

April 1, 2008



## Starting Housing Business in Australia

At the board of directors' meeting held on February 29, 2008, Sumitomo Forestry Co., Ltd. (Ryu Yano, President; head office: Chiyoda-ku, Tokyo) approved the establishment of a joint venture company with Henley Properties Group ("Henley"), which currently has the fifth largest market share in the Australian residential housing market, as well as the development of Botanica Springs Stage 5 ("the Project"). The joint venture, Henley-SFC Housing Pty Ltd. ("Henley-SFC Housing") was established on April 1, 2008, and details are provided below.

Sumitomo Forestry is the first Japanese homebuilder to enter the Australian detached housing market.

With regard to the Project, Henley-SFC Housing will purchase 11 lots for spec home development in the suburbs of the city of Melbourne.

### 1. Reason for starting business in Australia

The goal of Sumitomo Forestry's long-term business plan Project SPEED, which was announced in May 2007, is to establish new profit-creating businesses and to raise the awareness of its employees. In Project SPEED, overseas business is positioned as priority growth business, along with the domestic real estate and remodeling businesses.

In growing its overseas businesses, Sumitomo Forestry considers the expansion of housing business and real estate business necessary. Taking full advantage of its experience and knowledge in the wood-frame housing business, such as improvement of production efficiency, cost reduction and design, Sumitomo forestry will utilize this background in the Australian housing market, where most residential houses are constructed with wood-frame structures.

Stable growth is expected in the Australian housing market. The increase of population created by immigration is expected to continue in the future. Along with its strong economy, the company expects that the Australian housing market will continue to expand.

Moreover, in Australia we can expect synergy with our existing manufacturing businesses, Alpine in Australia and NPIL in New Zealand. Through the inclusion of a homebuilder in our group, the company will study a synergy-creating business model that encompasses manufacturing, distribution and homebuilding.

## 2. Profile of Henley –SFC Housing Pty Ltd (JV)

### (1)Company name

Henley-SFC Housing Unit Trust

Henley-SFC Housing Pty. Ltd.

### (2)Date of establishment

April 1, 2008

### (3)Company share

Sumirin Holdings Pty. Ltd.\* 50%

Henley Arch Pty. Ltd. 50%

\*100% subsidiary of Sumitomo Forestry Co., Ltd.

### (4)Schedule

April 2008 Establishment of Joint Venture

August 2008 Building Start

September 2008 Project\* Completion

\*Botanica Springs Stage 5

## 3. Profile of Project (Botanica Springs Stage 5)

JV will purchase 11 lots for spec home construction, for which the business plan is stated below:

### Property details

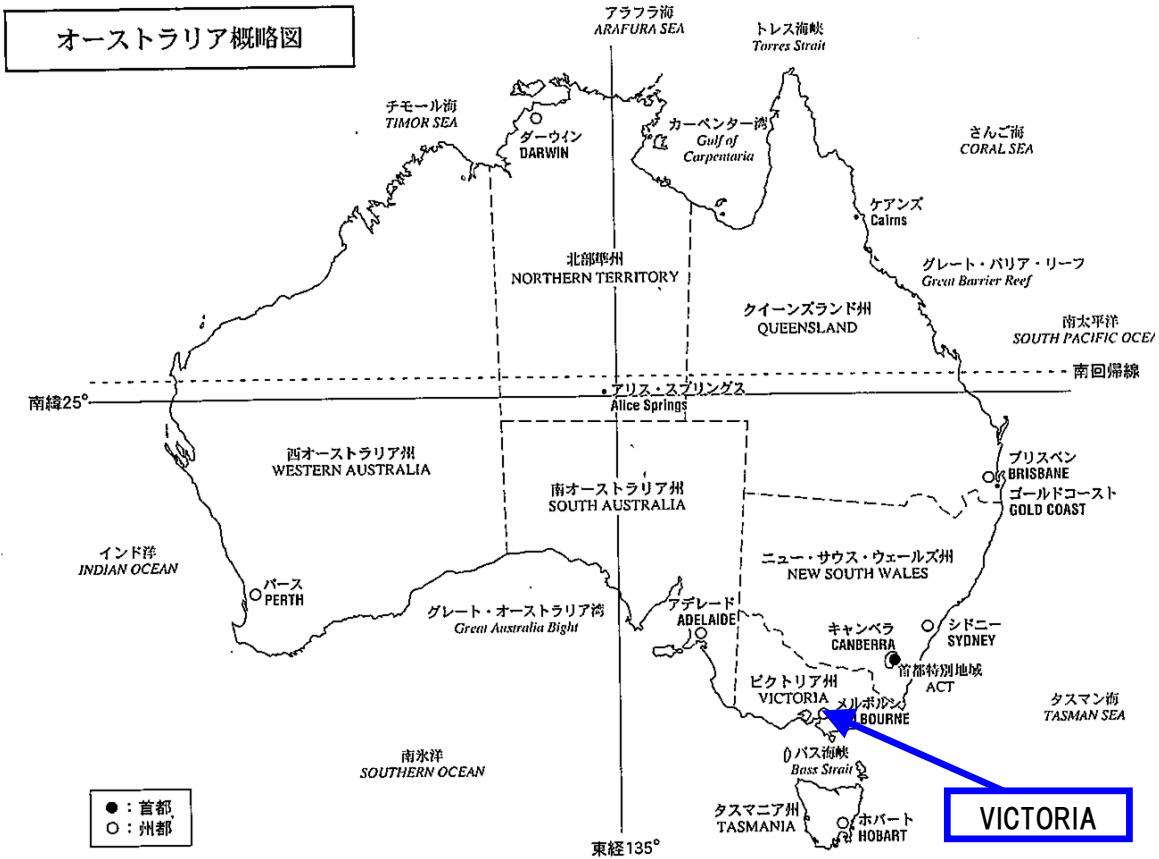
- |                              |                             |
|------------------------------|-----------------------------|
| (1) Location of the property | Melton, Victoria            |
| (2) Project name             | Botanica Springs Stage 5    |
| (3) Land zoning              | Detached and attached house |
| (4) Average lot size         | 611 square meters           |
| (5) Total numbers of lots    | 11 lots                     |
| (6) Topography               | Flat                        |

## 4. Profile of JV Partner Henley Group

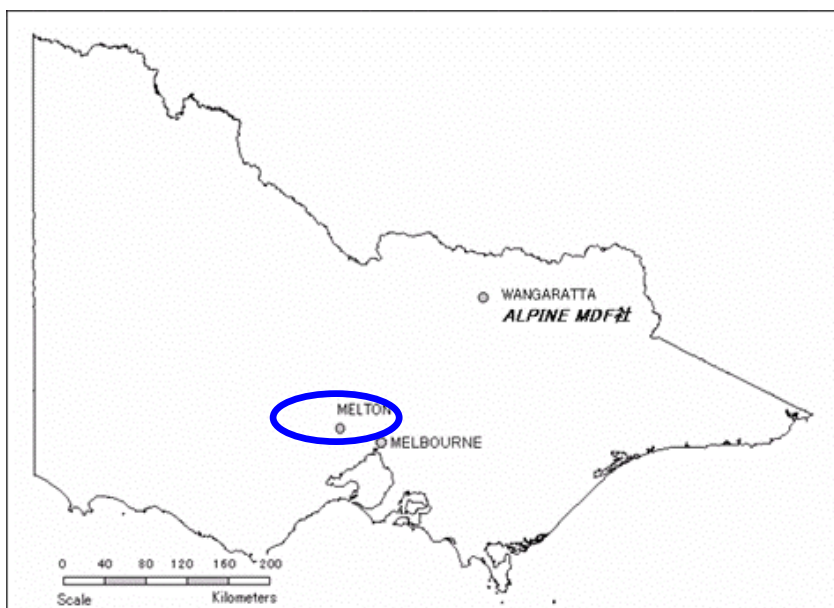
Henley Properties Group, which built 1762 detached custom homes and spec homes in fiscal 2007, is the fifth largest homebuilder in Australia. Henley Group operates in the states of Victoria, New South Wales, Queensland and South Australia. The total number of employees is approximately 370.

[For reference] Location of the Project(Botanica Springs Stage 5)

(1) Map of Australia

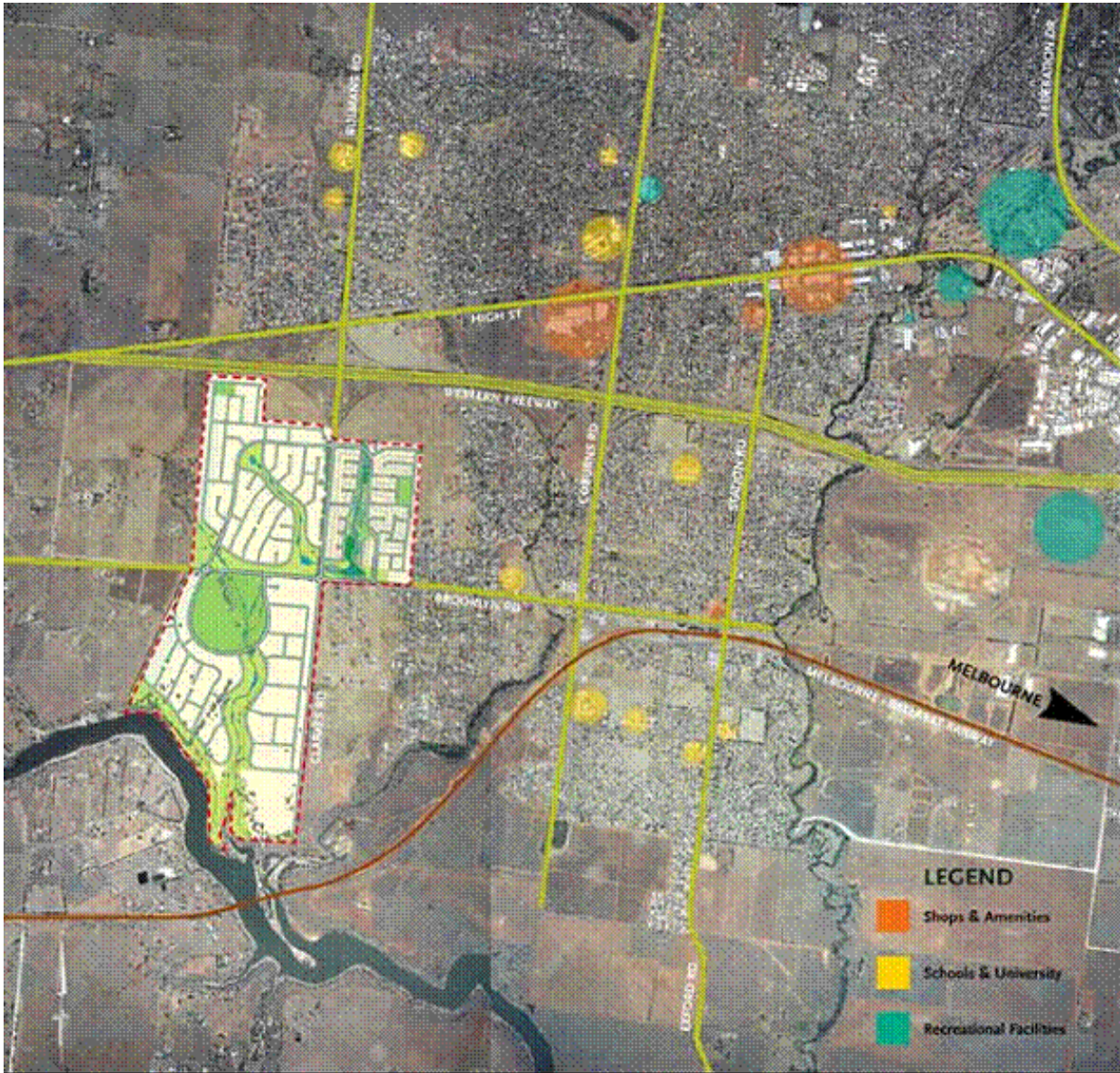


(2) Location of Melton



■ **Botanica Springs**

(1) Location of the Project



(2) Master plan (the circled area indicates the location of the 11 lots)

