

*August 9, 2011*

### **Notice of Absorption-Type Merger among Consolidated Subsidiaries**

Shinoken Group Co., Ltd. and its wholly owned subsidiaries Nissho Harmony Corporation (“NHC”) and Shinoken Produce Co., Ltd. (“SKP”), at each board of directors meeting held today, resolved to implement an absorption-type merger (“the merger”) between NHC and SKP, with NHC as the surviving company. Details are shown below.

Shinoken has partially omitted the disclosure details as the merger will be conducted among its wholly owned subsidiaries.

#### **1. Purpose of merger**

Both NHC and SKP are engaged in real estate sales business, which is Shinoken Group’s core business. NHC develops and sells investment condominiums under its own brand in the Tokyo metropolitan area, while SKP conducts investment apartment building sales business and investment condominium development business in Fukuoka area. Both companies are Shinoken Group’s core consolidated subsidiaries.

Shinoken Group carries out measures including concentration of management resources mainly on the core real estate sales business and rationalization of management. With the purpose of using management resources more efficiently and improving real estate-related services and quality, Shinoken Group decided to restructure the company through absorption-type merger among NHC and SKP by integrating investment condominium development business and contract for investment apartment construction business into NHC to streamline the real estate sales development business within the group.

#### **2. Outline of merger**

##### **(1) Schedule**

August 9, 2011	Approval of merger agreement at the board of directors meeting (Shinoken, NHC, SKP)
August 9, 2011	Signing of merger agreement (NHC, SKP)
September 16, 2011 (scheduled)	Approval of merger agreement at the shareholders’ meeting (NHC, SKP)
September 30, 2011 (scheduled)	Scheduled date of merger (effective date)

##### **(2) Merger method**

An absorption-type merger in which NHC will be the surviving company and SKP will be dissolved. SKP is expected to be dissolved as of the effective date.

##### **(3) Content of allocation**

As the merger will be conducted among the wholly owned subsidiaries of Shinoken, shares and other properties will not be allocated.

##### **(4) Handling of stock acquisition rights and bonds with stock acquisition rights**

None

### 3. Outline of merging companies (as of December 31, 2010)

(1) Name	Nissho Harmony Corporation (surviving company)	Shinoken Produce Co., Ltd. (dissolving company)
(2) Activities	Development and sales of condominiums (Tokyo area)	Planning and sales of apartments Contract for apartment construction work Development of apartments (Fukuoka area) Other business
(3) Established	May 30, 2007	May 14, 1990
(4) Location	2-5-5 Daimon, Shiba, Minato-ku, Tokyo	2-5-5 Daimon, Shiba, Minato-ku, Tokyo
(5) Name and title of representative	Yoshiaki Miura, President and CEO	Hideaki Shinohara, President and CEO
(6) Capital	60 million yen	460 million yen
(7) Outstanding shares	210 shares	19,900 shares
(8) Fiscal year end	December 31	December 31
(9) Major shareholders and ownership ratio	Shinoken 100%	Shinoken 100%
(10) Recent operating results and financial condition		
	Year ended December 31, 2010	Year ended December 31, 2010
Net assets	1,492 million yen	(3,059) million yen
Total assets	3,629 million yen	8,247 million yen
Net assets per share	7,105,673.27 yen	(153,732.63) yen
Net sales	10,055 million yen	7,457 million yen
Operating income	903 million yen	198 million yen
Ordinary income	756 million yen	(244) million yen
Net income	438 million yen	266 million yen
Net income per share	2,089,874.62 yen	13,411.80 yen

\* As mentioned in the "Notice of Name Change of Subsidiary" announced on July 8, 2011, Nissho Harmony Corporation will change its name to Shinoken Harmony Co., Ltd. on September 30, 2011.

#### 4. Status following the merger

There are no changes in the location, name and title of representative, activities, capital and fiscal year end at NHC due to the merger.

#### 5. About posting deferred tax assets

Shinoken expects to post about 700 million yen in deferred tax assets related to tax effect accounting for the nine months ending September 2011 (consolidated) in accordance with NHC taking over SKP's loss carried forward due to the merger.

#### 6. Measures conducted simultaneously with the merger

In accordance with the merger, planning and sales of investment apartment buildings will be conducted at Shinoken Maintenance Co., Ltd. after the effective date. Moreover, the company will change its name to Shinoken Produce Co., Ltd. on October 1, 2011 (scheduled) and will be relocated to 2-5-5 Daimon, Shiba, Minato-ku, Tokyo.

<Outline of Shinoken Maintenance Co., Ltd.>

Name	Shinoken Maintenance Co., Ltd.
Activities	Planning and sales of investment apartments
Established	May 24, 2011
Location	2-3-3 Shiba, Minato-ku, Tokyo
Name and title of representative	Hideaki Shinohara, President and CEO
Capital	30 million yen
Major shareholders and ownership ratio	Shinoken Group 100%

7. Outlook

The effect of the merger on the Shinoken Group's consolidated operating results is insignificant as the merger is among the wholly owned subsidiaries of Shinoken. Regarding the effect of the posting of deferred tax assets in the above section 5 on the operating results for the year ending December 2011, please see the "Notice Regarding Posting of Deferred Tax Assets and Revisions to Business Forecasts" released today.