

Consolidated Financial Results for the Second Quarter of Fiscal 2016 (April 1, 2016 - September 30, 2016)

Fiscal 2016 (Year ending March 31, 2017)

November 14, 2016

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, 2016 - September 30, 2016)

(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	%
Six months ended Sep. 30, 2016	469,676	30.0	97,554	15.1	87,840	19.8	59,184	25.5
Six months ended Sep. 30, 2015	361,393	4.4	84,731	11.6	73,297	18.5	47,157	24.4
(Reference) Fiscal 2015	854,964	6.0	174,240	5.0	148,424	6.7	87,797	9.0

Notes 1: Comprehensive Income

Fiscal 2016, 2nd quarter : 54,681 millions of yen 65.3%; Fiscal 2015, 2nd quarter : 33,088 millions of yen (49.0%)

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

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sep. 30, 2016	124.87	—
Six months ended Sep. 30, 2015	99.49	—
(Reference) Fiscal 2015	185.23	—

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

Fiscal 2016, 1H : 473,976,835 shares; Fiscal 2015, 1H : 473,993,415 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, 2016	4,751,535	936,870	19.7
As of Sep. 30, 2015	4,544,910	856,918	18.9
(Reference) Fiscal 2015	4,675,914	888,099	19.0

Note: Number of shares issued and outstanding (consolidated)

As of Sep. 30, 2016 : 473,974,298 shares; As of Sep. 30, 2015 : 473,985,961 shares

2. Dividend Position

	Dividends per share		
	Interim	Year end	Annual
	Yen	Yen	Yen
Fiscal 2015	11.00	11.00	22.00
Forecast for Fiscal 2016	11.00	12.00	23.00

3. Consolidated Business Forecasts for Fiscal 2016 (Year ending March 31, 2017)

	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 2016	880,000	185,000	165,000	100,000

Consolidated business forecasts announced on May 12, 2016 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) Revenue from operations

	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2016	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2016	Achieved (%)
Leasing	152,270	167,419	+15,149	335,000	50
Sales	102,450	189,190	+86,739	280,000	68
Construction	74,186	80,777	+6,591	195,000	41
Brokerage	28,895	30,729	+1,833	63,000	49
Other and Elimination/Corporate	3,590	1,560	(2,029)	7,000	-
Total	361,393	469,676	+108,283	880,000	53

(2) Operating income

	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2016	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2016	Achieved (%)
Leasing	59,451	65,390	+5,938	126,000	52
Sales	21,611	30,108	+8,496	45,000	67
Construction	2,576	2,447	(128)	14,000	17
Brokerage	7,826	8,186	+359	18,000	45
Other and Elimination/Corporate	(6,734)	(8,578)	(1,844)	(18,000)	-
Total	84,731	97,554	+12,822	185,000	53

Consolidated Balance Sheets

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

Assets	Millions of yen	
	September 30, 2016	March 31, 2016
Current assets:		
Cash, time and notice deposits	¥ 265,168	¥ 187,233
Notes and accounts receivable—trade	13,388	19,664
Real estate for sale	268,834	311,305
Real estate for sale in process	553,542	535,399
Costs on uncompleted construction contracts	13,327	7,276
Other inventories	2,538	1,833
Deferred income taxes	13,169	13,638
Other current assets	41,738	45,884
Allowance for doubtful accounts	(41)	(47)
Total current assets	1,171,666	1,122,189
Fixed assets:		
Property and equipment		
Buildings and structures, net	624,656	627,787
Land	2,325,684	2,317,729
Construction in progress	51,464	36,447
Other property and equipment, net	6,310	6,618
Total Property and equipment	3,008,116	2,988,583
Intangible assets		
Leasehold rights	50,861	50,705
Other intangible assets	1,085	1,012
Total intangible assets	51,946	51,718
Investment and other assets		
Investment securities	361,674	355,698
Guarantee and lease deposits paid to lessors	102,350	103,980
Deferred income taxes	12,401	12,684
Other investments	53,131	50,860
Allowance for doubtful accounts	(9,752)	(9,800)
Total investment and other assets	519,805	513,423
Total fixed assets	3,579,869	3,553,725
Total assets	¥ 4,751,535	¥ 4,675,914

Millions of yen

Liabilities and Net Assets

	September 30, 2016	March 31, 2016
Current liabilities:		
Notes and accounts payable—trade	¥ 18,070	¥ 54,316
Short-term debt	75,418	78,718
Long-term debt due within one year	286,477	296,737
Long-term non-recourse loans due within one year	36,874	105,504
Corporate bonds due within one year	40,000	20,000
Non-recourse bonds due within one year	6,000	16,460
Accrued income taxes	27,629	30,046
Deposits received	64,402	71,619
Accrued bonuses	4,034	4,216
Other current liabilities	112,790	154,796
Total current liabilities	671,696	832,414
Long-term liabilities:		
Corporate bonds	380,000	400,000
Non-recourse bonds	33,100	24,600
Long-term debt	2,080,473	1,944,819
Long-term non-recourse loans	337,386	272,063
Allowance for retirement benefits for directors	148	141
Net defined benefit liability	6,075	6,081
Guarantee and lease deposits received	189,683	181,497
Long-term deposits received	57,942	68,302
Other long-term liabilities	28,806	28,718
Total long-term liabilities	3,113,615	2,926,223
Total liabilities	3,785,312	3,758,637
Net assets:		
Shareholders' equity		
Capital	122,805	122,805
Capital surplus	132,748	132,748
Retained earnings	623,710	569,740
Treasury stock	(4,349)	(4,335)
Total shareholders' equity	874,915	820,958
Accumulated other comprehensive income (loss)		
Net unrealized holding gains on securities	70,948	72,261
Net deferred losses on hedges	(4,773)	(4,247)
Foreign currency translation adjustments	(4,037)	(509)
Remeasurements of defined benefit plans	(182)	(364)
Total accumulated other comprehensive income	61,955	67,140
Non-controlling interests	29,352	29,177
Total net assets	966,222	917,277
Total liabilities and net assets	¥ 4,751,535	¥ 4,675,914

Consolidated Statements of Income

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

	<i>Millions of yen</i>	
	Fiscal year ended September 30,	
	2016	2015
Revenue from operations	¥ 469,676	¥ 361,393
Cost of revenue from operations	337,992	248,065
Gross profit	131,684	113,327
Selling, general and administrative expenses	34,130	28,595
Operating income	97,554	84,731
Non-operating income		
Interest and dividend income	3,732	3,035
Other non-operating income	320	462
Income	4,052	3,497
Non-operating expenses		
Interest expense	11,119	12,421
Other non-operating expenses	2,647	2,511
Expenses	13,766	14,932
Ordinary profit	87,840	73,297
Extraordinary income		
Gain on sale of property and equipment	-	90
Gain on sale of investment securities	36	86
Income	36	176
Extraordinary losses		
Loss on disposal of property and equipment	211	800
Loss on sale of property and equipment	3	-
Loss on devaluation of investment securities	-	270
Other extraordinary losses	5	4
Expenses	220	1,076
Income before income taxes	87,656	72,397
Income taxes	27,037	23,898
Profit	60,619	48,499
Profit attributable to non-controlling interests	1,435	1,341
Profit attributable to owners of parent	¥ 59,184	¥ 47,157

Consolidated Statement of Comprehensive Income

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

	Millions of yen	
	Fiscal year ended September 30,	
	2016	2015
Profit	¥ 60,619	¥ 48,499
Other comprehensive income (loss)		
Net unrealized holding losses on securities	(1,317)	(15,806)
Net deferred losses on hedges	(480)	(49)
Foreign currency translation adjustments	(4,374)	565
Remeasurements of defined benefit plans	235	(119)
Loss	(5,937)	(15,410)
Comprehensive income	¥ 54,681	¥ 33,088
Comprehensive income attributable to:		
Owners of parent	53,998	31,640
Non-controlling interests	682	1,447