

March 30, 2022

For immediate release

Sumitomo Forestry Co., Ltd.

**Formation of an ESG friendly real estate opportunities fund with total assets of approximately USD 580 million**

**~ Sumitomo Forestry to Make Full-Scale Entry into the Asset Management Business ~**

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; Headquarters: Chiyoda-ku, Tokyo; hereinafter Sumitomo Forestry) and its wholly owned U.S. subsidiary Crescent Communities, LLC (CEO: Brian Natwick; Headquarters: Charlotte, North Carolina, United States; hereinafter Crescent), SFC Asset Management Co., Ltd. (President and Representative Director: Yujiro Yoshizawa; Headquarters: Chiyoda-ku, Tokyo; hereinafter SFCAM) announced that they have recently formed and started managing a U.S. real estate opportunities fund. The development of four rental multi-family housing properties (totaling approximately 1,000 units with an asset size of USD 580 million) in prominent metropolitan areas of the fast-growing Sun Belt<sup>\*1</sup> of the United States and management of these properties over a five-year period is planned. The fund contributes to ESG by acquiring environmental certifications for all properties and conducting development through dialogue with local communities. With the formation of this fund, the Sumitomo Forestry Group will make a full-scale entry into the asset management business.

■ Fund characteristics



NOVEL Beach Park



NOVEL 14th Street

- The fund targets four new development projects in prominent metropolitan areas of the Sun Belt of the United States, which boast high employment and economic growth rates even throughout COVID-19.
- Attractive assets that focus on the “Live, Work, Play” concept will be newly developed in close proximity to employment areas, stores, public transportation, restaurants, and other facilities, with many shared facilities and exceptional design features.
- Added value from an ESG perspective will be increased through the following measures: acquiring environmental certifications such as LEED<sup>\*2</sup> or NGBS<sup>\*3</sup>; conducting Crescent’s unique workshops known as Canvas sessions, in which ideas are developed in collaboration with neighborhood and other stakeholders and a development concept that is desired by local communities is created; and acquiring Fitwel certification<sup>\*4</sup> related to consideration toward the health of residents.

- This is an initiative that Japanese companies can easily participate in directly, as Crescent, a wholly owned subsidiary of Sumitomo Forestry and ranked 15th amongst all multi-family housing developers in the United States<sup>\*5</sup>, is involved in planning, development, and management, and SFCAM is involved in advising the fund in Japan.



#### ■ About the participating companies

- Japanese companies will participate in the development projects, including Kumagai Gumi Co., Ltd. (President: Yasunori Sakurano; Headquarters: Shinjuku-ku, Tokyo), Haseko Corporation (President and Representative Director: Kazuo Ikegami; Headquarters: Minato-ku, Tokyo), and Fuyo General Lease Co., Ltd. (President and Chief Executive Officer: Yasunori Tsujita; Headquarters: Chiyoda-ku, Tokyo). The development projects will be implemented while utilizing the diverse expertise that the participating companies have accumulated.

#### ■ About the Sumitomo Forestry Group

- In the United States, Crescent will be responsible for functions related to real estate development such as land acquisition, financing, development management, and property management for development properties, as well as asset management for the fund.
- In Japan, SFCAM, the first asset management company in the Sumitomo Forestry Group, will provide investment advisory services for the fund and will serve as a point of contact for communication between the participating Japanese companies.
- Sumitomo Forestry is planning and overseeing the entire U.S. real estate development business for the Sumitomo Forestry Group and is investing in the fund as one of the participating companies.
- In the U.S. real estate development business of the Sumitomo Forestry Group, the aim is not just to generate revenue by selling properties after they are developed, but also to create a stable, long-term revenue sources through the possession of developed properties and the asset management business.

With Crescent and SFCAM at the core of our business, starting with this fund, we will work to expand and stabilize earnings by diversifying our U.S. real estate business, including into environmentally-friendly office buildings, single-family build-to-rent, and logistics facilities, forming funds for projects outside Japan and the U.S., and creating assets that contribute to the decarbonized society, such as medium-to large-scale wooden construction projects.

\*1 Sun Belt: The warm region in the southern United States from California to North Carolina, south of the 37th parallel north latitude. The region has developed advanced industries such as high-tech, aerospace, and leisure.

\*2 LEED certification: An environmental performance evaluation system for buildings and site use developed and managed by the U.S. Green Building Council (USGBC)

\*3 The National Green Building Standard (NGBS) certification: The only certification recognized by the American National

Standards Institute (ANSI) as an evaluation system for environmentally friendly detached and multi-family housing

- \*4 Fitwel certification: A system developed under the direction of the U.S. General Services Administration (GSA) and Centers for Disease Control and Prevention (CDC) to certify designs and management operations that consider the health and working environment of building users
- \*5 15th place in the 2021 U.S. rankings of NMHC 25

#### ■ Fund outline

Outline	: ESG friendly real estate opportunities fund	
Size	: Asset under management approx. USD 580 million	
Asset	: New development of four rental multi-family housing properties	
Location	① NOVEL Beach Park Tampa, Florida	② NOVEL 14th Street Washington, D.C.
Structure	Ten-story reinforced concrete structure	Eight-story reinforced concrete structure
Number of units	289 units	200 units
Location	③ NOVEL River District Charlotte, North Carolina	④ NOVEL North Buckhead Atlanta, Georgia
Structure	Three- to four-story wooden structure	25-story reinforced concrete structure
Number of units	292 units	250 units
Operation period	: Sold after 5 years of operation	
Manager	: Sumitomo Forestry Group : U.S./Crescent Japan/SFCAM	
Launch date	: February, 2022.	
ESG	: In principle, U.S. Green Building Certification (LEED, NGBS, Fitwel, etc.) Community-oriented development through Canvas sessions	

#### ■ Overview of Crescent Communities, LLC

Headquarters	: Charlotte, North Carolina
Representative	: Brian Natwick (President, CEO)
Number of employees	: 147 (As of January 2022)
History	: Crescent started in 1939 as a forestry department established by Duke Energy, an electric company founded in 1904, and ventured into the real estate development business in 1990. The company became a wholly owned subsidiary of Sumitomo Forestry in July 2018.
Description of business	: Crescent is engaged in the development of multi-family housing, commercial and mixed-use complexes, and other real estate in 13 markets across ten states and one special district in the southeastern and southwestern regions of the United States centered on Charlotte. Received the Multifamily Development Firm of the Year award at the National Association of Home Builders (NAHB) Multifamily Pillars of the Industry Awards in 2019 for creative development concepts, innovative strategies, excellent design, marketing, and more in the development of multi-family housing

■ Overview of SFC Asset Management Co., Ltd.

Headquarters	: Otemachi, Chiyoda-ku, Tokyo
Representative	: Yujiro Yoshizawa (President and Representative Director)
Number of employees	: 15 (As of February 2022)
Date of establishment	: November 2020
Description of business	: Investment advisory services related to investment funds formed by the Sumitomo Forestry Group and other companies

The Sumitomo Forestry Group oversees businesses centered on wood in Japan and overseas, ranging from; forest management, to the procurement and manufacturing of timber and building materials, wood construction, and wood biomass power generation. Through Sumitomo Forestry's wood cycle of harvesting and processing, using, recycling, and planting trees, it is possible to increase the CO2 absorption amount of forests in order to store carbon for long periods by using timber. As a partner of the global shift toward decarbonization, the Sumitomo Forestry Group will provide unique wood solutions and contribute toward the realization of a sustainable society.

- This news release does not constitute an advertisement or similar material as defined in the Financial Instruments and Exchange Act.
- This news release does not aim to provide investment management or advisory services or solicit specific management products.

In addition, Sumitomo Forestry Co., Ltd. is not using this news release to solicit investment in the fund described in the news release.