Consolidated Financial Results for Fiscal 2017 (Year ended March 31, 2018)

May 10, 2018

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 2017 (Year ended March 31, 2018)

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

	Revenue from ope	orations	Operating income		Ordinary pro	ofit	Profit attributable to		
	Revenue nom ope	cialions	Operating inco	JIIIC	Ordinary pro	JIIL	owners of parent		
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Fiscal 2017	948,402	2.5	205,637	9.3	186,870	11.4	119,731	15.7	
Fiscal 2016	925,151	8.2	188,171	8.0	167,697	13.0	103,488	17.9	

Notes 1: Comprehensive Income

FY 2017 : 154,088 millions of yen 15.7%; FY 2016 : 133,145 millions of yen 87.5%

2: Percentages 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 2017	252.62	11.3	3.7	21.7	
Fiscal 2016	218.34	10.9	3.5	20.3	

Note: Average number of shares issued and outstanding (consolidated)
FY 2017: 473,956,155 shares; FY 2016: 473,973,289 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 2017	5,186,901	1,114,975	21.5	2,352.53
Fiscal 2016	4,980,039	1,007,347	20.2	2,125.36

Note: Number of shares issued and outstanding (consolidated)

As of March 31, 2018 : 473,947,131 shares; As of March 31, 2017 :473,964,708 shares

2. Dividend Position

	Dividends per share		Amount of dividend	Dividend payout ratio	Dividend on equity ratio	
	Interim	Year end	Annual	(Annual)	(Consolidated)	(Consolidated)
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2017	13.00	14.00	27.00	12,796	10.7	1.2
Fiscal 2016	11.00	13.00	24.00	11,375	11.0	1.2
Forecast for Fiscal 2018	14.00	15.00	29.00		10.6	

3. Forecast for Fiscal 2018 (Year ending March 31, 2019)

	Revenue from operations	ue from operations		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	

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) Revenue from operations

` '	revenue nom operations	Fiscal 2016	Fiscal 2017	Increase (Decrease)
	Leasing	337,465	353,880	+16,415
	Sales	314,299	311,192	(3,106)
	Construction	203,623	209,355	+5,732
	Brokerage	66,714	69,168	+2,454
	Other and Elimination/Corporate	3,048	4,803	+1,754
То	tal	925,151	948,402	+23,250

(Millions of yen)

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Forecast for	Increase
Fiscal 2018	(Decrease)
365,000	+11,119
310,000	(1,192)
220,000	+10,644
70,000	+831
5,000	+197
970,000	+21,597

(2) Operating income

,,,,	Fiscal 2016	Fiscal 2017	Increase (Decrease)
Leasing	126,213	139,368	+13,154
Sales	46,189	46,838	+649
Construction	13,933	16,108	+2,175
Brokerage	19,147	21,457	+2,309
Other and Elimination/Corporate	(17,313)	(18,135)	(822)
Total	188,171	205,637	+17,466

(Millions of yen

	(Millions of yen)
Forecast for	Increase
Fiscal 2018	(Decrease)
145,000	+5,631
47,000	+161
18,000	+1,891
22,000	+542
(19,000)	(865)
213,000	+7,362

Consolidated Balance Sheets

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

	Millions of yen			yen
Assets		March 31, 2018		March 31, 2017
Current assets:				
Cash, time and notice deposits	¥	263,209	¥	269,312
Notes and accounts receivable—trade		23,772		18,475
Real estate for sale		380,735		345,184
Real estate for sale in process		395,730		492,340
Costs on uncompleted construction contracts		5,014		6,022
Other inventories		1,826		1,666
Deferred income taxes		21,792		18,538
Other current assets		55,893		46,022
Allowance for doubtful accounts		(66)		(55)
Total current assets		1,147,911		1,197,507
Fixed assets:				
Property and equipment				
Buildings and structures, net		804,054		730,824
Land		2,464,160		2,390,150
Construction in progress		94,397		34,486
Other property and equipment, net		7,740		7,013
Total Property and equipment		3,370,353		3,162,476
Intangible assets				
Leasehold rights		53,343		52,689
Other intangible assets		1,408		1,113
Total intangible assets	,	54,752		53,802
Investment and other assets				·
Investment securities		487,693		411,203
Guarantee and lease deposits paid to lessors		71,063		97,323
Deferred income taxes		12,204		12,023
Other investments		52,390		55,895
Allowance for doubtful accounts		(9,468)		(10,192)
Total investment and other assets		613,884		566,253
Total fixed assets		4,038,990		3,782,532
Total assets	¥	5,186,901	¥	4,980,039

	Millions of yen		
Liabilities and Net Assets	March 31, 2018	March 31, 2017	
Current liabilities:			
Notes and accounts payable—trade	¥ 28,750	¥ 41,373	
Short-term debt	61,416	66,108	
Long-term debt due within one year	215,751	209,622	
Long-term non-recourse loans due within one year	44,510	21,258	
Corporate bonds due within one year	60,000	80,000	
Non-recourse bonds due within one year	4,900	1,700	
Accrued income taxes	34,198	29,329	
Deposits received	60,381	68,860	
Accrued bonuses	5,283	5,048	
Other current liabilities	153,447	134,745	
Total current liabilities	668,638	658,046	
Long-term liabilities:			
Corporate bonds	310,000	340,000	
Non-recourse bonds	34,200	37,400	
Long-term debt	2,415,645	2,255,397	
Long-term non-recourse loans	327,089	358,989	
Allowance for retirement benefits for directors	64	156	
Net defined benefit liability	5,965	6,143	
Guarantee and lease deposits received	207,823	193,110	
Long-term deposits received	59,390	56,991	
Other long-term liabilities	43,108	34,700	
Total long-term liabilities	3,403,287	3,282,889	
Total liabilities	4,071,926	3,940,936	
Net assets:			
Shareholders' equity			
Capital	122,805	122,805	
Capital surplus	104,153	132,747	
Retained earnings	765,325	662,801	
Treasury stock	(4,443)	(4,379)	
Total shareholders' equity	987,841	913,975	
Accumulated other comprehensive income (loss)			
Net unrealized holding gains on securities	131,115	97,192	
Net deferred losses on hedges	(2,048)	(2,528)	
Foreign currency translation adjustments	(2,092)	(1,265)	
Remeasurements of defined benefit plans	159	(26	
Total accumulated other comprehensive income	127,133	93,371	
Non-controlling interests		31,756	
Total net assets	1,114,975	1,039,103	
Total liabilities and net assets	¥ 5,186,901	¥ 4,980,039	

Consolidated Statements of Income

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

Revenue from operations ¥ 948,402 ¥ 92 Cost of revenue from operations 664,015 66 Gross profit 284,386 26 Selling, general and administrative expenses 78,749 7 Operating income 205,637 18 Non-operating income 8,484 10,073 Interest and divided income 8,484 4 Other non-operating income 1,073 2 Non-operating expenses 1,073 2 Interest expense 20,351 2 Other non-operating expenses 7,972 2 Interest expense 28,323 2 Other non-operating expenses 7,972 3 Interest expense 28,323 2 Other non-operating expenses 7,972 3 Interest expense 20,351 2 Gain on-operating expenses 7,972 3 Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 4				Millions of yen			
Revenue from operations ¥ 948,402 ¥ 92 Cost of revenue from operations 664,015 66 Gross profit 284,386 26 Selling, general and administrative expenses 78,749 7 Operating income 205,637 18 Non-operating income 8,484 10 Interest and dividend income 8,484 10 Other non-operating income 1,073 10 Non-operating expenses 20,351 2 Interest expense 20,351 2 Other non-operating expenses 7,972 10 Interest expense 28,323 2 Ordinary profit 186,870 16 Extraordinary income 37 37 Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 11 Other extraordinary income 66 1,113 Extraordinary loss 10,634 1 Loss on disposal of property and equipment 217 1 Loss on sale of inve				Fiscal year en	ded M	arch 31,	
Cost of revenue from operations 664,015 66 Gross profit 284,386 26 Selling, general and administrative expenses 78,749 7 Operating income 205,637 18 Non-operating income 8,484 1,073 Interest and dividend income 9,557 1,073 Other non-operating expenses 20,351 2 Interest expense 20,351 2 Other non-operating expenses 7,972 2 Total non-operating expenses 28,323 2 Ordinary profit 186,870 16 Extraordinary income 37 37 Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 1,113 Extraordinary loss 1 1 Loss on impairment of fixed assets 10,634 1 Loss on sale of property and equipment 600 1 Loss on sale of investment securities 47 47 Other extraordinary losses 40 47				2018		2017	
Gross profit 284,386 26 Selling, general and administrative expenses 78,749 7 Operating income 205,637 18 Non-operating income 8,484 1,073 Interest and dividend income 8,484 6 Other non-operating income 9,557 7 Non-operating expenses 20,351 2 Other non-operating expenses 7,972 7 Other non-operating expenses 28,323 2 Ordinary profit 37 37 Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 1,113 Extraordinary income 66 66 Total extraordinary income 11,113 Extraordinary losses 10,634 1 Loss on impairment of fixed assets 10,634 1 Loss on sale of property and equipment 600 1 Loss on sale of investment securities 47 47 Other extraordinary losses 40 47 Other extraordinar	Revenue from operations		¥	948,402	¥	925,151	
Selling, general and administrative expenses 78,749 7 Operating income 205,637 18 Non-operating income 8,484 1,073 Other non-operating income 1,073 2 Other non-operating expenses 20,351 2 Interest expense 20,351 2 Other non-operating expenses 7,972 2 Other non-operating expenses 28,323 2 Ordinary profit 186,870 16 Extraordinary income 37 37 Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 37 Other extraordinary income 66 30 Extraordinary loss 1 1 Loss on impairment of fixed assets 10,634 1 Loss on sale of property and equipment 600 30 Loss on sale of property and equipment 217 47 Loss on sale of investment securities 47 47 Other extraordinary losses 40 47	Cost of revenue from operations			664,015		664,183	
Operating income 205,637 18 Non-operating income 8,484 1,073 Other non-operating income 1,073 1,073 Non-operating expenses 20,351 2 Interest expense 20,351 2 Other non-operating expenses 7,972 2 Other non-operating expenses 28,323 2 Ordinary profit 186,870 16 Extraordinary income 37 37 Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 4 Other extraordinary income 66 4 Extraordinary loss 1,113 4 Loss on impairment of fixed assets 10,634 1 Loss on sale of property and equipment 600 4 Loss on sale of property and equipment 217 4 Loss on sale of investment securities 47 4 Other extraordinary losses 40 4 Income before income taxes 176,444 15 Income ta	Gross profit			284,386		260,967	
Non-operating income 8,484 Other non-operating income 1,073 Total non-operating income 9,557 Non-operating expenses 20,351 2 Interest expense 20,351 2 Other non-operating expenses 7,972 2 Total non-operating expenses 28,323 2 Ordinary profit 37 16 Extraordinary income 37 6 Gain on sale of property and equipment 37 6 Gain on sale of investment securities 1,009 1,113 Extraordinary loss 10,634 1 Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 600 1 Loss on sale of property and equipment 217 1 Loss on sale of investment securities 47 0 Other extraordinary losses 40 1 Income before income taxes 115,40 1 Income taxes 55,918 4	Selling, general and administrative expenses			78,749		72,796	
Interest and dividend income 8,484 Other non-operating income 1,073 Total non-operating income Non-operating expenses Interest expense 20,351 2 Other non-operating expenses 7,972	Operating income			205,637		188,171	
Other non-operating income 1,073 Non-operating expenses 20,351 2 Interest expense 20,351 2 Other non-operating expenses 7,972 2 Total non-operating expenses 28,323 2 Ordinary profit 186,870 16 Extraordinary income 37 37 Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 0 Other extraordinary income 66 113 Extraordinary loss 10,634 1 Loss on impairment of fixed assets 10,634 1 Loss on sale of property and equipment 600 1 Loss on sale of investment securities 47 1 Other extraordinary losses 40 4 Total extraordinary losses 11,540 1 Income before income taxes 176,444 15 Income taxes 55,918 4	Non-operating income						
Non-operating expenses 20,351 2 Interest expense 20,351 2 Other non-operating expenses 7,972 2 Total non-operating expenses 28,323 2 Ordinary profit 186,870 16 Extraordinary income 37 37 Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 0 Other extraordinary income 66 1,113 Extraordinary loss 10,634 1 Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 600 2 Loss on sale of investment securities 47 47 Other extraordinary losses 40 40 Total extraordinary losses 11,540 1 Income before income taxes 55,918 4	Interest and dividend income			8,484		6,707	
Non-operating expenses 20,351 2 Other non-operating expenses 7,972 7,972 Total non-operating expenses 28,323 2 Ordinary profit 186,870 16 Extraordinary income Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 66 Other extraordinary income 66 66 Extraordinary loss Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 600 600 Loss on sale of investment securities 47 47 Other extraordinary losses 40 40 Income before income taxes 176,444 15 Income taxes 55,918 4	Other non-operating income			1,073		768	
Interest expense 20,351 2 Other non-operating expenses 7,972 Total non-operating expenses 28,323 2 Ordinary profit 186,870 16 Extraordinary income 37 37 Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 46 Other extraordinary income 66 46 Extraordinary loss 10,634 1 Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 600 40 Loss on sale of investment securities 47 47 Other extraordinary losses 40 40 Income before income taxes 176,444 15 Income taxes 55,918 4		Total non-operating income		9,557		7,475	
Other non-operating expenses 7,972 Total non-operating expenses 28,323 2 Ordinary profit 186,870 16 Extraordinary income 37 37 Gain on sale of property and equipment 37 37 Gain on sale of investment securities 1,009 46 Other extraordinary income 66 66 Extraordinary loss 10,634 1 Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 217 217 Loss on sale of investment securities 47 47 Other extraordinary losses 40 40 Total extraordinary losses 11,540 1 Income before income taxes 176,444 15 Income taxes 55,918 4	Non-operating expenses						
Total non-operating expenses 28,323 2	Interest expense			20,351		21,588	
Ordinary profit 186,870 16 Extraordinary income 37 37 Gain on sale of property and equipment 3,009 37 Other extraordinary income 66 66 Total extraordinary income 1,113 Extraordinary loss 10,634 1 Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 600 1 Loss on sale of property and equipment 217 1 Loss on sale of investment securities 47 47 Other extraordinary losses 40 40 Income before income taxes 176,444 15 Income taxes 55,918 4	Other non-operating expenses			7,972		6,361	
Extraordinary income Gain on sale of property and equipment 37 Gain on sale of investment securities 1,009 Other extraordinary income 66 Total extraordinary income Extraordinary loss Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 600 1 Loss on sale of property and equipment 217 1 Loss on sale of investment securities 47 0 Other extraordinary losses 40 1 Income before income taxes 176,444 15 Income taxes 55,918 4		Total non-operating expenses		28,323		27,949	
Gain on sale of property and equipment 37 Gain on sale of investment securities 1,009 Other extraordinary income 66 Total extraordinary income Extraordinary loss Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 600 1 Loss on sale of property and equipment 217 1 Loss on sale of investment securities 47 0 Other extraordinary losses 40 1 Income before income taxes 176,444 15 Income taxes 55,918 4	Ordinary profit			186,870		167,697	
Gain on sale of investment securities Other extraordinary income Total extraordinary income 1,113 Extraordinary loss Loss on impairment of fixed assets Loss on disposal of property and equipment Loss on sale of property and equipment 217 Loss on sale of investment securities 47 Other extraordinary losses Total extraordinary losses 11,540 Income before income taxes 176,444 15 Income taxes	Extraordinary income						
Other extraordinary income 66 Extraordinary loss 1,113 Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 600 1 Loss on sale of property and equipment 217 1 Loss on sale of investment securities 47 47 Other extraordinary losses 40 1 Income before income taxes 176,444 15 Income taxes 55,918 4	Gain on sale of property and equipment			37		15	
Extraordinary loss 1,113 Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 600 1 Loss on sale of property and equipment 217 1 Loss on sale of investment securities 47 47 Other extraordinary losses 40 1 Income before income taxes 176,444 15 Income taxes 55,918 4	Gain on sale of investment securities			1,009		42	
Extraordinary lossLoss on impairment of fixed assets10,6341Loss on disposal of property and equipment6001Loss on sale of property and equipment2171Loss on sale of investment securities4740Other extraordinary losses401Income before income taxes176,44415Income taxes55,9184	Other extraordinary income			66		-	
Loss on impairment of fixed assets 10,634 1 Loss on disposal of property and equipment 600 Loss on sale of property and equipment 217 Loss on sale of investment securities 47 Other extraordinary losses 40 Total extraordinary losses 11,540 1 Income before income taxes 176,444 15 Income taxes 55,918 4		Total extraordinary income		1,113		58	
Loss on disposal of property and equipment 600 Loss on sale of property and equipment 217 Loss on sale of investment securities 47 Other extraordinary losses 40 Total extraordinary losses 11,540 1 Income before income taxes 176,444 15 Income taxes 55,918 4	Extraordinary loss						
Loss on sale of property and equipment 217 Loss on sale of investment securities 47 Other extraordinary losses 40 Total extraordinary losses 11,540 1 Income before income taxes 176,444 15 Income taxes 55,918 4	Loss on impairment of fixed assets			10,634		15,537	
Loss on sale of investment securities 47 Other extraordinary losses 40 Total extraordinary losses 11,540 1 Income before income taxes 176,444 15 Income taxes 55,918 4	Loss on disposal of property and equipment			600		1,522	
Other extraordinary losses 40 Total extraordinary losses 11,540 1 Income before income taxes 176,444 15 Income taxes 55,918 4	Loss on sale of property and equipment			217		3	
Total extraordinary losses 11,540 1 Income before income taxes 176,444 15 Income taxes 55,918 4	Loss on sale of investment securities			47		-	
Income before income taxes 176,444 15 Income taxes 55,918 4	Other extraordinary losses			40		68	
<i>Income taxes</i> 55,918 4		Total extraordinary losses	'	11,540	'	17,131	
	Income before income taxes			176,444		150,623	
	Income taxes			55,918		43,628	
	Profit					106,994	
Profit attributable to non-controlling interests 794	Profit attributable to non-controlling interest.	S		794		3,506	
Profit attributable to owners of parent ¥ 119,731 ¥ 10	Profit attributable to owners of parent		¥	119,731	¥	103,488	

Consolidated Statements of Comprehensive Income

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

		Millions of yen				
		Fiscal year ended March 31,				
		2018	2017			
Profit	¥	120,525	¥	106,994		
Other comprehensive income (loss)						
Net unrealized holding gains (losses) on securities		33,934		24,930		
Net deferred gains (losses) on hedges		538		1,705		
Foreign currency translation adjustments		(1,098)		(927)		
Remeasurements of defined benefit plans		188		442		
Total other comprehensive income (loss)		33,563		26,150		
Comprehensive income		154,088		133,145		
Comprehensive income attributable to:						
Owners of the parent		153,493		129,719		
Non-controlling interests		595		3,426		

Fair Value of Investment and Rental Properties

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

		Millions of yen								
		As of March 31, 2018				As of March 31, 2017				
		Carrying		Fair value		Carrying		Fair value		
		amount	Tan value			amount	Tan value			
Investment and rental Properties	¥	3,350,275	¥	5,678,415	¥	3,145,180	¥	5,141,621		