

September 25, 2019

Company name: Apaman Co., Ltd.
Representative: Koji Omura, President and CEO
Securities code: 8889 (JASDAQ)
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Notice of Sale of a Consolidated Subsidiary and Associated Extraordinary Income

The Board of Directors of Apaman Co., Ltd. approved a resolution on September 25, 2019 to sell all of the stock of consolidated subsidiary Zenkoku Rent Guarantor Service Co., Ltd. (Head office: Chiyoda-ku, Tokyo; President: Yoshihiro Oyama) to Shinsei Bank, Limited (Head office: Chuo-ku, Tokyo; President: Hideyuki Kudo). Zenkoku Rent Guarantor Service will no longer be a consolidated subsidiary following this sale. In addition, Apaman will record extraordinary income due to the sale of this stock.

7. Reason for the sale of Zenkoku Rent Guarantor Service

The Apaman Group has three business segments: Sharing Economy, Platform and Cloud Technology.

Zenkoku Rent Guarantor Service, which belongs to the Platform segment, guarantees the payment of rent at properties managed by the Apaman Group. This company uses numerous measures to increase the number of guarantees extended, including the provision of rent guarantees jointly with APLUS Co., Ltd. (Head office: Chiyoda-ku, Tokyo (Tokyo head office); President: Tetsuro Shimizu), which is a consolidated subsidiary of Shinsei Bank.

Apaman's Sharing Economy segment includes "fabbit," which operates co-working facilities that enable the matching of the business activities of startup companies and venture capital-backed companies. In addition, Apaman and Nippon Venture Capital Co., Ltd. have jointly established an investment limited partnership called the fabbit NVCC Startup Fund. Shinsei Bank provides a variety of assistance, such as an investment in this partnership and a business alliance agreement concerning collaboration between large companies and startup companies.

After discussions with Shinsei Bank and APLUS, the decision was made to sell all of the stock of Zenkoku Rent Guarantor Service to Shinsei Bank. The proceeds from the sale of this stock will improve Apaman's financial soundness and provide funds for M&A transactions for the purpose of increasing the number of rental properties under management.

2. Profile of Zenkoku Rent Guarantor Service

(1) Name	Zenkoku Rent Guarantor Service Co., Ltd.			
(2) Head office	Asahi Seimei Otemachi Building, 2-6-1, Otemachi, Chiyoda-ku, Tokyo			
(3) Representative	Yoshihiro Oyama, President			
(4) Business	Rent guarantees			
(5) Capital	40 million yen			
(6) Established	October 30, 2008			
(7) Major shareholders and shareholding ratios	Apaman Co., Ltd. 100.0%			
(8) Relationships between Apaman and Zenkoku Rent Guarantor Service	Capital	Apaman owns all voting rights of Zenkoku Rent Guarantor Service.		
	Personnel	One director and some employees of Zenkoku Rent Guarantor Service have been provided by Apaman.		
	Business	Apaman oversees the management of Zenkoku Rent Guarantor Service and an Apaman subsidiary outsources its rent guarantee operations to this company.		
(9) Results of operations and financial position for the last three years (Millions of yen)				
	Fiscal years ended	September 2016	September 2017	September 2018
	Net assets	15	61	102
	Total assets	29	87	126
	Net assets per share (Yen)	11,241.3	44,268.5	73,057.1
	Net sales	83	369	471
	Operating profit	5	92	152
	Ordinary profit	5	59	65
	Profit attributable to owners of parent	3	46	40
	Net income per share (Yen)	7,225.0	65,779.7	108,621.4
	Dividend per share (Yen)	-	-	-

3. Profile of Shinsei Bank

(1) Name	Shinsei Bank, Limited		
(2) Head office	2-4-3, Nihombashi Muromachi, Chuo-ku, Tokyo		
(3) Representative	Hideyuki Kudo, President		
(4) Business	Banking business		
(5) Capital	512.2 billion yen		
(6) Established	December 1, 1952		
(7) Major shareholders and shareholding ratios	Deposit Insurance Corporation of Japan:	10.97%	
	The Resolution and Collection Corporation:	8.15%	
(8) Relationships between Apaman and Shinsei Bank	Capital	Not applicable.	
	Personnel	Not applicable.	
	Business	Deposits, loans and other banking transactions	
	Related parties	Not applicable.	

4. Number of shares to be transferred, transfer price and share ownership before and after the transfer

(1)	Number of shares owned before transfer	Common stock: 1,400 shares (Voting rights: 1,400 units) (Ownership: 100%)
(2)	Number of shares to be transferred	Common stock: 1,400 shares (Voting rights: 1,400 units)
(3)	Transfer price	The price cannot be disclosed due to a confidentiality agreement with Shinsei Bank. The price was determined by discussions with Shinsei Bank and takes into consideration a valuation calculated by a third party.
(4)	Number of shares owned after transfer	-

5. Schedule

Resolution of the Board of Directors:	September 25, 2019
Signing of share transfer agreement:	September 25, 2019
Payment for share transfer:	September 27, 2019 (tentative)

6. Outlook

In the fiscal year ending in September 2019, Apaman expects to post extraordinary income of approximately 1.6 billion yen as a gain on sales of shares of subsidiaries and associates (after deducting book value and various expenses from the sales price) due to the sale of Zenkoku Rent Guarantor Service.

In addition, Apaman plans to record approximately 500 million yen of income taxes and deferred income taxes in conjunction with the gain on the sale of Zenkoku Rent Guarantor Service.

Apaman is currently examining the effect of this sale and other items on its results of operations and will make an announcement concerning the forecast for the fiscal year ending in September 2019 promptly once this forecast has been finalized.