

Consolidated Financial Results for the Second Quarter of Fiscal 2014 (April 1, 2014 - September 30, 2014)

Fiscal 2014 (Year ending March 31, 2015)

November 11, 2014

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 Second Quarter (April 1, 2014 - September 30, 2014)

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

	Operating revenues		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2014	346,290	(11.5)	75,923	(8.7)	61,847	(9.0)	37,919	(9.4)
Six months ended Sep. 30, 2013	391,495	24.6	83,123	20.9	67,951	34.0	41,872	58.8
(Reference) Fiscal 2013	780,273	5.9	160,471	6.0	130,536	13.6	69,697	16.5

Notes 1. Comprehensive Income

Fiscal 2014, 2nd quarter : 64,882 millions of yen +0.9%; Fiscal 2013, 2nd quarter : 64,282 millions of yen +159.0%

2. Percentages represent changes compared with the second quarter of the previous year.

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sep. 30, 2014	80.00	—
Six months ended Sep. 30, 2013	88.32	—
(Reference) Fiscal 2013	147.02	—

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

Fiscal 2014, 1H : 474,019,646 shares; Fiscal 2013, 1H : 474,082,740 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 Sep. 30, 2014	4,362,526	766,816	17.6
As of Sep. 30, 2013	4,104,192	684,722	16.7
(Reference) Fiscal 2013	4,220,428	707,947	16.8

Note: Number of shares issued and outstanding (consolidated)

As of Sep. 30, 2014 : 474,012,870 shares; As of Sep. 30, 2013 : 474,066,373 shares

2. Dividend Position

	Dividends per share		
	Interim	Year end	Annual
	Yen	Yen	Yen
Fiscal 2013	10.00	10.00	20.00
Forecast for Fiscal 2014	10.00	10.00	20.00

3. Consolidated Business Forecasts for Fiscal 2014 (Year ending March 31, 2015)

	Operating revenues	Operating income	Ordinary profit	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2014	792,000	168,000	138,000	80,000

Consolidated business forecasts announced on May 13, 2014 have 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) Operating revenue

	Six months ended Sep. 30, 2013	Six months ended Sep. 30, 2014	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2014	Achieved (%)
Leasing	139,438	141,665	+2,226	289,000	49
Sales	139,265	93,526	(45,738)	245,000	38
Construction	84,872	81,173	(3,699)	190,000	43
Brokerage	25,659	26,497	+837	61,000	43
Other and Elimination/Corporate	2,257	3,426	+1,168	7,000	-
Total	391,495	346,290	(45,204)	792,000	44

(2) Operating income

	Six months ended Sep. 30, 2013	Six months ended Sep. 30, 2014	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2014	Achieved (%)
Leasing	48,751	53,247	+4,495	104,000	51
Sales	26,618	18,106	(8,512)	43,000	42
Construction	6,500	3,412	(3,088)	15,000	23
Brokerage	7,268	6,074	(1,193)	19,000	32
Other and Elimination/Corporate	(6,015)	(4,918)	+1,097	(13,000)	-
Total	83,123	75,923	(7,200)	168,000	45

Consolidated Balance Sheets

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

Millions of yen

Assets	September 30, 2014	March 31, 2014
Current assets:		
Cash, time and notice deposits	¥ 173,438	¥ 147,266
Notes and accounts receivable—trade	11,473	18,813
Real estate for sale	128,428	161,437
Real estate for sale in process	616,943	545,534
Costs on uncompleted construction contracts	10,964	7,048
Other inventories	2,454	1,759
Deferred income taxes	11,147	11,443
Other current assets	57,712	31,225
Allowance for doubtful accounts	(67)	(76)
Total current assets	<u>1,012,495</u>	<u>924,451</u>
Fixed assets:		
Property and equipment		
Buildings and structures, net	562,189	571,548
Land	2,168,621	2,149,668
Construction in progress	76,157	73,017
Other property and equipment, net	5,382	5,811
Total Property and equipment	<u>2,812,350</u>	<u>2,800,045</u>
Intangible assets		
Leasehold rights	55,056	53,059
Other intangible assets	955	901
Total intangible assets	<u>56,012</u>	<u>53,960</u>
Investment and other assets		
Investment securities	329,725	286,006
Guarantee and lease deposits paid to lessors	109,103	111,913
Deferred income taxes	15,010	14,951
Other investments	40,639	41,611
Allowance for doubtful accounts	(12,811)	(12,512)
Total investment and other assets	<u>481,667</u>	<u>441,970</u>
Total fixed assets	<u>3,350,030</u>	<u>3,295,977</u>
Total assets	<u>¥ 4,362,526</u>	<u>¥ 4,220,428</u>

Millions of yen

Liabilities and Net Assets

	September 30, 2014	March 31, 2014
Current liabilities:		
Notes and accounts payable—trade	¥ 16,145	¥ 45,502
Short-term debt	114,700	113,000
Long-term debt due within one year	233,970	200,084
Long-term non-recourse loans due within one year	33,320	69,335
Commercial paper	-	31,995
Corporate bonds due within one year	120,000	80,000
Non-recourse bonds due within one year	2,748	8,348
Accrued income taxes	21,715	28,988
Deposits received	78,851	146,690
Accrued bonuses	3,655	3,774
Other current liabilities	92,965	101,799
Total current liabilities	718,072	829,517
Long-term liabilities:		
Corporate bonds	370,000	330,000
Non-recourse bonds	42,200	41,324
Long-term debt	1,697,532	1,550,318
Long-term non-recourse loans	377,690	375,790
Allowance for retirement benefits for directors	186	181
Net defined benefit liability	5,757	5,092
Guarantee and lease deposits received	164,346	161,486
Long-term deposits received	158,543	163,651
Other long-term liabilities	36,496	30,535
Total long-term liabilities	2,852,752	2,658,379
Total liabilities	3,570,824	3,487,897
Net assets:		
Shareholders' equity		
Capital	122,805	122,805
Capital surplus	132,750	132,750
Retained earnings	456,368	423,599
Treasury stock	(4,195)	(4,140)
Total shareholders' equity	707,729	675,014
Accumulated other comprehensive income (loss)		
Net unrealized holding gains on securities	64,824	37,762
Net deferred losses on hedges	(1,816)	(1,640)
Foreign currency translation adjustments	(4,006)	(3,362)
Remeasurements of defined benefit plans	86	173
Total accumulated other comprehensive income	59,087	32,933
Minority interests	24,885	24,583
Total net assets	791,701	732,531
Total liabilities and net assets	¥ 4,362,526	¥ 4,220,428

Consolidated Statements of Income

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

	Millions of yen	
	Fiscal year ended September 30,	
	2014	2013
Revenue from operations	¥ 346,290	¥ 391,495
Cost of revenue from operations	243,626	280,471
Gross profit	102,663	111,023
Selling, general and administrative expenses	26,740	27,899
Operating income	75,923	83,123
Non-operating income		
Interest and dividend income	2,611	2,368
Other non-operating income	309	270
Total non-operating income	2,920	2,639
Non-operating expenses		
Interest expense	13,216	13,810
Other non-operating expenses	3,779	4,001
Total non-operating expenses	16,995	17,812
Ordinary profit	61,847	67,951
Extraordinary income		
Gain on sale of property and equipment	3	4
Gain on sale of investment securities	-	61
Total extraordinary income	3	65
Extraordinary losses		
Loss on sale of property and equipment	-	2
Loss on disposal of property and equipment	1,583	229
Other extraordinary losses	13	1
Total extraordinary losses	1,596	233
Income before income taxes and minority interests	60,254	67,783
Income taxes	21,388	24,791
Income before minority interests	38,866	42,991
Minority interests	946	1,118
Net income	¥ 37,919	¥ 41,872

Consolidated Statement of Comprehensive Income

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

	Millions of yen	
	Fiscal year ended September 30,	
	2014	2013
Income before minority interests	¥ 38,866	¥ 42,991
Other comprehensive income (loss)		
Net unrealized holding gains on securities	27,088	17,904
Net deferred gains (losses) on hedges	(200)	649
Foreign currency translation adjustments	(783)	2,737
Remeasurements of defined benefit plans	(87)	-
Total other comprehensive income	26,016	21,291
Comprehensive income	64,882	64,282
Comprehensive income attributable to:		
Owners of the parent	64,073	62,618
Minority interests	809	1,664