

August 2, 2017

Notice Concerning a New Business in China

ARDEPRO Co., Ltd. ("the Company") today announced the launch of a new business in China.

1. Purpose of Starting the New Business

The purpose is to engage in full-scale sale of real estate in Japan targeting wealthy Chinese, due to high demand for real estate investment in Japan by foreign individual investors, mainly in East Asia, and institutional investors. The Company will conclude a variable interest entity (VIE) contract and start the new business with a corporation newly established in China, to be established by an individual who is an executive of a company that will conclude a consulting contract with the Company (scheduled to be established on September 1, 2017, hereinafter referred to as the "newly established corporation"). VIE schemes, also called contract-controlled structures, are used as an investment vehicle to avoid regulations that prohibit or restrict foreign capital from entering the Chinese industrial field. The Company will not invest in the newly established corporation, but will acquire controlling rights over the VIE contract.

For its business in China, the Company plans to conduct auction business, sales and brokerage of Japanese real estate.

In addition, the Company aims to list the newly established corporation on a Chinese over-the-counter market (the fourth board) for public relations purposes, as well as to enhance credibility and fund procurement.

2. Outline of the New Business

(1) Description of the business

- (i) Sales of Japanese real estate in China
- (ii) Brokerage of Japanese real estate in China
- (iii) Auction of Japanese real estate in China
- (iv) Financing in the China market
- (v) Promotion of alliances with Chinese companies
- (vi) Financing using cloud funding in China

(2) Departments in charge of the new business

The Company plans to conclude a VIE contract and conduct operations with the newly established corporation.

(3) Amount and content of special expenditures to start the new business

Although expenses will be incurred with the conclusion of the VIE contract with the newly established corporation, the ratio of selling, general and administrative expenses to the Company's results is estimated to be small.

3. Schedule

- (1) Date of the Board of Directors resolution: August 1, 2017
- (2) Date of conclusion of the VIE contract: September 1, 2017
- (3) Business commencement: November 1, 2017

4. Forecast

This business commencement will have a slight impact on the Company's financial forecast for the fiscal year ending July 31, 2018.