

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

Our Goal is to Become the Real Estate Company Best Loved and Most Chosen by Customers Worldwide

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SUN FRONTIER

Company Overview



Name : Sun Frontier Fudousan Co., Ltd.
Head Office : Toho Hibiya Building (Hibiya Chanter) 14F
2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006
Representative : President, Tomoaki Horiguchi
Established : April 8, 1999
Stock Listing : First Section of the Tokyo Stock Exchange
on February 26, 2007 (Stock code 8934)
Capital : ¥8,387 million (as of April 30, 2016)
Employees : 307 Consolidated (as of April 30, 2016)
Main Group Companies : SF Building Support Inc.
: Sun Frontier Real Estate Investment Advisors Inc.
: K.K.Yubi
: Sun Frontier Taiwan
: Sun Frontier Hotel Management

Businesses

1. Real Estate Revitalization Business

Replanning Business/ Building Rental Business/ Real Estate Securitization Business

2. Real Estate Services Business

Rental Brokerage/ Property Management/ Building Maintenance/ Sales Brokerage/
Construction Solutions/ Delinquent Rent Guarantees

3. Hotel development, operation

Investment, development, operating

our “altruistic” spirit

We have upheld “altruism” since the establishment of our company.



Our company's credo is "altruism".

“Business is to do the benefit for the others” is my principle.

For the last 3 years, I have felt that Sun Frontier had been going through a major transformation and growth. It roots in the every employee, who is working lively with conscientious sense, less emotional stress and life worth living. That is really like employees’ ‘brain accelerator’ pressed down on. The change in the basics ethos, “the place where we can work pure-heartedly only for the smiles of clients”, has brought such internal transformation.

3 and a half years ago, I have decided the management policy strong-mindedly as below;

Not to seek gain, we wish to win the trust.

We change ourselves. Based on the viewpoint of clients, we solve any real estate related issues.

With having my principle of “walk the talk”, it was a courageous decision as the company president to declare “Not to seek gain”. Looking back on that time, however, it was quite natural and reasonable for such company to be regarded necessary and also to grow consistently as a public company. From the perspective of clients’ perception, we spare no time and effort to solve problems related to any real estate issues, and moreover, we are result-oriented to gain clients’ trust by providing credible work.

Sun Frontier changed as a place where we contribute to make people smile without any thought of gaining reward. Since employees also have vigorous sense of altruism, they focus on not to challenge business result but to put the best effort to serve for clients from the bottom of their heart. I feel that now there are more and more opportunities that our team come up with solutions for clients’ problems by themselves and by improving service quality together with colleagues and co-workers, and these actions lead to gain clients’ trust as a result.

To reach out our target service level, we have focused and realized to provide in-house operations by well-trained staffs in all domains related to real estate business. The conclusion of my self-analysis for this year’s achievement is that, because these factors worked like intangible asset, we could successfully acquire clients’ favorable evaluation that Sun Frontier is “trustful and convenient”, “the company that works for the client”, and “people kindly taking actions for the users”.

I follow no stereotype opinions or consensus. My ideal is to live up with the concept of “altruistic”. With fellows to join our cause, we are aiming to grow up to be the real estate company best loved and most chosen by clients worldwide.

I appreciate your continuous support and encouragement.

President Tomoaki Horiguchi

Highlights of the results



Summary of the Fiscal Year Ended March 31, 2016

**Increases both in sales and profit for 5 consecutive terms,
record-high amount of net income**

(¥ million)

	FY March 31, 2016	yr/yr change	increase rate	Forecast announced Feb.4 2016
Sales	30,625	+2,884	+10.4%	33,000
Operating income	7,387	+1,536	+26.3%	7,300
Ordinary income	7,024	+1,430	+25.6%	7,000
Net income	8,157	+3,103	+61.4%	7,200
dividends per share	¥25.0	+¥8.5	+51.5%	¥25.0

By linking up and combining unrivalled knowhow and experience gained through the process of providing the various services, we have been proactively developing real estate revitalization projects that deliver substantial value added on. The profit margin of the Revitalization business increased. Segment Profit margin is 27.8%, which is higher than the profit margin for the previous year (22.1%).

We have developed “three-pronged strategy” for future growth. Hotel business and Space Rental business started well. Hotel operating rate raised to about 90% in the first 2 months. Space Rental business turned positive in a half year.

5 years Performance (consolidated)



	FY ended Mar. 31, 2012	FY ended Mar. 31, 2013	FY ended Mar. 31, 2014	FY ended Mar. 31, 2015	FY ended Mar. 31, 2016	(¥ million) profit ratio
Sales	6,923	10,580	17,772	27,741	30,625	—
Operating income	861	2,156	4,531	5,850	7,387	24.1%
Ordinary income	799	2,039	4,341	5,593	7,024	22.9%
Net income	928	2,483	4,020	5,053	8,157	26.6%
Net income per share (yen)	24.98	66.50	94.03	118.18	190.78	—

Dividends per share (yen)	3.50	8.50	13.50	16.50	25.00 (forecast)
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51.5% up

The Company conducted a 1:100 stock split of common stocks as of October 1, 2013. Figures for the net income per share may reflect a retroactive adjustment due to the influence of the stock split.

Revenue/Profit Summary



	(¥ million)				
	FY ended Mar 31, 2015	FY ending Mar 31, 2016		FY ended Mar 31, 2015	FY ending Mar 31, 2016
Sales	27,741	30,625	Operating income	5,850	7,387
Real estate revitalization	22,036	24,546	Non-operating income	15	25
Real estate securitization	403	145	Non-operating expenses	272	389
Rental building business	1,839	2,144	Ordinary income	5,593	7,024
Brokerage	1,239	1,537	Extraordinary loss/income	▲18	1,257
Property management	1,325	1,483	Corporate income tax, etc.	433	115
Other businesses	897	769	Minority interests in income/loss	88	▲2
Gross profit on sales	8,983	10,959	Net income	5,053	8,157
Real estate revitalization	5,592	7,377	<ul style="list-style-type: none"> • The profit margin of the Revitalization business increased, improving ordinary income margin. • The gain on fixed asset sold contributed the highest profit for the period. • The Brokerage business grew considerably (up by 24.5% from the previous fiscal year). 		
Real estate securitization	403	145			
Rental building business	988	1,117			
Brokerage	1,055	1,314	<p>Stable income structure covering SG&A</p> <ul style="list-style-type: none"> • The income from rental building and realty service businesses (3,436million yen) exceeds the SG&A(3,239 million yen), excluding Revitalization sales commissions. 		
Property management	595	675			
Other businesses	349	328			
Selling and general administrative expenses	3,133	3,572			

Consolidated balance sheet

-Assets-



(¥ million)

	End of Mar. 2014	End of Mar. 2015	End of Mar. 2016	Increase/decrease (from the end of Mar. 2015)
Current assets	31,446	37,452	51,365	+13,912
Cash and deposits	11,180	12,686	15,413	+2,727
Inventory assets	18,729	23,479	32,714	+9,233
Other current assets	1,536	1,285	3,237	+1,951
Noncurrent assets	2,464	2,971	2,718	▲252
Property plant and equipment	2,164	2,483	1,919	▲563
Intangible assets	11	76	278	+201
Investments and other assets	287	412	520	+108
Total assets	33,910	40,424	54,084	+13,659

Consolidated balance sheet

-Liabilities/Equity-



(¥ million)

	End of Mar. 2014	End of Mar. 2015	End of Mar. 2016	Increase/decrease (from the end of Mar. 2015)
Current liabilities	3,023	3,550	7,641	+4,090
Short-term loans payable, etc.	1,006	1,004	3,353	+2,349
Income taxes payable, etc.	266	221	973	+751
Other current liabilities	1,750	2,324	3,314	+989
Noncurrent liabilities	12,417	14,172	16,298	+2,125
Long-term loans and bonds payable	11,359	12,988	15,055	+2,066
Other noncurrent liabilities	1,057	1,183	1,242	+58
Total liabilities	15,440	17,723	23,939	+6,216
Shareholders' equity	18,217	22,693	30,144	+7,451
Others	252	8	▲0	▲8
Total net assets	18,469	22,701	30,144	+7,443
Total capital and liabilities	33,910	40,424	54,084	+13,659

capital adequacy ratios of at least 50%

End of Mar. 2014	End of Mar. 2015	End of Dec. 2015
53.7%	56.2%	55.7%

As the purchasing of revitalized property progressed, the interest-bearing liabilities increased from 14.0 billion yen as of the end of the previous year to 18.4 billion yen.

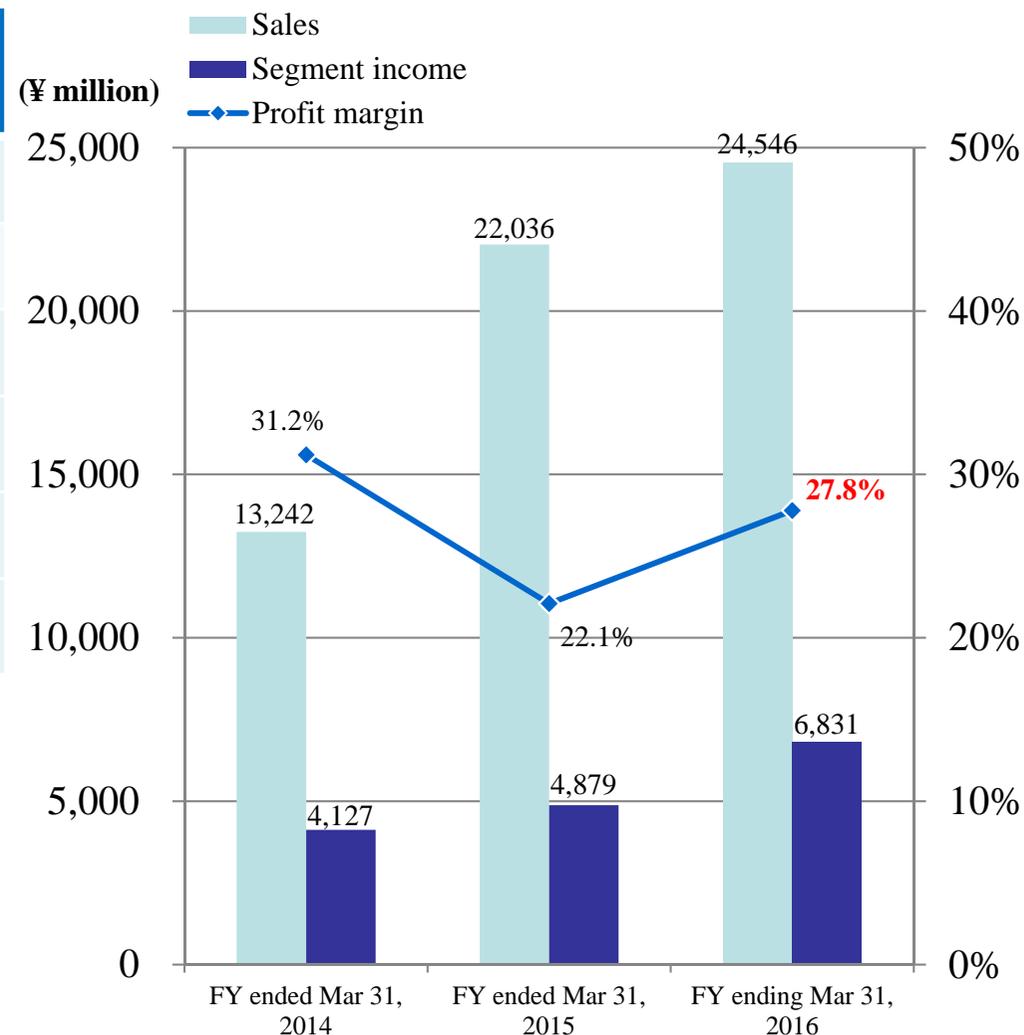
Retained earnings increased due to the difference between net income (+ 8.1 billion yen) and term-end dividend payment (-700 million yen).

Performance of Revitalization business



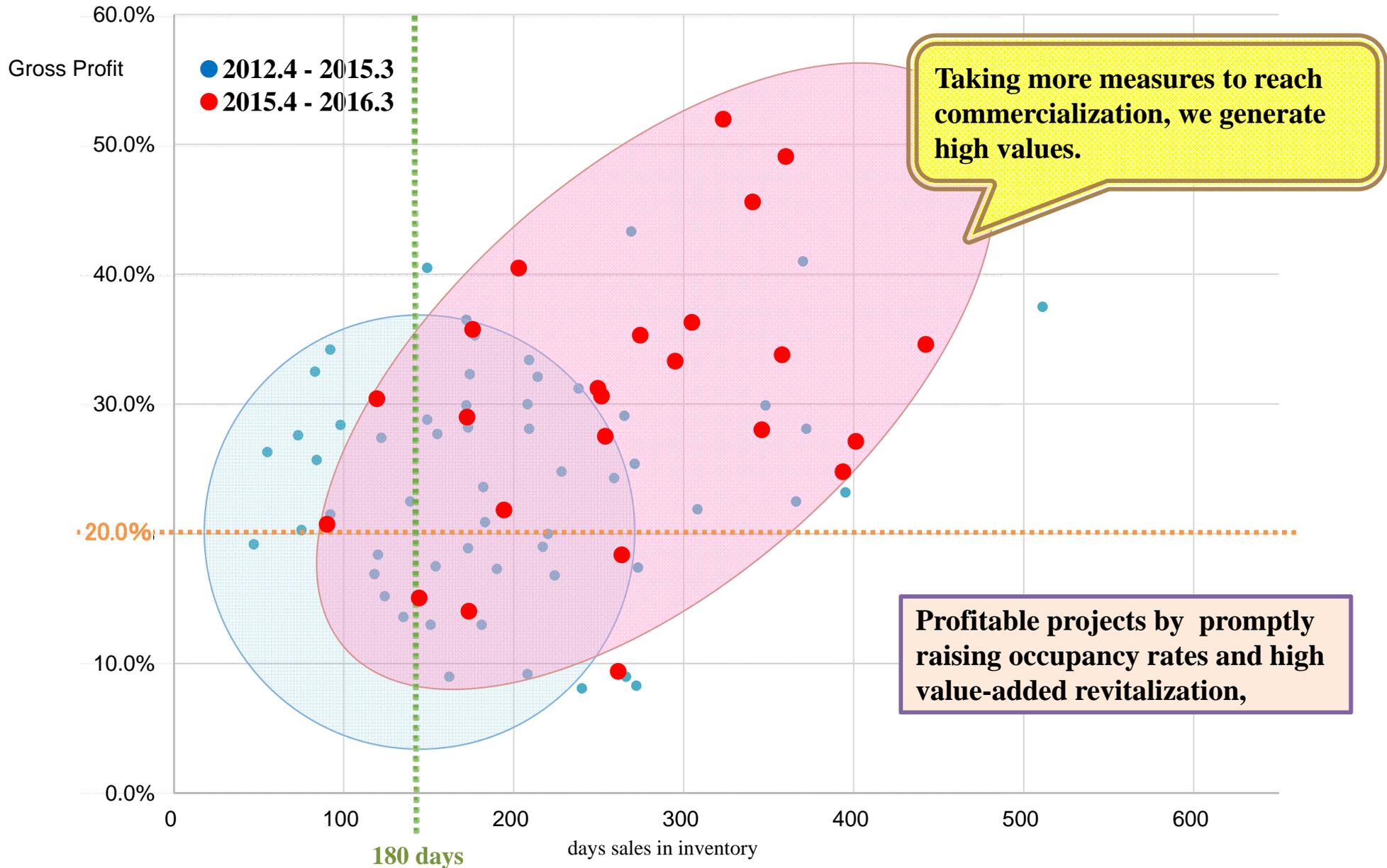
(¥ million)	FY ended Mar 31, 2015	FY ending Mar 31, 2016	Increase/decrease
Sales	22,036	24,546	+11.4%
Segment income ^(Note 1)	4,879	6,831	+40.0%
Profit margin	22.1%	27.8%	+5.7%p
No. of procured buildings	35	34	▲1
No. of sold buildings	29	24	▲5
No. of buildings in stock as of the end of the term	27	38	+11

- Profit margin increased considerably to over 27%.
- The average business period for selling a property is 291 days.
- The stocks of revitalization property as of the end of the term are 38 buildings, worth 32.7 billion yen.



(Note 1) “Segment income” is calculated by subtracting the expenses for respective businesses, such as interest paid, sales commission, and goodwill amortization, from gross profit on sales.

Extended the processing period to create higher-margin

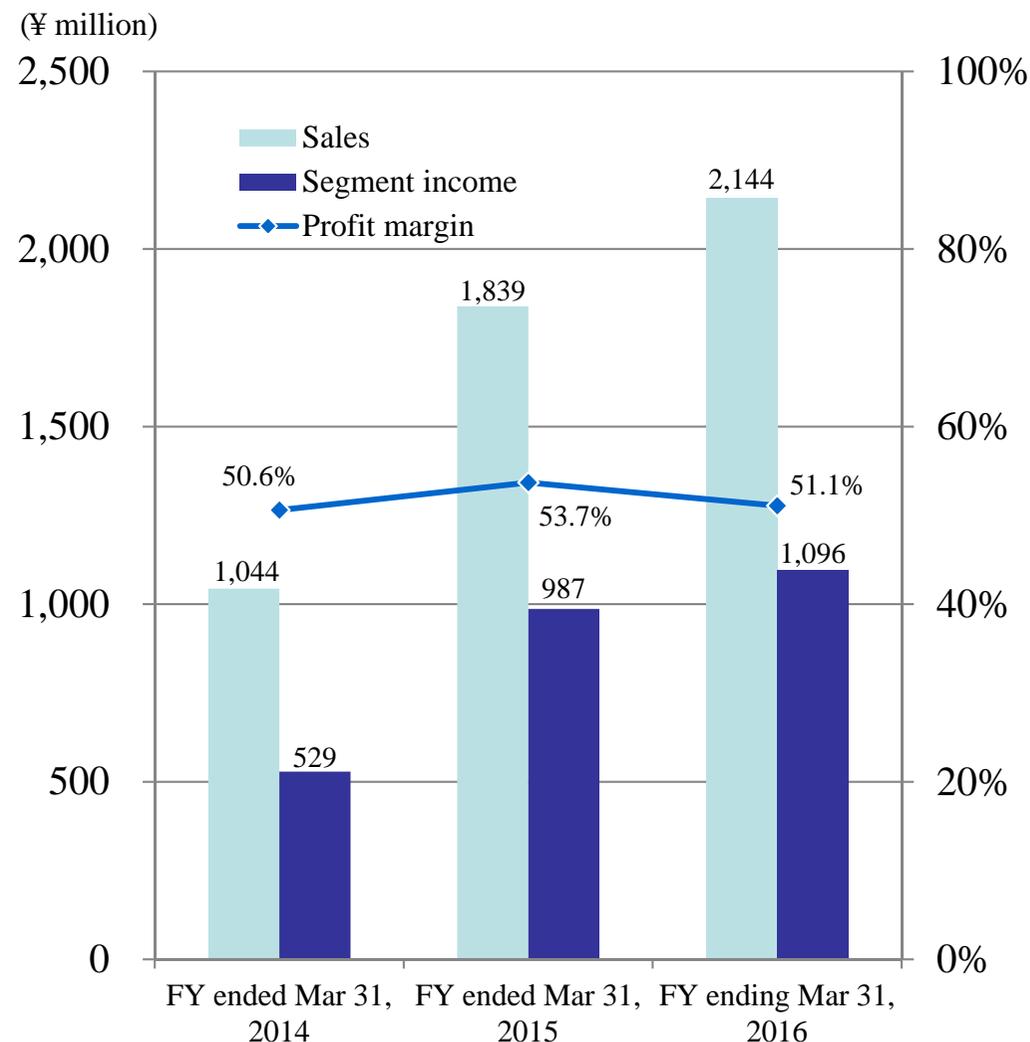


Performance of Rental building business



(¥ million)	FY ended Mar 31, 2015	FY ending Mar 31, 2016	Increase/decrease
Sales	1,839	2,144	+16.6%
Segment income	987	1,096	+11.0%
Profit margin	53.7%	51.1%	▲2.6%p

- We purchase and retain properties according to our well-selected criteria. With a combination of valuable knowledge and skills in rental brokerage, property management, construction solutions and rent guarantee services, we have been succeeding in maintaining a high rate of utilization and securing stable rental income.

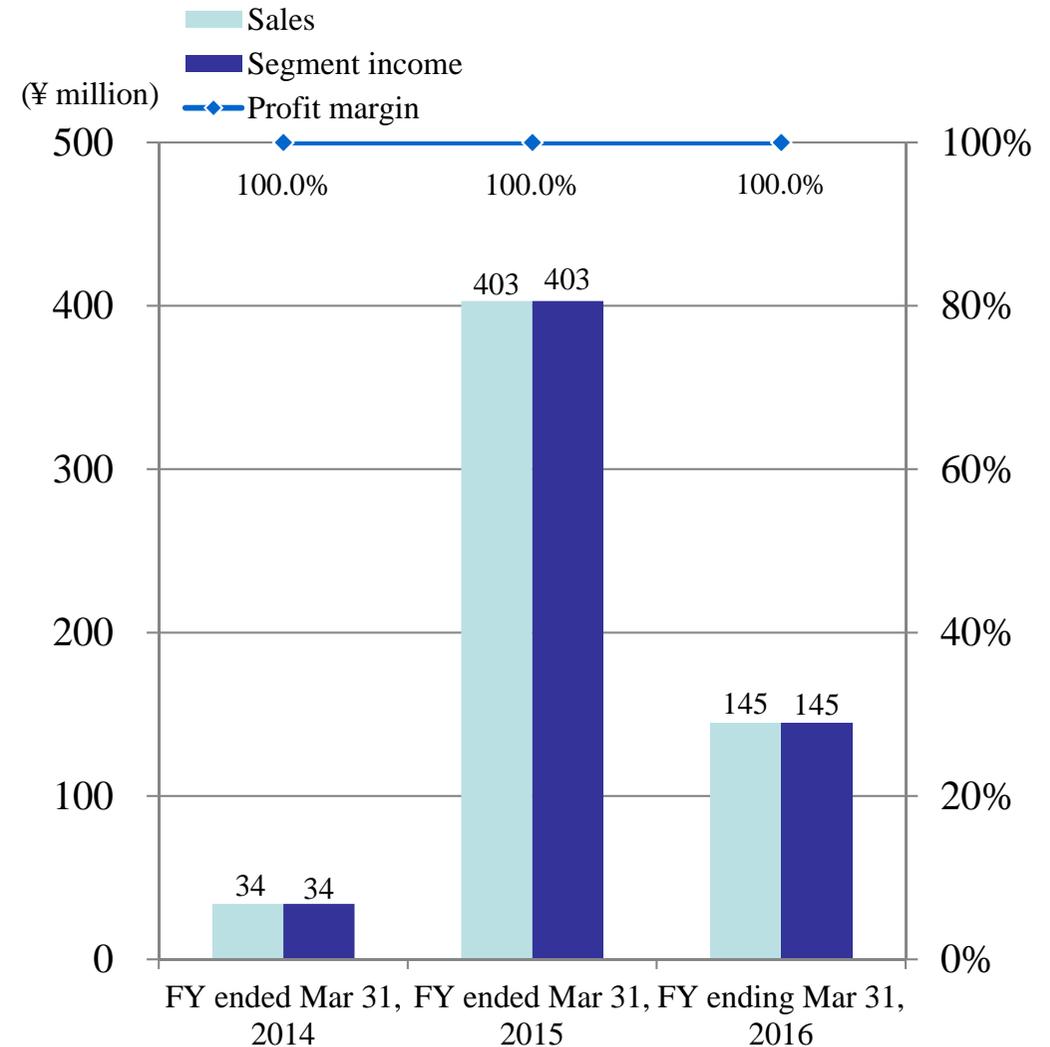


Performance of Real estate securitization business



(¥ million)	FY ended Mar 31, 2015	FY ending Mar 31, 2016	Increase/decrease
Sales	403	145	▲63.9%
Segment income	403	145	▲63.9%
Profit margin	100.0%	100.0%	—

- There was the income from investment allocation in conformity with the sale of collaborative investment projects(1 project), but both sales and profits dropped.



Performance of Brokerage business



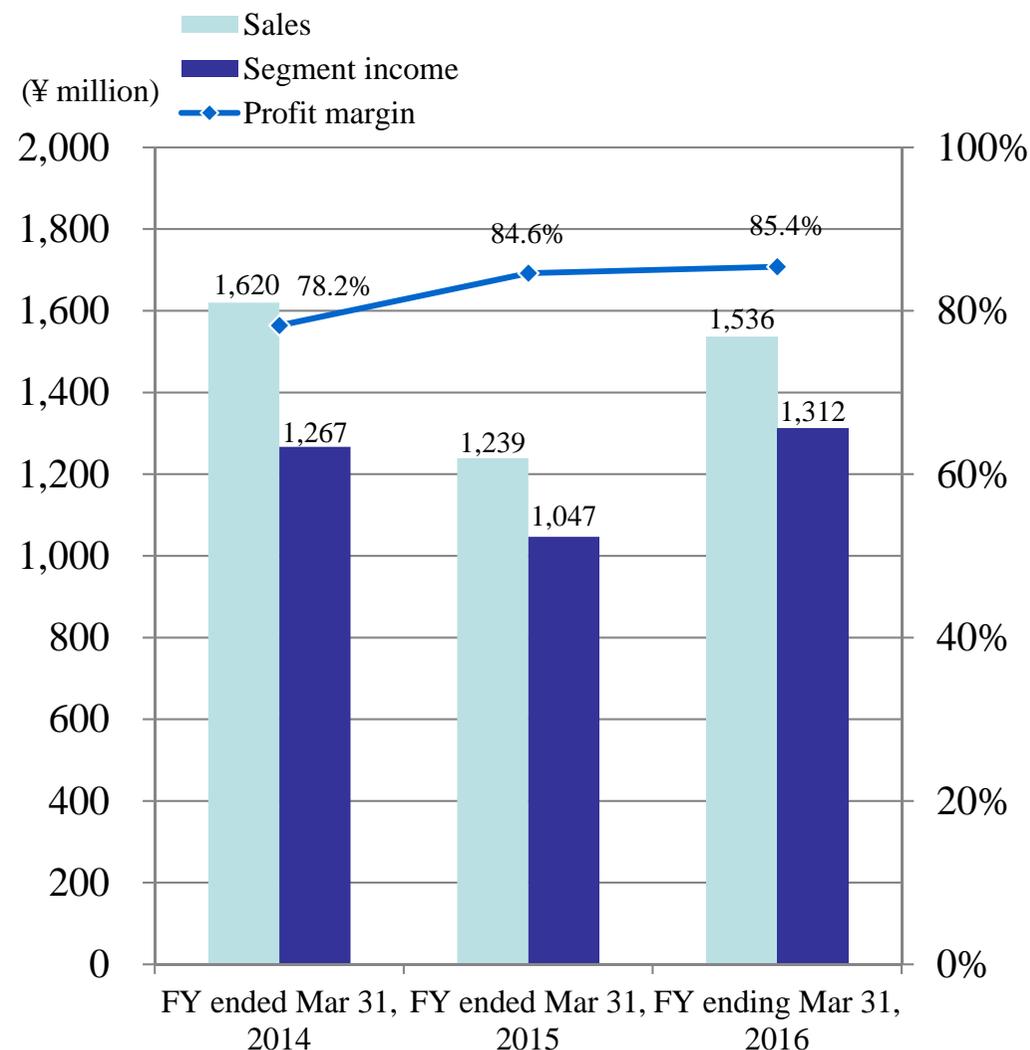
(¥ million)	FY ended Mar 31, 2015	FY ending Mar 31, 2016	Increase/decrease
Sales	1,239	1,536	+24.0%
Segment income	1,047	1,312	+25.2%
Profit margin	84.6%	85.4%	+0.9%p

< Sales brokerage >

■ As for the sales brokerage business, we mostly focused on the relationship with other departments or the agents to obtain the effective information and introduction, put more time, made effort into them and added the value on. In such a way we succeeded to take some chances to get acquainted with new clients, both sales and profits grew considerably in comparison to the same period of the previous year.

< Rental brokerage >

■ We concentrated on solving the worries and difficulties of owners and finding tenants for revitalized buildings, which is generating to the creation of the future profits for the entire company.



Performance of Property management business



(¥ million)	FY ended Mar 31, 2015	FY ending Mar 31, 2016	Increase/decrease
Sales	1,325	1,483	+11.9%
Segment income	595	675	+13.5%
Profit margin	44.9%	45.6%	+0.6%p

<Property management business>

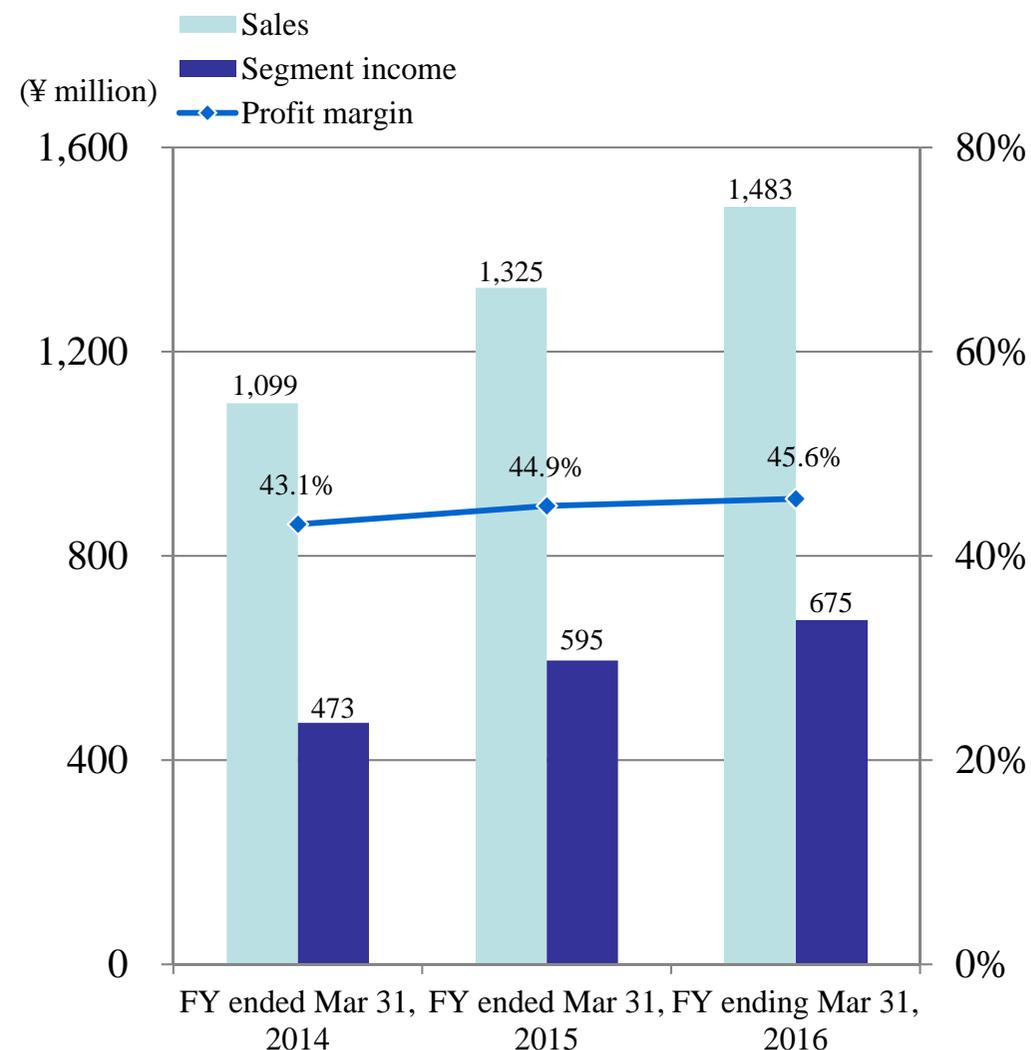
- No. of entrusted buildings: 333 (up 57 compared the end of previous year)
- Occupancy rate: 95.5% (up by 2.6p)

【The number of entrusted buildings and occupancy rate】

	No. of entrusted buildings	Occupancy rate
End of Mar. 2014	227	997.1%
End of Mar. 2015	276	92.9%
End of Mar. 2016	333	95.5%

<Building maintenance business>

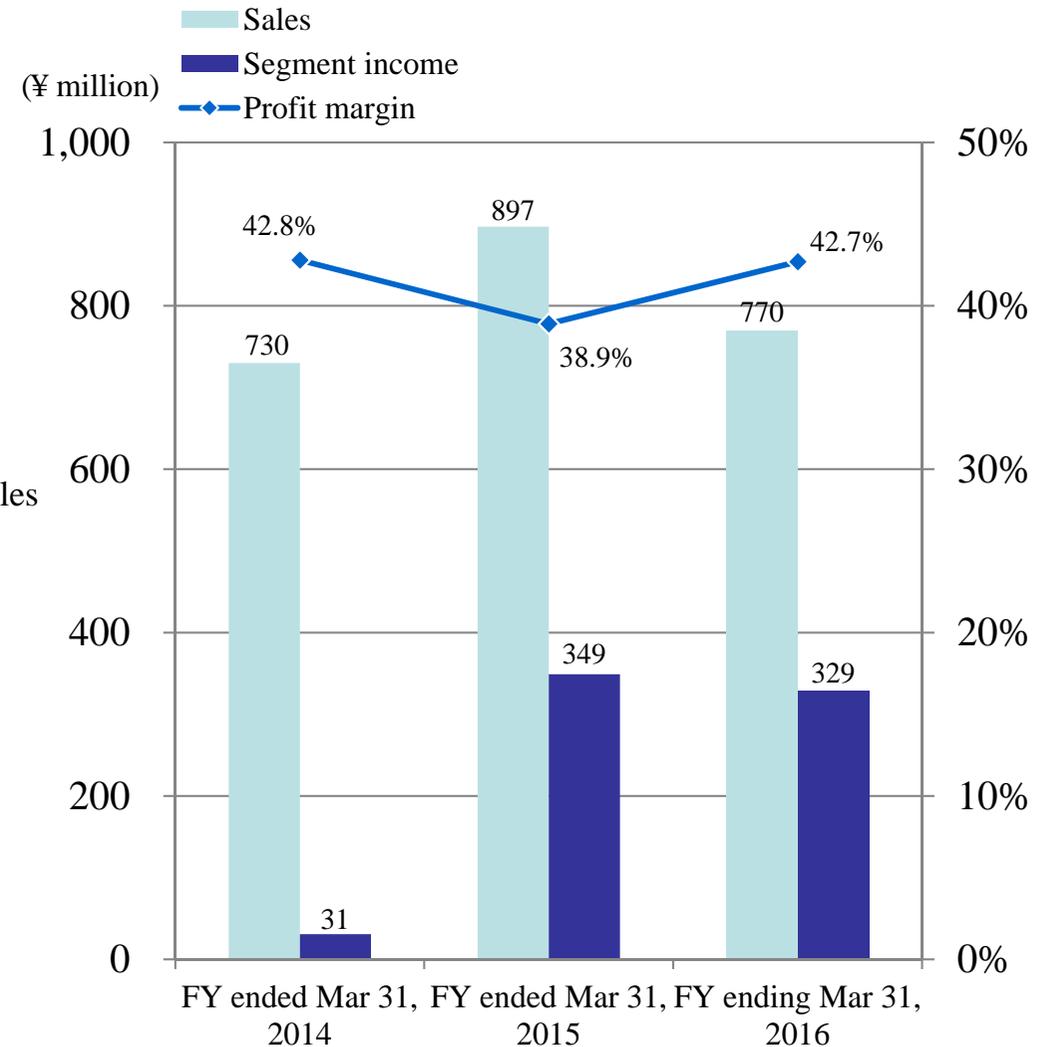
- We made efforts to increase projects in cooperation with other business divisions. As a result, sales increased.



Performance of Other Business (Delinquent rent guarantee, Construction solution, Space rental, Hotel)



(¥ million)	FY ended Mar 31, 2015	FY ending Mar 31, 2016	Increase/decrease
Sales	897	770	▲14.1%
Segment income	349	329	▲5.6%
Profit margin	38.9%	42.7%	+3.8%p



< Delinquent rent guarantee business >

- We strengthened the relationship with in-house departments including real estate broker and partner companies, so that both sales and profits increased.

< Construction solution business >

- Sales and profits decreased compared to the previous year.

< Space rental business >

- Income covered the whole expenditure during the third quarter of consolidated fiscal year by the improvement of the recognition by active marketing.

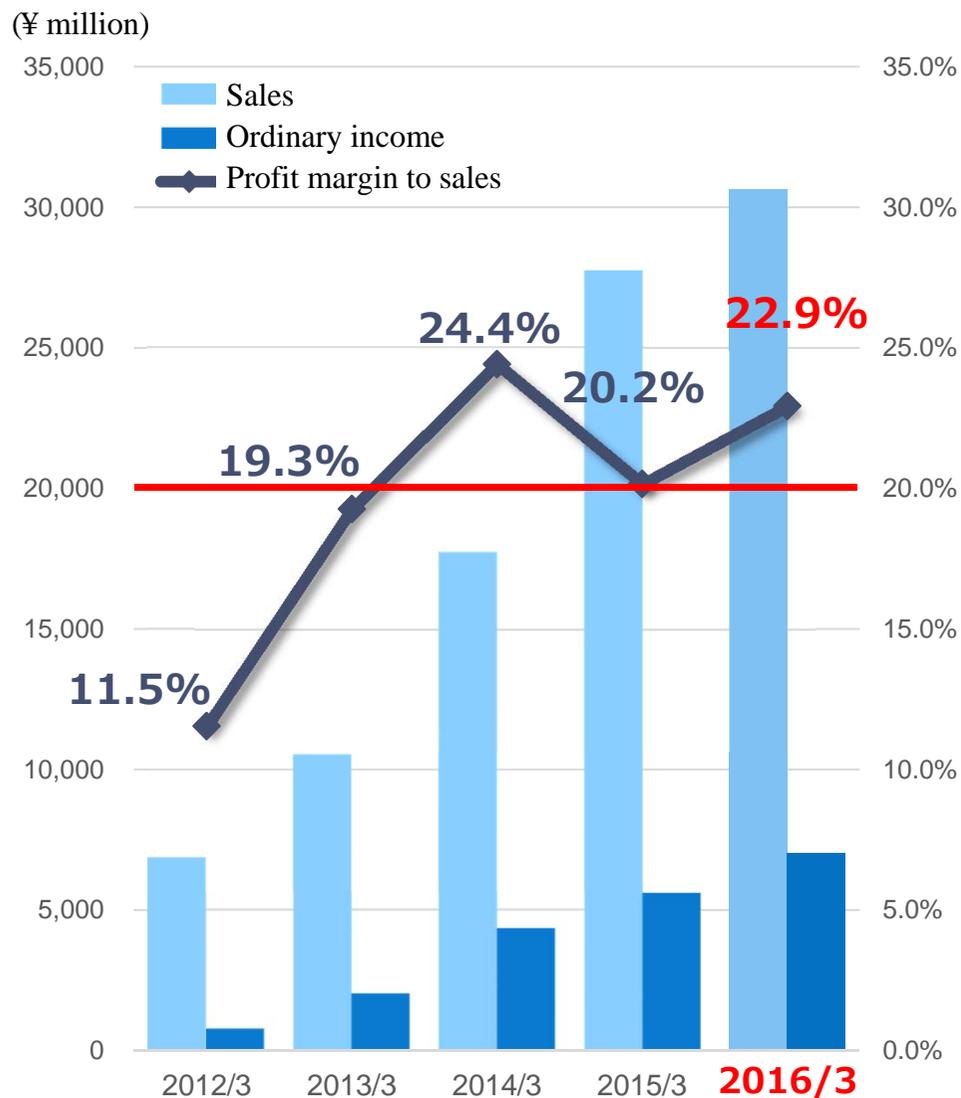
< Hotel business >

- We have agreed to make a business alliance with Shanghai Spring Group for the hotel business in Japan. April 25, 2016, “SPRINGSUNNY Hotel Nagoya Tokoname” opened its doors to global travelers as the first hotel of our collaborative brand.

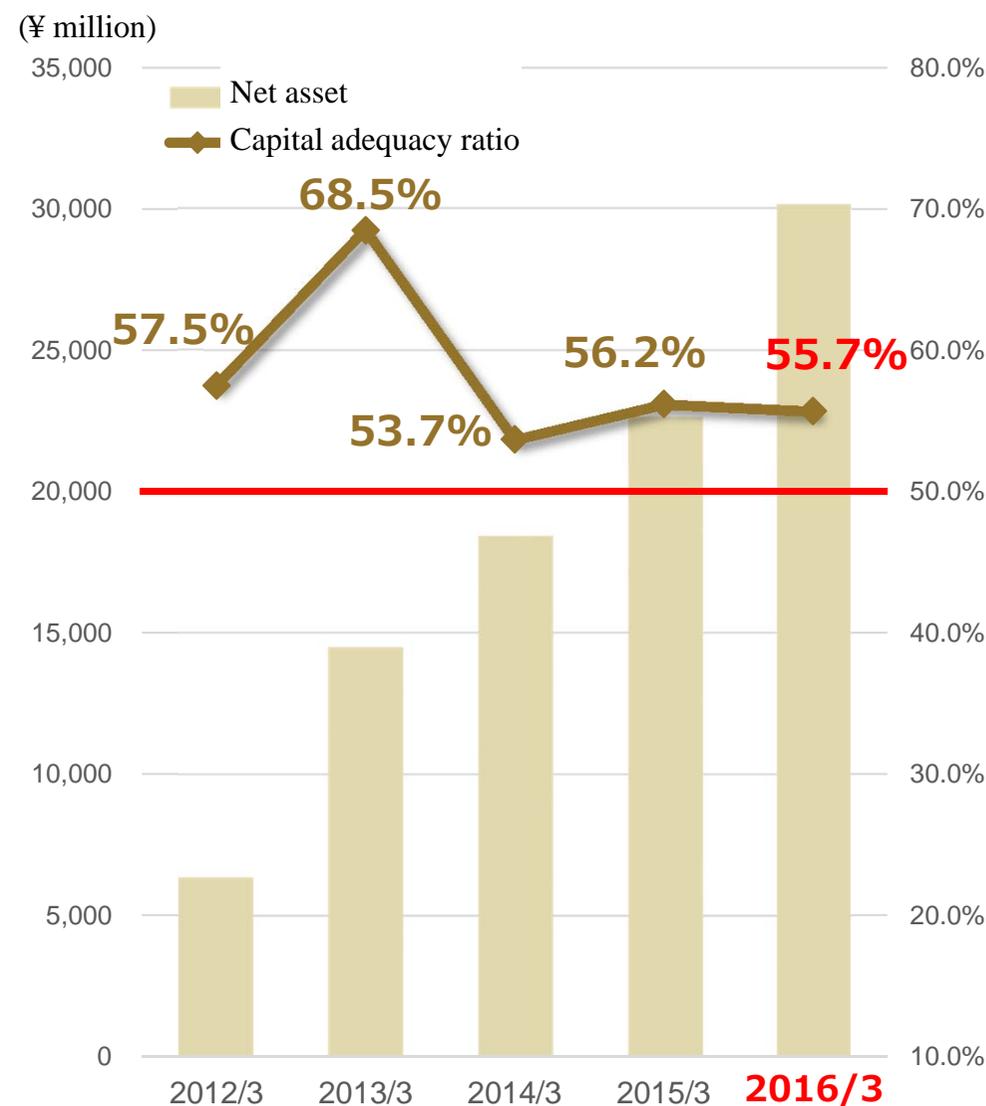
Key Performance Indicators



■ Ordinary income margin



■ Capital adequacy ratio

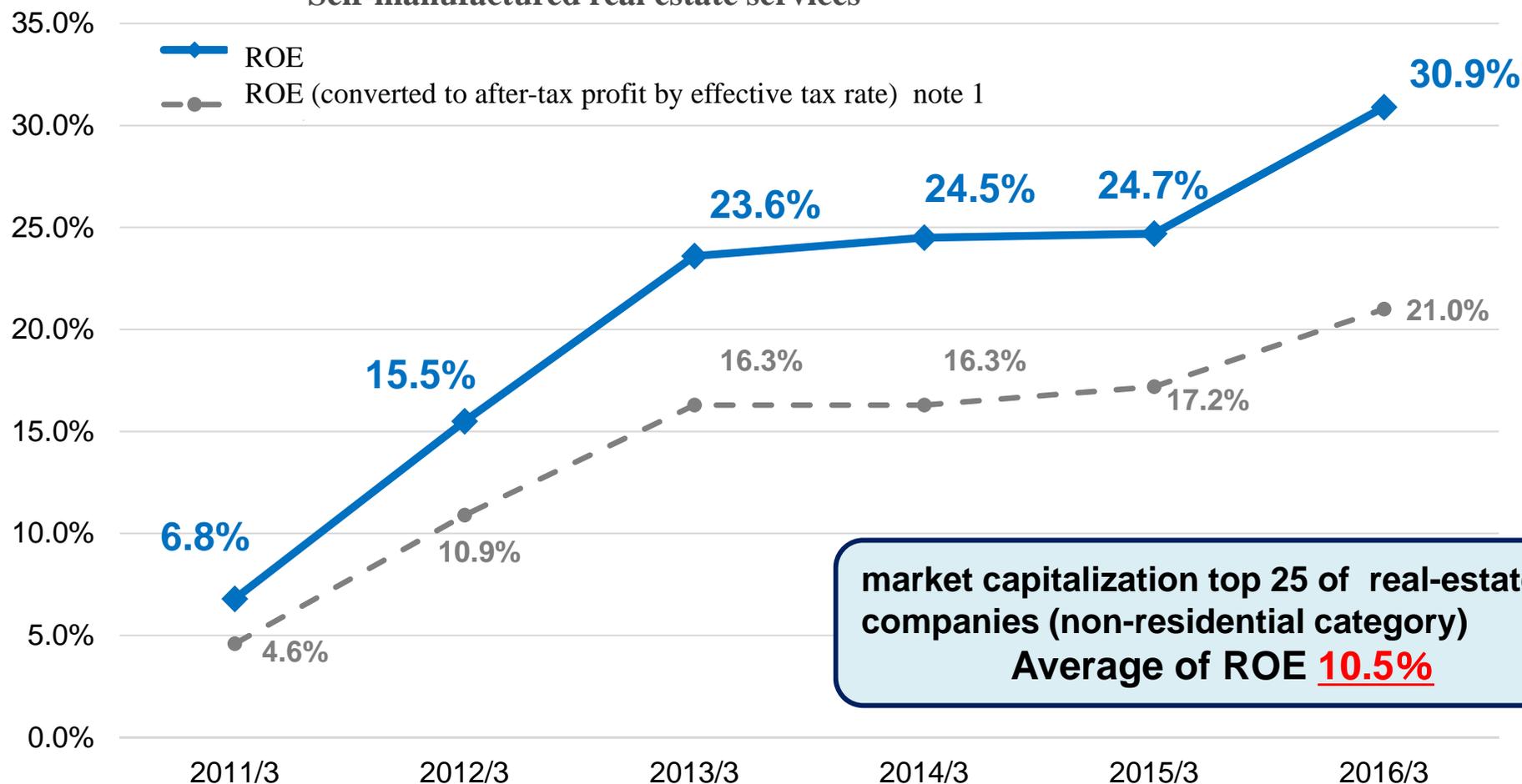


Profitability (Return on Equity)



Earning power from

- Specialization only in <urban center district> and <office>
- Investigation of wealthy individuals' needs and marketing
- Revitalization based on the viewpoint of customers
- Self-manufactured real estate services



market capitalization top 25 of real-estate companies (non-residential category)
Average of ROE **10.5%**

Note 1

provisional assumption to be subject to taxation by the effective tax rates for removing the influence of tax advantage from loss carried forward,

Forecast for the Fiscal Year Ended March 31, 2017

Forecast for the FY Ended March 31, 2017



(¥ million)	2016/3	2017/3	Increase
Sales	30,625	41,000	+33.9%
Real Estate Revitalization	26,835	36,700	+36.8%
Revitalization Business part	24,546	35,000	+41.7%
Rental building part	2,144	1,700	▲20.7%
Brokerage business	1,536	1,620	+5.4%
Property management	1,483	1,580	+6.5%
Other business	770	1,100	+42.8%
Gross profit	10,959	13,385	+22.1%
Real Estate Revitalization	8,640	10,600	+22.7%
Revitalization Business part	7,377	9,800	+32.8%
Rental building part	1,117	800	▲28.4%
Brokerage business	1,314	1,400	+6.5%
Property management	675	760	+12.5%
Other business	329	625	+89.8%
SGA expenses	3,572	4,885	+36.7%
Operating income	7,387	8,500	+15.1%
Ordinary income	7,024	8,200	+16.7%
Net income	8,157	5,600	▲31.3%
Substantial incurred tax rate	1.4%	30.7%	
Cash Dividends per Share (Yen)	25.00	28.00	+12.0%

Real estate revitalization and real estate services are our core business. In particular, we realize sustainable growth of revitalization business that combine all of the companies' force.

Income gain from our own assets will decrease for deliberate dispositions. Earnings will be reinvested to the future business.

Margin rate of Revitalization business is conservatively estimated, based on the premise of current market situation held on.

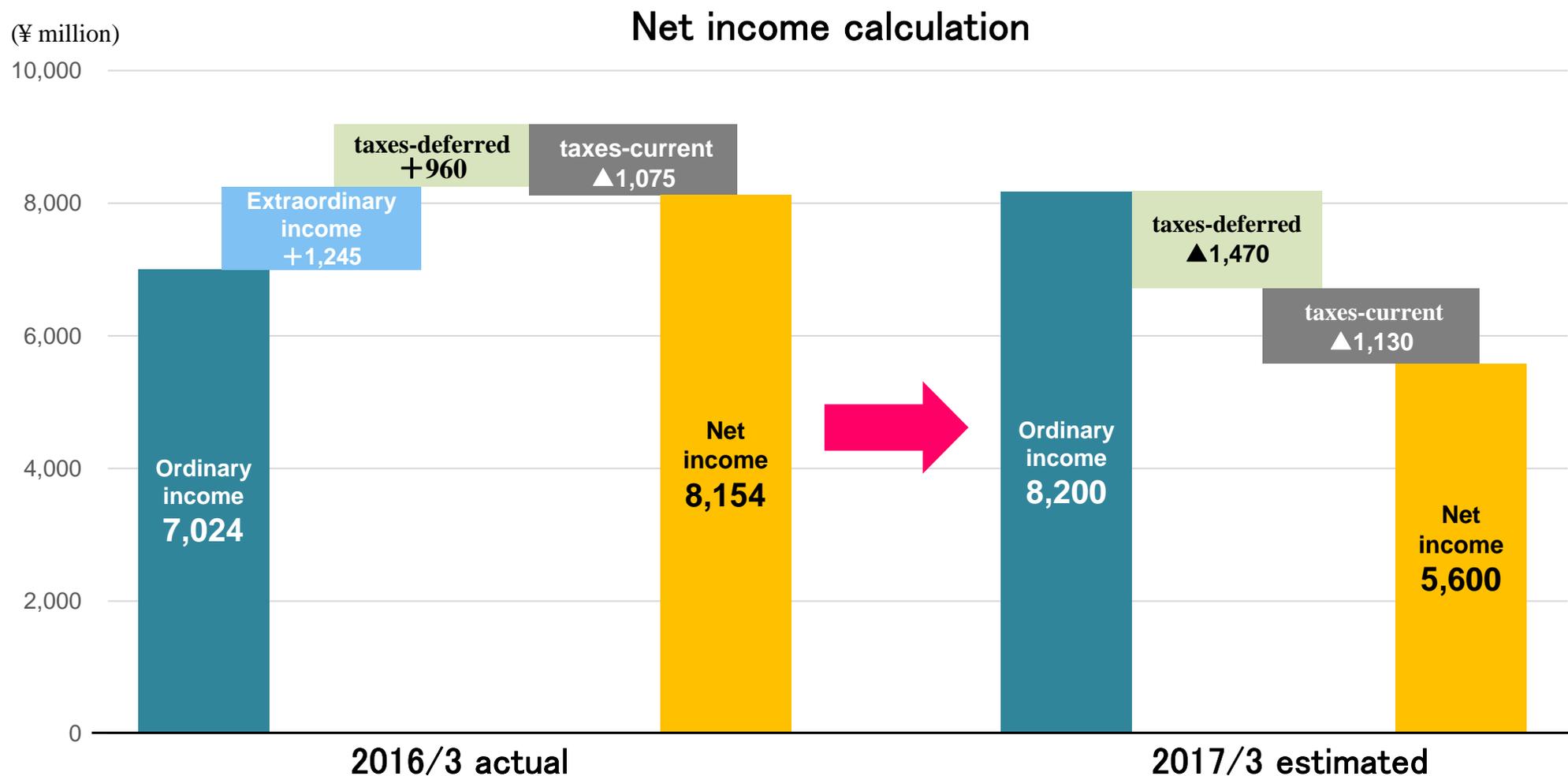
FY 2015/3 : 25.4%
 FY 2016/3 : 30.1%
 FY 2017/3 : 28.0%

Hire add 50 of employees

For our tax advantage from loss carried forward will be used up in full within the period of this fiscal year, tax burden rate comes close to the effective tax rate.

DPS is planned to be ¥28 per share.

Transition prediction of net income



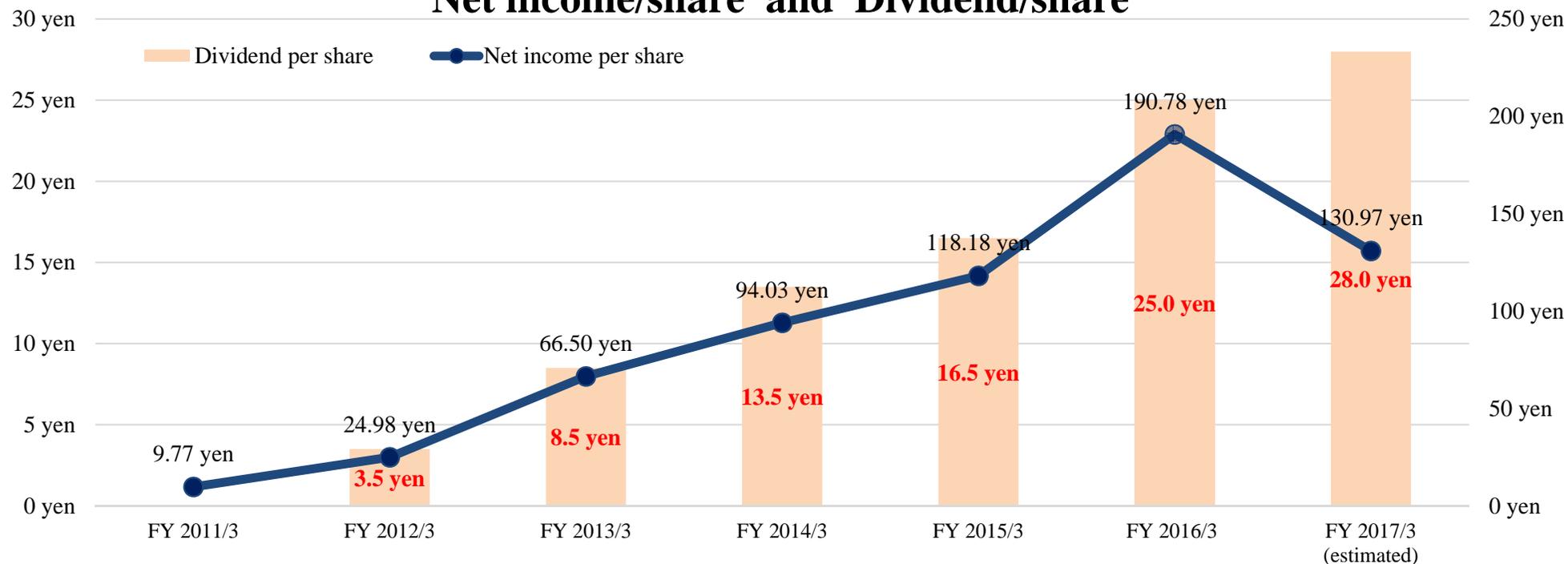
Profits and dividend



	03/2011	03/2012	03/2013	03/2014	03/2015	03/2016	03/2017 (planned)
Net income (¥ million)	363	928	2,483	4,020	5,053	8,157	5,600
Net income per share (yen)	9.77	24.98	66.50	94.03	118.18	190.78	130.97
Dividends per share (yen)	0.00	3.50	8.50	13.50	16.50	25.00	28.00
Dividend payout ratio	0.0%	14.0%	12.8%	14.4%	14.0%	13.1%	21.4%
Dividend payout ratio converted to after-tax profit	0.0%	28.2%	22.1%	23.3%	19.7%	19.3%	—

The Company conducted a 1:100 stock split of common stocks as of October 1, 2013. Figures for the net income per share may reflect a retroactive adjustment due to the influence of the stock split.

Net income/share and Dividend/share



<Future activities>

- 1) Business environment**
- 2) Managerial policy and business model**
- 3) Growth strategies**

The global economy moderates to a sustainable growth.

The global economy is expected to grow moderately, because of the healthy U.S. economy, but we need to pay attention to the sluggish growth of the Chinese economy, the downturn of Europe, etc.

As continuation of economic growth strategy by the government, growth of inbound market as a result of the promotion of tourism have contributed to the positive growth rate of Japanese economy this term. On the other hand, growth slowdown of emerging economies still give national economy an uncertain outlook.

The Government continuously pursues to expand the economic virtuous cycles, through directing growing corporate profits towards investment, wage increase and further improvement in the employment situation.

Financial inflow by strengthen the easy-money policy, and tourism demand growth

Negative interest policy will provide a financial inflow to the real estate market.

As population is aging and the fund procurement environment is favorable because of low interest rates, there is a growing demand for the purchase of real estate, for coping with inheritance tax, managing assets, and bracing for inflation.

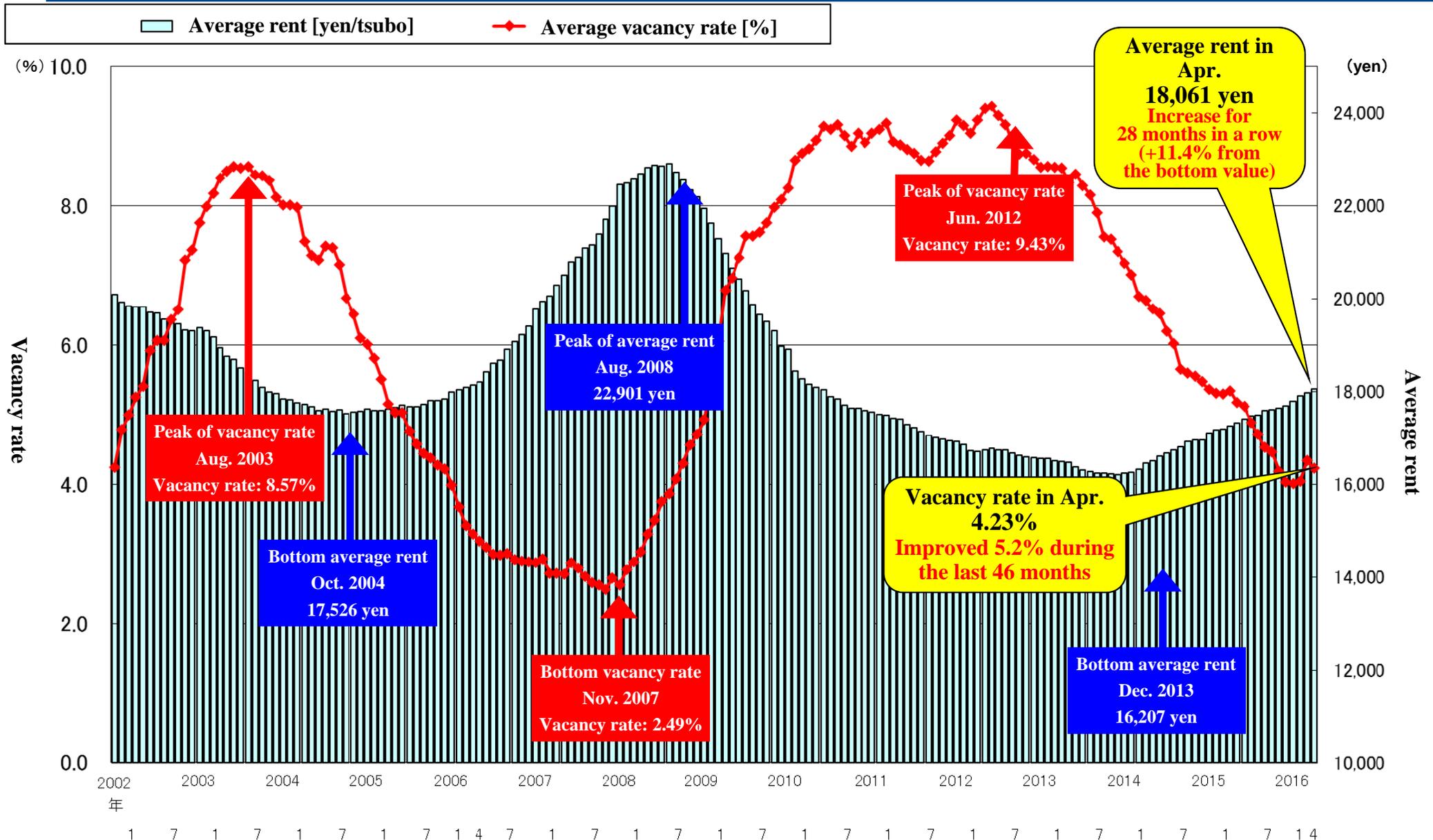
The number of foreign tourists to Japan reached about 20 million people in the previous year, the supply of accommodation in Tokyo, Osaka, and Kyoto has become a socially urgent.

The demand of urban office building market will be growing

Based on healthy corporate performance, the transaction of relocating to a larger office, enlarging the office spaces etc. becomes more achieve than before. In the five center district wards of Tokyo, the demand-supply balance will be tightened due to the decline in supply, and this leads the rent upward and vacancy rate downward.

Mainly for urban office buildings in good locations, the advertised rents will be raised, or rent increase negotiation at the renewal of contract is necessary. This enhances the advantage of lessors. But Cap Rate has little scope to down. Caution and prudence are required.

Changes in office rent and vacancy rate in center district 5 wards in Tokyo



* Source: Produced by our company based on the "office report" of Miki Shoji. This researched the office buildings whose reference floor's area is over 100 tsubo in 5 wards in Tokyo.

2. Managerial policy and business model

Not to seek gain, we wish to win the trust.

We change ourselves. Based on the viewpoint of customers, and we solve any real estate related difficulties.

Sun Frontier's Vision and Policies



Vision

We aim to become the real estate company loved and chosen the most by clients in the world as **“professionals in real estate utilization”**

Clients

Building owners, asset holders, and wealthy individuals

Core business

Real estate revitalization and utilization

Policies

To focus on people, rather than property
To keep the viewpoint of customers, and solve any real estate-related difficulties

Strategies

Urban center

Office

Strength

Tenant finding capability

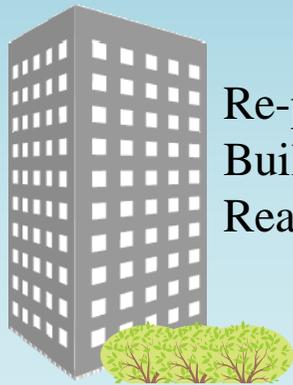
Real estate Revitalization capability

Building operation capability

Classification chart of our business

Office buildings

Real Estate Revitalization Business



Re-planning Business
Building Rental Business
Real Estate Securitization Business

Real Estate Services Business

Rental Brokerage Sales Brokerage
Property Management
Building Maintenance
Construction Solutions
Delinquent Rent Guarantees
Space Rental, Small office

Hotel business

Operations
Development, Regeneration
Stock holdings, Funding

Abroad

Taking over the investment by Taiwanese investors
Public housing in Indonesia
Hotel and housing Developments in Vietnam

To offer services to nearby owners

1. Specializing in the center of Tokyo

10 footholds in Chiyoda, Chuo, Minato, Shinjuku
Shibuya Wards, and Yokohama

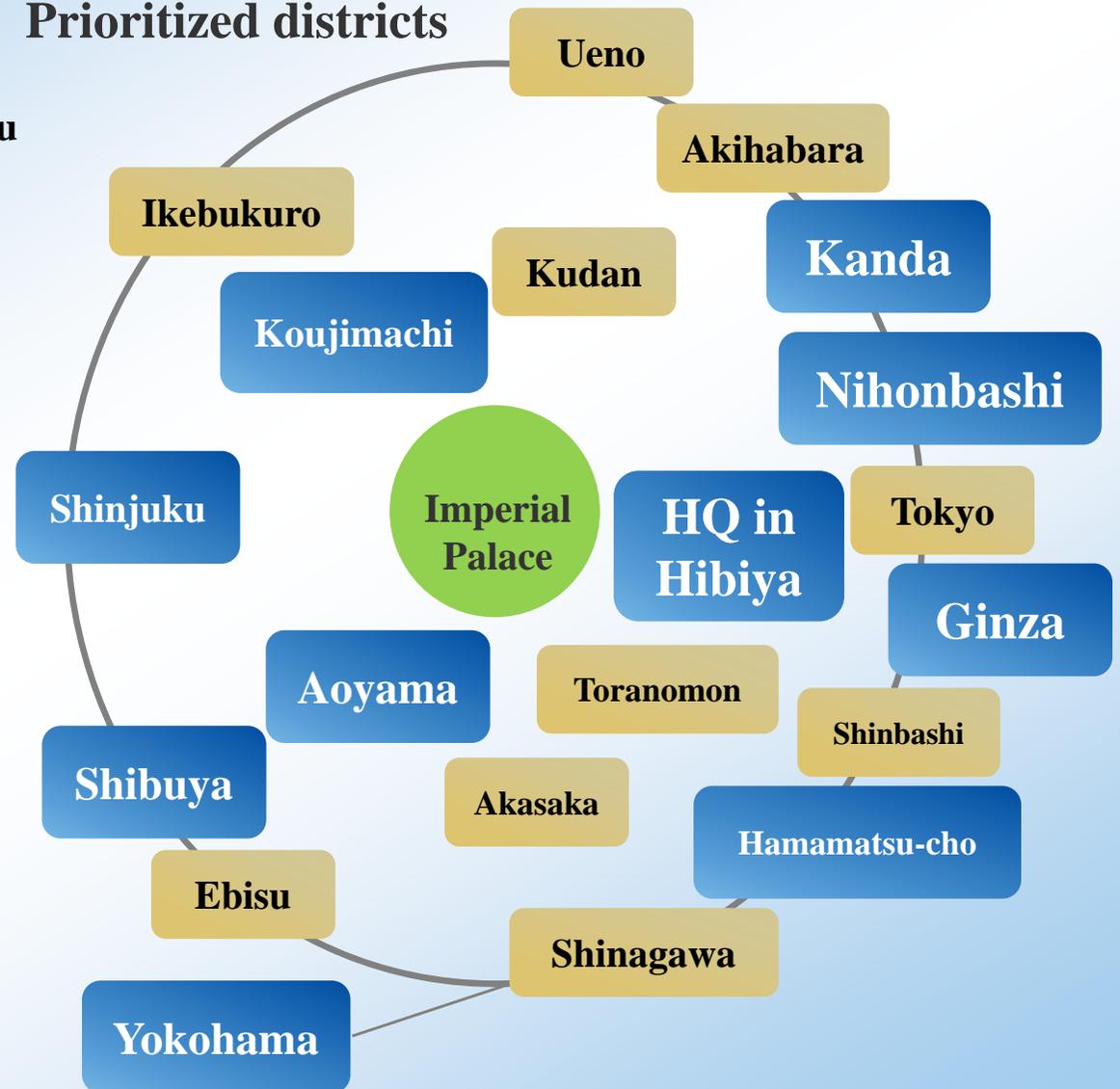
We **excel at finding tenants** for office buildings,
by utilizing our **familiarity with local areas**.

2. We are not only broker
rental, but also listen to and **solve
the troubles of owners**, and then
produce **various earning opportunities**.

3. We have various consultations such as
renovation, sale of the building with owners
through the conclusion of the contract. As a
result, we **procure real estate to be revitalized**.

**Contribution by solving any real
estate related difficulties, based on
the viewpoint of customers.**

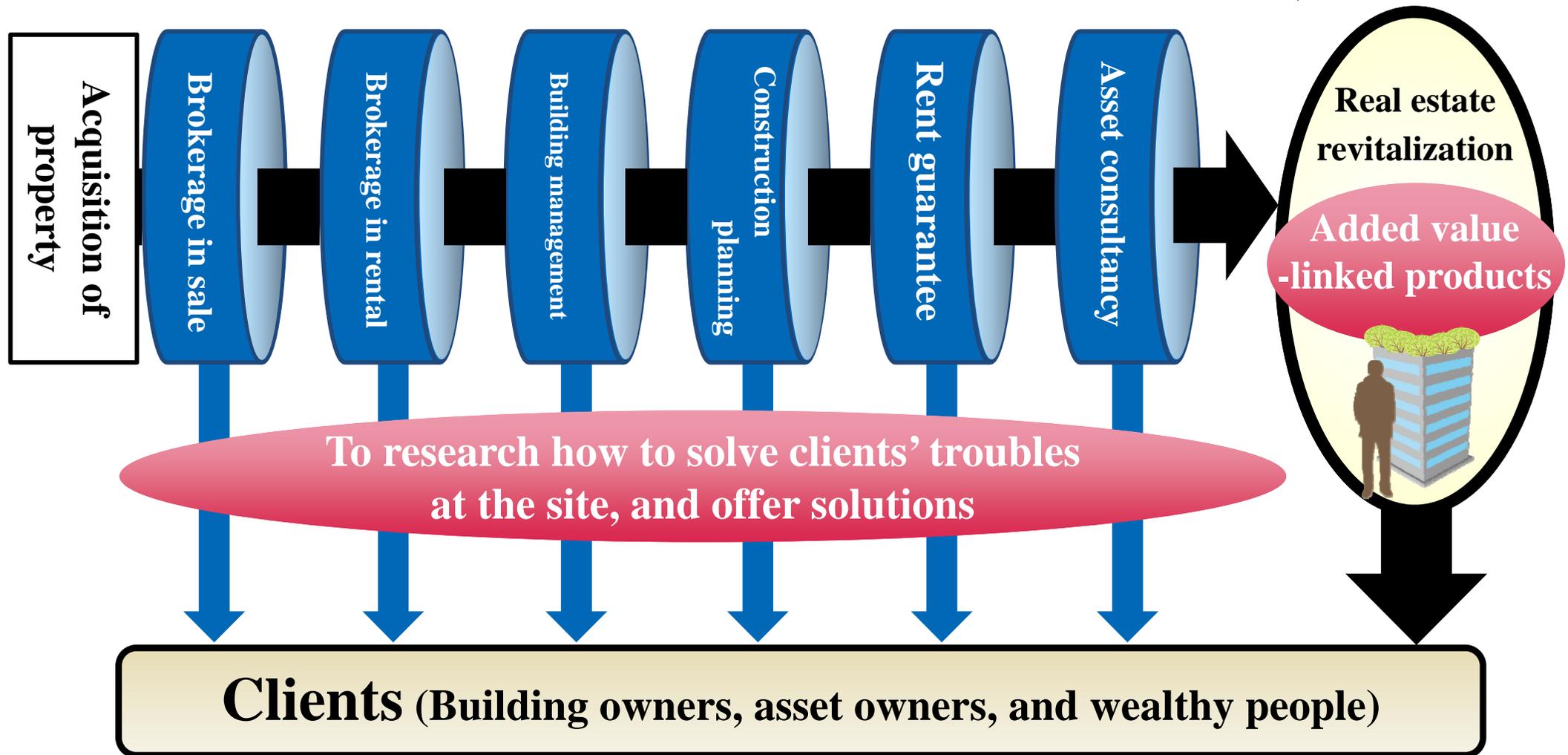
Prioritized districts



( indicate the main target areas of our branches.)

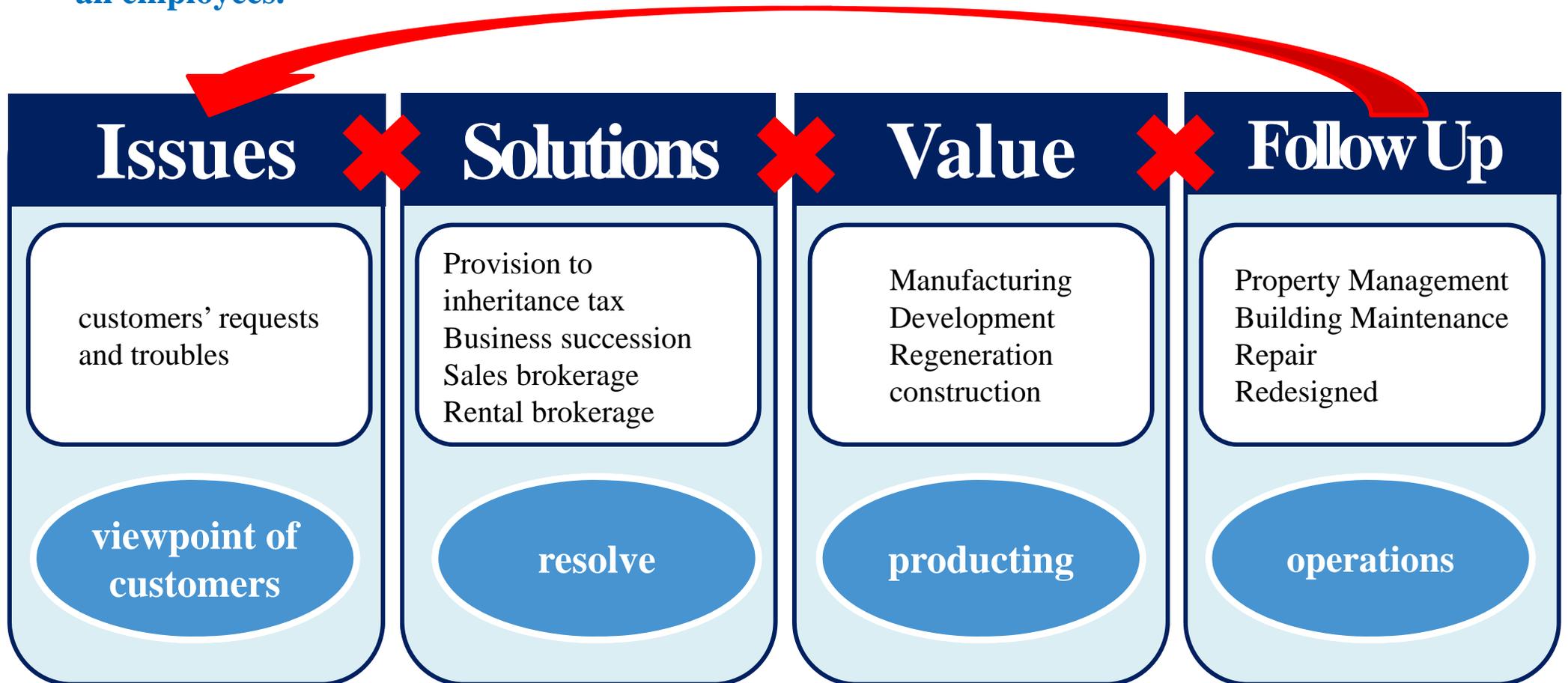
Real Estate Revitalization and the Cycle of Added Value

- ① **In the vertical service business**, we survey and solve complaints, inconveniences, and discomforts, while listening to clients' voices. We combine the know-how and grasped needs, and apply them to used buildings we acquired, and then
- ② revitalize the real estate with added values in **the horizontal real estate revitalization business**, and sell them.



Company credo “altruism”

We aim to offer greater happiness to customers and promote the business operation among all employees.



Maximization of customers' profit is just “altruism”.

Earning Opportunities even after sale

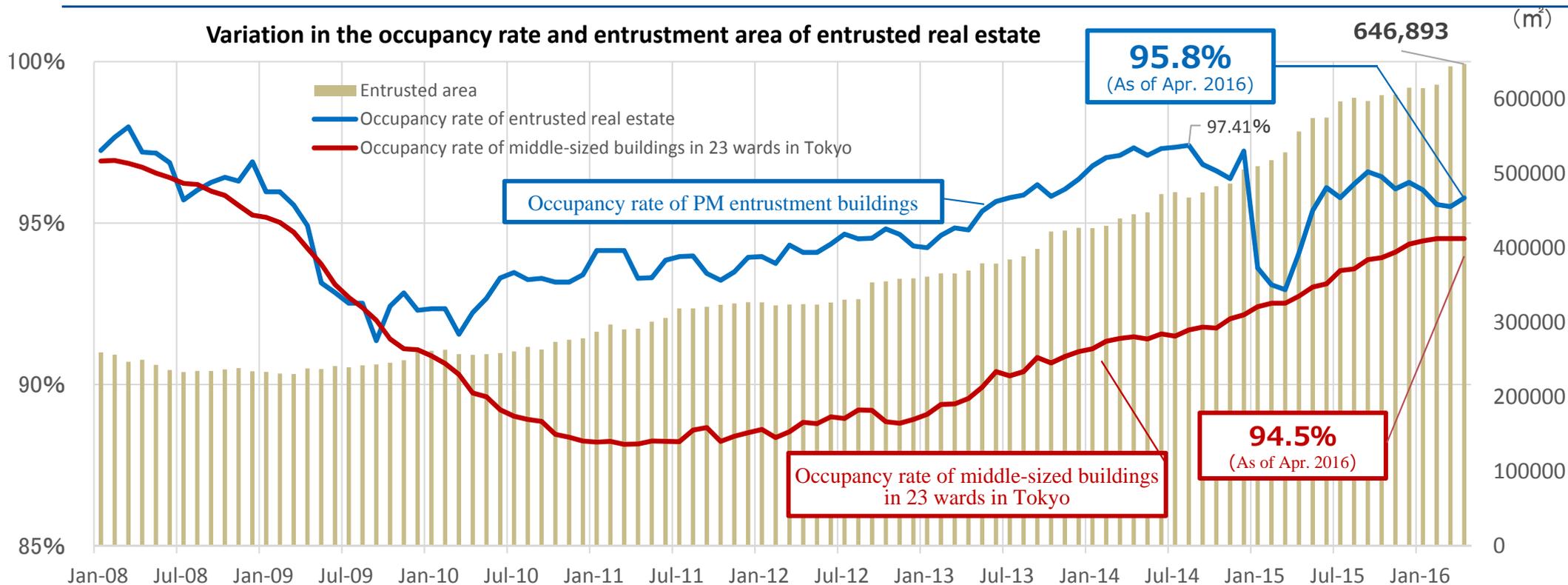


“Revitalized buildings with one price for one buildings” located at good places in the urban center
 We increase market values with excellent quality and attractive features, and sell real estate to asset holders and wealthy people at the right price. Even after the sale, we have important earning opportunities.

Menu of after-sale services							
Sale of revitalized property	Building management/ maintenance	Rental brokerage	Rent guarantee	Interior finishing	Renewal	Asset consultancy	Sales brokerage
	<ul style="list-style-type: none"> • Account management • To listen to opinions • Accounting report • Negotiation with tenants • Building maintenance • Emergency measures • Equipment management 	<ul style="list-style-type: none"> • To find occupants • brokage for furnished office • Marketing • Consultancy 	<ul style="list-style-type: none"> • Nonpayment is immediately guaranteed • To guarantee rent, etc. for up to 18 months 	<ul style="list-style-type: none"> • Interior planning • Design • Interior finishing • Restoration to the original state • Undertaking of tenant’s construction 	<ul style="list-style-type: none"> • Renewal of the entrance, air-conditioner, outer walls, etc. • Repair • Building inspection 	<ul style="list-style-type: none"> • Specialist consultation • Measures for inheritance tax • Asset management • Business succession • Consultancy 	<ul style="list-style-type: none"> • Purchase of new real estate • Sale of assets • Replacement by purchase of new real estate for business • Replacement of assets

Businesses of both revitalizing real estate and operating rental buildings

Entrusted area by PM and clients are increasing steadily.



Top-ranked companies in the number of owners*

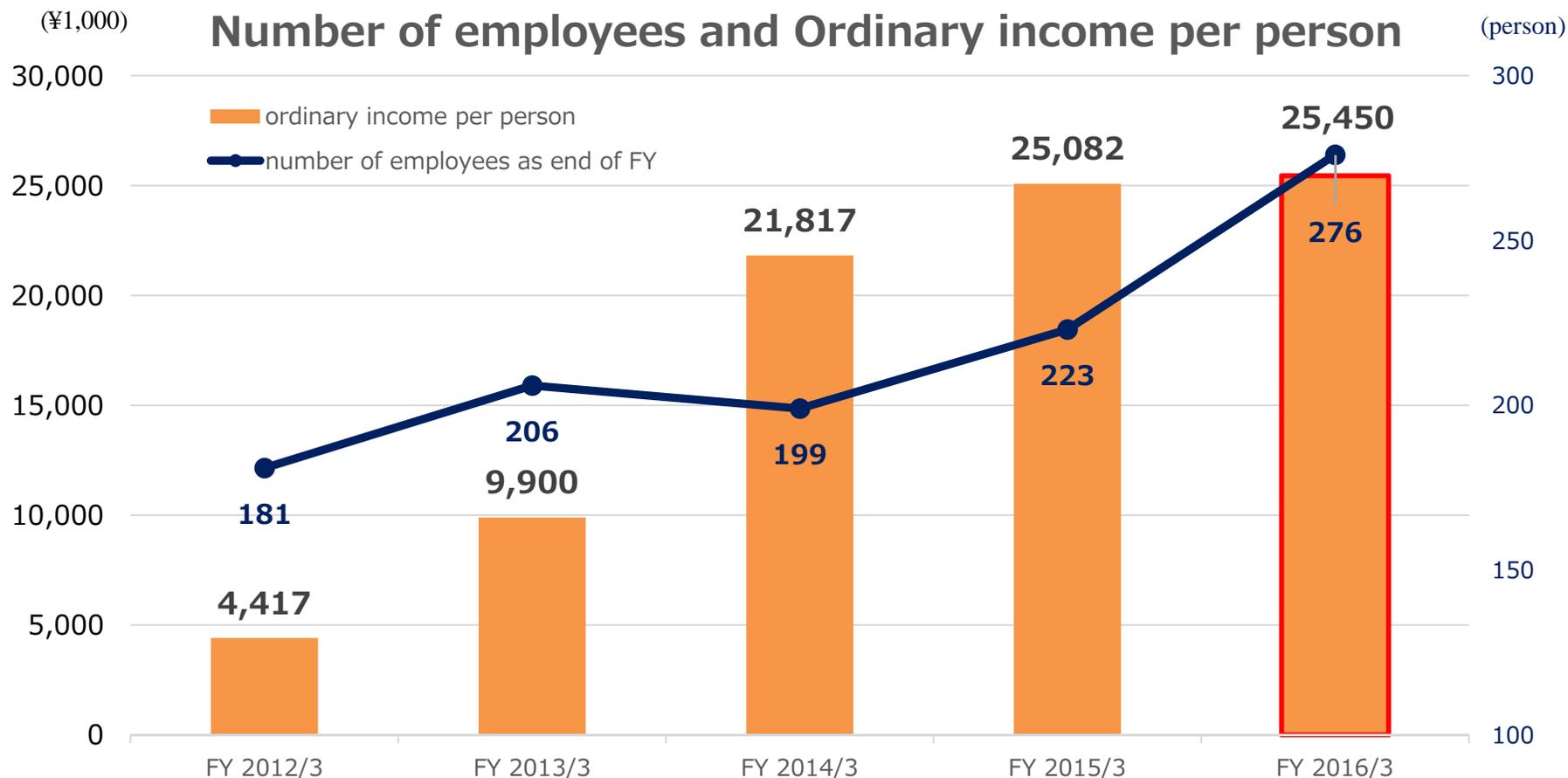
	2015	2014
1 Vortex	360	283
2 XYMAX	251	243
3 Sun Frontier Fudousan	207	159
4 RIO CONSULTING	191	—
5 Itochu Urban Community	180	180

Note: Occupancy rate of entrusted buildings under our company for management

In the 4th quarter of fiscal year 2014, important tenants relocated to larger offices, vacating some units. Consequently, occupancy rate declined temporarily at the end of the term. Later, tenants have been moving in steadily, recovering occupancy rate.

*Source: Produced by our company based on the Nov. 2015 issue of "Monthly Property Management"

Increases both <headcount> and <value-added per person>



By the recovery of the market encouraged, management policy clarified and re-forming staff consciousness, we push forward confidently toward demand-to-additional value creation, through solving real estate related difficulties, based on the viewpoint of customers.

We have received high commendation from our clients such as “the company will work best for me”, so that supportive push is expanded and it has lead to our growth.

Basic Principles for our business

1. Mental management based on our ethos and philosophy

- We have upheld “altruism” since the establishment of our company.
- We together clean our office, etc. and read the philosophy booklet every morning, to share the value “the pleasure of others pleases us.”
- We aim to offer greater happiness to customers, and contribute to the actualization of a rich society.

2. Management among all employees based on the accounting for each division

- By developing and diffusing the accounting system for each division (Amoeba management), we enhance employees’ profit awareness and promote the business operation among all employees with management perspective.

3. Business management based on the viewpoint of customers

- We listen to customers’ requests carefully, deal with and solve even minor troubles, without stint.
- We change ourselves from the viewpoint of customers, and challenge, create, and advance.
- Based on the collaboration among different sections, we create high added values that are linked to one another.



**Employees play major roles.
Resonant business administration.**

Reasons for appointing 4 external executives

Toshio Takahara (external director)

- As an executive of “UniCharm,” he grew businesses and has plenty of experience.
- In the decision making process of the board of directors of our company, he gives effective and appropriate advices, from the standpoint independent from the management that executes businesses.

Yukitoshi Kubo (external director)

- He is the former chief of the Screening Section of Tokyo Stock Exchange, and qualified as a certified public accountant, and has the expertise and plenty of experience in the Financial Instruments and Exchange Act, the Companies Act, and financial affairs.
- In the decision making process of the board of directors of our company, he gives unbiased, fair, appropriate advices, from the standpoint independent from the management that executes businesses.

Koichi Kase (external auditor)

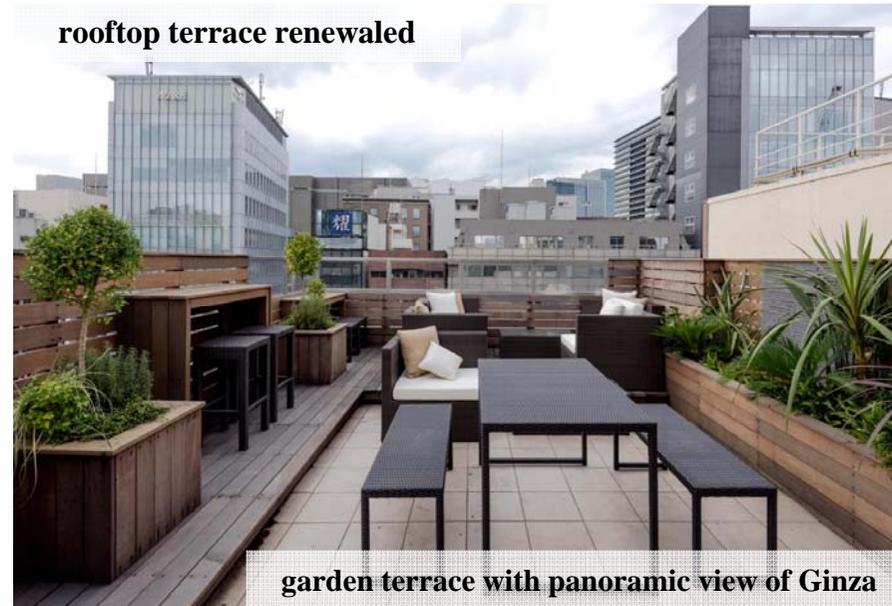
- He is versed in tax affairs and accounting as a tax accountant, and audits the business operation of directors strictly, based on his knowledge of finance and accounting.
- He possesses the profound knowledge of philosophy and amoeba management, as a student of Seiwa Juku.

Koichi Moriya (external auditor)

- As a lawyer, he specializes in real estate and finance, has accumulated plenty of experience, and gives appropriate advices for improving our systems for complying with law.
- He also has the experience of serving as an external auditor of “Tamura Corporation” and “Samantha Thavasa Japan Limited.”

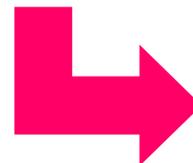
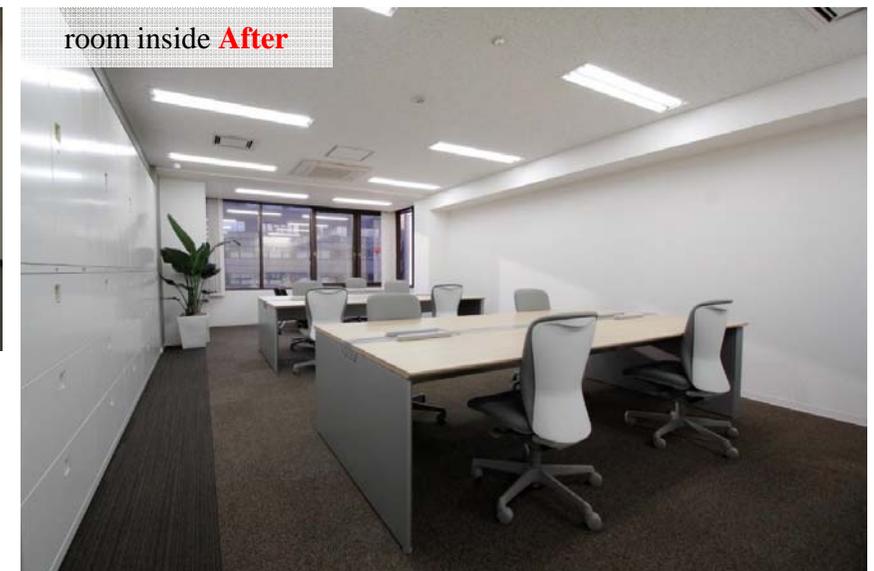
Revitalization case 1

Best renovation to take advantage of location “Ginza”



Reassurance for tenants by
antiseismic reinforcement
improved earthquake resistance
for about 40% up in rent than
assumed at planning.

We produce “premium set-up
office” with envision for
prospective tenants.



【Property outline】

Location: Ginza, Chuo-ku, Tokyo

Structure: a steel reinforced concrete and light-gauge steel
flat-roofed 9-story building

Date of completion: 1980

Purposes of use: store, office

Land area: 98.17 m²

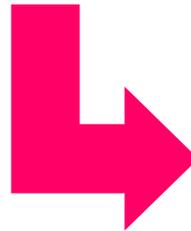
Gross floor area: 763.01 m²

Revitalization case 2

Sourcing and Add-value creation



Rental brokerage mediator made continuous efforts to solve any real estate related difficulties, we won the trust of the client. Based on the performance, we purchased the property directly. Lease contracts have been signed with rent being about 20% higher than the previous contracts.



【Property outline】

Location: Yoyogi, shibuya-ku, Tokyo

Structure: a steel reinforced concrete and light-gauge steel flat-roofed 10-story building

Date of completion: 1992

Purposes of use: residence, office

Land area: 153.05 m²

Gross floor area: 1,097.25 m²



3. Growth strategies

Activities of “three growth directions”

1) Strengthen our existing business

**Expanding office business
&
hotel business, high demand of inbound**

2) M&A

**capital alliance
business alliance**

3) Overseas expansion

**Indonesia
Vietnam**

Strengthen our existing business

<Space rental business>



Vision center Tokyo



1 min. on foot from Tokyo Station of JR many Lines

Space Rental business established in this term has started to achieve positive monthly financial result since this 3rd quarter. We have strong leasing capability in finding tenants for office buildings, and that has been producing new branches in excellent locations.

New branches in progress

Vision Office Kanda



1 min. on foot from Kanda Station of JR Lines

Vision Office Shinjuku



1 min. on foot from Shinjuku Station of JR Lines

The Grand Opening of the heart-warming hotel

SPRINGSUNNY Hotel Nagoya Tokoname



appearance



Sun Frontier Fudousan has agreed to make a business alliance with Shanghai Spring Group for the development of inbound city-tourism hotel. Apr. 25, “SPRINGSUNNY Hotel Nagoya Tokoname” opened its doors to global travelers as the first hotel of our collaborative brand. We are operating “SPRINGSUNNY Hotel Nagoya Tokoname” together by combining our strength of revitalization and operation of real estate from the perspective of customers, and the Spring Group’s strength of attracting the customers in travel and air transport business and tourist-sending to Japan. Aiming at becoming “heart-warming” hotel which is attractive to foreign group tourists and independent travelers, we are trying our best to make improvements every day.



ceremony for our business luck



floral tribute

【Property outline】

Location: Shinkaichou, Tokoname, Aichi

The Number of Rooms: 194 rooms

large bath: “maneki-yu” of artificial hot spring using natural mineral togoal

Date of completion: 2008



interview excerpt



Japanese-inspired twin room

Relaunch to reach for the heart-warming hotel, and sales improved remarkably

Main renewal items

security measures enhancement, external wall repair, more beds and more comfortable headboard installation, entrance redesigned, restaurant expansion



large bath “Manekiyu” of artificial hot spring



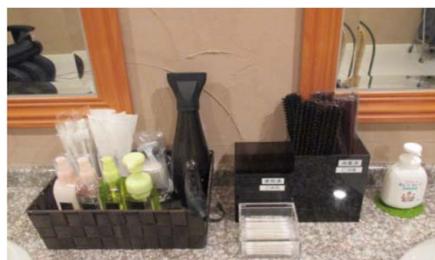
elevators up to 3



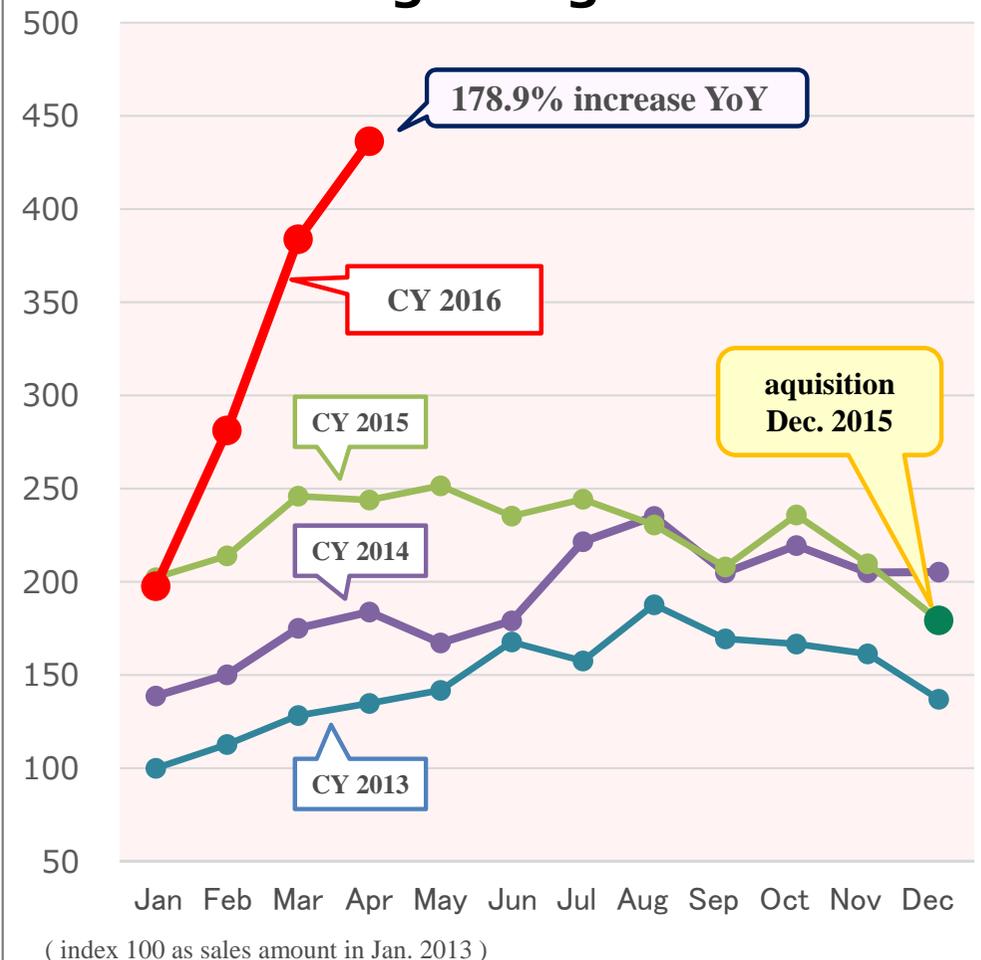
large bus parking



in-room amenities and toiletries



Change of gross sales



We kicked off the operation and implement the renewal. Re-form staff consciousness aiming at becoming “heart-warming” was successful, service quality progress has arose from a spirit of self-sufficiency and a sense of togetherness, thereby sales increased about 180% YoY.

Changes in Visitor Arrivals



The government positioned tourism industry as a key industry in the national growth strategy, doubled the target figure of travelers and set it as 40 million in 2020, 60 million in 2030. The number of foreign tourists visiting Japan in March 2016 is 2,010,000, leaping by 31.7% compared with the same month of the previous year.

The number of Chinese visitors to Japan is expected to increase more, as considering to total visitors in ratio to population. We will develop inbound city-tourism hotel chain, to expand our scope of business to target foreign tourists visiting Japan mainly.

		2014		2014-2015 increase rate	2015		2016 (Jan.-Mar.)		Population (million)
		visitors	Total visitors ratio to population		visitors	Total visitors ratio to population	visitors	Total visitors ratio to population	
total		13,413,467	0.19%	47.15%	19,737,429	0.28%	5,752,795	0.08%	7,105.15
1	<i>China</i>	2,409,158	0.18%	107.28%	4,993,805	0.37%	1,472,116	0.11%	1,367.82
2	<i>Korea</i>	2,755,313	5.46%	45.25%	4,002,094	7.94%	1,379,789	2.74%	50.42
3	<i>Taiwan</i>	2,829,821	12.08%	29.94%	3,677,065	15.69%	998,363	4.26%	23.43
4	<i>Hong Kong</i>	925,975	12.75%	64.61%	1,524,291	21.00%	437,812	6.03%	7.26
5	<i>Thailand</i>	657,570	0.96%	21.16%	796,708	1.16%	222,115	0.32%	68.66
6	<i>Malaysia</i>	249,521	0.82%	22.44%	305,502	1.01%	87,943	0.29%	30.26
7	<i>Singapore</i>	227,962	4.17%	35.45%	308,777	5.64%	68,486	1.25%	5.47
8	<i>USA</i>	891,668	0.28%	15.88%	1,033,239	0.32%	2,445	0.00%	319.05
9	<i>Australia</i>	302,656	1.28%	24.28%	376,153	1.59%	2,316	0.01%	23.59
10	<i>UK</i>	220,060	0.34%	17.47%	258,501	0.40%	1,192	0.00%	64.51
–	<i>Others</i>	1,943,763	0.06%	26.63%	2,461,294	0.08%	1,080,218	0.04%	3,012.80

Future development of hotel business



Kofu



We promote the collaborative brand “SPRINGSUNNY” of Shanghai Spring Group and Sun Frontier Group and the our house brand for urban upper-middle use focusing to inbound city-tourism hotel chain



collaborative brand



SPRINGSUNNY
Hotels & Resorts

house brand



SUN FRONTIER

Osaka



Ginza area, Kyoto, Narita and other major cities' hotel projects are under consideration.

Maihama



Overseas expansion - Two directions -



Produced by the Cartographic Research Lab University of Alabama

Da Nang, Vietnam

--Urban hotel business

On the riverside of the largest ward Da Nang in central Vietnam, we will commercialize a hotel as a development project. We are preparing for high-rise apartment house project as our second project.

1st. Project : river-side Hotel



actual condition
building frame



rendering

2nd. Project : high-rise apartment house



rendering

30-story, 320 units

--Sale of urban housing

We are **constructing urban houses for sale**, in the center of Jakarta. We are preparing for the establishment of a local affiliate in order to operate the business in Indonesia on a full scale.

1st. Project : urban houses for sale



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SUN FRONTIER