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For Immediate Release

Sumitomo Forestry Co., Ltd.

Additional Report on Non-conformities with MLIT Certified Construction Specifications

Sumitomo Forestry Co., Ltd. announced today that it reported the following to the Building Guidance Division, Housing Bureau of the Japanese Ministry of Land, Infrastructure, Transport and Tourism (MLIT) on August 16.

As previously reported, on August 10, the company was ordered by the MLIT to take corrective measures for 3,524 semi-fireproof houses built with a wooden post-and-beam construction method, which did not conform to specification certified by the minister of the MLIT, such as the fastening method for gypsum board used as partitions.

The company today reported to the MLIT the further discovery of 1,342* semi-fireproof construction houses that require corrective measures.

After receiving the ministerial notification on August 10, the company conducted another internal review and found that houses built using the two-by-four semi-fireproof construction method also possibly do not conform to ministry standards. These findings were reported to the MLIT today. The corresponding properties are semi-fireproof construction houses built by Sumitomo Forestry, and include three-story buildings in quasi-fire prevention districts and one-story and two-story buildings in fire prevention districts which have a total area of less than 100m².

Partitions with a semi-fire-resistance rating of 45 minutes (QF045BP—9071, Building Guidance Division, Housing Bureau No. 2208, May 17, 2002), for which the Gypsum Board Association of Japan received MLIT certification, require the use of nails (GN40) that are 38.1 mm or longer in length for partitions in semi-fireproof structures built using the two-by-four method. However, the screws utilized were 28 mm length. The performance of these screws had received MLIT certification elsewhere as being equivalent to that of 38.1mm nails (GN40). Based on this, the company believed there was no issue with performance in using these screws with this construction method.

The company intends to carry out measures to verify performance for the two-by-four construction-method specifications in question.

We apologize for the inconvenience and concern we have caused to our customers and related parties who have put their confidence in Sumitomo Forestry. We plan to do our utmost to prevent future recurrence and more importantly to gain the understanding of our customers, such as by implementing corrective measures under the guidance of the MLIT and the specific municipal authorities concerned.

* The corresponding properties are semi-fireproof construction houses built by Sumitomo Forestry. This includes three-story buildings in the semi-fireproof zone and two-story structures in the fire prevention zone, with a total floor space of 100 square meters or smaller. There are 3,524 houses built using the wooden post-and-beam construction method (August 10) and 1,342 house built using the 2X4 construction method.