

Consolidated Financial Results for Fiscal 2016 (Year ended March 31, 2017)

May 11, 2017

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 of Fiscal 2016 (Year ended March 31, 2017)

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

	Operating revenues		Operating income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2016	925,151	8.2	188,171	8.0	167,697	13.0	103,488	17.9
Fiscal 2015	854,964	6.0	174,240	5.0	148,424	6.7	87,797	9.0

Notes 1. Comprehensive Income

FY 2016 : 133,145 millions of yen 87.5%; FY 2015 : 71,009 millions of yen (48.5%)

2. Percentages for operating revenues, operating income, ordinary profit and net income represent changes compared with the previous year.

	Earnings per share	Return on average equity	Ratio of ordinary profit to average assets	Operating income margin
	Yen	%	%	%
Fiscal 2016	218.34	10.9	3.5	20.3
Fiscal 2015	185.23	10.2	3.2	20.4

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

FY 2016 : 473,973,269 shares; FY 2015 : 473,987,772 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	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2016	4,980,039	1,007,347	20.2	2,125.36
Fiscal 2015	4,675,914	888,099	19.0	1,873.71

Note: Number of shares issued and outstanding (consolidated)

As of March 31, 2017 : 473,964,708 shares; As of March 31, 2016 : 473,979,233 shares

2. Dividend Position

	Dividends per share			Amount of dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	Interim	Year end	Annual			
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2016	11.00	13.00	24.00	11,375	11.0	1.2
Fiscal 2015	11.00	11.00	22.00	10,427	11.9	1.2
Forecast for Fiscal 2017	13.00	13.00	26.00		10.7	

3. Forecast for Fiscal 2017 (Year ending March 31, 2018)

	Operating revenues	Operating income	Ordinary profit	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2017	950,000	200,000	180,000	115,000

Note: The foregoing estimates are 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

				(Millions of yen)	
	Fiscal 2015	Fiscal 2016	Increase (Decrease)	Forecast for Fiscal 2017	Increase (Decrease)
Leasing	313,340	337,465	+24,125	350,000	+12,534
Sales	274,760	314,299	+39,538	315,000	+700
Construction	199,115	203,623	+4,507	210,000	+6,376
Brokerage	61,496	66,714	+5,217	70,000	+3,285
Other and Elimination/Corporate	6,251	3,048	(3,202)	5,000	+1,951
Total	854,964	925,151	+70,186	950,000	+24,848

(2) Operating income

				(Millions of yen)	
	Fiscal 2015	Fiscal 2016	Increase (Decrease)	Forecast for Fiscal 2017	Increase (Decrease)
Leasing	111,327	126,213	+14,886	138,000	+11,786
Sales	44,187	46,189	+2,002	47,000	+810
Construction	15,300	13,933	(1,366)	15,000	+1,066
Brokerage	17,722	19,147	+1,425	20,000	+852
Other and Elimination/Corporate	(14,296)	(17,313)	(3,017)	(20,000)	(2,686)
Total	174,240	188,171	+13,930	200,000	+11,828

Consolidated Balance Sheets

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

Millions of yen

Assets	March 31, 2017	March 31, 2016
Current assets:		
Cash, time and notice deposits	¥ 269,312	¥ 187,233
Notes and accounts receivable—trade	18,475	19,664
Real estate for sale	345,184	311,305
Real estate for sale in process	492,340	535,399
Costs on uncompleted construction contracts	6,022	7,276
Other inventories	1,666	1,833
Deferred income taxes	18,538	13,638
Other current assets	46,022	45,884
Allowance for doubtful accounts	(55)	(47)
Total current assets	<u>1,197,507</u>	<u>1,122,189</u>
Fixed assets:		
Property and equipment		
Buildings and structures, net	730,824	627,787
Land	2,390,150	2,317,729
Construction in progress	34,486	36,447
Other property and equipment, net	7,013	6,618
Total Property and equipment	<u>3,162,476</u>	<u>2,988,583</u>
Intangible assets		
Leasehold rights	52,689	50,705
Other intangible assets	1,113	1,012
Total intangible assets	<u>53,802</u>	<u>51,718</u>
Investment and other assets		
Investment securities	411,203	355,698
Guarantee and lease deposits paid to lessors	97,323	103,980
Deferred income taxes	12,023	12,684
Other investments	55,895	50,860
Allowance for doubtful accounts	(10,192)	(9,800)
Total investment and other assets	<u>566,253</u>	<u>513,423</u>
Total fixed assets	<u>3,782,532</u>	<u>3,553,725</u>
Total assets	<u>¥ 4,980,039</u>	<u>¥ 4,675,914</u>

Millions of yen

Liabilities and Net Assets

	March 31, 2017	March 31, 2016
Current liabilities:		
Notes and accounts payable—trade	¥ 41,373	¥ 54,316
Short-term debt	66,108	78,718
Long-term debt due within one year	209,622	296,737
Long-term non-recourse loans due within one year	21,258	105,504
Corporate bonds due within one year	80,000	20,000
Non-recourse bonds due within one year	1,700	16,460
Accrued income taxes	29,329	30,046
Deposits received	68,860	71,619
Accrued bonuses	5,048	4,216
Other current liabilities	134,745	154,796
Total current liabilities	658,046	832,414
Long-term liabilities:		
Corporate bonds	340,000	400,000
Non-recourse bonds	37,400	24,600
Long-term debt	2,255,397	1,944,819
Long-term non-recourse loans	358,989	272,063
Allowance for retirement benefits for directors	156	141
Net defined benefit liability	6,143	6,081
Guarantee and lease deposits received	193,110	181,497
Long-term deposits received	56,991	68,302
Other long-term liabilities	34,700	28,718
Total long-term liabilities	3,282,889	2,926,223
Total liabilities	3,940,936	3,758,637
Net assets:		
Shareholders' equity		
Capital	122,805	122,805
Capital surplus	132,747	132,748
Retained earnings	662,801	569,740
Treasury stock	(4,379)	(4,335)
Total shareholders' equity	913,975	820,958
Accumulated other comprehensive income (loss)		
Net unrealized holding gains on securities	97,192	72,261
Net deferred losses on hedges	(2,528)	(4,247)
Foreign currency translation adjustments	(1,265)	(509)
Remeasurements of defined benefit plans	(26)	(364)
Total accumulated other comprehensive income	93,371	67,140
Non-controlling interests	31,756	29,177
Total net assets	1,039,103	917,277
Total liabilities and net assets	¥ 4,980,039	¥ 4,675,914

Consolidated Statements of Income

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

	<i>Millions of yen</i>	
	Fiscal year ended March 31,	
	2017	2016
Revenue from operations	¥ 925,151	¥ 854,964
Cost of revenue from operations	664,183	614,190
Gross profit	260,967	240,773
Selling, general and administrative expenses	72,796	66,532
Operating income	188,171	174,240
Non-operating income		
Interest and dividend income	6,707	5,574
Other non-operating income	768	739
Total non-operating income	7,475	6,313
Non-operating expenses		
Interest expense	21,588	24,489
Other non-operating expenses	6,361	7,640
Total non-operating expenses	27,949	32,129
Ordinary profit	167,697	148,424
Extraordinary income		
Gain on sale of property and equipment	15	114
Gain on sale of investment securities	42	428
Other extraordinary income	-	3
Total extraordinary income	58	546
Extraordinary losses		
Loss on impairment of fixed assets	15,537	10,806
Loss on sale of property and equipment	3	-
Loss on disposal of property and equipment	1,522	1,145
Loss on devaluation of investment securities	-	465
Loss on sale of investment securities	-	76
Other extraordinary losses	68	922
Total extraordinary losses	17,131	13,416
Income before income taxes and minority interests	150,623	135,553
Income taxes	43,628	44,729
Profit	106,994	90,824
Profit attributable to non-controlling interests	3,506	3,026
Profit attributable to owners of parent	¥ 103,488	¥ 87,797

Consolidated Statement of Comprehensive Income

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

	<i>Millions of yen</i>	
	Fiscal year ended March 31,	
	2017	2016
Profit	¥ 106,994	¥ 90,824
Other comprehensive income (loss)		
Net unrealized holding gains (losses) on securities	24,930	(16,513)
Net deferred gains (losses) on hedges	1,705	(2,648)
Foreign currency translation adjustments	(927)	58
Remeasurements of defined benefit plans	442	(710)
Total other comprehensive income (loss)	26,150	(19,814)
Comprehensive income	133,145	71,009
Comprehensive income attributable to:		
Owners of the parent	129,719	68,061
Non-controlling interests	3,426	2,948

Fair Value of Investment and Rental Properties

	<i>Millions of yen</i>			
	As of March 31, 2017		As of March 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Investment and rental Properties	¥ 3,145,180	¥ 5,141,621	¥ 2,973,971	¥ 4,671,534