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(Stock Exchange Code 8934)

May 31, 2021

To Shareholders with Voting Rights:

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

**NOTICE OF
THE 22ND 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 22nd Annual General Meeting of Shareholders of Sun Frontier Fudosan Co., Ltd. (the “Company”) will be held for purposes as described below.

In order to avoid the risk of infection with COVID-19, please consider refraining from attending the General Meeting of Shareholders and exercise your voting rights in writing in advance.

Please review the Reference Documents for the Annual General Meeting of Shareholders below, indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form, and return it so that it is received by 6 p.m. on Monday, June 21, 2021 Japan time.

1.	Date and Time	Tuesday, June 22, 2021 at 2:30 p.m. Japan time (The hall is scheduled to open at 1:30 pm.)		
2.	Location	"Phoenix Hall" 2nd Floor of Pulp & Paper Building, 9-11, Ginza 3-chome, Chuo-ku, Tokyo (Please refer to the guide map at the end.)		
3.	Meeting Agenda	Matters to be reported	1. Business Report, Consolidated Financial Statements for the 22nd Fiscal Year (April 1, 2020 to March 31, 2021) and results of audits of the Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Board	
			2. Non-consolidated Financial Statements for the Company's 22nd Fiscal Year (April 1, 2020 to March 31, 2021)	
		Matters to be resolved	Proposal 1	Dividends of Surplus
			Proposal 2	Partial Amendments to the Articles of Incorporation
			Proposal 3	Deciding compensation amount as well as content of stock options for Directors

■ Requests for Visitors

- The Company has decided to cancel the souvenirs that were distributed at the Annual General Meeting of Shareholders. We appreciate your understanding.
- When you attend the meeting, you are kindly requested to present the enclosed Voting Rights Exercise Form at the reception.
- If voting rights are exercised by proxy, only 1 person per 1 shareholder who has voting rights may attend the General Meeting of Shareholders as a proxy.
In this case, please submit a document certifying the authority of representation such as a power of attorney to the Company. (Non-shareholders such as proxy and accompanying persons are not allowed to attend the General Meeting of Shareholders.)
- After the General Meeting of Shareholders, the Company planned to hold a meeting with shareholders. However, due to the spread of COVID-19, the meeting will be discontinued.
- Regarding Measures to Prevent COVID-19 Infection
 - (1) Officers and operating staff attending the General Meeting of Shareholders will wear face masks.
 - (2) Attendees will be asked to disinfect their hands with alcohol-based sanitizer at the reception.
 - (3) Please make sure that all attendees wear a face mask to prevent infection.
 - (4) Please note that attendees must undergo the temperature check on the day of the event, and if they are found to be in poor physical condition, such as having a fever, we will refuse admission.
 - (5) The General Meeting of Shareholders venue is scheduled to have more seats spaced to prevent infection, and the number of seats will be less than usual.
Therefore, please note in advance that we may refuse admission if the seats are full.
 - (6) In particular, those who are elderly, have underlying diseases, or are pregnant, please consider refraining from your attendance.
 - (7) The proceedings of the General Meeting of Shareholders are scheduled to be conducted smoothly and efficiently in a shorter time than usual. We thank you in advance for your understanding and cooperation in this regard.
 - (8) If the venue facilities cannot be used on the day due to unavoidable circumstances, the General Meeting of Shareholders may be held at a different venue. In that case, we will let you know on our website and at the entrance of the venue on the day.

■ Information Posted on the Website

- Any changes in the management of the Annual General Meeting of Shareholders, or updates to the Reference Documents, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements, etc. for the Annual General Meeting of Shareholders will be posted on the Company's website at the following URL:<https://www.sunfirt.co.jp>.
- As the following information is posted on the Company's website (<https://www.sunfirt.co.jp>) pursuant to the provisions of relevant laws and regulations and Article 16 of the Articles of Incorporation of the Company, it is not included in this Notice of Convocation or attached documents.

- Business Report: "System for Ensuring Proper Business Operations and Overview of Operation Status"
- Consolidated Financial Statements: "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements"
- Non-Consolidated Financial Statements: "Non-Consolidated Statement of Changes in Equity" and "Notes to Non-Consolidated Financial Statements"

The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members in preparing the Audit Report and the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor are posted on the Company's website.

The Company proposes the year-end dividend for the 22nd fiscal year as follows, taking into consideration the business performance for the fiscal year under review and future business development.

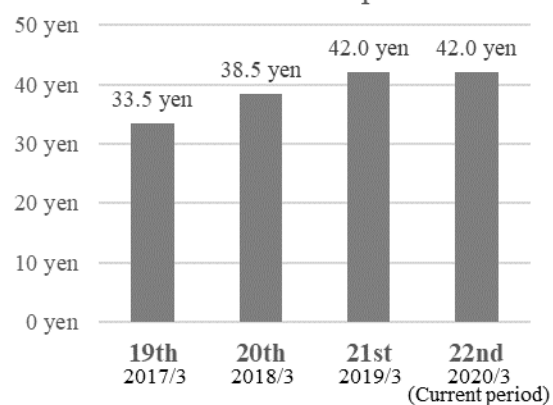
1. Type of dividend property: Cash
2. Allotment of dividends to shareholders and total amount:
42 yen per share of the Company's common share, for total amount of 2,047,724,952 yen
3. Effective date of dividends of surplus:
June 23, 2021

Reference

Basic policy concerning profit sharing

The Company's basic policy is to contribute to the interests of shareholders in a comprehensive manner, taking into account (1) strive providing long-term and stable profit returns to shareholders, (2) securing investment that aggressively challenge Office Building Business and Overseas Business for future growth, and (3) strengthening financial stability.

Trends in Dividends per Share



Proposal 2

Partial Amendments to the Articles of Incorporation

1. Reason for the Proposal

The Company will make necessary changes to Article 2 (Purpose) of the current Articles of Incorporation in order to clarify the contents of the business in line with the current status of the business of the Company and its subsidiaries and to respond to future business development and diversification of the contents of the business including subsidiaries.

2. Details of the Change

The details of the change are as follows.

(Underlines indicate changes)

Current Article of Incorporation	Proposed Change
(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses.	(Purpose) Article 2 (Unchanged)
1. (Omitted)	1. (Unchanged)
2. Planning, design, construction, supervision and contracting of civil engineering and building construction	2. Planning, design, construction, supervision, and contracting for civil engineering <u>works</u> , construction works, <u>interior finishing works</u> , <u>waterproofing and painting works</u> , <u>electrical works</u> , <u>telecommunications work and other construction works in general</u>
(New)	3. <u>Building maintenance business</u>
<u>3. - 13.</u> (Omitted)	<u>4. - 14.</u> (Unchanged)
<u>14.</u> Sales, leasing, brokerage and maintenance of office equipment, information and communications equipment, fixtures and fittings, and interior decorations	<u>15.</u> <u>Development, manufacturing</u> , sales, leasing, brokerage and maintenance of office equipment, information and communications equipment, furniture and fixtures, interior decorations, <u>lighting equipment</u> , <u>building materials</u> , etc.
<u>15. - 17.</u> (Omitted)	<u>16. - 18.</u> (Unchanged)
(New)	<u>19.</u> <u>Environmental, sanitation and cleaning activities</u>
<u>18. - 19.</u> (Omitted)	<u>20. - 21.</u> (Unchanged)
<u>20.</u> Ownership, leasing, operation, management <u>and</u> administration of accommodations, commercial facilities, sports facilities, educational facilities, medical facilities, care facility for the elderly, day-care centers, beauty salons, etc.	<u>22.</u> Ownership, leasing, operation, management, <u>administration and consulting</u> of accommodation facilities, <u>hot spring bath facilities</u> , commercial facilities, <u>rental conference room</u> , <u>rental offices</u> , sports facilities, educational facilities, medical facilities, care facility for the elderly, day-care centers, beauty salons, etc.
(New)	<u>23.</u> <u>Management and operation of parking lots</u>
<u>21. - 26.</u> (Omitted)	<u>24. - 29.</u> (Unchanged)
(New)	<u>30.</u> <u>Projects related to photography, image analysis, inspection of buildings, research, cleaning, and research, development, manufacture, sale, rental, and flight training, etc., of unmanned flying object</u>
<u>27. - 33.</u> (Omitted)	<u>31. - 37.</u> (Unchanged)

At the 19th Annual General Meeting of Shareholders of the Company held on June 22, 2018, the Company designated share acquisition rights as share-based compensation type stock options to be exercised upon retirement for Directors. Under the Board of Directors resolution, the maximum number of share acquisition rights granted to Directors (excluding Outside Directors) is 7,000 units (1 unit is 10 shares), which is within the range of 36 million yen per year.

“The Act for Partial Revision of the Companies Act (Act No. 70 of 2019)”, which was implemented on March 1, 2021, clarified the matters to be determined by resolution of the Annual General Meeting of Shareholders regarding the stock option compensation. Accordingly, in order to continue the current stock option system, the Company requests approval to allocate the following share acquisition rights within the range of 36 million yen per year as before to Directors (excluding Outside Directors), separately from the amount of remuneration for Directors, etc., of 360 million yen per year, which was approved at the 18th Annual General Meeting of Shareholders held on June 23, 2017.

The amount of compensation as stock options is equal to the fair value per share acquisition rights calculated as of the allotment date of the share acquisition rights multiplied by the number of share acquisition rights to be allotted.

There are currently six Directors (excluding Outside Directors). The Company requests that the timing of the payment and the distribution to each Director be left to the discretion of the Board of Directors.

The Company believes that the stock options are appropriate because they are in line with the Company's policy regarding the determination of individual compensation for Directors of the Company as determined by a resolution of the Board of Directors of the Company (see page 16 of the Notice of Annual General Meeting of Shareholders). In addition, the Board of Directors aims to share the benefits and risks of stock price fluctuations with shareholders, and to increase the incentive effect of Directors for improving corporate performance and the management awareness of the importance of shareholders

(1) Total number of shares in share acquisition rights, and type and number of shares to be granted

(i) Total number of share acquisition rights

The total number of share acquisition rights units to be allotted to all Directors (excluding Outside Directors) shall be 7,000 units, which is the upper limit for one year.

(ii) Type and number of shares to be granted

The upper limit for one year will be 70,000 shares of common shares of the Company.

Number of shares to be delivered per share acquisition rights (hereinafter referred to as the “Number of Granted Shares”) shall be 10 shares.

In the event that the Company conducts a common shares share split (including allocation of shares without contribution) or a share consolidation, or conducts a merger or a corporate split, etc., and adjustment of the Number of Granted Shares is required in accordance with the above, the Number of Granted Shares and the upper limit of the Number of Shares shall be adjusted within a reasonable range.

(2) Share acquisition rights paid-in amount

The amount to be paid in shall be the fair value calculated using the Black-Scholes Model on the share acquisition rights allotment date. In addition, monetary compensation equivalent to the total amount to be paid in for share acquisition rights shall be paid to the Directors who received the share acquisition rights, and compensation receivables shall be offset against the payment obligations of such amount to be paid in.

(3) Value of assets to be contributed upon exercise of the share acquisition rights

The amount of assets to be contributed upon the exercise of the share acquisition rights shall be the amount of 1 yen per share to be delivered upon the exercise of the share acquisition rights, multiplied by the number of shares granted.

(4) Period during which share acquisition rights may be exercised

It will be a period determined by the Board of Directors within 30 years from the day following the share acquisition rights allocated date.

(5) Main conditions for the exercise of share acquisition rights

Share acquisition rights holders may exercise their share acquisition rights in a lump sum during the period from the day following the day on which they lose their position as Director of the Company to the day on which ten days have elapsed within the period (4) above.

(6) Share acquisition rights transfer restrictions

Acquisition of share acquisition rights by transfer requires approval by resolution of the Company's Board of Directors.

(7) Matters concerning acquisition of share acquisition rights

(i) If a share acquisition rights holder is unable to exercise his or her share acquisition rights prior to exercising his or her right, the Company may acquire such share acquisition rights without compensation on a date separately determined by the Company's Board of Directors.

(ii) In the event that a proposal for a merger agreement under which the Company will be dissolved, absorption-type company split agreement or an incorporation-type company split plan under which the Company will be split, or a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary is approved by the Company's General Meeting of Shareholders (or the Company's Board of Directors if a General Meeting of Shareholders is not required), the Company may acquire the share acquisition rights whose rights have not been exercised as of the date specified separately by the Company's Board of Directors without compensation.

(8) Other

The details of (1) through (7) above and other contents regarding share acquisition rights will be determined at the Board of Directors, which will determine the subscription requirements for share acquisition rights.

1. Status of the corporate group

(1) Progress and Results of Operations

During the consolidated fiscal year under review, the Japanese economy remained stagnant for a long time due to the impact of the COVID-19. Although the spread of vaccines is expected to bring the economy back to normal in the future, the state of emergency was declared again in April 2021, and the outlook for the future is unclear. Therefore, it is necessary to continue to monitor developments closely. With regard to the global economy, large-scale financial support and monetary easing are continuing in each country, and vaccinations are widely spreading in some countries. Although recovery is expected in the future, the outlook for the future remains uncertain due to the impact of the COVID-19.

In Japan's real estate market, as of March, the average rent in the central Tokyo Office Building Market (five central Tokyo wards: Chiyoda, Chuo, Minato, Shinjuku, and Shibuya Ward) was 21,541 yen per tsubo, down for the eighth consecutive month (1,473 yen in total), and the average vacancy rate was 5.42%, down for the 13th consecutive month (3.93% point increase in total according to a survey by a private research institution). As a result, the market conditions are becoming increasingly severe. Against the backdrop of the COVID-19 outbreak, some companies are moving to downsize their offices due to the establishment of remote work environments. However, in the small- and medium-sized offices in which the Company is strong, actual demand has remained firm due to such factors as the increase in floor space by companies that have achieved growth and the spread of large offices to multiple small - and medium-sized offices. Moreover, in the real estate investment market, institutional investors and J-REITs have a strong desire to invest due to the fact that the outlook for the office market in Tokyo is expected to bottom out to a certain extent and the low interest rate environment continues.

Against this backdrop, the Company has continued its three management policies since last year of “thorough prevention of infection outbreak and continuation of business,” “financial stability,” and “concentration of resources for the ‘revitalization and utilization of real estate’ our core business.” Based on these policies, the Company has quickly captured the opinions of local communities, worked on its ability to resolve client’s problems, and developed its business.

As a result, net sales decreased 18.6% to 59,632 million yen from the previous fiscal year, operating profit decreased 52.3% to 7,912 million yen from the previous fiscal year, ordinary profit decreased 53.3% to 7,524 million yen from the previous fiscal year, and profit attributable to owners of parent decreased 59.9% to 4,274 million yen from the previous fiscal year.

Net sales by business segment for the fiscal year ended March 31, 2021 (reference)

Business segment	Net Sales for this fiscal year (million yen)	Year-on-year (%)
Real Estate Revitalization Business	48,398	(19.4)
Real Estate Service Business	3,656	5.2
Operation Business	3,069	(43.2)
Other	5,294	(6.4)
Adjustment amount	(785)	-
Total	59,632	(18.6)

Note. "Adjustment amount" is an elimination of intersegment transactions.

(2) Capital Expenditures

The Company’s capital investment in the fiscal year ended March 31, 2021 was 528 million yen, mainly for the acquisition of hotel facilities (198 million yen).

(3) Financing Activities

During the fiscal year ended March 31, 2021, the Company has not made any noteworthy fund procurement.

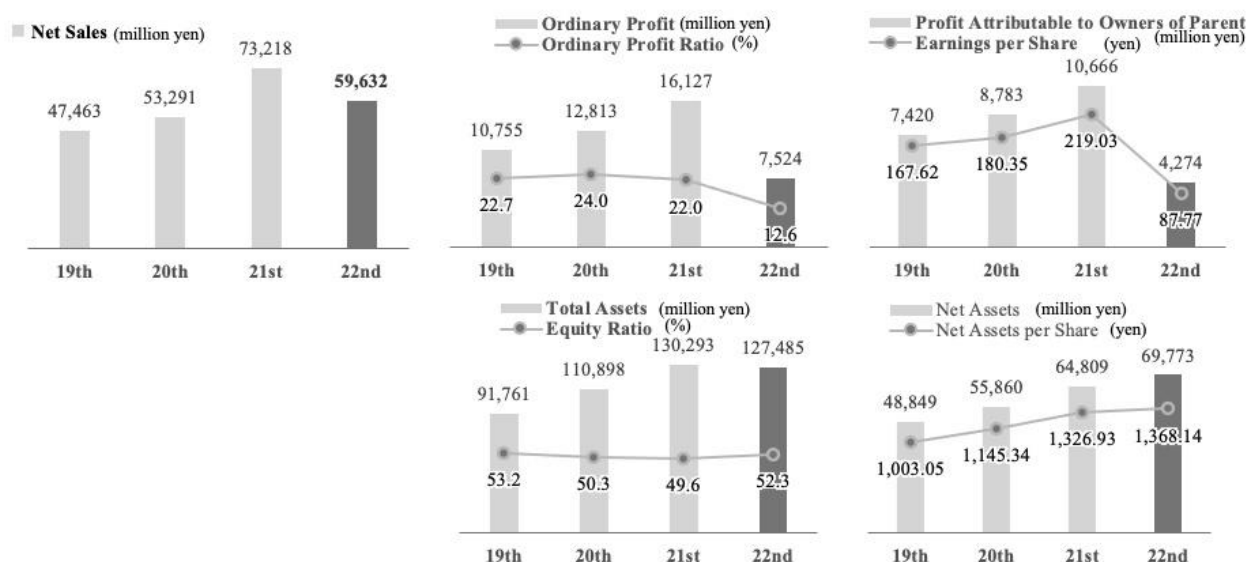
(4) Trends in Assets and Income

(i) Consolidated Assets and Income of the Corporate Group

		The 19th fiscal year ended March 31, 2018	The 20th fiscal year ended March 31, 2019	The 21st fiscal year ended March 31, 2020	The 22nd fiscal year ended March 31, 2021 (Current period)
Net Sales	(million yen)	47,463	53,291	73,218	59,632
Ordinary Profit	(million yen)	10,755	12,813	16,127	7,524
Ordinary Profit Ratio	(%)	22.7	24.0	22.0	12.6
Profit Attributable to Owners of Parent	(million yen)	7,420	8,783	10,666	4,274
Earnings per Share	(yen)	167.62	180.35	219.03	87.77
Total Assets	(million yen)	91,761	110,898	130,293	127,485
Equity Ratio	(%)	53.2	50.3	49.6	52.3
Net Assets	(million yen)	48,849	55,860	64,809	69,773
Net Assets per Share	(yen)	1,003.05	1,145.34	1,326.93	1,368.14

Note 1. Consumption tax and local consumption tax (hereinafter referred to as "consumption tax") are not included in net sales.

Note 2. 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. Moreover, the number of the Company's shares held by the trust account at the end of the fiscal year under review was 56,500 shares.



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

		The 19th fiscal year ended March 31, 2018	The 20th fiscal year ended March 31, 2019	The 21st fiscal year ended March 31, 2020	The 22nd fiscal year ended March 31, 2021 (Current period)
Net Sales	(million yen)	44,254	48,722	64,472	42,002
Ordinary Profit	(million yen)	10,761	12,846	16,822	7,994
Profit	(million yen)	7,444	8,806	11,122	5,314
Earnings per Share	(yen)	168.16	180.84	228.39	109.12
Total Assets	(million yen)	89,467	104,548	121,708	114,729
Net Assets	(million yen)	48,502	55,683	64,934	68,204
Net Assets per Share	(yen)	995.97	1,143.30	1,333.15	1,400.21

Note 1. Consumption tax is not included in net sales.

Note 2. 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. Moreover, the number of the Company's shares held by the trust account at the end of the fiscal year under review was 56,500 shares.

(5) Material Subsidiaries

Name	Share capital	Investment ratio	Major businesses
SF Building Support Inc.	50 million yen	100 %	Rent guarantee business
SF Building Maintenance Inc.	20 million yen	100 %	Building maintenance business
Sun Frontier Space Management Inc.	50 million yen	100 %	Conference room rental business Rental building business
SF Engineering Inc.	20 million yen	100 %	Building construction and interior finishing business
Sun Frontier Sado Co., Ltd.	100 million yen	100 %	Hotel planning and management business Regional revitalization business
Okesa Kanko Taxi Co., Ltd.	10 million yen	100 %	Passenger vehicle transportation business
Sun Frontier Community Arrangement Co., Ltd.	100 million yen	100 %	Hotel bed making and cleaning business
Sun Frontier Okinawa Co., Ltd.	230 million yen	100 %	Hotel planning and management business
Sun Frontier Hotel Management Inc.	100 million yen	100 %	Hotel planning, development, and management business
Sky Heart Hotel Inc.	10 million yen	100 %	Hotel planning and management business
Japan System Service Inc.	10 million yen	100 %	Building maintenance business
Communication Development Inc.	45 million yen	100 %	Electrical and telecommunications construction business
Sun Frontier Fudousan Taiwan Co., Ltd.	10 million Taiwan dollars	100 %	Real estate consulting business
SUN FRONTIER VIETNAM CO., LTD.	44,890 million Vietnamese dong	100 %	Real estate business in Vietnam
SUN FRONTIER DANANG CO., LTD.	160,466 million Vietnamese dong	100 %	Real estate business in Vietnam
PT. SUN FRONTIER INDONESIA	3,323 million Indonesian rupiah	85 %	Real estate business in Indonesia
PT. SUN FRONTIER PROPERTY ONE	120,000 million Indonesian rupiah	99.95 %	Real estate business in Indonesia
Sun Frontier NY Co., Ltd.	18,189 thousand U.S. dollar	100 %	Real estate revitalization business in the United States
340 West 48 SG LLC	6,700 thousand U.S. dollar	90 %	Real estate revitalization business in the United States
439 West 46 SG LLC	9,065 thousand U.S. dollar	90 %	Real estate revitalization business in the United States
RIVERSIDE STUDIOS LLC	10,700 thousand U.S. dollar	90 %	Real estate revitalization business in the United States

Note 1. There are 2 other equity-method affiliates.

Note 2. During the fiscal year under review, the Company's ownership in Sun Frontier Hotel Management Inc. increased from 98.0% to 100% as a result of the Company's additional acquisition of shares.

The Company also succeeded to the hotel development business through an absorption-type company split (simplified absorption-type company split), and the company issued Class-A Preferred Stock without voting rights and subsequently reduced its capital. As a result, the share capital of the company became 100 million yen.

The Company's investment ratio in the said company and the investment ratios in Sky Heart Hotel Inc. and Sun Frontier Okinawa Co., Ltd. in which the company invests are calculated excluding Class A Preferred Stock issued by the company without voting rights.

Note 3. Communication Development Inc., which the Company acquired shares of, and Japan System Service Co., Ltd., which SF Building Maintenance Inc., the Company's consolidated subsidiary, acquired shares of are included as significant subsidiaries in the fiscal year under review.

Note 4. As of March 31, 2021, Sun Frontier Fudousan Investment Advisory Co., Ltd. ceased to exist as a result of an absorption-type merger with our Company as the surviving entity.

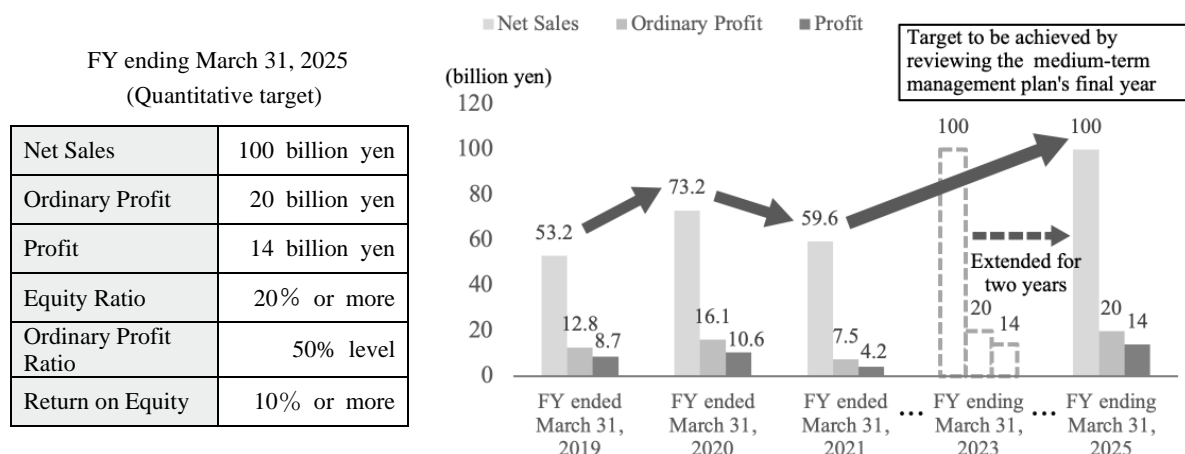
(6) Issues to be Addressed

The Company is promoting a five-year medium-term management plan from the fiscal year ended March 2019 to the fiscal year ending March 2023. In the fiscal year ended March 31, 2019, the first year for medium-term management plan, and the fiscal year ended March 31, 2020, the Company's business performance had been growing steadily with progress exceeding the plan. However, the business environment surrounding the Company changed significantly due to the impact of the spread of COVID-19 infections from the beginning of 2020. Against this backdrop, our Company has developed its business based on the three management policies of "thorough prevention of infection outbreak and continuation of business," "financial stability," and "concentration of resources for the 'revitalization and utilization of real estate' our core business." Based on these policies, the Company has quickly captured the opinions of local communities, worked on its ability to resolve client's problems, and developed its business.

Although the spread of COVID-19 is yet to be resolved, it is expected that the global economy will hit a bottom and return to a recovery path by next year, with the spread of vaccines and the continuation of large-scale fiscal measures and monetary easing in

each country. Taking into account these changes in the business environment and the new state of "post COVID-19," we decided that it was necessary to review the timing of achievement in medium-term management plan in order to re-establish a sustainable growth trajectory starting from the fiscal year ended March 2021, which was affected by the COVID-19 outbreak.

The fiscal year ending in medium-term management plan will be extended for two years to the fiscal year ending in March 2025, but the financial target in the medium-term management (net sales 100 billion yen, ordinary profit 20 billion yen, profit attributable to owners of parent 14 billion yen) will stay the same since we believe this target to be a passing point of the continuous growth of the company and aim to establish the "standing on both feet of flow and stock" profit structure.



Review of Medium-term Management Plan (from the fiscal year ended March 2019 to the fiscal year ending March 2023)

The final year of the plan will be extended for two years to the fiscal year ending in March 2025, but the financial target in the medium-term management will stay the same

Net sales 100 billion yen, ordinary profit 20 billion yen, and profit attributable to owners of parent 14 billion yen for the fiscal year ending March 31, 2025.

Basic policy

Providing "places where people gather and communicate with each other, and create social development and happiness for people"

<Office Business>

- Help to reduce the waste from non-renewable resources, and contribute to carbon neutrality through "Revitalization"
- Focus on "Central Tokyo," "Small and Medium size," and "Office Building," and capture diversifying needs in a clients' point of view that is on-site consistent
- Utilize new fields including digital technology to contribute to creating prosperous towns for the future

<Hotel Business>

- Provide safe and soothing time and space, creating the best smiles and making people's minds healthy and rich

<Overseas Business>

- Provide comfort to the people in Asia, together with our partners
- Improve the quality of housing for local residents and contribute to the urban development by specializing in development, sales, management and mediation of housing (condominiums)

In addition to the three business growth strategies, we will focus on the following three points.

- (1) ESG
- (2) Digital
- (3) Cash flow

Based on the above growth strategy and key points, we aim to establish a business structure that balances flow and stock, and to be a corporate group that will continue to grow continuously in and after the final fiscal year in medium-term management plan.

Now that we have been greatly affected by the COVID-19, we will strive to provide "places where people gather and communicate with each other, and create social development and happiness for people", that we have established in our basic policy, through our Office Business, Hotel Business, and Overseas Business. Also by focusing on ESG, digital, and cash flow, we will strive to evolve each business and create a new high added value by taking on challenges and changes.

The strength of our Company is the values of "Altruism", which is our corporate motto, and the strength of the unity of employees, which is a bond of spirit based on the company philosophy. So far, each of us has solved problems in clients' point of view by raising the level of added value generated by our high level of expertise through teamwork that transcends divisions. As human resources and ways of working diversify under the new environment, we will continue our business policy based on the Company's philosophy to meet and exceed clients' expectations.

(7) Principal Business Segment of the Corporate Group (As of March31, 2021)

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
	Hotel Development Business	Development of new hotels, refurbishing existing hotels, and selling them as investment products
	Leasing of Rental Building Business Properties	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
	Brokerage Business	Brokerage of real estate for business
	Leasing Business	Leasing of offices and stores
Operation Business	Hotel Operation Business	Planning and management of accommodation facilities such as hotels
	Conference Room Rental Business	Plan and operate vacant office buildings in central Tokyo as rental conference room, rental office, and co-working space
Other	Overseas Business	Real estate business in Vietnam, Indonesia, and other overseas countries
	Rent Guarantee Business	Provide a rent guarantee for the delinquency of rent of a tenant of real estate for building owners
	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, 2021)

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
Akasaka Branch	Minato-ku, Tokyo
Shinjuku Branch	Shinjuku-ku, Tokyo
Shibuya Branch	Shibuya-ku, Tokyo
Gotanda Branch	Shinagawa-ku, Tokyo
Hamamatsucho Branch	Minato-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 Sado Co., Ltd.	Sado-shi, Niigata
Okesa Kanko Taxi Co., Ltd.	Sado-shi, Niigata
Sun Frontier Community Arrangement Co., Ltd.	Chiyoda-ku, Tokyo
Sun Frontier Okinawa Co., Ltd.	Naha-shi, Okinawa
Sun Frontier Hotel Management Inc.	Chiyoda-ku, Tokyo
Sky Heart Hotel Inc.	Chiyoda-ku, Tokyo
Japan System Service Co., Ltd.	Minato-ku, Tokyo
Communication Development Inc.	Chuo-ku, Tokyo
Sun Frontier Fudousan Taiwan Co., Ltd.	Taiwan
SUN FRONTIER VIETNAM CO., LTD.	Socialist Republic of Vietnam
SUN FRONTIER DANANG CO., LTD.	Socialist Republic of Vietnam
PT. SUN FRONTIER INDONESIA	Republic of Indonesia
PT. SUN FRONTIER PROPERTY ONE	Republic of Indonesia
Sun Frontier NY Co., Ltd.	United States of America
340 West 48 SG LLC	United States of America
439 West 46 SG LLC	United States of America
RIVERSIDE STUDIOS LLC	United States of America

(9) Employees (As of March 31, 2021)

(i) Employees of the Corporate Group

Number of Employees	Increase/Decrease Compared to end of previous FY
641	29 increase

Note. The above number of employees does not include 503 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
319	6 increase	35 years old	5.7 years

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

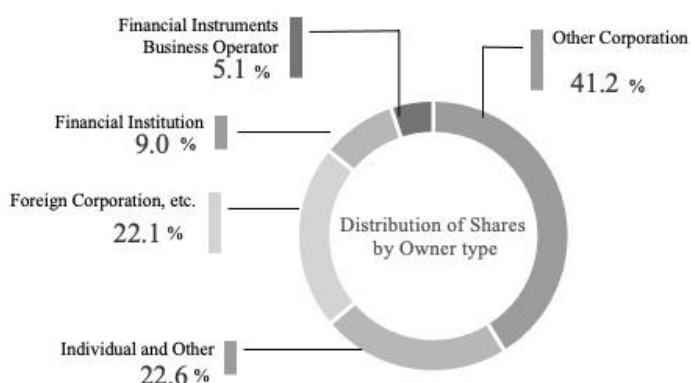
(10) Principal Lenders (As of March 31, 2021)

Lender	Loan amount (million yen)
Sumitomo Mitsui Banking Corporation	10,280
Mizuho Bank, Ltd.	8,346
Aozora Bank, Ltd.	5,382
MUFG Bank, Ltd.	3,236
Resona Bank, Limited	2,916
Shinsei Bank, Limited	2,795

2. Status of Shares

(1) Shares (As of March 31, 2021)

- (i) Number of Authorized Shares 91,200,000
- (ii) Number of Outstanding Shares 48,755,500
(includes 144 of treasury shares)
- (iii) Number of Shareholders 10,649



(iv) Principal Shareholders (top10)

Name	Number of shares held	Percentage of shares held (%)
Houon Co., Ltd	17,957,500	36.83
Tomoaki Horiguchi	3,013,800	6.18
Quintet Private Bank (Europe) S.A.107704	2,340,900	4.80
S Kawagoe Co., Ltd	1,566,400	3.21
SMBC Nikko Securities Inc.	1,442,800	2.96
The Master Trust Bank of Japan Co., Ltd. (Trust Account)	1,250,400	2.56
Custody Bank of Japan, Ltd. (Trust Account)	729,800	1.50
State Street London Care of State Street Bank and Trust, Boston SSBTC A/C UK London Branch Clients - United Kingdom	594,300	1.22
State Street Bank and Trust Company 505103	504,063	1.03
State Street Bank and Trust Company 505227	486,978	1.00

Note 1. The percentage of shares held is calculated after exclusion of treasury shares (144 shares).

Note 2. The percentage of shares held is calculated including 56,500 shares of the Company held by Mizuho Trust & Banking Co., Ltd as the trust account of the Employee Stock Ownership Plan (J-ESOP.)

(2) Other Significant Matters concerning the Shares

Not applicable.

3. Matters Concerning Share Acquisition Rights

(1) Share Acquisition Right Granted as part of the Compensation held by the Company Officers

The Company issues share-based compensation type stock options to Directors (excluding Outside Directors) for the purpose of enhancing the incentive effect for Directors to improve corporate performance and enhancing management awareness of shareholder value (as of March 31, 2021.)

(1)	Name of Share Acquisition Rights	Share-based Compensation type Stock Option for FY2018 (Share acquisition rights)	Share-based Compensation type Stock Option for FY2019 (Share acquisition rights)	Share-based Compensation type Stock Option for FY2020 (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)
(3)	Number of Share Acquisition Rights	524	740	1,112
(4)	Status of Share Acquisition Rights ownership	4 Directors (excluding Outside Directors) 524	4 Directors (excluding Outside Directors) 740	4 Directors (excluding Outside Directors) 1,112
(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)
(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
(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 deadline 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
(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 day 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 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 the Share Acquisition Rights

Not applicable.

4. Company Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2021)

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 Co., Ltd. Representative Director of Sun Frontier Okinawa Co., Ltd. Representative Director of Okesa Kanko Taxi Co., Ltd.
President and Representative Director President Executive Officer	Seiichi Saito	Representative Director of SF Engineering Inc. Chairman of Sun Frontier Fudousan Taiwan Co., Ltd.
Vice President and Director Vice President Executive Officer	Izumi Nakamura	General Manager of Entrusted Asset Management Division Representative Director of SF Building Support Inc. Representative Director of SF Building Maintenance Inc. Representative Director of Sun Frontier Space Management Inc.
Senior Managing Director Senior Managing Executive Officer	Yasushi Yamada	General Manager of Business Development Division Representative Director of Sun Frontier Community Arrangement Co., Ltd. Representative Director of PT.SUN FRONTIER PROPERTY ONE Representative Director of PT.SUN FRONTIER INDONESIA Chairman of the Board of SUN FRONTIER VIETNAM CO.LTD. Chairman of the Board of SUN FRONTIER DANANG CO.LTD.
Director Executive Officer	Mitsuhiro Ninomiya	General Manager of Administration Division
Director Executive Officer	Kenji Honda	General Manager of Asset Management Division Representative Director of Communication Development Inc.
Director	Toshio Takahara	
Director	Yukitoshi Kubo	Professor in Accounting Course of Ohara Graduate School of Accounting
Director	Kazutaka Okubo	President and Representative Director of Okubo Associates Co., Ltd. Outside Audit & Supervisory Board Member of SEGA SAMMY HOLDINGS INC. Outside Audit & Supervisory Board Member of BrainPad Inc. Outside Director of LIFULL Co., Ltd. Outside Director of SALA Corporation Outside Director of The Shoko Chukin Bank, Ltd.

Position	Name	Areas of Responsibility and Important Concurrent Positions
Audit & Supervisory Board Member (full-time)	Kouichi Shinada	
Audit & Supervisory Board Member	Koichi Moriya	Director of Moriya Law Office Outside Audit & Supervisory Board Member of TAMURA CORPORATION Outside Director of Samantha Thavasa Japan Limited
Audit & Supervisory Board Member	Hidetaka Tanaka	Representative Director of Rating Research Center (general incorporated association)

Note 1. Directors Toshio Takahara, Yukitoshi Kubo and Kazutaka Okubo are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.

Note 2. Audit & Supervisory Board Members Koichi Moriya and Mr. Hidetaka Tanaka are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.

Note 3. Directors Yukitoshi Kubo and Kazutaka Okubo have qualifications as certified public accountants and have expertise and abundant experience in finance and accounting.

Note 4. Audit & Supervisory Board Member Mr. Koichi Moriya is qualified as an attorney-at-law and has a wealth of experience in various fields including legal expertise and real estate.

Note 5. The Company has designated Director Toshio Takahara, Director Yukitoshi Kubo, Director Kazutaka Okubo, Audit & Supervisory Board Member Koichi Moriya and Audit & Supervisory Board Member Tanaka Hidetaka as Independent Officers as stipulated by the Tokyo Stock Exchange and has notified the Exchange thereof.

(2) Expertise and experience (skill matrix) of Director as well as Audit & Supervisory Board Members.

Main expertise and experience of Director as well as Audit & Supervisory Board Members are as follows.

Position	Name	Expertise and experience (skill matrix) * Up to 5 main items are listed.								
		Corporate management	Real estate	Accounting/ Finance	Legal/Compliance/Risk Management	HR/Labor/ HR Development	IT/Digital	CSR/ ESG/ Sustainability	M&A	Overseas
Chairman and Representative Director	Tomoaki Horiguchi	●	●			●			●	
President and Representative Director	Seiichi Saito	●	●	●			●			●
Vice President and Director	Izumi Nakamura	●	●	●					●	
Senior Managing Director	Yasushi Yamada	●	●	●					●	●
Director	Mitsuhiro Ninomiya	●	●		●	●				
Director	Kenji Honda	●	●			●				●
Outside Director	Toshio Takahara	●	●						●	●
Outside Director	Yukitoshi Kubo			●	●	●	●			●
Outside Director	Kazutaka Okubo			●	●		●	●		●
Audit & Supervisory Board Member (full-time)	Kouichi Shinada	●		●	●	●			●	
Audit & Supervisory Board Member	Koichi Moriya	●	●		●	●			●	
Audit & Supervisory Board Member	Hidetaka Tanaka	●		●				●	●	●

(3) 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 29, Paragraph 2 and Article 38, Paragraph 2 of our Company's Articles of Incorporation with the Outside Directors and Audit & Supervisory Board Members.

The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations.

(4) 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 Member, executive officers and other employees as insured persons.

Claims for damages arising from an act performed by an insured person in relation with 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.

(5) Remuneration for Directors and Audit & Supervisory Board Members for the Fiscal Year under review

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

(a) Determination method

At the meeting held in the Board of Directors on February 16, 2021, the Company resolved a policy for determining the details of individual compensation for Directors, etc. An outline of the policy is as described in (b) to (g) below.

- (b) Fixed 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 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 consolidated performance ordinary profit (loss) based on the consolidated performance forecast during the relevant fiscal year.
- (d) Directors (excluding outside directors) shall be granted share acquisition rights as share-based compensation stock options upon a resolution of the Board of Directors to share the benefits and risks of stock price fluctuations with shareholders and to enhance the incentive effect of Directors to improve corporate performance and the management awareness of shareholders.
- (e) With regard to 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 65%, performance-linked remuneration will be 30%, and stock options will be 5%. With regard to Outside Directors, only fixed remuneration and performance-linked remuneration will be provided, but the above target will be referred to.
- (f) The timing of payment of remuneration, etc. shall be as follows.

a. Fixed compensation	It is provided every month.
b. Performance-linked compensation	Payment shall be made once a year after the end of the Annual General Meeting of Shareholders pertaining to the relevant fiscal year.
c. Stock option	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 shall be exercised at the time of retirement of each Director.
- (g) Matters concerning delegation pertaining to determination of contents of remuneration, etc. for individual 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 Chairman 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 Chairman 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 (loss)), which is an indicator of performance-linked compensation for the fiscal year under review, was 6,500 million yen, while the actual performance was 7,524 million yen. The Board of Directors received a report from the Nomination and Compensation Committee, and determined that the content of individual compensation for Directors for the fiscal year under review, including the procedure and content of the decision by Mr. Tomoaki Horiguchi, Chairman and Representative Director, is consistent with the above decision policy.
- (ii) Matters concerning resolutions of the Annual General Meeting of Shareholders regarding remuneration, etc. for Directors and Audit & Supervisory Board Members
 - (a) At the 18th Annual General Meeting of Shareholders held on June 23, 2017, it was resolved that the total amount of monetary remuneration (fixed remuneration and performance-linked remuneration) for Directors to be 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 six (including two Outside Directors). In addition, separately from the monetary remuneration, at the 19th Annual General Meeting of Shareholders held on June 22, 2018, it was resolved that share acquisition rights will be allotted to Directors (excluding Outside Directors) within the scope of 36 million yen per year as share-based compensation type stock options to be exercised upon retirement. The number of Directors (excluding Outside Directors) at the conclusion of the said Annual General Meeting of Shareholders was four.
 - (b) At the 7th Annual General Meeting of Shareholders held on June 22, 2006, it was resolved that the limit of the total amount of monetary remuneration (fixed remuneration only) for Audit & Supervisory Board Members should be no more than 36 million yen per year. The number of Audit & Supervisory Board Members (including one Outside Audit & Supervisory Board Member) at the conclusion of the said Annual General Meeting of Shareholders was three.

(iii) Total Amount of Remuneration of Directors and Audit & Supervisory Board Members

	Amount paid (million yen)	Amount paid by type (million yen)			Number of qualified officers
		Basic compensation	Performance- linked compensation, etc.	Stock option	
Directors (of which, Outside Directors)	218 (20)	163 (17)	50 (3)	4 (-)	9 (3)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	21 (12)	21 (12)	- (-)	- (-)	3 (2)

Note 1. Bonuses are paid to Directors as performance-linked remuneration.

Note 2. Performance-linked remuneration, etc. indicates the provision for the current period in provision for bonuses for Directors (and other officers) for the fiscal year under review.

Note 3. The amount of stock options indicates the amount of remuneration paid during the fiscal year under review to four Directors (excluding Outside Directors) for share-based compensation type stock option for FY2020 (share acquisition rights).

Note 4. 76 million yen (including 7 million yen for three Outside Directors) was paid to seven Directors in the current fiscal year as bonuses to Directors for the 21st fiscal year. This compensation for Directors is included in the 76 million yen of provision for bonuses for Directors (and other officers) for the 21st fiscal year and is not included in the performance-linked compensation.

(6) Matters regarding Outside Officers

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

- Director Yukitoshi Kubo concurrently serves as a Professor Accounting Course of Ohara Graduate School of Accounting. There is no important relationship to be disclosed between the Company and the said organization.
- Director Kazutaka Okubo concurrently serves as the President and Representative Director of Okubo Associates Co., Ltd., Outside Audit & Supervisory Board Member of SEGA SAMMY HOLDINGS Inc., Outside Audit & Supervisory Board Member of BrainPad Inc., Outside Director of LIFULL Co., Ltd., Outside Director of SALA Corporation, and Outside Director of The Shoko Chukin Bank, Ltd. There is no important relationship to be disclosed between the Company and the said corporations.
- Audit & Supervisory Board Member Koichi Moriya is the General Manager of Moriya Law Office, and concurrently serves as Outside Audit & Supervisory Board Member of TAMURA CORPORATION and Outside Director of Samantha Thavasa Japan Limited. There is no important relationship to be disclosed between the Company and the said corporations.
- Audit & Supervisory Board Member Hidetaka Tanaka concurrently serves as Representative Director of the Rating Research Center (general incorporated association), but there is no important relationship to be disclosed between the Company and the said corporation.

(ii) Major Activities during the Fiscal Year ended March 31, 2021

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

		Board of Directors (held 19 times)		Audit & Supervisory Board (held 13 times)	
		Attendance (times)	Attendance Rate (%)	Attendance (times)	Attendance Rate (%)
Director	Toshio Takahara	19/ 19	100	-	-
Director	Yukitoshi Kubo	19/ 19	100	-	-
Director	Kazutaka Okubo	19/ 19	100	-	-
Audit & Supervisory Board Member	Koichi Moriya	18/ 19	94.7	12/ 13	92.3
Audit & Supervisory Board Member	Hidetaka Tanaka	19/ 19	100	13/ 13	100

Note. In addition to the above-mentioned Board of Directors, there were 8 written resolutions deemed to have been adopted by the Board of Directors Resolution pursuant to Article 370 of the Companies Act and Article 26, Paragraph 2 of the Articles of Incorporation of the Company.

(b) Statements made at the Board of Directors and the Audit & Supervisory Board

- Director Toshio Takahara attended all of the Board of Directors meetings and based on his wealth of operational experience and broad knowledge as a corporate manager, he made appropriate statements at an independent standpoint from the management team that executes business.
- Director Yukitoshi Kubo attended all of the Board of Directors meetings, and from a professional perspective based on his wealth of experience and knowledge in corporate governance management for listed companies during his tenure at the Tokyo Stock Exchange and as a university professor who specializes in accounting made appropriate remarks at an independent standpoint from the management team that executes business.
- Director Kazutaka Okubo attended all of the Board of Directors meetings held after assuming office and based on his experience not only in accounting and taxation as a certified public accountant, but also as a member of the advisory committee of various public offices and as an executive officer of business organizations, he has made appropriate remarks in an independent standpoint from the management team that executes business from a professional viewpoint in the fields of crisis management, compliance, and CSR.
- Audit & Supervisory Board Member Koichi Moriya attended 18 out of 19 of the Board of Directors meetings and provided advice and proposals to ensure the legality and appropriateness of the Board of Directors' decision-making, mainly by stating opinions from his professional viewpoint as an attorney.

In addition, he attended 12 out of 13 Audit & Supervisory Board meetings, made remarks on the establishment and maintenance of the Company's compliance system, and gave a lot of advice.

- Audit & Supervisory Board Member Hidetaka Tanaka attended all the Board of Directors meetings held after assuming office and provided advice and proposals to ensure the legality and appropriateness of the Board of Directors' decision-making based on his expertise in international finance as a U.S. Certified Public Accountant and his wealth of operational experience as a corporate manager. In addition, he attended all meetings of the Audit & Supervisory Board held and gave many advice including expressing opinions from a global perspective.

(c) Expected Duties Performed by Outside Directors

As stated above, the three Outside Directors attended the Board of Directors meetings and made statements, and also attended the Management Committee for reporting and discussing important management matters of the Company, budget performance management for all businesses, business execution plans, and other matters. In addition, they are members of the Nomination and Compensation Committee, which was established as a voluntary advisory body in the Board of Directors to improve the fairness, objectivity, and transparency of procedures related to the appointment and dismissal of officers and their remuneration. By attending these meetings and the Committee meetings and making statements utilizing their respective wealth of experience and expertise, the three Outside Directors have demonstrated their functions and roles to contribute to the sustainable growth of the Company and the enhancement of medium- to long-term corporate value.

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. as an accounting auditor for the fiscal year under review	35
Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the accounting auditor	35

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 Board'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 Board 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 Board has given its consent to the remuneration, etc. of the accounting auditor under Article 399, Paragraph 1 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 Board Members. In this case, the Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the dismissal of the accounting auditor and the reason thereof at the first Ordinary General Shareholder's Meeting convened after the dismissal. In addition, the Audit & Supervisory Board will determine the content of a shareholder resolution to be proposed at an Ordinary General Shareholder's Meeting to dismiss or refuse the reappointment of the accounting auditor when the Audit & Supervisory Board judges that there are problems with the qualifications, independency, and reliability of the accounting auditor.

Consolidated Balance Sheet

(As of March 31, 2021)

(Unit: million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	110,785	Current liabilities	13,358
Cash and time deposits	21,508	Accounts payable - trade	1,634
Notes and accounts receivable - trade	1,532	Current portion of long-term borrowings	5,530
Real estate for sale	13,601	Income taxes payable	901
Real estate for sale in process	72,282	Provision for bonuses	197
Costs of uncompleted construction contracts	157	Provision for bonuses for directors (and other officers)	52
Supplies	46	Provision for fulfillment of guarantees	53
Other	1,693	Other	4,988
Allowance for doubtful accounts	(36)	Non-current liabilities	44,354
Non-current assets	16,700	Long-term borrowings	41,991
Property, plant and equipment	10,528	Retirement benefit liability	11
Buildings	1,989	Provision for share-based remuneration	56
Land	6,821	Other	2,295
Other	1,717	Total liabilities	57,712
Intangible assets	701	Net assets	
Goodwill	552	Shareholders' equity	66,916
Other	149	Share capital	11,965
Investments and other assets	5,470	Capital surplus	6,445
Guarantee deposits	3,997	Retained earnings	48,573
Deferred tax assets	973	Treasury shares	(67)
Other	500	Accumulated other comprehensive income	(289)
Allowance for doubtful accounts	(1)	Valuation difference on available-for-sale securities	2
		Foreign currency translation adjustment	(292)
		Share acquisition rights	16
		Non-controlling interests	3,129
		Total net assets	69,773
Total assets	127,485	Total liabilities and net assets	127,485

Consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Unit: million yen)

Item	Amount	
Net sales		59,632
Cost of sales		44,549
Gross profit		15,083
Selling, general and administrative expenses		7,170
Operating profit		7,912
Non-operating income		
Interest income	43	
Dividend income	0	
Foreign exchange gains	33	
Subsidy income	154	
Other	38	270
Non-operating Expenses		
Interest expenses	502	
Loss on investments based on equity method	55	
Other	99	658
Ordinary profit		7,524
Extraordinary income		
Gain on sales of non-current assets	1	1
Extraordinary loss		
Loss on sales of non-current assets	0	
Loss on retirement of non-current assets	5	
Impairment loss	51	
Other	6	63
Profit before income taxes		7,462
Income taxes - current	3,295	
Income taxes - deferred	(70)	3,224
Profit		4,238
Loss attributable to non-controlling interests		36
Profit attributable to owners of parent		4,274

Non-consolidated Balance Sheet

(As of March 31, 2021)

(Unit: million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	87,167	Current liabilities	7,827
Cash and time deposits	14,943	Accounts payable - trade	966
Account receivable	282	Current portion of long-term borrowings	3,258
Real estate for sale	11,534	Income taxes payable	194
Real estate for sale in process	58,646	Deposits payable	1,654
Short-term advance to affiliated company	390	Provision for bonuses	125
Other	1,371	Provision for bonuses for directors (and other officers)	50
Allowance for doubtful accounts	(0)	Other	1,576
Non-current assets	27,561	Non-current liabilities	38,696
Property, plant and equipment	8,748	Long-term borrowings	36,629
Buildings	661	Long-term guarantee deposited	1,963
Land	6,472	Provision for share-based remuneration	48
Other	1,614	Other	56
Intangible assets	111	Total liabilities	46,524
Other	111	Net assets	
Investments and other assets	18,701	Shareholders' equity	68,186
Subsidiaries' and affiliates' stocks	15,283	Share capital	11,965
Long-term advance to affiliated company	1,243	Capital surplus	6,449
Deferred tax assets	964	Capital reserve	6,449
Other	1,427	Retained earnings	49,838
Allowance for doubtful accounts	(218)	Legal reserve	13
		Other retained earnings	49,825
		Retained earnings brought forward	49,825
		Treasury shares	(67)
		Valuation and translation adjustments	2
		Valuation difference on available-for-sale securities	2
		Share acquisition rights	16
		Total net assets	68,204
Total assets	114,729	Total liabilities and net assets	114,729

Non-consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Unit: million yen)

Item	Amount	
Net sales		42,002
Cost of sales		28,973
Gross profit		13,029
Selling, general and administrative expenses		5,011
Operating profit		8,017
Non-operating income		
Interest income	69	
Dividend income	0	
Reversal of allowance for doubtful accounts	312	
Other	55	438
Non-operating Expenses		
Interest expenses	432	
Other	28	461
Ordinary profit		7,994
Extraordinary income		
Gain on extinguishment of tie-in shares	26	26
Extraordinary loss		
Loss on devaluation of subsidiaries' and affiliates' stocks	99	
Loss on valuation of investments in capital of subsidiaries and associates	190	
Other	6	296
Profit before income taxes		7,724
Income taxes - current	2,452	
Income taxes - deferred	(42)	2,409
Profit		5,314

Independent Auditor's Report

May 18, 2021

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

BDO Sanyu
Tokyo Office, Japan

Hiroshi Saito
Designated Partner
Engagement Partner
Certified Public Accountant

Satoshi Morita
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 Fudosan Co., Ltd. (the “Company”) and its consolidated subsidiaries (collectively referred to as the “Group”) for the fiscal year from April 1, 2020 to March 31, 2021 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.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Board Members and the Audit & Supervisory Board 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.
- Obtain, in making those risk assessments, an understanding of 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 Board Members and the Audit & Supervisory Board 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 Board Members and the Audit & Supervisory Board 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, related safeguards in order to eliminate or reduce obstruction factors.

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 18, 2021

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

BDO Sanyu
Tokyo Office, Japan

Hiroshi Saito
Designated Partner
Engagement Partner
Certified Public Accountant

Satoshi Morita
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, 2021 and for the fiscal year from April 1, 2020 to March 31, 2021 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.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board 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 and for 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 matters related to going concern, as applicable in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board 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.
- Obtain, in making those risk assessments, an understanding of 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 Board Members and the Audit & Supervisory Board 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 Board Members and the Audit & Supervisory Board 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, related safeguards in order to eliminate or reduce obstruction factors.

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 Board

Audit Report

The Audit & Supervisory Board, having received a report from each Audit & Supervisory Board Member on the method and results of his or her audit on the performance of duties of directors during the 22nd fiscal year from April 1, 2020 to March 31, 2021, and, as a result of discussion, does hereby report the results of audit as follows:

1. Auditing method and its contents

- (1) In addition to formulating audit policy and annual audit plans and receiving reports concerning the status and results of audits conducted by each Audit & Supervisory Board Member, we received reports from directors and the accounting auditors regarding the performance of their duties and sought explanations when deemed necessary.
- (2) Each Audit & Supervisory Board Member, in accordance with audit standards, policy and plans formulated by the Audit & Supervisory Board, sought to facilitate mutual understanding with directors, the internal auditing section and other employees, gathered information and worked to improve the environment for conducting audits. Accordingly, the Audit & Supervisory Board Members conducted the following audit:

- (i) In addition to attending meetings of the Board of Directors and other important meetings, the Audit & Supervisory Board Members received reports from directors and other employees regarding the performance of their duties, and when deemed necessary, sought explanations, perused important documents including matters subject to executive approval, and conducted examinations of conditions of business and assets at the head office and other major business offices. In addition, opinions were exchanged regularly with the representative directors.
- (ii) The Audit & Supervisory Board Members also periodically received reports from directors and other employees, in accordance with the auditing standards for internal control systems established by the Audit & Supervisory Board, sought explanations as necessary, and expressed their opinions regarding the contents of resolutions by the Board of Directors concerning the development of systems stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act, which are necessary to ensure that directors' performance of their duties is in conformity with laws and regulations and the Articles of Incorporation of the Company and to ensure the appropriateness of operations of the Company and its subsidiaries, as described in the business report, as well as the status of the building and management of the system developed pursuant to such resolutions (internal control system).
- (iii) With regard to subsidiaries, the Audit & Supervisory Board Members worked to communicate and exchange information with the Directors and Audit & Supervisory Board Members, etc. of the subsidiaries, attended the Board of Directors meetings of the subsidiaries as necessary, received reports on the business and financial condition of the subsidiaries, and expressed their opinions.

Based on the above methods, we have reviewed the business report and supplementary schedules attached thereto for the relevant fiscal year.

- (iv) 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, October 28, 2005), etc.

Based on the methods described above, we reviewed 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 18, 2021

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

Audit & Supervisory Board Member (full-time) Kouichi Shinada

Outside Audit & Supervisory Board Member Koichi Moriya

Outside Audit & Supervisory Board Member Hidetaka Tanaka