

January 31, 2017

Company Name: Sumitomo Forestry Co., Ltd.

(Code No.: 1911, First section of Tokyo Stock Exchange)

Representative: Akira Ichikawa, President and Representative Director

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Notice regarding Sumitomo Forestry Co., Ltd.'s acquisition of equity shares in Edge Homes Group (U.S.) in order to create a consolidated subsidiary

Sumitomo Forestry Co., Ltd. ("SFC") hereby announces its decision to acquire on January 31, 2017, through its wholly-owned U.S. subsidiary Sumitomo Forestry America, Inc. ("SFAM"), 70% of the equity shares in Edge Utah HoldCo, LLC., which is a parent company of Edge Homes Group (U.S.) and after the acquisition, will become a consolidated subsidiary of SFC.

1. Reasons for the acquisition

The Edge Homes Group, in which equity interests are to be acquired, engages in subdivision business in Salt Lake City, Utah, and has maintained stable business growth. The area enjoys a stable employment rate and robust economic conditions, and is expected to experience steady growth in housing demand. Salt Lake City has relatively high potential for future growth; it has experienced over 10% growth in population in the past five years and its unemployment rate fall below the national average.

By acquiring the Edge Homes Group, the Sumitomo Forestry Group expects to achieve synergies in Group home builder companies in the U.S. through the expansion of its corporate network throughout the U.S., and simultaneously, will ensure its achievement of the annual sales target of 5,000 units in the U.S. The Sumitomo Forestry Group is also considering the possibility of achieving its annual sales target of 8,000 units in the U.S. and Australia collectively.

The Sumitomo Forestry Group engages at a global level in a variety of wood-related businesses including "upstream" plantation and forestry businesses, "midstream" distribution and manufacturing businesses, and "downstream" housing related businesses in and outside Japan. In particular, the Sumitomo Forestry Group manages and continues to expand overseas housing related businesses in the U.S., Australia and Asia, and will actively develop business in the growing markets. The Sumitomo Forestry Group will continue to respect the cultures and lifestyles of each country and contribute to the development of local communities and pleasant living environments.

2. Outline of the company in which equity interests are to be acquired

(1) Name of company	Edge Utah HoldCo, LLC
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(2) Location of head office	480 West 800 North Suite 200 Orem, Utah 84057, USA	
(3) Name and title of representative	Gordon Jones, President	
(4) Business	Holding company of the Edge Homes Group that engages in construction and sales of homes	
(5) Capital (at the time of establishment)	USD 29 million (approximately JPY 3.4 billion)	
(6) Date of establishment	February 2017 (scheduled)	
(7) Principal shareholders and their shareholding ratios	Investor (one company) 57.7% Asset management companies of the equity partners (five companies) 42.3%	
(8) Relations with SFC	Capital relations	No relevant information
	Personnel relations	
	Business relations	
(9) Consolidated operating results and consolidated financial standing for the past three fiscal years	Omitted as the company is still in preparation for establishment*. Outlook for the consolidated financial standing at the time of establishment: Net assets: USD 29 million; Total assets: USD 132 million	

* Notes:

This company will be established upon the acquisition of the equity shares by the Sumitomo Forestry Group as part of the organizational restructuring of the Edge Homes Group. The consolidated operating results and consolidated financial standing of the Edge Homes Group in the period ending in December 2015 before the organizational restructuring are as follows; net assets: USD 28 million, total assets: USD 106 million, sales: USD 234 million, and pre-tax profits: USD 27 million. Closing result in the same period was 740 units.

3. Outline of major parties from which SFC will acquire equity interests

The Sellers of the relevant equity shares include the five asset management companies of the equity partners and one investor. SFC and these Sellers do not have any common capital, personnel or business relationships.

4. Equity interests of EHU to be acquired, acquisition price and equity interests before and after acquisition

(1) Equity interest held by Sumitomo Forestry before acquisition	-
(2) Equity Interest to be acquired	70%
(3) Acquisition price	USD 63 million (approximately JPY 7.3 billion)
(4) Equity interest to be held by SFC after acquisition	70%

* Acquisition prices will be determined in accordance with a transfer price adjustment mechanism previously

agreed to by the parties and will be calculated in reference to the financial results of the previous fiscal year. Accordingly, final acquisition prices may differ from the above. The above price is calculated at the rate of 1USD = 116.49 JPY (exchange rate as the end of December 2016).

5. Timetable

(1)	Date of resolution	January 31, 2017 (January 30, Mountain Standard Time)
(2)	Date of agreement	February 1, 2017 (January 31, Mountain Standard Time) (scheduled)
(3)	Date of acquisition	February 2017 (scheduled)

* Date of resolution refers to the date on which the resolution was made at the SFC board meeting.

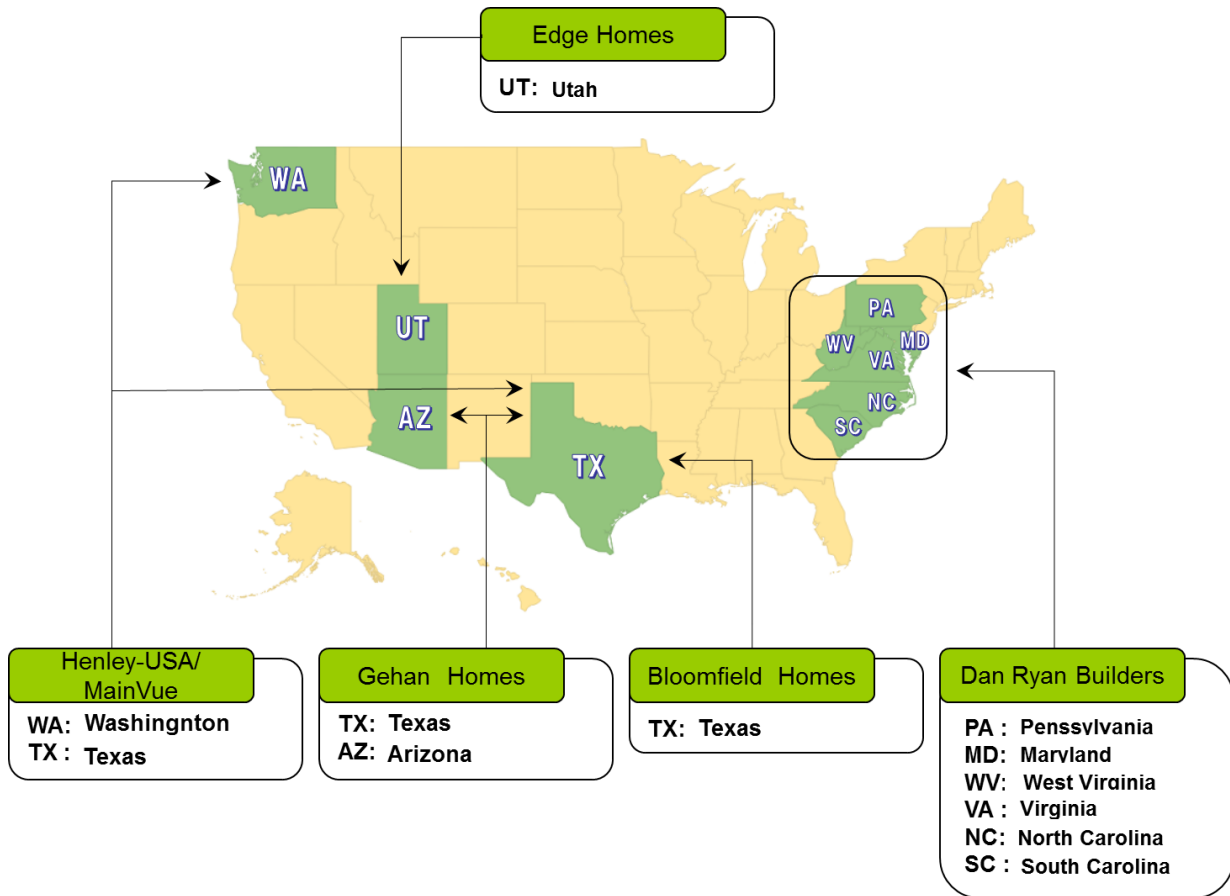
6. Outlook

The impact of the acquisition on the performance of SFC of the current term is negligible.

End

Reference:

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



Examples of Edge Homes for sale (exterior and interior)

