

November 8, 2024

To whom it may concern:

Company:	Sumitomo Realty & Development Co., Ltd.
Representative:	Kojun Nishima, Representative Director and President
Securities code:	8830 (TSE Prime Market)
Contact:	Tetsuya Mogi, Executive Officer and General Manager of Corporate Administration Department

Announcement on the Transfer (Spin-off) of the Housing Construction Business to Our Wholly-owned Subsidiary through a Company Split (Simplified Absorption-type Company Split)

Sumitomo Realty & Development Co., Ltd. (the “Company”) hereby announces that, at the meeting of the Board of Directors held today, it has resolved to transfer and spin off the dual pillars of its Construction Business: Shinchiku Sokkurisan Remodeling Business and Custom Homes Business, to a newly established wholly-owned subsidiary, currently named SRD Housing Co., Ltd., through a company split (absorption-type company split), hereinafter referred to as the “company split,” with an effective date of April 1, 2025 (scheduled). By this date, the subsidiary will be renamed as “Sumitomo Fudosan Housing Co., Ltd.” (hereinafter referred to as the “successor company”).

Please note that as the company split is a simplified absorption-type company split to transfer the business to a wholly-owned subsidiary, some disclosure items and details have been omitted.

1. Purpose of the company split

The Construction Segment is our key segment that generates 10% of the Group’s operating income, driven by the dual pillars: the top-brand Shinchiku Sokkurisan Remodeling Business and Custom Homes Business, which has steadily increased its market share and profits with a product strength characterized by high quality and performance. For fiscal 2024, we anticipate achieving record profits for this segment.

In recent years, the quality of houses in Japan has improved in areas such as earthquake resistance and thermal insulation, leading to a longer lifespan. As a result, with proper renovations, they can be used for extended periods. This has become widely accepted among consumers as evidenced by the increasing number of brokerage transactions of existing houses. Additionally, from the perspective of reducing environmental impact, it has become an era where society as a whole should promote this trend.

For this promising market of existing homes, we are implementing a new group management structure to further strengthen the Housing Construction Business and pursue opportunities for significant business growth associated with the housing stock.

Until now, Shinchiku Sokkurisan Remodeling Business and Custom Homes Business have operated respectively within one of our segments. By transferring and integrating both businesses into a new company, we aim to: 1) achieve a 50% increase in sales to 300 billion yen at an early stage by deepening business integration; 2) standardize the construction system between these two businesses and promote co-prosperity with each business partner; and 3) strengthen our human capital framework by creating a flexible personnel system and increasing human capital investment. Through these efforts, we strive for further growth in our Housing Construction Business.

2. Outline of the company split

(1) Schedule of the company split

November 8, 2024	Resolution by the Board of Directors
November 26, 2024	Execution of the Company Split Agreement (scheduled)
April 1, 2025	Effective date (scheduled)

Note: As our company split falls under a simplified absorption-type company split as stipulated in Article 784, Paragraph 2 of the Companies Act, it will be conducted without obtaining approval from the general meeting of shareholders. Similarly, for the successor company, as it falls under a short-form absorption-type company split as stipulated in Article 796, Paragraph 1 of the Companies Act, it will also be conducted without obtaining approval from the general meeting of shareholders of the successor company.

(2) Method of the company split

This is a simplified absorption-type company split, with Sumitomo Realty & Development Co., Ltd. as the splitting company and Sumitomo Fudosan Housing Co., Ltd. (scheduled to be renamed from the current SRD Housing Co., Ltd.) as the successor company.

(3) Details of allotment related to the company split

This company split will be conducted between the Company and its wholly-owned subsidiary. Therefore, there will be no allotment of shares from the successor company to the Company through this company split.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the company split

The Company has not issued any stock acquisition rights or bonds with stock acquisition rights.

(5) Change in capital due to the company split

There will be no change in our company's capital due to this company split.

(6) Rights and obligations to be succeeded by the successor company

Upon this company split, the Company will transfer the assets, rights, and obligations related to Shinchiku Sokkurisan Remodeling Business and Custom Homes Business as of the effective date of the company split to the successor company.

(7) Prospect of performance of obligations

The Company has determined that there will be no issues regarding the prospect of performance of the obligations by the splitting company (the Company) and the successor company maturing after the effective date.

3. Overview of companies subject to the company split

[Splitting Company]

(As of September 30, 2024)

(1) Company name	Sumitomo Realty & Development Co.,Ltd.	
(2) Location	4-1, Nishi-shinjuku 2-chome, Shinjuku-ku, Tokyo	
(3) Name and position of representative	Kojun Nishima, Representative Director and President	
(4) Business description	Real estate leasing Real estate sales Construction	
(5) Paid-in capital	122,805 million yen	
(6) Date of establishment	December 1, 1949	
(7) Number of issued shares	476,085,978	
(8) Fiscal year end	March 31	
(9) Major shareholders and percentages of shares held	The Master Trust Bank of Japan, Ltd. (Trust account)	12.94%
	Custody Bank of Japan, Ltd. (Trust account)	4.85%
	Sumitomo Mitsui Banking Corporation	2.11%
	Taisei Corporation	2.02%
	STATE STREET BANK AND TRUST COMPANY 505001	1.91%
(10) Financial position and business performance for the previous fiscal year (fiscal 2023 on a consolidated basis)		
Net assets	2,050,582	million yen
Total assets	6,678,390	million yen
Net assets per share	4,326.69	yen
Revenue from operations	967,692	million yen
Operating income	254,666	million yen
Ordinary profit	253,111	million yen
Profit attributable to owners of parent	177,171	million yen
Earnings per share	373.83	yen

[Successor company]

(As of November 8, 2024)

(1) Company name	SRD Housing Co.,Ltd. The company name is scheduled to be changed to “Sumitomo Fudosan Housing Co., Ltd.” by the effective date of the company split.	
(2) Location	34-7, Nishi-shinjuku 4-chome, Shinjuku-ku, Tokyo	
(3) Name and position of representative	Hiroshi Kato, Representative Director and President	
(4) Business description	Housing construction	
(5) Paid-in capital	50 million yen (Scheduled to increase to 3,000 million yen by the effective date of the company split)	
(6) Date of establishment	October 17, 2024	
(7) Number of issued shares	1	
(8) Fiscal year end	March 31	
(9) Major shareholders and percentages of shares held	Sumitomo Realty & Development Co., Ltd.	100%

Note: Since SRD Housing Co., Ltd. was established on October 17, 2024, the financial position and business performance for the previous fiscal year are omitted.

4. Overview of transferred business

(1) Content of split or transferred business

Shinchiku Sokkurisan Remodeling Business and Custom Homes Business

(2) Business performance of split or transferred business (fiscal 2023)

Revenue from operations: 194,588 million yen

Operating income: 18,928 million yen

(3) Items and amounts of assets and liabilities to be transferred (As of September 30, 2024)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	62,145 million yen	Current liabilities	64,259 million yen
Fixed assets	4,200 million yen	Long-term liabilities	19 million yen
Total	66,345 million yen	Total	64,279 million yen

5. Status after the company split

	Splitting company	Successor company
(1) Company name	Sumitomo Realty & Development Co.,Ltd.	Sumitomo Fudosan Housing Co.,Ltd.
(2) Location	4-1, Nishi-shinjuku 2-chome, Shinjuku-ku, Tokyo	34-7, Nishi-shinjuku 4-chome, Shinjuku-ku, Tokyo
(3) Name and position of representative	Kojun Nishima, Representative Director and President	Hiroshi Kato, Representative Director and President
(4) Business description	Real estate leasing Real estate sales Construction	Housing construction
(5) Paid-in capital	122,805 million yen	3,000 million yen
(6) Fiscal year end	March 31	March 31

6. Future outlook

The successor company is a wholly-owned subsidiary of the Company, and we plan to consolidate it after the effective date of the company split. Therefore, the impact of the company split on our consolidated financial performance is minimal.

(Reference) Forecast of the consolidated financial results for the current fiscal year (announced on November 8, 2024) and the consolidated financial results for the previous fiscal year

	Revenue from operations	Operating income	Ordinary profit	Profit attributable to owners of parent
	Million yen	Million yen	Million yen	Million yen
Forecast of the consolidated financial results for the current fiscal year (fiscal 2024)	1,000,000	267,000	265,000	190,000
Consolidated financial results for the previous fiscal year (fiscal 2023)	967,692	254,666	253,111	177,171

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