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Presentation Material on Operating Performance during the Fiscal Year ended March 31, 2014

May 9 (Friday), 2014


Shin-Nihon Tatemono Co., Ltd.

A large, light gray, stylized 'A' graphic that serves as a background element on the right side of the slide. It has a textured, brush-like appearance at its base.

SHIN-NIHON TATEMONO CO., LTD.

JASDAQ

Stock Code : 8893



Overview of Operating Performance during the
Fiscal Year ended March 31, 2014

Key Results in the Fiscal Year ended March 31, 2014

Business environment

- Upward trend in construction, material, and labor costs, with the growing demand for post-quake reconstruction.
- Rise in land acquisition cost due to the lack of favorable lands for business and growing competitions for them.
- Steady market in metropolitan area in spite of decreasing buyer's motive attributable to the consumption tax increase.

Balance sheet

- Strategic increase in cash balance to advance land acquisitions smoothly.
- Intentional increase in real estate for sale, which contributes to the next FY's net sales.
- Secured the financial health
 - ⇒ Reducing 250 million yen interest-bearing debt for improving ROA.
 - ⇒ Rising equity ratio to 27.5% up 4.9 percentage points from the end of the previous fiscal year.

Profit and loss statements

- Achieved net income for three consecutive fiscal years.
- Achieved operating income in all business segments. Especially in the liquidation business, profit margin rose to 15.3% (up 5.1 percentage points year-on-year).
- Profit margin rose to 6.2% (up 1.4 percentage points year-on-year) reflecting the reduction of SG&A expenses.

Balance Sheet

(Unit: million yen)	Fiscal Year ended March 31, 2013		Fiscal Year ended March 31, 2014		
	Actual	% of total	Actual	% of total	Change
Cash and deposits	901	11.6%	1,581	19.8%	680
Real estate for sale	1,446	18.6%	● 2,516	31.6%	1,070
Real estate for sale in process	4,829	62.0%	● 3,268	41.0%	-1,560
Others	135	1.7%	176	2.2%	41
Total current assets	7,313	93.9%	7,544	94.6%	230
Total noncurrent assets	471	6.1%	428	5.4%	-43
Total assets	7,784	100.0%	7,972	100.0%	187
Notes and accounts payable-trade	112	1.4%	189	2.4%	77
Loans payable (short-term loans payable and current portion of long-term loans payable)	2,665	34.2%	4,687	58.8%	● 2,022
Others	230	3.0%	167	2.1%	-62
Total current liabilities	3,007	38.6%	5,044	63.3%	2,036
Long-term loans payable	2,946	37.9%	671	8.4%	● -2,275
Others	72	0.9%	66	0.8%	-6
Total noncurrent liabilities	3,019	38.8%	737	9.3%	-2,281
Total liabilities	6,026	77.4%	5,781	72.5%	-244
Capital stock	854	11.0%	854	10.7%	0
Capital surplus	40	0.5%	40	0.5%	0
Retained earnings	862	11.1%	1,294	16.2%	432
Others	0	0.0%	0	0.0%	0
Total net assets	1,757	22.6%	2,190	● 27.5%	432
Total liabilities and net assets	7,784	100.0%	7,972	100.0%	187

● Increase of real estate for sale

Breakdown of the balance at the end of FY14/3

Liquidation	:	– million yen	– property
Condominium unit sales	:	2,163 million yen	80 units
Residential housing sales	:	353 million yen	9 houses
Total	:	2,516 million yen	

● Decrease of real estate for sale in process

Breakdown of the balance at the end of FY14/3

Liquidation	:	1,679 million yen
Condominium unit sales	:	5 million yen
Residential housing sales	:	1,584 million yen
Total	:	3,268 million yen

● Status of interest-bearing liabilities

End of FY 13/3	5,611 million yen
(March 31, 2013)	
End of FY 14/3	5,359 million yen
(March 31, 2013)	
Change	-252 million yen

● Equity ratio improved from 22.6% (13/3) to 27.5% (14/3), up 4.9 percentage points.

Profit and Loss Statement

(Unit: million yen)	Fiscal Year ended March 31, 2013		Fiscal Year ended March 31, 2014			
	Whole Year		Whole Year		Year-on-year	
	Actual	% of total	Actual	% of total	Change	Change (%)
Net sales	10,891	100.0%	● 10,754	100.0%	-137	-1.3%
Cost of sales	8,859	81.3%	8,691	80.8%	-167	-1.9%
Gross profit	2,032	18.7%	2,063	19.2%	30	1.5%
Selling, general and administrative expenses	1,507	13.8%	● 1,400	13.0%	-106	-7.1%
Operating income	525	4.8%	662	6.2%	136	26.1%
Non-operating income	120	1.1%	● 46	0.4%	-74	-61.8%
Non-operating expenses	227	2.1%	● 270	2.5%	42	18.7%
Ordinary income	417	3.8%	437	4.1%	20	4.8%
Extraordinary income	4	0.0%	0	0.0%	-4	-97.6%
Extraordinary loss	—	—	0	—	—	—
Income before income taxes	422	3.9%	437	4.1%	15	3.8%
Income taxes	4	0.0%	5	0.0%	0	15.4%
Net income	417	3.8%	432	4.0%	15	3.6%

● Number of sales

	FY 13/3	FY 14/3	Change
Liquidation	6 properties	9 properties	3 property
Condominium unit sales	150 units	107 units	-43 units
Residential housing sales	94 houses	85 houses	-9 houses

● Details of selling, general and administrative expenses

(Unit: million yen)	FY 13/3	FY 14/3	Change
Personnel expenses	476	500	24
Sales commission	208	190	-17
Advertising expenses	377	296	-80
Others	445	412	-32
Total	1,507	1,400	-106

● Details of non-operating income

(Unit: million yen)	FY 13/3	FY 14/3	Change
Land and house rent received	46	26	-20
Others	74	19	-54
Total	120	46	-74

● Details of non-operating expenses

(Unit: million yen)	FY 13/3	FY 14/3	Change
Interest expenses	220	270	49
Others	7	0	-7
Total	227	270	42

Net Sales and Operating Income by Segment

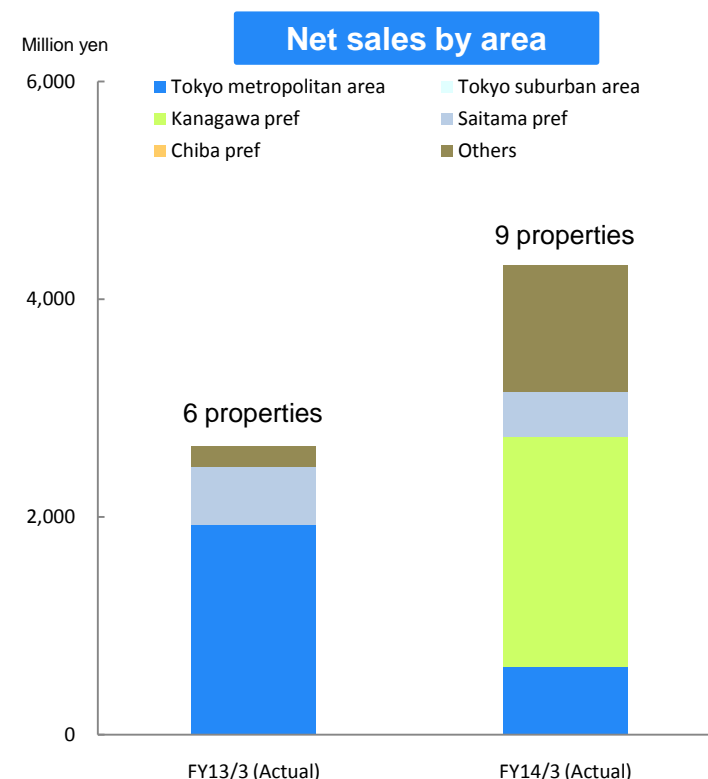
- ✓ Achieved operating income in all business segments .
- ✓ In the liquidation business, net sales and operating income substantially increased and profit margin rose from 10.2% (13/3) to 15.3% (14/3), up 5.1 percentage points year-on-year.

[Net sales]		Fiscal Year ended March 31, 2013		Fiscal Year ended March 31, 2014			
		Whole Year		Whole Year		Year-on-year	
		Actual	% of total	Actual	% of total	Change	Change (%)
(Unit: million yen)							
	Liquidation business	2,643	24.3%	4,317	40.1%	1,673	63.3%
	Condominium unit sales business	5,336	49.0%	3,773	35.1%	△1,563	△29.3%
	Residential housing sales business	2,825	25.9%	2,624	24.4%	△201	△7.1%
	Other business	85	0.8%	39	0.4%	△45	△53.7%
	Elimination or corporate	—	—	—	—	—	—
Net sales total		10,891	100.0%	10,754	100.0%	△137	△1.3%

[Operating income]		Fiscal Year ended March 31, 2013		Fiscal Year ended March 31, 2014			
		Whole Year		Whole Year		Year-on-year	
		Actual	% of total	Actual	Profit margin (%)	Change	Change (%)
(Unit: million yen)							
	Liquidation business	269	10.2%	659	15.3%	389	144.7%
	Condominium unit sales business	433	8.1%	150	4.0%	△283	△65.2%
	Residential housing sales business	277	9.8%	310	11.8%	32	11.8%
	Other business	24	29.1%	3	8.2%	△21	△86.9%
	Elimination or corporate	△480	—	△461	—	19	—
Operating income total		525	4.8%	662	6.2%	136	26.1%

Overview of Liquidation business

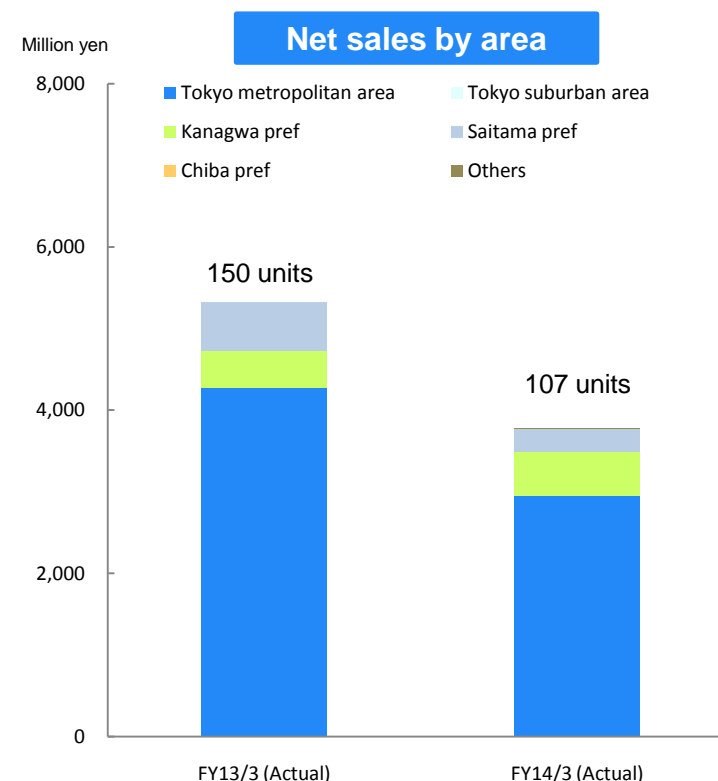
(Unit: million yen)	Fiscal Year ended March 31, 2013	Fiscal Year ended March 31, 2014		
	Actual	Actual	Change	Change (%)
Net sales	2,643	4,317	1,673	63.3%
Operating income	269	659	389	144.7%
Profit margin (%)	10.2%	15.3%	5.1Pt	—



- ✓ Completed the delivery of 9 properties under development mainly in Tokyo and Kanagawa area.
- ✓ Considering the business scale, development time, and upward trend in construction cost, pushed forward the sales of lands for condominium mainly targeting developers. As a result, profit margin greatly-exceeded the level of the last year (up 5.1 percentage points year-on-year) and operating income substantially increased by 389 million yen year-on-year basis.

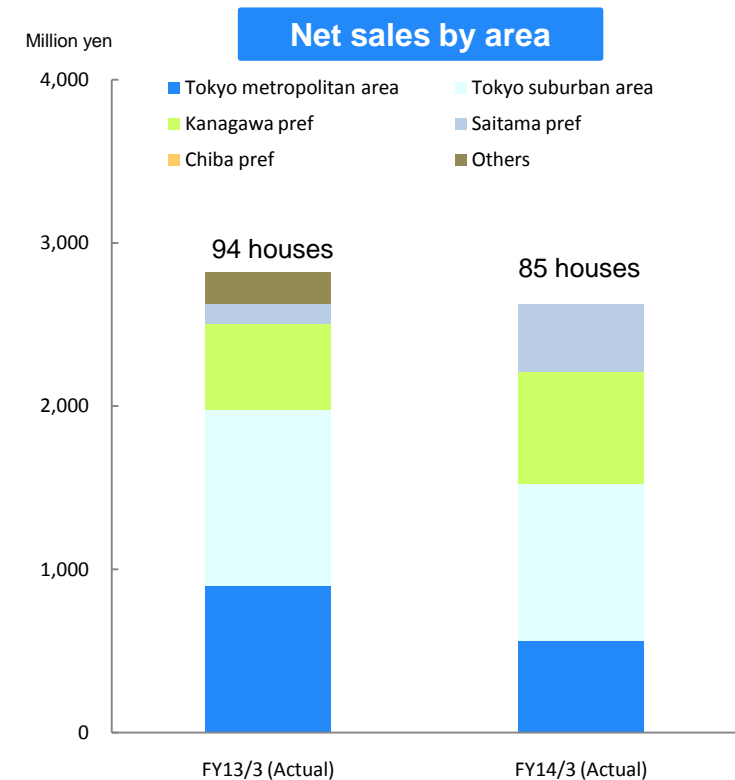
Overview of Condominium Unit Sales Business

(Unit: million yen)	Fiscal Year ended March 31, 2013	Fiscal Year ended March 31, 2014		
	Actual	Actual	Change	Change (%)
Net sales	5,336	3,773	-1,563	-29.3%
Operating income	433	150	-283	-65.2%
Profit margin (%)	8.1%	4.0%	-4.1Pt	—



- ✓ Completed the delivery of 4 buildings/107 units (down 2 buildings and 43 units year-on-year) mainly in Tokyo metropolitan area.
- ✓ Contemplating the customer trend after consumption tax increase and upward trend in construction and land acquisition costs, rescheduled the part of sales to the next year, however, profit margin declined year-on-year due to the burden of the future sales expenses.

(Unit: million yen)	Fiscal Year ended March 31, 2013	Fiscal Year ended March 31, 2014		
	Actual	Actual	Change	Change (%)
Net sales	2,825	2,624	-201	-7.1%
Operating income	277	310	32	11.8%
Profit margin (%)	9.8%	11.8%	2.0Pt	—



- ✓ Completed the delivery of 85 houses (including housing lots) mainly in Tokyo and Kanagawa area.
- ✓ Analyzing the market condition by region and improving business efficiency, implemented aggressive sales promotions. This efforts improved profit margin and increased operating income year-on-year basis.

Purchases of New Properties

- 27 new properties were purchased in the fiscal year ended March 31, 2014, with planned sales from them of 9.5 billion yen.

Status of new purchases

■ By business

Segment	Fiscal Year ended March 31, 2013	Fiscal Year ended March 31, 2014	
	Properties purchased	Properties purchased	Net sales (planned)
Liquidation	5 properties	5 properties	1.3 billion yen
Condominium unit sales	7 properties (207 units)	3 properties (108 units)	4.4 billion yen
Residential housing sales	23 properties (100 lots)	19 properties (82 lots)	3.7 billion yen
Total	35 properties	27 properties	9.5 billion yen

■ By area for the FY 14/3

Area	Properties purchased
Tokyo metropolitan area	9 properties
Tokyo suburban area	4 properties
Kanagawa pref	9 properties
Saitama pref	3 properties
Others	2 properties
Total	27 properties

Purchased properties for new projects mainly in Tokyo and Kanagawa area where the steady demand is expected.

Forecast for the Fiscal Year ending March 31, 2015

- Forecast for the fiscal year ending March 31, 2015 and comparison with the figures for the fiscal year ended March 31, 2014.

(Unit: million yen)	Fiscal Year ended March 31, 2014	Fiscal Year ended March 31, 2015	
	Actual	Forecast	Diff
Net sales	10,754	12,300	1,546
Operating income	662	670	8
Ordinary income	437	405	-32
Net income	432	400	-32

Main factors

- ✓ The main factor expected to contribute to net sales is an increase of 600 million yen liquidation business and increase of 800 million yen in residential housing sales business.
- ✓ Expecting a high profitability of liquidation business, 670 million yen of operating income (over this year's actual) and 400 million yen of net income (the same as the FY 14/3 profit target) are set as a profit target.

Topics: Projects in Progress

Renaissance Katsushika Mizumoto-koen

[Overview]

Location: Higashikanamachi 4-chome, Katsushika-ku, Tokyo

Access: 13 minutes' walk from Kanamachi station on the JR Joban line and 15 minutes' walk from Keisei-Kanamachi station on the Keisei Kanamachi line

Total number of units: 32 units

Start of sales: May 2014

Completion: August 2014 (scheduled)

Start of delivery: August 2014 (scheduled)

Point 1

Located in a rich natural environment, e.g. Mizumoto-koen within five minutes' walk

Point 2

Plans for comfortable living with space efficiency, e.g. frame construction and sliding doors



Renatown Higashikasai

[Overview]

Location: Higashikasai 9-chome, Edogawa-ku, Tokyo

Access: 18 minutes' walk from Kasai station on the Tokyo Metro Tozai line

Total number of units: 7 houses

Start of sales: April 2014

Completion: June 2014 (scheduled)

Start of delivery: June 2014 (scheduled)

Point 1

Well arranged living environment, e.g. Kasai Riverside Mall (large shopping mall) and Sogo Recreation Park within walking distance

Point 2

Plenty of storage space, e.g. walk-in closet



[For Inquiries]

IR Division: Corporate Development Division

TEL: 03-5962-0775 FAX: 03-5962-0774

E-mail: ir@kksnt.co.jp URL: <http://www.kksnt.co.jp/>

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