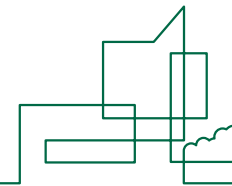


# Special Feature Harnessing the Value of Forests and Trees



Global Housing, Construction and Real Estate Business > P.48

Under Mission TREEING 2030, our long-term vision through 2030, we aim to accelerate our decarbonization efforts overseas as well by advancing globalization as one of our business policies.

**2030 targets** Annual overseas housing units supplied  
 Around 17,000 units ▶ 40,000 units  
 As of December 31, 2021 (formulation of our long-term vision)

|               |              |
|---------------|--------------|
| United States | 23,000 units |
| Australia     | 5,500 units  |
| Other*1       | 11,500 units |

\*1 Total for multi-family housings, single family rentals, etc. in real estate development in the U.S., Australia, Europe, and Asia, including those via JVs.

**Investment plan** Overseas non-residential wooden building investment (~2024)  
**30.0 billion yen**

## Progress in Medium- to Large-Scale Wooden Construction Business in the United States, Australia, and Europe, Targeting Greater Decarbonization in Japan and Overseas

The market for medium- to large-scale wooden construction buildings is expanding in response to the global trend toward ESG investment. In our long-term vision, we have identified the creation of new markets for forests and wood as one of our key challenges, and are promoting the medium- to large-scale wooden construction business in the United States, Australia, and Europe.

Wooden construction has the potential to make significant contributions to decarbonization by storing carbon absorbed by wood over a long period of time. Compared to steel or reinforced concrete construction, wood can greatly reduce CO<sub>2</sub> during construction (embodied carbon), and therefore demand for medium- to large-scale wooden construction (mass timber construction\*<sup>2</sup>) is increasing both in Japan and overseas. With the aim of realizing net zero carbon buildings\*<sup>3</sup>, Sumitomo Forestry is pursuing joint development projects for large-scale wooden office buildings. Construction is currently underway in Melbourne, Australia, for a mixed structure of reinforced concrete and timber with 15 floors

above ground and two floors below (over six floors will be wooden). This building is scheduled for completion in September 2023, and is expected to be the tallest wooden office building in Melbourne\*<sup>4</sup>. Sumitomo Forestry is also developing a six-story wooden office building in London, United Kingdom. This project is the first entry of Sumitomo Forestry's housing and real estate business in Europe. In addition, we are developing a seven-story wooden office building in Dallas, Texas, and a three-story wooden office building near Atlanta, Georgia, both in the United States.

With an eye to 2030, the target year of our long-term vision, we aim to supply 40,000 housing units per year overseas and contribute to the realization of a decarbonized society by providing new value to people's lives, society, markets, and economic activities through the broad, global spread of high-quality wooden buildings.

\*2 Architecture using mass timber products, such as CLT and LVL, which are engineered woods of relatively large mass and volume and formed by combining multiple layers of timber.

\*3 A building that emits virtually zero CO<sub>2</sub> (operational carbon) during use.

\*4 Per research by Wood Solutions, an Australian government-affiliated organization (as of June 2021).

## Advancing our FITP Business to Resolve Issues and Generate Synergies in the United States Single Family Homes Business

The United States housing industry faces structural problems including a shortage of craftsmen, rising costs due to higher labor costs, and longer construction times. To combat these issues, the Sumitomo Forestry Group is advancing its Fully Integrated Turn-Key Provider (FITP) business, which provides integrated services from panel design to manufacturing, delivery, and installation. In September 2022, the Company entered the component manufacturing business near Washington, D.C., with the acquisition of Structural Group, a manufacturer of component products for homebuilders. In December of the same year, construction began on a plant in North Carolina to manufacture wall panels and roof and floor trusses for single-family and multi-family housing. Through these

efforts, we have been able to establish a system that enables us to provide a full range of services on the east coast of the United States, from procurement of materials to housing sales. By advancing the FITP business, we will shorten construction times, reduce costs, improve quality, and reduce waste at construction sites by promoting streamlined construction and creating new value (value engineering). In the United States, we aim to supply 23,000 housing units per year, and we will develop our business structure in anticipation of future labor shortages in the United States construction industry. By establishing the FITP business, we aim to strengthen the Group's overall value chain in the United States, diversifying our revenue sources and building a stable portfolio.

### Employee Voices

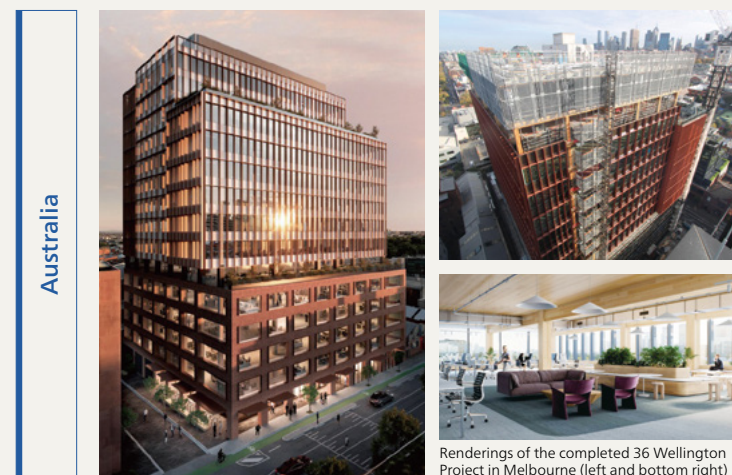
#### Advancing the FITP Business to Contribute to the Environment and Local Communities

Builder Solutions Group (BSG)\*<sup>5</sup> acquired a manufacturing company that handles trusses, panels, and other components in the northern portion of the United States east coast in 2022, bringing the manufacturing and installation functions of housing components in-house. The FITP business overseen by BSG streamlines the entire process and provides integrated delivery, thereby shortening construction times and reducing costs, as well as reducing waste at construction sites. In February 2023, the Company announced the establishment of a wall panel and truss manufacturing plant (in North Carolina) that it will operate. This plant is expected to begin production in the first quarter of 2024. Going forward, we will also look to collaborate with Group builders throughout the United States to strengthen our supply system of components and construction capabilities, aiming to stabilize the foundation of our housing and real estate business in the United States and to develop the FITP business. We also hope to contribute to the local community by creating employment opportunities, among other benefits.

\*5 Builder Solutions Group: A wholly owned subsidiary of Sumitomo Forestry in the United States that oversees and promotes the FITP business.



**Satoshi Fujita**  
 Director and President  
 Builder Solutions Group, LLC



Renderings of the completed 36 Wellington Project in Melbourne (left and bottom right) and photograph of construction (top right)



Paradise Project in London



Southstone Yards Project in Dallas

The Garren Project in Atlanta

## The First Major Australian Builder to Install Solar Panels as Standard on Order Homes

In October 2022, the Australian subsidiary Henley Properties Group became the first major Australian builder to make solar panel installation standard on all its order homes. Henley Properties will promote ZEH in Australia with order homes that uses energy generated by solar power generation to cover daily energy consumption. In addition, full electrification is now the standard specification, saving up to 75% of utility costs together with solar power generation. These initiatives will reduce Scope 3\*<sup>6</sup> CO<sub>2</sub> emitted during daily life by up to 100%. The Australian government has set the goal of achieving net zero greenhouse gas (GHG) emissions by 2050, and is expected to revise the NCC (National Construction Code), to take effect in October 2023 and place more emphasis than ever before on lower environmental impact and energy conservation. We will contribute to the decarbonization of society through the reduction of CO<sub>2</sub> emissions during occupancy by promoting environmentally conscious housing with solar panels and ZEH/ZEB not only in Australia but also in Japan and other countries.

\*6 Scope 3: Greenhouse gas emissions in the supply chain.



Solar panels to be installed as standard