

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 operations		Operating income		Ordinary profit		Profit attributable to 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 (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	Interim	Year end	Annual			
	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	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

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

				(Millions of yen)	
	Fiscal 2016	Fiscal 2017	Increase (Decrease)	Forecast for Fiscal 2018	Increase (Decrease)
Leasing	337,465	353,880	+16,415	365,000	+11,119
Sales	314,299	311,192	(3,106)	310,000	(1,192)
Construction	203,623	209,355	+5,732	220,000	+10,644
Brokerage	66,714	69,168	+2,454	70,000	+831
Other and Elimination/Corporate	3,048	4,803	+1,754	5,000	+197
Total	925,151	948,402	+23,250	970,000	+21,597

(2) Operating income

				(Millions of yen)	
	Fiscal 2016	Fiscal 2017	Increase (Decrease)	Forecast for Fiscal 2018	Increase (Decrease)
Leasing	126,213	139,368	+13,154	145,000	+5,631
Sales	46,189	46,838	+649	47,000	+161
Construction	13,933	16,108	+2,175	18,000	+1,891
Brokerage	19,147	21,457	+2,309	22,000	+542
Other and Elimination/Corporate	(17,313)	(18,135)	(822)	(19,000)	(865)
Total	188,171	205,637	+17,466	213,000	+7,362

Consolidated Balance Sheets

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

Millions of 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

	<i>Millions of yen</i>	
	Fiscal year ended March 31,	
	2018	2017
Revenue from operations	¥ 948,402	¥ 925,151
Cost of revenue from operations	664,015	664,183
Gross profit	284,386	260,967
Selling, general and administrative expenses	78,749	72,796
Operating income	205,637	188,171
Non-operating income		
Interest and dividend income	8,484	6,707
Other non-operating income	1,073	768
Total non-operating income	9,557	7,475
Non-operating expenses		
Interest expense	20,351	21,588
Other non-operating expenses	7,972	6,361
Total non-operating expenses	28,323	27,949
Ordinary profit	186,870	167,697
Extraordinary income		
Gain on sale of property and equipment	37	15
Gain on sale of investment securities	1,009	42
Other extraordinary income	66	-
Total extraordinary income	1,113	58
Extraordinary loss		
Loss on impairment of fixed assets	10,634	15,537
Loss on disposal of property and equipment	600	1,522
Loss on sale of property and equipment	217	3
Loss on sale of investment securities	47	-
Other extraordinary losses	40	68
Total extraordinary losses	11,540	17,131
Income before income taxes	176,444	150,623
Income taxes	55,918	43,628
Profit	120,525	106,994
Profit attributable to non-controlling interests	794	3,506
Profit attributable to owners of parent	¥ 119,731	¥ 103,488

Consolidated Statements of Comprehensive Income

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

	<i>Millions of yen</i>			
	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

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