



February 15, 2017

Dear Sirs:

Name of Company: BELLUNA CO., LTD.

Code No.: 9997 1st Section of the Tokyo Stock Exchange

Notice Regarding Acquisition of Shares in LAKE LEISURE HOLDINGS PVT. LTD. (Subscription of New Shares by Third Party Allotment) and Making it a Second-Tier Subsidiary

Belluna Co., Ltd. (the “Company”) announces that its local subsidiary in Sri Lanka, BELLUNA LANKA PVT. LTD., has decided to subscribe of new shares by third party allotment issued by LAKE LEISURE HOLDINGS PVT. LTD., which engages in the real estate development business, thereby making it a subsidiary (a second-tier subsidiary of the Company) on February 15, 2017. The details are as follows.

Description

1. Reasons for acquisition of shares

LAKE LEISURE HOLDINGS PVT. LTD. is a company established for the purpose of the development of commercial complex in Colombo, Sri Lanka. It has the preferential right to acquire the right to lease the rare development sites on Beira Lake. In addition, the project for the development of complex facilities planned by the company is eligible for special exemption from taxation. Moreover, the prior permission for development has already been obtained.

BELLUNA LANKA PVT. LTD., which is the local subsidiary of the Company in Sri Lanka, decided to acquire the shares of LAKE LEISURE HOLDINGS PVT. LTD. based on the judgment that through the said acquisition of shares, we will acquire the right to lease for the said development site and the rights and permissions that are beneficial to the act of development on the said site and will be able to facilitate and carry out advantageously the future development projects.

The amount of capital stock of the second-tier subsidiary is not less than 10 percent of the capital stock of the Company, and accordingly the subsidiary will be a specified subsidiary of the Company.

2. Outline of the company to issue new shares by third party allotment

(as of February 15, 2017)

(1)Name	LAKE LEISURE HOLDINGS PVT. LTD.		
(2)Address	No. 282/1, 4TH FLOOR, CBS BUILDING, GALLE ROAD, COLOMBO 3		
(3)Name and title of the Representative	HEWAWASAMGE RAVINDRANATH SRILAL WIJERATNE, Director		
(4)Main business	Real estate development business		
(5)Capital stock	600LKR (as of December 31, 2016)		
(6)Date of establishment	October 17, 2012		
(7)Major shareholders and Ownership	HEWAWASAMGE RAVINDRANATH SRILAL WIJERATNE 100%		
(8)Relationship between the listed company and the relevant company	Capital relationship	Not applicable	
	Personnel relationship	Not applicable	
	Business relationship	Not applicable	
(9)Operating results and the financial situation of the relevant company for the last three years			
Fiscal year	Fiscal year ended March 2014	Fiscal year ended March 2015	Fiscal year ended March 2016
Net assets	-17 million LKR	-22 million LKR	-26 million LKR
Total assets	304 million LKR	582 million LKR	582 million LKR
Net assets per share	-17 million LKR	-22 million LKR	-26 million LKR
Net sales	—	—	—
Operating income	-16 million LKR	-4 million LKR	-4 million LKR
Ordinary income	-16 million LKR	-4 million LKR	-4 million LKR
Net income	-16 million LKR	-4 million LKR	-4 million LKR
Net income per share	-16 million LKR	-4 million LKR	-4 million LKR
Dividends per share	—	—	—

Reference: 1LKR = 0.755 yen (as of February 15, 2017)

3. Outline of subscription of new shares by third party allotment

(1)Number of shares to be subscribed	957,159 common shares
(2)Subscription price	3,165 LKR per share
(3)Total subscription price	3,029 million LKR
(4)Payment date (acquisition date)	Mid-February 2017
(5)Ratio of equity after acquisition	51%

4. Business forecasts

The acquisition of shares described in this notice will have no significant effect on the Company's consolidated operating results for the current fiscal year.

For inquiries about this notice, please contact the department below.

Executive Corporate Planning Department, Belluna Co., Ltd.

(TEL: 048-771-7753)

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