

March 28, 2025

To whom it may concern:

Company:	Sumitomo Realty & Development Co., Ltd.
Representative:	Kojun Nishima, Representative Director and President
Securities code:	8830 (TSE Prime Market)
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## **Notice Concerning the Formulation of the 10th Medium-term Management Plan**

Sumitomo Realty & Development Co., Ltd. hereby announces that it has formulated a new medium-term management plan (the 10th Medium-term Management Plan), which will commence in the fiscal year ending March 2026 as its first year. This follows the expectation that the earnings targets set in the 9th Medium-term Management Plan, concluding in this fiscal year ending March 2025 as its final year, will be achieved successfully.

The summary is as follows. For details, please refer to the attached document.

### **— Summary —**

#### **1. Profit Strategy**

- Long-term target: Surpassing 400 billion yen in ordinary profit within the next 10 years
- Reaching 300 billion yen in ordinary profit by the end of FY2026 (second year of the medium-term plan), one year ahead of the original schedule
- Striving for consecutive record-high profit, maintaining sustainable growth for three years

#### **2. Overview of Businesses**

#### **3. Investment and Shareholder Return Policy**

- Investing additional 2.5 trillion yen in Tokyo and Mumbai over 10 years to significantly accumulate rare and valuable “**Prime Assets**”
- Selling stocks and utilizing some fixed assets to reduce “non-prime assets” and improve asset efficiency
- Achieving both continued active investments and strengthened shareholder returns within operating cash flow through sustainable growth

#### **4. Enhancement of Governance System**

- Abolishing the advance warning takeover defense measures as planned, and continuing the reduction of strategic shareholdings
- Strengthening the executive officer system / Promoting diversity / The Board of Directors will place greater emphasis on the supervision function

#### **5. Human Capital Investments**

- A highly diverse workforce composition
- Improving productivity and achieving sustained pay increases (5.7% increase in FY2024)
- Introducing and expanding the stock compensation plan to reward long service and dedication for employees of the Group (excluding officers) / Moving towards more stock price-conscious management by granting the right of receiving the Company’s shares

###



## **Accelerating Sustainable Profit Growth through Active Investments in Tokyo and Mumbai, India**

**10th Medium-term Management Plan (Fiscal 2025 to 2027)**



 **Sumitomo Realty & Development**

### **Sumitomo Realty Group's Management Strategy for Sustainable Growth**

 **Sumitomo  
Realty & Development**

- 1. Make the business platform resistant to market risks**
- 2. No investment, no growth**
- 3. Sustainable profits outweigh one-off gains**
- 4. Sustainable growth leads to sustained pay and shareholder return increases**

## 0. Summary

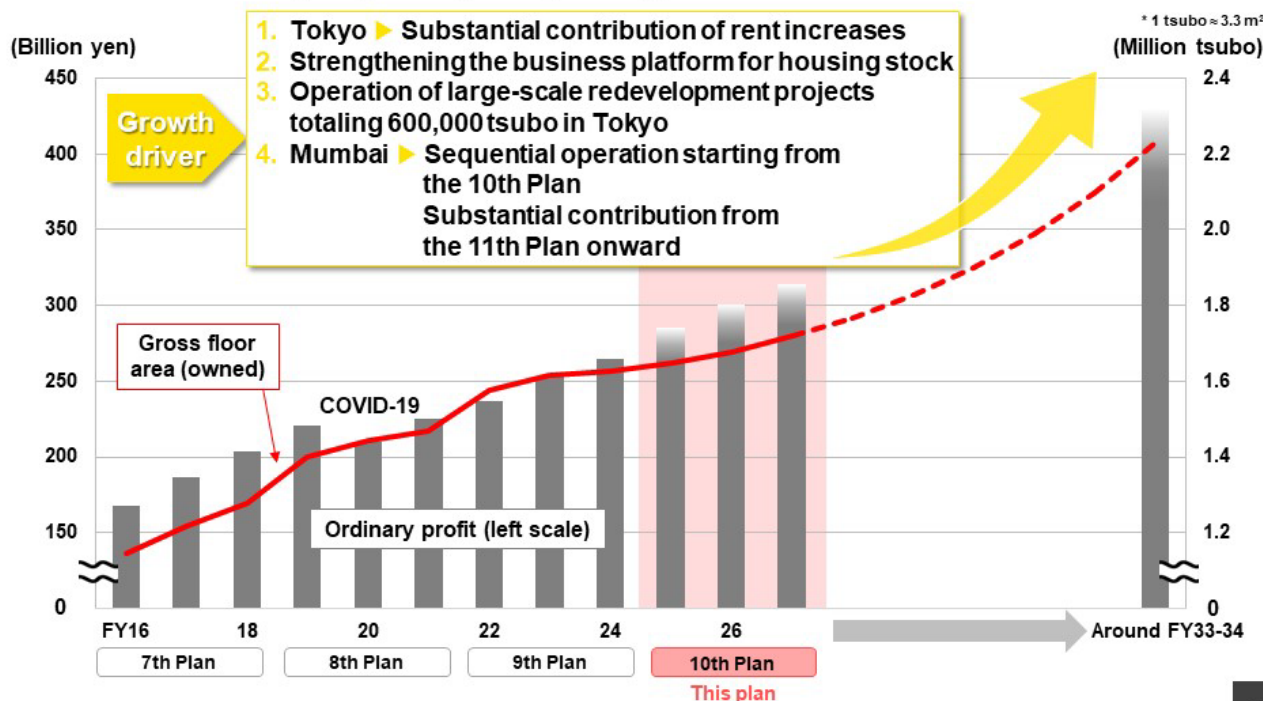
<b>1. Profit Strategy</b>	(1) Introduction: Outlook for the next 10 years	
	(2) Outline of the 10th three-year plan	
	(3) Performance targets by segment	
<b>2. Overview of Businesses</b>	(1) Office building	(Leasing)
	(2) Rental apartment	(Leasing)
	(3) Condominium	(Sales)
	(4) Sumitomo Fudosan Housing Co., Ltd.	(Construction)
	(5) Sumitomo Fudosan Step Co., Ltd.	(Brokerage)
	(6) Interest rate	
<b>3. Investment and Shareholder Return Policy</b>	(1) Introduction: Outlook for the next 10 years	
	(2) Cash allocation for the 10th three-year plan	
	(3) Progressive dividend	
<b>4. Enhancement of Governance System</b>	(1) Continued reduction of strategic shareholdings	
	(2) Strengthening the executive officer system / Promoting diversity / The Board of Directors will place greater emphasis on the supervision function	
<b>5. Human Capital Investments</b>	(1) Maintaining and evolving a highly diverse workforce composition	
	(2) Further strengthening human capital investments and accelerating sustainable growth	

## 0. Summary

<b>1. Profit Strategy</b>	<ul style="list-style-type: none"> <li>■ Long-term target: Surpassing 400 billion yen in ordinary profit within the next 10 years</li> <li>■ Reaching 300 billion yen in ordinary profit by the end of FY2026 (second year of the medium-term plan), one year ahead of the original schedule</li> <li>■ Striving for consecutive record-high profit, maintaining sustainable growth for three years</li> </ul>
<b>2. Overview of Businesses</b>	
<b>3. Investment and Shareholder Return Policy</b>	<ul style="list-style-type: none"> <li>■ Investing additional 2.5 trillion yen in Tokyo and Mumbai over 10 years to significantly accumulate rare and valuable <b>"Prime Assets"</b></li> <li>■ Selling stocks and utilizing some fixed assets to reduce "non-prime assets" and improve asset efficiency</li> <li>■ Achieving both continued active investments and strengthened shareholder returns within operating cash flow through sustainable growth</li> </ul>
<b>4. Enhancement of Governance System</b>	<ul style="list-style-type: none"> <li>■ Abolishing the advance warning takeover defense measures as planned, and continuing the reduction of strategic shareholdings</li> <li>■ Strengthening the executive officer system / Promoting diversity / The Board of Directors will place greater emphasis on the supervision function</li> </ul>
<b>5. Human Capital Investments</b>	<ul style="list-style-type: none"> <li>■ A highly diverse workforce composition</li> <li>■ Improving productivity and achieving sustained pay increases (5.7% increase in FY2024)</li> <li>■ Introducing and expanding the stock compensation plan to reward long service and dedication for employees of the Group (excluding officers) / Moving towards more stock price-conscious management by granting the right of receiving the Company's shares</li> </ul>

## (1) Introduction: Outlook for the next 10 years

Aiming to **surpass 400 billion yen** in ordinary profit, the 10th three-year plan is just a passing point



1. Profit Strategy - (1) Introduction: Outlook for the next 10 years

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## (2) Outline of the 10th three-year plan

- **Reaching 300 billion yen in ordinary profit** by the end of the second year of the medium-term plan (FY2026), one year ahead of the original schedule  
Further accelerating profit growth
- Three-year cumulative totals of **900 billion yen** in ordinary profit and **650 billion yen** in profit
- Expecting to achieve record-high profit for the 12th consecutive year\* in FY2024  
\* Sumitomo Realty is the only company among the Prime-listed companies with a profit exceeding 100 billion yen  
Striving for **further consecutive record-highs** in the next three years

(Billion yen)	8th Plan (FY19-21)		9th Plan* (FY22-24)		10th Plan (FY25-27)	
Revenue from Operations	2,870.4		2,917.6		3,200.0	+10%
Operating Income	687.5	+74.3	765.9	+78.5	930.0	+164.1 +21%
Ordinary Profit	655.6	+97.8	756.8	+101.2	900.0	+143.2 +19%
Profit	432.8	+79.5	530.1	+97.3	650.0	+119.9 +23%

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

Accelerating

1. Profit Strategy - (2) Outline of the 10th three-year plan

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### (3) (Reference) Performance targets by segment

(Billion yen)	7th Plan	8th Plan	9th Plan*	10th Plan	
Leasing	1,073.1	1,218.9	1,339.8	1,530.0	+190.2
Sales	957.2	822.1	710.3	750.0	+39.7
Construction	634.7	612.0	633.6	670.0	+36.4
Brokerage	207.7	210.5	220.4	250.0	+29.6
Revenue from Operations	2,885.8	2,870.4	2,917.6	3,200.0	+282.4
Leasing	415.5	487.3	532.3	670.0	+137.7
Sales	140.1	150.9	174.1	190.0	+15.9
Construction	50.4	54.7	64.8	70.0	+5.2
Brokerage	47.4	44.1	58.3	70.0	+11.7
Operating Income	613.2	687.5	765.9	930.0	+164.1
Ordinary Profit	557.8	655.6	756.8	900.0	+143.2
Profit	353.3	432.8	530.1	650.0	+119.9

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

1. Profit Strategy - (3) Performance targets by segment

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## 2. Overview of Businesses

### (1) Office building

(Leasing)

- Supply and demand tightening, a phase of rent increases

Full-year-operating buildings



Sumitomo  
Fudosan  
Tokyo Mita  
Garden Tower

GFA:  
60,400 tsubo



Sumitomo  
Fudosan  
Shinjuku  
First Tower

GFA:  
27,400 tsubo



Sumitomo  
Fudosan  
Nakano Ekimae  
Building

GFA:  
15,100 tsubo

\* 1 tsubo ≈ 3.3 m<sup>2</sup>

Newly operational buildings



Sumitomo  
Fudosan  
Roppongi  
Central Tower

GFA:  
9,600 tsubo



Sumitomo  
Fudosan  
Osaki Twin  
Building West

GFA:  
8,800 tsubo



Sumitomo  
Fudosan  
Shibakoen  
Project

GFA:  
11,800 tsubo

## (2) Rental apartment

(Leasing)

- With high occupancy and smooth rent increases, the La Tour series is being completed one after another in prime locations (Increasing from 3,900 to 4,200 units)



**Kitanaka-dori Project**

Yokohama city, Kanagawa



**La Tour Gotenyama**

Shinagawa ward, Tokyo



**Minami Aoyama Project**

Minato ward, Tokyo



**Shoto Project**

Shibuya ward, Tokyo

2. Overview of Businesses - (2) Rental apartment

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## (3) Condominium

(Sales)

- Steady sales; Continuing to maintain high profitability rather than pursuing volume
  - Construction for all properties to be delivered in the 10th Plan has commenced.
- The impact of rising construction costs is limited and has been incorporated into the plan.

\* Units = No. of units for sale



**Grand City  
Tower  
Tsukishima**

Chuo ward, Tokyo  
969 units



**Grand City  
Tower  
Ikebukuro**

Toshima ward, Tokyo  
786 units



**City Tower  
Tokyo  
Tamachi**

Minato ward, Tokyo  
180 units



**City Tower The Rainbow**

Minato ward, Tokyo  
264 units



**City Tower  
Senjuohashi**

Adachi ward, Tokyo  
462 units



**City Tower  
Ayase**

Adachi ward, Tokyo  
422 units

2. Overview of Businesses - (3) Condominium

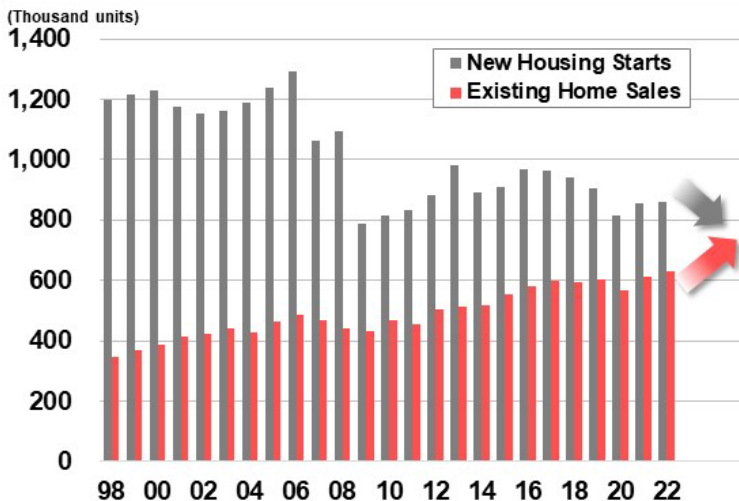
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#### (4) Sumitomo Fudosan Housing Co., Ltd.

(Construction)

- Integrating Shinchiku Sokkurisan Remodeling Business and Custom Homes Business, and establishing Sumitomo Fudosan Housing Co., Ltd.  
Striving to be the one and only company in tailor-made custom home business
- Strengthening win-win relationships with carpenters and other partners through consistent and continuous orders leveraging our scale

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



Source: 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)



Integration



2. Overview of Businesses - (4) Sumitomo Fudosan Housing Co., Ltd.

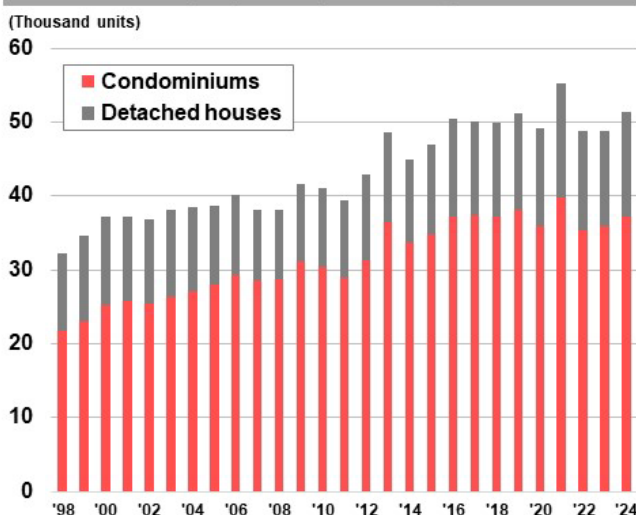
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#### (5) Sumitomo Fudosan Step Co., Ltd.

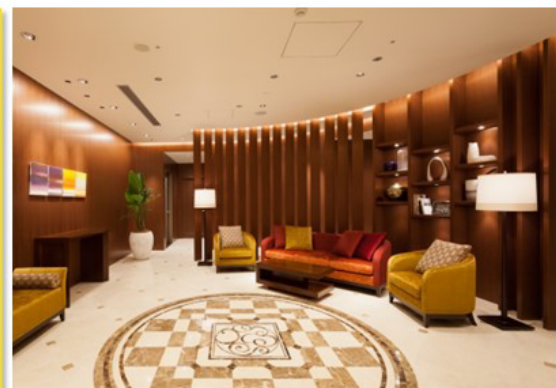
(Brokerage)

- Focusing on the growing field of brokerage transactions of existing houses for individuals. Without engaging in buy-and-resell operations, we aim to enhance our expertise in brokerage services and build a solid business platform.
- Promoting fair and transparent transactions, and diligently practicing the principle of 'For the benefit of our customers'

Trends in the Number of Existing Housing Transactions (Tokyo Metropolitan Area)



Source: Real Estate Information Network for East Japan (Public Interest Incorporated Foundation)



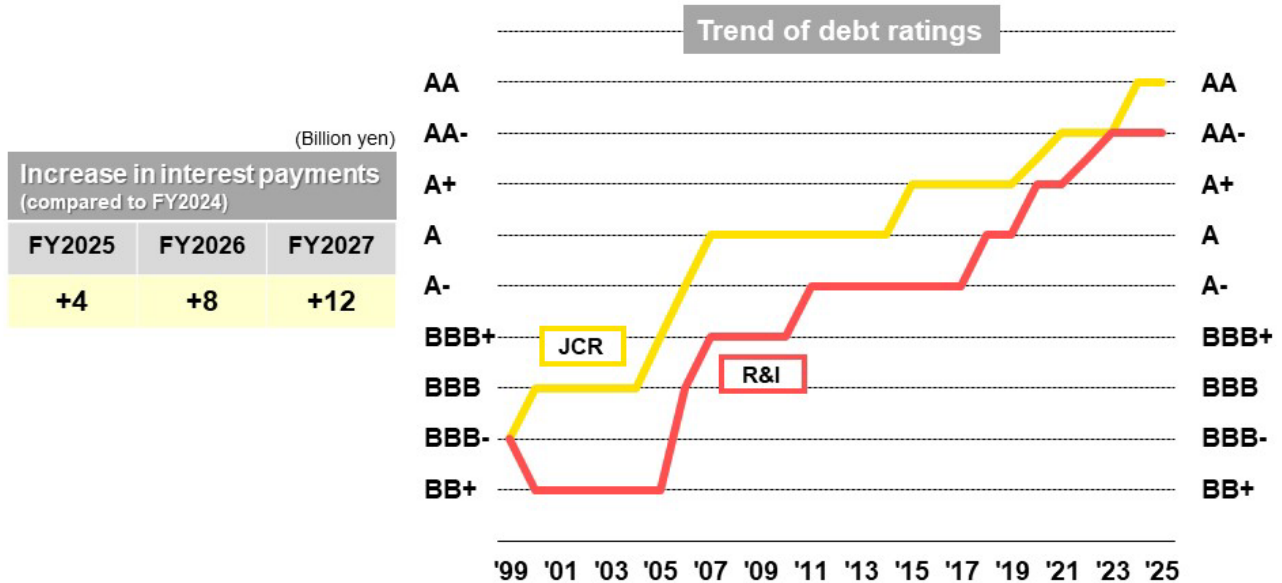
Azabu Mansion Plaza

2. Overview of Businesses - (5) Sumitomo Fudosan Step Co., Ltd.

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## (6) Interest rate

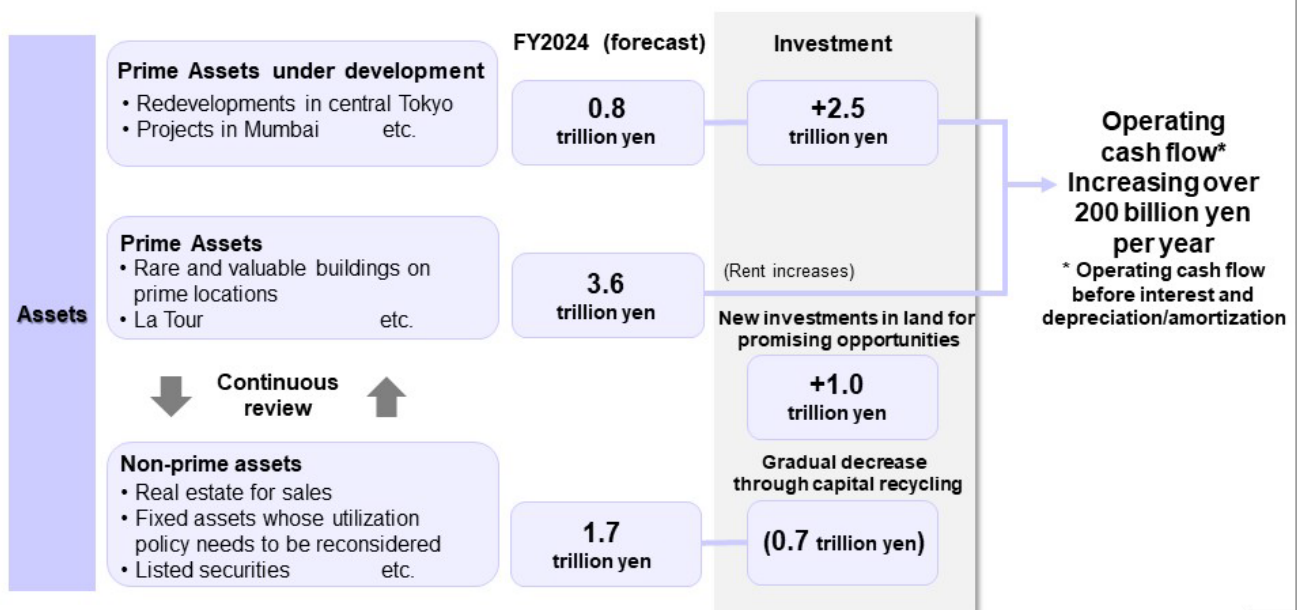
- This medium-term plan incorporates an annual increase of 4 billion yen in interest payments compared to FY2024
- Investments will be within operating cash flow, with no increase in interest-bearing debt
- Maintaining a high credit rating (AA)



## 3. Investment and Shareholder Return Policy

### (1) Introduction: Outlook for the next 10 years

- Investing 2.5 trillion yen in Tokyo and Mumbai to significantly accumulate rare and valuable “Prime Assets”
- Selling stocks and utilizing some fixed assets to reduce “non-prime assets” and improve asset efficiency



## ■ Major Prime Assets



**Shinjuku  
Sumitomo  
Building**

Shinjuku ward,  
Tokyo



**Izumi Garden  
Tower**

Minato ward,  
Tokyo



**Sumitomo  
Fudosan  
Roppongi  
Grand Tower**

Minato ward,  
Tokyo



**Tokyo  
Nihombashi  
Tower**

Chuo ward, Tokyo



**Sumitomo  
Fudosan Osaki  
Garden Tower**

Shinagawa ward,  
Tokyo



**Sumitomo  
Fudosan  
Shinjuku  
Grand Tower**

Shinjuku ward,  
Tokyo

## ■ Major Prime Assets under development

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

### Tokyo



**Roppongi 5-chome  
West Project**

GFA:  
327,000 tsubo



**Yaesu 2-chome  
South Project**

GFA:  
41,700 tsubo

**Roppongi 3-chome  
West Project**

GFA: 61,600 tsubo



### Mumbai, India



**Project in Worli**

GFA: over 300,000 tsubo



**Project 1 in BKC**

GFA:  
approx. 40,000 tsubo



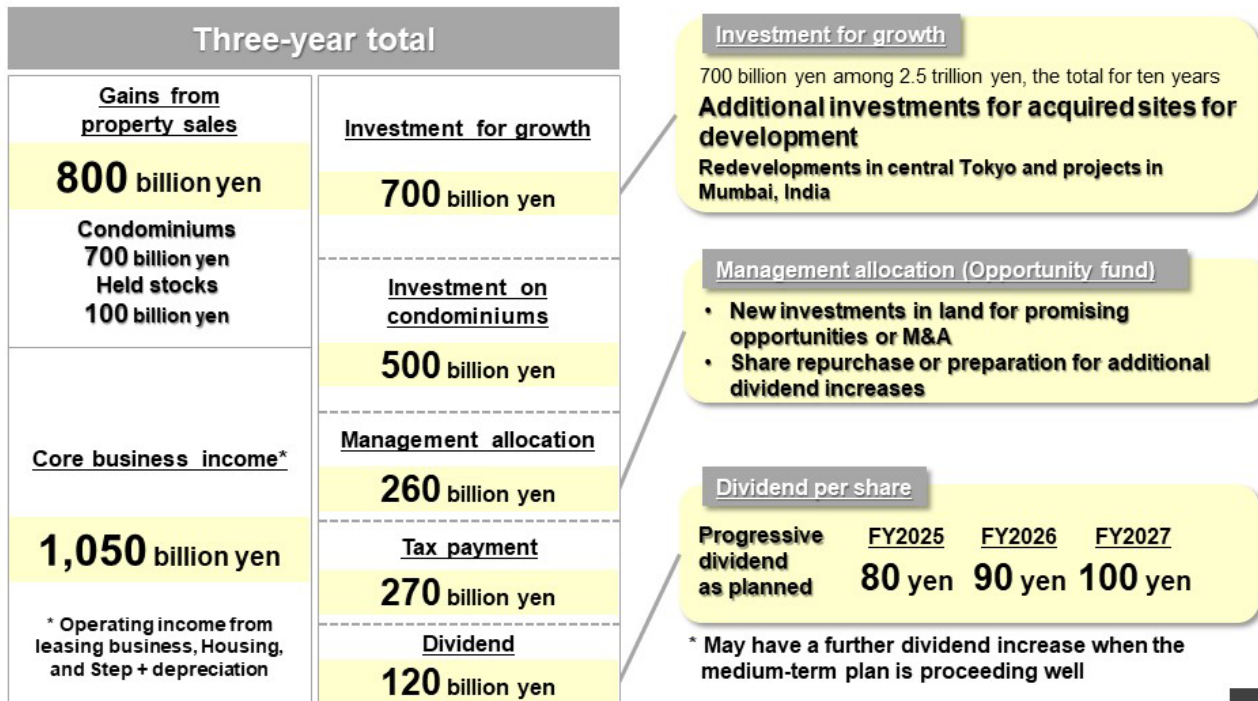
Construction progress  
(as of March 2025)

\*1. Source: Tokyo Metropolitan Government documents

\*2. GFA = Total gross floor area including areas owned by third parties

## (2) Cash allocation for the 10th three-year plan

- Achieving both continued active investments and strengthened shareholder returns within operating cash flow

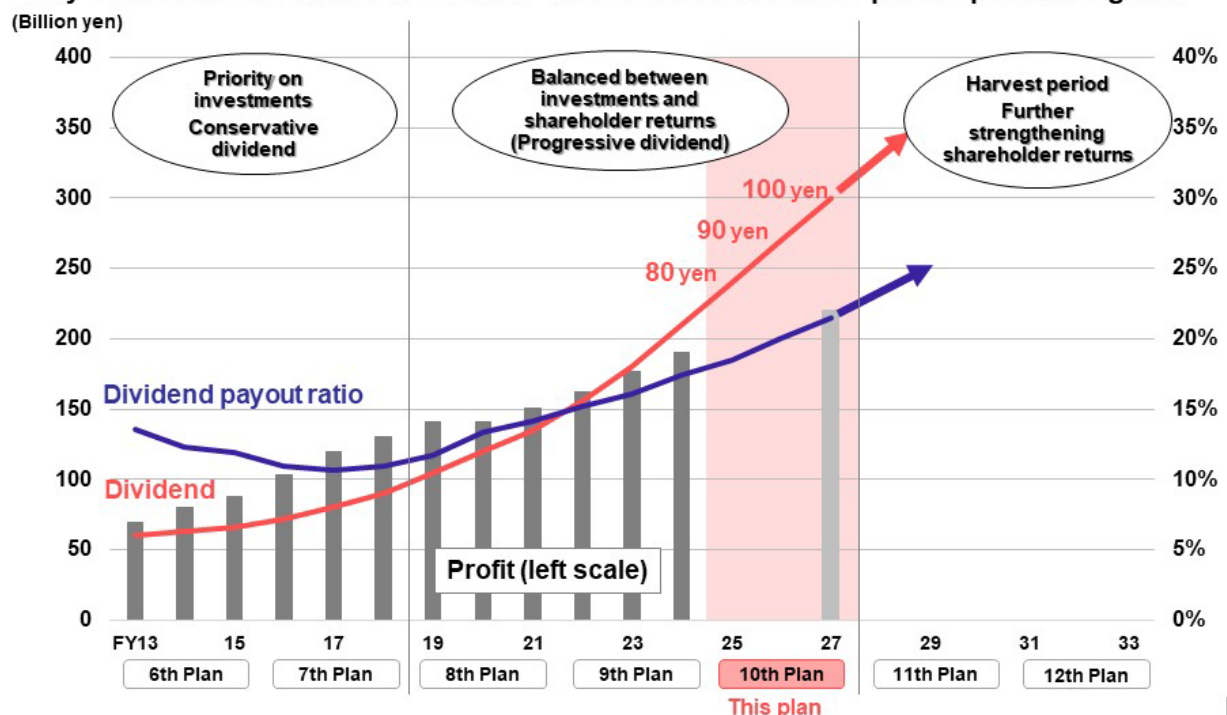


3. Investment and Shareholder Return Policy - (2) Cash allocation

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## (3) Progressive dividend

- A progressive dividend of 10 yen per year is our commitment /
- May have a further dividend increase when the medium-term plan is proceeding well



3. Investment and Shareholder Return Policy - (3) Progressive dividend

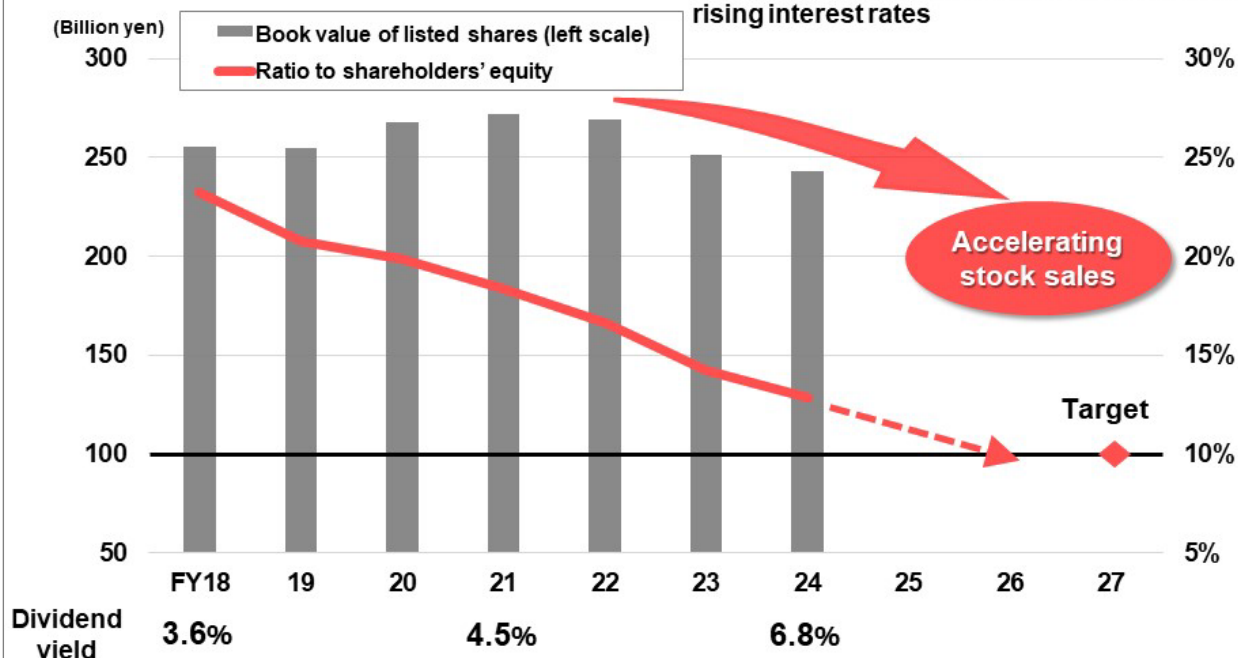
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## 4. Enhancement of Governance System

### (1) Continued reduction of strategic shareholdings

- Sequentially selling stocks whose significance for holding has diminished

- Allocating proceeds from stock sales to investments for growth
- Leveraging gains from stock sales for sustainable growth, including preparations for rising interest rates



4. Enhancement of Governance System - (1) Strategic shareholdings

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### (2) Strengthening the executive officer system / Promoting diversity / The Board of Directors will place greater emphasis on the supervision function

	Execution		Supervision			Male : Female	
	Executive officers	Internal directors	Outside directors	Internal corporate auditors	Outside corporate auditors		
		23		5			
Jun 2002		22		2	2		Appointed two outside corporate auditors
Apr 2004		12		2	2		Reformed the management system Reduced directors to 12
Jun 2015		10	2	2	2		Appointed two outside directors
Jun 2020	5	8	2	2	2 (1)	18 : 1	Introduced an executive officer system
Jun 2023	14	6	3 (1)	2	2 (1)	25 : 2	Increased the number of outside directors to three Appointed one female director
Apr 2025	11 (1)	↓	↓	↓	↓	21 : 3	( ): Female

4. Enhancement of Governance System - (2) Executive officer system / Diversity / The Board of Directors

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### (1) Maintaining and evolving a highly diverse workforce composition



#### Diversity index (consolidated)

Percentage of mid-career hires in the workforce	81%
Percentage of mid-career hires among managers	72%
Percentage of female managers	
	FY2023 → FY2024
	9.7% → 10.5%

- The percentage of female managers has steadily increased, while we have not set a numerical target for diversity in managerial positions as it may distort equal opportunity in the appointment and lower the morale of employees as a whole.
- The day is not far off when we will see a number of female employees and employees from group companies being appointed as executives of the Company.

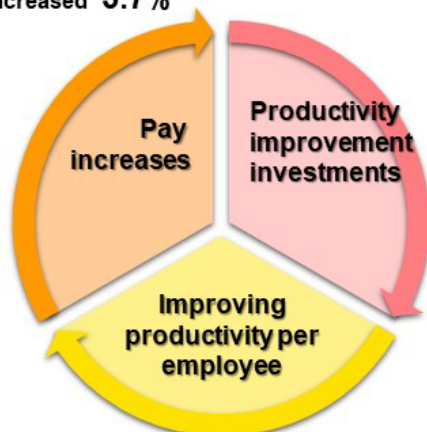
### (2) Further strengthening human capital investments and accelerating sustainable growth

- Realizing a positive cycle of investments in improving productivity and pay increases
- Granting the right of receiving the Company's shares to the Group employees  
Driving the expansion of the stock compensation plan to reward long service and dedication

\* Please refer to the announcement released on February 6, 2025.

Moving towards more stock price-conscious management

FY2024 Result  
Pay increased 5.7%



To secure talented personnel in the long term / Employees to further contribute to sustainable growth

The value of shares granted through stock compensation plan to increase

**Other sustainability-related information will be announced with the financial results for FY2024 (scheduled for May 2025).**



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