

*October 9, 2018*

**Notice Concerning the Financial Forecast**

ARDEPRO Co., Ltd. (“the Company”), today announced its financial forecast for the fiscal year ending July 31, 2019 (consolidated).

1. Consolidated Financial Forecast for the Current Fiscal Year (from August 1, 2018, to July 31, 2019)

(Unit: million yen)

	Sales	Operating income	Ordinary income (loss)	Net income (loss) attributable to owners of parent	Net income (loss) per share
Previous forecast (A)	—	—	—	—	—
Revised forecast (B)	27,200	2,200	1,400	1,020	3.10
Amount of charge (B – A)	—	—	—	—	
% change (%)	—	—	—	—	
(Reference) Financial results of the previous fiscal year (ended July 31, 2018)	11,491	1,102	–722	–1,193	–4.23

2. Reason for the Announcement of the Financial Forecast

The Company calculated its consolidated financial forecast for the fiscal year ending July 31, 2019, based on estimated prospects for sales of real estate for sale, rental income, selling and general administration expenses and non-operating expenses such as interest during the fiscal year ending July 31, 2019.

The Company’s sales of real estate for sale continued to accelerate growth during the first quarter of the fiscal year ending July 31, 2019, and the amount of sales of properties settled already has exceeded consolidated sales for the fiscal year ended July 31, 2018 (11.4 billion yen). Given that the completion of settlement of the sale of a large property, the settlement of the sale of properties in Shibuya, Tokyo, is now expected, with the negotiation of the property in Minato-ku, Tokyo, moving forward and the completion of settlement of the sale of 17 profitable residences.

As mentioned above, as the sale of large-scale real estate has become probable, the Company determined that the possibility of a large deviation in the forecast value had declined and announced the full-year consolidated financial forecast for the fiscal year ending July 31, 2019. However, depending on the buyer's intention, some projects might require adjustment work, and the Company will announce if any of the above figures for the consolidated financial forecast will be affected.

The amount of properties that have been settled and contracted to date has reached more than 50% of the above consolidated financial forecast sales.

The estimated amount of each loss, announced in a press release, "Notice Concerning an Accounting (Loss) in the Consolidated and Non-Consolidated Financial Results," dated September 27, 2018, already has been recorded in the consolidated financial forecast for the fiscal year ending July 31, 2019.

Furthermore, if the Company's property could be sold at the target price, for the fiscal year ended July 31, 2019, it is expected to recover profitability at each income level.

Regarding the medium-term management plan for the next fiscal year and onward, the Company plans to draft a medium-term management plan after shifting to a new executive structure. The Company will continue to strive to stabilize our financial base, reduce debt, accelerate inventory turnover and improve business performance.

(Note)

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 could differ materially due to a range of factors in the future.