

For Immediate Release

Sumitomo Forestry Co., Ltd.

Notice Concerning Establishment of Overseas Subsidiary

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Head Office: Chiyoda-ku, Tokyo), at a meeting of its board of directors on December 27, 2011, resolved to establish a subsidiary in Shanghai, China for the purpose of strengthening the sales systems for its timber and building materials distribution business and introducing systems and administrative headquarters for its housing business in China. Capital for investment in the company has already been transferred. A brief description of the company is shown below.

1. Overview of Subsidiary

Name: Sumitomo Forestry (Shanghai) Ltd.
Established: June 1, 2012
Address: North Tower Room 2704, Huaning International Plaza, 300 Xuanhua Road, Changning, Shanghai, China
Director (legal representative): Toshiro Mitsuyoshi
President: Akira Sekimoto
Capital: JPY 540,000,000 (RMB 45 million)
Capital structure: Wholly owned subsidiary of Sumitomo Forestry Co., Ltd.
Business scope: Export/import and wholesale distribution of timber and building materials in China; central management of Chinese housing business; provision of consulting services to group companies in China, etc.
End of fiscal year: December 31
Employees: 15 (when operations commence; includes 8 Sumitomo Forestry employees on assignment)

2. Reason for Establishment

For several years now the Sumitomo Forestry Group has been building infrastructure for its housing business and timber and building materials manufacturing and distribution businesses in China, taking an equity stake in wooden housing companies Paragon Wood Product (Dalian) Co., Ltd. (75% owned by Sumitomo Forestry) and Paragon Wood Product (Shanghai) Co., Ltd. (75%) in 2004, establishing CAD operations company Dalian Sumirin Information Technology Service Co., Ltd. (100%) in September 2005, establishing timber and building materials importer/exporter Sumitomo Forestry Dalian Trading Ltd. (Dalian Trading; 100%) in March 2007, and establishing plywood manufacturer Fuxin Sumirin Wood Products Co., Ltd. (100%) in July 2008.

Faced with the difficulty of conducting timber and building materials distribution in as vast a country as China from Dalian Trading's one location, Sumitomo Forestry has decided to establish a new business center in Shanghai and thereby strengthen sales systems in the Yangtze River Delta area (Shanghai, Zhejiang Province, Jiangsu Province), the largest economic zone in China. Meanwhile it will also develop systems for future housing business expansion and provide consulting services to group companies in China.

3. Upcoming Schedule

Commencement of operations: July 2012 (tentative)

4. Future Outlook

As these developments will have only a marginal influence on the company's financial statement for the year ending March 31, 2013, the company currently plans no changes to the business projections it has already released.