

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT.

This document has been translated from the original Japanese-language document as a guide for non-Japanese investors. In all cases, the Japanese-language original shall take precedence.

SUMMARY OF FINANCIAL STATEMENTS (Non-Consolidated) for the First Three Quarters of the Fiscal Year ending March 31, 2017 (Japanese Standard)

February 3, 2017

Shin-Nihon Tatemono Co., Ltd.

Code Number: 8893

Representative: Tomohiko Ikeda, President and Chief Executive Officer

IR Contacts: Hiroaki Sato, Director, Managing Executive Officer, Administrative Department Manager

Tel: +81-3-5962-0775

Scheduled date of filing of Quarterly Report:

February 6, 2017

Scheduled date for commencing payment of dividend:

—

Preparation of explanatory materials for quarterly financial results: Yes

Information meetings arranged relating to financial results:

None

Stock Exchange: Tokyo

URL: <http://www.kksnt.co.jp/>

(Note that all amounts have been rounded down to the nearest million yen)

1. Business Results (April 1 to December 31, 2016)

(1) Results of Operations (cumulative)

(Figures in percentages represent the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2016	6,070	13.3	267	112.5	202	151.2	141	87.0
Nine months ended December 31, 2015	5,359	16.0	125	—	80	—	75	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended December 31, 2016	7.13		6.05	
Nine months ended December 31, 2015	3.81		3.35	

(Note) The company conducted a one-for-five reverse stock split of common stock, with the effective date of October 1, 2015. For the purpose of comparison, net income per share and diluted net income per share for the period of previous fiscal year are retroactively adjusted assuming that the reverse stock split was conducted at the beginning of the previous fiscal year.

(2) Financial Condition

	Total assets		Net assets		Ratio of shareholders' equity to total assets	
	Million yen		Million yen		%	
December 31, 2016	9,758		3,108		31.9	
March 31, 2016	8,059		3,267		40.5	

(Reference) Shareholders' equity: December 31, 2016: 3,108 million yen
March 31, 2016: 3,267 million yen

2. Dividends

(Declared Date)	Dividend per share				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year end	Annual
	Yen		Yen		Yen
Fiscal Year ended March 31, 2016	—	0.00	—	0.00	0.00
Fiscal Year ending March 31, 2017	—	0.00	—		
(Forecast) Fiscal Year ending March 31, 2017				0.00	0.00

(Note) Revisions to the dividend forecast published most recently: None

The information in the above table is only for dividends on common stocks. Please refer to "Dividends on preferred stocks" with regard to dividends on other types of stocks (unlisted) issued by us.

3. Forecast of Business Results (April 1, 2016 to March 31, 2017)

(Figures in percentages represent the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	11,900	23.6	810	21.5	710	18.0	700	27.2	35.15

(Note) Revisions to the business results forecast published most recently: None

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* Notes

- (1) Application of specific accounting treatment to the preparation of Quarterly Financial Statements: Not applicable
- (2) Changes in accounting principles and changes or restatement of accounting estimates
- | | |
|--|----------------|
| (i) Changes in accounting principles due to the amendment of accounting standards, etc.: | Applicable |
| (ii) Changes in accounting principles other than (i): | Not applicable |
| (iii) Changes in accounting estimates: | Not applicable |
| (iv) Restatement: | Not applicable |

(3) Number of Shares Outstanding (Common Stock)

(i) Total number of shares outstanding (including treasury stock):

December 31, 2016:	19,914,617 shares
March 31, 2016:	19,914,617 shares

(ii) Total number of treasury stock:

December 31, 2016:	3,756 shares
March 31, 2016:	2,136 shares

(iii) Average number of issued shares (cumulative period):

Nine months ended December 31, 2016:	19,911,547 shares
Nine months ended December 31, 2015:	19,914,212 shares

(Note) The company conducted a one-for-five reverse stock split of common stock, with the effective date of October 1, 2015. For the purpose of comparison, average number of issued shares (cumulative period) are retroactively adjusted assuming that the reverse stock split was conducted at the beginning of the previous fiscal year.

(Implementation status of quarterly review processes)

- This summary of financial statements is not subject to quarterly review processes under the Financial Products and Exchange Law. At the time of release of this document, a review of the quarterly financial statements is currently undertaken.

(Cautionary note regarding use of the forecast of financial results, and other special notations)

- The forecasts and other statements on future performance described in this summary are based on information available to the Company at the time of the announcement, as well as certain assumptions that are deemed to be reasonable by the Company. The Company makes no warrantee as to the achievability of these forecasts, and please note that actual results may differ materially from forecasts due to various factors.
- Presentation material on operating performance will be posted on the website of the Company on February 3, 2017.

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Dividends on preferred stocks

Dividends per share relating to preferred stocks are as follows:

Class A preferred shares

(Declared Date)	Dividend per share				
	End of the 1st quarter	End of 2nd quarter	End of the 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2016	—	0.00	—	0.00	0.00
Fiscal Year ending March 31, 2017	—	0.00	—		
(Forecast) Fiscal Year ending March 31, 2017				0.00	0.00

(Note) The Company will not make any dividend payments until the fiscal year ending March 31, 2018, in accordance with the Articles of Incorporation.

Financial Statements

(1) Balance Sheets

(Thousand yen)

	March 31, 2016	December 31, 2016
Assets		
Current assets		
Cash and deposits	2,745,425	2,031,240
Accounts receivable–trade	3,780	-
Real estate for sale	329,154	2,649,437
Real estate for sale in process	4,215,492	3,778,779
Raw materials and supplies	1,633	1,557
Advance payments–trade	55,250	128,210
Prepaid expenses	21,668	20,298
Short-term loans receivable from subsidiaries and associates	-	34,000
Advances paid	157,761	175,726
Other	82,379	267,546
Allowance for doubtful accounts	(20)	-
Total current assets	7,612,525	9,086,794
Non-current assets		
Property, plant and equipment		
Buildings	148,218	148,818
Accumulated depreciation	(96,006)	(98,377)
Buildings, net	52,211	50,440
Structures	22,259	22,259
Accumulated depreciation	(17,724)	(18,095)
Structures, net	4,534	4,163
Tools, furniture and fixtures	15,843	15,843
Accumulated depreciation	(13,531)	(14,050)
Tools, furniture and fixtures, net	2,311	1,793
Land	110,008	110,008
Construction in progress	85,891	239,819
Total property, plant and equipment	254,957	406,226
Intangible assets		
Software	8,900	4,646
Total intangible assets	8,900	4,646
Investments and other assets		
Investment securities	8,802	38,702
Shares of subsidiaries and associates	30,000	40,000
Investments in other securities of subsidiaries and associates	0	0
Investments in capital	15,610	15,630
Claims provable in bankruptcy, claims provable in rehabilitation and other	7,940	7,760
Long-term prepaid expenses	-	9,799
Guarantee deposits	120,261	133,323
Other	8,690	17,025
Allowance for doubtful accounts	(7,940)	(7,760)
Total investments and other assets	183,364	254,481
Total non-current assets	447,222	665,354
Deferred assets		
Bond issuance cost	-	6,432
Total deferred assets	-	6,432
Total assets	8,059,747	9,758,581

(Thousand yen)

	March 31, 2016	December 31, 2016
Liabilities		
Current liabilities		
Accounts payable for construction contracts	155,985	594,161
Short-term loans payable	738,600	3,972,911
Current portion of long-term loans payable	1,527,700	625,400
Accounts payable—other	8,437	10,625
Accrued expenses	77,400	63,277
Income taxes payable	1,831	2,203
Advances received	195,714	79,133
Deposits received	14,030	26,279
Provision for bonuses	30,320	14,335
Other	7,441	-
Total current liabilities	2,757,461	5,388,326
Noncurrent liabilities		
Bonds payable	-	250,000
Long-term loans payable	1,936,800	918,200
Provision for retirement benefits	56,278	41,492
Provision for directors' retirement benefits	18,892	30,262
Other	22,717	22,088
Total non-current liabilities	2,034,689	1,262,043
Total liabilities	4,792,150	6,650,370
Net assets		
Shareholders' equity		
Capital stock	854,500	854,500
Capital surplus		
Legal capital surplus	40,983	40,983
Total capital surpluses	40,983	40,983
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,372,831	2,213,771
Total retained earnings	2,372,831	2,213,771
Treasury shares	(717)	(1,043)
Total shareholders' equity	3,267,597	3,108,211
Total net assets	3,267,597	3,108,211
Total liabilities and net assets	8,059,747	9,758,581

(2) Statements of Income

(Thousand yen)

	Nine months ended December 31, 2015 (April 1 to December 31, 2015)	Nine months ended December 31, 2016 (April 1 to December 31, 2016)
Net sales		
Net sales from the liquidation business	1,985,004	3,955,745
Net sales from the condominium unit sales business	2,535,923	843,254
Net sales from the residential housing sales business	819,827	1,258,839
Other	19,230	12,849
Total net sales	5,359,987	6,070,688
Cost of sales		
Cost of sales of the liquidation business	1,565,805	3,211,748
Cost of sales of the condominium unit sales business	2,017,616	692,797
Cost of sales of the residential housing sales business	741,561	1,066,562
Other	3,861	910
Total cost of sales	4,328,844	4,972,018
Gross profit	1,031,142	1,098,670
Selling, general and administrative expenses		
Sales commission	57,382	41,614
Advertising expenses	161,523	73,058
Provision of allowance for doubtful accounts	27	(200)
Directors' compensations	64,754	106,373
Salaries and allowances	229,799	226,985
Provision for bonuses	6,941	12,139
Retirement benefit expenses	9,296	8,897
Provision for directors' retirement benefits	6,365	11,370
Legal welfare expenses	34,668	35,861
Welfare expenses	7,466	6,654
Entertainment expenses	54,133	50,364
Commission fee	67,857	51,908
Rent expenses	10,699	10,849
Taxes and dues	32,123	49,268
Rents	38,215	38,740
Depreciation	9,667	9,313
Other	114,222	97,767
Total selling, general and administrative expenses	905,145	830,967
Operating income	125,996	267,703
Non-operating income		
Interest income	1,094	763
Dividends income	465	466
Land and house rent received	8,601	9,370
Penalty income	2,500	-
Gain on bad debts recovered	11,000	-
Other	630	40
Total non-operating income	24,291	10,640
Non-operating expenses		
Interest expenses	68,453	75,518
Other	1,192	250
Total non-operating expenses	69,646	75,769
Ordinary income	80,641	202,574
Extraordinary losses		
Compensation loss for construction	-	59,791
Total extraordinary losses	-	59,791
Income before income taxes	80,641	142,783
Income taxes—current	4,729	843
Total income taxes	4,729	843
Net income	75,912	141,939