

February 13, 2020

To whom it may concern:

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Notice Concerning Revision of Year-End Dividend Forecast

Sumitomo Realty & Development Co., Ltd. (the “Company”) hereby announces that it has revised the forecast for the year-end dividend per share as follows.

1. Content of revision

	Dividend per share		
	Second quarter-end	Fiscal year-end	Total
Previously announced forecast (announced on May 16, 2019)		¥16.00	¥32.00
Revised forecast		¥19.00	¥35.00
Actual results for the fiscal year ending March 31, 2020	¥16.00		
(Reference) Actual results for the fiscal year ended March 31, 2019	¥14.00	¥16.00	¥30.00

2. Reasons for revisions

Due to continued strong performance in the Leasing Business, the Company now expects its future anticipated cash flows from the leasing business to increase further. The Company has therefore judged that it will be able to sustain dividend increases of 5 yen per year, doubling the sustained annual increase pace of 2-3 yen that has been continued until now.

The Company’s basic policy of profit distribution is to ensure prioritization of investment in new leasing office assets in order to enhance the long-term revenue base and a “sustainable increase on dividend payments” in line with profit growth. Based on this approach, the Company continuously increased its dividend by around 2-3 yen per year in its Seventh Management Plan (the previous medium-term management plan), and for the fiscal year ending March 31, 2020 it had also announced an increase of at least 2 yen.

From the fiscal year ending March 31, 2020, the Company has embarked on the Eighth Management Plan, which aims to achieve cumulative ordinary profit of 700.0 billion yen over three years, an increase of 142.2 billion yen from the previous medium-term management plan. In tandem, the Company has been promoting a long-term investment plan to make additional investments totaling 2 trillion yen to concrete development projects for office buildings exceeding 800,000 tsubo (one tsubo

is roughly 3.3m²) of gross floor area centered on leasing office assets in central Tokyo, aiming to generate profits within six to seven years from now.

When this development plan has been executed, the Company's current gross floor area for leasing of approximately 1.5 million tsubo will be increased by about 50% to approximately 2.3 million tsubo. Assuming current market conditions, this is expected to increase operating income for the leasing segment by approximately 100.0 billion yen over the current forecast operating income of 163.0 billion yen for the fiscal year ending March 31, 2020.

In addition, the Company's policy is to provide the required funds from expanding cash flows from the leasing business, so as to improve its financial position without needlessly increasing interest-bearing debt.

In the current business environment, with vacancy rates of existing buildings decreasing to historic lows, rents increasing continuously, and so forth, the Leasing Business continues to perform strongly. New buildings scheduled to be completed are also seeing contracts concluded ahead of schedule at rents that are higher than the business plans.

As a result, the Company now expects an upturn in future anticipated cash flows from the leasing business, and provided there are no major changes in the leasing business environment, the Company judges that it can continue to increase dividends by 5 yen annually, double the pace of annual dividend increases sustained to date, while steadily implementing the abovementioned long-term investment plan.

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