looking backward from the “Long-Term Vision 2035”, our ideal image in 10 years, the overview of the Medium-term Management Plan from FY2026/3 to FY2028/3 is as follows.

- Basic policy
Work to resolve social issues by promoting cooperation and diversification within the core business, providing manufacturing through clients' point of view and heart-warming services.
- Priority measures
 - (i) Strengthening human resource base
 - (ii) Strengthening manufacturing through clients' point of view and heart-warming services
 - (iii) Cooperation and diversification within core business
- Quantitative targets

		FY2026/3 (Forecast)	FY2028/3 (Target)
Profit plan	Net sales	117 billion yen	135 billion yen
	Ordinary profit	22.5 billion yen	27 billion yen
Management indicator	Ordinary profit margin	19.2%	20%
	ROE	14% or more	14% or more
	Equity ratio	45% level	45% level

<Sustainability Initiatives>

The Group has put into practice philosophy-driven management based on the spirit of altruism since our founding. Also, the Company has been promoting business activities that contribute to the sustainability of society by defining the Company Philosophy as “we reduce the waste of non-renewable resources on earth and contribute to the prosperity of the people, plants and animals.”

The spirit of altruism is the idea that we value others as much as we value ourselves. Our desire to make many people smile and to contribute to the prosperity of people, plants and animals on the earth is the foundation of our business philosophy. We also place great importance on being close to clients while sharing the value that “the pleasure of others is one’s own”, with “rightness” and “consideration” based on right and wrong rather than gain and loss.

This concept of the Group was redefined as our Sustainability Vision. We have identified three important issues (materiality), namely environmental protection, regional revitalization and human resource development, and are promoting sustainable management that integrates with the spirit of altruism. We will continue to increase our corporate value over the medium to long term by realizing this vision and implementing specific measures on important issues to contribute to the realization of a sustainable society through our operational activities.










Sustainability Vision and Important Issues (Materiality)

1. Sustainability Vision

We will contribute to the realization of a sustainable society through business activities while respecting the heart of altruism, the Company policy.

2. Important sustainability issues

We have identified three important issues that must be addressed to realize our Sustainability Vision. We will implement specific measures in the three areas of environmental protection, regional revitalization, and human resource development. Specific measures will be reviewed as appropriate in response to future environmental and social trends and changes in the business environment.

Important issues	Social issues to be solved	Key measures	Relevant 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"> ■ Extend the life and health of real estate ■ Energy conservation and reduction of environmental impact by Real Estate Revitalization Business 	  
Regional revitalization	<ul style="list-style-type: none"> • Revitalization of regional economies • Responding to increasingly severe natural disasters 	<ul style="list-style-type: none"> ■ Create buildings, offices, and spaces with “job satisfaction” and “creativity” that contribute to economic growth ■ Prevent and mitigate disaster through regional cooperation 	  
Human resource development	Decrease in the working-age population (decrease in the real labor force) due to the declining birthrate and aging population, and elimination of the gender gap	<ul style="list-style-type: none"> ■ Respect and utilize diversity ■ Create workplaces with job satisfaction, creativity and growth opportunities 	  

(7) Principal Business Segment of the Corporate Group (As of March 31, 2025)

Business segment		Major businesses
Real Estate Revitalization Business	Replanning Business	Purchase of existing commercial buildings and rebuilding them as buildings with a new concept, attract tenants and sell them with increased real estate value
	Rental Building Business	Leasing of own properties
Real Estate Service Business	Property Management Business	Property management business for management of buildings and tenants
	Building Maintenance Business	Building maintenance business such as building cleaning, facility management, security, waterproofing, and exterior wall repair
	Sales Brokerage Business	Brokerage of real estate for business
	Leasing Brokerage Business	Leasing of offices and stores
	Rent Guarantee Business	Provide a rent guarantee for the delinquency of rent of a tenant of real estate for building owners
	Conference Room Rental Business	Plan and operate vacant office buildings in central Tokyo as rental conference room, rental office, and coworking space
Hotel and Tourism Business	Hotel Operation Business	Planning and management of accommodation facilities such as hotels
	Hotel Development Business	Development of new hotels, refurbishing existing hotels to improve operating efficiency, and selling them as investment products
Other	Overseas Development Business	Real estate development business in Vietnam, etc.
	Construction Business	Carry out interior finishing work, telecommunications work, and renewal planning, repair, and reform for business buildings

(8) Principal Business Office (As of March 31, 2025)

Name	Place
Headquarters	Chiyoda-ku, Tokyo
Ginza Branch	Chuo-ku, Tokyo
Nihonbashi Branch	Chuo-ku, Tokyo
Kodendma-cho Branch	Chuo-ku, Tokyo
Kanda Branch	Chiyoda-ku, Tokyo
Kojimachi Branch	Chiyoda-ku, Tokyo
Shinjuku Branch	Shinjuku-ku, Tokyo
Shibuya Branch	Shibuya-ku, Tokyo
Gotanda Branch	Shinagawa-ku, Tokyo
Hamamatsucho Branch	Minato-ku, Tokyo
Shinbashi Branch	Minato-ku, Tokyo
Ikebukuro Branch	Toshima-ku, Tokyo
Yokohama Branch	Yokohama-shi, Kanagawa
Property Management Business Department	Chiyoda-ku, Tokyo
SF Building Support Inc.	Chiyoda-ku, Tokyo
SF Building Maintenance Inc.	Sumida-ku, Tokyo
Sun Frontier Space Management Inc.	Minato-ku, Tokyo
SF Engineering Inc.	Sumida-ku, Tokyo
Sun Frontier Hotel Management Inc.	Chiyoda-ku, Tokyo
Sky Heart Hotel Inc.	Chiyoda-ku, Tokyo
Nihon Toshi Hotel Kaihatsu Co. Ltd.	Osaka-shi, Osaka
Oriental Resort Associates Inc.	Onnason, Kunigami-gun, Okinawa
Sun Frontier Sado Co., Ltd.	Sado-shi, Niigata
Sun Frontier Asset Management Co., Ltd.	Chiyoda-ku, Tokyo
Sun Frontier Fudousan Taiwan Co., Ltd.	Taiwan
SUN FRONTIER DANANG CO., LTD.	Socialist Republic of Vietnam
Sun Frontier NY Co., Ltd.	United States of America

(9) Employees (As of March 31, 2025)

(i) Employees of the Corporate Group

Number of Employees	Increase/Decrease Compared to End of Previous FY
868	105 increase

Note. The above number of employees does not include 850 temporary employees (part-timers and temporary employees).

(ii) Employees of the Company

Number of Employees	Increase/Decrease Compared to End of Previous FY	Average Age	Average Number of Years of Continuous Service
363	15 increase	36.0 years old	7.0 years

Note. The above number of employees does not include employees transferred from the Company to other companies.

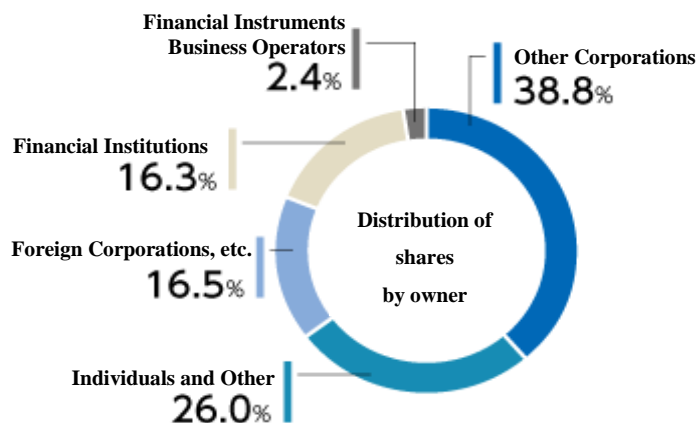
(10) Principal Lenders (As of March 31, 2025)

Lender	Loan amount (million yen)
Sumitomo Mitsui Banking Corporation	18,601
Mizuho Bank, Ltd.	15,078
MUFG Bank, Ltd.	9,232
Resona Bank, Limited	7,033
SBI Shinsei Bank, Limited	3,749
ORIX Bank Corporation	2,622

2. Status of Shares

(1) Shares (As of March 31, 2025)

(i) Number of Authorized Shares	91,200,000
(ii) Number of Outstanding Shares	48,755,500
	(includes 44,316 of treasury shares)
(iii) Number of Shareholders	15,511



(iv) Principal Shareholders (top 10)

Name	Number of shares held	Percentage of shares held (%)
Houon Co., Ltd	18,507,500	37.99
The Master Trust Bank of Japan Co., Ltd. (Trust Account)	4,602,500	9.45
Custody Bank of Japan, Ltd. (Trust Account)	2,578,100	5.29
Tomoaki Horiguchi	2,483,074	5.10
STATE STREET BANK AND TRUST COMPANY 505001	615,537	1.26
THE BANK OF NEW YORK MELLON 140044	608,157	1.25
DFA INTL SMALL CAP VALUE PORTFOLIO	489,000	1.00
STATE STREET BANK AND TRUST COMPANY 505103	430,037	0.88
Keiko Horiguchi	416,500	0.86
Sun Frontier Employee Stock Ownership Plan	415,200	0.85

Note 1. The percentage of shares held is calculated after exclusion of treasury shares (44,316 shares).

Note 2. The percentage of shares held is calculated including 128,300 shares of the Company held by Mizuho Trust & Banking Co., Ltd as the trust account of the Employee Stock Ownership Plan (J-ESOP.)

(2) Shares Delivered to Directors as Consideration for Execution of Duties During the Fiscal Year

Director category	Number of shares	Number of recipients (persons)
Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors)	16,231	6

(3) Other Significant Matters concerning the Shares

Not applicable

3. Matters Concerning Share Acquisition Rights

(1) Share acquisition rights granted as part of the compensation held by the Company's officers

(1) Name of share acquisition rights	Share-based compensation type stock option for FY2018/3 (Share acquisition rights)	Share-based compensation type stock option for FY2019/3 (Share acquisition rights)	Share-based compensation type stock option for FY2020/3 (Share acquisition rights)	Share-based compensation type stock option for FY2021/3 (Share acquisition rights)
(2) Date of issuance	June 22, 2018 (the Board of Directors Resolution)	June 21, 2019 (the Board of Directors Resolution)	June 30, 2020 (the Board of Directors Resolution)	June 22, 2021 (the Board of Directors Resolution)
(3) Number of share acquisition rights	524	740	1,112	2,155
(4) Status of share acquisition rights ownership	4 Directors (excluding Audit & Supervisory Committee Members and Outside Directors) 524	4 Directors (excluding Audit & Supervisory Committee Members and Outside Directors) 740	4 Directors (excluding Audit & Supervisory Committee Members and Outside Directors) 1,112	6 Directors (excluding Audit & Supervisory Committee Members and Outside Directors) 2,155
(5) Class and number of shares to be issued upon	5,240 shares in common shares (10 stocks per 1 share acquisition right)	7,400 shares in common shares (10 stocks per 1 share acquisition right)	11,120 shares in common shares (10 stocks per 1 share acquisition right)	21,550 shares in common shares (10 stocks per 1 share acquisition right)
(6) Amount to be paid in share acquisition rights	1,019 yen per 1 share	789 yen per 1 share	438 yen per 1 share	657 yen per 1 share
(7) Value of property to be contributed upon exercise of share acquisition rights	1 yen per 1 share to be delivered upon exercise of share acquisition rights			
(8) Date of allotment of share acquisition rights and period for exercise	Date of allotment: July 31, 2018 Exercise period: From August 1, 2018 until July 31, 2048	Date of allotment: July 31, 2019 Exercise period: From August 1, 2019 until July 31, 2049	Date of allotment: July 31, 2020 Exercise period: From August 1, 2020 until July 31, 2050	Date of allotment: July 30, 2021 Exercise period: From July 31, 2021 until July 30, 2051
(9) Conditions for exercise of rights	A holder of share acquisition rights may exercise their share acquisition rights in a lump sum only when they lose their position as a Director of the Company and only on the following day from losing their position until 10 days after.			
(10) Restrictions on transfer of share acquisition rights	Any acquisition of share acquisition rights by transfer shall require approval by resolution of the Company's Board of Directors.			

Note 1. At the 19th Annual General Meeting of Shareholders held on June 22, 2018, a resolution was passed to allocate share acquisition rights to Directors (excluding Audit & Supervisory Committee Members and Outside Directors) as share-based compensation type stock options to be exercised upon retirement, within the range of 36 million yen per year.

Note 2. Conditions for the exercise of other rights other than those described in (9) shall be in accordance with the "Share Acquisition Rights Application Form (Application Guidelines)" submitted to the Company.

(2) Share acquisition rights delivered to employees as consideration for execution of duties during the fiscal year under review

Not applicable.

(3) Other significant matters concerning share acquisition rights

The Company has issued unsecured convertible bonds with share acquisition rights through third party allotment based on a resolution of the Board of Directors.

Outline of the First Series Unsecured Convertible Bonds with Share Acquisition Rights

Date of issuance	September 20, 2023
Date of payment	October 6, 2023
Total number of share acquisition rights	49
Issued price of bonds and share acquisition rights	The issued price of each bond is 204,488,160 yen (100.2 yen per 100 yen face value. The face value of each bond is 204,080,000 yen.) Provided, however, that no monetary payment is required in exchange for the share acquisition rights.
Number of dilutive shares by such issuance	6,434,900 shares The conversion price of the bonds with share acquisition rights will not be amended, and therefore there is no upper limit conversion price or lower limit conversion price.
Amount of funds to be procured	10,019,919,840 yen (estimated net proceeds: 9,999,920,000 yen)
Exercise price or conversion price	1,554 yen per share
Method of offering or allotment	By way of third party allotment.
Assignee	AAGS S5, L.P
Other	The Company entered into an underwriting agreement for the bonds with share acquisition rights with AAGS S5, L. P., the assignee, on September 20, 2023.

4. Company Officers

(1) Directors (As of March 31, 2025)

Position	Name	Areas of Responsibility and Important Concurrent Positions
Chairman and Representative Director	Tomoaki Horiguchi	Representative Director of Sun Frontier Hotel Management Inc. Representative Director of Sun Frontier Sado Inc.
President and CEO President and Executive Officer	Seiichi Saito	CEO of Sun Frontier NY Co., Ltd. Representative Director of SF Engineering Inc.
Vice President and Director Vice President and Executive Officer	Izumi Nakamura	Division Director of Entrusted Asset Management Division Representative Director of SF Building Support Inc. Representative Director of SF Building Maintenance Inc.
Senior Managing Director Senior Managing Executive Officer	Yasushi Yamada	Division Director of Business Development Division
Managing Director Managing Executive Officer	Mitsuhiro Ninomiya	Division Director of Administration Division and Head of Sustainability Promotion
Director Senior Executive Officer	Kenji Honda	Division Director of Asset Management Division
Director	Keiichi Asai	Outside Director (Audit & Supervisory Committee Member) of Cosmo Energy Holdings Co., Ltd.
Director	Koichi Ishimizu	
Director (Full-time Audit & Supervisory Committee Member)	Shinichi Tominaga	
Director (Audit & Supervisory Committee Member)	Kazutaka Okubo	President and Representative Director of Okubo Associates Co., Ltd. Outside Director (Audit & Supervisory Committee Member) of SEGA SAMMY HOLDINGS INC. Outside Director of LIFULL Co., Ltd. Outside Director of SALA Corporation Outside Director of The Shoko Chukin Bank, Ltd. Outside Director (Audit & Supervisory Committee Member) of Musashi Seimitsu Industry Co., Ltd. President and Representative Director of SS Dnaform Co., Ltd. Outside Director (Audit & Supervisory Committee Member) of BrainPad Inc.
Director (Audit & Supervisory Committee Member)	Yukiko Edahiro	Partner of Toranomom Daiichi Law Office Outside Member of Ethics Committee, Toho University School of Medicine Judicial Commissioner of the Tokyo Summary Court

Note 1. Directors Keiichi Asai, Koichi Ishimizu, Kazutaka Okubo and Yukiko Edahiro are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act. The Company has designated the four (4) individuals as independent officers under the provisions of the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange of the designation.

Note 2. The Company appoints full-time Audit & Supervisory Committee Members since full-time persons who have thorough knowledge of the Company conduct effective audits through attendance at important meetings and close cooperation with the Internal Audit Department.

Note 3. Director Kazutaka Okubo has qualifications as a certified public accountant and has expertise and abundant experience in finance and accounting.

Note 4. Director Yukiko Edahiro is a qualified attorney and has expertise in law and extensive experience in various fields, including real estate.

(2) Outline of the Liability Limitation Agreement

The Company has concluded a liability limitation agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 30, Paragraph 2 of the Company's Articles of Incorporation with all Outside Directors. The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations.

(3) Outline of Officers' Liability Insurance Contract

The Company has entered into liability insurance contracts for officers, etc. as stipulated in Article 430 (3), Item 1 of the Companies Act with the Company's and its subsidiaries' Directors, Audit & Supervisory Board Members, executive officers and other employees as insured persons. Claims for damages arising from an act performed by an insured person in relation to the business of the Company (including inaction) are covered by compensation for damages and court costs incurred by the insured. The Company pays all insurance premiums for all insured persons, but damage caused by criminal acts or intentional illegal acts is excluded so as not to impair the appropriateness of the execution of duties.

(4) Remuneration for Directors for the Fiscal Year under Review

(i) Matters concerning the policy for determining the contents of individual remuneration, etc. for Directors

(a) Determination method

At the meeting held in the Board of Directors on May 10, 2024, the Company resolved a policy for determining the details of individual remuneration for Directors who are not Audit & Supervisory Committee Members. An outline of the policy is as described in (b) to (g) below.

(b) Fixed remuneration (monetary remuneration) shall be an amount considered to be at an appropriate level in comparison with the performance of other companies in the real estate industry in Japan, etc., in consideration of the content of duties of Directors and the Company's situation, etc.

(c) Performance-linked remuneration (monetary remuneration) shall be determined from the perspective of reflecting the results of the improvement in performance by taking into consideration the status of achievement against the target based on the consolidated performance (ordinary profit) of the relevant fiscal year.

(d) Directors (excluding Outside Directors) shall be granted restricted stock remuneration through resolution by the Board of Directors to provide an incentive to Directors to continuously improve corporate value and to further share value with shareholders.

(e) As a guideline for the ratio of individual remuneration, etc. for Directors, excluding Outside Directors, if the target for the performance-linked remuneration indicator is 100%, fixed remuneration will be 60%, performance-linked remuneration will be 30%, and restricted stock remuneration will be 10%. With regard to Outside Directors, only fixed remuneration will be provided.

(f) The timing of payment of remuneration, etc. shall be as follows.

- | | |
|------------------------------------|---|
| a. Fixed remuneration | It is provided every month. |
| b. Performance-linked remuneration | Payment shall be made once a year after the end of the Annual General Meeting of Shareholders pertaining to the relevant fiscal year. |
| c. Restricted stock remuneration | The amount shall be determined and granted by the resolution of the Board of Directors held once a year after the end of the Annual General Meeting of Shareholders and the transfer restriction shall be lifted at the time of resignation or retirement of each Director. |

(g) Matters concerning delegation pertaining to determination of contents of individual remuneration, etc. for Directors

The amount of fixed remuneration and performance-linked remuneration for each individual or the determination of the methods for calculating such amounts shall be determined by resolution at the Board of Directors and delegated to the President and Representative Director.

In order to improve the objectivity and transparency of the procedures for determining remuneration of Directors, the Company has established a Nomination and Compensation Committee consisting of the Chairman and Representative Director and President and Representative Director as well as 2 or more Outside Directors as a voluntary advisory body. The Nomination and Compensation Committee considers and deliberates on the amount of remuneration for Directors, the calculation method, the composition of

remuneration, the ratio, and the setting of indicators, and the President and Representative Director makes decisions with maximum respect for the deliberation contents.

(h) Status of the above decision policy for the fiscal year under review

The target for performance (consolidated ordinary profit), which is an indicator of performance-linked remuneration for the fiscal year under review, was 20,000 million yen, while the actual performance was 20,446 million yen. The determination of the amount of fixed remuneration and performance-linked remuneration for each individual or the calculation method thereof has been delegated to the President and Representative Director, who can evaluate the projects which each Director oversees, with the involvement of the Nomination and Compensation Committee. The Board of Directors, upon receiving reports from the Nomination and Compensation Committee, has determined that the details of individual remuneration for Directors who are not Audit & Supervisory Committee Members for the fiscal year under review, including the procedures and details of decisions made by Seiichi Saito, President and Representative Director, are in line with the above decision policies.

(ii) Matters concerning resolutions of the General Meeting of Shareholders regarding remuneration, etc. for Directors and Audit & Supervisory Board Members

(a) At the 23rd Annual General Meeting of Shareholders held on June 21, 2022, it was resolved that the amount of monetary remuneration (fixed remuneration and performance-linked remuneration) for Directors who are not Audit & Supervisory Committee Members to be no more than 360 million yen per year (including no more than 36 million yen for Outside Directors, but excluding employee salaries for Directors who concurrently serve as employees). The number of Directors at the conclusion of the said Annual General Meeting of Shareholders was eight (including two Outside Directors). Separately from this monetary remuneration, at the 23rd Annual General Meeting of Shareholders held on June 21, 2022, it was resolved that the annual amount of restricted shares remuneration for Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors) should not exceed 36 million yen. The number of Directors (excluding Outside Directors) at the conclusion of the said Annual General Meeting of Shareholders was six.

(b) At the 23rd Annual General Meeting of Shareholders held on June 21, 2022, it was resolved that the amount of monetary remuneration (fixed remuneration only) for Directors who are Audit & Supervisory Committee Members should be no more than 36 million yen per year including those for Outside Directors. The number of Directors who are Audit & Supervisory Committee Members at the conclusion of the said Annual General Meeting of Shareholders was three (including two Outside Directors).

(iii) Total Amount of Remuneration of Directors

Director category	Amount paid (million yen)	Amount paid by type (million yen)			Number of qualified officers
		Basic compensation	Performance-linked remuneration	Restricted shares remuneration	
Directors who are not Audit & Supervisory Committee Members	282.3	180.8	70.0	31.5	9
(of which, Outside Directors)	(14.9)	(14.9)	-	-	(3)
Directors who are Audit & Supervisory Committee Members	25.5	25.5	-	-	5
(of which, Outside Directors)	(13.5)	(13.5)	-	-	(4)

- Notes:
1. Executive bonuses are paid to Directors as performance-linked remuneration.
 2. Performance-linked remuneration indicates the provision for the current period in provision for bonuses for Directors for the fiscal year under review.
 3. As non-monetary remuneration, restricted shares remuneration is provided to Directors, excluding Outside Directors and Audit & Supervisory Committee Members. "Restricted shares remuneration" above indicates the amount recorded as expenses in the fiscal year under review.
 4. The number of Directors and the amount of remuneration above include one (1) Director (Outside Director) who is not an Audit & Supervisory Committee Member and two (2) Directors (Outside Directors) who are Audit & Supervisory Committee Members who retired at the conclusion of the 25th Annual General Meeting of Shareholders held on June 25, 2024. One of the Outside Directors who was not an Audit & Supervisory Committee Member was appointed as an Outside Director who is an Audit & Supervisory Committee Member.

(5) Matters regarding Outside Officers

(i) Relationship between the Company and entities which are significant concurrent positions

- Director Keiichi Asai concurrently serves as an Outside Director of Cosmo Energy Holdings Co., Ltd. However, there is no important relationship that should be disclosed between the Company and the said corporation.
- Director (Audit & Supervisory Committee Member) Kazutaka Okubo concurrently serves as the President and Representative Director of Okubo Associates Co., Ltd., President and Representative Director of SS Dnaform Co., Ltd., Outside Director of SEGA SAMMY HOLDINGS Inc., Outside Director of LIFULL Co., Ltd., Outside Director of SALA Corporation, Outside Director of The Shoko Chukin Bank, Ltd., Outside Director of Musashi Seimitsu Industry Co., Ltd., and Outside Director of BrainPad Inc. There is no important relationship to be disclosed between the Company and the said entities.
- Director (Audit & Supervisory Committee Member) Yukiko Edahiro concurrently serves as a Partner of Toranomon Daiichi Law Office, Outside Member of the Ethics Committee of Toho University School of Medicine, and Judicial Commissioner of the Tokyo Summary Court. However, there is no important relationship that should be disclosed between the Company and the said entities.

(ii) Major Activities during the Fiscal Year ended March 31, 2025

(a) Attendance at the Board of Directors and the Audit & Supervisory Committee meetings

	Board of Directors (held 18 times)		Audit & Supervisory Committee (held 15 times)	
	Attendance (times)	Attendance Rate (%)	Attendance (times)	Attendance Rate (%)
Director Keiichi Asai	18 / 18	100 %	-	-
Director Koichi Ishimizu	14 / 14	100 %	-	-
Director (Audit & Supervisory Committee Member) Kazutaka Okubo	18 / 18	100 %	10 / 10	100 %
Director (Audit & Supervisory Committee Member) Yukiko Edahiro	14 / 14	100 %	10 / 10	100 %

Note. In addition to the above-mentioned Board of Directors meetings, there were 2 written resolutions deemed to have been adopted by the Board of Directors pursuant to Article 370 of the Companies Act and Article 27, Paragraph 2 of the Articles of Incorporation of the Company.

(b) Activities of Outside Directors and outline of duties performed in relation to expected roles

- Director Keiichi Asai has attended all Board of Directors meetings and provided valuable advice through his experience in international business. In particular, he provided effective advice based on his insight into overall corporate management and a wealth of knowledge about the energy industry.
- Director Koichi Ishimizu has attended all Board of Directors meetings since assuming office on June 25, 2024 and provided valuable advice based on his insight into corporate management in general and his extensive knowledge of the building construction field.
- Director (Audit & Supervisory Committee Member) Kazutaka Okubo has attended all Board of Directors meetings and Audit & Supervisory Committee meetings and, as a Certified Public Accountant, provided advice as appropriate based on his extensive knowledge in the areas of governance, compliance and CSR.
- Director (Audit & Supervisory Committee Member) Yukiko Edahiro has attended all Board of Directors meetings and Audit & Supervisory Committee meetings since assuming office on June 25, 2024, and as an attorney, she has made statements as appropriate based on her extensive knowledge in the areas of governance, legal affairs, and compliance. She has also provided objective and expert advice as appropriate to enable diverse human resources, including women and foreign nationals, to play active roles.

5. Accounting Auditor

(1) Name of the Accounting Auditor: BDO Sanyu

(2) Remuneration to be Paid to the Accounting Auditor

	Amount paid (million yen)
Amount of remuneration, etc. for the accounting auditor for the fiscal year under review	43
Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the accounting auditor	43

Note 1. In the audit agreement between the Company and the accounting auditor, the amount of audit fees for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act is not clearly distinguished and cannot be substantially distinguished. Therefore, the amount of remuneration, etc. for the fiscal year under review is the sum of these amounts.

Note 2. Reasons for the Audit & Supervisory Committee's agreement on remuneration, etc. for the accounting auditor Based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Committee has confirmed the results of the audit time and the amount of remuneration for each audit item and hierarchy in the audit plan for the past fiscal year, as well as the status of the accounting auditor's performance of duties, and examined the appropriateness of the audit plan and the amount of remuneration for the fiscal year under review. As a result, the Audit & Supervisory Committee has given its consent to the remuneration, etc. of the accounting auditor under Article 399, Paragraphs 1 and 3 of the Companies Act.

(3) Policy on Decision of Dismissal and Refusal of Reappointment of the Accounting Auditor

When it is considered that the accounting auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act and if deemed necessary, the Company will dismiss the accounting auditor subject to the unanimous consent of Audit & Supervisory Committee Members. In this case, the Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee will report the dismissal of the accounting auditor and the reason thereof at the first General Meeting of Shareholders convened after the dismissal. In addition, the Audit & Supervisory Committee will determine the content of a shareholder resolution to be proposed at the General Meeting of Shareholders to dismiss or not reappoint the accounting auditor when the Audit & Supervisory Committee judges that there are problems with the qualifications, independency, and reliability of the accounting auditor.

6. System for Ensuring Proper Business Operations and Overview of Operation Status

(1) Systems to ensure the appropriateness of business operations

The outline of the systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, and to ensure the appropriateness of the business of the Company is as follows.

(i) Systems to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

All Directors and employees shall strive to establish a management system that is trusted by society on an ongoing basis in the future by strengthening internal management systems and raising awareness of compliance, based on the recognition that it is our social responsibility as a company to always embody the spirit of legal compliance and execute business based on a fair and high level of ethics.

In concrete terms, the Internal Audit Office, which is under direct control of the President and Representative Director, will be established to conduct regular internal audits of all divisions and group companies without exception. In internal audits, the Company shall ascertain the status of business operations and systems and shall fairly investigate and verify whether all business operations are conducted appropriately in compliance with laws and regulations, the Articles of Incorporation, and internal rules, and whether corporate systems, organizations, and rules are proper and appropriate. The results of audits shall be reported to the President and Representative Director. In addition, the Company will establish a "Corporate Ethics Help Line" and implement an internal reporting system with various contact methods that thoroughly protects reporters to prevent and promptly detect violations of laws and regulations and misconduct to improve the mobility of the self-cleaning process, control reputational risks, and ensure public trust. Furthermore, in order to raise awareness of compliance, the Legal Department will be established, and various training and education will be conducted.

The Company and group companies shall have no relationship with anti-social forces and shall respond resolutely to unreasonable demands.

(ii) Systems for storage and management of information related to the execution of duties by Directors

Information related to the execution of duties by Directors, such as records related to decision-making at important meetings including the Board of Directors meetings and documents approved by each director in

accordance with the “Regulations on Administrative Authority,” shall be appropriately recorded, and shall be retained for a specified period of time in accordance with laws and regulations and the “Regulations on the Handling of Documents,” and shall be kept available for inspection by Directors as necessary. The General Manager of the Administration Department shall be responsible for supervising the storage and management of information.

(iii) Regulations concerning the management of risk of loss and other systems

In order to respond to all risks that threaten the improvement of corporate value and the sustainable development of the Company, the Company will strive to establish an organizational crisis management system by creating a risk management manual and establishing a task force headed by the President and Representative Director (including a team of external experts such as corporate lawyers) in the event of an unforeseen event.

(iv) Systems to ensure efficient execution of duties by Directors

As an indicator for establishing and implementing the corporate vision of the entire corporation, the Company has formulated a medium-term management policy and a single-year management plan. In order to realize the management policy and the management plan, the Board of Directors has clarified the executive authority and responsibilities of Directors and has increased the efficiency of the execution of duties. In addition, with regard to matters for which decisions on business execution have been delegated to the President and Representative Director and Directors in charge of business execution of other matters, necessary decisions shall be made based on the “Organization Regulations” or the “Regulations for Management of Affiliated Companies” including group companies. These regulations shall also be timely and appropriately reviewed based on revisions and abolition of laws and regulations and for the purpose of improving the efficiency of the execution of duties.

(v) Systems to ensure the appropriateness of operations within the corporate group consisting of the Company and group companies

In order to ensure the appropriate execution of operations by group companies, the Corporate Planning Department shall be responsible for the management of the group companies in accordance with the “Regulations for the Management of Affiliated Companies.” While respecting the autonomy of the group companies, the Corporate Planning Department shall receive periodic reports on the status of the business of the group companies. In addition, the Corporate Planning Department shall require prior consultation or prior approval with the Company for important management matters of the group companies. Group companies' management plans are also formulated under the control of the Company, and the Company provides timely and appropriate advice and guidance during the business period to improve the efficiency of group companies' operations. In addition, the Company and its group companies have established a Risk Management Committee chaired by the President and Representative Director and assign risk management officers to each division. In the event that any risk is discovered in management or business, it shall be reported to the Risk Management Committee, and the risk information shall be analyzed, and countermeasures shall be considered to prevent damage or to minimize damage to the Company and the group companies if such damage occurs. We will establish a system for reporting violations of laws and regulations or illegal acts that have occurred or may occur at group companies to the internal reporting desk or outside Audit & Supervisory Committee Members specified in the “Regulations on the Corporate Ethics Help Line.” We will strive for early detection and resolution of these violations.

The Internal Audit Office shall conduct internal audits of all group companies to ensure the effectiveness and appropriateness of systems, organizations, and regulations covering the overall operations of group companies. The results of these audits shall be reported to the organization designated by the Company's President and Representative Director.

President and Representative Director shall prepare and report the Company's financial statements in accordance with fair and appropriate accounting standards in order to enhance the reliability of financial reporting and increase corporate value of the Company and its group companies.

(vi) Matters relating to employees who are required to assist the Audit & Supervisory Committee in performing their duties

In the event that the Audit & Supervisory Committee requests that an employee be assigned to assist them in performing their duties, such employee shall be assigned as an Audit & Supervisory Committee's assistant. The assistant shall be appointed from persons who have sufficient knowledge of accounting and law and shall perform their duties in accordance with the instructions of the Audit & Supervisory Committee Members. In addition, the assistant shall also serve as the secretariat of the Audit & Supervisory Committee.

(vii) Matters related to the independence of employees from Directors in the preceding paragraph

In order to ensure the independence of the assistant as set forth in the preceding paragraph, personnel changes and evaluations of such employees shall be reported to the Audit & Supervisory Committee in advance and their consent shall be obtained.

- (viii) Matters related to ensuring the effectiveness of instructions given by Audit & Supervisory Committee to employees in Paragraph (vi)

The assistant in Paragraph (vi) will have the opportunity to accompany the Audit & Supervisory Committee Members to Board of Directors meetings and other important meetings. They will also accompany the Audit & Supervisory Committee Members and regularly exchange opinions with the President and Representative Director and accounting auditors. Directors and other employees will cooperate with the Audit & Supervisory Committee Members to improve the auditing environment so that the duties of the assistant are carried out smoothly.

- (ix) Systems for reporting to the Audit & Supervisory Committee and other Members by Directors and employees of the Company and group companies

All Directors and department heads shall report on the status of the execution of their duties from time to time at meetings of the Board of Directors and other meetings attended by Audit & Supervisory Committee Members. Audit & Supervisory Committee Members shall be permitted to attend any Company meetings they request to attend. All Directors and employees of the Company and its group companies shall report to the Audit & Supervisory Committee as soon as they discover any matter that may or may not have a material impact on the Company's credibility, business performance or any material violation of the Corporate Vision and/or Corporate Code of Conduct.

Directors and employees of the Company and group companies may report to the internal reporting office of the Company as set forth in the "Regulations on the Corporate Ethics Help Line" at any time. In addition, they may voluntarily report to outside Audit & Supervisory Committee Members. The Compliance Department of the Company provides education and training opportunities for Directors and employees to raise awareness of the hotline and encourage active reporting.

The Company shall explicitly stipulate in the "Regulations on the Corporate Ethics Help Line" that Directors and employees of the Company and group companies shall not be subjected to unfavorable treatment in personnel evaluation and shall not be subjected to adverse dispositions such as disciplinary actions for reporting to the internal reporting office and shall make it known that they shall not be subjected to adverse dispositions due to reporting to Audit & Supervisory Committee Members.

- (x) Matters related to the policy regarding the handling of expenses and obligations arising from the execution of duties by Audit & Supervisory Committee Members

The Company shall promptly respond to requests from Audit & Supervisory Committee Members for advance payment of expenses incurred in the execution of their duties, reimbursement of expenses incurred, and repayment of obligations incurred, except in cases where such expenses can be proved not to have arisen in the execution of their duties.

- (xi) Systems to ensure effective audits by the Audit & Supervisory Committee

The President and Representative Director will hold regular meetings with Audit & Supervisory Committee Members in order to facilitate mutual communication. In addition, in accordance with the "Regulations for Internal Audit" and the "Internal Audit Implementation Guidelines," the Internal Audit Office shall maintain close contact and coordination, and cooperate to ensure that audits by the Audit & Supervisory Committee and audits by the accounting auditor are conducted efficiently and effectively.

(2) Outline of the operating status of the system for ensuring the appropriateness of operations

- (i) Directors' execution of duties

We have established internal rules to ensure that Directors act in compliance with laws and regulations and the Articles of Incorporation. During the fiscal year under review, the Company held 18 Board of Directors meetings to discuss each proposal, supervise the status of business execution, and actively exchange opinions.

- (ii) Execution of duties by Audit & Supervisory Committee Members

During the fiscal year under review, the Audit & Supervisory Committee Members held 15 Audit & Supervisory Committee meetings and implemented audits based on the audit plan stipulated by the Audit & Supervisory Committee. In addition, the Audit & Supervisory Committee Members attended Board of Directors meetings and other important meetings and regularly exchanged information with the President and Representative Director, the accounting auditor, and the Internal Audit Office to audit the execution of duties by the Directors and to confirm the development and operational status of the internal control system.

- (iii) Ensuring the appropriateness of operations at the Company's subsidiaries

The Company receives periodic reports on the status of the business from its subsidiaries in accordance with the "Regulations for Management of Affiliated Companies" and monitors their business activities.

(iv) Compliance and Risk Management

The Company has established the “Corporate Ethics Help Line” to ensure that employees who have reported compliance violations or questionable acts are not treated unfavorably for the reason of the report. The Company ensures that employees who report such acts are not treated unfavorably in personnel changes, personnel evaluations, or disciplinary actions, etc. for the reason of the report.

In addition, we are preparing for unexpected situations such as training for countermeasures against large-scale disasters and securing supplies for people with difficulty in returning home.

7. Policy on the Determination of Dividends of Surplus, etc.

The Group’s basic policy is to contribute to the interests of shareholders in a comprehensive manner while (i) striving to provide long-term and stable profit returns to shareholders, (ii) securing investment funds to aggressively engage in business initiatives for future growth, and (iii) strengthening financial stability.

In the case of dividends of surplus, principally the Company pays dividends twice a year through interim dividends and year-end dividends, as stipulated in the Company’s Articles of Incorporation. The Company also provides in its Articles of Incorporation that dividends of surplus may be determined by the Board of Directors in accordance with Article 459, Paragraph 1 of the Companies Act of Japan.

The year-end dividend for the fiscal year ended March 31, 2025 was 33 yen per share, in line with the dividend forecast announced on May 10, 2024. As the interim dividend for the fiscal year under review was 33 yen, resulting in an annual dividend of 66 yen per share, an increase of 8 yen from the previous fiscal year’s 58 yen.

The Company plans to pay an interim dividend of 38 yen per share and a year-end dividend of 38 yen per share for the fiscal year ending March 31, 2026. As a result, cash dividends per share will increase by 10 yen to 76 yen.

Consolidated Balance Sheet
(As of March 31, 2025)

(Unit: million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	183,706	Current liabilities	26,663
Cash and deposits	44,920	Accounts payable - trade	3,521
Notes and accounts receivable and contract assets	2,105	Short-term borrowings	100
Real estate for sale	17,151	Current portion of long-term borrowings	10,140
Real estate for sale in process	116,417	Income taxes payable	4,994
Costs of uncompleted construction contracts	39	Provision for bonuses	328
Supplies	105	Provision for bonuses for directors	80
Other	2,983	Provision for fulfillment of guarantees	34
Allowance for doubtful accounts	-15	Other	7,464
Non-current assets	34,484	Non-current liabilities	85,634
Property, plant and equipment	24,290	Bond	9,999
Buildings	11,116	Long-term borrowings	72,219
Land	9,888	Retirement benefit liability	1
Other	3,285	Provision for share-based remuneration	113
Intangible assets	2,288	Other	3,299
Goodwill	923	Total liabilities	112,298
Other	1,365	Net assets	
Investments and other assets	7,904	Shareholders' equity	100,949
Guarantee deposits	3,958	Share capital	11,965
Long-term loans	1,459	Capital surplus	6,462
Deferred tax assets	1,966	Retained earnings	82,723
Other	617	Treasury shares	-202
Allowance for doubtful accounts	-97	Accumulated other comprehensive income	1,210
		Valuation difference on available-for-sale securities	2
		Foreign currency translation adjustment	1,207
		Share acquisition rights	30
		Non-controlling interests	3,702
		Total net assets	105,892
Total assets	218,190	Total liabilities and net assets	218,190

Consolidated Statement of Income
(From April 1, 2024 to March 31, 2025)

(Unit: million yen)

Item	Amount	
Net sales		103,174
Cost of sales		70,949
Gross profit		32,225
Selling, general and administrative expenses		10,945
Operating profit		21,279
Non-operating income		
Interest and dividend income	67	
Subsidy income	75	
Foreign exchange gains	17	
Other	41	201
Non-operating expenses		
Interest expenses	905	
Other	129	1,034
Ordinary profit		20,446
Extraordinary income		
Government subsidy	412	
Gain on sales of non-current assets	112	
Gain on sales of shares of subsidiaries and associates	51	575
Extraordinary loss		
Loss on reduction of non-current assets	412	
Loss on valuation of investment securities	49	
Other	7	469
Profit before income taxes		20,552
Income taxes - current	6,710	
Income taxes - deferred	-307	6,402
Profit		14,149
Loss attributable to non-controlling interests		13
Profit attributable to owners of parent		14,163

Consolidated Statement of Changes in Equity
(From April 1, 2024 to March 31, 2025)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the period	11,965	6,433	71,725	-233	89,889
Changes during period					
Dividends of surplus			-3,165		-3,165
Profit attributable to owners of parent			14,163		14,163
Disposal of treasury shares		29		31	61
Net changes in items other than shareholders' equity					
Total changes during period	-	29	10,998	31	11,059
Balance at end of the period	11,965	6,462	82,723	-202	100,949

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of the period	2	626	629	30	3,867	94,416
Changes during period						
Dividends of surplus						-3,165
Profit attributable to owners of parent						14,163
Disposal of treasury shares						61
Net changes in items other than shareholders' equity	0	580	580	-	-164	416
Total changes during period	0	580	580	-	-164	11,475
Balance at end of the period	2	1,207	1,210	30	3,702	105,892

Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes Regarding Significant Accounting Policies for the Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

All subsidiaries are consolidated.

(1) Number of consolidated subsidiaries and names of principal subsidiaries

Number of consolidated subsidiaries 32 companies

Names of major consolidated subsidiaries SF Building Support Inc.
SF Building Maintenance Inc.
Sun Frontier Space Management Inc.
SF Engineering Inc.
Sun Frontier Hotel Management Inc.
Sky Heart Hotel, Inc.
Sun Frontier Sado Inc.
Nihon Toshi Hotel Kaihatsu Co., Ltd.
Sun Frontier NY Co., Ltd.
Oriental Resort Associates Inc.
Sun Frontier Asset Management Co., Ltd.

In the current consolidated fiscal year, Oriental Resort Associates Inc. and two other companies acquired through share acquisition, and Sun Frontier Asset Management Co., Ltd. and two other companies newly established were included in the scope of consolidation. In addition, two of the subsidiaries included in the scope of consolidation through share acquisition have been included only in the consolidated balance sheet of the current consolidated fiscal year, with each subsidiary's balance sheet individually consolidated.

(2) Names of companies the Company did not make into its subsidiaries despite holding a majority of voting rights on its own account

Not applicable.

(3) Assets, profit or loss of subsidiaries excluded from the scope of consolidation since control is deemed to be temporary

Not applicable.

(4) Special purpose company subject to disclosure

An outline of the special purpose company subject to disclosure, an outline of transactions using the special purpose company subject to disclosure, and the transaction amount with the special purpose company subject to disclosure are described in "Notes on special purpose company subject to disclosure."

2. Application of Equity Method

(1) Number of affiliated companies accounted for by the equity method and names of major companies

Not applicable.

Power Consulting Networks Co., Ltd., which was an affiliate accounted for by the equity method, was excluded from the scope of application of the equity method because all of its shares were sold in the current consolidated fiscal year.

(2) Name of the company in which the Company holds not less than 20% and not more than 50% of the voting rights on its own account and which has not been an affiliated company

Not applicable.

(3) Special note regarding application of the equity method

Not applicable.

3. Matters concerning Accounting Policies

(1) Valuation standards and methods for significant assets

(i) Valuation standards and methods for securities

Other securities (available-for-sale securities)

Shares with market prices	Stated at market (Valuation difference is reported as a component of net assets. The cost of sale is calculated using the moving-average method.)
Shares with no market price	Stated at cost using the moving-average method

(ii) Inventories

1. Real estate for sale and Real estate for sale in process	Valued at cost based on the specific identification method (The figures shown in the balance sheet have been calculated by writing them down based on a decline in profitability.) Leased assets are amortized in accordance with property, plant and equipment standards.
2. Costs of uncompleted construction contracts	Valued at cost based on the specific identification method (The figures shown in the balance sheet have been calculated by writing them down based on a decline in profitability.)
3. Supplies	Started at cost based on the latest purchase price method (The figures shown in the balance sheet have been calculated by writing them down based on a decline in profitability.)

(2) Depreciation or amortization method for significant depreciable assets

(i) Property, plant and equipment

The declining-balance method is applied.
However, buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method.

The estimated useful lives are as follows:

Buildings	3 to 39 years
Other	2 to 15 years

Small-amount depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are amortized over three years on a straight-line basis.
The straight-line method is used.

(ii) Intangible assets

Software for internal use is amortized on a straight-line basis over the estimated internal useful life (5 years).

- (3) Significant provisions
- (i) Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.
 - (ii) Provision for bonuses

To prepare for the payment of bonuses to employees, the Company records the portion of the estimated bonuses to be paid during the current consolidated fiscal year.
 - (iii) Provision for bonuses for directors

Provision for directors' bonuses is provided based on the estimated amount to be paid during the current consolidated fiscal year.
 - (iv) Provision for fulfillment of guarantees

In order to prepare for losses related to Rent Guarantee Business operations, costs for which the amount incurred can be estimated individually are recorded in the amount of such costs, and for others, the estimated losses are recorded by taking into account the past guarantee fulfillment rate.
 - (v) Provision for share-based remuneration

In order to prepare for the provision of the Company's shares to employees based on the Share Benefit Regulations, the provision for the Company's shares is recorded based on the estimated amount of the share benefit obligation at the end of the current consolidated fiscal year.
- (4) Other significant matters for preparation of consolidated financial statements
- (i) Fiscal year of consolidated subsidiaries

Consolidated domestic subsidiaries and one overseas consolidated subsidiary close their books on March 31, and Sun Frontier NY Co., Ltd., and 11 other companies close their books on December 31.

In preparing the consolidated financial statements, the financial statements as of December 31 are used for the consolidated subsidiaries whose closing date is December 31, and necessary adjustments are made for significant transactions occurring between the consolidated closing date and December 31.

Oriental Resort Associates Inc., which became a consolidated subsidiary through share acquisition on July 23, 2024, used to close their books on December 31. In the current consolidated fiscal year, its closing date was changed to March 31, which is the same with other companies filing the Consolidated Financial Statements.

As the deemed date of acquisition is September 30, 2024, for the current fiscal year, Oriental Resort Associates Inc. is included in the consolidation for the six months from October 1, 2024 to March 31, 2025.
 - (ii) Standards for recording significant revenues and expenses

The major performance obligations of the Company and its consolidated subsidiaries in their principal businesses with respect to revenue arising from contracts with clients and the normal time at which such performance obligations are met (normal time at which revenue is recognized) are as follows.

 - (a) Real Estate Revitalization Business

Replanning Business

Replanning Business purchases existing office buildings, refurbishes buildings and facilities, and attracts excellent tenants to sell buildings with added value to clients in Japan and overseas. The business is obligated to deliver these properties based on real estate sales agreements with clients.

The performance obligation is fulfilled at the time the property is delivered and revenue is recognized at the time of delivery of the property.
 - (b) Real Estate Service Business
 - (1) Property Management Business

Property Management Business enters into property management agreements with clients and is obligated to perform various operations related to real estate properties on behalf of clients, including maintenance and management of properties and collection of rent from tenants.

The performance obligation is fulfilled at the time service is provided based on the property management agreement, and revenue is recognized over the contract period.
 - (2) Building Maintenance Business

Building Maintenance Business mainly is obligated to inspect building facilities by entering into various agreements with clients or by entering into purchase orders and order contracts.

The performance obligation is fulfilled upon completion of the work under the agreement, and revenue is recognized at the time of issuance of the completion report for the work and construction.

(3) Sales Brokerage Business

Sales Brokerage Business stands between the buyer and the seller at the time of purchase and sale of real estate and is responsible for facilitating

the conclusion of sales agreements. Based on the intermediary agreement with the client, the Company is responsible for a series of operations including negotiation and adjustment of transaction terms and conditions to conclude agreements, delivery and explanation of important matters, preparation and delivery of agreements, and involvement in procedures for performance of agreements.

The performance obligation is fulfilled at the time when the property related to the real estate sales contract established by the intermediary agreement is delivered, and revenue is recognized at the time of delivery.

(4) Leasing Brokerage Business

Leasing Brokerage Business is a business that stands between the lessee and the lessor when leasing real estate and is responsible for concluding lease agreements. Based on intermediary agreements with clients, the business is responsible for a series of operations including negotiations and adjustments of transaction terms and conditions to conclude agreements, delivery and explanation of important matters, preparation and delivery of agreements, and involvement in procedures for performance of agreements. The performance obligation is fulfilled at the time when the real estate lease agreement for the property brokered by the intermediary agreement is concluded, and revenue is recognized at the time of conclusion of the agreement.

(c) Hotel and Tourism Business

(1) Hotel Operation Business

Hotel Operation Business is primarily responsible for the operation of hotels owned or leased by the Company and is obligated to provide hotel services for clients to stay or provide meals at restaurants located within the hotel.

These performance obligation is fulfilled at the time service is provided to clients, and revenue is recognized when clients check in.

(2) Hotel Development Business

Hotel Development Business is a business engaging in the purchase of land and the construction of hotel buildings, which are then sold to clients, and is obligated to deliver the property based on the real estate sales agreement with the clients.

The performance obligation is fulfilled at the time the property is delivered and revenue is recognized at the time of delivery.

(d) Others

(1) Overseas Development Business

Overseas Business is engaged in real estate development mainly for condominiums and houses in Southeast Asia and sells these properties to clients in Japan and overseas. The business is obligated to deliver these properties based on real estate sales agreements with clients.

The performance obligation is fulfilled at the time the property is delivered and revenue is recognized at the time of delivery.

(2) Construction Business

Construction Business is engaged in renovation planning, repair and renovation work for commercial buildings, telecommunications work and contracted interior construction for large, medium, and small facilities, etc.

When control over construction results or services is transferred to clients over a certain period, revenue is recognized over a certain period as the performance obligation to transfer goods or services to clients is fulfilled.

Contracts with a very short period between the transaction start date and the time when the performance obligation is expected to be fulfilled, or construction work for which the order amount per construction work is insignificant are subject to alternative treatment in which revenue is not recognized over a certain period but is recognized when the performance obligation is fulfilled.

(iii) Accounting treatment for retirement benefits

In calculating the retirement benefit liability and retirement benefit expenses, certain of the Company's consolidated subsidiaries apply the simplified method where the amount of retirement benefits payable at the

end of the fiscal year for voluntary resignations is the retirement benefit obligation.

- (iv) Standards for translation of foreign currency-denominated assets and liabilities into Japanese currency
Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates on the consolidated balance sheet date, and translation differences are charged or credited to income. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rates prevailing at the respective balance sheet dates of the foreign subsidiaries, and sales income and expenses are translated into Japanese yen at the average exchange rate during the year. Translation differences are included in foreign currency translation adjustment and non-controlling interests in net assets.
- (v) Non-deductible consumption tax accounting
Non-deductible consumption tax and local consumption tax on assets are charged to income in the year in which they are incurred.
- (vi) Amortization methods and periods for goodwill
Goodwill is amortized on a straight-line basis over mainly 2 to 10 years.
- (vii) Application of group tax sharing system
The Company and certain consolidated domestic subsidiaries apply the group tax sharing system.

(Change of Accounting Policies)

(Application of “Accounting Standard for Current Income Taxes,” etc.)

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the “Revised Accounting Standard of 2022”) and other standards have been applied from the beginning of the current consolidated accounting period.

With respect to the revision to the corporate income tax classification (taxation on other comprehensive income), the Company follows the transitional treatment set forth in the proviso to Section 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in proviso to Section 65-2(2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the “Revised Implementation Guidance of 2022”). There is no impact on the Consolidated Financial Statements.

In addition, the Company has applied the Revised Implementation Guidance of 2022 from the beginning of the current consolidated accounting period with regard to the revision related to the review of the Consolidated Financial Statements treatment in the case of tax deferral of gains and losses arising from the sale of shares of subsidiaries, etc. between consolidated companies. This change of accounting policy has been retroactively applied, and the Consolidated Financial Statements for the previous consolidated accounting period has been adjusted accordingly. There is no impact on the Consolidated Financial Statements for the previous consolidated accounting period.

(Change of Presentation Method)

Consolidated Balance Sheet

“Long-term loans,” which was included in “Other” under “Investments and other assets” in the previous fiscal year, is presented separately from the current fiscal year due to an increase in its financial materiality.

Consolidated Statement of Income

“Loss on retirement of non-current assets,” which was presented separately under “Extraordinary loss” in the previous fiscal year, is included in “Other” from the current fiscal year due to its decreasing financial materiality.

(Notes on Accounting Estimates)

1. Assessment of the real estate for sale

(1) Amount recorded in the consolidated financial statements for the current fiscal year

Real estate for sale	17,151 million yen
Real estate for sale in process	116,417 million yen

(2) Other information

For real estate for sale, etc., if the net selling price falls below the acquisition cost, the net selling price is stated as the balance sheet amount. The net selling price is calculated by deducting the estimated future cost of construction work and the estimated selling expenses from the return value, which is calculated by dividing the expected future profit, estimated based on the business plan, by the expected yield.

The calculation of return value includes estimates of future tenant rent, average daily rate and occupancy rates of hotel rooms, and expected yields and is based on important assumptions such as forecasts of future market conditions.

In the following fiscal years, the net selling price may change due to changes in assumptions used in formulating business plans in the event of unexpected events at the time of formulating business plans. This may have a significant impact on the amount of real estate for sale, etc., recognized in the consolidated financial statements

for the following fiscal year and thereafter.

2. Non-current assets impairment

(1) Amount recorded in the consolidated financial statements for the current fiscal year

Non-current assets related to Hotel Development Business and Hotel Operation Business: 16,677 million yen

(2) Other information

If a hotel shows signs of impairment, the determination of impairment loss recognition is based on the hotel's business plan and a comparison of the estimated undiscounted future cash flows over the remaining economic useful lives of the hotel's major assets with the carrying amounts of the hotel's asset groups.

The business plan of the hotel, which is the basis of future cash flows, has been formulated under the policy of conducting long-term management, based on important assumptions including the forecast of the average daily rate and the occupancy rate of hotel rooms, etc., as well as the assumption of future market conditions.

In the following fiscal year and thereafter, the net selling price may change due to changes in assumptions used in formulating business plans in the event of unanticipated events at the time of formulating business plans. This may have a significant impact on the amount of real estate for sale, etc., recognized in the consolidated financial statements for the following fiscal year and thereafter.

(Additional Information)

Change in holding purpose of assets

Property, plant and equipment (494 million yen in buildings and 1,119 million yen in land) has been transferred to real estate for sale in process of 1,613 million yen under current assets due to a change in the holding purpose.

Transactions of delivering the company's own shares to employees etc. through trusts

The Company conducts transactions to deliver its own shares through trust for the purpose of employee welfare.

(i) Overview of transaction

The plan provides the Company's shares to employees of the Company who meet certain requirements based on the share benefit regulations established by the Company in advance.

The Company will grant points to employees who satisfy certain conditions at the end of the consolidated fiscal year, and when they acquire the right to receive benefits, the Company shares corresponding to the granted points will be delivered. The shares to be granted to employees are acquired in the future with the money set in trust in advance and managed separately as trust assets.

The total amount method is applied to the Employee Stock Ownership Plan (J-ESOP) in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Shares to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015).

(ii) Own shares remaining in the trust

The book value of the Company's shares remaining in the trust (excluding the amount of incidental expenses) is recorded as treasury shares under net assets. The book value and number of shares of the treasury shares were 157 million yen and 128,300 shares.

(Notes to Consolidated Balance Sheet)

(1) Assets pledged as collateral and obligations secured by collateral

(i) Assets pledged as collateral are as follows:

Cash and deposits (Note)	65 million yen
Real estate for sale	13,274 million yen
Real estate for sale in process	102,302 million yen
Buildings	7,671 million yen
Land	9,313 million yen
Other	2,310 million yen
Total	134,938 million yen

Notes: 1. Time deposits are pledged as collateral for bank loans and other obligations.

2. In the current consolidated fiscal year, shares of subsidiaries and affiliates (1,826 million yen of amount before elimination), which has been eliminated on a consolidated basis, is pledged as collateral for bank loans.

(ii) Secured obligations are as follows:

Long-term borrowings (including current portion)	78,575 million yen
Total	78,575 million yen

(2) Accumulated depreciation of property, plant and equipment 7,991 million yen

Note. The above amounts include accumulated impairment losses.

(3) Contingent liabilities

Debt guarantee

(i) Liability guarantee by rent guarantee

Customers pertaining to Rent Guarantee Business (amount equivalent to the guarantee limit)	54,590 million yen
Provision for fulfillment of guarantees	-34 million yen
Total	54,556 million yen

(ii) Liability guarantee by substitute deposit

Guaranteed amount of obligation to refund deposits	146 million yen
Total	146 million yen

Note. The Group, the lessor, and the financial institutions have concluded a substitute deposit agreement for the leasehold and guarantee deposits of some rental properties. Under the agreement, financial institutions deposit an amount equivalent to the leasehold and guarantee deposits with the lessor, and the Group guarantees the lessor's obligations to the financial institutions to refund the deposit.

(4) Reduction entry amount

The reduced entry amount deducted from the acquisition cost of property, plant and equipment due to government subsidies, etc. is as follows.

Buildings	641 million yen
Land	32 million yen
Other	12 million yen
Total	686 million yen

(Notes to Consolidated Statement of Changes in Equity)

(1) Total number of issued shares

Type of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated fiscal year
Common shares	48,755,500 shares	- shares	- shares	48,755,500 shares

(2) Matters concerning treasury shares

Type of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated fiscal year
Common shares	203,208 shares	1,051 shares	31,643 shares	172,616 shares

Note. The number of treasury shares in common shares, includes the Company's share of 128,300 held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

(Summary of Reasons for Change)

The increase/decrease in the number of treasury shares of common shares was mainly due to an increase of 1,051 shares due to the purchase of treasury shares as a result of the loss of rights of the target who was granted restricted shares remuneration, while there was a decrease of 31,643 shares due to the disposition of treasury shares for the purpose of granting as restricted shares remuneration.

(3) Matters concerning dividends of surplus

(i) Cash dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
May 21, 2024 Board of Directors	Common shares	1,553	32.00	March 31, 2024	June 26, 2024
November 7, 2024 Board of Directors	Common shares	1,607	33.00	September 30, 2024	December 3, 2024

Note. The total amount of dividends decided at the Board of Directors Resolution on May 21, 2024 includes dividends of 4 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

The amount of dividends per share includes 2.00 yen of commemorative dividends for the 25th anniversary of the Company's founding.

The total amount of dividends decided at the Board of Directors Resolution on November 7, 2024 includes dividends of 4 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

(ii) Dividends whose record date falls in the current consolidated fiscal year and whose effective date falls in the following consolidated fiscal year

The following resolution is scheduled.

Resolution	Type of shares	Source of dividends	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
May 20, 2025 Board of Directors	Common shares	Retained earnings	1,607	33.00	March 31, 2025	June 25, 2025

Note. The total amount of dividends decided at the Board of Directors Resolution on May 20, 2025, includes dividends of 4 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

(4) Share acquisition rights as of the end of the current consolidated fiscal year

Breakdown	Type of shares to be issued	Number of shares to be issued (shares)				Balance at the end of the current consolidated fiscal year (million yen)
		Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated fiscal year	
2018 share acquisition rights as stock option	-	-	-	-	-	5
2019 share acquisition rights as stock option	-	-	-	-	-	5
2020 share acquisition rights as stock option	-	-	-	-	-	4
2021 share acquisition rights as stock option	-	-	-	-	-	14
Share acquisition right in 1st Series Unsecured Convertible Bonds with Share Acquisition Rights	Common shares	6,434,900	-	-	6,434,900	(Note) 1
Total		6,434,900	-	-	6,434,900	30

Note. 1. Convertible bonds with share acquisition rights is accounted for by the lump-sum method.

2. The number of shares to be issued is the assumed number of shares upon exercise of the share acquisition rights.

(Notes on Financial Instruments)

(1) Items relating to financial instruments

(i) Policy on financial instruments

The Group limits its fund management to short-term deposits, etc. With regard to fund procurement, the Company's policy is to procure funds through indirect financing through bank loans and direct financing through issuance of bonds and shares, etc., taking into comprehensive consideration the characteristics of necessary fund demand, financial market environment, long and short-term redemption periods. Derivative transactions are used to avoid interest rate fluctuation risks in borrowings or to limit them to a certain range, and the Company's policy is not to engage in speculative transactions.

(ii) Content as well as risks of financial instruments

Trade receivables are exposed to customers' credit risk.

Borrowings were raised mainly for investment in business purposes and business strategies. Variable borrowings are exposed to interest rate fluctuation risk. Borrowings, which are procured mainly from financial institutions, are exposed to liquidity risks that restrict fund procurement due to changes in the stance of transactions with the group.

Corporate bonds are procured mainly for capital investment and do not bear interest.

(iii) Risk management system for the financial instruments

A. Management of credit risks (risks pertaining to non-performance of contracts by counterparties)

Based on the Management Regulations for Trade Receivables and other rules, the Company regularly monitors the business conditions of major business partners with regard to trade receivables, strives to identify and mitigate early concerns about collection of trade receivables due to deterioration in financial conditions and other factors.

B. Management of market risks (risks related to market price fluctuations)

The Company will not conduct derivative transactions for speculative purposes not stipulated in the derivative transaction management regulations.

C. Management of liquidity risk related to fund procurement (risk of inability to pay on the due date)

The Company aims to diversify its funding sources by accurately assessing the Group's funding needs and financial position, and by strengthening relationships with financial institutions.

(iv) Supplementary explanation of fair value of financial instruments

Since variable factors are incorporated in the calculation of the fair values of financial instruments, the value may fluctuate by adopting different assumptions, etc.

(2) Fair value of financial instruments

On March 31, 2025, the consolidated balance sheet amounts, market values and differences between them were as follows.

	Consolidated balance sheet amount (million yen)	Market value (million yen)	Difference (million yen)
Corporate bonds	9,999	9,199	-800
Long-term borrowings (including current portion)	82,359	79,128	-3,231
Total liabilities	92,359	88,327	-4,031

Note 1. "Cash and time deposits" is omitted because the market value approximates the book value since cash and deposits are settled in a short period of time.

2. Shares with no market price

Category	Consolidated balance sheet amount (million yen)
Unlisted shares	105

3. Scheduled repayment amount of corporate bonds and long-term borrowings after the consolidated balance sheet date

(million yen)						
Category	Within 1 year	1 ~ 2 years	2 ~ 3 years	3 ~ 4 years	4 ~ 5 years	Over 5 years
Corporate bonds	-	-	-	9,999	-	-
Long-term borrowings	10,140	13,898	25,652	9,717	11,110	11,840

(3) Breakdown of market value of financial instruments by appropriate category, etc.

The market values of financial instruments are classified into the following three levels according to the inputs, observability and materiality related to the calculation of market values.

Level 1 Market Value: Market value calculated based on quoted prices of the same asset or liability in an active market (unadjusted)

Level 2 Market Value: Market value calculated using direct or indirect observable inputs other than Level 1 inputs

Level 3 Market Value: Market value calculated using significant unobservable inputs

When multiple inputs that have a significant impact on the calculation of market value are used, market value is classified to the lowest level to which each of these inputs belongs that has the lowest priority for calculating market value.

Financial assets and liabilities not recognized in consolidated balance sheet at market value

Category	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Corporate bonds	-	9,199	-	9,199
Long-term borrowings (including current portion)	-	79,128	-	79,128

Note. Explanation of valuation techniques used for market value calculation and input related to market value calculation

Corporate bonds

The market values of corporate bonds issued by the Company is calculated using the discounted present value method based on the total amount of principal and interest and the interest rate that takes into account the remaining term of the bonds and credit risk and is classified as Level 2 market values.

Long-term borrowings (including current portion)

These market values are calculated by the discounted present value method based on the total amount of principal and interest and the interest rate taking into account the remaining period of the debt and credit risk and are classified as Level 2 market values.

(Notes on Lease and Real Estate)

The Company operates rental office buildings (including land) as well as hotel facilities (including land) in Tokyo and other areas. For the fiscal year ended March 31, 2025, net rental income from such rental properties was 94 million yen (rent revenue is recognized in net sales and rental expenses are recorded in cost of sales). In addition, the amount recorded in the consolidated balance sheet, increase/decrease for the current consolidated fiscal year and market value at the end of the current consolidated fiscal year for the said lease and real estate are as follows.

Consolidated balance sheet amount (million yen)			Market value at the end of the current consolidated fiscal year (million yen)
Balance at the beginning of the current consolidated fiscal year	Fiscal year under review Increase/Decrease	Balance at the end of the current consolidated fiscal year	
8,660	-1,821	6,839	10,159

Note 1. The consolidated balance sheet amount is the acquisition cost excluding the accumulated depreciation.

2. Among increases/decreases during the fiscal year under review, the major increase was due to new acquisitions (9 million yen) and the major decreases were due to transfers following changes in the holding purpose of the assets (1,613 million yen) and depreciation (203 million yen).

3. The market value at the end of the current consolidated fiscal year is the amount based on the real estate appraisal report by an external real estate appraiser.

(Notes on Revenue Recognition)

1. Breakdown of information regarding revenue generated from contracts with clients

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Total		
Real Estate Revitalization Business net sales	62,711	-	-	62,711	-	62,711
Hotel Development Business net sales	-	-	3,072	3,072	-	3,072
Hotel Operation Business net sales	-	-	15,160	15,160	-	15,160
Other Business net sales	38	9,585	188	9,812	1,827	11,639
Revenue from contracts with clients	62,750	9,585	18,421	90,757	1,827	92,584
Other income (Note 2)	8,566	1,682	341	10,590	-	10,590
Net sales to external clients	71,316	11,268	18,762	101,347	1,827	103,174

Note 1. The “Other” segment is a business segment that is not included in the reportable segment and includes Overseas Development Business and Construction Business.

2. Other income includes rental income under Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and transfers of real estate (including beneficial interests in real estate trust) subject to the Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies (Transferred Guidance, No. 10).

2. Basic information to understand the revenue generated from contracts with clients

Basic information for understanding revenue is as described in “Notes Regarding Significant Accounting Policies for the Preparation of Consolidated Financial Statements 3. Matters concerning Accounting Policies (4) Other significant matters for preparation of consolidated financial statements (ii) Standards for recording significant revenues and expenses.”

3. Information to understand the amount of revenue for the current period and subsequent periods

(1) Balance of contract assets and contract liabilities, etc.

The Company’s contract balance is as follows.

	Current consolidated fiscal year (Million yen)
Receivables arising from contracts with clients (at beginning of the period)	1,938
Receivables arising from contracts with clients (at end of the period)	1,943
Contract assets (at beginning of the period)	134
Contract assets (at end of the period)	134
Contract liabilities (at beginning of the period)	674
Contract liabilities (at end of the period)	440

Note 1. Receivables arising from contracts with clients

Receivables arising from contracts with clients are mainly uncollected proceeds for room charges, etc. and rights to clients arising from the performance of contracts in Real Estate Service Business. The collection period for these receivables is mainly within one to three months.

Note 2. Contract assets

Contract assets relate to the rights to clients arising from the receipt of payments from clients in the course of performance recognized in connection with contract work agreements in Construction Business. Contract assets for completed work are recognized in advance and are transferred to trade receivables upon acceptance by clients and invoicing.

Contract assets are included in notes receivable, accounts receivable, and contract assets in the Consolidated Balance Sheet.

Note 3. Contract liabilities

Contract liabilities mainly consist of earnest money received at the time of execution of sales contracts in Replanning Business, consideration received prior to performance under construction contracts in Construction Business, and room charges received in advance, etc. in Hotel Operation Business. These are transferred to income when the Company performs under contracts.

Contract liabilities are included in Other current liabilities in the Consolidated Balance Sheet.

Of the contract liabilities at the beginning of the current consolidated fiscal year, the amount recognized in revenue in the current consolidated fiscal year was 674 million yen.

The increase in contract assets in the current consolidated fiscal year was mainly due to an increase in construction orders.

The decrease in contract liabilities in the current consolidated fiscal year was mainly due to a decrease in earnest money balance in Replanning Business.

(Notes on Per Share Information)

(1) Net assets per share	2,102.79 yen
(2) Earnings per share	291.58 yen
(3) Fully diluted earnings per share	257.26 yen

Note. The Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP) are included in weighted average number of shares for the period in common shares and treasury shares deducted in the calculation of the total number of outstanding shares at the end of the fiscal year under review. The weighted average number of the Company's shares for the period held by the trust account is 128,300 shares and the number of shares at the end of the year is 128,300 shares.

(Notes on Special Purpose Companies subject to Disclosure)

(1) Overview of the special purpose company subject to disclosure and overview of transactions using the special purpose company subject to disclosure

The Company operates an investment product in sub-divided real estate sales business in Real Estate Revitalization Business based on Act on Specified Joint Real Estate Ventures (voluntary partnership type) and uses voluntary partnership as part of the business structure.

In this business, sub-divided real estate investment product purchasers (hereinafter referred to as investors) will enter into an agreement with voluntary partnership to participate in the specified joint real estate ventures and make contributions in kind. Voluntary partnership is structured to receive distributions of profits and losses arising from real estate investments in kind by investors. Profits and losses on leasing and sales of the real estate are attributable to investors.

As a Managing Partner (Chairman), the Company receives chairman compensation in accordance with the Voluntary Partnership Agreement, and also receives compensation from voluntary partnership for entrusting building management in a lump sum. In the case of a cash contribution, transfer of real estate occurs between the Company and voluntary partnership.

The latest financial position for the current consolidated fiscal year is as follows.

	Fiscal year under review (March 31, 2025)
Number of Special Purpose Companies	22 partnerships
Total assets as of the latest balance sheet date (simple sum)	11,514 million yen
Total liabilities (simple sum)	264 million yen

For the fiscal year under review, the total amounts of assets and liabilities of three of the above partnerships are not included in the total amounts because the closing date has not arrived yet.

(2) Transaction amount with the special purpose company subject to disclosure

	Major transaction amount	Main profit and loss	
		Item	Amount
Transfer amount of real estate	5,904 million yen	Net sales	5,904 million yen

Note 1. Transfer amount of real estate is stated at the transfer price at the time of transfer. The transfer amount of real estate is shown in net sales in the Consolidated Statement of Income.

2. Transactions other than above have been omitted due to lack of importance.

(Note on Significant Subsequent Events)

Not applicable.

(Other Note)

Not applicable.

Non-consolidated Balance Sheet
(As of March 31, 2025)

(Unit: million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	146,911	Current liabilities	17,277
Cash and time deposits	25,674	Accounts payable - trade	2,175
Accounts receivable	423	Current portion of long-term borrowings	7,493
Real estate for sale	16,336	Income taxes payable	3,067
Real estate for sale in process	96,557	Deposits payable	2,513
Short-term advance to affiliated company	6,082	Provision for bonuses	173
Other	1,862	Provision for bonuses for directors	69
Allowance for doubtful accounts	-26	Other	1,784
Non-current assets	39,108	Non-current liabilities	75,641
Property, plant and equipment	15,900	Corporate bonds	9,999
Buildings	6,716	Long-term borrowings	63,206
Land	9,056	Long-term deposits received	2,238
Other	127	Provision for share-based remuneration	103
Intangible assets	543	Other	92
Other	543	Total liabilities	92,919
Investments and other assets	22,663	Net assets	
Subsidiaries' and affiliates' stocks	17,346	Shareholders' equity	93,067
Long-term loans to affiliates	380	Share capital	11,965
Long-term loans	1,459	Total capital surplus	6,493
Deferred tax assets	1,471	Capital reserve	6,449
Other	2,102	Other capital surplus	43
Allowance for doubtful accounts	-96	Retained earnings	74,810
		Legal reserve	13
		Other retained earnings	74,797
		Retained earnings brought forward	74,797
		Treasury shares	-202
		Valuation and translation adjustments	2
		Valuation difference on available-for-sale securities	2
		Share acquisition rights	30
		Total net assets	93,100
Total assets	186,019	Total liabilities and net assets	186,019

Non-consolidated Statement of Income
(From April 1, 2024 to March 31, 2025)

(Unit: million yen)

Item	Amount	
Net sales		72,930
Cost of sales		48,718
Gross profit		24,212
Selling, general and administrative expenses		8,236
Operating profit		15,975
Non-operating income		
Interest and dividend income	81	
Foreign exchange gains	19	
Reversal of allowance for doubtful account	113	
Other	33	248
Non-operating expenses		
Interest expenses	784	
Provision of allowance for doubtful accounts	90	
Other	9	884
Ordinary profit		15,339
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	80	
Government subsidy	12	92
Extraordinary loss		
Loss on valuation of investment securities	49	
Loss on valuation of investments in subsidiaries	15	
Loss on reduction of non-current assets	12	77
Profit before income taxes		15,354
Income taxes - current	4,801	
Income taxes - deferred	-268	4,533
Profit		10,821

Non-consolidated Statement of Changes in Equity
(From April 1, 2024 to March 31, 2025)

(Unit: million yen)

	Shareholder's equity						
	Share capital	Capital surplus			Legal reserve	Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of the period	11,965	6,449	14	6,464	13	67,141	67,154
Changes during period							
Dividends of surplus						-3,165	-3,165
Profit						10,821	10,821
Disposal of treasury shares			29	29			
Net changes in items other than shareholders' equity							
Total changes during period	-	-	29	29	-	7,656	7,656
Balance at end of the period	11,965	6,449	43	6,493	13	74,797	74,810

	Shareholders' equity		Valuation and translation difference		Share acquisition rights	Net assets total
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation difference		
Balance at beginning of the period	-233	85,350	2	2	30	85,382
Changes during period						
Dividends of surplus		-3,165				-3,165
Profit		10,821				10,821
Disposal of treasury shares	31	61				61
Net changes in items other than shareholders' equity			0	0	-	0
Total changes during period	31	7,717	0	0	-	7,717
Balance at end of the period	-202	93,067	2	2	30	93,100

Notes to Non-consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Matters Concerning Significant Accounting Policies)

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

(i) Shares of subsidiaries and affiliates Stated at cost using the moving-average method.

(ii) Other securities (available-for-sale securities)

Shares other than unlisted shares (i.e., those with market prices) Stated at market (Valuation difference is reported as a component of net assets. The cost of sale is calculated using the moving-average method.)

Shares with no market price, etc. Stated at cost using the moving-average method.

(2) Assessment criteria and assessment methods of inventories

Real estate for sale and Real estate for sale in process Stated at cost determined by the specific identification method
(The figures shown in the balance sheet have been calculated by writing them down based on a decline in profitability.)
Leased assets are depreciated in accordance with property, plant and equipment standards.

2. Depreciation of non-current assets

(1) Property, plant and equipment

The declining-balance method is applied.
However, buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method.

The estimated useful lives are as follows:

Buildings	3 to 39 years
Other	2 to 15 years

Small-amount depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are depreciated over three years on a straight-line basis.

(2) Intangible assets

The straight-line method is applied.
Software for internal use is amortized on a straight-line basis over the estimated internal useful life (5 years).

3. Standards for provisions

(1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, the Company records the portion of the estimated bonuses to be paid during the current fiscal year.

(3) Provision for bonuses for directors

Provision for directors' bonuses is provided based on the estimated amount to be paid during the current fiscal year.

(4) Provision for share-based remuneration

In order to prepare for the provision of the Company's shares to employees based on the Share Benefit Regulations, the provision for the Company's shares is recorded based on the estimated amount of the share benefit obligation at the end of the current fiscal year.

4. Method of recording revenue and expenses

The major performance obligations in principal businesses related to revenue arising from contracts with the Company's clients and the normal time at which such performance obligations are satisfied (normal time at which revenue is recognized) are as follows.

(a) Real Estate Revitalization Business

Replanning Business

Replanning Business purchases existing office buildings, refurbishes buildings and facilities, and attracts excellent tenants to enhance value and sell the improved property to clients in Japan and overseas. The Company is obligated to deliver these properties based on real estate sales agreements with clients.

The performance obligation is fulfilled at the time the property is delivered and revenue is recognized at the time of delivery of the property.

(b) Real Estate Service Business

(1) Property Management Business

Property Management Business enters into property management agreements with clients and is obligated to perform various operations related to real estate properties on behalf of clients, including maintenance and management of properties and collection of rent from tenants.

The performance obligation is fulfilled at the time service is provided based on the property management agreement, and revenue is recognized over the contract period.

(2) Sales Brokerage Business

Sales Brokerage Business stands between the buyer and the seller at the time of purchase and sale of real estate and is responsible for facilitating the conclusion of sales agreements. Based on the intermediary agreement with the client, the Company is responsible for a series of operations including negotiation and adjustment of transaction terms and conditions to conclude agreements, delivery and explanation of important matters, preparation and delivery of agreements, and involvement in procedures for performance of agreements.

The performance obligation is fulfilled at the time when the property related to the real estate sales agreement established by the intermediary contract is delivered, and revenue is recognized at the time of delivery.

(3) Leasing Brokerage Business

Leasing Brokerage Business is a business that stands between the lessee and the lessor when leasing real estate and is responsible for concluding lease agreements. Based on intermediary agreements with clients, the business is responsible for a series of operations including negotiations and adjustments of transaction terms and conditions to conclude agreements, delivery and explanation of important matters, preparation and delivery of agreements, and involvement in procedures for performance of agreements.

The performance obligation is fulfilled at the time when the real estate lease agreement for the property brokered by the intermediary agreement is concluded, and revenue is recognized at the time of conclusion of the agreement.

(c) Hotel and Tourism Business

Hotel Development Business

Hotel Development Business is a business engaging in the purchase of land and the construction of hotel buildings, which are then sold to clients, and is obligated to deliver the property based on the real estate sales agreement with the clients.

The performance obligation is fulfilled at the time the property is delivered and revenue is recognized at the time of delivery.

(d) Others

Construction Business

Construction Business is engaged in renovation planning, repair and renovation work for commercial buildings, telecommunications work and contracted interior construction for large, medium, and small facilities, etc.

When control over construction results or services is transferred to clients over a certain period, revenue is recognized over a certain period as the performance obligation to transfer goods or services to clients is fulfilled.

Contracts with a very short period between the transaction start date and the time when the performance obligation is expected to be fulfilled, or construction work for which the order amount per construction work is insignificant are subject to alternative treatment in which revenue is not recognized over a certain period but is recognized when the performance obligation is fulfilled.

5. Basis for preparation of other financial statements

(1) Standards for translation of significant assets or liabilities denominated in foreign currencies into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing at the respective balance sheet dates, and translation differences are charged or credited to income.

(2) Non-deductible consumption tax accounting

Non-deductible consumption tax on assets is charged to income in the year in which it is incurred.

- (3) Application of group tax sharing system
Group tax sharing system is applied.

(Changes of Accounting Policies)

(Application of the “Accounting Standard for Current Income Taxes,” etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard of 2022”) from the beginning of the current fiscal period.

With respect to the amendments to the corporate income taxes classification, the Company is following the transitional treatment provided for in the proviso to paragraph 20-3 of the Revised Accounting Standard of 2022 as well as the proviso to paragraph 65-2(2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance of 2022”). These changes have no impact on the financial statements.

(Notes on Accounting Estimates)

1. Assessment of the real estate for sale

(1) Amount recorded in the financial statements for the current business year

Real estate for sale	16,336 million yen
Real estate for sale in process	96,557 million yen

(2) Other information

For real estate for sale, etc., if the net selling price falls below the acquisition cost, the net selling price is stated as the balance sheet amount. The net selling price is calculated by deducting the estimated future cost of construction work and the estimated selling expenses from the return value estimated based on the business plan. The expected future revenue of the business plan, which forms the basis for the value of the return to profit, includes future tenant rent, and is formulated based on important assumptions such as forecasts of future market conditions.

In the following fiscal years, the net selling price may change due to changes in assumptions used in formulating business plans in the event of unanticipated events at the time of formulating business plans. This may have a significant impact on the amount of real estate for sale, etc., recognized in the consolidated financial statements for the following fiscal year and thereafter.

2. Non-current assets impairment

(1) Amount recorded in the financial statements for the current business year

Non-current assets related to Hotel Development Business	9,067 million yen
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(2) Other information

The non-current assets related to Hotel Development Business are leased to consolidated subsidiaries. The rent is determined based on assumptions such as the average daily rate and occupancy rate of hotel rooms based on future market forecasts under the long-term management policy. If signs of impairment are shown, the determination of impairment loss recognition is based on the rental contracts and a comparison of the estimated undiscounted future cash flows over the contract period with the carrying amounts of the hotels.

In the following fiscal year and thereafter, the assumptions used in calculating rents may change in the event of unanticipated events when the rental contracts were formulated. This may have a significant impact on the non-current assets amounts recognized in the financial statements for the following fiscal year and thereafter.

(Additional Information)

Change in holding purpose of assets

Property, plant and equipment (494 million yen in buildings and 1,119 million yen in land) has been reclassified to “Real estate for sale in process” under current assets, totaling 1,613 million yen, due to a change in the holding purpose.

Transactions of delivering the company’s own shares to employees etc. through trusts

The Company conducts transactions to deliver its own shares through trust for the purpose of employee welfare.

(i) Overview of transaction

The Plan provides the Company’s shares to employees of the Company who meet certain requirements based on the share benefit regulations established by the Company in advance.

The Company will grant points to employees who satisfy certain conditions at the end of the fiscal year, and when they acquire the right to receive benefits, the Company shares corresponding to the granted points will be delivered. The shares to be granted to employees are acquired in the future with the money set in trust in advance and managed separately as trust assets.

The total amount method is applied to the Employee Stock Ownership Plan (J-ESOP) in accordance with the

“Practical Solution on Transactions of Delivering the Company’s Own Shares to Employees etc. through Trusts”
(ASBJ PITF No. 30, March 26, 2015).

(ii) Own shares remaining in the trust

The book value of the Company’s shares remaining in the trust (excluding the amount of incidental expenses) is included in net assets. The book value and number of shares of the treasury shares were 157 million yen and 128,300 shares.

(Notes to Balance Sheet)

(1) Assets pledged as collateral and obligations secured by collateral

(i) Assets pledged as collateral are as follows:

Real estate for sale	13,274	million yen
Real estate for sale in process	92,146	million yen
Buildings	6,363	million yen
Land	8,981	million yen
Other	28	million yen
Total	120,794	million yen

(ii) Secured liabilities are as follows:

Long-term borrowings (including current portion)	70,481	million yen
Total	70,481	million yen

(2) Accumulated depreciation of property, plant and equipment 1,876 million yen

(3) Monetary claims and monetary obligations to subsidiaries and affiliates (excluding those classified)

Short-term monetary claims	100	million yen
Short-term monetary obligations	131	million yen

(4) Monetary obligations to Directors 56 million yen

(5) Guarantee obligations

Debt guarantee by affiliated companies for borrowings
from financial institutions

Sun Frontier Hotel Management Inc.	8,151	million yen
Sun Frontier Sado Inc.	387	million yen
SF Communication Inc.	17	million yen
Hotel Osado Co., Ltd	462	million yen
AQUA TOWER LIMITED LIABILITY COMPANY	947	million yen

(Notes to Statement of Income)

Transactions with affiliated companies

Transaction volume from operating transactions

Net sales 504 million yen

Cost of sales and selling, general and administrative
expenses 1,553 million yen

Non-operating transactions

Non-operating income 61 million yen

(Notes to Statement of Changes in Equity)

Matters concerning treasury shares

Type of shares	Beginning of the current fiscal year	Increase	Decrease	End of the current fiscal year
Common shares	203,208 shares	1,051 shares	31,643 shares	172,616 shares

Note. The number of treasury shares in common shares includes the Company’s shares of 128,300 held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

(Summary of Reasons for Change)

The increase/decrease in the number of treasury shares of common shares was mainly due to an increase of 1,051 shares .due to the acquisition of treasury shares following the forfeiture of rights by a grantee of restricted stock compensation while there was a decrease of 31,643 shares due to the disposition of treasury shares for the purpose of granting as remuneration of restricted stock.

(Notes on Tax Effect Accounting)

(1) Breakdown of Deferred tax assets and deferred tax liabilities by major cause

(Unit: million yen)

Deferred tax assets	
Inventory assets	686
Disallowed unrealized loss on shares of affiliates	690
Disallowed loss on valuation of investment securities	48
Accrued enterprise tax	169
Allowance for doubtful accounts	41
Taxes and duties	79
Accounts payable	137
Accrued expenses	90
Provision for bonuses	52
Long-term accounts payable	17
Excess depreciation	48
Disallowed unrealized loss on land	9
Other	128
Subtotal	2,202
Valuation allowance	-729
Deferred tax assets total	1,473
Deferred tax liabilities	
Valuation difference on available-for-sale securities	1
Other	0
Deferred tax liabilities total	1
Deferred tax assets net	1,471

(2) Change of tax rate of corporate income taxes after the closing date

The Law for Partial Amendment of the Income Tax Law, etc. (Law No. 13 of 2025) was promulgated on March 31, 2025, and the corporation tax rate, etc. will be changed from the fiscal year beginning on or after April 1, 2026. As a result, the effective statutory tax rates used to calculate deferred tax assets and deferred tax liabilities will be changed from 30.6% to 31.5% for temporary differences expected to be eliminated in the fiscal year beginning March 1, 2027. The effect of applying the new effective statutory tax rate at the end of the fiscal year under review is immaterial.

(Notes on Transactions with Related Parties)

1. Subsidiaries and affiliates

(Unit: million yen)

Type	Company name	Percentage of voting rights held	Relationship with related parties	Contents of the transaction	Transaction amount	Subject	Year-end balance
Subsidiary	Sun Frontier Hotel Management Inc.	Possession Direct 100% Indirect -	Lease transaction	Debt guarantee	8,151	-	-
			Management Concurrent appointment posts	Receipt of debt guarantee fee (Note (i))	2	-	-
			Loan of funds	Loan of funds	5,000	Short-term loans to affiliates	5,000
			Debt guarantee	Receipt of interest (Note (ii))	39	-	-

Note 1. Transaction terms and policy for determining transaction terms

- (i) The Company has provided guarantees for financial institutions borrowings and has received a guarantee fee of 0.1% per annum.
- (ii) Interest rates on loans are determined by taking market interest rates into consideration.

2. Officers and individual major shareholders, etc.

There are no significant transactions that should be noted.

(Notes on Revenue Recognition)

Basic Information for understanding revenue

The information is identical to that presented in the Notes to the Consolidated Financial Statements.

(Notes on Per Share Information)

- (1) Net assets per share 1,915.70 yen
- (2) Earnings per share 222.78 yen
- (3) Fully diluted earnings per share 196.56 yen

Note. The Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP) are included in the number of treasury shares deducted from the weighted average number of shares during the period and the total number of shares outstanding at the end of the fiscal year under review. The weighted average number of shares for the period held by the trust account is 128,300 shares and the number of shares at the end of the year is 128,300 shares.

(Notes on Significant Subsequent Events)

Not applicable.

Audit Report on Consolidated Financial Statements

Independent Auditor's Report

May 13, 2025

To the Board of Directors of Sun Frontier Fudousan Co., Ltd.:

BDO Sanyu
Tokyo Office, Japan

Hitoshi Torii
Designated Partner
Engagement Partner
Certified Public Accountant

Tomoharu Takashima
Designated Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to consolidated financial statements of Sun Frontier Fudousan Co., Ltd. (the “Company”) and its consolidated subsidiaries (collectively referred to as the “Group”) for the fiscal year from April 1, 2024 to March 31, 2025 in accordance with Article 444, Paragraph 4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information consists of the business report and supplementary schedules. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Committee Members and the Audit & Supervisory Committee are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the financial statements does not include the other information, and we do not provide our opinion on the other information.

Our responsibility for the audit of the financial statements is to read the other information, and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements or our knowledge obtained during audit, and give attention to whether there are any other indications of material errors in the other information aside from such material inconsistency.

If, based on the audit work performed, we determine that there is a material misstatement in the other information, we are required to report such facts.

We have no matters to report with respect to the other information.

Responsibilities of Management, the Audit & Supervisory Committee Members and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, including the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern,

disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee Members and the Audit & Supervisory Committee are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee Members and the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee Members and the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, if measures have been taken to eliminate disincentives or applied safeguards to reduce them to an acceptable level, the details of those measures.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and the designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report on the Non-consolidated Financial Statements

Independent Auditor's Report

May 13, 2025

To the Board of Directors of Sun Frontier Fudousan Co., Ltd.:

BDO Sanyu
Tokyo Office, Japan

Hitoshi Torii
Designated Partner
Engagement Partner
Certified Public Accountant

Tomoharu Takashima
Designated Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity and the notes to non-consolidated financial statements, and the supplementary schedules (the “financial statements and others”) of Sun Frontier Fudousan Co., Ltd. (the “Company”) as at March 31, 2025 and for the fiscal year from April 1, 2024 to March 31, 2025 in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act.

In our opinion, the financial statements and others referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and others were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information consists of the business report and supplementary schedules. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Committee Members and the Audit & Supervisory Committee are responsible for overseeing the Directors’ performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the financial statements does not include the other information, and we do not provide our opinion on the other information.

Our responsibility for the audit of the financial statements is to read the other information, and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements or our knowledge obtained during audit, and give attention to whether there are any other indications of material errors in the other information aside from such material inconsistency.

If, based on the audit work performed, we determine that there is a material misstatement in the other information, we are required to report such facts.

We have no matters to report with respect to the other information.

Responsibilities of Management, the Audit & Supervisory Committee Members and the Audit & Supervisory Committee for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and others in accordance with accounting principles generally accepted in Japan, including the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements and others that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and others, management is responsible for assessing whether it is appropriate to prepare the financial statements and others with the assumption of the Company’s ability to continue as a going concern,

disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and others as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the financial statements and others based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and others.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and others, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the financial statements and others is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the financial statements and others and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and others or, if such disclosures are inadequate, to express a qualified opinion with exceptions on the financial statements and others. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and others are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and others, including the disclosures, and whether the financial statements and others represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Committee Members and the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee Members and the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, if measures have been taken to eliminate disincentives or applied safeguards to reduce them to an acceptable level, the details of those measures.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and the designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Audit & Supervisory Committee

Audit Report

The Audit & Supervisory Committee, having received a report from each Audit & Supervisory Committee Member on the method and results of his or her audit on the performance of duties of Directors during the 26th fiscal year from April 1, 2024 to March 31, 2025, and, as a result of discussion, does hereby report the results of audit as follows:

1. Auditing method and its contents

The Audit and Supervisory Committee regularly received reports on the details of the resolutions of the Board of Directors concerning the matters listed in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act of Japan and the status of the construction and operation of the system established based on such resolutions (internal control system) from Directors and employees, etc., requested explanations as necessary, expressed opinions, and conducted audits by the method described below.

- (i) Audit & Supervisory Committee Members attended important meetings, received reports from Directors and employees on matters related to the execution of their duties, requested explanations as necessary, inspected important approval documents, etc., and investigated the status of business and assets at the head office and major business offices in accordance with the standards for Audit & Supervisory Committee Audits established by the Audit & Supervisory Committee and in accordance with auditing policies and the division of duties, in cooperation with the internal audit department of the Company. With regard to subsidiaries, the Audit & Supervisory Committee worked to communicate and exchange information with the Directors and Audit & Supervisory Committee Members, etc. of the subsidiaries, and received reports on the business from the subsidiaries as necessary.
- (ii) With regard to the basic policies under Article 118, Item 3 (a) and each effort under Article 118, Item (b) of the Regulation for Enforcement of the Companies Act, as well as particulars to be given consideration under Article 118, Item 5 (a) and the judgement and the reasons under Article 118, Item 5 (b) of the Regulation for Enforcement of the Companies Act described in the business report, the details have been reviewed taking into account the deliberations at the Board of Directors' meetings and other meetings.
- (iii) We monitored and verified whether or not the accounting auditor has properly carried out audits while maintaining its independence. We also received reports from the accounting auditor on the performance of its duties and have asked it to provide explanations when necessary. In addition, we sought explanations as necessary, upon having received notice from the accounting auditor that the "systems for ensuring that the performance of the duties is being carried out properly" (matters stipulated in each item of Article 131 of the Regulation on Corporate Accounting) have been developed in accordance with the "Quality Control Standard for Audit" (Business Accounting Council), etc. With regard to key audit matters (KAMs), the Audit & Supervisory Committee consulted with BDO Sanyu and received reports on the implementation status of the audit and requested explanations as necessary.

Based on the methods described above, we reviewed the business report and supplementary schedules, the Non-consolidated Financial Statements (Non-consolidated balance sheet, Non-consolidated statement of income, Non-consolidated statement of changes in equity, and Notes to non-consolidated financial statements), supplementary schedules attached thereto, and the Consolidated Financial Statements (Consolidated balance sheet, Consolidated statement of income, Consolidated statement of changes in equity, and Notes to consolidated financial statements).

2. Audit Results

- (1) Audit results of the Business Report, etc.
 - (i) We deem that the Business Report and supplementary schedules attached thereto fairly represent the situation of the Company in accordance with relevant laws and regulations, and the Articles of Incorporation.
 - (ii) We deem there to be no misconduct or material fact constituting a violation of relevant laws and regulations, or the Articles of Incorporation, regarding the Directors in performing their duties.
 - (iii) We deem that resolutions of the content of the Business Report and Board of Directors regarding the internal control systems are appropriate in content. We also deem there to be no issues to be pointed out with respect to the Directors in performing their duties regarding the internal control systems.
- (2) Audit results of the Non-consolidated Financial Statements and supplementary schedules attached thereto
We deem that the methods and results of audits performed by the accounting auditor, BDO Sanyu are appropriate.
- (3) Audit results of the Consolidated Financial Statements
We deem that the methods and results of audits performed by the accounting auditor, BDO Sanyu are appropriate.

May 13, 2025

Sun Frontier Fudousan Co., Ltd. Audit & Supervisory Committee

Tominaga	Audit & Supervisory Committee Member (full-time) Shinichi
Okubo	Outside Audit & Supervisory Committee Member Kazutaka
Edahiro	Outside Audit & Supervisory Committee Member Yukiko
Note. Audit and Supervisory Committee Members Kazutaka Okubo and Yukiko Edahiro are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.	