



September 26, 2013

To whom it may concern

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**Announcement of a Joint Investment to Acquire Shares of GROHE Group S.à r.l.,
Europe's leading single-brand manufacturer of premium sanitary fittings**

LIXIL Corporation (Headquarters: Tokyo, Japan; President: Yoshiaki Fujimori; hereinafter "LIXIL"), LIXIL Group Corporation's wholly-owned subsidiary, and Development Bank of Japan (Headquarters: Tokyo, Japan; President: Toru Hashimoto; hereinafter "DBJ") have entered into a shareholders' agreement today in relation to a special purpose company which LIXIL and DBJ each own a 50% voting interest, through its wholly-owned subsidiary (both hereinafter "Acquisition Co"), agreeing and entering into a stock sale and purchase agreement (hereinafter "SPA") with Glacier Luxembourg One S.à r.l. (Headquarters: Luxembourg; hereinafter the "Seller") to acquire 87.5% of the shares of GROHE Group S.à r.l. (Headquarters: Luxembourg; hereinafter "GROHE"). Pursuant to the execution of the SPA, Acquisition Co will acquire the GROHE shares, and together with JOYOU AG (Headquarters: Germany; hereinafter "JOYOU"), GROHE's publicly listed subsidiary, will become affiliated companies accounted for by the equity method. Acquisition Co will launch a voluntary offer to acquire additional shares of JOYOU (together hereinafter the "Transaction"). Cai GmbH (Headquarters: Germany; hereinafter "CAI") which owns GROHE's remaining 12.5% of Grohe shares shall remain as GROHE's shareholder and will cooperate with LIXIL and DBJ to further strengthen GROHE and JOYOU's operations.

1. Transaction Overview

LIXIL and DBJ will jointly acquire the shares of GROHE and JOYOU through Acquisition Co. LIXIL and DBJ have entered into a shareholders' agreement in which each have agreed to appoint the same number of directors and mutually discuss material decisions concerning the operation of the Acquisition Co.

With respect to this transaction, the enterprise value of GROHE includes the liabilities to be assumed and is valued at a total of EURO 3,059 million (JPY 397.8 billion*¹). The purchase price is estimated to be EURO 2,935 million (JPY 381.6 billion*²). The closing of the transaction is subject to obtaining clearance from the competition authorities of the relevant markets, including Europe, China, US and Russia. The payment of the consideration, the exchange of shares and the settlement of JOYOU's voluntary offer will be made after obtaining such clearances.

(Note 1) The JPY amount is based on an exchange rate of EUR1= JPY130)

(Note 2) Regarding the above amount, this has been calculated based on temporarily purchase of all JOYOU's shares in executing the expected upcoming tender offer of JOYOU

As part of the Transaction, LIXIL will invest EUR 763 million (JPY 99.2 billion) in the form of common shares and non-voting preferred shares. DBJ as a co-investor will invest EUR 385 million (JPY 50.0 billion) in the form of voting preferred shares, together with an additional EUR 378 million (JPY 49.2 billion) from Japanese financial institution(s) in the form of non-voting preferred shares.

Acquisition Co intends to use funds borrowed from banks to finance this acquisition, and plans to replace part of the loan with non-recourse loan to GROHE Group.

2. Objectives of the Transaction

GROHE is Europe's largest and the world's leading single-brand manufacturer and supplier of sanitary fittings such as premium bath faucets, and is one of the most well known brands in the global sanitary market. In addition to its high quality, its product design has received high acclaim globally, and is used in premium hotels and condominiums around the world. Its products are currently distributed in over 130 countries through its distributors.

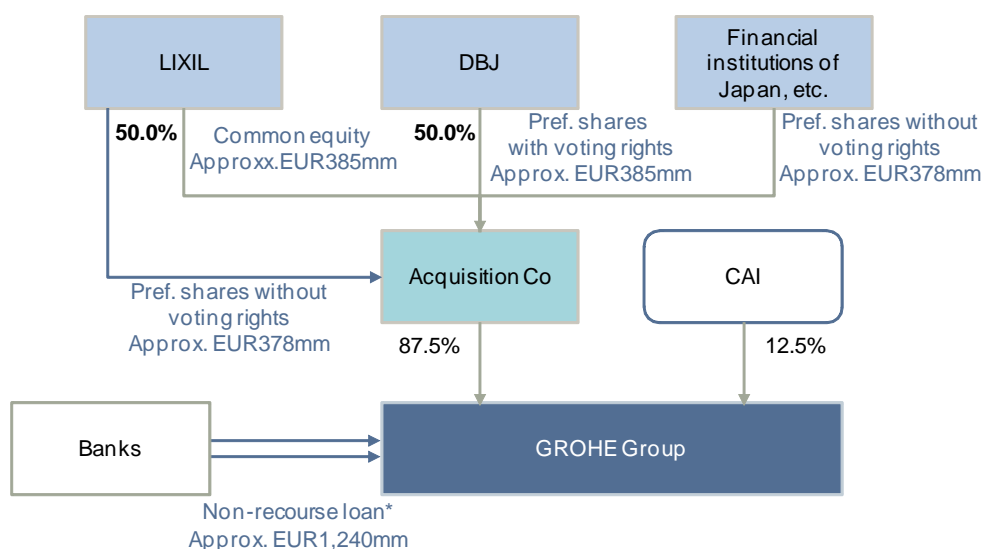
GROHE indirectly owns 72.3% of the issued and outstanding shares of JOYOU which designs, produces and sells faucets and other sanitary ware products. JOYOU was established in 1988, and has developed into a leading faucet and sanitary ware manufacturer in China with over 4,000 distributors.

In order to achieve our goal "to become a global leader in the building materials and housing equipment industry" stated in our Medium-Term Management Vision announced in May 2011, LIXIL will grow and expand its operations on a global scale. As part of this strategy, we have acquired Italy-based Permasteelisa in 2011, American Standard Asia Pacific Group (A-S China Plumbing Products Ltd., etc.) and US-based American Standard Brands in 2009 and 2013, respectively. The acquisition of GROHE is in line with our global expansion plan, and as a result of this transaction, we would make a significant progress in building a leading platform in the global faucet segment, while also strengthening our distribution network in Asia. We believe this acquisition will contribute to achieving our goals.

DBJ is a financial institution fully capitalized by the Japanese government, and provides seamless financial services in the form of integrated investment and loans to Japanese and foreign companies from a long-term and neutral standpoint. DBJ has been promoting initiatives to strengthen the industrial competitiveness of Japan through its VG Investment Program, a value for growth initiative. It has built a track record for these initiatives aimed to support Japanese corporations with specific development strategies (alliance/M&A strategy, international strategies, capital strategy, etc.) not only with financing support, but also with multidisciplinary support such as personnel, know-how and intelligence network to contribute to the target and its group's middle to long-term enhancement of corporate value.

In order to execute a growth and expansion strategy based on a sound financing strategy, LIXIL Group has been engaged in discussions with DBJ. We believe that GROHE's competitive advantage can be further enhanced not only through investing our management resources, but also implementing DBJ's VG Investment Program by utilizing its complimentary resources such as its experience and intelligence network, which will enhance our overall corporate value. We therefore have concluded that a joint investment with DBJ for this Transaction is optimal approach.

<Expected financing structure>



* The non-recourse loan from banks will be drawn to repay the existing debt of Grohe Group

3. Overview of GROHE

(1)	Name of the company	GROHE Group S.à r.l.	
(2)	Headquarters	5C, Rue Eugène Ruppert, 2453 Luxembourg	
(3)	Representative	David Haines (CEO)	
(4)	Major business	Manufacturer and supplier of sanitary fittings such as premium bath faucets	
(5)	Capital	EUR 57,142,857.00	
(6)	Established	1936	
(7)	Major shareholder	Glacier Luxembourg One S.à r.l. (87.5%) Cai GmbH (12.5%)	
(8)	Relationship between LIXIL Group and the company	Capital relationships	None
		Personnel relationships	None
		Business relationships	None
(9)	Results for Past Three Fiscal Years (consolidated, in million EUR)		
	Fiscal Year	December 2010	December 2011
	Net Assets	362	480
	Total Assets	2,274	2,512
	Net Sales	1,211	1,296
	Operating profit or (loss)	210	213
	Net profit or (loss)	96	62
			December 2012
			487
			2,582
			1,405
			218
			35

(Note) The consolidated financial results from fiscal year 2010 to 2012 are based on certain pro-forma figures in which full consolidation of Joyou is assumed prior to the actual consolidation in July 2011.

4. Overview of JOYOU

(1)	Name of the company	JOYOU AG
(2)	Headquarters	Winterstr. 4-8, 22765 Hamburg Germany

(3)	Representative	Jianshe Cai	
(4)	Major business	Designs, produces and sells faucets and other sanitary ware products	
(5)	Capital	EUR 23,967,492.00	
(6)	Established	1988	
(7)	Major shareholder and ownership ratio	JOYOU GROHE Holdings AG (65.1%) GROHE Group S.à r.l. (7.2%)	
(8)	Relationship between LIXIL Group and the company	Capital relationships	None
		Personnel relationships	None
		Business relationships	None
(9)	Results for Past Three Fiscal Years (consolidated, in million EUR)		
Fiscal Year		December 2010	December 2011
Net Assets		243	304
Total Assets		339	406
Net Sales		246	287
Operating profit or (loss)		43	45
Net profit or (loss)		32	38
			39

5. Overview of the Seller

(1)	Name of the company	Glacier Luxembourg One S.à r.l.	
(2)	Headquarters	5C, Rue Eugène Ruppert, L-2453 Luxembourg	
(3)	Relationship between LIXIL Group and the company	Capital relationships	None
		Personnel relationships	None
		Business relationships	None

(Note) Glacier Luxembourg One S.à r.l. is an investment vehicle indirectly controlled by TPG Capital and DLJ Merchant Banking Partners.

6. Remaining Shareholder

(1)	Name of the company	Cai GmbH	
(2)	Headquarters	Winterstr. 4-8, 22765 Hamburg Germany	
(3)	Relationship between LIXIL Group and the company	Capital relationships	None
		Personnel relationships	None
		Business relationships	None

(Note) Cai GmbH is a corporation controlled by Jianshe Cai (CEO of JOYOU) and Jilin Cai (COO of JOYOU).

7. Share ownership before and after the transaction

(1) Grohe

(1)	Number of the shares owned before the acquisition	0 shares (Ownership ratio 0%)
(2)	Number of shares acquired	50,000,000 shares
(3)	Number of the shares	50,000,000 shares (87.5% voting interest)

owned after the acquisition	
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(2) JOYOU

(1)	Number of the shares owned before the acquisition	0 shares (Ownership ratio 0%)
(2)	Number of shares acquired	17,323,644 shares
(3)	Number of the shares owned after the acquisition	17,323,644 shares (72.3% voting interest)

(Note) The number of shares owned after the acquisition reflects the JOYOU shares owned by GROHE. Such ownership level may increase change following the voluntary offer of JOYOU shares.

(3) Purchase Price

With respect to this transaction, the enterprise value of GROHE includes the liabilities to be assumed and is valued at a total of EURO 3,059 million (JPY 397.8 billion). The purchase price is estimated to be EUR 2,935 million (JPY 381.6 billion).

(Note) Regarding the above amount, this has been calculated based on temporarily purchase of all JOYOU's shares in executing the expected upcoming tender offer of JOYOU

8. Transaction Timeline

(1)	Board resolution	September 26, 2013
(2)	Expected closing	The first half of 2014

(Note 1) In addition to purchasing shares from the Seller, Acquisition Co will launch a voluntary offer around November 2013 to acquire the shares of JOYOU AG.

(Note 2) The closing of the transaction is subject to obtaining clearance from the competition authorities of the relevant markets, including Europe, China, US and Russia. It is uncertain when these clearances will be obtained, but we hope to complete the acquisition by the first half of 2014.

9. Future outlook

Any impact of the transaction on our consolidated business performance, if any, will be announced once it has been determined.