

[TRANSLATION]

The following is an unofficial English translation of “Notice of Convocation of the 78th 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 it and this English translation.

May 31, 2018

To Our Shareholders

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

NOTICE OF CONVOCATION OF THE 78th ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your courtesies always shown to us. You are cordially invited to our 78th 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 electromagnetic method (the Internet etc.). Please refer to “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights in accordance with “Guidance Notes on Exercise of Voting Rights”(see pages 2).

1. **Date and Time:** Friday, June 22, 2018 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:**
 - Item No 1:** Reports on the Business Report, the Consolidated Financial Statements, and the Non-Consolidated Financial Statements for the 78th business term (from April 1, 2017 to March 31, 2018);
 - Item No 2:** Report on the Results of Audits of the Consolidated Financial Statements for the 78th 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 Ten (10) Directors
 - Proposal No 3:** Election of Three (3) Statutory Auditors
 - Proposal No 4:** Payment of Bonuses to Directors
 - Proposal No 5:** Determination of Remuneration for Allotment of Shares with Restriction on Transfer to Directors (Excluding Outside Directors)

-
- The Consolidated Financial Statements and the Non-Consolidated Financial Statements attached to this Notice of Convocation, are part of the Consolidated Financial Statements and the Non-Consolidated Financial Statements that have been audited by the Statutory Auditors for the purpose of an auditors’ report and by the Accounting Auditor for the purpose of an accounting auditor’s report. 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, which are part of the documents that should be provided together with this Notice of Convocation, 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 this Notice of Convocation.
 - 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 immediately prior to the Meeting, we will announce the amendments either by Postal Mail or by posting them on our website (<http://sfc.jp/english/>).

【Guidance Notes on Exercise of Voting Rights】

You can exercise your voting rights as follows;

(A): Attendance at the Meeting

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

Date and Time: Friday, June 22, 2018 at 10:00 a.m.

(B): Voting by Postal Mail

Please indicate your approval or disapproval of each proposal on the enclosed voting form, and return it and ensure it is received by our Administrator of Share Registry no later than the deadline noted below.

Deadline for exercise of voting rights: 5:30 p.m. on Thursday, June 21, 2018 (Japan Standard Time).

(C): Voting by electromagnetic method (the Internet etc.)

1. Exercising Voting Rights via the Internet

Please use a personal computer, smartphone or cellular phone to access the Online Voting Site (<https://www.web54.net> (Japanese only)) and register your approval or disapproval of each proposal in accordance with “Exercising Your Voting Rights” (see below).

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.

Deadline for exercise of voting rights: 5:30 p.m. on Thursday, June 21, 2018 (Japan Standard Time).

(2) Matters of Exercising Voting Rights

- a. If you exercise your voting rights more than once by electromagnetic method (the 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 electromagnetic method (the Internet etc.), we will only accept the vote registered by electromagnetic method (the Internet etc.) as valid.

【Exercising Your Voting Rights】

(1) Please access the Online Voting Site (<https://www.web54.net>), and follow the instructions.

(2) Please 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 following the instructions on the screen.

*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.

*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) (Japanese only)

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

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

In light of a comprehensive consideration of the balance of our base of operations, financial position and cash flow, the Company hereby proposes to appropriate the surplus as follows:

1. Year-end dividend

In light of a comprehensive consideration of the operating performance for the relevant business term and other relevant factors in accordance with the Company's basic policy of continuously and steadily returning profits to our shareholders, the Company proposes to pay the following year-end dividend for this business term and to pay it as follows:

The annual dividend for this business term including the interim dividends will be forty (40) yen per share.

(1) Type of dividend assets:

Cash

(2) Allocation of dividend assets to our shareholders and the total amount thereof:

-20 yen per ordinary share of common stock

- Total amount : 3,646,480,440 yen

(3) Effective date of the dividend payment:

June 25, 2018

2. Appropriation of other surplus

In order to reinforce its base of operations and prepare for future business development, the Company hereby proposes to provide an amount as general reserve as follows:

(1) The item of surplus to be increased, and the amount thereof:

General reserve	6,173,000,000 yen
-----------------	-------------------

(2) The item of surplus to be decreased, and the amount thereof:

Retained earnings brought forward	6,173,000,000 yen
-----------------------------------	-------------------

Proposal No. 2: Election of Ten (10) Directors

The terms of office of all ten (10) Directors will expire at the closing of the Meeting. Therefore, the Company hereby proposes to elect ten (10) Directors.

The candidates for the Directors are as follows:

Candidate No.	Name	Present Positions	
1	Ryu Yano	Representative Director, Chairman of the Board	Re-election
2	Akira Ichikawa	Representative Director, President / Director, President and Executive Officer	Re-election
3	Shigeru Sasabe	Representative Director, Executive Vice President and Executive Officer	Re-election
4	Taturu Satoh	Representative Director, Executive Vice President and Executive Officer	Re-election
5	Ken Wada	Director, Senior Managing Executive Officer	Re-election
6	Tosiro Mitsuyoshi	Director, Senior Managing Executive Officer	Re-election
7	Akihisa Fukuda	Director, Managing Executive Officer	Re-election
8	Tatsumi Kawata	Managing Executive Officer	New-election
9	Junko Hirakawa	Director	Re-election Outside Director Independent Officer
10	Izumi Yamashita	Director	Re-election Outside Director Independent Officer

1	<p>Ryu Yano (Born April 21, 1940)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 93,475 shares</p> <p>Attendance at Board of Directors: 15/15 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																														
		<table> <tbody> <tr> <td>April</td> <td>1963</td> <td>Joined the Company</td> </tr> <tr> <td>December</td> <td>1988</td> <td>Director</td> </tr> <tr> <td>June</td> <td>1992</td> <td>Managing Director</td> </tr> <tr> <td>June</td> <td>1995</td> <td>Representative Director (Current position)</td> </tr> <tr> <td></td> <td></td> <td>Senior Managing Director</td> </tr> <tr> <td>April</td> <td>1999</td> <td>President / Director</td> </tr> <tr> <td>June</td> <td>2002</td> <td>President and Executive Officer</td> </tr> <tr> <td>April</td> <td>2010</td> <td>Chairman of the Board (Current position)</td> </tr> </tbody> </table>	April	1963	Joined the Company	December	1988	Director	June	1992	Managing Director	June	1995	Representative Director (Current position)			Senior Managing Director	April	1999	President / Director	June	2002	President and Executive Officer	April	2010	Chairman of the Board (Current position)						
		April	1963	Joined the Company																												
December	1988	Director																														
June	1992	Managing Director																														
June	1995	Representative Director (Current position)																														
		Senior Managing Director																														
April	1999	President / Director																														
June	2002	President and Executive Officer																														
April	2010	Chairman of the Board (Current position)																														
<p>[Significant concurrent position at other company] Outside Statutory Auditor of DAIKIN INDUSTRIES, LTD.</p>																																
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Yano as Director because the Company believes that he is capable of executing his duty as Director appropriately, based on his abundant experience and achievement in corporate management which he developed during his career as President / Director and Chairman of the Board.</p>																																
2	<p>Akira Ichikawa (Born November 12, 1954)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 60,100 shares</p> <p>Attendance at Board of Directors: 15/15 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																														
		<table> <tbody> <tr> <td>April</td> <td>1978</td> <td>Joined the Company</td> </tr> <tr> <td>June</td> <td>2007</td> <td>Executive Officer</td> </tr> <tr> <td>June</td> <td>2008</td> <td>Director</td> </tr> <tr> <td></td> <td></td> <td>Managing Executive Officer</td> </tr> <tr> <td>April</td> <td>2010</td> <td>Representative Director (Current position)</td> </tr> <tr> <td></td> <td></td> <td>President / Director (Current position)</td> </tr> <tr> <td></td> <td></td> <td>President and Executive Officer (Current position)</td> </tr> </tbody> </table>	April	1978	Joined the Company	June	2007	Executive Officer	June	2008	Director			Managing Executive Officer	April	2010	Representative Director (Current position)			President / Director (Current position)			President and Executive Officer (Current position)									
		April	1978	Joined the Company																												
June	2007	Executive Officer																														
June	2008	Director																														
		Managing Executive Officer																														
April	2010	Representative Director (Current position)																														
		President / Director (Current position)																														
		President and Executive Officer (Current position)																														
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Ichikawa as Director because the Company believes that, as he has been engaged in management of the Sumitomo Forestry Group (“Group”) as President / Director since April 2010, he is capable of executing his duty as Director appropriately, based on his abundant knowledge relating to the Group’s overall business and achievement in corporate management.</p>																																
3	<p>Shigeru Sasabe (Born February 28, 1954)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 26,521 shares</p> <p>Attendance at Board of Directors: 15/15 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																														
		<table> <tbody> <tr> <td>April</td> <td>1977</td> <td>Joined the Company</td> </tr> <tr> <td>June</td> <td>2008</td> <td>Executive Officer</td> </tr> <tr> <td>April</td> <td>2010</td> <td>Managing Executive Officer</td> </tr> <tr> <td>June</td> <td>2010</td> <td>Director</td> </tr> <tr> <td>April</td> <td>2012</td> <td>Divisional Manager of Lifestyle Service Division</td> </tr> <tr> <td>April</td> <td>2014</td> <td>Senior Managing Executive Officer</td> </tr> <tr> <td></td> <td></td> <td>Divisional Manager of Overseas Business Division</td> </tr> <tr> <td>April</td> <td>2016</td> <td>Representative Director (Current position)</td> </tr> <tr> <td></td> <td></td> <td>Executive Vice President and Executive Officer (Current position)</td> </tr> <tr> <td>April</td> <td>2018</td> <td>Divisional Manager of Overseas Housing and Real Estate Division (Current position)</td> </tr> </tbody> </table>	April	1977	Joined the Company	June	2008	Executive Officer	April	2010	Managing Executive Officer	June	2010	Director	April	2012	Divisional Manager of Lifestyle Service Division	April	2014	Senior Managing Executive Officer			Divisional Manager of Overseas Business Division	April	2016	Representative Director (Current position)			Executive Vice President and Executive Officer (Current position)	April	2018	Divisional Manager of Overseas Housing and Real Estate Division (Current position)
		April	1977	Joined the Company																												
June	2008	Executive Officer																														
April	2010	Managing Executive Officer																														
June	2010	Director																														
April	2012	Divisional Manager of Lifestyle Service Division																														
April	2014	Senior Managing Executive Officer																														
		Divisional Manager of Overseas Business Division																														
April	2016	Representative Director (Current position)																														
		Executive Vice President and Executive Officer (Current position)																														
April	2018	Divisional Manager of Overseas Housing and Real Estate Division (Current position)																														
<p>[Responsibility in the Company] Overseeing of Environment and Resources Division</p>																																
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Sasabe as Director because the Company believes that, as he has been Director since 2010, has served as Divisional Manager of Lifestyle Service Division, among other roles, and currently is Executive Vice President and Executive Officer, and Divisional Manager of the Overseas Housing and Real Estate Division, he is capable of executing his duty as Director appropriately, based on his abundant experience and achievement in the Group’s business and management.</p>																																

4	<p>Tatsuru Satoh (Born December 14, 1955)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 21,400 shares</p> <p>Attendance at Board of Directors: 15/15 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																		
		<table> <tr> <td>April</td> <td>1978</td> <td>Joined the Company</td> </tr> <tr> <td>June</td> <td>2012</td> <td>Executive Officer</td> </tr> <tr> <td>April</td> <td>2013</td> <td>Managing Executive Officer</td> </tr> <tr> <td>June</td> <td>2013</td> <td>Director</td> </tr> <tr> <td>April</td> <td>2016</td> <td>Senior Managing Executive Officer Representative Director (Current position)</td> </tr> <tr> <td>April</td> <td>2018</td> <td>Executive Vice President and Executive Officer (Current position)</td> </tr> </table>	April	1978	Joined the Company	June	2012	Executive Officer	April	2013	Managing Executive Officer	June	2013	Director	April	2016	Senior Managing Executive Officer Representative Director (Current position)	April	2018	Executive Vice President and Executive Officer (Current position)
		April	1978	Joined the Company																
June	2012	Executive Officer																		
April	2013	Managing Executive Officer																		
June	2013	Director																		
April	2016	Senior Managing Executive Officer Representative Director (Current position)																		
April	2018	Executive Vice President and Executive Officer (Current position)																		
<p>[Responsibility in the Company] Overseeing of Corporate Planning, Finance, Corporate Communications, CSR In charge of General Administration, Personnel, Information Systems, Intellectual Property, Internal Audit, and Tsukuba Research Institute</p>																				
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Satoh as Director because the Company believes that, as he has been Director since 2013, has served as Executive Officer in charge of General Administration, Personnel, among other roles, and currently is Executive Vice President and Executive Officer, he is capable of executing his duty as Director appropriately, based on his abundant experience and achievement in the Group's business and management.</p>																				
5	<p>Ken Wada (Born December 26, 1956)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 34,100 shares</p> <p>Attendance at Board of Directors: 15/15 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																		
		<table> <tr> <td>July</td> <td>1983</td> <td>Joined the Company</td> </tr> <tr> <td>June</td> <td>2008</td> <td>Executive Officer</td> </tr> <tr> <td>April</td> <td>2010</td> <td>Managing Executive Officer</td> </tr> <tr> <td>June</td> <td>2011</td> <td>Director (Current position)</td> </tr> <tr> <td>April</td> <td>2014</td> <td>Senior Managing Executive Officer (Current position) Divisional Manager of Housing Division</td> </tr> <tr> <td>April</td> <td>2017</td> <td>Senior Managing Executive Officer</td> </tr> </table>	July	1983	Joined the Company	June	2008	Executive Officer	April	2010	Managing Executive Officer	June	2011	Director (Current position)	April	2014	Senior Managing Executive Officer (Current position) Divisional Manager of Housing Division	April	2017	Senior Managing Executive Officer
		July	1983	Joined the Company																
June	2008	Executive Officer																		
April	2010	Managing Executive Officer																		
June	2011	Director (Current position)																		
April	2014	Senior Managing Executive Officer (Current position) Divisional Manager of Housing Division																		
April	2017	Senior Managing Executive Officer																		
<p>[Responsibility in the Company] Overseeing of Lifestyle Service Division In charge of TOP (Tokyo Olympics Paralympics) 2020, Secretary, External Relations</p>																				
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Wada as Director because the Company believes that, as he has been Director since 2011, has served as Divisional Manager of Housing Division, among other roles, and currently is Senior Managing Executive Officer, he is capable of executing his duty as Director appropriately, based on his abundant experience in the Group's business.</p>																				

6	<p>Toshiro Mitsuyoshi (Born May 23, 1962)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 4,200 shares</p> <p>Attendance at Board of Directors: 15/15 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																								
		<table> <tr> <td>April</td> <td>1985</td> <td>Joined the Company</td> </tr> <tr> <td>June</td> <td>2010</td> <td>Executive Officer</td> </tr> <tr> <td>April</td> <td>2011</td> <td>Managing Executive Officer Divisional Manager of Overseas Business Division</td> </tr> <tr> <td>April</td> <td>2014</td> <td>Deputy Divisional Manager of Housing Division</td> </tr> <tr> <td>June</td> <td>2014</td> <td>Director (Current position)</td> </tr> <tr> <td>April</td> <td>2015</td> <td>President / Director of Sumitomo Forestry Home Tech Co., Ltd.</td> </tr> <tr> <td>April</td> <td>2017</td> <td>Divisional Manager of Housing Division</td> </tr> <tr> <td>April</td> <td>2018</td> <td>Senior Managing Executive Officer (Current position) Divisional Manager of Housing and Construction Division (Current position)</td> </tr> </table>	April	1985	Joined the Company	June	2010	Executive Officer	April	2011	Managing Executive Officer Divisional Manager of Overseas Business Division	April	2014	Deputy Divisional Manager of Housing Division	June	2014	Director (Current position)	April	2015	President / Director of Sumitomo Forestry Home Tech Co., Ltd.	April	2017	Divisional Manager of Housing Division	April	2018	Senior Managing Executive Officer (Current position) Divisional Manager of Housing and Construction Division (Current position)
		April	1985	Joined the Company																						
June	2010	Executive Officer																								
April	2011	Managing Executive Officer Divisional Manager of Overseas Business Division																								
April	2014	Deputy Divisional Manager of Housing Division																								
June	2014	Director (Current position)																								
April	2015	President / Director of Sumitomo Forestry Home Tech Co., Ltd.																								
April	2017	Divisional Manager of Housing Division																								
April	2018	Senior Managing Executive Officer (Current position) Divisional Manager of Housing and Construction Division (Current position)																								
<p>[Responsibility in the Company] In charge of Tohoku Reconstruction Support</p>																										
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Mitsuyoshi as Director because the Company believes that, as he has served as Divisional Manager of Overseas Business Division, among other roles, has been Director since 2014, has served as President / Director of Sumitomo Forestry Home Tech Co., Ltd., the Company's subsidiary, among other roles, and currently is Senior Managing Executive Officer and Divisional Manager of Housing and Construction Division, he is capable of executing his duty as Director appropriately, based on his abundant experience in the Group's business.</p>																										
7	<p>Akihisa Fukuda (Born April 16, 1957)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 10,300 shares</p> <p>Attendance at Board of Directors: 15/15 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																								
		<table> <tr> <td>April</td> <td>1981</td> <td>Joined the Company</td> </tr> <tr> <td>April</td> <td>2009</td> <td>General Manager of Corporate Planning Department</td> </tr> <tr> <td>June</td> <td>2010</td> <td>Executive Officer General Manager of Corporate Planning Department</td> </tr> <tr> <td>April</td> <td>2011</td> <td>Managing Executive Officer (Current position) General Manager of Corporate Planning Department</td> </tr> <tr> <td>April</td> <td>2014</td> <td>Managing Executive Officer</td> </tr> <tr> <td>June</td> <td>2014</td> <td>Director (Current position)</td> </tr> <tr> <td>October</td> <td>2015</td> <td>Divisional Manager of Timber and Building Materials Division (Current position)</td> </tr> </table>	April	1981	Joined the Company	April	2009	General Manager of Corporate Planning Department	June	2010	Executive Officer General Manager of Corporate Planning Department	April	2011	Managing Executive Officer (Current position) General Manager of Corporate Planning Department	April	2014	Managing Executive Officer	June	2014	Director (Current position)	October	2015	Divisional Manager of Timber and Building Materials Division (Current position)			
		April	1981	Joined the Company																						
April	2009	General Manager of Corporate Planning Department																								
June	2010	Executive Officer General Manager of Corporate Planning Department																								
April	2011	Managing Executive Officer (Current position) General Manager of Corporate Planning Department																								
April	2014	Managing Executive Officer																								
June	2014	Director (Current position)																								
October	2015	Divisional Manager of Timber and Building Materials Division (Current position)																								
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Fukuda as Director because the Company believes that, as he has served as General Manager of Corporate Planning Department, Executive Officer in charge of Finance, Information Systems, among other roles, has been Director since 2014 and currently is Managing Executive Officer and Divisional Manager of Timber and Building Materials Division, he is capable of executing his duty as Director appropriately, based on his abundant experience in the Group's business.</p>																										

8	<p>Tatsumi Kawata (Born October 4, 1962)</p> <p><u>New-election</u></p> <p>Number of shares in the Company owned: 3,300shares</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p> <table border="1"> <tr> <td>April</td> <td>1986</td> <td>Joined the Company</td> </tr> <tr> <td>April</td> <td>2012</td> <td>General Manager of Personnel Department</td> </tr> <tr> <td>April</td> <td>2013</td> <td>General Manager of Personnel Department</td> </tr> <tr> <td></td> <td></td> <td>General Manager of Workstyle Diversification Department</td> </tr> <tr> <td>April</td> <td>2014</td> <td>General Manager of Corporate Planning Department</td> </tr> <tr> <td>June</td> <td>2016</td> <td>Executive Officer</td> </tr> <tr> <td></td> <td></td> <td>General Manager of Corporate Planning Department</td> </tr> <tr> <td>April</td> <td>2017</td> <td>Managing Executive Officer (Current position)</td> </tr> <tr> <td></td> <td></td> <td>General Manager of Corporate Planning Department</td> </tr> <tr> <td>April</td> <td>2018</td> <td>Managing Executive Officer</td> </tr> </table> <p>[Responsibility in the Company] In charge of Corporate Planning, Finance, Corporate Communications, CSR</p>	April	1986	Joined the Company	April	2012	General Manager of Personnel Department	April	2013	General Manager of Personnel Department			General Manager of Workstyle Diversification Department	April	2014	General Manager of Corporate Planning Department	June	2016	Executive Officer			General Manager of Corporate Planning Department	April	2017	Managing Executive Officer (Current position)			General Manager of Corporate Planning Department	April	2018	Managing Executive Officer
	April	1986	Joined the Company																													
	April	2012	General Manager of Personnel Department																													
April	2013	General Manager of Personnel Department																														
		General Manager of Workstyle Diversification Department																														
April	2014	General Manager of Corporate Planning Department																														
June	2016	Executive Officer																														
		General Manager of Corporate Planning Department																														
April	2017	Managing Executive Officer (Current position)																														
		General Manager of Corporate Planning Department																														
April	2018	Managing Executive Officer																														
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to elect Mr. Kawata as Director because the Company believes that, as he has served as General Manager of Personnel Department and Corporate Planning Department, among other roles, has been Executive Officer since 2016 and currently is Managing Executive Officer, he is capable of executing his duty as Director appropriately, based on his abundant experience in the Group's business.</p>																																
9	<p>Junko Hirakawa (Born October 9, 1947)</p> <p><u>Re-election</u></p> <p><u>Outside Director</u></p> <p><u>Independent Officer</u></p> <p>Number of shares in the Company owned: 0 shares</p> <p>Attendance at Board of Directors: 15/15 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p> <table border="1"> <tr> <td>April</td> <td>1973</td> <td>Registered as Attorney at Law admitted in Japan</td> </tr> <tr> <td>February</td> <td>1979</td> <td>Registered as Attorney at Law admitted in New York</td> </tr> <tr> <td>October</td> <td>1983</td> <td>Partner of Yuasa and Hara</td> </tr> <tr> <td>July</td> <td>1997</td> <td>Established Hirakawa, Sato & Kobayashi (Currently City-Yuwa Partners)</td> </tr> <tr> <td></td> <td></td> <td>Partner of Hirakawa, Sato & Kobayashi</td> </tr> <tr> <td>February</td> <td>2003</td> <td>Partner of City-Yuwa Partners (Current position)</td> </tr> <tr> <td>June</td> <td>2012</td> <td>Outside Statutory Auditor of the Company</td> </tr> <tr> <td>June</td> <td>2014</td> <td>Outside Director of the Company (Current position)</td> </tr> </table> <p>[Significant concurrent position at other company] Attorney at Law Outside Director of Tokyo Financial Exchange Inc. Outside Director of Hitachi Construction Machinery Co., Ltd.</p>	April	1973	Registered as Attorney at Law admitted in Japan	February	1979	Registered as Attorney at Law admitted in New York	October	1983	Partner of Yuasa and Hara	July	1997	Established Hirakawa, Sato & Kobayashi (Currently City-Yuwa Partners)			Partner of Hirakawa, Sato & Kobayashi	February	2003	Partner of City-Yuwa Partners (Current position)	June	2012	Outside Statutory Auditor of the Company	June	2014	Outside Director of the Company (Current position)						
	April	1973	Registered as Attorney at Law admitted in Japan																													
	February	1979	Registered as Attorney at Law admitted in New York																													
October	1983	Partner of Yuasa and Hara																														
July	1997	Established Hirakawa, Sato & Kobayashi (Currently City-Yuwa Partners)																														
		Partner of Hirakawa, Sato & Kobayashi																														
February	2003	Partner of City-Yuwa Partners (Current position)																														
June	2012	Outside Statutory Auditor of the Company																														
June	2014	Outside Director of the Company (Current position)																														
<p>[Reasons for nominating a candidate to be Outside Director] The Company requests shareholders to re-elect Ms. Hirakawa as Outside Director because the company believes that as a lawyer well versed in corporate legal practices both in Japan and overseas, she is playing an appropriate role for the enhancement of our corporate governance by, among other things, providing expert recommendations for general management. While she has not been involved in corporate management other than as Outside Director or Outside Statutory Auditor, we believe that she is able to appropriately perform the duties of Outside Director for the reason outlined above.</p> <p>■Special notes related to a candidate for Outside Director</p> <ol style="list-style-type: none"> Ms. Hirakawa is a candidate for Outside Director as set forth in Article 2, Paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act. The Company has notified Tokyo Stock Exchange, Inc. of the designation of Ms. Hirakawa as Independent Officer as required by its regulations. Ms. Hirakawa currently serves as Outside Director of the Company, and her term of office as Outside Director will have been four (4) years at the closing of the Meeting. In addition, Ms. Hirakawa served as an Outside Statutory Auditor of the Company from June 2012 to June 2014. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company concluded an agreement with Ms. Hirakawa to limit her liability under Article 423, Paragraph 1 of said Act. Total liability for damages under such agreement is limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act. The Company is to enter into an agreement of the same nature and content with Ms. Hirakawa subject to approval of her re-election. 																																

10	Izumi Yamashita (February 1, 1948)	Career summary, positions and responsibility in the Company, and significant concurrent positions																											
	[Re-election] [Outside Director] [Independent Officer]	<table border="1"> <tr> <td style="text-align: center;">July</td> <td style="text-align: center;">1971</td> <td>Joined the Bank of Japan</td> </tr> <tr> <td style="text-align: center;">April</td> <td style="text-align: center;">1998</td> <td>Director-General of Financial Markets Department, Bank of Japan</td> </tr> <tr> <td style="text-align: center;">March</td> <td style="text-align: center;">2002</td> <td>General Manager of Financial Marketing Division, Accenture Japan Ltd</td> </tr> <tr> <td style="text-align: center;">April</td> <td style="text-align: center;">2003</td> <td>Executive Director of Japan Post</td> </tr> <tr> <td style="text-align: center;">April</td> <td style="text-align: center;">2005</td> <td>Deputy Governor of Japan Post</td> </tr> <tr> <td style="text-align: center;">October</td> <td style="text-align: center;">2007</td> <td>President, CEO, Representative Executive Officer of Japan Post Insurance Co., Ltd.</td> </tr> <tr> <td style="text-align: center;">June</td> <td style="text-align: center;">2012</td> <td>Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.</td> </tr> <tr> <td style="text-align: center;">June</td> <td style="text-align: center;">2013</td> <td>Resigned from Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.</td> </tr> <tr> <td style="text-align: center;">June</td> <td style="text-align: center;">2016</td> <td>Outside Director of the Company (Current position)</td> </tr> </table>	July	1971	Joined the Bank of Japan	April	1998	Director-General of Financial Markets Department, Bank of Japan	March	2002	General Manager of Financial Marketing Division, Accenture Japan Ltd	April	2003	Executive Director of Japan Post	April	2005	Deputy Governor of Japan Post	October	2007	President, CEO, Representative Executive Officer of Japan Post Insurance Co., Ltd.	June	2012	Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.	June	2013	Resigned from Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.	June	2016	Outside Director of the Company (Current position)
	July	1971	Joined the Bank of Japan																										
April	1998	Director-General of Financial Markets Department, Bank of Japan																											
March	2002	General Manager of Financial Marketing Division, Accenture Japan Ltd																											
April	2003	Executive Director of Japan Post																											
April	2005	Deputy Governor of Japan Post																											
October	2007	President, CEO, Representative Executive Officer of Japan Post Insurance Co., Ltd.																											
June	2012	Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.																											
June	2013	Resigned from Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.																											
June	2016	Outside Director of the Company (Current position)																											
Number of shares in the Company owned: 0 shares Attendance at Board of Directors: 14/15 meetings	[Significant concurrent position at other company] Outside Statutory Auditor of Yokogawa Electric Corporation Outside Director of AEON Bank, Ltd.																												
[Reasons for nominating a candidate to be Outside Director] The Company requests shareholders to re-elect Mr. Yamashita as Outside Director because the Company believes that he has abundant experience in the financial industry and deep insight as a business manager, he is playing an appropriate role for the enhancement of our corporate governance by, among other things, providing recommendations for general management.																													
■Special notes related to a candidate for Outside Director																													
<ol style="list-style-type: none"> 1. Mr. Yamashita is a candidate for Outside Director as set forth in Article 2, Paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act. 2. The Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Yamashita as Independent Officer as required by its regulations. 3. Mr. Yamashita currently serves as Outside Director of the Company, and his term of office as Outside Director will have been two (2) years at the closing of the Meeting. 4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company concluded an agreement with Mr. Yamashita to limit his liability under Article 423, Paragraph 1 of said Act. Total liability for damages under such agreement is limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act. The Company is to enter into an agreement of the same nature and content with Mr. Yamashita subject to approval of his re-election. 																													

Notes: 1. None of the candidates above has any special conflicts of interest with the Company.

2. The number of shares in the Company owned by each candidate stated above is as of March 31, 2018.

3. Mr. Tatsuhiro Satoh will be appointed as Outside Statutory Auditor of Kumagai Gumi Co., Ltd. at June 2018.

Proposal No. 3: Election of Three (3) Statutory Auditors

At the closing of the Meeting, Statutory Auditor Hidekazu Tanaka will resign and the term of office of Statutory Auditor Satoshi Teramoto and Katsuhide Kurasaka will expire. Accordingly, the Company hereby proposes the election of three (3) Statutory Auditors.

The Board of Statutory Auditors has already approved this proposal.

The candidates for Statutory Auditors are as follows:

1	<p>Hitoshi Hayano (Born July 10, 1953)</p> <p><u>New election</u></p> <p>Number of shares in the Company owned: 26,000 shares</p>	Career summary, positions in the Company, and significant concurrent positions	
		<p>April 1977</p> <p>June 2005</p> <p>April 2006</p> <p>June 2006</p> <p>April 2010</p> <p>April 2011</p> <p>April 2014</p> <p>April 2016</p> <p>April 2017</p> <p>April 2018</p>	<p>Joined the Company</p> <p>Executive Officer</p> <p>Managing Executive Officer</p> <p>Director</p> <p>Divisional Manager of Housing Division</p> <p>Representative Director</p> <p>Senior Managing Executive Officer</p> <p>Divisional Manager of Housing Division</p> <p>Executive Vice President and Executive Officer</p> <p>Divisional Manager of Lifestyle Service Division and Forestry and Environment Division</p> <p>Divisional Manager of Environment and Resources Division</p> <p>Executive Vice President and Executive Officer</p> <p>Director (Current position)</p> <p>Executive Officer (Current position)</p>
<p>[Reasons for nominating a candidate to be Statutory Auditor]</p> <p>The Company requests shareholders to elect Mr. Hayano as a Statutory Auditor because the Company believes that, as he has served as Representative Director and Executive Vice President and Executive Officer, among other roles, and has abundant experience and achievement in the Group's business and management, he will be capable of executing his duty as Statutory Auditor appropriately.</p>			
2	<p>Yoshimasa Tetsu (Born December 23, 1948)</p> <p><u>New election</u></p> <p><u>Outside Director</u></p> <p><u>Independent Officer</u></p> <p>Number of shares in the Company owned: 0 shares</p>	Career summary, positions in the Company, and significant concurrent positions	
		<p>November 1976</p> <p>August 1981</p> <p>May 1987</p> <p>August 1997</p> <p>June 2011</p>	<p>Joined Daiichi Audit Corporation (Currently Ernst & Young ShinNihon LLC)</p> <p>Registered as Certified Public Accountant</p> <p>Partner of Century Audit Corporation (Currently Ernst & Young ShinNihon LLC)</p> <p>Representative partner of Century Audit Corporation</p> <p>Resigned from Ernst & Young ShinNihon LLC</p>
<p>[Significant concurrent position at other company]</p> <p>Certified Public Accountant Daiwa Motor Transportation Co., Ltd.</p>			
<p>[Reasons for nominating a candidate to be Outside Statutory Auditor]</p> <p>The Company requests shareholders to elect Mr. Tetsu as Outside Statutory Auditor because the Company believes that he has highly expertise in finance and accounting and abundant experience as an accountant, he will use in his audit work his expertise and experience. While Mr. Tetsu has not been involved in corporate management, we believe that he is able to appropriately perform the duties of Outside Statutory Auditor for the reason outlined above.</p>			
<p>■Special notes related to a candidate for Outside Statutory Auditor</p> <ol style="list-style-type: none"> Mr. Tetsu is a candidate for Outside Statutory Auditor as set forth in Article 2, Paragraph 3, item 8 of the Ordinance for Enforcement of the Companies Act. The Company will notify Tokyo Stock Exchange, Inc. of the designation of Mr. Tetsu as Independent Officer as required by its regulations. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with Mr. Tetsu to limit his liability under Article 423, Paragraph 1 of said Act, subject to approval of his election. Total liability for damages under such agreement shall be limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act. 			

3	<p>Makoto Matsuo (Born May 28, 1949)</p> <p><input type="checkbox"/> New election</p> <p><input type="checkbox"/> Outside Director</p> <p><input type="checkbox"/> Independent Officer</p> <p>Number of shares in the Company owned: 0 shares</p>	<p>Career summary, positions in the Company, and significant concurrent positions</p> <table border="0"> <tr> <td style="padding-right: 10px;">April</td> <td style="padding-right: 10px;">1975</td> <td>Registered as Attorney at Law admitted in Japan</td> </tr> <tr> <td>March</td> <td>1979</td> <td>Registered as Attorney at Law admitted in New York</td> </tr> <tr> <td>September</td> <td>1980</td> <td>Partner of Ozaki & Momo-o</td> </tr> <tr> <td>April</td> <td>1989</td> <td>Established Momo-o, Matsuo & Namba</td> </tr> <tr> <td colspan="2"></td> <td>Partner of Momo-o, Matsuo & Namba (Current position)</td> </tr> </table> <p>[Significant concurrent position at other company] Attorney at Law Outside Director of CAPCOM Co., Ltd. (Member of the Audit and Supervisory Committee) Outside Statutory Auditor of Solasia Pharma K.K.</p>	April	1975	Registered as Attorney at Law admitted in Japan	March	1979	Registered as Attorney at Law admitted in New York	September	1980	Partner of Ozaki & Momo-o	April	1989	Established Momo-o, Matsuo & Namba			Partner of Momo-o, Matsuo & Namba (Current position)
	April	1975	Registered as Attorney at Law admitted in Japan														
	March	1979	Registered as Attorney at Law admitted in New York														
September	1980	Partner of Ozaki & Momo-o															
April	1989	Established Momo-o, Matsuo & Namba															
		Partner of Momo-o, Matsuo & Namba (Current position)															
<p>[Reasons for nominating a candidate to be Outside Statutory Auditor] The Company requests shareholders to elect Mr. Matsuo as Outside Statutory Auditor because the Company believes that as a lawyer well versed in corporate legal practices both in Japan and overseas, he will be capable of executing his duty as Outside Statutory Auditor appropriately from expert's point of view. While Mr. Matsuo has not been involved in corporate management, we believe that he is able to appropriately perform the duties of Outside Statutory Auditor for the reason outlined above.</p>																	
<p>■Special notes related to a candidate for Outside Statutory Auditor</p> <ol style="list-style-type: none"> 1. Mr. Matsuo is a candidate for Outside Statutory Auditors as set forth in Article 2, Paragraph 3, item 8 of the Ordinance for Enforcement of the Companies Act. 2. The Company will notify Tokyo Stock Exchange, Inc. of the designation of Mr. Matsuo as Independent Officer as required by its regulations. 3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with Mr. Matsuo to limit his liability under Article 423, Paragraph 1 of said Act, subject to approval of his election. Total liability for damages under such agreement shall be limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act. 																	

Notes: 1. Mr. Hitoshi Hayano has a contract for building his house with the Company.
2. Mr. Yoshimasa Tetsu and Mr. Makoto Matsuo have any special conflicts of interest with the Company.
3. The number of shares in the Company owned by each candidate stated above is as of March 31, 2018.

Proposal No. 4: Payment of Bonuses to Directors

The Company hereby proposes to pay bonuses in the total amount of 146,000,000 yen for eight (8) Directors, excluding Outside Directors, among ten (10) Directors in office at the end of this business term, comprehensively taking into account the operating performance for this business term and other relevant factors.

The Company also proposes that bonus amount for each Director be determined by the Board of Directors.

Proposal No. 5: Determination of Remuneration for the Allotment of Shares with Restriction on Transfer to Directors (Excluding Outside Directors)

At the 76th Annual General Meeting of Shareholders held on June 24, 2016, the amount of remuneration for the Company's Directors of not more than JPY 40,000,000 per month (of which the amount for Outside Directors being not more than JPY 5,000,000 per month), and at the 75th Annual General Meeting of Shareholders held on June 23, 2015, the amount of remuneration for the Company's Directors concerning stock acquisition rights as stock-based compensation stock option of not more than JPY 100,000,000 per year (excluding Outside Directors) were approved, respectively.

As part of the revision of its executive remuneration plans, the Company proposes to introduce a remuneration plan ("Plan") through which shares with restriction on transfer will be allotted to Directors (excluding Outside Directors), in order to give incentives for them to strive to increase the medium- and long-term corporate value, at the same time as realizing a prompt sharing of value with our shareholders by having such Directors hold shares from the time of allotment, as compared to the stock acquisition rights as stock-based compensation stock option .

Accordingly, separately from the current amount of remuneration for Directors, the Company proposes to provide our Directors (excluding Outside Directors) with monetary compensation receivables in order to allot them shares with restriction on transfer. The Company proposes to set the amount of this additional remuneration at not more than JPY 100,000,000 per year, which equals to the amount of remuneration under the existing stock acquisition rights as stock-based compensation stock option, and which amount the Company considers to be reasonable based on the purpose mentioned above. In order to ensure fairness and transparency of the determination of remuneration and other matters in respect of Directors, the Company has in place a Nominating and Compensation Advisory Committee to serve as an advisory body to the board of directors. The Company has obtained an opinion from such committee that introduction of the Plan is appropriate.

Upon introduction of the Plan, the Company will abolish the provisions on the amount of remuneration in respect of stock acquisition rights as stock-based compensation stock option and, except for those already in issue, the Company will no longer allot any stock acquisition rights as stock-based compensation stock option based on such provisions on the amount of remuneration.

Currently, the number of Directors is ten (10) (of which two (2) are Outside Directors). Even when Proposal No. 2 is approved without modification, the number of Directors eligible for the remuneration described in this Proposal will remain at eight (8).

The specific details of the Plan are as follows:

1. Allotment of and payment for the ¥shares with restriction on transfer

The Company will, pursuant to the resolution of the board of directors meeting, provide to Directors (excluding Outside Directors) monetary compensation receivables within the annual limit amount stated above, as remuneration in order to conduct allotment of shares with restriction on transfer. Each Director will accept allotment of shares with restriction on transfer by providing all of such monetary compensation receivables by contribution in kind.

The amount to be paid in for shares with restriction on transfer will be determined by the board of directors, based on the closing price of the common share of the Company quoted at the Tokyo Stock Exchange as of the business day immediately preceding the date of resolution of the board of directors

meeting concerning issuance or disposition of such shares (if no transaction is executed on such date, then the closing price quoted as of the immediately preceding trading day), which amount shall be within the scope that will not be particularly beneficial to Directors who will accept such shares with restriction on transfer.

With respect to provision of the monetary compensation receivables, such shall be made on condition that Directors of the Company have agreed to contribution in kind stated above and that Directors have concluded an agreement on allotment of shares with restriction on transfer containing the contents set forth in 3 below.

2. Total number of the shares with restriction on transfer

The maximum number of shares with restriction on transfer to be allotted to Directors (excluding Outside Directors) during the period of one (1) year commencing on the date of the relevant annual general meeting of shareholders pertaining to each business year shall be 350,000 shares.

Notwithstanding the foregoing, if, on any day on or after the date of resolution on this Proposal, a share split (including allotment of the common shares of the Company without contribution) or a reverse share split of the common shares of the Company is conducted, or in the event of arising of any other equivalent case which requires an adjustment of the total number of shares with restriction on transfer to be allotted, the Company may make an appropriate adjustment to such total number of shares with restriction on transfer within the reasonable scope.

3. Outline of the agreement on allotment of shares with restriction on transfer

Upon allotment of shares with restriction on transfer, the Company and Directors who will receive allotment of shares with restriction on transfer shall conclude an agreement on allotment of shares with restriction on transfer (“Allotment Agreement”) containing the following provisions, pursuant to the resolution of the board of directors meeting.

(1) Details of restriction on transfer

Directors who have received allotment of shares with restriction on transfer may not assign, provide as collateral or otherwise dispose of such shares with restriction on transfer to a third party for a period of thirty (30) years (“Restriction Period”).

(2) Treatment upon retirement

If any Director who has received allotment of shares with restriction on transfer retires from the post of both Director and Executive Officer of the Company on or prior to the day immediately preceding the date of the first annual general meeting of shareholders of the Company arriving on or after the commencement date of the Restriction Period, the Company shall automatically acquire shares with restriction on transfer allotted to such Director (“Allotted Shares”) without consideration, except for the case of expiry of term of office, death or where there is any other reason deemed justifiable by the board of directors.

(3) Removal of restriction on transfer

On condition that Director who has received allotment of shares with restriction on transfer continues to be in the office of either Director or Executive Officer of the Company during the period commencing

on the date of commencement of the Restriction Period until the date of the first annual general meeting of shareholders of the Company arriving on or after the date of commencement of the Restriction Period, the Company shall remove the restriction on transfer in respect of all of the Allotted Shares as at the time of expiry of the Restriction Period.

Notwithstanding the foregoing, if the relevant Director retires from its post of both Director and Executive Officer of the Company prior to the expiry of the Restriction Period due to expiry of term of office, death or any other reason deemed justifiable by the board of directors, the number of the Allotted Shares subject to removal of restriction on transfer and the timing of removal of restriction on transfer shall be adjusted in a reasonable manner and as required.

From among the Allotted Shares, should there be any of them with respect to which removal of restriction on transfer under the provisions of this item has not been made at the time of expiry of the Restriction Period, the Company shall automatically acquire them without consideration.

(4) Treatment at the time of entity conversion or the like

If a proposal concerning merger agreement where the Company becomes the disappearing company, share exchange agreement or share transfer plan where the Company becomes the wholly-owned subsidiary, or any other proposal regarding entity conversion or the like is passed at the Company's general meeting of shareholders (or at the board of directors, where such entity conversion or the like does not require approval of the Company's general meeting of shareholders) during the Restriction Period, the Company shall, prior to the date of effectuation of such entity conversion or the like, remove the restriction on transfer for the number of the Allotted Shares reasonably determined considering the period from date of commencement of the Restriction Period until the date of approval of such entity conversion or the like, pursuant to the resolution of the board of directors meeting.

In this case, the Company shall automatically acquire without consideration the Allotted Shares with respect to which the restriction on transfer still is not removed as at the time immediately after the removal of the restriction on transfer pursuant to the foregoing provision.

(5) Others provisions

In addition to the above, method of manifestation of intention and notice under the Allotment Agreement, method of amendment of the Allotment Agreement and other matters determined by the board of directors shall be included in the Allotment Agreement.

<Reference Information>

The Company plans to introduce a plan which shall be equivalent to the Plan, for the Company's Executive Officers (excluding Executive Officers who concurrently serve as Directors) from and the after the close of this general meeting of shareholders.

CONSOLIDATED BALANCE SHEET

As of March 31, 2018

(Million yen)

ASSETS**Current assets:**

Cash and time deposits	¥	105,865
Notes and accounts receivable-trade		127,387
Accounts receivable from completed construction contracts		8,255
Marketable securities		5,010
Finished goods, logs and lumber		17,603
Work in process		1,268
Raw materials and supplies		7,602
Costs on uncompleted construction contracts		25,322
Developed land and housing for sale		55,751
Real estate for sale in process		138,457
Deferred tax assets		6,531
Short-term loans receivable		15,479
Accounts receivable-other		41,722
Other		16,191
Allowance for doubtful accounts		(343)

Total current assets**572,101****Noncurrent assets:****Property, plant and equipment:**

Buildings and structures		40,774
Machinery, equipment and vehicles		29,187
Land		34,216
Mature timber		36,735
Leased assets		5,337
Construction in progress		2,700
Other		4,165

Total property, plant and equipment**153,113****Intangible assets:**

Goodwill		15,762
Other		13,309

Total intangible assets**29,071****Investments and other assets:**

Investment securities		131,470
Long-term loans receivable		2,294
Net defined benefit assets		138
Deferred tax assets		3,279
Other		14,657
Allowance for doubtful accounts		(2,440)

Total investments and other assets**149,398****Total noncurrent assets****331,581****Total assets****¥ 903,682**

CONSOLIDATED BALANCE SHEET

As of March 31, 2018

(Million yen)

LIABILITIES**Current liabilities:**

Notes and accounts payable-trade	¥	111,587
Accounts payable for construction contracts		70,266
Short-term loans payable		40,490
Current portion of bonds with subscription rights to shares		20,000
Lease obligations		1,100
Income taxes payable		4,830
Advances received on uncompleted construction contracts		50,242
Provision for employees' bonuses		11,708
Provision for directors' bonuses		146
Provision for warranties for completed construction		3,595
Asset retirement obligation		584
Other		42,978

Total current liabilities **357,527**

Long-term liabilities:

Bonds issued		50,000
Long-term loans payable		84,374
Lease obligations		4,666
Deferred tax liabilities		17,003
Provision for directors' retirement benefits		112
Net defined benefit liability		16,723
Asset retirement obligation		922
Other		26,715

Total long-term liabilities **200,516**

Total liabilities **558,043**

NET ASSETS**Shareholders' equity:**

Common stock		32,672
Capital surplus		23,637
Retained earnings		219,562
Treasury stock		(2,333)

Total shareholders' equity **273,538**

Accumulated other comprehensive income:

Valuation difference on available-for-sale securities		33,258
Deferred gains or losses on hedges		(221)
Foreign currency translation adjustment		5,053
Remeasurements of defined benefit plans		9

Total accumulated other comprehensive income **38,099**

Subscription rights to shares **129**

Non-controlling interests **33,873**

Total net assets **345,639**

Total liabilities and net assets **¥ 903,682**

CONSOLIDATED STATEMENTS OF INCOME

For the year ended March 31, 2018

	(Million yen)
Net sales	¥ 1,221,998
Cost of sales	1,002,683
<u>Gross profit</u>	<u>219,315</u>
Selling, general and administrative expenses	166,294
<u>Operating income</u>	<u>53,021</u>
Non-operating income:	
Interest income	445
Purchase discounts	371
Dividends income	1,440
Equity in earnings of affiliates	3,026
Other	3,095
Total non-operating income	8,377
Non-operating expenses:	
Interest expenses	1,387
Sales discounts	704
Foreign exchange losses	188
Other	1,253
Total non-operating expenses	3,532
<u>Recurring income</u>	<u>57,865</u>
Extraordinary gains:	
Gain on sales of noncurrent assets	62
Gain on sales of investment securities	132
Gain on step acquisitions	6,464
Total extraordinary gains	6,658
Extraordinary loss:	
Loss on sales of noncurrent assets	82
Loss on retirement of noncurrent assets	151
Impairment loss	5,727
Loss on sales of investment securities	24
Total extraordinary loss	5,985
<u>Income before income taxes and minority interests</u>	<u>58,538</u>
Income taxes-current	16,846
Income taxes-deferred	3,060
<u>Net income</u>	<u>38,632</u>
Net income attributable to non-controlling interests	8,497
<u>Net income attributable to owners of parent</u>	¥ <u>30,135</u>

NON-CONSOLIDATED BALANCE SHEET

As of March 31, 2018

(Million yen)

ASSETS

Current assets:

Cash and time deposits	¥	79,277
Notes receivable-trade		49,891
Accounts receivable-trade		61,877
Accounts receivable from completed construction contracts		1,538
Marketable securities		5,010
Finished goods, logs and lumber		12,446
Costs on uncompleted construction contracts		14,829
Developed land and housing for sale		20,773
Real estate for sale in process		6,744
Advance payments		884
Prepaid expenses		847
Deferred tax assets		4,303
Short-term loans receivable		15,000
Short-term loans receivable from subsidiaries and affiliates		12,459
Accounts receivable-other		61,336
Other		985
Allowance for doubtful accounts		(667)

Total current assets **347,532**

Noncurrent assets:

Property, plant and equipment:

Buildings		11,348
Structures		722
Machinery and equipment		1,014
Vehicles		2
Tools, furniture and fixtures		856
Land		12,866
Mature timber		8,672
Growing timber		400
Leased assets		3,468
Construction in progress		1,909

Total property, plant and equipment **41,257**

Intangible assets:

Telephone subscription right		180
Right of utilization on forest road		102
Right of using facilities		2
Industrial property rights		20
Software		4,237

Total intangible assets **4,541**

Investments and other assets:

Investment securities		78,736
Stocks of subsidiaries and affiliates		152,417
Investments in other securities of subsidiaries and affiliates		471
Long-term loans receivable		249
Long-term loans receivable from employees		24
Long-term loans receivable from subsidiaries and affiliates		16,283
Claims provable in bankruptcy, claims provable in rehabilitation and other		2,341
Long-term prepaid expenses		681
Other		4,355
Allowance for doubtful accounts		(8,684)

Total investments and other assets **246,874**

Total noncurrent assets

Total assets **¥ 640,204**

NON-CONSOLIDATED BALANCE SHEET

As of March 31, 2018

(Million yen)

LIABILITIES**Current liabilities:**

Notes payable-trade	¥	19,688
Accounts payable-trade		73,293
Accounts payable for construction contracts		75,050
Current portion of bonds with subscription rights to shares		20,000
Long-term loans payable due within 1 year		2,661
Lease obligations		1,158
Accounts payable-other		6,552
Income taxes payable		492
Accrued consumption taxes		650
Accrued expenses		1,050
Advances received		957
Advances received on uncompleted construction contracts		38,023
Deposits received		37,308
Unearned revenue		1,296
Provision for employees' bonuses		6,440
Provision for directors' bonuses		146
Provision for warranties for completed construction		2,091
Asset retirement obligation		584
Other		319

Total current liabilities **287,756**

Long-term liabilities:

Bonds issued		50,000
Long-term loans payable		15,730
Guarantee deposited		4,678
Lease obligations		2,377
Deferred tax liabilities		12,751
Provision for retirement benefits		7,532
Provision for loss on business of subsidiaries and affiliates		2,099
Asset retirement obligation		708
Other		2,570

Total long-term liabilities **98,445**

Total liabilities **386,201**

NET ASSETS**Shareholders' equity:**

Common stock		32,672
Capital surplus:		
Legal capital surplus		31,613
Other capital surplus		259
<u>Total capital surplus</u>		<u>31,872</u>
Retained earnings:		
Legal retained earnings		2,857
Other retained earnings		
Reserve for special depreciation		72
Reserve for reduction entry		1,715
General reserve		134,750
Retained earnings brought forward		17,113
Total other retained earnings		153,650
<u>Total retained earnings</u>		<u>156,507</u>
Treasury stock		(283)

Total shareholder's equity **220,768**

Valuation and translation adjustments:

Valuation difference on available-for-sale securities		33,326
Deferred gains or losses on hedges		(221)

Total valuation and translation adjustments **33,105**

Subscription rights to shares **129**

Total net assets **254,003**

Total liabilities and net assets **¥ 640,204**

NON-CONSOLIDATED STATEMENTS OF INCOME

For the year ended March 31, 2018

	(Million yen)
Net sales:	
Net sales of goods	¥ 389,839
Completed contracts	311,696
Total net sales	701,534
Cost of sales:	
Cost of goods sold	371,479
Cost of completed contracts	233,296
Total cost of sales	604,774
<u>Gross profit</u>	<u>96,760</u>
Selling, general and administrative expenses:	86,459
<u>Operating income</u>	<u>10,301</u>
Non-operating income:	
Interest income	319
Interest on securities	17
Purchase discounts	260
Dividends income	7,866
Other	965
Total non-operating income	9,427
Non-operating expenses:	
Interest expenses	222
Bond interest expenses	75
Sales discounts	558
Other	673
Total non-operating expenses	1,528
<u>Recurring income</u>	<u>18,201</u>
Extraordinary income:	
Gain on sales of noncurrent assets	35
Gain on sales of investment securities	16
Total extraordinary income	51
Extraordinary loss:	
Loss on sales of non-current assets	7
Loss on retirement of noncurrent assets	83
Loss on valuation of investments in capital of subsidiaries and affiliates	301
Loss on valuation of stocks of subsidiaries and affiliates	50
Total extraordinary loss	440
<u>Income before income taxes</u>	<u>17,811</u>
Income taxes-current	3,339
Income taxes-deferred	927
<u>Net income</u>	¥ <u>13,545</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.)

– End –