

# Consolidated Financial Results for the Third Quarter of Fiscal 2016 (April 1, 2016 - December 31, 2016)

Fiscal 2016 (Year ending March 31, 2017)

February 9, 2017

## SUMITOMO REALTY & DEVELOPMENT CO., LTD.

Stock Exchange Listings TSE1  
 Securities Code 8830  
 Location of Head Office Tokyo, Japan  
 URL <http://www.sumitomo-rd.co.jp/english/>

### 1. Results for Third Quarter (April 1, 2016 - December 31, 2016)

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

	Revenue from operations		Operating income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Nine months ended Dec. 31, 2016</b>	<b>679,573</b>	<b>21.9</b>	<b>144,754</b>	<b>12.2</b>	<b>131,276</b>	<b>16.7</b>	<b>88,018</b>	<b>20.9</b>
Nine months ended Dec. 31, 2015	557,445	6.4	129,045	11.5	112,520	17.1	72,794	23.4
(Reference) Fiscal 2015	854,964	6.0	174,240	5.0	148,424	6.7	87,797	9.0

Notes 1: Comprehensive Income

Fiscal 2016, 3rd quarter : 115,867 millions of yen 48.7%; Fiscal 2015, 3rd quarter : 77,924 millions of yen (20.5%)

2. Percentages represent changes compared with the first quarter of the previous year.

	Earnings per share	Diluted earnings per share
	Yen	Yen
<b>Nine months ended Dec. 31, 2016</b>	<b>185.70</b>	—
Nine months ended Dec. 31, 2015	153.58	—
(Reference) Fiscal 2015	185.23	—

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

Fiscal 2016, 3rd quarter : 473,975,135 shares; Fiscal 2015, 3rd quarter : 473,990,371 shares

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

	Total assets	Shareholders' equity	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
<b>As of Dec. 31, 2016</b>	<b>4,797,183</b>	<b>992,163</b>	<b>20.7</b>
As of Dec. 31, 2015	4,577,136	896,066	19.6
(Reference) Fiscal 2015	4,675,914	888,099	19.0

Note: Number of shares issued and outstanding (consolidated)

As of Dec. 31, 2016 : 473,969,885 shares; As of Dec. 31, 2015 : 473,981,245 shares

### 2. Dividend Position

	Dividends per share		
	Interim	Year end	Annual
	Yen	Yen	Yen
<b>Fiscal 2015</b>	<b>11.00</b>	<b>11.00</b>	<b>22.00</b>
Forecast for Fiscal 2016	11.00	12.00	23.00

### 3. Consolidated Business Forecasts for Fiscal 2016 (Year ending March 31, 2017)

	Revenue from operations	Operating income	Ordinary profit	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
<b>Fiscal 2016</b>	<b>880,000</b>	<b>185,000</b>	<b>165,000</b>	<b>100,000</b>

Consolidated business forecasts announced on November 14, 2016 have not been revised.

Note: The foregoing estimates were based on information available as of the date this data was released, and actual results may differ from estimates due to various arising in the future.

### 4. Results of main segments

(1) Revenue from operations

	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2016	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2016	Achieved (%)
Leasing	231,094	252,039	+20,944	335,000	75
Sales	145,382	241,162	+95,779	280,000	86
Construction	132,683	137,465	+4,782	195,000	70
Brokerage	43,211	46,363	+3,152	63,000	74
Other and Elimination/Corporate	5,072	2,542	(2,530)	7,000	-
<b>Total</b>	<b>557,445</b>	<b>679,573</b>	<b>+122,127</b>	<b>880,000</b>	<b>77</b>

(2) Operating income

	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2016	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2016	Achieved (%)
Leasing	89,292	99,920	+10,628	126,000	79
Sales	29,156	37,155	+7,998	45,000	83
Construction	9,070	7,949	(1,121)	14,000	57
Brokerage	11,442	12,279	+836	18,000	68
Other and Elimination/Corporate	(9,917)	(12,550)	(2,633)	(18,000)	-
<b>Total</b>	<b>129,045</b>	<b>144,754</b>	<b>+15,709</b>	<b>185,000</b>	<b>78</b>

## Consolidated Balance Sheets

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

Assets	Millions of yen	
	December 31, 2016	March 31, 2016
<b>Current assets:</b>		
Cash, time and notice deposits	¥ 131,730	¥ 187,233
Notes and accounts receivable—trade	11,485	19,664
Real estate for sale	250,941	311,305
Real estate for sale in process	578,906	535,399
Costs on uncompleted construction contracts	12,276	7,276
Other inventories	2,738	1,833
Deferred income taxes	12,321	13,638
Other current assets	41,814	45,884
Allowance for doubtful accounts	(39)	(47)
Total current assets	1,042,176	1,122,189
<b>Fixed assets:</b>		
Property and equipment		
Buildings and structures, net	715,606	627,787
Land	2,380,389	2,317,729
Construction in progress	40,898	36,447
Other property and equipment, net	7,080	6,618
Total Property and equipment	3,143,975	2,988,583
Intangible assets		
Leasehold rights	51,259	50,705
Other intangible assets	1,073	1,012
Total intangible assets	52,333	51,718
Investment and other assets		
Investment securities	405,779	355,698
Guarantee and lease deposits paid to lessors	96,430	103,980
Deferred income taxes	12,253	12,684
Other investments	53,988	50,860
Allowance for doubtful accounts	(9,752)	(9,800)
Total investment and other assets	558,698	513,423
Total fixed assets	3,755,007	3,553,725
Total assets	¥ 4,797,183	¥ 4,675,914

Millions of yen

## Liabilities and Net Assets

	December 31, 2016	March 31, 2016
<b>Current liabilities:</b>		
Notes and accounts payable—trade	¥ 19,710	¥ 54,316
Short-term debt	73,718	78,718
Long-term debt due within one year	258,632	296,737
Long-term non-recourse loans due within one year	21,258	105,504
Corporate bonds due within one year	60,000	20,000
Non-recourse bonds due within one year	1,700	16,460
Accrued income taxes	17,135	30,046
Deposits received	38,890	71,619
Accrued bonuses	1,047	4,216
Other current liabilities	114,356	154,796
Total current liabilities	606,447	832,414
<b>Long-term liabilities:</b>		
Corporate bonds	360,000	400,000
Non-recourse bonds	37,400	24,600
Long-term debt	2,104,115	1,944,819
Long-term non-recourse loans	361,118	272,063
Allowance for retirement benefits for directors	152	141
Net defined benefit liability	6,028	6,081
Guarantee and lease deposits received	190,488	181,497
Long-term deposits received	69,478	68,302
Other long-term liabilities	40,111	28,718
Total long-term liabilities	3,168,892	2,926,223
Total liabilities	3,775,339	3,758,637
<b>Net assets:</b>		
Shareholders' equity		
Capital	122,805	122,805
Capital surplus	132,749	132,748
Retained earnings	647,331	569,740
Treasury stock	(4,363)	(4,335)
Total shareholders' equity	898,523	820,958
Accumulated other comprehensive income (loss)		
Net unrealized holding gains on securities	101,009	72,261
Net deferred losses on hedges	(2,933)	(4,247)
Foreign currency translation adjustments	(4,344)	(509)
Remeasurements of defined benefit plans	(91)	(364)
Total accumulated other comprehensive income	93,639	67,140
Non-controlling interests	29,680	29,177
Total net assets	1,021,843	917,277
Total liabilities and net assets	¥ 4,797,183	¥ 4,675,914

## Consolidated Statements of Income

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

	<i>Millions of yen</i>	
	<b>Fiscal year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenue from operations</b>	¥ 679,573	¥ 557,445
<b>Cost of revenue from operations</b>	483,584	384,724
<b>Gross profit</b>	195,988	172,720
<b>Selling, general and administrative expenses</b>	51,234	43,675
<b>Operating income</b>	144,754	129,045
<b>Non-operating income</b>		
Interest and dividend income	6,344	5,365
Other non-operating income	576	645
Total non-operating income	6,921	6,011
<b>Non-operating expenses</b>		
Interest expense	16,550	18,598
Other non-operating expenses	3,849	3,937
Total non-operating expenses	20,399	22,536
<b>Ordinary profit</b>	131,276	112,520
<b>Extraordinary income</b>		
Gain on sale of property and equipment	31	92
Gain on sale of investment securities	36	86
Other extraordinary income	-	3
Total extraordinary income	67	181
<b>Extraordinary losses</b>		
Loss on disposal of property and equipment	518	977
Loss on sale of property and equipment	3	-
Loss on devaluation of investment securities	-	16
Other extraordinary losses	10	6
Total extraordinary losses	532	1,000
<b>Income before income taxes and minority interests</b>	130,811	111,701
<b>Income taxes</b>	40,649	37,006
<b>Profit</b>	90,162	74,695
<b>Profit attributable to non-controlling interests</b>	2,143	1,900
<b>Profit attributable to owners of parent</b>	¥ 88,018	¥ 72,794

## Consolidated Statement of Comprehensive Income

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

	Millions of yen	
	Fiscal year ended December 31,	
	2016	2015
<b>Profit</b>	¥ 90,162	¥ 74,695
<b>Other comprehensive income (loss)</b>		
Net unrealized holding gains on securities	28,751	3,264
Net deferred gains on hedges	1,342	242
Foreign currency translation adjustments	(4,742)	(98)
Remeasurements of defined benefit plans	353	(179)
Total other comprehensive income	25,705	3,229
<b>Comprehensive income</b>	115,867	77,924
Comprehensive income attributable to:		
Owners of the parent	114,517	76,021
Non-controlling interests	1,349	1,903