



## Announcement on the Purchase of Land for Business

TOKYO, March 7, 2016 --Chugai Pharmaceutical Co., Ltd. (TOKYO: 4519) announced today that it decided to purchase, for its business purpose, properties in Yokohama-shi, Kanagawa Prefecture, owned by Hitachi, Ltd. (TOKYO: 6501) and has concluded the real estate sales agreement with Hitachi as of today.

Since the beginning of its renewed organization in October 2002 based on its strategic alliance with F. Hoffmann-La Roche Co., Ltd., Chugai has gone through major changes in the quality and quantity of its business foundation, doubled its sales revenue and operating profit, and strengthened its development pipelines, such as establishment of its overwhelming presence in its strategic area including oncology, establishing Chugai's own antibody modification technologies, and successfully developed key products for drastic future growth in the global arena such as "Actemra<sup>®</sup>," the first domestically-developed antibody drug of its own creation, and "Alecensa<sup>®</sup>" a drug for treatment of ALK-positive non-small cell lung cancer.

In 2002, Chugai established, in Singapore, Chugai Pharmabody Research (CPR) to proceed with its research utilizing the next generation antibody technologies. Also, in 2015, Chugai decided and put an additional investment on CPR, and at the same time, proactively invested in its main factories, namely, Utsunomiya, Ukima, and Fujieda Plants so as to quickly respond to a series of candidate products developed and innovated by CPR in the future.

Chugai released its new 3-year mid-term business plan "IBI 18" covering from 2016 to 2018 on January 28, 2016. In this plan, it is recognized for core statements that "Transform Chugai into a globally successful company through our competitive advantage that leverages the Strategic Alliance with Roche and through the realization of the *Top Pharmaceutical Company* goal." Chugai is accordingly emphasizing its objective to [1] acquire and implement competitiveness at a top global level, and [2] take a selection-and-concentration strategy to accelerate its growth.

In order to achieve the key objectives of "IBI 18," and to further grow in the global arena in future, it is essential for Chugai to continuously create and develop innovative pharmaceutical products, which requires further enhancement of research and production scheme, a seamless transfer to clinical development, and accelerated Proof-of-concept\*. Chugai has recognized the needs for competent human resources and a core base facilitated with state-of-the-art research and development functions to create its own innovative new drug candidates, and accordingly, decided to purchase the land for business purpose so as to further ensure the success that has been achieved by the efficient implementation of its epoch-making business model, and to maximize the value of this business model.

Chugai will announce the details of the land use as soon as the concrete plan is finalized.

\* Proof-of-concept (PoC) is a demonstration that the therapeutic effect conceived in the research stage is effective in humans.

#### Contents of the property purchased

Address	Content (Land)	Acquisition price (yen)
Totsuka-cho, Totsuka-ku, Yokohama-shi, Kanagawa	Area: 85,139 m <sup>2</sup>	<30% of the net asset as of the end of 2014 (597,756 million yen)
Kamikurata-cho, Totsuka-ku, Yokohama-shi, Kanagawa	Area: 84,028 m <sup>2</sup>	

#### Overview of Hitachi:

Corporate Name	Hitachi, Ltd.
Principal Office	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Management	Toshiaki Higashihara, Representative Executive Officer, President & COO
Incorporated	February 1, 1920 [Founded in 1910]
Capital Stock	458,790 million yen (as of end of March 2015)
Consolidated Revenues	9,774,930 million yen (year ended March 31, 2015)
Consolidated number of employees	336,670 employees (as of end of March 2015)
Relationship between Chugai and Hitachi	Hitachi is a business counterpart mainly in relation to production facilities; however, it has no capital or human relation with Chugai or its subsidiaries whatsoever that needs to be specified in this section. Also, Hitachi is not related to Chugai or its subsidiaries whatsoever.

#### Schedule of acquisition

Date of corporate resolution	December 15, 2015
Contract date	March 7, 2016
Date of property transfer:	December 2018 (Provisional)

With its goal to become a global class top pharmaceutical company, Chugai will continue to take steps in establishing an organization that enables to generate new innovative drugs of first-in-class and best-in-class under its business philosophy to achieve "innovation all for the patients."