



January 31, 2007

Company name: Sun Frontier Fudousan Co., Ltd.

Stock listing: JASDAQ

Code number: 8934

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## **SF Investments completes sale of trust beneficiary rights on property**

SF Investments Inc. today sold beneficiary trust rights in the USC Building, which the company rehabilitated through a conversion project. The sale followed a board resolution on January 23. The company is a consolidated subsidiary of Sun Frontier Fudousan Co., Ltd.

Property name:	USC Building (the property formerly comprised the USC Building and Ukawa Building)
Location:	11-38, Toyo 4-chome, Koto Ward, Tokyo
Assets transferred:	Trust beneficiary rights to property
Lot area:	4,565.21 square meters
Floor area:	19,043.15 square meters
Structure:	Steel and steel-reinforced concrete; one floor below ground and eight above
Completed:	January 1990 (renovated in January 2007)
Sale price:	¥11,500,000,000 (excluding transfer expenses, fixed assets and city planning taxes, and consumption tax)
Buyer:	SF Conversion Special Purpose Company, established in line with Law Concerning Asset Liquidation (Law No. 105 of 1998).
Board resolution date:	January 23, 2007
Contract date:	January 25, 2007
Transfer date:	January 31, 2007
Details:	See next page

There are no changes to the projected impact of the sale on the company's results. Management incorporated the projections in Consolidated Financial Results for First Half of Fiscal 2007, Ended September 30, 2006 (Translation of Japanese Flash Report, Released on November 7, 2006) and Outline of Non-consolidated Interim Financial Statements for Fiscal 2007.

The Projections above has been made based on information obtainable on the date of release of these materials, and based on assumptions about uncertain elements that could impact future earnings, that were reasonable on the release date. Actual earnings could be greatly affected by various factors in the future.

## Conversion Project Overview

- Resources Reuse and Recycling Conversion -

### Project concept: Harmonizing nature and offices



Building exterior before conversion

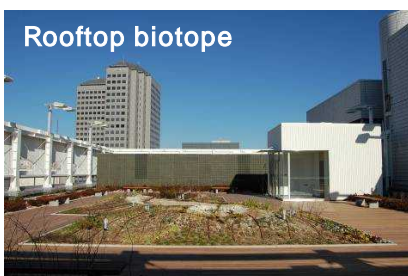
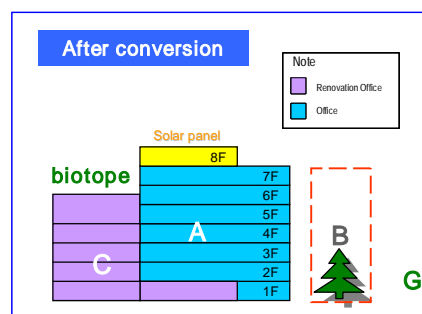
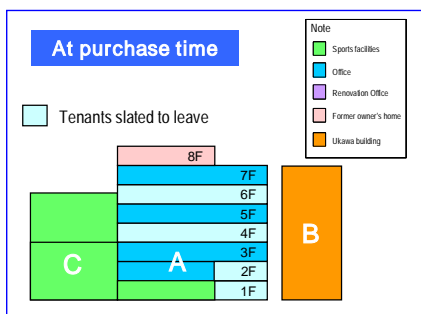


After

### Replanning Business—Reusing and Recycling Resources

Replanning is all about conserving fossil fuels and recycling to avoid scrap-and-build, thereby contributing to society by adding new value and safeguarding the environment. The USC Building used to be a sports and residential complex that featured an indoor tennis court and swimming pool. We acquired the property in October 2005, by which time the occupancy rate had declined to just 36.4%. We had noted that the Toyoko area is very convenient, located just nine minutes by train from Otemachi—Tokyo’s premier business district. We then produced various revitalization plans that focused on the existing value of the property and protecting the environment. We converted the tennis court and pool into offices. We demolished the residential area on the top floor. This allowed us to increase permissible floor space for offices in the building. Based on the project concept of harmonizing nature and offices, we installed a biotope on the roof of the new wing and are setting up solar power system on top of the main building. We transformed the area that the demolished building occupied into a garden for property tenants. This project demonstrated our conviction that creativity is endless and that replanning is an infrastructural business that improves social capital. We will harness that approach in cultivating environmentally caring real estate operations in the years ahead.

### Conversion project sketch



Rooftop biotope

We installed biotope on the rooftop, which was formerly a tennis court. The area that the demolished building occupied is now a garden for property tenants. These changes were in keeping with our goal of harmonizing the complex with the environment and making the offices pleasant to work in. We plan to complete setting up a solar power system on top of the main building by March this year. This system will reduce energy consumption. We will also upgrade air conditioners in the main building to cut power consumption from these units by 41%. The result will be an office complex that adds value and reduces our environmental footprint, in keeping with our vision for the 21st century.

# Environmental Impact of Conversion Project

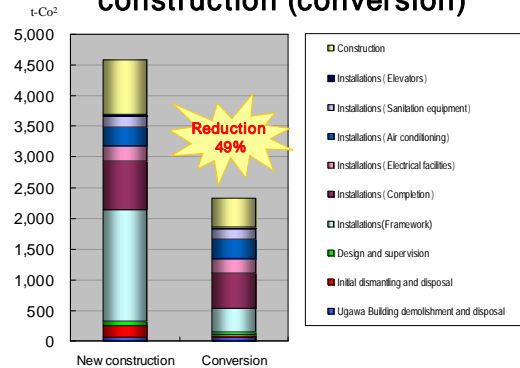
(Extract from environmental assessment report of Toda Corporation)

The graph on the right compares estimated carbon dioxide emissions of the property after office conversions and emissions that would result from demolishing all the structures.

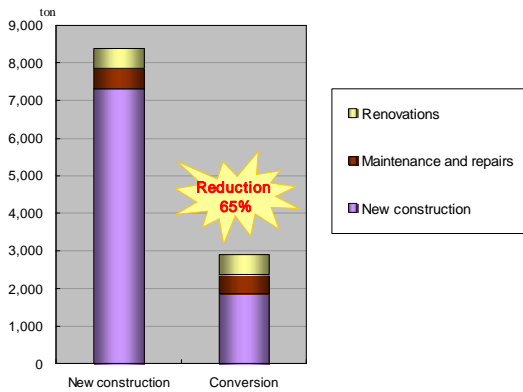
We were able to slash emissions by around 49% by reducing the use of key supplies and the transportation of waste materials.

(Estimates based on Life Cycle Assessment Policy of the Architectural Institute of Japan)

## Carbon dioxide emissions from construction (conversion)



## LC Virgin resource consumption

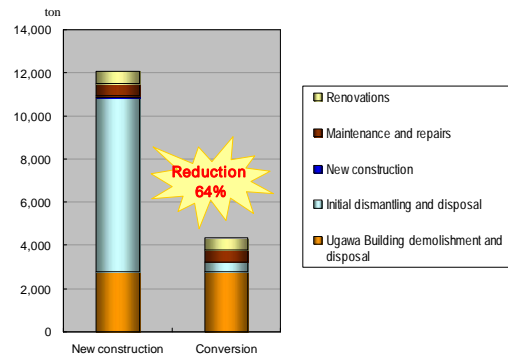


Life cycle virgin resource consumption is the difference between the resources consumed and reused from other structures. It also subtracts the recycled resources included in construction materials. In other words, life cycle virgin resource consumption measures the amount of new materials used.

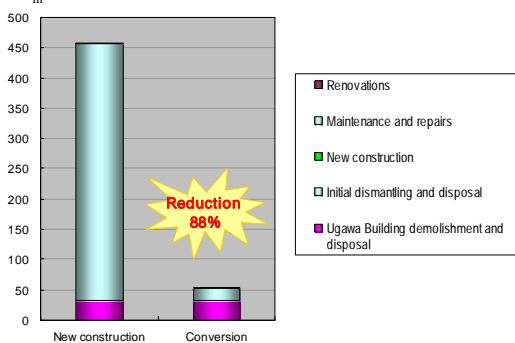
In this project, we used as much recycled concrete and steel as possible, cutting life cycle virgin resource consumption by 65% compared with completely new construction. We consider this result a highly significant contribution to society.

Life cycle disposal volume indicates all wastes generated in the project. A scrap-and-build approach creates a lot of scrap concrete and steel, and transporting the waste results in very high carbon dioxide emissions. We were able to lower life cycle disposal emissions by about 64%.

## LC disposal volume



## LC final disposal factors



Life cycle final disposal factors in construction waste, incineration or other treatment, and the landfill equivalent in cubic meters. The disposal of internal fittings accounted for 95% of the life cycle final disposal volume. Therefore, in the conversion we were able to reduce final disposal by 88%, to 403 cubic meters.

**We significantly reduced environmental impact by avoiding the usual approach of demolition and new construction.**