

November 27, 2012

Notice Concerning Acquisition of Recross Co., Ltd. Shares (Purchase of Shares through Private Placement) and Transfer of Subsidiary

Shinoken Group Co., Ltd., at the board of directors meeting held on November 27, 2012, resolved to purchase Recross Co., Ltd. shares through private placement and make it into a consolidated subsidiary. Details are presented below.

1. Reason for purchasing shares through private placement

Shinoken Group mainly operates real estate-related business including sales of investment apartment buildings and condominiums, real estate rental management, back rent guarantee and LP gas sales. Rental housing management scheme is widely supported by individual investors because even businessmen and civil servants can work on rental housing management at their ease.

Recross is mainly engaged in nursing care-related consulting and has substantial experience in such as developing and planning “serviced elderly housing” and converting existing rental housing into rental housing for elderly people. Also, while establishing a nursing care-related network using its own partner system, Recross provides nursing care-related consulting services distinctively different from other companies including operation of aging society support portal site ‘Kotobuki Life Town.’

Shinoken Group’s strategy is to efficiently operate its business by maximizing synergy effect among the group companies and the basic policy is to provide reasonable investment rental housing and related services with high customer satisfaction.

With the purchase of Recross shares through private placement, nursing care business knowhow of Recross and Shinoken Group’s real estate-related business knowhow will be fused and converting rental management properties into houses for elderly people is expected to lead to higher occupancy rate. Creation of new group synergy is also anticipated as the purchase of shares through private placement enables planning and proposal of and new orders for assisted-living facilities including serviced housing for elderly people.

In the medium-and long-term, Shinoken will be able to build a system for the Group to be able to flexibly respond to the rapidly progressing aging society which is believed to contribute to the Group’s further growth.

2. Method of transfer

Shinoken will purchase 140 shares from Recross through private placement as of November 30, 2012.

3. Overview of subsidiary (Recross) to be transferred

(1) Name	Recross Co., Ltd.		
(2) Head office	1-8-33 Daimyo, Chuo-ku, Fukuoka-shi		
(3) Name and title of representative	Munenori Atobe, Representative Director		
(4) Activities	Management guidance, consulting and planning regarding nursing care business		
(5) Capital	3,000 thousand yen		
(6) Established	March 31, 2006		
(7) Major shareholders and ownership ratio	Munenori Atobe 100.0%		
(8) Relationship between listed company and Recross	Capital	No suitable information provided	
	Personnel	No suitable information provided	
	Business	No suitable information provided	
	Related party information	No suitable information provided	
(9) Recross' recent three-year operating results and financial condition	(Yen in thousands)		
	December 31, 2009	December 31, 2010	December 31, 2011
Net assets	-13,464	-13,431	-13,357
Total assets	13,930	31,134	32,874
Net assets per share (yen)	-232,167.78	-223,856.51	-222,627.30
Net sales	66,961	29,257	28,655
Operating income	-2,744	1,643	-151
Ordinary income	-3,031	104	144
Net income	-3,809	33	73
Net income per share (yen)	-63,498.05	558.65	1,229.22
Dividends per share (yen)	—	—	—

4. Overview of third-party allocation of shares

(1) Number of shares issued	140 shares of common stock
(2) Issue price	50,000 yen per share
(3) Total issue price	7,000,000 yen
(4) Payment date	November 30, 2012

5. Number of shares acquired, acquisition price and shares owned

(1) Number of owned held before transfer	0 (Number of voting rights: 0) (Ownership ratio: 0.0%)
(2) Number of shares acquired	140 shares (Number of voting rights: 140 rights) (Acquisition price: 7,000 thousand yen)
(3) Number of shares owned after transfer	140 shares (Number of voting rights: 140 rights) (Ownership ratio: 70.0%)
(4) Basis for determining acquisition price	The acquisition price is set at 50,000 yen per share taking the results of due diligence by outside experts into consideration.

6. Schedule

November 27, 2012: Resolution by the Shinoken board of directors

November 30, 2012: Payment for share purchase through private placement

7. Outlook

Recross is expected to be Shinoken's consolidated subsidiary but the effect on its consolidated operating results is being assessed. An announcement will be made promptly if any event occurs that require disclosure.