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Reference Material for Presentation on Operating Performance During the First Quarter of the Fiscal Year Ending March 31, 2014

August 9 (Friday), 2013

Shin-Nihon Tatemono Co., Ltd.



SHIN-NIHON TATEMONO CO., LTD.

JASDAQ

Stock Code: 8893

Business environment topics

- Housing supply increased in the housing market in the Tokyo metropolitan area in anticipation of demand associated with consumption tax hikes and anticipated high interest rates and prices.
- Competition to acquire land for projects, especially land for condominiums, intensified.

Performance topics

- [B/S] The equity ratio improved to 26.9%, up 4.3 percentage points from the end of the previous fiscal year, reflecting reductions in assets and liabilities.
- [P/L] Segment-based profit for the residential housing sales business rose substantially.

Management topics

- As a measure to strengthen the liquidation business and condominium unit sales business, the Company increased the numbers of purchasing and sales staff.

Balance Sheet

| (Unit: million yen) | Year ended March 31, 2013 | | Year ending March 31, 2014 | |
|---|---------------------------|--------------|----------------------------|---------------|
| | End of Q1 | Year end | End of Q1 | Change |
| Cash and deposits | 1,269 | 901 | 693 | -208 |
| Real estate for sale | 840 | 1,446 | ● 790 | -655 |
| Real estate for sale in process | 3,367 | 4,829 | ● 4,351 | -477 |
| Other | 257 | 135 | 148 | 13 |
| Total current assets | 5,734 | 7,313 | 5,984 | -1,328 |
| Total noncurrent assets | 831 | 471 | 487 | 16 |
| Total assets | 6,566 | 7,784 | 6,472 | -1,312 |
| Notes and accounts payable-trade | 148 | 112 | 51 | -60 |
| Loans payable (short-term loans payable and current portion of long-term loans payable) | 2,023 | 2,665 | 2,520 | ● -144 |
| Other | 485 | 230 | 253 | 22 |
| Total current liabilities | 2,656 | 3,007 | 2,824 | -182 |
| Long-term loans payable | 2,401 | 2,946 | 1,833 | ● -1,112 |
| Other | 69 | 72 | 71 | -1 |
| Total noncurrent liabilities | 2,471 | 3,019 | 1,904 | -1,114 |
| Total liabilities | 5,127 | 6,026 | 4,729 | -1,297 |
| Capital stock | 854 | 854 | 854 | - |
| Capital surplus | 40 | 40 | 40 | - |
| Retained earnings | 541 | 862 | 846 | -15 |
| Other | 1 | 0 | 0 | 0 |
| Total net assets | 1,439 | 1,757 | 1,742 | -15 |
| Total liabilities and net assets | 6,566 | 7,784 | ● 6,472 | -1,312 |

● **Decrease of real estate for sale**
(from the end of FY 13/3)

Breakdown at the end of Q1 of FY14/3

| | | | |
|---------------------------|---|------------------------|------------|
| Liquidation | : | - million yen | - property |
| Condominium unit sales | : | 594 million yen | 20 units |
| Residential housing sales | : | 196 million yen | 6 houses |
| Total | : | 770 million yen | |

● **Decrease of real estate for sale in process**
(from the end of FY 13/3)

Breakdown at the end of Q1 of FY14/3

| | | |
|---------------------------|---|--------------------------|
| Liquidation | : | 2,126 million yen |
| Condominium unit sales | : | 1,178 million yen |
| Residential housing sales | : | 1,046 million yen |
| Total | : | 4,351 million yen |

● **Status of interest-bearing liabilities**

| | |
|---------------------------|---------------------------|
| Year ended March 31, 2013 | 5,611 million yen |
| Q1 ended June 30, 2013 | 4,354 million yen |
| Change | -1,257 million yen |

● **The equity ratio improved to 26.9%**

Profit and Loss Statement

| (Unit: million yen) | Year ended March 31, 2013 | | Year ending March 31, 2014 | | | | |
|--|------------------------------|--------------|-------------------------------|--------------|--------------|----------------|----------------------|
| | Q1 | | Q1 | | Year-on-year | | Whole fiscal year |
| | Actual | % of total | Actual | % of total | Change | Change (%) | Plan |
| Net sales | 2,690 | 100.0% | ● 2,780 | 100.0% | 89 | 3.3% | 12,700 |
| Cost of sales | 2,188 | 81.3% | 2,440 | 87.8% | 252 | 11.5% | - |
| Gross profit | 502 | 18.7% | 339 | 12.2% | -162 | -32.4% | - |
| Selling, general and administrative expenses | 359 | 13.4% | ● 327 | 11.8% | -31 | -8.8% | - |
| Operating income | 142 | 5.3% | 11 | 0.4% | -131 | -91.7% | 620 |
| Non-operating income | 10 | 0.4% | 30 | 1.1% | 20 | 198.8% | - |
| Non-operating expenses | 54 | 2.0% | ● 57 | 2.1% | 2 | 4.5% | - |
| Ordinary income | 98 | 3.7% | -14 | -0.5% | -112 | -114.7% | 405 |
| Extraordinary income | - | - | 0 | 0.0% | 0 | - | - |
| Extraordinary loss | - | - | - | - | - | - | - |
| Income before income taxes | 98 | 3.7% | -14 | -0.5% | -112 | -114.6% | - |
| Income taxes | 1 | 0.1% | 1 | 0.0% | -0 | -19.5% | - |
| Net income | 97 | 3.6% | -15 | -0.6% | -112 | -115.9% | 400 |

● Figures

| | FY 13/3 Q1 | FY 14/3 Q1 | Change |
|------------------------------|---------------|---------------|-------------|
| Liquidation | 2 properties | 1 property | -1 property |
| Condominium unit sales | 45 units | 35 units | -10 units |
| Residential housing sales | 22 houses | 27 houses | 5 houses |

● Details of selling, general and administrative expenses

| (Unit: million yen) | FY 13/3 Q1 | FY 14/3 Q1 | Change |
|-------------------------|---------------|---------------|------------|
| Personnel expenses | 114 | 122 | 7 |
| Sales commission | 52 | 48 | -4 |
| Advertising expenses | 88 | 74 | -13 |
| Other | 103 | 82 | -20 |
| Total | 359 | 327 | -31 |

● Details of non-operating expenses

| (Unit: million yen) | FY 13/3 Q1 | FY 14/3 Q1 | Change |
|----------------------|---------------|---------------|----------|
| Interest expenses | 51 | 57 | 5 |
| Other | 3 | 0 | -3 |
| Total | 54 | 57 | 2 |

Net Sales and Operating Income by Segment

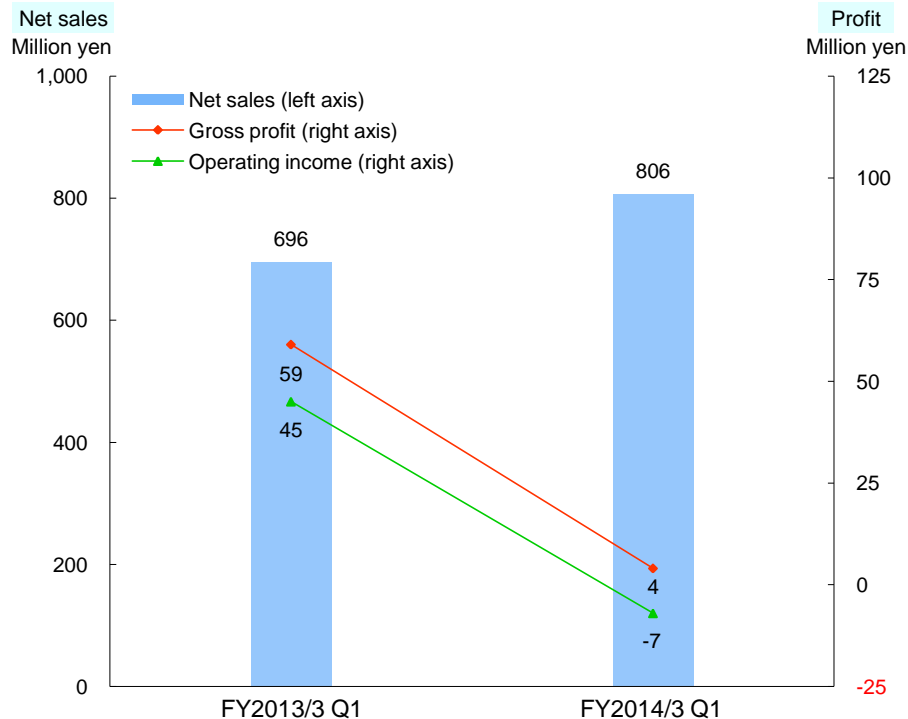
- ✓ The residential housing sales business recorded an operating profit, reflecting an improvement in the profit margin.
- ✓ In the condominium unit sales business, substantial promotion expenses for certain properties were posted to enable all units to sell quickly. As a result, the profit margin declined slightly, but an operating profit was posted.

| [Net sales] | | Year ended March 31, 2013 | | Year ending March 31, 2014 | | | |
|------------------------|------------------------------------|---------------------------|---------------|----------------------------|---------------|--------------|-------------|
| | | Q1 | | Q1 | | Year-on-year | |
| | | Actual | % of total | Actual | % of total | Change | Change (%) |
| (Unit: million yen) | | | | | | | |
| | Liquidation business | 696 | 25.9% | 806 | 29.0% | 109 | 15.8% |
| | Condominium unit sales business | 1,754 | 65.2% | 1,218 | 43.9% | -535 | -30.5% |
| | Residential housing sales business | 229 | 8.5% | 746 | 26.8% | 516 | 224.5% |
| | Other business | 9 | 0.4% | 8 | 0.3% | -0 | -7.2% |
| | Elimination or corporate | - | - | - | - | - | - |
| Net sales total | | 2,690 | 100.0% | 2,780 | 100.0% | 89 | 3.3% |

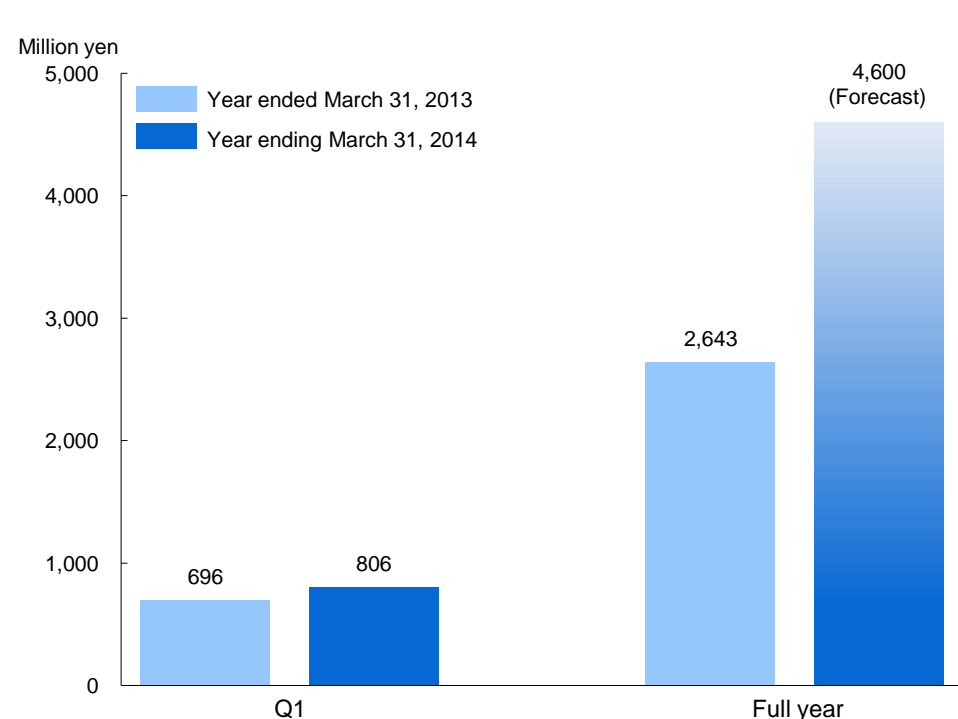
| [Operating income] | | Year ended March 31, 2013 | | Year ending March 31, 2014 | | | |
|-------------------------------|------------------------------------|---------------------------|----------------------|----------------------------|----------------------|--------------|---------------|
| | | Q1 | | Q1 | | Year-on-year | |
| | | Actual | Operating income (%) | Actual | Operating income (%) | Change | Change (%) |
| (Unit: million yen) | | | | | | | |
| | Liquidation business | 45 | 6.5% | -7 | -0.9% | -52 | -115.7% |
| | Condominium unit sales business | 212 | 12.1% | 53 | 4.4% | -158 | -74.7% |
| | Residential housing sales business | -14 | -6.4% | 63 | 8.6% | 78 | - |
| | Other business | 5 | 55.4% | 0 | 7.4% | -4 | -87.6% |
| | Elimination or corporate | -105 | - | -99 | - | 6 | - |
| Operating income total | | 142 | 5.3% | 11 | 0.4% | -131 | -91.7% |

- ✓ Assets and liabilities were reduced by approximately 800 million yen through sales of long-held inventories to outside buyers for asset efficiency.

Results for the first quarter



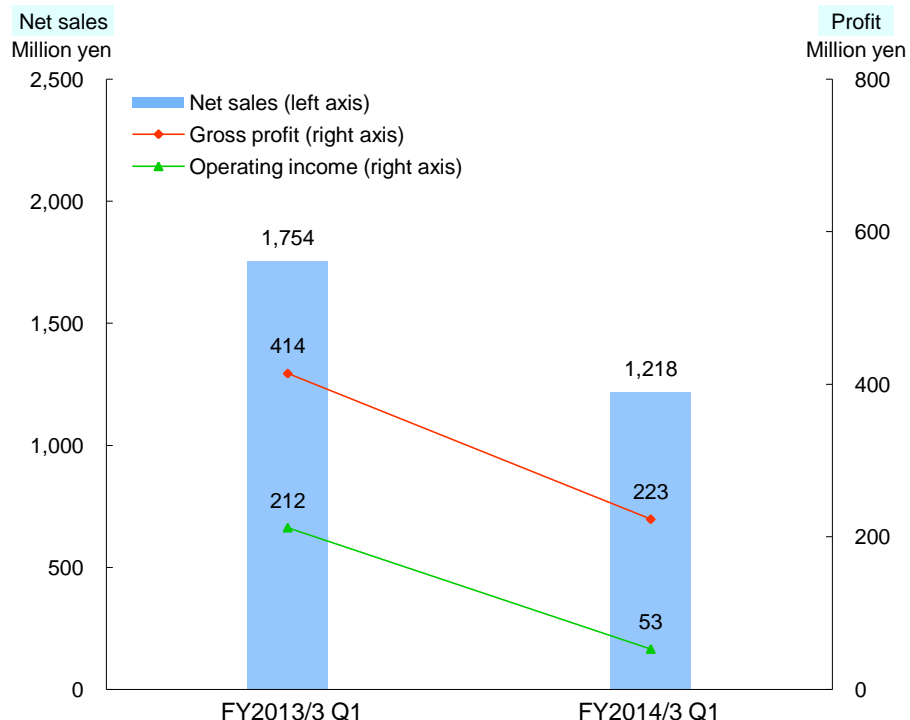
Net sales forecast



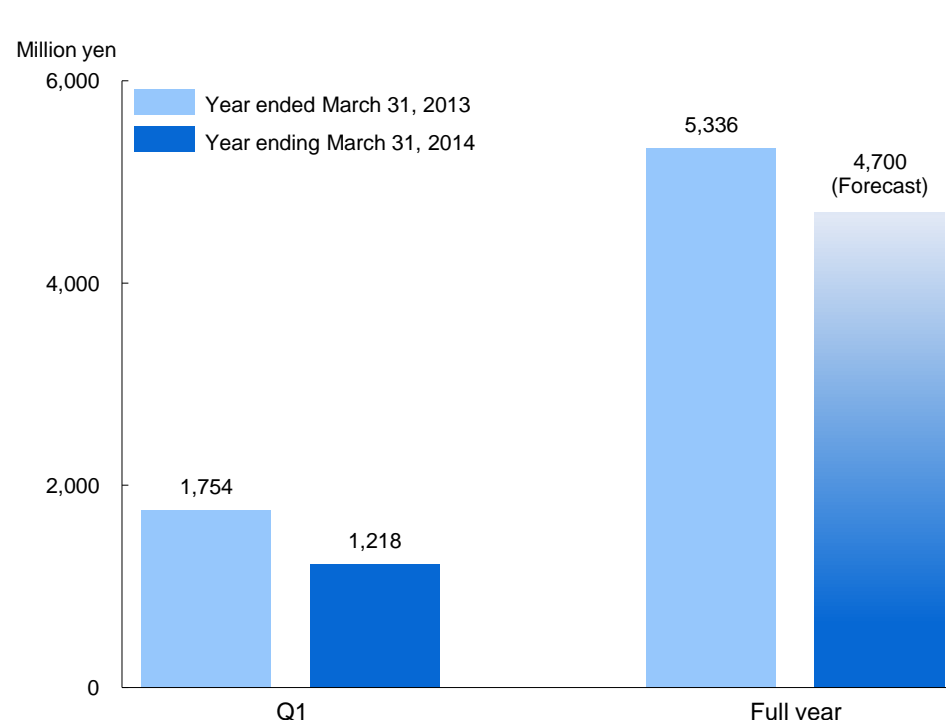
Situation of Condominium Unit Sales Business

- ✓ Although the delivery of five units for which contracts were signed was postponed to the second quarter, 35 units in Tokyo and Kanagawa were delivered (a decline of 10 units year on year), and sales of 1,218 million yen were posted.
- ✓ Focused on purchasing land for new projects
 - ➔ Real estate for sale in process rose 400 million yen from the end of the previous fiscal year.

Results for the first quarter



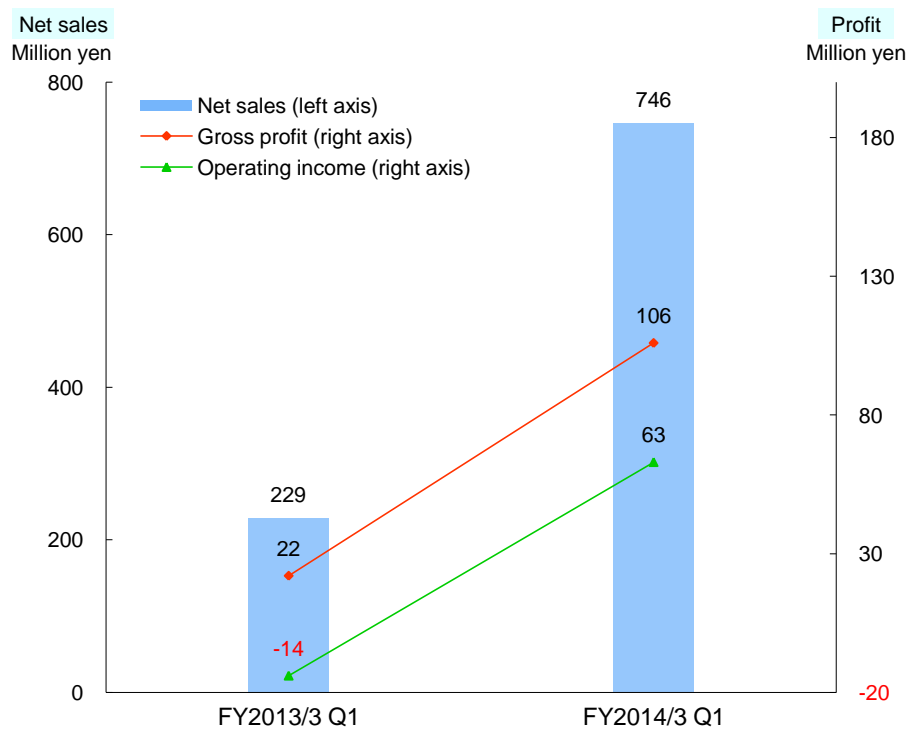
Net sales forecast



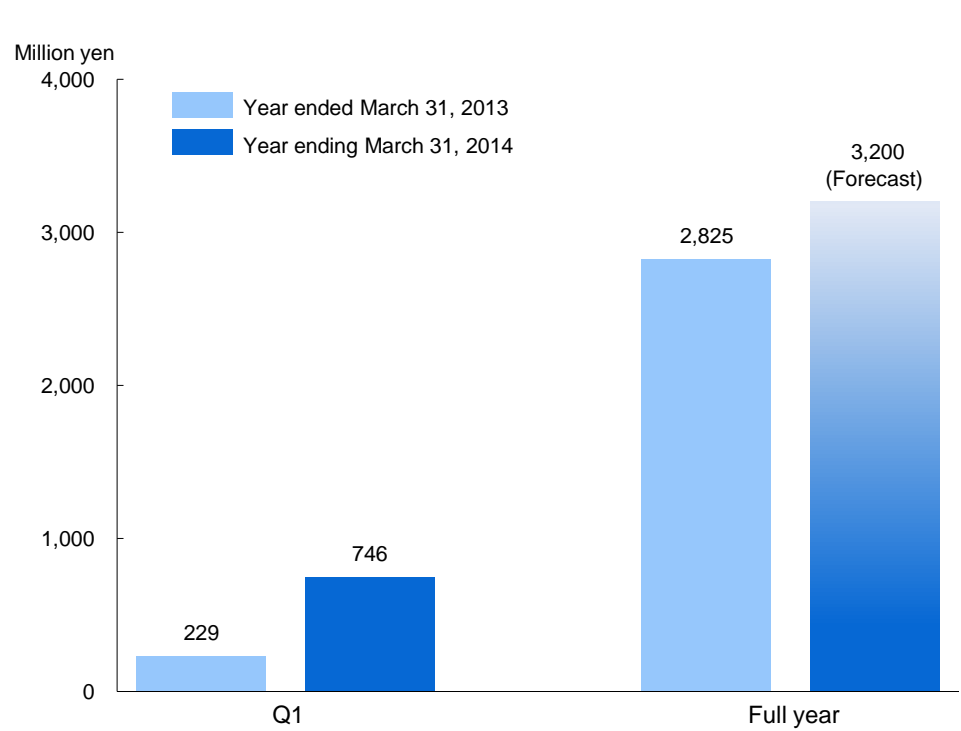
Situation of Residential Housing Sales Business

- ✓ Delivered 27 houses, including housing lots, in Tokyo and Kanagawa (a rise of five houses year on year) and recorded sales of 746 million yen.
- ✓ Operating income stood at 63 million yen, reflecting a sharp year-on-year increase in the profit margin.

Results for the first quarter



Net sales forecast



Topics: Projects in Progress

Renaissance Kudanshita The Residence

[Overview]

Location: lidabashi 2-chome, Chiyoda-ku, Tokyo

Access: 4 minutes' walk from Kudanshita Station and lidabashi Station on the Tokyo Metro Tozai Line

Total number of units: 35 units

Start of sales: May 2013

Completion: May 2013

Start of delivery: June 2013

- Point 1**
Access possible to four stations, including Kudanshita and lidabashi (4 minutes' walk), and eight lines (all of them within 9 minutes' walk)
- Point 2**
Excellent specifications and facilities in terms of comfort and independence: All apartments are corner units and have an interior hallway design.
- Point 3**
Although the building is in central Tokyo, it has natural surroundings, and the tenants can enjoy the changing seasons.



Renatown Kawasaki Tama-ku Ikuta

[Overview]

Location: Ikuta 5-chome, Tama-ku, Kawasaki-shi, Kanagawa

Access: 8 minutes' walk from Ikuta Station on the Odakyu Odawara Line

Total number of houses: 6 houses

Start of sales: July 2013

Completion: October 2013 (plan)

Start of delivery: November 2013 (plan)

- Point 1**
The houses are in a quiet residential area that is conveniently located (8 minutes' walk from Ikuta Station).
- Point 2**
The houses are the first low-carbon houses in Kawasaki. The tenants can have tax benefits and can apply for a Flat 35S mortgage loan.



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