



Integrated Report 2023

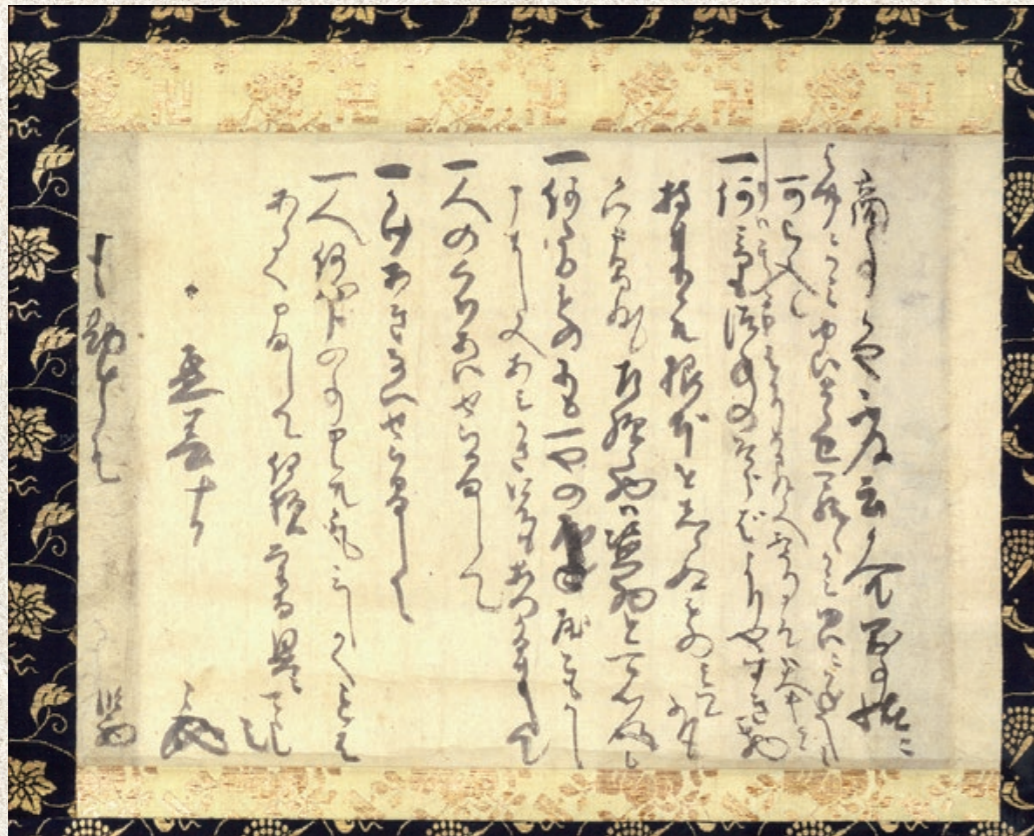
Integrity and Innovation



Inheriting Sumitomo's Business Philosophy with a History of 430 Years

The Sumitomo Realty Group is a comprehensive real estate enterprise of the Sumitomo Group with a history of over 430 years. Inheriting Sumitomo's business philosophy, with its origins in the *Monjuin Shiigaki* (Founder's Precepts), a document written by the founder of the House of Sumitomo, Masatomo (Monjuin), and given to its family members to offer guidance on how a merchant should conduct business, we have developed our business by placing top priority on integrity and pursuing creation of new value with innovative and challenging spirit.

Reflecting this business philosophy, we have set forth our fundamental mission as to "Create even better social assets for the next generation" with our corporate slogan, "Integrity and Innovation."



Monjuin Shiigaki (Founder's Precepts) owned by Sumitomo Historical Archives

Integrity and Innovation

Corporate Philosophy

- **Placing prime importance on integrity and sound management in the conduct of its business**
- **Under no circumstances, shall it pursue easy gains or act imprudently**
- **Benefit self and benefit others, private and public interests are one and the same**

Inheriting Sumitomo's Business Philosophy with a history of 430 years

The business philosophy inherited by the Sumitomo Group strongly demands that we,

- As people, act in good faith toward all things,
- Not chase easy gains, refine our humanity and develop a well-rounded character, and
- Seek "harmony with the common good" that generates not only our own benefits but also those for society in an integrated manner.

Slogan

Integrity and Innovation

Placing top priority on "integrity," we go beyond simple development with innovative and challenging spirit, relentlessly pursuing value creation without pursuing easy gains. This corporate stance as a developer is expressed in our slogan, "Integrity and Innovation."

Fundamental Mission

Create even better social assets for the next generation

Through our businesses closely associated with people's daily lives, such as office building leasing, condominium sales, custom home construction and remodeling, it is our mission to create assets that live on to the next generation and we strive for sustainable urban development that is "Disaster Resistant," "Environmentally Friendly," "Together with the Community" and "People Friendly."

Code of Conduct

In order to fulfill our fundamental mission under the slogan "Integrity and Innovation," we established the Code of Conduct as guidelines to govern all our officers and employees.

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Open Culture Opportunity 2. Higher Goals Innovation 3. New Approaches Pioneering 4. Compliance
Business activities in compliance with laws and regulations, corporate rules, social norms, and ethics | <ol style="list-style-type: none"> 5. Rejection of Antisocial Forces 6. Trust with Our Stakeholders 7. Environmental Protection
Protecting the global environment through efforts such as resource saving, energy saving, resource recycling, and CO₂ reduction |
|---|---|

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Pick Up



A Message from the Management

Our corporate value creation through the sustainability management that inherits Sumitomo's business philosophy, and our expansion strategy looking ahead to the future of leasing business, the foundation of our sustainable growth

▶ P.07



Unique Human Resource Investment Strategy (Utilization of Human Capital)

Our unique human resource investment strategy, which supports the rich diversity of our human resources, motivates individuals to achieve further growth and assists with career formation, thereby underpinning the sustainable growth of the Group

▶ P.25



Basic Management Strategy and Medium- to Long-term Outlook for "Sustainable Growth"

Our basic management strategy and accompanying medium- to long-term outlook, including business outlook based on the recent changes in social and economic conditions with normalization of economic activity, our profit distribution policy, investment for growth, governance, and capital efficiency

▶ P.11



Taking on the Challenges of Creating New Value

Continuing to take on the challenges of creating new value through urban development based on the sources of our Group's value creation

▶ P.41

Editorial Policy

This report is designed to deepen the understanding among our stakeholders on the sustainability management and business activities of the Sumitomo Realty Group, which inherits the Sumitomo's business philosophy with a history of 430 years and aims to create economic and social value for sustainable growth together with the city. It summarizes financial and non-financial information. For details of each content item, please also refer to the following related materials.

This report was compiled based on the disclosure framework of the International Integrated Reporting Council (IIRC).

Related Materials

For details of the contents of this report, please refer to the following related materials and pages on our website.

Investor Relations https://www.sumitomo-rd.co.jp/english/ir/			Sustainability/ESG https://www.sumitomo-rd.co.jp/english/sustainability/		
Annual Securities Report (in Japanese)	Medium- to Long-term Management Strategies	IR News	ESG Reports	Corporate Governance Report	Sustainability News

Caution Concerning Forward-looking Statements

Forward-looking statements including business forecasts contained in this integrated report represent management's assumptions and beliefs based on the information currently available to the Company and contain risks and uncertainties. Furthermore, they do not represent the Company's guarantee of future performance. Therefore, stakeholders are warned not to solely rely on these statements in making investment decisions. Actual results may differ from these business forecasts due to a variety of important factors.

Important factors that could affect actual results include, but are not limited to, the environment surrounding the Group's business areas, such as macroeconomic conditions, the real estate market, and interest rate trends.

Period Covered: April 1, 2022 to March 31, 2023

(Some descriptions on activities and outlook in this report refer to those prior to or after this period.)

Definition of Term: "FY2022," "FY '22," "fiscal 2022" or "fiscal year under review" refer to the fiscal year ended March 31, 2023.

Other fiscal years are referred to in a corresponding manner unless otherwise indicated.

Scope of Report: Sumitomo Realty & Development Co., Ltd. and its Group companies

Published: November 2023 (Japanese edition)

Cover Photo: Sumitomo Fudosan Tokyo Mita Garden Tower (Completion in February 2023)

Business Structure

Four Mainstay Businesses Centered on Office Building Leasing

Sumitomo Realty Group

Property management
Condominium management
Sumitomo Fudosan
Tatemono Service Co., Ltd.



Sumitomo Realty &
Development Co., Ltd.



Sales
• Condominium Sales



Construction
• Shinchiku Sokkurisan Remodeling
• Custom Homes
Sumitomo Fudosan Syscon Co., Ltd.



Leasing
• Office Buildings • Rental Apartments • Hotels
• Multipurpose Halls • Retail Facilities
Sumitomo Fudosan Villa Fontaine Co., Ltd.
Sumitomo Fudosan Bellesalle Co., Ltd.
Sumitomo Fudosan Retail Management Co., Ltd.



Brokerage
• Real Estate Brokerage
Sumitomo Real Estate
Sales Co., Ltd.



Others
• Fitness Sumitomo Fudosan Esforta Co., Ltd. • Restaurant/Catering Izumi Restaurant Co., Ltd.
• General Insurance and Life Insurance Agency Izumi Insurance Service Co., Ltd.
etc.

Four Highly-profitable Mainstay Segments

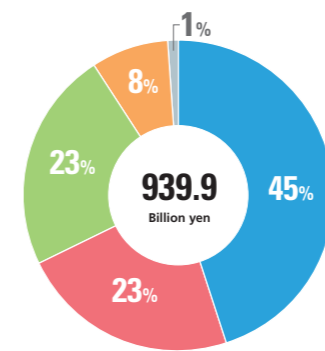
The Sumitomo Realty Group comprises the four mainstay segments: Leasing, the core earnings driver that generates nearly 70% of the operating income overall, owning more than 230 office buildings in central Tokyo; Sales, generating stable profits every year as one of the industry's top suppliers of condominium units; Construction, providing Shinchiku Sokkurisan, the industry's No.1 full-remodeling business, and custom home construction; and Brokerage, having one of the highest number of transactions in the industry, primarily for existing homes.

Each business has been steadily increasing their performance with a high level of profitability, and contributing to improving the corporate value of the Group.

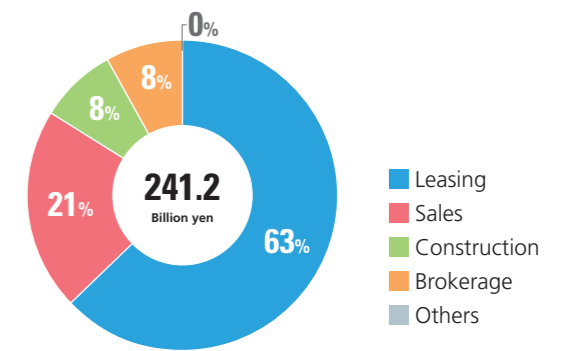
Results for the fiscal 2022

	(Billion yen)
Revenue from operations	939.9
Operating income	241.2
Ordinary profit	236.6
Profit	161.9

Breakdown of revenue from operations



Breakdown of operating income



Note: Percentage is calculated from figures before elimination and/or corporate for the fiscal year ended March 31, 2023.

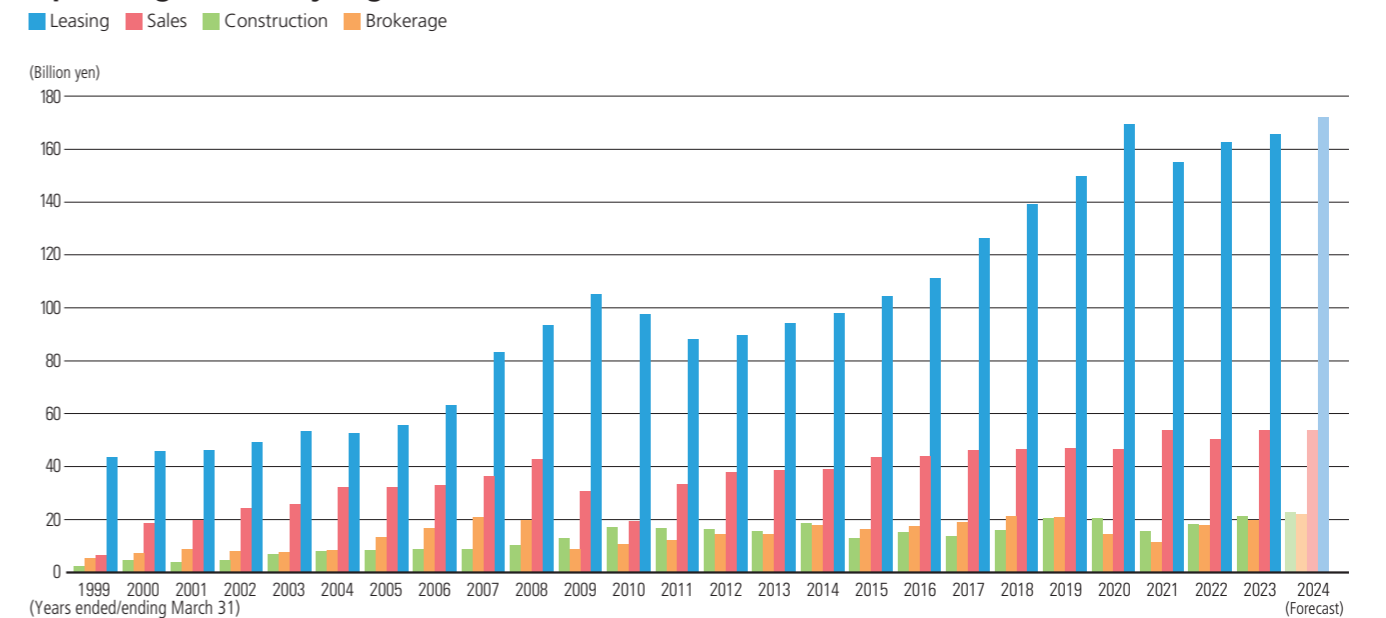
Revenue from operations

	(Billion yen)			
	FY2022	YoY	FY2023 (F)	YoY
Leasing	425.3	+0.2	445.0	+19.6
Sales	222.0	(11.7)	225.0	+2.9
Construction	213.5	+9.2	220.0	+6.4
Brokerage	75.1	+1.6	77.0	+1.8

Operating income

	(Billion yen)			
	FY2022	YoY	FY2023 (F)	YoY
Leasing	165.6	+3.0	172.0	+6.3
Sales	53.9	+3.4	54.0	+0.0
Construction	21.4	+2.8	23.0	+1.5
Brokerage	20.0	+2.0	22.0	+1.9

Operating income by segment



A Message from the Management

Striving for “Sustainable Growth and Development” Together with the City

Creating “New Value” That Will Be Needed for Future Generations



K. Nishima

Kojun Nishima
President

Corporate philosophy that inherits “Sumitomo’s Business Philosophy” with a history of 430 years

The Company is a comprehensive real estate enterprise of the Sumitomo Group, which succeeded the Sumitomo Honsha Ltd. and inherits “Sumitomo’s Business Philosophy” which has a history of 430 years. The Sumitomo Group is one of the longest-lasting corporate groups in the world, and its business philosophy — “Placing prime importance on integrity,” “Under no circumstances, shall it pursue easy gains,” “Benefit self and benefit others, private and public interests are one and the same,” etc. — has been handed down as a guiding principle throughout its history. In light of the wisdom of its predecessors, the Sumitomo Realty Group has developed its business based on a philosophy of placing top priority on integrity, not pursuing easy gains, and creating not only economic value through the pursuit of self-interest, but also lasting social value that will be needed for future generations.

Our corporate slogan “Integrity and Innovation” expresses such corporate stance. With this corporate slogan, we have set our code of conduct to create new values by placing top priority on relationships of trust with stakeholders, always setting higher goals, and pioneering with new approaches. Under this slogan, we have set forth our fundamental mission as to “Create even better social assets for the next generation,” and our basic management policy aims to address various social issues including environmental ones through each business while maximizing corporate value.

The real estate business has great social significance with a mission of enriching people’s daily lives by forming bases where people work, live and interact, as well as providing related services. As such, we have identified “Disaster Resistant,” “Environmentally Friendly,” “Together with the Community” and “People Friendly” as our four material issues and have been practicing “Sustainability Management” offering sustainable social assets for future generations.

Corporate Philosophy
▶ P.01

Our Material Issues (Materiality)



Creating new value and achieving sustainable growth together with the city

We have established a sustainable and stable earnings base by steadily developing the real estate leasing business primarily involving office buildings in central Tokyo. We have developed numerous office buildings through redevelopment under the Urban Renewal Act, etc. over roughly half a century since the early 1970s. By keeping the ownership of these buildings, rather than selling them off, we have accumulated stable revenues. With gross floor area of over 1.81 million tsubo (one tsubo is roughly 3.3 m²) as of March 31, 2023, the leasing business has been a solid business platform that accounts for nearly 70% of our overall operating income of over ¥240 billion.

In order to secure a stable supply of land in central Tokyo, where large parcels of land are rare, we, as a “Land Maker,” have been engaged in urban development including redevelopment together with numerous landowners. Through our redevelopment business to date, in addition to creating an earnings base, we have contributed to solving various issues of the community. By redeveloping the remaining densely built-up areas with low-rise wooden houses in various areas of central Tokyo, which pose high disaster risks, we have realized effective use of land, improvement of disaster preparedness and revitalization of the community. By upgrading urban function through redevelopment, the Company contributes to enhancing the value of not only the redevelopment area but also international metropolis Tokyo overall.

Our strength is the capability of “Land Innovation,” or the capability of development, which we have cultivated over the years as one of Japan’s leading comprehensive developers. By taking advantage of this strength, we will continue to promote sustainable urban development that generates both economic and social value, as well as to achieve sustainable growth and maximize corporate value.

Basic Management Strategy and Medium- to Long-term Outlook for “Sustainable Growth”

In May 2022, we formulated and announced the Ninth Management Plan when uncertainty was still strong over such issues as the COVID-19 pandemic and the situation in Ukraine. In May 2023, although the financial environment and other conditions remain unpredictable, as COVID-19 pandemic has finally wound down and economic activity is expected to normalize, we restated and released our “Basic Management Strategy and Medium- to Long-term Outlook for Sustainable Growth” with the aim of further increasing corporate values, taking into consideration recent changes in social and economic conditions. It includes earnings targets of aiming to surpass ¥300 billion in ordinary profit in the next medium-term management plan earlier than we initially expected, as well as our profit distribution policy, investments for growth.

Under these basic policies and strategies, we will steadily advance initiatives aimed at sustainable enhancement of corporate value.

The Sumitomo Realty Group’s Value Creation
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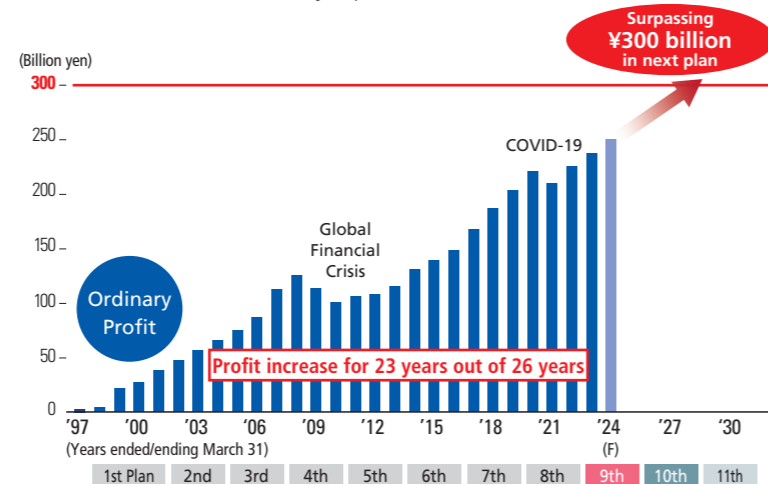
Basic Management Strategy and Medium- to Long-term Outlook for “Sustainable Growth”
▶ P.11

Earning Targets

We aim to surpass ¥300.0 billion in ordinary profit in the next medium-term management plan, earlier than the medium- to long-term outlook forecast

At the time of the announcement of the Ninth Management Plan in May 2022, when the business environment outlook was uncertain due to the COVID-19 pandemic and the situation in the Ukraine, the Company has set its long-term vision to achieve ¥300.0 billion in ordinary profit by fiscal 2030 at the latest through the contribution of earnings from operations of new buildings to be completed. However, the outlook for each business segment including the hotel and multipurpose hall businesses, which were affected by the COVID-19 pandemic, has improved compared to a year ago, and surpassing ¥300.0 billion in ordinary profit is now expected to be achievable during the next medium-term management plan (2026-2028), earlier than initially expected.

Our office building leasing business in Tokyo has proven to be resilient even in the face of the COVID-19 pandemic, and we will continue to position it as our solid foundation. In addition to office building leasing business, we will also expand other businesses such as Shinchiku Sokkurisan remodeling, through initiatives of high social significance including contribution to decarbonization, aiming to "surpass ¥300.0 billion in ordinary profit" with the comprehensive strengths of the Group as a whole.



Profit Distribution

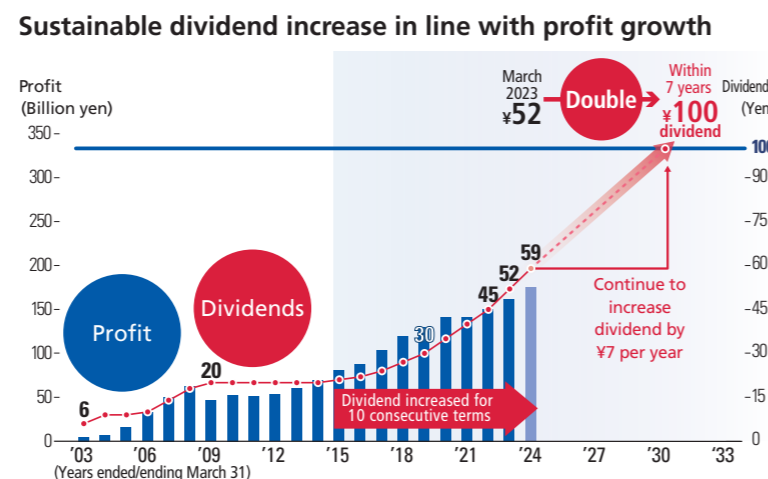
Policy to return the fruits of sustainable growth to employees first, implementing a total of 7% wage increase in fiscal 2022

We believe that employees are the source of increasing corporate value, and the policy is to first return the fruits of sustainable growth to the Group's highly diverse workforce centered on career hires.

In fiscal 2022, in addition to a salary increase based on our unique compensation system that evaluates solely on each employees' ability (job responsibilities) and performance, a special allowance of ¥100,000 for daily living support was paid uniformly to all Group employees at the end of the year in consideration of the rapid rise in prices especially for utilities, and together with an expansion of the fiscal year-end lump-sum payment in conjunction with renewing record profit, a total of 7% increase in wages was implemented.

Double the dividend within 7 years to ¥100 per share, and continue sustainable dividend increase in line with profit growth

The Company's basic policy of profit distribution is to ensure prioritization of investment in leasing office assets in order to enhance the long-term earnings base and to strive for "sustainable dividend increase" in line with profit growth. Based on this idea, we initially set forth the continuation of the "annual dividend increase of ¥5 per share" in the Ninth Management Plan. However, in November 2022, we increased the pace of "sustainable dividend increase in line with profit growth" from ¥5 to ¥7 per share per year, based on the recognition that, in addition to steady progress in business performance, the future outlook for business performance has been brighter with the normalization in the economic activities, considering the coexistence with COVID-19. Going forward, we will continue the "annual dividend increase of ¥7 per share" and raise it to "¥100 per share per year" within seven years, doubling the current ¥52.

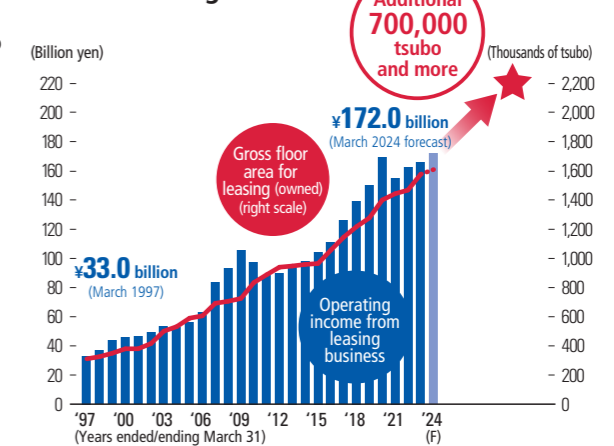


Investment for Growth

Steady progress in investment in leasing office assets with gross floor area of over 700,000 tsubo in central Tokyo, mainly comprising redevelopment

The Company has adopted a policy of continuing to invest in leasing office assets in central Tokyo, which has underpinned sustainable growth to date, and has been promoting development plans with gross floor area of over 700,000 tsubo (approx. 2,300,000 m²) expected to complete in and after the "Ninth Management Plan." The Company aims to achieve profitability from these projects focusing on large-scale redevelopment over the next three medium-term management plans, and additional investments will be approximately ¥2 trillion (of which ¥700.0 billion is for the three years of the Ninth Management Plan). We will continue to steadily promote redevelopment projects underway in Yaesu, Roppongi, Tsukiji, and other locations in central Tokyo, and we will strive to further expand our earnings base and increase corporate value by completing and putting these projects into operation.

Operating income from office building leasing business and gross floor area for leasing



Actively Investing in Mumbai, India's Largest Economic City - Aiming to Establish a Major Base Second to Tokyo

In addition to expanding the earnings base centered on the leasing business in central Tokyo, we started our overseas expansion in Mumbai, the largest economic city in India, with our "Tokyo office building leasing business" model of acquiring the development site independently, developing, leasing, managing and owning buildings by ourselves for the long term. After acquiring one of the largest office building sites in BKC, a new city center of Mumbai, in July 2019, we acquired an additional site of the same scale in November 2022, and are advancing the office building development plans with a total gross floor area of approximately 260,000 m² and an investment scale of nearly ¥200.0 billion for the two properties combined. In addition, in October 2023, we independently acquired a development site of approximately 80,000 m² (about 24,000 tsubo * 1 tsubo ≈ 3.3 m²) in Worli, a new city center in the heart of Mumbai, and we will advance a "super high-rise mixed-use urban development project," which will be the largest urban redevelopment by a Japanese company in India with a total project cost of over ¥500.0 billion and gross floor area of over one million m², aiming for the full opening of the facilities in the 2030s.

Starting with this mixed development project, we are looking ahead to expanding into other businesses such as hotels, retail facilities and residential development in addition to our long-term office leasing business. We will continue to further expand our business base in India, bringing together the expertise in redevelopment and various businesses that we have cultivated so far as a comprehensive real estate company, to build a major base second to Tokyo.



BKC



Worli

We will aim to surpass ¥300.0 billion in ordinary profit in the next medium-term management plan and sustainable growth beyond that, with domestic businesses centered on office building leasing in Tokyo, which has maintained stable growth even in the midst of the COVID-19 pandemic. At the same time, we will expand our business base in India, which is experiencing remarkable development, by demonstrating our distinctive strengths unique to our company, and aim to enhance our long-term and sustainable growth. We will strive for business expansion in India, which will solidify our growth potential and realize further enhancement of corporate value with the collective efforts of the Sumitomo Realty Group. * For details on our business expansion in Mumbai, India, please refer to pages 43-44.

Basic Management Strategy and Medium- to Long-term Outlook for "Sustainable Growth" (Announced on May 11, 2023)

The "Basic Management Strategy and Medium- to Long-term Outlook for Sustainable Growth" (full text) is as follows.

Earnings Targets

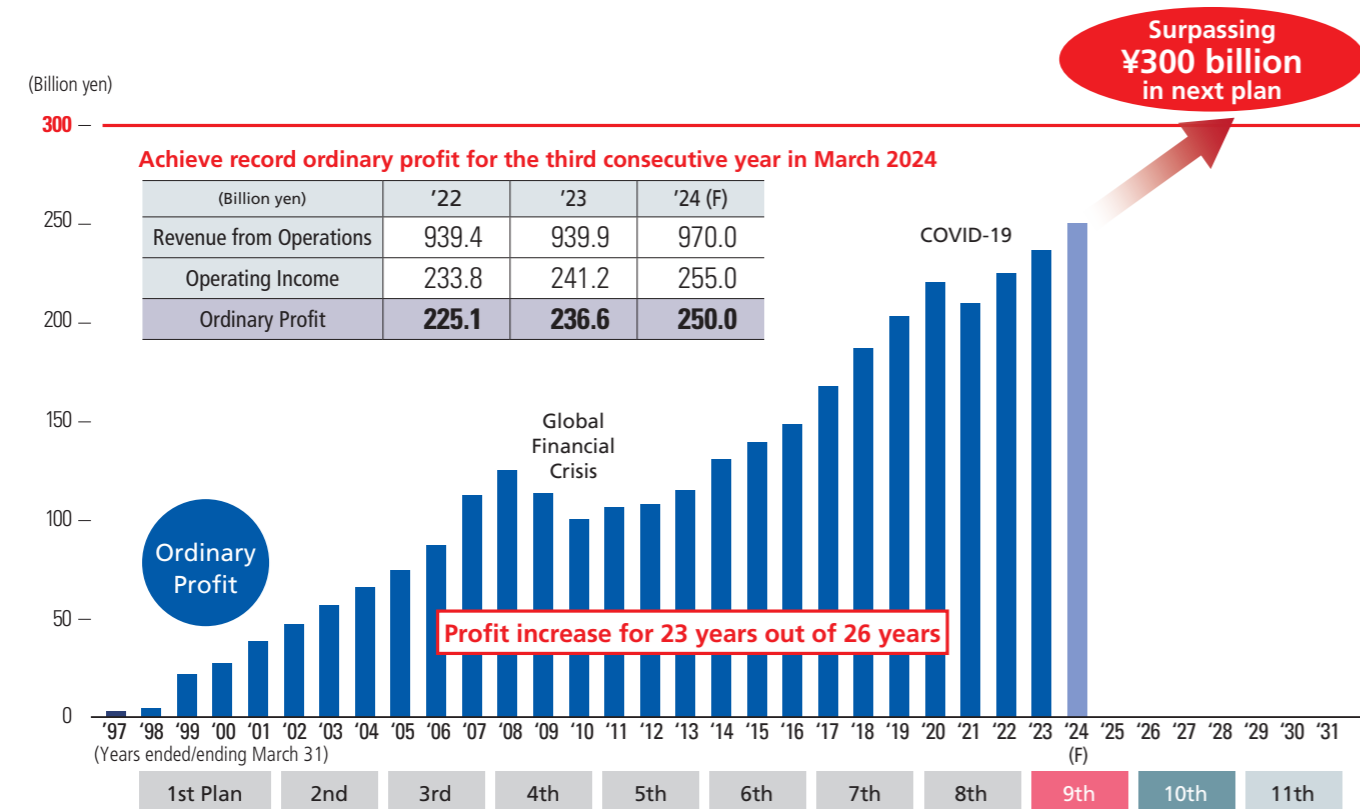
1 Aiming to surpass ¥300.0 billion in ordinary profit in the next medium-term management plan

In our mainstay real estate leasing and sales businesses, the process takes a minimum of two to three years from acquisition of land to completion of buildings and making a profit, and many large-scale development projects such as redevelopment projects require five years or more. We create three-year medium-term management plans in addition to single fiscal-year plans as it may undermine the most important perspective of the real estate business, which is to maximize revenues by optimizing the value of the land we acquire. With top priority placed on achieving objectives of the medium-term management plans we have formulated every three years, we have increased our corporate value as a result of the steady implementation of the plans. We have executed eight management plans, and have achieved increases in ordinary profit in 23 fiscal years, excluding the three fiscal years under the global financial crisis and the COVID-19 pandemic.

In the fiscal year ended March 31, 2023, the first year of the Ninth Management Plan, we achieved record ordinary profit for the second consecutive year and record profit for the tenth consecutive year, making a good start toward achieving the goals for the cumulative three-year period of the medium-term management plan.

For the fiscal year ending March 31, 2024, we aim to renew record-high profits with expecting higher profits in all business segments of the mainstay office building leasing (Leasing segment), condominium sales (Sales segment), housing (Construction segment) and Brokerage segment.

At the time of the announcement of the Ninth Management Plan in May 2022, when the business environment outlook was uncertain due to the COVID-19 pandemic and the situation in the Ukraine, the Company has set its long-term vision to achieve ¥300.0 billion in ordinary profit by fiscal 2030 at the latest through the contribution of earnings from operations of new buildings to be completed. However, the outlook for each business segment including the hotel and multipurpose hall businesses, which were affected by the COVID-19 pandemic, has improved compared to a year ago, and surpassing ¥300 billion in ordinary profit is now expected to be achievable during the next medium-term management plan (2026-2028), earlier than initially expected.



2 Growth strategy by segment

Our office building leasing business in Tokyo has proven to be resilient even in the face of the COVID-19 pandemic, and we will continue to position it as our solid foundation. In addition to office building leasing business, we will also expand other businesses such as Shinchiku Sokkurisan remodeling, through initiatives of high social significance including contribution to decarbonization, aiming to "surpass ¥300.0 billion in ordinary profit" with the comprehensive strengths of the Group as a whole.

Leasing

For office buildings, the trend toward increasing floor space is becoming apparent against the backdrop of tenants' staff returning to office and increased hiring as economic activity normalizes. By steadily capturing these tenant companies' needs, we will maintain and improve the profitability of existing buildings and continue on the trajectory of long-term profit growth through operation of new buildings to be completed with gross floor area of over 700,000 tsubo.

The "La Tour" luxury rental apartment series has grown to a scale of 4,000 units and has been well-accepted for its hospitality and service. We will continue to improve our brand value and further extend our strong performance.

In the hotel and event hall business, we are striving to restore the profitability to the pre-COVID-19 levels during fiscal 2023, and aiming for further growth in the next medium-term management plan and beyond with the contribution to earnings from the full-scale operation of Haneda Airport Garden including flagship hotels with a total of 1,700 guestrooms, directly connected to Haneda Airport, which fully opened in January, 2023.

Sales

For condominium sales with firm demand under the low interest rate environment, more than 90% of the 3,000 units planned to be delivered in the next fiscal year (fiscal 2023) were already sold, and sales activities including those for fiscal 2024 and beyond are making steady progress as planned.

Although rising construction costs continuously needs to be addressed, we have already secured the necessary amount of land for condominiums to be delivered by the next medium-term management plan amid continuing intensified competition for land acquisition. We will maintain our policy of focusing on profit with controlling the pace of sales, rather than chasing volume of units or sales, and will also maintain the high level of profit scale that we have achieved in previous medium-term management plans.

We are promoting development that contributes to decarbonization with the adoption of the "ZEH-M Oriented" high environmental performance as the standard specifications for all condominiums we design from the Ninth Management Plan.

Construction

In Japan, 90% of the over 50.0 million existing houses do not meet the latest energy-saving standards, posing a major social challenge for decarbonization. Our "Shinchiku Sokkurisan" remodeling business has been well-received for its "high-insulation remodeling" that achieves high energy-saving performance, and the percentage of orders for "high-insulation remodeling" for full remodeling has reached 30% at present (target of 20% for the Ninth Management Plan).

In custom homes, we have launched the sale of "SUMICA" with the latest ZEH (Zero Energy House) specifications as standard; it combines the solar power generation service "SUMIFU x ENKARI," which offers the benefits of solar power generation services for peace of mind at zero initial cost simply with a fixed monthly service fee, and high thermal insulation specifications, and the ZEH ratio is now increasing to 80% (target of 60% for the Ninth Management Plan).

In both businesses, we aim to achieve record-high profit by increasing orders through appealing to customers for high disaster prevention and environmental performance, while focusing on cost control, minimizing the impact of material price fluctuations.

Brokerage

Sumitomo Fudosan Real Estate Sales Co., Ltd. is one of the industry-leading company mainly with transactions of existing housings, focusing on spreading its "STEP" brand, while operating Mansion Plaza brokerage offices which exclusively handle high-class condominiums, and launching STEP Auctions, an industry-new service that offers fairer and more transparent transactions under the principle of "Customer First." This new service has been well-accepted by many sellers.

Following the discontinuation of distributing insert flyers, in January 2023, we completely terminated our operations of sending direct mail (DM), which had been sent to customers using registered information, from the perspective of protecting personal information. We, instead, have shifted our focus to an advertising strategy utilizing the Internet, promoting efficient advertisement by paperless operations and digital transformation (DX).

While the supply of new housing is on the decline, the existing housing market, which is being revitalized by an increase in high-quality stock, is expected to grow, and we will strive to expand our market share by strengthening Group collaboration with our other businesses such as custom homes and remodeling, and condominiums that we have sold in the past, as well as further pursuing customer-oriented services.

Basic Management Strategy and Medium- to Long-term Outlook for "Sustainable Growth"

3 Impact of rising interest rates on earnings is expected to be negligible

Preparing for the recent global inflation and the accompanying rise in interest rates is an important management issue for the Company as a real estate company with large up-front investments.

Our financing policy is to manage our finances conservatively, focusing on long-term debt with 10-year maturities, maintaining a fixed interest rate ratio of over 80%, and diversifying refinance dates (interest-bearing debt as of the end of fiscal 2022 was approximately ¥3.9 trillion, with the long-term ratio at 95% and the fixed interest rate ratio at 86%).

In addition, the shareholders' equity ratio, which indicates financial soundness, has improved every year, almost doubling to 28% from 15% 10 years ago, and the debt rating, which indicates creditworthiness of bonds and other financial assets, has improved to the AA zone rated by both Japan Credit Rating Agency, Ltd. (JCR) and Rating and Investment Information, Inc. (R&I), and we have earned a high evaluation for our financial stability as well as our profitability.

Conservative finance focusing on long-term debt

Fixed interest rate ratio of interest-bearing debt
Over 80%

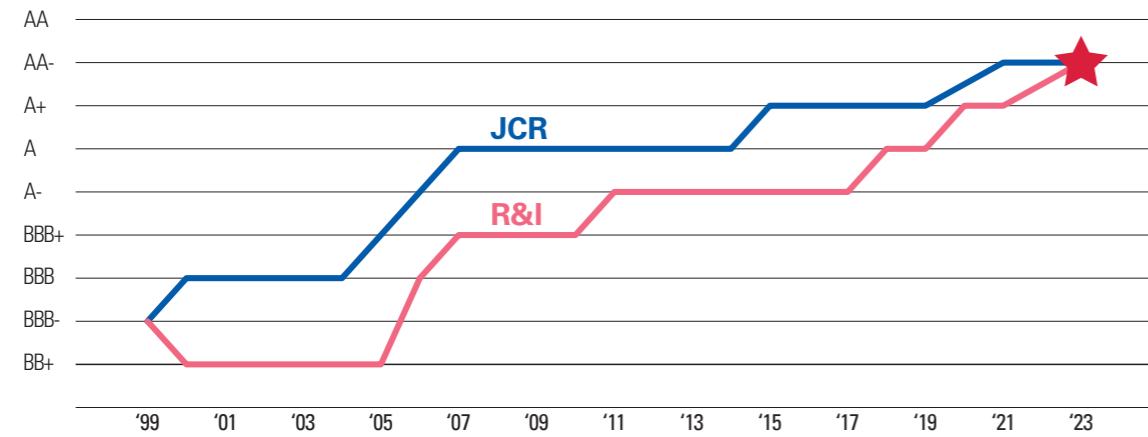
At the end of fiscal 2022
Long-term debt ratio : 95%
Fixed interest rate ratio : 86%

Ensuring financial soundness and stability

Shareholders' equity ratio
28%

Debt ratings by JCR and R&I
AA-

Trend of debt ratings



The table below shows the estimated earnings impact of higher interest rates in case the entire amount scheduled for repayment (redemption) over the next five years was refinanced. The annual refinancing amount is about 10% of total interest-bearing debt, and if the market interest rates were to rise by 0.5%, the increase in interest payments would be about ¥2.0 billion each year. This is only a 0.5% impact on current leasing revenue of ¥400.0 billion, and it is well within the range that can be absorbed by future improvements in revenues from existing buildings and new buildings to be completed in the future. In addition, when interest rates rise, in general, the economy is likely to be in a moderate inflationary trend, in which case the probability of an upturn in the economy and an improvement in the Company's earnings environment is also high.

Only a 0.5% impact on current leasing revenue of ¥400.0 billion = Well within the range of absorption

Rising interest rates simulation (next 5 years)

(Years ending March 31)	2024	2025	2026	2027	2028
Repayment amount (refinancing)	294.1	383.8	345.9	440.6	302.4
If interest rates remain at current levels...					
Interest amount	18.0	18.0	18.0	18.5	19.5
YoY change		—	—	+0.5	+1.0
If interest rates increase by 0.5%...					
Interest amount	18.0	19.0	21.0	23.0	26.0
YoY change		+1.0	+2.0	+2.0	+3.0

* Long-term debt and bonds
* Interest-bearing debt as ¥3.9 trillion as of March 31, 2023

The Company will continue its conservative financing policy with a higher ratio of fixed interest rates, for long-term debt, and will strive to minimize the impact of rising interest rates in the future.

The target of "ordinary profit exceeding ¥300.0 billion in the next medium-term management plan" incorporates the assumption of a 0.5% rise in market interest rates.

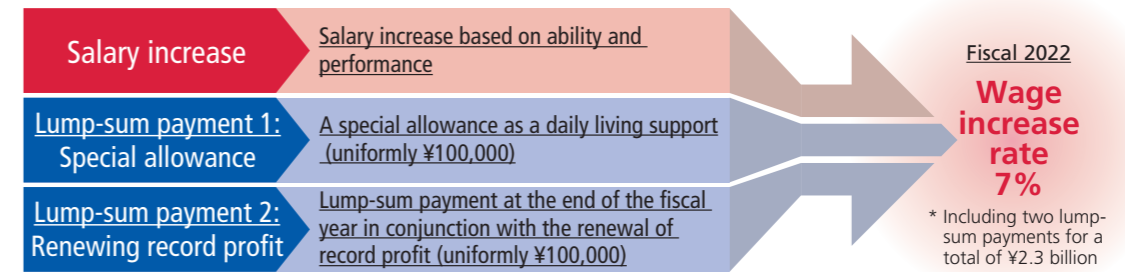
Profit Distribution Policy

1 Policy to return the fruits of sustainable growth to employees first, implementing a total of 7% wage increase in fiscal 2022

The Company puts into practice the corporate slogan "Integrity and Innovation" and is aiming for employee-first management to return the fruits of sustainable growth to employees first, based on the ideas that employees are the source of enhancing the corporate value through sustainable growth.

We have a highly diverse workforce, with career hires accounting for 90% of our workforce, and we have implemented a salary increase that is commensurate with the growth of individual employees, a unique personnel system in Japan that evaluates solely on ability (job responsibilities) and performance in each of the various job categories.

In fiscal 2022, in addition to the salary increase above, a special allowance of ¥100,000 was paid uniformly to all 10,000 Group employees as a daily living support, taking into consideration the rapid rise in prices, especially for utilities. Furthermore, the lump-sum payment of ¥100,000 at the end of the fiscal year in conjunction with the renewal of record profit was given to all Group employees, instead of only to those at Sumitomo Realty & Development as in the past, to share the joy of the good performance with the entire Group. As a result, including two lump-sum payments for a total of ¥2.3 billion, the wage increase rate for the fiscal year was 7%. We will continue to make generous human capital investments in our employees along with returns to shareholders in line with sustainable growth.



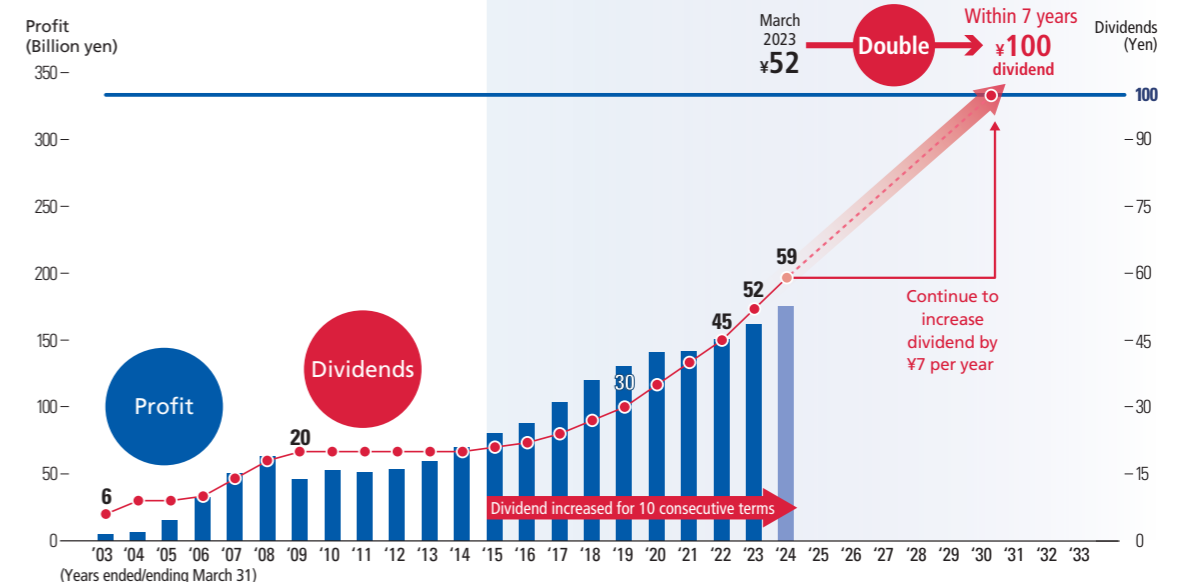
2 Double the dividend within 7 years to ¥100 per share, and continue sustainable dividend increase in line with profit growth

The Company's basic policy of profit distribution is to ensure prioritization of investment in leasing office assets in order to enhance the long-term earnings base and to strive for "sustainable dividend increase" in line with profit growth.

Based on this idea, we initially set forth the continuation of the "annual dividend increase of ¥5 per share" in the Ninth Management Plan. However, in November 2022, we increased the pace of "sustainable dividend increase in line with profit growth" from ¥5 to ¥7 per share per year, based on the recognition that, in addition to steady progress in business performance, the future outlook for business performance has been brighter with the normalization in the economic activities, considering the coexistence with COVID-19.

In fiscal 2023, we plan to "increase the dividend for the 10th consecutive year" to ¥59 per share, and thereafter we will continue the "annual dividend increase of ¥7 per share" and raise it to "¥100 per share per year" within seven years, doubling the current ¥52. The Company will reward shareholders for their long-term support as we aim to increase our corporate value through sustainable growth.

Sustainable dividend increase in line with profit growth



Basic Management Strategy and Medium- to Long-term Outlook for "Sustainable Growth"

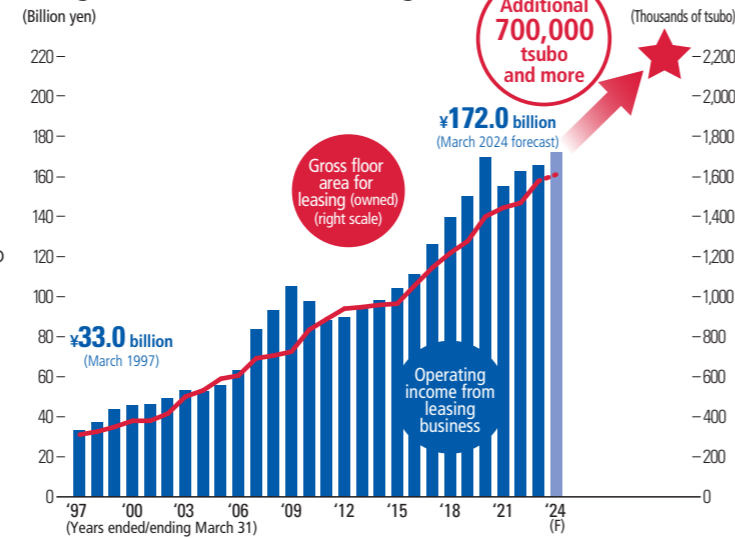
Investments for Growth

1 Steady progress in investment in leasing office assets with gross floor area of over 700,000 tsubo in central Tokyo, mainly comprising redevelopment

The Company has adopted a policy of continuing to invest in leasing office assets in central Tokyo, which has underpinned sustainable growth to date, and has been promoting development plans with gross floor area of over 700,000 tsubo (approx. 2,300,000 m²) expected to complete in and after the "Ninth Management Plan." The Company aims to achieve profitability from these projects focusing on large-scale redevelopment over the next three medium-term management plans, and additional investments will be approximately ¥2 trillion (of which ¥700.0 billion is for the three years of the Ninth Management Plan).

In fiscal 2022, two large-scale redevelopment projects, Sumitomo Fudosan Tokyo Mita Garden Tower and Sumitomo Fudosan Shinjuku First Tower were completed. We will continue to steadily promote redevelopment projects underway in Ikebukuro, Yaesu, Tsukiji, Roppongi, and other locations in central Tokyo, and we will strive to further expand our earnings base and increase corporate value by completing and putting these projects into operation. In terms of new properties, we maintain our policy of taking advantage of opportunities that arise and actively acquire desirable properties available (securing ¥300.0 billion for investments in new projects for the three years of Ninth Management Plan).

Operating income from office building leasing business and gross floor area for leasing



2 Investment of ¥500.0 billion in India, aiming to increase profits by ¥30.0 billion, or 10% of domestic ordinary profit

In addition to expanding the earnings base centered on the leasing business in central Tokyo, the Company is making full-fledged overseas expansion in India, with our "Tokyo office building leasing business" model of acquiring the development site independently, developing, leasing, managing and owning buildings by ourselves for the long term.

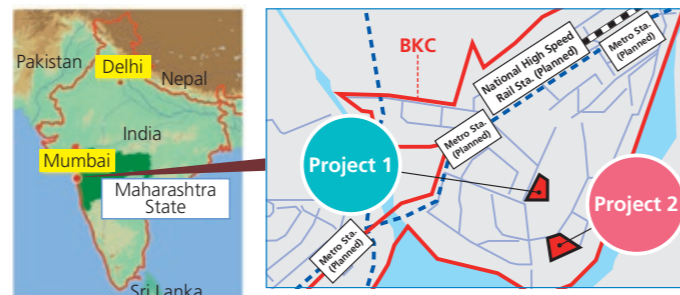
In July 2019, we acquired the largest office building's site in Bandra Kurla Complex (BKC), which is a new city center of Mumbai, the largest economic city of India, and in November 2022, we acquired an additional site of a similar size. Together with the first acquired site, we are promoting the office building development with gross floor area of approximately 80,000 tsubo and an investment scale of nearly ¥200.0 billion. We have already started underground construction for the first property, and we are aiming to complete construction of both properties during the next medium-term management plan.

The BKC is being developed as a financial center, and government-affiliated companies, major Indian conglomerates, and foreign IT companies are moving into the area. New stations for high-speed rail and a new metro line are scheduled to be built in the future, and further development as a business district is expected.

Starting with these developments, we first invest approximately ¥500.0 billion in India, or 10% of over ¥5 trillion of leased assets after the completion of the development plans with gross floor area of 700,000 tsubo in Japan, while taking into consideration of various property types and business models in addition to the long-term ownership of office buildings, aiming for higher investment efficiency than in Tokyo, considering overseas risk premiums such as interest rates and exchange rates.

In the next medium-term management plan, we aim to surpass ¥300.0 billion in domestic ordinary profit, and as our source of further growth beyond that, we aim to generate 10% of that amount, or ¥30.0 billion, from overseas business.

* For details on our business expansion in Mumbai, India, please refer to pages 43-44.



	Project 1	Project 2
Location	Bandra East, Mumbai, Maharashtra State	
Site acquisition	July 2019	November 2022
Acquisition value (Yen equivalent)	22.38 billion INR (38.0 billion JPY)	20.67 billion INR (35.1 billion JPY)
Type of ownership	Leasehold for 80 years	
Site area	12,486 m ² (approx. 3,780 tsubo)	11,885 m ² (approx. 3,595 tsubo)
Building scale	Gross floor area of approx. 130,000 m ² (approx. 40,000 tsubo)	Gross floor area of approx. 130,000 m ² (approx. 40,000 tsubo)
Building use	Office building for lease	

*1. 1 INR = 1.7 JPY
*2. 1 tsubo = 3.3 m²

Governance

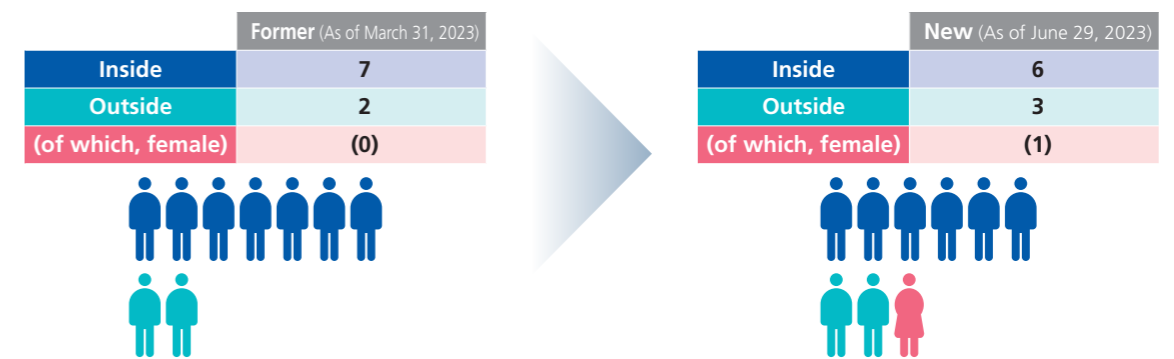
1 Ensuring diversity of the Board of Directors - Outside Directors accounting for one-third of the Board, and appointing one female Director

The Company has decided to make changes to its Directors and Corporate Auditors as shown in the table below due to the expiration of the terms of office of all Directors, and it was approved at the Ordinary General Meeting of Shareholders held in June 2023.

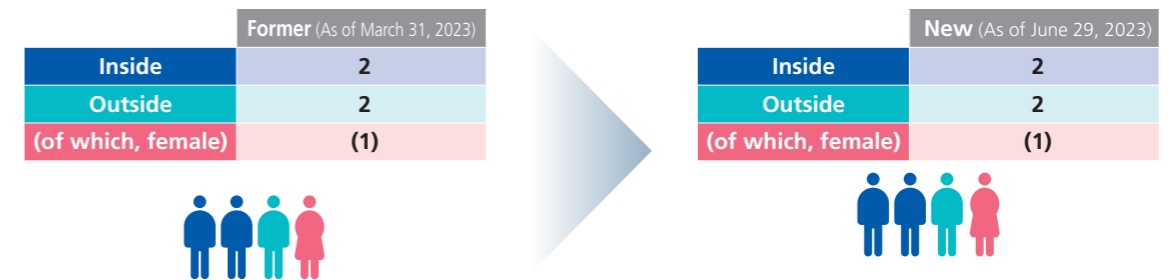
As a result, the number of Outside Directors was increased from two to three, meeting the one-third ratio of Outside Directors recommended in Japan's Corporate Governance Code. In addition, a total of two members, one Director and one Corporate Auditor, are female.

Even under the former structure, the Board of Directors held vigorous discussions, and we believe that the Company's governance was sufficiently functioning. However, we will continue to further strengthen and enhance our corporate governance and aim to increase our corporate value.

Number of Directors



Number of Corporate Auditors



List of new Directors and Corporate Auditors

Directors				Corporate Auditors			
Kenichi Onodera	Director - Chairman of the Board		Male	Yoshifumi Nakamura	Full-time Corporate Auditor		Male
Kojun Nishima	Representative Director - President		Male	Toshikazu Tanaka	Full-time Corporate Auditor		Male
Masato Kobayashi	Representative Director - Deputy President		Male	Takashi Sakai	Outside Corporate Auditor	Outside Independent	Male
Yoshiyuki Odai	Representative Director - Deputy President		Male	Naoko Hasegawa	Outside Corporate Auditor	Outside Independent	Female
Hiroshi Kato	Director - Senior Managing Executive Officer		Male				
Hisatoshi Katayama	Director - Senior Managing Executive Officer		Male				
Yozo Izuhara	Outside Director	Outside Independent	Male				
Nobumasa Kemori	Outside Director	Outside Independent	Male				
Chiyono Terada	Outside Director	Outside Independent	Female				

Basic Management Strategy and Medium- to Long-term Outlook for "Sustainable Growth"

2 Considering abolishing advance warning takeover defense measures against malicious takeover action

Since its introduction in 2007, the Company's advance warning takeover defense measures have been renewed every three years through a resolution of the General Meeting of Shareholders and have been continued.

The current policy was approved at the General Meeting of Shareholders in June 2022. Subsequently, the Ministry of Economy, Trade and Industry established the "Fair Acquisition Study Group" to discuss a review of the guidelines for takeovers, and the Financial Services Agency also started discussions on reviewing the tender offer system in March 2023, and discussions on ensuring the fairness and transparency of acquisition procedures are progressing rapidly.

These discussions are greatly welcomed because they are expected to possibly resolve the "problems in the legal system" that necessitate our takeover defense measures, such as being taken all of a sudden by a malicious acquirer who rapidly purchases shares in the market, and the takeover being consummated without sufficient time for consideration or an appropriate decision-making process at the General Meeting of Shareholders, posing a risk of damage to corporate value and the interests of other shareholders.

In light of future trends in these system revisions, we will consider abolishing the advance warning takeover defense measures that we have introduced, at the Board of Directors and other meetings.

"Problems in the legal system" that necessitate our takeover defense measures

e.g. **Being taken all of a sudden by a malicious acquirer** who rapidly purchases shares in the market, and **the takeover being consummated without sufficient time for consideration or an appropriate decision-making process at the General Meeting of Shareholders, posing a risk of damage** to corporate value and **the interests of other shareholders**

Progress in "review of corporate takeover rules," expected to possibly resolve the problems

Discussions on ensuring the fairness and transparency of acquisition procedures

METI: Reviewing the guidelines for takeovers at the "Fair Acquisition Study Group"
 FSA : Reviewing the tender offer system and considering to tighten the large shareholding reporting rule

If the problems are solved in light of trends in these system revisions,
abolish the "advance warning takeover defense measures"

3 Progress in reducing strategic shareholdings

From the perspective of building and strengthening stable and long-standing relationships with business partners such as tenant companies and financial institutions, the Company may acquire and hold shares of such business partners when it deems that such acquisition and holding will contribute to stabilizing and enhancing corporate value.

With regard to the reduction of strategic shareholdings, in the Ninth Management Plan, the Company has set a numerical target of reducing the ratio of the book value (purchase price) of listed shareholdings each year to 10% or less of shareholders' equity by fiscal 2030 at the latest, and it imposes a certain level of discipline on the balance of shareholdings. In fiscal 2022, we sold six issues, with book value of approximately ¥7.0 billion in total, whose significance of our holdings had declined. As a result, the book value of listed shares decreased to ¥269.0 billion (down ¥3.0 billion from the preceding fiscal year), and the ratio to shareholders' equity declined two percentage points to 16.6% (18.4% at the end of the preceding fiscal year).

The Company will continue to examine the significance of the strategic holding of shares individually, and it will proceed to sell shares that are deemed to have lost their significance to continue holding as subject to reduction.

Book value of listed shares and shareholders' equity

	6th (March 31, 2016)	7th (March 31, 2019)	8th (March 31, 2022)	March 31, 2023 Results	Fiscal 2030 Target
Book value of shares (Billion yen)	190.3	255.5	271.9	269.0	10% or less
Shareholders' equity (Billion yen)	821.0	1,099.3	1,479.2	1,618.9	
Ratio (%)	23.2	23.2	18.4	16.6	

Capital Efficiency

1 Achieved ROE of 9.4%, well above the cost of capital

In fiscal 2022, ROE (Return on Equity) was 9.4%, achieving high capital efficiency on par with the preceding year. Meanwhile, the shareholders' equity ratio has improved every year with increasing financial stability, and R&I upgraded our credit rating to AA- in February.

The Company will continue to maintain ROE that exceeds the cost of capital, while balancing financial stability with enhanced profitability.

Changes in ROE

(Years ended March 31)	2019	2020	2021	2022	2023	
ROE (%)	11.2	11.3	10.1	9.6	9.4	Profitability
Profit (Billion yen)	130.1	141.0	141.4	150.5	161.9	
Shareholders' equity (Billion yen)	1,202.1	1,295.0	1,503.0	1,634.0	1,799.4	Stability
Shareholders' equity ratio (%)	23.4	24.4	26.5	28.1	28.3	
R&I rating	A	A+	A+	A+	AA-	

The Ninth Management Plan (Announced on May 12, 2022)

The Ninth Management Plan (from fiscal 2022 to fiscal 2024) is as follows.

Performance Targets and Strategies by Segment

Consecutive record profit for the period covered

Achieve cumulative ordinary profit of 750 billion yen and profit of 500 billion yen over the three-year period

Aim to achieve record profits for the fourth consecutive plan since the Sixth Management Plan by maintaining the pace of growth that we attained until the Eighth Management Plan

Maintain the position of office building leasing in Tokyo as a solid foundation, and aim to utilize the comprehensive strengths of the Group as a whole to achieve our targets

Performance targets by segment

(Fiscal years ended/ending March 31)	(Billion yen)			9th Plan (2023-2025) Vs. 8th Plan		
	6th Plan (2014-2016)	7th Plan (2017-2019)	8th Plan (2020-2022)	9th Plan (2023-2025)		
Revenue from operations				1,300.0		
Leasing	886.2	1,073.1	1,218.9	750.0		
Sales	773.1	957.2	822.1	700.0		
Construction	589.3	634.7	612.0	250.0		
Brokerage	177.2	207.7	210.5	3,000.0	+129.6	+5%
Operating income				520.0		
Leasing	313.7	415.5	487.3	150.0		
Sales	127.2	140.1	150.9	75.0		
Construction	47.0	50.4	54.7	68.0		
Brokerage	40.6	47.4	44.1	770.0	+82.5	+12%
Ordinary profit	500.6	613.2	687.5	750.0	+94.4	+14%
Profit	418.0	557.8	655.6	500.0	+67.2	+16%

Note: All figures are cumulative totals within the period of the plan.

Strategies

Leasing	Aim to maintain the earnings foundation that we built until the Eighth Management Plan, and achieve profit growth for the fourth consecutive plan period	<ul style="list-style-type: none"> In office building leasing, we will strive to maintain the profitability of existing buildings, while also securing earnings with the full-year contribution of buildings completed in the Eighth Management Plan (180 thousand tsubo of gross floor area) and by starting operation of new buildings to be completed in the Ninth Management Plan (190 thousand tsubo of gross floor area) In the operation of commercial facilities, such as hotels, event halls, and retail facilities, we will recover the profitability to pre-COVID-19 levels and anticipate a return to growth from the Tenth Management Plan onward
Sales	High level of profit of the Eighth Management Plan to be maintained	<ul style="list-style-type: none"> We will maintain our policy of controlling the pace of sales, pursuing profit rather than volume Rising construction costs will need to be addressed, but the impact will be limited as construction has been started on all projects to be delivered during the Ninth Management Plan We will maintain our policy of securing prime sites steadily amid continuing intensified competition for land acquisition
Construction	In both remodeling (Shinchiku Sokkurisan) and custom home construction, we will focus on controlling costs while enhancing quality, and aim to achieve consecutive record profits by expanding orders	<ul style="list-style-type: none"> We will expand orders by proposing products that accurately respond to customer needs, such as a high level of environmental performance and disaster preparedness We will appropriately address spikes in prices of wood and materials, and minimize the impact
Brokerage	We will further strengthen profitability as we aim to achieve record profit in a management plan with a significant increase	<ul style="list-style-type: none"> We will strengthen Group collaboration and further pursue customer-oriented services to expand our market share

Capital Investment Plans (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
Expect to invest 1 trillion yen over the three years of the Ninth Management Plan

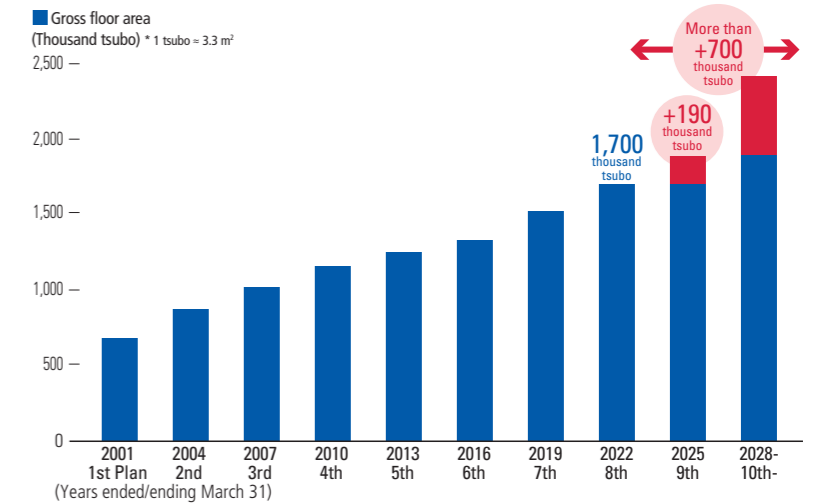
(1) We will invest 700 billion yen in concrete development projects for over 700 thousand tsubo (one tsubo is roughly 3.3 m²) of gross floor area, mainly comprising redevelopment projects

(2) We will ensure that we take advantage of opportunities that arise by securing 300 billion yen for investments in new projects

Pace of development

Gross floor area	(Thousand tsubo)				
	6th Plan	7th Plan	8th Plan	9th Plan	10th Plan onward
	110	210	180	190	520

Development pace of gross floor area for leasing



Principal new building development projects during the Ninth Plan



Project name	Location (Tokyo)	(As of November 2023)	
		Gross floor area (Tsubo *1 tsubo = 3.3 m ²)	Completion (Expected)
Sumitomo Fudosan Tokyo Mita Garden Tower	Minato Ward	59,400	Feb 2023
Sumitomo Fudosan Shinjuku First Tower	Shinjuku Ward	27,000	Mar 2023
Sumitomo Fudosan Nakano Ekimae Building (Nakano 2-chome Project)	Nakano Ward	30,000	Feb 2024
Sumitomo Fudosan Akihabara East Building	Taito Ward	3,000	Mar 2024
Sumitomo Fudosan Shinjuku Minamiguchi Building (Shinjuku Minamiguchi Project)	Shibuya Ward	7,200	Mar 2024
Roppongi Ekimae Project	Minato Ward	9,700	Jan 2025
Sumitomo Fudosan Osaki Twin Building West	Shinagawa Ward	8,800	Mar 2025
Others		34,100	
9th Plan Total		179,200	

The Ninth Management Plan (Announced on May 12, 2022)

Financing Plans

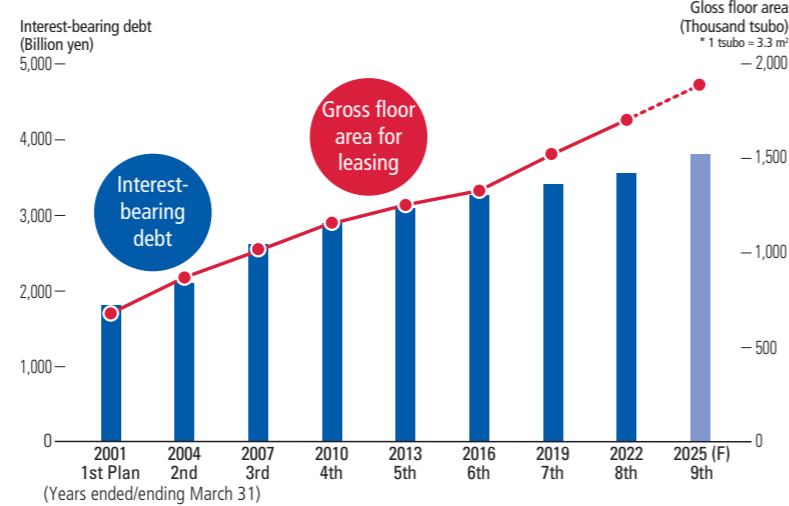
1 We expect to be able to cover the additional investment of 700 billion yen in properties that are in process with increases in cash flows from the leasing business

Capital investment and cash flows from the leasing business*

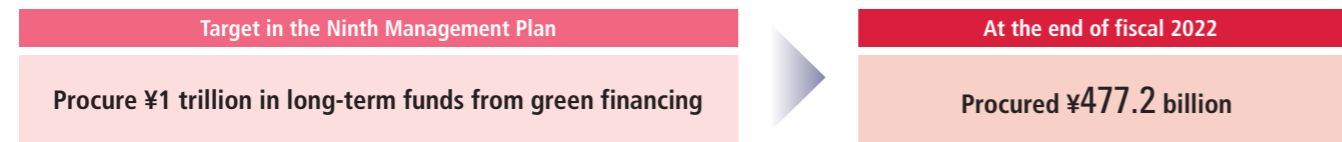
	6th Plan	7th Plan	8th Plan	9th Plan
Capital investment (Billion yen)	(422.3)	(663.5)	(805.3)	(1,000.0)
Cash flows from the leasing business*	409.8	534.6	644.5	700.0
Interest-bearing debt	3,158.9	3,342.8	3,560.0	3,800.0

* Cash flows from the leasing business: Operating income of the leasing business + Depreciation

Interest-bearing debt and gross floor area for leasing



2 Introduction of green financing



Target properties 12 buildings out of buildings owned by the Company that have already acquired a rating of three stars or above in DBJ Green Building Certification

- Procure ¥1 trillion in funds from green financing for 12 buildings, out of buildings owned by the Company that have already acquired a rating of three stars or above in DBJ Green Building Certification
- Principles for target properties during financing period
 - Disclose environmental performance information, including CO₂ emissions and energy consumption
 - Maintain at least three stars in the DBJ Green Building Certification
 - Prohibit the sale of the target properties since this financing contributes to addressing social issues such as environmental improvement (retain to maintain performance)
- Obtain assessment of conformity with green finance from JCR and R&I

Target properties (As of March 31, 2022)

Property name	Rank	Gross floor area (Thousand tsubo) * 1 tsubo=3.3m ²
Sumitomo Fudosan Shinjuku Grand Tower	★★★★★	54
Sumitomo Fudosan Osaki Garden Tower	★★★★★	54
Sumitomo Fudosan Shinjuku Garden Tower	★★★★★	43
Tokyo Nihombashi Tower	★★★★★	41
Sumitomo Fudosan Azabujuban Building	★★★★★	14
Sumitomo Fudosan Roppongi Grand Tower*	★★★★★	64
Sumitomo Fudosan Shinjuku Oak Tower	★★★★★	49
Sumitomo Fudosan Shinjuku Central Park Building	★★★★★	46
Shiodome Sumitomo Building	★★★★★	30
Sumitomo Fudosan Iidabashi First Tower	★★★★★	24
Sumitomo Fudosan Shibakoen First Building	★★★★★	19
Sumitomo Fudosan Shinjuku Central Park Tower	★★★★★	18
12 properties TOTAL		458

* Upgraded to five stars in July 2022.

DBJ Green Building Certification

* As of September 2023, the total number of certified buildings owned by the Company is 76, with a gross floor area of 1.15 million tsubo including office buildings, condominiums and commercial facilities.

Properties that have acquired ★5



DBJ Green Building
 (DBJ Green Building Certification is a certification system established by the Development Bank of Japan to evaluate real estate for its performance and initiatives regarding "environmental and social awareness" beyond its "profitability.")

Policy for Shareholder Returns *Revised on November 11, 2022

Increase the pace of dividend increase from ¥5 to ¥7 per share per year due to the brightening outlook of the business performance

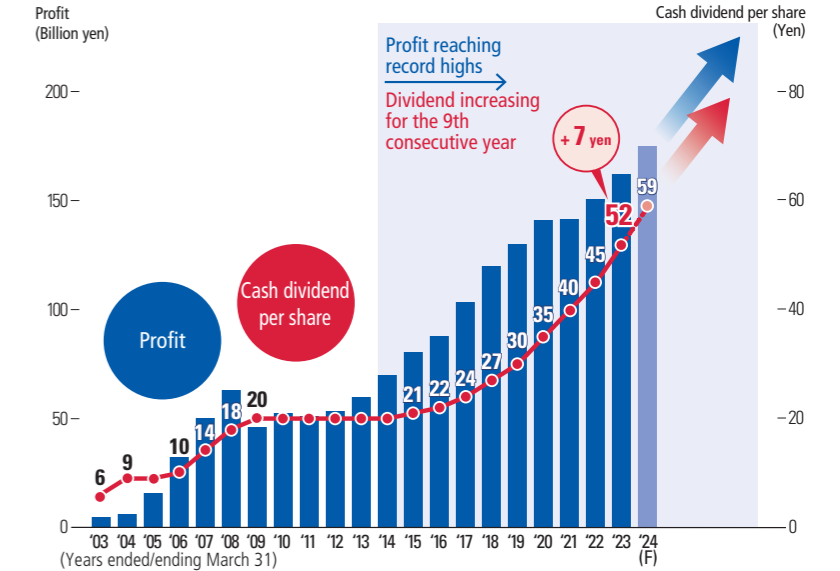
Maintaining policy of prioritizing investment in leasing office assets, and "sustainable dividend increase" policy in line with profit growth

Dividends and earnings per share

	7th Plan			8th Plan		
	2017	2018	2019	2020	2021	2022
Dividends (Yen)	24	27	30	35	40	45
Earnings per share (Yen)	218	253	275	298	298	317

(Fiscal years ended March 31)

Cash dividend per share and profit



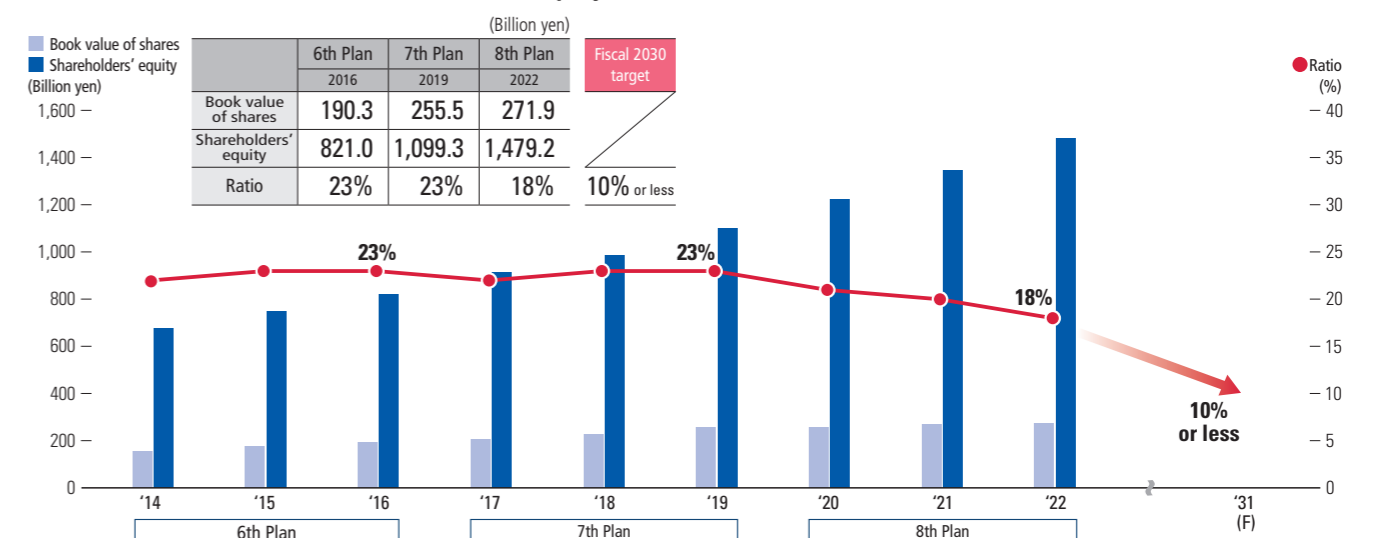
Introduction of Numerical Targets regarding Strategic Shareholdings

Reduce the ratio of the book value of shares held to 10% or less of shareholders' equity by fiscal 2030

The Company maintains that it can acquire and hold shares of business partners, etc., if it is deemed to contribute to the Company's sustainable growth and medium- to long-term enhancement of corporate value primarily from the standpoint of establishing and strengthening stable and long-standing business relationships with them.

In this new management plan, the Company has decided to establish a numerical target for the amount of strategic shareholdings held, and certain rules. As of the end of fiscal 2021, the book value of listed shares held of 271.9 billion yen was approximately 18% of shareholders' equity of 1,479.2 billion yen (after subtracting net unrealized holding gains on securities, etc., from net assets). Going forward, we will reduce this ratio each year to 10% or less by fiscal 2030.

Book value of listed shares and shareholders' equity



(As of March 31)

Decarbonization Targets and Initiatives

Decarbonization Targets - Establishment of CO₂ Emissions Reduction Targets (Scope 1, 2 and 3)

50% reduction in CO₂ emissions (Scope 1, 2 and 3) by fiscal 2030 * Compared with fiscal 2014, immediately prior to the Paris Agreement

Expressed support for 2050 carbon neutrality

Aim to achieve the target by linking decarbonization initiatives with business expansion

- Promote energy-saving in leasing business centered on office buildings and facility management businesses**
 - Further pursue the introduction of highly efficient facilities for new constructions and renovations, and reduce the Company's CO₂ emissions from energy consumption, etc., by 50% per unit of floor area
 - Continue awareness-raising activities for energy saving towards tenants
- Promote measures to reduce emissions in both upstream and downstream parts of main businesses**
 - Support tenant companies to introduce green power for their office spaces in a building
 - Support to curb energy consumption during construction
 - Enhance high-performance designs (adopting ZEH*-M Oriented as the standard specification for condominiums) * ZEH = Net Zero Energy House
 - Promote provision of the new solar power generation service, "SUMIFU × ENEKARI," which will contribute to decarbonization for detached houses
 - Promote provision of Shinchiku Sokkurisan high thermal remodeling products
 - Support to promote spread of automobile charging stations
- Aim to reduce total emissions by 10% in the Ninth Management Plan**
 - Reductions in the condominium business, which accounts for approximately 60% of total emissions, will contribute from the Tenth Management Plan onward, when the construction of properties with new design standards will be completed
 - Aim to reduce emissions by 25% except for condominiums

CO₂ emissions reduction targets for the Ninth Management Plan

	Fiscal 2014 emissions (Thousand tons of CO ₂)	Proportion	9th Plan reduction target	(Reference) Fiscal 2019 emissions (Thousand tons of CO ₂)
Condominiums	3,605	61%	—	3,540
Custom homes and Shinchiku Sokkurisan remodeling	1,591	27%	/	1,565
Office buildings	689	12%		1,366
Other (head office and Group companies)	55	1%		66
Non-condominium	2,336	39%	(25)%	2,997
Total	5,940	100%	(10)%	6,537

The Ninth Management Plan numerical targets and progress in each segment

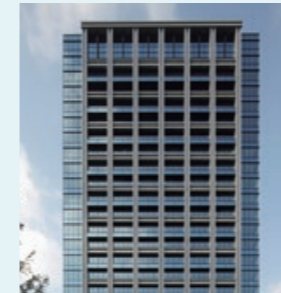
Targets in the Ninth Management Plan	Fiscal 2022 results
Office buildings 30% of energy consumption in tenant office spaces to be green <small>Green Power Plan options that can be chosen by each tenant company</small>	15%
Condominiums 100% of condominiums to be ZEH-M Oriented designs <small>Standardization of high-level energy-saving plan; The contribution by the subject properties will be in the 10th Plan onward when they will be completed</small>	Approx. 4,600 units <small>* Including ones under application</small>
Shinchiku Sokkurisan remodeling 20% of orders to be high thermal insulation remodeling products (already introduced) <small>Renovation with advanced energy-saving for the poor thermal insulation of existing houses</small>	14% Rose to 31% for the single month of March 2023
Custom homes 60% of orders to be ZEH homes (already standardized) * Including ZEH equivalent <small>Thermal insulation and energy-saving performance that exceeds the latest ZEH standards + New solar power generation service "SUMIFU × ENEKARI"</small>	57% Rose to 92% for the single month of March 2023
Others All of electric power used in the Group's own offices to be green <small>Obtain environmental value generated by solar power through "SUMIFU × ENEKARI" * Need to achieve the equivalent of approx. 4,000 units of custom homes and Shinchiku Sokkurisan remodeling with "SUMIFU × ENEKARI"</small>	Approx. 70%

Our Initiatives for the Decarbonation Targets

Office Buildings

Sumitomo Realty's Green Power Plan

A system for offering three optimal green power plans to meet the needs of each individual tenant company



Given the situation in which each company has different approaches to the use of green power, first in Japan, we have developed "Sumitomo Realty's Green Power Plan" for each individual tenant, offering green power plans for their exclusively-owned areas to suit their needs. This plan has been well-accepted for accommodating a wide range of needs, and it is making major contributions to tenants' decarbonization efforts.

Plan 1. Non-fossil fuel energy certificate

Issues non-fossil fuel energy certificate to treat as green power usage / Achieve decarbonization with no hassle

Plan 2. Raw green power from newly-built power plant

Uses raw green power from newly-built power plant according to the contract / Contribute directly to decarbonization in Japan

Plan 3. Green power from tenant-owned power plant

Issues non-fossil fuel energy certificate, which certifies the use of green power generated at tenant-owned power plants / Use self-generated power

Condominiums

ZEH-M Oriented Design

First in industry to adopt ZEH-M Oriented as standard while maintaining a high level of living comfort



Decarbonization design for newly-built condominiums

"ZEH-M Oriented" as the standard specification for new condominiums

In October 2021, as the first in the industry, we announced to adopt "ZEH-M Oriented" energy saving performance as the standard specification for all condominiums we design and develop from that date forward, without reducing the quality and living comfort.

With the improvement of thermal insulation performance and the installation of energy-efficient equipment, we realize both comfortable living for residents and contributions to decarbonization.

We also actively request cooperation from our partner construction companies to use green power at the construction sites, and promote decarbonization across the entire value chain, that extends from upstream to downstream, in our new condominium sales business.

* ZEH-M Oriented is an energy-saving standard that requires to reduce annual energy consumption of the entire residential building by 20% or more in total in comparison to the current standards.

Shinchiku Sokkurisan Remodeling

High Thermal Insulation Remodeling Plan

Achieving thermal insulation performance equivalent to the energy conservation standards for newly-built houses to suit customers' lifestyles



Reducing the environmental load by high thermal insulation remodeling

In December 2021, we began offering our high thermal insulation remodeling plan nationwide. The plan is available to the entire house or even to individual rooms, enabling an increase in the thermal insulation performance only where it is necessary.

While 90% of existing housing stock does not meet the current energy-saving standards, we promote thermal insulation improvements that suit customers' lifestyles and deliver energy-saving and highly insulated housing where residents can live in health and comfort.

Custom Homes

"SUMICA" adopted ZEH as standard

Realizing both environmental performance that exceeds the latest ZEH standards and high product quality



ZEH as a standard specification
Premium design
High-grade equipment
High resilience

In April 2022, we launched "SUMICA," which has high environmental performance as a standard specification, exceeding the ZEH level of "thermal insulation performance grade 5" and "primary-energy consumption grade 6," newly established by the Ministry of Land, Infrastructure, Transport and Tourism.

By supplying environmentally friendly housing with high disaster prevention capabilities, we continue to deliver sustainable houses that meet the new demands of the times.

Shinchiku Sokkurisan Remodeling and Custom Homes

SUMIFU × ENEKARI, solar power generation service

Providing environmentally friendly housing that also offers peace of mind at times of disaster, with solar power generation equipment and storage batteries at net zero cost for customers



SUMIFU × ENEKARI

Solar power generation equipment and storage battery installation service for detached houses

Simply with a fixed monthly service fee...

Incur no initial costs for installing solar power generation equipment and storage batteries

Receive support for equipment repairs and upgrades for the entire period of residency

An industry-first service of offering the benefits of solar power generation services with peace of mind

In cooperation with TEPCO Energy Partner, Inc., we provide the "SUMIFU × ENEKARI" service that installs solar power generation equipment and storage batteries at net zero cost for customers in custom home construction and Shinchiku Sokkurisan remodeling businesses. Solar panels and storage batteries are installed at zero initial cost, with support including equipment repairs and upgrades, provided for the entire period of residency through a call center that operates 24 hours a day, 365 days a year without any charge. Through this service, we provide and promote environmentally friendly houses that enable the use of electricity even at times of disaster.

At the same time, by aggregating and utilizing part of the environmental value of the electricity generated by customers, this service contributes to the realization of a decarbonized society.

* For details of individual initiatives, please refer to the sustainability news releases and ESG reports on the Company website. <https://www.sumitomo-rd.co.jp/english/sustainability/>

Unique Human Resource Investment Strategy (Utilization of Human Capital)

Our unique human resource investment strategy underpinning the sustainable growth

The Company puts into practice the corporate slogan "Integrity and Innovation" and is aiming for employee-first management to return the fruits of sustainable growth to employees first, based on the ideas that employees are the source of enhancing the corporate value through sustainable growth.

For some time, we have been actively promoting diversity based on the recognition that the presence of diverse perspectives and values reflecting a variety of experiences, skills and attributes within the Company is an advantage that ensures the sustainable growth of the Company. Through efforts such as securing personnel through career hires, implementing evaluation systems based solely on ability and achievements rather than seniority, and creating a salary system with multiple job-specific wage structures, we have created a unique personnel system in Japan for realizing a highly diverse and resilient organization.

Reforming Our Personnel System to Transform Our Business Structure during the Business Reconstruction Period

We launched our First Medium-term Management Plan (1997 to 2001) as a reconstruction plan following the bursting of Japan's bubble economy. At that time, we faced a major decline in profitability along with bad debts and excessive interest-bearing debt.

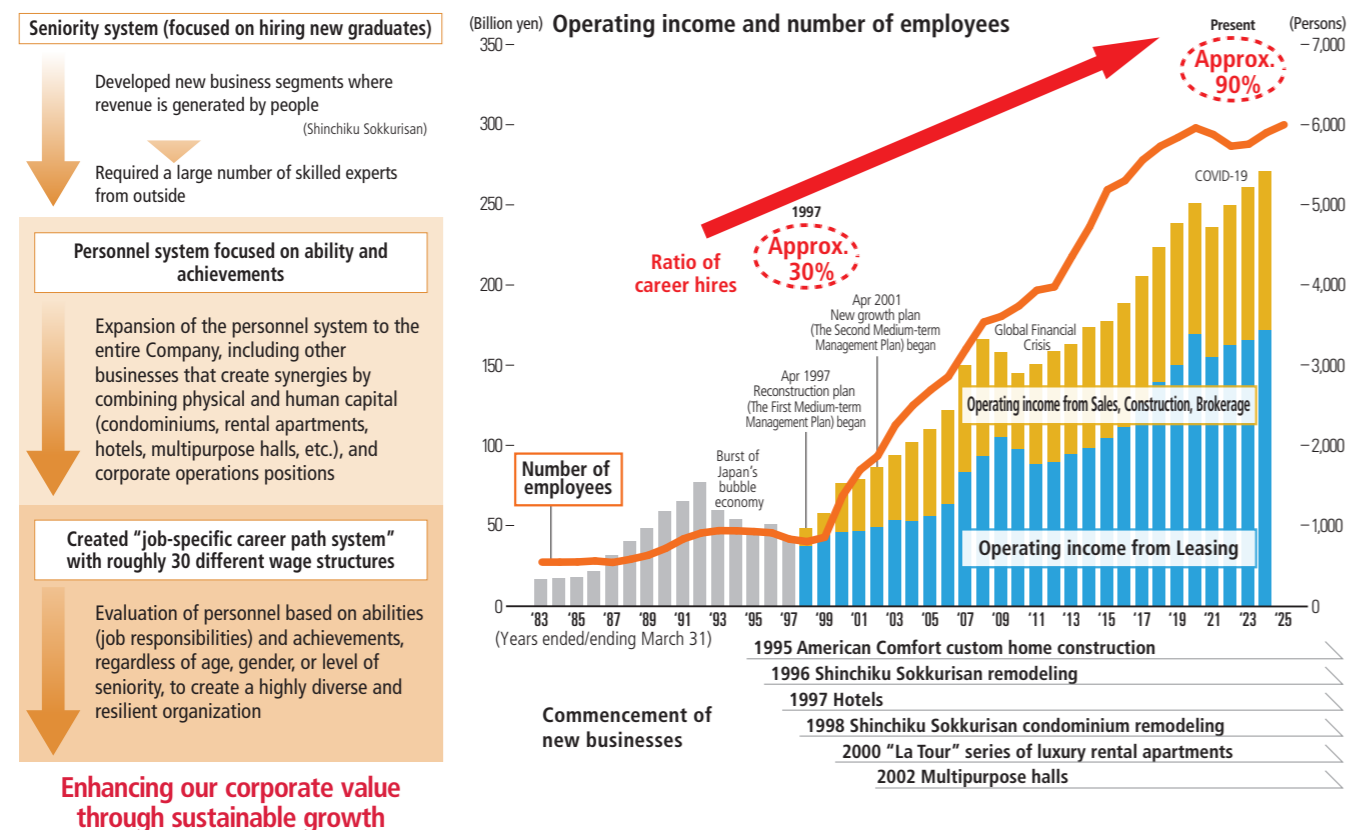
In that reconstruction plan, we sought to diversify our financing, such as real estate securitization, and worked to develop land that was not in active use, which represents raw material for the real estate industry, into products. At the same time, we discovered business channels such as our new built-to-order Shinchiku Sokkurisan remodeling business, where revenue was generated by people without requiring up-front investment. Through these efforts, we aimed to restore our profitability.

During this transformation of our business structure, it was necessary for us to hire a large number of skilled experts from outside. We abolished the former seniority-based personnel system and reformed our personnel system so that it is focused on ability and achievements, such as by instituting a commission-based payment system with high commissions. These initiatives contributed significantly to the growth of revenue in our Shinchiku Sokkurisan remodeling and custom home businesses.

We later expanded the application of this personnel system to other businesses, such as condominiums, rental apartments, hotels, and multipurpose halls, which create synergies by combining physical and human capital. We created a personnel system referred to as a "job-specific career path system," in which each business has multiple specialist career path systems, based on its specific requirements. The skilled experts we obtained through mid-career hires helped us provide even greater added value in each business segment.

This personnel system has supported our business expansion. We have established a stable long-term growth foundation underpinned by revenue from the office building leasing business which primarily involves redevelopment in the central Tokyo area, while at the same time, establishing unique business styles in leasing-related businesses such as rental apartments, hotels, and multipurpose halls as well as mainstay businesses such as condominium sales, Shichiku Sokkurisan remodeling, custom home construction, and brokerage. To date, we have been enhancing our corporate value through sustainable growth in this manner.

Personnel System Reforms and Diversity Promotion



Current Organization - Realizing a Highly Diverse Organization

Our unique "job-specific career path system"

Given the effectiveness of this personnel strategy, we have expanded our career hires of experts from sales and engineering positions to include internal corporate operations positions. For our major job categories alone, we have created a personnel system, in which we currently have roughly 30 types of job-specific wage structures. The percentages of compensation, which consist of fixed and variable wages, wage raise tables, and the like, are set based on the characteristics of the businesses and duties that are involved in each job. For all jobs, our fair salary system performs evaluations based solely on the abilities (job responsibilities) and achievements of individual employees, regardless of their age, gender, or level of seniority. This system promotes the sustainable growth of our employees.

Implemented a total of 7% wage increase in fiscal 2022

In fiscal 2022, in addition to the salary increase that is commensurate with the growth of individual employees, a special allowance of ¥100,000 was paid uniformly to all 10,000 Group employees as a daily living support, taking into consideration the rapid rise in prices, especially for utilities. Furthermore, the lump-sum payment of ¥100,000 at the end of the fiscal year in conjunction with the renewal of record profit was given to all Group employees, instead of only to those at Sumitomo Realty & Development as in the past, to share the joy of the good performance with the entire Group. As a result, including two lump-sum payments for a total of ¥2.3 billion, the wage increase rate for fiscal 2022 was 7%. We will continue to make generous human capital investments in our employees along with returns to shareholders in line with sustainable growth.

Realizing a Highly Diverse Organization

For more than 20 years, we have been actively hiring people with diverse careers at other companies as individuals who can be immediately effective in the Company. Today, mid-career hires with work experience at other companies account for 90% of our employees at Sumitomo Realty & Development, and are the source of the Company's growth, realizing a flexible and resilient organization rich in diversity with various perspectives and values reflecting a variety of experiences, skills, and attributes.

In addition, for increasing employees' motivation, we believe that equal opportunity in promotion to managerial positions is the most important factor, so we promote employees based solely on their enthusiasm, ability and achievements, regardless of gender or whether they were hired as new graduates or as mid-career workers. As a result, mid-career hires account for more than 60% of managerial personnel, thus ensuring diversity in the managerial positions.

We are also actively working on the promotion of female participation and career advancement. Firstly, we have announced a numerical target for the ratio of female employees newly hired in sales and engineering positions that support our front line operations (25% in sales and 13% in engineering positions) in order to increase the number of female employees to be promoted in the future by increasing the ratio of women in our workforce. Secondly, we are also working to support women's career development. For example, in 2022, we implemented reforms to apply personnel systems centered on job evaluation-based pay to all employees, and created a system that enables employees with medium- to long-term gaps in their career owing to life events such as childbirth and raising children to immediately assume positions of responsibility with no disadvantage after returning to work. As of the end of fiscal 2022, the ratio of female employees in managerial position was 9.4%. We are also actively working to engage female officers. As of November 2023, we have two female officers.

We believe that diversity in managerial positions should be ensured naturally as a result of fair employment policies, systems and appointments, such as those described above. We believe that setting a numerical target for diversity in managerial positions may distort equal opportunity in the appointment of managers and lower the morale of employees as a whole, and therefore we will not set such a numerical target.

Ratio of career hires among all employees

Approx. 90%

Ratio of career hires in managerial positions

60% or higher

Ratio of women in managerial positions

9.4%

Ongoing Usage, Further Expansion, and Development of Our Personnel System

As part of our management strategy for achieving sustainable growth, our current personnel system is effective not only for contributing to the growth of our existing businesses, but also for securing and fostering personnel who have the skills that will be necessary for new businesses and the future transformation of our business structure.

In order to continue expanding and developing this personnel system, we are reviewing and revising our flexible salary standards in line with personnel markets for each specialist job. We are also enhancing our specialized skill development education for each job so that we can develop a larger pool of essential personnel. In addition, we are promoting the further development of our personnel system through various initiatives, such as by providing career development support via the Sumitomo Realty Group Challenge System, which offers talented personnel opportunities to transfer jobs within the Company.

For related information on human capital, please refer to the Company website. <https://www.sumitomo-rd.co.jp/english/sustainability/society>

About The Sumitomo Realty Group's Value Creation

The Sumitomo Realty Group has promoted business activities with its fundamental mission of "Create even better social assets for the next generation," based on Sumitomo's business philosophy with a history of 430 years.

From the early 1970s, Sumitomo Realty has built up its portfolio of assets in the office building business, which is the foundation for its growth. Along the way, in central Tokyo, where it is difficult to acquire large parcels of land, we have cultivated the capability of "Land Innovation," which has enabled us to continue our business, primarily through redevelopment. At the same time, we have also built up expertise in urban development that contributes to solving regional issues through our business. With these strengths as the source, we aim to maximize our corporate value that creates both economic and social value.

As a comprehensive developer that provides such social assets, we have identified "Disaster Resistant," "Environmentally Friendly," "Together with the Community," and "People Friendly" as our materiality in value creation and ESG management. In addition to office building leasing, in each of our businesses including condominium sales, remodeling, custom home construction and brokerage, we have employed our own ingenuity, built competitive business portfolios, and expanded our businesses.

Going forward, we will continue to take on challenges of creating new value considering materiality mentioned above, and aim to realize sustainable growth and development together with the city, providing "New Value" to people's daily lives.

Four Material Issues (Materiality)



Materiality	Materiality	Examples of Initiatives
Disaster prevention Disaster Resistant	Create bases for a safe and secure living environment by developing disaster resistant buildings and cities	<ul style="list-style-type: none"> Eliminating densely built-up area with wooden houses Widening narrow streets and separating pedestrians and vehicles Adoption of seismic isolation and damping systems Installation of emergency power generators Providing a disaster-prevention base (e.g. shelter for stranded commuters in the event of disaster)
Environment Environmentally Friendly	Create buildings and cities that are comfortable and have lower environmental impact	<ul style="list-style-type: none"> Adoption of highly-efficient energy-saving and water-saving equipment Promoting and preserving greenery in cities to ensure biodiversity Reducing waste emission Requesting for supplier cooperation
Community Together with the Community	Create and operate buildings and cities aiming for sustainable development together with the community	<ul style="list-style-type: none"> Urban development that coexists with the community Attracting a new population (community revitalization) Creating liveliness through town management Support for the formation of communities including mutual assistance
People People Friendly	Create buildings and cities that are comfortable for everyone Develop human resources to increase corporate value	<ul style="list-style-type: none"> Urban development based on universal design Promoting barrier-free housing Protection of human rights Promoting open and vigorous workplace Fostering diverse human resources

History of Value Creation and Our Strengths

The real estate leasing business primarily involving office buildings in central Tokyo has been the driving force of our growth to date. Accounting for nearly 70% of the Company's operating income overall, the leasing business is clearly the main pillar of the Company's operation and the core of its corporate value.

We have been expanding our business platform by promoting the development of office buildings with a specific focus on central Tokyo over roughly half a century since the early 1970s. Despite various changes in the business environment, we have consistently persisted with respect to unwaveringly adhering to the management policies based on a long-term perspective, namely that the Company does not pursue temporary gains by selling assets; the Company holds ownerships of the buildings constructed on sites it has developed; and that the Company generates stable leasing over the long term by owning and leasing such buildings. As a result, we have established a solid earnings base that is resistant to the fluctuation of economic trends.

Major Building Development Projects

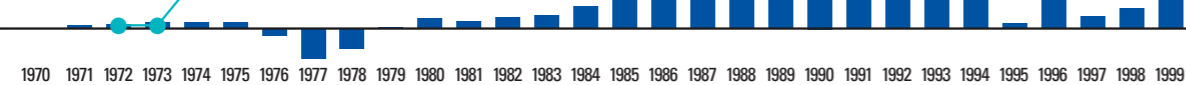


Ordinary Profit / Gross Floor Area

■ Ordinary Profit ● Gross Floor Area

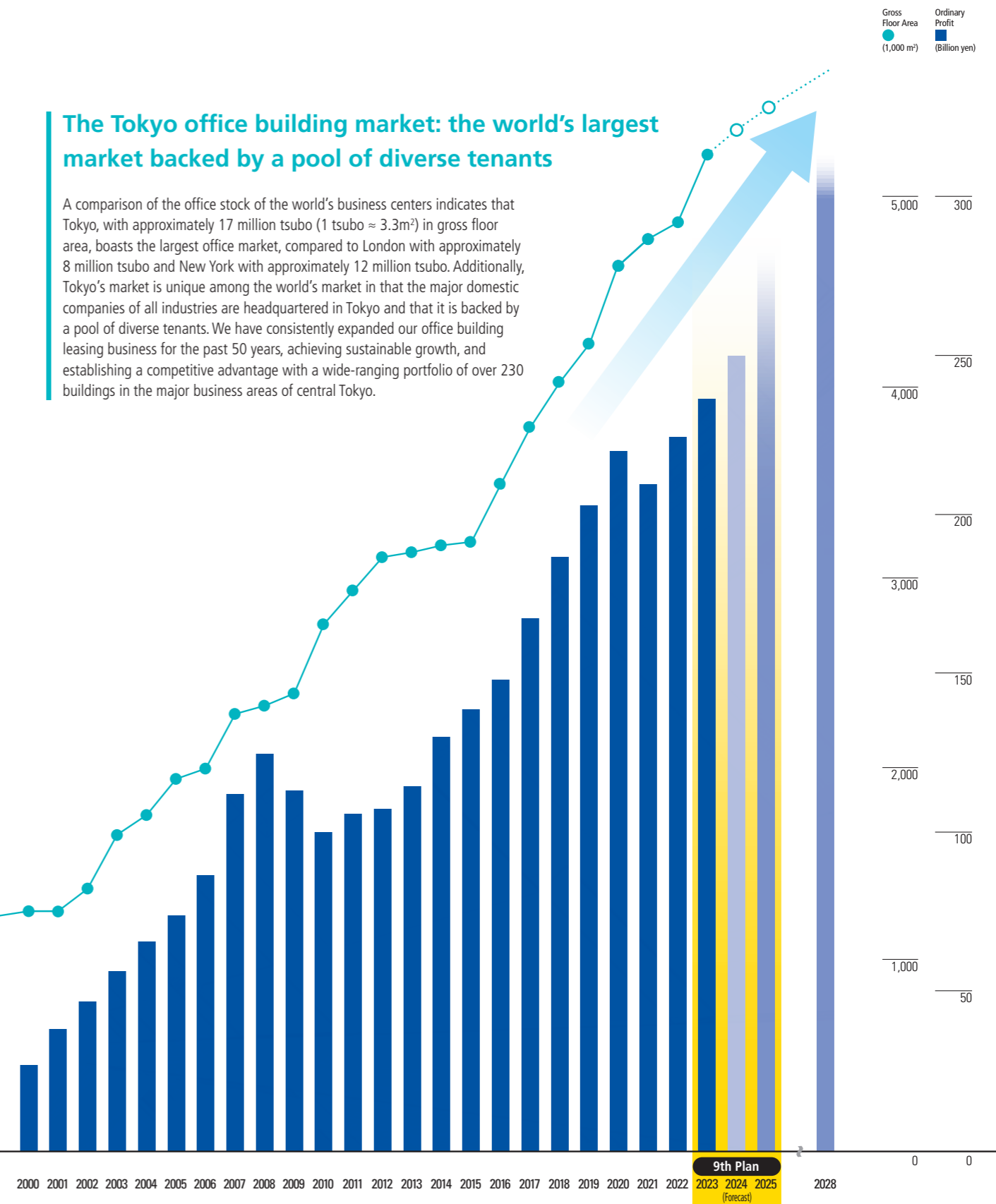
(Years ended/ending March 31)

*Non-consolidated figures until 1977



The Tokyo office building market: the world's largest market backed by a pool of diverse tenants

A comparison of the office stock of the world's business centers indicates that Tokyo, with approximately 17 million tsubo (1 tsubo ≈ 3.3m²) in gross floor area, boasts the largest office market, compared to London with approximately 8 million tsubo and New York with approximately 12 million tsubo. Additionally, Tokyo's market is unique among the world's market in that the major domestic companies of all industries are headquartered in Tokyo and that it is backed by a pool of diverse tenants. We have consistently expanded our office building leasing business for the past 50 years, achieving sustainable growth, and establishing a competitive advantage with a wide-ranging portfolio of over 230 buildings in the major business areas of central Tokyo.



The source of our corporate value creation

Capability of "Land Innovation"

Acquisition of development sites is the most important aspect of the development of buildings. We have been redeveloping sites by purchasing and assembling small parcels of subdivided land in central Tokyo where large parcels of land are rare, and coordinating the rights and interests of landowners. Today, the capability of "Land Innovation" have become our greatest strength and the source of corporate value creation. Capitalizing on the capability of "Land Innovation" as well as the management foundation and other strengths we have cultivated so far, we intend to further expand our profitability and increase corporate value.

The basis for our value creation model

"Redevelopment" for the Community

Through redevelopment, we have been addressing issues facing the community by improving the disaster preparedness of areas that are at risk such as densely built-up areas with wooden houses still seen in Tokyo's urban areas and providing safe transportation infrastructure. Our track record of development has resulted in deepened relationship of trust with landowners and local government officials, ensuring our constant participation in redevelopment projects. Thus, redevelopment is the basis of our value creation model that expands profits and increases our corporate value.

Solving Social Issues through Redevelopment

Sustainable urban development to improve disaster preparedness and revitalize the community



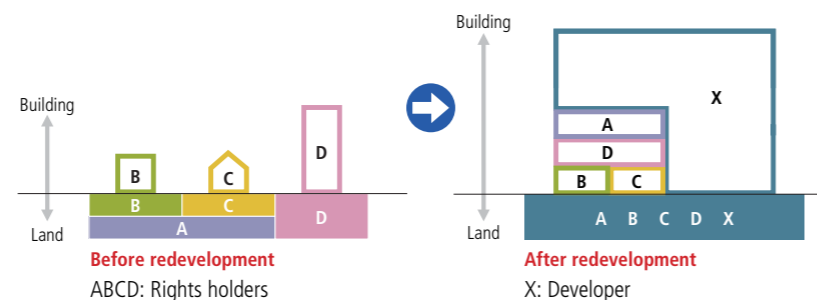
Osaki Garden City

Unlike other major developers in Japan, we started with a mere three buildings in 1949 following the breakup of the conglomerates and it was only from the 1970s that we made our full entry into the business of developing office buildings in central Tokyo. Therefore, instead of reconstructing buildings we owned or purchasing sites through competitive bidding, we focused on a redevelopment method by integrating multiple small parcels of land into a larger scale through persistent efforts, to maximize the site value. In this way, we continued developing superior assets, expanding our business platform and increasing our corporate value.

We have been working on redevelopment pursuant to the Urban Renewal Act that requires the formation of a consensus among multiple landowners and consultations with the authorities, in the areas of central Tokyo that had high potential but had issues such as low utilization and high disaster risks. In the redevelopment, we have improved the city infrastructure including disaster-prevention functions through joint projects aiming at intensive land use encompassing the area, as well as eliminating densely built-up areas with wooden houses and widening narrow streets. In addition, we have promoted the creation of new value by sustainable urban development, contributing to the revitalization of the community.

Redevelopment under the Urban Renewal Act

The Urban Renewal Act of Japan was enacted in 1969 to ensure the effective utilization of land through the improvement of the densely populated urban areas in an integrated and comprehensive manner. Through the communal use of small parcels of land and the development of public facilities such as parks and roads, it enables buildings to be rebuilt into high-rise structures, significantly increasing the floor area. The landowners acquire floor space in the redeveloped building commensurate with the value of the land or building prior to redevelopment and the developer (the Company) covers the project funds including the construction costs and acquires the remaining floor space.



Redevelopment under the Urban Renewal Act - Major projects completed and planned

(As of March 31, 2023)

Project area	Main building	Location	Gross floor area (approx.)	Main purposes	Completion
Shukugawa Station Front No.1	Shukugawa Green Town	Nishinomiya, Hyogo	33,400	Residence-Retail-Office	Nov 1977
Nishi-kanda 3-chome North-east	Chiyoda First Building East	Chiyoda Ward, Tokyo	38,800	Office-Residence-Retail	Oct 1998
Nakanosakaue Chuo 1-chome West	Sumitomo Nakanosakaue Building	Nakano Ward, Tokyo	36,600	Office-Residence-Retail	Apr 1999
Koraku 2-chome East	Sumitomo Fudosan Iidabashi First Building	Bunkyo Ward, Tokyo	62,900	Office-Residence-Retail	Mar 2000
Roppongi 1-chome West	Izumi Garden Tower	Minato Ward, Tokyo	208,400	Office-Residence-Retail	Oct 2002
Nishi-shinjuku 6-chome South	Sumitomo Fudosan Shinjuku Oak Tower	Shinjuku Ward, Tokyo	163,100	Office-Residence-Retail	Jan 2003
Nishi-kanda 3-chome North-west	Chiyoda First Building West	Chiyoda Ward, Tokyo	63,400	Office-Residence-Retail	Jan 2004
Mita Koyamacho East	City Tower Azabujuban	Minato Ward, Tokyo	64,600	Residence	May 2009
Osaki Station West Gate Central	Osaki West City Towers	Shinagawa Ward, Tokyo	129,100	Residence-Office-Retail	Aug 2009
Nishi-shinjuku 6-chome West No.6	Central Park Tower La Tour Shinjuku	Shinjuku Ward, Tokyo	153,500	Residence-Office-Retail-Multipurpose hall	Feb 2010
Kakyoin 1-chome No.1	City Tower Sendai Kakyoin	Sendai, Miyagi	25,400	Residence-Retail-Office	Mar 2010
Koraku 2-chome West	Sumitomo Fudosan Iidabashi First Tower	Bunkyo Ward, Tokyo	78,400	Office-Residence-Retail-Multipurpose hall	Apr 2010
Hachioji Station South Gate	Southern Sky Tower Hachioji	Hachioji, Tokyo	99,800	Residence-Office-Retail	Nov 2010
Nishi-shinjuku 8-chome Naruko	Sumitomo Fudosan Shinjuku Grand Tower	Shinjuku Ward, Tokyo	179,800	Office-Residence-Retail-Multipurpose hall	Dec 2011
Ageo Nakasendo East	City Tower Ageo Ekimae	Ageo, Saitama	39,900	Residence-Office-Retail	Dec 2012
Asahi-dori 4-chome	City Tower Kobe Sannomiya	Kobe, Hyogo	92,900	Residence-Hotel-Retail	Mar 2013
Hiroshima Station South Gate B Block	City Tower Hiroshima	Hiroshima, Hiroshima	125,500	Residence-Retail-Office	Aug 2016
Roppongi 3-chome East	Sumitomo Fudosan Roppongi Grand Tower	Minato Ward, Tokyo	210,500	Office-Residence-Retail-Multipurpose hall	Oct 2016
Kokubunji Station North Gate	City Tower Kokubunji The Twin	Kokubunji, Tokyo	93,200	Residence-Retail-Office	Mar 2018
Nishi-shinagawa 1-chome	Sumitomo Fudosan Osaki Garden Tower	Shinagawa Ward, Tokyo	222,000	Office-Residence-Retail	Aug 2018
Oi 1-chome South No.1	City Tower Oimachi	Shinagawa Ward, Tokyo	60,600	Residence-Retail	Jul 2019
Kanda-neribeicho	Sumitomo Fudosan Akihabara Ekimae Building	Chiyoda Ward, Tokyo	30,800	Office-Residence-Retail	Aug 2019
Tokorozawa Station West Gate North	City Tower Tokorozawa Classy	Tokorozawa, Saitama	38,500	Residence-Retail	May 2021
Musashi-koyama Ekimae-dori	City Tower Musashi-koyama	Shinagawa Ward, Tokyo	53,500	Residence-Retail	Jun 2021
Mita 3- and 4-chome	Sumitomo Fudosan Tokyo Mita Garden Tower	Minato Ward, Tokyo	229,000	Office-Residence-Retail	Feb 2023
Nishi-shinjuku 5-chome North	Sumitomo Fudosan Shinjuku First Tower	Shinjuku Ward, Tokyo	135,000	Office-Residence-Retail	Mar 2023
Nakano 2-chome	Sumitomo Fudosan Nakano Ekimae Building	Nakano Ward, Tokyo	99,000	Office-Residence-Retail	Feb 2024 (expected)

In areas such as those densely built-up with wooden houses and underutilized despite their urban location, we promote urban redevelopment that aims for high utilization of land, improvement of disaster preparedness by making buildings fireproof and earthquake resistant, and community revitalization.

Below are typical cases of our urban redevelopment. In this project, we promoted successive redevelopment in two neighboring blocks where wooden houses were densely built-up in central Tokyo.

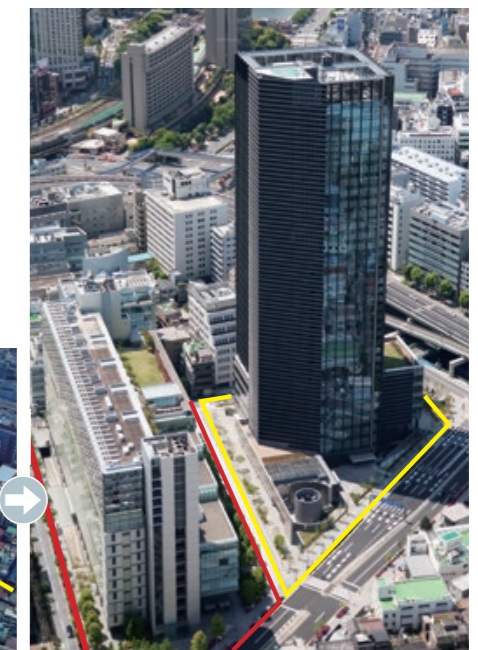
	Koraku 2-chome East (Sumitomo Fudosan Iidabashi First Building)	Koraku 2-chome West (Sumitomo Fudosan Iidabashi First Tower)
Completion	March 2000	April 2010
Gross floor area (approx.)	62,900 m ²	78,400 m ²
Purposes	Office, residence, retail	Office, residence, retail, multipurpose hall



Koraku 2-chome East (Before)



Koraku 2-chome West (Before)



Two sites after development

Solving Social Issues through Redevelopment

1. Solving various challenges of the community, such as densely built-up wooden houses

Most redevelopment sites have their own particular set of challenges. We work to build a consensus with landowners, residents in the vicinity, and the local authorities to solve those challenges with the local characteristics in mind and to develop functions of the redevelopment sites in line with the area growth.

Example | Osaki Area

In the case of the Osaki area, we built an office building and a condominium as well as created spacious green open public spaces covering some 8,000 m², in order to formulate a complex of urban area and develop urban functions around the station.

The redevelopment project improved the disaster preparedness of the community by eliminating a densely built-up area with wooden houses, integrating those houses into a large fire-resistant building, and developing the surrounding area such as widening narrow roads. In addition, it has also contributed to promoting universal design of the area by eliminating a large difference in elevation, and providing open spaces for community building and as a disaster-prevention base.

Osaki Garden City

(Site area: approx. 30,100 m², Gross floor area: approx. 222,000 m²)

Sumitomo Fudosan Osaki Garden Tower	
Completion	January 2018
Gross floor area	Approx. 178,100 m ²
Purposes	Office, retail, etc.

Osaki Garden Residence	
Completion	August 2018
Gross floor area	Approx. 41,400 m ²
Purposes	Residence (423 units), office, etc.



Before development of Osaki Garden City



After development
Left : Sumitomo Fudosan Osaki Garden Tower
Right: Osaki Garden Residence

2. Striving for continuous community revitalization

In addition to solving local challenges by developing robust buildings and improving the surrounding roads, we believe that continuously revitalizing the community and maintaining the connections with surrounding communities are also important in urban development. With this in mind, we also focus on area management such as holding events at its public open spaces for the community to interact.

Example | Roppongi Area

In the Roppongi area, at the IZUMI GARDEN large urban block covering an area of approximately 6 hectares lying across both sides of the Roppongi-itchome Station, we promote area management that contributes to the sustainable value creation of the cities, including seasonal entertainment that creates liveliness, as well as events aimed at raising awareness of disaster preparation and fostering a sense of mutual aid in collaboration with the local communities, tenant companies, fire departments, and others.

IZUMI GARDEN

(Site area: approx. 43,300 m², Gross floor area: approx. 418,900 m²)

Main building	Izumi Garden Tower
Completion	October 2002
Gross floor area	Approx. 208,400 m ²
Purposes	Office, residence, hotel, retail, museum, multipurpose hall

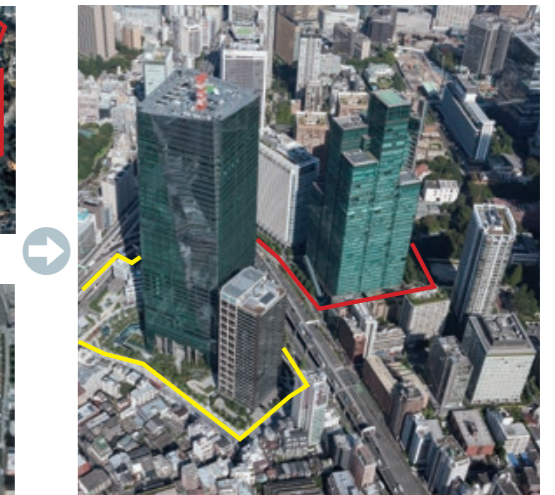
Main building	Sumitomo Fudosan Roppongi Grand Tower
Completion	October 2016
Gross floor area	Approx. 210,500 m ²
Purposes	Office, residence, retail, multipurpose hall



Before development of Izumi Garden Tower



Before development of Sumitomo Fudosan Roppongi Grand Tower



Two sites after development

City development to tackle the challenges facing the community



1 Enhancement of disaster preparedness by eliminating the densely built-up area with wooden houses and narrow streets

The site used to be a densely built-up area with wooden houses exposed to high risk of fire and the streets were narrow, making it difficult for emergency vehicles to enter the area. The redevelopment realized a safe and secure community through improvement of roads around the site to ensure safety for the pedestrians and to allow the smooth flow of vehicles as well as fireproofing the buildings.

2 Promotion of universal design of the area by eliminating a large difference in elevation

The site used to have a difference in elevation as large as eight meters and experienced land collapse. The project created a landscape design with gentle undulations and eliminated the large difference in elevation. It also built stairs and installed elevators connecting the area with the surrounding downtown area and the station to allow everyone to move easily.

3 Creating open space for interaction among the community and as a disaster-prevention base

The site used to be an industrial area with little greenery and lacked places for people to gather due to a densely built-up area with housing. Through this redevelopment, spacious green open public spaces covering some 8,000 m² were created, encouraging interaction among the people and bringing liveliness in the community, as well as serving as a disaster-prevention base in the event of an emergency.

Examples of area management to promote revitalization of local community formation

Events held in the past



Cherry Blossom Festival - An art object featuring cherry blossoms



Cherry Blossom Festival - Cherry trees illuminated



Christmas Illumination



Disaster-Prevention Fair



Summer Festival



Marche' Event

Enhancement of Corporate Value through Four Mainstay Businesses

With our capability of "Land Innovation" as the driving force, in addition to establishing the foundations for sustained growth centered on the revenue from our office building leasing business, we operate leasing-related businesses such as rental apartments and hotels, and the real estate-related businesses such as condominium sales, remodeling, custom home construction and brokerage, which contribute to solving local and social issues as a comprehensive developer.

Not only in office building business but also in these other businesses, we have expanded our business by creating new and highly competitive products and services based on unique innovations we developed with new ideas, not bound by industry customs and common sense.

For example, Shinchiku Sokkurisan, a full remodeling system instead of rebuilding launched as a new business in 1996 after the bursting of the bubble economy, introduced a cutting-edge business model never seen in the industry before. Shinchiku Sokkurisan has been supported by many customers for not only the improvement of disaster preparedness but also its clear fixed-price system and environmental performance, and has grown into a leading brand in the industry.

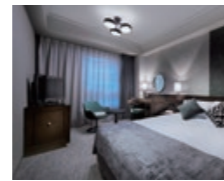
In addition, each of our businesses continues to create value that will be needed in the future, while responding to the demands of the times.

Leasing Office building and affiliated businesses (rental apartments, hotels, multipurpose halls, etc.) ▶ P.49

In our leasing business, since the early 1970s, we have built up our portfolio centered on office buildings in Tokyo, and have pursued urban development by positioning office buildings at its core. In the urban development, we have developed rental apartments, hotels, multipurpose halls, retail facilities, and other facilities in addition to office buildings, for multi-purpose use with the aim of revitalization of local communities through improved convenience and creation of liveliness, reflecting the characteristics of the areas. By directly managing and operating these businesses, it has contributed to enhancing the value of the area and to the expansion of the Company's earnings base.

1997	Opened Hotel Villa Fontaine – Developed with the concept of "high-grade economy," challenging the norms of business hotels of the time
2000	Launched "La Tour" series of luxury rental apartment
2002	Opened Izumi Garden Gallery – Began full-scale operation of multipurpose halls business
2020	Fully opened Ariake Garden, a large-scale complex
2023	Fully opened Haneda Airport Garden directly connected to the airport

- **Rental apartments** Owning and operating a total of about 6,000 units
 - **Hotels** Operating a total of 21 hotels / 5,385 rooms
 - **Multipurpose halls** Operating over 30 facilities
 - **Retail facilities** Sumitomo Fudosan Shopping City Ariake Garden with about 200 shops
Haneda Airport Garden with about 80 shops
- (As of March 2023)



Hotel "Villa Fontaine"



Multipurpose hall "Bellesalle"



Luxury rental apartment "La Tour"



Izumi Garden Tower

Sales Condominium sales ▶ P.55

Since its Launch in the 1960s, we have established a reputation as a pioneer in condominium sales and leveraged our expertise developed in the office building leasing business by integrating multiple small parcels of land into a larger scale. Since the 2000s, we have increased our share of supply in the industry and expanded our business.

We have increased our competitiveness in this market with a sales policy that is not insistent on selling out all the units on the sale-date, our unique "Dynamic Panorama Windows" that enable residents to enjoy the view, which is an appeal of high-rise condominiums, Grand Mansion Gallery, a comprehensive information center that introduces all of our available properties in one place, e-contract, Remote Condominium Sales service that offers online property showings, and other customer-first unique plans and services.

1976	Completed Yono House, the first high-rise condominium that adopted integrated design in Japan
2007	Completed the World City Towers, large-scale condominiums for inner-city living (over 2,000 units, the largest in Japan at the time)
2011	Opened "Grand Mansion Gallery"
2014 - 2019	Number of condominium units brought to market over the full year was the highest in Japan for the sixth consecutive year
2020	Introduced "Remote Condominium Sales"
2023	Launched new membership-based web service "fureai+S of Sumitomo Realty & Development"



City Towers Tokyo Bay



World City Towers



City Towers Tokyo Bay Entrance hall

Construction Shinchiku Sokkurisan remodeling ▶ P.57

The Shinchiku Sokkurisan remodeling business was launched a year after the Great Hanshin-Awaji Earthquake, the devastating earthquake which happened in 1995. It has been well-received by customers with a groundbreaking business model such as seismic reinforcement as a standard specification and clear fixed-price system, providing safe and secure housing at 50-70% of the price for rebuilding. Having expanded the business nationwide, a cumulative total of units contracted has exceeded 160,000.



1996	Commenced Shinchiku Sokkurisan remodeling business
1998	Commenced Shinchiku Sokkurisan condominium remodeling business
2000	Expanded its business to 46 prefectures throughout Japan (excluding Okinawa)
2021	Began offering high thermal insulation remodeling plan
2022	Cumulative total of units contracted exceeded 160,000

Brokerage Sumitomo Real Estate Sales Co., Ltd. ▶ P.61

We entered the existing housing brokerage business in 1979 as Sumitomo Real Estate Sales, a consolidated subsidiary. Committed to store development of the directly operated brokerage offices, we have built up a finely tuned and community-based sales structure under the principle of "Customer-First." Our brokerage business has continued to grow while responding



Construction Custom homes ▶ P.59

After housing development in the United States in the 1970s, we started full-scale operation in Japan in 1982. We have increased our market share especially in metropolitan areas with the competitiveness of the product line-up which stands out for the urban modern exterior design and high-grade facilities. In May 2022, we have launched a new product with the latest ZEH standard as its standard specification, and are focusing our efforts on the promotion of decarbonization, which is a social challenge.

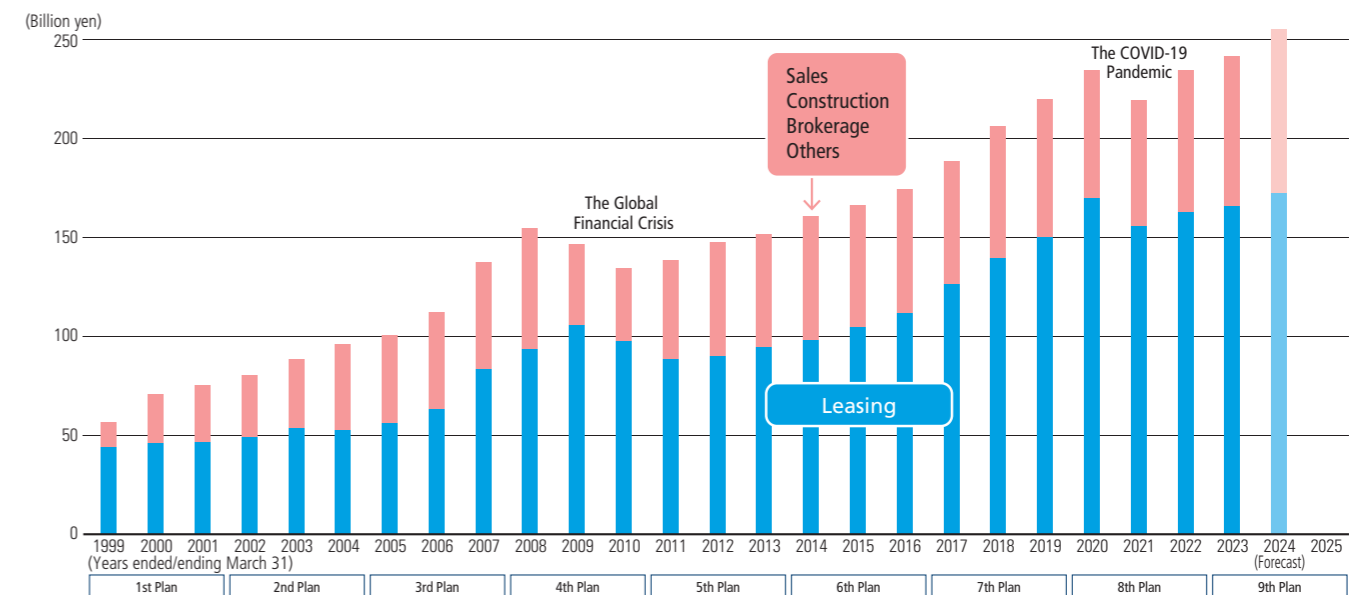


1995	Commenced American Comfort custom home construction business
2003	Launched J-URBAN urban-style housing series
2021	Launched "SUMIFU x ENEKARI," new solar power generation service
2022	Launched "SUMICA," adopting ZEH as the standard specification

to the needs of the times, including opening brokerage offices dedicated to condominiums, and the introduction of a highly transparent and fair brokerage system that incorporates digital technologies.

1975	Established Sumitomo Real Estate Sales Co., Ltd.
1979	Entered the existing housing brokerage business
2001	The number of STEP brokerage offices exceeded 200
2019	Opened "Mansion Plaza" brokerage offices
2021	Launched real estate DX service "STEP Auctions"

Historical operating income



Enhancement of Corporate Value through Four Mainstay Businesses

Example | Shinchiku Sokkurisan Remodeling

Extending useful life and reducing environmental burden by enhancing functionality through renovation



The Shinchiku Sokkurisan remodeling business was launched after the Great Hanshin-Awaji Earthquake of 1995 with the desire to renovate existing houses to make them earthquake resistant without the high cost of rebuilding. Based on our concept of safe and secure housing, it boasts the industry's foremost track record for large-scale remodeling, featuring seismic reinforcement work and a clear fixed-price system. Since its launch in 1996, the cumulative total of units contracted exceeded 160,000 units (as of September 30, 2022). Today, Shinchiku Sokkurisan has become so popular across the nation that it is a brand synonymous with full remodeling. By leaving main structural components intact and improving housing functionality without rebuilding, the Shinchiku Sokkurisan remodeling contributes to not only extending the useful lives of existing houses, but also to addressing the social issues concerning houses in Japan by being environmentally friendly, i.e. minimizing industrial waste, CO₂ emissions, and waste of resources.



The desire for safe and secure housing

Many houses were destroyed and many precious lives were lost in the Great Hanshin-Awaji Earthquake of 1995. Subsequent research revealed that many old houses were left without rebuilding, despite having structural problems, due to various reasons including costs.

The Shinchiku Sokkurisan remodeling was born from the desire to find a way to make such houses earthquake-resistant at a reasonable price without rebuilding in order to save precious lives. As such, it offers a full lineup mainly from "full remodeling" which transforms a house into a safe/secure and earthquake-resistant one while utilizing the existing structural elements, to "partial reform," according to the customers' various needs and budget.



A house destroyed in the Great Hanshin-Awaji Earthquake, photographed by Professor Kenji Miyazawa

Social issues concerning houses in Japan

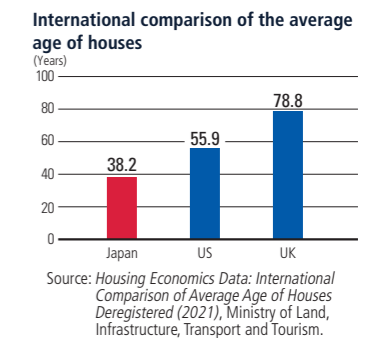
- 1 Insufficient earthquake resistance and low thermal insulation
- 2 Low thermal insulation causing increased energy consumption
- 3 Environmental impact from waste generated when rebuilding

Through the Shinchiku Sokkurisan remodeling

- 1 Realizing extended useful life
Earthquake-proofing and seismic retrofitting
Revised floor plans to suit lifestyles
- 2 Reducing energy consumption by installation of solar power generator and improvement of thermal insulation performance
- 3 Reducing environmental impact
Reduction of materials used and waste generated

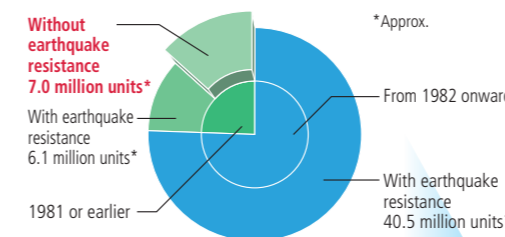
Although the ratio of earthquake resistant houses in Japan is increasing every year, there are still many houses with low earthquake resistance. In addition, the rebuilding cycle of houses in Japan is short compared with that in Europe and the U.S., and waste from the demolition of houses accounts for a large share of waste discharged by the construction industry. There are growing calls for shifting to a stock-type society by extending the useful life of housing.

Moreover, although discussions have been carried out on various topics for newly constructed detached houses, such as improving their environmental performance toward the realization of carbon neutrality in 2050, little progress has been made toward promoting energy savings or decarbonization for existing houses, which far outnumber new houses (there are currently roughly 50 million existing houses). As such, dealing with existing detached houses is essential for Japan's decarbonization.

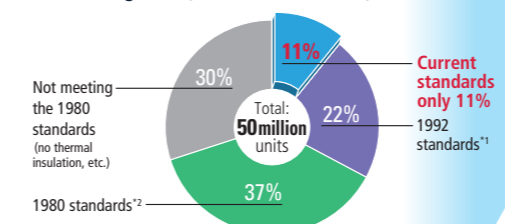


Social issues concerning houses in Japan

1 Earthquake-resistance of housing stock

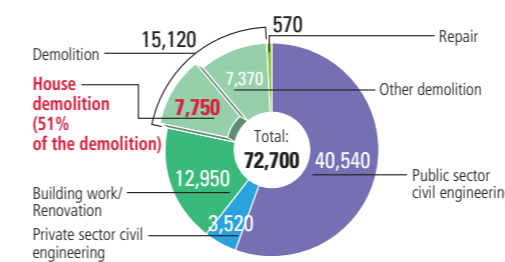


2 Energy-saving standards (thermal insulation performance) of housing stock (about 50 million units)



*1: Standard established in 1992, pursuant to the Act on Rationalizing Energy Use
*2: Standard established in 1980, pursuant to the Act on Rationalizing Energy Use

3 Breakdown of construction waste (Thousand tons)



Sources: 1. Progress of Earthquake Proofing of Houses (2018), Ministry of Land, Infrastructure, Transport and Tourism.
2. Housing Economics Data: Performance of Housing Stock (Barrier-Free and Energy-Saving) (2021), Ministry of Land, Infrastructure, Transport and Tourism.
3. Status of Industrial Waste Associated with Demolition of Houses (36th Meeting of the Housing and Building Land Committee of the Panel on Infrastructure Development), Ministry of Land, Infrastructure, Transport and Tourism.

Shinchiku Sokkurisan initiatives

1 Extending the useful lives of houses through seismic reinforcement and revision of floor plans

Shinchiku Sokkurisan offers proposals mainly for seismic reinforcement work that meets the government's safety standards, based on earthquake resistance diagnosis. Moreover, in preparation for increasingly severe earthquakes, we have developed a new proprietary method and provide optimal seismic reinforcement and damping plans for houses of all ages. In addition to functional enhancement, we offer solutions reflecting customers' lifestyles such as changes in family structure and aging by layout changes, extensions, downsizing and transforming the house into a two-family house. In this way, we are promoting extended useful lives of houses without rebuilding.

2 Enhancing thermal insulation of existing houses and promoting installation of solar power generation systems

Shinchiku Sokkurisan's high thermal insulation remodeling plan enables existing houses with low thermal insulation performance to achieve a thermal insulation performance equivalent to the energy conservation standards for newly-built houses. This plan is available to the entire house or even to just individual rooms, enabling an increase in the thermal insulation performance only where it is necessary. In addition, "SUMIFU x ENEKARI" enables customers to install solar power generation equipment at net zero cost, together with seismic reinforcement. Through these new services, we will further contribute to the realization of a carbon neutral society by reducing CO₂ emissions from housing.

3 Reduction of environmental load through waste reduction

Shinchiku Sokkurisan remodeling contributes to the reduction of the environmental burden through seismic reinforcement while the principal structural elements of the house are retained, thus minimizing industrial waste discharge, CO₂ emission, and waste of resources, compared to demolition involved in building a new house.

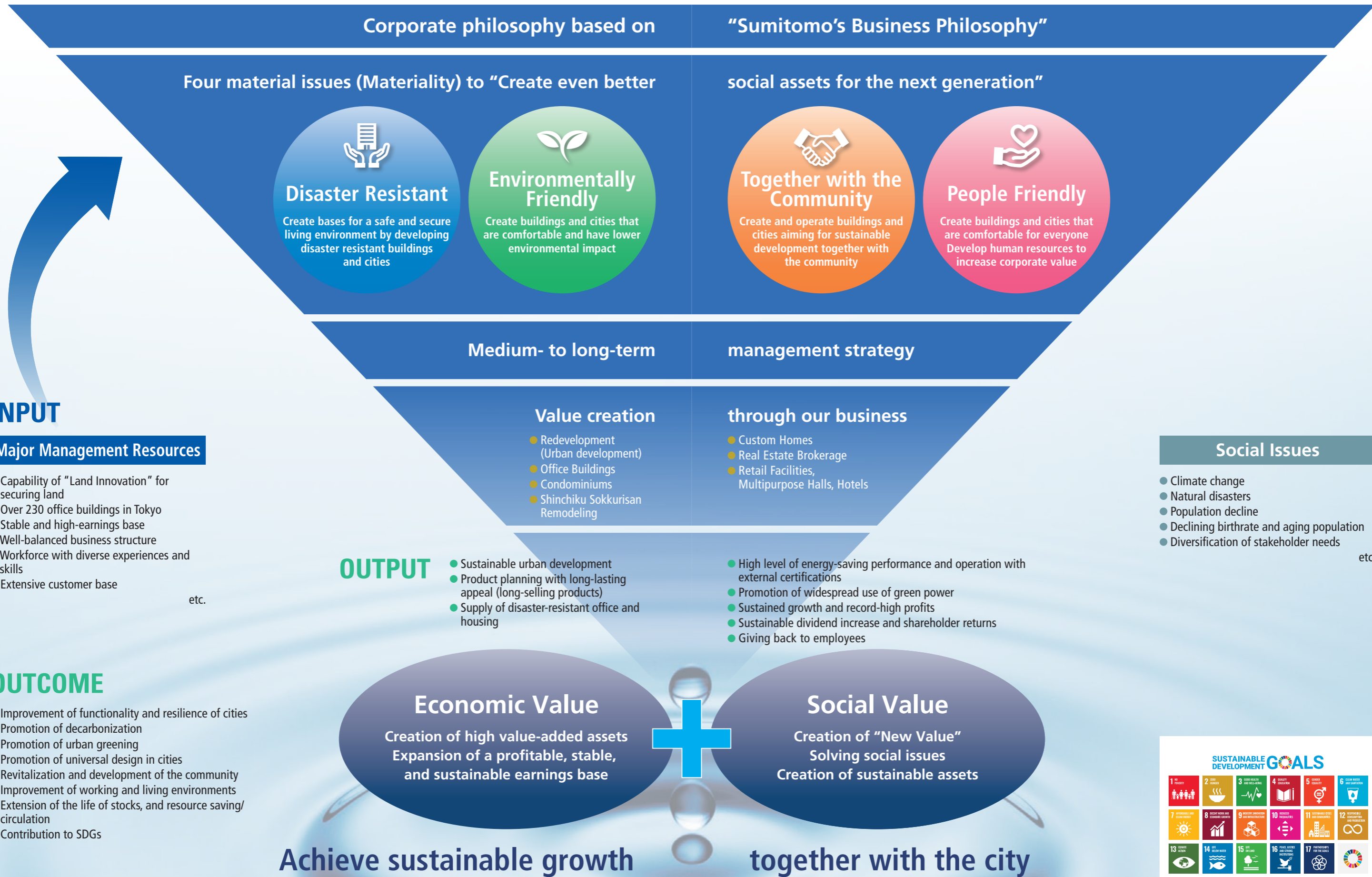
Released the results of joint research on the decarbonization effect of building renovation

Part II Verifying the adoption of ZEH and achievement of life cycle carbon minus through renovations

With the aim of establishing a new environmental evaluation method for building renovation, we started joint research with The University of Tokyo and Musashino University in December 2021. Following last year's announcement, we confirmed that through renovation, the adoption of ZEH and life cycle carbon minus could be achieved without the need for special construction work, and that life cycle carbon minus could be achieved more rapidly than through new construction. (➡ Refer to page 66 for details.)



Value Creation Process



A Message from the Management
The Sumitomo Realty Group's Business Strategy
The Sumitomo Realty Group's Value Creation
Business Review
The Sumitomo Realty Group's ESG management
Consolidated Financial and Non-financial Data / Company Information

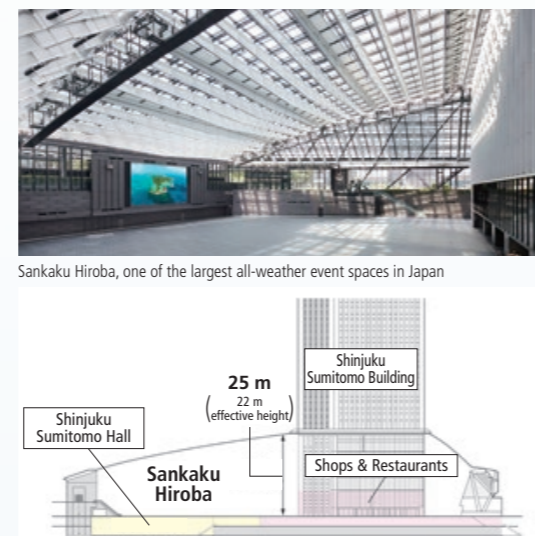
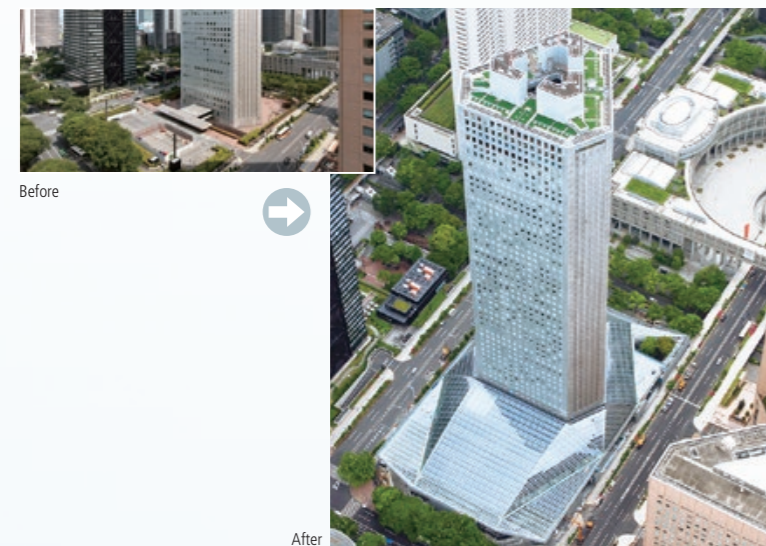
Taking on the Challenges of Creating New Value

The Sumitomo Realty Group has expanded its business by applying its unique ingenuity in each of our businesses, in consideration of material issues (materiality). Moving beyond the boundaries of our existing businesses, we are continuing to take on the challenges of creating new value in new businesses by leveraging the expertise we have cultivated over the years, in order to "Create even better social assets for the next generation."

Renovating an urban high-rise building without rebuilding, and strengthening community functions

Shinjuku Sumitomo Building and "Sankaku Hiroba"

We implemented an extensive renovation of Shinjuku Sumitomo Building, an office-use skyscraper originally completed in 1974, and in July 2020, we completed "Sankaku Hiroba" (triangular plaza), a large space for public events. Sankaku Hiroba is an all-weather atrium of approximately 3,250 m² created by building a gigantic glass roof over an open public space incorporated into the building's design. The facility not just adds to the vibrancy of the Shinjuku district, where wide-ranging functions are highly concentrated, but also provides a disaster prevention function as an emergency shelter in case of large-scale disasters. Having been renovated instead of rebuilding, it serves as a model embodying how an office building can achieve sustainability.



Shinjuku's new hub for liveliness → Refer to "Community Revitalization" on page 72.

The Nishi-shinjuku district, where Shinjuku Sumitomo Building is located, is not only a business center where approximately 200,000 people work but also an area where there is a high concentration of a variety of functions, including large hotels, commercial facilities, universities, hospitals and residences. However, it faced a major issue of dispersed vibrancy, due to large open spaces and a two-layered structure of roads that obstructed the continuity of the cityscape and movements of people. Sankaku Hiroba, one of the largest all-weather event spaces in Japan with a capacity of about 2,000 people, has become a new hub that adds vibrancy to the entire district by hosting a variety of events.

A disaster prevention center for the community → Refer to "Disaster Countermeasures" on page 71.

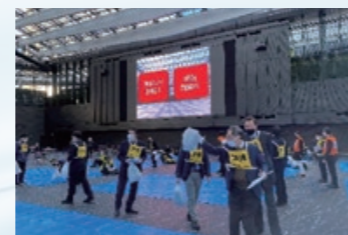
As the Great East Japan Earthquake in 2011 highlighted the importance of disaster prevention in urban areas, Sankaku Hiroba has been designed to serve as a temporary shelter for up to about 2,800 stranded commuters in the event of an emergency, taking advantage of its large indoor space. At the same time as enhancing measures for business continuity planning (BCP) including seismic reinforcement and expansion of oil tanks and generators, it serves as a local disaster prevention center, contributing to boost the community's disaster preparedness.

A model embodying sustainability of office buildings

Shinjuku Sumitomo Building has been nicknamed "Sankaku Biru" (triangular building) for its shape and adored by the public for nearly half a century since 1974 in a period when skyscrapers started to be built in Japan. Instead of tearing down the Sankaku Biru, we created a sophisticated interior space as fresh as a newly constructed building with high functionality through remodeling work, while keeping the triangular outward appearance intact. Compared to rebuilding, it significantly reduced the amount of industrial waste, such as construction materials, and by introducing energy-saving equipment on a par with that for new buildings, it reduces the environmental load. Furthermore, it contributes to the barrier-free feature of the area with pedestrian routes designed to resolve height gaps in surrounding areas.



A view of an event held at Sankaku Hiroba



Drill with members of the community



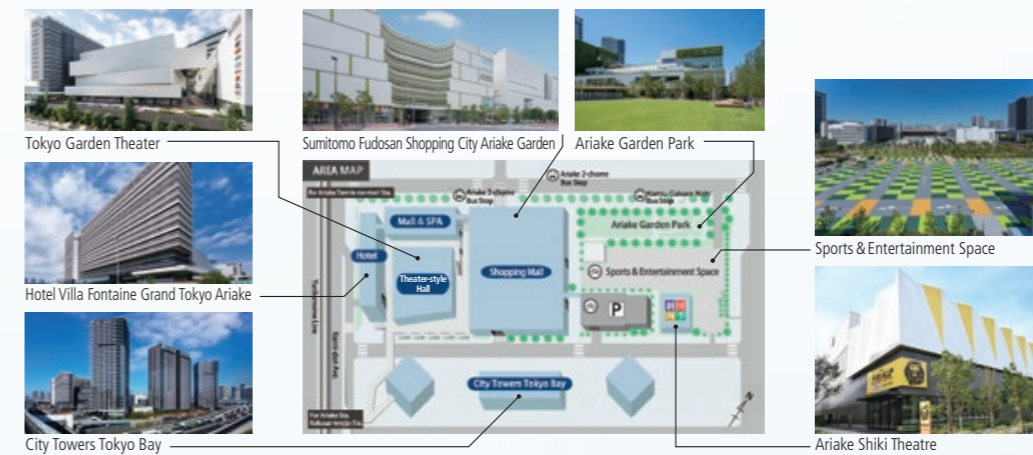
Facade as sophisticated as a newly constructed building

Development that improves the value of the area

Ariake Garden

The bayside Ariake area, where Ariake Garden is located, has flourished as a bustling site for events, with a growing supply of high-rise residences and a notably high level of population growth in Tokyo. In order to further increase the value of this bayside area, we developed Ariake Garden, a large-scale complex that helps address the area's housing shortage and the lack of convenience for visitors during their stay, and leverages the area's features to provide it with even greater liveliness and energy. Over its expansive, roughly 10.7 hectare area, it consists of residences, a retail facility, theater-style hall, performing arts theater, hotel, spa, and plaza. In addition to providing rich lifestyle convenience and pleasant stays, it is also creating further excitement by bringing in art and culture that are novel to the Ariake area.

As a facility positioned in the area central to bayside vitalization, we will promote continuous urban development so that it will become the heart of community building for local residents, and contribute to the further advancement of the entire waterfront and bayside area.



Example of events



Ariake Halloween Carnival



New-year event in conjunction with local sports team



Summer art and music event



Portable shrine mikoshi festival in conjunction with local junior high school and high school students

Value creation at a gateway to Japan

Haneda Airport Garden

Haneda Airport Garden is a mixed-use complex designed to respond to the diverse needs for Haneda Airport as a 24-hour international hub airport. The core facility is the largest airport hotel in Japan that offers the hospitality and functionality expected of a global hub airport hotel. It also has various features, such as a MICE-compatible multipurpose hall and conference rooms, a natural hot spring with a view of Mt. Fuji and airplanes, an all-weather bus terminal that connects the airport with various parts of Japan, and a shopping area featuring Japanese culture with an extensive lineup of approximately 80 shops and restaurants.

By fully leveraging the potential of its location, directly connected to Haneda Airport International Terminal 3, it will perform a role of further improving Haneda Airport, a gateway to Japan, as a new hub that enhances convenience for international travelers and creates a vibrant atmosphere for urban international-exchange tourism.

In addition, going beyond the operation of facilities adjacent to the airport, we contribute to the creation of one of the world's most advanced business areas and the sustainable development of the local community in collaboration with Haneda Innovation City and KING SKYFRONT across the Tama River.



Providing the hospitality and functionality expected of a global hub airport hotel

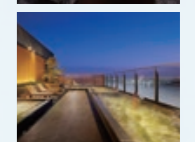
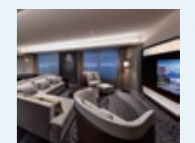
Airport hotel with 1,717 rooms

Enhancing international exchange functions
Multipurpose hall and conference rooms

Viewing Mt. Fuji and airplanes
Natural hot spring

Connecting the airport with regional cities and tourist destinations
All-weather bus terminal

An extensive lineup featuring Japanese culture
Shopping area with approx. 80 shops and restaurants



Taking on the Challenges of Creating New Value

Bringing together the expertise in urban redevelopment in Tokyo that we have cultivated so far
Actively investing in Mumbai, India, an overseas growing market comparable to Tokyo—Aiming to establish a major base second to Tokyo



Since July 2019, we have successively acquired two of the largest office building sites in BKC, a new city center of Mumbai, and are advancing the office building development plans with a total gross floor area of approximately 260,000 m² and an investment scale of nearly ¥200.0 billion. In addition, in October 2023, we have independently acquired a development site of approximately 80,000 m² (about 24,000 tsubo * 1 tsubo ≈ 3.3 m²) in Worli, a new city center in the heart of Mumbai, and we will advance a “super high-rise mixed-use urban development project,” which will be the largest urban redevelopment by a Japanese company in India with a total project cost of over ¥500.0 billion and gross floor area of over one million m², aiming for the full opening of the facilities in the 2030s.

Starting with this mixed-use development project, we are looking ahead to expanding into other businesses such as hotels, retail facilities and residential development in addition to our long-term office leasing business. We will continue to further expand our business base in India, bringing together the expertise in redevelopment and various businesses that we have cultivated so far as a comprehensive real estate company, to build a major base second to Tokyo. We will strive for business expansion in India, which will solidify our growth potential and realize further enhancement of corporate value with the collective efforts of the Sumitomo Realty Group.

	Project 1 in BKC (site acquired in July 2019)	Project 2 in BKC (site acquired in November 2022)	Project in Worli (site acquired in October 2023)
Location	Bandra East, Mumbai, Maharashtra State		Worli, Mumbai
Acquisition value (yen equivalent)	22.38 billion INR (38.0 billion JPY)	20.67 billion INR (35.1 billion JPY)	46.7 billion INR (79.5 billion JPY)
Type of ownership	Leasehold for 80 years	Leasehold for 80 years	Freehold
Site area	12,486 m ² (approx. 3,780 tsubo)	11,885 m ² (approx. 3,595 tsubo)	80,903 m ² (approx. 24,473 tsubo)
Building scale (gross floor area)	Approx. 130 thousand m ² (approx. 40 thousand tsubo)	Approx. 130 thousand m ² (approx. 40 thousand tsubo)	Over 1 million m ² (over 300 thousand tsubo)
Use	Office building for lease	Office building for lease	Super high-rise mixed-use development project

*1. 1 INR = 1.7 JPY *2. 1 tsubo ≈ 3.3 m²

Project 1 and 2 in BKC

We started the overseas expansion in BKC in 2019, with our “Tokyo office building leasing business” model of acquiring the development site independently, developing, leasing, managing and owning buildings by ourselves for the long term. In 2022, we acquired an additional site of the same scale, and are advancing the office building development plans with a total gross floor area of approximately 260,000 m² and an investment scale of nearly ¥200.0 billion for the two properties combined.

The first office building project in BKC, which is the foothold of our business in India, is currently under construction, and the second project is also proceeding with permit procedures for starting underground construction after the land handover in August 2023. Both projects are progressing smoothly towards sequential completion after 2026.



Project 1 in BKC (underground excavation is underway)

Project in Worli

The site is located in the heart of the city center, where work, living, and leisure are in close proximity, surrounded by five-star hotels, luxury high-rise condominiums, office buildings housing top-tier foreign companies, and high-end shopping malls. In India, where land registration lacks credibility and it is difficult to eliminate the risk of litigation and other development risks, it has been indisputably owned for about 150 years as the property of a textile company owned by a conglomerate or family business. In addition, it is a “freehold” land with no restrictions on development use, and a vast site area of approximately 80,000 m² (about 24,000 tsubo), which is over six times the size of the first and second projects in BKC combined. Taking advantage of these characteristics of the site, we will advance this mixed-use development looking ahead to expanding into businesses such as hotels, retail facilities and residential development in addition to office building, leveraging our expertise cultivated in Japan.

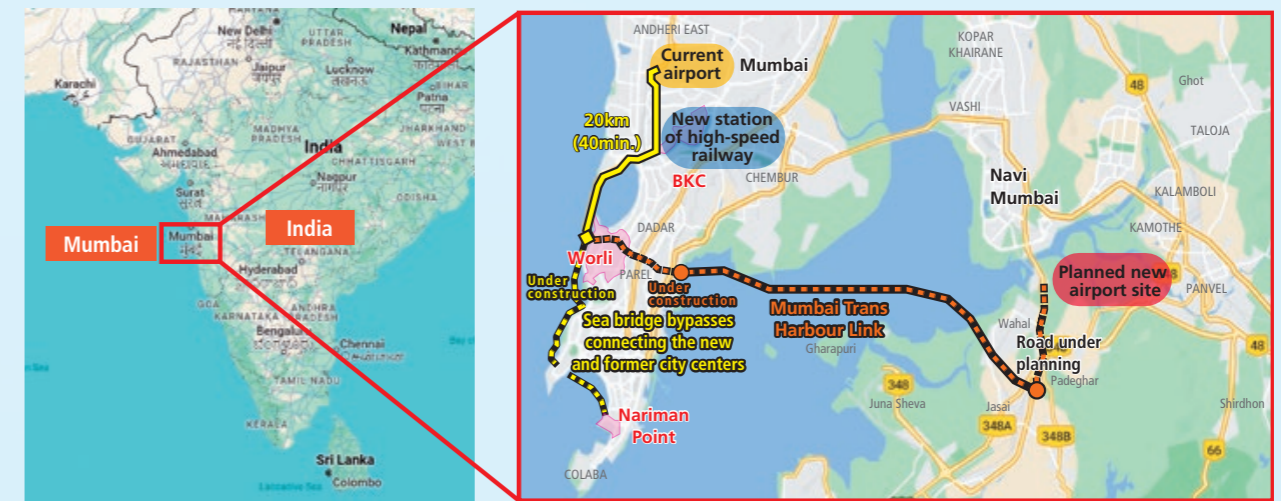


Area around the acquired site

Mumbai – Achieving further development with enhanced infrastructure

Maharashtra state, which includes Mumbai where we have acquired the development sites, boasts the largest economic scale in all of India's states, along with a population of approximately 126 million, roughly the same as Japan. The city of Mumbai, the capital of the state, with a population of about 18.4 million, has flourished as a port town since ancient times and is known as one of Asia's leading financial centers, with the central bank, National Stock Exchange (NSE), Securities and Exchange Board, headquarters of various banks, and chambers of commerce of various countries. Furthermore, Mumbai has the highest GDP per capita in all of India's states, with headquarters of many conglomerates such as Tata and Reliance, along with many employees of large corporations residing there.

Currently, efforts are underway in various parts of Mumbai to enhance infrastructure. With the development of the transportation network shortening travel times, it is expected to support the commutes of an increasing number of office workers in the future, and enable easier access to various parts of the world and within India, thus further enhancing development of the city.



Source: Google Maps

“Indian Shinkansen” (high-speed railway)	Connecting Mumbai and Ahmedabad in about 2 hours, covering approximately 500 km distance
Mumbai Trans Harbour Link	Connecting the center of Mumbai to the new airport under construction in Navi Mumbai across the eastern shore, with a total extension of about 22 km
Sea Link	A sea bridge bypass where extension work is progressing on the western coast of the peninsula to avoid traffic congestion in the city (scheduled to open in 2024)
Metro Line 3	Connecting major business areas from the current airport area to Nariman Point via BKC and Worli (scheduled to open in 2024)

High profitability significantly exceeding the expected return on investment in Tokyo

BKC is being developed as a financial center, with government-affiliated companies, the National Stock Exchange, major Indian conglomerates, and foreign IT companies moving in. In the future, the Indian Shinkansen, which will introduce Japanese technology, and new stations for new metro lines are scheduled to open, and further development as a business district is expected.

As positioned in the upper ranks in the JLL Premium Office Rent Tracker (as of the end of the third quarter of 2022), the rent for prime office buildings in BKC of Mumbai is at the same level as central Tokyo. The investment efficiency is expected to yield a return more than three times that of investment properties generally traded in Tokyo. We can expect sufficiently high profitability even when considering risk premiums such as interest rates and exchange rates.

We believe that the development site in Worli can expect even higher profitability due to factors such as (i) we can reduce the land cost per floor area to almost half of the BKC properties through the acquisition of additional FAR (Floor Area Ratio), and (ii) it is a freehold land where large-scale mixed-use development without usage restrictions is possible.



BKC



Worli

Business Review

Financial Results for Fiscal 2022 and Progress of the Ninth Management Plan

1 Overview of Consolidated Results

Record-high ordinary profit for the second consecutive year, and record-high profit for the tenth consecutive year

The financial results for fiscal 2022 are as shown in the table below. Revenue from operations, operating income, ordinary profit and profit all increased from the previous year. Ordinary profit achieved a record high for the second consecutive year, while profit attributable to owners of parent achieved a record high for the tenth consecutive year.

With the comprehensive strength of the Group, achieving higher operating income in all four major segments

Looking at each segment, the steady progress in the mainstay office building business underpinned the achievement, and the decline due to COVID-19 in commercial facility business such as hotels and event halls shrank, resulting in increased revenue and profit in the leasing business. In addition, the construction business including Shinchiku Sokkurisan remodeling, as well as the brokerage business with good performance in brokerage of existing homes, both contributed to overall performance with their record high profits. In the sales business primarily for condominium sales, even though revenue decreased owing to a decline in the number of units delivered, it achieved higher operating income by improved profit margins.

Non-operating loss recorded ¥4.6 billion (an improvement of ¥4.1 billion year-on-year) due to increase in dividend income and decrease in interest expense. Extraordinary loss recorded ¥6.3 billion (an improvement of ¥0.1 billion year-on-year), almost the same as the previous year.

As a result, revenue from operations for fiscal 2022 was ¥939.9 billion (up 0.1% year-on-year), operating income was ¥241.2 billion (up 3.2% year-on-year), ordinary profit was ¥236.6 billion (up 5.1% year-on-year) and profit attributable to owners of parent was ¥161.9 billion (up 7.6% year-on-year).

	(Billion yen)		
	FY2021 (Apr 1, 2021 - Mar 31, 2022)	FY2022 (Apr 1, 2022 - Mar 31, 2023)	YoY change
Revenue from operations	939.4	939.9	+0.4
Operating income	233.8	241.2	+7.3
Ordinary profit	225.1	236.6	+11.5
Profit attributable to owners of parent	150.4	161.9	+11.4

2 Outlook for Next Fiscal Year (Announced on May 11, 2023)

Forecasts for the next fiscal year (year ending March 31, 2024) are as shown to the right. With comprehensive strengths of the Group, we intend to achieve increased revenue and profit in all four major segments, and record-high ordinary profit for the third consecutive year and record-high profit attributable to owners of parent for the eleventh consecutive year.

	(Billion yen)		
	FY2022 (Apr 1, 2022 - Mar 31, 2023)	FY2023 Forecast (Apr 1, 2023 - Mar 31, 2024)	YoY change
Revenue from operations	939.9	970.0	+30.0
Operating income	241.2	255.0	+13.7
Ordinary profit	236.6	250.0	+13.3
Profit attributable to owners of parent	161.9	175.0	+13.0

3 Progress of the Ninth Management Plan (Fiscal 2022 – Fiscal 2024)

In fiscal 2022, the first year of the plan, ordinary profit achieved a record high for the second consecutive year, while profit attributable to owners of parent achieved a record high for the tenth consecutive year, as described in the above "1. Overview of Consolidated Results."

As a result, we achieved approximately one-third of our three-year cumulative targets for revenue from operations, operating income, ordinary profit, and profit, as shown in the table to the right, making a steady start toward consecutive achievement of record-high Management Plan performance.

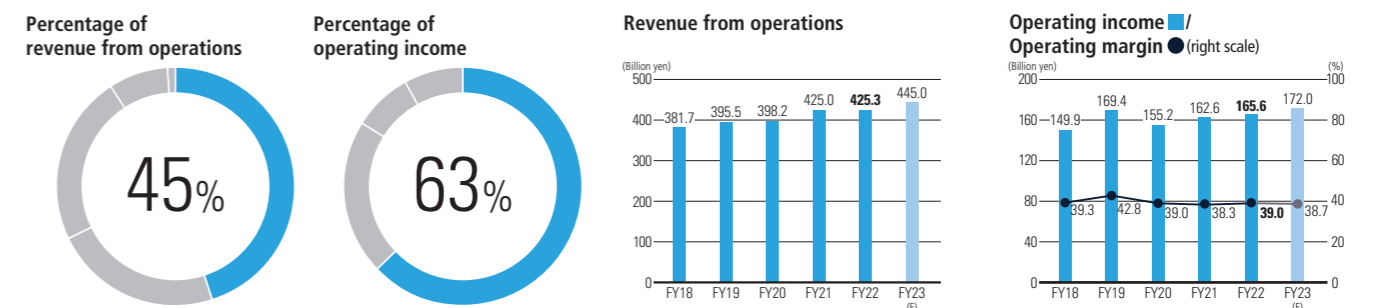
	(Billion yen)		
	Three-year Cumulative Targets* (Apr 1, 2022 - Mar 31, 2025)	FY2022 (Apr 1, 2022 - Mar 31, 2023)	Achievement Rate
Revenue from operations	3,000.0	939.9	31%
Operating income	770.0	241.2	31%
Ordinary profit	750.0	236.6	32%
Profit attributable to owners of parent	500.0	161.9	32%

* Announced on May 12, 2022

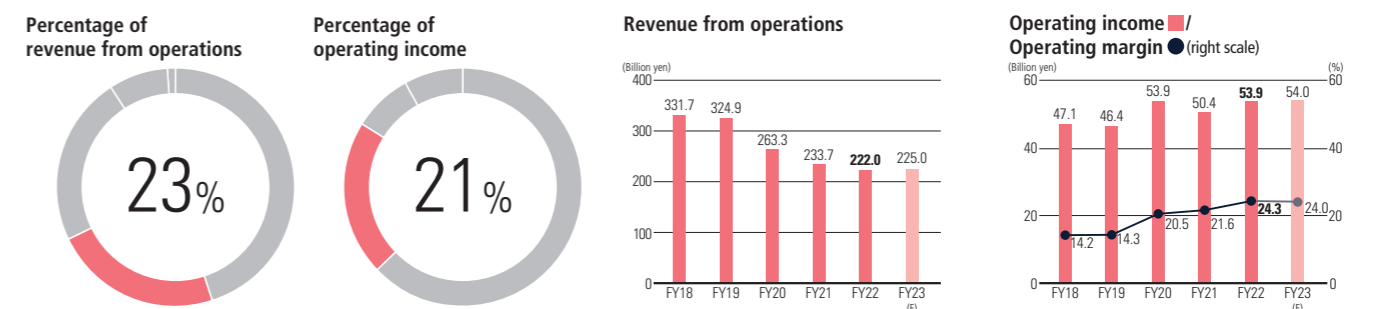
Overview of Each Segment

	Revenue from operations (Billion yen)				Operating income (Billion yen)			
	FY2022	YoY	FY2023 (F)	YoY	FY2022	YoY	FY2023 (F)	YoY
Leasing	425.3	+0.2	445.0	+19.6	165.6	+3.0	172.0	+6.3
Sales	222.0	(11.7)	225.0	+2.9	53.9	+3.4	54.0	+0.0
Construction	213.5	+9.2	220.0	+6.4	21.4	+2.8	23.0	+1.5
Brokerage	75.1	+1.6	77.0	+1.8	20.0	+2.0	22.0	+1.9

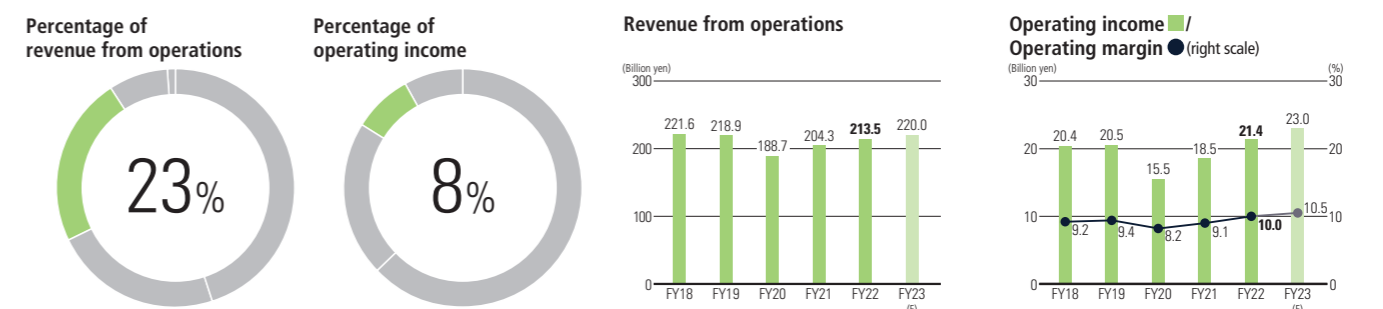
Leasing



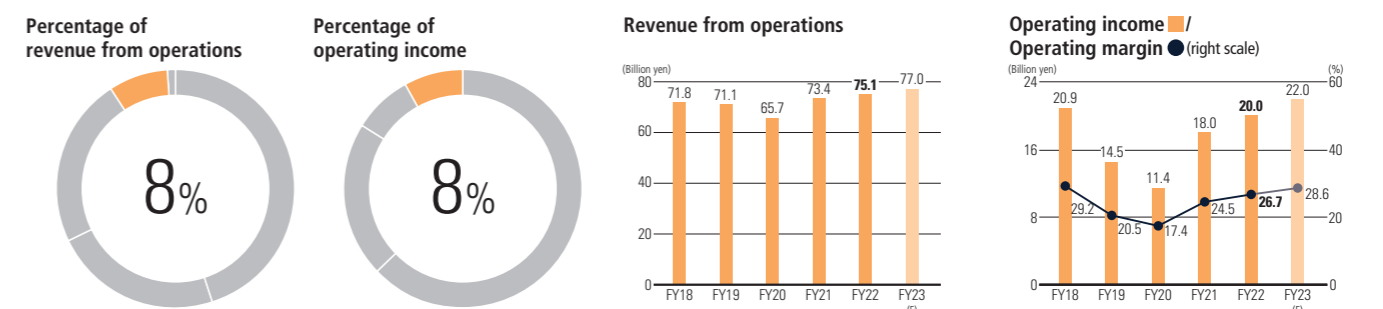
Sales



Construction



Brokerage



Overview of Each Segment

Leasing

Steady progress in office building business with higher revenue and profit

In fiscal 2022, although administrative expenses including utility increased due to soaring energy prices, full-year operation of buildings completed in the previous fiscal year, such as Sumitomo Fudosan Tamachi Building East and Sumitomo Fudosan Kanda Izumicho Building, as well as strong leasing of the “La Tour” series of luxury rental apartment contributed to the Company’s performance.

The decline due to COVID-19 in commercial facility business such as hotels and event halls shrank, and as a result for this segment, both revenue and profit increased.

High occupancy rates maintained, and positive demand grown for increasing floor areas, etc.

Vacancy rates in existing buildings remained stable at the same level as the end of the previous year, maintaining a high occupancy rate of over 90%. Currently, as the normalization of economic activity has led to a recovery in the percentage of people working at office, there has been a positive demand, such as office relocations for more comfortable working environment and increases in floor space for recruiting more human resources. Tenant-seeking activities are also making steady progress for new large-scale redevelopment properties completed during fiscal 2022, including Sumitomo Fudosan Tokyo Mita Garden Tower and Sumitomo Fudosan Shinjuku First Tower, and Sumitomo Fudosan Nakano Ekimae Building scheduled for completion in the next fiscal year.



Sumitomo Fudosan Tokyo Mita Garden Tower
(Completion: Feb 2023)
Shinjuku Ward, Tokyo
No. of floors: 42 above / 4 below ground
Gross floor area: 196,214 m²



Sumitomo Fudosan Shinjuku First Tower
(Completion: Mar 2023)
Shinjuku Ward, Tokyo
No. of floors: 35 above / 2 below ground
Gross floor area: 88,991 m²



Sumitomo Fudosan Nakano Ekimae Building (Nakano 2-chome Project)
(Expected completion: Feb 2024)
Nakano Ward, Tokyo
No. of floors: 37 above / 2 below ground
Gross floor area: 99,154 m²

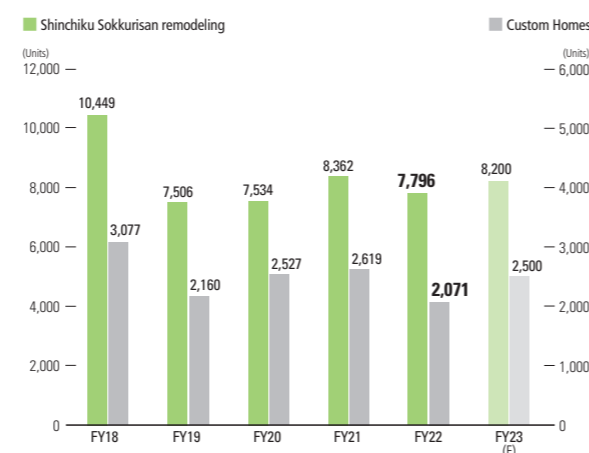
Construction

Achieved record-high profit with increased revenue and profit despite decreased orders

In fiscal 2022, the number of units contracted decreased to 7,796 units in the Shinchiku Sokkurisan remodeling business (down 566 units year-on-year) and 2,071 units in the custom home construction business (down 548 units year-on-year), compared with the previous year. We have raised prices against a backdrop of increasing timber and other material costs, followed by a reactionary decline from the rush immediately prior to the price raise. In addition, orders from customers newly acquiring land for custom homes have declined due to rising land prices for detached houses, and these are the main reasons for the decline in orders.

However, both revenue and profit increased in this business segment and achieved record-high profit for the first time in three years, as a result of increased revenues due to price increases in both businesses and rigorous cost control, including the use of domestic timber.

Number of units contracted



Sales

Maintaining high level of profit, resulting in increased operating income

In fiscal 2022, a total of 2,961 condominium units, detached houses, and land lots were delivered (down 643 units year-on-year), including properties of which we started delivery such as Grand Hills Minami Aoyama, City Tower Osaka Honmachi, Umeda Garden Residence, and City House Koganei Koen. Although the segment’s revenue decreased due to the decline in the number of units delivered compared with the previous year, operating income increased with improved profit margin by the delivery of a number of highly profitable condominium units, primarily in central Tokyo.

Steady progress in condominium contracting, securing 90% of units to be delivered in the next fiscal year

In fiscal 2022, the number of condominium units sold made good progress, and increased by 20% from the previous year to 3,702 units (up 655 units). As a result, approximately 90% of the 3,000 units planned to be delivered in the next fiscal year were already sold at the beginning of the fiscal year (approximately 80% in the previous year).



Grand Hills Minami Aoyama
(Delivery start: Apr 2022)
Minato Ward, Tokyo
No. of floors: 18 above / 2 below ground
No. of units for sale: 105



City Tower Osaka Honmachi
(Delivery start: Apr 2022)
Osaka, Osaka
No. of floors: 48 above / 1 below ground
No. of units for sale: 855



Umeda Garden Residence
(Delivery start: Jul 2022)
Osaka, Osaka
No. of floors: 56 above / 1 below ground
No. of units for sale: 584

Brokerage

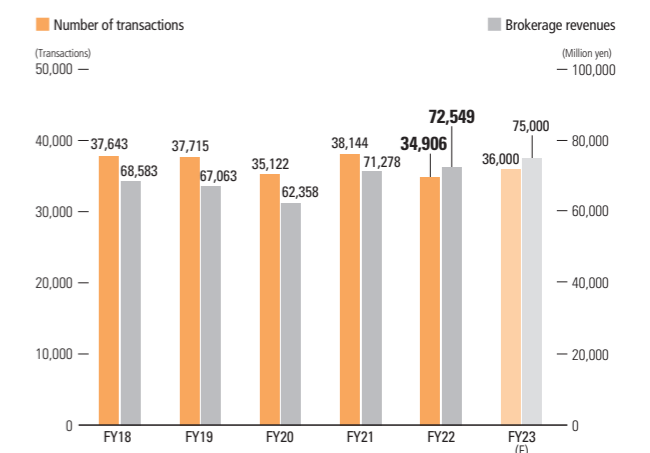
Achieved record-high profit for the second consecutive year with increased revenue and profit

In fiscal 2022, in the mainstay brokerage business primarily for existing condominiums, revenue increased compared to the previous fiscal year by increased transaction unit price, although the number of transactions decreased to 34,906 (down 3,238 year-on-year).

As a result, both revenue and profit increased in this segment, with revenue from operation and operating income reaching record highs for the second consecutive year.

“STEP Auctions,” a fair and highly transparent brokerage service we introduced first in the industry in 2021, has been well-accepted by many sellers. In fiscal 2022, the Company continued its efforts to further deepen its “Customer First” policy, such as the discontinuation of sending direct mail in January which had been sent to customers using registered information from the perspective of protecting personal information, and shifting our focus to an advertising strategy utilizing the Internet.

Number of transactions and brokerage revenues



Business Segments **Leasing**

Office Buildings / Rental Apartments / Hotels / Multipurpose Halls / Retail Facilities



Challenges

- Response to increasingly diverse office needs
- Compliance with increasingly high environmental performance standards
- Strengthening disaster countermeasures in preparation for severe natural disasters
- Response to new workstyles in the post-COVID-19 era

Opportunities

- Demand for office buildings with better locations and functions
- Increase in demand for office buildings with high level of disaster preparedness and environmental performance
- Demand for office buildings that support new workstyles

Competitive Advantages

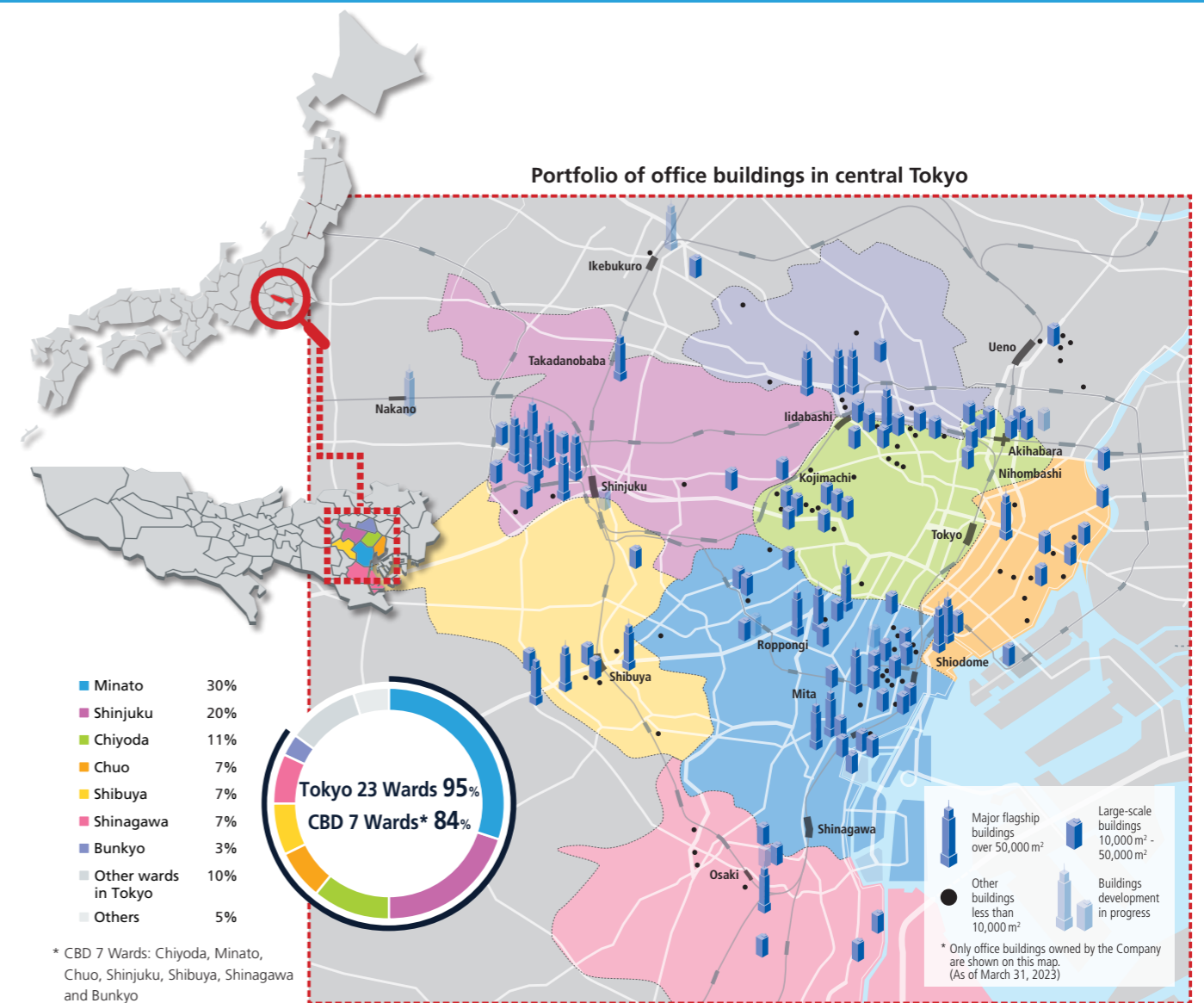
- 1 An extensive line-up of buildings in various locations and scales to meet diverse needs, primarily in central Tokyo
- 2 State-of-the-art facilities, offering high degree of functionality, comfort and environmental performance
- 3 Seismic isolation/damping systems and high level of disaster-preparedness for enhanced BCP compliance
- 4 Providing flexible spaces to meet the needs of the latest office trends
- 5 A system for offering optimal green power plans that can be selected according to the needs of each tenant company

Portfolio of office buildings catering to diverse needs

Tokyo is Japan's economic center, where companies from all industry sectors congregate, creating a superior market with stability over the long term. In the office building leasing business, which is the core of our real estate leasing business, our leasing portfolio emphasizes locations in central Tokyo; 95% of our portfolio is in Tokyo's 23 wards, and 84% is in the seven wards of the Tokyo CBD (Central Business District). Many of our buildings are located in proximity of major railway and subway stations, offering excellent accessibility favored for a business base.

The functionality of our buildings gives us a major competitive advantage in the market. In preparation for a large-scale earthquake of the kind that have occurred to date, we have actively adopted seismic isolation/damping systems for our buildings, enhanced BCP compliance with uninterrupted power supply specifications, including the installation of emergency power generators. In addition, we also have realized a high level of environmental performance by adopting highly efficient equipment and energy-saving specifications, enabling our building to acquire Green Building certification.

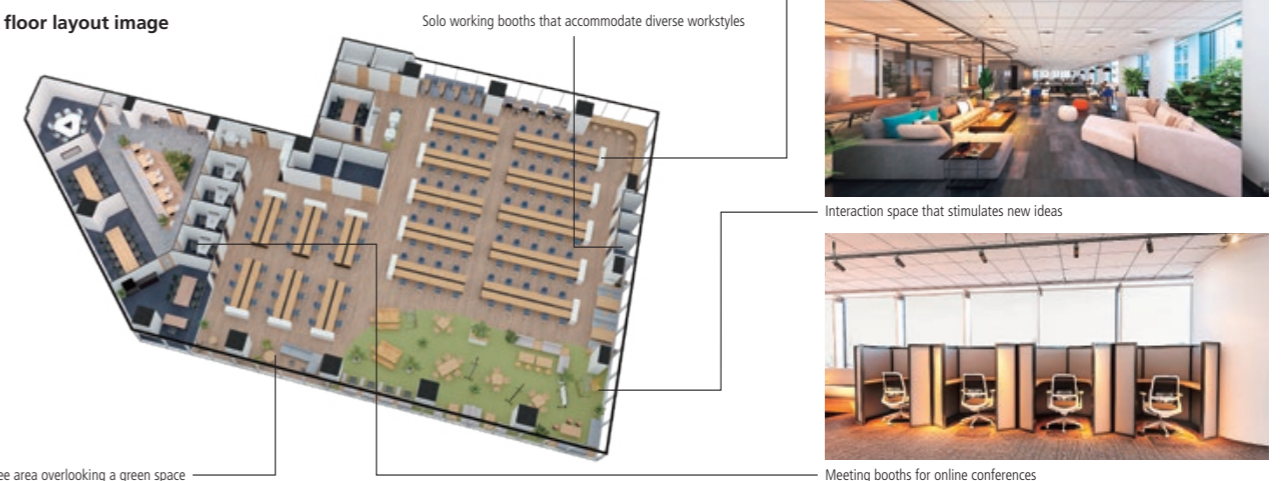
We will continue to build a stable earnings base through continuously supplying highly competitive office buildings, mainly in the Tokyo CBD, where demand is expected to remain stable into the future.



Providing flexible spaces that can effectively meet the office needs of the new age

As the COVID-19 pandemic recedes and economies return to normal, a growing number of companies are seeking to increase the frequency with which employees work at the office. Instead of traditional office spaces, there is a rising need for offices that will increase employees' motivation to come to the office. The standard floors of the buildings we supply feature large spaces free of pillars or columns that are suitable for relocations, mergers, and the creation of new office spaces. They can flexibly meet the diverse layout needs of companies, such as creating a space that facilitates internal communication and generates creative ideas, and building remote conferencing booths. These office spaces have been well-received by our many tenant companies.

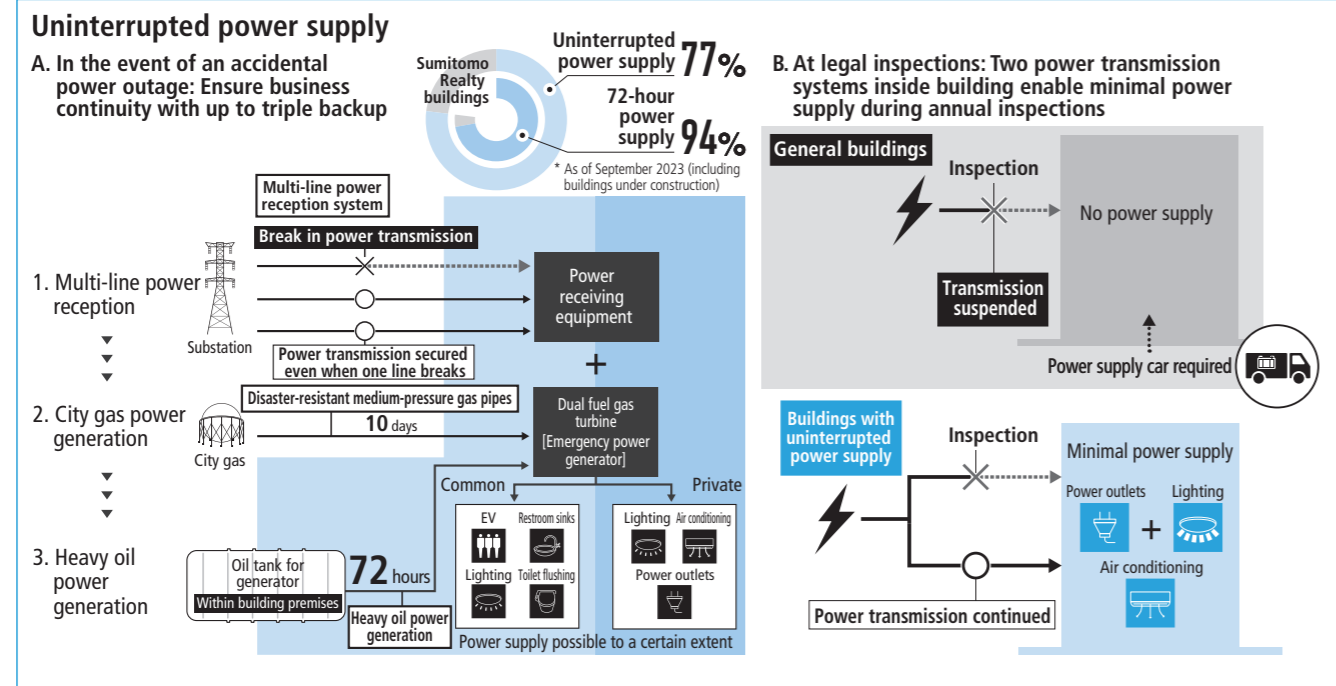
Office floor layout image



Disaster prevention for office buildings

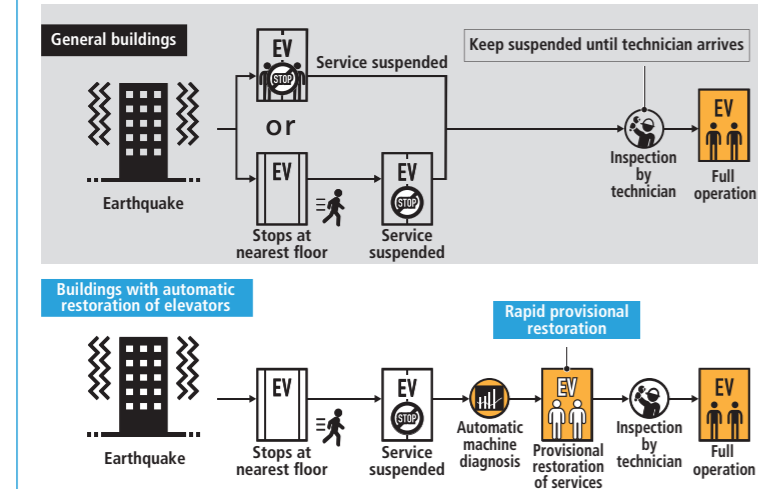
The Company strives to create office buildings that continue to function and secure the safety and peace of mind of our tenants even at times of disaster. Our entire portfolio meets or exceeds the new earthquake resistance standards adopted in 1981, and approximately 80% of the buildings we own are structured with a seismic isolation and/or damping system, while enhancing BCP compliance with measures for uninterrupted power supply including installation of emergency power generators in about 70% of our buildings (100% of those completed in or after 2001). We directly manage the buildings 24 hours a day, 365 days a year, making it possible to respond swiftly to emergencies.

BCP | Uninterrupted power supply / elevator restoration & flooding countermeasures



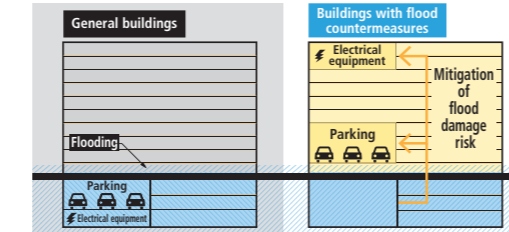
Provisional automatic restoration of elevators

Avoid people being trapped in elevators and long period of no elevator service in the event of an earthquake



Flood countermeasures for equipment

Electrical equipment and parking allocated above ground level

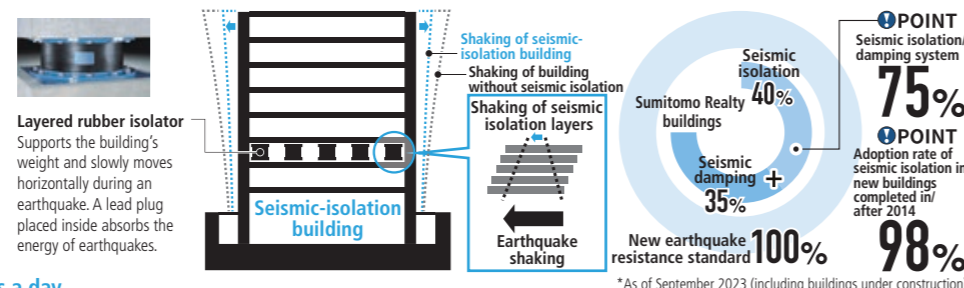


Other disaster countermeasures

- Temporary evacuation center: Entrances, etc. opened up to provide shelter for stranded commuters.
- Digital signage: Dissemination of disaster information, etc.
- Manhole toilets: Prepared for disaster.
- Emergency wells: Prepared for water supply disruption.
- Emergency supply storeroom: Prepared for emergency.

STRUCTURE | Seismic isolation system

Seismic isolation devices are installed at the bottom of and on mid-level floors of buildings to absorb the shaking. Structures that suppress the direct transmission of seismic energy to the building mitigate the risk to human life, as well as the risk of furniture toppling.



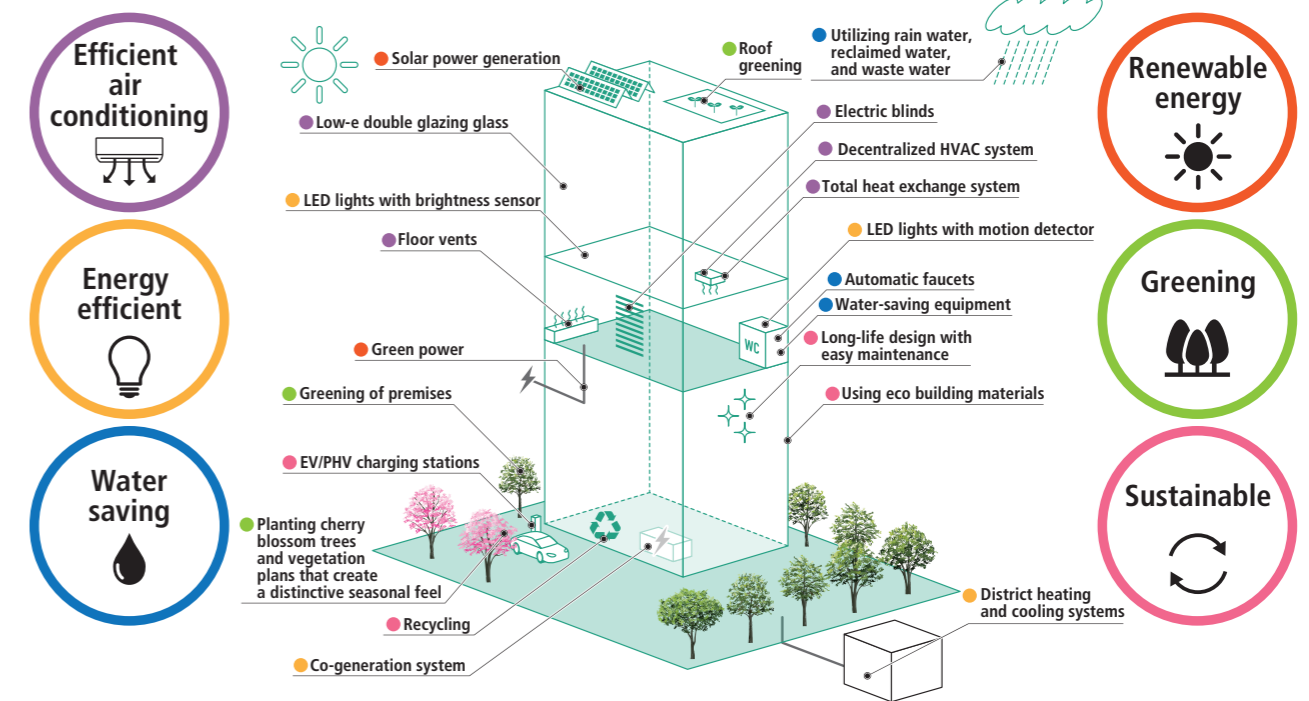
SERVICE | Direct management 24 hours a day

24-hour, year-round direct management by Sumitomo Realty employees enables swift responses even in times of trouble.

* The diagram below is for illustrative purposes only. Not all features are available in all Sumitomo Realty buildings.

Environmentally friendly technologies for office buildings

In the construction of new office buildings and when upgrading equipment in existing buildings, we actively install the state-of-the-art and highly energy-efficient equipment in promoting the development of environmentally friendly, sustainable office buildings. Our buildings' performance and initiatives regarding "environmental and social awareness" have been highly evaluated, and 70 buildings with a total gross floor area of 1.07 million tsubo (1 tsubo ≈ 3.3 m²) acquired DBJ Green Building Certification. This is the largest number of buildings held among the owners of buildings in the Office Building Category. (As of September 2023, researched by the Company)



DBJ Green Building Certification

DBJ Green Building ★★★★★ Properties that have acquired five stars

Properties with the best class environmental & social awareness

- Sumitomo Fudosan Azabujuban Building
- Izumi Garden Annex
- Sumitomo Fudosan Akihabara Ekimae Building
- Sumitomo Fudosan Onarimon Tower
- Sumitomo Fudosan Shinjuku Central Park Tower
- Sumitomo Fudosan Shibuya Tower
- Sumitomo Fudosan Shibuya Garden Tower
- Chiyoda First Building West

Total of 14 office buildings

Sumitomo Fudosan Tokyo Mita Garden Tower, Sumitomo Fudosan Roppongi Grand Tower, Tokyo Nihombashi Tower, Sumitomo Fudosan Osaki Garden Tower, Sumitomo Fudosan Shinjuku Grand Tower, Sumitomo Fudosan Shinjuku Garden Tower.

Providing development support and relationship-building assistance to next generation companies

Since January 2023, we have been hosting the Toranomon Summits, an event that matches more than 1,500 of the tenant companies in our buildings with start-up companies to help create next-generation unicorn companies. Each of these summits has a theme, such as real estate, construction, the environment, or finance, and 10 start-ups in these fields give presentations to the audience, which comprises roughly 200 representatives from major corporations and venture capital companies. The summits also provide opportunities for interacting with other participants through social gatherings.

In addition, in May 2023, we opened Growth Toranomon, a furnished office that companies can move into without the need for major up-front expenses. We offer a wide lineup of buildings and diverse offices to match the business growth of tenants. Through these efforts, we are supporting the growth of next generation companies, and establishing new and stronger relationships.



The first Toranomon Summit

Rental Apartments

“La Tour” series

We own and operate approximately 6,000 units of rental apartments primarily in major metropolitan areas. Of these, the “La Tour” series at its core offer premium residences with great views, high-grade specifications and facilities, hotel-style bilingual concierge services and advanced security systems. We operate 28 La Tour buildings with approximately 3,800 units in areas such as Daikanyama, Roppongi, Shibuya and Shinjuku in central Tokyo, as well as in Osaka, Kyoto and Sapporo. (As of March 31, 2023)



Hotels

Sumitomo Fudosan Villa Fontaine Co., Ltd.

The Villa Fontaine series is our high grade business hotels at prime locations that offer spacious guest rooms and stylish interiors. Sumitomo Fudosan Villa Fontaine Co., Ltd. operates a total of 21 hotels / 5,385 rooms, including 16 Villa Fontaine hotels in central Tokyo and one in Osaka and Kobe respectively, two Village series hotels in Izukogen and Kyoto targeting resort customers and tourists, and “inumo Shibakoen,” where guests can enjoy staying with their dogs. In December 2022, it opened Japan’s largest airport hotel at Haneda Airport, and is currently operating an affiliated business, the *Izumi Tenku no Yu* spa. (As of March 31, 2023)



Multipurpose Halls

Sumitomo Fudosan Bellesalle Co., Ltd.

Sumitomo Fudosan Bellesalle Co., Ltd. operates over 30 facilities with multipurpose halls and conference rooms mainly in central Tokyo. Easily accessible and featuring an array of equipment and fixtures, our venues are used for a wide range of events, including exhibitions, large-scale entertainment events, family sales, academic conferences, lectures, shareholders’ meetings, corporate events and social gatherings. It also operates shared office spaces “Bellesalle Lounges,” offering small meeting rooms and private rooms suitable for remote work and web conferences. (As of March 31, 2023)



Retail Facilities

Sumitomo Fudosan Retail Management Co., Ltd.

Sumitomo Fudosan Retail Management Co., Ltd. manages Ariake Garden, which fully opened on a vast 10.7 hectare tract in August 2020, and Haneda Airport Garden, which fully opened in January 2023 and is directly connected to Haneda Airport. Ariake Garden is a commercial complex featuring a wide variety of shops catering to diverse needs both for every day and special occasions. It has been well-received as it proposes a new lifestyle for Tokyo Bay area while contributing to the revitalization of the community. Haneda Airport Garden is a mixed-use complex featuring an airport hotel, commercial area, multipurpose hall, and more, developed as a new hub to strengthen the international competitiveness of Haneda Airport, a gateway to Japan and global hub airport. It features an airport hotel, commercial area, multipurpose hall, and more.



Grand opening of Haneda Airport Garden — a mixed-use complex, directly connected to Haneda Airport International Terminal 3

Topics

Directly connected to Haneda Airport, the Haneda Airport Garden fully opened in January 2023 to become a new hub that both enhances convenience for international travelers and creates a vibrant atmosphere for urban international-exchange tourism. The core facility is the largest airport hotel in Japan, under two brands, Premier and Grand, offering a total of 1,717 guestrooms. The complex also has various features, such as a multipurpose hall and conference rooms that enhance international exchange functions, a natural hot spring with a view of Mt. Fuji and airplanes, a shopping area with an extensive lineup of approximately 80 shops/restaurants including shops selling Japanese cultural products and travel goods, Japan’s famous restaurants, and a food court.



“La Tour,” Sumitomo Realty’s luxury rental apartment — Five individual* La Tour properties have acquired the highest ratings in DBJ Green Building Certification

Topics

Five individual properties of “La Tour” series, our luxury rental apartments, have acquired the highest ratings in “DBJ Green Building Certification” from the Development Bank of Japan Inc. (DBJ). We have acquired the certification for the La Tour series properties with the aim of objectively evaluating the high level of living comfort, high quality of service, and environmental performance, and utilizing the findings to further improve our quality and service. “La Tour Osaka Umeda” is the first property in Japan that properties in Kansai area have acquired the highest ratings in the residential category of the certification.



The five properties that have acquired the highest ratings	
La Tour Daikanyama	La Tour Minami Azabu
La Tour Chiyoda Fujimi	La Tour Osaka Umeda
La Tour Sapporo Ito Garden	



La Tour Osaka Umeda

* We have already acquired certification for La Tour complex office buildings.

Business Segments **Sales**

Condominiums / Residential Lots



Challenges

- Responding to changes in housing demand with diversifying lifestyles
- Securing land that will enable new supply

Opportunities

- Sustained housing demand in convenient locations both in the city center and the suburbs
- Increased demand for housing with a high level of environmental performance

Competitive Advantages

- 1 Exteriors, common area design, functions and equipment that retain their asset value for the future
- 2 Operating mainly in major cities throughout Japan — stable supply with 80% of the portfolio in the Tokyo metropolitan area
- 3 Unique services and equipment designed for customers' convenience and comfort
- 4 "ZEH-M Oriented" with high energy-saving performance, standardized for all new condominiums → Refer to page 24

Condominiums that retain their asset value for the future

We provide condominiums that will retain their asset value and appeal over time. They are characterized by enhanced product planning with stylish exteriors that make them landmarks, elegant entrances, extensive common areas, disaster-resilient and high-spec basic performance, latest housing equipment, etc. A number of our condominiums have garnered the Good Design Award sponsored by the Japan Institute of Design Promotion.

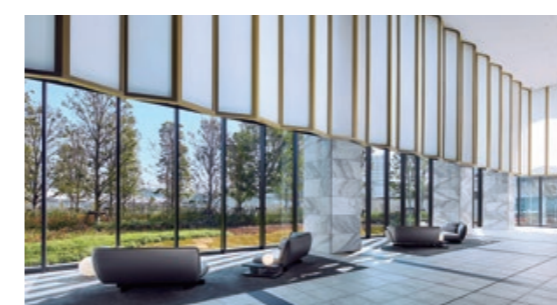
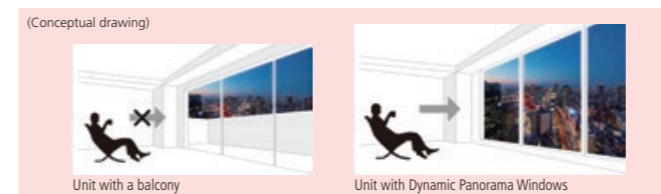


Examples of our unique customer-first products and services

* Facilities and equipment may differ by property.

Dynamic Panorama Windows

In high-rise units, the residents can enjoy a dynamic view (a direct sky view) with an exceptionally wide range of vision, experiencing a sense of release that brings a feeling of being part of the sky, even while remaining seated.

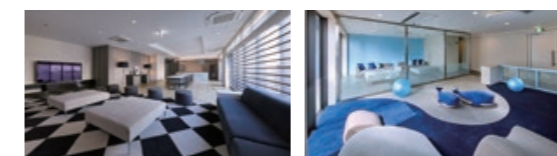


Enhanced common areas

Taking advantage of large-scale condominiums, we have increased our product appeal by enhancing the common areas. As well as spacious entrance halls with a two-story atrium, our condominiums provide extensive facilities for community interaction, including kids' rooms, party rooms, lounges, guest rooms, fitness rooms and remote work rooms, which residents can readily use, offering an attractive residence.

From April 2022, we introduced "Smart lock with payment system" that allows residents to book and pay for these common facilities on their computer or smartphone, and then unlock the door to the booked room using a PIN. In addition to enabling access to common facilities with non-face-to-face contact, we are also enhancing the common facilities of small and medium-sized properties to increase convenience and asset value.

* Scheduled for installation in 114 properties as of March 31, 2023 (Not in all our properties)



Grand Mansion Gallery

With the concept of enhancing customer convenience and satisfaction, we offer a one-stop service with sections for consultation, selection and experience, providing necessary information depending on the customers' respective purposes. The facilities are located close to 12 conveniently accessible terminal stations mainly in the Tokyo metropolitan area. (As of March 31, 2023)



One-stop support from consultation to property introduction by our knowledgeable and professional staff

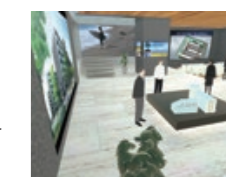
Detailed information available for all of our properties on the market, enabling comparison and consideration of multiple properties simultaneously

Display corner for hands-on experience of housing equipment and specifications

Meta Mansion Gallery®

We have opened Meta Mansion Gallery®, which provides digital content that allows people to experience a visit to a condominium gallery via the metaverse (virtual reality), using video, VR concept rooms, and more. People can tour the gallery at any time, and can also call on sales staff avatars during business hours. This enables efficient house-hunting, such as touring or engaging in negotiations along with family members and friends who live far away.

* Meta Mansion Gallery was registered as a trademark on July 20, 2022 (Trademark application No. 2022-0014558)

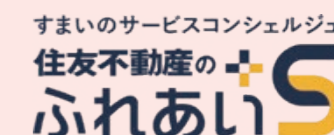


"fureai+S of Sumitomo Realty & Development" — a new membership-based web service for enhancement of group coordination

Topics

In February 2023, the Sumitomo Realty Group began full-fledged operation of its new membership-based web service. This service, which is available to roughly 170,000 households* in condominiums managed by Sumitomo Fudosan Tatemono Service Co., Ltd., offers products and services supplied by the Group, such as real estate brokerage, remodeling, interior purchasing, and house cleaning, at members-only prices. We are working to enhance coordination between Group companies and expand business operations through initiatives such as these services.

* Ultimately, we plan to expand this service, extending it to all customers of the Sumitomo Realty Group.



Construction | Shinchiku Sokkurisan Remodeling

Detached House Remodeling / Condominium Remodeling



Challenges

- Rising costs due to increases in prices of construction materials, etc.
- Responding to diversifying needs for remodeling, and the need of disaster countermeasures
- Responding to the need to make the approximately 50 million existing residences energy-efficient

Opportunities

- Rising demand for large-scale remodeling, utilizing the existing houses
- Rising demand for safe and secure housing in times of disaster
- Rising demand for environmentally friendly houses

Competitive Advantages

- 1 New "full-remodeling" system with high social significance that contributes to solving the issues concerning houses in Japan → No. 1* in the industry for both detached houses and condominium units
- 2 Seismic reinforcement applicable to houses of all ages
- 3 Worry-free fixed pricing system at 50-70% of the rebuilding cost
- 4 Established a system to propose ideal homes by remodeling existing houses purchased through brokerage network of our group company

* 2023 rankings for number of large-scale remodeling (contracted units) and sales for condominium remodeling, researched by The Japan Journal of Remodeling

➔ For details on social contribution of Shinchiku Sokkurisan remodeling, please refer to pages 37-38.

Shinchiku Sokkurisan remodeling — No.1 in the industry

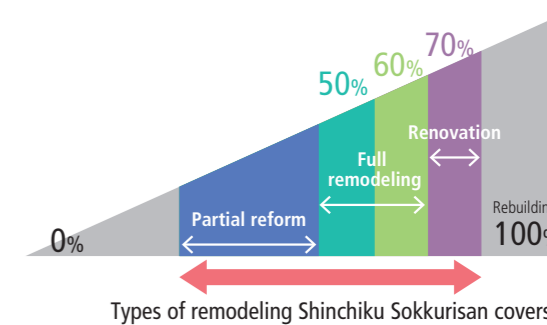
Making use of the foundations and pillars of the old houses, the Shinchiku Sokkurisan remodeling system involves renovating the entire house, improving its earthquake resistance, performing thermal insulation works, and renewing the kitchen and bathroom, floor plans, interiors, and exteriors depending on the customer's needs. Since its launch in 1996, the number of units contracted has steadily grown to exceed a cumulative total of 160,000 (as of September 30, 2022). As a pioneer in the full remodeling business, in addition to detached houses, we have also engaged ourselves in the full remodeling of condominium units nationwide, establishing a new genre in an industry that until then had offered only complete rebuilding or partial remodeling.



Conventional remodeling	Shinchiku Sokkurisan Remodeling
Principally remodeling certain parts of the house	Full remodeling with a price 50-70% of rebuilding
Seismic reinforcement by remodeling not considered	Seismic reinforcement for peace of mind
Estimates are based on a cost estimation system and prices are unclear	Clear fixed-price system
Additional charges incurred due to unforeseen circumstances	No additional charges after work commences

Lower cost than rebuilding

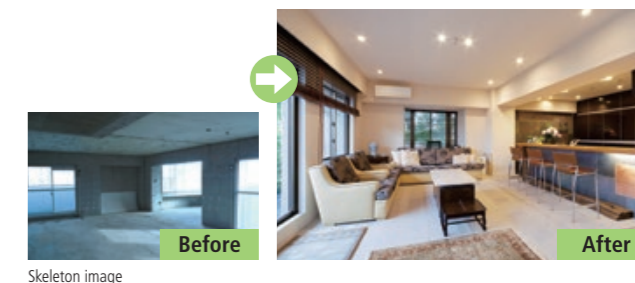
Shinchiku Sokkurisan remodeling realizes housing renovation for about 50-70% of cost of rebuilding, responding to customers' various needs, lifestyles and budgets. In addition to conventional "partial reform," it offers "full-remodeling," which transforms the house into an earthquake resistant one while utilizing the existing structural elements and "renovation," which completely refurbishes both the interior and exterior and enables flexible layout changes.



Condominium remodeling — No.1* in the industry for 10 consecutive years

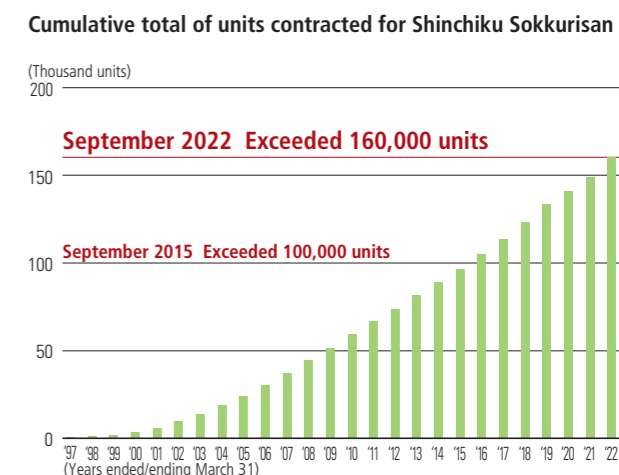
Since 1998, we have pioneered the industry's skeleton renovation business for condominium units. The entire exclusively-owned area is dismantled and removed, leaving only the structural frame. Everything else — from the equipment, interior, base materials to the wiring to the plumbing — is completely renewed to allow flexible layout change and make the exclusively-owned area look like new.

* Researched by The Japan Journal of Remodeling, FY2013 – 2022 ranking of sales for condominium remodeling



Number of units contracted for Shinchiku Sokkurisan

The Sumitomo Realty Group's remodeling business provides remodeling including Shinchiku Sokkurisan full remodeling, skeleton renovations for condominium units, and partial remodeling, meeting customers' wide-ranging needs and conditions. Through our involvement in many different housing renovations over 25 years, we have amassed a wealth of expertise and experience in areas such as layout changes, seismic reinforcement, and handling of different structures, which has enabled us to offer proposal- and consulting-based remodeling. Revenue from the remodeling business topped ¥100 billion for the first time in the remodeling industry in fiscal 2014, and we have established our position as the top brand in the industry. The cumulative total of units contracted exceeds 160,000 (as of September 30, 2022), and we have built a track record of solid reliability.



Promotion of decarbonization through renovation to safe, secure and energy-efficient housing "High thermal insulation remodeling plan" and "Shinchiku Sokkurisan and SUMIFU x ENEKARI"



Through Shinchiku Sokkurisan remodeling, we have improved residential functions and extended the useful lives of houses through renovation, including seismic reinforcement to protect the safety and security of residents and thermal insulation work that improves energy-saving performance. In recent years, there have been growing calls for initiatives to promote decarbonization, which is one of our nation's goals. In particular, achieving decarbonization will require an approach that extends to Japan's more than 50 million existing homes. By providing renovation services, we promote the use of energy-creating and energy-saving equipment, as described below, and help existing homes contribute to decarbonization.

High Thermal Insulation Remodeling Plan (Began accepting orders in December 2021)

It is a remodeling plan available to the entire house or even to individual rooms, ensuring the thermal insulation performance equivalent to the energy conservation standards* for newly-built houses. The percentage of single-month orders in September 2023 was roughly 60%, due to the high number of customers seeking to save energy while enjoying comfort. * Compliant with 2016 energy-saving standards

Shinchiku Sokkurisan and SUMIFU x ENEKARI (Began accepting orders in April, 2022)

The combination of seismic reinforcement that supports the weight of solar panels, ensuring their safe installment and our new solar power generation service "SUMIFU x ENEKARI" that installs solar panels and storage batteries at zero initial cost has been well-received by the customers, as it contributes to reduction of utility cost, peace of mind in a disaster, and to the environment.



Business Segments Construction | Custom Homes



Challenges

- Rising costs due to increases in prices of construction materials, etc.
- Need for environmental considerations and disaster countermeasures in line with the times

Opportunities

- Rising demand for comfortable, safe/secure and environmentally friendly houses
- Rising demand for houses that offer a high level of disaster preparedness

Competitive Advantages

- 1 Custom homes that combine innovativeness and functionality with attractive design
- 2 High-grade interiors as a standard specification at reasonable prices
- 3 Thermal insulation and energy conservation performance that exceeds the latest ZEH standards, and standardization of solar power generation service that enables net zero cost for customers
- 4 Standard provision of long-life quality housing through the use of proprietary earthquake-proofing technology, and product planning for enhanced safety and environmental performance
- 5 A one-stop support system to build a house from searching for suitable land by brokerage network of our group company

Innovative exterior design and specifications that only a developer can provide

Leveraging our expertise gained in developing numerous office buildings and condominiums, we have incorporated innovative designs and specifications that only a developer can provide, including the "J-URBAN" urban-style housing series which feature distinctive, modern exteriors characterized by the extensive use of glass.

High-grade housing fixtures with interiors for luxury condominiums

We have adopted high-grade room interiors and facilities found in condominiums as standard for detached houses at a reasonable price.

- **Kitchen** Adopted an original high-end kitchen made of a new ceramic material that offers optimal functionality for kitchens, including scratch resistance, stain resistance and heat resistance, alongside expressive and beautiful design
- **Bathroom** Original high-end bath with tile finishes for floor and bathtub



PREMIUMJ Yokohama No.1



Interior image



Kitchen

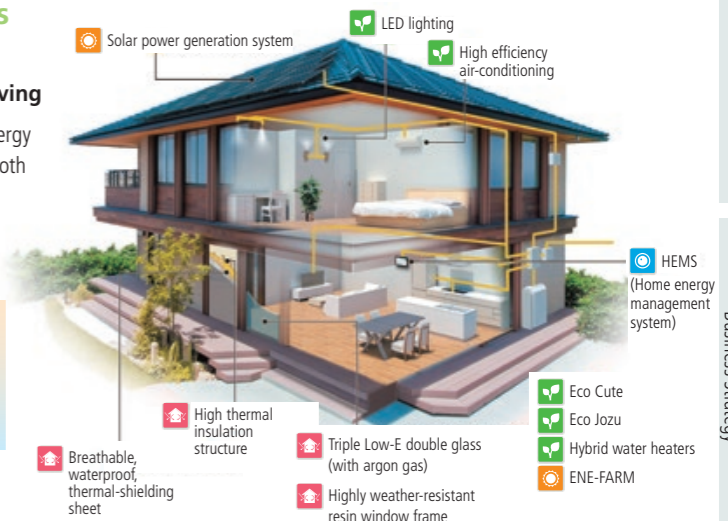
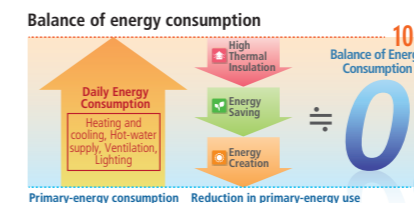


Bathroom

Zero Energy House friendly to both the residents and the environment

Making net zero energy use in the home the future standard for living

We propose smart, high-quality living by our long-life house in consideration of energy saving and the environment as Net Zero Energy House (ZEH), which is friendly to both the residents and the environment, while maintaining living comfort.



Disaster countermeasures for safety and security

Disaster countermeasures for safety and security in addition to superior design and high-quality fixtures and specifications (Examples)



Seismic Control System
Seismic damping devices absorb seismic energy and reduce shaking by approximately 50%



Power Panel — Strong bearing walls with high magnification
Outstanding strength, able to withstand deformation and distortion from earthquakes, etc.



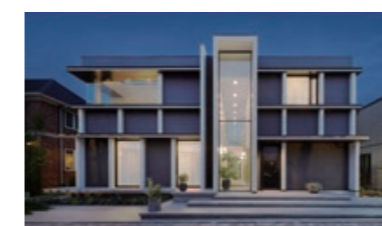
Potable water storage system
Fresh drinking water stored in the water pipes underfloor, and easily withdrawn in the event of water outage



Rainwater tank
Approx. 100 liters of rainwater stored for use in the event of water outage

A number of Good Design Awards (Products awarded for Good Design Awards 2022)

Our product line-up has won a number of Good Design Awards* and been highly evaluated for product planning



PREMIUMJ Itami
A space called "Ma," which harmonizes beautifully with the townscape



A sunken living room that connects to a garden of light



PREMIUMJ Nagakute Creating an open living space in the community, by introducing an alley-space from the public space to the private area



"Iekoji" (Home alley)

"SUMICA" — Ensuring thermal insulation and energy-saving performance that exceeds the latest ZEH standards
Future homes with a sophisticated design that are friendly to people and the environment

In addition to the features already provided by our previous homes, "SUMICA," which we launched in April 2022, offers thermal insulation and energy-saving performance that exceeds the latest ZEH standards and comes standard with our unique solar power generation services, enabling owners to enjoy the benefits of solar power through the installation of solar panels and storage batteries with zero initial expense. By promoting decarbonization through the widespread adoption of this brand, we will continue to provide safe and reliable homes that are environmentally friendly and sustainable.

The launch of this brand has raised our ZEH ratio (including ZEH equivalent homes) to over 90% for the single month of March 2023, and is creating a growing demand for housing that offers a high level of environmental performance.





Challenges

- Keeping up with further developing and deepening digital technology in real estate brokerage
- Expanding provision of services to the growing senior population

Opportunities

- Continuing expansion of the brokerage market with further increase in superior housing stock
- Increased awareness of housing for new styles of living, and diversified lifestyles

Competitive Advantages

- 1 Industry-leading network of directly operated brokerage offices in 249 locations nationwide (As of March 31, 2023)
- 2 High customer-satisfaction ratings
- 3 Prompt response to varying customer needs through coordination among Group companies
- 4 Unique services with a "Customer-First" principle

As one of the leading brands in the industry, we have built a network of over 200 directly operated brokerage offices across Japan, focusing on the brokerage of existing condominiums, detached houses, and land lots. Under a principle of "Customer-First," we have established a community-based sales structure, responding to daily brokerage needs with expertise in local information.

Further, in order to meet the recent brisk demand for existing condominiums in central Tokyo, we are also operating Mansion Plaza brokerage offices, specializing in premium condominiums that have high asset value. In addition, in 2021, we launched "STEP Auctions," a new brokerage service that enables us to make fairer and best proposals, as we strive to strengthen our competitiveness through the customer-first approach.

As a result, we recorded approximately 35,000 transactions in fiscal 2022, which makes us one of the top companies in the industry.

Examples of our unique services

Mansion Plaza

Since we first opened Mansion Plazas in June 2019 in three locations in central Tokyo, the number of Mansion Plazas grew to 20 locations in various cities in Tokyo metropolitan area, the Kansai area, the Kyushu area and the Hokkaido area (as of March 31, 2023). These offices are staffed by professionals who have excellent track record and experience in condominium transactions and have acquired the "Mansion Expert," an in-house qualification for their superior knowledge of condominium structures, equipment, market and transactions. They have been trained to acquire thorough knowledge of areas and properties so that they can offer brokerage services based on precise assessment of asset value of properties.



STEP Auctions

STEP Auctions introduce properties not only to individual prospective buyers, but also to a wide range of our associating real estate brokers based on the desires of sellers and the characteristics of individual real estate properties. This service aims to promote sales that are more closely aligned with customer needs. Whereas previously, it was most common for each brokerage office to only deal with several dozen companies, under this new service, property information is provided at once to over 7,500 registered real estate brokers nationwide, and all applications are received by the head office. This allows the speedier introduction of prospective buyers with more favorable conditions.



Group Companies

Sumitomo Fudosan Tatemono Service Co., Ltd.

Sumitomo Fudosan Tatemono Service Co., Ltd. conducts property management for about 170,000 condominium units nationwide centering on Sumitomo Realty's condominiums after delivery. In pursuit of comfortable, safe and secure living environments for customers, it offers services ranging from daily building management to concierge services (consultancy for minor repair of rooms and equipment replacement, introduction of special benefits available from the Sumitomo Group's businesses, etc.) to respond to various customers' needs based on abundant know-how and solid technological capabilities. Its service includes provision of useful lifestyle-related services such as professional housecleaning.

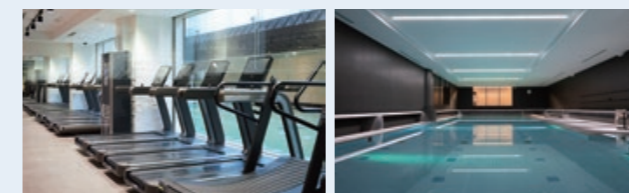


Sumitomo Fudosan Esforta Co., Ltd.

Sumitomo Fudosan Esforta Co., Ltd. operates "ésforta," high-end urban fitness clubs located primarily in Tokyo. Based on the concept of "assigned instructor system," instructors propose comprehensive fitness menus according to the members' individual needs by combining gym, pool, studio and nutritional programs, and provide support. The company also operates a wide range of facilities such as a golf academy and fitness studios, primarily offering yoga and dance programs. In addition, utilizing the know-how cultivated through direct operation of facilities, the company is contracted with organizations including municipalities to operate and manage their sports facilities.

Operation of six ésforta fitness clubs and 13 other facilities

- ésforta (6 locations)
 - My Golf Style (8 locations)
 - Bay Rhythm (3 locations)
 - Contracted operation and management of public facilities (8 organizations)
 - Prime Gym (1 location)
 - Prime Golf (1 location)
- (As of March 31, 2023)

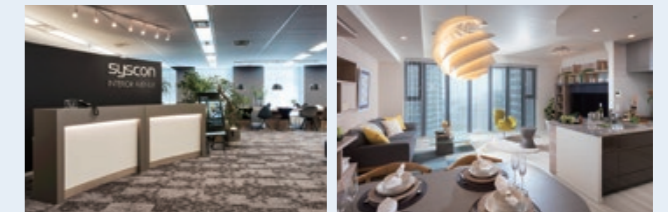


Sumitomo Realty & Development CA., Inc.
Hotel ownership and management

Izumi Insurance Service Co., Ltd.
General insurance and life insurance agency

Sumitomo Fudosan Syscon Co., Ltd.

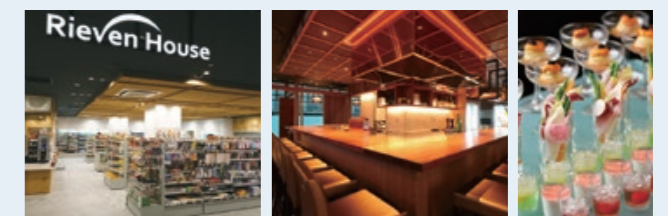
Sumitomo Fudosan Syscon Co., Ltd. provides value-added services from proposing interiors to handling delivery and installation prior to move-in, primarily for Sumitomo Realty's condominiums, rental apartments, detached houses, and remodeling customers. In addition, the company also offers after-sale services such as repair and replacement. Furthermore, the company provides contractor services for the construction work of Group company sales centers and for restoring rental apartments to their original states, and operates parking lots.



Izumi Restaurant Co., Ltd.

Izumi Restaurant Co., Ltd. provides catering services for social gatherings and various parties, and also runs several restaurants such as a Japanese dining restaurant "Azabu Tansumachi Tenryoan," as well as "DinaGyangDos" and "UENO Kitchen."

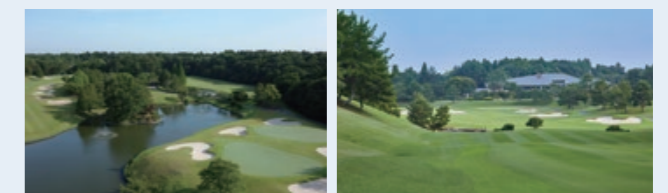
In addition, it runs Rieven House convenience stores within Sumitomo Realty's office buildings in Tokyo, offering a product mix geared to the needs of office workers.



Izumi Kaihatsu Sangyo Co., Ltd. (Izumi Country Club)

Izumi Kaihatsu Sangyo Co., Ltd. operates a golf club conveniently located roughly one hour from central Tokyo by car. The club welcomes not only members, but also non-member visitors who come to play on their own.

The clubhouse was renovated in March 2023, and the golf course has been highly praised both for entertaining guests and for private use.



Sumitomo Fudosan Villa Fontaine Co., Ltd. ▶ P.53

Sumitomo Fudosan Bellesalle Co., Ltd. ▶ P.54

Sumitomo Fudosan Retail Management Co., Ltd. ▶ P.54

Promotion of ESG and Contributions to SDGs

The Sumitomo Realty Group has been practicing Sustainability Management that inherits Sumitomo's Business Philosophy. We have set forth four material issues in promoting ESG as "Disaster Resistant," "Environmentally Friendly," "Together with the Community" and "People Friendly." We aim to contribute to solving community and social issues through our business activities while maximizing our corporate value. We will also contribute to the achievement of UN's Sustainable Development Goals (SDGs).



Sustainability Promotion System

In order to promote sustainability across the Group, Sumitomo Realty has established the Sustainability Committee chaired by the Company's President to manage status of progress towards the targets regarding sustainability.

In addition, its subordinate organizations, the Sustainability Promotion Council, the BCP Council and Internal Control Meeting chaired by the Head of Corporate Planning Division, work to identify and solve issues related to corresponding sustainability issues.

Important issues are conferred with the Sustainability Committee, and reported to the Board of Directors as necessary.

System Diagram (As of September 2023)



Major ESG Initiatives (April 2022 – August 2023)

ESG Initiatives	
2022	<p>Apr Shinchiku Sokkurisan started offering SUMIFU × ENEKARI, a new solar power generation service through renovating existing detached houses</p> <p>Participated in the "30by30 Alliance for Biodiversity" and strengthened biodiversity conservation activities</p> <p>Launched "SUMICA," ensuring thermal insulation and energy-saving performance exceeding the latest ZEH standards</p> <p>May Established and announced CO₂ emissions reduction targets by fiscal 2030</p> <p>Integrated Risk Management Committee into Sustainability Committee</p> <p>Disclosed skill matrix of each director</p> <p>Introduced numerical target for strategic shareholdings</p> <p>Signed a comprehensive collaboration agreement on forest cultivation with Susono City</p> <p>Jun Shinjuku Sumitomo Building and its Sankaku Hiroba won the achievement award of Japan Association for Real Estate Sciences, "Award of Minister of Land, Infrastructure, Transport and Tourism"</p> <p>Released the result of joint research with The University of Tokyo and Musashino University on Shinchiku Sokkurisan building renovation - Cutting CO₂ emissions by 47% compared to rebuilding</p> <p>Signed a comprehensive collaboration agreement with Daikin for decarbonization of air conditioning systems (Phase 1: Regeneration and reuse of recovered refrigerants)</p> <p>Selected as a constituent of "MSCI Japan ESG Select Leaders Index"</p> <p>Aug Held the 111th STEP Concert, a classic concert for families to enjoy (registration required, free invitation)</p> <p>Held wood education event at Ariake Garden using timber cut from the "Sumitomo Realty Forest" forest regeneration project</p> <p>Sep Conducted a visiting lecture on SDGs, "Development of Environmentally Friendly Housing" at Shishibone-higashi Elementary School in Edogawa Ward, Tokyo</p> <p>Oct Replaced vending machines in office buildings with "LOVE the EARTH Vendor" powered by virtually zero CO₂ emissions electricity</p> <p>One of our largest office buildings, Sumitomo Fudosan Tokyo Mita Garden Tower, certified as "ZEB Ready" (Zero Energy Building with energy saving of 50% or more)</p> <p>Nov Sumitomo Fudosan Onarimon Ekimae Building won the award of the "Minato Model Carbon Dioxide Fixation Certification System Awards" from Minato Ward</p> <p>Signed an agreement with the major Canadian lumber manufacturer and lumber importer for promotion of two-by-four housing supply to promote decarbonization</p>
2023	<p>Jan Held a "PET Bottle Horizontal Recycling Event" encouraging waste separation at Shinjuku Sumitomo Building</p> <p>Feb Disclosed our Multi-Stakeholder Policy</p> <p>Disclosed our Declaration of Partnership Building</p> <p>Higashi-Ginza Area Management Project - Held "HIGASHIGINZA Art Gallery 2"</p> <p>Started "Urban Oasis 2023," a series of mini-concerts at public spaces of our office buildings</p> <p>Held a disaster drill for operation of temporary evacuation facility as a member of an association for disaster prevention in Shinjuku Station area</p> <p>FASHION and REAL ESTATE - Collaboration with TSI Holdings for initiatives of resource circulation at office</p> <p>Mar Introduced hygiene products to the emergency supplies at our temporary evacuation facilities for stranded commuters</p> <p>Recognized as a 2023 Certified Health & Productivity Management Outstanding Organization under the large enterprise category</p> <p>Apr Five properties of "La Tour," the luxury rental apartments, acquired the highest ratings in DBJ Green Building Certification</p> <p>Jun Joint research on decarbonization through renovation by The University of Tokyo, Musashino University, and Sumitomo Realty - Verifying the adoption of ZEH and achievement of life cycle carbon minus through renovations</p> <p>Installed furniture made from timber produced in Shizuoka Prefecture in a lounge of Sumitomo Fudosan Tokyo Mita Garden Tower</p> <p>Appointed a female outside director</p> <p>Jul Installed an original recycling box in Ariake Garden - Launched a verification project to examine the potential for consumer behavioral changes</p> <p>Aug Held the 114th Summer STEP Concert at Tokyo Garden Theater - Donated to the Japan Service Dog Association to raise service dogs</p>

Recognition from external organizations and endorsement of international initiatives, etc.

The Sumitomo Realty Group has received high recognition from external organizations for its initiatives to date, and has also endorsed international initiatives, etc. We continue to contribute to the realization of a sustainable society.

ESG indexes



2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX



Recognition from external organizations



International initiatives, etc.



* Please refer to TERMS AND CONDITIONS for details on MSCI.
<http://info.msci.com/136252/2017-06-27/kj5n9b>

Environment



View of virgin forest from the entrance lobby of La Tour Sapporo Ito Garden

Addressing Environmental Issues

In recent years, countries around the world have been working together against various environmental issues, including climate change. In Japan, momentum toward reducing greenhouse gas emissions has been rising, and carbon neutrality by 2050 has been declared. In addition, public-private initiatives taken for the conservation of water resources, preservation of biodiversity, reduction of waste, and others, are also moving into even higher gear. As well as supporting the targets set forth by the national and the local governments and administrative organizations, the Sumitomo Realty Group is putting its efforts into various initiatives in cooperation with respective stakeholders through its business operations.

In our Ninth Management Plan announced in May 2022, we established our own target of a 50% reduction in CO₂ emissions by fiscal 2030 compared with fiscal 2014, immediately prior to the Paris Agreement.

* For details of our initiatives, please refer to "Decarbonization Targets and Initiatives" on page 23.

We will continue to promote a variety of initiatives for environmental protection as we expand our business activities.

Initiatives to Curb Climate Change

Risks and opportunities associated with climate change

In order to address the physical risks associated with climate change, various schemes to curb it, and transition risks such as changes in the business environment, the Sumitomo Realty Group has organized and analyzed the financial impacts brought by climate change and responses to those impacts from the four perspectives of governance, strategy, risks, and targets, based on the TCFD Framework, and is promoting a variety of initiatives. Important issues among the identified risks are conferred with the Sustainability Committee, chaired by the President, and reported to the Board of Directors as necessary, thereby establishing a supervisory system by the Board of Directors. * For details, please refer to the following information.

Disclosure based on TCFD recommendations

Please refer to the Sustainability page (Environment page) on the Company website. <https://www.sumitomo-rd.co.jp/english/sustainability/environment>

(Reference) Assumed risks and opportunities by the Company

Scenario	Category	Subcategory	Event	Impact	Period
1.5 to 2°C	Transition risk	Policies and Regulations	Increasing demand for ZEB ^{*1} and ZEH ^{*2}	Medium to Large	Short term
1.5 to 2°C	Transition risk	Policies and Regulations	Introduction of a carbon tax	Medium to Large	Medium term
1.5 to 2°C	Opportunity	Products and Services	Lower prices of high environmental performance products due to their spread	Small	Long term
1.5 to 2°C	Opportunity	Products and Services	Increasing interest in environmental performance	Medium	Short term
4°C	Physical risk	Acute	Increasing occurrence of natural disasters due to extreme weather	Medium	Short term
4°C	Opportunity	Products and Services	Increasing interest in disaster prevention features	Medium	Medium term

*1. ZEB = Net Zero Energy Building *2. ZEH = Net Zero Energy House

Topics

Joint research on "Shinchiku Sokkurisan"

POINT → Aiming to establish an environmental evaluation method for the renovations of existing detached houses towards the realization of a decarbonized, circular society, in collaboration with The University of Tokyo and Musashino University

Research finding: Verifying the adoption of ZEH and achievement of life cycle carbon minus through renovations

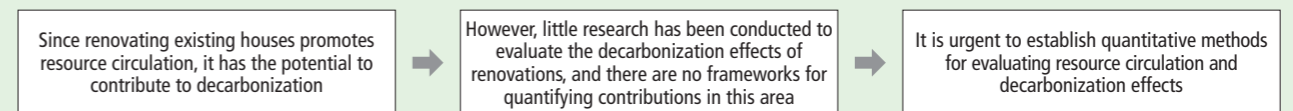
From December 2021 to March 2022, The University of Tokyo, Musashino University, and Sumitomo Realty carried out the first phase of joint research as below to establish an environmental evaluation method for the renovations of existing detached houses. For detached houses in which full renovation was performed and significantly improved building performance, the amount of new materials used etc. was dramatically reduced compared to rebuilding the entire building, and cut CO₂ emissions during renovation by 47%.

Following last fiscal year's announcement, we have carried out Phases 2 and 3 of our research, verifying the effects of renovation for extending the useful lives of existing detached houses (Phase 2), and using methods for assessing building life cycles to verify the adoption of ZEH and achievement of life cycle carbon minus through renovations (Phase 3). As a result, we confirmed that through renovation, the adoption of ZEH and life cycle carbon minus were achievable without the need for special construction work, and that life cycle carbon minus could be achieved more rapidly than through new construction (roughly 35 years). In addition, we traced the houses that were renovated by Shichiku Sokkurisan, which has conducted renovation on more than 160,000 units over the 27 years since 1996, confirming that the renovated houses had longer useful lives. Based on the results of our research, we completed a prototype quantitative evaluation tool for measuring the resource circulation and decarbonization effects of renovation work performed on existing houses.

This research, under an academia-industry collaboration, aims to derive methods for evaluating the environmental contributions of renovations and to create an evaluation framework, serving as a foundation for systems to address the social issue of promoting the decarbonization of existing detached houses. We will continue with our research activities, further contributing to the realization of a decarbonized, stock-type society.

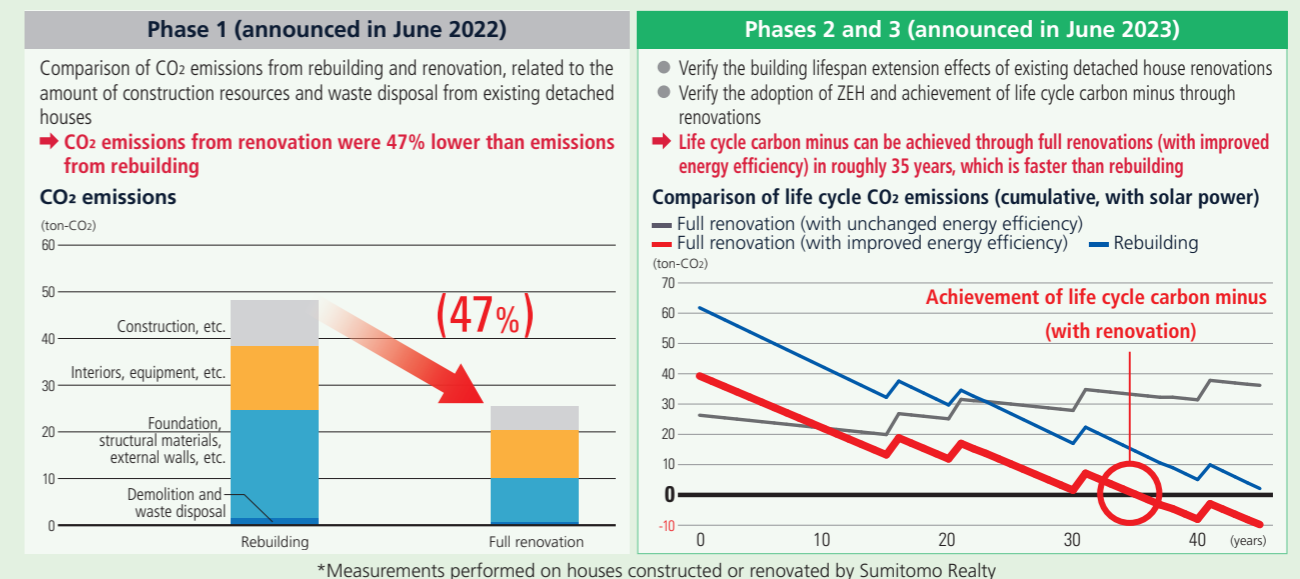
Background and purpose of the joint research

For decarbonization in the household sector to achieve carbon neutrality by 2050, effective approaches are needed not only for newly constructed homes but also for existing homes, most of which have inferior energy efficiency. However, there have been few studies quantifying the contribution to decarbonization through the renovation of existing homes, and there has been a strong demand for establishing an environmental evaluation framework for the renovation of existing homes based on scientific methods, from the perspective of policy and system formulation. Under such circumstances, the University of Tokyo Graduate School and Musashino University requested research cooperation from Sumitomo Realty, which has a broad-ranging track record from partial to full remodeling. With our full cooperation in performing studies at our worksites and data provision, research began in December 2021.



Three-phase verification of issues

- Phase 1: Verify the CO₂ emissions reduction effects of existing detached house renovations
- Phase 2: Verify the building lifespan extension effects of existing detached house renovations
- Phase 3: Verify the adoption of ZEH and achievement of life cycle carbon minus through existing detached house renovations



*Measurements performed on houses constructed or renovated by Sumitomo Realty

Environment

Initiatives for Preserving Biodiversity

Topics

Contributing to sustainable utilization of forest resources available in Japan

POINT → Endorsement of initiatives to expand the use of Japanese timber in order to contribute to the development of forests and forestry
 Furniture made from timber produced in Shizuoka Prefecture installed in a lounge in a large office complex

In collaboration with The Norinchukin Bank and Shizuoka Prefectural Federation of Forest Owners' Co-operative Association, we installed furniture made from timber produced in Shizuoka Prefecture in an office lounge at Sumitomo Fudosan Tokyo Mita Garden Tower in Minato Ward, Tokyo, opened in June 2023.

Sumitomo Realty has been practicing sustainable management of a forest it owns in Shizuoka Prefecture, "Sumitomo Realty Forest" (Susono City), through final cutting and reforestation as well as maintenance of natural forest, while also promoting community engagement and awareness-raising activities using forests. Federations of forest owners' co-operative associations and forest owners' co-operative associations around Japan and The Norinchukin Bank are pursuing initiatives to expand the use of Japanese timber in order to contribute to the development of forests and forestry through diffusion of wooden products made from Japanese timber. We support these initiatives and the project involving the donation of furniture is but one aspect of activities designed to connect major cities with adjacent rural areas.



An office lounge in Sumitomo Fudosan Tokyo Mita Garden Tower

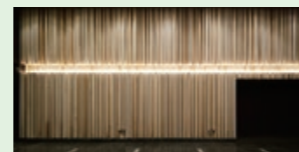
Winning the award of the "Minato Model Carbon Dioxide Fixation Certification System Awards" from Minato Ward

POINT → Sumitomo Fudosan Onarimon Ekimae Building won the award of the "Minato Model Carbon Dioxide Fixation Certification System Awards," presented to buildings in Minato Ward constructed using domestic timber

Sumitomo Fudosan Onarimon Ekimae Building won the award of the "Minato Model Carbon Dioxide Fixation Certification System Awards" for 2022, which are presented to buildings in Minato Ward that are constructed using domestic timber.

Over the past 10 years, Minato Ward has certified 194 buildings within the ward as having contributed to forest development and decarbonization by using domestic timber. This award recognizes those buildings among them that serve as excellent models of wood use and decarbonization.

Sumitomo Realty will continue to contribute to the realization of an even more sustainable society, through the creation of highly valuable social assets that are environmentally and societally conscious.



Sumitomo Fudosan Onarimon Ekimae Building
 Top: Wood deck (made with cypress from Seiyu City)
 Bottom: Foyer (made with natural cedar from Hamamatsu City)

Other initiatives

Greenery in cities

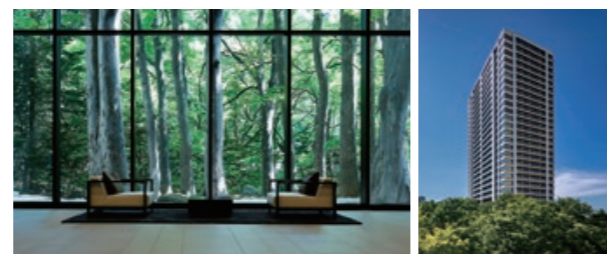
Not only protecting and making use of natural surroundings, our development business greatly contributes to creating green space which is lacking in urban areas and maintaining biodiversity in those areas.

Osaki Garden City is a redevelopment project of a former driving school site and a densely built-up district with wooden housing. This area used to be an industrial area with little greenery and narrow streets which posed challenges with respect to disaster response. By the completion of Osaki Garden City, the overall location's green coverage increased from 0.01% to 35% including its roof greening.

La Tour Sapporo Ito Garden has been built on the former site of Kairakuen, one of the first municipal parks in Japan, through redevelopment that took advantage of the valuable old trees growing wild in the premise.



Osaki Garden City



La Tour Sapporo Ito Garden

Initiatives for Resource Circulation and Water Conservation

Topics

"PET Bottle Horizontal Recycling Event" at Sankaku Hiroba, Shinjuku Sumitomo Building

POINT → Providing opportunities to watch, understand, and learn about waste separation, an essential part of PET bottle horizontal recycling
 Promoting horizontal recycling through initiatives such as PET bottle dinosaur fossil art, recycling workshops for parents and children, and hands-on events

As an event in the TOKYO Kids Festa 2023 held at Sankaku Hiroba (triangular plaza) of Shinjuku Sumitomo Building, we held a "PET Bottle Horizontal Recycling Event" to further promote horizontal recycling by providing opportunities to watch, understand, and learn about waste separation, which is an essential part of PET bottle horizontal recycling.

Approximately 20,000 used PET bottles collected from workers in Shinjuku Sumitomo Building were used as the only material in an 11-meter-long PET bottle dinosaur fossil artwork, attached without using glue so that it would not interfere with recycling. There were also recycling workshops for parents and children and hands-on events. Participants were able to learn about and experience PET bottle horizontal recycling from a variety of perspectives.

We will continue to strive to foster more thorough separation of PET bottles collected from buildings, both among tenant companies and visitors, and to further promote horizontal recycling activities.



PET bottle dinosaur fossil art
 11-meter-long dinosaur made using only PET bottles, with approx. 20,000 bottles

FASHION and REAL ESTATE - Initiatives of resource circulation at office

POINT → Completely switched to the use of recycled material garbage bags in the TSI head office (Sumitomo Fudosan Aoyama Building East)
 Contributing to a reduction in CO₂ emissions equivalent to the annual amount of CO₂ absorbed by roughly 45,000 cedar trees

As part of our resource circulation initiatives, we have completely switched to the use of recycled material garbage bags that are made of waste plastics, for the main garbage containers (45 L or larger) in the head office of TSI Holdings Co., Ltd. (Sumitomo Fudosan Aoyama Building East), which is promoting measures to establish a recycling-based business model and eliminate fashion loss.

Starting with this initiative, Sumitomo Realty is gradually rolling out the use of recycled material garbage bags to the more than 230 office buildings and rental apartments it operates. This will not only reduce the manufacture of new garbage bags by three million per year, but also cut CO₂ emissions by approximately 400 tons per year, which is equivalent to the annual amount of CO₂ absorbed by roughly 45,000 cedar trees*, thereby contributing greatly to resource conservation and decarbonization.

* Source: Website of the Forestry Agency, Ministry of Agriculture, Forestry and Fisheries

Other initiatives

3R initiatives

At our office buildings, we carry out activities to reduce waste discharge and promote recycling across our entire portfolio, and are committed to 3R activities (Reduce, Reuse, Recycle). In each building, we display posters and promote waste separation by providing waste separation bins to tenants for free when they move in. We also have concluded contracts with waste disposal companies to ensure the appropriate recycling.

Risk analysis on water resources and initiatives for their conservation

Sumitomo Realty has not earned any revenue from its business activities in areas where water stress is a concern, based on the Aqueduct Survey conducted by the World Resource Institute (WRI). Even though Japan, where our business activities are mainly based, has been certified as a "Low-Medium" water risk area, and water stress is relatively low and is considered less likely to be directly affected by water resource depletion and other related issues, we will continue to closely monitor risks related to water resources in our supply chain, including the depletion of water resources in the major countries of origin of materials and other supplies.

For conservation of water resources, at all properties we develop, we adopt design standards that specify the use of ultra-water-saving toilets, which significantly reduce the flush volume to 6 liters or less. We install these toilets in new buildings as well as existing properties through renovation.

In addition, we have been substantially reducing water consumption by setting up sewage and rainwater reclamation facilities that purify the water, and using the greywater to flush toilets and water plants, mainly in large office buildings.

Society



Addressing Social Issues

The Sumitomo Realty Group operates businesses that are closely related to people's lives, providing social infrastructure and related services that compose cities, including office buildings, condominiums, detached houses, remodeling, and real estate brokerages. In those business activities, we are continuously engaged in addressing diverse social issues such as disaster prevention, respect for human rights, health and safety, promotion of diversity, and human resource development, which involve many of our stakeholders including employees, customers, business partners and local communities, as well as contributing to local communities and society.

Respect for Human Rights and Response to Risks of Violations

Recognizing that respect for human rights is one of the most important issues in conducting its businesses, the Sumitomo Realty Group has set forth a basic policy on human rights that applies to all employees of the Group, and undertakes thorough prevention and response to risks of human rights violations through employee training and other measures. In addition, we request our suppliers to support our human rights policy through our "Sustainable Procurement Guidelines," which describes this policy.

In addition to conducting human rights due diligence, etc. to identify risks within the Company, we also continuously implement measures throughout our supply chain to identify, prevent, and mitigate risks through monitoring. These include administering questionnaires to individual companies concerning the status of their human rights risk investigations and identifications.

Outline of Basic Policy (Initiatives) on Human Rights Applied to all employees of the Sumitomo Realty Group

- Compliance with norms and decrees related to human rights
- Respect for human rights and prevention of discrimination, etc. in the whole business
- Human rights due diligence to identify and address issues
- Appropriate education and awareness raising through human rights training
- Appropriate remedies and corrective actions for victims
- Review of human rights risks and issues as appropriate through dialogue with stakeholders

* For details, please refer to Society Report on the Company website. <https://www.sumitomo-rd.co.jp/english/sustainability/society>

Identification of Risks through Human Rights Due Diligence

Sumitomo Realty Group conducts human rights due diligence to prevent negative impacts on human rights through our business activities. By assessing the human rights risks that exist in the value chain of its business activities, the Group has identified the following challenges on which we need to focus our effort. We will conduct appropriate reviews regarding these challenges as necessary, through continuous monitoring.

1. Working environment for employees	We maintain an environment where employees can work in a healthy and safe condition, under strict standards that exceed legal requirements.
2. Prohibition of discrimination or harassment in workplaces	We thoroughly implement measures to prevent any kind of discrimination and harassment in workplace.
3. Working environment for suppliers	We protect the health and safety of our suppliers' employees through training and other means, and request our suppliers to maintain an appropriate working environment.
4. Customers' health and safety	We conduct thorough quality control of the products and services we provide, so that customers can use them in a healthy and safe condition.
5. Protection of the human rights of foreign technical interns	For foreign technical interns working for a Group company engaged in hotel management, we have confirmed that the contractors who are their direct employers maintain a good working environment, including the payment of appropriate wages and the provision of a consultation desk in the interns' native languages. Further, in collaboration with the contractors, we hold local gatherings with the families of the foreign technical interns, where we provide explanations of their work and video messages from the interns, in an effort to create an environment where they can work with peace of mind.

Promotion of Diversity for Active Participation of Diverse Personnel

As mentioned in A Message from the Management, we have long been promoting diversity based on the recognition that diverse perspectives and values are an advantage for the sustainable growth of a company. We have been working on the improvement of the work environment and implementation of training programs for a diverse workforce, as follows. * Please refer to "Unique Human Resource Investment Strategy (Utilization of Human Capital)" on page 25.

Female participation and career advancement

We have announced a numerical target for the ratio of female employees newly hired in sales and engineering positions that support our front line operations. By further increasing the ratio of women at the workplace and working on their career development, we intend to expand the pool of our human resources for future promotion and gradually promote them to managerial positions.

* Target ratio of female employees in new hires: Increasing to 25% in sales and 13% in engineering positions by the end of fiscal 2025. (As of fiscal 2022, 25.6% in sales and 10.2% in engineering positions)



Childcare, nursing care support

In order to create a comfortable work environment for those with particular needs such as childcare and nursing care, we offer various support systems including a childcare and nursing care leave system and a shorter working hour system.

Employment of people with disabilities

We conduct hiring without discriminating age, gender or region, and 2.37% of employees of Sumitomo Realty are people with disabilities, exceeding the 2.2% required under the system on employment rate of persons with disabilities. In order to make workplaces comfortable for people with disabilities, we have installed multipurpose bathrooms and barrier-free elevators.

Expanding opportunities for elderly employees

We are expanding opportunities for elderly employees to put their rich experience to work by hiring new employees aged 60 or older and rehiring retirees.

Various training programs

We work to expand the knowledge of employees by various training programs, and inform them of the code of conduct suitable for employees of the Sumitomo Realty Group and ensure their compliance.

Human resource training	Occupational safety, harassment	New employee training	Company history, business manners, human rights, compliance
Managerial position training	Harassment, labor management, compliance	Engineer training	Technical guidance, risk assessment methods, construction methods
Occupational safety training	Technical guidance, risk assessment methods	Certification training	Encouraging to acquire certifications

Society

Disaster Countermeasures

Japan is one of the countries in the world with the greatest earthquake risk, and we recognize that improvement of resilience is one of the extremely important themes for our business activities. As a supplier of social assets that form the foundations of people's lives such as office buildings and condominiums, the Sumitomo Realty Group promotes initiatives to increase the resilience of the properties supplied in each business and to improve disaster preparedness in the operation of them.

Disaster prevention for office buildings

In the office building leasing business, to meet the needs for BCP, for which greater emphasis has been placed after the Great East Japan Earthquake, we have been actively adopting seismic isolation and damping systems, and developing buildings with specifications such as uninterrupted power supply.

* Please refer to "Business Segments: Leasing" on page 51.

Further, in the large-scale development sites we manage, in order to contribute to the community's disaster preparedness as a hub, we hold joint disaster drills with not only workers in our office buildings but also local residents, volunteer fire corps, and fire stations at times. We also confirm the system of facilities for stranded commuters, which we prepare in multiple buildings with local governments. Through these, we make efforts to improve disaster preparedness of the community as a whole in preparation for emergencies.

Topics

Drill for accepting stranded commuters at Sankaku Hiroba (triangular plaza) in Shinjuku Sumitomo Building

We have concluded a collaboration agreement with Shinjuku Ward to use Sankaku Hiroba in Shinjuku Sumitomo Building, as a shelter for 2,850 stranded commuters in the event of a disaster such as an earthquake. With the cooperation of Shinjuku Ward and local enterprises such as nearby building management companies, we conducted a drill to practice operation of a temporary site for accommodating stranded commuters, in consideration of employing infectious disease countermeasures in the event of a major disaster, and performed a review of the drill. The drill encompassed everything from setting up temporary sites to shutting them down. We worked with the members of the community that took part in the drill to identify issues and made improvements to strengthen our disaster response systems.



Drill to practice operation of a temporary site for accommodating stranded commuters

Disaster prevention for custom homes

In our custom home business, we are researching and developing various specifications with earthquake resistant countermeasures while incorporating earthquake-resistant technologies for buildings and condominiums. We also offer new types of disaster prevention that meet the needs of the times, such as packaged products, including solar power generation equipment and water storage facilities.



"Power Panel" — Strong bearing walls with high magnification

Disaster prevention of Shinchiku Sokkurisan remodeling

In order to improve functionality to make existing houses earthquake resistant without rebuilding, Shinchiku Sokkurisan offers seismic reinforcement work that meets the government's safety standards, based on earthquake resistance diagnosis.

We are promoting a variety of initiatives to realize further safety, such as the development of our original earthquake-resistant construction method.

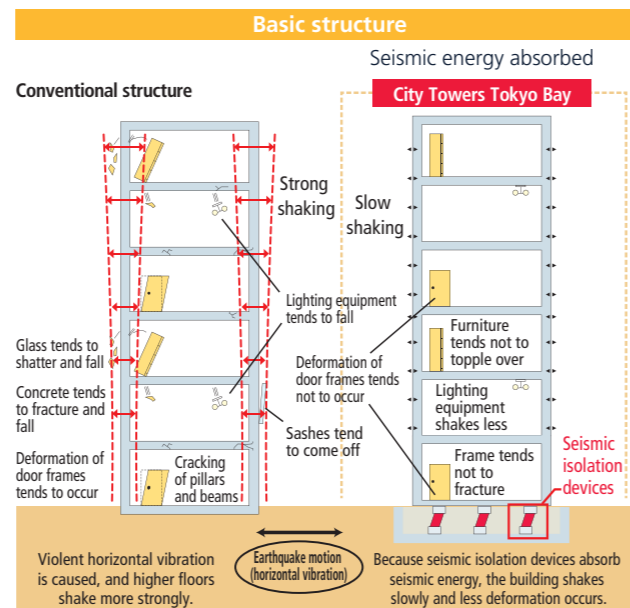


Seismic reinforcement work

Disaster prevention for condominiums

In our condominium business, we have adopted seismic isolation/damping structures that prevent deformation of buildings and alleviate shaking during an earthquake in order to realize safe and secure housing. In addition, various disaster countermeasures are implemented, such as installation of emergency power generators, elevator safety functions, storerooms for emergency supplies and emergency wells.

Key disaster countermeasures (City Towers Tokyo Bay)



Promotion of Community Revitalization and Contribution to Local Communities

In order to achieve the sustained revitalization of development areas, we have strived to create a lively atmosphere by holding entertainment events not only in the redevelopment area but also at buildings that serve as local hubs. We also emphasize contributions to the development of community and society through our business activities, and are engaged in various social contribution activities through our business activities in cooperation with stakeholders.

Bringing liveliness to communities through area management

We are promoting various activities to revitalize the communities at our buildings as local hubs. Since its completion in 1974, Shinjuku Sumitomo Building, nicknamed "Sankaku Biru" (triangular building), has been the center of the lively atmosphere. After a large-scale renovation, it was renewed in June 2020 with "Sankaku Hiroba" (triangular plaza), a large space with a capacity of about 2,000 people. Its all-weather atrium has the feel of an outdoor venue while protecting the plaza from the effects of the weather and temperature. This large-scale renovation is not just a building renewal, but also contributes to the further revitalization of Shinjuku with the event space which accommodates a range of activities, as a hub of the city.



Event held at Shinjuku Sumitomo Building when first completed



Shinjuku Sumitomo Building after renovation



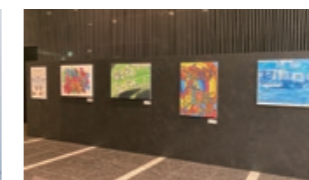
Event held in Sankaku Hiroba

Participating in the Kanosei Art Project

The Company is participating in the Kanosei Art Project, which Toppan Holdings, Inc. has carried out since 2018. It aims to showcase works by artists with disabilities in various products. This project is being promoted as a new attempt to combine self-support for people with disabilities and corporate human resource development. As we endorse the approach of "Going beyond offering support for people with disabilities to create sustainable initiatives with them as business partners," we are participating in this project and displaying artists' works in our buildings for the aesthetics of the buildings.



Artworks displayed on temporary enclosures at construction sites



Art exhibition in an office building entrance lobby

"STEP Concert" certified as Mecenat Activity

As part of our social contribution activities, for 34 years from 1987, we have held "STEP Concerts," full-scale classical concerts for all ages to enjoy side by side, for which all are invited for free, with the aim of creating opportunities for people to appreciate art and culture.

Since 1996, the concerts have been designated as a child welfare cultural asset recommended by the Social Security Council of the Ministry of Health, Labour and Welfare, and in 2021, they were certified as an outstanding mécénat activity in the "This is MECENAT" certification system, which is run by Association for Corporate Support of the Arts sponsored by Agency for Cultural Affairs.

We will continue to contribute to local communities through the support and dissemination of cultural and artistic activities.

Conducting a visiting lecture on SDGs at an elementary school

As part of "SDGs to living life" project of the Yomiuri Shimbun, we conducted a visiting lecture on the theme of "Think of Long-life Housing" for fifth graders at Shishibone-higashi Elementary School in Edogawa Ward, Tokyo.

In order to provide opportunities to think about environmentally friendly living through the theme of "house," we focused on remodeling from the perspectives of CO₂ emissions reduction and the SDGs. We presented our Shinchiku Sokkurisan remodeling business activities, which utilize main structural timber instead of completely demolishing houses, and employed fun quiz games.



Roughly 60 students attended the lecture



The 108th STEP Concert

"This is MECENAT" is certification system founded in 2014 by Association for Corporate Support of the Arts in order to demonstrate the social significance and presence of diverse activities implemented in all regions around the country by corporations for the purpose of promoting social creativity through arts and culture. (Sponsored by Agency for Cultural Affairs)
Reference: About "This is MECENAT" (JP) <https://mecenat-mark.org/outline/>

Governance



Board of Directors, Corporate Auditors and Executive Officers (As of June 29, 2023)

Directors *Representative Director

Chairman of the Board
Kenichi Onodera

Apr 1970 Joined the Company
Jun 1998 Director
Jun 2005 Representative Director
Jun 2007 Director – President
Sep 2019 Director - Chairman of the Board (present)

President
Kojun Nishima*

Apr 1984 Joined the Company
Jun 2009 Director
Sep 2009 Head of Office Leasing Business Division
Jun 2010 Representative Director (present)
Jun 2013 Director - President (present)

Deputy President
Masato Kobayashi*

Apr 1983 Joined the Company
Jun 2009 Director
Jun 2010 Representative Director (present)
Aug 2010 Head of Condominium Sales Business Division
Jun 2013 Director - Deputy President (present)

Deputy President
Yoshiyuki Odai*

Apr 1985 Joined the Company
Jun 2011 Director
Nov 2019 Head of Corporate Planning Division (present)
Apr 2022 Representative Director - Deputy President (present)

Director/Senior Managing Executive Officer
Hiroshi Kato

Apr 1984 Joined the Company
Jun 2013 Director (present)
Sep 2016 Head of Remodeling Business Division (present)
Apr 2020 Senior Managing Executive Officer (present)
Apr 2022 In charge of Custom Homes Business (present)

Director/Senior Managing Executive Officer
Hisatoshi Katayama

Apr 1985 Joined the Company
Sep 2016 Head of Commercial Property Development Division (present)
Jun 2018 Director (present)
Apr 2020 Senior Managing Executive Officer (present)

Note: For more details of each director and corporate auditor, please refer to "Notice of convocation of the 90th ordinary general meeting of shareholders." (Available on the Company website)

Outside Director
Yozo Izuhara

Apr 1962 Joined Nippon Sheet Glass Co., Ltd.
Jun 1996 Managing Director
Jun 1998 Representative Director - President
Jun 2004 Representative Director - Chairman
Jun 2008 Director - Chairman of the Board
Oct 2009 Director - Chairman of the Board and Chairman
Jun 2010 Executive Advisor
Jun 2012 Honorary Senior Advisor (present)
Jun 2014 Corporate Auditor of the Company
Jun 2019 Director of the Company (present)

Outside Director
Nobumasa Kemori

Sep 1980 Joined Sumitomo Metal Mining Co., Ltd.
Jun 2006 Director, Managing Executive Officer
Jun 2007 Representative Director - President
Jun 2013 Representative Director - Chairman
Jun 2016 Chairman
Jun 2017 Executive Advisor
Jun 2019 Director of the Company (present)
Jun 2021 Honorable Advisor of Sumitomo Metal Mining Co., Ltd. (present)

Outside Director
Chiyono Terada

Jun 1976 Founded Art Hikkoshi Center
Jun 1977 Established Art Hikkoshi Center Co., Ltd., President and CEO
Jun 1990 Changed corporate name into Art Corporation, President and CEO
Apr 2018 President and CEO of Art Group Holdings (present)
Dec 2019 Chairperson Emeritus of Art Corporation (Changed corporate name into Art Moving Company Co., Ltd. in January 2022) (present)
Jun 2020 Corporate Auditor of the Company
Jun 2023 Director of the Company (present)

Corporate Auditors

Corporate Auditor
Yoshifumi Nakamura

Apr 1973 Joined the Company
Jun 2002 Director
Jun 2007 Representative Director
Jun 2011 Corporate Auditor (present)

Corporate Auditor
Toshikazu Tanaka

Apr 1983 Joined the Company
Jun 2013 Director
Representative Director – President of Sumitomo Real Estate Sales Co., Ltd.
Jun 2019 Corporate Auditor of the Company (present)

Outside Corporate Auditor
Takashi Sakai

Apr 1977 Joined Osaka Gas Co., Ltd.
Jun 2005 Director
Jun 2007 Managing Director
Jun 2010 Representative Director - Executive Vice-President
Jun 2018 Representative Director - President of Honshu-Shikoku Bridge Expressway Company Limited
Jan 2023 Outside Director of TSUNEISHI KAMTECS CORPORATION (present)
Jun 2023 Corporate Auditor of the Company (present)

Outside Corporate Auditor
Naoko Hasegawa

Apr 1987 Joined Sumitomo Fudosan Fitness Co., Ltd.
Nov 2002 Joined The Prudential Life Insurance Company, Ltd.
Apr 2005 Sales Manager of Tokyo #3 Agency
Apr 2013 Agency Manager of Nagano Agency
Oct 2014 Assistant to Chief Marketing Officer
Apr 2016 Agency Manager of Chiyoda #6 Agency
Apr 2021 Assistant to Chief Marketing Officer
Jul 2021 Corporate Vice President (present)
Gender Strategy Leader (present)
Jan 2023 Chief Business Ethics Officer (present)
Jun 2023 Corporate Auditor of the Company (present)

Executive Officers

Senior Managing Executive Officer Nobuaki Takemura	Senior Managing Executive Officer Ryuzo Amemiya	Managing Executive Officer Ichiro Wada	Managing Executive Officer Hiroyuki Hashizume
Managing Executive Officer Makoto Nakano	Managing Executive Officer Kenichi Kawai	Executive Officer Takeo Kojima	Executive Officer Takeshi Endo
Executive Officer Dai Miyamoto	Executive Officer Tokiyuki Okada	Executive Officer Toshiyuki Masui	Executive Officer Takayuki Miyagawa
Executive Officer Takuto Fujinuma	Executive Officer Kenji Tsumura		

Governance

Overview of Corporate Governance

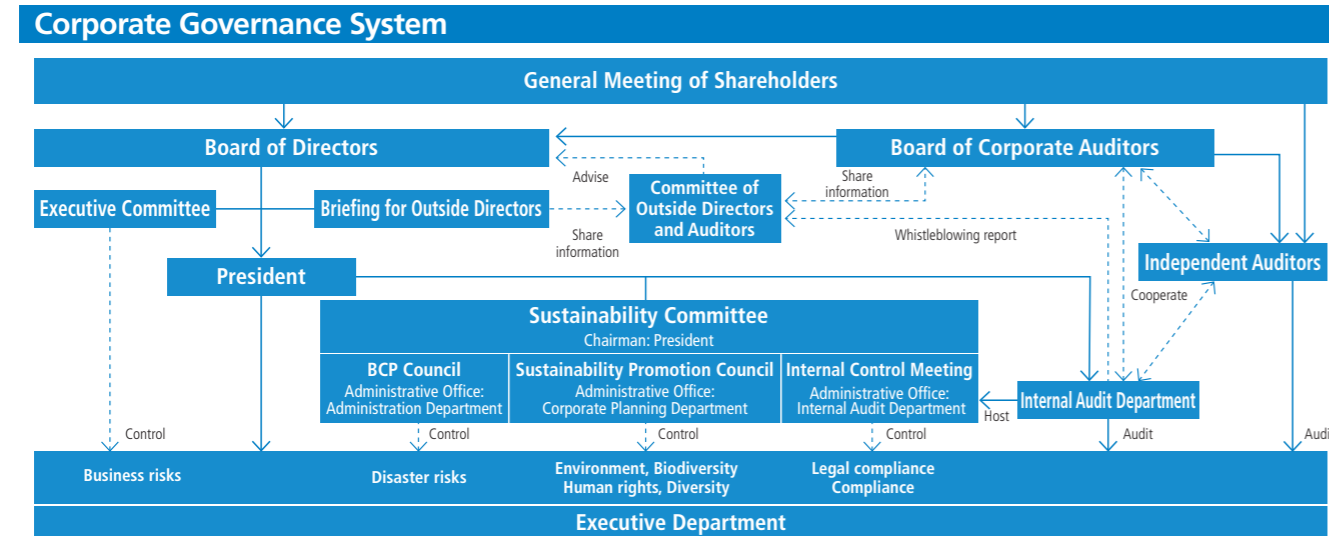
Basic Views of Corporate Governance

The Company is a comprehensive real estate enterprise of the Sumitomo Group which has a history of 430 years and inherits Sumitomo's business philosophy of "Placing prime importance on integrity" and "Under no circumstances, shall it pursue easy gains." The Company's slogan, "Integrity and Innovation" expresses its corporate stance to all stakeholders including its employees, customers, business partners, creditors and shareholders. This includes the pride as a developer which values "Integrity" above all, and creates new corporate value with a pioneering spirit, without pursuing easy gains under any circumstances.

Under this slogan, we have set forth our fundamental mission as to "Create even better social assets for the next generation," and our basic management policy aims to contribute to addressing various social issues such as the environment, while maximizing corporate value through each business.

This fundamental mission also includes a reminder "Do not rest on seniors' laurels and make the best efforts for a better company for the next generation." At this point in time, we believe that the management of the Company should continue to be carried out by people mainly from within the Company who have inherited the strong will to sow the seeds of growth for the sake of the next generation. In doing so, we believe that employees will be able to maintain a high level of motivation to eventually participate in management.

In consideration of this basic stance, we are working to further strengthen and enhance corporate governance so as to contribute to the enhancement of the Company's corporate value over the medium- to long-term, by working on collaboration and dialogue with all stakeholders including shareholders, improving the efficiency of decision-making, appropriate supervision of execution, and proper disclosure of information.



Overview of Corporate Governance System and Reasons for its Adoption

Under the Companies Act of Japan, companies may adopt one of the following three forms of organizational structure: (i) a company with corporate auditors, in which the Board of Directors assumes executive responsibility, while corporate auditors are in charge of the monitoring of management; (ii) a company with a nominating committee, etc., wherein the Board of Directors is tasked with the management monitoring function and the Board of Executive Officers assumes executive responsibility; and (iii) a company with an audit and supervisory committee, in which the management monitoring function of corporate auditors is incorporated into the functions of the Board of Directors. In this way, companies may select the optimum governance structure that best suits their circumstances.

As stated in the Basic Views above, in order for the Company to continue growing, we believe that people from within the Company who are deeply familiar with the significance of continuing to invest, always looking resolutely forward even in difficult times, should be the core members of management and execution, and the motivation of juniors, who will acquire experience in the real estate business and eventually join the management team, should be maintained; hence we have a structure as a company with corporate auditors, where the Board of Directors bears responsibility for execution, and corporate auditors take on the management supervision function.

Six directors, mainly from within the Company, who are deeply familiar with the business content, are in charge of management and execution,

while three outside directors and four corporate auditors for a total of seven persons, which accounts for over half of the 13 attendees of the Board of Directors meeting, are responsible for the management supervision function. In order to fully demonstrate the supervisory function, we have built a system to accurately grasp the management condition and issues and to cooperate with each other as follows.

Role and Structure of the Board of Directors

The Board of Directors promotes the sustainable growth of the Company and the enhancement of corporate value over the medium- to long-term, improves profitability and business efficiency, and prevents fraud before it occurs. In order to do so, it is responsible for deliberating and deciding important matters for the Company such as basic management policy and management strategy, as well as supervising the execution of duties by each director and executive officer.

The maximum number of directors in the Board stipulated in the Articles of Incorporation is 12. The Board of Directors is comprised of six directors from within the Company who are in charge of business execution as they are deeply familiar with the significance of always looking resolutely forward and continuing to invest for sustainable growth, and three outside directors with experience as a chairman, a president or other management

executives, who have superior character and insight and understand the Company's management principles.

The Status of Activities of the Board of Directors

During fiscal 2022, the Company convened seven meetings of the Board of Directors, where discussions were held on matters for regular deliberation, formulation of the medium-term management plan, confirmation of progress on the plan, the governance system, and other matters. The attendance status for individual directors is indicated on the right.

Name	Fiscal 2022 Attendance status*
Kenichi Onodera	7/7
Kojun Nishima	7/7
Masato Kobayashi	7/7
Yoshiyuki Odai	7/7
Nobuaki Takemura	7/7
Hiroshi Kato	7/7
Hisatoshi Katayama	7/7
Koji Ito	1/1
Yojo Izuhara	7/7
Nobumasa Kemori	7/7

* Based on the number of meetings held during each director's term of office.

Executive Officer System

Due to the limited number of directors, we have introduced an executive officer system comparable with directors so that we can appoint officers necessary for business expansion, and we have appointed 14 executive officers who do not concurrently serve as directors. Compensation for executive officers who are non-concurrent directors is not an employee salary, but is to be

paid from the total compensation for directors, which is clearly based on the Company's performance set at 1% of consolidated ordinary profit for the previous fiscal year, because they are considered to be comparable with directors.

Role and Structure of the Board of Corporate Auditors

Corporate auditors are responsible to supervise whether directors are performing their duties properly by using the powerful authority endorsed by law. The Board of Corporate Auditors consists of four corporate auditors, half of whom are the two outside corporate auditors.

Cooperation among Internal Audit Department, Independent Auditor and Corporate Auditors

We have established the Internal Audit Department to check the business execution status of each Department of the Group and the operational status of internal controls, to prevent fraud and errors, and to make proposals for operational improvement. The Internal Audit Department reports the results of its internal audits to, and exchanges views as appropriate with, corporate auditors and the independent auditor in an effort to forge closer collaboration between the three parties and increase the quality and efficiency of individual audits.

Initiatives to Strengthen Corporate Governance

Steps Taken to Strengthen Corporate Governance

- Jun 2002** Appointed two outside corporate auditors, making half of the four corporate auditors outside members
- Apr 2004** Reformed the management system, reducing the number of directors from 23 to 12
- Jun 2004** Introduced a fully performance-based compensation system for officers / Abolished the retirement benefit system for officers / Abolished the bonus system for officers

- Jun 2015** Appointed two outside directors / Established a Committee of Outside Directors and Auditors / Began holding briefings for outside directors on a regular basis to strengthen the supervision function of outside directors and outside corporate auditors
- Apr 2020** Introduced an executive officer system
- Jun 2020** Appointed one female officer (outside corporate auditor)
- Jun 2023** Increased the number of outside directors to three / Appointed one female director

Roles of Outside Directors and Outside Corporate Auditors

As part of its initiatives to strengthen corporate governance, the Company appointed two outside corporate auditors in 2002 and two outside directors in 2015. The number of outside directors has been increased to three including one female, in 2023.

Corporate auditor is a system that has taken root in Japan for a long time. Corporate auditors use the strong investigative power granted by the law to audit whether the directors are conducting their duties appropriately. Although full-time corporate auditors from within the Company are familiar with the Company's internal affairs and have excellent information-gathering skills, they might become somewhat lenient, albeit unconsciously, when it comes to auditing their colleagues. Therefore, the Company ensures that at least half of the corporate auditors are outside members to add an objective perspective and thereby ensure the effectiveness of audits.

Likewise, it is undeniable that the Board of Directors may become narrow-minded if it consists only of people from within the Company, and it is possible that the Board may find itself left behind by the changes in the world. Therefore, the Company has appointed outside directors who have excellent character and insight, who understand its management philosophy, and who have experience as a chairman, a president or other management executives, in order to have them advise the management team and monitor the officers by utilizing their wide range of knowledge and insight based on their experience in corporate management.

Efforts to Strengthen the Supervision Function

The Company has three outside directors and four corporate auditors for a total of seven persons, which accounts for over half of the 13 attendees of the Board of Directors meeting, responsible for the management supervision function. In order to ensure that outside directors and outside corporate auditors can fully perform their roles, in fiscal 2022 the Company (i) held eight briefings for outside directors in which they were briefed on the agendas for the Board of Directors meetings, the content of discussions at Executive Committee, and other issues; and (ii) convened 14 meetings of the Board of Corporate Auditors wherein they received reports from the independent auditor and the Internal Audit Department and conducted interviews about the operating situation with the heads of each department.

In addition, (iii) we have established a Committee of Outside Directors and Auditors, comprised only of outside directors and outside corporate auditors. The Committee of Outside Directors and Auditors directly hears from each officer about the execution status of the duties of which he or she is in charge and the issues they are aware of, as well as giving appropriate advice. In the event of a whistleblowing report on officers, outside corporate auditors receive a report directly and share the information at the Committee of Outside Directors and Auditors.

Through these initiatives, we believe that the Company's corporate governance has achieved a certain level of quality.

Governance

The Status of Main Activities of Outside Officers

Name	Position	Main activities	Meeting attendance
Yozo Izuhara	Director	Mr. Izuhara expressed his opinions necessary for the deliberation of agenda, etc. as appropriate, in meetings of the Board of Directors. He also provided advice from an independent standpoint in terms of the supervision of the Group's management and the medium- to long-term improvement of its corporate value through such forums as briefings for outside directors and meetings of the Committee of Outside Directors and Auditors.	Board of Directors meetings 7/7 (100%)
Nobumasa Kemori	Director	Mr. Kemori expressed his opinions necessary for the deliberation of agenda, etc. as appropriate, in meetings of the Board of Directors. He also provided advice from an independent standpoint in terms of the supervision of the Group's management and the medium- to long-term improvement of its corporate value through such forums as briefings for outside directors and meetings of the Committee of Outside Directors and Auditors.	Board of Directors meetings 7/7 (100%)
Yoshiyuki Norihisa	Corporate Auditor	Mr. Norihisa expressed his opinions necessary for the deliberation of agenda, etc. as appropriate, in meetings of the Board of Directors and meetings of the Board of Corporate Auditors. He also provided advice from an independent standpoint in terms of the supervision of the Group's management and the medium- to long-term improvement of its corporate value through meetings of the Committee of Outside Directors and Auditors, etc.	Board of Directors meetings 7/7 (100%) Board of Corporate Auditors meetings 14/14 (100%)
Chiyono Terada	Corporate Auditor	Ms. Terada expressed her opinions necessary for the deliberation of agenda, etc. as appropriate, in meetings of the Board of Directors and meetings of the Board of Corporate Auditors. She also provided advice from an independent standpoint in terms of the supervision of the Group's management and the medium- to long-term improvement of its corporate value through meetings of the Committee of Outside Directors and Auditors, etc.	Board of Directors meetings 7/7 (100%) Board of Corporate Auditors meetings 14/14 (100%)

Evaluation of Effectiveness of the Board of Directors

Every year, the Company analyzes and evaluates the effectiveness of the Board of Directors to further improve its functions.

A survey to all of our directors and corporate auditors for evaluating the composition, operations, deliberations, and other aspects of the Board of Directors, showed improvements

compared to the last survey with high evaluation. Based on this result, at the meeting of the Board of Directors held on March 14, 2023, analysis and evaluation of the structure and the operational status of the Board of Directors were performed, and it was confirmed that the effectiveness of the Board of Directors was secured appropriately.

Policies for Appointment of Officers

Regarding nomination of candidates for directors and corporate auditors, and appointment of executive officers, persons with a wealth of experience, high-level insight and sophisticated expertise who will contribute to the Company's sustainable growth and medium- to long-term enhancement of corporate value are narrowed down to candidates through multiple meetings of the Executive Committee. The final decision is then made by the Board of Directors based on thorough deliberation,

reflecting independent and objective opinions of independent outside directors and outside corporate auditors. Independent outside directors and outside corporate auditors have sufficient opportunities to know relevant information such as the background, insights and achievements of internal directors, executive officers and internal corporate auditors at several occasions including meetings of the Committee of Outside Directors and Auditors, briefings for outside directors, and meetings of the Board of Corporate Auditors.

Skill Matrix (Abilities Expected of Each Director)

Name	Corporate management	Leasing	Sales	Construction	Brokerage	Redevelopment	Planning and finance	Compliance
Kenichi Onodera	○	○	○	○	○	○	○	○
Kojun Nishima	○	○	○	○	○	○	○	○
Masato Kobayashi	○		○			○		
Yoshiyuki Odai	○						○	○
Hiroshi Kato	○			○				
Hisatoshi Katayama	○					○		
Yozo Izuhara Outside (independent)	○							○
Nobumasa Kemori Outside (independent)	○							○
Chiyono Terada Outside (independent)	○							○

Compliance with the Independence Criteria of Outside Directors and Outside Corporate Auditors and Reasons for Appointment Thereof

Regarding appointment of outside directors and outside corporate auditors, the Company has adopted the requirements for outside directors and outside corporate auditors prescribed in the Companies Act and the independence criteria set by the Tokyo Stock Exchange.

Name	Independence	Supplementary explanation of the relationship	Reasons of appointment
Yozo Izuhara	○	Mr. Izuhara served as Director, Chairman of the Company's business partner Nippon Sheet Glass Co., Ltd. until June 2010. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Mr. Izuhara had served as President and Chairman of Nippon Sheet Glass Co., Ltd., and he has extensive knowledge on overseas business and M&A as a manager. The Company deems him to be suitable as an outside director.
Nobumasa Kemori	○	Mr. Kemori served as Director, Chairman of the Company's business partner Sumitomo Metal Mining Co., Ltd. until June 2017. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Mr. Kemori had served as President and Chairman of Sumitomo Metal Mining Co., Ltd., and he has extensive knowledge of the mining industry from a long-term perspective and overseas business as a manager. The Company deems him to be suitable as an outside director.
Chiyono Terada	○	Ms. Terada served as President and CEO of the Company's business partner Art Moving Company Co., Ltd. until December 2019. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Ms. Terada founded Art Hikkoshi Center and had served as its President and Chairperson, etc., and she has extensive knowledge and wide discernment as a manager. The Company deems her to be suitable as an outside director.
Takashi Sakai	○	Mr. Sakai served as Representative Director, Executive Vice-President of the Company's business partner Osaka Gas Co., Ltd. until March 2013. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Mr. Sakai has served as Executive Vice-President of Osaka Gas Co., Ltd. and President of Honshu-Shikoku Bridge Expressway Company Limited, and he has extensive knowledge and wide discernment as a manager. The Company deems him to be suitable as an outside corporate auditor.
Naoko Hasegawa	○	Ms. Hasegawa worked for the Company's subsidiary Sumitomo Fudosan Fitness Co., Ltd. (currently Sumitomo Fudosan Esforta Co., Ltd.) from April 1987 to October 2002. However, since more than 20 years have passed since she resigned from said company and she has not been involved in execution of business of said company after her resignation, the Company deems there is no impact on independence.	Ms. Hasegawa has served as Executive Officer and Chief Business Ethics Officer of The Prudential Life Insurance Company, Ltd. and she has extensive experience and wide discernment in corporate management and corporate ethics. The Company deems her to be suitable as an outside corporate auditor.

Officers' Compensation

Overview of Compensation System for Officers and Resolutions of the General Meeting of Shareholders concerning Officers' Compensation, etc.

At the Ordinary General Meeting of Shareholders held on June 29, 2004, a resolution was passed to set the total annual compensation for directors at just 1% of consolidated ordinary profit for the previous consolidated fiscal year. The number of directors as of the conclusion of that General Meeting of Shareholders was 12.

On April 1, 2020, the Company introduced an executive officer system, which enables the appointment of officers comparable to directors necessary for business expansion, with the aim of the further broadening the scope of business and enhancing employee morale. Accordingly, with the agreement of all directors, the compensation of executive officers is also to be paid from the aforementioned total amount of compensation for directors (hereinafter, directors and executive officers are collectively referred to as "directors, etc.").

The monetary compensation for corporate auditors is determined to be within 6.5 million yen per month, in accordance with the resolution made at the Ordinary General Meeting of Shareholders held on June 29, 1999. The number of corporate auditors as of the conclusion of that General Meeting of Shareholders was five.

Policies related to the Determination of the Content of Compensation, etc. for Individual Directors, etc., and Authorization for the Determination Thereof

The policy for the determination of the content of compensation, etc. for individual directors, etc. (hereinafter referred to as the "determination policy") is established by resolution of the Board of Directors. Under the determination policy, compensation for each director, etc., consists only of fixed compensation, and the specific content (payment amount, timing of payment, payment method, etc.) of the compensation for individual directors is determined by agreement between the Chairman of the Board and Representative

Directors, based on a resolution of authorization by the Board of Directors. When making this agreement, each director's duties and level of contribution to performance are considered.

Whereas the total annual amount of directors' compensation is set at 1% of ordinary profit for the previous consolidated fiscal year, the full amount is not paid to the individual directors, etc., in the current fiscal year, and part of directors' compensation is retained without fixing the amount per director, etc., for future use as retirement benefits for directors, etc., and supplementation of declines in the compensation of directors, etc., due to downturns in business performance, etc.

With regard to compensation for directors, etc., in the fiscal year under review, based on authority resolved by the Board of Directors at a meeting held on June 29, 2022, the specific content (payment amount, timing of payment, payment method, etc.) of the compensation for individual directors was determined by agreement between Mr. Kenichi Onodera (Director - Chairman/Chairman of the Board), Mr. Kojun Nishima (Representative Director and President/Head of Office Leasing Business Division), Mr. Masato Kobayashi (Representative Director and Deputy President/Head of Condominium Sales Business Division), and Mr. Yoshiyuki Odai (Representative Director and Deputy President/Head of Corporate Planning Division).

These four directors are, respectively, the Chairman of the Board, Representative Director and President, Representative Director and Deputy President in charge of the business division, and Representative Director and Deputy President in charge of the management division, and as these persons received this authorization based on the judgment that they would be able to comprehensively examine and appropriately assess the duties and contributions to performance of each director by bringing in their respective viewpoints, the Board of Directors has judged that the content of the compensation of individual directors, etc., for the fiscal year under review is in line with the determination policy.

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Amount Paid to Each Director and Executive Officer

Category	Amount paid (Million yen)	Amount by type of compensation (Million yen)				Number of officers eligible (Persons)
		Basic compensation	Stock options	Bonus	Retirement benefit	
Directors (excluding Outside Directors)	730	730	—	—	—	8
Executive Officers	420	420	—	—	—	9
Outside Directors	48	48	—	—	—	2
Total	1,198	1,198	—	—	—	19

Note: Whereas the total annual amount of compensation for directors including outside directors for fiscal year ended March 31, 2023 is fixed at 2,213 million yen, the full amount has not been paid to the individual directors and executive officers in the same fiscal year, and 1,014 million yen, the difference from the above-mentioned amount paid, has been retained as provision for future use such as their retirement benefits and supplementation of declines in their compensation due to future downturns in business performance, etc. Regarding the retained amount, the timing of payment and the amount for individual officers cannot be determined, and thus, the retained amount will become subject to calculation of compensation etc. of individual officers upon payment in the future or upon confirmation of future payment.

Total Amount of Compensation etc. for Each Category of Officers and Number of Officers Eligible

Category	Total compensation (Million yen)	Amount by type of compensation (Million yen)				Number of officers eligible (Persons)
		Basic compensation	Stock options	Bonus	Retirement benefit	
Directors (excluding Outside Directors)	2,165	2,165	—	—	—	8
Corporate Auditors (excluding Outside Corporate Auditors)	32	32	—	—	—	2
Outside Directors/ Outside Corporate Auditors	74	74	—	—	—	4
Total	2,272	2,272	—	—	—	14

Notes: 1. With the agreement of all directors, a portion of the amount of directors' compensation has been allocated to the nine executive officers.
2. The breakdown of total amount of compensation etc. for outside directors and outside corporate auditors is 48 million yen for outside directors and 26 million yen for outside corporate auditors.

Total Amount of Compensation of Persons with Total Compensation of 100 Million Yen or More

Name	Category	Total compensation (Million yen)	Amount by type of compensation (Million yen)			
			Basic compensation	Stock options	Bonus	Retirement benefit
Kenichi Onodera	Director	150	150	—	—	—
Kojun Nishima	Director	150	150	—	—	—
Masato Kobayashi	Director	120	120	—	—	—

Risk Management

Issue Awareness and Action Plans

The Sumitomo Realty Group recognizes that it is important for corporate management to take measures to prevent, mitigate and avoid various business risks, as well as respond to emergencies that are expected to have a significant impact on corporate activities, based on an understanding of the various risks involved in business.

In addition to risk management by each business department, the Group strives to stabilize its business activities and sustainably enhance corporate value by understanding, analyzing and appropriately dealing with risks associated with management and businesses through the establishment of cross-sectional organizations.

Management Structure

In order to address various business risks, we established the Sustainability Committee chaired by the Company's President. For monitoring and addressing the risks associated with the business, such as investment risk and market risk, the executive officers in charge of and responsible for respective departments and subsidiaries report them to the President and the Board of Directors. The President and the Board of Directors then discuss and respond to these risks. With the process above, we have

established a system that the Board of Directors monitors the risk management and reviews the operational status as appropriate.

We have also established a system whereby the BCP Council responsible for the risks of large-scale disasters, etc. affecting business continuity, the Sustainability Promotion Council responsible for issues affecting corporate activities, including environmental problems and climate change, and for issues and risks related to human capital etc., and the Internal Audit Department responsible for the risks related to compliance, respectively discuss policies for the Group, monitor the status, and report the results to the Sustainability Committee.

Examples of Risks that the Company Recognizes and the Board of Directors Supervises

- Risk related to force majeure events, including disasters
- Risk related to compliance
- Risk related to climate change
- Risk related to suppliers
- Risk related to information security
- Risk related to finance
- Risk related to the spread of COVID-19

(1) Risk related to Force Majeure Events, including Disasters

In order to be prepared for force majeure events, including disasters, the Group strives to improve its business continuity by adopting base isolation and quake-absorption structures at its properties and equipping facilities with emergency generators to ensure uninterrupted operation. We also create manuals and carry out disaster drills based on expected scenarios in our business activities in order to ensure operational sustainability. Moreover, the BCP Council, a subordinate organization of the Sustainability Committee, determines specific policies to manage BCP measures for the Group and monitors the status of such management.

However, if a force majeure event occurs in an extent that far exceeds our assumptions, the Group's business performance or financial position may be affected as it faces costs to reconstruct its properties or slowdown in business activities.

(2) Risk related to Compliance

Businesses operated by the Group are subject to wide-ranging laws and regulations, including the Building Lots and Buildings Transaction Business Act, the Construction Business Act, the Building Standards Act and the Labor Standards Act. We closely monitor any change in them and work to ensure timely and appropriate compliance. The Internal Control Meeting, subordinate to the Sustainability Committee, monitors the Group's compliance promotion activities, while the Internal Audit Department conducts internal audit on entities including subsidiaries and operates multiple whistleblowing desk in and outside the Company, aiming to detect and deter misconduct and illegal acts.

Still, there is possibility that the Group's business performance and financial position may be affected through impacts of changes to laws, etc. on business activities. Furthermore, if the Group and its officers and employees commit compliance violation, the Group's business performance or financial position may be affected as confidence in the Group is undermined and demand for the Group's products decreases.

(3) Risk related to Climate Change

The Group aims to respond to physical risks associated with climate change such as storm and flood damage, as well as transition risks entailed by various systems for curbing climate change and changes in the business environment. Based on the TCFD Framework, we organize, analyze and disclose the financial impacts brought by climate change and responses to those impacts from the four perspectives of governance, strategy, risks, and targets. In addition, the Sustainability Promotion Council, a subordinate organization of the Sustainability Committee, promotes various initiatives. As a supplier of social assets, we are promoting decarbonation initiatives as climate change measures through our business activities. We are particularly focusing on the development of new properties and products with high environmental performance, raising awareness for saving energy in the operation of our properties, and renovating existing buildings to improve their environmental performance, etc.

However, the Group's operating results and financial position may be affected by a rise in construction costs and operational costs due to events such as restrictions that exceed our assumptions and drastic changes in the business environment.

(4) Risk related to Suppliers

The Group promotes its business involving many suppliers, including the construction companies, and personnel involved in operation of the leasing assets such as cleaning staff, service staff, security staff, and operators responsible for facility maintenance and inspections. To reduce the risks associated with suppliers, the Company's employees conduct due diligence at the beginning of a transaction with a new supplier, make all parties thoroughly aware of our "Sustainable Procurement Guidelines," supervise transactions, provide safety training to suppliers, and engage in other activities under the Sustainability Promotion Council, a subordinate organization of the Sustainability Committee.

However, the Group's operating results and financial position may be affected by suppliers due to unforeseen circumstances.

(5) Risk related to Information Security

The Group's businesses hold large amounts of important information, including personal data. The Group has cybersecurity measures in place to prevent information leaks and trains employees on information security.

However, if information is leaked due to cyberattacks or negligence on the part of our employees, the Group's business performance or financial position may be affected due to payment of compensation for the damage or decreases in demand for its products as confidence in the Group is undermined.

(6) Risk related to Finance

In the real estate leasing and sales businesses we operate, investment is made up front, and revenue is not claimed until we first purchase land and the building is completed. This means we need to secure a stable supply of operating funds by borrowing from banks or issuing bonds.

To achieve this, we strive to stabilize funding by extending the period of and promoting fixed interest rates for consolidated interest-bearing debts while working to solidify stable relationship with diverse financial institutions.

However, a rapid and significant change in the financial environment, a change in the operational situation of lenders, etc. may inflict a negative impact on the Group's earnings performance or financial position in the forms of rises in borrowing rates and deteriorated cash flows.

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Consolidated interest-bearing debts, etc. in recent fiscal years

(Million yen)

	FY2018	FY2019	FY2020	FY2021	FY2022
Interest-bearing debts	3,342,786	3,440,908	3,561,293	3,559,993	3,938,021
Equity	1,202,103	1,294,998	1,503,021	1,634,049	1,799,372
ND/E ratio*	2.6	2.5	2.2	2.1	2.1
Long-term debt ratio	99%	96%	96%	98%	95%
Fixed-interest rate debt ratio	96%	95%	94%	96%	86%

* Net interest-bearing debts / Equity

(7) Risk related to the spread of COVID-19

The COVID-19 pandemic is winding down, and further normalization of economic and social activities is expected going forward. We strive to secure revenue by implementing appropriate measures to protect our customers and employees from infection, based on the epidemic status of infectious diseases and the knowledge we have accumulated thus far.

However, if the spread of COVID-19 resurges in Japan and other major countries overseas, causing prolonged period of restrictions on people's movements and gatherings, the Group's business performance and financial position may be affected by decline of revenue from commercial facility business such as hotels and event halls.

Compliance

Issue Awareness and Action Plans

The Sumitomo Realty Group has set forth its fundamental mission which is based on Sumitomo's business philosophy, and it established the Code of Conduct as guidelines to govern all our officers and employees in order to fulfill this fundamental mission. The Code of Conduct upholds the concept of implementation of compliance and promotes compliance activities based on the understanding that compliance is an important management issue.

The Company defines implementation of compliance as not only complying with laws and regulations, but also sensitively responding and adapting to social demands that underlie laws and regulations. We promote our business activities by responding to laws, regulations, internal rules, social common sense, corporate ethics and social demands that underlie them.

Management Structure

The Group has established the Sustainability Committee chaired by the President, and its subordinate organization, the Internal Control Meeting (hosted by the Company's Internal Audit Department), monitors compliance promotion activities* of the Group and reports the result to the Sustainability Committee. The Internal Audit Department performs internal audits to check

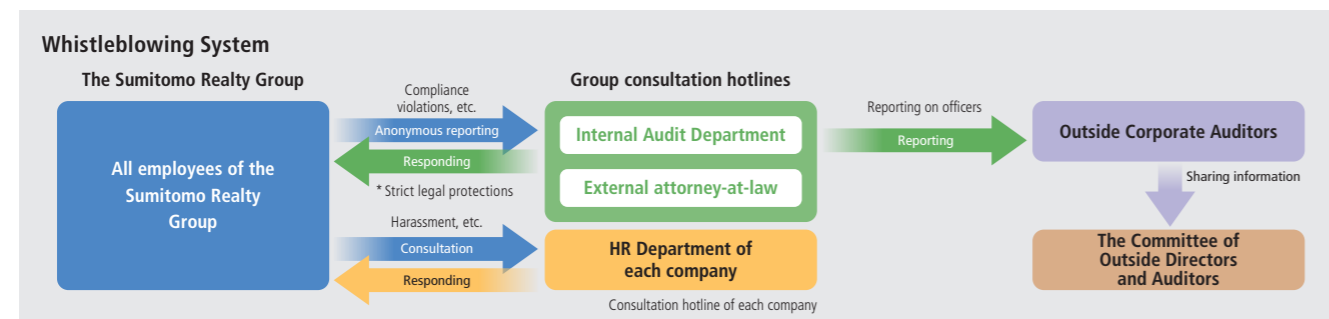
the business execution status of each department of the Group and the operational status of internal controls, prevent any illegal acts or misconduct, and provide suggestions for business improvement. Moreover, the department and the independent auditor report the results of their audits to the corporate auditors and exchange opinions in an appropriate manner. These activities help to improve the quality and efficiency of the monitoring by the corporate auditors, the independent auditor and the Internal Audit Department. The Group has a system in which the Board of Directors supervises the compliance promotion activities. Of the matters examined by respective department and subsidiaries, important matters are reported to the Board of Directors.

* Compliance promotion activities refer to activities to prevent all types of corruption including bribery and money laundering, as well as activities to comply with various laws and regulations concerning the environment and society.

Initiatives

Whistleblowing System

The Sumitomo Realty Group has established a whistleblowing system for the employees and their families of the entire Group, which aims to enable early detection of compliance violations and appropriate response. In order to encourage active consultation and reporting, we have designed the system to



provide strict legal protection for those who report violations as well as to allow them the option of anonymous reporting. In this system, we respond to not only clear compliance violations but also potential violations.

We have established a compliance system by preparing two points of contact for reporting; the Internal Audit Department, which is independent of business divisions or other internal organizations, serves as the internal point of contact, and an external law firm, which is independent of the management, serves as the external point of contact.

In addition, we have established consultation hotlines in each Group company's Human Resources Department to provide consultation on harassment and other issues related to the working environment.

The personal information of whistleblowers is kept confidential with strict legal protections, so they do not suffer any negative consequences by contacting the consultation hotlines.

Should a compliance violation be identified, we take appropriate action and then work to prevent a similar situation from reoccurring by alerting our employees through the intranet and other means. In addition, remedial measures are provided for victims.

Compliance Handbook

The Compliance Handbook, which describes appropriate behavior in terms of compliance in given situations, is distributed to all officers and employees to be thoroughly acquainted with legal compliance. We update the contents as needed, following the process where we check the adherence to the code of ethics, identify compliance violations, and verify the effectiveness based on feedback from the worksites.

Compliance Training

Employees are educated on implementation of compliance as Sumitomo Realty Group employees through various training programs including new employee training, compliance training for all employees and managerial position training.

Handling Compliance Violations

When compliance violations are discovered, the Company conducts prompt investigations and takes strict disciplinary actions as well as measures to prevent the reoccurrence of such violations. At the same time, all officers and employees are warned.

The Policy for Takeover Defense Measures Against Purchase Proposals That Undermine the Corporate Value of the Company (Policy on Large-Scale Purchase of Shares of the Company)

Basic Policy and Initiatives to Ensure It

(1) Aiming to surpass 300 billion yen in ordinary profit in the next medium-term management plan

With top priority placed on achieving objectives of the medium-term management plans it has formulated every three years, the Company has increased its corporate value as a result of having steadily implemented the plans. The Company has executed eight management plans, and has achieved increases in ordinary profit in 23 fiscal years, excluding the three fiscal years under the global financial crisis and the COVID-19 pandemic.

In the fiscal year ended March 31, 2023, the first year of the Ninth Management Plan, we achieved record ordinary profit for the second consecutive year and record profit for the tenth consecutive year, making a good start toward achieving the goals for the cumulative three-year period of the medium-term management plan.

For the fiscal year ending March 31, 2024, we aim to renew record-high profits with expecting higher profits in all business segments of the mainstay office building leasing (Leasing segment), condominium sales (Sales segment), housing (Construction segment) and Brokerage segment.

At the time of the announcement of the Ninth Management Plan in May last year, when the business environment outlook was uncertain due to the COVID-19 pandemic and the situation in the Ukraine, the Company has set its long-term vision to achieve 300 billion yen in ordinary profit by FY2030 at the latest through the contribution of earnings from operations of new buildings to be completed. However, the outlook for each business segment including the hotel and multipurpose hall businesses, which were affected by the COVID-19 pandemic, has improved compared to a year ago, and surpassing 300 billion yen in ordinary profit is now expected to be achievable

during the next medium-term management plan (2026-2028), earlier than initially expected.

(2) Growth underpinned by central Tokyo office building leasing business and corporate value

The real estate leasing business primarily involving office buildings in central Tokyo has been a driving force underpinning the Company's growth thus far. Given that this business accounts for nearly 70% of the Company's operating income overall, it clearly forms the core aspect of its corporate value acting as a major pillar of operations.

The Company has been expanding its business platform by promoting development of office buildings with a specific focus on central Tokyo over roughly half a century since the early 1970s, an era that ushered in completion of the Shinjuku Sumitomo Building, often referred to as "Sankaku Biru" (triangular building). The Company has experienced unprecedented economic crises such as the bursting of Japan's bubble economy and the 2008 global financial crisis in wake of the Lehman Brothers collapse, and various changes in the business environment such as Japan's bubble economy and business conditions under Abenomics policies. Still, the Company has consistently persisted with respect to unwaveringly implementing its management policies such that: (i) the Company will not pursue temporary gains by selling assets; (ii) the Company will develop sites and construct buildings; and (iii) the Company will hold ownership of the buildings constructed on sites it has developed to generate stable leasing income over the long-term by owning and leasing such buildings. The Company has consequently grown to become a building owner with a diverse portfolio of more than 230 buildings located in central Tokyo, and cash flows from the

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leasing business exceeded 220 billion yen in the fiscal year ended March 31, 2023 (operating income of the real estate leasing business + depreciation).

The office building leasing business calls for comprehensive strengths for carrying out business encompassing everything from acquisition of development sites to operations that include planning projects, marketing tenants, providing services for tenants and managing buildings. Given that acquiring development sites is the most important of these operations, the Company has been developing sites for buildings as if it were a manufacturer in terms of the approach it takes to redevelopment in terms of purchasing multiple small parcels of land to integrate them into a larger scale and coordinating rights and interests of landowners. In addition, the Company attaches importance to performing building management, tenant marketing, etc. directly, thus grasping the actual conditions of clients and sites appropriately and always eagerly working on the improvement of project planning and making operations more efficient. As a result, we have realized high profitability, and have increased the value of the property possessed as well as of the corporation. As of March 31, 2023, unrealized gains from rental and other investment properties amounted to approximately 3.7 trillion yen having accumulated over the years.

(3) The necessity for the takeover defense measures

In the Ninth Management Plan, the Company has set forth the continuation and promotion of investment in leasing office assets in central Tokyo as its third target, and it aims to further expand its earnings base, increase its corporate value, and augment shareholder returns by successively completing concrete development plans, centered on redevelopment, with a gross floor area of over 700,000 tsubo (one tsubo is roughly 3.3 m²), which constitutes more than 40% of the 1,700,000 tsubo in gross floor area for leasing as of March 31, 2022, and putting these buildings into operation. Such large-scale development plans involve ultimately generating revenues from the substantial amount of cumulative upfront investment made thus far. The Company has long managed to continuously expand its business platform by developing lease buildings while avoiding exposure to vicissitudes of the real estate market and economic conditions, given that it has always been buoyed by cash flows from the leasing business which have been a stable source of revenues. As such, the Company needs to maintain and further expand its cash flows from the leasing business, which have grown to exceed 200 billion yen, in order to confidently carry out such upfront investment without having to continually resort to interest-bearing debt. Moreover, it is likely to take another two or three medium-term management plan periods before the Company achieves full profitability given that the focus has been on large-scale redevelopment.

On the other hand, amid large-scale financial easing, appetite for investment in top-class domestic revenue-generating real estate has increased, and it cannot be denied that there is a risk that a large-scale acquisition will be forcefully conducted in a one-sided manner in relation to shares of the Company, which holds many top-class buildings in Tokyo. If the management policies of the Company, which aim to sustainably enhance corporate value through the steady accumulation of leasing assets that the Company has continued to build up over the past half a century, are rejected and a short-term management policy is adopted to seek temporary earnings and realizes latent

gains by selling real estate holdings prior to having accomplished the objectives of the development plans formulated to contribute to higher corporate value in the future, cash flows from the leasing business that act as a stable revenue source will decrease as a result, thereby exposing the development plans to financial risk. As such, the Company is unable to rule out a possible threat of damage to the foundations of the Company's corporate value. The Company's management policy aims to steadily increase corporate value based on a medium- to long-term outlook, and is consequently incompatible with such short-term management policies. As such, until there is a general timeline for the generation of revenues from development plans covering over 700,000 tsubo, which is equivalent to over 40% of the current gross floor area in operation, and development plans that are not reflected in corporate value have decreased to a certain proportion, the Company needs to seek a mandate from its shareholders upon having ensured sufficient information and time for completing discussions in case an investor seeking to orchestrate a takeover emerges.

In addition, under the Financial Instruments and Exchange Act of Japan, there is a tender offer system in place as a process for ensuring transparency and fairness for share transactions that affect the control of companies, and it is thus ensured that shareholders will have information and time to make an assessment. The tender offer period is however short, at 30 business days, and thus cannot be said to provide sufficient time for consideration. In addition, the Company believes issues remain in relation to the legal system, such as the fact that high-handed purchases and other abusive purchases cannot necessarily be eliminated because partial tender offers are permitted, and the fact that the tender offer system will not be applied in the first place if the purchaser only purchases shares through market transactions.

Based on the above, the Company deems that in order to continue to sustainably enhance the corporate value of the Company in the future, the provision of procedures through the "Policy for Takeover Defense Measures Against Purchase Proposals That Undermine the Corporate Value of the Company (Policy on Large-Scale Purchase of Shares of the Company)" (hereinafter referred to as "the Policy"), continues to align with the common interests of shareholders. The Policy was adopted based on the decision of the meeting of its Board of Directors dated May 17, 2007. It was continued based on the resolution of shareholders' meeting of the 74th fiscal year dated June 2007, and was continued or renewed upon receiving approval from shareholders at the 77th, the 80th, the 83rd, the 86th and the 89th ordinary general meetings of shareholders. The term of the Policy will expire upon the conclusion of the 92nd ordinary general meeting of shareholders scheduled to be held in June 2025.

■ The Policy on Measures to a Large-Scale Purchase of Shares of the Company and the Board's Stance

The Company believes that if a large-scale purchase of the Company shares ("Large-Scale Purchase") is initiated, the shareholders should decide to accept or reject the Large-Scale Purchase. In order for the shareholders to correctly recognize the effect on the corporate value and common interests of shareholders, however, it is necessary that both the party making the Large-Scale Purchase (the "Large-Scale Purchaser") and the Board of Directors provide to the shareholders necessary

and sufficient information, opinions, alternative proposals, etc., and necessary and sufficient time to consider them.

The Policy sets out rules on Large-Scale Purchases ("Large-Scale Purchase Rules") and requests the Large-Scale Purchaser to comply with the Large-Scale Purchase Rules. The Large-Scale Purchase Rules state that the Large-Scale Purchaser provides the Board of Directors necessary and sufficient information regarding the Large-Scale Purchase in advance, and commence the Large-Scale Purchase after a certain period of evaluation by the Board of Directors has elapsed. The Board of Directors shall take measures that it deems necessary if the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, or even though the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or if the Large-Scale Purchase significantly damages the corporate value and common interests of shareholders.

Additionally, the Board of Directors shall consult with a Special Committee consisting of outside directors, outside corporate auditors, persons with corporate management experience,

Timely and Appropriate Information Disclosure and Communication with Shareholders and Investors

■ System for Information Disclosure

The Company considers that it is important to ensure soundness and transparency of management by means of timely and appropriate information disclosure.

In accordance with this basic policy, the Company has put in place systems that enable swift reporting to the responsible department at the head office and implementation of appropriate information management measures, if a material fact that may have an impact on investors' investment decisions arises at the Company's departments or at subsidiaries.

Upon emergence of a material fact and reporting thereof, the responsible department, the Administration Department, the Corporate Planning Department, and other relevant departments, discuss whether there is need for timely disclosure, and if it is judged that disclosure is necessary, timely disclosure is performed without delay following the necessary internal procedures. Subsequently, the disclosure materials are posted on the Company website for thorough information disclosure.

lawyers, certified public accountants, etc., and take such recommendation to the fullest account, when judging whether or not the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, and whether or not countermeasures should be taken.

As stated above, the Policy stipulates rules to secure the necessary information and time for shareholders to deliberate on the Large-Scale Purchase, as well as countermeasures if the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules or if it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company. The purpose of the Policy is not to maintain the status of the Company's officers but to contribute to the Company's corporate value and the common interests of its shareholders.

* For details, please refer to "Notice of convocation of the 89th ordinary general meeting of shareholders." <https://www.sumitomo-rd.co.jp/english/ir/>

■ Policy for Constructive Dialogue with Shareholders

The Company strives to give an account of the Company's corporate management and business activities through general meetings of shareholders, financial results briefing sessions, individual meetings, and other opportunities for communication with shareholders and investors. If a shareholder requests a dialogue, the Company's policy is that the Investor Relations & ESG Section will respond to such request appropriately under the supervision of the responsible director, etc. depending on the objective of the dialogue, the method of communication, the number of shares held, the attributes, etc.

We hold more than 100 individual meetings each year with both domestic and foreign institutional investors to exchange views mainly on growth strategies, shareholder returns, capital efficiency, takeover defense measures, reduction of strategic shareholdings, and decarbonization initiatives.

Regarding dialogues with shareholders, we exercise due care concerning the handling of insider information, and share the contents of the dialogues, as necessary, at important meetings such as meetings of the Executive Committee attended by directors and executive officers in order to utilize them for the formulation of management plans and medium- to long-term outlook, etc.

Key Non-financial Data

Environmental Indicator	Unit	FY2020	FY2021	FY2022
Total Greenhouse Gas (GHG) Emissions (Scope 1 + Scope 2 + Scope 3)				
Total GHG emissions	t-CO ₂	4,917,485	4,851,091	4,742,194
Scope 1 (Direct emissions)	t-CO ₂	41,447	43,847	44,270
Scope 2 (Indirect emissions from energy use)	t-CO ₂	122,376	119,858	121,369
Scope 3 (Other indirect emissions)	t-CO ₂	4,753,662	4,687,387	4,576,555
1. Purchased goods and services	t-CO ₂	807,278	1,129,945	1,029,072
2. Capital goods	t-CO ₂	461,984	289,359	752,311
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	t-CO ₂	28,045	27,809	27,916
4. Upstream transportation and distribution	t-CO ₂	0	0	0
5. Waste generated in operations	t-CO ₂	21,811	23,757	20,476
6. Business travel	t-CO ₂	1,776	1,695	1,684
7. Employee commuting	t-CO ₂	3,364	3,211	3,191
8. Upstream leased assets	t-CO ₂	19,977	18,826	18,087
9. Downstream transportation and distribution	t-CO ₂	70,518	106,767	110,894
10. Processing of sold products	t-CO ₂	0	0	0
11. Use of sold products	t-CO ₂	3,082,599	2,832,169	2,379,038
12. End-of-life treatment of sold products	t-CO ₂	36,230	32,923	28,378
13. Downstream leased assets	t-CO ₂	220,082	220,927	205,509
14. Franchises	t-CO ₂	0	0	0
15. Investments	t-CO ₂	0	0	0
Energy Consumption				
Energy consumption	GJ	3,229,045	3,201,463	3,107,846
Covered area	m ²	5,300,737	5,513,815	5,744,209
Energy consumption coefficient	GJ/m ²	0.609	0.581	0.541
Green Building Certification				
Number of certified properties	Properties	26	27	54
Gross floor area of certified properties	m ²	2,543,308	2,630,933	3,176,691
Gross floor area of leasing assets owned by the Company	m ²	4,772,670	4,856,078	5,215,000
Percentage of certified area to total gross floor area	%	53	54	61
Certification acquisition rate for large-scale new buildings	%	100	100	100

Environmental Indicator	Unit	FY2020	FY2021	FY2022
Water Withdrawal*				
Water withdrawal	Thousand L	1,983,409	1,841,173	2,009,446
Covered area	m ²	3,850,618	3,796,918	3,725,121
Water withdrawal coefficient	Thousand L/m ²	0.515	0.485	0.539
Wastewater*				
Wastewater	Thousand L	1,843,172	1,719,615	1,903,615
Covered area	m ²	3,850,618	3,796,918	3,725,121
Wastewater coefficient	Thousand L/m ²	0.479	0.453	0.511
Waste Discharge and Recycled Waste Volumes*				
Total waste volume	t	15,016	18,549	16,052
Total recycled waste volume	t	10,389	12,458	11,104

* The calculation of water withdrawal and wastewater boundary consists of office buildings owned and managed by Sumitomo Realty (including those used by the Company) for which reporting is required under the Act on Rationalizing Energy Use.
The calculation of waste discharge and recycled waste boundary consists of the leasing assets owned and managed by the Sumitomo Realty Group.

Social Indicator	Unit	FY2020	FY2021	FY2022
Employee				
Total number of employees	Persons	13,530	13,040	12,957
Male	Persons	9,445	9,042	8,941
Female	Persons	4,085	3,998	4,016
Percentage of employees who received health checkup	%	100	100	100
Average length of service	Years	7.8	8.4	8.4
Diversity Indicator				
Number of employees who took maternity leave	Persons	151	161	164
Number of employees who took childcare leave	Persons	189	209	305
Number of employees working shorter hours	Persons	203	256	290
Employment rate of persons with disabilities	%	2.53	2.38	2.37
Percentage of female managers	%	4.5	4.7	9.1

Eleven-year Financial Summary

	Million yen										
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
For the Year											
Revenue from operations	736,652	780,273	806,835	854,964	925,151	948,402	1,012,198	1,013,513	917,473	939,431	939,905
Leasing	278,317	283,730	289,117	313,340	337,466	353,881	381,764	395,592	398,238	425,082	425,369
Sales	232,149	234,093	264,207	274,761	314,299	311,193	331,752	324,928	263,395	233,788	222,077
Construction	171,082	201,190	188,995	199,115	203,623	209,356	221,693	218,931	188,708	204,362	213,584
Brokerage	50,957	57,211	58,486	61,496	66,714	69,169	71,867	71,199	65,793	73,484	75,107
Cost of revenue from operations	529,913	558,987	579,964	614,191	664,184	664,015	711,050	691,832	629,565	636,988	625,452
SG&A expenses	55,394	60,815	60,976	66,532	72,796	78,750	81,759	87,349	68,664	68,560	73,179
% of revenue from operations	7.5%	7.8%	7.6%	7.8%	7.9%	8.3%	8.1%	8.6%	7.5%	7.3%	7.8%
Operating income	151,345	160,471	165,895	174,241	188,171	205,637	219,389	234,332	219,244	233,883	241,274
% of revenue from operations	20.5%	20.6%	20.6%	20.4%	20.3%	21.7%	21.7%	23.1%	23.9%	24.9%	25.7%
Ordinary profit*1	114,916	130,537	139,055	148,424	167,697	186,871	203,227	220,521	209,950	225,115	236,651
Profit attributable to owners of parent	59,825	69,697	80,567	87,798	103,489	119,731	130,103	140,997	141,389	150,452	161,926
Depreciation and amortization	37,761	35,311	33,519	34,574	39,446	41,628	46,313	48,974	57,813	60,645	64,635
At Year-end											
Total assets	4,105,500	4,220,429	4,523,804	4,675,915	4,980,040	5,167,199	5,130,120	5,317,623	5,673,666	5,806,040	6,365,436
Equity*2	627,012	707,948	832,462	888,100	1,007,347	1,114,975	1,202,104	1,295,000	1,503,021	1,634,049	1,799,372
Net interest-bearing debt	2,424,932	2,652,929	2,875,660	2,971,667	3,101,162	3,210,302	3,170,595	3,245,547	3,372,953	3,408,600	3,752,902
Unrealized gains on investment and rental properties	1,001,547	1,132,644	1,290,145	1,697,562	1,996,441	2,328,140	2,703,263	3,176,151	3,432,632	3,494,974	3,736,711
Per Share Amounts (Yen)											
Profit attributable to owners of parent	126.18	147.02	169.97	185.23	218.34	252.62	274.51	297.50	298.33	317.45	341.66
Net assets	1,322.52	1,493.48	1,756.25	1,873.71	2,125.36	2,352.53	2,536.40	2,732.41	3,171.34	3,447.81	3,796.64
Cash dividend applicable to the year	20.00	20.00	21.00	22.00	24.00	27.00	30.00	35.00	40.00	45.00	52.00
Key Ratios											
Equity ratio (%)	15.3	16.8	18.4	19.0	20.2	21.6	23.4	24.4	26.5	28.1	28.3
ROE (%)	10.1	10.4	10.5	10.2	10.9	11.3	11.2	11.3	10.1	9.6	9.4
ROA (%)	3.9	4.0	3.9	3.9	4.0	4.2	4.5	4.7	4.2	4.3	4.2
Return on leasing business*3 (%)	4.8	4.7	4.7	4.8	5.3	5.5	5.6	6.0	5.5	5.5	5.4
Long-term debt ratio (%)	93	95	97	98	98	98	99	96	96	98	95
Fixed-interest rate debt ratio (%)	80	82	87	94	95	94	96	95	94	96	86
ND/E ratio*4 (Times)	3.9	3.7	3.5	3.3	3.1	2.9	2.6	2.5	2.2	2.1	2.1
Interest coverage ratio*5 (Times)	4.9	6.1	6.5	7.3	9.0	10.5	11.4	12.8	12.6	13.7	14.6

*1. Ordinary profit, which equals operating income after adjustment for non-operating income/expenses, is a management index that is widely used in Japan. Ordinary profit is not referred to in the English-language financial statements of the Consolidated Financial Report, but is included here because it plays an important role in the calculation of compensation for directors.

*2. Equity = Shareholders' equity + Accumulated other comprehensive income (loss)

*3. Return on leasing business = Cash flows from leasing business / Net investments of leasing business

*4. ND/E ratio = Net interest-bearing debt / Equity

*5. Interest coverage ratio = (Operating income + Interest and dividend income) / Interest expense

Notes: 1. The Company changed its accounting policy (revenue recognition standards of Sumitomo Real Estate Sales) from the beginning of FY2019. The figures provided for FY2018 are those after retroactive application.

2. From the beginning of FY2020, the business segments for revenue and income from Sumitomo Real Estate Sales have been changed, from the allocation to "Sales," "Brokerage" and "Adjustments (not presented in the document)," to be consolidated into "Brokerage." Financial results for FY2019 have been adjusted retroactively.

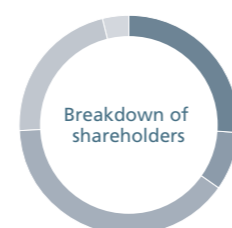
Corporate Data / Investor Information (As of March 31, 2023)

Corporate Data

Corporate Name Sumitomo Realty & Development Co., Ltd.
 Head Office Shinjuku NS Building, 4-1,
 Nishi-shinjuku 2-chome
 Shinjuku-ku, Tokyo 163-0820, Japan
 Date of Establishment December 1, 1949
 Paid-in Capital ¥122,805 million
 Number of Employees 12,957 (Consolidated)
 Corporate Website <https://www.sumitomo-rd.co.jp/english/>

Investor Information

Number of Common Stock
 Authorized: 1,900,000,000 shares
 Issued: 476,085,978 shares
 Number of Shareholders: 16,986
 (of which 15,526 holding share unit)



Trust Accounts	26.26%
Financial Institutions	8.47%
Other Companies	39.49%
Foreign Companies	22.06%
Individuals and Others	3.72%

Major Consolidated Subsidiaries

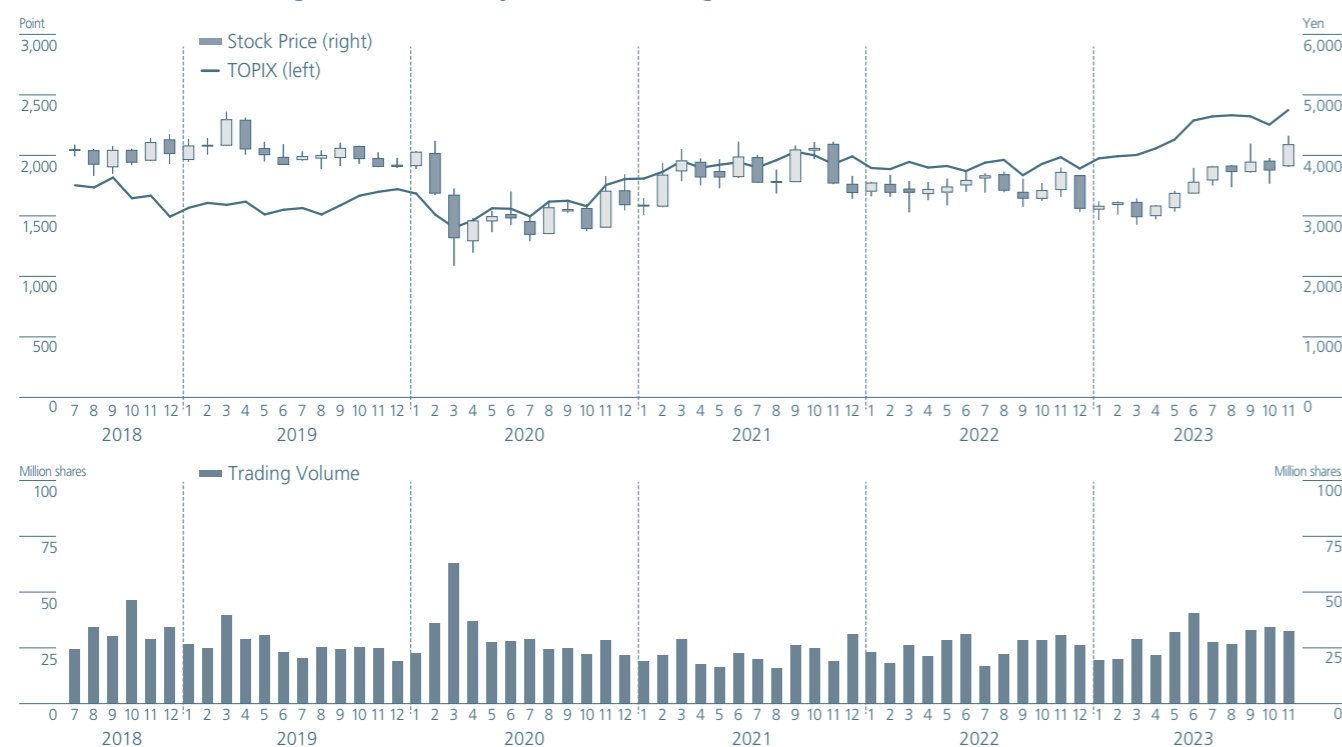
Sumitomo Real Estate Sales Co., Ltd.
 Sumitomo Fudosan Tatemono Service Co., Ltd.
 Sumitomo Fudosan Syscon Co., Ltd.
 Sumitomo Fudosan Villa Fontaine Co., Ltd.
 Sumitomo Fudosan Bellesalle Co., Ltd.
 Sumitomo Fudosan Retail Management Co., Ltd.
 Sumitomo Fudosan Esforta Co., Ltd.

Major Shareholders

Name	Number of shares held (Thousands)	Percentage of shares held
The Master Trust Bank of Japan, Ltd. (Trust account)	71,324	15.05
Custody Bank of Japan, Ltd. (Trust account)	25,477	5.38
Custody Bank of Japan, Ltd. (Trust account 4)	10,952	2.31
Sumitomo Mitsui Banking Corporation	10,000	2.11
Taisei Corporation	9,550	2.02
Daikin Industries, Ltd.	8,367	1.77
Obayashi Corporation	8,090	1.71
SSBTC CLIENT OMNIBUS ACCOUNT	7,744	1.63
Shimizu Corporation	7,500	1.58
Maeda Corporation	7,244	1.53

Notes: 1. Numbers of shares have been rounded down to the nearest thousand shares.
 2. Percentage of shares held has been calculated by excluding treasury stock.

Stock Price and Trading Volume on Tokyo Stock Exchange



History

- 1949** • Izumi Real Estate Co., Ltd. established to succeed real estate business of the Sumitomo Honsha Ltd. following the breakup of the conglomerate.
- 1957** • Izumi Real Estate Co., Ltd. changed its name to Sumitomo Realty & Development Co., Ltd.
- 1963** • Merged with the holding company of the former Sumitomo zaibatsu during its liquidation.
- 1964** • Opened Osaka Branch.
• Entered condominium sales business with Hama-Ashiya Mansion in Kobe, Hyogo Prefecture.
- 1970** • Listed on the Tokyo Stock Exchange and Osaka Securities Exchange.
- 1972** • Established Sumitomo Realty & Development CA., Inc., a consolidated subsidiary.
- 1973** • Established Sumitomo Fudosan Tatemono Service Co., Ltd., a consolidated subsidiary.
- 1974** • Completed construction of Shinjuku Sumitomo Building in Shinjuku Ward, Tokyo (in March); moved Company headquarters there from Tokyo Sumitomo Building in Marunouchi, Tokyo (in June).
- 1975** • Established Sumitomo Real Estate Sales Co., Ltd., a consolidated subsidiary.
- 1978** • Established Biwako Resort Club Co., Ltd. (currently Sumitomo Fudosan Villa Fontaine Co., Ltd.), a consolidated subsidiary.
- 1980** • Established Sumitomo Fudosan Syscon Co., Ltd., a consolidated subsidiary.
- 1982** • Completed construction of Shinjuku NS Building in Shinjuku Ward, Tokyo (in September); moved Company headquarters there from Shinjuku Sumitomo Building (in October).
• Started sales of Hiroo Garden Hills in Shibuya Ward, Tokyo (a joint project).
- 1984** • Established Sumitomo Fudosan Finance Co., Ltd. (Absorbed in March, 2022).
- 1986** • Established Sumitomo Fudosan Fitness Co., Ltd. (currently Sumitomo Fudosan Esforta Co., Ltd.), a consolidated subsidiary.
- 1995** • Commenced American Comfort custom home construction business.
- 1996** • Commenced Shinchiku Sokkurisan remodeling business.
- 1998** • Sumitomo Real Estate Sales Co., Ltd., a consolidated subsidiary, listed on the Tokyo Stock Exchange.
- 1999** • Commenced real estate joint investment trust fund. Launched Sumitomo Realty & Development Fund (SURF) series.
• The Samquest bond issuance, which was the first public offering of commercial real estate securitization in Japan.
- 2001** • The number of STEP brokerage offices managed by Sumitomo Real Estate Sales Co., Ltd. exceeded 200.
- 2002** • Completed construction of Izumi Garden Tower in Minato Ward, Tokyo.
- 2003** • Launched J-URBAN urban-style housing series.
- 2004** • Started sales of World City Towers in Minato Ward, Tokyo.
• Completed construction of Shiodome Sumitomo Building in Minato Ward, Tokyo.
- 2008** • Established Sumitomo Fudosan Bellesalle Co., Ltd., a consolidated subsidiary.
• Started sales of City Towers Toyosu The Twin in Koto Ward, Tokyo.
- 2010** • Completed construction of Shinjuku Central Park City in Shinjuku Ward, Tokyo.
- 2011** • Opened "Grand Mansion Gallery" in Tokyo metropolitan areas (Akihabara, Shinjuku, Shibuya, Ikebukuro, Tamachi).
• Completed construction of Sumitomo Fudosan Shinjuku Grand Tower in Shinjuku Ward, Tokyo.
- 2014** • Number of condominium units brought to market over full year was the highest in Japan for the first time (the sixth consecutive year from 2014 to 2019).
- 2015** • Completed construction of Tokyo Nihombashi Tower in Chuo Ward, Tokyo.
• Achieved cumulative total of 100,000 units contracted in Shinchiku Sokkurisan remodeling business.
- 2016** • Completed construction of Sumitomo Fudosan Roppongi Grand Tower in Minato Ward, Tokyo.
- 2017** • Sumitomo Real Estate Sales Co., Ltd. delisted as it became a wholly owned subsidiary.
• Completed renovation of Shinjuku Sumitomo Building / Completed "Sankaku Hiroba," an all-weather atrium for various events in Shinjuku Ward, Tokyo.
- 2020** • Fully opened Ariake Garden, a large-scale complex in Koto Ward, Tokyo.
• 25th anniversary of Shinchiku Sokkurisan remodeling business - Achieved cumulative total of 150,000 units contracted.
- 2021** • Launched "STEP Auctions," new real estate brokerage service of Sumitomo Real Estate Sales Co., Ltd.
- 2022** • Due to a market restructuring of the Tokyo Stock Exchange, the Company's market segment was transferred from the First Section to the Prime Market.
- 2023** • Fully opened Haneda Airport Garden in Ota Ward, Tokyo, a mixed-use complex directly connecting to the Haneda Airport.
• Completed construction of Sumitomo Fudosan Tokyo Mita Garden Tower in Minato Ward, Tokyo.

 **Sumitomo Realty & Development Co., Ltd.**

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