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For Immediate Release

Company name:	Sumitomo Forestry Co., Ltd.
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Notice on Issuance of Publicly Offered Hybrid Bonds (Subordinated Bonds)

Sumitomo Forestry Co., Ltd. (the "Company") hereby announces that it today decided to issue, through a public offering, hybrid bonds (subordinated bonds) (the "Bonds"), and filed an amendment to shelf registration statement regarding the issuance of the Bonds to the Director-General of the Kanto Regional Finance Bureaus.

1. Purpose and Background of the Issuance of the Bonds

As announced in the "Update on Disclosed Matter: Notice Regarding the Completion of the Acquisition of Shares (Subsidiarization) of Tri Pointe Homes, Inc." on May 14, 2026, the Company completed the acquisition of Tri Pointe Homes, Inc. and made it a wholly-owned subsidiary (the "Acquisition") on May 14, 2026 (May 14, 2026 U.S. time), and executed a loan agreement on May 7, 2026 in order to procure funds necessary for the Acquisition.

With respect to repayment of the bridge loan for the Acquisition, the Company had considered various funding options, including raising funds through hybrid finance and other means, while taking into account the impact on financial soundness. The Company has now decided to issue the Bonds for the purpose of appropriating part of the funds for repayment of the loan procured for the Acquisition. In addition to financing through the Bonds, the Company is also considering financing through a hybrid loan with equity credit equivalent to that of the Bonds. The total amount to be raised through the Bonds and the hybrid loan is expected to be JPY 350 billion. The Company expects to raise approximately JPY 250 billion through the Bonds, and will determine the total amount of the Bonds after comprehensively considering the market demand, interest rate trends and other factors.

2. Characteristics of the Bonds

While the Bonds will not cause a dilution of the existing shares as they are debt instruments with characteristics intermediate between equity and debt, they have properties and characteristics similar to those of equity, including voluntary deferral of interest payments, super-long maturity, and subordination in liquidation and bankruptcy proceedings. Therefore, the Company expects that 50% of the funds to be raised by the Bonds will be evaluated as having the equity credits by Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd. (the "Rating Agencies").

The Company intends to refinance the Bonds by common shares or any securities or debts to which Rating Agencies are to assign an equity credit equal or greater than that of the Bonds (the "Refinancing Securities"), upon redemption or acquisition of the Bonds prior to the maturity dates (the "Early Redemption, etc."), during the 12-month period prior to the Early Redemption, etc. However, if the Company intends to make the Early Redemption, etc. on or after the initial optional redemption dates of the Bonds, the Company may refrain from such refinancing through the Refinancing Securities under certain conditions, such as accumulation of equity capital to build a sufficient financial base and accumulation of sufficient capital compared to the time of the issuance of the Bonds.

3. Schedule

The Company has mandated Daiwa Securities Co. Ltd. as a lead manager, and SMBC Nikko Securities Inc., Nomura Securities Co., Ltd. and Mizuho Securities Co., Ltd. as joint lead managers. The Company will determine the terms and conditions of the issuance after comprehensively considering the market demand, interest rate trends and other factors, and will announce them promptly after such determination.

(End of the release)