

Consolidated Financial Results for the Third Quarter of Fiscal 2018 (April 1, 2018 - December 31, 2018)

Fiscal 2018 (Year ending March 31, 2019)

February 13, 2019

SUMITOMO REALTY & DEVELOPMENT CO., LTD.

Stock Exchange Listings TSE1
 Securities Code 8830
 Location of Head Office Tokyo, Japan
 URL <http://www.sumitomo-rd.co.jp/english/>

1. Results for Third Quarter (April 1, 2018 - December 31, 2018)

(1) Consolidated financial results (Amounts less than one million yen, except for per share amounts, are omitted.)

	Revenue from operations		Operating income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Dec 31, 2018	762,277	7.7	174,561	5.1	165,083	5.2	98,963	(8.6)
Nine months ended Dec 31, 2017	707,764	4.1	166,093	14.7	156,942	19.6	108,295	23.0
(Reference) Fiscal 2017	948,402	2.5	205,637	9.3	186,870	11.4	119,731	15.7

Notes 1: Comprehensive Income

Fiscal 2018, 3rd quarter : 60,754 millions of yen, (64.9%); Fiscal 2017, 3rd quarter : 173,043 millions of yen, 49.3%

2: Percentages represent changes compared with the 3rd quarter of the previous year.

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec 31, 2018	208.81	—
Nine months ended Dec 31, 2017	228.49	—
(Reference) Fiscal 2017	252.62	—

Note: Average number of shares issued and outstanding (consolidated)

Fiscal 2018, 3rd quarter : 473,942,851 shares; Fiscal 2017, 3rd quarter : 473,958,710 shares

(2) Consolidated financial position (Amounts less than one million yen, except for per share amounts, are omitted.)

	Total assets	Shareholders' equity	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Dec 31, 2018	4,987,447	1,162,376	23.3
As of Dec 31, 2017	5,056,432	1,133,921	22.4
(Reference) Fiscal 2017	5,167,198	1,114,975	21.6

Note: Number of shares issued and outstanding (consolidated)

As of Dec 31, 2018 : 473,940,332 shares; As of Dec 31, 2017 : 473,951,601 shares

2. Dividend Position

	Dividends per share		
	Interim	Year end	Annual
	Yen	Yen	Yen
Fiscal 2017	13.00	14.00	27.00
Forecast for Fiscal 2018	14.00	15.00	29.00

3. Consolidated Business Forecasts for Fiscal 2018 (Year ending March 31, 2019)

	Revenue from operations	Operating income	Ordinary profit	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2018	970,000	213,000	195,000	130,000

Consolidated business forecasts announced on May 10, 2018 have not been revised.

Note: The foregoing estimates were based on information available as of the date this data was released, and actual results may differ from estimates due to various arising in the future.

4. Results of main segments

(1) Revenue from operations

	Nine months ended Dec 31, 2017	Nine months ended Dec 31, 2018	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2018	Achieved (%)
Leasing	261,958	282,003	+20,045	365,000	77
Sales	252,700	281,271	+28,571	310,000	91
Construction	139,015	142,118	+3,103	220,000	65
Brokerage	50,128	52,900	+2,772	70,000	76
Other and Elimination/Corporate	3,961	3,982	+20	5,000	-
Total	707,764	762,277	+54,512	970,000	79

(2) Operating income

	Nine months ended Dec 31, 2017	Nine months ended Dec 31, 2018	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2018	Achieved (%)
Leasing	112,076	115,941	+3,864	145,000	80
Sales	43,191	46,499	+3,307	47,000	99
Construction	8,760	10,745	+1,985	18,000	60
Brokerage	15,228	15,597	+368	22,000	71
Other and Elimination/Corporate	(13,163)	(14,221)	(1,058)	(19,000)	-
Total	166,093	174,561	+8,468	213,000	82

Consolidated Balance Sheets

Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries

Millions of yen

Assets	December 31, 2018		March 31, 2018	
Current assets:				
Cash, time and notice deposits	¥	147,521	¥	263,209
Notes and accounts receivable—trade		13,744		23,772
Real estate for sale		286,970		380,735
Real estate for sale in process		401,200		395,730
Costs on uncompleted construction contracts		13,591		5,014
Other inventories		1,757		1,826
Other current assets		64,345		55,893
Allowance for doubtful accounts		(60)		(66)
Total current assets		929,070		1,126,118
Fixed assets:				
Property and equipment				
Buildings and structures, net		822,031		804,054
Land		2,472,013		2,464,160
Construction in progress		129,706		94,397
Other property and equipment, net		7,980		7,740
Total Property and equipment		3,431,731		3,370,353
Intangible assets				
Leasehold rights		55,241		53,343
Other intangible assets		1,537		1,408
Total intangible assets		56,779		54,752
Investment and other assets				
Investment securities		442,916		487,693
Guarantee and lease deposits paid to lessors		70,873		71,063
Deferred income taxes		12,959		14,294
Other investments		51,657		52,390
Allowance for doubtful accounts		(8,542)		(9,468)
Total investment and other assets		569,865		615,974
Total fixed assets		4,058,376		4,041,080
Total assets	¥	4,987,447	¥	5,167,198

Millions of yen

Liabilities and Net Assets

	December 31, 2018	March 31, 2018
Current liabilities:		
Notes and accounts payable—trade	¥ 26,714	¥ 28,750
Short-term debt	30,203	61,416
Long-term debt due within one year	131,792	215,751
Long-term non-recourse loans due within one year	89,893	44,510
Corporate bonds due within one year	10,000	60,000
Non-recourse bonds due within one year	1,000	4,900
Accrued income taxes	19,050	34,198
Deposits received	39,138	60,381
Accrued bonuses	1,161	5,283
Other current liabilities	131,605	153,388
Total current liabilities	480,558	668,579
Long-term liabilities:		
Corporate bonds	300,000	310,000
Non-recourse bonds	38,100	34,200
Long-term debt	2,439,931	2,415,645
Long-term non-recourse loans	276,269	327,089
Allowance for retirement benefits for directors	54	64
Net defined benefit liability	5,974	5,965
Guarantee and lease deposits received	224,980	207,823
Long-term deposits received	51,224	59,390
Other long-term liabilities	7,977	23,465
Total long-term liabilities	3,344,511	3,383,644
Total liabilities	3,825,070	4,052,223
Net assets:		
Shareholders' equity		
Capital	122,805	122,805
Capital surplus	104,153	104,153
Retained earnings	850,961	765,325
Treasury stock	(4,468)	(4,443)
Total shareholders' equity	1,073,451	987,841
Accumulated other comprehensive income (loss)		
Net unrealized holding gains on securities	93,711	131,115
Net deferred losses on hedges	(3,083)	(2,048)
Foreign currency translation adjustments	(1,744)	(2,092)
Remeasurements of defined benefit plans	40	159
Total accumulated other comprehensive income	88,925	127,133
Total net assets	1,162,376	1,114,975
Total liabilities and net assets	¥ 4,987,447	¥ 5,167,198

Consolidated Statements of Income

Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries

	<i>Millions of yen</i>	
	Fiscal year ended December 31,	
	2018	2017
Revenue from operations	¥ 762,277	¥ 707,764
Cost of revenue from operations	526,935	485,869
Gross profit	235,341	221,894
Selling, general and administrative expenses	60,779	55,800
Operating income	174,561	166,093
Non-operating income		
Interest and dividend income	9,526	7,974
Other non-operating income	473	1,656
Total non-operating income	10,000	9,631
Non-operating expenses		
Interest expense	15,330	15,371
Other non-operating expenses	4,148	3,411
Total non-operating expenses	19,478	18,782
Ordinary profit	165,083	156,942
Extraordinary income		
Gain on sale of property and equipment	16	37
Gain on sale of investment securities	0	723
Other extraordinary income	-	70
Total extraordinary income	17	831
Extraordinary loss		
Loss on disposal of property and equipment	1,132	508
Loss on sale of property and equipment	3,723	215
Loss on devaluation of investment securities	832	-
Loss on sale of investment securities	-	47
Loss on impairment of fixed assets	8,575	-
Other extraordinary losses	67	18
Total extraordinary losses	14,332	789
Income before income taxes	150,768	156,985
Income taxes	51,804	47,895
Profit	98,963	109,089
Profit attributable to non-controlling interests	-	794
Profit attributable to owners of parent	¥ 98,963	¥ 108,295

Consolidated Statements of Comprehensive Income

Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries

	<i>Millions of yen</i>	
	Fiscal year ended December 31,	
	2018	2017
<i>Profit</i>	¥ 98,963	¥ 109,089
<i>Other comprehensive income (loss)</i>		
Net unrealized holding gains (losses) on securities	(37,403)	64,507
Net deferred gains (losses) on hedges	(1,034)	401
Foreign currency translation adjustments	348	(979)
Remeasurements of defined benefit plans	(118)	23
Total other comprehensive income (loss)	(38,208)	63,953
<i>Comprehensive income</i>	60,754	173,043
Comprehensive income attributable to:		
Owners of the parent	60,754	172,447
Non-controlling interests	-	595