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November 10, 2026

To whom it may concern:

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Accelerating Dividend Increases—Aiming to Double the Dividend within Five Years to ¥100; ¥400 Billion in Ordinary Profit within Five Years and ¥500 Billion within 10 Years Achievable through Sustainable Profit Growth

Today, we have revised upward our earnings forecast for the current fiscal year. With performance expected to continue growing steadily next fiscal year, led primarily by the Leasing Business, the likelihood that we exceed the targets of our 10th Medium-term Management Plan (fiscal years ending March 2026 through March 2028) has increased.

In addition to this earnings growth, we expect our cash flow to increase further through expanding income from the Leasing Business and increased proceeds from share sales. In light of this, we have decided to further reinforce our dividend policy.

To date, we have committed to progressive annual dividend increases of ¥8 or more and have steadily expanded the amount of those increases year by year by allocating approximately 35% of the annual increase in earnings to dividend increases. Going forward, we will raise this ratio to around 60% and further accelerate dividend increases, and therefore have raised the amount of dividend increases for the current fiscal year by ¥3, revising the annual dividend to ¥55 per share, up ¥11 year on year.

Under this policy, we will aim to double the dividend to ¥100 within five years.

Japan's exit from deflation has contributed to increased income from the leasing business, which more than offsets the burden of rising interest expenses. Supported by moderate inflation, we will continue to enhance our portfolio by shifting it toward prime assets, thereby improving asset profitability while maintaining our strengthened financial position and further reinforcing our fundamental policy of sustainable profit growth.

Below is the current status of the Management Strategy for Sustainable Growth, aimed at achieving ordinary profit of ¥400 billion within five years and ¥500 billion within 10 years.

Key points

1. **Rent growth at existing prime assets in central Tokyo is the primary growth engine**
2. **New development of approximately 1.1 million tsubo* of prime assets is the second growth engine**
   (* 1 tsubo≈3.3m^2)
3. **The domestic housing business will maintain a high level of profit while promoting structural reforms to drive the next stage of growth**
4. **The 1.1 million tsubo of new development will be funded by cash flow without relying on borrowings**
   The current increase in interest expenses will be offset by gains on share sales, allowing growth in operating income to translate directly into growth in profit (net income)

Summary:

As a first step, targeting ¥400 billion in ordinary profit and a ¥100 dividend within five years

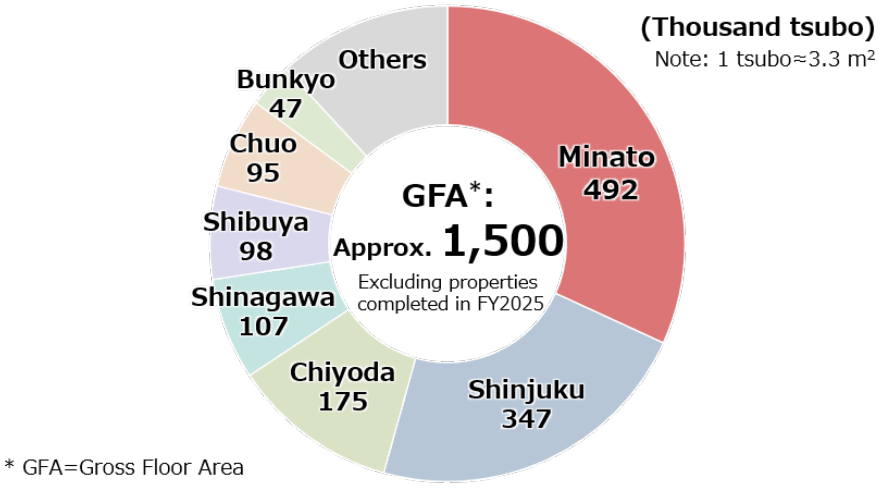
1. Rent growth at existing prime assets in central Tokyo are the primary growth engine

With the arrival of an era of supply shortages, Sumitomo Realty stands to benefit the most.

Over the past year, rent growth in central Tokyo has accelerated. Behind this is the fact that shortages in the supply of new buildings are becoming chronic due to soaring construction costs and extended construction periods. At the same time, on the demand side, as companies seek economic growth amid an inflationary environment, the emphasis on securing talented personnel and investing in better work environments has become more pronounced, increasing preference for well-located, high-spec office buildings.

We own Tokyo's largest portfolio of office leasing assets, broadly spread across the major areas of central Tokyo rather than concentrated in any particular district. With this geographically diversified portfolio, we are well positioned to benefit the most from rent growth, as we can accurately capture shifts in demand across all office uses throughout central Tokyo—including headquarters, back offices, and startup office space.

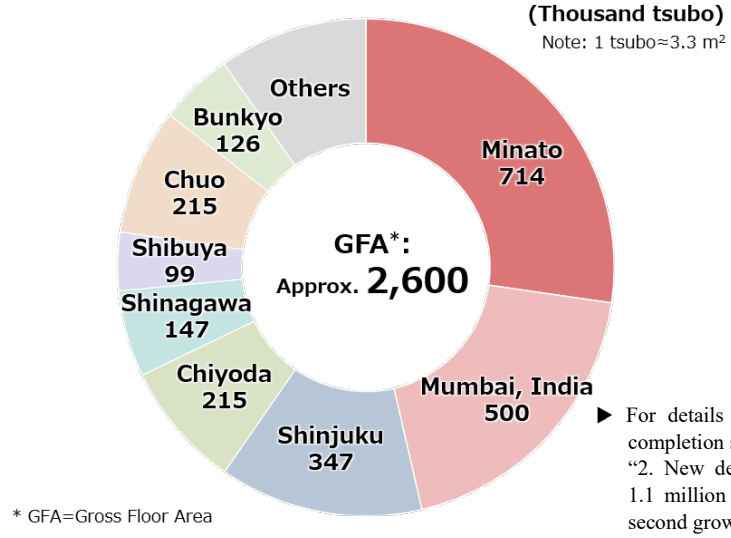
Current leasing portfolio (Owned gross floor area in Tokyo by ward)



* GFA=Gross Floor Area

Reference

Leasing portfolio after completion of approx. 1.1 million tsubo in Tokyo and Mumbai (Owned gross floor area in Tokyo and Mumbai)

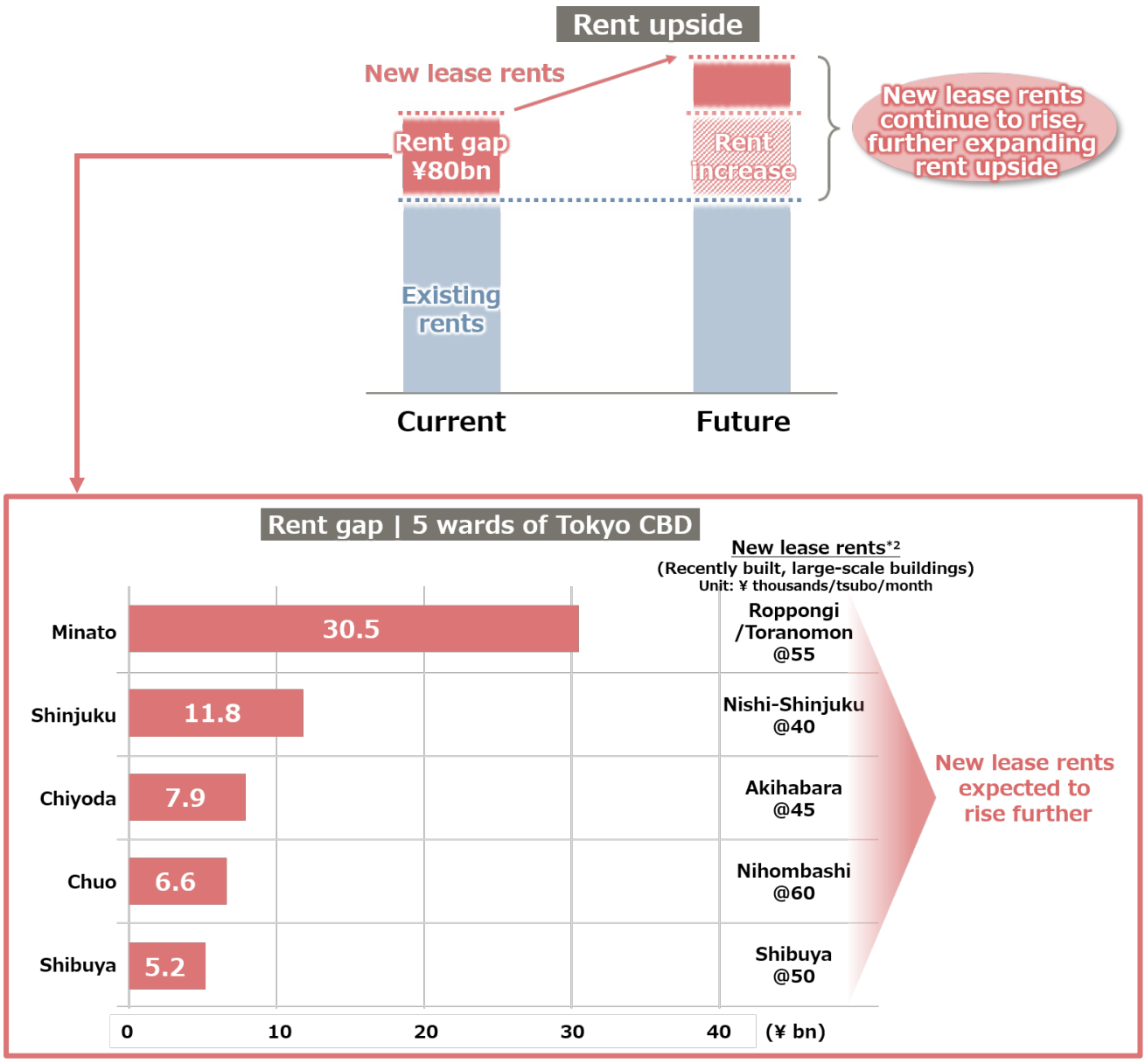


* GFA=Gross Floor Area

▶ For details on the properties and their completion schedules, please refer to p. 4, "2. New development of approximately 1.1 million tsubo of prime assets is the second growth engine."

The rent gap (rent upside) has already reached ¥80 billion.

Under favorable market conditions, new lease rents in the office market have continued rising by more than 10% annually. Our average rent increase achieved through rent revisions has also improved rapidly, from +7% in the previous fiscal year to +12% in the first half of the current fiscal year (April to September), resulting in rent revisions exceeding ¥10 billion on an annual basis. Even so, the rent gap[*1] — the difference between rents paid by existing tenants and rents on new leases—has now reached approximately ¥80 billion, and this gap is continuing to widen as new lease rents rise further. Since rent increases at prime assets will be the primary engine driving future profit growth, a key operational priority will be how we can close this gap and achieve rent increases while gaining tenants' understanding.



*1 The rent gap is the combined total for office buildings and rental apartments.
*2 New lease rents indicate rent levels for newly signed leases in representative buildings in each ward or each area , not average rents.

2. New development of approximately 1.1 million tsubo* of prime assets is the second growth engine (* 1 tsubo≈3.3m²)

Over many years, we have steadily invested in prime assets in central Tokyo and built a strong earnings base. Over the next 10 years, upfront investments we have made in Tokyo and India will begin contributing to earnings one after another, serving as a second growth engine that will drive further profit growth.

Within five years, over 300,000 tsubo will be completed with upfront investments beginning to make a substantial contribution to profits.

Over the next five years, development projects totaling more than 300,000 tsubo are scheduled for completion. BKC Project 1 in Mumbai, which was recently completed, is now nearly fully leased or committed , and the focus of our leasing activities has already shifted to BKC Project 2. Following Tokyo, we will further advance our business in Mumbai with the aim of becoming No. 1 in the office leasing business there as well.

Major development projects scheduled for completion within the next five years (by FY'31)

<Tokyo>

Project Name	Location	GFA*1	Completion (Expected)
Sumitomo Fudosan Osaki Twin Building West	Shinagawa Ward	9,000 tsubo*2	FY'25 Completed
Sumitomo Shibakoen Building	Minato Ward	12,000 tsubo*2	FY'25 Completed
YAESU CORE	Chuo Ward	117,000 tsubo*2	FY'28
Higashi Ikebukuro 1-chome Project	Toshima Ward	47,000 tsubo*2	FY'29
Yaesu 2-chome South Project	Chuo Ward	42,000 tsubo*2	FY'30
Fujimi 2-chome (Iidabashi Ekimae) Project	Chiyoda Ward	14,000 tsubo*2	FY'30
【Rental apartment】Osaki Station Residence	Shinagawa Ward	175 units*3	FY'25 Completed
【Hotel】Village Atami	Atami City	82 rooms*3	FY'26 Completed
【Rental apartment】La Tour Minami Aoyama Project	Minato Ward	76 units*3	FY'26
【Rental apartment】La Tour Yokohama Project	Yokohama City	218 units*3	FY'27

<Mumbai, India>

Project Name	GFA*1	Completion (Expected)
BKC Project 1	42,000 tsubo	FY'26 Completed
BKC Project 2	41,000 tsubo	FY'29
BKC Project 3	29,000 tsubo	FY'30
BKC Project 4	33,000 tsubo	FY'31

*1 GFA=Gross Floor Area
*2 Total gross floor area including areas owned by third parties outside our group.
*3 For rental apartments, figures indicate the number of rental units including planned units; for hotels, the number of guest rooms.
Note: 1 tsubo≈3.3m²

From the sixth year onward: development of approximately 800,000 tsubo will drive further growth.

In addition, development projects totaling approximately 800,000 tsubo will follow from the sixth year onward and drive further profit growth. Under our "No investment, no growth" policy, we will continue to reinvest growing operating cash flow into future growth investments, thereby making sustainable growth even more certain.

Major development projects scheduled for completion from the sixth year (FY'32) onward

<Tokyo>

Project Name	Location	GFA*1
Kudan Minami 1-chome Project	Chiyoda Ward	25,000 tsubo*2
Akihabara Station East Project	Chiyoda Ward	16,000 tsubo*2
Koraku 2-chome South Project	Bunkyo Ward	84,000 tsubo*2
Tsukiji 1-chome Project	Chuo Ward	56,000 tsubo*2
Roppongi 5-chome West Project	Minato Ward	327,000 tsubo*2

<Mumbai, India>

Project Name	GFA*1
Worli	355,000*3 tsubo

*1 GFA=Gross Floor Area
*2 Total gross floor area including areas owned by third parties outside our group.
*3 Total gross floor area of all buildings within the block
Note: 1 tsubo≈3.3m²

3. The domestic housing business will maintain a high level of profit while promoting structural reforms to drive the next stage of growth

With owner-occupier demand at the core, condominium sales will maintain high profitability.

While there are some concerns about the market outlook against a backdrop of soaring construction costs, rising mortgage rates, and declining demand for high-priced properties above ¥200 million, the recent slowdown in demand has been seen primarily in purchases made for investment purposes. As our condominium sales business, the core of the domestic housing business, primarily serves owner-occupiers, the impact on our business has been limited. The condominium market is experiencing a decline in new supply and rising condominium prices due to soaring construction costs and other factors, while we hold an inventory of approximately 6,000 completed units, equivalent to roughly three years' worth of supply. We also benefit from a deep pool of owner-occupier demand, particularly in the Tokyo metropolitan area. By selling these units in a planned manner, we expect to maintain a high level of profit for the time being .

Expanding into the existing housing stock market in addition to the new-build market.

The domestic housing market is maturing, shifting from a market centered on new builds to one that places greater emphasis on existing housing stock. We view this change in the business environment as a growth opportunity and are broadening our business beyond the condominium sales business to include rental apartments (investment property sales business), detached-house lot sales, remodeling, and brokerage. While we maintain the high profitability of our current business, structural reforms to establish the earnings base for the next stage of growth have already entered the execution phase.

News Releases	(1) Integration and spin-off of the custom homes business and Shinchiku Sokkurisan remodeling (2) Entry into the investment property sales business, establishment of Sumitomo Fudosan Housing Leasing Co. ltd. (JP) (3) Entry into the detached-house lot sales business: City Garden series (JP) (4) Brokerage business: Step Auction, consolidation into larger brokerage offices, and salary system reform including abolition of the commission-based payment system (5) Integrated base for the domestic housing business: Housing Plaza (JP)

4. The 1.1 million tsubo of new development will be funded by cash flow without relying on borrowings

The current increase in interest expenses will be offset by gains on share sales, allowing growth in operating income to translate directly into growth in profit.

With abundant operating cash flow from our existing prime assets, supplemented by proceeds from the sale of non-prime assets, including listed securities, we have now entered a stage where we can fund approximately 1.1 million tsubo of growth investments primarily in Tokyo and India without relying on borrowings.

Our interest-bearing debt stands at approximately ¥4 trillion, but 95% of that consists of long-term debt with 10-year maturities, mostly at fixed interest rates. Therefore, the impact of rising interest expenses will not materialize all at once but will emerge gradually as debt is refinanced. While annual increases in interest expenses are expected to remain within ¥10 billion, we have already achieved rent revisions exceeding ¥10 billion on our existing prime assets. Even if our average interest rate rises to 2.5% in 10 years as refinancing progresses, the increase is expected to be limited to around ¥70 billion compared with the current interest expenses of approximately ¥27 billion (0.7%). Since existing prime assets alone already have profit upside potential of more than ¥80 billion, we expect even over the long term to be able to sufficiently cover the increase in interest expenses through increased profits from rent increases.

Scheduled repayments of interest-bearing debt (as of the end of FY'25)

*Including non-recourse debt

(¥ bn)	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
Short-term debt and CP	258.8	—	—	—	—	—
Long-term debt*	347.9	272.5	220.8	219.2	318.3	2,086.3
Corporate bonds*	26.0	30.0	103.4	2.0	16.0	74.7
Total	632.6	302.5	324.2	221.2	334.3	2,161.0

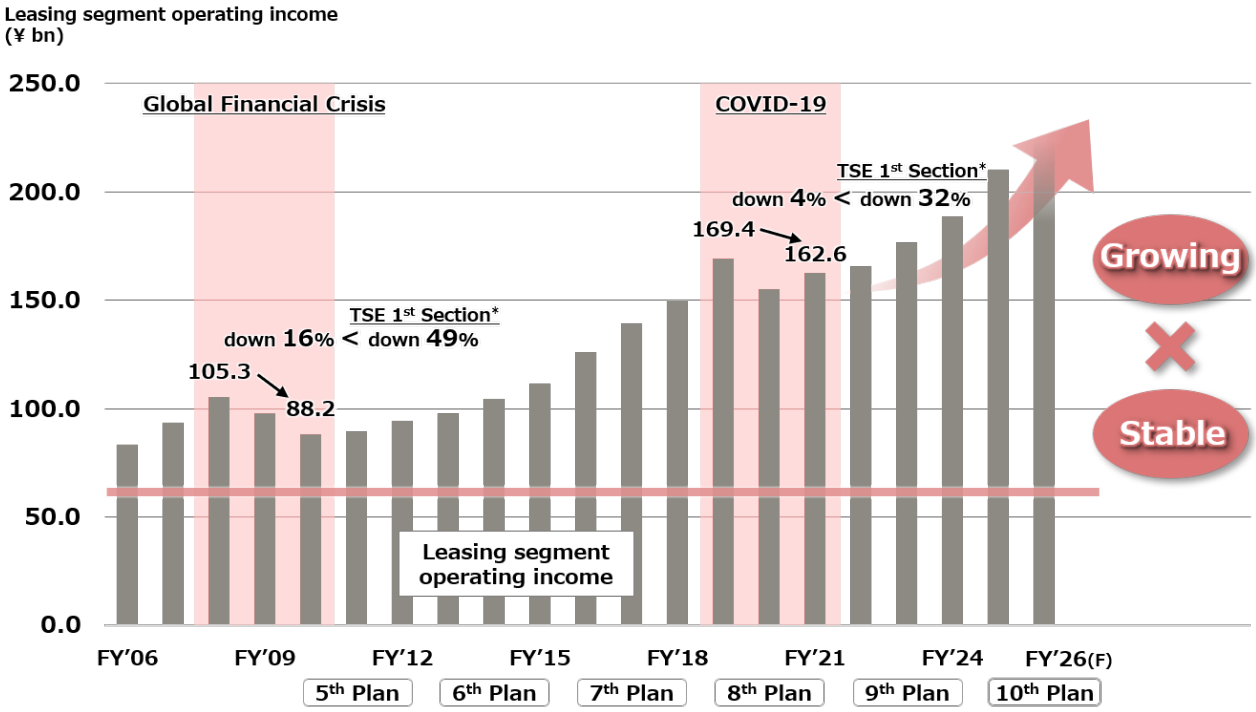
However, until newly developed properties begin making a full contribution to profits, part of the profit growth from these rent increases will be absorbed by the increase in interest expenses. Therefore, our policy is to offset the current increase in interest expenses by utilizing gains on sales of listed securities, thereby allowing growth in operating income to translate directly into growth in profit.

As expanding operating cash flow is supplemented by proceeds from the sale of listed securities, our cash flow will gain even greater flexibility, enabling us to further enhance dividends as well.

Summary: As a first step, targeting ¥400 billion in ordinary profit and a ¥100 dividend within five years

Over the past 30 years, a large number of high-spec office buildings have been supplied in central Tokyo, dramatically transforming the cityscape. During that time, concerns about oversupply and weakening demand repeatedly surfaced, including the so-called "2003 problem" and "2010 problem," and even the argument that offices are no longer needed, which emerged during the COVID-19 pandemic. However, robust demand for office space absorbed the supply, and the 30-year average vacancy rate in Tokyo's five central wards is about 5%, meaning that a high occupancy rate of 95% has been maintained.

Unlike one-off gains on asset sales, profits from our Leasing Business, underpinned by this stable Tokyo office market, are stable and sustainable "bedrock earnings" that are resistant to major economic disruptions such as the Global Financial Crisis or the COVID-19 pandemic.



*Figures for the TSE 1st Section were calculated by the Company based on operating income for Non-Financial in the 1st Section from Japan Exchange Group's "Summary of Earnings Digests by Listed Companies" under "Other Reports". For the Global Financial Crisis, FY'07 is compared with FY'09; for the COVID-19, FY'18 is compared with FY'20.

Office rents, which turned upward as Japan exited from deflation, have already surpassed rent levels that had long been suppressed by the oversupply of office buildings. Moreover, as the market shifts from an "era of oversupply" to an "era of undersupply," rent growth is expected to accelerate further. The expansion of earnings from existing prime assets driven by this rent growth will serve as the primary growth engine. In addition, upfront investments we have made in Tokyo and India will begin contributing to earnings one after another, and the operation of new prime assets totaling more than 300,000 tsubo over the next five years will become the second growth engine. With these two growth engines set to drive significant growth in our "bedrock earnings," achieving ordinary profit of ¥400 billion within five years is now within reach.

Now that we have greater confidence in sustainable profit growth, we will further accelerate the pace of dividend increases to return the fruits of this growth to our shareholders more than ever before, aiming for a ¥100 dividend within five years.