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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

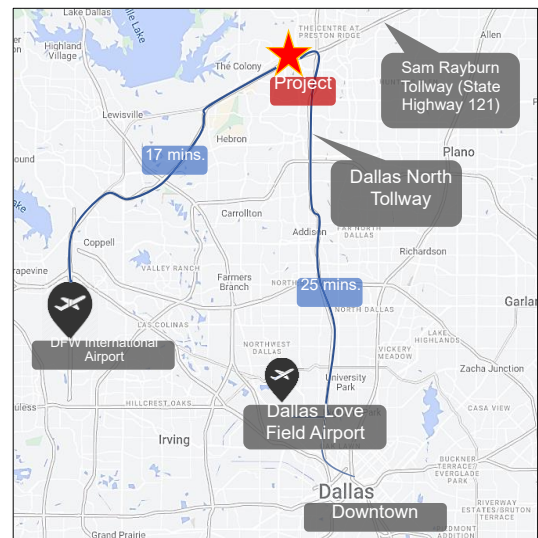
A seven-story wooden office building using mass timber with a lease floor area of 22,548 m² will be developed in the city of Frisco, north of Dallas, Texas. In addition to its convenient location, the property will feature environmental performance from the carbon storage effect of wood and other features, 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 (LEED^{*3}) and wellness certification (Fitwel^{*4}), 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>

■ Significance of this project for IINO Kaiun Kaisha, Ltd.

IINO Kaiun has set "further promotion of global business" as one of the priority enhancement measures in our mid-term management plan. This office building will be our first wooden office building, and demand for wooden office buildings is expected to increase in the future due to climate change and growing environmental awareness.

Through this project, in addition to acquiring knowledge of environmentally friendly next-generation office buildings, IINO Kaiun will build relationships with U.S.-based developers, general contractors, and design firms to promote global expansion not only in the shipping industry but also in the real estate industry. We will continue to invest in quality real estate in Japan and overseas, while leveraging our long-standing expertise in the operation of office buildings in Japan and accumulating knowledge in the overseas real estate business, with the aim of further increasing corporate value by strengthening the stability of profitability in the real estate business and diversifying our business.