

Consolidated Financial Results for the Second Quarter of the Fiscal Year ending March 31, 2017

**Our goal is to be the real estate company
that customers love and choose the most in the world.**

Company Overview	1
Executive Summary Results for the Second Quarter of the FY ending Mar 31, 2017	2~12
Future activities	13~15
1) Business environment	
2) Managerial policy and business model	16~25
3) Growth strategies	26~37

November 9, 2016



SUN FRONTIER

Stock Code : 8934

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
Representative : President, Tomoaki Horiguchi
Established : April 8, 1999
Stock Listing : First Section of the Tokyo Stock Exchange
on February 26, 2007 (Stock code 8934)
Capital : ¥8,387 million
Employees : 312 Consolidated (as of Oct 31, 2016)
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.

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 Solutions/ Delinquent Rent Guarantees

3. Hotel development and operation

Investment, development, operating

Highlights of the results for the second quarter

Summary of the Second Quarter for Fiscal Year Ending Mar. 31, 2017

Quarterly profit increased steadily as planned

	Results	yr/yr change	increase rate
Sales	18,906	+6,049	+47.1%
Operating income	5,174	+1,164	+45.4%
Ordinary income	4,840	+1,502	+45.0%
Net income	3,420	+703	+25.9%

Forecast for FY 2017
41,000
8,500
8,200
5,600

Profit margin of Revitalization Business increased to 33%

- By linking up and combining our specialties through each process of acquisition, commodification and sales, with inventive approach, we have maximized the value extracted from properties.
- Segment profit margin increased further to 33% (same period last year of which is 30.1%).

As for the second quarterly consolidated financial results, both ordinary income and net income has reached **the highest-ever level.**

Procurement of hotel land and overseas development is progressing well. "Space Rental" Business is also contributing to profit improvement.

- In **Da Nang**, Overseas No.1 hotel "The Blossom City" opened in August. .
- In **Maihama** Area, accommodation specialization type hotel with 80 rooms will open in April.
- In Shijo Kawaramachi, the biggest busy district in **Kyoto**, we purchased a land to start the development of high-class flagship hotel.
- As for "Space Rental" business , we opened 4 branch offices, and is creating profit steadily.

Summary of the results for the second quarter



(¥ million)

	Apr. to Sep. in FY ended Mar 31, 2016	Profit margin to sales	Apr. to Sep. in FY ending Mar 31, 2017	Profit margin to sales	Forecasts for FY ending Mar 31, 2017	Progress rate with respect to the initial forecast
Sales	12,857	—	18,906	—	41,000	46.1%
Operating income	3,559	27.7%	5,174	27.4%	8,500	60.9%
Ordinary income	3,337	26.0%	4,840	25.6%	8,200	59.0%
Net income	2,717	21.1%	3,420	18.1%	5,600	61.1%

Specializing in the small and medium-sized office buildings in central Tokyo and maintaining a high level of profitability. Achieved about 60% profit amount of whole financial year plan.

Revenue/Profit Summary



	Apr. to Sep. in FY ended Mar 31, 2016	Apr. to Sep. in FY ending Mar 31, 2017
Sales	12,857	18,906
Real estate revitalization	9,771	15,656
Real estate securitization	145	—
Rental building business	1,020	857
Brokerage	919	698
Property management	729	854
Other businesses	270	839
Gross profit on sales	5,199	7,236
Real estate revitalization	3,198	5,431
Real estate securitization	145	—
Rental building business	551	465
Brokerage	817	553
Property management	342	368
Other businesses	144	417
Selling and general administrative expenses	1,639	2,062

	Apr. to Sep. in FY ended Mar 31, 2016	Apr. to Sep. in FY ending Mar 31, 2017
Operating income	3,559	5,174
Non-operating income	10	10
Non-operating expenses	232	344
Ordinary income	3,337	4,480
Extraordinary loss/income	▲11	351
Corporate income tax, etc.	609	1,420
Net income	2,717	3,420

(¥ million)

Revitalization business sales increased by 60%, gross income increased by 70%. Gross income rate also has risen greatly.

Space Rental and Hotel business established in the previous year expanded well and enhanced performance.

Expanded profit cut down the tax loss carried forward, and tax cost increased.
Income taxes-deferred 827 was added up.

Consolidated balance sheet



-Assets-

(¥ million)

	End of Mar. 2015	End of Mar. 2016	End of Sep. 2016	Increase/decrease (from the end of Mar. 2016)
Current assets	37,452	51,365	51,113	▲252
Cash and deposits	12,686	15,413	15,464	+50
Inventory assets	23,480	32,714	33,611	+897
Other current assets	1,285	3,237	2,036	▲1,200
Noncurrent assets	2,971	2,718	7,886	+5,147
Property plant and equipment	2,483	1,919	7,065	+5,146
Intangible assets	76	278	271	▲6
Investments and other assets	412	520	528	+7
Total assets	40,424	54,084	58,979	▲4,895

Increased by 1.4 billion yen for acquisition of hotel land and cost of construction. On the other hand, decreased by 500 million yen as sales of comparatively big properties went well (Sales: 11 properties , acquisition: 16 properties.)

As loss carried forward was set off, there would be a reversal of 827 million yen in deferred tax asset.

As acquisition of hotel land for long-term hold, it increased by 5 billion yen.

Consolidated balance sheet

-Liabilities/Equity-



	End of Mar. 2015	End of Mar. 2016	End of Sep. 2016	(¥ million) Increase/decrease (from the end of Mar. 2016)
Current liabilities	3,550	7,641	8,342	+701
Short-term loans payable, etc.	1,004	3,353	4,471	+1,117
Income taxes payable, etc.	221	973	688	▲284
Other current liabilities	2,324	3,314	3,182	▲131
Noncurrent liabilities	14,172	16,298	18,173	+1,875
Long-term loans and bonds payable	12,988	15,055	16,894	+1,838
Other noncurrent liabilities	1,183	1,242	1,278	+36
Total liabilities	17,723	23,939	26,516	+2,576
Shareholders' equity	22,693	30,144	32,496	+2,351
Others	8	▲0	▲33	▲33
Total net assets	22,701	30,144	32,463	+2,318
Total capital and liabilities	40,424	54,084	58,979	+4,895

Changes in capital adequacy ratios

End of Mar. 2015	End of Mar. 2016	End of Sep. 2016
56.2%	55.7%	55.0%

For procurement progress of hotel business asset, interest-bearing debt increased by 2.9 billion yen.

Retained earnings increased as difference of net income (+3.42 billion yen) and dividend payment (▲1.06 billion yen).

Performance of Revitalization business

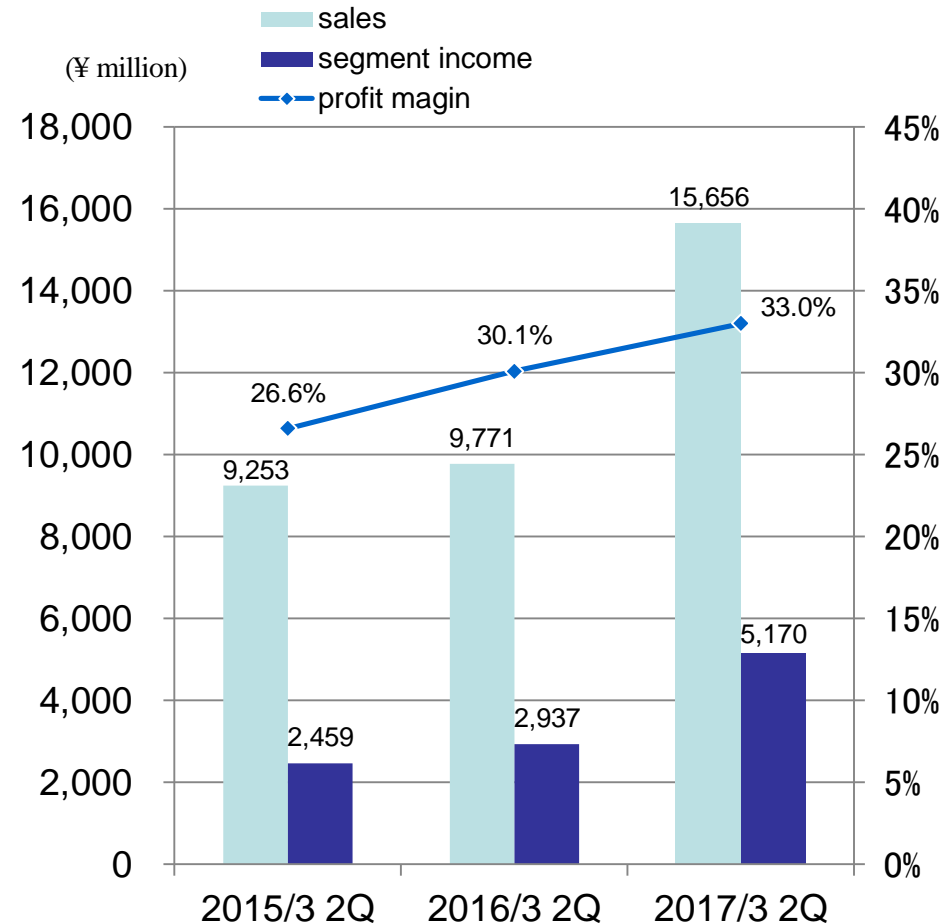


(¥ million)	Apr. to Sep. in FY ended Mar 31, 2016	Apr. to Sep. in FY ending Mar 31, 2017	Increase/ decrease
Sales	9,771	15,656	+60.2%
Segment income ^(Note)	2,937	5,170	+76.0%
Profit margin	30.1%	33.0%	+3.0%p
No. of procured buildings	10	16	+6
No. of sold buildings	12	11	▲1
No. of buildings in stock as of the end of the term	25	44	+19

- In order to create **high added values**, we take long project period to do attractive commercialization which could be highly valued by purchasers. Then we progress proposal type sales to specific customers.
- While making efforts on commercialization and procurement, direct sales to repeat customers also increased. As a result, **profit margin increased to 33%**
- **The average business period for selling a property is 312 days** (except for 1 middle-term project and 1 use transition project).
- The stocks of revitalization property at the end of the second quarter are 40 buildings(8 of which belong to hotel business). **Properties worth is 33.6 billion yen** (6.6 billion of which are hotel business).

※ Besides above, there are also 7 building worth 2.1 billion yen which are procured and contracted at the end of October.

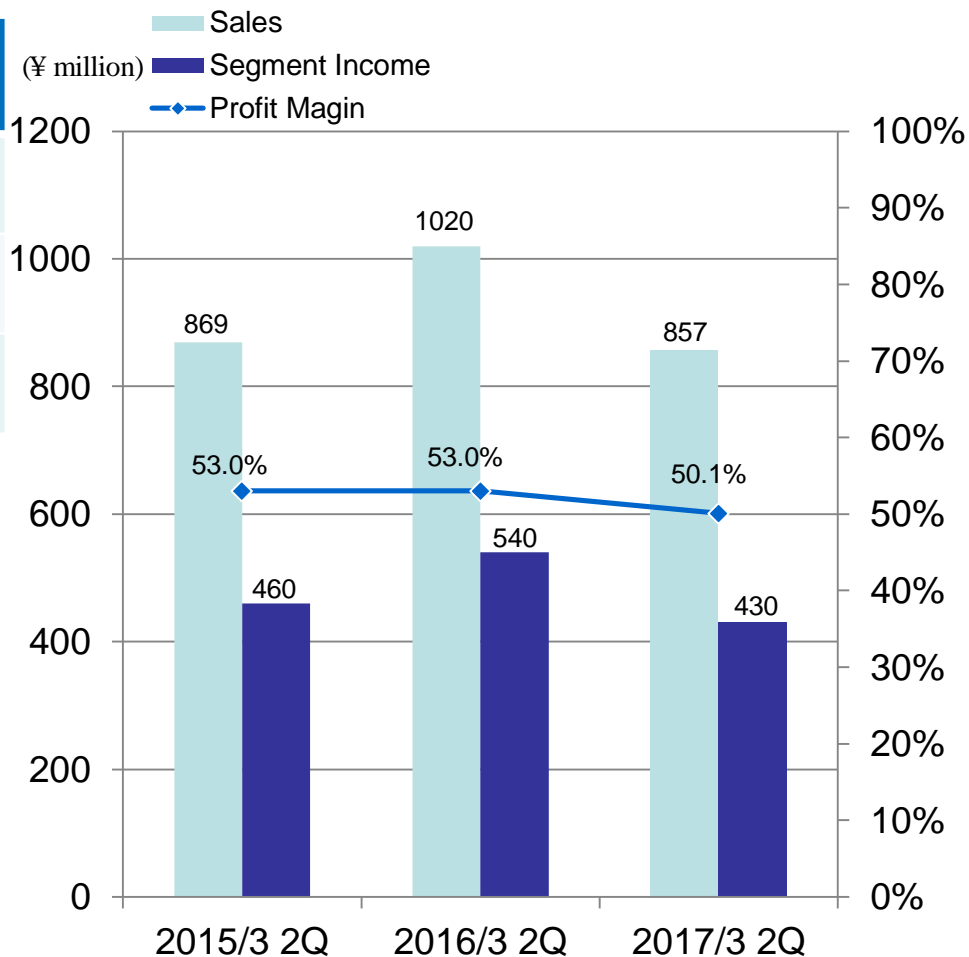
(Note) “Segment income” is calculated by subtracting various expenses of respective businesses from gross profit on sales. Various expenses include interest paid, sales commission and goodwill amortization,



Rental building business

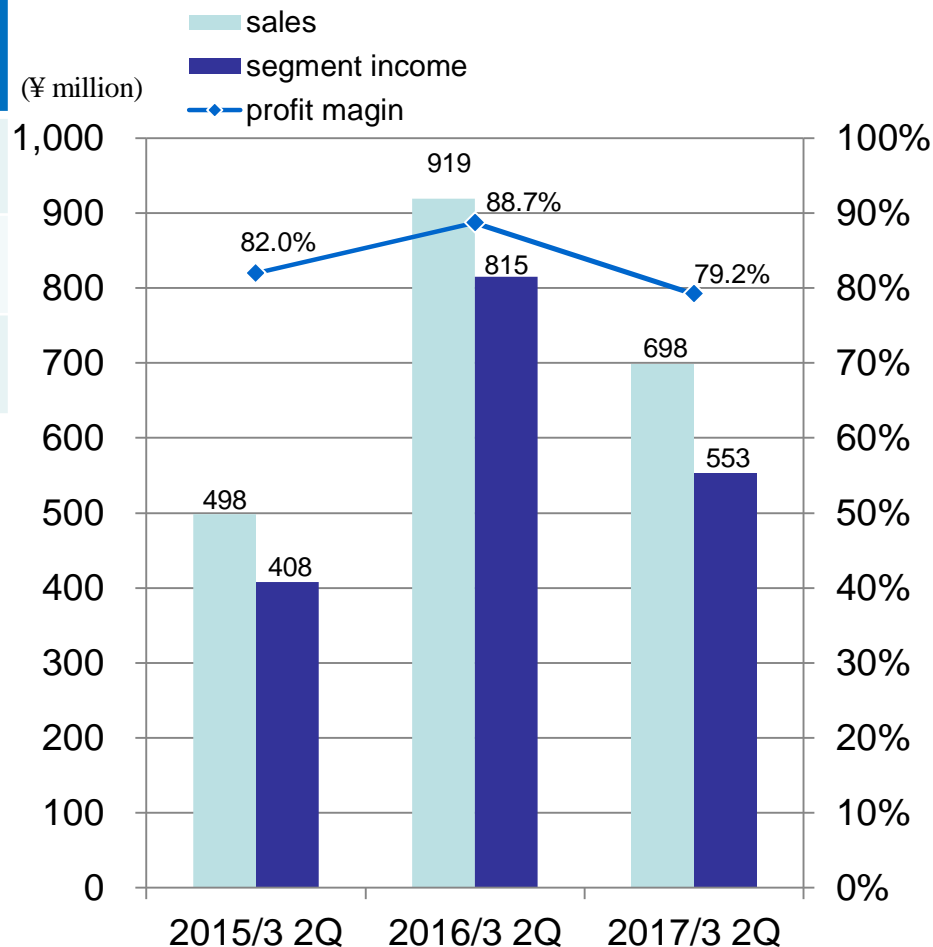
(¥ million)	Apr. to Sep. in FY ended Mar 31, 2016	Apr. to Sep. in FY ending Mar 31, 2017	Increase/ decrease
Sales	1,020	857	▲15.9%
Segment income	540	430	▲20.4%
Profit margin	53.0%	50.1%	▲2.8%p

- Utilization of comprehensive operation capability make us be able to stabilize rent income from high occupancy rate.
- Because medium-sized projects operated over multiple years were sold as scheduled, both sales and profits decreased (contributed a lot to revitalization business).



Performance of Brokerage business

	Apr. to Sep. in FY ended Mar 31, 2016	Apr. to Sep. in FY ending Mar 31, 2017	Increase/ decrease
Sales	919	698	▲24.0%
Segment income	815	553	▲32.1%
Profit margin	88.7%	79.2%	▲9.5%p



< Sales brokerage >

- Some financial institutions become cautious about lending to real estate investment and because we didn't make enough effort to meet the needs of customers, compared to previous year, both sales and profits decreased.

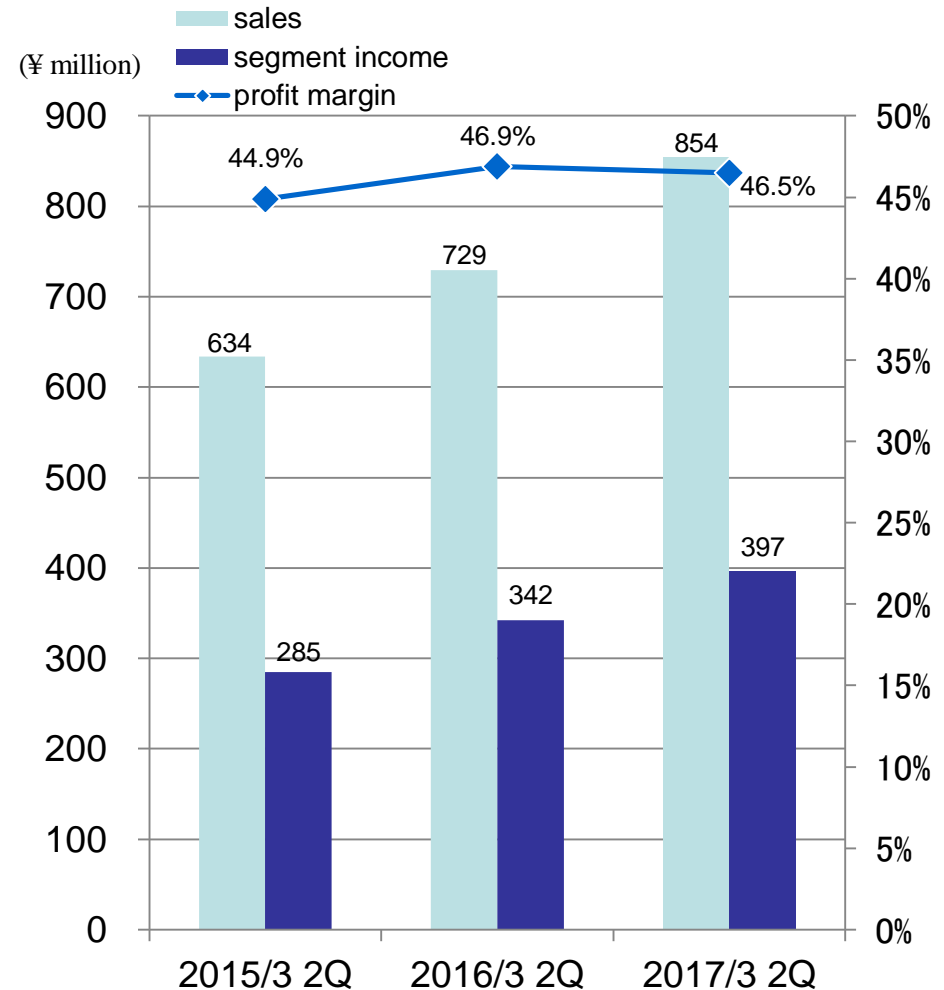
< Rental brokerage >

- In respective area of each branch office, we dig deep to understand customers and work hard for them with the strength of rental brokerage based on community sales in central Tokyo. Both sales and profits increased from previous year.
- Tenant recruitment of revitalized and property management properties become motive power for early high occupancy rate and contributed a lot for the profit of whole company.

Performance of Property management business



(¥ million)	Apr. to Sep. in FY ended Mar 31, 2016	Apr. to Sep. in FY ending Mar 31, 2017	Increase/ Decrease
Sales	729	854	+17.1%
Segment income	342	397	+15.9%
Profit margin	46.9%	46.5%	▲0.5%p



<Property management business>

- Both sales and profit increased.
- No. of managing properties : 350 (up by 44 compared to the same period of the previous year)
- Occupancy rate: 95.8% (down by 0.8%)

【Changes in the number of entrusted buildings and occupancy rate】

	No. of properties	Occupancy rate
End of Sep. 2014	243	96.8%
End of Sep. 2015	306	96.6%
End of Sep. 2016	350	95.8%

<Building maintenance business>

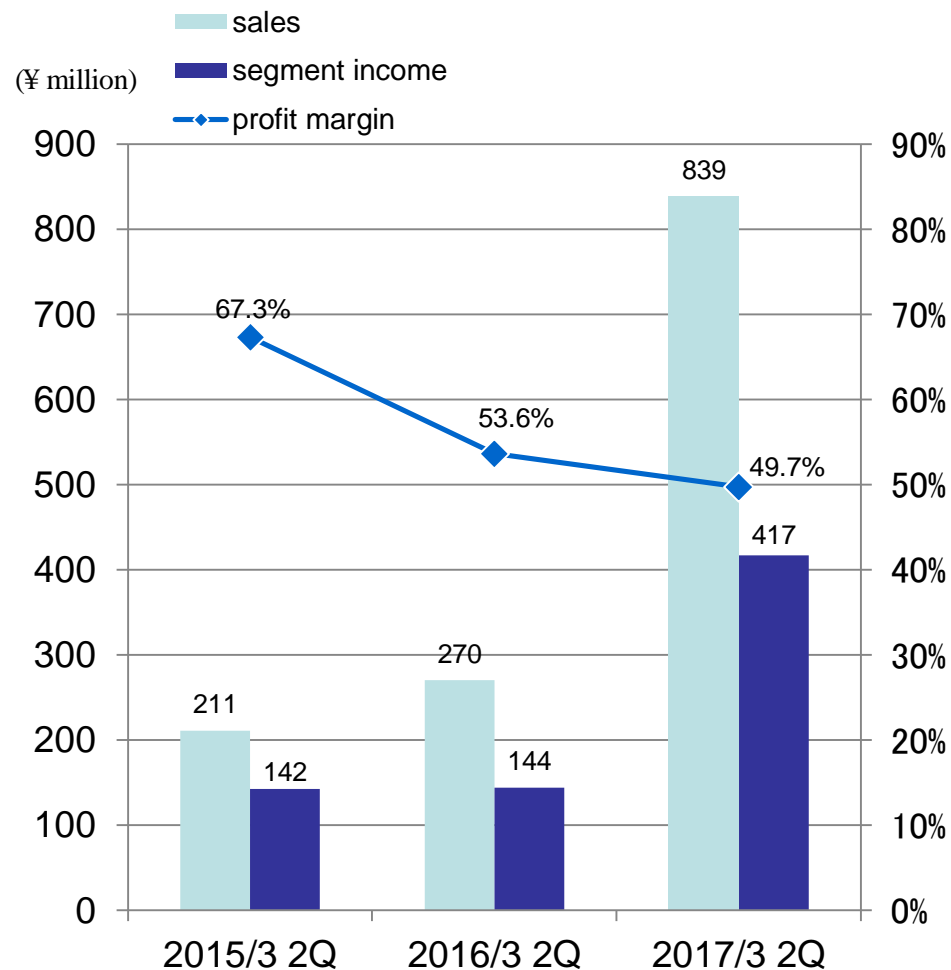
- Growth of PM entrusted properties has an effect on BM growth. However, as personnel expenses are also increasing, sales got increased but profits have hit a plateau compared to previous year.

Performance of Other Business

(Delinquent rent guarantee, Construction solution, Space Rental, Hotel Operation, etc.)



(¥ million)	Apr. to Sep. in FY ended Mar 31, 2016	Apr. to Sep. in FY ending Mar 31, 2017	Increase/decrease
Sales	270	839	+210.2%
Segment income	144	417	+187.8%
Profit margin	53.6%	49.7%	▲3.9%p



< Delinquent rent guarantee business >

By holding seminar toward building owners and cooperative companies, guarantee system got spread, new customer development also improved. Thus, both sales and profit increased.

<Construction solution business>

Due to commercialization specialized in revitalization business within company, sales decreased and profits increased.

<Space rental business>

Users are **increasing steadily based on repeaters and referrals**. Both sales and profits increased remarkably.

(Apr. to Sep. in FY 2016, sales are 181 million yen, segment income is 68 million yen.)

< Hotel Operations >

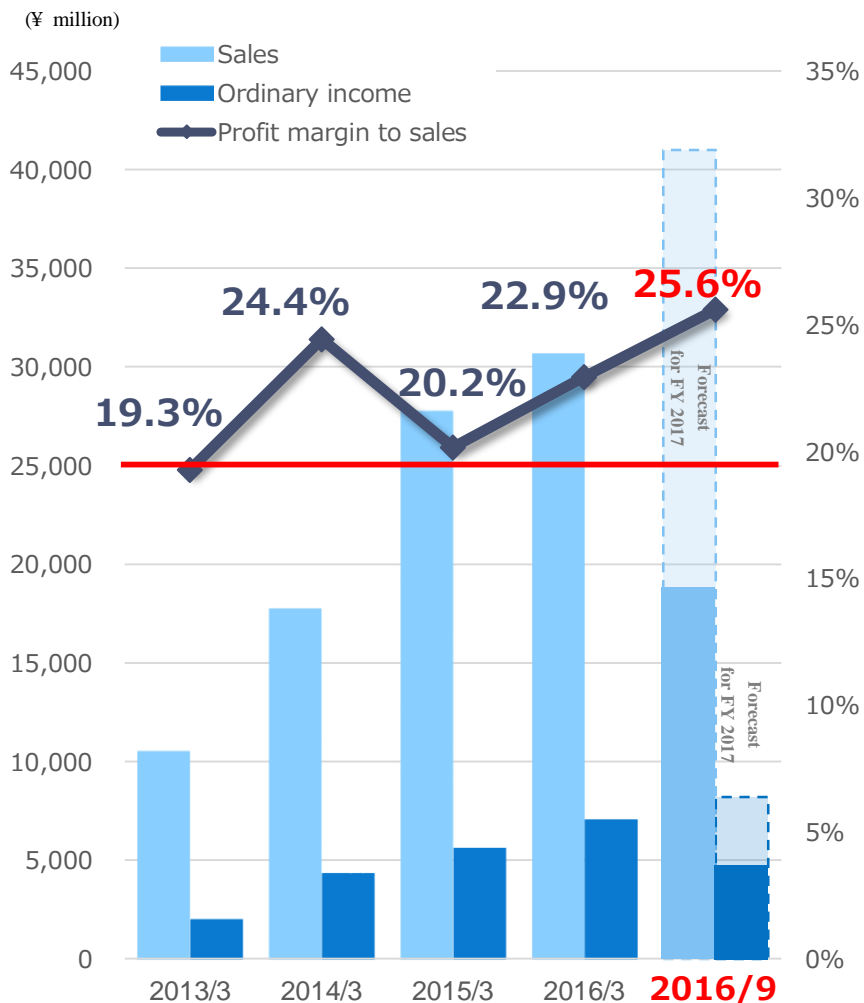
“SPRINGSUNNY Hotel Nagoya Tokoname” opened in April as the first hotel of collaborative brand with Shanghai Spring Group. **Occupancy rate remains at a high level over 96%** and average daily rate is improving remarkably as well.

(Apr. to Sep. in FY 2017, sales are 333 million yen, segment income is 80 million yen.)

Key Performance Indicators

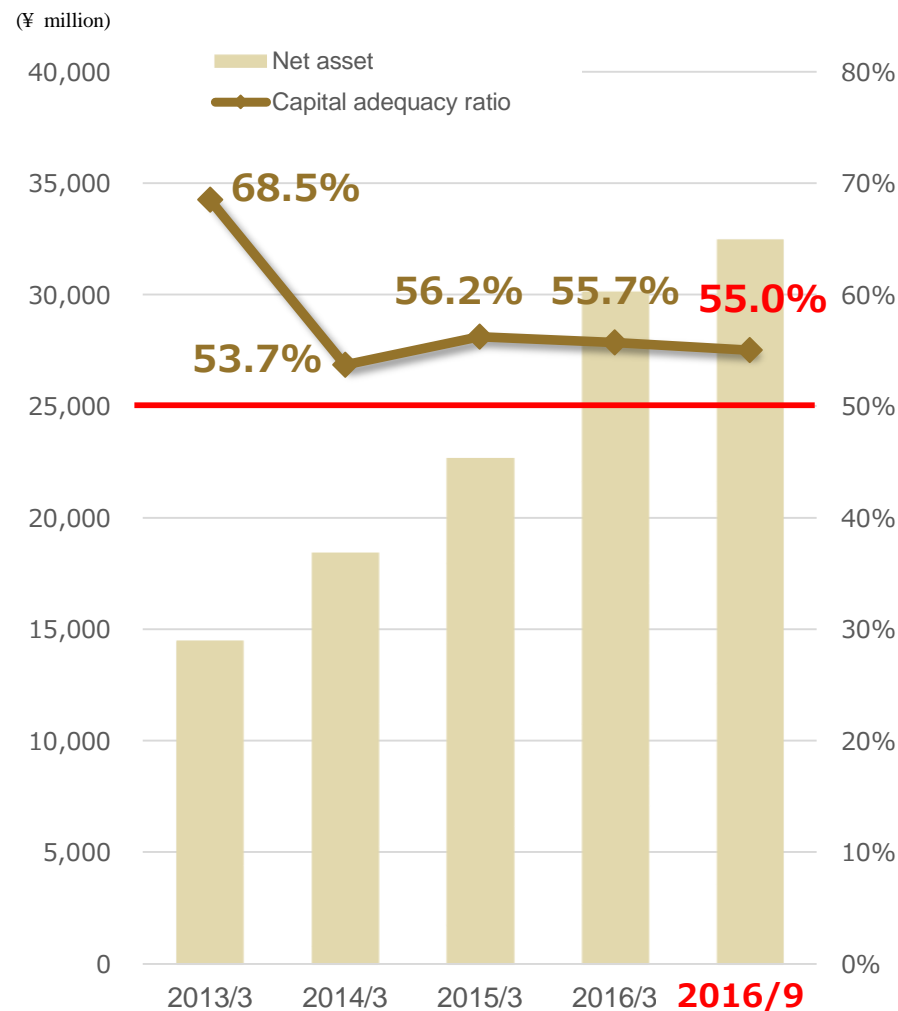
■ Ordinary income margin

A testament to the development of our high value-added business.



■ Capital adequacy ratio

Financial stability is being built.



<Future activities>

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

Global economy maintains a moderate recovery trend while there remains risks.

U.S. economy growth led by personal consumer consumption is expanding moderately while a tiny pause could be seen in economy deceleration of China. **Focusing on developed countries, global economy is expected to grow moderately.**

As for sluggish growth of developing countries, anxiety about finance for Brexit and **economy policy uncertainty for U.S. election**, future of global economy still remains unclear. Stock and foreign exchange markets become easily affected by political events and geopolitical risks.

Aimed at increasing the country's nominal GDP to 600 trillion, Japan government bind "three arrows" to enhance economy. By developing "**a strong economy bringing forth hope**" including 28 trillion yen economy stimulus policy, government is trying to strengthening the virtuous cycle of allocation and growth.

Financing environment remains favorable.

As monetary easing policy of BOJ is continuing and long-term interest is declining, **attitudes to lending to real estate business is still positive** while transaction volume is gradually declining for lack of sales and fear for price trend.

Against a background of graying of society and 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 overseas investment, needs of inheritance countermeasure and asset management.**

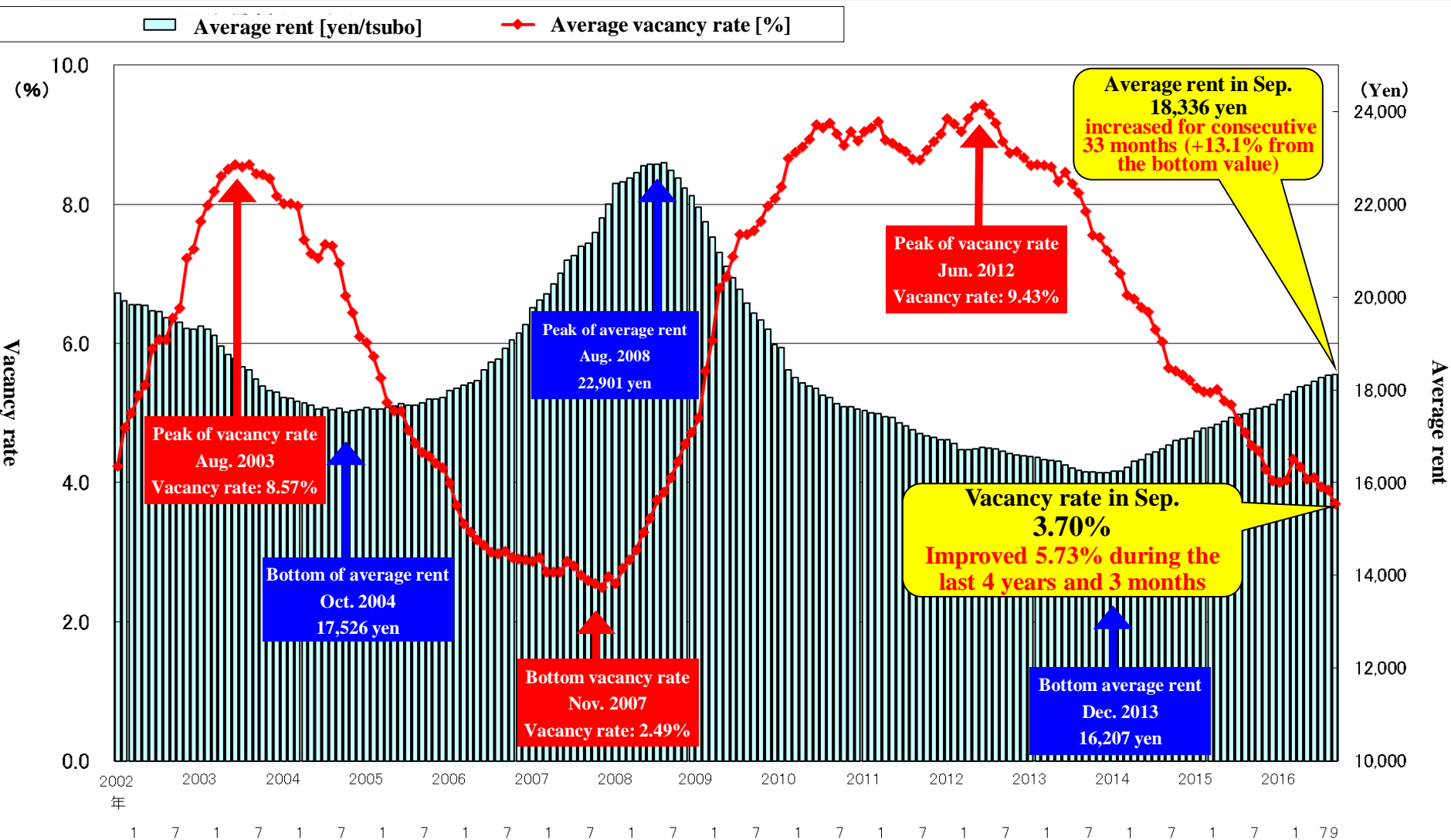
The number of foreign tourists to Japan reached about 20 million by Oct 30 and would exceed 24 million for whole year, lack of accommodation become a socially urgent task. Surge of tourist is also showing a sign of spreading to provinces instead of capital cities. Total overnight guests who visit provinces exceeded those who visit capital cities.

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

Relocation, expansion and area increase is continuing due to business development and demand-supply balance in the five wards of central Tokyo is tight. As market recovery will take long time and there is worry about slowdown of corporate performance, **it is predicted that the cycle of rental market would reverse in near future.**

Needs for office relocation of finance and insurance industry as well as information and communication industry is growing. Thus **negotiation for raising rent of tenant recruitment and contract renewal is increasing.** But room for lowering cap rate of internal real estate is very small, prudence for investment decisions is required.

Changes in office rent and vacancy rate in 5 wards of central Tokyo



* Source: Produced by our company based on the "office report" of Miki Shoji. This researched the office buildings whose reference floor's area is over 100 tsubo in 5 wards in Tokyo.

2. Managerial policy and business model

“Not for profit, but for trust.”

We change ourselves and solve any real estate related difficulties based on the viewpoint of customers.

Sun Frontier's Vision and Policies



Vision

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

Clients

Building owners, asset holders, and wealthy individuals

Core business

Real estate revitalization and utilization

Policies

To focus on people rather than property
Solve any real estate related difficulties based on the viewpoint of customers

Strategies

Central
Tokyo

Office

Strength

Tenant finding
capability

Real estate
Revitalization
capability

Operation capability

Classification chart of our business

Office buildings

Real Estate Revitalization Business



Re-planning Business
Building Rental Business
Real Estate Securitization Business

Real Estate Services Business

Rental Brokerage Sales Brokerage
Property Management
Building Maintenance
Construction Solutions
Delinquent Rent Guarantees
Space Rental, Small office

Hotel

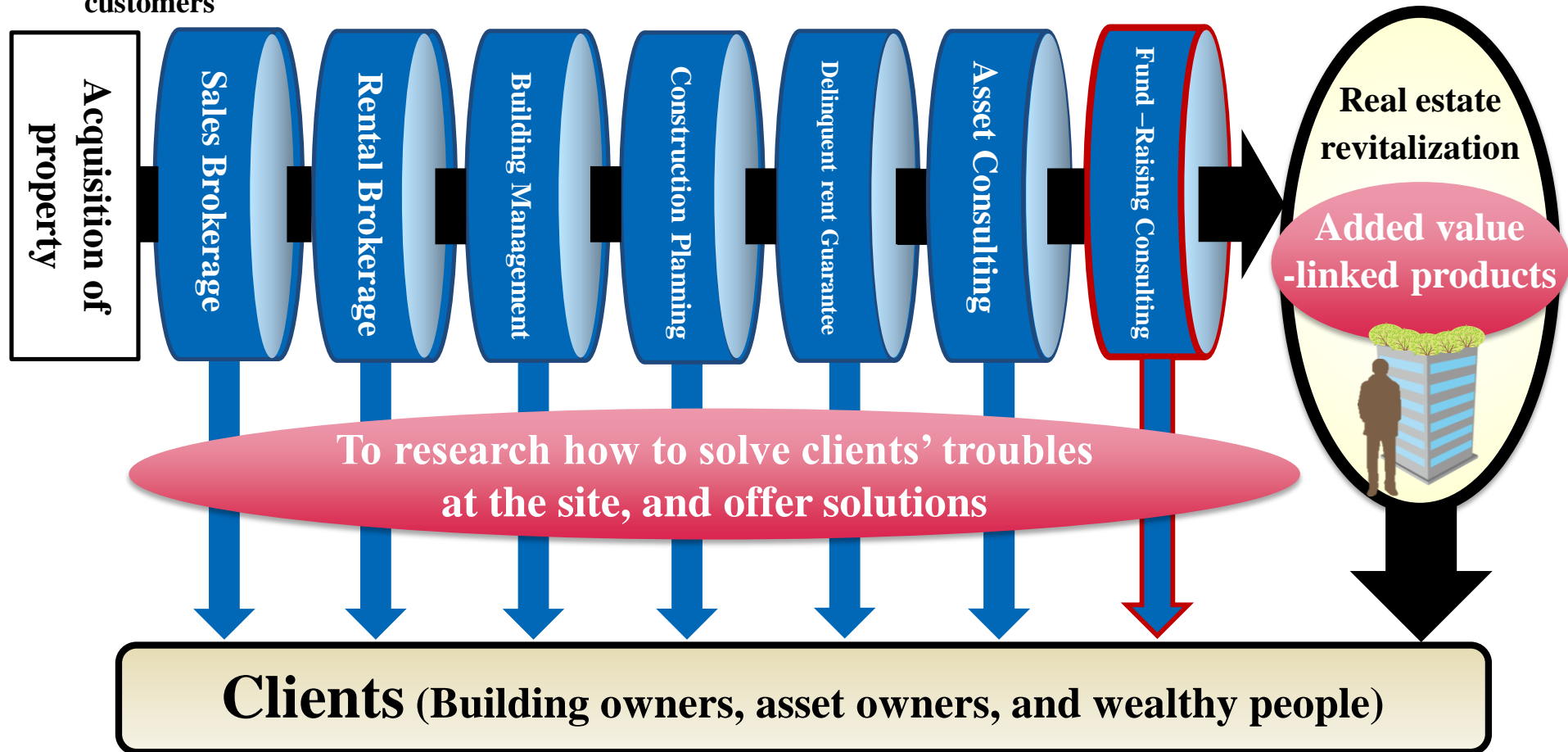
Hotel Possession and Operation
Development, Revitalization and Sales
Stock Holdings, Funding

Overseas

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

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 link up unrivalled knowhow and grasped needs through process above. Then we apply the linked up power to used buildings which we purchased in order to transform them into investable products worthy of trust. Then we sell the products of high added value to customers



3 main functions of branch office net focusing on central Tokyo

1. Specializing in central Tokyo

10 footholds in wards of Chiyoda, Chuo, Minato, Shinjuku, Shibuya, and Yokohama City. With rental team of 72 members and 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**.

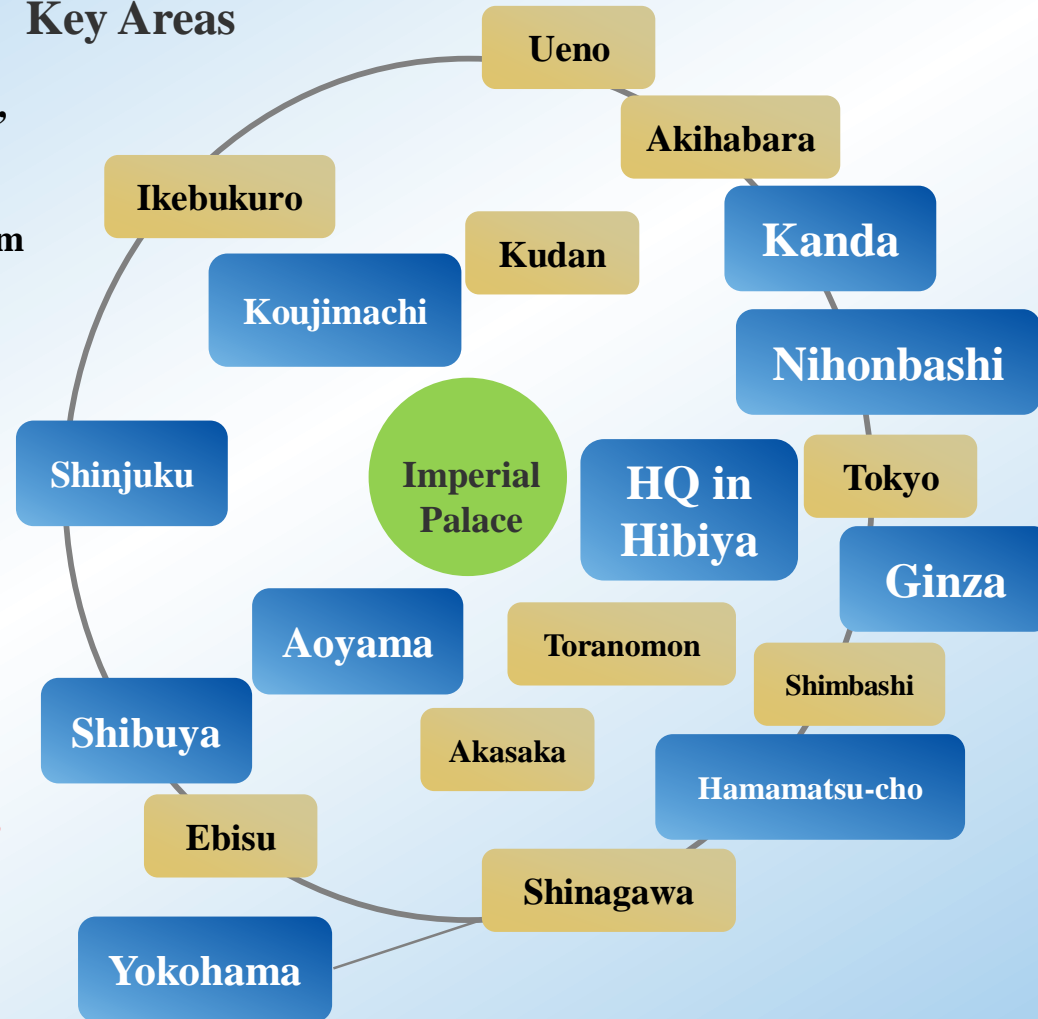
2. Building owners' preferred point of contact

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

3. Promote "Efficient utilization of building business"

As additional loans from financial institutions is conditional on sublease, we provide various services from renewal construction to building operation. With powerful trinity of owners, banks and our company, we revitalize the building.

Key Areas



( indicate the main target areas of our branches.)

Building operation capability is our strength



“One price for one article” products of optimal location in central Tokyo.

We draw out buildings’ market values with excellent quality and attractive features, and sell buildings to asset holders and wealthy people at appropriate price.

Even after the sale, we have important earning opportunities.

Menu of after-sale services

Sale of revitalized property

Rental Brokerage

Building Management & Operation

Building Maintenance

Rental Guarantee

Plan & Design

Renewal Construction

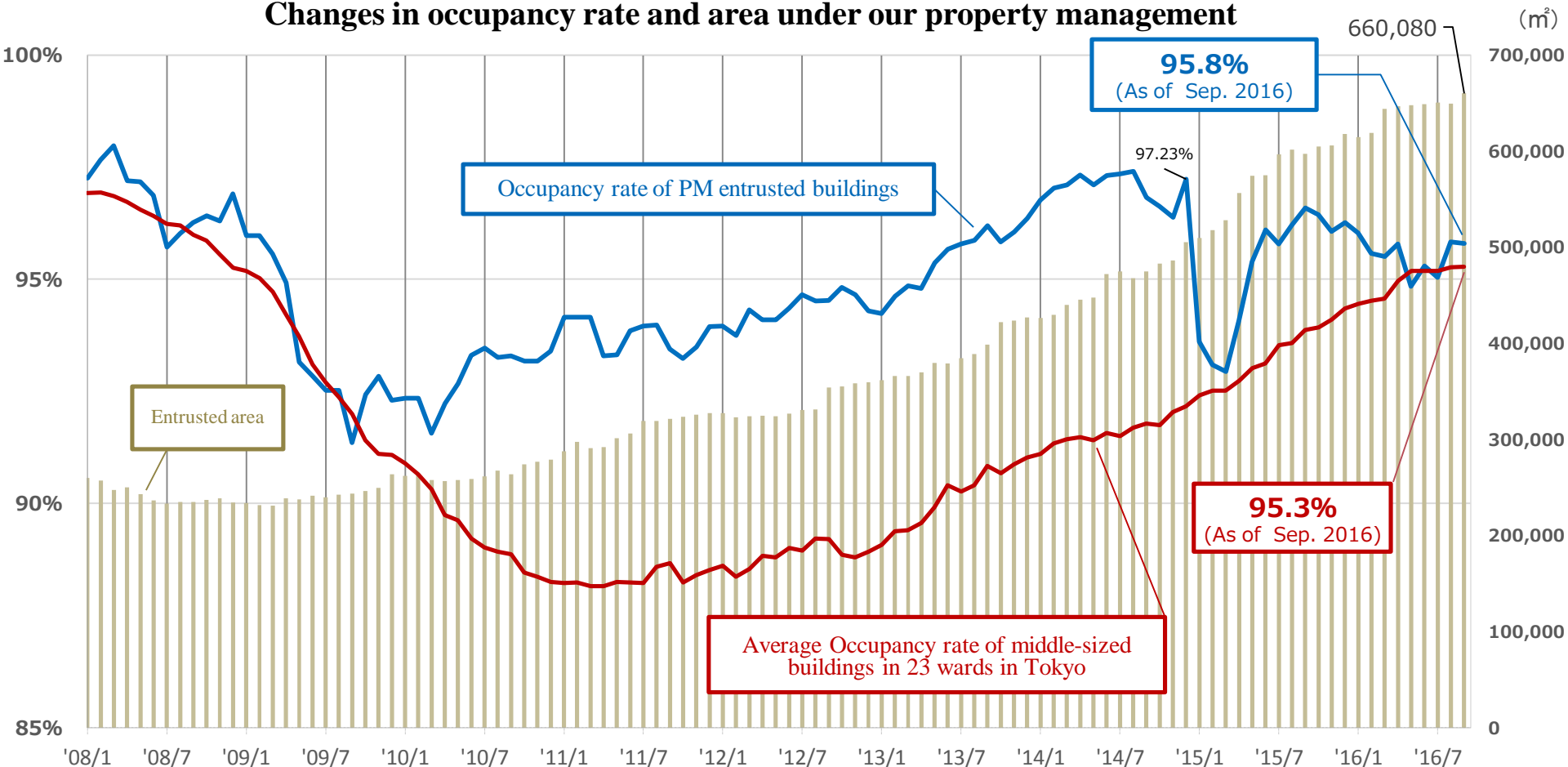
Assets Consulting

Sales Brokerage

Revitalization Business and Rental Building Operation Business

Entrusted area of PM and clients are increasing steadily.

Changes in occupancy rate and area under our property management



※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.

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 share the value of “**Feeling as happy as for others as you do for yourself**”.
- We aim to offer greater happiness to customers, and 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 management perspective.

3. Business management based on the viewpoint of customers

- We listen to customers’ requests carefully, handle and solve even minor troubles, without being stingy with time.
- **We change ourselves from the viewpoint of customers**, making efforts to challenge, create and advance.
- With internal collaboration of different sections, **we create high added values that are linked to one another.**



**Employees play major roles.
Resonant business administration.**

Revitalization case

Revitalization of real estate which looking toward the future of local area

~one profitable building in Gotanda~



Appearance **After**

Appearance **Before**

Closet Station :Gotanda Station
(3 minutes walk away)

【Property outline】

- Location: Higashi gotanda, Shinagawa-ku, Tokyo
- Structure: Steel reinforced concrete, flat roof, 8 storeys above ground and 1 basement storey
- Date of completion: 1987
- Purposes of use: residence, office
- Land area: 277.21 m²
- Gross floor area: 1, 372.20 m²



Interior **After**

Desk space for all rooms

- ① Directly purchased the property
- ② Use change after vacating intermediate floors and then conversion.
- ③ Utilize the location and recruit cabin hotel as tenant which is TSE first section operator.
- ④ Achieved high occupancy rate over 90%
- ⑤ Sold to repeat customers by having tenant combined 30 years long term rental agreement



corridor



dressing room

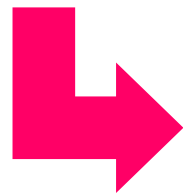


Interior **Before**



Interior **After**

Big bathhouse with hinoki flavor



October 21, 2016

President Horiguchi gave a lecture in the course donated by our company in **Graduate School of Management, Kyoto University**

Under title of "Strong will can guide one's life", President Horiguchi gave a lecture to 126 students most of whom are undergraduates of Kyoto University. By focusing on "the Strong Will of Company President" which is a critical element of management, history of our company and story of President's early life was introduced to students. After this lecture, we got thankful impression statements from students. For example, "Very moved by the thought of contributing to society by holding a clear will", "Very worthwhile time because though we study abstract management theories everyday we seldom have chance to listen to somebody who actually establish and develop a company."

Uninhibited discussion in lecture



September 3, 2016

Sado International Triathlon which was sponsored by our company was opened. 5 athletes of our company participated in this race.



Athletes and cheering party after reached finish line

This year 5 athletes challenged oppressive race Type A (Swim 3.8 km, bike 190km, run 42km, participants 990). All of them reached finish line successfully by transforming the encouragement around to internal power of themselves.

August 3, 2016

Our company is listed as one of "**Asia's 200 Best Under A Billion 2016**" by business magazine "Forbes Asia".

According to Forbes, they screened 17,000 publicly traded companies in the Asia-Pacific region. Companies with revenues between \$5 million and \$1 billion passed their criteria for profitability, growth, and modest indebtedness. The resulting 200 are un-ranked but comparatively produced the highest sales and earnings per share growth for past three-year period. This year, 13 companies from Japan are listed up. Sun Frontier is one them.

<Forbes Site URL> <http://www.forbes.com/asia200>

3) Growth strategies

**Aiming at business model of
standing up on two feet of
Flow and stock**

Three-pronged strategy for future growth



1) Existing Business Expansion

**Development and expansion of
office business
+
Hotel business for
high demand of inbound**

2) M&A

**Capital participation
Business alliance**

3) Overseas Business Expansion

**Indonesia
Vietnam**

~ Rental Conference Room and Rental Office business ~



Rental Conference Room (Vision Center)

Vision Center Tokyo



One minute walk from Tokyo Station of JR Lines

Rental Office (Vision Office)

Vision Office Kanda



One minute walk from Kanda Station with designer furniture

Vision Office Shinjuku



One minute walk from Shinjuku Station just in front of South Exit

Vision Office Kanda ANNEX



July 2016
New Open !

One minute walk from Kanda Station

After "Vision Center Tokyo" started in April 2015, **it become profitable in just half a year** and customers is increasing steadily. Under the introduction from leasing section, **subsequent cases in good location** are also progressing well. **Fourth branch office opened in Kanda in July.**

CONCEPT AND DEVELOPMENT OF HOTEL BUSINESS

— INBOUND CITY-TOURISM HOTEL —



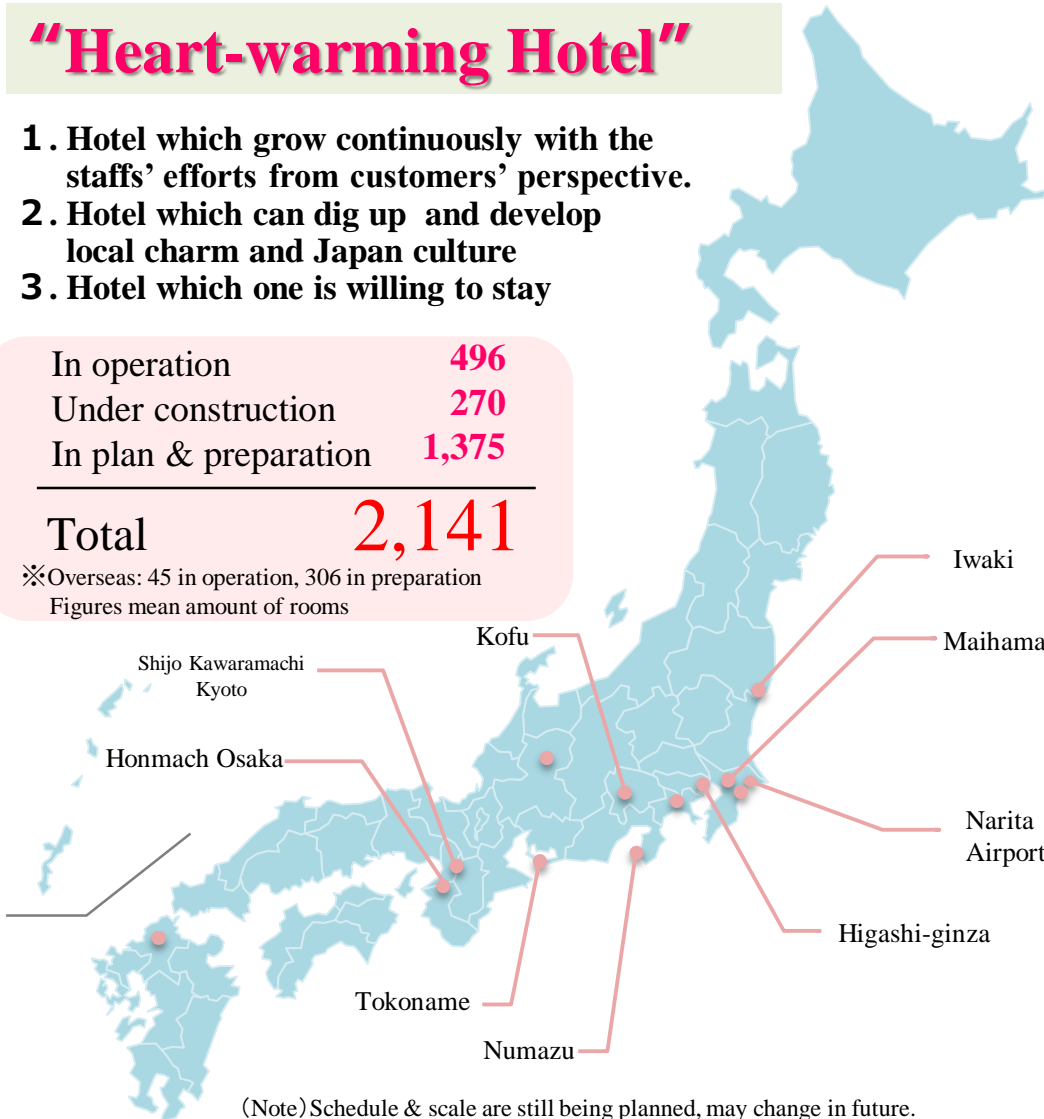
“Heart-warming Hotel”

1. Hotel which grow continuously with the staffs' efforts from customers' perspective.
2. Hotel which can dig up and develop local charm and Japan culture
3. Hotel which one is willing to stay

In operation **496**
 Under construction **270**
 In plan & preparation **1,375**

Total 2,141

※Overseas: 45 in operation, 306 in preparation
 Figures mean amount of rooms



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

<List of Hotel in Japan>

Status	Open (Plan)	Location	Rooms
Rented	—	Iwaki	150
Rented	—	Numazu	152
In operation	Apr. 2016	Tokoname	194
Under construction	Apr. 2017	Maihama	80
Under construction	Jul. 2017	Kofu	190
In plan	1 st half of 2018	Higashi-ginza	137
In plan	1 st half of 2018	Narita Airport	210
In plan	2 nd half of 2018	Honmach Osaka	195
In plan	1 st half of 2019	Shijo Kawaramachi Kyoto	189

Together with collaborative brand “SPRINGSUNNY”, original brand of our own which targets at upper middle class in central Tokyo is also in plan & progress. Development is progressing under concept of “Inbound City-tourism Hotel”

Collaborative brand



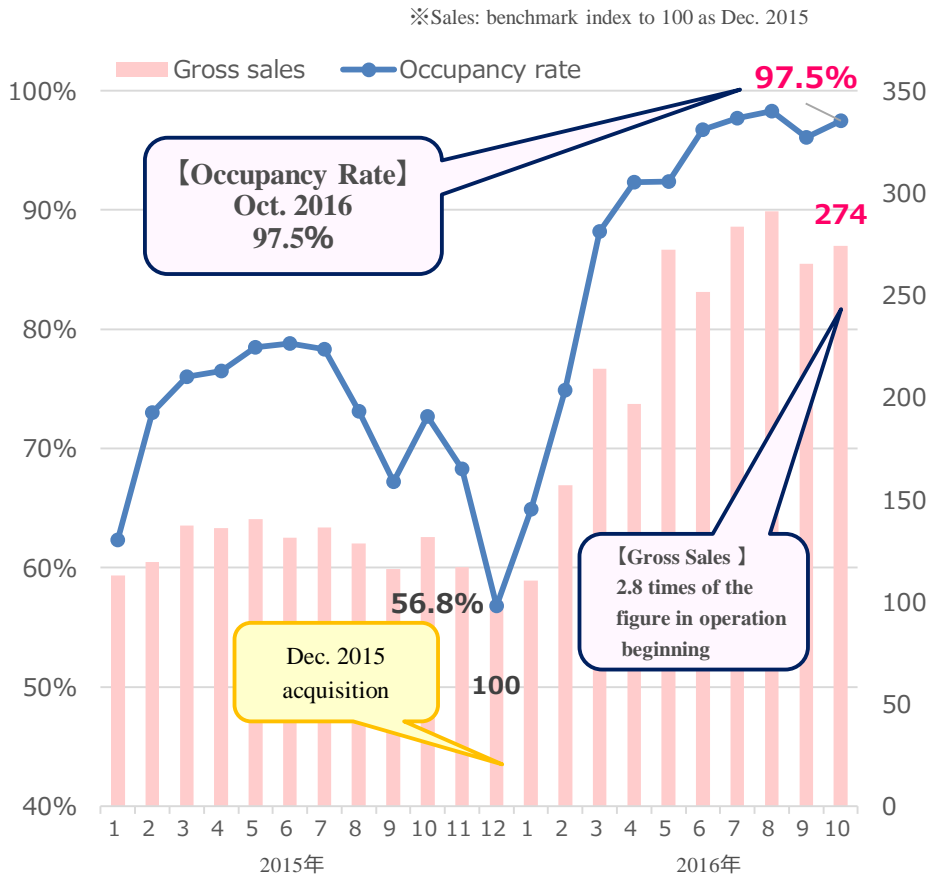
SPRINGSUNNY
Hotels & Resorts

Original brand



SUN FRONTIER

Changes of gross sales and occupancy rate



[Occupancy Rate]
Oct. 2016
97.5%

[Gross Sales]
2.8 times of the figure in operation beginning

Dec. 2015 acquisition

As the result of our efforts on operation aiming at “heart-warming” hotel, the occupancy rate remains at a high level over 96%. Sales increased up to 2.7 times after we started the operation.



Appearance



Apr 25, 2016
Open Ceremony



Family room on top floor

- <Main Renewal>**
- Strengthened safeguard
 - Exterior Wall Repeating
 - Beds addition, convenient headboard replacement
 - Redesign of entrance
 - Restaurant extension



Extended Restaurant

<Summary of the Hotel Building>

- Location : Shinkaichou, Tokoname, Aichi, Japan (3 minutes by express train from the airport, Meitetsu Airport Line, near Tokoname Station)
- The Number of Rooms : 194 (large bath of artificial hot spring)
- Completion Date : January, 2008 (8 years)

HOTEL PROJECTS IN PROGRESS

Maihama

Planned to
Open in
Apr. 2017



Higashi-ginza

Planned to
Open in 1st
half year
of 2018



Honmachi Osaka

Planned to
Open in 2nd
half year
of 2018



Kyoto

Planned to
Open in 1st
half year
of 2019



Narita Airport

Planned to
Open in 1st
half year
of 2018



(注) 写真は現状の完成予想図であり、今後変更となる可能性があります。

Trends in the number of foreign visitors to Japan by country

The number of foreign tourists to Japan is increasing continuously in 2016, **it tops 20 million in Oct. 30.** Considering 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 hotel targeting on visitors to Japan.

		2014		2014-2015 increase rate	2015		2016 (Jan.-Sep.)		Population (million)
		visitors	Total visitors ratio to population		visitors	Total visitors ratio to population	visitors	Total visitors ratio to population	
1	China	2,409,158	0.18%	107.28%	4,993,805	0.37%	5,007,173	0.49%	1,367.82
2	Korea	2,755,313	5.46%	45.25%	4,002,094	7.94%	3,719,412	9.84%	50.42
3	Taiwan	2,829,821	12.08%	29.94%	3,677,065	15.69%	3,233,516	18.40%	23.43
4	Hong Kong	925,975	12.75%	64.61%	1,524,291	21.00%	1,343,026	24.67%	7.26
5	USA	891,668	0.28%	15.88%	1,033,239	0.32%	914,452	0.38%	319.05
6	Thailand	657,570	0.96%	21.16%	796,708	1.16%	626,517	1.22%	68.66
7	Australia	302,656	1.28%	24.28%	376,153	1.59%	322,895	1.83%	23.59
8	Malaysia	249,521	0.82%	22.44%	305,502	1.01%	249,819	1.10%	30.26
9	Philippines	184,204	0.19%	45.67%	268,339	0.27%	239,828	0.32%	99.43
10	Singapore	227,962	4.17%	35.45%	308,777	5.64%	216,201	0.45%	64.51
—	others	1,979,619	0.04%	23.83%	2,451,456	0.05%	2,104,824	0.06%	5,050.72
total		13,413,467	0.19%	47.15%	19,737,429	0.28%	17,977,663	0.34%	7,105.15

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 an role of 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

Developing our outbound business in rapidly-growing cities in South-East Asia and contributing to the happiness and prosperity of local people over there.

★ Projects in Vietnam

Status	Open	Location /Use	Scale
In operation	Jul. 2016	Da Nang Hotel	45 rooms
In plan	1st half of 2019	Da Nang Condominium Residence	312 houses
In plan	Undecided	Da Nang commercial complex	Hotel・SA156 rooms +Residence 229 houses+Shop
In plan	Undecided	Ho Chi Minh SA	41rooms

Projects in Indonesia

Status	Open	Location /Use	Scale
For sale	—	Jakarta detached house	5 houses
Under construction	Undecided	Jakarta detached house	9 houses
In plan	Undecided	Jakarta Residence+S A	90 rooms

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



Effect Drawing of No.3 project in Da Nang

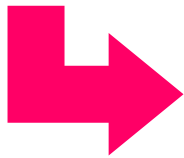


Da Nang, Vietnam

-City Type hotel “The Blossom City” opened



Appearance **Before**



Appearance **After**

Aug 1, 2016 opened



Taking advantage of its location for beautiful waterside view, we provide a relaxing and clean space to customers with the concept of “**warm-hearted hotel**” by “omotenashi” hospitality and devoted smile of Vietnam staff.



the Guest Room (Han River could be seen)



Entrance

Property outline

Location: 147-149, Tran Hung Dao Street,
Son Tra District, Da Nang City, Vietnam

The Number of Rooms: 45 rooms

Maximum Accommodation Capacity : 90 people

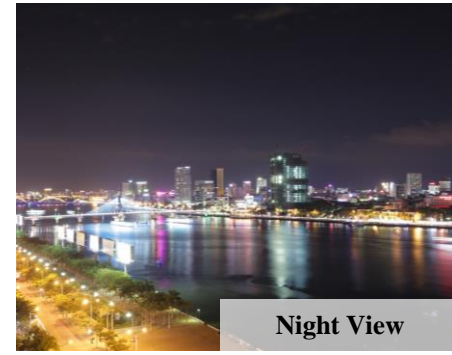
Supplementary Amenities :

Restaurant Bar with 60 seats, provide breakfast (including light Japanese meals), lunch and supper

Parking lot for 2 passenger cars and 10 motorbikes



the Opening Ceremony on August 1st



Night View



Da Nang, Vietnam, No.2 project



~ High-rise Urban apartment house project ~

Da Nang is chosen to be **the host of 2017 Asia-Pacific Economic Cooperation (APEC) summit**. It also **ranked top among the popular travel destination cities in 2016**, gaining attention of the world. We established “**Sun Frontier Vietnam**” as an overseas subsidiary in December, 2015. Beside city-tourism hotel “The Blossom City”, we are preparing for the **high-rise apartment project as our 2nd project**. No.3 and No.4 project are also in progress.

 **No. 2 High-rise apartment building**
「Garden Tower」 PJ



Effect Drawing
High-rise condominium of 28 floors
with 312 apartments



Japanese spring holidays ranking of popular destination city 2016		
Rank	City	y/y
1	Da Nang	389%
2	Macao	200%
3	Busan	181%
4	Kaohsiung	167%
5	Sydney	162%

5 direct flights per week from Narita, Japan.
14 direct flights per day from China.
8 direct flights per day from Korea.
Gathering worldwide attention as a fascinating resort area.
From Da Nang Airport to city center it only takes 10 minutes by car, to beautiful beach where are many hotels it only take 15 minutes. Located at optimal place with very convenient access.



Jakarta, Indonesia

~ Urban House & Serviced Apartment ~



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

No.2 City Type Ready-built House 「Gandaria」PJ



Effect Drawing
Appearance



Effect Drawing Pools are
available for all houses.

No.3 Serviced Apartment 「Kasira Residence」PJ



Appearance

Serviced Apartment with 90 rooms



Internal pool



Bed Room

Disclaimer

- ◆ This reference material is intended for providing information, not for soliciting or promoting you to purchase a specific product. When you invest, please do so based on your own judgment and responsibility. If you want to purchase the shares of our company, please contact securities companies.
- ◆ The information included in this material may not follow the Financial Instruments and Exchange Act, the Building Lots and Buildings Transaction Business Act, the regulations for the companies listed in Tokyo Stock Exchange, etc.
- ◆ This reference material mentions our future business performance, but it does not guarantee the performance.
- ◆ This reference material was produced carefully, but we do not guarantee the accuracy and certainty of its contents.

In addition, the contents may be changed or deleted without notice.

We would appreciate your understanding.

Sun Frontier Fudousan IR Desk

Phone: +81-3-5521-1551

URL: <http://www.sunfrt.co.jp/en/>

Mail: ir-contact@sunfrt.co.jp



SUN FRONTIER