

*March 29, 2018*

**Notice Concerning Conclusion of a Subordinated Silent Partnership Agreement, Transfer of Trust Beneficiary Rights for Real Estate, and Change to a Subsidiary**

ARDEPRO Co., Ltd. ("the Company") hereby announces that the Company has decided to conclude a subordinated silent partnership agreement with Godo Kaisha TSM147 (see section 1 below).

In addition, Godo Kaisha Formula, a consolidated subsidiary of the Company, will transfer trust beneficiary rights to Godo Kaisha TSM147 (sections 2 and 3) and repay the fund (section 4).

Godo Kaisha TSM147, to which trust beneficiary rights are transferred, will become a consolidated subsidiary of the Company as of March 30, 2018, and Godo Kaisha Formula (section 5) will become a non-consolidated subsidiary (section 7).

As a result, the Company, Godo Kaisha Formula and Godo Kaisha TSM147 signed a noncumulative undertaking of obligation agreement (section 6), in which Godo Kaisha TSM147 will undertake investment returning an obligation of Godo Kaisha Formula to the Company based on a subordinated silent partnership agreement as of March 30, 2018.

1. Outline of Godo Kaisha TSM147

- (1) Name: Godo Kaisha TSM147
  - (2) Address: 1-7, 1-chome Motoakasaka, Minato-ku, Tokyo
  - (3) Operator: Godo Kaisha TSM147
  - (4) Representative: Representative partner: TSM147  
Executive member: Terumitsu Nosaka
  - (5) Established: January 26, 2018
  - (6) Business: Beneficiary rights for real estate dealing
  - (7) Invested amount: 4,955 million yen
  - (8) Settlement: December
  - (9) Investors: ARDEPRO Co., Ltd. (1-24, Shinjuku 3-chome, Shinjuku-ku, Tokyo) (CEO: Yuichi Shiitsuka)  
One other company
  - (10) Investment ratio: ARDEPRO Co., Ltd. (99.8%)
  - (11) Most recent financial position and operating results: Not applicable
- Notes: 1. Some information may not be disclosed in accordance with the request of the other investor.
2. The investment for Godo Kaisha TSM147 will be set off due to a noncumulative undertaking of obligation agreement (Section 6).

2. Reason for Transfer of Trust Beneficiary Rights for Real Estate

The Company has arranged this transfer of trust beneficiary rights for real estate to refinance the investment capital (5.8 billion yen) for trust beneficiary rights for real estate.

The Company will change Godo Kaisha TSM147 in which the Company invests into a consolidated subsidiary and transfer trust beneficiary rights for real estate from Godo Kaisha Formula to Godo Kaisha TSM147 as of March 30, 2018. Since the transaction is between consolidated subsidiaries, it will be set off in consolidation. In addition, Godo Kaisha Formula will be liquidated.

### 3. Summary of the Property for Transfer (Trust Beneficiary Rights for Real Estate)

The trust beneficiary rights for real estate announced in the press release entitled “Notice Concerning Conclusion of a Subordinated Silent Partnership Agreement, Transfer of Trust Beneficiary Rights for Real Estate, and Change to a Subsidiary” on March 27, 2017 are as follows.

Location	Type	Gross floor area (m <sup>2</sup> )	Land area (m <sup>2</sup> )
Chuo-ku, Tokyo	Land	—	251.98

Note: The sale price may not be disclosed due to a non-disclosure agreement with the other investor.

### 4. Repayment of Funds

Regarding the borrowing of 5.8 billion yen announced in the press release entitled “Notice Concerning Conclusion of a Subordinated Silent Partnership Agreement, Transfer of Trust Beneficiary Rights for Real Estate, and Change to a Subsidiary” on March 27, 2017, Godo Kaisha Formula will repay it on March 30, 2018. Godo Kaisha TSM147 will undertake borrowing as follows.

#### (1) Outline of new borrowing

- (i) Use of funds: Refinancing capital for the borrowing of 5.8 billion yen on March 28, 2017 and redemption of investment for preferred securities of Godo Kaisha Formula.
- (ii) Amount: 9,990 million yen
- (iii) Lender: A domestic corporation
- (iv) Date of the borrowing: March 28, 2017

### 5. Outline of the Subsidiary to Be Changed

- (1) Name: Godo Kaisha Formula
- (2) Address: 1-4, 5-chome Toranomom, Minato-ku, Tokyo
- (3) Operator: Godo Kaisha Formula
- (4) Representative: Representative partner: Hashirimizu  
Executive member: Takaaki Fukunaga
- (5) Established: October 20, 2015
- (6) Business: Beneficiary rights for real estate dealing
- (7) Invested amount: 3,890 million yen
- (8) Settlement: September
- (9) Investors: ARDEPRO Co., Ltd. (1-24, Shinjuku 3-chome, Shinjuku-ku, Tokyo) (CEO: Yuichi Shiitsuka)  
One other company
- (10) Investment ratio: ARDEPRO Co., Ltd. (54.6%)
- (11) Most recent statement of financial position and operating results

	Fiscal year ended September 2016	Fiscal year ended September 2017
Net assets	100,000 yen	6,972 million yen
Gross assets	100,000 yen	12,811 million yen
Net sales	—	—
Operating income (loss)	—	–9 million yen
Ordinary income (loss)	—	–321 million yen
Net income	—	0 million yen

Note: Some information may not be disclosed in accordance with the request of the other investor.

## 6. Outline of a Noncumulative Undertaking of Obligation Agreement

- (1) Creditor: ARDEPRO Co., Ltd.
- (2) Debtor: Godo Kaisha Formula
- (3) Underwriter: Godo Kaisha TSM147
- (4) Type of obligation: Investment returning obligation based on a subordinated silent partnership agreement dated March 28, 2017
- (5) Obligation amount: 3,890 million yen
- (6) Effective date: March 30, 2018

## 7. Forecast

Godo Kaisha Formula will become a non-consolidated subsidiary as of its liquidation, and Godo Kaisha TSM147 will be treated as a consolidated subsidiary as of March 30, 2018.

An announcement will be made immediately if any cases are found that may affect the Company's financial results for the fiscal year ending July 31, 2018.