Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Ticker symbol 8830
June 5, 2024
(Start date of measures for providing information in electronic format: May 29, 2024)

Sumitomo Realty & Development Co., Ltd.
2-4-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Kojun Nishima,
Representative Director and President

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 91ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the 91st Ordinary General Meeting of Shareholders of Sumitomo Realty & Development Co., Ltd. (the "Company") will be held as stated below.
In the event that you are unable to attend, you can exercise your voting rights with either of the methods below. You are requested to review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights.

[Exercising Voting Rights via Mail]
Please indicate your approval or disapproval on the enclosed Form for the Exercise of Voting Rights and return it to the Company by 5:40 p.m. on Wednesday, June 26, 2024.
[Exercising Voting Rights via the Internet, etc.]
Please enter your approval or disapproval on the voting rights exercise website designated by the Company (https://www.web54.net) (in Japanese) by 5:40 p.m. on Wednesday, June 26, 2024.

Particulars

1. **Date and Time:** 10:00 a.m. on Thursday, June 27, 2024
2. **Place:** Shinjuku Sumitomo Hall (Entrance B1F), Shinjuku Sumitomo Building, 2-6-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
3. **Purpose of the Meeting:**

Matters to be reported:
1. Business Report, Consolidated Financial Statements and Audit Reports for Consolidated Financial Statements for the 91st fiscal year (from April 1, 2023 to March 31, 2024) by the Independent Auditor and the Board of Corporate Auditors
2. Financial Statements for the 91st fiscal year (from April 1, 2023 to March 31, 2024)

Matters to be resolved:
Agenda 1. Appropriation of Retained Earnings
Agenda 2. Election of One Director
Agenda 3. Election of One Substitute Corporate Auditor

For the convocation of the Meeting, the Company has taken measures to provide information constituting the content of Reference Documents for General Meeting of Shareholders (items for provision in electronic format) electronically and has posted them on the Company website and on the website of the Tokyo Stock Exchange (TSE).

Company Website with Posted Materials for General Meetings of Shareholders
https://english.sumitomo-rd.co.jp/ir/shareholders_info/shareholders_meeting
(In order to check the relevant content, access the above website, select "Notice of Convocation of the 91st Ordinary General Meeting of Shareholders" and "Items Omitted from Paper-Based Documents to be Delivered for Notice of Convocation of the 91st Ordinary General Meeting of Shareholders.")

Tokyo Stock Exchange Website (Listed Company Search)
https://www2.jpx.co.jp/tseHpFront/JJK020030Action.do
(In order to check the relevant documents, access the Tokyo Stock Exchange website listed above, input "Sumitomo Realty & Development Co., Ltd." in the "Issue name (company name)" field or "8830" in the "Code" field, click "Search," then click "Basic information" and "Documents for public inspection/PR information," then "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting.")

If attending the meeting, you are kindly requested to submit the enclosed Form for the Exercise of Voting Rights to a receptionist.

In the event of any modifications to the items for provision in electronic format, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company website and the Tokyo Stock Exchange website.

Among items for which the measures for providing information in electronic format will be taken, the following items are posted on the Company website in accordance with laws and regulations and Article 16, paragraph 2 of the Company's Articles of Incorporation, and are omitted in the paper-based documents to be delivered to shareholders ("paper-based documents to be delivered"). These paper-based documents to be delivered constitute part of the documents audited by the Corporate Auditors and the Independent Auditor for preparing their Audit Reports.

1. "Overview of the Corporate Group, Status of Assets and Profit and Loss, Principal Business Locations, Major Lenders and Borrowing Amounts," "Matters regarding Share Option of the Company, etc.," "Matters regarding Independent Auditor," "Basic Policy on Persons Who Control the Determination of Financial and Business Policies of the Company," and "Systems for Ensuring Appropriateness of Business Operations and its Operational Status of the Company" in the Business Report
2. "Consolidated statement of changes in net assets" and "Notes to consolidated financial statements" in the Consolidated Financial Statements (in Japanese only)
3. "Non-consolidated balance sheets," "Non-consolidated statements of income," "Non-consolidated statements of changes in net assets," and "Notes to non-consolidated financial statements" in the Financial Statements (in Japanese only)

To Institutional Investors

You may use the Electronic Voting System Platform for institutional investors operated by ICJ, Inc. as a method of exercising voting rights.

REFERENCE DOCUMENTS FOR GENERAL MEETING OF SHAREHOLDERS

Agenda and References

Agenda 1. Appropriation of Retained Earnings

As described on the next page, the Company's basic policy of profit distribution is to ensure prioritization of investment in leasing office assets in order to enhance the long-term revenue base and to strive for "sustainable dividend increase" in line with profit growth. Recently, the improvement trend in our leasing business is evident, putting us on the clear path to surpassing 300 billion yen in ordinary profit in the next medium-term management plan. Therefore, we have decided to accelerate the pace of the annual dividend increase from 7 yen to 10 yen per share. We will achieve 100 yen per share two years earlier than the target set forth last year — "doubling the dividend within 7 years to 100 yen per share."

In line with this, given the good performance and the record-high profit for the 11th consecutive year, we would like to propose the annual dividend for the fiscal year under review to be 60 yen per share (with an interim dividend of 29 yen and a year-end dividend of 31 yen).

For the next fiscal year ending in March 2025, we plan to increase the annual dividend by 10 yen to 70 yen per share (with an interim dividend of 35 yen and a year-end dividend of 35 yen).

(Yen per share)

	Previous fiscal year	Fiscal year under review	Year-on-year change	Next fiscal year (forecast)	Year-on-year change
Interim	24	29	+5	35	+6
Year-end	28	31	+3	35	+4
Annual	52	60	+8	70	+10

Matters concerning year-end dividends

Type of dividends

Cash

Matters concerning allocation of dividends to shareholders and the aggregate amount

Dividends of 31 yen per share of common stock of the Company

The aggregate amount: 14,692,082,247 yen

The effective date of the appropriation of retained earnings

June 28, 2024

Basic Policy on Dividends

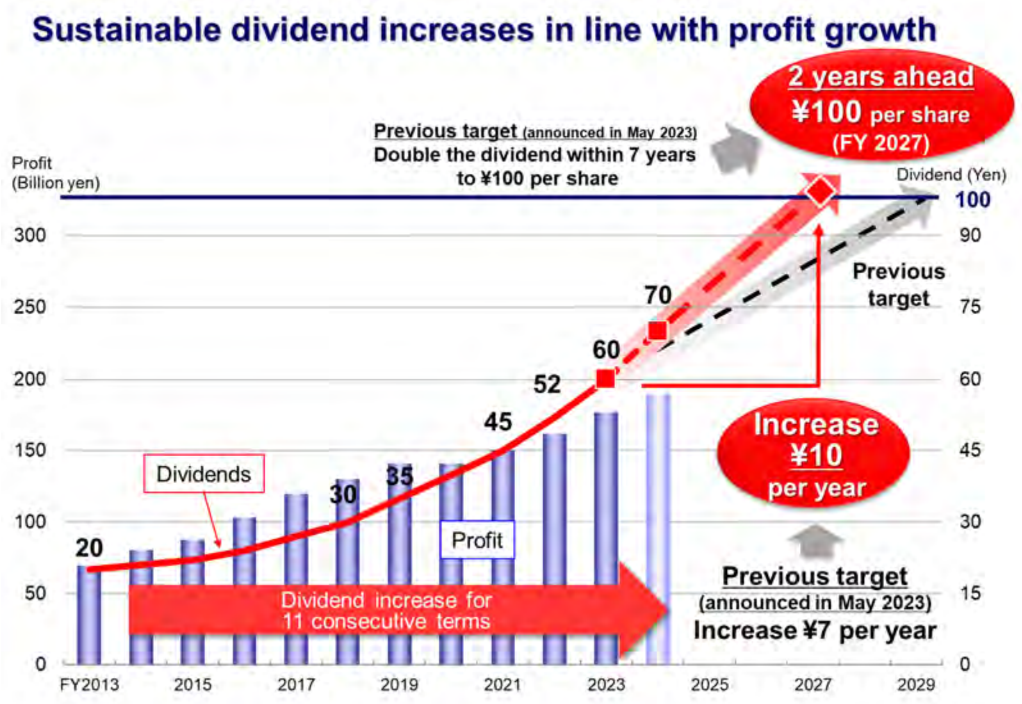
<u>Doubling the dividend two years ahead of the previous schedule</u>

The Company's basic policy of profit distribution is to ensure prioritization of investment in leasing office assets in order to enhance the long-term earnings base and to strive for "sustainable dividend increase" in line with profit growth.

We position stable income from building leasing at the core of our revenue and do not rely on gains from selling assets, which are susceptible to market fluctuations. As described in "Proactive Revision of 'Management Strategy for Sustainable Growth'" released on May 9 of this year, the recovery and improvement trends in our leasing business are evident, putting us on the clear path to surpassing 300 billion yen in ordinary profit in the next medium-term management plan. In light of this situation, we intend to further boost shareholder returns and accelerate the pace of sustainable dividend increase from 7 yen to 10 yen per share, achieving 100 yen per share two years earlier than the target set forth last year — "doubling the dividend within 7 years to 100 yen per share."

(The dividend for the fiscal year ended March 31, 2024 will be 60 yen, with an annual increase of 10 yen thereafter, reaching 100 yen for the fiscal year ending March 31, 2028.)

Even after surpassing 300 billion yen, we will continue to pursue appropriate and strong shareholder returns, taking into account our profit growth.



Agenda 2. Election of One Director

Outside Director Yozo Izuhara will retire upon the conclusion of this meeting, and the Company proposes the election of one director to fill this vacancy.

The candidate for director is as follows.

<table>
<tr><th>Name
(Date of birth)</th><th>Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company</th><th>Number of the Company’s shares held</th></tr>
<tr><td rowspan="2">Hakaru Tamura
(August 4, 1960)

New election
Outside
Independent
Male</td><td>Apr. 1984 Joined Ministry of Construction
Aug. 2013 Assistant Vice-Minister (in charge of Road Bureau), Minister’s Secretariat, Ministry of Land, Infrastructure, Transport and Tourism
Apr. 2014 Assistant Vice-Minister (in charge of City Bureau), Minister’s Secretariat, Ministry of Land, Infrastructure, Transport and Tourism
July 2017 Director General, Land and Construction Industry Bureau, Ministry of Land, Infrastructure, Transport and Tourism
July 2018 Director General, Secretariat for Promotion of Regional Revitalization, Cabinet Office
July 2019 Retired from Ministry of Land, Infrastructure, Transport and Tourism
July 2020 Adviser (part-time) of the Company (present)
(Significant concurrent positions outside the Company)
–</td><td>600</td></tr>
<tr><td colspan="2">Reasons for nomination as a candidate for outside director and expected roles
Mr. Hakaru Tamura has served as Director General of the Land and Construction Industry Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, and as Director General of Secretariat for Promotion of Regional Revitalization of the Cabinet Office. Although he has no experience of being directly involved in corporate management, he has extensive experience relating to administrative and organizational management as well as a wealth of knowledge and wide discernment regarding real estate and construction administration. In addition, as a part-time advisor of the Company, he has provided pertinent advice regarding compliance matters related to the construction industry. The Company deems him to be suitable as an outside director, and therefore proposes his election.
The Company expects Mr. Hakaru Tamura to provide insight and discernment regarding the construction industry, and through decision-making of the Board of Directors, to also provide supervision of the Group’s management and advice aiming at improving corporate value over the medium- to long-term from an independent standpoint.</td></tr>
</table>

Notes:
1. Mr. Hakaru Tamura is a candidate for outside director.
2. There is no special conflict of interest between the candidate and the Company.
3. The Company has registered Mr. Hakaru Tamura as an independent officer with Tokyo Stock Exchange, Inc.
4. If Mr. Hakaru Tamura’s election is approved, the Company will enter into a limited liability agreement with him in accordance with laws and regulations and the articles of incorporation. Under the agreement, his liability is limited to the minimum limit stipulated by laws and regulations.
5. The Company has concluded a director and officer liability insurance policy with an insurance company, whereby insured persons will be compensated for any legal damages and litigation costs incurred under the policy. If Mr. Hakaru Tamura’s election is approved, he will be included as an insured person under the insurance policy. In addition, we plan to renew the policy upon the next renewal with the same terms and conditions.

(Reference) Members of Directors, Corporate Auditors (after approval and adoption of this agenda)

If Agenda 2 is approved as originally proposed, the members of directors and corporate auditors will be as follows.

	Name	Position in the Company	Attributes	Gender
Reelection	Kenichi Onodera	Director - Chairman of the Board		Male
Reelection	Kojun Nishima	Representative Director - President		Male
Reelection	Masato Kobayashi	Representative Director - Deputy President		Male
Reelection	Yoshiyuki Odai	Representative Director - Deputy President		Male
Reelection	Hiroshi Kato	Director - Senior Managing Executive Officer		Male
Reelection	Hisatoshi Katayama	Director - Senior Managing Executive Officer		Male
Reelection	Nobumasa Kemori	Outside Director	Outside Independent	Male
Reelection	Chiyono Terada	Outside Director	Outside Independent	Female
New election	Hakaru Tamura	Outside Director	Outside Independent	Male
Reelection	Yoshifumi Nakamura	Full-time Corporate Auditor		Male
Reelection	Toshikazu Tanaka	Full-time Corporate Auditor		Male
Reelection	Takashi Sakai	Outside Corporate Auditor	Outside Independent	Male
Reelection	Naoko Hasegawa	Outside Corporate Auditor	Outside Independent	Female

Independent: Independent officer registered with the Tokyo Stock Exchange

(Reference) Policies for Appointment of Officers

· **Basic Policy**

Regarding nomination of candidates for directors and corporate auditors, and the appointment of executive officers, persons with a wealth of experience, high-level insight and sophisticated expertise who will contribute to the Company's sustainable growth and medium- to long-term enhancement of corporate value are narrowed down to candidates through multiple meetings of the Executive Committee. The final decision is then made by the Board of Directors based on thorough deliberation, reflecting independent and objective opinions of independent outside directors and outside corporate auditors. Independent outside directors and outside corporate auditors have sufficient opportunities to know relevant information such as the background, insights and achievements of internal directors, executive officers and internal corporate auditors at several occasions including meetings of the Committee of Outside Directors and Auditors, briefings for outside directors, and meetings of the Board of Corporate Auditors.

· **Compliance with the Independence Criteria of Outside Directors and Outside Corporate Auditors and Reasons for Appointment Thereof**

Regarding appointment of outside directors and outside corporate auditors, the Company has adopted the requirements for outside directors and outside corporate auditors prescribed in the Companies Act and the independence criteria set by the Tokyo Stock Exchange.

Name	Independence	Supplementary Explanation of the Relationship	Reasons of Appointment
Nobumasa Kemori	○	Mr. Kemori served as Director, Chairman of the Company's business partner Sumitomo Metal Mining Co., Ltd. until June 2017. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Mr. Kemori had served as President and Chairman of Sumitomo Metal Mining Co., Ltd., and he has extensive knowledge of the mining industry from a long-term perspective and overseas business as a manager. The Company deems him to be suitable as an outside director.
Chiyono Terada	○	Ms. Terada served as President and CEO of the Company's business partner Art Moving Company Co., Ltd. until December 2019. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Ms. Terada founded Art Hikkoshi Center and had served as its President and Chairperson, etc., and she has extensive knowledge and wide discernment as a manager. The Company deems her to be suitable as an outside director.
Hakaru Tamura	○	Mr. Tamura has provided advice to the Company regarding compliance matters related to the construction industry from an independent standpoint as a part-time advisor, and the Company deems him to be suitable as an independent officer.	Mr. Tamura has served as Director General of the Land and Construction Industry Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, and as Director General of Secretariat for Promotion of Regional Revitalization of the Cabinet Office, and he has extensive experience relating to administrative and organizational management as well as a wealth of knowledge and wide discernment regarding real estate and construction administration. In addition, as a part-time advisor of the Company, he has provided pertinent advice regarding compliance matters related to the construction industry, and the Company deems him to be suitable as an outside director.

Name	Independence	Supplementary Explanation of the Relationship	Reasons of Appointment
Takashi Sakai	○	Mr. Sakai served as Representative Director, Executive Vice-President of the Company's business partner Osaka Gas Co., Ltd. until March 2013. However, since the transaction amount between said company and the Company in the most recent fiscal year was small, accounting for less than 1% of sales for both companies, the Company deems there is no impact on independence.	Mr. Sakai has served as Executive Vice-President of Osaka Gas Co., Ltd. and President of Honshu-Shikoku Bridge Expressway Company Limited, and he has extensive knowledge and wide discernment as a manager. The Company deems him to be suitable as an outside corporate auditor.
Naoko Hasegawa	○	Ms. Hasegawa worked for the Company's subsidiary Sumitomo Fudosan Fitness Co., Ltd. (currently Sumitomo Fudosan Esforta Co., Ltd.) from April 1987 to October 2002. However, since more than 20 years have passed since she resigned from said company and she has not been involved in execution of business of said company after her resignation, the Company deems there is no impact on independence.	Ms. Hasegawa has served as Executive Officer and Chief Business Ethics Officer of The Prudential Life Insurance Company, Ltd. and she has extensive experience and wide discernment in corporate management and corporate ethics. The Company deems her to be suitable as an outside corporate auditor.

・ Skill Matrix (Abilities Expected of Each Director)

Name	Organizational management	Leasing	Sales	Construction	Brokerage	Redevelop-ment	Planning and finance	Compliance
Kenichi Onodera	○	○	○	○	○	○	○	○
Kojun Nishima	○	○	○	○	○	○	○	○
Masato Kobayashi	○		○		○			
Yoshiyuki Odai	○						○	○
Hiroshi Kato	○			○				
Hisatoshi Katayama	○					○		
Nobumasa Kemori	○							○
Chiyono Terada	○							○
Hakaru Tamura	○			○	○			○

Agenda 3. Election of One Substitute Corporate Auditor

The Company requests approval for the election of one substitute corporate auditor, to provide for the case where the number of incumbent auditors becomes less than the number stipulated in laws and regulations, which require majority is comprised of outside corporate auditors. The board of corporate auditors has consented to this agenda.

Candidate for substitute corporate auditor:

<table>
<tr><th>Name
(Date of birth)</th><th colspan="2">Career summary, position in the Company, and significant concurrent positions outside the Company</th><th>Number of the Company’s shares held</th></tr>
<tr><td rowspan="2">Setsuya Nakamura
(April 29, 1944)

Outside
Independent</td><td>Dec. 1975

Apr. 1976

Apr. 2011</td><td>Passed the Certified Public Tax Accountant Examination
Registered with the Tokyo Certified Public Tax Accountants’ Association
Established the Setsuya Nakamura Certified Public Tax Accounting Office, Representative (present)
Registered as a political funding auditor</td><td>0</td></tr>
<tr><td colspan="3">Reasons for nomination as candidate for substitute outside corporate auditor
Mr. Setsuya Nakamura has expertise, rich experience and wide discernment as a certified tax accountant. The Company deems him to be suitable as a substitute outside corporate auditor, and therefore proposes his election. Note that though he does not have direct experience in corporate management, the Company deems that he will be able to appropriately fulfill his duties if he assumes office as an outside corporate auditor due to the reasons listed above.</td></tr>
</table>

Notes:

1. Mr. Setsuya Nakamura is a candidate for substitute outside corporate auditor.
2. There is no special conflict of interest between the candidate and the Company.
3. If this agenda is approved and Mr. Setsuya Nakamura assumes office as an outside corporate auditor, the Company will register him as an independent officer with Tokyo Stock Exchange, Inc.
4. If this agenda is approved and Mr. Setsuya Nakamura assumes office as an outside corporate auditor, the Company will enter into a limited liability agreement with him in accordance with laws and regulations and the articles of incorporation. Under the agreement, his liability is limited to the minimum limit stipulated by laws and regulations.
5. The Company has concluded a director and officer liability insurance policy with an insurance company, whereby insured persons will be compensated for any legal damages and litigation costs incurred under the policy. If this agenda is approved and Mr. Setsuya Nakamura assumes office as an outside corporate auditor, he will be included as an insured person under the insurance policy.

(Reference) Status of the Company's Corporate Governance

* The content presented in this section assumes the approval of Agenda 2.

Basic Views of Corporate Governance

The Company is a comprehensive real estate enterprise of the Sumitomo Group which has a history of 430 years and inherits Sumitomo's business philosophy of "Placing prime importance on integrity" and "Under no circumstances, shall it pursue easy gains." The Company's slogan, "Integrity and Innovation" expresses its corporate stance to all stakeholders including its employees, customers, business partners, creditors and shareholders. This includes the pride as a developer which values "Integrity" above all, and creates new corporate value with a pioneering spirit, without pursuing easy gains under any circumstances.
Under this slogan, we have set forth our fundamental mission as to "Create even better social assets for the next generation," and our basic management policy aims to contribute to addressing various social issues such as the environment, while maximizing corporate value through each business.
This fundamental mission also includes a reminder "Do not rest on seniors' laurels and make the best efforts for a better company for the next generation." At this point in time, we believe that the management of the Company should continue to be carried out by people mainly from within the Company who have inherited the strong will to sow the seeds of growth for the sake of the next generation. In doing so, we believe that employees will be able to maintain a high level of motivation to eventually participate in management.
In consideration of this basic stance, we are working to further strengthen and enhance corporate governance so as to contribute to the enhancement of the Company's corporate value over the medium- to long-term, by working on collaboration and dialogue with all stakeholders including shareholders, improving the efficiency of decision-making, appropriate supervision of execution, and proper disclosure of information.

Corporate Governance System

- **<u>Reasons for Adopting an Organizational Structure of a Company with Corporate Auditors</u>**

  Under the Companies Act of Japan, companies may adopt one of the following three forms of organizational structure: (i) a company with corporate auditors, in which the Board of Directors assumes executive responsibility, while corporate auditors are in charge of the monitoring of management; (ii) a company with a nominating committee, etc., wherein the Board of Directors is tasked with the management monitoring function and the Board of Executive Officers assumes executive responsibility; and (iii) a company with an audit and supervisory committee, in which the management monitoring function of corporate auditors is incorporated into the functions of the Board of Directors. In this way, companies may select the optimum governance structure that best suits their circumstances.
  As stated in the Basic Views above, in order for the Company to continue growing, we believe that people from within the Company who are deeply familiar with the significance of continuing to invest, always looking resolutely forward even in difficult times, should be the core members of management and execution, and the motivation of juniors, who will acquire experience in the real estate business and eventually join the management team, should be maintained; hence we have a structure as a company with corporate auditors, where the Board of Directors bears responsibility for execution, and corporate auditors take on the management supervision function.
  Six directors, mainly from within the Company, who are deeply familiar with the business content, are in charge of management and execution, while three outside directors and four corporate auditors for a total of seven persons, which accounts for over half of the 13 attendees of the Board of Directors meeting, are responsible for the management supervision function. In order to fully demonstrate the supervisory function, we have built a system to accurately grasp the management condition and issues and to cooperate with each other as follows.

- **<u>Role and Structure of the Board of Directors</u>**

  The Board of Directors promotes the sustainable growth of the Company and the enhancement of corporate value over the medium- to long-term, improves profitability and business efficiency, and prevents fraud before it occurs. In order to do so, it is responsible for deliberating and deciding important matters for the Company such as basic management policy and management strategy, as well as supervising the execution of duties by each director and executive officer.

The maximum number of directors in the Board stipulated in the Articles of Incorporation is 12. The Board of Directors is comprised of six directors from within the Company who are in charge of business execution as they are deeply familiar with the significance of always looking resolutely forward and continuing to invest for sustainable growth, and three outside directors with experience as a chairman, a president or other management executives, who have superior character and insight and understand the Company's management principles.

- **<u>Executive Officer System</u>**

Due to the limited number of directors, we have introduced an executive officer system comparable with directors so that we can appoint officers necessary for business expansion, and we have appointed 15 executive officers who do not concurrently serve as directors. Compensation for executive officers who are non-concurrent directors is not an employee salary, but is to be paid from the total compensation for directors, which is clearly based on the Company's performance set at 1% of consolidated ordinary profit for the previous fiscal year, because they are considered to be comparable with directors.

- **<u>Role and Structure of the Board of Corporate Auditors</u>**

Corporate auditors are responsible to supervise whether directors are performing their duties properly by using the powerful authority endorsed by law.
The Board of Corporate Auditors consists of four corporate auditors, half of whom are the two outside corporate auditors.

- **<u>Cooperation among Internal Audit Department, Independent Auditor, and Corporate Auditors</u>**

We have established the Internal Audit Department to check the business execution status of each Department of the Group and the operational status of internal controls, to prevent fraud and errors, and to make proposals for operational improvement. The Internal Audit Department reports the results of its internal audits to, and exchanges views as appropriate with, corporate auditors and the independent auditor in an effort to forge closer collaboration between the three parties and increase the quality and efficiency of individual audits.

Initiatives to Strengthen Corporate Governance

- **Steps Taken to Strengthen Corporate Governance**

June 2002	Appointed two outside corporate auditors, making half of the four corporate auditors outside members
April 2004	Reformed the management system, reducing the number of directors from 23 to 12
June 2004	Introduced a fully performance-based compensation system for officers Abolished the retirement benefit system for officers and the bonus system for officers
June 2015	Appointed two outside directors Established a Committee of Outside Directors and Auditors and began holding briefings for outside directors on a regular basis, to strengthen the supervision function of outside directors and outside corporate auditors
April 2020	Introduced an executive officer system
June 2020	Appointed one female officer (outside corporate auditor)
June 2023	Increased the number of outside directors to three Appointed one female director

- **Roles of Outside Directors and Outside Corporate Auditors**

As part of its initiatives to strengthen corporate governance, the Company appointed two outside corporate auditors in 2002 and two outside directors in 2015. The number of outside directors has been increased to three including one female, in 2023.

Corporate auditor is a system that has taken root in Japan for a long time. Corporate auditors use the strong investigative power granted by the law to audit whether the directors are conducting their duties appropriately. Although full-time corporate auditors from within the Company are familiar with the Company's internal affairs and have excellent information-gathering skills, they might become somewhat lenient, albeit unconsciously, when it comes to auditing their colleagues. Therefore, the Company ensures that at least half of the corporate auditors are outside members to add an objective perspective and thereby ensure the effectiveness of audits.

Likewise, it is undeniable that the Board of Directors may become narrow-minded if it consists only of people from within the Company, and it is possible that the Board may find itself left behind by the changes in the world. Therefore, the Company has appointed outside directors who have excellent character and insight, who understand its management philosophy, and who have experience as a chairman, a president or other management executives, in order to have them advise the management team and monitor the officers by utilizing their wide range of knowledge and insight based on their experience in corporate management.

- **Efforts to Strengthen the Supervision Function**

The Company has three outside directors and four corporate auditors for a total of seven persons, which accounts for over half of the 13 attendees of the Board of Directors meeting, responsible for the management supervision function. In order to ensure that outside directors and outside corporate auditors can fully perform their roles, in the fiscal year under review the Company (i) held eight briefings for outside directors in which they were briefed on the agendas for the Board of Directors meetings, the content of discussions at the Executive Committee, and other issues; and (ii) convened 13 meetings of the Board of Corporate Auditors wherein they received reports from the independent auditor and the Internal Audit Department and conducted interviews about the operating situation with the heads of each department.

In addition, (iii) we have established a Committee of Outside Directors and Auditors, comprised only of outside directors and outside corporate auditors. The Committee of Outside Directors and Auditors directly hears from each officer about the execution status of the duties of which he or she is in charge and the issues they are aware of, as well as giving appropriate advice. In the event of a whistleblowing report on officers, outside corporate auditors receive a report directly and share the information at the Committee of Outside Directors and Auditors.

Through these initiatives, we believe that the Company's corporate governance has achieved a certain level of quality.

Initiatives for Promoting Diversity

For some time, we have been actively promoting diversity based on the recognition that the presence of diverse perspectives and values reflecting a variety of experiences, skills and attributes within the Company is an advantage that ensures the sustainable growth of the Company.

For more than 20 years, we have been actively hiring people with diverse careers at other companies as individuals who can be immediately effective in the Company. Today, mid-career hires with work experience at other companies account for 90% of our employees at Sumitomo Realty & Development, and are the source of the Company's growth.

In addition, for increasing employees' motivation, we believe that equal opportunity in promotion to managerial positions is the most important factor, so we promote employees based solely on their enthusiasm, ability and achievements, regardless of gender or whether they were hired as new graduates or as mid-career workers. As a result, mid-career hires account for more than 60% of managerial personnel, thus ensuring diversity in the managerial positions.

We are also actively working on the promotion of female participation and career advancement. Firstly, we have announced a numerical target for the ratio of female employees newly hired in sales and engineering positions that support our front line operations (25% in sales and 13% in engineering positions) in order to increase the number of female employees to be promoted in future by increasing the ratio of women in our workforce. Secondly, we are also working to support women's career development. For example, in 2022, we implemented reforms to apply personnel systems centered on job evaluation-based pay to all employees, and created a system that enables employees with medium- to long-term gaps in their career owing to life events such as childbirth and raising children to immediately assume positions of responsibility with no disadvantage after returning to work. We are also actively working on the appointment of female officers, and appointed one female executive officer in April 2024, bringing the number of female officers to three.

We believe that diversity in managerial positions should be ensured naturally as a result of fair employment policies, systems and appointments, such as those described above. We believe that setting a numerical target for diversity in managerial positions may distort equal opportunity in the appointment of managers and lower the morale of employees as a whole, and therefore we will not set such a numerical target.

(Reference) Proactive Revision of "Management Strategy for Sustainable Growth" (announced on May 9, 2024)

In May last year, Sumitomo Realty & Development Co., Ltd. announced the "Basic Management Strategy and Medium- to Long-term Outlook for Sustainable Growth" in response to the recovery from the COVID-19 pandemic and the normalization of the economy. A year has passed, and amidst significant changes in the business environment, including social and economic conditions, our mainstay businesses have steadily recovered and improved. The financial results for fiscal 2023 have met our initial targets, and we now expect to surpass 300 billion yen in ordinary profit in the next medium-term management plan.

As such, the foundation for advancing our business has been solidifying and shifting from a defensive to an offensive stance. In addition, one of the largest development projects in Japan, which will be a key project for our future sustainable growth, has made significant progress through the approval by the Tokyo Metropolitan Government. We have also managed to acquire a large-scale mixed-use development site in the heart of Mumbai, India, which is a significant preparatory step for further growth and development in the future. We will continue to actively invest in such specific projects that contribute to our growth, viewing 300 billion yen in ordinary profit in the next medium-term management plan as a checkpoint, and will strive to expand our business with the aim of reaching an even higher milestone of 400 billion yen in ordinary profit.

Incorporating these elements, we have proactively revised our management strategy as follows.

1. Mainstay businesses on the path to recovery with expectation for achieving an ordinary profit of 300 billion yen in the next Tenth Management Plan ending in fiscal 2027

(1) Office building leasing business

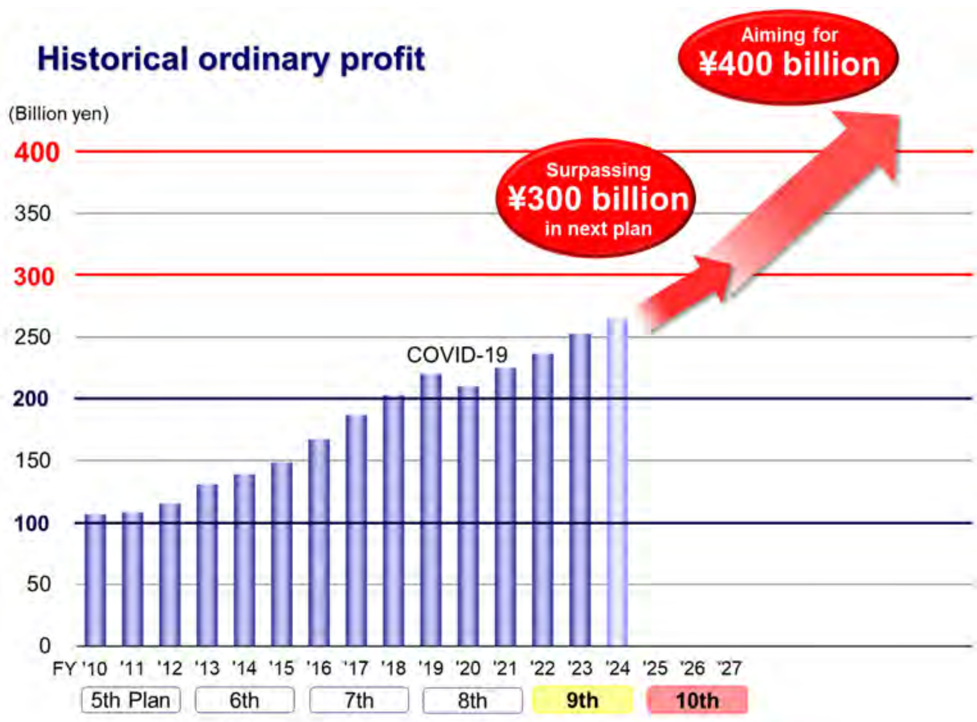
For existing buildings, the trend of returning to office had already begun during the COVID-19 pandemic in 2022, with contracts starting to exceed cancellations. This trend has been growing stronger in 2023 and 2024. Furthermore, with price pass-through due to increased operating costs starting to be accepted, the realization of substantial rent increases is also becoming more realistic under ongoing inflation.

Moreover, with the full contribution of newly completed buildings during the Ninth Management Plan, such as "Sumitomo Fudosan Tokyo Mita Garden Tower," "Sumitomo Fudosan Nakano Ekimae Building," and "Sumitomo Fudosan Shinjuku Minamiguchi Building," we expect an increase in revenue and profit in the office building leasing business. These have given us the prospects for growth in the office building leasing business in the Tenth Management Plan and beyond. In addition, businesses that were directly impacted by the COVID-19 pandemic, such as hotel and multipurpose hall businesses, have turned to a recovery trajectory, with some properties beginning to generate revenues surpassing those before the pandemic.

(2) Condominium sales business

As a result of the increased interest in housing due to the COVID-19 pandemic, which has driven up demand, the market has adapted to the rising prices, and we have maintained strong sales.

While there are matters that require careful consideration, such as the difficulty of acquiring land, the surge in construction costs, and whether the market will continue to accept the increased prices, we believe that our unique strength lies in the flexibility to respond to market conditions, having secured land for the next six years, and having already fixed construction costs for properties scheduled to be delivered by the end of the Tenth Management Plan.



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

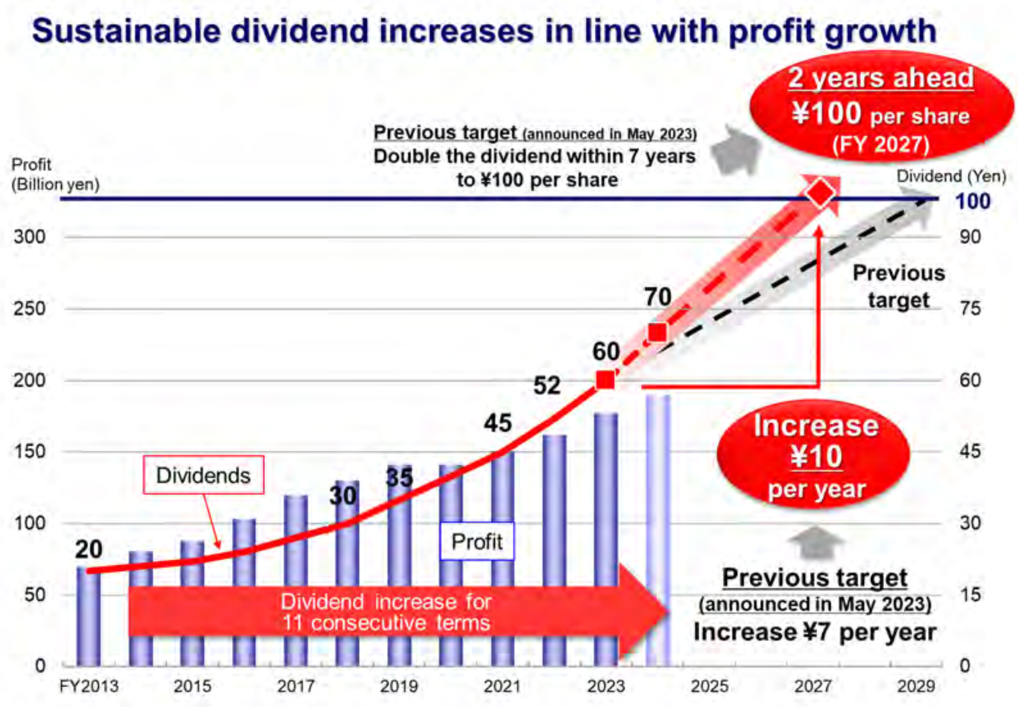
(1) Doubling the dividend two years ahead of the previous schedule

We will accelerate the pace of the annual dividend increase from 7 yen to 10 yen per share, achieving the target set forth last year of “doubling the dividend within 7 years to 100 yen per share” two years earlier.

* The dividend for fiscal 2023 will be 60 yen, with an annual increase of 10 yen thereafter, reaching 100 yen for fiscal 2027.

We position stable income from building leasing at the core of our revenue and do not rely on gains from selling assets, which are susceptible to market fluctuations. As previously stated, the recovery and improvement trends in our leasing business are evident, putting us on the clear path to surpassing 300 billion yen in ordinary profit. In light of this situation, we intend to further boost shareholder returns and accelerate the pace of sustainable dividend increase.

Even after surpassing 300 billion yen, we will continue to pursue appropriate and strong shareholder returns, taking into account our profit growth.



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

We aim to achieve our target of reducing the ratio of strategic shareholdings to 10% or less three years ahead of the original schedule, by the end of fiscal 2027.

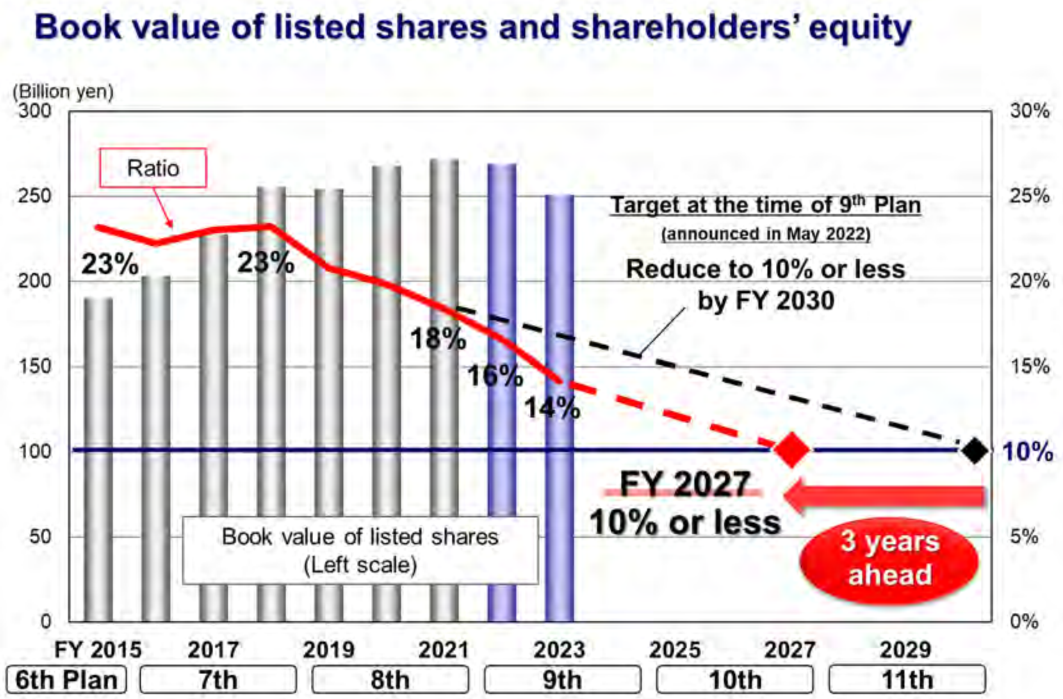
* The ratio of the book value of strategic shareholdings to shareholders' equity has been steadily decreasing: 18.4% at the end of fiscal 2021, 16.6% at the end of fiscal 2022, and 14.2% at the end of fiscal 2023.

Regarding strategic shareholdings, we will maintain those that contribute to the strengthening of "good partnerships*" and are expected to positively impact our business in the long term while we sell shares with diminished significance for holding, in a planned manner. The gains from the sale of shares, including those classified as pure investments at the end of the previous fiscal year, will be utilized to support our sustainable growth. This includes allocation for covering demolition and disposal losses that commonly occur in the property development, loss on liquidation of business efficiency, investments in digital transformation (DX) aimed at improving employee productivity, and investments in green transformation (GX) for environmental consideration.

*Good partnerships

In advancing our office building leasing and condominium sales businesses, we regard general contractors and subcontractors as partners, not as mere suppliers, in promoting business together.

We have fostered long-standing and strong relationship with general contractors and subcontractors through continuous orders, backed by strategic shareholdings. It serves as a motivation for them to confidently secure construction materials and personnel over the long term. From our standpoint, we are reaping the benefits of mitigating business risks associated with the ongoing issues of rising construction costs and prolonged project durations, enabling us to stabilize our business through steady and stable progress of projects for construction until completion.



(3) Not renewing advance warning takeover defense measures

The Group has been pursuing sustainable and stable growth with the building leasing business at its core, by continuing development of office building over the medium to long term. In the course of our growth, we have needed to protect shareholder interests from so-called “Killing the goose that lays the golden eggs,” or malicious takeover actions aimed at temporary gains by selling those assets with a short-term perspective. For this reason, we have introduced and continued with defense measures.

Last year, there was progress in reviewing the approach to corporate acquisitions at the Ministry of Economy, Trade and Industry, and the Financial Services Agency. In addition, as outlined earlier in the outlook for the Tenth Management Plan and beyond, the scale of our business and profitability directly linked to corporate value have expanded and stabilized. Consequently, we have decided not to renew the defense measures at the next update due in June 2025.

(4) Continuing active investment in human capital

For the Group’s sustainable growth, the proactive engagement of our employees is essential. Therefore, we are aiming for “employee-first management” to return the fruits of growth to employees first, as well as “integrated group management.”

As fair, efficient investment in human capital is key to realizing those, mass hiring of new graduates and seniority-based personnel system cannot fully address this need.

As such, we have, as a whole group, adopted year-round mid-career hiring and switched to a salary system that is similar to a role-based system, where annual salaries are determined based on the responsibilities and achievements of employees across a wide variety of jobs. We have positioned this personnel system, which centers on career hires, at the core and have actively promoted it. As a result, currently, 90% of our employees and 60% of the managerial personnel are individuals who were hired through mid-career hiring, with high motivation fostered by this system. This approach has enabled us to achieve a highly diverse workforce, regardless of gender or whether they were hired as new graduates or as midcareer workers, which is a driving force for the growth of the Group.

Going forward, in addition to this 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.

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

As of March 31, 2024, 76 of our buildings with a total gross floor area of over 1.1 million tsubo (*1 tsubo = 3.3 square meters) acquired the “DBJ Green Building Certification,” which is awarded to properties that demonstrate high environmental performance and meet significant societal demands. In the Ninth Management Plan, we established a green finance quota to raise a total of 1 trillion yen. However, due to its popularity and the rapid approach to the quota, we have doubled the financing quota to 2 trillion yen. We will continue to develop superior properties with environmental considerations and strive to maintain and enhance their performance.

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

We leverage large-scale redevelopment projects in central Tokyo as the primary engine for our growth. We have numerous projects underway in locations such as Roppongi 5-chome, Yaesu, Tsukiji (Ginza East), Roppongi 3-chome, Ikebukuro, and Iidabashi, and plan to invest 2 trillion yen, including the amount already invested, in properties with a total gross floor area of 2 million square meters that we plan to own.

As the second growth engine, we will invest 700 billion yen, including the amount already invested, in the heart of Mumbai, India. In Mumbai, the rapid progress in the development of transportation infrastructure strongly shows us its potential for evolving into a business area comparable to central Tokyo in the future. In that area, we have started projects with a planned gross floor area of over 1.3 million square meters.

We believe that a path to achieving an ordinary profit of 400 billion yen is becoming visible through these growth and development projects with a total investment of 2.7 trillion yen for a total gross floor area of over 3.3 million square meters across Tokyo and Mumbai.

<u>Topic 1: One of the largest urban redevelopment in Japan, "Roppongi 5-chome West Project" has been approved</u>

The urban redevelopment "Roppongi 5-chome West Project"* has been approved by the Tokyo Metropolitan Government, in March 2024. Thereby, one of Japan's largest redevelopment projects has started moving forward, with a total gross floor area of 1.08 million square meters and an overall project cost of around 800 billion yen. The project features a core office-focused tower of 66 floors above ground and a height of 327 meters with a gross floor area of 800,000 square meters, as well as approximately 1,000 residential units, hotels, and retail facilities. The synergistic effects with the surrounding developments are expected to drive the transformation of this area into a central urban core comparable to Otemachi, Marunouchi, and Yurakucho area near Tokyo Station.

* Urban redevelopment project jointly undertaken with Mori Building Co., Ltd.

Source: Tokyo Metropolitan Government documents.

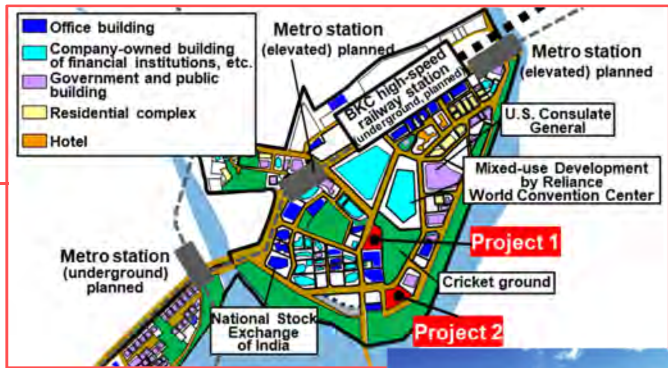
Topic 2: Acquired a large-scale mixed-use development site in the heart of Mumbai, India

In addition to two properties that we have acquired by 2022 in BKC (Bandra Kurla Complex, Mumbai, India), we acquired a large-scale mixed-use development site in Worli, the heart of Mumbai, in October 2023. In BKC, the total gross floor area of the two properties is 260,000 square meters: the first project has commenced construction, and construction for the second project is scheduled to commence within this year. In Worli, the site we acquired has a developable gross floor area of over 1 million square meters.

Consequently, rather than just acting as a leasing building owner, we have been able to build a significant foothold in establishing our position as a comprehensive developer continuously engaged in integrated mixed-use development of areas.

Given its location in the heart of the Worli, the center of Mumbai city, the project has received expressions of active support from the Maharashtra state and Mumbai city authorities, who are intensively working on the development of subways and elevated roads. In order to contribute to the development of Mumbai and India, we will work together with the state and city to advance this large-scale development into an iconic project with a total gross floor area of well over 1 million square meters.

Source: Google Maps



Project 1 in BKC
Exterior rendering

“Indian Shinkansen” (high-speed railway)	Connecting Mumbai and Ahmedabad in about 2 hours, covering approximately 500 km distance
Mumbai Trans Harbour Link	Connecting the center of Mumbai to the new airport under construction in Navi Mumbai across the eastern shore, with a total extension of about 22 km (opened in January 2024)
Sea Bridge Bypass “Coastal Road”	A sea bridge bypass where extension work is progressing on the western coast of the peninsula to avoid traffic congestion in the city (partially opened in March 2024)
Metro Line 3	Connecting major business areas from the current airport area to Nariman Point via BKC and Worli (scheduled to open in 2024)

Topic 3: Reborn Shinjuku Sumitomo Building

Shinjuku Sumitomo Building, completed in 1974, is celebrating its 50th anniversary this year. We chose to renovate this building, the oldest within our portfolio, instead of rebuilding. A gigantic roof was installed at the foot of the building, enabling it to hold large-scale events without being affected by the weather. In addition, restaurants on the top four floors were relocated to the 1st and 2nd floors and the previous restaurant areas were transformed into office areas. The building facilities have been completely updated, and seismic resistance has been enhanced to withstand long-period ground motion earthquakes.

Over the past 50 years, the cumulative cash flow (operating income before depreciation) from the building has exceeded 400 billion yen. During that time, the Japanese economy experienced numerous transformations, through the high-interest era of the 1980s, the bursting of Japan’s bubble economy, the Global Financial Crisis, and the economic boom under Abenomics policies. Although 50 years have passed since its completion, this building is still one of our flagship buildings, generating cash flows from leasing exceeding 10 billion yen annually.

< Before >

< After >

Shinjuku Sumitomo Building
(52 floors above / 4 below ground)

Completion: March 1974

Renovation completion: June 2020

Site area: 14,446.46 square meters

Gross floor area: 180,195.17 square meters

Sankaku Hiroba (triangular plaza): approx. 3,250 square meters

- An all-weather atrium (Ceiling height: approx. 25 meters)
- Capable of temporarily accommodating approx. 2,800 stranded commuters in the event of disaster

APPENDIX

<u>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.</u>

I. Tokyo has an efficient and intricate network of public infrastructure including the railway network such as JR lines and subways, as well as roads, allowing easy access to the city center. In addition, especially in city centers where convenience is higher, there is 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. This has made the city center unwavering and ensured its value remain steadfast.

II. Companies from a diverse range of industries and sizes are concentrated and clustered in Tokyo; not only in finance and IT but also material and semiconductor manufacturers, as well as services such as staffing, retail, and entertainment, from major corporations to startups.
Despite the economic fluctuations within individual sectors, constant regeneration brings various new demands for office space. As we manage over 200 buildings in various sizes throughout Tokyo, our leasing portfolio is ideal to accommodate such diverse needs, and has been the source of stable profits over the long term.

III. While not ruling out the option of selling leasing assets and reinvesting the funds into further development, at present, investments in the office buildings in Tokyo stand as a business that ensures sufficient profitability without relying on gains from selling assets. For instance, Shinjuku Sumitomo Building as explained above, even after 50 years since its completion, is generating cash flows from leasing exceeding 10 billion yen annually. It is indeed a “goose that lays the golden eggs,” and hastily selling it would equate to killing such goose.
Additionally, it is simply difficult to “sell for a profit and then buy back at a lower price.” As redevelopment takes place primarily in city centers with greater convenience, and since business districts are not shifting to the suburbs, the potential locations suitable for business are naturally limited. Therefore, securing opportunities to develop properties with strong business prospects is not easy.

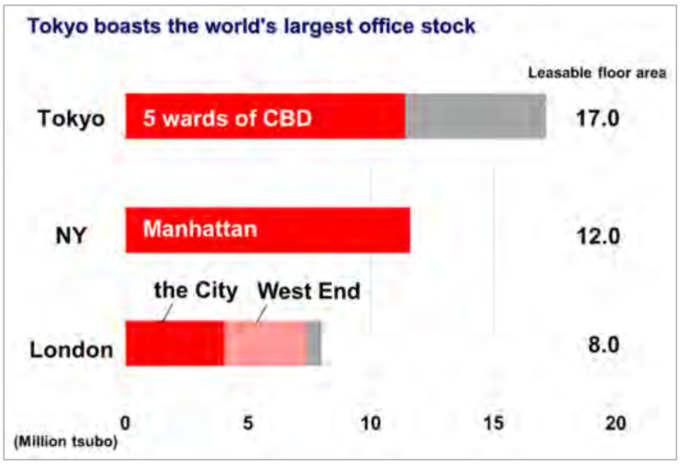
IV. The advantages of the Tokyo office market are outlined as follows.

The Advantage 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

Tokyo boasts the world's largest office stock in terms of floor area, with potential for growth in both supply and demand, making it largely different market from major cities in Europe and the United States.

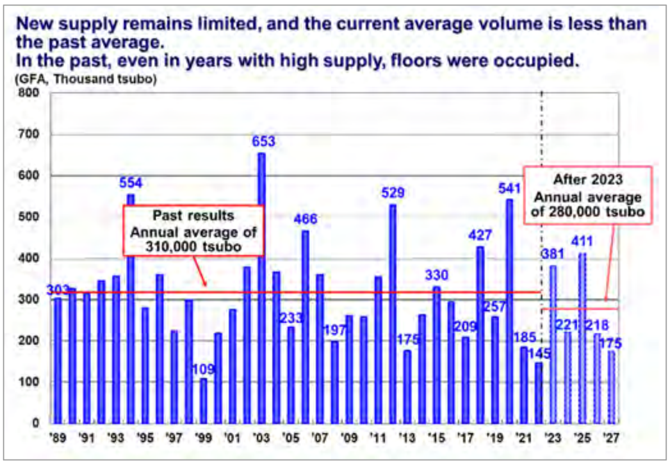


Sources
Tokyo: Tokyo Metropolitan Government "*Tokyo no Tochi* (Land of Tokyo)" *Converted at an effective rate of 60%
N.Y. and London: Cushman & Wakefield "MARKETBEAT"

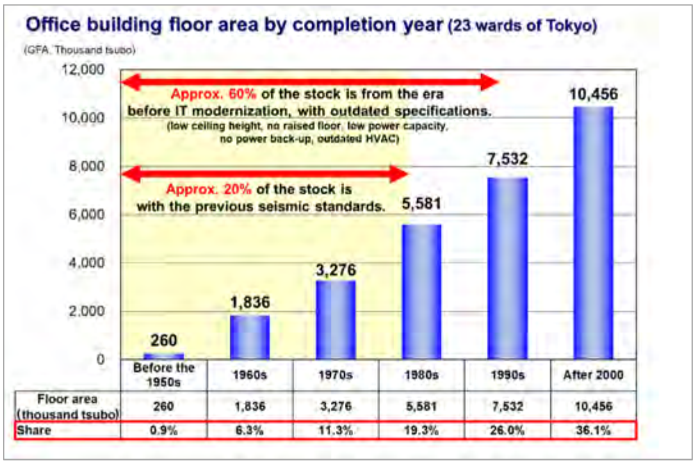
(2) 20% of existing stock do not meet the current seismic standards, and net annual supply increase is approx. 1% due to redevelopment through rebuilding being the primary approach

In Japan, seismic standards have been determined by law and regulations to address earthquake risks. However, 20% of the stock do not meet the current seismic standards (only satisfying the previous ones as they were completed in the early 1980s before the current standards were implemented), and require functional updates through rebuilding or redevelopment. In addition, incentives, such as permission to exceed the general regulatory limits on the floor area ratio, are offered to enhance urban disaster prevention and advance the social infrastructure. Hence, redevelopment through rebuilding is progressing in Tokyo, in prime locations of the city center.

Moreover, because rebuilding is the primary approach for redevelopment, the net supply, after deducting the floor area of buildings demolished, remains limited. Over the 20 years since 2000, there has been an increase of 18%, or about 1% per year, suggesting the balanced supply-demand dynamic from a long-term perspective.



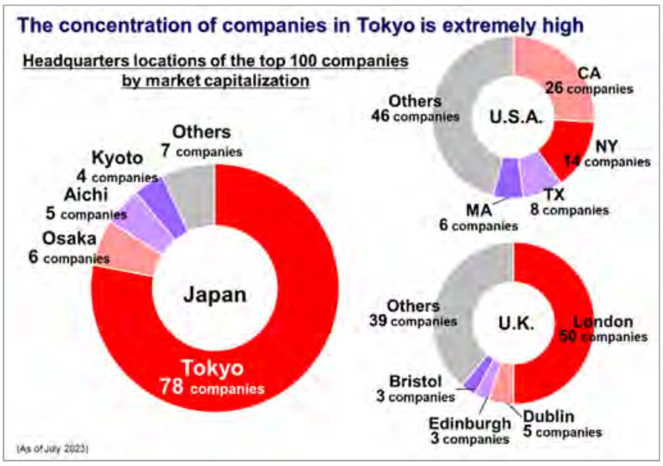
Source: Mori Building Co., Ltd. "Large office building supply trend in Tokyo's 23 core cities"

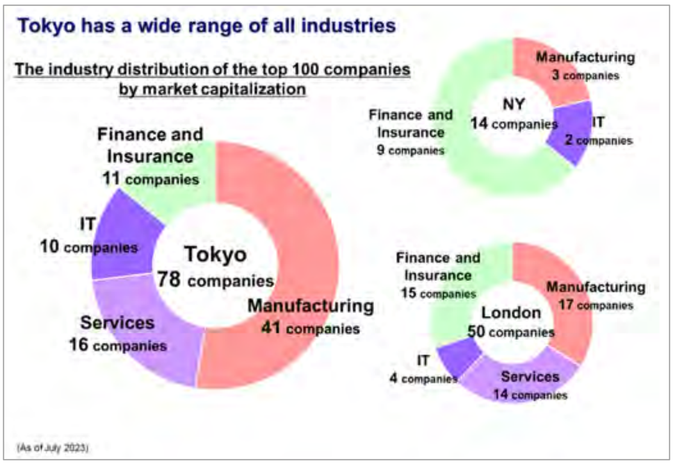


Source: Tokyo Metropolitan Government "*Tokyo no Tochi* (Land of Tokyo)", as of January 1, 2022

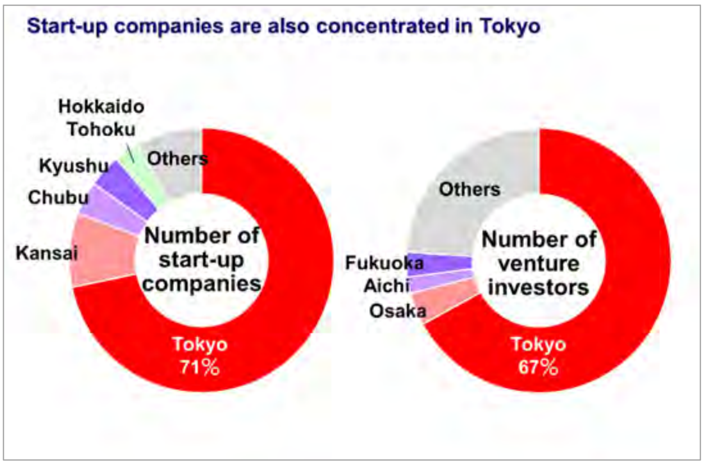
2. Structural factors of demand growth

(1) A market unparalleled in the world, where large corporations concentrate, encompassing all industries
80% of Japan's large corporations (the top 100 in terms of market capitalization) are headquartered in Tokyo, and it's typical for companies with their primary headquarters in other regions to also maintain secondary headquarters in Tokyo. In contrast, the ratio is just over 10% in New York, and 50% in London. In addition, looking at it by industry, all sectors, including manufacturing, services, IT, and finance, are represented in Tokyo. This is in substantial contrast to other countries where industry clusters are dispersed across various cities, such as finance in New York. For this reason, it has a stable structure with extensive office needs. Despite the presence of economic fluctuations within individual sectors, the floor spaces of declining industries are taken by growing industries, hence maintaining the balanced supply-demand dynamic.





(2) Concentration of start-up companies
Not only large corporations but also 70% of start-up companies and venture capital firms are concentrated in Tokyo, where human resources, capital, and Business to Business markets are readily available.



* Created independently by Sumitomo Realty based on data from the startup information platform "INITIAL".
* Start-up companies = 6,100 companies raising over 100 million yen, venture investors = 1,440 investor, venture capital, and finance companies

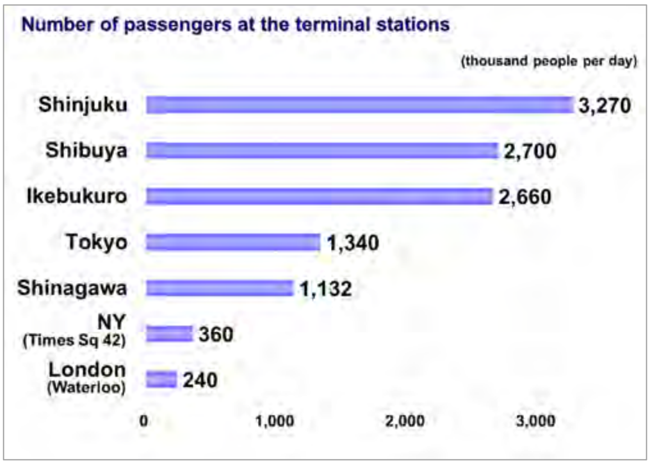
(3) Unwavering city center with extensive urban transportation infrastructure

In the heart of Tokyo, the circular Yamanote Line serves as the core transportation means, with 42 railway lines connecting to it from all directions. Using this safe and punctual railway network, commuters from various areas of the Greater Tokyo travel to city center. (More than 80% of office workers in the Greater Tokyo Area commute using public transportation.)

Thanks to this efficient transportation infrastructure, there is no substantial advantage in moving offices out of Tokyo, thus establishing it as the unwavering city center.

Tokyo has an extensive transportation infrastructure network to city centers

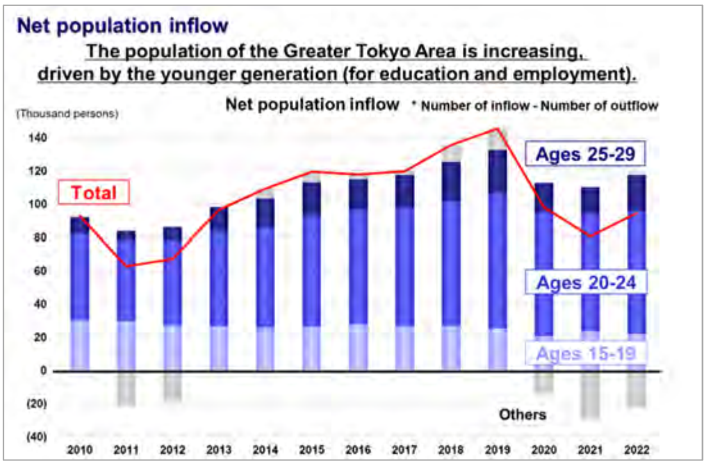
	Tokyo	NY	London
Number of lines entering city centers	42	22	17



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

The population of the Greater Tokyo Area, within commuting distance to Tokyo, has been experiencing a net inflow for a long time, driven by the younger generation around the age of 20. As universities are highly concentrated in Tokyo, a significant number of students from across Japan gather in Tokyo. A long-standing trend shows that they continue to stay in the city after graduation to become employees of companies in Tokyo. This has created a positive cycle where the concentration of universities and companies attracts people, and the concentration of people, in turn, attracts even more companies.



Source: Statistics Bureau, the Ministry of Internal Affairs and Communications

In addition to the above, social infrastructure such as hotels, commercial facilities, and hospitals are efficiently located in city centers of Tokyo.

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

Before the pandemic, during the economic boom driven by Abenomics policies, even buildings with lower competitiveness were able to secure tenants, leading to an unprecedented low vacancy rate of 1%, reflecting the tight supply amid high demand.

In 2020, in response to the COVID-19 pandemic, companies reduced office attendance to ensure the safety of their employees and cut costs by reducing office space, resulting in a vacancy rate increase to 6% within six months.

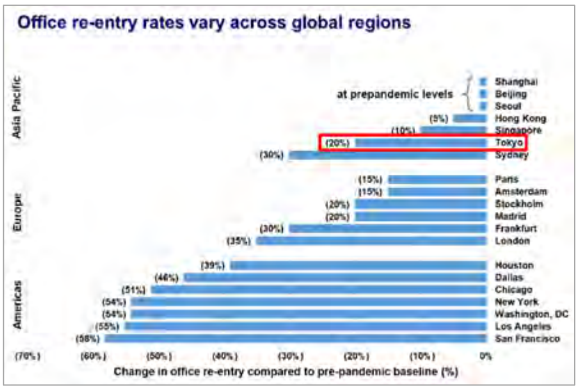
On the other hand, many companies decided not to reduce their floor space so that they can maintain social distancing in seating arrangements. There were also growing concerns that a lack of communication due to teleworking could lead to stagnation in growth. This led to an increase in cases where companies re-lease the space that had been given up, or repurpose idle office spaces into communication spaces. As a result, the supply-demand balance improved in a short period of time.

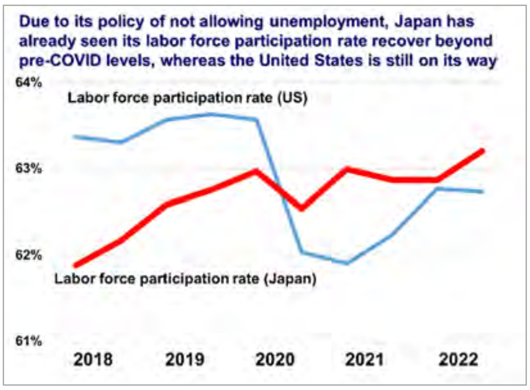
(2) Contrasts between the U.S. and Japan in the trend of returning to the office after the pandemic

When comparing the return to office rates internationally against pre-COVID levels, New York is at about 40%, while Tokyo is at about 80%, showing a significant difference. This is considered to be influenced by differences in working environments.

The difference is also clear when looking at the trends in labor force participation rates. In the United States, the initial response to the pandemic involved laying off employees, with policies primarily focused on providing unemployment benefits to those who became unemployed. In contrast, Japan adopted policies aimed at maintaining employment by providing subsidies to companies to protect their employees' jobs. This approach is believed to have contributed to the quicker rebound in the rate of returning to the office.

Currently, as companies aim to return to a growth trajectory, they are moving to secure talented individuals by increasing recruitment. In addition, there is a trend towards creating attractive office environments that employees want to work in by adding more communal spaces such as lounges. This has led to a rising demand for relocation and consolidation of offices and for increasing floor space, and the market conditions in Tokyo are on a recovery trend.





Source: Compiled by Sumitomo Realty, based on JLL "Global Research May 2023, The Future of the Central Business District, Creating dynamic urban centers" (Left)
OECD "Labor force participation rate" (Right)

Source: Miki Shoji Co., Ltd.