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(Stock Exchange Code 8934)

May 31, 2022

To Shareholders with Voting Rights:

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

**NOTICE OF
 THE 23RD 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 23rd 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 and indicate your vote for or against the proposal by 6 p.m. on Monday, June 20, 2022 Japan time following the instructions on pages 4-5.

1.	Date and Time	Tuesday, June 21, 2022 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 23rd Fiscal Year (April 1, 2021 to March 31, 2022) 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 23rd Fiscal Year (April 1, 2021 to March 31, 2022)	
		Matters to be resolved	Proposal 1	Dividends of Surplus
			Proposal 2	Partial Amendments to the Articles of Incorporation
			Proposal 3	Election of Eight (8) Directors who are not Audit & Supervisory Committee Members
			Proposal 4	Election of Three (3) Directors who are Audit & Supervisory Committee Members
			Proposal 5	Election of One (1) Director who is a Substitute Audit & Supervisory Committee Member
			Proposal 6	Determination of remuneration amount of Directors who are not Audit & Supervisory Committee Members
			Proposal 7	Determination of remuneration amount of Directors who are Audit & Supervisory Committee Members
			Proposal 8	Determination of remuneration for granting of shares subject to restriction for Directors (excluding Outside Director) who are not Audit & Supervisory Committee Members

■ Other Decisions Regarding the General Meeting of Shareholders

- 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.)
- 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 you exercise your voting rights multiple times via the internet, the last vote exercised will be treated as valid.
- The Company has decided to cancel the souvenirs that were distributed at the Annual General Meeting of Shareholders. We appreciate your understanding.
- 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.sunfrt.co.jp>.
- As the following information is posted on the Company's website (<https://www.sunfrt.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.

■ Information on Preliminary Questions

To Shareholders who want to ask questions

You can ask questions in advance in one of the following ways:

Of the questions we received, those that we believe are of high interest to our shareholders will be covered in the General Meeting of Shareholders.



Use the URL or QR code to access the exclusive question website and enter the "Question form".

URL

<https://q.srdb.jp/8934/>

QR code



Deadline for accepting
questions:




Thursday, June 16, 2022, 6:00 p.m.

- Please note that we will not be able to answer the questions you asked in advance individually.
- Questions that did not come up in the General Meeting of Shareholders will be used for future reference.
- Costs incurred in accessing the exclusive question website (internet connection fees, communication fees, etc.) shall be borne by shareholders.

Exercise of Voting Rights

There are three ways to exercise your voting rights.
Please review the Reference Documents below and exercise your voting rights.

Recommended

1 Exercise of voting rights in writing 	2 Exercise of voting rights via the internet, etc. 	3 Exercise of voting rights by attending on the day 
<p>Please indicate your approval or disapproval of the proposals in the enclosed Voting Rights Exercise Form and return it to us.</p>	<p>Please review the information on page 5 of this Notice, access the website for exercising voting rights from a smartphone or a computer, and enter your approval or disapproval of the proposals.</p>	<p>When attending the meeting, please bring this booklet and submit the enclosed Voting Rights Exercise Form at the reception desk.</p>
<p>Expiration date</p> <p>Monday, June 20, 2022 By 6:00 p.m.</p>	<p>Expiration date</p> <p>Monday, June 20, 2022 By 6 p.m.</p>	<p>Date and time</p> <p>Tuesday, June 21, 2022 2:30 p.m.</p>

* If you exercise your voting rights by proxy, you may delegate them to one other shareholder who holds voting rights of the Company pursuant to the provisions of Article 18 of the Company's Articles of Incorporation. However, you need to submit a document certifying the authority of representation.

Exercise of voting rights in writing

Please indicate your approval or disapproval of the proposals here

Proposal 1, 2 and 5-8

- For >>> Circle in the "Approval" section
- Against >>> Circle in the "Disapproval" section

Proposal 3 and 4

- Approve everyone >>> Circle in the "Approval" section
- Disapprove everyone >>> Circle in the "Disapproval" section
- Against some candidates >>> Circle in the "Approval" section and write the number of the candidate you oppose

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 QR codes
"Smart Exercise"**

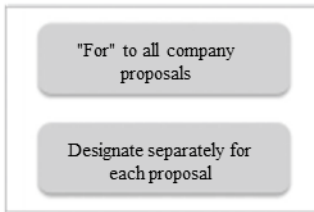
You can log in to the website for exercising voting rights without entering your voting code and password.

- 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 follow the instructions on the screen and enter your approval or disapproval.



You can exercise your voting rights only once by "Smart Exercise".
If you wish to change your vote after exercising your voting rights, please access the website for PCs, enter the "Voting Rights Exercise Code" and "Password" stated on the Voting Rights Exercise Form, log in, and exercise your voting rights again.
* If you scan the QR code again, you can switch to the PC website

If you do not know how to exercise your voting rights via the Internet, please contact the following address.

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

Website for exercising voting rights <https://soukai.mizuho-tb.co.jp/>

- 1 Please access the website for exercising voting rights.



Click Next

- 2 Please enter the "Voting Rights Exercise Code" on the Voting Rights Exercise Form.



Enter "Voting Rights Exercise Code"

Click Next

- 3 Please enter the "Password" on the Voting Rights Exercise Form.



Enter "Password"

Please set a new password to use.

Click "Register"

- 4 Then follow the instructions on the screen and enter your approval or disapproval.

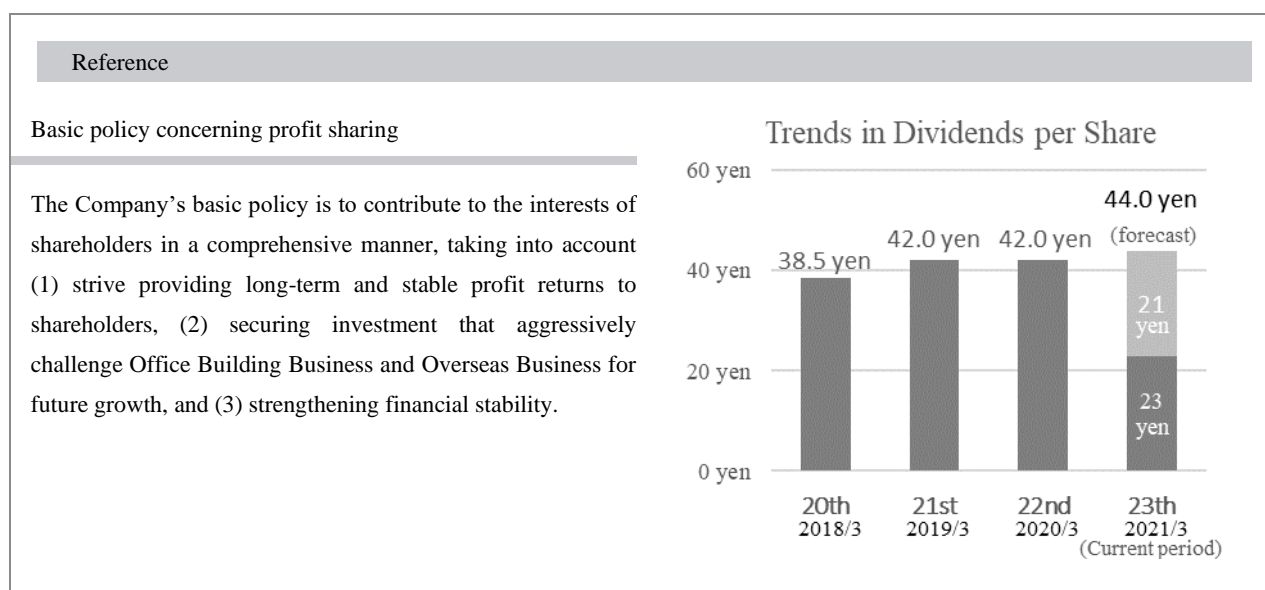
Internet Help Dial: Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.

0120-768-524

(Hours: 9:00 AM to 9:00 PM, except for the New Year holidays)

The Company proposes the year-end dividend for the 23rd 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:
23 yen per share of the Company’s common share, for total amount of 1,121,373,188 yen
3. Effective date of dividends of surplus:
June 22, 2022



1. Reason for the Proposal

- (1) The Company intends to make a transition to a company with an Audit & Supervisory Committee, and will newly establish provisions concerning the Audit & Supervisory Committee and Audit & Supervisory Committee Member as well as delete provisions concerning the Audit & Supervisory Board and the Audit & Supervisory Board Member to further strengthen audit and supervisory functions in the Board of Directors, reinforce governance, enhance discussions on medium and long-term management strategies in the Board of Directors, and delegate authority for swift decision-making and business execution. Thereby enhance the fairness, transparency and efficiency of management.
- (2) In order to facilitate the flexible implementation of capital and dividend policies, a new provision will be established to the effect that dividends of surplus, etc. can also be implemented by the Board of Directors resolution. (Company's Articles of Incorporation Article 36)
- (3) In line with the fact that the effective date of the electronic provision of documents of the General Meeting of Shareholders in the proviso of Article 1 of the Supplementary Provisions of the Act for Partial Revision of The Companies Act of Japan (Act No. 70 of 2019) is set to be September 1, 2022, the Company has decided to implement electronic provision measures for the information contained in the Reference Documents, etc. and has decided to limit the scope of matters to be stated in documents to be delivered to shareholders who have made a request for delivery of documents.
In addition, since the current provisions regarding the Reference Documents' internet disclosure and deemed provision are no longer necessary, the Company intends to delete them and establish supplementary provisions regarding effective date, etc. resulting from these changes. (Company's Articles of Incorporation Article 16 and Supplementary Provisions)
- (4) Moreover, necessary changes such as revision of wording associated with each of the above changes will be made.

2. Details of the Change

The details of the change are as follows.

Amendments to the Articles of Incorporation in this proposal shall take effect at the conclusion of this General Meeting of Shareholders.

(Underlines indicate changes)

Current Article of Incorporation	Proposed Change
<p>Chapter 1 General Provisions Articles 1 to 3 (Omitted)</p> <p>(Organization) Article 4 In addition to the General Meeting of Shareholders and Directors, the Company will establish the following organizations. 1. Board of Directors 2. <u>Audit & Supervisory Board Member</u> <u>3. Audit & Supervisory Board</u> <u>4.</u> Accounting Auditor</p> <p>Article 5 (Omitted)</p>	<p>Chapter 1 General Provisions Articles 1 to 3 (Unchanged)</p> <p>(Organization) Article 4 In addition to the General Meeting of Shareholders and Directors, the Company will establish the following organizations. 1. Board of Directors 2. <u>Audit & Supervisory Committee</u> (Deleted) <u>3.</u> Accounting Auditor</p> <p>Article 5 (Unchanged)</p>
<p>Chapter 2 Shares Articles 6 to 10 (Omitted)</p> <p>(Administrator of Shareholder Registry) Article 11 The Company shall have a shareholder registry administrator. 2. The shareholder registry administrator and administrative handling location is determined a by the resolution of the Board of Directors and public notice thereof shall be given.</p> <p>(Rules for Handling Shares) Article 12 The exercise of rights, handling of shares and share acquisition rights, and fees for the Company's shareholders shall be governed by the laws and</p>	<p>Chapter 2 Shares Article 6 to 10 (Unchanged)</p> <p>(Administrator of Shareholder Registry) Article 11 The Company shall have a shareholder registry administrator. 2. The shareholder registry administrator and administrative handling location is determined by the resolution of the Board of Directors <u>or by the Director delegated</u> by the resolution of the <u>Board of Directors</u> and public notice thereof shall be given.</p> <p>(Rules for Handling Shares) Article 12 The exercise of rights, handling of shares and share acquisition rights, and fees for the Company's shareholders shall be governed by the laws and regulations, the Company's Articles of Incorporation</p>

regulations, the Company's Articles of Incorporation and the Share Handling Regulations established in the Board of Directors.

and the Share Handling Regulations established in the Board of Directors or by the Director delegated by the resolution of the Board of Directors.

Current Article of Incorporation	Proposed Change
<p data-bbox="164 219 687 277">Chapter 3 General Meeting of Shareholders Articles 13 to 15 (Omitted)</p> <p data-bbox="164 311 727 369"><u>(Internet Disclosure and Deemed Provision by Reference Documents)</u></p> <p data-bbox="164 371 783 730"><u>Article 16 Upon the convocation of the General Meeting of Shareholders, the Company may deem that it has provided the shareholders with information pertaining to matters to be stated or indicated in the Reference Documents, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements (including financial audit report related to the said Consolidated Financial Statements as well as audit reports) by disclosing such information via the internet in accordance with the provisions of the applicable Ordinance of the Ministry of Justice.</u></p> <p data-bbox="443 792 504 819">(New)</p> <p data-bbox="164 1189 427 1216">Articles 17 to 19 (Omitted)</p>	<p data-bbox="812 219 1334 277">Chapter 3 General Meeting of Shareholders Articles 13 to 15 (Unchanged)</p> <p data-bbox="1070 311 1166 338">(Deleted)</p> <p data-bbox="812 792 1123 819"><u>(Electronic Provision Measures)</u></p> <p data-bbox="812 822 1422 943"><u>Article 16 Upon convocation of the General Meeting of Shareholders, the Company shall provide the information contained in the Reference Documents electronically.</u></p> <p data-bbox="914 945 1417 1155"><u>2. The Company may elect not to include in the documents to be delivered to the shareholders who request the delivery of the documents by the base date of their voting rights all or part of the matters specified by the applicable Ordinance of the Ministry of Justice among the matters for which electronic provision measures are to be taken.</u></p> <p data-bbox="812 1189 1102 1216">Articles 17 to 19 (Unchanged)</p>

Current Article of Incorporation	Proposed Change
<p>Chapter 4 Director and Board of Directors (Number of Members) Article 20 The <u>number of Directors</u> of the Company <u>shall not exceed ten (10)</u>.</p> <p>(Method of Appointment) Article 21 Directors are selected by resolution in the General Meeting of Shareholders.</p> <p>2. The resolution to elect Directors shall be held by a majority of the voting rights of shareholders present at the meeting where shareholders holding one third or more of the voting rights of shareholders entitled to exercise their voting rights are present.</p> <p>3. The resolution to elect Directors shall not be by cumulative voting.</p> <p>(Term of Office) Article 22 The term of office of a Director shall expire at the end of the Annual General Meeting of Shareholders for the last business year ending within <u>two</u> years of his/her appointment.</p> <p><u>2. The term of office of a Director who is appointed as an additional number or a substitute shall be until the expiration of the term of office of the Director in office.</u></p> <p>(New)</p> <p>(New)</p> <p>(New)</p>	<p>Chapter 4 Director and Board of Directors (Number of Members) Article 20 The <u>number of Directors who are not an Audit & Supervisory Committee Member</u> of the Company <u>shall not exceed ten (10)</u> and the <u>number of Directors who are an Audit & Supervisory Committee Member shall not exceed four (4)</u>.</p> <p>(Method of Appointment) Article 21 Directors are selected by resolution in the General Meeting of Shareholders, <u>distinguishing Directors who are an Audit & Supervisory Committee Member from other Directors.</u></p> <p>2. The resolution to elect Directors shall be held by a majority of the voting rights of shareholders present at the meeting where shareholders holding one third or more of the voting rights of shareholders entitled to exercise their voting rights are present.</p> <p>3. The resolution to elect Directors shall not be by cumulative voting.</p> <p>(Term of Office) Article 22 The term of office of a Director <u>who is not an Audit & Supervisory Committee Member</u> shall expire at the end of the Annual General Meeting of Shareholders for the last business year ending within <u>one</u> year after his / her appointment. (Deleted)</p> <p><u>2. The term of office of a Director who is an Audit & Supervisory Committee Member shall expire at the end of the Annual General Meeting of Shareholders for the last business year ending within two years after his / her appointment.</u></p> <p><u>3. The term of office of a Director who is an Audit & Supervisory Committee Member, who was appointed as a substitute for a Director who was an Audit & Supervisory Committee Member who retired before the expiration of his term of office, shall be until the expiration of the term of office of the Director who was an Audit & Supervisory Committee Member who retired before the expiration of his term of office.</u></p> <p><u>4. The effective period of the resolution of the election of a substitute Director who is an Audit & Supervisory Committee Member shall be until the commencement of the Annual General Meeting of Shareholders for the last business year ending within two years after the resolution, unless shortened by the said resolution.</u></p>

Current Article of Incorporation	Proposed Change
<p>(Representative Director and Directors with Special Titles) Article 23 <u>Representative Directors are selected by the resolution of the Board of Directors.</u></p> <p>2. Depending on the resolution of the Board of Directors, a Chairman Representative Director and a President Representative Director, and a certain number of Executive Vice Presidents, Senior Managing Directors and Managing Directors can be selected.</p> <p>Article 24 (Omitted)</p> <p>(Notice of Convocation of a Meeting of the Board of Directors) Article 25 A notice of convocation of a meeting of the Board of Directors shall be sent to each Director <u>and each Audit & Supervisory Board Member</u> no later than three days prior to the date of the meeting; provided, however, that this period may be shortened in case of emergency.</p> <p>2. With the consent of all members of Director <u>and Audit & Supervisory Board Member</u>, a meeting of the Board of Directors may be held without the convocation procedures.</p> <p style="text-align: center;">(New)</p> <p>Articles <u>26</u> to <u>27</u> (Omitted)</p> <p>(Remuneration, etc.) Article <u>28</u> The remuneration of Directors, bonus and the proprietary benefits received from the Company as compensation for the execution of duties (hereinafter referred to as “remuneration, etc.”) shall be determined by the resolution of the General Meeting of Shareholders.</p> <p>Article <u>29</u> (Omitted)</p>	<p>(Representative Director and Directors with Special Titles) Article 23 <u>Representative Directors are selected from Directors who are not Audit & Supervisory Committee Members by the resolution of the Board of Directors.</u></p> <p>2. Depending on the resolution of the Board of Directors, a Chairman Representative Director and a President Representative Director, and a certain number of Executive Vice Presidents, Senior Managing Directors and Managing Directors can be selected <u>from Directors who are not Audit & Supervisory Committee Members.</u></p> <p>Article 24 (Unchanged)</p> <p>(Notice of Convocation of a Meeting of the Board of Directors) Article 25 A notice of convocation of a meeting of the Board of Directors shall be sent to each Director no later than three days prior to the date of the meeting; provided, however, that this period may be shortened in case of emergency.</p> <p>2. With the consent of all Directors, a meeting of the Board of Directors may be held without the convocation procedures.</p> <p><u>(Delegation of Decisions on Important Business Execution)</u> Article 26 <u>Pursuant to the provisions of Article 399, Paragraph 13, Paragraph 6 of Companies Act of Japan, the Company may delegate all or part of decisions on important business execution (excluding matters listed in each item of Paragraph 5 of the same Article) to a Director by the resolution of the Board of Directors.</u></p> <p>Articles <u>27</u> to <u>28</u> (Unchanged)</p> <p>(Remuneration, etc.) Article <u>29</u> The remuneration of Directors, bonus and the proprietary benefits received from the Company as compensation for the execution of duties (hereinafter referred to as “remuneration, etc.”) shall be determined by the resolution of the General Meeting of Shareholders <u>distinguishing Directors who are Audit & Supervisory Committee Members and those who are not.</u></p> <p>Article <u>30</u> (Unchanged)</p>

Current Article of Incorporation	Proposed Change
<p><u>Chapter 5 Audit & Supervisory Board Member and Audit & Supervisory Board</u></p>	(Deleted)
<p><u>(Number of Members)</u></p>	(Deleted)
<p><u>Article 30 The Company shall have no more than four (4) Audit & Supervisory Board Member.</u></p>	(Deleted)
<p><u>(Method of Appointment)</u></p>	(Deleted)
<p><u>Article 31 Audit & Supervisory Board Member are selected by resolution in the General Meeting of Shareholders.</u> <u>2. The resolution to elect Audit & Supervisory Board Members shall be held by a majority of the voting rights of shareholders present at the meeting where shareholders holding one third or more of the voting rights of shareholders entitled to exercise their voting rights are present.</u></p>	(Deleted)
<p><u>(Term of Office)</u></p>	(Deleted)
<p><u>Article 32 The term of office of an Audit & Supervisory Board Member shall expire at the end of the Annual General Meeting of Shareholders for the last business year ending within four years of his/her appointment.</u> <u>2. The term of office of an Audit & Supervisory Board Member, who was appointed as a substitute for an Audit & Supervisory Board Member who retired before the expiration of his term of office, shall be until the expiration of the term of office of the Audit & Supervisory Board Member who retired before the expiration of his term of office.</u></p>	(Deleted)
<p><u>(Effect of Qualification for Substitute Audit & Supervisory Board Member)</u></p>	(Deleted)
<p><u>Article 33 The effective period of an Audit & Supervisory Board Member pertaining to the election of a substitute resolution pursuant to Article 329, Paragraph 2 of Companies Act of Japan shall be until the commencement of the General Meeting of Shareholders pertaining to the last one of the business years ending within four years after the Annual General Meeting of Shareholders for which the election was made.</u></p>	(Deleted)
<p><u>(Full-time Audit & Supervisory Board Member)</u></p>	(Deleted)
<p><u>Article 34 The Audit & Supervisory Board shall select full-time Audit & Supervisory Board Members from the Audit & Supervisory Board Members.</u></p>	(Deleted)

Current Article of Incorporation	Proposed Change
<p><u>(Notice of Convocation of a Meeting of the Audit & Supervisory Board)</u> <u>Article 35 A notice of convocation of a meeting of the Audit & Supervisory Board shall be sent to each Audit & Supervisory Board Member no later than three days prior to the date of the meeting; provided, however, that this period may be shortened in case of emergency.</u> <u>2. With the consent of all Audit & Supervisory Board Members, a meeting of the Board of Directors may be held without the convocation procedures.</u></p>	(Deleted)
<p><u>(Audit & Supervisory Board's Resolution Method)</u> <u>Article 36 The resolution of Audit & Supervisory Board shall be held by the majority of the Audit & Supervisory Board Member, unless otherwise provided for in laws and regulations</u></p>	(Deleted)
<p><u>(Remuneration, etc.)</u> <u>Article 37 Remuneration, etc. in Audit & Supervisory Board Member shall be determined by resolution in the General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>(Audit & Supervisory Board Member's Exemption from Liability)</u> <u>Article 38 A Pursuant to the provisions of Article 426, Paragraph 1 of Companies Act of Japan, the Company may exempt Audit & Supervisory Board Members (including those who were Audit & Supervisory Board Members) from the liability set forth in Article 423, Paragraph 1 of the same Act to the extent permitted by laws and regulations by the resolution of Board of Directors.</u> <u>2. The Company may enter into an agreement with an Outside Audit & Supervisory Board Member to the effect that the liability under Article 423, Paragraph 1 of the Companies Act of Japan of the Outside Audit & Supervisory Board Member shall be borne within the limit of the total amount set forth in the items of Article 425, Paragraph 1 of the Act.</u></p>	(Deleted)
<p><u>(Audit & Supervisory Board Member Rules)</u> <u>Article 39 Matters concerning Audit & Supervisory Board shall be governed by the laws and regulations, the Company's Articles of Incorporation Code, and the Audit & Supervisory Board Code established in the Audit & Supervisory Board.</u></p>	(Deleted)

Current Article of Incorporation	Proposed Change
(New) (New)	<p><u>Chapter 5 Audit & Supervisory Committee</u> <u>(Full-time Audit & Supervisory Committee Member)</u> <u>Article 31 The Audit & Supervisory Committee can select a</u> <u>full-time Audit & Supervisory Committee Member</u> <u>by resolution in the Audit & Supervisory</u> <u>Committee.</u></p>
(New)	<p><u>(Notice of Convocation of a Meeting of the Audit & Supervisory</u> <u>Committee)</u> <u>Article 32 A notice of convocation of a meeting of the Audit &</u> <u>Supervisory Committee shall be sent to each Audit</u> <u>& Supervisory Committee Member no later than</u> <u>three days prior to the date of the meeting; provided,</u> <u>however, that this period may be shortened in case</u> <u>of emergency.</u> <u>2. With the consent of all Audit & Supervisory</u> <u>Committee Members, a meeting of the Audit &</u> <u>Supervisory Committee may be held without the</u> <u>convocation procedures.</u></p>
(New)	<p><u>(Audit & Supervisory Committee's Resolution Method)</u> <u>Article 33 The resolution of Audit & Supervisory Committee is</u> <u>held by a majority of the Audit & Supervisory</u> <u>Committee Member who are present and can</u> <u>participate in the vote.</u> <u>2. An Audit & Supervisory Committee Member who</u> <u>has a special interest in the resolution set forth in the</u> <u>preceding paragraph may not participate in the vote.</u></p>
(New)	<p><u>(Rules of the Audit & Supervisory Committee)</u> <u>Article 34 Matters concerning the Audit & Supervisory</u> <u>Committee shall be governed by laws and the</u> <u>Company's Articles of Incorporation as well as</u> <u>Audit & Supervisory Committee Rules established</u> <u>by the Audit & Supervisory Committee.</u></p>

Current Article of Incorporation	Proposed change
<p style="text-align: center;">Chapter 6 Calculation</p> <p>Article <u>40</u> (Omitted)</p> <p style="text-align: center;">(New)</p> <p><u>(Year-end Dividend)</u> Article 41 <u>The Company may distribute dividends of surplus to the shareholders or registered pledgees of shares listed or recorded in the final register of shareholders as of March 31 of each year.</u></p> <p><u>(Interim Dividend)</u> Article 42 <u>The Company may distribute interim dividends as set forth in Article 454, Paragraph 5 of Companies Act of Japan to the shareholders or registered pledgees of shares listed or recorded in the final register of shareholders as of September 30 of each year by resolution of the Board of Directors.</u></p> <p>Article <u>43</u> (Omitted)</p>	<p style="text-align: center;">Chapter 6 Calculation</p> <p>Article <u>35</u> (Unchanged)</p> <p><u>(Decision-Making Body of Dividends of Surplus, etc.)</u> Article 36 <u>The matters stipulated in each item of Article 459, Paragraph 1 of dividends of surplus etc. of the Companies Act of Japan may be stipulated by the Board of Directors resolution, unless otherwise stipulated in laws and regulations.</u></p> <p><u>(Base date of Dividends of Surplus)</u> Article 37 <u>The base date for the year-end dividend of the Company shall be March 31 every year.</u> <u>2. The base date of the interim dividend of the Company shall be September 30 every year.</u> <u>3. In addition to the preceding two paragraphs, the base date can be decided and dividends of surplus may be distributed.</u></p> <p style="text-align: center;">(Deleted)</p> <p>Article <u>38</u> (Unchanged)</p>

Current Article of Incorporation	Proposed change
(New)	<u>Supplementary Provisions</u>
(New)	<u>(Transitional Measures for Exemption from Liability of Audit & Supervisory Board Member prior to Transition to Audit & Supervisory Committee)</u>
(New)	<p><u>Article 1 Exemption from liability of Audit & Supervisory Board Member (including those who were formerly Audit & Supervisory Board Member) for acts set forth in Article 423, Paragraph 1 of the Companies Act of Japan prior to the conclusion of the 23rd Annual General Meeting of Shareholders held in June 2022 and liability limitation agreement concluded with Audit & Supervisory Board Member shall be subject to the provisions of Article 38 of the Company's Articles of Incorporation prior to the change by the resolution of the Annual General Meeting of Shareholders.</u></p>
(New)	<p><u>(Transitional Measures Concerning Electronic Provision Measures by Reference Documents)</u></p> <p><u>Article 2 The deletion of Article 16 of the Company's Articles of Incorporation prior to the change (Internet Disclosure and Deemed Provision of Reference Documents) and the establishment of Article 16 of the changed Company's Articles of Incorporation (Electronic Provision Measures, etc.) by the 23rd Annual General Meeting of Shareholders resolution held in June 2022 shall become effective from September 1, 2022.</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 16 (Deemed Disclosure on the Internet and Deemed Provision by General Meeting of Shareholders) of the Company's Articles of Incorporation prior to the change shall remain in force in General Meeting of Shareholders held up to the last day of February 2023.</u></p> <p><u>3. Article 2 of the Supplementary Provisions is deleted after March 1, 2023 or 3 months after the date of the General Meeting of Shareholders referred to in the preceding paragraph, whichever is later.</u></p>

Proposal 3

Election of Eight (8) Directors who are not Audit & Supervisory Committee Members

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed, the Company will transition to a company with an Audit & Supervisory Committee. The terms of office of all eight (8) Directors will expire at the conclusion of this general meeting of shareholders. Accordingly, the election of eight (8) Directors who are not Audit & Supervisory Committee Member is proposed.

The resolution relating to this proposal shall become effective subject to the effectuation of the Company's Articles of Incorporation change in Proposal 2 “Partial Amendments to the Articles of Incorporation.”

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

Candidate No.	Name	Current positions and responsibilities at the Company	Candidate Attributes
1	Tomoaki Horiguchi	Chairman Representative Director	Reappointment
2	Seiichi Saito	President Executive Officer President Representative Director	Reappointment
3	Izumi Nakamura	Vice President Executive Officer Vice President Director General Manager of Entrusted Asset Management Division	Reappointment
4	Yasushi Yamada	Senior Managing Executive Officer Senior Managing Director General Manager of Business Development Division	Reappointment
5	Mitsuhiro Ninomiya	Director Executive Officer General Manager of Administration Division and General Affairs Division	Reappointment
6	Kenji Honda	Director Executive Officer General Manager of Asset Management Division	Reappointment
7	Kazutaka Okubo	Outside Director	Reappointment Outside Independent
8	Keiichi Asai	-	Newly Appointed Outside Independent

- (Note)
- There are no special interests between each candidate and the Company.
 - Mr. Kazutaka Okubo and Mr. Keiichi Asai are candidates for Outside Directors.
 - The term of office of Mr. Kazutaka Okubo as Outside Director of the Company will be three years at the conclusion of this general meeting of shareholders.
 - The Company has entered into a liability limitation agreement with Mr. Kazutaka Okubo pursuant to the provisions of Article 427 Paragraph 1 of Companies Act of Japan and the provisions of the Company's Articles of Incorporation so that the he may fully perform his expected role as an Outside Director. The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations. If he is elected as Director the Company plans to continue the agreement.
 - The Company has designated Mr. Kazutaka Okubo as an independent officer under the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange of the designation. If he is elected as Director the Company plans to make him an independent officer.
 - The Company intends to conclude a liability limitation agreement with Mr. Keiichi Asai, if he is elected as Director, based on the provisions of Article 427 Paragraph 1 of the Companies Act of Japan and the provisions of the Company's Articles of Incorporation so that the he may fully perform his expected role as an Outside Director. The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations.
 - If Mr. Keiichi Asai is elected as an Outside Director, the Company plans to designate him as an independent officer pursuant to the provisions of the Tokyo Stock Exchange, Inc. and notify the Tokyo Stock Exchange.
 - The Company has entered into an Officers' Liability Insurance Contract with all of the Director as insured persons, and any damage that may arise from the fact that the Director as insured person is responsible for the performance of his / her duties or from receiving a claim for pursuing such responsibility will be compensated. If each candidate is reappointed to Director, he / she will become an insured person under the policy and will be renewed with the same content during his / her term of office. The outline of the agreement is as stated on page 47 of the Business Report.

No.	1	Tomoaki Horiguchi (Born April 21, 1958)	Number of shares of the Company held 3,016,100 shares
Reappointment	Past experience, positions and responsibilities at the Company		Significant Concurrent Positions
Attendance at Board of Directors meetings	March 1990	Sun Frontier Co., Ltd. (merged company) President and Representative Director	<ul style="list-style-type: none"> • 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.
	April 1999	Establishment of the Company President and Representative Director	
18 / 18 (100.0%)	April 2020	Chairman and Representative Director of the Company (present)	

■ Reasons for selection as a candidate for Director

Mr. Tomoaki Horiguchi is the founder of the Company and has strong centripetal force as President and Representative Director and abundant experience in corporate management and has led the growth of the Company for many years. On April 1, 2020, he changed from the President of the Company to the Chairman and Representative Director of the Company. As the Chairman and Representative Director he is making efforts to improve initiatives and long-term sustainable corporate value by fostering human resources who will lead the next generation and further strengthening the management foundation. The Company judges that his wealth of experience, achievements and high level of insight are indispensable for the management of the Company and requests his continued election as Director.

No.	2	Seiichi Saito (Born June 9, 1960)	Number of shares of the Company held 64,800 shares
Reappointment	Past experience, positions and responsibilities at the Company		Significant Concurrent Positions
Attendance at Board of Directors meetings	September 2005	Joined the Company	<ul style="list-style-type: none"> • Chairman of Tokyo Yoko Real Estate Co., Ltd. • Representative Director of SF Engineering Inc.
	November 2005	General Manager of Administration Division of the Company	
17 / 18 (94.4%)	June 2006	Director and General Manager of Administration Division of the Company	
	June 2008	Senior Managing Director and General Manager of Administration Division of the Company	
	June 2012	Executive Vice President, Vice President Executive Officer and General Manager of Administration Division of the Company	
	June 2014	Representative Executive Vice President, Vice President Executive Officer and General Manager of Administration Division of the Company	
	April 2015	Representative Executive Vice President, Vice President Executive Officer and General Manager of Asset Management Division of the Company	
	April 2020	President Representative Director and President Executive Officer (present)	

■ Reasons for selection as a candidate for Director

Mr. Seiichi Saito has a wealth of experience and achievements including the management of the Company as a President Representative Director and President Executive Officer. In addition, in the Board of Directors, as Chairman, has managed important management issues and enhanced the management supervisory functions in the Board of Directors. Even after taking over the position of President from Mr. Tomoaki Horiguchi in 2020, he is making effort to fulfill his role in further growth and development of the Company and connecting it to the future of the next generation. The Company has judged that he is suitable for realizing the Management Principle of the Company and increasing its corporate value and requests his continued election as Director.

No.	3	Izumi Nakamura (Born March 16, 1952)	Number of shares of the Company held 50,900 shares
Reappointment	Past experience, positions and responsibilities at the Company		Significant Concurrent Positions
Attendance at Board of Directors meetings 18 / 18 (100.0%)	September 2006	Joined the Company Head of Sales Administration Entrusted Asset Management Division	<ul style="list-style-type: none"> • Representative Director of SF Building Support Inc. • Representative Director of SF Building Maintenance Inc. • Representative Director of Sun Frontier Space Management Co., Ltd.
	June 2008	Director and General Manager of Entrusted Asset Management Division of the Company	
	June 2012	Managing Director, Managing Executive Officer and General Manager of Entrusted Asset Management Division of the Company	
	June 2016	Senior Managing Director, Senior Managing Executive Officer and General Manager of Entrusted Asset Management Division of the Company	
	April 2020	Executive Vice President, Vice President Executive Officer and General Manager of Entrusted Asset Management Division of the Company (present)	

■ Reasons for selection as a candidate for Director

Mr. Izumi Nakamura has led the management of Real Estate Service Business such as leasing, property management and rent guarantee with strong leadership as the Executive Vice President, Vice President Executive Officer and General Manager of Entrusted Asset Management Division, and has made many achievements. In addition, he has assisted the President and making efforts to realize Management Principle and increase corporate value. The Company has determined that he is suitable for realizing the Company's business strategy for growth and supervising business divisions due to his wealth of business experience and knowledge regarding entrusted asset management, and proposes his continued election as Director.

No.	4	Yasushi Yamada (Born December 23, 1965)	Number of shares of the Company held 13,300 shares
Reappointment	Past experience, positions and responsibilities at the Company		Significant Concurrent Positions
Attendance at Board of Directors meetings 18 / 18 (100.0%)	August 2010	Joined the Company General Manager of Corporate Planning Division	<ul style="list-style-type: none"> • Representative Director of PT. SUN FRONTIER PROPERTY ONE • Representative Director of PT. SUN FRONTIER INDONESIA • Chairman of Board of Directors of SUN FRONTIER VIETNAM CO., LTD. • Chairman of Board of Directors of SUN FRONTIER DANANG CO., LTD.
	June 2012	Executive Officer and General Manager of Corporate Planning Division of the Company	
	April 2015	Executive Officer and General Manager of Administration Division of the Company	
	June 2015	Director, Executive Officer, General Manager of Administration Headquarters	
	June 2016	Managing Director, Managing Executive Officer and General Manager of Administration Division of the Company	
April 2020	Senior Managing Director, Senior Managing Executive Officer and General Manager of Business Promotion Division of the Company (present)		

■ Reasons for selection as a candidate for Director

Mr. Yasushi Yamada has led new business areas in Hotel Business, Overseas Business and M&A as the Senior Managing Director, Senior Managing Executive Officer, and General Manager of Business Promotion Division, and has made efforts for business growth through his diverse knowledge and leadership. The Company has judged that he is an appropriate person to realize sustainable improvement of corporate value in response to changes in business environment and requests his continued election as Director.

No. 5	Mitsuhiro Ninomiya (Born March 1, 1969)	Number of shares of the Company held 31,800 shares
<div style="border: 1px solid black; padding: 2px; width: fit-content;">Reappointment</div> Attendance at Board of Directors meetings 18 / 18 (100.0%)	Past experience, 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 (present) April 2018 Deputy General Manager of Administration Division and General Manager of Corporate Planning Division of the Company April 2019 Deputy General Manager of Administration Division, General Manager of Corporate Planning Division and General Manager of Information System Division of the Company July 2019 Deputy General Manager of Administration Division, General Manager of General Affairs Division (present) and General Manager of Information System Division of the Company April 2020 General Manager of Administration Division of the Company (present) June 2020 Director 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 Director, Executive Officer, and General Manager of Administration Division and worked to resolve management issues. Mr. Ninomiya has also contributed to the creation of a corporate culture by leading the development of human resources such as penetration and retention of Management Principle, which is our most important asset. Based on his wealth of knowledge and business experience, the Company has judged that he is an appropriate person who can support the development and growth of the Company's business from the perspective of management and contribute to the realization of sustainable enhancement of corporate value, and proposes his continued election as Director.

No. 6	Kenji Honda (Born March 5, 1967)	Number of shares of the Company held 4,100 shares
<div style="border: 1px solid black; padding: 2px; width: fit-content;">Reappointment</div> Attendance at Board of Directors meetings 18 / 18 (100.0%)	Past experience, positions and responsibilities at the Company April 2006 Joined the Company in Entrusted Asset Management Division Corporate Sales Section October 2010 General Manager of Property Management Business Division of the Company June 2014 Executive Officer (present) and General Manager of Property Management Business Department of the Company April 2018 Deputy General Manager of Entrusted Asset Management Division and General Manager of Property Management Business 1st Division of the Company April 2020 General Manager of Asset Management Division of the Company (present) June 2020 Director of the Company (present)	Significant Concurrent Positions Representative Director of Communication Development Inc.

■ Reasons for selection as a candidate for Director

Mr. Kenji Honda has led the core businesses of the Company, such as Real Estate Revitalization Business and specified joint real estate ventures, and has contributed to the growth of the Company's business division as Director, Executive Officer, and General Manager of Asset Management Division. Accordingly, the Company has judged that he is an appropriate person who can contribute to the development and growth of the Company's business and the realization of sustainable enhancement of corporate value by utilizing his wealth of knowledge and business experience, and requests his continued election as Director.

No. 7	Kazutaka Okubo (Born March 22, 1973)	Number of shares of the Company held 2,000 shares
<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Independent</div>	Past experience, positions and responsibilities at the Company November 1995 Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC) April 1999 Registered as Certified Public Accountant June 2006 Partner of ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC) July 2012 Senior Partner of ShinNihon LLC (currently Ernst & Young ShinNihon LLC) February 2016 Senior Managing Director and General Manager of ERM of the same audit corporation June 2019 President and Representative Director of Okubo Associates Co., Ltd. (present) June 2019 Director of the Company (present) June 2019 Outside Audit & Supervisory Board Member of SEGA SAMMY HOLDINGS INC. (present) December 2019 Outside Director of LIFULL Co., Ltd. (present) February 2020 Outside Director of SALA Corp. (present) June 2020 Outside Director of The Shoko Chukin Bank, Ltd. (present) June 2020 Outside Director of Musashi Seimitsu Industry Co., Ltd. (present) November 2020 President Representative Director of SS Dnaform Co., Ltd. (present) September 2021 Outside Director of BrainPad Inc. (present)	Significant Concurrent Positions <ul style="list-style-type: none"> • President Representative Director of Okubo Associates Co. • Outside Audit & Supervisory Board Member of SEGA SAMMY HOLDINGS Inc. • Outside Director of LIFULL Co., Ltd. • Outside Director of SALA Corp. • Outside Director of The Shoko Chukin Bank, Ltd. • Outside Director of Musashi Seimitsu Industry Co., Ltd. • President Representative Director of SS Dnaform Co., Ltd. • Outside Director of BrainPad Inc.
Attendance at Board of Directors meetings 18 / 18 (100.0%)		

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

Mr. Kazutaka Okubo has not only audit experience at major audit corporations, but also served as a member of various experts at government offices and as an organizer of economic organizations. He has also been managing companies and has abundant knowledge and experience in a wide range of fields including corporate compliance and CSR. The Company requests his continued election as an Outside Director in order to receive valuable opinions and suggestions regarding the Company's management based on his extensive knowledge and to supervise the Company's management for the sustainable improvement of corporate value.

No. 8	Keiichi Asai (Born September 29, 1954)	Number of shares of the Company held 0 shares
<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Newly Appointed</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Independent</div>	Past experience, positions and responsibilities at the Company April 1978 Joined Mitsubishi Corporation April 2009 Executive Officer, CEO of the Energy Business Group, and Office Chief 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. April 2019 Retired from the same company June 2021 Outside Director of Cosmo Energy Holdings Co., Ltd. (present)	Significant Concurrent Positions <ul style="list-style-type: none"> • Outside Director 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. Appointed Vice President Director of Lithium Energy Japan Co., Ltd. in 2013 and President Representative Director of KH Neochem Co., Ltd. in 2014, engaged in corporate management in general, and has abundant knowledge and experience. From his wealth of knowledge and experience, the Company has determined that he can be expected to supervise the Company's management and appropriately perform his duties, and proposes that he is elected as Outside Director.

Election of Three (3) Directors who are Audit & Supervisory Committee Members

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed, the Company will transition to a company with an Audit & Supervisory Committee.

Accordingly, the election of three (3) Directors who are Audit & Supervisory Committee Members, is proposed. This proposal has also been approved by Audit & Supervisory Board.

Moreover, resolution relating to this proposal shall become effective subject to the effectuation of the Company's Articles of Incorporation change in Proposal 2 “Partial Amendments to the Articles of Incorporation.”

The candidate for Directors who are Audit & Supervisory Committee Members is as follows.

Candidate No.	Name	Current positions and responsibilities at the Company	Candidate Attributes		
1	Shinichi Tominaga	General Manager Corporate Planning Division	Newly Appointed		
2	Hidetaka Tanaka	Outside Audit & Supervisory Board Member	Newly Appointed	Outside	Independent
3	Tsuneko Murata	-	Newly Appointed	Outside	Independent

- (Note)
- There are no special interests between the Company and each candidate for Director who are Audit & Supervisory Committee Member.
 - Mr. Hidetaka Tanaka and Ms. Tsuneko Murata are candidates for Outside Director who are Audit & Supervisory Committee Member.
 - Mr. Hidetaka Tanaka is currently an outside Audit & Supervisory Board Member of the Company, and his term of office as an outside Audit & Supervisory Board Member will be three years at the conclusion of this general meeting of shareholders.
 - The Company has entered into a liability limitation agreement with Mr. Hidetaka Tanaka pursuant to the provisions of Article 427 Paragraph 1 of Companies Act of Japan and the provisions of the Company's Articles of Incorporation so that he may fully perform his expected role as an Outside Audit & Supervisory Committee Member. The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations. If he is elected as Director the Company plans to continue the agreement.
 - The Company has designated Mr. Hidetaka Tanaka as an independent officer under the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange of the designation. If he is elected as Director the Company plans to continue his designation as an independent officer.
 - The Company intends to conclude a liability limitation agreement with Ms. Tsuneko Murata pursuant to the provisions of Article 427 Paragraph 1 of Companies Act of Japan and the provisions of the Company's Articles of Incorporation so that she may fully perform her expected role as an Outside Director. The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations.
 - In the event that Ms. Tsuneko Murata is elected as an Outside Director who is an Audit & Supervisory Committee Member, the Company plans to designate her as an independent officer pursuant to the provisions of the Tokyo Stock Exchange, Inc. and notify the Tokyo Stock Exchange thereof.
 - The Company has entered into an Officers' Liability Insurance Contract with all of the Director as insured persons, and any damage that may arise from the fact that the Director as insured person is responsible for the performance of his / her duties or from receiving a claim for pursuing such responsibility will be compensated. If each candidate is appointed to Director, he / she will become an insured person under the policy and will be renewed with the same content during his / her term of office. The outline of the agreement is as stated on page 47 of the Business Report.

No.	1	Shinichi Tominaga (Born June 13, 1957)	Number of shares of the Company held 532 shares
	Newly Appointed	Past experience, positions and responsibilities at the Company	Significant Concurrent Positions
		<p>April 1981 Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)</p> <p>September 2007 Compliance Manager of Kenedix Advisors Inc.</p> <p>March 2009 Manager of Finance & Accounting Department of Kenedix, Inc.</p> <p>September 2010 General Manager of Operations of Kenedix, Inc.</p> <p>July 2017 Joined the Company as Deputy General Manager of Administration Division</p> <p>April 2018 General Manager in charge of Corporate Governance, etc. of the Company</p> <p>April 2019 General Manager in charge of Accounting Division of the Company</p> <p>July 2020 General Manager of Corporate Planning Division of the Company (present)</p>	None

■ Reasons for selection as a candidate for Director

Mr. Shinichi Tominaga has knowledge in the financial and real estate industries and had abundant experience in compliance and risk management. In addition, he has served in positions such as Manager in charge of governance and Manager in charge of Accounting, Administration Division of the Company, and is well versed in the Company's business processes. Based on his wealth of knowledge and experience, the Company has determined that he can be expected to strengthen the governance of the Company and appropriately perform his duties, and proposes his election as Director.

No.	2	Tanaka Hidetaka (Born January 25, 1953)	Number of shares of the Company held 0 shares
	Newly Appointed	Past experience, positions and responsibilities at the Company	Significant Concurrent Positions
	Outside	<p>April 1975 Joined The Industrial Bank of Japan, Ltd.</p> <p>May 1996 Deputy General Manager of the Singapore Branch of the same bank and President and CEO of IBJ Singapore</p>	<ul style="list-style-type: none"> • Auditor of NPO JAPAN PLATFORM • Executive Director of Japan Credit Rating Association
	Independent	<p>June 1999 Chief of International Finance of the same bank</p> <p>May 2000 General Manager of International Finance of the same bank</p>	
	Attendance at Audit & Supervisory Board meetings	<p>March 2002 Joined Rating & Investment Information, Inc. as Deputy General Manager of Rating Division and Manager of Structured Finance</p>	
	14 / 14 (100.0%)	<p>March 2004 General Manager of Structured Finance Division of the same company</p>	
	Attendance at Board of Directors meetings	<p>March 2006 Director and General Manager of Structured Finance Division of the same company and President Representative Director of Institute of Financial Engineering</p>	
	18 / 18 (100.0%)	<p>March 2008 Managing Executive Officer of the same company</p>	
		<p>March 2013 Senior Managing Executive Officer of the same company</p>	
		<p>March 2016 Director and Senior Managing Executive Officer of the same company</p>	
		<p>June 2019 Audit & Supervisory Board Member of the Company (present)</p>	

(Reference)

(Planned) Management System after Proposals No. 3 and No.4 are approved.

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

Candidate number	Name	Expected expertise and experience (skill matrix) * Up to 4 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
1	Tomoaki Horiguchi	●	●			●			●	
2	Seiichi Saito	●	●	●			●			
3	Izumi Nakamura	●	●	●					●	
4	Yasushi Yamada	●	●						●	●
5	Mitsuhiro Ninomiya				●	●		●		
6	Kenji Honda		●			●				
7	Kazutaka Okubo			●	●		●	●		
8	Keiichi Asai	●							●	●

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

Candidate number	Name	Expected expertise and experience (skill matrix) * Up to 4 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
1	Shinichi Tominaga		●	●	●					
2	Hidetaka Tanaka	●		●				●		●
3	Tsuneko Murata				●			●	●	●

Election of One (1) Director who is a Substitute Audit & Supervisory Committee Member

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed, the Company will transition to a company with an Audit & Supervisory Committee. Accordingly, in preparation for the event that the number of Director, who is an Audit & Supervisory Committee Member, falls short of the number prescribed by laws and regulations, the election of one (1) substitute Director who is an Audit & Supervisory Committee Member is proposed.

The candidate for a substitute Director who is an Audit & Supervisory Committee Member is as follows, and the consent of Audit & Supervisory Board has been obtained for this proposal.

The resolution relating to this proposal shall become effective subject to the effectuation of the Company's Articles of Incorporation change in Proposal 2 “Partial Amendments to the Articles of Incorporation.”

Candidate	Fumio Tsuchiya (Born July 26, 1952)	Number of shares of the Company held 0 shares
	Past experience, positions and responsibilities at the Company April 1985 Registered as an attorney (The Second Tokyo Bar Association) April 1989 Established Tsuchiya Law Office as the Representative (present)	Significant Concurrent Positions • Representative of Tsuchiya Law Office

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

Mr. Fumio Tsuchiya is qualified as an attorney-at-law and has abundant experience and deep insight as an expert in corporate legal affairs. The Company proposes that he is elected as a substitute Outside Director so that he can utilize his insights gained through his experience and audit and supervise the Company's management from an objective standpoint.

- (Note)
1. The Company has entered into a corporate lawyer agreement with Mr. Fumio Tsuchiya.
 2. The Company intends to conclude a liability limitation agreement with Mr. Fumio Tsuchiya pursuant to the provisions of Article 427 Paragraph 1 of Companies Act of Japan and the provisions of the Company's Articles of Incorporation so that he may fully perform his expected role as Outside Director. The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations.
 3. If he is appointed as Outside Director, the Company plans to designate him as an independent officer under the provisions of the Tokyo Stock Exchange, Inc. and notify the Tokyo Stock Exchange to that effect.
 4. Although he has never been involved in the management of a company (including foreign companies) in the past, the Company has determined that he will be able to perform his duties appropriately based on his legal knowledge accumulated over many years as an attorney at law. Therefore, the Company proposes that he be elected as a substitute Outside Director who is an Audit & Supervisory Committee Member.
 5. The Company has entered into an Officers' Liability Insurance Contract with all of the Director as insured persons, and any damage that may arise from the fact that the Director as insured person is responsible for the performance of his / her duties or from receiving a claim for pursuing such responsibility will be compensated. If Mr. Fumio Tsuchiya is appointed to Outside Director who is an Audit & Supervisory Committee Member, he will become an insured person under the policy. The outline of the agreement is as stated on page 47 of the Business Report.

Proposal 6

Determination of remuneration, etc. of Directors who are not Audit & Supervisory Committee Members

At the 18th Annual General Meeting of Shareholders held on June 23, 2017, the current limit of the total amount of remuneration, etc. (fixed remuneration and performance-linked remuneration) by cash to Directors is within 360 million yen per year (of which within 36 million yen is for Outside Directors). However, it does not include salaries for employees of Director who also serve as employees. However, if Proposal No. 2 “Partial Amendments to Articles of Incorporation” is approved as proposed, the Company will make a transition to a company with an Audit & Supervisory Committee. Accordingly, the Company proposes to abolish the regulation regarding the limit of the total amount of remuneration, etc. of Directors and propose the amount of remuneration, etc. of Directors who are not Audit & Supervisory Committee Member as stated in this proposal.

Therefore, in consideration of various circumstances such as the amount of remuneration, etc. of Directors to date and the economic situation, etc., the total amount of remuneration, etc. for Directors who are not Audit & Supervisory Board Member shall be no more than 360 million yen per year (of which within 36 million yen is for Outside Director. However, it does not include salaries for Director who also serve as employees.)

The current number of members in Board of Directors is eight (including two Outside Directors). If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Eight (8) Directors who are not Audit & Supervisory Committee Members” are approved as originally proposed, the number of members in Directors who are not Audit & Supervisory Board Member will be eight (including two in Outside Director).

At the meeting held in Board of Directors on February 16, 2021, the Company established a policy for determining the content of individual remuneration in Directors. This policy is described on pages 47 to 48 of the Business Report. However, even after the transition to an Audit & Supervisory Board Committee, the Company plans to establish a similar policy for remuneration by cash at Board of Directors. This proposal takes into account various circumstances such as the amount of remuneration, etc. in Director and the economic situation at the Company up to now, and is also in line with the above decision policy, and the Company has determined that this proposal is appropriate.

The resolution relating to this proposal shall become effective subject to the effectuation of the Company's Articles of Incorporation change in Proposal 2 “Partial Amendments to the Articles of Incorporation.”

(Note) Remuneration refers to Director remuneration, as defined in the Companies Act of Japan, as well as the proprietary benefits received from the Company as a reward for execution of duties, such as a bonus.

Proposal 7

Determination of remuneration amount of Directors who are Audit & Supervisory Committee Members

If Proposal 2 “Partial Amendments to the Articles of Incorporation“ is approved as proposed, the Company will transition to a company with an Audit & Supervisory Committee. Accordingly, the Company proposes that the remuneration amount for Directors who are Audit & Supervisory Committee Members, be no more than 36 million yen per year, which is the same amount as the remuneration amount for Audit & Supervisory Board Member approved at the 7th Annual General Meeting of Shareholders meeting held on June 22, 2006.

This proposal has been decided based on the advice of the Nomination and Remuneration Committee and comprehensively taking into account the Company's business size, the officers remuneration system and its payment level, the current number of officers, and future trends, etc., and the Company has determined that this proposal is appropriate.

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation“ and Proposal No. 4 “Election of Three (3) Directors who are Audit & Supervisory Committee Members“ are approved as originally proposed, the number of candidates for Directors who are Audit & Supervisory Committee Members for this Proposal will be three (3) candidates (including two (2) candidates for Outside Director).

Moreover, the resolution relating to this proposal shall become effective subject to the effectuation of the Company's Articles of Incorporation change in Proposal 2 “Partial Amendments to the Articles of Incorporation.”

Determination of remuneration for granting of shares subject to restriction for Directors (excluding Outside Director) who are not Audit & Supervisory Committee Members

At the 17th Annual General Meeting of Shareholders held on June 23, 2017, the amount of the Company's remuneration of Directors, shall be no more than 360 million yen per year (including no more than 36 million yen for Outside Directors) (however, this does not include employee salaries for Directors concurrently serving as employees). At the 22nd Annual General Meeting of Shareholders meeting held on June 22, 2021, it was approved that share acquisition rights as stock remuneration type stock options to be exercised upon retirement be allocated to Directors (excluding Outside Director) within the range of 36 million yen per year.

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed, the Company will transition to a company with an Audit & Supervisory Committee.

For the purpose of providing an incentive to Directors who are not Audit & Supervisory Committee Members of the Company (hereinafter referred to as the “Target Director” excluding Outside Director) to continuously increase the corporate value of the Company and promoting further sharing of value with shareholders, the Company requests approval for the provision of a new remuneration for the grant of Restricted Shares or the grant of Restricted Shares as a remuneration, etc. to the Target Director separately from the remuneration, etc. frame pertaining to Proposal 6 “Determination of remuneration amount of Directors who are not Audit & Supervisory Committee Members.”

The grant of Restricted Shares based on this proposal shall be made based on resolution of the Board of Directors by any of the following methods.

- (i) Issuance or disposition of the Company's common shares as a remuneration, etc. of the Target Director without requiring payment in cash or delivery of properties contributed in kind.
- (ii) Issuance or disposition of the Company's Director by issuing cash remuneration claims as remuneration, etc. to the Target Director and delivering all of the relevant cash remuneration bond rights as properties contributed in kind to the target common shares (hereinafter referred to as “in-kind contribution”).

The total number of the Company's Director to be issued or disposed of to the target common shares based on this proposal shall be no more than 50,000 shares per year, and the total amount of such remuneration shall be no more than 36 million yen per year as an amount considered to be reasonable based on the above purpose. However, the total number of issued shares of the Company may be reduced by consolidation of shares or stock split (including allotment of shares without contribution). In such case, the above maximum number of shares shall be adjusted in accordance with such ratio.

The amount to be paid in per share in the case of delivery of in-kind contribution shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding the day of each Board of Directors resolution (or the closing price on the immediately preceding trading day if there is no transaction on the same day) within a range not particularly advantageous to Target Director.

The specific timing of the payment and the allocation to each applicable Director will be determined at the Nomination and Remuneration Committee after deliberation by the Board of Directors, respecting the opinions of the Committee.

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Eight (8) Directors who are not Audit & Supervisory Committee Members” are approved as originally proposed, there will be six (6) Target Directors.

In addition, with regard to the granting of Restricted Shares based on this proposal, the Company and the Director will enter into an agreement for the allotment of Restricted Shares (hereinafter referred to as the “Allotment Agreement”), which will include the following details.

- (1) The Target Director shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (hereinafter referred to as the “Allotted Shares”) during the period from the date of delivery of the Allotted Shares to the date on which the Target Director retires or retires from the position of the Director of the Company or any other position specified by the Board of Directors of the Company (provided, however, that if the Target Director retires or retires within three months after the end of the business year to which the date of delivery of the Allotted Shares belongs and the date specified separately by the Board of Directors of the Company within six months after the end of the business year, such date shall apply. Hereinafter referred to as “Transfer Restrictions”).
- (2) In the event that the Target Director retires or retires from the position stipulated in (1) above before the expiration of the period specified by the Company's Board of Directors (hereinafter referred to as the “Service Provision Period”), the Company shall automatically acquire the Allotted Shares free of charge, unless there is a reason deemed valid by the Company's Board of Directors.
- (3) The Company shall lift the Transfer Restrictions on all of the Allotted Shares upon the expiration of the Transfer Restriction period, on the condition that the Target Director has held the position set forth in (1) above continuously during the service provision period. However, if the Target Director retires or retires from the position stipulated in (1) above before the expiration of the service provision period for reasons deemed valid by the Company's Board of Directors stipulated in (2) above, the number of the Allotted Shares for which the transfer restrictions are to be lifted shall be reasonably adjusted as necessary.
- (4) The Company shall automatically acquire without contribution the Allotted Shares for which the Transfer Restrictions have not been lifted pursuant to the provisions of (3) above at the time of expiration of the Transfer Restriction period.
- (5) The Company shall automatically acquire the Allotted Shares free of charge if, during the Transfer Restriction period, the Target Director violates laws and regulations, internal rules, or the Allotment Agreement, or falls under any other reason specified by the Company's Board of Directors as a reason why it is appropriate to acquire the Allotted Shares free of charge.
- (6) Notwithstanding the provisions of (1) above, if, during the Transfer Restriction period, a merger agreement under which the Company will be dissolved, a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary, or any other matters related to reorganization, etc. are approved by the General Meeting of Shareholders of the Company (or by the General Meeting of Shareholders of the Company if approval by the Board of Directors of the Company is not required for such reorganization, etc.), the Company shall lift the Transfer Restriction for the number of Allotted Shares reasonably determined by the resolution of the Board of Directors of the Company prior to the effective date of such reorganization, etc.
- (7) In the case prescribed in (6) above, the Company shall automatically acquire without contribution the Allotted Shares for which the Transfer Restrictions have not been lifted at the time immediately after the lifting of the Transfer Restrictions pursuant to the provisions of (6) above.

This Proposal provides incentives for the Target Director to continuously increase the corporate value of the Company, and aims to further share value with shareholders. For this purpose, the Company will grant the Target Director Restricted Shares as remuneration, etc., or provide remuneration for the grant of Restricted Shares.

In the Board of Directors after the transition to a company with an Audit & Supervisory Committee, the Company plans to establish a policy regarding decisions on individual remuneration of Directors (excluding Directors who are Audit & Supervisory Board Members). However, the granting of Restricted Shares based on this proposal is necessary and reasonable in line with the policy and granting of Restricted Shares is intended to be an individual remuneration. In addition, the maximum number of shares to be issued or disposed per year based on this proposal accounts for approximately 0.1% of the total number of issued shares (as of May 13, 2022), and the dilution ratio is immaterial.

Accordingly, the Company judges that the content of this proposal is substantial.

Moreover, the resolution relating to this proposal shall become effective subject to the effectuation of the Company's

Articles of Incorporation change in Proposal 2 “Partial Amendments to the Articles of Incorporation.” In addition, after the effective date, the stock option system for Directors will be abolished except for those already granted, and no new issuance of share acquisition rights as stock options for Directors will be made in the future.

(Reference)

The Company will also grant restricted shares to its Executive Officer and certain employees.

1. Status of the Corporate Group

(1) Progress and Results of Operations

Although the Japanese economy showed signs of recovery after the state of emergency was lifted at the end of September 2021, the number of people infected with COVID-19 expanded toward the end of the current consolidated fiscal year due to the impact of the COVID-19 variant. As a result, the business environment surrounding corporate earnings continued to be severe, particularly in the accommodation and tourism industries. In the global economy, while the impact of this new variant continues, the rise in raw material prices due to the invasion of Ukraine by Russia and other factors has spurred a rise in consumer prices. Consequently, there has been increasing contraction and tightening of monetary easing in various countries. It is necessary to pay attention to fluctuations in financial and capital markets going forward.

Even though the deterioration in the average vacancy rate in the Tokyo business district (5 Wards of the Central Tokyo: Chiyoda, Chuo, Minato, Shinjuku, and Shibuya), where the Company operates Office Building Business, seems to have bottomed out in December 2021, it has been fluctuating since January (according to a survey by a private research institution). In addition, the average rent was 20,366 yen (unit price per tsubo), falling for the 20th consecutive month (total 2,648 yen / approximately 11.5%). The overall office market remained weak. In the real estate investment market, although institutional investors' demand remains strong, the outlook remains unpredictable due to the global monetary tightening phase.

Under these business environments the Company is steadily expanding its business based on the medium-term management plan announced in May 2021. During the consolidated fiscal year under review, even in the pandemic of COVID-19, the Company's core business, Real Estate Revitalization Business, is resulting in steady sales of real estate due to the progression of commercialization with high-margin and high-quality. Moreover, business performance expanded steadily in the Real Estate Service Business. On the other hand, in Hotel Operation Business, losses were recorded in the current consolidated fiscal year due to the impact of the declaration of a state of emergency and start-up expenses of newly opened hotels.

As a result, net sales amounted to 71,251 million yen (up 19.5% YoY), operating profit amounted to 12,127 million yen (up 53.3% YoY), ordinary profit amounted to 12,215 million yen (up 62.3% YoY), and profit attributable to owners of parent amounted to 7,415 million yen (up 73.5% YoY).

Net sales by business segment for the fiscal year ended March 31, 2022 (reference)

Business segment	Net Sales for this fiscal year (million yen)	Year-on-year (%)
Real Estate Revitalization Business	55,958	54.2
Real Estate Service Business	7,154	15.7
Hotel and Tourism Business	6,911	(48.5)
Other	1,695	(59.8)
Adjustment amount	(467)	-
Total	71,251	19.5

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

(2) Capital Expenditures

The Company's capital investment in the fiscal year ended March 31, 2022 was 8,533 million yen, mainly for the acquisition of rental office buildings (4,568 million yen) and hotel facilities (3,842 million yen).

(3) Financing Activities

During the fiscal year ended March 31, 2022, the Company has not made any noteworthy fund procurement.

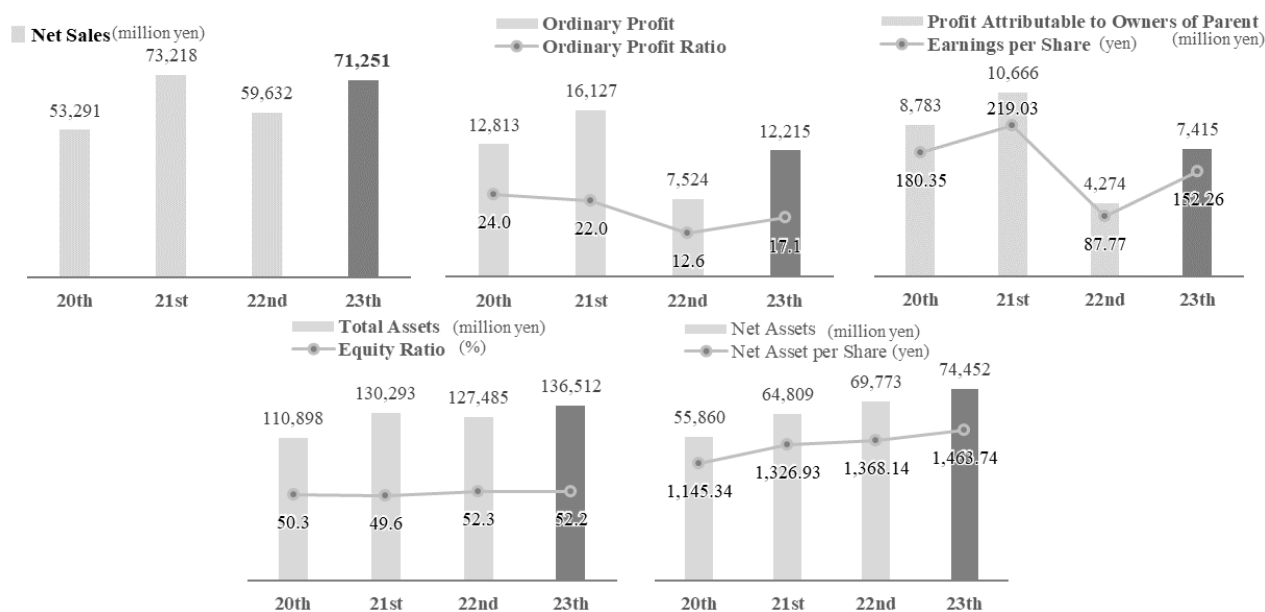
(4) Trends in Assets and Income

(i) Consolidated Assets and Income of the Corporate Group

		The 20th fiscal year ended March 31, 2019	The 21st fiscal year ended March 31, 2020	The 22nd fiscal year ended March 31, 2021	The 23rd fiscal year ended March 31, 2022 (Current period)
Net Sales	(million yen)	53,291	73,218	59,632	71,251
Ordinary Profit	(million yen)	12,813	16,127	7,524	12,215
Ordinary Profit Ratio	(%)	24.0	22.0	12.6	17.1
Profit Attributable to Owners of Parent	(million yen)	8,783	10,666	4,274	7,415
Earnings per Share	(yen)	180.35	219.03	87.77	152.26
Total Assets	(million yen)	110,898	130,293	127,485	136,512
Equity Ratio	(%)	50.3	49.6	52.3	52.2
Net Assets	(million yen)	55,860	64,809	69,773	74,452
Net Assets per Share	(yen)	1,145.34	1,326.93	1,368.14	1,463.74

Note 1. 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.

Note 2. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the current consolidated fiscal year. The figures for the current consolidated fiscal year's assets and profit and loss are after the application of the above accounting standards.



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

		The 20th fiscal year ended March 31, 2019	The 21st fiscal year ended March 31, 2020	The 22nd fiscal year ended March 31, 2021	The 23rd fiscal year ended March 31, 2022 (Current period)
Net Sales	(million yen)	48,722	64,472	42,002	59,563
Ordinary Profit	(million yen)	12,846	16,822	7,994	14,356
Profit	(million yen)	8,806	11,122	5,314	9,284
Earnings per Share	(yen)	180.84	228.39	109.12	190.65
Total Assets	(million yen)	104,548	121,708	114,729	124,800
Net Assets	(million yen)	55,683	64,934	68,204	74,432
Net Assets per Share	(yen)	1,143.30	1,333.15	1,400.21	1,527.80

Note 1. 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
Japan System Service Inc.	10 million yen	100 %	Building maintenance business
Sun Frontier Space Management Inc.	50 million yen	100 %	Conference room rental business, rental office business
SF Engineering Inc.	20 million yen	100 %	Construction and interior finishing business
Communication Development Inc.	45 million yen	100 %	Electrical and telecommunications engineering business
Navd Inc.	10 million yen	90 %	Office planning and design, web marketing 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 Operation Business
Sun Frontier Sado Co., Ltd.	100 million yen	100 %	Hotel Planning and Operation, Regional Revitalization Business
Hotel Oosado Inc.	100 million yen	100 %	Hotel operation, regional revitalization business
Okesa Kanko Taxi Co., Ltd.	10 million yen	100 %	Passenger vehicle transportation business
Sun Frontier Okinawa Co., Ltd.	230 million yen	100 %	Hotel planning and operation 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	5,900 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	11,150 thousand U.S. dollar	90 %	Real estate revitalization business in the United States

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

Note 2. As of April 26, 2021, Hotel Oosado Inc., which Sun Frontier Hotel Management Inc. and Sun Frontier Sado Co., Ltd., the Company's consolidated subsidiaries, acquired shares of is included as a significant subsidiary. In addition, as of December 22, 2021, the newly established Navd Inc. is included as a significant subsidiary.

Note 3. As of January 1, 2022, Sun Frontier Community Arrangement 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 impact of the spread of COVID-19 since the beginning of 2020 has significantly changed the business environment in which the Company operates. Against the backdrop of these changes in the business environment and the shift to a new state (new normal), the Company reviewed the medium-term management plan in May 2021 in order to re-establish a sustainable growth path. The quantitative target set forth in this plan has not changed, and the final year has been extended for two years to the year ending March 2025. Basic policy is set to provide "places where people gather and communicate with each other, and create social development and happiness for people." We will redefine the value of the place where people gather amid the great changes in values with the pandemic of COVID-19, and solve new social issues through offices and hotels.

<Initiatives for Sustainability>

The plan includes ESG perspectives as key points. As the recent global trend of ESG and SDGs continues to accelerate, the Company has been promoting business activities that contribute to the sustainability of society by defining Corporate Philosophy since its foundation as "we reduce the waste of non-renewable resource on earth and contribute to the prosperity of the people, plants and animals." On March 28, 2022, we established the Sustainability Vision and identified important issues (materiality) in order to respond to these social backgrounds and to communicate our group's activities. Going forward, we will strive to

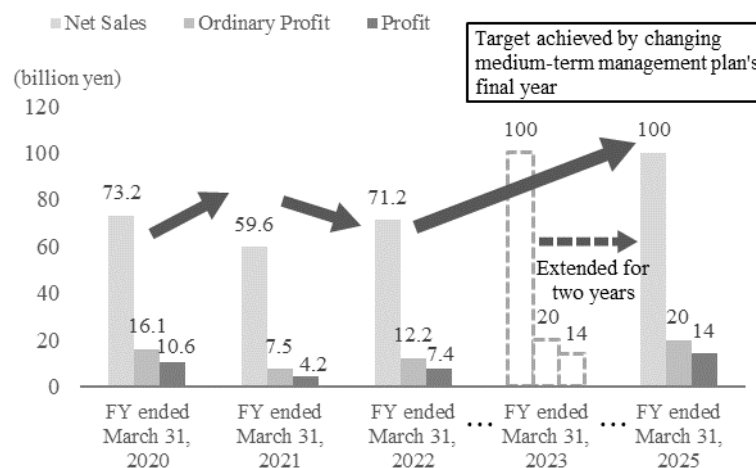
increase corporate value over the medium- to long-term by contributing to the realization of a sustainable society through the realization of this vision and the implementation of specific measures to address important issues.

<Initiatives of Digital Transformation>

Digitization is another important point. The digitization of throughout society has progressed rapidly and been forced because of the pandemic of COVID-19. In addition, society as a whole is facing a labor shortage due to the decreasing of productive age population caused by the declining birthrate. At the same time, there is a need to improve labor productivity. In this changing social environment, digital transformation (DX) in companies has become an urgent need. In April 2022, we reorganized the existing Digital Transformation Promotion Office into the DX Business Division with the aim of speeding up the use of digital technology and our expertise. We aim to realize data-driven management and to implement DX by combining our expertise with digital.

FY ending March 31, 2025
(Quantitative target)

Net Sales	100 billion yen
Ordinary Profit	20 billion yen
Profit	14 billion yen
Equity Ratio	20% or more
Ordinary Profit Ratio	50% level
Return on Equity	10% or more






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	Vision	Policy	Relevant SDGs
Environmental protection	Increase environmental sustainability by significantly reducing waste and greenhouse gas emissions, as a frontier of Real Estate Revitalization Business	<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 ■ Expanded use of renewable energy 	
Regional revitalization	Create sustainable growth of regional economies through offices, hotels, and tourism, as a frontier for sustainable regional revitalization	<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 ■ Solve regional issues through community activation and creation 	
Human resource development	Spread the concept of “altruism” that is indispensable for realizing a sustainable society, as a frontier of philosophy management	<ul style="list-style-type: none"> ■ Create workplaces with job satisfaction, creativity and growth opportunities ■ Respect and utilize diversity ■ Disseminate information on philosophy management to foster next-generation managers 	

(7) Principal Business Segment of the Corporate Group (As of March31, 2022)

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 coreworking 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, and selling them as investment products
Other	Overseas Development Business	Real estate development business in Vietnam, Indonesia, and other overseas countries
	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, 2022)

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
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
Japan System Service Co., Ltd.	Minato-ku, Tokyo
Sun Frontier Space Management Inc.	Minato-ku, Tokyo
SF Engineering Inc.	Sumida-ku, Tokyo
Communication Development Inc.	Chuo-ku, Tokyo
Navd Inc.	Chuo-ku, Tokyo
Sun Frontier Hotel Management Inc.	Chiyoda-ku, Tokyo
Sky Heart Hotel Inc.	Chiyoda-ku, Tokyo
Sun Frontier Sado Co., Ltd.	Sado-shi, Niigata
Hotel Oosado Inc.	Sado-shi, Niigata
Okesa Kanko Taxi Co., Ltd.	Sado-shi, Niigata
Sun Frontier Okinawa Co., Ltd.	Naha-shi, Okinawa
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, 2022)

(i) Employees of the Corporate Group

Number of Employees	Increase/Decrease Compared to end of previous FY
696	55 increase

Note. The above number of employees does not include 532 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
357	38 increase	36.2 years old	6.5 years

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

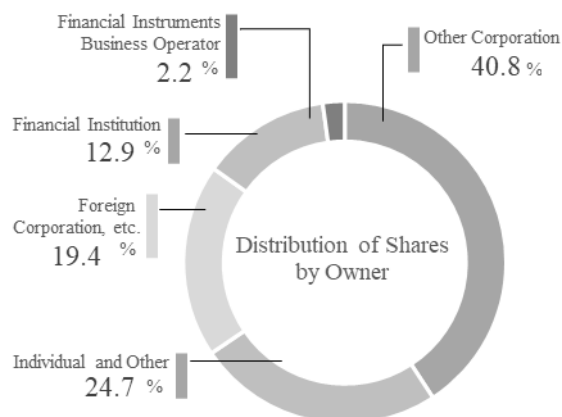
(10) Principal Lenders (As of March 31, 2022)

Lender	Loan amount (million yen)
Sumitomo Mitsui Banking Corporation	8,244
Aozora Bank, Ltd.	6,644
MUFG Bank, Ltd.	5,549
Mizuho Bank, Ltd.	5,125
Resona Bank, Limited	3,214
Sumitomo Mitsui Trust Bank, Limited.	2,683

2. Status of Shares

(1) Shares (As of March 31,2022)

(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	11,895



(iv) Principal Shareholders (top10)

Name	Number of shares held	Percentage of shares held (%)
Houon Co., Ltd	17,957,500	36.83
The Master Trust Bank of Japan Co., Ltd. (Trust Account)	3,932,000	8.06
Tomoaki Horiguchi	3,016,100	6.19
S Kawagoe Co., Ltd	1,566,400	3.21
Custody Bank of Japan, Ltd. (Trust Account)	1,516,600	3.11
THE BANK OF NEW YORK MELLON 140044	1,015,900	2.08
STATE STREET BANK AND TRUST COMPANY 505103	493,740	1.01
Keiko Horiguchi	416,500	0.85
SSBTC CLIENT OMNIBUS ACCOUNT	401,137	0.82
NORTHERN TRUST CO.(AVFC) SUB A/C NONTREATY	394,722	0.81

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, 2022.)

(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)	Share-based Compensation type Stock Option for FY2021 (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 Outside Directors) 524	4 Directors (excluding Outside Directors) 740	4 Directors (excluding Outside Directors) 1,112	6 Directors (excluding 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 August 1, 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 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, 2022)

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 and Executive Officer	Seiichi Saito	Chairman of Sun Frontier Fudousan Taiwan Co., Ltd. Representative Director of SF Engineering Inc.
Vice President and Director Vice President and 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 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 and General Affairs Manager
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 Director of BrainPad 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. President and Representative Director of SS Dnaform Co., 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	Auditor of Authorized NPO Japan Platform Executive Director of Japan Credit Rating Agency, Ltd.

Note 1. Directors Toshio Takahara 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. Director Kazutaka Okubo has qualifications as certified public accountants and have expertise and abundant experience in finance and accounting.

Note 4. Audit & Supervisory Board Member 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 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.

Note 6. Mr. Yukitoshi Kubo resigned from Director (the Outside Director stipulated in Article 2, Item 15 of Companies Act of Japan) on December 31, 2021. The position and responsibilities of the Director are those at the time of retirement.

(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 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.

(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 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.

(4) 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 11,500 million yen, while the actual performance was 12,215 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 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 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. However, in response to the revision of Companies Act of Japan, the Company passed a similar resolution at the 22nd Annual General Meeting of Shareholders held on June 22, 2021. The number of Directors (excluding Outside Directors) at the conclusion of the said Annual General Meeting of Shareholders was six.

(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 two Outside Audit & Supervisory Board Members) 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)	256 (17)	171 (17)	70 (-)	14 (-)	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. 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 six Directors (excluding Outside Directors) for share-based compensation type stock option for FY2021 (share acquisition rights).

Note 4. 50 million yen (including 3 million yen for three Outside Directors) was paid to nine Directors in the current fiscal year as bonuses to Directors for the 22nd fiscal year. This compensation for Directors is included in the 50 million yen of provision for bonuses for Directors (and other officers) for the 22nd fiscal year and is not included in the performance-linked compensation.

(5) Matters regarding Outside Officers

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

- Director 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 Audit & Supervisory Board 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 of Musashi Seimitsu Industry Co., Ltd., and Outside Audit & Supervisory Board Member of BrainPad Inc. 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 Auditor of Authorized NPO Japan Platform, and Executive director of Japan Credit Rating Agency, Ltd., 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 31,2022

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

	Board of Directors (held 18 times)		Audit & Supervisory Board (held 14 times)	
	Attendance (times)	Attendance Rate (%)	Attendance (times)	Attendance Rate (%)
Director Toshio Takahara	17/ 18	94.4	-	-
Director Yukitoshi Kubo	13/ 13	100	-	-
Director Kazutaka Okubo	18/ 18	100	-	-
Audit & Supervisory Board Member Koichi Moriya	18/ 18	100	14/ 14	100
Audit & Supervisory Board Member Hidetaka Tanaka	18/ 18	100	14/ 14	100

Note. In addition to the above-mentioned Board of Directors, there were 4 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 17 out of 18 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.
- During his term of office, 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, 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 economic 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 all 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 all 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 and extensive knowledge in the sustainability field. 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	37
Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the accounting auditor	37

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 General Meeting of Shareholders Meeting convened after the dismissal. In addition, the Audit & Supervisory Board will determine the content of a shareholder resolution to be proposed at the General Meeting of Shareholders 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, 2022)

(Unit: million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	110,920	Current liabilities	16,210
Cash and time deposits	30,053	Accounts payable - trade	1,345
Notes and accounts receivable and contract assets	945	Short-term borrowings	30
Real estate for sale	14,222	Current portion of long-term borrowings	6,874
Real estate for sale in process	62,934	Income taxes payable	3,528
Costs of uncompleted construction contracts	100	Provision for bonuses	191
Supplies	83	Provision for bonuses for directors (and other officers)	73
Other	2,603	Provision for fulfillment of guarantees	39
Allowance for doubtful accounts	(21)	Other	4,126
Non-current assets	25,591	Non-current liabilities	45,849
Property, plant and equipment	18,796	Long-term borrowings	44,169
Buildings	7,876	Retirement benefit liability	6
Land	10,046	Provision for share-based remuneration	68
Other	872	Other	1,605
Intangible assets	572	Total liabilities	62,060
Goodwill	408	Net assets	
Other	164	Shareholders' equity	71,260
Investments and other assets	6,222	Share capital	11,965
Guarantee deposits	4,726	Capital surplus	6,445
Deferred tax assets	1,036	Retained earnings	52,917
Other	460	Treasury shares	(67)
Allowance for doubtful accounts	(0)	Accumulated other comprehensive income	22
		Valuation difference on available-for-sale securities	3
		Foreign currency translation adjustment	19
		Share acquisition rights	30
		Non-controlling interests	3,139
		Total net assets	74,452
Total assets	136,512	Total liabilities and net assets	136,512

Consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Unit: million yen)

Item	Amount	
Net sales		71,251
Cost of sales		51,907
Gross profit		19,344
Selling, general and administrative expenses		7,216
Operating profit		12,127
Non-operating income		
Interest income	35	
Dividend income	0	
Penalty income	200	
Subsidy income	215	
Foreign exchange gains	86	
Other	77	614
Non-operating Expenses		
Interest expenses	446	
Loss on investments based on equity method	23	
Other	56	526
Ordinary profit		12,215
Extraordinary income		
Gain on bargain purchase	115	
Settlement money	144	
Other	0	260
Extraordinary loss		
Loss on sales of non-current assets	0	
Loss on retirement of non-current assets	20	
Impairment loss	65	
Settlement money	254	340
Profit before income taxes		12,135
Income taxes - current	4,812	
Income taxes - deferred	(85)	4,726
Profit		7,408
Loss attributable to non-controlling interests		6
Profit attributable to owners of parent		7,415

Non-consolidated Balance Sheet

(As of March 31, 2022)

(Unit: million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	88,282	Current liabilities	12,700
Cash and time deposits	23,403	Accounts payable - trade	665
Account receivable	279	Current portion of long-term borrowings	5,763
Real estate for sale	13,289	Income taxes payable	3,465
Real estate for sale in process	48,674	Deposits payable	1,388
Short-term advance to affiliated company	490	Provision for bonuses	120
Other	2,149	Provision for bonuses for directors (and other officers)	70
Allowance for doubtful accounts	(4)	Other	1,225
Non-current assets	36,518	Non-current liabilities	37,667
Property, plant and equipment	16,203	Long-term borrowings	36,273
Buildings	6,503	Long-term guarantee deposited	1,279
Land	9,639	Provision for share-based remuneration	57
Other	61	Other	56
Intangible assets	124	Total liabilities	50,367
Other	124	Net assets	
Investments and other assets	20,190	Shareholders' equity	74,399
Subsidiaries' and affiliates' stocks	14,586	Share capital	11,965
Long-term advance to affiliated company	3,114	Capital surplus	6,449
Deferred tax assets	1,033	Capital reserve	6,449
Other	1,577	Retained earnings	56,052
Allowance for doubtful accounts	(121)	Legal reserve	13
		Other retained earnings	56,039
		Retained earnings brought forward	56,039
		Treasury shares	(67)
		Valuation and translation adjustments	3
		Valuation difference on available-for-sale securities	3
		Share acquisition rights	30
		Total net assets	74,432
Total assets	124,800	Total liabilities and net assets	124,800

Non-consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Unit: million yen)

Item	Amount	
Net sales		59,563
Cost of sales		39,856
Gross profit		19,706
Selling, general and administrative expenses		5,406
Operating profit		14,300
Non-operating income		
Interest income	157	
Dividend income	0	
Penalty income	200	
Foreign exchange gains	89	
Other	6	453
Non-operating Expenses		
Interest expenses	339	
Provision of allowance for doubtful accounts	39	
Other	18	396
Ordinary profit		14,356
Extraordinary income		
Settlement money	144	144
Extraordinary loss		
Loss on devaluation of subsidiaries' and affiliates' stocks	542	
Settlement money	254	
Other	24	821
Profit before income taxes		13,679
Income taxes - current	4,464	
Income taxes - deferred	(68)	4,395
Profit		9,284

Audit Report on Consolidated Financial Statements

Independent Auditor's Report

May 17, 2022

To the Board of Directors of Sun Frontier Fudosan 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, 2021 to March 31, 2022 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 Board Members and the Audit & Supervisory Board 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 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 17, 2022

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, 2022 and for the fiscal year from April 1, 2021 to March 31, 2022 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 Board Members and the Audit & Supervisory Board 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 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 23rd fiscal year from April 1, 2021 to March 31, 2022, 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 17, 2022

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

