

June 8, 2018

(Progress) Notice Concerning Reaching a Basic Agreement on the Acquisition of a Subsidiary Accompanying the Transition to a Holding Company Structure

ARDEPRO Co., Ltd. (“the Company”), at its Board of Directors’ meeting on June 8, 2018, passed a resolution on concluding a basic agreement on the acquisition of all investments of Koshu management, LLC, in accordance with the transition to a holding company structure.

1. Purpose of acquisition of investments

As announced in a press release, “Notice Concerning Transition to a Holding Company Structure,” dated May 15, 2018, following approval at the Company’s ordinary general meeting of shareholders to be held in late October, the Company will officially transition to a holding company structure. Moreover, from the business activities of the real estate business alone, the Company intends to enter the Minpaku (private lodging) business utilizing real estate for sale owned by the Company group and properties to be acquired in the future, the Fintech business and/or the renewable energy business through solar power generation and biomass power generation.

To enter the renewable energy business as a part of the above plan, the Company reached a basic agreement on the acquisition of all the investments of Koshu management, LLC, which already has obtained certification for renewable energy generation equipment from the Ministry of Economy, Trade and Industry, from Dragon Power Co., Ltd.

Koshu management, LLC, has a contract with a power company regarding the certified power generation facilities’ output of approximately 200,000 KW, to be purchased at a price of 36 yen per KWh for 20 years, based on the FIT (feed-in tariff) system. In addition, Koshu management, LLC, already has secured a site of 110 ha for this business.

Note: Koshu management, LLC, acquired the right from a domestic corporation on March 2, 2018, submitted a confirmation letter upon change of business operator to the Ministry of Economy, Trade and Industry and notified the electric power company about the transfer of the related contractual status. The name of the domestic corporation cannot be disclosed due to a confidentiality agreement.

2. Outline of the subsidiary to be acquired

(1) Company name	Koshu management, LLC
(2) Address	339-5, Kamida, Hino-shi, Tokyo
(3) Representative	Representative partner: Koshu management, ISH Executive member: Takayuki Nanamori
(4) Main business	Renewable energy power generation, power supply and sales, and consulting on renewable energy generation systems and the respective equipment

(5) Capital	100,000 yen
(6) Establishment	July 13, 2017
(7) Largest shareholder and shareholding ratio	Dragon Power Co., Ltd., 100%
(8) The Company has no capital, personal or transactional relationship with, and is not considered to be, a related party.	
(9) Consolidated financial conditions and operating results for the fiscal year ending June 30, 2018, will be disclosed once they are fixed.	

3. Outline of the counterparty for the acquisition of investments

(1) Company name	Dragon Power Co., Ltd.	
(2) Address	5-4 Maruyama-cho, Shibuya-ku, Tokyo	
(3) Representative	Tatsuya Akimoto, Representative Director	
(4) Main business	Securities holding, management and trading	
(5) Capital	3 million yen	
(6) Establishment	December 4, 2007	
(7) Net assets	- 94 million yen (FY ended March 2017)	
(8) Total assets	5,665 million yen (FY ended March 2017)	
(9) Largest shareholder and shareholding ratio	Tatsuya Akimoto, 100%	
(10) Relationship with the Company	Capital	Dragon Power Co., Ltd., owns 57,142,800 shares of common stock (ratio of voting rights: 16.74%). Mr. Tatsuya Akimoto owns 99,049,524 shares of common stock (ratio of voting rights: 29.02%), 2,674 shares of Type A preferred stock (no voting rights) and 138,822 shares of Type E preferred stock (ratio of voting rights: 4.07%).
	Personal	There is no special personal relationship between the Company and Dragon Power Co., Ltd. The largest shareholder of Dragon Power Co., Ltd., is the chairman of the Company.
	Transactional	The Company had debt of 3.8 billion yen from Dragon Power Co., Ltd. There is no special transactional relationship

		between the Company and Dragon Power Co., Ltd.
	The Company is considered to be a related party.	

4. The acquisition price and the changes in percentage of shareholding before and after the acquisition

The Company does not currently own investments of Koshu management, LLC, and plans to acquire all of its investments. The acquisition price is undecided and will be announced after due diligence and consultation.

5. Schedule

(1) Reaching a basic agreement

June 8, 2018

(2) Execution of a sales agreement

September 2018 (planned)

6. Forecast

This event has a minor impact on the Company's consolidated financial results ending July 31, 2018.