

# FY2021 Business Unit IR Meeting

## What We Aim to Be and Our Growth Strategy

### Living Related & Real Estate Business Unit

December 2, 2021

# Contents

From: 14:35

To: 16:00

01

**Overall Unit Vision and SHIFT 2023  
Growth Strategy**

**P.2**

02

**Retail SBU**

**P.13**

03

**Healthcare Japan SBU and  
Healthcare Global SBU**

**P.20**

04

**Global Fruit and Vegetables SBU**

**P.28**

05

**Domestic Real Estate SBU and  
Overseas Real Estate SBU**

**P.33**

Thank you very much for taking time out of your busy schedule to join us today.  
I am Ando, Managing Executive Officer, General Manager, Living Related and Real Estate Business Unit.

Today, after explaining the overall vision of the unit and the growth strategy of the current medium-term management plan, the general managers of each division will explain the growth strategy of each SBU.

As we have already announced in SHIFT 2023, we have introduced Strategic Business Units as a unit to execute our strategy, and we have defined 8 SBUs in this unit. There are 4 SBUs that I will explain individually today: Retail, Healthcare Japan and Global, Global Fruits and Vegetables, and Domestic and Overseas Real Estate.

# Overall Unit Vision and SHIFT 2023 Growth Strategy

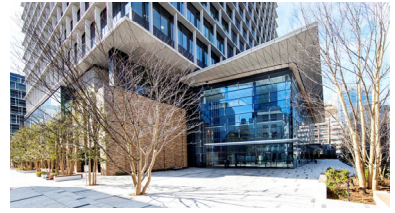
**Nobuki Ando, Managing Executive Officer and  
General Manager, Living Related & Real Estate Business Unit**

<b>Part 1: Business Unit Overview (Vision, Organization, and Business Environment)</b>	<b>P. 3-5</b>
<b>Part 2: SHIFT 2023 Business Unit Strategy</b>	<b>P. 6-10</b>
<b>Part 3: Sustainability Initiatives and Overview of Individual SBU Presentations</b>	<b>P.11-12</b>

## Business Unit Vision

### Vision

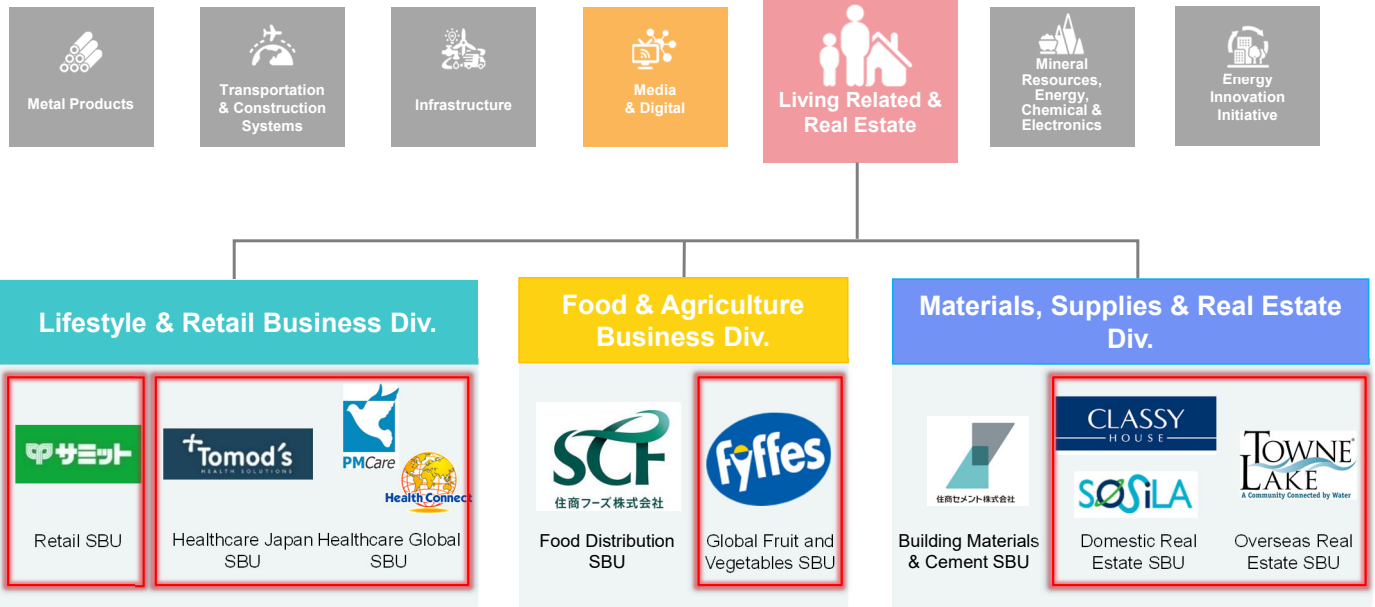
“We meet global consumers demand with our products and services and create new distinctive values and lifestyles for more comfortable and exciting lifestyles.”



First, I would like to explain the overall vision of the unit and the growth strategy of SHIFT 2023.

The vision of this unit is as shown. The keywords are products and services that meet global consumers demand, new distinctive values, and an exciting lifestyle.

## Business Unit Organization



Next, the unit is organized into 3 business divisions: Lifestyle and Retail, Food and Agriculture, and Materials, Supplies and Real Estate.

Under each of the divisions, the logos of the main operating companies are attached, and the names of the SBUs are listed below them.

In the Lifestyle and Retail division, there are Retail SBU, and Healthcare Japan and Global SBUs. In the Food Business Division, there are Food Distribution SBU, Global Fruits and Vegetables SBU, and finally, in the Materials, Supplies and Real Estate division, there are Building Materials and Cement SBU, and Domestic and Overseas Real Estate SBUs.

The SBUs that will be introduced individually later and the SBUs that will be explained by the general managers are circled in red.

## Environment Surrounding Business Unit

Div.	SBU	Environment
Lifestyle & Retail Business	Retail	Diversification of purchasing styles and rise of e-commerce platforms
	Healthcare Japan	Increase in medical costs due to aging population and demand for treatment/prescription at home and online medical consultations
	Healthcare Global	Rise in healthcare needs centered on emerging countries
Food & Agriculture Business	Food Distribution	Rising raw material and supply chain costs and greater interest in SDGs (food loss, greenhouse gases, respect for human rights, etc.)
	Global Fruit and Vegetables	Increase in transportation and material costs and greater interest in SDGs
Materials, Supplies & Real Estate	Building Materials & Cement	Rising raw material costs and response toward reducing emission of greenhouse gases
	Domestic Real Estate	Changes in real estate needs arising from changes in working styles and lifestyles and attention on domestic real estate as stable assets and investments
	Overseas Real Estate	Changes in real estate needs arising from changes in working styles and lifestyles

Next, we briefly summarized the environment surrounding the 8 SBUs established by our unit.

First of all, the Retail SBU, which has a supermarket Summit, has diversified its purchasing patterns. Also, the rise of e-commerce platformers is a possible thread.

The next opportunity for Healthcare Japan and Healthcare Global is the changing business environment due to the aging of the population. In addition, overseas, medical needs are increasing, especially in emerging countries.

Next, in the area of Global Fruits and Vegetables, there has been a rise in transportation and material costs, as well as a growing interest in SDGs recently.

With regard to SBUs for Domestic Real Estate and Overseas Real Estate, I believe that there is an aspect of changing needs for real estate in line with the transformation of work styles and lifestyles accelerated by COVID-19, as well as the fact that, in Japan, people are paying attention to real estate as a more stable investment destination.

## SHIFT 2023 Business Unit Growth Strategy

1

### Expansion of core businesses

- Accelerate collaboration between retail and food distribution businesses
- Establish system with view of steady growth in real estate business and promote further management of the balance sheet

2

### Value creation in core businesses

- Steadily turn around global fruit and vegetables and other businesses

3

### Take on challenges in growth fields responding to changes in social structure

- Promote growth strategy fields such as retail DX and healthcare businesses

I would like to briefly explain the strategy for growth of the unit in SHIFT 2023, the current medium-term management plan formulated in response to the changes in the environment described above.

We have 3 main strategies for this unit. First, expansion of core businesses. Second, value creation in core businesses. Finally, Take on challenges in growth fields responding to changes in social structure.

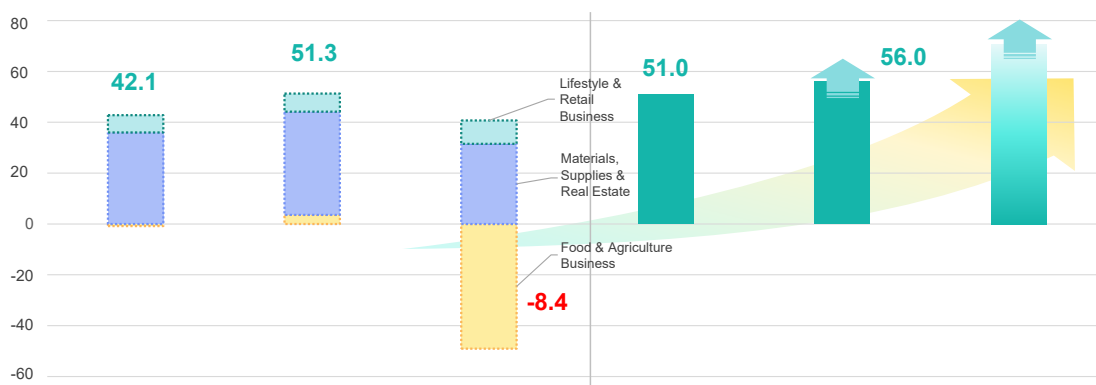
The first is to expand our core businesses. We will accelerate the collaboration between retail and food distribution businesses, as I explained earlier. And make it a pillar of revenue. In the real estate business, we will continue to build a structure to ensure steady growth and thoroughly promote BS management.

The second is to increase the value of our core business, Fyffes, which is the global fruits and vegetables business, and steadily implement turnarounds.

Lastly, we will take on the challenge of growth fields that respond to changes in social structure, and we will aggressively work on growth fields such as retail DX and the healthcare business.

## SHIFT 2023 Business Unit Quantitative Plan

(Unit: billions of yen)



(Unit: billions of yen)

	FY2018 results	FY2019 results	FY2020 results	FY2021 forecast	FY2022 plan	FY2023 plan
Profit for the year	42.1	51.3	-8.4	51.0	56.0	—
excl. one-off profits/losses	41.6	48.7	37.0	—	—	—
One-off profits/losses	0.5	2.6	-45.4	—	—	—

Sumitomo Corporation | Enriching lives and the world

Actual results for FY2020 and earlier show data before organizational changes effected on April 1, 2021.

© 2021 Sumitomo Corporation

7

Next, I will explain the quantitative plan for SHIFT 2023, comparing it to the previous medium-term management plan.

In FY2019, the second year of the previous medium-term management plan, company-wide profits declined due to the impact of the slowdown in the global economy, but the real estate business remained strong, and the unit secured higher profits.

On the other hand, in the last FY2020, while there were some businesses whose performance grew due to the impact of the spread of the coronavirus, and others like supermarkets, there were businesses that experienced strong downward pressure.

Against this backdrop, we adopted a thorough crisis response mode and embarked on structural reforms, decisively implementing the Full Potential plan and the AGP plan.

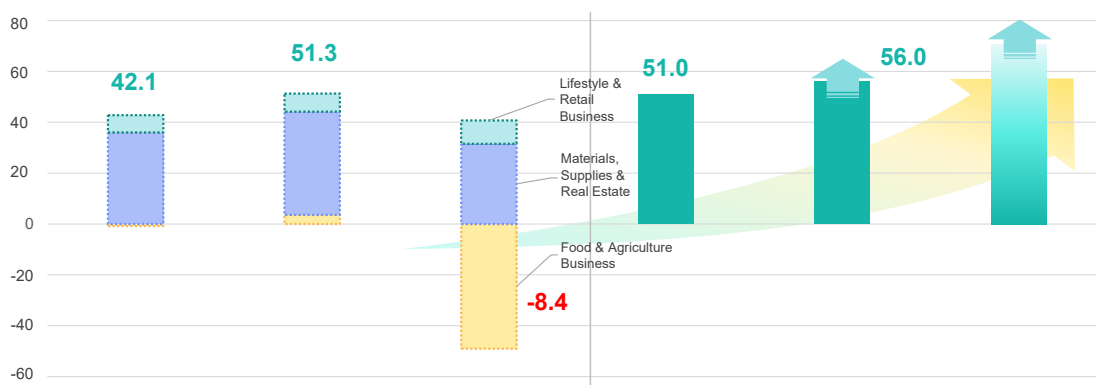
Unfortunately, we posted a loss of JPY8.4 billion, including impairment losses. This was due to a slowdown in the Fyffes business caused by deteriorating market conditions due to the impact of the new coronavirus, resulting in a significant loss.

However, other businesses, particularly the real estate business, have been performing well. During the previous medium-term management plan, we created a muscular portfolio, and we believe that we are now laying the foundation for the current medium-term management plan.



## SHIFT 2023 Business Unit Quantitative Plan

(Unit: billions of yen)



(Unit: billions of yen)

	FY2018 results	FY2019 results	FY2020 results	FY2021 forecast	FY2022 plan	FY2023 plan
<b>Profit for the year</b>	<b>42.1</b>	<b>51.3</b>	<b>-8.4</b>	<b>51.0</b>	<b>56.0</b>	—
excl. one-off profits/losses	41.6	48.7	37.0	—	—	—
One-off profits/losses	0.5	2.6	-45.4	—	—	—

(Continued)

In the current medium-term management plan, as I mentioned earlier, we have achieved the turnaround of Fyffes based on our strategy. We will further improve the profitability of the real estate business, and in the retail business, we will take on a major challenge in DX to strengthen our earning power. In the healthcare business, we will aim to achieve the plan by achieving profitability.

For the current fiscal year, we have revised upward our full-year plan from JPY48 billion to JPY51 billion, based on the results of JPY26.9 billion in the second quarter, which we announced recently, and on the outlook for steady growth in the real estate business and other businesses. Although the impact of the coronavirus is still continuing and the situation is uncertain, we will steadily implement our strategy to achieve solid growth.

## Individual SBU Strategies

Div.	SBU	Main businesses	SBU strategy
Lifestyle & Retail Business	Retail	Summit	Further expand Summit's business foundation and utilize digital transformation (DX)
	Healthcare Japan	Tomod's	Expand business foundation of Tomod's, expand and evolve dispensing pharmacy business, and focus on comprehensive regional care market
	Healthcare Global	PMCare HealthConnect	Expand management base of managed care business, add digital healthcare function, and enhance peripheral businesses
Food & Agriculture Business	Food Distribution	SC Foods	Further strengthen fields that SC Foods is strong in, deepen consolidated management, and enhance collaboration with retail business
	Global Fruit and Vegetables	Fyffes	Steadily implement turnaround plan
Materials, Supplies & Real Estate	Building Materials & Cement	IG Kogyo S.C. Cement	Enhance collaboration with real estate business
	Domestic Real Estate	Office buildings, retail facilities, residences, logistics facilities and real estate funds	Further accumulate new prime assets in strategic areas and utilize external fund
	Overseas Real Estate	Office buildings, residences, logistics facilities and master-planned-community	Rebuild portfolio

Next, I will briefly introduce the individual strategies of each SBU. I would like to hand over the explanation of some of the SBUs to the general managers later, but I will start with the Retail SBU at the top, which will work to further expand Summit's business base and improve profitability by utilizing DX.

Regarding the Japan and global healthcare businesses, for Japan, we will expand the business base of Tomod's in Japan, and then roll up and expand the dispensing pharmacy business. As a result, we will work to focus on the comprehensive regional care market.

Overseas, we have entered the managed care business, and we will continue to work to expand our management base.

In the Food Distribution SBU, SC Foods is strong in this field, and we will further strengthen it and further strengthen ties with the retail business.

Global Fruits and Vegetables will execute the turnaround of the Fyffes business.

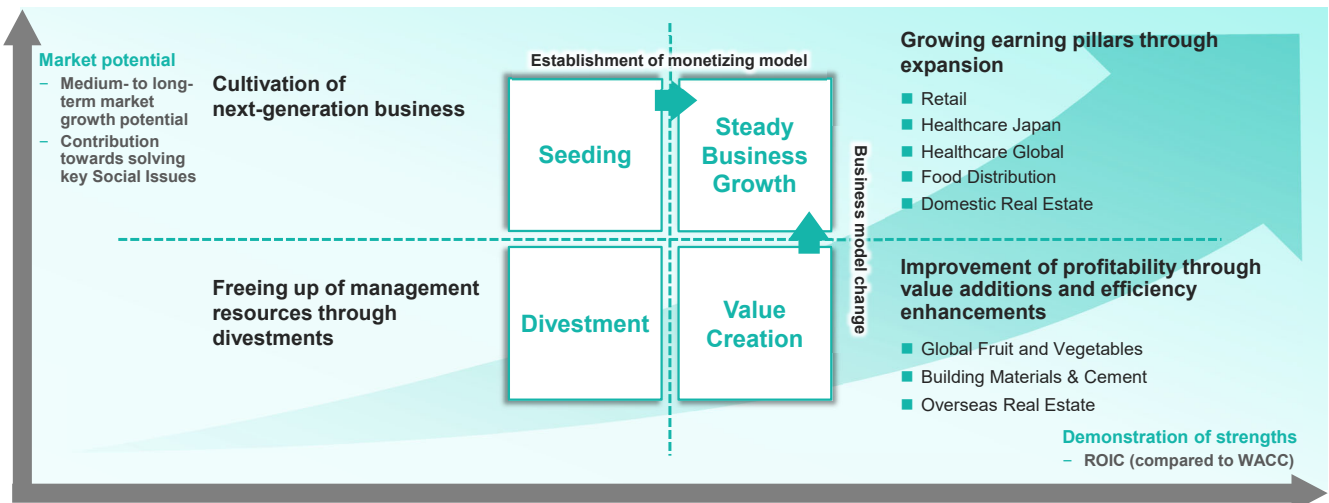
In Building Materials and Cement SBU, we intend to further enhance its value by collaborating with the real estate business.

In domestic and overseas real estate businesses, we have already increased the number of new prime assets in strategic areas and utilized external funds. We will also work to collaborate with and strengthen Sumitomo Mitsui Finance and Leasing Company.

Overseas, we will rebuild our portfolio to establish a business foundation.

## Business Portfolio SHIFT

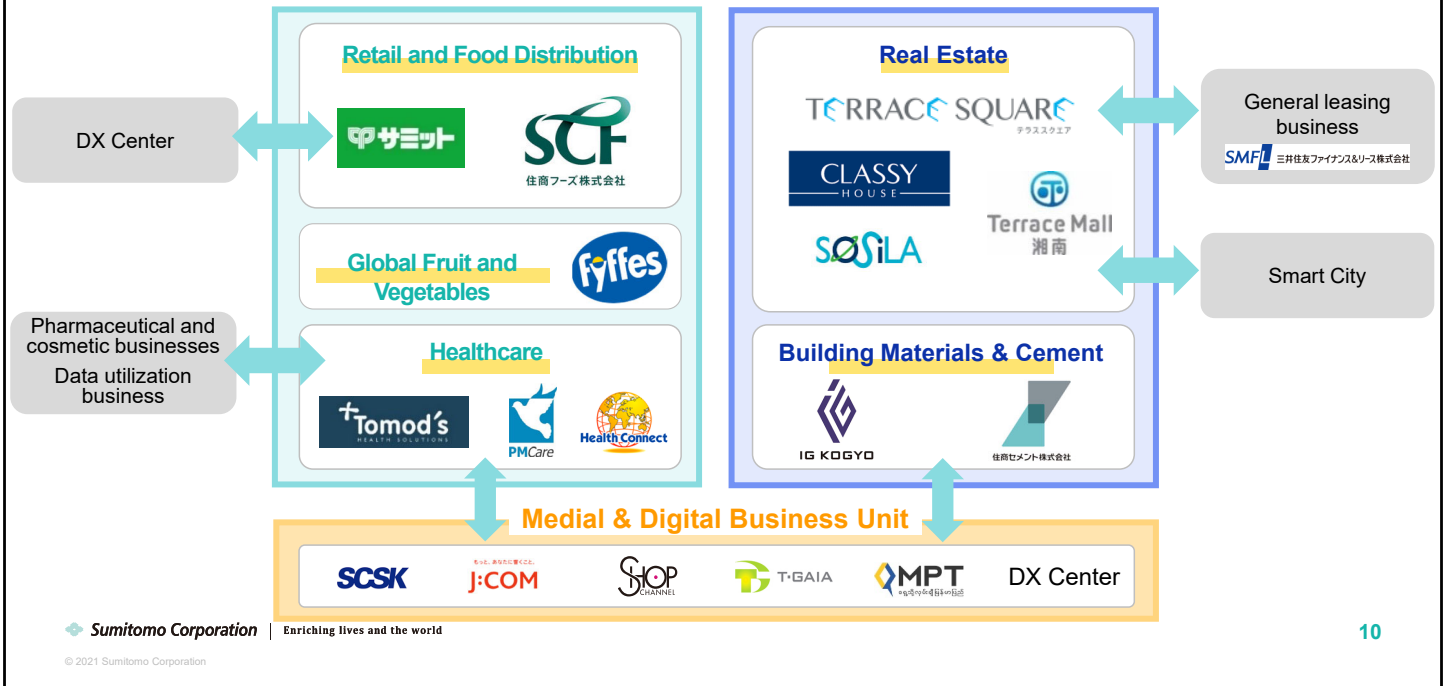
- ✓ Further grow pillars of steady business growth and seek business value creation through value additions and efficiency enhancements



Next, the SBUs of this unit that I have described so far can be put into a business portfolio as follows.

As you can see, the unit is basically concentrated in the focused business on the right and the value-up business, but we will further develop the pillars of the focused business and improve the efficiency of the value-up business.

## Improving Value Addition through Collaboration between Core Businesses



Next, we will explain the business collaboration of our core businesses with those inside and outside the unit, using conceptual and visual diagrams.

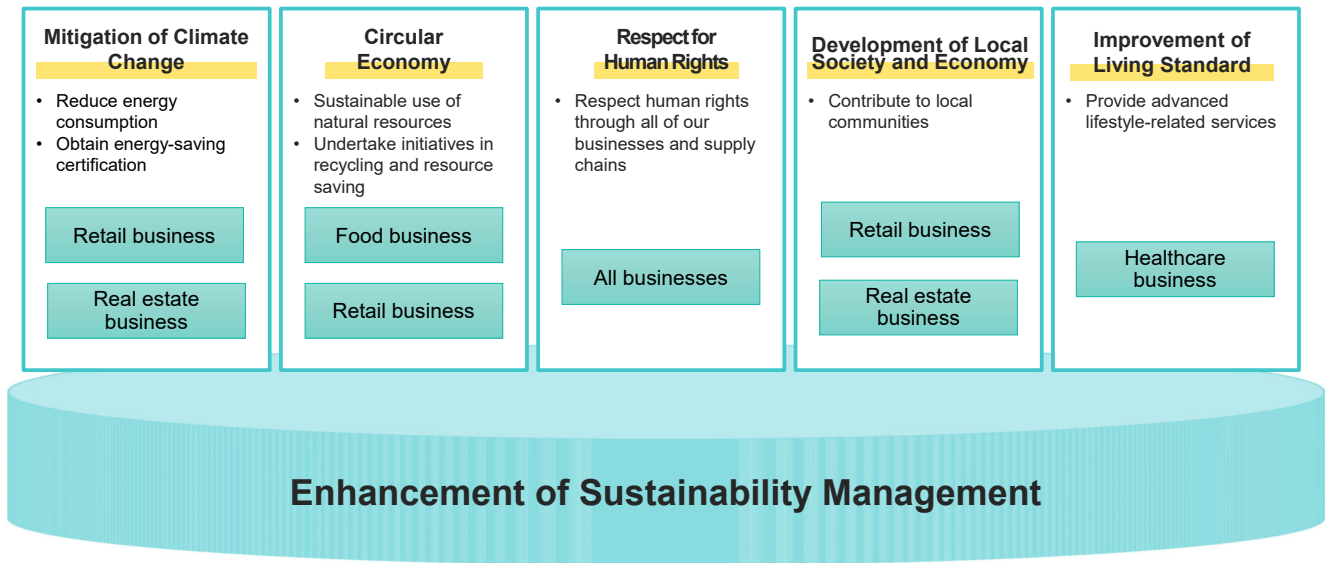
The unit is broadly divided by the products it handles, with Retail and Food on the left and Materials, Supplies and Real Estate on the right.

Among these, those with particularly strong and deep business connections are listed here as a group. We are developing our business by collaborating within and outside of each group. In other words, we are strategically strengthening collaboration with organizations outside of the unit, beyond these boundaries.

For example, together with the Media & Digital Business Unit in the bottom, we were originally 1 unit. As a result, the core businesses of Media and this unit are closely aligned with each other. We are working on retail DX while utilizing the knowledge of the Summit and other DX centers. In the healthcare business, we are also collaborating with pharmaceutical and cosmetic businesses and the data utilization business.

On the right side, in the real estate business, we will strengthen our cooperation with the general leasing company, SMFL as I explained earlier, and further enhance the value of our leasing business by utilizing the know-how we have cultivated in the real estate business. In addition, we are collaborating with the Infrastructure Business Unit on the Smart city business, sharing our knowledge.

## Sustainability Initiatives



Lastly, I would like to explain the sustainability initiatives of this unit.

In response to the 6 key social issues that we have set for ourselves, we have set full-year targets for each SBU and are implementing initiatives to achieve our long-term goals.

In the area of mitigation of climate change, we are working to reduce energy consumption, mainly at the Summit, and to obtain energy conservation certification in our real estate business.

In the area of circular economy, we are working to procure sustainable food resources in our food business. We are also working to recycle and conserve resources, especially in the retail business.

In terms of respect for human rights, we are conducting human rights due diligence in all SBUs and are accelerating our efforts to respect human rights in all our businesses and supply chains.

In the area of development of local society and economy, we will continue to contribute to the local community by focusing on the retail and real estate businesses.

In the area of improvement of living standard, we will contribute to raising the living standard through the provision of advanced lifestyle-related services in the healthcare business.

That's all for my explanation. Thank you very much for listening.

## Overview of Individual SBU Presentations

01

### Retail SBU

- Enhance Summit's business foundation
- Undertake retail DX
- DX concept cutting across the industry for retail and consumers

02

### Healthcare Japan SBU and Healthcare Global SBU

- (Domestic)
  - Expand business foundation of Tomod's and expand and evolve dispensing pharmacy business
  - Focus on comprehensive regional care market
- (Overseas)
  - Expand foundation of managed care business
  - Add digital healthcare function and enhance peripheral businesses

03

### Global Fruit and Vegetables SBU

- Shift business model by steadily implementing turnaround
- Enhance sustainability initiatives

04

### Domestic Real Estate SBU and Overseas Real Estate SBU

- (Domestic)
  - Shift toward highly efficient assets
  - Utilize external fund
- (Overseas)
  - U.S.: Office buildings, apartments, master-planned-community, and logistics facilities
  - Asia: Condominiums and office buildings

## Retail SBU

Hiroki Takeno, Executive Officer and General Manager, Lifestyle & Retail Business Div.

Part 1: Current Business Environment	P.14
Part 2: SHIFT 2023 Growth Strategy	P.15-18
Part 3: Toward Sustainable Growth	P.19

I'm Takeno from the Lifestyle and Retail Business Division. Thank you.

I would like to explain the current business environment and future growth strategy of the Retail SBU, which is developing supermarket business mainly in Japan, Vietnam, and Taiwan.

## Current Business Environment

### 1 Abundant market in Tokyo metropolitan area and Asia

- The world-leading area in terms of the number of households and expenditure on food
- Asian Market is expected to grow in the future

### 2 Changes in lifestyles

- Diversification of purchasing styles and expand of non-store e-commerce market including perishables.
- Need for promoting emotional value based on consumer demands

### 3 Expansion of business creation opportunities with DX

- Promotion of operational efficiency through retail DX and creation of new services with data utilization
- Sophistication of data marketing and rise of D2C businesses

### SHIFT 2023 Goal

**Expand earnings base of existing businesses and strive to create new businesses in Japan and Asia by providing high-quality products and services using advanced technologies**

First, I will explain the 3 business environments surrounding the Retail SBU.

The first is the local environment in which we operate. The market in the Tokyo metropolitan area, where Summit, the core of this SBU, is strategically located, is one of the world's largest consumer areas with a population of more than 40 million people, and while the domestic market is expected to shrink, we see it as a fertile, solid and very promising market. Overseas, our policy is to develop our business by targeting regions such as East Asia and Southeast Asia, which are expected to grow in the future.

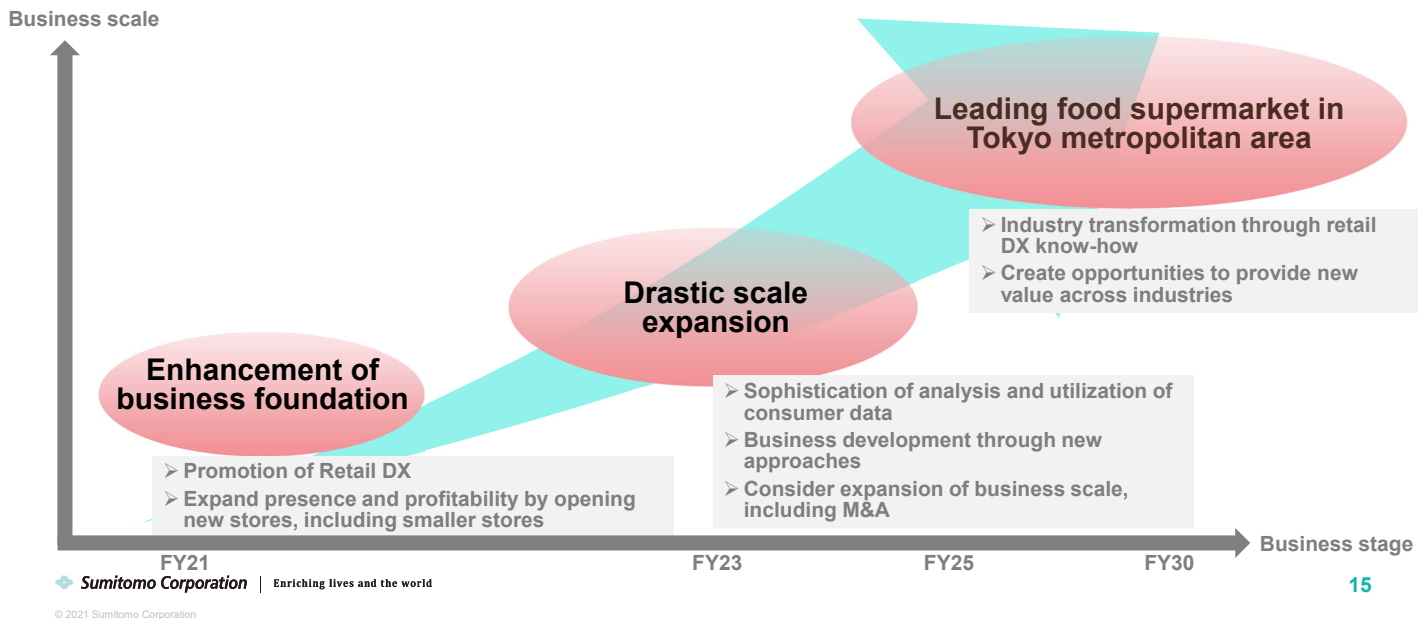
The second point is the changes in lifestyles. In addition to the declining birthrate and aging population and the fragmentation of hobbies and interests due to changes in lifestyles, the development of digital devices and the spread of the coronavirus have led to the rapid diversification of consumers' purchasing patterns, including the spread of e-commerce and new means of payment. In response to these changes, we believe that, in addition to meeting consumer needs by enhancing functional value, promoting emotional value that leads to a sense of security and satisfaction for people will be a major differentiating factor from our competitors.

The third point is to expand business creation opportunities through retail DX. As a growth strategy in our current medium-term management plan SHIFT 2023, we have set the promotion of DX. As I will explain in more detail later, retail SBU sees these changes in the business environment as an opportunity to improve operational efficiency and create new services through the use of data, and is accelerating its retail DX initiatives.



## SHIFT 2023 Growth Strategy - Domestic Supermarket Business -

- In the domestic supermarket business, which is the core of Retail SBU, the following strategies will be promoted.



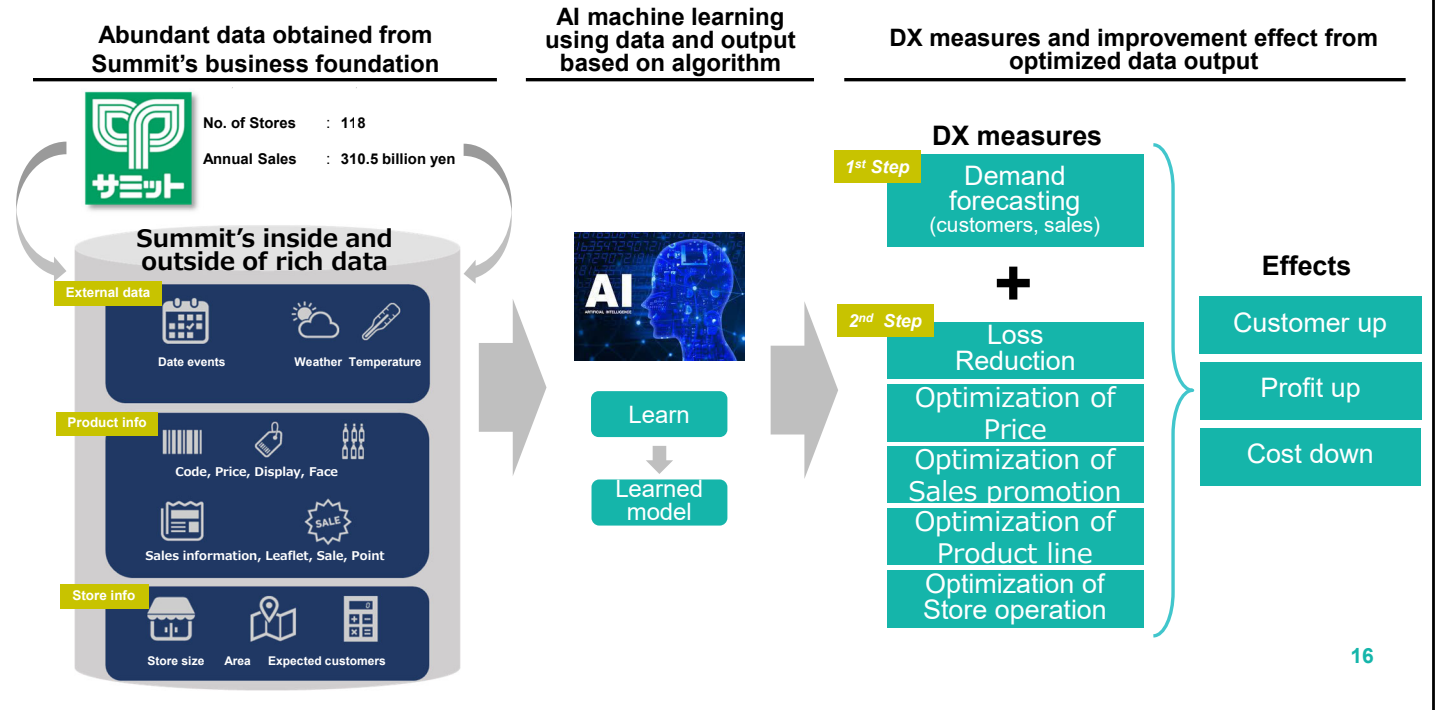
I will explain the growth strategy for the domestic supermarket business, the core of Retail SBU, in the current medium-term management plan.

First of all, as you can see on the lower left of the figure, in addition to the steady opening of new Summit stores, the current medium-term management plan aims to strengthen the profitability of our business base by promoting retail DX.

As for the medium-term initiatives listed in the center, in order to meet the diversifying needs of consumers, for example, we would like to link the customer IDs of Summit and Tomod's, link loyalty points, and introduce new innovative approaches such as online supermarkets and cashless center technology, and we aim to realize services that will improve convenience for people.

Ultimately, as you can see on the right side of the page, our goal is to become 1 of the top food supermarkets in the Tokyo metropolitan area, combining a solid business foundation with our accumulated knowledge of retail DX.

## Retail DX(Pursuit of Operational Excellence)



16

From here, I would like to explain in detail what retail DX is all about.

The annual number of customers at Summit is more than 100 million, and we have single-item-level purchase data for all of these transactions. Combining this with the detailed data of millions of loyalty point members and external data such as the day of the week and weather, we intend to build a demand forecasting model using AI to improve the forecasting accuracy.

Based on these sophisticated demand forecasts, we will optimize order placement, minimize price reduction losses, and optimize personnel allocation to maximize the DX effect, aiming to attract more customers, increase revenues, and reduce costs.

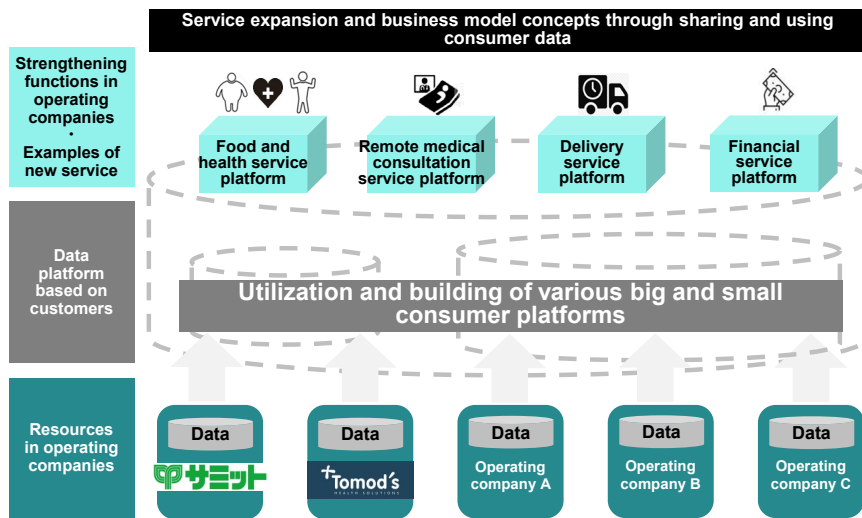
With regard to demand forecasting, we have already started a demonstration experiment in the daily delivery sector, where strict control of consumption dates is required, such as for milk and yogurt, and in parallel, we have already started experiments on forecasting the number of customers by store, which will lead to cost reduction, and sales forecasting by sector.

As for measures other than demand forecasting, we are currently working with our in-house DX center to implement several measures simultaneously, mainly for sales promotion optimization.

Armed with the business foundation built around Summit and our knowledge of retail DX promotion, we intend to pursue M&As of other supermarkets to further expand our business.

## Retail DX (Consumer Data Collaboration & Function Enhancement Measures)

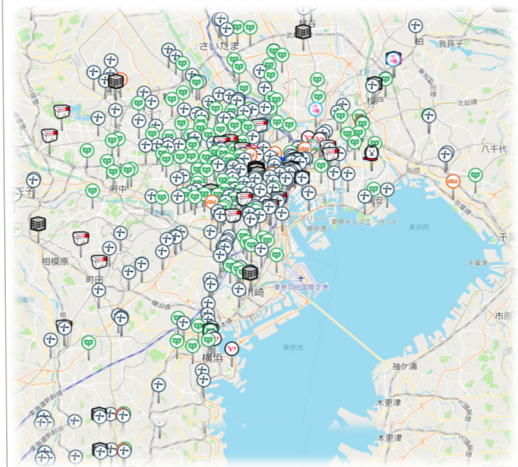
- Combine data from various companies to build a variety of big and small consumer data platforms
- Achieve companywide ripple effect by sharing and using consumer data, enhancing services, and deepening business model



Sumitomo Corporation | Enriching lives and the world

© 2021 Sumitomo Corporation

### Business foundation of Summit and Tomod's in Tokyo metropolitan area



No. of stores as of October 31, 2021

Summit: 117 Tomod's: 224

17

We will explain the measures for data integration and functional enhancement of retail DX.

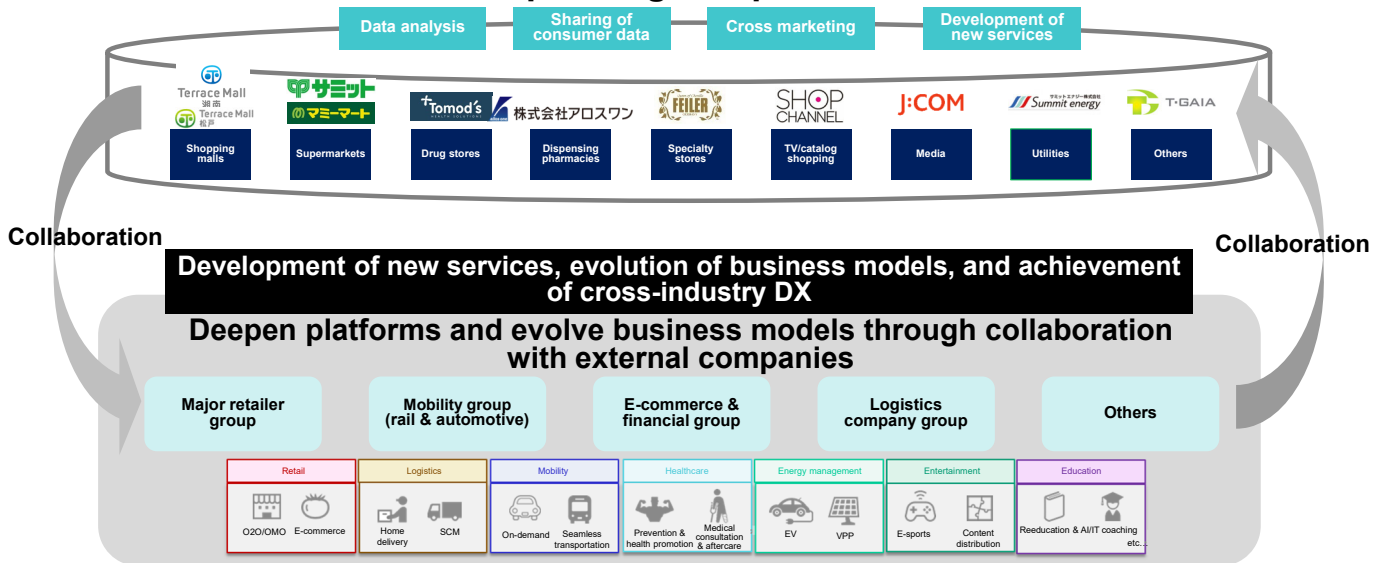
The Group is developing a variety of B2C businesses in the fertile metropolitan market, and based on its strong presence in each business field, we would like to build a data platform to improve various lifestyle issues, large and small, through collaboration among the companies involved. We hope to build a data platform that will improve various lifestyle issues.

By utilizing the Group's DX resources and combining the data of each business company, we will be able to gain a more precise understanding of purchasing behavior and provide enhanced services that respond to the life stages and values of individuals, which each company cannot provide on its own.

By gradually and incrementally expanding this circle of collaboration, we will aim to build a data infrastructure that will enrich the lives of people. First, we would like to link the data of Summit, which operates 117 stores in the Tokyo metropolitan area, and Tomod's, which operates 224 stores, and then, hopefully, spread the data to other operating companies.

## DX Concept Cross-Industry for Retail and Consumers

Collaboration of consumer data utilization platforms by our operating companies



As a future vision, I will also explain about the cross-industry DX concept.

Starting from the establishment of the data platform I mentioned earlier, we would like to achieve seamless service provision by widely linking data across all industries, both internally and externally.

By utilizing the wealth of data obtained through all types of customer contact, we hope to promote the development of new services and the evolution of business models in order to increase the value of each of our operating companies.

As a result, we aim to realize a society in which everyone living in the Tokyo metropolitan area can lead an affluent life with greater peace of mind than ever before. This is a tentative name, but we are calling it the "Sumitomocorp ecosystem in Tokyo metropolitan area".

## Toward Sustainable Growth - Initiatives Related to SDGs -

- The Retail SBU will further promote the following SDGs-related initiatives based on GO GREEN challenge statement established by Summit as the theme of social issues to be tackled in light of SDGs.



### Achieve net zero CO<sub>2</sub> emissions by 2050

- Promoting use of renewable energy, such as replacing refrigeration equipment and introducing some solar power generation equipment
- Reduction of environment burden by improving logistics efficiency



### Coexist with local communities

- Supporting Sfida Setagaya FC, a team in the women's soccer Nadeshiko League Division 1
- Organizing Summit Farm Harvest Tours
- Functional demonstration as infrastructure supporting community life

### Contribute to a healthy society of longevity based on food and health

- Introducing health communication corner "Kenkomi"
- Supporting healthy development of children through food



### Encourage environmentally friendly procurement and use

- Reduction of food loss by purchasing entire harvests from farmers
- Selling environmentally friendly vegetables and herbs grown in stores
- Conducting tree planting activities at "Summit's forest" in Tabayama Village, Yamanashi Prefecture

### Create environments where everyone can work with vigor

- Improving work-life balance
- Promoting diversity and inclusion
- Creating rewarding workplace inspiring motivation

Retail SBU has been actively involved in SDG-related initiatives for some time. The examples listed here are examples of the Summit's initiatives, but each company will likewise further promote these SDGs' efforts to achieve sustainable growth for the SBU as a whole.

This is the end of the explanation of the Retail SBU. Thank you very much.

# Healthcare Japan SBU and Healthcare Global SBU

Hiroki Takeno, Executive Officer and General Manager, Lifestyle & Retail Business Div.

Part 1: The Healthcare Market Environment	P. 21
---	-------

Part 2: Healthcare Business Initiatives	P. 22
---	-------

Part 3: SBU Initiatives	P. 23-27
-------------------------	----------

I will continue with an overview of Healthcare Japan SBU and Healthcare Global SBU.

# The Healthcare Market Environment

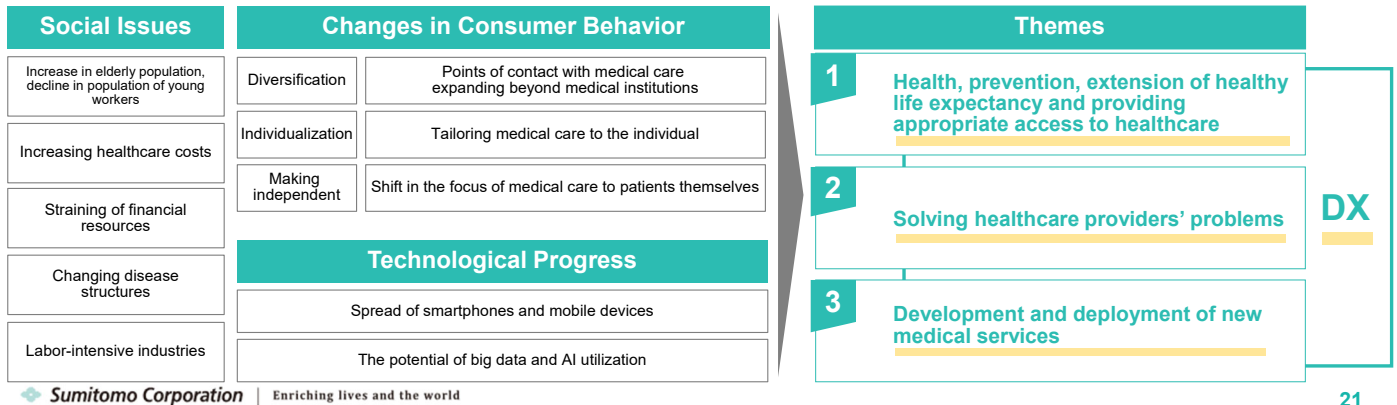
Establishing a sustainable healthcare system that helps improve people's Quality of Life

## Improving individual Quality of Life

- Extending healthy life expectancy; pre-disease state and prevention
- Improving medical care, etc.

## Establishing a sustainable healthcare system

- Optimizing healthcare costs
- Reconstructing the healthcare system (mechanism) of medical providers (medical institutions, dispensing pharmacies, healthcare professionals), etc.



21

First, I would like to explain healthcare, which is the next-generation growth strategy theme of this medium-term management plan, from a company-wide perspective.

Our investment objective is to build a sustainable healthcare system that contributes to improving the quality of life of individuals, or QoL.

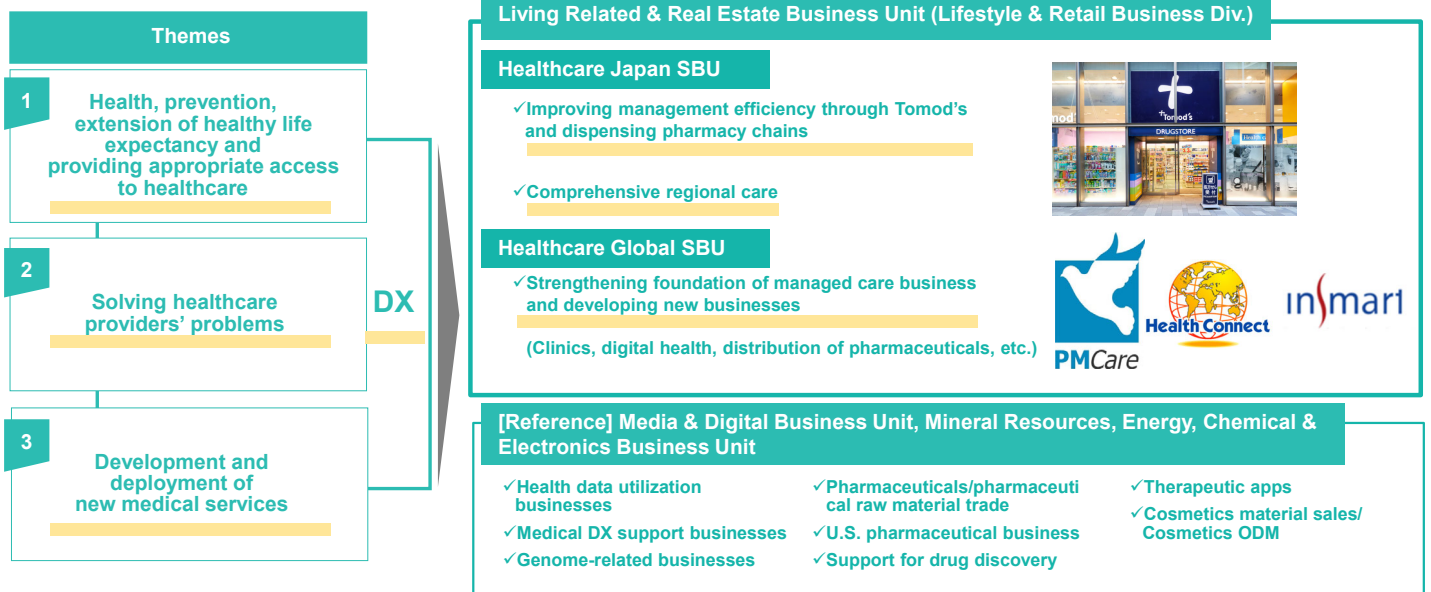
We would like to improve the QoL of individuals by extending healthy life expectancy, addressing pre-disease and preventive measures, and contributing to the advancement of medical care, and to build a “sustainable healthcare system” by optimizing healthcare costs and restructuring the healthcare system for healthcare providers.

In order to grow and expand our business, we have identified the following 3 themes for investment, taking into account social issues such as “the increase in the elderly population, decline in population of young worker”, “the increasing healthcare costs”, “the straining of financial resources”, “the changing disease structure”, “the labor-intensive industry”, and changes in consumer behavior such as “diversification”, “individualization”, “independence”, as well as technological progress.

These are health, prevention, extension of healthy life expectancy and providing appropriate access to healthcare; solving healthcare providers' problems; and development and deployment of new medical services.

Based on these 3 themes, we will utilize DX, which is a cross-sectional function, to advance our business.

## Healthcare Business Initiatives in the Lifestyle & Retail Business Div.



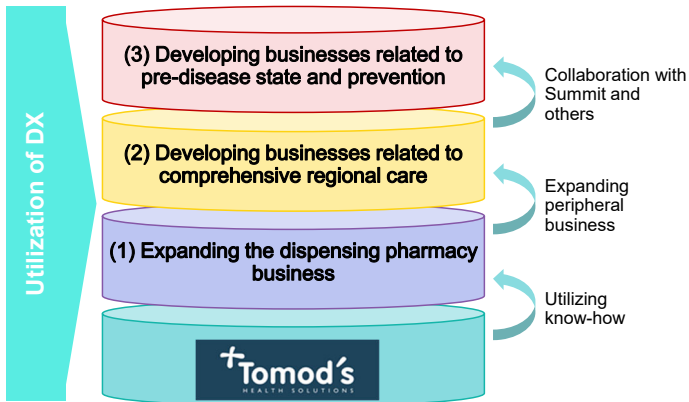
Based on the above, today I would like to explain the initiatives of our Lifestyle and Retail Business Division.

In Healthcare Japan SBU, we will focus on improving the management efficiency through Tomod's and the dispensing pharmacy chain, and expanding our business in the area of comprehensive regional care, while in Healthcare Global SBU, we will focus on strengthening foundation of managed care business and developing new businesses.



## Working toward a Tomod's-centered business that helps improve the QOL of consumers

### <Healthcare Japan SBU Initiatives>



#### (3) Developing businesses related to pre-disease state and prevention



- ✓ “Kenkomi,” the health communication corner, launched by Summit and Tomod's  
\*Health data x Health advice from experts ⇒ Changes in customer behavior



#### (2) Developing businesses related to comprehensive regional care

- ✓ Promote investment in solution providers (Investment in online medical consultation system providers, etc.)



#### (1) Expanding the dispensing pharmacy business

- ✓ Aggressive M&A of dispensing pharmacies (Approx. 90 pharmacies acquired in total)

In this page, we will explain the specific initiatives with Tomod's as the core. The content described on the left side is shown in detail on the right side.

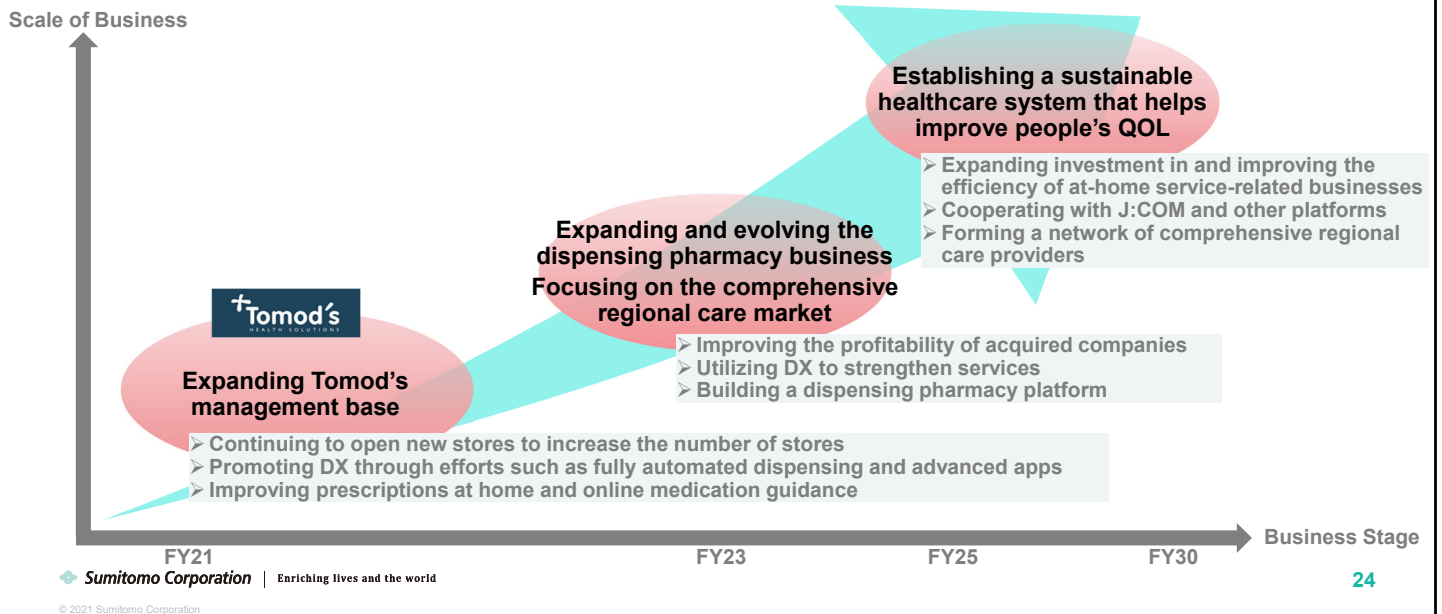
From the bottom, we have been aggressively promoting M&As of dispensing pharmacies, and have acquired a total of 90 pharmacies including the previous medium-term management plan.

Next, with regard to the development of businesses related to comprehensive regional care, in addition to the investments we have already made in online medical system providers and in support system providers for home nursing, we will invest in home related businesses and strengthen cooperation with J:COM and other companies to further strengthen our network with comprehensive regional providers.

Lastly, as for the development of businesses related to pre-disease and prevention, in March this year, Tomod's and Summit collaborated to launch a health community, or “Kenkomi” for short. We have set up a health measuring device in the space of the Summit store in front of Hatogaya Station, and based on the results, a nutritionist provides accurate advice, suggestions for foods and menus, and simple nutritional counseling. With the theme of food and health, we would like to expand the community to be closer to local customers, and at the same time, we would like to utilize the health data obtained here for further new initiatives.

## Healthcare Japan SBU Initiatives

Use Tomod's as a foundation for building a network that serves as social infrastructure that supports regional healthcare



This page explains the mid- to long-term initiatives of the Healthcare Japan SBU.

The Healthcare Japan SBU will use Tomod's as a foundation for building a network as a social infrastructure to support community healthcare.

In the period of the current medium-term management plan, from FY2021 to FY2023, we will expand the management base of Tomod's, which is circled on the left, expand and evolve the dispensing pharmacy business, which is in the center, and focus on the comprehensive regional care market.

First, to expand Tomod's management base, we will expand the number of stores by opening new stores, while at the same time promoting DX, such as fully automated dispensing and advanced applications, and improving prescriptions at home and other services.

Next, in terms of the expansion and evolving the dispensing pharmacy business, we will work to improve the revenues of acquired companies and strengthen services that utilize DX. To focus on the comprehensive regional care market, we will invest in solution providers related to comprehensive regional care and further promote collaboration.

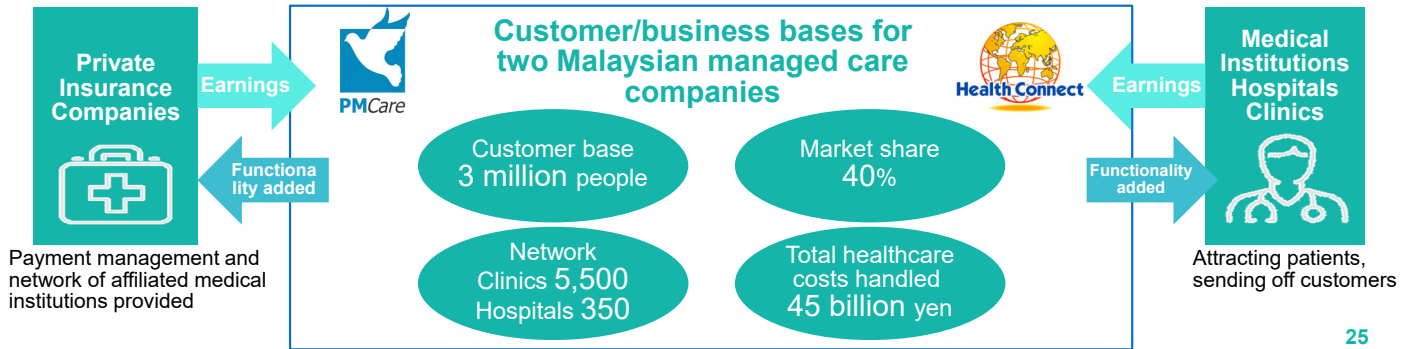
In the medium- to long-term span after the current medium-term management plan, as shown in the circle on the right, we will work to build a sustainable healthcare system that contributes to improving QoL.

## Healthcare Global SBU Initiatives

Aim to reduce healthcare costs and improve efficiency by strengthening the foundations of the managed care business and expanding into peripheral businesses



**Expanding into peripheral businesses utilizing the managed care business base**



25

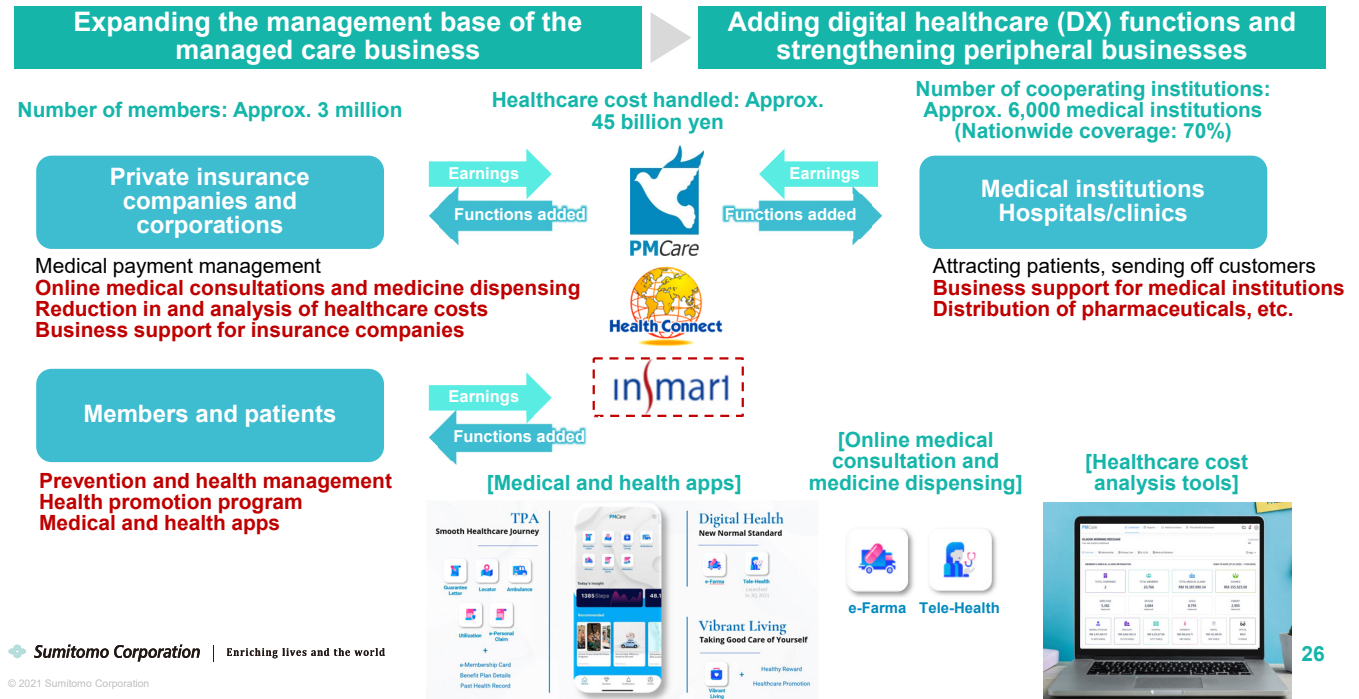
In this page and following pages, we will explain the initiatives of the Healthcare Global SBU.

First, I would like to briefly explain the business model of our managed care business in Malaysia, in which we invested as the managed care business base in March 2019.

Managed care business is the business of bundling patients and sending them to medical institutions to settle medical bills. In Malaysia, we have about 3 million members and send our customers to 6,000 hospitals and clinics, which is equivalent to about 70% of the medical institutions in the country.

While providing cashless services to patients, we promote the control of medical costs and the upgrading of medical services through the scrutiny of medical billing details and the referral of appropriate medical institutions.

## Healthcare Global SBU Initiatives



The following is an explanation of some of the efforts to provide new value since our participation.

In this page, existing functions that existed prior to our participation are shown in black, while those that have been implemented since our participation are shown in red.

First, on the left, I would like to explain the expansion of our management base. For our corporate clients, we provide online medical dispensing, which sends prescription drugs regularly at a low cost, and medical cost analysis and control tools, which are BI tools, contributing to the reduction of medical costs.

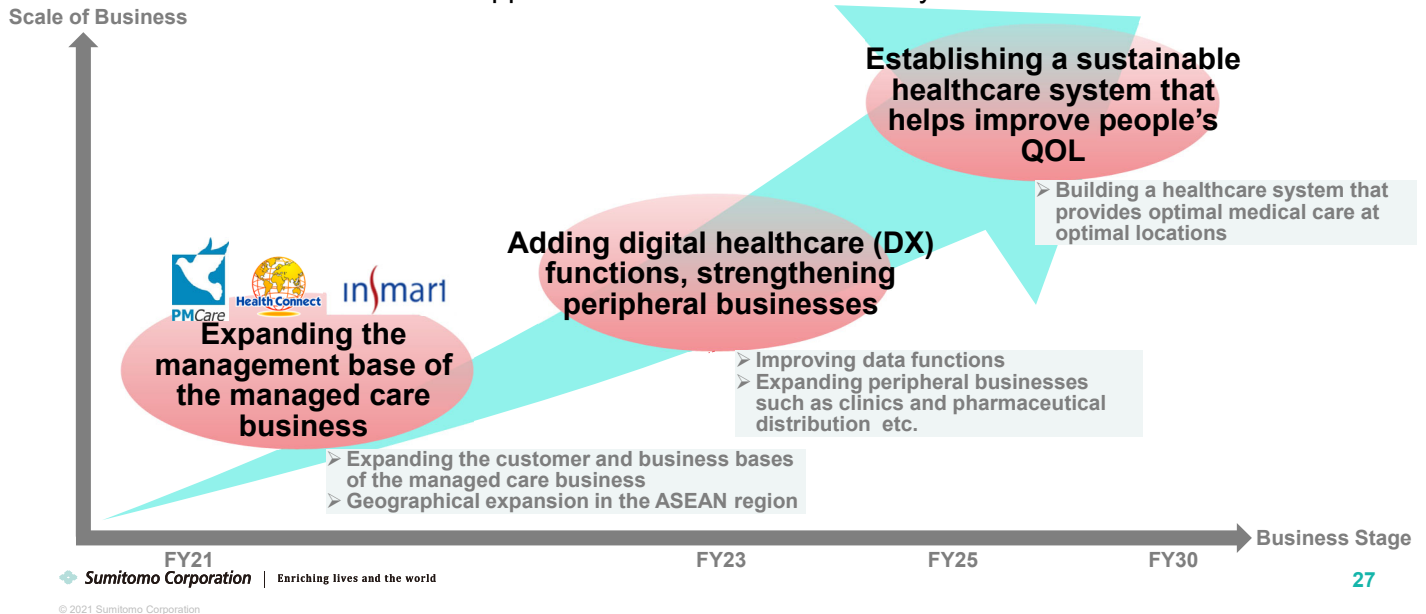
Under this, for members and patients, the app provides a function that allows them to view their personal medical history, the medications they have taken, and even the amount they have paid, for the purpose of improving convenience. Furthermore, we are promoting digitalization by providing online medical dispensing and preventive management tools on our apps.

Next, for the medical institutions on the right, in addition to the functions of attracting and sending patients, we plan to provide various new services such as those related to pharmaceutical distribution.

In addition, as part of our efforts to expand our managed care business in the ASEAN region, we have invested in Insmart, the number 1 provider in Vietnam with a 60% share of the market in 2021. We would like to take advantage of the various know-hows we have cultivated in Malaysia in order to increase the value of our business as soon as possible.

## Healthcare Global SBU Initiatives

Use the managed care business as a foundation for building a network that serves as social infrastructure that supports healthcare in each country



This page explains our medium-to-long-term initiatives.

The Healthcare Global SBU will build a network as a social infrastructure to support medical care in each country, based on the managed care business.

As circled on the left and in the center, we will expand the management base of the managed care business, add digital healthcare functions, and strengthen peripheral businesses during the period of the current medium-term management plan from FY2021 to FY2023.

And, as shown in the circle on the right, in the mid- to long-term span, we would like to build a sustainable healthcare system that provides optimal medical care in optimal locations.

As I mentioned at the beginning of this presentation, we, the Lifestyle and Retail Business Division, will aim to build a sustainable healthcare system that contributes to improving the QoL of individuals by strengthening and expanding our business.

That's all for my explanation. Thank you very much for listening.

# Global Fruit and Vegetables SBU

Kei Sato, Managing Executive Officer and General Manager, Food & Agriculture Business Div.

Part 1: The Business Environment	P. 29
Part 2: Future Strategy	P. 30-31
Part 3: Sustainability Initiatives	P. 32

I'm Sato, General Manager, Food and Agriculture Business Division. I would now like to explain about the Global Fruit and Vegetables SBU.

The Global Fruit and Vegetables SBU consists of the Fyffes business, which is engaged in the import and wholesale of fruit and vegetables in the US and European markets, and the Highline business, which is engaged in the production and sale of mushrooms in the North American market.

Today, I would like to focus on Fyffes and explain its business environment, future strategies, and sustainability initiatives.

## Overview of Fyffes Business

- Fyffes is a fruit and vegetable producer and wholesaler with the largest sales share in the European banana market.
- Under a new management structure, the company will work to improve value enhancement under SHIFT 2023.

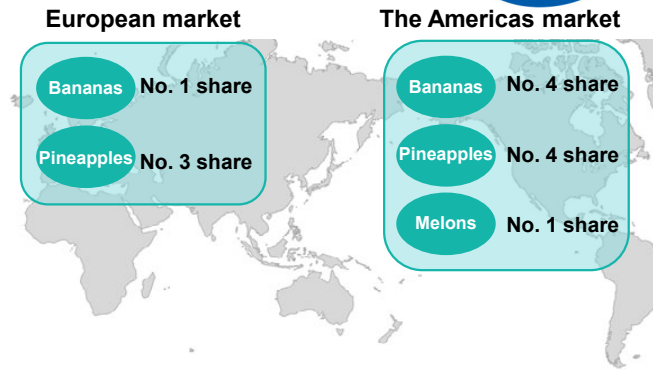
### Company Profile

- Business description: Production and wholesal of fresh produce in Europe and the United States
- Established: 1888 (acquired by the Company in February 2017)
- Products: Bananas, Pineapples, Melons
- Net sales: 1,367 mil. EUR (Dec. 2020)

### Change in Management System (FY2020)

- July 2020: New CEO  
Helge Sparsoe was appointed to the new CEO.
- January 2021: Organizational restructuring  
North American mushroom business transferred from Fyffes to a direct subsidiary of ours.

### Market Share by Product



First, I would like to give you an overview of Fyffes business.

Fyffes was founded in 1888 and has been an importer and wholesaler of fruit and vegetables for over 130 years. Since 1929, it has been selling bananas with the blue label shown on the right side of the slide. Fyffes is also the first fruit brand in the world.

Fyffes sells bananas, pineapples and melons produced or sourced in Latin America in Europe and North America. As shown in the market share by product on the right, all of the products have established a strong market position. In particular, it has the largest share of the European market for bananas, its main product, and the US market for melons.

We acquired Fyffes in 2017 and have been working on further growth and expansion of revenues, but last year we made 2 major changes in our management structure.

First, in July 2020, David McCann, who had been the CEO for a long time, retired and welcomed Helge Sparsoe as the new CEO. Mr. Sparsoe is a person who has various experiences as an executive of multiple multinational companies including fruit and vegetable business, and has been promoting bold and delicate structural reforms from the beginning of his appointment.

Second, the Highline business, which is engaged in the production and sale of mushrooms in North America, was previously a subsidiary of Fyffes, but since there were few synergies with Fyffes, it was separated from Fyffes and transferred to our direct management in January this year.

As a result, Fyffes is now in a position to focus on its own specialized fruit business.



## (1) Financial Results and Progress of Medium-term Management Plan

- Aiming for a solid turnaround after an impairment loss in FY2020.
- All businesses has been performing well in FY2021(high probability of achieving the forecast).

### Financial Results (Equity in earnings)

(Billions of yen)

FY2017 Results <sup>*1</sup>	FY2018 Results	FY2019 Results	FY2020 Results <sup>*2</sup>	FY2021 Full-year Forecast (Nov)
0.1	-2.9	1.5	-47	0.8

One-off losses (-2.0) (-38)

### Impairment loss of approx. 38 billion yen

Business	Amount	Background Details
Bananas & Pineapples	23 bil. yen	Competitive market conditions of the banana distribution business in Europe
Melons	5 bil. yen	Decline in demand due to COVID-19
Mushrooms	10 bil. yen	Increase in production costs due to COVID-19

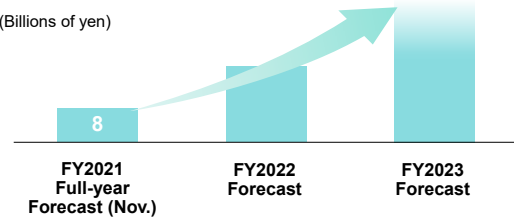
\*1 Disclosures start from Q4 FY2017.

\*2 Equity profits/losses are for the period from January 2020 to March 2021 (15 months) due to a change in the consolidation period. Does not include the mushroom business results from January 2020 onward.

 **Sumitomo Corporation** | Enriching lives and the world

### Medium-Term Management Plan Progress

(Billions of yen)



[FY2021 Business Conditions]

#### Banana & Pineapple Business

- Market conditions favorable in the first half of the fiscal year, the period when demand is high.
- In the second half of the fiscal year, passing on cost increases including the ocean freight will be the key issue.

#### Melon Business

- The U.S. market recovered in Q1, and performance was strong.
- The new season will start from late Q3.

Next, I will explain the business performance of the Fyffes business.

The table on the top left of the slide shows the changes in equity in earnings of Fyffes since our acquisition.

In FY2020, as a result of intensified competition in the wholesale banana business in the European market and deteriorating business performance of melons and other products due to the new coronavirus, we recorded an impairment loss of JPY38 billion.

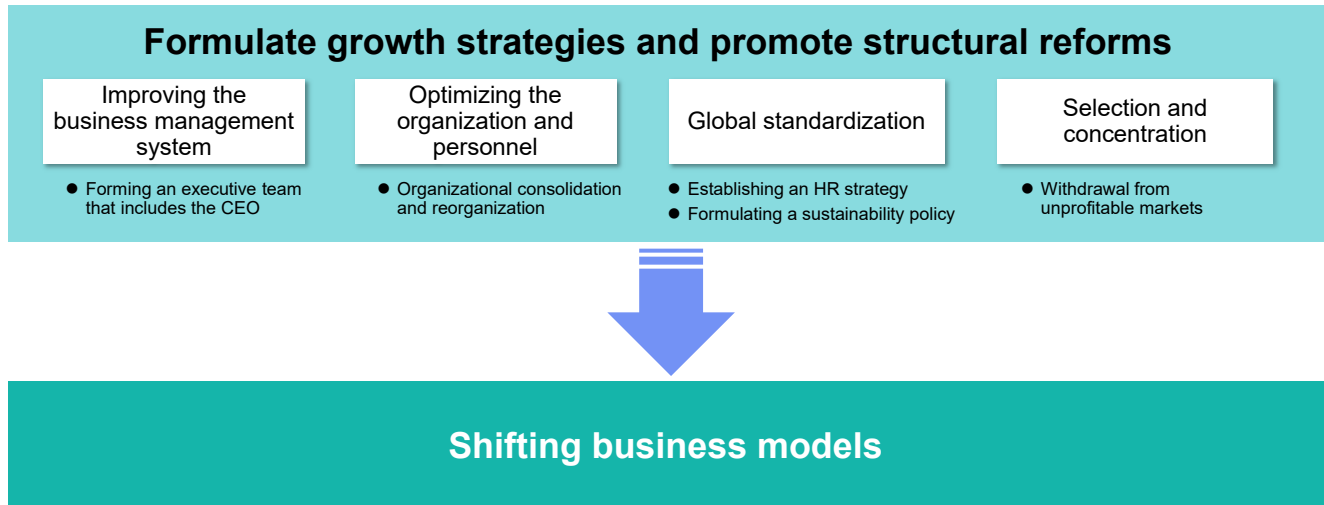
In FY2021, we had set our initial forecast at JPY800 million, aiming for a V-shaped recovery from the previous fiscal year, and the first half of the fiscal year has been extremely strong.

For the second half of the fiscal year, however, we have left the initial forecast unchanged at JPY800 million, due to concerns about rising costs for ocean freight and other items.



## (2) Value Enhancement

- Strengthen business foundations through structural reforms and promote cost reductions.
- Change business model from a price appeal model to a value proposition model.



In this section, I would like to provide an overview of the structural reforms and growth strategies that Fyffes is undertaking.

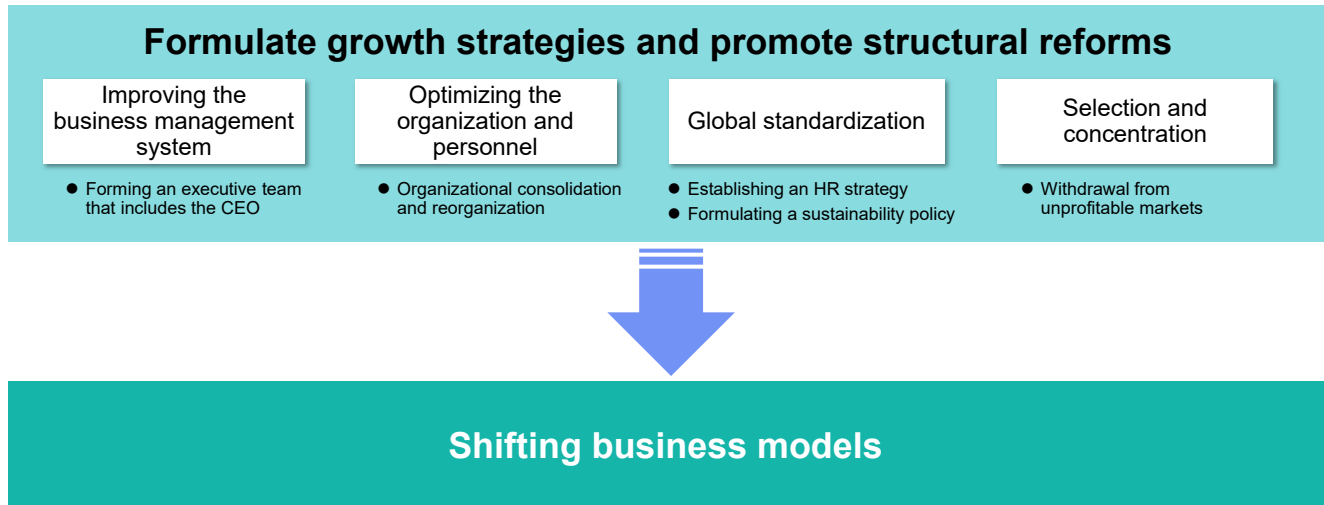
First of all, we have taken 4 specific measures for structural reform, which I would like to introduce.

The first is to improve the management execution system. Fyffes has grown through a series of acquisitions, and because of this, functions such as procurement, sales, and distribution have been dispersed in different countries, and in the past, we did not have a unified and efficient management system. In order to improve this situation, under the leadership of the new CEO, we have assembled a management team of people with expertise from both inside and outside the Company, and we are working to develop a management system that will oversee the entire company through a lateral approach.

The second is to optimize the organization and personnel. Under the new executive management team, we are actively consolidating and reorganizing our organization, optimizing our human resources, and appointing capable personnel.

## (2) Value Enhancement

- Strengthen business foundations through structural reforms and promote cost reductions.
- Change business model from a price appeal model to a value proposition model.



(Continued)

The third is global standardization. We are implementing ERP, integrating HR data, promoting HR strategies, and formulating sustainability strategies on a global basis. In particular, in the area of human resource strategy, we are developing a human resource system in which each employee's efforts will be duly evaluated, and we are building a foundation that will enable employees to enhance company-wide and corporate growth with a high level of awareness. We have also formulated a policy for sustainability initiatives to strengthen our foundation as a global company.

Lastly, we need to select businesses and focus on them. We are moving quickly to withdraw from some unprofitable businesses that continue to be in the red.

Next, I would like to briefly explain our growth strategy, which is to shift our business model. In the past, Fyffes had a price-appealing business model, but under the new CEO, we are trying to change our business model to a value proposition model.

In the banana business in Europe, which is our main market, competition has been intensifying due to the oligopoly of major volume retailers and the rise of discounters, and there has been increasing pressure to lower sales prices.

In this environment, we will change our sales approach and shift to a value-creating, proposal-based business model that aims to build good, long-term relationships with our customers by providing quality and services that match our brand power as 1 of the market leaders.

## Sustainability Initiatives

- Fyffes published its first Sustainability Report in July 2021.
- Formulated a sustainability strategy in line with the UN SDGs and set main areas of focus.

Key Social Issues	Fyffes Area of Focus	Fyffes Quantitative/Action Targets	
Mitigation of Climate Change	Stewardship for the Planet	Reduction in greenhouse gas emissions	2025: 25% reduction in Scope 1 and 2 emissions per kg of fruit handled compared to FY2020.
Circular Economy		Reduction in water consumption	2025: Introduce water management plan at all company facilities.
		Packaging replacement	2025: Introduce compostable, recyclable, and reusable packaging for all products.
	Healthy Food for Healthy Lives	Food loss	2025: Collaborate with partners to provide five million meals to communities. Educate three million people about eating habits and food loss reduction. 2030: 80% reduction in food loss across all company operations. Develop one new product for each core product.
Respect for Human Rights	Enriching People's Lives	Raising awareness about human rights	2025: Provide training about freedom of association to 90% of employees. (Provide to all managers by 2021) 2030: Provide human rights training to all supply chain personnel. (Provide to own employees and managers by 2025)
		Gender equality	2025: Apply gender equality program to all employees at own facilities in Latin America. (2030: Also apply to 50% of suppliers) 2030: Eliminate gender pay gap in own operations.
		Work environment	2025: Zero accidents resulting in serious injuries or death on the job.
Developing Local Communities and Economies		Contributing to local communities	2030: Contribute to the social and economic resilience of communities near own farms by implementing projects in four key domains (nutrition, gender, climate change, and education).

© 2021 Sumitomo Corporation

Lastly, I would like to introduce our sustainability initiatives.

In July of this year, Fyffes published its first Sustainability Report. In this report, priority areas are set in line with the SDGs of the United Nations, and as shown in the table, individual specific measures, such as reducing greenhouse gas emissions and strengthening verification of human rights, as well as the timing and numerical targets for achievement are set. Some of the items are already in the implementation stage and we are moving toward achieving our goals.

That's all for the Global Fruit and Vegetables SBU. Thank you very much for listening.

## Domestic and Overseas Real Estate SBUs

Director Hiroaki Murata, General Manager, Materials, Supplies & Real Estate Div.






Part 1: The Current Business Environment	P. 34-36
Part 2: Future Business Strategy	P. 37-41
Part 3: Introduction to Overseas Real Estate Business	P. 42-43

I am Murata from the Materials, Supplies and Real Estate Division.

I will now introduce the businesses of the Domestic Real Estate SBU and the Overseas Real Estate SBU.

## Business Environment Per Asset and Understanding of Current Situation

- The table below shows our understanding of the current business environments for each of our assets and our policies.
- In terms of total assets, we will maintain the status quo for offices and residential portfolio, carefully assess investment targets for Retail Facilities, and increase the asset for Logistics Facilities and Asset Management business.

Asset Type	Market and Current Situation	Action Plan	Plan for Increasing Assets
<b>Offices</b>	<ul style="list-style-type: none"> <li>Review office strategy due to the spread of telework.</li> <li><b>Vacancy rates are rising and rents are falling</b> in some places.</li> </ul>	<ul style="list-style-type: none"> <li><b>Replace prime fixed assets.</b></li> <li>Promote short-term turnover in the <b>mid-size office development and sales business (PREX)</b>. (A certain amount of buffering for vacancy predictions/rent declines is expected in the business plan)</li> </ul>	 <b>Maintain current status</b>
<b>Retail Facilities</b>	<ul style="list-style-type: none"> <li>Decline in urban retail sales due to decline in inbound tourism</li> <li>The effect of the spread of e-commerce on brick-and-mortar store sales.</li> <li>A gradual recovery is expected starting next fiscal year. <b>The actual demand-type NSC show resilience.</b></li> </ul>	<ul style="list-style-type: none"> <li>Take a wait-and-see approach to facilities that depend on inbound tourism.</li> <li><b>Actively promote suburban BTS (build-to-order development).</b></li> </ul>	 <b>Partial corrective measures</b>
<b>Residential Facilities</b>	<ul style="list-style-type: none"> <li><b>The housing market is strong</b> in both the condominium sale and rental sectors.</li> <li>Customer demand is changing due to the spread of telework.</li> <li>There is a sense that the market for condominiums for sale in central Tokyo is overheating.</li> </ul>	<ul style="list-style-type: none"> <li>The condominium business is expected to be buffered against a decline in unit sales prices.</li> <li><b>Build a diversified asset portfolio</b> that includes student dormitories and nursing homes.</li> </ul>	 <b>Maintain current status</b>
<b>Logistics Facilities</b>	<ul style="list-style-type: none"> <li>Both the Tokyo metropolitan area and the Kansai metropolitan area are performing well. Demand is expected to remain solid into the future.</li> <li>The competitive environment is growing fiercer due to the entry of other companies into the same industry.</li> </ul>	<ul style="list-style-type: none"> <li>Given the solid demand, we will <b>increase the logistic asset portfolio to expand our Logistics REIT.</b></li> </ul>	 <b>Increase</b>
<b>AM Business</b>	<ul style="list-style-type: none"> <li>There is a sense that the distribution and residential sectors are overheating, but this has settled down and stabilized. There is uncertainty in office sector, so we are taking a wait-and-see approach for the time being.</li> <li>The retail business has returned to pre-COVID levels. The hotel business is expected to recover starting next fiscal year.</li> </ul>	<ul style="list-style-type: none"> <li>The AM business is a fee-based business and remains relatively stable even during a recession.</li> <li><b>Work to increase AUM.</b></li> </ul>	 <b>Expand (AUM)</b>

© 2021 Sumitomo Corporation

First, I would like to explain the business environment and current status of each business line in Japan that we handle, as well as our policy.

In the office market, although some vacancy rates are rising and rents are falling, there has not been a significant impact so far. We will continue to closely monitor the market and replace assets with prime assets, while also promoting the PREX business, a mid-scale office development business.

As for retail facilities, the impact of the coronavirus took a toll on urban retail facilities that rely on inbound travel, but suburban retail facilities for neighborhoods were supported by solid real demand. For the time being, we would like to focus on custom-made property development in the suburbs.

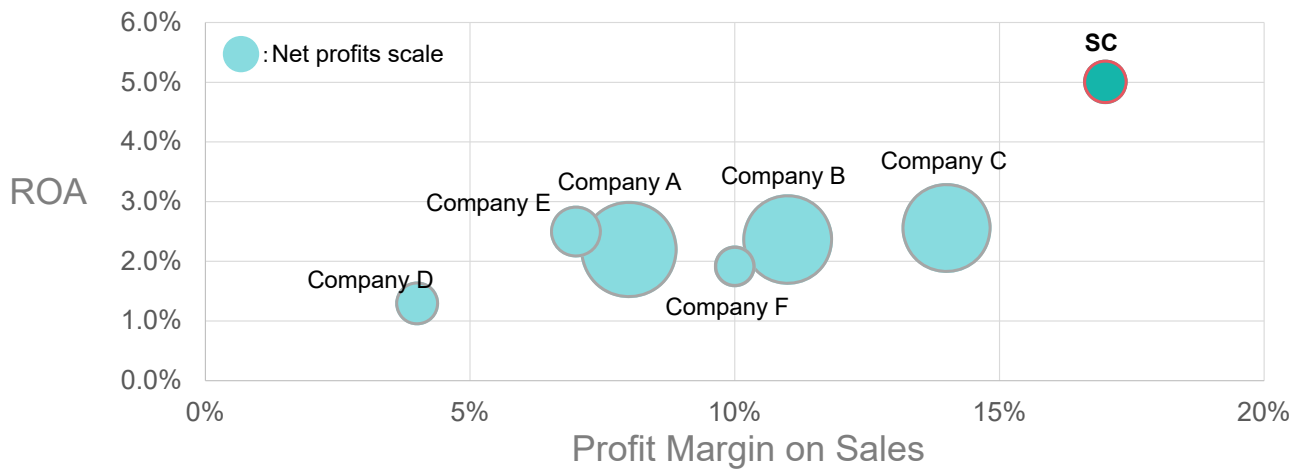
In the housing market, both the sales and rental markets have robust performance. In addition to condominiums, we will continue to build a diversified portfolio that includes student dormitories and nursing homes.

Logistics facilities have shown solid demand and stability even under the influence of the coronavirus. Although the competitive environment is intensifying, we plan to continue to increase the logistic asset portfolio to expand our Logistics REIT.

In the asset management business, we intend to steadily increase assets under custody, including listed logistics REIT, private REIT, and private funds.

## Position of Our Real Estate Business (Net profit, ROA, Total assets, comparison with competitors)

- **High efficiency** (ROA, return on sales) compared to other real estate developer in Japan.
- **Profit scale is at the same level as that of the second-tier players in the industry.**



\* Company results are based on the FY2018-2020 average based on publicized data.

Next, I will explain the positioning of our real estate business in the industry.

The graph you are looking at compares our real estate business with that of other comprehensive developers, with ROA plotted on the vertical axis and profit margin on sales on the horizontal axis.

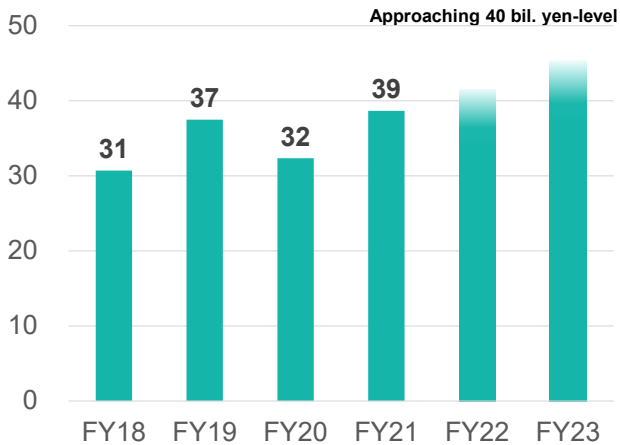
The size of the circle indicates the net profit scale, with A, B, and C representing major developers and D, E, and F representing semi-major developers.

As you can see, our profit scale is at the same level as that of semi-major developers, and our efficiency index is higher than that of major companies in the industry.

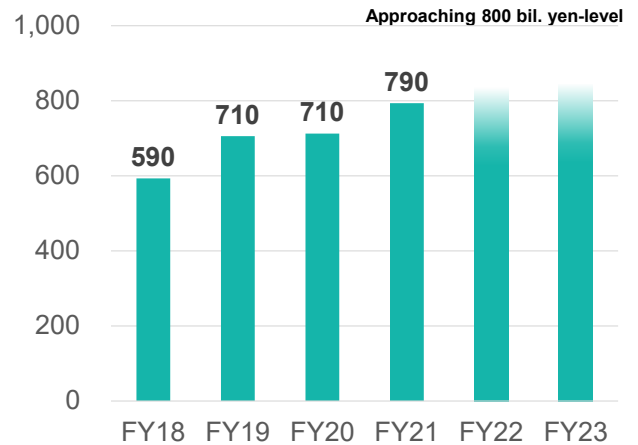
## Profit/Asset Plan

- In the previous medium-term management plan, we achieved net profit of over 30 billion yen. In the **second half of the current medium-term management plan**, we expect to achieve profits of over **40 billion yen**.
- Assets, which amounted to about 700 billion yen at the end of the previous medium-term management plan, will rise to around **800 billion yen by the end of the current medium-term management plan**.

■ **Net profit** [Unit: billions of yen]



■ **Total assets** [Unit: billions of yen]



Next, I will explain the quantitative plan for the real estate business.

Net profit on the left and total assets on the right.

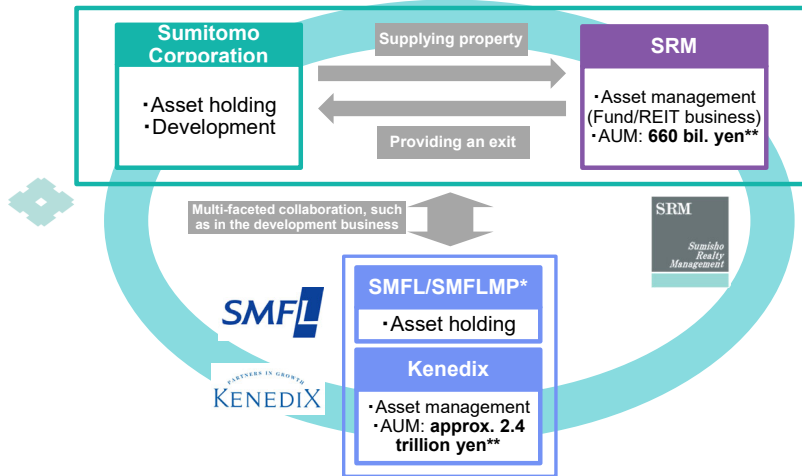
In the previous med-term management plan, we achieved a profit scale of over JPY30 billion, and we expect to achieve a profit level of over JPY40 billion in the current medium-term management plan.

Total assets were approximately JPY700 billion at the end of FY2020, which is the end of the previous medium-term management plan, and are expected to be JPY800 billion at the end of the current med-term management plan.

## Shifting to Highly Efficient Assets and Utilizing External Funds

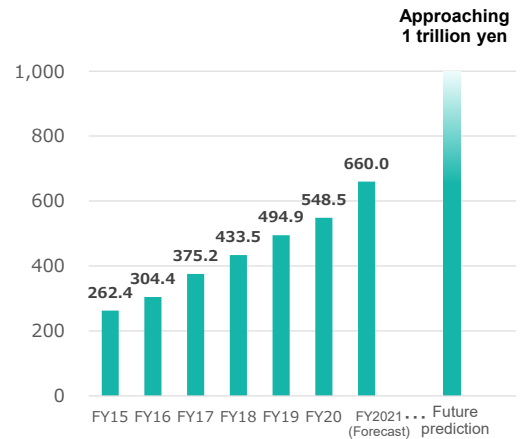
- In addition to **increasing the number of prime assets containing high added value**, we will **shift our portfolio to more efficient assets**.
- In addition to steadily increasing the assets under management (AUM) of Sumisho Realty Management (SRM), we will aim for an **AUM of about 1 trillion yen** and look toward inorganic growth as well.
- Promote B/S management through collaboration with Sumitomo Mitsui Finance and Leasing (SMFL) and the asset management business (Sumisho Realty Management).

### ■ Overview of System of Cooperation



### ■ SRM AUM (Assets Under Management)

[Unit: Billions of yen]



Sumitomo Corporation | Enriching lives and the world

\* SMFL MIRAI Partners Co., Ltd., a subsidiary of SMFL  
 \*\* SRM's AUM is a forecast for the end of FY2021.  
 Kenedix's AUM figure is as of the end of September 2021.

37

Next, I would like to explain our business strategy.

In the Domestic Real Estate SBU, the SBU strategy is to shift to highly efficient assets and to utilize external funds.

The key word of the company-wide med-term management plan is SHIFT, and the SBU will also shift its portfolio to more efficient assets while increasing the number of high quality assets with high added value.

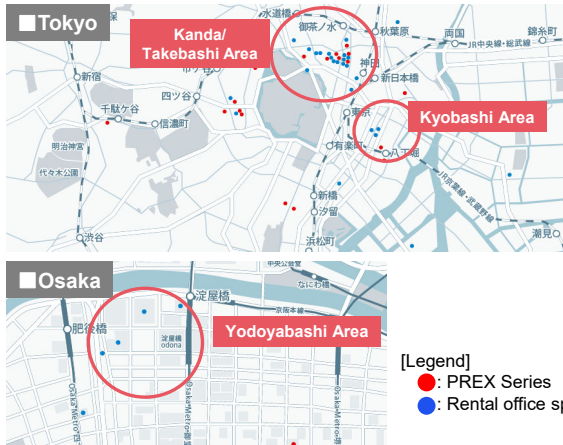
In addition to increasing assets under custody at Sumisho Realty Management, we will promote business management through collaboration with Sumitomo Mitsui Finance and Leasing, and its subsidiary, Kenedix, Inc. which is 1 of the largest asset management companies in Japan.



## Area Strategy

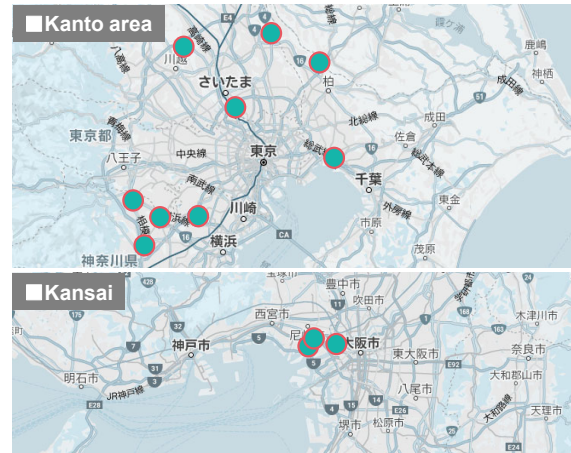
### Offices

- Increase the number of prime assets (mainly offices), with a focus on **Kanda/Takebashi (Tokyo)**, **Kyobashi (Tokyo)**, and **Yodoyabashi (Osaka)**.



### Logistics Facilities

- In the Tokyo and Kansai metropolitan areas, we will increase assets in last mile\* areas close to consumer areas and in the Tokyo metropolitan suburban areas where actual demand is firm.



\* The last phase of delivery in which products are carried from logistics facilities to end users

Next, let's take a look at some examples of area strategies.

As stated on the left, in the office business, we plan to increase the number of prime assets, mainly in the Kanda/Takebashi area and the Kyobashi area in Tokyo and the Yodoyabashi area in Osaka.

In addition, as described on the right, in the logistics facilities business, mainly in the Tokyo metropolitan area and the Kansai region, we will seek to increase assets in so-called last mile areas close to consumption areas and in suburban areas of the Tokyo metropolitan area where demand is firm.

## Major Large-scale Projects (1)

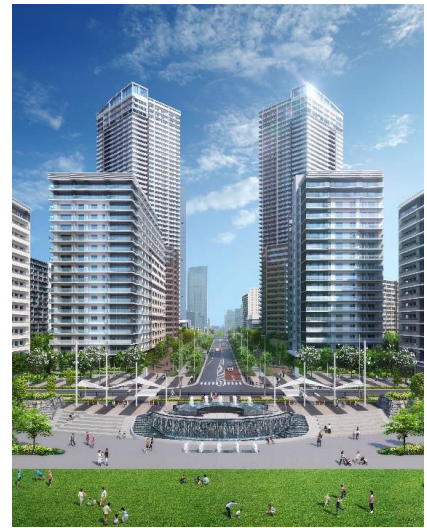
■ **KANDA SQUARE (In operating)**



■ **Yodoyabashi West Area Redevelopment Project (Under development)**



■ **Olympic Athletes' Village Project (Under development)**



Next, I would like to introduce some of the large-scale projects that we are working on in the SBU.

The photo on the left shows KANDA SQUARE, which was completed in 2020. This is a development project on the former Kanda campus of Tokyo Denki University, and is one of the largest projects of its kind undertaken by the Company alone.

The center shows the Yodoyabashi West Area Redevelopment Project currently under development. This is a large-scale project with a total floor area of 130,000 square meters, and is scheduled for completion around 2025.

The photo on the right shows the completed image of the Olympic Athletes' Village Project. This project is a condominium development project on the former site of the Olympic Athletes' Village, in which major developers are participating, and we are the only trading company participating in the project.

## Major Large-scale Projects (2)

### ■ SOSiLA Yokohama Kohoku (In operation)



### ■ Nakano Station Shin-Kita Exit Project (Being planned)



The photo on the left shows SOSiLA Yokohama Kohoku, a logistics facility developed by our company. It is one of the largest logistics facilities we have developed, and is currently being managed by a listed logistics REIT for which our group is the asset manager.

The photo on the right shows the completed image of the Nakano Station new north Exit area redevelopment Project. As a member of the consortium, we will contribute to the promotion of the business by utilizing our comprehensive development capabilities that we have cultivated since our establishment.

## ESG Initiatives

### ■ Promoting acquisition of various environmental certifications

We promote the acquisition of CASBEE, DBJ Green Building, LEED, BELS, and other environmental certifications for office buildings, logistics facilities, and real estate fund projects.



### ■ Improvements to disaster prevention functions in local communities

In the complexes and commercial facilities that we develop, we promote the development of functions\* that enhance the disaster prevention capabilities of local communities.  
(\* Installation of disaster prevention bases, stockpile warehouses, emergency power generators, etc.)



### ■ Considering development of ZEH-M (Zero Energy House Condominiums)

We completed our registration as a "ZEH-M Developer" so that we can promote the development of ZEH\*. We will aim to commercialize ZEH-M projects in the future.  
(\* ZEH: Abbreviation for ZERO ENERGY HOUSE)



### ■ Introducing renewable energy to fixed assets we own

Continuously improve energy efficiency by installing the latest equipment in new buildings and upgrading existing buildings while promoting the introduction of renewable energy.

Next, I will introduce the ESG initiatives in our real estate business.

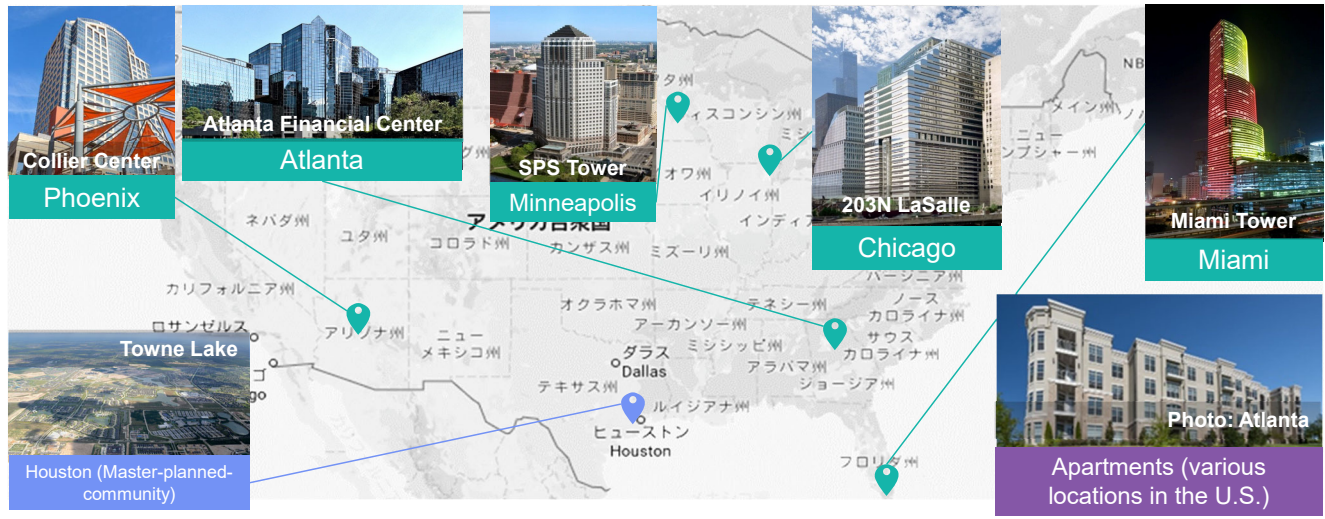
We will implement environmentally friendly initiatives in each of the assets we develop or own, and promote the acquisition of certification by third-party organizations.

We will also continue to promote energy conservation efforts in buildings and condominium. In the housing business, we are considering the development of a net-zero energy house, so-called ZEH-M, and this year we completed registration as a ZEH-M Developer and are working toward commercialization.



## Overseas Real Estate Business (The U.S)

- Expand with a focus on **The U.S. and Asia**.
- In the U.S., invest in offices, apartments, master-planned-community, and logistics facilities.

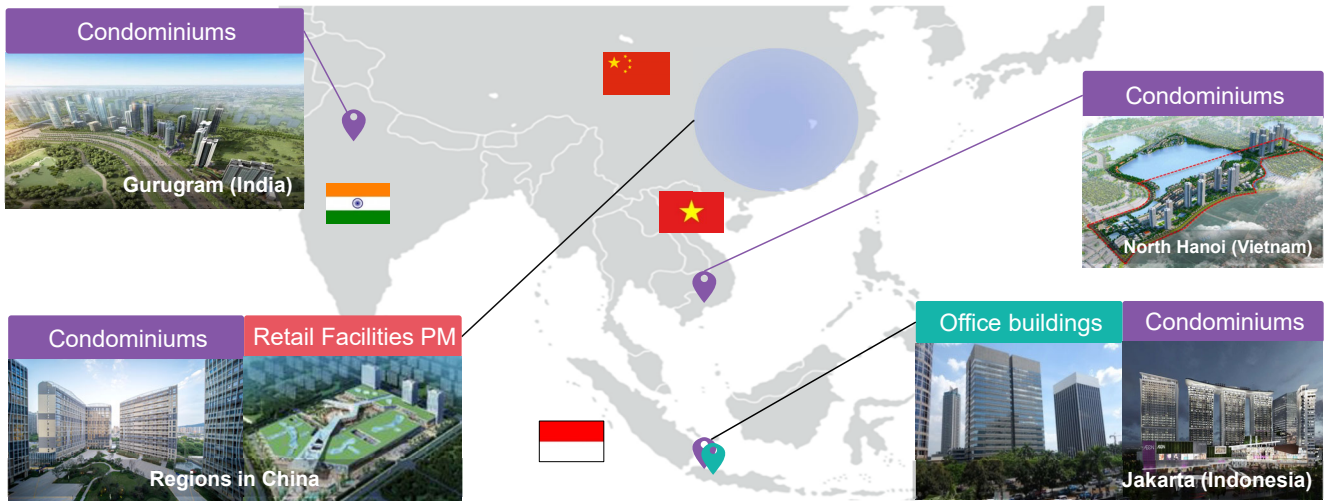


Lastly, I would like to introduce our overseas real estate business.

We are engaged in the real estate business mainly in the Americas and Asia. In the U.S., the Company invests in office and apartment development, large-scale residential land development, and logistics facility development.

## Overseas Real Estate Business (Asia)

- In Asia, we are focusing on **condominiums and offices**.



In Asia, we are currently focusing on condominiums and offices.

In addition to China and Indonesia, where we have a proven track record, we are now expanding into India and Vietnam.

That's all for the Domestic Real Estate SBU and the Overseas Real Estate SBU. Thank you very much for listening.

[END]