

[TRANSLATION]

The following is an unofficial English translation of “Notice of Convocation of the 73rd Ordinary General Meeting of Shareholders” (“Notice”) by Sumitomo Forestry Co., Ltd. (“Company”) to be held on June 21, 2013. 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.

May 30, 2013

To Our Shareholders

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

## NOTICE OF THE 73RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Our Shareholders:

We would like to express our appreciation for your courtesies always shown us.

You are cordially invited to our 73rd 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 by either postal mail or by Internet, etc. Please refer to “Reference Documents for the General Meeting of Shareholders” (see pages 12-14) and exercise your voting rights in accordance with “Guidance Notes on the Exercise of Voting Rights” (see pages 2-3).**

1. **Date and Time:** Friday, June 21, 2013 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 73rd Business term (from April 1, 2012 to March 31, 2013);

**Items No 2:** Report on the Results of Audits of the Consolidated Financial Statements for the 73rd 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 :** Election of one (1) Director

**Proposal No 3 :** Payment of Bonuses to Directors

**4. Guidance Notes on Exercise of Voting Rights:**

**(1) Method of Exercising Voting Rights**

- a. If you attend the Meeting in person, 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 item on the enclosed voting form, and return it to our Administrator of Share Registry no later than 5:30 p.m. on Thursday, June 20, 2013 (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 item to be voted no later than 5:30 p.m. on Thursday, June 20, 2013 (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 Notes to the Consolidated Financial Statements and the Notes to the Non-Consolidated Financial Statements for the 73rd 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 Business Report, 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 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 item no later than 5:30 p.m. on Thursday, June 20, 2013 (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) When you exercise your voting rights via the Internet by your personal computer, you need to use Microsoft® Internet Explorer 5.01 SP2 or its latest version as internet browser software to access the voting website.  
(Microsoft is a trademark of Microsoft Corporation in the United States, registered in the United States and other countries.)
- (5) When you exercise your voting rights via the Internet by your cellular phone, a type of cellular phones with 128-bit SSL communication only can access the online voting system for security purposes. Other models are not compatible with this system. In addition, you can exercise your voting rights via the Internet through full browser function of your smartphone, but please note that some models are not compatible with this system.

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 (on 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.

– End –

**CONSOLIDATED BALANCE SHEET**

As of March 31, 2013

(Millions of Yen)

**ASSETS**

**Current assets:**

Cash and deposits	¥	56,155
Notes and accounts receivable-trade		121,053
Accounts receivable from completed construction contracts		4,880
Securities		11,000
Merchandise and finished goods		15,939
Work in process		1,192
Raw materials and supplies		5,145
Real estate for sale		27,894
Costs on uncompleted construction contracts		27,057
Deferred tax assets		8,077
Short-term loans receivable		36,852
Accounts receivable-other		47,935
Other		5,589
Allowance for doubtful accounts		(1,291)

**Total current assets** **367,478**

**Noncurrent assets:**

**Property, plant and equipment:**

Buildings and structures, net		26,618
Machinery, equipment and vehicles, net		17,450
Land		23,573
Lease assets, net		4,091
Construction in progress		1,346
Other, net		12,822

**Total property, plant and equipment** **85,900**

**Intangible assets:**

Goodwill		737
Other		8,420

**Total intangible assets** **9,157**

**Investments and other assets:**

Investment securities		59,588
Long-term loans receivable		1,247
Deferred tax assets		1,343
Other		25,480
Allowance for doubtful accounts		(2,220)

**Total investments and other assets** **85,439**

**Total noncurrent assets** **180,495**

**Total assets** **¥ 547,973**

**CONSOLIDATED BALANCE SHEET**

As of March 31, 2013

(Millions of Yen)

**LIABILITIES**

**Current liabilities:**

Notes and accounts payable-trade	¥	104,655
Accounts payable for construction contracts		64,968
Short-term loans payable		25,995
Lease obligations		1,067
Income taxes payable		5,589
Advances received on uncompleted construction contracts		42,345
Provision for bonuses		9,392
Provision for directors' bonuses		110
Provision for warranties for completed construction		1,711
Provision for loss on disaster		60
Provision for loss on liquidation of subsidiaries and affiliates		344
Asset retirement obligations		569
Other		19,336

**Total current liabilities** **276,143**

**Noncurrent liabilities:**

Bonds payable		15,000
Long-term loans payable		24,189
Lease obligations		2,978
Deferred tax liabilities		10,198
Provision for retirement benefits		9,720
Provision for directors' retirement benefits		85
Provision for loss on business liquidation		1,435
Asset retirement obligations		813
Other		14,162

**Total noncurrent liabilities** **78,580**

**Total liabilities** **354,723**

**NET ASSETS**

**Shareholders' equity:**

Capital stock		27,672
Capital surplus		26,872
Retained earnings		127,489
Treasury stock		(269)

**Total shareholders' equity** **181,763**

**Accumulated other comprehensive income:**

Valuation difference on available-for-sale securities		12,132
Deferred gains or losses on hedges		249
Foreign currency translation adjustment		(1,654)

**Total accumulated other comprehensive income** **10,727**

**Minority interests** **760**

**Total net assets** **193,250**

**Total liabilities and net assets** **¥ 547,973**

**CONSOLIDATED STATEMENTS OF INCOME**

For the year ended March 31, 2013

	(Millions of Yen)
<b>Net sales</b>	¥ <b>845,184</b>
<b>Cost of sales</b>	<b>703,748</b>
<b><u>Gross profit</u></b>	<b><u>141,436</u></b>
<b>Selling, general and administrative expenses</b>	<b>116,105</b>
<b><u>Operating income</u></b>	<b><u>25,330</u></b>
<b>Non-operating income:</b>	
Interest income	385
Purchase discounts	402
Dividends income	947
Foreign exchange gains	941
Other	1,595
<b>Total non-operating income</b>	<b>4,269</b>
<b>Non-operating expenses:</b>	
Interest expenses	1,270
Sales discounts	642
Equity in losses of affiliates	140
Other	566
<b>Total non-operating expenses</b>	<b>2,618</b>
<b><u>Ordinary income</u></b>	<b><u>26,981</u></b>
<b>Extraordinary income:</b>	
Gain on sales of noncurrent assets	88
Gain on sales of investment securities	30
Gain on transition of defined contribution pension	19
<b>Total extraordinary income</b>	<b>137</b>
<b>Extraordinary loss:</b>	
Loss on sales of noncurrent assets	27
Loss on retirement of noncurrent assets	98
Impairment loss	211
Loss on valuation of investment securities	235
Loss on change in equity	25
Loss on liquidation of subsidiaries and affiliates	344
Other	30
<b>Total extraordinary loss</b>	<b>971</b>
<b><u>Income before income taxes and minority interests</u></b>	<b><u>26,148</u></b>
Income taxes-current	10,540
Income taxes-deferred	(205)
<b><u>Income before minority interests</u></b>	<b><u>15,813</u></b>
<b>Minority interests in loss</b>	<b>(110)</b>
<b><u>Net income</u></b>	¥ <b><u>15,923</u></b>

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

For the year ended March 31, 2013

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income				Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of the beginning of the 73rd business term	27,672	26,872	114,223	(268)	168,499	5,734	192	(5,291)	634	202	169,335
Changes of items during the period											
Dividends from surplus			(2,657)		(2,657)						(2,657)
Net income			15,923		15,923						15,923
Purchase of treasury stock				(1)	(1)						(1)
Net changes of items other than shareholders' equity						6,399	57	3,637	10,093	558	10,651
Total changes of items during the period	-	-	13,265	(1)	13,264	6,399	57	3,637	10,093	558	23,915
Balance as of the end of the 73rd business term	27,672	26,872	127,489	(269)	181,763	12,132	249	(1,654)	10,727	760	193,250

NON-CONSOLIDATED BALANCE SHEET

As of March 31, 2013

(Millions of yen)

**ASSETS**

**Current assets:**

Cash and deposits	¥	49,778
Notes receivable-trade		51,514
Accounts receivable-trade		58,889
Accounts receivable from completed construction contracts		739
Securities		11,000
Merchandise and finished goods		11,116
Real estate for sale		27,175
Costs on uncompleted construction contracts		16,922
Advance payments-trade		379
Prepaid expenses		955
Deferred tax assets		5,206
Short-term loans receivable		28,607
Short-term loans receivable from subsidiaries and affiliates		15,458
Accounts receivable-other		70,211
Other		457
Allowance for doubtful accounts		(2,517)

**Total current assets** **345,888**

**Noncurrent assets:**

**Property, plant and equipment:**

Buildings, net		10,172
Structures, net		455
Machinery and equipment, net		96
Vehicles, net		2
Tools, furniture and fixtures, net		519
Land		11,262
Timber		8,681
Produce wood creation		286
Lease assets, net		3,281
Construction in progress		912

**Total property, plant and equipment** **35,665**

**Intangible assets:**

Telephone subscription right		182
Path through a forest right		169
Right of using facilities		4
Software		4,975
Lease assets		1

**Total intangible assets** **5,330**

**Investments and other assets:**

Investment securities		48,396
Stocks of subsidiaries and affiliates		25,030
Investments in capital of subsidiaries and affiliates		2,109
Long-term loans receivable		222
Long-term loans receivable from employees		34
Long-term loans receivable from subsidiaries and affiliates		6,566
Claims provable in bankruptcy, claims provable in rehabilitation and other		2,089
Long-term prepaid expenses		655
Long-term time deposits		14,280
Other		4,362
Allowance for doubtful accounts		(3,217)

**Total investments and other assets** **100,527**

**Total noncurrent assets**

**Total assets**

¥ **141,522**  
¥ **487,411**



**NON-CONSOLIDATED BALANCE SHEET**

As of March 31, 2013

(Millions of yen)

**LIABILITIES**

**Current liabilities:**

Notes payable-trade	¥	8,447
Accounts payable-trade		79,903
Accounts payable for construction contracts		81,943
Current portion of long-term loans payable		9,303
Lease obligations		1,249
Accounts payable-other		6,193
Income taxes payable		3,553
Accrued consumption taxes		823
Accrued expenses		980
Advances received		902
Advances received on uncompleted construction contracts		34,594
Deposits received		26,862
Unearned revenue		1,129
Provision for bonuses		6,040
Provision for directors' bonuses		110
Provision for warranties for completed construction		1,534
Provision for loss on disaster		60
Provision for loss on liquidation of subsidiaries and affiliates		483
Asset retirement obligations		569

**Total current liabilities** **264,675**

**Noncurrent liabilities:**

Bonds payable		15,000
Long-term loans payable		14,671
Guarantee deposited		5,028
Lease obligations		1,883
Deferred tax liabilities		5,692
Provision for retirement benefits		3,668
Provision for loss on business of subsidiaries and affiliates		3,938
Provision for loss on business liquidation		1,435
Asset retirement obligations		698
Other		213

**Total noncurrent liabilities** **52,226**

**Total liabilities** **316,901**

**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 reduction entry		1,444
General reserve		83,487
Retained earnings brought forward		15,958
Total other retained earnings		100,890
<u>Total retained earnings</u>		<u>103,747</u>

**Treasury stock** **(269)**

**Total shareholder's equity** **158,022**

**Valuation and translation adjustments:**

Valuation difference on available-for-sale securities		12,236
Deferred gains or losses on hedges		252

**Total valuation and translation adjustments** **12,488**

**Total net assets** **170,510**

**Total liabilities and net assets** **¥ 487,411**

**NON-CONSOLIDATED STATEMENTS OF INCOME**

For the year ended March 31, 2013

(Millions of yen)

<b>Net sales:</b>	
Net sales of goods	¥ 371,411
Net sales of completed construction contracts	311,021
<b>Total net sales</b>	<b>682,432</b>
<b>Cost of sales:</b>	
Cost of goods sold	353,006
Cost of sales of completed construction contracts	231,289
<b>Total cost of sales</b>	<b>584,295</b>
<b><u>Gross profit</u></b>	<b><u>98,137</u></b>
<b>Selling, general and administrative expenses:</b>	<b>78,826</b>
<b><u>Operating income</u></b>	<b><u>19,311</u></b>
<b>Non-operating income:</b>	
Interest income	316
Interest on securities	17
Purchase discounts	336
Dividends income	3,253
Other	1,279
<b>Total non-operating income</b>	<b>5,202</b>
<b>Non-operating expenses:</b>	
Interest expenses	446
Interest on bonds	203
Sales discounts	521
Other	296
<b>Total non-operating expenses</b>	<b>1,466</b>
<b><u>Ordinary income</u></b>	<b><u>23,047</u></b>
<b>Extraordinary income:</b>	
Gain on sales noncurrent assets	46
Gain on sales of investment securities	21
Gain on extinguishment of tie-in shares	80
<b>Total extraordinary income</b>	<b>147</b>
<b>Extraordinary loss:</b>	
Loss on sales of noncurrent assets	21
Loss on retirement of noncurrent assets	65
Impairment loss	186
Loss on valuation of investment securities	235
Loss on valuation of investments in capital of subsidiaries and affiliates	817
Loss on valuation of stocks of subsidiaries and affiliates	197
Provision for loss on liquidation of subsidiaries and affiliates	483
<b>Total extraordinary loss</b>	<b>2,005</b>
<b><u>Income before income taxes</u></b>	<b><u>21,189</u></b>
Income taxes-current	7,009
Income taxes-deferred	(445)
<b><u>Net income</u></b>	<b>¥ <u>14,625</u></b>

**NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

For the year ended March 31, 2013

(Millions of yen)

	Shareholders' equity								Valuation and translation adjustments		Total net assets	
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities		Deferred gains or losses on hedges
		Legal capital surplus	Other capital surplus		Other Retained earnings							
					Reserve for advanced depreciation	General reserve	Retained earnings brought forward					
Balance as of the beginning of the 73rd business term	27,672	26,613	259	2,857	1,444	76,387	11,090	(268)	146,055	5,906	195	152,156
Changes of items during the period												
Provision of general reserve						7,100	(7,100)		-			-
Dividends from surplus							(2,657)		(2,657)			(2,657)
Net income							14,625		14,625			14,625
Purchase of treasury stock								(1)	(1)			(1)
Net changes of items other than shareholders' equity										6,330	56	6,386
Total changes of items during the period	-	-	-	-	-	7,100	4,868	(1)	11,967	6,330	56	18,353
Balance as of the end of the 73rd business term	27,672	26,613	259	2,857	1,444	83,487	15,958	(269)	158,022	12,236	252	170,510

(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.)



**Proposal No 2: Election of One (1) Director**

One director, Hideo Watabe will resign as director at the closing of the General Meeting. Accordingly, the Company hereby proposes the election of one (1) director. The term of director, who will elect at the General Meeting, is until the same expiration of the term of the other current directors as set forth in Article 22 of the Article of Incorporation. The candidate for the director is as follows:

(Current positions, responsibilities and significant concurrent positions are underscored)

No.	Name (Date of birth)	Career summary, positions and responsibility in the Company, and significant concurrent positions	Number of shares in the Company owned
1	※ Tatsuru Satoh (December 14, 1955)	April 1978      Joined the Company April 2008      President / Director of Sumitomo Forestry Two-By-Four Homes Co., Ltd. October 2008    General Manager of Administration Department and Two-By-Four Business Department, Housing Division and President /Director of Two-By-Four Homes Co., Ltd. January 2009    General Manager of Administration Department and Two-By-Four Business Department, Housing Division April 2009        General Manager of Administration Department, Housing Division April 2011        General Manager of Personnel Department June 2011        Supervisory Officer April 2012        General Manager of Personnel Department Supervisory Officer June 2012        General Manager of General Administration Department Executive Officer General Manager of General Administration Department April 2013 <u>Managing Executive Officer</u> <u>In charge of General Administration, Personnel, Corporate Communications, Internal Audit, Intellectual Property, Environmental Management</u>	13,300 shares

Note:

1. ※ means a candidate as newly appointed director.
2. The candidate above has no special conflicts of interest with the Company.
3. Number of shares in the Company owned by the candidate stated above are as of March 31, 2013.
4. Two-By- Four is one of housing construction methods.

**Proposal No 3: Payment of Bonuses to Directors**

The Company hereby proposes to pay bonuses total amount of 105,000,000 yen for seven (7) directors in office at the end of the current fiscal year, taking into account of the operating performance for the 73rd business term and other relevant factors comprehensively. The Company also proposes that decision for the amounts of bonus to each director is determined by the Board of Directors.

– End –