May 13, 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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Steady Progress of the "Management Strategy for Sustainable Growth," Strengthening of Shareholder Returns, and Promotion of Management System Reform

The foundation of our management is the "Management Strategy for Sustainable Growth." This strategy aims to enable both continuous pay increases and shareholder returns as a fruit of establishing a strong business platform resistant to market risks, consistently investing for growth, and achieving sustainable growth rather than relying on one-off gains.

On March 28 of this year, we announced the long-term outlook of our Management Strategy for Sustainable Growth and the "10th Medium-term Management Plan." Meanwhile, in the current situation, our mainstay businesses, the office building leasing business in Tokyo and the condominium sales business, are performing steadily. Additionally, we will be able to acquire land for two more sites in Mumbai, India. Based on such steady progress of the management plan, the Board of Directors, at its meeting held today, has decided to further strengthen shareholder returns and steadily promote the reform of our management system.

1. Strengthening of Shareholder Returns, ahead of the original schedule

- ■ Accelerate the dividend increase pace by 50% and continue to increase dividends by at least 15 yen annually until the dividend payout ratio reaches 35%.
- ■ Achieving an annual dividend of 100 yen in FY2026, one year ahead of the original schedule.

We have decided to propose an agenda for appropriation of retained earnings to increase the annual dividend by 10 yen, bringing it to 70 yen, at the Ordinary General Meeting of Shareholders scheduled for June 27.

For FY 2025, the first year of the Medium-term Plan, the expected dividend is 85 yen, which is an annual increase of 15 yen, accelerating the dividend increase pace by 50%. Furthermore, we will continue to increase the dividend by at least 15 yen annually until the dividend payout ratio reaches 35%.

In the Medium-term Plan announced on March 28, we committed to an annual progressive dividend of 10 yen. Furthermore, we have advanced the target of reaching an ordinary profit of 300 billion yen by one year, and anticipate securing sufficient cash flow to cover investments by adding proceeds from the sale of strategic shareholdings. Therefore, we have decided to advance the implementation of an annual dividend of 100 yen by one year from the final year of this Medium-term Plan, FY2027, to FY2026, when we expect to reach the ordinary profit target of 300 billion yen.

There was a period when we had to increase debt for investment for growth, which led to conservative dividends. Since the 8th Plan, when the past proactive investment started to come into fruition, we have entered a "balance period" where we aim to achieve both growth investments and shareholder returns by continuing aggressive growth investments while increasing dividends every fiscal year.

During the 8th Plan, despite the unavoidable decrease in ordinary profit due to the COVID-19 pandemic, we steadfastly maintained a 5 yen dividend increase. In the subsequent 9th Plan, we actively accelerated the pace of dividend increases to 7 yen and further to 10 yen, in line with the increase in cash flow.

With the acceleration of dividend increase pace to 15 yen, the annual dividend for FY2027, the final year of the 10th Plan, is expected to be 115 yen (an increase of 45 yen compared to FY2024), with the dividend payout ratio of approximately 24% (an increase of approximately 7 percentage points compared to FY2024).

	7th Plan FY2018	8th Plan FY2021	9th Plan FY2024	10th Plan FY2027	
Dividend	30 yen	45 yen	70 yen	115 yen	
Dividend Increase Pace (per year)	2 yen, 3 yen	5 yen	7 yen, 10 yen	15 yen	
Dividend Payout Ratio	11%	14%	17%	Approx. 24%	35%

2. Reform of the Management System

- Aiming to transition to a Company with an Audit and Supervisory Committee and to have a majority of outside directors in two years, we will promote the enhancement and reform of the management system.

The Company has decided to submit the following agenda at Ordinary General Meeting of Shareholders scheduled to be held on June 27.

1. Reelection of five internal directors (a decrease of one), three outside directors, for a total of eight directors.
2. Shortening the term of office of directors from two years to one year (Amendment to the Articles of Incorporation).
3. Reducing the prescribed number of directors from 12 to 9 (Amendment to the Articles of Incorporation).

The Company adopts a structure as a Company with a Board of Company Auditors, where the Board of Directors bears responsibility for execution and the corporate auditors take on the management supervision function. On the other hand, the Corporate Governance Code indicates a direction towards separating management supervision and execution. Additionally, the composition of the board of directors requires the strengthening of outside directors and the enhancement of opinion diversity.

We have been working to continuously strengthen the supervisory function of the Board of Directors by reducing the number of internal directors, increasing the number of outside directors, and ensuring diversity. Since introducing the executive officer system in 2020, we have also been working to strengthen the execution system. Furthermore, starting in 2025, we have been preparing for management system reforms to separate management supervision and execution by taking steps such as expanding the executive officer system to major group companies as well.

The current four auditors have terms of office that last until the Ordinary General Meeting of Shareholders in 2027, two years from now. While respecting the term guarantees for auditors as stipulated by the Companies Act, we aim to transition to a Company with an Audit and Supervisory Committee and to have a majority of outside directors in two years. In order to further advance our management system reforms, we will propose at this year's General Meeting of Shareholders the shortening of directors' terms and the reduction of the prescribed number of directors to the necessary number for supervision functions.

	Execution		Supervision				
	Executive Officers	Internal Directors	Outside Directors	Internal Corporate Auditors	Outside Corporate Auditors	The ratio of outside directors	Male : Female
Jun. 2015	-	10	2	2	2	17%	
Jun. 2020	5	8	2	2	2(1)	20%	18:1
Jun. 2023	14	6	3(1)	2	2(1)	33%	25:2
Jun. 2025 (F)	11(1)	5	3(1)	2	2(1)	38%	20:3

Excluding 19 executive officers from the group companies (Female)

3. Strengthening the Mumbai, India Business

- Will acquire two new sites for office buildings for lease.
- Together with the three existing sites, the total project cost will amount to approximately 1 trillion yen, making it a major hub comparable to Tokyo.

Since 2019, we have independently acquired three large-scale sites in Mumbai, India, an economic powerhouse. We have been advancing our “Tokyo office building leasing business” model of developing, leasing, and managing office buildings and other facilities by ourselves. In addition to the three existing sites, we will be able to newly acquire two sites from the Mumbai Metropolitan Region Development Authority (MMRDA) in the new urban center of the BKC district of Mumbai. The cumulative total cost of projects will reach approximately 1 trillion yen.

The development of the three existing sites is progressing steadily, and the “Project 1 in BKC” is set to commence operations in fall of next year. In the BKC area, where infrastructure developments such as the new station of high-speed railway and new Metro station are advancing, this property is highly regarded in the market as a building which meets international standards and features high specifications. A major global financial company has already confirmed to move in at a rent equivalent to the prime buildings in central Tokyo.

For the two new sites, we are planning a mixed-use development that includes luxury hotels, which are lacking in the BKC area, in addition to office spaces. By aiming for the early commencement of operation of these projects, including existing ones, we will further promote the maturation of the BKC area as a “world-class business center,” thereby enhancing the value of our existing projects in BKC.

Beyond these five projects, we aim to achieve further sustainable growth and transform Mumbai, with its high economic growth rate and market size, into a major business hub comparable to Tokyo by reinvesting the income from leasing of these projects.

(Our Group's Projects in Mumbai, India)

		Acquisition Decision Date	Ownership Type	Use (Planned)	Site Area (Tsubo*1)	Building Scale (GFA*2) (Approx.) (Tsubo*1)
BKC	Project 1	July 2019	Leasehold for 80 years	Office building for lease	3,777	42,000
	Project 2	November 2022	Leasehold for 80 years	Office building for lease	3,595	41,000
Newly acquiring	Project 3	May 2025	Leasehold for 80 years	Office building for lease Luxury hotels etc.	1,844	29,000
	Project 4	May 2025	Leasehold for 80 years		2,139	33,000
					11,355	145,000
Project in Worli		October 2023	Freehold	Mixed-use development	26,625	310,000
Total					37,980	455,000

*1: 1 tsubo ≈ 3.3 m^2

*2: GFA = Gross Floor Area

4. Continuation and Strengthening of Initiatives to Reduce CO_2 Emissions

■ Exceeded the targets of the 9th Plan
Continuing and strengthening initiatives towards the 2030 target

The Company sets targets to achieve a "50% reduction in CO_2 emission by FY2030, compared with FY2014" and a "10% reduction in the 9th Plan, compared with FY2014." During the 9th Plan, we promoted several initiatives, including: 1) Encouraging the introduction of green power in tenant office spaces, 2) Standardizing condominiums to be ZEH-M Oriented designs, 3) Promoting orders for ZEH homes in custom homes, 4) Promoting orders for high thermal insulation remodeling products in Shinchiku Sokkurisan Remodeling, and 5) Achieving green power for our Group's own offices by promoting orders for "SUMIFU × ENEKARI." As a result of these efforts, we achieved a 31% reduction in CO_2 emissions compared with FY2014, exceeding the target set for the 9th Plan.

	Emission (thousand tons of CO_2)	Reduction Rate	9th Plan Reduction Target
FY2014	5,940	-	—
FY2025	4,126	**(31) %**	(10) %

Targets in the 9th Plan	Result
Office Buildings **30%** of energy consumption in tenant office spaces to be green	**23%**
Condominiums **100%** of condominiums to be ZEH-M Oriented designs	**100%** **(Approx. 6,600 units)**
Custom Homes **60%** of orders to be ZEH home	**99%**
Shinchiku Sokkurisan Remodeling **20%** of orders to be high thermal insulation remodeling products	**65%**
All of electric power used in the Group's own offices to be green (Obtain environmental value generated by solar power through "SUMIFU × ENEKARI")	**Secured the necessary quantity**

We will continue our efforts to achieve a "50% reduction in CO_2 emission by FY2030, compared with FY2014" and further strengthen CO_2 emission reductions by adding the following initiatives.

(1) Introduction of "New SUMIFU × ENEKARI"
- Expansion of total installation numbers in conjunction with conventional "SUMIFU × ENEKARI"

(2) Collaboration towards the practical application of perovskite solar power generation, which is effective for future emission reductions in our business
- Expansion of installations in Shinchiku Sokkurisan Remodeling
- Expansion of installations in an office-use skyscraper and condominiums

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