





SUN FRONTIER

# The Integrated Report 2025

# The Integrated Report 2025

The Purpose of Issuance of the Integrated Report 2025	<p>The purpose of this Integrated Report is to clearly communicate the Sun Frontier Group's management strategies and sustainability initiatives, deepening stakeholders' understanding and empathy toward our philosophy and values.</p> <p>This marks the first issuance of an Integrated Report by our Group, covering the fiscal year ended March 31, 2025, which was the final year of our previous Medium-Term Management Plan.</p>
Key Features	<p>This report is designed to convey, as a story, how the Group's core philosophy of "Altruism"—our company precept—and the Sun Frontier Philosophy are embodied in our business activities.</p> <p>Centered around interviews, it features messages from top management, a roundtable discussion with outside directors, and insights from employees on their initiatives and achievements across each business segment.</p>
How to Use This Report	<p>This report includes navigation links that allow readers to move between sections and access external websites.</p> <div> <a href="#">Go to Contents</a></div> <div> <a href="#">Go to Website</a></div>
Concept Behind the Cover Design	<p>The Sun Frontier Group has developed its business primarily around the revitalization and utilization of urban office buildings, while diversifying into the Hotel &amp; Tourism and Overseas Development businesses.</p> <p>The cover of the Integrated Report 2025 combines an image of the city—symbolizing the "Sun" from which our company name is derived—with the warm and heartfelt atmosphere of our hotel business theme, expressing our wish for a future filled with smiles for all our stakeholders.</p>

## Origin of the Company Name and Symbol Mark

The word "SUN" represents love and the spirit of altruism, symbolizing a powerful presence that continues to shine equally on everyone.

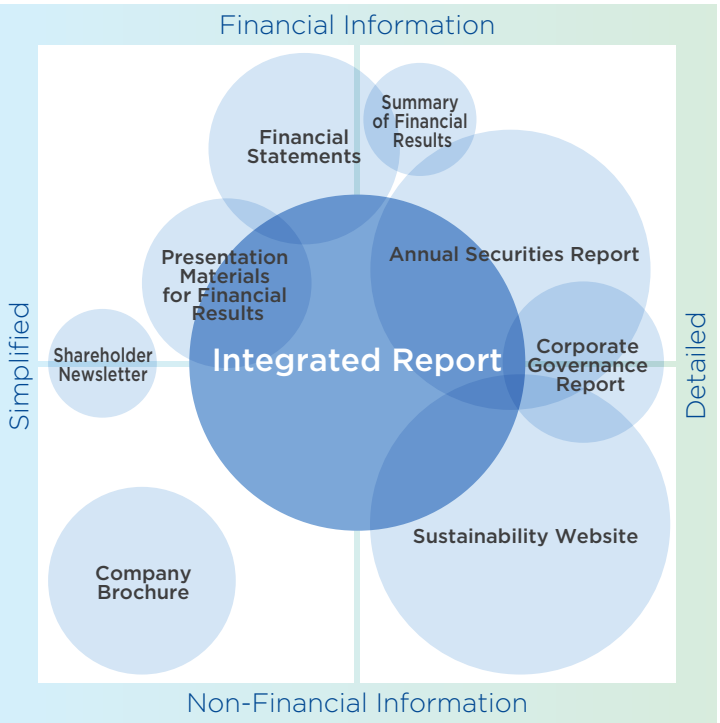
The word "FRONTIER" embodies a pioneering spirit—an attitude of constant challenge and positive engagement.

Our company name reflects our aspiration to be a powerful force that contributes to the happiness of humankind and society, and to be a company where employees can pursue their dreams and take on the challenge of creating new value.

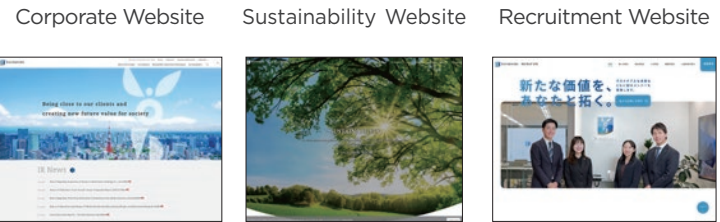
The symbol mark, introduced in 2014, expresses our determination to deliver the best possible service to each customer as trustworthy and dignified professionals, while cherishing a spirit of altruism.



## Sun Frontier *Fudousan's* Information Disclosure Framework



## Related Media and Websites



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## Message on the Publication of the Integrated Report 2025



**Seiichi Saito**, President & CEO

In April 2024, our Group celebrated its 25th anniversary. In April 2025, we launched the Medium-Term Management Plan 2028, whose basic policy is to “work for resolving social issues by promoting cooperation and diversification within core business, providing client-centric product creation and heart-warming services.” This milestone year, in which we also take a new step toward the realization of our Long-Term Vision 2035 — “Utilize limited resources to fill the world with smiles and excitement! Becoming a corporate group that continues to challenge the creation of future value.” — is a truly fitting opportunity to begin publishing our Integrated Report.

While we have emphasized communication with our stakeholders in our Sustainability Reports to date, this Integrated Report combines financial and non-financial information, including our corporate philosophy, growth strategies, and sustainability management. In doing so, we aim to provide a more comprehensive explanation of the path toward enhancing future corporate value.

Since our founding, we have cherished the Sun Frontier Philosophy, which is based on the spirit of altruism: “Look after every employee and pursue the happiness of both mind and matter. At the same time, to cocreate a rich and sustainable society by contributing to the evolution and the development of the human society.” Together with Philosophy and Amoeba Management\* and the client’s perspective, these three core management pillars of the Sun Frontier Group underpin all of our business activities. Through this report, we hope to clearly convey how these principles are applied to our business activities and practiced in the field of management.

\*“Amoeba Management” is a registered trademark of Kyocera Corporation.



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## Scope of the Report

**Period Covered:**  
Fiscal year 2024 (April 2024 – March 2025).  
Some information outside this period is also included.

**Organizations Covered:**  
Sun Frontier Group  
(Sun Frontier Fudousan Co., Ltd. and consolidated subsidiaries)

## Reference Guidelines:

Integrated Reporting Framework (IFRS Foundation)

Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry)



GRI Standards for Sustainability Reporting

ISO 26000

Environmental Reporting Guidelines (Ministry of the Environment)

Task Force on Climate-related Financial Disclosures (TCFD)

## Forward-Looking Statements

This report contains not only information on the past and present of the Sun Frontier Group, but also forward-looking statements including forecasts and plans. These forecasts and plans are based on assumptions and judgments made with information available at the time of writing and therefore involve uncertainties. Accordingly, actual business results and future events may differ materially from the forecasts and plans described in this report.



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## SECTION

# 01

# Sun Frontier Values

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Credo (Company Motto)

Calligraphy: Tomoaki Horiguchi, Founder and Chairman



COMPASSION

We believe in helping others, as many as we can,  
throughout our lives.

The credo of Sun Frontier is “COMPASSION”.

First and foremost, we work for our colleagues. On top of that, we strive to contribute tenfold to our customers with the spirit of COMPASSION (Altruism). To be of service to our customers, we must undertake work with even greater love and a strong sense of social responsibility. Social responsibility means living and working with COMPASSION toward the Earth and all living beings with whom we coexist.

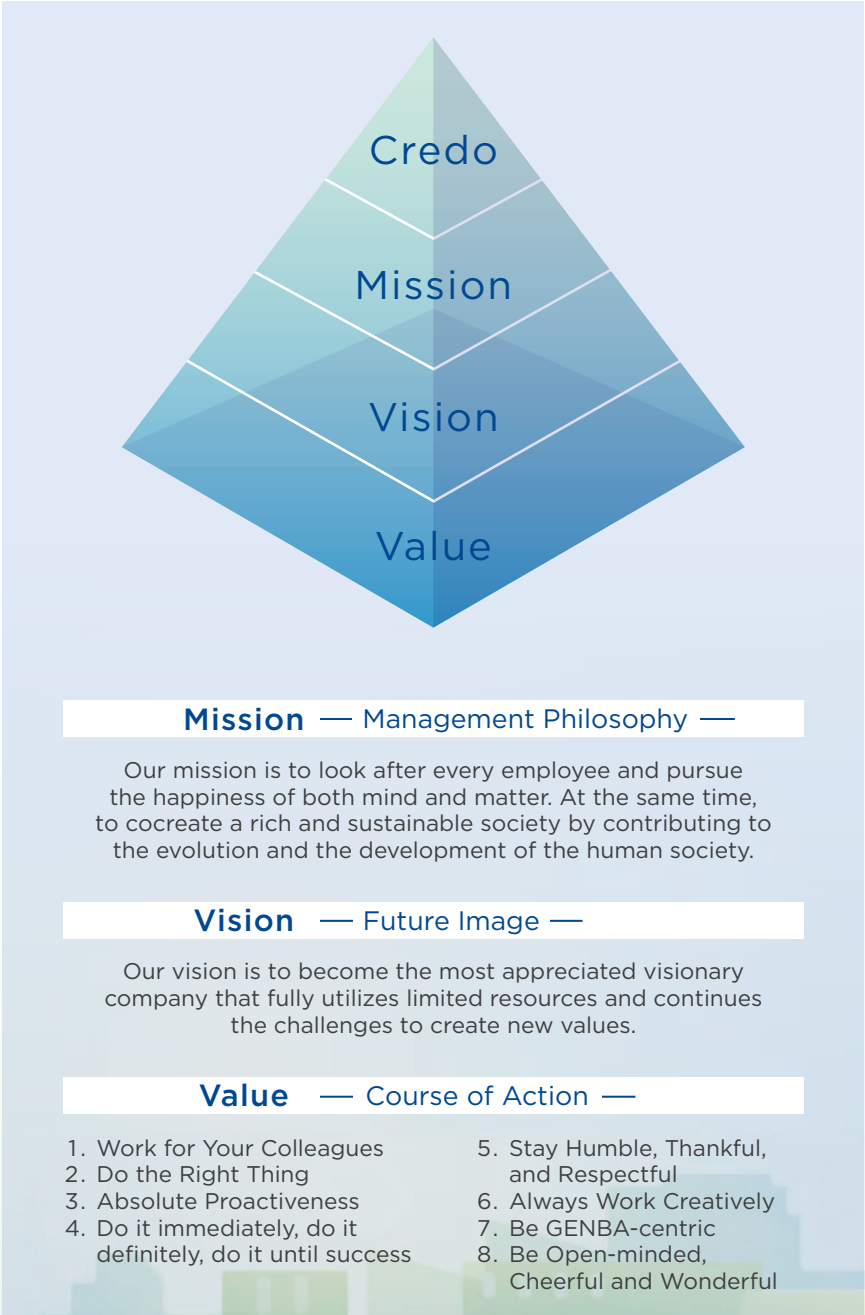
It is a way of life in which all employees endeavor with a spirit of COMPASSION to create and improve with ingenuity for the happiness of people and society. The first step is to consider how much we can contribute to those around us.

This is the very value that we pursue.

It is the purity of the heart that enables us to accomplish great things. With pride, affection, and a sense of closeness to the company, we devote ourselves with gratitude, big dreams, and passion to serve our customers and colleagues.

With the spirit of COMPASSION, let us cultivate Sun Frontier into a proud company through the efforts of each and every one of us.

From the Philosophy Handbook: 1. Sun Frontier Management (Core Edition) [1] COMPASSION



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# Since its foundation, Sun Frontier has cherished “COMPASSION” as its credo

Based on this value, we cultivate people through the practice of Philosophy Management and Amoeba Management\*. By combining a thorough client-oriented approach with our “power of manufacturing” and “heart-warming services,” we promote diversification and integration across our core businesses, creating high value-added products and services.

## Three Core Management Pillars

The management of Sun Frontier is structured on three pillars.

Mental management based on our philosophy (Philosophy Management)

All-employee participation management through the small-group profitability system (Amoeba Management). Business management based on the viewpoint of customers. By sharing the Philosophy and emphasizing employees’ spiritual growth, we foster a corporate culture rooted in altruism. Through the operation of the Amoeba Management system, each employee develops a sense of ownership, promoting self-initiative and enhancing organizational growth. By taking the customer’s perspective and swiftly responding to changes in society and needs, we continue to deliver valuable services and pursue sustainable development.

The practice of these management principles not only enhances employees’ sense of fulfillment but also strengthens corporate trust, serving as a foundation for long-term value creation.

We think from the client’s perspective in all aspects, constantly changing ourselves, taking on challenges, creating, and moving forward.

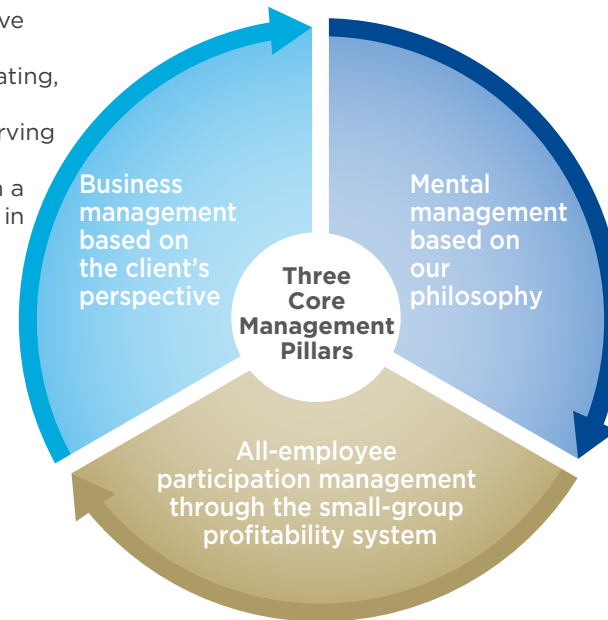
Based on the philosophy that serving others is the essence of business, we create high added value through a chain-compounded model, grounded in collaboration among divisions.

Building trust with customers

Deep understanding of customer needs

Ability to adapt to changing times

Sharing customer information



By constructing and instilling the small-group profitability system (Amoeba Management\*), we enhance employees’ awareness of profitability and promote all-employee participation management in which each employee works with a sense of ownership.

Visualization of accountability

Sense of achievement

Fostering leaders

Speedy decision-making

Since our founding, our credo has been *COMPASSION (Altruism)*. We first work for our closest colleagues, and then aim to contribute tenfold to our customers by uniting our collective strength. By delivering compounded and greater happiness to our customers, we contribute to the realization of a prosperous society.

Stakeholder happiness

Sharing of values

Strengthening organizational capabilities

Gaining trust from society



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Episode 1



Employees read aloud together from the Philosophy Handbook in small groups every day. This is an important time for aligning values and building a foundation of human capital.



At the Chairman's Training, our founder and Chairman himself serves as lecturer, conveying the thoughts embodied in the Philosophy to employees. This provides an opportunity to reexamine the significance and purpose of life and work.



All new employees participate in the Kagoshima Training, positioned as an opportunity to deeply reflect on the purpose of life and to learn from the way of life of our predecessors.

In overseas training programs in places such as Silicon Valley and Shenzhen, employees are exposed to cutting-edge business environments, applying the energy they experience directly to their work.

# Inherited Beliefs

The Inherited Spirit of Altruism

The management bible of the Sun Frontier Group is the Philosophy Handbook.



The management bible of the Sun Frontier Group is the Philosophy Handbook. The conviction we have consistently upheld is the spirit of COMPASSION. Sharing this as a common value, all employees have worked in the same direction, guided by the principle of “seeking not profit but trust.” Rather than short-term performance, we have earnestly pursued the trust of our customers, and this accumulation of efforts has led to today’s growth. To gain results through the noblest human act — benefiting others — means to be of service to customers, which in turn brings both material and spiritual well-being to employees.

This is directly linked to our Management Philosophy: “look after every employee and

pursue the happiness of both mind and matter. At the same time, to co-create a rich and sustainable society by contributing to the evolution and the development of the human society.” We also hold many internal events such as company-wide sports festivals and employee training trips. These serve as opportunities to learn altruism, develop human resources, and practice “working for colleagues.” Employees in charge of planning and managing these events do so with the spirit of “taking joy in others’ happiness.” This mindset is alive in daily operations as well, forming a corporate culture of mutual support that transcends divisions and group companies.



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Episode 2

# New Business Born from Adversity

The Real Estate Revitalization Business, which is now at the core of our Group, began with a building brokerage transaction in 2000. When a deal collapsed just before closing due to the sluggish market after the bubble burst, our founder decided to purchase the building himself to honor the promise to the seller. After renovations and securing tenants, the building was successfully sold, marking the start of our Real Estate Revitalization Business.

In 2013, in the wake of the global financial crisis, many tenant companies were forced to relocate. Believing it wasteful to demolish newly completed interiors, we launched the “As-is Office” concept, offering spaces for

lease with the existing fit-outs left intact. To further reduce the burden on tenants relocating offices, we later established the “Setup Office,” which provides fully equipped spaces with reception areas and meeting rooms already installed.

During the COVID-19 pandemic, we expanded our offerings to include “Air-design Offices,” featuring enhanced ventilation and infection control measures, as well as flexible office formats that accommodate diverse workstyles. By turning adversity into opportunity through an unwaveringly proactive mindset, we have continued to create new value through management that constantly evolves with the times.



Our Setup Offices are designed to support the growth of startup companies. They allow tenants to relocate with reduced initial costs while providing functional and sophisticated interiors that also enhance employee motivation.



Through real estate revitalization, we renovate buildings and transform them into “places where people gather, connect with one another, and create social development and happiness.”



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The Inherited Spirit of Altruism



Episode 3

# Challenge to the Hotel and Tourism Business — Creating Smiles for More People

Our challenge in the Hotel and Tourism Business began in 2015 with the establishment of Sun Frontier Hotel Management. Drawing on extensive travel experience, our founder sought to apply the know-how gained through urban real estate revitalization to regional revitalization through hotel development and operation.

In 2017, with a strong desire to give back to his hometown of Sado, *Sun Frontier Sado* was established. In 2018, we acquired the management rights to a long-established ryokan on Sado Island, marking the start of our Regional Revitalization Business.

These efforts created local employment, enhanced tourism resources, and generated a new economic cycle for the region. Building on this success model, we are expanding the Hotel and Tourism Business nationwide with the belief that “the pursuit of how many people we can bring smiles to” leads to sustainable growth.

Through hotels, we aim to revitalize communities, create industries, generate employment, and increase the number of people connected to the region. Strengthening the development of “regional revitalization-type hotels” is central to this mission.

The Inherited  
Spirit  
of  
Altruism



Our first condominium-style hotel, HIYORI Ocean Resort Okinawa, opened in 2021. Every suite features a sunset ocean view and a private flat terrace, offering a truly distinctive guest experience.



In 2018, we acquired the management rights to the long-established ryokan Hotel Azuma, founded in 1925 as a traditional restaurant Azuma in the former Aikawa Town, Haneda. After major renovations, it was rebranded as HOTEL AZUMA.

Through the Hotel and Tourism Business, we aim to revitalize local communities by creating vibrancy, fostering industries, generating employment, and increasing the related population, thereby strengthening the development of regional revitalization-type hotels.



In December 2026, the regional revitalization-type hotel Tabino Hotel lit Sakata is scheduled to open. (From left in the photo: Satoshi Kato, Chairman of the Sakata Chamber of Commerce and Industry; Tomoaki Horiguchi, Chairman of Sun Frontier Fudousan; and Akiko Yaguchi, Mayor of Sakata City)



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# Sun Frontier Group's Path of Creating New Value

With the Sun Frontier Spirit (pioneering spirit), we embrace change and challenges and achieve growth by creating new value.

## 1999 Founding

Founded by the current President, starting with real estate brokerage for investment properties. Began sales and leasing brokerage of commercial real estate.



## 2000s

### Establishing and Growing the Foundation of the Urban Office Building Business

2001: Launched the Replanning\* Business. This model quickly became an industry forerunner, revitalizing and adding high value to existing office buildings by reducing resource waste and benefiting owners, tenants, and the environment. 2005: Established SF Building Support Co., Ltd., starting comprehensive support services for office buildings in central Tokyo.



### February 2007: Listed on the First Section of the Tokyo Stock Exchange

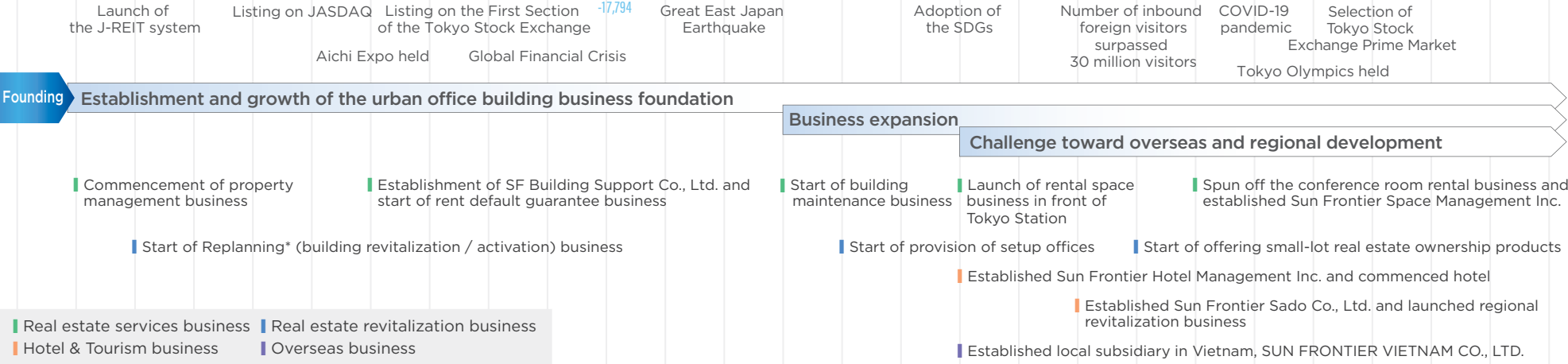
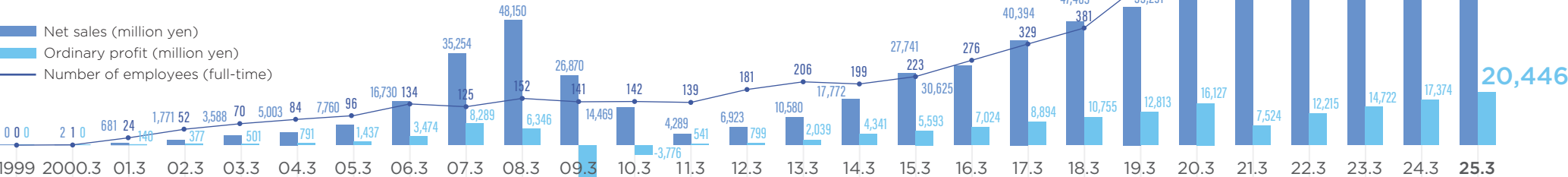
Founder Tomoaki Horiguchi rings the bell to commemorate the company's listing.



## 2010s

### Beyond Offices, Expanding to Regional Revitalization and Overseas

2013: Established Tokyo Sunshine Realty Co., Ltd. in Taipei, Taiwan. 2015: Launched the Conference Room Rental Business and the Hotel Operation Business; established a local subsidiary in Vietnam. 2017: Regional Revitalization Business began in earnest.



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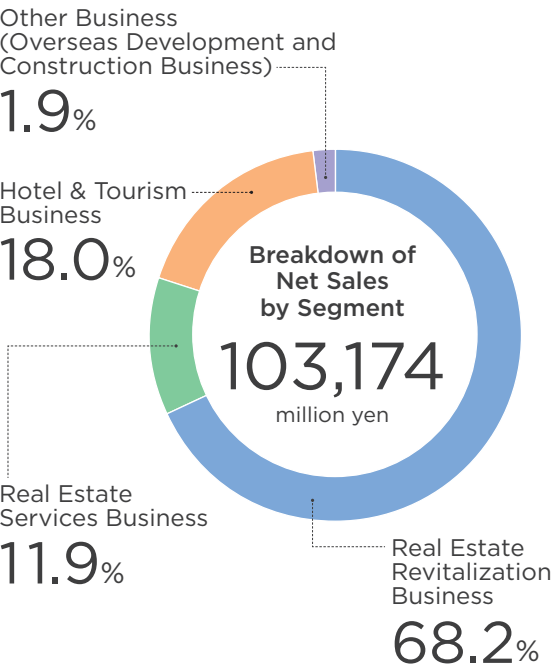
# Sun Frontier Today

Centered on the revitalization of mid-sized office buildings in central Tokyo, we provide a one-stop range of real estate services including sales and leasing brokerage, property management, building maintenance, rent guarantee, and rent conference room. Leveraging our expertise in real estate utilization, we also develop businesses in hotels and tourism, overseas development, and construction.

## FY2025/3 Performance Summary

Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	Dividend	Equity Ratio
103.1 billion yen	21.2 billion yen	20.4 billion yen	14.1 billion yen	66 yen per share	46.8 %

## Segment Information



	Full-year Results		Business Overview
Real Estate Revitalization Business	Net Sale	71,339 million yen	Replanning business, which revitalizes existing office buildings to add high value, leases business of revitalized buildings, and provides small-lot real estate ownership products.
	Segment Profit	20,104 million yen	
Real Estate Services Business	Net Sale	12,488 million yen	Comprehensive real estate services including property management, building maintenance, sales and leasing brokerage, conference room rentals, and rent guarantee.
	Segment Profit	6,112 million yen	
Hotel & Tourism Business	Net Sale	18,831 million yen	Hotel revitalization, development of proprietary hotel brands, operation of hotels under the theme of “Heart-warming and Fun Hotels,” and regional revitalization through tourism.
	Segment Profit	4,072 million yen	
Other Business (Overseas Development and Construction Business)	Net Sale	1,992 million yen	Overseas operations focusing on the development and management of high-quality, Japan-standard housing, as well as construction projects such as renovation planning and repair of office buildings.
	Segment Profit	435 million yen	



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# Based on our Philosophy and adopting a customer-oriented perspective, we tackle challenges and provide high value-added products and services through a chain-compounded model.

Guided by our credo of COMPASSION (Altruism), we position the Office Building Business—where we can exert the greatest influence—at the core, while boldly taking on the challenges of the Hotel & Tourism Business, Overseas Business, and Construction Business. We never remain satisfied with the status quo. By evolving our businesses powerfully, we contribute to the happiness and prosperity of our customers and society. Aligning all employees with shared values and working wholeheartedly to solve customer issues is our strength in generating high value-added products and services through synergistic integration.

Office Building Business

Real Estate Revitalization Business

Replanning

Leasing Business

Small-lot Real Estate Products

We renovate office buildings whose occupancy rates have declined due to aging and other factors, revitalizing them into highly occupied, high value-added properties through a steadfast commitment to a client-oriented perspective. In addition, we have expanded our business to include real estate revitalization projects in New York, the offering of fractional real estate investment products under the Real Estate Specified Joint Enterprise Act, and the development of new buildings. Furthermore, we provide a comprehensive range of real estate services on a one-stop basis, including property management, building maintenance, real estate sales and leasing brokerage, rent conference room operations, and rent guarantee services.

Real Estate Services Business

Sales and Leasing Brokerage

Property and Building Management

Building Planning and Interior Renovation

Asset Consulting

Rent Guarantee

Conference Room Rental

Hotel & Tourism Business

Hotel Ownership and Operation

Hotel Development, Revitalization, and Sales

Regional Revitalization and Tourism

We promote effective utilization of real estate that contributes to regional revitalization, either by constructing hotels on land purchased from owners, or by acquiring and renovating existing hotels. In both cases, operations are carried out by our Group. We also propose schemes whereby we construct hotels on owners' land under long-term lease agreements, allowing owners to retain ownership of their assets while receiving stable rental income. In hotel operations, we relentlessly pursue the customer's perspective, making continuous small improvements to consistently deliver services that exceed expectations.

Other Business  
(Overseas Development and Construction Business)

Condominium Development, Management, and Brokerage in Vietnam

Renovation Planning and Repair of Office Buildings, and Other Construction Projects

To contribute to the further development of Vietnamese society, we supply high-quality, Japan-standard housing to the growing middle class. In 2015, we established SUN FRONTIER VIETNAM CO., LTD. in Da Nang, which was selected as the host city for APEC 2017. The company engages in the development, management, and brokerage of condominium projects, thereby advancing our overseas business.

In construction, we leverage our real estate revitalization expertise to plan and execute renovations of building exteriors, entrances, and interiors, as well as office fit outs and IT network installations.

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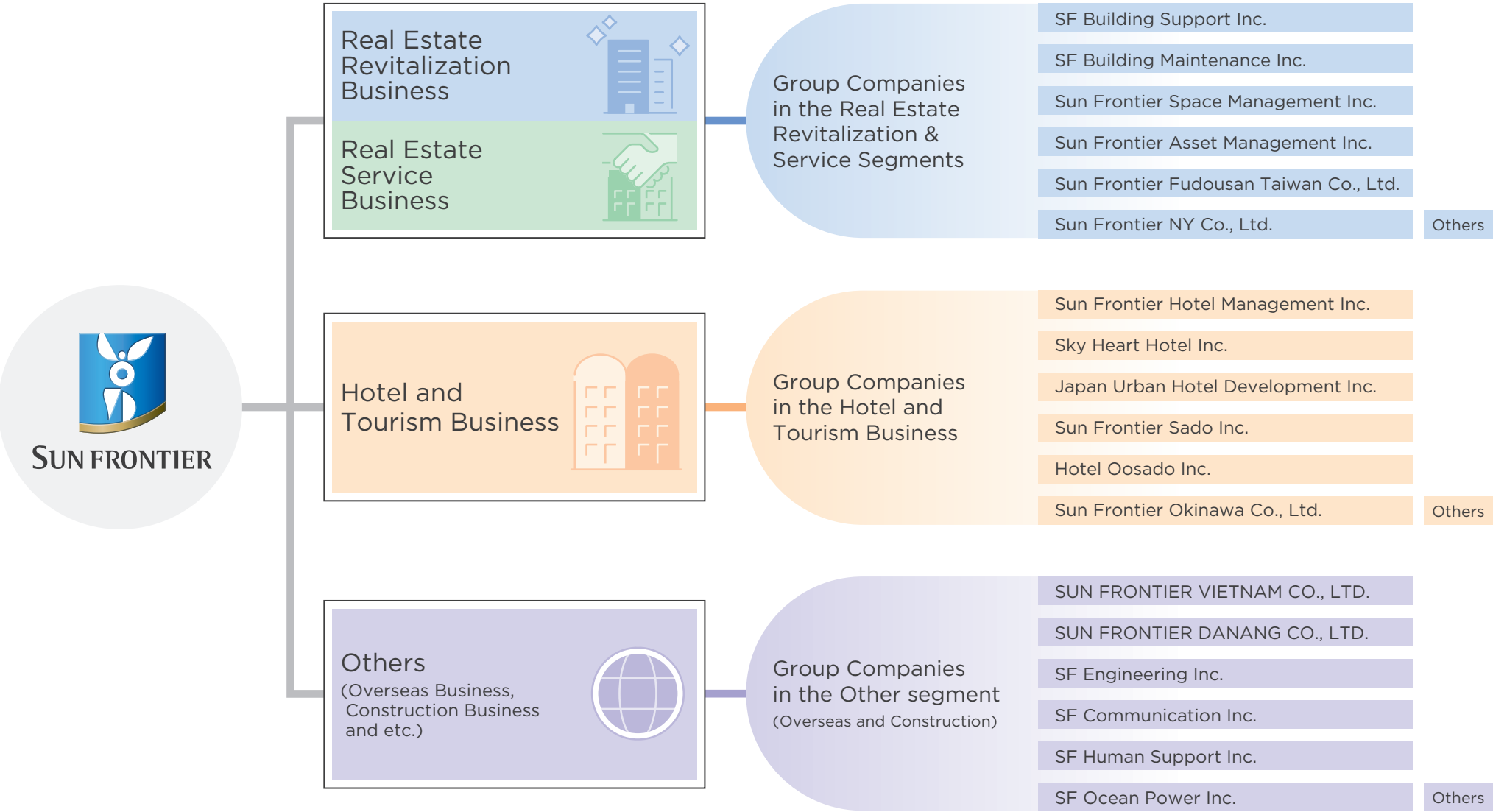
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# Sun Frontier Group Structure (as of March 31, 2025)

The Sun Frontier Group consists of 32 companies: 19 domestic and 13 overseas.



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## | Message from Top Management |

# Taking on the Challenge of Sustainable Growth and Creation of Future Value under the New Medium-Term Management Plan

In 2013, we set a long-term target of “increasing net sales tenfold over the next 10 years.” Based on this vision, we successfully achieved the previous Medium-Term Management Plan, and from this fiscal year we have launched a new Medium-Term Management Plan. We see the rapidly changing external environment as an opportunity for growth. Through our business activities, we will contribute to solving social issues and pursue sustainable growth.



**Please share your reflections on the fiscal year ended March 2025, the final year of the previous Medium-Term Management Plan.**

The previous fiscal year, being the final year of the Medium-Term Plan (hereinafter “MTP”), was a year in which we were strongly committed to achieving the targets we had set. With the desire that “each employee takes on ambitious goals, achieves them, and thereby experiences personal growth, builds confidence in their ability to deliver, and connects this to confidence in the future,” we devoted ourselves to our

initiatives. The fact that we were able to achieve such challenging goals together has provided a solid foundation for future growth and was a highly significant experience for both the Company and our employees.

In the MTP, achieving numerical targets is important, but the numbers themselves are not the ultimate purpose. Our Group practices philosophy management based on the spirit of

**Seiichi Saito,**  
President & CEO



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“altruism,” and we believe that numbers are not just results, but indicators of how much we have contributed to society. In other words, achieving our targets demonstrates that we have been able to provide value to society.

At the core of our Group is the Real Estate Revitalization Business, which we undertake with a strong sense of mission: “How can we avoid wasting resources, and what positive impact can we have on the environment and society?” We regard net sales as the “result of contributing to society,” while profits represent the “added value” generated by providing our clients with satisfaction, joy, and inspiration.

We recognize that the current external environment presents various challenges, such as labor shortages,

rising construction costs, and higher interest rates. By sharing this recognition across the Company and encouraging each employee to exercise creativity in their respective roles, we aim to overcome these challenges. As a measure to address labor shortages, we are strengthening recruitment in line with the new MTP’s priority policy of “enhancing our human resource foundation.” At the same time, we call on each employee to step beyond the boundaries of their own expertise and strive to become “multi-skilled” professionals, capable of taking on two or three roles. This pursuit of multitasking not only raises productivity, but also indirectly mitigates the effects of labor shortages.

As for the rise in construction costs, this is being driven by multiple

factors: increases in raw material prices, a decrease in construction workers, and shorter working hours for on-site workers as a result of work style reforms, all leading to extended construction periods. We are continuing to address these challenges by collaborating with our business partners, and at present no significant impact has arisen.

In advancing our business, we have focused on project speed and internal collaboration. Building sales plans do not always proceed as scheduled, given various environmental factors. For example, in the fiscal year ended March 2025, acquisition conditions and product launch timing during the COVID-19 pandemic caused sales to be concentrated in the fourth quarter. During that fiscal year, we placed priority on advancing projects ahead of schedule.

We also strengthened interdepartmental collaboration more than ever and continuously communicated the importance of anticipating and acting ahead.

A major achievement of the fiscal year ended March 2025 was the transformation of our revenue structure. The composition of our business shifted to 70% Real Estate Revitalization (flow-type business) and 30% Real Estate Services and Hotel Operations (stock-type businesses). Going forward, while continuing to enhance added value in flow-type businesses, which are considered more susceptible to market fluctuations, we will further increase the share of stable, stock-type businesses. In the new MTP, we aim for a flow-to-stock ratio of 65:35 by the fiscal year ending March 2028.

**Q. Please tell us once again about the Philosophy that underpins your management.**

Our Group upholds COMPASSION (Altruism) as our credo and develops its businesses based on the Philosophy: “look after every employee and pursue the happiness of both mind and matter. At the same time, to cocreate a rich and sustainable society by contributing to the evolution and the development of the human society.”

In short, altruism means “a spirit of COMPASSION.” For example, we feel joy when someone smiles because of our own efforts. That essence of human

nature is the spirit of altruism. However, COMPASSION must not be self-serving; we must constantly ask ourselves what truly constitutes good from a long-term perspective. Engaging in work that benefits others and contributes to social well-being raises employees’ motivation for growth, leads to the sustainable growth of the Company, and ultimately contributes to the development of society as a whole for us, the spirit of altruism is the foundation of management. I have inherited the



We take great pride in having achieved the ambitious targets of the previous MTP.



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role of President from our founder, Mr. Horiguchi, deeply resonating with this concept. However, I do not value it solely because it is the founding spirit. Unless I am personally convinced, internalize it as my own, and practice it continuously, realizing Philosophy will be difficult. To achieve lofty aspirations, it is essential to make constant efforts to permeate the Philosophy throughout the entire organization.

The *Sun Frontier Philosophy*, consisting of our credo, management philosophy, future vision, and course of action, cannot be put into practice overnight. Through repetition in daily morning assemblies, group readings from the *Philosophy Handbook*, and

philosophy training programs by level, we cultivate shared values. By doing so, regardless of age or career stage, we aspire to be an organization where employees can naturally talk with each other about “what is right as human beings” and “the significance and purpose of work.” When I myself am consulted on a specific project, I place greater emphasis on the purpose of the project and the added value it creates for society. Having common values as the basis for a shared standard of judgment reduces hesitation in decision-making and improves efficiency. Employees are also cultivating decision-making skills grounded in “what is right as human beings” through their daily work.

**Q. Could you explain those three values?**

The first is philosophy-based management, which as explained earlier, serves as a shared value for all employees, fostering unity. The second is Amoeba Management\*, a system advocated by Kazuo Inamori, founder of Kyocera Corporation. It is a management method aimed at realizing all-employee participation management, fostering human resources with a managerial mindset, and establishing a divisional accounting system directly connected to the market. Each small group of about 10 employees (amoeba) becomes one unit, aiming to increase added value per hour. This nurtures profitability awareness

while enhancing team spirit through mutual competition among amoebas. Each amoeba within our Group must always remain conscious of its own profit and loss while cooperating with other teams within the divisional accounting system. Rather than pursuing only short-term profits of one’s own department, our culture emphasizes pooling the wisdom of all divisions into one project to maximize added value and pursue overall profitability. Specifically, under our “in-house transactions” system, departments provide services to one another and pay fees commensurate with contributions, similar to market

To realize customer happiness, what becomes the key is the “Three Core Management Pillars” of Sun Frontier.



transactions. Here again, our shared values—the Philosophy—are the key to proper operation. Thus, the Philosophy and Amoeba Management are inseparable.

The final pillar is the “client’s perspective,” indispensable in any business. This means pursuing “what truly matters to customers” from a long-term, essential perspective. For example, while achieving high rents with controlled expenses is a natural goal for property owners, what is more important

is whether the building is attractive to tenant companies and can sustain long-term occupancy. For this reason, we sometimes propose investments such as long-term renovations.

In this way, by grounding ourselves in the Philosophy and Amoeba Management and further emphasizing the customer’s perspective, our business activities generate high value through chain-compounded integration and lead to the realization of true customer happiness.

**Q. Please tell us about future business development toward realizing the Long-Term Vision.**

This fiscal year, we launched a new Medium-Term Management Plan (MTP) based on the basic policy: “Work to resolve social issues by promoting

cooperation and diversification within core business, providing client-centric product creation and heart-warming services.” This plan is back cast from our



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Long-Term Vision 2035, announced in May 2024: “Utilize limited resources to fill the world with smiles and excitement! Becoming a corporate group that continues to challenge the creation of future value.”

Toward achieving our Long-Term Vision 2035, I would like to first share our current market outlook and business development. We regard the market for office buildings and real estate utilization—our core business—as a growth market. Due to the construction boom during the bubble era, many aging office buildings exist in central Tokyo, and over 80% of the mid-sized buildings, our Group’s main focus, are over 20 years old. Many of these buildings suffer from aging facilities or outdated designs, leading to prolonged vacancies. Such properties represent opportunities for us to solve customers’ problems. Our basic approach is to minimize waste of resources by revitalizing what can be utilized. However, for excessively deteriorated properties, we undertake projects with the philosophy of *“transforming them into their proper form through reconstruction (new development)”*. As a new challenge, we have also launched our Replanning Business in the Osaka area, thereby accelerating growth by expanding both business domains and geographic coverage. Additionally, Tokyo remains attractive from a demographic perspective, so we are newly entering the residential business by developing rental apartments to respond to

housing demand.

In the Hotel & Tourism Business, the market is expected to grow further, driven by revitalization of domestic travel after COVID-19, recovery in inbound demand, and the government’s Tourism Nation Promotion Basic Plan, which sets a target of 60 million annual inbound visitors by 2030. Meanwhile, many regions across Japan face shortages of accommodation facilities. Under the theme of “Heart-warming and Fun Hotels,” our Group aims to expand nationwide into regional cities and tourist destinations. Our goal is to increase the number of hotel rooms under operation from approximately 3,000 today to 10,000 by 2033.

Overseas, we are engaged in residential development projects in Da Nang, Vietnam, and New York, USA. In Vietnam, construction of our second condominium is progressing smoothly and is scheduled for completion in the second half of 2026. With continued population growth expected, we will meet housing demand by providing Japanese-quality housing. In New York, we are renovating apartments more than 100 years old. As a global city that attracts people from around the world, demand for housing is expected to remain high. Yet, many residences still fall short in terms of quality. By providing livable apartments of high scarcity value and Japanese quality, we also position this as a business that supports domestic investors in realizing their dream of “owning real estate in New York, the

The “market of distressed and aging office buildings” is itself a growth market for us.



center of the world.”

Thus, under the new MTP, we will focus on the three core markets—offices, hotels, and residentials—both in Japan and overseas, aiming to realize the Long-Term Vision through expansion of business domains and geographic reach, and thereby accelerating growth.

**Q. Please tell us about the initiatives based on the basic policy of the new Medium-Term Management Plan (MTP).**

In the new MTP announced in May 2024, we set three priority measures: strengthening our human resource base, client-centric product creation and heart-warming services, and cooperation and diversification within core business.

First, “strengthening our human resource foundation” will be realized through enhancing recruitment capabilities and further improving our training programs. Based on our human resource development policy, we are building systems that encourage employees to take initiative in their own learning, thereby fostering a culture that promotes growth.

Second, “creating customer-oriented products” refers to our commitment to design and quality that delight our customers, as well as to building



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We aim to enhance our corporate value by expanding our business through proactive investment in growth areas.

addition, we have set a target to offset 100% of CO<sub>2</sub> emissions generated during construction processes every year. For regional revitalization, our initiatives aim to strengthen disaster prevention and mitigation through community collaboration. These include providing setup offices with dedicated disaster-prevention equipment spaces and installing disaster-prevention warehouses. In human resource development, while we achieved our target of allocating 12% or more of prescribed working hours to training, we fell short of our goal for the ratio of female managers. Accordingly, we reviewed the target year and KPIs. What matters most is not only verifying achievement levels of KPIs and linking them to improvements but also maintaining the flexibility to revise KPIs

and initiatives in line with changing times. With regard to our management policy with awareness of capital costs and stock price, we will continue proactive investments for growth, secure solid profits through business expansion, and return profits to shareholders through increased dividends while also reinvesting in our businesses. As growth areas, we will allocate funds to office and hotel development as well as M&A and have set an investment amount of JPY 310 billion during the new MTP period as growth investment. We will expand businesses, profits, and dividends in tandem, enhance corporate value, and meet shareholder expectations from a long-term perspective.

**Q. Finally, do you have a message for stakeholders?**

We would like to extend our sincere appreciation to all stakeholders who continuously support our Group. Going forward, we will continue to value dialogue with stakeholders and communicate openly and clearly about our management policies, business plans, progress, and growth strategies for the future. Specifically, at quarterly financial results briefings, I personally provide explanations directly to investors and analysts and answer their questions. For overseas customers and investors,

we are also enhancing our disclosure through multilingual support in English and Chinese. Particularly in this fiscal year, the first year of the new MTP, we issued our first Integrated Report. Through this report, we hope to further deepen communication with our stakeholders and enhance understanding of our Group. We sincerely ask for your continued support as we pursue new challenges and aim for further growth of the Sun Frontier Group.



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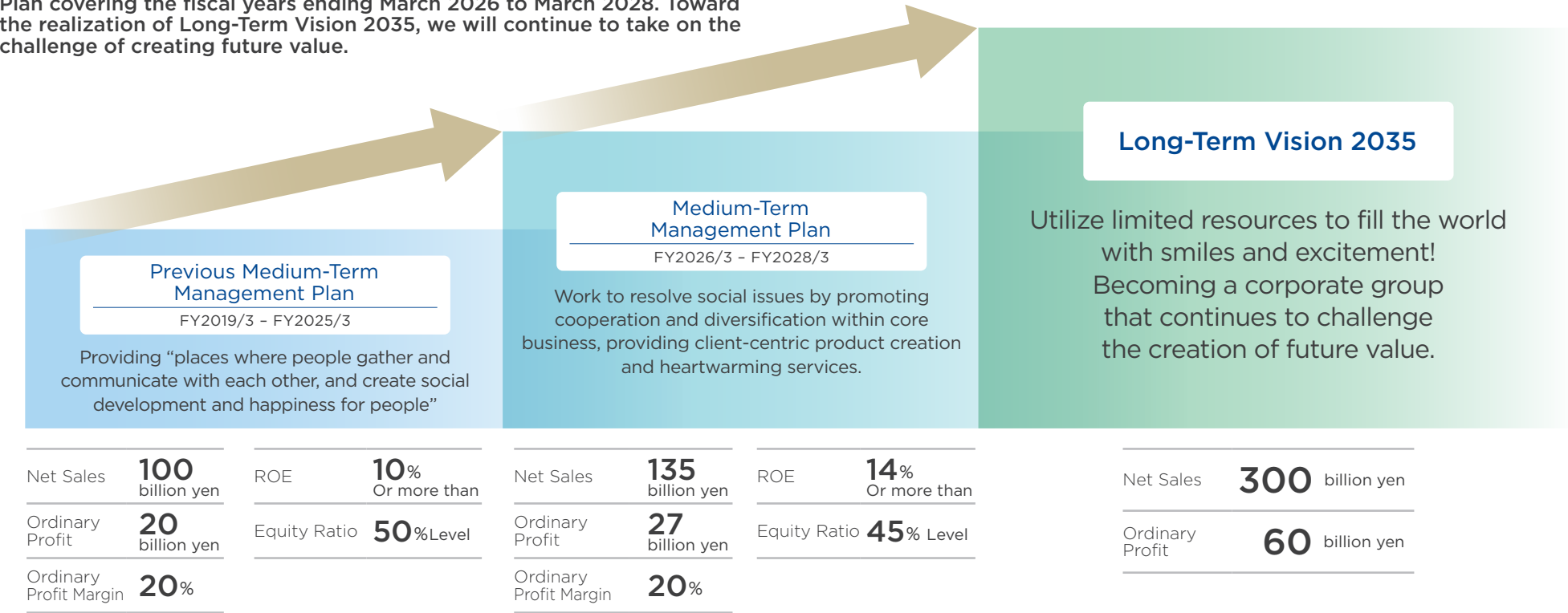
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technologies that restore compliance and enhance functionality. This is a strength unique to our Group, which engages in both development and operation of offices and hotels. We not only provide “heartwarming services,” but also reflect feedback from tenants and hotel guests in the design of buildings and hotels. Third, regarding diversification, we have long been advancing initiatives such as in our leasing division, where we not only handle leasing brokerage but also lease properties from owners and operate conference rooms. We will accelerate this diversification. By calling it “linked to core businesses,”

we emphasize that new business opportunities are often found in adjacent fields while innovating to grow our core business. In the new MTP, sustainability remains a focus. We are steadily implementing concrete measures and targets (KPIs) for the three material issues—environmental protection, regional revitalization, and human resource development. In terms of environmental protection, in our Real Estate Revitalization Business we extend the usable life of buildings beyond statutory useful life by upgrading facilities. We refer to this as “extending the healthy lifespan of real estate.” In

# Roadmap toward Long-Term Vision 2035

The previous Medium-Term Management Plan overcame the unprecedented challenges of the COVID-19 pandemic and achieved the targets for net sales and profits. Currently, we are implementing the Medium-Term Management Plan covering the fiscal years ending March 2026 to March 2028. Toward the realization of Long-Term Vision 2035, we will continue to take on the challenge of creating future value.



## External Environment

### Number of Corporations by Prefecture and Office Buildings in Tokyo’s 23 Wards

The central Tokyo office building market is characterized by its overwhelming market depth with a concentration of tenant companies. On the other hand, about 90% of medium- and small-sized buildings are more than 20 years old, and deterioration remains a major issue.

### In-migration to the Tokyo Metropolitan Area and Japan’s Demographics

From a demographic perspective, Tokyo remains a highly promising market. Although population growth is projected to peak around 2030, declines thereafter are expected to remain moderate compared to the national average. In particular, net in-migration to the Tokyo metropolitan area is expected to remain at high levels.

### Overseas Markets (U.S. and Vietnam)

As shown in the IMF’s World Economic Outlook, both the United States and Vietnam continue to experience population growth and high economic growth rates. Given the large proportion of young people, these markets are expected to sustain growth over the long term.

### Hotel Market Recovery and Future Growth Potential

Driven by the recovery in inbound demand and the expansion of domestic travel following the COVID-19 pandemic, and supported by the government’s policy goal of attracting 60 million visitors to Japan by 2030, this sector is expected to achieve sustained growth.



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# Toward Achievement of the Medium-Term Management Plan

While continuing to ensure high profitability and growth, we will actively invest in businesses with careful attention to financial discipline and develop highly capital-efficient operations.

Review of the Previous Medium-Term Management Plan

Outline of the Medium-Term Management Plan

Quantitative Targets	Medium-Term Plan (announced in May 2021)	FY2025/3 Results
Net Sales	100 billion yen	103.1 billion yen
Ordinary Profit	20 billion yen	20.4 billion yen
Net Income	14 billion yen	14.1 billion yen
Ordinary Profit Margin	20.0%	19.8%
Equity Ratio	50%Level	46.8%
ROE	10%Or more than	14.7%

Business Expansion	FY2021/3	FY2025/3 Results
Property Acquisitions	15 billion yen	50.7 billion yen
Number of PM entrusted properties	397 buildings	542 buildings
Hotel Operations	17 hotels 2,369 rooms	28 hotels 3,144 rooms

Other Achievements (FY2022/3 - FY2025/3)

Increased revenues from stock-type businesses	The revenue increase has almost covered SG&A expenses.
Growth through M&A	Three hotel companies became consolidated subsidiaries, adding 637 rooms.
Diversified funding	Issued zero-coupon privately placed CBs and formed a business alliance with Company AA.
Workforce diversification	Promoted participation of women and seniors; strengthened hiring of foreign employees.
Faster decision-making	Transitioned to a company with Audit & Supervisory Committee; established standing Board of Directors meetings.
Enhanced value-conscious management	Expanded restricted stock compensation eligibility to Amoeba leaders.

Quantitative Targets (billion yen)

■ Plan Target ■ FY2025/3 Result

High value-added businesses achieved higher profit margins, meeting both sales and profit targets.

Sales Composition (billion yen)

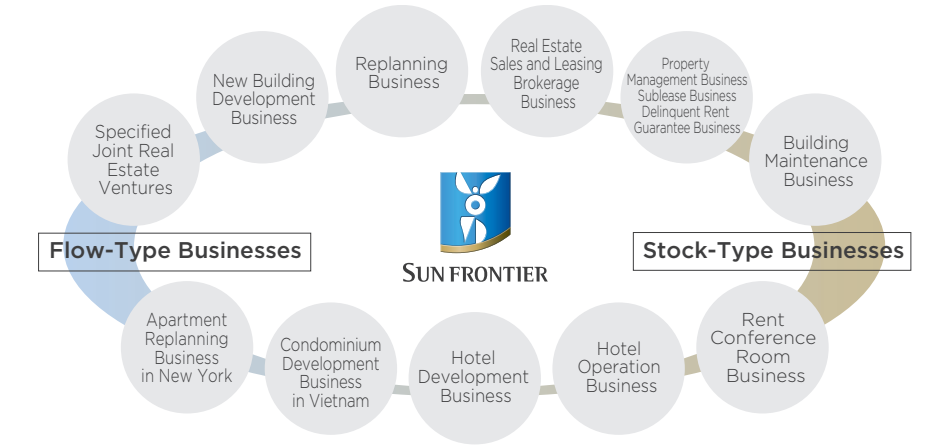
Stock-type businesses exceeded plan, improving the business balance.

In flow-type businesses, we will promote diversification of asset types. In stock-type businesses, we will promote diversification into related fields. While growing each business, we will also pursue transformation of the profit structure.

Basic Policy

Promoting diversification of our core businesses through client-centric product creation and heartwarming services, while addressing social issues.

We will contribute to solving social issues by strengthening our human capital base, expanding our business domains, and increasing opportunities to serve our clients through the diversification of flow-type businesses and the stable growth of stock-type businesses.



Key Initiatives

- Strengthening the Human Capital Base
- Client-Centric Product Creation and Heartwarming Services.
- Promotion of Diversification and Collaboration in Core Businesses

Target for FY2028/3	
Net Sales	135.0 billion yen
Ordinary Profit	27 billion yen
Ordinary Profit Margin	20%
ROE	14% Or more than
Equity Ratio	45%Level



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# Key Initiatives and Growth Strategy of the Medium-Term Management Plan

Based on the three priority policies, we will further evolve our business model by combining renovation, new construction and development, as well as service and operation businesses in the three focus markets.

1

Strengthening the human resource base

- Enhance recruitment and increase the number of employees
- Develop and foster leaders through training and education based on our management philosophy; expand the organization through “amoeba division” under Amoeba Management\*
- Further evolve into a corporate group that attracts diverse human resources regardless of age, gender, or nationality, united by the value of “COMPASSION (Altruism)”

2

Client-centric product creation and heart-warming services

Client-centric product creation

- Apply and strengthen our expertise in client-oriented product creation, cultivated through office building Replanning, to new office building development, hotel development, apartment Replanning in New York, and condominium development in Vietnam
- To strengthen the foundation of the construction business through M&A

Heart-warming services from clients’ point of view

- To enhance our ability to solve the long-term issues of building owners by providing close support
- To strengthen our ability to respond attentively and warmly to tenant companies and service users
- To foster talent and create an organizational culture that provides heartwarming and enjoyable services that impress hotel guests

3

To promote cooperation and diversification within core business

Cooperation and diversification within core business (flow-type business)

- Development of New Construction Business that aims to maintain the long-term economic value of buildings through the cooperation with Leasing Management, Property Management and Construction department
- Promotion of small-lot real estate property (properties in Osaka, and Nagoya in addition to the central Tokyo area)
- Development of apartment replanning in New York and condominium in Vietnam

Cooperation and diversification within core business (stock-type business)

- Provide more diversified services for real estate to solve clients’ problems
- Increase branches in Tokyo, focus on sub-leases entrusted, and increase entrusted buildings for Property Management
- Increase operating area in Rental Conference Room Business
- Increase rooms of hotel operation (including M&A)



Three focus markets	Business model	Business domains	Areas		Our vision
Offices	Development	Renovation	Tokyo	Osaka	Contribute to the realization of a sustainable society through resource-circulating real estate utilization
		New construction			
		Small-lot real estate ownership products (Specified Joint Real Estate Ventures)			Create smiles and excitement by solving customer issues from their perspective
	Services	Real estate services			
Hotels	Operations	Conference room operations	Nationwide (Japan)		Expand “Heart-warming and Fun Hotels” nationwide and grow together with local communities
	Development	New construction			
	Operations	Hotel operations			
Residential	Development	New construction	Vietnam	Tokyo	Provide safe, secure, comfortable, and high-quality living environments, contributing to national development
		Renovation	New York		
	Services	Real estate services	Vietnam/New York		



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Active Investment for Future Growth

- Over the three years of the new Medium-Term Management Plan, we plan to invest a total of 310 billion yen.
- Of this, 200 billion yen will be allocated to the Replanning Business, 21 billion yen to small-lot real estate ownership products, 70 billion yen to hotel development, and 10 billion yen to M&A and digital initiatives.
- In executing investments, we will always conduct verification from the perspective of capital costs, while proactively advancing investments for future growth.

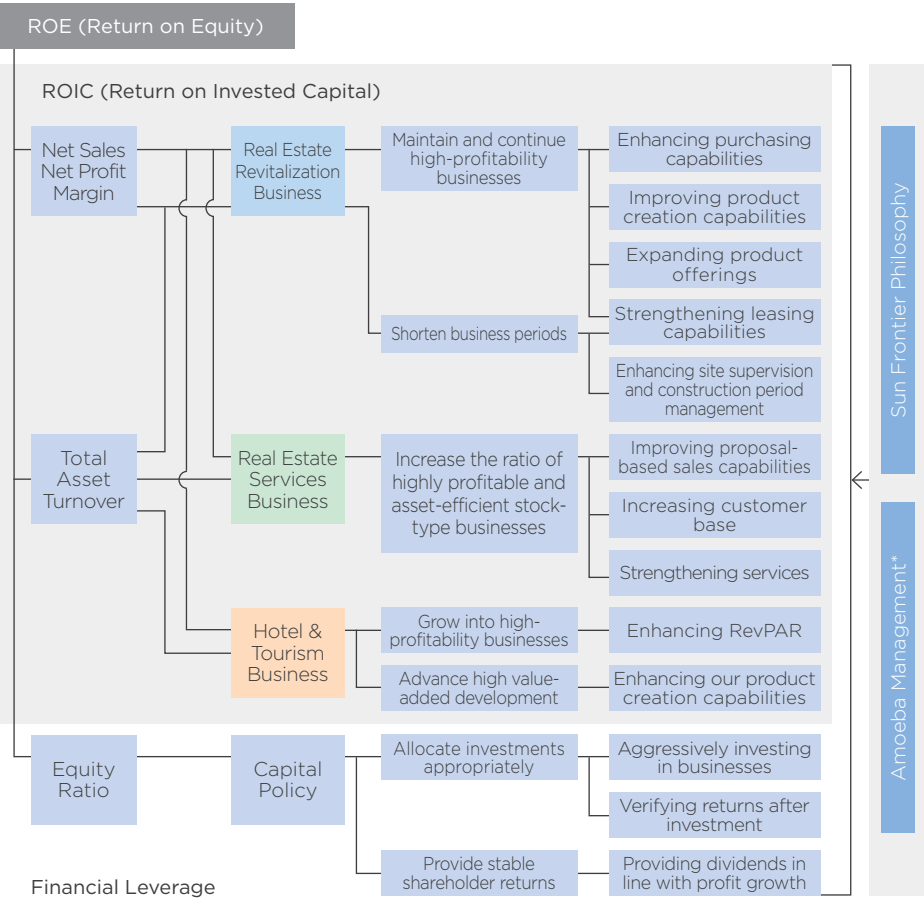
Planned fund inflows (cumulative)	Planned fund outflows (cumulative)			
<div>Business income from property sales, etc.</div> <div>Borrowings</div> <div>Cash and deposits</div> <div>322 billion yen</div>	Business growth investments	Short-term Replanning	100 billion yen	Continue proactive investment in small- and medium-sized office buildings in the five central wards of Tokyo
		Medium- to long-term Replanning	50 billion yen	Focus investments on both rental income and capital gains
		New construction development	30 billion yen	Expand investments by leveraging our accumulated expertise
		New York apartment Replanning	20 billion yen	Strengthen investments for business expansion in growth markets
		Small-lot real estate ownership products	21 billion yen	Promote product development not only in Tokyo but also in other regions such as Kansai
		Hotel development	70 billion yen	Actively invest toward achieving 10,000 hotel rooms under operation
		Condominium development in Vietnam	9 billion yen	Invest in Da Nang, a high-growth market with strong housing demand
		M&A and digital Others	10 billion yen	Aggressively utilize opportunities to accelerate business growth and generate synergies
	Shareholder returns	Dividend*	12 billion yen	Increase dividends in line with profit growth and return value to shareholders

\*Note: We assume that by the end of the fiscal year ending March 2027, conversion of convertible bonds

Management with Awareness of Capital Costs and Stock Price

- Grounded in the corporate culture and management system of Philosophy and Amoeba Management\*, which are the unique strengths of the Sun Frontier Group, we will implement specific measures described in the ROE improvement drivers.
- In each business segment, we will emphasize profitability and capital efficiency, enhance ROIC, and thereby improve ROE.
- While maintaining an ordinary income margin of 20% and an equity ratio of 45%, we aim to achieve ROE of 14% or higher.

ROE Improvement Drivers



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# Sun Frontier's Value Creation Process

Starting from our *Credo of COMPASSION*, we implement the Medium-Term Management Plan and address material issues (materiality) to resolve social issues through our businesses and create new value, thereby pursuing our Long-Term Vision 2035.



Utilize limited resources to fill the world with smiles and excitement!  
Becoming a corporate group that continues to challenge the creation of future value.

Long-Term Vision 2035



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# Sources of Value Creation Cultivated under the Spirit of COMPASSION

The Sun Frontier Group leverages five forms of capital to drive business growth and continually take on the challenge of creating future value. Each capital is directly connected to our management strategies and daily practices.

The Strength of Each Employee Drives the Growth of the Entire Group.

- Deep-rooted spirit of COMPASSION
- Organizational culture fostering collaboration across departments and the Group
- Development of diverse human resources and support for career building

Leveraging our expertise and know-how drives the creation of new value.

- Practicing the Sun Frontier Philosophy
- Proprietary technology and expertise in real estate revitalization
- Enhancing operational efficiency through data utilization and IT infrastructure

Environmental consideration enables sustainable growth.

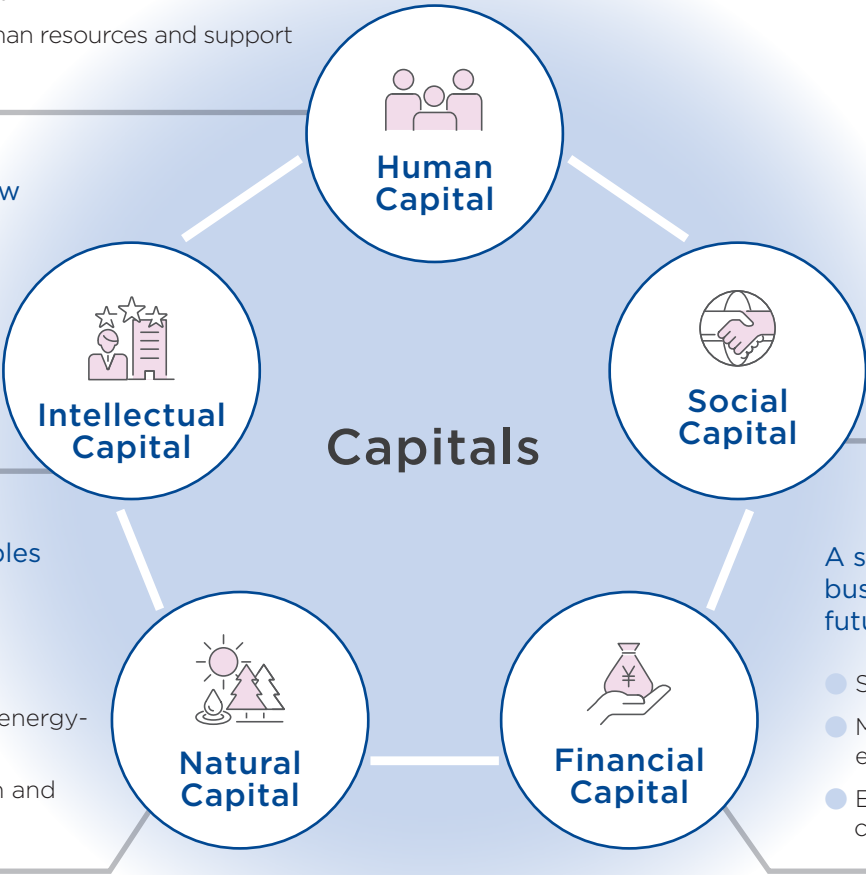
- Reducing environmental impact in building operations
- Introducing renewable energy and energy-saving equipment
- Contributing to resource circulation and sustainable urban development

Trust-based relationships and social contribution enable the sustainability of our business.

- Building trust with stakeholders
- Collaboration and contribution to local communities and governments
- Promotion of ESG and sustainability initiatives

A stable financial foundation supports business expansion and the creation of future value.

- Stable funding to support growth investments
- Maintaining financial soundness with a high equity ratio
- Ensuring sustainability of operations through cash flow management



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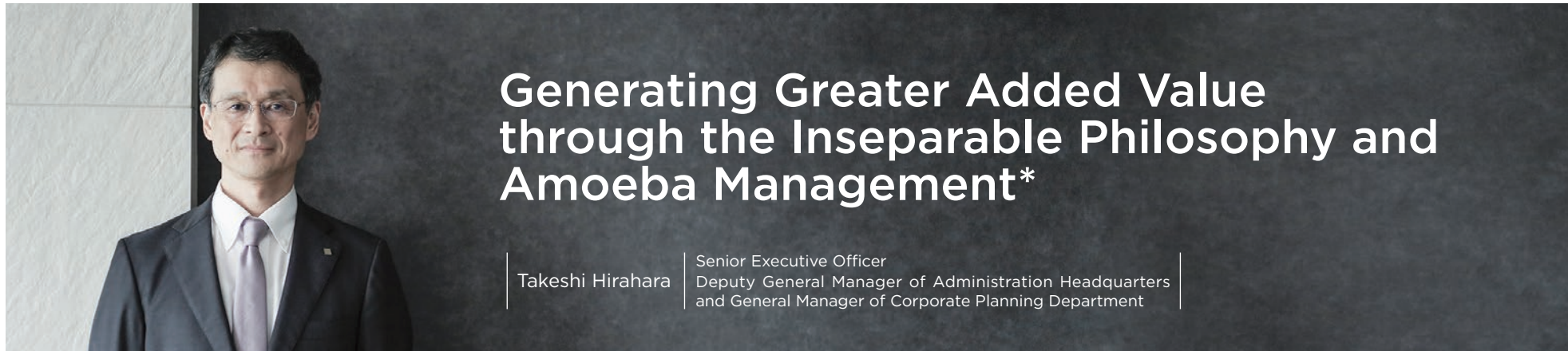
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### Looking Back on the Seven-Year Previous Medium-Term Management Plan, Which Concluded in FY2025/3

First of all, I would like to take this opportunity to express my sincere gratitude to everyone for the successful completion of the previous Medium-Term Management Plan (hereinafter, the “previous Plan”). For the Sun Frontier Group, which celebrated its 25th anniversary in April 2024, achieving the targets of the previous Plan in FY2025/3 holds significant meaning, particularly because we overcame the impact of the global financial crisis, which resulted in our first-ever net loss in FY2009/3 and FY2010/3 since our founding.

The dream we envisioned 12 years ago in 2013 with great excitement was “Tenfold in Ten Years,” namely “100 billion yen in net sales and 20 billion yen in ordinary income.” In 2018, we

elevated this dream into a five-year Medium-Term Management Plan and announced it publicly. However, due to the COVID-19 pandemic, we were forced to extend the final year by two years, ultimately achieving the Plan after seven years. The process of reaching the goals of the previous Plan, which was not always smooth sailing, is also the history of our Group facing social issues head-on through the practice of our Management Philosophy: *“To look after every employee and pursue the happiness of both mind and matter. At the same time, to cocreate a rich and sustainable society by contributing to the evolution and the development of the human society.”*

At the core of our Group’s management lies the spirit of COMPASSION, which we have cherished since our founding. Practicing Philosophy Management—helping one another in times of adversity—culminated in the achievement

of the previous Plan, and this has become a source of great confidence. Our core business of office building revitalization is rooted in the awareness of sustainability, encapsulated in the belief that “it is wasteful to demolish buildings that can still be used.” Promoting sustainability management toward a sustainable society and future not only makes employees more aware of the social value of the revitalization business but also motivates them to discover their own purpose and pursue self-realization. In this way, sustainability management harmonizes with Philosophy Management, which pursues happiness in both mind and matter, guiding our Group in a way that goes beyond numerical results. Alongside the previous Plan, we also identified three material issues for sustainability management, and in 2022 we established concrete numerical targets as part of our Sustainability Vision, further accumulating achievements.

### Long-Term Vision 2035 and the Role of the New Medium-Term Management Plan

Our Group’s vision for the future in Long-Term Vision 2035 is “To utilize limited resources to fill the world with smiles and excitement! and to become a corporate group that continues to challenge the creation of future value.”

What this represents is the pursuit of a corporate group that upholds our corporate philosophy of “restraining the wasteful use of irreplaceable resources and contributing to the lasting prosperity of humankind and all living beings on Earth,” while nurturing human resources with a frontier spirit who will continue to take on the challenge of creating new value.

Under this vision, our new Medium-Term Management Plan 2028 (the “new Plan”) implements the policy of “working

to resolve social issues by promoting cooperation and diversification within core business, providing client-centric product creation and heartwarming services.” As a growth strategy, we will focus on human resource development and capital efficiency, and in the three markets of offices, hotels, and residential (domestic and overseas) we will promote:Product creation businesses such as renovation, new construction, and development, Service and operation businesses such as real estate services and hotel management, and Unique differentiated businesses that combine these strengths of our Group.

As financial targets, we aim for net sales of 135.0 billion yen, ordinary profit of 27.0 billion yen, and an ordinary income margin of 20% in FY2028/3, the final year of the new Plan, while striving for 10% annual growth. Given the uncertain business environment, we will work to achieve these targets ahead of schedule by maintaining the momentum built during the previous Plan.

Furthermore, our growth strategy includes diversifying flow-type businesses and strengthening stock-type businesses to enhance our business portfolio, with an emphasis on capital efficiency through careful attention to capital turnover. Over the three years of the new Plan, we plan to invest 310.0 billion yen in business growth, actively directing funds into growth and new business areas.

What Added Value Do “Philosophy” and “Amoeba Management\*” Generate?

The Sun Frontier Philosophy, centered

on our credo of COMPASSION, may seem unrelated to profit generation through corporate activities. However, our Philosophy teaches fair and just management based on the question: “What is the right thing to do as a human being?” As reflected in the new Plan’s emphasis on strengthening our human resource base, we place human development at the core of our management goals, treasuring the mindset that “it is fulfilling to serve others.” Sharing the Philosophy allows each employee to connect across organizational boundaries toward lofty goals, fostering a vibrant culture of co-creation.

While diversity is essential in co-creation, it does not mean that every perspective is equally valid. The formula advocated by Kazuo Inamori, founder of Kyocera—“*Results of life and work = thinking × enthusiasm × ability*”—holds true only when “thinking” is appropriate. Unless we share the belief that “*bringing joy to customers is a source of happiness*,” our management model cannot function. Therefore, the common goal of realizing our Management Philosophy must underpin our organizational management. At the same time, in human resource development, we place importance on diversity, fairness, and inclusion, respecting each individual’s uniqueness.

As for Amoeba Management, it is an organizational method characterized by “realizing all-employee participation management,” “developing human resources with a managerial mindset,” and “an independent accounting system directly linked to the market.” Each Amoeba Leader, as a manager, must

strive to be respected as a person in order to earn the trust and commitment of their members. This is precisely why Philosophy is so important. A true leader is someone who inspires members to feel, “By following this person, I too can grow and contribute to society.”

Thus, Philosophy and Amoeba Management\* are inseparable, nurturing our Group’s corporate culture that values character and challenge, and producing human resources who contribute to society. In this soil, solving social issues through the practice of our Management Philosophy leads directly to resolving customers’ issues, which are reflected as net sales, and to creating high added value, which is reflected as ordinary income.

Management with Awareness of Capital Costs and Stock Price



Management is the activity of investing funds entrusted by shareholders to expand business. When the spirit of Philosophy combines with the economic rationality of Amoeba Management\*, it creates added value that pleases customers, which in turn is reflected in customer satisfaction and our stock price. Ultimately, this converges into the ROE figure. We believe that pursuing correct actions and self-realization results in customer smiles, and as those smiles multiply, they are reflected as net sales representing our “contribution value” and as profits representing “added value creation.” As a private company, our Group seeks to return profits to shareholders, reinvest in society, and become an indispensable presence. Specifically, under the new Plan we have set a target of 14% or higher for ROE.

As mentioned earlier regarding diversification of our business portfolio, financially we will carefully evaluate



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business risks and returns, operating with full awareness of the spread between shareholder capital cost and ROE, as well as stock price reflecting investor expectations. By continuously questioning our *raison d'être* in society, we aim to achieve sustainable growth and enhance corporate value over the medium to long term.

Relationships with Shareholders and Other Stakeholders

Our Group's basic policy on shareholder returns is:

1. Endeavor to provide long-term and stable profit returns,
2. Secure investment funds to boldly take on future growth opportunities, and
3. Maintain a stable financial base.

Based on this policy, we have continued to increase dividends for 12 consecutive years. Going forward, by steadily expanding earnings and

continuing to achieve ROIC exceeding WACC, we aim to raise PBR and continue increasing dividends in line with this policy, while striving to achieve the new Plan. We recognize that as our Group enhances the social value we create and becomes increasingly indispensable to society, our corporate value will sustainably increase, creating a cycle that leads to enhanced shareholder returns.

As it is often said that a company is a "public entity of society," our Group derives its *raison d'être* from the support of diverse stakeholders. Therefore, IR activities play an important role in minimizing information asymmetry internally and externally. We position timely disclosure of highly transparent information as one of our key measures to facilitate investment decisions and express our commitment to investors through management activities. In particular, we believe there is room to increase the ratio of overseas

institutional investors and intend to focus on this area.

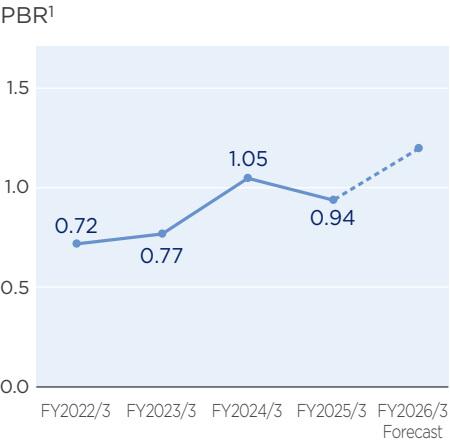
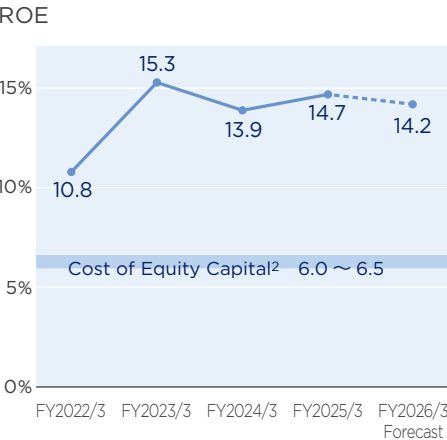
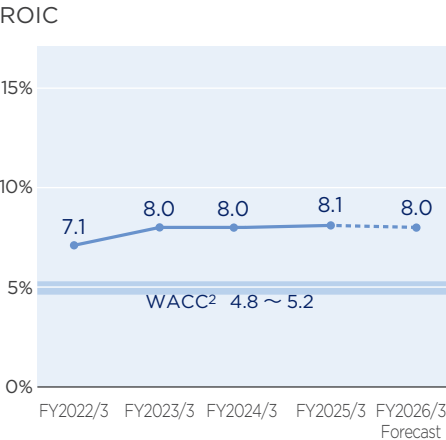
Outlook for FY2026/3, the First Year of the New Plan, in Light of the External Environment

Amid urgent global challenges such as climate change and infectious diseases, the Global South is rising rapidly against the backdrop of Western liberal democracies, and new frameworks for international order and security are being explored. In macroeconomics, downward pressures persist worldwide due to U.S. tariff policies, China's real estate problems, and multiple geopolitical risks. Japan too faces structural issues such as a declining birthrate, aging population, and a fragile social security system, with little optimism regarding the outlook for exchange rate stability or fiscal and monetary policy responses to inflation.

In our Group's business environment,

the office business is benefiting from steady domestic demand and growing discussions on new office concepts driven by DX, while the hotel business is riding the wave of a revitalized tourism market driven by inbound demand. For us, these represent opportunities for a major leap forward. Furthermore, our Group is home to human resources driven by aspirations such as "contributing to society" and "bringing smiles to customers." We therefore believe the environment for business growth is well-prepared.

During the period of the previous Plan, with the support of many stakeholders, we were able to realize a dream 12 years in the making. Fortunately, by advancing toward the North Star of our Management Philosophy, we are able to contribute to society and remain indispensable. As we enter FY2026/3, the first year of the new Plan, we are determined to take a fresh first step toward sustainable growth and enhanced corporate value for the future.



Note: 1. PBR is calculated as of the fiscal year-end of each period  
2. The cost of equity capital is calculated using the Capital Asset Pricing Model. We assume the cost of equity capital will remain between 6.0-6.5% and WACC (Weighted Average Cost of Capital) between 4.8-5.2%, in line with the median of the past four years.



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# SECTION 03

## Practicing Value Creation

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# At a Glance; Financial Information

FY2025/3 Results

Cumulative Number of Replanning Projects

512 buildings

Since launching the Replanning business in 2001 to reduce resource waste, we have revitalized a total of 512 buildings.

Number of Buildings under Building Maintenance Contracts

270 buildings

Aiming to make Tokyo “the most beautiful city in the world,” we have been expanding the number of contracted properties for cleaning, sanitation, and security services. (SF Building Maintenance)

Total Number of Setup Offices Supplied and Managed

921 units

Setup Offices reduce tenants’ time and cost burdens. The number of units supplied has been steadily increasing year by year.

Conference Room Rental Business – Operating Area

9,711 tsubo

Through new openings and floor expansions at existing sites, the operating area of our conference room rental business has been steadily expanding. (Sun Frontier Space Management)

Number of Investors in Small-Lot Real Estate Products

828 investors

Many clients have endorsed our products that address regional challenges, such as licensed childcare centers and medical/educational malls, resulting in a steady increase in the number of investors.

Cumulative Number of Guarantee Contracts

8,592 contracts

Specializing in rent guarantee services for office buildings, we are focusing on acquiring new clients and increasing the number of contracts. (SF Building Support)

Number of Properties under Property Management Contracts

542 buildings

Through a strategy focusing on central Tokyo, we are increasing the number of managed properties. We aim to reach 700 properties under management by FY2028/3.

Number of Hotel Rooms under Operation

3,144 rooms

With the goal of operating 10,000 rooms by 2033, we are managing “Heartwarming and Enjoyable Hotels.” (Sun Frontier Hotel Management, Sun Frontier Sado, Sky Heart Hotel, Japan Urban Hotel Development, etc.)



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# Real Estate Revitalization Business



Focusing on small- and medium-sized office buildings in central Tokyo that are around 30 years old, we revitalize aging buildings to meet contemporary needs, while also aiming to revitalize the surrounding neighborhoods. In recent years, we have expanded into small-lot products, new office and commercial buildings, and residential projects, thereby broadening our business scope.

**Kenji Honda**  
Senior Executive Officer  
Head of Asset Management  
Headquarters

### Opportunities and Risks

Opportunities

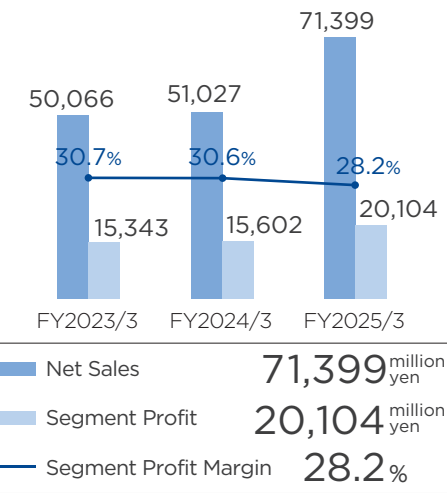
- Increase in aging office buildings, mainly in central Tokyo
- Growing demand for attractive offices from the perspective of human capital investment

Risks

- Increasing number of new entrants into the setup office market
- Declining investor appetite for real estate due to rising interest rates

We aim to further expand the Real Estate Revitalization Business by growing the Replanning Business, while also taking on challenges in new construction and residential projects.

### Business Performance (million yen)



We are applying the know-how cultivated over 25 years in the Real Estate Revitalization Business to small-lot ownership products and real estate projects in New York.

In short, real estate revitalization is a business of value enhancement. We acquire buildings around 30 years old, ensure compliance, and carry out renovations to facilities and design. We also provide setup offices, where design and equipment are prepared before occupancy. The Building Division, which oversees the Real Estate Revitalization Business, focuses on the five central wards of Tokyo (Chiyoda, Chuo, Minato, Shibuya, and Shinjuku) and has expanded

into Shinagawa, Toshima, Taito, and Meguro. We also engage in new building development in Japan and Replanning projects for apartments in New York.

The Consulting Division provides small-lot real estate investment products, offering excellent properties that benefit local communities, making it possible for a wide range of investors to start investing with relatively small amounts.

### Creating Offices Where Everyone Wants to Work, from a Client's Perspective

Recently, we often hear from clients who say, "We want to enhance



New Office Building Exterior

### Key Initiatives

- 1 Accelerate expansion of target areas for the Real Estate Revitalization Business in central Tokyo
- 2 Add residential to focus markets
- 3 Expand into new construction business and into new areas such as Osaka



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employee motivation” or “We want to secure human resources despite labor shortages.” One solution is office renovation or relocation. Providing a comfortable work environment also enhances employee engagement. Our Setup Offices, with their high design quality and comfort, have drawn attention from the perspective of human capital investment.

We began offering Setup Offices in 2013, and recently the number of new entrants in this field has been increasing. While the Setup Office market is expected to expand further, as a pioneer in this sector, we focus on creating offices from a client’s perspective. This business is rooted in our Credo of COMPASSION and our corporate philosophy of

reducing resource waste. Another major strength is our ability to provide one-stop services in collaboration with our Leasing Management Division, which is responsible for attracting tenants. While many other companies outsource to separate specialists, our Group can respond seamlessly and quickly in-house to resolve client issues.

Expanding Focus Markets, Business Domains, and Areas – New Challenges in the Residential Market and Osaka

To further grow the Real Estate Revitalization Business, our Replanning Division, which plays a core role, must expand its share of the revitalization

market. Many office buildings concentrated in central Tokyo were built around 1990 and are now showing significant aging. This situation presents us with abundant business opportunities. By accurately assessing the current state of the office building market and helping clients understand the social significance of our revitalization business, we will proceed quickly with acquisitions.

In terms of business areas, we will expand not only in Tokyo but also into Osaka, another major metropolitan area. We are also actively pursuing the residential domain, with progress on acquisitions of around four properties in Tokyo in addition to New York. With these initiatives, including rental buildings, we



Art-Inspired Setup Office

target net sales of 81.3 billion yen, gross profit of 25.5 billion yen, and property acquisitions totaling 55.0 billion yen including New York in this fiscal year.

Leader’s Message



Shuhei Oda  
Executive Officer  
Head of Building Business Department  
New York Real Estate / Office Marketing

Through the revitalization and development of high value-added buildings, we aim to contribute to both owners and tenants while also helping to revitalize the surrounding communities.

In our Real Estate Revitalization Business, we value two things. The first is contributing to tenants who use our buildings. For example, in Setup Offices, we aim to enhance the growth and success of tenant companies by reducing initial costs for relocation (such as interior work) and providing highly functional designs.

The second is supporting owners in building their asset value. By enlivening and revitalizing surrounding areas, we work to stabilize building revenues. One example is the “1/1 (ONE)” series led by our Planning & Development Division. These are commercial buildings themed around the fusion with art, featuring works by renowned artists inside the facilities. While selecting artists can be challenging, once completed, these projects have attracted media attention and contributed to community revitalization. Currently, we have developed three buildings, each with different artists, and plan to continue supplying one new building each year.

1/1 HARAJUKU “K”  
<https://oneisart.com/kevin.html>



1/1 (ONE) Series 1/1 HARAJUKU “K”



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# Real Estate Services Business



To assist building owners who face challenges in building management, we are engaged in a comprehensive real estate services business, including leasing brokerage, sales brokerage, rent delinquency guarantee, building maintenance, and conference room operations. By working closely with each division and solving client issues, we aim to drive growth across all businesses.

Izumi Nakamura

Representative Director,  
Vice President  
Senior Executive Officer  
Head of Asset  
Management Division

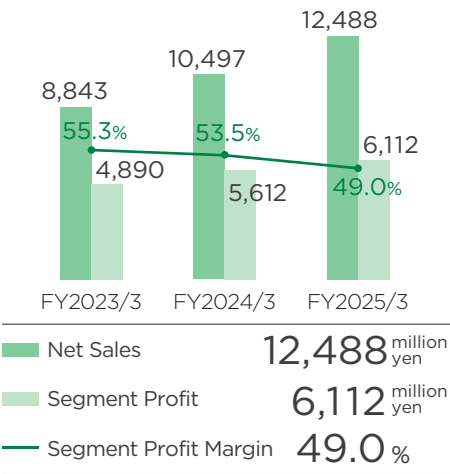
## Opportunities and Risks

- Opportunities**
- In Tokyo's 23 wards, aging buildings are concentrated, driving increasing needs for building maintenance and vacancy reduction.
  - Starting from property management, each business collaborates to resolve client issues in an integrated manner.

- Risks**
- Responding to changes in the rental market caused by the aging of small- and medium-sized buildings
  - Strengthening new measures to address the diversification of tenant needs

Focusing on small- to medium-sized office buildings concentrated in Tokyo's five central wards as the main field, we will enhance our real estate services to contribute to improving owners' revenues.

## Business Performance (million yen)



Through the practice of Amoeba Management\*, we aim to enhance profitability and strengthen collaboration across various businesses.

In the Real Estate Services Business, our goal is to minimize invested capital while expanding operations. The business covers a wide range of areas, including property management, leasing brokerage, sales brokerage, rent delinquency



Vision Center Shinagawa Annex (Conference Room Facility)

guarantee, building maintenance, and conference room operations. As of the end of March 2025, the number of buildings under property management reached 542, showing a steady increase. By working closely with internal divisions, we are recognized for our ability to provide one-stop solutions to clients' issues. For example, if vacancies occur in buildings under property management, we collaborate with the leasing division to fill vacancies swiftly. Such interdepartmental collaboration is a strength of our Group.

The Rent Conference Room Business, which began as a solution for vacant floors, has expanded its operating area and grown steadily in performance year

## Key Initiatives

- 1 Expand the number of property management contracts to maximize synergies among divisions.
- 2 Create new businesses by analyzing client issues.

## Identifying New Businesses from Client Needs and Market Trends

As seen in the example of the Rent Conference Room Business, being sensitive to market trends is vital. In particular, fluctuations in interest rates have a major impact on performance, so we monitor them closely. Real estate is often considered relatively resilient to inflation, and recently, more companies have entered the industry. With a sense



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of urgency, we are expanding into new property management contracts. In Tokyo's 23 wards, there are approximately 8,600 small- to medium-sized office buildings, nearly 90% of which are over 20 years old—ample candidates for revitalization. As building aging and succession issues surface, owners face growing challenges in building management. We have established a system to provide one-stop solutions for such owners, and we see the current market as a great opportunity for significant growth.

Strengthening Collaboration and Increasing Property Management Contracts

In FY2026/3, we launched a new Medium-Term Management Plan, under the basic

policy of “*Work to resolve social issues by promoting cooperation and diversification within core business, providing client-centric product creation and heartwarming services.*” In line with this plan, the property management business will increase the number of buildings under management, leading to higher profitability in related businesses such as leasing brokerage, building maintenance, and rent guarantee. In fact, about 40% of revenues in these businesses originate from property management.

At the same time, we are actively promoting new businesses. One example is the sublease business, where we lease buildings from owners, either entire buildings or single floors, mainly in central Tokyo, and then manage them for rental. Many of these new businesses stem from customer voices such as

“*This is what we are struggling with*” or “*It would be great if such a service existed.*” By carefully listening to real customer needs, we gain hints for new businesses, which then contribute to corporate growth. We also launched the *Sun Frontier Owners Club* to provide opportunities for communication with owners and their families. For tenant companies in our managed properties, we actively hold seminars on management issues. To meet such



Sun Frontier Owners Club Health Seminar (September 2025)

customer expectations, we foster a culture where employees' spirit of challenge is respected, and their desire to “take on challenges” is supported by their teams and the entire company.

Supporting Core Businesses with Stable Earnings

Since our founding, our core business has been Real Estate Revitalization, which is susceptible to financial market fluctuations. Therefore, by strengthening the Real Estate Services Business—which generates stable earnings less affected by market volatility—we are transforming our profit structure. Our goal is for the Real Estate Services Business to account for 30% of the Group's total profit in the future. As a first step, in FY2026/3, we target net sales of 14.0 billion yen and gross profit of 6.9 billion yen.

Leader's Message



Kentaro Kawanishi  
Director, Senior Executive Officer  
Deputy Head of Asset Management Division  
General Manager, Property Management Division  
General Manager, Real Estate Solutions Division

Providing One-Stop, High-Value-Added Services to Ensure Stable Building Revenues and Bring Smiles to Many Owners

In the Real Estate Services Business, we not only provide services to improve building profitability but also create an environment that ensures compliance and enhances evaluation by financial institutions, while constantly being mindful of sustainability and regional contribution. By leveraging property management, leasing and sales brokerage, building maintenance, rent guarantee, and interior works, we provide one-stop support for operating office buildings. This integrated structure is one of our Group's strengths.

For example, when consulted by a building owner who wished to improve profitability by filling vacancies with a limited budget, we proposed creating a shared lounge space that could be used for lunch or employee communication. Additionally, we promoted obtaining third-party environmental certifications that evaluate energy efficiency, sanitation, and water usage. As a result, the building achieved full occupancy and improved profitability.

We believe that adding high value to existing buildings and delivering smiles to building owners is our mission.



We proposed creating a shared lounge space.



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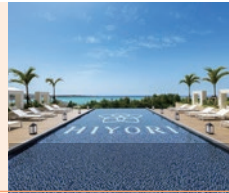
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## Hotel and Tourism Business



Through hotel development and operations, we create employment and revitalize local communities. To achieve this, we are uncompromising in our attention to detail—even down to a single centimeter of comfort—and in providing high-quality, customer-oriented services. Under the theme of “heart-warming and fun Hotels,” we are strengthening our business foundation to continue growing while valuing our connections with local communities and customers.

**Kazuyuki Yanagimura**

President & CEO  
Sun Frontier Hotel  
Management Inc.

### Opportunities and Risks

#### Opportunities

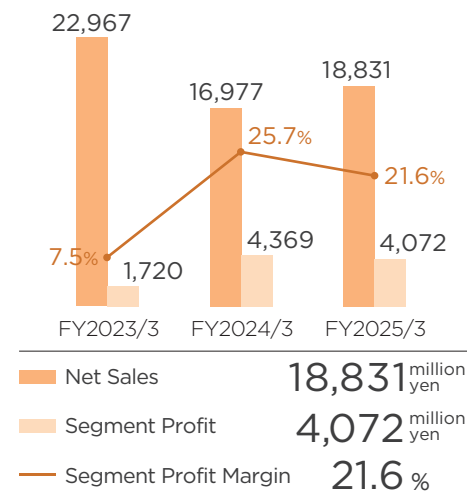
- Increase in travelers following the end of the COVID-19 pandemic
- Growing demand for experience value beyond accommodation through regional collaboration

#### Risks

- Decline in hotel users after the conclusion of the Osaka-Kansai Expo
- Rising overall costs, including labor shortages and higher personnel expenses

We ensure thorough information sharing among employees and reflect this in customer service. While pursuing the highest level of comfort in our hotels, we remain committed to contributing to local communities.

### Business Performance (million yen)



### Focusing on Connections among Hotels under the Theme of “Heart-warming and Fun Hotels”

Our Hotel & Tourism Business encompasses both hotel development and operations. On the development side, we handle land acquisition, construction, and sales of completed hotels. On the operations side, we manage hotels we have developed, ensuring stable revenue streams by continuing operations even after transfer to new owners.

From a service perspective, under the theme of “Heart-warming and Fun Hotels,” our warm-hearted staff deliver smiles to our guests, while also paying meticulous attention to room comfort.

For example, the placement of tables and sofas is adjusted to the centimeter to minimize stress during use. This spirit of hospitality is rooted in our corporate credo of Altruism (RITA).

Specific initiatives at each hotel are shared at monthly meetings attended by colleagues from other hotels and headquarters staff. During these meetings, candid opinions are exchanged, and any new improvements are immediately shared and implemented across hotels. Providing such open forums is instrumental in ensuring service consistency and represents a hallmark of our corporate culture. Even as the number of hotels increases, this practice will continue.



ORIENTAL HILLS OKINAWA - Executive Suite

In addition, daily reports exchanged between frontline staff and headquarters executives facilitate further information sharing. Executives respond with advice to employees’ reflections and guest interactions. These reports function not only as daily updates but also as tools



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for human resource development, linking learnings to new forms of hospitality on the ground and encouraging guest loyalty and repeat visits. As a result of these steady efforts in hospitality and hotel management, we achieved record-high performance last fiscal year.

Analyzing Inbound Demand While Focusing on Human Resource Development

Inbound demand continues to increase due to the resolution of the pandemic and the weaker yen, resulting in more guests at our Group hotels each year. The Japanese government has set a goal of increasing the number of annual inbound visitors to 60 million by 2030, encouraging travel to various local regions across the country. This initiative is expected to further revitalize our business.

Many areas in Japan still face shortages of accommodation facilities,

and we plan to actively expand our Group hotels into such regions. The ongoing Osaka-Kansai Expo has also provided tailwinds for growth, with our 11 hotels in the Kansai area strongly driving overall business performance during the Expo period. Following the Expo, we are carefully analyzing reservation data and formulating strategies to maintain bookings.

At the same time, labor shortages remain a challenge for the hotel industry. As one solution, we are promoting efficiency through the use of AI tools—for example, in setting dynamic room rates based on booking trends and seasonal factors, as well as multilingual translation for websites. The time saved is redirected to increasing customer interaction.

In recruitment, we achieved the hiring of more than 30 new graduates for two consecutive years and plan to maintain similar levels going forward. By focusing on human resource development, we

are building a structure to sustain high-quality services.

Developing Distinctive Hotels and Promoting Regional Revitalization — Targeting 6,000 Rooms in Three Years

To further enhance the profitability of this business, it is essential to increase the number of hotels that form its foundation. However, this does not mean developing standardized hotels with uniform exteriors and interiors. Instead, our policy is to create a diverse portfolio of hotels—including luxury and resort properties—tailored to the unique characteristics and needs of each region.

Guided by a strong commitment to regional revitalization, we are strategically advancing new developments through dialogue and collaboration with local governments, chambers of commerce, business



STITCH HOTEL Kyoto, opened on June 30, 2025

associations, and community members. Specifically, we aim to expand our portfolio to 6,000 rooms within the next three years, and we believe this target is well within reach. Looking further ahead, our goal is to operate 10,000 rooms within the next eight years. To achieve this ambitious milestone, we plan to strengthen our business foundation by actively considering M&A opportunities and forming strong partnerships.

Leader’s Message



Yusuke Tateno  
General Manager, Sales Division  
Sun Frontier Hotel Management Inc.

Acting as a Bridge between Customers and Local Communities by Offering Collaboration Plans with Local Businesses

Our mission in the hotel business is to serve as a bridge between customers and local communities. For example, at Sora Niwa Terrace Kyoto, we host tea ceremony and sushi-making workshops in collaboration with local businesses. At Tabino Hotel Hida Takayama, we partner with local restaurants to offer accommodation packages that include recommended dinner menus.

By expanding such initiatives, we aim to foster stronger bonds between hotels, customers, and communities, encouraging guests to develop a sense of attachment to local people, goods, and culture. Through word of mouth, the unique appeal of each region spreads, attracting more visitors and contributing to community revitalization.

Looking ahead, we also plan to expand overseas customer outreach, participating in international travel-related events. Most recently, we visited Taiwan to raise awareness of our hotels, successfully introducing our brand to more than 1,300 people.



Sushi-making experience



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# Other Businesses

(Overseas Development Business and Construction Business)

**Yasushi Yamada**  
Senior Executive Officer  
Head of Business Promotion  
Division and General  
Manager of Business  
Development Department



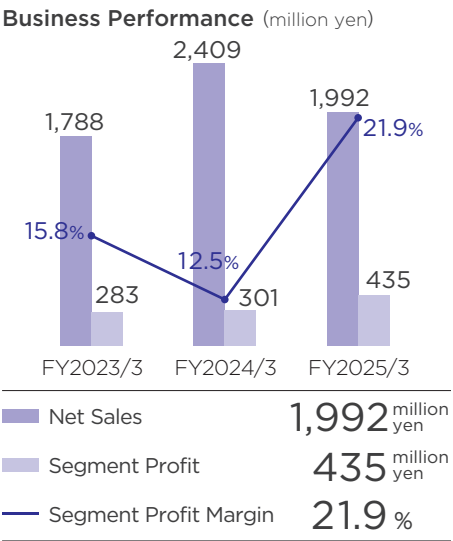
In our Overseas Development Business, we are engaged in the development, sales, and management of high-rise condominiums in Da Nang, a city located in central Vietnam. We provide high-quality living spaces by incorporating Japanese-standard housing equipment, offering residents a safe, comfortable, and modern lifestyle. In our Construction Business, we focus on planning and executing renovations of office spaces, building exteriors, and entrances, while also carrying out interior fit-outs for offices and residences, as well as network installation work for office environments.

## Opportunities and Risks

- Opportunities**
- In Vietnam, private-sector activity is expected to accelerate.
  - Demand for comfortable office environments continues to grow.

- Risks**
- The large number of real estate-related licenses required results in lengthy approval processes.
  - Vietnam is also highly influenced by the U.S. and China, creating exchange rate volatility.
  - Costs of building materials and labor are rising.

In the Overseas Development Business, we develop condominiums in Vietnam that offer superior comfort. In the Construction Business, we are working to increase the number of environmentally conscious properties.



## Introducing expertise that deliver a safe and secure living environment in condominiums in Vietnam.

In Vietnam, we handle every aspect of condominium development and management in Da Nang. Unlike many Japanese companies operating in Vietnam, which typically invest after local developers have prepared planning, design, and approvals, our local staff carry out the entire process—from land selection and acquisition negotiations to planning, design, approvals, project management during construction, sales, and operations. This integrated approach enables us to address the unique housing conditions of Vietnam and strategically advance our business. For instance, building materials

differ significantly from those used in Japan. While gypsum board is standard in Japan, in Vietnam, the common practice is to stack bricks and apply mortar. This sometimes results in issues such as water leakage, even in new buildings. In response, we emphasize quality by stationing both Japanese and local construction supervisors onsite and, wherever possible, using trusted Japanese products. We also focus on hygiene and safety. For example, by installing a raised entryway (kamachi), we encourage residents—including foreigners—to remove their shoes before entering, thereby making it easier to maintain a clean indoor environment. These efforts to provide safe, hygienic, and comfortable living spaces have been highly valued by local customers. Our first project,

HIYORI Garden Tower, sold out on the first day of sales. Currently, we are independently engaged in the development and management of condominium projects, but going forward, we plan to advance our business while also considering collaboration with other Japanese companies and local Vietnamese partners.



Our second project in Vietnam, HIYORI Aqua Tower



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**Riding the tailwind of political developments, we will expand the number of condominiums under the “HIYORI” brand.**

In recent years, following the change of top political leadership in Vietnam, procedures required for projects have been streamlined in an effort to encourage more active participation by private companies. Although the Vietnamese economy is currently experiencing some turbulence during this policy transition period, the environment is steadily improving for private companies, including ours, to enter the housing market.

In the past, foreign companies like ours were required to obtain more than ten different licenses before commencing construction in Vietnam, a process that consumed a considerable amount of time. However, under the current trend toward simplification, efforts are

being made to reduce the number of required licenses, bringing about positive institutional changes.

We regard this as a valuable opportunity for business expansion and plan to actively move forward with the development of new condominiums. In Da Nang, construction has already begun on our second project, *HIYORI Aqua Tower*, and we intend to further increase the number of projects while enhancing the presence of the “HIYORI” brand throughout Vietnam.

**Strengthening the Construction Business by Incorporating Environmental Considerations and Leveraging M&A**

In our Construction Business, we primarily work on value enhancement projects for small-and-mid-sized office buildings in central Tokyo. With more than 500 projects

completed, we are committed to creating “1 cm of comfort”—adjusting even minor details, such as the height of washbasins and the placement of electrical outlets, to ensure tenant comfort.

We also prioritize the use of environmentally conscious building materials and innovative design features. These initiatives have been highly regarded by clients seeking to enhance workplace attractiveness as part of their human capital strategies. However, rising material and labor costs present challenges. To manage this risk, we maintain strong relationships with partner contractors, ensuring stable order volumes and mutually beneficial outcomes. At the same time, we are working to internalize some construction functions and actively pursue M&A to further strengthen our operations.

Aligned with our sustainability materiality of “Environmental Protection,” we are also considering partnerships



Scene from the “Construction Cooperative Association,” which strengthens collaboration with partner companies

with companies possessing advanced eco-friendly construction technologies. Moreover, we are placing strong emphasis on talent acquisition and development as a key driver of our growth strategy. While focusing on career hires, we are also developing training programs to systematically provide construction knowledge and skills, improve productivity, and foster multi-skilled workers.

**Leader’s Message**



Kenji Wakao  
Executive Officer  
General Manager, Construction  
Department, Asset Management  
Division

**Expanding the number of properties with environmental certifications while adopting advanced technologies that minimize environmental impact**

Our mission in the Construction Business is to bring smiles to our clients by providing safe and secure office spaces, while also creating comfortable environments where employees are motivated to come to work. We are now focusing on construction projects that embody both this mission and our strong commitment to environmental protection.

For example, one office building we worked on achieved the highest five-star rating under the **BELS\*** system (Building-Housing Energy-efficiency Labeling System). During the project, we faced the challenge that prioritizing comfort—such as lighting and air conditioning placement—risked non-compliance with certification standards. After much trial and error, we resolved the issue by downsizing the HVAC system, achieving both comfort and compliance. As a result, we were able to deliver an office space that balances functionality with comfort.

Looking ahead, we aim to increase the number of buildings with environmental certifications and expand their recognition in the office market. To achieve this, we will actively introduce advanced renewable energy materials and technologies while steadily promoting environmentally conscious construction that minimizes environmental impact.



An office building awarded the highest 5-star rating under BELS



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\*BELS (Building-Housing Energy-efficiency Labeling System): A system in which the energy efficiency performance of buildings is evaluated and displayed by a third party on a 5-level scale. It enables reliable comparisons of the “energy consumption” of buildings based on common standards. In recent years, BELS has also become a scoring item in ESG evaluations such as GRESB, drawing increasing attention.



Building **Cities**, Empowering **People**  
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Example of Office Building Revitalization in Central Tokyo

# A flagship office designed to support startups, aiming to become the “root space” of each company

Shibuya, a vibrant city constantly generating the latest trends. In this lively district, our Group has created a flagship building that serves as the culmination of our efforts to support startups. This ambitious project, incorporating state-of-the-art facilities and systems, represents both a showcase of our expertise and a new challenge.



Revitalized Property  
Exterior View

**A setup office reflecting Shibuya’s identity as one of Japan’s leading hubs for culture.**

— Could you tell us about the property?  
**Nishimura** This property is a flexible office located in Shibuya, an area with a high concentration of startups, under the theme of “accelerating startup growth.” The project was carried out as part of our Replanning Business. Originally completed in 1998, it is a 7-story building with one basement level. We acquired the property in 2022, and the project, spanning about two years, was completed with its sale last fiscal year.



<b>Ryo Saigyo</b> Property Management Division II	<b>Motoo Nishimura</b> Assistant Manager, Replanning Division	<b>Tatsumasa Seki</b> Assistant Manager, Leasing Management Division II (Shibuya Office)
<b>Yuki Iwasaki</b> Deputy Manager, Construction Division	<b>Seiichi Iida</b> Manager, Construction Division	

- The property has four major features.
- 1. Tenants can start business immediately with just a laptop, as it is fully equipped with networks and Wi-Fi.
  - 2.A wide range of office sizes are offered, tailored to each company’s growth stage—ranging from small 4-seat offices to entire floors accommodating around 30 seats.
  - 3.Flexible lease terms, such as monthly or weekly contracts, allow tenants to adapt to their rapid growth pace.
  - 4.It is an environmentally conscious office equipped with a cutting-edge air conditioning system controlled by smart sensors.

In this way, the building serves as a flagship project—integrating all of our accumulated know-how in supporting startups, while also embracing new challenges.

## Uniting Strengths for Project Success

— What roles did each of you take on?  
**Iida** As a member of the Construction Division, I was responsible for architectural planning, facility upgrades, and legal compliance. Believing that “the growth of startups will shape the future of Japan’s



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economy.” I felt a deep sense of commitment to this project. I am proud that, from Shibuya—a city full of energy—we were able to launch a pioneering initiative that was also a challenge for us.



Ryo Saigyo

**Iwasaki** Also from the Construction Division, I handled concept development, design, and overall planning. The starting point of our discussions as a team was to make this building specialized for startups. We wanted the building to be remembered by startups as their “root space,” the place they recall as their origin when they look back on their journey. Based on this vision, we pursued a design theme of “1970s modern with a nostalgic touch.”

**Saigyo** After the building was completed, I took charge of property management—building and maintaining

relationships with tenants. My role is to prevent even minor problems before they arise and propose preventive maintenance to ensure stable day-to-day operations. Given that the building is packed with new features such as facial recognition and smart sensor air-conditioning, I first focused on fully familiarizing myself with every detail. I also worked closely with other members to share what was happening onsite and apply these insights to improve the project.

**Seki** As part of the Leasing Management Division in Shibuya, I was responsible for property tours with potential tenants. Since I was involved from the planning stage, I fully understood how the design and facilities directly reflected the theme of “accelerating startup growth.” This allowed me to communicate the building’s appeal more convincingly to customers.

**Nishimura** In the Replanning Division, I oversaw everything from acquisition to productization, management, and resale of the property. For this project, I served as the project leader, managing the entire process through to the sale. It was a demanding role, as the project involved many new initiatives, but we worked tirelessly to bring to life the diverse aspirations of all stakeholders. I believe that our team’s dedication and spirit were conveyed to prospective buyers during property tours, leading to their decision to purchase.

Limitless Ambition  
for New Challenges

— What aspects did you focus on?

**Iwasaki** Originally, the basement was used as storage. We transformed it into a stepped lounge suitable for



We introduced “AirPlug™,” a practical application of wireless power transmission technology, enabling automated temperature optimization for medium-sized office buildings.



Common Lounge on the Basement Floor

presentations, along with shared meeting rooms. We also focused on the theme of a “maintenance-free building.” Through discussions since around 2023, we developed a wireless power transmission system for building use. Demonstration tests last autumn showed that electricity usage could be reduced by 36%. Although the initiative faced challenges, this was the first building in Japan to receive approval



Motoo Nishimura



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from the Ministry of Internal Affairs and Communications for building-wide wireless power transmission, which greatly boosted our confidence.

**Iida** As the building was over 20 years old, we not only extended the life of its plumbing systems but also introduced a wireless power-based air-conditioning control system, thereby realizing a comfortable office environment. Originally developed as a technology for pacemaker users, this system aligns with our company’s philosophy of addressing social issues, which is why we adopted it.

**Seki** The new air-conditioning system reduces electricity consumption, thereby lowering monthly costs for tenants who pay both rent and utilities. We also introduced a “community manager,” an onsite staff role dedicated to supporting interaction among tenants—another unique feature.

**Iida** It is my dream to make our offices places of co-creation. I want people to say, “Joining a Sun Frontier setup office leads to growth.”

Harnessing the Legacy of Replanning to Shape the Future

— What are your aspirations for future value creation?

**Seki** With over 25 years of

experience in real estate revitalization, we intend to build upon the voices of our customers and continually refine our projects. Our goal is not only to revitalize individual buildings, but also to revitalize entire communities and contribute to society at large.



**Iida** Real estate revitalization means unlocking the latent potential of each property. To do so, we must continue to grow ourselves. As our business expands into hotels and residential properties, we believe that taking a holistic view of real estate will generate new value, revitalize cities, and ultimately contribute to Japan’s economic development.

**Saigyo** The ideal of our real estate revitalization business is to deliver properties that delight all stakeholders. Many office buildings



built during the economic bubble are now reaching 30 to 40 years of age. As they deteriorate and lose competitiveness, rents stagnate and repairs are delayed, creating a negative spiral. By revitalizing such properties and restoring competitiveness, we aim to create a virtuous cycle that benefits tenants, owners, and ourselves alike—addressing the social issue of building obsolescence through our business.

**Iwasaki** I am now in my 12th year with the company, and through this time I have realized that many of the properties I worked on when I first joined could now be made even better. Over the past decade, I believe both our services and technologies have evolved significantly. Going forward, however, we must further strengthen our differentiation from competitors.

I aim to create spaces tailored to

their purposes—such as areas where people gather or where communication naturally occurs—while adding elements of comfort and functionality. Ultimately, our goal is to accelerate growth, so when I hear that our tenants are expanding and relocating, it truly makes me happy.

**Nishimura** As my colleagues have expressed, our unique value lies in continually adding “something extra”—whether through environmentally friendly practices or design features that foster communication. Above all, we prioritize tenant comfort. Few companies pay as much attention to interior layouts as we do, and I am confident this is one of our strengths. By leveraging these strengths and continuously refining our projects based on frontline feedback, we will continue to pursue real estate revitalization that contributes to revitalizing Japan itself.



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Initiatives for Real Estate Revitalization in New York

# Owning Real Estate in New York. We support the realization of this dream.

New York, the world’s largest economic city. In this vibrant and energetic metropolis, our team members continue to take on new challenges. To fulfill the dreams of clients who aspire to own property in this world-renowned city, we bring together the expertise and meticulous standards cultivated in Japan to provide a safe and secure investment environment.



New York Business Section,  
Planning and Development Department and Building Business Department

**Maiko Amino** Manager   **Akane Ota** Chief   **Shuto Miyano** Assistant Manager   **Shunpei Koyama** Senior Staff

## A Select Team Taking on New Ventures in New York

— Please tell us about the New York Real Estate Revitalization business.

**Amino** The New York Real Estate Division was launched in 2018 as a new challenge within our Replanning Business. We purchase properties that are over 100 years old, revitalize them, and then sell them as income-generating assets to new owners. The core concept is the same as our Replanning Business in Tokyo, but here we focus on residential apartments rather than office buildings. This business was initially started by a single supervisor, but I joined in 2019. Subsequently, colleagues who volunteered internally with the desire to “take on new business challenges” joined, and today the division operates with a team of five in Japan and four



**5th New York Property Project**  
A property located within a 10-minute walk of Times Square, fully renovated throughout the entire building.

locally in New York. Because the work here cannot always be managed with just Tokyo-based experience, the presence of teammates who willingly take on challenges together is truly reassuring.

## Pursuing Business Growth through Cooperation between Japan and the U.S.

— What roles do each of you play?  
**Amino** Until last year, domestic members each acted as project managers for individual properties, taking turns staying in New York for



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two to three months at a time, under the principle that “whoever is on-site handles all matters locally.” Since last year, with the addition of local hires, we have gradually established a clearer division of responsibilities between Japan and New York. Domestic staff now focus on serving clients in Japan and

asset management.  
**Miyano** As a sales representative, I handle client proposals, follow-ups, and reporting on property operations.  
**Koyama** I also focus on the sales aspect, finding buyers in Japan. Currently, I am in charge of our fifth project in New York.  
**Ota** I oversee contract

management, closings, and act as a liaison between Japan and the U.S. As our business expands further, I see my role as supporting the growth of the team by ensuring transactions proceed smoothly and precisely, with foresight into future challenges.

Real Estate with Multiple Layers of Value

— What do you see as the main appeal of New York real estate?

**Amino** I would say it is the ability to create value by preserving the “charm of the old”—what one might call “vintage appeal.” Among the properties we have handled, the oldest was nearly 170 years old. The fact that such historic buildings remain habitable is thanks to New York’s geographic advantage of experiencing few earthquakes. Buildings that retain classic features such as brick walls and fireplaces are particularly popular among New Yorkers.

**Koyama** In addition to the “emotional value” Amino mentioned, another appeal is that rents continue to rise even as buildings age, providing tangible evidence of property value appreciation. For example, the fifth project I am handling is located right next to Times Square—its location

alone is a huge advantage.  
**Miyano** For many Japanese people, owning property in New York is nothing short of a dream. Some clients say, “I never imagined owning property in the world’s top city,” or “I had no idea how to even begin.” Being able to help make such dreams come true through this business is something I find truly meaningful.

Philosophy as the Driving Force to Overcome Challenges

— The overseas business environment must come with its share of difficulties.

**Miyano** Indeed, there are challenges stemming from cultural differences, business customs, and local rules that differ significantly from those in Japan. For me personally, the “language barrier” has been particularly daunting, as I am not fluent in English. When words fail, I try to communicate through actions—for example, working alongside local partners in construction gear to help clear building materials.

**Amino** Situations also arise where what we consider “common sense” in Japan is not the same locally. For instance, when clients from Japan came to view a property,



Property Sold in FY2025/3  
A historic brick building renovated with the latest facilities while retaining its old-world charm



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Maiko Amino

even though schedules had been shared in advance, the site was sometimes left in an incomplete state, with tools left out. In such cases, we step in ourselves to tidy up as much as possible.

**Koyama** I've also felt the differences in what is considered "standard." For example, we carefully consider the placement of toilet paper holders for convenience, but locals often don't care about such details. Still, we insist on these small touches. When difficulties arise, senior colleagues always step in to help, and building better communication through small improvements has been rewarding.

**Amino** It is typical of our company to have people like Koyama, who view trials not as hardships but as opportunities for growth. The ability to commit to fine details—even

down to the placement of a toilet paper holder—comes from our shared philosophy, which aligns our values as employees.

Serving as a Bridge between New York and Japan

— What are your expectations for value creation through this business?

**Ota** When considering the company's future growth, one option was to "take on overseas ventures," and the launch of the New York business stems from that very initiative. It truly embodies our corporate culture of "challenge"—overcoming difficulties together with colleagues to achieve something significant. It is an endeavor that excites me and feels deeply aligned with who we are as a company.

**Amino** New York is a remarkable city: every passerby seems to radiate



Shunpei Koyama

vitality, and simply observing them inspires positivity. Many of our clients are business leaders, and they tell us that being in New York rekindles their hunger and ambition. In such a city, with its unique energy, being able to offer opportunities to invest in real estate—an asset that also provides diversification benefits—is incredibly valuable.



Akane Ota

**Miyano** When I first saw the downtown skyline myself, I was struck with awe: "I never knew a place like this existed." The soaring skyscrapers under the wide sky, the diverse mix of people—experiencing it firsthand made me think how wonderful it would be to own property here. Helping our clients realize the dream of "owning real estate in New York" is a major value we provide today. Looking further ahead, my vision is to create an environment where New York real estate can be managed with the same ease and confidence as properties in Japan.

**Koyama** We want to propose new possibilities even to those who previously thought New York real estate was out of reach or had never considered investing here. By not only delivering finished properties but also providing ongoing management, we want clients to feel assured that their purchase is secure. In this sense, our role is to serve as a true "bridge" between Japan and New York.

**Miyano** Despite New York's reputation as a landlord-friendly city with low vacancy rates, we believe we can add significant value through improvements to residential environments. We will continue to apply the quality standards and expertise cultivated in Japan.

**Amino** Yes, "a bridge" is indeed the right expression. We aim to become a presence that energizes both New York and Japan, and we will approach this mission with even greater energy and passion.



Shuto Miyano



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# At a Glance; Non-Financial Information

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### Cumulative Offset of Greenhouse Gas Emissions



1,252 t-co<sub>2</sub>e

Greenhouse gas emissions generated from real estate revitalization construction are 100% offset by utilizing biomass-derived J-Credits.

### Cumulative Number of Environmentally Certified Properties



17 buildings

The number of environmental certifications obtained during the real estate revitalization project period (average of 1.5 to 2 years) is also increasing.

### Ratio of Female Managers



9.2%

As of April 1, 2025, the ratio of female managers is 9.2%. We aim to increase this to 15% by FY2035.

### Male Childcare Leave Utilization Rate



21.4%

The childcare leave utilization rate for men increased significantly by +11.4 percentage points compared to the previous year.

### Average Years of Service



6.94 years

The average years of service for both male and female employees have been increasing year by year.

### Paid Leave Utilization Rate



66.8%

The acquisition rate exceeds the average of 65.3% reported in the Ministry of Health, Labour and Welfare's 2024 Comprehensive Survey on Working Conditions.

### Training Hours Ratio



12.0%

The goal is to achieve a training hours ratio of 12% or more relative to prescribed working hours.

### Ratio of Outside Directors



40.0%

Out of 10 directors, 4 are independent outside directors.



# Sustainability

Since its founding, our Group has pursued philosophy-based management centered on the spirit of “altruism.” We established our “Sustainability Vision” and “Three Material Issues” based on this philosophy. We are committed to advancing sustainability management toward the realization of a sustainable society and the future beyond.



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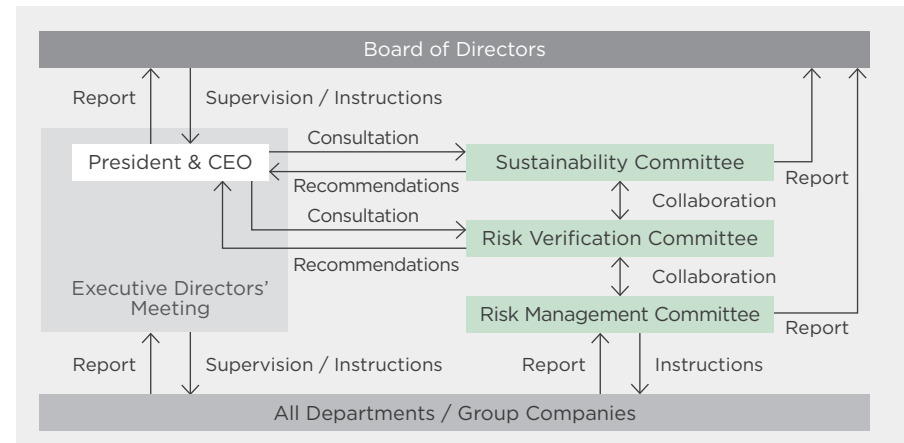
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### Sustainability Vision

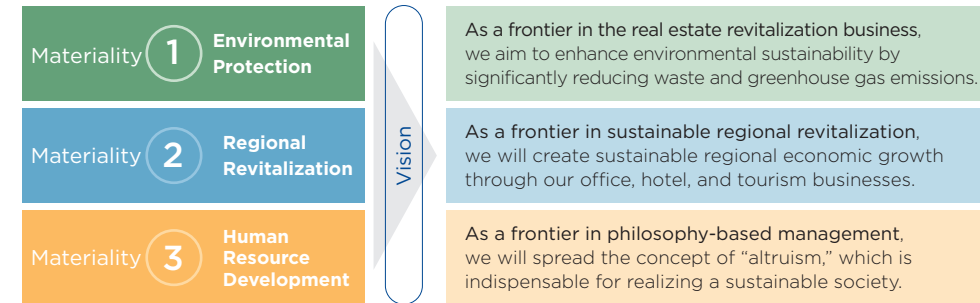
We value our Credo of altruism and will contribute to the realization of a sustainable society through our business activities.

### Sustainability Promotion Framework

To contribute to the realization of a sustainable society and enhance long-term corporate value, we have established a “Sustainability Committee” chaired by the President & CEO, with the Head of the Sustainability Promotion Office as Vice Chair. The committee members include sustainability officers from each business division, with outside officers serving as advisors. Based on our management philosophy and corporate philosophy, the committee strongly promotes initiatives that help address social issues.



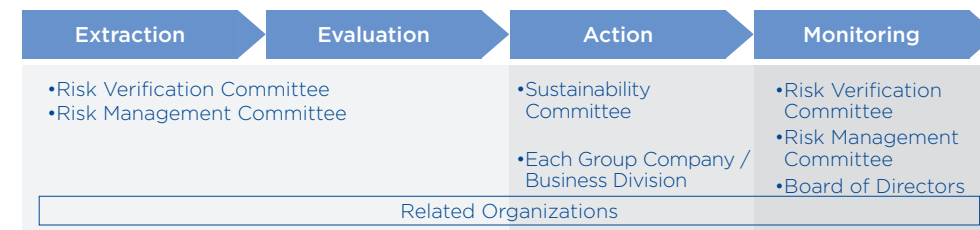
### Three Material Issues



### Materiality Identification Process







While referring to various frameworks such as the SDGs, ISO 26000, and GRI Standards, we integrated the perspectives of stakeholders with those of our management to discuss various social issues that need to be addressed. Through direct dialogue with stakeholders and insights and advice from experts, we organized our awareness and direction, and identified material issues with the approval of the Board of Directors.

### Identification Process





Indicators and Targets

Materiality 1 Environmental Protection

Social Issues to Be Addressed	Key Initiatives	Specific Initiatives	Indicators	KPIs & Targets	FY2024 Results	Related SDGs Goals
Global Warming Caused by Greenhouse Gas Emissions	Reduction of Greenhouse Gas Emissions from Business Activities	Suppression of Greenhouse Gas Emissions from Construction through Real Estate Revitalization	CO <sub>2</sub> Emission Reduction Rate Compared to Building Reconstruction	Reduction Rate: 12% (Theoretical Value)	12.8%	
		Offsetting Greenhouse Gas Emissions from Construction in Real Estate Revitalization through Credits	Carbon Offset Implementation Rate in Real Estate Revitalization Properties	Carbon Offset Implementation Rate: 100%	100%	
		Reduction of Greenhouse Gas Emissions from In-house Business Activities	Greenhouse Gas Emissions (Scope 1, 2)	Compared to FY2022 FY2030: 22% reduction (Annual 2.7% reduction) FY2050: Carbon Neutral	11.7% increase	
		Reduction of Greenhouse Gas Emissions across the Supply Chain (Upstream/Downstream)	Greenhouse Gas Emissions (Scope 3)	—	—	
	Expansion of Renewable Energy Use	Renewable Energy Development Initiatives	Number of Solar Power and Other Facilities Installed in Our Developed Commercial Properties and Hotels	—	—	
Resource Conservation and Waste Reduction (Biodiversity)	Extending the Healthy Lifespan of Real Estate	Extension of Economic Service Life of Buildings through Real Estate Revitalization	Rate of Extension of Economic Service Life	Average Extension Rate: 30% or more	59.5%	
		Improving Occupancy Rates of Aging Buildings through Total Real Estate Support	Occupancy Rate of Buildings Over 30 Years Old	Average Occupancy Rate: 90% or more	92.8%	
	Reducing Environmental Impact in Real Estate Revitalization	Suppression of Resource Input/Waste through Promotion of Real Estate Revitalization	Resource Input/Waste Reduction Rate Compared to Building Reconstruction	Reduction Rate: 40.9% / 49.3% (Theoretical Value)	—	
		Environmentally Friendly Building and Office Development (Initiatives for Environmental Certification)	Environmental Certification Acquisition Rate in New Office Developments *For real estate revitalization/owned buildings, acquisition is considered based on building characteristics	100% Acquisition	—	
Pollution Prevention and Water Conservation	Environmentally Conscious, Safe and Secure Hotel Operations	Reduction of Plastic Waste in Hotel Operations	Plastic Waste Reduction Initiatives (Number of Hotels Implemented)	—	—	
		Thorough Water Sanitation Management in Hotel Operations	Execution Rate of Equipment Inspections such as Water Leak/Quality Checks Number of Hotels Introducing Water-saving Equipment/Fixtures	—	—	

Materiality 2 Regional Revitalization

Social Issues to Be Addressed	Key Initiatives	Specific Initiatives	Indicators	KPIs & Targets	FY2024 Results	Related SDGs Goals
Revitalization of the Regional Economy	Creating Buildings, Offices, and Spaces that Provide “Worthwhile Work” and “Creativity” Contributing to Economic Growth	Promotion of Real Estate Revitalization with Consideration for Well-being	Percentage of Newly Supplied Replanning Properties Exceeding Internal Standards	FY2023: 30% FY2025: 50% FY2030: 70%	76.0%	
			Tenant Survey (Satisfaction Survey) (Company-owned Properties)	Conducted Annually	Completed	



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Materiality 2 Regional Revitalization

Social Issues to Be Addressed	Key Initiatives	Specific Initiatives	Indicators	KPIs & Targets	FY2024 Results	Related SDGs Goals
Response to Increasingly Severe Natural Disasters	Disaster Prevention and Mitigation through Regional Cooperation	Provision of Setup Offices Equipped with Disaster Prevention Tools and Installation Spaces	Number of Office Sections Equipped with Disaster Prevention Tools or Installation Spaces	FY2024: 20 units FY2027 : 50 units FY2030: 75 units	33 units	
		Providing Information to Enhance Tenants' Awareness of Disaster Prevention	Posting Rate of Disaster Prevention Information on Dedicated Websites (Company-owned Properties)	100%	100%	
Decline in Japan's Working Population Due to Declining Birthrate and Aging Population	Creating Buildings, Offices, and Spaces that Provide "Worthwhile Work" and "Creativity" Contributing to Economic Growth	Expansion of Conversions and Provision of Assets to Address Regional Issues	Provision of Real Estate Products Addressing Declining Birthrate, Aging Population, and Other Regional Issues	—	—	 
Decline of Regional Economies Due to Overconcentration in Urban Areas / Depopulation in Rural Areas	Solving Regional Issues through Community Revitalization	Participation in Regional Activities at Each Hotel Regional Revitalization Projects Centered on Sado	Acquisition of SDGs Partnership Certifications Promoted by Local Governments and Participation in Regional Activities	—	—	

Materiality 3 Human Resource Development

Social Issues to Be Addressed	Key Initiatives	Specific Initiatives	Indicators	KPIs & Targets	FY2024 Results	Related SDGs Goals
Decline in the Working-Age Population (Reduction in Actual Labor Force) Due to Declining Birthrate and Aging Population, and Elimination of the Gender Gap	Respect and Utilization of Diversity	Development of Workplace Environments and Provision of Flexible Training Opportunities Tailored to Employees' Life Stages	Ratio of Female Managers (Sun Frontier <i>Fudousan</i> )	FY2035: 15% or more	9.2% (As of April 1, 2025)	
		Enhancement of Systems that Respect Diversity	Considering the Introduction of Various Systems	—	—	
		Acquisition of Third-party Certifications Measuring Corporate Diversity	Efforts to Obtain Third-party Certifications	—	—	
	Creating Workplaces with "Worthwhile Work," "Creativity," and "Opportunities for Growth"	Development of Next-generation Leadership Programs and Support Systems for External Training	Training Hours Ratio to Prescribed Working Hours (Sun Frontier <i>Fudousan</i> )	12% or more	12.0%	
		Utilization of DX, Business Process Improvements, and Enhancement of Individual Capabilities	Ordinary Profit per Hour (Per Full-time Employee at Sun Frontier <i>Fudousan</i> )	Increase year-on-year	Achieved (35.6% Increase)	
		Holding Seminars Aimed at Promoting Employees' Physical and Mental Health, Creating an Environment Where Each Employee Can Work in Good Health Both Physically and Mentally	Seminars Conducted by Industrial Physicians, etc.	Twice or more annually	—	
		Office Environment Improvement	Promotion of Health and Productivity Management	—	—	



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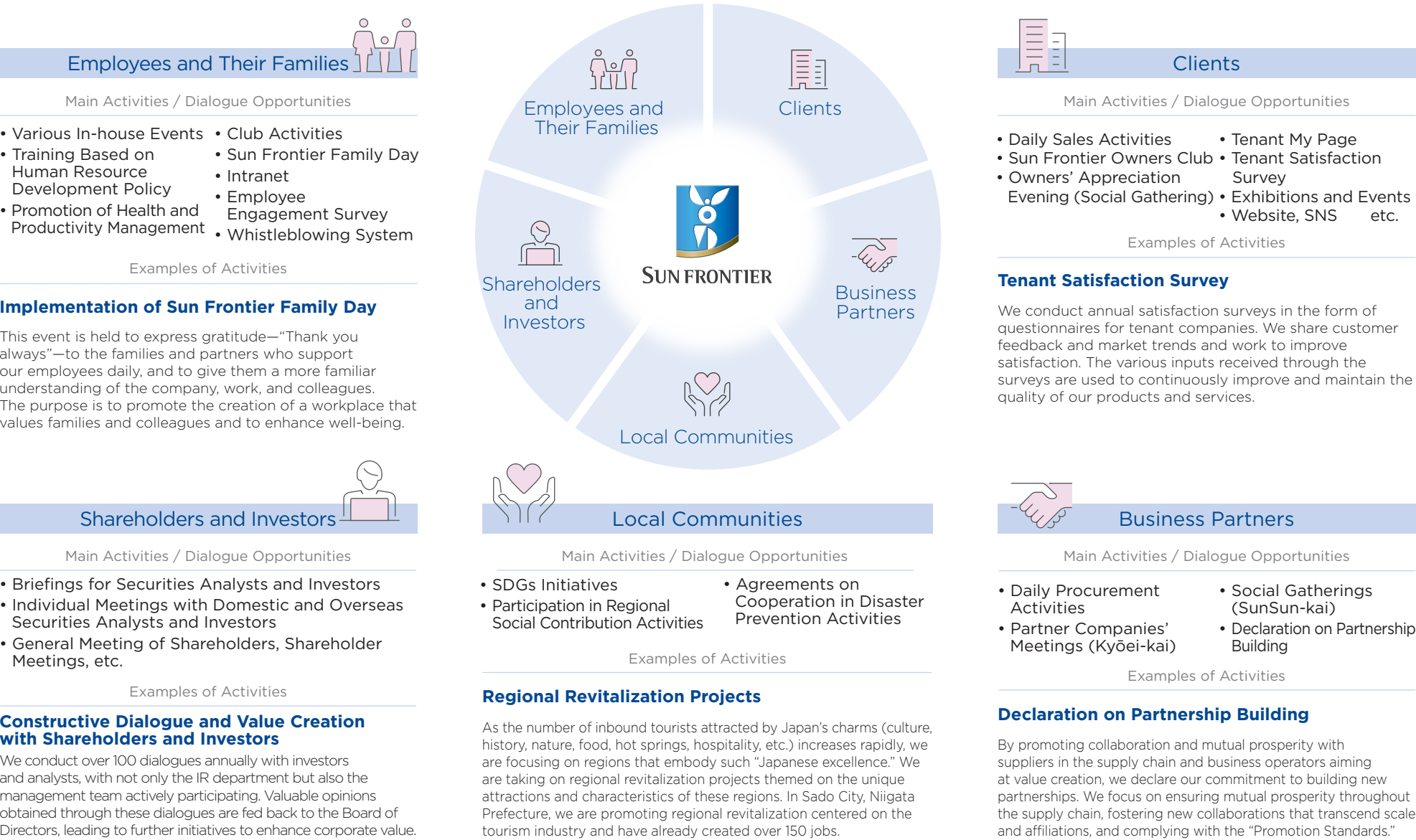
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# Policy and Approach on Stakeholder Engagement

At Sun Frontier Group, we value dialogue with all stakeholders involved with our Group—including employees and their families, customers, business partners, shareholders and investors, and local communities. We strive to build good relationships with them and aim to evolve into a group that works together with stakeholders to address social issues and continuously take on the challenge of creating future value.



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Materiality 1 Environmental Protection

Vision

As a frontier in the real estate revitalization business, we aim to enhance environmental sustainability by significantly reducing waste and greenhouse gas emissions.

Based on our corporate philosophy of “avoiding the waste of limited resources,” as a frontier in the real estate revitalization business, we have set concrete initiatives and KPIs such as extending the economic service life of office buildings and achieving high occupancy through sound management and operations, with the aim of solving social issues.

Social Issues to Be Addressed	Key Initiatives	Specific Initiatives and Targets (KPIs)		
Global Warming Caused by Greenhouse Gas Emissions	•Reduction of Greenhouse Gas Emissions from Business Activities •Expansion of Renewable Energy Use	Suppression of Greenhouse Gas Emissions from Construction through Real Estate Revitalization	CO <sub>2</sub> Emission Reduction Rate Compared to Building Reconstruction	Average Reduction of 12% or More (Theoretical Value)
		Offsetting Greenhouse Gas Emissions from Construction in Real Estate Revitalization through Credits	Carbon Offset Implementation Rate in Real Estate Revitalization Properties	Carbon Offset Implementation Rate 100%
		Reduction of Greenhouse Gas Emissions from In-house Business Activities	Greenhouse Gas Emissions (Scope1,2)	FY2030 22% Reduction (Compared to FY2022) (Annual 2.7% Reduction) FY2050 Carbon Neutral
Resource Conservation and Waste Reduction (Biodiversity)	•Extending the Healthy Lifespan of Real Estate •Reducing Environmental Impact in Real Estate Revitalization	Extension of Economic Service Life of Buildings through Real Estate Revitalization Construction	Rate of Extension of Economic Service Life	Average Extension Rate 30% or More
		Improving Occupancy Rates of Aging Buildings through Total Real Estate Support	Occupancy Rate of Buildings Over 30 Years Old	Average Occupancy Rate 90% or More
			Building Management Continuation Rate to Achieve the Above (Occupancy Rate of Buildings Over 30 Years Old)	Building Management Continuation Rate 90% or More
		Suppression of Resource Input/Waste through Promotion of Real Estate Revitalization	Resource Input/Waste Reduction Rate Compared to Building Reconstruction	Suppression Rate 40.9%/49.3% (Theoretical Value)
		Environmentally Friendly Building and Office Development (Initiatives for Environmental Certification)	Environmental Certification Acquisition Rate in New Office Developments	100% Acquisition



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# Climate Change Initiatives

## Disclosure Based on TCFD Recommendations

To accurately understand how climate change-related risks and opportunities may affect corporate management, including finance, we recommend disclosure aligned with the four elements—“Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets”—and continue to enhance disclosures based on the four items required by the TCFD recommendations.

Disclosure Elements	Overview
Governance	We recognize response to climate change and environmental issues as critical management priorities. The Sustainability Committee collaborates with the Risk Verification Committee to compile risks and opportunities and regularly reports them to the Board of Directors. The Board supervises the progress of initiatives discussed and reported by the executive departments and addresses related issues as agenda items at least once a year.
Strategy	Based on the TCFD recommendations, we conducted scenario analysis to identify climate change-related risks and opportunities. Using scientific evidence such as that from the International Energy Agency (IEA), we defined 1.5°C and 4°C scenarios and assessed the significance of climate-related risks and opportunities that could impact our business by 2030.
Risk Management	We have established a Sustainability Committee and formulated company-wide risk management regulations to address overall sustainability issues, including climate change. The Risk Verification Committee extracts and evaluates risks reported by the Risk Management Committee, after which the Sustainability Committee considers response measures. Risk responses are implemented by each business division and Group company. Furthermore, the Risk Management Committee reports on comprehensive risk management status and responses to the Board of Directors.
Metrics and Targets	We calculate greenhouse gas emissions as an indicator for evaluating climate change-related risks and opportunities. In FY2021 and FY2022, we calculated Scope 1 emissions (fuel use: CO <sub>2</sub> ), Scope 2 emissions (purchased electricity: CO <sub>2</sub> ), and Scope 3 emissions (other indirect emissions: CO <sub>2</sub> ). Going forward, we will continue to monitor greenhouse gas emissions, expand the coverage, pursue reductions, and advance the development of systems and target setting.

### List of Risks and Opportunities

Among the risks and opportunities we have identified, those with a business impact level of “medium” or higher are listed.

Major Category	Subcategory	Details of Risks and Opportunities	Impact on Business and Finance		Timing of Risk Occurrence
			1.5°C	4°C	
Overall					
Transition Risk	Reputation	Stakeholder Concerns about Insufficient ESG Responses	Medium	—	Medium to Long Term
Real Estate Revitalization Business					
Transition Risk	Policy and Regulation	Raising energy efficiency standards to be met in repairs results in additional capital investment costs	Medium	—	Short Term
Physical Risk	Chronic	Increased costs for upgrading air conditioning equipment in owned properties and rising energy costs	Small	Medium	Medium Term
Opportunity	Products and Services	Improvement of environmental performance of properties through replanning increases sales prices to investors and building owners	Medium	Medium	Short Term
Hotel and Tourism Business					
Transition Risk	Policy and Regulation	Growing tendency to pursue high environmental performance construction results in shortages of high-performance materials and rising labor costs due to concentrated construction	Medium	—	Medium Term
Opportunity	Products and Services	Contributing to regional conservation and coexistence with nature in areas where hotels are located enhances reputation and increases guest numbers	Medium	Medium	Medium Term



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Metrics and Targets

Greenhouse Gas Emissions (Unit: t-CO<sub>2</sub>e)

Consolidated	FY2022 Annual Emissions	FY2023 Annual Emissions	FY2024 Annual Emissions
Scope 1	3,238	3,392	3,642
Scope2	7,634	7,281	7,608
Scope3	—	—	210,557

Non-consolidated	FY2022 Annual Emissions	FY2023 Annual Emissions	FY2024 Annual Emissions
Scope 1	0.0	0.0	0.0
Scope2	213	88	162
Scope3	153,108	148,641	168,918

Notes:  
Scope1: Emissions from gas and gasoline use  
Scope2: Emissions from electricity use  
Scope3: Other indirect emissions  
• Calculation Periods: FY2022 (Apr 2022 – Mar 2023), FY2023 (Apr 2023 – Mar 2024), FY2024 (Apr 2024 – Mar 2025)  
• Disclosure Scope: Domestic and overseas consolidated subsidiaries  
• Calculation Method: Market-based

Among the two methods—location-based (calculated using Japan's average emission factor) and market-based (calculated using emission factors of individual power companies)—we adopt the latter, the market-based method.

Emission factors used for Scope 2: Actual emission factors of electricity suppliers for FY2021, FY2022, and FY2023

From FY2024, the calculation scope for Scope 3 has been expanded to the entire consolidated Group.  
(From FY2022 to FY2023, only the Replanning Business was included.)  
For Category 1 calculations, from FY2024 we adopted the Recycled Content Method (Cut-off Method).

Greenhouse Gas Emission Reduction Targets (Compared to FY2022)

	FY2030	FY2050	FY2024 Result
Total Scope 1 and Scope 2	22% Reduction (Annual 2.7% Reduction)	Carbon Neutral	3.5% Increase

Calculation Method for Scope 3 Greenhouse Gas Emissions

Classification	Category Details	Calculation Method
Category 1	Purchased Goods and Services	Multiply the amount recorded as cost of goods sold and inventories during the fiscal year by the emission factor
Category 2	Capital Goods	Multiply the increase in fixed assets during the fiscal year by the emission factor
Category 3	Fuel- and Energy-related Activities	Multiply the energy consumption calculated under Scope 1/2 by the emission factor
Category 4	Upstream Transportation and Distribution	Not applicable
Category 5	Waste Generated in Operations	Multiply the amount of industrial waste disposed of by us as the waste generator during the fiscal year by the emission factor
Category 6	Business Travel	Calculated by multiplying the annual business travel expenses by the emission factor
Category 7	Employee Commuting	Calculated by multiplying the number of employees at fiscal year-end by the number of business days and then by the emission factor
Category 8	Upstream Leased Assets	Not applicable
Category 9	Downstream Transportation and Distribution	Not applicable
Category 10	Processing of Sold Products	Not applicable
Category 11	Use of Sold Products	Calculated by multiplying the total floor area of properties sold during the fiscal year by the remaining useful life and then by the emission factor
Category 12	End-of-life Treatment of Sold Products	Calculated by multiplying the total floor area of properties sold during the fiscal year by the waste unit factor and emission factor
Category 13	Downstream Leased Assets	Calculated by multiplying the energy consumption of tenants occupying leased properties during the fiscal year by the emission factor
Category 14	Franchises	Not applicable
Category 15	Investments	Not applicable

# Biodiversity Conservation

## Policy on Environmental Conservation, Natural Capital, and Biodiversity

### Environmental Philosophy

In the 21st century, human ego has led to serious problems such as environmental destruction, resource depletion, global warming, and the emergence of water risks. With the aspiration of “Happiness to People, Love to the Earth,” we recognize the impact of our business activities on the global environment, biodiversity, and water resources, and aim to contribute to the progress and development of human society by realizing an environmentally friendly circular business model that reduces waste of resources and environmental destruction. Under our corporate philosophy of “avoiding the waste of non-reproducible resources and contributing to the lasting prosperity of humanity, flora, and fauna on Earth,” we seek to coexist with the global environment, promote the effective use of resources and environmental conservation through our business activities, and endeavor to preserve natural capital and biodiversity, thereby contributing proactively and continuously to environmental protection.

### Business Policy

To reduce the waste of fossil resources, we will develop a real estate business based on the principles of regeneration, utilization, and circulation.



### Announcement of Endorsement of the “Keidanren Declaration of Biodiversity and Action Guidelines” and Participation in the “Keidanren Biodiversity Initiative”

Our Group has expressed its endorsement of the “Keidanren Declaration of Biodiversity and Action Guidelines”<sup>1</sup> and has joined the “Keidanren Biodiversity Initiative”<sup>2</sup>, which is composed of supporting companies and organizations, to further promote effective resource use and environmental conservation through our business activities, as well as the preservation of natural capital and biodiversity.

### Action Guidelines

- 1

We engage in the following environmental conservation activities, striving to reduce environmental impact, prevent pollution, and mitigate or avoid adverse impacts on natural capital and biodiversity.

  - Through our business, we will improve the efficiency of resource use, and provide products and services that contribute to reducing greenhouse gas emissions, conserving resources and reducing waste, preventing pollution, and conserving water resources.
  - With a constant focus on customer satisfaction and social contribution, we will strive to form a circular society where our business coexists with the environment itself.
  - As part of our voluntary management activities, we will conserve energy, save resources, and reduce water consumption.
  - We will raise awareness of environmental contribution among stakeholders, and, in cooperation with customers and building management companies, engage in energy-saving activities, waste reduction, and conservation of water resources and ecosystems in our owned buildings.
  - We will actively participate in volunteer activities such as cleaning and tree-planting.
- 2

In our business activities, we will comply with environmental laws, regulations, and other requirements.
- 3

We have designated “Environmental Protection” as one of our material issues in sustainability management. To achieve this policy on environmental conservation and biodiversity, we set specific initiatives and KPIs, conduct regular reviews and revisions by the Sustainability Committee, and strive for continuous improvement.
- 4

We will promote environmental education and awareness-raising activities to enhance employees’ environmental awareness, while publicly disclosing our policy on environmental conservation, natural capital, and biodiversity.

Notes:

1. “Keidanren Declaration of Biodiversity and Action Guidelines”  
<https://www.keidanren.net/kncf/en/committee/guidelines>

2. “Keidanren Biodiversity Initiative”  
[https://www.keidanren-biodiversity.jp/logo\\_en.php](https://www.keidanren-biodiversity.jp/logo_en.php)



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# Examples of Environmental Protection Initiatives



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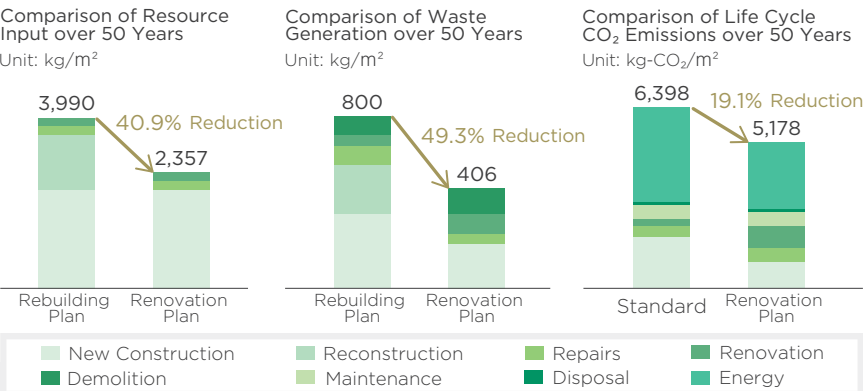
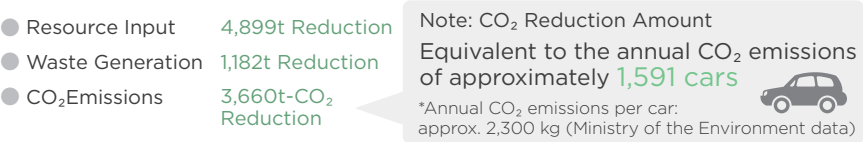
### 1 Real Estate Revitalization in Harmony with the Environment

In our real estate revitalization business, rather than simply demolishing and rebuilding aging buildings, we identify and maximize their potential, revitalizing them into highly profitable, functional buildings. In doing so, we suppress the waste of fossil resources, enhance resource productivity, and promote the business as one that coexists with the environment.

To measure the environmental contribution of our real estate revitalization business, we conducted simulations using the Architectural Institute of Japan's LCA Tool<sup>1</sup>, assuming 50 years of building operation, and estimated resource inputs, waste generation, and reductions in LCCO<sub>2</sub><sup>2</sup>. The simulation was based on an office building—the most common type in our revitalization projects—in terms of age and floor area.

Notes:  
1. Building LCA Tool Ver.5.0 - Evaluation Tool for Global Warming, Resource Consumption, and Waste Measures  
2. Life Cycle CO<sub>2</sub> (LCCO<sub>2</sub>): Evaluation of CO<sub>2</sub> emissions throughout all stages, from product manufacturing, transportation, sales, use, disposal, to reuse

#### Comparison with Rebuilding and Standard Buildings



**Premises and Basis**

We selected a 30-year-old, approximately 3,000m<sup>2</sup> central Tokyo office building as the model, and estimated its environmental contribution over 50 years (the service life of SRC office buildings).

Rebuilding: In cases where the building is rebuilt every 35 years  
Renovation: Revitalizing aging buildings without demolition (long-life buildings)  
Standard: Assuming an unrenovated 30-year-old building

### 2 An Era of Recycling in Office Relocation

In office leasing, it is customary to dismantle and remove all partitions, fittings, interiors, and equipment when tenants vacate, returning the space to its original condition, which results in resource waste. Since 2009, motivated by the idea of “mottainai” (no waste), we have been operating “Sonomanma Office,” a search site for furnished setup offices.



Sonomanma Office  
<https://www.so-office.jp/>

### 3 Initiatives for Third-party Certification

For six properties under our management, we have obtained “BELS” certification, an evaluation system stipulated under the 2016 Ministry of Land, Infrastructure, Transport and Tourism Notification No. 489 “Guidelines for Energy Consumption Performance of Buildings,” based on the Act on the Improvement of Energy Consumption Performance of Buildings. We will continue to promote the acquisition of environmental and other certifications.



### 4 Initiatives for Greenhouse Gas Reduction

As part of our efforts to reduce greenhouse gases, we installed a solar power generation system on the rooftop of “Tabino Hotel Kashima” and also introduced storage batteries to reduce peak electricity demand. As a result, approximately 15% of the annual electricity consumption can now be covered by renewable energy.



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Materiality 2 Regional Revitalization



**Vision**

As a frontier in sustainable regional revitalization, we aim to create sustainable economic growth in local communities through offices, hotels, and tourism businesses.

Through the office buildings we provide in our real estate revitalization business and the hotels and tourism facilities we operate, we aim to revitalize surrounding communities, create lively and vibrant areas, and work together with users and local residents on disaster prevention and mitigation, thereby realizing a sustainable society together with the community.

Social Issues to Be Addressed	Key Initiatives	Specific Initiatives and Targets (KPIs)		
Revitalization of Local Economies	•Development of Buildings, Offices, and Spaces that Provide “Work Satisfaction” and “Creativity” Contributing to Economic Growth	Promotion of Real Estate Revitalization with Consideration for Well-being	Ratio of Newly Supplied Replanning Properties That Exceed Internal Standards	FY2023 30% FY2025 50% FY2030 70%  Tenant Satisfaction Survey (Company-owned Properties) Conducted Annually
Response to Increasingly Severe Natural Disasters	•Disaster Prevention and Mitigation through Regional Collaboration	Provision of Setup Offices Equipped with Disaster Preparedness Tools or Dedicated Installation Space		FY2024 20 units FY2027 50 units FY2030 75 units
		Provision of Information to Enhance Tenants’ Disaster Preparedness Awareness	Posting Rate of Disaster Preparedness Information on Dedicated Website (Company-owned Properties)	100%
Decline of Local Economies due to Urban Centralization Depopulation in Rural Areas	•Addressing Regional Issues through Community Revitalization	Participation in Regional Activities by Each Hotel Regional Revitalization Projects Centered on Sado	Acquisition of SDGs Partnership Certifications Promoted by Local Governments, and Participation in Regional Activities	



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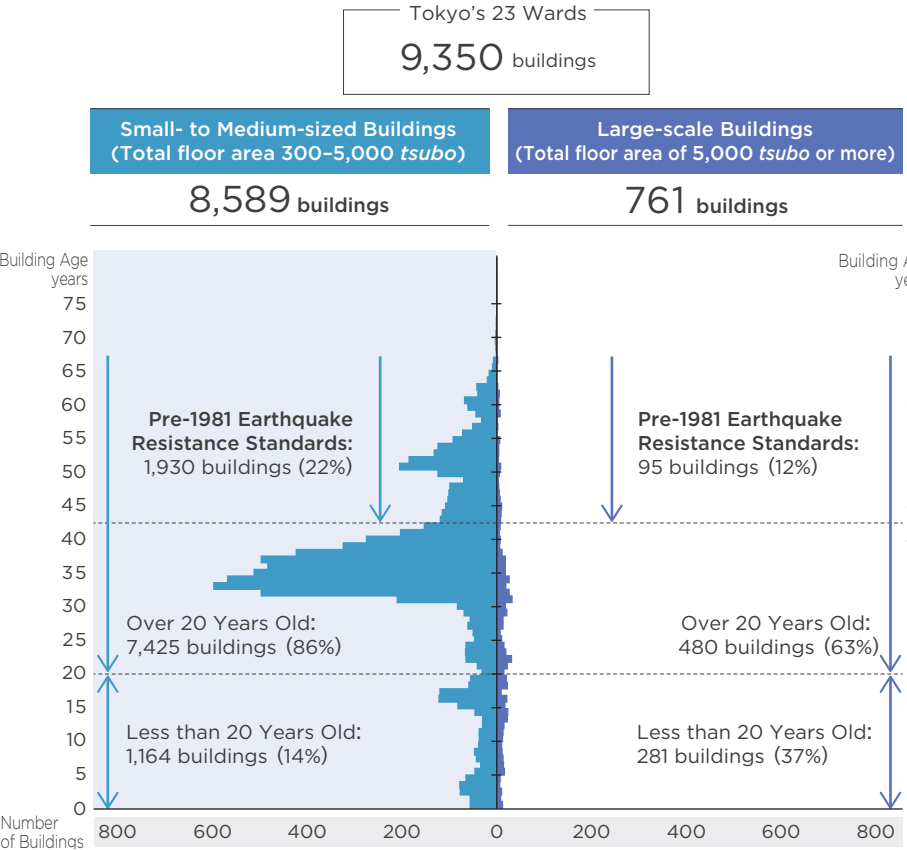
# Revitalization of the Regional Economies

Through office buildings, hotels, and tourism facilities, we create vibrancy in local communities while working with users and residents on disaster prevention and mitigation, aiming to realize a sustainable society.

### Achievements and Challenges

In Tokyo's 23 wards, small- and medium-sized buildings account for about 90% of the total, with approximately 80% of those being over 20 years old. Many such aging buildings lack proper management. Through our real estate revitalization business, we minimize waste of resources and promote the regeneration of aging buildings into their most suitable uses via renovations and conversions, thereby bringing renewed vitality. This contributes to building a sustainable urban environment while addressing community and social challenges.

#### Number of Office Buildings in Tokyo's 23 Wards



Source: Created by the Company based on "Tokyo 23 Wards Office Pyramid 2025 (by number of buildings)" (Xymax Real Estate Institute)

### Promotion of Real Estate Revitalization with Consideration for Well-being

Regional Revitalization is positioned as one of our three material issues. One specific initiative to address this issue is the "Promotion of Real Estate Revitalization with Consideration for Well-being." To advance this, we established and began operating our in-house evaluation standard, the "Sun Frontier Wellness Score (SWS)," in FY2022

#### Overview of Sun Frontier Wellness Score (SWS)

Referring to the evaluation standards of CASBEE Wellness Office, developed and operated by the General Incorporated Foundation Center for Housing and Building SDGs, we assess 44 selected items relevant to medium-sized offices across five dimensions: "Health & Comfort," "Convenience," "Safety & Security," "Operations & Management," and "Programs."

#### Operational Status in FY2024

In FY2024 (April 1, 2024 to March 31, 2025), 25 properties were evaluated, of which 19 met the SWS (in-house) standards, resulting in a 76% provision rate. We will continue striving to further increase the proportion of properties that meet the SWS standards.

#### Ratio of Newly Supplied Replanning Properties Meeting SWS Standards

Target	FY2023	30% or more	FY2025	50% or more	FY2030	70% or more
	Result	FY2023	68.8% or more	FY2024	76.0% or more	

#### Case Study of Building Revitalization Using SWS

A West Coast-inspired interior concept was clearly reflected in private areas, with a central table to promote employee interaction, emphasizing functionality. Lighting and interiors were designed in an integrated manner to create the appropriate atmosphere for each use. Preliminary checks using interior perspectives were conducted, while common areas combined unity with high design quality.



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# Disaster Prevention and Mitigation Initiatives

Our Group, as a “Frontier in Sustainable Regional Revitalization,” aims to foster sustainable economic growth in local communities through office, hotel, and tourism businesses. To safeguard this foundation, we are strengthening measures against natural disasters and working together with local communities and tenants to advance disaster prevention and mitigation.

## 1 | Disaster Prevention and Mitigation through Regional Collaboration

We place great importance on fulfilling our role as a member of the community in times of disaster and are enhancing collaboration with municipalities and local residents. As part of these efforts, *HIYORI Ocean Resort Okinawa* has entered into a “Disaster Prevention Cooperation Agreement” with Onna Village, Okinawa Prefecture. Leveraging its elevated location, the resort is opened as an emergency evacuation site. In addition, it provides disaster supplies, food, and rest areas for stranded individuals and temporary evacuees, thereby supporting the safety of local residents. Furthermore, through regular disaster drills and the establishment of safety confirmation systems, we are raising the disaster awareness of each employee while simultaneously contributing to the enhancement of regional disaster resilience. At our Group hotels across Japan, we aim to serve as reliable bases of safety for local communities in the event of a disaster. Such collaboration with local communities embodies our corporate mission of “providing safety and security to society,” and we will continue to expand partnerships tailored to regional circumstances to contribute to building disaster-resilient communities.



### Key Provisions of the Agreement

Under the agreement with Onna Village, *HIYORI Ocean Resort Okinawa* will:

- 1 Open its facilities as an emergency evacuation site;
- 2 Provide disaster supplies and stored food;
- 3 Offer rest areas for stranded or temporarily evacuated individuals; and
- 4 Facilitate information-sharing to strengthen community disaster resilience.

A photograph showing various disaster supplies, including several white plastic water bottles, black and red containers, and other emergency provisions arranged on a table.

## 2 | Setup Offices Equipped with Disaster Preparedness Tools and Dedicated Space

Our setup offices incorporate disaster preparedness tools and dedicated storage space in advance, enabling tenants to be prepared from the time of move-in. This allows tenant companies to enhance their disaster readiness while reducing the burden of initial installation. In FY2024, 33 units were provided, with a target of 75 units by FY2030. By providing setup offices equipped with disaster preparedness tools and dedicated space, we aim to expand “office environments that raise disaster awareness,” thereby helping to ensure business continuity for companies and peace of mind for their employees.



## 3 | Provision of Information to Enhance Tenants’ Disaster Preparedness Awareness

Our company actively disseminates disaster-related information through a dedicated tenant website, supporting the enhancement of tenants’ disaster preparedness awareness. In company-owned buildings, 100% of disaster response procedures and evacuation information are published on the dedicated website, establishing a system that enables quick access to necessary information. In addition, we provide disaster manuals and reference materials for BCP (Business Continuity Plans) to support preparedness actions. Beyond simply providing office space, we value our role as a partner who safeguards safety alongside our tenants through office management.



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# Regional Revitalization Business

When local regions thrive, Japan thrives. With the rapid increase of travelers fascinated by Japan's culture, history, nature, cuisine, hot springs, and hospitality, we are focusing on regions that embody the charm of "Japan's uniqueness," taking on regional revitalization projects that leverage their distinctive appeal.

## Regional Revitalization Initiatives Centered on Hotels

In 2017, we established Sun Frontier Sado and began full-scale regional revitalization projects, starting with Sado City in Niigata Prefecture, which we know well. Under the theme "Revitalize Sado through Tourism!", we are leveraging the appeal of this destination blessed with attractions Japan is proud of. Centered on hotels, we are developing businesses such as taxis, sightseeing buses, and rental cars to revitalize the community, aiming to provide a model of regional revitalization nationwide.

Furthermore, the circle of regional revitalization projects continues to expand to Miyakojima City in Okinawa Prefecture, Rokkasho Village in Aomori Prefecture, and Sakata City in Yamagata Prefecture.

## Participation in Regional Activities at Each Hotel

At hotels operated by our Group throughout Japan, we are promoting initiatives aligned with the SDGs, with the goal of obtaining SDGs-related certifications from local governments for all hotels. Guided by the mottos of "sustainable tourism" and "revitalizing communities," we prioritize the preservation of regional culture and the environment, and actively promote diverse initiatives.

### Examples of Activities

#### Tabino Hotel Sado



We welcome local elementary school students for "Town Exploration" visits, allowing them to observe bed-making and large baths.

#### Tabino Hotel Kashima



A community food drive initiative "Kizuna BOX" has been set up in the hotel, where guests and staff together participate in activities that support the local community.

## Initiatives in Each Region

**1** Tabino Hotel Sado

**2** Tabino Hotel Live Sado

**3** Donden Highland Lodge

**4** Sado Outdoor Base

**5** Kigaru Rent a Car

**6** HOTEL OOSADO

**7** HOTEL AZUMA

**8** Guesthouse Le Bleu Sado SAWANE

**9** Tabino Hotel Rokkasho (Scheduled to open October 2026)

**10** Tabino Hotel lit Sakata (Scheduled to open January 2027)

**11** Tabino Hotel lit Miyakojima (Opened June 2021)

**12** Operation of Coral Port restaurant inside Miyako Shimojishima Airport

World Cultural Heritage Aikawa Tsuruko Gold and Silver Mine

World Cultural Heritage Nishimikawa Gold Mine

Sado Island, Niigata Prefecture

Ryōtsu Port

Rokkasho Village, Aomori Prefecture

Sakata City, Yamagata Prefecture

Miyakojima City, Okinawa Prefecture

気軽にレンタカー Kigaru Rent a Car

おけさ観光タクシー Okesa Kanko Taxi Co., Ltd



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Vision

As a frontier in Philosophy Management, we aim to spread the concept of “Altruism,” which is essential for realizing a sustainable society.

Since our founding, our Group has consistently managed its business based on the philosophy of “Altruism” as our corporate credo. We pursue human resource development grounded in ethics, morality, and the values of integrity and compassion as the foundation of humanity, while aiming to create a workplace environment that offers “work satisfaction,” “creativity,” and “opportunities for growth.”

Social Issues to Be Addressed	Key Initiatives	Specific Initiatives and Targets (KPIs)
<p>Declining working-age population due to low birthrate and aging society (effective labor force decline) and elimination of the gender gap</p>	•Respect for and utilization of diversity	Improvement of workplace environments and provision of flexible training opportunities tailored to employees' life stages
		Ratio of Female Managers (Sun Frontier <i>Fudousan</i> ) 15% or more by FY2035
		Enhancement of systems that respect diversity
	•Creating workplaces that provide “work satisfaction,” “creativity,” and “growth opportunities”	Consideration of introducing various systems
		Acquisition of third-party certifications measuring corporate diversity
		Initiatives to obtain third-party certifications
		Development of Next-generation Leadership Programs and Support Systems for External Training
		Ratio of Training Hours to Prescribed Working Hours (Sun Frontier <i>Fudousan</i> ) 12% or more
		Utilization of DX, Business Process Improvements, and Enhancement of Individual Capabilities
		Ordinary Profit per Hour Worked (Per full-time employee at Sun Frontier <i>Fudousan</i> ) Increase year-on-year
		Holding Seminars Aimed at Promoting Employees' Physical and Mental Health, Creating an Environment Where Each Employee Can Work in Good Health Both Physically and Mentally
		Holding seminars by industrial physicians, etc. At least twice a year
		Improvement of office environments
		Promotion of Health and Productivity Management



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# Cultivating People with an “Altruistic Spirit” to Build a Corporate Group That Contributes to Society

Masaki Oikawa

General Manager,  
Human Resources Department &  
Human Resources Department,  
Corporate Administration Division



Mitsuhiro Ninomiya

Executive Director,  
Senior Executive Officer,  
Head of Corporate  
Administration Division



Hisae Yokoi

General Manager,  
General Affairs Department,  
Corporate Administration Division



## Individual Fulfillment and Growth Drive Increases in Corporate Value

### Empathy with Our Management Philosophy Is the Core of Hiring

— Sun Frontier Fudousan practices philosophy-driven management centered on the corporate credo of “Altruism.” How is this reflected in HR policies and initiatives?

**Oikawa** As a corporate value, the conviction that “the purpose of life is to help others as many as we can throughout our lives” is deeply rooted

within our company. For example, among our action guidelines is the item “Work for your colleagues.” This is based on the idea that by first being of service to those around us, we ultimately contribute to helping our clients.

First and foremost, at the hiring stage we welcome people who resonate with this belief. As a result, many employees approach their work with the motivation to “do something for others” and “work hard for others.”

**Ninomiya** No matter how capable a person may be, it is vital that they share this value. While some may be driven solely to boost sales or focus on personal success, we place importance on hiring and developing people who want to help many through real estate and to make society better.

Clients feel “I can trust this person” and “I can entrust my valuable assets to this person” because they recognize the person’s character and earnest attitude

toward work. In short, what matters most is the person’s mindset.

Accordingly, our employee education does not focus solely on real-estate knowledge or skills; we first emphasize philosophy, ways of thinking, and integrity as human beings. For example, our new-employee training includes visiting Kagoshima—the birthplace of many great figures who accomplished the Meiji Restoration and laid the foundations of modern



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Japan, and a place closely associated with Kazuo Inamori, the proponent of Amoeba Management and a key source of our management philosophy. Our people-development program begins by encouraging employees to reflect on fundamental questions such as “How will I use my life?” and “For what purpose do I work?”

### Close Relationships Foster Trust among Employees

— In that context, what kind of corporate culture is unique to Sun Frontier Fudousan?

**Yokoi** Because people who empathize with our philosophy gather here, the distance among employees



**Masaki Oikawa**  
General Manager,  
Human Resources Department &  
Human Resources Department,  
Corporate Administration Division



**Mitsuhiro Ninomiya**  
Executive Director, Senior Executive Officer,  
Head of Corporate Administration Division

is close and there is a generosity that warmly welcomes colleagues. In our employee engagement survey, the response to “Do you feel accepted by those around you?” was far above industry and national averages—symbolic of our culture.

In fact, I once left the company and rejoined ten years later, yet I never felt a ten-year gap. Being welcomed back so warmly is very characteristic of our company’s culture.

**Oikawa** Given the nature of our business handling real estate, we value above all the field, actual assets, and reality above all. Accordingly, communication among employees is centered on meeting face-to-face to deepen mutual understanding.

**Ninomiya** Our closeness is one of our strengths. Ultimately, work is built on

human relationships, so as a company we intentionally implement initiatives to bring people closer together.

For example, we encourage opportunities within teams to get to know one another, and the company subsidizes up to three “*konpa*” (team gatherings) per month as forums for serious discussion. In addition, as mentioned earlier, we organize employee training trips, as well as sports training camps based on the participation of all employees. By continuing such initiatives, we have fostered a culture of caring for each other and working for one another.

However, having close relationships also carries the risk of problems that arise from being too close. That is precisely why our philosophy is necessary. With human integrity at the core, it is important to convey it repeatedly through education and daily work.

### Taking on Responsibility Early and Growing as Leaders

— In our Medium-Term Management Plan (FY2026–FY2028), we list “Strengthening Human Resource Base” as a key initiative. What specific measures are you implementing?

**Ninomiya** One is the development of leadership talent. Under Amoeba Management, expanding the

organization through amoeba division requires a steady stream of leaders. To that end, we focus on educating and developing leaders based on our management philosophy.



**Hisae Yokoi**  
General Manager, General Affairs Department,  
Corporate Administration Division

For example, we assign younger employees to serve as organizers for internal events, giving them experience in planning and managing projects as those responsible. It is a demanding role in which they must think through everything themselves—from scheduling to designing flows so that all participants can act smoothly. Yet at the end, being told “thank you” by everyone makes it a precious opportunity to devote oneself to colleagues and feel the joy of having that effort recognized.



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There are also many opportunities to take on challenges in our daily work. When entrusted with responsibilities, the first gateway to becoming a leader is whether one can properly guide a single member as a senior or OJT instructor. As the number of members grows from one to two and beyond, it evolves into a team, and eventually into a department.

**Oikawa** In our real estate revitalization business, a project team is formed for each property, and members are assembled to drive execution. In some cases, employees are appointed as project leaders in their first year. Because day-to-day work offers many occasions that call for leadership behavior, people naturally develop a stronger awareness as leaders.

**Ninomiya** When launching new businesses, we value “starting small and scaling up,” and there is a “let’s try it first” atmosphere. In that sense, we have an environment where young people can take on challenges without fear of failure.

**We aim to build an organization where diverse talents are motivated and can thrive.**

**Oikawa** With the working-age population declining nationwide, securing talent is a major challenge. While it is a prerequisite that new hires empathize with our culture, we

open our doors to a broad range of people—women, seniors, and non-Japanese employees.

We are developing environments where such diverse people can heighten their motivation and sense of purpose at work, take on new challenges, and grow themselves.

**Ninomiya** We believe it is important to respect and leverage diversity. In mid-career hiring, we are not seeking only immediate contributors. We have many employees aged 65 and over who are active in their respective fields, and we are actively hiring non-Japanese employees, particularly in our hotel business.



**Yokoi** We also recognize the promotion of women’s advancement as an important issue, and we are working with specific measures and KPIs. Currently, women account for about 36% of employees, and as of April the ratio of women in management is 9.2%. We aim to raise this to 15% or more by FY2035.

Women are often affected by life events, but our company has already built an environment where women can work for the long term. The childcare leave take-up rate among female employees is 100%, and unless there are special circumstances, they return to work and balance child-rearing and

their jobs. Our challenge now is how to support those who want to further advance their careers.

We are therefore holding one-on-one meetings with employees who are taking or about to take maternity or childcare leave to consider what the company can do to support them. Since each employee’s circumstances and wishes differ, we are exploring every possibility—for example, what support would be needed if someone wishes to return early, or what assistance can be offered if someone would like to work on developing their skills during the roughly two years of leave in preparation for returning to work. As our company is now in its 26th year, many of the employees who joined as fresh graduates are still relatively young, and there are still few model cases of building a career after returning from childcare leave. Therefore, we intend to begin by listening carefully to employees’ voices and then translating those insights into concrete measures going forward.

While we will continue to support women’s empowerment, achieving numeric targets is not our end goal. What matters is that all employees—not only women—can be more active. We advocate creating workplaces that provide “work satisfaction,” “creativity,” and “growth opportunities.” If we realize this, the number of women in management will naturally increase.



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A Culture and Systems that Support Each Individual's Challenges

— What initiatives are you advancing to create workplaces that provide “work satisfaction,” “creativity,” and “growth opportunities”?

**Ninomiya** As mentioned earlier, we value an environment where even young employees are entrusted with major responsibilities and can challenge what they want to do.

For example, we do not conduct uniform, periodic job rotations. With regard to transfers, we strive to respect each person's wishes and career plans as much as possible and to provide opportunities for growth. Within our

performance management framework, we regularly review each individual's medium- to long-term career plan, and employees can consult with HR at any time. When launching new businesses, we sometimes recruit members through internal postings, creating a system in which anyone who wants to take on the challenge can raise their hand.

**Oikawa** A major feature of our company is that, as a comprehensive real estate enterprise, we are engaged in a variety of businesses in-house. Even within real estate, companies are often divided by business type—brokerage, management, etc.—but at our company, by staying long-term, employees can leverage their

strengths and aptitudes to grow in various directions.

— You are also advancing Health and Productivity Management.

**Yokoi** Many of these are activities we have long practiced as a matter of course—such as sports training camps and club activities—but we also believe it is important to explain our initiatives objectively. We obtained certification as a Health and Productivity Management Organization and have been certified for two consecutive years since 2024.

To enable employees to play active roles with vitality, we plan to further enhance employee-participation initiatives. For example, last fiscal year we held events focusing on mental and physical health,

and we are considering initiatives that allow each person to feel the importance of their own health as a personal matter.

The Best Brakes for Stepping on the Accelerator

— Lastly, from each of your perspectives, could you share your policies going forward?

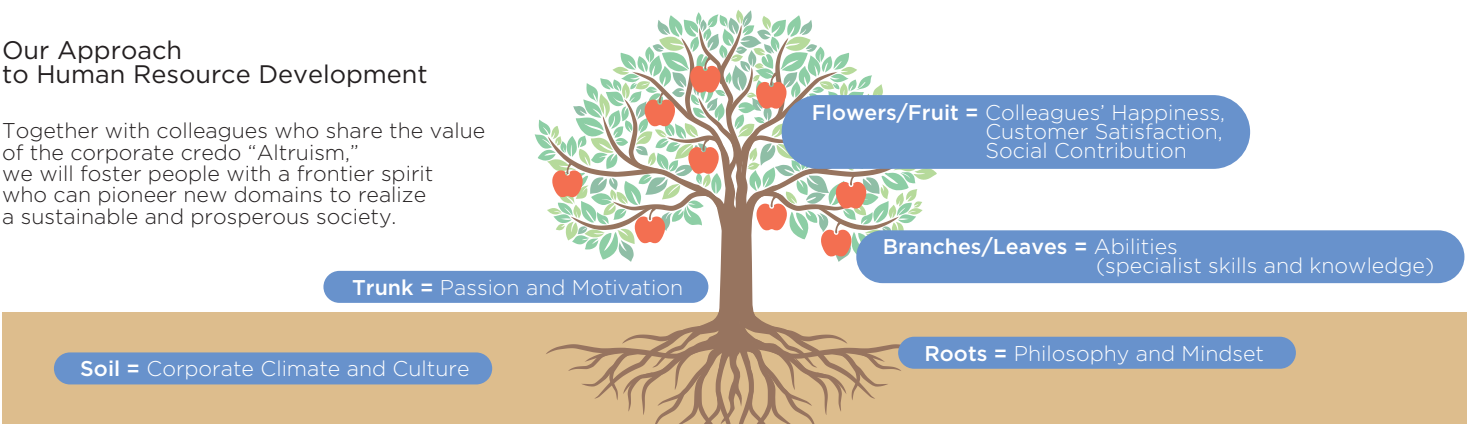
**Yokoi** As the General Affairs Department, our aim is to create environments where everyone can work healthily and fully demonstrate their abilities. We will continue to listen sincerely to employees' voices and support diverse work styles.

**Oikawa** To pursue business growth and expansion, it is vital to hire and develop many diverse talents. To that end, it is essential to build workplaces where people can feel purpose, enjoy their work, and grow. As HR, we will devote ourselves to creating such environments so that each and every person can shine.

**Ninomiya** The Corporate Administration Division is sometimes seen as putting the brakes on the company by saying “No to this, that's impossible.” In reality, the best “brakes” are those that allow you to step on the accelerator with confidence—ensuring safety so that we can go faster. Our role is to take the lead in embodying the philosophy of “altruism” so that everyone can look forward and do their best.

Our Approach to Human Resource Development

Together with colleagues who share the value of the corporate credo “Altruism,” we will foster people with a frontier spirit who can pioneer new domains to realize a sustainable and prosperous society.





# Respecting and Utilizing Diversity

## Initiatives toward D&I

At our company, equal opportunities are provided for all employees to play active roles regardless of gender or age. As part of our initiatives toward Diversity & Inclusion (D&I), we have set a KPI of increasing the ratio of female managers to 15% or more by FY2035. As of April 1, 2025, the ratio of female managers was 9.2%. However, among positions such as Assistant Managers, Section Chiefs, and Deputy Store Managers, which are candidate pools for the next generation of managers, women accounted for 41.2%, higher than the overall female employee ratio of 36.1%. This indicates that the proportion of female managers is expected to rise going forward. We will continue to incorporate diverse perspectives, not limited to women, and build an organization where all employees can thrive, thereby working to improve the ratio of female managers. In addition, since FY2022 we have appointed one female external director, and in the future, we also aim to produce female directors from within the company.

## Initiatives to Develop Environments Where Employees Can Maximize Their Abilities

In FY2024, the childcare leave utilization rate among female employees was 100%. Three male employees also took childcare leave, with a male utilization rate of 21.4%, the highest ever recorded. As part of our work-life balance support, we have introduced a shorter working hour system for childcare, enabling employees with children of elementary school age or younger to opt for reduced hours. Currently, 29 employees are using this system. This initiative has improved the return-to-work rate from childcare leave, increased the retention rate of female employees, and extended the average length of service. We are also enhancing support systems prior to returning from maternity leave and providing career development assistance to create an organization where diverse employees can grow and succeed.

### Ratio of Female Employees and Female Managers

		FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees	people	395	386	398	417	435
Number of female employees	people	140	145	144	150	157
Ratio of female managers	%	6.8	8.5	8.8	10.3	9.2

### Gender Ratio of Managerial Positions

Positions	Deputy Branch Manager	Branch Manager	Section Chief	Assistant Manager	Manager	Office Manager	Deputy General Manager	Deputy Department Manager	General Manager	Deputy Division Manager	Total
Male	5	9	35	24	24	2	22	8	21	3	153
Female	5	0	27	13	7	0	0	0	2	0	54

\*Data as of March 31, 2025 (female manager ratio as of April 1, 2025)  
Sun Frontier Fudousan Co., Ltd. (non-consolidated)

## Active Participation of Diverse Human Resource

### Promoting the Employment of People with Disabilities

In FY2024, the employment rate of people with disabilities at our company was 2.52%, meeting the statutory requirement. With an average length of service of 9 years and 1 month, they are playing active roles across administrative departments and sales divisions.

### Senior Human Resources

For employees who wish to continue working after retirement, we have implemented a reemployment system to extend their employment. Currently, 13 employees aged 65 or older are leveraging their extensive experience and knowledge to contribute to our business development.

### Promotion of Foreign Employees' Participation


Foreign nationals accounted for 9.4% of domestic employees in the Sun Frontier Group (up from 7.3% in the previous year). In particular, in our hotel business, we also accept technical intern trainees, enabling diverse talent to thrive at the front lines.

## Recruitment and Securing Talent

In order to realize our corporate philosophy, the Sun Frontier Group seeks individuals who embody both the “spirit of altruism” and the “frontier spirit,” who are highly curious, autonomous, and diverse. Based on integrity as human beings, we aim to recruit strong individuals who form a collective of talent. Therefore, we are actively engaged not only in new graduate hiring but also in mid-career recruitment. During the hiring process, we provide opportunities to tour our offices and engage directly with current employees to help candidates understand our culture and values. Through multiple interviews, we evaluate each candidate’s personality and suitability from multiple perspectives. With these approaches, we conduct recruitment that respects diversity and leverages each individual’s strengths.

### Recruitment Trends

		FY2020	FY2021	FY2022	FY2023	FY2024
New Graduates	people	27	10	12	17	23
Mid-Career	people	12	37	32	49	45

 For details on our Human Resource Development Policy and Workplace Environment Policy  
[https://www.sunfrt.co.jp/en/company/bring\\_comp/](https://www.sunfrt.co.jp/en/company/bring_comp/)



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# Creating Workplaces with job Satisfaction, Creativity, and Growth Opportunities



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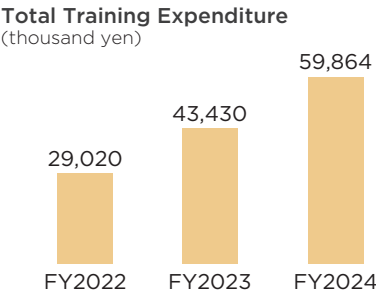
### Human Resource Development Programs and Career Development

Our human resource development programs are based on the penetration of our philosophy, supporting employees in maintaining a continuous attitude of learning. The reason employees continue learning autonomously is a strong desire to be of service to customers and society. This mindset has become ingrained in our corporate culture, fostering an environment where employees motivate one another. Through this virtuous cycle, employees continue to grow into human resources who can contribute even more to customers and society.

To achieve this, we design training systems that promote growth tailored to each employee's career stage. New employees are provided with basic knowledge and skills, mid-level employees receive training to enhance leadership and expertise, and managers are offered programs to strengthen strategic thinking and organizational management skills. In this way, we provide all employees with the support they need to build their own careers. At the same time, we actively support opportunities for self-development, creating an environment that encourages growth. This enables employees to continually acquire new knowledge and skills and to contribute to society and customers.

### Human Resource Development and Investment

In recent years, our investment in human resource development has increased significantly. Following the COVID-19 pandemic, we resumed in-person training such as overnight training and philosophy workshops for all employees. In addition, new programs covering emerging skills and knowledge such as DX (Digital Transformation) training and leadership development have been launched, expanding the breadth of content.



### Initiatives for DX Utilization, Process Improvement, and Skill Enhancement

Through the introduction of DX, we are improving operational efficiency and productivity. By utilizing AI, data analysis, and cloud-based tools, we have accelerated information sharing, reviewed workflows based on feedback, and streamlined progress management with automation and project management tools. Employees can now focus more on high-value-added work. Furthermore, we regularly conduct DX training, philosophy training, and leadership training, and have established systems for self-directed learning. This ensures that employees can continually acquire new knowledge and skills. These initiatives contribute not only to greater efficiency and cost reductions but also to employee growth and enhanced corporate competitiveness.

### Philosophy Training

We believe that without clarifying purpose and aspiration, one cannot grow into a human resource who benefits society. Based on this belief, we conduct training from the time of joining the company to help employees clarify their purpose in life and the meaning of work in stages.

FY2024 Results	Chairman's training (for career-track new employees)	1 sessions / year
	New graduate training	1 sessions / year

### New Employee Training

The foundation of being a business professional is "righteousness and courtesy." In addition to learning fundamental business manners such as telephone etiquette and business rules, our goal is for employees to grow as individuals and become attractive human resources. To contribute to society through one's own abilities, new employees not only acquire basic skills but also cultivate the mindset and attitude required as professionals.

### Basic Business Training

Once a month, we conduct business model training focused on finance and real estate, analyzing domestic and international economic indicators to study global economic trends and the domestic market. To foster awareness of economic conditions in their daily work, employees also take a "Nikkei (Nihon Keizai Shimbun) Test" every week.

FY2024 Results	Cumulative participants	4,750 people/12 sessions
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### Practical Real Estate Training

We conduct tiered practical training to enhance real estate skills and specialized knowledge. Training led by both internal and external lecturers is tailored to employee skill levels, broadening perspectives and application to real-world practices.

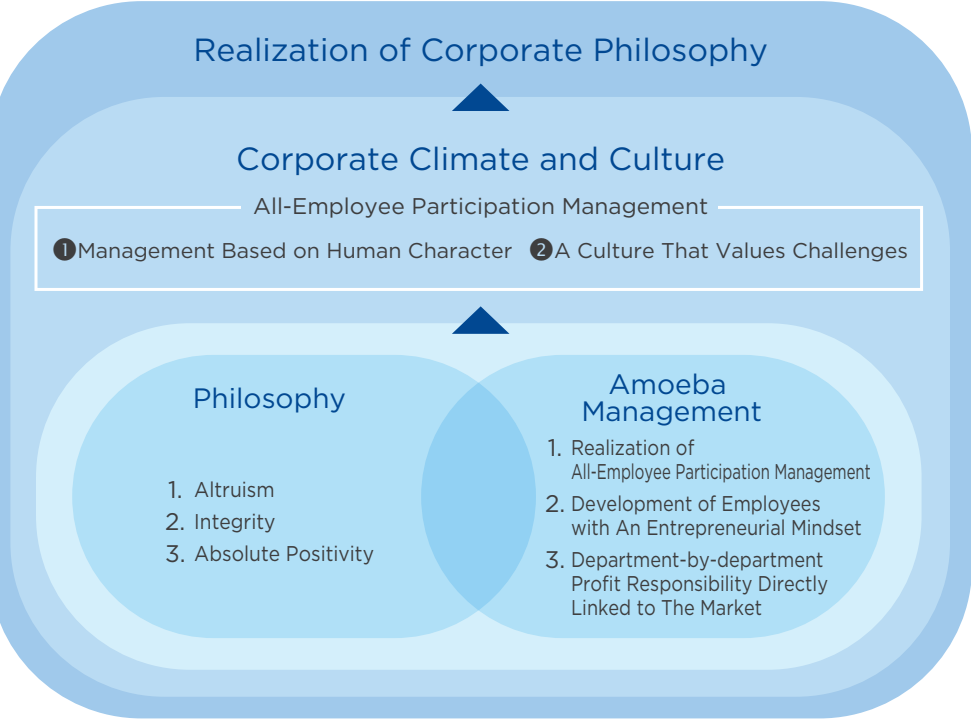
### Internal Certification System

We have introduced a point-based certification system to support skill improvement and career development. Points are awarded for obtaining recommended qualifications, and for every 10 points earned, employees receive a qualification allowance. This system provides opportunities and incentives for career advancement through certification, thereby enhancing self-growth, motivation, and overall corporate competitiveness.

# A Corporate Culture that Fosters Autonomous

## Human Resource Development through Philosophy Management and Amoeba Management\*

Under the Sun Frontier Philosophy, based on our corporate credo of “Altruism,” each employee is encouraged to refine their character and prioritize growth as a human being. Complementing this, Amoeba Management gives small units autonomy and accountability for profitability, fostering entrepreneurial awareness, decision-making ability, and a sense of responsibility. By valuing management based on human character and a culture that emphasizes challenges, we practice all-employee participation management in which all employees engage in business. Through this, diverse human resources continuously grow together, with a spirit of mutual improvement. With these principles at the core, we nurture autonomous talent capable of contributing to society with altruism even in times of rapid change.



### Employees' Voices



Tomohiro Ishida  
Leasing Management  
Division I,  
Deputy General Manager

### Creating an Organization Where Everyone Can Grow Together

Individually, I want to acquire knowledge and experience in sales, management, and asset management, and become a professional who can be of service to property owners.  
For my team members, I want them to experience the sense of purpose and enjoyment in their work, to love their jobs, and to achieve great growth. I believe new employees may face many uncertainties and failures, but I will fully support those who continue to take on challenges. I want to create an organization where we can all grow together while enjoying our work.



Saori Nakamura  
Property Management -  
Division II,  
Assistant Manager

### I Want to Grow So That I Can Be of Service to Everyone

My current biggest goal is to become a person who is truly needed. Though it may sound abstract, I want to become someone who others feel they can entrust with important work, and I want to achieve this as soon as possible.  
Before joining the company, I never imagined I would have such a strong desire to grow. Now, I strongly want to be more useful to the property owners and tenants I work with, and to return the support I've received from partner companies and senior colleagues.



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# Health and Productivity Management

Our company’s corporate philosophy is “Altruism” (RITA), and as a collective sharing the value that “others’ joy is one’s own joy,” we believe that by serving our customers, we can contribute to the realization of an affluent society, and as a company, we can grow and develop. To this end, we aim for “the mental and physical health of our employees” and “a rewarding workplace environment” through Health Management. Our goals and initiatives for Health Management are compiled in the “Health Management Strategy Map” and are being implemented company wide.

Declaration on Health Management

Management Challenges To Be Addressed through Health Management

Sun Frontier *Fudousan* is committed to looking after every employee and pursue the happiness of both mind and matter, and working to maintain and improve the health of its employees.

- Maintaining and promoting the mental and physical health of employees.
- Enabling employees to feel a greater sense of job satisfaction and improve productivity by maintaining their mental and physical health.

Health Management Promotion System

President and CEO

General Affairs Department

Safety and Health Committee

Industrial Doctor

Health Insurance Association

## Initiatives for Health Management

We have continued to implement employee-participatory events such as company-wide sports camps and golf competitions, which have been held since our founding, and have also enhanced hardware aspects such as the installation of height-adjustable desks and focus work booths. In addition, we actively disseminate health-related information to employees by utilizing digital signage within the offices and the intranet. We will continue to promote initiatives for the maintenance and improvement of our employees’ mental and physical health.

### Track Record and Goals for Improving Health Issues

		FY2021	FY2022	FY2023	FY2024	FY2025 (Target)
Regular Health Checkup Rate	%	98.9	99.1	99.7	98.0	100.0
Paid Leave Usage Rate	%	66.5	64.2	68.4	66.8	–
Number of Paid Leave Days	Day	10.2	10.3	11.6	10.7	–
Stress Check Examination Rate	%	100.0	100.0	100.0	100.0	100.0
High-Stress Individual Rate	%	11.5	9.3	9.6	9.3	Less than 10%

## Certified as “Certified Health & Productivity Management Outstanding Organization” and “Tokyo Sports Promotion Company” for 2 Consecutive Years

Our company has been certified for two consecutive years as a “Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)” under the certification system promoted by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, and as a “Tokyo Sports Promotion Company” certified by the Tokyo Metropolitan Government.



## Initiatives for Health Promotion

Sports Camp

We hold a sports camp (company-wide athletic meet), which is one of our symbolic internal events, every year. Approximately 400 employees participate on the day, competing in events such as soccer, basketball, relays, and tug-of-war. At the subsequent awards ceremony, participants praise each other’s efforts and spend a physically and mentally fulfilling day together.

Health Management Seminar

We continuously hold Health Management seminars aimed at promoting the mental and physical health of our employees. In FY 2024, we welcomed Ms. Ikue Teshigawara, a former short-track speed skating representative for Japan, as a lecturer to host the “Mindset for Continuous Learning & Seated Pilates/Proper Walking Seminar.”



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### | Initiatives to Promote DX |

## Promoting DX Across the Company to Create Diverse Value

Promoting DX is essential for one of our key issues, “human resource development,” as well as for enhancing business productivity. This time, we asked key members of the DX Division to share recent initiatives, efforts that deliver value to employees and customers, and their future outlook.

Kazuma Shirai  
Manager, DX Division

Yuki Noguchi  
Assistant Manager, DX Division

### Harnessing the Power of Digital Technology to Drive Corporate Growth and Human Resource Development

**Noguchi** In 2021, our Group established the “Digital Promotion Office” to accelerate business growth through digital technologies. In 2022, it was reorganized as the “DX Division” to broaden the scope of DX initiatives and undertake large-scale projects aimed at speeding up operations, enhancing expertise, and creating new business models.

**Shirai** In our Group, DX contributes not only to the growth of each business but is also actively utilized in human resource

development. As we position “human resource development” as a key issue in sustainability management, and aim to create workplaces with work satisfaction, creativity, and growth opportunities, we are working to improve employees’ work processes through DX.

### Building a Database Directly Linked to Internal Information Sharing and Customer Satisfaction

**Noguchi** The DX Division’s mission is to drive DX across the company. While we have already undertaken a variety of initiatives, one of our most significant recent projects is

the construction of a company-wide integrated database, including group companies, that will allow anyone to access a wide range of information.

**Shirai** At the same time, we have introduced a customer relationship management (CRM) system to support sales activities. In the past, there was no smooth mechanism to share important information such as “who spoke to which customer, when, where, and about what.” However, because our corporate guideline of “working for the sake of colleagues” has been deeply ingrained, employees had maintained close communication and shared information that way, so we did not perceive it as a major issue until now.

**Noguchi** As our Group has expanded and the number of employees has increased, it has become necessary to centralize and leverage this information as shared knowledge across the Group. The construction of the database will make more effective sales activities possible and enable us to provide even higher value-added services.

**Shirai** From a performance perspective, in order to achieve the target of 135 billion yen in sales set in our medium-term management plan, which started this fiscal year and runs through FY2028, we recognize the need to upgrade our current sales methods. Therefore, we decided to link our database with the customer

relationship management (CRM) system to evolve our sales style. We also believe that this linkage will enable closer communication among employees. When working



in teams, leaders will find it easier to grasp members' situations and provide advice at the right timing, while members will benefit from being able to report more smoothly to their leaders. Such activation of information sharing will also contribute to human resource development.

**Noguchi** Furthermore, we believe that database construction will lead to improved customer satisfaction. For example, when employees are transferred or leave the company, customer information must be handed over to the new representative. If this is done accurately, customers will not experience unnecessary anxiety simply because the person in charge has changed. From this perspective

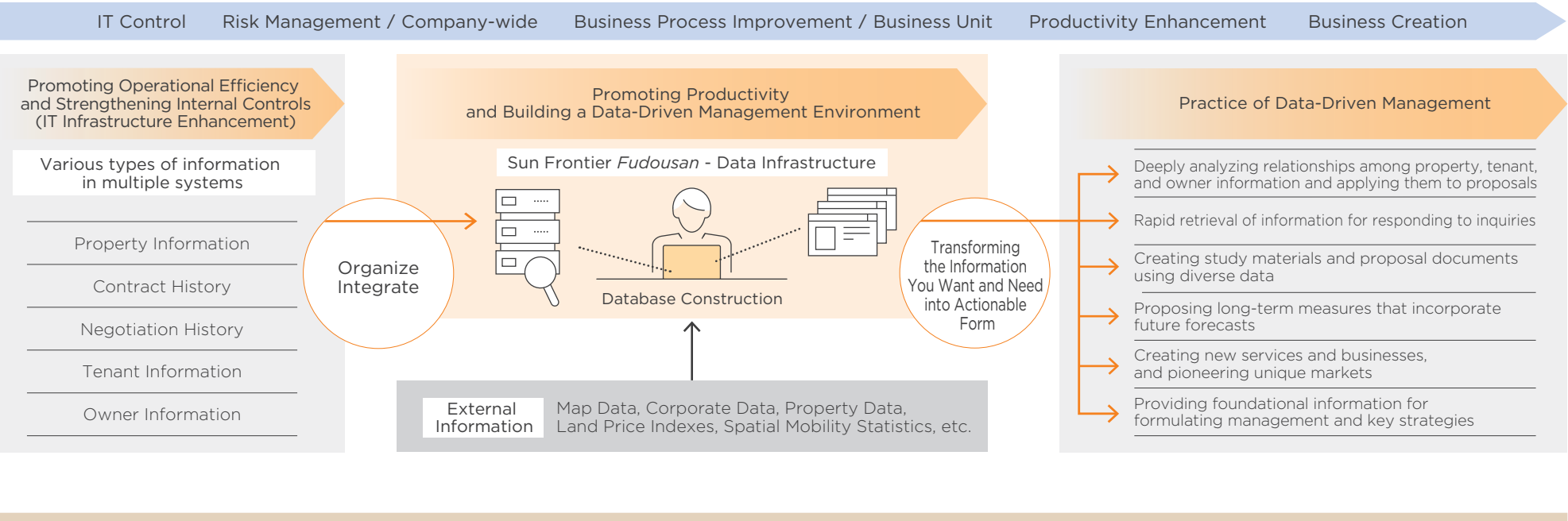
as well, we regard the database as extremely important.

**Introducing an Electronic Contract System to Significantly Improve Contract Procedures**

**Shirai** Parallel with promoting database development, we also introduced an electronic contract system specialized for the real estate industry. It is currently used in about half of the branches of the Leasing Management Division. The introduction was triggered by opportunities to conclude contracts with clients residing overseas. Under the conventional process, preparing and mailing



documents took too much time, so we adopted electronic contracts. With this method, bookbinding and mailing are unnecessary, leading to significant time savings and reduced burdens



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on customers. For example, in one case the total processing time was shortened by 50 minutes, producing a major benefit. Customers also enjoy various advantages such as no need for registered seals or seal certificates, no requirement for document storage, and exemption from stamp duty in sales contracts. Of course, we will not discontinue paper-based document preparation solely for the sake of convenience, and will continue to respond flexibly to customer needs as before. Although electronic contracts are not yet widespread in the commercial real estate market, many brokerage firms have already praised their convenience. We therefore intend to take the lead as a pioneer in this area.

Reducing Work Hours by Utilizing Systems Equipped with Generative AI

**Noguchi** In addition to the electronic contract system, we introduced an

AI assistant service equipped with generative AI, which has significantly accelerated various tasks. For example, in the New York Real Estate Division, documents from business partners are naturally in English, and until now, translation had been handled by fluent staff. By utilizing generative AI, the time previously required has been reduced by about 99%. Moreover, across departments, generative AI demonstrates remarkable capabilities in a wide range of research tasks. In the real estate industry, we are often asked by customers to provide diverse expertise. One such area is tax-related knowledge. In the past, when customers sought highly specialized advice, we needed to consult colleagues familiar with tax matters or even contact the tax office or the Legal Affairs Bureau, which consumed an enormous amount of time. Now, with generative AI, such research can be completed within a few hours, allowing us to respond to customer



Scenes from Digital Human Resource Development Training Held Several Times a Year

needs more quickly. This improvement in response speed brings significant value to our business, as it enables us to spend more time directly engaging with customers. At the same time, since generative AI may sometimes produce inaccurate information, caution is required. Meeting customers directly and resolving issues one by one remains a vital practice of our corporate credo of “altruism.”

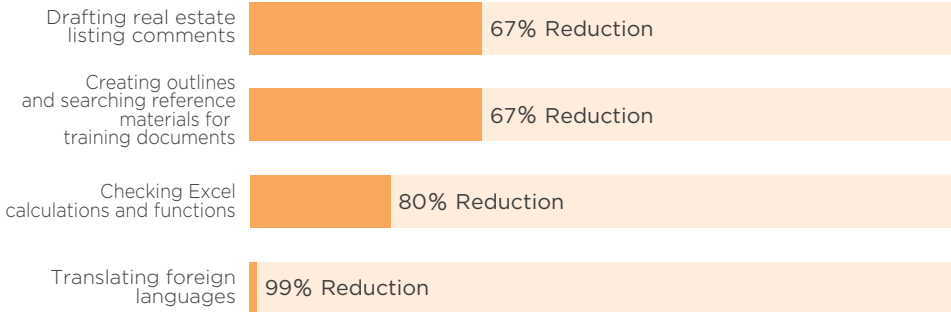
Promoting DX to Enhance Employee Skills and Data-Driven Sales Activities

**Noguchi** Our company has grown through personal connections but going forward we aim to institutionalize these through DX to achieve further growth. For example,

visualizing and sharing the mindset and behavior of top sales performers could raise the skills of all sales employees. By analyzing and utilizing various data, we will continue evolving into a company that can always serve and support our customers.

**Shirai** Our mission, together with Noguchi, is to actively discuss DX utilization with employees and establish a DX environment aligned with on-site perspectives. To deepen employees’ interest and engagement in DX, we continuously conduct workshops and e-learning aimed at improving IT literacy. By learning about DX concepts and experiencing generative AI services firsthand, employees develop greater familiarity with DX. We believe such steady efforts are key to nurturing digital human resources.

Survey on Copilot (Generative AI) Utilization



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# We Will Exercise Our Supervisory Functions to Support Growth and Contribute to Enhancing Corporate Value

As part of our efforts to strengthen corporate governance for the sustainable enhancement of corporate value, the Company has appointed four independent outside directors, who provide a wide range of advice. On this occasion, all four gathered to openly discuss the Company’s strengths and future challenges.

## The Overwhelming Strength of Unity Cultivated by Our Philosophy

**Asai** I believe the Company has three major strengths. The first is the high value-added business model in the Replanning Business, underpinned by employees’ knowledge of land, ability to grasp tenant trends, and expertise in interior design. The second is the management model based on Philosophy Management and Amoeba Management\*, and the third is the identification of material sustainability issues directly linked to our business, supported by clear KPIs.

On the other hand, potential weaknesses include three factors: the risk of rising interest rates, supply chain vulnerabilities, and crisis management for natural disasters. Rising interest rates lead to higher procurement costs, and material or labor shortages also need to be addressed. Since our assets are dispersed across regions, the risk of excessive dependence on a single area is relatively low. However, we must remain prepared for natural disasters, which could occur at any time. Future challenges include maintaining and improving management indicators such as ROE and ROIC, as well as human



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resource development and strengthening organizational capability. Human resource development specifically involves creating a workplace that leverages diversity, while organizational enhancement means improving business processes through DX.



Koichi Ishimizu  
Outside Director

After joining Shimizu Corporation, he was engaged in numerous projects mainly in the construction business. He successively served in key positions, including General Manager of Construction at the Tokyo Branch and General Manager of the New Head Office Construction Project. In 2021, he was appointed Executive Officer and General Manager of the Yumeshima Project Office, and in 2023, Senior Advisor. After leaving Shimizu Corporation in March 2024, he became an Outside Director of the Company in June of the same year.

**Ishimizu** Indeed, I believe Philosophy Management, with altruism as its credo, lies at the core of our corporate culture. Its explicit commitment to contributing to human progress is an invisible yet powerful strength.

The 25 years since our founding and rapid growth can be considered a relatively “short” time. However, it also means our workforce is relatively young. For 25 years, this youth has been a source of energy. As generational shifts advance and the number of employees grows, the challenge will be how new leaders demonstrate their leadership to maintain annual growth of 10% or more.

**Edahiro** Although I have been an outside director for only about a year, I sense the deep permeation of our philosophy each time I participate in management or internal meetings. In making decisions, there is always a firm return to the spirit of altruism. As the number and diversity of employees increase with business expansion, the “invisible strengths” noted by Mr. Ishimizu may risk becoming weakened, particularly the strong cross-departmental collaboration now taken for granted. I believe it is necessary to promote DX, improve data collection, and enhance interdepartmental

coordination while also leveraging our strong “human connections.”

As for specific businesses, the Replanning Business—whose concept is “cherishing what exists”—is of extremely high social value, and the Hotel & Tourism Business has great potential for future growth. Possessing these businesses is also one of our strengths. Accordingly, we must formulate long-term business plans to cope with rising material costs and labor shortages.

**Okubo** As mentioned, our strongest feature is acting as “One Team” to solve customer issues, grounded in our philosophy. Few companies devote as much time to embedding philosophy or realize such thorough interdepartmental collaboration. Thanks to this solid foundation, we have steadily grown our business and achieved sales of 100 billion yen within 25 years.

Looking ahead, however, a major shift in mindset is required. Will this strong foundation become a constraint or a platform for further expansion? This is a key challenge. Particularly as we expand into new fields, including overseas, we must integrate the value of diversity into the strength of One Team.



Keiichi Asai  
Outside Director

After joining Mitsubishi Corporation, he held numerous overseas assignments and positions, primarily in the energy business. He later served as Executive Vice President of Lithium Energy Japan Co., Ltd., before being appointed President and Representative Director of KH Neochem Co., Ltd. in 2014. After leaving the company in 2019, he became an Outside Director of the Company in June 2022.

“What Must Not Change” and “What Must Change” for Achieving the Long-Term Vision 2035

**Okubo** To achieve sales of 300 billion yen by 2035, we will need to hire more than 100 people per year. A key challenge will be how to embrace employees with diverse values, including Generation Z, and integrate diversity



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**Yukiko Edahiro**  
Outside Director and Audit & Supervisory Committee Member

Registered as an attorney in 2009. After working at Makinouchi & Ueishi Law Office (currently Makinouchi Law Office), she joined Ginza Broad Law Office in 2016 and subsequently established Toranomon Daiichi Law Office in 2020. Her areas of expertise cover a wide range including legal affairs of small and medium-sized enterprises and family cases, and she has authored numerous publications. She has served as Outside Director and Audit & Supervisory Committee Member of the Company since 2024.

into our corporate culture.

In terms of human resources, I believe the greatest point is not skills but philosophy. To achieve the target of 300 billion yen in sales in 10 years, it is crucial to determine what, like philosophy, must remain unchanged, and what must evolve.

**Ishimizu** The most difficult task is deciding “What Must Change” as organizations grow, their business counterparts inevitably change. In extreme cases, we may need to deal with top executives of major corporations, which requires a different approach from interactions at the staff level. To cope with such situations, each “cell” of the Amoeba Management\* structure must evolve. As the Company grows, we must develop an environment in which changes in awareness and work styles arise organically within amoebas.

**Asai** To transform, we must clarify “what kind of human resources the Company needs” and invest in securing them. Investment in human resources, along with investment in business, is most critical for realizing the long-term vision. This may include reskilling support, hiring of foreign and female employees, and creating internal systems such as open recruitment. Certain costs will be required. By promoting DX, we can visualize and organize individual skills, and implement efficient, data-driven management.

**Okubo** While individual reskilling is important, I emphasize how we increase the right colleagues organizationally. In DX initiatives, the

key challenge is integrating them into the corporate culture. Business is ultimately “a human-to-human activity.” If we digitize our real estate sourcing capabilities and customer relations, grounded in human networks and experience, we will further strengthen our advantages. This is a challenge we should tackle ahead of others.

**Asai** Another key area is business diversification. While the Replanning Business is our core, the success of the long-term vision depends on how swiftly we can transform into a balanced portfolio. Specifically, we must evolve the real estate revitalization business and stabilize our earnings structure through diversification of revenue sources. We must also further advance sustainability management.

**Ishimizu** I also feel the Company has entered a stage of further business evolution. At recent management meetings, I sensed such changes, and discussions have become deeper, focusing not only on achieving monthly master plans (budgets) but also on the need for further growth.

**Asai** The evaluation of the effectiveness of the Board of Directors, as reported, indicated that overall effectiveness has been maintained. Going forward, the execution side must

ensure accountability, transparency, fairness, and compliance awareness.

**Edahiro** I recognize the proactive stance of the executive side in enhancing board effectiveness. During this period of transformation, I believe the Company is exploring structures best suited to its future.



**Kazutaka Okubo**  
Outside Director and Audit & Supervisory Committee Member

Certified Public Accountant and Certified Fraud Examiner, and an expert in corporate compliance and CSR. In 2016, he was appointed Managing Executive Officer of Ernst & Young ShinNihon LLC. After leaving the firm in 2019, he established Okubo Associates Co., Ltd. He became an Outside Director of the Company in June 2019, and has served as Outside Director and Audit & Supervisory Committee Member since June 2024.



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\*“Amoeba Management” is a registered trademark of Kyocera Corporation.





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Consideration of M&A as a Means  
of Business Diversification

**Edahiro** As a means of expanding scale and increasing sales, M&A may be a shortcut to achieving our objectives. However, as mentioned earlier, our Company has cherished its corporate culture since its founding, and so have potential partners. Without clear intent and philosophy regarding M&A, it will be impossible to achieve good results together.

**Asai** The key lies in post-merger integration of management and culture. Successful M&A is not easy; without proper due diligence and system-building afterward, growth with speed cannot be achieved merely through M&A.

**Ishimizu** M&A becomes feasible only when targets are well aligned: companies strong in areas we want to reinforce, with similar corporate cultures, comparable sales methods, and appropriate business scale. Given that regional revitalization is part of our materiality, we must also clarify “which region to choose and how” from a due diligence perspective.

True Environmental Protection  
through Business,  
Not Just Numbers

**Ishimizu** The Ministry of Land, Infrastructure, Transport and Tourism plans to require “calculation of total CO<sub>2</sub> emissions across all stages from building planning to demolition (Building LCA)” starting in 2028. Our Replanning Business, which adds value through regeneration instead of demolition, inherently contributes to environmental sustainability. Embedding environmental measures in management indicators will also strengthen the appeal of our IR materials to stakeholders.

**Asai** A similar debate arose in the automobile industry years ago. Environmental protection can represent a business opportunity. For example, in the Hotel & Tourism Business, facilities should incorporate energy-saving equipment, positioning this as one of our sustainability initiatives.

**Okubo** The example of the hotel and tourism business on Sado Island should be seen not only as a contribution to regional revitalization but also as a successful model demonstrating the strength of our revitalization business. Our business model of “regenerating rather than demolishing old buildings” itself contributes to solving environmental issues.

**Edahiro** Globally and domestically,

companies are often judged by numerical results in addressing environmental issues. While corporate social responsibility is crucial, we must approach these issues with a long-term perspective, recognizing their strategic significance for our business.

Contribution to Enhancing  
Corporate Value by Leveraging  
Each Outside Director’s Expertise

**Ishimizu** As buildings increase in value and scale, they require greater caution in handling. To prepare for new products and new customers, we must strengthen our foundational knowledge. With my construction background, I aim to contribute beyond board discussions.

**Edahiro** I believe the Company has established a culture of close consultation with legal counsel. In board discussions, I first confirm legal correctness, but not only to check risks. I strive to ensure that decisions also meet “socially required correctness,” supported by legal grounding.

From the perspective of being the sole female outside director, it is disappointing that the percentage of women in management remains low. While numerical benchmarks such as

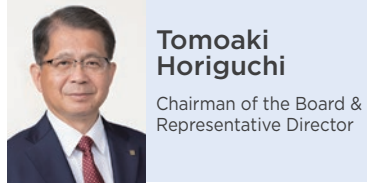
those presented by the Tokyo Stock Exchange are not absolute, pursuing them will bring positive effects. From the viewpoint of investors and potential recruits, companies where both men and women thrive equally are undoubtedly more attractive.

**Asai** Amid a rapidly changing external environment, my mission as an outside director is to ensure accountability, secure management transparency, and encourage healthy growth. External change reflects shifts in social values. In today’s rapidly changing environment, I want to contribute with an objective eye as one stakeholder.

Looking ahead, I hope the Company will take leadership in urban regeneration and support the tourism industry in regional revitalization, while also addressing social issues and expanding globally.

**Okubo** Having served as an outside director for many companies, I wish to leverage my experience to support the Company’s transition to a new stage. While the executive side often operates on shorter timeframes, as a supervisory side, I aim to contribute with long-term perspectives and ideas beyond existing frameworks. I look forward to the future that the Company will build.

# Management Structure (As of September 30, 2025)



**Tomoaki Horiguchi**

Chairman of the Board & Representative Director

**The number of shares owned**  
2,478,396 shares

Possesses strong leadership and extensive management experience as the founder, having driven the Company's growth while engaging in human resource development and further strengthening the management base.

**Significant concurrent positions**

Representative Director, Sun Frontier Hotel Management Inc.  
Representative Director, President, Sun Frontier Sado Inc.



**Seiichi Saito**

President and Representative Director & CEO

**The number of shares owned**  
81,829 shares

Succeeded to the presidency in 2020 and has been working to realize the corporate philosophy and strengthen the management base as a foundation for the next generation of growth and further corporate development.

**Significant concurrent positions**

CEO, Sun Frontier NY Co., Ltd.  
President, SF Engineering Inc.



**Izumi Nakamura**

Executive Vice President and Director

**The number of shares owned**  
60,781 shares

As General Manager of the Asset Management Division, leads the real estate services business and supports the President in realizing the corporate philosophy and enhancing corporate value.

**Significant concurrent positions**

Representative Director, SF Building Support Inc.  
Representative Director, SF Building Maintenance Inc.



**Mitsuhiro Ninomiya**

Managing Director

**The number of shares owned**  
36,133 shares

As General Manager of the Administration Division, works to solve management issues, promote human resource development, and foster a corporate culture by instilling and embedding the corporate philosophy, which is the foundation of the Company.

**Significant concurrent positions**

None



**Kentaro Kawanishi**

Director

**The number of shares owned**  
3,050 shares

Has successively served as Deputy General Manager of the Asset Management Division and head of the Property Management and Real Estate Solutions businesses, and possesses extensive experience in on-site real estate operations.

**Significant concurrent positions**

None



**Keiichi Asai**

Outside Director

**The number of shares owned**  
0 shares

Has extensive experience in international business in the energy sector at a general trading company, as well as broad knowledge and expertise in overall corporate management as an executive.

**Significant concurrent positions**

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



**Koichi Ishimizu**

Outside Director

**The number of shares owned**  
0 shares

Has extensive knowledge and experience in construction management, including involvement in on-site construction projects, overall supervision from ordering to completion, and corporate management.

**Significant concurrent positions**

None



**Shinichi Tominaga**

Director and Audit & Supervisory Committee Member

**The number of shares owned**  
700 shares

Has expertise in the financial and real estate industries, as well as extensive experience in compliance and risk management, and is also well-versed in the Company's business process.

**Significant concurrent positions**

None



**Kazutaka Okubo**

Outside Director and Audit & Supervisory Committee Member

**The number of shares owned**  
3,500 shares

In addition to expertise in governance and finance, possesses extensive knowledge and experience in a wide range of areas such as corporate compliance and CSR.

**Significant concurrent positions**

President, Okubo Associates Co., Ltd.  
Outside Director (Audit & Supervisory Committee Member), SEGA SAMMY Holdings Inc.  
Outside Director, LIFULL Co., Ltd.  
Outside Director, Sala Corporation  
Outside Director, The Shoko Chukin Bank, Ltd.  
Outside Director (Audit & Supervisory Committee Member), Musashi Seimitsu Industry Co., Ltd.  
President, SS Dnaform Inc.  
Outside Director (Audit & Supervisory Committee Member), BrainPad Inc.



**Yukiko Edahiro**

Outside Director and Audit & Supervisory Committee Member

**The number of shares owned**  
0 shares

As an attorney, specializes in real estate and inheritance matters, and possesses professional knowledge and extensive experience in corporate legal affairs.

**Significant concurrent positions**

Partner, Toranomon Daiichi Law Office  
External Member, Ethics Committee, Faculty of Medicine, Toho University  
Judicial Commissioner, Tokyo Summary Court  
Outside Corporate Auditor, Yutori-no-Kukan Co., Ltd

**Executive Officers**

President and CEO	Seiichi Saito
Executive Vice President	Izumi Nakamura
Managing Executive Officer	Mitsuhiro Ninomiya
Senior Executive Officers	Kentaro Kawanishi, Yasushi Yamada, Kenji Honda, Takeshi Hirahara
Executive Officers	Shuhei Oda, Kenji Wakao, Hiroyuki Takekawa, Keiichiro Nishimoto, Tetsuya Arai, Hiroyuki Kobayashi

**Group Executive Officers**

President & Representative Director, Sun Frontier Space Management Inc.	Keitaro Odomichi
President & Representative Director, Sun Frontier Hotel Management Inc.	Kazuyuki Yanamura



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For more information on the management structure, see here  
<https://www.sunfrt.co.jp/en/company/management/>

Directors' Expertise and Skills Matrix (As of June 24, 2025) ◎ indicates the Chairperson or Committee Chair.

Title	Name	Years in Office	Number of Board Meetings Attended / Total Held in FY2024	Key Expertise and Experience Expected (Main Items)								Appointment Status		
				Corporate Management	Real Estate	Accounting, Finance	Legal Affairs, Compliance, Risk Management	Human Resources, Labor, Human Capital Development	CSR, ESG, Sustainability	M&A	Global / Overseas	Board of Directors	Audit & Supervisory Committee	Nomination & Remuneration Committee (Voluntary)
Chairman of the Board & Representative Director	Tomoaki Horiguchi	26 years	17 / 18	●	●			●		●		○		○
President and Representative Director & CEO	Seiichi Saito	19 years	18 / 18	●	●	●					●	◎		◎
Executive Vice President and Director	Izumi Nakamura	17 years	18 / 18	●	●	●				●		○		
Managing Director	Mitsuhiro Ninomiya	5 years	18 / 18				●	●	●			○		
Director	Kentaro Kawanishi	Newly Appointed	– / –		●				●			○		
Outside Director	Keiichi Asai	3 years	18 / 18	●						●	●	○		○
Outside Director	Koichi Ishimizu	1 years	14 / 14	●	●							○		
Director and Audit & Supervisory Committee Member	Shinichi Tominaga	3 years	18 / 18		●	●	●					○	◎	
Outside Director and Audit & Supervisory Committee Member	Kazutaka Okubo	1 years	18 / 18			●	●		●			○	○	○
Outside Director and Audit & Supervisory Committee Member	Yukiko Edahiro	1 years	14 / 14				●	●				○	○	

Approach to Directors' Skills

Skill Item	Reason for Selection
Corporate Management	Selected as indispensable for formulating and executing management strategies to realize the Group's sustainable growth and enhancement of corporate value.
Real Estate	Selected as necessary for clarifying business direction, improving decision-making quality, and viewing operations from a broad perspective in our core business of real estate revitalization and utilization.
Accounting, Finance	Selected as indispensable for ensuring financial soundness and transparency, and for executing timely and appropriate capital policies by possessing accounting and financial knowledge and assessing the validity of financial strategies.
Legal Affairs, Compliance, Risk Management	Selected as necessary for maintaining social trust, properly evaluating and managing business risks, and supporting sound corporate management through thorough legal compliance and corporate ethics.

Skill Item	Reason for Selection
Human Resources, Labor, Human Capital Development	Selected as necessary for optimally utilizing human capital, promoting a rewarding work environment, and enhancing organizational vitality through knowledge of human resource strategy.
CSR, ESG, Sustainability	Selected as necessary for fulfilling social responsibilities, coexisting with local communities and the environment, and realizing long-term value creation through deep knowledge of sustainability.
M&A	Selected as necessary for optimizing the business portfolio and implementing growth strategies, requiring practical experience and strategic perspectives in M&A, along with decision-making abilities that contribute to corporate value enhancement
Global/Overseas	Selected as indispensable for promoting business on a global scale, requiring international perspectives, cross-cultural understanding, and accurate grasp of overseas market trends.



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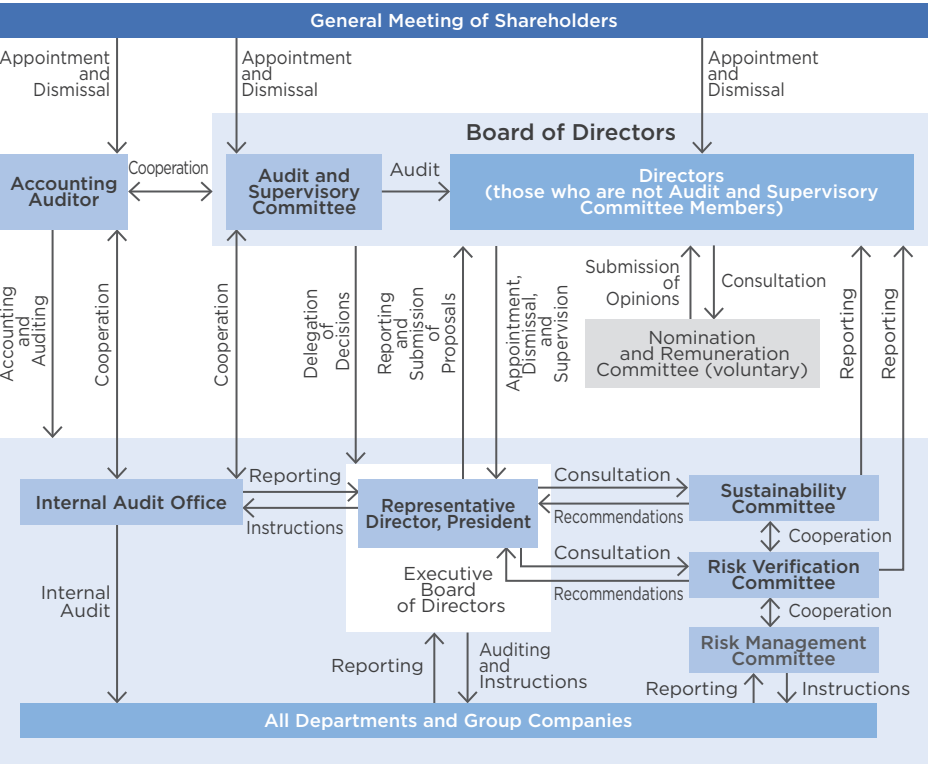
# Corporate Governance — Building a Robust Management Foundation

In our Group, all officers and employees adopt “what is right as human beings” as the standard for judgment in the execution of their duties. We recognize that our mission of management is to enhance corporate value over the long term and on a continuous basis, and to build the trust of our stakeholders.

## Corporate Governance Structure

From the perspective of corporate social responsibility and enhancing corporate value over the medium to long term, we disclose information to all stakeholders, including shareholders and investors, in a timely, accurate, and fair manner. In addition, we comply with the Companies Act, the Financial Instruments and Exchange Act, other applicable laws and regulations, as well as the rules established by stock exchanges, and promptly disclose information subject to the “Securities Listing Regulations.” We also actively disclose information about our Group that is considered socially useful.

Corporate Governance Structure Chart



## Regarding Management Committees

	Composition	Contents	The Number of Meetings FY2024
Board of Directors	10 People Internal Directors 6 People Outside Directors 4 People Chairman: President & CEO	Focused on decision-making regarding important matters related to basic management policies, and supervision of the execution of business operations.	18 Meetings
Audit and Supervisory Committee	3 People Internal Directors 1 People Outside Directors 2 People Chairman: Internal Directors	Responsible for auditing and supervising the execution of duties by Directors, thereby enhancing the supervisory function of the Board of Directors and strengthening corporate governance.	13 Meetings
Nomination and Remuneration Committee	4 People Internal Directors 2 People Outside Directors 2 People Chairman: Internal Directors	As a voluntary advisory body to the Board of Directors, deliberates on and reviews standards, processes, and basic policies for evaluation, with the aim of enhancing the objectivity and transparency of procedures related to the nomination and dismissal of officers and their remuneration.	3 Meetings
Sustainability Committee	20 People Internal Directors 2 People Outside Directors 4 People Committee members 14 People Chairman: Internal Directors	As an advisory body to the President & CEO, promotes sustainability initiatives, including climate change measures, in collaboration with the Risk Verification Committee and the Risk Management Committee. It consolidates risks and opportunities related to climate change from each business division and Group company, considers countermeasures, and regularly reports to the Board of Directors.	4 Meetings

For further details on Corporate Governance, please refer here.  
[https://www.sunfrt.co.jp/sustainability/en/governance/corporate\\_governance/](https://www.sunfrt.co.jp/sustainability/en/governance/corporate_governance/)

## Internal Control

### Basic Concept of the Internal Control System

Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, the Board of Directors has resolved the “Basic Policy on the Development of the Internal Control System,” and we have established and operate such a system accordingly.

For further details on the Internal Control System, please refer here.  
[https://www.sunfrt.co.jp/sustainability/en/governance/internal\\_control/](https://www.sunfrt.co.jp/sustainability/en/governance/internal_control/)



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# Corporate Governance — Board of Directors

## Composition of the Board of Directors

As of the filing date of the Securities Report (June 23, 2025), the Company’s Board of Directors consists of 10 Directors (including 4 Outside Directors). The Board of Directors makes decisions on matters prescribed by laws and the Articles of Incorporation, and deliberates and decides on important management matters as stipulated by the Rules of the Board of Directors. The Board of Directors also supervises the execution of duties by Directors and Executive Officers by holding monthly meetings, convening extraordinary meetings as necessary, and regularly receiving reports on the status of duty execution.

## Qualifications Required of Directors

When selecting Directors, in addition to fulfilling the statutory and Articles of Incorporation requirements, not being subject to disqualification under the Rules of Officers, and having no past or present connections with antisocial forces, candidates must also meet the following conditions

- 1. Empathy with our Group’s Philosophy and a willingness to contribute to the progress and development of society through business management.
- 2. Outstanding character, knowledge, and insight, and possessing a high level of compliance awareness and ethical standards.
- 3. Possessing objective judgment, insight, and foresight.

For Outside Directors, the following additional requirements are sought

- 1. Advanced expertise, extensive practical experience, or experience in a leadership role in fields such as corporate management, internal control, compliance, finance, accounting, law, administration, crisis management, or education
- 2. Ability to oversee and understand the Group as a whole, grasp essential issues and risks, and contribute to frank, active, and constructive discussions at the Board of Directors.
- 3. Independence, with no direct conflicts of interest with the Representative Director or other Directors, and no risk of conflict with the interests of general shareholders.

Furthermore, depending on each position and role, the following qualifications are additionally required

- 1. Ability to provide objective supervision and judgment, and to advise and support sustainable growth of the Company, based on extensive practical experience in corporate management or areas of expertise.
- 2. Full-time Directors must be familiar with industry trends, related regulations, and our Group’s business model, and must have extensive practical experience in their respective fields, as well as organizational management ability from a company-wide perspective.
- 3. Outside Directors serving as Audit and Supervisory Committee Members must be able to express objective audit opinions from a neutral standpoint, thereby enhancing independence and neutrality of the audit system.

- 4. Full-time Directors serving as Audit and Supervisory Committee Members must be familiar with our Group’s organization, businesses, and processes, capable of appropriately collecting internal information and conducting highly effective audits.

## Policy on Training for Directors

Our corporate philosophy includes “contributing to the evolution and development of human society and realizing a sustainable society with a spirit of co-creation.” To ensure officers and employees acquire the knowledge necessary to fulfill their roles and responsibilities, we provide abundant training opportunities, with the Company bearing the associated costs.

In addition, upon request of each officer, we also hold in-house seminars or support participation in external seminars at the Company’s expense as needed.

## Evaluation of the Effectiveness of the Board of Directors

### Evaluation Method

To improve the functioning of the Board of Directors, we conduct analysis and evaluation of the Board’s effectiveness regularly (once a year). A survey is conducted among Directors and Audit and Supervisory Committee Members on matters including the composition and operation of the Board, status of discussions, and performance of Directors and Committee Members. Based on the analysis of the survey results, the Board of Directors carries out its evaluation. To elicit candid opinions, the survey is conducted anonymously, and the collection, aggregation, and analysis of results are outsourced to an external organization.

### Evaluation Results

The results of the FY2024 survey indicated that the effectiveness of the Board of Directors has been generally secured. While issues such as the “succession planning for the CEO and other key executives” and the “supervisory framework for DX promotion, including organizational development, human resource development and retention, budget allocation, project management, and personnel evaluation” were still not fully addressed, improvements have been observed since the previous fiscal year.

On the other hand, new issues raised in the current year included “discussion of human resource matters to ensure alignment of the Company’s HR strategy with its management strategy” and “cybersecurity risks and their countermeasures.” These highlighted the need for further strengthening of responses to risks that companies face and the importance of tackling issues from a medium- to long-term perspective.

Going forward, by addressing the issues identified in this evaluation, we will strive to further improve corporate governance and promote management aimed at sustainable enhancement of corporate value.



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# Corporate Governance — Director Remuneration

## Policy on Determining Individual Director Remuneration

1. Decision Method
- At the Board of Directors meeting held on May 10, 2024, the policy on determining the content of individual remuneration for Directors (excluding Audit and Supervisory Committee Members) was resolved. The outline is as follows
2. Fixed remuneration (monetary): Determined at an appropriate level, taking into account the duties of Directors, the Company's situation, and comparisons with other companies in the real estate industry.
3. Performance-linked remuneration (monetary): Determined based on the achievement of consolidated business performance (ordinary profit) for the fiscal year, reflecting the results of business improvement.
4. Restricted stock remuneration: Granted to Directors (excluding Outside Directors) by resolution of the Board of Directors, with the aim of incentivizing sustainable enhancement of corporate value and further aligning interests with shareholders.
5. Composition of remuneration: For Directors other than Outside Directors, if performance targets are achieved 100%, the approximate ratio is set as fixed remuneration 60%, performance-linked remuneration 30%, and restricted stock remuneration 10%. For Outside Directors, remuneration consists of fixed remuneration only.
6. Timing of Payments

a.Fixed remuneration

Paid monthly.

b.Performance-linked remuneration

Paid once a year after the conclusion of the Annual General Meeting of Shareholders for the relevant fiscal year.

c.Restricted stock remuneration

Granted once a year by resolution of the Board of Directors following the conclusion of the Annual General Meeting of Shareholders, with transfer restrictions lifted upon resignation or retirement of each Director.
7. Delegation of Authority for Determination of Remuneration
- The determination of amounts or calculation methods of individual fixed and performance-linked remuneration is resolved by the Board of Directors and delegated to the Representative Director, President. To enhance objectivity and transparency, a voluntary Nomination and Remuneration Committee, composed of the Representative Director, Chairman, the Representative Director, President, and at least two Outside Directors, deliberates on the amounts, calculation methods, composition ratios, and performance indicators. The Representative Director, President, makes decisions respecting the deliberations of the Committee to the fullest extent.
8. Status for the Fiscal Year
- For the fiscal year, the performance target for consolidated ordinary profit, which serves as the indicator for performance-linked remuneration, was set at 20.0 billion yen, and the actual result was 20.446 billion yen. While the determination of individual fixed and performance-linked remuneration amounts or methods was delegated to the Representative Director, President, with the involvement of the Nomination and Remuneration Committee, the Board of Directors received a report from the Committee and confirmed that the remuneration decisions made by President Seiichi Saito, including the process and content, were consistent with the above policy.

## Resolutions of the General Meeting of Shareholders on Director Remuneration

1. The maximum total monetary remuneration (fixed and performance-linked) for Directors (excluding Audit and Supervisory Committee Members) was resolved at the 23rd Annual General Meeting of Shareholders held on June 21, 2022, to be within 360 million yen per year (including up to 36 million yen for Outside Directors; salaries as employees for Directors concurrently serving as employees are not included). At that time, the number of applicable Directors was 8 (including 2 Outside Directors). Separately, at the same Annual General Meeting, restricted stock remuneration for Directors (excluding Outside Directors) was resolved to be within 36 million yen per year. At that time, the number of applicable Directors was 6.
2. The maximum total monetary remuneration (fixed only) for Directors who are Audit and Supervisory Committee Members (including Outside Directors) was resolved at the same Annual General Meeting to be within 36 million yen per year. At that time, the number of applicable Audit and Supervisory Committee Members was 3 (including 2 Outside Directors).

## Director Remuneration Ratio

To enhance motivation and morale by linking the Group's performance with Directors' remuneration, bonuses are granted to Directors. In addition, as part of a review of the remuneration system, a restricted stock remuneration system was introduced for Directors (excluding Outside Directors who are Audit and Supervisory Committee Members), so that they share both the benefits and risks of stock price fluctuations with shareholders, and to further strengthen their incentives to contribute to stock price increases and corporate value enhancement.

■ Fixed Remuneration ■ Performance-Linked Remuneration ■ Stock-Based Remuneration  
Unit: %



### Total Remuneration for Directors and Audit & Supervisory Committee Members (FY2024)

Category	Total Remuneration (Million Yen)	Breakdown by Type (Million Yen)			Number of Eligible Directors (people)
		Fixed Remuneration	Performance-Linked Remuneration	Restricted Stock Remuneration	
Directors excluding Audit & Supervisory Committee Members of which, Outside Directors	282.3 (14.9)	180.8 (14.9)	70.0 –	31.5 –	9 (3)
Directors Audit & Supervisory Committee Members of which, Outside Directors	25.5 (13.5)	25.5 (13.5)	– (–)	– (–)	5 (4)



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# Risk Management & Compliance

## Basic Approach to Risk Management

To address all risks that may threaten the enhancement of corporate value and sustainable growth, we are working to establish an organizational crisis management system. This includes the development of risk management manuals and, in the event of an unforeseen incident, the establishment of a countermeasures headquarters headed by the President and Representative Director.

In addition, we have established a Risk Management Committee chaired by the President and Representative Director, with risk management officers assigned to each department. When potential business or operational risks are identified, they are reported to the Risk Management Committee, which analyzes risk information, considers countermeasures, and puts in place systems to prevent damage to the Company and its group companies or to minimize the impact if such damage occurs.

### Risk Management System

The risk management system operates through both departmental risk management and cross-functional oversight by directors, division general managers, and department heads of important management matters. Reports and deliberations are conducted at the weekly managers' meetings. In emergencies, an extraordinary meeting of the Board of Directors is promptly convened to take action.

Furthermore, in order to strengthen risk management, we strive to enhance internal audits and educational training programs on relevant laws and regulations for officers and employees, while conducting awareness-raising activities to ensure thorough dissemination.

### Risk Verification Committee

As an advisory body to the President and CEO, we have established the Risk Verification Committee, chaired by the General Manager of the Administration Division and composed mainly of the General Manager of the General Affairs Department, the General Manager of the Legal Department, and the Head of the Internal Audit Office. The Risk Verification Committee convenes regularly once a quarter and, as necessary, on an ad hoc basis. The Committee verifies risks reported to the monthly Risk Management Committee and comprehensively manages policies, measures, and annual plans related to risk management of the Company.

### Risk Management Committee

As an advisory body to the President and Representative Director, we have established the Risk Management Committee, chaired by the President and Representative Director and composed mainly of heads of business divisions and department general managers of the Administration Division. The Committee convenes once a month. It deliberates on the comprehensive management and response to risks in each department, as well as on matters concerning the prevention of potential risks and the promotion of awareness regarding such risks.

## Basic Approach to Compliance

We recognize that it is the Company's social responsibility for all directors and employees to execute their duties fairly, with a high sense of ethics, and in constant embodiment of the spirit of compliance. Accordingly, we are working to strengthen our internal control system, raise compliance awareness, and establish a management framework that will continuously earn the trust of society into the future.

We have established an Internal Audit Office directly reporting to the President and CEO, which regularly conducts internal audits across all departments and group companies. Internal audits cover the status of operations and systems, ensuring that all business activities are conducted appropriately in compliance with laws, the Articles of Incorporation, and internal rules. They also impartially review and verify whether the Company's systems, organization, and rules are appropriate and valid. Audit results are reported periodically to the President and Representative Director as well as to the Audit and Supervisory Committee, and to the Board of Directors as necessary.

### Whistleblowing System

To prevent and promptly detect scandals caused by legal violations or misconduct, enhance the agility of the self-purification process, control reputational risks, and ensure social trust, we have established the "Corporate Ethics Hotline," providing multiple reporting channels and a whistleblower protection framework.

Officers and employees of the Company and group companies may report to the Company's internal contact point stipulated in the "Corporate Ethics Hotline Regulations," and may also voluntarily report to members of the Audit and Supervisory Committee.

The "Corporate Ethics Hotline Regulations" explicitly stipulate that officers and employees of the Company and group companies will not be subjected to disadvantageous treatment in personnel evaluations, disciplinary actions, or any other unfavorable measures as a result of making a report through the internal hotline. Furthermore, it is thoroughly communicated that individuals will not be subject to adverse treatment for reporting to the Audit and Supervisory Committee.

### Anti-Bribery Guidelines

The Sun Frontier Group emphasizes transparency and fairness in corporate activities and has established clear guidelines for the prevention of bribery. All officers and employees strictly comply with laws and social norms, and do not engage in improper provision of benefits or entertainment. Moreover, we promote the practice of corporate ethics by building sound and sincere relationships with business partners and stakeholders. Through these initiatives, we aim to remain a company that continues to earn the trust of society.

 For further details on the Anti-Bribery Guidelines, please click here.  
[https://www.sunfrt.co.jp/sustainability/en/governance/anti-bribery\\_and\\_corruption\\_guidelines/](https://www.sunfrt.co.jp/sustainability/en/governance/anti-bribery_and_corruption_guidelines/)



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# 11-Year Financial Data (As of March 31, 2025)



For further details on financial and operating information, please click here.  
[https://www.sunfrt.co.jp/en/ir/performance\\_and\\_financial/](https://www.sunfrt.co.jp/en/ir/performance_and_financial/)



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Financial Year		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Business Performance	Net Sales	million yen	27,741	30,625	40,394	47,463	53,291	73,218	59,632	71,251	82,777	79,868	103,174
	Operating Income		5,850	7,387	9,380	11,239	13,305	16,571	7,912	12,127	14,905	17,600	21,279
	Ordinary Income		5,593	7,024	8,894	10,755	12,813	16,127	7,524	12,215	14,722	17,374	20,446
	Profit Attributable to Owners of Parent		5,053	8,157	6,452	7,420	8,783	10,666	4,274	7,415	11,612	11,917	14,163
Financial Position	Total Assets	million yen	40,424	54,084	63,654	91,761	110,898	130,293	127,485	136,512	152,519	188,661	218,190
	Net Assets		22,701	30,144	35,686	48,849	55,860	64,809	69,773	74,452	83,965	94,416	105,892
	Inventories		23,480	32,714	36,186	54,593	74,329	91,766	86,087	77,340	80,182	106,869	133,713
	Interest-Bearing Debt		13,993	18,409	22,064	33,582	41,999	49,371	47,523	51,076	55,633	79,577	92,494
Cash Flows	Cash Flows from Operating Activities	million yen	1,382	−1,555	4,353	−6,989	−5,988	−2,697	4,733	17,443	16,544	−11,003	−4,236
	Cash Flows from Investing Activities		−276	123	−4,764	−2,443	−4,258	−4,441	451	−9,386	−6,681	−4,254	−8,809
	Cash Flows from Financing Activities		701	3,607	1,984	17,235	6,599	5,535	−1,150	449	2,039	21,040	9,479
	Cash and Cash Equivalents at End of Period		11,212	13,375	14,871	22,682	18,933	17,394	21,319	29,951	41,914	47,866	44,754
Per Share Data	EPS (Earnings per Share)	yen	118.18	190.78	150.92	167.62	180.35	219.03	87.77	152.26	238.98	245.50	291.58
	BPS (Book Value per Share)		530.95	704.92	834.4	1,003.05	1,145.34	1,326.93	1,368.14	1,463.74	1,663.33	1,864.36	2,102.79
	Annual Dividend per Share		16.5	25.0	30.0	33.5	38.5	42.0	42.0	44.0	48.0	58.0	66.0
Key Financial Indicators	Ordinary Income to Net Sales Ratio	%	20.2	22.9	22.0	22.7	24.0	22.0	12.6	17.1	17.8	21.8	19.8
	ROE (Return on Equity)		24.7	30.9	19.6	17.6	16.8	17.7	6.5	10.8	15.3	13.9	14.7
	ROA (Return on Assets)		18.1	14.9	15.1	13.8	12.6	13.4	5.8	9.3	10.2	10.2	10.1
	Equity Ratio		56.2	55.7	56.0	53.2	50.3	49.6	52.3	52.2	52.9	48.0	46.8
	Dividend Payout Ratio		14.0	13.1	19.9	20.0	21.3	19.2	47.9	28.9	20.1	23.6	22.6

5-Year Non-Financial Data (ESG) (As of March 31, 2025)

For further details on ESG data, please click here.  
<https://www.sunfrt.co.jp/sustainability/en/library/>



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Environmental						
Fiscal Year		2020	2021	2022	2023	2024
CO <sub>2</sub> Emissions (Consolidated) <sup>1,2,3</sup>	Scope1 (Location-based) t-CO <sub>2</sub> e	1,758	4,089	3,238	3,392	3,642
	Scope2 (Location-based) t-CO <sub>2</sub> e	3,628	6,240	6,635	6,753	8,288
	Scope2 (Market-based) t-CO <sub>2</sub> e	3,858	6,693	7,634	7,281	7,608
	Scope3 <sup>4</sup> t-CO <sub>2</sub> e	—	—	—	—	210,557
	Carbon Credit Retirement (Consolidated) t-CO <sub>2</sub> e	0	151	437	259	405
Energy Consumption (Consolidated)	Scope1 Gaseous Fuel: City Gas Nm <sup>3</sup>	141,281	413,868	599,557	539,622	656,357.0
	Scope1 Gaseous Fuel: Liquefied Petroleum Gas (LPG) m <sup>3</sup>	43,970	293,870	141,349	141,528	155,038.0
	Scope1 Liquid Fuel: Gasoline L	46,883	64,904	81,786	75,061	62,968.8
	Scope1 Liquid Fuel: Kerosene L	7,068	9,571	10,893	9,639	10,239.1
	Scope1 Liquid Fuel: Diesel Oil L	8,705	12,024	17,459	24,326	24,104.0
	Scope1 Liquid Fuel: Fuel Oil A L	371,234	381,637	262,325	364,517	378,347.0
	Scope2 Electricity kWh	7,501,645	13,937,889	14,602,145	15,733,477	19,309,547.9
Number of Environmental Certifications Obtained	Replanning Properties	—	—	6	2	8
	New Development Properties	—	—	—	—	1
	Total BELS Certifications <sup>5</sup>	—	—	6	2	9

Social						
Fiscal Year		2020	2021	2022	2023	2024
Diversity & Inclusion	Total Number of Employees People	395	386	398	417	435
	Ratio of Female Employees %	35.4	37.6	36.2	36.0	36.1
	New Graduate Hires (Total) People	27	10	12	17	23
	Turnover Rate %	9.7	12.5	7.3	9.1	7.4
	Number of Employees Taking Childcare Leave People	11	13	8	9	10
	Employment of Persons with Disabilities People	8	9	9	9	11
	Number of Managers (Section Manager and Above, Total) People	73	82	91	97	98
	Ratio of Female Managers %	6.8	8.5	8.8	10.3	9.2
Health Management	Paid Leave Utilization Rate %	67.5	66.5	64.2	68.4	66.8
	Health Checkup Rate %	97.5	98.9	99.1	99.7	98.0
Productivity Enhancement	Ratio of Training Hours to Working Hours %	—	—	10.3	12.1	12.0
Governance						
Fiscal Year		2020	2021	2022	2023	2024
Number of Reports/ Consultations/ Disclosures	Number of Reports and Consultations to Hotline	0	0	0	3	4
	Number of Cases Related to Corruption and Bribery	0	0	0	0	0
	Number of Cases Related to Antitrust/Anti-Competitive Behavior	0	0	0	0	0
	Number of Other Compliance Violations	0	0	0	0	0

Notes:  
1. To improve the reliability of greenhouse gas (GHG) emissions data, third-party verification was conducted for GHG emissions (Scope 1, 2, and 3) in FY2024, and a verification report was obtained from the Japan Association of Environment and Energy.  
2. Sun Frontier Okinawa Co., Ltd., Hotel Sado Co., Ltd., SF Marine Power Co., Ltd., and Japan Urban Hotel Development Co., Ltd. are included in the parent company scope.  
3. Sun Frontier NY Co., Ltd., Navd Co., Ltd., and SF Human Support Co., Ltd. are excluded due to shared office arrangements.  
4. Scope 3 coverage was expanded to the entire consolidated group starting from FY2024.  
5. BELS refers to the "Building-Housing Energy-efficiency Labeling System," a building energy efficiency labeling system launched in 2014 by the Association for Housing Performance Evaluation and Labeling.



# Dialogue through IR Activities

## Basic Policy on Information Disclosure

We aim to promptly disclose information fairly, accurately, and in a timely manner to all stakeholders, including market participants. In doing so, we comply with relevant laws and regulations while striving to disclose management strategies and financial information appropriately to enhance understanding of our business activities.

## Standards for Information Disclosure

Disclosure is carried out in accordance with the Financial Instruments and Exchange Act and related laws, as well as timely disclosure rules stipulated by the Tokyo Stock Exchange.

Even for information not subject to disclosure under these rules, we proactively disclose information deemed useful for stakeholders' understanding of the Company to the extent possible.

## Methods of Information Disclosure

Information subject to timely disclosure rules is disclosed through the Tokyo Stock Exchange's Timely Disclosure Network (TDnet).

Disclosure documents such as annual securities reports are released via the Financial Services Agency's Electronic Disclosure System (EDINET).

For information not subject to these rules but considered useful for understanding the Company, disclosures are promptly made via the Company's website and other channels.

## Silent Period

To prevent leaks of financial information and ensure fairness in disclosure, we observe a silent period from one week before the end of each fiscal quarter (including interim periods) until the earnings release date. During this period, we refrain from answering questions or making comments regarding financial results.

If there is a significant change from previously announced earnings forecasts during the silent period, such information will be disclosed promptly in accordance with relevant laws and regulations.

## Measures for Dialogue with Shareholders

Major IR Activities		FY2023/3	FY2024/3	FY2025/3
Earnings Briefings	Held quarterly, presented by President & CEO Seiichi Saito.	Held 4 times	Held 4 times	Held 4 times
IR Meetings	Conducted individually on an ongoing basis by President & CEO Seiichi Saito and IR staff	61 times (cumulative)	68 times (cumulative)	82 times (cumulative)
Individual Investor Briefings	In FY2025/3, held online through Daiwa IR.	Once	Once	Once
Property Tours (Replanning Properties)	Property Tours (Replanning Properties): Invitations extended to sell-side analysts and institutional investors.	-	9 times	5 times
Property Tours (Conference Room Facilities)	Invitations extended to sell-side analysts and institutional investors: 4 sessions planned.	-	Once	Once

## Feedback to Management

We actively promote dialogue with the capital markets by holding quarterly earnings briefings, individual IR meetings, and property tours. Activity updates are reported quarterly to the Board of Directors and reflected in management strategies and initiatives, thereby building trust with investors and contributing to the enhancement of corporate value.



For further details on shareholder and investor information, please click here.  
<https://www.sunfrt.co.jp/en/ir/>



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# Company Overview

Company profile (As of March 31, 2025)	
Company Name	Sun Frontier Fudousan Co., Ltd.
Head Office	Toho Hibiya Building, 2-2, Yurakucho 1-Chome, Chiyoda-ku, Tokyo
Established	April 8, 1999
Listed	February 26, 2007 (Tokyo Stock Exchange, First Section)
Capital	11,965 million yen
Representatives	Chairman & Representative Director: Tomoaki Horiguchi President & CEO, Seiichi Saito
Consolidated Number of Employees	895 full-time employees (1,730 including part-time / temporary staff) *As of March 31, 2025
Average Age of Employees	36.0 years *As of March 31, 2025
Licenses & Registrations	Real Estate Brokerage: Minister of Land, Infrastructure, Transport and Tourism (5) No. 5968 Specified Construction Business: Governor of Tokyo (Special-4) No. 116846 Real Estate Appraisal: Governor of Tokyo Registration (4) No. 1843 Real Estate Investment Advisory Business: Minister of Land, Infrastructure, Transport and Tourism (General) No. 732 Type II Financial Instruments Business: Director-General of the Kanto Finance Bureau (Kinsho) No. 1297 First-Class Architect Office: Governor of Tokyo Registration No. 59895 Security Business: Public Safety Commission of Tokyo Certification No. 30003705 Specified Joint Real Estate Ventures: Commissioner of the Financial Services Agency / Minister of Land, Infrastructure, Transport and Tourism No. 88 Antique Dealer: Public Safety Commission of Tokyo Permit No. 301011906391 Rental Housing Management Business: Minister of Land, Infrastructure, Transport and Tourism (01) No. 002121
Business Activities	Real Estate Revitalization Real Estate Services (Property Management, Brokerage, Construction Planning, Rent Guarantee, Office Building Operations, Asset Consulting) Hotel Development & Operations Overseas Development & Construction
Branch Offices	Ginza, Shimbashi, Hamamatsucho, Gotanda, Shibuya, Shinjuku, Ikebukuro, Kojimachi, Kanda, Kodemmacho, Nihonbashi, Yokohama
Main Consolidated Subsidiaries	SF Building Support Inc. Sun Frontier Space Management Inc. Sun Frontier Hotel Management Inc. Sun Frontier Sado Inc. SF Building Maintenance Inc. SF Engineering Inc. Sky Heart Hotel Inc.
Affiliated Companies	32

# Stock Information

Stock Information (As of March 31, 2025)		Shareholding Distribution by Category	
Number of Authorized Shares	91,200,000 shares	Securities Firms 2.4%	Other Corporations 38.8%
Number of Issued Shares	48,755,500 shares	Financial Institutions 16.3%	
Number of Shareholders	15,511 people	Foreign Corporations, etc. 16.5%	
Stock Exchange Listing	Prime Market		Individuals & Others 26.0%
Fiscal Year-End	March		
Securities Code	8934		
Shareholder Register Administrator	Mizuho Trust & Banking Co., Ltd.		

## Major Shareholders

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

Notes:  
1.Shareholding ratios are calculated after excluding treasury shares (44,316 shares).  
2.For calculation purposes, 128,300 shares held by Mizuho Trust & Banking Co., Ltd. as trustee for the J-ESOP share-based compensation trust are included.



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