

December 26, 2022

For immediate release

Sumitomo Forestry Co., Ltd.
IINO Kaiun Kaisha, Ltd.
Kumagai Gumi Co., Ltd.

**Development of Seven-Story Mass Timber Office Building
in the Suburbs of Dallas, U.S.A.**
~ESG-friendly, and significantly reducing CO₂ emissions~

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; Headquarters: Chiyoda-ku, Tokyo; hereinafter Sumitomo Forestry), IINO Kaiun Kaisha, Ltd. (President: Hiromi Tosha; Headquarters: Chiyoda-ku, Tokyo; hereinafter IINO Kaiun), and Kumagai Gumi Co., Ltd. (President: Yasunori Sakurano; Headquarters: Shinjuku-ku, Tokyo; hereinafter Kumagai Gumi) announced that they will participate in the development of an ESG-friendly seven-story wooden office building in the suburbs of Dallas, Texas, U.S.A. The three companies have established a special purpose company (SPC) with major U.S. real estate developer Crow Holdings Development (CEO of Crow Holdings Development: Ken Valach; Headquarters: Dallas, Texas; hereinafter CHD) and will construct a large-scale mass timber office building*¹. The wooden construction significantly reduces CO₂ emissions compared to standard reinforced concrete (RC) construction. The total cost of the project is approximately USD 122 million (about 16.6 billion yen*²), and it is scheduled for completion in October 2023.

■ Property characteristics

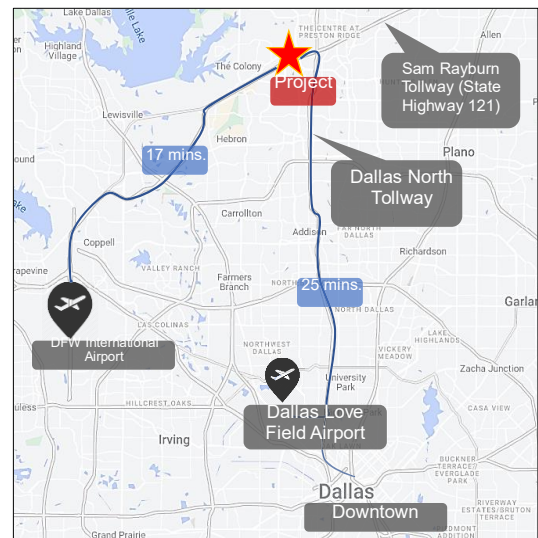
A seven-story wooden office building using mass timber with a lease floor area of 22,548 m² will be developed in the city of Frisco, north of Dallas, Texas. In addition to its convenient location, the property will feature environmental performance from the carbon storage effect of wood and other features, as well as a layout and design that takes employee health and work comfort into consideration. According to calculations using the Whole Building Life Cycle Assessment software "One Click LCA"⁵, CO₂ emissions generated during construction will be reduced by approximately 2,600 tons compared to an RC structure, and the wood used as building is expected to store approximately 3,800 tons of CO₂*⁶. The use of mass timber is also expected to streamline work on the construction site, and to shorten the construction time compared to RC structures.



Exposed columns and beams will allow tenants to enjoy a comfortable space with the abundant use of wood. The mass timber construction can also be seen from the outside, highlighting the use of wood and the environmental advantages as distinctive features of the building. A central park with green space of about 93,000 m² will be developed on the adjacent land, and all office floors will feature terraces that overlook the park. A gym, restaurant, coffee shop and other facilities will also be invited. The building will obtain green building certification (LEED³) and wellness certification (Fitwel⁴), providing a social and environmental value-added office for ESG-conscious tenants.

■ Development area and location characteristics

Frisco boasts both a population growth rate and employment growth rate that exceed the U.S. average. The city has been proactive in attracting companies to the area and offers various incentives such as tax breaks, making it a popular location for office relocations. The development area is located in a key transportation hub, with access to DFW International Airport and downtown Dallas in approximately 20 minutes, while being adjacent to a quiet residential area with lush greenery. It is an attractive location that offers easy access to commercial districts, sports and entertainment facilities, along with an entertainment component. This office is being developed as part of a master plan, with plans to build multi-family residences, offices, hotels and other facilities in the surrounding area.



■ Project scheme

A joint venture will be formed by SFA MF Holdings, a wholly-owned subsidiary of Sumitomo Forestry; IKK USA LLC, a wholly-owned subsidiary of IINO Kaiun; a Japanese JV formed by Kumagai Gumi. This joint venture will jointly invest in an SPC, which will promote development, together with CHO. SFC Asset Management Co., Ltd., a wholly-owned subsidiary of Sumitomo Forestry, will coordinate support among Japanese companies and with developers.

The project was made possible by the match between the visions of Sumitomo Forestry, which promotes medium- to large-scale wooden developments in Japan and overseas; IINO Kaiun, which is strengthening its sustainability initiatives and global expansion in the real estate industry; and Kumagai Gumi, which is advancing technological development to realize medium- to large-scale wooden construction. Going forward, each company will continue to consider business opportunities in Japanese and overseas markets as well as promote initiatives to expand earnings, leveraging our unique characteristics and expertise.

- *1. Office buildings utilizing relatively high mass engineered wood formed from multiple pieces of wood
- *2. USD 1 = JPY 136.25 (calculated based on the exchange rate on December 1, 2022)
- *3. An environmental performance rating system for building and site use developed and operated by the US Green Building Council (USGBC).
- *4. A system to evaluate and certify the health, working environment, etc. of building users, developed by the U.S. Federal Government's General Services Administration (GSA) and the Centers for Disease Control and Prevention (CDC).
- *5. Software for which Sumitomo Forestry has signed a sole agency agreement in Japan. It can precisely calculate CO₂ emissions (CO₂ emissions at the time of construction) generated during construction from procurement of raw materials to processing, transportation, construction, renovation, and disposal. Related release: https://sfc.jp/english/news/pdf/20220127_02.pdf
- *6. CO₂ emissions at the time of construction were estimated for the office and parking building. Based on construction drawings, major structural parts such as frames, curtain walls, and foundations were evaluated. The carbon storage amount is estimated for the office building.

■ Development images



■ Property overview

Property name	: Southstone Yards Office-B
Address	: Frisco in the suburbs of Dallas, Texas
Rental floor area (planned)	: 22,548 m ² (242,701 sq. ft.)
Structure	: 1 story RC structure, 2-7 story wooden structure
Start of construction	: August 2022
Completion (planned)	: October 2023

■ Outline of Crow Holdings

- Headquarters : Dallas, Texas
- Representative : Ken Valach, CEO of Crow Holdings Development
- History : Leading U.S. integrated real estate company founded in 1948
- Description of business : The development platform of Crow Holdings, Crow Holdings Development specializes in building state-of-the-art multifamily residences, distribution facilities, and offices throughout the U.S. With more than 70 years of history, CHD has a total asset size to date of USD 12 billion in development projects. Multifamily real estate development company in the same development platform, Trammell Crow Residential, and the Sumitomo Forestry Group have a proven track record of collaboration in four multifamily residential developments—Alexan Heartwood (Issaquah) in 2018, Alexan Alderwood (Lynnwood) and Alexan Bothell (Bothell) in 2021, and Alexan Woodinville (Woodinville) to be commenced in 2022.

■ Outline of SFC Asset Management Co., Ltd.

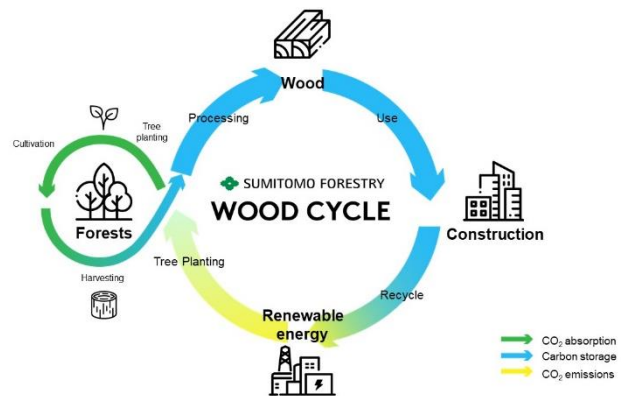
- Headquarters : Otemachi, Chiyoda-ku, Tokyo
- Representative : Yujiro Yoshizawa (President and Representative Director)
- Establishment : November 2020
- Description of business : Investment advisory services for investment funds organized by Sumitomo Forestry Group, etc.

■ Reference of Sumitomo Forestry

In February 2022, Sumitomo Forestry Group announced Mission TREEING 2030, our long-term vision outlining our direction, our business policies and what type of company we want to be in 2030, the final year of our SDGs.

Our Group is involved in businesses centered on wood, a renewable, natural resource. One of the main characteristics of our operations is that we are involved in all aspects of the wood cycle value chain, from upstream to downstream. All of our business activities lead to the realization of a decarbonized society, from forest management to the procurement and manufacture of timber and building materials, wooden construction, and wood biomass power generation, both in Japan and overseas. We will continue to develop unique wood solutions in Japan and overseas based on the three pillars of "forests," "wood," and "construction."

Mission TREEING 2030



In the area of wood, we will pursue the value of wood in carbon storage and promote the use of wood throughout society. In the area of construction, we will promote the standardization of carbon neutral design methods through the use of "One Click LCA," a software program that visualizes CO₂ emissions.

Overseas, we have supplied custom-built detached homes and spec homes in the U.S. and Australia, the world's largest wooden housing markets. We have also developed multi-family housing and single-family rental housing in recent years, and in 2021 we supplied 4,777 units in 17 projects in the U.S. We are also developing wooden office buildings, such as a 15-story building in Melbourne, Australia; a six-story building in London, U.K.; a seven-story building in Dallas, U.S.; and a three-story building in Atlanta, U.S. We will promote the woodification of residential and non-residential buildings, aim to supply 40,000 residential units per year, and accelerate the development of buildings such as medium- to large-scale wooden commercial facilities and office buildings for non-residential buildings toward 2030.

◇2024 investments

Overseas non-residential wooden building investments (~2024)
30.0 billion yen

◇2030 Overseas housing market

- Expand market share in the United States and Australia, the world's largest wooden housing markets.
- Promote wood buildings to transform cities into forests.




- In the housing market, aim to supply 40,000 units annually, approximately 23,000 units up from current figures.
- In the non-residential market, accelerate the development of medium- to large-scale wooden commercial, office and other types of buildings.

Sumitomo Forestry Group's Overseas Development of Medium- to Large-Scale Wooden Constructions


Mass Timber
- UK - Wooden Office

Paradise PJ
floor area : 7,445m²




Town Home
- U.S.A. - Wooden Single Family Rent

398 units / 4 projects (started construction in 2021)




Mass Timber
- U.S.A. - Wooden Office

Garren PJ
floor area : approx. 14,656m²




Mass Timber
- Australia - Wooden Office

36 Wellington
floor area : 28,865m²



Large Scale 2x4 Construction Method
- U.S.A. - Wooden Multi-Family Rent

4,379 units / 13 projects (formed in 2021)



Mass Timber
- U.S.A. - Wooden Office

Southstone Yards PJ
floor area : approx. 22,548m²

