

April 7, 2017

For Immediate Release

Sumitomo Forestry Co., Ltd.

Notice regarding Acquisition of Shares in Shinko Care Life, Co. Ltd.

Sumitomo Forestry Co. Ltd. (President and Representative Director: Akira Ichikawa; Headquarters: Chiyoda-ku, Tokyo; hereinafter, Sumitomo Forestry) executed a contract with Kobe Steel, Ltd. (President & CEO: Hiroya Kawasaki; Headquarters: Kobe, Hyogo) on April 7 to acquire 66.7% of issued shares in Shinko Care Life, Co., Ltd. (President: Yoshinobu Nakane; Headquarters: Kobe, Hyogo; hereinafter, Shinko Care Life). Shinko Care Life, a consolidated subsidiary of Kobe Steel, operates private-pay elderly care facilities and at-home nursing care services chiefly in Kobe. Through this share acquisition, Sumitomo Forestry Group will promote expansion of its nursing care business.

1. Reason for share acquisition

The care business is one focus area of the Sumitomo Forestry Group 2018 Medium-Term Management Plan, due for completion in fiscal 2019. Currently, Sumitomo Forestry is expanding the scale of its care business, increasing the number of its private-pay elderly care facilities from 12 to 20; and day care service facilities from 3 to 10 by the end of fiscal 2019. This is being done chiefly through Fill Care Co., Ltd. (President: Toshikatsu Nakazawa; Headquarters Chiyoda-ku, Tokyo; 100% owned by Sumitomo Forestry; hereinafter Fill Care) which operates elderly care facilities via its affiliated subsidiaries.

The Sumitomo Forestry Group aims to expand the scope of its care business to respond rapidly to diversifying demand, against the background of the expanding care market due to progression to a hyper-aged society, and reform of the medical and care insurance system. This share acquisition will allow for the establishment of an organization that can respond to diversifying care needs, through large-scale, medical-affiliated private-pay elderly care facilities for independent elderly people operated by Shinko Care Life; and through expansion into at-home nursing care services, including uninsured services; and other services such as those dealing with dementia, and medical treatment. It will also enable the company to establish a business base in the Hanshin region.

Shinko Care Life, established in 1991, operates three private-pay elderly care facilities and eight at-home nursing care businesses, chiefly in Kobe. The company is highly regarded by facility residents, family members, and other external parties for the high quality of the services it provides through the private-pay elderly care facilities that operate in collaboration with medical facilities. Its at-home nursing care service provides services integrated into the local community, thereby playing an important role in the overall community care system.

In April 2012, Sumitomo Forestry Group established a new Lifestyle Service Division for the purpose of enhancing its involvement in periphery services related to housing and lifestyle, such as businesses related to an aging society. It has since developed systems promoting elderly care businesses, including Group affiliates. The company is incorporating into facilities its expertise in housing nurtured in the housing business, and the results of research conducted at its Tsukuba Research Institute into the physical and emotional effects of utilization of wood and greenery, such as the use of timber interiors.

This share acquisition will establish a firm basis for cooperation between the two companies, maintaining the local trust built up by Shinko Care Life, and continuing to provide reliable nursing care services to facility residents and their families.

Furthermore, Sumitomo Forestry will pursue synergy by sharing and developing the results of research conducted at its Tsukuba Research Institute, and technology contributing to at-home nursing care, focused on an IoT-based society, in an effort to achieve sustainable growth and improved corporate value for both companies.

Japanese society is aging at a pace which is unprecedented overseas, requiring an overall community care system that can deliver comprehensive support in housing, medical and other care, prevention, and lifestyle support. Sumitomo Forestry aims to contribute to communities by providing reliable and comfortable living environments where the elderly can continue to live in the community they have grown used to, and through the operation of elderly care facilities integrated into the local community.

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

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| 1) Name of company | Shinko Care Life Co., Ltd. |
| 2) Name and title of Representative | President and CEO: Yoshinobu Nakane |
| 3) Location | 1-5-1 Wakinohamakaigandori, Chuo-ku, Kobe, Hyogo |
| 4) Business locations | Headquarters, three private-pay elderly care facilities (Domani Kobe, Elegano Maya, Elegano Konan), at-home nursing care services (8 bases, 16 branches) |
| 5) Date of establishment | January 1991 |
| 6) Business | Operation of private-pay elderly care facilities, at-home nursing care services [home care support (care plan preparation), care visitation, nursing visitation, rental and sale of welfare equipment, home renovation, and out-patient care (day care service)] |
| 7) Accounting period | March 31 |
| 8) Number of employees | 510 (as of end of November 2016; excluding registered helpers) |
| 9) Capital: | 400 million yen |
| 10) Shareholder composition | Kobe Steel 85%; three trust banks (SMBC, MUFG, Mizuho) 5% each |
| 11) Trend in most recent fiscal year results | Fiscal 2015: Revenue 5,052 million yen |

3. Share seller

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| 1) Name of company | Kobe Steel, Ltd. |
| 2) Name and title of Representative | President & CEO Hiroya Kawasaki |
| 3) Location | 2-2-4 Wakinohamakaigandori, Chuo-ku, Kobe, Hyogo |
| 4) Main business | A wide range of businesses including materials, such as steel, aluminum, and copper, machinery, engineering, and electricity |
| 5) Capital | 250.9 billion yen |
| 6) Date of establishment | June 28, 1911 |

4. Shares acquired, and shares held pre/post-acquisition

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|-------------------------------|---------------------------------------|
| 1) Pre-transfer shares held: | 0 shares (ownership ratio: 0%) |
| 2) Shares acquired: | 5,336 shares (ownership ratio: 66.7%) |
| 3) Post-transfer shares held: | 5,336 shares (ownership ratio: 66.7%) |

5. Time table

April 7, 2017

April 28, 2017

Execution of share transfer agreement

Scheduled share transfer

6. Outlook

This share transfer is scheduled to take place on April 28, subject to the approval of the relevant authorities. This transaction is expected to have minimal impact on results in this fiscal year.