Sumitomo Realty & Development Co., Ltd.

Steady Progress, Further Growth

Annual Report 2015

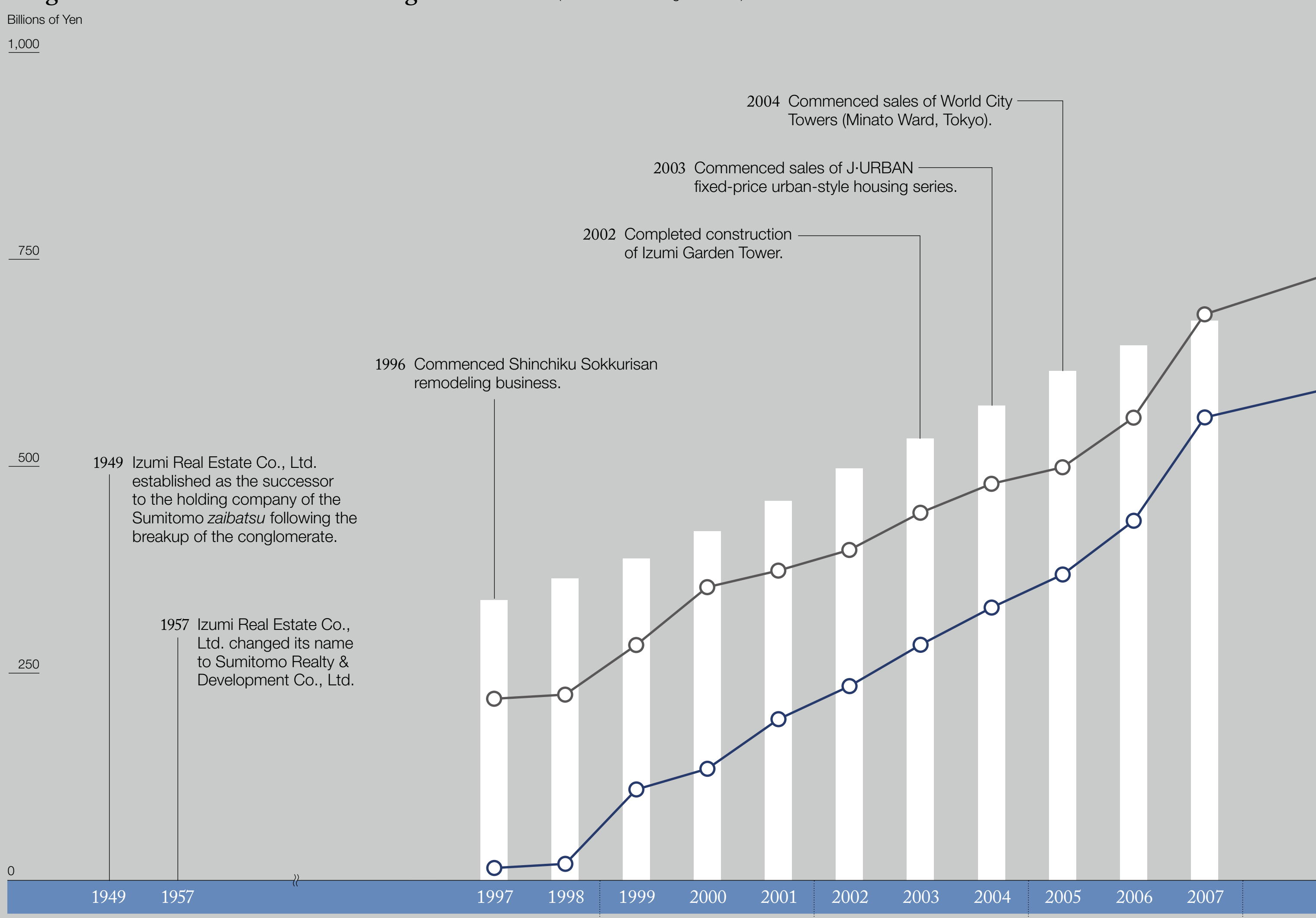
Sumitomo Realty constantly pursues challenges to ensure continuous growth

Since its establishment in 1949, Sumitomo Realty has continued to expand the scope of its operations to become one of Japan's leading comprehensive real estate companies and a core company of the Sumitomo Group, which has a history going back 400 years. Our operations are expanding beyond our core business of office building leasing to a range of areas including condominium sales, custom homes and remodeling, and real estate brokerage.

The first Medium-Term Management Plan was launched in 1999, and we are now operating under the Sixth Management Plan. By placing top priority on the achievement of these plans, Sumitomo Realty has been able to grow to where we are today.

Going forward, we will continue to expand existing businesses while pursuing the challenges of new business development, to ensure even higher, continuous growth.

Progress under Medium-Term Management Plans (Years ended/ending March 31)



	1st Plan* 1999–2001	2nd Plan 2002–2004	3rd Plan 2005–2007
Revenue from operations	1,270	1,606	1,939
Operating income (right scale)	202	265	350
Ordinary profit (right scale)	87	170	274

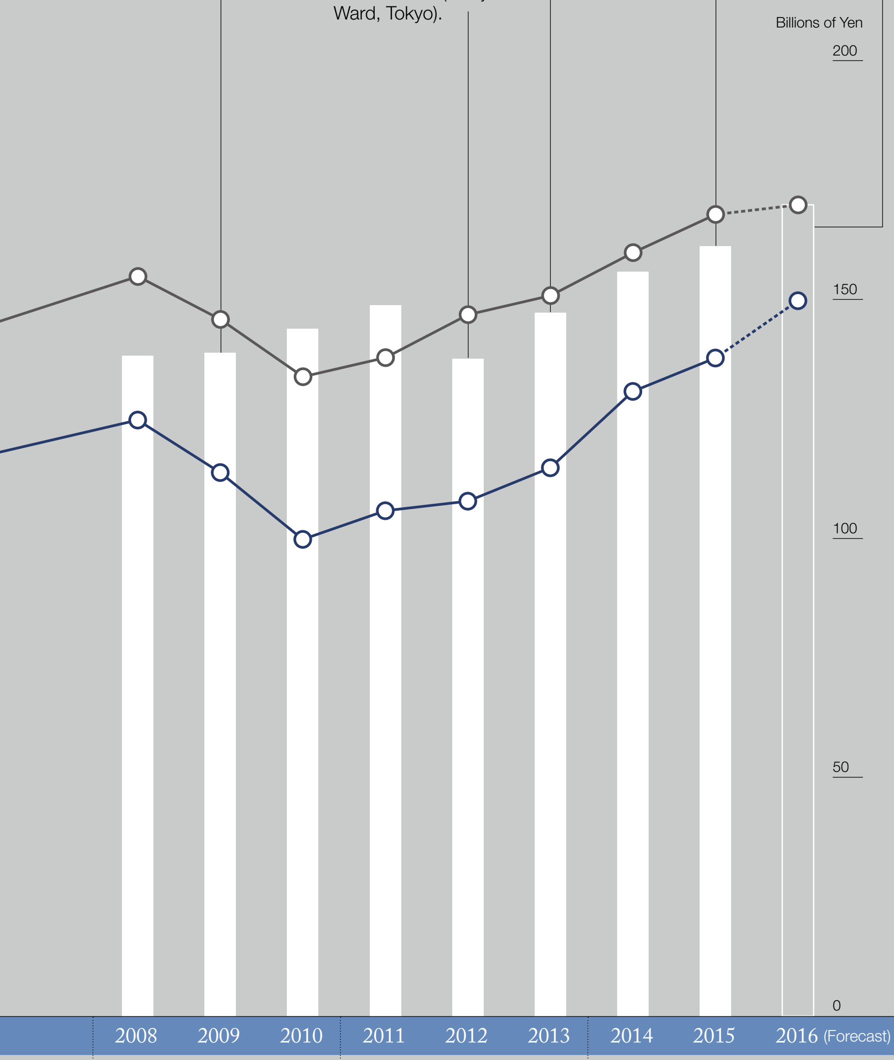
2012 Commenced sales of J·RESIDENCE.
2013 The number of managed STEP brokerage offices exceeded 250.

2008 Established Sumitomo Fudosan Bellesalle Co., Ltd., a consolidated subsidiary.
Commenced sales of City Towers Toyosu (Koto Ward, Tokyo).

2014 Number of condominium units brought to market over the full year was the highest in Japan for the first time.
Commenced sales of Deux Tours (Chuo Ward, Tokyo).
Cumulative units contracted topped 90,000 in Shinchiku Sokkurisan remodeling operations.
2015 Completed construction of Tokyo Nihonbashi Tower (Chuo Ward, Tokyo).

2011 Opened Grand Mansion Gallery.
Completed Sumitomo Fudosan Shinjuku Grand Tower (Shinjuku Ward, Tokyo).

2016 Completion of Roppongi 3-chome Project (scheduled).



ROE (%)

5.7 → 10.5
1999 2015

Ordinary Profit (Billions of Yen)

21.7 → 139.1
1999 2015

Cash Flows from Leasing Business (Billions of Yen)

53.4 → 135.5
1999 2015

4th Plan 2008–2010	5th Plan 2011–2013	6th Plan 2014–2016 (Forecast)
2,107	2,170	**2,500**
435	437	**500**
339	329	**400**

Note: The figures represent cumulative totals for the period covered by each plan.
* The 1st Plan began in 1998 and spanned four years. Figures shown represent cumulative totals for the final three years of the plan.

To Our Shareholders

We would first like to take this opportunity to express our thanks on behalf of the Sumitomo Realty & Development Group for your ongoing support. We have formulated a medium-term management plan every three years since 1997, and have achieved sustained growth through the achievement of these plans. In April 2013, we began operating under the Sixth Management Plan, which targets record cumulative earnings for the three-year period covered by the Plan.

In the March 2015 fiscal year, we recorded revenue and profit growth for the second consecutive year, and record earnings on a single-year basis. We are forecasting revenue and profit growth again in the March 2016 fiscal year, the final year under the Sixth Management Plan, and are aiming for a third consecutive year of record earnings.

If we are able to achieve the single-year targets for the March 2016 fiscal year, we will also meet the Sixth Management Plan's aggregate targets. Although the macroeconomic environment is showing signs of a recovery, the outlook remains uncertain. The Sumitomo Realty Group will flexibly respond to changes in the operating environment, and step up our efforts to clear the targets in the Sixth Management Plan and achieve sustained growth under the following Management Plan and beyond. We ask for your continued support.

J. Takashima
Junji Takashima
Chairman of the Board

K. Nishima
Kojun Nishima
President

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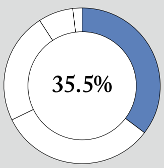
Cautionary Statement with Respect to Forward-looking Statements
Statements made in this annual report with respect to plans, targets and future performance that are not historical fact are forward-looking statements. These statements are based on management's assumptions and beliefs in light of the information currently available. Sumitomo Realty & Development Co., Ltd., cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include but are not limited to macroeconomic conditions, supply and demand in the real estate market and interest rate trends.

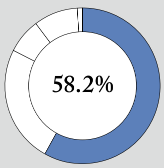
LEASING

Office building, condominium and other property leasing and management and related activities

Revenue from Operations



Operating Income



Major Consolidated Subsidiaries

- Sumitomo Fudosan Tatemono Service Co., Ltd.
- Sumitomo Fudosan Villa Fontaine Co., Ltd.
- Sumitomo Fudosan Bellesalle Co., Ltd.

History

Sumitomo Realty made its full-scale entry into the leasing business in the latter half of the 1970s. We demonstrated our strong business development capabilities by being the first company in the industry to restart construction work on office buildings following the collapse of Japan's economic bubble in the 1990s. Our competitive strengths and focus on large-scale redevelopment projects have enabled us to build our current leading position in the domestic real estate industry.

Unique Features and Competitive Advantages

- The fact that we primarily engage in all aspects ourselves, from land purchases and tenant acquisition to property management, means that we can quickly address tenant needs in our developments.
- We have an extensive track record in redevelopment.

Please refer to pages 10 to 15.

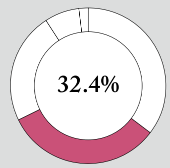
- Our "close, new and large" leasing portfolio gives us strong market competitiveness.

Please refer to page 20.

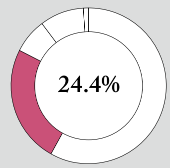
SALES

Mid- and high-rise condominium, detached house and housing lot development and sales and related activities

Revenue from Operations



Operating Income



History

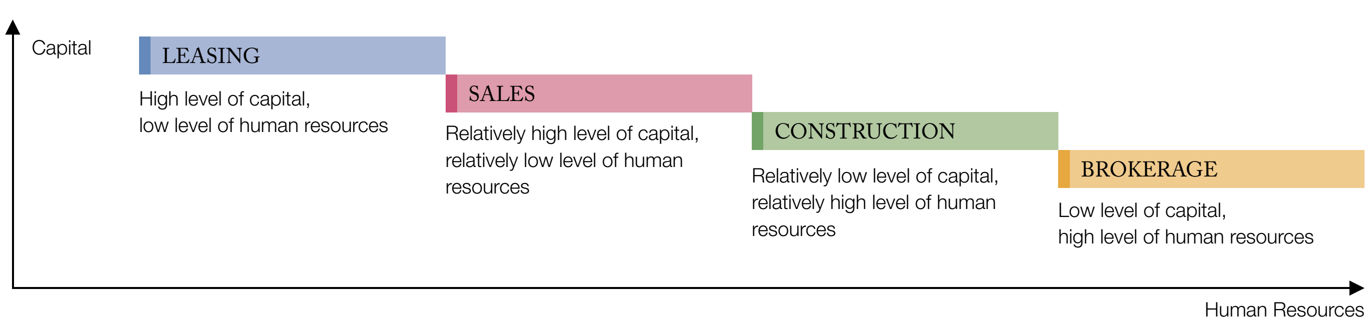
Having entered the condominium sales business in the first half of the 1960s, Sumitomo Realty is a pioneer in the domestic market for condominium development and sales. We have become a leading company for condominium sales in Japan by staying ahead of our competitors, strategically focusing on city centers and proactively developing large, high-rise properties.

Unique Features and Competitive Advantages

- We have businesses in cities across Japan, and 70% of our portfolio is in the Tokyo metropolitan area.
- In order to maintain asset value for the future, we are bolstering distinct characteristics such as modern appliances and stylish designs, including landmark exteriors, a rich array of common facilities and elegant entrances.
- We are employing a unique sales strategy in order for the customer to understand the value of our condominiums.

Please refer to pages 16 and 22.

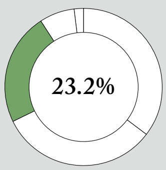
Balanced Portfolio



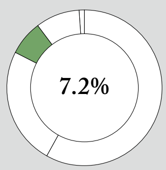
CONSTRUCTION

Custom home construction and remodeling and related activities

Revenue from Operations



Operating Income



Major Consolidated Subsidiary

· Sumitomo Fudosan Syscon Co., Ltd.

History

Remodeling—Shinchiku Sokkurisan

Sumitomo Realty launched the Shinchiku Sokkurisan full remodeling package in 1996. It has become the top brand in the market with a cumulative total of more than 80,000 units contracted.

Custom Homes

We launched the American Comfort line in 1995. To keep up with the needs of the times, we followed this with the J·URBAN line in 2003 and J·RESIDENCE in 2012. We are also enhancing our marketing strength with a nationwide network of over 100 model house units.

Unique Features and Competitive Advantages

Please refer to page 25 for details on Shinchiku Sokkurisan and Custom Homes.

Remodeling—Shinchiku Sokkurisan

- We can remodel a home in half the time and at 50% to 70% of the cost of rebuilding.
- With a fixed price per unit of floor area, customers do not need to worry about additional charges.

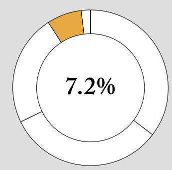
Custom Homes

- We use our expertise in condominium development to offer homes with both functionality and an attractive design.
- We develop original earthquake-resistant technologies, and we continue to enhance our technical capabilities.

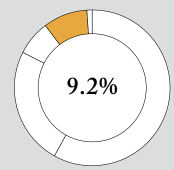
BROKERAGE

Brokerage and sales on consignment of real estate and related activities by Sumitomo Real Estate Sales Co., Ltd.

Revenue from Operations



Operating Income



Major Consolidated Subsidiary

· Sumitomo Real Estate Sales Co., Ltd.

History

Sumitomo Real Estate Sales Co., Ltd., was established in 1975 to conduct sales of condominiums developed by Sumitomo Realty. After entering the real estate brokerage sector in 1979, Sumitomo Real Estate Sales achieved significant success and was listed on the Tokyo Stock Exchange in 1998. We are strengthening our sales network to further increase our market share.

Unique Features and Competitive Advantages

- Our network of brokerage offices has close ties to local communities.
- The network has steadily expanded to 255 offices as of the end of March 2015.
- Because all brokerage offices are directly operated, the network boasts efficient operations and the industry's high profit margins.

Our achievement of sustained growth has been the result of our well-balanced operations. We have a balanced portfolio in four operational fields—leasing, sales, construction and brokerage—that have different risk profiles and capital requirements.

The leasing and sales businesses involve projection-based production that requires large upfront investment for land. Risk and returns are high, and the operational cycle is long at roughly 3 to 10 years, but human resource levels are relatively low. The construction and brokerage businesses are order-based businesses that do not require upfront investment and have a short operational cycle of less than one year, but require substantial human resources.

Our steady growth to date is the result of complementary core businesses with different individual characteristics, which has led to balanced growth. We will work to achieve sustained growth going forward by strengthening our existing businesses, and also establishing new core businesses.

We will not rest on our past achievements as we continue to endeavor toward the achievement of the targets in the Sixth Management Plan and sustained growth beyond that.

Kojun Nishima
President

Q.1

Please summarize your results for the March 2015 fiscal year and progress under the Sixth Management Plan.

A.1

We recorded a second consecutive year of revenue and profit growth, with record profit. With a greater-than-expected falloff in the wake of the consumption tax increase, profit declined in the Construction and Brokerage segments, but revenue in the main Leasing and Sales segments came in above plan, and revenue and profit growth in both segments drove overall results. As a result, revenue from operations for the March 2015 fiscal year totaled ¥806.8 billion, with operating income of ¥165.9 billion, ordinary profit of ¥139.1 billion, and net income of ¥80.6 billion, for a third consecutive year of revenue growth and a fifth consecutive year of increases in operating income and ordinary profit.

In terms of progress under the Sixth Management Plan, we are making steady progress, having achieved roughly two-thirds of the Plan's cumulative three-year targets.

Sixth Medium-Term Management Plan (April 2013 to March 2016)

1. Surpass single-year record and achieve three-year cumulative ordinary profit of ¥400 billion

For single-year business results, we will work to surpass, at an early date, our record high for ordinary profit, which was set in the March 2008 fiscal year (ordinary profit of ¥125.2 billion). In addition, we will aim for a further increase in the level of cumulative ordinary profit under the new plan, compared with what we achieved under the previous management plans, to ¥400 billion.

2. Strengthen financial position

We will strengthen our financial position by bolstering internal reserves and extending repayment periods. We have not set specific numerical targets, but aim to maintain continuously higher credit ratings.

Billions of Yen		vs. 5th Plan
Revenue from operations	2,500	15.2%
Operating income	500	14.3%
Ordinary profit	400	21.5%

3. Diversify our businesses

We will look for new directions and develop new businesses (including overseas development) in our four existing areas of operations (leasing, sales, construction and brokerage). We will also pursue completely new areas of operations.

Progress under 6th Management Plan

Billions of Yen	2014 (Result) (1st year)	2015 (Result) (2nd year)	Targets of 6th Plan (Cumulative three-year total)	Achievement ratio	Amount to achieve target (Remaining one year)
Revenue from operations	780	807	2,500	63.5%	913
Operating income	160	166	500	65.2%	174
Ordinary profit	131	139	400	67.5%	130

Q.2

What is your outlook for the March 2016 fiscal year?

A.2 For the March 2016 fiscal year, the final year under the Sixth Management Plan, we are forecasting revenue and profit growth in all four primary segments and aiming for a third consecutive year of record profit. If we are able to achieve these targets, we also expect to be able to achieve the Sixth Management Plan's targets for operating income and ordinary profit, and are forecasting record aggregate profit for the three-year period as well.

With the Japanese market experiencing higher share prices and improved corporate earnings, the main Leasing segment is experiencing growth in demand from tenants, and the Sales segment continues to see a high level of purchasing interest from customers. In addition, the Construction and Brokerage segments are emerging from the previous year's decline. We will endeavor to achieve our goals for the fiscal year ending March 31, 2016.

Outlook for the March 2016 Fiscal Year

Billions of Yen	2015 (Result)	2016 (Forecast)	YoY
Revenue from operations	807	850	+43
Operating income	166	174	+8
Ordinary profit	139	147	+8

Q.3

What is your basic policy regarding returns to shareholders?

A.3 Our basic policy regarding the distribution of profits is first to maintain a stable dividend, while at the same time striving to maintain sufficient internal reserves required for stable, long-term business growth.

Reflecting the fact that we have achieved record ordinary profit for a second consecutive year, we increased the year-end dividend for the March 2015 fiscal year by ¥1 per share, for a full-year dividend of ¥21 per share, including an interim dividend of ¥10 per share, and for the March 2016 fiscal year we intend to pay a full-year dividend of ¥22 per share, including an interim dividend of ¥11 per share.

At the same time, we cannot consider our equity ratio to be sufficient relative to other companies in our industry, and there are still investments for future growth, including the acquisition of land and construction expenses. While keeping in mind the payment of a stable dividend, we will also work to meet the expectations of shareholders through investments that will lead to earnings growth.

Q.4

This year the Board of Directors added two outside directors for the first time. Why were these two individuals selected?

▶ Please refer to page 27 for more information regarding the two outside directors.

A.4 We have been considering outside directors for some time, and at this time two appropriate individuals have agreed to join the Board of Directors. Both of these individuals have a wealth of management experience, and will provide candid opinions from the perspective of other industries. To date we have recorded stable earnings, and I believe our governance and management have functioned properly, but through engaged communication with these outside directors we will further enhance management quality and strengthen the governance structure.

Q.5

What is your policy going forward in terms of investment strategy and financial strategy?

▶ Please refer to page 10 for more information regarding redevelopment.

A.5 Our investment policy is to be highly selective and proactive in our acquisition of quality land. In addition to bidding, we look at individual land through the eyes of a manufacturer and emphasize redevelopment of amalgamations of what were originally small, individual lots, to maximize their value. We take pride in the fact that this is the source of our competitiveness in developing office buildings and condominiums.

Regarding financial strategy, considering we have had many opportunities to acquire quality land for office building and condominium construction has meant that during the March 2015 fiscal year our interest-bearing debt grew by more than ¥200 billion. At the same time, the environment for financing is favorable, with long-term interest rates remaining low for the time being. We are able to borrow long-term funds with repayment periods of 10 years or more at 1.0% or less, and will continue to strive to maintain a robust financial position.

We recorded more than ¥80 billion of net income in the March 2015 fiscal year, and with this accumulation of profit and corresponding growth in shareholders' equity, our net debt-equity (ND/E) ratio improved to 3.5 times. We will continue to invest proactively going forward to generate profit to increase shareholders' equity and further improve our financial balance.

Q.6

What is your thinking in terms of basic policies for the Seventh Management Plan?

A.6 We are currently formulating the specifics ahead of the announcement of the Seventh Management Plan.

In the Seventh Management Plan, we will aim to increase earnings especially in the main office building business. Sumitomo Realty manages more than 200 office buildings, making us the No. 1 manager in Tokyo in terms of number of buildings. Our aim is to build on this existing source of growth and make full use of the portfolio to address a variety of needs for continuous growth.

We are planning to bring gross floor area of 150,000 tsubo for leasing to market over the three-year period, or approximately 50,000 tsubo per year, the same as under the Sixth Management Plan. Land acquisition is the key element of our real estate business, and we have land being prepared or under construction to meet this target. We have also begun to acquire land for properties to be completed during the period of the Eighth Management Plan, and are on track with our land acquisition, primarily for redevelopment in central Tokyo.

For condominiums, we have already secured land for more than roughly 30,000 units. This gives us sufficient stock for the time being, so we do not need to bid on expensive land, and we will continue to secure land by patiently aggregating individual parcels.

Initiatives in Redevelopment for Creating New Value

Industry's No. 1 Redevelopment Track Record

Sumitomo Realty has grown by acquiring parcels of land to amalgamate and redevelop.
Today, we are the No. 1 redeveloper in Japan in terms of number of buildings.
In this section, we explain our activities and accomplishments in this area.

No. 1* Developer in Redevelopment Industry

* In terms of number of buildings (Sumitomo Realty data)

No. 1 Owner of Office Buildings in Tokyo

We made our full-scale entry into the leasing business in the second half of the 1970s, somewhat later than other major domestic real estate companies. However, as a result of our steady pace of office building development since then, we currently manage more than 200 office buildings, making us the No.1 developer in Tokyo. With our lineup of various types of buildings, mostly in the Tokyo CBD*, we are able to meet a broad range of diverse tenant needs.

▶ Please refer to page 20 for more details on our portfolio.

* Tokyo CBD (Central Business District): 7 wards, comprising Chiyoda, Minato, Chuo, Shinjuku, Shibuya, Shinagawa and Bunkyo

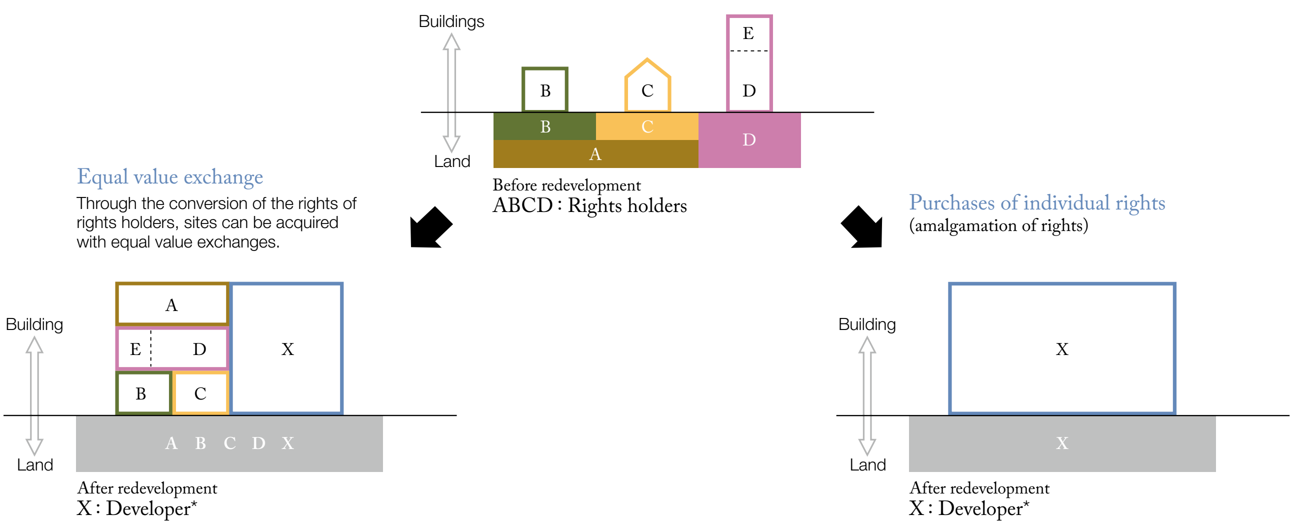
Acquisition of Land for Redevelopment Is Our Building Development "DNA"

The acquisition of land for construction via "redevelopment" has been the driving force behind our successful office building development.

The Company places priority on redevelopment, rather than simply rebuilding; we focus in particular on putting together several parcels by reaching agreements with multiple landowners to redevelop the land on a larger scale.

Trust of Landowners

Reaching agreements with a large number of landowners requires considerable time. This makes a high level of trust indispensable. Negotiations can take more than 10 years, but our employees deal directly with landowners in person. As a result of these efforts, many landowners agree to redevelopment "because it is Sumitomo Realty."



* Acquirer of property other than that received by rights holders in equal value exchange (developer)

Characteristics of Legal Redevelopment Projects

Merits

Substantial benefits in terms of investment return and profitability

- In comparison with methods where the land is first purchased, such as competitive bidding, projects are completed with small initial investments
- Developing blocks of land enhances the convenience of the area, and makes it possible to receive government subsidies and approvals for higher utilization (ratio of total floor space to land area).

Demerits

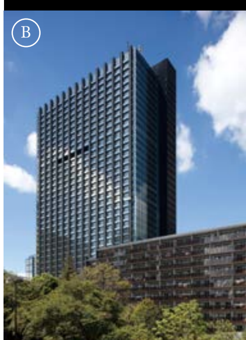
Substantial behind-the-scenes work is required

- It is necessary to form a consensus among multiple property rights holders, and there are also consultations with administrative bodies, resulting in longer development times. (The government is currently promoting shorter development periods through simplified approval procedures and other measures.)

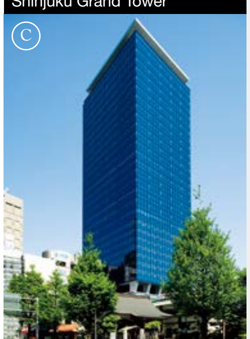
Our Redevelopment Projects in Central Tokyo

Approximately 60% of the office buildings we develop are redevelopment projects. We have the No. 1* track record in “redevelopment” among developers. Using the expertise we have cultivated to date, we will continue to grow by building a pipeline focused on redevelopment projects. * In terms of number of buildings (Sumitomo Realty data)

Shinjuku Central Park City

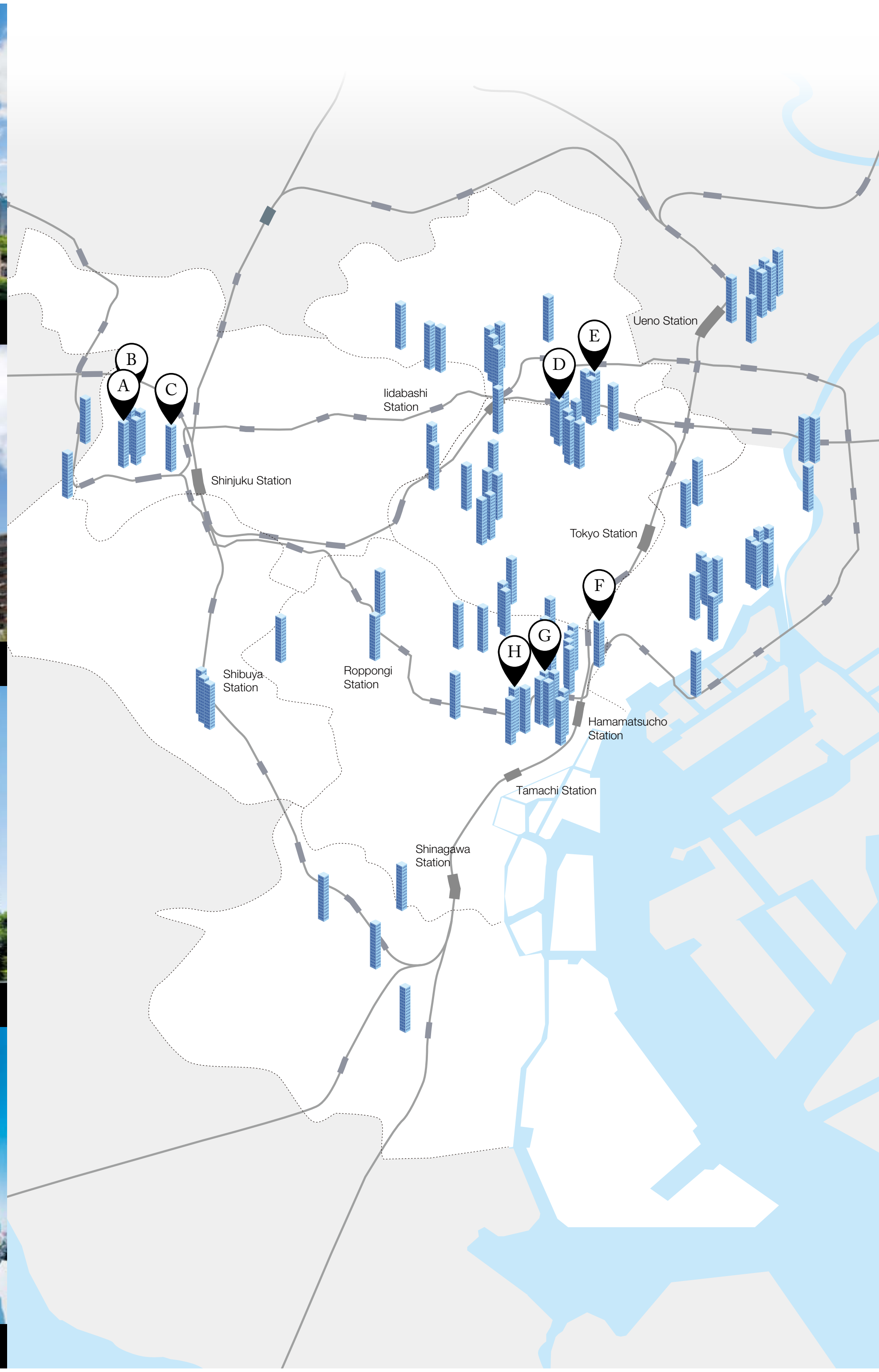


Sumitomo Fudosan Shinjuku Grand Tower

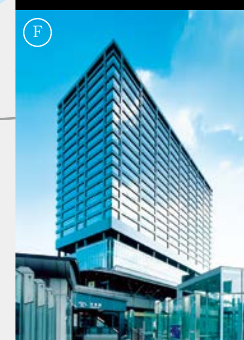


Sumitomo Fudosan Nishi Shinjuku Building

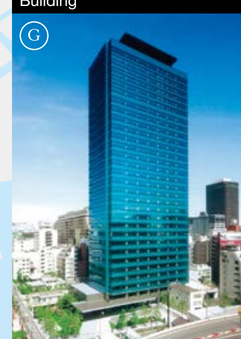
Chiyoda First Building East



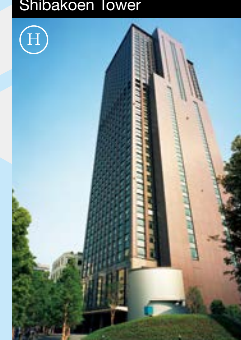
Ochanomizu First Building



Shiodome Sumitomo Building



Sumitomo Fudosan Shibakoen Tower



Sumitomo Fudosan Shibakoen First Building

Redevelopment Business Performance

Case 1 Izumi Garden Tower

- **Location**
  Minato Ward, Tokyo
- **Gross floor area**
  61,878 tsubo*
- **Principal uses**
  Office, residential, commercial, hotel, multipurpose hall
- **Completion**
  Oct. 2002
- **No. of floors**
  43 above ground, 4 below ground

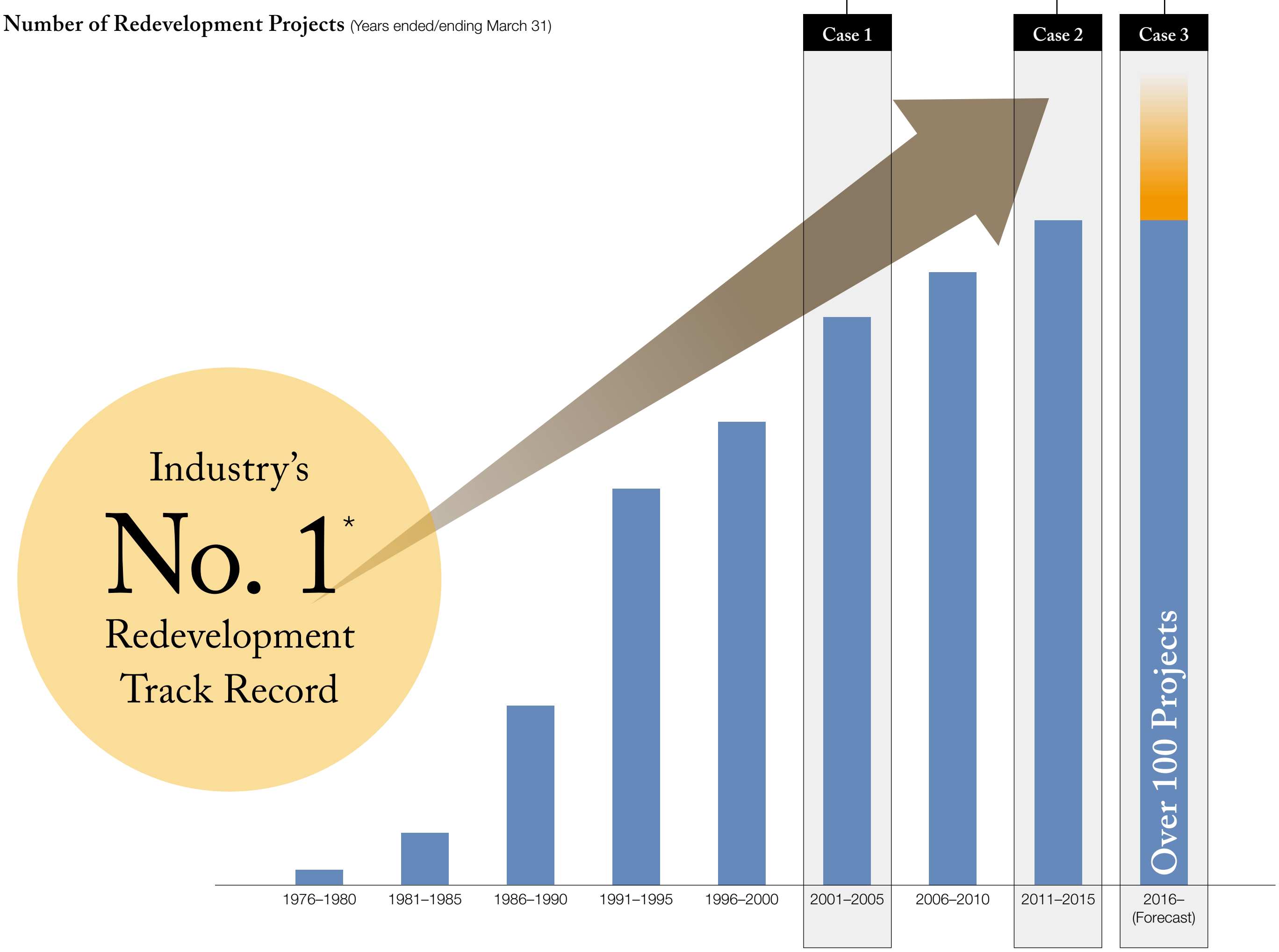
* 1 tsubo = 3.3m²

Case 2 Sumitomo Fudosan Iidabashi First Tower

- **Location**
  Bunkyo Ward, Tokyo
- **Gross floor area**
  20,686 tsubo*
- **Principal uses**
  Office, residential, commercial, multipurpose hall
- **Completion**
  Apr. 2010
- **No. of floors**
  34 above ground, 3 below ground

* 1 tsubo = 3.3m²

Number of Redevelopment Projects (Years ended/ending March 31)



* In terms of number of buildings (Sumitomo Realty data)

Case 3

Tokyo Nihonbashi Tower

- **Location** Chuo Ward, Tokyo
- **Gross floor area** 42,000 tsubo*
- **Principal uses** Office, commercial, multipurpose hall
- **Completion** Apr. 2015
- **No. of floors** 35 above ground, 4 below ground

* 1 tsubo = 3.3m²

Main Features

Enhanced transportation node function

- Construction of an open space of approximately 1,500m² facing Nihonbashi intersection
- Installation of underground open space connecting the square to Nihonbashi station concourse
- Provision of barrier-free access between Nihonbashi station and street level

Business continuity planning (BCP)

- Earthquake-resistant structure with vibration control to minimize shaking
- Emergency generator, which provides a 72-hour supply of backup power (power supplied to leased rooms in addition to public areas)
- Gas-powered electric power generation in both normal and emergency circumstances
- Reduced risk of flood damage through installation of power receiving and related equipment on sixth floor

Latest office specifications

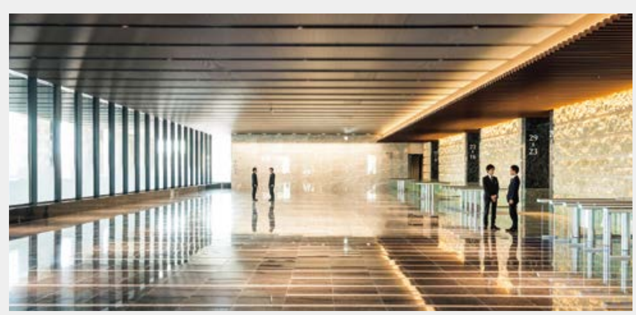
- 825 tsubo of leasable floor space on each standard floor, designed without internal pillars for a highly efficient layout
- Adoption of air-conditioning system comprising fully independent units for each floor's 52 zones
- Three-meter ceiling height, with an additional 10 centimeters of free access

Local disaster-response center

- Incorporation of a storage facility for emergency provisions, a water supply for firefighting, and room for emergency toilets
- Open space in front of the station can be used as a first-aid center and essential goods supply facility in the event of an emergency
- Area can be used as refuge to accommodate those who encounter trouble returning home

Increased international accessibility and local vitality

- Provision of multilingual tourist information center
- Installation of the area's largest multipurpose hall, which can be used for international conferences



Sky Lobby

Multipurpose hall "Bellesalle"

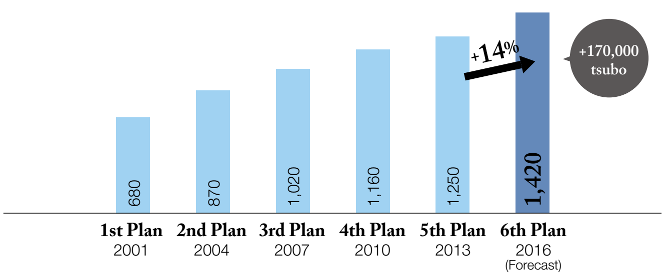
Specific Projects in Sixth Management Plan and After

LEASING

Under the Sixth Management Plan, we are aiming for cumulative revenue and profit growth for the three-year period, with record profit as well as record-setting business results on a single-year basis. Including redevelopment projects in Nihonbashi and Roppongi scheduled for completion during the period of the Sixth Management Plan, we expect to make a solid contribution to business results with the addition of 170,000 tsubo of gross floor area. Going forward, we will continue to work for profit growth by expanding the earnings base and enhancing the quality of our buildings.

Gross Floor Area (Years ended/ending March 31)

Thousands of Tsubo



New Building Development Plan—Period Covered by Sixth Management Plan, Seventh Management Plan, and Beyond

Name	Area	Gross floor area (tsubo*2)	Expected completion
Total gross floor area of projects completed in 2014*1		4,496	
Total gross floor area of projects completed in 2015*1		6,420	
Tokyo Nihonbashi Tower	Nihonbashi	42,000	Apr. 2015
Sumitomo Fudosan Mita Building	Tamachi	7,400	Nov. 2015
Roppongi 3-chome Project	Roppongi	62,000	Mar. 2016
Sumitomo Fudosan Shinjuku Garden Tower	Shinjuku	42,000	Mar. 2016
Sumitomo Fudosan Nibancho First Building	Chiyoda	6,000	Mar. 2016
Total: 2016*1		159,400	
Total: 6th Management Plan		170,315	
Projects from the 7th Management Plan			
Mita 1-chome Project	Tamachi	14,000	
Onarimon Project	Tamachi	10,000	
Higashi Shinbashi Project	Tamachi	2,500	
Osaki Project	Osaki	54,000	
Others			

*1. Fiscal year ended/ending March 31
*2. 1 tsubo = 3.3 m²

Sumitomo Realty's Core Development Area

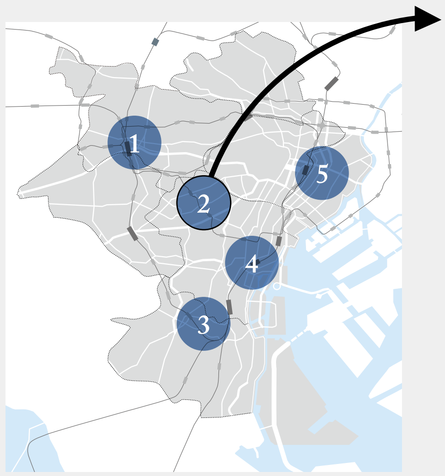
Sumitomo Realty continues to build its portfolio going forward with a focus on large-scale redevelopment projects in the central Tokyo districts of Shinjuku, Roppongi, Osaki, Tamachi, and Nihonbashi.

For example, Nihonbashi is located near Tokyo Station in the central business district, and we anticipate strong demand for office buildings in this area.

Tokyo CBD* Core Development Area

1. Shinjuku
2. Roppongi
3. Osaki
4. Tamachi
5. Nihonbashi

* Tokyo CBD (Central Business District): 7 wards, comprising Chiyoda, Minato, Chuo, Shinjuku, Shibuya, Shinagawa and Bunkyo

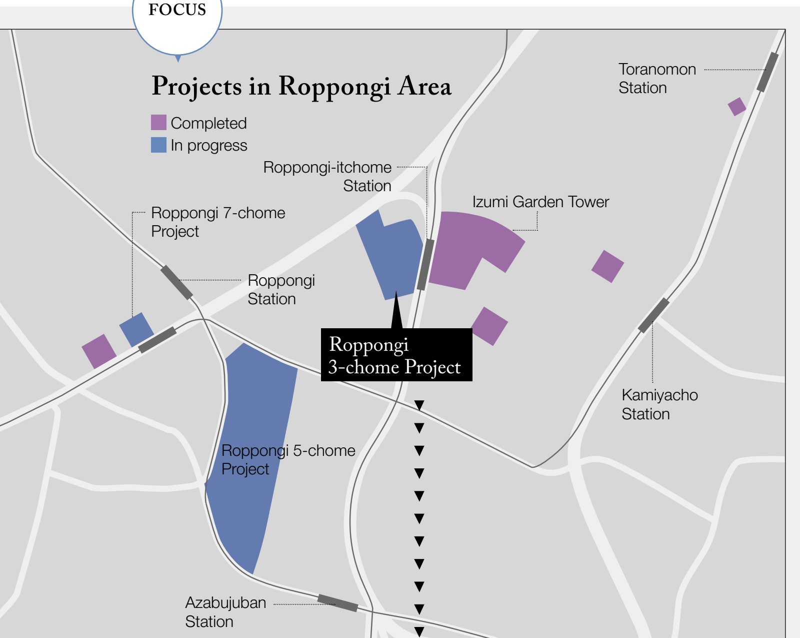


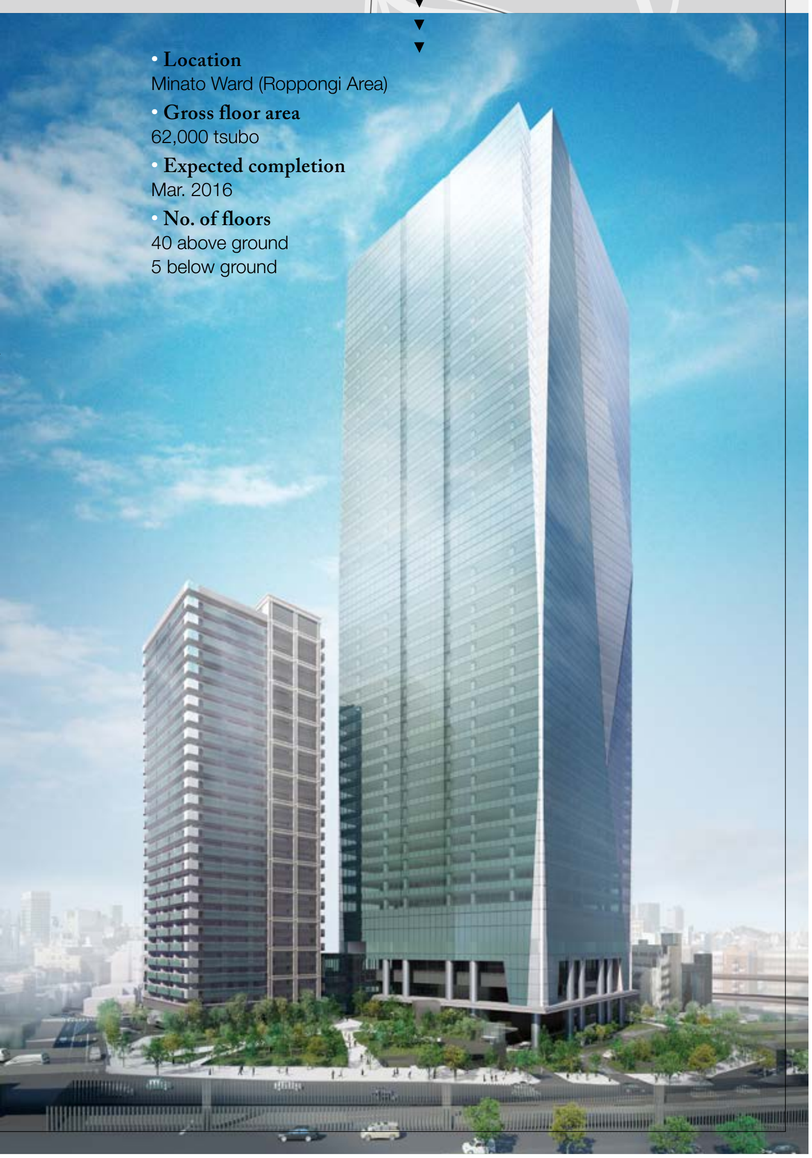
Roppongi 3-chome Project

On a large site of about 2.7 hectares adjacent to both Roppongi-itchome Station and our flagship property Izumi Garden Tower, this large-scale project will have a gross floor area of approximately 200,000 square meters, or 62,000 tsubo. It will include three types of facilities—office, residential and commercial—in north and south sections.

Station Lobby

FOCUS



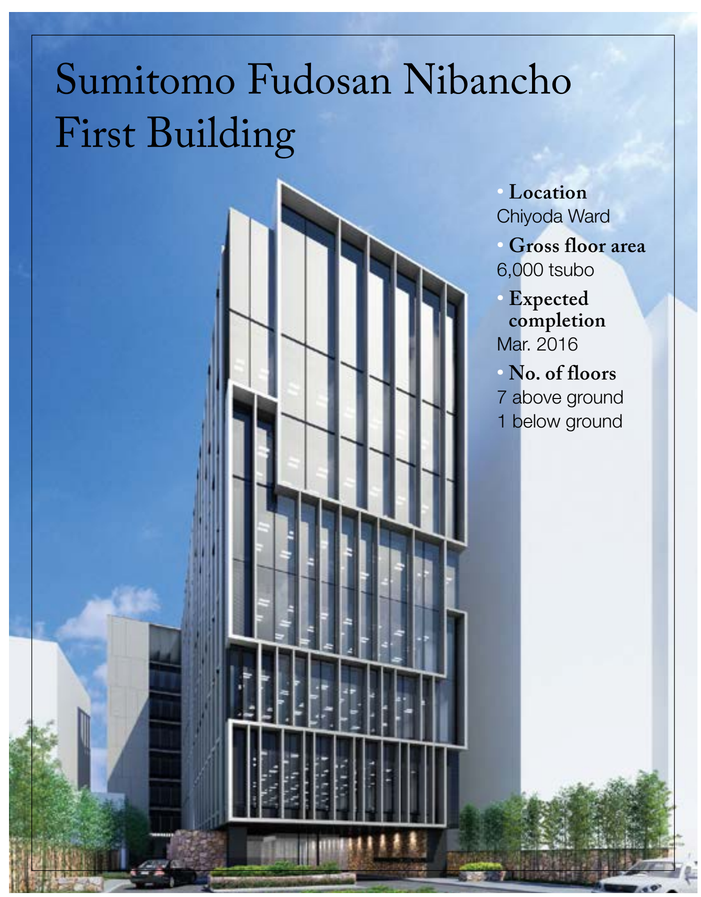


- **Location**
  Minato Ward (Roppongi Area)
- **Gross floor area**
  62,000 tsubo
- **Expected completion**
  Mar. 2016
- **No. of floors**
  40 above ground
  5 below ground

Sumitomo Fudosan Shinjuku Garden Tower

- **Location**
  Shinjuku Ward (Shinjuku Area)
- **Gross floor area**
  42,000 tsubo
- **Expected completion**
  Mar. 2016
- **No. of floors**
  37 above ground
  2 below ground

Sumitomo Fudosan Nibancho First Building



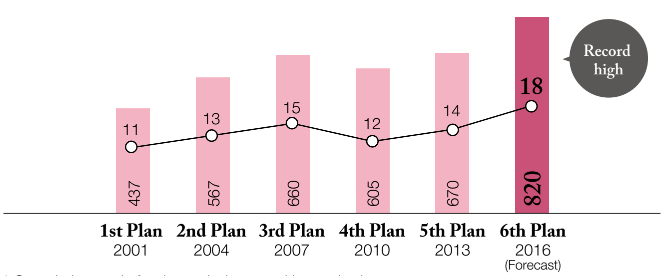
- **Location**
  Chiyoda Ward
- **Gross floor area**
  6,000 tsubo
- **Expected completion**
  Mar. 2016
- **No. of floors**
  7 above ground
  1 below ground

SALES

Under the Sixth Management Plan, we aim to increase deliveries volume to achieve growth in cumulative revenue and profit for the three-year period. We are targeting cumulative deliveries of 18,000 condominium units under the Sixth Management Plan, a roughly 30% increase from 14,000 units delivered during the period of the Fifth Management Plan. This target is equivalent to deliveries of approximately 6,000 units annually, which would be a record level for the Company.

During the period covered by the Fifth Management Plan, we launched the Grand Mansion Gallery and Custom-order Service as new initiatives to strengthen our product planning and sales structure. We aim to achieve our new targets by making maximum use of the results of these initiatives.

Revenue from Operations and Units Delivered (Years ended/ending March 31)



* Cumulative totals for the period covered by each plan.

Principal Projects in and after the 6th Management Plan

Name	Location	No. of units for sale	Scheduled delivery*1
Deux Tours Canal & Spa	Chuo Ward, Tokyo	1,450*2	2016
City Tower Kanamachi	Katsushika Ward, Tokyo	840	2016
City Terrace Kichijoji Minami	Mitaka, Tokyo	268	2016
City Tower Musashi Kosugi	Kawasaki	800	2016
City Terrace Yokohama Wadamachi	Yokohama	373	2016
City Terrace Kanzakigawa Ekimae	Osaka	745	2016
The Tennoji Residence Garden & Vista	Osaka	413	2016
City Tower Sendai Ichibancho Residence	Sendai	134	2016
City Tower Meguro	Shinagawa Ward, Tokyo	244	2017
City Terrace Shinagawa East	Shinagawa Ward, Tokyo	254	2017
City Terrace Omori Nishi	Ota Ward, Tokyo	279	2017
Grand Hills Yotsuya	Shinjuku Ward, Tokyo	139	2017
City House Nakameguro Residence	Meguro Ward, Tokyo	115	2017
City House Nakameguro Terrace	Meguro Ward, Tokyo	112	2017
City Terrace Toyocho	Koto Ward, Tokyo	522	2017
City Terrace Hirai	Edogawa Ward, Tokyo	357	2017
City Tower Umeda Higashi	Osaka	501	2017
City Tower Hiroshima	Hiroshima	471	2017

*1. Fiscal years ending March 31
*2. Excluding 216 units for SOHO use

Deux Tours

Deux Tours is one of our flagship projects, located in the Harumi district of Tokyo's Chuo Ward, an area that is expected to see an increasing pace of development. In addition to being a competitive condominium property in a prime location, the project is being designed as a condominium package that aims to deliver customer satisfaction through residential functionality and lifestyle enrichment.

Entrance

- **Location**
  Chuo Ward, Tokyo
- **No. of units for sale**
  1,450
- **No. of floors**
  52 above ground
  1 below ground
- **Scheduled delivery**
  2016

Key Features

• **Large, earthquake-resistant twin towers soaring 180 meters high**

With 52 floors and a total of 1,450 units, the scale of the twin tower complex makes a powerful statement as a landmark property. The extensive use of glass and materials that blend in beautifully with the waterfront landscape creates a striking exterior design that sets the development apart from other nearby towers.

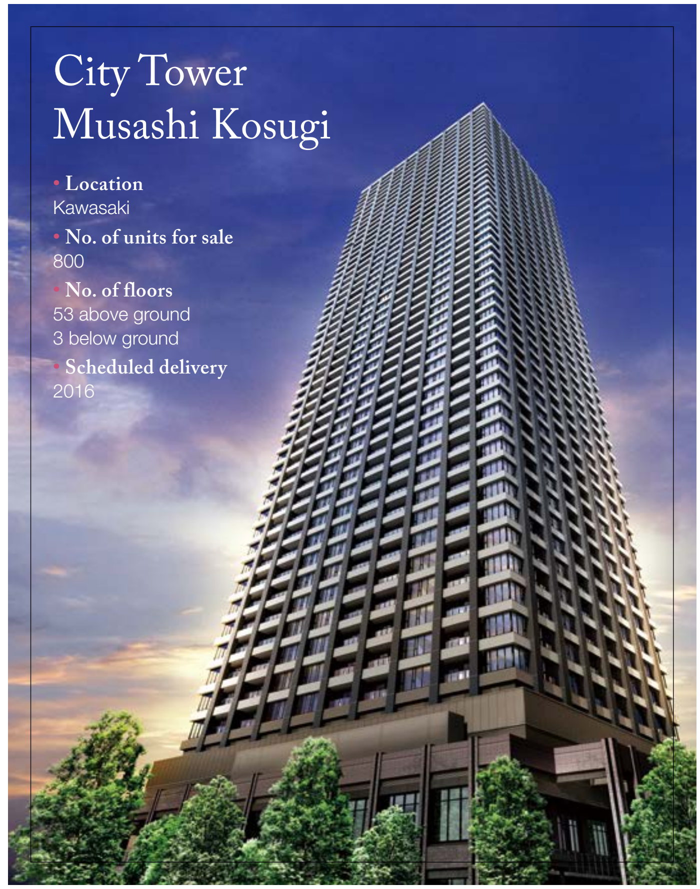
• **Offering both convenient downtown access and the waterfront's feeling of relaxing at a resort**

Harumi, the district in Chuo Ward where Deux Tours is being built, is roughly 2.2 kilometers from Ginza for convenient access to central Tokyo, while the Tokyo Bay location feels like a waterfront resort.

As part of its program to boost Tokyo's international competitiveness, the Tokyo Metropolitan Government's Bureau of Urban Development has designated Harumi as a priority zone, and the area is expected to become increasingly developed.

• **Diverse public facilities include spa and View Lounge & Bar**

In addition to the waterfront scenery and lush, green surroundings, Deux Tours has a diverse offering of public facilities possible only in a large-scale property, including a large entrance that conveys the property's landmark status, a large spa with sauna, the View Lounge & Bar, and a parents' salon with kids' room.



City Tower Musashi Kosugi

• **Location**
Kawasaki

• **No. of units for sale**
800

• **No. of floors**
53 above ground
3 below ground

• **Scheduled delivery**
2016

Principal Project from the 7th Management Plan

Grand Hills Yotsuya

• **Location**
Shinjuku Ward, Tokyo

• **No. of units for sale**
139

• **No. of floors**
7 above ground
2 below ground

• **Scheduled delivery**
2017

LEASING

Basic Growth Strategy

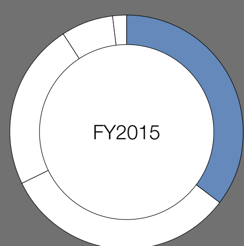
Continuing new investment to build a platform for growth, by further increasing the portfolio's portion of prime properties that are "close, new, and large"

Revenue from Operations

¥289.1 billion

% of Revenue from Operations

35.5%

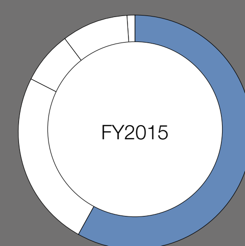


Operating Income

¥104.4 billion

% of Operating Income

58.2%



Overview of the Fiscal Year

The Tokyo office building market, which represents more than 90% of the segment's portfolio, experienced steady tenant demand against a backdrop of improved economic sentiment and a recovery in corporate earnings. This led to a continued trend of declining vacancy rates, as well as a turnaround to higher actual rents for existing buildings in addition to the rise in rents for new buildings that was already under way. With a continued underlying trend of growth in new demand for additional floor space and relocation for expansion, rents for existing buildings are gradually being increased.

Against this backdrop, revenue from operations for the March 2015 fiscal year rose 1.9% from the previous year, to ¥289.1 billion, and operating income grew 6.6%, to ¥104.4 billion. This revenue and profit growth reflected improved vacancy rates at existing buildings, as well as full-year contributions from buildings completed during the previous year, including Sumitomo Fudosan Chiyoda First Wing and Sumitomo Fudosan Motoakasaka Building.

The vacancy rate for existing buildings improved, from 5.9% at the end of the previous fiscal year, to 4.9% at the end of the year under review. Sumitomo Fudosan Onarimon Ekimae Building and Sumitomo Fudosan Hirakawacho Building, which were completed during the year under review, are fully occupied, and tenant solicitations for new buildings including Tokyo Nihonbashi Tower and the Roppongi 3-chome Project, which are scheduled for completion during the March 2016 fiscal year, were solid as well.

Sumitomo Fudosan Onarimon Ekimae Building

- **Location**
  Minato Ward
- **Gross floor area**
  2,691 tsubo
- **Completion**
  Apr. 2014
- **No. of floors**
  11 above ground

Sumitomo Fudosan Hirakawacho Building

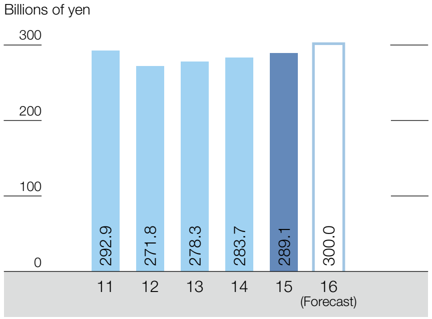
- **Location**
  Chiyoda Ward
- **Gross floor area**
  3,729 tsubo
- **Completion**
  Jan. 2015
- **No. of floors**
  10 above ground
  1 below ground

Outlook

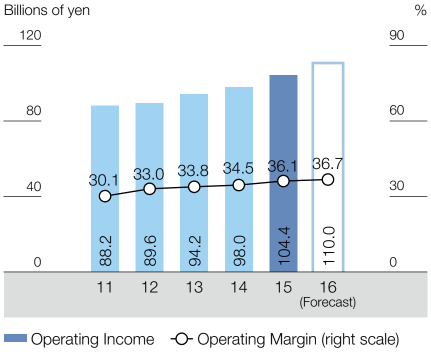
We are aiming for record revenue from operations and operating income in the March 2016 fiscal year, based on improved earnings from existing buildings and full-year contributions from Sumitomo Fudosan Onarimon Ekimae Building and Sumitomo Fudosan Hirakawacho Building, which were completed during the year under review.

Specifically, we are projecting a 3.8% increase in revenue from operations, to ¥300.0 billion, with a 5.3% increase in operating income, to ¥110.0 billion.

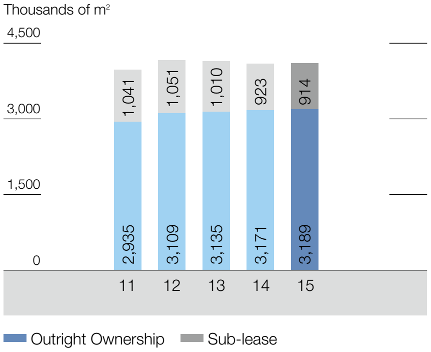
Revenue from Operations



Operating Income and Operating Margin



Gross Floor Area

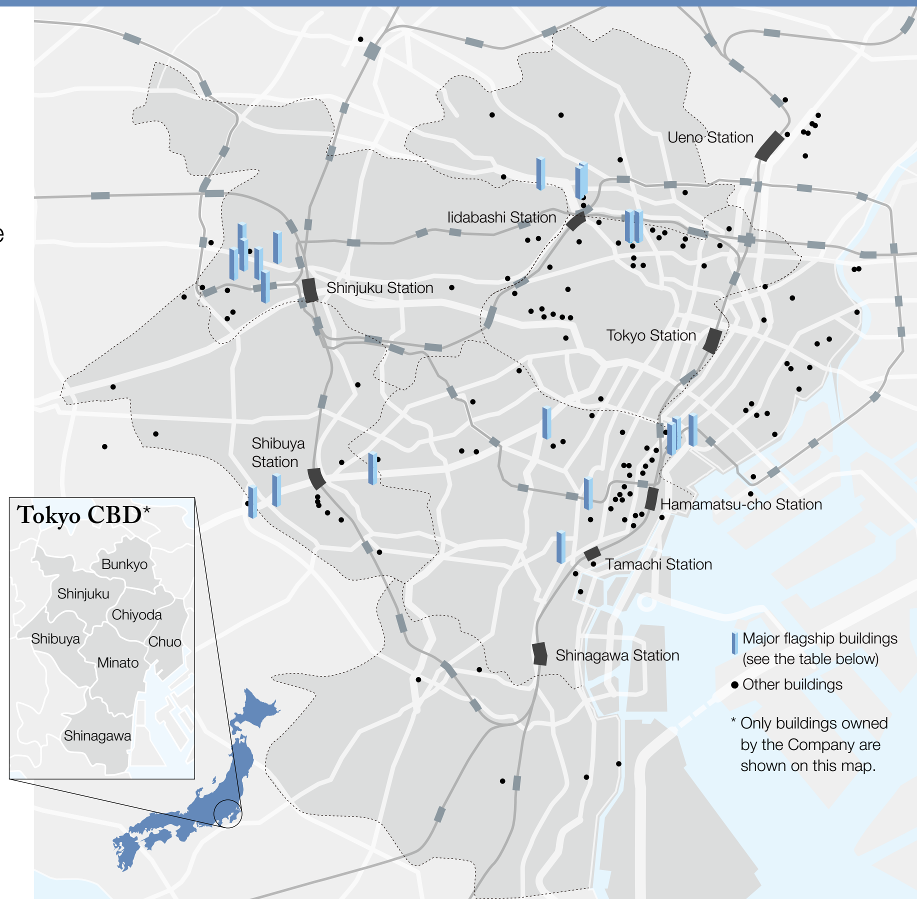


Our Leasing Portfolio

(as of March 31, 2015)

In the Tokyo CBD (Central Business District)*, where buildings that meet the three conditions for prime properties—close, new and large—are in strong demand, our competitive portfolio will provide a strong foundation for us to utilize our strengths—development of high-value-added office buildings, tenant leasing and property management. We will utilize that foundation to maximize the earnings potential of our office building operations and build a strong base for the achievement of sustainable growth in the years ahead.

* Tokyo CBD (Central Business District): 7 wards, comprising Chiyoda, Minato, Chuo, Shinjuku, Shibuya, Shinagawa and Bunkyo



Tokyo's No. 1 office building owner, managing

MORE THAN 200 BUILDINGS

in central Tokyo's major office districts

Gross Floor Area

4.10 million m²

Major Flagship Buildings

Name	Location (Tokyo CBD)	No. of floors (above ground/ below ground)	Completion	Gross floor area (m²)
1. Izumi Garden Tower	Minato Ward	43/4	Oct. '02	204,556
2. Shinjuku Sumitomo Building	Shinjuku Ward	52/4	Mar. '74	177,467
3. Sumitomo Fudosan Shinjuku Grand Tower	Shinjuku Ward	40/3	Dec. '11	168,296
4. Shinjuku Central Park City	Shinjuku Ward	44/2	Feb. '10	130,290
5. Shinjuku Oak City	Shinjuku Ward	38/2	Jan. '03	117,446
6. Shiodome Sumitomo Building	Minato Ward	25/3	July '04	99,913
7. Sumitomo Fudosan Mita Twin Building West	Minato Ward	43/2	Sept. '06	98,338
8. Shinjuku NS Building	Shinjuku Ward	30/3	Sept. '82	75,046
9. Tokyo Shiodome Building	Minato Ward	37/4	Jan. '05	95,128
10. Sumitomo Fudosan Shibakoen First Building	Minato Ward	35/2	June '00	70,381
11. Sumitomo Fudosan Iidabashi First Tower	Bunkyo Ward	34/3	Apr. '10	68,382
12. Chiyoda First Building West	Chiyoda Ward	32/2	Jan. '04	61,209
13. Sumitomo Fudosan Shibuya Garden Tower	Shibuya Ward	24/3	June '12	59,417
14. Sumitomo Fudosan Aobadai Tower	Meguro Ward	33/3	Aug. '09	55,773
15. Sumitomo Fudosan Iidabashi Building No. 3	Shinjuku Ward	24/2	Oct. '02	53,047
16. Sumitomo Fudosan Iidabashi First Building	Bunkyo Ward	14/2	Mar. '00	52,982
17. Sumitomo Fudosan Shibuya First Tower	Shibuya Ward	25/3	Aug. '10	52,942
18. Sumitomo Fudosan Shiodome Hamarikyu Building	Chuo Ward	21/2	Aug. '09	47,951
19. Chiyoda First Building East	Chiyoda Ward	17/2	Oct. '98	37,593
20. Sumitomo Fudosan Nishi Shinjuku Building	Shinjuku Ward	33/2	Apr. '09	37,317

Our Portfolio's Strengths

(as of March 31, 2015)

Sumitomo Realty's leasing portfolio is highly competitive in terms of the three distinct features of being "close, new and large." Going forward, we will endeavor to maintain and enhance our competitive strengths by focusing on providing high-quality office buildings with these qualities.

Close

Tokyo CBD*

87%

23 Wards

94%

Locations in the Tokyo CBD

Our leasing portfolio emphasizes locations in central Tokyo; 94% of our portfolio is in Tokyo's 23 wards, and 87% is in the Tokyo CBD (Central Business District)*. A location near other office buildings and major train and subway stations is a key condition for a prime property, and our properties' locations are one of our competitive strengths. In particular, the Tokyo CBD is being developed as an area with a high concentration of office buildings, and stable demand can be expected in this area going forward. We will therefore work to enhance our competitive strengths by continuing to acquire land in this area.

* Tokyo CBD (Central Business District): 7 wards, comprising Chiyoda, Minato, Chuo, Shinjuku, Shibuya, Shinagawa and Bunkyo

New

Completed since 2000

57%

New quake-resistance*

99%

* New standards that took effect in 1981

Brand-new and Recently Constructed Buildings

The average age of the buildings in our portfolio is 16 years, the lowest figure among major Japanese real estate companies, and 57% of the buildings in our portfolio have been completed since 2000. New buildings are able to generate strong demand by meeting tenant needs in areas like facilities and design, making the relative age of the buildings in a portfolio a key factor affecting leasing businesses.

As shown in the table below, our buildings are equipped with the latest facilities and features, and are popular among tenants for their functionality, comfort, and safety in the event of a major disaster. 99% of our portfolio meets or exceeds earthquake-resistance standards that took effect in 1981, which are a key yardstick for earthquake safety. In recent years, emergency generators that provide electricity in the event of a power outage have also become a feature sought by tenants as part of their business continuity planning.

State-of-the-art Facilities	Before 1981	1982–1996	1997 and after
Earthquake protection	Previous quake-resistant structure	New quake-resistant structure	Anti-sway structure
Ceiling height*	2.5 m	2.7 m	2.9–3.3 m
Floor load	300 kg/m^2	300–500 kg/m^2	500–1,000 kg/m^2
Air-conditioning	Central air-conditioning system	Climate control zones	Separate climate control systems
Power capacity	45 VA/m^2	60–70 VA/m^2	85 VA/m^2 and over

* Includes raised floors

Large

Over 10,000m^2 (gross floor area)

84%

Large-scale Buildings

Large-scale buildings with gross floor area of at least 10,000 square meters make up 84% of our portfolio. When a tenant moves, being able to consolidate multiple business offices on one floor facilitates internal communication and reduces space redundancies, helping to make operations more efficient. These types of needs are behind the increased demand in recent years for large-scale buildings with large amounts of floor space per floor.

SALES

Basic Growth Strategy

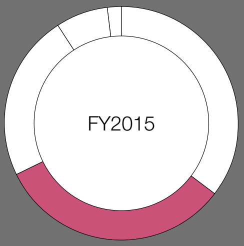
Enhancing our brand strength by providing high-quality properties via a unique sales strategy, to build a strong position that is less susceptible changes in market conditions

Revenue from Operations

¥264.2 billion

% of Revenue from Operations

32.4%

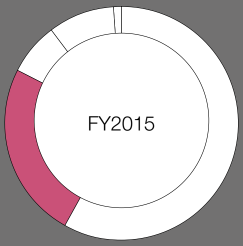


Operating Income

¥43.8 billion

% of Operating Income

24.4%



Overview of the Fiscal Year

The condominium market, which represents more than 90% of the segment's portfolio, continued to enjoy a favorable sales environment underpinned by low interest rates. With consumers showing a robust purchasing appetite from improved economic sentiment and a wealth effect driven by rising share prices, sales prices moved higher, especially for properties in prime locations.

Reflecting this environment, the number of condominium units, detached houses, and land lots delivered, including The Grand Millennia, Sky Forest Residence, and Tokyo Bay City Tower, increased 393 from the previous year, to a record 5,351 units.

The number of condominium units put on the market topped 6,000 for the first time, at 6,305 units, and the number of condominium units sold was above 5,000 for the third consecutive year, at 5,204.

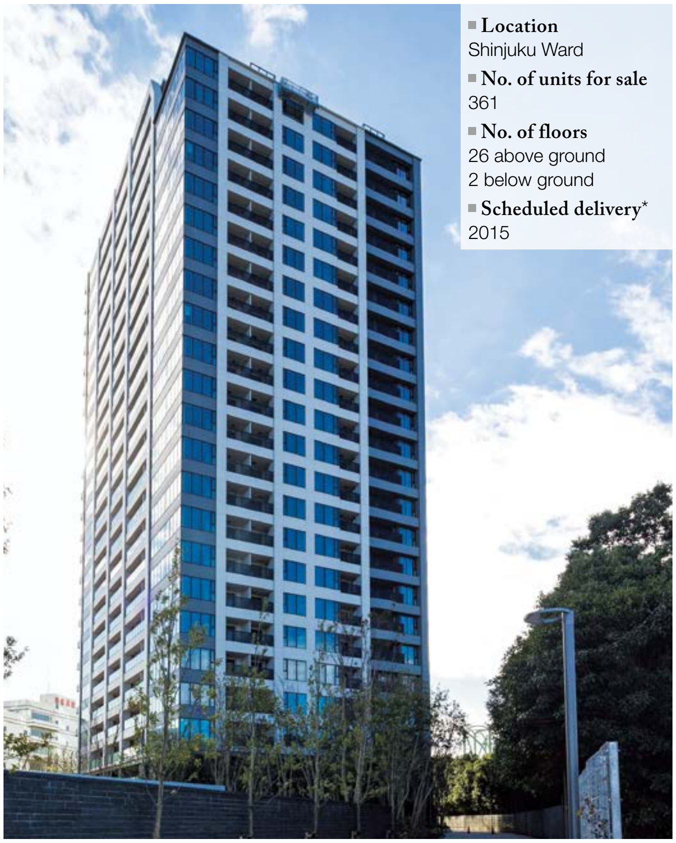
As a result, revenue from operations grew 12.9%, to ¥264.2 billion, with an 11.7% increase in operating income, to ¥43.8 billion, both of which were record highs.

Principal Condominium Development Projects (2015–2016)

Name	Location	No. of units for sale	Scheduled delivery*1
Sky Forest Residence	Shinjuku Ward, Tokyo	361	2015
The Grand Millennia	Toshima Ward, Tokyo	411	2015
Tokyo Bay City Tower	Minato Ward, Tokyo	171	2015
The Imperial Garden	Bunkyo Ward, Tokyo	167	2015
Sky Tiara	Itabashi Ward, Tokyo	621	2015
City Terrace Kunitachi	Kunitachi, Tokyo	277	2015
City Terrace Imafuku Tsurumi	Osaka	294	2015
Deux Tours	Chuo Ward, Tokyo	1,450*2	2016
City Tower Kanamachi	Katsushika Ward, Tokyo	840	2016
City Terrace Kichijojiminami	Mitaka, Tokyo	268	2016
City Tower Musashi Kosugi	Kawasaki	800	2016
The Tennoji Residence	Osaka	413	2016

*1. Fiscal years ended/ending March 31
*2. Excluding 216 units for SOHO use

Sky Forest Residence



■ **Location**
Shinjuku Ward
■ **No. of units for sale**
361
■ **No. of floors**
26 above ground
2 below ground
■ **Scheduled delivery***
2015

Sky Tiara

■ **Location**
Itabashi Ward
■ **No. of units for sale**
621
■ **No. of floors**
West: 19 above ground
East: 13 above ground
■ **Scheduled delivery***
2015

* Fiscal years ended March 31

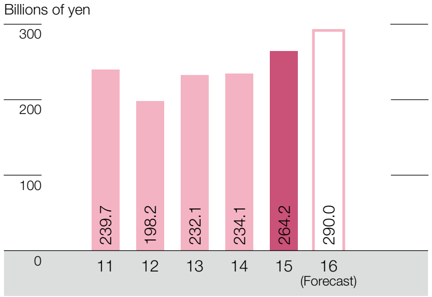
Outlook

We are aiming for a second consecutive year of record units delivered, revenue from operations, and operating income in the March 2016 fiscal year, based on a projected 149-unit increase in the number of condominium units, detached houses, and land lots delivered, to 5,500 units.

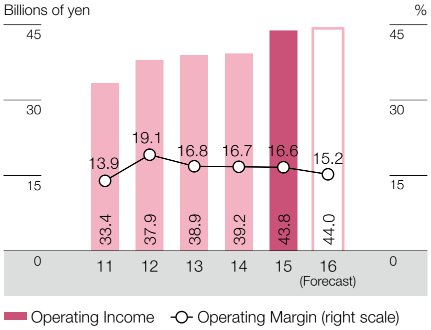
Of the 5,400 condominium units and detached houses that we expect to deliver during the March 2016 fiscal year, contracts had already been concluded for approximately 45% as of April 1, 2015, the same level as in the previous year.

We are therefore forecasting a 9.8% increase in revenue from operations, to ¥290.0 billion, with a 0.5% rise in operating income, to ¥44.0 billion.

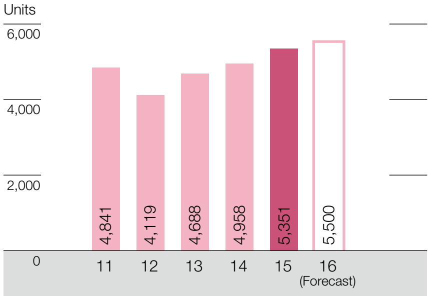
Revenue from Operations



Operating Income and Operating Margin



Units Delivered*



* Number of units includes condominium units, detached houses and land lots.

CONSTRUCTION

Basic Growth Strategy

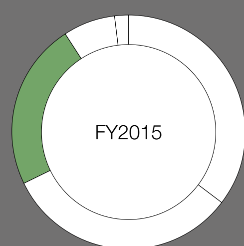
Further raising our competitiveness by refining our planning, technical, and sales capabilities without being bound by conventional thinking

Revenue from Operations

¥189.0 billion

% of Revenue from Operations

23.2 %

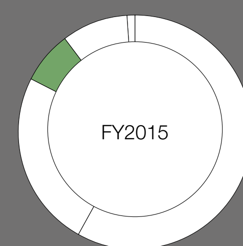


Operating Income

¥13.0 billion

% of Operating Income

7.2 %



Overview of the Fiscal Year

The number of units contracted during the first half declined year on year in both the Shinchiku Sokkurisan remodeling business and custom homes operations because of a temporary drop in demand following the consumption tax increase, but both businesses have turned around to a recovery track with year-on-year increases in the second half, of 41.6% for Shinchiku Sokkurisan and 30.9% for custom homes operations.

For the Shinchiku Sokkurisan remodeling business, the number of units delivered declined 3.3%, to 7,775 units, and revenue from operations decreased 1.2%, to ¥104.1 billion.

Custom homes operations recorded a 6.3% decrease in the number of units delivered, to 2,226 units, and a 1.8% decline in revenue from operations, to ¥68.1 billion.

As a result, the construction segment including Sumitomo Fudosan Syscon Co., Ltd., recorded declines of 6.1% in revenue from operations, to ¥189.0 billion, and 30.7% in operating income, to ¥13.0 billion, from upfront costs for the opening of 16 new sales offices to strengthen the custom homes marketing structure, in addition to the decrease in the number of units delivered.

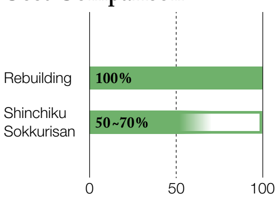
Outlook

We are aiming for a return to revenue and profit growth for both the Shinchiku Sokkurisan remodeling business and custom homes operations in the March 2016 fiscal year, through continuous enhancement of our product lineup and strengthening of our marketing structure.

Our March 2016 fiscal year projections are for a 0.5% increase in revenue from operations, to ¥190.0 billion, with a 4.2% increase in operating income, to ¥13.5 billion.

Remodeling—Shinchiku Sokkurisan

Cost Comparison



Key Features

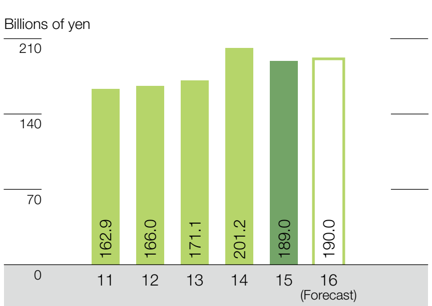
- Sales engineer system: Most of our sales personnel have engineering qualifications.
- Carpenters: We employ carpenters who work exclusively for Sumitomo Realty.
- Fixed price: We provide the customer with a fixed price per unit of floor area, so there are no concerns about additional construction charges.
- No need for temporary moves: We remodel homes while the customers continue to live in them, which is a major advantage.
- Earthquake resistance: We incorporate earthquake-resistance strengthening measures based on a computerized analysis of the home as well as measures to prevent damage from termites and moisture.

Custom Homes

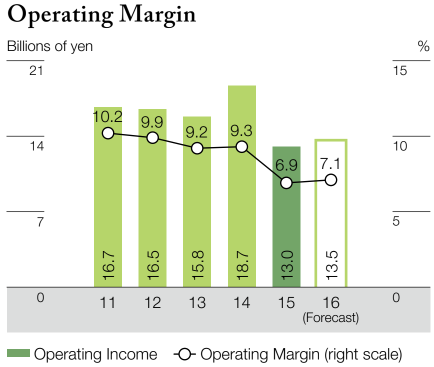
Key Features

- Advanced performance: We have developed proprietary earthquake-resistant technologies, namely the New Power Column, New Power Cube and Super Power Wall construction methods, and are actively incorporating these technologies in all our products.
- Top-class equipment and specifications: Leveraging our strengths in the form of our track record in condominiums and economies of scale as a comprehensive developer, we employ high-grade condominium interior materials as a standard specification.
- Complete after-sales support: Our homes are backed by a 30-year guarantee, and we have a dedicated contact line for customers.

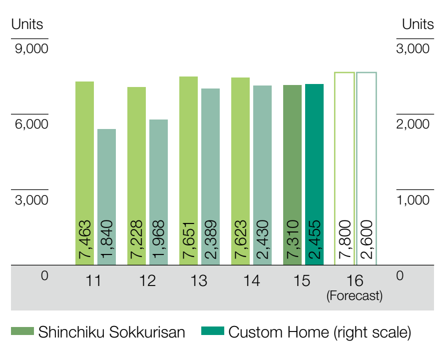
Revenue from Operations



Operating Income and Operating Margin



Shinchiku Sokkurisan and Custom Home Units Contracted



BROKERAGE

Basic Growth Strategy

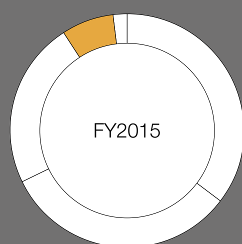
Strengthening our business platform by further expanding our network and pursuing closer ties between existing offices and their local communities

Revenue from Operations

¥58.5 billion

% of Revenue from Operations

7.2%

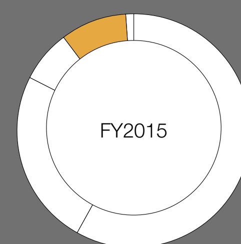


Operating Income

¥16.5 billion

% of Operating Income

9.2%



Overview of the Fiscal Year

The existing home market experienced temporary stagnation following the consumption tax rate increase, leading to a decline from the previous fiscal year in the number of contracts concluded in the Tokyo metropolitan area, but average transaction prices rose, primarily in prime downtown locations.

Given this environment, the segment, which is handled by Sumitomo Real Estate Sales Co., Ltd., recorded a 4.2% decline, to 33,968 units, in the number of transactions in our mainstay brokerage operations, primarily for retail transactions for existing homes. Nevertheless, with higher transaction prices and an increase in the number of large corporate transactions, transaction value increased 7.9% from the previous year, to ¥1,065.7 billion, surpassing ¥1 trillion for the first time in seven years.

As a result, revenue growth was maintained for the sixth consecutive year, with a 2.2% increase in revenue from operations, to ¥58.5 billion, but operating income declined 8.3%, to ¥16.5 billion, mainly from an increase in the cost of corporate transactions.

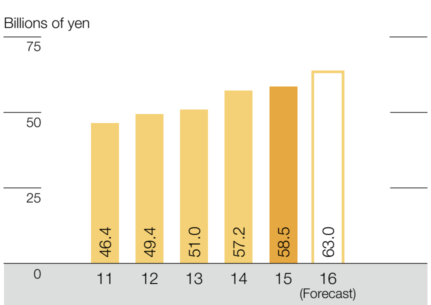
With the addition of four directly operated offices during the year, including the new STEP ADVANCE brand, the network boasted a total of 255 offices nationwide as of March 31, 2015.

Outlook

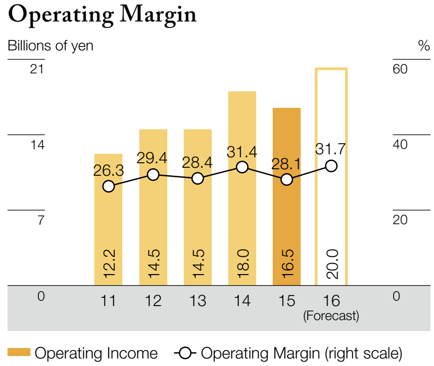
Our brokerage operations will continue to open new offices and upgrade existing offices, while at the same time striving to raise marketing efficiency, with the aim of achieving revenue and profit growth on a record number of brokerage transactions.

We are therefore forecasting a 7.7% increase in revenue from operations, to ¥63.0 billion, with a 21.5% increase in operating income, to ¥20.0 billion, for the March 2016 fiscal year.

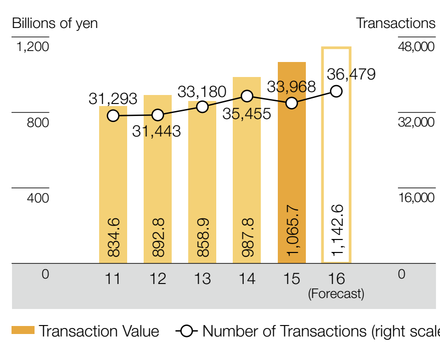
Revenue from Operations



Operating Income and Operating Margin



Number of Transactions and Transaction Value



Board of Directors and Statutory Auditors

As of June 26, 2015

Chairman of the Board
Junji Takashima*

Deputy Chairman of the Board
Kenichi Onodera

President
Kojun Nishima*

Deputy President
Nobuaki Takemura*

Deputy President
Masato Kobayashi*

Director
Yoshiyuki Odai*

Director
Hiroshi Kato

Director
Koji Ito

Director
Yoshinobu Sakamoto

Director
Toshikazu Tanaka

* Executive Managing Director

Outside Director
Hiromasa Yonekura

(Date of birth: March 31, 1937)

April 1960	Entered Sumitomo Chemical Co., Ltd.
June 2000	President, Sumitomo Chemical Co., Ltd.
April 2009	Chairman, Sumitomo Chemical Co., Ltd.
May 2010	Chairman, KEIDANREN (Japan Business Federation)
June 2014	Honorary Chairman, KEIDANREN (present) Counselor, Sumitomo Chemical Co., Ltd. (present)
June 2015	Outside Director, Sumitomo Realty & Development Co., Ltd. (present)

Outside Director
Shoichi Abbe

(Date of birth: September 20, 1940)

April 1963	Entered The Sumitomo Warehouse Co., Ltd.
June 1994	Director, The Sumitomo Warehouse Co., Ltd.
June 1997	Executive Managing Director – Managing Director, The Sumitomo Warehouse Co., Ltd.
June 2000	Executive Managing Director – President, The Sumitomo Warehouse Co., Ltd.
June 2010	President – Executive Officer, The Sumitomo Warehouse Co., Ltd.
June 2013	Statutory Auditor, Sumitomo Realty & Development Co., Ltd.
June 2015	Executive Managing Director – Chairman of the Board, The Sumitomo Warehouse Co., Ltd. (present)
June 2015	Outside Director, Sumitomo Realty & Development Co., Ltd. (present)

(Notes) Mr. Yonekura and Mr. Abbe both meet the requirements for independent directors stipulated by the Tokyo Stock Exchange, and the Company has notified the Tokyo Stock Exchange that both individuals are designated as independent directors.
Mr. Yonekura is a member of the special committee established in accordance with the Company's takeover defense measures.

Statutory Auditors

Yozo Izuhara
Hiroshi Tomoyasu
Tadashi Kitamura
Yoshifumi Nakamura

Corporate Governance Initiatives

Fundamental Approach to Corporate Governance

To achieve sound management, Sumitomo Realty believes that it is important to share information on a Companywide basis, ensure that everyone is aware of problems, enhance internal management supervision and achieve highly transparent management through appropriate information disclosure. We have implemented a number of corporate governance initiatives to realize these practices efficiently.

Corporate Governance Bodies

The Board of Directors is made up of 12 directors. The Board makes decisions on important Company matters, and oversees the directors' execution of duties. Furthermore, internal information, awareness of issues and other matters are shared through the Board of Directors, internal meetings and other forums, promoting quick and rational decision-making.

The Board of Statutory Auditors has four members, including two outside statutory auditors. To strengthen management oversight, we continue working to enhance outside auditing. The statutory auditors attend meetings of the Board of Directors and other important meetings, and track internal issues that are important for robust auditing.

Two outside directors were elected at the ordinary General Meeting of Shareholders held in June 2015. Both of these directors possess a wealth of company management experience and were nominated as directors in light of their appropriate personal character, knowledge and judgment. The Company has appointed outside directors to further enhance management efficiency and strengthen the corporate governance structure by contributing points of view that are not bound by preconceived ideas of the real estate industry and advice from a global perspective. The professional histories of the two outside directors are on page 27.

Each of the two outside statutory auditors has abundant management experience at other companies, and they were nominated because their character and knowledge were considered to be appropriate for the Company's statutory auditors. The outside statutory auditors fulfill their roles by expressing objective opinions on governance from an independent standpoint from the Company without being influenced by executives responsible for operational execution. They also work together to improve auditing by, for example, exchanging opinions as needed with other statutory auditors, the Internal Audit Division and the independent auditors. At the same time, they provide timely advice and guidance to internal departments associated with internal control.

Sumitomo Realty does not have standards or a policy regarding independence from the Company for selecting outside statutory auditors and outside directors. However, the Company does refer to the Tokyo Stock Exchange's evaluation standards regarding the independence of directors and corporate auditors when appointing such individuals.

The Internal Audit Division, which has seven staff members, monitors the operational execution of divisions throughout the Group and the operation of internal control systems. The division also works to prevent misconduct and mistakes, and proposes operational improvements. Moreover, the division reports the results of its audits to the statutory auditors and the independent auditors and exchanges opinions with them in an appropriate manner. These activities help to improve the quality and efficiency of the audit work of the Internal Audit Division, the statutory auditors and the independent auditors. At the same time, the Internal Audit Division, the statutory auditors and the independent auditors provide timely advice and guidance to internal departments that are associated with internal control.

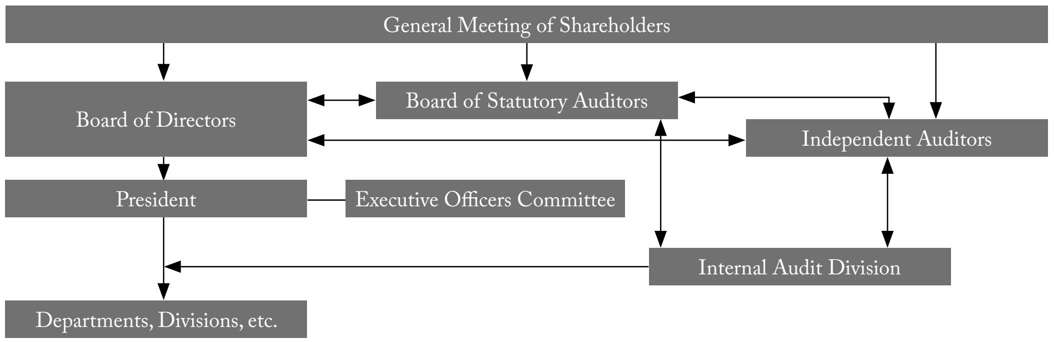
Independent Auditors

In accordance with the Corporate Law and the Financial Instruments and Exchange Law, the Company has concluded an auditing contract with KPMG AZSA & Co. for the auditing of the Company's accounts.

There are no conflicts of interest between Sumitomo Realty and the independent auditing company or its employees.

Reason for Adopting the Current Structure

The current Board of Directors is comprised of directors and statutory auditors who are familiar with the nature of the Company's business. The Company therefore believes that the current Board of Directors is most suitable for promoting management. The Company ensures corporate governance is maintained by enhancing management oversight



through the Board of Statutory Auditors and through proper information disclosure. In addition, two outside directors have joined the Board of Directors to further enhance management efficiency and strengthen the corporate governance structure.

Internal Control and Risk Management Systems

To efficiently institute sound management practices, the Company has established a range of internal control systems and is working to enhance those systems.

To further enhance our compliance with laws and regulations and to ensure ethical business practices, we established the Risk Management Committee. In addition, through the Compliance Department, we have established internal auditing and internal reporting systems. In these ways, we are working to prevent inappropriate and illegal actions.

Compensation of Directors and Statutory Auditors

At the ordinary General Meeting of Shareholders held in June 2004, we introduced a new performance-based compensation system for directors. Under this system, the annual compensation for directors is based on the Company's performance. The new system combines the three elements that made up the previous system—monthly compensation, annual bonuses and retirement allowances.

Under the new system, total annual (July to June) compensation for directors is set at 1% of consolidated ordinary profit. In the year under review, compensation for directors was ¥1,266 million, compensation for statutory auditors (excluding outside statutory auditors) was ¥30 million and compensation for outside statutory auditors was ¥39 million.

Takeover Defense Measures

The Group endeavors to increase corporate value through integrated Group management. This entails striving for well-balanced growth whereby mainstay businesses of a different nature—leasing, sales, construction and brokerage—complement each other.

Of our business segments, the real property leasing business and the real property sales business are "development businesses based on market anticipation" requiring anticipatory investments. In other words, we need to acquire land and construct a building within a planned period before we are allowed to record revenue. The Company's main business is to always make appropriate anticipatory investments for the future. The characteristic of the two businesses mentioned above is that investments lead to revenues and enhancement of our corporate value after an interval.

However, considering the existence of a large number of market participants who are capable of making huge investments, we are cautious about the risk of abnormal investment activity in the stock of the Company amid an enormous variety of decisions and speculations. Hence as a company aiming to improve shareholder value steadily over the medium and long term, we have determined that it promotes the common interests of shareholders to take certain measures to avoid disturbance by abnormal speculations to our business approach, which has brought significant achievements. The Company therefore introduced a policy for responding to large-scale purchases of its shares, and at the ordinary General Meeting of Shareholders held on June 28, 2007 the policy was approved by more than 70% of shareholders, which is the level of support required for the approval of special resolutions. With the approval of shareholders at the 77th General Meeting of Shareholders held in 2010, and again at the 80th General Meeting of Shareholders held in 2013, the policy has been extended to the conclusion of the 83rd General Meeting of Shareholders, scheduled to be held in June 2016.

Overview of Takeover Defense Measures and Board of Directors' Judgment

The Company believes that if a large-scale purchase of the Company's shares is initiated, the shareholders, in principle, should decide to accept or reject the large-scale purchase. To enable the shareholders to correctly understand the large-scale purchase's effect on the corporate value and the common interests of shareholders, however, it is necessary that both the party making the large-scale purchase and the Board of Directors of the Company provide to the shareholders necessary and sufficient information, opinions, alternative proposals, etc. and that the shareholders are given sufficient time to consider the provided information, opinions, alternative proposals, etc.

The large-scale purchase rules stipulate that the large-scale purchase shall begin after necessary and sufficient information is provided to the Board of Directors by the large-scale purchaser and a certain period for evaluation by the Board of Directors has elapsed.

To ensure the objectivity, fairness and rationality of decisions of the Board of Directors, a special committee will be established that consists of members selected from among external academic experts, lawyers, certified public accountants, etc.

If the large-scale purchase will significantly damage the corporate value and common interests of shareholders, after considering the opinions of external experts, including lawyers and financial advisors, and taking into the fullest account the recommendations of the special committee, the Board of Directors may take countermeasures to deter the purchase, such as the issuance of stock options.

Based on the above basic conceptions, we set out rules on large-scale purchases and request the large-scale purchaser to comply with the large-scale purchase rules. The Board of Directors shall take certain measures if the large-scale purchaser does not comply with the large-scale purchase rules, or even though the large-scale purchaser complies with the large-scale purchase rules, if it is clear that the large-scale purchase will cause unrecoverable damage to the Company or if the large-scale purchase significantly damages the corporate value and common interests of shareholders.

Basic Approach to CSR

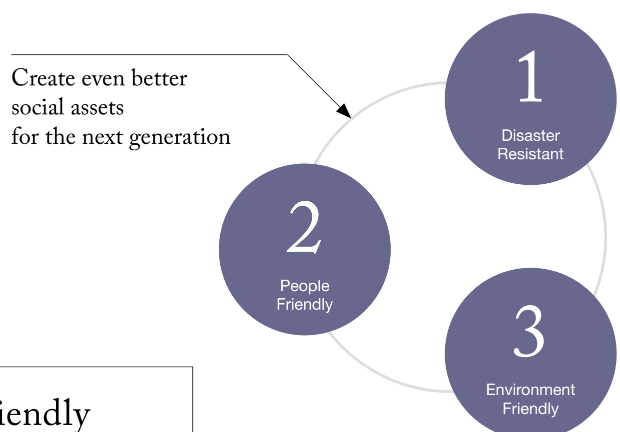
Sumitomo's Business Philosophy

The Sumitomo Group's business philosophy is encapsulated by the following precepts—"Place prime importance on integrity and sound management in the conduct of its business" and "Under no circumstances, shall it pursue easy gains or act imprudently."

These have been inherited as teachings since the time of the Sumitomo Group's founder. They are still regarded as the touchstone for the Sumitomo Realty Group's business activities.

The Sumitomo Realty Group's Fundamental Mission

Guided by Sumitomo's business philosophy, we have set forth our fundamental mission as being "to create even better social assets for the next generation" through our business. Based on this fundamental stance, we engage in business with the aim of creating cities and urban spaces that are resilient to disasters and friendly to people and the environment.



1 Disaster Resistant

Protecting office workers and businesses

Sumitomo Realty's latest office buildings actively employ earthquake-resistant features to protect office workers. Furthermore, we install emergency generators in buildings to supply power for a certain period of time during a blackout, enabling tenants to continue operations.

Contributing to regional disaster prevention

Sumitomo Realty has contributed to regional development through various redevelopment projects in cities. By redeveloping areas with densely packed wooden houses, we re-create cities so they are more resistant to disasters. The open spaces that are a feature of our redevelopment projects also serve as places for temporary refuge in a disaster.

2 People Friendly

Enhancing regional convenience and promoting barrier-free access

Our redevelopment business creates people-friendly cities. A case in point is the Roppongi 3-chome Project (East District), where an underground walkway is being built so that pedestrians of all abilities can move more easily from city areas to train stations.

AEDs

In order to be better prepared for a medical emergency at an office building, hotel or other key facility we operate and manage, we have installed automated external defibrillators (AEDs). Moreover, all personnel undertake first-aid training.

3 Environment Friendly

Improving the environmental performance of buildings

When we build condominiums, we give consideration to the environment, including by planting trees, adding greenery to rooftops and creating open green areas. Furthermore, the soil excavated during construction is processed into soil blocks.

We have developed technology for reusing soil from condominium construction sites to create blocks with low CO_2 emissions. The blocks are environmentally friendly because they are made of natural materials, which will eventually return to the ground at the end of their life. The blocks are used in planted zones in condominium sites.

Promoting energy conservation

In buildings we operate, we work to reduce CO_2 emissions, such as by actively introducing highly energy-efficient HF fluorescent lamps and LED lighting.

CSR through Business

Urban Redevelopment That Improves Cities—Sumitomo Fudosan Shinjuku Grand Tower

In December 2011, we completed redeveloping an approximate two-hectare area in the western part of Shinjuku Ward, Tokyo, under the basic concept of creating a multipurpose urban area combining offices, residences, an event hall and shops with a gross floor area of 168,296 m^2.

Redevelopment of an Area of Densely Packed Old Wooden Houses

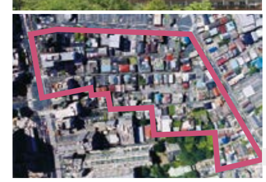
Prior to redevelopment, the area was disaster-prone, with old wooden houses densely packed around narrow streets. The redevelopment has turned it into a safe and pleasant area with the infrastructure expected of a modern city, such as fire-resistant buildings, public spaces and roads.

Disaster Preparedness

We have created open spaces that can serve as refuge areas for locals in a disaster, and provided spaces for temporary toilets as well as emergency water wells. Furthermore, we will open the large, multipurpose Belle Salle hall to provide shelter for people who cannot return home in a disaster.

To further enhance our disaster preparedness, in March 2012 we installed an electric power supply system that uses the battery that drives the Nissan LEAF electric car. This will be used as an auxiliary power source in the event of a disaster, and the battery for one Nissan LEAF vehicle will be able to supply power to the multipurpose hall for approximately 42 hours, or emergency-use well pumps and water purification equipment for roughly eight hours.

Creating Green and Open Spaces



The redevelopment features an approximate 4,000 m^2 open area along the road. Our aim was to create an urban space with a pleasant environment that is easy to work in. We also endeavored to ease the "heat island" effect and improve the environment by adding greenery to the roofs of buildings. Furthermore, by equipping the area with community roads primarily for non-automobile use and walkways, we have enhanced convenience and safety for pedestrians.

Introduction of Solar Power Generation and Energy-saving Facilities

To supply electricity to some common areas, we installed solar panels on the roof for generating power. Also, we are working to reduce energy use as well by employing a highly efficient electrical air-conditioning system and LED lighting, as well as motion-sensing lights.

Shinchiku Sokkurisan Remodeling Operations

Our Shinchiku Sokkurisan remodeling operations facilitate remodeling of existing buildings. We reduce remodeling costs, improve earthquake resistance and make other improvements in response to customer demand.

Earthquake Reinforcement, Extended Life and Energy Conservation for Housing

Shinchiku Sokkurisan is contributing to efforts to promote earthquake-proofing of existing homes through low-cost remodeling. It also extends the life of existing housing through earthquake reinforcement work requiring no dismantlement, while leaving the main structural elements intact. The process also does not waste resources and generates little industrial waste; for instance, old tatami mats are reused as material for cement.

Harmony with Building's History

Shinchiku Sokkurisan can also breathe new life into old houses. We add value suited to modern living, while taking care to preserve the history and character of a house that may have been home to many generations of a family. Sumitomo Realty is striving to reinvigorate old houses more than 100 years old, helping to ensure that tradition stays alive.

Financial Section

Eleven-year Financial Summary

Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries
Years ended March 31

	Millions of yen				
	2015	2014	2013	2012	2011
For the Year					
Revenue from operations	¥ 806,835	¥ 780,273	¥ 736,652	¥ 688,662	¥ 744,756
Leasing	289,117	283,730	278,317	271,812	292,875
Sales	264,207	234,093	232,149	198,154	239,709
Construction	188,995	201,190	171,082	165,995	162,924
Brokerage	58,486	57,211	50,957	49,397	46,430
Cost of revenue from operations	579,964	558,987	529,913	490,437	551,364
SG&A expenses	60,976	60,815	55,394	50,760	54,929
% of revenue from operations	7.6%	7.8%	7.5%	7.4%	7.4%
Operating income	165,895	160,471	151,345	147,465	138,463
% of revenue from operations	20.6%	20.6%	20.5%	21.4%	18.6%
Ordinary profit*2	139,055	130,537	114,916	107,912	106,296
% of revenue from operations	17.2%	16.7%	15.6%	15.7%	14.3%
Net income	80,567	69,697	59,825	53,236	50,908
Depreciation and amortization	33,519	35,311	37,761	36,049	23,705
At Year-end					
Current assets	¥1,025,703	¥ 924,452	¥ 965,786	¥ 801,142	¥ 805,958
Inventories	801,950	715,779	679,496	586,170	558,091
Total assets	4,523,804	4,220,429	4,105,500	3,859,698	3,234,203
Shareholders' equity*3	832,462	707,948	627,012	553,844	526,227
Net interest-bearing debt	2,875,660	2,652,929	2,424,932	2,407,639	1,901,850
Per Share Amounts (Yen)					
Net income	¥ 169.97	¥ 147.02	¥ 126.18	¥ 112.28	¥ 107.35
Shareholders' equity	1,756.25	1,493.48	1,322.52	1,168.11	1,109.78
Cash dividend applicable to the year	21.00	20.00	20.00	20.00	20.00
Key Ratios					
Equity ratio (%)	18.4	16.8	15.3	14.3	16.3
ND/E ratio*4 (Times)	3.5	3.7	3.9	4.3	3.6
ROE (%)	10.5	10.4	10.1	9.9	10.0
ROA (%)	3.9	4.0	3.9	4.3	4.4
Long-term debt ratio (%)	97	95	93	93	89
Fixed-interest rate debt ratio (%)	87	82	80	80	79
Interest coverage ratio*5 (Times)	6.5	6.1	4.9	4.2	4.7

*1. U.S. dollar amounts in this report are translated, for convenience only, at the rate of ¥120.15 = U.S.$1, the prevailing exchange rate at March 31, 2015.
*2. Ordinary profit, which equals operating income after adjustment for non-operating gains/losses, is a management index that is widely used in Japan.
Due to differences in accounting standards, ordinary profit is not broken out in the Company's English-language financial statements, but it is included here because it plays an important role in the calculation of incentive payments for directors.
*3. Shareholders' equity = Net assets – Minority interests
*4. ND/E ratio = Net interest-bearing debt (Interest-bearing debt – Cash, time and notice deposits) / Shareholders' equity
*5. Interest coverage ratio = (Operating income + Interest and dividend income) / Interest expense

Thousands of U.S. dollars*1

2010	2009	2008	2007	2006	2005	2015
¥ 719,636	¥ 695,240	¥ 691,928	¥ 676,834	¥ 646,525	¥ 616,115	$ 6,715,231
293,533	298,359	279,568	262,620	234,280	221,234	2,406,300
219,662	191,224	193,575	211,035	224,735	224,191	2,198,976
158,214	160,134	156,606	142,564	135,158	127,388	1,572,992
44,621	43,105	58,542	56,532	49,217	43,445	486,775
534,270	496,547	488,202	490,491	487,805	470,636	4,827,000
51,387	52,327	49,118	49,167	46,697	45,188	507,499
7.1%	7.5%	7.1%	7.3%	7.2%	7.3%	—
133,979	146,366	154,608	137,176	112,023	100,291	1,380,732
18.6%	21.1%	22.3%	20.3%	17.3%	16.3%	—
100,464	113,582	125,176	112,406	87,038	74,393	1,157,345
14.0%	16.3%	18.1%	16.6%	13.5%	12.1%	—
52,662	46,205	63,133	50,300	32,506	15,548	670,553
18,065	17,886	17,150	15,677	16,330	14,019	278,976
¥ 802,693	¥ 759,816	¥ 784,195	¥ 756,488	¥ 619,219	¥ 481,341	$ 8,536,854
521,871	518,885	511,868	489,093	330,700	211,180	6,674,573
3,168,098	3,006,412	2,894,004	2,747,900	2,460,080	2,136,329	37,651,303
488,896	436,667	427,423	409,197	375,656	320,098	6,928,522
1,785,854	1,722,733	1,548,509	1,343,824	1,150,880	935,155	23,933,916
¥ 111.04	¥ 97.39	¥ 133.00	¥ 105.92	¥ 68.33	¥ 32.64	$ 1.41
1,030.93	920.74	900.57	861.93	790.74	673.40	14.62
20.00	20.00	18.00	14.00	10.00	9.00	0.17
15.4	14.5	14.8	14.9	15.3	15.0	—
3.7	3.9	3.6	3.3	3.1	2.9	—
11.4	10.7	15.1	12.8	9.3	5.0	—
4.4	5.1	5.6	5.4	5.0	4.8	—
83	76	83	79	80	83	—
81	77	85	83	77	87	—
4.6	4.9	6.2	6.8	6.5	5.2	—

Review of the March 2015 Fiscal Year and Progress under the Sixth Management Plan

Sumitomo Realty began operating under the Sixth Management Plan from April 2013. The Plan sets a cumulative three-year target of ¥400 billion of ordinary profit, with single-year record revenue and profit.

In the March 2015 fiscal year, the second year of the Sixth Management Plan, Sumitomo Realty marked the third consecutive year of revenue growth and the fifth consecutive increase in both operating income and ordinary profit, and the second consecutive year of record revenue from operations, operating income, ordinary profit, and net income.

Although operating income from housing construction and real estate brokerage declined from the effect of a drop in consumption following the consumption tax rate increase, the leasing business and real estate sales business recorded revenue and profit growth on a continued improvement in the office building market and solid condominium sales. With this boost, revenue from operations rose 3.4% from the previous year, to ¥806.8 billion, and operating income grew 3.4%, to ¥165.9 billion.

Market conditions are posing challenges for the achievement of the Plan's target for revenue from operations, but operating income and ordinary profit are on track with the aggregate achievement of roughly two-thirds of the three-year targets.

Going forward, we will flexibly respond to changes in the operating environment, while redoubling our efforts to achieve the targets set in the Sixth Management Plan and chart a course for sustained growth.

Please refer to "President Interview" on pages 6 to 8 for detailed information regarding the Sixth Management Plan.

Results of Operations

Revenue from Operations and Operating Income

Revenue from operations grew ¥26.6 billion, or 3.4%, to ¥806.8 billion, and operating income rose ¥5.4 billion, or 3.4%, to ¥165.9 billion.

Please refer to "Review of Operations" on pages 18 to 26 for detailed segment information.

Other Income and Expenses

Net other expenses decreased ¥10.1 billion, to ¥35.2 billion, mainly from a ¥0.9 billion decline in interest expense, net.

Net Income

Income before income taxes and minority interests grew to ¥130.7 billion. After the payment of income taxes in the amount of ¥47.4 billion, net income rose 15.6%, to ¥80.6 billion, and the net income margin improved, from 8.9% to 10.0%.

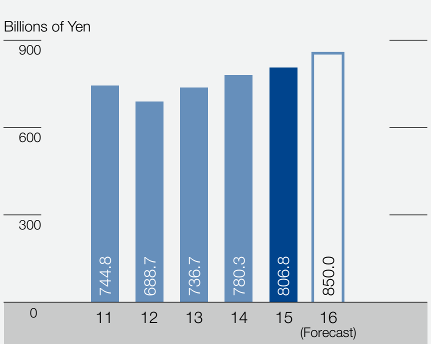
Cash Flows

Cash and cash equivalents at the end of year totaled ¥150.3 billion, a decrease of ¥4.0 billion from the end of the previous fiscal year. Cash flows were as follows.

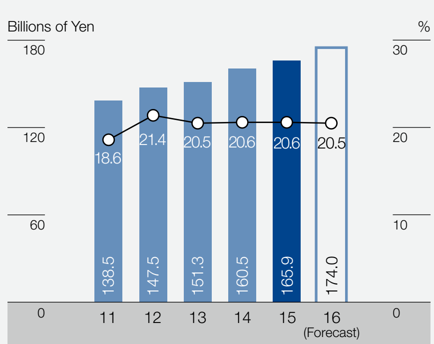
Cash Flows from Operating Activities

Net cash provided by operating activities was ¥35.1 billion, despite the recording of ordinary profit of ¥139.1 billion, outlays, including investments for condominium sales and the payment of income taxes.

Revenue from Operations

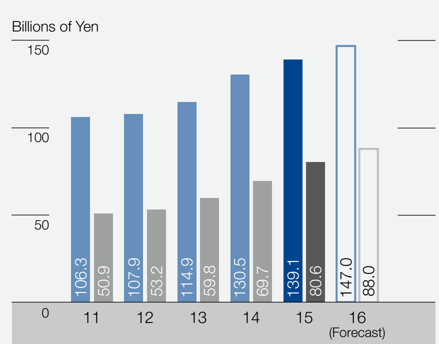


Operating Income and Operating Margin



Operating Income Operating Margin (right scale)

Ordinary Profit* and Net Income



Ordinary Profit* Net Income

* Please see note *2 on page 32.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥220.9 billion. In addition to ¥149.5 billion of payments for purchases of property and equipment to strengthen the leasing business, the net amount of outlays for restitution of deposits from partnership investors was ¥72.9 billion.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥187.8 billion. To enhance long-term fund-raising stability, proceeds from the issuance of bonds and from long-term loans payable totaled ¥615.8 billion, exceeding the total ¥280.0 billion in redemption of bonds and repayment of long-term loans payable, and the net decrease in short-term debt, including commercial paper, was ¥57.9 billion. In addition, as a result of the amount repaid exceeding the amount raised, the year-end balance of long-term non-recourse loans and non-recourse bonds by SPEs* was a net decrease of ¥51.0 billion.

Millions of yen

	2015	2014	Amount change	% change
Short-term debt:				
Principally from banks	¥ 87,000	¥ 113,000	¥–26,000	–23.0%
Commercial paper	—	31,996	–31,996	–100.0%
Subtotal	87,000	144,996	–57,996	–40.0%
Long-term debt:				
Bonds	440,000	410,000	30,000	7.3%
Non-recourse bonds	44,324	49,672	–5,348	–10.8%
Loans principally from banks	1,996,218	1,690,403	305,815	18.1%
Non-recourse loans	399,485	445,125	–45,640	–10.3%
Subordinated loan	60,000	60,000	0	0.0%
Subtotal	2,940,027	2,655,200	284,827	10.7%
Interest-bearing debt	¥3,027,027	¥2,800,196	¥226,831	8.1%

○ Capital Resources and Liquidity

Assets

Total assets as of March 31, 2015, were ¥4,523.8 billion, an increase of ¥303.3 billion from the previous fiscal year-end. Current assets increased ¥101.3 billion, to ¥1,025.7 billion. This included an increase in real estate for sale (including construction in progress) and an increase in investments in securities, primarily from higher valuations of listed equity holdings. Property and equipment, net increased ¥123.3 billion, to ¥2,923.4 billion.

Liabilities

Total liabilities as of March 31, 2015, were ¥3,664.3 billion, an increase of ¥176.4 billion from the previous fiscal year-end. Consolidated interest-bearing debt increased ¥226.8 billion, to ¥3,027.0 billion, while deposits received decreased.

Shareholders' Equity*

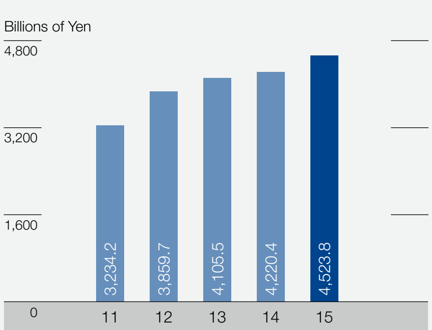
Shareholders' equity as of March 31, 2015, was ¥832.5 billion, a ¥124.5 billion increase from the previous fiscal year-end. This included net income of ¥80.6 billion, as well as net unrealized holding gains on securities of ¥88.8 billion (a ¥51.0 billion increase from the previous fiscal year-end). As a result, the equity ratio improved to 18.4%, from the previous year's 16.8%. ROE also improved, from 10.4% to 10.5%. ROA was 3.9%, compared with 4.0% for the March 2014 fiscal year.

We remain at the top level of our industry in terms of ROE, with an average of 10.2% over the past five years. Going forward, we will continue to work toward achieving the earnings targets set out in our Management Plans.

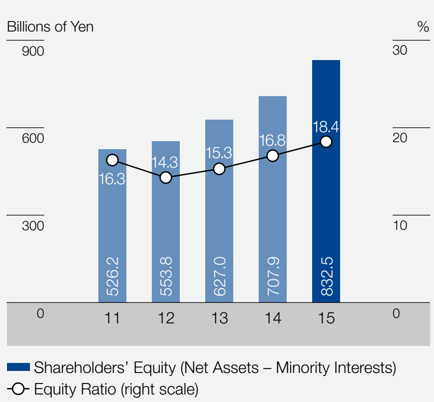
* Shareholders' equity = Net assets – Minority interests

* SPEs have been included in the scope of consolidation since the March 2012 fiscal year.

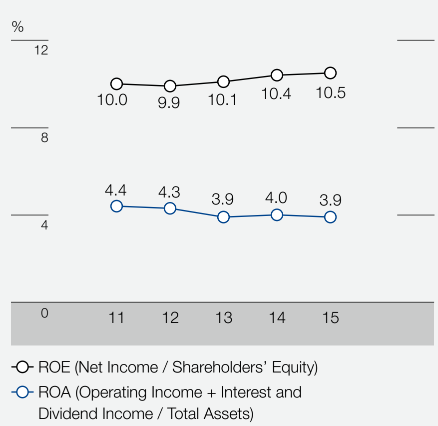
Total Assets



Shareholders' Equity and Equity Ratio



ROE and ROA



○ Financial Strategy

Characteristics of Operations and Diversification of Fund-raising

In leasing and sales, which are our mainstay business segments, several years are required from the acquisition of a site to the completion of a building and the generation of revenue. In addition, significant advance investment is required. In consideration of these factors, under the three medium-term management plans from April 1997 to reinforce our financial position and achieve operational growth, we worked to diversify our fund-raising methods so as to control interest-bearing debt while making investments needed for growth.

Specifically, we have aggressively introduced development securitization methods using SPEs. With SPEs where off-balance sheet funds are raised through non-recourse loans, we have worked to conduct development on a large scale with a small amount of equity money without placing a burden on our balance sheet (SPEs have been included in the scope of consolidation since the March 2012 fiscal year). In addition, to diversify our fund-raising methods in order to control interest-bearing debt, we have formed SURF (Sumitomo Realty & Development Fund) investment partnerships backed by leased buildings, making effective use of our assets in our fund-raising activities. At the end of March 2015, the balance of investment received in SURF investment partnerships was ¥104 billion, which was recorded on the balance sheet as deposits received.

By actively utilizing these types of fund-raising methods that do not rely on interest-bearing debt, in the first half of the 2000s, we raised large amounts of funds without having to sell assets at low prices, and have aggressively acquired sites when site acquisition costs are low and there are investment opportunities. Consequently, our site acquisition has proceeded according to plan, and we were able to achieve substantial growth in revenue and profit over a decade.

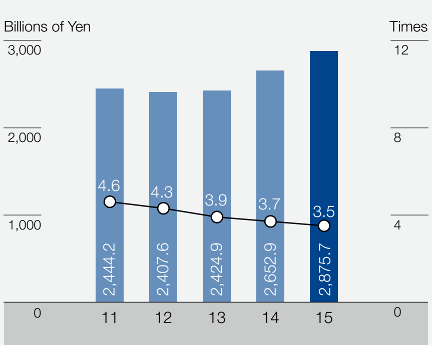
Investing in Line with Changes in the Market Environment and Strengthening Financial Position

Since the second half of the 2000s, it has become increasingly difficult to acquire large prime sites that meet our investment criteria, in part because of intensified competition. Given this situation, Sumitomo Realty has implemented a policy centered on urban redevelopment for future site acquisition. As a result, we are making steady progress with the preparations for future development projects in the pipeline. We plan to bring gross floor area of approximately 170,000 tsubo for leasing to market, mainly at large-scale redevelopment projects in Nihonbashi and Roppongi, during the Sixth Management Plan (please refer to pages 14 and 15 for more information regarding specific projects in the Sixth Management Plan). We are aiming for and maintaining this level under the Seventh Management Plan, bringing gross floor area of 50,000 tsubo to market annually (150,000 tsubo per three-year plan) going forward, focusing on redevelopment.

For these future development projects, we plan to invest approximately ¥400.0 billion during the three years covered by the Sixth Management Plan, and we intend to cover this investment with operating cash flow. In addition to this investment, we will consider bond issues or other debt financing if additional investment opportunities arise, recognizing that current low interest rates present a favorable environment for financing.

As one of the goals of our Sixth Management Plan, we are working to strengthen our financial position, and have been able to increase shareholders' equity through the accumulation of profit. Including the debt of SPEs, our net debt-equity (ND/E) ratio improved to 3.5 times as of the fiscal year-end, compared with 4.6 times five years earlier. We believe we will be able to continue to invest for growth while improving our financial balance going forward.

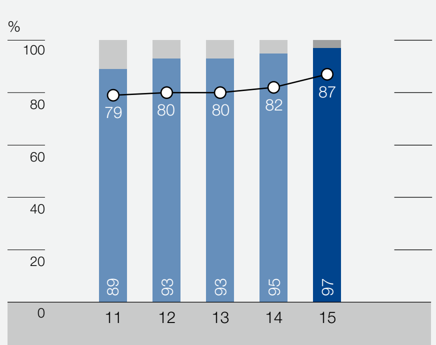
ND and ND/E Ratio



ND (Net Interest-bearing Debt)
ND/E Ratio (right scale)

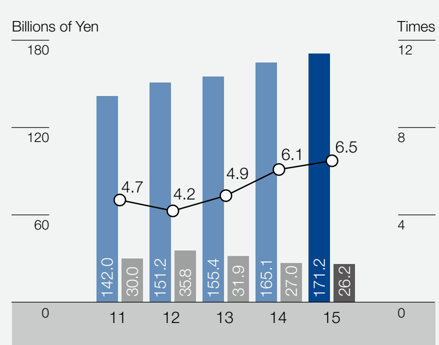
* ND up to the March 2011 fiscal year includes debt of non-consolidated SPEs.

Long-term Debt Ratio and Fixed-interest Rate Debt Ratio



Short-term Loans and Commercial Paper
Long-term Loans and Bonds
Fixed-interest Rate Debt Ratio

Interest Coverage Ratio



Operating Income + Interest and Dividend Income
Interest Expense
Interest Coverage Ratio (right scale)

At the same time, we are enhancing the stability of our debt portfolio by procuring funds for longer tenors and at fixed rates to hedge against the risk of higher interest rates going forward. During the year under review, we issued a total of ¥110.0 billion of corporate bonds, and were able to issue ¥90.0 billion of that amount as 10-year bonds with an average interest rate of less than 1%. We will continue to closely observe market conditions and extend the tenor of our debt portfolio going forward. As of March 31, 2015, long-term debt accounted for 97% of consolidated interest-bearing debt, and fixed-rate debt for 87%.

In addition, cash flow generated by our core leasing business was ¥135.5 billion in the year under review, surpassing ¥100.0 billion for the eighth consecutive year. This demonstrates the stability of our business performance, and although there has been a slight increase in net debt (ND) compared with five years earlier, the balance between ND and cash flow is improving.

Also, properties for leasing, including SPEs, have about ¥1 trillion in unrealized gains (the difference between the carrying amount and the fair value). Ratings agencies have evaluated these two strengths highly, and we have maintained our rating even in difficult financial environments, such as after the Lehman crisis. As of September 2015, JCR and R&I issued ratings of A+ and A–, respectively, following the elevation of JCR by one grade in January 2015.

Site acquisition is essential to the achievement of sustained growth. In the Sixth Management Plan, we will continue to strengthen our financial position through the generation of profit and work to achieve increased fund-raising stability as we continue to invest in growth, centered on the core leasing business.

○ Dividend Policy

Our fundamental policy for the distribution of profit is to maintain a stable base level of dividends and, while retaining a sufficient level of earnings for stable, long-term operational growth, to increase dividends in line with growth in profit.

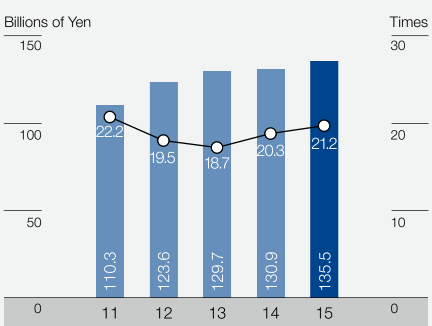
We have implemented five plans since April 1997. We steadily strengthened our profit foundation under two management plans—the First Plan and the Second Plan. In addition, we worked to respond to various changes in accounting standards and to reduce unrealized losses. Over this period, due to comparatively large special losses, net income fluctuated, but we maintained annual dividends at ¥6.00 per share. At the conclusion of the Second Plan, we raised dividends to the bubble period level: ¥9.00 per share.

Under the Third Plan, which began in April 2004, we completed the implementation of measures to deal with unrealized losses, and laid the foundation for full-scale growth in EPS. Thereafter, we continued to increase the dividend in line with profit growth to the extent that we raised the dividend for the March 2009 fiscal year, the year after we recorded record-high profit, to ¥20.00 per share.

However, profit subsequently declined due to the Lehman crisis. Nevertheless, we focused on the continuation of stable dividends and maintained the dividend per share at ¥20.00. Reflecting the fact that the March 2015 fiscal year was our second consecutive year of record earnings, we increased the full-year dividend by ¥1.0, to ¥21.00 per share. In addition, at this time we intend to pay a full-year dividend of ¥22.00 per share for the March 2016 fiscal year. Moving forward, we will make efforts to continue profit growth and advance the expansion of equity, while further enhancing shareholder returns.

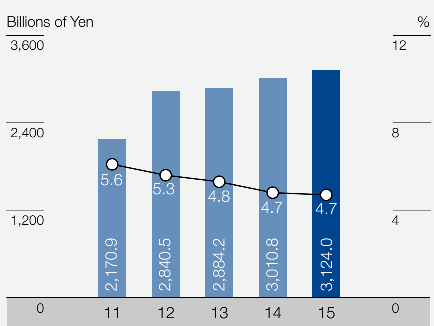
* SPEs have been included in the scope of consolidation since the March 2012 fiscal year.

Leasing Cash Flows



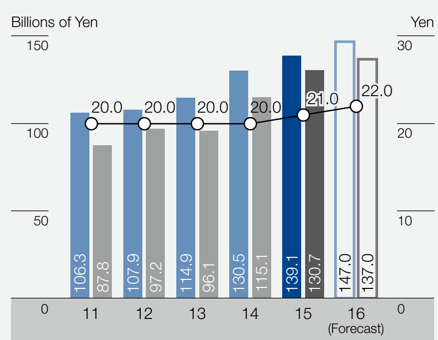
Leasing Cash Flows
ND / Leasing Cash Flows Ratio (right scale)
* ND up to the March 2011 fiscal year includes debt of non-consolidated SPEs.

Leasing Assets and Return on Leasing Assets



Leasing Assets
Return on Leasing Assets (right scale)

Cash Dividends per Share, Ordinary Profit and Income before Income Taxes



Ordinary Profit
Income before Income Taxes
Cash Dividends per Share (right scale)

Consolidated Balance Sheets

Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries
As of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	**2015**	**2014**	**2015**
Current assets:			
Cash, time and notice deposits (Notes 3, 5 and 6)	¥ 151,367	¥ 147,267	$ 1,259,817
Notes and accounts receivable—trade (Note 6)	27,597	18,813	229,688
Allowance for doubtful accounts	(78)	(76)	(649)
Inventories (Note 4)	801,950	715,779	6,674,573
Deferred income taxes (Note 12)	10,825	11,443	90,096
Other current assets	34,042	31,226	283,329
Total current assets	1,025,703	924,452	8,536,854
Investments:			
Investments in unconsolidated subsidiaries and affiliates (Note 6)	56,233	55,922	468,023
Investments in securities and other (Notes 6 and 7)	337,427	255,269	2,808,381
Allowance for doubtful accounts	(11,914)	(12,513)	(99,159)
Total investments	381,746	298,678	3,177,245
Property and equipment:			
Land (Notes 4, 5 and 19)	2,259,845	2,149,668	18,808,531
Buildings and structures (Notes 4, 5 and 19)	933,641	928,694	7,770,628
Machinery and equipment (Notes 5 and 19)	26,224	25,740	218,261
Leased assets	3,396	3,189	28,265
Construction in progress (Notes 4, 5 and 19)	106,738	73,017	888,372
	3,329,844	3,180,308	27,714,057
Accumulated depreciation	(406,489)	(380,263)	(3,383,179)
Net property and equipment	2,923,355	2,800,045	24,330,878
Other assets:			
Guarantee and lease deposits paid to lessors (Note 6)	107,252	111,914	892,651
Leasehold rights and other intangible assets	54,015	53,961	449,563
Deferred income taxes (Note 12)	13,534	14,952	112,643
Other	18,199	16,427	151,469
Total other assets	193,000	197,254	1,606,326
Total assets	¥4,523,804	¥4,220,429	$37,651,303

See accompanying notes.

Liabilities and Net Assets	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Current liabilities:			
Short-term debt (Notes 6 and 8)	¥ 87,000	¥ 144,996	$ 724,095
Long-term debt due within one year (Notes 6 and 8)	380,863	280,085	3,169,896
Long-term non-recourse debt due within one year (Notes 5, 6 and 8)	69,191	77,683	575,872
Notes and accounts payable—trade (Note 6)	66,963	45,502	557,328
Accrued income taxes	26,519	28,988	220,716
Accrued bonuses	3,726	3,774	31,011
Deposits received (Notes 6 and 13)	61,172	146,690	509,130
Other current liabilities (Note 13)	102,109	101,799	849,847
Total current liabilities	797,543	829,517	6,637,895
Long-term liabilities:			
Long-term debt due after one year (Notes 6 and 8)	2,115,356	1,880,319	17,605,959
Long-term non-recourse debt due after one year (Notes 5, 6 and 8)	374,618	417,114	3,117,919
Guarantee and deposits received (Notes 6 and 13)	328,393	325,138	2,733,192
Net defined benefit liability (Note 9)	5,434	5,092	45,227
Other long-term liabilities (Notes 12 and 13)	42,921	30,717	357,229
Total long-term liabilities	2,866,722	2,658,380	23,859,526
Contingent liabilities (Note 20)			
Net assets (Note 14)**:**			
Shareholders' equity			
Common stock:			
Authorized —1,900,000 thousand shares			
Issued —476,086 thousand shares	122,805	122,805	1,022,097
Capital surplus	132,750	132,750	1,104,869
Retained earnings	494,276	423,600	4,113,824
Treasury stock	(4,247)	(4,141)	(35,347)
Total shareholders' equity	745,584	675,014	6,205,443
Accumulated other comprehensive income (loss)			
Net unrealized holding gains on securities	88,799	37,763	739,068
Net deferred losses on hedges	(1,615)	(1,641)	(13,442)
Foreign currency translation adjustments	(550)	(3,362)	(4,578)
Remeasurements of defined benefit plans	244	174	2,031
Total accumulated other comprehensive income	86,878	32,934	723,079
Minority interests	27,077	24,584	225,360
Total net assets	859,539	732,532	7,153,882
Total liabilities and net assets	¥4,523,804	¥4,220,429	$37,651,303

Consolidated Statements of Income

Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries
For the years ended March 31, 2015, 2014 and 2013

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2015	2014	2013	2015
Revenue from operations	¥806,835	¥780,273	¥736,652	$6,715,231
Costs and expenses:				
Cost of revenue from operations	579,964	558,987	529,913	4,827,000
Selling, general and administrative expenses	60,976	60,815	55,394	507,499
	640,940	619,802	585,307	5,334,499
Operating income	165,895	160,471	151,345	1,380,732
Other income (expenses):				
Interest expense, net	(26,049)	(26,911)	(31,820)	(216,804)
Dividend income	5,063	4,569	4,021	42,139
Gain on sale of property and equipment	4	19	21	33
Loss on sale of property and equipment	(3)	(3)	(10)	(25)
Loss on impairment of fixed assets (Note 10)	(3,811)	(15,068)	(16,967)	(31,719)
Loss on disposal of property and equipment	(3,105)	(1,919)	(1,405)	(25,843)
Gain on sale of investments in securities	—	1,430	1,769	—
Loss on sale of investments in securities	—	—	(187)	—
Loss on devaluation of investments in securities	(30)	(96)	(2,087)	(250)
Dividend to partnership investors	(1,776)	(2,174)	(2,566)	(14,782)
Other, net	(5,521)	(5,196)	(6,052)	(45,949)
	(35,228)	(45,349)	(55,283)	(293,200)
Income before income taxes and minority interests	130,667	115,122	96,062	1,087,532
Income taxes (Note 12):				
Current	44,785	45,125	37,432	372,742
Deferred	2,661	(2,521)	(3,508)	22,147
Total	47,446	42,604	33,924	394,889
Income before minority interests	83,221	72,518	62,138	692,643
Minority interests	2,654	2,821	2,313	22,090
Net income	¥ 80,567	¥ 69,697	¥ 59,825	$ 670,553

	Yen			U.S. dollars (Note 1)
	2015	2014	2013	2015
Amounts per share of common stock:				
Net income:				
—Basic	¥169.97	¥147.02	¥126.18	$1.41
—Diluted	—	—	—	—
Cash dividend applicable to the year	21.00	20.00	20.00	0.17

Consolidated Statements of Comprehensive Income

Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries
For the years ended March 31, 2015, 2014 and 2013

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2015	2014	2013	2015
Income before minority interests	¥ 83,221	¥72,518	¥62,138	$ 692,643
Other comprehensive income (loss) (Note 18)				
Net unrealized holding gains on securities	51,057	17,796	21,919	424,944
Net deferred gains (losses) on hedges	10	(262)	(387)	83
Foreign currency translation adjustments	3,498	4,220	1,741	29,114
Remeasurements of defined benefit plans	65	—	—	541
Total other comprehensive income	54,630	21,754	23,273	454,682
Comprehensive income	¥137,851	¥94,272	¥85,411	$1,147,325
Comprehensive income attributable to:				
Owners of the parent	¥134,511	¥90,604	¥82,724	$1,119,526
Minority interests	3,340	3,668	2,687	27,799

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries
For the years ended March 31, 2015, 2014 and 2013

	Thousands	Millions of yen											
		Shareholders' equity					Accumulated other comprehensive income (loss)						
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains (losses) on securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remea-surements of defined benefit plans	Total accumulated other comprehensive income (loss)	Minority interests	Total net assets
Balance at April 1, 2012	476,086	¥122,805	¥132,748	¥313,041	¥(3,704)	¥564,890	¥ (1,933)	¥ (972)	¥(8,141)	¥ —	¥(11,046)	¥28,823	¥582,667
Net income	—	—	—	59,825	—	59,825	—	—	—	—	—	—	59,825
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	1,405	—	1,405	—	1,405
Net unrealized holding gains on securities	—	—	—	—	—	—	21,914	—	—	—	21,914	—	21,914
Acquisition of treasury stock	—	—	—	—	(77)	(77)	—	—	—	—	—	—	(77)
Disposal of treasury stock	—	—	1	—	2	3	—	—	—	—	—	—	3
Cash dividends paid:													
Final for prior year (¥10 per share)	—	—	—	(4,741)	—	(4,741)	—	—	—	—	—	—	(4,741)
Interim for current year (¥10 per share)	—	—	—	(4,741)	—	(4,741)	—	—	—	—	—	—	(4,741)
Minority interests	—	—	—	—	—	—	—	—	—	—	—	(6,969)	(6,969)
Net deferred losses on hedges	—	—	—	—	—	—	—	(421)	—	—	(421)	—	(421)
Balance at April 1, 2013	476,086	¥122,805	¥132,749	¥363,384	¥(3,779)	¥615,159	¥19,981	¥(1,393)	¥(6,736)	¥ —	¥ 11,852	¥21,854	¥648,865
Net income	—	—	—	69,697	—	69,697	—	—	—	—	—	—	69,697
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	3,374	—	3,374	—	3,374
Net unrealized holding gains on securities	—	—	—	—	—	—	17,782	—	—	—	17,782	—	17,782
Acquisition of treasury stock	—	—	—	—	(363)	(363)	—	—	—	—	—	—	(363)
Disposal of treasury stock	—	—	1	—	1	2	—	—	—	—	—	—	2
Cash dividends paid:													
Final for prior year (¥10 per share)	—	—	—	(4,741)	—	(4,741)	—	—	—	—	—	—	(4,741)
Interim for current year (¥10 per share)	—	—	—	(4,740)	—	(4,740)	—	—	—	—	—	—	(4,740)
Minority interests	—	—	—	—	—	—	—	—	—	—	—	2,730	2,730
Net deferred losses on hedges	—	—	—	—	—	—	—	(248)	—	—	(248)	—	(248)
Remeasurements of defined benefit plans	—	—	—	—	—	—	—	—	—	174	174	—	174
Balance at April 1, 2014	476,086	¥122,805	¥132,750	¥423,600	¥(4,141)	¥675,014	¥37,763	¥(1,641)	¥(3,362)	¥174	¥ 32,934	¥24,584	¥732,532
Cumulative effects of changes in accounting policies	—	—	—	(410)	—	(410)	—	—	—	—	—	—	(410)
Restated balance	476,086	¥122,805	¥132,750	¥423,190	¥(4,141)	¥674,604	¥37,763	¥(1,641)	¥(3,362)	¥174	¥ 32,934	¥24,584	¥732,122
Net income	—	—	—	80,567	—	80,567	—	—	—	—	—	—	80,567
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	2,812	—	2,812	—	2,812
Net unrealized holding gains on securities	—	—	—	—	—	—	51,036	—	—	—	51,036	—	51,036
Acquisition of treasury stock	—	—	—	—	(106)	(106)	—	—	—	—	—	—	(106)
Cash dividends paid:													
Final for prior year (¥10 per share)	—	—	—	(4,741)	—	(4,741)	—	—	—	—	—	—	(4,741)
Interim for current year (¥10 per share)	—	—	—	(4,740)	—	(4,740)	—	—	—	—	—	—	(4,740)
Minority interests	—	—	—	—	—	—	—	—	—	—	—	2,493	2,493
Net deferred gains on hedges	—	—	—	—	—	—	—	26	—	—	26	—	26
Remeasurements of defined benefit plans	—	—	—	—	—	—	—	—	—	70	70	—	70
Balance at March 31, 2015	476,086	¥122,805	¥132,750	¥494,276	¥(4,247)	¥745,584	¥88,799	¥(1,615)	¥ (550)	¥244	¥ 86,878	¥27,077	¥859,539

	Thousands of U.S. dollars (Note 1)											
	Shareholders' equity					Accumulated other comprehensive income (loss)						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remea-surements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2014	$1,022,097	$1,104,869	$3,525,593	$(34,465)	$5,618,094	$314,299	$(13,658)	$(27,982)	$1,448	$274,107	$204,611	$6,096,812
Cumulative effects of changes in accounting policies	—	—	(3,412)	—	(3,412)	—	—	—	—	—	—	(3,412)
Restated balance	$1,022,097	$1,104,869	$3,522,181	$(34,465)	$5,614,682	$314,299	$(13,658)	$(27,982)	$1,448	$274,107	$204,611	$6,093,400
Net income	—	—	670,553	—	670,553	—	—	—	—	—	—	670,553
Foreign currency translation adjustments	—	—	—	—	—	—	—	23,404	—	23,404	—	23,404
Net unrealized holding gains on securities	—	—	—	—	—	424,769	—	—	—	424,769	—	424,769
Acquisition of treasury stock	—	—	—	(882)	(882)	—	—	—	—	—	—	(882)
Cash dividends paid:												
Final for prior year ($0.08 per share)	—	—	(39,459)	—	(39,459)	—	—	—	—	—	—	(39,459)
Interim for current year ($0.08 per share)	—	—	(39,451)	—	(39,451)	—	—	—	—	—	—	(39,451)
Minority interests	—	—	—	—	—	—	—	—	—	—	20,749	20,749
Net deferred gains on hedges	—	—	—	—	—	—	216	—	—	216	—	216
Remeasurements of defined benefit plans	—	—	—	—	—	—	—	—	583	583	—	583
Balance at March 31, 2015	$1,022,097	$1,104,869	$4,113,824	$(35,347)	$6,205,443	$739,068	$(13,442)	$(4,578)	$2,031	$723,079	$225,360	$7,153,882

See accompanying notes.

Consolidated Statements of Cash Flows

Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries
For the years ended March 31, 2015, 2014 and 2013

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2015	2014	2013	2015
Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 130,667	¥ 115,122	¥ 96,062	$ 1,087,532
Depreciation and amortization	33,519	35,311	37,761	278,976
Loss on impairment of fixed assets (Note 10)	3,811	15,068	16,967	31,719
Provision for (Reversal of) allowance for doubtful accounts	(583)	(3,006)	39	(4,852)
Increase in allowance for employees' severance and retirement benefits	—	—	417	—
Decrease in net defined benefit liability	(212)	(155)	—	(1,764)
Gain on sale of property and equipment, net	(1)	(16)	(11)	(8)
Loss on disposal of property and equipment	3,105	1,919	1,405	25,843
Gain on sale of investments in securities, net	—	(1,430)	(1,582)	—
Loss on devaluation of investments in securities	30	96	2,087	250
Interest and dividend income	(5,261)	(4,629)	(4,090)	(43,787)
Interest expense	26,247	26,971	31,889	218,452
Increase in notes and accounts receivable—trade	(8,741)	(530)	(1,243)	(72,751)
Increase in inventories	(88,915)	(24,292)	(104,737)	(740,033)
Increase in notes and accounts payable—trade	21,446	6,671	4,160	178,494
Increase (Decrease) in advances received	(3,507)	4,261	15,963	(29,189)
Other, net	(7,725)	7,549	6,264	(64,296)
Total	103,880	178,910	101,351	864,586
Proceeds from interest and dividend income	5,261	4,629	4,090	43,787
Payments for interest	(26,747)	(28,205)	(32,507)	(222,613)
Payments for income tax and other taxes	(47,327)	(38,340)	(39,339)	(393,900)
Net cash provided by operating activities	35,067	116,994	33,595	291,860
Cash flows from investing activities:				
Payments for purchases of property and equipment	(149,517)	(181,471)	(57,623)	(1,244,419)
Proceeds from sale of property and equipment	141	109	678	1,174
Payments for purchases of investments in securities	(22,335)	(26,813)	(52,334)	(185,893)
Proceeds from sale and redemption of investments in securities	14,324	3,857	6,194	119,218
Payments for guarantee and lease deposits paid to lessors	(1,088)	(1,296)	(1,343)	(9,055)
Proceeds from guarantee and lease deposits paid to lessors	5,691	14,813	9,171	47,366
Payments for guarantee and lease deposits received	(11,635)	(13,992)	(16,747)	(96,837)
Proceeds from guarantee and lease deposits received	18,415	15,395	12,781	153,267
Receipts of deposits from partnership investors	1,994	2,381	86,327	16,596
Restitution of deposits from partnership investors	(74,876)	(105,667)	(44,085)	(623,188)
Other, net	(2,032)	(2,765)	4,449	(16,914)
Net cash used in investing activities	(220,918)	(295,449)	(52,532)	(1,838,685)
Cash flows from financing activities:				
Increase (Decrease) in short-term debt, net	(57,900)	(52,500)	27,783	(481,898)
Proceeds from issuance of bonds	110,000	140,000	90,000	915,522
Redemption of bonds	(80,000)	(70,000)	(90,000)	(665,834)
Proceeds from non-recourse bonds	3,000	8,000	2,000	24,969
Redemption of non-recourse bonds	(8,348)	(8,848)	(89,828)	(69,480)
Proceeds from long-term loans payable	505,800	354,500	431,400	4,209,738
Repayment of long-term loans payable	(200,085)	(213,392)	(334,773)	(1,665,293)
Proceeds from long-term non-recourse loans	23,800	67,900	109,000	198,086
Repayment of long-term non-recourse loans	(69,440)	(76,190)	(48,990)	(577,944)
Increase (Decrease) in assignment of receivables	(2,777)	(7,829)	7,102	(23,113)
Increase in treasury stocks, net	(106)	(360)	(73)	(882)
Cash dividends paid	(10,323)	(10,327)	(10,639)	(85,918)
Other, net	(25,806)	(33,499)	9,776	(214,782)
Net cash provided by financing activities	187,815	97,455	102,758	1,563,171
Effect of exchange rate changes on cash and cash equivalents	2,078	2,491	711	17,295
Net increase (decrease) in cash and cash equivalents	4,042	(78,509)	84,532	33,641
Cash and cash equivalents at beginning of year	146,223	224,732	140,200	1,217,004
Cash and cash equivalents at end of year (Note 3)	¥ 150,265	¥ 146,223	¥ 224,732	$ 1,250,645

See accompanying notes.

Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries
As of and for the years ended March 31, 2015, 2014 and 2013

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Sumitomo Realty & Development Co., Ltd. ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of the Company's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese-language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2015, which was ¥120.15 to U.S.$1. The translation should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Accounting policies

(1) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant companies over which the Company has power of control through majority voting rights or existence of certain conditions evidencing control by the Company.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

All significant intercompany balances, transactions and profits have been eliminated in consolidation.

(2) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rate.

Financial statements of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rate, except for shareholders' equity accounts, which are translated at historical rates, and income statement items resulting from transactions with the Company, which are translated at the rates used by the Company.

Differences arising from translation are presented as "Foreign currency translation adjustments" in net assets.

(3) Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term, highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(4) Recognition of revenue

Revenues from sales operations of condominiums, detached houses and land lots are recognized when the units are delivered and accepted by customers. Revenues from leasing operations of office buildings, residences and other properties are recognized as rent accrues over the lease term.

(5) Inventories

Inventories are stated at cost, determined by the specific identification method principally. The carrying amount of inventories is written down when the profitability declines.

(6) Securities

Held-to-maturity securities are stated at amortized cost. Investments in subsidiaries and affiliates that are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with available fair values are stated at fair value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using moving-average cost.

Preferred equity securities are stated at cost determined by the specific identification method, and securities with no available fair value are stated at moving-average cost.

Investments in limited partnerships, which are regarded as securities under the Financial Instruments and Exchange Law, are accounted for in a manner similar to the equity method based on the recent financial statements.

If the market value of held-to-maturity securities, investments in subsidiaries and affiliates and available-for-sale securities declines significantly, such securities are stated at fair value and the difference between fair value and the carrying amount is recognized as a loss in the period of the decline. If the fair value of investments in unconsolidated subsidiaries and affiliated companies not accounted for using the equity method is not readily available, such securities should be written down to the net asset value with a corresponding charge in the income statement in the event net asset value declines significantly. In these cases, such fair value or the net asset value will be the carrying amount of the securities at the beginning of the next fiscal year.

(7) Property and equipment

The Company and its consolidated domestic subsidiaries depreciate buildings using the straight-line method, and other property and equipment using the declining-balance method over their estimated useful lives. The consolidated overseas subsidiaries depreciate property and equipment using primarily the straight-line method in accordance with the accounting principles in the respective countries.

Leased assets related to finance lease transactions without title transfer are depreciated using the straight-line method over the lease periods as their useful lives with no residual value.

Estimated useful lives used in the computation of depreciation are generally as follows:

Buildings and structures	6 to 60 years
Machinery and equipment	2 to 20 years
Leased assets	Lease periods

Effective from the year ended March 31, 2013, in accordance with the revision of the Corporation Tax Act (Law) of Japan, the Company and its consolidated domestic subsidiaries have computed depreciation by the method based on the revised Corporation Tax Act (Law) for the property and equipment acquired on or after April 1, 2012.

This accounting change has an immaterial impact on operating income and income before income taxes and minority interests.

(8) Software costs

Software costs are amortized using the straight-line method over the estimated useful lives (five years).

(9) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide for doubtful accounts at an estimated uncollectable amount based on the evaluation of certain identified doubtful and bankrupt receivables plus an amount calculated using the percentage of actual collection losses in certain reference periods with respect to remaining receivables.

(10) Lease transactions

Leased assets related to finance lease transactions without title transfer are depreciated using the straight-line method over the lease periods as their useful lives with no residual value.

The Company and its consolidated subsidiaries use the accounting procedures that conform to methods related to normal lease transactions with respect to finance lease transactions without title transfer with a lease transaction start date prior to March 31, 2009.

(11) Income taxes

Income taxes are provided for on the basis of income for financial statement purposes. The tax effects of temporary differences between the carrying amounts of assets and liabilities for financial statements and income tax purposes are recognized as deferred income taxes.

(12) Employees' severance and retirement benefits

The Company and certain of its consolidated subsidiaries provide two types of post-employment benefit plans, lump-sum payment plans and defined benefit corporate pension plans, under which all eligible employees are entitled to benefits based on their current rate of pay, length of service and the conditions under which termination occurs.

For the calculation of retirement benefit obligations, the estimated amount of retirement benefits is allocated to the respective fiscal years by the straight-line method.

Some of the Company's consolidated subsidiaries calculate net defined benefit liability and retirement benefit expenses by using a simplified method in which retirement benefit obligations are equal to the amount that would be paid if all employees resigned voluntarily at the end of the fiscal year.

Prior service costs are recognized as expenses in the period in which they are incurred, and actuarial gains and losses are recognized as expenses in the following period.

Effective from the year ended March 31, 2015, the Company and its consolidated subsidiaries ("the Group") adopted the main clause of Article 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 on May 17, 2012) and the main clause of Article 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 on March 26, 2015). Accordingly, the Group reviewed the calculation methods of retirement benefit obligations and service costs, and revised the method of determining the discount rate from the method using the discount rate based on approximate number of the average remaining service years of employees to the method using the single weighted-average discount rate reflecting the estimated period and amount of benefit payment.

In accordance with the transitional treatment set forth in Article 37 of the Accounting Standard for Retirement Benefits, the effect of the changes in the calculation methods of retirement benefit obligations and service costs is recognized as an adjustment to retained earnings at the beginning of the year ended March 31, 2015.

As a result, net defined benefit liability increased by ¥637 million ($5,302 thousand) and retained earnings decreased by ¥410 million ($3,412 thousand) as of April 1, 2014. In addition, operating income and income before income taxes and minority interests on the consolidated statement of income for the year ended March 31, 2015 decreased by ¥11 million ($92 thousand), respectively.

(13) Construction contracts

The construction projects for which the outcome of the portion completed by the end of the fiscal year under review can be reliably estimated are accounted for by the percentage-of-completion method (the degree of completion of each construction project is estimated using the cost-comparison method), while other construction projects are accounted for by the completed-contract method.

(14) Derivative transactions and hedge accounting

The Company and its consolidated subsidiaries state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes and qualify for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of the derivative financial instruments until the related gains or losses on the hedged items are recognized.

However, in cases where foreign exchange forward contracts are used as hedges and meet certain hedging criteria (regarding foreign exchange contracts), the foreign exchange forward contracts and hedged items are accounted for in the following manner:

1. If a foreign exchange forward contract is executed to hedge an existing foreign currency receivable or payable,
   (a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the carrying amount of the receivable or payable is recognized in the income statement in the period which includes the inception date; and
   (b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
2. If a foreign exchange forward contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the foreign exchange forward contract are recognized.

Also, if interest rate swap contracts are used as a hedge and meet certain hedging criteria (regarding interest rate swap contracts), the net amount to be paid or received under the interest rate swap contracts is added to or deducted from the interest on the assets or liabilities relative to which the swap contract was executed as a hedge.

(15) Amounts per share of common stock

The computation of net income per share is based on the weighted-average number of shares of common stock outstanding during each year.

Diluted net income per share is computed based on the amount of net income available to the shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of stock options.

Diluted net income per share is not presented as there are no potential shares.

Cash dividends per share represent actual amounts applicable to the respective year.

(16) New accounting pronouncements
(Accounting standards issued not yet effective)

1. Accounting Standard for Business Combinations
   "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 on September 13, 2013)
   "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 on September 13, 2013)
   "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 on September 13, 2013)
   "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2 on September 13, 2013)
   "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 on September 13, 2013)
   "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4 on September 13, 2013)

(1) Outline
The accounting standards were revised mainly with a focus on (i) the treatment of a change of the parent company's ownership interest in its subsidiary in case of the parent company continuing to control upon additional acquisition of shares of the subsidiary, (ii) the treatment of acquisition costs, (iii) the presentation of net income and the change from minority interests to non-controlling interests and (iv) the treatment of provisional accounting.

(2) Effective date
They are scheduled to be effective from the beginning of the year ending March 31, 2016.
The treatment of provisional accounting is scheduled to be effective to business combinations after the beginning of the year ending March 31, 2016.

(3) Impact of the adoption
The impact of the accounting change is under evaluation at the time of the preparation of the consolidated financial statements.

3. Cash and cash equivalents

Cash and cash equivalents at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash, time and notice deposits	¥151,367	¥147,267	$1,259,817
Time deposits	(1,102)	(1,044)	(9,172)
Cash and cash equivalents	¥150,265	¥146,223	$1,250,645

4. Inventories

Inventories at March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Real estate for sale	¥189,771	¥161,438	$1,579,451
Real estate for sale in process	604,455	545,534	5,030,836
Costs on uncompleted construction contracts	5,708	7,048	47,507
Other	2,016	1,759	16,779
Total	¥801,950	¥715,779	$6,674,573

The Company transferred amounts between inventories and property and equipment. Such transfers at March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Inventories:			
Transferred to property and equipment	¥(19,737)	¥ —	$(164,270)
Transferred from property and equipment	8,873	10,163	73,850
Net increase (decrease)	¥(10,864)	¥10,163	$ (90,420)

5. Pledged assets

Assets pledged as collateral at March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash, time and notice deposits	¥ 1,833	¥ 1,991	$ 15,256
Buildings and structures	149,004	157,519	1,240,150
Land	446,113	446,113	3,712,967
Construction in progress	17	15	141
Machinery and equipment	654	851	5,444
Total	¥597,621	¥606,489	$4,973,958

Secured liabilities at March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Long-term non-recourse debt due within one year	¥ 69,191	¥ 77,683	$ 575,872
Long-term non-recourse debt due after one year	374,618	417,114	3,117,919
Total	¥443,809	¥494,797	$3,693,791

Specified assets for non-recourse debts at March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash, time and notice deposits	¥ 16,761	¥ 16,274	$ 139,501
Buildings and structures	149,004	157,519	1,240,150
Land	446,113	446,113	3,712,967
Construction in progress	17	15	141
Machinery and equipment	654	851	5,443
Total	¥612,549	¥620,772	$5,098,202

(Note) "Specified assets for non-recourse debts" includes a portion of the amount of "Assets pledged as collateral" for the years ended March 31, 2015 and 2014.

6. Financial instruments

1. Policy for financial instruments

The Company and its consolidated subsidiaries ("the Group") have the policy to limit its fund management to short-term deposits with funds through loans from banks and the issuance of corporate bonds and commercial paper.

The Group utilizes derivative financial instruments only for the purpose of hedging the foreign exchange risk associated with foreign currency-denominated transactions or hedging the interest rate risk associated with the Group's loans payable, and does not utilize derivative financial instruments for any speculative purposes.

2. Details of financial instruments, risks, and policies and systems of risk management

Operating receivables such as notes and accounts receivable—trade are exposed to customers' credit risk, but this risk is generally avoided through the receipt of deposits.

Investments in securities are business-related equities and are exposed to market price fluctuation risk. The Group regularly checks the market value of the securities and the financial condition of the issuers, and continuously reviews whether it continues to hold securities with consideration for its relationships with the issuers.

Guarantee and lease deposits are mostly deposits related to leasing properties, and are exposed to the counterparty credit risk.

In addition, the Group accommodates counterparties with loans and consequently is exposed to the borrowers' credit risk. However, the Group constantly checks the financial condition of principal borrowers and their performance using the funds lent to those borrowers even after accommodation.

The majority of due dates of operating debt, such as notes and accounts payable, are within one year.

Interest rate swap contracts are used to hedge risks arising from fluctuations in interest rates on certain loans, corporate bonds, commercial paper and deposits.

In regard to derivative transactions, the Group utilizes interest rate swaps for bank loans and deposits, and utilizes foreign exchange forward contracts and cross currency swap contracts for foreign currency-denominated transactions. Interest rate swap contracts are exposed to the risks of interest rate changes, and foreign exchange forward contracts and cross currency swap contracts are exposed to the risks of foreign exchange rate changes. The derivative financial instruments are executed with creditworthy financial institutions, and the Group's management believes there is insignificant risk of default by counterparties. Derivative transactions are executed by the Group's Finance Department in accordance with the decisions of a committee whose chairman is the director of the Finance Department. The Finance Department prepares reports on derivative transactions that are provided to the director of the Finance Department periodically.

3. Supplemental information on fair values of financial instruments

The fair values of financial instruments are based on their market prices, and if the market price is not available, other rational valuation techniques are used instead. The rational valuation techniques incorporate variable factors, and as a result the values may change due to using different assumptions.

The amounts of derivative transactions shown in Note 16 "Derivative transactions," are not representing the market risks related to derivative transactions.

The carrying amounts of financial instruments on the consolidated balance sheets, their fair values and the differences between them as of March 31, 2015 and 2014 are as follows. (Financial instruments whose fair value is extremely difficult to estimate are not included; please see (Note 2).)

For 2015

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets:						
(1) Cash, time and notice deposits	¥ 151,367	¥ 151,367	¥ —	$ 1,259,817	$ 1,259,817	$ —
(2) Notes and accounts receivable—trade	27,597	27,597	—	229,688	229,688	—
(3) Investments in securities						
Available-for-sale securities	308,122	308,122	—	2,564,478	2,564,478	—
(4) Guarantee and lease deposits						
Held-to-maturity securities	1,305	1,308	3	10,861	10,886	25
Available-for-sale securities	1,065	1,065	—	8,864	8,864	—
Total assets	¥ 489,456	¥ 489,459	¥ 3	$ 4,073,708	$ 4,073,733	$ 25
Liabilities:						
(1) Notes and accounts payable—trade	¥ 66,963	¥ 66,963	¥ —	$ 557,328	$ 557,328	$ —
(2) Short-term debt	87,000	87,000	—	724,095	724,095	—
(3) Long-term debt (including due within one year)	2,496,219	2,505,944	9,725	20,775,855	20,856,796	80,941
(4) Long-term non-recourse debt (including due within one year)	443,809	449,740	5,931	3,693,791	3,743,154	49,363
(5) Deposits received	—	—	—	—	—	—
(6) Guarantee and deposits received*1	66,000	66,000	—	549,313	549,313	—
Total liabilities	¥3,159,991	¥3,175,647	¥15,656	$26,300,382	$26,430,686	$130,304
Derivative transactions*2:						
Hedge accounting	¥ (2,391)	¥ (2,391)	¥ —	$ (19,900)	$ (19,900)	$ —
Total derivative transactions	¥ (2,391)	¥ (2,391)	¥ —	$ (19,900)	$ (19,900)	$ —

For 2014

	Millions of yen		
	Carrying amount	Fair value	Difference
Assets:			
(1) Cash, time and notice deposits	¥ 147,267	¥ 147,267	¥ —
(2) Notes and accounts receivable—trade	18,813	18,813	—
(3) Investments in securities			
Available-for-sale securities	210,902	210,902	—
(4) Guarantee and lease deposits			
Held-to-maturity securities	1,299	1,300	1
Available-for-sale securities	953	953	—
Total assets	¥ 379,234	¥ 379,235	¥ 1
Liabilities:			
(1) Notes and accounts payable—trade	¥ 45,502	¥ 45,502	¥ —
(2) Short-term debt	144,996	144,996	—
(3) Long-term debt (including due within one year)	2,160,404	2,168,585	8,181
(4) Long-term non-recourse debt (including due within one year)	494,797	499,404	4,607
(5) Deposits received*1	10,000	10,000	—
(6) Guarantee and deposits received*1	66,000	66,000	—
Total liabilities	¥2,921,699	¥2,934,487	¥12,788
Derivative transactions*2:			
Hedge accounting	(2,530)	(2,530)	—
Total derivative transactions	¥ (2,530)	¥ (2,530)	¥ —

*1. The amounts only included in financial liabilities are disclosed.
*2. Derivative transactions are stated at net of assets and liabilities. Figures in parentheses indicate net liabilities.

(Note 1) The calculation methods of fair value for financial instruments

Assets:

(1) Cash, time and notice deposits

The fair value of cash, time and notice deposits approximates their carrying amounts because of their short-term maturities.

(2) Notes and accounts receivable—trade

The fair value of notes and accounts receivable—trade approximates their carrying amounts unless the credit standing of debtors has changed significantly since the loan origination.

The allowance for doubtful receivables is estimated based on expected recoverable amounts, considering the possibility of individual collections. Therefore the fair value of doubtful receivables approximates the carrying amount deducted by the estimated allowance for doubtful accounts on the consolidated balance sheets as of the end of the fiscal year.

(3) Investments in securities

The fair value of listed shares is based on the exchange prices at market. For floating rate notes, the carrying amount is presented as the fair value, as the fair value approximates the carrying amount because the market interest rate is reflected in such notes within a short time period. The fair value of the fixed-coupon debt is determined based on the present value discounted at the interest rate which reflects the period remaining to maturity and the credit risk.

For notes on securities classified by purpose of holding, please see Note 7 “Securities.”

(4) Guarantee and lease deposits

The fair value of guarantee and lease deposits are based on the value offered by correspondent financial institutions.

For notes on securities classified by purpose of holding, please see Note 7 “Securities.”

Liabilities:

(1) Notes and accounts payable—trade and (2) Short-term debt

The fair value of these items approximates their carrying amounts because of their short-term maturities.

(3) Long-term debt (including due within one year)

For floating rate notes, the carrying amount is used as the fair value because the market interest rate is reflected in such notes within a short time period and because the credit standing of the Company is the same after borrowing. The fixed-coupon debt is calculated by discounting the combined total of principal and interest at an interest rate assumed for similar new borrowings.

The specific matching criteria of interest rate swaps and cross currency interest rate swaps are applicable to some long-term debts with floating interest rates (please see Note 16 “Derivative transactions”). The fair value of these items is calculated by discounting the combined total of interest and principal, with which the interest rate swap and cross currency interest rate swap have been accounted for, at an interest rate rationally estimated for similar borrowings.

The fair value of corporate bonds issued by the Company (included in (3) Long-term debt (including due within one year)) is based on the market price.

(4) Long-term non-recourse debt (including due within one year)

For floating rate notes, the carrying amount is used as the fair value because the market interest rate is reflected in such notes within a short time period and the value of its non-exempt properties has not been changed.

The fixed-coupon debt is calculated by discounting the combined total of principal and interest at an interest rate assumed for similar new borrowings or bonds.

The specific matching criteria of interest rate swaps are applicable to some long-term non-recourse debts with floating interest rates (please see Note 16 "Derivative transactions"). The fair value of these items is calculated by discounting the combined total of interest and principal, with which the interest rate swap has been accounted for, at an interest rate rationally estimated for similar borrowings or bonds.

(5) Deposits received and (6) Guarantee and deposits received
The fair value of these items approximates their carrying amounts because the market interest rate is reflected in deposits with floating interest rates within a short time period and the credit standing of the Company is the same after borrowing.

Derivative transactions:

Please see Note 16 "Derivative transactions."

(Note 2) Financial instruments whose fair value is extremely difficult to estimate

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Investments in subsidiaries and affiliates*1	¥ 34,596	¥ 34,284	$ 287,940
Unlisted equity securities*1 *2	1,429	18,885	11,893
Preferred equity securities, etc.*1	22,388	22,388	186,334
Investments in limited partnerships, etc.*1	745	297	6,201
Guarantee and lease deposits (excluding held-to-maturity securities and available-for-sale securities)*3	104,882	109,662	872,926
Guarantee and deposits received*4	168,273	161,487	1,400,524

*1. The fair value of these items are not disclosed since their market price is unavailable and the assessment of their fair value is deemed extremely difficult.
*2. The Company recognized ¥96 million of impairment loss on investments in securities for the year ended March 31, 2014.
*3. Guarantee and lease deposits (excluding held-to-maturity securities and available-for-sale securities) are not included in "Assets (4) Guarantee and lease deposits" because their remaining terms cannot be determined and the assessment of their fair value is deemed extremely difficult.
*4. The fair value of guarantee and deposits received (mainly consisting of lease deposits) are not disclosed because their remaining terms cannot be determined and the assessment of their fair value is deemed extremely difficult.

(Note 3) Redemption schedule of pecuniary claims and securities with maturities

For 2015

	Millions of yen			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Cash, time and notice deposits	¥151,367	¥ —	¥ —	¥—
Notes and accounts receivable—trade	27,596	1	—	—
Guarantee and lease deposits				
Held-to-maturity securities (National government bonds)	195	1,115	—	—
Available-for-sale securities with maturities (National government bonds)	—	408	605	—
Total	¥179,158	¥1,524	¥605	¥—

For 2014

	Millions of yen			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Cash, time and notice deposits	¥147,267	¥ —	¥ —	¥—
Notes and accounts receivable—trade	18,724	89	—	—
Guarantee and lease deposits				
Held-to-maturity securities (National government bonds)	257	1,048	—	—
Available-for-sale securities with maturities (National government bonds)	—	—	908	—
Total	¥166,248	¥1,137	¥908	¥—

For 2015

	Thousands of U.S. dollars			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Cash, time and notice deposits	$1,259,817	$ —	$ —	$—
Notes and accounts receivable—trade	229,680	8	—	—
Guarantee and lease deposits				
Held-to-maturity securities (National government bonds)	1,623	9,280	—	—
Available-for-sale securities with maturities (National government bonds)	—	3,396	5,035	—
Total	$1,491,120	$12,684	$5,035	$—

(Note 4) Repayment schedule of corporate bonds, long-term debt, long-term non-recourse debt and other interest-bearing debt

For 2015

	Millions of yen					
Year ending March 31	2016	2017	2018	2019	2020	2021 and thereafter
Short-term debt	¥ 87,000	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term debt (including due within one year)	380,863	316,737	289,622	275,752	169,619	1,063,626
Long-term non-recourse debt (including due within one year)	69,191	120,992	19,762	46,037	98,082	89,745
Guarantee and deposits received	—	40,000	—	—	—	26,000
Total	¥537,054	¥477,729	¥309,384	¥321,789	¥267,701	¥1,179,371

For 2014

	Millions of yen					
Year ending March 31	2015	2016	2017	2018	2019	2020 and thereafter
Short-term debt	¥144,996	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term debt (including due within one year)	280,085	380,863	316,737	289,622	275,752	617,345
Long-term non-recourse debt (including due within one year)	77,683	68,689	120,490	19,260	45,535	163,140
Deposits received	10,000	—	—	—	—	—
Guarantee and deposits received	—	—	40,000	—	—	26,000
Total	¥512,764	¥449,552	¥477,227	¥308,882	¥321,287	¥806,485

For 2015

	Thousands of U.S. dollars					
Year ending March 31	2016	2017	2018	2019	2020	2021 and thereafter
Short-term debt	$ 724,095	$ —	$ —	$ —	$ —	$ —
Long-term debt (including due within one year)	3,169,896	2,636,180	2,410,504	2,295,065	1,411,727	8,852,483
Long-term non-recourse debt (including due within one year)	575,872	1,007,008	164,478	383,163	816,330	746,940
Guarantee and deposits received	—	332,917	—	—	—	216,396
Total	$4,469,863	$3,976,105	$2,574,982	$2,678,228	$2,228,057	$9,815,819

7. Securities

For 2015

A. The following tables summarize the acquisition costs, carrying amounts and fair values of securities with available fair values as of March 31, 2015:

(a) Held-to-maturity securities:

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Securities whose fair value exceeds carrying amount:						
National and local government bonds, etc.	¥1,305	¥1,308	¥ 3	$10,861	$10,886	$25
Securities whose fair value does not exceed carrying amount:						
National and local government bonds, etc.	—	—	—	—	—	—
Total	¥1,305	¥1,308	¥ 3	$10,861	$10,886	$25

(b) Available-for-sale securities:

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Acquisition cost	Difference	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds acquisition cost:						
Equity securities	¥287,487	¥154,178	¥133,309	$2,392,734	$1,283,213	$1,109,521
Debt securities*	1,065	1,013	52	8,864	8,431	433
Other	124	76	48	1,032	632	400
Subtotal	288,676	155,267	133,409	2,402,630	1,292,276	1,110,354
Securities whose carrying amount does not exceed acquisition cost:						
Equity securities	19,360	21,297	(1,937)	161,132	177,254	(16,122)
Debt securities	—	—	—	—	—	—
Other	1,151	1,305	(154)	9,580	10,861	(1,281)
Subtotal	20,511	22,602	(2,091)	170,712	188,115	(17,403)
Total	¥309,187	¥177,869	¥131,318	$2,573,342	$1,480,391	$1,092,951

* Debt securities in securities whose carrying amount exceeds acquisition cost are included in “Guarantee and lease deposits paid to lessors” on the consolidated balance sheets.

(Note) The Company recognized ¥30 million ($250 thousand) of impairment loss on investments in securities (¥30 million ($250 thousand) on equity securities in available-for-sale securities).

B. The Company lent the equity securities temporarily to financial institutions under securities lending agreements. Lent securities, included in investments in securities and other, were ¥81,108 million ($675,056 thousand) as of March 31, 2015.

For 2014

A. The following tables summarize the acquisition costs, carrying amounts and fair values of securities with available fair values as of March 31, 2014:

(a) Held-to-maturity securities:

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Securities whose fair value exceeds carrying amount:						
National and local government bonds, etc.	¥ 776	¥ 778	¥ 2	$ 7,543	$ 7,562	$19
Securities whose fair value does not exceed carrying amount:						
National and local government bonds, etc.	523	522	(1)	5,083	5,074	(9)
Total	¥1,299	¥1,300	¥ 1	$12,626	$12,636	$10

(b) Available-for-sale securities:

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Acquisition cost	Difference	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds acquisition cost:						
Equity securities	¥178,465	¥112,558	¥65,907	$1,734,691	$1,094,071	$640,620
Debt securities*	953	908	45	9,263	8,826	437
Other	686	652	34	6,668	6,337	331
Subtotal	180,104	114,118	65,986	1,750,622	1,109,234	641,388
Securities whose carrying amount does not exceed acquisition cost:						
Equity securities	30,921	38,068	(7,147)	300,554	370,023	(69,469)
Debt securities	—	—	—	—	—	—
Other	830	954	(124)	8,068	9,273	(1,205)
Subtotal	31,751	39,022	(7,271)	308,622	379,296	(70,674)
Total	¥211,855	¥153,140	¥58,715	$2,059,244	$1,488,530	$570,714

* Debt securities in securities whose carrying amount exceeds acquisition cost are included in "Guarantee and lease deposits paid to lessors" on the consolidated balance sheets.

B. Total sales of available-for-sale securities sold in the year ended March 31, 2014 amounted to ¥3,656 million and the related gains amounted to ¥1,430 million.

C. The Company lent the equity securities temporarily to financial institutions under securities lending agreements. Lent securities, included in investments in securities and other, were ¥96,140 million as of March 31, 2014.

8. Short-term debt and long-term debt

Short-term debt at March 31, 2015 and 2014 consisted of the following:

	Millions of yen				Thousands of U.S. dollars
	2015	Average interest rate (%)	2014	Average interest rate (%)	2015
Loans, principally from banks	¥87,000	0.39	¥113,000	0.45	$724,095
Commercial paper	—	—	31,996	0.09	—
Total	¥87,000		¥144,996		$724,095

The interest rates represent weighted average rates in effect at March 31, 2015 and 2014, regardless of borrowing currencies, though the range of the interest rate varies by borrowing currency.

Long-term debt at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
2.50% domestic straight bonds, due 2019	¥ 10,000	¥ 10,000	$ 83,229
1.81% domestic straight bonds, due 2014	—	20,000	—
1.87% domestic straight bonds, due 2014	—	10,000	—
1.48% domestic straight bonds, due 2014	—	10,000	—
1.28% domestic straight bonds, due 2015	—	10,000	—
1.17% domestic straight bonds, due 2015	—	30,000	—
0.96% domestic straight bonds, due 2015	30,000	30,000	249,690
0.94% domestic straight bonds, due 2015	10,000	10,000	83,229
0.80% domestic straight bonds, due 2015	20,000	20,000	166,459
0.74% domestic straight bonds, due 2016	10,000	10,000	83,229
0.68% domestic straight bonds, due 2016	10,000	10,000	83,229
0.75% domestic straight bonds, due 2017	10,000	10,000	83,229
0.55% domestic straight bonds, due 2017	10,000	10,000	83,229
0.50% domestic straight bonds, due 2017	10,000	10,000	83,229
0.50% domestic straight bonds, due 2017	10,000	10,000	83,229
0.486% domestic straight bonds, due 2017	10,000	10,000	83,229
0.444% domestic straight bonds, due 2017	10,000	10,000	83,229
0.388% domestic straight bonds, due 2018	20,000	20,000	166,459
0.329% domestic straight bonds, due 2018	10,000	10,000	83,229
0.563% domestic straight bonds, due 2020	10,000	10,000	83,229
0.877% domestic straight bonds, due 2020	20,000	20,000	166,459
0.462% domestic straight bonds, due 2018	10,000	10,000	83,229
1.098% domestic straight bonds, due 2023	10,000	10,000	83,229
0.426% domestic straight bonds, due 2018	20,000	20,000	166,459
0.355% domestic straight bonds, due 2018	10,000	10,000	83,229
0.950% domestic straight bonds, due 2023	10,000	10,000	83,229
0.344% domestic straight bonds, due 2018	10,000	10,000	83,229
0.968% domestic straight bonds, due 2023	10,000	10,000	83,229
0.987% domestic straight bonds, due 2024	20,000	20,000	166,459
0.914% domestic straight bonds, due 2024	20,000	20,000	166,459
0.904% domestic straight bonds, due 2024	20,000	—	166,459
0.884% domestic straight bonds, due 2024	20,000	—	166,459
0.836% domestic straight bonds, due 2024	20,000	—	166,459
0.809% domestic straight bonds, due 2024	20,000	—	166,459
0.429% domestic straight bonds, due 2021	10,000	—	83,229
0.392% domestic straight bonds, due 2022	10,000	—	83,229
0.670% domestic straight bonds, due 2025	10,000	—	83,229
Loans, principally from banks and insurance companies, with interest at weighted average rates of 0.49% in 2015, and 0.62% in 2014, respectively:			
Secured	—	—	—
Unsecured*	2,056,219	1,750,404	17,113,766
Subtotal	2,496,219	2,160,404	20,775,855
Amount due within one year	(380,863)	(280,085)	(3,169,896)
Total	¥2,115,356	¥1,880,319	$17,605,959

* Unsecured long-term debt as of March 31, 2015 and 2014 includes a subordinated loan of ¥60,000 million ($499,376 thousand) and ¥60,000 million, respectively.

Non-recourse debt at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Non-recourse bonds, with interest at weighted average rates of 0.82% in 2015, and 0.93% in 2014, respectively:			
Due within one year	¥ 8,264	¥ 8,348	$ 68,781
Due after one year	36,060	41,324	300,125
Subtotal	44,324	49,672	368,906
Non-recourse loans, with interest at weighted average rates of 0.72% in 2015, and 0.82% in 2014, respectively:			
Due within one year	60,927	69,335	507,091
Due after one year	338,558	375,790	2,817,794
Subtotal	399,485	445,125	3,324,885
Total	¥443,809	¥494,797	$3,693,791
Secured	¥443,809	¥494,797	$3,693,791
Unsecured	—	—	—
Total	¥443,809	¥494,797	$3,693,791

The aggregate annual maturities of long-term debt at March 31, 2015 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2016	¥ 380,863	$ 3,169,896
2017	316,737	2,636,180
2018	289,622	2,410,504
2019	275,752	2,295,065
2020	169,619	1,411,727
2021 and thereafter	1,063,626	8,852,483
Total	¥2,496,219	$20,775,855

The aggregate annual maturities of non-recourse debt at March 31, 2015 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2016	¥ 69,191	$ 575,872
2017	120,992	1,007,008
2018	19,762	164,478
2019	46,037	383,163
2020	98,082	816,330
2021 and thereafter	89,745	746,940
Total	¥443,809	$3,693,791

It is customary in Japan that security must be given if requested by lending banks under certain circumstances, and generally banks have the right to offset cash deposited with them against any debt or obligations payable to the bank that becomes due in the case of default and certain other specified events. The Company and its consolidated subsidiaries have never received such a request.

9. Employees' severance and retirement benefits

As explained in Note 2 (12), the liabilities and expenses for severance and retirement benefits are determined based on the amounts obtained by actuarial calculations except for the cases using the simplified method.

For 2015 and 2014

1. Defined benefit plan

(1) Adjustment table of retirement benefit obligations between the beginning and the end of the fiscal year

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligations at beginning of year	¥ 9,097	¥8,861	$75,714
Cumulative effects of changes in accounting policies	637	—	5,301
Restated balance	¥ 9,734	¥ —	$81,015
Service costs	671	651	5,585
Interest costs	84	129	699
Actuarial differences	14	(9)	117
Retirement benefits paid	(409)	(535)	(3,404)
Retirement benefit obligations at end of year	¥10,094	¥9,097	$84,012

(2) Adjustment table of plan assets between the beginning and the end of the fiscal year

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Plan assets at beginning of year	¥4,005	¥3,471	$33,333
Expected return on plan assets	80	69	666
Actuarial differences	369	262	3,072
Employer contributions	403	407	3,354
Retirement benefits paid	(197)	(204)	(1,640)
Plan assets at end of year	¥4,660	¥4,005	$38,785

(3) Adjustment table of retirement benefit obligations and plan assets at the end of the fiscal year and net defined benefit liability on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Obligations under retirement benefit plans (funded)	¥ 5,840	¥ 5,089	$ 48,606
Fair value of plan assets	(4,660)	(4,005)	(38,785)
	1,180	1,084	9,821
Obligations under retirement benefit plans (unfunded)	4,254	4,008	35,406
Net amount of liabilities on the consolidated balance sheets	¥ 5,434	¥ 5,092	$ 45,227
Net defined benefit liability	¥ 5,434	¥ 5,092	$ 45,227
Net amount of liabilities on the consolidated balance sheets	¥ 5,434	¥ 5,092	$ 45,227

(4) Components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service costs	¥ 671	¥ 651	$ 5,585
Interest costs	84	129	699
Expected return on plan assets	(80)	(69)	(666)
Actuarial differences	(271)	(129)	(2,256)
Other	—	1	—
Retirement benefit expenses	¥ 404	¥ 583	$ 3,362

(5) Remeasurements of defined benefit plans (before deducting tax effect)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Actuarial differences	¥(84)	¥—	$(699)
Total	¥(84)	¥—	$(699)

(6) Components of remeasurements of defined benefit plans (before deducting tax effect)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized actuarial differences	¥(355)	¥(271)	$(2,955)
Total	¥(355)	¥(271)	$(2,955)

(7) Major breakdown of plan assets

	2015	2014
Debt securities	18.6%	17.8%
Equity securities	41.5	39.0
General life insurance accounts	37.8	41.1
Other	2.1	2.1
Total	100.0%	100.0%

(8) Actuarial assumptions

	2015	2014
Discount rate	0.9%	1.5%
Rate of expected return on plan assets	2.0	2.0

2. Defined contribution plan

The required contribution amount for a defined contribution plan that one of the Company's consolidated subsidiaries adopted is ¥352 million ($2,930 thousand) and ¥337 million for the years ended March 31, 2015 and 2014, respectively.

For 2013

Included in the consolidated statements of income for the year ended March 31, 2013 are severance and retirement benefit expenses comprised of the following:

	Millions of yen
	2013
Service costs—benefits earned during year	¥ 557
Interest cost on retirement benefit obligations	130
Expected return on plan assets	(60)
Amortization of actuarial differences	392
Other	318
Severance and retirement benefit expenses	¥1,337

Other of ¥318 million for the year ended March 31, 2013 is the amount paid for a defined contribution plan that one of the Company's consolidated subsidiaries adopted.

The discount rate and the rate of expected return on plan assets for the year ended March 31, 2013 are as follows:

	2013
Discount rate	1.0, 2.0%
Rate of expected return on plan assets	2.0

10. Loss on impairment of fixed assets

The Company and its consolidated domestic subsidiaries recognized impairment losses on the following assets for the years ended March 31, 2015, 2014 and 2013, respectively.

For 2015

Use	Location	Number of properties
Land for development	Ibaraki	1
Assets leased to others	Tokyo	1

For 2014

Use	Location	Number of properties
Land for development	Tokyo, etc.	4
Assets leased to others	Tokyo	2

For 2013

Use	Location	Number of properties
Land for development	Tokyo	1

The Company and its consolidated domestic subsidiaries recognized losses on the impairment of certain properties, which are generally assessed individually for impairment. The Company's houses are treated as common assets.

As a result of transferring inventories from property and equipment, the carrying values of the land holdings summarized above have been reduced to their recoverable amounts by ¥3,811 million ($31,719 thousand), ¥15,068 million and ¥16,967 million for the years ended March 31, 2015, 2014 and 2013, respectively. These write-downs were recognized as impairment losses in other expenses.

Details of loss on impairment of fixed assets are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Land	¥3,811	¥15,068	¥16,967	$31,719

The recoverable amounts of these assets were determined as the net disposal value. The net disposal value for land for leased buildings and land for development are based on the income approach, and that for the others is based mainly on the sales comparison approach.

11. Asset retirement obligations

Even though removing asbestos is required for some buildings the Company and its consolidated subsidiaries ("the Group") operate at the time of demolishing, it is difficult to estimate the fair value of obligations associated with such assets reasonably since the timing and/or method of settlement for the retirement obligations are not clear enough. Therefore, for the years ended March 31, 2015 and 2014, asset retirement obligations related to such a case are not recorded (except for the asset retirement obligations recorded on the financial statements).

In addition, under the partial lease contracts, the Group has obligations for restoring office spaces when they move out. For the asset retirement obligations associated with such a case, the duration of use of the assets is not clear enough and these assets do not have any relocation plans. Therefore, the Group is unable to estimate the asset retirement obligations since it is difficult to estimate the timing of fulfillment of the obligations. Consequently, for the years ended March 31, 2015 and 2014, asset retirement obligations related to such a case are not recorded (except for the asset retirement obligations recorded on the financial statements).

12. Income taxes

The normal effective statutory income tax rate in Japan arising out of the aggregation of corporate, enterprise and inhabitants' taxes was approximately 35.64% for the year ended March 31, 2015, and 38.01% for the years ended March 31, 2014 and 2013.

Details of deferred tax assets and liabilities at March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Depreciation and amortization of consolidated adjustment	¥ 10,359	¥ 11,963	$ 86,217
Loss on impairment of fixed assets	6,225	8,830	51,810
Loss on devaluation of real estate for sale	5,087	2,913	42,339
Accrued enterprise tax and business office tax	2,375	2,196	19,767
Net operating loss carryforwards	2,264	2,485	18,843
Allowance for doubtful accounts	2,222	1,762	18,494
Net defined benefit liability	2,095	1,977	17,437
Loss on devaluation of investments in SPEs' holding properties for sale	1,492	1,645	12,418
Accrued bonuses	1,373	1,496	11,427
Elimination of unrealized profit	1,013	1,017	8,431
Loss on devaluation of investments in securities	862	951	7,174
Net deferred losses on hedges	773	925	6,434
Other	4,666	5,931	38,834
Subtotal of deferred tax assets	40,806	44,091	339,625
Valuation allowance	(4,262)	(4,497)	(35,472)
Total deferred tax assets	¥ 36,544	¥ 39,594	$ 304,153
Deferred tax liabilities:			
Net unrealized holding gains on securities	(42,481)	(20,936)	(353,566)
Retained earnings appropriated for tax allowable reserves	(3,941)	(4,343)	(32,801)
Other	(773)	(850)	(6,434)
Total deferred tax liabilities	(47,195)	(26,129)	(392,801)
Net deferred tax assets	¥(10,651)	¥ 13,465	$ (88,648)

Following the promulgation of "Act for Partial Revision of the Income Tax Act" (Act No. 9 of 2015) and "Act for Partial Revision of the Local Tax Act" (Act No. 2 of 2015) on March 31, 2015, the corporate tax rate will be reduced from fiscal years beginning on or after April 1, 2015. Accordingly, the effective statutory tax rate used to measure deferred tax assets and liabilities was changed from 35.64% to 33.1% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2015 and to 32.34% for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2016. As a result, net deferred tax liabilities decreased by ¥1,464 million ($12,185 thousand) and deferred income taxes increased by ¥2,811 million ($23,396 thousand), respectively.

The differences between the statutory tax rate and the effective tax rate for the years ended March 31, 2015 and 2014 were insignificant and not presented.

The differences between the statutory tax rate and the effective tax rate for the year ended March 31, 2013 are as follows:

	2013
Statutory tax rate	38.01%
Adjustment:	
Dividends and other income not taxable permanently	(3.35)
Inhabitant tax on per capita basis	0.30
Elimination of dividend income	0.95
Adjustment of deferred income taxes	—
Other	(0.60)
Effective tax rate	35.31%

13. Deposits received and accounts payable with interest rate

Guarantee and deposits received at March 31, 2015 and 2014 are as follows:

	Millions of yen				Thousands of U.S. dollars
	2015	Average interest rate (%)	2014	Average interest rate (%)	2015
Short-term deposits and long-term deposits due within one year:					
Non-interest-bearing	¥ 61,172	—	¥136,690	—	$ 509,130
Interest-bearing	—	—	10,000	0.26	—
	61,172		146,690		509,130
Guarantee and lease deposits from tenants:					
Non-interest-bearing	168,274	—	161,487	—	1,400,533
Interest-bearing	—	—	—	—	—
Long-term deposits:					
Non-interest-bearing	94,119	—	97,651	—	783,346
Interest-bearing	66,000	0.28	66,000	0.31	549,313
	328,393		325,138		2,733,192
Total	¥389,565		¥471,828		$3,242,322

Accounts payable with interest rate at March 31, 2015 and 2014 are as follows:

	Millions of yen				Thousands of U.S. dollars
	2015	Average interest rate (%)	2014	Average interest rate (%)	2015
Due within one year	¥1,544	0.98	¥ 3,277	1.28	$12,851
Due after one year	4,630	0.98	13,974	1.30	38,535
Total	¥6,174		¥17,251		$51,386

(Note) Accounts payable due within one year are included in "Other current liabilities" and accounts payable due after one year are included in "Other long-term liabilities" on the consolidated balance sheets.

The aggregate annual maturities of deposits received at March 31, 2015 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2016	¥ —	$ —
2017	40,000	332,917
2018	—	—
2019	—	—
2020	—	—
2021 and thereafter	26,000	216,396
Total	¥66,000	$549,313

The aggregate annual maturities of accounts payable at March 31, 2015 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2016	¥1,544	$12,851
2017	1,544	12,851
2018	1,543	12,842
2019	1,543	12,842
2020	—	—
2021 and thereafter	—	—
Total	¥6,174	$51,386

14. Net assets

Under the Japanese Corporate Law ("the Law") and its regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings on the accompanying consolidated balance sheets.

Under the Law, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit and capitalized by a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law and its regulations.

15. Information for certain lease transactions

Future lease payments and receipts under such non-cancelable operating leases at March 31, 2015, 2014 and 2013 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Operating leases				
Future lease payments:				
Due within one year	¥ 995	¥ 942	¥ 2,036	$ 8,281
Due after one year	17,449	17,736	14,129	145,227
Total	¥ 18,444	¥ 18,678	¥ 16,165	$ 153,508
Future lease receipts:				
Due within one year	¥ 58,934	¥ 52,024	¥ 59,375	$ 490,504
Due after one year	90,226	91,614	76,303	750,944
Total	¥149,160	¥143,638	¥135,678	$1,241,448

16. Derivative transactions

Hedge accounting was applied to all derivative transactions for the years ended March 31, 2015 and 2014.

The summary of these transactions is as follows:

For 2015

(1) Foreign currency-related derivatives

			Millions of yen		
Hedging accounting	Types of derivative transactions	Hedged items	Contract amounts	Contract amounts due after one year	Fair value
Deferred hedge accounting	Foreign exchange forward contracts Receipts in U.S. dollars / Payments in yen	Foreign currency-denominated transactions	¥14,996	¥—	¥(12)

			Thousands of U.S. dollars		
Hedging accounting	Types of derivative transactions	Hedged items	Contract amounts	Contract amounts due after one year	Fair value
Deferred hedge accounting	Foreign exchange forward contracts Receipts in U.S. dollars / Payments in yen	Foreign currency-denominated transactions	$124,811	$ —	$(100)

(Note) Fair value is determined based on the quoted price obtained from relevant financial institutions.

(2) Interest-related derivatives

Hedging accounting	Types of derivative transactions	Hedged items	Millions of yen Contract amounts	Contract amounts due after one year	Fair value
Deferred hedge accounting	Interest rate swap contracts Fixed rate payments / Floating rate receipts	Bank loans	¥ 472,000	¥ 472,000	¥(2,379)
Exceptional accounting for interest rate swaps	Interest rate swap contracts Fixed rate payments / Floating rate receipts	Bank loans and bonds	1,280,626	1,136,956	—(*)
Exceptional accounting for interest rate and currency swaps	Interest rate swap contracts Fixed rate payments / Floating rate receipts Receipts in U.S. dollars / Payments in yen	Foreign currency-denominated loans	4,000	4,000	—(*)

Hedging accounting	Types of derivative transactions	Hedged items	Thousands of U.S. dollars Contract amounts	Contract amounts due after one year	Fair value
Deferred hedge accounting	Interest rate swap contracts Fixed rate payments / Floating rate receipts	Bank loans	$ 3,928,423	$3,928,423	$(19,800)
Exceptional accounting for interest rate swaps	Interest rate swap contracts Fixed rate payments / Floating rate receipts	Bank loans and bonds	10,658,560	9,462,805	—(*)
Exceptional accounting for interest rate and currency swaps	Interest rate swap contracts Fixed rate payments / Floating rate receipts Receipts in U.S. dollars / Payments in yen	Foreign currency-denominated loans	33,292	33,292	—(*)

(Note) Fair value is determined based on the quoted price obtained from relevant financial institutions.

(*) Interest rate swap contracts and cross currency interest rate swap contracts which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expenses or income of the long-term debt or the long-term non-recourse debt as hedged items. Thus, the fair value of such interest rate swap contracts is included in the fair value of the long-term debt.

For 2014

(1) Foreign currency-related derivatives

Hedging accounting	Types of derivative transactions	Hedged items	Millions of yen Contract amounts	Contract amounts due after one year	Fair value
Deferred hedge accounting	Foreign exchange forward contracts Receipts in U.S. dollars / Payments in yen	Foreign currency-denominated transactions	¥11,757	¥—	¥67

(Note) Fair value is determined based on the quoted price obtained from relevant financial institutions.

(2) Interest-related derivatives

Hedging accounting	Types of derivative transactions	Hedged items	Millions of yen Contract amounts	Contract amounts due after one year	Fair value
Deferred hedge accounting	Interest rate swap contracts Fixed rate payments / Floating rate receipts	Bank loans	¥472,000	¥472,000	¥(2,597)
Exceptional accounting for interest rate swaps	Interest rate swap contracts Fixed rate payments / Floating rate receipts	Bank loans and bonds	987,222	844,131	—(*)
Exceptional accounting for interest rate and currency swaps	Interest rate swap contracts Fixed rate payments / Floating rate receipts Receipts in U.S. dollars / Payments in yen	Foreign currency-denominated loans	4,000	4,000	—(*)

(Note) Fair value is determined based on the quoted price obtained from relevant financial institutions.

(*) Interest rate swap contracts and cross currency interest rate swap contracts which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expenses or income of the long-term debt or the long-term non-recourse debt as hedged items. Thus, the fair value of such interest rate swap contracts is included in the fair value of the long-term debt.

17. Segment information

The Company and its consolidated subsidiaries mainly operate their business in five segments: (1) Leasing business consists of leasing of office buildings, residences and other properties, and management of these properties; (2) Sales business consists of sale of condominiums, detached houses and land lots; (3) Construction business consists of construction of housing, condominiums and buildings; (4) Brokerage business; and (5) Other business including fitness business and restaurant business.

Information by business segment for the years ended March 31, 2015, 2014 and 2013 is summarized as follows:

Millions of yen

For 2015	Reportable segments							
	Leasing business	Sales business	Construction business	Brokerage business	Other business	Total	Adjustments	Consolidated financial statements amounts
Revenue from operations:								
Customers	¥ 285,942	¥263,963	¥187,260	¥57,724	¥11,946	¥ 806,835	¥ —	¥ 806,835
Intersegment	3,175	244	1,735	762	2,420	8,336	(8,336)	—
Total	289,117	264,207	188,995	58,486	14,366	815,171	(8,336)	806,835
Segment profit	¥ 104,442	¥ 43,781	¥ 12,963	¥16,462	¥ 1,882	¥ 179,530	¥ (13,635)	¥ 165,895
Segment assets	¥3,123,993	¥844,623	¥ 16,327	¥18,404	¥19,674	¥4,023,021	¥500,783	¥4,523,804
Other:								
Depreciation and amortization	¥ 31,047	¥ 184	¥ 958	¥ 263	¥ 149	¥ 32,601	¥ 918	¥ 33,519
Loss on impairment of fixed assets	1,188	2,623	—	—	—	3,811	—	3,811
Increase in property and equipment, and intangible assets	140,475	3,924	1,572	640	1,781	148,392	4,632	153,024

Millions of yen

For 2014	Reportable segments							
	Leasing business	Sales business	Construction business	Brokerage business	Other business	Total	Adjustments	Consolidated financial statements amounts
Revenue from operations:								
Customers	¥ 280,105	¥233,869	¥198,324	¥56,591	¥11,384	¥ 780,273	¥ —	¥ 780,273
Intersegment	3,625	224	2,866	620	4,706	12,041	(12,041)	—
Total	283,730	234,093	201,190	57,211	16,090	792,314	(12,041)	780,273
Segment profit	¥ 97,952	¥ 39,209	¥ 18,709	¥17,962	¥ 1,910	¥ 175,742	¥ (15,271)	¥ 160,471
Segment assets	¥3,010,807	¥749,259	¥ 17,924	¥13,813	¥17,567	¥3,809,370	¥411,059	¥4,220,429
Other:								
Depreciation and amortization	¥ 32,975	¥ 230	¥ 744	¥ 185	¥ 143	¥ 34,277	¥ 1,034	¥ 35,311
Loss on impairment of fixed assets	26	15,042	—	—	—	15,068	—	15,068
Increase in property and equipment, and intangible assets	173,648	2,474	1,891	286	294	178,593	327	178,920

Millions of yen

For 2013	Reportable segments							
	Leasing business	Sales business	Construction business	Brokerage business	Other business	Total	Adjustments	Consolidated financial statements amounts
Revenue from operations:								
Customers	¥ 275,379	¥231,928	¥168,608	¥50,397	¥10,340	¥ 736,652	¥ —	¥ 736,652
Intersegment	2,938	221	2,474	560	5,451	11,644	(11,644)	—
Total	278,317	232,149	171,082	50,957	15,791	748,296	(11,644)	736,652
Segment profit	¥ 94,187	¥ 38,924	¥ 15,758	¥14,494	¥ 1,667	¥ 165,030	¥ (13,685)	¥ 151,345
Segment assets	¥2,884,179	¥732,713	¥ 15,358	¥12,490	¥24,874	¥3,669,614	¥435,886	¥4,105,500
Other:								
Depreciation and amortization	¥ 35,558	¥ 275	¥ 552	¥ 195	¥ 123	¥ 36,703	¥ 1,058	¥ 37,761
Loss on impairment of fixed assets	—	16,967	—	—	—	16,967	—	16,967
Increase in property and equipment, and intangible assets	55,346	3,394	1,367	134	251	60,492	159	60,651

For 2015	Thousands of U.S. dollars							
	Reportable segments							
	Leasing business	Sales business	Construction business	Brokerage business	Other business	Total	Adjustments	Consolidated financial statements amounts
Revenue from operations:								
Customers	$ 2,379,875	$2,196,945	$1,558,552	$480,433	$ 99,426	$ 6,715,231	$ —	$ 6,715,231
Intersegment	26,425	2,031	14,440	6,342	20,142	69,380	(69,380)	—
Total	2,406,300	2,198,976	1,572,992	486,775	119,568	6,784,611	(69,380)	6,715,231
Segment profit	$ 869,263	$ 364,386	$ 107,890	$137,012	$ 15,665	$ 1,494,216	$ (113,484)	$ 1,380,732
Segment assets	$26,000,774	$7,029,738	$ 135,888	$153,175	$163,746	$33,483,321	$4,167,982	$37,651,303
Other:								
Depreciation and amortization	$ 258,402	$ 1,531	$ 7,973	$ 2,189	$ 1,241	$ 271,336	$ 7,640	$ 278,976
Loss on impairment of fixed assets	9,888	21,831	—	—	—	31,719	—	31,719
Increase in property and equipment, and intangible assets	1,169,164	32,659	13,084	5,327	14,822	1,235,056	38,552	1,273,608

Intercompany eliminations between the Company and its consolidated subsidiaries and undistributed corporate expenses to each segment are included in adjustments of segment profit, and the Company classified expenses of the general administrative division in the Company and certain of its consolidated subsidiaries to corporate expenses for the years ended March 31, 2015, 2014 and 2013.

Intercompany eliminations between the Company and its consolidated subsidiaries and undistributed corporate assets to each segment are included in adjustments of segment assets, and the Company classified cash, time and notice deposits, investments in securities and assets of the general administrative division in the Company and certain of its consolidated subsidiaries to corporate assets for the years ended March 31, 2015, 2014 and 2013.

18. Comprehensive income

Amounts reclassified to net income in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income (loss) for the years ended March 31, 2015, 2014 and 2013 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Unrealized holding gains on securities:				
Increase during the fiscal year	¥72,459	¥28,994	¥33,694	$603,071
Reclassification adjustments	145	(1,335)	329	1,207
Amounts before tax effects	72,604	27,659	34,023	604,278
Tax effects	(21,547)	(9,863)	(12,104)	(179,334)
Total	51,057	17,796	21,919	424,944
Deferred gains (losses) on hedges:				
Decrease during the fiscal year	(693)	(1,283)	(2,501)	(5,768)
Reclassification adjustments	832	880	1,943	6,925
Amounts before tax effects	139	(403)	(558)	1,157
Tax effects	(129)	141	171	(1,074)
Total	10	(262)	(387)	83
Foreign currency transaction adjustments:				
Increase during the fiscal year	3,498	4,220	1,741	29,114
Remeasurements of defined benefit plans:				
Increase during the fiscal year	355	—	—	2,955
Reclassification adjustments	(272)	—	—	(2,264)
Amounts before tax effects	83	—	—	691
Tax effects	(18)	—	—	(150)
Total	65	—	—	541
Total other comprehensive income	¥54,630	¥21,754	¥23,273	$454,682

19. Investment and rental properties

The Company and certain of its consolidated subsidiaries own some rental properties such as office buildings and residences in Tokyo and other areas. Certain domestic office buildings are not recognized as rental properties but as a portion used as investment and rental properties since the Company or certain of its consolidated subsidiaries use some of the floor space of these properties.

The carrying amounts of these properties on the consolidated balance sheets, their changes during the fiscal year and their fair values at March 31, 2015 and 2014 are as follows:

		Millions of yen		Thousands of U.S. dollars
		2015	2014	2015
Investment and rental properties	Balance at beginning of fiscal year	¥2,504,743	¥2,383,506	$20,846,800
	Changes during the fiscal year	262,387	121,237	2,183,828
	Balance at end of fiscal year	2,767,130	2,504,743	23,030,628
	Fair value at end of fiscal year	3,921,410	3,494,748	32,637,620
A portion used as investment and rental properties	Balance at beginning of fiscal year	¥ 289,596	¥ 292,981	$ 2,410,287
	Changes during the fiscal year	(142,456)	(3,385)	(1,185,651)
	Balance at end of fiscal year	147,140	289,596	1,224,636
	Fair value at end of fiscal year	¥ 283,006	¥ 432,235	$ 2,355,439

(Notes)
* Carrying amounts on the consolidated balance sheets are the amounts determined by deducting accumulated depreciation from the acquisition costs.
* Fair values as of March 31, 2015 and 2014 are calculated by the Company primarily based on their fair values according to the “Real Estate Appraisal Standards.”

Significant changes during the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Increase:			
Acquired real estate	¥144,858	¥186,432	$1,205,643
Transferred from real estate for sale in process	19,737	—	164,270
Decrease:			
Depreciation and amortization	¥ (29,458)	¥ (31,420)	$ (245,177)
Transferred to real estate for sale in process	(6,383)	(9,522)	(53,125)
Loss on impairment of fixed assets	(3,811)	(14,570)	(31,719)

Income and expenses for investment and rental properties for the years ended March 31, 2015 and 2014 are as follows:

		Millions of yen		Thousands of U.S. dollars
		2015	2014	2015
Investment and rental properties	Income	¥178,920	¥167,364	$1,489,139
	Expenses	93,587	87,454	778,918
	Balance	85,333	79,910	710,221
	Other income (expenses)	(5,659)	(15,884)	(47,099)
A portion used as investment and rental properties	Income	¥ 17,665	¥ 24,136	$ 147,025
	Expenses	10,092	15,104	83,995
	Balance	7,573	9,032	63,030
	Other income (expenses)	1	(13)	8

(Notes)
* As a portion used as investment and rental properties includes a portion used by the Company or certain of its consolidated subsidiaries for providing services as well as management and administration, income for these are not recorded above. The expenses primarily consist of rent, depreciation, taxes and dues, and others.
* Other income (expenses) for investment and rental properties is mostly the loss on impairment of fixed assets and the one for a portion used as investment and rental properties is mostly the loss on disposal of property and equipment.

20. Contingent liabilities

The Company and its consolidated subsidiaries were contingently liable as guarantors of borrowings by customers and others in an amount aggregating to ¥2,075 million ($17,270 thousand) and ¥2,734 million at March 31, 2015 and 2014, respectively.

21. Subsequent events

On June 26, 2015, the shareholders of the Company approved payments of a year-end cash dividend of ¥11 ($0.09) per share or a total of ¥5,214 million ($43,396 thousand) to shareholders of record at March 31, 2015. Such appropriations are recognized in the period in which they are approved by the shareholders.

To the Board of Directors of Sumitomo Realty & Development Co., Ltd.:

We have audited the accompanying consolidated financial statements of Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for each of the years in the three-year period ended March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Realty & Development Co., Ltd. and its consolidated subsidiaries as at March 31, 2015 and 2014, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2015, in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

August 7, 2015
Tokyo, Japan

As of March 31, 2015

Corporate Data

· Head Office
Shinjuku NS Building,
4-1, Nishi-Shinjuku 2-chome
Shinjuku-ku, Tokyo 163-0820, Japan
Phone: +81-3-3346-2342
Facsimile: +81-3-3346-1829

· Corporate Website
http://www.sumitomo-rd.co.jp/english/

· Date of Establishment
December 1, 1949

· Number of Employees
11,855 (Consolidated)

· Major Consolidated Subsidiaries
Sumitomo Real Estate Sales Co., Ltd.
Sumitomo Fudosan Tatemono Service Co., Ltd.
Sumitomo Fudosan Syscon Co., Ltd.
Sumitomo Fudosan Esforta Co., Ltd.
Sumitomo Fudosan Villa Fontaine Co., Ltd.
Sumitomo Fudosan Finance Co., Ltd.
Sumitomo Fudosan Bellesalle Co., Ltd.

Investor Information

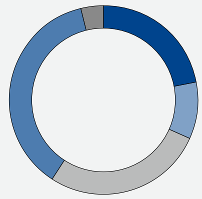
· Paid-in Capital
¥122,805 million

· Number of Common Stock
Authorized: 1,900,000,000 shares
Issued: 476,085,978 shares

· Number of Shareholders
11,287

· Stock Exchange Listing
Tokyo Stock Exchange

Breakdown of Shareholders

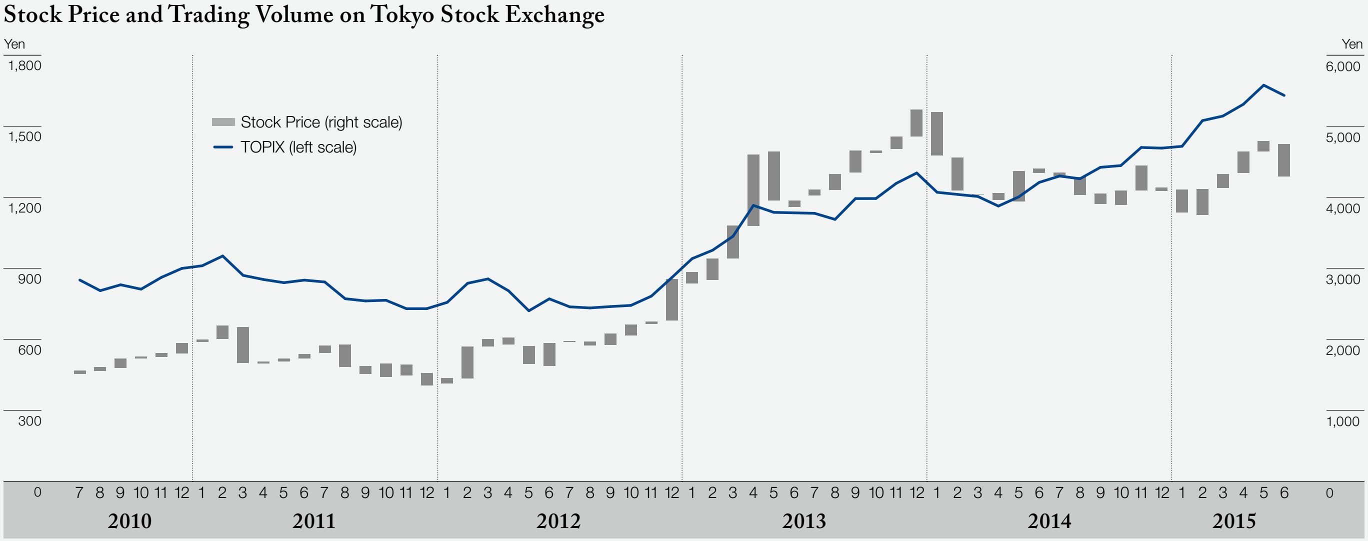


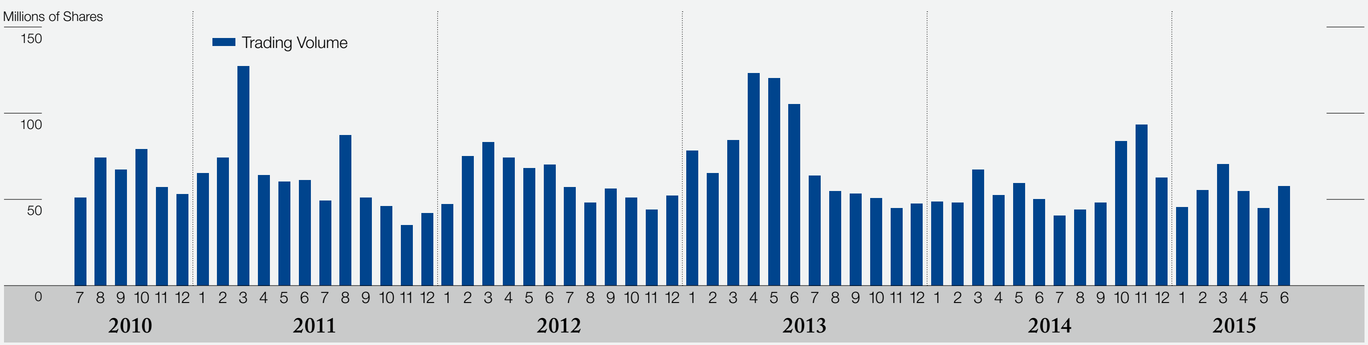
Trust Accounts	22.07%
Financial Institutions	9.71%
Other Companies	27.44%
Foreign Companies	37.10%
Individuals and Others	3.68%

· Major Shareholders

Name	Number of shares held (Thousands)	Percentage of shares held
The Master Trust Bank of Japan, Ltd. (Trust account)	24,232	5.09%
Japan Trustee Services Bank, Ltd. (Trust account)	20,492	4.30%
Sumitomo Mitsui Banking Corporation	11,990	2.52%
The Bank of New York Mellon SA/NV10	11,888	2.50%
Japan Trustee Services Bank, Ltd. (Trust account 4)	10,359	2.18%
Obayashi Corporation	7,527	1.58%
Shimizu Corporation	7,500	1.58%
Mitsui Sumitomo Insurance Co., Ltd.	6,740	1.42%
The Sumitomo Warehouse Co., Ltd.	6,130	1.29%
State Street Bank West Client-Treaty 505234	5,946	1.25%

Stock Price and Trading Volume on Tokyo Stock Exchange





History

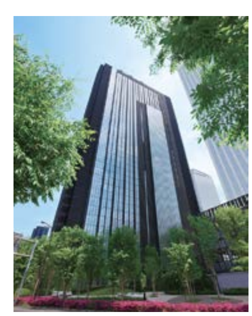
Period	Year	Events	Global Events
1949–1980	1949	▪ Izumi Real Estate Co., Ltd. established as the successor to the holding company of the Sumitomo *zaibatsu* following the breakup of the conglomerate.	1964 ▪ Tokyo Olympic Games 1973 ▪ First oil crisis 1978 ▪ Second oil crisis
	1957	▪ Izumi Real Estate Co., Ltd. changed its name to Sumitomo Realty & Development Co., Ltd.	
	1963	▪ Merged with the holding company of the former Sumitomo *zaibatsu* during its liquidation.	
	1964	▪ Entered condominium sales business with Hama-Ashiya Mansion in Kobe, Hyogo Prefecture.	
	1970	▪ Listed on the Tokyo Stock Exchange and Osaka Securities Exchange.	
	1973	▪ Established Sumitomo Fudosan Tatemono Service Co., Ltd., a consolidated subsidiary.	
	1974	▪ Completed construction of 52-story Shinjuku Sumitomo Building in Shinjuku, Tokyo; moved Company headquarters there from Tokyo Sumitomo Building in Marunouchi, Tokyo.	
	1975	▪ Established Sumitomo Real Estate Sales Co., Ltd., a consolidated subsidiary.	
	1980	▪ Established Sumitomo Fudosan Syscon Co., Ltd., a consolidated subsidiary.	
1981–2000	1982	▪ Completed construction of 30-story Shinjuku NS Building in Shinjuku, Tokyo; moved Company headquarters there from Shinjuku Sumitomo Building.	1985 ▪ The Plaza Accord 1987 ▪ Black Monday 1989 ▪ Collapse of Berlin Wall ▪ Nikkei Stock Average all-time high 1999 ▪ Introduction of euro
	1995	▪ Commenced American Comfort custom home construction business.	
	1996	▪ Commenced Shinchiku Sokkurisan remodeling business.	
	1997	▪ Entered high-quality business hotel market. Opened Villa Fontaine Nihonbashi and hotels at two other locations.	
	1998	▪ Sumitomo Real Estate Sales Co., Ltd., a consolidated subsidiary, listed on the Tokyo Stock Exchange.	
	1999	▪ Commenced real estate joint investment trust fund. Launched sales of Sumitomo Realty & Development Fund (SURF) series. ▪ Implemented the Sumquest bond issue, which was the first public issue of real estate securities in Japan.	
	2000	▪ Commenced luxury condominium leasing business. Completed construction of La Tour Shibakoen.	
2001–2015	2001	▪ The number of managed STEP brokerage offices exceeded 200.	2001 ▪ September 11 terrorist attacks 2008 ▪ Lehman crisis 2011 ▪ The Great East Japan Earthquake ▪ European sovereign debt crisis ▪ Record-high yen against the U.S. dollar
	2002	▪ Completed construction of Izumi Garden Tower (Minato Ward, Tokyo).	
	2003	▪ Commenced sales of J·URBAN fixed-price urban-style housing series.	
	2004	▪ Commenced sales of World City Towers (Minato Ward, Tokyo).	
	2006	▪ Established Sumitomo Fudosan Reform Co., Ltd., a consolidated subsidiary.	
	2008	▪ Established Sumitomo Fudosan Bellesalle Co., Ltd., a consolidated subsidiary. ▪ Commenced sales of City Towers Toyosu (Koto Ward, Tokyo).	
	2010	▪ Completed construction of Shinjuku Central Park City (Shinjuku Ward, Tokyo).	
	2011	▪ Opened Grand Mansion Gallery. ▪ Completed construction of Sumitomo Fudosan Shinjuku Grand Tower (Shinjuku Ward, Tokyo).	
	2012	▪ Completed construction of Sumitomo Fudosan Shibuya Garden Tower (Shibuya Ward, Tokyo). ▪ Launched a Custom-order Condominium service. ▪ Commenced sales of J·RESIDENCE.	
	2013	▪ Commenced construction of Roppongi 3-chome Project (Minato Ward, Tokyo).	
	2014	▪ Cumulative units contracted topped 90,000 in Shinchiku Sokkurisan remodeling operations. ▪ Number of condominium units brought to market over the full year was the highest in Japan for the first time.	
	2015	▪ Completed construction of Tokyo Nihonbashi Tower (Chuo Ward, Tokyo)	


Shinjuku NS Building (Head office)


World City Towers


City Towers Toyosu the Twin


Shinjuku Central Park City


Sumitomo Fudosan Shinjuku Grand Tower

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Printed in Japan