

Consolidated Financial Results for the Third Quarter of Fiscal 2017 (April 1, 2017 - December 31, 2017)

Fiscal 2017 (Year ending March 31, 2018)

February 13, 2018

SUMITOMO REALTY & DEVELOPMENT CO., LTD.

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

1. Results for Third Quarter (April 1, 2017 - December 31, 2017)

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

	Revenue from operations		Operating income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Dec 31, 2017	707,764	4.1	166,093	14.7	156,942	19.6	108,295	23.0
Nine months ended Dec 31, 2016	679,573	21.9	144,754	12.2	131,276	16.7	88,018	20.9
(Reference) Fiscal 2016	925,151	8.2	188,171	8.0	167,697	13.0	103,488	17.9

Notes 1: Comprehensive Income

Fiscal 2017, 3rd quarter : 173,043 millions of yen, 49.3%; Fiscal 2016, 3rd quarter : 115,867 millions of yen 48.7%

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

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec 31, 2017	228.49	—
Nine months ended Dec 31, 2016	185.70	—
(Reference) Fiscal 2016	218.34	—

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

Fiscal 2017, 3rd quarter : 473,958,710 shares; Fiscal 2016, 3rd quarter : 473,975,135 shares

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

	Total assets	Shareholders' equity	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Dec 31, 2017	5,072,538	1,133,921	22.4
As of Dec 31, 2016	4,797,183	992,163	20.7
(Reference) Fiscal 2016	4,980,039	1,007,347	20.2

Note: Number of shares issued and outstanding (consolidated)

As of Dec 31, 2017 : 473,951,601 shares; As of Dec 31, 2016 : 473,969,885 shares

2. Dividend Position

	Dividends per share		
	Interim	Year end	Annual
	Yen	Yen	Yen
Fiscal 2016	11.00	13.00	24.00
Forecast for Fiscal 2017	13.00	13.00	26.00

3. Consolidated Business Forecasts for Fiscal 2017 (Year ending March 31, 2018)

	Revenue from operations	Operating income	Ordinary profit	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2017	950,000	203,000	185,000	118,000

Consolidated business forecasts announced on November 14, 2017 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, 2016	Nine months ended Dec 31, 2017	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2017	Achieved (%)
Leasing	252,039	261,958	+9,919	350,000	75
Sales	241,162	252,700	+11,538	315,000	80
Construction	137,465	139,015	+1,549	210,000	66
Brokerage	46,363	50,128	+3,764	70,000	72
Other and Elimination/Corporate	2,542	3,961	+1,418	5,000	-
Total	679,573	707,764	+28,190	950,000	75

(2) Operating income

	Nine months ended Dec 31, 2016	Nine months ended Dec 31, 2017	Increase (Decrease)	(Millions of yen)	
				Forecast for Fiscal 2017	Achieved (%)
Leasing	99,920	112,076	+12,155	140,000	80
Sales	37,155	43,191	+6,036	47,000	92
Construction	7,949	8,760	+811	15,000	58
Brokerage	12,279	15,228	+2,949	20,000	76
Other and Elimination/Corporate	(12,550)	(13,163)	(613)	(19,000)	-
Total	144,754	166,093	+21,339	203,000	82

Consolidated Balance Sheets

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

Millions of yen

Assets	December 31, 2017		March 31, 2017	
Current assets:				
Cash, time and notice deposits	¥	200,619	¥	269,312
Notes and accounts receivable—trade		11,348		18,475
Real estate for sale		305,051		345,184
Real estate for sale in process		522,149		492,340
Costs on uncompleted construction contracts		12,022		6,022
Other inventories		2,051		1,666
Deferred income taxes		17,477		18,538
Other current assets		61,410		46,022
Allowance for doubtful accounts		(49)		(55)
Total current assets		1,132,083		1,197,507
Fixed assets:				
Property and equipment				
Buildings and structures, net		715,932		730,824
Land		2,431,554		2,390,150
Construction in progress		63,023		34,486
Other property and equipment, net		6,292		7,013
Total Property and equipment		3,216,803		3,162,476
Intangible assets				
Leasehold rights		53,270		52,689
Other intangible assets		1,406		1,113
Total intangible assets		54,677		53,802
Investment and other assets				
Investment securities		520,494		411,203
Guarantee and lease deposits paid to lessors		94,512		97,323
Deferred income taxes		11,577		12,023
Other investments		52,487		55,895
Allowance for doubtful accounts		(10,098)		(10,192)
Total investment and other assets		668,974		566,253
Total fixed assets		3,940,455		3,782,532
Total assets	¥	5,072,538	¥	4,980,039

Millions of yen

Liabilities and Net Assets

	December 31, 2017	March 31, 2017
Current liabilities:		
Notes and accounts payable—trade	¥ 19,278	¥ 41,373
Short-term debt	61,914	66,108
Long-term debt due within one year	225,092	209,622
Long-term non-recourse loans due within one year	44,676	21,258
Corporate bonds due within one year	80,000	80,000
Non-recourse bonds due within one year	4,900	1,700
Accrued income taxes	20,854	29,329
Deposits received	39,993	68,860
Accrued bonuses	1,078	5,048
Other current liabilities	135,911	134,745
Total current liabilities	633,699	658,046
Long-term liabilities:		
Corporate bonds	310,000	340,000
Non-recourse bonds	34,200	37,400
Long-term debt	2,301,423	2,255,397
Long-term non-recourse loans	329,052	358,989
Allowance for retirement benefits for directors	61	156
Net defined benefit liability	6,198	6,143
Guarantee and lease deposits received	202,726	193,110
Long-term deposits received	61,143	56,991
Other long-term liabilities	60,112	34,700
Total long-term liabilities	3,304,917	3,282,889
Total liabilities	3,938,617	3,940,936
Net assets:		
Shareholders' equity		
Capital	122,805	122,805
Capital surplus	104,153	132,747
Retained earnings	753,862	662,801
Treasury stock	(4,424)	(4,379)
Total shareholders' equity	976,397	913,975
Accumulated other comprehensive income (loss)		
Net unrealized holding gains on securities	161,688	97,192
Net deferred losses on hedges	(2,185)	(2,528)
Foreign currency translation adjustments	(1,974)	(1,265)
Remeasurements of defined benefit plans	(5)	(26)
Total accumulated other comprehensive income	157,523	93,371
Non-controlling interests	-	31,756
Total net assets	1,133,921	1,039,103
Total liabilities and net assets	¥ 5,072,538	¥ 4,980,039

Consolidated Statements of Income

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

	<i>Millions of yen</i>	
	Fiscal year ended December 31,	
	2017	2016
Revenue from operations	¥ 707,764	¥ 679,573
Cost of revenue from operations	485,869	483,584
Gross profit	221,894	195,988
Selling, general and administrative expenses	55,800	51,234
Operating income	166,093	144,754
Non-operating income		
Interest and dividend income	7,974	6,344
Other non-operating income	1,656	576
Total non-operating income	9,631	6,921
Non-operating expenses		
Interest expense	15,371	16,550
Other non-operating expenses	3,411	3,849
Total non-operating expenses	18,782	20,399
Ordinary profit	156,942	131,276
Extraordinary income		
Gain on sale of property and equipment	37	31
Gain on sale of investment securities	723	36
Other extraordinary income	70	-
Total extraordinary income	831	67
Extraordinary loss		
Loss on disposal of property and equipment	508	518
Loss on sale of property and equipment	215	3
Loss on sale of investment securities	47	-
Other extraordinary losses	18	10
Total extraordinary losses	789	532
Income before income taxes	156,985	130,811
Income taxes	47,895	40,649
Profit	109,089	90,162
Profit attributable to non-controlling interests	794	2,143
Profit attributable to owners of parent	¥ 108,295	¥ 88,018

Consolidated Statements of Comprehensive Income

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

	<i>Millions of yen</i>	
	Fiscal year ended December 31,	
	2017	2016
<i>Profit</i>	¥ 109,089	¥ 90,162
<i>Other comprehensive income (loss)</i>		
Net unrealized holding gains (losses) on securities	64,507	28,751
Net deferred gains (losses) on hedges	401	1,342
Foreign currency translation adjustments	(979)	(4,742)
Remeasurements of defined benefit plans	23	353
Total other comprehensive income (loss)	63,953	25,705
<i>Comprehensive income</i>	173,043	115,867
Comprehensive income attributable to:		
Owners of the parent	172,447	114,517
Non-controlling interests	595	1,349