

January 22, 2008



Housing Business in the United States to Launch into Land and Lot Development

At a meeting held on December 11, 2007, the Board of Directors of Sumitomo Forestry Co., Ltd. (Ryu Yano, President; head office: Chiyoda-ku, Tokyo) passed a resolution approving the establishment of a 50:50 joint venture company (Cascadia Resort Communities LLC) by its wholly owned U.S. subsidiary Sumitomo Forestry Seattle, Inc. and the Cascadia Project LLC ("Cascadia"), which is currently developing Cascadia Communities (please refer to the plan drawing below) in the environs of the U.S. city of Seattle, for the implementation of a project involving the creation of a golf course and development of some 650 residential lots surrounding it. The company was established on January 16, 2008, and details are provided below.

In Sumitomo Forestry's long-term management plan Project SPEED, which was announced in May 2007, the stated goals are to establish new profit-creating businesses and to change the perceptions of employees. The plan also gives overseas business the status of a priority growth business, along with real estate and remodeling businesses.

With regard to overseas housing business, in the United States Sumitomo Forestry established Bennett-SFS LLC, a joint-venture company with a U.S. home builder, in 2002, and began full-scale selling of built-for-sale houses in 2003. According to plan, in subsequent years this company has built up a track record of selling approximately 100 units per year.

In the process of accelerating Project SPEED, Sumitomo Forestry has decided to launch into the development of land and lots overseas as a growth strategy, with the objective of both generating revenues from, and expanding the scale of, its housing business in North America.

In the U.S. housing business, activity will not be confined to conventional built-for-sale housing business involving mainly the building and selling of houses. Sumitomo Forestry will also take up the challenge of developing housing and facilities fit to be handed down to future generations, doing so by taking advantage of its philosophy,

nurtured over many years in Japan, of creating distinctive homes bearing the Sumitomo Forestry brand, and its techniques of harmonizing residential living with the environment.

The objective of this project is not only to generate earnings, but also to acquire know-how in the business of developing land and lots in the United States and to expand into other housing-related business activities such as greening. At the same time, from a medium- to long-term perspective, Sumitomo Forestry will foster human resources who will bear responsibility for overseas business activities in the future.

1. Profile of Cascadia Resort Communities LLC (Joint venture)

(1) Trade name: Cascadia Resort Communities LLC

(2) Paid-in capital: US\$24,800,000

(3) Amounts of capital and capital structure

Investor (Member)	Investment amount	Investment ratio
Sumitomo Forestry Seattle, Inc.	US\$12,400,000	50 percent
The Cascadia Project LLC	US\$12,400,000	50 percent

2. Overview of the project (Name: Parcel O; Please refer to the general plan drawing below)

(1) Development area

The total development area of Parcel O is 208 hectares, roughly equal to 44 times the surface area of the Tokyo Dome stadium. Approximately 55 percent of the area is planned to be for a golf course, and the remaining 45 percent to be used as residential areas.

(2) Nature of the development

The joint venture will develop the golf course and approximately 650 residential lots surrounding it, selling the finished lots to home builders. The project period is planned to be five years, from 2007 to 2012.

a. Residential lot development plan

On Parcel O the lots will offer a variety of plans, ranging from town houses and homes in a moderate price range to high-grade custom-built detached houses. Study is also being given to the development of housing and facilities focused on retired baby boomers known as “active adults.”

b. Golf course development plan

The design of the 18-hole golf course is planned to be entrusted to John Harbottle, who has handled the renovation of the Los Angeles Country Club's courses and the design of the Olympic Course at the Gold Mountain Golf Club in Bremerton, Washington. (Courses he has designed have won *Golf Digest* magazine's America's Best New Courses Award.)

(3) Project plan

Details of the project plan

- a. Total development budget, including land costs

Approx. US\$95,000,000

- b. Plan for sale of residential lots (unit: lot)

Year	2009	2010	2011	2012	Total
Lots	120	160	170	200	650

- c. Earnings projection

Sales: US\$125,000,000 (650 lots by 2012)

- d. Schedule

December 2007 Conclusion of joint-venture contract

January 2008 Establishment of joint venture; start of lot development

June 2009 Planned completion of golf course; planned start of sale of residential lots

December 2012 Project completion

3. Profile of Cascadia (Joint investment company)

(1) Trade name: The Cascadia Project LLC

(2) President and chief executive officer: Patrick Kuo

(3) Date of establishment: October 21, 1999

(4) Head office: 500 108th Avenue NE, Suite 1620, Bellevue, WA 98004-5500

4. Profile of Cascadia Communities (Please refer to the project layout map below)

(1) Total area: 1,910 hectares (Approx. same as Shinjuku-ku, Tokyo)

(2) Location: Approx. 60 km south of Seattle

(3) Start of development: 2005; planned start of sale of residential lots: March 2008

(4) Total number of residential lots planned: 6,500

(5) Other details

A master-planned community that combines adjacent residential and business areas based on comprehensive planning not only for homes (detached and collective

housing) but also offices and amenities such as a shopping center, parks, and golf courses. When completed, it will be the largest such community in Washington State.

5. Impact of the project on business performance

The project has no material effect on business performance in the current fiscal year, and there will thus be no changes relating to business performance.

For reference

Maps of the Cascadia area development

Layout of the Cascadia project



General plan drawing of Cascadia Communities, and location of Parcel O

