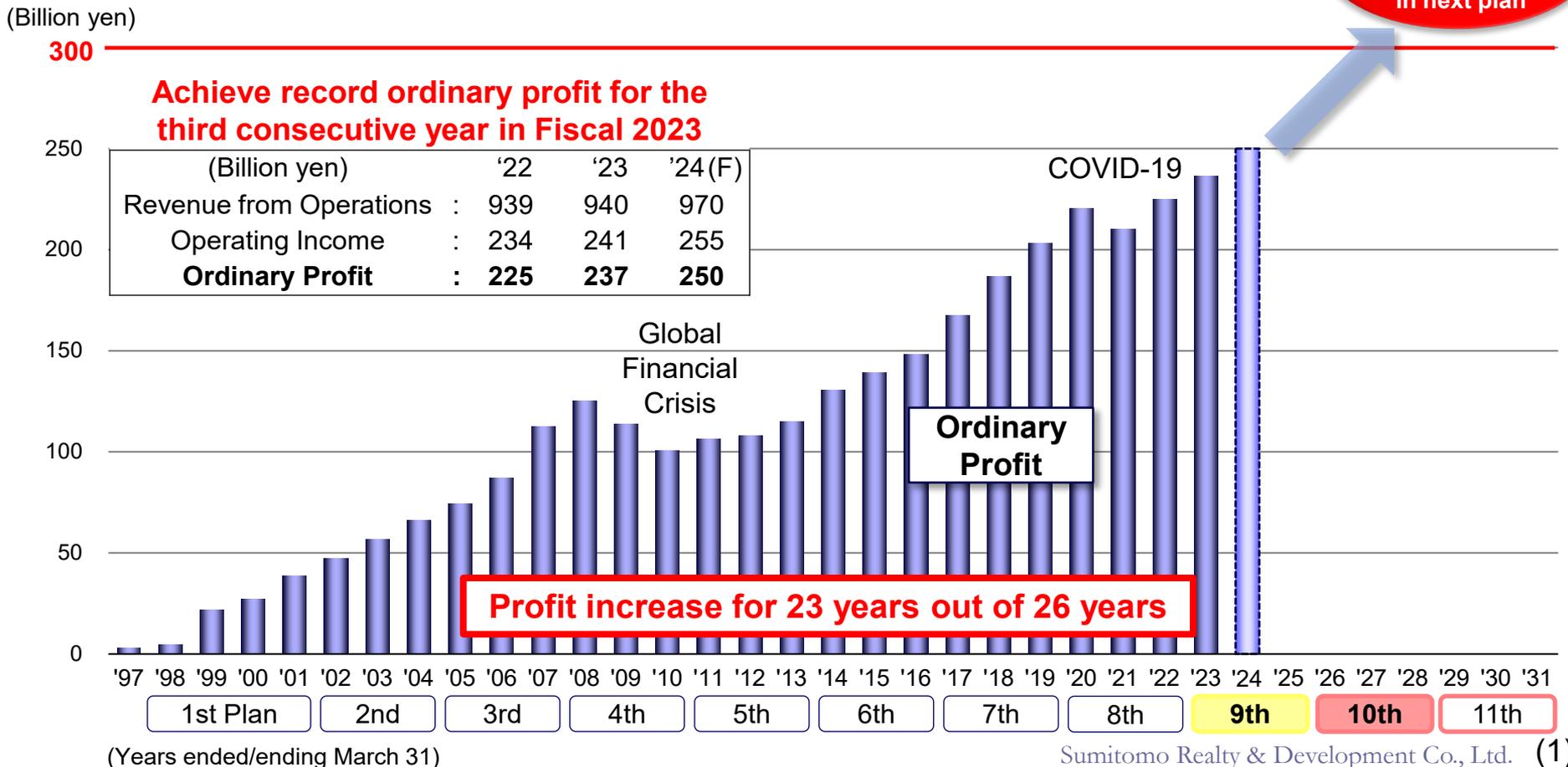


Earnings Targets

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

- ✓ For Fiscal 2023, aiming at record-high ordinary profit for the third consecutive year and record-high profit attributable to owners of parent for the eleventh consecutive year
- ✓ Medium- to long-term outlook is expected to be achievable earlier than forecast set out in the Ninth Management Plan (announced in May 2022)

Surpassing
¥300 billion
in next plan



Earnings Targets

(2) Growth strategy by segment

Aiming to “surpass ¥300.0 billion in ordinary profit” with the comprehensive strengths of the Group as a whole, while continuing to position office building leasing business in Tokyo as our solid foundation

*1 tsubo ≈ 3.3m²

Leasing

For office buildings, by steadily capturing the needs for increasing floor space which is becoming apparent as economic activity normalizes, maintain and improve the profitability of existing buildings and continue on the trajectory of long-term profit growth through operation of new buildings to be completed with gross floor area of over 700,000 tsubo*

- The “La Tour” premium leasing residences series has grown to a scale of 4,000 units. Continue to improve our brand value and further extend our strong performance
- In the hotel and event hall business, strive to restore the profitability to the pre-COVID-19 levels during the current fiscal year, and aim for further growth in the next medium-term management plan and beyond with the contribution to earnings from the full-scale operation of Haneda Airport Garden with the flagship hotels

Sales

Maintain our policy of focusing on profit with controlling the pace of sales, rather than chasing volume of units or sales, and maintain the high level of profit scale that we have achieved in previous medium-term management plans

- More than 90% of the 3,000 units planned to be delivered in the current fiscal year were already sold, and sales activities including those for the next fiscal year and beyond are making steady progress
- Although rising construction costs continuously needs to be addressed, we have already secured the necessary amount of land for condominiums to be delivered by the next medium-term management plan
- Promote development that contributes to decarbonization with the adoption of the “ZEH-M Oriented” as the standard specifications for all condominiums we design from the Ninth Management Plan

Construction

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

- In Japan, 90% of the over 50.0 million existing houses do not meet the latest energy-saving standards, posing a major challenge for decarbonization
- > In “Shinchiku Sokkurisan” remodeling, the percentage of orders for “high-insulation remodeling” has reached 30% at present (target of 20% for the Ninth Management Plan)
- In custom homes, launched the sale of “SUMICA” in 2022 with the latest ZEH (Zero Energy House) specifications as standard; it combines the solar power generation service “SUMIFU × ENEKARI” and high thermal insulation specifications, and the ZEH ratio reached 80% (target of 60% for the Ninth Management Plan)

Brokerage “STEP”

While the supply of new housing is on the decline, the existing housing market, which is being revitalized by an increase in high-quality stock, is expected to grow, and we will strive to expand our market share by strengthening Group collaboration and further pursuing customer-oriented services

- Focus on spreading “STEP” brand, while operating Mansion Plaza brokerage offices nationwide which exclusively handle high-class condominiums
- STEP Auctions offering fairer and more transparent transactions has been well-accepted by many sellers
- Promote efficiency by paperless operations and digital transformation (DX), including the discontinuation of distributing insert flyers and sending direct mail (DM) in consideration of protecting personal information

Earnings Targets

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

- ✓ Continue the conservative financing policy with a higher ratio of fixed interest rates focusing on long-term debt, and strive to minimize the impact of rising interest rates in the future

Conservative finance focusing on long-term debt

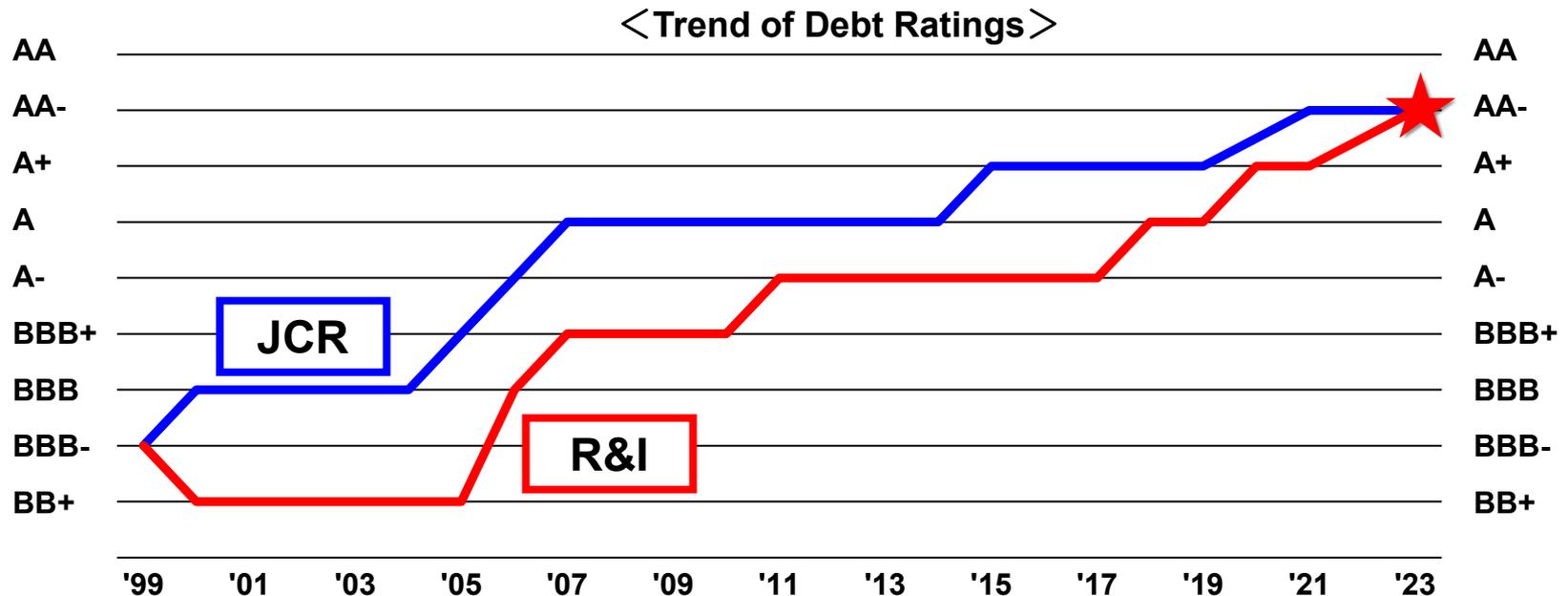
Fixed interest rate ratio of interest-bearing debt
Over 80%

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

Ensuring financial soundness and stability

Shareholders' equity ratio
28%

Debt ratings by JCR and R&I
AA-



* Year ended March 31

Earnings Targets

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

- ✓ Target of ordinary profit exceeding ¥300.0 billion in the next medium-term management plan incorporates the assumption of a 0.5% rise in market interest rates
- ✓ Annual refinancing amount is ¥300 to ¥400 billion, approx. 10% of total interest-bearing debt of 3.9 trillion yen, and if the market interest rates were to rise by 0.5%, the increase in interest payments would be about ¥2.0 billion each year



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

Rising interest rates simulation (next 5 years)

(Billion yen)

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

*Long-term debt and bonds

*Interest-bearing debt as ¥3.9 trillion as of March 31, 2023

Profit Distribution Policy

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

Salary Increase

✓ Salary increase based on ability and performance

- ▶ Highly diverse workforce with career hires accounting for 90%
- ▶ Evaluate solely on ability (job responsibilities) and performance in each of the job categories, and implement pay raises that are commensurate with the growth of individual employees



Lump-sum payment 1: Special allowance

✓ A special allowance as a daily living support (uniformly ¥100,000)

- ▶ Taking into consideration the rapid rise in prices, especially for utilities, for all 10,000 Group employees



Lump-sum payment 2: Renewing record profit

✓ Lump-sum payment at the end of the fiscal year in conjunction with the renewal of record profit (uniformly ¥100,000)

- ▶ Given to all Group employees, instead of only to those at Sumitomo Realty & Development as in the past, to share the joy of the good performance with the entire Group

Fiscal 2022

Wage increase rate of 7%

*Including two lump-sum payments for a total of ¥2.3 billion

Continue to make human capital investments in our employees as the driving force of our sustainable growth

Profit Distribution Policy

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

- ✓ Increased the pace of dividend increase from ¥5 to ¥7 per share per year as the outlook has improved (announced in November 2022)
- ✓ Raise it to “¥100 per share per year” within seven years, doubling the current ¥52
- ✓ In Fiscal 2023, plan to increase the dividend for the 10th consecutive year to ¥59 per share

March 2023 **Double** Within 7 years **¥100 dividend** Dividends (yen)

¥52

Double

Within 7 years
¥100 dividend

Dividends (yen)

100

90

75

60

45

30

15

0

30

45

60

75

90

100

115

130

145

160

175

190

205

220

235

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265

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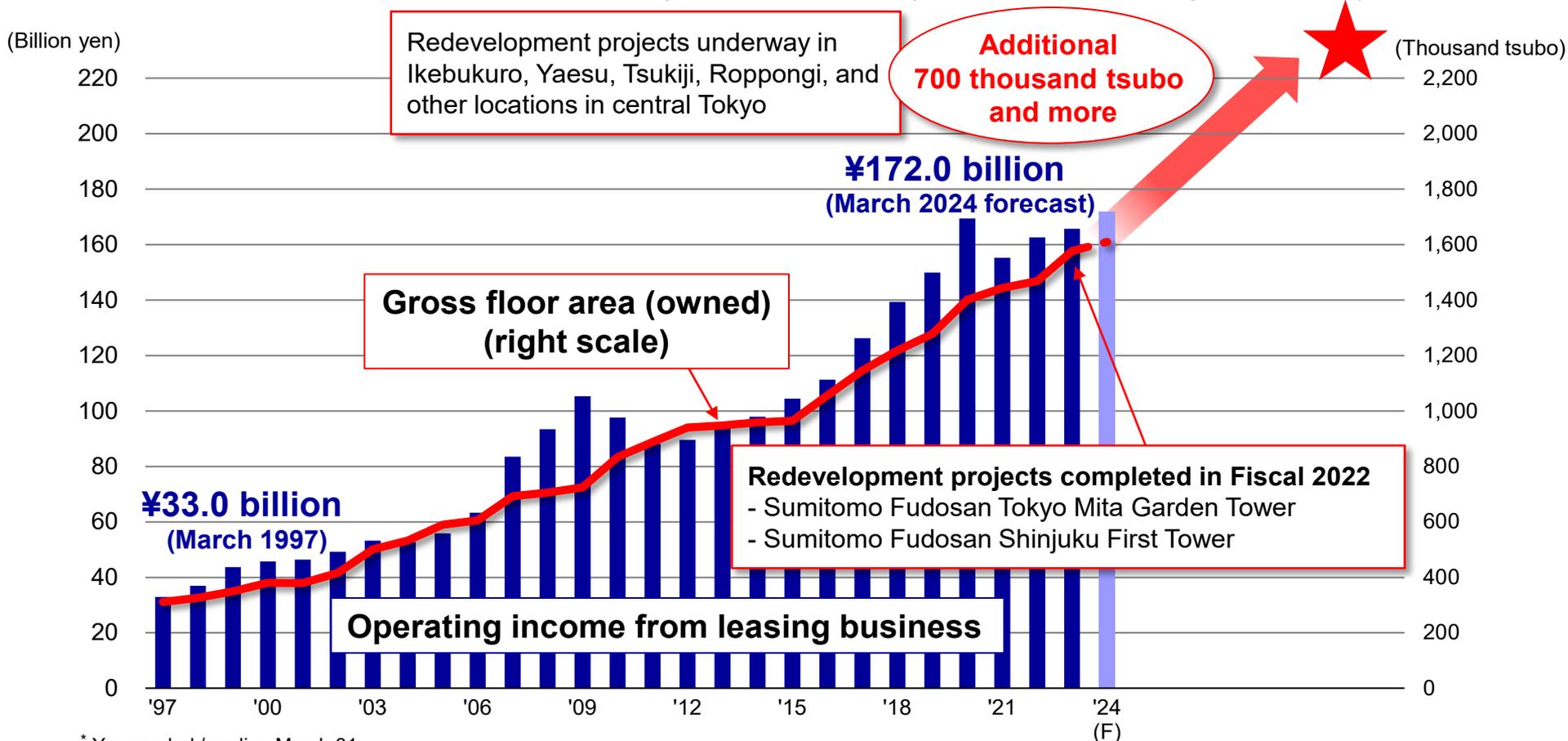
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Investments for Growth

(1) Steady progress in investment in leasing office assets with gross floor area of over 700,000 tsubo* in central Tokyo, mainly comprising redevelopment *1 tsubo ≈ 3.3m²

- ✓ Strive to further expand our earnings base and increase corporate value by completing and putting the development projects into operation with gross floor area of over 700,000 tsubo
- ✓ Maintain our policy of taking advantage of opportunities that arise for new properties (securing ¥300.0 billion for investments in new projects for the three years of Ninth Management Plan)



* Year ended / ending March 31

Investments for Growth

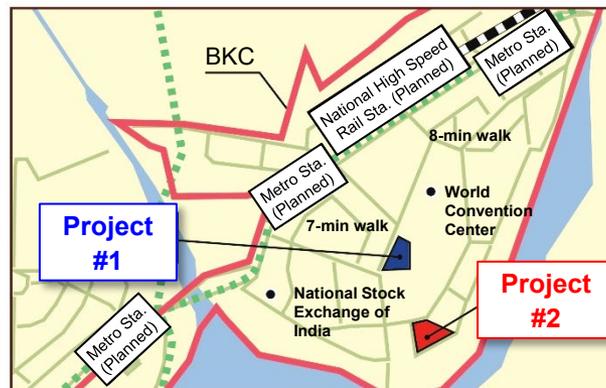
(2) Investment of ¥500.0 billion in India, aiming to increase profits by ¥30.0 billion

- ✓ Developing two office buildings in Bandra Kurla Complex (BKC), which is the new city center of Mumbai, the largest economic city of India
- ✓ In the next medium-term management plan, aim to surpass ¥300.0 billion in domestic ordinary profit, and generate 10% of that amount, or ¥30.0 billion, from overseas business

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

- Make full-fledged overseas expansion in India with our “Tokyo office building leasing business” model
- Aim for higher investment efficiency than in Tokyo, considering overseas risk premiums such as interest rates and exchange rates
- Aim to complete construction of both properties during the next medium-term management plan

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



Governance

(1) Ensuring diversity of the Board of Directors

- ✓ The number of Outside Directors will be increased from the current two to three, accounting for one-third of the Board of Directors
- ✓ Appointing one female Director, resulting in a total of two female officers for one Director and one Corporate Auditor

(Planned to be effective from June 29, 2023)

Number of Directors:	Current	New
Inside	7	6
Outside	2	3
(of which, female)	(0)	(1)

Number of Corporate Auditors:	Current	New
Inside	2	2
Outside	2	2
(of which, female)	(1)	(1)

List of New Directors and Corporate Auditors

Directors			
Kenichi Onodera	Director - Chairman of the Board		Male
Kojun Nishima	Representative Director - President		Male
Masato Kobayashi	Representative Director - Deputy President		Male
Yoshiyuki Odai	Representative Director - Deputy President		Male
Hiroshi Kato	Director - Senior Managing Executive Officer		Male
Hisatoshi Katayama	Director - Senior Managing Executive Officer		Male
Yozo Izuhara	Outside Director	Outside Independent	Male
Nobumasa Kemori	Outside Director	Outside Independent	Male
Chiyo Terada	Outside Director	Outside Independent	Female

Corporate Auditors			
Yoshifumi Nakamura	Full-time Corporate Auditor		Male
Toshikazu Tanaka	Full-time Corporate Auditor		Male
Takashi Sakai	Outside Corporate Auditor	Outside Independent	Male
Naoko Hasegawa	Outside Corporate Auditor	Outside Independent	Female

Governance

(2) Considering abolishing “advance warning takeover defense measures against malicious takeover action”

- ✓ In light of trends in the review of corporate takeover rules by the Ministry of Economy, Trade and Industry and the Financial Services Agency, consider abolishing the “advance warning takeover defense measures against malicious takeover action” that we have introduced

“Problems in the legal system” that necessitate our takeover defense measures

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



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

Discussions on ensuring the fairness and transparency of acquisition procedures

METI: Reviewing the guidelines for takeovers at the “Fair Acquisition Study Group”

FSA: Reviewing the tender offer system and considering to tighten the large shareholding reporting rule



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

Governance

(3) Progress in reducing strategic shareholdings

- ✓ In Fiscal 2022, sold issues with book value of approximately ¥7.0 billion, and the ratio of the book value of shares to shareholders' equity declined to 16.6%
- ✓ Continuously, proceed to sell shares that are deemed to have lost their significance to continue holding

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

Capital Efficiency

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

- ✓ In Fiscal 2022, ROE was 9.4%, achieving high capital efficiency on par with the preceding year
- ✓ The shareholders' equity ratio has improved every year, and R&I upgraded our credit rating to AA- in February 2023



Maintain ROE that exceeds the cost of capital, while balancing financial stability with enhanced profitability

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

* Year ended March 31