

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, 2016 (Japanese Standard)

February 5, 2016

Shin-Nihon Tatemono Co., Ltd.

Code Number: 8893

Representative: Tomohiko Ikeda, President and Chief Executive Officer

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

Tel: +81-3-5962-0775

Scheduled date of filing of Quarterly Report:

Stock Exchange: Tokyo

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

February 8, 2016

Scheduled date for commencing payment of dividend: —

Preparation of explanatory materials for quarterly financial results: Yes

Information meetings arranged relating to financial results: None

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

1. Business Results (April 1 to December 31, 2015)

(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, 2015	5,359	16.0	125	—	80	—	75	—
Nine months ended December 31, 2014	4,622	(37.5)	(215)	—	(306)	—	(273)	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended December 31, 2015	3.81		3.35	
Nine months ended December 31, 2014	(13.72)		—	

(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 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, 2015	7,263		2,793		38.5	
March 31, 2015	6,100		2,717		44.6	

(Reference) Shareholders' equity: December 31, 2015: 2,793 million yen
March 31, 2015: 2,717 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	Yen	Yen
Fiscal Year ended March 31, 2015	—	0.00	—	0.00	0.00
Fiscal Year ending March 31, 2016	—	0.00	—		
(Forecast) Fiscal Year ending March 31, 2016				0.00	0.00

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

※The company conducted a one-for-five reverse stock split of common stock, with the effective date of October 1, 2015.

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.

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3. Forecast of Business Results (April 1, 2015 to March 31, 2016)

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

Annual	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	10,600	14.8	710	4.3	565	3.5	560	6.3	28.12

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

※The company conducted a one-for-five reverse stock split of common stock, with the effective date of October 1, 2015. Net income per share above is calculated taking into account the effect of the reverse stock split on the number of shares.

* 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.: Not 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, 2015: 19,914,617 shares

March 31, 2015: 19,914,617 shares

(ii) Total number of treasury stock:

December 31, 2015: 1,736 shares

March 31, 2015: 145 shares

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

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

Nine months ended December 31, 2014: 19,914,472 shares

(Note) The company conducted a one-for-five reverse stock split of common stock, with the effective date of October 1, 2015. The number of outstanding shares, the number of shares of treasury stock at the end of the period, and average number of shares during the term, are calculated 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 warranty 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 5, 2016.

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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, 2015	—	0.00	—	0.00	0.00
Fiscal Year ending March 31, 2016	—	0.00	—		
(Forecast) Fiscal Year ending March 31, 2016				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, 2015	December 31, 2015
Assets		
Current assets		
Cash and deposits	2,532,648	1,816,770
Accounts receivable–trade	2,605	–
Real estate for sale	1,897,825	1,346,284
Real estate for sale in process	1,208,377	3,199,134
Raw materials and supplies	1,029	2,181
Advance payments–trade	49,200	136,350
Prepaid expenses	27,181	19,417
Short-term loans receivable from subsidiaries and associates	–	55,000
Advances paid	3,394	92,828
Others	1,628	138,856
Allowance for doubtful accounts	(394)	(601)
Total current assets	5,723,495	6,806,221
Noncurrent assets		
Property, plant and equipment		
Buildings	148,218	148,218
Accumulated depreciation	(92,570)	(95,147)
Buildings, net	55,647	53,070
Structures	22,259	22,259
Accumulated depreciation	(17,170)	(17,586)
Structures, net	5,089	4,673
Tools, furniture and fixtures	15,843	15,843
Accumulated depreciation	(12,627)	(13,305)
Tools, furniture and fixtures, net	3,216	2,537
Land	110,008	110,008
Construction in progress	–	77,218
Total property, plant and equipment	173,961	247,509
Intangible assets		
Software	14,570	10,317
Total intangible assets	14,570	10,317
Investments and other assets		
Investment securities	8,802	8,802
Stocks of subsidiaries and affiliates	30,000	30,000
Investments in other securities of subsidiaries and affiliates	0	0
Investments in capital	15,510	15,510
Claims provable in bankruptcy, claims provable in rehabilitation and others	10,488	10,308
Guarantee deposits	134,128	143,690
Others	511	1,047
Allowance for doubtful accounts	(10,488)	(10,308)
Total investments and other assets	188,952	199,050
Total noncurrent assets	377,484	456,877
Total assets	6,100,980	7,263,099

(Thousand yen)

	March 31, 2015	December 31, 2015
Liabilities		
Current liabilities		
Accounts payable for construction contracts	72,920	130,177
Short-term loans payable	1,271,700	1,418,465
Current portion of long-term loans payable	1,256,032	1,039,000
Accounts payable–other	9,117	10,076
Accrued expenses	86,995	41,137
Income taxes payable	13,465	5,636
Advances received	4,957	63,356
Deposits received	11,350	17,953
Provision for bonuses	16,943	7,650
Others	72,174	–
Total current liabilities	2,815,658	2,733,455
Noncurrent liabilities		
Long-term loans payable	489,555	1,639,500
Provision for retirement benefits	53,056	61,501
Provision for directors' retirement benefits	11,095	17,040
Others	13,868	18,215
Total noncurrent liabilities	567,575	1,736,256
Total liabilities	3,383,233	4,469,711
Net assets		
Shareholders' equity		
Capital stock	854,500	854,500
Capital surplus		
Legal capital surplus	40,983	40,983
Total capital surplus	40,983	40,983
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,822,651	1,898,564
Total retained earnings	1,822,651	1,898,564
Treasury stock	(388)	(659)
Total shareholders' equity	2,717,746	2,793,388
Total net assets	2,717,746	2,793,388
Total liabilities and net assets	6,100,980	7,263,099

(2) Statements of Income

(Thousand yen)

	Nine months ended December 31, 2014 (April 1 to December 31, 2014)	Nine months ended December 31, 2015 (April 1 to December 31, 2015)
Net sales		
Net sales from the liquidation business	–	1,985,004
Net sales from the condominium unit sales business	1,731,994	2,535,923
Net sales from the residential housing sales business	2,877,415	819,827
Others	12,834	19,230
Total net sales	4,622,243	5,359,987
Cost of sales		
Cost of sales of the liquidation business	–	1,565,805
Cost of sales of the condominium unit sales business	1,379,798	2,017,616
Cost of sales of the residential housing sales business	2,502,705	741,561
Others	1,428	3,861
Total cost of sales	3,883,932	4,328,844
Gross profit	738,311	1,031,142
Selling, general and administrative expenses		
Sales commission	93,692	57,382
Advertising expenses	234,839	161,523
Provision of allowance for doubtful accounts	(571)	27
Directors' compensations	55,312	64,754
Salaries and allowances	232,242	229,799
Provision for bonuses	7,428	6,941
Retirement benefit expenses	8,353	9,296
Provision for directors' retirement benefits	–	6,365
Legal welfare expenses	36,367	34,668
Welfare expenses	8,538	7,466
Entertainment expenses	33,614	54,133
Commission fee	64,219	67,857
Rent expenses	8,563	10,699
Taxes and dues	24,268	32,123
Rents	33,065	38,215
Depreciation	10,089	9,667
Others	103,776	114,222
Total selling, general and administrative expenses	953,800	905,145
Operating income (loss)	(215,488)	125,996
Non-operating income		
Interest income	250	1,094
Dividends income	726	465
Land and house rent received	81,884	8,601
Penalty income	223	2,500
Gain on bad debts recovered	–	11,000
Others	2,564	630
Total non-operating income	85,649	24,291
Non-operating expenses		
Interest expenses	175,137	68,453
Others	1,175	1,192
Total non-operating expenses	176,312	69,646
Ordinary income (loss)	(306,152)	80,641
Extraordinary income		
Gain on sales of investment securities	1,861	–
Compensation income for damage	35,000	–
Total extraordinary income	36,861	–
Income (loss) before income taxes	(269,290)	80,641
Income taxes—current	3,984	4,729
Total income taxes	3,984	4,729
Net income (loss)	(273,275)	75,912