

February 14, 2023

For Immediate Release

Sumitomo Forestry Co., Ltd.

**Sumitomo Forestry Establishes Joint Venture
for Full-scale Entry into UK Real Estate Market**
~ to develop environmentally conscious, mass timber properties in Europe ~

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; headquarters: Tokyo; hereinafter, Sumitomo Forestry) is pleased to announce that on February 1, 2023, it jointly established three companies – Bywater SFC Holdings, Bywater SFC Management and Bywater SFC Investments (hereinafter collectively, Bywater SFC) – with British real estate developer Bywater Properties (Representative: Theo Michell; headquarters: London; hereinafter, Bywater).

With a shared business vision to realize decarbonization, Sumitomo Forestry and Bywater are jointly developing a 6-story mass-timber*¹ office building in London. The establishment of Bywater SFC will serve to further strengthen the relationship of these two companies. It also marks Sumitomo Forestry's full-scale entry into the UK real estate development market to promote environmentally conscious properties and mass timber constructions in Europe.



A 6-story mass timber office building in London currently under construction by Sumitomo Forestry and Bywater (image)

Bywater specializes in the development, planning and management of real estate properties, primarily offices. It has developed mass timber and environmentally conscious properties in major UK cities, such as London, Manchester, Glasgow and Belfast. In February 2022, Sumitomo Forestry established Sumirin UK (Representative: Yujiro Yoshizawa; headquarters: London), which is working in collaboration with Bywater to develop the abovementioned office building.

Bywater SFC will develop real estate properties under the Bywater brand name. Its quick expansion into the European market is planned to include developing mass timber multi-family dwellings, refurbishing buildings, and several environmentally conscious projects using existing construction methods.

■ Synergy with Sumitomo Forestry Group

Since the opening of its representative office in Amsterdam in 1995, Sumitomo Forestry has been consistently supplying the Japanese market with high-quality European timber housing products. With one of the highest transaction volumes of European timber among Japanese companies, it is utilizing its network to support the expansion of real estate development operations in Europe, which boasts the world's largest production volume and technological capabilities of CLT and other engineered wood.

■ UK market environment

Demand for environmentally conscious real estate is high in Europe, which leads the world in terms of climate change policies. The UK, in particular, is an environmentally advanced country with an established decarbonization evaluation method that includes visualization of CO₂ emissions during

construction and carbon sequestration volume of Harvested Wood Products (HWP)^{*2}, such as buildings and furniture. Under the UK's Assessment of Environmental Performance of Buildings (BS EN15978)^{*3}, for buildings constructed of wood from sustainable forests and designed so that the wood is reused after demolition, wood carbon sequestration can be subtracted in the calculation of the building's Whole Life-Cycle Carbon (WLC) emissions.

Recent advances in wood fireproofing and other technologies have led to the streamlining of building certification and administrative licensing systems, resulting in an increase in the number of medium- to large-scale mass timber construction projects. The UK ranks number one in Europe in terms of commercial real estate investments and the number of residential transactions.^{*4} London is highly renowned for its robust and liquid market, as it maintains the top position in real estate transparency in terms of legal framework and transaction information disclosure.^{*5}

■Future developments

Sumitomo Forestry is involved in the development of 4,000 mass timber build-to-rent housing units per year using 2x4 construction, as well as numerous medium- to large-scale mass timber constructions both in Japan and abroad, such as a 15-story office building in Melbourne, Australia, a 6-story office building in London, UK, a 7-story office building in Dallas, USA, and a 3-story office building in Atlanta, USA. Through Bywater SFC, Sumitomo Forestry will promote environmentally conscious real estate development projects and the construction of medium- to large-scale mass timber buildings. In addition to growing its existing real estate development operations in the US, Australia and Asia, Sumitomo Forestry will strive to expand into new markets in Europe.

Sumitomo Forestry will also usher in the popularization of net zero carbon buildings, which reduce operational carbon to virtually zero by combining energy conservation, energy creation, renewable energy, carbon credit offsetting and other initiatives. We believe we can achieve this by building a network in Europe, with its strong real estate market and operating environment that values wood and environmentally conscious buildings.

Sumitomo Forestry Group is engaged in a broad range of businesses revolving around wood, including forest management, timber and building material procurement and manufacturing, wooden construction, and wood biomass power generation. Through the Sumitomo Forestry Wood Cycle, an element of our long-term vision for 2030 "Mission TREEING 2030", we are striving to increase the CO₂ absorption of forests and store carbon for long periods of time with the popularization of mass timber buildings to contribute to decarbonization for the company, customers, business partners, and society. With the advancement of globalization being one of its long-term vision business policies, Sumitomo Forestry is also working to accelerate decarbonization initiatives in Europe.

*1 A construction method using mass timber, engineered wood of relatively large mass and volume made by combining multiple pieces of wood, such as CLT, LVL and other. For the press release about the office building currently under development in London by Sumitomo Forestry and Bywater, please access the following: <https://sfc.jp/information/news/2022/2022-02-14-01.html>

*2 An abbreviation for Harvested Wood Products. Refers to wood used in buildings, furniture and other after harvesting. Since the second commitment period of the Kyoto Protocol, carbon stock changes resulting from HWP are accounted for as greenhouse gas absorption or emissions.

*3 Conforms to the British National Standard for the Assessment of Environmental Performance of Buildings, which is based on the European Standard. BS EN is an abbreviation of British Standard European Norm.

*4 Annual number of houses sold in each European country, released by the European Mortgage

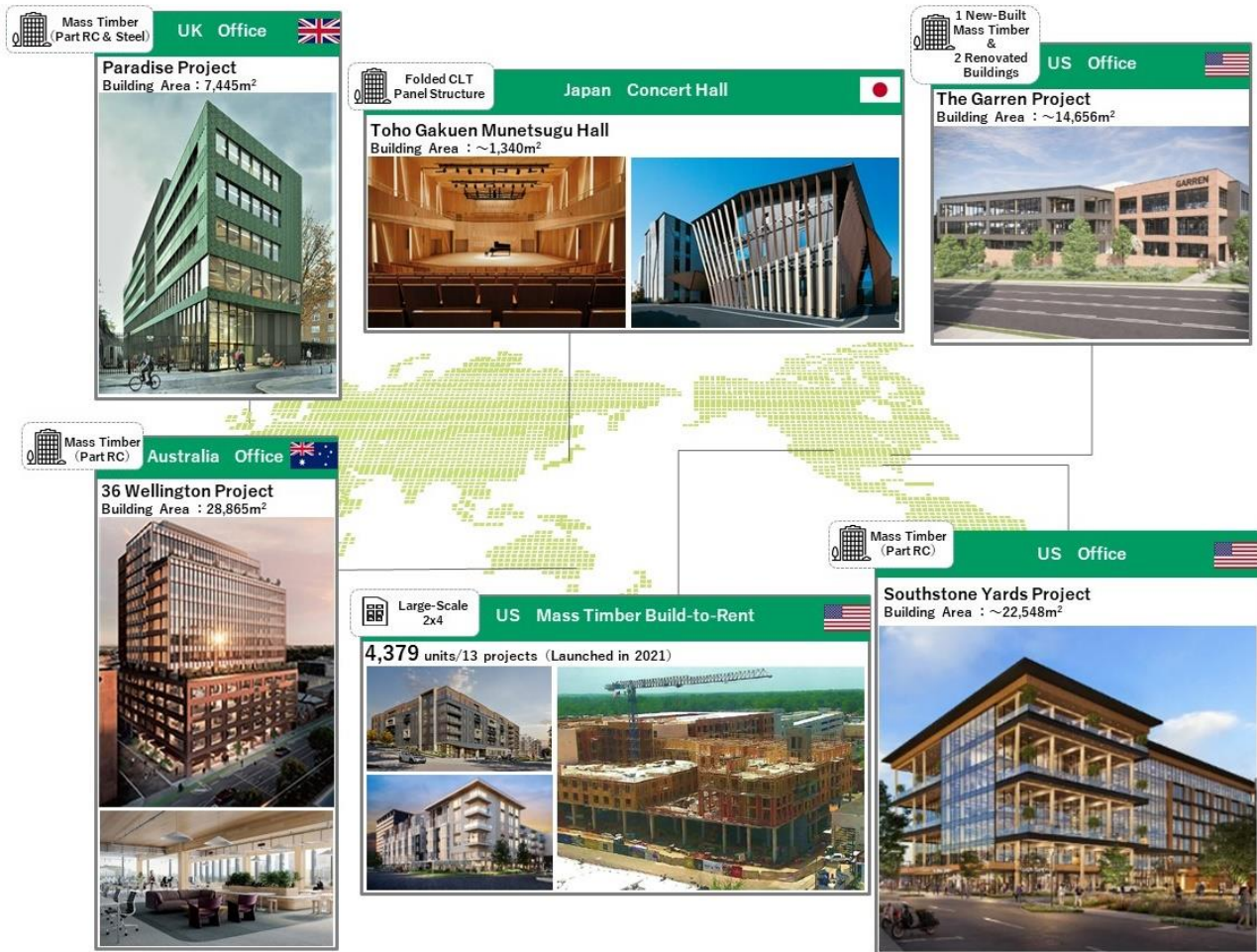
Federation.

*5 Real estate transparency is a comprehensive evaluation based on laws and regulations, specialists, level of information disclosure related to real estate transactions and investor protection systems. This ranking was created by Jones Lang LaSalle IP, Inc.

■ Interior view of a 6-story mass timber office building currently under construction in London (Image)



■Sumitomo Forestry Group's Global Medium- to Large-Scale Mass Timber Developments



(Press Release / WEB Site)

- Melbourne, Australia / 15-story wooden office
Press Release : https://sfc.jp/english/news/pdf/20211006_01.pdf
- London, UK / 6-Story Mass Timber Office
WEB Site : <https://paradise11.co.uk/>
- Dallas, U.S.A. / 7-Story Mass Timber Office
Press Release : https://sfc.jp/english/news/pdf/20221226_01.pdf
- Atlanta, U.S.A. / 3-Story Mass Timber Office
Press Release : https://sfc.jp/english/news/pdf/20221201_01.pdf

■Bywater SFC Group overview

The three newly established companies are Bywater SFC Holdings, Bywater SFC Management and Bywater SFC Investments (collectively referred to as Bywater SFC Group). Sumitomo Forestry will invest in Bywater SFC Holdings through its wholly owned subsidiary, Sumirin UK. Bywater SFC Holdings is the holding company that oversees Bywater SFC Management and Bywater SFC Investments. Bywater SFC Management will manage the development of projects and Bywater SFC Investments will be responsible for investing in each project.

The overview of Bywater SFC Management, which primarily is involved in real estate development, is as follows:

Headquarters: London, UK
Representative: Patrick O’Gorman

Establishment: February 2023
Business description: Real estate development in Europe

■Bywater Properties overview

Headquarters: London, UK
Representative: Theo Michell
Establishment: August 2008
Business description: A boutique-type real estate development company focused primarily on offices with development, planning and management capabilities. Develops real estate properties in London, Manchester, Glasgow, Belfast and other major UK cities. Specializes in medium- to large-scale wooden constructions and other environmentally conscious properties that reduce CO2 emissions.

■Sumirin UK overview

Headquarters: London, UK
Representative: Yujiro Yoshizawa
Establishment: February 2022
Investment relationship: 100% investment by Sumitomo Forestry
Business description: Oversees Sumitomo Forestry Group's European operations