

[TRANSLATION]

The following is an unofficial English translation of “Notice of Convocation of the 75th Ordinary General Meeting of Shareholders” (“Notice”) by Sumitomo Forestry Co., Ltd. (“Company”). The Company provides this English translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Japanese original is the sole official version and shall prevail in the event of any discrepancy between this English translation and the Japanese original.

June 1, 2015

To Our Shareholders

Akira Ichikawa
President/Director
Sumitomo Forestry Co., Ltd.
3-2, Otemachi 1-chome
Chiyoda-ku, Tokyo

NOTICE OF CONVOCATION OF THE 75TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your courtesies always shown us.
You are cordially invited to our 75th Ordinary General Meeting of Shareholders (“Meeting”) to be held as described hereunder.

If you are unable to attend the Meeting, you can exercise your voting rights either by Postal Mail or by Internet, etc. Please refer to “Reference Documents for the General Meeting of Shareholders” (see pages 4-8) and exercise your voting rights in accordance with “Guidance Notes on the Exercise of Voting Rights” (see pages 2-3).

1. **Date and Time:** Tuesday, June 23, 2015 at 10:00 a.m.
2. **Place:** Main Conference Room of the Company on the 8th Floor of Keidanren Kaikan at 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo
3. **Agenda:**

Matters to be reported:

Items No 1: Reports on the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements for the 75th Business term (from April 1, 2014 to March 31, 2015);

Items No 2: Report on the Results of Audits of the Consolidated Financial Statements for the 75th Business term by the Accounting Auditor and the Board of Statutory Auditors.

Proposals to be resolved:

Proposal No 1 : Appropriation of Surplus

Proposal No 2 : Partial Amendments of Articles of Incorporation

Proposal No 3 : Election of One (1) Auditor

Proposal No 4 : Payment of Bonuses to Directors

Proposal No 5 : Amount of Compensation and So Forth for Directors as Stock-based Compensation Stock Option and Determination of Its Concrete Contents

4. Guidance Notes on Exercise of Voting Rights:

(1) Method of Exercising Voting Rights

- a. If you attend the Meeting in person

Attendance at the Meeting

Please submit the enclosed voting form to our receptionist at the Meeting. Please bring this Notice to the Meeting with you.

- b. If you are unable to attend the Meeting in person

Please exercise your voting rights via either by Postal Mail or by Internet, etc.

Voting by Postal Mail

Please indicate your approval or disapproval of each proposal on the enclosed voting form, and return it to reach our Administrator of Share Registry no later than 5:30 p.m. on Monday, June 22, 2015 (Japan Standard Time).

Voting by Internet, etc.

Please exercise your voting rights in accordance with “Guide to Exercising Voting Rights by Internet, etc.” on page 3, and register your approval or disapproval of each proposal no later than 5:30 p.m. on Monday, June 22, 2015 (Japan Standard Time).

(2) Matters of Exercising Voting Rights

- a. If you exercise your voting rights more than once by Internet, etc., we will only accept the last exercise of your voting rights as valid.
- b. If you exercise your voting rights both by Postal Mail and by Internet, etc., we will only accept the vote registered by Internet, etc. as valid.

– End –

The Consolidated Statements of Changes in Net Assets and the Notes to the Consolidated Financial Statements, and the Non-Consolidated Statements of Changes in Net Assets and the Notes to the Non-Consolidated Financial Statements for the 75th Business term are disclosed on our website (<http://sfc.jp/english/>) in accordance with the relevant laws and regulations and Article 17 of the Articles of Incorporation of the Company. Accordingly, those documents are not included in the Notice. If there are any items that require amendments to the Reference Documents for the General Meeting of Shareholders, the Consolidated Financial Statements and the Non-Consolidated Financial Statements by the day before the Meeting, we will announce the amendments either by postal mail or by posting them on our website (<http://sfc.jp/english/>).

【Guide to Exercising Voting Rights by Internet, etc.】

1. Exercising Voting Rights via the Internet

- (1) Exercising your voting rights via Internet by your personal computer is available only by accessing the voting website. This site is also available via the Internet by your cellular phone.
Online voting site: <http://www.web54.net> (Japanese only)
- (2) Please access the voting website for exercising your voting rights by your personal computer, smart phone or cellular phone, and log in the website with your voting code and password written on the enclosed voting form. Then, register your approval or disapproval of each proposal no later than 5:30 p.m. on Monday, June 22, 2015 (Japan Standard Time), following the instructions on the screen.
- (3) Any access fees to internet service providers and any communication fees (including, but not limited to telephone fees) for the usage of the voting website for voting shall be borne by the shareholder.
- (4) Please be aware that exercising voting rights by personal computer or smart phone may not be possible in certain internet user environments. In addition, exercising voting rights by cellular phone may not be possible with certain types of cellular phones.

Please contact the following Help Desk for inquiries about exercising voting rights via the Internet.

**Administrator of Share Registry
Sumitomo Mitsui Trust & Banking Co., Ltd.,
(Help Desk)
Phone (toll-free within Japan): 0120-652-031
(AM9:00~PM9:00, Japan Standard Time)**

**<Help Desk for other inquiries >
Phone (toll-free within Japan):0120-782-031
(Weekday, AM9:00~PM5:00, Japan Standard Time)**

2. Electronic Voting Platform for Institutional Investors

Institutional investors, who have applied to use “Electronic Voting Platform for Institutional Investors” operated by ICJ Inc. in advance, may use the voting platform to exercise your voting rights.

Proposal No. 2: Partial Amendments of Articles of Incorporation

1. Reasons for Amendments

Since the “Act on the Partial Amendment to the Companies Act” (Act No. 90 of 2014) came into force on May 1, 2015 and the scope of officers who may enter into agreements for limitation on liabilities has expanded, the Company proposes the partial amendment of Article 28 (Agreement for Limitation on Liabilities of Outside Directors) and Article 36 (Agreement for Limitation on Liabilities of Non-executive Statutory Auditors) of the Articles of Incorporation. The proposal for amendment of Article 28 (Agreement for Limitation on Liabilities of Outside Directors) has been consented to by each Statutory Auditor.

2. Details of Amendments

Details of the amendments are as follows:

(Changes are underscored)

Current Articles of Incorporation	Proposed Amendment
<p>Article 28. (Agreement for Limitation on Liabilities of <u>Outside</u> Directors) The Company may enter into an agreement with each <u>Outside</u> Director for limitation on his liabilities for compensation for damage due to the failure to perform his duty as prescribed in Article 427, Paragraph 1 of the Companies Act; provided, however, that the upper limit on liabilities under such agreement shall be such amount as stipulated by law.</p> <p>Article 29.~Article 35. (Omitted)</p> <p>Article 36. (Agreement for Limitation on Liabilities of <u>Non-executive</u> Statutory Auditors) The Company may enter into an agreement with each <u>non-executive</u> Statutory Auditor for limitation on his liabilities for compensation for damage due to the failure to perform his duty as prescribed in Article 427, Paragraph 1 of the Companies Act; provided, however, that the upper limit on liabilities under such agreement shall be such amount as stipulated by law.</p>	<p>Article 28. (Agreement for Limitation on Liabilities of Directors) The Company may enter into an agreement with each Director (<u>excluding the Executive Director and so forth</u>) for limitation on his liabilities for compensation for damage due to the failure to perform his duty as prescribed in Article 427, Paragraph 1 of the Companies Act; provided, however, that the upper limit on liabilities under such agreement shall be such amount as stipulated by law.</p> <p>Article 29.~Article 35. (Unchanged)</p> <p>Article 36. (Agreement for Limitation on Liabilities of Statutory Auditors) The Company may enter into an agreement with each Statutory Auditor for limitation on his liabilities for compensation for damage due to the failure to perform his duty as prescribed in Article 427, Paragraph 1 of the Companies Act; provided, however, that the upper limit on liabilities under such agreement shall be such amount as stipulated by law.</p>

Proposal No. 3: Election of One (1) Auditor

Statutory Auditor Hideyuki Kamiyama has resigned on April 1, 2015. Accordingly, the Company hereby proposes the election of one (1) auditor. The Board of Statutory Auditors has already approved this proposal. The candidate for the auditor is as follows:

Name (Date of birth)	Career summary, positions in the Company, and significant concurrent positions	Number of shares in the Company owned
<div style="border: 1px solid black; display: inline-block; padding: 2px;">new candidate</div> Noriaki Toi (February 22, 1956)	April 1979 Joined the Company April 2009 General Manager of Internal Audit Department June 2014 Supervisory Officer (Current position) General Manager of Internal Audit Department April 2015 Assistant to Officer in charge of Internal Audits (Current position)	1,700 shares

Notes:

1. The candidate above has no special conflicts of interest with the Company.
2. The number of shares in the Company owned by the candidate stated above are as of March 31, 2015.
3. The Company proposes to elect Mr. Toi based on the judgment that Mr. Toi, with extensive experience in internal audit, is capable of appropriately executing his duty as Statutory Auditor.

Proposal No. 4: Payment of Bonuses to Directors

The Company hereby proposes to pay bonuses in the total amount of 130,000,000 yen for eight (8) directors, excluding outside director, among nine (9) directors in office at the end of the current fiscal year, taking into account of the operating performance for the 75th business term and other relevant factors comprehensively. The Company also proposes that the amount of bonus for each director be determined by the Board of Directors.

Proposal No. 5: Amount of Compensation and So Forth for Directors as Stock-based Compensation Stock Option and Determination of Its Concrete Contents

It was approved in the 74th Ordinary General Meeting of Shareholders held on June 20, 2014 that the amount of compensation for directors of the Company should not be more than 36,000,000 yen per month (of which the amount for outside directors being not more than 2,500,000 yen per month), but the Company hereby proposes to allot stock acquisition rights as stock options to directors (excluding outside directors) as compensation, for the purpose of primarily motivating directors to improve the value of the Company in the medium and long-term.

Therefore, considering several conditions, including balancing the directors' contribution to the Company and monetary compensation, the Company hereby proposes that the amount of compensation concerning stock acquisition rights as stock options be not more than 100,000,000 yen for directors (excluding outside directors) per year, in addition to the existing compensation for directors.

The stock option in this matter is a "stock-based compensation stock option," where the exercise price per share which may be granted by exercising stock acquisition rights is one (1) yen. The Company determines the contents of the stock acquisition rights in this matter by considering several conditions, such as balancing the directors' contribution to the Company and monetary compensation, and the Company considers the concrete contents thereof to be reasonable.

In addition, with respect to stock acquisition rights as stock options in this matter, directors (excluding outside directors) who receive the allotment of the stock acquisition rights as stock options shall offset the directors' (excluding outside directors) compensation claims against the Company based on the compensation and so forth concerning the stock acquisition rights as stock options, which is proposed herein, instead of the payment amount being determined using the fair value criterion at the time of allotment.

The Company has nine (9) directors (one (1) thereof is an outside director) currently.

The concrete contents of the stock acquisition rights as stock options in this matter are as follows:

1. Type and Number of Shares as a Purpose of the Stock Acquisition Rights

The type of shares as a purpose of the stock acquisition rights shall be the Company's common stock, and the number of shares as a purpose of each stock acquisition right (hereinafter the "Number of Granted Shares") shall be one hundred (100). However, if the Company conducts a stock split (including allotment of the Company's common stock without contribution; hereinafter the same in the writings of "stock split") or reverse stock split of the Company's common stock on and after the resolution day of this proposal (hereinafter the "Resolution Day"), the Company shall adjust the Number of Granted Shares by the following formula, and fractions of less than one (1) share resulting from the adjustment shall be rounded down to the nearest whole number.

$$\text{Number of Granted Shares after adjustment} = \text{Number of Granted Shares before adjustment} \times \text{Proportion of stock split or reserve stock split}$$

In addition, if the Company conducts a merger, company split or share exchange or needs to adjust the Number of Granted Shares following these cases on and after the Resolution Day, the Company may adjust the Number of Granted Shares appropriately within a proper and reasonable scope.

2. Total Number of the Stock Acquisition Rights

The total number of stock acquisition rights allotted to the directors (excluding outside directors), 3,500, shall be the upper limit of the number of stock acquisition rights allotted within one (1) year from the day of the Ordinary General Meeting of Shareholders of each business term.

3. Amount of Payment for the Stock Acquisition Rights

The amount of payment per stock acquisition right shall be stipulated by the Board of Directors based on the fair value of the stock acquisition rights calculated by fair methods of calculation, such as Black-Scholes model, at the time of the allotment of the stock acquisition rights.

4. Value of Properties Contributed at the Time of Exercising the Stock Acquisition Rights

The value of properties contributed at the time of exercising each stock acquisition right shall be the exercise price per share which may be granted by exercising the stock acquisition rights, one (1) yen, multiplied by the Number of Granted Shares.

5. Period during which the Stock Acquisition Rights are Exercisable

The period shall be stipulated by the Board of Directors and shall be within the period from the day after the allotment day of the stock acquisition rights (hereinafter the "Allotment Day") to the twentieth anniversary thereafter.

6. Restriction on Acquisition of the Stock Acquisition Rights by Transfer

Acquisition of the stock acquisition rights by transfer shall be subject to the approval of the Board of Directors, affected through a resolution.

7. Conditions of Exercising the Stock Acquisition Rights

In principle, a person allotted stock acquisition rights may exercise the stock acquisition rights from the day after the third anniversary of the Allotment Day. However, if the person loses both of the positions of a director and an executive officer due to retirement by the termination of the person's term and so forth, the person may exercise the stock acquisition rights from the day after loss of the positions. Other conditions of exercising the stock acquisition rights shall be stipulated by the Board of Directors.

8. Other Contents of the Stock Acquisition Rights

Other contents shall be stipulated by the Board of Directors, which determines the terms and conditions of offering the stock acquisition rights.

(Reference)

The Company intends to issue stock acquisition rights similar to the stock acquisition rights as stock options in this matter to the executive officers (excluding executive officers concurrently serving as directors) of the Company from the time of conclusion of this general meeting of shareholders.

- End -

CONSOLIDATED BALANCE SHEET

As of March 31, 2015

(Million Yen)

ASSETS

Current assets:

Cash and time deposits	¥	81,756
Notes and accounts receivable-trade		118,156
Accounts receivable from completed construction contracts		6,059
Marketable securities		26,000
Finished goods, logs and lumber		18,351
Work in process		1,299
Raw materials and supplies		6,909
Costs on uncompleted construction contracts		22,863
Developed land and housing for sale		39,232
Real estate for sale in process		37,063
Deferred tax assets		7,590
Short-term loans receivable		32,571
Accounts receivable-other		44,619
Other		8,752
Allowance for doubtful accounts		(998)

Total current assets **450,220**

Noncurrent assets:

Property, plant and equipment:

Buildings and structures		31,888
Machinery, equipment and vehicles		21,204
Land		27,007
Leased assets		5,484
Construction in progress		8,628
Other		14,835

Total property, plant and equipment **109,046**

Intangible assets:

Goodwill		5,981
Other		10,306

Total intangible assets **16,286**

Investments and other assets:

Investment securities		75,322
Long-term loans receivable		3,051
Net defined benefit asset		303
Deferred tax assets		2,196
Other		11,567
Allowance for doubtful accounts		(2,452)

Total investments and other assets **89,986**

Total noncurrent assets **215,318**

Total assets **¥ 665,538**

CONSOLIDATED BALANCE SHEET

As of March 31, 2015

(Million Yen)

LIABILITIES

Current liabilities:

Notes and accounts payable-trade	¥	102,951
Accounts payable for construction contracts		64,612
Short-term debt		31,340
Lease obligations		2,146
Income taxes payable		4,617
Advances received on uncompleted construction contracts		46,791
Provision for employees' bonuses		9,866
Provision for directors' bonuses		135
Provision for warranties for completed construction		2,275
Asset retirement obligation		467
Other		26,910

Total current liabilities **292,110**

Long-term liabilities:

Bonds issued		5,000
Convertible bonds		20,000
Long-term debt		41,214
Lease obligations		3,669
Deferred tax liabilities		12,244
Provision for directors' retirement benefits		75
Net defined benefit liability		13,066
Asset retirement obligation		975
Other		16,403

Total long-term liabilities **112,646**

Total liabilities **404,756**

NET ASSETS

Shareholders' equity:

Common stock		27,672
Capital surplus		26,872
Retained earnings		161,286
Treasury stock		(275)

Total shareholders' equity **215,555**

Accumulated other comprehensive income:

Valuation difference on available-for-sale securities		22,342
Deferred gains or losses on hedges		(124)
Foreign currency translation adjustment		8,101
Remeasurements of defined benefit plans		(124)

Total accumulated other comprehensive income **30,195**

Minority interests **15,032**

Total net assets **260,782**

Total liabilities and net assets **¥ 665,538**

CONSOLIDATED STATEMENTS OF INCOME

Fiscal year ended March 31, 2015

	(Million Yen)
Net sales	¥ 997,256
Cost of sales	827,764
<u>Gross profit</u>	<u>169,492</u>
Selling, general and administrative expenses	135,498
<u>Operating income</u>	<u>33,994</u>
Non-operating income:	
Interest income	415
Purchase discounts	369
Dividends income	1,209
Equity in earnings of affiliates	1,021
Foreign exchange gains	301
Other	1,690
Total non-operating income	5,005
Non-operating expenses:	
Interest expenses	1,136
Sales discounts	732
Other	707
Total non-operating expenses	2,575
<u>Recurring income</u>	<u>36,424</u>
Extraordinary gains:	
Gain on sales of noncurrent assets	293
Gain on sales of investment securities	128
Gain on negative goodwill	70
Other	40
Total extraordinary gains	531
Extraordinary loss:	
Loss on sales of noncurrent assets	15
Loss on retirement of noncurrent assets	177
Impairment loss	1,112
Loss on sales of investment securities	3
Loss on devaluation of investment securities	0
Loss on step acquisitions	338
Special retirement expenses	536
Other	35
Total extraordinary loss	2,217
<u>Income before income taxes and minority interests</u>	<u>34,738</u>
Income taxes-current	11,914
Income taxes-deferred	841
<u>Net income before minority interests</u>	<u>21,982</u>
Minority interests	3,410
<u>Net income</u>	¥ <u>18,572</u>

NON-CONSOLIDATED BALANCE SHEET

As of March 31, 2015

(Million yen)

ASSETS

Current assets:

Cash and time deposits	¥	68,412
Notes receivable-trade		45,559
Accounts receivable-trade		57,990
Accounts receivable from completed construction contracts		1,403
Marketable securities		26,000
Finished goods, logs and lumber		12,939
Costs on uncompleted construction contracts		14,067
Developed land and housing for sale		22,434
Real estate for sale in process		5,028
Advance payments		287
Prepaid expenses		747
Deferred tax assets		4,519
Short-term loans receivable		30,193
Short-term loans receivable from subsidiaries and affiliates		26,586
Accounts receivable-other		65,595
Accrued consumption taxes		1,014
Other		147
Allowance for doubtful accounts		(730)

Total current assets **382,191**

Noncurrent assets:

Property, plant and equipment:

Buildings		9,114
Structures		424
Machinery and equipment		379
Vehicles		2
Tools, furniture and fixtures		564
Land		10,989
Mature Timber		8,668
Growing timber		328
Leased assets		4,814
Construction in progress		1,410

Total property, plant and equipment **36,692**

Intangible assets:

Telephone subscription right		181
Right of utilization on forest road		138
Right of using facilities		3
Industrial property rights		10
Software		4,761

Total intangible assets **5,093**

Investments and other assets:

Investment securities		61,359
Stocks of subsidiaries and affiliates		27,070
Investments in other securities of subsidiaries and affiliates		1,072
Long-term loans receivable		39
Long-term loans receivable from employees		27
Long-term loans receivable from subsidiaries and affiliates		11,887
Claims provable in bankruptcy, claims provable in rehabilitation and other		1,984
Long-term prepaid expenses		454
Other		3,902
Allowance for doubtful accounts		(4,217)

Total investments and other assets **103,576**

Total noncurrent assets

145,361

Total assets

¥ **527,552**

NON-CONSOLIDATED BALANCE SHEET

As of March 31, 2014

(Million yen)

LIABILITIES

Current liabilities:

Notes payable-trade	¥	12,488
Accounts payable-trade		69,613
Accounts payable for construction contracts		78,288
Long-term debt due within 1 year		6,361
Lease obligations		1,947
Accounts payable-other		6,372
Income taxes payable		2,601
Accrued expenses		870
Advances received		763
Advances received on uncompleted construction contracts		38,817
Deposits received		29,770
Unearned revenue		1,358
Provision for employees' bonuses		5,780
Provision for directors' bonuses		135
Provision for warranties for completed construction		1,367
Asset retirement obligation		467
Other		264

Total current liabilities **257,261**

Long-term liabilities:

Bonds issued		5,000
Convertible bonds		20,000
Long-term debt		11,932
Guarantee deposited		4,791
Lease obligations		2,933
Deferred tax liabilities		9,602
Provision for retirement benefits		5,901
Provision for loss on business of subsidiaries and affiliates		4,036
Asset retirement obligation		815
Other		2,050

Total long-term liabilities **67,239**

Total liabilities **324,500**

NET ASSETS

Shareholders' equity:

Capital stock		27,672
Capital surplus:		
Legal capital surplus		26,613
Other capital surplus		259
<u>Total capital surplus</u>		<u>26,872</u>
Retained earnings:		
Legal retained earnings		2,857
Other retained earnings		
Reserve for special depreciation		140
Reserve for reduction entry		1,673
General reserve		106,887
Retained earnings brought forward		14,998
Total other retained earnings		123,699
<u>Total retained earnings</u>		<u>126,556</u>
Treasury stock		(275)
Total shareholder's equity		180,825

Valuation and translation adjustments:

Valuation difference on available-for-sale securities		22,389
Deferred gains or losses on hedges		(162)
Total valuation and translation adjustments		22,227

Total net assets **203,052**

Total liabilities and net assets **¥ 527,552**

NON-CONSOLIDATED STATEMENTS OF INCOME

Fiscal year ended March 31, 2015

	(Million yen)
Net sales:	
Net sales of goods	¥ 383,776
Completed contracts	330,807
Total net sales	714,583
Cost of sales:	
Cost of goods sold	365,768
Cost of completed contracts	248,093
Total cost of sales	613,861
<u>Gross profit</u>	<u>100,722</u>
Selling, general and administrative expenses:	81,800
<u>Operating income</u>	<u>18,922</u>
Non-operating income:	
Interest income	453
Interest on securities	55
Purchase discounts	291
Dividends income	5,170
Other	991
Total non-operating income	6,961
Non-operating expenses:	
Interest expenses	268
Bond interest expenses	115
Sales discounts	595
Other	266
Total non-operating expenses	1,244
<u>Recurring income</u>	<u>24,640</u>
Extraordinary gains:	
Gain on sales investment noncurrent assets	289
Gain on sales of investment securities	128
Total extraordinary gains	417
Extraordinary loss:	
Loss on sales of noncurrent assets	1
Loss on retirement of noncurrent assets	110
Impairment loss	17
Loss on sales of investment securities	3
Loss on devaluation of investment securities	0
Loss on valuation of investments in capital of subsidiaries and affiliates	1,283
Loss on valuation of stocks of subsidiaries and affiliates	1,295
Total extraordinary loss	2,709
<u>Income before income taxes</u>	<u>22,347</u>
Income taxes-current	6,685
Income taxes-deferred	811
<u>Net income</u>	¥ <u>14,851</u>

(Amounts less than one (1) million yen in the Consolidated Financial Statements and the Non-consolidated Financial Statements are rounded to the nearest million yen.)