

# ***Supplementary Material***

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Second Quarter of Fiscal 2022  
(April 1, 2022 - September 30, 2022)



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

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# Positioning of the Ninth Medium-Term Management Plan

## Ninth Medium-Term Management Plan is the first step

toward achieving ¥300 billion in ordinary profit for fiscal 2030

Achieve sustainable profit growth by focusing on further expansion of leasing assets

High social contribution of our business itself  
Increasing investment capacity and flexibility  
in capital strategy



Resilient management foundation  
and sustainable growth

1st - 3rd Plan  
( '98 - '07 )

- Restore asset base damaged by the bursting of Japan's bubble economy
- Reduce interest-bearing debt

4th - 8th Plan  
( '08 - '22 )

- Double our leasing assets
- Strengthen the foundation of each segment
- Enhance shareholders' equity; lifting the credit rating to the AA zone

9th - 11th Plan  
( '23 - '31 )

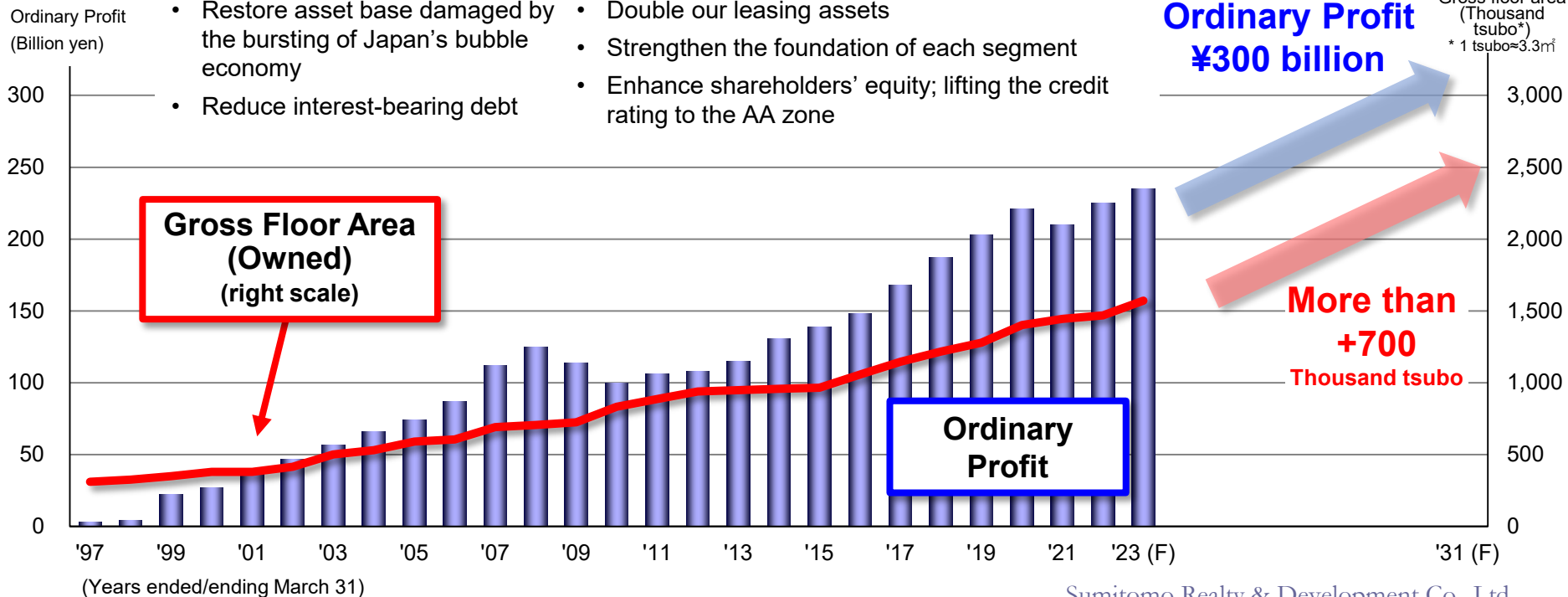
**Ordinary Profit  
¥300 billion**

Gross floor area  
(Thousand tsubo\*)  
\* 1 tsubo=3.3m<sup>2</sup>

**Gross Floor Area  
(Owned)  
(right scale)**

**Ordinary  
Profit**

**More than  
+700  
Thousand tsubo**



## Three-year Cumulative Earnings Targets

Consecutive record profit for the period covered

Achieve cumulative ordinary profit of ¥750 billion and profit of ¥500 billion 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 attained through the Eighth Management Plan

### Three-year cumulative earnings targets

Revenue from Operations	¥	3 trillion	(Vs. 8th Plan	+ ¥ 130 billion,	+ 5 % )
Operating Income	¥	770 billion	( “	+ ¥ 83 billion,	+ 12 % )
Ordinary Profit	¥	750 billion	( “	+ ¥ 94 billion,	+ 14 % )
Profit	¥	500 billion	( “	+ ¥ 67 billion,	+ 16 % )

(Billion yen)

(Three-year cumulative totals)	6th Plan	7th Plan	8th Plan	9th Plan
	2014-2016	2017-2019	2020-2022	2023-2025
Revenue from Operations	2,442	2,886	2,870	3,000
Operating Income	501	613	687	770
Ordinary Profit	418	558	656	750
Profit	238	353	433	500

(Years ended/ending March 31)

## Performance Targets and Strategies by Segment

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 the targets

(Billion yen)

### Performance Targets by Segment

(Three-year cumulative totals)

	6th Plan 2014-2016	7th Plan 2017-2019	8th Plan 2020-2022	9th Plan 2023-2025
Leasing	886	1,073	1,219	1,300
Sales	773	957	822	750
Construction	589	635	612	700
Brokerage	177	208	210	250
<b>Revenue from Operations</b>	<b>2,442</b>	<b>2,886</b>	<b>2,870</b>	<b>3,000</b>
Leasing	314	416	487	520
Sales	127	140	151	150
Construction	47	50	55	75
Brokerage	41	47	44	68
<b>Operating Income</b>	<b>501</b>	<b>613</b>	<b>687</b>	<b>770</b>
<b>Ordinary Profit</b>	<b>418</b>	<b>558</b>	<b>656</b>	<b>750</b>
<b>Profit</b>	<b>238</b>	<b>353</b>	<b>433</b>	<b>500</b>

(Years ended/ending March 31)

Sumitomo Realty & Development Co., Ltd.

## Performance Targets and Strategies by Segment

### Leasing

Aim to maintain the earnings foundation built through the Eighth Management Plan, and achieve profit growth for the fourth consecutive plan period

- In office building leasing, strive to maintain the profitability of existing buildings, while also securing earnings with the full-year contribution of buildings completed in the 8th Plan (180,000 tsubo GFA) and by starting operation of new buildings to be completed in the 9th Plan (190,000 tsubo GFA) \*1 tsubo≈3.3㎡
- In the operation of commercial facilities (hotels, event halls, retail facilities, etc.), recover the profitability to pre-COVID-19 levels and anticipate a return to growth from the 10th Plan onward

### Sales

High level of profit of the Eighth Management Plan to be maintained

- 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 9th Plan
- 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, focus on controlling costs while enhancing quality, and aim to achieve consecutive record profits by expanding orders

- Expand orders by proposing products that accurately respond to customer needs, such as a high level of environmental performance and disaster preparedness
- Appropriately address spikes in prices of wood and materials, and minimize the impact

### Brokerage

Further strengthen profitability as we aim to achieve record profit in a management plan with a significant increase

- Strengthen Group collaboration and further pursue customer-oriented services to expand our market share

# Historical Financial Results

## Achieve record ordinary profit for the second consecutive year

Revenue from Operations  
(Billion yen)

(Billion yen)

'21

'22

'23(F)

Revenue from Operations : 917 939 950

Operating Income : 219 234 240

Ordinary Profit : 210 225 235

Operating Income  
Ordinary Profit  
(Billion yen)

275

250

225

200

175

150

125

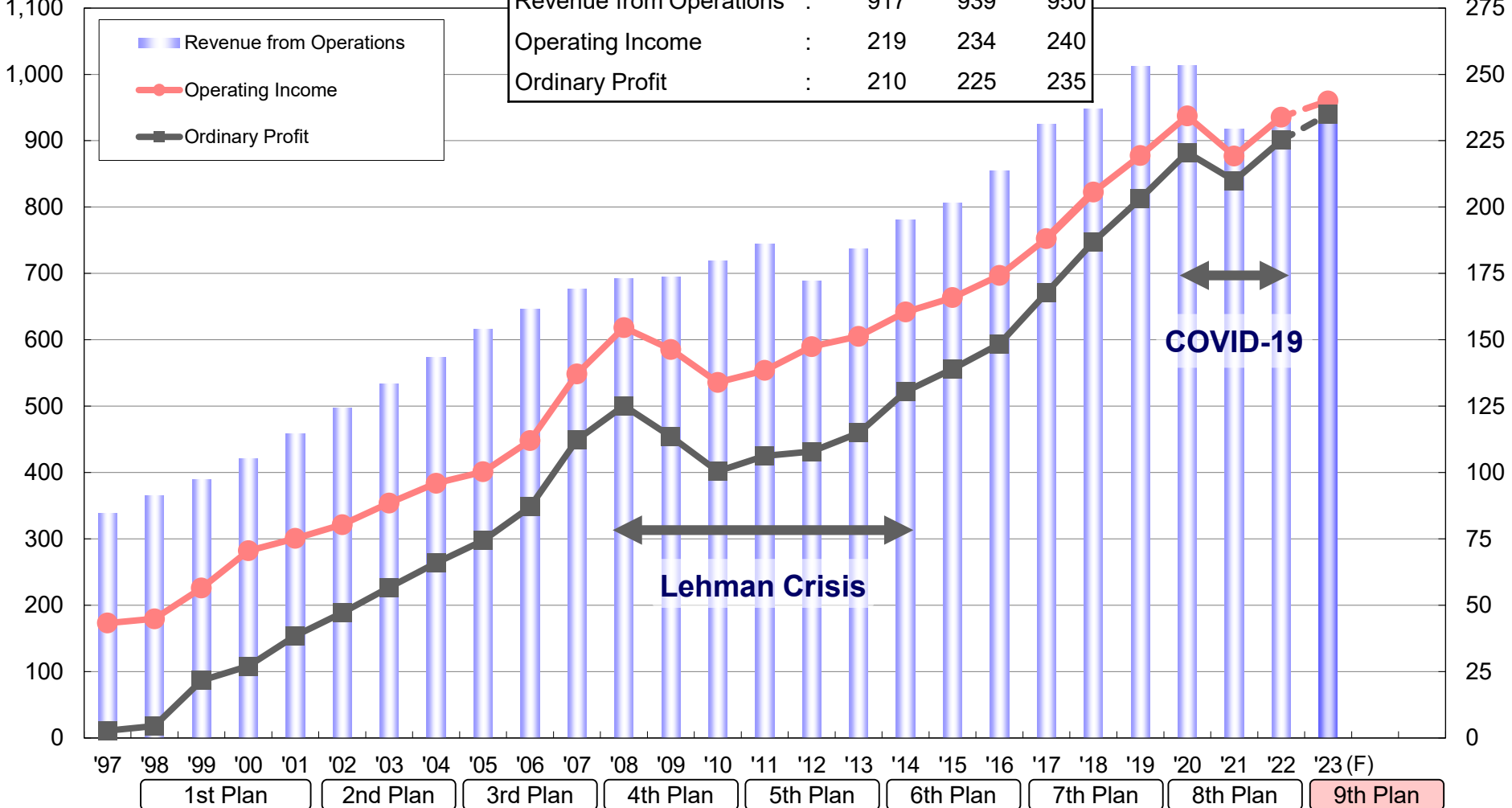
100

75

50

25

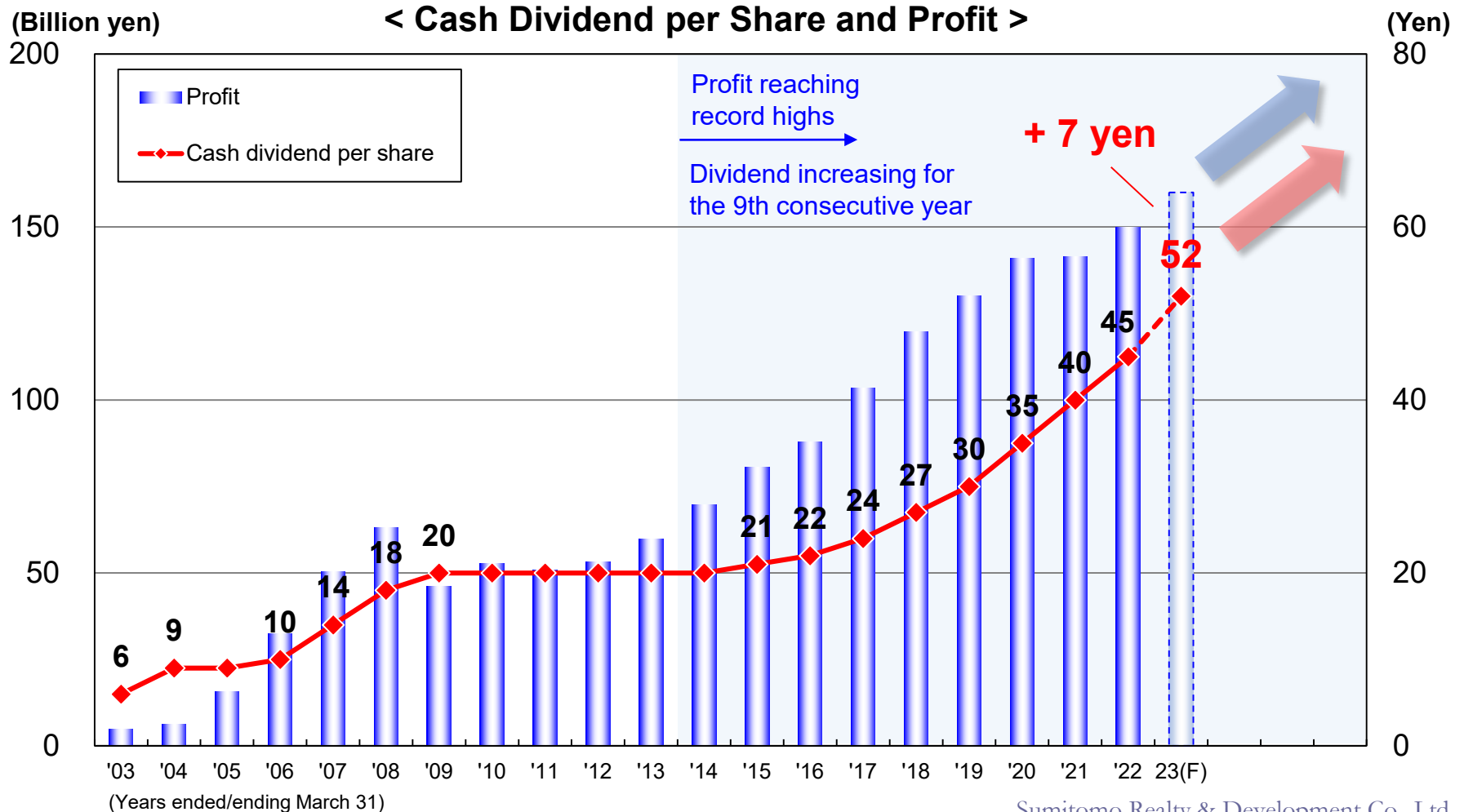
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# Policy for Shareholder Returns **\*Revised on November 11, 2022**

Increase the pace of the annual dividend increase from 5 yen to **7 yen**, 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





## Results for the Second Quarter of Fiscal 2022 (Apr 1 – Sep 30, 2022)

(Billion yen)

		Sep '21 Results	Sep '22 Results	Increase/ Decrease	FY '22 Forecasts	Achieved
	Leasing	212	208	(4)	430	48%
	Sales	158	154	(4)	220	70%
	Construction	74	76	+2	220	34%
	Brokerage	37	36	(1)	78	47%
<b>Revenue from Operations</b>		<b>481</b>	<b>475</b>	<b>(6)</b>	<b>950</b>	<b>50%</b>
	Leasing	88	87	(1)	165	53%
	Sales	43	47	+5	50	94%
	Construction	4	3	(1)	21	14%
	Brokerage	10	10	+0	20	50%
<b>Operating Income</b>		<b>136</b>	<b>138</b>	<b>+2</b>	<b>240</b>	<b>57%</b>
	Other income (expenses)	(4)	(2)	+2	(5)	-
<b>Ordinary Profit</b>		<b>133</b>	<b>136</b>	<b>+4</b>	<b>235</b>	<b>58%</b>
<b>Profit attributable to owners of parent</b>		<b>91</b>	<b>94</b>	<b>+3</b>	<b>160</b>	<b>59%</b>

## Forecasts for Fiscal 2022 (Apr 1, 2022 – Mar 31, 2023)

(Billion yen)

		FY '20 Results	FY '21 Results	FY '22 Forecasts	Increase/ Decrease
	Leasing	398	425	430	+5
	Sales	263	234	220	(14)
	Construction	189	204	220	+16
	Brokerage	66	73	78	+5
<b>Revenue from Operations</b>		<b>917</b>	<b>939</b>	<b>950</b>	<b>+11</b>
	Leasing	155	163	165	+2
	Sales	54	50	50	(0)
	Construction	16	19	21	+2
	Brokerage	11	18	20	+2
<b>Operating Income</b>		<b>219</b>	<b>234</b>	<b>240</b>	<b>+6</b>
	Other income (expenses)	(9)	(9)	(5)	+4
<b>Ordinary Profit</b>		<b>210</b>	<b>225</b>	<b>235</b>	<b>+10</b>
<b>Profit attributable to owners of parent</b>		<b>141</b>	<b>150</b>	<b>160</b>	<b>+10</b>

## Capital Investment Plans

(Non-current asset investment excluding sales assets, such as condominiums for sale)

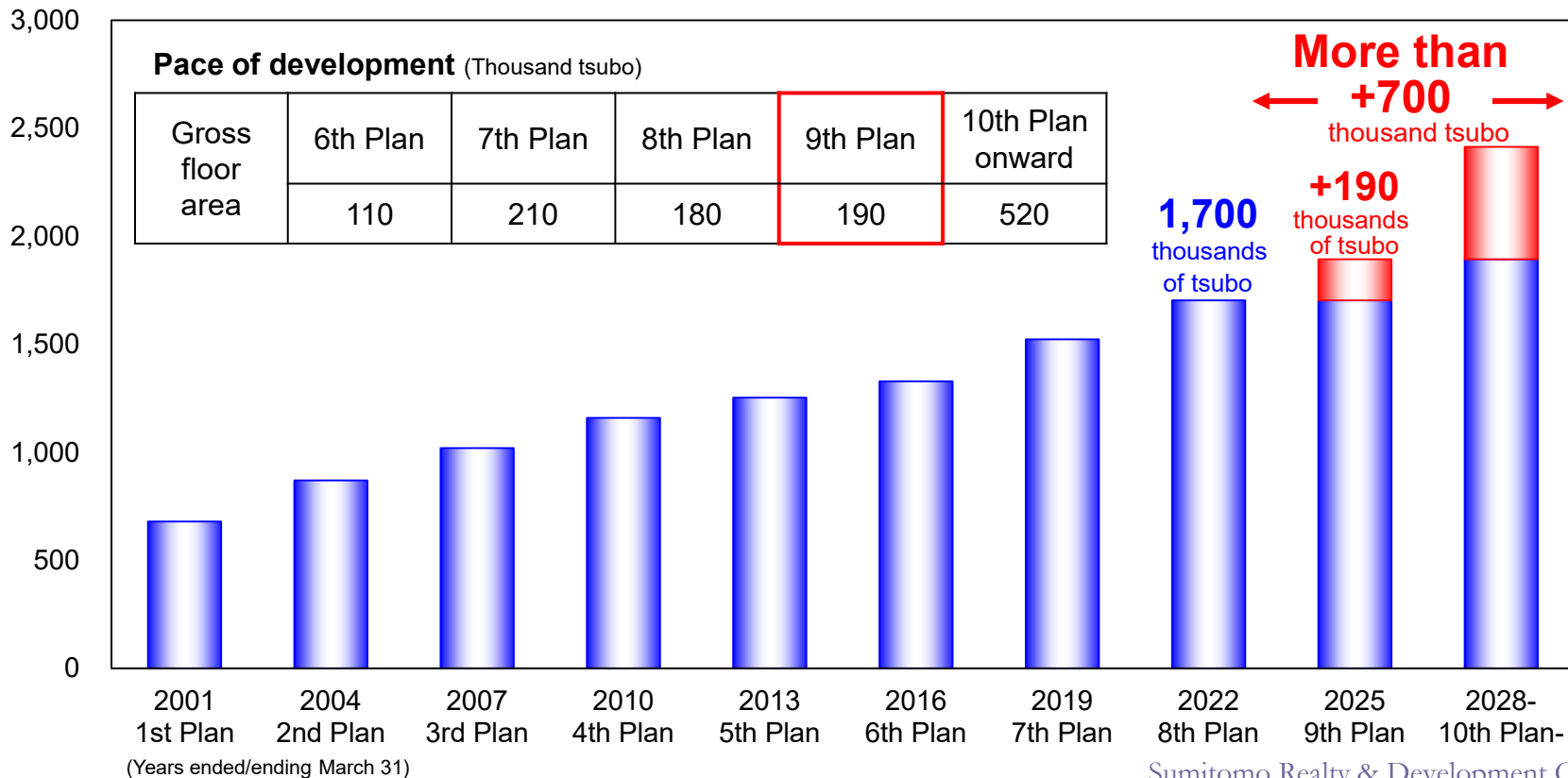
Further investment in leasing office assets in central Tokyo, strengthening our earnings base

Expect to invest ¥1 trillion over the three years of the Ninth Management Plan

- (1) Invest ¥700 billion in concrete development projects for over 700 thousand tsubo\* of gross floor area, mainly comprising redevelopment projects \* 1 tsubo  $\approx$  3.3m<sup>2</sup>
- (2) Ensure that we take advantage of opportunities that arise by securing ¥300 billion for investments in new projects

### < Development Pace of Gross Floor Area for Leasing >

(Thousand tsubo)



## Principal New Office Building Projects

\* 1 tsubo  $\approx$  3.3m<sup>2</sup>

Project Name	Location (Tokyo)	Gross Floor Area (Tsubo*)	Completion (Expected)
Tokyo Mita Redevelopment Project (Mita 3- and 4-chome Project)	Minato Ward	60,400	Feb 2023
Nishi-shinjuku 5-chome Kita Project	Shinjuku Ward	41,300	Mar 2023
Sumitomo Fudosan Akihabara East Building	Taito Ward	3,000	Jan 2024
Sumitomo Fudosan Shinjuku Minamiguchi Building (Shinjuku Minamiguchi Project)	Shibuya Ward	7,200	Feb 2024
Nakano 2-chome Project	Nakano Ward	30,000	Feb 2024
Roppongi Ekimae Project	Minato Ward	9,700	Oct 2024
Sumitomo Fudosan Osaki Twin Building West	Shinagawa Ward	8,800	Jul 2024
Others		33,900	
<b>9th Plan Total</b>		<b>194,300</b>	

# Principal New Office Building Projects

\* 1 tsubo  $\approx$  3.3m<sup>2</sup>



**Tokyo Mita Redevelopment Project  
(Mita 3- and 4-chome Project)**

Location	Minato Ward, Tokyo	Gross Floor Area	60,400 tsubo
Completion	Feb 2023 (Expected)	No. of Floor	42 above ground/ 4 below ground



**Nishi-shinjuku 5-chome Kita Project**

Location	Shinjuku Ward, Tokyo	Gross Floor Area	41,300 tsubo
Completion	Mar 2023 (Expected)	No. of Floor	Office:35 above ground/ 2 below ground Residence:35 above ground/ 2 below ground



## Principal New Office Building Projects

\* 1 tsubo  $\approx 3.3\text{m}^2$ 

**Sumitomo Fudosan Shinjuku Minamiguchi Building (Shinjuku Minamiguchi Project)**

Location	Shibuya Ward, Tokyo	Gross Floor Area	7,200 tsubo
Completion	Feb 2024 (Expected)	No. of Floor	18 above ground/ 1 below ground



**Nakano 2-chome Project**

Location	Nakano Ward, Tokyo	Gross Floor Area	30,000 tsubo
Completion	Feb 2024 (Expected)	No. of Floor	37 above ground/ 2 below ground

## Principal New Office Building Projects

\* 1 tsubo  $\approx$  3.3m<sup>2</sup>



### Roppongi Ekimae Project

Location	Minato Ward, Tokyo	Gross Floor Area	9,700 tsubo
Completion	Oct 2024 (Expected)	No. of Floor	22 above ground



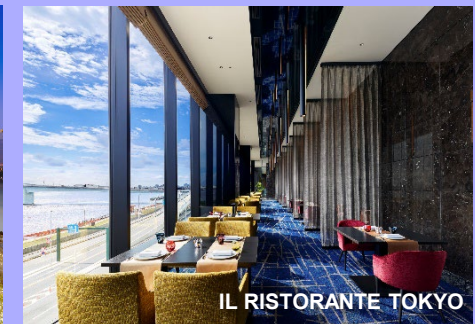
### Sumitomo Fudosan Osaki Twin Building West

Location	Shinagawa Ward, Tokyo	Gross Floor Area	8,800 tsubo
Completion	Jul 2024 (Expected)	No. of Floor	14 above ground/ 1 below ground



# Haneda Airport Garden: Hotel opening on December 21, 2022

\* Grand opening scheduled in January 2023



Location	Ota Ward, Tokyo	Gross Floor Area	91,500 m <sup>2</sup>	Main Purposes	Hotel (a luxury hotel with 160 guestrooms, a high-grade hotel with 1,557 guestrooms), spa, commercial facility, event hall, conference/banquet room, bus terminal, etc.
Completion	Mar 2020	No. of Floor	12 above ground		



## Principal Condominium Projects (Scheduled Delivery in FY2022)

\* Units = No. of  
units for sale**Grand Hills Minami Aoyama**

Minato Ward, Tokyo

100 units

18 above ground / 2 below ground

**City House Koganei Koen**

Kodaira, Tokyo

740 units

9 above ground

**City Terrace Yachiyo Midorigaoka  
Breeze Court**

Yachiyo

210 units

15 above ground

**City Tower Osaka Honmachi**

Osaka

855 units

48 above ground / 1 below ground

**Umeda Garden Residence**

Osaka

584 units

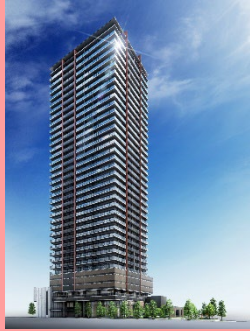
56 above ground / 1 below ground  
(9th ~ 39th floors)**City Terrace Kamisugi**

Sendai

336 units

13 above ground / 1 below ground

## Principal Condominium Projects (Scheduled Delivery from FY2023)

\* Units = No. of  
units for sale**City Tower Shinjuku**

Shinjuku Ward, Tokyo

162 units

35 above ground / 2 below ground

**City Terrace Nakano**

Nakano Ward, Tokyo

119 units

6 above ground

**City Terrace Bunkyo Koishikawa**

Bunkyo Ward, Tokyo

120 units

7 above ground / 1 below ground

**City Terrace Akabane THE EAST**

Kita Ward, Tokyo

300 units

15 above ground

**City Terrace Shonan Hiratsuka**

Hiratsuka

425 units

7 above ground

**Bay City Towers Kobe**

Kobe

WEST: 346 units, EAST: 353 units

27 above ground / 1 below ground  
(Both West and East)



## ESG-related Certifications from Third Parties

### Third-party environmental recognitions for leasing assets (acquisition of DBJ Green Building Certification)

- ✓ 45 properties with approx. 910,000 tsubo, acquired certification, accounting for 62% of the total floor area of properties owned by the Company  
(GFA basis, as of October 31, 2022, 1 tsubo  $\approx$  3.3m<sup>2</sup>)
- ✓ The constant “environmental and social awareness” of our properties was highly recognized

#### Properties that have acquired ★5 stars



#### 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.”



Shinjuku Grand Tower



Osaki Garden Tower



Shinjuku Garden Tower



Tokyo Nihonbashi Tower



Azabujuban Building



Roppongi Grand Tower



Ariake Garden

### Included in ESG Index

#### FTSE



FTSE4Good



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index

#### MSCI



2022 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

#### S&P



#### SNAM



Sampo Sustainability Index

# List of ESG Initiatives (Fiscal 2022)

Date (Released)	E	S	G	ESG Initiatives
Apr 2022	●	●		Shinchiku Sokkurisan started offering SUMIFU × ENEKARI, a new solar power generation service through renovating existing detached houses
	●			Participated in the “30by30 Alliance for Biodiversity” Strengthened biodiversity conservation activities
May 2022	●	●		Launched “Sumitomo-Fudosan-no-SUMICA,” ensuring heat insulation and energy-saving performance that exceed the latest ZEH standards
	●			Signed a comprehensive collaborative agreement on forest cultivation with Susono City
	●			Establishment of CO <sub>2</sub> emissions reduction targets (an interim target by FY2030, and a target for the Ninth Management Plan)
			●	Integrated Risk Management Committee into Sustainability Committee
			●	Disclosed skill matrix of each director
Jun 2022			●	Introduction of numerical target for strategic shareholdings
	●	●		Released the result of joint research with the University of Tokyo and Musashino University, on decarbonization through “Shinchiku Sokkurisan” building renovation
	●			Signed a comprehensive collaboration agreement with Daikin for decarbonization of air conditioning systems (Phase 1: Regeneration and reuse of recovered refrigerants)
	●	●	●	Included in ESG Index: “MSCI Japan ESG Select Leaders”
Aug 2022	●	●		The renovation of Shinjuku Sumitomo Building and its “Sankaku Hiroba (triangular plaza)” won the “Award of Minister of Land, Infrastructure, Transport and Tourism” for Achievement Award of Japan Association for Real Estate Sciences
		●		Held the 111th STEP Concert, a classic concert for families to enjoy (registration required, free invitation)
Oct 2022	●	●		Held wood education event at Ariake Garden using timber cut from the “Sumitomo Fudosan no Mori” forest regeneration project
	●			Replaced vending machines in office buildings with “LOVE the EARTH Vendor” powered by virtually zero CO <sub>2</sub> emissions electricity
Oct 2022	●	●		One of our largest office buildings, “Mita 3- and 4-chome Area Type 1 Urban-Redevelopment Project,” certified as “ZEB Ready”(Zero Energy Building with energy saving of 50% or more)

Most of the above initiatives have been announced through news releases.

**Sumitomo Realty & Development Co., Ltd.**  
**Investor Relations, Corporate Planning Department**

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