

Living Related & Real Estate Business Unit

What We Aim to Be and Our Growth Strategy

May 16, 2019

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General Manager, Living Related & Real Estate Business Unit

1. Business Unit Overview

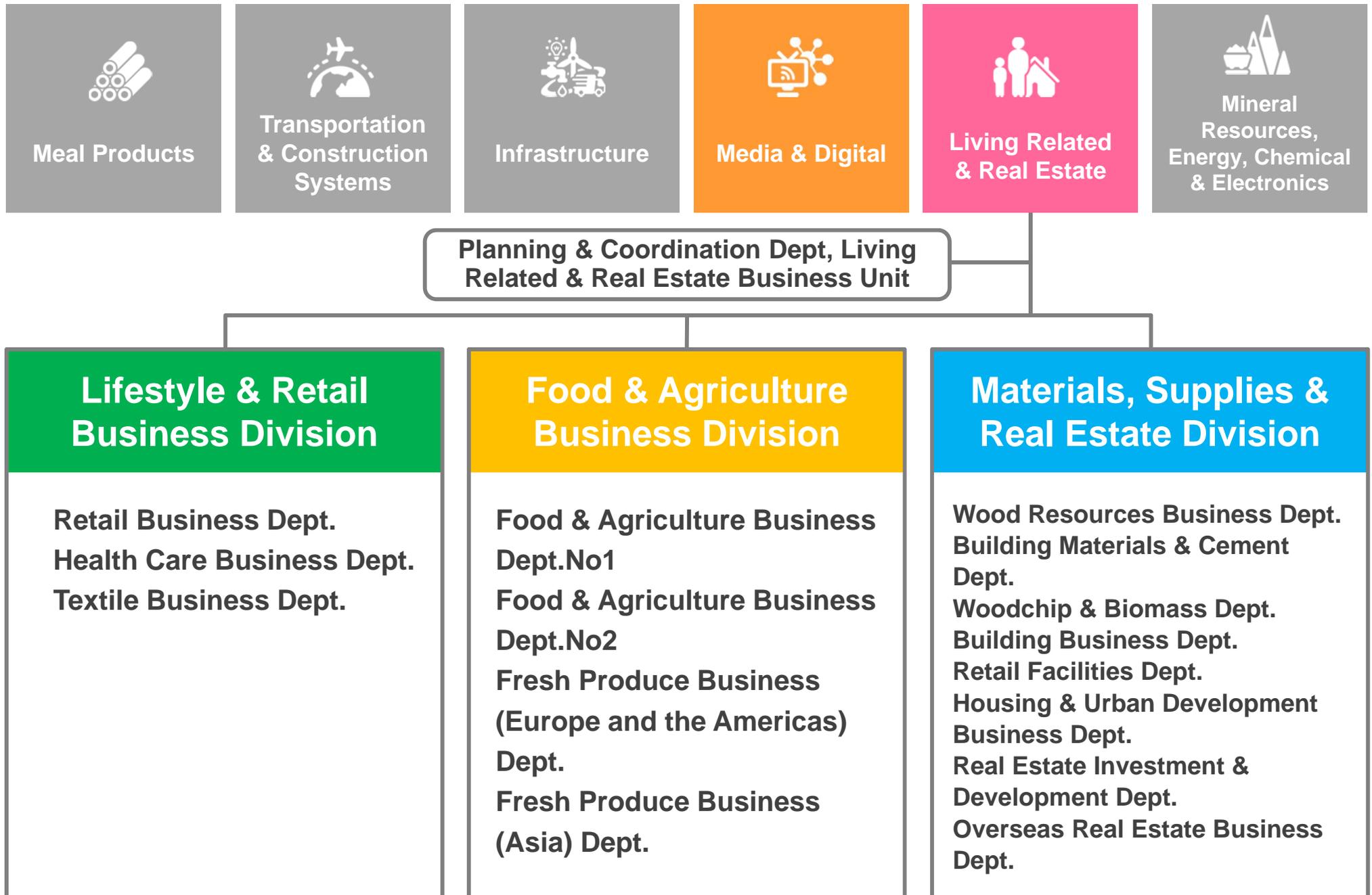
2. Business Unit Growth Strategy

3. Quantitative Targets

< Business Unit Vision >

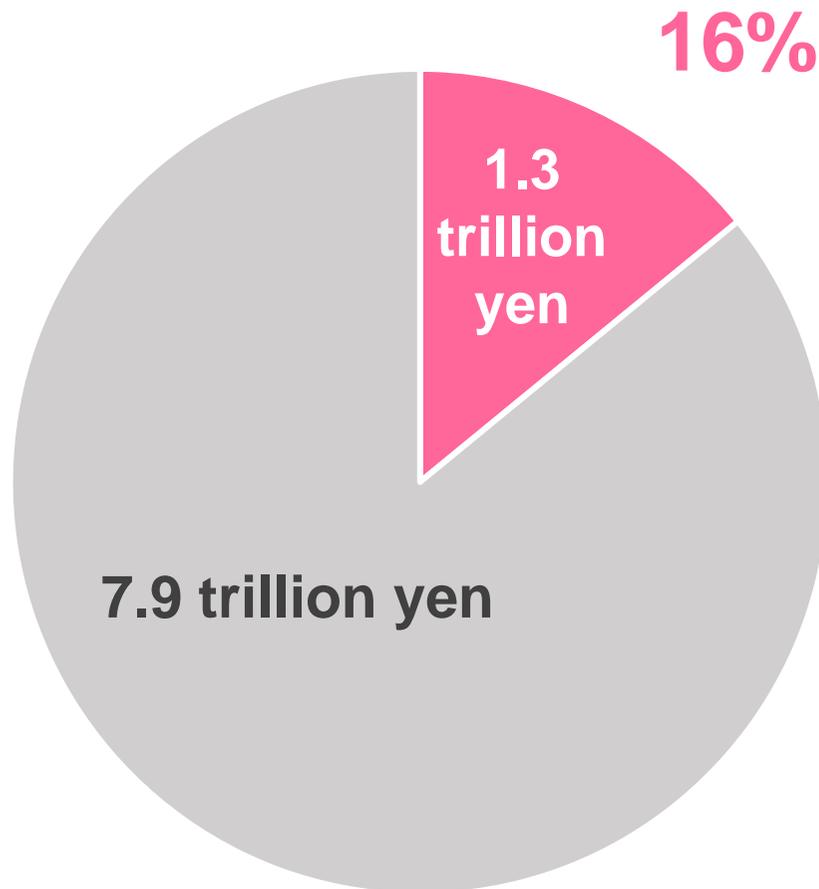
We meet global consumers demand with our products and services and create **new distinctive values and lifestyles for more comfortable and **exciting lifestyles****

Organization

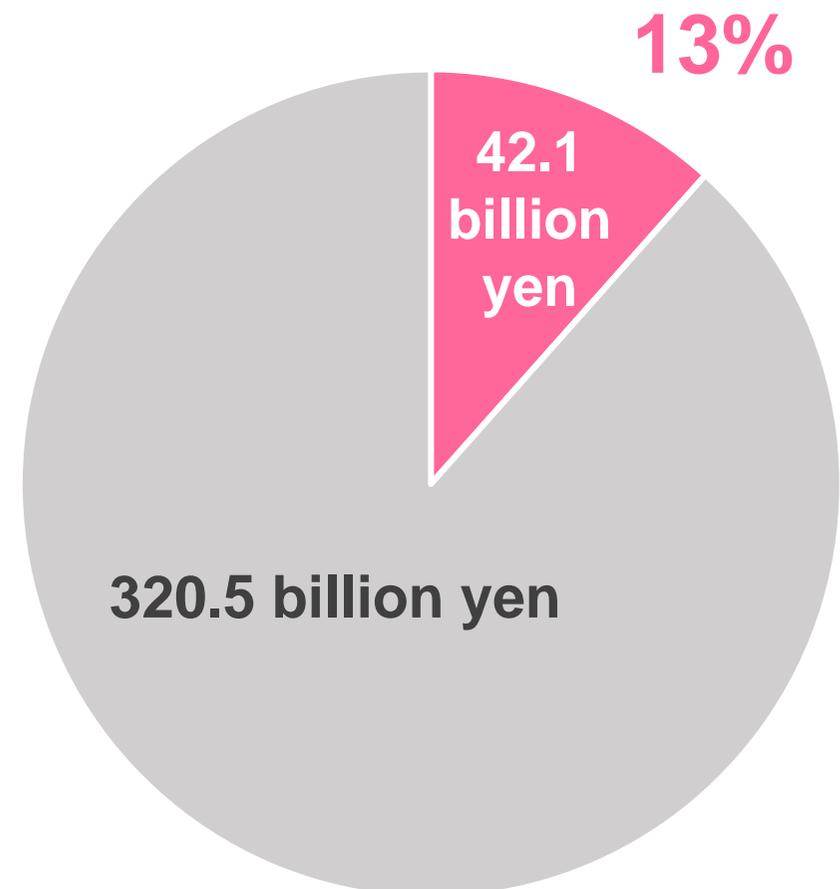


Positioning of the Business Unit Within Sumitomo Corporation

Total Assets in FY2018

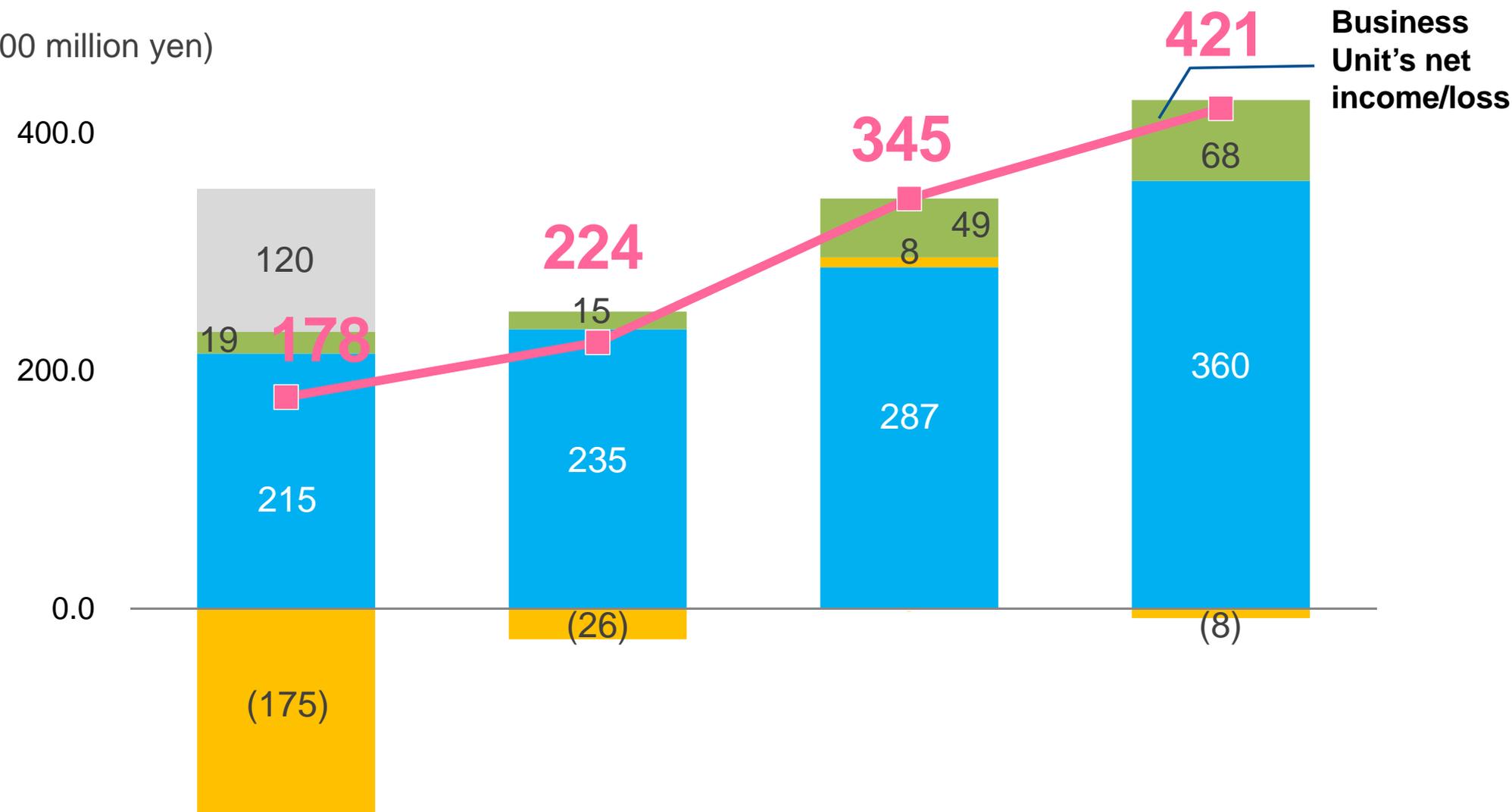


Net Income in FY2018



Net Income/Loss (FY2015-FY2018)

(100 million yen)



FY2015 Results

FY2016 Results

FY2017 Results

FY2018 Results

including profit on equity
in earnings from Shop Channel

■ Materials, Supplies & Real Estate Division

■ Food & Agriculture Business Division

■ Lifestyle & Retail Business Division

■ One-off profits/losses

Business Unit Growth Strategy

Enhance core business
Enter into new business areas

Core business

Retail/Fresh produce/
Real Estate

New area

Health care
Smart city
Biomass fuel

**Utilization of
Platform, WG**

**Regional
Expansion**

**Cross Organizational
Function**

Approach to DX

Global human resources with BtoC point of view

1. Business Unit Overview

2. Business Unit Growth Strategy

2-1. Enhancement of values for core business

2-2. Advance into new area

3. Quantitative Targets



Nabeya Yokochi Store opened on March 23



Business line

Supermarket (SUMMIT store) business

Number of stores

115 stores mainly in Tokyo (as of March 31, 2019)

Initiatives

- Resume/accelerate new store openings
- Promote the opening of small size stores in city center
- Strengthen ready to eat / cook products
- Enhance existing stores through renovation
- Reinforce services and save labor by DX

Creating topical catalogues



Challenges

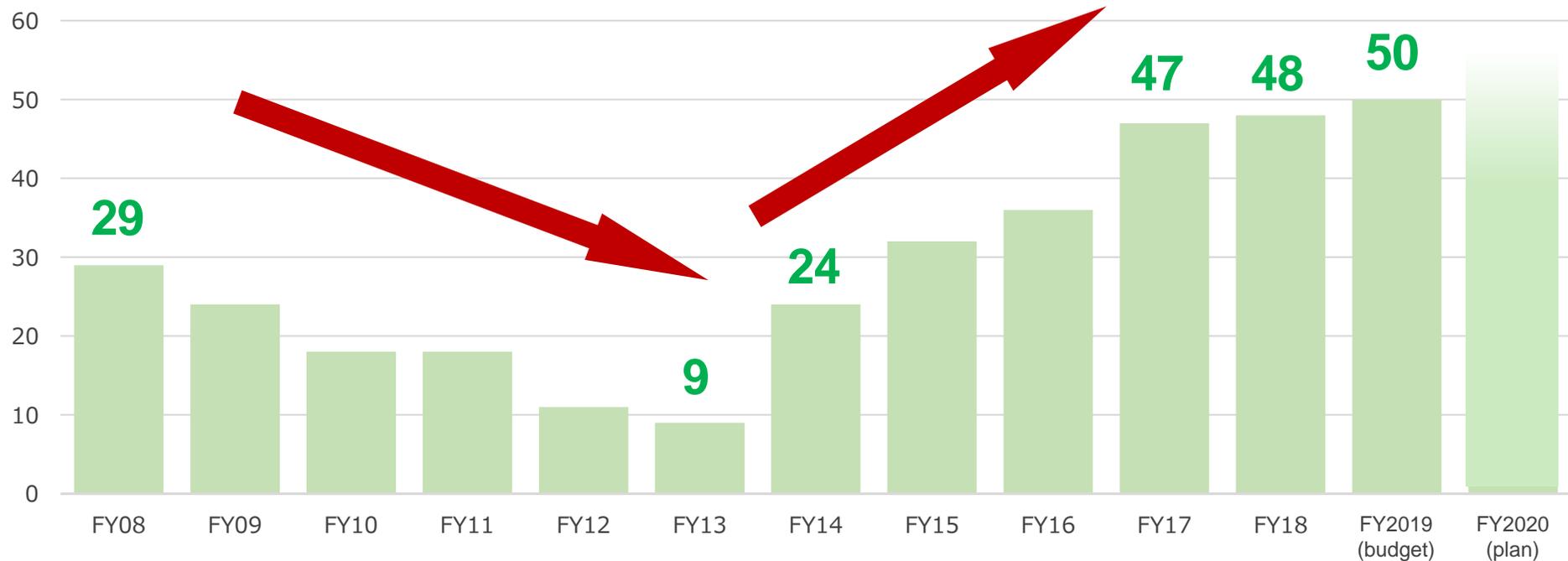
- Rising personnel cost
- Competition with competitors and other retailers (convenience stores, drug stores, etc.)
- Low birthrate and aging, and changes in consumers' behaviors (needs for ready to eat / cook products), etc.

Measures

- Improvement of profitability of existing stores through renovation
- Enhancing profitability through the resumption of new store openings
- Increasing sales share of ready to eat / cook products with high profitability

Consolidated Net Income

(100 million yen, Japan standard 100% base)



Achieve Growth Based on Unique Products and Organizational Collaboration

Brand pork

Silky pork
(Yongenton pork)

Handling volume:
Approx. 28,000MT



SUMMIT

Number of stores*

115

Number of buyers per day*

400,000

Number of point card members*

1,640,000

*As of March 31, 2019

Brand beef

Iowa
premium beef

Handling volume:
Approx. 5,000MT



SC Foods

Customer base*

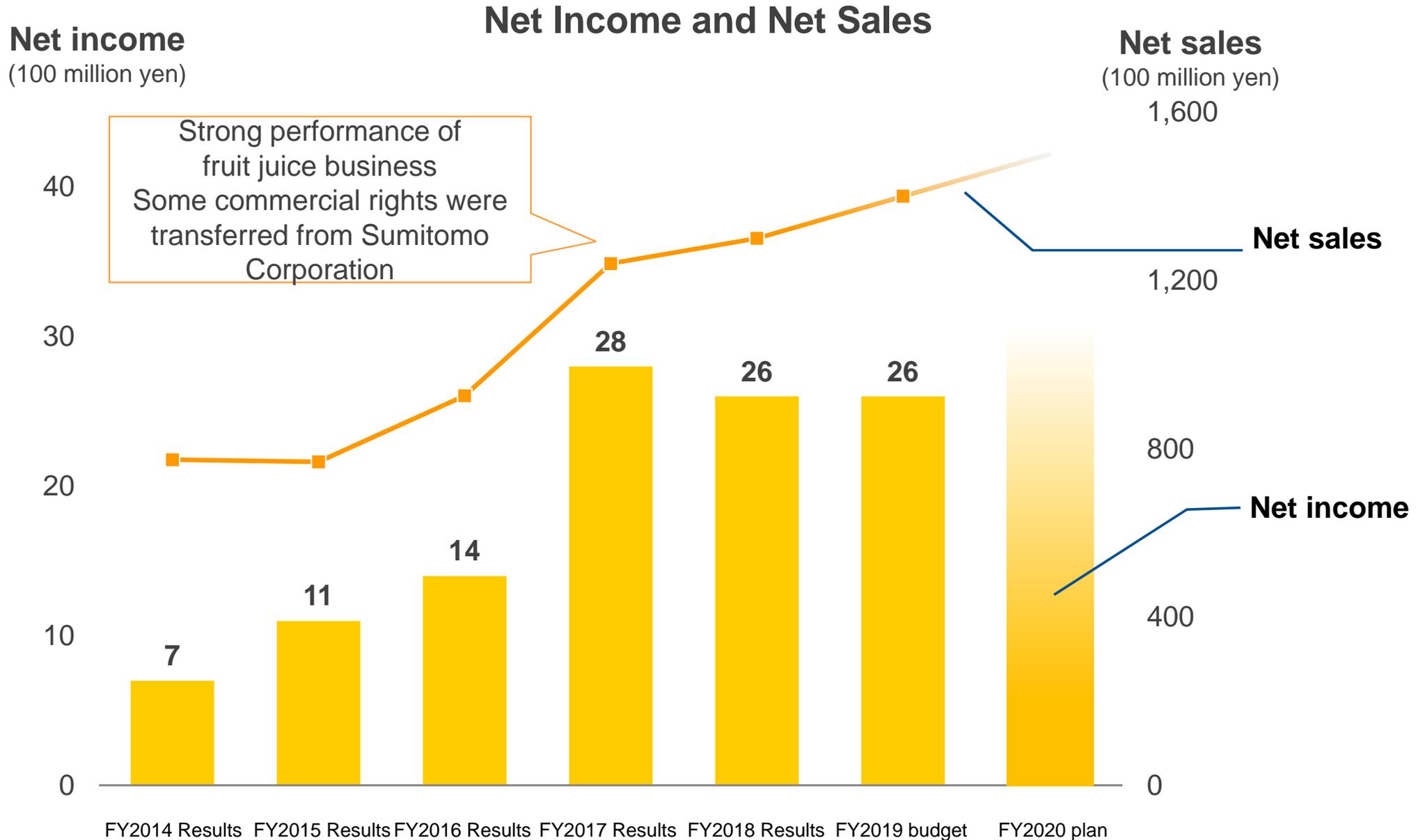
Approx. 800
companies

Product development capability

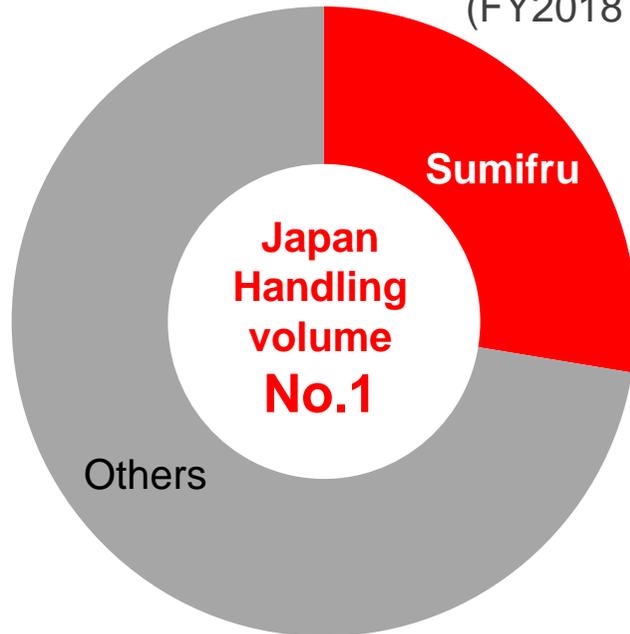
*As of March 31, 2019

Collaboration between SUMMIT and SC Foods on meat business

- Contact points with consumers, transaction track records with food manufacturers, food service providers and mass merchandisers, and collaboration in product development
- The two companies collaborate in the series of processes including supply, storage and food processing



Market Shares for Bananas*
(FY2018 Results) *Weight basis



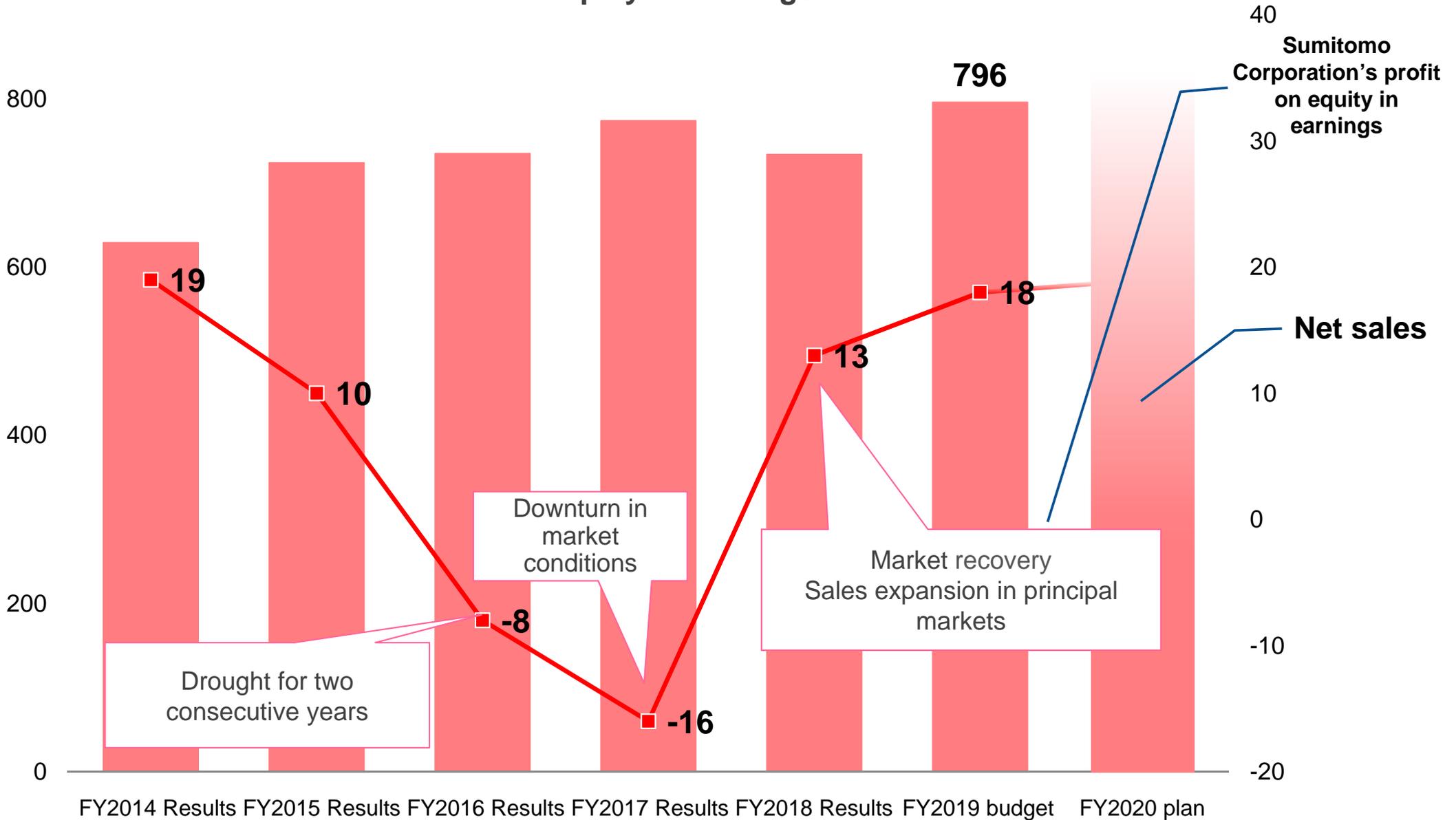
We sell bananas in Japan, Korea, China and Middle East. Japan and Korea, where we sell premium bananas, are revenue markets.

Challenges	Measures
Reinforcement of sales	We will continue to take measures to expand sales in Japan and Korea. We will also strengthen the sales of premium bananas in China.
Stabilization of production	We will invest in drip irrigation system to cope with drought.
Introduction of DX and new technologies	By considering the introduction of Agritech and new technologies, we will aim to improve efficiency.

Net sales
(100 million yen)

Net sales and Sumitomo Corporation's Profit on Equity in Earnings

Profit on equity in earnings
(100 million yen)



Market Shares (FY2018 Results)

Bananas: **No.1 in Europe**

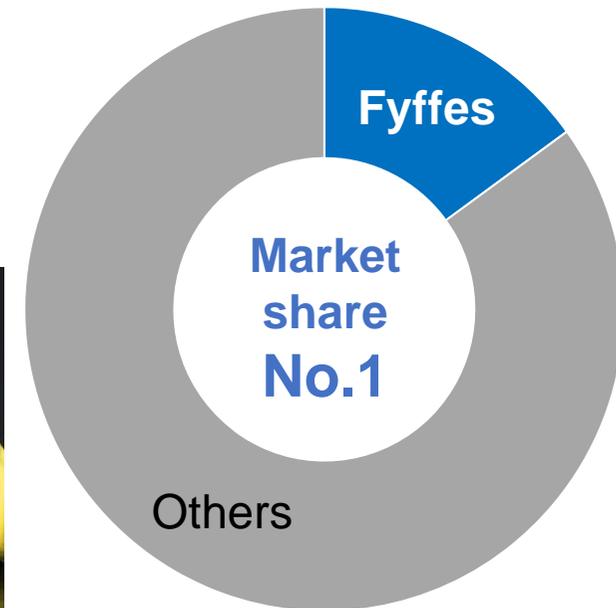
Melons: **No.1 in North America**

Pineapples: No.3 in Europe and
North America

Mushrooms: **No.1 in Canada**

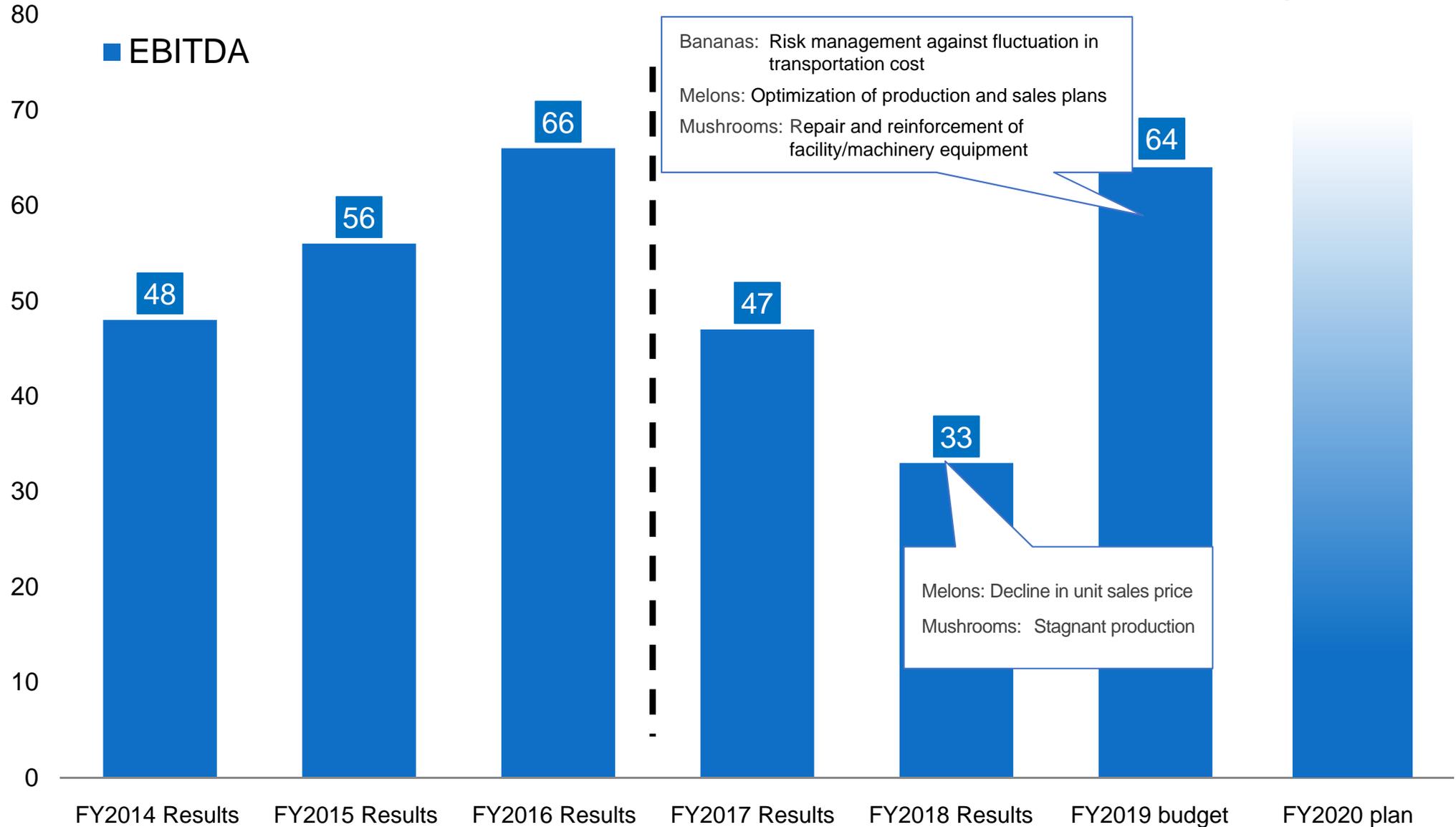


Bananas: Market share in Europe



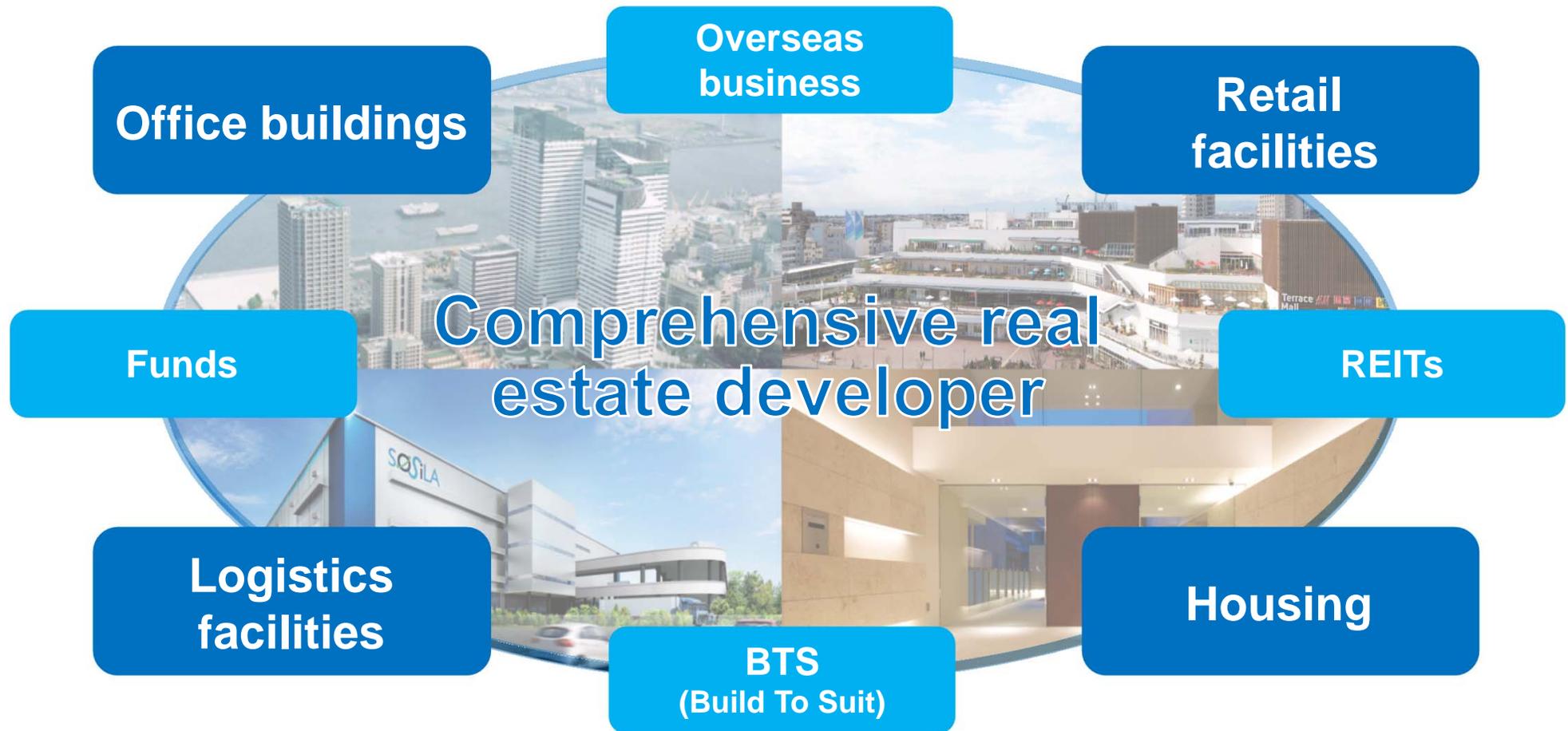
Challenges	Measures
Stabilization of revenues	Bananas/Pineapples: Risk management against fluctuation in transportation cost and expansion of sales volume
	Melons: Optimization of production and sales plans, reduction of waste loss
	Mushrooms: Reduction of production cycles and repair of facility/machinery equipment
Introduction of DX and new technologies	By considering the introduction of Agritech and new technologies, we will aim to streamline production.

(€ Million) **EBITDA and Sumitomo Corporation's Profit on Equity in Earnings**



Profit on equity in earnings (100 million yen)	1	(29)*	7
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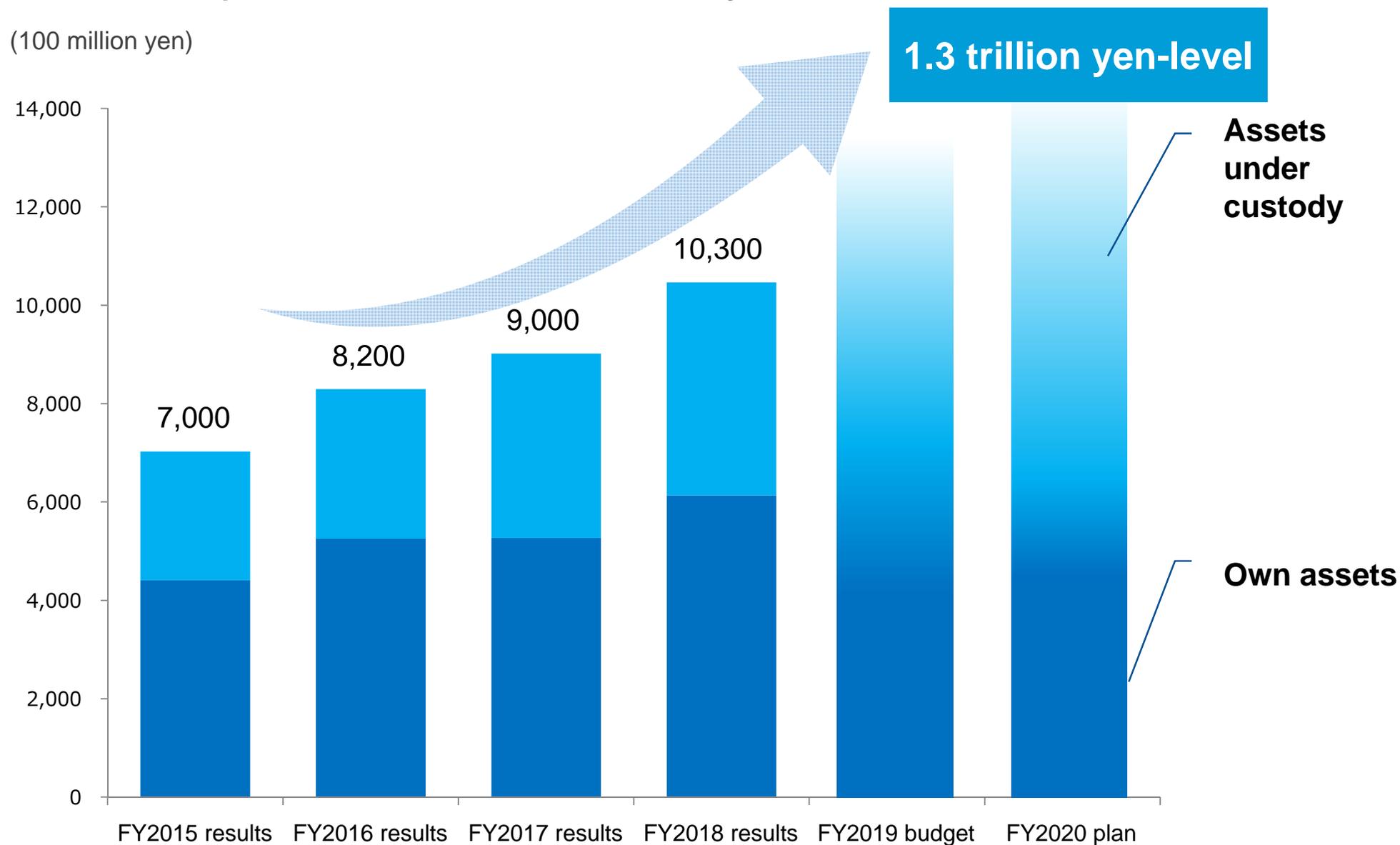
Including impairment loss of 2.0 billion yen



Hands-on culture to engage in entire processes from area development to real estate operations

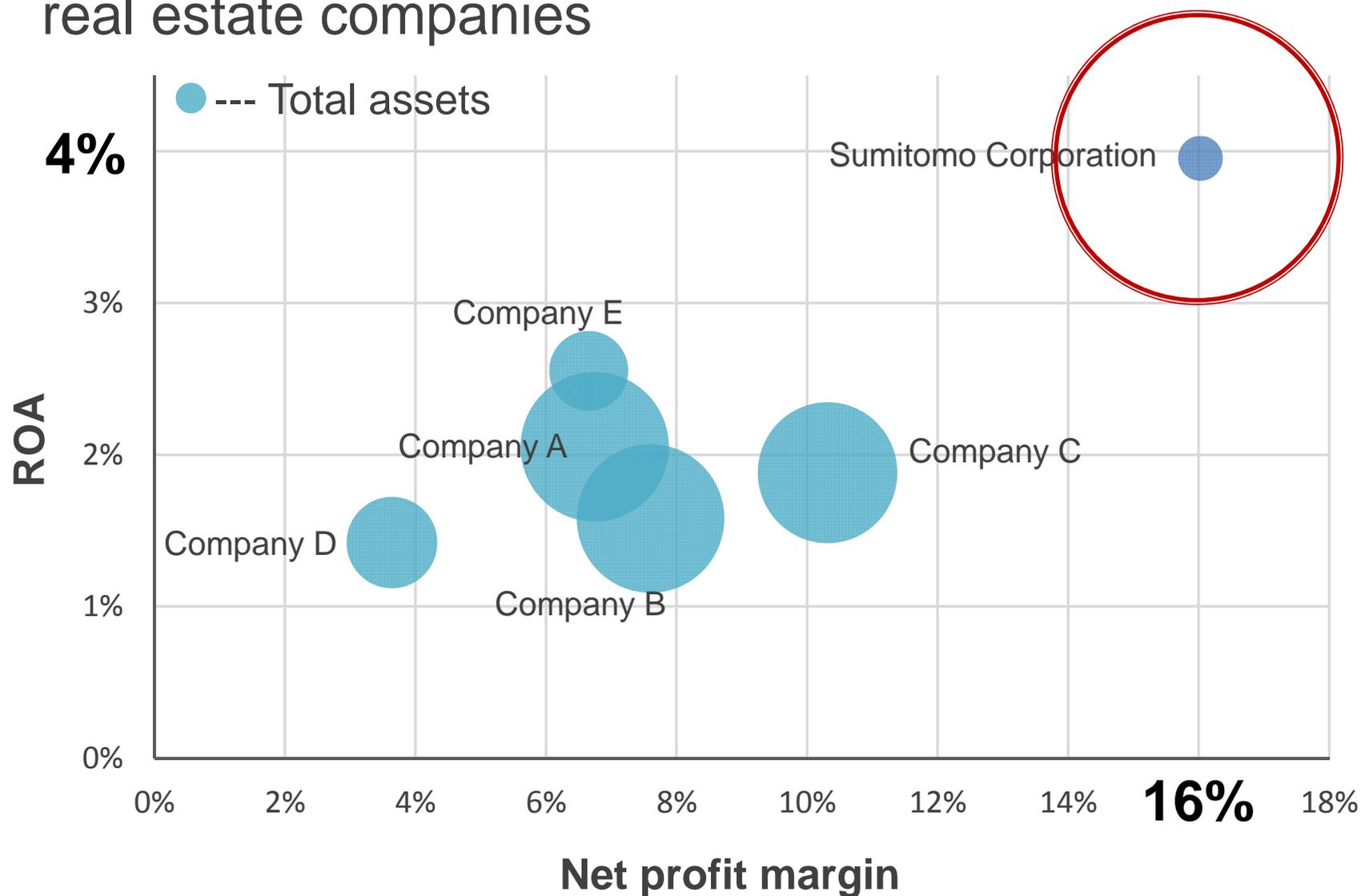
Real Estate Business Assets Under Management

Expanded to the 1.3 trillion yen-level



Real Estate Business Net Profit Margin/ROA

Higher asset efficiency compared with other leading real estate companies

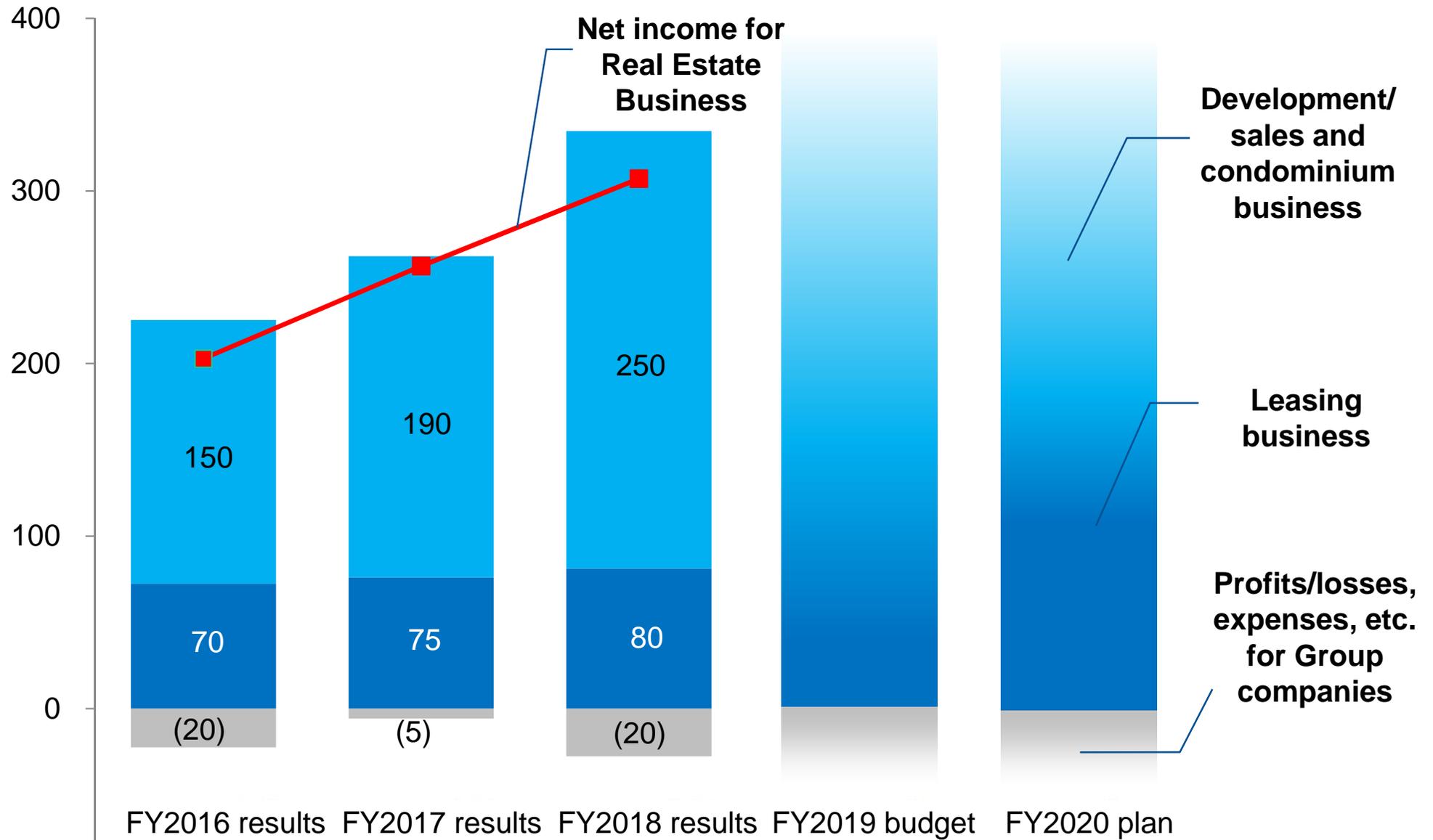


* Excluding some large one-off profits/losses. Results for each company are based on average values between FY2012 and FY2017 in accordance with publicly available materials.

Real Estate Business Revenues from Leasing Business, Development/ Sales and Condominium Business

Stable operating revenues of the 30.0 billion yen level

(100 million yen)



Real Estate Business Rental Business

Promotion of Kanda area development to secure stable revenue foundation

Real Estate Business total		31.0 billion yen
Net income (FY2018 results)	Kanda area	⇒ 1.2 billion yen ⇒ Approx. 5.0 billion yen (FY2021)

Real Estate Business total		610.0 billion yen
Total assets (FY2018 results)	Kanda area	160.0 billion yen



Real Estate Business Development/Sales and Condominium Business

Development aimed at securing capital gains while maintaining premium assets with unrealized gains



Medium-sized office building “PREX”



Condominium “CLASSY HOUSE”



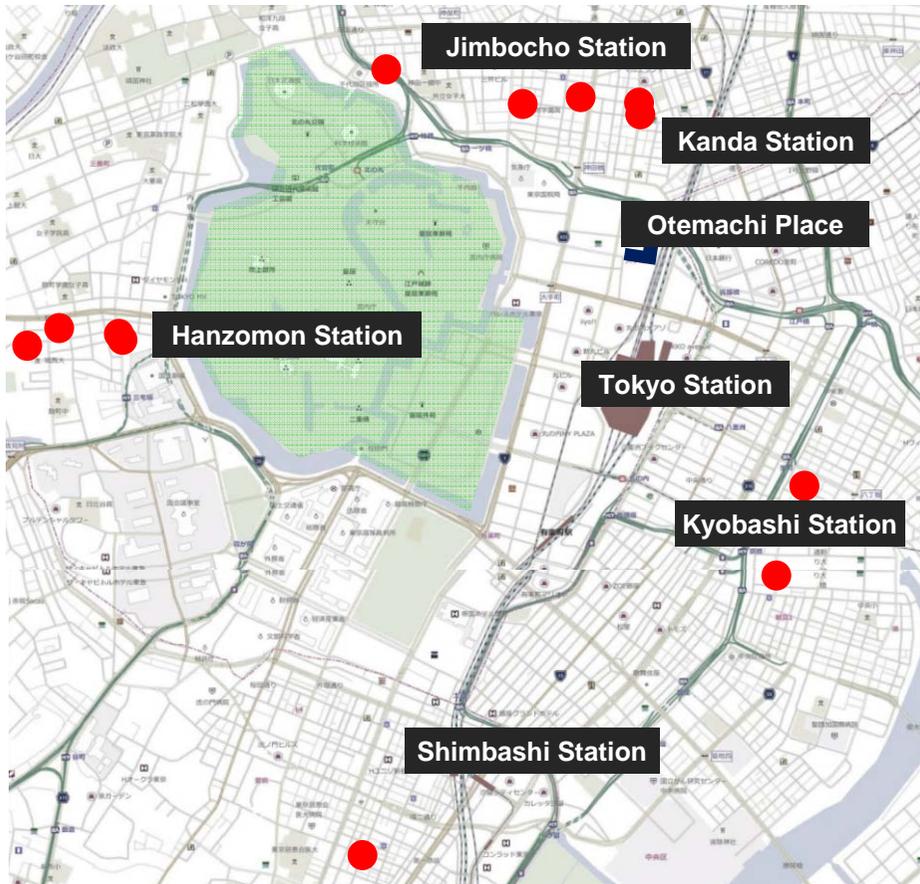
Logistics real estate “SOSiLA”



BTS (Build To Suit)

Real Estate Business Medium-sized Office Building “PREX”

Expansion with a focus on Tokyo metropolitan area



Workplaces that utilize rooftop garden and refreshment space

Completed: **8 projects** / Under development and planning: **5 projects***
Complete the processes from site acquisition to disposition for **approx. 3 years**

*As of March 31, 2019

Real Estate Business Condominium Development Business

Promotion of the condominium business targeting upper-middle class with a focus on the Tokyo metropolitan area and the Kansai area



CLASSY TOER Yodoyabashi

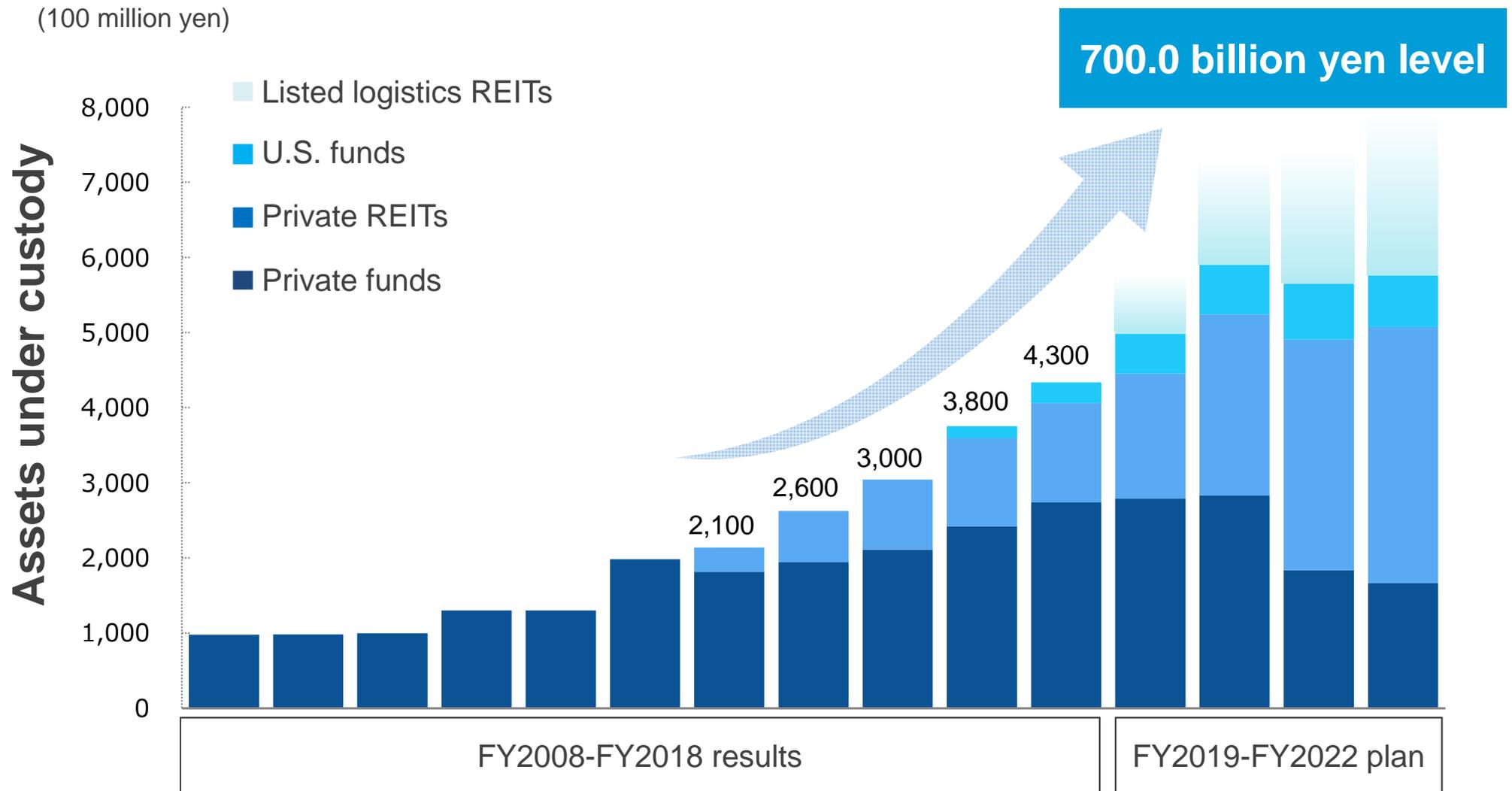


2020 Tokyo Olympic Athletes Village Site Redevelopment Project
HARUMI FLAG

Entry into complex development and urban redevelopment projects
Total number of condominium units sold: **Approx. 70,000**

Real Estate Business Fund and REIT Business

Expand assets under custody to the 700.0 billion yen level



Real Estate Business Overseas Real Estate Business (Americas)

Aim to achieve overseas business ratio of 20%



Minneapolis



San Diego



Houston



Apartments in various regions



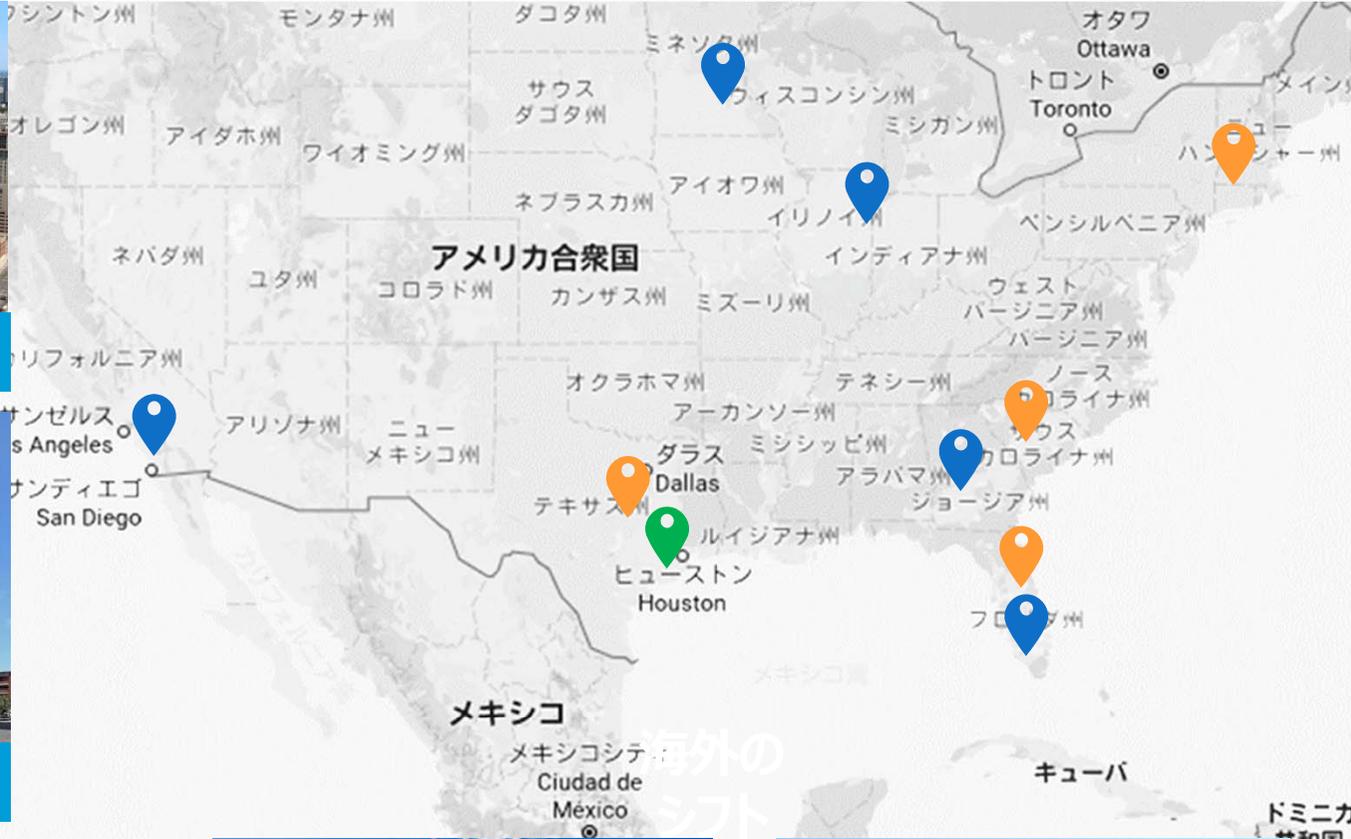
Atlanta



Chicago



Miami



Real Estate Business Overseas Real Estate Business (Asia)

Aim to achieve overseas business ratio of 20%



 China

Condominiums



 Vietnam

Office buildings / smart city projects



 India

Condominiums



 Indonesia

Condominiums

Office buildings

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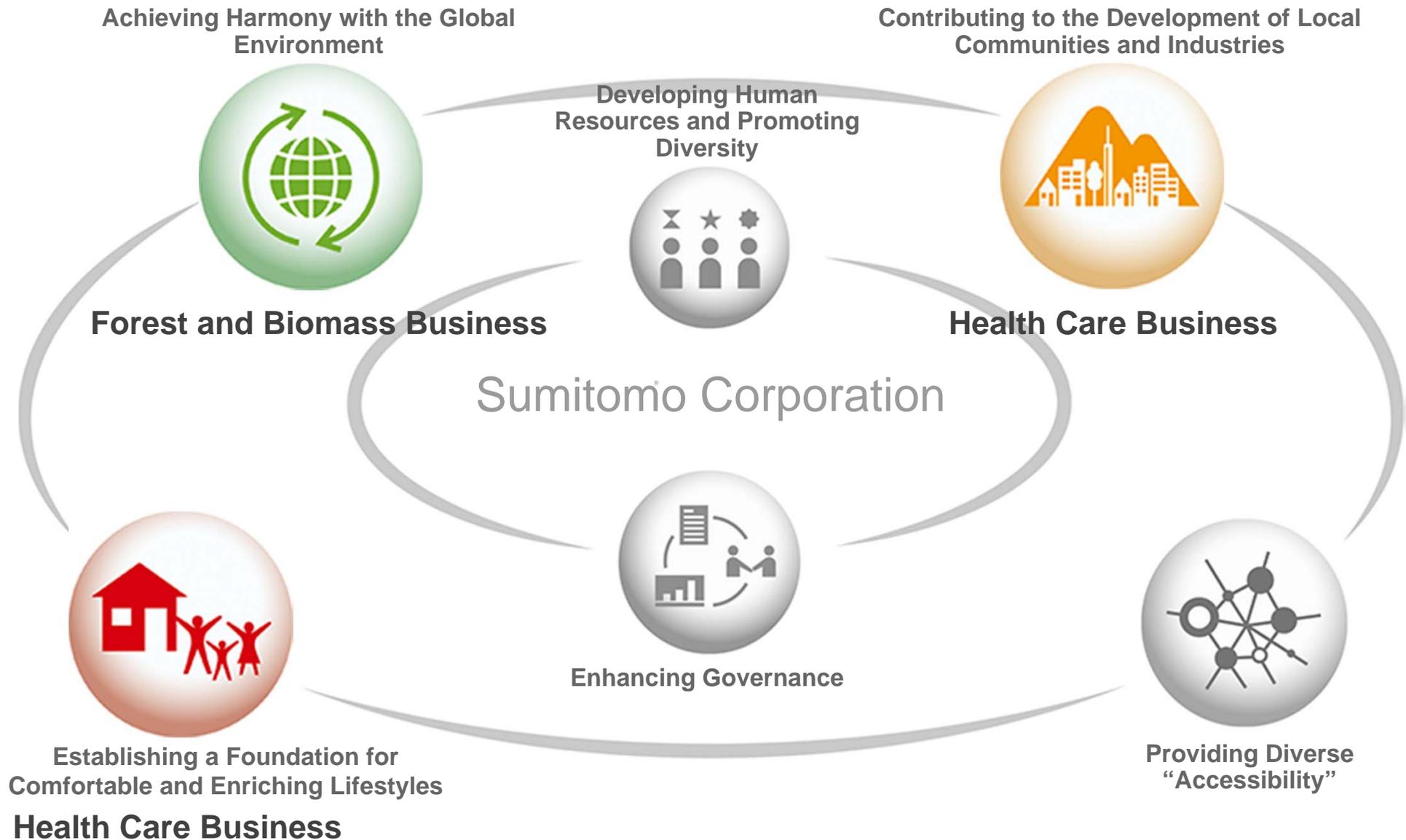
2-1. Enhancement of values for core business

2-2. Advance into new area

3. Quantitative Targets

Significance of Initiatives in New area

Identification of material issues to be addressed (Material Issues)



Forest and Biomass Business

Contribute to Achieving Harmony with the Global Environment



New Zealand (Summit Forests New Zealand)

Russia (TERNEYLES)

Forest area
Approx. 3,000,000 ha

Sustainable forest management
FSC® certification has been obtained for all forest areas

Evaluation of initiatives to achieve low carbon emissions
A- obtained for CDP Forest*

* Forestry division in the organization that assess corporate efforts to achieve low carbon emissions

Engage in the biomass business by leveraging insights cultivated through the forest management business

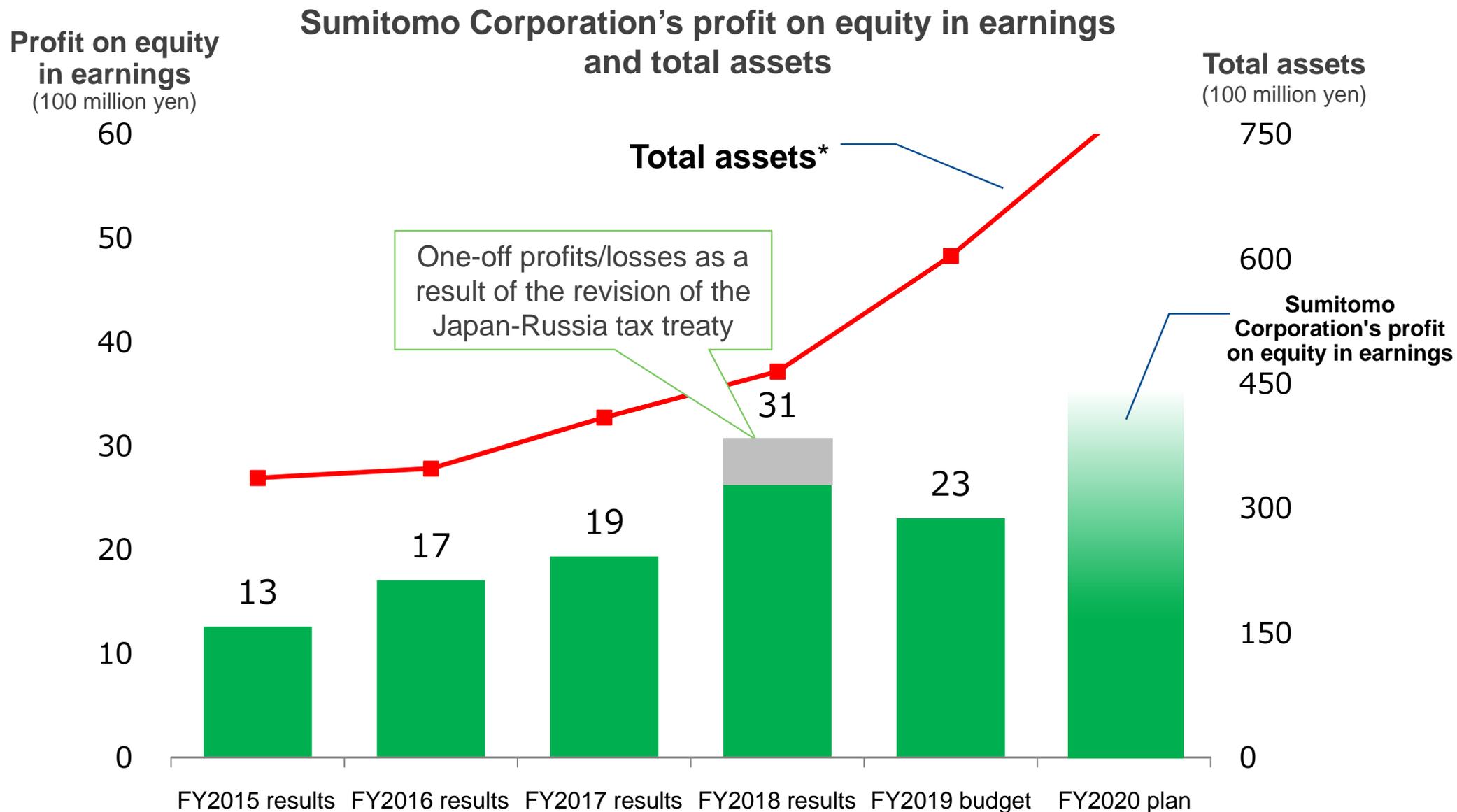
Strength
Import share in Japan: 40%
370,000 ton**

**FY2018 results

Strength
Solid relationship with electric power companies and gas companies

Strategy
Reinforce upstream investments

Aim to Achieve the Expansion of Sustainable Forest Assets



*Total of total assets for a business entity in New Zealand and book value of Sumitomo Corporation's equity-method investment in a business entity in Russia

Health Care Business Overall Strategy

<Vision> Establishment of sustainable health care platform that enhances quality of life



Japan	Developed countries
<p>Aging society, financial difficulties × Cost efficiency Sophistication of services</p>	

Emerging countries
<p>Rise of middle class × Development of necessary infrastructure platform</p>



Strategically invest resources in fields where we should take on as the Health Care WG* across the Group

Key investment fields

[Japan/developed countries]
TOMOD'S, dispensing business / comprehensive regional care
Pharmaceuticals and cosmetics related

[Emerging countries]
Managed care business

*Working group comprised from Lifestyle & Retail Business Division, Media Division and Life Science Division

Health Care Business Initiatives in Japan

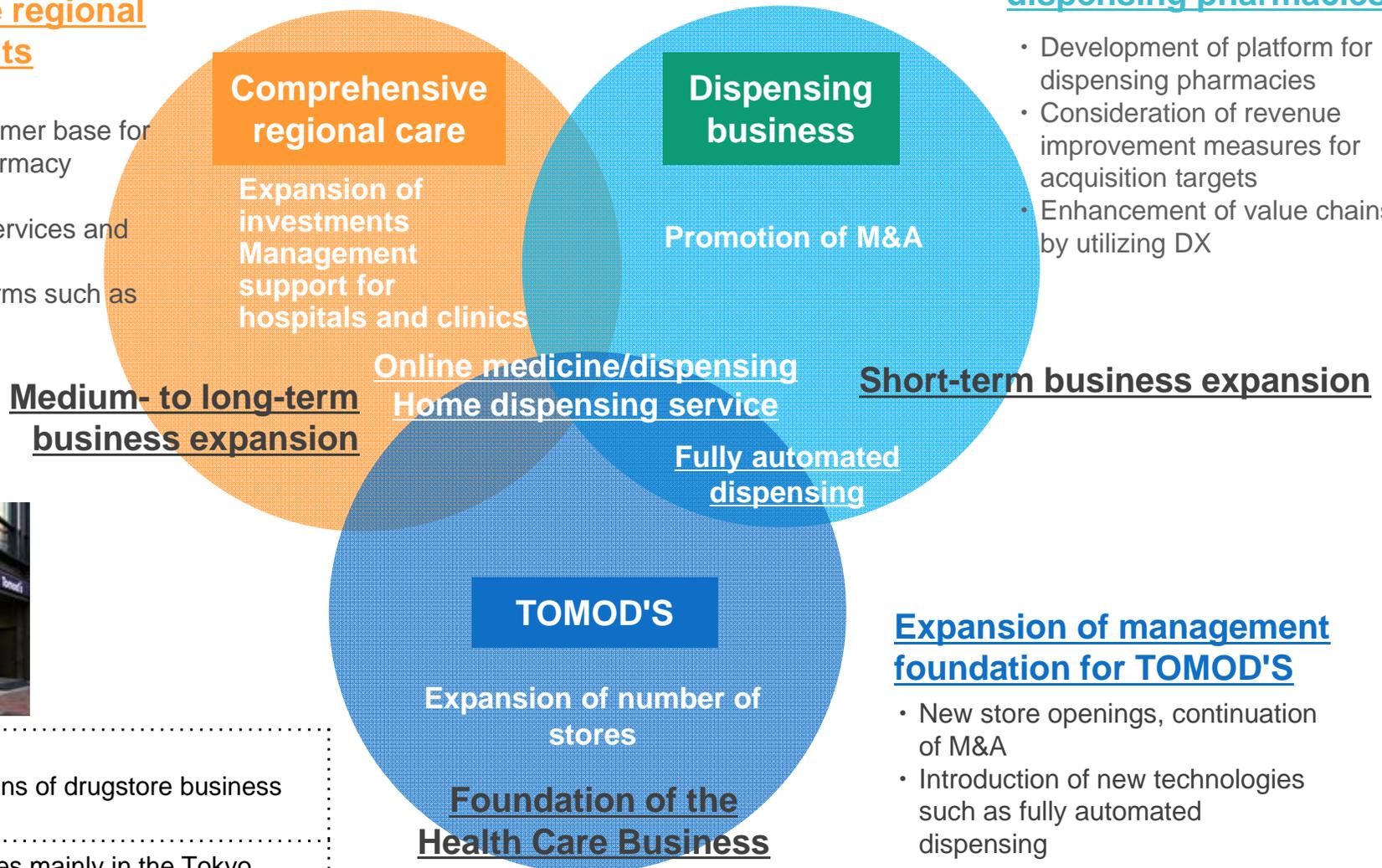
Development of network for providers of comprehensive regional care and patients

- Expansion of customer base for the dispensing pharmacy business
- Sophistication of services and functions
- Utilization of platforms such as J:COM

Health Care Business in Japan
Image of business expansion

Consolidation of dispensing pharmacies

- Development of platform for dispensing pharmacies
- Consideration of revenue improvement measures for acquisition targets
- Enhancement of value chains by utilizing DX



TOMOD'S
Business
line

Operations of drugstore business line

Number
of stores

174 stores mainly in the Tokyo metropolitan area
(as of March 31, 2019)

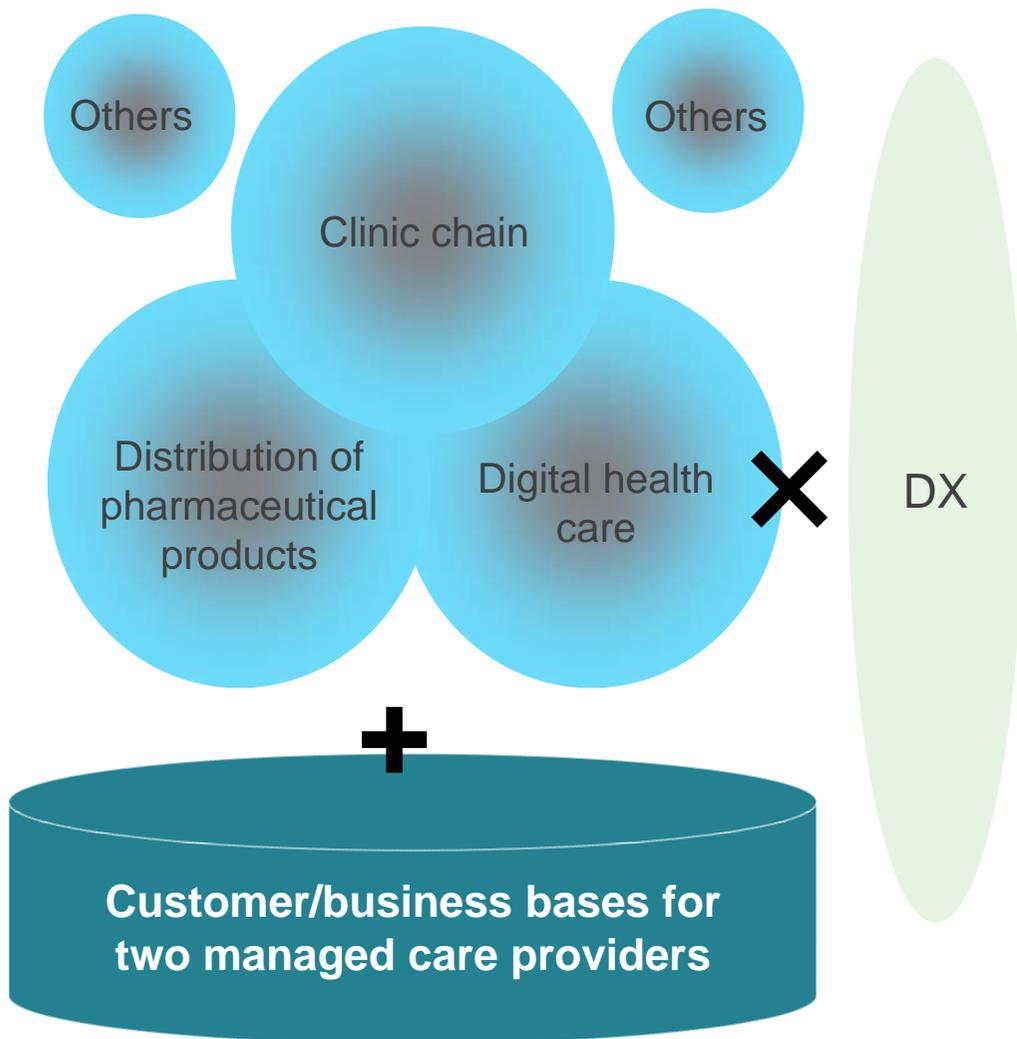
Expansion of management foundation for TOMOD'S

- New store openings, continuation of M&A
- Introduction of new technologies such as fully automated dispensing

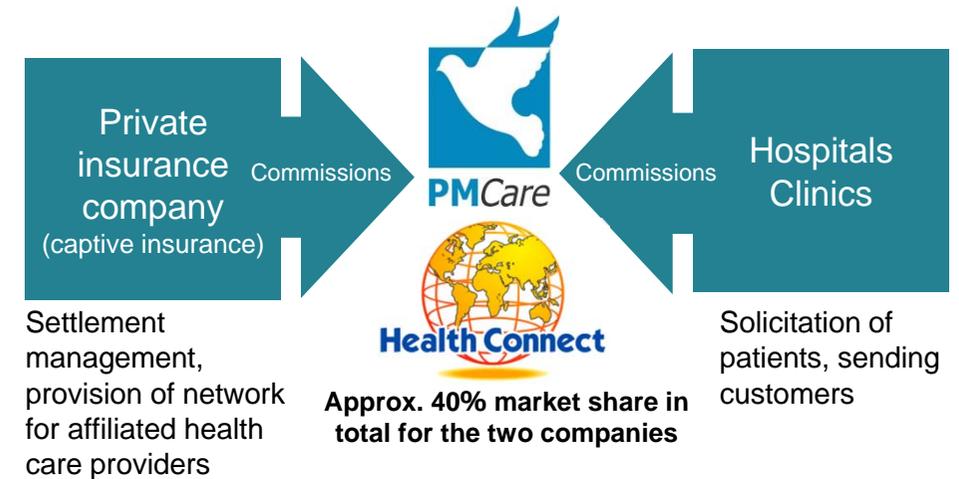
Health Care Business Initiatives in Emerging Countries

Malaysia

Strategy to expand the managed care business



What is managed care business?



Add functions of clinics, distribution of pharmaceutical products, digital health care, etc. to customer/business bases of the two managed care providers

- Incorporation of market growth potential for existing businesses
- Introduction of IT for operations
- Utilization of the industry's largest customer base (**approx. 40%** market share in total for the two companies)
- Collaboration with other businesses in the region

Sophistication of business through DX

- Development of online medicine, online dispensing, etc.
- Reduction of medical expenses through more efficient medical treatment

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Net Income and Total Assets of the Two Business Units

Net income
(100 million yen)

Medium-Term Management Plan 2020

Total assets
(trillion yen)

1,800

1,200

600

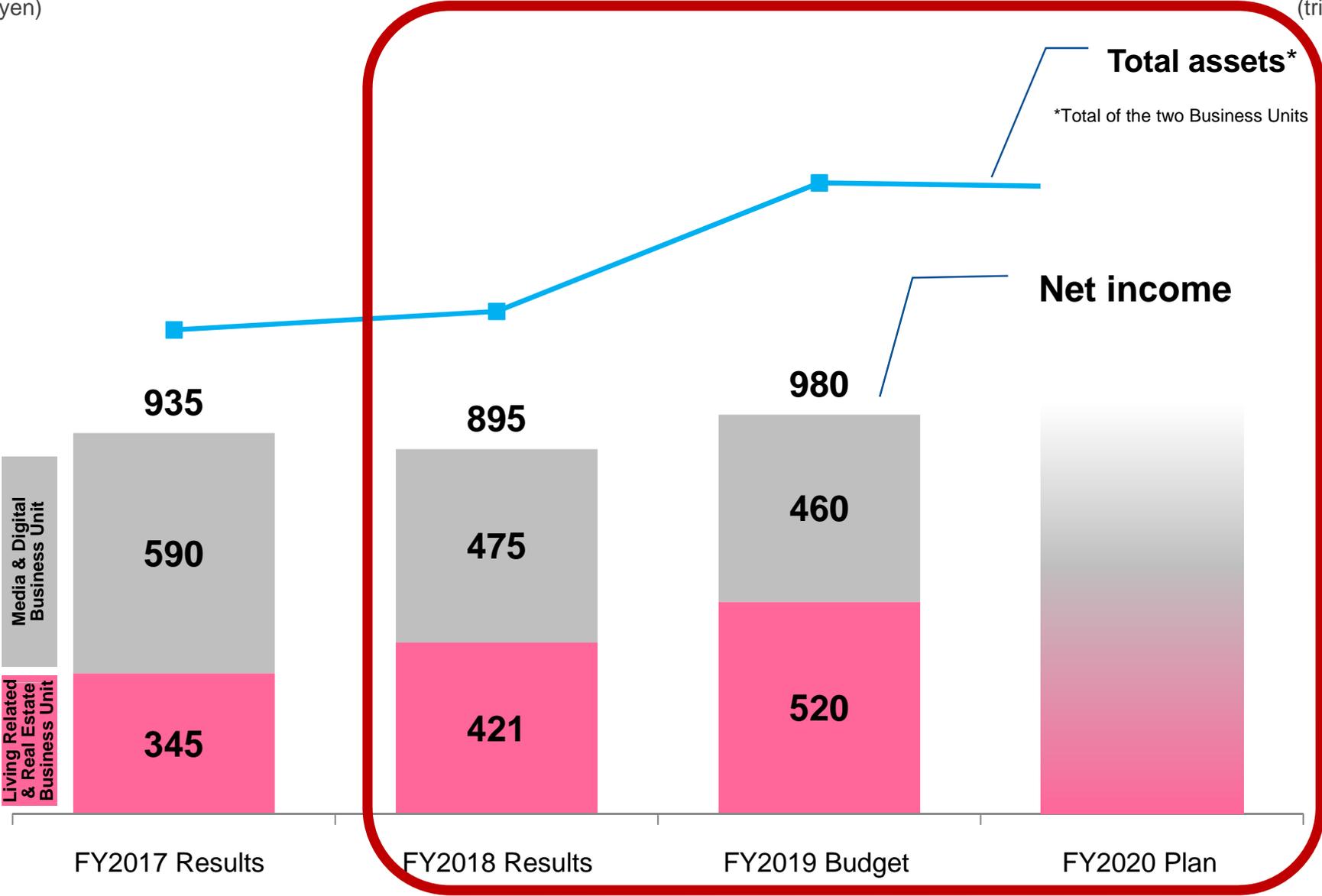
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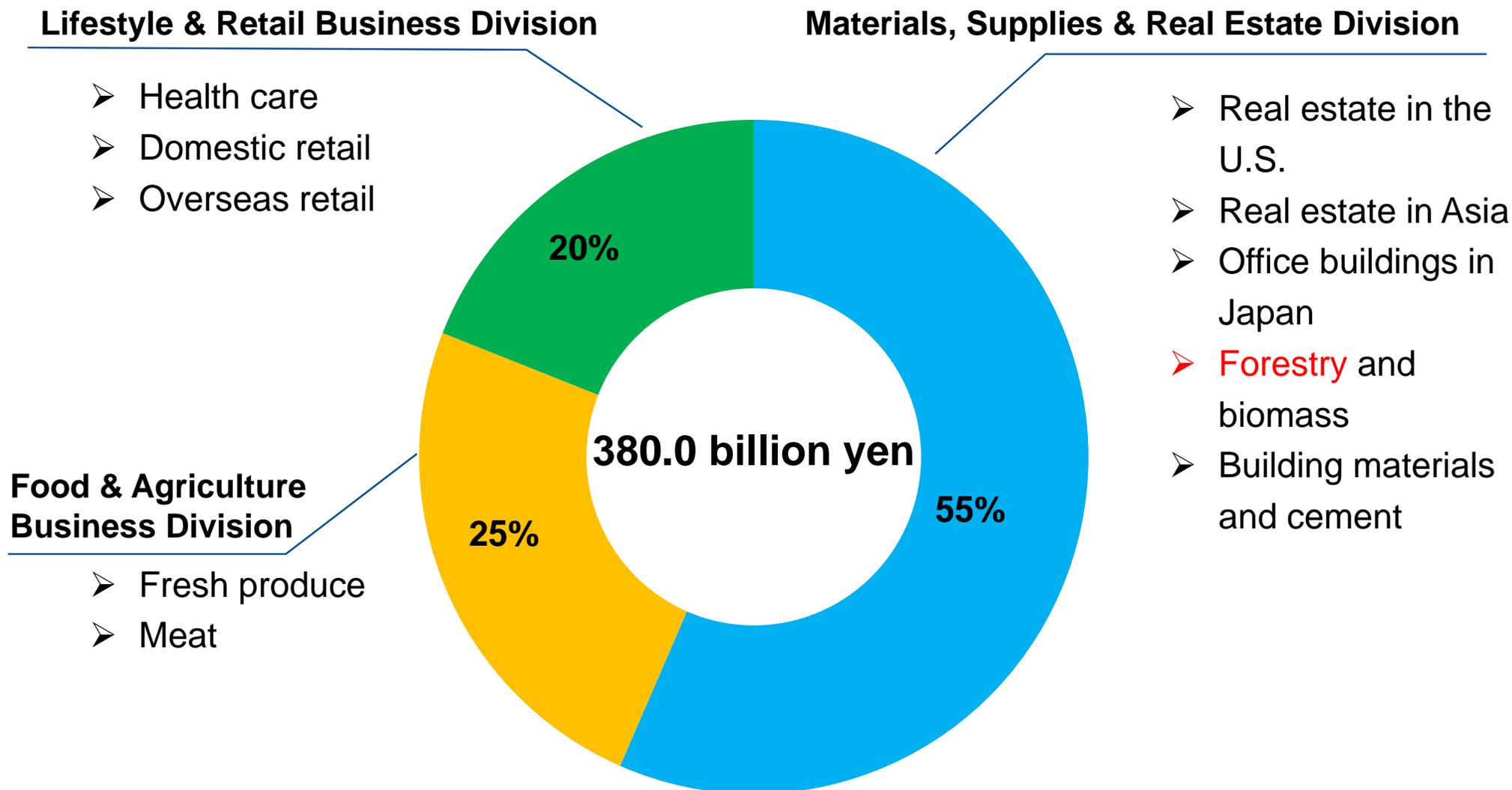
2.0

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Investment and Loan Plan: Total of 380.0 Billion Yen for the Period of the 3-year Medium-term Management Plan



Cash-in of approx. 400.0 billion yen*
(including asset replacement of approx. 200.0 billion yen)

*Total of basic profit CF, depreciation and asset replacement during the period of 3-year medium-term management plan