

September 1, 2010

**Notice of Acquisition of KBM by Shinoken Group Consolidated Subsidiary
Shinoken Facilities**

Shinoken Group Co. Ltd. hereby provides notice that on September 1, 2010 the board of directors passed a resolution approving the acquisition of all outstanding shares (except treasury shares) of KBM Co., Ltd. (KBM") by Shinoken Facilities Co. Ltd., a Shinoken Group consolidated subsidiary ("Shinoken Facilities;" Hakata-ku, Fukuoka; Hideaki Shinohara, CEO). Concurrent with this, the board of directors of Shinoken Facilities on the same day passed a resolution concerning this acquisition.

1. Reason for the acquisition of shares

Shinoken Facilities is an operating company that specializes in real estate rental management business, providing support for rental housing management, including finding tenants for rental housing, collecting rent, and handling maintenance. In this capacity, it has grown to have more than 11,000 units under its management and its revenue has also been steadily growing.

KBM's core business areas are custodial management business, including building maintenance services and security services, and other real estate-related business, including real estate brokerage services and management services. In connection with its custodial management business KBM has contracts with owners of commercial buildings and multi-tenant residential buildings, mainly in the 23 Tokyo wards, to provide building cleaning services, and it also has contracts to provide real estate rental management services. It has secured a steady stream of revenue in both of these areas thanks to its good relationships with both building owners and tenants.

Bringing KBM into the Shinoken Group is expected to improve the profit structure of Shinoken Facilities' real estate rental management business. By having KBM handle the cleaning services at the apartments and condominiums managed by Shinoken Facilities, the cost reduction benefits of insourcing will be achievable. Furthermore, it should expand the scale of our operations, expand the domains in which we operate, and also expand our customer base. For example, it will be possible to add the sales from KBM's real estate management to our steady state revenue.

Additionally, because custodial management business, including building maintenance services and security services, are a core business area for KBM, Shinoken Group will be adding building maintenance as one of our real estate -related business. Adding building maintenance to our core businesses should not only enhance Shinoken's value proposition, it should also bolster the strength of our products and our selling capability.

As a second-tier subsidiary of Shinoken Group, Shinoken Facilities is treated as a consolidated subsidiary. Shinoken Facilities is a subsidiary of Shinoken Produce Co. Ltd., which is a wholly owned subsidiary of Shinoken Group.

2. Shinoken Group medium to longer term business strategy

Shinoken Group converted to a holding company structure in October 2007, and in April 2008 Shinoken Produce Co. Ltd. (former name: Shinoken Co. Ltd.) transferred its investment condominium sales business to Nissho Harmony Corporation. Additionally, in April 2009 the real estate rental management business of Shinoken Produce Co. Ltd. (former name: Shinoken Co. Ltd.) was transferred to Shinoken Facilities by way of an inter-consolidated subsidiary absorption-type demerger.

This put in place a framework under which each of the operating companies belonging to Shinoken Group can focus their efforts on their respective core business areas. By seeking to reinforce our real estate-related business, which is centered on the core real estate sales and real estate rental management businesses, while at the same time bringing in additional steady-state revenue from areas such as real estate rental management and LP gas sales, we aim to achieve sustainable growth. In doing so, as our medium to longer term business strategy we are seeking to improve the efficiency with we manage operations across the entire Shinoken Group.

<Main elements of Shinoken Group's medium to longer term business strategy>

- Reinforce real estate-related business, which are centered on our core businesses, the real estate sales segment and the real estate rental management segment
- Achieve sustainable growth by bringing in additional steady-state revenue from real estate rental management and LP gas sales
- Expand the scale of operations, the domains in which we operate, and our customer base

By making KBM a consolidated subsidiary, we believe that along with giving shape to Shinoken Group's medium to longer term business strategy, we will further enhance the future enterprise value of the company.

3. Method for the change in ownership

Shinoken Facilities will acquire 78.72% of KBM's shares (100% of shares if treasury shares are excluded) from Mr. Mitsuru Nishikawa in cash.

4. Profile of subsidiary (KBM) to be transferred

(1) Name	KBM Co., Ltd.		
(2) Head office	2-38-21 Hongo, Bunkyo-ku, Tokyo		
(3) Name and title of representative	Mitsuru Nishikawa, CEO		
(4) Activities	Brokerage services including buying and selling, exchange and rental of real estate, and management Administrative operations including cleaning, maintenance and security of buildings		
(5) Capital	60,300 thousand yen		
(6) Established	July 5, 1974		
(7) Major shareholders and ownership ratio	Mitsuru Nishikawa	78.72%	
	KBM (treasury shares)	21.28%	
(8) Relationship between listed company and KBM	Capital	No suitable information provided	
	Personnel	No suitable information provided	
	Business	No suitable information provided	
	Related party information	No suitable information provided	
(9) KBM's recent three-year operating results and financial condition	(Yen in thousands)		
	December 31, 2007	December 31, 2008	December 31, 2009
Net assets	94,590	85,390	71,692
Total assets	159,350	156,413	126,258
Net assets per share (yen)	915.33	866.55	755.13
Net sales	321,858	307,441	272,046

Operating income	(12,193)	(10,143)	(14,168)
Ordinary income	(10,411)	(9,199)	(13,651)
Net income	(10,411)	(9,199)	(13,698)
Net income per share (yen)	(100.74)	(91.13)	(141.60)
Dividends per share (yen)			

5. Profile of individual acquiring shares

(1) Name	Mitsuru Nishikawa
(2) Address	Bunkyo-ku, Tokyo
(3) Relationship between listed company and the individual	No suitable information provided

6. Profile of subsidiary (second-tier subsidiary) to be acquired

(1) Name	Shinoken Facilities Co. Ltd.
(2) Head office	1-15-22 Hakataeki-minami, Hakata-ku, Fukuoka-shi, Fukuoka
(3) Name and title of representative	Hideaki Shinohara, President and CEO
(4) Activities	Real Estate Rental Management business
(5) Capital	50,000 thousand yen
(6) Major shareholder and ownership ratio	Shinoken Produce 100.00% *Shinoken Produce is a wholly owned consolidated subsidiary of Shinoken Group.

7. Number of shares acquired, acquisition price and shares held

(1) Number of shares held before transfer	(Number of voting rights:) (Ownership ratio:)
(2) Number of shares acquired	94,940 shares (Number of voting rights: 94,940 rights) (Acquisition price: 55,065 thousand yen)
(3) Number of shares held after transfer	94,940 shares (Number of voting rights: 94,940 rights) (Ownership ratio: 78.28%) *If treasury shares are excluded from shares outstanding, the percentage of voting rights will be 100.00%.
(4) Basis for determining acquisition price	Shinoken Group asked an independent firm to calculate the value of KBM stock for the purpose of ensuring that the value of this stock is determined in a manner that is fair and proper. This firm combined two valuation methods to calculate the value of KBM stock: the revised net asset price method based on a financial study of KBM and the discounted cash flow method based on earnings. Shinoken Group used the results of these calculations as reference to conduct thorough negotiations and discussions with Mr. Mitsuru Nishikawa. The decision has been made to proceed with the purchase of this stock by using the agreed acquisition price resulting from these negotiations and discussions.

8. Schedule

Resolution by board of directors * September 1, 2010

Date of delivery September 2, 2010

*The three companies, Shinoken Group, Shinoken Produce and Shinoken Facilities held board of directors meetings on the same day and have gained board of directors' approval for the acquisition.

9. Outlook

The effect of the acquisition of shares is minimal and there will be no revisions to full year consolidated business forecasts.