

## Sumitomo Forestry to Enter the Vacation Rental Business Partnership with Hyakusenrenma

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Headquarters: Chiyoda-ku, Tokyo; hereinafter, Sumitomo Forestry) announced that it would enter into a business partnership agreement with Hyakusenrenma, Inc. (President: Yasuhiro Kamiyama, Headquarters: Sendai-shi, Miyagi Prefecture) to create new business fields and participate in the vacation rental business using its housing stocks as authorized vacation rental facilities. The strong points of both companies will be utilized to encourage new tourism focusing on new accommodation demand such as renovating old Japanese-style houses and promoting farm stays for regional revitalization.

### ■Outline of business partnership

- High-quality vacation rental facilities will be provided to create new accommodation demand utilizing the strengths of both companies.
- A vacation rental promotion information counter will be installed within Sumitomo Forestry and the commercialization of gathered information will be considered by both companies to incorporate inbound tourism demand and improve traveler satisfaction.
- Hyakusenrenma will be in charge of the business operation of Sumitomo Forestry's vacation rental facilities. It will jointly plan both infrastructure- and service-based plans for encouraging new accommodation demand and promote the re-utilization of vacant houses for regional revitalization and real estate value improvement.

### ■Context for Market Entry

The number of foreign travelers visiting Japan has been rapidly increasing with the planned 2020 Tokyo Olympics and Paralympics, increasing populations and incomes in East Asian countries, and the emergence of low-cost carriers on international routes. Therefore, infrastructure for accommodation facilities is urgently required to meet diversifying accommodation needs.

In the domestic vacation rental market, some vacation rental facilities do not meet facility requirements such as hygiene standards and fire protection as per the Inns and Hotels Act. This has given rise to the issue of providing vacation rental facilities where travelers can stay safely with peace of mind.

To solve such issues, the government is promoting regulatory reform. The development of legislation in the vacation rental market is progressing steadily, with the National Strategic Specific District Act established in 2013 and the Housing Accommodation Business Act to be enacted in June 2018.

Sumitomo Forestry considers the accommodation/vacation rental market, for which medium- to long-term growth is forecast, to be a new business field. It will utilize its capabilities in designing and constructing comfortable spaces, as developed in the housing business, as well as materials procurement abilities cultivated in the timber and building materials business to provide high-quality vacation rental facilities through renovation. The company will contribute to solving the issues of diversifying accommodation needs and increasing numbers of vacant houses, which are becoming prominent throughout society.

**■Future Business Outlook**

The aim is to start operation of a rental apartment in Nishi-ku, Osaka, a national strategic specific district that was acquired in September 2017 as an officially recognized vacation rental apartment from around spring of next year.

**■Overview of Hyakusenrenma, Inc.**

|                |  |
|----------------|--|
| Company name   | Hyakusenrenma, Inc.  |
| URL            | <a href="http://www.hyakuren.org/">http://www.hyakuren.org/</a>  |
|                | 2-17-17 Hon-cho, Aoba-ku, Sendai-shi, Miyagi Prefecture (headquarters location)  |
| Location       | 2-18-20 Sotokanda, Chiyoda-ku, Tokyo (Tokyo office)<br>SJ OSAKA CENTRAL 303, 2-4-6 Usubohonmachi, Nishi-ku, Osaka-shi, Osaka Prefecture (Osaka office) |
| Representative | President: Yasuhiro Kamiyama   |
| Established    | June 19, 2012  |
| Capital        | 784 million yen (as of March 2017)   |