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Ticker symbol 8830

June 7, 2022

**Sumitomo Realty & Development Co., Ltd.**

2-4-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

Kojun Nishima,

Executive Managing Director and President

To Our Shareholders:

## NOTICE OF CONVOCATION OF THE 89TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the 89th Ordinary General Meeting of Shareholders of Sumitomo Realty & Development Co., Ltd. (the “Company”) will be held as stated below. Your attendance is respectfully requested.

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 Tuesday, June 28, 2022.

### **[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>) by 5:40 p.m. on Tuesday, June 28, 2022.

### Particulars

- 1. Date and Time:** 10:00 a.m. on Wednesday, June 29, 2022
- 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 89th fiscal year (from April 1, 2021 to March 31, 2022) by the Independent Auditor and the Board of Corporate Auditors
2. Financial Statements for the 89th fiscal year (from April 1, 2021 to March 31, 2022)

#### **Matters to be resolved:**

**Agenda 1.** Appropriation of Retained Earnings

**Agenda 2.** Partial Amendment to the Articles of Incorporation

**Agenda 3.** Election of One Substitute Corporate Auditor

**Agenda 4.** Renewal of the Policy for Takeover Defense Measures Against Purchase Proposals That Undermine the Corporate Value of the Company (Policy on Large-Scale Purchase of Shares of the Company)

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

If any matter is found to be modified in the Reference Documents for General Meeting of Shareholders, Business Report, Financial Statements and/or Consolidated Financial Statements, the revised matters will be posted on the Company website.

Of the documents to be provided with this Notice of Convocation of the General Meeting of Shareholders, the following items are posted on the Company website in accordance with the provisions of laws and regulations and Article 16 of the articles of incorporation, and therefore are not provided with the documents provided with this Notice of Convocation. Accordingly, the documents attached with this Notice of Convocation constitute part of the documents audited by the Corporate Auditors and the Independent Auditor when preparing their Audit Reports.

1. “Overview of the Corporate Group, Major Lenders and Borrowing Amounts,” “Matters regarding Share Option of the Company, etc.,” “Matters regarding Independent Auditor,” and “Systems for Ensuring Appropriateness of Business Operations and its Operational Status” 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. “Statement of changes in equity” and “Notes to non-consolidated financial statements” in the Financial Statements (in Japanese only)

**The Company website (<https://www.sumitomo-rd.co.jp/english>)**

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

The Company's basic policy of profit distribution is to ensure prioritization of investment in lease buildings in order to enhance the long-term revenue base and a "sustainable increase on dividend payments" in line with profit growth. In the fiscal year under review, revenue from operations, operating income, ordinary profit and profit all exceeded the previous year. Ordinary profit recovered to a record high after decreasing during the COVID-19 pandemic for only one fiscal year, and profit renewed a record high for the ninth consecutive year.

Taking this result into consideration, we would like to propose to continue the "annual dividend increase of 5 yen" and to increase the year-end dividend to 23 yen per share (2 yen increase from the previous fiscal year).

If this agenda is approved as originally proposed, the annual dividend per share will be 45 yen (5 yen increase from the previous fiscal year), including the interim dividend of 22 yen per share.

For the next fiscal year ending March 31, 2023, we expect to renew record profit for the 10th consecutive year, and we intend to raise the annual dividend by 5 yen from the fiscal year under review to 50 yen (including an interim dividend of 24 yen).

### Matters concerning year-end dividends

Type of dividends

Cash

Matters concerning allocation of dividends to shareholders and the aggregate amount

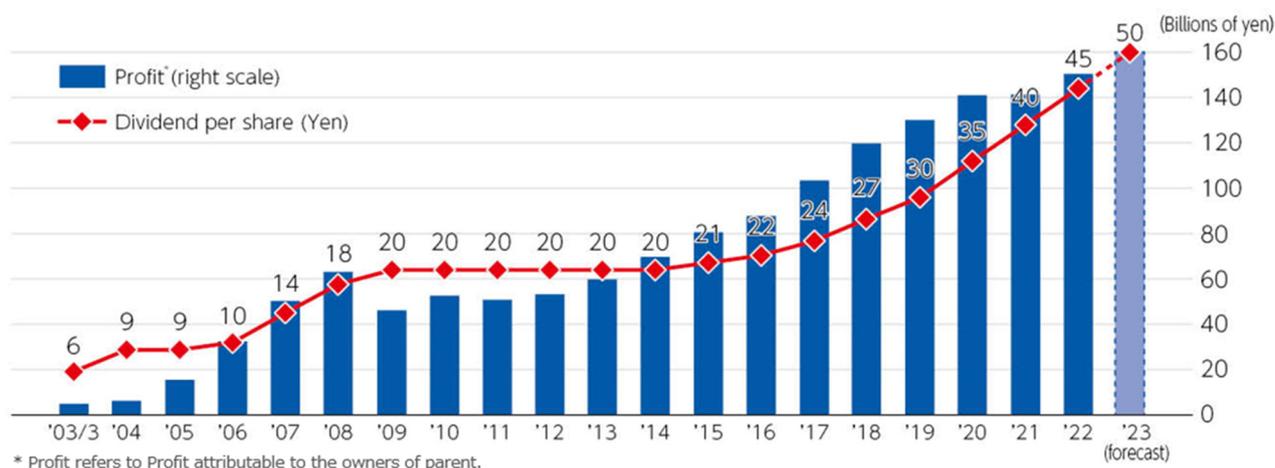
Dividends of 23 yen per share of common stock of the Company

The aggregate amount: 10,900,595,988 yen

The effective date of the appropriation of retained earnings

June 30, 2022

### Dividend per share and profit



**Agenda 2. Partial Amendment to the Articles of Incorporation**

1. Reasons for the amendment

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No.70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to the articles of incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 16, paragraph 1 in “Proposed Amendment” below will stipulate that the Company shall take measures for providing information that constitutes the content of Reference Documents for General Meeting of Shareholders, etc. in electronic format.
- (2) Article 16, paragraph 2 in “Proposed Amendment” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions for Internet Disclosure of Reference Documents for General Meeting of Shareholders, Etc. (Article 16 of the current articles of incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the amendment

Details of the amendment are as follows:

(Underlined portions indicate the proposed amendment.)

Current Articles of Incorporation	Proposed Amendment
<p><u>(Internet Disclosure of Reference Documents, Etc.)</u></p> <p>Article 16.</p> <p>The Company may disclose information that is to be stated or presented in the Reference Documents for General Meeting of Shareholders, Financial Statements, Consolidated Financial Statements, and Business Report through the internet in accordance with the provisions of the Ministry of Justice Order.</p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>Article 16.</u></p> <p><u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of Reference Documents for General Meeting of Shareholders, etc. in electronic format.</u></p> <p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendment
<p>(Newly established)</p> <p>(Newly established)</p>	<p><u>(Supplementary Provisions)</u></p> <p><u>Article 1.</u></p> <p><u>1. The deletion of Article 16 (Internet Disclosure of Reference Documents, Etc.) in the pre-amended articles of incorporation and the establishment of the new Article 16 (Measures, etc. for Providing Information in Electronic Format) in the amended articles of incorporation shall be effective from September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No.70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 16 of the pre-amended articles of incorporation (Internet Disclosure of Reference Documents, Etc.) shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u></p> <p><u>3. The provisions of this article shall be deleted on the date either when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

**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:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
<p style="text-align: center;">Kozo Uno (July 3, 1933)</p> <p style="text-align: center;">Outside Independent</p>	Aug. 1963 Registered as certified public accountant	0
	July 1969 Senior Partner of the auditing corporation Asahi & Co. (Currently KPMG AZSA LLC)	
	Apr. 1974 Registered as certified tax accountant	
	May 1974 Founded Uno Kozo Certified Public Accountant Office (present)	
	Oct. 1993 Vice President of Asahi & Co (Currently KPMG AZSA LLC)	
	May 1997 President of Asahi & Co	
	May 1999 Chairman of Asahi & Co	
	May 2001 Retired from Asahi & Co	
<p>Reasons for nomination as candidate for substitute outside corporate auditor</p> <p>Mr. Kozo Uno has expertise as certified public accountant and certified tax accountant, and rich experience and wide discernment as president of auditing firm, etc. The Company deems him to be suitable as a substitute outside corporate auditor, and therefore proposes his election.</p>		

- Notes:
1. There is no special conflict of interest between the candidate and the Company.
  2. If this agenda is approved and Mr. Kozo Uno assumes office as an outside corporate auditor, the Company will register him as an independent officer with Tokyo Stock Exchange, Inc.
  3. If this agenda is approved and he 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.
  4. The Company has concluded a director and office 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 he assumes office as an outside corporate auditor, he will be included as an insured person under the insurance policy.

**Agenda 4. Renewal of the Policy for Takeover Defense Measures Against Purchase Proposals That Undermine the Corporate Value of the Company (Policy on Large-Scale Purchase of Shares of the Company)**

Sumitomo Realty & Development Co., Ltd. (the “Company”) adopted a policy toward large-scale purchase of the Company shares based on the decision of the meeting of Board of Directors (the “Board of Directors”) dated May 17, 2007. The policy was continued based on the resolution of the shareholders’ meeting of the 74th fiscal year dated June 2007, and was renewed with partial modifications based on the resolutions of the shareholders’ meetings of the 77th fiscal year, the 80th fiscal year, the 83rd fiscal year and the 86th fiscal year (the policy after the renewal shall be hereinafter referred to as the “Current Policy”). The term of the Current Policy will expire upon the conclusion of this meeting. The Company has continued to consider the proper role of the Current Policy as one of its initiatives for increasing corporate value and common interests of shareholders since renewal of the Current Policy, in light of changes in social and economic circumstances, and trends and progress made in various discussions surrounding takeover defense measures.

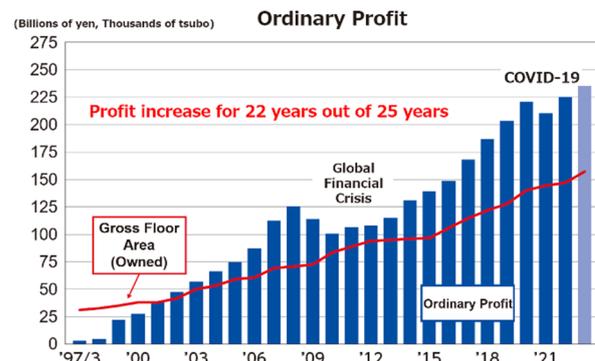
After examining the issue, as a means to prevent malicious takeover proposals that undermine corporate value, the Company made the decision, by resolution of the meeting of the Board of Directors held on May 12, 2022, to renew the Current Policy, subject to the approval of this meeting (the “Renewal.” The policy after the renewal shall be hereinafter referred to as the “Policy”). Views expressing objection to the Renewal were not raised by any of the Company’s corporate auditors including the two outside corporate auditors, or outside directors with respect to the resolution of the meeting of the Board of Directors where the decision on the Renewal was made.

Therefore, we would like to kindly ask you to approve the Renewal.

1. Initiatives to increase the Company’s corporate value and common interests of shareholders, and the necessity for the Policy

(1) Steadily achieving objectives of the medium-term management plans and maintaining the revenue and profit growth trajectory

With top priority placed on achieving objectives of the medium-term management plans it draws up every three years, the Company has increased its corporate value as a result of having steadily carried out such initiatives. Over the past 25 years, the Company has executed eight management plans, and has achieved increases in ordinary profit in 22 fiscal years, excluding the three fiscal years of the global financial crisis and the COVID-19 pandemic.



In the first 10 fiscal years (three medium-term management plan periods), the Company focused on restoring its asset base, which had been damaged by the bursting of Japan’s bubble economy, and reducing interest-bearing debt. In the latter 15 fiscal years (five medium-term management plan periods), the Company doubled leasing assets, strengthened management foundations by strengthening the four segments of leasing, sales, construction and brokerage, and enhanced shareholders’ equity, lifting the credit rating to the AA zone.

Over the next three medium-term management plan periods through fiscal 2030, the Company will maintain an approach that prioritizes the allocation of funds to further investment to increase leasing assets and take steps for sustainable profit growth, while also aiming to create a resilient management foundation and achieve sustainable growth, based on the high level of social contribution of the Company’s businesses themselves, and increasing investment capability and the level of flexibility in capital strategy. At present, there are various issues in the management environment such as the COVID-19 pandemic, geopolitical risk and instability in resource procurement, but as the Company expects to achieve ordinary profit of 300 billion yen for fiscal 2030, it will position the new medium-term management plan announced in May 2022, the “Ninth Management Plan (fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025),” as the first step to achieving that target, and exert every effort to continue enhancing corporate value.

(2) Growth underpinned by central Tokyo office building leasing business and corporate value

The real estate leasing business primarily involving office buildings in central Tokyo has been a driving force underpinning the Company's growth thus far. Given that this business accounts for nearly 70% of the Company's operating income overall, it clearly forms the core aspect of its corporate value acting as a major pillar of operations.

The Company has been expanding its business platform by promoting development of office buildings with a specific focus on central Tokyo over roughly half a century since the early 1970s, an era that ushered in completion of the Shinjuku Sumitomo Building, often referred to as "the Triangle Building." The Company has experienced unprecedented economic crises such as the bursting of Japan's bubble economy and the 2008 global financial crisis in wake of the Lehman Brothers collapse, and various changes in the business environment such as Japan's bubble economy and business conditions under Abenomics policies. Still, the Company has consistently persisted with respect to unwaveringly implementing its management policies such that: (i) the Company will not pursue temporary gains by selling assets; (ii) the Company will develop sites and construct buildings; and (iii) the Company will hold ownership of the buildings constructed on sites it has developed to generate stable leasing income over the long-term by owning and leasing such buildings. The Company has consequently grown to become a building owner with a diverse portfolio of more than 230 buildings located in central Tokyo, and cash flows from the leasing business exceeded 220 billion yen in the fiscal year ended March 31, 2022 (operating income of the real estate leasing business + depreciation).

The office building leasing business calls for comprehensive strengths for carrying out business encompassing everything from acquisition of development sites to operations that include planning projects, marketing tenants, providing services for tenants and managing buildings. Given that acquiring development sites is the most important of these operations, the Company has been developing sites for buildings as if it were a manufacturer in terms of the approach it takes to redevelopment in terms of purchasing multiple small parcels of land to integrate them into a larger scale and coordinating rights and interests of landowners. In addition, the Company attaches importance to performing building management, tenant marketing, etc. directly, thus grasping the actual condition of clients and sites appropriately and always eagerly working on the improvement of project planning and making operations more efficient. As a result, we have realized high profitability, and have increased the value of the property possessed as well as of the corporation. As of March 31, 2022, unrealized gains from rental and other investment properties, as disclosed in Consolidated Financial Results for Fiscal 2021 (Year ended March 31, 2022), amounted to approximately 3.5 trillion yen having accumulated over the years.

(3) The necessity for the takeover defense measures

In the recently announced Ninth Management Plan, the Company has set forth the continuation and promotion of investment in lease buildings in central Tokyo as its third target, and it aims to further expand its earnings base, increase its corporate value, and augment shareholder returns by successively completing concrete development plans, centered on redevelopment, with a gross floor area of over 700,000 tsubo (one tsubo is roughly 3.3 m<sup>2</sup>), which constitutes more than 40% of the 1,700,000 tsubo in gross floor area for leasing as of March 31, 2022, and putting these buildings into operation.

Such large-scale development plans involve ultimately generating revenues from the substantial amount of cumulative upfront investment made thus far. The Company has long managed to continuously expand its business platform by developing lease buildings while avoiding exposure to vicissitudes of the real estate market and economic conditions, given that it has always been buoyed by cash flows from the leasing business which have been a stable source of revenues. As such, the Company needs to maintain and further expand its cash flows from the leasing business, which have grown to exceed 200 billion yen, in order to confidently carry out such upfront investment without having to continually resort to interest-bearing debt. Moreover, it is likely to take another two or three medium-term management plan periods before the Company achieves full profitability given that the focus has been on large-scale redevelopment.

On the other hand, amid large-scale financial easing, appetite for investment in top-class domestic revenue-generating real estate has increased, and it cannot be denied that there is a risk that a large-scale acquisition will be forcefully conducted in a one-sided manner in relation to shares of the Company, which holds many top-class buildings in Tokyo. If the management policies of the Company, which aim to sustainably enhance corporate value through the steady accumulation of leasing assets that the Company has continued

to build up over the past half a century, are rejected and a short-term management policy is adopted to seek temporary earnings and realizes latent gains by selling real estate holdings prior to having accomplished the objectives of the development plans formulated to contribute to higher corporate value in the future, cash flows from the leasing business that act as a stable revenue source will decrease as a result, thereby exposing the development plans to financial risk. As such, the Company is unable to rule out a possible threat of damage to the foundations of the Company's corporate value.

The Company's management policy aims to steadily increase corporate value based on a medium- to long-term outlook, and is consequently incompatible with such short-term management policies. As such, until there is a general timeline for the generation of revenues from development plans covering over 700,000 tsubo, which is equivalent to over 40% of the current gross floor area in operation, and development plans that are not reflected in corporate value have decreased to a certain proportion, the Company needs to seek a mandate from its shareholders upon having ensured sufficient information and time for completing discussions in case an investor seeking to orchestrate a takeover emerges.

In addition, under the Financial Instruments and Exchange Act of Japan, there is a tender offer system in place as a process for ensuring transparency and fairness for share transactions that affect the control of companies, and it is thus ensured that shareholders will have information and time to make an assessment. The tender offer period is however short, at 30 business days, and thus cannot be said to provide sufficient time for consideration. In addition, the Company believes issues remain in relation to the legal system, such as the fact that high-handed purchases and other abusive purchases cannot necessarily be eliminated because partial tender offers are permitted, and the fact that the tender offer system will not be applied in the first place if the purchaser only purchases shares through market transactions.

Based on the above, the Company deems that in order to continue to sustainably enhance the corporate value of the Company in the future, the provision of procedures through the Policy continues to align with the common interests of shareholders.

## 2. Basic conceptions regarding the Policy

The Company believes that if a large-scale purchase, as defined below, of the Company shares ("Large-Scale Purchase") is initiated, the shareholders should decide whether to accept or reject the Large-Scale Purchase. In order for the shareholders to correctly recognize the effect on the corporate value and common interests of shareholders, however, it is necessary that both the party making the Large-Scale Purchase (the "Large-Scale Purchaser") and the Board of Directors provide to the shareholders necessary and sufficient information, opinions, alternative proposals etc., and necessary and sufficient time to consider them.

Based on the basic conceptions above, the Board of Directors set out rules on Large-Scale Purchase (hereinafter referred to as "Large-Scale Purchase Rules") and request the Large-Scale Purchaser to comply with the Large-Scale Purchase Rules. The Board of Directors shall take certain measures if the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, or even though the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or if the Large-Scale Purchase significantly damages the corporate value and common interests of shareholders.

To ensure the objectivity, fairness and rationality of decisions of the Board of Directors on important matters regarding the Policy as to whether the Large-Scale Purchase Information Provision Period (to be defined in section 3. below) should be extended or not, whether the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, whether it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, whether the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, whether the Board of Directors should take countermeasures, etc., the Board of Directors shall consult the Special Committee consisting of outside directors, outside corporate auditors, persons with corporate management experience, lawyers, certified public accountants etc., and its recommendation shall be taken into the fullest account.

### Large-Scale Purchase

A Large-Scale Purchase refers to either of items (i) through (iii) below:

- (i) A purchase or purchases of shares of the Company where a specific shareholder group <sup>(Note 1)</sup> intends to hold a ratio of voting rights <sup>(Note 2)</sup> of 20% or more

- (ii) A purchase or purchases of shares where a specific shareholder group will hold a ratio of voting rights of 20% or more as a consequence
- (iii) An agreement etc. with other shareholders of the Company where a specific shareholder group will hold a ratio of voting rights of 20% or more as a consequence <sup>(Note 3)</sup>

Purchases or agreements include all transactions regardless of whether the specific purchase means is a market transaction, a takeover bid etc., except for transactions with the Board of Directors approvals in advance.

### 3. Setting out Large-Scale Purchase Rules

The Board of Directors deems that any Large-Scale Purchase being carried out in accordance with the Large-Scale Purchase Rules, as defined below, aligns with the corporate value and common interests of shareholders.

- (1) Outline of the Large-Scale Purchase Rules
  - 1) The Large-Scale Purchaser must provide the Board of Directors with necessary and sufficient information regarding the Large-Scale Purchase in advance.
  - 2) The Large-Scale Purchaser is to abstain from commencing the Large-Scale Purchase until a certain assessment period by the Board of Directors has elapsed.

Specifically, the Large-Scale Purchaser needs to, first of all, provide to the Board of Directors information necessary and sufficient for the shareholders to make a judgment and for the Board of Directors to form its opinion (hereinafter referred to as “Large-Scale Purchase Information”). The specific content of the information requested differs depending on the profile of the Large-Scale Purchaser and the nature of the Large-Scale Purchase, but the general items are as follows:

- 1) Profile of the Large-Scale Purchaser and its group
- 2) Purpose and nature of the Large-Scale Purchase (especially in the case of a purchase of only a part of the Company’s shares, this item includes the approach concerning the setting of an upper limit for the number of the shares planned to be purchased and the plan related to the modifications of the capital structure after the purchase)
- 3) Calculation basis for the purchase price and proof of purchase funds
- 4) Management policy to manage the Group after completion of the Large-Scale Purchase (including measures for the actual realization of the management policy, i.e. business plans\*, financial planning, capital policy, dividend policy, labor policy, plan for efficient use of assets etc., as well as approach concerning the integration or coordination of businesses of the Large-Scale Purchaser with businesses of the Company or of the Group and specific measures so as to avoid conflicts of interests between the Large-Scale Purchaser and the Company or the Group)

\* Restructuring plan for existing business, new business plans and capital investment plans are included.

- 5) Policy to deal with the Group’s stakeholders including employees, customers, suppliers, and local communities after completion of the Large-Scale Purchase
- 6) If the Large-Scale Purchaser is operating business of the same type as the Company or the Group, approach concerning the legitimacy of the Large-Scale Purchase under Antimonopoly Law and foreign competition laws

- (2) Submission of a letter of intent

If a Large-Scale Purchaser intending to make a Large-Scale Purchase needs to submit to the Board of Directors a letter of intent stating that it will comply with the Large-Scale Purchase Rules. The letter of intent must include the Large-Scale Purchaser’s name and address, the governing law of incorporation, the name of the representative, domestic contact information, and an outline of the proposal of the Large-Scale Purchase. When a letter of intent by the Large-Scale Purchaser is delivered, the information of the letter of intent shall be disclosed in a timely manner.

- (3) Request for the Large-Scale Purchaser to provide information

A first list of the Large-Scale Purchase Information that needs to be provided shall be sent by the Board of Directors to the Large-Scale Purchaser within ten days of the receipt of the letter of intent above. If it is

deemed that the information provided is insufficient for the Large-Scale Purchase Information, the Large-Scale Purchaser may be requested to provide additional information until necessary and sufficient Large-Scale Purchase Information is received. In principle, the provision of Large-Scale Purchase Information shall be completed within 60 days from the delivery of the Large-Scale Purchase Information list by the Board of Directors to the Large-Scale Purchaser (hereinafter referred to as “Large-Scale Purchase Information Provision Period”). However, since the specific content of the Large-Scale Purchase Information might differ depending on the nature of the Large-Scale Purchase and its scale, the Board of Directors can extend the Large-Scale Purchase Information Period for a maximum of 30 days, taking into consideration the nature of the Large-Scale Purchase, its scale and the condition of the provision of Large-Scale Purchase Information, based on the recommendation of the Special Committee. The Board of Directors will disclose all or part of the Large-Scale Purchase Information provided at the time considered appropriate if the disclosure is considered necessary for the shareholders’ decision.

(4) Board Assessment Period

Depending on the difficulty of the assessment etc. of Large-Scale Purchases, the Board of Directors will have 60 days\*<sup>1</sup> or 90 days\*<sup>2</sup> after the completion of Large-Scale Purchase Information Provision Period to assess and examine the Large Scale Purchase Information, negotiate with the Large Scale Purchaser, form an opinion, and develop an alternative proposal (hereinafter referred to as “Board Assessment Period”). When the Board Assessment Period has started, it shall be disclosed in a timely manner. Hence a Large-Scale Purchase must be initiated only after the expiration of the Board Assessment Period. During the Board Assessment Period, the Board of Directors will assess and examine the provided Large-Scale Purchase Information sufficiently, taking advice from external experts into consideration, and will disclose its opinion. The Board of Directors may negotiate with the Large-Scale Purchaser to improve the conditions of the Large-Scale Purchase and may present its alternative proposal to the shareholders as needed.

\*1 For a tender offer in cash only, in yen currency, for all shares of the Company

\*2 For other Large-Scale Purchases

4. Policy for handling Large-Scale Purchase

As previously stated, the Company will not overlook abusive behavior with respect to a Large-Scale Purchase. Accordingly, if the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, if it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, and if the Large-Scale Purchase significantly damages the corporate value and common interests of shareholders, then the Board of Directors deems necessary to take suitable and appropriate action to ensure protection thereof, acting as a fiduciary who assumes the duty of due care of a prudent manager.

(1) If the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules

If the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, the Board of Directors may take countermeasures, including the issuance of share options, permitted by the Corporate Code and other laws and the Company’s Articles of Incorporation, to protect the corporate value and common interests of shareholders. The Board of Directors will decide to take countermeasures, taking the opinions of external experts including lawyers and financial advisors into consideration and taking the recommendations of the Special Committee into the fullest account. The Board of Directors will choose specific measures considered to be appropriate at the time. If the issuance of share options at no cost to subscribers is chosen as a countermeasure, the terms of the share options will be those outlined in Attachment 3 in principle. If share options are issued, the Board of Directors may set a period and conditions to exercise the share options, taking the effect of the countermeasure into consideration.

It is reiterated that the Large-Scale Purchaser should not begin Large-Scale Purchase without complying with the Large-Scale Purchase Rules.

(2) If the Large-Scale Purchaser complies with the Large-Scale Purchase Rules

The objective of the Large-Scale Purchase Rules is to provide the shareholders with information necessary to make a judgement whether to accept or reject a proposal to purchase the shares of the Company at a scale that could affect the management of the Company, the assessment and opinion of the Board of

Directors which is in charge of management of the Company, and the opportunities to receive an alternative proposal so that the corporate value and common interests of shareholders will be protected. If the Large-Scale Rules are complied with, the Board of Directors in principle will not take a countermeasure by its own judgement.

However, even if the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if the Board of Directors determines that it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or that the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, specifically, that the Large-Scale Purchase will fall under (i) and (ii) below, after considering the opinions of external experts including lawyers and financial advisors and taking into the fullest account the recommendations of the Special Committee, the Board of Directors may take the exceptional countermeasures to deter the Large-Scale Purchase as described in section 4. (1). If the Board of Directors decides to take countermeasures, it will disclose information appropriately and in a timely manner.

- 1) The Large-Scale Purchaser clearly damages the corporate value and common interests of shareholders through activities described in “i)” through “iv)” below:
  - i) To buy up shares and request the Company to buy them back at a high price
  - ii) To control the management of the Company temporarily, and realize the interests of the purchaser at the cost of the Company’s interests by acquiring important assets of the Company at low prices etc.
  - iii) To divert assets of the Company to collateral for debts of the purchaser or its group companies etc. or to resources for payments for them
  - iv) To control the management of the Company temporarily, have the Company dispose of high-value assets, etc., and have the Company pay a temporary high dividend based on gains from the disposal or sell shares at a profit when the shares price surges following a temporary high dividend
- 2) A high-handed, two-step purchase in which the Large-Scale Purchaser threatens to effectively force shareholders to sell shares (i.e., the purchase proposal through tender offer etc. in the manner that the purchaser sets the purchase terms for the second step less favorable to shareholders than those for the first step or that the purchaser does not make clear the purchase terms for the second step).

Further, if the Board of Directors judges that there is appropriate time to confirm the intent of the shareholders concerning whether to take countermeasures, it will confirm such intent of the shareholders by convoking a shareholders meeting etc. In this case, the Large-Scale Purchaser shall be requested to abstain from the Large-Scale Purchase until the completion of the procedure for the confirmation of the shareholders’ intention.

### (3) Establishment of a Special Committee

A Special Committee independent of the Board of Directors is established to properly operate the Policy and to ensure the objectivity, fairness and rationality of decisions of the Board of Directors. The Special Committee consists of three members, selected from outside directors, outside corporate auditors, persons with corporate management experience, lawyers, certified public accountants, certified tax accountants, etc. (Please refer to Attachment 1 for outline of the Special Committee.) The names and career summaries of the Special Committee members upon the renewal of the Policy are described in Attachment 2.

The Board of Directors shall consult the Special Committee and shall receive the recommendations of the Committee when taking important decisions related to the Policy, i.e. with respect to deciding whether or not to extend the Large-Scale Purchase Information Provision Period, whether or not the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, and whether or not countermeasures should be taken. The Board of Directors shall take the Special Committee’s recommendations into the fullest account.

When deliberating and adopting resolutions about the items submitted by the Board of Directors, the Special Committee receives advice from third parties (including experts such as financial advisors, certified public accountants, lawyers and consultants) independent of the Board of Directors of the Company, at the

expense of the Company. The Special Committee also requests directors, corporate auditors, employees, etc. of the Company to attend meetings of the Committee and provide explanations for necessary information. The Special Committee will make a recommendation to the Board of Directors based on the content of the resolutions adopted.

5. Effects, etc. on the Company's shareholders and investors

If the Board of Directors decides to take countermeasures, the Company will disclose information on the decision appropriately and in a timely manner in accordance with laws and regulations and the rules of the financial instruments exchanges, although we do not anticipate a situation where the Company's shareholders (excluding the Large-Scale Purchaser and the specific shareholder group) will incur economic losses or damages to their rights due to such countermeasure taken by the Company. If the countermeasure taken is an allotment of share options at no cost, shareholders are required to pay a certain amount of money within a prescribed period so as to exercise the share options and to obtain the shares. Moreover, if the Board of Directors decides to obtain share options, new shares might be delivered to shareholders as equivalent value of the acquisition of share options by the Company, without the shareholders having to pay an amount equivalent to the exercise price. The details of the procedures will be communicated separately in accordance with laws and regulations and the rules of the financial instruments exchanges when share options are to be issued.

The Company may cancel allocation of share options or acquire share options at no cost to the Company in certain cases (e.g., if the Large-Scale Purchaser cancels the Large-Scale Purchase) before issuing shares of the Company to the share option holders until the day immediately before the first day of the period for exercising share options even after the record date for allocation of share options or after the allocation of share options is effective. Since dilution of the value of each share does not occur in this case, investors who have sold shares based on the assumption of dilution of the value of each share may incur losses depending on the change in the stock price.

6. Expiration date of the Policy

The Policy shall expire at the closing of the annual shareholders' meeting for the last fiscal year ending within three years from the day of this meeting.

If the Board of Directors decides to continue the Policy, it will announce the decision promptly. The Board of Directors will re-evaluate the necessity of the Policy from time to time based on the development and revisions etc. of relevant laws and regulations including the Corporate Code and the Financial Instruments and Exchange Act to protect the corporate value and common interests of shareholders.

If the shareholders' meeting or the Board of Directors meeting adopts a resolution abolishing the Policy, the Policy shall be abolished immediately even before its expiration date.

7. Rationality of the Policy

(1) The Policy meets the requirements of the guidelines regarding takeover defense measures

The Policy fully satisfies the three basic principles (principle of protection and enhancement of corporate value and common interests of shareholders, principle of prior disclosure and shareholders' intentions, principle of securing necessity and suitability) provided in the "Guidelines Regarding Takeover Defense Measures for the Purposes of the Protection and Enhancement of Corporate Value and Common Interests of Shareholders" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (hereinafter referred to as the "Guidelines"), and its content is based on the above-mentioned three principles provided by the Guidelines and takes into consideration the content of "The Proper Role of Takeover Defense Measures in Light of Recent Changes in Various Environments" published on June 30, 2008 by the Corporate Value Study Group established within the Ministry of Economy, Trade and Industry, and other practices and debates regarding takeover defense measures. Further, the Policy conforms to the purpose of various regulations etc. regarding the introduction of takeover defense measures as provided by the Tokyo Stock Exchange.

- (2) The Policy is renewed with the purpose of enhancing corporate value and common interests of shareholders

The Policy is renewed with the purpose of enhancing corporate value and common interests of shareholders in cases of Large-Scale Purchases. For this purpose, the Board of Directors obtains the necessary information from the Large-Scale Purchaser, sufficient time for the assessment and consideration of the Large-Scale Purchase is secured, and necessary information for making a decision, including alternative proposals, is provided to the shareholders, so that the shareholders can make a proper decision about whether or not to accept the purchase.

- (3) The Policy respects the shareholders' intentions

The renewal from the Current Policy to the Policy will be effective from the day of approval by the shareholders at this meeting, and the term of its validity will expire at the closing of the annual shareholders' meeting for the last fiscal year ending within three years from the day of this meeting. Further, the Policy will be abolished even before its expiration date, if there is a resolution of the shareholders' meeting for the abolition of the Policy, in respect of the shareholders' intentions.

Moreover, if it is difficult to make judgment regarding whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, the shareholders' intention regarding whether or not countermeasures should be taken will be confirmed at a shareholders' meeting.

- (4) Importance attached to the decision of a Special Committee with a high level of independence

In order to properly operate the Policy, to prevent arbitrary decisions taken by the Board of Directors, and to ensure the objectivity, fairness and rationality of its decisions, a Special Committee independent of the Board of Directors is established. The Special Committee consists of three members, selected from outside directors, outside corporate auditors, persons with corporate management experience, lawyers, certified public accountants, certified tax accountants, etc. The Board of Directors shall consult the Special Committee, obtain its recommendation and take such recommendation to the fullest account, regarding whether or not a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, and whether or not countermeasures should be taken.

- (5) Setting out reasonable objective requirements

The Policy has been set out so that it cannot be activated unless reasonable and detailed objective requirements are fulfilled. It is therefore considered that a system for the prevention of any arbitrary activation by the Board of Directors has been ensured.

Note 1: Specific shareholder group refers to either (i) or (ii) below:

- (i) A holder<sup>\*1</sup> of share certificates etc.<sup>\*2</sup> of the Company and joint holders<sup>\*3</sup> of the holder
- (ii) A person carrying out purchase etc.<sup>\*4</sup> of share certificates etc.<sup>\*5</sup> of the Company and persons having special relationships with the person<sup>\*6</sup>

\*1 Holder stipulated in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act, including a person deemed to be a holder under Article 27-23, paragraph 3

\*2 Shares etc. set out in Article 27-23, paragraph 1

\*3 Joint holders prescribed in Article 27-23, paragraph 5, including holders regarded as joint holders under Article 27-23, paragraph 6

\*4 Purchase etc. specified in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act, including a purchase made in securities markets

\*5 Share certificates etc. stipulated in Article 27-2, paragraph 1

\*6 Persons set out in Article 27-2, paragraph 7

Note 2: Ratio of voting rights

(i) If the specific shareholder group falls under (i) in the note 1 above

The ratio of voting rights means the ratio<sup>\*7</sup> of share certificates etc. held by a holder of share certificates etc. of the Company.

(ii) If the specific shareholder group falls under (ii) in the note 1 above

The ratio of voting rights means the total of the ratio<sup>\*8</sup> of share certificates etc. of a person carrying out a purchase etc. of share certificates etc. of the Company and that of persons having a special relationship with the purchaser.

In calculating the ratio of voting rights, the number of voting rights<sup>\*9</sup> and the number of shares issued<sup>\*10</sup> in the most recent out of the financial statement report, quarterly report or share buyback report can be used.

\*7 Ratio of share certificates etc. set out in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act; the number of the share certificates, etc. held by the joint holders as specified in the same paragraph shall be taken into consideration

\*8 Ratio of share certificates etc. prescribed in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act

\*9 Stipulated in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act

\*10 Set out in Article 27-23, paragraph 4

Note 3: An agreement etc. with other shareholders of the Company

An agreement etc. with other shareholders of the Company means any agreement concerning the joint acquisition or transfer of share certificates of the Company, or the exertion of voting rights or any other rights as shareholder of the Company, as well as any other action falling under the joint holder stipulated in Article 27-23, paragraph 5 and paragraph 6.

Outline of the Special Committee

## 1. Establishment

The Special Committee shall be established by resolution of the Board of Directors.

## 2. Members

The Special Committee shall consist of three persons commissioned by the Board of Directors. Persons qualified to serve on the Special Committee shall include outside directors, outside corporate auditors, persons with corporate management experience, lawyers, certified public accountants and certified tax accountants.

## 3. Term

The term of office of members of the Special Committee shall be decided by resolution of the Board of Directors.

## 4. Requirements for Resolution

In principle, resolutions by the Special Committee shall be adopted by a majority vote of members present at meetings at which all members are present. If circumstances prevent the attendance of all members, however, resolutions by the Special Committee shall be adopted by a majority vote of those present at meetings at which a majority of members are present.

## 5. Matters to be resolved:

If consultation is requested by the Board of Directors, the Special Committee shall accept the request, decide on the items stated below in principle, and submit the details of its decisions to the Board of Directors together with the reasons for such decisions. Members of the Special Committee shall be required to make such decisions from the viewpoint of whether or not they contribute to the corporate value and common interests of shareholders, and shall refrain from making decisions in their own personal interests or in the personal interests of the Directors of the Company.

- (1) Whether or not to extend the Large-Scale Purchase Information Provision Period
- (2) Whether or not a Large-Scale Purchaser complies with the Large-Scale Purchase Rules
- (3) Whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders
- (4) Whether or not countermeasures should be taken
- (5) Other items pertaining to this Policy for which the Board of Directors requested consultation

## 6. Advice of Experts etc.

In forming decisions stated above under 5, the Special Committee shall make its efforts to collect necessary and sufficient information to ensure the proper judgment. The Special Committee may seek, at the expense of the Company, advice from third parties independent of the management of the Company (including financial advisors, certified public accountants, lawyers, consultants and other experts).

Career Summaries of the Special Committee Members

At the time of the Renewal of the Policy, the Special Committee will consist of the following three members:

## Yukihiko Inoue

## &lt;Career summary&gt;

November 1937	Born
April 1962	Joined the National Police Agency
June 1989	Chief of Chiba Prefectural Police Headquarters
September 1994	Superintendent-General of the Metropolitan Police of Japan
September 2003	President of Japan Guide Dog Association (present)

## Yoza Izuhara

## &lt;Career summary&gt;

September 1938	Born
April 1962	Joined Nippon Sheet Glass Co., Ltd.
June 1998	Representative Director, President of Nippon Sheet Glass Co., Ltd.
June 2004	Representative Director, Chairman of Nippon Sheet Glass Co., Ltd.
June 2010	Executive Advisor of Nippon Sheet Glass Co., Ltd.
June 2012	Honorary Senior Advisor of Nippon Sheet Glass Co., Ltd. (present)
June 2014	Outside Corporate Auditor of the Company
June 2019	Outside Director of the Company (present)

\* The Company has reported Mr. Yoza Izuhara to Tokyo Stock Exchange as an independent officer. His original company, Nippon Sheet Glass Co., Ltd. and the Company have some transactions etc., but we have judged that in view of the scale, nature etc. of such transactions, there is no fear of his independence as a Special Committee member being influenced.

## Nobumasa Kemori

## &lt;Career summary&gt;

April 1951	Born
September 1980	Joined Sumitomo Metal Mining Co., Ltd.
June 2007	Representative Director, President of Sumitomo Metal Mining Co., Ltd.
June 2013	Representative Director, Chairman of Sumitomo Metal Mining Co., Ltd.
June 2016	Chairman of Sumitomo Metal Mining Co., Ltd.
June 2017	Executive Advisor of Sumitomo Metal Mining Co., Ltd.
June 2019	Outside Director of the Company (present)
June 2021	Honorable Advisor of Sumitomo Metal Mining Co., Ltd. (present)

\* The Company has reported Mr. Nobumasa Kemori to Tokyo Stock Exchange as an independent officer. His original company, Sumitomo Metal Mining Co., Ltd. and the Company have some transactions etc., but we have judged that in view of the scale, nature etc. of such transactions, there is no fear of his independence as a Special Committee member being influenced.

There is no special conflict of interests between the persons mentioned above and the Company.

Description of Share Options

1. Shareholders to whom share options shall be granted and conditions for issue  
Share options shall be allotted to shareholders indicated or recorded in the register of shareholders or beneficiary shareholders as of the closing of the base date decided by the Board of Directors at a ratio of one share options to one share of common stock of the Company which is held by the shareholders (excluding shares of common stock held by the Company) without requiring any new payment.
2. Type and number of shares to be issued upon exercise of share options  
The type of shares to be issued upon exercise of share options shall be the common stock of the Company. The upper limit of the total number of shares to be issued upon exercise of share options shall be the number of shares obtained by deducting the total number of outstanding shares of common stock of the Company (excluding shares of common stock held by the Company) from the total number of shares authorized to be issued by the Company as of the base date decided by the Board of Directors. The number of shares to be issued upon exercise of one share option (hereinafter referred to as “the Number of Shares to Be Issued”) shall be separately decided by the Board of Directors. However, if the Company conducts a share split or a reverse share split, proper adjustments shall be made.
3. Total number of share options to be issued  
The total number of share options to be issued shall be a number separately decided by the Board of Directors. The Board of Directors may allot share options more than once.
4. Value of investment at the time of the exercise of each share option (the amount to be paid)  
The value of the investment at the time of the exercise of each share option (the amount to be paid) shall be separately decided by the Board of Directors, which shall be one yen or more.
5. Restriction on the transfer of share options  
The acquisition of a share option through the transfer of the share option shall be subject to the approval of the Board of Directors.
6. Conditions for the exercise of share options  
In principle, a person who belongs to a specified shareholders’ group with a ratio of voting rights of 20% or more may not exercise share options. A person who is required to follow a certain procedure to exercise share options by applicable foreign laws and ordinances of certain foreign jurisdiction, in which he/she/it is located, may not exercise share options in principle (However, such persons including a person to whom an exemption from the procedure is available under the applicable laws and ordinances of the foreign jurisdiction may exercise share options, if certain requirements are met. In addition, the share options held by the person shall become the object of acquisition by the Company in exchange for the shares of the Company as compensation as stated in 8 below.). In addition, a person who does not submit a form prescribed by the Company to confirm, among others, that the person does not belong to any specified shareholders’ group may not exercise these share options (excluding persons who were not requested by the Company to submit such form). The details shall be separately decided by the Board of Directors.
7. Period for the exercise of share options  
The period for the exercise of share options shall be separately decided at the Board of Directors meeting resolving the issuance of share options at no cost to subscribers, which shall be one to three months, and the first day (hereinafter referred to as “the First Day of the Exercise Period”) of which shall be separately decided at the Board of Directors meeting resolving the issuance of share options at no cost to subscribers. If the final day of the period for exercise falls on a holiday of the organization handling the payment of money to be paid at the time of exercise, the final day shall be the preceding business day.

8. Acquisition of share options by the Company

- (1) If the Board of Directors deems that the acquisition of share options by the Company is appropriate, the Company may acquire all share options without compensation on a day separately decided by the Board of Directors at any time prior to the day preceding the First Day of the Exercise Period.
- (2) The Company may acquire on a day separately specified by the Board of Directors all share options held by persons other than persons belonging to a specified shareholders' group and persons who do not submit a form prescribed by the Company to confirm that the persons do not belong to any specified shareholders' group by the day of acquisition (excluding, however, persons who are not required by the Company to submit such form) which have not been exercised as of the day preceding the day specified by the Board of Directors, and deliver the Number of Shares to Be Issued of the Company for one share options in exchange for all share options acquired.

If the Board of Directors determines on or after the day of acquisition that there is a person holding share options who does not belong to a specified shareholders' group (for example, if a person fails to submit a document in the form prescribed by the Company in the first paragraph of this Section 8 (2) above by the date the acquisition is made, but is subsequently found not to be a member of the specific shareholder group, etc.; however, the Board of Directors may request the submission from such person of a form prescribed by the Company as set out in the first paragraph of this Section 8. (2) above for the Board of Directors determination), the Company may acquire on a day falling after the day of acquisition as specified by the Board of Directors all share options held by the person which have not been exercised as of the day preceding the day specified by the Board of Directors, and deliver the Number of Shares to Be Issued of the Company for one share options in exchange for all share options acquired. This shall apply subsequently.

- (3) The details of the acquisition provision shall be separately decided at a meeting of the Board of Directors.

## **(Reference) Ninth Management Plan**

The Eighth Management Plan ended in the fiscal year ended March 31, 2022. Accordingly, the Company has formulated a new medium-term management plan (the Ninth Management Plan) starting from the fiscal year ending March 31, 2023.

With top priority placed on achieving objectives of the medium-term management plans it draws up every three years, the Company has increased its corporate value as a result of having steadily carried out such initiatives. Over the past 25 years, the Company has executed eight management plans, and has achieved increases in ordinary profit in 22 fiscal years, excluding the three fiscal years of the global financial crisis and the COVID-19 pandemic.

In the first 10 fiscal years (three medium-term management plan periods), the Company focused on restoring its asset base, which had been damaged by the bursting of Japan's bubble economy, and reducing interest-bearing debt. In the latter 15 fiscal years (five medium-term management plan periods), the Company doubled leasing assets, strengthened management foundations by strengthening the four segments of leasing, sales, construction and brokerage, and enhanced shareholders' equity, lifting the credit rating to the AA zone.

Over the next three medium-term management plan periods through fiscal 2030, the Company will maintain an approach that prioritizes the allocation of funds to further investment to increase leasing assets and take steps for sustainable profit growth, while also aiming to create a resilient management foundation and achieve sustainable growth, based on the high level of social contribution of the Company's businesses themselves, and increasing investment capacity and the level of flexibility in capital strategy.

At present, there are various issues in the management environment such as the COVID-19 pandemic, geopolitical risk and instability in resource procurement, but as the Company expects to achieve ordinary profit of 300 billion yen for fiscal 2030, it will position the "Ninth Management Plan" as the first step to achieving that target.

<b>Name</b>	<b>Ninth Management Plan</b>
<b>Plan period</b>	<b>Three years, from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025</b>

### **Key Points of Plan**

#### **1. Earnings Targets**

##### Consecutive record profit for the period covered

##### Achieve cumulative ordinary profit of 750 billion yen and profit of 500 billion yen over the three-year period

Aim to achieve record profits for the fourth consecutive plan since the Sixth Management Plan by maintaining the pace of growth attained through the Eighth Management Plan

##### < Three-year cumulative earnings targets >

Revenue from operations	¥3 trillion (	Vs. Eighth Management Plan:	+ ¥129.6 billion	+ 5%)
Operating income	¥770.0 billion (	“	+ ¥82.5 billion	+ 12%)
Ordinary profit	¥750.0 billion (	“	+ ¥94.4 billion	+ 14%)
Profit	¥500.0 billion (	“	+ ¥67.2 billion	+ 16%)

(Reference) Comparison of Management Plan results

(Billion yen)

(Fiscal year ended/ending March 31)	6th Plan 2014-2016	7th Plan 2017-2019	8th Plan 2020-2022	<b>9th Plan</b> 2023-2025
Revenue from operations	2,442.1	2,885.8	2,870.4	3,000.0
Operating income	500.6	613.2	687.5	770.0
Ordinary profit	418.0	557.8	655.6	750.0
Profit	238.1	353.3	432.8	500.0

Note: All figures are cumulative totals within the period of the plan.

## 2. Performance Targets and Strategies by Segment

We will maintain the position of office building leasing in Tokyo as a solid foundation, and will aim to utilize the comprehensive strengths of the Group as a whole to achieve our targets

< Performance targets by segment >

(Billion yen)

	6th Plan	7th Plan	8th Plan	9th Plan
Leasing	886.2	1,073.1	1,218.9	1,300.0
Sales	773.1	957.2	822.1	750.0
Construction	589.3	634.7	612.0	700.0
Brokerage	177.2	207.7	210.5	250.0
<b>Revenue from operations</b>	<b>2,442.1</b>	<b>2,885.8</b>	<b>2,870.4</b>	<b>3,000.0</b>
Leasing	313.7	415.5	487.3	520.0
Sales	127.2	140.1	150.9	150.0
Construction	47.0	50.4	54.7	75.0
Brokerage	40.6	47.4	44.1	68.0
<b>Operating income</b>	<b>500.6</b>	<b>613.2</b>	<b>687.5</b>	<b>770.0</b>

< Strategies >

### (1) Leasing

Aim to maintain the earnings foundation built through the Eighth Management Plan, and achieve profit growth for the fourth consecutive plan period

- In office building leasing, we will strive to maintain the profitability of existing buildings, while also securing earnings with the full-year contribution of buildings completed in the Eighth Management Plan (180 thousand tsubo of gross floor area) and by starting operation of new buildings to be completed in the Ninth Management Plan (190 thousand tsubo of gross floor area)
- In the operation of commercial facilities, such as hotels, event halls, and retail facilities, we will recover the profitability to pre-COVID-19 levels and anticipate a return to growth from the Tenth Management Plan onward

### (2) Sales

High level of profit of the Eighth Management Plan to be maintained

- We will maintain our policy of controlling the pace of sales, pursuing profit rather than volume
- Rising construction costs will need to be addressed, but the impact will be limited as construction has been started on all projects to be delivered during the Ninth Management Plan
- We will maintain our policy of securing prime sites steadily amid continuing intensified competition for land acquisition

### (3) Construction

In both remodeling (Shinchiku Sokkurisan) and custom home construction, we will focus on controlling costs while enhancing quality, and aim to achieve consecutive record profits by expanding orders

- We will expand orders by proposing products that accurately respond to customer needs, such as a high level of environmental performance and disaster preparedness
- We will appropriately address spikes in prices of wood and materials, and minimize the impact

(4) Brokerage

We will further strengthen profitability as we aim to achieve record profit in a management plan with a significant increase

We will strengthen Group collaboration and further pursue customer-oriented services to expand our market share

**3. Capital Investment Plans** (Non-current asset investment excluding sales assets, such as condominiums for sale)

Further investment in leasing office assets in central Tokyo, strengthening our earnings base  
Expect to invest 1 trillion yen over the three years of the Ninth Management Plan

- (1) We will invest 700 billion yen in concrete development projects for over 700 thousand tsubo (one tsubo is roughly 3.3 m<sup>2</sup>) of gross floor area, mainly comprising redevelopment projects

Current forecasts for the operation of leasing office assets are as shown in the table below  
 < Pace of development >

(Thousand tsubo)

	6th Plan	7th Plan	8th Plan	<b>9th Plan</b>	10th Plan onward
Gross floor area	110	210	180	190	520

- (2) We will ensure that we take advantage of opportunities that arise by securing 300 billion yen for investments in new projects

**4. Financing plans**

- (1) We expect to be able to cover the additional investment of 700 billion yen in properties that are in process with increases in cash flows from the leasing business\*

< Capital investment and cash flows from the leasing business >

(Billion yen)

	6th Plan	7th Plan	8th Plan	<b>9th Plan</b>
Capital investment	(422.3)	(663.5)	(805.3)	(1,000.0)
Cash flows from the leasing business	409.8	534.6	644.5	700.0
Interest-bearing debt	3,158.9	3,342.8	3,560.0	3,800.0

\* Cash flows from the leasing business: Operating income of the leasing business + Depreciation

- (2) Introduction of green financing

Procure total long-term funding amount of 1 trillion yen from green financing

- (i) Procure 1 trillion yen in funds from green financing for 12 buildings, out of 27 buildings owned by the Company that have already acquired a rating of three stars or above in DBJ Green Building Certification\* (as of March 31, 2022)
- (ii) Principles for target properties during financing period
- Disclose environmental performance information, including CO<sub>2</sub> emissions and energy consumption
  - Maintain at least three stars in the DBJ Green Building Certification
  - Prohibit selling, as this financing is to contribute to social issues, such as environmental improvements
- (iii) Obtain assessment of conformity with green finance from JCR and R&I

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

## 5. Policy for Shareholder Returns

Continue “sustainable dividend increase” and “annual dividend increase of 5 yen” in line with profit growth

Cash flow allocation policy of prioritizing investment in leasing office assets, to be maintained

As we expect the shareholders’ equity ratio to exceed 30% during the Ninth Management Plan period, our flexibility in capital strategy is increasing.

< Dividends and earnings per share >

(Yen)

(Fiscal year ended March 31)	7th Plan			8th Plan		
	2017	2018	2019	2020	2021	2022
Dividends	24	27	30	35	40	45
Earnings per share	218	253	275	298	298	317

## 6. Introduction of Numerical Targets regarding Strategic Shareholdings

Reduce the ratio of the book value of shares held to 10% or less of shareholders’ equity by fiscal 2030

The Company maintains that it can acquire and hold shares of business partners, etc., if it is deemed to contribute to the Company’s sustainable growth and medium- to long-term enhancement of corporate value primarily from the standpoint of establishing and strengthening stable and long-standing business relationships with them.

In this new management plan, the Company has decided to establish a numerical target for the amount of strategic shareholdings held, and certain rules. As of the end of the previous fiscal year, the book value of listed shares held of 271.9 billion yen was approximately 18% of shareholders’ equity of 1,479.2 billion yen (after subtracting net unrealized holding gains on securities, etc., from net assets.) Going forward, we will reduce this ratio each year to 10% or less by fiscal 2030.

< Book value of listed shares and shareholders’ equity >

(Billion yen)

(As of March 31)	6th Plan (2016)	7th Plan (2019)	8th Plan (2022)
Book value of shares	190.3	255.5	271.9
Shareholders’ equity	821.0	1,099.3	1,479.2
Ratio	23%	23%	18%

Fiscal 2030 target
/
10% or less

## 7. Establishment of CO<sub>2</sub> Emissions Reduction Targets (Scope 1, 2, and 3)

50% reduction by fiscal 2030 compared with fiscal 2014, immediately prior to the Paris Agreement

Expressed support for 2050 carbon neutrality

Aim to achieve the target by linking decarbonization initiatives with business expansion

- (1) Promote energy-saving in leasing business centered on office buildings and facility management businesses
  - We will further pursue the introduction of highly efficient facilities for new constructions and renovations, and will reduce the Company's CO<sub>2</sub> emissions from energy consumption, etc., by 50% per unit of floor area
  - Continue awareness-raising activities for energy saving towards tenants
- (2) Promote measures to reduce emissions in both upstream and downstream parts of main businesses
  - Support tenant companies to introduce green power for their office spaces in a building
  - Curb energy consumption during construction
  - Enhance high-performance designs (adopting ZEH\*-M Oriented as the standard specification for condominiums) \*ZEH=Net Zero Energy House
  - Promote provision of the new solar power generation service, "SUMIFU × ENEKARI," which will contribute to decarbonization for detached houses
  - Promote the provision of Shinchiku Sokkurisan high thermal remodeling products
  - Promote spread of automobile charging stations
- (3) Aim to reduce total emissions by 10% in the Ninth Management Plan
  - Reductions in the condominium business, which accounts for approximately 60% of total emissions, will contribute from the Tenth Management Plan onward, when the construction of properties with new design standards will be completed
  - Aim to reduce emissions by 25% except for condominiums

< CO<sub>2</sub> emissions reduction targets for the Ninth Management Plan >

(Thousand tons of CO <sub>2</sub> )	Fiscal 2014		9th Plan reduction target	(Reference) Fiscal 2019 emissions
	emissions	Proportion		
Condominiums	3,605	61%	/	3,540
Custom homes and Shinchiku Sokkurisan remodeling	1,591	27%		1,565
Office buildings	689	12%		1,366
Other (head office and Group companies)	55	1%		66
Non-condominium	2,336	39%	(25)%	2,997
Total	5,940	100%	(10)%	6,537

### Main numerical targets in each business

- (1) 30% of tenant office spaces to introduce green power
- (2) 100% of condominiums to be ZEH-M Oriented designs
- (3) 60% of custom home orders to be ZEH homes (already standardized)
- (4) 20% of Shinchiku Sokkurisan remodeling orders to be high thermal insulation remodeling products (already introduced)
- (5) All of electric power used in the Group's own offices to be green by obtaining environmental value generated by solar power through "SUMIFU × ENEKARI"

## **(Reference) Status of the Company's Corporate Governance**

### **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 sound management in the conduct of its business" 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 at the same time 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**

#### **Reasons for Adopting an Organizational Structure of a Company with Corporate Auditors**

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 a corporate auditors, where the Board of Directors bears responsibility for execution, and corporate auditors take on the management supervision function.

Eight directors, mainly from within the Company, who are deeply familiar with the business content, are in charge of management and execution, while two outside directors and four corporate auditors for a total of six persons, which accounts for over 40% of the 14 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. We believe that the Company's corporate governance is sufficiently functioning, as its effectiveness is being reflected in our business results.

#### **Role and Structure of the Board of Directors**

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.

The maximum number of directors stipulated in the Articles of Incorporation is 12. The Board of Directors is comprised of eight 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 two outside directors with experience as chairman and president of listed companies, who have superior character and insight and understand the Company's management principles.

· **Executive Officer System**

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 nine 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 consolidated fiscal year, because they are considered to be comparable with directors.

· **Role and Structure of the Board of Corporate Auditors**

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.

· **Cooperation among Internal Audit Department, Independent Auditor, and Corporate Auditors**

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 nine
June 2004	Introduced a fully performance-based compensation system for directors Abolished the retirement benefit and bonus system for directors
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 corporate officer (outside corporate auditor)

### 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.

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 or president of listed companies, in order to have them advise the management team and monitor the directors 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 two outside directors and four corporate auditors for a total of six persons, which accounts for over 40% of the 14 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 Executive Committee, and other matters; 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 with only four members, comprised 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 whistleblowing report toward officers, outside corporate auditors receive a report directly to share 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, and its effectiveness is being reflected in our business results.

## Policies for Appointment of Officers

### · **Basic Policy**

Regarding nomination of candidates for directors and corporate auditors, as well as 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 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 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.

### · **Skill Matrix (Abilities Expected of Each Director)**

Name	Corporate management	Leasing	Sales	Construction	Brokerage	Redevelopment	Planning and finance	Compliance
Kenichi Onodera	○	○	○	○	○	○	○	○
Kojun Nishima	○	○	○	○	○	○	○	○
Masato Kobayashi	○		○			○		
Yoshiyuki Odai	○						○	○
Nobuaki Takemura	○				○			○
Hiroshi Kato	○			○				
Hisatoshi Katayama	○					○		
Yozo Izuhara Outside (independent)	○							○
Nobumasa Kemori Outside (independent)	○							○

**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
Yozo Izuhara	○	Mr. Izuhara has a background at Nippon Sheet Glass Co., Ltd., with which the Company has some transactions etc. Considering the scale and nature of such transactions, the Company judges it is unlikely the relationship would have any impact on decisions of shareholders and investors.	Mr. Izuhara had served as President and Chairman of Nippon Sheet Glass Co., Ltd., and he has extensive knowledge on overseas business and M&A as a manager. The Company deems him to be suitable as an outside director, and therefore appointed him to that position.
Nobumasa Kemori	○	Mr. Kemori has a background at Sumitomo Metal Mining Co., Ltd., with which the Company has some transactions etc. Considering the scale and nature of such transactions, the Company judges it is unlikely the relationship would have any impact on decisions of shareholders and investors.	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, and therefore appointed him to that position.
Yoshiyuki Norihisa	○	Mr. Norihisa has a background at Sumitomo Mitsui Construction Co., Ltd., with which the Company has some transactions etc. Considering the scale and nature of such transactions, the Company judges it is unlikely the relationship would have any impact on decisions of shareholders and investors.	Mr. Norihisa has a wealth of managerial experience at another company. In view of his personality, insight, experience, etc., the Company judges he is suitable and qualified to serve as an outside corporate auditor and has appointed him to that position.
Chiyono Terada	○	Ms. Terada has a background at Art Moving Company Co., Ltd., with which the Company has some transactions etc. Considering the scale and nature of such transactions, the Company judges it is unlikely the relationship would have any impact on decisions of shareholders and investors.	Ms. Terada has a wealth of managerial experience at another company. In view of her personality, insight, experience, etc., the Company judges she is suitable and qualified to serve as an outside corporate auditor and has appointed her to that position.

## **Initiatives for Promoting Diversity**

We have been actively promoting diversity since before, based on the awareness that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics within the Company is a strength that supports 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, and are the source of the Company's growth.

In addition, we believe that equal opportunity in promoting employees to managerial positions is the most important factor for increasing their motivation, 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 hires. As a result, more than 60% of our managers are currently mid-career hires, 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 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 to be promoted in future by increasing the ratio of female in our workforce. Secondly, we are also working to support women's career development. For example, in the previous fiscal year, 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 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.

(Appendix)

**Business Report**  
(April 1, 2021 - March 31, 2022)

**I. Overview of the Corporate Group**

**1. Business Progress and Results, and Issues to be Addressed**

**(1) Overview of consolidated results**

**Return to record-high ordinary profit, and record-high profit for the ninth consecutive year**

The financial results for the consolidated fiscal year under review is as shown in the table below. Revenue from operations, operating income, ordinary profit and profit all increased from the previous year. Ordinary profit returned to a record high as the decline in profit caused by COVID-19 pandemic only lasted for one year, while profit attributable to owners of parent achieved a record high for the ninth consecutive year.

**Increased revenue and profit in office building business, significant increase in brokerage profit**

By segment, the mainstay office building business recorded increases in both revenue and profit, and the decline in commercial facilities such as hotels and event halls shrank compared with the previous year, resulting in increased revenue and profit in the leasing business. In addition, there was a contribution to overall performance from increased revenue and profit in the construction business including Shinchiku Sokkurisan remodeling, as well as the brokerage business, owing to good performance from brokerage of existing homes. In the sales business, focusing on condominium sales, revenue and profits decreased owing to a decline in the number of units delivered, but it achieved a high level of operating income and performed well.

Non-operating loss recorded 8.7 billion yen (an improvement of 0.5 billion yen year-on-year). Extraordinary loss recorded 6.4 billion yen (down 6.8 billion yen year-on-year), owing to the absence of 11.8 billion yen in gains on the transfer of equity interest in the condominium development joint venture company in Dalian City, China, which the Company recorded in the previous year.

As a result, revenue from operations for the fiscal year was 939.4 billion yen (up 2.4% year-on-year), operating income was 233.8 billion yen (up 6.7% year-on-year), ordinary profit was 225.1 billion yen (up 7.2% year-on-year) and profit attributable to owners of parent reached 150.4 billion yen (up 6.4% year-on-year).

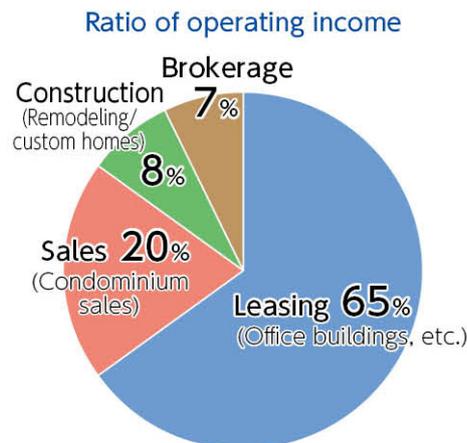
	<b>Fiscal 2021</b> <b>(Apr. 1, 2021 – Mar. 31, 2022)</b>	<b>YoY change</b>
<b>Revenue from operations</b>	¥ 939.4 billion	+¥ 21.9 billion
<b>Operating income</b>	¥ 233.8 billion	+¥ 14.6 billion
<b>Ordinary profit</b>	¥ 225.1 billion	+¥ 15.1 billion
<b>Profit attributable to owners of parent</b>	¥ 150.4 billion	+¥ 9.0 billion

Business results by segment are as follows.

Revenue from operations	Fiscal 2021	YoY change
Leasing	¥ 425.0 billion	+¥ 26.8 billion
Sales	¥ 233.7 billion	(¥ 29.6 billion)
Construction	¥ 204.3 billion	+¥ 15.6 billion
Brokerage	¥ 73.4 billion	+¥ 7.6 billion

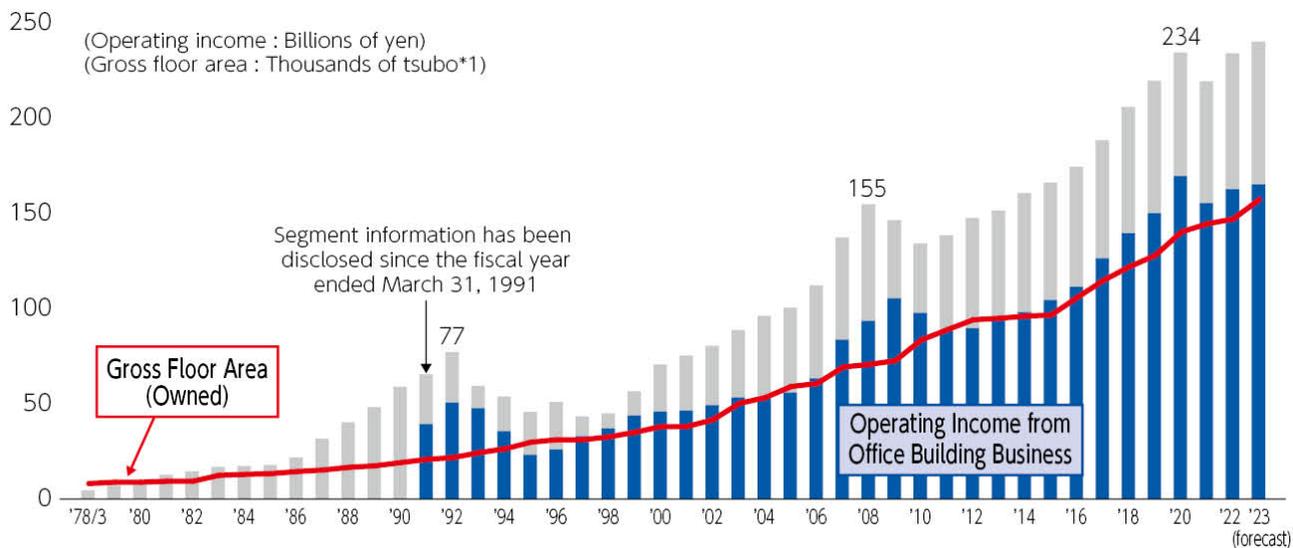
Operating income	Fiscal 2021	YoY change
Leasing	¥ 162.6 billion	+¥ 7.4 billion
Sales	¥ 50.4 billion	(¥ 3.4 billion)
Construction	¥ 18.5 billion	+¥ 2.9 billion
Brokerage	¥ 18.0 billion	+¥ 6.5 billion



Note: Percentage is calculated from figures before elimination and/or corporate for the fiscal year ended March 31, 2022.

### Consolidated operating income and gross floor area for leasing (owned)

The office building business has shown “sustainable growth” alongside the growth in owned gross floor area



## (2) Outlook for next fiscal year

Forecasts for the next consolidated fiscal year (year ending March 31, 2023) are as shown below. Revenue from operations, operating income, ordinary profit and profit attributable to owners of parent will all increase from the previous year. We intend to achieve a record-high ordinary profit for the second consecutive year, and the tenth consecutive year of record-high in profit attributable to owners of parent.

	<b>Fiscal 2022 Forecast</b> <b>(Apr. 1, 2022 – Mar. 31, 2023)</b>	YoY change
<b>Revenue from operations</b>	<b>¥ 950.0 billion</b>	+¥ 10.5 billion
<b>Operating income</b>	<b>¥ 240.0 billion</b>	+¥ 6.1 billion
<b>Ordinary profit</b>	<b>¥ 235.0 billion</b>	+¥ 9.8 billion
<b>Profit attributable to owners of parent</b>	<b>¥ 160.0 billion</b>	+¥ 9.5 billion

### (Outlook by segment)

<b>Revenue from operations</b>	<b>Fiscal 2022 Forecast</b>	YoY change
<b>Leasing</b>	<b>¥ 430.0 billion</b>	+¥ 4.9 billion
<b>Sales</b>	<b>¥ 220.0 billion</b>	(¥ 13.7 billion)
<b>Construction</b>	<b>¥ 220.0 billion</b>	+¥ 15.6 billion
<b>Brokerage</b>	<b>¥ 78.0 billion</b>	+¥ 4.5 billion

<b>Operating income</b>	<b>Fiscal 2022 Forecast</b>	YoY change
<b>Leasing</b>	<b>¥ 165.0 billion</b>	+¥ 2.3 billion
<b>Sales</b>	<b>¥ 50.0 billion</b>	(¥ 0.4 billion)
<b>Construction</b>	<b>¥ 21.0 billion</b>	+¥ 2.4 billion
<b>Brokerage</b>	<b>¥ 20.0 billion</b>	+¥ 1.9 billion

### (3) Progress of the Eighth Management Plan

The fiscal year under review (fiscal year ended March 31, 2022) marked the end of the “Eighth Management Plan,” which the Company has been operating since April 2019. In the second year of the plan, declines in revenue and profit were unavoidable due to the impact of COVID-19, but in the fiscal year under review, the final fiscal year of the plan, revenue and profit increased, and ordinary profit recovered to a record-high in one year, as described in the above “Overview of consolidated results.” Three-year cumulative performance is as shown in the table below. Although we did not achieve our initial targets formulated before the COVID-19 pandemic, we achieved record-high operating income and ordinary profit for the third consecutive management plan from the Sixth Management Plan.

							(Billion yen)	
	7th Plan Results (Apr. 1, 2016 – Mar. 31, 2019)				8th Plan Results (Three-year cumulative)	Vs. 7th Plan	8th Plan Targets* (Apr. 1, 2019 – Mar. 31, 2022)	
		Fiscal 2019	Fiscal 2020	Fiscal 2021				
<b>Revenue from operations</b>	2,885.8	1,013.5	917.5	939.4	2,870.4	(153)	3,100.0	
<b>Operating income</b>	613.2	234.3	219.2	233.9	687.5	+ 74.3	740.0	
<b>Ordinary profit</b>	557.8	220.5	209.9	225.1	655.6	+ 97.8	700.0	

\*Announced on May 16, 2019

#### (4) Overview of each segment for the fiscal year under review

##### Leasing

	Revenue from operations		Operating income	
Fiscal 2021 (YoY change)	¥425.0 billion	+¥ 26.8 billion	¥162.6 billion	+¥ 7.4 billion
Fiscal 2022 forecasts (YoY change)	¥430.0 billion	+¥ 4.9 billion	¥165.0 billion	+¥ 2.3 billion

##### Full-year contribution from office buildings, resulting in higher revenue and profit

In the consolidated fiscal year under review, revenue and profit in the mainstay office building business increased due to the full-year operation of Sumitomo Fudosan Kojimachi Garden Tower, Sumitomo Fudosan Ochanomizu Building and other buildings completed in the previous fiscal year, as well as the absence of acquisition expenses for large properties, which the Company acquired in the previous year.

In addition the decline in the commercial facilities such as hotels and event halls shrank compared with the previous year as a result of the full-year operation of Ariake Garden and temporary contribution to revenue related to the Olympics, etc., despite the ongoing impact of COVID-19.

As a result for this segment, both revenue and profit increased.

##### Seesawing market, vacancy rate is 5.8% in existing buildings

Although the vacancy rate in existing buildings rose in the first half of the year, it remained flat with 5.8% in the second half of the year. As the tenant needs grow increasingly diverse, the market conditions continue to move back and forth.

In addition, in terms of tenant-seeking activities for new buildings, contracts have almost been completed for Sumitomo Fudosan Tamachi Building East and Sumitomo Fudosan Kanda Izumicho Building, which were completed in the first half of the year, and the Company is focusing on tenant-seeking activities for properties such as Sumitomo Fudosan Osaki Twin Building East, which was completed in the fourth quarter, as well as the Tokyo Mita Redevelopment Project and the Nishi-shinjuku 5-chome Kita Project, which are large-scale buildings to be completed in the next fiscal year.

##### Vacancy rate in existing buildings

End of Fiscal 2020 (March 31, 2021)	End of third quarter (December 31, 2021)	End of Fiscal 2021 (March 31, 2022)
2.8%	5.9%	5.8%

## Sales

	Revenue from operations		Operating income	
<b>Fiscal 2021 (YoY change)</b>	<b>¥233.7 billion</b>	(¥ 29.6 billion)	<b>¥50.4 billion</b>	(¥ 3.4 billion)
<b>Fiscal 2022 forecasts (YoY change)</b>	<b>¥220.0 billion</b>	(¥ 13.7 billion)	<b>¥50.0 billion</b>	(¥ 0.4 billion)

### Achieved high level of operating income, in line with initial plans

In the consolidated fiscal year under review, a total of 3,604 condominium units, detached houses, and land lots were delivered (down 560 units year-on-year), owing to steady progress on deliveries from condominiums including the large-scale properties such as City Towers Tokyo Bay and City Tower Ginza East, which were completed through the previous year, as well as the start of deliveries of City Tower Musashi-koyama and City Terrace Kanamachi, etc.

Although the segment's revenue and profit decreased due to the decline in the number of units delivered compared with the previous year, operating income achieved a high level at 50.4 billion yen, in line with the initial plan (50.0 billion yen).

### Steady progress in condominium contracting, with 80% of units to be delivered in the next fiscal year already sold

The number of condominium units sold made good progress as planned, at 3,047 units, unchanged from the previous year, and at the beginning of the fiscal year, approximately 80% of the 3,000 units planned to be delivered in the next fiscal year were sold (approximately 80% in the previous year).

	Fiscal 2021	YoY change
<b>Number of condominium units sold</b>	<b>3,047 units</b>	(-)
<b>Number of units delivered</b>	<b>3,604 units</b>	( 560 units)
Condominiums/detached houses	3,569 units	( 580 units)
Land lots	35 units	+ 20 units
<b>Revenue from operations</b>	<b>¥ 233.7 billion</b>	<b>(¥ 29.6 billion)</b>
Condominiums/detached houses	¥ 218.2 billion	(¥ 34.1 billion)
Land lots/others	¥ 15.4 billion	+¥ 4.4 billion

## Construction

	Revenue from operations		Operating income	
<b>Fiscal 2021 (YoY change)</b>	<b>¥204.3 billion</b>	+¥ 15.6 billion	<b>¥18.5 billion</b>	+¥ 2.9 billion
<b>Fiscal 2022 forecasts (YoY change)</b>	<b>¥220.0 billion</b>	+¥ 15.6 billion	<b>¥21.0 billion</b>	+¥ 2.4 billion

### Orders increased, resulting in increase of revenue and profit

In the consolidated fiscal year under review, the number of units contracted increased with 8,362 units in the Shinchiku Sokkurisan remodeling business (up 828 units year-on-year) and 2,619 units in the custom home construction business (up 92 units year-on-year), compared with the previous year, when the Company restricted sales activities under the state-of-emergency declarations. In the fiscal year under review, the Company introduced new environmentally-friendly products, such as the new solar power generation service “SUMIFU × ENEKARI” and high thermal insulation remodeling plans, contributing to increased orders. As a result for this segment, both revenue and profit increased as the number of units delivered increased, despite the impact of rising prices of timber and other materials.

	Fiscal 2021	YoY change	
<b>Number of units contracted</b>	<b>10,981 units</b>	<b>920 units</b>	
Shinchiku Sokkurisan remodeling	8,362 units	+	828 units
Custom Homes	2,619 units	+	92 units
<b>Number of units delivered</b>	<b>10,582 units</b>	+	<b>642 units</b>
Shinchiku Sokkurisan remodeling	7,971 units	+	405 units
Custom Homes	2,611 units	+	237 units
<b>Revenue from operations</b>	<b>¥ 194.1 billion</b>	+¥	<b>15.6 billion</b>
Shinchiku Sokkurisan remodeling	¥ 105.7 billion	+	7.5 billion
Custom Homes	¥ 88.4 billion	+	8.0 billion

## Brokerage

	Revenue from operations		Operating income	
<b>Fiscal 2021 (YoY change)</b>	<b>¥73.4 billion</b>	+¥ 7.6 billion	<b>¥18.0 billion</b>	+¥ 6.5 billion
<b>Fiscal 2022 forecasts (YoY change)</b>	<b>¥78.0 billion</b>	+¥ 4.5 billion	<b>¥20.0 billion</b>	+¥ 1.9 billion

### Record-high number of transactions, revenue, and operating income

In the consolidated fiscal year under review, the number of transactions recorded record-high for the first time in two years, at 38,144 transactions (+3,022 year-on-year), primarily for existing condominiums. The number of transactions increased compared with the previous year when the Company practiced self-restraint in sales activities under the state-of-emergency declarations, and “Step Auctions,” a new service introduced in September also contributed to the result of the record-high number of transactions.

As a result for this segment, both revenue and profit increased significantly with record-high revenue and operating income (after reflecting segment changes implemented in the previous fiscal year in past results). The total number of directly operated offices declined to 256 nationwide as of the end of the fiscal year under review (down by 13 from the end of the previous fiscal year), due to continuous reorganizations made such as closing offices that were unprofitable with overlapping sales areas and opening new offices in central Tokyo specialized in condominium brokerage.

	Fiscal 2021		YoY change
<b>Number of transactions</b>	<b>38,144</b>	+	<b>3,022</b>
<b>Transaction value</b>	<b>¥ 1,453.3 billion</b>	+¥	<b>212.3 billion</b>
<b>Value per transaction</b>	<b>¥ 38.1 million</b>	+¥	<b>2.7 million</b>

## (5) Promotion of ESG and contributions to SDGs

The Company has been practicing sustainable management that inherits Sumitomo's Business Philosophy, which has continued for 430 years, and we aim to contribute to addressing social issues through our business activities, while at the same time maximizing our corporate value. Our major initiatives regarding ESG for the fiscal year under review are listed below.

### Major initiatives in Fiscal 2021 (fiscal year ended March 2022)

		E: Environment	S: Social	G: Governance
June 2021	• Shinjuku Sumitomo Building won the "Award of Excellence" for the Renovation Category in the CTBUH Awards 2021.	E	S	
	• Included in "FTSE4Good Index Series" and "FTSE Blossom Japan Index," the ESG Indexes.	E	S	G
July 2021	• "Step Concert" certified as Mecenat Activity.		S	
	• Held "Art Exhibitions using Temporary Enclosure for Construction Site."		S	
September 2021	• Held "remote disaster prevention drills" to respond to the diversification of work styles		S	
	• Began providing the residential solar power generation service, "SUMIFU × ENEKARI" (jointly with TEPCO Energy Partner, Inc.).	E		
	• Adopted the energy-saving performance "ZEH-M Oriented" as the standard specification for newly built condominiums.	E		
November 2021	• Planted "MISIA Trees" in Ariake Garden and held dog adoption event.		S	
	• Began offering "Sumitomo Realty's Green Power Plan," a separate plan for each individual tenants.	E		
December 2021	• Acquired A rank in "MSCI ESG Ratings."	E	S	G
	• Launched nationwide sales of "high thermal insulation remodeling plan" by Shinchiku Sokkurisan.	E		
February 2022	• Shinchiku Sokkurisan launched industry-academia collaboration research to establish an environmental evaluation method for the renovation of existing houses.	E		
	• Began PET bottle resource circulation activities (jointly with Suntory Beverage & Food Limited).	E		
March 2022	• Recognized in the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category).		S	
May 2022	• Shinjuku Sumitomo Building won the "Award of Minister of Land, Infrastructure, Transport and Tourism" for Achievement award of Japan Association for Real Estate Sciences	E	S	



These initiatives also contribute to the achievement of UN's Sustainable Development Goals (SDGs).

**The renovation of Shinjuku Sumitomo Building and its “Sankaku Hiroba (triangular plaza)” won award at the CTBUH Awards 2021 and the Minister’s Award of Japan Association for Real Estate Sciences (E, S)**

The “Shinjuku Sumitomo Building Renovation Project” became the first project in Japan to win the “Award of Excellence” at the CTBUH Awards 2021 / Renovation Category held by the Council on Tall Buildings and Urban Habitat.

Shinjuku Sumitomo Building also won the “Award of Minister of Land, Infrastructure, Transport and Tourism” for the 28th (Fiscal 2021) Achievement award of Japan Association for Real Estate Sciences.

**Began providing the residential solar power generation service, “SUMIFU × ENEKARI” (E)**

As the first project in the “Decarbonization Lead Project Agreement” with TEPCO Energy Partner, Inc., the Company began offering “SUMIFU × ENEKARI,” an industry-first service that enables customers to use electricity even in the event of disaster, through the introduction of residential solar power generation facilities and storage batteries at “zero initial cost” for newly built detached houses, and the provision of support for the entire period of residency.

**Adopted the energy-saving performance “ZEH-M Oriented” as the standard specification for newly built condominiums (E)**

The Company adopted the energy-saving performance “ZEH-M Oriented” as the standard specification for newly built condominiums, as a decarbonization initiative targeting the supply of newly built condominiums. At the same time, the Company is also promoting the “green power” at construction sites.

**Shinchiku Sokkurisan launched industry-academia collaboration research (E)**

In collaboration with the University of Tokyo and Musashino University, the Company launched research aimed at the establishment of environmental evaluation methods for renovation of existing houses, including verifying reduction of CO<sub>2</sub> emissions from skeleton renovations (overall renovations) of wood housing utilizing the foundations and frame.

**Recognized in the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) (S)**

The Company has been recognized in the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category), which is operated jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council).

## 2. Status of Capital Investments

In the fiscal year under review, the Company made capital investments totaling 187.8 billion yen, primarily in the development of new office buildings.

## 3. Status of Financing

In the fiscal year under review, the Company conducted corporate bond issuances, as shown below, and obtained necessary funds through borrowings from financial institutions, etc. and commercial papers.

Issuing company	Details of issuance	Date of issue	Maturity	Total amount issued
Sumitomo Realty & Development Co., Ltd.	109 <sup>th</sup> Series of Domestic Unsecured Corporate Bonds	May 10, 2021	Fiscal year ending March 31, 2032	¥30.0 billion
Sumitomo Realty & Development Co., Ltd.	110 <sup>th</sup> Series of Domestic Unsecured Corporate Bonds	August 5, 2021	Fiscal year ending March 31, 2032	¥10.0 billion

## 4. Status of Assets and Profit and Loss

(In million yen, unless otherwise specified)

Item	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022 (Fiscal year under review)
Revenue from operations	1,012,198	1,013,512	917,472	939,430
Operating income	219,389	234,332	219,244	233,882
Ordinary profit	203,227	220,520	209,949	225,115
Profit attributable to owners of parent	130,102	140,997	141,389	150,452
Earnings per share (yen)	274.51	297.50	298.33	317.45
Total assets	5,130,118	5,317,623	5,673,666	5,806,040
Total net assets	1,202,103	1,294,998	1,503,021	1,634,049
Net assets per share (yen)	2,536.40	2,732.41	3,171.34	3,447.81

- Notes: 1. Figures have been rounded down to the nearest million yen. Earnings per share and net assets per share have been rounded up or down to the nearest second decimal place.
2. Due to the retrospective application of changes to accounting policies, the financial figures indicated for the fiscal year ended March 31, 2019 are those after the retrospective application.
3. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

## 5. Principal Business (as of March 31, 2022)

Business	Description of main businesses
Leasing	Leasing/management of office buildings, rental apartments, etc. Operation/management of hotels, event halls, retail facilities, etc.
Sales	Sales of condominium units, detached houses, etc.
Construction	Construction/remodeling of detached houses, condominiums, etc.
Brokerage	Brokerage of real estate sales, sales agent of residential properties
Other	Fitness club, restaurant, etc.

## 6. Status of Major Subsidiaries (as of March 31, 2022)

Name	Capital (million yen)	Percentage of voting rights	Description of main businesses
Sumitomo Real Estate Sales Co., Ltd.	2,970	100.0%	Brokerage of real estate sale and leasing; and sales agent of residential properties, etc.
Sumitomo Fudosan Tatemono Service Co., Ltd.	300	100.0%	Property management service, etc.
Sumitomo Fudosan Syscon Co., Ltd.	70	100.0%	Interior designing and sales, display suite construction
Sumitomo Fudosan Villa Fontaine Co., Ltd.	50	100.0%	Operation of business hotels and resort hotels
Sumitomo Fudosan Bellesalle Co., Ltd.	50	100.0%	Leasing of event halls, conference rooms, etc.
Sumitomo Fudosan Retail Management Co., Ltd.	50	100.0%	Operation of retail facilities
Sumitomo Fudosan Esforta Co., Ltd.	50	100.0%	Operation of fitness clubs

Note: On March 1, 2022, the Company absorbed subsidiary Sumitomo Fudosan Finance Co., Ltd.

## 7. Principal Business Locations (as of March 31, 2022)

- (1) Sumitomo Realty & Development Co., Ltd.  
 Head Office: 4-1, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo  
 Branches: Kansai Branch (Osaka City), Hokkaido Branch (Sapporo City), Tohoku Branch (Sendai City), Tokai Branch (Nagoya City), Kyushu Branch (Fukuoka City)

- (2) Major subsidiaries

Name	Head Office
Sumitomo Real Estate Sales Co., Ltd.	Shinjuku-ku, Tokyo
Sumitomo Fudosan Tatemono Service Co., Ltd.	Shinjuku-ku, Tokyo
Sumitomo Fudosan Syscon Co., Ltd.	Shinjuku-ku, Tokyo
Sumitomo Fudosan Villa Fontaine Co., Ltd.	Shinjuku-ku, Tokyo
Sumitomo Fudosan Bellesalle Co., Ltd.	Shinjuku-ku, Tokyo
Sumitomo Fudosan Retail Management Co., Ltd.	Shinjuku-ku, Tokyo
Sumitomo Fudosan Esforta Co., Ltd.	Shinjuku-ku, Tokyo

## 8. Status of Employees (as of March 31, 2022)

Number of Consolidated Employees	Change from Previous Fiscal Year
13,040	(490)

Note: The number of employees of the Company is 5,732 (down 145 from the end of the previous fiscal year).

## II. Matters regarding Shares of the Company (as of March 31, 2022)

### 1. Number of Shares

Total number of authorized shares:	1,900,000,000
Total number of issued shares:	473,938,956 (excluding 2,147,022 treasury shares)

### 2. Number of Shareholders

12,666  
(of which 11,662 holding share unit)

### 3. Major Shareholders

Name	Number of shares held (Thousands of shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	76,750	16.19
Custody Bank of Japan, Ltd. (Trust account)	24,883	5.25
Sumitomo Mitsui Banking Corporation	11,990	2.53
Custody Bank of Japan, Ltd. (Trust account 4)	11,073	2.34
Taisei Corporation	9,550	2.02
Daikin Industries, Ltd.	8,367	1.77
Obayashi Corporation	8,090	1.71
Shimizu Corporation	7,500	1.58
Maeda Corporation	7,244	1.53
Takenaka Corporation	7,100	1.50

Notes: 1. Numbers of shares have been rounded down to the nearest thousand shares.

2. Percentage of shares held has been calculated by excluding treasury stock.

### III. Corporate Officers

#### 1. Names and Other Details of Directors and Corporate Auditors (as of March 31, 2022)

Name	Position	Responsibilities and significant concurrent positions
Kenichi Onodera	Director - Chairman of the Board	
Kojun Nishima	Executive Managing Director and President	Head of Office Leasing Business Division
Nobuaki Takemura	Executive Managing Director and Deputy President	Head of Management Division
Masato Kobayashi	Executive Managing Director and Deputy President	Head of Condominium Sales Business Division
Hiroshi Kato	Director, Senior Managing Executive Officer	Head of Remodeling Business Division
Hisatoshi Katayama	Director, Senior Managing Executive Officer	Head of Commercial Property Development Division
Yoshiyuki Odai	Director, Senior Managing Executive Officer	Head of Corporate Planning Division
Koji Ito	Director, Senior Managing Executive Officer	Executive Managing Director and President of Sumitomo Real Estate Sales Co., Ltd.
Yozo Izuhara	Director	
Nobumasa Kemori	Director	Outside Director of NAGASE & CO., LTD. Outside Director of JFE Holdings, Inc.
Yoshifumi Nakamura	Full-time Corporate Auditor	
Toshikazu Tanaka	Full-time Corporate Auditor	
Yoshiyuki Norihisa	Corporate Auditor	
Chiyono Terada	Corporate Auditor	Chairperson Emeritus of Art Moving Company Co., Ltd.

- Notes:
- Messrs. Yozo Izuhara and Nobumasa Kemori are Outside Directors as provided for in the Companies Act.
  - Mr. Yoshiyuki Norihisa and Ms. Chiyono Terada are Outside Corporate Auditors as provided for in the Companies Act.
  - There are no special conflict of interest between the Company and any of the companies at which the Outside Directors and Corporate Auditors hold significant concurrent positions.
  - The Company has registered Messrs. Yozo Izuhara, Nobumasa Kemori, and Yoshiyuki Norihisa and Ms. Chiyono Terada as independent officers with Tokyo Stock Exchange, Inc.
  - With the introduction of an executive officer system, Mr. Ryuzo Amemiya has been elected as a Senior Managing Executive Officer, Messrs. Ichiro Wada and Hiroyuki Hashizume have been elected as Managing Executive Officers, and Messrs. Makoto Nakano, Takuji Iba, Kenichi Kawai, Dai Miyamoto, Tokiyuki Okada, and Takeo Kojima have been elected as Executive Officers.
  - The Company has concluded a directors and officers liability insurance policy with Directors and Corporate Auditors as the insured, as provided for in Article 430-3, paragraph 1 of the Companies Act. Excluding cases that fall under the grounds for exemption set forth in the insurance agreement, this agreement covers any damages, etc., for which Directors and Corporate Auditors are liable in relation to the execution of their duties, as well as those that arise as a result of claims related to the pursuit of such liability, and the Company bears the full amount of any insurance premiums associated with this insurance agreement.

7. There were changes in the positions and responsibilities of Directors on April 1, 2022, as follows.

Name	Position	Responsibilities
Yoshiyuki Odai	Executive Managing Director and Deputy President	Head of Corporate Planning Division
Nobuaki Takemura	Director, Senior Managing Executive Officer	Group Compliance Supervisor Executive Managing Director and President of Sumitomo Real Estate Sales Co., Ltd.
Hiroshi Kato	Director, Senior Managing Executive Officer	Head of Remodeling Business Division and in charge of Custom Home Construction Business
Koji Ito	Director, Senior Managing Executive Officer	Director - Chairman of the Board of Sumitomo Fudosan Tatemono Service Co., Ltd.

## 2. Officers' Compensation, etc.

### (1) Resolutions of the General Meeting of Shareholders concerning officers' compensation, etc.

At the Ordinary General Meeting of Shareholders held on June 29, 2004, a resolution was passed to set the total annual compensation for directors at just 1% of consolidated ordinary profit for the previous consolidated fiscal year. The number of directors as of the conclusion of that General Meeting of Shareholders was 12.

On April 1, 2020, the Company introduced an executive officer system, which enables the appointment of officers comparable to directors necessary for business expansion, with the aim of the further broadening the scope of business and enhancing employee morale. Accordingly, with the agreement of all directors, the compensation of executive officers is also to be paid from the aforementioned total amount of compensation for directors. (Hereinafter, directors and executive officers are collectively referred to as "directors, etc.")

The monetary compensation for corporate auditors is determined to be within 6.5 million yen per month, in accordance with the resolution made at the Ordinary General Meeting of Shareholders held on June 29, 1999. The number of corporate auditors as of the conclusion of that General Meeting of Shareholders was five.

### (2) Policies related to the determination of the content of compensation, etc., for individual directors, etc., and authorization for the determination thereof

The policy for the determination of the content of compensation, etc. for individual directors, etc. (hereinafter referred to as the "determination policy") is established by resolution of the Board of Directors. Under the determination policy, compensation for each director, etc., consists only of fixed compensation, and the specific content (payment amount, timing of payment, payment method, etc.) of the compensation for individual directors is determined by agreement between the Chairman of the Board and Representative Directors, based on a resolution of authorization by the Board of Directors. When making this agreement, each director's duties and level of contribution to performance are considered.

Whereas the total annual amount of directors' compensation is set at 1% of consolidated ordinary profit for the previous consolidated fiscal year, the full amount is not paid to the individual directors, etc., in the current fiscal year, and part of directors' compensation is retained without fixing the amount per director, etc., for future use as retirement benefits for directors, etc., and supplementation of declines in the compensation of directors, etc., due to downturns in business performance, etc.

With regard to compensation for directors, etc., in the fiscal year under review, based on authority resolved by the Board of Directors at a meeting held on June 29, 2021, the specific content (payment amount, timing of payment, payment method, etc.) of the compensation for individual directors was determined by agreement between Mr. Kenichi Onodera (Director - Chairman of the Board/Chairman of the Board), Mr. Kojun Nishima (Executive Managing Director and President/Head of Office Leasing Business Division), Mr. Nobuaki Takemura (Executive Managing Director and Deputy President/Head of Management Division), and Mr. Masato Kobayashi (Executive Managing Director and Deputy President/Head of Condominium Sales Business Division).

These four directors are, respectively, the Chairman of the Board, Executive Managing Director and President, Executive Managing Director and Deputy President in charge of the Management Division, and Executive Managing Director and Deputy President in charge of the Business Division, and as these persons received this

authorization based on the judgment that they would be able to agree upon and comprehensively examine and appropriately assess the duties and contributions to performance of each director from their respective viewpoints, the Board of Directors has judged that the content of the compensation of individual directors, etc., for the fiscal year under review is in line with the determination policy.

**(3) Total amount and other details of compensation, etc., for officers, etc.**

Of officer compensation, etc., in the fiscal year under review, amount paid per position in the fiscal year under review

Position	Amount paid (million yen)	Amount paid per type (million yen)			Number of eligible officers (persons)
		Basic compensation	Performance-based compensation, etc.	Non-monetary compensation, etc.	
Directors (of which, Executive Officers (Note 2)) (of which, Outside Directors)	1,111 <sup>(Note 1)</sup> (278) (46)	1,111 (278) (46)	– –	– –	16 (6) (2)
Corporate Auditor (of which, Outside Corporate Auditors)	56 (26)	56 (26)	–	–	4 (2)
Total (of which, Outside Officers)	1,167 (72)	1,167 (72)	–	–	20 (4)

- Notes: 1. Whereas the total annual amount of directors' compensation for the fiscal year under review is fixed at 2,125 million yen, the full amount has not been paid to the individual directors, etc., in the fiscal year under review, and 1,014 million yen, the difference with the amount paid as stated above, has been retained without being paid, to prepare for use as retirement benefits for directors, etc., and supplementation of declines in the compensation of directors, etc., due to future downturns in business performance, etc.
2. The amount paid to directors, etc., and the number of directors, etc., includes six executive officers who do not serve concurrently as directors.
3. The total amount of compensation, etc., for corporate auditors is the amount paid as stated above.

### 3. Matters regarding Outside Officers

#### (1) The status of main activities in the fiscal year under review

Position	Name	Main activities
Director	Yozo Izuhara	Mr. Izuhara attended all meetings of the Board of Directors held during the fiscal year under review and expressed his opinions necessary for the deliberation of agenda, etc. as appropriate. He also provided advice from an independent standpoint in terms of the supervision of the Group's management and the medium- to long-term improvement of its corporate value not only in the Board of Directors meetings but also through such forums as briefings for outside directors and meetings of the Committee of Outside Directors and Auditors.
Director	Nobumasa Kemori	Mr. Kemori attended all meetings of the Board of Directors held during the fiscal year under review and expressed his opinions necessary for the deliberation of agenda, etc. as appropriate. He also provided advice from an independent standpoint in terms of the supervision of the Group's management and the medium- to long-term improvement of its corporate value not only in the Board of Directors meetings but also through such forums as briefings for outside directors and meetings of the Committee of Outside Directors and Auditors.
Corporate Auditor	Yoshiyuki Norihisa	Mr. Norihisa attended all meetings of the Board of Directors, the Board of Corporate Auditors, and the Committee of Outside Directors and Auditors held during the fiscal year under review, and expressed his opinions necessary for the deliberation of agenda, etc. as appropriate.
Corporate Auditor	Chiyono Terada	Ms. Terada attended all except one of the meetings of the Board of Directors and all meetings of the Board of Corporate Auditors and Committee of Outside Directors and Auditors held during the fiscal year under review, and expressed her opinions necessary for the deliberation of agenda, etc. as appropriate.

#### (2) Overview of limited liability agreement

The Company enters into agreements with all outside officers that limit their liability toward the Company. Under the agreements, their liabilities are limited to the minimum limit stipulated by laws and regulations.

#### **IV. Basic Policy on the Company's Control**

Regarding the basic policy on the Company's control and initiatives to ensure it, and the policy on measures to a large-scale purchase of shares of the Company and the Board's stance to it, they were adopted as "The Policy on Large-Scale Purchase of Shares of the Company (Takeover Defense Measures)" based on the decision of the meeting of its Board of Directors dated May 17, 2007. Subsequently, it was continued or renewed upon receiving approval from shareholders at each of the shareholders' meetings of the 74th fiscal year dated June 28, 2007, the 77th fiscal year dated June 29, 2010, the 80th fiscal year dated June 27, 2013, the 83rd fiscal year dated June 29, 2016, and the 86th fiscal year dated June 27, 2019. The term of the Policy will expire upon the conclusion of the shareholders' meeting of the 89th fiscal year scheduled to be held in June 2022.

The Policy sets out rules on Large-Scale Purchases (hereinafter referred to as "Large-Scale Purchase Rules") and requests the Large-Scale Purchaser to comply with the Large-Scale Purchase Rules. The Large-Scale Purchase Rules state that the Large-Scale Purchaser provides the Board of Directors of the Company necessary and sufficient information regarding the Large-Scale Purchase in advance, and only commence the Large-Scale Purchase after a certain period of evaluation by the Board of Directors of the Company has elapsed. The Board of Directors shall take countermeasures that it deems necessary if the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, or even though the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or if the Large-Scale Purchase significantly damages the corporate value and common interests of shareholders. The Board of Directors of the Company shall consult with a Special Committee consisting of outside directors, outside corporate auditors, persons with management experience, lawyers, certified public accountants, etc., and shall receive the recommendations of the Committee when taking decisions as to whether or not the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, and whether or not countermeasures should be taken. The Board of Directors of the Company shall take the Special Committee's recommendations into the fullest account.

As stated above, the Policy stipulates rules to secure the necessary information and time for shareholders to deliberate on the Large-Scale Purchase, as well as countermeasures in such cases as the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules or if it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company. The purpose of the Policy is not to maintain the status of the Company's officers but to contribute to the Company's corporate value and the common interests of its shareholders.