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Financial Results Briefing Materials for the Third Quarter Ending March 31, 2021



Stock Code : 8893

Feb 5, 2021(FRI) SHIN-NIHON TATEMONO CO., LTD.

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SHIN-NIHON TATEMONO CO., LTD.

Business Environment

- In the Japanese Economy, economic activity stagnated due to the spread of the COVID-19, but there were signs of a recovery in personal consumption and production activities as an outcome of various government policies and the improvement in world economy has begun to have an effect. However, since the infection started to spread again since November, there are concerns about the impact on the employment environment, and the future is uncertain.
- In the real estate investment market, market conditions of offices and retail are declining due to the self-restraint of activities to suppress the spread of the COVID-19, and rental apartments and distribution facilities which are expected to have stable profits, are still popular to investors supported by low interest rates together.

Business Performance

- [P/L] By paying close attention to the market trends and delivering Compact Condominium Buildings and Apartments for Investment-Purpose, SNT achieved the total net sales of 8,879 million yen (down 7.5% year-on-year), the ordinary income of 588 million yen (down 7.5% year-on-year), and the net income of 484 million yen (down 6.4% year-on-year)
- [B/S] Actively but carefully progressing land acquisition, the amount of real estate for sale and the real estate for sale in progress increased by 1,351 million yen compared to the last quarter.

Business Management

- 11 Compact Condominium Buildings for Investment-Purpose is going to be completed in the 4th quarter this term.
- Our capital ratio was 29.4%, increased by 2.3 points from the end of the previous fiscal year.

Balance Sheet

(Unit: Millions of yen)	March 31, 2020		March 31, 2021	
	End of 3Q	Year End	End of 3Q	Difference from Year End
Cash and deposits	3,510	4,947	4,190	(757)
Real estate for sale	3,823	4,535	● 3,890	(644)
Real estate for sale in process	13,218	11,990	● 11,456	(534)
Others	182	136	152	15
Total current assets	20,733	21,610	19,689	(1,920)
Total noncurrent assets	1,632	1,641	1,837	195
Total deferred assets	2	2	1	(1)
Total assets	22,368	23,254	21,527	(1,726)
Accounts payable for construction contracts	216	363	38	(325)
Short-term loans payable	5,482	6,834	● 8,536	1,702
Current portion of bonds	-	-	● 250	250
Others	415	690	208	(481)
Total current liabilities	6,114	7,888	9,033	1,145
Bonds	250	250	-	(250)
Long-term loans payable	10,291	8,596	● 5,936	(2,660)
Others	200	219	229	9
Total noncurrent liabilities	10,741	9,066	6,165	(2,901)
Total liabilities	16,855	16,955	15,199	(1,756)
Capital stock	854	854	854	-
Capital surplus	40	40	40	-
Retained earnings	4,548	5,358	5,345	(12)
Others	68	44	87	42
Total net assets	5,512	6,298	● 6,328	30
Total liabilities and net assets	22,368	23,254	21,527	(1,726)

● Breakdown of Real estate for sale

(Unit:Millions of yen)	Mar. 2020	Mar.2021 3Q	Change
Asset solution	2,465	2,492	27
Condominium unit	1,676	1,398	(278)
Residential housing	393	0	(393)
Total	4,535	3,890	(644)

● Breakdown of Real estate for sale in process

(Unit:Millions of yen)	Mar. 2020	Mar.2021 3Q	Change
Asset solution	5,949	4,566	(1,382)
Condominium unit	6,041	6,889	848
Residential housing	0	0	-
Total	11,990	11,456	(534)

● The balance of Interest-bearing debt

(Unit:Millions of yen)	Mar. 2020	Mar.2021 3Q	Change
Short-term	6,834	8,786	1,952
Long-term	8,846	5,936	(2,910)
Total	15,681	14,722	(958)

● Shareholders' equity ratio

	Mar. 2020	Mar.2021 3Q	Change
Equity ratio	27.1%	29.4%	+2.3 points

Income Statement

(Unit:Millions of yen)	March 31, 2020		March 31, 2021				Forecast	
	3Q		3Q		Year-on -year			Full year
	Actual	% of Total	Actual	% of Total	Change	Change (%)		
Net sales	9,602	100.0%	● 8,879	100.0%	(722)	(7.5%)	19,830	
Cost of sales	7,430	77.4%	7,116	80.1%	(314)	(4.2%)	-	
Gross profit	2,171	22.6%	1,763	19.9%	(408)	(18.8%)	-	
Selling, general and administrative expenses	1,189	12.4%	● 951	10.7%	(238)	(20.0%)	-	
Operating income	981	10.2%	811	9.1%	(170)	(17.3%)	2,010	
Non-operating income	28	0.3%	14	0.2%	(14)	(49.1%)	-	
Non-operating expenses	374	3.9%	● 238	2.7%	(136)	(36.4%)	-	
Ordinary income	635	6.6%	588	6.6%	(47)	(7.5%)	1,730	
Extraordinary income	-	-	9	0.1%	9	-	-	
Extraordinary loss	-	-	-	-	-	-	-	
Income before income taxes	635	6.6%	597	6.7%	(38)	(6.1%)	-	
Income tax - current	117	1.2%	112	1.3%	(5)	(4.7%)	-	
Net income	518	5.4%	484	5.5%	(33)	(6.4%)	1,450	

● Number of sales

	Mar. 2020 3Q	Mar.2021 3Q	Change
Asset solution	7projects	11projects	4projects
Condominium unit	110units	76units	(34units)
Residential housing	4buildings	5buildings	1building

● Breakdown of selling, general and administrative expenses

(Unit:Millions of yen)	Mar. 2020 3Q	Mar.2021 3Q	Change
Personnel expenses	465	428	(36)
Sales commission	277	145	(132)
Advertising expenses	33	26	(7)
Others	413	351	(61)
Total	1,189	951	(238)

● Breakdown of non-operating expenses

(Unit:Millions of yen)	Mar. 2020 3Q	Mar.2021 3Q	Change
Interest expenses	200	179	(20)
Other	174	58	(115)
Total	374	238	(136)

Sales and profit by reportable segments

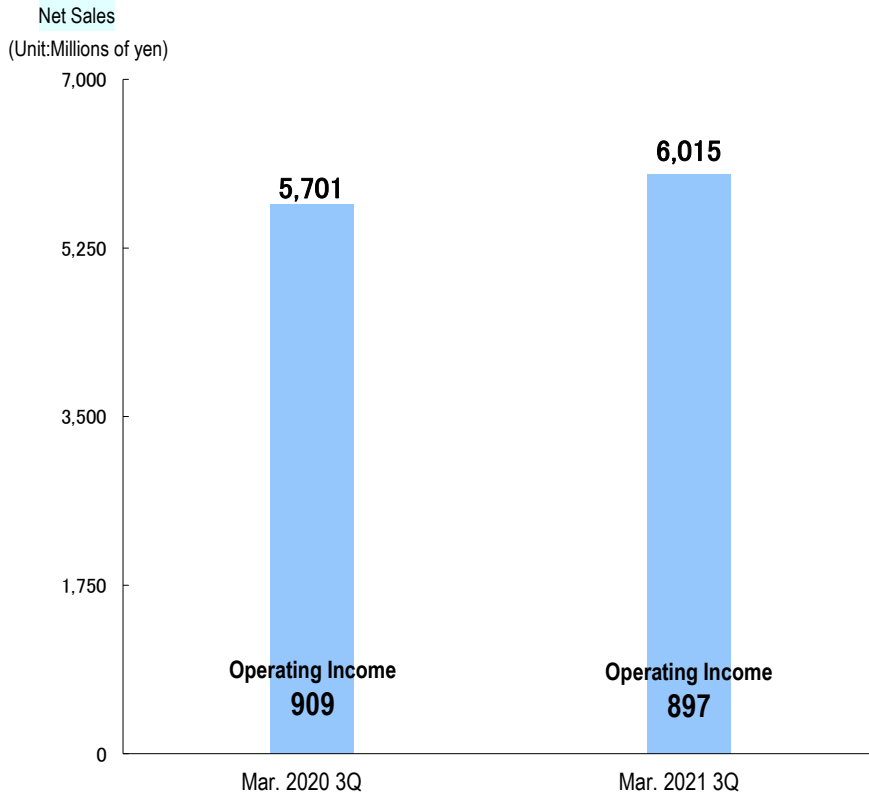
- In the 3rd quarter cumulative period, SNT promoted land sales toward developers and handed over 4 buildings/76 units of Compact Condominium Buildings and 5 apartments, both for Investment-Purpose, commercial buildings, recorded a total net sales of 8,879 million yen (down 7.5% year-on-year) and an operating income of 811million yen (down 17.3% year-on-year).

【Net Sales】 (Unit:Millions of yen)		March 31, 2020		March 31, 2021			
		3Q		3Q		Year-on-year	
		Actual	% of Total	Actual	% of Total	Change	Change (%)
Asset Solution Business	5,701	59.4%	6,015	67.7%	313	5.5%	
Condominium Unit Sales Business	3,428	35.7%	2,317	26.1%	(1,111)	(32.4%)	
Residential Housing Sales business	422	4.4%	497	5.6%	75	18.0%	
Others	49	0.5%	48	0.5%	(0)	(1.6%)	
Elimination and/or corporate	-	-	-	-	-	-	
Net sales total	9,602	100.0%	8,879	100.0%	(722)	(7.5%)	

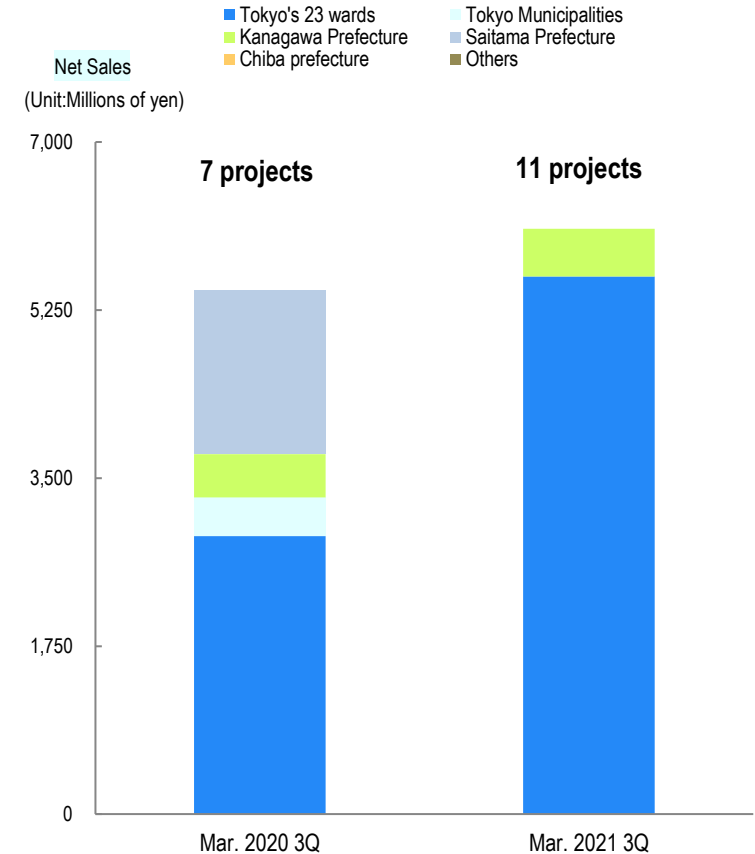
【Operating Income】 (Unit:Millions of yen)		March 31, 2020		March 31, 2021			
		3Q		3Q		Year-on-year	
		Actual	% of Total	Actual	% of Total	Change	Change (%)
Asset Solution Business	909	16.0%	897	14.9%	(12)	(1.4%)	
Condominium Unit Sales Business	479	14.0%	240	10.4%	(238)	(49.8%)	
Residential Housing Sales business	57	13.7%	72	14.6%	14	25.8%	
Others	15	31.5%	15	32.2%	0	0.8%	
Elimination and/or corporate	(480)	-	(414)	-	66	—	
Operating income total	981	10.2%	811	9.1%	(170)	(17.3%)	

- In the 3rd quarter cumulative period, carefully paying attention to the market trends, SNT promoted land sales to other developers diligently and handed over commercial buildings proactively. As a result, SNT recorded a total net sales of 6,015 million yen (up 5.5% year-on-year) and an operating income of 897million yen (down 1.4% year-on-year).

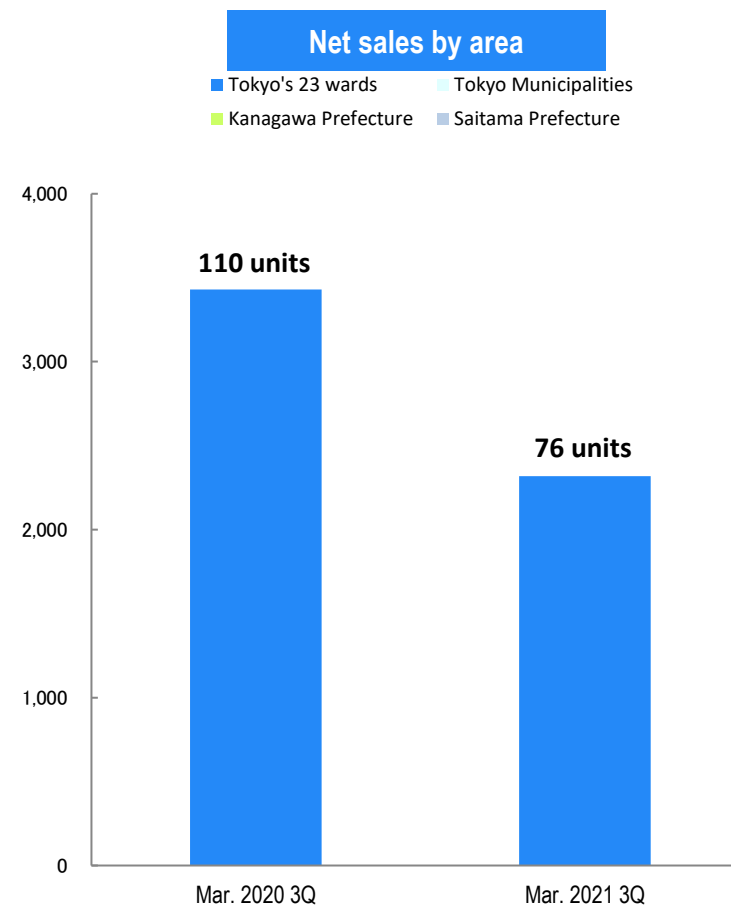
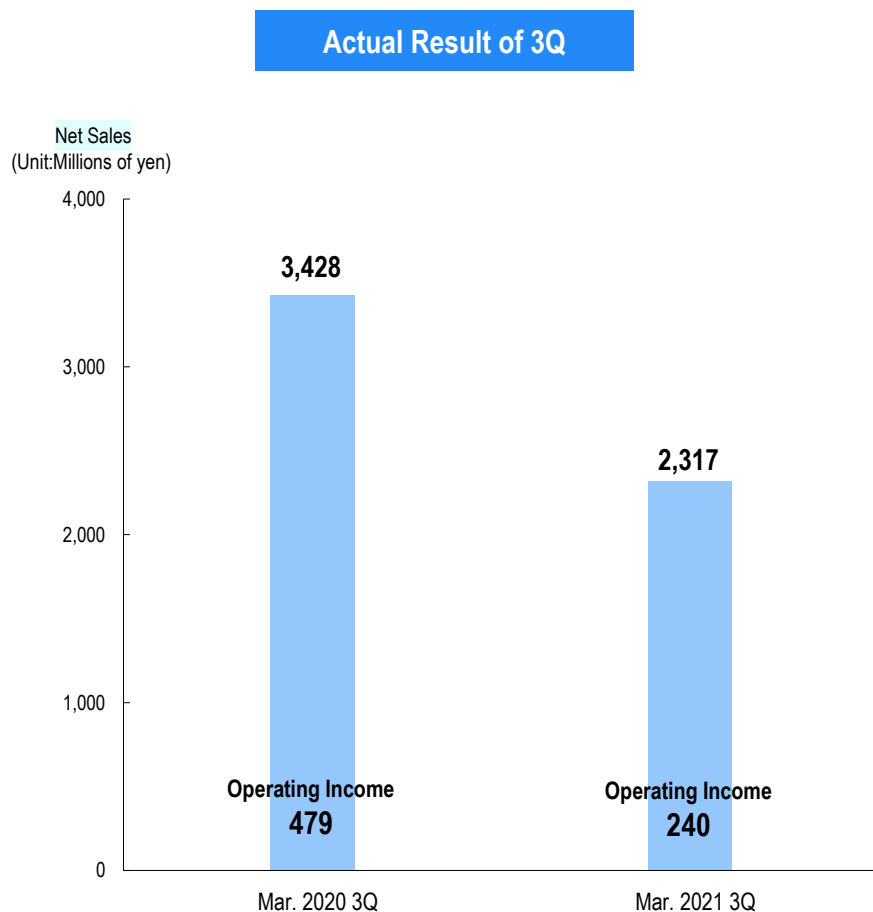
Actual Result of 3Q



Net sales by area

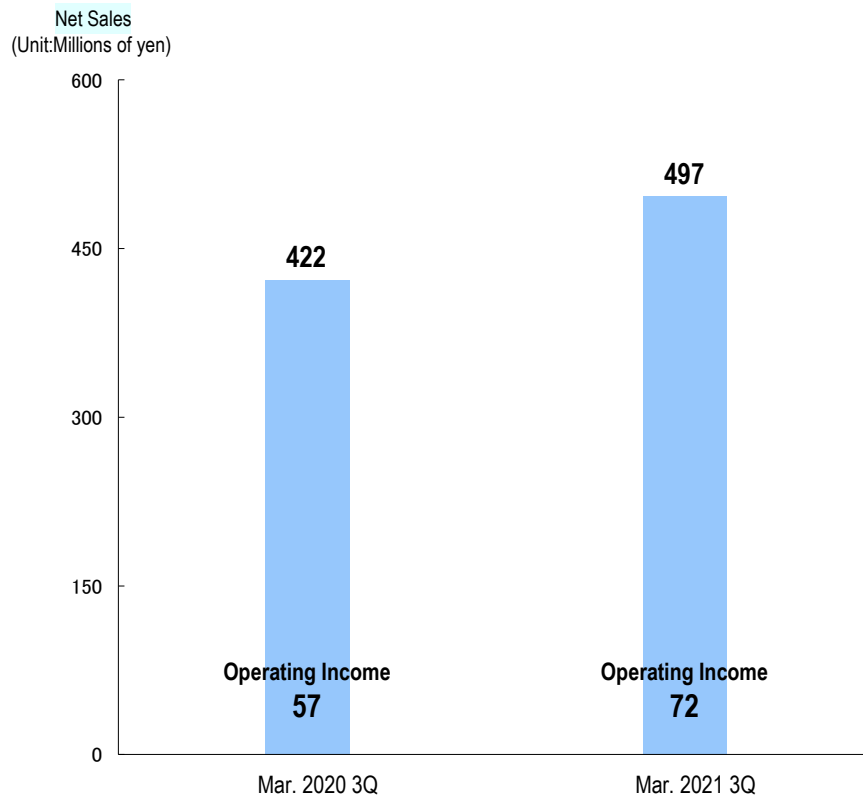


- In the 3rd quarter cumulative period, SNT accomplished the selling of Compact Condominium Buildings for Investment-Purpose and recorded a total net sales of 2,317 million yen (down 32.4% year-on-year), and an operating income of 240 million yen (down 49.8% year-on-year).
- Numbers of completion are dated in the 4th quarter cumulative period this term.

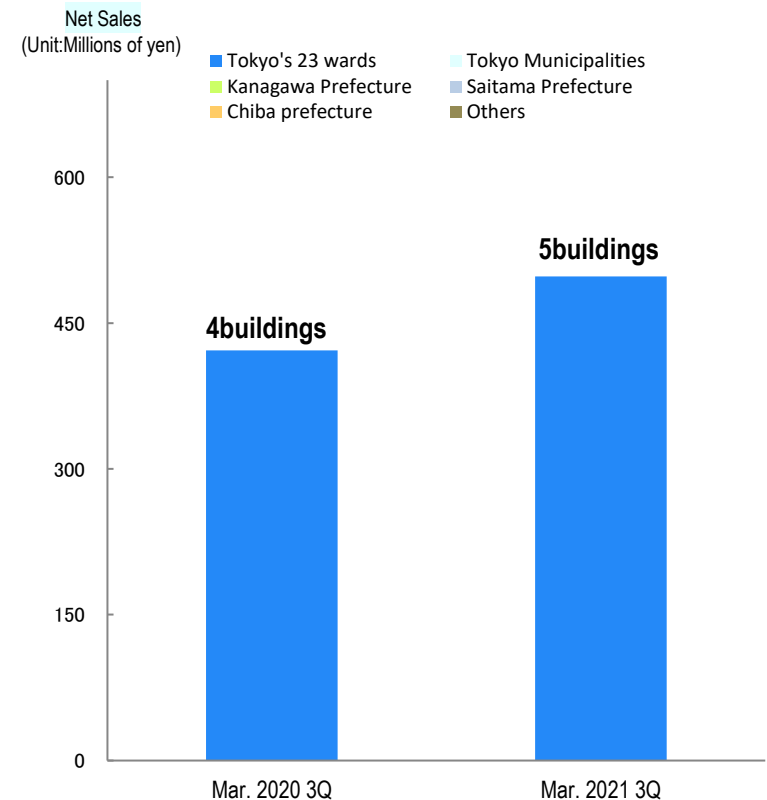


- In the 3rd quarter cumulative period, SNT completed 5 handovers of the Wooden Apartment Building for Investment-Purpose as planned.
- SNT recorded net sales of 497 million yen (up 18.0% year-on-year) and an operating income of 72 million yen (up 25.8% year-on-year) .

Actual Result of 3Q



Net sales by area

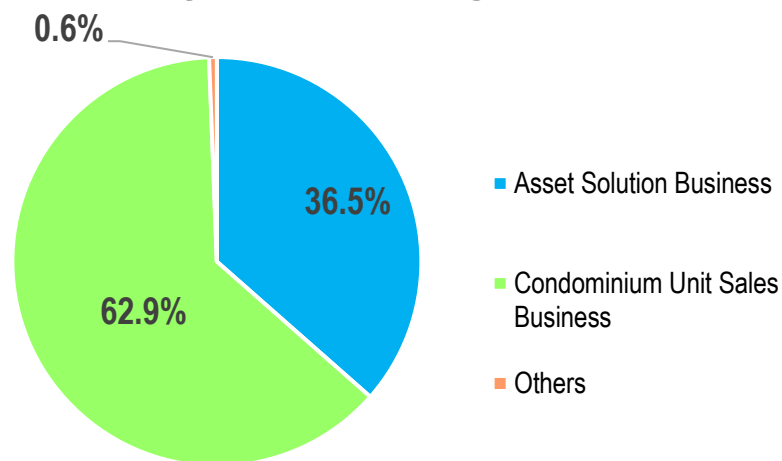


Property Acquisitions

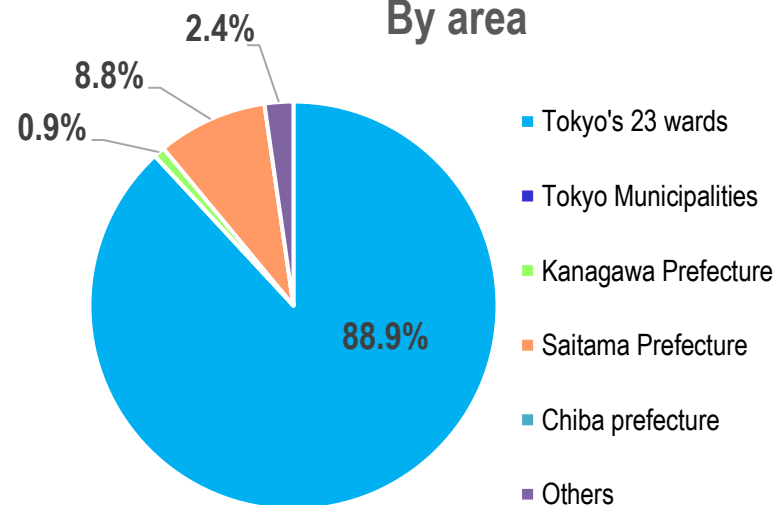
- Although the business activities were under the influence of the new coronavirus infection, due to strong demand, investors are highly interested in "Condominiums near stations in the 23 wards of Tokyo" and "logistics". We carefully selected and carried out purchasing activities centered on land for those purposes.
- As of the end of December 2020, property purchase agreements worth approximately 26.4 billion yen of net sales were formed. It was an increase of 1.6 billion yen compared to the end of September 30.

Overview of the net sales of 26.4 billion yen planned

By reportable segments



By area



Project in Progress

【Condominium Unit Sales Business】Renaissance Roppongi Premium Court (Compact Condominium Buildings for Investment-Purpose)

Overview

- Location : Nishiazabu, Minato city, Tokyo
- Access : 4-min. walk from Roppongi station of Tokyo Metro Hibiya line
6-min. walk from Roppongi station on Toei Oedo line
7-min. walk from Roppongi station on Tokyo Metro Chiyoda line
- Total No. of Units : 11 Units
- Structure : Reinforced Concrete (RC) 4 stories above ground
- Completion : Mar 2021 (Scheduled)

Point 1

It is conveniently located in a 4-minute walk from Roppongi Station, and in the Nishi-Azabu area, which is known as a quiet residential area, despite being adjacent to the large-scale commercial building, Roppongi Hills.

Point 2

Mainly wide and corner units installed.
Fully equipped with functional facilities such as Wi-Fi equipment, delivery lockers for all units, and hands-free keys.
Also, granite countertop face-to-face kitchen is installed to all units such as sophisticated units.



【Condominium Unit Sales Business】Renaissance Court MEGURO (Compact Condominium Buildings for Investment-Purpose)

Overview

- Location : Shimomeguro, Meguro City, Tokyo
- Access : 10-min. walk from Meguro station on JR Yamanote line
6-min. walk from Fudoumae station on Tokyu Meguro line
- Total No. of Units : 19 units
- Structure : Reinforced Concrete (RC) 4 stories above ground
- Completion : Mar 2021 (Scheduled)

Point 1

A 10-minute walk from Meguro Station, which 4 train routes are available, close to the Meguro River, which is famous for its rows of cherry blossom trees, and within walking distance from Nakameguro Station, which is lined with many popular restaurants.

A popular area where you can realize a fulfilling lifestyle regardless of work or private.

Point 2

Faced to 2 roads in the southeast and the southwest, fully equipped with convenient facilities such as auto lock, Wi-Fi equipment, delivery lockers, and hands-free keys.
All units have balconies, and the living room is equipped with a large sliding door type closet, providing a comfortable living environment.



Renaissance Court SANGENJAYA CALME (2nd term is NOW FOR SALE)

Overview

Location	: Wakabayashi, Setagaya City, Tokyo
Access	: 3-min. walk from Wakabayashi station on Tokyu Setagaya line 11-min. walk from Sangenjaya station on Tokyu Denentoshi line
Total No. of Units	: 15 Units
Structure	: Reinforced Concrete (RC) 4 stories above ground
Completion	: Mar 2019

Point 1

The first project of “**Joint Owners**”, Sub-divided Real Estate for Investment-Purpose.

Point 2

Sangenjaya is nowadays a hot spot in Setagaya City. This condominium has commercial facilities, parks, medical facilities, and public offices within a walking distance. Comfortability and convenience are well-balanced here.



Joint Owners

An investment product which sub-divided the land and the building of blue-chip properties in Central Tokyo which usually demands a large amount of funds and made it reasonable.

Acquisitions are available from 1 increment for 100 million yen. Tax benefits, risk mitigation, no need for management.

Details and document requests are available in the link below. 1st term SOLD OUT, 2nd term NOW FOR SALE.

Joint Owners URL : <https://www.kksnt.co.jp/jointowners/>

For Inquiries

IR Division: Administrative Office, IR Public Relations Office

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

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