



Some additions have been made following the questions and discussions from the briefing held on April 3.
*A star (★) is marked above the page numbers on the relevant pages, and the relevant sections have been highlighted.

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

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



- 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	
1. Profit Strategy	<ul style="list-style-type: none"> (1) Introduction: Outlook for the next 10 years (2) Outline of the 10th three-year plan (3) Performance targets by segment
2. Overview of Businesses	<ul style="list-style-type: none"> (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
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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

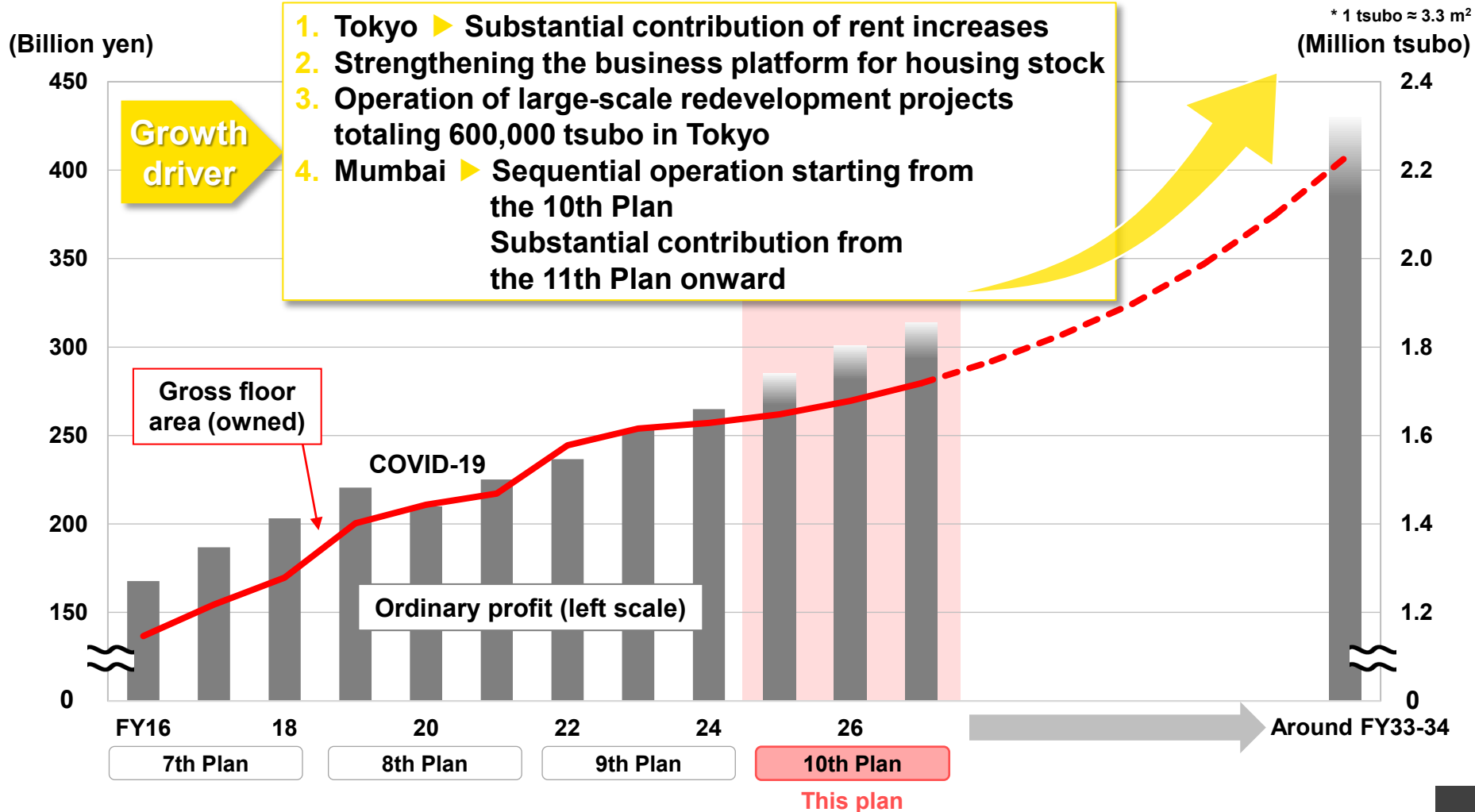
- Abolishing the advance warning takeover defense measures as planned, and continuing the reduction of strategic shareholdings
- Strengthening the executive officer system / Promoting diversity / The Board of Directors will place greater emphasis on the supervision function

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

(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



(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%

Accelerating

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

(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) 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 \approx 3.3 m²

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



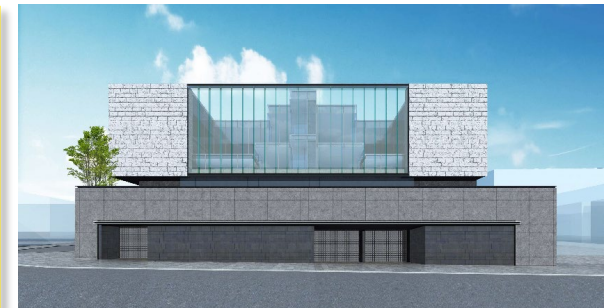
La Tour Gotenyama

Shinagawa ward, Tokyo



Minami Aoyama Project

Minato ward, Tokyo



Shoto Project

Shibuya ward, Tokyo

(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



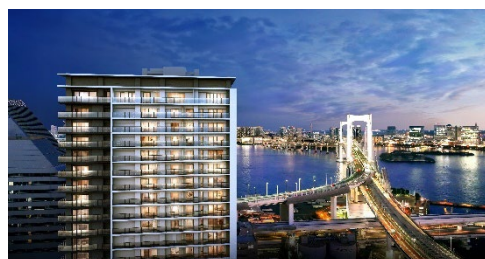
**Grand City
Tower
Ikebukuro**

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

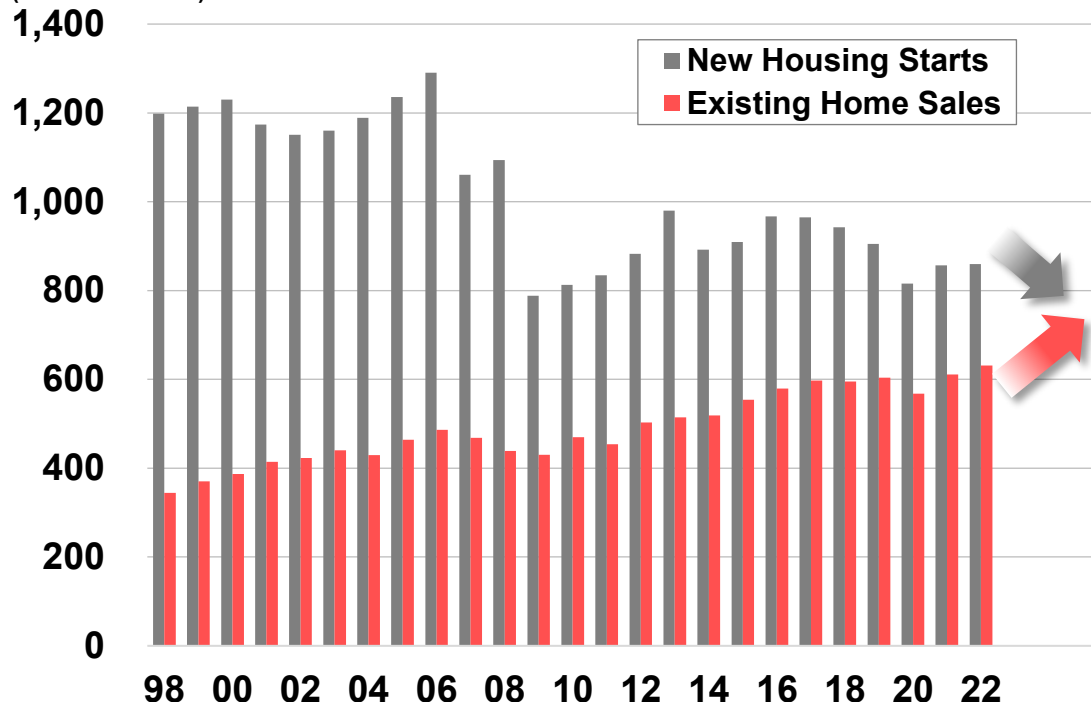
(4) Sumitomo Fudosan Housing Co., Ltd.

(Construction)

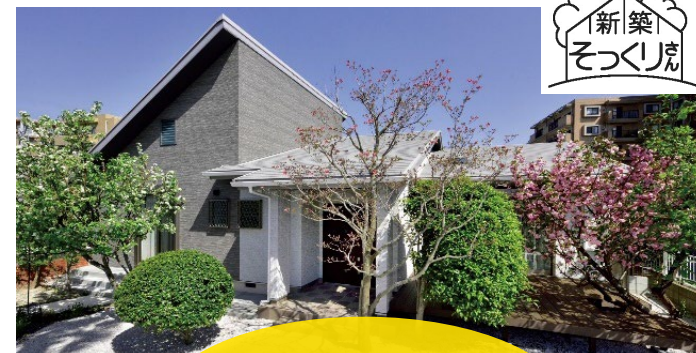
- Integrating Shinchiku Sokkurisan Remodeling Business and Custom Homes Business, and establishing Sumitomo Fudosan Housing Co., Ltd.
Striving to be the one and only company in tailor-made custom home business
- Strengthening win-win relationships with carpenters and other partners through consistent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

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

(Thousand units)



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



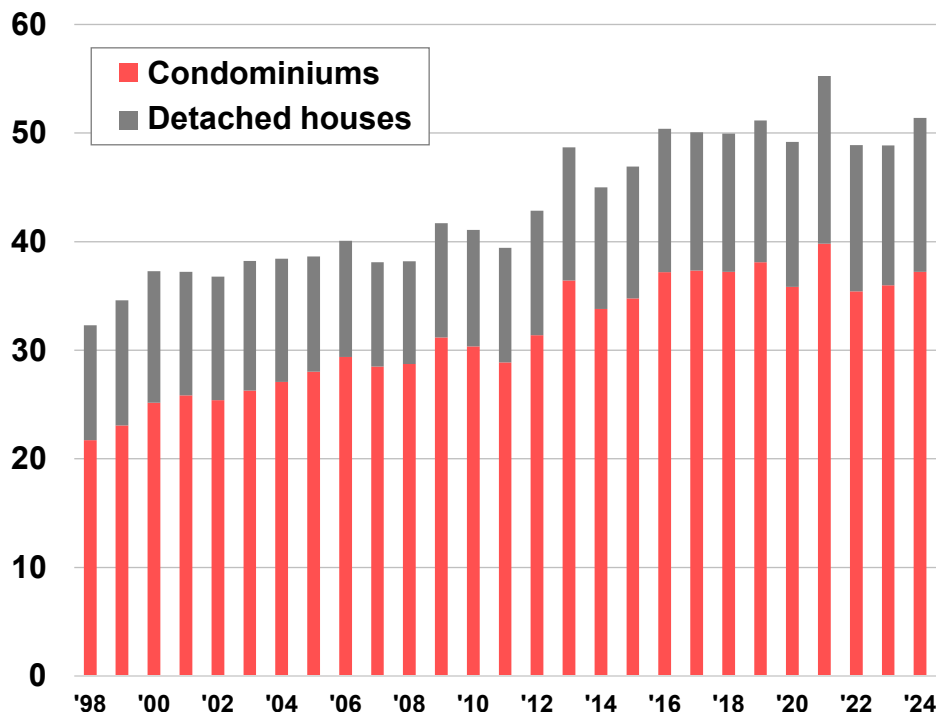
(5) Sumitomo Fudosan Step Co., Ltd.

(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)

(Thousand units)



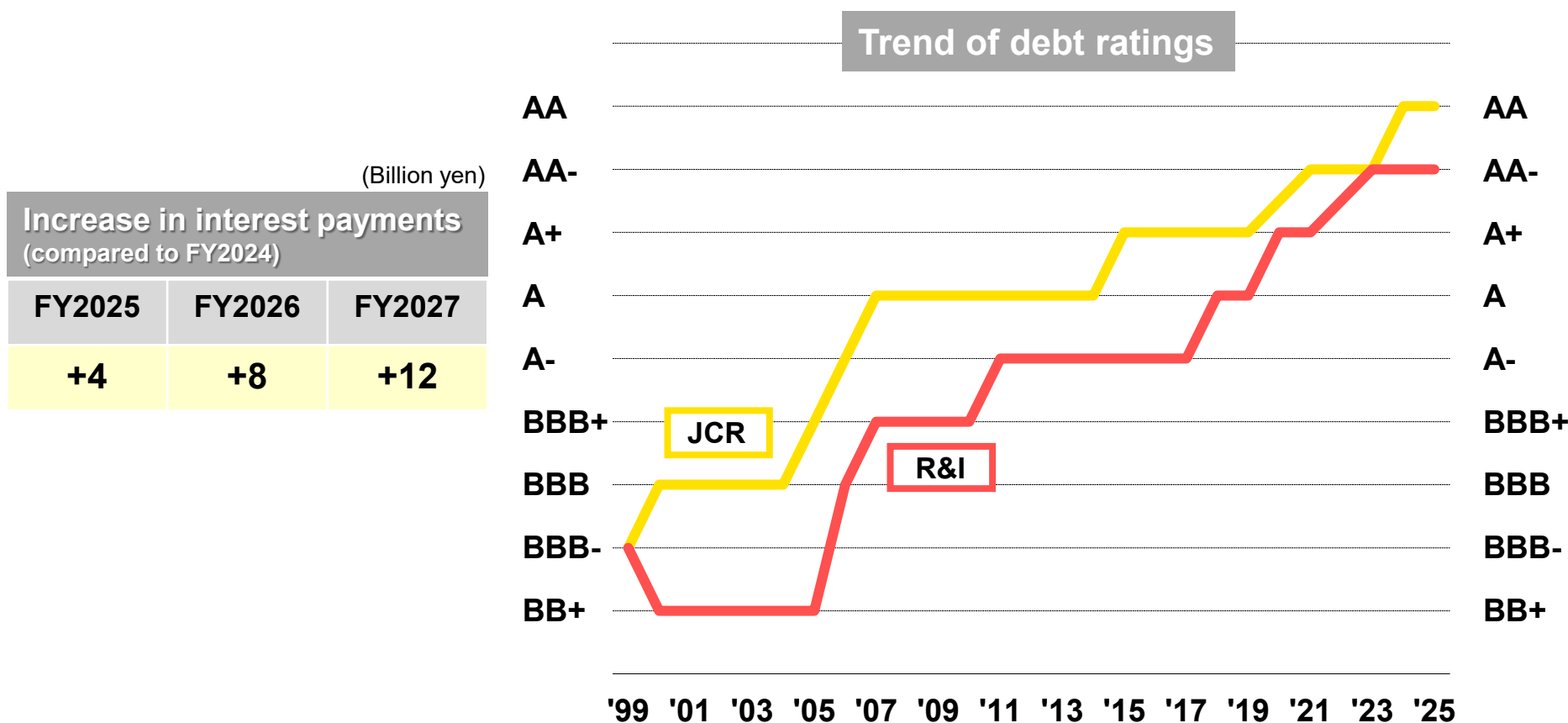
Source: Real Estate Information Network for East Japan (Public Interest Incorporated Foundation)



Azabu Mansion Plaza

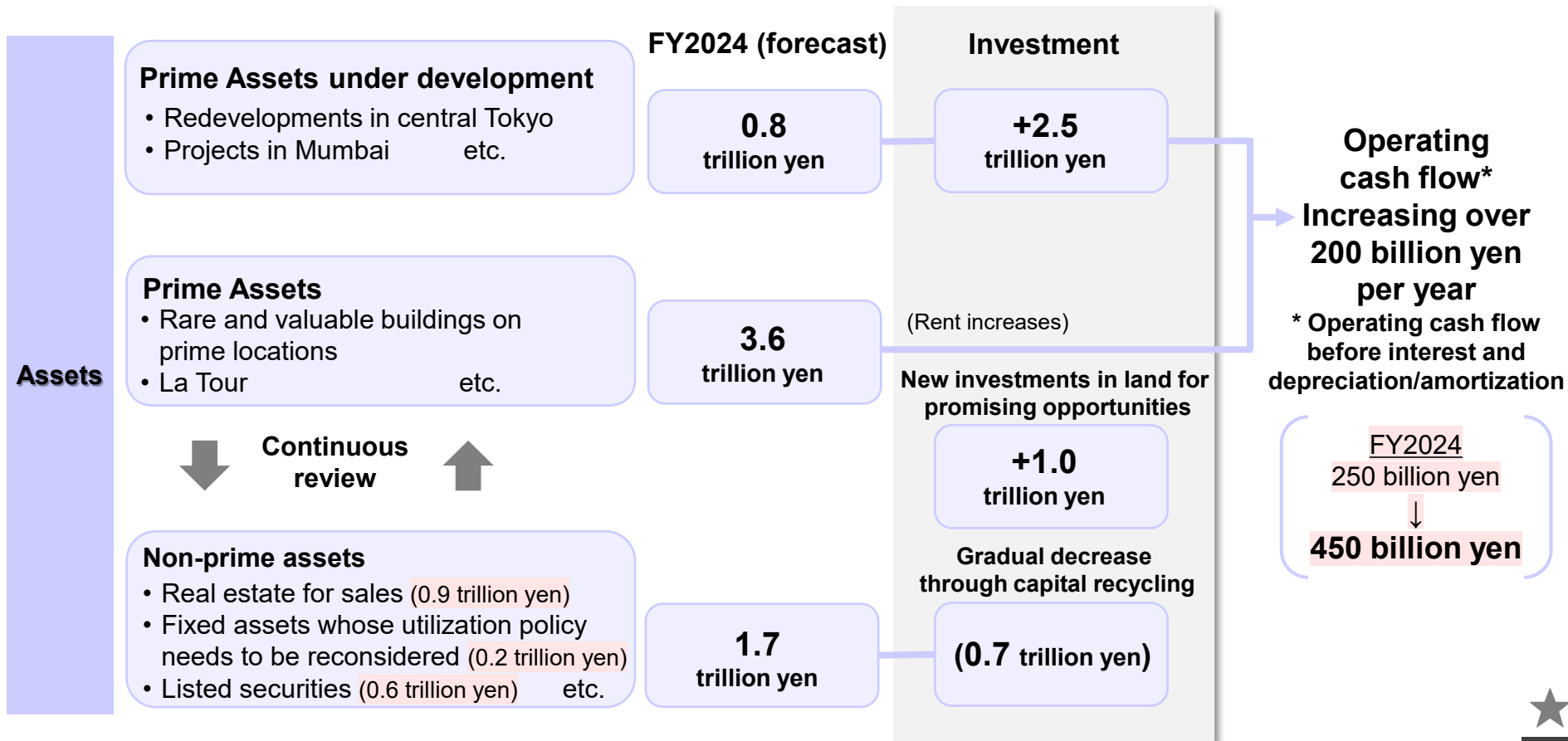
(6) Interest rate

- 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)



(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 m²

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



*1. Source: Tokyo Metropolitan Government documents

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

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)

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

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

Three-year total	
<u>Gains from property sales</u>	<u>Investment for growth</u>
800 billion yen	700 billion yen
Condominiums 700 billion yen	
Held stocks 100 billion yen	
	<u>Investment on condominiums</u>
	500 billion yen
<u>Core business income*</u>	<u>Management allocation</u>
1,050 billion yen	260 billion yen
	<u>Tax payment</u>
	270 billion yen
	<u>Dividend</u>
	120 billion yen

* Operating income from leasing business, Housing, and Step + depreciation

Investment for growth

700 billion yen among 2.5 trillion yen, the total for ten years
Additional investments for acquired sites for development
 Redevelopments in central Tokyo and projects in Mumbai, India

Management allocation (Opportunity fund)

- New investments in land for promising opportunities or M&A
- Share repurchase or preparation for additional dividend increases

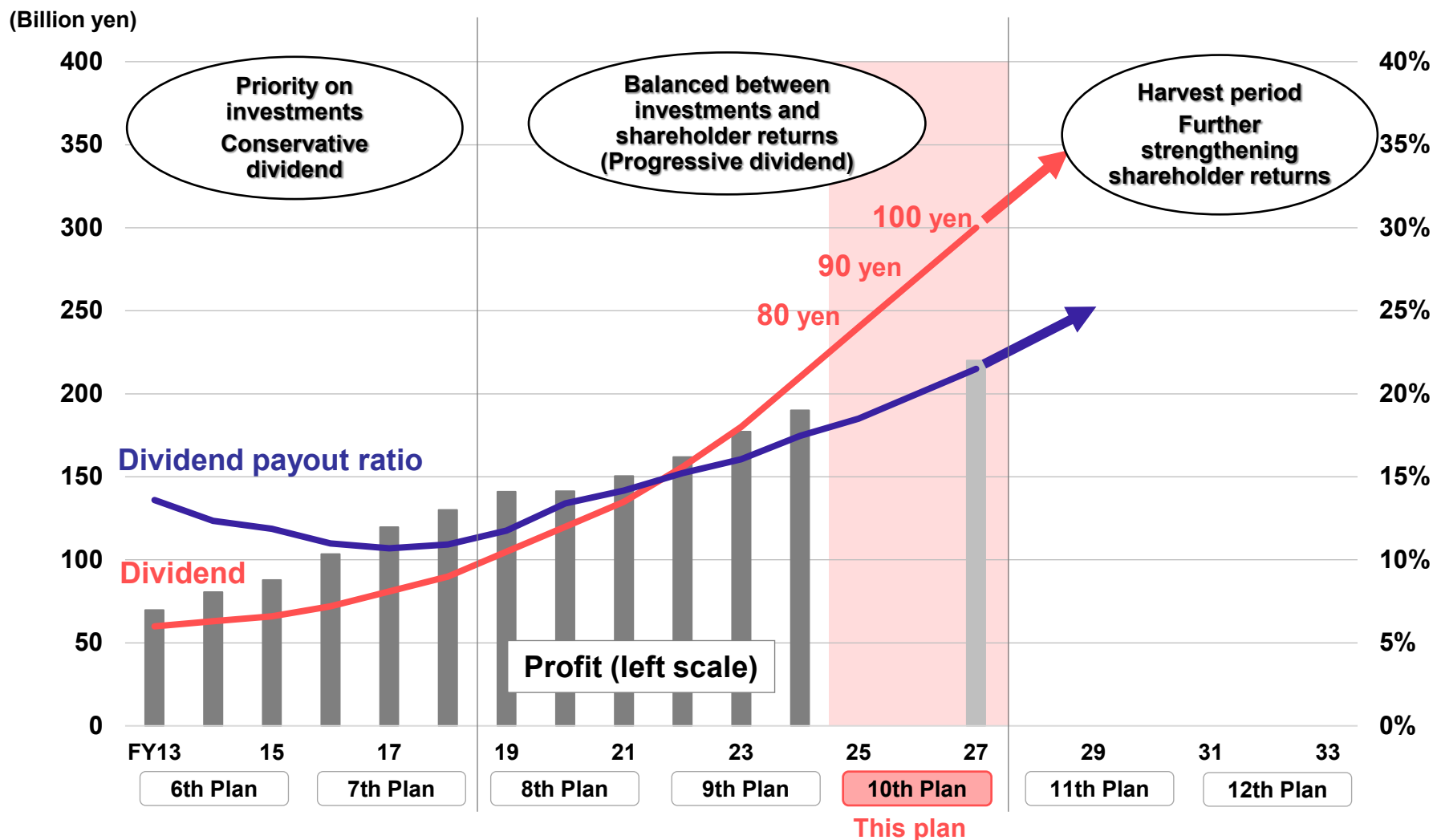
Dividend per share

	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>
Progressive dividend as planned	80 yen	90 yen	100 yen

* May have a further dividend increase when the medium-term plan is proceeding well

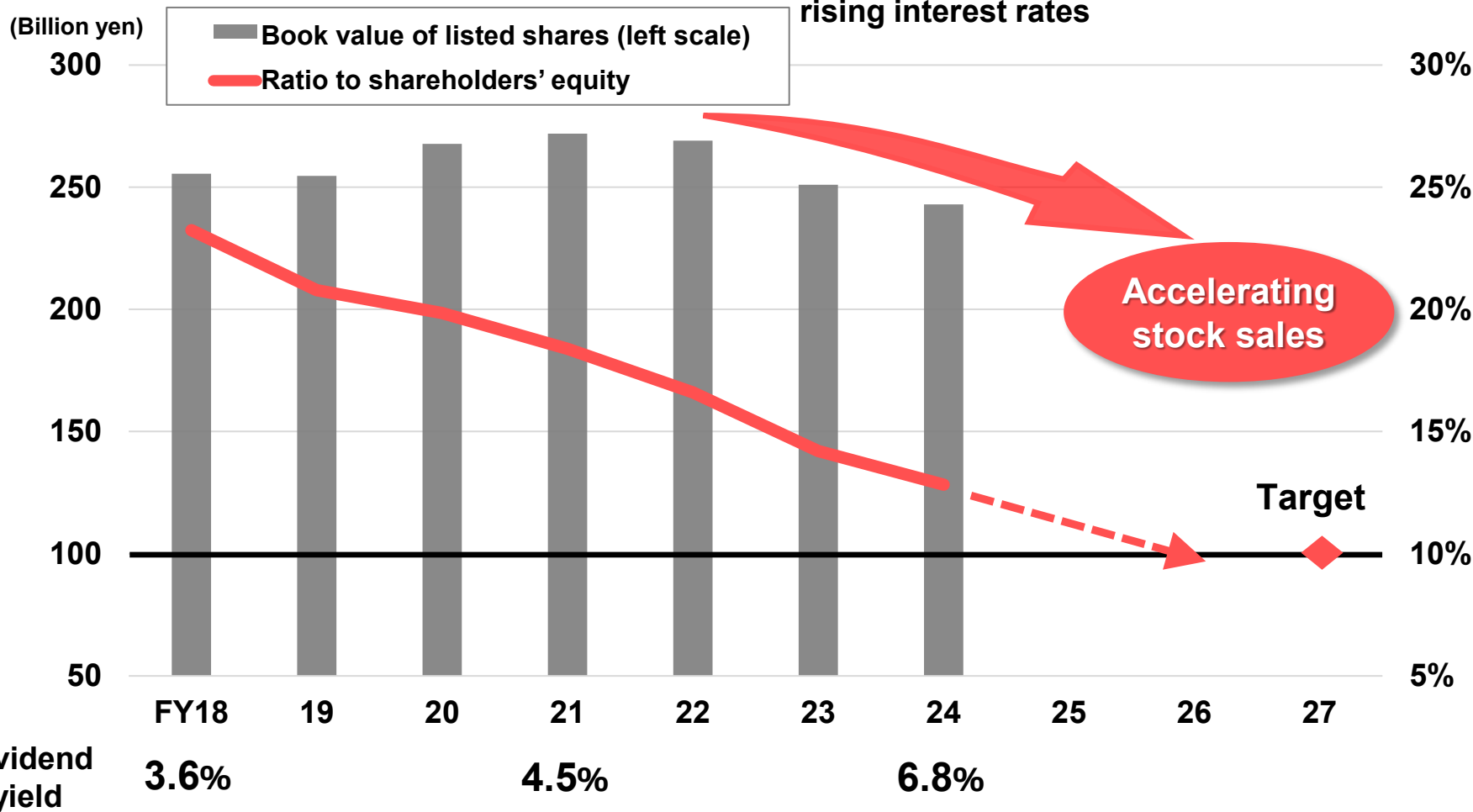
(3) Progressive dividend

- 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



(1) Continued reduction of strategic shareholdings

- Sequentially selling stocks whose significance for holding has diminished (a market value of 100 billion yen over 3 years)
- Allocating proceeds from stock sales to investments for growth
- Leveraging gains from stock sales for sustainable growth, including preparations for rising interest rates



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

	Execution		Supervision			Male : Female	
	<u>Executive officers</u>	<u>Internal directors</u>	<u>Outside directors</u>	<u>Internal corporate auditors</u>	<u>Outside corporate auditors</u>		
		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

(1) Maintaining and evolving a highly diverse workforce composition



Diversity index (consolidated)

Percentage of mid-career hires in the workforce	81%
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Percentage of mid-career hires among managers	72%
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Percentage of female managers	
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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

FY2024 Result

Pay increased **5.7%**



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

- 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

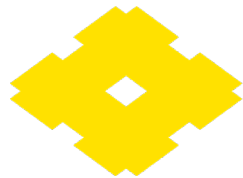
* Please refer to the announcement released on February 6, 2025.

Moving towards more stock price-conscious management



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).



Sumitomo Realty & Development

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