

March 1, 2013

Company name: Sun Frontier Fudousan Co., Ltd.
Representative: Tomoaki Horiguchi, President
Code number: 8934
Inquiry: Seiichi Saito, Senior Managing Director
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Notification Regarding the Issuance of New Shares and the Sale of Shares

At the meeting of the board of directors held on March 1, 2013, our company made the following resolutions regarding the issuance of new shares and the sale of shares.

[Background and purpose of this fund procurement]

As a financial crisis was triggered in the U.S. in 2008 and global recession has been lingering, our company has developed a sturdy financial ground by strengthening and enriching our real estate service businesses, establishing a stable revenue base, training personnel, and reducing costs thoroughly, etc. Thanks to these efforts, we survived the crisis in 2010, and our performance started recovering and is healthy in the current term. As for the Japanese economy, the inauguration of the new administration in December 2012 led to the alleviation of the yen appreciation, brightened the outlook for getting out of deflation, and boosted business confidence. In the real estate investment market, the drastic monetary easing measures of the government and the Bank of Japan enhanced the needs for investment in urban real estate, and transactions became active, indicating the trend of recovery.

In this business environment, all of us join hands to strengthen our business foundation for growing our businesses further and improving our performance sustainably.

The objective of this fund procurement is to increase the real estate procurement in the replanning business as the realty market is recovering. In our replanning business, we have handled mainly small-scale projects for renovating and selling properties worth less than 500 million yen since the financial crisis, but from now on, we will work on medium to long-term projects for remodeling medium-scale properties worth 1 to 2 billion yen and joint investment. Through this fund procurement, we will improve our earning capacity by growing our businesses while keeping financial soundness, and improve our corporate value sustainably.

1. Issuance of new shares through public offering

- (1) Type and number of shares for subscription: 49,000 common shares
- (2) How to determine the amount to be paid: The amount shall be determined with a method specified in Article 25 of the regulations regarding the underwriting of securities, etc. enacted by Japan Securities Dealers Association, on

any date during a period from Monday, March 11, 2013 to Thursday, March 14, 2013 (hereinafter called “date issue price, etc. are determined”).

- (3) Capital and capital reserve to be increased: The capital amount to be increased shall be half of the increase limit of capital, etc. calculated in accordance with Article 14, Section 1 of Corporate Accounting Rules, and a fraction of less than one yen in the calculated amount shall be rounded up. The capital reserve to be increased shall be the amount obtained by subtracting the capital amount to be increased from the increase limit of capital, etc.
- (4) Offering method: Public offering. Daiwa Securities Co., Ltd., Ichiyoshi Securities Co., Ltd., and Mizuho Securities Co., Ltd. (hereinafter called “underwriters”) will purchase and underwrite all of our shares.
The issue price (offer price) in public offering will be determined while considering the demand situation, etc. assuming that it is obtained by multiplying the closing price of the common shares of our company in Tokyo Stock Exchange on the date issue price, etc. are determined (if there is no closing price on that date, the closing price on the latest date before that date) based on a method specified in Article 25 of the regulations regarding the underwriting of securities, etc. enacted by Japan Securities Dealers Association by 0.90 to 1.00 (rounding off a fraction of less than 1 yen).
- (5) Compensation paid to underwriters: There is no underwriting fee, but the underwriters will receive the total amount of difference between the issue price (offer price) in public offering and the amount paid by underwriters to our company.
- (6) Subscription period: From the business day following the date issue price, etc. are determined to 2 business days after the date issue price, etc. are determined.
- (7) Payment date: From Monday, March 18, 2013 to Friday, March 22, 2013. Five business days after the date issue price, etc. are determined.
- (8) Unit of number of shares for subscription: 1
- (9) The payment amount, the capital and capital reserve to be increased, and any other items for the issuance of new shares will be determined solely by the representative director and president.
- (10) Each of the above clauses shall be under the condition that the notification pursuant to Financial Instruments and Exchange Act is valid.

2. Sale of the shares of our company (through the over allotment system) (See <Reference> 1)

- (1) Type and number of shares to be sold: 7,000 common shares
The above number is the upper limit, and so it may decrease according to the demand situation, etc. or the sale of shares may be abandoned. We will make a final decision about the number of shares to be sold while considering the demand situation in public offering, etc. on the date issue price, etc. are determined.
- (2) Seller: Daiwa Securities Co., Ltd.
- (3) Sales price: to be determined on the date issue price, etc. are determined, and it shall be equal to the issue price (offer price) in public offering.
- (4) Selling method: Daiwa Securities Co., Ltd. will sell up to 7,000 common shares of our company offered by the

shareholders of our company, while considering the demand situation, etc. in public offering.

- (5) Subscription period: It shall be the same as the subscription period for public offering.
- (6) Delivery deadline: It shall be the business day following the payment date in public offering
- (7) Unit of number of shares for subscription: 1
- (8) The sales price and any other items regarding the sale of shares will be determined solely by the representative director and president.
- (9) Each of the above clauses shall be under the condition that the notification pursuant to Financial Instruments and Exchange Act is valid.

3. Issuance of new shares through third-party allotment (See <Reference> 1)

- (1) Type and number of shares for subscription: 7,000 common shares
- (2) Method for determining payment amount: It shall be determined on the date issue price, etc. are determined. The amount shall be equal to the payment amount in public offering.
- (3) Capital and capital reserve to be increased: The capital amount to be increased shall be half of the increase limit of capital, etc. calculated in accordance with Article 14, Section 1 of Corporate Accounting Rules, and a fraction of less than one yen in the calculated amount shall be rounded up. The capital reserve to be increased shall be the amount obtained by subtracting the capital amount to be increased from the increase limit of capital, etc.
- (4) Allotted to: Daiwa Securities co.,Ltd.
- (5) Subscription deadline: Wednesday, March 27, 2013
- (6) Payment deadline: Thursday, March 28, 2013
- (7) Unit of number of shares for subscription: 1
- (8) The shares for which there has been no subscription until the subscription deadline specified in the above section (5) will not be issued.
- (9) The payment amount, the capital and capital reserve to be increased, and any other items for the issuance of new shares will be determined solely by the representative director and president.
- (10) Each of the above clauses shall be under the condition that the notification pursuant to Financial Instruments and Exchange Act is valid, if the total amount of the issued new shares (payment amount) exceeds 100 million yen.

<Reference>

1. Regarding the sale through the over allotment system, etc.

The sale through the over allotment system mentioned in the above section “2. Sale of the shares of our company (through the over allotment system)” means the sale of up to 7,000 common shares of our company, which are offered by the shareholders of our company, by Daiwa Securities Co., Ltd. while considering its demand situation, etc. in the public offering mentioned in the above section “1. Issuance of new shares through public offering.” The number of shares to be sold through the over allotment system is the upper limit, and so it may decrease according to the demand situation, etc. or the sale through the over allotment may be abandoned.

Regarding the sale through the over allotment system, our company decided to conduct the allocation of 7,000 common shares to Daiwa Securities Co., Ltd. (hereinafter called “this allocation to a third party”) in addition to public offering, with the payment deadline being Thursday, March 28, 2013 at the meeting of the board of directors held on Friday, March 1, 2013.

Daiwa Securities Co., Ltd. may carry out stabilizing transactions for the common shares of our company and allocate all or part of the shares purchased through the stabilizing transactions for returning lent shares during the subscription period of public offering (hereinafter called “subscription period”).

In addition, Daiwa Securities Co., Ltd. may purchase the common shares of our company at Tokyo Stock Exchange (hereinafter called “syndicate cover transaction”) with the upper limit being the number of shares sold through the over allotment system, during a period from the day following the last date of the subscription period to Monday, March 25, 2013 (hereinafter called “syndicate cover transaction period”), and all of the shares purchased through the syndicate cover transaction will be allocated for the return of lent shares. Even during the syndicate cover transaction period, Daiwa Securities Co., Ltd. may not conduct the syndicate cover transaction at all, or may terminate the syndicate cover transaction without reaching the number of shares sold through the over allotment system, at the discretion of Daiwa Securities Co. Ltd.

Regarding the number of shares calculated by subtracting the number of the shares allocated for the return of lent shares in the above mentioned stabilizing transaction and syndicate cover transaction from the number of the shares sold through the over allotment system, Daiwa Securities Co., Ltd. will accept the allocation to a third party.

Accordingly, there is a possibility that there will be no subscription to all or part of the outstanding shares allocated to the third party, the number of outstanding shares will decrease due to forfeiture, and the issuance itself will be abandoned.

2. Variation in the number of outstanding shares through this public offering and third-party allocation

- (1) Current total number of outstanding shares: 371,555 (as of March 1, 2013)
- (2) Number of shares increased through public offering: 49,000 shares
- (3) Total number of outstanding shares after public offering: 420,555 shares
- (4) Number of shares increased through third-party allocation: 7,000 shares
- (5) Total number of outstanding shares after third-party allocation: 427,555 shares

Note: The above (4) and (5) may be changed as described in <Reference> 1

3. Purpose of fund procurement

(1) Purpose of this fund procurement

We plan to allocate all of the fund raised through this public offering and third-party allocation, which is roughly estimated to be 4,157,872,000 yen, for acquiring real estate for the replanning business by the end of the term ending March 2014.

Here, the replanning business means a business of buying buildings, etc. whose vacancy rate is high, renovating equipment and greening rooftops, etc., attracting tenants, and selling them to investors who are interested in asset management and corporations.

(2) Change of the purpose of the previous fund procurement

None

(3) Effects on business performance

It is expected that through this fund procurement, we will be able to secure mobile cash reserves, allocate them for purchasing the real estate for the replanning business, and increase our operating revenue.

4. Distribution of profits to shareholders, etc.

(1) Basic policy for profit distribution

Our basic policy is to distribute profits to shareholders stably for a long period of time and enrich retained earnings for responding to the changes in the business environment flexibly.

(2) Policy for determining dividends

Basically, our company distributes surplus money once a year, and dividends are determined at a general meeting of shareholders.

(3) Purpose of use of retained earnings

We plan to allocate retained earnings for fortifying our financial ground and expanding our businesses while responding to the changes in the business environment, and improve our corporate value by using them effectively.

(4) Dividends for the past three accounting terms, etc.

	FY ended March 31, 2010	FY ended March 31, 2011	FY ended March 31, 2012
Consolidated net profit or loss per share	¥△10,764.64	¥977.97	¥2,498.02

Annual dividend per share (interim dividend per share)	— (—)	— (—)	¥350 (—)
Actual consolidated dividend payout ratio	—%	—%	14.0%
Consolidated return on owners' equity	Δ56.9%	6.8%	15.5%
Consolidated net asset payout ratio	—%	—%	2.0%

- Notes:
1. Consolidated net profit or loss is calculated from the average number of shares during each term.
 2. Actual consolidated dividend payout ratio is calculated by dividing annual dividend per share by consolidated net profit per share. There were no dividends for the term ended March 2010 and the term ended March 2011, and so the payout ratio is not indicated for these terms.
 3. Consolidated return on owners' equity is calculated by dividing consolidated net profit by equity capital (average of opening and closing consolidated net assets after the deduction of share warrant).
 4. Consolidated net asset payout ratio is calculated by dividing annual dividend per share by consolidated net asset per share (average of opening and closing values). There were no dividends for the term ended March 2010 and the term ended March 2011, and so the payout ratio is not indicated for these terms.

5. Others

(1) Specification of distribution targets

None

(2) Information on the dilution due to dilutive shares

None

(3) Situation of equity finance over the past 3 years, etc.

① Situation of equity finance

None

② Variation in share price, etc. in the 3 previous terms and the current term.

	FY ended March 31, 2010	FY ended March 31, 2011	FY ended March 31, 2012	FY ended March 31, 2013
Opening	¥18,810	¥12,000	¥8,800	¥17,700
Highest	¥30,850円	¥17,900	¥19,490	¥119,200
Lowest	¥10,370円	¥7,630	¥6,930	¥13,400
Closing	¥12,030円	¥8,890	¥17,500	¥112,100
Price-earnings	—	—	7.0	—

- Notes:
1. The share price for the term ending March 2013 is the value as of February 28, 2013.
 2. The above share prices are taken from Tokyo Stock Exchange.
 3. Price-earnings ratio is calculated by dividing term-end share price (closing price) by consolidated net profit per share for the term concerned. For the terms ended March 2010 and March 2011, there were consolidated net losses, and so price-earnings ratio is not indicated. For the term ending March 2013, it is still to be settled.

③ Change of the share holding policy of the third party of the third-party allocation in the past 5 years

None

(4) Regarding lock-up

With regard to public offering, the shareholder Tomoaki Horiguchi and Houon Co., Ltd. agreed that they would not sell the shares of our company, the securities that can be converted into or exchanged with the shares of our company, or the securities that provide the right to acquire or receive the shares of our company, without a prior written consent of Daiwa Securities Co., Ltd. during a period from the date issue price, etc. are determined to the 180th day from the delivery deadline of public offering (hereinafter called “lock-up period”).

In addition, our company agreed that our company would not issue the shares of our company, the securities that can be converted into or exchanged with the shares of our company, or the securities that provide the right to acquire or receive the shares of our company, without a prior written consent of Daiwa Securities Co., Ltd. during the lock-up period, (except the case of the issuance of new shares through public offering, third-party allocation, and share splitting).

In either of the above cases, Daiwa Securities Co., Ltd. is entitled to cancel part or all of the agreement at its discretion even during the lock-up period.

Note: This document is used at a press conference for announcing the issuance of new shares and the sale of shares to the public, and not for investment solicitation. Investors should invest at their discretion after seeing the prospectus for the issuance of new shares and the sale of shares produced by our company and corrections, if any.