

Consolidated Financial Results for Fiscal 2019 (Year ended March 31, 2020)

May 14, 2020

SUMITOMO REALTY & DEVELOPMENT CO., LTD.

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

1. Results of Fiscal 2019 (Year ended March 31, 2020)

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

	Revenue from operations		Operating income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019	1,013,512	0.1	234,332	6.8	220,520	8.5	140,997	8.4
Fiscal 2018	1,012,198	—	219,389	—	203,227	—	130,102	—

Notes 1: Comprehensive Income

FY 2019 : 108,064 millions of yen, 2.2%; FY 2018 : 105,781 millions of yen, (—%)

2: Percentages represent changes compared with the previous year.

	Earnings per share	Return on average equity	Ratio of ordinary profit to average assets	Operating income margin
	Yen	%	%	%
Fiscal 2019	297.50	11.3	4.2	23.1
Fiscal 2018	274.51	11.2	3.9	21.7

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

FY 2019 : 473,939,888 shares; FY 2018 : 473,942,220 shares

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

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2019	5,317,623	1,294,998	24.4	2,732.41
Fiscal 2018	5,130,118	1,202,103	23.4	2,536.40

Note: Number of shares issued and outstanding (consolidated)

As of Mar 31, 2020 : 473,939,577 shares; As of Mar 31, 2019 : 473,940,149 shares

2. Dividend Position

	Dividend per share			Amount of dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	Interim	Year end	Annual			
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2019	16.00	19.00	35.00	16,587	11.8	1.3
Fiscal 2018	14.00	16.00	30.00	14,218	10.9	1.2
Forecast for Fiscal 2020	19.00	19.00	38.00		13.9	

3. Forecast for Fiscal 2020 (Year ending March 31, 2021)

	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 2020	880,000	204,000	190,000	130,000

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

The impact by the outbreak of COVID-19 on our business activities and business results is unclear. We estimate the forecasts based on the assumption that during the Fiscal 2020, the business activities will not return to the same level as the previous fiscal year, despite the anticipation that they will be gradually resumed from the second quarter.

4. Results of main segments

(1) Revenue from operations

				(Millions of yen)	
	Fiscal 2018	Fiscal 2019	Increase (Decrease)	Forecast for Fiscal 2020	Increase (Decrease)
Leasing	381,763	395,592	+13,828	390,000	(5,592)
Sales	331,751	324,967	(6,784)	270,000	(54,967)
Construction	221,693	218,930	(2,762)	170,000	(48,930)
Brokerage	71,867	69,331	(2,535)	50,000	(19,331)
Other and Elimination/Corporate	5,122	4,691	(431)	-	(4,691)
Total	1,012,198	1,013,512	+1,314	880,000	(133,512)

(2) Operating income

				(Millions of yen)	
	Fiscal 2018	Fiscal 2019	Increase (Decrease)	Forecast for Fiscal 2020	Increase (Decrease)
Leasing	149,932	169,416	+19,483	163,000	(6,416)
Sales	47,115	47,374	+258	48,000	+625
Construction	20,407	20,583	+176	10,000	(10,583)
Brokerage	20,977	19,336	(1,641)	10,000	(9,336)
Other and Elimination/Corporate	(19,044)	(22,378)	(3,334)	(27,000)	(4,621)
Total	219,389	234,332	+14,942	204,000	(30,332)

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

Consolidated Balance Sheets

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

Millions of yen

Assets	March 31,		March 31,	
	2020		2019	
Current assets:				
Cash, time and notice deposits	¥	195,360	¥	172,191
Notes and accounts receivable—trade		17,405		21,566
Real estate for sale		351,368		390,025
Real estate for sale in process		286,254		282,594
Costs on uncompleted construction contracts		10,369		5,826
Other inventories		887		1,455
Other current assets		54,447		59,422
Allowance for doubtful accounts		(60)		(72)
Total current assets		916,034		933,011
Fixed assets:				
Property and equipment				
Buildings and structures, net		1,036,339		859,028
Land		2,558,356		2,523,936
Construction in progress		133,716		139,452
Other property and equipment, net		11,842		8,593
Total Property and equipment		3,740,255		3,531,010
Intangible assets				
Leasehold rights		55,823		55,193
Other intangible assets		1,738		1,557
Total intangible assets		57,561		56,751
Investment and other assets				
Investment securities		469,229		478,966
Guarantee and lease deposits paid to lessors		70,171		70,298
Deferred income taxes		30,067		17,463
Other investments		36,385		51,769
Allowance for doubtful accounts		(2,082)		(9,152)
Total investment and other assets		603,772		609,345
Total fixed assets		4,401,589		4,197,107
Total assets	¥	5,317,623	¥	5,130,118

Millions of yen

Liabilities and Net Assets

	March 31, 2020	March 31, 2019
Current liabilities:		
Notes and accounts payable—trade	¥ 36,392	¥ 54,937
Short-term debt	26,726	25,643
Long-term debt due within one year	131,471	129,618
Long-term non-recourse loans due within one year	62,373	100,298
Commercial paper	120,000	—
Corporate bonds due within one year	—	40,000
Non-recourse bonds due within one year	8,000	2,000
Accrued income taxes	32,343	29,260
Deposits received	51,195	61,581
Accrued bonuses	5,441	5,572
Other current liabilities	148,102	137,127
Total current liabilities	622,045	586,039
Long-term liabilities:		
Corporate bonds	270,000	270,000
Non-recourse bonds	31,100	37,100
Long-term debt	2,572,156	2,474,327
Long-term non-recourse loans	219,082	263,800
Allowance for retirement benefits for directors	47	40
Net defined benefit liability	6,269	6,018
Guarantee and lease deposits received	247,609	228,958
Long-term deposits received	45,895	49,807
Other long-term liabilities	8,417	11,924
Total long-term liabilities	3,400,578	3,341,975
Total liabilities	4,022,624	3,928,015
Net assets:		
Shareholders' equity		
Capital	122,805	122,805
Capital surplus	104,153	104,153
Retained earnings	1,002,633	876,802
Treasury stock	(4,473)	(4,469)
Total shareholders' equity	1,225,119	1,099,291
Accumulated other comprehensive income (loss)		
Net unrealized holding gains on securities	76,335	109,209
Net deferred losses on hedges	(3,560)	(3,971)
Foreign currency translation adjustments	(2,718)	(2,352)
Remeasurements of defined benefit plans	(177)	(73)
Total accumulated other comprehensive income	69,879	102,811
Total net assets	1,294,998	1,202,103
Total liabilities and net assets	¥ 5,317,623	¥ 5,130,118

Consolidated Statements of Income

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

	<i>Millions of yen</i>	
	Fiscal year ended March 31,	
	2020	2019
Revenue from operations	¥ 1,013,512	¥ 1,012,198
Cost of revenue from operations	691,832	711,050
Gross profit	321,680	301,148
Selling, general and administrative expenses	87,348	81,758
Operating income	234,332	219,389
Non-operating income		
Interest and dividend income	11,679	10,066
Other non-operating income	570	630
Total non-operating income	12,249	10,697
Non-operating expenses		
Interest expense	19,186	20,184
Other non-operating expenses	6,874	6,675
Total non-operating expenses	26,061	26,859
Ordinary profit	220,520	203,227
Extraordinary income		
Gain on sale of property and equipment	278	75
Gain on sale of investment securities	1,417	11
Reversal of allowance for doubtful accounts	4,824	—
Total extraordinary income	6,519	86
Extraordinary loss		
Loss on impairment of fixed assets	9,660	8,575
Loss on sale of property and equipment	2,130	3,723
Loss on disposal of property and equipment	1,566	1,280
Loss on devaluation of investment securities	7,838	1,104
Other extraordinary losses	35	70
Total extraordinary losses	21,231	14,755
Income before income taxes	205,809	188,558
Income taxes	64,812	58,456
Profit	140,997	130,102
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	¥ 140,997	¥ 130,102

Consolidated Statements of Comprehensive Income

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

	<i>Millions of yen</i>			
	Fiscal year ended March 31,			
	2020		2019	
Profit	¥	140,997	¥	130,102
Other comprehensive income (loss)				
Net unrealized holding gains (losses) on securities		(32,874)		(21,905)
Net deferred gains (losses) on hedges		411		(1,922)
Foreign currency translation adjustments		(366)		(259)
Remeasurements of defined benefit plans		(103)		(233)
Total other comprehensive income (loss)		(32,932)		(24,321)
Comprehensive income		108,064		105,781
Comprehensive income attributable to:				
Owners of the parent		108,064		105,781
Non-controlling interests		—		—

Fair Value of Investment and Rental Properties

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

	<i>Millions of yen</i>			
	As of March 31, 2020		As of March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Investment and rental Properties	¥ 3,555,071	¥ 6,731,222	¥ 3,515,337	¥ 6,218,600

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