

June 14, 2017

**Conversion of Type C and D Preferred Stock to Common Stock,
Retirement of Type C and D Preferred Stock,
and Future Policy on Type E Preferred Stock, etc.
(Restoration of Capital Policy)**

ARDEPRO Co., Ltd. ("the Company") today announced that on June 16, 2017 all of the Company's type C and D preferred stock issued on July 28, 2010 is converted into common stock. All of the type C and D preferred stock that the Company acquired due to this conversion will be retired as of June 16, 2017.

Additionally, at today's Board of Directors' meeting the Company passed a resolution on the policy to acquire the type E preferred stock to the extent permitted by relevant laws and regulations.

1. State of the Preferred Stock and Future Policy

The Company had issued preferred stock in accordance with the establishment of the Turnaround ADR Procedures. Subsequently, the Company carried out conversion to common stock and redemption through cash, and a certain amount of preferred stock remained as of June 14, 2017 (see chart below). The Company judged that a situation in which preferred stock remained might lead to a misinterpretation that business revitalization was unfinished. In addition, the Company judged that many stakeholders might have felt uncomfortable with a situation in which the figure for the Company's net assets per share was negative despite not being in debt, since the amount to be paid for the preferred stock was deducted in calculating net assets per share. Believing that elimination of this situation would contribute greatly to enhancing its credibility, the Company therefore decided to retire all the preferred stock remaining by conversion or acquisition.

On the other hand, the Company understood from Mr. Tatsuya Akimoto, the largest shareholder of the Company, his intention to not convert any of the type C, D and E preferred stock held into common stock within each conversion period as communicated in the press release entitled "Regarding Partial Acquisition and Cancellation of Type A Preferred Stock" on January 20, 2016.

After consultation, Mr. Akimoto understood the Company's sound capital policy and policy regarding the preferred stock (conversion of type C preferred stock and type D preferred stock into common shares). As a result, the ratio of the number of voting rights owned by Mr. Akimoto to the total number of voting rights is to be 51.71%, compared with the current ratio of 73.63%.

Because type E preferred stock requires two years to pass before the conversion period of July 28, 2019 is reached, the Company at today's Board of Directors' meeting passed a resolution on the policy to acquire the preferred stock to the extent permitted by relevant laws and regulations. Regarding the type A preferred stock, the Company passed a resolution on the policy to acquire it to the extent permitted by relevant laws and regulations as communicated in

the press release entitled "Regarding Partial Acquisition of Type A Preferred Stock" on November 12, 2015.

Preferred Stock as of June 14, 2017

	Number of shares	Number of common stock after conversion	Conversion periods
Type A preferred stock	2,674 shares	3,177,016 shares	November 1, 2021– July 28, 2030
Type C preferred stock	810,114 shares	11,883,810 shares	July 28, 2013– July 28, 2022
Type D preferred stock	1,957,186 shares	28,710,544 shares	July 28, 2015– July 28, 2024
Type E preferred stock	138,822 shares	2,036,420 shares	July 28, 2019– July 28, 2030

2. State of Conversion* from Type C Preferred Stock to Common Stock (As of June 16, 2017)

- (1) Name of shares: Type C Preferred Stock of ARDEPRO
- (2) Number of shares converted: 810,114 shares
- (3) Accumulative number of shares: 2,160,476 shares (ratio of converted shares: 100%)
- (4) Amount of increased common stock due to conversion: 11,883,810 shares
- (5) Accumulative number of increased common stock due to conversion: 31,689,415 shares**

Notes:

* Conversion indicates the issuance of common stock in exchange for acquisition of Type C preferred stock, which comprises shares with a put option.

** Accumulative number of increased common stock due to conversion is the accumulative amount of increased common stock after the stock split on February 1, 2014.

3. State of Conversion* from Type D Preferred Stock to Common Stock (As of June 16, 2017)

- (1) Name of shares: Type D Preferred Stock of ARDEPRO
- (2) Number of shares converted: 1,957,186 shares
- (3) Accumulative number of shares: 2,160,410 shares (ratio of converted shares: 100%)
- (4) Amount of increased common stock due to conversion: 28,710,544 shares
- (5) Accumulative number of increased common stock due to conversion: 31,691,694 shares

Note:

* Conversion indicates the issuance of common stock in exchange for acquisition of Type D preferred stock, which comprises shares with a put option.

4. Number of Total Outstanding Shares of Common Stock, after an Increase Due to Conversion of Type C and D Preferred Stock

277,657,459 shares

5. Retirement of Treasury Stock (Type C Preferred Stock)

- (1) Type of shares to be retired: Type C Preferred Stock of ARDEPRO
- (2) Number of shares to be retired: 810,114 shares
- (3) Planned date of retirement: June 16, 2017

6. Retirement of Treasury Stock (Type D Preferred Stock)

- (1) Type of shares to be retired: Type D Preferred Stock of ARDEPRO
- (2) Number of shares to be retired: 1,957,186 shares
- (3) Planned date of retirement: June 16, 2017

7. Early Redemption of No. 3 Zero Coupon Convertible Bonds

Regarding the No. 3 zero coupon convertible bonds issued on December 29, 2014, EVO FUND and the Company are currently engaged in consultations on early redemption.

8. The Situation Going Forward

By pursuing the restoration of the capital policy mentioned above, the Company will accelerate the creation of a system for listing on the First Section of the Tokyo Stock Exchange as mentioned in its medium-term management plan.

The simple PER of the real estate industry (as of the end of May 2017) is 13.8 times according to PER and PBR by size and type of industry (consolidated) announced by Tokyo Stock Exchange Co., Ltd. Anticipating a PER of about 3 times, and the Company will strengthen its investor relations activities and continue its efforts to raise its PER to about 13 times as the industry average.

(Reference)

1. Total Number of Shares Outstanding

	Before retirement	After retirement (as of June 16, 2017)	Change
Total number of shares outstanding	280,566,255 shares	277,798,955 shares	-2,767,300 shares
Common stock	277,657,459 shares	277,657,459 shares	—
Type A preferred stock	2,674 shares	2,674 shares	—
Type B preferred stock	0	0	—
Type C preferred stock	810,114 shares	0	-810,114 shares
Type D preferred stock	1,957,186 shares	0	-1,957,186 shares
Type E preferred stock	138,822 shares	138,822 shares	—

2. After Acquisition by Cash and Retirement of Type A and E Preferred Stock

	Before retirement	After retirement	Change
Total number of shares outstanding	277,798,955 shares	277,657,459 shares	-141,496 shares
Common stock	277,657,459 shares	277,657,459 shares	
Type A preferred stock	2,674 shares	0	-2,674 shares
Type B preferred stock	0	0	
Type C preferred stock	0	0	
Type D preferred stock	0	0	
Type E preferred stock	138,822 shares	0	-138,822 shares