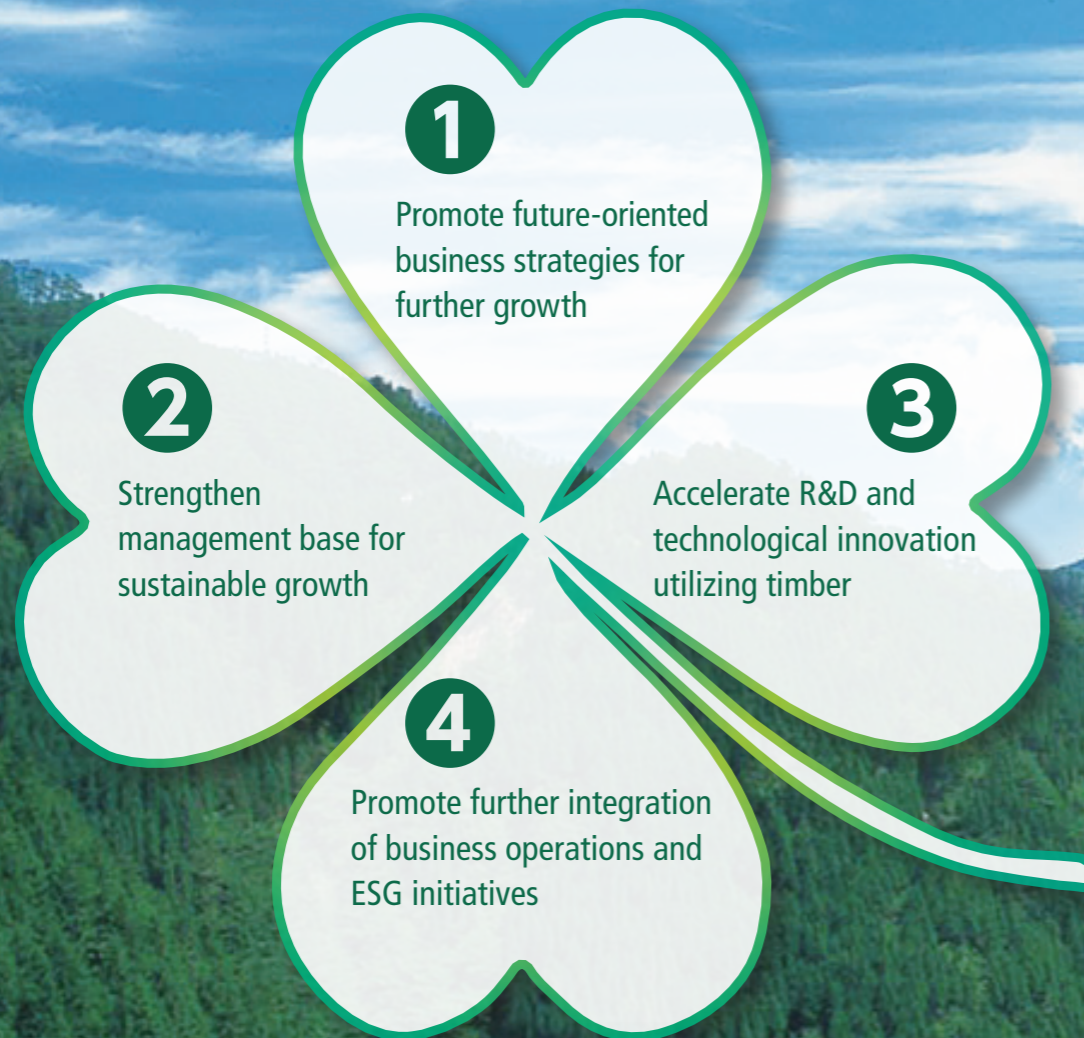


Sumitomo Forestry Group 2021 Medium-Term Management Plan

(Fiscal 2019 to Fiscal 2021)



— Four Basic Policies —

Promoting Creation and Growth of New Businesses Based on Future-Oriented Strategies

Under the 2018 Medium-Term Management Plan, the Sumitomo Forestry Group has worked to build a solid foundation, aiming to develop a business structure capable of achieving sustainable growth. We have also endeavored to reform our corporate culture while accurately identifying needs and changes of the times and have expanded our business domains both in Japan and overseas.

We recently established the Sumitomo Forestry Group 2021 Medium-Term Management Plan, which covers the three-year period beginning in fiscal 2019 (fiscal year ending March 31, 2020), to promote the creation and growth of new businesses based on future-oriented business strategies.

The Group will work on solving social problems in the midst of changing times and aim to strengthen our management base and move our businesses further into the future based on the four basic policies.

1

Promote future-oriented business strategies for further growth

It is important that the Group anticipates future social problems and changes in the business environment and rolls out strategies accordingly in order to aim for further growth.

Timber and Building Materials Business :

We will develop our overseas distribution business through an integrated manufacturing, marketing, and sales structure and enhance our biomass fuel material and domestic timber offerings.

Housing and Construction Business :

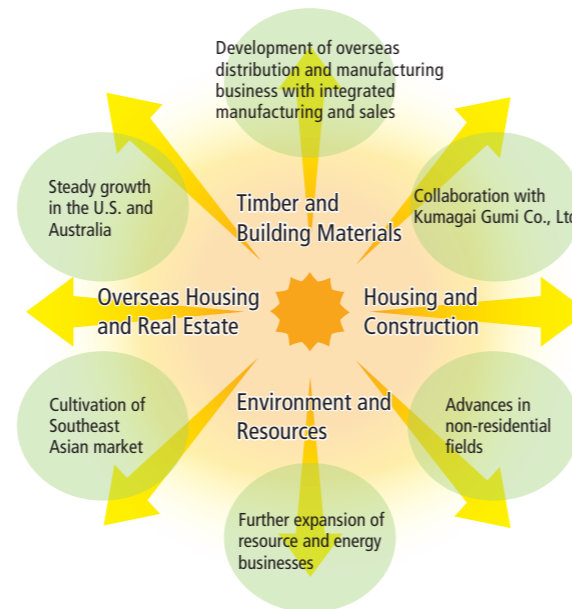
The Company is establishing a market position by providing safe, reliable and healthy housing that is friendly to the global environment, and collaborating with Kumagai Gumi Co., Ltd. on the design and construction of wooden non-residential properties and medium- and large-scale architectural structures.

Overseas Housing and Real Estate Business :

In addition to selling single-family homes in the United States and Australia, we will advance the real estate business on the development side. Moreover, the Company is devoting efforts to developing new domains, including Southeast Asia, where stable economic growth is expected.

Environment and Resources Business :

We will work on expanding our Renewable Energy Business, which places less of a burden on the global environment, and manage sustainable forests that are internationally competitive.



2

Strengthen management base for sustainable growth

Strengthening our management base is essential for further expanding our business scale and continuing to grow. Over the next three years, we will tie the results of our previous investments into generating positive free cash flows, which will strengthen our financial position during the period of the medium-term management plan.

The Company was selected as one of the New Diversity Management Selection 100 in FY2018. We will redouble our efforts on workstyle reforms and training personnel. We will improve our competitiveness and reduce costs by promoting strategic information system investments for developing workplace environments and improving productivity.

3

Accelerate R&D and technological innovation utilizing timber

We are actively working on transforming the value of wood, including research on biotechnologies related to trees and R&D on new technologies for constructing wooden high-rise buildings as set forth in our W350 Plan.

We are also developing and building systems for saving labor and increasing efficiency in building construction and forestry operations. With this aim, we are accelerating technological innovation in various fields, and plan to increase staff in the IT Solutions Department by 20% compared with the fiscal year ended March 31, 2019.



* W350 Plan Wooden High-Rise Building (Exterior concept image) Images provided by Sumitomo Forestry / Nikken Sekkei

4

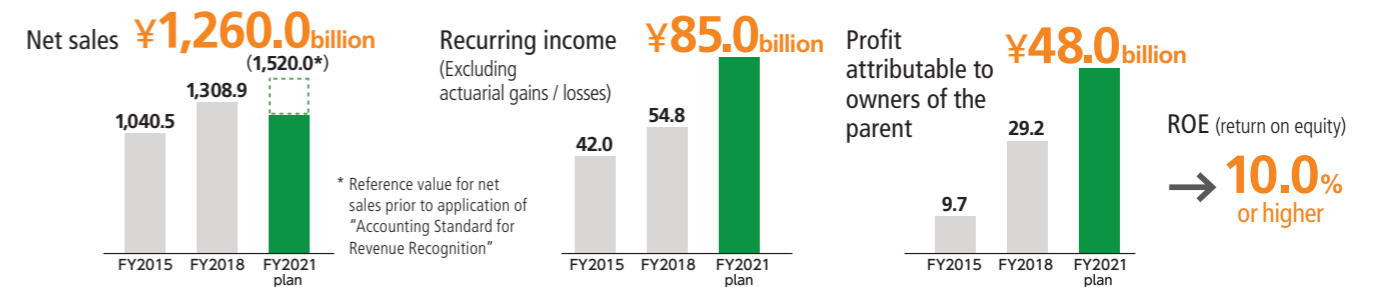
Promote further integration of business operations and ESG initiatives

The Company has clarified that contributing to the realization of a sustainable and prosperous society through its business activities is a part of its Corporate Philosophy. Our approach to making sustainability a reality is expressed in Our Values and Code of Conduct.

Amid growing interest in non-financial information such as climate change in recent years, we are promoting a unified approach to business from a medium- to long-term perspective, viewing these initiatives to address ESG and SDGs as business opportunities. The Company also intends to enhance the disclosure of information about these initiatives.

Business Performance Targets

Promote future-oriented strategies in each business to make it to the next stage. Also enhance shareholders' equity while increasing capital efficiency.



Performance Targets by Segment

(Billion yen)	Net sales				Recurring income			
	FY2018	FY2021 plan*	Composition	Change	FY2018	FY2021 plan*	Composition	Change
Timber and Building Materials	487.1	266.0	20%	△45.4%	8.0	10.0	11%	+25.3%
Housing and Construction	452.8	525.0	40%	+15.9%	21.6	28.4	31%	+31.5%
Overseas Housing and Real Estate	364.9	470.0	36%	+28.8%	25.8	47.2	51%	+82.9%
Environment and Resources	19.5	23.0	2%	+17.8%	4.0	5.0	5%	+24.6%
Other Businesses	22.3	20.0	2%	△10.2%	0.1	2.5	3%	—
Adjustment	△37.7	△44.0	—	—	△8.1	△8.1	—	—
Total	1,308.9	1,260.0	—	△3.7%	51.4	85.0	—	+65.3%
			(Reference) Excluding actuarial differences		54.8	85.0	—	+55.1%

* Figures after applying "Accounting Standard for Revenue Recognition"

Timber and Building Materials Business

- Increased handling of biomass fuel material and domestic timber and strengthened sales for non-residential properties
- Capturing of global demand through capital and business tie-ups with leading overseas partners like An Cuong (Vietnam)
- Product development and expansion of sales through an integrated manufacturing and sales structure

Overseas Distribution Business

Recurring income

¥0.3 billion (FY2018) → ¥1.4 billion (FY2021)

Overseas Manufacturing Business

Recurring income

¥2.2 billion (FY2018) → ¥3.8 billion (FY2021)



Overseas Housing and Real Estate Business

- Address wide-ranging customer needs, including single-family homes, townhouses, and condominiums
- Improve competitiveness through centralized purchasing of material and information sharing
- Expand business in Southeast Asia
- Promote transition from independent real estate development to joint business model with investors and pursue business efficiency while reducing risk

Development of future annual sales structure

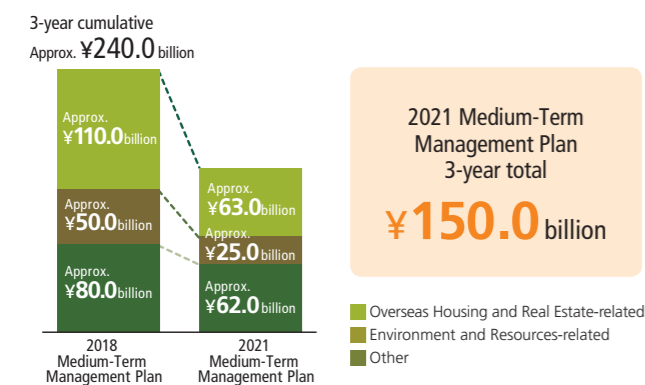
United States **10,000** units
Australia **3,000** units

Crescent Communities, LLC
Recurring income
(FY2021) Approx. **¥1.5 billion**



Investment Plan

Implement based on medium- to long-term business strategy, etc. while balancing with asset efficiency and operating cash flow.



Returns to Shareholders

- Basic policy
- Provide continuous and stable dividends
 - Continue to provide an appropriate level of returns according to profit situation, considering growth investments, financial standing, etc. in a comprehensive manner

Housing and Construction Business

- Promote unique structural development, including related businesses
- Provide safe, reliable, healthy, and earth-friendly housing
- Establish market position in apartment/wooden non-residential field
- Expand Renovation business

Custom-built detached houses, spec homes, apartments

Annual sales/construction

9,000 units (FY2021)

MOCCA (Timber Solutions) business

Orders received

¥10.0 billion (FY2021)

Renovation business

Net sales

¥100.0 billion (FY2021)



Environment and Resources Business

- Increase Group presence in environment and resources field, which enjoys a high level of interest internationally
- Improve profitability of forestry business in Japan and overseas
- Expand area of managed/owned forests

Total amount of renewable energy generated

* Total in operation and planning

Approx. **180 MW** (FY2018)

→ **300 MW** (FY2021)



Other Businesses

- Expand elderly care services business
- Possibility for facility operation business expansion in commercial and lodging fields

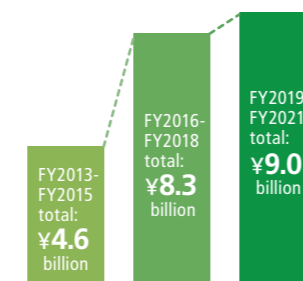
Aquagnis Taki (Mie)



Research and Development

Engage in wide-ranging research and development to further increase added value through creation of innovative uses for timber.

3-year total for R&D investments **¥9.0 billion**



Business Outline