

Financial Results for the Second Quarter of FY Ending March 2019 Business Policy and Future Initiatives

November 9, 2018

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Sumitomo Forestry Co., Ltd.

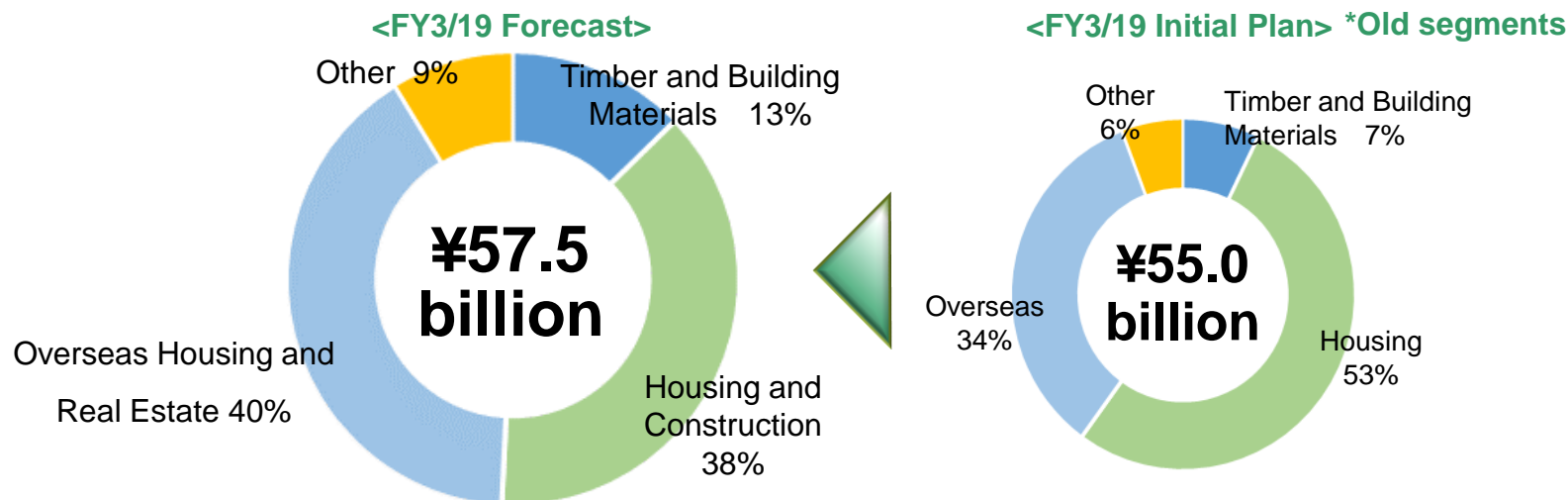
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<Comparison between FY3/19 Forecast and Initial Plan>

Billion yen

	FY3/19 Forecast	FY3/19 Medium-Term Management Plan
Four Targets		
Net sales	1,310.0	1,170.0
Recurring income	57.5	55.0
Net income attributable to parent company shareholders	31.5	31.5
ROE (return on equity)	10.0%	10% or more

<Trend in Composition of Recurring Income by Segment>



<Japan>

New housing starts statistics were sluggish.

An increase in consumption tax (8%→10%) is planned for October 2019. A certain level of surge demand is expected in the housing market.

The government is considering measures to mitigate the impact of the tax increase.

<Housing related>

- Expansion and extension of tax breaks on home loans
- Point refund
- Expansion of housing benefits
- System for partial subsidization of renovation costs, etc.

<Overseas>

Overall, the global economy was strong in the first half.

<US>

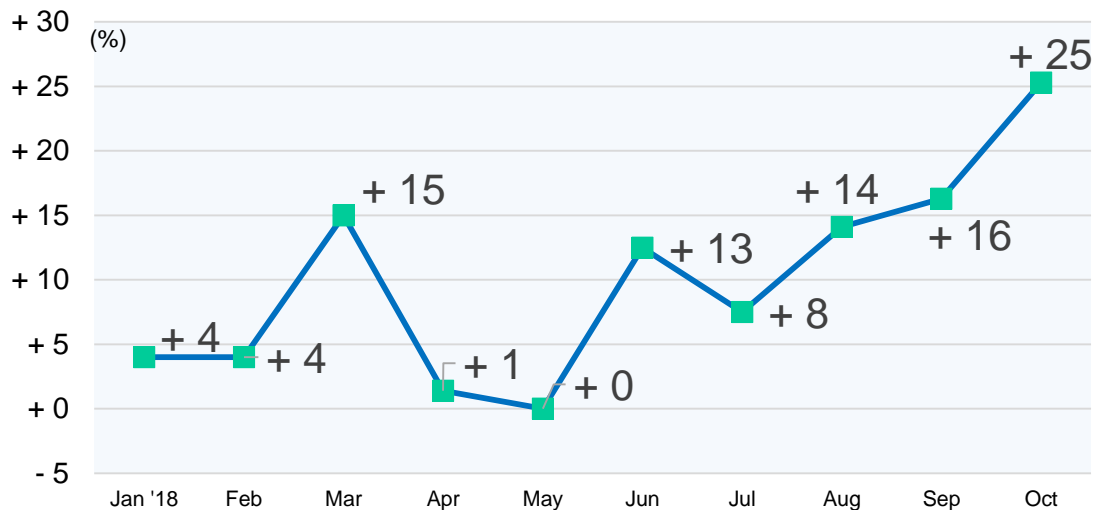
- Increase in policy interest rate
 - Trade friction with China
- ⇒ Uncertainty concerning the future
- Home loan interest rates likely to rise
 - Lower affordability
- ⇒ Cause for concern

<Australia>

- Market is in a price adjustment phase.
- Medium- to long-term stability is high due to population growth.

Year-on-year trend in orders of custom-built detached houses

	(%)
	YoY
Jan '18	+ 4
Feb	+ 4
Mar	+ 15
Apr	+ 1
May	+ 0
Jun	+ 13
Jul	+ 8
Aug	+ 14
Sep	+ 16
Oct	+ 25



The Forest BF Renewal

Design capabilities	Exterior	Modern exterior emphasizing horizontal lines using new technology
	Interior	Interior spaces with various expressions utilizing natural texture of 15 kinds of wood
Proposal capabilities	Design for enjoying 4 seasons	Design capabilities to propose rich lifestyles emphasizing the best parts of living in Japan



Growth vision

Rental housing,
renovation and
non-residential
growth

Maintaining
annual sales
around 9,000-unit
level



Aim for overall growth even in markets expected to shrink

Growth vision



About Crescent Communities II, LLC

Has its origins in forestry arm of Duke Energy, founded in 1904

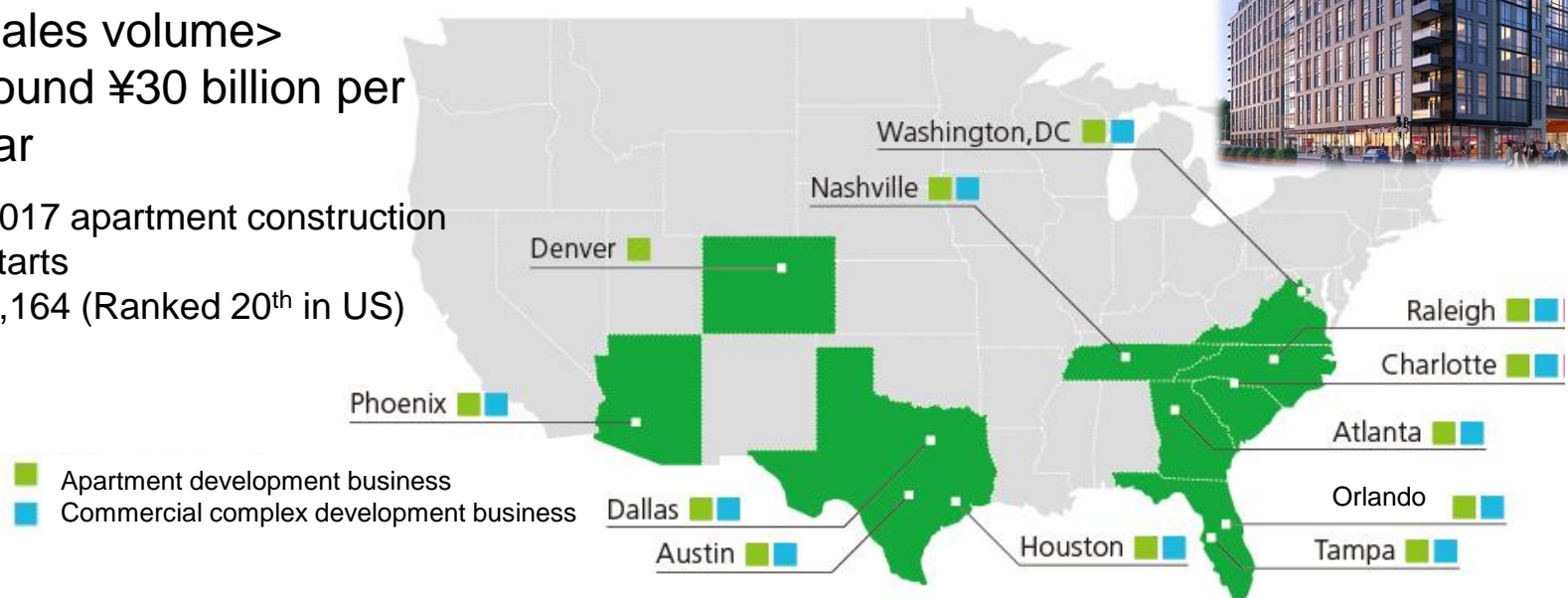
<Business description>

Development of apartments, commercial complexes, etc.

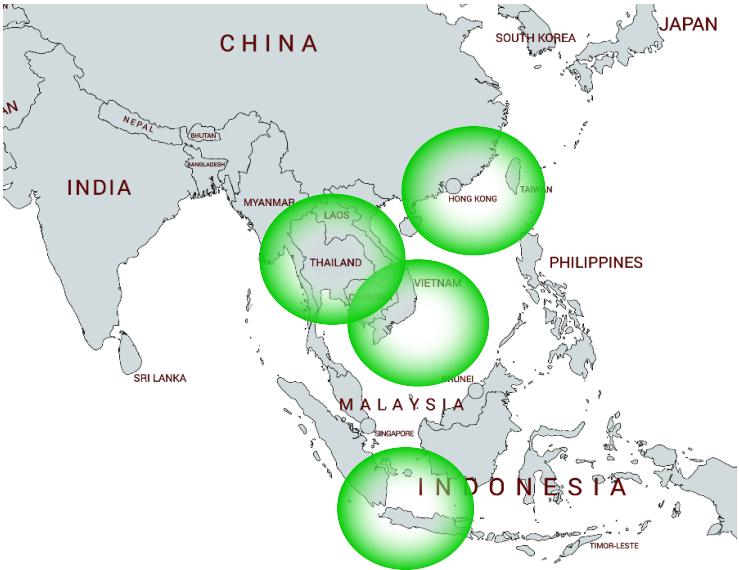
<Sales volume>

Around ¥30 billion per year

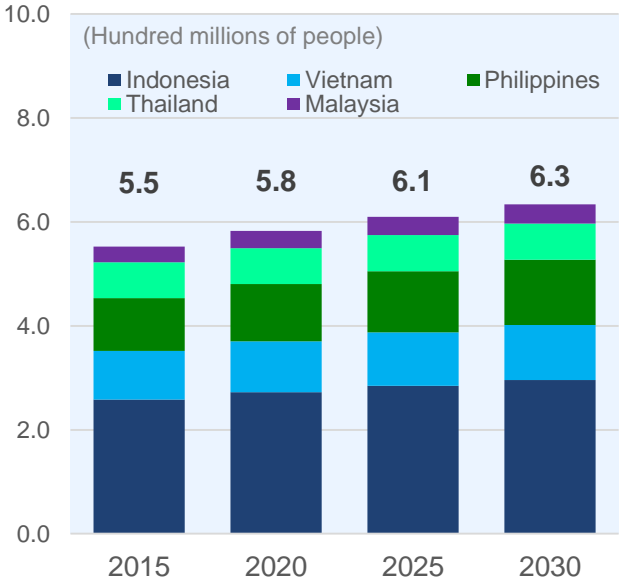
* 2017 apartment construction starts
2,164 (Ranked 20th in US)



Initiatives in Southeast Asia



<Population Trend in Southeast Asia (estimate)>



Source: UN World Population Prospects: The 2017 Revision (medium variant scenario)



Thailand (Bangkok)



Vietnam (Ho Chi Minh)



Indonesia (Jakarta suburb)



Environment
Society
Governance

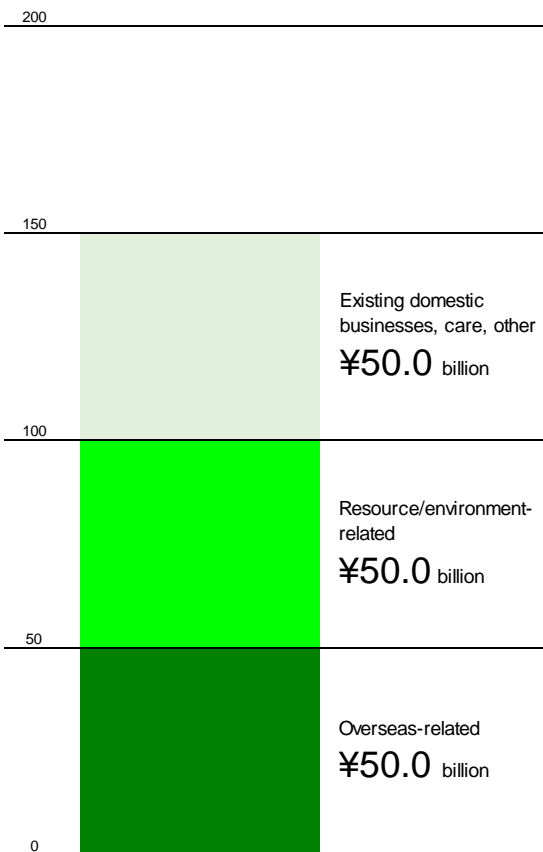
SUSTAINABLE
DEVELOPMENT
GOALS



Corporate Philosophy/Our Values

The Sumitomo's Business Spirit is the foundation of our business and includes principles connected with ESG, CSR and SDGs. We will continue to improve the value of timber assets and work on solving problems through our business.

Medium-Term Management Plan 3-year total: ¥150.0 billion

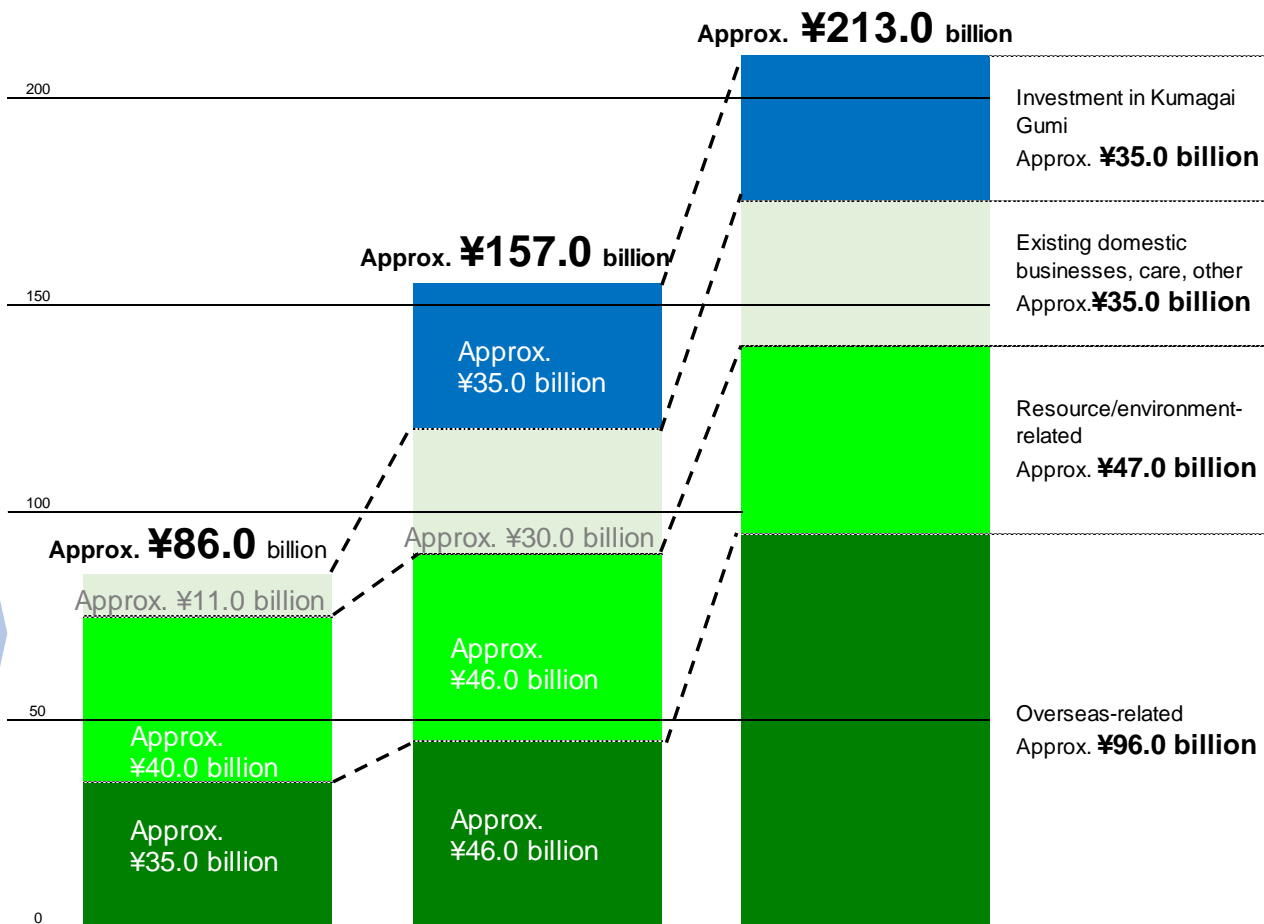


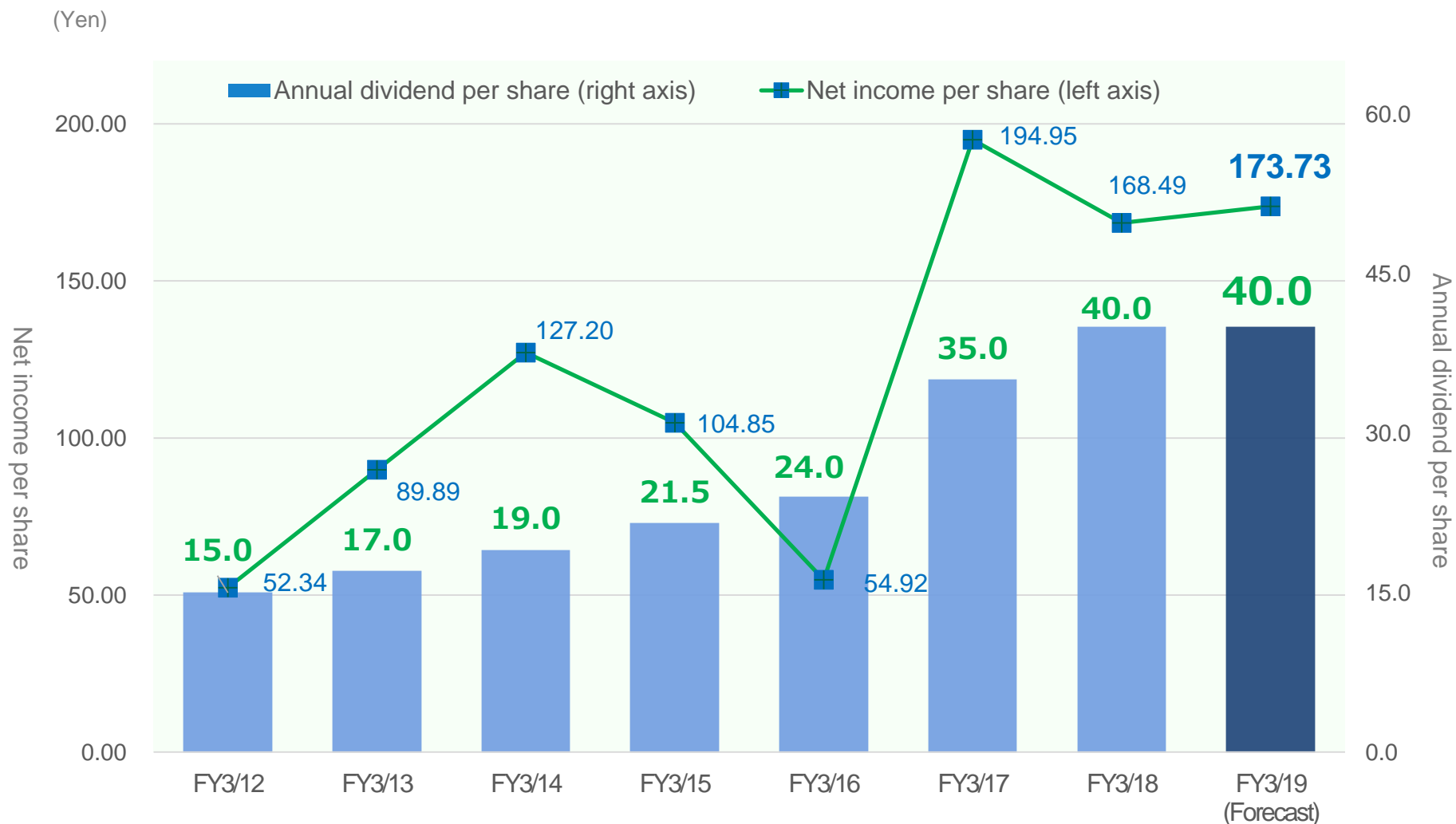
FY3/17

As of FY3/18

As of 1H FY3/19

(Total)





Basic policy: Constant and stable dividends

Happiness Grows from Trees

SUMITOMO FORESTRY

Thank you for listening.