

For Immediate Release

Sumitomo Forestry Co., Ltd.

**Notice Concerning Absorption Merger
(Short-Form Merger) with Consolidated Subsidiary**

Sumitomo Forestry Co., Ltd. announces that its Board of Directors decided at a meeting held today to absorb wholly owned subsidiary Sumirin Life Assist Co., Ltd. through an absorption merger, effective April 1, 2012.

Since the merger is an absorption merger of a wholly owned subsidiary, some details of the merger have been omitted from this disclosure.

1. Merger Objective

Sumirin Life Assist Co., Ltd. rents and manages the assets of nursing and elderly care facilities. As part of an initiative to enhance Group management efficiency, Sumitomo Forestry decided to merge with the company through an absorption merger.

2. Merger Overview**(1) Merger schedule**

Board of Directors' merger decision	January 31, 2012
Merger contract signing	January 31, 2012
Merger (effective date)	April 1, 2012 (tentative)

* The merger will be a short-form merger as specified in Article 796, Paragraph 3 of Japan's Companies Act for Sumitomo Forestry and a short-form merger as specified in 784, Paragraph 1 of the Companies Act for Sumirin Life Assist. Consequently, neither company will hold a general shareholders' meeting to approve the merger.

(2) Merger type

The absorption merger will leave Sumitomo Forestry as the surviving company. Sumirin Life Assist will be dissolved.

Since Sumirin Life Assist's liabilities exceed its assets, the merger will take place after Sumitomo Forestry waives a portion of its claims on Sumirin Life Assist in order to resolve the excessive liabilities.

(3) Allocations in relation to merger

Sumitomo Forestry holds all the shares in Sumirin Life Assist and therefore there will be no newly issued shares, capital increases, or exchanges of monies in relation to the merger.

(4) Procedures relating to Share Options and Bonds with Share Options

This item is not applicable.

3. Overview of Merger Parties

(as of March 31, 2011)

	Surviving Company	Dissolving Company
(1) Company name	Sumitomo Forestry Co., Ltd.	Sumirin Life Assist Co., Ltd.
(2) Head office location	3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo
(3) Representative	Akira Ichikawa, Representative Director	Suminori Akita, Representative Director
(4) Business activities	Purchase and sale of timber and building materials, construction and sale of detached houses and multi-unit residential housing, and forestry business in and outside Japan, etc.	Rental and asset management of nursing and elderly care facilities, etc.
(5) Capital	JPY 27.672 billion	JPY 1 million
(6) Established	February 20, 1948	November 1, 2006
(7) Total shares issued	177,410,239 shares	1,000 shares
(8) Financial year-end	March 31	March 31
(9) Major shareholders and shareholding ratio*	Sumitomo Metal Mining Co., Ltd.: 5.6% The Master Trust Bank of Japan, Ltd. (trust account): 4.4% The Iyo Bank, Ltd.: 3.2% Japan Trustee Service Bank, Ltd. (trust account): 3.2% Sumitomo Corporation: 2.4%	Sumitomo Forestry Co., Ltd.: 100%
(10) Net assets	JPY 163.110 billion (consolidated)	(JPY 1.353 billion) (non-consolidated)
(11) Total assets	JPY 489.417 billion (consolidated)	JPY 5.347 billion (non-consolidated)
(12) Net assets per share	JPY 919.54 (consolidated)	(JPY 1,352,606.81) (non-consolidated)
(13) Net sales	JPY 797.493 billion (consolidated)	JPY 242 million (non-consolidated)
(14) Operating income	JPY 14.238 billion (consolidated)	(JPY 171 million) (non-consolidated)
(15) Recurring income	JPY 14.206 billion (consolidated)	(JPY 261 million) (non-consolidated)
(16) Net income	JPY 5.175 billion (consolidated)	(JPY 119 million) (non-consolidated)
(17) Net income per share	JPY 29.21 (consolidated)	(JPY 119.26307 billion) (non-consolidated)

Note: Major shareholders and shareholding ratios are current as of September 30, 2011

4. Status of Surviving Company Following the Merger

No changes will be made to Sumitomo Forestry's company name, head office location, representative, business activities, capital, or fiscal year-end as a result of the merger.

5. Future Outlook

The merger will have only a marginal influence on Sumitomo Forestry's consolidated financial results.