

For Immediate Release

Sumitomo Forestry Co., Ltd.

Dual corporate structure for selling 3,000 homes per year
in Australia

**Sumitomo Forestry Acquires Equity Interest
in Australian Homebuilder**

Expanding into the custom-built homes business in the Sydney area

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Head Office: Chiyoda-ku, Tokyo) has announced that it has entered into an agreement to acquire a 51% stake in the Wisdom Group, which is centered on the New South Wales-based homebuilder Wisdom Properties Group Pty Ltd. The acquisition, which was made through Sumitomo Forestry Australia's wholly-owned Australian subsidiary, Sumitomo Forestry Australia Pty Ltd. (Managing Director: Toshio Kakumoto; Head Office: Melbourne, Victoria), was completed as of today.

Sumitomo Forestry is striving to expand further into the Australian housing business, regarding it as a key growth area for its overseas operations, through continued collaboration with the management of the consolidated subsidiary Henley Properties Group (hereafter "Henley Group"), which is involved in the housing business largely in Victoria, Queensland, and New South Wales.

The Wisdom Group, established in 1999, is a homebuilder that supplies about 400 homes per year¹, mostly in the form of custom-built homes in Sydney and elsewhere in New South Wales. In 2015, it won the NSW Most Professional Major Builder award at the HIA Awards.²

(Right: Exterior view of a Wisdom Group house)



Demand for housing in New South Wales is likely to remain robust, owing to a chronic shortage of housing from a population that is growing by 80,000 to 100,000 people per year. The Sumitomo Forestry Group is already involved in the spec homes business in New South Wales through the Henley Group, and the stake in Wisdom Group is a means for it to expand into the state's custom-built homes business.

Responsiveness to the diverse needs of clients is a distinguishing feature of the Wisdom Group's housing products. It offers, for example, plans that are adaptable for small or narrow plots of land, given the tendency for increasingly smaller sites due to the housing shortage in New South Wales. It is also involved in the residential landscaping business, undertaking exterior work for garden vegetation, pergola, swimming pool, and so on. The stake in the Wisdom Group will enable the Sumitomo Forestry Group to consider involvement and expansion into the residential landscaping business in other states.

¹ Based on June 2015 results

² This award, established more than sixty years ago in 1945, is given annually by the Housing Industry Association (HIA), whose membership base is responsible for more than 80% of Australia's residential construction work. Major builders with annual sales exceeding AUD 50 million are eligible. The award goes to the most outstanding builder on the basis of overall performance, including industry leadership, customer service and satisfaction, as well as scope of business, financial soundness, and so on.

This acquisition provides a dual structure comprised of the Henley Group and the Wisdom Group for the Sumitomo Forestry Group to involve itself in the Australian housing business. It lays the foundations for the Sumitomo Forestry Group to achieve its goal of selling 3,000 homes in Australia per year, equivalent to the fourth largest detached housing construction business in Australia. It also brings Sumitomo Forestry Group closer to achieving its goal of selling 8,000 homes per year in both Australia and the United States.

Sumitomo Forestry pursues a horizontal business approach for linking different parts of the globe, while the timber-centered operations in Japan and elsewhere have followed a vertically integrated approach that brings together the “upper stream” of afforestation and forestry operations, the “mid-stream” of distribution and manufacturing, and the “lower stream” of housing-related operations. It is striving to expand its existing housing companies and actively pursue operations that take into account the culture and lifestyles of each country and which will contribute to community development and pleasant residential environments.

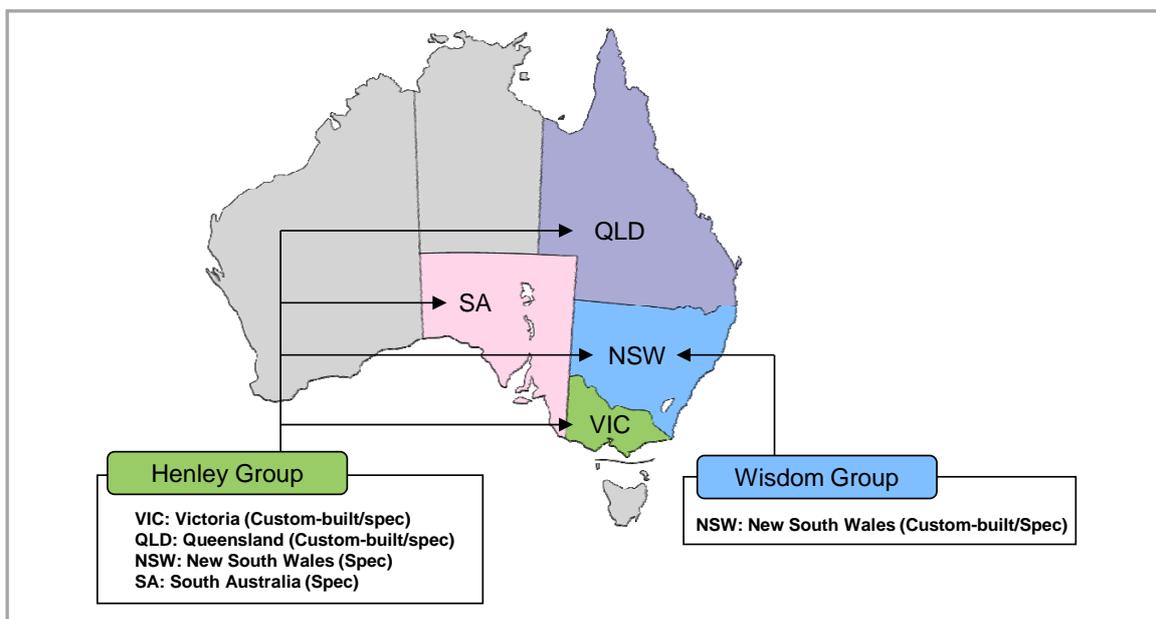
■ Outline of Wisdom Properties Group Pty Ltd.

(1)	Name of Company	Wisdom Properties Group Pty Ltd.
(2)	Name and title of Representative	Domenic Vitalone (President)
(3)	Location of Head Office	Narellan, New South Wales, Australia
(4)	Date of Establishment	September 1999
(5)	Business	Custom-built and spec homes, residential landscaping in New South Wales
(6)	Number of Employees	143 (as of June 30, 2016)
(7)	Net Sales	AUD 146 million (for the financial year ending June 2015)

* The information shown in (5)–(7) is for the entire Wisdom Group

[Reference]

■ Map showing Sumitomo Forestry’s involvement in the Australian housing business



■ Exterior and interior views of Wisdom Group products



* Plan for the growing number of small plots of land in Sydney. The design uses natural light and draws the gaze over long distances to make the interiors feel spacious.