



February 28, 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 transfer of shares of a consolidated subsidiary

Sumitomo Forestry Co., Ltd. (“SFC”) hereby announces that on February 28, 2017, its board of directors decided to sell all of its shares in Alpine MDF Industries Pty Ltd. (headquarters located in Victoria, Australia; hereinafter “Alpine”), a wholly-owned subsidiary of Sumitomo Forestry Australia Pty Ltd. (“SFAU”), SFC’s wholly-owned subsidiary, to Metro Particle Co., Ltd. of the Metro-Ply Group, which manufactures wooden panels in Thailand.

#### 1. Reasons for share transfer

SFC acquired Alpine in 2002 and during the past few years has been manufacturing and distributing MDF\* in Australia. However, SFC has decided to sell the shares of Alpine after considering the optimization of management resources in Australia, business efficiency and the terms and conditions of this transaction with the purchasers.

\*MDF: Medium Density Fiberboard

#### 2. Outline of subsidiary in which its shares will be transferred

(1)	Name	Alpine MDF Industries Pty Ltd.	
(2)	Location	Lot 1 Crosher Lane, Wangaratta VIC 3677, Australia	
(3)	Title and name of the representative	Graham Church, CEO	
(4)	Business	Manufacture and distribution of MDF	
(5)	Capital	62 million Australian dollars (hereinafter “AUD”)	
(6)	Date of establishment	May 19, 1994	
(7)	Principal shareholders and their shareholding ratios	SFAU 100%	
(8)	Relations with SFC	Capital relations	SFC owns 100% of its shares through SFAU
		Personnel relations	One executive and two employees from SFC hold office as a director of Alpine

		Business relations	SFC has loaned money to Alpine. The total amount of the loan is scheduled to be collected by the share transfer date.
(9)	Operating results and financial standing for the past three fiscal years		
Term ending on:	March 2014	March 2015	March 2016
Net assets	JPY 690 million	JPY 346 million	JPY 438 million
Total assets	JPY 4,060 million	JPY 4,268 million	JPY 3,626 million
Net assets per share	JPY 12.16	JPY 6.09	JPY 7.71
Sales amount	JPY 4,490 million	JPY 4,544 million	JPY 5,202 million
Operating profit or loss (-)	JPY 92 million	JPY -232 million	JPY 229 million
Ordinary profit or loss (-)	JPY 6 million	JPY -329 million	JPY 144 million
Current net income or loss (-)	JPY 11 million	JPY -369 million	JPY 132 million
Current net income or loss per share (-)	JPY 0.20	JPY -6.51	JPY 2.33
Dividend per share	-	-	-

### 3. Outline of the transferee of the shares

The shares will be transferred to Metro Particle Co., Ltd. which is a manufacturer of Particle Board in Thailand. There is no significant capital, personnel and business relations between SFC and the transferee.

(1)	Name	Metro Particle Co., Ltd.	
(2)	Location	39/5 Moo 4 Richuhan Road Saiyai, Sainoi, Nonthaburi 11150, Thailand	
(3)	Name of representative	Mr. Chatchai Piyasombatkul	
(4)	Business	Manufacture and distribution of Particle Board	
(5)	Capital	THB 800 million	
(6)	Date of establishment	Aug 19, 2002	
(7)	Principal shareholders and their shareholding ratios	Piyasombatkul Family 100%	
(8)	Relations with SFC	Capital relations	Not applicable
		Personnel relations	
		Business relations	
(9)	Net assets and total assets of the transferee for the closest business year	Net assets :THB 1,142 million Total assets :THB 3,536 million (As of Dec 2015)	

#### 4. Shares to be transferred, transfer price and ownership status before and after transfer

(1)	Shares held by SFC before transfer	56,722,369 shares (number of voting rights: same as number of shares held) (ownership percentage: 100%)
(2)	Shares to be transferred	56,722,369 shares * <sup>1</sup> (number of voting rights: same as number of shares to be transferred)
(3)	Transfer price	AUD 37 million * <sup>2</sup>
(4)	Shares to be held by SFC after transfer	0 shares (number of voting rights: 0) (ownership percentage: 0%)

\*<sup>1</sup> Number of shares to be transferred will change by the capital increase for the purpose of adjustment of intercompany credits and debts scheduled to be conducted prior to the transfer. All shares after the change are subject to the transfer.

\*<sup>2</sup> The transfer price is a provisional price based on the financial condition of Alpine as of the end of December 2016. The transfer price is subject to change, depending on the financial condition of Alpine at the time of transfer.

#### 5. Timetable:

(1)	Date of resolution	February 28, 2017
(2)	Date of agreement	March 1, 2017(scheduled)
(3)	Date of transfer	End of March 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 transfer on the performance of SFC in the current term is negligible.

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