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Presentation Material on Operating Performance during the Fiscal Year ended March 31, 2015

May 15 (Friday), 2015
Shin-Nihon Tatemono Co., Ltd.



SHIN-NIHON TATEMONO CO., LTD.



Stock Code : 8893

Management Topics

- On May 14, 2015, we made an early full repayment of loans which was respited under the *Alternative Dispute Resolution*.

Business environment

- In the residential real-estate market, a decreasing demand after consumption tax increase was relieved and gradually recovered.
- Official standard land price in the Tokyo metropolitan area continuously rose for the last two years, and the future condition of the real-estate market is promising.
- Land acquisition and construction costs keep on rising due to a gradual economic recovery and a boom in construction demand, and continued and careful observation is needed.

Balance sheet

- Established the financial strength.
 - ⇒ Reduced interest-bearing debts of 2,341 million yen from the end of FY 14/3.
 - ⇒ Equity ratio rose to 44.6% (up 17.1 points from the end of FY 14/3).

Profit and loss statement

- Achieved net income of 527 million yen (up 22.0% year-on-year), and continuously recorded net income in the last four fiscal years.
- All segments achieved operating profit.
 - Especially, liquidation business secured 32.3% profit margin (up 17.0 points year-on-year).

Balance Sheets

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| (Unit: million yen) | Fiscal Year ended March 31, 2014 | | Fiscal Year ended March 31, 2015 | | |
|---|-------------------------------------|---------------|-------------------------------------|---------------|---------------|
| | Actual | % of total | Actual | % of total | Change |
| Cash and deposits | 1,581 | 19.8% | 2,532 | 41.5% | 950 |
| Real estate for sale | 2,516 | 31.6% | ● 1,897 | 31.1% | -618 |
| Real estate for sale in process | 3,268 | 41.0% | ● 1,208 | 19.8% | -2,060 |
| Others | 176 | 2.2% | 84 | 1.4% | -92 |
| Total current assets | 7,544 | 94.6% | 5,723 | 93.8% | -1,820 |
| Total noncurrent assets | 428 | 5.4% | 377 | 6.2% | -50 |
| Total assets | 7,972 | 100.0% | 6,100 | 100.0% | -1,871 |
| Notes and accounts payable-trade | 189 | 2.4% | 72 | 1.2% | -116 |
| Loans payable (short-term loans payable and current portion of long-term loans payable) | 4,687 | 58.8% | 2,527 | 41.4% | ● -2,160 |
| Others | 167 | 2.1% | 215 | 3.5% | 47 |
| Total current liabilities | 5,044 | 63.3% | 2,815 | 46.2% | -2,228 |
| Long-term loans payable | 671 | 8.4% | 489 | 8.0% | ● -181 |
| Others | 66 | 0.8% | 78 | 1.3% | 11 |
| Total noncurrent liabilities | 737 | 9.3% | 567 | 9.3% | -170 |
| Total liabilities | 5,781 | 72.5% | 3,383 | 55.5% | -2,398 |
| Capital stock | 854 | 10.7% | 854 | 14.0% | 0 |
| Capital surplus | 40 | 0.5% | 40 | 0.7% | 0 |
| Retained earnings | 1,294 | 16.2% | 1,822 | 29.9% | 527 |
| Others | 0 | 0.0% | -0 | — | -0 |
| Total net assets | 2,190 | 27.5% | 2,717 | 44.6% | 527 |
| Total liabilities and net assets | 7,972 | 100.0% | 6,100 | 100.0% | -1,871 |

● Decrease of real estate for sale

※The decrease resulted from sales of inventories

Breakdown of the balance at the end of FY15/3

| | | | |
|---------------------------|---|--------------------------|------------|
| Liquidation | : | — million yen | — property |
| Condominium unit sales | : | 1,214 million yen | 47 units |
| Residential housing sales | : | 683 million yen | 18 houses |
| Total | : | 1,897 million yen | |

● Decrease of real estate for sale in process

※The decrease resulted from completion of major projects

Breakdown of the balance at the end of FY15/3

| | | |
|---------------------------|---|--------------------------|
| Liquidation | : | 463 million yen |
| Condominium unit sales | : | 613 million yen |
| Residential housing sales | : | 131 million yen |
| Total | : | 1,208 million yen |

● Status of interest-bearing debts

| | |
|------------------------------------|---------------------------|
| End of FY 14/3 (March 31, 2014) | 5,359 million yen |
| End of FY 15/3 (March 31, 2015) | 3,017 million yen |
| Change | -2,341 million yen |

● Equity ratio rose to 44.6% (up 17.1 points from the end of FY 14/3), and financial condition was significantly improved.

Profit and Loss Statements

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| (Unit: million yen) | Fiscal Year ended March 31, 2014 | | Fiscal Year ended March 31, 2015 | | | |
|--|-------------------------------------|--------------|-------------------------------------|--------------|--------------|--------------|
| | Whole Year | | Whole Year | | Year-on-year | |
| | Actual | % of total | Actual | % of total | Change | Change (%) |
| Net sales | 10,754 | 100.0% | ● 9,230 | 100.0% | -1,523 | -14.2% |
| Cost of sales | 8,691 | 80.8% | 7,145 | 77.4% | -1,545 | -17.8% |
| Gross profit | 2,063 | 19.2% | 2,085 | 22.6% | 22 | 1.1% |
| Selling, general and administrative expenses | 1,400 | 13.0% | ● 1,404 | 15.2% | 3 | 0.2% |
| Operating income | 662 | 6.2% | 681 | 7.4% | 18 | 2.9% |
| Non-operating income | 46 | 0.4% | ● 89 | 1.0% | 43 | 94.8% |
| Non-operating expenses | 270 | 2.5% | ● 223 | 2.4% | -46 | -17.2% |
| Ordinary income | 437 | 4.1% | 546 | 5.9% | 108 | 24.9% |
| Extraordinary income | 0 | 0.0% | 36 | 0.4% | 36 | — |
| Extraordinary loss | 0 | 0.0% | 49 | 0.5% | 49 | — |
| Income before income taxes | 437 | 4.1% | 534 | 5.8% | 96 | 22.0% |
| Income taxes | 5 | 0.1% | 6 | 0.1% | 0 | 17.1% |
| Net income | 432 | 4.0% | 527 | 5.7% | 95 | 22.0% |

● Number of sales

| | FY 14/3 | FY 15/3 | Change |
|---------------------------|--------------|--------------|---------------|
| Liquidation | 9 properties | 2 properties | -7 properties |
| Condominium unit sales | 107 units | 65 units | -42 units |
| Residential housing sales | 85 houses | 97 houses | 12 houses |

● Details of selling, general and administrative expenses

| (Unit: million yen) | FY 14/3 | FY 15/3 | Change |
|----------------------|--------------|--------------|----------|
| Personnel expenses | 500 | 482 | -17 |
| Sales commission | 190 | 182 | -8 |
| Advertising expenses | 296 | 295 | -1 |
| Others | 412 | 443 | 30 |
| Total | 1,400 | 1,404 | 3 |

● Details of non-operating income

| (Unit: million yen) | FY 14/3 | FY 15/3 | Change |
|------------------------------|-----------|-----------|-----------|
| Land and house rent received | 26 | 84 | 58 |
| Others | 19 | 5 | -14 |
| Total | 46 | 89 | 43 |

● Details of non-operating expenses

| (Unit: million yen) | FY 14/3 | FY 15/3 | Change |
|---------------------|------------|------------|------------|
| Interest expenses | 270 | 206 | -63 |
| Others | 0 | 17 | 17 |
| Total | 270 | 223 | -46 |

Net Sales and Operating Income by Segment

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Though the careful customer behavior became prolonged after consumption tax increase, all segments achieved operating profit.

✓ 【Liquidation business】

Market analysis focusing on real-estate transactions in the Tokyo central area resulted in operating profit of 1,029 million yen (32.3% profit margin).

✓ 【Condominium unit sales business】

Focusing on inventory clearance sale, operating profit of 6 million yen was secured(0.3% profit margin).

✓ 【Residential housing sales business】

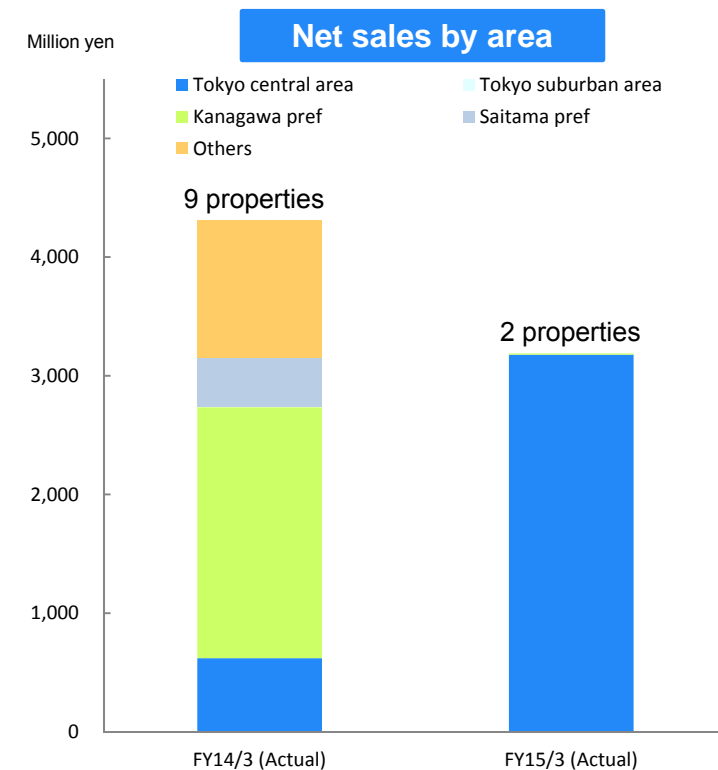
Aggressive sales activities led to increasing number of sales, and operating profit of 133 million yen was posted (3.6% profit margin).

| 【Net sales】 (Unit: million yen) | | Fiscal Year ended March 31, 2014 | | Fiscal Year ended March 31, 2015 | | | |
|------------------------------------|---------------|----------------------------------|--------------|----------------------------------|---------------|---------------|------------|
| | | Whole Year | | Whole Year | | Year-on-year | |
| | | Actual | % of total | Actual | % of total | Change | Change (%) |
| Liquidation business | 4,317 | 40.1% | 3,188 | 34.5% | -1,129 | -26.2% | |
| Condominium unit sales business | 3,773 | 35.1% | 2,348 | 25.4% | -1,425 | -37.8% | |
| Residential housing sales business | 2,624 | 24.4% | 3,677 | 39.8% | 1,053 | 40.1% | |
| Other business | 39 | 0.4% | 17 | 0.2% | -22 | -56.9% | |
| Elimination or corporate | — | — | — | — | — | — | |
| Net sales total | 10,754 | 100.0% | 9,230 | 100.0% | -1,523 | -14.2% | |

| 【Operating income】 (Unit: million yen) | | Fiscal Year ended March 31, 2014 | | Fiscal Year ended March 31, 2015 | | | |
|---|------------|----------------------------------|------------|----------------------------------|-------------------|--------------|------------|
| | | Whole Year | | Whole Year | | Year-on-year | |
| | | Actual | % of total | Actual | Profit margin (%) | Change | Change (%) |
| Liquidation business | 659 | 15.3% | 1,029 | 32.3% | 370 | 56.2% | |
| Condominium unit sales business | 150 | 4.0% | 6 | 0.3% | -144 | -95.5% | |
| Residential housing sales business | 310 | 11.8% | 133 | 3.6% | -176 | -56.9% | |
| Other business | 3 | 8.2% | 13 | 76.3% | 9 | 299.6% | |
| Elimination or corporate | -461 | — | -502 | — | -40 | — | |
| Operating income total | 662 | 6.2% | 681 | 7.4% | 18 | 2.9% | |

Overview of Liquidation business

| (Unit: million yen) | Fiscal Year ended March 31, 2014 | Fiscal Year ended March 31, 2015 | | |
|---------------------|----------------------------------|----------------------------------|--------|------------|
| | Actual | Actual | Change | Change (%) |
| Net sales | 4,317 | 3,188 | -1,129 | -26.2% |
| Operating income | 659 | 1,029 | 370 | 56.2% |
| Profit margin (%) | 15.3% | 32.3% | 17.0Pt | — |

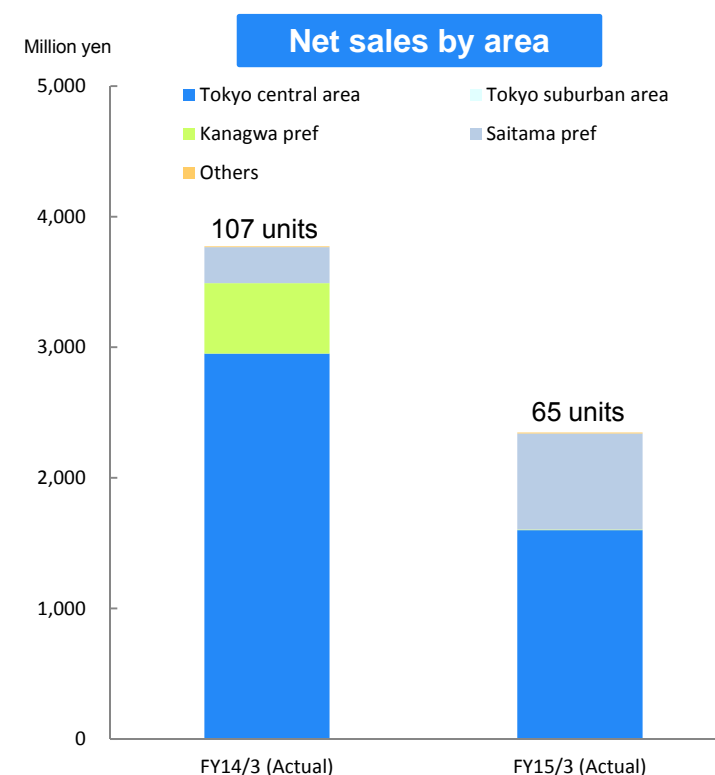


- ✓ Completed delivery of two properties in Tokyo and Kanagawa area.
- ✓ Market analysis focusing on real-estate transactions in the Tokyo central area resulted in operating profit of 1,029 million yen (32.3% profit margin, up 17.0 points year-on-year).

Overview of Condominium Unit Sales Business



| (Unit: million yen) | Fiscal Year ended March 31, 2014 | Fiscal Year ended March 31, 2015 | | |
|---------------------|----------------------------------|----------------------------------|--------|------------|
| | Actual | Actual | Change | Change (%) |
| Net sales | 3,773 | 2,348 | -1,425 | -37.8% |
| Operating income | 150 | 6 | -144 | -95.5% |
| Profit margin (%) | 4.0% | 0.3% | -3.7Pt | — |

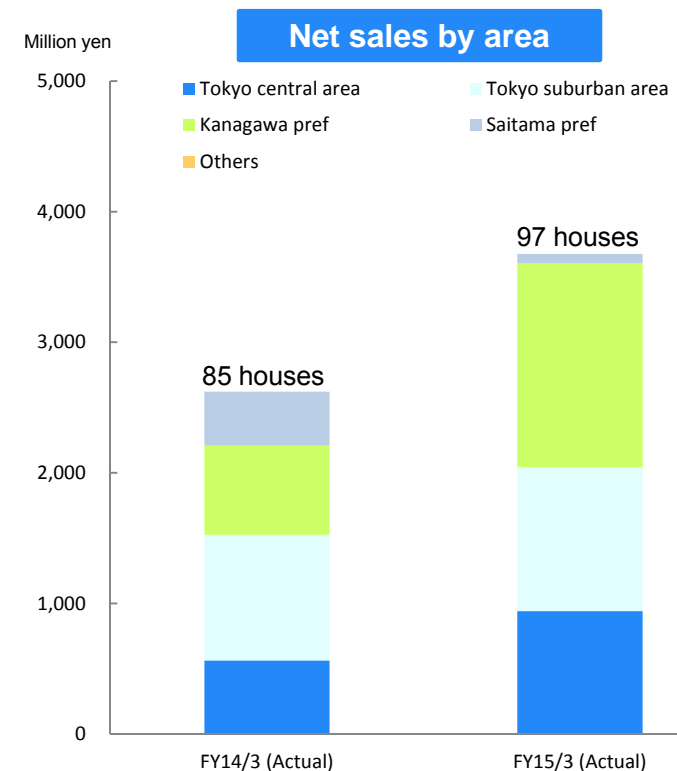


- ✓ Completed delivery of 65 units (down 42 units year-on-year) in Tokyo and Saitama area.
- ✓ Though a decreasing demand after consumption tax increase became prolonged, focusing on inventory clearance sale, operating profit was secured.
- ✓ Profit margin declined due to a small number of projects with high profitability.

Overview of Residential Housing Sales Business



| (Unit: million yen) | Fiscal Year ended March 31, 2014 | Fiscal Year ended March 31, 2015 | | |
|---------------------|----------------------------------|----------------------------------|--------|------------|
| | Actual | Actual | Change | Change (%) |
| Net sales | 2,624 | 3,677 | 1,053 | 40.1% |
| Operating income | 310 | 133 | -176 | -56.9% |
| Profit margin (%) | 11.8% | 3.6% | -8.2Pt | — |



- ✓ Completed delivery of 97 houses (+12 houses year-on-year) in Tokyo, Kanagawa and Saitama area.
- ✓ Though the careful customer behavior became prolonged after consumption tax increase, aggressive sales activities led to 40.1% year-on-year increase of sales and operating profit of 133 million yen.
- ✓ Profit margin declined due to increase of sales promotion expenses for demand stimulation.

Purchases of New Properties

- 16 new properties with planned sales of 7.1 billion yen were purchased in the fiscal year ended March 31, 2015.

Status of new purchases

■ By business

| Segment | Fiscal Year ended March 31, 2014 | Fiscal Year ended March 31, 2015 | |
|------------------------------|-------------------------------------|----------------------------------|------------------------|
| | Properties purchased | Properties purchased | Net sales (planned) |
| Liquidation | 5 properties | 3 properties | 1.5 billion yen |
| Condominium unit sales | 3 properties (108 units) | 4 properties (105 units) | 3.4 billion yen |
| Residential housing sales | 19 properties (82 lots) | 9 properties (60 lots) | 2.2 billion yen |
| Total | 27 properties | 16 properties | 7.1 billion yen |

■ By area for the FY 15/3

| Area | Properties purchased |
|------------------------|-------------------------|
| Tokyo central area | 7 properties |
| Tokyo suburban area | 2 properties |
| Kanagawa pref | 4 properties |
| Saitama pref | 3 properties |
| Total | 16 properties |

Considering size and efficiency, acquired high quality lands in the Tokyo metropolitan area with promising demand.

Forecast for the Fiscal Year ending March 31, 2016



- Forecast for the fiscal year ending March 31, 2016 and comparison with the figures for the fiscal year ended March 31, 2015.

| (Unit: million yen) | Fiscal Year ended March 31, 2015 | Fiscal Year ended March 31, 2016 | |
|---------------------|----------------------------------|----------------------------------|-------|
| | Actual | Forecast | Diff |
| Net sales | 9,230 | 10,600 | 1,370 |
| Operating income | 681 | 710 | 29 |
| Ordinary income | 546 | 565 | 19 |
| Net income | 527 | 560 | 33 |

Main factors

- ✓ Sales of new two condominium projects and sales of tax-efficient real-estate products (for accession tax purposes) are expected to contribute to revenue growth of 1,370 million yen.
- ✓ Operating profit of 710 million yen and net income of 560 million yen (over FY15/3 actual results) are set as a profit target.

Renaissance Omiya-Toro Ekimae

[Overview]

| | |
|------------------------|---|
| Location: | Toro-cho 2-chome, Kita-ku, Saitama-shi, Saitama |
| Access: | 2 minutes' walk from Toro station on the JR Utsunomiya line |
| Total number of units: | 28 units |
| Start of sales: | May 2015 |
| Completion: | May 2015 (scheduled) |
| Start of delivery: | June 2015 (scheduled) |

Point 1

Located in a quiet residential area, 2 minutes' walk from Toro station (next stop from the Omiya station)

Point 2

All units are south-facing, and spacious rooms/storages



Renatown Hakuraku

[Overview]

| | |
|------------------------|---|
| Location: | Shirahatanishi-cho, Kanagawa-ku, Yokohama-shi, Kanagawa |
| Access: | 11 minutes' walk from Hakuraku on the Tokyu Toyoko line |
| Total number of units: | 4 houses |
| Start of sales: | November 2014 |
| Completion: | December 2014 |
| Start of delivery: | January 2015 |

Point 1

Located in a quiet residential area, 5 stations and 4line are available

Point 2

All houses with over 30 sq m LDK, walk-in closet and shoes-in closet



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