Our Value Creation Model

The Sumitomo Realty Group has set forth its fundamental mission as to "Create even better social assets for the next generation," based on Sumitomo's business philosophy with a history of 430 years. With our capabilities of "Land Innovation" as the driving force, we have been contributing to solving social issues through each business, while at the same time expanding our businesses to maximize corporate value.

As such, we have identified the following material issues that need to be addressed in our ESG management: "Disaster Resistant," "Environmentally Friendly," "Together with Community" and "People Friendly." We will address these material issues through our business activities, continue to provide "New Value" to people's living and aim to realize sustainable growth and development together with the city.

Examples of Our Value Creation Model

[1]Urban Redevelopment

[2]Housing Remodeling

[3]Building Renovation

Our Materiality and Initiatives

Disaster Resistant

Create bases for a safe and secure living environment by developing disaster resistant buildings and cities

- Eliminating densely built-up area of wooden houses
- Widening narrow streets and separating pedestrians and vehicles
- Adoption of seismic isolation and damping systems
- Installation of emergency power generators
- Providing a disaster-prevention base (e.g. shelter for stranded commuters in the event of disaster)

Environmentally Friendly

Create buildings and cities that are comfortable and have lower environmental impact

- Adoption of highly-efficient energy-saving and water-saving equipment
- Promoting and preserving greenery in cities to ensure biodiversity
- Reducing waste emission
- Requesting for supplier cooperation

Together with the Community

Create and operate buildings and cities aiming for sustainable development together with the community

- Urban development that coexists with the community
- Attracting a new population (community revitalization)
- Creating liveliness through town management
- Support for the formation of communities including mutual assistance

People Friendly

Create buildings and cities that are comfortable for everyone Develop human resources to increase corporate value

- Urban development based on universal design
- Protection of human rights
- Promoting barrier-free housing
- Promoting open and vigorous workplace
- Fostering diverse human resources

Corporate Value of Sumitomo Realty

Economic value

Creation of high value-added assets

Expansion of a profitable, stable, and sustainable earnings base

Social value

Creation of "New Value"

Addressing social issues

Creation of sustainable assets

Achieve sustainable growth together with the city

Creating new value
Aiming to maximize corporate value

Examples of Our Value Creation Model

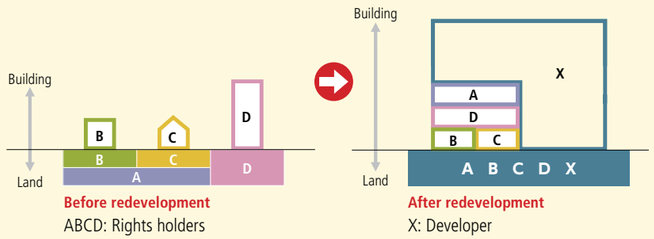
Example [1] Urban Redevelopment

Sustainable urban development to improve disaster preparedness and revitalize the community

Unlike other major developers in Japan, we started with a mere three buildings in 1949 following the breakup of the conglomerates and it was only from the 1970s that we made our full entry into the business of developing office buildings in central Tokyo. Therefore, instead of reconstructing buildings we owned or purchasing sites through competitive bidding, we focused on a redevelopment method by integrating multiple small parcels of land into a larger scale through persistent efforts, to maximize the site value. In this way, we continued developing superior assets, expanding our business platform and increasing our corporate value. In particular, through redevelopment pursuant to the Urban Renewal Act that requires the formation of a consensus among multiple landowners, and consultations with the authorities, we have contributed to improvement of the city infrastructure including disaster-prevention functions by eliminating densely built-up areas of wooden houses and widening narrow streets, as well as to the revitalization of the community.

Redevelopment under the Urban Renewal Act

The Urban Renewal Act of Japan was enacted in 1969 to ensure the effective utilization of land through the improvement of the densely populated urban areas in an integrated and comprehensive manner. Through the communal use of small parcels of land and the development of public facilities such as parks and roads, it enables buildings to be rebuilt into high-rise structures, significantly increasing the floor area. The landowners acquire floor space in the redeveloped building commensurate with the value of the land or building prior to redevelopment and the developer (the Company) covers the project funds including the construction costs and acquires the remaining floor space.



* There are two types of urban-redevelopment projects: The Type 1 Urban-Redevelopment Project based on the right conversion method without land acquisition and the Type 2 Urban-Redevelopment Project that involves land acquisition. Type 2 Urban-Redevelopment Projects are permitted in urgent situations such as for areas where disasters are imminent and are executed by local governments, rather than individuals or associations, over a relatively short period of time.

Major issues with dense congregations of wooden houses in urban areas

- Low earthquake resistance
- High disaster risk with narrow streets
- Low land utilization
- Diminished community vitality, etc.

Through redevelopment:

Improve disaster preparedness of the community
Improve infrastructure (Installing wider roads, eliminating large differences in elevation etc.)
Improve BCP compliance (seismic isolation and damping systems, emergency power generation equipment etc.)

Make eco-friendly with high-performance, energy-saving equipment
Install highly eco-friendly equipment, greatly reducing CO_2 emissions and water usage per unit

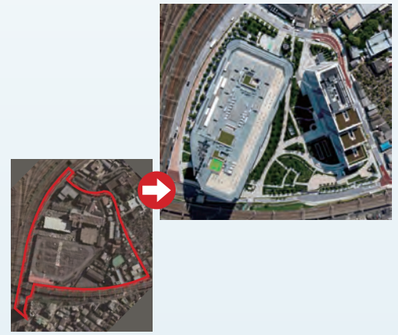
Create new liveliness and strengthen community ties
Multi-purpose uses, fostering diversity and interaction
Provide open spaces for community building and as a disaster-prevention base

Example Osaki Garden City

Key points of the Osaki Garden City redevelopment project

- Formulation of a complex urban area and the development of urban functions around the station
- Development of a safe and secure community with enhanced disaster-prevention functions, through the elimination of a densely built-up area of wooden houses and widening of narrow streets
- Realizing universal design by eliminating the large difference in elevation of the site
- Spacious green open public spaces covering some 8,000m² to facilitate community building and serve as a disaster-prevention base
- Widening and improving a transportation route connecting Shinagawa City Hall, which will serve as the disaster control center (roads to be cleared in an emergency)
- Promoting energy-saving efforts through the adoption of state-of-the-art highly efficient facilities

	Block A	Block B
Principal purpose	Office, retail, etc.	Residence (423 units), office, etc.
Site area (30,080m²)	19,927m²	10,153m²
Gross floor area (219,565m²)	178,141m²	41,424m²
Floor area ratio	Approx. 780%	Approx. 250%
No. of floors	24 above ground, 2 below ground, 2 rooftop floors,	22 above ground, 2 below ground, 1 rooftop floor



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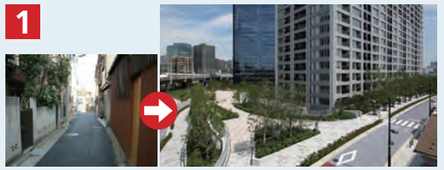

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City development to tackle the challenges facing the community

1 Enhancement of disaster preparedness by eliminating the area overcrowded with wooden houses and narrow streets

The site used to be a densely built-up area with wooden houses exposed to high risk of fire and the streets were narrow, making it difficult for emergency vehicles to enter the area. The redevelopment realized a safe and secure community through improvement of roads around the site to ensure safety for the pedestrians and to allow the smooth flow of vehicles as well as fireproofing the buildings.

2 Promotion of universal design of the area by eliminating a large difference in elevation

The site used to have a difference in elevation as large as eight meters and experienced land collapse. The project created a landscape design with gentle undulations and eliminated the large difference in elevation. It also built stairs and installed elevators connecting the area with the surrounding downtown area and the station to allow everyone to move easily.

3 Creating open space for interaction among the community and as a disaster-prevention base

The site used to be an industrial area with little greenery and lacked places for people to gather due to a densely built-up area of housing. Through the redevelopment, spacious green open public spaces covering some 8,000m² were created, encouraging interaction among the people and bringing liveliness in the community, as well as serving as a disaster-prevention base in the event of an emergency.

Examples of Our Value Creation Model

Example [1] Urban Redevelopment

Redevelopment together with the community

Our redevelopment projects emphasize the connections with the community even after the completion. We also focus on area management to further improve the value of the area and give it a lively atmosphere through various initiatives such as holding events utilizing its public open spaces to revitalize the community.

Events held in the past

Osaki Garden City

Community building through cherry blossoms viewing

Planting "Satogaeri (homecoming) cherry trees from Washington DC" which are related to the area

Sumitomo Fudosan Iidabashi First Tower

Annual disaster drills jointly held with the Koraku Community Association

IZUMI GARDEN

Cherry Blossom Festival

Cherry Trees Illuminated

Marche' Event

Redevelopment under the Urban Renewal Act - Major projects completed and planned

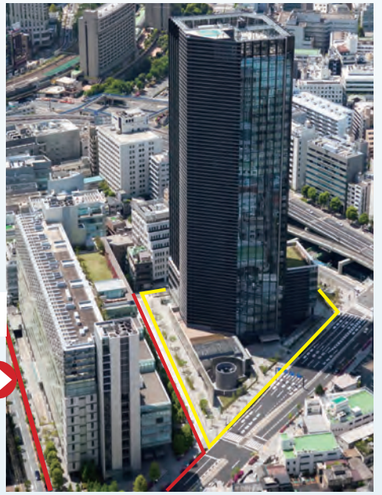
(As of March 31, 2021)

Project area	Main building	Location	Gross floor area m² (approx.)	Main purposes	Completion
Shukugawa Station Front No.1	Shukugawa Green Town	Nishinomiya, Hyogo	33,400	Residence・Retail・Office	Nov 1977
Nishi-kanda 3-chome North-east	Chiyoda First Building East	Chiyoda Ward, Tokyo	38,800	Office・Residence・Retail	Oct 1998
Nakanosakaue Chuo 1-chome West	Sumitomo Nakanosakaue Building	Nakano Ward, Tokyo	36,600	Office・Residence・Retail	Apr 1999
Koraku 2-chome East	Sumitomo Fudosan Iidabashi First Building	Bunkyo Ward, Tokyo	62,900	Office・Residence・Retail	Mar 2000
Roppongi 1-chome West	Izumi Garden Tower	Minato Ward, Tokyo	208,400	Office・Residence・Retail	Oct 2002
Nishi-shinjuku 6-chome South	Sumitomo Fudosan Shinjuku Oak Tower	Shinjuku Ward, Tokyo	163,100	Office・Residence・Retail	Nov 2002
Nishi-kanda 3-chome North-west	Chiyoda First Building West	Chiyoda Ward, Tokyo	63,400	Office・Residence・Retail	Jan 2004
Mita Koyamacho East	City Tower Azabujuban	Minato Ward, Tokyo	64,600	Residence	May 2009
Osaki Station West Gate Central	Osaki West City Towers	Shinagawa Ward, Tokyo	129,100	Residence・Office・Retail	Aug 2009
Nishi-shinjuku 6-chome West No.6	Central Park Tower La Tour Shinjuku	Shinjuku Ward, Tokyo	153,500	Residence・Office・Retail・Multipurpose hall	Mar 2010
Kakyoin 1-chome No.1	City Tower Sendai Kakyoin	Sendai, Miyagi	25,400	Residence・Retail・Office	Mar 2010
Koraku 2-chome West	Sumitomo Fudosan Iidabashi First Tower	Bunkyo Ward, Tokyo	78,400	Office・Residence・Retail・Multipurpose hall	Apr 2010
Hachioji Station South Gate	Southern Sky Tower Hachioji	Hachioji, Tokyo	99,800	Residence・Office・Retai	Nov 2010
Nishi-shinjuku 8-chome Naruko	Sumitomo Fudosan Shinjuku Grand Tower	Shinjuku Ward, Tokyo	179,800	Office・Residence・Retail・Multipurpose hall	Dec 2011
Ageo Nakasendo East	City Tower Ageo Ekimae	Ageo, Saitama	39,900	Residence・Office・Retail	Dec 2012
Asahi-dori 4-chome	City Tower Kobe Sannomiya	Kobe, Hyogo	92,900	Residence・Hotel・Retail	Mar 2013
Roppongi 3-chome East	Sumitomo Fudosan Roppongi Grand Tower	Minato Ward, Tokyo	210,500	Office・Residence・Retail・Multipurpose hall	Oct 2016
Hiroshima Station South Gate B Block	City Tower Hiroshima	Hiroshima, Hiroshima	125,500	Residence・Retail・Office	Aug 2016
Kokubunji Station North Gate	City Tower Kokubunji The Twin	Kokubunji, Tokyo	93,200	Residence・Retail・Office	Mar 2018
Nishi-shinagawa 1-chome	Sumitomo Fudosan Osaki Garden Tower	Shinagawa Ward, Tokyo	222,000	Office・Residence・Retail	Aug 2018
Oi 1-chome South No.1	City Tower Oimachi	Shinagawa Ward, Tokyo	60,600	Residence・Retail	Jul 2019
Kanda-neribeicho	Sumitomo Fudosan Akihabara Ekimae Building	Chiyoda Ward, Tokyo	30,800	Office・Residence・Retail	Aug 2019
Tokorozawa Station West Gate North	City Tower Tokorozawa Classy	Tokorozawa, Saitama	38,500	Residence・Retail	May 2021
Musashi-koyama Ekimae-dori	City Tower Musashi-koyama	Shinagawa Ward, Tokyo	53,500	Residence・Retail	Jun 2021
Mita 3- and 4-chome	(Tentative name) Tokyo Mita Redevelopment Project	Minato Ward, Tokyo	228,800	Office・Residence・Retail	FY2022(expected)
Nishi-shinjuku 5-chome North	(Tentative name) Nishi-shinjuku 5-chome Kita Project	Shinjuku Ward, Tokyo	137,300	Residence・Office・Retail	FY2022(expected)
Nakano 2-chome	(Tentative name) Nakano 2-chome Project	Nakano Ward, Tokyo	99,000	Office・Residence・Retail	FY2023(expected)

Example Iidabashi Area

We improved the disaster preparedness of the area by eliminating densely built-up areas of wooden houses and building fireproof and earthquake-resistant buildings. We also took advantage of the intensive land use afforded by the central location and built large-scale buildings with office spaces as the core of the redevelopment, while also allowing for mixed uses such as residences, retail and multipurpose halls all under one roof. In this way, we consecutively achieved two redevelopment projects to revitalize the community by attracting new workers, residents and visitors.

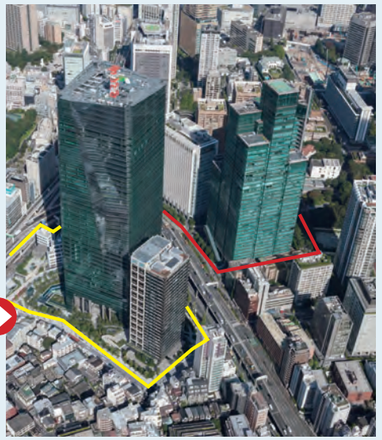
Main building	**Sumitomo Fudosan Iidabashi First Building**	**Sumitomo Fudosan Iidabashi First Tower**
Completion	March 2000	April 2010
Gross floor area (approx.)	62,900m²	78,400m²
Purposes	Office, residence, retail	Office, residence, retail, multipurpose hall



Example Roppongi Area

We completed the IZUMI GARDEN large urban block consisting of two large-scale, mixed-use developments in the area lying east side and west side of the Roppongi-itchome Station, connecting the areas from Roppongi to Kamiyacho. It covers an area of approx. 6 hectares and comprises offices, residences, retail facilities, a hotel, multipurpose halls, a museum, etc. and will become a new base to encourage the development of the local community.

Main building	**Sumitomo Fudosan Roppongi Grand Tower**	**Izumi Garden Tower**
Completion	October 2016	October 2002
Gross floor area (approx.)	210,500m²	208,400m²
Purposes	Office, residence, retail, multipurpose hall	Office, residence, hotel, retail, museum, multipurpose hall



Examples of Our Value Creation Model

Example [2] Housing Remodeling

Renovation of existing houses to extend useful life by improving functionality

The Shinchiku Sokkurisan remodeling business was launched after the Great Hanshin Awaji Earthquake of 1995 with the desire to renovate existing houses to make them earthquake resistant without the high cost of rebuilding. Based on our concept of safe and secure housing, it boasts the industry's foremost track record for full remodeling featuring earthquake reinforcement work and a clear fixed-price system. It marked its 25th anniversary this year, since its launch in 1996, and the cumulative total of units contracted exceeded 150,000 units (as of June 30, 2021). Today, the Shinchiku Sokkurisan has become so popular across the nation that it is a brand synonymous with full remodeling. By leaving main structural components intact and improving housing functionality without rebuilding, the Shinchiku Sokkurisan remodeling contributes to not only extending the useful lives of existing houses, but also to addressing the social issues concerning houses in Japan by being environmentally friendly, i.e., minimizing industrial waste, CO_2 emissions, and waste of resources.

The desire for safe and secure housing

Many houses were destroyed and many precious lives were lost in the Great Hanshin Awaji Earthquake of 1995. Subsequent research revealed that many old houses were left without rebuilding, despite having structural problems, due to various reasons including costs.

The Shinchiku Sokkurisan remodeling was born from the desire to **"find a way to make such houses earthquake-resistant at a reasonable price without rebuilding in order to save precious lives."** As such, it offers a full lineup from "full remodeling" to "partial reform" to transform a house into a safe and earthquake-resistant one, according to the customers' various needs and budget, at about 50-70% of the cost of rebuilding.

A house destroyed in the Great Hanshin Awaji Earthquake, photographed by Professor Kenji Miyazawa

Key issues with the housing stock

- Shorter life cycle than houses in Europe and the U.S.
- Insufficient earthquake resistance and insulation
- Mismatches between lifestyles and floor plans
- Environmental impact from waste generated when rebuilding

Through the Shinchiku Sokkurisan remodeling:

Extended useful life through improved functionality
Earthquake-proofing and seismic retrofitting
Revised floor plans to suit changing lifestyles

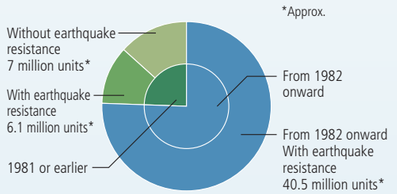
Reduced environmental impact
Reduced waste by leaving main structural components intact to lower CO_2 emissions and improve energy-saving functionality

Renovation of traditional-style houses harmonizes the cityscape
Traditional-style house exteriors left in place, harmonizing with other homes in the community; interiors modernized to match current lifestyles

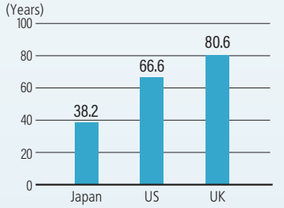
Social issues concerning houses in Japan

Although the penetration rate of earthquake resistant houses in Japan is increasing every year, there are still many houses with low earthquake resistance. Moreover, the lives of houses in Japan are relatively short compared with those in Europe and U.S. and the short rebuilding cycle has emerged as an issue in contemporary Japan. Waste from the demolition of houses accounts for a large share of waste discharged by the construction industry. It is called for that lives of houses should be extended to facilitate the shift to a stock-type society where houses could be used by successive generations.

1 Earthquake-resistance of housing stock

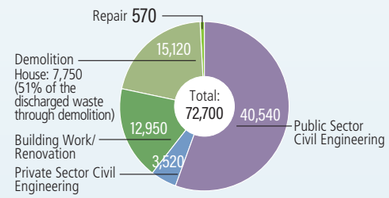


2 International comparison of the average age of houses



3 Breakdown of construction waste

(Unit: thousand tons)



Sources: 1 Ministry of Land, Infrastructure, Transport and Tourism "Progress of Earthquake Proofing of Houses"
2 Ministry of Land, Infrastructure, Transport and Tourism "International Comparison of Average Age of Houses Deregistered in 2018"
3 Ministry of Land, Infrastructure, Transport and Tourism "Residential Land Session, Panel on Infrastructure Development (36th) "

Shinchiku Sokkurisan initiatives concerning social issues

Extending the useful lives of houses through seismic reinforcement

Shinchiku Sokkurisan offers proposals for improving the house's functionality to make it earthquake resistant without rebuilding mainly through seismic reinforcement work based on earthquake resistance diagnosis that meets the government's safety standards.

Moreover, in the Kumamoto Earthquake of 2016, a series of powerful tremors caused the collapse of houses previously considered not to need seismic reinforcement under current laws. In view of such circumstances, we developed a proprietary method to counter such a series of powerful tremors. With the addition of this new method, we now offer seismic reinforcement and damping plans suitable for houses of all ages.

We are promoting houses where people can continue to live in with peace of mind by improving the safety functions through this reinforcement work.

Contributing to the reduction of the environmental impact

Shinchiku Sokkurisan remodeling contributes to the reduction of the environmental burden by extending the life of the house through earthquake reinforcement while the principal structural elements of the house are retained, thus minimizing industrial waste discharge, CO_2 emission, and waste of resources, compared to the demolition involved in building a new house.

Home interior stripped down to its main structural elements

Revised floor plans to suit changing lifestyles

In addition to seismic reinforcement, Shinchiku Sokkurisan offers remodeling that makes living comfortable, with thermal insulation, waterproofing, barrier-free design, etc. Furthermore, in response to changes in family structures and aging population, we offer solutions customized for the lifestyles without rebuilding, such as layout changes, extensions, downsizing, transformation of a two-story house to a one-story house, or a two-family house.

Solution for rapidly increasing disused houses

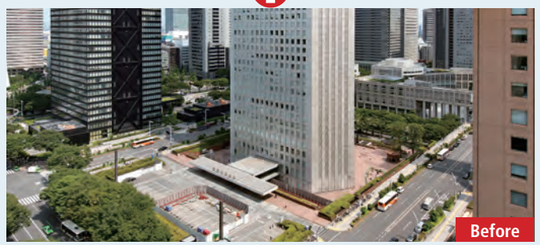
The high number of disused detached houses has become a social issue in Japan. Through remodeling, turning them into social welfare centers, share-houses, travelers' inns, etc., we contribute to utilization of existing house stocks and support safe and sustainable city.

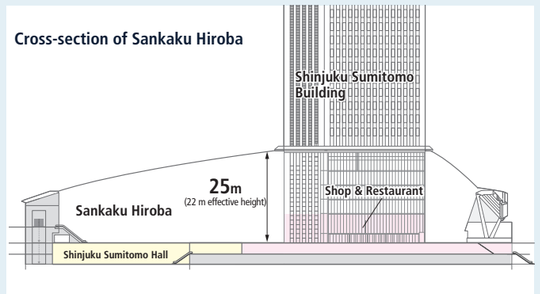
Examples of Our Value Creation Model

Example [3] Building Renovation

Renovating an urban high-rise building without rebuilding and strengthening community functions

We implemented an extensive renovation of Shinjuku Sumitomo Building, an office-use skyscraper originally completed in 1974, and in July 2020, we completed the "Sankaku Hiroba" (triangular plaza), a large space for public events. Sankaku Hiroba is an all-weather atrium of approximately 3,250m² created by building a gigantic glass roof over an open public space incorporated into the building's design. The facility not just adds to the vibrancy of the Shinjuku district, where wide-ranging functions are highly concentrated, but provides a disaster prevention function as an emergency shelter in case of large-scale disasters. Having been renovated instead of rebuilding, it serves as a model embodying how an office building can achieve sustainability.





Chronology *Approx.

1974	Completed Construction of Shinjuku Sumitomo Building
2016	Designated as a national strategic special zone; city planning of specified district changed
2017	Started Large-scale renovation – certified private-sector city revitalization project plan
2020	Completed Large-scale renovation work – Opened "Sankaku Hiroba"

Gross floor area: 180,195m² Atrium area: 6,500m²* (Sankaku Hiroba: 3,250m²*)

Key issues for Nishi-shinjuku, an urban business area

Wide-ranging functions are highly concentrated in the area. However, large subdivisions and double-layered roadways obstruct continuity and movement and disperse interaction.

Created "Sankaku Hiroba," one of the largest atrium spaces in Japan

Upgraded facilities to the same level as those of a new building

Serves as a local disaster preparedness center in emergencies
Serves as a temporary evacuation facility for around 2,800 people unable to return to their homes

A model for sustainability of a high-rise building without rebuilding
- Enhanced BCP functionality (damping reinforcement, emergency power generator)
- Reduced environmental impact (installed energy-saving equipment equivalent to new-building standards)
- Eliminated uneven flooring (facilitating barrier-free movement)

Shinjuku's new hub for liveliness

The Nishi-shinjuku district, where Shinjuku Sumitomo Building is located, was designated a subcenter of Tokyo in 1958. Since then, it is not only a business center where approximately 200,000 people work but also an area where there is a high concentration of a variety of functions, including large hotels, commercial facilities, universities, hospitals and residences. On the other hand, as the district was developed on a former water purification plant, it faced some issues such as open spaces representing 80% of the district's areas and a two-layered structure of roads obstructing the continuity and movement of the cityscape and dispersing vibrancy. The Sankaku Hiroba project is a major public-private project to enhance the function of the district as a whole, beyond a single building. It is expected to bring about a new vibrancy to the district by hosting a variety of events in one of the largest all-weather event spaces in Japan with a capacity of about 2,000 people and taking advantage of the adjoining Shinjuku Sumitomo Hall, which is equipped to host international conferences.

A view of an event held at Sankaku Hiroba

Counter-disaster facility for the district

In 2011, while the project was underway, the Great East Japan Earthquake inflicted unprecedented damage to areas across Japan. As the damage highlighted the importance of disaster prevention in urban areas, we designed Sankaku Hiroba so that it can shelter temporarily up to about 2,800 stranded commuters in the event of an emergency. Furthermore, in the remodeling work to the main building, we enhanced measures for business continuity planning (BCP) for the further safety of tenants including seismic reinforcement and expansion of oil tanks and generators.

Sankaku Hiroba, one of the largest all-weather event spaces in Japan

A model embodying sustainability of office buildings

Shinjuku Sumitomo Building has been adored by the public and nicknamed "Sankaku Biru" (triangular building) for its shape for nearly half a century since 1974 in a period when skyscrapers started to be built in Japan. Instead of tearing down the Sankaku Biru, the project created a sophisticated interior space as fresh as a newly constructed building through extensive remodeling work, which introduced cutting-edge equipment and designs but left the triangular outward appearance intact. By choosing not to tear down and reconstruct the building, we significantly reduced the amount of industrial waste, such as construction materials, and by introducing energy-saving equipment on a par with those for new buildings, we reduced the environmental load. Furthermore, the remodeled building entrances enhance the barrier-free feature of the region by designing pedestrian routes that resolve height gaps in surrounding areas.

CTBUH* Awards: The first in Japan to win the "Award of Excellence" for the Renovation Category

This renovation project of Shinjuku Sumitomo Building was recognized for its innovative approach and excellence as well as its applicability to other projects and the high quality attained in the following areas: "Environment" – it minimize effects on the natural environment, "People" – it has a positive effect on the inhabitants and the quality of human lives, "Community" – it demonstrates relevance to the contemporary and future needs of the community in which it is located, and "Economic" – adds economic vitality to its occupants, owner and community. The project became the first to be awarded the "Award of Excellence" in the CTBUH Awards 2021/Renovation Category by the CTBUH.

*The CTBUH (Council on Tall Buildings and Urban Habitat) was founded in 1969. Its goal is to increase global understanding of tall buildings and sustainable urban housing and develop expertise through international interchange between experts, in order to create healthy urban environments.