

For Immediate Release

Sumitomo Forestry Co., Ltd.
Sumitomo Forestry Residential Co. Ltd.
Sumitomo Forestry Home Service Co., Ltd.**Transfer of Business between Consolidated Subsidiaries**

Sumitomo Forestry Residential Co. Ltd. (President: Hideo Watabe; Head Office: Shinjuku-ku, Tokyo), a wholly-owned subsidiary of Sumitomo Forestry Co., Ltd. and Sumitomo Forestry Home Service Co., Ltd. (President: Kazuo Maniwa; Head Office: Shinjuku-ku, Tokyo), also a wholly-owned subsidiary, resolved at a meeting of the Board of Directors held today to transfer the rental management business from Sumitomo Forestry Home Service to Sumitomo Forestry Residential, and both subsidiaries also entered into a business transfer agreement on the same date.

1. Reason for Business Transfer

Previously, the rental management business concerning detached houses, apartments, condominiums and so on was the responsibility of two Sumitomo Forestry Group companies: Sumitomo Forestry Residential and Sumitomo Forestry Home Service. However, on this occasion, for the purpose of expanding customer service and improving productivity, a decision was made to integrate the rental management business of Sumitomo Forestry Home Service into Sumitomo Forestry Residential. In doing so, efforts will be made to optimize the businesses of each Group company, clarifying Sumitomo Forestry Residential's area of responsibility as the rental management business, and Sumitomo Forestry Home Service's as the real estate brokerage business.

Integrating the rental management business means a wide range of services can be provided to the owners and tenants of all rental properties managed by the Sumitomo Forestry Group.

As a consequence of this business transfer, it is anticipated that the number of properties managed by Sumitomo Forestry Residential will amount to approximately 32,000. In recent years, the demands on rental properties by tenants has diversified, such as homes for the elderly, share houses and housing for foreign residents. In addition to striving to increase satisfaction for both owners and tenants, the Sumitomo Forestry Group will aim to grow its business through increasing the number of homes managed.

2. Date of Business Transfer

July 1, 2015 (planned)

3. Overview of Subsidiaries

[Sumitomo Forestry Residential Co. Ltd.]

- Address 2-19-1 Shinjuku, Shinjuku-ku, Tokyo (Bigs Shinjuku Building)
- Representative Hideo Watabe (President)
- Main business Management of rental properties, such as detached houses, apartments and condominiums
- Established March 5, 1985
- Capital 150 million yen (wholly owned subsidiary of Sumitomo Forestry Co., Ltd.)
- Annual sales 20.4 billion yen (fiscal year ended March 31, 2014)
- Number of employees 249 (as of March 1, 2015)

[Sumitomo Forestry Home Service Co., Ltd.]

- Address 3-2-11 Nishi-Shinjuku, Shinjuku-ku, Tokyo (Shinjuku Mitsui Building #2)
- Representative Kazuo Maniwa (President)
- Main business Sale and brokerage of real estate, management of rental properties
- Established September 1, 1964
- Capital 400 million yen (wholly owned subsidiary of Sumitomo Forestry Co., Ltd.)
- Annual sales 5.9 billion yen (fiscal year ended March 31, 2014)
- Number of employees 409 (as of March 1, 2015)

4. Outlook

There is no change to the consolidated earnings forecast for the fiscal year ending March 31, 2015 as announced in the Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March, 2015.

About Sumitomo Forestry

Founded in 1691, Sumitomo Forestry Co., Ltd. and its Group companies have broadened business activities focused on wood. Based on its corporate philosophy—“utilize timber as a renewable, healthy and environmentally friendly natural resource, and contributes to a prosperous society through all types of housing-related services”—and with its approximately 250,000 hectares of owned and managed forest, the global network that spans more than 20 countries and expertise and technology in housing-related businesses, Sumitomo Forestry Group is developing the Forestry and Environment Business, the Timber and Building Materials Business, the Housing Business, the Overseas Business, the Lifestyle Service Business and other businesses both in Japan and abroad. Adding such businesses as wooden biomass power generation and Timber Solution, it will continue to pursue the potential of timber.

President and Representative Director: Akira Ichikawa Head Office: Chiyoda-ku, Tokyo.