

July 5, 2023

For immediate release

Sumitomo Forestry Co., Ltd.
 Fuyo General Lease Co., Ltd.
 Odakyu Electric Railway Co., Ltd.

Multifamily Development Project in the suburbs of Seattle

~Commitment to Sustainable Development in the Vicinity of a New Light Rail Station~

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; Headquarters: Chiyoda-ku, Tokyo; hereinafter Sumitomo Forestry), Fuyo General Lease Co., Ltd. (President and Chief Executive Officer: Hiroaki Oda; Headquarters: Chiyoda-ku, Tokyo; hereinafter Fuyo General Lease), and Odakyu Electric Railway Co., Ltd. (President and Chief Executive Officer: Koji Hoshino; Headquarters: Shinjuku-ku, Tokyo; hereinafter Odakyu Electric Railway) announced that they will be commencing an eight-story multifamily development project in Shoreline, a growing city north of Seattle, Washington State, through a special purpose company (SPC) with major U.S. developer Trammell Crow Residential*¹. Addressing the strong residential demand in a conveniently located area currently undergoing redevelopment, this project presents an environmentally friendly structure that utilizes wooden construction above the third floor. The total construction cost is approximately USD 167 million (approximately JPY 24.1 billion)*², with project construction start targeted for November 2023, and the lease commencement from April 2026.

■ Project overview and background

This project will be carried out through a special purpose company (SPC) between Trammell Crow Residential and a Japanese joint venture formed by three companies: SFA MF Holdings, a wholly-owned subsidiary of Sumitomo Forestry, Fuyo General Lease (USA) Inc., a wholly-owned subsidiary of Fuyo General Lease, and Odakyu USA Inc., a wholly-owned subsidiary of Odakyu Electric Railway. SFC Asset Management Co., Ltd., a wholly-owned subsidiary of Sumitomo Forestry (President and Representative Director: Yujiro Yoshizawa; Headquarters: Chiyoda-ku, Tokyo; hereinafter SFC Asset Management), will provide support through administrative work related to this project and coordination with Japanese companies and the developer.

Over the past few years, Sumitomo Forestry has partnered with Trammell Crow Residential, a highly regarded developer, to develop multiple multifamily projects in the growing areas east and north of Seattle, especially in the cities of Issaquah, Lynnwood, Bothell, and Woodinville*³. As the fifth in the series, this project will be jointly implemented through a partnership between three Japanese companies—Sumitomo Forestry, Fuyo General Lease*⁴ (a company that has expanded its relationship with Sumitomo Forestry through an ESG friendly real estate opportunities fund and a forestry fund in the U.S.), and Odakyu Electric Railway (a company aiming to grow its real estate business in the U.S.).

■ Property characteristics

This project is an eight-story podium residential building with total 298 units and two below ground parking garages. The building will be a combined RC construction and wood-frame 2x4-2x6 construction. The two below ground floors and Three above-ground floors are RC construction, while the upper five floors are 2x4-2x6 wood-frame construction. In the pursuit of environmentally conscious practices, the project is actively pursuing the LEED[®]5 Platinum environmental certification.



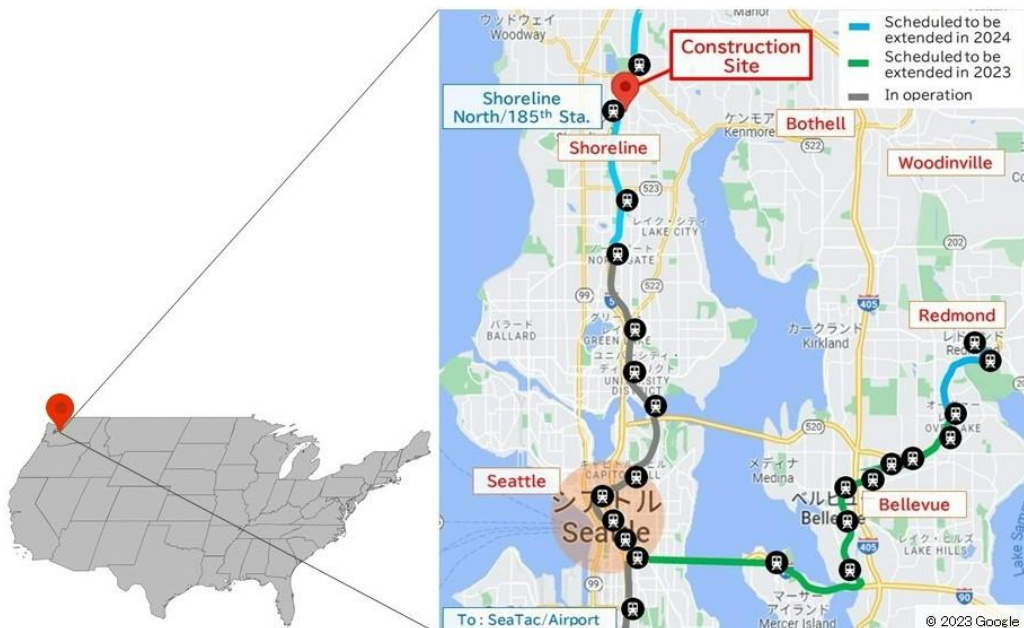
(Rendering)

Compared to steel frame and reinforced concrete constructions, wooden construction produces fewer CO₂ emissions during construction (embodied carbon), and contributes to decarbonization through the effect of long-term sequestering of carbon in the timber^{*6}. Going forward, the “One Click LCA^{*7}” Whole Building Life Cycle Assessment software will be used for visualization of embodied carbon reductions and carbon storage of timber.

■ Area characteristics

With the aim of mitigating traffic congestion and improving the environmental efficiency of mobility in the Seattle metropolitan area, the light rail transit system connecting the University of Washington and Seattle-Tacoma International Airport was extended in 2016. Further extensions to the north of Seattle, including Shoreline, are scheduled to open by 2024, with new construction of 25 stations. Providing improved access to the center of Seattle, the area along the route will be redeveloped to create a living environment with improved transportation and lifestyle convenience. With a 1-minute walk from Shoreline North (Station #185), scheduled to open in 2024, this property is in an attractive location for families commuting to Seattle for work or study.

The Seattle metropolitan area population was estimated at approximately 4.02 million as of 2020, representing an increase of approximately 580,000 people from 2010^{*8}. With many large companies headquartered there, including Amazon, Costco, Microsoft, Starbucks, and Expedia, employment opportunities are expected to grow over the medium to long term.



Sumitomo Forestry Group is engaged in a range of global businesses revolving around wood, including forest management, timber and building material manufacturing and distribution, contracting of detached homes and medium- to large-scale wooden construction, real estate development, and wood biomass power generation. In line with “Mission TREEING 2030,” Sumitomo Forestry’s long-term vision for 2030, the company will manage the Wood Cycle value chain to increase the CO₂ absorption of forests and to store carbon for long periods of time through popularization of timber buildings in order to contribute to decarbonization for not only the company, but for society as a whole. With the advancement of globalization being a business policy of its long-term vision, it is also working to accelerate decarbonization initiatives in the U.S.

Fuyo Lease Group, as stated in its “Fuyo Shared Value 2026” medium-term management plan launched in fiscal 2022, aims to achieve sustainable growth by resolving social issues while delivering economic value by practicing CSV (Creating Shared Value). By participating in this current project, it will realize a prosperous society and contribute to sustainable growth by bringing wellbeing and convenience to social life.

Odakyu Group, in line with its “UPDATE Odakyu—Becoming a Community-Based Value Creation Company” management vision, is working to create value along the Odakyu Line, and in other areas where it does business, while focusing on sustainability of the environment and society. In addition to initiatives centered along the Odakyu Line, Odakyu Electric Railway aims to expand its real estate business operations in the U.S. and Australia, two countries expected to continue delivering stable economic growth. As part of this, it has launched a land development business in Australia and a real estate leasing business in the U.S. By participating in this current project, it will further increase real estate-related information acquisition and know-how building in the U.S. Taking advantage of the real estate business know-how it has acquired through its stations and the areas around the stations in Japan, it will work to improve community-based value overseas as well.

*1. Ranked fifth in the NMHC 25 Largest Developers list published by National Multifamily Housing Council
Reference: <https://www.nmhc.org/research-insight/the-nmhc-50/top-50-lists/2022-top-developers-list/>

*2. Calculated at USD 1 = JPY 144.03 (the exchange rate on 1 July 2023)

*3. Alexan Alderwood (April 14, 2021): https://sfc.jp/english/news/pdf/20210414_en.pdf
Alexan Bothell (October 7, 2021): https://sfc.jp/english/news/pdf/20211007_01.pdf
Alexan Woodinville (June 21, 2022): https://sfc.jp/english/news/pdf/20220621_01.pdf

*4. “Formation of an ESG friendly real estate opportunities fund” (March 30, 2022):
https://sfc.jp/english/news/pdf/20220330_01.pdf
“Establishment of Eastwood Climate Smart Forestry Fund” (May 11, 2023):
https://sfc.jp/english/news/pdf/20230511_01.pdf

*5. An environmental performance evaluation system, for buildings and land, developed and provided by the U.S. Green Building Council (USGBC)

*6. Driving decarbonization of society by promoting use of harvested wood products (HWP) to sequester CO₂, absorbed by trees, in the form of carbon

*7. Sumitomo Forestry is the exclusive Japan distributor of One Click LCA software for detailed calculation of CO₂ emissions produced during construction, covering all processes from material procurement through to manufacturing, transportation, construction, retrofitting, and disposal
News release: <https://sfc.jp/information/news/2022/2022-08-08.html>

*8. Source: United States Census Bureau (2020)

■ Property Overview

Name	Alexan Shoreline
Location	18554 8th Ave NE Shoreline, WA 98155
Total floor space	Approximately 26,200 m ² (281,926 square feet) (scheduled)
Units	298
Structure	Podium Structure
Start of construction	November 2023
Completion (Planned)	September 2026 (some units available for rent from April 2026)

■ Overview of Trammell Crow Residential Company

Headquarters Dallas, Texas

Representative Ken Valach (CEO)

History Trammell Crow Residential is a multi-unit residential real estate company established in the United States in 1977 that is part of the development platform of Crow Holdings, a privately-owned real estate investment and development firm with a 70-year history and a strong track record of performance, partnership and innovation.

Business description Trammell Crow Residential is one of the largest developers of multifamily real estate in the United States. Focused on developing premier, amenity-rich multifamily communities in economically thriving locations, the company has delivered nearly 260,000 residences.

■ SFC Asset Management Co., Ltd.

Headquarters	Chiyoda-ku, Tokyo
Representative	Yujiro Yoshizawa (Representative Director and President)
Established	November 2020
Business description	Investment advisory services for investment funds organized by Sumitomo Forestry Group and others

* SFC Asset Management corporate website: <https://sfcam.jp/> (Japanese only)