

Supplementary Material

Second Quarter of Fiscal 2024
(April 1, 2024 - September 30, 2024)



Sumitomo Realty & Development Co., Ltd.

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Overview of “Proactive Revision of Management Strategy for Sustainable Growth” (Released in May 2024)

Earnings	<ul style="list-style-type: none"> ✓ Expecting to achieve an ordinary profit of ¥300 billion in the Tenth Plan ✓ Securing earnings base aimed at an even higher milestone of ¥400 billion (Projects in Roppongi 5-chome and Worli)
Dividend	<ul style="list-style-type: none"> ✓ Accelerating the pace of the annual increase in our progressive dividend from ¥7 to ¥10 per share ✓ An annual dividend of ¥100 per share for fiscal 2027 (doubling from ¥52 per share in fiscal 2022)
Strategic Shareholdings	<ul style="list-style-type: none"> ✓ Reducing the ratio of book value to shareholders' equity to 10% or less by the end of fiscal 2027
Takeover Defense Measures	<ul style="list-style-type: none"> ✓ Not renewing our takeover defense measures in June 2025, considering the progress in “review of corporate takeover rules” and recognizing that the scale of our business and profitability have expanded and stabilized
Human Capital	<ul style="list-style-type: none"> ✓ Continuing active investments in human capital to enhance productivity, including in digital transformation (DX) and education
Financing	<ul style="list-style-type: none"> ✓ Doubling the quota for green financing to ¥2 trillion
Office Building Leasing Business in Tokyo	Explanation on the fact that office building leasing business in central Tokyo has generated stable profits over the long term, and retaining those properties is also advantageous in terms of investment efficiency

Overview of “Steadily Advancing the Management Strategy for Sustainable Growth” (Released in November)

1. Strategy for utilizing operational assets including buildings for lease

By continually and objectively evaluating our operational assets, we will flexibly explore the best ways to utilize them for sustainable growth, including whether to retain or replace these assets.

2. Strategy for leveraging listed stocks we hold

In order to ensure sustainable growth, we will leverage the unrealized gains from shares for diverse ways such as financing for business structural reforms, additional investments in human capital, and preparation for rising interest rates.

3. Strengthening business in the existing housing market

- (1) Integrating Shinchiku Sokkurisan Remodeling Business and Custom Homes Business into a new subsidiary as a spin-off
- (2) Changing the company name of Sumitomo Real Estate Sales Co., Ltd. to Sumitomo Fudosan Step Co., Ltd. and strengthening the customer-oriented real estate brokerage business

1. Strategy for utilizing operational assets including buildings for lease

The investment yield of our operational buildings has reached 7.3%, resulting in substantial unrealized gains

- ✓ Focusing our investments on development in central Tokyo and creating added value
- ✓ Combined with the recent decline in transaction yields, our dedication has resulted in substantial unrealized gains

◆ Comparison of the investment yields for office buildings within Tokyo's 23 wards

(As of March 31, 2024)

Sumitomo Realty's operational buildings	7.34%
JREIT average	3.17%

◆ Composition of leasing and other real estate properties held

(As of March 31, 2024)

	Fair value	Book value	Unrealized gain
Operational buildings	¥7.4 trillion	¥3.5 trillion	¥3.9 trillion
Others	¥1.0 trillion	¥0.9 trillion	¥0.1 trillion
Total	¥8.4 trillion	¥4.4 trillion	¥4.0 trillion

1. Strategy for utilizing operational assets including buildings for lease

Going forward, by continually and objectively evaluating our operational assets, which are expected to steadily increase both domestically and internationally, we will flexibly explore the best ways to utilize them for sustainable growth, including whether to retain or replace these assets

- ✓ Regarding asset replacement, without limiting our scope to simple sales, we will consider factors such as the rarity of location and scale of properties, and the profitability
- ✓ We will flexibly explore the most effective ways to utilize assets, including further redevelopment of already redeveloped sites with scale expansion, exchanging assets or engaging in mutual sales to acquire development sites, and selling after rebuilding with a change in the buildings' purpose

Current operational assets

A gross floor area of 1.6 million tsubo (As of March 31, 2024)

*1 tsubo ≈ 3.3 sqm

Tokyo

600,000 tsubo

Projects in Roppongi 5-chome,
Yaesu, Tsukiji (Ginza East),
Roppongi 3-chome, Ikebukuro, Iidabashi

Mumbai, India

400,000 tsubo

Projects in BKC (2 projects), Worli

Enabling us to implement asset replacement without hindering our growth

Aiming at both **improved asset efficiency** and **sustainable growth**

1. Strategy for utilizing operational assets including buildings for lease

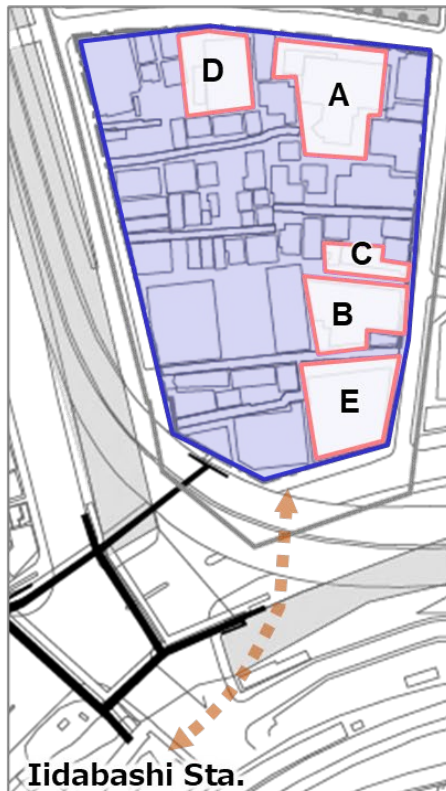
Examples of buildings with retained ownership following value enhancement

- (1) An example of further integrated redevelopment of five existing buildings in collaboration with the local community

Koraku 2-chome South Redevelopment *Provisional name

Redevelopment under the Renewal Act

Location: Bunkyo ward, Tokyo



A.
Sumitomo
Fudosan
Iidabashi Bldg.



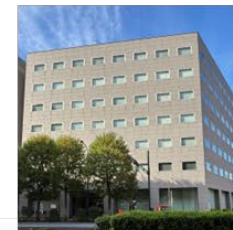
B.
Sumitomo
Fudosan
Iidabashi Bldg.
No.2



C.
Sumitomo
Fudosan
Iidabashi Bldg.
No.2 Wing



D.
Sumitomo
Fudosan
Iidabashi Bldg.
No.4



E.
Sumitomo Fudosan
Iidabashi Bldg.
No.5

Total GFA (owned) of five buildings: 8,780 tsubo



GFA (total area): approx. 83,800 tsubo

*1 tsubo ≈ 3.3 sqm

(Source: Redevelopment Preparation Association documents)

Sumitomo Realty & Development Co., Ltd.

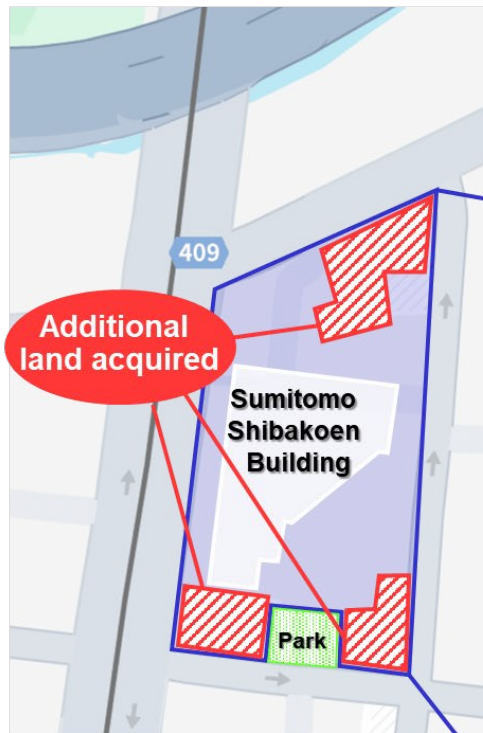
1. Strategy for utilizing operational assets including buildings for lease

Examples of buildings with retained ownership following value enhancement

(2) An example of further redevelopment of already redeveloped sites through the acquisition of nearby lands

Sumitomo Fudosan Shibakoen Project *Provisional name

Location: Minato ward, Tokyo



Sumitomo Shibakoen Building

Completion: 1986

GFA (owned): 6,355 tsubo



Further redevelopment of an already redeveloped site through the acquisition of nearby lands



Sumitomo Fudosan Shibakoen Project

*Provisional name

Expected completion: 2025

GFA (owned): 12,000 tsubo

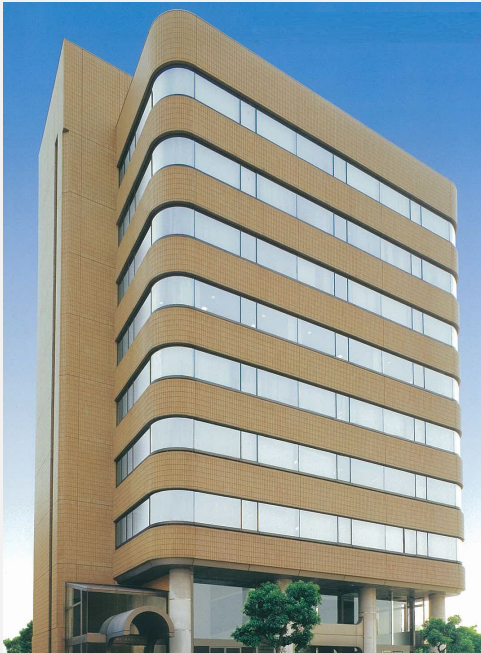
*1 tsubo \approx 3.3 sqm

1. Strategy for utilizing operational assets including buildings for lease

Examples of office buildings converted/rebuilt to condominiums and sold

(Before)

**Sumitomo Fudosan
Higashi-shinagawa Building**



Location : Shinagawa ward, Tokyo
Completion : 1991
GFA : 1,293 tsubo *1 tsubo ≈ 3.3 sqm

(After)

City House Shinagawa South



Completion : 2020
Total No. of units : 66 units
No. of floor : 18 above ground

1. Strategy for utilizing operational assets including buildings for lease

Examples of office buildings converted/rebuilt to condominiums and sold

(After)

(Before)

Sumitomo Gaien Building



Location : Shinjuku ward, Tokyo
Completion : 1987
GFA : 1,449 tsubo *1 tsubo ≈ 3.3 sqm

Central Residence Gaien Nishi-dori



Completion : 2014
Total No. of units : 60 units
No. of floor : 10 above ground

2. Strategy for leveraging listed stocks we hold

Periodically reviewing the significance of our held stocks, and actively leveraging unrealized gains from stocks whose significance for holding has diminished to strengthen our sustainable growth

- ✓ Anticipating the unrealized gains on the sellable stocks to amount to approximately ¥100 billion by the end of the upcoming Tenth Medium-term Management Plan

Viewing this as a resource that can also be leveraged to support the continuation and enhancement of our progressive dividend policy

Strategy for leveraging gains from the sale of stocks

(1) Funds for growth investment

We allocate these funds to investments necessary for ensuring our sustainable growth, such as digital transformation and proactive investments in human capital.

(2) Offsetting of extraordinary losses

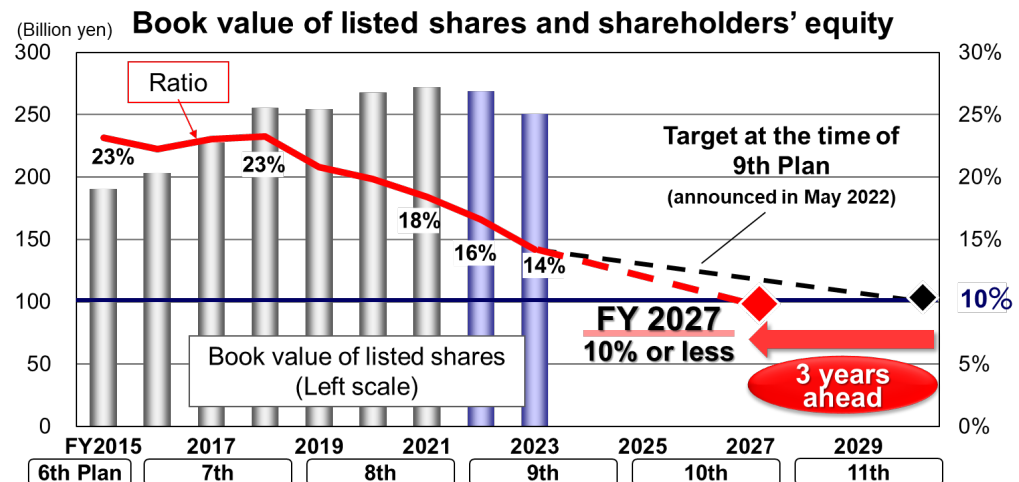
We offset extraordinary losses, such as losses due to demolition and disposals, with gains from the sale of stocks so that the increase in ordinary profit contributes directly to an increase in net income.

(3) Preparation for rising interest rates

We offset non-operating losses as well by applying gains from stock sales. As a result, the impact of interest rate increases on our performance will be neutralized, allowing the increase in operating income to directly contribute to an increase in net income.

(As of September 30, 2024)

	Number of stocks	Book value	Fair value
Stocks held for pure investment purposes	3	¥13.3 billion	¥44.5 billion
Stocks held for specific investment purposes	205	¥250.8 billion	¥597.0 billion
Total	208	¥264.2 billion	¥641.5 billion

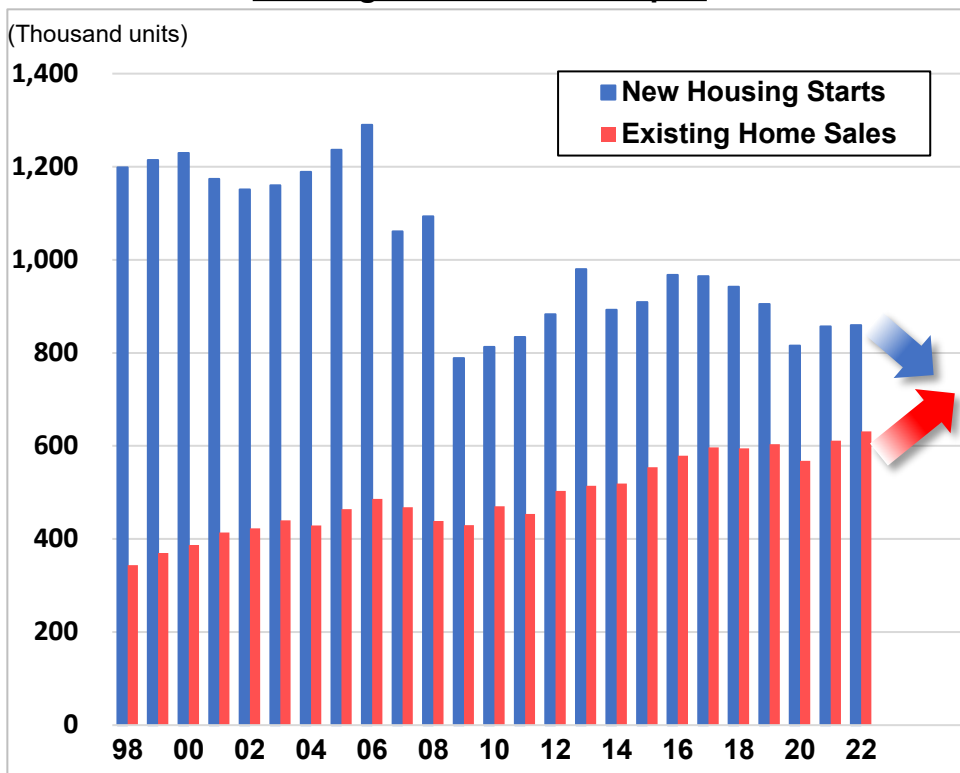


3. Strengthening business in the existing housing market (a new group management structure)

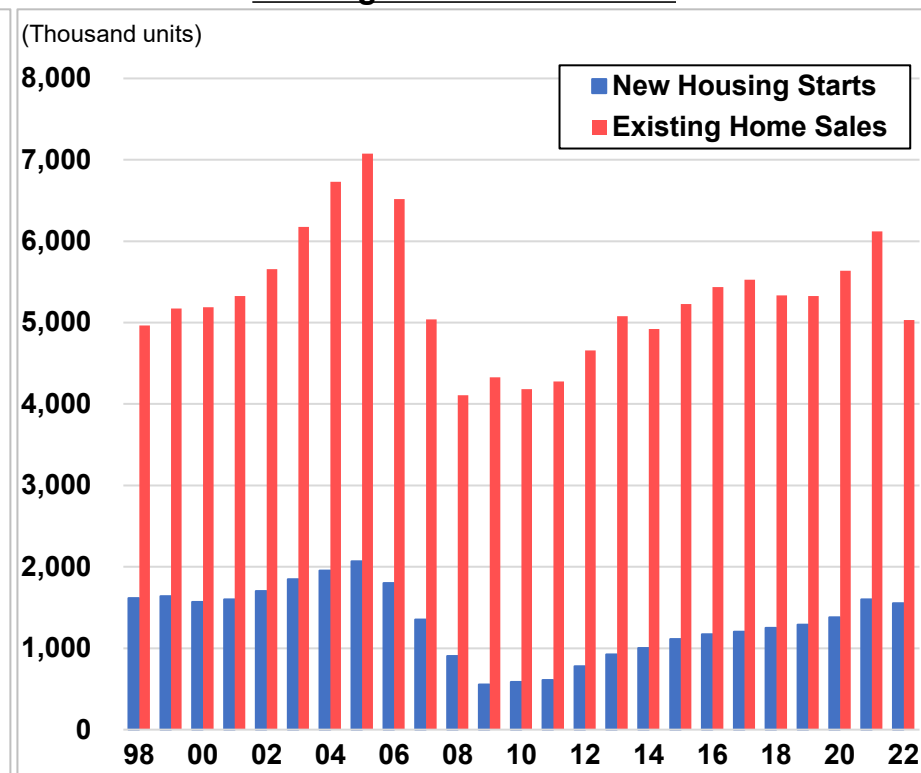
The number of brokerage transactions of existing houses on the rise

- ✓ In recent years, the quality of houses in Japan has improved in areas such as earthquake resistance and thermal insulation, leading to a longer lifespan
 - As a result, with proper renovations, they can be used for extended periods
- ✓ From the perspective of reducing environmental impact, it has become an era where society as a whole should promote this trend

Trends in the Number of New Housing Starts and Existing Home Sales in Japan



Trends in the Number of New Housing Starts and Existing Home Sales in U.S.



Sources: Japan (left) Ministry of Land, Infrastructure, Transport and Tourism, "Housing Starts Statistics" (New housing starts), and the Association of Real Estate Agents of Japan, "Estimated Trading Volume of Existing Houses in the Market by Region" (Existing home sales)
 U.S. (right) U.S. Census Bureau, "New Residential Construction" (New housing starts), and National Association of REALTORS, "Existing Home Sales" (Existing home sales)

3. Strengthening business in the existing housing market (a new group management structure)

(1) Establishment of Sumitomo Fudosan Housing Co., Ltd. and business transfer

- ✓ We will establish a new wholly-owned subsidiary, Sumitomo Fudosan Housing Co., Ltd.
- ✓ On April 1, 2025, we will transfer and integrate both Shinchiku Sokkurisan Remodeling Business and Custom Homes Business into this subsidiary

Action Plans

- a. Aiming to achieve a 50% increase in sales to ¥300 billion at an early stage by deepening business integration
 - Operating on a scale of conducting 10,000 constructions annually for new constructions and renovations, we strive for significant growth by expanding business opportunities and deepening the integration of our operations, including the standardization of items between these two businesses such as residential equipment, materials, designs, and logistics.
- b. Standardizing the construction system between the two businesses and promote co-prosperity with each business partner
 - We plan to re-establish a shared foundation for construction standards and work procedures, and widely conduct training and share them with our partners.
 - We will mutually share construction capabilities between these two businesses and prevent fluctuations in our partners' work volume, aiming for co-prosperity and coexistence with our partners.
- c. Strengthening our human capital framework by creating a flexible personnel system and increasing human capital investment
 - We will pivot and diversify our workforce by incorporating new graduates and transform the segment into an independent company that can flexibly develop its personnel systems, with the aim of strengthening the human capital framework and expanding the business operations.

**By sharing expertise and improving productivity,
we explore approaches unique to the stock era**

3. Strengthening business in the existing housing market (a new group management structure)

(2) Changing the company name of Sumitomo Real Estate Sales Co., Ltd. to Sumitomo Fudosan Step Co., Ltd.

- ✓ As the company has transitioned from selling Sumitomo Realty's condominiums to specializing in real estate brokerage, its current name no longer accurately reflects its business
- ✓ As we celebrate the company's 50th anniversary next year, we decided to change the company name as of April 1, 2025, reflecting our desire to "aim to be a company that helps our customers step up their lives through fair and transparent real estate transactions"

Initiatives currently being implemented

- a. Making a complete transition from analog to digital advertising
 - Terminated direct mail operations, and aim to enhance customer acquisition efficiency by strengthening web advertising
- b. Introducing a transparent system "STEP Auctions"
 - An integrated bidding system that allows customers to see offers from real estate brokers
- c. Promoting thorough visualization of business operation through digital transformation
 - Create a robust framework that leaves no room for doubt, ensuring that customer interests are safeguarded from harmful practices where real estate agents restrict property information sharing for their own benefit
- d. Reforming the HR and compensation systems
- e. Reorganizing the brokerage office network

Strengthening of a customer-oriented real estate brokerage business

Progress of the Ninth Management Plan (Apr 1, 2022 – Mar 31, 2025)

Expecting to achieve a record high for both revenue and profit

(Billion yen)

	8th Plan (Three-year cumulative totals)				9th Plan (Three-year cumulative totals)	Vs. 8th Plan	9th Plan Targets ^{*1} (Cumulative totals)
		FY '22 (Results)	FY '23 (Results)	FY '24 (Forecasts)			
Revenue from Operations	2,870	940	968	1,000	2,908	+37	3,000
Operating Income	687	241	255	267	763	+75	770
Ordinary Profit	656	237	253	265	755	+99	750
Profit	433	162	177	190	529	+96	500

«Reference» Results of the Past Management Plans

(Billion yen)

	1st Plan ^{*2} (Three-year cumulative totals) FY1998-2000	2nd Plan FY2001-2003	3rd Plan FY2004-2006	4th Plan FY2007-2009	5th Plan FY2010-2012	6th Plan FY2013-2015	7th Plan FY2016-2018	8th Plan FY2019-2021
Revenue from Operations	1,270	1,606	1,939	2,107	2,170	2,442	2,886	2,870
Operating Income	202	265	349	435	437	501	613	687
Ordinary Profit	87	170	274	339	329	418	558	656
Profit	8	34	98	162	164	238	353	433

*1. Announced on May 12, 2022.

*2. The 1st plan began in the March1998 fiscal year and spanned four years. Figures shown represent cumulative totals for the final three years of the plan.

Progress of the Ninth Management Plan by Segment

(Billion yen)

(Three-year cumulative totals)		8th Plan Results	9th Plan Forecasts ^{*1}	Increase/Decrease	9th Plan Targets ^{*2}	Increase/Decrease
	Leasing	1,219	1,335	+116	1,300	+35
	Sales	822	703	(119)	750	(47)
	Construction	612	634	+22	700	(66)
	Brokerage	210	222	+12	250	(28)
Revenue from Operations		2,870	2,908	+37	3,000	(92)
	Leasing	487	529	+42	520	+9
	Sales	151	169	+18	150	+19
	Construction	55	65	+11	75	(10)
	Brokerage	44	61	+17	68	(7)
Operating Income		687	763	+75	770	(7)
Ordinary Profit		656	755	+99	750	+5
Profit		433	529	+96	500	+29

*1. Cumulative total of FY2022 (Results), FY 2023 (Results) and FY2024 (Forecast)

*2. Announced on May 12, 2022

Results for the Second Quarter of Fiscal 2024 (Apr 1 – Sep 30, 2024)

(Billion yen)

		Sep '23 Results	Sep '24 Results	Increase/ Decrease	FY '24 Forecasts	Achieved
	Leasing	220	231	+11	465	50%
	Sales	171	199	+28	240	83%
	Construction	75	71	(5)	215	33%
	Brokerage	37	36	(1)	75	48%
Revenue from Operations		505	540	+34	1,000	54%
	Leasing	89	95	+6	187	51%
	Sales	56	60	+4	55	109%
	Construction	4	2	(2)	23	8%
	Brokerage	11	9	(1)	22	42%
Operating Income		150	156	+6	267	58%
	Other income (expenses)	(0)	0	+0	(2)	-
Ordinary Profit		150	156	+7	265	59%
Profit Attributable to Owners of Parent		106	109	+4	190	58%

Forecasts for Fiscal 2024 (Apr 1, 2024 – Mar 31, 2025)

(Billion yen)

		FY '22 Results	FY '23 Results	FY '24 Forecasts	Increase/ Decrease
	Leasing	425	444	465	+21
	Sales	222	241	240	(1)
	Construction	214	205	215	+10
	Brokerage	75	72	75	+3
Revenue from Operations		940	968	1,000	+32
	Leasing	166	177	187	+10
	Sales	54	60	55	(5)
	Construction	21	21	23	+2
	Brokerage	20	19	22	+3
Operating Income		241	255	267	+12
	Other income (expenses)	(5)	(2)	(2)	(0)
Ordinary Profit		237	253	265	+12
Profit Attributable to Owners of Parent		162	177	190	+13

Principal New Office Building Projects

Project Name	Location (Tokyo)	Gross Floor Area (Tsubo* ¹)	Completion (Expected)
Sumitomo Fudosan Nakano Ekimae Building	Nakano Ward	26,200	Completed in Feb 2024
Sumitomo Fudosan Shinjuku Minamiguchi Building	Shibuya Ward	7,200	Completed in Mar 2024
Sumitomo Fudosan Akihabara Higashi Building	Taito Ward	3,000	Completed in Mar 2024
Sumitomo Fudosan Roppongi Central Tower	Minato Ward	9,700	Jan 2025
Sumitomo Fudosan Osaki Twin Building West	Shinagawa Ward	8,800	Apr 2025
Sumitomo Fudosan Shibakoen Project	Minato Ward	12,000	Aug 2025
Ikebukuro Higashiguchi Project	Toshima Ward	47,300	*2 During or after 10th Plan (under development)
Yaesu 2-chome Central Project	Chuo Ward	117,500	*2 Same as above
Yaesu 2-chome South Project	Chuo Ward	39,900	*2 Same as above
Iidabashi Ekimae Project	Chiyoda Ward	14,100	*2 Same as above
Roppongi 5-chome West Project	Minato Ward	327,000	*2 Same as above

*1. 1 tsubo ≈ 3.3 sqm

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

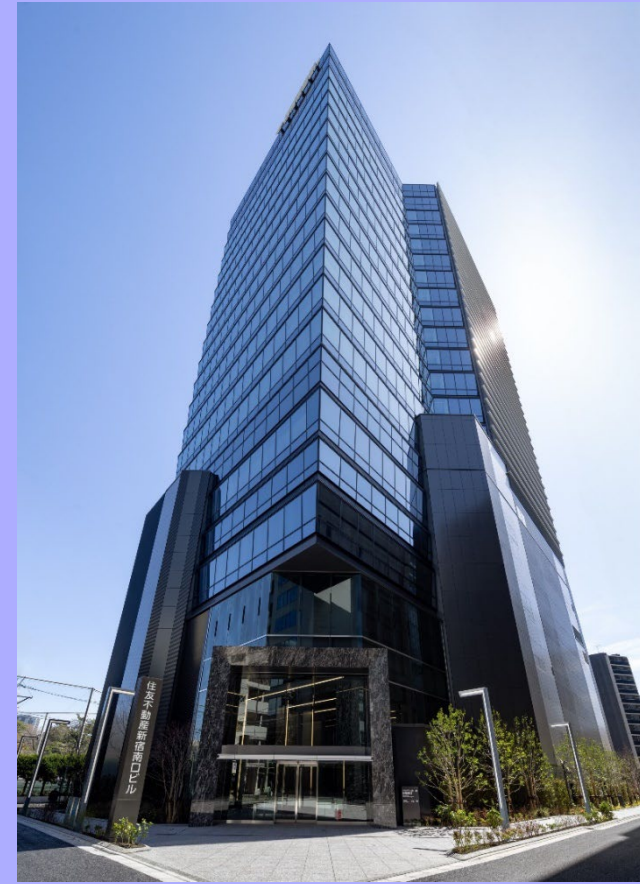
Principal New Office Building Projects

*1 tsubo \approx 3.3 sqm



**Sumitomo Fudosan Nakano Ekimae Building
(Nakano 2-chome Project)**

Location	Nakano Ward, Tokyo	Gross Floor Area	26,200 tsubo
Completion	Feb 2024	No. of Floor	20 above ground/ 2 below ground



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

Location	Shibuya Ward, Tokyo	Gross Floor Area	7,200 tsubo
Completion	Mar 2024	No. of Floor	17 above ground/ 1 below ground

Principal New Office Building Projects

*1 tsubo \approx 3.3 sqm



Sumitomo Fudosan Akihabara Higashi Building

Location	Taito Ward, Tokyo	Gross Floor Area	3,000 tsubo
Completion	Mar 2024	No. of Floor	9 above ground



Sumitomo Fudosan Roppongi Central Tower

Location	Minato Ward, Tokyo	Gross Floor Area	9,700 tsubo
Completion	Jan 2025 (Expected)	No. of Floor	21 above ground

Principal New Office Building Projects

*1 tsubo \approx 3.3 sqm



Sumitomo Fudosan Osaki Twin Building West

Location	Shinagawa Ward, Tokyo	Gross Floor Area	8,800 tsubo
Completion	Apr 2025 (Expected)	No. of Floor	14 above ground/ 1 below ground



Sumitomo Fudosan Shibakoen Project

Location	Minato Ward, Tokyo	Gross Floor Area	12,000 tsubo
Completion	Aug 2025 (Expected)	No. of Floor	21 above ground/ 2 below ground

Principal Condominium Projects (Scheduled Delivery in FY2024)



City Terrace Zenpukujikoen

Nerima Ward, Tokyo

170 units

4 above ground



City Terrace Fuchu

Fuchu

122 units

19 above ground



City House Yokohama

Yokohama

165 units

18 above ground



City House Nishiyokohama

Yokohama

104 units

7 above ground



Bay City Towers Kobe

Kobe

WEST: 346 units, EAST: 344 units

27 above ground / 1 below ground
(Both WEST and EAST)



City Terrace Wakaeiwata

Higashiosaka

436 units

12 above ground

* Units = No. of units for sale

Sumitomo Realty & Development Co., Ltd.

Principal Condominium Projects (Scheduled Delivery During or After FY2025)



City Tower Toranomon

Minato Ward, Tokyo

138 units

28 above ground / 1 below ground



Grand City Tower Ikebukuro

Toshima Ward, Tokyo

773 units

52 above ground / 2 below ground



Grand City Tower Tsukishima

Chuo Ward, Tokyo

945 units

58 above ground / 2 below ground



City Tower Senjuohashi

Adachi Ward, Tokyo

462 units

42 above ground



City Towers Itabashi Oyama

Itabashi Ward, Tokyo

NORTH: 88 units, SOUTH: 185 units

NORTH: 25 above ground / 2 below ground
SOUTH: 26 above ground / 1 below ground



City Tower Ayase

Adachi Ward, Tokyo

422 units

32 above ground / 1 below ground

* Units = No. of units for sale

List of ESG Initiatives (April 2024 – October 2024)

Date (Released)	E	S	G	ESG Initiatives
Apr 2024	●	●		Held “Toranomom Summit Vol.8” (Theme: Environment and Sustainability), an open innovation event involving major corporations and startup companies
		●		Opened “GROWTH Osaka Nakanoshima,” the second incubation office in collaboration with SBI Group
		●		Held “Sumitomo Realty Group Presents Classic Live for 1,000,000 People” in Shinjuku, Haneda and Roppongi, offering opportunities to listen to music in offices and commercial facilities while supporting young musicians
May 2024			●	Appointed a new outside director (formally elected in June 2024)
Jun 2024		●		Opened “GROWTH Bunkyo Iidabashi,” a pilot testing incubation office for collaboration among industry, academia, and government
	●	●		Shinchiku Sokkurisan remodeling business 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 by renovating detached houses to upgrade seismic resistance, thermal insulation, layout and equipment, bringing them on par with newly built houses
	●	●		Acquired “ZEB Oriented” Certification for five buildings in Tokyo, having enhanced energy efficiency of these existing buildings through renovation
	●	●	●	Selected as a constituent of MSCI Nihonkabu ESG Select Leaders Index
Jul 2024	●	●		Adopted EV charging service using the system developed by Tokyo Electric Power Company Holdings, Inc. for the first time in our new condominiums, introducing it as the standard
		●		Displayed artworks by artists with disabilities at the office lounge of Sumitomo Fudosan Mita South Tower, endorsing and participating in the “Kanosei Art Project” by TOPPAN Holdings Inc. to support such artists
Oct 2024	●	●		Conducted a visiting lecture on SDGs, “Environmentally Friendly House” in Narimasugaoka Elementary School (Itabashi Ward, Tokyo)
		●		Held the 117th STEP Concert, a family-friendly classic concert (registration required, free invitation)
	●	●		Made an announcement on the Sumitomo Pavilion at EXPO 2025 Osaka, Kansai, Japan
	●	●		Concluded an agreement and started collaboration with ENEOS Corporation on the effort to promote Sustainable Aviation Fuel (SAF)

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

Included in ESG Index

FTSE



FTSE4Good



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index

MSCI

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Morningstar

MORNINGSTAR GenDi J

Japan ex-REIT Gender Diversity
Tilt Index

TOP CONSTITUENT 2024

S&P

S&P/JPX
Carbon
Efficient
Index

Sumitomo Realty & Development Co., Ltd. Investor Relations & ESG Section, Corporate Administration Department

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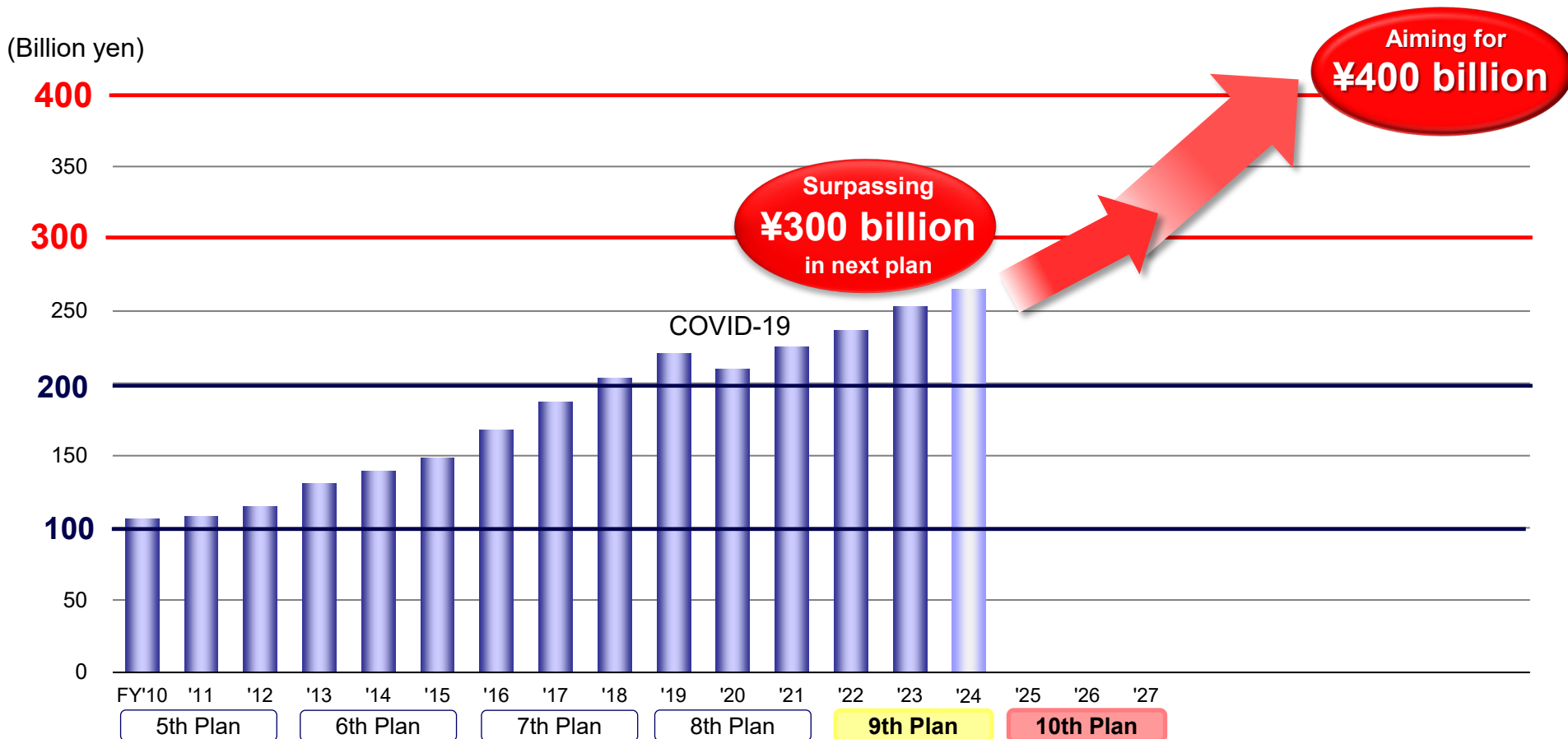
(Reference) Materials Released in May 2024

Proactive Revision of “Management Strategy for Sustainable Growth”

1. Earnings targets

Viewing ¥300 billion in ordinary profit in the next medium-term management plan as a checkpoint, and aiming at reaching an even higher milestone of ¥400 billion

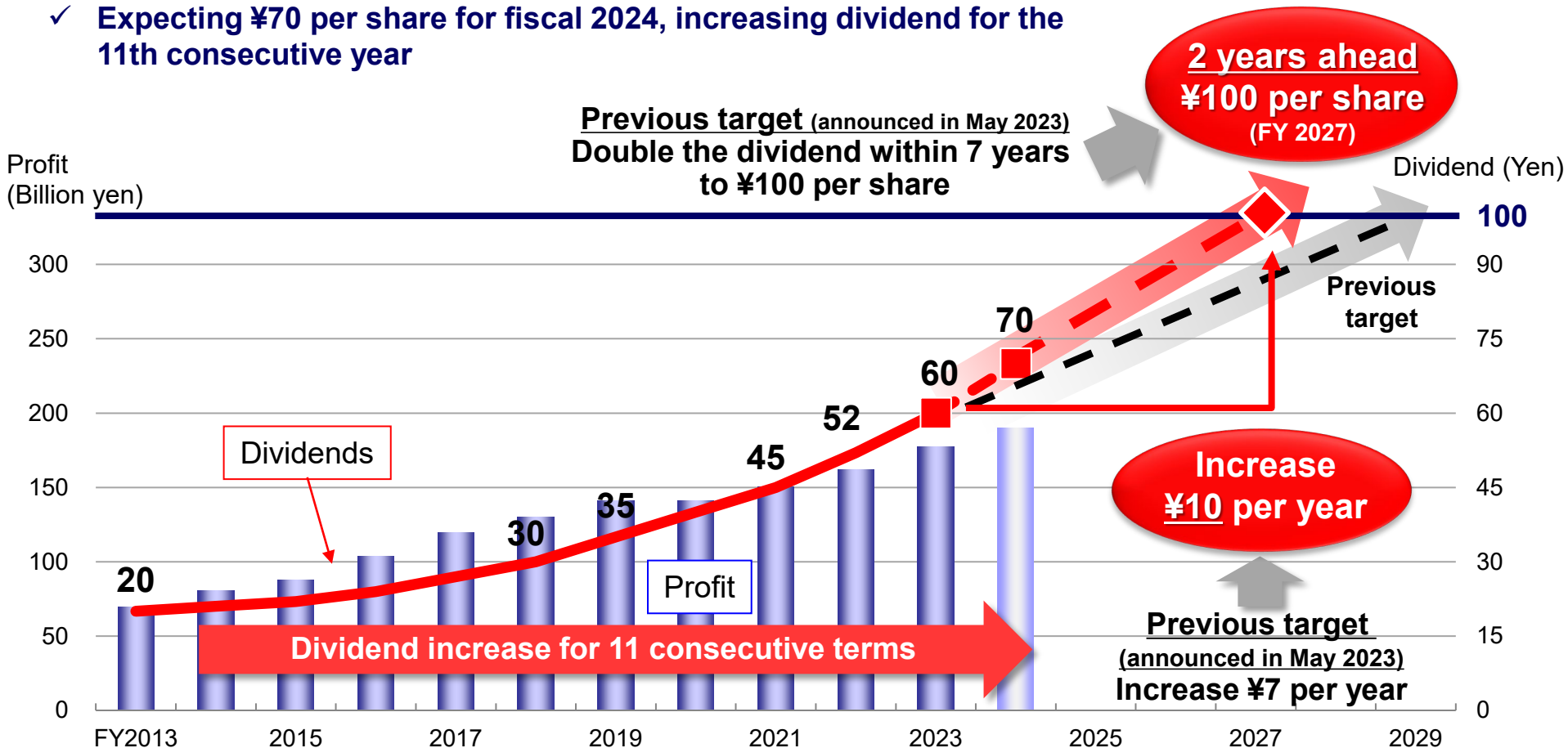
- ✓ Mainstay businesses steadily recovering and improving, expecting to achieve an ordinary profit of ¥300 billion in the next management plan
- ✓ One of the largest urban redevelopment in Japan, “Roppongi 5-chome West Project” has been approved; Acquired a large-scale mixed-use development site in the heart of Mumbai, India



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

(1) “Doubling the dividend two years ahead of the previous schedule,” accelerating the pace of the annual dividend increase from ¥7 to ¥10 per share

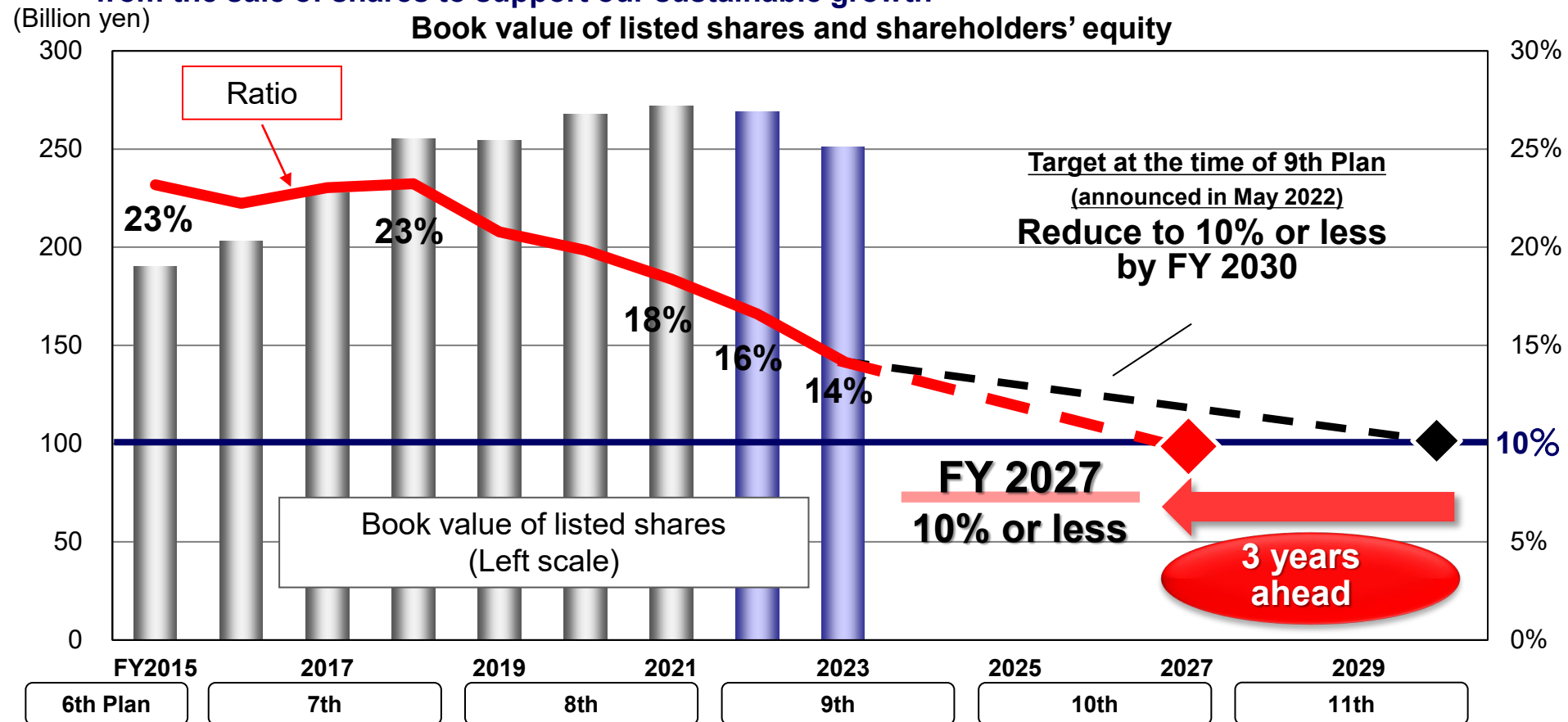
- ✓ With the recovery and improvement of outlook in our leasing business putting us on the clear path to surpassing ¥300 billion in ordinary profit, we intend to further boost shareholder returns
- ✓ Achieving “¥100 per share within 7 years” two years ahead, reaching “¥100 per share for fiscal 2027”
- ✓ Expecting ¥70 per share for fiscal 2024, increasing dividend for the 11th consecutive year



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

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

- ✓ The ratio of the book value of strategic shareholdings to shareholders' equity has been steadily decreasing: 14.2% at the end of fiscal 2023
- ✓ Selling shares with diminished significance for holding in a planned manner → Utilizing the gains from the sale of shares to support our sustainable growth



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

(3) Not renewing advance warning takeover defense measures

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 redevelopment 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”

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

(4) Continuing active investment in human capital

- ✓ **Aiming for “employee-first management,” as well as “integrated group management”**
- ✓ **A salary system that is similar to a role-based system, where annual salaries are determined based on the responsibilities and achievements of employees**
- ✓ **90% of our employees and 60% of the managerial personnel are individuals who were hired through mid-career hiring with high motivation**
- ✓ **A highly diverse workforce is a driving force for the growth of the Group**



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.

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

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

- ✓ 78 of our buildings with a total gross floor area of over 1.1 million tsubo (*1 tsubo ≈ 3.3 sqm) acquiring the “DBJ Green Building Certification”
- ✓ Doubling the financing quota to ¥2 trillion due to its popularity and the rapid approach to the quota
- ✓ Continuing to develop superior properties with environmental considerations and striving to maintain and enhance their performance

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

- ✓ The constant “environmental and social awareness” of our properties was highly recognized

Properties that have acquired ★5



DBJ Green Building

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



Shinjuku Grand Tower



Osaki Garden Tower



Shinjuku Garden Tower



Tokyo Nihombashi Tower



Azabujuban Building

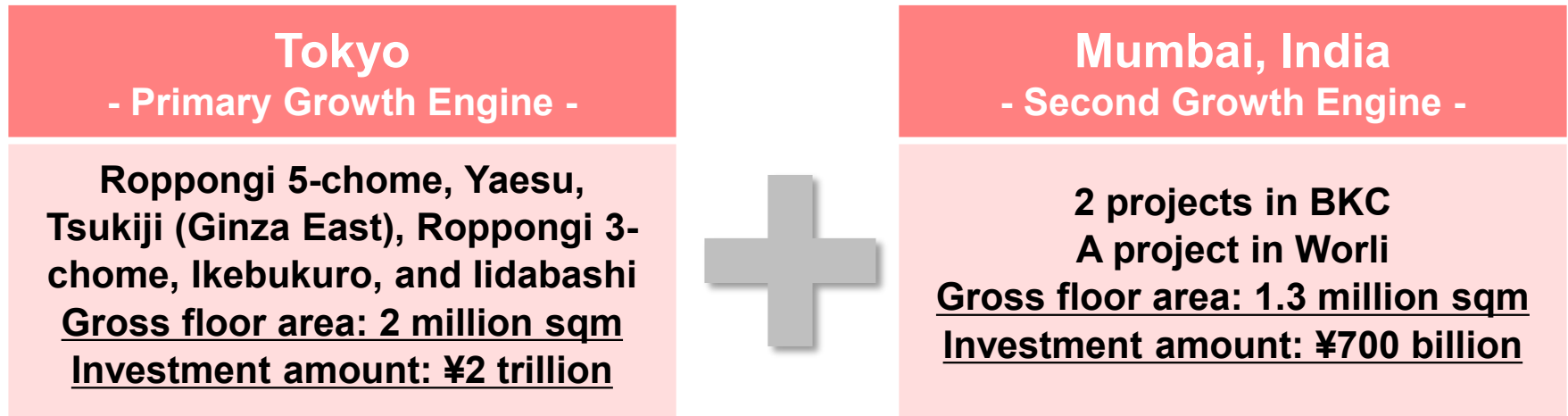


Roppongi Grand Tower



Ariake Garden

3. Viewing ¥300 billion as a checkpoint, and aiming at reaching an even higher milestone of ¥400 billion



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

Achieving an ordinary profit of ¥400 billion

3. Viewing ¥300 billion as a checkpoint, and aiming at reaching an even higher milestone of ¥400 billion

Topic 1: One of the largest urban redevelopment in Japan, “Roppongi 5-chome West Project Urban Regeneration Special Area” has been approved

- ✓ One of Japan’s largest redevelopment projects with a total gross floor area of 1.08 million sqm (an overall project cost of around ¥800 billion)
- ✓ A core office-focused tower of 66 floors above ground and a height of 327 meters with a gross floor area of 800,000 sqm
- ✓ With approximately 1,000 residential units, hotels, and retail facilities



Source: Tokyo Metropolitan Government documents

* Redevelopment project jointly undertaken with Mori Building Co., Ltd.

Sumitomo Realty & Development Co., Ltd.

3. Viewing ¥300 billion as a checkpoint, and aiming at reaching an even higher milestone of ¥400 billion

Topic 2: Acquired a large-scale mixed-use development site in the heart of Mumbai, India

- ✓ Acquired a large-scale mixed-use development site in Worli, with a developable gross floor area of over 1 million sqm, in addition to two properties in BKC
- ✓ Building a significant foothold in establishing our position as a comprehensive developer continuously engaged in integrated mixed-use development of areas



Central area of Worli

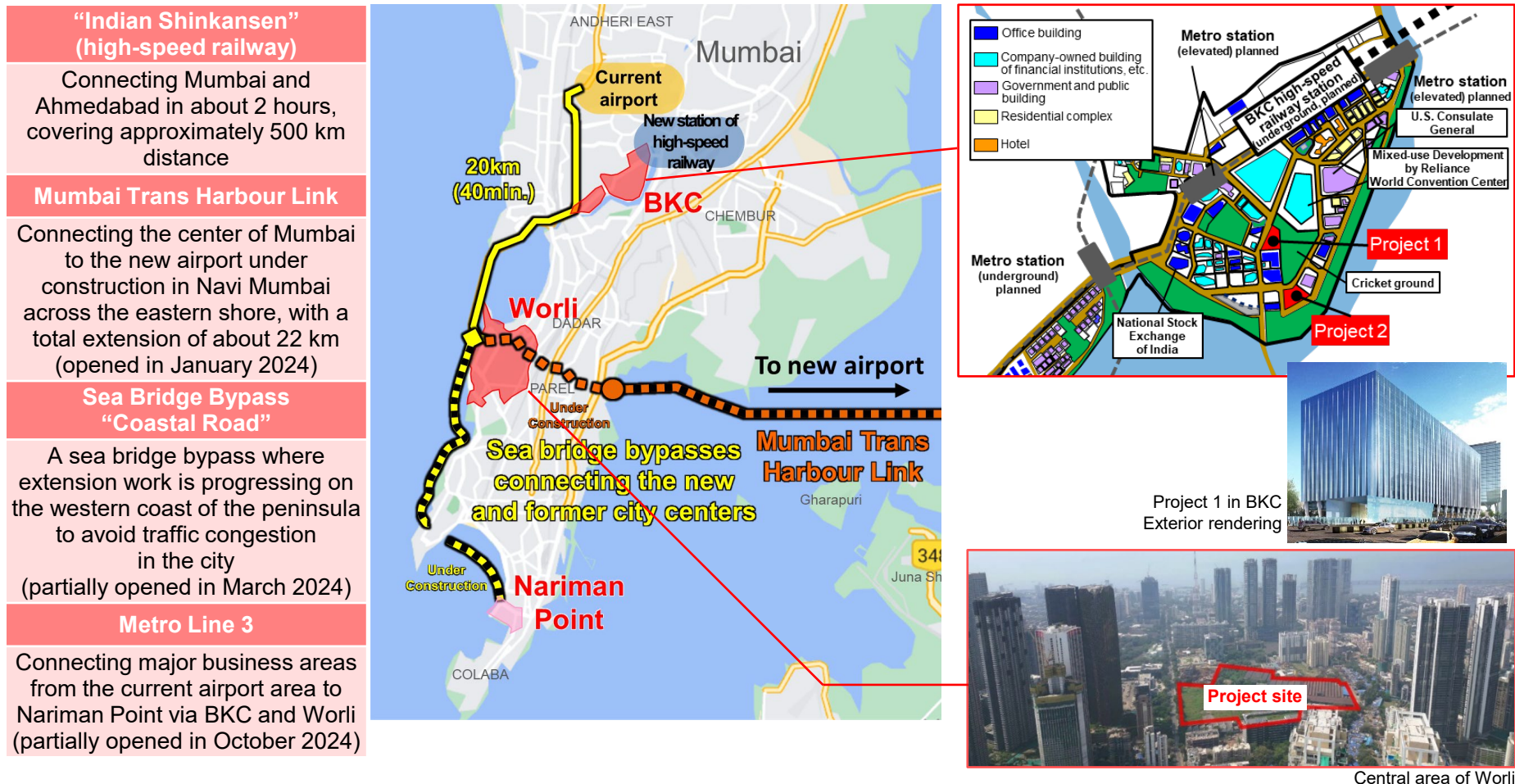
	Project 1 in BKC (Acquired in Jul 2019)	Project 2 in BKC (Acquired in Nov 2022)	Project in Worli (Acquired in Oct 2023)
Location	Bandra East, Mumbai, Maharashtra State		Worli, Mumbai
Site acquisition value (Yen equivalent)* ¹	22.38 billion INR (38.0 billion JPY)	20.67 billion INR (35.1 billion JPY)	46.7 billion INR (79.5 billion JPY)
Type of ownership	Leasehold for 80 years	Leasehold for 80 years	Freehold
Site area	12,486 sqm (Approx. 3,780 tsubo)	11,885 sqm (Approx. 3,595 tsubo)	80,903 sqm (Approx. 24,473 tsubo)
Building scale* ²	Approx. 130,000 sqm (Approx. 40,000 tsubo)	Approx. 130,000 sqm (Approx. 40,000 tsubo)	Over 1 million sqm (Over 300,000 tsubo)
Use	Office building for lease	Office building for lease	Super high-rise mixed-use development project

*1. 1 INR = 1.7 JPY *2. Gross floor area

3. Viewing ¥300 billion as a checkpoint, and aiming at reaching an even higher milestone of ¥400 billion

Topic 2: Acquired a large-scale mixed-use development site in the heart of Mumbai, India

- ✓ In Mumbai, efforts are underway to enhance infrastructure, and the city's development is expected to further progress



3. Viewing ¥300 billion as a checkpoint, and aiming at reaching an even higher milestone of ¥400 billion

Topic 3: Reborn Shinjuku Sumitomo Building completed in 1974, celebrating its 50th anniversary

- ✓ Complete update of building facilities and enhancement of seismic resistance through "renovation" instead of rebuilding
- ✓ “Sankaku Hiroba” (triangular plaza), an all-weather large scale event space
- ✓ Our flagship building with the cumulative cash flow over the past 50 years exceeding ¥400 billion, generating over ¥10 billion annual cash flows from leasing



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



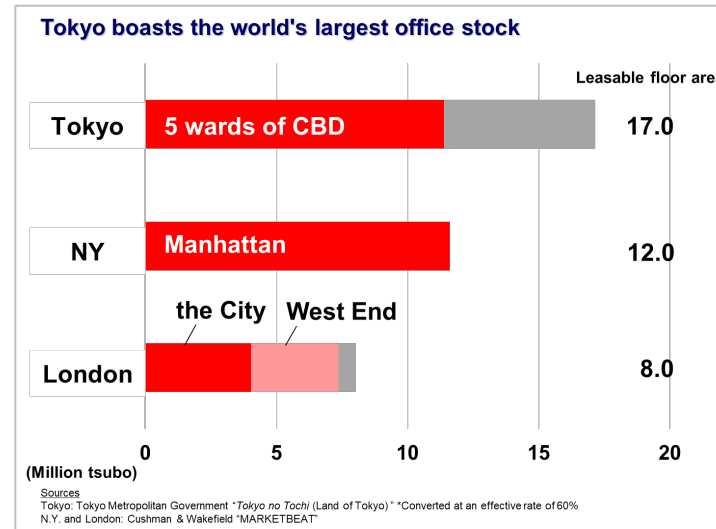
Sankaku Hiroba

The office building leasing business in central Tokyo has generated stable profits over the long term, and retaining those properties is also advantageous in terms of investment efficiency.

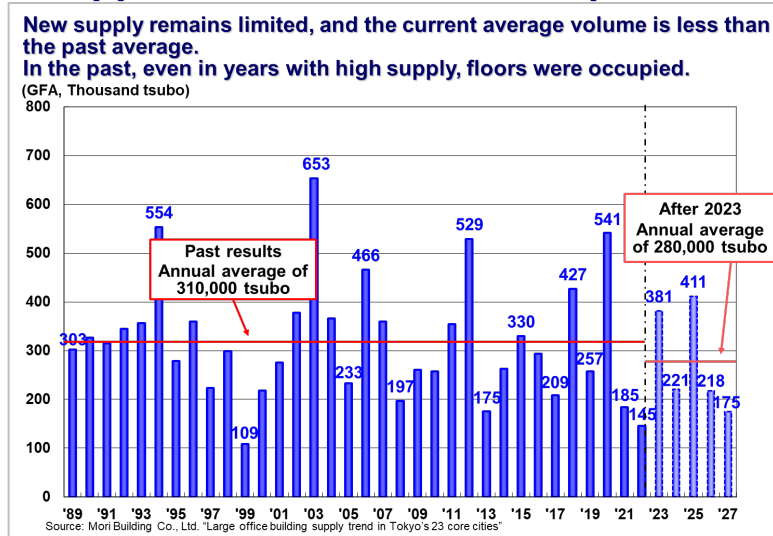
1. Efficient and intricate network of public infrastructure and a constant supply of large-scale redevelopment buildings with the latest specifications through a “scrap and build” process, where old buildings are demolished to make way for new constructions, have made Tokyo an unwavering city center with its value remaining steadfast.
2. Companies from a diverse range of industries and sizes from major corporation to startups are concentrated and clustered in Tokyo, constantly bringing various new demands for office space. Our leasing portfolio with buildings in various sizes throughout Tokyo is ideal to accommodate such needs, and has been the source of stable profits over the long term.
3. Investments in the office buildings in Tokyo stand as a business that ensures sufficient profitability without relying on gains from selling assets.
(Shinjuku Sumitomo Building completed 50 years ago is a “goose that lays the golden eggs,” generating cash flows from leasing exceeding ¥10 billion annually, and hastily selling it would equate to killing such goose.)
As the potential locations suitable for business are limited in city centers and securing opportunities to develop properties with strong business prospects is not easy, it is difficult to “sell for a profit and then buy back at a lower price.”
4. The advantages of the Tokyo office market

1. Tokyo is the world's largest office market

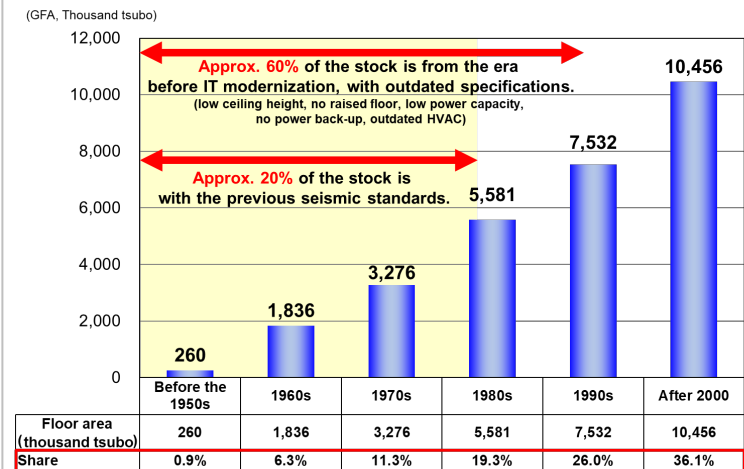
(1) Largest market in the world; larger than New York and London



(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

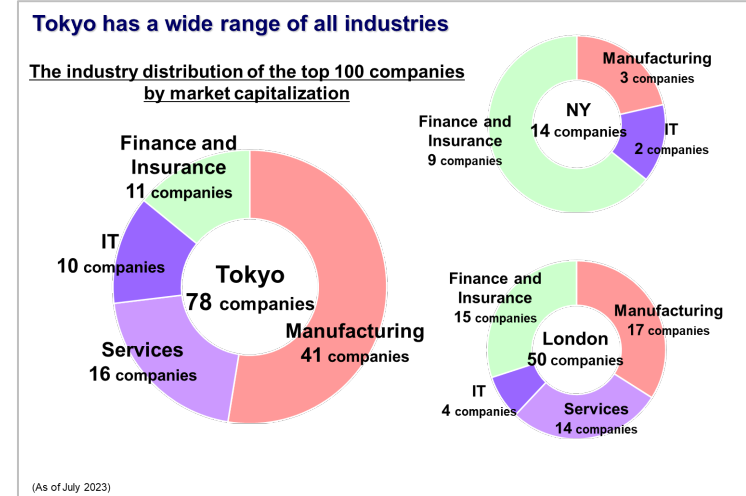
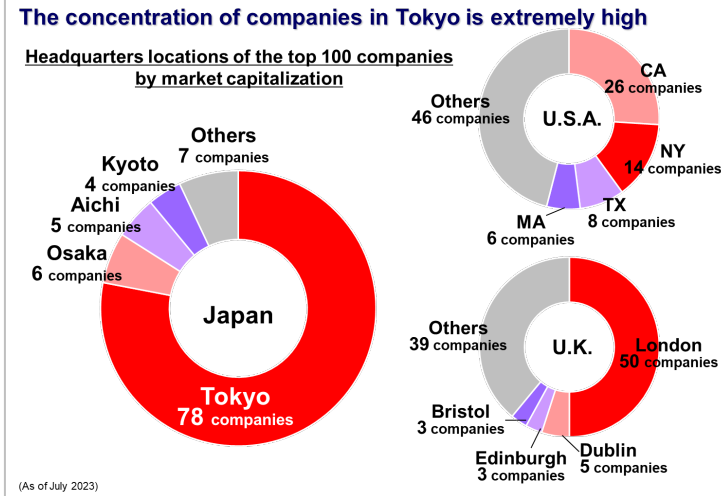


Office building floor area by completion year (23 wards of Tokyo)

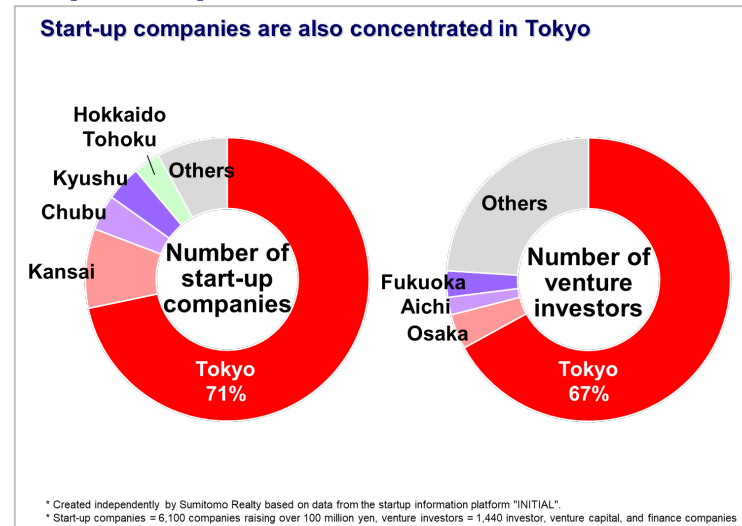


2. Structural factors of demand growth

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



(2) Concentration of start-up companies

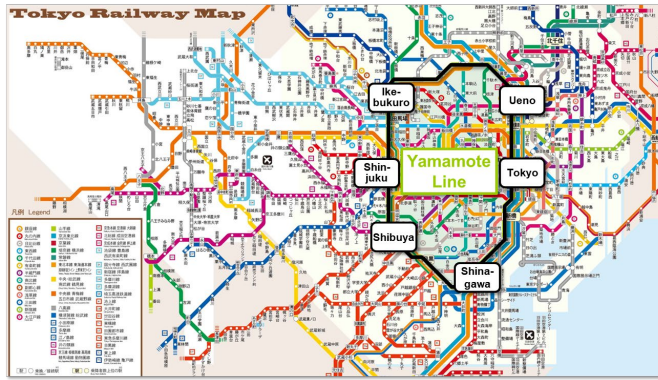


2. Structural factors of demand growth

(3) Unwavering city center with extensive urban transportation infrastructure

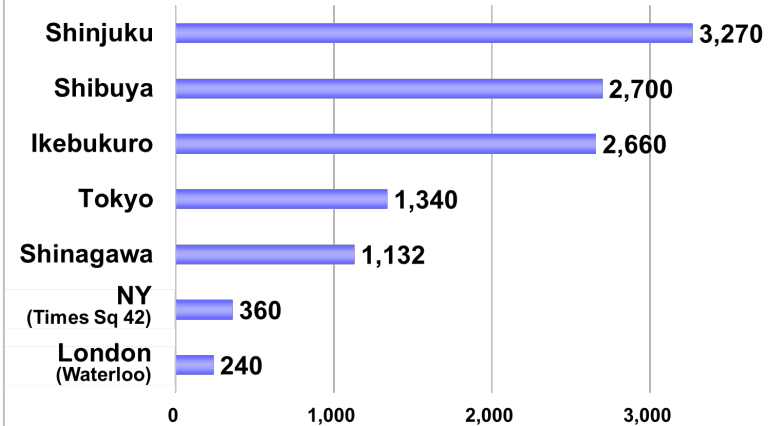
Tokyo has an extensive transportation infrastructure network to city centers

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



Number of passengers at the terminal stations

(thousand people per day)

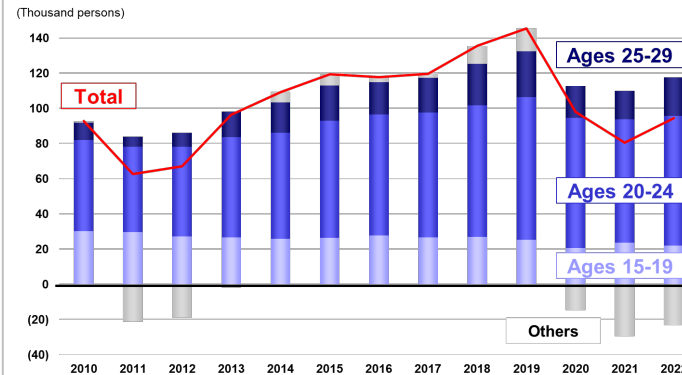


Sources: The Ministry of Land, Infrastructure, Transport and Tourism, The Metropolitan Transportation Authority (New York), and Office Of Rail and Road (London), 2019.

(4) Structural and continuous population influx

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

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

