

Real Estate Business



Message from Executive Officer

In providing one-stop, optimal real estate solutions that solve the increasingly complex and diverse business challenges of our corporate clients and help individual clients build and manage assets, the Real Estate Business will continue to serve as our clients' "Best Partner" for real estate.

Shigeki Tanaka

Senior Managing Executive Officer,
Head of Real Estate Business, SuMi TRUST Bank
Executive Officer*, SuMi TRUST Holdings

*Executive Officer as defined in our internal policy.

Medium- to long-term vision

Leveraging our external networks with regional financial institutions and overseas financial institutions has helped us attain the best track record in Japan for real estate brokerage and consulting. For corporate clients, we will continue to propose ways to utilize real estate assets to increase corporate value and help solve management issues.

In the area of real estate brokerage for individual clients, we will expand our offering of real estate information according to the life stages of our clients and seek to maximize the value of their assets.

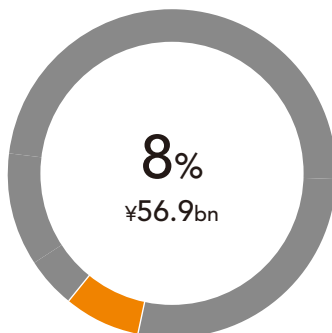
Our real estate securitization trusts and J-REIT operations,

that have secured the top positions in Japan, form the infrastructure that supports growth in the property investment market. These functions also help us achieve steady business continuity and fulfill our social mission.

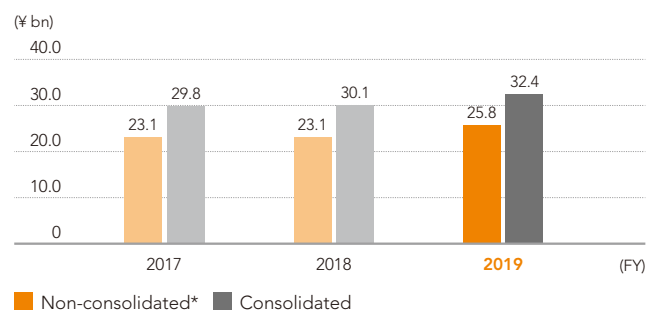
Furthermore, we aim to contribute to the sustainable development of society by enhancing the environmental performance of properties and providing environmentally friendly property consulting services so that properties can be evaluated.

We will seek to be our clients' "Best Partner" for real estate by meeting their needs in the new normal of a post-COVID-19 era.

Weighting of substantial gross business profit



Net business profit before credit costs



Owing mainly to contributions from the steady flow of small and mid-size property brokerage transactions for corporate clients and stable earnings from brokerage services to individual clients, net business profit before credit costs rose ¥2.7 billion year on year to ¥25.8 billion on a non-consolidated basis and increased ¥2.2 billion to ¥32.4 billion on a consolidated basis.

*SuMi TRUST Bank

Business environment awareness

Environment awareness and issues

- Monitoring real estate capitalization needs in order to solve management issues concerning the spread of COVID-19, as well as property procurement needs driven by weaker real estate prices
- Stepping up the development of an environment for providing non-face-to-face solution services to clients in Japan and overseas
- Focusing on providing in-depth real estate services in line with the increase in the elderly population and the number of inheritance cases

Opportunities and Group strengths

- Abundant specialized personnel and specialist staff with top-class experience and know-how in the real estate market
- Swift collaboration between businesses unique to a financial group specialized in trust banking and ability to propose and execute total solutions
- Neutral position that makes it possible to build win-win relationships with regional financial institutions and overseas financial organizations, etc.

Key measures in Medium-Term Management Plan

Total solutions that contribute to the enhancement of corporate value and asset value for clients

We will aim to deeply understand our clients' policies on holding and managing properties, as well as how they relate to business strategies, so that we can enhance corporate value and asset value and help solve their management issues by providing optimal solutions. Services we offer include real estate brokerage, support on repairs, maintenance work, and rebuilding, facility management to streamline and normalize property administration and management, and CRE (corporate real estate) consulting on office network strategies.

Strengthening alliance efforts

We are expanding and energizing our alliances with domestic financial institutions, mainly those based in regional areas, and also our external network with overseas financial corporations and major real estate firms. Through our tie-up with the UBS Group, we will focus on providing real estate solutions to new clientele.

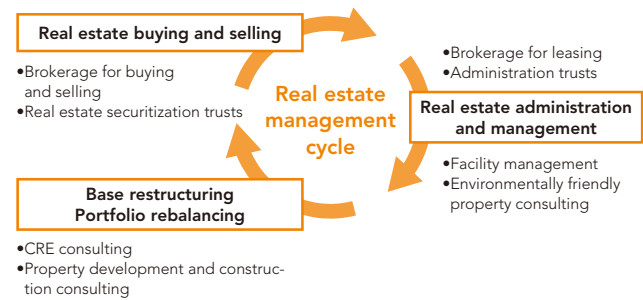
As real estate professionals, we will respond meticulously to the real estate needs of the clients of our alliance partners that have no business relationship with the Group in an effort to solve their issues, expand real estate transactions with new clients, and also contribute to the business of our alliance partners.

Real estate for individual clients

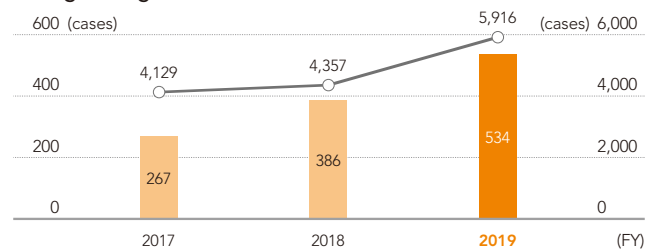
SuMi TRUST Bank and Sumitomo Mitsui Trust Realty mainly work together on catering to the real estate buying and selling needs of individual clients.

Both the elderly population and the number of inheritances in Japan is expected to increase up ahead. Accordingly, we will aim to harness the skills of the many qualified real estate transaction agents in the Retail Total Solution Services Business to strengthen our deployment of real estate services most likely required in an age of 100-year life. For example, supporting for the acquisition or sale of inherited properties for the next generation or moving into barrier-free properties.

Wide array of services that contribute to the enhancement of corporate value and asset value for clients

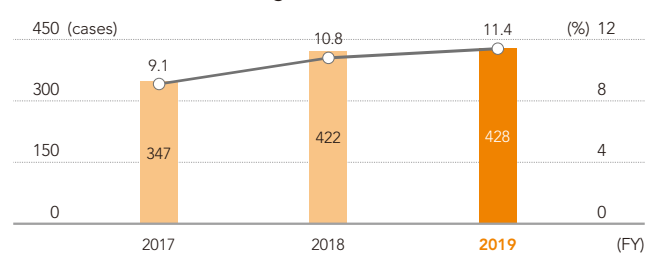


Strengthening alliance efforts



- Number of deals closed through alliances (Left)
- Number of new acquisitions of real estate information (Right)

Sales of real estate resulting from an inheritance occurrence*



- Number of deals closed from inheritance occurrence (Left)
- Share among all sales deals closed (Right)

*Number of deals starting from inheritance occurrence among all the closed real estate sales deals of SuMi TRUST Bank's individual clients

Sustainability initiatives

Environmentally friendly property initiatives

The amount of CO₂ emitted from the construction and management of buildings is said to account for approximately 40% of all CO₂ emissions in Japan, including indirect emissions. And given that humans spend a lot of time indoors, indoor environments affect the health and productivity of occupants. As real estate has a significant impact on the environment, society, and the economy, integrated initiatives for achieving the SDGs are thought to be highly beneficial in improving the sustainability of these three aspects. The Group aims to further promote energy-efficient and resource-efficient cities and buildings, as well as the uptake of environmentally friendly properties that contribute to improving production efficiency. We will continue to advance initiatives that contribute to enhancing property value mainly through exceptional environmental performance, which boosts revenue and reduces risk.

Links between environmentally friendly property and the SDGs



CASBEE certification support consulting

Under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism, CASBEE (Comprehensive Assessment System for Built Environment Efficiency) was developed as a method to evaluate and rank the environmental performance of buildings. SuMi TRUST Bank played a leading role in the development of CASBEE for Real Estate and also headed up a related economic impact study. We have actively rolled out certification support consulting services (see our lineup below) and we have provided support to around half of all cases of certification acquisition. Subsequently, we have focused on developing Japan's environmentally friendly property market with CASBEE being the starting point.



Construction-phase support on environmental considerations

SuMi TRUST Bank commercialized Japan's first land trust product in the 1980s and is involved in developing and managing many building and condominium projects. Our construction consulting services leverage this extensive experience. According to client requests, we offer advice on factoring in environmental considerations, such as the installation of energy-saving systems in buildings, ways to take into account landscapes and ecosystems, extending building lifespans, and the adoption of recycling systems.



Hiroshima Orizuru Tower (Hiroshima Prefecture)



Shimane Bank (Shimane Prefecture)

Visualizing the value of smart towns and cities and supporting concept formulation

In order to make smart towns and smart cities a reality, economic added value commensurate with higher costs must be created whilst establishing clear targets from the basic planning stage onward for environmental, social, and governance (ESG) issues. SuMi TRUST Bank supports projects for smart towns and cities on many fronts, such as devising frameworks that link various initiatives on environmental contributions to economic added value and formulating project concepts. Through our provision of financial functions such as home mortgages, we also help projects get executed.



Fujisawa Sustainable Smart Town (Kanagawa Prefecture)

*For more information, refer to our 2019/2020 ESG Report—Environmentally Friendly Property.