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Company name: Sun Frontier Fudousan Co., Ltd.

Stock listing: Tokyo Stock Exchange Section 1 / JASDAQ

Code number: 8934

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## **Sun Frontier Fudousan Announces Issue of Stock Options (Stock Acquisition Rights) to Directors**

At a meeting of the board of directors held on March 2, 2007, Sun Frontier Fudousan Co., Ltd., resolved as follows regarding the grant of stock options (stock acquisition rights) to the Company's directors based on the resolution of the Company's 7th general meeting of shareholders held on June 22, 2006.

### 1. Reason for issuing stock acquisition rights as stock options

The objective is to raise the motivation and morale for improving the Company's performance, contributing to the improvement of the Company's corporate value.

### 2. Outline of issue of stock acquisition rights

(a) Persons eligible for allocation of stock acquisition rights, the number of such persons, and the number of stock acquisition rights to be allotted

Five directors of the Company, 350 stock acquisition rights

(b) Type and number of shares that are the object of stock acquisition rights

The number of shares for one stock acquisition right ("number of object shares") shall be one share of the Company's common stock.

If a stock-split (includes gratis allotment of shares) or a reverse stock-split is conducted for the shares of the Company, the number of object shares shall be adjusted according to the following formula, with fractions of less than one share that arise as a result of adjustment rounded down to the nearest one share.

Number of object shares after adjustment =

Number of object shares before adjustment × The ratio of the stock split or reverse stock-split

In addition to the above case, if event that requires an adjustment in the number of object shares arises, the Company shall adjust the number of object shares within reasonable bounds.



(c) Aggregate number of stock acquisition rights to be issued

350 stock acquisition rights

(d) Amount to be paid for stock acquisition rights

The Company shall not require any cash payment in exchange for stock acquisition rights.

The non-requirement of cash payment shall not fall into the category of issue on especially favourable conditions.

(e) Amount of assets to be contributed upon exercise of stock acquisition rights

The amount of assets to be contributed upon exercise of stock acquisition rights shall be the amount calculated by multiplying the amount paid per share (the exercise price) by the number of object shares. The exercise price shall be whichever is the higher of the amount obtained by multiplying the average closing price of the Company's shares in regular trading on the Jasdaq Securities Exchange over the twenty days (excluding non-trading days) before the day immediately preceding the allotment date of stock acquisition rights multiplied by 1.05 or the average closing price of the Company's shares in regular trading over the twenty days (excluding non-trading days) before the day directly preceding the allotment date of stock acquisition rights on the Tokyo Stock Exchange on or after February 26, 2007, and on the Jasdaq Securities Exchange before that date multiplied by 1.05, with fractions of less than one yen rounded up to the nearest one yen. However, in the event that the amount is less than whichever is the higher of the closing price of the Company's shares in regular trading on the Jasdaq Securities Exchange on or the closing price of the Company's shares in regular trading on the Tokyo Stock Exchange on the date of allotment of stock acquisition rights (or the closing price on the nearest date preceding it in the event that there is no trading), the said closing price shall be the amount of the exercise price.

If a stock-split (includes gratis allotment of shares) or a reverse stock-split is conducted for the shares of the Company, the exercise price shall be adjusted according to the following formula, with fractions of less than one yen rounded up to the nearest one yen.

Exercise price after adjustment =

$$\text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock-split or reverse stock-split}}$$

In addition, if the Company issues new shares or divests its treasury stock at a price below the market price (excluding the exercise of stock acquisition rights), the exercise price shall be adjusted using the following formula, with fractions of less than one yen rounded up to the nearest one yen.



$$\begin{aligned} & \text{Exercise price after adjustment} = \\ & \text{Exercise price before adjustment} \times \\ & \frac{\text{Number of outstanding shares} + \frac{\text{Number of new shares to be issued} \times \text{Amount to be paid per share}}{\text{Market price per share before issue of new shares}}}{\text{Number of outstanding shares} + \text{Number of new shares to be issued}} \end{aligned}$$

The “number of outstanding shares” in the formula above is obtained by subtracting the total number of treasury stock held by the Company from the number of outstanding shares of the Company. In addition, in the event that the Company divests its treasury stock, the “number of new shares to be issued” shall be replaced by the “number of treasury stock to be divested”, the “market price per share before issue of new shares” shall be replaced with the “market price per share before divestment of treasury stock,” and the “amount to be paid per share” shall be replaced with the “amount for which each share is to be divested.”

(f) Exercise period for stock acquisition rights

The exercise period shall be from Wednesday March 3, 2010 until Friday March 2, 2012.

Notwithstanding that when the final date of the exercise period falls on a non-business day for the Company, the preceding business day shall be the final date of the exercise period.

(g) Conditions as to the exercise of stock acquisition rights

(i) The holder of stock acquisition rights shall be a director, auditor, or an employee of the Company at the time of exercise of the stock acquisition rights. Notwithstanding, this shall not apply in cases of retirement at the expiry of the term of appointment, retirement at retirement age, or for another reason that the board of directors deems to be legitimate.

(ii) In the event that the holder of stock acquisition rights dies before March 2, 2010, the stock acquisition rights shall not be inherited, and the successor of such person may not exercise such rights. Notwithstanding, the successor may exercise the stock acquisition rights if the board of directors of the Company gives special approval.

(iii) The holder of stock acquisition rights may not exercise such rights if the closing price of the Company’s shares in regular trading on the Tokyo Stock Exchange on the day preceding the commencement of the exercise period for the stock acquisition rights is not at least 1.3 times the exercise price. In the event that the closing price is below this, the said stock acquisition rights shall lapse on the date of commencement of the exercise period.

(h) Matters concerning increases in capital and capital reserve when shares are issued on the exercise of stock acquisition rights

(i) The amount of capital to be increased when shares are issued on the exercise of stock acquisition rights shall be one half of the maximum amount of capital, etc., to be increased which is calculated in accordance with paragraph 1, Article 40 of the Corporate Calculation Rules, and fractions of less than one yen arising as a result of the calculation shall be rounded up to the nearest one yen.



(ii) The amount of capital reserve to be increased when shares are issued on the exercise of stock acquisition rights shall be the amount calculated by deducting the amount of capital to be increased stated in (i) above from the maximum amount of capital to be increased stated in (i) above.

(i) Matters concerning the acquisition of stock acquisition rights by assignment

The acquisition of stock acquisition rights by assignment shall require the approval of the board of directors of the Company.

(j) Reasons enabling the Company to acquire stock acquisition rights and conditions for acquisition

(i) In the case that the Company's general meeting of shareholders approves (or a resolution giving approval by the Company's board of directors if a resolution by the general meeting of shareholders is not required) a merger agreement in which the Company ceases to exist, a company split agreement or company split plan of which the Company is a party to spin off, or a stock swap agreement or a stock transfer plan in which the Company will become a wholly-owned subsidiary, the Company may acquire all remaining stock acquisition rights without compensation on a date stipulated separately by the Company's board of directors.

(ii) When a person who received an allotment of stock acquisition rights under (1) above (holder of stock acquisition rights) no longer meets the conditions for the exercise of stock acquisition rights, or when the holder of stock acquisition rights waives the stock acquisition rights, or when a person who inherited the stock acquisition rights of the holder of stock acquisition rights dies, the Company may acquire the said stock acquisition rights without compensation on a date stipulated separately by the Company's board of directors.

(k) Handling of stock acquisition rights in the event of structural reorganization

In the case that the Company conducts a merger (limited to where the Company ceases to exist due to the merger), reorganization involving division, establishment, stock swap or stock transfer (collectively "acts of structural reorganization"), stock acquisition rights of the companies listed in a. through e., sub-paragraph 8, paragraph 1, Article 236 of the Company Law ("reorganized company) shall be delivered in each of the above cases based on the conditions below to the holders of the remaining stock acquisition rights on the effective date of the acts of reorganization ("remaining stock acquisition rights"). In this case, the remaining stock acquisition rights shall lapse, and the reorganized company shall issue new stock acquisition rights. However, the delivery of stock acquisition rights of a reorganized company shall be conditional on it being stipulated in a merger agreement, a consolidation agreement, a reorganization involving division or establishment plan, a stock swap agreement, or a stock transfer agreement.

(i) Number of stock acquisition rights of a reorganized company to be delivered

As equal number of stock acquisition rights to those remaining held by the holder of remaining stock acquisition rights shall be delivered to each holder.

(ii) Type of shares of the reorganized company as the object of stock acquisition rights



Common stock of the reorganized company

(iii) Number of shares of the reorganized company as the object of stock acquisition rights

To be determined in accordance with (b) above, taking into consideration the conditions, etc., of the acts of structural reorganization.

(iv) Amount of assets to be contributed on exercise of stock acquisition rights

The amount of assets to be contributed on the exercise of each delivered stock acquisition right shall be calculated by multiplying the exercise price after adjustment obtained by adjusting the exercise price stipulated in (e) above based on consideration of the conditions, etc., of the acts of structural reorganization by the number of shares of the reorganized company as the object of stock acquisition rights determined in accordance with (iii) above.

(v) Exercise period for stock acquisition rights

The exercise of stock acquisition rights shall be from whichever is the latest of the starting date of the exercisable period for stock acquisition rights stipulated in (f) above of the effective date of the acts of structural reorganization to the last day of the exercisable period for stock acquisition rights stipulated in (f) above.

(vi) Matters concerning increases in capital and capital reserves in the case where shares are issued upon exercise of stock acquisition rights

To be determined in accordance with (h) above.

(vii) Restriction on acquiring stock acquisition rights by assignment

The acquisition of stock acquisition rights shall require the approval of the board of directors of the reorganized company.

(viii) Reasons enabling the Company to acquire stock acquisition rights and conditions for acquisition

To be determined in accordance with (j) above.

(ix) Other conditions for the exercise stock acquisition rights

To be determined in accordance with (g) above.

(l) Stipulation on fractions of less than one share arising upon the exercise of stock acquisition rights

In the event that the number of shares granted to the holder of stock acquisition rights who exercised such rights is a fractional number of less than one share, the number shall be rounded down to the nearest one share.

(m) Matters concerning the issue of certificates relating to stock acquisition rights

The Company shall not issue stock acquisition rights certificates.

(n) Date of allotment for stock acquisition rights

March 19, 2007

(o) Other conditions shall be stipulated in the stock acquisition rights agreement concluded between the Company and the person who receives an allotment of stock acquisition rights.