

December 21, 2015

Sumitomo Forestry Co., Ltd.

Announcement on Purchase of Forest Assets in New Zealand

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa, Head Office: Chiyoda-ku, Tokyo) announces today that it has entered into an agreement for sale and purchase of assets* with Tasman Bay Forests Company (“TB”) of New Zealand to purchase timberlands and related assets owned by TB through Sumitomo Forestry NZ Limited (Managing Director: Toshio Kakumoto, Head Office: Nelson, New Zealand; hereinafter “SFNZ”), a wholly-owned subsidiary of Sumitomo Forestry Co., Ltd.

* The purchase of assets is subject to consent from the government of New Zealand and other relevant parties.

1. Reason for the Purchase

With future population growth and economic growth mainly in developing countries and surge of consideration for global environment as a backdrop, we expect growth in demand for timber in the mid-to-long term, especially for sustainably managed timber resources.

The timberlands to be purchased are radiata pine plantation of approximately 30,000 hectares, located in Nelson, New Zealand. Nelson Pine Industries Ltd. (“NPIL”), a wholly owned subsidiary of SFNZ which manufactures MDF (Medium Density Fiberboard), already owns 5,000 hectares of timberlands in Nelson. With this purchase, the area of timberlands owned by Sumitomo Forestry in this region will become about 35,000 hectares.

Radiata pines have high versatility which contributes to its price competitiveness because of their fast growing, stable supply, uniform wood quality and so forth, and we can expect steady income for a long period of term. Also, the land is located near NPIL and the port of Nelson and has a competitive edge due to its site location. We can also expect a synergy effect with the manufacturing and distribution business of our group.

The Group has been involved in the forestry business for over 320 years since its foundation in 1691, engaging in projects utilizing wood, which is a renewable resource. In our expanding global business, we will continue to enhance the value of timber resources and contribute to the environment.

2. Details of the Assets to be Acquired

Name and Location of the Assets	Purchase Price *1	Current Status
Timberland assets (approximately 30,000 hectares) Nelson, New Zealand, and others	Approximately NZD 370 million For reference: purchase price in Japanese yen is approximately JPY 30 billion *2	Currently owned by Tasman Bay Forests Company, which manages the timberlands (replanting, harvesting, sales, etc.)

*1 Payment for purchase of the assets shall be paid through a subsidiary of SFNZ that will be newly established.

*2 The purchase price in Japanese yen is subject to change due to fluctuations in the exchange rate.

3. Outline of TB

(1)	Name of company	Tasman Bay Forests Company
(2)	Location	Unit 5, 120 Hamilton Street, Tauranga 3141, New Zealand
(3)	Name and title of representative	Brenton Jan Keefer, Director
(4)	Business	Timberland management (replanting, harvesting, sales, etc.)
(5)	Capital	NZD 156,288 thousand (at the end of December 2014)

4. Time Table

(1)	Date of board resolution	December 9, 2015
(2)	Date of agreement	December 18, 2015
(3)	Date of completion of purchase	June 1, 2016 (scheduled*)

* The purchase of assets is subject to consent from the government of New Zealand and other relevant parties.

5. Outlook

The impact of the purchase on the current consolidated earnings is negligible.