January 20, 2025

For Immediate Release

Sumitomo Forestry Co., Ltd.
Fuyo General Lease Co., Ltd.

First for a Japanese company: Office development through wooden expansion and renovation in London, UK

～Higher building performance and wood expansion to reduce life cycle CO_2 emissions～



Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; headquarters: Tokyo; hereinafter, Sumitomo Forestry) and Fuyo General Lease Co., Ltd. (President and CEO: Hiroaki Oda; headquarters: Tokyo; hereinafter, Fuyo General Lease) are pleased to announce that they will begin an office wooden expansion and renovation development project called Golden Lane, marking the first time for a Japanese company to enter the wooden office building expansion and renovation business in the UK.[*1]

This development project involves the purchase of a five-storey office building constructed in the early 1900s in central London. The four lower storeys (ground ~ third floor) will be renovated to improve interior workings and environmental performance while preserving the existing office structure. The two upper storeys (fourth ~ fifth floor) will be expanded using mass timber.[*3] Utilizing existing office space and wood for the expansions and renovations will improve profitability by delivering an environmentally friendly workplace with increased. Total project costs are estimated at approximately 22.8 million GBP (about 4.5 billion yen).[*4] Construction began in December 2024. Completion and the start of leasing are slated for January 2026.

The developer is a joint venture company of Sumitomo Forestry Group company Bywater SFC Group[*2] (hereinafter, Bywater SFC) and Fuyo General Lease. Sumitomo Forestry's wholly owned subsidiary Sumitomo Forestry Asset Management Co., Ltd. (President: Seita Kisanuki ; headquarters: Tokyo) is responsible for coordinating this project. Bywater SFC is a developer that specializes in environmentally conscious real estate development and starting with this project, is expanding into the UK wooden office expansion and renovation business.

■Golden Lane characteristics

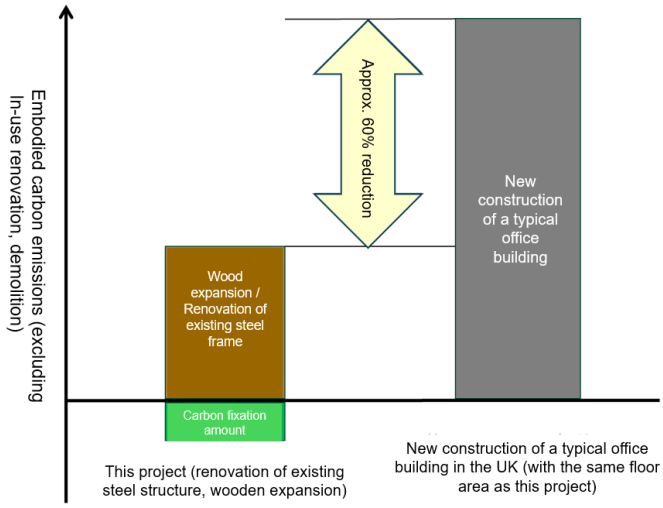
By utilizing the existing steel-frame structure and expanding it with wood, this project aims to significantly reduce CO_2 emissions over the entire life cycle of the building compared to demolishing and rebuilding or using steel construction. Because this project reduces construction waste and preserves the long-cherished local streetscape, it is a promising development model from both a decarbonization perspective and a landscape perspective. Furthermore, since wooden structures are lighter than steel-frame structures, only minimal reinforcement of the existing building will be required for the expansion, potentially shortening the construction period.

【Reduced embodied carbon emissions】

Embodied carbon of materials during their manufacture, transport, construction, renovation, demolition and other processes will be calculated using One Click LCA, [*5] a software that visualizes CO_2 emissions. Based on results from the design phase, we estimate that CO_2 emissions from the procurement of materials to the completion of construction can be reduced by approximately 60 percent compared to a typical new office building in the UK. In addition, by using wood for the expansion portions, the entire building is estimated to sequester approximately 220 tons (CO_2e) of carbon.

【Reduced operational carbon emissions】

To reduce operational carbon, i.e. energy consumption from the use of water and other aspects of the building's operation, we will install energy-efficient elevators, lighting and other equipment, use airtight, thermal insulated windows and doors, etc. We plan to improve the EPC energy efficiency rating,[*6] which indicates the energy efficiency of a building during operation, from the current level E to level B or higher. We also plan to obtain an Excellent or higher rating for the BREEAM Certification,[*7] which is an environmental certification system that assesses materials, procurement, construction and other. With the quantification of the environmental burden of a building over its entire life cycle, and by reducing CO_2 emissions and fixing carbon in wood for long periods of time, we will contribute to the realization of a decarbonized society.



Visual representation of 3rd floor interior at completion

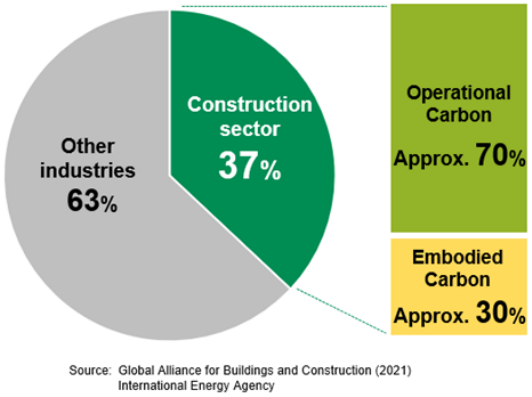


■Reasons for pursuing environmentally conscious real estate development

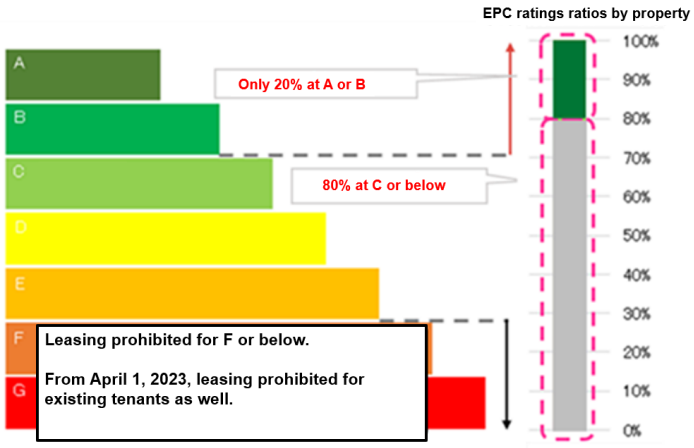
With the construction sector accounting for 37 percent of the world's industrial CO_2 emissions, there is an urgent need to reduce CO_2 emissions over the entire life cycle of buildings, including embodied carbon and operational carbon emissions.[*8]

The UK government has set a target to become carbon neutral in terms of GHG (greenhouse gas) emissions by 2050. To reduce operational carbon emissions, the government has already prohibited the leasing (including new contracts and renewals) of buildings with an EPC rating of level F or lower, with plans to prohibit the leasing of non-residential buildings below level B in 2030. On the other hand, there is a lack of office buildings that meet environmental performance standards, with only about 20 percent of office properties in London at level B or above as of 2023. Hence, demand for buildings with high environmental performance is expected to rise in the future.

World's CO_2 emissions ration by industry sector

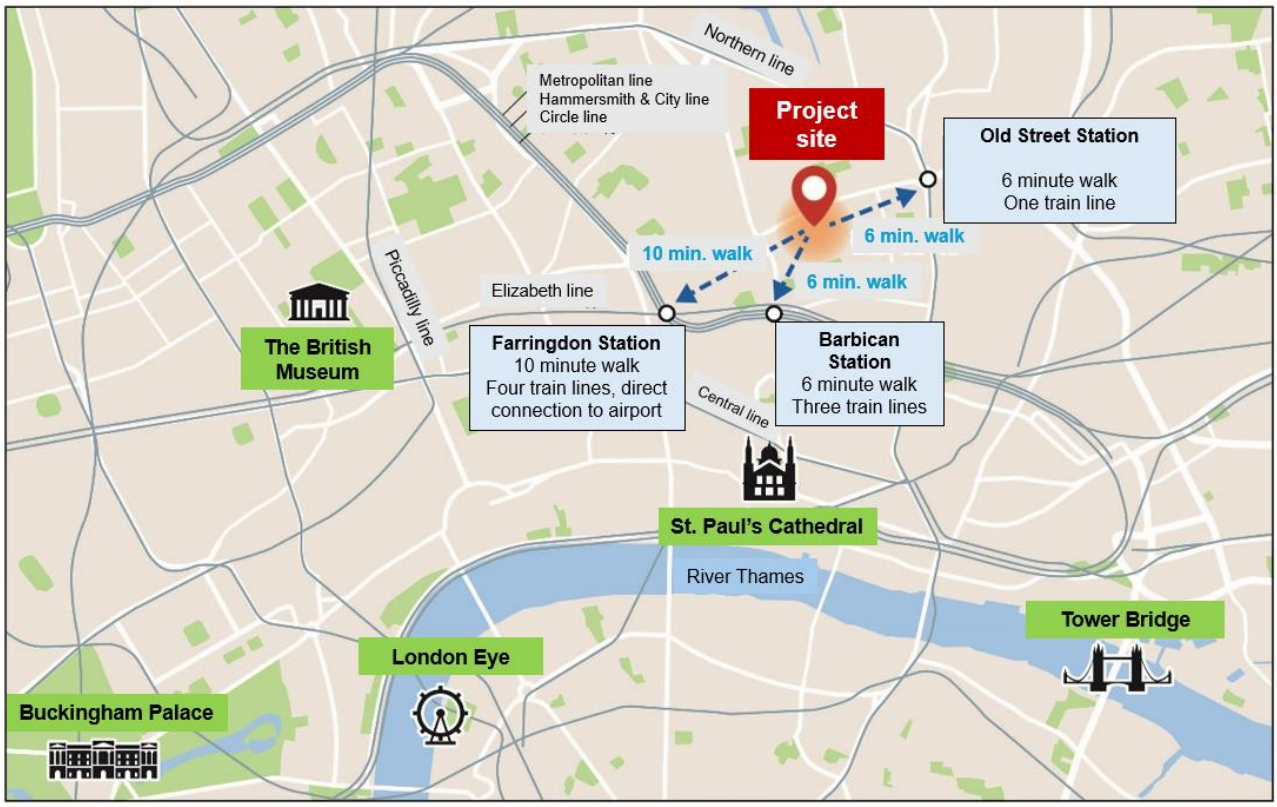


London office EPC ratings



■**Area characteristics**

The property is located in Clerkenwell, close to numerous architectural offices and showrooms. The nearest train stations Farringdon, Barbican and Old Street are approximately 6 to 10 minutes away by foot, and the nearest bus stop is a mere 30-second walk away.



■**Future developments**

Sumitomo Forestry Group is engaged in a broad range of global businesses centered on wood, including forestry management, the manufacture and distribution of wood building materials, the contracting of single-family homes and medium- to large-scale wooden buildings, real estate development, and wood biomass power generation. Under our long-term vision Mission TREEING 2030 and through our operations in forests, timber and construction, we are seeking to promote the Sumitomo Forestry Wood Cycle, our value chain to contribute to decarbonization for the whole of society by increasing the CO_2 absorption of forests and popularizing wooden buildings that store carbon for long periods of time. With the promotion of global expansion as one of our business policies in our long-term vision, we are also working to accelerate decarbonization initiatives in the UK.

Fuyo Lease Group is aiming to achieve sustainable growth as a group by simultaneously resolving social issues and delivering economic value through the practice of CSV (creating shared value), as outlined in our medium-term management plan Fuyo Shared Value 2026, which began in fiscal year 2022. Furthermore, with the aim to differentiate and rationalize our real estate operations, we are expanding our business domain, including through alliances with partner companies. With our participation in this project, we are promoting and popularizing environmentally conscious real estate to contribute to the realization of a prosperous society and sustainable growth.

*1 Based on a Sumitomo Forestry in-house study
*2 A joint venture between Sumitomo Forestry and the founder of Bywater Properties (Representative: Theo Mitchell; headquarters: London, UK)
*3 Relatively high-mass engineered wood formed by combining multiple types of wood
*4 Calculated at 1 GBP =196.03JPY (the TTM rate as of January 6, 2025)
*5 A software for which Sumitomo Forestry holds the exclusive distributorship agreement in Japan. It accurately calculates CO_2 emissions of a building, from procurement of raw materials for construction, processing, transport, construction, renovation, and disposal (embodied carbon). Related press release: https://sfc.jp/information/news/2022/2022-08-08.html (Japanese only)
*6 EPC is a rating scheme introduced in 2007 by the European Union that evaluates the energy efficiency of buildings using a ratings scale from A (very efficient) to G (inefficient).
*7 BREEAM is a building environmental performance rating system launched in the UK in 1990. It evaluates buildings in ten categories, including energy, health, comfort, water, materials and waste using five ratings: Pass, Good, Very Good, Excellent and Outstanding.
*8 Source: Alliance for Building and Construction (2023)

■ **Property Overview**

Name	Golden Lane
Location	123 Golden Lane, London EC1Y 0RT, UK
Project type	Office (refurbishment and expansion)
Leased floor area	1,853.75 m^2
Structure	Floors G~3, steel (S) structure / Floors 4~5, wood expansion
Certification	BREEAM, Excellent rating or above
Start of construction	December 2024
Start of leasing	January 2026
Completion	January 2026

■ **Bywater SFC**

Headquarters	London, UK
Location	53-64 Chancery Lane, London WC2A 1QS, United Kingdom
Representative	Patrick O' Gorman (CEO)
Establishment	February 2023
Business description	Bywater SFC is a joint venture company between Sumitomo Forestry's wholly owned subsidiary Sumitomo Forestry Europe Ltd. (President: On Nakagawa; headquarters: London, UK) and Bywater Properties, a real estate developer in the UK. The company invests, develops and manages real estate development projects. In the future, the company will develop assets with high environmental performance and EPC ratings to respond to Europe's cutting-edge decarbonization regulations and contribute to resolving such issues as the shortage of housing and offices.