

# Briefing on the Global Housing, Construction and Real Estate Business



Sumitomo Forestry Co., Ltd.

June 20, 2023



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# **Overview of the Global Housing, Construction and Real Estate Segment**

# Overview of the Global Housing, Construction and Real Estate Segment

- We have actively entered new promising growth markets since launching the housing business in the United States in 2003.
- We are currently expanding the housing and real estate business in the United States, Australia, and Asia.
- While respecting employees, local residents, companies, society, and other stakeholders, we promote efforts to create value together through business activities, including selling housing that addresses the climate and market needs of each region.

■ FY12/2022 results

(FY12/2021 results are shown in brackets below each component)

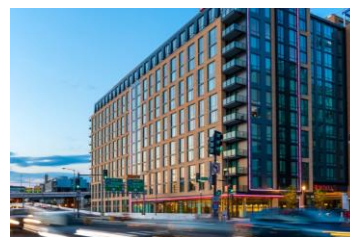
Net sales **848.7** billion yen  
(644.6 billion yen)

Recurring  
income ratio **19.0%**  
(16.2%)

CAGR\* **27.2%**

Compound annual growth rate

\*Compound annual growth rate from 2013 to 2022, based on net sales

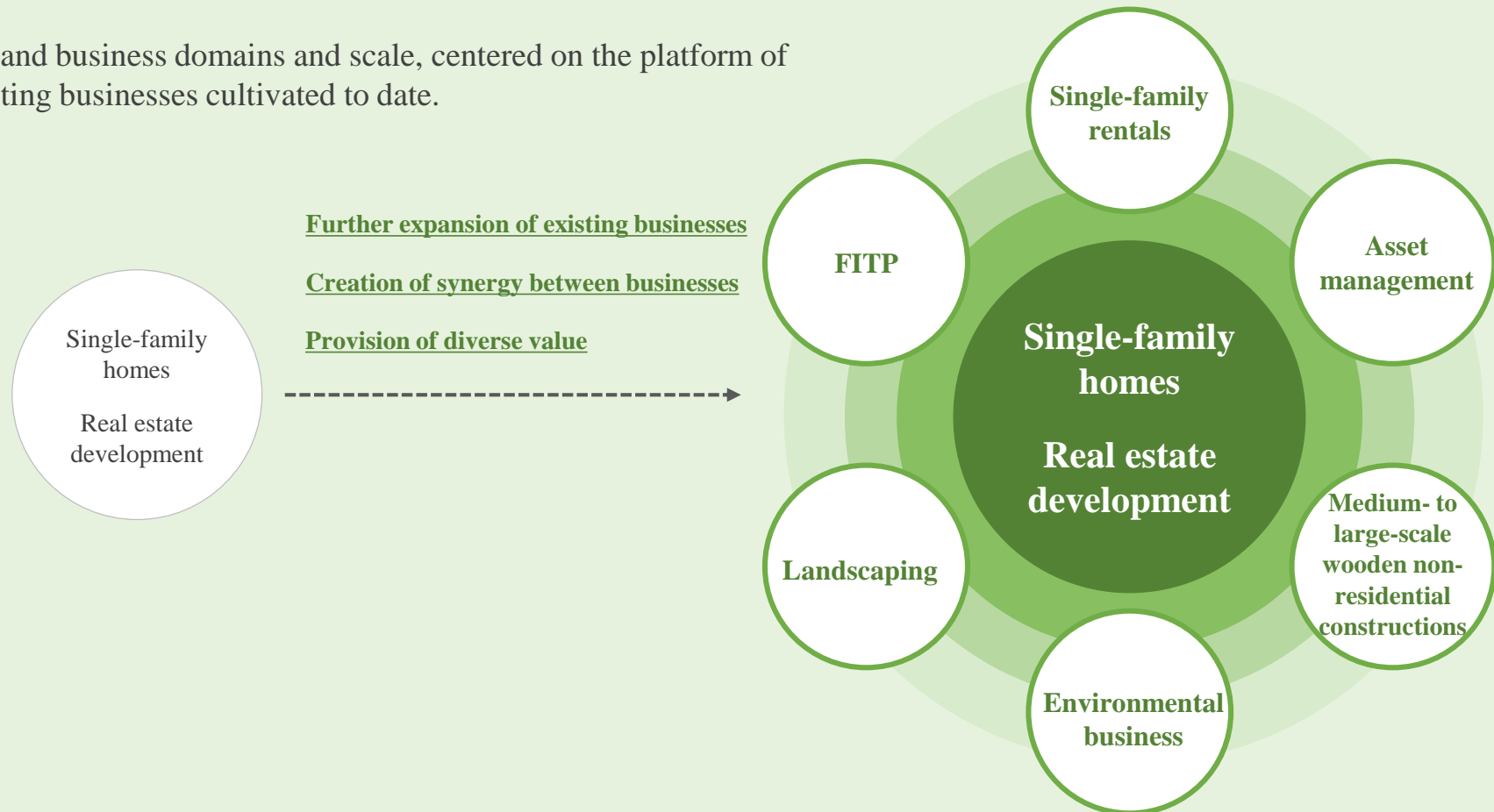


Note: As the reclassification of business segments had not yet been implemented in FY12/2022 and FY12/2021, the results of the construction business were not included in the results shown above.

# Synergy Between Businesses / Provision of Diverse Value

- In addition to the single-family homes business and real estate development business, we are also accelerating efforts in new businesses including peripheral businesses.
- We are pursuing further growth while strengthening resilience to changes in the business environment by expanding existing businesses, creating synergy between businesses, providing diverse value, and reducing costs.

Expand business domains and scale, centered on the platform of existing businesses cultivated to date.



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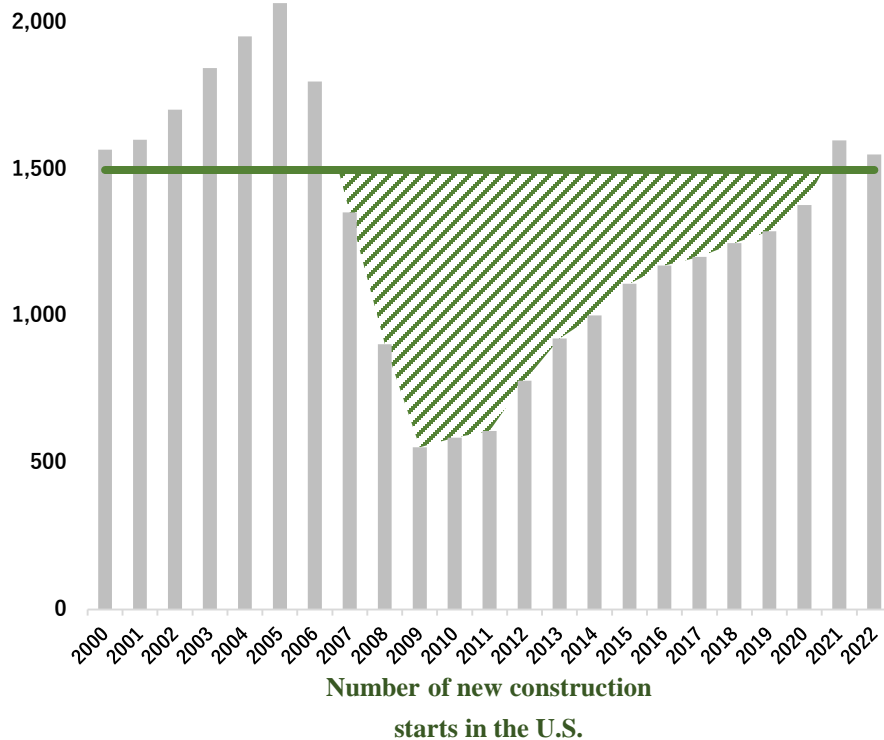
# Single-family Homes Business in the United States

# Market Environment (United States)

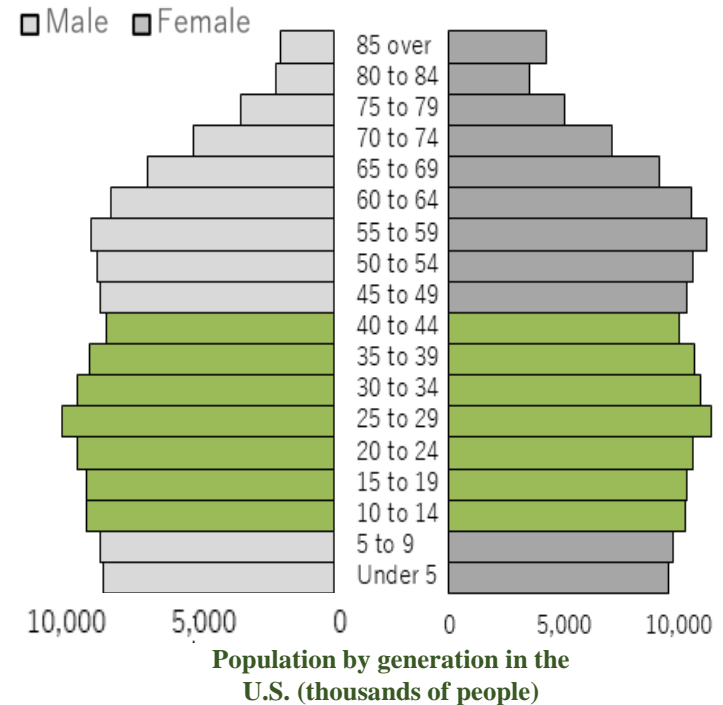
Housing needs are expected to continue to arise steadily in the U.S. housing market against the backdrop of the increase in the population of new home buyers, including millennials and Gen Z, and shortage of existing home inventory (estimated shortage of 4 - 6 million units) due to reduced construction starts after the 2008 financial crisis.

## Housing supply remains inadequate

(Thousand units)



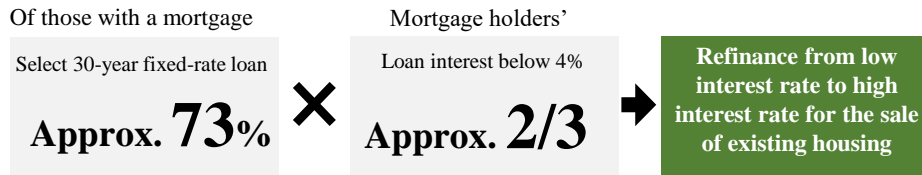
## Large population of millennials and Gen Z in the U.S.



# Market Environment (United States)

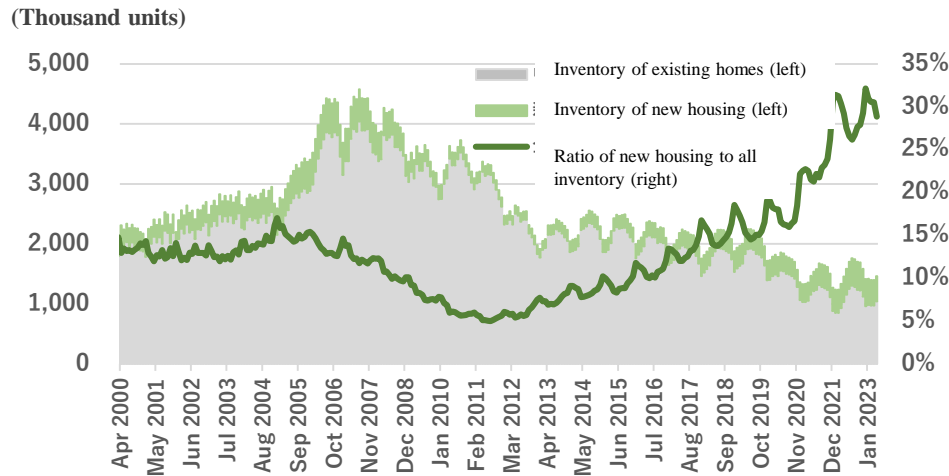
- About two in every three people with a mortgage for existing homes (30-year fixed-rate loans) take out loans with mortgage rates below 4%. Hence, the market for existing homes remains sluggish under high interest rate conditions.
- Demand for new housing is expected to be sustained in the housing market.

## Sluggish market conditions for existing homes



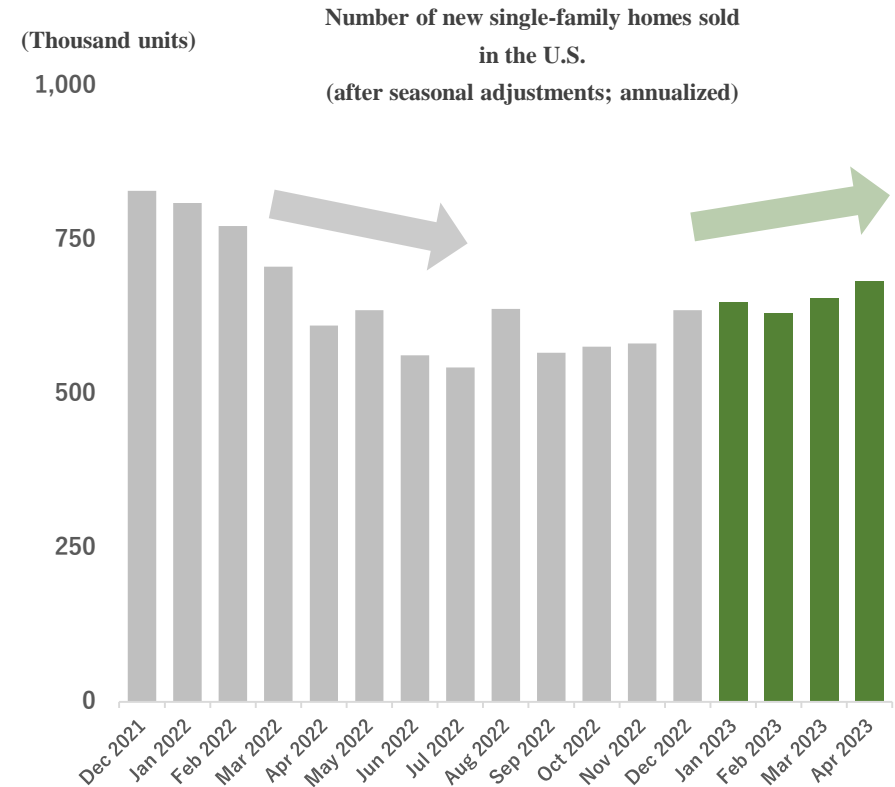
Source: Black Knight

## Increasing ratio of new housing among all housing inventory



Source: U.S. Census Bureau, NAR

## Market for new housing entering a recovery phase



Source: U.S. Census Bureau



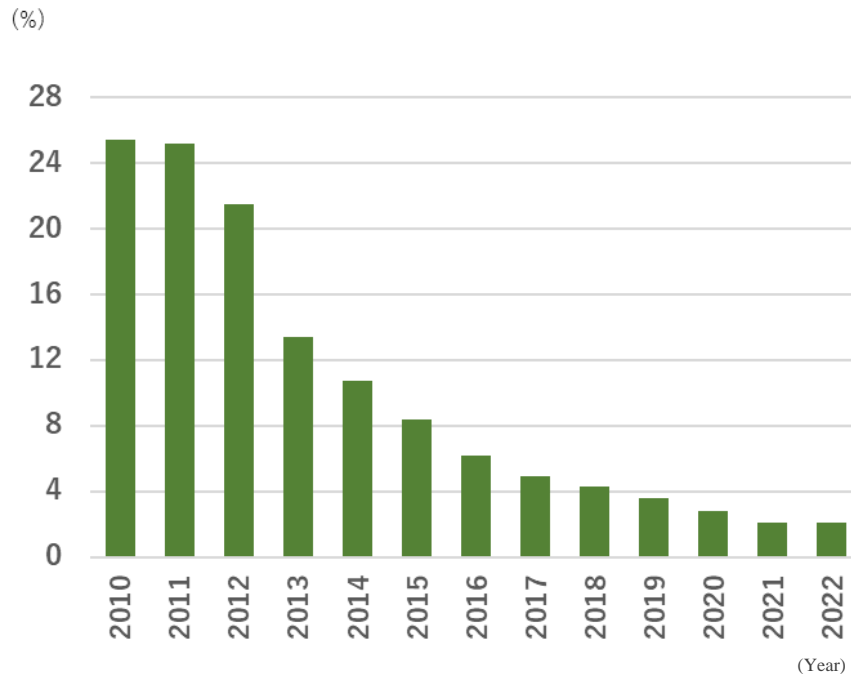
# Market Environment (United States)

- There is a low proportion of both subprime loans (with low creditworthiness) and loans with variable interest rate, so the situation is different from that during the 2008 financial crisis.
- Even under conditions of financial instability, market integrity has not deteriorated significantly.

Trending at remarkably low levels recently;  
sound market conditions

Low proportion of subprime loans (score below  
670); sound conditions overall

### Negative equity ratio

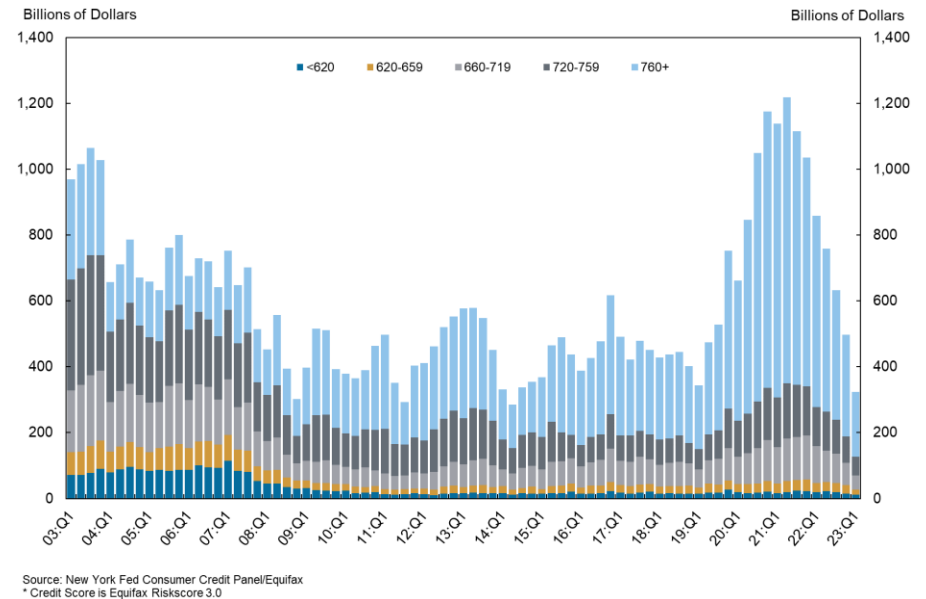


Source: Core Logic

Negative equity: A situation in which the value of collateral assets provided is less than the mortgage balance

Negative equity ratio: The ratio of the number of negative equity mortgages to the number of mortgages that have been executed

### Mortgage originations by credit score\*



# Market Environment (Our Business Areas)

In metropolitan areas with high population and employment growth in the United States, we are engaged in the single-family home business through the consolidated subsidiaries of Sumitomo Forestry.

Total for five companies

Number of units delivered in FY2022

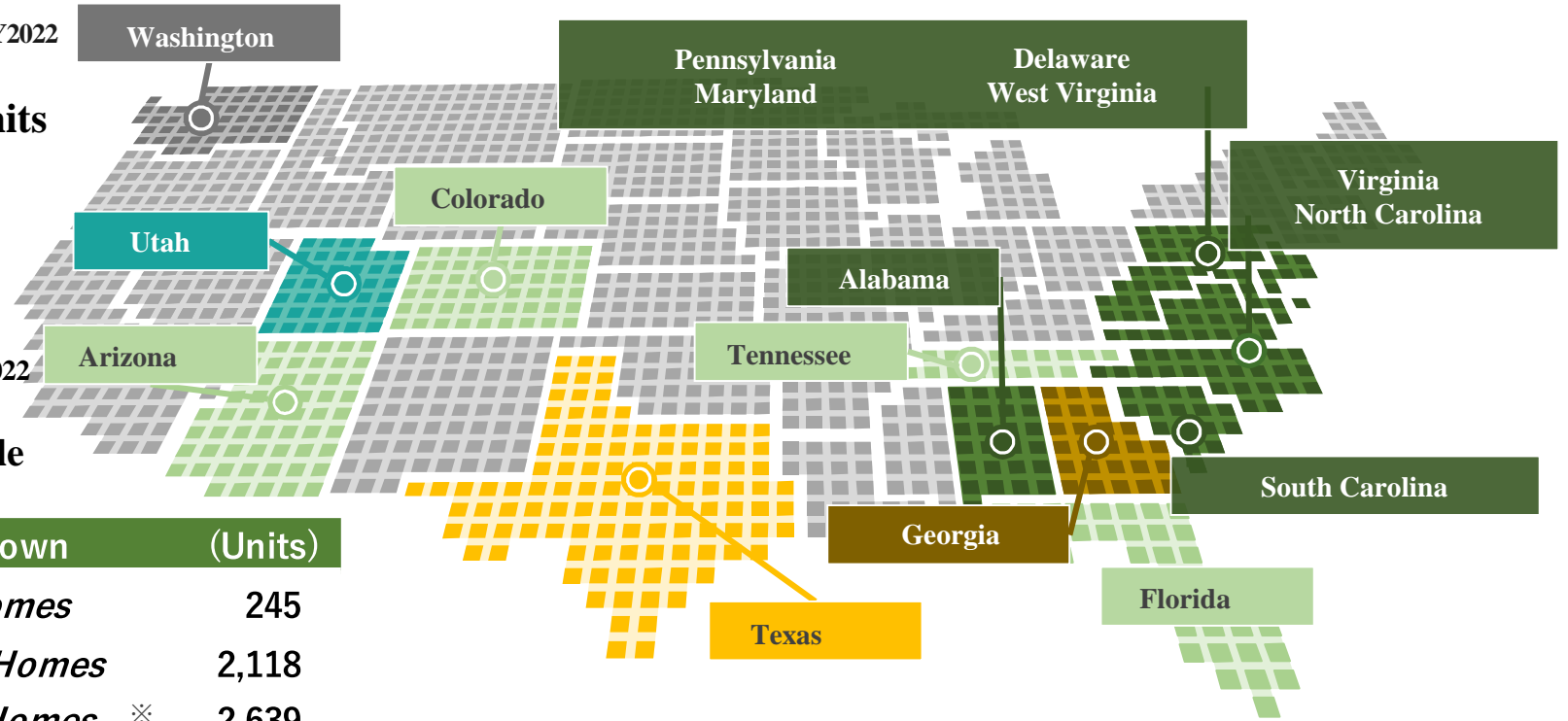
 **10,244 units**

Top 100 builders in 2022

 **9th place**

Number of employees in FY2022

 **1,653 people**



Breakdown	(Units)
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 <i>MainVue Homes</i>	245
 <i>Bloomfield Homes</i>	2,118
 <i>Brightland Homes</i> ※	2,639
 <i>DRB</i>	3,962
 <i>Edge Homes</i>	1,280

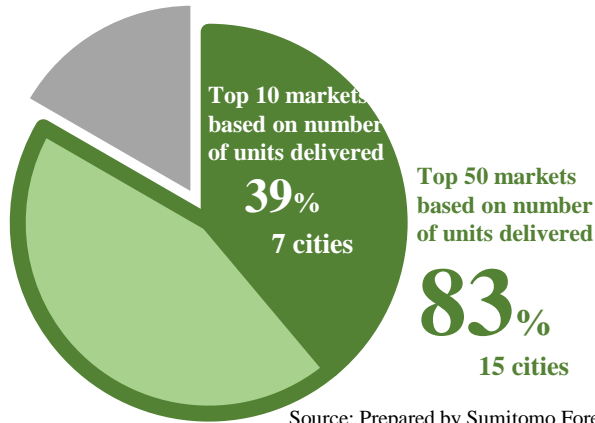
Active in **16** states

\*Company name changed from Gehan Homes to Brightland Homes

# Market Environment (Our Business Areas)

More than 80% of our business areas are "top 50 markets" based on the number of units delivered

Characteristics of cities in our business areas (branch basis)



Source: Prepared by Sumitomo Forestry based on data from *Builder*

Single-family home price to household income ratio is low in our business areas\*

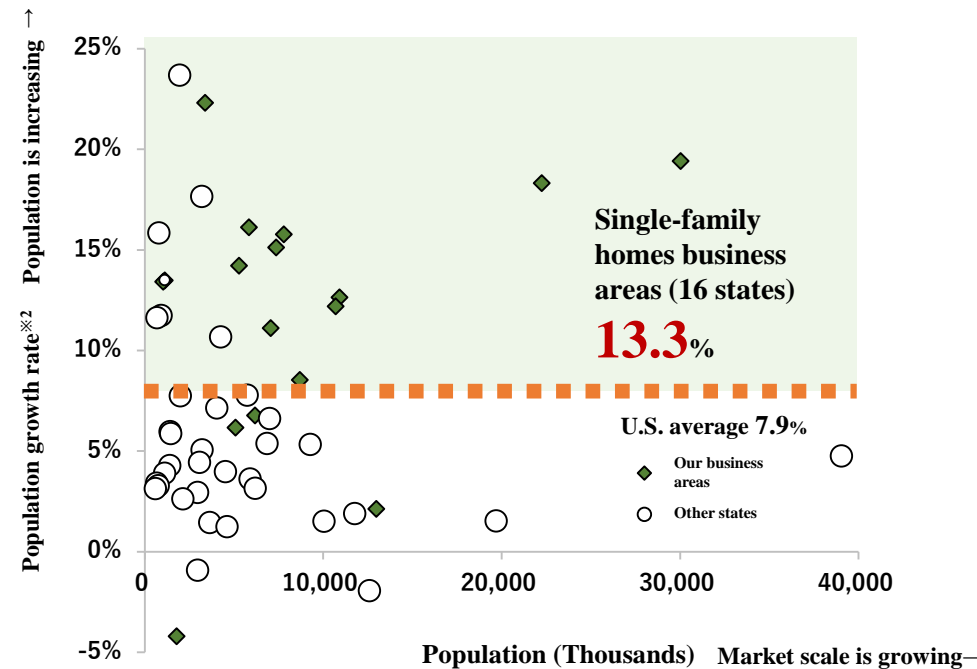


\*Crescent and five U.S. single-family home builders

Source: Prepared by Sumitomo Forestry based on the U.S. Census Bureau (as of April 2023)

Population in our business areas growing faster than the U.S. national average

Population and population growth rate in the Group's business areas\*<sup>1</sup> in the U.S.

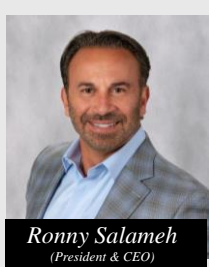


\*1: Five U.S. single-family home builders

\*2: Rate of increase of estimated population in 2022 (estimated based on numbers as of April 2020) against 2010 population

Source: Prepared by Sumitomo Forestry based on data from the U.S. Census Bureau

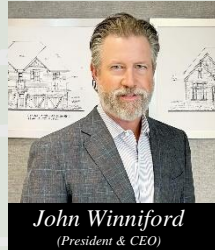
# Our Strengths (Management and Market Share of Each Subsidiary)



Seattle/Tacoma/  
Bellevue, Wash.

5<sup>th</sup>

No. of employees: 77



Austin/Round  
Rock/  
Georgetown,  
Texas

10<sup>th</sup>

No. of employees: 488

Raleigh/Cary, N.C.

Washington/Arlington/Alexandria,  
D.C./Va./Md./W.Va.

Greenville/Anderson, S.C.

Charleston/North Charleston, S.C.

Atlanta-Sandy Springs-Alpharetta, GA

No. of employees: 637

3<sup>rd</sup>

4<sup>th</sup>

8<sup>th</sup>

9<sup>th</sup>

7<sup>th</sup>



Salt Lake City,  
Utah  
Provo/Orem, Utah

1<sup>st</sup>

2<sup>nd</sup>

No. of employees: 144



Dallas/Fort Worth/Arlington, Texas

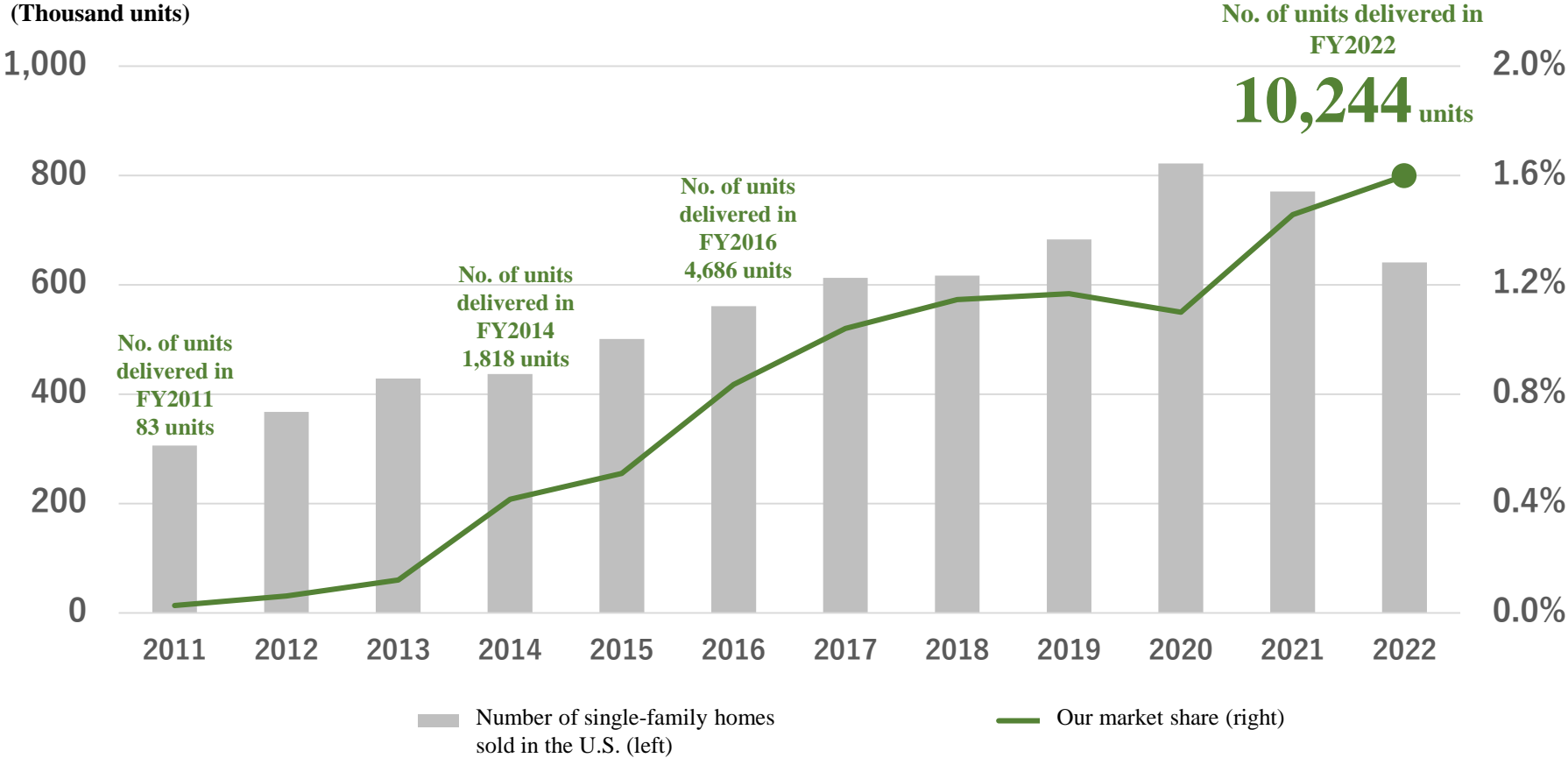
3<sup>rd</sup>

No. of employees: 160

Ranking: Based on number of units delivered in 2022 (source: Zonda Media); No. of employees: As of December 31, 2022

# Market Environment (Our Track Record)

- We are steadily expanding our U.S.-wide market share through organic growth and M&A.
- Amidst the decline in the overall number of single-family homes sold in the U.S. in FY2022, our market share for the entire U.S. market grew by 1.6%.



Source: Prepared by Sumitomo Forestry based on data from the U.S. Census Bureau (as of June 2023)

# New Business Expansion into Florida (Acquisition of Southern Impression Homes)

We expanded into the State of Florida, second largest market in the U.S., through the acquisition of Southern Impression Homes (SIH) by Brightland Homes. By building a robust platform (personnel, land, land procurement sources, construction system), we aim to develop a system toward achieving sales of 23,000 units in the U.S. by 2030.



Southern  
Impression  
Homes



## Main strengths of Southern Impression Homes

### 1. Land procurement capability

Has land procurement sources with a combination of completed and undeveloped residential land. There are about 10 staff in the land procurement department who leverage on various networks to secure land.

### 2. Highly efficient business model

- Sells single-family rentals with uniform specifications.
- Uses materials that take into consideration the maintenance cost for landlords.
- Maximizes capital efficiency through the use of land banking and option takedown contracts for completed housing, while also controlling real estate ownership risks.

### 3. Rental management services

Provides rental management services accompanying the sale of single-family rentals, thereby realizing the diversification of earnings through vertical integration.

Head office Jacksonville, Florida, U.S.

Business areas  
and contents

Our main business areas cover the north-eastern (Jacksonville), central northern (Ocala), and southwestern (Fort Myers) parts of Florida, while we are also developing the business in Atlanta, Georgia.  
In addition to an efficient business model that specializes in the development, construction, sales, and rental management of single-family rentals, it is characterized by high land acquisition capability that leverages on an extensive information network.

Business scale

Track record: 472 units sold, 709 residential plots sold, 1,659 rental units under management (FY12/2021)

Number of  
employees

86 (as of August 2022)

# New Business Expansion into Florida (Acquisition of Southern Impression Homes)

Using the expansion into Florida (one of the largest markets in the U.S.) as our foothold, we plan to further expand the single-family homes business that we are already developing in the U.S. and to break into the rental management business.



Roll out the diverse information and knowhow relating to single family rentals (SFR) owned by SIH, to all Group companies

1

## Brightland Homes' expansion into Florida

Using land information from SIH, expand the single-family homes business in the state of Florida.

2

## Expand the area of single-family rental sales

Expand the single-family rental (SFR) business in the existing business areas (Texas, etc.)

3

## Expansion of rental management business within the Group

Roll out, within the Group, a business model for acquiring long-term fee revenues

4

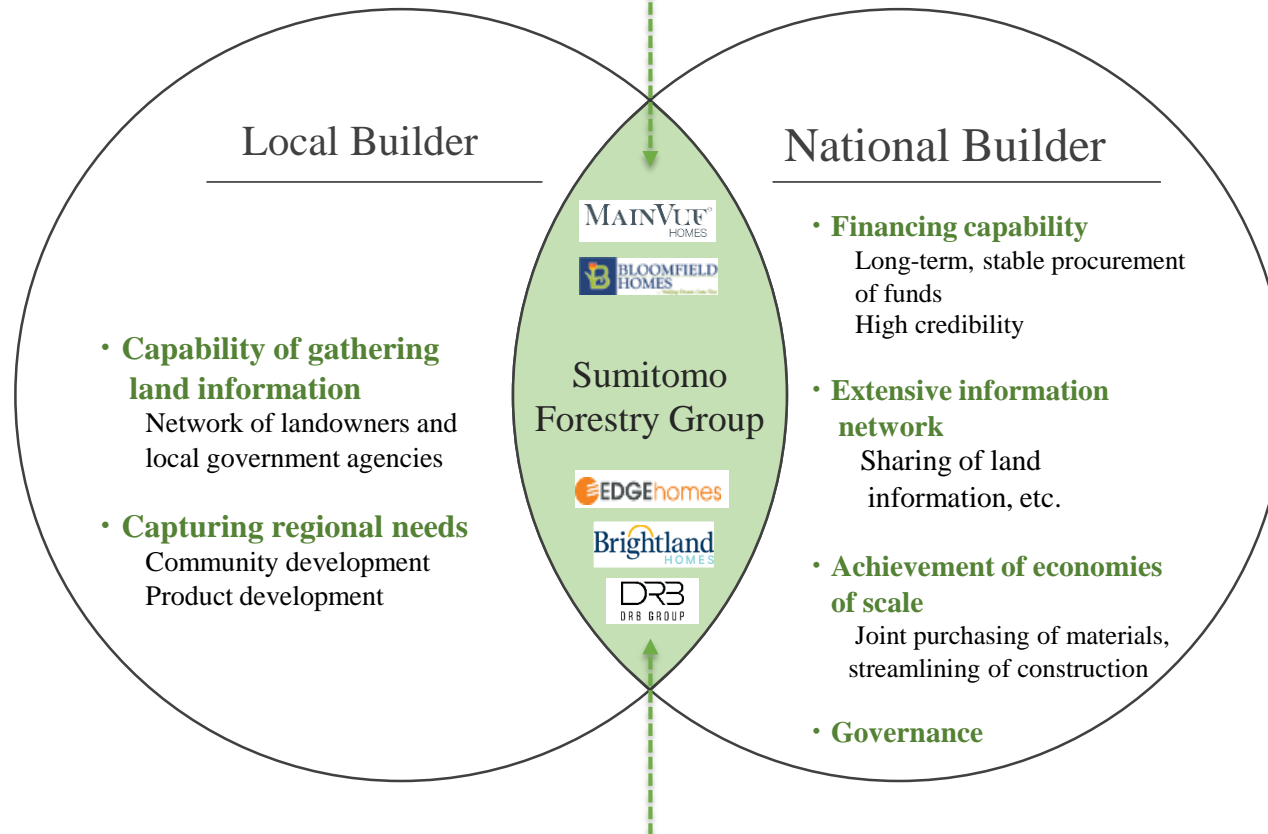
## Partnership with Crescent

Partnership with Crescent, which is already engaged in real estate development in the same state. Mutual sharing of information on land owned, and utilization of SIH's construction functions in development projects.

# Our Strengths (Our Distinctive Position)

## The distinctive position of the Sumitomo Forestry Group

Each company is engaged in a regional business while simultaneously acting as the Sumitomo Forestry Group, selling around 10,000 units per year as a whole



**Pursuing business growth through our excellent position that allows us to enjoy the benefits of both a local and a national builder**



## Our Strengths (Land Management)

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### Extensive knowledge of land information

Management teams with rich experience and extensive knowledge of regional housing needs and land information,



### Diverse land procurement methods

Land acquisition that is adapted to changes in the market environment, such as ownership using option contracts, completed/undeveloped residential land. Also conscious of capital efficiency.



### Stable financial base

Securing prime land projects in a timely manner, through the stable financial base of the Sumitomo Forestry Group.



### Governance

Ensuring inventory integrity through governance as a Group, for example, through real estate investment management regulations and inventory monitoring.



**We are conscious of asset efficiency and risk management based on market changes. We own land that commands strong customer demand, thereby contributing to future growth.**

# FITP Business Providing Services that Integrate Materials and Labor

## Promoting FITP business providing services that integrate materials and labor

We are promoting a Fully Integrated Turn-key Provider (FITP) business in which we provide integrated services that include everything from structural panel manufacturing to framing work, aimed at improving the stability and efficiency of the supply system, reducing costs, standardizing construction safety management, shortening construction periods, and reducing waste from construction sites.



## Initiatives in recent years

- February 2022: Acquired a construction company that engages in the contracting of framing, interior and exterior works, etc. with a focus on the U.S. East Coast, and internalized some of the construction functions.
- October 2022: Acquired 70% of the holdings in Structural, which is engaged in the component manufacturing business, such as trusses and wall panels for houses, in the suburbs of Washington D.C.
- November 2022: Decided to establish a panel factory in North Carolina, which is located in the southern part of the U.S. east coast.

## Various benefits of the FITP business

1

### Addressing impending labor shortage

We have secured the labor necessary for our business development for the time being, but as we aim to expand further, an FITP business addresses the future shortage of on-site labor, including framers.

2

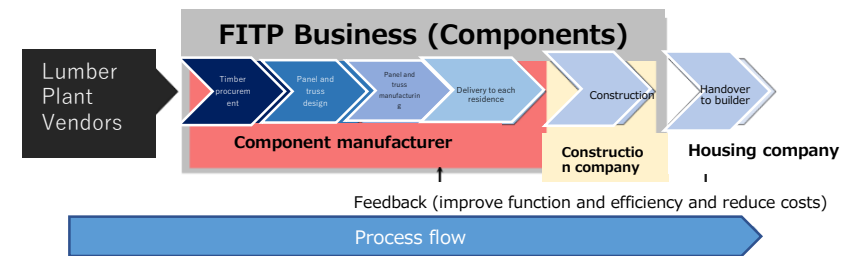
### Streamlining of construction

Strengthens the foundations of the business through streamlining (shortening construction periods, reducing costs, enhancing safety, standardizing on-site work, etc.)

3

### Creation of new business opportunities

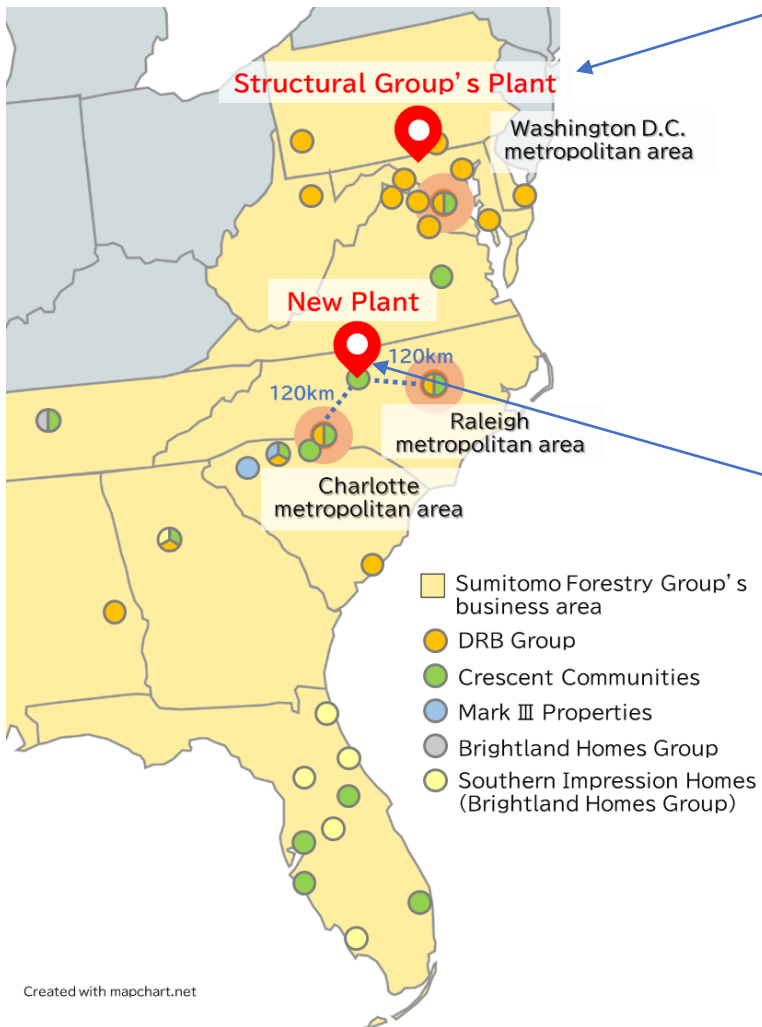
We also anticipate an expansion of the business in the medium- to long-term through external sales.



## Group synergy

We are demonstrating group synergy, such as the shipping and assembly of cabinets by An Cuong (an affiliated company of Sumitomo Forestry to which the equity method is applied), a furniture maker in Vietnam, for DRB's spec homes and Crescent's multi-family housing.

# FITP Business Providing Services that Integrate Materials and Labor



## ● Structural's factory



- Location: Thurmont, Maryland
- Production scale: About 12,000 MBF/year
- Roof trusses for about 1,200 houses, floor trusses for about 450 houses, and wall panels for about 350 houses
- Acquired factory through the acquisition of equity in Structural in September 2022.

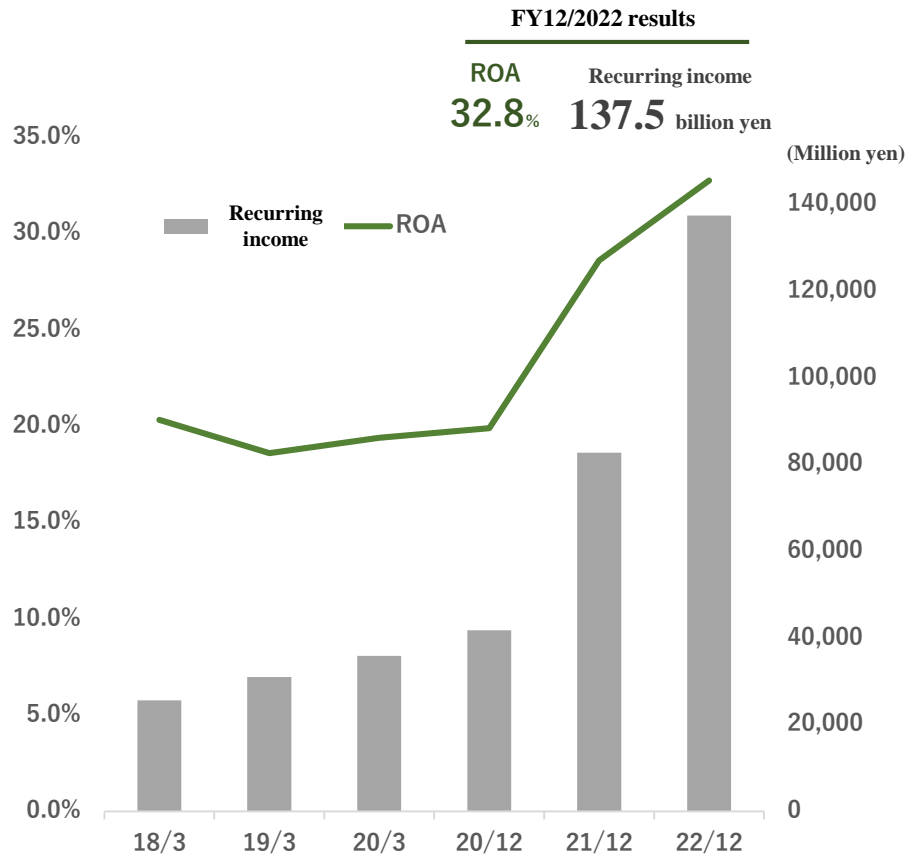
## ● New factory



- Location: Archdale, North Carolina
- Production scale: 2,800 houses (2030)
- Start of production: 2024 (tentative)
- Plans to manufacture wall panels, roofs, and floor trusses for single-family homes and multi-family homes
- Currently under construction in-house

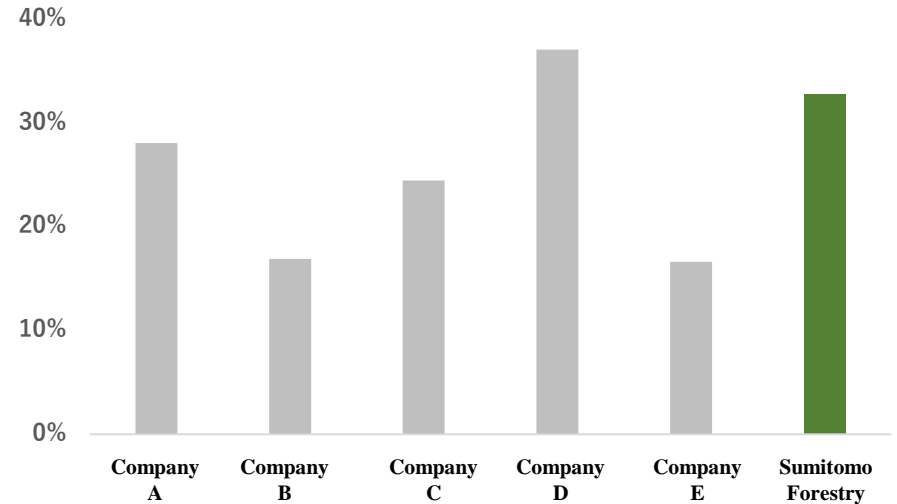
# Our Strengths (High ROA Efficiency)

## Changes in ROA and recurring income \*Sumitomo Forestry's U.S. housing companies\*



\*Total for five U.S. builders

## Comparison with top U.S. builders



\*ROA = Income before income taxes ÷ Total assets (two-year average)

\*Sumitomo Forestry: FY12/2022 results

U.S. builders: Results from most recent fiscal year-end



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# **Real Estate Development Business in the United States**

# Real Estate Development Business in the U.S. (Market Environment and Business Model)

- The real estate development business in the U.S. is engaged in residential land development and commercial real estate development.
- In addition to residential land development by Mark III, the residential land development business is also engaged in joint ventures with Hines.
- In the commercial real estate development business, in addition to commercial real estate development by Crescent\*, we are also engaged in the development of multi-family homes and single-family/town house rentals through joint ventures with U.S. developers via SFA MF\*, such as Trammell Crow Residential, JPI, and Fairfield, to name a few. \*All are wholly-owned subsidiaries of Sumitomo Forestry.

## Market environment

### Multi-family homes

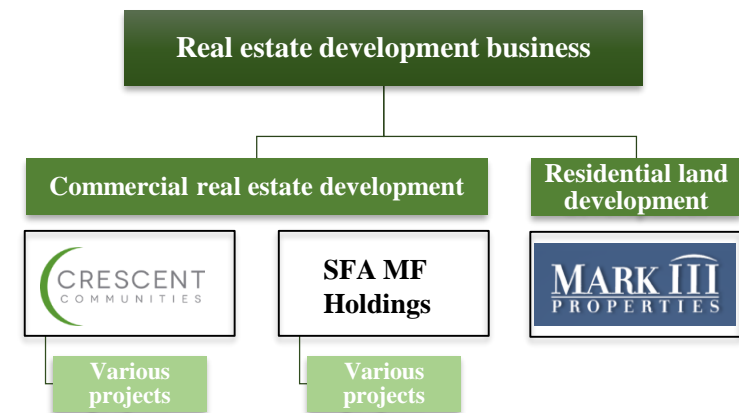
As policy interest rate rises, investors and financial institutions are assessing the impact on market conditions. As the rental market is bullish, sellers are also uncertain about when they should sell, so the number of transactions remains at a low level.

### Commercial facilities, offices

Employment is rising continuously in the Sun Belt market, we are continuing to see new contracts, contract renewals, and marketing activities with a focus on small-lot tenants, even among properties owned by our Company.

## Our strategy

It takes about three to four years for the commercial real estate business to accrue revenue. Rather than make judgements based solely on the current interest rate trends and market conditions, we will **continue to carefully select and develop prime projects with a view to the long-term business environment.**



## U.S. real estate development group Results as of December 2022

	Project establishment (Cumulative total as of FY12/22)	Sales (Results as of FY12/22)
Multi-family homes	33 projects	9 projects
Single-family rentals	5 projects	1 project
Commercial complexes	16 projects	2 projects

# Real Estate Development Business in the U.S. – Commercial Real Estate Development (Crescent, SFA MF)

## Crescent Communities (wholly-owned subsidiary of SFAM)

Engages in the development of multi-family homes, commercial facilities, logistics warehouses, life sciences, and single-family/town house rentals as a general partner.



### Results for Crescent (since establishment in 1963)



\*As of end December 2022

Multi-family homes <b>77</b> projects	Commercial facilities <b>24</b> million sf ≈ 2.23 million m <sup>2</sup>	Master plan development <b>60</b> communities
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## Total for two companies

Number of employees as of FY2022

**194**

Number of construction starts in FY2022

Multi family <b>4,034</b> units started	Commercial <b>2,383K</b> sqft started
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\*SFA MF Holdings, Crescent Communities

## SFA MF Holdings (wholly-owned subsidiary of SFAM)

Engages in the development of multi-family homes and single-family/town house rentals, mainly as a limited partner.



### Example of joint venture with TCR

• Alexan Bothell  
Seattle: 368 units of multi-family homes, scheduled to start leasing in March 2024



### Example of joint venture with JPI

• Jefferson on Imperial  
Los Angeles: 244 units of multi-family homes, started leasing in August 2021



### Example of joint venture with CHO

• Southstone Yards  
Dallas: Wood-structured offices



### Example of joint venture with Fairfield

• Dallas: Multi-family homes  
Scheduled to be completed in September 2026



### Example of joint venture with Longbranch

• Harvest Meadow PJ  
Suburb of Austin: 118 SFR units, started leasing in August 2021



# Real Estate Development Business in the U.S. – Crescent’s Characteristics

Crescent operates in 18 cities from the southeastern to southwestern parts of the U.S. that have potential business growth from the viewpoint of population demographics, employment environment, cost of living, and attractiveness as cities. Going forward, it will continue to expand the real estate development business.

## Areas

### Population growth

Crescent has businesses in 10 states and The District, and our business area covers all the top seven states\* with the highest net migration (increase in population inflow).

\*Source: U.S. Census Bureau (2021-2022)

### Attractiveness

The cities that Crescent operates in are ranked among the most desirable to live in, based on questionnaire surveys and various data such as cost of living, employment market, and quality of education.

## Human resources/Organization

### Internalization of primary functions

Crescent has strong business planning capabilities and development management systems to meet the expectations of institutional investors, and we have internalized primary functions from land acquisition to planning, construction, and sale of property.

### Governance

- Crescent has earned a high level of trust from our stakeholders through a development management system with effective governance.
- Four personnel, including a director, have been seconded from the Sumitomo Forestry Headquarters in Tokyo to strengthen the management system.

## Highly appraised by stakeholders and the market

- Crescent has received various awards numeral times from the National Association of Home Builders (NAHB).
- Crescent was awarded Multifamily Development Firm of the Year in 2019 by NAHB as the best developer of multi-family homes.

## Environmentally conscious development

### Environment certification

Crescent has acquired NGBS certification or LEED credential for all multi-family homes in principle.



### Use of timber

Many multi-family home buildings 7 floors or lower are constructed from wood, which contributes to carbon fixation through the use of timber.

### Health and wellness

Emphasis is placed on the wellness of residents since before the COVID-19 pandemic. We actively promote the acquisition of Fitwel, a certification system that evaluates the environmental performance of buildings and districts.



## Local communities

### Canvas session

Emphasis is placed on the development process through brainstorming with stakeholders.



## External evaluation

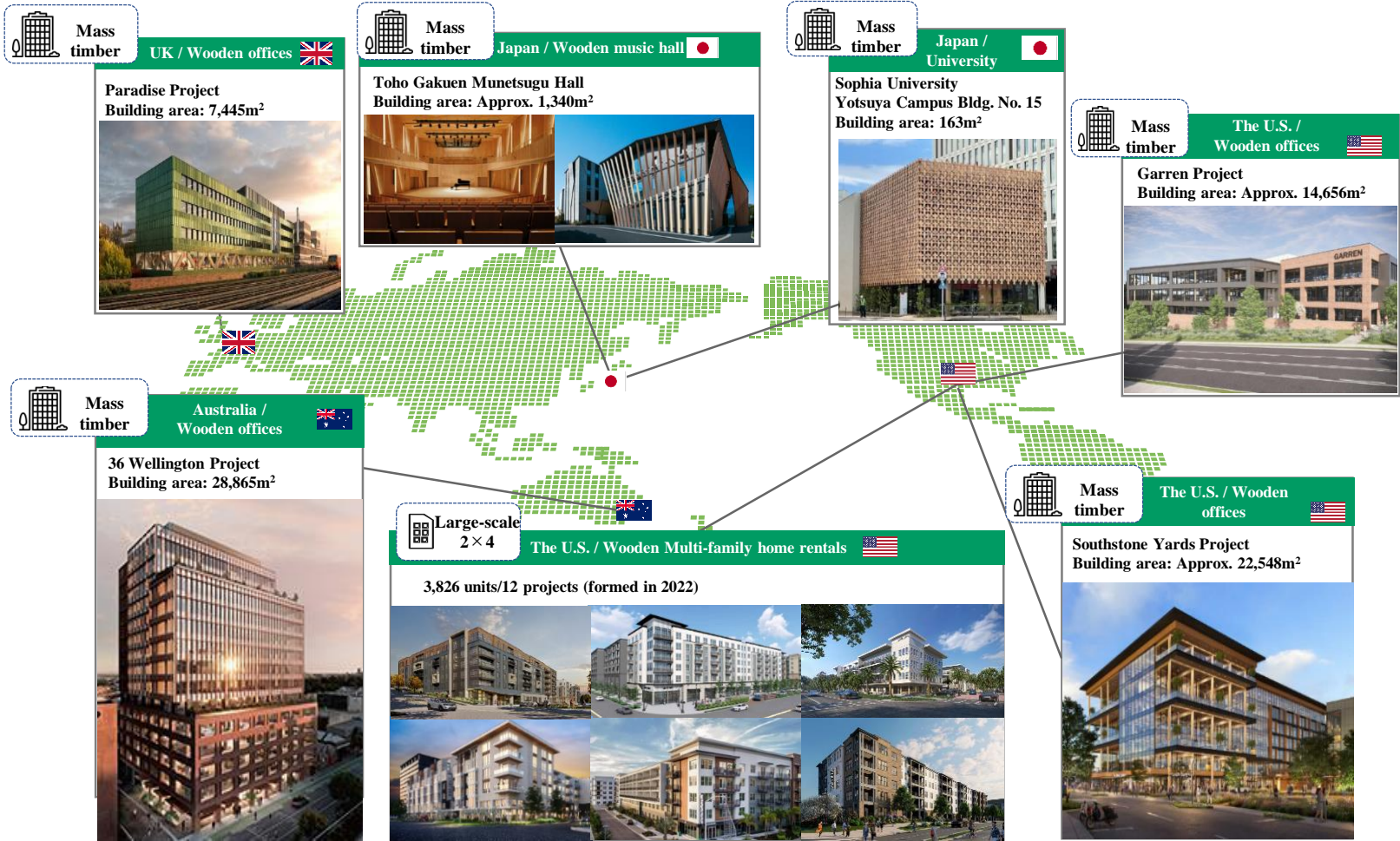


Crescent Communities  
WINNER | Multifamily Development Firm of the Year



# Medium- to Large-scale Wooden Construction Business

In 2022, we launched mass timber construction projects for the development of wood-structured offices in Atlanta and Dallas in the U.S. We will continue to expand the medium- to large-scale wooden construction business globally toward the realization of a decarbonized society.



# Asset Management Business

Through the provision of business schemes with high capital efficiency, we will expand the respective Group businesses, achieve stable growth, and create new business opportunities.

## Our strengths in the overseas commercial real estate business

### Prime asset procurement capabilities

- Strong cooperative relationship between Crescent and leading developers across the U.S.
- Top 10 in the U.S. for number of housing starts for multi-family homes
- Supports diverse asset types including master plan development, multi-family homes, offices, logistics facilities, life sciences, single-family rentals, forests, etc.



### Diverse business structures

- Cooperative relationship with financial institutions and institutional investors, diverse business structures such as funds and joint ventures.
- Registered as an investment advisory and agency business, and as a Type II Financial Instruments Business.
- Extensive track record of cross-border project formation and management.



### Environmentally conscious

Engaged in cutting-edge environmentally conscious development projects, such as medium- to large-scale wood-structured multi-family homes, mass timber office development, ESG-friendly funds, forestry funds, Life Cycle Assessments, etc.



## Synergy with other segments



Enhancing capital efficiency and creation of new business opportunities that could not be attempted on-balance, through the provision of schemes that utilize partnerships and leverages with institutional investors.

### Track record

- U.S. Crescent's private ESG-friendly real estate opportunities fund (approximately 70 billion yen in total assets).
- Domestic ESG-friendly real estate investment fund (approximately 4 billion yen in total assets, four private elderly care facilities with nursing care).
- U.S. joint ventures (6 projects in operation, approximately 107 billion yen in total assets)

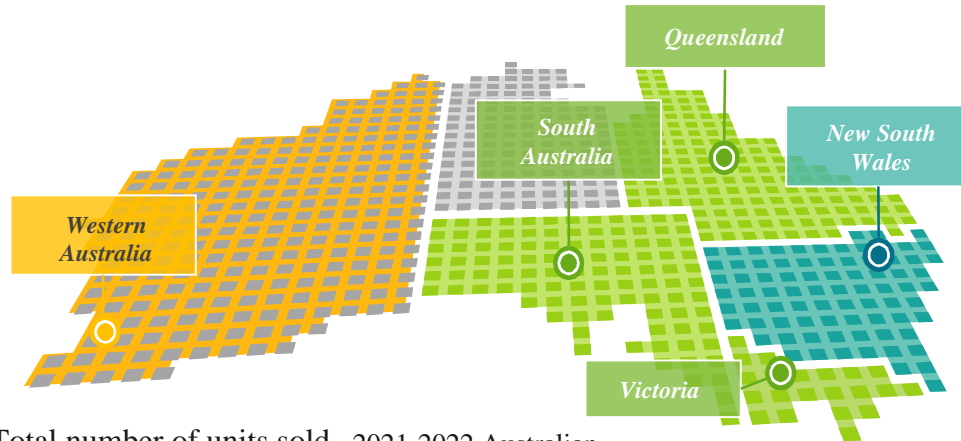
### Future

- Establishment of forestry funds for the creation of carbon credits.
- Acceleration of project commercialization for mass timber building projects.
- Establishment of core funds targeted at environmentally conscious/wooden structure projects for long-term operation.
- Establishment of new forestry funds in the U.S. and other areas.
- Aim to achieve managed assets of 300 billion yen.

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# **Housing and Real Estate Development Business in Australia**

# Business Areas of Each Group Company in Australia



Total number of units sold in FY2022

2021-2022 Australian builder rankings

Number of employees in FY2022



**2,787 units**



**3rd place**



**1,131 people**

Total of 3 companies\*

\* Henley, Wisdom, Scott Park

## Land development



## Landscaping



## Office development



## Order and spec homes



Henley Properties (VIC/QLD/NSW/SA)



Wisdom Homes (NSW)

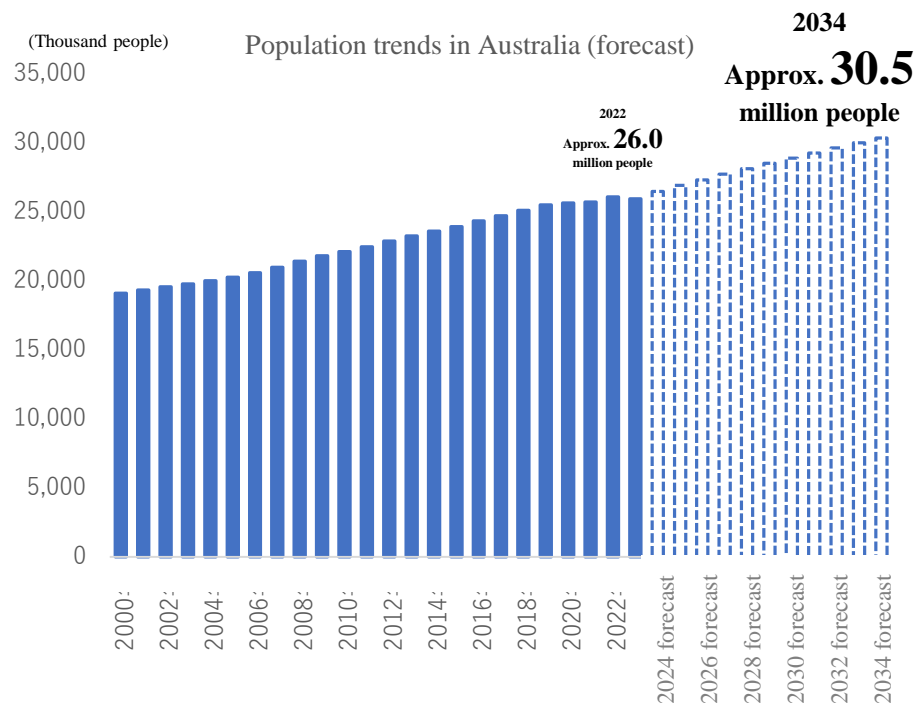


Scott Park Group (WA)

# Housing and Real Estate Development Business in Australia – Market Environment

- The population is increasing against the backdrop of Australia’s migration policies, and stable housing demand is expected over the long-term.
- Lengthy construction periods caused by a rapid increase in housing starts, brought about by the housing subsidy policy, have been improving recently.

## Population trends and future forecast in Australia



Source: ABS, Centre for Population

## Current situation and future outlook

### ✓ Improvement in lengthy construction periods

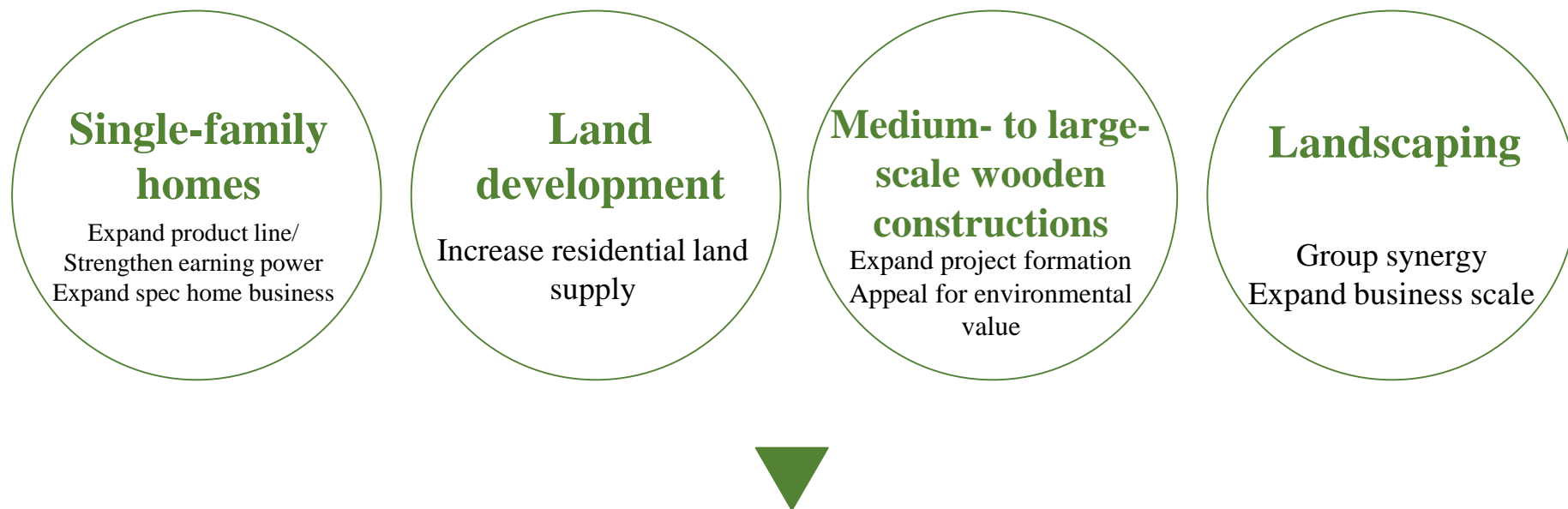
The number of housing starts has increased rapidly due to the housing subsidy policy introduced in June 2020. Administrative delays in development approval procedures, material supply delays, and shortage of skilled workers have contributed to lengthy construction periods. However, the material shortage has now mostly been resolved, while the shortage of skilled labor is also easing.

### ✓ Growing demand for affordable housing

Due to the housing shortage, housing prices have risen significantly. Policy rate hikes have also had an impact, resulting in strong customer demand for affordable housing.

# Strategy of the Housing and Real Estate Development Business in Australia

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**In addition to aiming for sales of 5,500 units by 2030 for the housing business, we will also work toward realizing stable profits for the land development business, medium- to large-scale wooden construction business, and landscaping business.**

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# **Housing and Real Estate Development Business in Asia**

# Housing and Real Estate Development Business in Asia

- We are working to increase the value of existing businesses and acquire new projects to develop Asia into the third pillar of earnings after North America and Australia.
- Asia is an area where growth is expected in the medium to long term, so we are reviewing projects for the medium-to long-term business period.

## Strategy

**Area** Cultivate real estate development business primarily in Thailand, Indonesia, and Vietnam.

**New business** Achieve high profitability and stable earnings by focusing on low-to-mid-rise condominiums/detached houses/master plans, etc.

**System development** Establish a system that enables project formation through majority investment by the Company based on collaboration with leading local partners.

**Environmental conscious** Accelerate efforts for a decarbonized society through EDGE certification and renewable energy such as solar power. Verify and consider the potential of wooden construction.

**Utilization of Japanese technology** Utilize know-how cultivated in Japan, such as advanced design capabilities, construction management, and improvement of environmental performance.

## Examples of development



LAKE Forestry (Thailand)



MORIZEN (Indonesia)



Thonglor Project (Thailand)



Midtown (Vietnam)



## Housing and Real Estate Development Business in Asia – Major Ongoing Projects

Project title	Location	Total units (*)	Total project cost (*)	Start date of delivery
Midtown Project	Ho Chi Minh City (Vietnam)	2,439 units	Approx. USD 225 million	June 2019
Thonglor Project	Bangkok (Thailand)	311 units	Approx. USD 140 million	July 2022
LAKE Forestry	Pathum Thani (Thailand)	Approx. 1,400 units	Approx. USD190 million	December 2020
MORIZEN	Bekasi (Indonesia)	158 units	Approx. USD30 million	October 2021
Makassar Project	Makassar (Indonesia)	Approx. 500 units	Approx. USD84 million	Planned for 1Q 2025
Depok Project	Depok (Indonesia)	346 units	-	2026
Vung Tau Project	Vung Tau (Vietnam)	118 units	-	Around June 2024

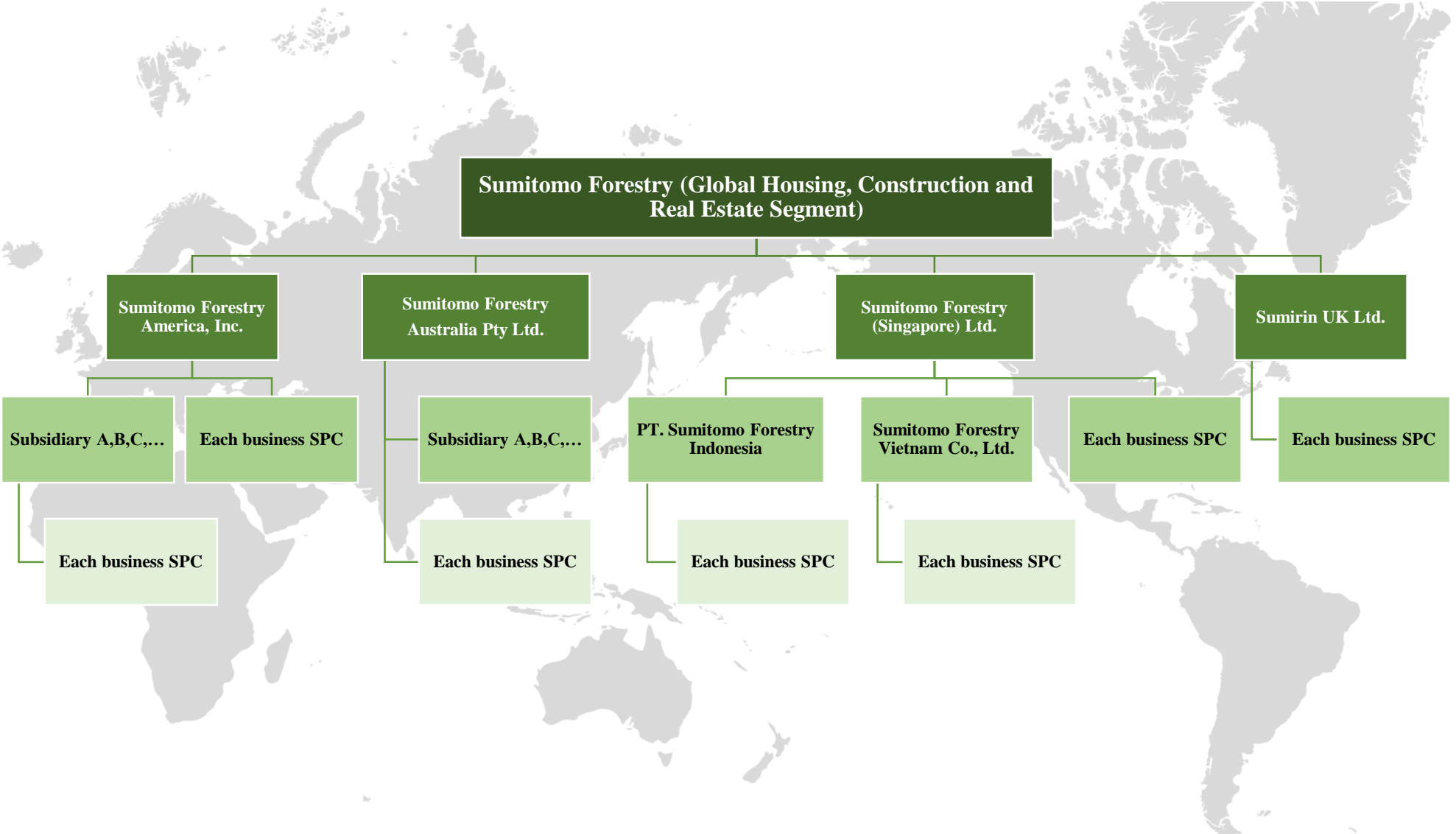
\*Total units and total project cost are figures as of the time of press release.

**Over the next five years, we aim to establish about 15 projects (investment basis) with a focus on Thailand, Vietnam, and Indonesia.**

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# Governance

# Management Structure of the Organization



## Strengthening Governance/Risk Management

We have continuously strengthened governance and risk management alongside the expansion of our business. We will also continue to build a foundation to support our medium- to long-term growth strategy.

**Clarification of decision-making processes through administrative authority regulations**

**Operations process control through the introduction of internal control (J-SOX)**

**Strengthening of internal audits in the U.S. by stationing a staff from the Internal Audit Department**

**Introduction of whistleblowing mechanism**

**Promotion of three-expatriate-staff system in each company, including one full-time director**

**Implementation of management and monitoring based on the Real Estate Investment Risk Management Regulations**

**Thorough efforts to prevent bribery**

**Acceleration of efforts to develop databases and visualize performance management indicators, etc.**

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# Developing an Environmentally Conscious Business

# Developing an Environmentally Conscious Business

## Mass timber construction

Establish real estate development projects for mass timber construction, positioning “decarbonization” as our keyword. Promote continuous project formation.

## Establishment of forestry funds and environmentally conscious funds

Promote the establishment of forestry funds and the development of environmentally conscious assets based on the premise of acquiring environmental certifications such as LEED or NGBS.

## Introduction of tool to evaluate environmental impact

Build a company-wide project promotion system toward the adoption of One Click LCA in global projects, and introduction and widespread adoption in the Japanese market.

## Environmental compliance

Promote efforts in anticipation of trends in environmental rules, such as the enactment or revision of relevant bills by the governments of each country.



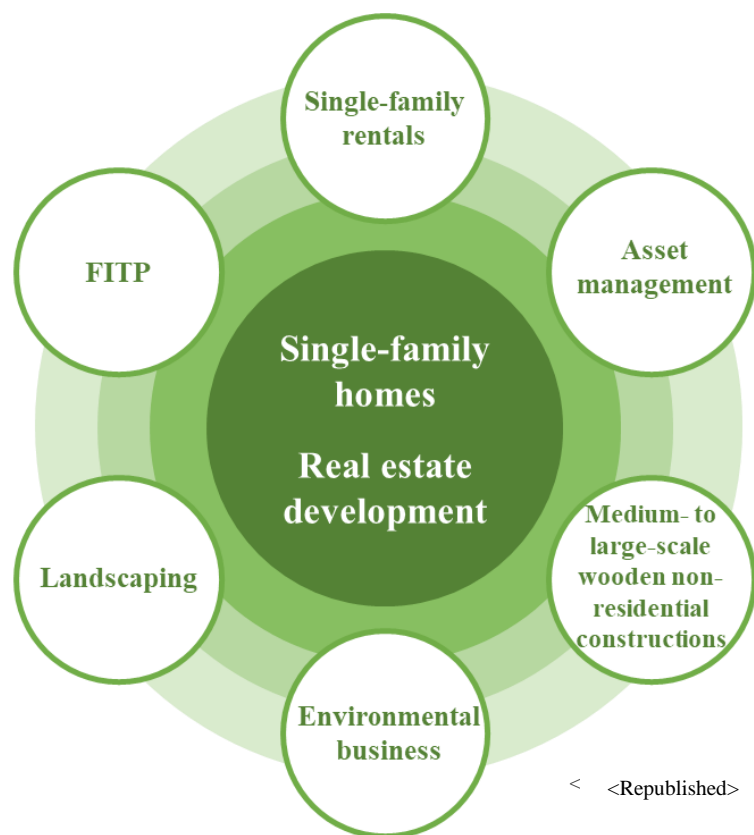
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# Long-term Vision

# Long-term Vision

In February 2022, we announced our Long-term Vision, which sets out our vision for 2030, as well as our Medium-term Management Plan which goes through 2024.

With the evolution of global expansion as one of our business policies, we will promote expansion of the area and scale of the Group's business overseas, centered on the business platform in the United States, Australia, and Asia.



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## Planned number of units supplied

		Medium-term Management Plan	Long-term Vision
	FY12/2022	FY12/2024	FY12/2030
Single-family homes in the U.S.	10,244 units	16,000 units	23,000 units
Single-family homes in Australia	2,787 units	4,000 units	5,500 units
Other *1	3,405 units	5,250 units	11,500 units
<b>Total</b>	<b>16,436 units</b>	<b>25,250 units</b>	<b>40,000 units</b>

\*1. Total of multi-family homes and single-family rentals in U.S. real estate development, and real estate development projects in Australia, Europe, and Asia, including joint ventures.

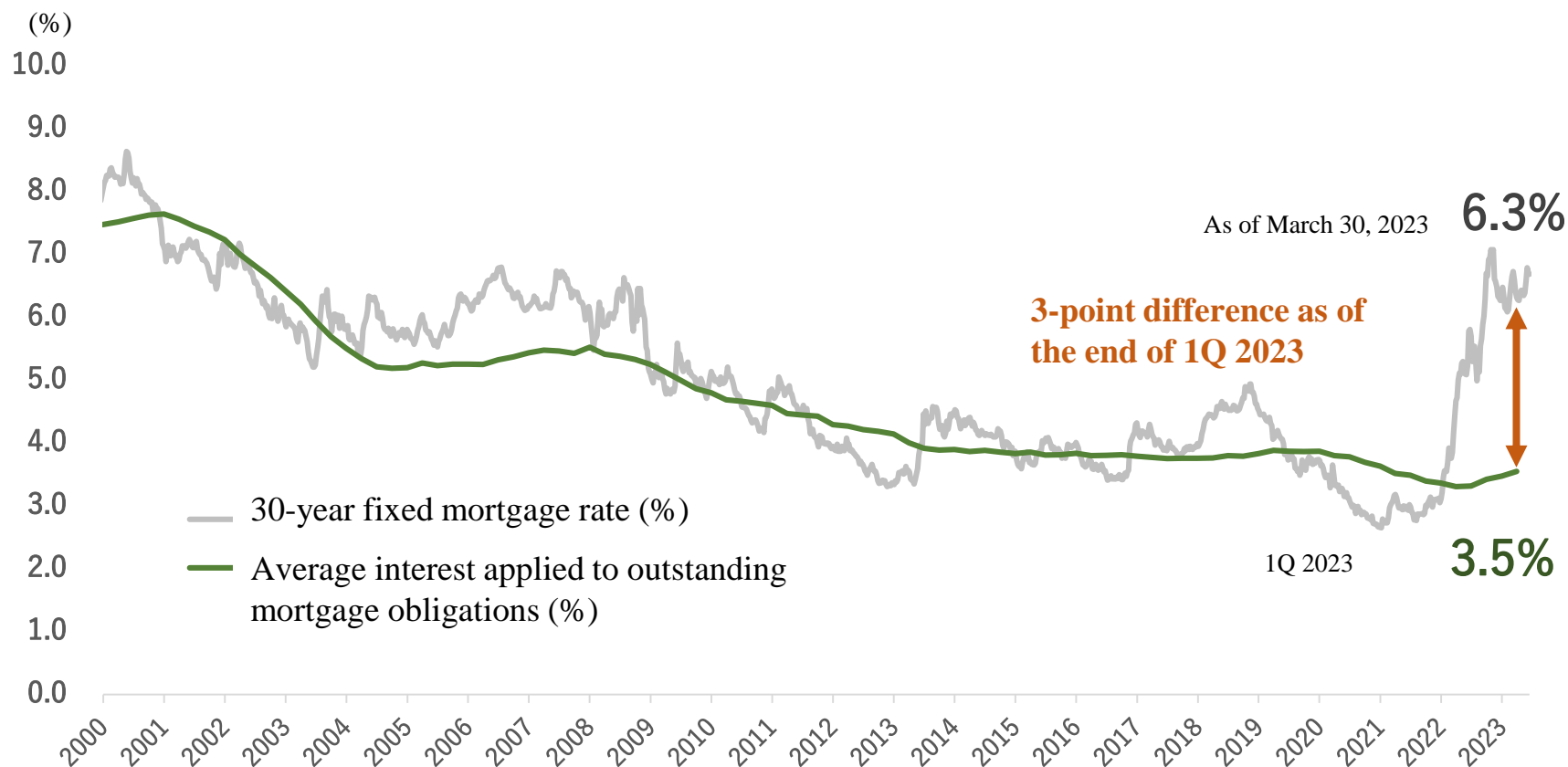


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# Appendix

# Changes in Average Interest Rate Applied Against Outstanding Mortgage Obligations and 30-year Fixed Mortgage Rate (the U.S.)

- Average mortgage rate applied to existing homeowners is about 3.5%.
- As the resale of existing homes involves refinancing from low to high interest rates, the market for existing homes remains sluggish.

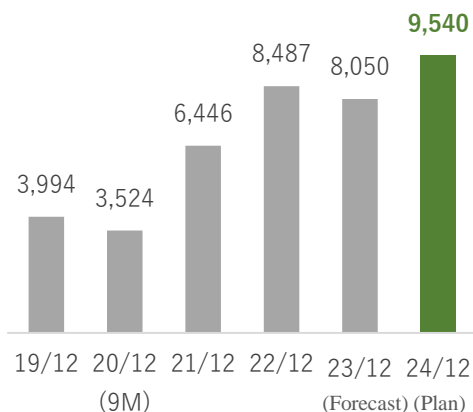


Source: Prepared by Sumitomo Forestry based on data provided by the Bureau of Economic Analysis, Freddie Mac

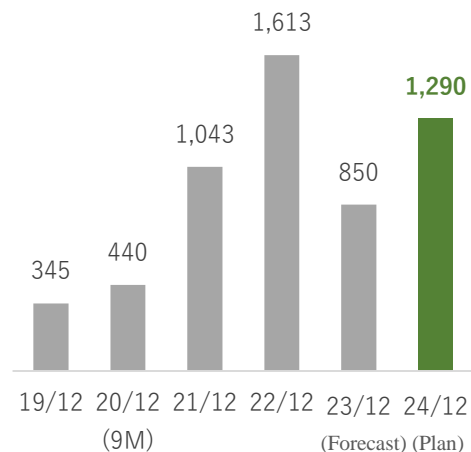
# Global Housing, Construction and Real Estate Segment – Business Plan

(Units: Billion yen, %)

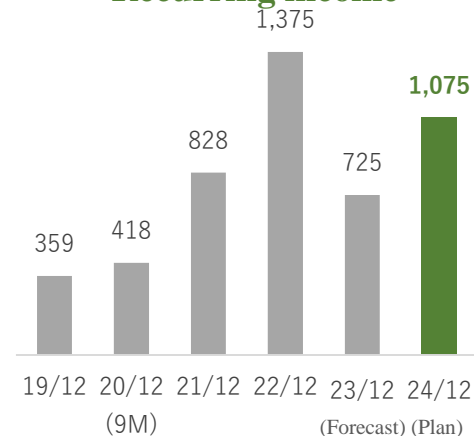
## Segment net sales



## Segment recurring income



## Housing business in the U.S.\*1 – Recurring income

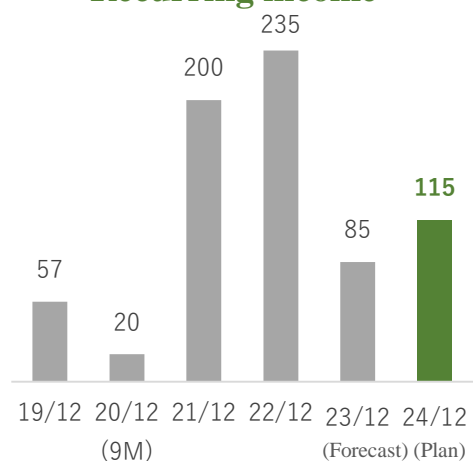


Exchange rates			
	20/3	20/12	21/12
USD	109.01	106.02	109.85
AUD	75.80	74.32	82.48

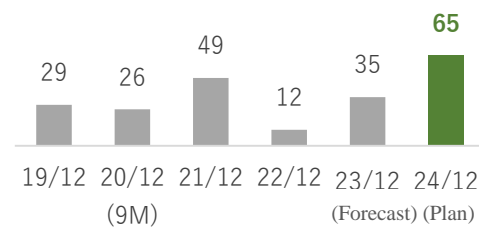
  

	22/12	23/12	24/12
USD	131.52	130.00	115.00
AUD	91.11	90.00	83.00

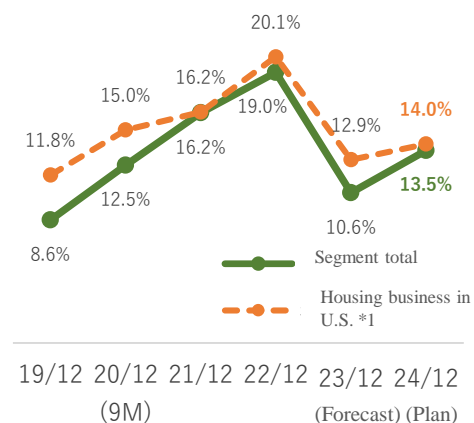
## Real estate business in the U.S.\*2 – Recurring income



## Housing business in Australia\*3 – Recurring income



## Recurring income ratio



\*1 Housing Business in U.S.  
Brightland Homes Group  
DRB Group  
Bloomfield Homes Group  
MainVue Homes Group  
Edge Homes Group

\*2 Real Estate Business in U.S.  
Crescent Communities Group  
Mark III Properties, LLC  
SFAMF Holdings, LLC

\*3 Housing Business in Australia  
Henley Group  
Wisdom Group  
Scott Park Group

Note: FY12/20 is an irregular fiscal period of 9 months from April to December 2020. The FY12/23 forecasts are as of April 27, 2023. The FY12/24 plan is as of February 14, 2022.

# Product Development and Sales Price Distribution of Our Housing Companies in the U.S.

## Diverse products

### ■ Single-family homes



### ■ Town houses



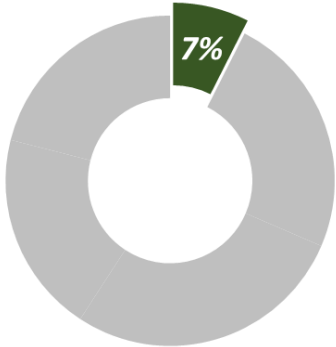
### ■ Condominiums



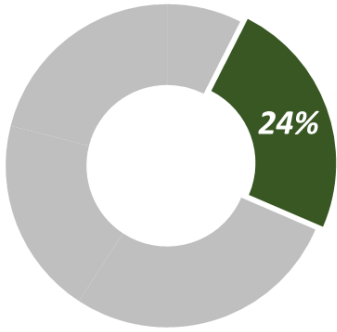
## Percentages by sales price range

\*Based on 2022 sales results

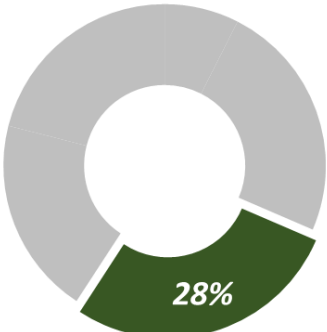
Less than USD 300K



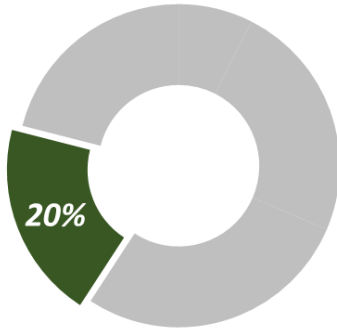
USD 300K-USD 400K



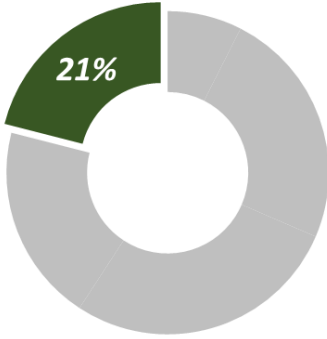
USD 400K-USD 500K



USD 500K – USD 600K



Over USD 600K



# Contract Price Distribution of Our Housing Companies in Australia

## Products of each company

■ *Henley*



**7<sup>th</sup>** in Australia  
(7th in Victoria)

■ *Wisdom*



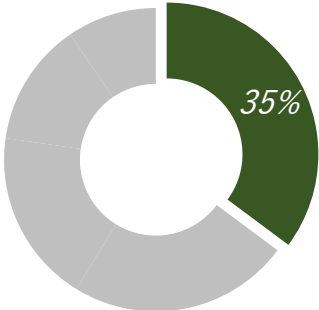
■ *Scott Park*



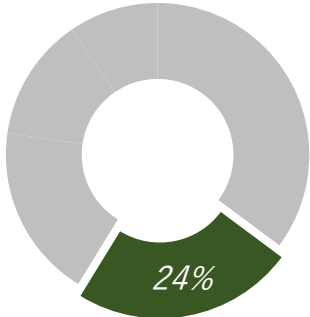
**4<sup>th</sup>** in Western Australia  
\*Australian Housing Start Rankings (2021/2022)

## Distribution by contract price range / Building only \*Based on 2022 contract results

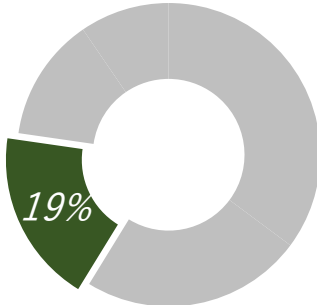
Less than AUD 300K



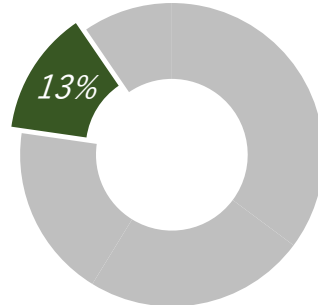
AUD 300K-AUD 400K



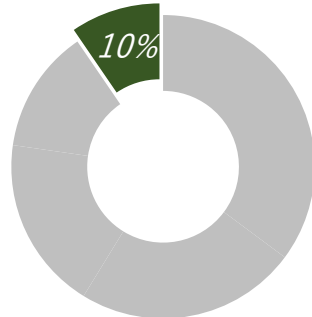
AUD 400K –AUD 500K



AUD 500K – AUD 600K

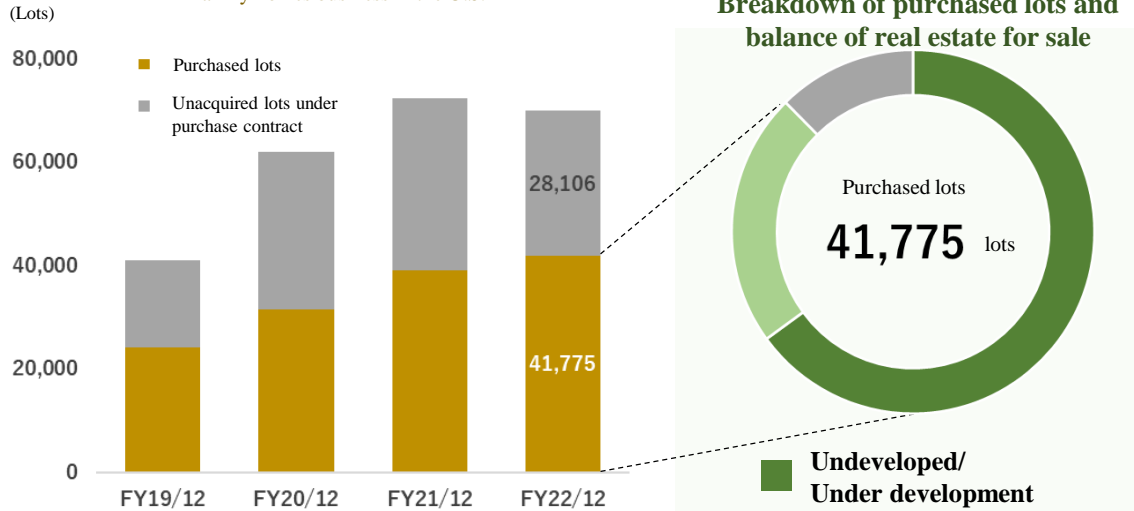


Over AUD 600K

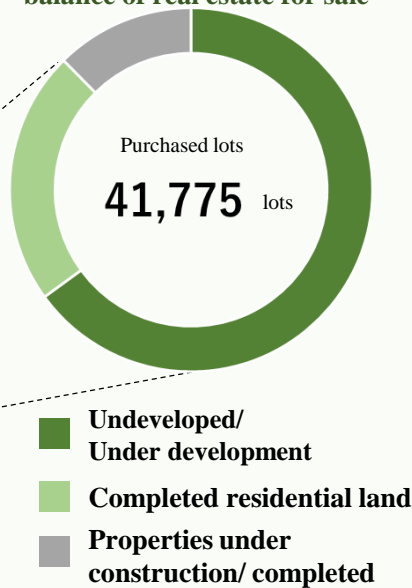


# Real Estate for Sale

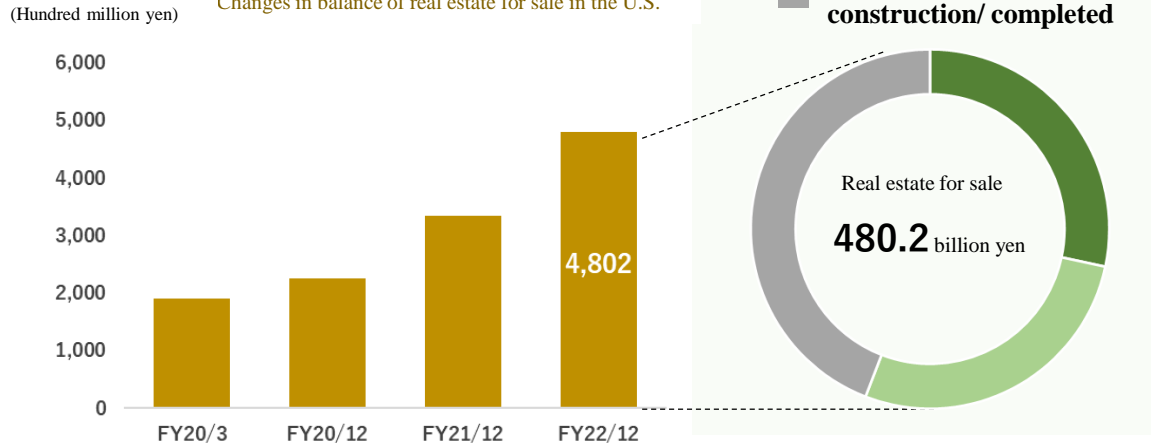
Changes in purchased lots and unacquired lots under purchase contract in the single-family homes business in the U.S.



Breakdown of purchased lots and balance of real estate for sale

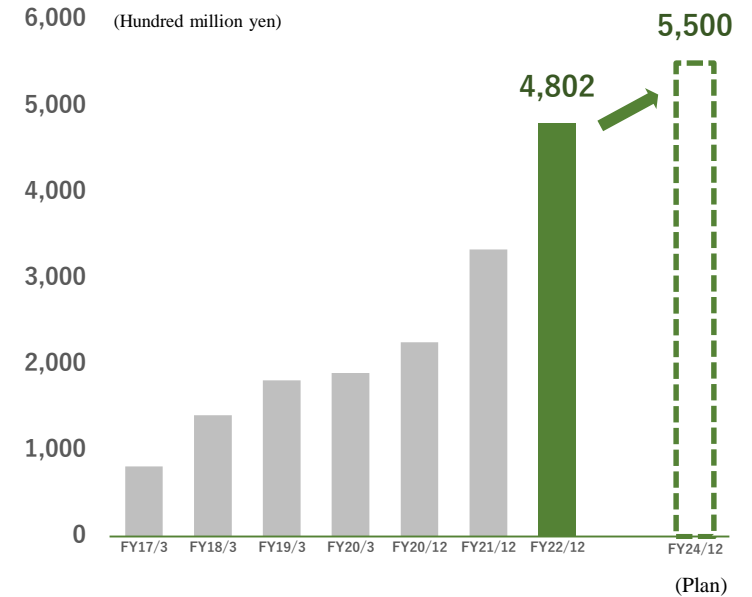


Changes in balance of real estate for sale in the U.S.



## Medium-term Management Plan

Balance of real estate for sale (U.S.)



Exchange rates

	20/3	20/12	21/12	22/12	23/12	24/12
USD	109.01	106.02	109.85	131.52	130.00	115.00

- **The performance forecasts, outlooks, business plans, etc. in this document are based on the assumptions and judgment of the Group and are prepared based on information available as of the time of preparation. No promise or guarantee is made with respect to the accuracy or completeness thereof.**
- **Performance forecasts, outlooks, business plans, etc. are subject to change.**
- **This material is not intended to solicit investment or acquisition of any other financial instrument.**

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Happiness Grows from Trees

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**SUMITOMO FORESTRY**