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For Immediate Release

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Tokyo Stock Exchange 1<sup>st</sup> Section; Sapporo Stock Exchange  
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## Notification Concerning Issuance of New Shares and Secondary Offering of Shares

At its Board of Directors meeting held on September 20, 2013, the Board of Directors of Kanamoto Company, Limited (Kanchu Kanamoto, President; Head Office: Sapporo, Japan), Japan's leading construction equipment rental company, approved a resolution concerning the issuance of new shares and secondary offering of shares. Details are provided below.

### 【Purpose of this Funding】

The Kanamoto Group has developed the construction equipment rental business as its core business by expanding operations from Hokkaido to regions throughout Japan. As it has grown hand-in-hand with the development of Japan's economy, Kanamoto has supported numerous infrastructure construction and maintenance projects and disaster recovery works. From the very first day after the Great East Japan Earthquake as well, the Kanamoto Group has carried out operations and walked together with the people of the Tohoku Region to speed restoration.

Over the two years and six months since the Great East Japan Earthquake, a succession of projects has been launched to help the Tohoku Region recover. Earthquake restoration and reconstruction-related works have been undertaken through projects that range from debris removal works and the start of construction of levee revetment works and disaster recovery public housing, to restoration works such as repair of the Sanriku coastal roads.

Based on the slogan "nation-toughening," numerous public works pertaining to nationwide disaster prevention and disaster mitigation countermeasures are on the drawing boards as well. The re-building of Japan's industrial infrastructure has also been raised as a growth strategy, and the government is undertaking a variety of projects that include the construction of a ring road in the Tokyo metropolitan area, improvement of

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logistics networks and the extension of Shinkansen lines. Moreover, with the decision to hold the 2020 Olympics in Tokyo, related demand can be anticipated as well. Finally, because private sector construction demand centered on energy-related needs is likewise growing, Kanamoto believes construction equipment rental demand will be vigorous not only in the disaster-stricken Tohoku Region but on a nationwide scale.

Kanamoto intends to allocate the full amount of the capital resources raised through this public stock offering to capital equipment investment pertaining to rental equipment. While the Kanamoto Group has maintained aggressive capital investment in past years as well, responding to these vigorous worksite needs will require further enhancement and expansion of the Group's equipment portfolio. By securing the necessary capital through this public stock offering, Kanamoto will execute its strategy for continued growth. Through further expansion of its operating results, Kanamoto will seek to enhance corporate value and maximize the interests of shareholders.

1. Issuance of New Shares by way of Offering (Public Offering)

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|-----|---|---|
| (1) | Class and Number of Shares to be Offered                                | 2,800,000 shares of common stock of the Company   |
| (2) | Method of Determination of the Amount to be Paid                        | The amount to be paid will be determined on any day during the period from Wednesday, October 2, 2013, to Tuesday, October 8, 2013 (the "Determination Date"), in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association (the "JSDA").   |
| (3) | Amount of Stated Capital and Additional Paid-in Capital to be Increased | The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital and other capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the additional paid-in capital to be increased shall be the amount obtained by subtracting the relevant amount of stated capital to be increased from the relevant maximum increased amount of stated capital and other capital. |

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- (4) Method of Offering      The offering shall be a public offering (the “Public Offering”). All of the new shares of the Company will be underwritten by the underwriting syndicate (the “Underwriters”) of which the lead manager is Nomura Securities Co., Ltd. (“Nomura Securities”). The issue price with regard to the Public Offering (“Offer Price”) shall be determined based on the preliminary pricing terms calculated by multiplying the closing price of shares of common stock of the Company in regular trading on the Tokyo Stock Exchange on the Determination Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down), in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc of Securities provided by the JSDA, taking into account market demand.
- (5) Consideration for Underwriters      The Company shall not pay any underwriting fees to the Underwriters, although the aggregate amount of the difference between (a) the issue price (Offer Price) in the Public Offering and (b) the amount to be paid to the Company by the Underwriters will be the proceeds for the Underwriters.
- (6) Subscription Period      The subscription period shall be from the first business day following the Determination Date to the second business day following the Determination Date.
- (7) Payment Date      The payment date shall be any day during the period from Wednesday, October 9, 2013 to Wednesday, October 16, 2013. Provided, however, that such day shall be the fifth business day following the Determination Date.
- (8) Subscription Unit      1,000 shares
- (9) The amount to be paid, the amount of stated capital and additional paid-in capital to be increased, and any other matters regarding the issuance of new shares by way of offering that require a decision by the Company shall be determined at the discretion of Kanchu Kanamoto, the President (Representative Director) of the Company.
- (10) The foregoing items shall be subject to the effectiveness of the Securities Registration Statement to be filed under the Financial Instruments and Exchange Act of Japan.

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2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment) (See 1. of “For Reference” below)

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|-----|--|--|
| (1) | Class and Number of Shares to be Sold  | 420,000 shares of common stock of the Company<br>The number of shares indicated above is the maximum number of shares to be sold. The above number may decrease, or the Secondary Offering by way of Over-Allotment may be cancelled entirely, depending on market demand. The final number of shares to be sold shall be determined on the Determination Date, taking into account the market demand for the Public Offering. |
| (2) | Seller   | Nomura Securities  |
| (3) | Secondary Offering Price   | Undetermined (The selling price shall be determined on the Determination Date. Provided, however, that such selling price shall be the same as the issue price (Offer Price) with regard to the Public Offering.   |
| (4) | Method of Secondary Offering   | Taking into account market demand for the Public Offering, Nomura Securities shall make a secondary offering of up to 420,000 shares of the Company, which shall be borrowed from certain shareholder(s) of the Company.   |
| (5) | Subscription Period  | The subscription period shall be the same as the subscription period in respect of the Public Offering.  |
| (6) | Delivery Date  | The delivery date shall be the first business day following the payment date in respect of the Public Offering.  |
| (7) | Subscription Unit  | 1,000 shares   |
| (8) | The selling price and any other matters regarding the Secondary Offering by way of Over-Allotment that require a decision by the Company shall be determined at the discretion of Kanchu Kanamoto, the President (Representative Director) of the Company. |  |
| (9) | The foregoing items shall be subject to the effectiveness of the Securities Registration Statement to be filed under the Financial Instruments and Exchange Act of Japan.  |  |

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3. Issuance of New Shares by way of Third-Party Allotment (See 1. of “For Reference” below)

- (1) Class and Number of Shares to be Offered 420,000 shares of common stock of the Company
- (2) Method of Determination of the Amount to be Paid The amount to be paid will be determined on the Determination Date. Provided, however, that such amount to be paid shall be the same as the amount to be paid in respect of the Public Offering.
- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital and other capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the additional paid-in capital to be increased shall be the amount obtained by subtracting the relevant amount of stated capital to be increased from the relevant maximum increased amount of stated capital and other capital.
- (4) Allotee Nomura Securities
- (5) Subscription Period (Subscription Date) Friday, October 25, 2013
- (6) Payment Date Monday, October 28, 2013
- (7) Subscription Unit 1,000 shares
- (8) Shares not subscribed by the subscription date mentioned in (5) above shall not be issued.
- (9) The amount to be paid, the amount of stated capital and additional paid-in capital to be increased, and any other matters regarding the issuance of new shares by way of third-party allotment that require a decision by the Company shall be determined at the discretion of Kanchu Kanamoto, the President (Representative Director) of the Company.
- (10) The foregoing items shall be subject to the effectiveness of the Securities Registration Statement to be filed under the Financial Instruments and Exchange Act of Japan.

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< For Reference >

1. Secondary offering by way of Over-Allotment and other matters

The Secondary Offering by way of Over-Allotment as mentioned in “2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment)” above is a secondary offering to be made in relation to the Public Offering mentioned in “1. Issuance of New Shares by way of Offering (Public Offering)” for shares of common stock of the Company, in a number not to exceed 420,000 shares, which will be borrowed by the lead manager of the Public Offering, Nomura Securities, from certain shareholder(s) of the Company, taking into account market demand. The number of shares to be offered in the Secondary Offering by way of Over-Allotment is scheduled to be 420,000 shares; however, this is the maximum number of shares to be sold, and such number may decrease, or the Secondary Offering by way of Over-Allotment may be cancelled entirely, depending on market demand.

In connection with the Secondary Offering by way of Over-Allotment, the Board of Directors of the Company resolved at its meeting on Friday, September 20, 2013 that the Company will issue 420,000 shares of its common stock to Nomura Securities by way of a third-party allotment (the “Capital Increase by way of Third-Party Allotment”), with the payment date set for Monday, October 28, 2013, in order for Nomura Securities to obtain the number of shares necessary to return the shares of common stock of the Company which were borrowed by Nomura Securities from certain shareholder(s) of the Company, as mentioned above (the “Borrowed Shares”).

Nomura Securities, for the purpose of returning the Borrowed Shares, may also purchase shares of common stock of the Company (the “Syndicate Cover Transactions”) on the Tokyo Stock Exchange, in a number up to the number of shares to be offered in the Secondary Offering by way of Over-Allotment. Such Syndicate Cover Transactions will be made during the period from (a) the day immediately following the last day of the Subscription Period in respect of the Public Offering and the Secondary Offering by way of Over-Allotment to (b) Monday, October 21, 2013 (the “Syndicate Cover Transaction Period”). All of the shares of common stock of the Company purchased by Nomura Securities by the Syndicate Cover Transactions will be used to return the Borrowed Shares. During the Syndicate Cover Transaction Period, Nomura Securities may decide not to conduct any Syndicate Cover Transaction or may decide to terminate any Syndicate Cover Transaction before the number of shares purchased reaches the number of shares offered in the Secondary Offering by way of Over-Allotment.

Nomura Securities may conduct stabilizing transactions along with the Public Offering and Secondary Offering by way of Over-Allotment. The shares of common stock of the Company acquired through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Shares.

With respect to the number of shares obtained by deducting (a) the number of shares acquired through stabilizing transactions and Syndicate Cover Transactions, which are to be used to return the Borrowed Shares, from (b) the number of shares to be offered in the Secondary Offering by way of Over-Allotment (the “Number of Shares Scheduled to be Acquired”), Nomura Securities will accept the allotment under

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the Capital Increase by way of Third-Party Allotment and will acquire an equivalent number of shares of common stock of the Company. As a result, all or a part of the shares to be issued under the Capital Increase by way of Third-Party Allotment may not be subscribed for, which may result in a decrease in the determined number of shares to be issued under the Capital Increase by way of Third-Party Allotment, or in the cancellation of the issuance, due to forfeiture.

If Nomura Securities accepts the allotment under the Capital Increase by way of Third-Party Allotment, Nomura Securities will make payment for the Number of Shares Scheduled to be Acquired based on the capital acquired through the Secondary Offering by way of Over-Allotment.

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2. Change in the number of outstanding shares as a result of this capital increase by Public Offering and Capital Increase by way of Third-Party Allotment

Total number of outstanding shares at present	32,872,241 shares
Increase in number of shares as a result of the capital increase by Public Offering	2,800,000 shares
Total number of outstanding shares after the capital increase by Public Offering	35,672,241 shares
Increase in number of shares as a result of the capital increase by way of Third-Party Allotment	420,000 shares (Note)
Total number of outstanding shares after the Capital increase by way of Third-Party Allotment	36,092,241 shares (Note)

(Note) These figures assume that the new shares to be issued as described in “3. Issuance of New Shares by way of Third-Party Allotment” are all subscribed by Nomura Securities.

3. Use of proceeds

(1) Use of proceeds to be raised this time

All of the proceeds from the Public Offering and the Capital Increase by way of Third-Party Allotment this time, which are estimated to be 7,974,274,600 yen at maximum amount, are scheduled to be allocated for payments in the Business Period ending October 2014 and the Business Period ending October 2015 as partial repayments of the Company's installment obligations related to the acquisition of rental equipment through installment payment transactions etc. during the Business Period ending October 2013.

The capital expenditure plan of the Kanamoto Group as of September 20, 2013 is shown below (however, the amount already paid is as of August 31, 2013).

Name of Company	Location	Business Segment	Capital Investment	Planned Amount of Investment		Financing Method	Schedule		Increase in Capacity after Completion
				Total Amount ('000 yen)	Amount Already Paid ('000 yen)		Start	Completion	
Kanamoto Co., Ltd.	Tomakomai Branch (Tomakomai City, Hokkaido) and 159 other branch offices	Business related to the Construction Equipment Rental Division	Rental equipment	25,640,000	2,611,174	Funds on hand, borrowings and proceeds to be raised this time	November 2012	October 2013	—

(Note) The amount for increase in capacity after completion is omitted because reasonable measurement of rental capacity is difficult.

(2) Change in the use of proceeds raised last time

Not applicable.

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(3) Expected impact on business results

Because of the need to ascertain uncertainty factors, including the business environment in the future, there are no revisions at this time to the projected consolidated operating results for the current fiscal year that the Company announced in the *Notification Concerning Revision of Projected Operating Results for the Business Period Ending October 2013* on May 31, 2013. The Company will disclose any changes promptly when it has judged revision to be necessary.

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## 4. Profit distribution to shareholders

## (1) Basic policy concerning profit distribution

Kanamoto seeks to ensure a stable return of earnings to the maximum extent possible.

## (2) Concept of determination of dividends

The Company considers maintaining a stable dividend to be a fundamental management policy. The decision-making body for both interim dividends and year-end dividends is the Board of Directors. The Company currently is working to ensure its ability to maintain and continue its present annual dividend of 20 yen per share, consisting of an interim dividend of 10 yen and a year-end dividend of 10 yen.

## (3) Use of retained earnings

The Company plans to allocate retained earnings for capital investment, including the introduction of rental equipment assets that will serve as the source of future earnings, and for enhancing shareholders' equity.

## (4) Dividends for the past three fiscal years

	Business Period Ended October 2010	Business Period Ended October 2011	Business Period Ended October 2012
Consolidated net income per share	31.73 yen	35.51 yen	108.88 yen
Annual dividend per share (Interim dividend per share)	20.00 yen (10.00 yen)	20.00 yen (10.00 yen)	20.00 yen (10.00 yen)
Consolidated dividend payout ratio	63.0%	56.3%	18.4%
Consolidated return on equity	2.9%	3.2%	9.3%
Consolidated ratio of dividends/net assets	1.8%	1.8%	1.7%

(Notes) 1. The actual payout ratio is a fraction, the numerator of which is the annual dividend per share and the denominator of which is the net income per share.

2. Return on equity is a fraction, the numerator of which is current net income and the denominator of which is shareholders' equity (shareholders' equity being calculated as the average of net assets, less minority interests, at the beginning and end of the relevant fiscal year).

3. Ratio of Dividend/Net assets is a fraction, the numerator of which is the amount of dividends paid per share during the relevant fiscal year and the denominator of which is the amount of net assets per share (net assets per share being calculated as the average of net assets per share at the beginning and end of the relevant fiscal year).

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5. Other non-current accounts

(1) Designation of party to receive distribution

Not applicable.

(2) Information on dilutive shares

Not applicable

(3) Information on past equity financings, etc.

(i) Equity financing within the past three years

Not applicable.

(ii) Change in share price over the past three fiscal years and most recent share price

	Business Period Ended October 2010	Business Period Ended October 2011	Business Period Ended October 2012	Business Period Ending October 2013
Opening	380 yen	418 yen	526 yen	972 yen
High	514 yen	658 yen	1,032 yen	2,828 yen
Low	308 yen	399 yen	456 yen	875 yen
Closing	417 yen	531 yen	973 yen	2,819 yen
Price/earnings ratio	13.14	14.95	8.94	—

(Notes) 1. Share prices for the Business Period Ending October 2013 are shown as of September 19, 2013.

2. Price/earnings ratio is a fraction, the numerator of which is the share price (closing price) as of the end of each fiscal year and the denominator of which is the current net income per share (consolidated) as of the end of the relevant fiscal year.

(iii) Change in Allotees' holding policy for shares issued by way of Third-Party Allotment for the past five years

Not applicable.

(4) Lockup Period

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In relation to the Public Offering, shareholders Taichu Kanamoto, Saburo Kanamoto and Kanamoto Capital Co., Ltd. have agreed as a rule not to sell shares of the Company during the period commencing on the Determination Date and ending on the day that falls on the 90th day after the delivery date for the Public Offering (the "Lockup Period") without the prior written consent of Nomura Securities.

Furthermore, the Company has agreed not to issue shares of the Company, not to issue securities that can be converted into or exchanged for shares of the Company, and not to issue any other securities that represent the right to acquire or receive shares of the Company (excluding issuance of new shares by way of the Public Offering, by way of Third-Party Allotment or issuance of the shares in connection with stock splits, etc.) during the Lockup Period without the prior written consent of Nomura Securities.

In all of the above cases, Nomura Securities has the authority to waive all or a part of the conditions of that agreement during the Lockup Period at its own discretion.

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