

Consolidated Financial Results for the Third Quarter of Fiscal 2019 (April 1, 2019 - December 31, 2019)

Fiscal 2019 (Year ending March 31, 2020)

February 13, 2020

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 Third Quarter (April 1, 2019 - December 31, 2019)

(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	%
Nine months ended Dec 31, 2019	768,061	0.7	184,173	5.2	175,753	6.2	112,859	13.7
Nine months ended Dec 31, 2018	762,763	—	175,048	—	165,570	—	99,301	—
(Reference) Fiscal 2018	1,012,198	—	219,389	—	203,227	—	130,102	—

Notes 1: Comprehensive Income

Fiscal 2019, 3rd quarter : 135,369 millions of yen, 121.6%; Fiscal 2018, 3rd quarter : 61,093 millions of yen, (—%)

2: Percentages represent changes compared with the 3rd quarter of the previous year.

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec 31, 2019	238.13	—
Nine months ended Dec 31, 2018	209.52	—
(Reference) Fiscal 2018	274.51	—

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

Fiscal 2019, 3rd quarter : 473,939,984 shares; Fiscal 2018, 3rd quarter : 473,942,851 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 Dec 31, 2019	5,197,398	1,322,304	25.4
As of Dec 31, 2018	4,989,637	1,157,416	23.2
(Reference) Fiscal 2018	5,130,118	1,202,103	23.4

Note: Number of shares issued and outstanding (consolidated)

As of Dec 31, 2019 : 473,939,703 shares; As of Dec 31, 2018 : 473,940,332 shares

2. Dividend Position

	Dividend per share		
	Interim	Year end	Annual
	Yen	Yen	Yen
Fiscal 2018	14.00	16.00	30.00
Forecast for Fiscal 2019	16.00	19.00	35.00

Dividend per share forecast for Fiscal 2019 announced on May 16, 2019 has been revised.

3. Consolidated Business Forecasts for Fiscal 2019 (Year ending March 31, 2020)

	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 2019	1,020,000	234,000	220,000	140,000

Consolidated business forecasts announced on May 16, 2019 have not 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

	Nine months ended Dec 31, 2018	Nine months ended Dec 31, 2019	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2019	Achieved (%)
Leasing	282,003	291,020	+9,017	390,000	75
Sales	281,271	272,113	(9,157)	320,000	85
Construction	142,118	148,286	+6,167	230,000	64
Brokerage	53,387	52,451	(936)	73,000	72
Other and Elimination/Corporate	3,982	4,189	+206	7,000	—
Total	762,763	768,061	+5,297	1,020,000	75

(2) Operating income

	Nine months ended Dec 31, 2018	Nine months ended Dec 31, 2019	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2019	Achieved (%)
Leasing	115,941	125,859	+9,918	163,000	77
Sales	46,499	46,321	(177)	47,000	99
Construction	10,745	12,159	+1,413	22,000	55
Brokerage	16,084	15,313	(770)	22,000	70
Other and Elimination/Corporate	(14,221)	(15,480)	(1,259)	(20,000)	—
Total	175,048	184,173	+9,124	234,000	79

Note: Consolidated financial results for the third quarter of fiscal 2018 (April 1, 2018-December 31, 2018) and fiscal 2018 (year ended March 31, 2019) have been adjusted retroactively, reflecting the adoption of Accounting Standard for Revenue Recognition in Sumitomo Real Estate Sales effective from the beginning of fiscal 2019.

Consolidated Balance Sheets

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

Millions of yen

Assets	December 31, 2019		March 31, 2019	
Current assets:				
Cash, time and notice deposits	¥	141,591	¥	172,191
Notes and accounts receivable—trade		16,236		21,566
Real estate for sale		321,697		390,025
Real estate for sale in process		265,746		282,594
Costs on uncompleted construction contracts		13,999		5,826
Other inventories		1,391		1,455
Other current assets		52,589		59,422
Allowance for doubtful accounts		(63)		(72)
Total current assets		813,189		933,011
Fixed assets:				
Property and equipment				
Buildings and structures, net		909,346		859,028
Land		2,546,056		2,523,936
Construction in progress		192,613		139,452
Other property and equipment, net		8,633		8,593
Total Property and equipment		3,656,650		3,531,010
Intangible assets				
Leasehold rights		55,335		55,193
Other intangible assets		1,644		1,557
Total intangible assets		56,979		56,751
Investment and other assets				
Investment securities		553,975		478,966
Guarantee and lease deposits paid to lessors		70,158		70,298
Deferred income taxes		11,419		17,463
Other investments		37,107		51,769
Allowance for doubtful accounts		(2,082)		(9,152)
Total investment and other assets		670,578		609,345
Total fixed assets		4,384,209		4,197,107
Total assets	¥	5,197,398	¥	5,130,118

Millions of yen

Liabilities and Net Assets

	December 31, 2019	March 31, 2019
Current liabilities:		
Notes and accounts payable—trade	¥ 22,199	¥ 54,937
Short-term debt	27,701	25,643
Long-term debt due within one year	126,446	129,618
Long-term non-recourse loans due within one year	73,573	100,298
Corporate bonds due within one year	30,000	40,000
Non-recourse bonds due within one year	9,000	2,000
Accrued income taxes	23,346	29,260
Deposits received	22,087	61,581
Accrued bonuses	1,032	5,572
Other current liabilities	145,797	137,127
Total current liabilities	481,183	586,039
Long-term liabilities:		
Corporate bonds	270,000	270,000
Non-recourse bonds	30,100	37,100
Long-term debt	2,569,485	2,474,327
Long-term non-recourse loans	209,596	263,800
Allowance for retirement benefits for directors	45	40
Net defined benefit liability	6,000	6,018
Guarantee and lease deposits received	242,593	228,958
Long-term deposits received	46,061	49,807
Other long-term liabilities	20,027	11,924
Total long-term liabilities	3,393,910	3,341,975
Total liabilities	3,875,094	3,928,015
Net assets:		
Shareholders' equity		
Capital	122,805	122,805
Capital surplus	104,153	104,153
Retained earnings	974,496	876,802
Treasury stock	(4,472)	(4,469)
Total shareholders' equity	1,196,982	1,099,291
Accumulated other comprehensive income (loss)		
Net unrealized holding gains on securities	131,459	109,209
Net deferred losses on hedges	(2,981)	(3,971)
Foreign currency translation adjustments	(3,116)	(2,352)
Remeasurements of defined benefit plans	(39)	(73)
Total accumulated other comprehensive income	125,321	102,811
Total net assets	1,322,304	1,202,103
Total liabilities and net assets	¥ 5,197,398	¥ 5,130,118

Consolidated Statements of Income

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

	<i>Millions of yen</i>	
	Fiscal year ended December 31,	
	2019	2018
Revenue from operations	¥ 768,061	¥ 762,763
Cost of revenue from operations	520,910	526,935
Gross profit	247,151	235,828
Selling, general and administrative expenses	62,977	60,779
Operating income	184,173	175,048
Non-operating income		
Interest and dividend income	11,218	9,526
Other non-operating income	386	473
Total non-operating income	11,605	10,000
Non-operating expenses		
Interest expense	14,417	15,330
Other non-operating expenses	5,607	4,148
Total non-operating expenses	20,024	19,478
Ordinary profit	175,753	165,570
Extraordinary income		
Gain on sale of property and equipment	0	16
Gain on sale of investment securities	75	0
Reversal of allowance for doubtful accounts	4,829	—
Other extraordinary income	0	—
Total extraordinary income	4,905	17
Extraordinary loss		
Loss on disposal of property and equipment	1,366	1,132
Loss on sale of property and equipment	348	3,723
Loss on devaluation of investment securities	57	832
Loss on impairment of fixed assets	9,660	8,575
Other extraordinary losses	8	67
Total extraordinary losses	11,441	14,332
Income before income taxes	169,218	151,255
Income taxes	56,358	51,953
Profit	112,859	99,301
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	¥ 112,859	¥ 99,301

Consolidated Statements of Comprehensive Income

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

	<i>Millions of yen</i>			
	Fiscal year ended December 31,			
	2019		2018	
Profit	¥	112,859	¥	99,301
Other comprehensive income (loss)				
Net unrealized holding gains (losses) on securities		22,249		(37,403)
Net deferred gains (losses) on hedges		989		(1,034)
Foreign currency translation adjustments		(764)		348
Remeasurements of defined benefit plans		34		(118)
Total other comprehensive income (loss)		22,509		(38,208)
Comprehensive income		135,369		61,093
Comprehensive income attributable to:				
Owners of the parent		135,369		61,093
Non-controlling interests		—		—

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