

August 3, 2017

**Regarding the Current Business Progress
at the Beginning of the Fiscal Year**

ARDEPRO Co., Ltd. ("the Company") announced its business updates at the beginning of the fiscal year ending July 31, 2018, as follows.

1. Business Condition at the Beginning of the Fiscal Year

The figures for major items in the Company's financial reports at the beginning of the fiscal year ending July 31, 2018, or as of July 31, 2017 (before the completion of an audit by an independent auditor) appear in the chart below. They show that real property for sale has increased compared to the figures as of July 31, 2016.

Regarding the fiscal year ending July 31, 2018, the assumed sale amount is about 50 billion yen if all the inventory were sold at the price intended by the Company. The Company has a large amount of inventory including inventory at the beginning of the fiscal year (real estate for sale and trust beneficiary rights for real estate for sale), and real estate for which purchase contracts were concluded such as 315 properties excluding the properties sold out of 418 properties announced in a press release entitled "Notice Concerning a Purchase Contract for Real Estate for Sale by a Subsidiary, and a Financial Guarantee" dated July 14, 2017.

In addition, in the first quarter of the fiscal year ending July 31, 2018, if five projects, for which sales contracts have already been concluded, are settled as scheduled, sales will equal the level of the fiscal year ended July 31, 2016.

Notes:

1. Regarding the five projects for which sales contracts have already been concluded, three of them are properties announced in a press release entitled "Notice Concerning a Sales Contract for Real Estate" and "(Progress and Reamendment of Disclosure Item) On the Progress of 'Notice Concerning the Sales for Real Estate for Sale'" dated July 31, 2017, and the amount of sales for the other two projects will be small.
2. The financial forecast described in this press release is made based on information available as of today and contains risks and uncertainties. Accordingly, the actual financial results may differ materially due to a range of factors in the future.

Changes in Major Items in the Nonconsolidated Financial Report

(Unit: million yen)

Items	July 2014	July 2015	July 2016	July 2017
Cash and deposits	2,661	5,111	4,066	2,058
Real property for sale (stock)	1,168	9,926	11,781	25,735
Interest-bearing debt	865	10,860	13,034	23,184
Sales	10,258	11,424	27,400	—
Ordinary (loss) income	1,775	1,856	4,300	—

Notes:

1. In the figures above, amounts below one million yen are truncated.
2. Interest-bearing debt is the total of bonds with stock acquisition rights, short-term debt, the current portion of long-term debt, and long-term debt. For July 2017, short-term debt of subsidiaries is included.
3. Real property for sale (stock) for July 2017 includes beneficiary rights to real estate of subsidiaries.
4. Changes in real property for which purchase contracts are already completed are below.

(Unit: million yen)

Real property for which purchase contracts are already completed	1,998	2,019	14,030	11,921
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5. The figures above are made based on information that is currently available as of today, and the actual results may differ from the figures above due to a range of factors that may occur in the future.