

Sumitomo Forestry Acquires Additional Equity Interest in Gehan Homes Group to Create Wholly-owned Subsidiary

Aiming to achieve annual sales of 8,000 homes in the U.S. and Australia

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Head Office: Chiyoda-ku, Tokyo; hereafter "Sumitomo Forestry") announced today that it has acquired the remaining 49% equity interest in Gehan Homes Group, the central member of which is Gehan Homes, Ltd. (hereafter "Gehan"), a housing business based in Texas in the United States. On top of its 51% equity interest acquired in April 2014, which created a consolidated subsidiary, this additional acquisition to create a wholly-owned subsidiary was implemented through Sumitomo Forestry America, Inc. (President: Atsushi Iwasaki; Head Office: Bellevue, Washington, U.S.A.), a wholly owned subsidiary of Sumitomo Forestry.

Positioning its overseas business as a main area for growth, Sumitomo Forestry is building up its housing business in the United States through stakes in four groups doing business in nine states, including Washington, Texas and Maryland. They are the Henley USA/MainVue Homes Group, the Gehan Homes Group and the Dan Ryan Builders Group, which are consolidated subsidiaries, and the Bloomfield Homes Group, which is an equity method affiliate. Of these nine states, one in which the Gehan Homes Group is doing business as a homebuilder is Texas, which is expected to see continuing high population growth and a steady housing market on the back of a stable employment environment.

Having acquired an equity interest in the Gehan Homes Group two years ago in April 2014, preparations for handing over business operations were in place, so the previous management team came to an agreement for the Gehan Homes Group to become a wholly-owned subsidiary of Sumitomo Forestry. This full acquisition will reinforce the support provided by Sumitomo Forestry for expanding Gehan Homes Group operations, and will accelerate initiatives to create synergies with other Sumitomo Forestry Group companies in the homebuilding business in the United States.

The Gehan Homes Group is a home building company established in 1994. It has provided a stable supply of about 1,400 homes per year in Texas and Arizona, and was ranked 36th in the United States for the number of homes sold in 2014.

The Sumitomo Forestry group is getting close to its future target of 5,000 homes sold annually in the United States, while its annual target of 8,000 homes for total sales across the United States and Australia is also firmly in its sights. Going forward, Sumitomo Forestry will continue driving initiatives for expanding its existing housing companies with a view to expanding into new areas within the United States, and will actively develop businesses that contribute to improved living environments both in Japan and overseas.

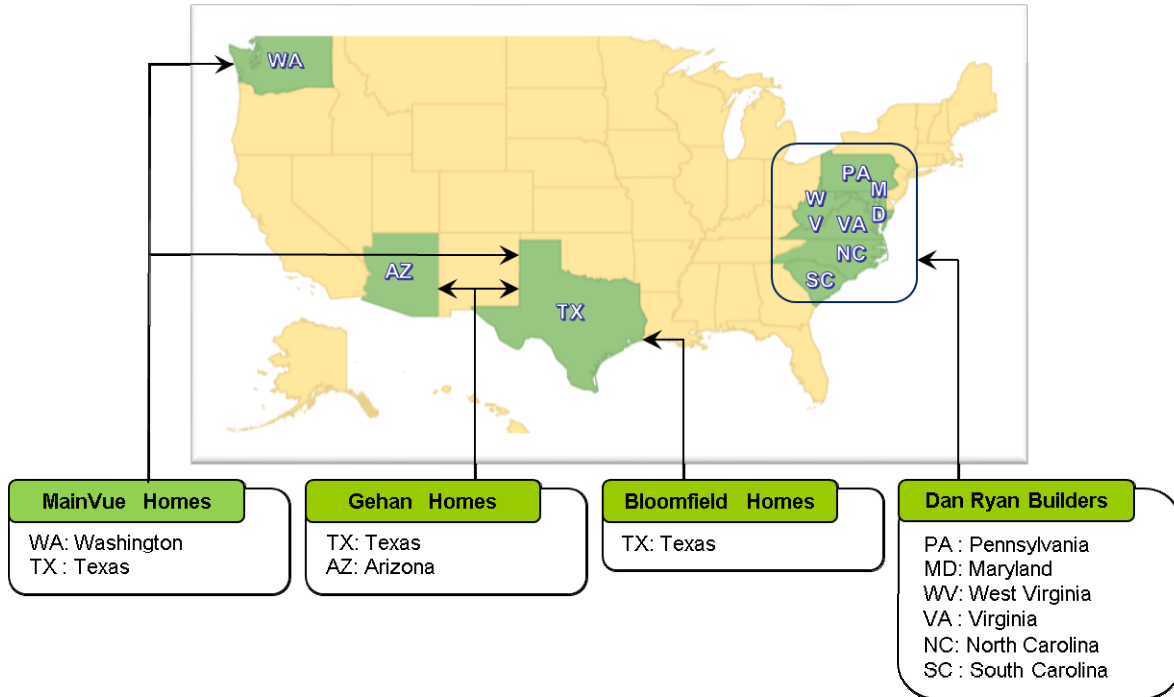
■ Outline of Gehan Homes, Ltd.

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|--------------------------------------|----------------------------|
| (1) Name of company | Gehan Homes, Ltd. |
| (2) Name and title of Representative | John Winniford (President) |
| (3) Location of head office | Addison, Texas, U.S.A. |

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|---------------------------|----------------------------------|
| (4) Date of establishment | May 1994 |
| (5) Business | Homebuilder in Texas and Arizona |
| (6) Number of employees | 335 March 31, 2016 |
| (7) Net sales | USD 378 million (2014 results) |

Reference:

Areas within the United States where Sumitomo Forestry Group housing businesses operate



Examples of Gehan Homes for sale (exterior and interior)

