

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

Our goal is to be the real estate company
that customers love and choose over any other worldwide.

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May 10, 2017



SUN FRONTIER

Stock Code : 8934

Highlights of the Whole Financial Year

Summary of the Fiscal Year Ended Mar. 31, 2017

Sales and Ordinary Income Increased for the Sixth Straight Fiscal Year.
Ordinary Income and Dividend has Reached the Highest-ever Level.

	Results	Year on Year Change	Increase Rate
Sales	40,394*1	+ 9,768	+ 31.9%
Operating income	9,380	+ 1,993	+ 27.0%
Ordinary income	8,894	+ 1,869	+ 26.6%
Net income*2	6,452	(1,704)	(20.9%)
Dividend per Share	30.0	+ 5.0	+ 20.0%

Forecast of FY 2017	Achievement Rate
41,000	98.5%
8,500	110.4%
8,200	108.5%
5,600	115.2%
28.0	107.1%

- ※1 Million yen, except for per share figures. ※2 Net income attributable to owners of parent ※3 In replanning business, we revitalize aging buildings through renovation and sell with high added-value.
- 1) Operating and ordinary income has reached the highest-ever level. 2) Replanning*3 Business is developing continuously at a high profit margin. 3) Stock-type business is developing well.

- Ordinary income has achieved the **highest-ever level** (Previous record was set 10 years ago on March, 2007)
- Dividend forecast per share has been **revised upward from 28 yen to 30 yen** (+ 20% compared to previous fiscal year.)
- As loss previously carried forward was set off, the tax cost increased and net income decreased by 1.7 billion yen compared previous financial year.

- **Replanning Business is developing continuously at a high profit margin.** (Previous 27.8%⇒Current 28.3%)
- 3 factors of Revitalization business
1. Procurement 2. Commodification 3. Sales
 By **digging deep in all process** and uniting all professional strengths of each internal department, we make ingenious effort to increase the added value and maximize the attractiveness of the building.

- Segment profit of **Stock-type business** placed in "Other Business" **expanded 2.6 times compared to the previous financial year.**
- We acquired **Sky Court Hotel Co., Ltd.** the hotel management company through M&A.
- In space rental business, we newly opened 2 branches (Tamachi & Yokohama) on March 1, which **increased the total number of branches to 6.**
- **Our 1st original brand hotel "Hiyori Hotel Maihama" pre-opened on April 28.**

Changes of the Consolidated Results



(¥ 1 Million yen, except for per share figures.)

	FY Ended March, 2013	FY Ended March, 2014	FY Ended March, 2015	FY Ended March, 2016	FY Ended March, 2017	Sales and Profit Ratios
Sales	10,580	17,772	27,741	30,625	40,394	—
Operating income	2,156	4,531	5,850	7,387	9,380	23.2%
Ordinary income	2,039	4,341	5,593	7,024	8,894	22.0%
Net income* ¹	2,483	4,020	5,053	8,157	6,452	16.0%
Net Income per Share	66.50 yen* ²	94.03 yen	118.18 yen	190.78 yen	150.92 yen	—

Dividend per Share	8.50 yen* ²	13.50 yen	16.50 yen	25.00 yen	30.00 yen
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20% up

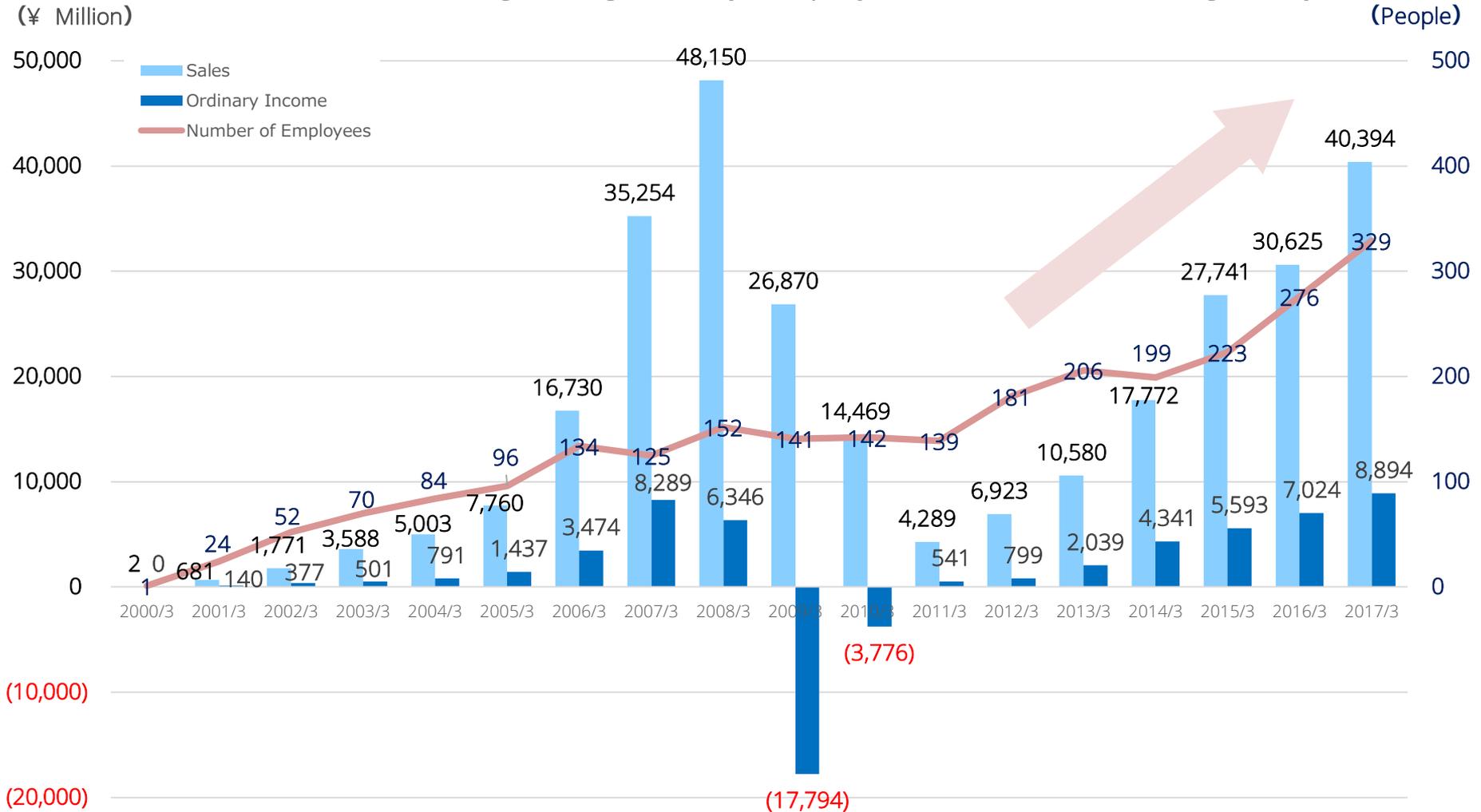
*¹ Net income attributable to owners of parent

*² Since the company conducted a 1:100 stock split of common stocks on October 1, 2013, 1/100 is used to calculate dividend per share for ease of reference.

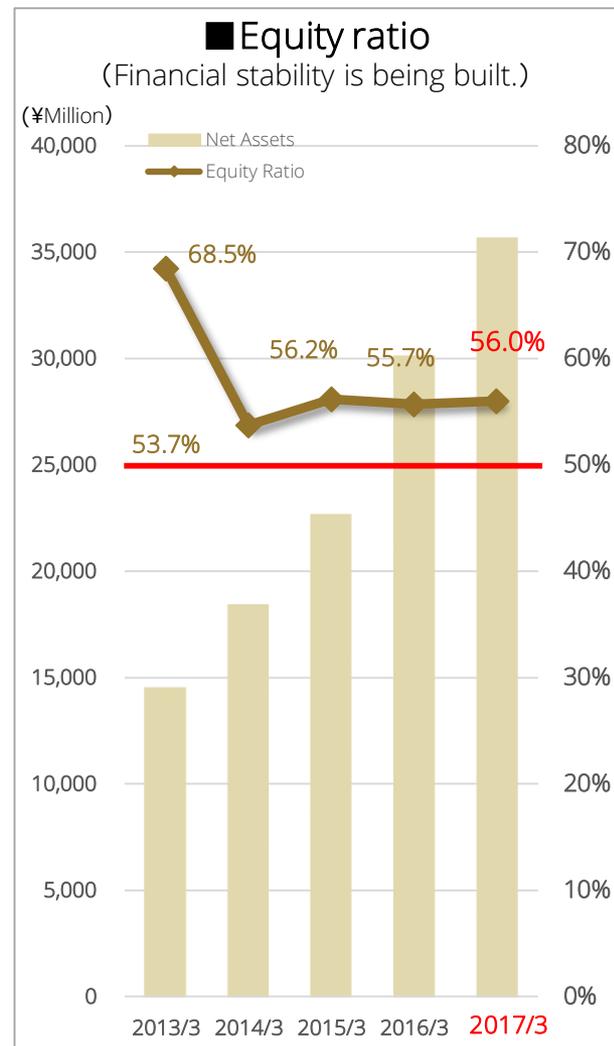
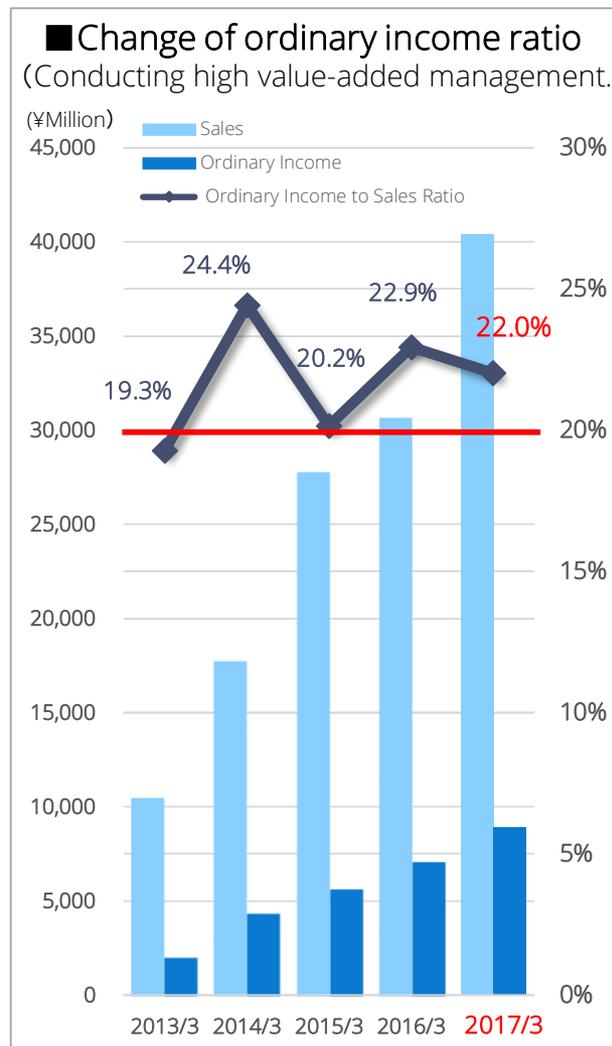
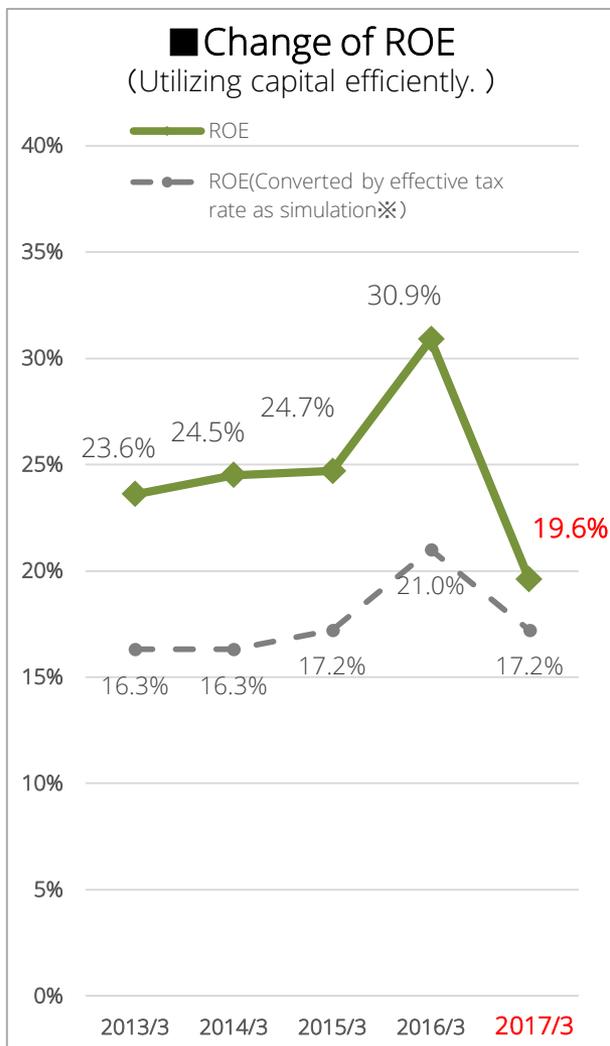
Changes of Sales & Ordinary Income & Employees



Sales and income are growing steadily. Employees are also increasing stably.

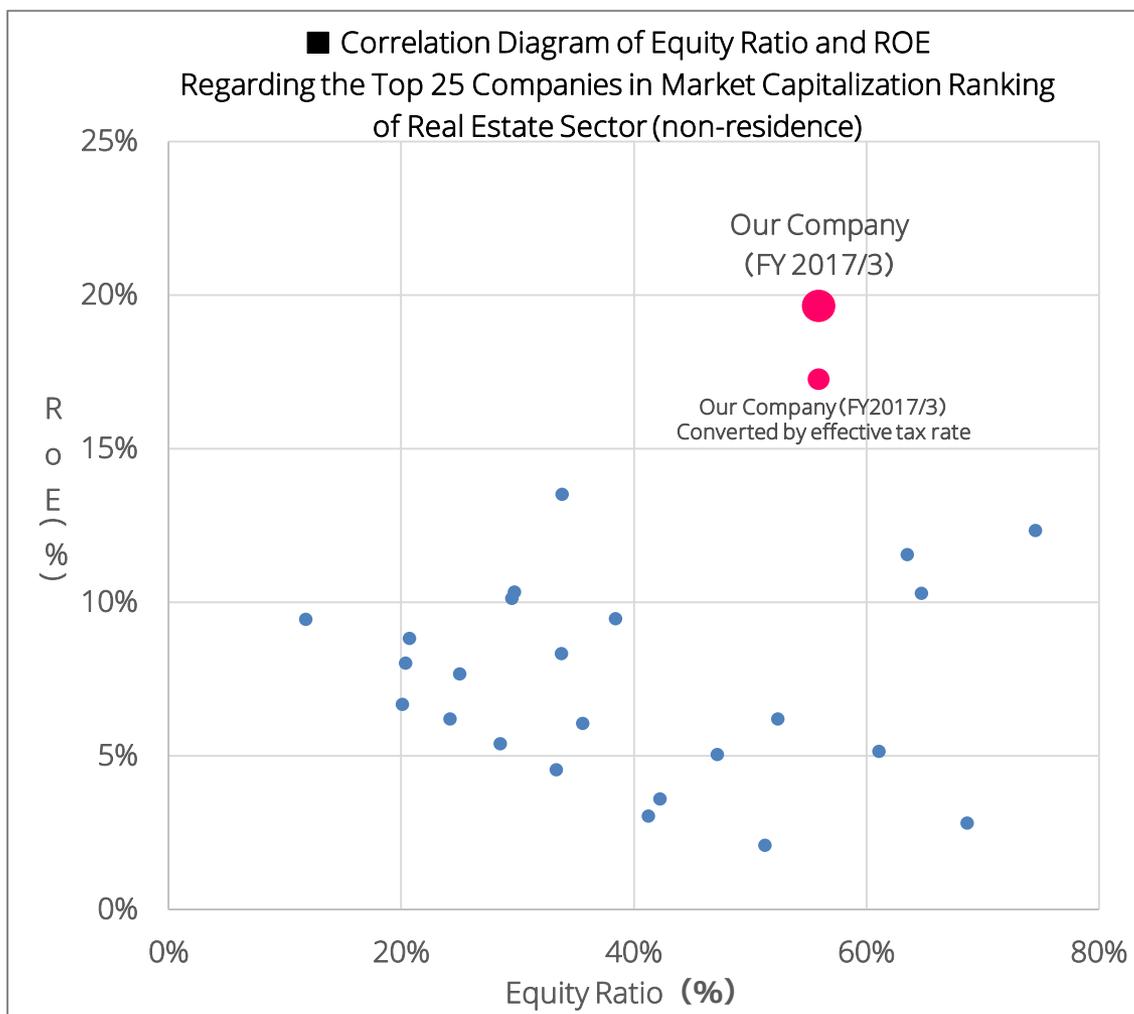


Changes of Key Performance Indicators SUN FRONTIER



※ Calculated by effective tax rate...It is a trial calculation on the assumption that our company is taxed at effective tax rate (30.86% for FY Ended March, 2017) while the influence of tax burden reduction which is a result of the tax loss carried forward is eliminated.

Realized High Level ROE while Keeping the High Equity Ratio



The ROE of Top 25 Companies of Market Capitalization Ranking

	Company	ROE	Equity Ratio	Ordinary Income Ratio
1	Sun Frontier	19.6%	56.0%	22.0%
2	TOSEI	13.5%	33.8%	17.0%
3	RAYSU<	12.4%	74.5%	19.0%
4	AEON delight	11.6%	63.5%	5.9%
5	Hulic	10.4%	29.7%	23.8%
6	NIPPON KANZAI	10.3%	64.7%	6.4%
7	Nomura Real Estate Holdings	10.2%	29.5%	12.8%
8	Kyoritsu Maintenance	9.5%	38.4%	7.2%
9	UNIZO Holdings Company	9.5%	11.7%	26.2%
10	Sumitomo Realty & Development	8.8%	20.7%	17.4%
11	AEON MALL	8.3%	33.8%	17.2%
12	NTT Urban Development	8.0%	20.3%	18.5%
13	Mie Kotsu Group Holdings	7.7%	25.0%	4.7%
14	TOKYU FUDOSAN HOLDINGS	6.7%	20.0%	6.9%
15	Keihanshin Building	6.2%	52.4%	32.0%
16	Tokyo Tatemono	6.2%	24.2%	12.0%
17	Mitsui Fudosan	6.1%	35.6%	11.6%
18	MITSUBISHI ESTATE	5.4%	28.5%	14.4%
19	TOC	5.2%	61.1%	28.0%
20	PARCO	5.1%	47.1%	4.5%
21	HEIWA REAL ESTATE	4.6%	33.3%	18.1%
22	DAIBIRU	3.6%	42.2%	21.4%
23	Kabuki Za	3.1%	41.2%	12.7%
24	TOKYO RAKUTENCHI	2.8%	68.6%	13.6%
25	Showa Aircraft Industry	2.1%	51.2%	4.6%
	Average (Not including Sun Frontier)	7.4%	39.6%	14.8%

※1 Data of other companies are based on the brief financial results of FY2017/2

(Data of our company is based on FY2017/3) The classifications of Real Estate Company (non-housing) are specified in Kaisha Shikiho.

※2 ROE is calculated by dividing the net income by equity capital at the end of the fiscal year. (Data of our company is the average value of fiscal year.)

Fiscal Year Ended March 31, 2017

Revenue / Profit Summary



	FY Ended Mar 31, 2016	FY Ended Mar 31, 2017
Sales	30,625	40,394
Real estate revitalization	26,835	35,369
Replanning Business	24,546	33,635
Rental Building Business	2,144	1,717
Other Revitalization Business	145	17
Brokerage Business	1,537	1,314
Property Management Business	1,483	1,707
Other businesses	769	2,003
Gross Profit	10,959	13,700
Real estate revitalization	8,640	10,994
Replanning Business	7,377	10,065
Rental Building Business	1,117	937
Other businesses	145	(8)
Brokerage Business	1,314	1,082
Property management	675	750
Other Businesses	328	872
Selling and general administrative expenses	3,572	4,319

	¥ million	
	Apr. to Mar. in FY Ended Mar 31, 2016	Apr. to Mar. in FY Ended Mar 31, 2017
Operating Income	7,387	9,380
Non-operating income	25	15
Non-operating expenses	389	501
Ordinary Income	7,024	8,894
Extraordinary loss/income	1,245	0
Corporate income tax, etc.	115	2,444
Income(loss) attributable to non-controlling interests	(2)	(2)
Net Income	8,157	6,452

Both sales and gross income of replanning business increased greatly. Profit margin is hovering at a high level and driving the entire business performance.

Rental building business and sales brokerage business is decreasing.

Hotel operation and space rental business of stock-type business expanded well. Sales and profit increased by 2.6 times than previous year.

As the tax loss carryforward was set off by expanded profit, there is a reversal of 1.2 billion deferred tax assets, therefore tax cost increased.

Consolidated Balance Sheet

-Assets-



	End of Mar. 2015	End of Mar. 2016	End of Mar. 2017	(¥ million) Increase/decrease (from the end of Mar. 2016)
Current assets	37,452	51,365	55,195	+3,830
Cash and deposits	12,686	15,413	16,246	+832
Inventory assets	23,480	32,714	36,186	+3,472
Breakdown) RP	22,340	27,189	26,039	(1,150)
Hotel	1,140	5,525	7,254	+1,728
Overseas, etc.	-	-	2,892	+2,892
Other current assets	1,285	3,237	2,762	(474)
Noncurrent assets	2,971	2,718	8,458	+5,740
Property, plant, and equipment	2,483	1,919	7,288	+5,368
Intangible assets	76	278	562	+284
Investments and other assets	412	520	608	+87
Total assets	40,424	54,084	63,654	+9,570

Increased by 1.7 billion yen for hotel business and increased by 2.8 billion yen for overseas business. On the other hand, decreased by 1.1 billion yen in replanning business (Sales: 30 properties, procurement: 30 properties.)

Deferred tax assets decreased by 1.2 billion yen. Advanced payment increased by 1 billion yen (deposits of purchase contract for replanning business)

Increased by 5 billion yen by acquiring hotel land in September for long-term hold.

Consolidated Balance Sheet -Liabilities/Equity-



(¥ million)

	End of Mar. 2015	End of Mar. 2016	End of Mar. 2017	Increase/decrease (compared to the end of Mar. 2016)
Current liabilities	3,550	7,641	8,281	+639
Short-term loans payable, etc.	1,004	3,353	3,438	+84
Income taxes payable, etc.	221	973	802	(170)
Other current liabilities	2,324	3,314	4,040	+725
Noncurrent liabilities	14,172	16,298	19,686	+3,388
Long-term loans and bonds payable	12,988	15,055	18,626	+3,571
Other noncurrent liabilities	1,183	1,242	1,059	(182)
Total liabilities	17,723	23,939	27,968	+4,028
Shareholders' equity	22,693	30,144	35,528	+5,383
Others	8	(0)	157	+157
Total net assets	22,701	30,144	35,686	+5,541
Total capital and liabilities	40,424	54,084	63,654	9,570

Change of Equity Ratio

End of Mar. 2015	End of Mar. 2016	End of Mar. 2017
56.2%	55.7%	56.0%

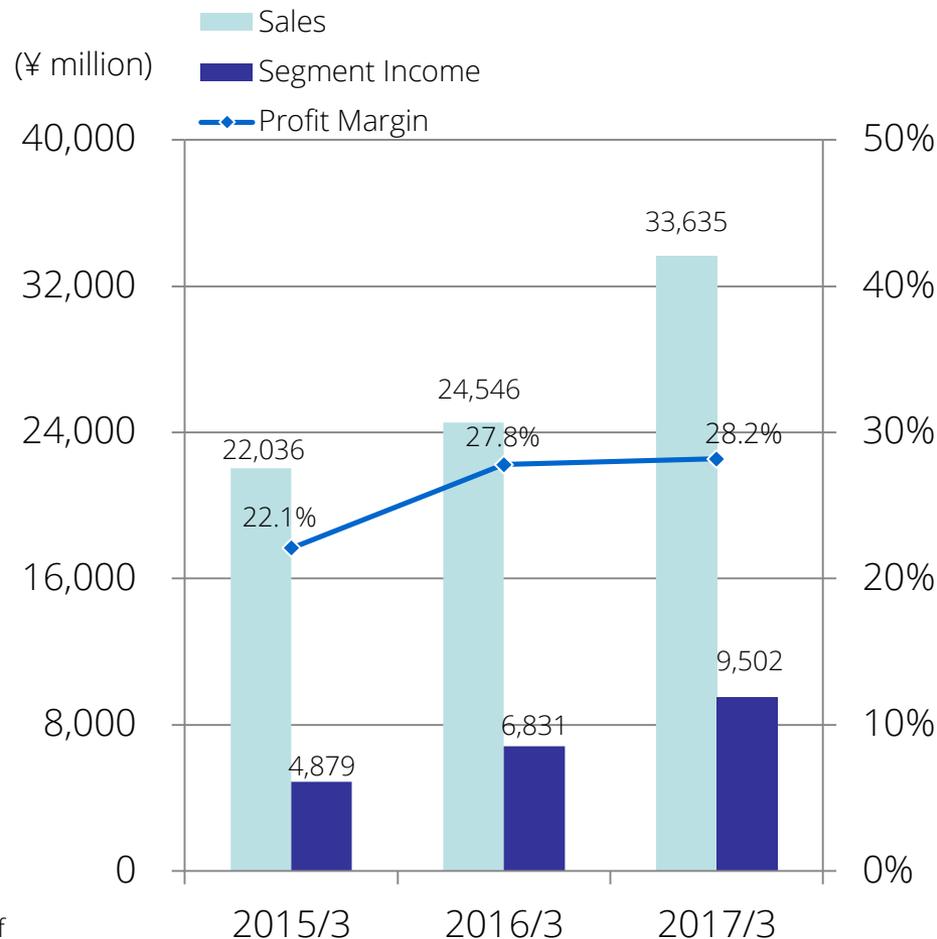
Loans payable by replanning business decreased by 1 billion yen, however, loans payable by hotel business increased by 4.6 billion yen, interest-bearing debt is 22 billion yen.

Retained earnings (5.38 billion yen) increased as difference of net income (+ 6.45 billion yen) and dividend payment (▲1.06 billion yen).

Performance of Replanning Business

(¥ million)	FY Ended Mar 31, 2016	FY Ended Mar 31, 2017	Increase/decrease
Sales	24,546	33,635	+37.0%
Segment income ^(Note1)	6,831	9,502	+39.1%
Profit margin	27.8%	28.3%	+0.4%p
No. of procured buildings	34	30	(4)
No. of sold buildings	24	30	+6
No. of buildings in stock as of the end of the term	38	44 ^(Note2)	+6

- In order to create **high added values**, we spend about one year to build in worth and appeal in the eyes of the user into the product in order to turn it into a product with maximum value. We then proceed to propose sales to a limited group of customers.
 - While making ingenious efforts towards commodification and procurement, direct sales to our customers also increased. As a result, **profit margin maintains at a high level**.
 - **Percentage of direct sales to our customers** increased from 37.5% to 43.3%.
 - **The average business period** for selling the 30 properties is 310 days (except for middle-term revitalization projects).
 - The stocks of revitalization property at the end of FY 2017 are 44 buildings (6 of which are hotel business related and 5 of which are overseas business). **Properties worth is 36.1 billion yen** (7.2 billion of which is hotel business and 2.8 billion yen of which is overseas business).
- ※ Other than above, there are also 18 buildings for revitalization business worth 13.1 billion yen which are procured and contracted at the end of April.



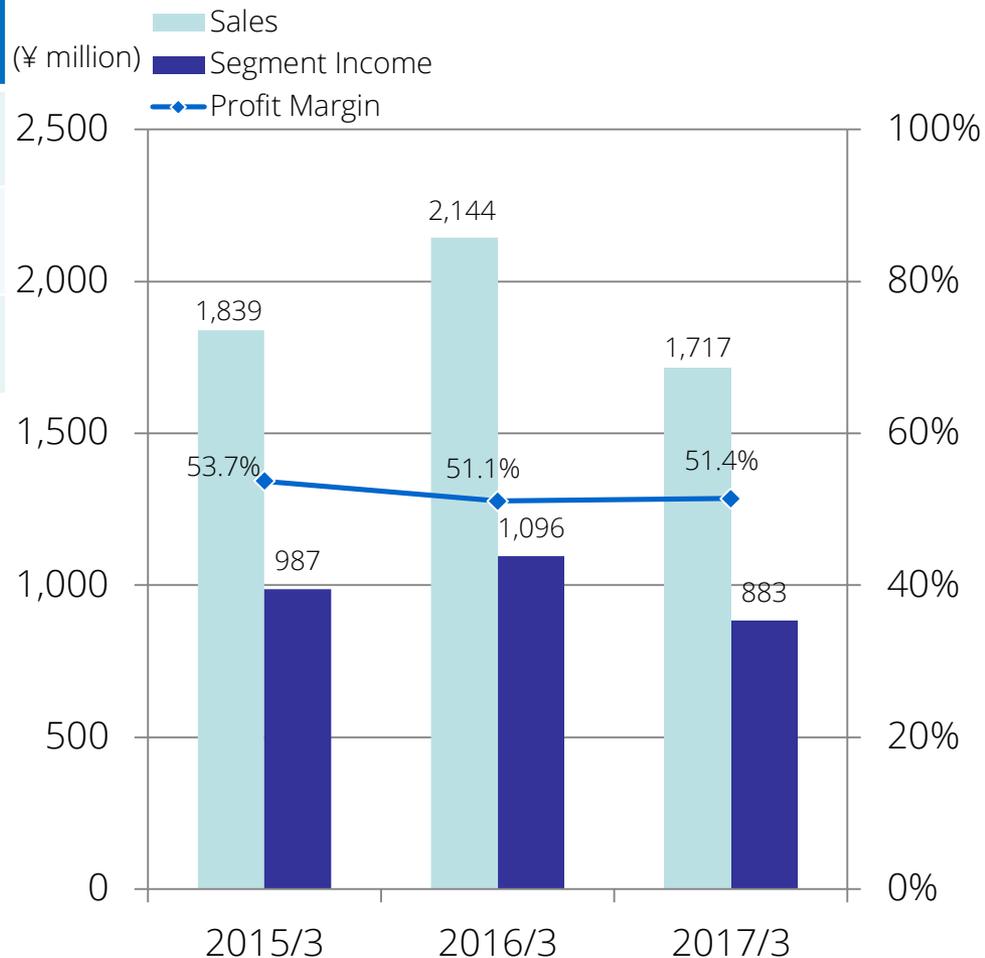
(Note1) "Segment income" is calculated by subtracting various expenses of respective businesses from gross profit on sales. Various expenses include interest paid, sales commission and goodwill amortization, etc.

(Note2) Land procurement and development cases are also included in the inventory of revitalization business.

Performance of Rental Building Business

(¥ million)	FY Ended Mar 31, 2016	FY Ended Mar 31, 2017	Increase/ decrease
Sales	2,144	1,717	(19.9%)
Segment income	1,096	883	(19.4%)
Profit margin	51.1%	51.4%	+0.3%p

- Because medium-sized buildings operated over medium and long-term were sold in the 1st quarter of FY2017, both sales and profits decreased.



Performance of Brokerage Business

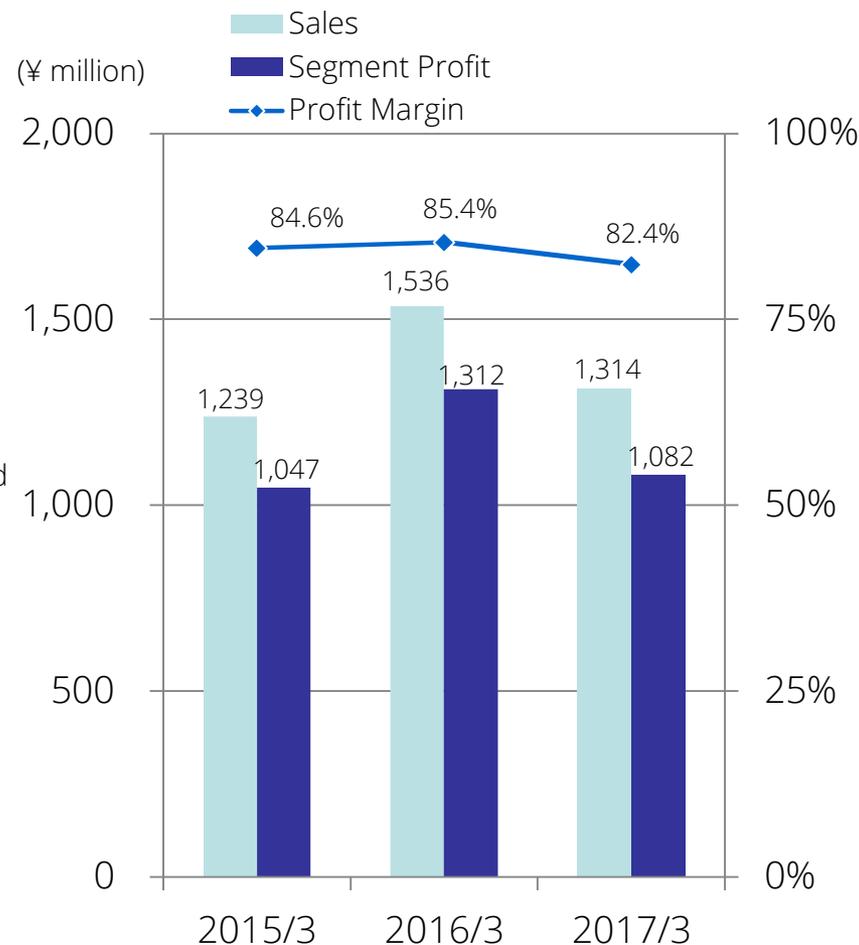
(¥ million)	FY Ended Mar 31, 2016	FY Ended Mar 31, 2017	Increase/decrease
Sales	1,536	1,314	(14.5%)
Segment income	1,312	1,082	(17.5%)
Profit margin	85.4%	82.4%	(3.1%p)

< Sales brokerage >

- Unable to recover from the downturn caused by the strong -yen trend and the stagnation of the market in the first half of the year, both sales and profits decreased compared to previous fiscal year.

< Rental brokerage >

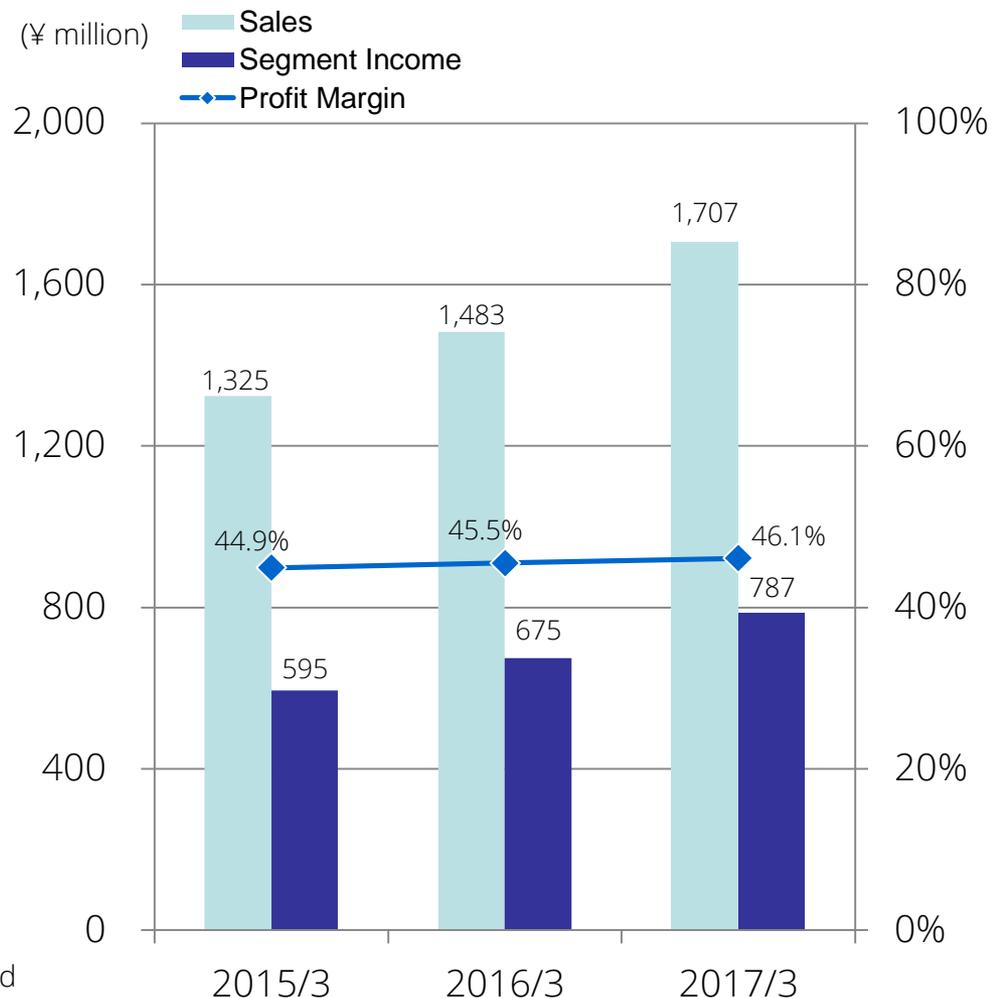
- Focusing on the 5 wards of central Tokyo, with the strength provided by rental brokerage based on community sales, we put our efforts into **“problem resolution from the view of customers”**. As a result, the synergistic effect with other departments become higher and both sales and profits increased.
- In the process of commercializing the revitalized property, **The planning ability from the tenant’s perspective become a driving force for improvement in added value and early high occupancy rate.** It also contributed a lot for the profit of whole company.



Performance of Property Management Business



(¥ million)	FY Ended Mar 31, 2016	FY Ended Mar 31, 2017	Increase/Decrease
Sales	1,483	1,707	+15.1%
Segment income	675	787	+16.5%
Profit margin	45.5%	46.1%	+0.6%p



<Property management business>

- Both sales and profit increased.
- No. of managing properties : 362 (29 more properties, 8.7% increase compared to the same period of the previous year)
- Occupancy rate: 96.6% (up by 1.1%)

【Changes in the number of managing properties and occupancy rate】

	No. of properties	Occupancy rate
End of Mar. 2015	276	92.9%
End of Mar. 2016	333	95.5%
End of Mar. 2017	362	96.6%

<Building maintenance business>

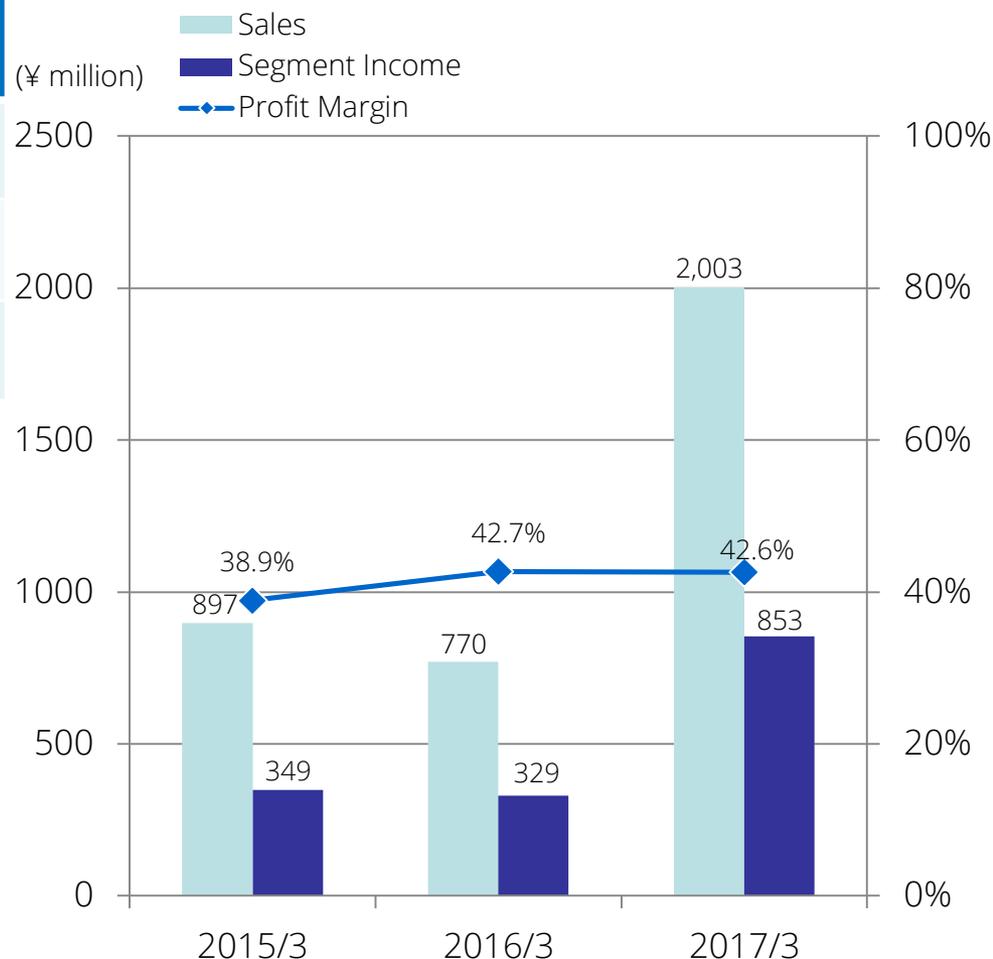
- Growth of PM's entrusted property affected the growth of BM's entrusted property and spot case, both sales and profit increased by more than 20%.

Performance of Other Business

(Rent guarantee, construction solutions, space rental, hotel operation, etc.)



(¥ million)	FY Ended Mar 31, 2016	FY Ended Mar 31, 2017	Increase/ decrease
Sales	770	2,003	+160.0%
Segment income	329	853	+159.0%
Profit margin	42.7%	42.6%	(0.2%p)



< Rent guarantee business >

- By holding seminars for building owners and cooperating companies and endeavoring in quick risk assessment for guarantee, the guarantee system got spread.. **Therefore, sales increased by 25% and profits increased by 36%.**

<Construction solution business >

- As a result of specializing in the commodification of revitalized buildings, internal transaction increased greatly. As external matters decreased accordingly, sales decreased but profits increased.

<Space Rental Business >

- Users are **increasing steadily based on repeaters and referrals.** Both sales and profits increased remarkably. (In FY Ended March, 2017, sales were 410 million yen, segment income was 126 million yen.)

< Hotel Operations >

- Occupancy rate of "SPRINGSUNNY Hotel Nagoya Tokoname" remains at a high level of about 95%** and average daily rate is improving remarkably as well. Both sales and profit increased greatly.
- From January, the sales and profits of "Sky Court Hotel Co., Ltd. " were also added. Demonstrated a favorable trend (FY Ended March, 2017 sales were 920 million yen, segment income was 178 million yen.)

Financial Forecast for the Fiscal Year Ending March, 2018

Financial Result Forecast for Fiscal Year Ending March, 2018



	FY2017/3	Forecast of FY2018/3	Rate of Change
Sales	40,394	50,000	+23.8%
(1) Real Estate Revitalization Business	35,636	43,716	+22.7%
Replanning Business (Including Hotel Development)	33,635	41,400	+23.1%
Rental Building Business	1,868	2,171	+16.2%
(2) Real Estate Service Business	3,042	3,060	+0.6%
(3) Operation Business	1,330	2,530	+90.1%
(4) Other Businesses	689	1,095	+58.8%
Adjustment	(304)	(401)	—
Gross Profit	13,700	16,200	+18.2%
(1) Real Estate Revitalization Business	11,027	13,006	+17.9%
Replanning Business Part (Including Hotel Development)	10,012	11,900	+18.9%
Rental Building Business Part	971	1,071	+10.3%
(2) Real Estate Service Business	1,913	2,170	+13.4%
(3) Operation Business	221	418	+89.3%
(4) Other Businesses	539	605	+12.0%
SGA Expenses	4,319	5,700	+32.0%
Operating income	9,380	10,500	+11.9%
Ordinary income	8,894	10,000	+12.4%
Net income	6,452	7,000	+8.5%
Substantial incurred tax rate	27.45%	—	—
Cash Dividends per Share (Yen)	30.00	32.00	+6.7%

- Office Building Business in Tokyo is our core business.
- In this core business, we are developing the revitalization business where the power of whole company is mobilized.
- Furthermore, we are enhancing the stock-type business, working toward a stable profit structure.

- Replanning Gross Profit Ratio is projected as below at the assumption that the situation of market will remain the same and the rent remains stable.
FY Ended March, 2016: 30.1%
FY Ended March, 2017: 29.8%
⇒ FY Ending March, 2018: 28.7%

- 900 million yen of sales commission is projected (In FY Ended March, 2017, it was 360 million yen)
- About 60 staff will be increased.

- As the tax loss carryforward was set off by expanded profit, tax burden ratio become an efficient rate (30.86%).

- Dividend increased by 2 yen, 32 yen is projected.

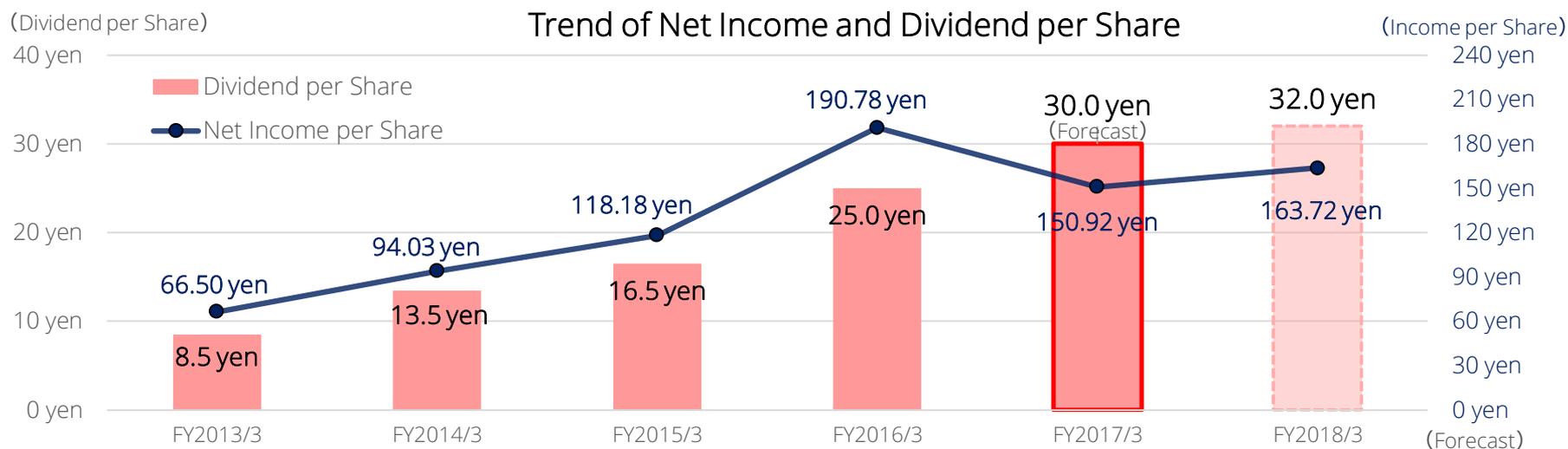
Basic Policy Concerning Profit Distribution



Our company has a fundamental policy of **returning profits to shareholders on a long-term and stable basis**, while securing the investment capital for hotel business and overseas business to take on challenges aggressively for the growth of the future. At the same time, in consideration of **the stabilization and enhancement of finance**, we **endeavor to contribute to the benefit of shareholders comprehensively**.

	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3 (Forecast)
Net Income per Share	66.50 yen*	94.03 yen	118.18 yen	190.78 yen	150.92 yen	163.72 yen
Dividend per Share	8.50 yen*	13.50 yen	16.50 yen	25.00 yen	30.00 yen	32.00 yen
Dividend Payout Ratio	12.8%	14.4%	14.0%	13.1%	19.9%	19.5%
Dividend Payout Ratio for Reference (Converted by effective tax rate)	22.1%	23.3%	19.7%	19.3%	20.9%	—

* Since the company conducted a 1:100 stock split of common stocks on October 1, 2013, 1/100 is used to calculate dividend per share for ease of reference.



Future Developments

- 1) Business environment**
- 2) Business policy and model**
- 3) Growth strategies**

Business Environment

The global economy continues to grow moderately, but the uncertainty regarding its future is increasing.

The improvement of U.S. share prices and employment is driving the economic growth concerning advanced countries, while the economy of emerging nations is showing signs of recovery from decelerating economy which is concerning. **Global economy focused on advanced countries is expected to keep on growing at a moderate pace continuously.**

Due to the emergence of populism and the introverted national particularism, there is an uncertainty for the economic policies of the United States, uneasiness about finance for the Brexit and slowdown of emerging countries' economic growth rate, the heightening of geopolitical risks, etc. **The outlook for a global recovery is getting much more uncertain.**

Aiming at increasing the country's nominal GDP to 600 trillion in 2020, the government of Japan put together all the growth strategies up to now to enhance economy. Through working-style reform, active social participation by women and relaxation of financing regulation, the government is promoting the Dynamic Engagement of All Citizens and strengthening the virtuous cycle of growth and allocation.

Financing environment remains favorable.

As BOJ is continuing the monetary easing policy and long-term interest rate is declining, **attitudes towards lending to real estate businesses are still positive** while some financial institutions are showing a negative stance toward apartment loans.

Against the background of the graying of society and a good financing environment, for small and medium-sized buildings in central Tokyo which our company is focusing on, **the dynamism of purchase demand is still growing as there are high needs of inheritance countermeasures and asset management.**

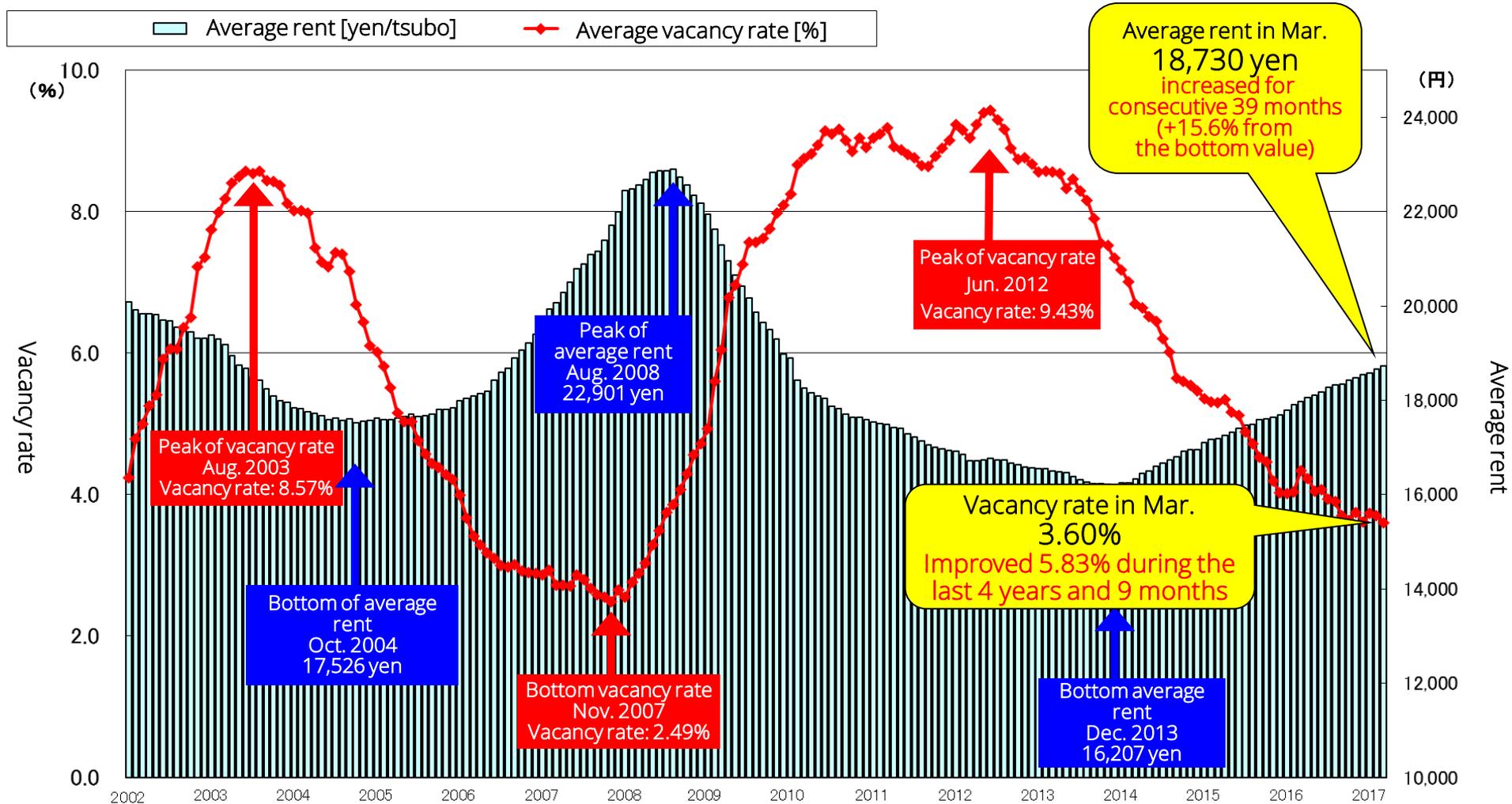
Working towards the realization of Japan as a tourism nation, the government is working on the amendment of Inns and Hotels Act. The number of foreign tourists to Japan **reached about 24 million and 30 thousand in 2016, lack of accommodation became an urgent issue.** Trends of tourists to Japan is shifting from very inexpensive tour travelers to individual travelers. The consumption demand is also changing from "shopping" to "experiencing".

Demand-supply balance in central office building market is tight.

Supported by positive business performance, needs for offices in central Tokyo is high and stable. The average vacancy rate in five wards of central Tokyo remained at a low level, but there will be a big supply of newly-built buildings in 2018. Therefore there is only a little increase in average rent.

Focusing on office buildings in good locations in central Tokyo, the demand for office relocation in the information and communication industry as well as the human resource and real estate businesses is growing. **Thus negotiation for raising rent of tenant recruitment and contract renewal is increasing.** However, room for lowering the cap rate of internal real estate is very small, discretion towards investment decisions is required.

Changes in office Rent and Vacancy Rate in 5 Wards of Central Tokyo



※Source : Created based on Miki Shoji's "Office Report." Graph reflects office buildings within the 5 wards of Tokyo of which have a standard floor area of 100 tsubo (roughly 331 square meters) or larger.

2) Business Policy and Model

“Not for profit, but for trust.”

We change, not you. We resolve difficulties from our customers' point of view.

Sun Frontier's Vision and Policies



Vision

As **professionals in real estate utilization**, our goal is to be the company that customers love and choose the most in the world.

Customers

Building owners, asset holders, and the wealthy

Core Business

Real estate revitalization and utilization

Policies

To focus on people rather than property
Solve any real estate related difficulties from the perspective of our customers

Strategies

Central
Tokyo

Office

Strength

Tenant Finding
Capability

Real Estate
Revitalization
Capability

Operation Capability

Office Buildings

Real Estate Revitalization Business



Re-planning
Building Rental
Real Estate Securitization

Real Estate Services Business

Rental Brokerage Sales Brokerage
Property Management
Building Maintenance
Rent Guarantee
Construction Solutions
Rental Conference Room and Small Office

Hotel

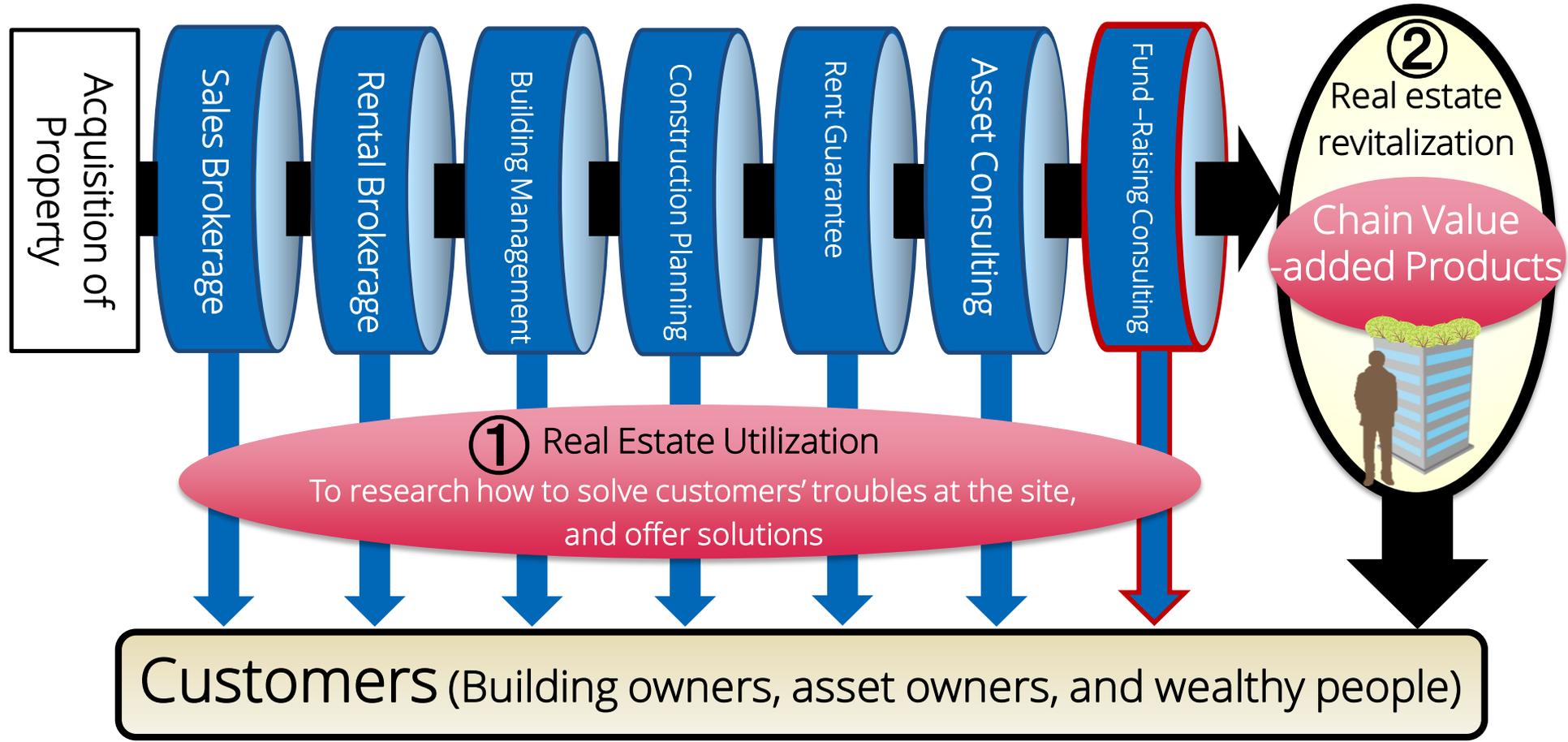
Hotel Possession and Operation
Development, Revitalization and Sales
M&A for Hotel and Operating Company

Overseas

Hotel and Housing Developments in Vietnam
Urban Housing and Serviced Apartment in Indonesia
Attract investment from Taiwan to Tokyo

Real Estate Revitalization and the Cycle of Added Value

- ① In vertical real estate utilization business, we survey and solve difficulties by listening to customers' concerns.
- ② In horizontal real estate revitalization business, first, we put together the know-how and customer needs learned from the process above. Then we apply this knowledge to renovate used buildings we purchased and transform them into high value-added products. After this, we sell the products to customers.



1. Mental management based on our ethos and philosophy

- We have upheld **altruism** since the establishment of our company.
- By cleaning our office and reading the philosophy booklet every morning we become a group that shares the value of **making others happiness our own happiness**.
- Aiming at offering much greater happiness to customers, we contribute to the actualization of a rich society.

2. Management among all employees' participation based on the accounting for each section

- By developing and diffusing the accounting system for each division (**Amoeba management**), we enhance employees' profit awareness and promote the business operation **involving all employees** with the management perspective.

3. Business management from the customers' viewpoint

- We listen to customers' requests carefully, handle and solve even minor troubles, without rushing anyone.
- **We change ourselves to meet our customers' needs**, making efforts to challenge new things, create and advance.
- Through internal collaboration of different sections, **we create high added values that are linked to one another**.



Employees play major roles.
Resonant business administration.

3 main functions of branch office net focusing on central Tokyo

1. Specializing in central Tokyo

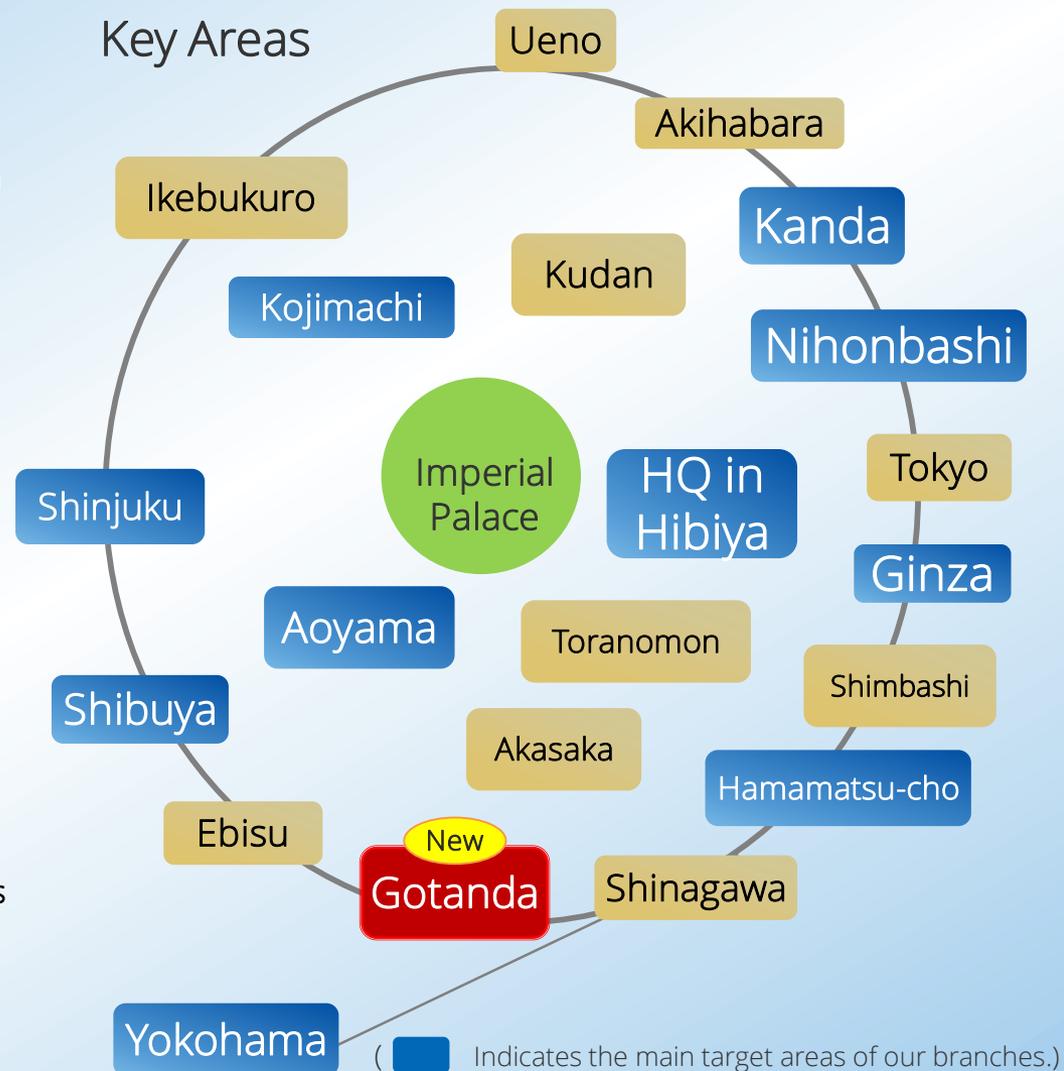
10 footholds in the wards of Chiyoda, Chuo, Minato, Shinjuku, Shibuya, and Yokohama City. With a rental team of 72 members and a management team of 79 members*, we draw out the needs from customers and excel at finding tenants for office buildings by utilizing our familiarity with local areas. (*includes temporary and part-time workers)

2. Building owners' customer service

We solve various problems of customers. We not only do tenant recruitment, but also listen to customers and help them with internal cooperation.

3. Promotion of "Efficient building business application"

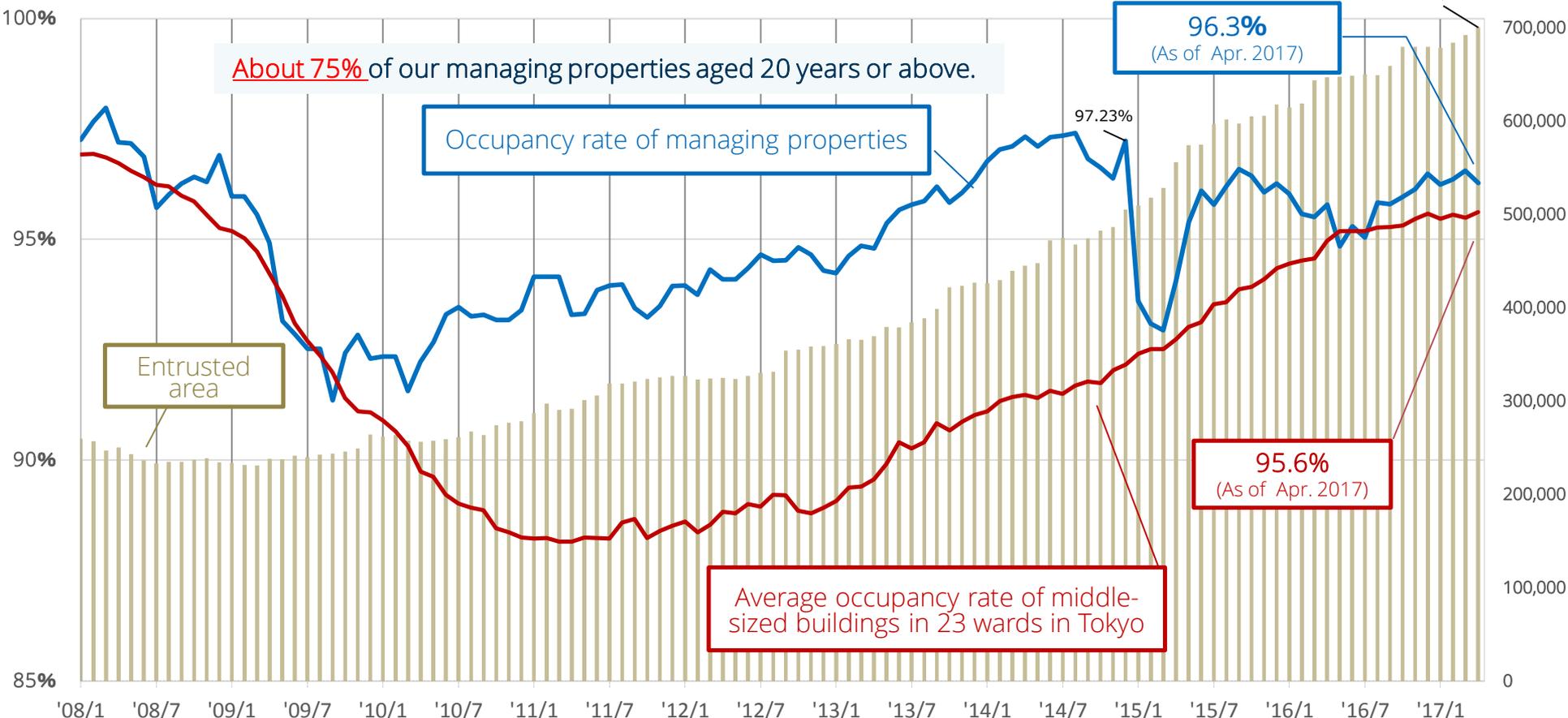
To meet the rapid change of environment, we started building revitalization business. As additional loans from financial institutions is conditional on company creditworthiness and stable profitability of property, we lease the whole building and sublease it to other tenants and act as an agent for various services from renewal construction to building operation. With the powerful trinity of owners, banks and our company, we revitalize the building.



Area of Property Management We are Entrusted with and Number of Clients is Increasing Steadily



Changes in Occupancy Rate and Area under Our Property Management



About 75% of our managing properties aged 20 years or above.

Occupancy rate of managing properties

96.3%
(As of Apr. 2017)

Entrusted area

95.6%
(As of Apr. 2017)

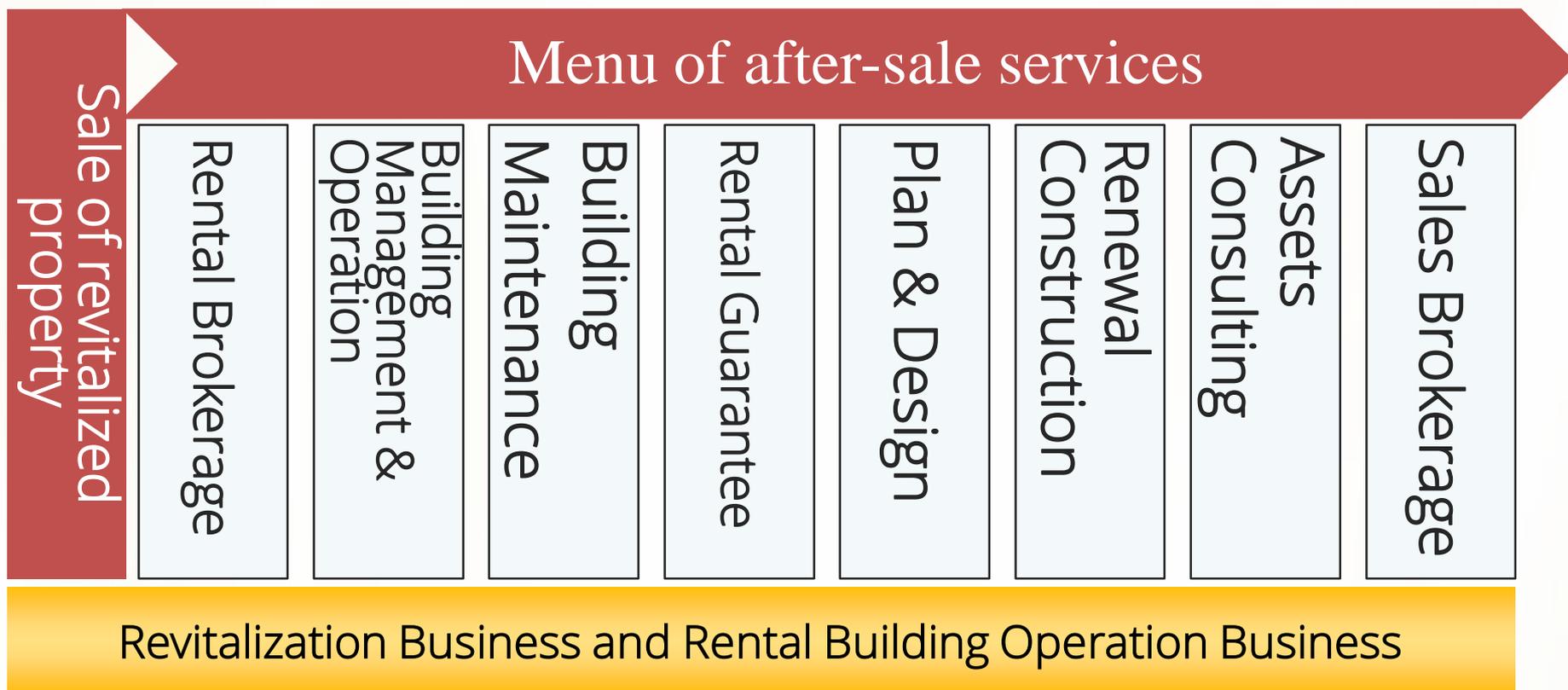
Average occupancy rate of middle-sized buildings in 23 wards in Tokyo

※Source: the occupancy rate of middle - sized buildings in 23 wards in Tokyo was produced by our company based on "Market Data Rent and Vacancy" of Sanko Estate Co., Ltd.

Note: Occupancy rate of buildings under management of Property Management Section
In the 4th quarter of fiscal year 2014, as important tenants moved to larger offices, some units become vacant. Thus occupancy rate declined temporarily at the end of the term. Later, tenants have been moving in steadily, occupancy rate got recovered.

Our strength is Building operation

“One price for one building” products of optimal location in central Tokyo. We draw out buildings’ market value and real estate value which haven’t been noticed yet with **excellent quality and attractive features** from continuous research on customer’s perspective, then sell buildings to asset holders and wealthy people at an appropriate price. After the sale, the heart-warming follow up will lead to deep trust and profit opportunities for stock business.



An Office Building Was Converted into a Societally Important Day Care Center



【Property outline】

Location: Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo
 Structure: Steel reinforced concrete, 4 stories above ground and 1 basement storey.

Date of completion: 1986
 Purposes of use: Office, garage, warehouse parking lot.

Site area: 306.94 m² (92.84 tsubo)
 Floor space: 852.46 m² (257.86 tsubo)



1. Purchased a head office building.
2. From the local features and social needs, we set the project significance as "Rehabilitation of Women and Decline in the Number of Children on the Waiting List." **Then we invited a tenant, a licensed day care center into the building.**
3. **Converted** the office building into a day care center.
4. Utilized the governmental subsidy on the facilities maintenance and operation.
5. **As a property which has a 30-year fixed-term lease tenant and could contribute to society,** we sold it to wealthy people.

Pre-setup Office to Meet Tenant Needs.

For our **pre-setup office**, we install interior decoration before tenant's moving in by determining their needs. Relying on the local features and our familiarity with the area, we make the best use of property for a high-quality project.

<Case①> One profitable building in Nishi-Shinbashi



<Case②> One profitable building in Akihabara



<Case③> One profitable building in Ginza



Important News about Our Active Efforts in the FY Ended March, 2017

Year	MM/DD	Category	News
2016	4/1	CSR	Offered a donated course in the Kyoto University Graduate School of Management.
	4/25	Hotel Business	Opened first domestic hotel "Sunny Hotel Nagoya Tokoname" (194 rooms).
	8/1	Overseas Business	Opened first overseas hotel "The Blossom City"(45 rooms) in Da Nang.
	9/29	Hotel Business	Acquired land at Shijo Kawaramachi as noncurrent assets.
	10/7	Expansion of Current Business	Established subsidiary "Sun Frontier Community Arrangement Co., Ltd." with the purpose of planning and management business for hostels and guesthouses.
	11/25	CSR	Provided sponsorship to a Japanese Language Course in the University of Danang, Vietnam
	12/1	Overseas Business	Opened first serviced apartment "Kyo Serviced Apartment"(90 rooms) in Jakarta.
	12/1	M&A	Acquired 100% issued shares of Sky Court Hotel Co., Ltd., 4 hotels (564 rooms) of it are under our management now.
	12/15	Others	Were selected as one of the issues to compose the index "JPX-Nikkei Mid and Small Cap Index".
2017	1/5	Overseas Business	Started construction of urban detached house "CASA EMERALD GANDARIA" (9 houses) in Jakarta.
	2/1	Expansion of Current Business	Opened "Planetyze Hostel" for foreign visitors to Japan.
	3/1	Expansion of Current Business	Opened rental offices "Vision Center Tamachi" and "Vision Center Yokohama."
	4/3	Expansion of Current Business	Opened new branch Gotanda Branch.
	4/28	Hotel Business	Opened first hotel of original hotel brand "Hiyori Hotels & Resorts", "Hiyori Hotel Maihama" (80 rooms).
	5/8	Overseas Business	Started construction of condominium of "HIYORI Garden Tower."

While expanding current business steadily, **we also made progress as planned in growth strategy.**



3) Growth Strategies

Establish the base of flow and increase stocks

~Standing on our two feet, “flow” and “stocks”~



•••New information for “Stock Type Business”

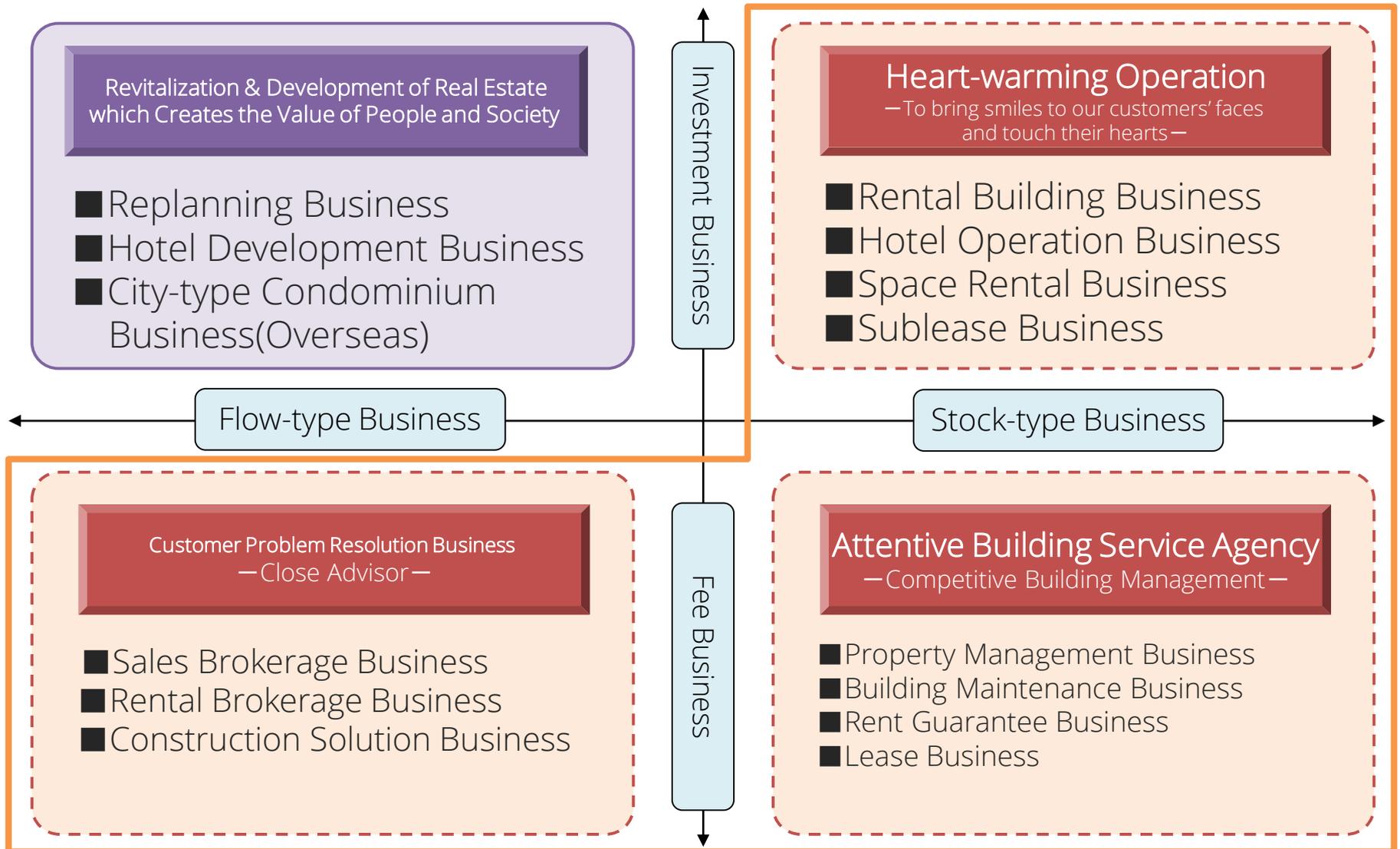


•••New information for “Flow Type Business”

Four-pronged Strategy for Future Growth SUN FRONTIER



With the strength of “Real Estate Revitalization and Utilization”, we enhance the stock type business by communicating with customers closely.



Launch of New Brand "HIYORI HOTELS & RESORTS" SUN FRONTIER

The **original hotel brand "HIYORI HOTELS & RESORTS"** is developed and managed by our company. Targeting at middle and upper classes as **inbound city-tourism hotels** under this brand, we are aiming at creating **heart-warming hotels**. Hotels under this brand will provide Japanese style hospitality "Omotenashi" and customers all over the world can enjoy the stay at the hotel peacefully and pleasantly. Through our service, customers can also experience the atmosphere and culture which he/she could only experience in a very local place. The first hotel under this brand "**Hiyori Hotel Maihama**" opened on **April 28, 2017**.



<Logo of HIYORI HOTELS & RESORTS>



HIYORI
HOTELS & RESORTS

The brand logo is designed **with a motif of a Japanese flower to express the heart of Japanese hospitality, "Omotenashi"**. The simple and modern image of traditional Japanese flower represents the fusion of tradition and innovativeness of "HIYORI HOTEL". The flower motif will be changed according to the grade of hotel, and HIYORI HOTELS & RESORTS is aiming at becoming a comprehensive hotel brand that will cover a wide variety of grades.

Concept and Development of Hotel Business — Inbound City-tourism Hotel —

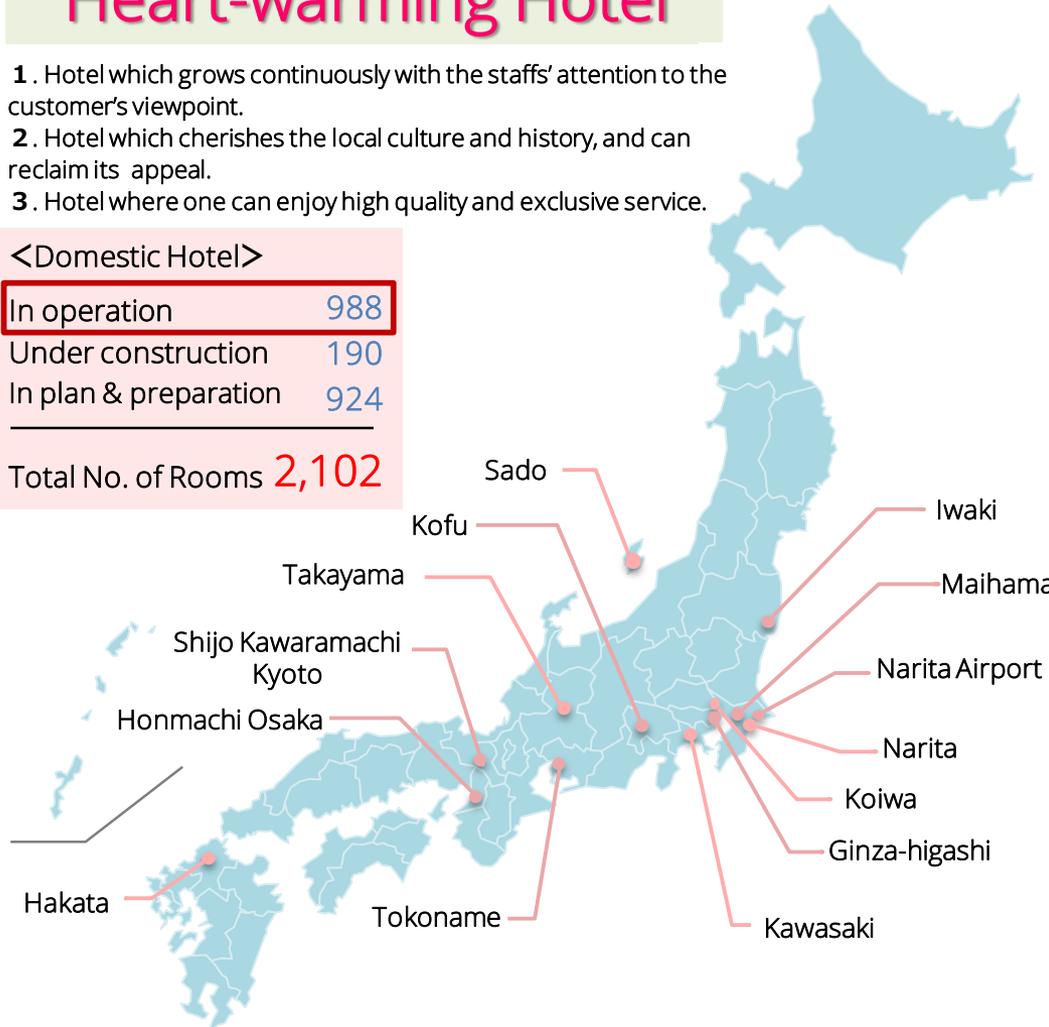


“Heart-warming Hotel”

1. Hotel which grows continuously with the staffs' attention to the customer's viewpoint.
2. Hotel which cherishes the local culture and history, and can reclaim its appeal.
3. Hotel where one can enjoy high quality and exclusive service.

<Domestic Hotel>

In operation	988
Under construction	190
In plan & preparation	924
Total No. of Rooms	2,102



(Note) Schedule & scale are still being planned, may change in future.

<List of Domestic Hotel>

Status	Open (Plan)	Brand	Hotel Name Location	No. of Rooms
Rented	—	—	Iwaki	150
In operation	Apr. 2016	Collaborative	Tokoname	194
In operation	—	Original	Kawasaki	200
In operation	—	Original	Koiwa	105
In operation	—	Original	Narita	100
In operation	—	Original	Hakata	159
In operation	Apr. 2017	Original	Maihama	80
Under construction	Jul. 2017	Other Company	Kofu	190
In plan	Apr. 2018	Original	Takayama	80
In plan	1 st half of 2018	Original	Ginza-higashi	137
In plan	1 st half of 2018	Original	Sado	115
In plan	1 st half of 2018	Undecided	Narita Airport	210
In plan	2 nd half of 2018	Original	Honmachi Osaka	193
In plan	1 st half of 2019	Original	Shijo Kawaramachi Kyoto	189

Together with collaborative brand “SPRINGSUNNY”, in main cities and sightseeing cities, our own original brand hotel “HIYORI HOTELS & RESORTS” is also in progress.

Collaborative brand



Original brand



SUN FRONTIER

Acquired Hotel Management Company “Sky Court Hotel Co., Ltd.” through M&A.



On December 1, 2016, our company **acquired 100% issued shares of Sky Court Hotel Co., Ltd. which is operating 4 hotels mainly located in Tokyo and adjacent prefectures.** This acquisition was conducted through our subsidiary, Sun Frontier Hotel Management Inc. The location and grade of each hotel is very suitable for accommodating inbound tourists and individual foreign tourists. From now on, we will try our best to boost customers’ satisfaction by increasing the added value of each hotel. Also, we will strive to improve the profitability and make contributions for the growth and development of our company.

Introduction of 4 Hotels

4 buildings 564 rooms in total.
Operation Started in December 2016

Hotel Sky Court Kawasaki



- Location: Kawasaki-shi, Kanagawa-ken
- Rooms: 200
- Site area: 1,175.09 m²
(355.46 tsubo)
- Floor space: 4,463.67 m²
(1350.26 tsubo)

Hotel Sky Court Koiwa



- Location: Edogawa-ku, Tokyo
- Rooms: 105
- Site area: 717.34 m²
(216.99 tsubo)
- Floor space: 2,759.01 m²
(834.60 tsubo)

Hotel Sky Court Narita



- Location: Narita-shi, Chiba-ken
- Rooms: 100
- Site area: 10,734.70 m²
(3,247.25 tsubo)
- Floor space: 2,137.66 m²
(646.64 tsubo)

Hotel Sky Court Hakata



- Location: Fukuoka-shi, Fukuoka-ken
- Rooms: 159
- Site area: 808.09 m²
(244.44 tsubo)
- Floor space: 3,383.79 m²
(1,023.59 tsubo)

Expansion of existing business

~Rental Conference Room and Rental Office business~



Two branches will be newly opened, increasing the total number to 6.

Rental Conference Room (Vision Center)

Vision Center Tokyo



Vision Center Tamachi



Newly opened
on March 1, 2017

Vision Center Yokohama



Newly opened
on March 1, 2017

Rental Office (Vision Center)

Vision Office Kanda



Vision Office Shinjuku



Vision Office Kanda
ANNEX



After "Vision Center Tokyo" started in April 2015, **it became profitable in just half a year** and customers are increasing steadily. Under the introduction from the leasing section, **subsequent cases in good locations** are also progressing well.

"Vision Center Tamachi" and "Vision Center Yokohama" opened in March, 2017 as the 5th and 6th branches.

In addition, 3 other branches are also under planning.

Expansion of existing business

Guest House for Foreign Tourists to Japan “Planetyze Hostel” was newly opened



Appearance



Newly opened on
February 13, 2017



Dormitory



Community Space at entrance

Hostel converted from office building

 Four-minute walk from Higashi Nihonbashi Station (Toei Asakusa Line)
(Along the Yasukuni-dori Street)

“Planetyze Hostel,” an accommodation facility for foreign visitors to Japan, opened on February 13, 2017 in Higashi-nihonbashi, Chuo-ku, Tokyo. The hostel is run through means of joint management with Travelience Inc. We have formed an alliance with Travelience Inc. which is providing an online guidebook aimed at westerner tourists.

Planetyze Hostel

【Overview】

A d d r e s s : 2-24-9 Higashi-nihonbashi,
Chuo-ku, Tokyo, Japan

S t r u c t u r e : Steel-reinforced building,
10 stories above ground

Year of Completion : 1987 (30 years)

Building Use : Budget Hotel (Guest House)

S i t e A r e a : 109.45 m² (33.10 tsubo)

F l o o r S p a c e : 784.65 m² (237.35 tsubo)

C o m p o s i t i o n : Floor 1 reception desk & cafe & bar
Floor 2 office
Floor 3 ~ Floor 10 accommodation

C a p a c i t y : 104

R o o m T y p e : Twin Room & Double Room &
Dormitory Type Room with Bunk Bed

A m e n i t i e s : Free Wi-Fi in the entire building, cafe
& bar, coin laundry, laundry drier

L a n g u a g e : Japanese, English, French, Chinese,
Portuguese and Thai language.

【Operating System of the Hostel】

O w n e r : Sun Frontier Fudousan Co., Ltd

C o n s i g n o r : Sun Frontier Community Arrangement
Co., Ltd. (Wholly owned subsidiary.)

C o n s i g n e e : Travelience Inc.

Overseas expansion - Two directions -

**To promote wealthy people outside Japan to invest in Tokyo.
To lead the energy of Asian growth to Tokyo, and contribute to the growth of Japan.**

We will develop new investment products, hone our operation ability to operate hotels, and play a role in receiving investments from wealthy people in Asia.

To make inroads into large cities in Southeast Asia, which are growing rapidly and to contribute to the happiness of local people with outbound services (Indonesia, Vietnam, etc.)



Produced by the Cartographic Research Lab University of Alabama

Concept and Development of Outbound Business

Concept "To Realize the Happiness of Everyone in Asia with People who Share the Same Values."
 Developing our outbound business in rapidly-growing cities in South-East Asia and contributing to the happiness and prosperity of the local people there.

 **Projects in Vietnam**

Status	Open	Location /Use	Scale
In operation	Aug. 2016	Danang Hotel "The Blossom City"	45 rooms
Under construction	1st half of 2019	Danang Condominium Residence "Hiyori Garden Tower"	306 houses
In plan	Undecided	Danang commercial complex	Hotel・SA156 rooms +Residence 229 houses+Shop

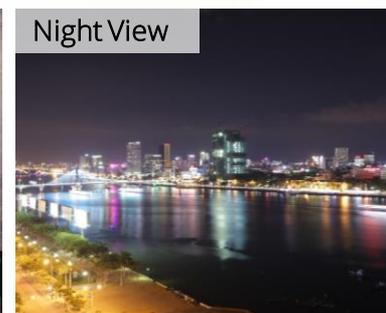
Interior decoration of first overseas hotel "The Blossom City"

Opened on Aug, 2016



 **Projects in Indonesia**

Status	Open	Location /Use	Scale
All sold		Jakarta detached house	5 houses
Under construction	Sep. 2017	Jakarta detached house "CASA EMERALD GANDARIA"	9 houses
In operation	—	Jakarta Residence+SA "Kyo Serviced Apartment"	90 rooms



(Note) "SA"・・・Serviced apartment. Fully furnished apartment available for monthly stay, providing all the hotel-like service.



Danang, Vietnam, Project No.2



~ High-rise urban apartment house project ~

Danang was chosen to be **the host of 2017 Asia-Pacific Economic Cooperation (APEC) summit** and is gaining worldwide attention. We established **"Sun Frontier Vietnam" as an overseas subsidiary** in December, 2015. Beside the first overseas hotel "The Blossom City" opened on July, 2016, we are preparing for the **high-rise apartment project as our 2nd project**. Project No.3 is also in progress.



Bldg. No. 2
High-rise apartment building
「HIYORI Garden Tower」

Effect Drawing
(Appearance)
High-rise
condominium
of 28 floors



Construction for
306 flats
will start in March, 2017

Effect Drawing (Interior)



March 10, 2017 Groundbreaking Ceremony

Direct flights from Narita Airport to Danang went into service.
14 direct flights per day from China.
8 direct flights per day from Korea.
Danang is an area that many companies want to help develop, while gathering worldwide attention as a fascinating resort area.
It is only a 10-minute drive from Danang Airport to the city center, and a 15-minute drive to a beautiful beach where there are many hotels. Located at an optimal place with very convenient access.



Jakarta, Indonesia

~ Urban Housing & Serviced Apartment ~



We established "Sun Frontier Indonesia" as an overseas subsidiary.
We are progressing projects in central Jakarta.



Bldg. No.2 City Type Ready-built House
"CASA EMERALD GANDARIA"



Effect Drawing (Appearance)

Sep. 2017 ~
9 houses will be
completed successively

Effect Drawing
(Interior)



Bldg. No.3 Serviced Apartment
"Kyo Serviced Apartment"



Appearance



Internal pool

Operation started
on Dec. 2016

Serviced Apartment with 90 rooms

<Logo Mark>

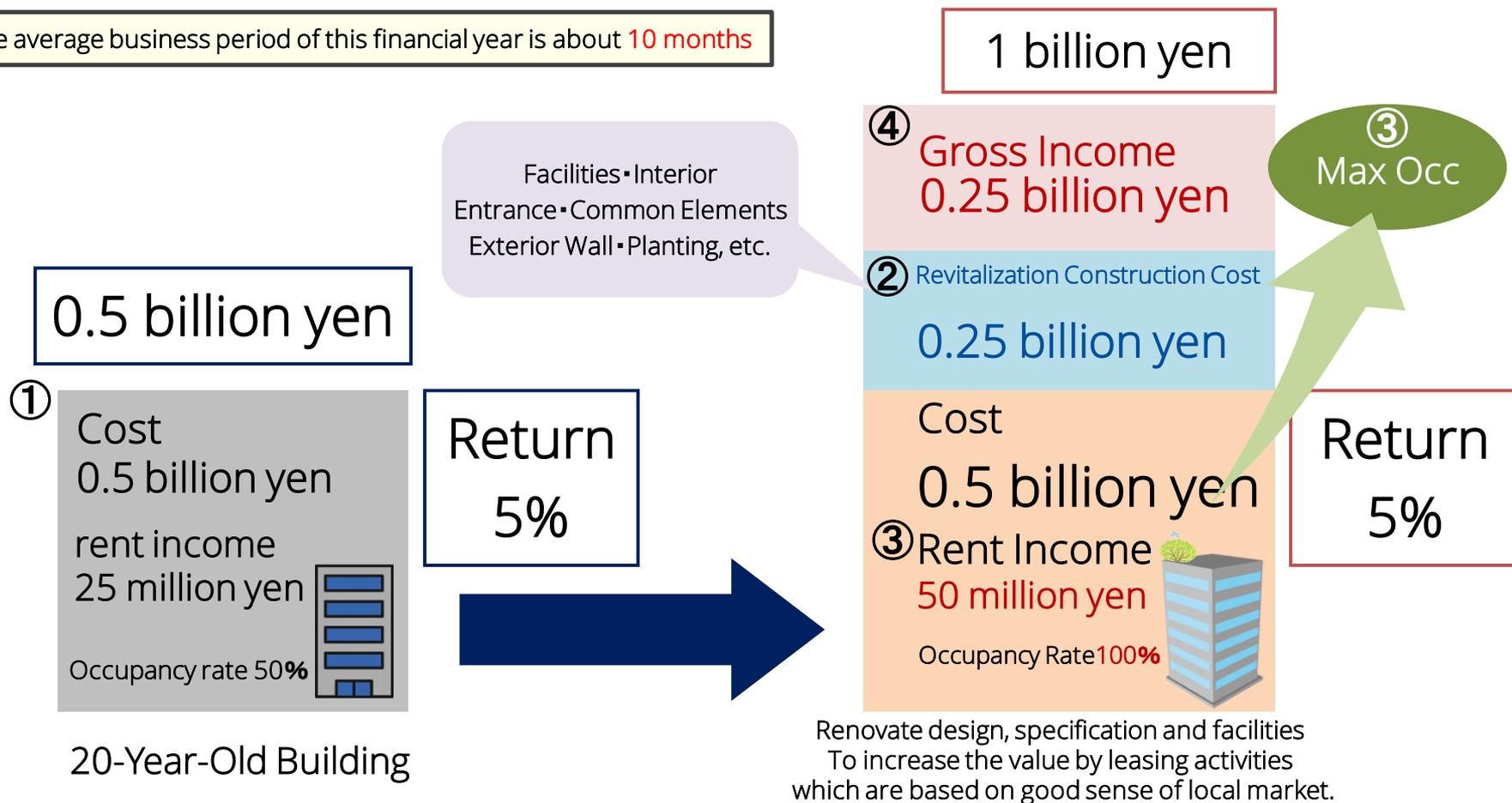


(Reference) About Our Core Business

Revitalization Business

We purchase the building with a low occupancy rate that needs renovation, then we plan and design the facade and entrance, we renovate the interior well as pre-setup office, we set green roof garden on the roof, not to mention the facility modification such as air conditioner, water supply equipment and elevator, etc.. By realizing the optimal utility to match the needs of people and society, we sell the properties to investors and the wealthy.

The average business period of this financial year is about **10 months**

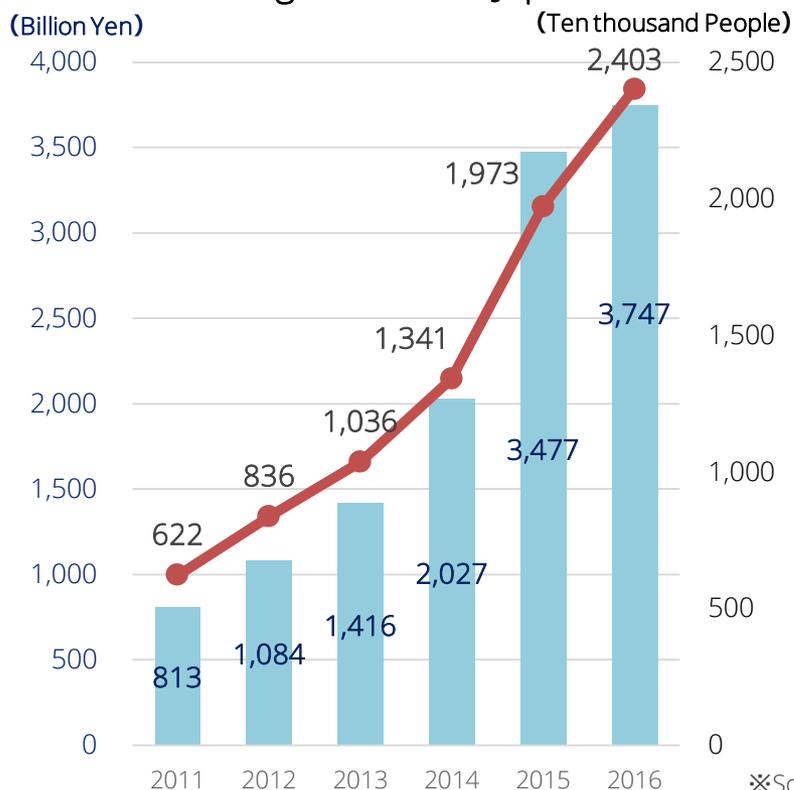


(Reference) About Hotel Business

Trends in the number of foreign visitors to Japan by country

The number of foreign visitors to Japan in 2016 was 24,030,000 (year-on-year rate +21.8%). Considering the ratio of total visitors to overall population, the number of Chinese visitors to Japan is expected to increase more. We will continue to expand our business by developing inbound city-tourism hotels targeting visitors to Japan.

Changes in the number and consumption of Foreign Visitors to Japan



※Source : Created from documents released from Japan National Tourist Organization and Tourism Agency.

Trends in the number of foreign visitors to Japan by country

Nation		2015	2016	Increase rate (%)	Population (million)	Total visitors ratio to population
1	China	4,993,689	6,372,948	+27.62	1,378.98	0.55%
2	Korea	4,002,095	5,090,302	+27.19	50.82	12.02%
3	Taiwan	3,677,075	4,167,504	+13.34	23.55	21.23%
4	Hong Kong	1,524,292	1,839,189	+20.66	7.36	30.00%
5	USA	1,033,258	1,242,702	+20.27	323.98	0.46%
6	Thailand	796,731	901,458	+13.14	68.98	1.57%
7	Australia	376,075	445,237	+18.39	24.36	2.19%
8	Malaysia	305,447	394,262	+29.08	31.72	1.49%
9	Singapore	308,783	361,804	+17.17	5.59	7.77%
10	Philippines	268,361	347,860	+29.62	104.20	0.40%
Total		19,737,409	24,039,053	+21.79	7,206.31	0.40%

※Source: Created from documents released from Japan National Tourists Organization.

※Source: Population is calculated from IMF [World Economic Outlook Databases](Version April, 2015)

Company Overview



Name	: Sun Frontier Fudousan Co., Ltd.
Head Office	: Toho Hibiya Building (Hibiya Chanter) 14F : 2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006
Established	: April 8, 1999
Stock Listing	: First Section of the Tokyo Stock Exchange on February 26, 2007 (Stock code 8934)
Capital	: ¥8,387 million
Representative	: President, Tomoaki Horiguchi
Employees	Full-time staff 352 Consolidated (605 including temporary and part-time staff)
Average Age	: 31.8 (as of April 30, 2017)
Main Group Companies	SF Building Support Inc. Sun Frontier Real Estate Investment Advisors Inc. : Yubi Inc. Sun Frontier Fudousan Taiwan Co., Ltd. Sun Frontier Hotel Management Inc.
Settlement Month	: March

Businesses

1. Real Estate Revitalization Business

Replanning Business/ Rental Building Business

2. Real Estate Services Business

Rental Brokerage/ Property Management/ Building Maintenance/ Sales Brokerage/ Construction Solution / Rent Guarantee

3. Hotel development and operation

Investment, development, operation

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<Sun Frontier Fudousan IR Desk>
Phone: +81-3-5521-1551
URL: <http://www.sunfrt.co.jp/en/>
Mail: ir-contact@sunfrt.co.jp



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