Performance targets for the Eighth Management Plan

Achieve consecutive record results for the three-year period covered, with cumulative ordinary profit of ¥700 billion.

Achieve record results for the ninth consecutive fiscal year under the three management plans since the Sixth Management Plan by maintaining the pace of growth attained under the Seventh Management Plan with which substantial profit increase was achieved.

Three-year cumulative earnings targets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Operations</td>
<td>¥ 2,170</td>
<td>¥ 2,442</td>
<td>¥ 2,886</td>
<td>¥ 3,100</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥ 437</td>
<td>¥ 501</td>
<td>¥ 613</td>
<td>¥ 740</td>
</tr>
<tr>
<td>Ordinary Profit</td>
<td>¥ 329</td>
<td>¥ 418</td>
<td>¥ 558</td>
<td>¥ 700</td>
</tr>
</tbody>
</table>

* Compared with results for the Seventh Management Plan

Reference: Comparison of Management Plan results (Years ended/ending March 31) (Billions of yen)

Financial results for March 2019 fiscal year and the 7th plan have been adjusted retroactively, reflecting the adoption of Accounting Standard for Revenue Recognition in Sumitomo Real Estate Sales effective from the beginning of March 2020 fiscal year.
Leasing asset investment plan
(Non-current asset investment excluding sales assets, such as condominiums for sale)

Further investment in leasing office assets in central Tokyo, strengthening our earnings base.
Funding will be covered by expanding cash flows from the leasing business*1. (No increase in interest-bearing debt expected.)

![Graph showing capital investment, cash flows from leasing business, interest-bearing debt, and gross floor area over time.]

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*1 Cash Flows from the Leasing Business: Operating Income from the Leasing Business + Depreciation and Amortization

*2 1 tsubo = 3.3㎡

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### History of Financial Stage

<table>
<thead>
<tr>
<th>Medium-term Management Plan (Years ended/ending March 31)</th>
<th>Before plans</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>New Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity did not increase due to treatment of unrealized loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest-bearing debt</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced borrowings by utilizing off-balance-sheet financing and SURF*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue from operations (Billions of yen, thousands of tsubo)</strong></td>
<td>1997 actual</td>
<td>2004 actual</td>
<td>2013 actual</td>
<td>2019 actual</td>
<td>2020+</td>
</tr>
<tr>
<td>Revenue from operations</td>
<td>339.0</td>
<td>573.9</td>
<td>736.7</td>
<td>1,012.2</td>
<td>Increase revenue</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>2.8</td>
<td>66.0</td>
<td>114.9</td>
<td>203.2</td>
<td>Increase profit</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>249.8</td>
<td>303.9 (231.9 before capital increase)</td>
<td>627.0</td>
<td>1,202.1</td>
<td>Increase</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>1,633.4</td>
<td>1,048.6</td>
<td>2,650.7</td>
<td>3,342.8</td>
<td>Remain at the same level</td>
</tr>
<tr>
<td>Rating (R&amp;I, JCR)</td>
<td>BB+, BBB</td>
<td>A-, A</td>
<td>A, A+</td>
<td>A, A+</td>
<td>Possible further upgrade</td>
</tr>
<tr>
<td>Gross floor area (Thousands of tsubo)</td>
<td>870</td>
<td>1,254</td>
<td>1,524</td>
<td>1,524</td>
<td>Approx. 2,300 (+800)</td>
</tr>
</tbody>
</table>

**Major events**
- Fiscal years ended March are shown in parenthesis
- Recovery of ordinary profit at a record high level as the bubble economy period (2001)
- Loss making years (1998, 2001)
- SURF* (1999-)
- Securitization (2000-)
- Capital increase (2004, 71.9 billion yen)
- Perpetual subordinated loan (2008)
- Lehman Crisis (2009)
- Profit decline for two consecutive years (2009-2010)
- Great East Japan Earthquake (2011)
- Spent three fiscal-year periods to recover record high profit
- Consolidation of SPCs (2012)
- Abenomics
- Monetary easing (2014+)
- Increased condominium prices (2014+)
- Increased office rents (2015+)
- Sumitomo Real Estate Sales Co., Ltd. delisted as it became a wholly owned subsidiary (2018)

**Next Stage**
- Wider selection of management options
Leasing asset investment plan
(Non-current asset investment excluding sales assets, such as condominiums for sale)

Further investment in leasing office assets in central Tokyo, strengthening our earnings base.

1. Concrete development plan for over 800 thousand tsubo* of gross floor area, mainly comprising redevelopment projects. (Equivalent to over 50% of 1,520 thousand tsubo of gross floor area for leasing as of the end of the Seventh Management Plan)
   The total investment will amount to ¥2,000 billion, expected to generate profits within six to seven years.

2. During the Eighth Management Plan, approximately 30%, or 230 thousand tsubo, of total gross floor area of the investment pipeline will be completed and brought to market.

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### Pace of Gross Floor Area Development

<table>
<thead>
<tr>
<th>(Thousands of tsubo)</th>
<th>5th Plan</th>
<th>6th Plan</th>
<th>7th Plan</th>
<th>8th Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Floor Area</td>
<td>150</td>
<td>110</td>
<td>210</td>
<td>230</td>
</tr>
</tbody>
</table>

* 1 tsubo = 3.3㎡

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(Thousands of tsubo)

- More than +800 thousands of tsubo
- +230 thousands of tsubo

1,524 thousands of tsubo

(Year ended/ending March 31)
Financial results for March 2019 fiscal year have been adjusted retroactively, reflecting the adoption of Accounting Standard for Revenue Recognition in Sumitomo Real Estate Sales effective from the beginning of March 2020 fiscal year.
Cash Dividends per Share and Net Income

Net Income (Billions of yen)

Cash Dividends per Share (Yen)

Dividend Payout Ratio (%)

Net Income

Cash Dividends per Share

Dividend Payout Ratio

Loss making year

Stage 1

Stage 2

Stage 3

New Stage

Sumitomo Realty & Development Co., Ltd.

(7)
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