

Creating New Value for Homes

## **Sumitomo Forestry Strengthens Wooden House & Condominium Renovation Business**

—Extensive Reassuring Support System via Long-term Livability Plan and After-sales Services—

In April 2012, Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Head Office: Chiyoda-ku, Tokyo) set up the Renovation Department, Renovation & Leasing Section within the Housing Division. By improving the value of, and rejuvenating homes, through the renovation of housing stock, mainly custom-built houses and condominiums, the company is developing a new business field that offers customers alternative home acquisition options, aside from traditional new home purchases, and it is thereby fortifying its business structure.

Since establishing the renovation business, the company has been building up and improving the department's structure. This time around, in the wooden house and condominium renovation business, the company plans to speed its business development by leveraging its comprehensive group strength and the technical and design capabilities nurtured in its custom-built housing section, and also by forging ahead with fortifying alliances with group companies.

In specific, the company plans to improve asset value to provide houses that have been given new value. The support system for wooden houses and condominiums was strengthened and expanded with the aim of sustaining a comfortable living environment and ensuring that homes are safe and provide peace of mind for a long period of time. For custom-built houses, Sumitomo Forestry creates a "long-term livability plan," which is a systemized retrofitting and maintenance plan for each individual home based on the concept of "nurturing homes, for posterity." For condominiums, Sumitomo Forestry is enhancing its after-sales service system. The company intends to acquire existing homes and rejuvenate these houses: improving performance and value by conducting appropriate retrofitting work. Sumitomo Forestry will offer new customers these good-quality homes so that they will live in them for many years. (This support system is to be made available for properties sold after June 1, 2013.)

According to the Japanese Ministry of Internal Affairs and Communications' most recent (2008) housing stock survey, which is carried out every five years, nationwide there was a total of about 57 million homes, of which roughly 27 million were detached houses. Of the total number of detached houses, around 90% of them were wooden housing. Of this existing housing, generally dubbed stock housing, many have insufficient earthquake resistance due to their age. The improvement of the quality and performance of these homes is viewed as crucial to the creation of a stock-based housing market—a second-hand housing market consisting of reusable homes.

The renovation business, which improves the performance and value of homes for reuse, is positioned as a business that contributes to the development of good-quality housing stock. In addition to using Sumitomo Forestry Group technologies to extend the longevity of housing structures, the company plans to embark on measures to offer homes with new value by contributing to the development of a low-carbon emission, recycling-oriented society.

## ■ Sumitomo Forestry Renovation Business

The Renovation Department acquires condominium complexes, individual single condo units, and detached wooden houses, and renovates them to turn them into safe and reliable housing. The department plans to develop its operations, mainly in the three major cities of Tokyo, Osaka, and Nagoya, by fortifying its ties with group companies, such as Sumitomo Forestry Home Service, a real estate agency, and Sumitomo Forestry Home Tech, which specializes in remodeling.

### Custom-built houses

In addition to *Sumitomo Forestry Home* houses, the renovation business will acquire other wooden houses that meet the company's own appraisal criteria, perform renovations to secure and improve basic functions, such as earthquake resistance, durability, and insulation, and resell them on the market.

### Condominiums

The renovation business will acquire condominium complexes or individual single-units, and taking into account the diversified needs of home occupants and location, will perform renovations tailored to each condo, including a plan which utilizes the site conditions of the building, to improve usability and increase value, and resell them on the market.

## ■ Strengths of the Reliable Support System

### At the time of property sales:

#### 1. Create a long-term livability plan to sustain a comfortable living environment in the long term

For custom-built wooden houses, create retrofitting and maintenance plans and provide support based on the assumption that houses built after the introduction of new Japanese earthquake resistance standards (houses constructed after June 1981 confirmed as having met the standards) can be lived in for another 30 years.

#### 2. Extensive after-sales service system

Custom-built houses: Implement three regular maintenance checks (3-month, two-year, and five-year inspections) after delivery to ensure that the customer can continue to live in the home with peace of mind over a long period of time. After the fifth year, for a set fee, offer maintenance checks that are conducted once every five years for up to a maximum of 30 years.

Condominiums: Perform maintenance checks in the first year after delivery, after which a consultation office is set up to handle individual inquiries.

- In the event of faulty included-fixtures and equipment, free repair services are offered for three months for detached houses and condominiums, but exclude work for special fixtures and equipment.

#### 3. Reliable system backed by warranties

- Five-year warranty to cover major areas related to structural strength, such as posts and foundation, and exterior features designed to prevent infiltration by rainwater, such as the external walls and roofing\*.

\*For single-unit condominium owners, some properties are not covered.

- For parts of the construction handled by Sumitomo Forestry, a maximum two-year warranty is provided for both detached houses and condominiums.

### At the time of property purchase:

#### 1. Perform sound home inspections

Custom-built houses: Home inspections are implemented to perform a "seismic diagnosis" of the structure and a written diagnosis is issued to the owner. Furthermore, inspections are made for rain damage and structural durability.

Condominiums: Accurate inspections and surveys are conducted of flawed or damaged areas depending on the individual conditions of the entire condominium complex or individually owned single unit.

#### 2. Boost property value via optimal renovation plans and construction that suits individual properties

Custom-built houses: Leverage knowhow nurtured over many years in the custom-built housing business to implement retrofitting work for each house, including the exterior and landscape, and secure and

improve basic functions—seismic resistance, durability, and insulation.

Condominiums: Boost the value of the residence by carrying out optimal retrofitting that takes advantage of the properties features, such as housing plans suited for the location, environment, needs of the buyers, and specific lifestyles.

### Sumitomo Forestry renovation business scheme

