



September 11, 2018

For Immediate Release

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### Notice of Determination of Issuance Terms and Conditions etc. of Zero Coupon Convertible Bonds Due 2023

Sumitomo Forestry Co., Ltd. (the “Company”) hereby provides notice that the issuance terms and conditions etc. have been determined for ¥10,000,000,000 in aggregate principal amount of Zero Coupon Convertible bonds Due 2023 (the Bonds with Stock Acquisition Rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*; the bonds only are referred to as the “Bonds” and the stock acquisition rights only are referred to as the “Stock Acquisition Rights”) approved by Board of Directors resolution on September 11, 2018. The details of matters that have been determined are set forth below.

#### Particulars of the Stock Acquisition Rights

1. Amount of assets to be contributed upon exercise of the Stock Acquisition Rights	The amount equal to the face value of the Bonds
2. Conversion price	¥2,192
Reference: Status of stock price, etc. on the day of determination of the issuance conditions (September 11, 2018)	
a. Stock price (closing price) on the Tokyo Stock Exchange	¥1,826
b. Premium rate [ $\{ \text{Conversion price} / \text{Stock price (closing price)} - 1 \} \times 100$ ]	20.04%

This document is a news release prepared for the purpose of public announcement of the issuance of convertible bonds with stock acquisition rights by the Company and not for the purpose of soliciting investment. The bonds will not be offered or sold in Japan. Further, this document does not constitute an offer of the Company's bonds in all geographical regions including the United States. The Company's bonds will not be offered for placement or sale in the United States absent registration of the Company's bonds or an exemption from registration under the U.S. Securities Act of 1933. The offer or sale of securities in the United States requires the preparation of an English-language prospectus in accordance with the U.S. Securities Act of 1933. The Company's bonds will not be offered or sold in the United States.

Reference: Overview of Zero Coupon Convertible Bonds Due 2023

1.	Total amount of the bonds	The total of 10 billion yen plus the aggregate amount of the face value of Bonds relating to replacement certificates for Bonds with Stock Acquisition Rights
2.	Bond pay-in amount	101.0% of the Bond face value (the face value of each Bond is 10 million yen)
3.	Offer price of the Bonds with Stock Acquisition Rights (issue price)	103.5% of the face value of the Bonds
4.	Issuance resolution date	September 11, 2018
5.	Bond pay-in date and issuance date	September 27, 2018 (here and hereafter, unless otherwise specified, London time)
6.	Stock Acquisition Rights exercise period	<p>From October 11, 2018 to September 13, 2023 (local time at markets accepting exercise requests).</p> <p>Provided, however, that (i) in the case of early redemption of the Bonds, until three business days in Tokyo prior to the redemption date (excluding Stock Acquisition Rights relating to Bonds regarding which early redemption shall not be accepted); (ii) in the case where the Bonds are purchased and extinguished, until the Bonds are extinguished, or (iii) in the case where the Bonds are accelerated, until the Bonds are accelerated. In all of the cases specified above, the Stock Acquisition Rights may not be exercised after September 13, 2023 (local time at markets accepting exercise requests).</p> <p>Notwithstanding the above, in the case where the Company reasonably determines that Reorganization etc. of the Company is necessary, the Stock Acquisition Bonds may not be exercised during a period designated by the Company of no more than 30 days ending within 14 days from the day after the day that the Reorganization etc. takes effect.</p> <p>Further, in the case where the day that exercise of Stock Acquisition Rights takes effect (or in the case where such day is not a business day in Tokyo, the following business day in Tokyo) falls within the period from the day two Tokyo business days (or if such date is not a business day in Tokyo, then the day three Tokyo business days prior) before the record date or other such date designated by the Company for finalizing shareholders specified in Article 151, Paragraph 1 of the Act on Book Entry of Corporate Bonds and Shares (collectively referred to as the “Shareholder Record Date”) until the relevant Shareholder Record Date (or if the relevant Shareholder Record Date is not a business day in Tokyo, then the following business day in Tokyo), the Stock Acquisition Rights may not be exercised; provided, however, that in the case of changes to laws and regulations or practices relating to the delivery of shares in conjunction with the exercise of stock acquisition rights through a book entry system pursuant to the Act on Book Entry of Corporate Bonds and Shares, the Company may modify the restrictions on the period when the Stock Acquisition Rights may be exercised pursuant to this paragraph to reflect those changes.</p>
7.	Redemption deadline	September 27, 2023
8.	Information on dilution effects from potential shares	

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		<p>The ratio of potential shares compared to the most recent (August 31, 2018) number of outstanding shares (182,695,936) as a result of implementation of this financing is expected to be 2.50%.</p> <p>Note: The ratio of potential shares is the figure equal to the number of new shares issued in the case where all of the Stock Acquisition Rights relating to the Bonds with Stock Acquisition Rights to be issued at this time are issued at the initial conversion price divided by the most recent number of outstanding shares.</p>
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For further details, refer to the press release issued by the Company on September 11, 2018 entitled “Notice of Issuance of Zero Coupon Convertible Bonds (Green CBs) Due 2023.”

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