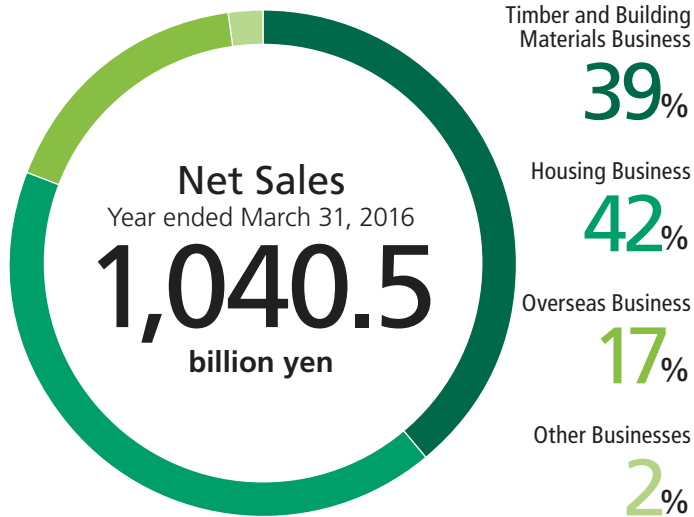


Business Strategies by Segment

Net Sales by Segment*



* Ratios are computed based on net sales by business segment (consolidated net sales less adjustments)



Net Sales and Recurring Income by Segment (Billions of yen)

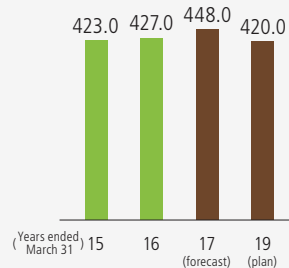
(Years ended March 31)	2015	2016	2017 (forecast)	2019 (plan)
Net Sales	997.3	1,040.5	1,150.0	1,170.0
Timber and Building Materials Business	423.0	427.0	448.0	420.0
Housing Business	453.9	454.6	481.0	485.0
Overseas Business	147.0	187.9	258.0	294.0
Other Businesses	16.6	16.9	23.5	39.8
Adjustments	(43.3)	(45.8)	(60.5)	(68.8)
Recurring Income	36.4	30.5	48.0	55.0
Timber and Building Materials Business	4.0	3.4	4.5	4.5
Housing Business	28.3	31.5	32.0	33.0
Overseas Business	6.1	13.1	15.5	21.4
Other Businesses	1.2	(1.0)	1.0	3.6
Adjustments	(3.2)	(16.4)	(5.0)	(7.5)

Note: Figures are rounded to the nearest decimal.

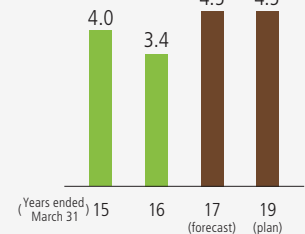
Timber and Building Materials Business

We operate a distribution business that sources high-quality timber and building materials from Japan and overseas for marketing to domestic and overseas customers, and a manufacturing business that makes building materials in Japan.

Net Sales
(Billions of yen)

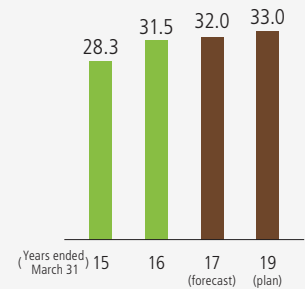
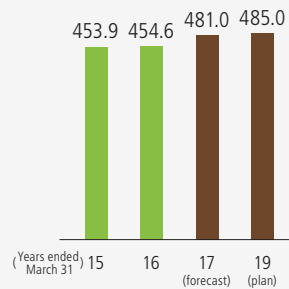


Recurring Income
(Billions of yen)



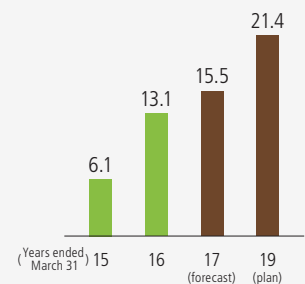
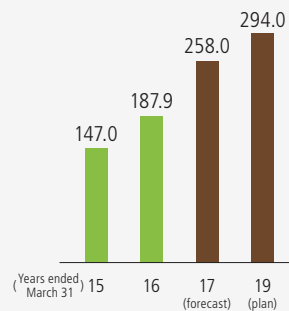
Housing Business

In addition to the Custom-Built Detached Housing Business, we operate a wide range of housing-related businesses. These include the Renovation Business, Apartment Business, Detached Spec Homes Business, Landscaping Business, and Stock Housing Business, as well as real estate brokerage and management and renovation and resale of used houses.



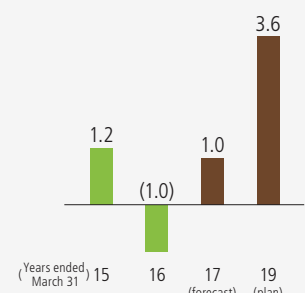
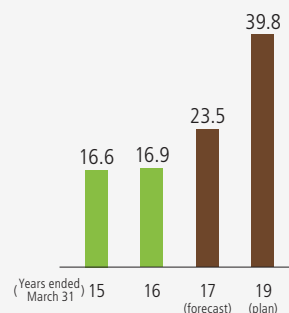
Overseas Business

We operate the manufacturing business, which is engaged in building materials manufacturing business, mainly in the Pacific Rim, including Southeast Asia, Oceania and the United States, and the Housing and Real Estate Business, mainly in the United States and Australia.



Other Businesses

We operate the forestation business, the biomass power generation business, the private care facilities business, the lease business, as well as various service businesses including the insurance agency business for our housing business customers. We also manufacture and sell farming and gardening materials, and develop information systems for each Group company.



Note: Net sales and recurring income for each business include intersegment transactions.

Timber and Building Materials Business



Basic Policy

Building new supply chains overseas and strengthening initiatives in growth markets

The Sumitomo Forestry Group holds the No. 1 share in the domestic timber and building materials distribution markets, based on a sales network and a reputation for reliability built up over many years. Moreover, the Group’s greatest strength lies in its procurement capabilities using its global network.

Due to the high volume of trade, this segment’s performance is prone to fluctuate with changes in the market environment, such as trends in the number of new housing starts. We therefore aim to diversify the business in order to establish a stable earnings foundation. To this end, we will promote initiatives in new markets, new products, and overseas expansion.

In the domestic distribution business, we will focus on expanding our market share in existing businesses, while strengthening our initiatives on fuel chips, which are seeing increasing demand in line with the spread of biomass power generation. Another focus will be on exports of domestic timber, which is expected to see market expansion, and on expanding sales in non-housing markets (retail facilities, elderly care facilities, and so forth). By developing new customers and launching products to meet market needs in these fields, we will increase added value while strengthening profitability. Meanwhile, in the overseas distribution business, we will form alliances with local Group companies and manufacturing sites in each country and create a distribution system for timber and building materials, including sales of wooden interior building materials, using Singapore as a base for managing operations. In addition, we will build a supply chain by undertaking joint product development with manufacturers, opening new markets, and other steps, as we expand our business overseas.

The wide range of products handled and extensive network involved in our Timber and Building Materials Business supports our Group businesses, which are associated with the housing business. Looking ahead, we will maintain our leading market share in Japan, while advancing into new markets aligned with products and regional characteristics.



Log pond (Indonesia)

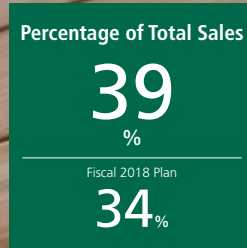
Domestic Distribution Business

Building an earnings structure resilient to market fluctuations

In the domestic distribution business, we plan to increase the market share of our existing business and maintain business scale. We will do this while establishing an earnings structure by bolstering our initiatives in growth markets, which are impervious to the impact of fluctuations in



Transporting domestic timber



Share in Japan for timber and building materials: **No.1**

new housing starts.

Specifically, we will expand our procurement and sales of fuel chips and timber for biomass generators in the energy fuel market. Biomass power stations in Japan are increasing both in scale and in number, and there is rising demand for fuel chips and timber for their stable operation. We plan to double our sales from energy-related raw materials from ¥3.3 billion in fiscal 2015 to ¥7.0 billion in fiscal 2018.

In the environment and energy efficiency market, we will respond to the growth in zero-energy house (ZEH), which aim to achieve a net energy balance of zero. Our aim is to capture demand by teaming up with manufacturers of heat insulation materials, sashes, solar power generation equipment, and so forth to jointly propose products and offer support for applying for ZEH.

In addition, we will promote sales expansion in wooden interior materials and so forth for use in the non-housing market, such as retail facilities and elderly care facilities. At the same time, we will address the continually expanding availability of housing stock by developing sales of materials for specialists in renovation and resale of existing homes.

In the domestic timber market, the government has set out to increase the self-sufficiency ratio of timber from its current level of around 31%, and a move towards using timber construction and timber materials in public buildings is expected, along with expansion in exports of domestic timber and other measures. The Group will expand its sales by promoting initiatives to supply these anticipated growth markets with timber.



Wood biomass chips

Overseas Distribution Business

Expanding our footprint in the global market through business alliances and M&As

In the overseas distribution business, we provide a stable supply of products to meet the needs of our business partners through overseas bases in Asia and the Pacific Rim. We have also established a structure that can respond flexibly to the increase in demand for timber and building materials in emerging countries.

In fiscal 2015, we established the management division for our overseas distribution business in Singapore. By gathering information there from our network of local subsidiaries throughout Asia, we will execute an efficient market strategy. Furthermore, in September 2015, we concluded a capital and business alliance with a local manufacturer in India. We will assist this manufacturer in setting up a manufacturing line for building fixtures (doors and door frames) and build a base for building material sales in India.

A view of the factory of alliance partner Spacewood Furnishers Pvt. Ltd. (India)



Looking ahead, we will step up our efforts to expand our overseas footprint. We will aim to expand our business to other overseas markets after India, using capital and business alliances and M&As with companies that have outstanding manufacturing technologies and robust sales networks.

Housing Business

Grand Estate Design Project The Tachikawa Model Home (Tokyo)

Basic Policy

Discern environmental changes in the market and expand the earnings base

The Group entered the housing business in 1975, making use of the knowledge and expertise in handling wood it had cultivated through its Forestry and Timber and Building Materials Businesses. As the domestic housing market grew and housing developed into Sumitomo Forestry's mainstay business, the Group expanded from custom-built detached houses to other fields, including the Renovation and Apartment businesses. In the Custom-Built Detached Housing Business, we will continue to offer high-value-added products and services, while also moving ahead with business reforms, working to improve profitability and increase market share even in the midst of changing market conditions. We will also concentrate corporate resources in the Renovation and Apartment businesses, which are expected to grow, and will focus on expanding those businesses. Further, we will work to enhance synergies across a broad range of housing-related businesses, including the Real Estate Brokerage, Management, Landscaping, and MOCCA (timber solutions) businesses, to further reinforce our overall earnings structure.



Grand Estate Design Project The Tachikawa Model Home (Tokyo)

Green Smart – a house for people and the environment using the appeal of wood



Custom-Built Detached Housing Business

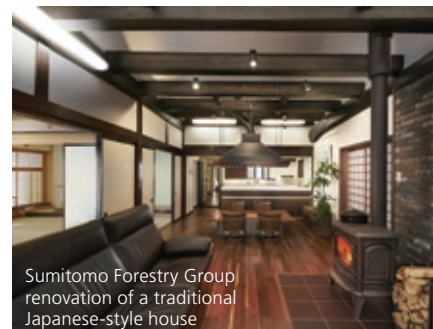
Pursuing high-value-added products and services to strengthen earnings potential

In the Custom-Built Detached Housing Business, we will work on optimizing human resource allocation according to market conditions in each area, renovating and eliminating some model homes as well as creating new ones, while moving forward with product development. In sales, we will expand sales of our own Big-Frame (BF) construction method, which offers superior earthquake resistance and the ability to create large spaces, and nationwide, we will promote proposals for zero energy house (ZEH) specifications for homes with environmentally sound equipment. We also aim to strengthen our earnings potential by providing high-value-added products and services, including expanded sales of BF-Fireproof products, which enable multistory urban construction, and further progress with our Grand Estate Design Project, which offers high-quality residences with superior design.

Housing Stock Business

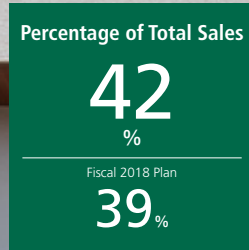
Responding to diverse market needs by leveraging advanced technological capabilities

In the Renovation Business, we seek to differentiate ourselves from competitors and expand our business while responding to the diverse needs of the market by utilizing the technical capabilities cultivated in the Custom-Built Detached Housing Business. Our proprietary technology for enhancing building earthquake resistance and durability improves the performance of structures, including those constructed by other companies, and can also be used in renovating traditional Japanese homes*,



Sumitomo Forestry Group renovation of a traditional Japanese-style house

Fiscal 2015



Custom-built detached houses sold (cumulative total): **Approx. 280,000 units**

enabling future generations to continue living in their ancestral homes. Looking ahead, we will continue to bolster human resources to strengthen our sales organization, and pursue synergies with the Custom-Built Detached Housing Business, such as holding joint consultation events for new-construction custom-built detached housing and renovation. Using these methods to expand orders, we aim to reach sales of ¥84.0 billion in three years, and then move on to quickly reach ¥100.0 billion in sales. We are also working to expand our Renovation Business, which focuses on utilizing existing housing stock, selling existing condominiums and other structures after first improving their performance and value. We will use Sumitomo Forestry's proprietary designs and original materials to capture demand in this market.

* The Sumitomo Forestry Group's definition of a traditional Japanese-style house is a house built before the current Building Standards Law came into effect in 1950.

Forestia Kamikitazawa (Renovation project)



Apartment Business

Strengthening sales and proposal capabilities and promoting business scale expansion

In the Apartment Business, demand is increasing for rental housing and housing with combined rental housing with the revision of the inheritance tax regulations and needs for asset utilization. To respond to these needs, we have established rental housing sales teams at all of our Custom-Built Detached Housing business locations, and will work to expand this business. In addition to launching products that comply with urban fire resistance standards, we have developed a wall frame (WF) construction method that allows for highly versatile spaces utilizing technology cultivated in our Custom-Built Detached Housing Business. We will continue to accelerate growth by strengthening our proposals for products that are tailored to the characteristics and needs of specific regions to make them the preferred choice of tenants.

MOCCA (timber solutions) Business

Utilizing domestic timber to create spaces alive with the appeal of wood

As the national policy to encourage expanded production and use of wood gains greater attention, we are working through our MOCCA (timber solutions) Business to further promote the wider use of domestic wood resources in non-housing structures and interiors, such as commercial, education and welfare facilities. We are steadily building a track record with recent projects including the construction of wooden school buildings at an elementary school in Higashimatsushima, Miyagi Prefecture and a guide dog training center. Looking ahead, we will bolster our sales and on-site management capabilities and work to accumulate technology and expertise through cooperation with major design firms and general contractors with the aim of expanding our business in medium- and large-scale construction projects. The MOCCA (timber solutions) Business will contribute to the use of wood in non-housing structures and interiors, thereby handing down the culture of wood, reinvigorating Japan's forestry industry through the use of domestic timber and contributing to the creation of regional employment opportunities.



Interior of the guide dog training center

Overseas Business



MainVue Homes LLC construction site (United States)

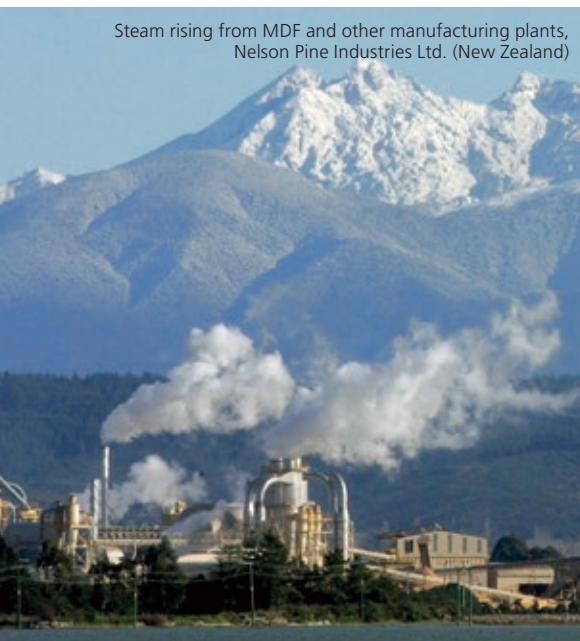
Basic Policy

As a growth business, focusing on cultivating existing businesses while developing new ones

The Group has been actively investing management resources in the Overseas Business, with the aim of nurturing it into one of our mainstay businesses that make a major contribution to us in terms of earnings. In the Overseas Manufacturing Business, we have been advancing development of manufacturing technology for high-quality products, expanding production and sales of wooden building materials mainly in the Pacific Rim, including Southeast Asia and Oceania. In the Overseas Housing and Real Estate Business, we have expanded the scale and regional scope of business in the United States and Australia, with a significant increase in the number of houses sold thanks to business growth and the effects of M&As amid a recovery in the U.S. and Australian housing markets. The Overseas Business has now grown to play a role in the Group's earnings portfolio, and by conducting multi-faceted business activities, including real estate development business, we aim to further expand our areas of business and improve profitability.



A house built by Dan Ryan Builders Group (DRB) (United States)



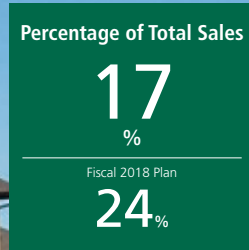
Steam rising from MDF and other manufacturing plants, Nelson Pine Industries Ltd. (New Zealand)

Overseas Manufacturing Business

Improving earnings through the manufacture of high-value-added products and a strengthened sales structure

Our overseas manufacturing business started in 1970 with a plywood manufacturing business at a subsidiary in Indonesia. We produce a wide variety of wooden building materials for global distribution at our sites along the Pacific Rim including New Zealand, Australia and Vietnam. Throughout our history stretching back over 40 years, we have developed high-quality, competitive products to meet various needs. We have also managed to overcome various challenges one-by-one as we operated our business, such as obtaining cooperation from local residents in raw materials procurement. We will continue to distinguish ourselves from the competition by developing and selling high-value-added products and making further advances in production efficiency.

Fiscal 2015



Number of homes sold overseas in fiscal 2015: **Approx. 4,700** units

Going forward, we will advance the production and development of products with even higher added value in regions where economic growth is anticipated, and where the market for wooden building materials is expected to grow. In addition to the raw materials we have used to date, we will also make use of plantation timber produced by us. We will also aim to maximize earnings for affiliate companies in each region by developing and manufacturing original, cost-competitive products that meet the needs of growth markets, and by expanding sales through subsidiary companies and supplying materials to our Housing and Real Estate businesses. In addition, we will continue to focus on demand in emerging countries by providing high-quality products and by operating businesses rooted in local communities, fulfilling our responsibility as a global provider of timber and building materials.



The plywood manufacturing plant of PT. Kutai Timber Indonesia



Overseas
Housing and
Real Estate
Business

Expanding business in regions where growth is expected

In the Overseas Housing and Real Estate Business, we have recently been expanding the scale of our business through M&As and other measures, especially in the United States and Australia, where there are markets for wooden housing, significantly increasing both the number of houses sold and our profits. With the goal of becoming one of the top builders in the U.S. and Australia, we are putting in place a sales structure targeting sales of 5,000 homes in the U.S. and 3,000 in Australia. To ensure we achieve that goal, we are working to strengthen the profitability of companies that are new to the Group while making organic growth a top priority for existing businesses. We will also continue to consider expansion into new regions, including possible expansion through M&A deals.

We are also working to build a multifaceted business portfolio in areas of future growth. Specifically, we are focusing on stable growth in our established real estate development business in Australia, while aiming to enter the real estate leasing business and the landscaping business. At the same time, we will build a business model for the Housing and Real Estate Business in Southeast Asia, moving into this market while being mindful of the need to hedge risks through geographic distribution. We will emphasize speed in aggressively moving forward with these new businesses and deals, and work to ensure they quickly contribute to maximizing earnings by strengthening collaboration with our existing businesses.



A model home by MainVue Homes LLC (United States)

Other Businesses

Forestation business (Papua New Guinea)

Fiscal 2015



The area of forest owned in Japan: **Approx. 1/900** of Japan's land area

Forestry and Environment-Related Business

Development of sustainable, effective forest management and environmental energy business

The Group owns approximately 46 thousand hectares of forests in Japan, and the cumulative expertise in sustainable forestry we have gained through management of our Company-owned forests is utilized in our business. We contribute to the revitalization of domestic forestry and regional communities by providing consulting related to forestry management, working to expand production of saplings for forestation, which are in short supply nationwide, and in other ways. Overseas, we recently acquired about 31 thousand hectares of timberland in New Zealand, where we will promote an eco-friendly forestation business. In the environment and energy field, we work to improve the resource value of forests through our efforts in the wood biomass power generation business, where we utilize unused wood and forest residue while contributing to regional revitalization through the creation of employment.

* In this report, the Group's domestic forestry business, which is included in Adjustments in the Financial Section, is described within the Other Businesses section.



Lifestyle Services Business

Expanding into a wide range of lifestyle-related businesses, including elderly care services

In the Lifestyle Services Business, we are working to respond flexibly to changes in the social structure and people's values. We are utilizing the Group's customer base to develop lifestyle-related businesses, elderly care services and other service businesses that support people's daily lives from a variety of perspectives. In elderly care services, we have opened private elderly care facilities that utilize ICT, and are working to provide services that contribute to safer, richer lives. We have also begun offering new adult day care and other elderly care businesses, and continue working to further improve our services. In addition, the Sumitomo Forestry Group engages in a wide range of services primarily for our Housing Business customers, including a non-life insurance agency, as well as the manufacture and sales of farming and gardening supplies. We also plan to expand into a diverse range of other lifestyle-related services targeting active seniors.