

Notice Concerning Organizational Reforms

Sumitomo Forestry Co., Ltd. announces that its Board of Directors, at a meeting held today, approved the following organizational reforms effective April 1, 2012.

■ Organizational Reforms (Effective April 1)

In anticipation of changes in market trends, Sumitomo Forestry will implement the following organizational reforms with the purpose of enhancing Group management efficiency, optimizing the allocation of management resources, improving the profitability of the core timber and building materials business and housing business, and accelerating growth in the overseas business and remodeling and renovation business.

1. Head Office Organizational Reforms

Establishment of Secretarial Department

A Secretarial Department will be established within the General Administration Department to strengthen the secretariat functions amid an increase in external relations activities.

2. Forestry & Environment Division Organizational Reforms

Merger of Environmental Business Department and Forestry Department, and

Establishment of Forestry & Environmental Business Department

The Environmental Business Department and the Forestry Department will be merged to create the newly established Forestry & Environmental Business Department.

3. Timber & Building Materials Division Organizational Reforms

The organizational reforms will create a new structure to support the development of a global timber and building materials distribution business which promotes distinctive strategies for each of its domestic and overseas markets.

(1) Establishment of Domestic Timber & Building Materials Section

The Domestic Timber & Building Materials Section will be newly established to manage the domestic timber and building materials distribution business along with the building materials manufacturing business. The Timber & Building Materials Department (name changed from Building Materials Department), INOS Department (English name unchanged), Home Builder Direct Marketing Department, and the division branches will be organized under the new section.

(2) Building Materials Department renamed Timber & Building Materials Department
In conjunction with the redefinition of the functions of the Building Materials Department, the organization will be renamed the Timber & Building Materials Department and will be tasked with planning and administration for the Domestic Timber & Building Materials Section.

(3) INOS Department name changed in Japanese
The INOS Department will have its Japanese name changed (English name unchanged).

(4) Forest Products Trading Department's functions redefined and organization renamed International Marketing Department
In addition to the Forest Products Trading Department's current function of supplying timber to the Japanese market, the department will also be tasked with managing marketing companies under the Overseas Business Division as well as creating a unified strategy for the pan-Pacific timber and building materials distribution business. In conjunction with the redefinition of functions, the department will be renamed the International Marketing Department.

(5) North Kanto Branch eliminated and functions integrated into the Tokyo Business Department
The North Kanto Branch will become a branch under the Tokyo Business Department in order to unify the management of the greater Kanto region.

4. Overseas Business Division Organizational Reform

In order to accelerate new business development and facilitate business administration, the Overseas Business Division's functions will be split into two newly established organizations, the Overseas Resources & Manufacturing Department and the Overseas Housing & Real Estate Department.

5. Housing Division and Real Estate Business Division Organizational Reform

The Housing Division and Real Estate Division will be merged and reorganized in order to apply the technological and other know-how of the custom-built detached house business to the housing subdivision and other real estate business, as well as to the non-residential wooden building construction business, remodeling and renovation business related to MOCCA (wood use integration) operations*.

* The collective term for all businesses within the Group that aim to expand the use of timber through promoting wooden construction and the use of timber

(1) Real Estate Business Division eliminated and departments transferred to Housing Division

The Real Estate Business Division will be eliminated and the division's departments will be transferred to the Housing Division.

(2) Housing Division organizational reforms

a) Administration Department functions redefined and name changed to Administration & Planning Department

Some of the functions of the Real Estate Business Division's Administration Department will be transferred to the Housing Division's Administration Department and the department will be renamed the Administration & Planning Department.

b) Establishment of Custom-Built Housing Section

The Custom-Built Housing Section will be newly established to manage sales of custom-built detached housing business and the apartment business. The Marketing Strategy Department and FOREST MAISON Department will be positioned under the section, along with the newly established Product Development Department and Housing Division branches.

c) Establishment of Product Development Department

Some functions from the Marketing Strategy Department, Technology Department, and Building Materials Procurement & Logistics Department will be transferred to the newly established Product Development Department under the Custom-Built Housing Section for planning, product development, and materials development in the custom-built detached wooden houses and apartment businesses.

d) Establishment of Renovation & Leasing Section

The Renovation & Leasing Section will be newly established in order to expand the renovation and leasing business, including the remodeling and renovation business, pre-owned home sales business, leasing management business, and real estate brokerage business. Under the section, the Marketing Strategy Department will be newly established for strategy planning, business administration, and marketing promotion, and the Renovation Department will be newly established to take over the functions of the Real Estate Business Division's Real Estate Solution Department, with the exception of the new condominium subdivision business.

e) Real Estate Solution Department renamed Renovation Department

The Real Estate Business Division's Real Estate Solution Department will be renamed the Renovation Department, in conjunction with the redefinition of the department's business, and will be tasked with the expansion of the pre-owned home sales business.

f) Residential Property Development Department reorganized

The Real Estate Business Division's Residential Property Development Department will be reorganized, augmenting the department's detached spec home business with

the condominium subdivisions business to provide unified management of the new spec home business.

g) Transfer of MOCCA (Wood Use Integration) Department to Housing Division

The MOCCA (Wood Use Integration) Department will be transferred from the direct control of the president to the Housing Division in order to accelerate the growth of the wood use integration.

h) Housing Division's Training & Education Department reorganized

In conjunction with the integration of the Real Estate Business Division into the Housing Division, the Training & Education Department will be reorganized to implement training and education programs, including for the renovation and leasing business.

i) Establishment of Overseas Housing Business Supporting Department

In order to accelerate growth of the overseas housing and real estate business, the Overseas Housing Business Supporting Department will be newly established within the Housing Division to support the overseas housing and real estate businesses and provide technical support.

(3) Elimination of Organizations under Real Estate Business Division

a) Elimination of Real Estate Solution Department's Tokyo Department and Osaka Department

In conjunction with the redefinition of functions of the Real Estate Business Division's Real Estate Solution Department, the Tokyo Department and Osaka Department will be eliminated.

6. Establishment of Lifestyle Service Division

A new division will be established to actively promote peripheral businesses related to lifestyles and the ageing of society.

(1) Establishment of Lifestyle Service Division

The Lifestyle Service Division will be established for the administration of the businesses listed above.

(2) Establishment of Lifestyle Service Department

The Lifestyle Service Department will be established within the Lifestyle Service Division and engage in business development and administration.