

First Overseas Rental Apartment Development

Joint Venture in North Carolina, U.S.A.

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Headquarters: Chiyoda-ku, Tokyo; hereinafter, Sumitomo Forestry) announced on July 31, 2017 that it is jointly developing a multi-purpose complex combining rental apartments and commercial shops with Crescent Communities, LLC (hereinafter, Crescent Communities), a real estate development company based in Charlotte, North Carolina, U.S.A. This joint development will be carried out through Sumitomo Forestry's wholly-owned U.S. subsidiary Sumitomo Forestry America, Inc. (hereinafter, SFA). The investment will total 90 million U.S. dollars, and is slated for completion in 2019.

The project is a multi-purpose complex comprising 346 rental apartments, a commercial facility with shops selling food and clothing, and a car park with 816 parking spaces. It will be built by a special purpose company (SPC) formed with Crescent Communities. Upon completion, the SPC will own the rental apartments and a portion of the car park, and manage their leases. SFA will own 80% of the SPC, with the remaining 20% owned by Crescent Communities.



This is the first rental apartment development project for Sumitomo Forestry's overseas business. This will strengthen and stabilize Sumitomo Forestry's earning base in the United States by expanding its business areas beyond the current spec homes business.

1. Facility overview

This is a multi-purpose complex comprising two 6-storey buildings located within a premise of approximately 40,000 m². The entire car park building and the first floor of the residential/commercial building will be made with reinforced concrete, while the second to sixth floor of the residential/commercial building will be built with wood.

Name:	Crescent Atherton Mill
Location:	2140 South Blvd, Charlotte, North Carolina
Premise area:	Approximately 9.8 acres (39,659 m ²)
Floor area (planned) :	Residential 365,722 sq. ft. (33,977 m ²) Commercial 60,198 sq. ft. (5,593 m ²)
Residential units (planned) :	346 units 68 studio apartments 157 1-bedroom apartments (with combined living/dining/kitchen, and 1 bathroom) 121 2-bedroom apartments (with combined living/dining/kitchen, and 1 or 2 bathrooms)
Structure:	Residential/commercial building: RC (1 st floor; commercial space) and wood (2nd to 6th floors; residential apartments) Car park building: RC (all six floors)
Start of construction (planned) :	Early August , 2017
Completion (planned) :	The end of 2019

2. Area characteristics

The metropolitan area of Charlotte has a population of approximately 2.47 million people. Its population grew with the development of the financial sector, and it is currently ranked 22 in population size^{*1} within the United States' 382 major metropolitan areas. Its population growth rate of 9.1% between 2010 and 2015 is significantly higher than the United States' national average of 3.7%. Since 2011, the occupancy rate of apartments in Charlotte's metropolitan area has maintained at a high level of 94.6%.

This facility will be located in a convenient and popular area, with large supermarkets, restaurants, apparel shops, and event spaces bringing together many local residents. It is also easily accessible; the nearest train station is seven minutes on foot, and is just 10 minutes by train from Charlotte's city center. The facility is expected to draw young working adults, such as those working in financial companies within Charlotte's city center, as well as people working in nearby medical facilities.

^{*1} Source: United States Census Bureau (figures as of 2016)

Sumitomo Forestry is widely expanding its spec homes business in the United States and Australia, steadily expanding its business to achieve one of its targets set out in Sumitomo Forestry Group 2018 Medium-Term Management Plan^{*2}—selling 5,000 homes annually in the United States, and 3,000 homes annually in Australia. The medium-term management plan also lists “development of diverse sources of revenue in the global market” as one of its basic policies, and this rental-based project is part of that policy. Sumitomo Forestry will continue to build up expertise in housing-related business overseas as it expands and develops its business.

^{*2} Medium-term management plan for fiscal 2016 to fiscal 2018. (announced on May 12, 2016)

[Reference]

Overview of Crescent Communities, LLC

Headquarters: Charlotte, North Carolina, U.S.A.

Representative: Todd Mansfield (President, CEO)
Brian Natwick (President, Multifamily)

Employees: 189 (as of December 2016)

History: Originated from the forestry department established in 1939 by the electric company Duke Energy, which was founded in 1904. This department was formed into a new company, South Carolina Land and Timber, in 1969. The name of the company was subsequently changed to Crescent Communities.

Business: Develops multi-unit residences, housing lots, and commercial facilities across nine states in the United States. Entered the market for building detached houses in 2015 with the establishment of a new company, Fielding Homes, LLC. Developed 2,389 units of multi-unit residences in fiscal 2016.