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Financial Results Briefing Materials for the Fiscal Year Ended March 31, 2021



Stock Code : 8893

May 14, 2021(FRI) SHIN-NIHON TATEMONO CO., LTD.

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SHIN-NIHON TATEMONO CO., LTD.

Business Environment

- The economy was in an extremely severe situation and trend to growth slowdown as the spread of the COVID-19 infection intensified restrictions on social and economic activities as well as the movement of people. Consumer spending, especially service consumption, dropped sharply, and the GDP growth rate became negative for the 1st time in 11 years.
- In the property investment market, the favorable financing environment led to brisk investment by both domestic and foreign investors. Sales of Compact Condominium Buildings for Investment-Purpose in central Tokyo, which are expected to generate a stable income, were relatively steady. Investment in logistics facilities also increased due to the rapid expansion of the e-commerce market, while investment in commercial and office properties was sluggish due to rising vacancy rates in central Tokyo areas.

Business Performance

- [P/L] Net sales for the period were 15,794 million yen (down 6.6% y-o-y), ordinary income was 1,433 million yen (down 8.8% y-o-y), and net income was 973 million yen (down 26.7% y-o-y) as some of the Compact Condominium Buildings for Investment-Purpose for were expected to be delivered in the following period.
- [B/S] 7 properties of Compact Condominium Buildings for Investment-Purpose have been contracted for sales in the current fiscal year. Delivery is scheduled for the 1st half of the next fiscal year, and sales will be recorded. Net assets increased 511 million yen from the end of the previous period to 6,810 million yen.

Business Management

- Conduct an en bloc sales of Compact Condominium Buildings for Investment-Purpose to institutional investors. 5 properties were delivered in the period under review, and 7 properties are scheduled to be delivered in the following period.
- Entered into a pipeline agreement with Starwood Capital Asia Limited for the delivery of 30 billion yen in properties over a 3year period.
- Plans to pay an ordinary dividend of 22 yen per share for the current fiscal year as originally planned, maintaining a payout ratio of at least 30% since the fiscal year ending March 31, 2019.

Balance Sheet

(Unit: Millions of yen)	March 31, 2020		March 31, 2021		
	Actual	% of Total	Actual	% of Total	Change
Cash and deposits	4,947	21.3%	4,933	23.0%	(14)
Real estate for sale	4,535	19.5%	● 8,731	40.7%	4,195
Real estate for sale in process	11,990	51.6%	● 5,961	27.8%	(6,029)
Others	136	0.6%	304	1.4%	167
Total current assets	21,610	92.9%	19,930	92.9%	(1,679)
Total noncurrent assets	1,641	7.1%	1,531	7.1%	(110)
Total deferred assets	2	0.0%	0	0.0%	(1)
Total assets	23,254	100.0%	21,462	100.0%	(1,791)
Accounts payable for construction contracts	363	1.6%	100	0.5%	(263)
Short-term loans payable	6,834	29.4%	● 8,862	41.3%	2,027
Current portion of bonds	-	-	● 250	1.2%	250
Others	690	3.0%	330	1.5%	(360)
Total current liabilities	7,888	33.9%	9,542	44.5%	1,654
Bonds	250	1.1%	-	-	(250)
Long-term loans payable	8,596	37.0%	● 4,879	22.7%	(3,717)
Others	219	0.9%	230	1.1%	10
Total noncurrent liabilities	9,066	39.0%	5,109	23.8%	(3,957)
Total liabilities	16,955	72.9%	14,652	68.3%	(2,302)
Capital stock	854	3.7%	854	4.0%	0
Capital surplus	40	0.2%	40	0.2%	0
Retained earnings	5,358	23.0%	5,834	27.2%	475
Others	44	0.2%	80	0.4%	35
Total net assets	6,298	27.1%	● 6,810	31.7%	511
Total liabilities and net assets	23,254	100.0%	21,462	100.0%	(1,791)

● Breakdown of Real estate for sale

(Unit: Millions of yen)	Mar. 2020	Mar. 2021	Change
Asset solution	2,465	3,064	599
Condominium unit	1,676	5,666	3,990
Residential housing	393	-	(393)
Total	4,535	8,731	4,195

● Breakdown of Real estate for sale in process

(Unit: Millions of yen)	Mar. 2020	Mar. 2021	Change
Asset solution	5,949	3,971	(1,977)
Condominium unit	6,041	1,989	(4,052)
Residential housing	-	-	-
Total	11,990	5,961	(6,029)

● The balance of Interest-bearing debt

(Unit: Millions of yen)	Mar. 2020	Mar. 2021	Change
Short-term	6,834	9,112	2,277
Long-term	8,846	4,879	(3,967)
Total	15,681	13,991	(1,689)

● Shareholders' equity ratio

	Mar. 2020	Mar. 2021	Change
Equity ratio	6,298	6,810	511

Income Statement

(Unit:Millions of yen)	March 31, 2020		March 31, 2021			
	Full year		Full year		Year-on -year	
	Actual	% of Total	Actual	% of Total	Change	Change (%)
Net sales	16,907	100.0%	● 15,794	100.0%	(1,113)	(6.6%)
Cost of sales	13,122	77.6%	12,692	80.4%	(430)	(3.3%)
Gross profit	3,785	22.4%	3,102	19.6%	(682)	(18.0%)
Selling, general and administrative expenses	1,809	10.7%	● 1,412	8.9%	(397)	(22.0%)
Operating income	1,975	11.7%	1,689	10.7%	(285)	(14.5%)
Non-operating income	40	0.2%	34	0.2%	(6)	(15.4%)
Non-operating expenses	445	2.6%	● 290	1.8%	(154)	(34.7%)
Ordinary income	1,570	9.3%	1,433	9.1%	(137)	(8.8%)
Extraordinary income	-	-	9	0.1%	9	-
Extraordinary loss	-	-	188	1.2%	188	-
Income before income taxes	1,570	9.3%	1,253	7.9%	(316)	(20.2%)
Income tax - current	261	1.5%	229	1.5%	(32)	(12.3%)
Income tax-deferred	(19)	(0.1%)	51	0.3%	70	-
Net income	1,328	7.9%	973	6.2%	(354)	(26.7%)

● Number of sales

	Mar. 2020	Mar. 2021	Change
Asset solution	13 projects	14 projects	1 project
Condominium unit	232 units	190 units	(42 units)
Residential housing	8 buildings	5 buildings	(3buildings)

● Breakdown of selling, general and administrative expenses

(Unit:Millions of yen)	Mar. 2020	Mar. 2021	Change
Personnel expenses	703	599	(103)
Sales commission	420	233	(186)
Advertising expenses	43	35	(8)
Others	641	543	(98)
Total	1,809	1,412	(397)

● Breakdown of non-operating expenses

(Unit:Millions of yen)	Mar. 2020	Mar. 2021	Change
Interest expenses	268	246	(22)
Other	176	44	(132)
Total	445	290	(154)

Sales and profit by reportable segments

- With the implement strategic sales initiatives and striving to reduce selling, general, and administrative expenses by reviewing our sales methods of the Compact Condominium Buildings for Investment-Purpose, net sales for the fiscal year under review were 15,794 million yen (down 6.6% y-o-y) and operating income was 1,689 million yen (down 14.5% y-o-y).

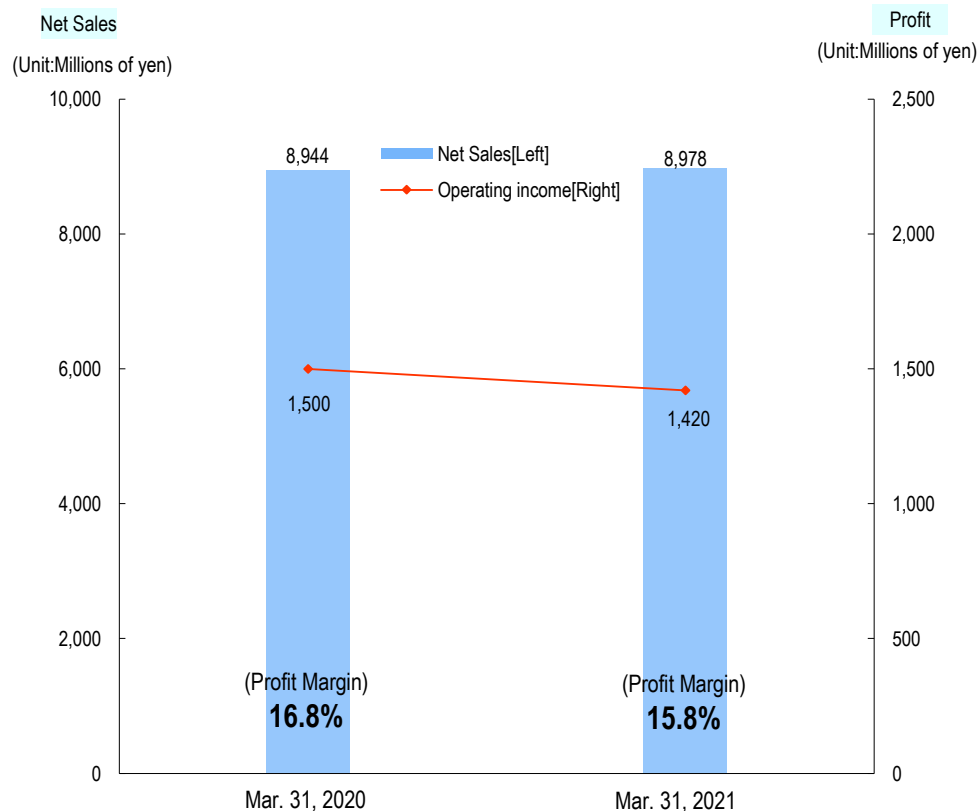
【Net Sales】 (Unit:Millions of yen)		March 31, 2020		March 31, 2021			
		Full year		Full year		Year-on-year	
		Actual	% of Total	Actual	% of Total	Change	Change (%)
Asset Solution Business	8,944	52.9%	8,978	56.8%	33	0.4%	
Condominium Unit Sales Business	7,157	42.3%	6,228	39.4%	(928)	(13.0%)	
Residential Housing Sales business	741	4.4%	497	3.2%	(243)	(32.9%)	
Others	64	0.4%	89	0.6%	24	38.6%	
Elimination and/or corporate	-	-	-	-	-	-	
Net sales total	16,907	100.0%	15,794	100.0%	(1,113)	(6.6%)	

【Operating Income】 (Unit:Millions of yen)		March 31, 2020		March 31, 2021			
		Full year		Full year		Year-on-year	
		Actual	% of Total	Actual	% of Total	Change	Change (%)
Asset Solution Business	1,500	16.8%	1,420	15.8%	(80)	(5.3%)	
Condominium Unit Sales Business	1,101	15.4%	783	12.6%	(318)	(28.9%)	
Residential Housing Sales business	98	13.2%	74	14.9%	(23)	(24.4%)	
Others	18	28.4%	45	50.4%	26	145.8%	
Elimination and/or corporate	(743)	-	(633)	-	109	-	
Operating income total	1,975	11.7%	1,689	10.7%	(285)	(14.5%)	

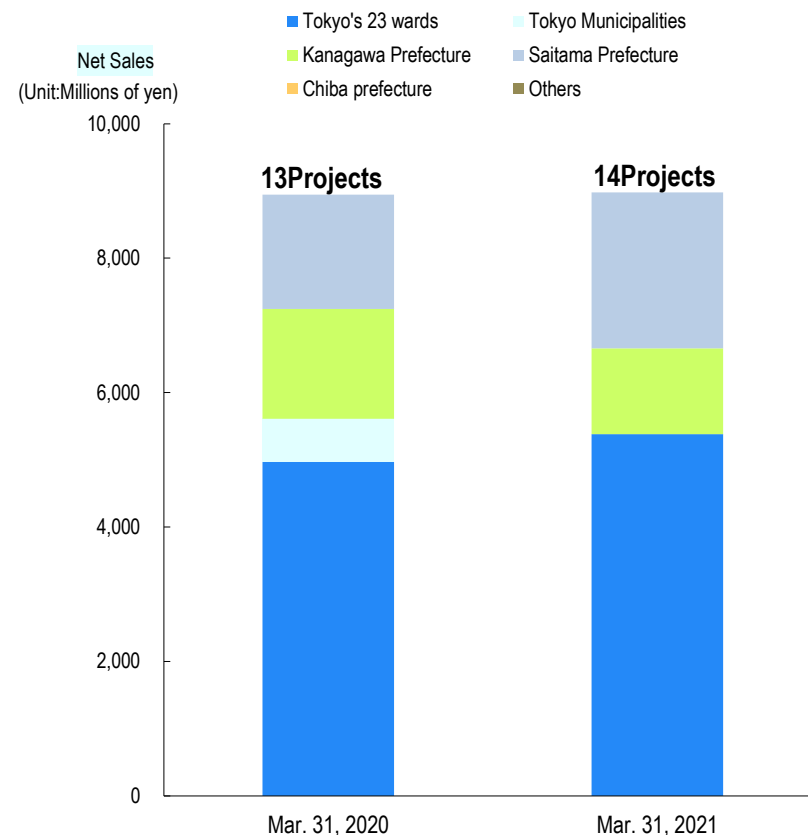
Overview of Asset Solution Business

- As a result of proceeding to deliver the development sites for condominium projects to other developers and engaging in planning and selling the lands for logistics facilities and commercial buildings, a total of 14 deliveries were completed.
- Net sales were 8,978 million yen (up 0.4% y-o-y), and operating income was 1,420 million yen (down 5.3% y-o-y).

Actual Result



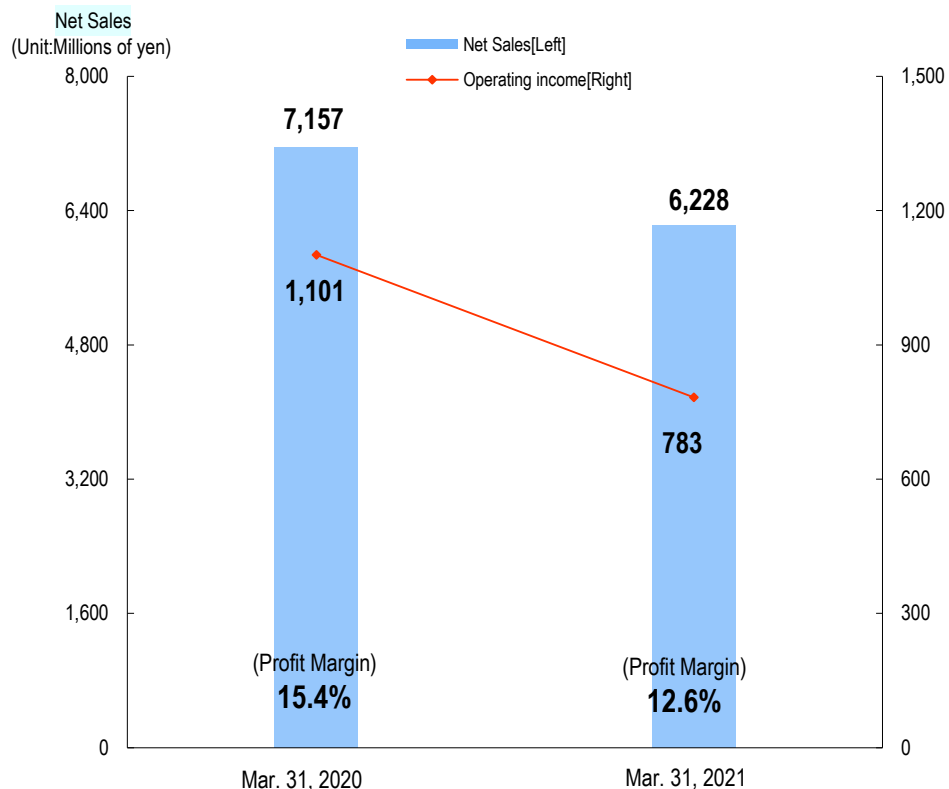
Net sales by area



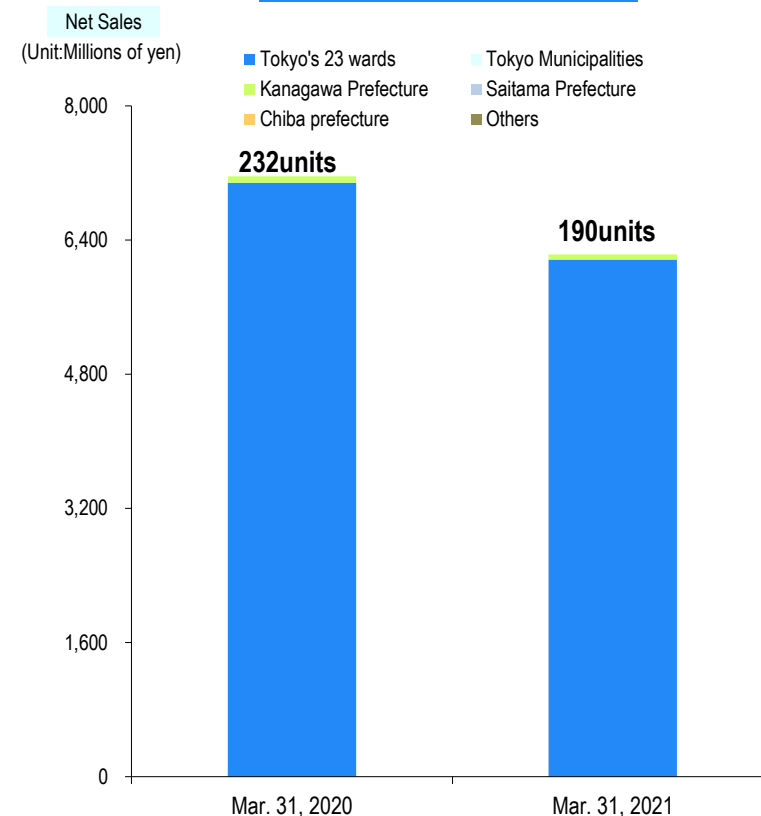
Overview of Condominium Unit Sales Business

- Recorded total sales of 190 units (down 42 units y-o-y) including 10 buildings of Compact Condominium Buildings for Investment-Purpose through conducting procurement, development, and sales activities mainly in the 23 wards of Tokyo as well as selling sub-divided real estate products of “Joint Owners”.
- Net sales were 6,228 million yen (down 13.0% y-o-y), and operating income was 783 million yen (down 28.9% y-o-y) as some of the Compact Condominium Buildings for Investment-Purpose will be delivered in the next period.

Actual Result

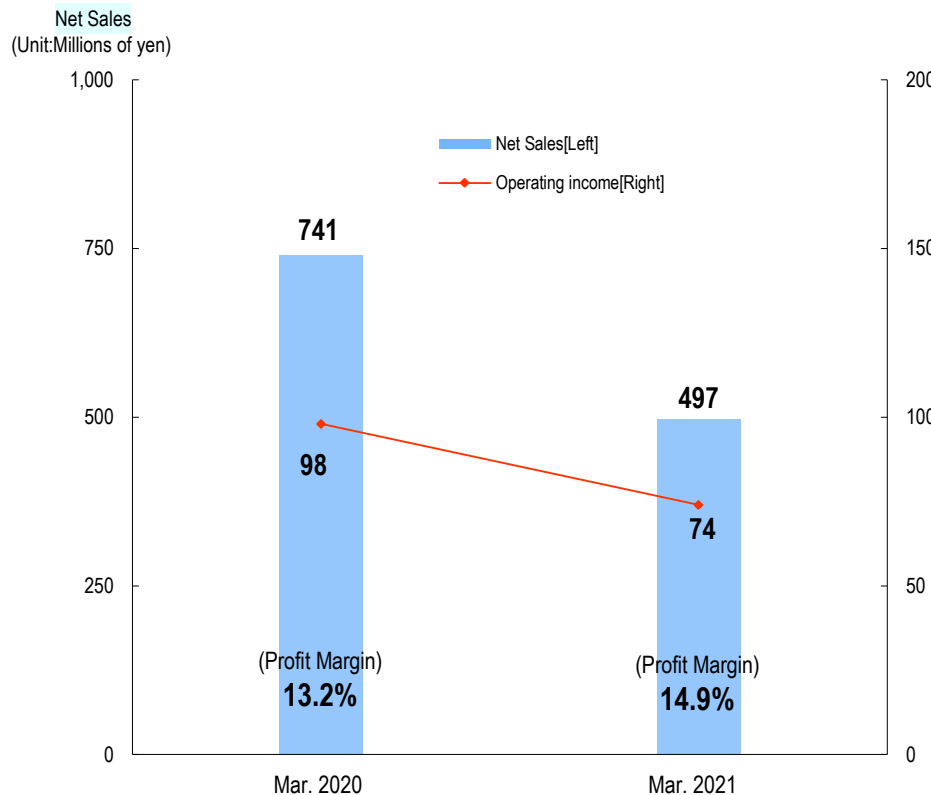


Net sales by area

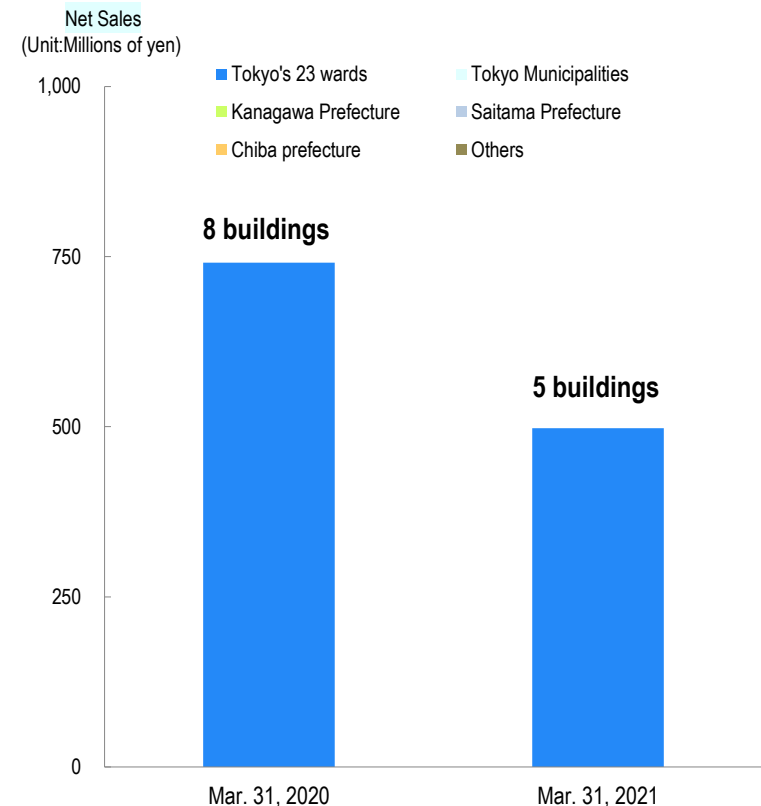


- Planning, development, and sales of the Wooden Apartment Building for Investment-Purpose in the 23 wards of Tokyo, with a total of 5 properties delivered.
- As a result of forgoing new procurement and development in order to concentrate management resources, net sales amounted to 497 million yen (down 32.9% y-o-y) and operating income was 74 million yen (down 24.4% y-o-y).

Actual Result



Net sales by area

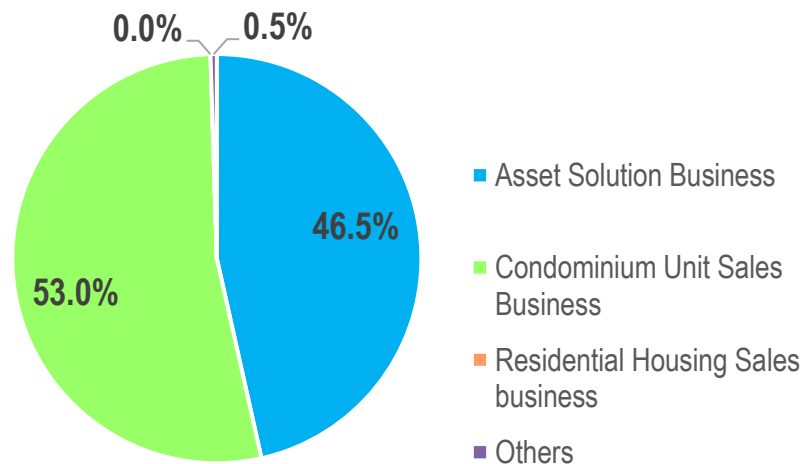


Property Acquisitions

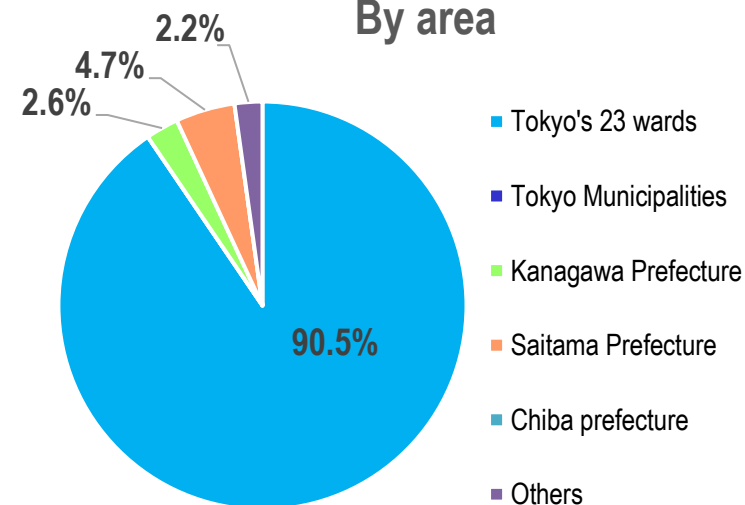
- With a backdrop of high demand, investors are highly interested in “Condominiums near stations in the 23 wards of Tokyo” even if the business activities were under the influence of the COVID-19 infection. We carefully selected and carried out purchasing activities centered on land for those purposes.
- Strengthening our procurement of land for logistics facility projects, which attract attention, by leveraging our strengths in business planning and land acquisition.
- As of the end of the current fiscal year, we had already concluded a purchase agreement for planned sales of approximately 25.8 billion yen.

Overview of the net sales of 25.8 billion yen planned

By reportable segments



By area



■ Comparison of previous year's results and business outlook for the FY ending March 2022

	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2022
(Unit: Millions of yen)	Actual	Actual	Forecast
Net sales	16,907	15,794	16,270
Operating income	1,975	1,689	1,650
Ordinary income	1,570	1,433	1,460
Net income	1,328	973	1,270

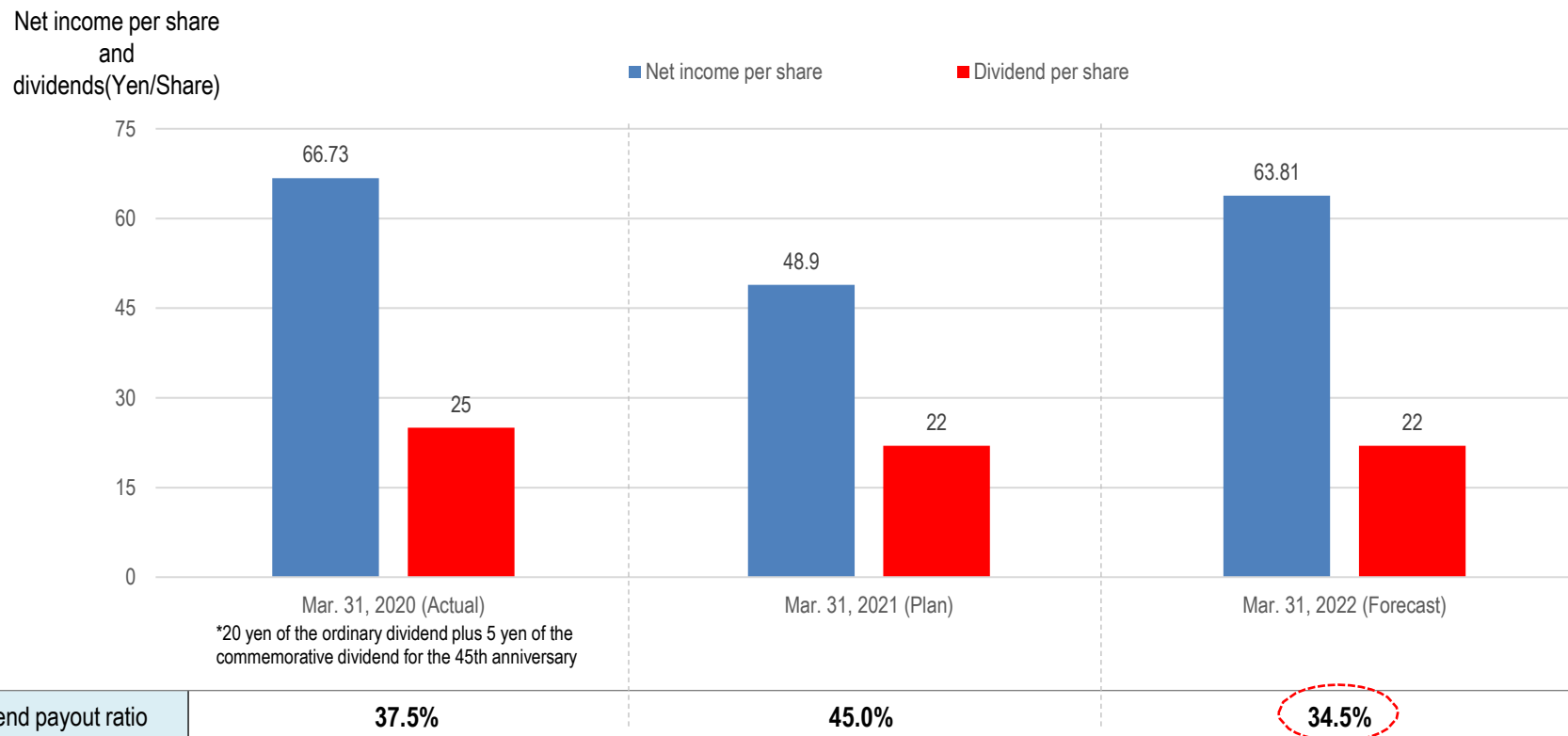
Main Factors

- In the fiscal year ending March 31, 2022, the Company scheduled delivery of 7 properties of Compact Condominium Buildings for Investment-Purpose concluded under sales contracts. The net sales are expected to be about 16.2 billion yen (an increase 470 million yen y-o-y) and net income is expected to be about 1.27 billion yen (an increase 290 million yen y-o-y).

[This business outlook for the next fiscal year is based on the information available as of the date of the announcement of this material. It is extremely difficult to forecast the recovery schedule of the outbreak of COVID-19 which may impact the Company's business performance directly. Hereafter, we will promptly notify the parties in the event when there are any changes in business outlook that should be announced.]

- According to the “Basic policy concerning profit distribution and dividends” announced on Mar. 2019, the dividend payout ratio was set at 30%.
- Continued stable dividends.

Changes in net income per share and dividends



The ordinary dividend is set at 22 yen per share originally planned.
 (Increased from 20 yen to 22 yen compared to the previous fiscal year.)

Project in Progress

【Asset Solution Business】 Hacchoubori Project (Compact Office with AI and IoT)

Overview

Location	: Shinkawa, Chuo city, Tokyo
Access	: 2-min. walk from Hacchoubori station on JR Keiyou line 4-min. walk from Hacchoubori station on Tokyo Metro Hibiya line 12-min. walk from Tokyo station on JR line
Total Area	: 574.56m ²
Utility	: Office space from 2 nd to 7 th floor Shop space from first basement to 1 st floor
Structure	: Reinforced Concrete (RC) 1 story underground and 7 stories above ground
Completion	: Feb 2021

Point 1

The 1st compact office property to introduce AI and IoT. 2-minute walk from Hatchobori Station on the JR Keiyo Line and a 12-minute walk from Tokyo Station, making it a convenient location for offices.

Point 2

Highly Accurate Face Recognition by AI for the New-Normal Era. Introduce the system of keyless entry with facial recognition even when wearing a mask, and an IoT intercom that can be operated remotely. Two types of offices layout are available: free-address type and traditional fixed-seat type. Flexible lease contracts are available for the lessee to choose from.



【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 on 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

Point 1

The 1st property in our top-grade "Renaissance Premium Court" series. Located in Nishiazabu, an upscale residential area, just a 4-minute walk from Roppongi Station. Close to large-scale commercial facilities such as Roppongi Hills and Tokyo Midtown, you can enjoy both tranquility and splendor at the same time.

Point 2

High-grade, functional amenities such as granite kitchen countertops, touchless faucets, and hands-free keys in all apartment units. An upscale, high-quality compact condominium building for investment purposes.



Renaissance Court SANGENJAYA CALME (3rd 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 1st 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. 2nd term SOLD OUT, 3rd term NOW FOR SALE.

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

For Inquiries

IR Division: Administrative Office, IR Public Relations Office

TEL : 03-5962-0776 FAX : 03-5962-0774

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

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