

February 2, 2021

For immediate release

Sumitomo Forestry Co., Ltd.

U.S. Subsidiary Gehan Homes Acquires Housing Company in Colorado

~Sumitomo Forestry further expands its housing business in the U.S.~

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; Headquarters: Chiyoda-ku, Tokyo; hereinafter Sumitomo Forestry) announced that its United States subsidiary Gehan Homes, Ltd. (President: John Winniford; Head Office: Texas, United States; hereinafter “GH”) has signed a business acquisition agreement with CDL Homes, Inc. (hereinafter “CDL”), which operates a housing business in the Denver region of Colorado, U.S.A. The transfer of business assets—including real estate for sale, various rights, and other assets—was completed on February 2 Japan time (February 1, local time). This marks the Sumitomo Forestry Group’s first foray into the Denver region for its housing business.

CDL is engaged in the construction and sales of detached houses and town houses under the brand name of Wonderland Homes, primarily targeted at move-up home buyers. It owns real estate for sale in the Denver area, where the housing market is forecast to expand; as a result, its business can also be expected to grow.

CDL’s integration into GH will lead to improved purchasing power which, in turn, will bring a range of benefits such as reduced materials costs—GH will seek to leverage such benefits to improve its profitability. In addition, the Sumitomo Forestry Group’s U.S. subsidiary Crescent already operates a multi-unit residence business in the Denver area, and the Group intends to consider how synergistic effects can be utilized.

The Denver area of Colorado is one of the leading housing markets in the mountainous region of the southwest United States. Indeed, it is the 11th largest market for newly built single family homes in the country. The economy of the Denver area is growing strongly due in large part to the hi-tech industry, and employment opportunities are expected to remain widespread going forward. For these reasons, the population of the Denver area is predicted to expand, and contribute to the stable growth of the housing market.

The Sumitomo Forestry Group is focused on expanding its housing business in the United States and, at present, operates in 14 states across the country, including the State of Colorado. The Group limits its operations to those areas where strong housing demand can be expected, due to increasing employment and populations. Consequently, it has expanded its business to Dallas, Houston, Austin, and other regions in Texas, where numerous companies are relocating due to tax incentives and low living costs, to Salt Lake City in Utah, to North Carolina and South Carolina on the east coast, and to Atlanta in Georgia.

The housing business is rooted in local cultures and climates. The Sumitomo Forestry Group has gradually expanded the scale of its business through the acquisition of outstanding home builders in its areas of operation. The group’s closing in 2019 makes it equivalent to being the 10th largest home builder in the US, additionally expected to deliver roughly 9,000 single family homes in the United States in 2020. Since 2018, the Sumitomo Forestry Group has also been diversifying its business through the development of multi-family residences, commercial and mixed-use facilities, and through its residential lot development business.

Upon completing the acquisition of new companies, the Sumitomo Forestry Group takes care to respect their existing management styles, shares with them its corporate philosophy, and continues to provide housing with high added value. Going forward, the Sumitomo Forestry Group will continue to work as a united whole to promote the sustainable growth of each of its constituent companies.

[Reference]

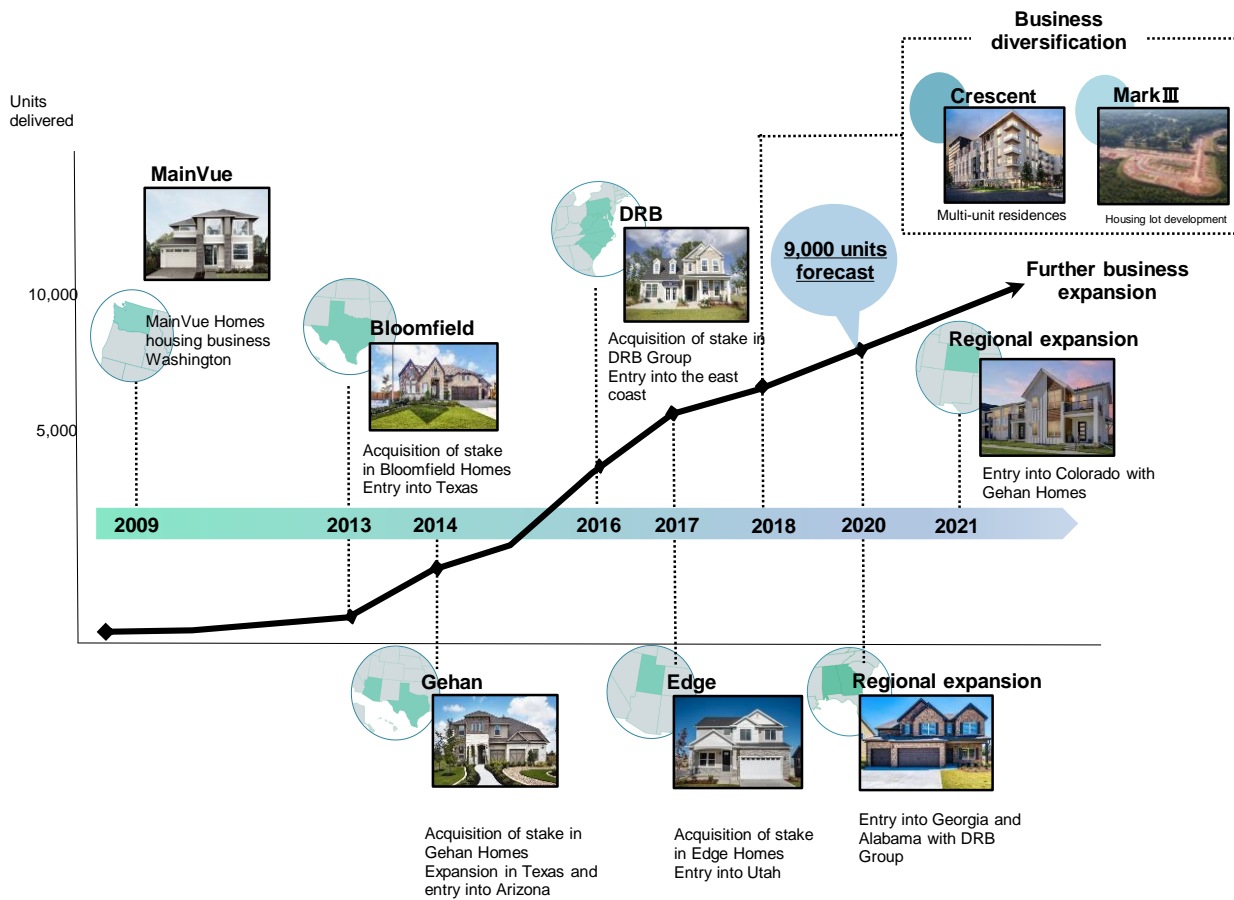
■ **Outline of Gehan Homes, Ltd.**

Name and title of representative:	John Winniford (President, CEO)
Location of head office:	Addison, Texas, United States
Year of establishment:	1994
Description of business:	<ul style="list-style-type: none"> • Housing business in Texas (Dallas, Houston, Austin, San Antonio), and Arizona (Phoenix); characterized by its rich product line-up and diverse design options, it provides housing tailored to local needs. • In recent years, it has become one of the leading home builders in Texas, receiving numerous awards and widespread acclaim. (2020 Star Awards: https://sfc.jp/english/news/pdf/20200811_en.pdf) • 2,420 units delivered in 2019
Number of employees:	447 (Group total, as of December 31, 2020)

■ **Images of CDL homes**



■ Timeline of the Sumitomo Forestry Group's housing business in the United States



■ Map of the Sumitomo Forestry Group's housing business in the United States

17 states in total: detached housing business in 14 states; multi-unit residence business in 9 states; both businesses in some states

