

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 Fiscal Year ended March 31, 2017 (Japanese Standard)

May 8, 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 the ordinary general meeting of shareholders: June 28, 2017

Scheduled date of filing of the Annual Report: June 29, 2017

Scheduled date for commencing payment of dividend: —

Preparation of explanatory materials for 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, 2016 to March 31, 2017)

(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	%
Fiscal Year ended March 31, 2017	11,301	17.4	835	25.4	730	21.4	669	21.7
Fiscal Year ended March 31, 2016	9,627	4.3	666	(-2.1)	601	10.1	550	4.2

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal Year ended March 31, 2017	33.61	28.85	19.4	8.1	7.4
Fiscal Year ended March 31, 2016	27.63	24.26	18.4	8.5	6.9

(Reference) Equity in net income of affiliates:

March 31, 2017:

— million yen

March 31, 2016:

— million yen

(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	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2017	9,964	3,635	36.5	167.62
March 31, 2016	8,059	3,267	40.5	134.02

(Reference) Shareholders' equity:

March 31, 2017:

3,635 million yen

March 31, 2016:

3,267 million yen

(3) Cash Flows

	Net cash from (used in) operating activities	Net cash from (used in) investing activities	Net cash from (used in) financing activities	Cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal Year ended March 31, 2017	(705)	(351)	1,192	2,881
Fiscal Year ended March 31, 2016	(886)	(86)	1,185	2,745

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2. Dividends

(Declared Date)	Dividend per share					Total amount of dividends (annual)	Payout ratio	Dividends on equity
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal Year ended March 31, 2016	—	0.00	—	0.00	0.00	—	—	—
Fiscal Year ended March 31, 2017	—	0.00	—	0.00	0.00	—	—	—
(Forecast) Fiscal Year ending March 31, 2018	—	0.00	—	0.00	0.00		—	

(Note) 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.

3. Forecast of Business Results (April 1, 2017 to March 31, 2018)

(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	13,430	18.8	880	5.3	810	10.9	690	3.1	34.66

*** Notes****(1) Changes in accounting principles, changes in accounting estimates, and restatements**

- | | |
|--|----------------|
| (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 |

(2) Number of Shares Outstanding (Common Stock)**(i) Total number of shares outstanding (including treasury stock):**

March 31, 2017: 19,914,617 shares
March 31, 2016: 19,914,617 shares

(ii) Total number of treasury stock:

March 31, 2017: 4,536 shares
March 31, 2016: 2,136 shares

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

Fiscal Year ended March 31, 2017: 19,911,292 shares
Fiscal Year ended March 31, 2016: 19,913,824 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, total number of shares outstanding, total number of treasury stock and average number of issued shares for the previous fiscal year are retroactively adjusted assuming that the reverse stock split was conducted at the beginning of the previous fiscal year.

- This summary of financial statements is not subject to accounting audit.

(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.

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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 the 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 ended March 31, 2017	—	0.00	—	0.00	0.00
(Forecast) Fiscal Year ending March 31, 2018	—	0.00	—	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	March 31, 2017
Assets		
Current assets		
Cash and deposits	2,745,425	2,881,157
Accounts receivable–trade	3,780	-
Real estate for sale	329,154	999,716
Real estate for sale in process	4,215,492	4,790,355
Raw materials and supplies	1,633	748
Advance payments–trade	55,250	132,800
Prepaid expenses	21,688	20,065
Short-term loans receivable from subsidiaries and associates	-	19,000
Advances paid	157,761	159,489
Others	82,379	154,068
Allowance for doubtful accounts	(20)	-
Total current assets	7,612,525	9,157,401
Noncurrent assets		
Property, plant and equipment		
Buildings	148,218	416,572
Accumulated depreciation	(96,006)	(99,170)
Buildings, net	52,211	317,401
Structures	22,259	27,496
Accumulated depreciation	(17,724)	(18,219)
Structures, net	4,534	9,277
Tools, furniture and fixtures	15,843	36,031
Accumulated depreciation	(13,531)	(14,222)
Tools, furniture and fixtures, net	2,311	21,808
Land	110,008	189,603
Construction in progress	85,891	4,248
Total property, plant and equipment	254,957	542,338
Intangible assets		
Software	8,900	4,192
Total intangible assets	8,900	4,192
Investments and other assets		
Investment securities	8,802	38,702
Stocks of subsidiaries and affiliates	30,000	40,000
Investments in other securities of subsidiaries and affiliates	0	0
Investments in capital	15,610	15,630
Claims provable in bankruptcy, claims provable in rehabilitation and others	7,940	7,700
Long-term prepaid expenses	-	9,283
Guarantee deposits	120,261	136,931
Others	8,690	24,845
Allowance for doubtful accounts	(7,940)	(18,718)
Total investments and other assets	183,364	254,375
Total noncurrent assets	447,222	800,906
Deferred assets		
Bond issuance cost	-	6,093
Total deferred assets	-	6,093
Total assets	8,059,747	9,964,402

(Thousand yen)

	March 31, 2016	March 31, 2017
Liabilities		
Current liabilities		
Accounts payable for construction contracts	155,985	163,722
Short-term loans payable	738,600	2,194,400
Current portion of long-term loans payable	1,527,700	195,230
Accounts payable—other	8,437	9,291
Accrued expenses	77,400	88,352
Income taxes payable	1,831	1,668
Advances received	195,714	113,360
Deposits received	14,030	120,367
Provision for bonuses	30,320	30,746
Others	7,441	-
Total current liabilities	2,757,461	2,917,139
Noncurrent liabilities		
Bonds	-	250,000
Long-term loans payable	1,936,800	3,064,470
Provision for retirement benefits	56,278	41,925
Provision for directors' retirement benefits	18,892	33,446
Others	22,717	22,005
Total noncurrent liabilities	2,034,689	3,411,847
Total liabilities	4,792,150	6,328,986
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	2,372,831	2,741,129
Total retained earnings	2,372,831	2,741,129
Treasury stock	(717)	(1,196)
Total shareholders' equity	3,267,597	3,635,416
Total net assets	3,267,597	3,635,416
Total liabilities and net assets	8,059,747	9,964,402

(2) Statements of Income

	Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	(Thousand yen) Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net sales		
Net sales from the liquidation business	4,095,143	5,487,593
Net sales from the condominium unit sales business	3,695,168	4,027,693
Net sales from the residential housing sales business	1,813,889	1,769,360
Others	23,508	17,127
Total net sales	9,627,710	11,301,773
Cost of sales		
Cost of sales of the liquidation business	3,101,407	4,470,653
Cost of sales of the condominium unit sales business	3,045,349	3,258,714
Cost of sales of the residential housing sales business	1,512,233	1,442,530
Others	3,972	1,098
Total cost of sales	7,662,964	9,172,997
Gross profit	1,964,746	2,128,776
Selling, general and administrative expenses	1,298,240	1,292,984
Operating income	666,506	835,791
Non-operating income		
Interest income	1,538	886
Dividends income	465	1,213
Land and house rent received	16,004	12,482
Penalty income	2,500	-
Gain on bad debts recovered	11,000	-
Others	640	713
Total non-operating income	32,147	15,295
Non-operating expenses		
Interest expenses	95,720	118,637
Others	1,192	2,234
Total non-operating expenses	96,912	120,872
Ordinary income	601,741	730,213
Extraordinary loss		
Compensation loss for construction	50,401	59,791
Total extraordinary loss	50,401	59,791
Income before income taxes	551,340	670,422
Income taxes—current	1,161	1,124
Total income taxes	1,161	1,124
Net income	550,179	669,298

(3) Statements of Changes in Net Assets

Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Thousand yen)

	Shareholders' equity		
	Capital stock	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at the beginning of the period	854,500	40,983	40,983
Changes during the period			
Net income			
Purchase of treasury shares			
Retirement of treasury shares			
Net changes of items other than shareholders' equity			
Total changes during the period	—	—	—
Balance at the end of the period	854,500	40,983	40,983

	Shareholder's equity				Total net assets
	Retained earnings		Treasury stock	Total shareholder's equity	
	Other retained earnings	Total retained earnings			
	Retained earnings brought forward				
Balance at the beginning of the period	1,822,651	1,822,651	(388)	2,717,746	2,717,746
Changes during the period					
Net income	550,179	550,179		550,179	550,179
Purchase of treasury shares			(328)	(328)	(328)
Retirement of treasury shares				—	—
Net changes of items other than shareholders' equity					—
Total changes during the period	550,179	550,179	(328)	549,850	549,850
Balance at the end of the period	2,372,831	2,372,831	(717)	3,267,597	3,267,597

Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Thousand yen)

	Shareholders' equity		
	Capital stock	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at the beginning of the period	854,500	40,983	40,983
Changes during the period			
Net income			
Purchase of treasury shares			
Retirement of treasury shares			
Net changes of items other than shareholders' equity			
Total changes during the period	—	—	—
Balance at the end of the period	854,500	40,983	40,983

	Capital stock				Total net assets
	Retained earnings		Treasury stock	Total shareholder's equity	
	Other retained earnings	Total retained earnings			
	Retained earnings brought forward				
Balance at the beginning of the period	2,372,831	2,372,831	(717)	3,267,597	3,267,597
Changes during the period					
Net income	669,298	669,298		669,298	669,298
Purchase of treasury shares			(301,479)	(301,479)	(301,479)
Retirement of treasury shares	(301,000)	(301,000)	301,000	—	—
Net changes of items other than shareholders' equity					—
Total changes during the period	368,298	368,298	(479)	367,818	367,818
Balance at the end of the period	2,741,129	2,741,129	(1,196)	3,635,416	3,635,416

(4) Statements of Cash Flows

(Thousand yen)

	Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net cash from (used in) operating activities		
Income before income taxes	551,340	670,422
Depreciation and amortization	13,025	12,496
Increase (decrease) in allowance for doubtful accounts	(614)	10,758
Increase (decrease) in provision for retirement benefits	3,222	(14,353)
Increase (decrease) in provision for directors' retirement benefits	7,797	14,553
Interest and dividends income	(2,003)	(2,099)
Interest expenses	95,720	118,637
Decrease (increase) in notes and accounts receivable-trade	(1,174)	3,780
Decrease (increase) in inventories	(1,438,444)	(1,245,424)
Decrease (increase) in advance payments	(6,050)	(85,420)
Increase (decrease) in notes and accounts payable-trade	83,064	7,736
Increase (decrease) in advances received	190,756	82,353
Increase (decrease) in deposits received	2,680	106,336
Others, net	(294,118)	(97,992)
Subtotal	(794,798)	(582,921)
Interest and dividends income received	2,003	2,015
Interest expenses paid	(87,481)	(123,805)
Income taxes paid	(6,242)	(1,130)
Net cash from (used in) operating activities	(886,518)	(705,842)
Net cash from (used in) investing activities		
Purchase of property, plant and equipment	(85,891)	(291,730)
Purchase of intangible assets	-	(980)
Purchase of investment securities	-	(29,900)
Purchase of stocks of subsidiaries and affiliates	-	(10,000)
Net decrease (increase) in short-term loans receivable	-	(19,000)
Collection of long-term loans receivable	240	240
Others, net	(536)	195
Net cash from (used in) investing activities	(86,187)	(351,175)
Net cash from (used in) financing activities		
Net increase (decrease) in short-term loans payable	(533,100)	(1,455,800)
Proceeds from long-term loans payable	3,678,300	3,259,000
Repayment of long-term loans payable	(1,959,387)	(3,463,800)
Proceeds from issuance of bonds	-	243,229
Purchase of preferred shares	-	(301,000)
Others, net	(328)	(479)
Net cash from (used in) financing activities	1,185,483	1,192,749
Net increase (decrease) in cash and cash equivalents	212,777	135,731
Cash and cash equivalents at the beginning of the period	2,532,648	2,745,425
Cash and cash equivalents at the end of the period	2,745,425	2,881,157