January 29, 2009

Notification regarding the revision of the earnings forecasts for Fiscal 2009, year ending March 31, 2009 and revision of dividend forecast, and reduction of directors' compensation

Sun Frontier Fudousan Co., Ltd. hereby advise that the consolidated earnings forecasts for the fiscal year ending March 2009 (April 1, 2008 to March 31, 2009) announced on October 30, 2008, and the dividend forecast announced on May 8, 2008 have been revised as follows bearing in mind the recent trend in earnings.

We also advise that a resolution to reduce directors' compensation has been approved at a meeting of the Board of Directors on January 29, 2009 in response to the significant downward revision of the earnings forecast.

1. Revision of the earnings forecasts for Fiscal 2009, year ending March31, 2009 (from April 1, 2008 to March 31, 2009)

(¥ million)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
Previous Forecast (A)	46,000	(300)	(1,100)	650
Revised Forecast (B)	31,400	(12,600)	(13,400)	(12,500)
Increase (Decrease) (B-A)	(14,600)	(12,300)	(12,300)	(13,150)
Increase (Decrease) ratio	(31.7)%	－%	－%	－%
(Reference) Fiscal 2008	48,150	6,960	6,346	3,650

2. Reason for revision

In terms of our replanning business, we have been proactively undertaking our sales activities with a focus on the sale or cashing out of inventories as the primary issue. However, the real estate market has stagnated due to a significant decline in financing conditions caused by the global financial crisis and the weakened real economy. Under these circumstances, we have posted a total of ¥9,421 million (12 properties) to cost of sales as losses stemming from a valuation loss on inventories as of the end of the third quarter.

Following a review of the collectability of deferred tax assets bearing in mind our earnings forecasts for the current term, deferred tax assets have been reduced, and ¥1,290 million has been allocated as income taxes-deferred.

The market in the fourth quarter is forecast to fluctuate downwards, therefore securing any profit by selling off properties is unlikely. As a consequence, we are revising our consolidated earnings forecasts for the fiscal year as above.

3. Revision of dividend forecast

As stated above, we expect a significant net loss for the fiscal year ending March 2009 due to the rapid deterioration in market conditions that has far exceeded our forecast. Regrettably, this means that we do not expect to be in a position to pay out any dividends for the period ending March 2009.

For this, we wish to extend our sincere apologies to our shareholders. We shall make every effort in management to improve our profitability and reinforce our financial strength. Your kind understanding under these exceptional circumstances would be appreciated.

	Cash Dividends per Share (¥)		
(Record date)	2nd quarter period	Year end	Annual total
Previous Forecast (announced on May 8, 2008)	-	¥1,500.00	¥1,500.00
Revised Forecast	-	0.00	0.00
Fiscal 2009, year ending March 2009	-		
Fiscal 2008, year ended March 2008	-	¥1,500.00	¥1,500.00

4. Reduction in directors' compensation

The Board of Directors approved a resolution to reduce directors' compensation as follows at their meeting on January 29, 2009 to reflect the management's responsibility while gravely accepting revision of the consolidated earnings forecasts for the fiscal year ending March 2009 and dividend forecast for the period. Please also be advised that the auditors have voluntarily offered to return a portion of their auditor's compensation.

(1) Reduction in directors' compensation

Representative Director: Reduction of 50% in monthly compensation

Senior managing Director and Managing Director: Reduction of 20% in monthly compensation

Directors: Reduction of 10% in monthly compensation

(2) Details of voluntary return of auditor's compensation

Auditors: Return of 10% of the auditor's monthly compensation

(3) Applicable period

From February to June 2009 inclusive (five months)

5. Future policy

We anticipate that it will take some time for the full impact of the current financial crisis on the actual economy to manifest itself, although the government has implemented various economic countermeasures. In tandem with the economic recession, the real estate market will remain stagnant, and we expect a prolonged period of difficulty for the real estate industry, such as an increase in vacancy rates due to falling need and office consolidation in urban areas.

However, we believe a high vacancy rate may represent a good opportunity for us to differentiate ourselves from our competitors, since this increases the potential leasing and occupancy rates while making to attempt "swiftly ensuring utilization and revitalization." Therefore, our group is striving to downsize its existing inventory as well as reinforcing our financial strength, including reducing interest-bearing debts and securing stable long-term funds as priority issues. Simultaneously, we aim to establish a well-balanced business portfolio by strengthening our commissions business, since this is not so readily affected by economic trends (e.g. brokerage, property management and leasing guarantee business). Moreover, we are continuing with our wholehearted efforts to significantly cut costs, such as through integration of the head office and a reduction in advertising expenses in order to boost profitability and lower the break-even point. We shall endeavor to overcome this difficult situation, despite this malaise being global, by adopting these measures in order to return to profit as swiftly as possible.

(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.