

June 4, 2015

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 Representative: Takashi Inoue, President & CEO
 (Stock code: 2120 TSE First Section)
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(Delay) Notice of issue of new shares through third-party allotment and borrowing of funds

In its meeting held today, the Board of Directors of NEXT Co., Ltd. approved the issue of new shares of stock through a third-party allotment of shares to Rakuten, Inc. (Headquarters: Shinagawa-ku, Tokyo; Chairman and CEO: Hiroshi Mikitani) (“Third-Party Allotment” hereinafter); the borrowing of funds through a syndicated loan; and a decision to repay 7 billion yen in short-term debt issued October 21, 2014, as outlined below.

I. Issue of new shares through third-party allotment

1. Overview of offering through third-party allotment

(1) Payment date	July 17, 2015
(2) Number of new shares to be issued	5,797,100 shares of common stock*
(3) Issue price	690 yen/share
(4) Amount of funds raised	3,999,999,000 yen
(5) Method of offering or allotment (planned purchaser of allotted shares)	All shares will be allotted to Rakuten, Inc. through a third-party allotment.
(6) Other	Each of the above items is conditional on the securities notice pursuant to the Financial Instruments and Exchange Act coming into effect, and on the planned purchaser of the allotted shares receiving from the Japan Fair Trade Commission a notification stating its intention not to issue any cease-and-desist order under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

* NEXT has implemented a two-for-one stock split with an effective date of June 1, 2015. The numbers of shares and other figures above are calculated based on the number of shares after the stock split.

2. Purpose of and reasons for making this offering through a third-party allotment

Since entering into a capital and business alliance with Rakuten, Inc., the planned purchaser of the allotted shares, in January 2002, NEXT has been continuing to promote its real estate information services, based on the conclusion of an exclusive agreement with the former on HOME’S, the latter’s real estate and housing information site, and on Rakuten Real Estate, a site run by the planned purchaser of the allotted shares. This year, as part of their partnership concerning the “Rakuten Economy” that is currently in the process of expanding beyond the online world into the real world, the two firms launched a new collaborative service program for a smartphone check-in application developed by NEXT and for the Rakuten Super Points scheme of Rakuten, Inc. This is a service in which Rakuten Super Points are awarded to users when they use the application to check in at the time of visiting a store or a property listed on the HOME’S site, and when the conclusion of a property lease agreement is reported later. NEXT has been building a close business relationship with the planned purchaser of the allotted shares through, for instance, accepting one of its employees as an outside director.

we have expanded from our core business—the HOME’S real estate and housing information site, which features the largest number of property listings in Japan.* To expand, we have begun offering related services such as moving, insurance, and support for real estate businesses. In recent years, under the slogan of our medium-term management strategy—“Seeking to become a global company through DB+CCS”—we have expanded our business not just in Japan, but overseas. We are focusing on initiatives intended to accelerate our expansion overseas. In November 2014, as part of these efforts, we acquired 100% equity in Trovit Search, S.L (“Trovit” hereinafter) of Spain for 80 million euro, making Trovit a subsidiary. Trovit operates one of the world’s largest aggregation sites.

Since its founding, the planned purchaser of the allotted shares has operated a B2B2C online shopping mall that has grown alongside its affiliate businesses based on the principle of empowerment. Building on its membership-based businesses, it has generated a “Rakuten Economy” whereby members enjoy using various services like e-commerce, travel, content, and financial services, based on shared IDs and Rakuten Super Points.

We believe in the importance of using this third-party allotment of shares to strengthen our ability to attract users of services centered on HOME’S. We believe the third-party allotment will enhance coordination with the cumulative total of 99.77 million individual users (as of March 31, 2015) enrolled through the planned purchaser of the allotted shares, its loyalty points program, and other services. We believe the third-party allotment will merge the strengths achieved by both companies to date in their Internet businesses to create new value for society. Through an even stronger capital and business alliance with the planned purchaser of the allotted shares, we will consider businesses that spark innovation in the world.

In addition to obtaining a loan of 7 billion yen from the bank to make Trovit a subsidiary, the NEXT Group in May 2015 used its cash reserves to acquire shares in AXELION, an online marketing service provider for real estate firms, for 480 million yen before making it a subsidiary. The tasks we must address in the coming years consist of merger and acquisition and business alliance initiatives, efforts that are aimed at expanding our existing businesses, acquiring related technologies and entering into new businesses. For achieving these objectives, it is important for the Group to repay its loans and improve its financial standing, in our view.

As a result of considering these points, management judged this third-party share allotment to be the best possible option.

* According to a study by Research and Development, Inc. (published March 16, 2015)

3. Amount, use, and planned timing of expenditures for funds raised through third-party allotment

(1) Amount of funds to be raised

Total paid-in amount	3,999,999,000 yen
Estimated cost of issue	3,000,000 yen
Estimated cash on hand after deducting costs	3,996,999,000 yen

- Notes: 1. The estimated cost of issue does not include consumption tax or other taxes.
 2. The estimated cost of issue consists of legal fees and other administrative costs (e.g., cost of preparing securities notice).
 3. The estimated cash on hand will be managed in a bank account until actual disbursement.

(2) Specific use of funds to be raised

Plans call for using the entire amount of the funds to repay part of the 7 billion yen in short-term debt borrowed from financial institutions at the time of the acquisition of the equity stake in Trovit in November 2014. We plan to make a payment in July 2015.

4. Consideration of reasonability of use of funds

As described under “3. (2) Specific use of funds to be raised” above, we plan to use the funds raised through the capital increase through third-party allotment of shares to repay debt.

We recorded a large amount of goodwill in the acquisition for 80 million euro (not including attendant costs arising from the acquisition) of 100% of the equity of Trovit in November 2014, as described under “2. Purpose of and reasons for making this offering through a third-party allotment” above. Should Trovit’s profitability decrease markedly in the future, the obligation to record impairment losses may impinge on the business performance of the NEXT Group.

We have determined that this use of funds is reasonable because stabilizing our financial standing through this third-party allotment would increase our corporate value and shareholder value, as well as providing the means to prepare for such unforeseen circumstances and to achieve sustained future growth.

5. Reasonability of terms of issue, etc.

(1) Grounds for estimation of paid-in amount and specific details

In view of NEXT stock’s recent price trend, management set the issue price at 690 yen, a price determined by multiplying, by a ratio of 0.9, the stock’s closing price of 767 yen on the Tokyo Stock Exchange on June 3, 2015, the business day that immediately preceded the date on which the Board of Directors resolved to implement the third-party share allotment in question (“Closing Price on the Day Immediately Preceding the Resolution Date”) (the above-mentioned issue price was rounded to the nearest whole yen). Using in principle an average price for a certain period of time was deemed to be reasonable for avoiding being affected by temporary market swings and speculative stock price fluctuations. Nevertheless, given that the NEXT stock price recently moved significantly, with the past one-month average closing price of 682 yen being at a discount of 12.4% to 767 yen, the Closing Price on the Day Immediately Preceding the Resolution Date, management consulted with the planned purchaser of the allotted shares to decide to set the issue price at the above-mentioned level by multiplying, by the ratio of 0.9, the Closing Price on the Day Immediately Preceding the Resolution Date, pursuant to the “Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.” of the Japan Securities Dealers Association that provide that the payment amount shall in principle be at least an amount determined by multiplying, by a ratio of 0.9, the closing price of the day immediately preceding the date on which the Board of Directors resolves to implement the third-party allotment.

The issue price is at a discount of 10.0% (this discount and the following premiums have been rounded to a single decimal point) to 767 yen, the Closing Price on the Day Immediately Preceding the Resolution Date, at a premium of 1.1% to 682 yen, its average closing price for the one-month period immediately preceding the date of the Board of Directors’ resolution (the period from May 4 to June 3, 2015), at a premium of 13.0% to its average closing price of 611 yen for the three-month period immediately preceding the date of the Board of Directors’ resolution (the period from March 4 to June 3, 2015) and at a premium of 26.4% to 546, its closing price for the six-month period immediately preceding the date of the Board of Directors’ resolution (the period from December 4, 2014 to June 3, 2015). (Each average stock price has been adjusted for the two-for-one stock split implemented by NEXT on June 1, 2015.)

NEXT has received from all four of its statutory auditors (including four outside statutory auditors) an opinion stating that, having been determined in compliance with the “Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.” of the Japan Securities Dealers Association, the issue price in question is reasonable in overall consideration of the Company’s business environment and recent business performance, and of the current stock market trend and the price fluctuations of NEXT stock.

(2) Grounds for determining that the number of shares issued and the scope of dilution of shares are reasonable

The number of 5,797,100 shares (57,971 voting rights) to be allotted to the planned purchaser of the allotted shares through this third-party allotment corresponds to 5.13% (5.13% of total voting rights) of the total number of 112,992,000 shares (1,129,139 total voting rights) of NEXT stock issued and outstanding before the third-party allotment. Accordingly, it will result in some dilution. However, as noted above, we believe strengthening our financial standing to enable future investments and achieve sustained growth, strengthening our ties to the planned purchaser of the allotted shares, and advancing into new businesses are all linked to increased corporate value and stock value. For these reasons, we believe the number of shares to be issued through this third-party allotment and the scope of dilution of shares are reasonable.

v. REASONS FOR CHOOSING THE PLANNED PURCHASER OF THE ALLOTTED SHARES IN THIS THIRD-PARTY ALLOTMENT ETC.

(1) Overview of the planned purchaser of the allotted shares (as of December 31, 2014)

Name	Rakuten, Inc.			
Address	12-3 Higashi-Shinagawa 4-chome, Shinagawa-ku, Tokyo, Japan			
Name and title of representative	Hiroshi Mikitani, Chairman and CEO			
Main lines of business	Internet services, Internet finance, other			
Capital	111,601 million yen			
Established	February 1997			
Major shareholders and percentages of shares held	Crimson Group, Inc.		17.04%	
	Hiroshi Mikitani		13.28%	
	Haruko Mikitani		9.98%	
	JP Morgan Chase Bank 380055		5.00%	
	Master Trust Bank of Japan, Ltd. (trust account)		2.96%	
	GIC Private Limited		2.54%	
	Japan Trustee Services Bank, Ltd. (trust account)		2.34%	
	Culture Convenience Club Co., Ltd.		1.78%	
	The Chase Manhattan Bank 385036		1.66%	
	JP Morgan Chase Bank 385164		1.50%	
Ties to NEXT	Capital ties	Rakuten holds a 15.93% investment in NEXT (as of March 31, 2015).		
	Personal ties	One Rakuten executive serves as a NEXT outside director.		
	Transaction ties	NEXT and Rakuten are involved in sales transactions with each other.		
	Interested party status	We qualify as an interested party (equity method affiliate) of Rakuten.		
Business performance and financial position over the three most recent years (International Accounting Standards)				
(Unit: millions yen [not including net assets per share, net income per share, and dividends per share])				
	Fiscal year	Ended December 2012	Ended December 2013	Ended December 2014
Equity attributable to owners of parent company		235,942	300,063	421,562
Consolidated total assets		2,287,634	3,209,808	3,680,695
Equity attributable to owners of parent company per share (yen)		179.48	227.70	318.74
Consolidated sales revenue		400,444	518,568	598,565
Consolidated operating income		50,055	90,244	106,397
Net income attributable to owners of parent company		20,489	42,900	70,614
Basic net income per share (yen)		15.59	32.60	53.47
Dividends per share (yen)		3.00	4.00	4.50

The planned purchaser of the new shares is listed on the Tokyo Stock Exchange (TSE). It has been confirmed that the Corporate Governance Report (last updated March 31, 2015) submitted by the planned purchaser to the TSE states, "Our 'Rakuten Group Code of Ethics' stipulates that we resist those who would threaten public safety or civil order and, in pursuit of a just society, categorically reject any requests to engage in illegal or morally dubious actions. In addition, the Rakuten Group's 'Basic Policy and Systems for Eradicating Antisocial Forces' specifies various detailed rules, including procedures for responding to antisocial forces. We are currently making progress on ensuring thorough awareness and maintaining related systems inside the Company and at Group member companies." As such, we have determined that neither the Rakuten Group nor its executives or employees have ties to antisocial forces.

(2) REASONS FOR CHOOSING THE PURCHASER

See “2. Purpose of and reasons for making this offering through a third-party allotment,” above.

In January 2002, when we entered into a capital and business alliance with the planned purchaser of the allotted shares, the planned purchaser held a 21.0% equity stake in NEXT. We are an equity method affiliate of the planned purchaser. While the planned purchaser’s percentage of equity in NEXT has since declined due to our IPO and exercise of stock options, it has not traded in NEXT shares to date. In addition, although we have accepted an outside director from the planned purchaser of the allotted shares, this appointment was based on a request from NEXT. As such, we believe our status allows us to make independent management decisions and that we are not unduly constrained in our business restrictions. We believe our business activities and management decision-making will retain adequate independence even after this capital increase through third-party allotment.

(3) Holding policies of the planned purchaser of the allotted shares

We have confirmed orally with the planned purchaser of the allotted shares that it views this investment as a way to strengthen ties between the two companies and that planned purchaser plans to hold the shares over the long term. In addition, we have been involved in a capital and business alliance with the planned purchaser since January 2002, since which time it has sold none of its equity holdings in NEXT since then.

We also plan to conclude a commitment in writing with the planned purchaser of the allotted shares in which it agrees to report to us immediately in writing the name of the buyer, its address, number of shares sold, date of sale, sale price, reason for sale, method of sale, and other specified content in the event it sells all or part of the shares of NEXT common stock acquired through this third-party allotment within two years of the payment date. The commitment will also allow us to report to the Tokyo Stock Exchange information based on that report and the provision of such information for public viewing.

(4) Confirmation of the presence of the assets needed for payment by the planned purchaser of the allotted shares

We have checked the amount of cash and deposits on the consolidated balance sheet for the quarter shown in the report submitted by the planned purchaser of the allotted shares to the director of the Kanto Local Finance Bureau for the first quarter of the fiscal year ending December 31, 2015 (submitted May 8, 2015), confirming that the planned purchaser of the allotted shares holds sufficient cash to make payment on this third-party allotment. Accordingly, we have determined that no issues should arise concerning the reliability of payment in connection with this third-party allotment.

7. Major shareholders and percentages of shares held after this third-party allotment

Before (March 31, 2015)		After	
Takashi Inoue	36.23%	Takashi Inoue	34.47%
Rakuten, Inc.	15.93%	Rakuten, Inc.	20.03%
Goldman, Sachs & Co. regular account	4.32%	Goldman, Sachs & Co. regular account	4.10%
Master Trust Bank of Japan, Ltd.	3.18%	Master Trust Bank of Japan, Ltd.	3.02%
JPMorgan Chase & Co. OppenheimerFunds JASDAQ lending account	2.84%	JPMorgan Chase & Co. OppenheimerFunds JASDAQ lending account	2.71%
Japan Trustee Services Bank, Ltd.	2.33%	Japan Trustee Services Bank, Ltd.	2.22%
The Chase Manhattan Bank 385036	1.93%	The Chase Manhattan Bank 385036	1.84%
Merrill Lynch International Equity Derivatives	1.78%	Merrill Lynch International Equity Derivatives	1.69%
BNYM SA/NV for BNYM Client Account MPCJ Japan	1.77%	BNYM SA/NV for BNYM Client Account MPCJ Japan	1.68%
The Bank of New York 133524	1.65%	The Bank of New York 133524	1.57%

Notes: 1. Based on the list of shareholders as of March 31, 2015.

2. Percentages of shares held have been rounded to two decimal points.

8. Procedures under the corporate code of conduct

Since this third-party allotment (i) involves dilution of less than 25% and (ii) does not involve a change in controlling shareholders, it does not require an opinion from an independent third party or procedures to confirm the intentions of shareholders under Article 432 of the Tokyo Stock Exchange's listing regulations.

9. Business performance over the three most recent years and status of equity finance
(1) Business performance over the three most recent years (consolidated)

(Unit: million yen)

Fiscal year	Ended March 2013	Ended March 2014	Ended March 2015
Consolidated net sales	11,962	14,690	17,926
Consolidated operating income	1,591	2,299	2,312
Consolidated ordinary income	1,549	2,302	2,292
Consolidated net income	614	1,336	1,335
Consolidated net income per share (yen)	10.91	23.71	23.66
Dividends per share (yen)	6.50	4.74	5.75
Consolidated net assets per share (yen)	160.74	181.55	184.26

Note: We implemented a three-for-one stock split on common stock effective January 1, 2014. For this reason, calculations of consolidated net income per share and consolidated net assets per share above assume that this stock split took place at the start of the fiscal year ended March 2013. For dividends per share, the actual amount is shown.

(2) Current number of shares issued and outstanding and potential number of shares (as of March 31, 2015)
(i) Most recent three-year period

	Shares	Percentage of shares issued and outstanding
Shares issued and outstanding	112,992,000 shares	100.0%
Potential shares at current conversion price (exercise price)	— shares	—%
Potential shares at minimum conversion price (exercise price)	— shares	—%
Potential shares at maximum conversion price (exercise price)	— shares	—%

(3) Recent shares prices (as of March 31, 2015)
(i) Most recent three-year period

	FY ended March 2013	FY ended March 2014	FY ended March 2015
Opening	129 yen	312 yen	802 yen
High	406 yen	1,318 yen	1,296 yen
Low	108 yen	268 yen	586 yen
Closing	313 yen	800 yen	1,197 yen

Note: We implemented a three-for-one stock split of common stock effective January 1, 2014. The share prices above have been audited accordingly.

(ii) Most recent six-month period

	Dec.	Jan.	Feb.	Mar.	Apr.	May
Opening	418 yen	492 yen	488 yen	467 yen	590 yen	576 yen
High	565 yen	526 yen	496 yen	648 yen	675 yen	820 yen
Low	411 yen	478 yen	428 yen	447 yen	548 yen	555 yen
Closing	492 yen	495 yen	470 yen	599 yen	585 yen	758 yen

Share price on trading day immediately preceding the date of decision on issue

	June 3, 2015
Opening	772 yen
High	781 yen
Low	756 yen
Closing	767 yen

(4) Conditions of equity finance over the three most recent years

Not applicable

10. Overview of issue

(1) Number of new shares issued	5,797,100 shares of common stock
(2) Issue price	690 yen/share
(3) Total issue price	3,999,999,000 yen
(4) Amount credited to equity	345 yen/share
(5) Total amount credited to equity	1,999,999,500 yen
(6) Method of offering	Third-party allotment
(7) Deadline for application	July 16, 2015
(8) Issue date (payment date)	July 17, 2015
(9) Planned purchaser of the allotted shares and number of shares to be allotted	Rakuten, Inc., 5,797,100 shares
(10) Other	Each of the above items is conditional on the securities notice pursuant to the Financial Instruments and Exchange Act coming into effect, and on the planned purchaser of the allotted shares receiving from the Japan Fair Trade Commission a notification stating its intention not to issue any cease-and-desist order under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

II. Borrowing of funds

1. Reason for borrowing of funds

After raising funds through issue of new shares through the third-party allotment of shares described above, we plan to repay 4 billion yen of the 7 billion yen in short-term debt issued when we acquired the equity of Trovit (making it a subsidiary) and to refinance the roughly 3 billion yen remaining through a syndicated loan.

2. Overview of loan

(1) Arranger	Sumitomo Mitsui Trust Bank, Ltd.
(2) Loan amount	3 billion yen
(3) Drawdown date	Late July 2015
(4) Term of loan	3 years from drawdown date
(5) Security	Unsecured, unguaranteed
(6) Purpose of use of funds	Repayment of short-term debt

3. Future outlook, effects on business performance

This third-party allotment and loan are expected to have only minor effects on business performance and other matters.