



Integrity and

Innovation

— Inheriting Sumitomo’s Business Philosophy with a history of 430 years —

“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”

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.

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.

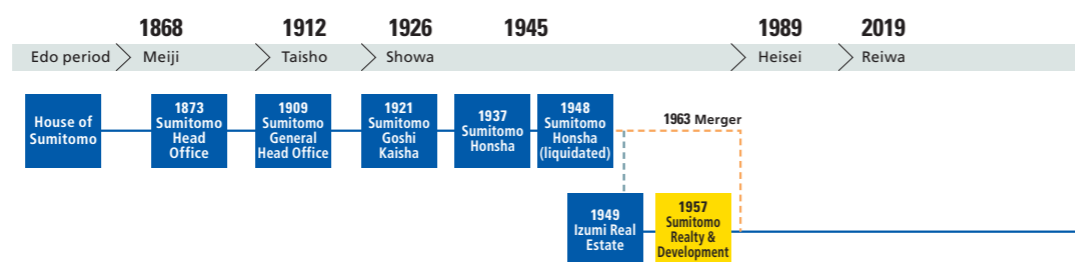
Reflecting this business philosophy, we have set forth our fundamental mission as to “Create even better social assets for the next generation” with our corporate slogan, “Integrity and Innovation.”

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.”

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 fundamental mission to “Create even better social assets for the next generation” and we strive for sustainable urban development that is “Disaster Resistant,” “Environmentally Friendly,” “Together with the Community” and “People Friendly.”

Monjuin Shiigaki (Founder’s Precepts) History of Sumitomo Realty

Owned by Sumitomo Historical Archives



Slogan

Integrity and Innovation

Fundamental Mission

Create even better social assets for the next generation

Code of Conduct

1. Open culture Opportunity
2. Higher goals Innovation
3. New approaches Pioneering
4. Compliance
5. Rejection of antisocial forces
6. Trust with our stakeholders
7. Environmental protection

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Highlights of Integrated Report 2024 **Pick Up**



Proactive Revision of "Management Strategy for Sustainable Growth"

On May 9, 2024, we released the "Proactive Revision of Management Strategy for Sustainable Growth." We explain the details, including our medium- to long-term outlook, expecting to surpass 300 billion yen in ordinary profit in the next medium-term management plan and aiming at reaching an even higher milestone of 400 billion yen, and our dividend policy aiming to achieve 100 yen per share per year for fiscal 2027, two years earlier than previously scheduled.

▶P.9



APPENDIX to "Proactive Revision of Management Strategy for Sustainable Growth"

We explain the fact that the office building leasing business in central Tokyo has generated stable profits over the long term and retaining office buildings is advantageous in terms of investment efficiency, as well as the unique advantages of the Tokyo office market, which is the largest in the world.

▶P.17



Sumitomo Realty Group and Environment – "Decarbonization"

In our continuous efforts to address environmental issues, we particularly focus on "decarbonization." In this section, we introduce initiatives across our businesses that leverage the unique characteristics of each business. We are promoting sustainable growth by linking these initiatives to business expansion.

▶P.37



Unique Human Resource Investment Strategy (Utilization of Human Capital)

In addition to the Group's unique human resource investment strategy, we introduce the Diversity Promotion Office, established in July 2023, and its initiatives. By supporting the success of each employee, we are further strengthening our efforts to build an even more diverse organization and enhance the sustainable growth of the Group.

▶P.45

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, 2023 to March 31, 2024

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

Definition of Term: "FY2023," "FY '23," "fiscal 2023" or "fiscal year under review" refer to the fiscal year ended March 31, 2024.

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: December 2024 (Japanese edition)

Cover Photo: Sumitomo Fudosan Nakano Ekimae Building, Nakano Station Residence (Completion in February 2024)

Business Structure

Four Mainstay Businesses Centered on Office Building Leasing

Sumitomo Realty Group



Sumitomo Realty & Development Co., Ltd.

Property management
Sumitomo Fudosan Tatemono Service Co., Ltd.

Condominium management
Sumitomo Fudosan Tatemono Service Co., Ltd.

Sales
● Condominium Sales

Construction
● Shinchiku Sokkurisan Remodeling
● Custom Homes
Sumitomo Fudosan Syscon 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

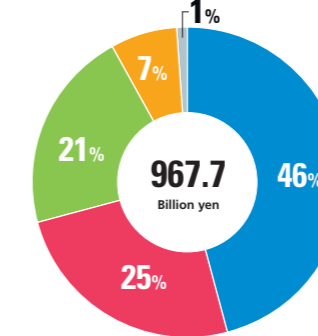
The Sumitomo Realty Group comprises the four mainstay segments: Leasing, the core earnings driver that generates nearly 70% of the operating income overall, owning more than 230 office buildings in central Tokyo; Sales, generating stable profits every year as one of the industry's top suppliers of condominium 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.

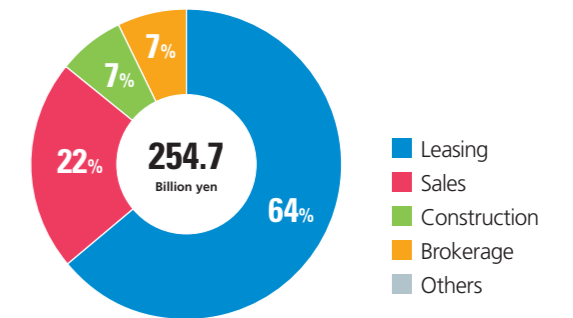
Results for fiscal 2023

	(Billion yen)
Revenue from operations	967.7
Operating income	254.7
Ordinary profit	253.1
Profit	177.2

Breakdown of revenue from operations



Breakdown of operating income



* Percentage is calculated from figures before elimination and/or corporate for fiscal 2023.

Revenue from operations

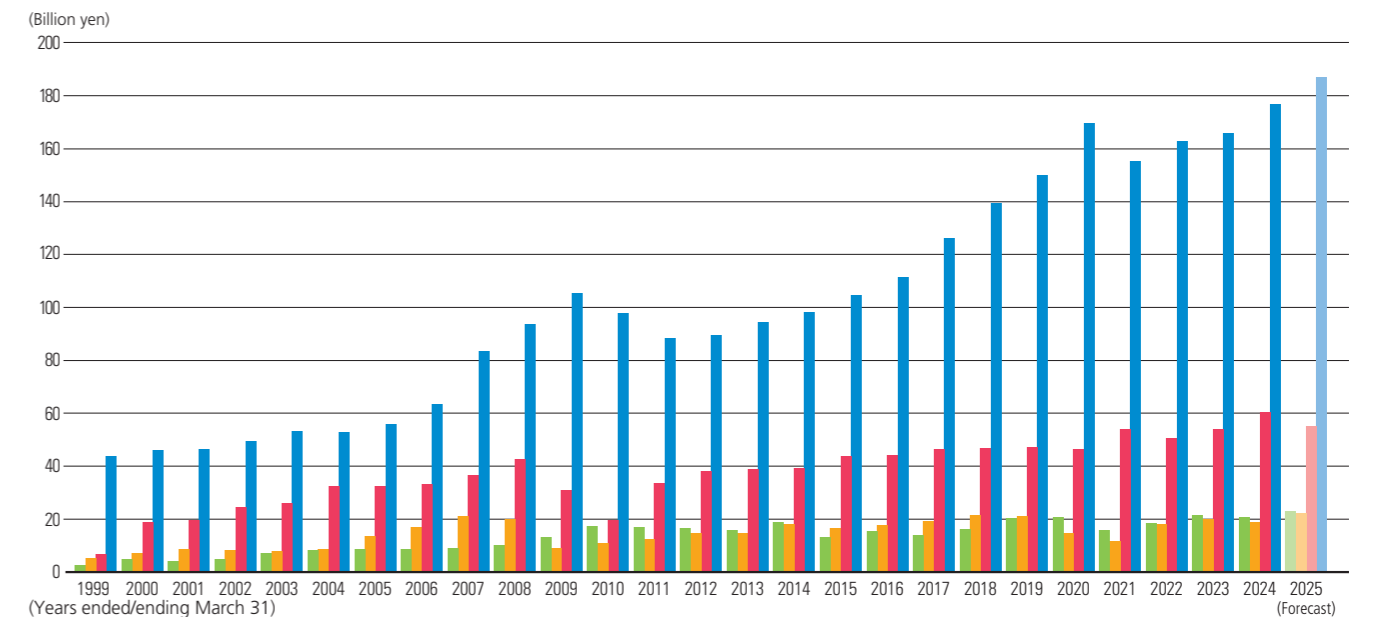
	(Billion yen)			
	FY2023	YoY	FY2024 (F)	YoY
Leasing	444.4	+19.0	465.0	+20.6
Sales	241.2	+19.1	240.0	(1.2)
Construction	205.1	(8.5)	215.0	+9.9
Brokerage	72.3	(2.8)	75.0	+2.7

Operating income

	(Billion yen)			
	FY2023	YoY	FY2024 (F)	YoY
Leasing	176.6	+10.9	187.0	+10.4
Sales	60.2	+6.3	55.0	(5.2)
Construction	20.8	(0.6)	23.0	+2.2
Brokerage	18.7	(1.3)	22.0	+3.3

Operating income by segment

■ Leasing ■ Sales ■ Construction ■ Brokerage



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.1

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 1.85 million tsubo (one tsubo is roughly 3.3 m²) as of March 31, 2024, the leasing business has been a solid business platform that accounts for nearly 70% of our overall operating income of over 250 billion yen.

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.

Proactive Revision of “Management Strategy for Sustainable Growth”

In May 2023, we announced the “Basic Management Strategy and Medium- to Long-term Outlook for Sustainable Growth” in response to the recovery from the COVID-19 pandemic and the normalization of the economy. A year has passed, and as our mainstay office building leasing business has steadily recovered and improved, among other factors, we now expect to surpass 300 billion yen in ordinary profit in the next medium-term management plan.

In addition, key projects for our future sustainable growth are making steady progress in and out of Japan. For example, “Roppongi 5-chome West Project,” one of the largest urban redevelopments in Japan, made significant progress through the approval by the Tokyo Metropolitan Government in March 2024. In India, we have managed to acquire a large-scale mixed-use development site in the heart of Mumbai.

Taking these circumstances into account, we proactively revised our management strategy and released the “Proactive Revision of Management Strategy for Sustainable Growth” in May 2024. For details, please refer to “The Sumitomo Realty Group’s Business Strategy” on the following pages.

We will continue to focus on the building leasing business in central Tokyo as our growth driver, while strengthening the existing housing business, whose market is expected to expand in the future, including renovations and real estate brokerage, in addition to the new housing business. We aim to enhance corporate value by striving for greater heights across the entire group.

The Sumitomo Realty Group’s Value Creation
▶ P.23

Proactive Revision of “Management Strategy for Sustainable Growth”
▶ P.9

Proactive Revision of "Management Strategy for Sustainable Growth" (Released on May 9, 2024)

In May 2023, we announced the "Basic Management Strategy and Medium- to Long-term Outlook for Sustainable Growth" in response to the recovery from the COVID-19 pandemic and the normalization of the economy. A year has passed, and amidst significant changes in the business environment, including social and economic conditions, our mainstay businesses have steadily recovered and improved. The financial results for fiscal 2023 have met our initial targets, and we now expect to surpass 300 billion yen in ordinary profit in the next medium-term management plan.

As such, the foundation for advancing our business has been solidifying and shifting from a defensive to an offensive stance. In addition, one of the largest development projects in Japan, which will be a key project for our future sustainable growth, has made significant progress through the approval by the Tokyo Metropolitan Government. We have also managed to acquire a large-scale mixed-use development site in the heart of Mumbai, India, which is a significant preparatory step for further growth and development in the future. We will continue to actively invest in such specific projects that contribute to our growth, viewing 300 billion yen in ordinary profit in the next medium-term management plan as a checkpoint, and will strive to expand our business with the aim of reaching an even higher milestone of 400 billion yen in ordinary profit.

Incorporating these elements, we have proactively revised our management strategy as follows.

1 Mainstay businesses on the path to recovery with expectation for achieving an ordinary profit of 300 billion yen in the next Tenth Management Plan ending in fiscal 2027

(1) Office building leasing business

For existing buildings, the trend of returning to office had already begun during the COVID-19 pandemic in 2022, with contracts starting to exceed cancellations. This trend has been growing stronger in 2023 and 2024. Furthermore, with price pass-through due to increased operating costs starting to be accepted, the realization of substantial rent increases is also becoming more realistic under ongoing inflation.

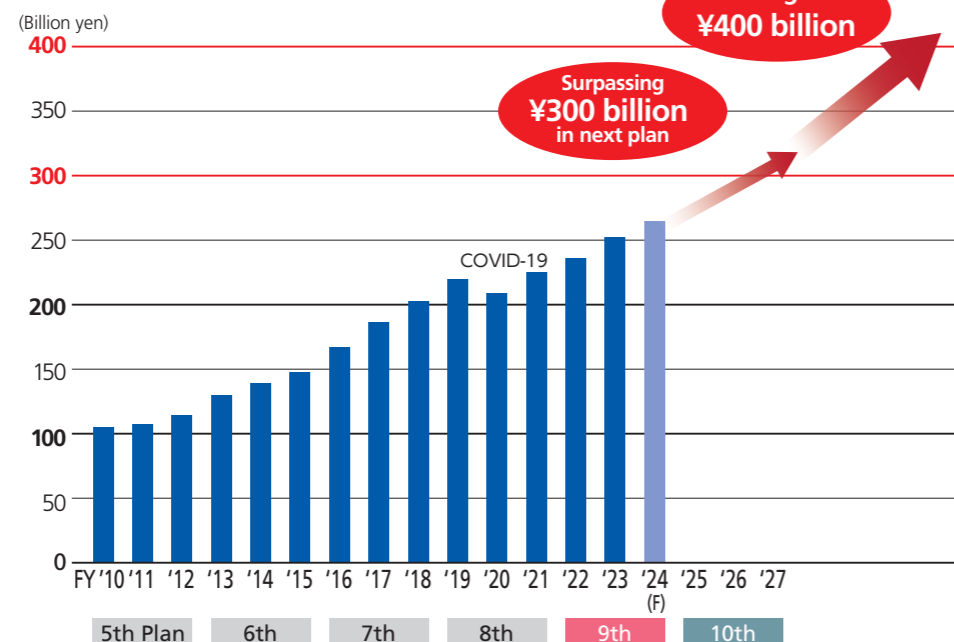
Moreover, with the full contribution of newly completed buildings during the Ninth Management Plan, such as "Sumitomo Fudosan Tokyo Mita Garden Tower," "Sumitomo Fudosan Nakano Ekimae Building," and "Sumitomo Fudosan Shinjuku Minamiguchi Building," we expect an increase in revenue and profit in the office building leasing business. These have given us the prospects for growth in the office building leasing business in the Tenth Management Plan and beyond. In addition, businesses that were directly impacted by the COVID-19 pandemic, such as hotel and multipurpose hall businesses, have turned to a recovery trajectory, with some properties beginning to generate revenues surpassing those before the pandemic.

(2) Condominium sales business

As a result of the increased interest in housing due to the COVID-19 pandemic, which has driven up demand, the market has adapted to the rising prices, and we have maintained strong sales.

While there are matters that require careful consideration, such as the difficulty of acquiring land, the surge in construction costs, and whether the market will continue to accept the increased prices, we believe that our unique strength lies in the flexibility to respond to market conditions, having secured land for the next six years, and having already fixed construction costs for properties scheduled to be delivered by the end of the Tenth Management Plan.

Historical ordinary profit



2 Proactive revision of management strategy, aimed at achieving an ordinary profit of 300 billion yen

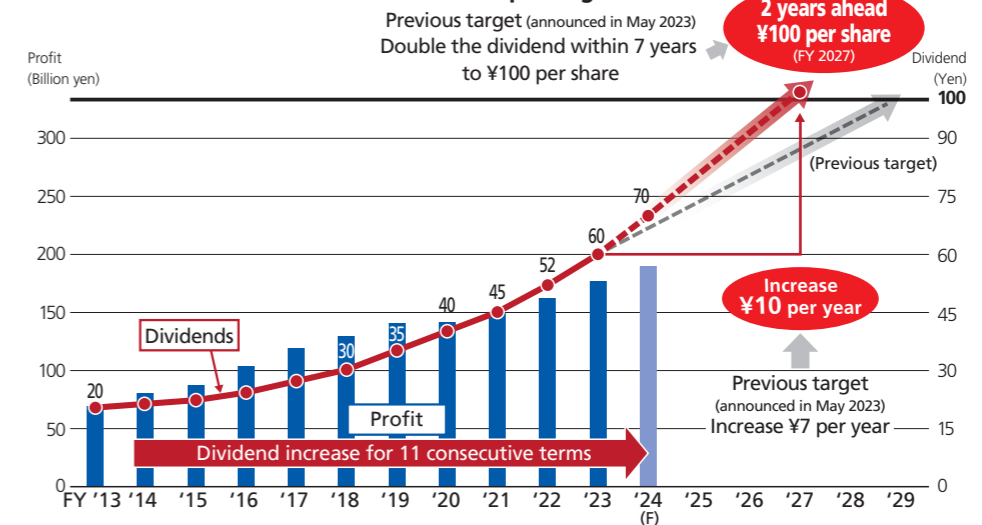
(1) Doubling the dividend two years ahead of the previous schedule

We will accelerate the pace of the annual dividend increase from 7 yen to 10 yen per share, achieving the target set forth last year of "doubling the dividend within 7 years to 100 yen per share" two years earlier. (The dividend for fiscal 2023 will be 60 yen, with an annual increase of 10 yen thereafter, reaching 100 yen for fiscal 2027.)

We position stable income from building leasing at the core of our revenue and do not rely on gains from selling assets, which are susceptible to market fluctuations. As previously stated, the recovery and improvement trends in our leasing business are evident, putting us on the clear path to surpassing 300 billion yen in ordinary profit. In light of this situation, we intend to further boost shareholder returns and accelerate the pace of sustainable dividend increase.

Even after surpassing 300 billion yen, we will continue to pursue appropriate and strong shareholder returns, taking into account our profit growth.

Sustainable dividend increase in line with profit growth



(2) Making progress in reducing strategic shareholdings, aiming to achieve the reduction target of 10% or less, three years ahead of the original schedule

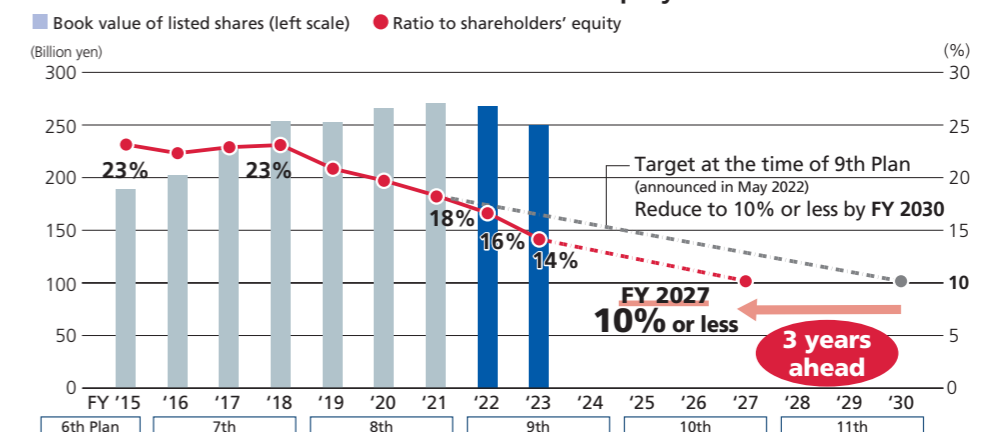
We aim to achieve our target of reducing the ratio of strategic shareholdings to 10% or less three years ahead of the original schedule, by the end of fiscal 2027. (The ratio of the book value of strategic shareholdings to shareholders' equity has been steadily decreasing: 18.4% at the end of fiscal 2021, 16.6% at the end of fiscal 2022, and 14.2% at the end of fiscal 2023.)

Regarding strategic shareholdings, we will maintain those that contribute to the strengthening of "good partnerships*" and are expected to positively impact our business in the long term while we sell shares with diminished significance for holding, in a planned manner. The gains from the sale of shares, including those classified as pure investments at the end of the previous fiscal year, will be utilized to support our sustainable growth. This includes allocation for covering demolition and disposal losses that commonly occur in the property development, loss on liquidation of business efficiency, investments in digital transformation (DX) aimed at improving employee productivity, and investments in green transformation (GX) for environmental consideration.

* Good partnerships

In advancing our office building leasing and condominium sales businesses, we regard general contractors and subcontractors as partners, not as mere suppliers, in promoting business together. We have fostered long-standing and strong relationship with general contractors and subcontractors through continuous orders, backed by strategic shareholdings. It serves as a motivation for them to confidently secure construction materials and personnel over the long term. From our standpoint, we are reaping the benefits of mitigating business risks associated with the ongoing issues of rising construction costs and prolonged project durations, enabling us to stabilize our business through steady and stable progress of projects for construction until completion.

Book value of listed shares and shareholders' equity



Proactive Revision of "Management Strategy for Sustainable Growth"

(3) Not renewing advance warning takeover defense measures

The Group has been pursuing sustainable and stable growth with the building leasing business at its core, by continuing development of office building over the medium to long term. In the course of our growth, we have needed to protect shareholder interests from so-called "Killing the goose that lays the golden eggs," or malicious takeover actions aimed at temporary gains by selling those assets with a short-term perspective. For this reason, we have introduced and continued with defense measures.

Last year, there was progress in reviewing the approach to corporate acquisitions at the Ministry of Economy, Trade and Industry (METI), and the Financial Services Agency (FSA). In addition, as outlined earlier in the outlook for the Tenth Management Plan and beyond, the scale of our business and profitability directly linked to corporate value have expanded and stabilized. Consequently, we have decided not to renew the defense measures at the next update due in June 2025.

Progress in "review of corporate takeover rules"

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

The scale of our business and profitability have expanded and stabilized

Expecting to surpass ¥300 billion in ordinary profit in the 10th Plan, and aiming at reaching an even higher milestone of ¥400 billion

Mainstay businesses such as office buildings and condominiums steadily recovering and improving, expecting to achieve an ordinary profit of ¥300 billion in the next Management Plan

One of the largest urban redevelopments in Japan, "Roppongi 5-chome West Project" has been approved; Acquired a large-scale mixed-use development site in the heart of Mumbai, India

**June 2025
Not renewing
"Advance warning takeover defense measures"**

(4) Continuing active investment in human capital

For the Group's sustainable growth, the proactive engagement of our employees is essential. Therefore, we are aiming for "employee-first management" to return the fruits of growth to employees first, as well as "integrated group management."

As fair, efficient investment in human capital is key to realizing those, mass hiring of new graduates and seniority-based personnel system cannot fully address this need.

As such, we have, as a whole group, adopted year-round mid-career hiring and switched to a salary system that is similar to a role-based system, where annual salaries are determined based on the responsibilities and achievements of employees across a wide variety of jobs. We have positioned this personnel system, which centers on career hires, at the core and have actively promoted it. As a result, currently, 90% of our employees and 60% of the managerial personnel are individuals who were hired through mid-career hiring, with high motivation fostered by this system. This approach has enabled us to achieve a highly diverse workforce, regardless of gender or whether they were hired as new graduates or as midcareer workers, which is a driving force for the growth of the Group.

Going forward, in addition to this evaluation system based on ability and achievement of individual employees, we will continue to actively invest in human capital, including investments in digital transformation (DX) and education, to enhance productivity.

▶ For details, please refer to "Unique Human Resource Investment Strategy (Utilization of Human Capital)" on pages 45-48.

(5) Doubling the amount of funds for Green Financing from a total of 1 trillion yen to 2 trillion yen

As of March 31, 2024, 78 of our properties with a total gross floor area of over 1.1 million tsubo* acquired the "DBJ Green Building Certification," which is awarded to properties that demonstrate high environmental performance and meet significant societal demands. In the Ninth Management Plan, we established a green finance quota to raise a total of 1 trillion yen. However, due to its popularity and the rapid approach to the quota, we have doubled the financing quota to 2 trillion yen. We will continue to develop superior properties with environmental considerations and strive to maintain and enhance their performance.

* 1 tsubo ≈ 3.3 m², total of office buildings, rental apartments and retail facilities

The Ninth Management Plan — Procure ¥1 trillion in long-term funds from green financing

Target properties: 12 buildings, out of buildings owned by the Company that have acquired three stars or above in DBJ Green Building Certification
No. of properties that have acquired DBJ Green Building Certification: 27 buildings with a total gross floor area of approx. 790,000 tsubo (As of March 31, 2022)

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 (retain to maintain performance)

Evaluations: Obtain assessment of conformity with green finance from JCR and R&I

As of March 31, 2024 Already financed ¥865.8 billion

Expecting to exceed the financing quota due to strong demand

Doubling the financing quota to ¥2 trillion

Target properties: Increased to 54 buildings
No. of properties that have acquired DBJ Green Building Certification: 78 buildings with a total gross floor area of approx. 1.1 million tsubo (As of March 31, 2024)

DBJ Green Building Certification

Properties that have acquired ★5



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."



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



Sumitomo Fudosan Shopping City Ariake Garden

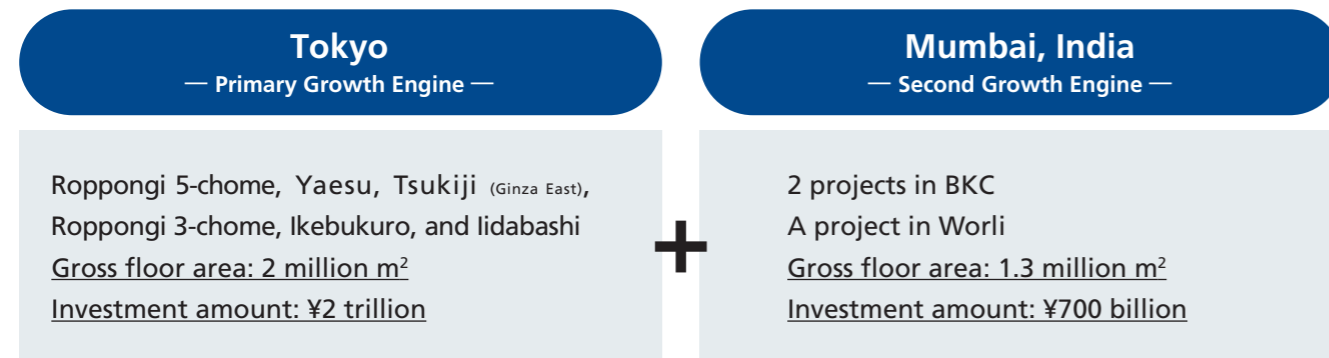
Proactive Revision of "Management Strategy for Sustainable Growth"

3 Viewing the surpassing of 300 billion yen as a checkpoint, and aiming at reaching an even higher milestone of 400 billion yen

We leverage large-scale redevelopment projects in central Tokyo as the primary engine for our growth. We have numerous projects underway in locations such as Roppongi 5-chome, Yaesu, Tsukiji (Ginza East), Roppongi 3-chome, Ikebukuro, and Iidabashi, and plan to invest 2 trillion yen, including the amount already invested, in properties with a total gross floor area of 2 million square meters that we plan to own.

As the second growth engine, we will invest 700 billion yen, including the amount already invested, in the heart of Mumbai, India. In Mumbai, the rapid progress in the development of transportation infrastructure strongly shows us its potential for evolving into a business area comparable to central Tokyo in the future. In that area, we have started projects with a planned gross floor area of over 1.3 million square meters.

We believe that a path to achieving an ordinary profit of 400 billion yen is becoming visible through these growth and development projects with a total investment of 2.7 trillion yen for a total gross floor area of over 3.3 million square meters across Tokyo and Mumbai.



Growth and development projects with a total investment of ¥2.7 trillion for a total gross floor area of over 3.3 million m² across Tokyo and Mumbai

Achieving an ordinary profit of ¥400 billion

Topic 1

One of the largest redevelopments in Japan, "Roppongi 5-chome West Project" has been approved

The "Roppongi 5-chome West Project Urban Regeneration Special Area" * has been approved by the Tokyo Metropolitan Government, in March 2024. Thereby, one of Japan's largest redevelopment projects has started moving forward, with a total gross floor area of 1.08 million square meters and an overall project cost of around 800 billion yen. The project features a core office-focused tower of 66 floors above ground and a height of 327 meters with a gross floor area of 800,000 square meters, as well as approximately 1,000 residential units, hotels, and retail facilities. The synergistic effects with the surrounding developments are expected to drive the transformation of this area into a central urban core comparable to Otemachi, Marunouchi, and Yurakucho area near Tokyo Station. * Redevelopment project jointly undertaken with Mori Building Co., Ltd.



Rendered image (Source: Tokyo Metropolitan Government documents)

Topic 2

Acquired a large-scale mixed-use development site in the heart of Mumbai, India

In addition to two properties that we have acquired by 2022 in BKC (Bandra Kurla Complex, Mumbai, India), we acquired a large-scale mixed-use development site in Worli, the heart of Mumbai, in October 2023. In BKC, the total gross floor area of the two properties is 260,000 square meters: the first project has commenced construction, and construction for the second project is scheduled to commence within this year. In Worli, the site we acquired has a developable gross floor area of over 1 million square meters.

Consequently, rather than just acting as a leasing building owner, we have been able to build a significant foothold in establishing our position as a comprehensive developer continuously engaged in integrated mixed-use development of areas.

Given its location in the heart of the Worli, the center of Mumbai city, the project has received expressions of active support from the Maharashtra state and Mumbai city authorities, who are intensively working on the development of subways and elevated roads. In order to contribute to the development of Mumbai and India, we will work together with the state and city to advance this large-scale development into an iconic project with a total gross floor area of well over 1 million square meters.

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.



Worli, Mumbai



Source: Google Maps

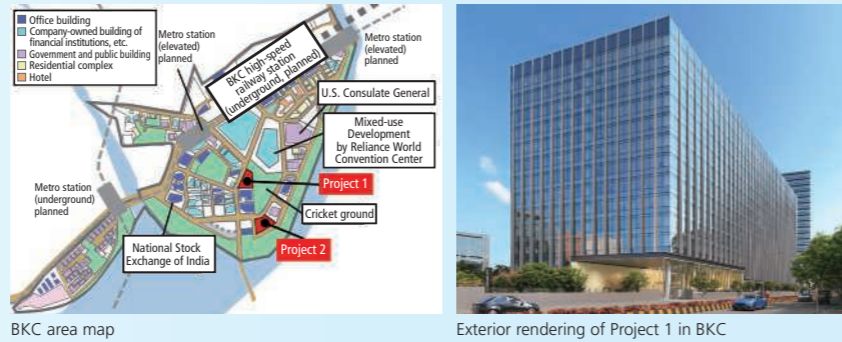
"Indian Shinkansen" (high-speed railway)	Connecting Mumbai and Ahmedabad in about 2 hours, covering approximately 500 km distance
Mumbai Trans Harbour Link	Connecting the center of Mumbai to the new airport under construction in Navi Mumbai across the eastern shore, with a total extension of about 22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

Proactive Revision of "Management Strategy for Sustainable Growth"

Topic 2

Project 1 and 2 in BKC

We started the overseas expansion in Mumbai 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. After acquiring one of the largest office building sites in BKC, the 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.



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 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 the expertise that we have cultivated so far.



Central area of Worli

	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

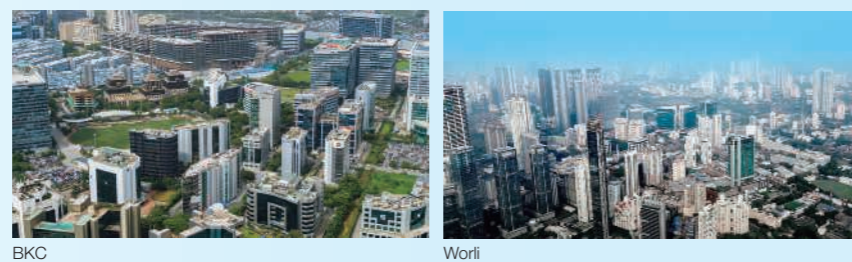
*1 1 INR = 1.7 JPY *2 1 tsubo ≈ 3.3 m²

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 the rent for prime offices in BKC 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. * According to the JLL Global Premium Office Rent Tracker (Q3 2022)

As for the development site in Worli, we believe that we 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

Topic 3

Reborn Shinjuku Sumitomo Building

Shinjuku Sumitomo Building, completed in 1974, is celebrating its 50th anniversary this year. We chose to renovate this building, the oldest within our portfolio, instead of rebuilding. A gigantic roof was installed at the foot of the building, enabling it to hold large-scale events without being affected by the weather. In addition, restaurants on the top four floors were relocated to the 1st and 2nd floors and the previous restaurant areas were transformed into office areas. The building facilities have been completely updated, and seismic resistance has been enhanced to withstand long-period ground motion earthquakes.

Over the past 50 years, the cumulative cash flow (operating income before depreciation) from the building has exceeded 400 billion yen. During that time, the Japanese economy experienced numerous transformations, through the high-interest era of the 1980s, the bursting of Japan's bubble economy, the Global Financial Crisis, and the economic boom under Abenomics policies. Although 50 years have passed since its completion, this building is still one of our flagship buildings, generating cash flows from leasing exceeding 10 billion yen annually.

Before



After



Façade as sophisticated as a newly constructed building



A view of an event held at Sankaku Hiroba

Shinjuku Sumitomo Building (52 floors above / 4 below ground)		Sankaku Hiroba (triangular plaza)	<ul style="list-style-type: none"> • Approx. 3,250 m² • An all-weather atrium (Ceiling height: approx. 25 m) • Capable of temporarily accommodating approx. 2,800 stranded commuters in the event of disaster
Completion	March 1974		
Renovation completion	June 2020		
Site area	14,446.46 m ²		
Gross floor area	180,195.16 m ²		

(Reference) A model embodying sustainability of office buildings

Shinjuku Sumitomo Building was completed in 1974, during the dawn of skyscraper construction, as the first skyscraper in Japan exceeding 200 meters in height. Since then, it has been nicknamed "Sankaku Biru" (triangular building) for its shape and adored by the public for nearly half a century. Instead of tearing down Sankaku Biru, we created a sophisticated interior space as if it were newly constructed, with high functionality through remodeling work, while keeping the triangular outward appearance intact. It has been highly evaluated as a model case for sustainability of office buildings, as it enhanced seismic performance and BCP (Business Continuity Planning), achieved energy-saving performance on a par with new buildings, and is serving as a disaster prevention center for the community, while bringing liveliness to the area.

Proactive Revision of "Management Strategy for Sustainable Growth"

APPENDIX

In light of the aforementioned proactive revision, we explain the fact that the office building leasing business in central Tokyo, in which we proactively and continuously invest, has generated stable profits over the long term, and retaining those properties is also advantageous in terms of investment efficiency. Additionally, we have highlighted the advantages of the office market in central Tokyo, which serves as the underlying context for these investments. We hope this will help deepen your understanding of our business.

Key points

- I. Tokyo has an efficient and intricate network of public infrastructure including the railway network such as JR lines and subways, as well as roads, allowing easy access to the city center. In addition, especially in city centers where convenience is higher, there is supply of large-scale redevelopment buildings with the latest specifications, through a "scrap and build" process, where old buildings are demolished to make way for new constructions. This has made the city center unwavering and ensured its value remain steadfast.
- II. Companies from a diverse range of industries and sizes are concentrated and clustered in Tokyo; not only in finance and IT but also material and semiconductor manufacturers, as well as services such as staffing, retail, and entertainment, from major corporations to startups.
Despite the economic fluctuations within individual sectors, constant regeneration brings various new demands for office space. As we manage over 200 buildings in various sizes throughout Tokyo, our leasing portfolio is ideal to accommodate such diverse needs, and has been the source of stable profits over the long term.
- III. While not ruling out the option of selling leasing assets and reinvesting the funds into further development, at present, investments in the office buildings in Tokyo stand as a business that ensures sufficient profitability without relying on gains from selling assets. For instance, Shinjuku Sumitomo Building as explained above, even after 50 years since its completion, is generating cash flows from leasing exceeding 10 billion yen annually. It is indeed a "goose that lays the golden eggs," and hastily selling it would equate to killing such goose.
Additionally, it is simply difficult to "sell for a profit and then buy back at a lower price." As redevelopment takes place primarily in city centers with greater convenience, and since business districts are not shifting to the suburbs, the potential locations suitable for business are naturally limited. Therefore, securing opportunities to develop properties with strong business prospects is not easy.
- IV. The advantages of the Tokyo office market are outlined on the following pages.



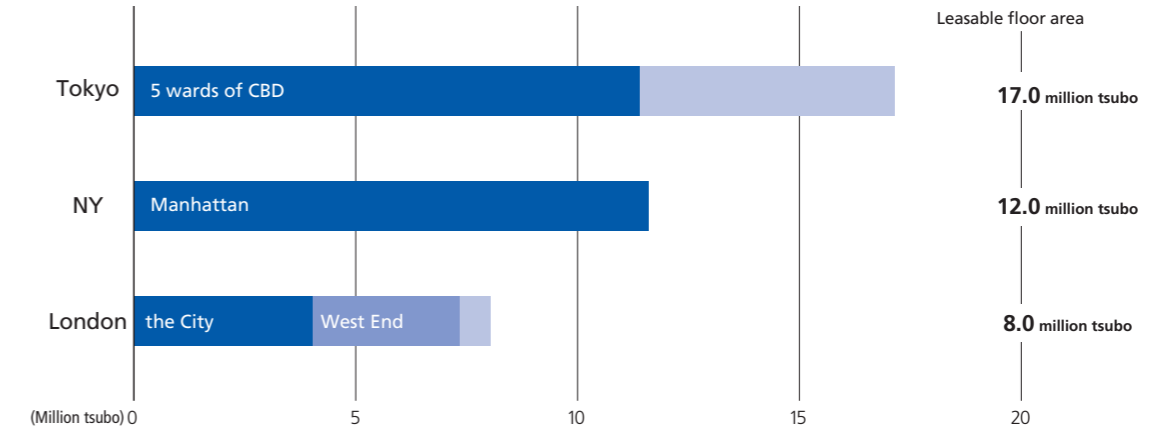
The Advantages of the Tokyo Office Market

1 Tokyo is the world's largest office market

(1) Largest market in the world; larger than New York and London

Tokyo boasts the world's largest office stock in terms of floor area, with potential for growth in both supply and demand, making it largely different market from major cities in Europe and the United States.

Tokyo boasts the world's largest office stock



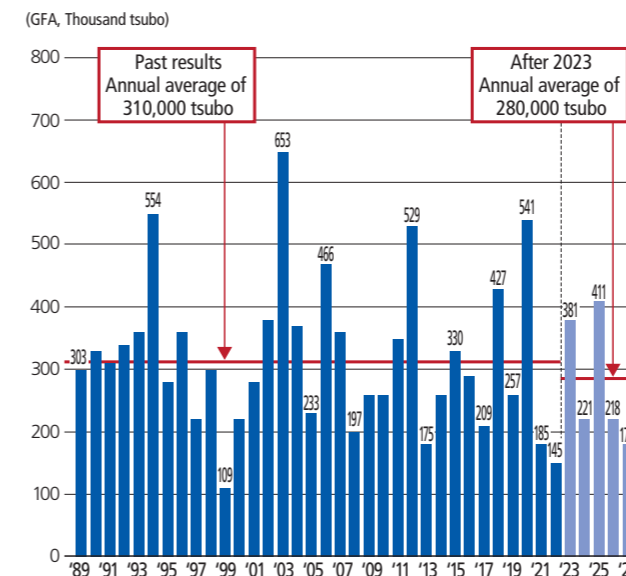
Sources
Tokyo: Tokyo Metropolitan Government "Tokyo no Tochi (Land of Tokyo)" * Converted at an effective rate of 60%
N.Y. and London: Cushman & Wakefield "MARKETBEAT"

(2) 20% of existing stock do not meet the current seismic standards, and net annual supply increase is approx. 1% due to redevelopment through rebuilding being the primary approach

In Japan, seismic standards have been determined by law and regulations to address earthquake risks. However, 20% of the stock do not meet the current seismic standards (only satisfying the previous ones as they were completed in the early 1980s before the current standards were implemented), and require functional updates through rebuilding or redevelopment. In addition, incentives, such as permission to exceed the general regulatory limits on the floor area ratio, are offered to enhance urban disaster prevention and advance the social infrastructure. Hence, redevelopment through rebuilding is progressing in Tokyo, in prime locations of the city center.

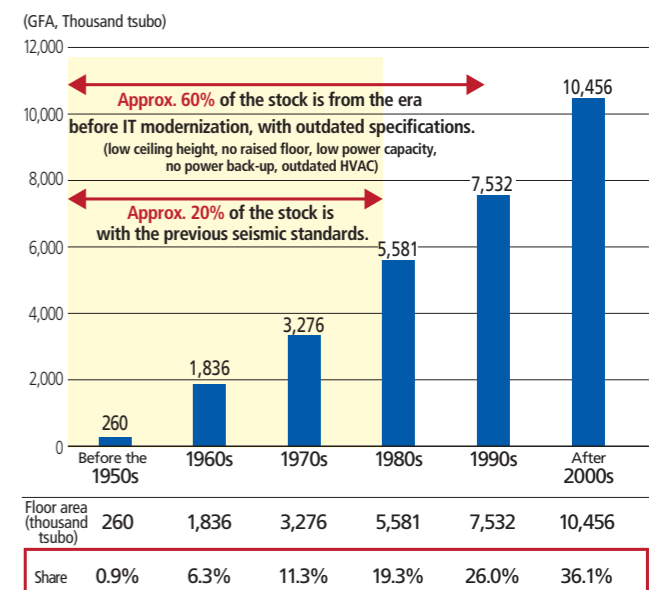
Moreover, because rebuilding is the primary approach for redevelopment, the net supply, after deducting the floor area of buildings demolished, remains limited. Over the 20 years since 2000, there has been an increase of 18%, or about 1% per year, suggesting the balanced supply-demand dynamic from a long-term perspective.

New supply remains limited, and the current average volume is less than the past average. In the past, even in years with high supply, floors were occupied.



Source: Mori Building Co., Ltd. "Large office building supply trend in Tokyo's 23 core cities"

Office building floor area by completion year (23 wards of Tokyo)



Source: Tokyo Metropolitan Government "Tokyo no Tochi (Land of Tokyo)", as of January 1, 2022

Proactive Revision of "Management Strategy for Sustainable Growth"

(APPENDIX) The Advantages of the Tokyo Office Market

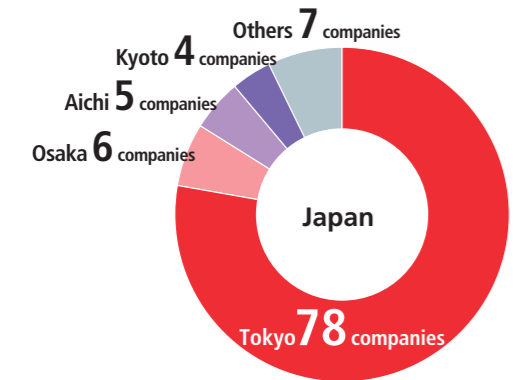
2 Structural factors of demand growth

(1) A market unparalleled in the world, where large corporations concentrate, encompassing all industries

80% of Japan's large corporations (the top 100 in terms of market capitalization) are headquartered in Tokyo, and it's typical for companies with their primary headquarters in other regions to also maintain secondary headquarters in Tokyo. In contrast, the ratio is just over 10% in New York, and 50% in London. In addition, looking at it by industry, all sectors, including manufacturing, services, IT, and finance, are represented in Tokyo. This is in substantial contrast to other countries where industry clusters are dispersed across various cities, such as finance in New York. For this reason, it has a stable structure with extensive office needs. Despite the presence of economic fluctuations within individual sectors, the floor spaces of declining industries are taken by growing industries, hence maintaining the balanced supply-demand dynamic.

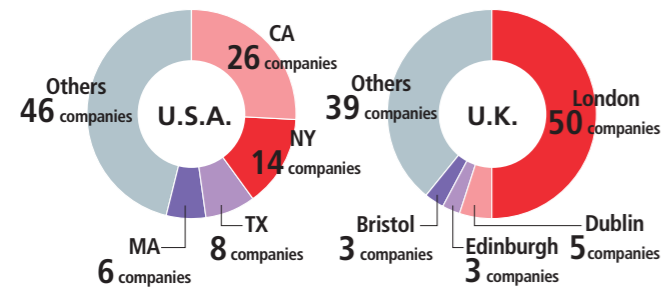
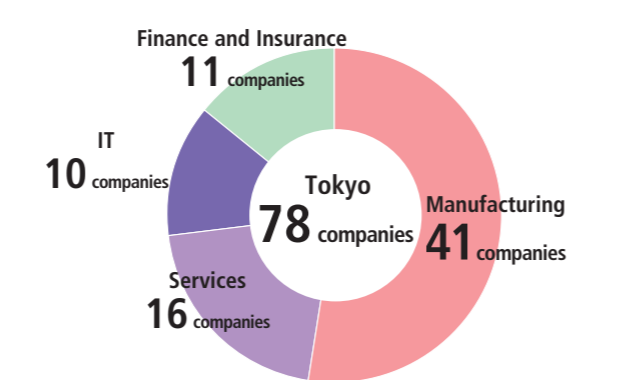
The concentration of companies in Tokyo is extremely high

Headquarters locations of the top 100 companies by market capitalization

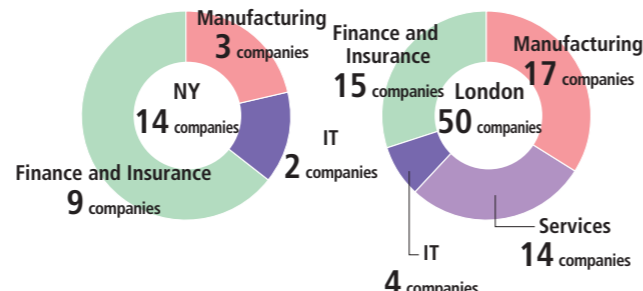


Tokyo has a wide range of all industries

The industry distribution of the top 100 companies by market capitalization



(As of July 2023)

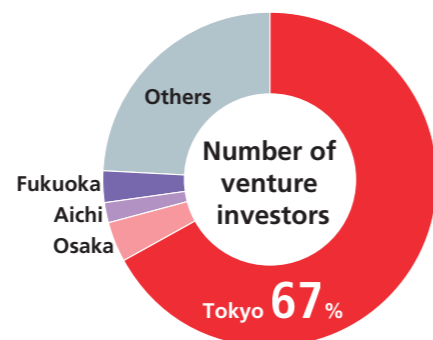
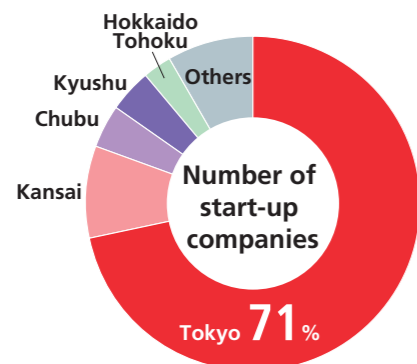


(As of July 2023)

(2) Concentration of start-up companies

Not only large corporations but also 70% of start-up companies and venture capital firms are concentrated in Tokyo, where human resources, capital, and Business to Business markets are readily available.

Start-up companies are also concentrated in Tokyo



* Created independently by Sumitomo Realty based on data from the startup information platform "INITIAL".

* Start-up companies = 6,100 companies raising over 100 million yen, venture investors = 1,440 investor, venture capital, and finance companies

(3) Unwavering city center with extensive urban transportation infrastructure

In the heart of Tokyo, the circular Yamanote Line serves as the core transportation means, with 42 railway lines connecting to it from all directions. Using this safe and punctual railway network, commuters from various areas of the Greater Tokyo travel to city center. (More than 80% of office workers in the Greater Tokyo Area commute using public transportation.)

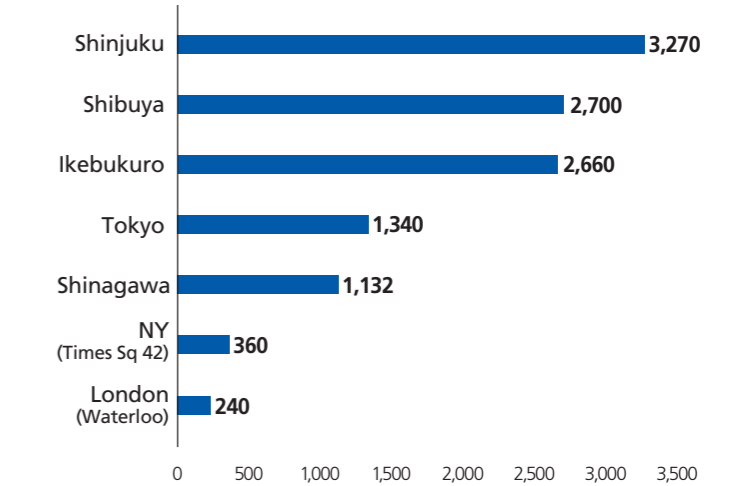
Thanks to this efficient transportation infrastructure, there is no substantial advantage in moving offices out of Tokyo, thus establishing it as the unwavering city center.

Tokyo has an extensive transportation infrastructure network to city centers

	Tokyo	NY	London
Number of lines entering city centers	42	22	17

Number of passengers at the terminal stations

(Thousand people per day)



Sources: The Ministry of Land, Infrastructure, Transport and Tourism, The Metropolitan Transportation Authority (New York), and Office of Rail and Road (London), 2019.

Tokyo Railway Map

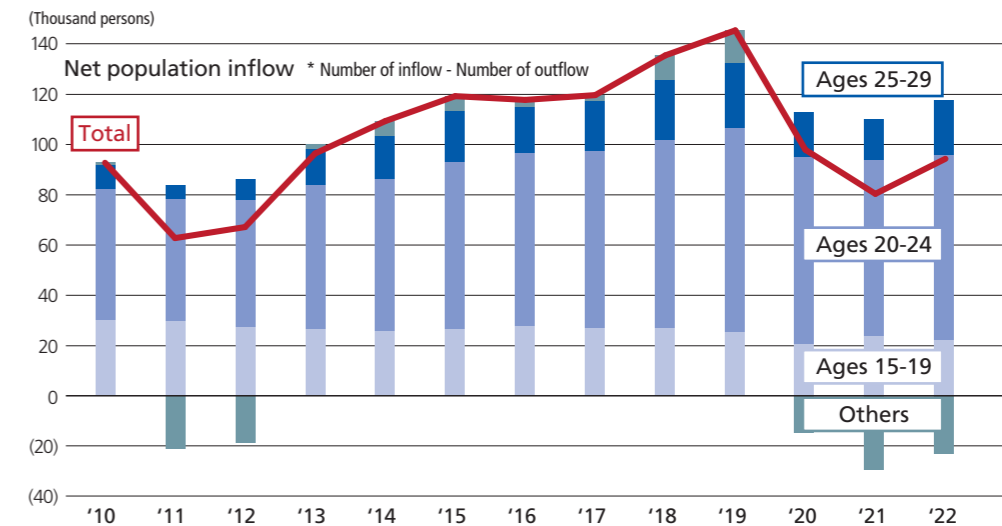


(4) Structural and continuous population influx

The population of the Greater Tokyo Area, within commuting distance to Tokyo, has been experiencing a net inflow for a long time, driven by the younger generation around the age of 20. As universities are highly concentrated in Tokyo, a significant number of students from across Japan gather in Tokyo. A long-standing trend shows that they continue to stay in the city after graduation to become employees of companies in Tokyo. This has created a positive cycle where the concentration of universities and companies attracts people, and the concentration of people, in turn, attracts even more companies.

Net population inflow

The population of the Greater Tokyo Area is increasing, driven by the younger generation (for education and employment).



Source: Statistics Bureau, the Ministry of Internal Affairs and Communications

In addition to the above, social infrastructure such as hotels, commercial facilities, and hospitals are efficiently located in city centers of Tokyo.

Proactive Revision of "Management Strategy for Sustainable Growth"
(APPENDIX) The Advantages of the Tokyo Office Market

3 The advantages of the Tokyo offices have become even more pronounced after the COVID-19 pandemic

(1) During the pandemic, the vacancy rate rose to 6% primarily due to cost containment, but supply and demand balanced out within six months

Before the pandemic, during the economic boom driven by Abenomics policies, even buildings with lower competitiveness were able to secure tenants, leading to an unprecedented low vacancy rate of 1%, reflecting the tight supply amid high demand. In 2020, in response to the COVID-19 pandemic, companies reduced office attendance to ensure the safety of their employees and cut costs by reducing office space, resulting in a vacancy rate increase to 6% within six months.

On the other hand, many companies decided not to reduce their floor space so that they can maintain social distancing in seating arrangements. There were also growing concerns that a lack of communication due to teleworking could lead to stagnation in growth. This led to an increase in cases where companies re-lease the space that had been given up, or repurpose idle office spaces into communication spaces. As a result, the supply-demand balance improved in a short period of time.

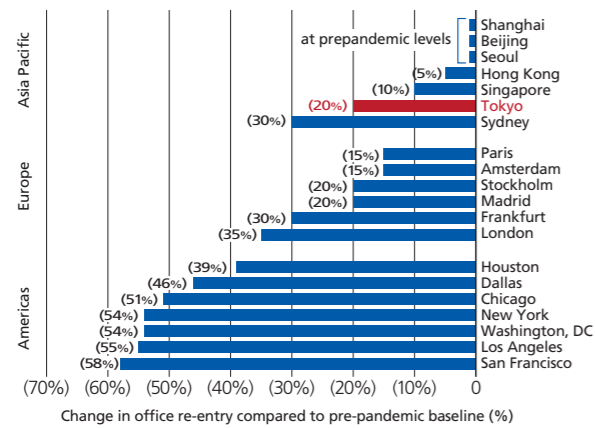
(2) Contrasts between the U.S. and Japan in the trend of returning to the office after the pandemic

When comparing the return to office rates internationally against pre-COVID levels, New York is at about 40%, while Tokyo is at about 80%, showing a significant difference. This is considered to be influenced by differences in working environments.

The difference is also clear when looking at the trends in labor force participation rates. In the United States, the initial response to the pandemic involved laying off employees, with policies primarily focused on providing unemployment benefits to those who became unemployed. In contrast, Japan adopted policies aimed at maintaining employment by providing subsidies to companies to protect their employees' jobs. This approach is believed to have contributed to the quicker rebound in the rate of returning to the office.

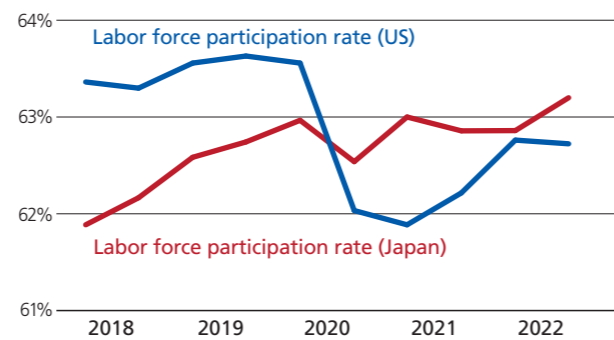
Currently, as companies aim to return to a growth trajectory, they are moving to secure talented individuals by increasing recruitment. In addition, there is a trend towards creating attractive office environments that employees want to work in by adding more communal spaces such as lounges. This has led to a rising demand for relocation and consolidation of offices and for increasing floor space, and the market conditions in Tokyo are on a recovery trend.

Office re-entry rates vary across global regions



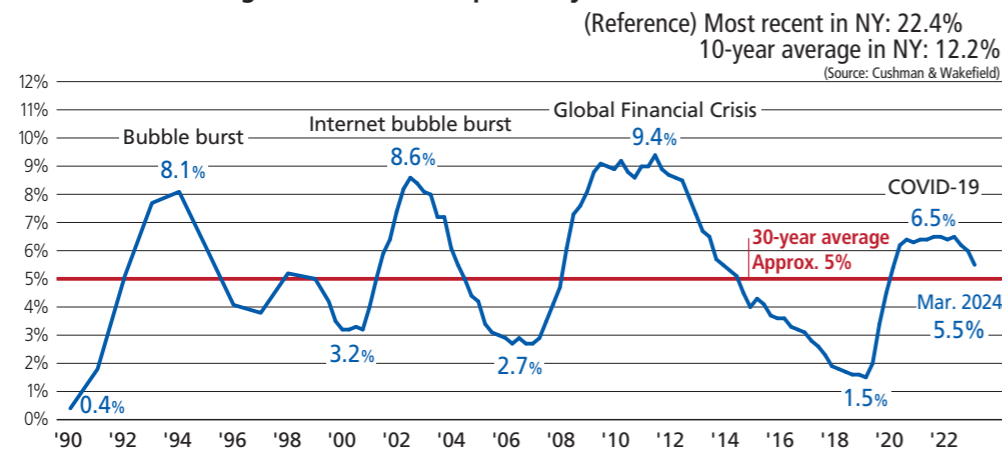
Source: Compiled by Sumitomo Realty, based on JLL "Global Research May 2023, The Future of the Central Business District, Creating dynamic urban centers"

Due to its policy of not allowing unemployment, Japan has already seen its labor force participation rate recover beyond pre-COVID levels, whereas the United States is still on its way



Source: OECD "Labor force participation rate"

Office building vacancy rate in Tokyo (5 wards of CBD) has remained low and stable at an average of 5% over the past 30 years



Source: Miki Shoji Co., Ltd.

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

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

1. Performance Targets and Strategies

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

		(Billion yen)				
		6th Plan	7th Plan	8th Plan	9th Plan	Vs. 8th Plan
		2014-2016	2017-2019	2020-2022	2023-2025	
Revenue from operations	Leasing	886.2	1,073.1	1,218.9	1,300.0	
	Sales	773.1	957.2	822.1	750.0	
	Construction	589.3	634.7	612.0	700.0	
	Brokerage	177.2	207.7	210.5	250.0	
		2,442.1	2,885.8	2,870.4	3,000.0	+129.6 +5%
Operating income	Leasing	313.7	415.5	487.3	520.0	
	Sales	127.2	140.1	150.9	150.0	
	Construction	47.0	50.4	54.7	75.0	
	Brokerage	40.6	47.4	44.1	68.0	
		500.6	613.2	687.5	770.0	+82.5 +12%
Ordinary profit		418.0	557.8	655.6	750.0	+94.4 +14%
Profit		238.1	353.3	432.8	500.0	+67.2 +16%

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

2. 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

3. Financing Plans * Revised. Please refer to page 12 for details.

(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

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

(2) Introduction of green financing

4. Policy for Shareholder Returns * Revised. Please refer to page 10 for details.

Continue "sustainable dividend increase" and "annual dividend increase of 5 yen" in line with profit growth
Cash flow allocation policy of prioritizing investment in leasing office assets, to be maintained

5. Introduction of Numerical Targets regarding Strategic Shareholdings * Revised. Please refer to page 10 for details.

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

6. 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

▶ For details on our decarbonization initiatives, please refer to "Sumitomo Realty Group and Environment - Decarbonization" on pages 37-44.

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. Our value creation process drives the growth of our group, as a sustainable cycle built on our continuous trial and error.

Going forward, we will continue to take on the challenges of creating new value through deeper collaboration across businesses, while addressing the materiality mentioned above. We aim to achieve sustainable growth and development together with cities, delivering "New Value" to people's daily lives.

Four Material Issues (Materiality)



Materiality

Example 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 equipment Promoting creation and preservation of greenery in cities Reducing waste emission and promoting resource circulation Unique solar power service to promote adoption of solar power generation Providing houses with enhanced environmental performance
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 Enhancing regional disaster preparedness
People People Friendly	Create buildings and cities that are safe and 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 buildings Providing comfortable houses with enhanced thermal insulation Ensuring healthy and safe workplace environment Fostering diverse human resources



Source of Value Creation

Capability of "Land Innovation"

History of Value Creation and Our Strengths

→ P.25

Solving Social Issues through Redevelopment

→ P.27

Business Expansion

Competitive Business Portfolio

Enhancement of Corporate Value through Four Mainstay Businesses

→ P.31

Example: Shinchiku Sokkurisan Remodeling

→ P.33

Value Creation Process

→ P.35

Taking on the Challenges of Creating New Value

Sumitomo Realty Group and Environment – "Decarbonization"

→ P.37

Unique Human Resource Investment Strategy (Utilization of Human Capital)

→ P.45

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

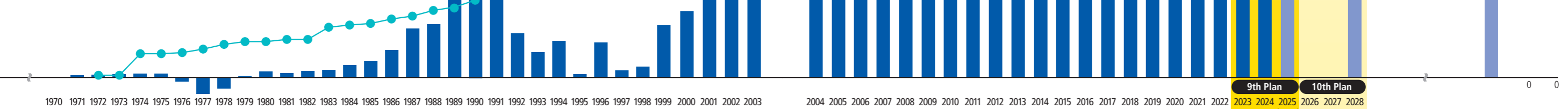


Ordinary Profit / Gross Floor Area

■ Ordinary Profit ● Gross Floor Area

(Years ended/ending March 31)

*Non-consolidated figures until 1977



The 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.

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

Solving Social Issues through Redevelopment

Sustainable urban development to improve disaster preparedness and revitalize the community

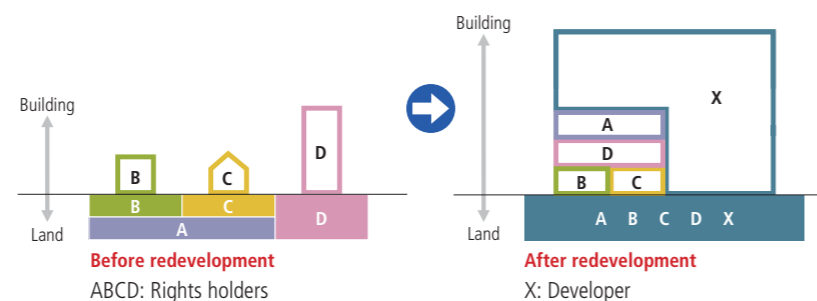


Unlike other major developers in Japan, we started with a mere three buildings in 1949 following the breakup of the conglomerates and it was only from the 1970s that we made our full entry into the business of developing office buildings in central Tokyo. Therefore, instead of reconstructing buildings 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 August 2024)

Project area	Main building	Location	Gross floor area m ² (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
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
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
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	Osaki Garden City	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	99,700	Office-Residence-Retail	Feb 2024
Higasi-Ikebukuro 1-chome	(Tentative name) Ikebukuro Higashiguchi Project	Toshima Ward, Tokyo	155,900*	Office-Residence-Multipurpose hall	During or after 10th Plan (under development)
Yaesu 2-chome South	(Tentative name) Yaesu 2-chome South Project	Chuo Ward, Tokyo	135,200*	Office-Retail-Multipurpose hall-Hotel	During or after 10th Plan (under development)
Iidabashi Station South	(Tentative name) Iidabashi Ekimae Project	Chiyoda Ward, Tokyo	46,200*	Office-Residence-Retail	During or after 10th Plan (under development)
Roppongi 5-chome West	(Tentative name) Roppongi 5-chome West Project	Minato Ward, Tokyo	1,080,000*	Office-Retail-Residence-Hotel	During or after 10th Plan (under development)

* Total gross floor area including areas owned by third parties outside our group

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



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.

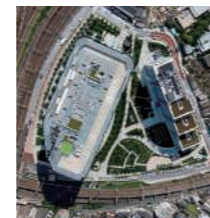
Example ▶ Osaki Garden City

In the case of Osaki Garden City, 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.



Before development of Osaki Garden City



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

Osaki Garden City

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

Main building	Sumitomo Fudosan Osaki Garden Tower	Osaki Garden Residence
Completion	January 2018	August 2018
Gross floor area	Approx. 178,100 m ²	Approx. 41,400 m ²
Purposes	Office, retail, etc.	Residence (423 units), office, etc.

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 ▶ IZUMI GARDEN

At the IZUMI GARDEN, a 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)

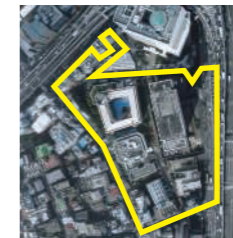
Main building	Izumi Garden Tower
Completion	October 2002
Gross floor area	Approx. 208,400 m ²
Purposes	Office, residence, hotel, retail, museum, multipurpose hall



Before development of Izumi Garden Tower



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

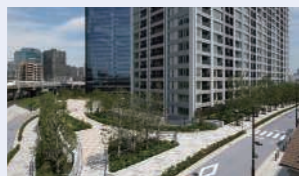
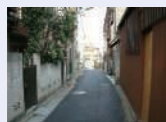


Before development of Sumitomo Fudosan Roppongi Grand Tower



Two sites after development

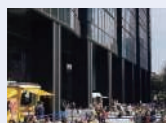
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2



3



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

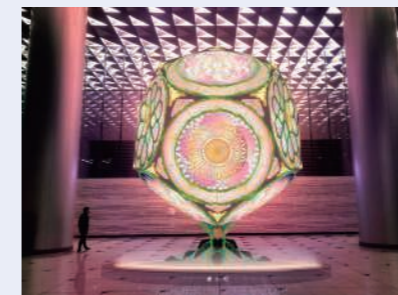
The site used to have a difference in elevation as large as eight meters and experienced land collapse. The project created a landscape design with gentle undulations and eliminated the large difference in elevation. It also built stairs and installed elevators connecting the area with the surrounding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

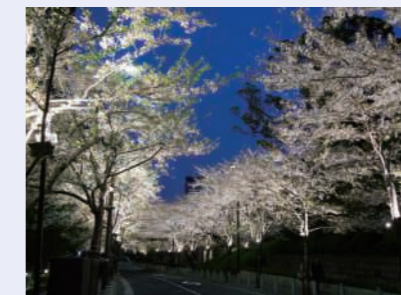
The site used to be an industrial area with little greenery and lacked places for people to gather due to a densely built-up area with housing. Through this redevelopment, spacious green open public spaces covering some 8,000 m² were created, encouraging interaction among the people and bringing liveliness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

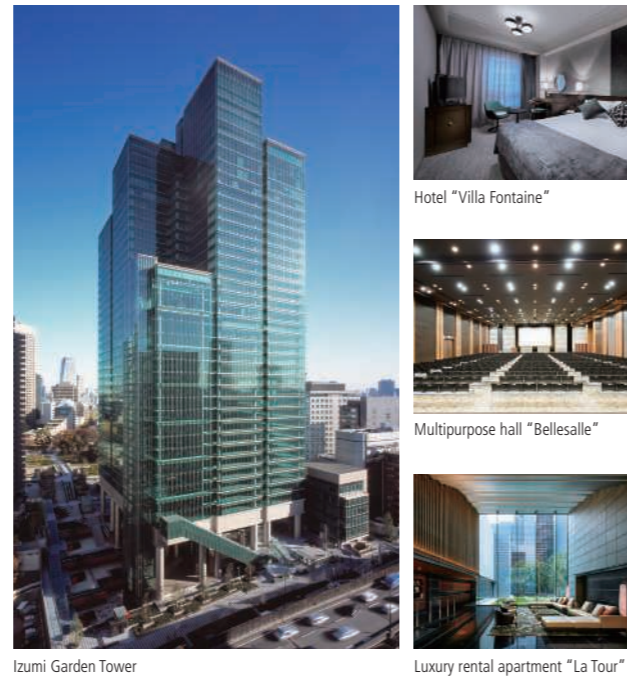
Leasing Office building and affiliated businesses (rental apartments, hotels, multipurpose halls, etc.) ▶ P.53

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 Launched "GROWTH" series of incubation offices

- **Rental apartments** Owning and operating a total of about 6,000 units
- **Hotels** Operating a total of 21 hotels / 5,374 rooms
- **Multipurpose halls** Operating 38 facilities
- **Retail facilities** Sumitomo Fudosan Shopping City Ariake Garden
Haneda Airport Garden

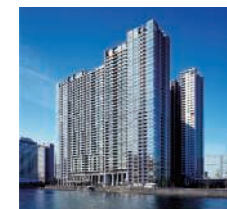
(As of March 2024)



Sales Condominium sales ▶ P.61



City Towers Tokyo Bay



World City Towers



City Towers Tokyo Bay Entrance hall

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, Sougou 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 "Sougou 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"

Construction Shinchiku Sokkurisan remodeling ▶ P.33 ▶ P.63

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 170,000.



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
2024	Cumulative total of units contracted exceeded 170,000

Brokerage Sumitomo Real Estate Sales Co., Ltd. ▶ P.67

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



Custom homes ▶ P.65



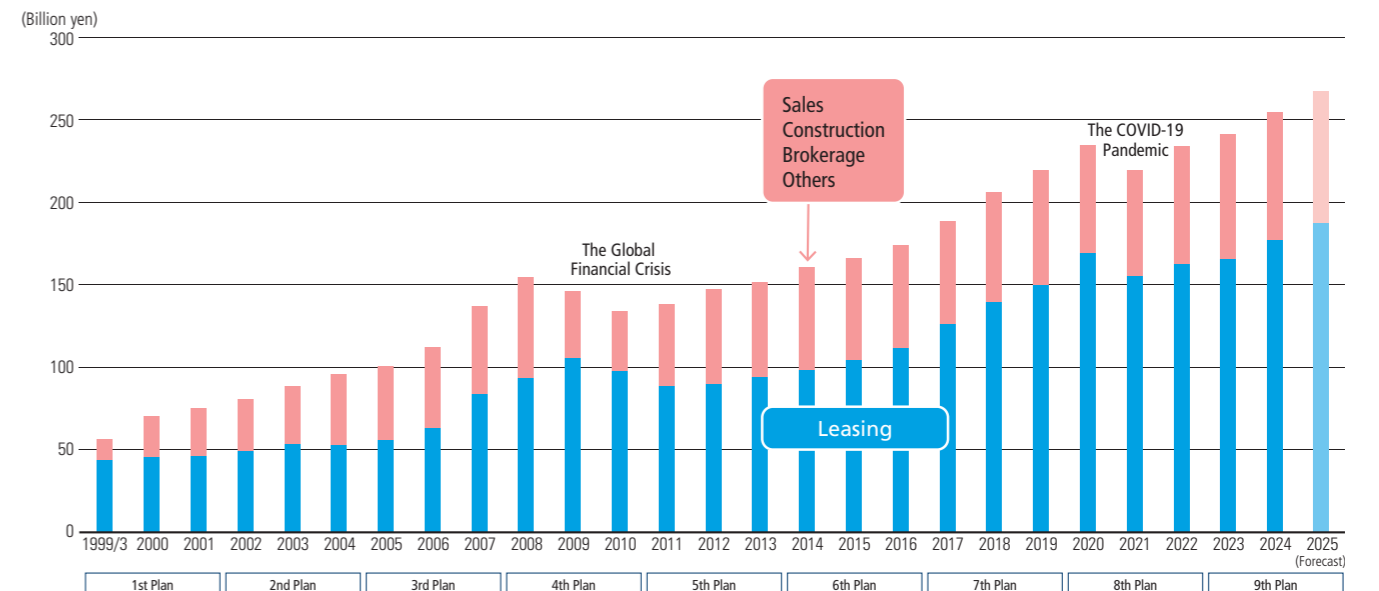
After housing development in the United States in the 1970s, we started full-scale operation in Japan in 1982. We have increased our market share especially in metropolitan areas with the competitiveness of the product line-up which stands out for the urban modern exterior design and high-grade facilities. 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
2024	Launched "Grade 7 Insulation House" – the highest thermal insulation grade house

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 impact 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 has exceeded 170,000 units (as of January 31, 2024). 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 precious lives were lost in the Great Hanshin-Awaji Earthquake of 1995. Subsequent research revealed that many old houses with structural problems were left without rebuilding 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 range of renovations according to the customers' various needs and budget, centering on "full remodeling" which transforms a house into a safe, secure, and earthquake-resistant one while utilizing the existing structural elements as much as possible.

Over more than a quarter of a century since its launch in 1996, we have experienced 18 major earthquakes of magnitude 6 or higher^{*1}, yet not a single house that underwent seismic reinforcement by our Shinchiku Sokkurisan remodeling has been completely or partially destroyed^{*2}.

^{*1} As of August 31, 2024
^{*2} According to our company's research (excluding properties that did not undergo the specified seismic reinforcement work, and some unconfirmed properties including those affected by ground subsidence, liquefaction, or tsunami washout)



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

Social issues concerning houses in Japan

- ❶ Insufficient earthquake resistance and thermal insulation
- ❷ Insufficient thermal insulation causing increased energy consumption
- ❸ Environmental impact from waste generated when rebuilding

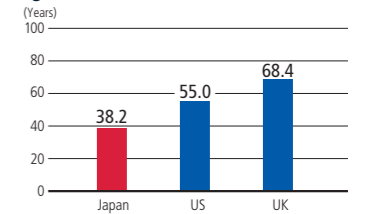
Through the Shinchiku Sokkurisan remodeling

- ❶ Realizing extended useful life
 Earthquake-proofing and seismic retrofitting
 Revised floor plans to suit lifestyles
- ❷ Reducing energy consumption by installation of solar power generator and improvement of thermal insulation performance
- ❸ 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.

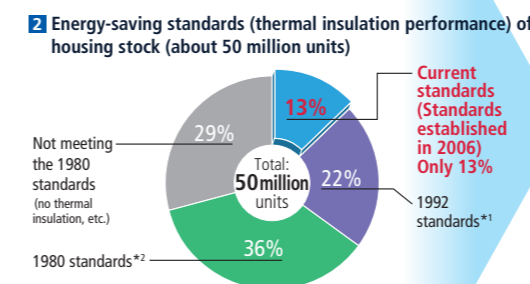
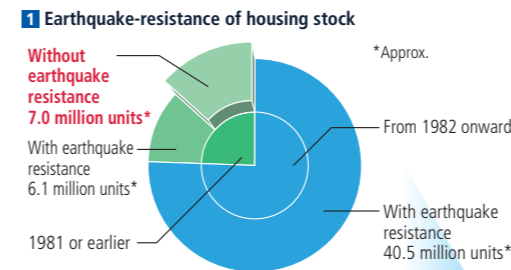
Moreover, although discussions have been carried out on various topics for newly constructed detached houses, such as improving their environmental performance toward the realization of carbon neutrality in 2050, little progress has been made toward promoting energy savings or decarbonization for existing 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.

International comparison of the average age of houses

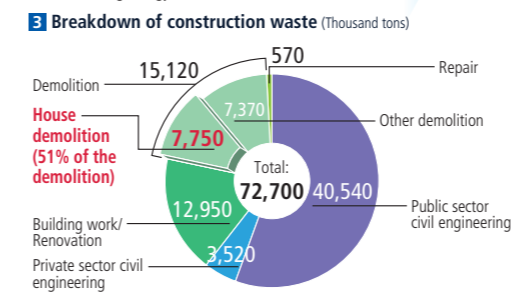


Source: Housing Economics Data: International Comparison of Average Age of Houses Deregistered (2023), Ministry of Land, Infrastructure, Transport and Tourism.

Social issues concerning houses in Japan



^{*1} Standards established in 1992, pursuant to the Act on Rationalizing Energy Use
^{*2} Standards established in 1980, pursuant to the Act on Rationalizing Energy Use



Sources: 1. Progress of Earthquake Proofing of Houses (2018), Ministry of Land, Infrastructure, Transport and Tourism.
 2. Thermal Insulation Performance of Housing Stock (46th Meeting of the Building Committee of the Panel on Infrastructure Development), 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-saving standards for newly-built houses. This plan covers from individual rooms to the entire house, allowing people to enhance the thermal insulation performance only where it is necessary. In addition, "SUMIFU x ENEKARI" enables to install solar power generation equipment at net zero cost for customers, 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 impact through waste reduction

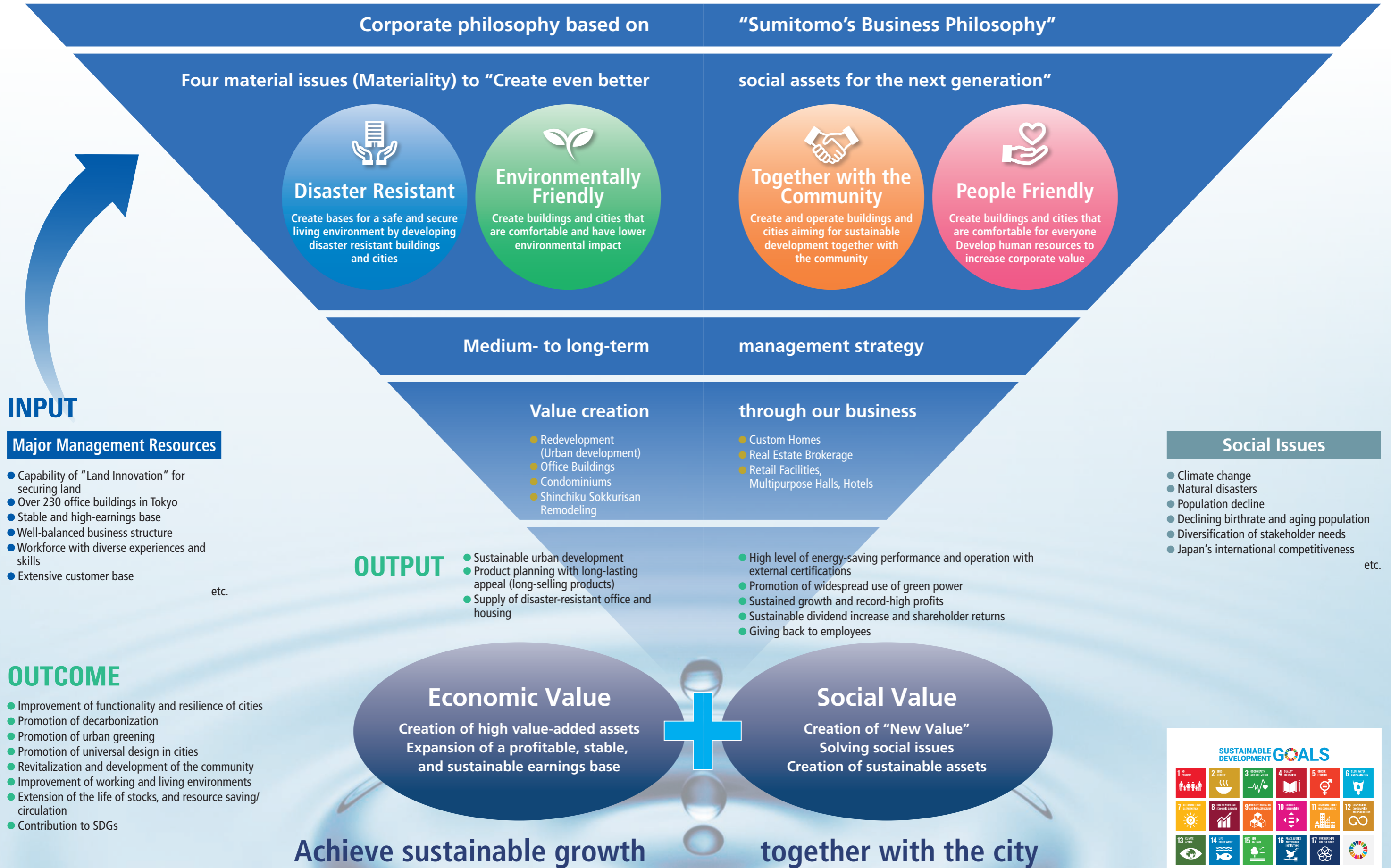
Shinchiku Sokkurisan remodeling contributes to the reduction of the environmental impact through seismic reinforcement while the principal structural elements of the house are retained, thus minimizing industrial waste discharge, CO₂ emission, and waste of resources, compared to the demolition involved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

Industry-academia joint research on the decarbonization effect of building renovation
Verifying the adoption of ZEH and achievement of life cycle carbon neutrality 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. As the result of the research, we confirmed that through renovation, the adoption of ZEH and life cycle carbon neutrality could be achieved without special construction work, and that life cycle carbon neutrality could be achieved more rapidly than through new construction. (➡ Refer to page 41 for details.)

Value Creation Process



Taking on the Challenges of Creating New Value Sumitomo Realty Group and Environment – “Decarbonization”

We recognize that various environmental issues, such as climate change, biodiversity, and nature preservation, and other challenges requiring international efforts, are also crucial issues aligned with our fundamental mission of “Create even better social assets for the next generation.” We have been addressing these issues through our business activities. In our redevelopment business, we have been working on developing properties with high environmental performance and promoting urban greening. In our housing renovation business, “Shinchiku Sokkurisan,” we strive to utilize reusable materials such as foundations and structural frames as much as possible, thereby reducing industrial waste and minimizing the input of new resources. These efforts reflect our commitment to environmentally conscious business practices.

In particular, with regard to “decarbonization,” which is being pursued under international cooperation with reduction targets set by each country, we have established a CO₂ emissions reduction target for fiscal 2030 and actively pursuing initiatives to integrate decarbonization into our mainstay business operations.

Decarbonization targets for the Ninth Management Plan

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

1 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

2 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

3 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

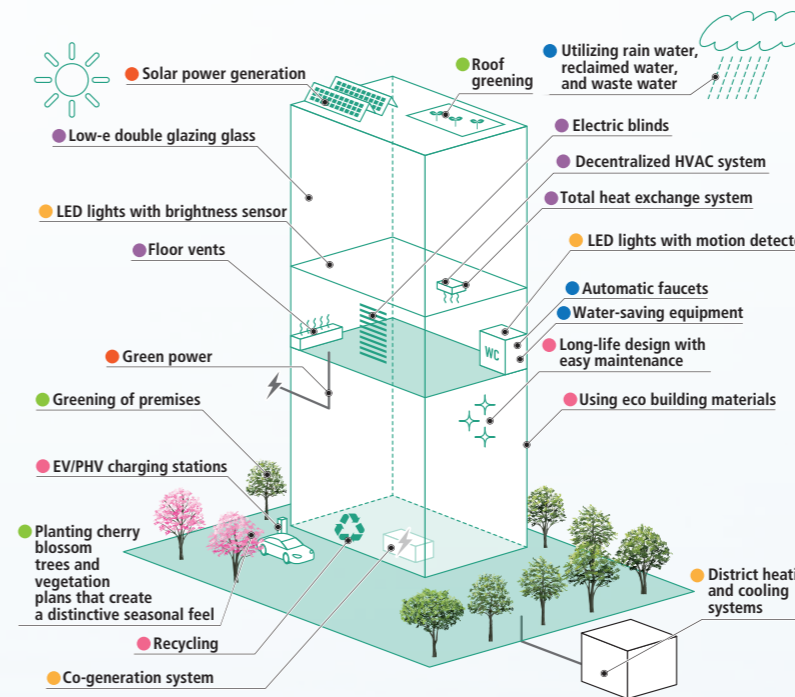
The Ninth Plan numerical targets and progress in each segment

Targets in the Ninth Plan	Fiscal 2023 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>	18%
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>	100% (Approx. 4,900 units * Including ones under application)
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>	54% * 57% for the single month of March 2024
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>	94% * 97% for the single month of March 2024
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>	Secured the necessary quantity * Based on orders received

Our Initiatives for the Decarbonization in Each Business

Office Buildings

In our office building leasing business, we actively install highly energy-efficient equipment not only when we develop new office buildings but also when we upgrade equipment of existing buildings aiming to develop and maintain environmentally friendly, sustainable office buildings. In addition, we strive to reduce energy consumption in office building management, through promotion of energy-saving initiatives, while collaborating with our tenants. As a result of such efforts, we have been certified as an “S class business operator,” the highest rank, by the Ministry of Economy, Trade and Industry under the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy. As for green building certifications, we have acquired DBJ Green Building Certification, which evaluates buildings' environmental performance and management, for 82 buildings (including plan certification), covering a total gross floor area of 1.10 million tsubo (1 tsubo ≈ 3.3 m²) and accounting for about 75% of all our leased assets based on gross floor area as of March 31, 2024. Additionally, we have received the highest “five-star” rank by BELS (Building-Housing Energy-efficiency Labeling System), which evaluates properties that highly reduce energy consumptions, for six buildings, including one “ZEB Ready” and five “ZEB Oriented” for existing buildings.

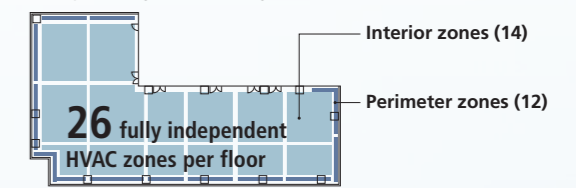


* The diagram above is for illustrative purposes only. Not all features are available in all Sumitomo Realty buildings.

Standardized fully independent HVAC

Fully independent HVAC enables adjusting temperature for each small zone. In addition, floor vents installed on the window frame can be opened and closed manually, saving energy by using natural ventilation and avoid unnecessary air conditioning.

Concept drawing of HVAC zoning



DBJ Green Building Certification

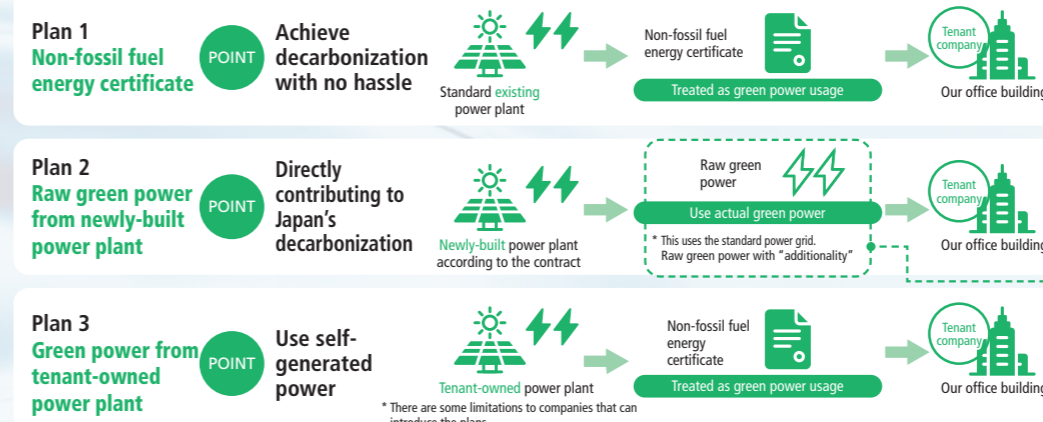
Office buildings TOTAL 82	(As of the end of May 2024)
★★★★★ 5 stars	Total 20
★★★★ 4 stars	Total 60
★★★ 3 stars	Total 2

ZEB certification

- Sumitomo Fudosan Tokyo Mita Garden Tower (ZEB Ready)
- Sumitomo Fudosan Roppongi Grand Tower (ZEB Oriented)
- Sumitomo Fudosan Osaki Garden Tower (ZEB Oriented)
- Sumitomo Fudosan Shinjuku Garden Tower (ZEB Oriented)
- Sumitomo Fudosan Iidabashi First Building (ZEB Oriented)
- Sumitomo Fudosan Shibakoen First Building

Supporting tenant companies to introduce green power with “Green Power Plan”

Given the diversifying needs for introducing green power, since November 2021, we have started offering “Sumitomo Realty's Green Power Plan,” the first of its kind in Japan, in which each tenant company can choose a green power plan for its exclusively-owned areas according to its needs. It includes introduction of raw green power with newly-built power plants, which can directly contribute to Japan's decarbonization, in addition to the virtual green power using common non-fossil fuel energy certificate. This plan has been well-accepted for enabling tenant companies to take an active role in decarbonization through green power adoption, as well as allowing them to publicly and proactively demonstrate their initiatives.



Raw green power
It refers to green electricity considered as being directly supplied from the power plant via general-use power grids; the generation and consumption of fresh green electricity are matched in 30-minute units.

Green power with additionality
It refers to green power obtained by developing new renewable power sources such as new solar power plants, and therefore directly contributing to raising Japan's total renewable power generation capacity. In recent years, additionality has been considered a requirement for high-value renewable electricity and used by environmentally advanced companies in Europe and the US as a standard for selecting green power.

* There are some limitations to companies that can introduce the plans. * We plan to continue developing new methods in response to demand.

Taking on the Challenges of Creating New Value
Sumitomo Realty Group and Environment – “Decarbonization”

Condominiums

In our condominiums business, we are promoting decarbonization through initiatives to enhance energy efficiency while ensuring high living comfort. Since October 2021, we have adopted the “ZEH-M Oriented” standard, which reduces energy use greater than the current energy-saving standards, for all* newly designed and developed condominiums. In addition, we are actively working to acquire certification of low-carbon housing, which evaluates the performance of CO₂ emission control. * Excluding some properties such as joint ventures.

To achieve decarbonization in the transportation sector, including private vehicles, the promotion of EV charging infrastructure has become a social challenge. In July 2024, we have decided to introduce EV charging services via “e-Mobi Charge” in our newly developed condominiums, for the first time in the industry. We are advancing the introduction and preparation for future needs of EV charging facilities in parking lots, exceeding the standards required by the Tokyo Metropolitan Government, as we contribute further to the realization of a decarbonized society.

“ZEH-M Oriented” standardized for all our new condominiums



Grand City Tower Ikebukuro with ZEH-M Oriented (Exterior rendering of completed exterior)

The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) aims to ensure that new houses after 2030 will meet the energy-saving performance standards of ZEH (Net Zero Energy House). We have standardized design criteria that meet these standards ahead of the industry without compromising product quality and comfort.

The “ZEH-M Oriented” standard, which we have standardized, meets the enhanced external insulation standards (thermal insulation performance) and reduces primary energy consumption by 20% from the current energy-saving standards.

Definition of ZEH-M Oriented for multi-family residential buildings
Residential building evaluation

Exterior thermal insulation performance	Energy saving rate*	Target
Reinforced exterior standards (ZEH standards)	20% or more	Buildings with 6 or more stories

Source: “ZEH Design Guidelines for Housing Complexes” by the ZEH Roadmap Follow-up Committee for Housing Complexes
* Excluding renewable energy

Requesting green power usage at the construction sites

In addition to the standardization of ZEH-M Oriented as stated above, after October 2021, we actively request our partner construction companies to use green power at the construction sites.

Topics

Introducing EV charging service to our new condominiums as standard

We have decided to adopt the EV charging service “e-Mobi Charge” for the first time in the industry. This service is provided by e-Mobility Power Co., Ltd., a leading company in the domestic EV charging service and a member of the Tokyo Electric Power Group. It utilizes a charging outlet control device developed by Tokyo Electric Power Company Holdings, Inc. Starting with the “City Terrace Shimomaruko” scheduled to be completed in February 2026, we will introduce it as standard for all our future new condominiums.

For decarbonization of transport sector which includes private vehicles, establishing home charging environments is indispensable, especially in multi-unit residential buildings, which are frequently supplied in urban areas. However, there are challenges for installation of such systems in condominiums, such as securing installation locations and power sources, fair allocation of usage fees, and consensus-building among residents. By introducing this service, we are addressing these challenges as follows:

- 1. Authentication** Specify users by registration to the app, and enable charging at external facilities of the same service network
- 2. Billing** Users pay clear and fair usage fees (including electricity fee) based on their charging records
- 3. Demand Control** This mitigates the increase in contracted electricity usage and equipment capacity, providing equal charging opportunities.
- 4. Reservation** Users can set the charging start time at their convenience, allowing for efficient use.



Image provided by Tokyo Electric Power Company Holdings, Inc.

Construction (Shinchiku Sokkurisan Remodeling/Custom Homes)

► Shinchiku Sokkurisan Remodeling

Our Shinchiku Sokkurisan Remodeling renovates detached houses by reusing existing building materials as much as possible, including the foundation and main structural frames. Through seismic and insulation reinforcement, it improves the housing performance to a level comparable to newly built houses. Through our proprietary construction method, it not only extends the lifespan of houses but also reduces industrial waste and the input of new resources. As a result, it significantly reduces CO₂ emissions during construction compared with rebuilding, as demonstrated by joint research with The University of Tokyo and Musashino University.

While about 90% of housing stock in Japan does not meet the current thermal insulation performance standard*, since December 2021, we have been offering high thermal insulation remodeling plan that improves housing insulation to a level comparable to that of new houses, promoting the decarbonization of existing houses.

* 2016 Energy-saving standards

High thermal insulation remodeling

In December 2021, we started offering high thermal insulation remodeling plan that improves housing insulation performance to a level comparable to the energy-saving standards for newly built houses. This plan allows for insulation improvements where necessary, from the entire house to just individual rooms. While it improves the energy-saving performance of houses, it also enhances comfort and reduces electricity and heating costs. As about 90% of housing stock in Japan does not meet the current thermal insulation performance standard, we are promoting this plan as it contributes significantly to the decarbonization of existing houses, which is a national issue. It has been well-received by customers, and as of the end of March 2024, it accounts for about 70% of our orders for large-scale renovations.

◆ Features of high thermal insulation remodeling

1. Insulation materials on six sides: the floors, walls and the ceilings

By installing insulation materials that meet the regional energy conservation standards* on six sides exposed to the outside air (floor, walls and ceiling), it keeps heated air in winter and cooled air in summer. This reduces temperature differences between rooms, allowing efficient use of heating and cooling equipment.



Installation of insulation on the floor, walls, and ceiling

2. Highly insulating sashes and doors

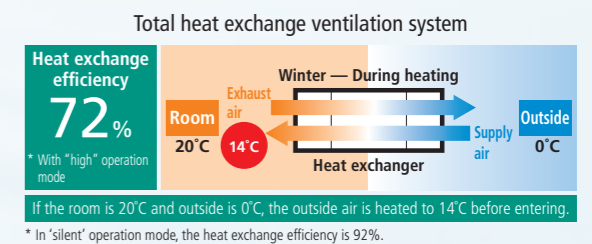
By replacing not only sashes and window glasses but also the front door with highly insulating materials such as resin sashes and Low-E double glazing, it reduces the inflow of heat and cold air, making it easier to maintain a constant room temperature. This ensures that the entire house remains comfortable throughout the year.



Left: Window sash Right: Triple glazing

3. A ventilation system that utilizes the heat and cold air escaping from the house

The total heat exchange ventilation system reuses the warmth of the indoor air (heat recovery), preventing the room warmth from escaping during ventilation. It allows air exchange while minimizing temperature changes between indoors and outdoors, maintaining a comfortable room temperature.

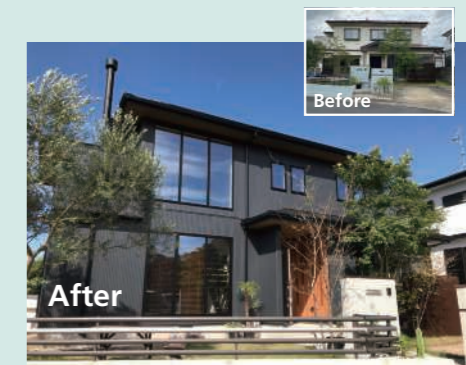


Topics

Received the “2023 Nikkei Excellent Products and Services Awards” by Nikkei Inc.

Shinchiku Sokkurisan High Insulation Remodeling has received the “Nikkei Business Daily Awards” at the “2023 Nikkei Excellent Products and Services Awards” by Nikkei Inc. Each year, the review committee honors particularly outstanding new products and services from among candidates independently selected by Nikkei Inc.

The award was granted in recognition of its ability to achieve insulation performance equivalent to the energy conservation standards for newly-built houses even in existing homes with poor insulation, as well as for the results of collaborative research with the University of Tokyo and Musashino University.



Taking on the Challenges of Creating New Value
Sumitomo Realty Group and Environment – “Decarbonization”

Shinchiku Sokkurisan and joint research toward decarbonization

Joint research 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 neutrality through renovations

In December 2021, we started joint research with The University of Tokyo and Musashino University to establish an environmental evaluation method for the renovations of existing detached houses.

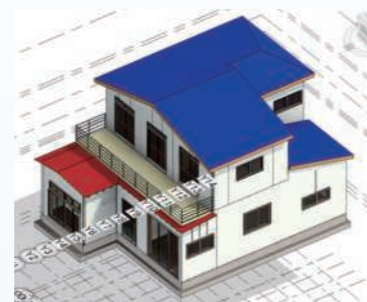
In the first phase of our research, carried out from December 2021 to March 2022, we confirmed that for detached houses in which full renovation was performed and significantly improved building performance, the amount of new materials used etc. was dramatically reduced compared to rebuilding the entire building, and cut CO₂ emissions during renovation by 47%.

Subsequently, we carried out Phases 2 and 3 of our research during fiscal 2023, verifying the effects of renovation for extending the useful lives of existing detached houses (Phase 2), and using building life cycle assessment methods to verify the adoption of ZEH and achievement of life cycle carbon neutrality through renovations (Phase 3). As a result, we confirmed that through renovation, the adoption of ZEH and life cycle carbon neutrality were achievable without special construction work, and that life cycle carbon neutrality could be achieved more rapidly than through new construction, in roughly 35 years. In addition, we traced the houses that were renovated by Shinchiku 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. * As of the time of research

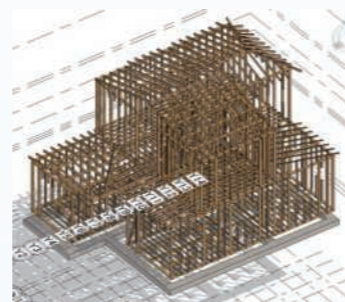
This research, under an academia-industry collaboration, aims to derive methods for evaluating the environmental contributions of renovations and to create an evaluation framework, serving as a foundation for systems to address the social issue of promoting the decarbonization of existing detached houses.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



Structural frame being reused



BMI 3D model of a sample house



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.

Since renovating existing houses promotes resource circulation, it has the potential to contribute to decarbonization

However, little research has been conducted to evaluate the decarbonization effects of renovations, and there are no frameworks for quantifying contributions in this area

It is urgent to establish quantitative methods for evaluating resource circulation and decarbonization effects

Three-phase verification of issues

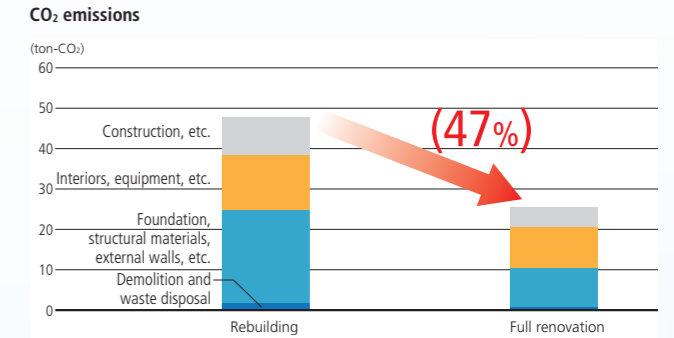
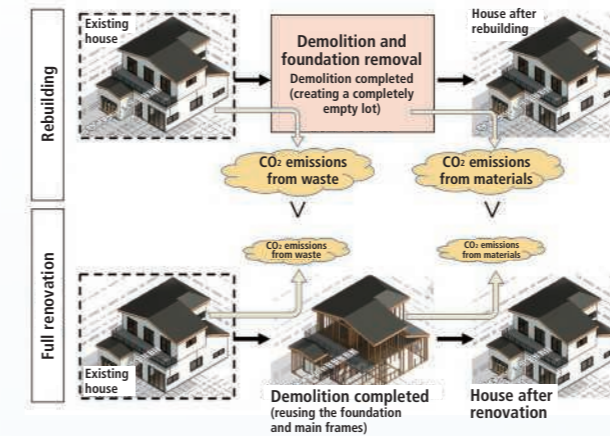
Phase 1	Verify the CO ₂ emissions reduction effects of existing detached house renovations
Phase 2	Verify the building lifespan extension effects of existing detached house renovations
Phase 3	Verify the adoption of ZEH and achievement of life cycle carbon neutrality through existing detached house renovations

Phase 1 (Results announced in June 2022)

▶ For more details, please refer to the news release on June 16, 2022.

In the first phase of this research, we performed a building LCA (Life Cycle Assessment) evaluation, using digital technologies such as BIM (Building Information Modeling) and 3D modeling to assess the amount of the building components reused, both before and during renovation of existing detached houses. The amount of new materials used was also determined based on order statements, etc.

● We confirmed that 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%.

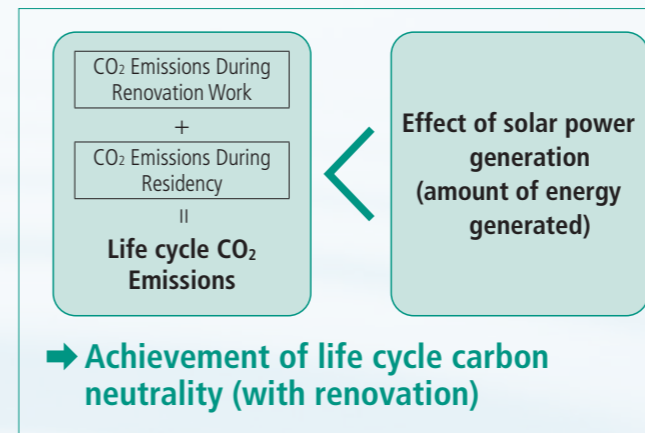


In one case constructed by Sumitomo Realty, reusing foundations and structural materials made it possible to reduce the amount of CO₂ emissions from the manufacture of construction materials by 47%, or approximately 22 t-CO₂, per house

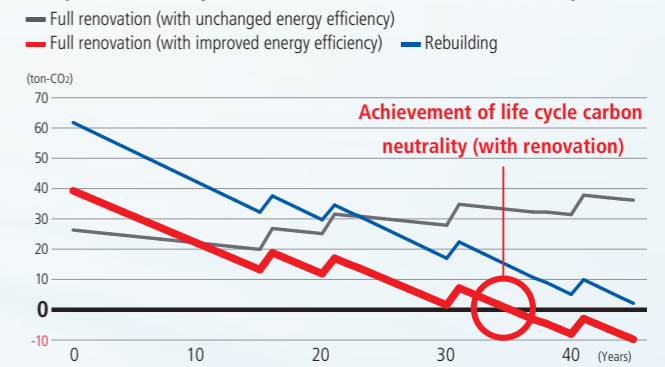
Phases 2 and 3 (Results announced in June 2023)

▶ For more details, please refer to the news release on June 15, 2023.

- A prototype of a quantitative evaluation tool has been completed for measuring the resource recycling and decarbonization effects of housing renovations.
- The research has demonstrated that through renovation, improving insulation and equipment performance as well as installing solar power generation equipment, the adoption of ZEH and life cycle carbon neutrality could be achieved without special construction work.
- The research has demonstrated that through renovation, which is more resource-saving and low on CO₂ emissions compared to rebuilding, life cycle carbon neutrality could be achieved more rapidly than through rebuilding, roughly in 35 years.
- By tracing the past construction cases of “Shinchiku Sokkurisan,” which has conducted more than 160,000 renovation projects over the 27 years.



Comparison of life cycle CO₂ emissions (cumulative, with solar power)



➔ Achievement of life cycle carbon neutrality (with renovation)

Received the achievement award of Japan Association for Real Estate Sciences, “Award of Minister of Land, Infrastructure, Transport and Tourism”

Shinchiku Sokkurisan remodeling business received the 30th (2023) achievement award of Japan Association for Real Estate Sciences, “Award of Minister of Land, Infrastructure, Transport and Tourism.” This award is given to outstanding achievements that excel from the perspective of real estate studies, an interdisciplinary academic research field, and particularly contribute to the development of real estate policy. This marks our company’s second award following the 28th (2021) award for the Renewal of Shinjuku Sumitomo Building and newly created “Sankaku Hiroba” (triangular plaza).

- The award recognizes our contributions through years of existing home renovation business, including:
- Contributing to the realization of a stock-based society by promoting earthquake resistance and extending the lifespan of existing houses
 - Actively providing renovation plans that meet energy conservation standards for new houses
 - Eliminating consumer concerns about pricing and quality to enable confident transactions
 - Developing and publicly sharing environmental assessment methods for existing houses through industry-academia collaborative research.



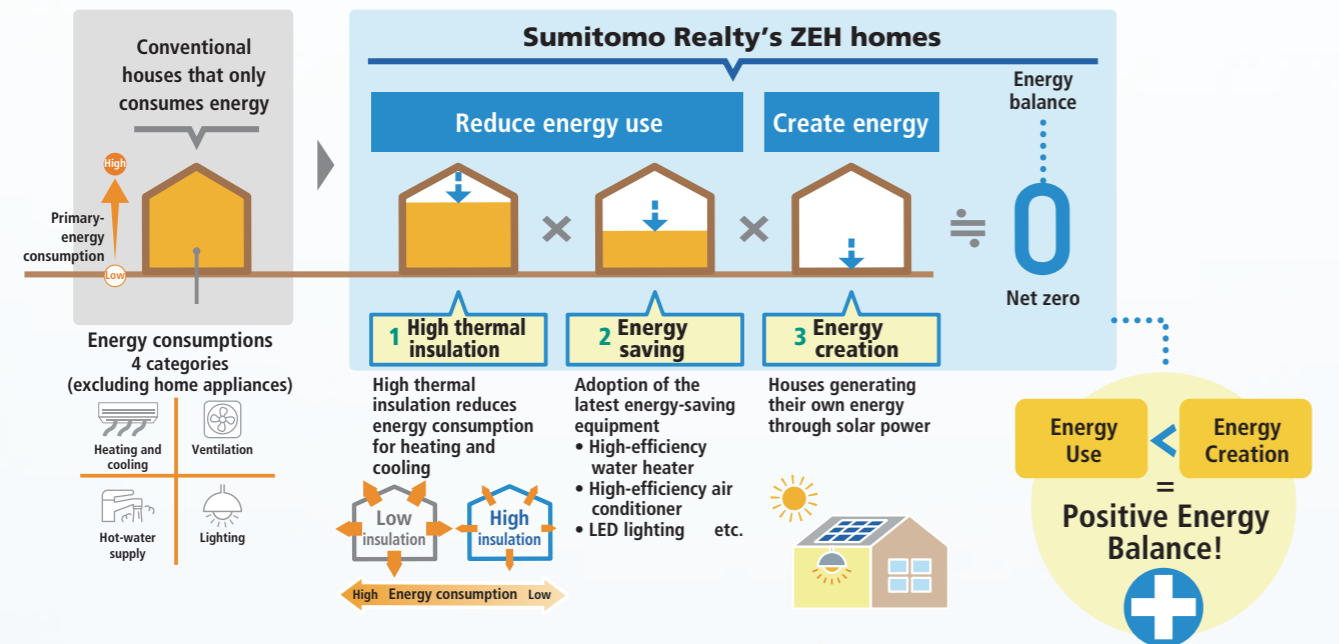
Award ceremony

Taking on the Challenges of Creating New Value
Sumitomo Realty Group and Environment – “Decarbonization”

► Custom Homes

We are actively promoting the reduction of environmental impact in housing supply. In our custom home construction business, since April 2022, we have been providing “SUMICA” with our unique ZEH (Net Zero Energy House) specifications as standard. This combines superior ‘energy-saving’ features that satisfies thermal insulation performance Grade 6 (which exceeds the national ZEH standards), with ‘energy-creation’ through a new solar power generation service that reduces the installation burden on customers. By proposing these specifications as our standard, more than 90% of our construction projects have achieved ZEH status (including ZEH-equivalent) as of the end of March 2024. Furthermore, in February 2024, we launched “Grade 7 Insulation House” – the highest thermal insulation grade house, which significantly exceeds national insulation performance standards and is suitable for a wide range of locations from urban areas to cold regions. Through these initiatives, we are promoting decarbonization in the supply of newly built detached houses.

Sumitomo Realty's ZEH



1 High thermal insulation Exceeding the ZEH standards

UA value for home thermal insulation performance (W/m²·K)
(UA value: a measure of heat loss. The smaller the value, the higher the thermal insulation)

ZEH standards (The value is for six areas including Tokyo)	0.60 or lower
Sumitomo Realty's 2x4 construction method	0.46
Sumitomo Realty's 2x6 construction method	0.37

Sumitomo Realty's ZEH

2 Reducing energy consumption BEI value for reduction in primary-energy use

Significant energy saving with latest equipment
(BEI value: indicates the level of energy reduction. The smaller the value, the greater the reduction)

Energy-saving standards	1.0
ZEH standards	0.8 or lower
Sumitomo Realty's ZEH	0.75 or lower

Heating and cooling, Ventilation, Hot-water supply, Lighting

3 Achieving a net zero energy balance through solar power generation, etc. Solar power generation equipment and storage batteries as standard features

Reduce with high thermal insulation and energy saving + Solar power generation

Conventional houses: Energy consumption > Energy creation

Sumitomo Realty's ZEH: Energy consumption < Energy creation

Balance exceeds 0 when more energy is created than consumed

* The figures above are based on our model plan (total floor space about 162 m²) with reduced opening area to curtail heat loss.
* When double Low-E triple-glazed windows (with argon gas) and a high-insulation front door are used

Topics

“Grade 7 Insulation House” – the highest thermal insulation grade house – offering custom homes with high-grade insulation and excellent design

As a measure to accelerate decarbonization, the government is promoting the enhancement of the quality of overall housing market by gradually raising the insulation performance standards for new houses, aiming to make Insulation Grade 5 the minimum standard by 2030. In this context, we have developed a product with Insulation Grade 7, which exceeds the national insulation performance standards and suitable for a wide range of locations from urban centers to cold regions.



Achieving Insulation Grade 7 requires not only the use of high-performance insulation materials and equipment but also advanced design and construction skills to maintain airtightness and living comfort. Only a few companies offer such high-grade insulation. Our company has achieved a balance between high insulation performance and excellent design through our unique construction methods.

► Custom Homes/Shinchiku Sokkurisan Remodeling

Solar power generation service for detached houses “SUMIFU × ENEKARI”

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.

It is an industry-first service where solar panels and storage batteries are installed at zero initial cost, and for only a fixed monthly service fee, the TEPCO HomeTech call center provides 24/7 support throughout the year for the entire period of residency, offering free repair and replacement of equipment.

When installing solar power generation equipment to homes, conventional services placed a burden on the customers, as the responsibility for equipment maintenance was transferred to customers after a certain period. Our service removes such barriers to installation by supporting equipment repairs and upgrades as long as they reside in the house, in addition to “zero initial cost.” As a result, 70% of customers request this service when they order custom homes. 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.

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

SUMIFU × ENEKARI
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

Excess electricity charges → Electricity surplus → General transmission and distribution operators

Smart HEMS

Cooperation for achieving a decarbonized society

Sumitomo Realty & Development

TEPCO Energy Partner
TEPCO Group
TEPCO HomeTech, Inc.

Decarbonization Lead Project Agreement

Providing environmental value (Consumption of self-generated electricity)

Homes across the country Provision of “SUMIFU x ENEKARI”

Taking on the Challenges of Creating New Value Unique Human Resource Investment Strategy (Utilization of Human Capital)

Our Unique Human Resource Investment Strategy Underpinning the Sustainable Growth of the Group

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, as well as "integrated group management," 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. In July 2023, we established the "Diversity Promotion Office" to enhance the work environment where these diverse talents can excel and promote training initiatives.

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.

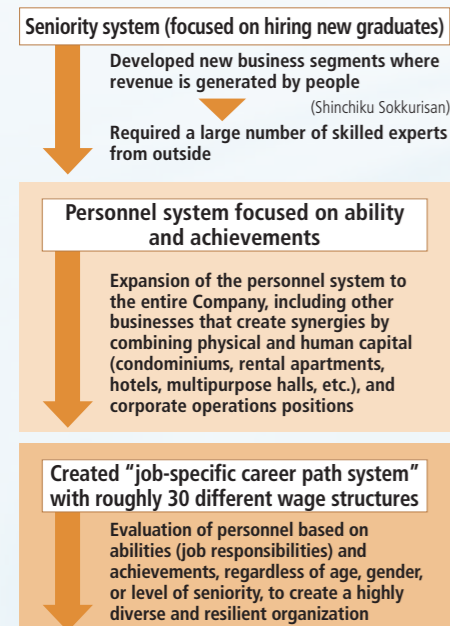
In that reconstruction plan, we sought to diversify our financing, such as real estate securitization, and worked to develop land that was not in active use, which represents raw material for the real estate industry, into products. At the same time, we discovered business channels such as our new built-to-order 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 (mid-career hires). 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.

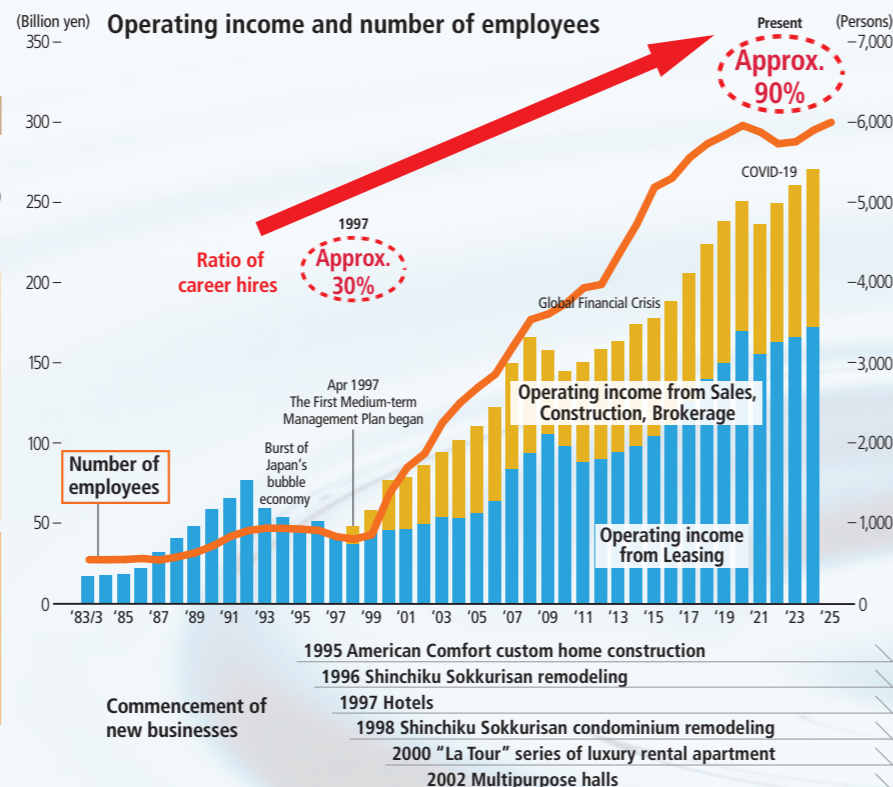
We later expanded the application of this personnel system to other businesses, such as condominiums, rental apartments, hotels, and multipurpose halls, which create synergies by combining physical and human capital. We have, as a whole group, adopted year-round mid-career hiring and switched to a salary system that is similar to a role-based system, where annual salaries are determined based on the responsibilities and achievements of employees across a wide variety of jobs. We have positioned this personnel system, which centers on career hires, at the core and this added greater 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, Shinchiku 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



Enhancing our corporate value through sustainable growth



Current Organization – Realizing a Highly Diverse Organization

Our unique "job-specific personnel 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 primarily on the abilities (job responsibilities) and achievements, regardless of their age, gender, or level of seniority. This system promotes the sustainable growth of our employees.

Examples of approximately 30 job types within major job categories alone

Sales	Engineering	Support Staff
<ul style="list-style-type: none"> Tenant leasing Condominiums Detached house renovation Condominium renovation Custom homes Office building operation manager Land acquisition Luxury rental apartments 	<ul style="list-style-type: none"> Condominium design Design plan for new detached houses Renovation construction management Construction management for new detached houses Quality control of condominiums After-sales service (detached houses and condominiums) Office building facilities manager Office interior construction manager 	<ul style="list-style-type: none"> CAD operator (for custom homes) Receptionist concierge Sougou Mansion Gallery office staff Office staff (general affairs, human resources, etc.) Operations staff (urban development, marketing, administration division)

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, 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 midcareer workers. As a result, mid-career hires account for more than 70% 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 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. In July 2023, we established the "Diversity Promotion Office" to focus on cultivating future executive candidates. As of the end of fiscal 2023, the ratio of female employees in managerial position was 10.4%. We are also actively working to engage female officers. As of June 28, 2024, we have three female officers (one outside director, one outside corporate auditor, and one executive officer).

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.



Taking on the Challenges of Creating New Value
Unique Human Resource Investment Strategy (Utilization of Human Capital)

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. In July 2023, we established the "Diversity Promotion Office" to focus on cultivating future executive candidates, as well as to enhance the work environment where these diverse talents can excel and promote training initiatives.

Going forward, in addition to the evaluation system based on ability and achievement of individual employees, we will continue to actively invest in human capital, including investments in digital transformation (DX) and education, to enhance productivity.

Establishment of the Diversity Promotion Office

We have approximately 13,000 diverse employees actively working across the group. Our vision is for all employees to fully leverage their individual abilities, engage in fulfilling work, and advance in their careers in ways that align with their capabilities. We believe that providing equal opportunities for career advancement, regardless of gender, will not only promote female participation and career advancement but also contribute to the overall growth of the company.

In this context, the "Diversity Promotion Office," which was established independently from the Human Resources Department, operates under the recognition that "there may still be many situations where individual abilities are not being fully leveraged." It is advancing institutional reforms to create a work environment across the group where each employee can feel comfortable and excel. By considering human resources as an important "asset" that affects the corporate management, we are strengthening efforts across the group to ensure that each employee can fully exhibit their abilities in the right place.

Initiatives for reform

As a base for creating a work environment where employees can work without unnecessary stress and excel, we conduct interviews with individual employees who have diverse working styles. We also research government systems and exemplary practices and tailor them to suit our company.

As the first initiative, we have significantly expanded our "Childcare Support System." To address the voices and concerns of employees who wish to "excel at work while balancing work and childcare," we have introduced a system that exceeds national standards. In addition, we have standardized it across group companies, establishing a foundation that allows talent to thrive beyond organizational boundaries.

The establishment of such systems is the first step in enabling each employee to continue their career and advance despite various life events. Additionally, from the perspective of "career development support," we are focusing on supporting career advancement by encouraging promotions to regular or managerial positions, as well as offering interviews and consultations for employees looking to challenge themselves with different roles within the company. Furthermore, through managerial training, we are working on a mindset shift among managers to entrust responsible work to capable and motivated employees, even if they work shorter hours.

Just like the surveys we conduct when developing land, we are diligently working to understand individual situations and foster continuous engagement, encouraging each employee to approach their work with a challenging spirit, thereby ensuring that individual growth leads to the growth of the organization and the company as a whole.



Our Vision

A Company Where Diverse Talent Can Fully Realize Their Potential



Expansion of Childcare Support System

1. Expansion of the "childcare leave and shortened working hours system"

Our company group has significantly extended the national childcare leave from "up to two years old" to "up to three years old," and the shortened working hours from "until the child enters elementary school" to "until the end of March of the child's third grade in elementary school." This addresses issues raised by employees, such as the difficulty of balancing work and childcare when transitioning to full-time work as their child starts elementary school, or facing resignation due to the inability to find a daycare by the age of two.

	Before	After
Childcare leave	Until the child turns 2 years old	Until the child turns 3 years old
Shortened working hours	Until the child enters elementary school	Until the end of March of child's 3rd grade

2. Establishment of "childcare support leave" (our unique system)

This is a unique system of our group that allows employees with children under the age of one to take up to ten days of paid leave, separate from their annual paid leave. To help balance work during the particularly demanding period of childcare, this leave can be taken in single-day increments for multiple times.

3. Establishment of "birth leave"

This is a paid leave system that allows employees to take up to five days off from six weeks before the expected delivery date until the day of birth. It applies to cases where the employee or their spouse is expecting a child and can be used for accompanying the birth, attending prenatal medical appointments, or securing childcare time for the older child/children when having a second or subsequent child.

Business Review

Financial Results for Fiscal 2023 and Progress of the Ninth Management Plan

1 Overview of Consolidated Results

Record-high ordinary profit for the third consecutive year, and record-high profit for the eleventh consecutive year

The financial results for the consolidated fiscal year under review are as shown in the table below. Revenue from operations, operating income, ordinary profit and profit attributable to owners of parent all increased from the previous year. All of operating income, ordinary profit and profit achieved record highs (operating income for the second consecutive year, ordinary profit for the third consecutive year, and profit attributable to owners of parent for the eleventh consecutive year).

Office building leasing and condominium sales lead overall performance with increased revenue and profit

Looking at each segment, the leasing business, which mainly focuses on office buildings in Tokyo, where market conditions are clearly showing recovery and improvement trends, and the sales business, which saw an increase in the number of condominium units delivered, both achieved record-high profits and led overall performance.

Non-operating loss recorded ¥1.5 billion (an improvement of ¥3.0 billion year-on-year) due to an increase in interest income and dividend income. Extraordinary income recorded ¥12.8 billion, including a gain on sale of investment securities, offset extraordinary loss of ¥12.7 billion, including an impairment loss and a loss on disposal of property and equipment, resulting in a gain of ¥0.1 billion (up ¥6.4 billion year-on-year).

As a result, revenue from operations for the fiscal year under review was ¥967.7 billion (up 3.0% year-on-year), operating income was ¥254.7 billion (up 5.6% year-on-year), ordinary profit was ¥253.1 billion (up 7.0% year-on-year) and profit attributable to owners of parent was ¥177.2 billion (up 9.4% year-on-year).

	FY2022 (Apr 1, 2022 – Mar 31, 2023)	FY2023 (Apr 1, 2023 – Mar 31, 2024)	YoY change
Revenue from operations	939.9	967.7	+27.8
Operating income	241.3	254.7	+13.4
Ordinary profit	236.7	253.1	+16.5
Profit attributable to owners of parent	161.9	177.2	+15.2

2 Outlook for Next Fiscal Year (Announced on May 9, 2024)

Forecasts for the next fiscal year (year ending March 31, 2025) are as shown to the right. We intend to achieve increased revenue and profit mainly through office building leasing, and record-high ordinary profit for the fourth consecutive year and record-high profit attributable to owners of parent for the twelfth consecutive year.

	FY2023 (Apr 1, 2023 – Mar 31, 2024)	FY2024 Forecast (Apr 1, 2024 – Mar 31, 2025)	YoY change
Revenue from operations	967.7	1,000.0	+32.3
Operating income	254.7	267.0	+12.3
Ordinary profit	253.1	265.0	+11.9
Profit attributable to owners of parent	177.2	190.0	+12.8

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

The Company has been operating under the "Ninth Management Plan" since April 2022. In fiscal 2023, the second year of the plan, ordinary profit achieved a record high for the third consecutive year, while profit attributable to owners of parent achieved a record high for the eleventh consecutive year, as described in the above "1. Overview of consolidated results."

As a result, the three-year cumulative results including the forecast for the next fiscal year are as shown in the table

below. All of revenue from operations, operating income, ordinary profit, and profit are expected to exceed the results for the eighth plan, and ordinary profit and profit are expected to exceed the targets for the ninth plan. We aim to steadily achieve the forecasts for the next fiscal year and reach new record-highs for both revenue and profit in the Management Plan performance.

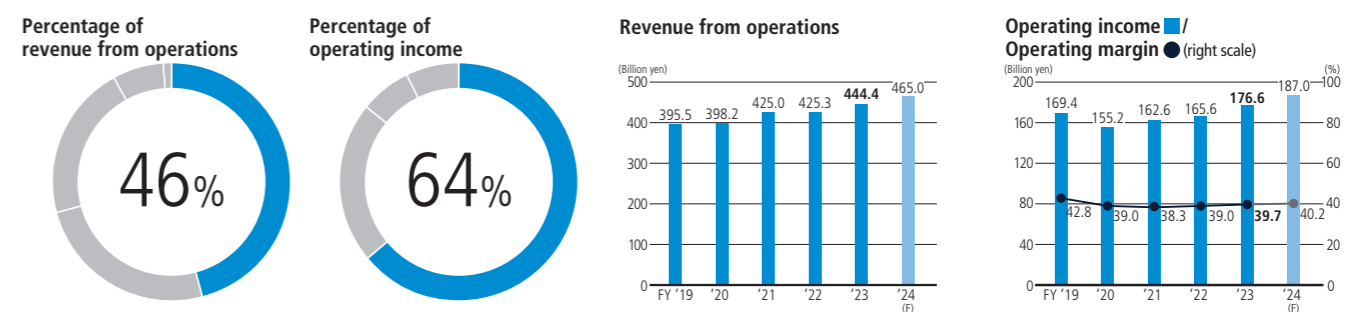
	8th Plan Results (Apr 1, 2019 – Mar 31, 2022)	FY2022 (Apr 1, 2022 – Mar 31, 2023)	FY2023 (Apr 1, 2023 – Mar 31, 2024)	FY2024 (F) (Apr 1, 2024 – Mar 31, 2025)	9th Plan Forecast (3 years cumulative)	Vs. 8th Results	9th Plan Target* (Apr 1, 2022 – Mar 31, 2025)
Revenue from operations	2,870.4	939.9	967.7	1,000.0	2,907.6	+37.2	3,000.0
Operating income	687.5	241.3	254.7	267.0	762.9	+75.5	770.0
Ordinary profit	655.6	236.7	253.1	265.0	754.8	+99.2	750.0
Profit	432.8	161.9	177.2	190.0	529.1	+96.3	500.0

* Announced on May 12, 2022

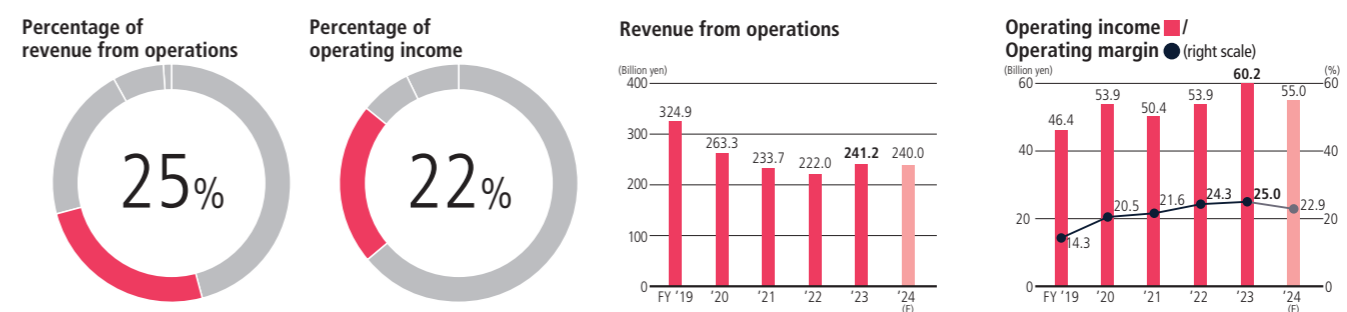
Overview of Each Segment

	Revenue from operations (Billion yen)				Operating income (Billion yen)			
	FY2023	YoY	FY2024 (F)	YoY	FY2023	YoY	FY2024 (F)	YoY
Leasing	444.4	+19.0	465.0	+20.6	176.6	+10.9	187.0	+10.4
Sales	241.2	+19.1	240.0	(1.2)	60.2	+6.3	55.0	(5.2)
Construction	205.1	(8.5)	215.0	+9.9	20.8	(0.6)	23.0	+2.2
Brokerage	72.3	(2.8)	75.0	+2.7	18.7	(1.3)	22.0	+3.3

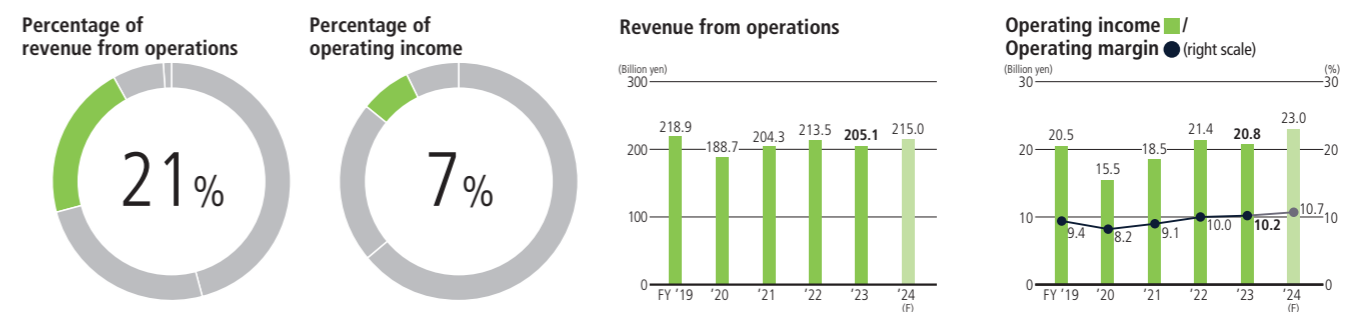
Leasing



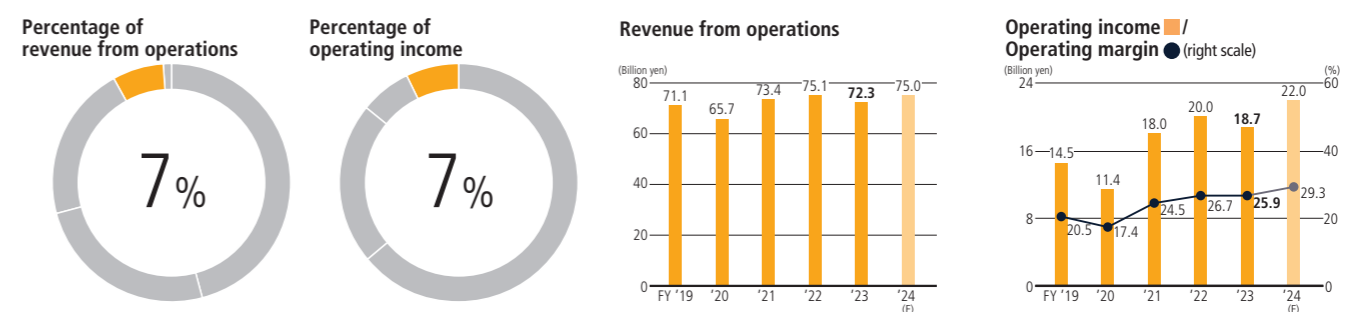
Sales



Construction



Brokerage



Overview of Each Segment

Leasing

Achieved record-high profit with increased revenue and profit

In fiscal 2023, although depreciation increased significantly due to the completion of new large buildings such as Sumitomo Fudosan Tokyo Mita Garden Tower and Sumitomo Fudosan Shinjuku First Tower in the previous fiscal year, the recovery in profit from existing buildings as well as recovery in commercial facility business such as hotels and event halls contributed to performance. As a result, revenue and profit increased, and both revenue and operating income reached new record highs.

Continued improvement in supply and demand, progress in tenant-seeking for new buildings

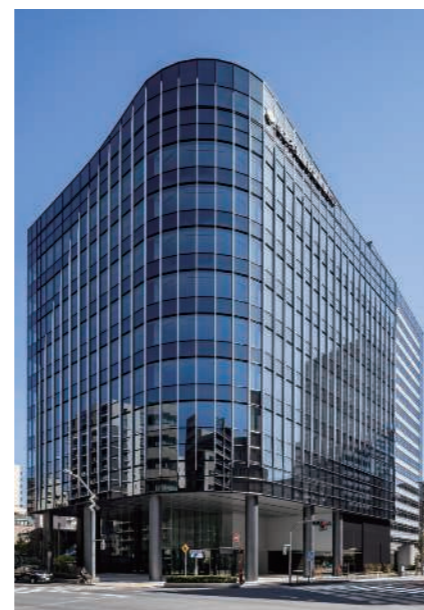
The vacancy rate at the end of the fiscal year was 6.9%, including the full-year-operating buildings completed in the previous fiscal year, such as Sumitomo Fudosan Tokyo Mita Garden Tower. However, there is strong ongoing demand from companies oriented to user-friendly office environments and those looking to enhance recruiting for business expansion, the tendency of the contracted area to exceed the canceled area continues, and the vacancy rate is expected to follow an improving trend. Additionally, Sumitomo Fudosan Nakano Ekimae Building and Sumitomo Fudosan Akihabara Higashi Building, which were completed in the fourth quarter of the fiscal year, are both fully occupied, and tenant-seeking activities for new buildings are also making smooth progress.



**Sumitomo Fudosan Nakano Ekimae Building/
Nakano Station Residence**
(Completion: Feb 2024)
Nakano Ward, Tokyo
No. of floors: 37 above / 2 below ground
Gross floor area: 86,706 m²



**Sumitomo Fudosan Shinjuku Minamiguchi
Building**
(Completion: Mar 2024)
Shibuya Ward, Tokyo
No. of floors: 17 above / 1 below ground
Gross floor area: 23,874 m²



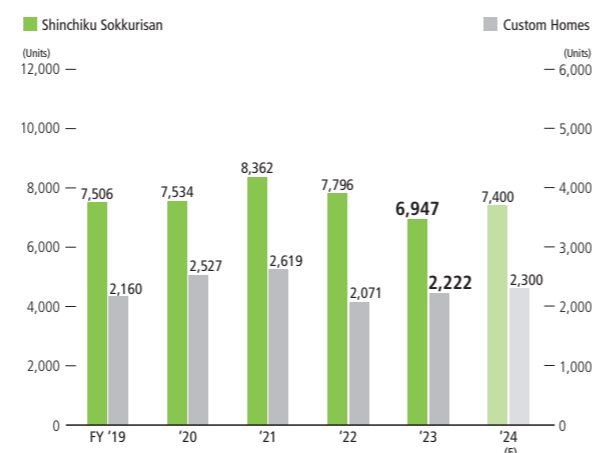
Sumitomo Fudosan Akihabara Higashi Building
(Completion: Mar 2024)
Taito Ward, Tokyo
No. of floors: 9 above ground
Gross floor area: 9,982 m²

Construction

Decreased revenue and profit despite improved profit margin

In fiscal 2023, the number of units contracted was 6,947 units in the Shinchiku Sokkurisan remodeling business (down 849 units year-on-year) and 2,222 units in the custom home construction business (up 151 units year-on-year). Regarding the business results of this segment, although sales price increases were being broadly accepted and profit margins improved due to cost controls, both revenue and profit decreased as a result of a decrease in the number of units delivered in both businesses. During the fiscal year, the proportion of orders received for high thermal insulation plan for Shinchiku Sokkurisan remodeling reached 60%, and we launched a new product that achieves the highest thermal insulation performance grade of 7 for custom homes. We are striving to increase orders, focusing our efforts on products that feature high environmental performance in both businesses.

Number of units contracted



Sales

Achieved record-high profit with increased revenue and profit

In fiscal 2023, a total of 3,524 condominium units, detached houses, and land lots were delivered (up 563 units year-on-year), including properties of which we started delivery such as City Tower Shinjuku, City House Musashino, and Baycity Towers Kobe WEST. Due to an increase in the number of units delivered and an improvement in profit margins, both revenue and profit increased, and operating income achieved a new record high.

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

Although the number of condominium units sold for the consolidated fiscal year decreased from the previous fiscal year to 3,281 units (down 421 units year-on-year), there has been a steady progress in condominium contracting with approximately 90% of the 3,500 units planned to be delivered in the next fiscal year already sold at the beginning of the fiscal year (approximately 90% in the previous year).



City Tower Shinjuku
(Delivery start: Jun 2023)
Shinjuku Ward, Tokyo
No. of floors: 35 above / 2 below ground
No. of units for sale: 428



City House Musashino
(Delivery start: Apr 2023)
Musashino, Tokyo
No. of floors: 16 above / 2 below ground
No. of units for sale: 162



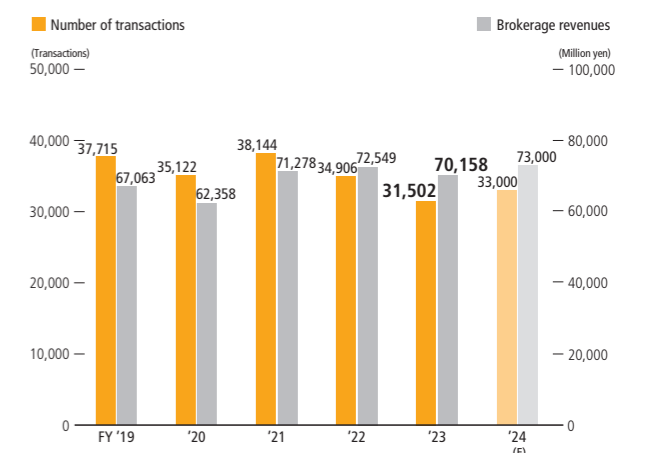
Baycity Towers Kobe WEST
(Delivery start: Apr 2023)
Kobe, Hyogo
No. of floors: 27 above / 1 below ground
No. of units for sale: 346

Brokerage

Signs of recovery despite decreased revenue and profit

In fiscal 2023, in the mainstay brokerage business primarily for existing condominiums, the number of transactions decreased to 31,502 (down 3,404 year-on-year), resulting in a decrease in both revenue and profit. During the fiscal year, we discontinued sending out direct mail using registered information from the perspective of protecting personal information, and as a result, the number of transactions was on the decline. However, signs of recovery are starting to appear, due to efficiency improvement through consolidation of sales offices and strengthening web advertising resulting in an increase in the number of inquiries in the fourth quarter, as well as brokerage revenue turning positive on a contract basis compared to the previous year.

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 High level of disaster-readiness with seismic isolation/damping systems and enhanced BCP compliance, supported by a 24-hour, 365-days direct management system
- 4 Providing flexible spaces to meet the needs of the latest office trends
- 5 Offering optimal green power plans from which each tenant company can choose according to its needs
- 6 Building relationships with next-generation growth companies through our "Growth Support" business

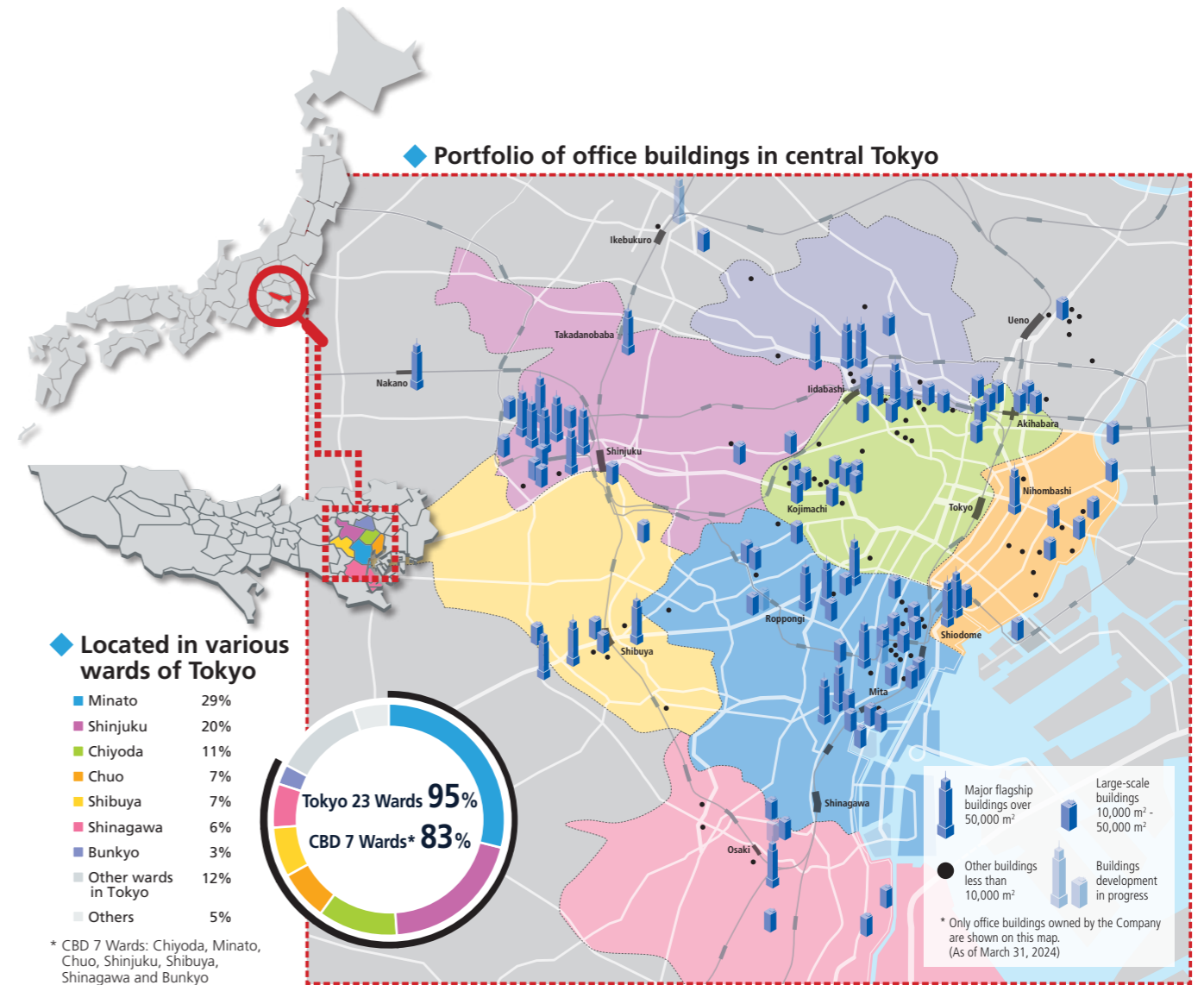
Portfolio of office buildings catering to diverse needs, primarily located in Tokyo CBD

Tokyo is Japan's economic center, where companies from all industry sectors congregate, creating a superior market with stability over the long term. (For details on Tokyo office market, please refer to page 17.) 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 83% 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 certifications.

Furthermore, our approximately 2,000 tenant companies vary widely in terms of size and industry, ranging from large corporations to startups. This diversity provides a relatively strong resilience to economic and social changes, securing stable revenue.

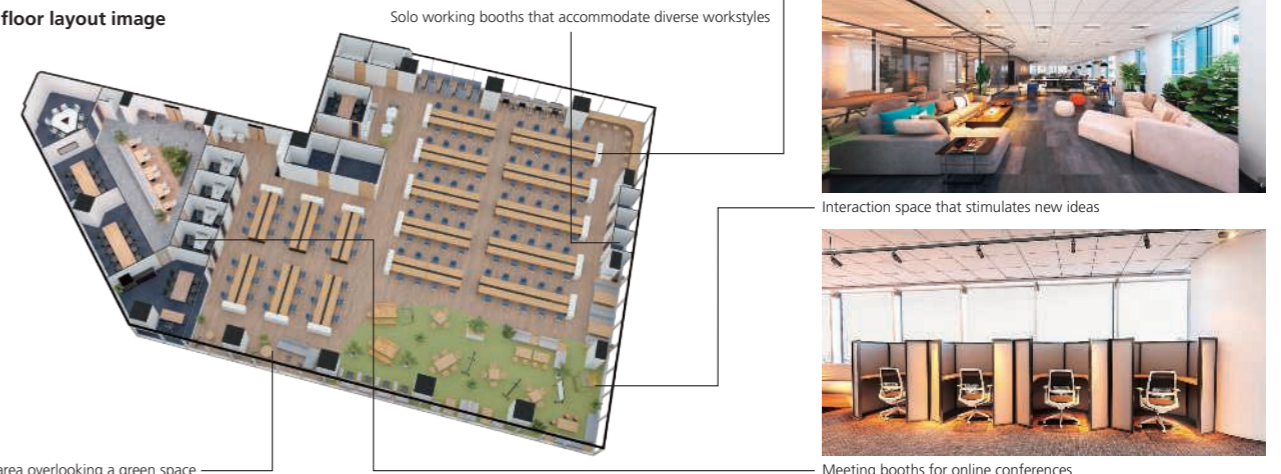
We will continue to build a stable earnings base through continuously supplying highly competitive office buildings, mainly in the Tokyo CBD, where demand is expected to remain stable into the future.



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

As economies have been further normalized, with workers returning to offices and a growing number of companies seeking to enhance recruiting to secure talented personnel, the demand for offices that motivate employees to work on-site is increasing. The standard floors of the buildings we provide feature large open spaces free of pillars, which are suitable for relocations, mergers, and the creation of new office environments. They can flexibly meet the diverse needs of companies by offering spaces that facilitate internal communication and stimulate creativity, remote conferencing booths, etc.

Office floor layout image



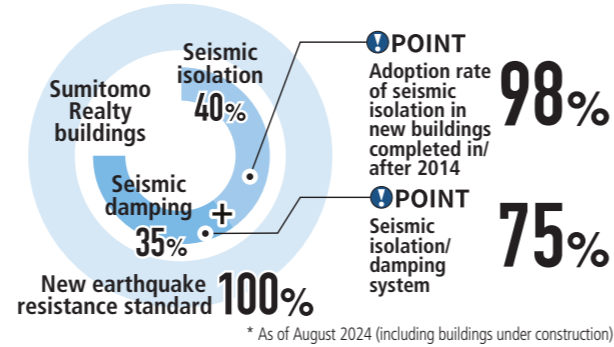
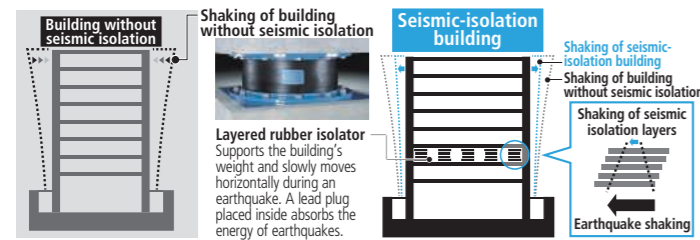
Business Segments **Leasing**

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.

Seismic isolation system

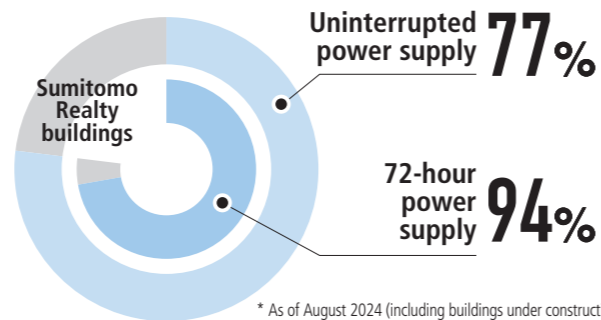
Seismic isolation devices are installed at the bottom of and on mid-level floors of buildings to absorb the shaking. Structures that suppress the direct transmission of seismic energy to the building mitigate the risk to human life, as well as the risk of furniture toppling.



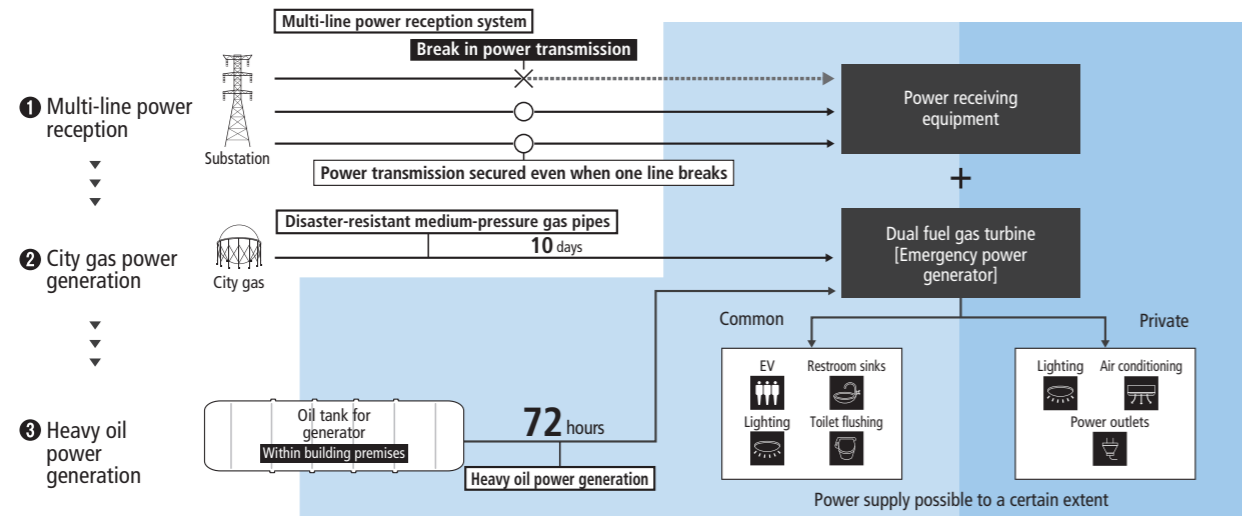
BCP | Uninterrupted power supply / elevator restoration & flooding countermeasures

① Uninterrupted power supply

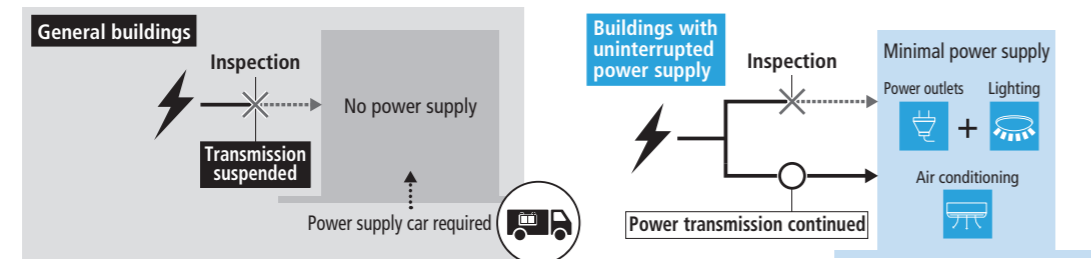
Avoid power outage risk with up to triple backup, ensuring power supply both for common and private areas, not only in the event of an accidental power outage but also at legal inspections.



A. In the event of an accidental power outage: Ensure business continuity with up to triple backup



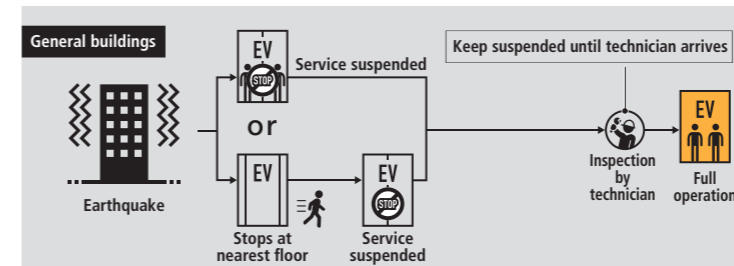
B. At legal inspections: Two power transmission systems inside building enable minimal power supply during annual inspections



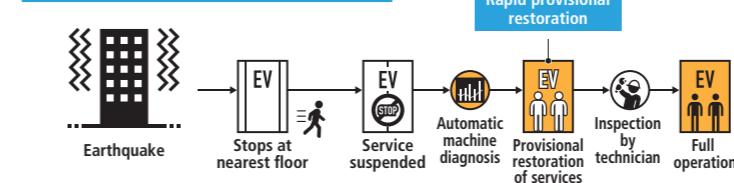
* The diagram below is for illustrative purposes only. Not all features are available in all Sumitomo Realty buildings.

② Provisional automatic restoration of elevators

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

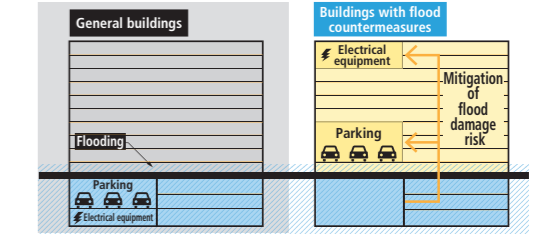


Buildings with automatic restoration of elevators



③ Flood countermeasures for equipment

Electrical equipment and parking allocated above ground level



Other disaster countermeasures

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

24-hour, 365-day direct management

One of the major features of our building operations is our "direct management" approach. Our own employees are on standby 24/7, ready to promptly respond in case of emergencies. By placing employees with specialized knowledge, we ensure swift trouble response.

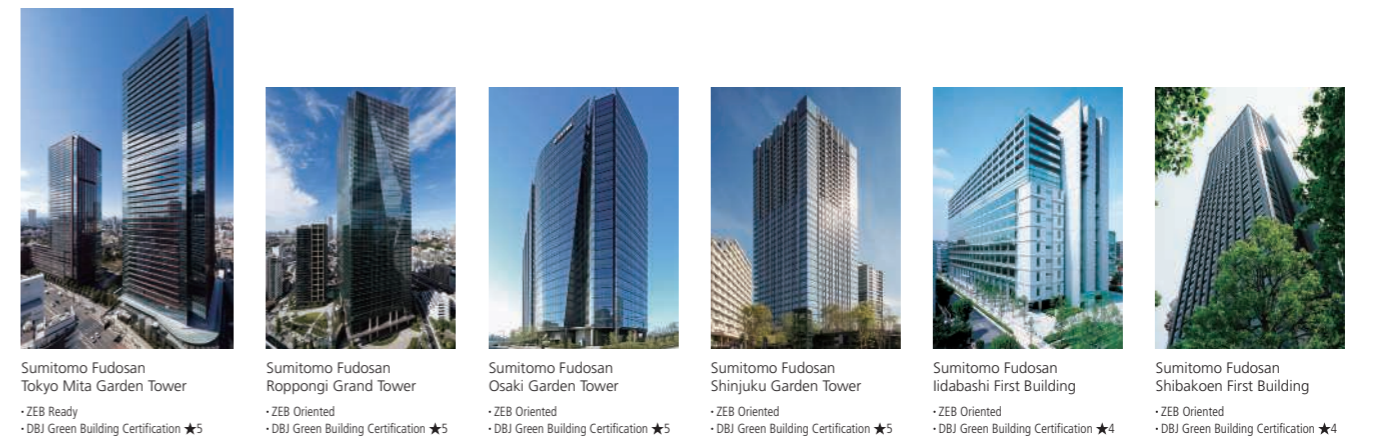


High environmental performance

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 to promote the development of environmentally friendly, sustainable office buildings. Our buildings' performance and initiatives in environmental and social awareness have been highly evaluated. We have acquired the DBJ Green Building Certification for 82 buildings (including plan certification) covering a total gross floor area of 1.10 million tsubo (1 tsubo ≈ 3.3 m²), which accounts for about 75% of all our leased assets based on gross floor area as of March 31, 2024. Additionally, we have received the highest "five-star" rating by BELS (Building-Housing Energy-efficiency Labeling System) for six buildings, including one "ZEB Ready" and five "ZEB Oriented" for existing buildings.

Further, to support our tenant companies in introducing green power to their leased areas, we offer "Green Power Plan" that allows each company to choose a plan according to its own needs. Together with enhanced environmental performance of our facilities, we contribute to decarbonization.

Example of our buildings that received green building certifications



▶ For details on our office building and decarbonization, please refer to "Sumitomo Realty Group and Environment – Decarbonization" on page 37.

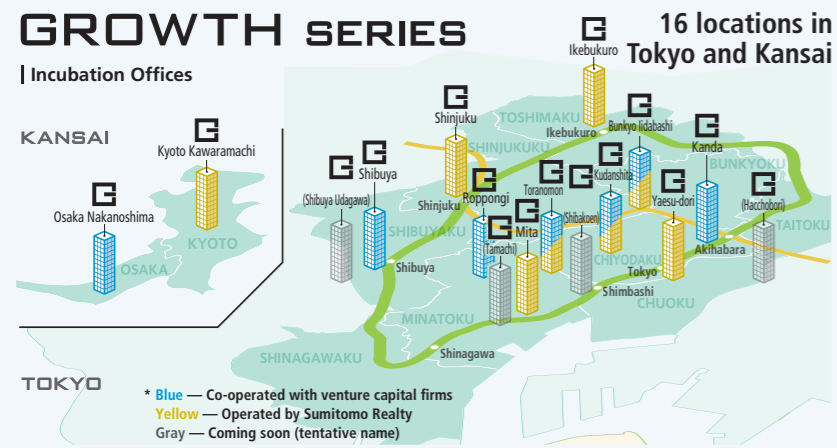
Business Segments **Leasing**

“Growth Support Business” for Next-Generation Growth Companies

Sumitomo Realty is engaged in the Growth Support Business, which supports the creation of next-generation companies. We leverage our own network of approximately 2,000 tenant companies, cultivated through comprehensive operations from office building development to leasing and management. In addition to organizing networking events between large corporations and startup companies, we offer a series of incubation offices under the “GROWTH” brand. Through this, we build relationships with growth companies and contribute to the nurturing of next-generation companies, addressing a societal challenge in Japan.

Incubation Office “GROWTH” Series

In addition to over 230 buildings we own and manage, we own numerous buildings in areas of redevelopment projects across central Tokyo. This enables us to offer the “GROWTH” series of furnished and affordable offices even to early-stage startups. These offices are equipped with complete communication facilities and allow occupancy on a per-seat basis, reducing initial costs for tenants. Furthermore, in some locations co-operated with domestic venture capital firms, we provide support for talent recruitment, business growth, and fundraising by active venture capitalists, as well as networking events for entrepreneurs. Starting with the “GROWTH Toranomon,” which opened in May 2023, we have expanded to 16 locations, including 14 in central Tokyo and 2 in Kyoto and Osaka (as of October 2024, planned facilities included). We plan to further expand our facilities, ultimately accommodating over 400 startup companies.



GROWTH Toranomon



GROWTH Roppongi



GROWTH Shibuya

Hosting business matchmaking events

In addition to providing such office environments, we regularly host matchmaking events that invite large corporations, financial institutions, and our office building tenants. This creates opportunities for startups to connect with larger corporations and supports the development of customer bases and sales channels. Since January 2023, we have been hosting the “Toranomon Summit,” where startup companies give presentations on various themes to representatives from major corporations and venture capitalists, and network during gatherings. In October 2023, we organized the first “Sumitomo Realty Venture Summit,” a large-scale business matchmaking event.

Toranomon Summit

Since January 2023, it has been held 8 times. A total of approximately 1,276 participants from 778 companies have participated.

- Vol.1 Real Estate and Construction
- Vol.2 HR and Education
- Vol.3 Medical and Healthcare
- Vol.4 Environment and Finance
- Vol.5 Advertising, Entertainment, and Web3
- Vol.6 Logistics, E-commerce, and Mobility
- Vol.7 Medical and Health Tech
- Vol.8 Environment and Sustainability



**“Sumitomo Realty Venture Summit”
Attracts approximately 1,700 participants**

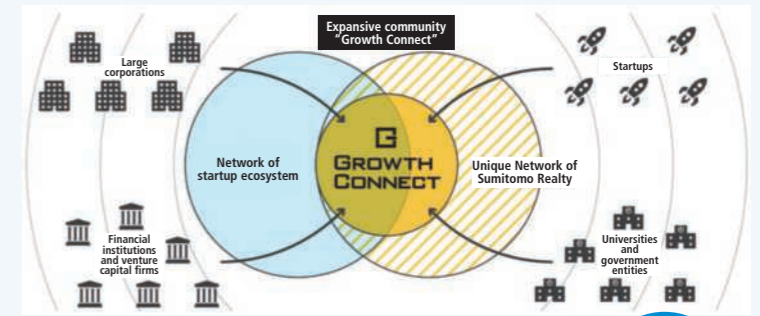
On October 24, 2023, we hosted a large-scale business matchmaking event, the “Sumitomo Realty Venture Summit,” at Sankaku Hiroba (a large atrium event space) in Shinjuku Sumitomo Building. The main event, a pitch contest, featured presentations from representatives of 15 startup companies carefully selected from 130 applicants. In addition, the event offered a variety of matchmaking opportunities, including panel discussions with executives, corporate exhibition booths, and negotiation areas.



Attendees	: approx. 1,700 people	Corporate enterprises	: approx. 670
Business negotiations	: approx. 330	Startups	: approx. 610
Exhibition booth	: approx. 110 companies	VC/Financial institutions	: approx. 420

Growth Connect (Since June 2024)

In June 2024, we launched “Growth Connect,” a startup community where local governments and educational institutions also participate. It builds on our ongoing efforts to support startup companies on both physical and non-physical sides, aiming to foster their growth by comprehensively utilizing and further enhancing these initiatives.



“GROWTH Kyoto Kawaramachi” (Opened in April 2024)

An incubation office contributing to the development of Kyoto’s economy through collaboration between industry, academia, and government

In Japan, approximately 80% of startup funding is concentrated in Tokyo, posing a significant barrier for startups in other areas.

In collaboration with the City of Kyoto, we have opened “GROWTH Kyoto Kawaramachi,” making it the first in its series to be available to students. In addition, we host events that bring Tokyo-based startups, venture capitalists, and corporations to gather in Kyoto, and enable mutual use of our facilities in central Tokyo (GROWTH Shinjuku, Iidabashi, and Kudanshita), creating opportunities for regional startups to connect with venture capitalists and corporations that typically require a trip to Tokyo to meet. This facility is expected to contribute to the sustainable growth support of startups through collaboration among industry, academia, and government.



Kyoto Kawaramachi Garden



GROWTH Kyoto Kawaramachi

Characteristics of Kyoto City

- It is home to 29 universities and 7 junior colleges, having the highest student ratio among major cities in Japan (with over 150,000 students, accounting for more than 10% of the city’s population).
- In 2020, it was selected by the government as a “Global Startup City” under the “Strategies for creation of startup ecosystem to compete with the world top ecosystems.”
- It has established various systems to support startups from their exploration stage to business expansion after establishment, promoting a startup ecosystem through a coalition of administration, economic organizations, industry support agencies, universities, and financial institutions.

Features of “GROWTH Kyoto Kawaramachi”

- For the first time in the series, it is also available to students.
- It allows mutual use of similar facilities in central Tokyo (GROWTH Shinjuku, Iidabashi, Kudanshita).
- Events are held where students, startups, venture capitalists, and business corporations can gather together.

“GROWTH Bunkyo Iidabashi” (Opened in June 2024)

Connecting startups with the community through a comprehensive partnership agreement with Bunkyo Ward

“GROWTH Bunkyo Iidabashi” has opened in Bunkyo Ward, Iidabashi, an area with a high concentration of educational institutions. Many of its tenant companies are university-originated deep-tech startups.

A distinctive feature of this facility is that it allows the tenants to utilize their offices as showrooms, where they implement the products and services they offer, accumulate data for product commercialization and further technological development, as well as conduct business negotiations using actual products.

At the same time, we have established a partnership agreement with Bunkyo Ward to promote regional economic revitalization and the sustainable development of a startup ecosystem. Through the collaboration among industry, academia, and government, using this facility as a hub, we aim to blend “research” and “business” to drive further innovation.



Features of “GROWTH Bunkyo Iidabashi”

- 17 higher educational institutions, including the University of Tokyo, are concentrated in the area.
- The majority of its tenant companies are startups that originated from or are collaborating with these universities.
- Many tenant companies are deep-tech startups researching innovative technologies.
- Tenant companies can utilize their offices as showrooms where they test their products and services.
- A collaboration agreement has been established with Bunkyo Ward to support the growth of startups, foster their community building and interaction, and engage in various events.

Contributing to the fostering of startups, a societal challenge in Japan

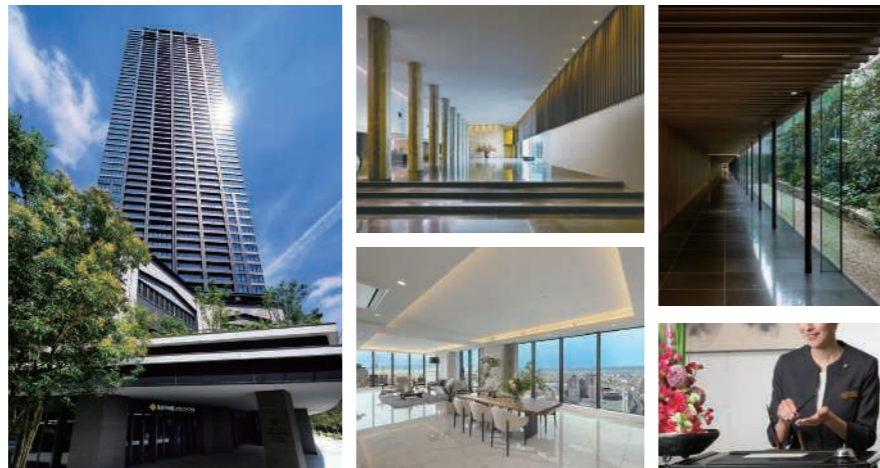
The environment for fostering startups in Japan lags behind that of other countries. In 2020, Japan’s investment amount in startups was 4.3 billion USD (approximately ¥680 billion), which is about 1/33 of that in the United States’ 142.9 billion USD. In November 2022, the Japanese government announced a “Startup Development Five-year Plan,” aiming to foster a large number of entrepreneurs, accelerate the startup process, and increase the investment amount in them to ¥10 trillion by 2027. We are committed to strengthening the environment for fostering startups by continuing to provide offices tailored to their needs and creating opportunities to connect with our tenant companies and venture capitalists.

Business Segments **Leasing**

Rental Apartment

"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, 2024)



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 / 5,374 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, 2024)



Multipurpose Halls

Sumitomo Fudosan Bellesalle Co., Ltd.

Sumitomo Fudosan Bellesalle Co., Ltd. operates 38 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, 2024)



Retail Facilities

Sumitomo Fudosan Retail Management Co., Ltd.

Sumitomo Fudosan Retail Management Co., Ltd. operates "Ariake Garden" and "Haneda Airport Garden," large-scale mixed-use facilities. Utilizing their expansive spaces and various functions, it organizes many events throughout the year to disseminate information and culture, contributing to the revitalization of regional communities.

Ariake Garden **ARIAKE GARDEN**

The large-scale complex "Ariake Garden" was established in 2020 as a landmark in the Ariake area along Tokyo Bay, where nature and urban convenience are integrated and exude the dynamic energy of an international exchange hub. Spanning an expansive site of approximately 10.8 hectares, it accommodates a wide range of needs with its residential areas, shopping mall, hotel, spa with hot springs, multipurpose hall, exclusive theater for the Shiki Theatre Company, and a park with a lawn. At Tokyo Garden Theater, a theater-style multipurpose hall within the complex with a capacity of about 8,000 people, various events such as international conferences and concerts are held.



Sumitomo Fudosan Shopping City Ariake Garden

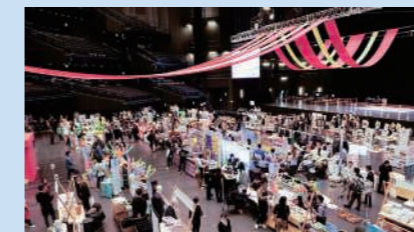
By organizing various events, such as "Thanks Mama Forum" aimed at supporting families raising children, we are committed to contributing to the enhancement of the lifestyle of residents, creating vibrant communities and an attractive city.



Tokyo Garden Theater interior



Ariake Garden Park



"Thanks Mama Forum" co-created with mall tenants



Community Share Garden in collaboration with Musashino University



The dinosaur race that people from all generations participate in

Haneda Airport Garden **HANEDA AIRPORT GARDEN**

Haneda Airport Garden is a mixed-use complex directly connected to Haneda Airport International Terminal 3. With an airport hotel at its core, it features MICE-compatible multipurpose hall and conference rooms, a natural hot spring with a panoramic view, a shopping area with extensive lineup of shops featuring Japanese culture, and a bus terminal.



Haneda Airport Garden

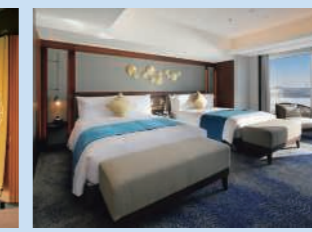
As a gateway to Japan, we promote cultural experiences for foreign tourists and regional revitalization under the theme of "Finding Japan," contributing to the further development of Haneda Airport into one of the world's most advanced business areas and to the revitalization of regional communities.



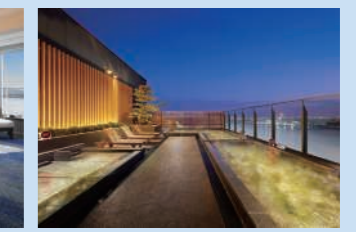
An event held at the grand foyer



Shopping street "Japan Promenade"



Hotel room example



Natural hot spring viewing Mt. Fuji and airplanes

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 39.

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.

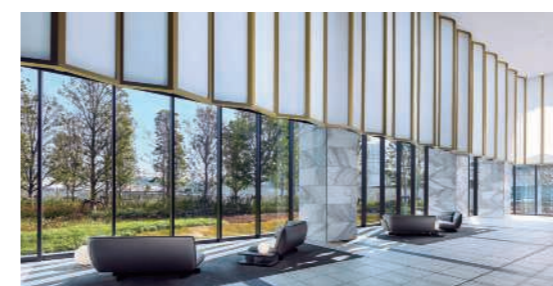
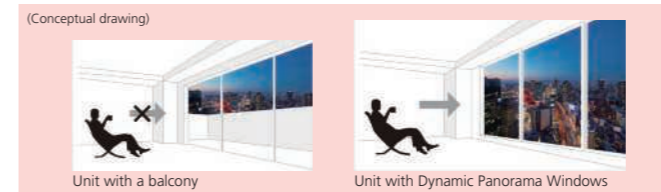


Examples of our unique customer-first products and services

* Facilities and equipment may vary by property and are not applicable to all properties.

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

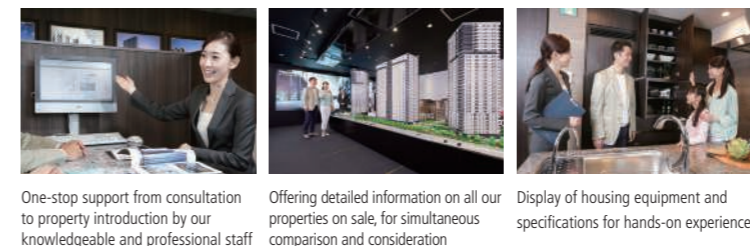
Taking advantage of large-scale condominiums, we have increased our product appeal by enhancing the common areas. As well as spacious entrance halls with a two-story atrium, our condominiums provide extensive facilities for community interaction, including kids' rooms, party rooms, lounges, guest rooms,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

We are also enhancing the common facilities to increase convenience for residents and asset value. For example, we have introduced a "payment-enabled smart lock" system that allows residents to book and pay for these common facilities on their computers or smartphones, and unlock the door with a PIN. In addition, we are advancing the installation of EV charging facilities and services in the condominium parking lots.



Sougou 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, 2024)



One-stop support from consultation to property introduction by our knowledgeable and professional staff | Offering detailed information on all properties on sale, for simultaneous comparison and consideration | Display of housing equipment and specifications for hands-on experience

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)

Topics

New membership-based web service "fureai+S of Sumitomo Realty & Development"

In February 2023, we began full-scale operation of a new membership-based web service for owners and residents of our condominiums. Leveraging the comprehensive capabilities unique to our Group, it offers "total support for living and lifestyle," providing exclusive benefits on products and services such as real estate brokerage, residential construction contracting, remodeling, interior design, and house cleaning. We are promoting this service to strengthen coordination within the Group and expand our business operations.

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



Business Segments 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 decarbonize the approximately 50 million existing residences

Opportunities

- Rising demand for large-scale remodeling, utilizing the existing houses
- Rising demand for safe/secure housing in times of disaster
- Rising demand for environmentally friendly houses with high energy efficiency and thermal insulation, etc.

Competitive Advantages

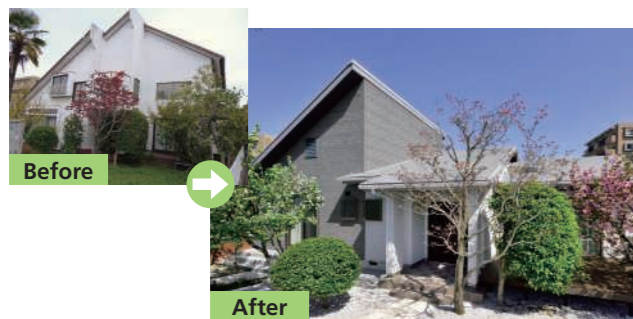
- 1 New "full-remodeling" system with high social significance that contributes to solving the issues concerning houses in Japan
→ No. 1* in the number of large-scale renovations for both detached houses and condominiums
- 2 Seismic reinforcement applicable to houses of all ages
- 3 Worry-free fixed pricing system at 50-70% of the rebuilding cost
- 4 High thermal insulation remodeling plan covering from individual rooms to the entire house tailored to the needs
- 5 Ensuring load capacity for solar panels through seismic reinforcement, and introducing the new solar power generation service with storage batteries at zero initial cost with "SUMIFU×ENEKARI"
- 6 System to propose ideal homes by remodeling existing houses purchased through brokerage network of our group company

* 2024 rankings by The Japan Journal of Remodeling (detached houses: ranking for number of contracted units over ¥5 million; condominiums: ranking for sales)

▶ For details on social contribution of Shinchiku Sokkurisan remodeling, please refer to pages 33.

Shinchiku Sokkurisan remodeling

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. 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. Since its launch in 1996, the cumulative number of units contracted has steadily grown to surpass 170,000 (as of January 31, 2024), establishing it as the top brand in the industry.



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 with clear fixed-price system

Shinchiku Sokkurisan remodeling realizes housing full remodeling 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.

Our proprietary fixed-price system does not incur additional costs even if unforeseen circumstances arise or are discovered after construction begins, ensuring customers' peace of mind.

Condominium remodeling — No.1* in the industry for 11 consecutive years

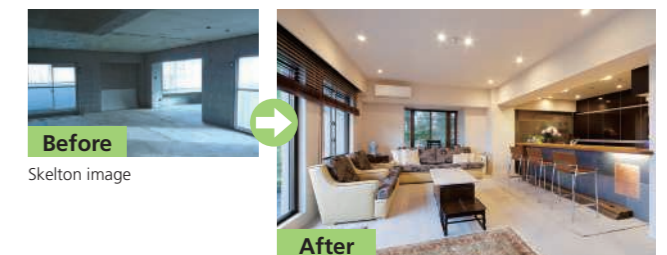
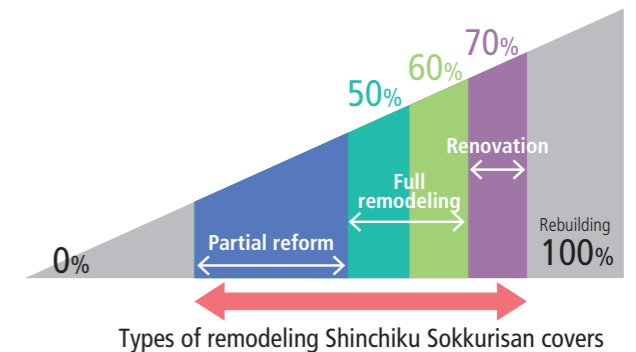
Since 1998, we have pioneered the industry's skeleton renovation business for condominium units. The entire exclusively-owned area is dismantled and removed, leaving only the structural frame. Everything else — from the equipment, interior, base materials to the wiring to the plumbing — is completely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

* Researched by The Japan Journal of Remodeling, FY2013 – 2023 ranking of sales for condominium remodeling

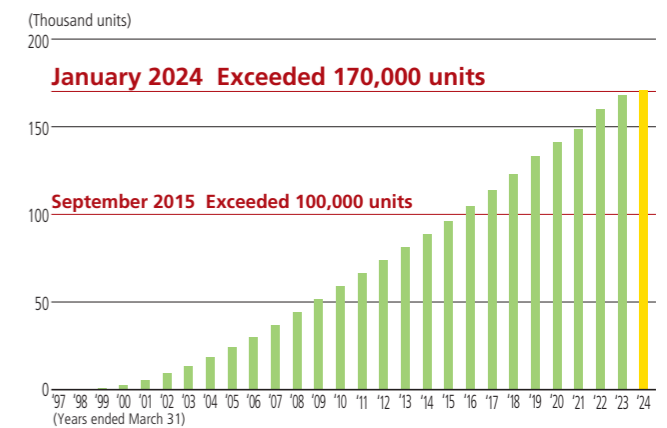
Number of units contracted for Shinchiku Sokkurisan

We propose various remodeling plans including full remodeling, skeleton renovation for condominium units, high thermal insulation remodeling, and partial remodeling, to meet customers' wide-ranging needs and conditions. Through our involvement in many different housing renovations over 25 years, we have accumulated 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 170,000 (as of January 31, 2024), and we have built a track record of solid reliability.



Cumulative total of units contracted for Shinchiku Sokkurisan



Promoting decarbonization through renovation securing safe, comfortable and energy efficient housing

The Shinchiku Sokkurisan promotes decarbonization of existing houses by renovating them to improve energy efficiency and by promoting the use of energy creation systems. Since December 2021, we have started offering "High Thermal Insulation Remodeling Plan," designed to enhance the energy-saving performance by improving the insulation performance. This plan improves insulation performance to the level equivalent to the energy-saving standards for new houses*, based on customers' needs from individual rooms to entire building. * Compliant with 2016 energy-saving standards

Moreover, the unique zero-initial-cost solar power service "SUMIFU×ENEKARI," which was initially offered for newly built detached houses, has been made available for existing homes from April 2022. It ensures safe installation of solar panels by providing seismic reinforcement that considers the additional loads to address the concerns when installing them on existing homes.

▶ For details on Shinchiku Sokkurisan and decarbonization, please refer to page 40.

Creating ideal home with purchasing and renovating existing properties

In recent times, as the supply of new condominiums has been decreasing, more consumers are seeking to purchase existing properties to create their ideal homes in their desired areas. In response to such demand, we are strengthening the collaboration between Shinchiku Sokkurisan business and our group company responsible for real estate brokerage, Sumitomo Real Estate Sales, establishing a system that seamlessly manages everything from property searching to renovation proposals and construction. With our strong proposal capabilities, backed by a wealth of experience and expertise accumulated over the years, we will respond to the increasing consumer demands and further expand our business.

Business Segments **Construction | Custom Homes**



Challenges

- Need for environmental considerations and disaster countermeasures in line with the times, as the entire housing market moves towards higher quality
- Rising costs due to increases in prices of construction materials, etc.

Opportunities

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

Competitive Advantages

- 1 Custom homes that combine innovativeness and functionality with attractive design, featuring high-grade interiors as a standard specification
- 2 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
- 3 "Grade 7 Insulation House," the highest thermal insulation grade house, suitable from urban cities to cold regions
- 4 Standard provision of long-life quality housing through proprietary earthquake-proofing technology, and product planning for enhanced safety and environmental performance
- 5 A one-stop support system from land search to home building leveraging brokerage network of our group company

Innovative and sophisticated design

We leverage our extensive track record and proposal capabilities as a comprehensive developer, featuring sophisticated exterior and spatial design, as well as high-grade interior equipment and decoration. We offer a variety of housing styles, including the "J-Urban" series, known for its modern design that incorporates elements from downtown office buildings and luxury condominiums. Our designs, which skillfully utilize space to create comfortable environments tailored to residents' lifestyles, have been highly recognized and have received numerous Good Design Awards*.

* Sponsored by the Japan Institute of Design Promotion

Popular series (excerpt)



Good Design Award — Awarded products in 2023



Open-air corridors gently connect the two-family residences.

Open-air views are abundantly integrated anywhere in the house.

High-grade room interiors and facilities

With our original equipment and specifications that combine design and functionality, we offer total coordination from exterior to interior.

Kitchen

Adopting 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



Vanity

An original bathroom vanity with excellent design and usability

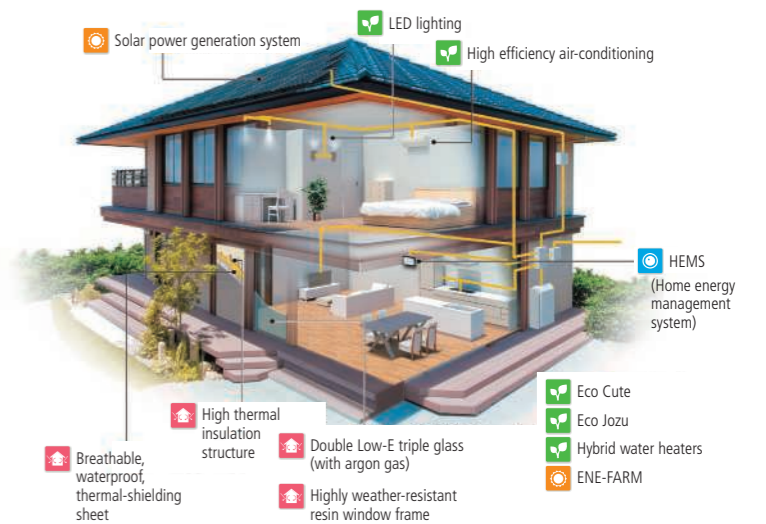


ZEH Specifications as standard

We offer houses with ZEH specifications as standard. In addition to high insulation and "energy efficiency" that exceed national ZEH standards, we incorporate "energy creation" through solar power system and storage batteries as standard equipment, achieving a net zero energy house (ZEH).

In February 2024, we launched the "Grade 7 Insulation House," which features the highest thermal insulation grade. It surpasses the national insulation performance standards and is suitable for a wide range of climates, from urban cities to cold regions.

Please refer to page 43 for details.



Prepare for and protect against disasters

We adopt the highest seismic resistance rating, earthquake resistance grade 3, as a standard specification and comply with the requirements for long-life quality housing. Additionally, we have implemented a system that ensures water and electricity at home for a certain period in the event of lifeline disruptions caused by disasters. This system includes the installation of solar power generation, storage batteries, a potable water storage system, and a rainwater tank.

Examples of disaster countermeasures for safety and security



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

Topics

Wide-ranging proposal capabilities through cooperation with the brokerage business by leveraging the comprehensive strength of the group

When building custom homes in the Tokyo metropolitan area, many customers begin by looking for land. We have integrated the previously separate services of "land search and sale of real estate" and "custom home construction" and opened the group's first combined branch, "Sumitomo Realty Housing Plaza Kawasaki" in May 2024. This integration enhances customer convenience and establishes a system that allows us to offer more comprehensive and speedy proposals by providing land and housing together.



すみふの仲介 ステップ

Sumitomo Realty's Brokerage Service - STEP



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 driven by further increase in superior housing stock and limited supply of new constructions
- Increased awareness of housing for new styles of living, and diversified lifestyles

Competitive Advantages

- 1 An extensive network of directly operated brokerage offices in over 200 locations nationwide
- 2 Offering specialized brokerage offices for premium condominiums with high asset value, for which demand is growing
- 3 Unique bulk property listing and bidding system for approximately 10,000 real estate agencies nationwide
- 4 Collaboration with highly compatible group divisions, such as condominium sales, custom homes, and renovations

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, we operate Mansion Plaza brokerage offices, specializing in premium condominiums that have high asset value, and offer "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.

Examples of our unique services

Mansion Plaza

We offer superior brokerage services by precisely assessing the asset value of properties, leveraging professionals with extensive track records and experience in condominium transactions. These professionals have deep knowledge of condominium structures, facilities, market conditions, etc. and are trained to acquire thorough expertise in specific areas and properties.



STEP Auctions

This service presents purchase prices offered by businesses for properties intended for sale through a bidding system utilizing digital transformation (DX). Information about properties is simultaneously provided to approximately 10,000 partner real estate agencies nationwide, as well as to individual buyers. Applications are accepted centrally and all offers are reported to the client, ensuring a fair process while introducing buyers with better terms in a more timely manner.



Sumitomo Realty Housing Plaza Kawasaki

Offering seamless and immediate responses to various real estate needs of the customers, from selling houses to land search and home building, leveraging the comprehensive strength of the group

We opened our group's first combined showroom, "Sumitomo Realty Housing Plaza Kawasaki" in May 2024, which allows us to provide a one-stop solution for everything from land search to home building. Previously, clients needed to consult separately for "land search and sale of real estate" (real estate brokerage) and "home building" (custom homes), but now we've made it possible to address these needs on a single floor, offering seamless support for a wide range of real estate needs.



Topics

Group Companies

Sumitomo Fudosan Tatemono Service Co., Ltd.

Sumitomo Fudosan Tatemono Service Co., Ltd. conducts property management for about 180,000 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.

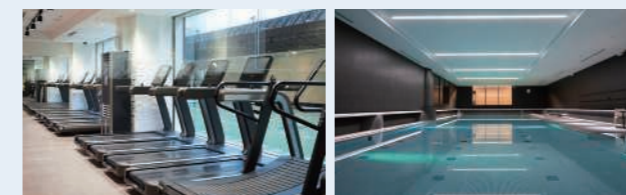


Sumitomo Fudosan Esforta Co., Ltd.

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 five ésforta fitness clubs and 13 other facilities
(As of March 31, 2024)

- ésforta (5 locations)
- ésforta prime (4 locations)
- Contracted operation and management of public facilities (7 organizations)
- Bay Rhythm (3 locations)
- My Golf Style (6 location)

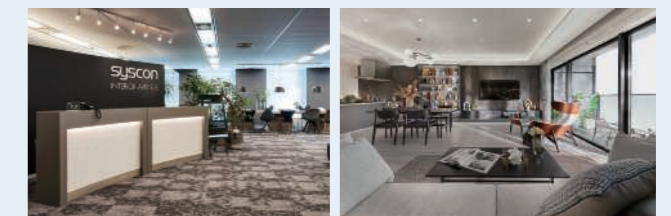


Sumitomo Realty & Development CA., Inc.
Hotel ownership and management

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

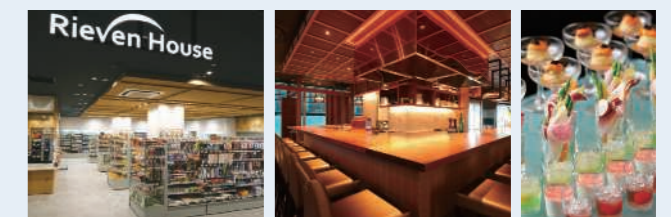
Sumitomo Fudosan Syscon Co., Ltd.

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.



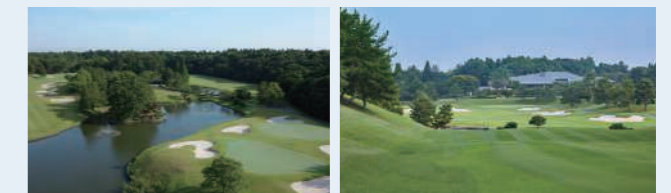
Izumi Restaurant Co., Ltd.

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.59

Sumitomo Fudosan Bellesalle Co., Ltd. ▶ P.59

Sumitomo Fudosan Retail Management Co., Ltd. ▶ P.60

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).

► For details about the Company's sustainability and ESG initiatives, please refer to the Company website.
<https://www.sumitomo-rd.co.jp/english/sustainability/>

Major ESG Initiatives (April 2023 – June 2024)

ESG Initiatives			Reference	
2023				
E	S	G		
Apr	●●		Five properties of "La Tour," the luxury rental apartments, acquired the highest ratings in DBJ Green Building Certification	
May	●●		Growth Toranomon, an incubation office designed to strengthen the startup ecosystem, achieved full occupancy and floor space extension has been decided	P.57
Jun	●●		Shinchiku Sokkurisan joint research with The University of Tokyo and Musashino University verified the adoption of ZEH (Net Zero Energy House) and achievement of life cycle carbon neutrality through renovations	P.41
	●●	●	Increased the number of outside directors (increased to three, including one female outside director)	P.82
Jul	●●		Started an experimental project with Suntory Holdings Group for PET bottle horizontal recycling to examine the consumer behavioral changes using an original recycling box	
Aug	●●		Conducted joint drill for accommodating stranded commuters at Sumitomo Fudosan Tokyo Mita Garden Tower in a public-private partnership with Minato Ward	P.77
	●●		Held the 114th Summer STEP Concert at Tokyo Garden Theater - Donated to the Japan Service Dog Association to raise and promote service dogs	P.78
Sep	●●		Conducted a visiting lecture on SDGs, "Building a Disaster-Resilient Urban Development" at Hachinari Elementary School (Suginami Ward, Tokyo)	P.78
Oct	●●		Received "Award of Excellence" in CTBUH Awards 2023 / Structure Category for Umeda Garden, a super high-rise mixed-use tower	
	●●		Received certification from the Ministry of the Environment, recognizing Sumitomo Realty Forest (Susono, Shizuoka) as a Nationally Certified Sustainably Managed Natural Sites	P.73
Nov	●●		Received special award from Minato Ward as part of the "Minato Model Carbon Dioxide Fixation Certification System" for installing furniture made from domestic timber in a shared lounge of Sumitomo Fudosan Tokyo Mita Garden Tower	P.73
Dec	●●	●	Selected as a constituent of MSCI Japan Empowering Women (WIN) Select Index	
	●●		Held the 115th and 116th Christmas STEP Concerts - Donated to the Japan Service Dog Association to raise and promote service dogs	P.78
2024				
Jan	●●		Received the 2023 Nikkei Excellent Products and Services Award for our Shinchiku Sokkurisan remodeling's high thermal insulation plan	P.40
	●●		Launched "Grade 7 Insulation House" - the highest thermal insulation grade house- that offers custom homes with high-grade insulation and excellent design	P.44
Feb	●●		The "Sumitomo Realty's Green Power Plan" received the "New Energy Foundation Chairman's Award" at New Energy Award 2023	P.72
	●●		Sumitomo Realty and Sumitomo Bakelite jointly developed a method to reuse elevator sheet offcuts as corner guards for offices - contributing to waste reduction and a sound material-cycle society	P.74
Mar	●●		Recognized as a 2024 Certified Health & Productivity Management Outstanding Organization under the large enterprise category	
	●●		Provided themed rooms for "Kanosei Art Project", a joint initiative with artists with disabilities by TOPPAN Holdings, at Sumitomo Realty's hotel, Villa Fontaine Grand Haneda Airport	P.78
	●●		Established a supply chain for aluminum can horizontal recycling consisting of three industry-leading companies: UACJ Corporation, Toyo Seikan Group Holdings, Ltd., and Sumitomo Realty & Development Co., Ltd.	P.74
Apr	●●	●	Promoted to "Prime Status" in ISS ESG corporate rating	
	●●		Higashi-Ginza Area Management Project: Held "Welcome to Higashi-Ginza 2024!" Hoarding Fence Illustration Contest	
	●●		Held the 8th Toranomon Summit with the theme "Environment and Sustainability" - The Toranomon Summits is a series of events that aims to match the tenant companies in our over 230 office buildings with start-up companies to promote open innovation	
May	●●		Launched "Sumitomo Realty Group presents "Classic Live for 1,000,000 people," scheduled to be held 36 times a year across 3 venues	P.78
	●●		Exhibited paintings from "KAO International Environment Painting Contest for Children," expressing their thoughts on the environment and the future of the planet, at Tokyo Nihombashi Tower	
Jun	●●		Opened GROWTH Bunkyo Iidabashi, a prototype-lab-type office for start-up companies through collaboration among industry, academia, and government	P.58
	●●		Shinchiku Sokkurisan remodeling received the Achievement Award of Japan Association for Real Estate Sciences, "Award of Minister of Land, Infrastructure, Transport and Tourism" for advancing solutions to issues concerning the existing housing stock	P.42
	●●		Five buildings in Tokyo received ZEB Oriented Certification (Sumitomo Fudosan Roppongi Grand Tower, Sumitomo Fudosan Osaki Garden Tower and others) by enhancing energy efficiency of existing buildings through renovations	



Sustainability Promotion System

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

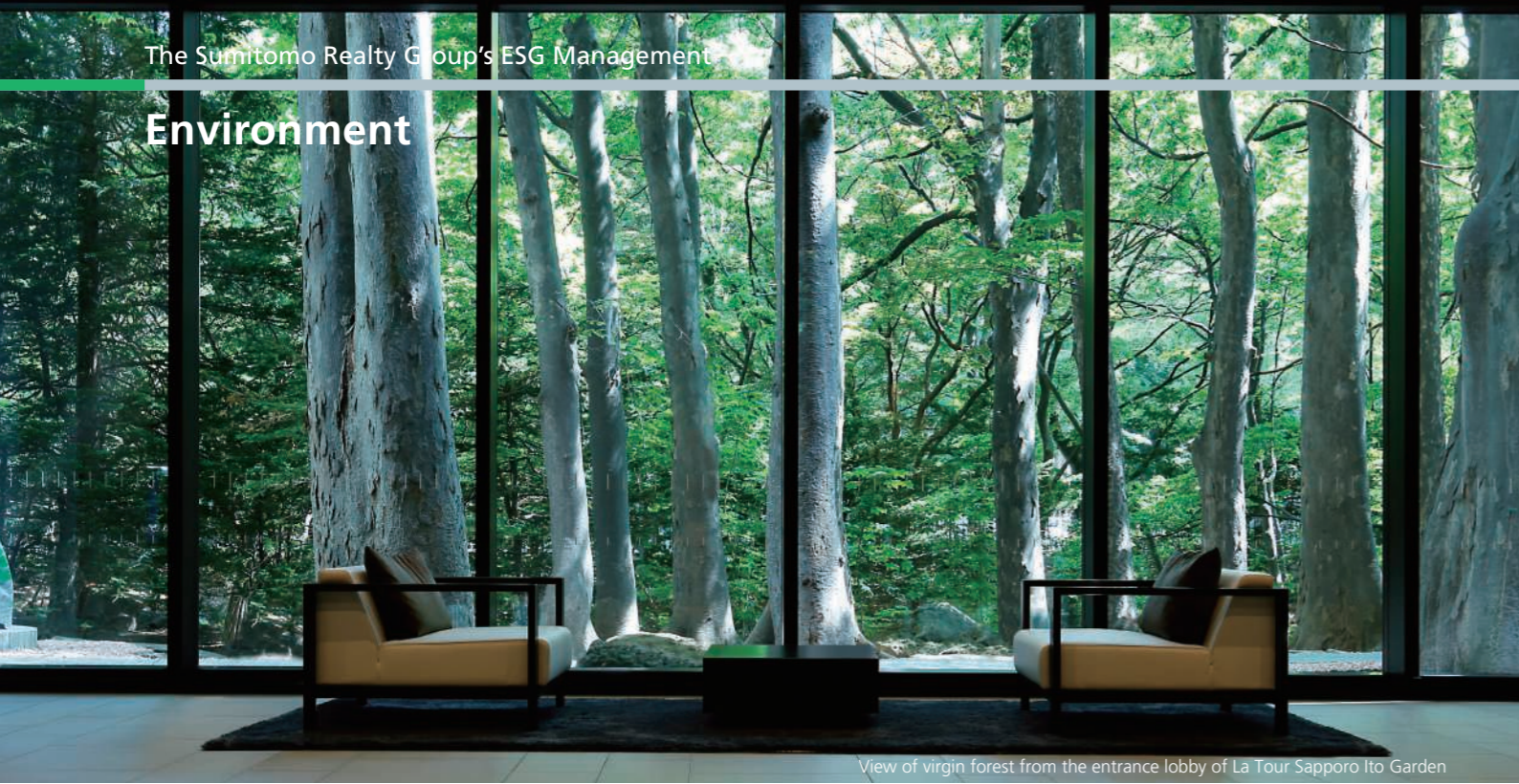
In addition, its subordinate organizations, the BCP Council, the Sustainability Promotion Council and Internal Control Meeting chaired by the Head of Corporate Planning Division, work to identify and solve issues related to corresponding sustainability issues. Important issues are conferred with the Sustainability Committee, and reported to the Board of Directors as necessary.

System Diagram (As of June 2024)



Departments, Divisions, etc.

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.

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

▶ For details of our initiatives, please refer to "Sumitomo Realty Group and Environment - Decarbonization" on page 37.

Initiatives to Curb Climate Change

Reducing Greenhouse Gas (GHG) Emissions and Energy Consumption

Sumitomo Realty has been constructing new buildings featuring substantial environmental performance and continuously improving environmental performance by renovating existing buildings after they reach a certain age. Since fiscal 2009, we have reported our data in accordance with the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy. For the five-year period from fiscal 2017 to 2021, Sumitomo Realty on a non-consolidated basis maintained the highest rank of "S class business operator" under the aforementioned act. From fiscal 2022 onwards, the Sumitomo Realty Group, which includes its consolidated subsidiaries subject to reporting, has been certified as an "S class business operator."

In order to contribute to curbing global warming, we will keep striving to reduce its energy consumption going forward as a "S class business operator," with the target of reducing per-unit energy consumption and per-unit GHG emissions by 1% annually.

* S class business operator: Certified as having reduced the five-fiscal-year average for per-unit energy consumption or per-unit energy consumption considering electricity demand response, by 1% or more annually, or otherwise achieve specified benchmark levels.

Energy consumption volumes pursuant to the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy

Non-consolidated data

	Unit	FY2009	FY2021	FY2022	FY2023
Target area (standardized coefficient – per-unit denominator)	Thousand m ²	2,283	3,902	4,169	3,908
Energy consumption	Thousand GJ	4,562	4,877	4,861	4,950
Energy consumption	Thousand kL	118	126	125	128
Per-unit energy consumption	kL/m ²	0.05156	0.03224	0.03008	0.03268

Consolidated data

	Unit	FY2009	FY2021	FY2022	FY2023
Target area (standardized coefficient – per-unit denominator)	Thousand m ²			4,491	4,265
Energy consumption	Thousand GJ			5,430	5,641
Energy consumption	Thousand kL			140	146
Per-unit energy consumption	kL/m ²			0.03119	0.03413

Reduction target

	Five-year average
Reduction rate	1%
Base year	2018-22
Target year	2019-23
Per-unit target for FY2023*	0.03559

* S class business operator certification level

* The scope of data collected for calculating energy consumption encompasses all the properties owned, managed, used, by the Sumitomo Realty or leased to it as office, etc. for which report is required under the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy.

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://english.sumitomo-rd.co.jp/sustainability/environment>

(Reference) Assumed risks and opportunities by the Company

Type	Scenarios	Impact	Period	Details	Correspondence (mitigation and adaptation) / Strategies
Transition risks	Increasing demand for Net Zero Energy Building (ZEB), Net Zero Energy House (ZEH), etc.	Medium to Large	Short	If ZEB and ZEH specifications are standardized, the cost of installing equipment is expected to increase, and there are concerns that the burden of construction costs may increase.	We consider installing equipment with high environmental performance at a timely manner. With regard to ZEH, we have standardized following features: 1) "ZEH-M Oriented" energy-saving standard for all* the new condominiums designed and developed from October 2021, 2) thermal insulation and energy-saving performance exceeding the latest ZEH standard for our custom homes from May 2022. * Except for joint venture properties, etc.
	Introduction of a carbon tax	Medium to Large	Medium	As the introduction of a carbon tax is expected to increase the procurement costs of various building materials through shifting of price by the suppliers, there are concerns that the burden of construction costs may increase.	We closely monitor related systems and regulations. We also assume the offset price per t-CO ₂ as the internal carbon price, and apply it to various considerations. * Offset price used as a reference (yen/t-CO ₂ , as of August 2024) J-credit scheme certificates from renewable power: 3,246 yen Non-fossil fuel energy certificates : 2,331 yen Green power certificates : 8,158 to 9,324 yen
Physical risks	Increasing occurrence of natural disasters due to extreme weather	Medium	Medium	As a significant increase in frequency and severity of damages caused by extreme winds, floods, etc. is expected, there are concerns that damage to assets and the burden of repair costs may increase.	In preparation for major weather hazards such as large typhoons, we set each property's estimated flooding depth when we develop a property based on hazard maps and actual flooding records, and install tide boards where necessary.
Opportunities	Lower prices of high environmental performance products due to their spread	Small	Long	If ZEB and ZEH specifications are standardized, equipment with high environmental performance will be widespread and available with lower price, and the procurement costs for such equipment is expected to decrease.	We decide on the equipment to be installed each time we develop a property after considering the costs and performance. This ensures that we are ready to respond to fluctuations in costs.
	Increasing interest in disaster prevention features	Medium	Medium	As our buildings are highly evaluated for their disaster-prevention performances, the opportunities to acquire customers is expected to grow with increasing interest in disaster prevention features.	We are working to further improve the disaster prevention features of our portfolio by realizing high disaster-prevention features in new properties as well as renovating existing properties.
	Increasing interest in environmental performance	Medium	Short	As we already introduce equipment with excellent environmental performance at a high level, the opportunities to acquire customers is expected to grow with increasing interest in environmental performance.	We are continuously working to improve the environmental performance of our entire portfolio by developing and owning new properties with high environmental performance and improving the performance of existing properties through renovation. As objective indicators of high environmental performance, we are actively acquiring various green building certifications. We also offer various detached houses and associated services with high environmental performance.

* Transition risks were assumed based on the 1.5 to 2°C scenario (the Sustainable Development Scenario (SDS) in the IEA World Energy Outlook and other scenarios). Physical risks were assumed based on the 4°C scenario (IPCC Fifth Assessment Report RCP8.5 and other scenarios).

Topics

Promoting decarbonation at offices with "Sumitomo Realty's Green Power Plan" The "Sumitomo Realty's Green Power Plan" received the "New Energy Foundation Chairman's Prize" at New Energy Award 2023

Our "Sumitomo Realty's Green Power Plan," launched jointly with Tokyo Electric Power Energy Partner, Inc. (TEPCO EP) in November 2021, received the "New Energy Foundation Chairman's Prize" at 2023 New Energy Award hosted by the New Energy Foundation, a general incorporated foundation.

In September 2021, Sumitomo Realty and TEPCO EP signed a "Decarbonization Lead Project Agreement" to contribute to a decarbonized society by 2050, and we have been jointly planning and implementing several projects. This service, as one of those projects, was the first in Japan to offer solutions to the diversifying needs of tenant companies for green power adoption within leased office buildings and has been highly regarded and adopted by numerous companies.

About the "New Energy Award"

This award aims to promote the introduction and broader adoption of new energy by recognizing outstanding examples of new energy introduction or public awareness enhancement activities collected through open submissions.



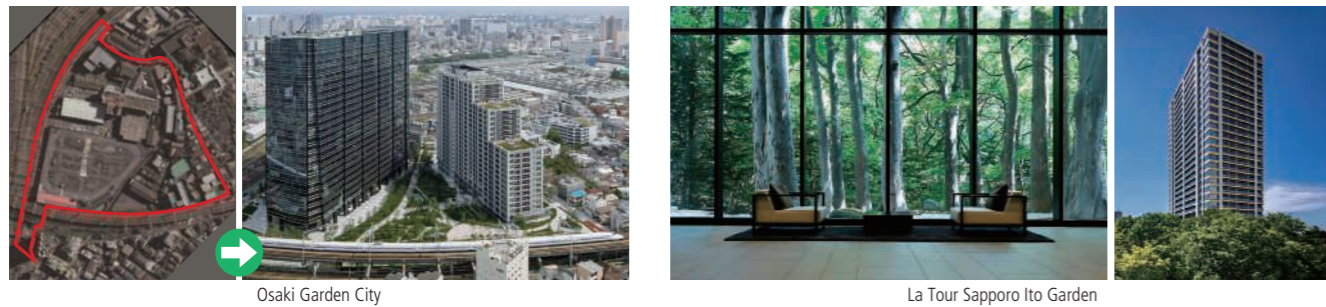
Award Ceremony
(Left) Mr. Terasaka, Chairman of the New Energy Foundation
(Right) Mr. Sumitomo, IR/ESG Manager of Sumitomo Realty

Environment

Initiatives for Preserving Biodiversity

The Sumitomo Realty Group maintains significant influence on biodiversity rooted in land, due to the nature of our development business involving office buildings, condominiums and other such properties in urban areas. Based on this understanding, we make it our principle to consider the surrounding environments and ecosystems. We not only conduct an impact assessment on the surrounding environment but also commit ourselves to preserving existing green areas and/or creating new green areas as a foundation for biodiversity in each development project. The abundant green spaces created contribute not only to the conservation of biodiversity but also serve as places for relaxation and as venues for community building in urban life.

For example, at Osaki Garden City, previously an industrial area with little greenery, we worked on creating an expansive green plaza and implementing rooftop greening, which increased the area's green coverage from 0.01% to 35%. At La Tour Sapporo Ito Garden, developed on the former site of Kairakuen, one of Japan's first municipal parks, we preserved and utilized the valuable old trees that naturally grew on the premises, creating a residential area surrounded by rich nature and pristine forest.



Osaki Garden City

La Tour Sapporo Ito Garden

Topics

Sumitomo Fudosan Tokyo Mita Garden Tower Received a Special Award in the "Minato Model Carbon Dioxide Fixation Certification System Awards" by Minato Ward
 - Utilizing domestic timber in the furniture for the shared lounge, where many users can see and touch it

Sumitomo Fudosan Tokyo Mita Garden Tower received a Special Award in the "Minato Model Carbon Dioxide Fixation Certification System Awards," which recognizes buildings in Minato Ward that utilize domestic timber. Among the buildings certified in the fiscal 2022, those that demonstrated excellent use of wooden construction and wood materials were selected for the awards. The use of domestic timber (from Hamamatsu City in this case) in the furniture for the shared lounge, where many users can see and touch it, was highly regarded and led to the award.

We will continue to create highly valuable social assets with "environmentally and socially considerate performance" across various business areas, including office buildings, condominiums, and housing, to further contribute to a sustainable society.



Sumitomo Fudosan Tokyo Mita Garden Tower



(Right) Mr. Takei, Mayor of Minato Ward
 (Left) Mr. Hashizume, Managing Executive Officer of Sumitomo Realty



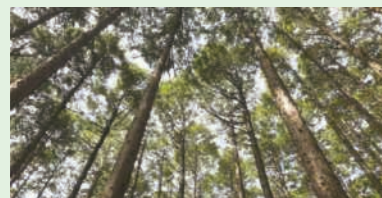
Tables made using cypress from Hamamatsu City

Topics

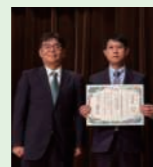
Sumitomo Realty Forest has been certified as one of the Nationally Certified Sustainably Managed Natural Sites by the Ministry of the Environment for balancing between utilizing the forest as a source of timber and preserving an ecosystem

Sumitomo Realty Forest, the forest that we own in Susono City, has been certified as one of the Nationally Certified Sustainably Managed Natural Sites by the Ministry of the Environment. This "Nature Coexistence Sites" certification system recognizes areas where efforts are being made to conserve biodiversity through private initiatives and other efforts. This system has been promoted by the Ministry of Environment since 2023, as a key measure towards achieving the goal of effectively conserving more than 30% of land and sea with healthy ecosystems by 2030 (the 30by30 target).

Sumitomo Realty Forest has been awarded this certification for its valuable efforts in balancing between utilizing the forest as a sustainable source of timber and preserving an ecosystem that includes rare species.



70-year-old cypress trees in Sumitomo Realty Forest



(Left) Mr. Shiraishi, Director General of The Ministry of the Environment, Nature Conservation Bureau
 (Right) Mr. Mogi, General Manager of Sumitomo Realty, Corporate Planning Department



About Sumitomo Realty Forest

Sumitomo Realty Forest is our company-owned forest spanning 185 ha, comprising natural broadleaf forests and artificially planted coniferous forests. It is notable for its invaluable natural vegetation and extensive range, with a maximum elevation difference of about 650 meters, which houses a variety of ecosystems that exist under diverse climatic and soil conditions. In addition to serving as a habitat for wildlife, it plays a crucial role in mitigating regional risks of water-related disasters through watershed conservation. Since May 2022, following our comprehensive collaboration agreement with Susono City, we have been conducting maintenance activities focused on long-term forest regeneration.

Initiatives for Resource Circulation

Sumitomo Realty is actively promoting initiatives to realize a sound material-cycle society through its business activities. In the Shinchiku Sokkurisan remodeling business, our housing renovation business, we aim to reduce industrial waste and the input of new materials by reusing materials from existing houses, such as the foundation and framework, while renovating the houses as good as new.

In the mainstay office building leasing business, we are working to promote recycling activities and reduce waste emissions in all the buildings we manage with the cooperation of tenant companies. For instance, in separation of waste, we ensure that recyclable waste from each building—such as batteries, fluorescent lamps, styrofoam, metals, PET bottles, cans, bottles, and old paper—is properly recycled through waste disposal contractors.

In recent years, there have been increasing opportunities for collaboration with other companies that are actively working on resource recycling to solve social issues they are facing in their business fields. Starting from the "PET bottles Horizontal Recycling" initiative with Suntory Group, we are collaborating with multiple companies to promote advanced resource recycling initiatives that meet social demands by establishing schemes for the proper collection and recycling of various resources emitted from facilities we manage, including aluminum cans, waste cooking oil, construction materials, and air conditioning refrigerants.

Moving forward, we will continue these initiatives, promoting facility management that leads to a future where waste is returned to resources by building and expanding a seamless recycling system.

Topics

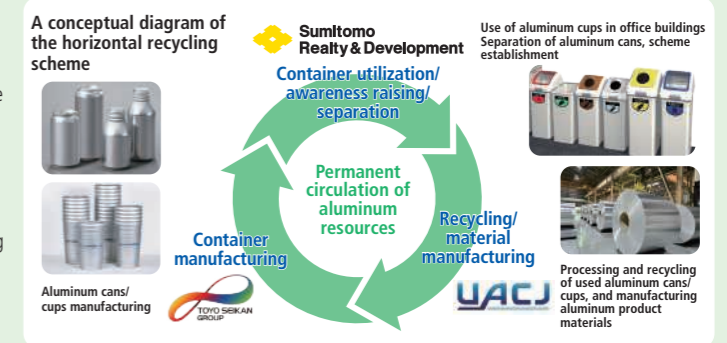
Established a supply chain for aluminum can horizontal recycling consisting of three industry-leading companies: UACJ Corporation, Toyo Seikan Group Holdings, Ltd., and Sumitomo Realty & Development Co., Ltd.
 Achieving "CAN to CAN Horizontal Recycling" starting from our office buildings in central Tokyo

We established a supply chain for aluminum can horizontal recycling in collaboration with UACJ Corporation and Toyo Seikan Group Holdings, Ltd. It is a scheme to recycle used aluminum cans into raw materials and use them again for manufacturing aluminum cans. We began its operation in April 2024, starting from our office buildings in Tokyo.

The aluminum cans generated from the office building go through a recycling process and are delivered as recycled materials to UACJ's factory, where they are processed into aluminum sheets. They are then utilized by the Toyo Seikan Group to make aluminum cans and beverage cups called "Lumisus®."

At the same time, we inform office users about this initiative to enhance their recycling awareness. In addition, starting with events like the Sakura Festival at the office we manage, we introduce and use "Lumisus" as outdoor beverage cups and implement horizontal recycling in the same way as aluminum cans.

Through these initiatives, we will contribute to the domestic circulation of valuable resources and the reduction of greenhouse gas emissions.



Topics

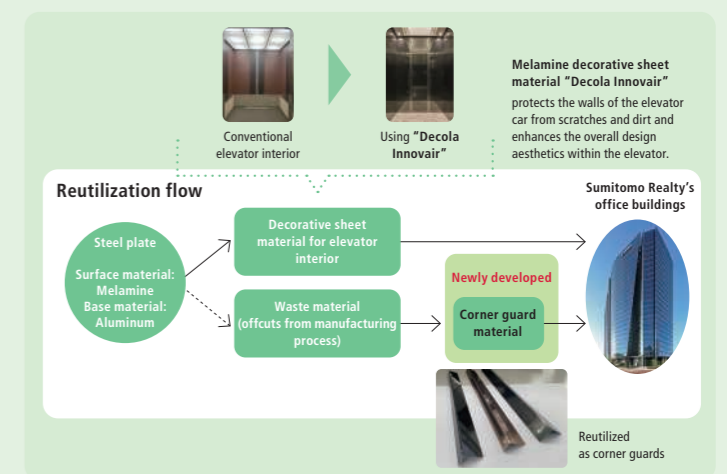
Sumitomo Realty & Sumitomo Bakelite jointly developed a method to reutilize elevator sheet offcuts as corner guards for offices

Sumitomo Realty, in collaboration with Sumitomo Bakelite, has developed a method to reutilize product offcuts from the melamine decorative sheet material "Decola Innovair," which were previously discarded during the manufacturing process, as corner guards within office buildings. We have begun implementing this method in office buildings owned by Sumitomo Realty. (Patent Pending: Patent Application No. 2024-12617 / Sumitomo Realty & Development Co., Ltd.)

In July 2016, the two companies jointly developed a unique method for using Decola Innovair as decorative sheets inside elevator cars and had already implemented it in about 240 elevators in office buildings owned by Sumitomo Realty. This time, focusing on the "offcuts loss" occurring during the production process of the same product, we successfully developed a technique to reutilize it as "corner guard materials" to prevent wall chipping caused by carts and other factors.

Through such initiative, we will not only enhance the design and functionality of office buildings but also contribute to the realization of a sound material-cycle society by reducing waste and promoting its reuse.

* Melamine decorative sheet material "Decola Innovair" was developed by Sumitomo Bakelite.



Society



Sumitomo Fudosan Shopping City Ariake Garden — Water Terrace

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 on a regular basis 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.

Holding family briefings and gatherings in Vietnam

In collaboration with our business partner, we regularly hold briefings and gatherings in Vietnam for our interns' families and prospective interns. These initiatives, which involves direct interaction and briefings about work and life in Japan, is a unique approach not seen in other companies and has been highlighted by local media. Our November 2023 briefing and gathering were highly praised by the officers of the Department of Overseas Labour of Vietnam and the Embassy of Japan in Vietnam, describing it as a "very rare and reassuring initiative."



Easing anxiety through direct dialogue



Scenes from the briefing and gathering

Topics

Promotion of Diversity for Active Participation of Diverse Personnel

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.

In July 2023, we established "Diversity Promotion Office," a new department, to promote various initiatives including institutional reforms in order to ensure that all employees within our group can work and excel with greater peace of mind. [▶ For details, please refer to page 45.](#)

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.

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. As of the end of March 2024, 2.47% of employees of Sumitomo Realty are people with disabilities, exceeding the 2.3% 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, compliance
Managerial position training	Harassment, labor management, compliance, human resource optimization
Occupational safety training	Technical guidance, risk assessment methods
New employee training	Company history, business manners, human rights, compliance
Engineer training	Technical guidance, risk assessment methods, construction 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 Segment: 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.

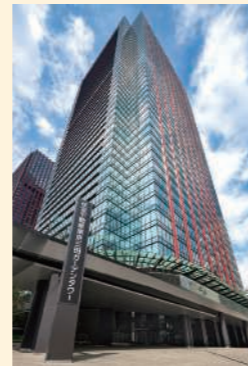
Topics

Conducted joint drill for accommodating stranded commuters at Sumitomo Fudosan Tokyo Mita Garden Tower in a public-private partnership

We held a joint drill for accommodating stranded commuters at Sumitomo Fudosan Tokyo Mita Garden Tower in collaboration with Minato Ward, local neighborhood associations, and workers in the district. The drill included a temporary shelter opening and acceptance program, simulating a massive earthquake directly beneath the capital, with a total of 1,125 participants. By actively involving workers and local residents in the district, the training contributed to strengthening cooperation among stakeholders and raising disaster awareness.



Drill for accommodating stranded commuters



Exterior view

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 with water storage facilities options.



"Power Panel" – Strong bearing walls with at construction sites 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.

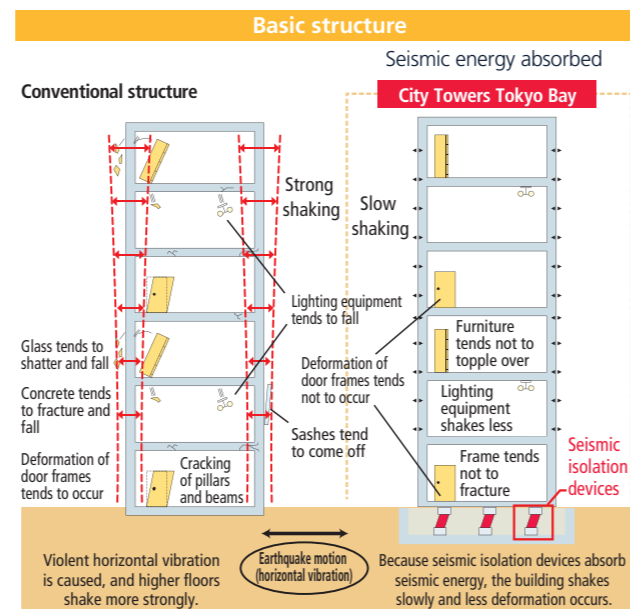


Seismic reinforcement work

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



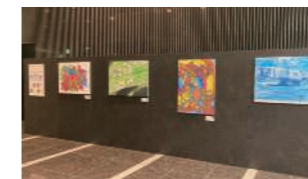
Shinjuku Sumitomo Building after renovation



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. As we endorse their 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 working on various initiatives such as purchasing the art works and displaying them in our buildings visited by many people for the aesthetics of the buildings. We also provide themed rooms in the hotels we operate and donate a portion of the accommodation fees from these rooms to the Borderless Art Organization (General Incorporated Association).



Art exhibition in an office building entrance lobby



Themed room image

Topics

Conducting a visiting lecture on SDGs at an elementary school

As part of the "SDGs to living life" project by the Yomiuri Shimbun, we conducted a visiting lecture on the theme of "Building Disaster-Resistant Structures and Resilient Communities" for fourth graders at Hachinari Elementary School in Sugunami Ward, Tokyo. The lecture included specific explanations using photographs and quizzes to help deepen their understanding of potential disasters in Japan and our company's disaster prevention-related businesses and initiatives to address social issues. We also demonstrated the rebound of special high-damping rubber balls. The students were highly engaged, eagerly asking many questions.



100 students from three classes attended the lecture.

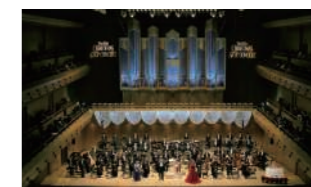
Support and Promotion of Cultural and Artistic Activities

STEP Concert

As part of our social contribution activities, we have held "STEP Concert" since 1987, full-scale classical concerts for everyone to enjoy, invitation free of charge, with the aim of creating opportunities to appreciate art and culture. Since 1996, it has 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, it was certified as an outstanding activity in the "This is MECENAT" certification system of Association for Corporate Support of the Arts, sponsored by Agency for Cultural Affairs.

Classic Live for 1,000,000 people

In support of and alignment with the Classic Live for 1,000,000 people General Incorporated Foundation, which operates nationwide to convey the joy and inspiration of music with many people, we are hosting classic lives at our office buildings and commercial facilities.



The 115th Christmas STEP Concert



Premiere performance at Sumitomo Fudosan Roppongi Grand Tower

Governance



Board of Directors, Corporate Auditors and Executive Officers (As of June 28, 2024)

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)
Apr 2024 In charge of condominium sales and brokerage businesses (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
Apr 2020 Senior Managing Executive Officer (present)
Jul 2023 In charge of Housing 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)



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)



Outside Director

Hakaru Tamura

Apr 1984 Joined Ministry of Construction
Aug 2013 Assistant Vice-Minister (in charge of Road Bureau), Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism
Apr 2014 Assistant Vice-Minister (in charge of City Bureau), Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism
Jul 2017 Director General, Land and Construction Industry Bureau, Ministry of Land, Infrastructure, Transport and Tourism
Jul 2018 Director General, Secretariat for Promotion of Regional Revitalization, Cabinet Office
Jul 2019 Retired from Ministry of Land, Infrastructure, Transport and Tourism
Jul 2020 Adviser (part-time) of the Company
Jun 2024 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
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 (renamed to DE&I Advisor in Apr 2024) (present)
Jan 2023 Chief Business Ethics Officer (present)
Jun 2023 Corporate Auditor of the Company (present)

Executive Officers

Senior Managing Executive Officer

Hiroshi Kato

Senior Managing Executive Officer

Hisatoshi Katayama

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

Managing Executive Officer

Tokiyuki Okada

Managing Executive Officer

Takeo Kojima

Executive Officer

Dai Miyamoto

Executive Officer

Takeshi Endo

Executive Officer

Takuto Fujinuma

Executive Officer

Kenji Tsumura

Executive Officer

Toshiyuki Masui

Executive Officer

Takayuki Miyagawa

Executive Officer

Mari Miyoshi

Executive Officer

Tetsuya Mogi

Governance

Overview of Corporate Governance

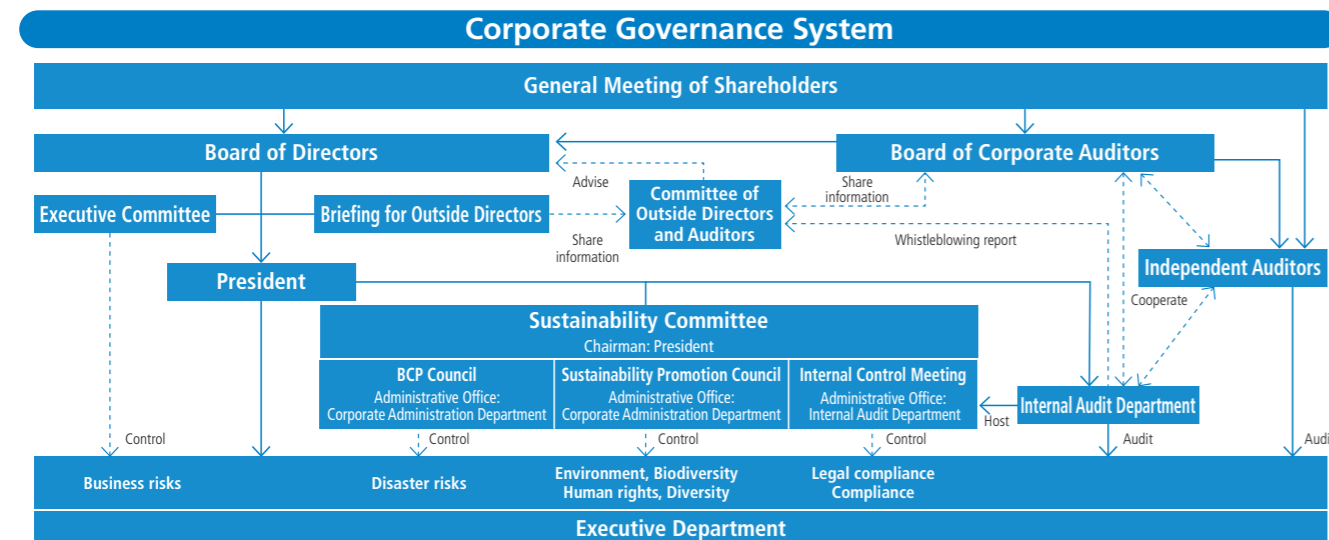
Basic Views of Corporate Governance

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 2023, 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 2024 Attendance status*
Kenichi Onodera	7/7
Kojun Nishima	7/7
Masato Kobayashi	7/7
Yoshiyuki Odai	7/7
Nobuaki Takemura	1/1
Hiroshi Kato	5/7
Hisatoshi Katayama	7/7
Yozo Izuohara	7/7
Nobumasa Kemori	7/7
Chiyono Terada	6/7

* 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 15 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	Details
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 and 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 2023 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 the Executive Committee, and other issues; and (ii) convened 13 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

Position	Name	Main activities	Meeting attendance
Director	Yozo Izuwara	Mr. Izuwara, as Outside Director, 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%)
Director	Nobumasa Kemori	Mr. Kemori, as Outside Director, 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%)
Corporate Auditor, Director*	Chiyono Terada	Ms. Terada, as Outside Corporate Auditor, 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 such forums as meetings of the Committee of Outside Directors and Auditors. Also, as Outside Director, she expressed her opinions necessary for the deliberation of agenda, etc. as appropriate, in meetings of the Board of Directors. 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 such forums as briefings for outside directors and meetings of the Committee of Outside Directors and Auditors.	Board of Directors meetings 6/7 (86%) Board of Corporate Auditors meetings 3/3 (100%)
Corporate Auditor	Takashi Sakai	Mr. Sakai, as Outside Corporate Auditor, 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 such forums as meetings of the Committee of Outside Directors and Auditors.	Board of Directors meetings 6/6 (100%) Board of Corporate Auditors meetings 10/10 (100%)
Corporate Auditor	Naoko Hasegawa	Ms. Hasegawa, as Outside Corporate Auditor, 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 such forums as meetings of the Committee of Outside Directors and Auditors.	Board of Directors meetings 6/6 (100%) Board of Corporate Auditors meetings 10/10 (100%)

* As she resigned as Outside Corporate Auditor and assumed the office as Outside Director as of the conclusion of the 90th Ordinary General Meeting of Shareholders held on June 29, 2023, the status of activities as Outside Corporate Auditor is stated for the period before such date, and the status of activities as Outside Director is stated for the period on and after such date.

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 28, 2024, 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	Organizational management	Leasing	Sales	Construction	Brokerage	Redevelopment	Planning and finance	Compliance
Kenichi Onodera	○	○	○	○	○	○	○	○
Kojun Nishima	○	○	○	○	○	○	○	○
Masato Kobayashi	○	○	○	○	○	○	○	○
Yoshiyuki Odai	○	○	○	○	○	○	○	○
Hiroshi Kato	○	○	○	○	○	○	○	○
Hisatoshi Katayama	○	○	○	○	○	○	○	○
Nobumasa Kemori Outside (independent)	○	○	○	○	○	○	○	○
Chiyono Terada Outside (independent)	○	○	○	○	○	○	○	○
Hakaru Tamura 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
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.
Hakaru Tamura	○	Mr. Tamura has provided advice to the Company regarding compliance matters related to the construction industry from an independent standpoint as a part-time advisor, and the Company deems him to be suitable as an independent officer.	Mr. Tamura has served as Director General of the Land and Construction Industry Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, and as Director General of Secretariat for Promotion of Regional Revitalization of the Cabinet Office, and he has extensive experience relating to administrative and organizational management as well as a wealth of knowledge and wide discernment regarding real estate and construction administration. In addition, as a part-time advisor of the Company, he has provided pertinent advice regarding compliance matters related to the construction industry, and the Company deems him 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 this resolution 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 this resolution was five.

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 fiscal 2023, based on authority resolved by the Board of Directors at a meeting held on June 29, 2023, 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 - President / Head of Office Leasing Business Division), Mr. Masato Kobayashi (Representative Director - Deputy President / Head of Condominium Sales Business Division), and Mr. Yoshiyuki Odai (Representative Director - Deputy President / Head of Corporate Planning Division).

These four directors are, respectively, the Chairman of the Board, Representative Director - President, Representative Director - Deputy President in charge of the business division, and Representative Director - 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 fiscal 2023 is in line with the determination policy.

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

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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)	761	761	—	—	—	7
Executive Officers (excluding those who concurrently serve as Directors)	633	633	—	—	—	14
Outside Directors	66	66	—	—	—	3
Total	1,461	1,461	—	—	—	23

Notes: 1. Whereas the total annual amount of compensation for directors including outside directors for fiscal 2023 is fixed at 2,337 million yen, the full amount has not been paid to the individual directors and executive officers in the same fiscal year, and 876 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.
2. The total number of eligible officers is counted regarding the person who was appointed as a senior managing executive officer from a director and senior managing executive officer during fiscal 2023 as one person.

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

Category	Total compensation (Million yen)	Total amount by type of compensation (Million yen)				Number of officers eligible (Persons)
		Basic compensation	Stock options	Bonus	Retirement benefit	
Directors (excluding Outside Directors)	2,271	2,271	—	—	—	7
Corporate Auditors (excluding Outside Corporate Auditors)	34	34	—	—	—	2
Outside Directors/Outside Corporate Auditors	87	87	—	—	—	6
Total	2,392	2,392	—	—	—	15

Notes: 1. With the agreement of all directors, a portion of the amount of directors' compensation has been allocated to the 14 executive officers.
2. The breakdown of total amount of compensation etc. for outside directors and outside corporate auditors is 66 million yen for outside directors and 21 million yen for outside corporate auditors.

Total Amount of Consolidated Compensation of Persons with Total Consolidated 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	168	168	—	—	—
Kojun Nishima	Director	168	168	—	—	—
Masato Kobayashi	Director	138	138	—	—	—
Yoshiyuki Odai	Director	114	114	—	—	—

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, the Company 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 and risks related to environmental problems, climate change, and human capital etc., that affect corporate activities, 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

(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.

* As of June 28, 2024, we have transactions with 117 financial institutions.

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

(Million yen)

	FY2019	FY2020	FY2021	FY2022	FY2023
Interest-bearing debts	3,440,908	3,561,293	3,559,993	3,938,021	3,961,564
Equity	1,294,998	1,503,021	1,634,049	1,799,372	2,050,582
ND/E ratio*	2.5	2.2	2.1	2.1	1.9
Long-term debt ratio	96%	96%	98%	95%	97%
Fixed-interest rate debt ratio	95%	94%	96%	86%	84%

* Net interest-bearing debts / Equity

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. In the Code of Conduct, it 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 audit work of 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 its directors, employees and their families, former employees, as well as customers and business partners, etc. 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

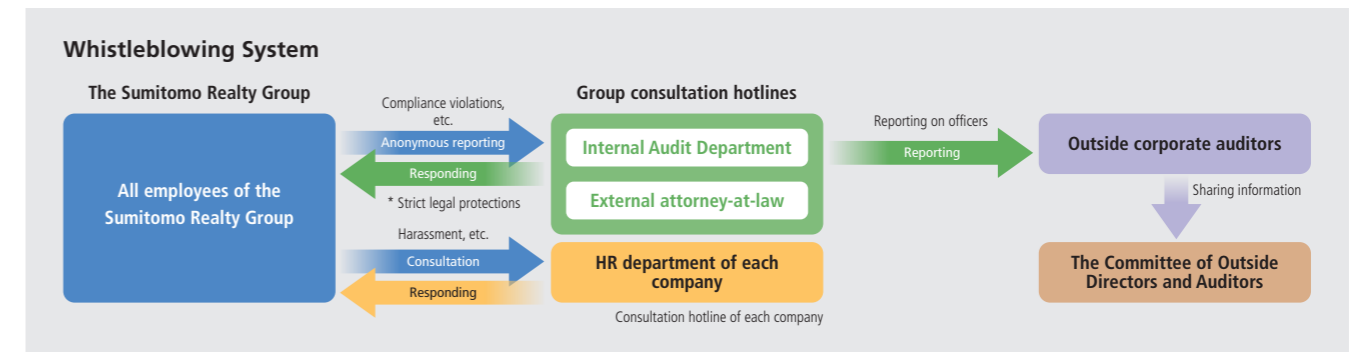
In order to be thoroughly acquainted with legal compliance, the Compliance Handbook, which describes appropriate behavior in terms of compliance in given situations, is posted on the Intranet at all times for employees to check anytime. We update the contents as needed, following the process where we 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) Mainstay businesses on the path to recovery with expectation for achieving an ordinary profit of 300 billion yen in the next Tenth Management Plan ending in fiscal 2027

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 24 fiscal years, excluding the three fiscal years under the global financial crisis and the COVID-19 pandemic.

In fiscal 2023, the second year of the Ninth Management Plan, we achieved record ordinary profit for the third consecutive year and record profit for the eleventh consecutive year, making steady progress toward achieving the goals for the cumulative three-year period of the medium-term management plan.

In May last year, we announced the "Basic Management Strategy and Medium- to Long-term Outlook for Sustainable Growth" in response to the recovery from the COVID-19 pandemic and the normalization of the economy. A year has passed, and amidst significant changes in the business environment, including social and economic conditions, our mainstay businesses have steadily recovered and improved. The financial results for fiscal 2023 have met our initial targets, and we now expect to surpass 300 billion yen in ordinary profit in the next medium-term management plan.

(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 leasing business exceeded 240 billion yen in fiscal 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, 2024, unrealized gains from rental and other investment properties amounted to approximately 3.9 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

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gross floor area of over 700,000 tsubo (one tsubo is roughly 3.3m²), 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.

Considering the above, 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"), 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 the 74th ordinary general meeting of shareholders held in June of the same year, and was renewed upon receiving approval from shareholders at the 77th, the 80th, the 83rd, the 86th and the 89th ordinary general meetings of shareholders.

Last year, there was progress in reviewing the approach to corporate acquisitions at the Ministry of Economy, Trade and Industry, and the Financial Services Agency. In addition, as outlined earlier in the outlook for the Tenth Management Plan and beyond, the scale of our business and profitability directly linked to corporate value have expanded and stabilized. Consequently, we have decided not to renew the defense measures at the next update due 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, 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>

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 Corporate 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.

■ Policy for Constructive Dialogue with Shareholders and Investors

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	FY2021	FY2022	FY2023
Total Greenhouse Gas (GHG) Emissions (Scope 1 + Scope 2 + Scope 3)^{*1}				
Total GHG emissions	t-CO ₂	4,851,091	4,937,287	4,673,439
Scope 1 (Direct emissions)	t-CO ₂	43,847	43,512	45,228
Scope 2 (Indirect emissions from energy use)	t-CO ₂	119,858	123,648	116,878
Scope 3 (Other indirect emissions)	t-CO ₂	4,687,387	4,770,127	4,511,333
1. Purchased goods and services	t-CO ₂	1,129,945	1,067,120	850,987
2. Capital goods	t-CO ₂	289,359	752,311	375,684
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	t-CO ₂	27,809	28,216	30,356
4. Upstream transportation and distribution	t-CO ₂	0	0	0
5. Waste generated in operations	t-CO ₂	23,757	20,476	20,015
6. Business travel	t-CO ₂	1,695	1,684	1,677
7. Employee commuting	t-CO ₂	3,211	3,191	3,176
8. Upstream leased assets	t-CO ₂	18,826	19,025	15,950
9. Downstream transportation and distribution	t-CO ₂	106,767	110,894	365,685
10. Processing of sold products	t-CO ₂	0	0	0
11. Use of sold products	t-CO ₂	2,832,169	2,524,966	2,639,572
12. End-of-life treatment of sold products	t-CO ₂	32,923	28,378	31,528
13. Downstream leased assets	t-CO ₂	220,927	213,867	176,702
14. Franchises	t-CO ₂	0	0	0
15. Investments	t-CO ₂	0	0	0
Energy Consumption^{*2}				
Energy consumption	GJ	3,201,463	3,194,602	3,530,034
Covered area	m ²	5,513,815	5,744,209	5,841,814
Energy consumption coefficient	GJ/m ²	0.581	0.556	0.604
Green Building Certification				
Number of certified properties	Properties	27	54	78
Gross floor area of certified properties	m ²	2,630,933	3,176,691	3,899,428
Gross floor area of leasing assets owned by the Company	m ²	4,856,078	5,215,280	5,340,521
Percentage of certified area to total gross floor area	%	54	61	73
Certification acquisition rate for large-scale new buildings	%	100	100	100
Water Withdrawal^{*3}				
Water withdrawal	Thousand L	1,841,173	2,009,446	2,261,490
Covered area	m ²	3,796,918	3,725,121	3,828,446
Water withdrawal coefficient	Thousand L/m ²	0.485	0.539	0.591
Wastewater^{*3}				
Wastewater	Thousand L	1,719,615	1,903,615	2,245,938
Covered area	m ²	3,796,918	3,725,121	3,828,446
Wastewater coefficient	Thousand L/m ²	0.453	0.511	0.587
Waste Discharge and Recycled Waste Volumes^{*4}				
Total waste volume	t	18,549	16,052	18,377
Total recycled waste volume	t	12,458	11,104	12,623

*1 The scope of data collected for calculating GHG emissions encompasses the absolute emissions, both direct and indirect, resulting from the business activities of the Sumitomo Realty Group including all of its domestic subsidiaries, based on the operational control approach under the GHG Protocol. All GHG emissions are calculated using adjusted GHG emission coefficients.

*2 The scope of data collected for calculating energy consumption encompasses all the properties owned, managed, used, by the Sumitomo Realty or leased to it as office, etc.

*3 The scope of data collected for calculating water withdrawal and wastewater encompasses all the office buildings owned and managed by Sumitomo Realty for which report is required under the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy.

*4 The scope of data collected for calculating waste discharge and recycled waste volumes encompasses the leasing assets owned and managed by Sumitomo Realty Group.

Social Indicator	Unit	FY2021	FY2022	FY2023
Employee				
Total number of employees	Persons	13,040	12,957	12,898
Male	Persons	9,042	8,941	8,794
Female	Persons	3,998	4,016	4,104
Percentage of employees who received health checkup	%	100	100	100
Average length of service	Years	8.4	8.4	8.1
Diversity Indicator				
Number of employees who took maternity leave	Persons	161	164	143
Number of employees who took childcare leave	Persons	209	305	237
Number of employees working shorter hours	Persons	256	290	259
Employment rate of persons with disabilities	%	2.38	2.37	2.47
Percentage of female managers	%	4.7	9.1	9.7

External Evaluation and Initiatives

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



* For MSCI, please refer to the disclaimer. <http://info.msci.com/36252/2017-06-27/kj5n9b>
For Morningstar, please refer to the disclaimer on the Company website. <https://www.sumitomo-rd.co.jp/english/evaluation.pdf>

Recognition from external organizations



International initiatives, etc.



Eleven-year Financial Summary

	Million yen										
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
For the Year											
Revenue from operations	780,273	806,835	854,964	925,151	948,402	1,012,198	1,013,513	917,473	939,431	939,905	967,692
Leasing	283,730	289,117	313,340	337,466	353,881	381,764	395,592	398,238	425,082	425,369	444,406
Sales	234,093	264,207	274,761	314,299	311,193	331,752	324,928	263,395	233,788	222,077	241,207
Construction	201,190	188,995	199,115	203,623	209,356	221,693	218,931	188,708	204,362	213,584	205,059
Brokerage	57,211	58,486	61,496	66,714	69,169	71,867	71,199	65,793	73,484	75,107	72,308
Cost of revenue from operations	558,987	579,964	614,191	664,184	664,015	711,050	691,832	629,565	636,988	625,452	635,343
SG&A expenses	60,815	60,976	66,532	72,796	78,750	81,759	87,349	68,664	68,560	73,179	77,682
% of revenue from operations	7.8%	7.6%	7.8%	7.9%	8.3%	8.1%	8.6%	7.5%	7.3%	7.8%	8.0%
Operating income	160,471	165,895	174,241	188,171	205,637	219,389	234,332	219,244	233,883	241,274	254,667
% of revenue from operations	20.6%	20.6%	20.4%	20.3%	21.7%	21.7%	23.1%	23.9%	24.9%	25.7%	26.3%
Ordinary profit* ¹	130,537	139,055	148,424	167,697	186,871	203,227	220,521	209,950	225,115	236,651	253,112
Profit attributable to owners of parent	69,697	80,567	87,798	103,489	119,731	130,103	140,997	141,389	150,452	161,926	177,171
Depreciation and amortization	35,311	33,519	34,574	39,446	41,628	46,313	48,974	57,813	60,645	64,635	73,119
At Year-end											
Total assets	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	6,678,390
Equity* ²	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	2,050,582
Net interest-bearing debt	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	3,857,653
Unrealized gains on investment and rental properties	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	3,994,873
Per Share Amounts (Yen)											
Profit attributable to owners of parent	147.02	169.97	185.23	218.34	252.62	274.51	297.5	298.33	317.45	341.66	373.83
Net assets	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	4,326.69
Cash dividend applicable to the year	20.00	21.00	22.00	24.00	27.00	30.00	35.00	40.00	45.00	52.00	60.00
Key Ratios											
Equity ratio (%)	16.8	18.4	19.0	20.2	21.6	23.4	24.4	26.5	28.1	28.3	30.7
ROE (%)	10.4	10.5	10.2	10.9	11.3	11.2	11.3	10.1	9.6	9.4	9.2
ROA (%)	4.0	3.9	3.9	4.0	4.2	4.5	4.7	4.2	4.3	4.2	4.2
Return on leasing business* ³ (%)	4.7	4.7	4.8	5.3	5.5	5.6	6.0	5.5	5.5	5.4	5.6
Long-term debt ratio (%)	95	97	98	98	98	99	96	96	98	95	97
Fixed-interest rate debt ratio (%)	82	87	94	95	94	96	95	94	96	86	84
ND/E ratio* ⁴ (Times)	3.7	3.5	3.3	3.1	2.9	2.6	2.5	2.2	2.1	2.1	1.9
Interest coverage ratio* ⁵ (Times)	6.1	6.5	7.3	9.0	10.5	11.4	12.8	12.6	13.7	14.6	15.3

*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.

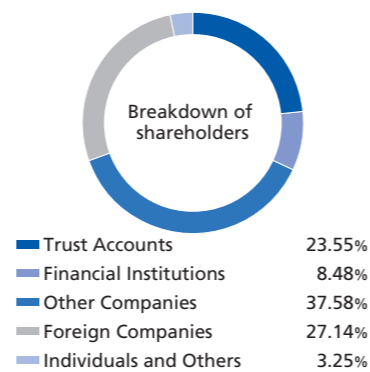
Corporate Data / Investor Information (As of March 31, 2024)

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 12,898 (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: 15,026



Major Consolidated Subsidiaries

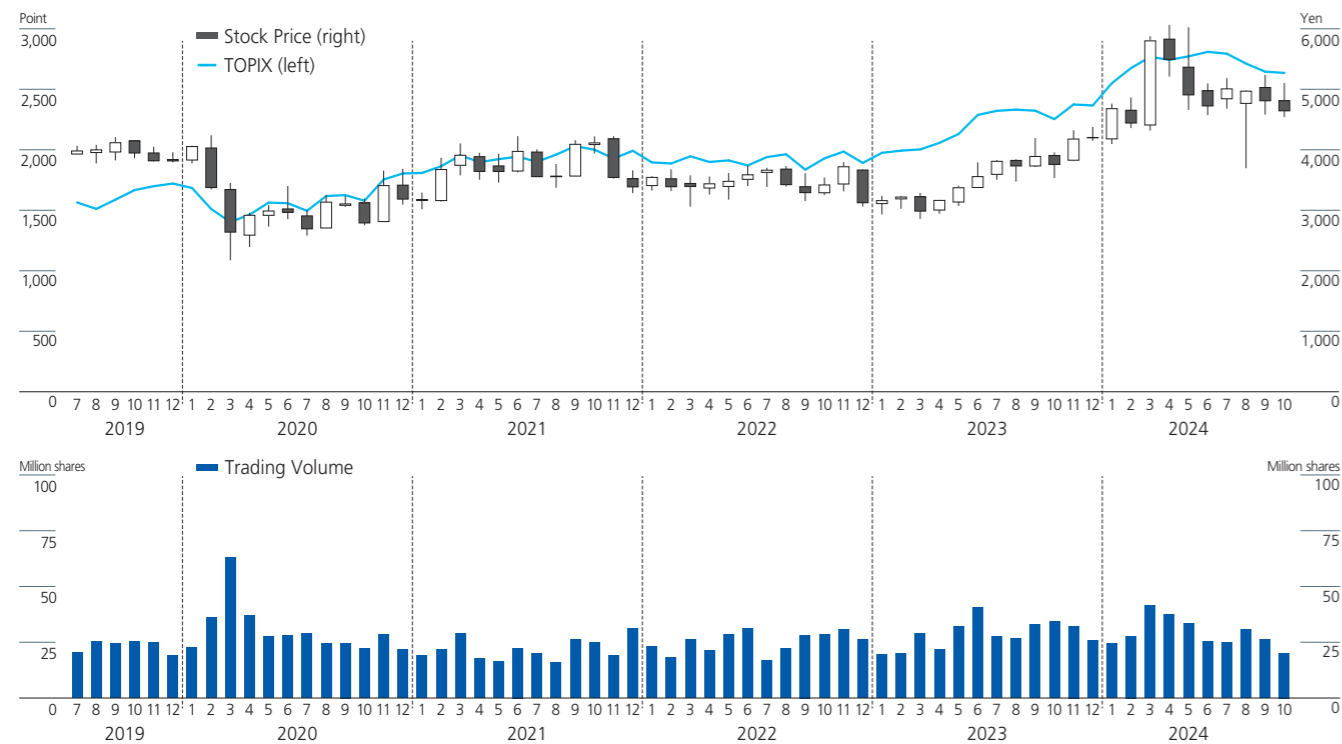
Sumitomo Real Estate Sales Co., Ltd.
 Sumitomo Fudosan Tatemono Service Co., Ltd.
 Sumitomo Fudosan Syscon Co., Ltd.
 Sumitomo Fudosan Villa Fontaine Co., Ltd.
 Sumitomo Fudosan Bellesalle Co., Ltd.
 Sumitomo Fudosan Retail Management Co., Ltd.
 Sumitomo Fudosan Esforta Co., Ltd.

Major Shareholders

Name	Number of shares held (Thousands)	Percentage of shares held
The Master Trust Bank of Japan, Ltd. (Trust account)	61,237	12.92
Custody Bank of Japan, Ltd. (Trust account)	23,304	4.92
Custody Bank of Japan, Ltd. (Trust account 4)	10,944	2.31
Sumitomo Mitsui Banking Corporation	10,000	2.11
Taisei Corporation	9,550	2.02
Daikin Industries, Ltd.	8,367	1.77
SSBTC CLIENT OMNIBUS ACCOUNT	8,188	1.73
Obayashi Corporation	8,090	1.71
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.
 - Opened Osaka Branch.
- 1964** • 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.
 - Completed construction of Shinjuku NS Building in Shinjuku Ward, Tokyo (in September); moved Company headquarters there from Shinjuku Sumitomo Building (in October).
- 1982** • 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.
 - Commenced real estate joint investment trust fund. Launched Sumitomo Realty & Development Fund (SURF) series. * SURF ended its service in October 2019.
- 1999** • The Samquest bond issuance, which was the first public offering of commercial real estate securitization in Japan.
- 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.
- 2008** • Established Sumitomo Fudosan Bellesalle Co., Ltd., a consolidated subsidiary.
 - Opened "Sougou Mansion Gallery" in five locations within the Tokyo metropolitan area (Akihabara, Shinjuku, Shibuya, Ikebukuro, Tamachi). * 12 locations as of March 31, 2024
- 2011** • 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).
 - Completed construction of Tokyo Nihombashi Tower in Chuo Ward, Tokyo.
- 2015** • 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** • Established Sumitomo Fudosan Retail Management Co., Ltd. (the company name changed in January 2020), a consolidated subsidiary.
 - Sumitomo Real Estate Sales Co., Ltd. delisted as it became a wholly owned subsidiary.
- 2019** • Established Goisu Realty Pvt. Ltd. in India.
 - Acquired our first office building site in BKC, a new city center of Mumbai, India.
- 2020** • Completed renovation of Shinjuku Sumitomo Building / Completed "Sankaku Hiroba," an all-weather atrium for various events in Shinjuku Ward, Tokyo.
 - Fully opened Ariake Garden, a large-scale complex in Koto Ward, Tokyo.
- 2021** • 25th anniversary of Shinchiku Sokkurisan remodeling business (in April) - Achieved cumulative total of 150,000 units contracted.
 - 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.
 - Acquired our second office building site in BKC, a new city center of Mumbai, India.
- Fully opened Haneda Airport Garden in Ota Ward, Tokyo, a mixed-use complex directly connecting to the Haneda Airport.
- 2023** • Completed construction of Sumitomo Fudosan Tokyo Mita Garden Tower in Minato Ward, Tokyo.
 - Acquired a site for a large-scale mixed-use development with gross floor area of over one million sqm in Worli, in the heart of Mumbai, India.

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

Shinjuku NS Building, 4-1, Nishi-shinjuku 2-chome,
Shinjuku-ku, Tokyo 163-0820, Japan
<https://www.sumitomo-rd.co.jp/english/>

