

GREEN FOREST

Sumitomo Forestry Group News Letter

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Introducing Our Overseas Company Sumitomo Forestry (Dalian) Ltd.

Basic Data

- **Established:** March 2, 2007
- **Number of employees:** 13
- **Headquarters:** Dalian City, Liaoning Province, People's Republic of China
- **Business:** Import and export of timber and building materials and related products, wholesale in China, and consulting services

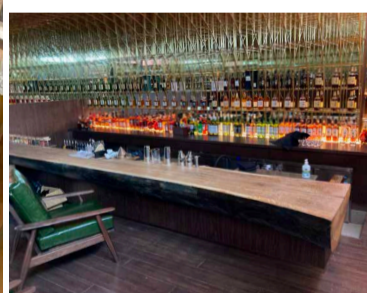
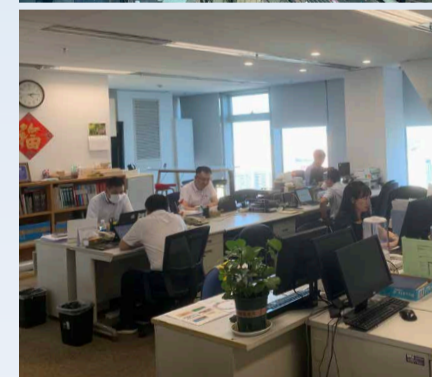
Sumitomo Forestry (Dalian) Ltd. is a timber and building materials trading company based in Dalian, China. The Sumitomo Forestry Group began handling Chinese timber and building materials in 2001. It began when the Group established a representative office in China to find excellent suppliers, procure quality products, and investigate the possibility of in-house production. Later, in 2007, the office became a local subsidiary and Sumitomo Forestry started to support the export and sales of the Group's products to China, as well as the import and sales of Chinese materials for customers in third countries. After that, Sumitomo Forestry (Dalian) began importing and exporting directly, and is now expanding its business domain. The company is also currently importing and exporting its own products as well as

purchasing and selling in China. Taking advantage of the combined strengths of the Group, we are building a supply system for products that meet the needs of our customers. For example, we are supplying planted trees from Tasman Pine Forests Limited in New Zealand to Chinese customers, and plywood LVL produced in Chinese factories to Japanese customers.



Dalian and Office Introduction

Dalian has one of the most prominent ports and international airports in all of China and is a major trading hub in the northeastern area. Companies from all over the world gather as it develops rapidly and skyscrapers are built one after another. At the office, employees both local and from abroad who understand the Sumitomo's Business Spirit freely exchange ideas together on a daily basis.



Wood delivered by Sumitomo Forestry (Dalian) Ltd. is used for the interior.

Sumitomo Forestry Business in China

- 1 Sumitomo Forestry (Dalian) Ltd.**
Import / export and wholesale of timber and building materials, etc.
- 2 Dalian Sumirin Information Technology Service Co., Ltd.**
CAD work and other business processing, software development, and video production



Message from Top Management

Just as any country has differences in values and work ethic depending on the living environment and culture, China also has differences by region and ethnicity. When carrying out business or new projects, the key to success is to understand and respect these differences rather than forcing one's values on another. Private and public matters are made clear, and even after a heated discussion, a drink of baiju (Chinese shochu) and shoulder-to-shoulder can deepen friendship. Even though we could not meet with them for three years due to the sensitive political situation and zero-COVID policy, our customers are our 朋友 (companions) built through hard work with our past and present employees both local and abroad, and the circle is still expanding. With these relationships as a foundation, Sumitomo Forestry will continue to expand its healthy and environmentally friendly business throughout China.



Shinya Hareyama

President
Sumitomo Forestry (Dalian) Ltd.

Examples of the Use of Wood in Non-residential Constructions in Japan

The Sumitomo Forestry Group is leveraging its technological and design capabilities cultivated in the housing business to promote the use of wood in non-residential constructions in Japan and overseas. We are helping create a decarbonized society by increasing the number of wooden buildings that fix carbon over the long term.

Construction of KURKKU FIELDS, a Facility to Experience Coexistence with Nature

Sumitomo Forestry constructed six facilities at KURKKU FIELDS. The area is a 30 ha sustainable farm and park that proposes a circular society by coexisting with nature while enjoying agriculture, food, and art. We took charge of the construction since we sympathized with KURKKU FIELDS' community-based facility operation and desire for a sustainable society.

All of the facilities make abundant use of wood, a renewable and carbon-fixing resource, and many of them use the wooden post-and-beam construction method,* which allows the buildings to

be maintained for many years (images 1 to 4). The lodging facility uses solid pieces of Japanese timber, which can be enjoyed as they age, and the dining and bakery building floor reuses waste wood from a former cattle barn (image 1). Wood is used for the exterior and interior materials, giving the building a woody feel that harmonize with the majestic nature surrounding KURKKU FIELDS.

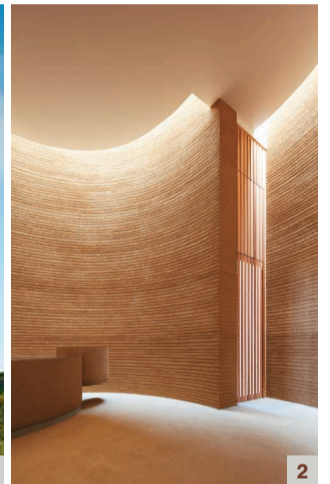
*A construction method for wooden structures that has been passed down in Japan for many years. It provides a high degree of design freedom.

This project has, without a doubt, been an asset in my life. I have been involved in this project since it was just an empty field about seven years ago, and have learned much and have been blessed to encounter many people. KURKKU FIELDS is a wonderful place where you can feel the true comfort and joy of living in harmony with nature. I myself have visited the area many times on private holidays. Seeing is believing. I hope that you will visit not only once, but two or three times to experience it for yourself.



Shun Deguchi

Manager, Construction Department
Construction Business Sub-Division
Overseas Housing & Real Estate Division
Sumitomo Forestry Co., Ltd.



1. The dining and bakery building
2. A building with curved walls that sells chiffon cake
3. A shared lounge for guests who are staying at the Tiny House
4. A villa-type lodging facility shaped like a cotton. It has an impressive outer wall with a rounded finish.
5. A library that lies underground like a cave. The skylight is made with 28 climbing beams.



Complete Renovation of Historic Sake Brewery

Sumitomo Forestry will completely renovate the Saga Shuzo sake brewery. Saga Shuzo is the oldest sake brewery in Saga Prefecture, southern Japan, and has an over 300-year history. We are in charge of the construction of four wooden buildings and three steel frame buildings on a 11,209 m² site, as well as supervising the wood design. We will make use of wood specifically

in the offices where people spend a lot of time and sake storehouses where sake is stored for long periods of time to take advantage of its insulation and humidity conditioning properties. We will also set up a tour route and a rest area for visitors, aiming to make it a base for spreading sake culture to the world and revitalizing the region.



■ Pure rice sake "Saga"



■ The wooden sake brewery can be visited and utilizes Japanese timber

10-Story Fire-Resistant Wood Building Completed in June

A 10-story wood building jointly constructed by Sumitomo Forestry and Kumagai Gumi, a second-tier general contractor, has been

completed. The building is located in an urban area of Hokkaido, and the 7th to 10th floors, which will be used for offices and residences, use steel perforated beams fireproofed with wood which we were involved in developing. It is an H shaped steel beam with through holes for piping protected by glue-laminated timber. The structural design is characterized by the fact that it can be finished in a way that gives it a woody feel, even though it is a steel frame

structure. Local Japanese larch is used for some of the wood, contributing the revitalization of the Japanese forestry industry.



■ The 10-story fire-resistant wooden building



■ Steel perforated beam fireproofed with wood

Announcement of FY2022 Outstanding Performance Awards!!

In April, the ceremony of the FY2022 Outstanding Performance Awards was held in Tokyo. Representative recipients attended the ceremony and expressed their joy. Below are three overseas Group companies which performed exceedingly well in the year.



SFA MF Holdings

SFA MF Holdings is investing in real estate developments including multi-family and mass-timber offices in the US with local partners. We started planning to expand our portfolio to multi-family developments in 2015, and last year was the first year we made a profit by selling the properties we developed. We sincerely thank the management team who believed in our business growth and supported investments. We also express our gratitude to SFC Asset Management who is standing at the forefront of Japanese investors and coordinated joint investment in these development projects with them. We are truly grateful for the support of everyone in the Global Housing, Construction and Real Estate Division and the North America Business Department. We are honored to have this performance award and will continue to make effort for further expand our business and contribute to profits.



Nelson Pine Industries Ltd.

Thank you very much on behalf of our team at Nelson Pine Industries Ltd. We are honored to receive this prestigious award. Since 1984, our dedicated team has been working collaboratively with other SFC group companies to create synergies and adding value to our resources by processing logs and manufacturing premium MDF and LVL for the furniture and building industries in the Asia-Pacific region. We identified opportunities for growth of our LVL business as governments and private sectors are targeting to become carbon neutral economies to which timber buildings contribute significantly as they sequester carbon for decades. We are excited about the bright future with increasing demand for bigger and taller mass timber buildings and all the challenges these come with.

Kai Kruse (CEO), Murray Sturgeon (Chairman)



DRB Group

On behalf of the entire DRB Group team, we would like to express our deep gratitude for being chosen as the recipient of the 2022 Sumitomo Forestry Achievement Award. We are humbled by this honor and grateful for the recognition of our hard work and dedication. During 2022, we constructed an impressive 4,000 homes across 9 states and built 400 Build-for-Rent homes as well. In 2023, we will deliver approximately 3,700 homes and 1,000 Build-for-Rent homes. Since partnering with Sumitomo Forestry in 2016, we've been able to significantly expand our homebuilding footprint and grow the organization. However, our biggest key to success in our markets is our people. We have a significant focus on hiring talented people so that we can continue to deliver exceptional homes for our homebuyers. We are so honored to have received this prestigious award and will continue to uphold the excellence it represents. "Arigatou" and Thank you!

Ronny Salameh, Chief Executive Officer, DRB Group

Low-rise Residential Development in Vietnam!

Sumitomo Forestry and local developer Kim Oanh Group will develop a three-story, 118-unit, low-rise residential building complex near Ho Chi Minh City, Vietnam. Sales are scheduled to start from 2024. We also announced the establishment of a local subsidiary, Sumirin Vietnam, to coincide with this project. We plan to accelerate real estate development in Vietnam in the future.

A signing ceremony was held at Sumitomo Forestry's headquarters in April to pray for the project's success. Chairman Dang Thi Kim Oanh of the Kim Oanh Group, and nine others who came to Japan were warmly welcomed by Global Housing, Construction and Real Estate Division's Divisional Manager Atsushi Kawamura, and Deputy Divisional Manager, Kenji Inui.

Message from Chairman Oanh of the Kim Oanh Group

My management philosophy is "shared value." I would like to share my experience and knowledge until now with the people of Sumitomo Forestry. The Kim Oanh Group is always ready to listen to the Sumitomo Forestry Group and is committed to building a "win-win" relationship for our mutual success. I look forward to your visit to Vietnam and the Kim Oanh Group office when this project begins to take shape.



■ Moment after the signing of the document (Left: Chairman Oanh / Right: Deputy Divisional Manager Inui)



■ A group photo taken at the end A quick shot with the Vietnamese words "Ba (3), Hai (2), MỘt (1)!"



■ Image of completed building. Sumitomo Forestry's proposals are also reflected in the lush green landscaping and façade.



*Press release:
https://sfc.jp/english/news/pdf/20230417_01.pdf



Topic

Our long-term vision "Mission TREEING 2030" is now available in two videos in English: a 1.5-minute version and a 3-minute version. Let's contribute to the decarbonization of society by managing our value chain "WOOD CYCLE" centered on trees!



<1.5-min. ver.>
<https://bcove.video/4339miM>



<3 min. ver.>
<https://www.youtube.com/watch?v=xsKRGNOJyyw>