

**Consolidated Financial Results for the Third Quarter of  
the Fiscal Year Ending March 31, 2016  
(Based on Japanese GAAP)  
(Translation of Japanese Financial Summary, Released on February 4, 2016)**

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 Stock listing: Tokyo Stock Exchange 1st Section  
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\*Amounts under one million yen have been rounded down.

**1. Consolidated Performance in the Third Quarter of the Fiscal Year Ending March 31, 2016**

(1) Operating results

\*Percentage figures shown under net sales, operating income, ordinary income, and net income columns indicate year-on-year changes for those items.

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income
3rd Quarter of FY ending March 31, 2016	¥17,356 (△13.5%)	¥4,521 (△1.4%)	¥4,221 (△3.8%)
3rd Quarter of FY ended March 31, 2015	¥20,062 (△91.2%)	¥4,587 (67.5%)	¥4,390 (66.1%)

(Note) Comprehensive Income: 3rd quarter of FY ending March 2016: ¥4,274 million (7.6%) 3rd quarter of FY ended March 2015: ¥3,971 million (57.3%)

	Net Income	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
3rd Quarter of FY ending March 31, 2016	¥4,283 (10.4%)	¥100.17	¥ —
3rd Quarter of FY ended March 31, 2015	¥3,878 (53.8%)	¥90.71	¥ —

(2) Financial Position (at end of the term)

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)
3rd Quarter of FY ending March 31, 2016	¥50,711	¥26,278	51.8%
FY ended March 31, 2015	¥40,424	¥22,701	56.2%

(Reference) Shareholders' Equity at term-end: 3rd Quarter of FY ending March 31, 2016 (as of December 31, 2015): ¥26,272 million  
 FY ended March 31, 2015 (as of March 31, 2015): ¥22,701 million

**2. Cash Dividends**

	Cash Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual total
FY Ended March 31, 2015	-	¥0.00	-	16.50	16.50
FY Ending March 31, 2016	-	¥0.00			
FY Ending March, 2016 (Projections)			-	25.00	25.00

(Note) Changes from the latest released dividend forecasts: Yes

### 3. Forecast for Consolidated Financial Results for the Fiscal Year Ending March 31, 2016

(From April 1, 2015 to March 31, 2016) \*Percentage figures are indicated year-on year changes for those items.

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
FY Ending March, 2016	¥33,000 (19.0%)	¥7,300 (24.8%)	¥7,000(25.1%)	¥7,200 (42.5%)	¥168.39

(Note) Changes from the latest released performance: Yes

### 4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None  
New companies: —  
Excluded companies: —
- (2) Adoption of special accounting practices in the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, procedures and presentation methods
  - 1) Changes caused by revision of accounting standards: Yes
  - 2) Changes of accompanying revisions other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Restatement of corrections: None
- (4) Number of outstanding shares (common stocks)
  - 1) Number of outstanding shares at the end of the period (including treasury stock):  
3rd Quarter of FY ending March 31, 2016: 42,755,500 shares  
FY ended March 31, 2015: 42,755,500 shares
  - 2) Number of treasury stock at the end of the period:  
3rd Quarter of FY ending March 31, 2016: 143 shares  
FY ended March 31, 2015: 143 shares
  - 3) Average number of shares for the period:  
3rd Quarter of FY ending March 31, 2016: 42,755,357 shares  
3rd Quarter of FY ended March 31, 2015: 42,755,380 shares

#### ※Implementation status of quarterly review processes

This Summary of Consolidated Financial Results is not subject to quarterly review processes under the Financial Products and Exchange Law. At the time of this document's release, review of the quarterly financial statements under the Financial Products and Exchange Law had not been completed.

#### ※Appropriate use of business forecasts; other special items

Business forecasts contained in this report are based on information available to the Company on the date of this report's announcement and on assumptions pertaining to uncertain factors that may affect the Company's future results. Therefore, the company has no intention to promise the accomplishment of the forecasts. Due to unforeseen circumstances, however, actual results may differ significantly from such forecasts.

## Table of Contents of Appendix

1. Qualitative Information Concerning Consolidated Business Performance for the Quarter Under Review .....	4
(1) Qualitative information on consolidated operating results .....	4
(2) Qualitative information on consolidated financial position .....	5
2. Consolidated Financial Statements.....	6
(1) Quarterly consolidated balance sheets.....	6
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income .....	8
(3) Notes to quarterly financial statements.....	10
(Notes regarding the conditions of going business) .....	10
(Notes in the case of major changes in shareholders' equity).....	10
(Segment information, etc.).....	10

## 1. Qualitative Information Concerning Consolidated Business Performance for the Quarter Under Review

### (1) Qualitative information on consolidated operating results

The Japanese economy continued to stage a slow recovery during the third quarter of consolidated fiscal year. Corporate earnings and employment situation recovered with benefits of government economic stimulus measures and monetary easing by the Bank of Japan. There have been positive effects of moderate economic recovery thanks to significant increase of foreign visitors to Japan in the meantime. On the other hand, as the economic downside risk of China including the emerging countries has increased, the economic outlook is continuing uncertain.

In the real estate industry where Sun Frontier Fudousan Group operates, there has been a long-termed improvement in the vacancy rate in the office market in city-center, and the average rent level is also showing moderate improvement in the same period. In addition, there is very strong interest in purchasing real estate among J-REIT, Japanese and overseas investors backed by the favorable financing environment and weak yen etc. for procuring funds. Thus the expected return on properties is declining as a result. The volume of real estate transactions remain still at high level.

Under these circumstances, Sun Frontier Fudousan Group focused on the utilization and distribution of small to medium-sized office building in the urban center of Tokyo, and has helped building owners solve various dissatisfaction and inconveniences regarding real estate from owner's viewpoint. We contributed to the real estate revitalization and utilization in consideration for better environment with feeling of thankfulness through providing each customer with one-stop services in our philosophy-based business model, such as brokerage, sale, management, maintenance, renewal and renovation of buildings, consultation regarding inheritance or tax that cooperated with the expert, guarantee services of unpaid rent etc.

The most common tasks of property business are included 1) leasing management for keeping full occupancy, 2) property management for driving down of vacant or non-payment, 3) construction management for maintaining legal compliance. But we expand them to 4) optimize the value of properties by generating high value, and 5) solve building owners' problems of all their assets. In addition, in the process of using the knowledge and know-how gained by letting these various services and linking up some of their various functions, we have been proactively trying to chain the real estate revitalization business that generate substantial added value. We have accumulated the know-how and experience in revitalization of office buildings in five wards in the center of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya), for example, optimal change for vitalizing the local community, setting of the roof green terrace for the tenant comfort, setting up the built-interior offices and etc.

As for procurement of real estate business, we tried to obtain information on best real estate from leading real-estate companies, trust banks, and also an increasing number of pieces of information from "Kyoekai (Co-prosperity Association)" as our original network of affiliates. In addition, we have worked to establish another procurement route through activities, such as, solving building owners' difficulties, worries, etc. which could contribute to the direct business of real estate.

As other measures, we established a hotel planning/operation company "Sun Frontier Hotel Management Co., Ltd.", and we have agreed to make a business alliance with Shanghai Spring Investment Management Co., Ltd. in October 2015 for developing the hotel business in Japan. For inbound hotel demand to surge, we started proactively expanding the business.

As a result, our consolidated results for the third quarter ending March 2016 were as follows :  
Sales ¥17,356 million (down by 13.5% year on year), operating income ¥4,521 million (down by 1.4% year on year), ordinary income ¥4,221 million (down by 3.8% year on year), and net income increased by 10.4% to ¥4,283 million

The performance of each segment is as follows.

#### ***Real Estate Revitalization***

From the procurement stage, we started with a "production" process through which we aim to put the property to the best use possible. By careful research of real estate leasing market on a daily basis to collect knowledge and injecting and combining each section's experiences of technologies, knowledge of planning, building management, construction and so on, we gestated feasible plans. In addition, we emphasized the fact that the more satisfied the tenants, the more satisfied the owner through frequent interactions with tenants, we looked for all possible ways to make the property more comfortable and convenient for them to use.

We renovated the real estate in low occupancy rate or renewal need subject to the characteristics of the locations and the market trends. Through revitalization of the real estate in such way, we maximized the value and sold them.

After the sale of the revitalized properties, we provided quick services such as building management with a software side and the hard aspect, proactive response to the complaint, consultation of the owner's annoyances and so on.

As for the real estate revitalization business, with placing emphasis on not only stability enhancement but specific conditions of location and historical facts of the area, we provided renovation optimized for the area, improved earthquake resistance, and corrective actions for floor-area ratio. We attached much value on customer's worth, so that we sold 16 properties (20 properties on previous period), and as a result of readjusting sales amounts, sales decreased, and profits increased.

As for the rental building business, we purchased and possessed the high valued properties from the customer's perspective, and by capitalizing on the real estate management skills that we developed working in rental brokerage, property management, construction solutions and delinquent rent guarantee services, we maintained a high operation rate and secured stable rental income with them.

In the real estate securitization business, although there was a profit sharing from the property investment fund which we financed, both sales and profits decreased compared to the same period a year ago.

As a result of the above activities, sales were ¥14,559 million (down by 17.8% year on year) and segment income was ¥4,825 million (down by 1.6% year on year).

### ***Real Estate Brokerage***

As for the sales brokerage business, we mostly focused on the relationship with the property management department 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 could take some chances as repeated business from customer to another customer.

In addition, as a business volume has been spread backed by the recovery of the real estate investment market, both sales and profits grew considerably in comparison to the same period of the previous year.

As for the rental brokerage business, while occupancy rates were improving in the market, we engaged in not only finding tenants, but also consulting with building owners about various problems of the building management. Furthermore, this business has been contributing to the corporate group's profit as a whole through sales and procurement of revitalizing properties and finding tenant related to commercialization of the revitalized properties.

As a result of the above activities, sales were ¥1,233 million (up by 40.4% year on year) and segment income was ¥1,080 million (up by 45.9% year on year).

### ***Property Management***

In the property management business, we practiced the profit improvement by the contract changes to appropriate rent level providing meticulous and careful leasing management services backed by good sense of locality, which contributed to the income recovery and maintain of the stable occupancy rate in the building management. Backed by these activities, we could receive repeated orders for property management from the same customer. At the end of the third quarter of this fiscal year we were newly managing 60 buildings (23.5% increase YOY), as can be seen in the table below.

In addition, by trying to grasp clients' asset background and by offering appropriate solutions for them, we created the business opportunities for brokerage and construction order entrusted by the client who had purchased the revitalized property.

Such combined real estate services with keeping the viewpoint of customers are creating much added-value by making creativity and improvement.

As a result of the above activities, both sales and profits increased.

	End of Dec. 2013	End of Dec. 2014	End of Dec. 2015
No. of entrusted buildings	214	255	315
Operation rate	96.4%	97.2%	96.3%

As for the building maintenance business, we have been striving to take an immediate action against leaks of water along with high altitude cleaning of outer walls and repair work in cooperation with other business such as property management.

As a result, sales and profits increased from the previous year.

As a result of the above activities, sales were ¥1,097 million (up by 14.9% year on year) and segment income was ¥499 million (up by 19.7% year on year).

### ***Other Businesses***

As for the construction solution business, sales and profits increased compared to the previous year, due to the increase of the contract amount per construction.

As for the 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.

As for the space rental business, "Vision Center Tokyo" started in this fiscal year as a new business development of the real estate utilization, the income covered the whole expenditure during the third quarter of consolidated fiscal year by the improvement of the recognition by active marketing.

As for the hotel business started from this third quarter, we have agreed to make a business alliance for the hotel business in Japan with Spring Group, which runs tour services and airline in China and Japan. We get a move into proactive approach toward the needs of foreign tourists.

As a result of the above activities, sales were ¥466 million (down by 9.4% year on year) and segment income was ¥248 million (down by 2.7% year on year).

## **(2) Qualitative information on consolidated financial position**

As of the end of the third quarter of this consolidated fiscal year, total assets were 50,711 million yen (up by 25.4% from the end of the previous consolidated fiscal year) and liabilities were 24,433 million yen (up by 37.9%). The main reason for the increase in total assets was that inventory assets increased 10,375 million yen. The main reason for increase in liabilities was that long-term loans payable increased 4,070 million yen and corporate bonds increased 1,149 million yen.

Net assets were 26,278 million yen (up by 15.8%). The main reason for the increase in net assets was posting 4,283 million yen in quarterly net income, despite 705 million yen being paid out for year-end dividends.

2. Consolidated Financial Statements  
(1) Consolidated Quarterly Balance Sheets

(Thousands of yen)

	FY ended March 31, 2015 (As of March 31,2015)	End of 3Q of FY ending March 31, 2016 (as of December 31, 2015)
<b>ASSETS</b>		
Current assets		
Cash and deposits	12,686,800	11,853,800
Accounts receivable-trade	233,535	300,956
Real estate for sale	1,599,420	8,034,959
Real estate for sale in process	21,880,382	25,819,837
Supplies	730	1,574
Deferred tax assets	774,725	764,424
Other	297,082	659,601
Allowance for doubtful accounts	△19,882	△22,800
Total current assets	37,452,794	47,412,353
Noncurrent assets		
Property, plant and equipment		
Buildings, net	1,226,136	1,203,547
Land	1,232,143	1,238,530
Other, net	25,169	39,696
Total property, plant and equipment	2,483,449	2,481,775
Intangible assets		
Goodwill	1,875	-
Other	74,388	249,815
Total intangible assets	76,263	249,815
Investments and other assets		
Deferred tax assets	2,083	-
Other	414,572	571,994
Allowance for doubtful accounts	△4,587	△4,390
Total investments and other assets	412,069	567,604
Total noncurrent assets	2,971,783	3,299,194
Total assets	40,424,577	50,711,548

(Thousands of yen)

	FY ended March 31, 2015 (As of March 31,2015)	End of 3Q of FY ending March 31, 2016 (as of December 31, 2015)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	606,061	476,318
Short-term loans payable	-	297,000
Current portion of bonds	40,000	101,200
Current portion of long-term loans payable	964,484	1,597,084
Income taxes payable	221,154	1,041,036
Provision for bonuses	109,208	69,759
Provision for directors' bonuses	30,000	22,500
Construction warranty reserve	22,100	9,200
Provision for loss on guarantees for rent	22,361	21,639
Other	1,535,214	1,942,144
<b>Total current liabilities</b>	<b>3,550,585</b>	<b>5,577,882</b>
Noncurrent liabilities		
Bonds payable	340,000	1,428,600
Long-term loans payable	12,648,786	16,086,248
Provision for loss on litigation	31,000	-
Deferred tax liabilities	-	924
Other	1,152,905	1,339,662
<b>Total noncurrent liabilities</b>	<b>14,172,691</b>	<b>18,855,435</b>
<b>Total liabilities</b>	<b>17,723,276</b>	<b>24,433,317</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	8,387,211	8,387,211
Capital surplus	2,871,767	2,871,767
Retained earnings	11,434,300	15,011,893
Treasury stock	△174	△174
<b>Total shareholders' equity</b>	<b>22,693,105</b>	<b>26,270,698</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,253	2,150
Foreign currency translation adjustment	5,941	△558
<b>Total accumulated other comprehensive income</b>	<b>8,195</b>	<b>1,592</b>
Minority interests	-	5,940
<b>Total net assets</b>	<b>22,701,300</b>	<b>26,278,230</b>
<b>Total liabilities and net assets</b>	<b>40,424,577</b>	<b>50,711,548</b>

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of comprehensive income  
Consolidated Statements of Income

	(Thousands of yen)	
	FY ended March 31, 2015 (April 1, 2014- December 31, 2014)	FY ended March 31, 2016 (April 1, 2015- December 31, 2015)
Net sales	20,062,447	17,356,159
Cost of sales	13,209,428	10,307,850
Gross profit	6,853,018	7,048,308
Selling, general and administrative expenses	2,265,246	2,526,468
Operating income	4,587,772	4,521,839
Non-operating income		
Interest income	5,609	8,021
Dividends income	385	275
Interest on refund	508	-
Subsidy income	5,080	4,470
Other	3,082	577
Total non-operating income	14,665	13,344
Non-operating expenses		
Interest expenses	180,654	171,033
Bond issuance expenses	-	86,364
Other	31,290	56,014
Total non-operating expenses	211,944	313,412
Ordinary income	4,390,493	4,221,771
Extraordinary income		
Gain on sales of noncurrent assets	14,017	1,257,517
Total extraordinary income	14,017	1,257,517
Extraordinary loss		
Loss on retirement of noncurrent assets	637	827
Loss on litigation	-	10,850
Total extraordinary losses	637	11,677
Income before income taxes and minority interests	4,403,872	5,467,612
Income taxes-current	326,525	1,173,253
Income taxes-deferred	110,799	13,362
Total income taxes	437,325	1,186,616
Income before minority interests	3,966,547	4,280,996
Minority interests in income (loss)	88,132	△2,059
Net income	3,878,414	4,283,056

Consolidated Quarterly Statements of comprehensive income

(Thousands of yen)

	3Q of FY ended March 31, 2015 (April 1-December 31, 2014)	3Q of FY ending March 31, 2016 (April 1-December 31, 2015)
Income before minority interests	3,966,547	4,280,996
Other comprehensive income		
Valuation difference on available-for-sale securities	502	△103
Foreign currency translation adjustment	4,753	△6,500
Total other comprehensive income	5,255	△6,603
Comprehensive income	3,971,802	4,274,393
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,883,670	4,276,453
Comprehensive income attributable to minority interests	88,132	△2,059

(3) Notes to quarterly financial statements

(Notes regarding the conditions of going business)

Not applicable.

(Notes in the case of major changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

I Third Quarter of Fiscal Year Ended March 31, 2015 (April 1, 2014 – December 31, 2014)

1. Information concerning sales and income or loss amount by reporting segment

(Thousands of yen)

	Reporting segment				Other business (Note 1)	Total	Adjustment amounts (Note 2)	Quarterly consolidated income/loss statement amount (Note 3)
	Real Estate Revitalization	Real Estate Brokerage	Property Management	Total				
Sales	17,714,323	878,205	955,684	19,548,212	514,234	20,062,447	—	20,062,447
Segment income(loss)	4,901,436	740,860	417,539	6,059,836	255,719	6,315,555	△1,727,782	4,587,772

Notes: 1. The classification "other business" refers to business segments that are not included in reporting segments, and includes construction solution business and delinquent rent guarantee business, etc.

2. The segment income adjustments amount, △1,727,782 thousand yen, includes △1,908,437 thousand yen in company-wide expenses that are not allocated to reporting segments and 180,654 thousand yen in adjustment amounts for interest expense. The company-wide expenses are mainly selling, general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating incomes calculated in consolidated quarterly statements of income.

2. Information on impairment of non-current assets and goodwill etc. for each reporting segment

Not applicable.

II Third Quarter of Fiscal Year Ending March 31, 2016 (April 1, 2015 – December 31, 2015)

1. Information concerning sales and income or loss amount by reporting segment

(Thousands of yen)

	Reporting segment				Other business (Note 1)	Total	Adjustment amounts (Note 2)	Quarterly consolidated income/loss statement amount (Note 3)
	Real Estate Revitalization	Real Estate Brokerage	Property Management	Total				
Sales	14,559,052	1,233,311	1,097,722	16,890,086	466,072	17,356,159	—	17,356,159
Segment income(loss)	4,825,013	1,080,780	499,781	6,405,575	248,759	6,654,335	△2,132,496	4,521,839

Notes: 1. The classification "other business" refers to business segments that are not included in reporting segments, and includes construction solution business and delinquent rent guarantee business and space rental business and hotel operation business, etc.

2. The segment income adjustments amount, △2,132,496 thousand yen, includes △2,303,529 thousand yen in company-wide expenses that are not allocated to reporting segments and 171,033 thousand yen in adjustment amounts for interest expense. The company-wide expenses are mainly selling, general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating incomes calculated in consolidated quarterly statements of income.

2. Information on impairment of non-current assets and goodwill etc. for each reporting segment

Not applicable.