



March 1, 2018
Shinoken Group Co., Ltd.

Subsidiarizing local General Contractor in Indonesia ! ! Strengthening General Contractor Business in the rapidly growing market of Indonesia !

Shinoken Group Co., Ltd. (Tokyo Office : Minato-ku, Tokyo, President and Representative Director : Hideaki Shinohara JASDAQ 8909, further referred to as Shinoken) has decided to subsidiarize PT Mustika Cipta Kharisma (Further referred to as Mustika), an Indonesian local General Contractor, in attempt to strengthen the basis of General Contractor Business in the upgrowing Indonesian market with increasing demands for construction projects, and also to strengthen the collaboration with Ogawa corporation (Further referred to as Ogawa), in order to further propel Shinoken's General Contractor Business in Indonesia.

Combining Ogawa's Japanese Quality and Mustika's Knowledge of Local construction !

Shinoken's General Contractor Business in Indonesia started in 2015, by the opening of the representative office of Ogawa, also a subsidiary of Shinoken. In the same year, an advisory contract was made between Mustika and Ogawa, and since then, Ogawa has technically and financially supported Mustika's business in receiving construction orders.

Since the contract with Ogawa, Mustika has added Japanese quality to its construction skills, drastically improving the quality of their work, and has obtained Highway constructions and Large-scale power plant construction orders, as part of the infrastructure projects promoted by the Indonesian government, thus leading to dramatically higher revenue.

Since the support provided to Mustika as the form of technical guidance has shown a

certain level of achievement, and since the synergy effect caused by the collaboration has been confirmed, Shinoken has decided on dispatching board members, subsidiarizing Mustica which has now gained importance, making it one of the subsidiaries that takes on the General Contractor Business in Indonesia, thus expanding Shinoken's basis for General Contractor Business in Indonesia and propelling the General Contractor Business further on.

Taking in the growing and perpetuating high demands for construction in Indonesia ! !

The construction market in Indonesia is expected to show dramatic growth due to the high expectations for nonofficial investment growth and infrastructure investment propelled by the Indonesian government that follows the economic growth backed up by the massive market populated by 260 Million. According to the estimate based on the report by ADB (Asian Development Bank), the required amount of infrastructure investment in Indonesia during the 15 years of 2016 to 2030 is \$ 1.2 Trillion Dollars, which is over 50% of the total required infrastructure investment \$ 2.3 Trillion for the 5 main ASEAN countries (Indonesia, Vietnam, Philippines, Thailand, Malaysia) during the same period. This why the demand for construction is estimated to show a steady growth in Indonesia.

Mustika possesses the structure that can carry out both engineering constructions and architectural constructions and is carrying out a wide range of constructions, including highways, factories and apartments. Therefore, Mustika is expected to take in the upgrowing Indonesian construction demands.

Strengthening the synergy with our existing Indonesian Business ! !

Establishing a comprehensive Real Estate Business Model in Indonesia, by our limitless pursuit for business opportunities !

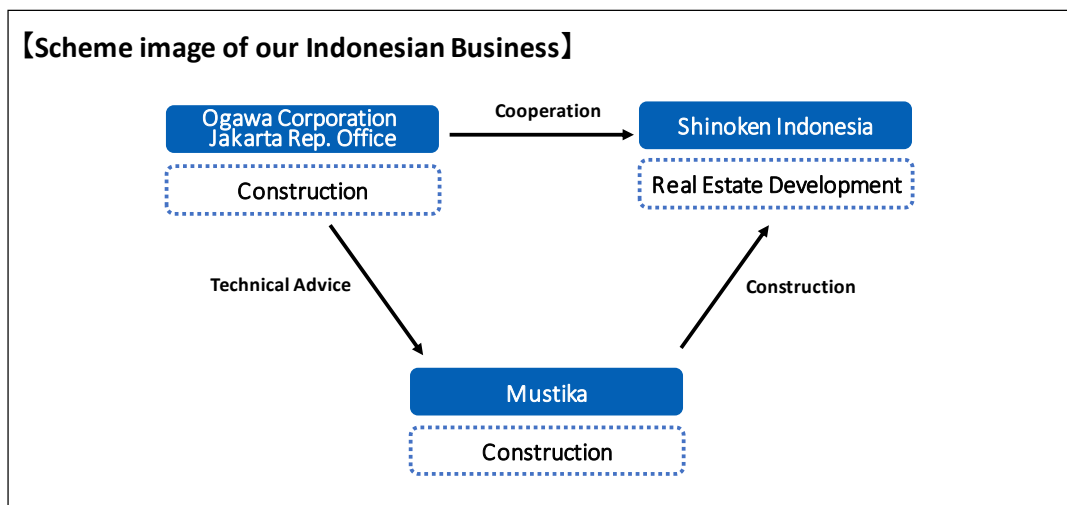
Along with General Contractor Business initiated by the Jakarta Representative Office of Ogawa, Shinoken is currently developing "Sakura-Terrace", the Indonesian-localized version of the Japanese "Harmony Terrace" Apartment line-up, via local subsidiary PT. Shinoken Development Indonesia (Further referred to as Shinoken Indonesia) .

Although previously our group synergy was limited to Shinoken Indonesia's Real Estate development and the according construction cooperation by Ogawa, subsidiarizing

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Mustika will enable Mustika to initiate the construction on its own. By this, an integrated system from development to construction can be established, and once the construction is done, the same Stock Business model of management and leasing as in Japan will be established, thus strengthening our group synergy in Indonesia and expecting higher revenue.

By developing Real Estate as Hard Asset and providing Soft Service with Japanese quality, we can provide attractive products and aim to show higher presence of Shinoken in Indonesia.



Shinoken aims to establish a comprehensive Real Estate Business in Indonesia. As for other new business that follows General Contractor Business, Real Estate Development Business, we have already started discussions with the related parties, and we will disclose as soon as it meets the appropriate stage.

【Outline of Mustika】

Trade name	PT Mustika Cipta Kharisma
Head Office	Cluster Sinpasa Commercial Blok SC/16 Marga Mulya Bekasi Utara, Kota Bekasi, Indonesia 17141
Representative	Slamet Sutriyadi
Established	2004
Capital	5 Billion Rupiah

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【Projects by Mustika (Partial)】

“Sakura Terrace” Construction



Large scale powerplant Construction



Highway Construction



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