

## Apartment Leasing Agency Joint Venture Established in China

### - Entering a new housing business in China -

At a meeting held on March 31, 2008, the Board of Directors of Sumitomo Forestry Co., Ltd. (President: Ryu Yano; head office: 8-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo) decided that wholly-owned subsidiary Sun Step Co., Ltd. (President: Kenji Hata; head office: 19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo) would establish and invest in a joint venture company to start up an apartment leasing agency in China. The new company will be located in Yantai, Shandong Province.

#### 1. Reason for Establishment of Joint Venture

The number of overseas students in Japan has increased steadily since 1983, when then-Prime Minister Yasuhiro Nakasone put forward a plan to welcome 100,000 foreign students by the year 2000. According to government figures, Japan now accepts 120,000 foreign students annually (as of 2007), a large proportion of whom are from China. Sun Step, a property management company within the Sumitomo Forestry Group, had been considering the establishment of an apartment and condominium rental business in Japan to serve the accommodation needs of this growing number of Chinese students.

Given the need for offices in China to provide Chinese students intending to study in Japan with information on Japanese rental accommodation and introduce dwellings available for rent, it was decided to establish a joint venture offering such services in partnership with Mr. Zhang Linxin, who operates Japanese language schools in Yantai, Shandong Province and other areas,

As well as helping to build amicable relations between China and Japan by offering favorable living environments to Chinese students coming to Japan, the new venture is projected to create expanded revenue-earning opportunities for Sun Step. Last year the company began operating an accommodation facility in Tokyo's Itabashi Ward housing 80 Chinese students and it intends to develop capacity to offer accommodation to 1,000 Chinese students.

#### 2. Outline of Joint Venture

1) Company name	Yantai Golden Bridge Enterprise Co.,Ltd
2) Representative	Zhang Linxin (President)
3) Address	No.1298, Dongda St., Gangcheng, Laishan, Yantai, Shandong, China
4) Investors	Yantai Techno Overseas Economic Cooperation Co., Ltd (60%) Sun Step Co., Ltd. (40%)
5) Date of establishment	July 4, 2008
6) Capital	US\$ 100,000
7) Fiscal year-end	December
8) Employees	4 (including 1 director assigned from Sun Step)

### 3. Start-up Schedule

August 2008: Start operations

September 2008: Offer accommodation to first batch of overseas students

### 4. Impact on Financial Results

Since this venture will have only a slight impact on overall results for the fiscal year ending March 31, 2009, there is no change to current projections for business performance.

### For Reference

#### ■ Outline of Yantai Techno Overseas Economic Cooperation Co., Ltd

1) Company name	Yantai Techno Overseas Economic Cooperation Co., Ltd
2) Representative	Zhang Linxin
3) Address	No.28, Xisheng St., Zhifu, Yantai, Shandong, China
4) Capital	5 million yuan
5) Employees	5

#### ■ Outline of Sun Step Co., Ltd.

1) Company name	Sun Step Co., Ltd.
2) Established	5 March, 1985
3) Representative	Kenji Hata
4) Address	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo
5) Capital	150 million yen (wholly owned by Sumitomo Forestry Co., Ltd.)
6) Employees	155 (as of March 31, 2008)
7) Offices	3 branches and 3 sales offices nationwide (as of July 2008)
8) Business activities	Management of rental properties