

Notification regarding the revision of the earnings forecasts for Fiscal 2008, year ending March 31, 2008

Given recent trends in company earnings, Sun Frontier Fudousan Co., Ltd. has amended as follows its March 2008 earnings forecast (covering the year from April 1, 2007 to March 31, 2008) as announced in its “Consolidated Financial Results for Fiscal 2007, from April 1, 2006 to March 31, 2007” of May 10, 2007 and “Notification regarding the revision of the earnings forecasts for the first half and full year of the fiscal year 2008” of November 1, 2007.

1. Revision of the Projections for Performance in Fiscal 2008, year ending March 31, 2008

(1) Consolidated (from April 1, 2007 to March 31, 2008) (¥ million)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	55,000	10,690	9,900	5,200
Revised Forecast (B)	41,300	6,600	6,000	3,200
Increase (Decrease) (B-A)	(13,700)	(4,090)	(3,900)	(2,000)
Increase (Decrease) ratio	(24.9)%	(38.3)%	(39.4)%	(38.5)%

(2) Reasons for Revisions to Consolidated Earnings Forecasts

In our outlook for the real estate sector for this financial year, right from the beginning of the period we had factored in the effects of the enforcement of the amended Building Standards Act and the Financial Instruments and Exchange Act, and of increasingly strict real estate lending criteria by financial institutions. But we had also expected real estate prices to trend firmly, especially in the major urban areas, boosted by lively levels of trading.

However, the severity of the US sub-prime lending crisis, which surfaced last summer, worsened around the end of 2007, and the resultant concerns over tighter credit widely around world financial markets. The real estate market was significantly affected by this, and in particular the market upheaval from the beginning of 2008 onwards greatly exceeded our expectations as of the end of December 2007. Specifically, downward pressure on real estate values emerged, with various examples being seen where investors have had no option but to pass up on property purchases because of fundraising difficulties, especially among small and medium-sized real estate funds. This trend has been particularly strong with respect to medium-sized real estate properties valued at around ¥3 billion, and liquidity has dropped dramatically as financial institutions have become more conservative in advancing non-recourse loans.

Under these conditions, our replanning business which is our core business has been progressing the selling off of our real estate sales properties since the beginning of the year, while at the same time renewing our focus on the strategy of specializing in office buildings in central of Tokyo and proactively turning over our inventory properties. Amid the fall in demand for properties among real estate funds against the background of concerns over credit tightening, we have further reinforced our marketing efforts aimed at high net worth individuals and ordinary business corporations which have long been our main customers, especially targeting customers intending to buy for the purpose of replacing business assets or as an inheritance tax strategy, and we now expect sales for the fourth quarter to total 17 properties. At the same time however, sales of medium-sized real estate properties have not grown, and in the regional, residential and condominium sub-sectors which do not match our company strategy, we have been selling off properties at price levels below book value. As a result, from six properties we expect to realize capital losses totaling ¥340 million.

We have also separately revised our sales plan for inventory properties to accord with the true situation,

estimating a decline in valuation of ¥1,550 million and lowering book values accordingly. As a result of the above developments, we expect the full year results for our replanning business to show sales of 39 properties (versus our original annual plan of 42 properties), sales of ¥34,500 million (down 30.2 % on our original plan of ¥49,430 million), and gross profit of ¥4,550 million (down 57.7 % from our original plan of ¥10,750 million).

Meanwhile, the privately offered fund capitalized by our consolidated subsidiary SF Capital Co., Ltd. has earned dividend income through sell-offs of property, and its asset management and real estate securitization business is expected to post sales of ¥2,180 million (original plan ¥180 million) and gross profit of ¥2,180 million (original plan ¥180 million).

As a result of the above, we have revised our full year earnings forecast as noted above.

(3) Non-consolidated (from April 1, 2007 to March 31, 2008) (¥ million)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	47,000	9,680	9,000	8,538
Revised Forecast (B)	29,800	1,950	1,350	4,400
Increase (Decrease) (B-A)	(17,200)	(7,730)	(7,650)	(4,138)
Increase (Decrease) ratio	(36.6)%	(79.9)%	(85.0)%	(48.5)%

(4) Reasons for Revisions to Non-consolidated Earnings Forecasts

The reasons behind the revisions of the non-consolidated earnings results are similar to those for the consolidated earnings results.

2. The Outlook from Next Fiscal Year Onward

As noted above, real estate market conditions have changed drastically since the start of the year. We cannot yet see the beginnings of a resolution to the sub-prime lending crisis, and it appears as though it will require some time before we see a more positive stance towards non-recourse loans which are indispensable to real estate securitization, especially for European and American financial institutions. Current fears over a possible recession have heightened companies' focus on cost cutting, and upward pressure on office vacancy rates is gradually emerging. We genuinely see this as a good opportunity to leverage our capabilities in leasing, which is a forte for our company.

Also, the market for new construction is expected to mark time due to steep rises in prices for building materials, and in these circumstances the renovation sector is likely to predominate. On top of this, we expect real estate market conditions to trend weak for the next two to three years, and as such we recognize that it will become even more important for our replanning business to rigorously appraise properties and carefully scrutinize them for commercial viability.

Looking forward, we intend to leverage the capabilities in leasing and property management that we have cultivated to date, rigorously select properties by carefully discerning whether or not particular projects enable us to create added value, and conduct our business specializing in central of Tokyo.

We are currently formulating our earnings forecast for next fiscal year, and plan to release it together with our final business results for Fiscal 2008, year ending March 31, 2008.

3. Reference: Operating results of the previous fiscal year (April 1, 2006 to March 31, 2007) (¥ million)

	Net Sales	Operating Income	Ordinary Income	Net Income
Consolidated	35,254	8,708	8,289	4,853
Non-consolidated	17,228	3,440	3,286	1,962

(Note) The above earnings forecast was created based on the data which is available as of the day of issuance of this document. The actual performance is subject to change from the forecast due to a variety of factors which will arise in the future.