

February 27, 2020
APLUS FINANCIAL Co., Ltd.

Investigation Team and its Current Status Regarding Investment Condominium Loans

On January 31, 2020, we established a Special Investigation Committee (the “Committee”) chaired by an outside attorney who has no interest with the APLUS Group and have been investigating as per the press release on January 30, 2020 titled "Survey on the Situation on Part of Investment Condominium Loans" (hereinafter referred to as the "Case").

We would like to update you on the progress made by our investigation team and its status as follows.

1. Investigation Team

(1) Purpose of the Special Investigation Committee

The Special Investigation Committee was established on January 31, 2020. The committee has been conducting a highly transparent and objective investigation, chaired by an outside attorney, with the main objectives of: (1) recognition of the facts, (2) investigation of the causes, and (3) recommendations on measures to prevent recurrence.

(2) Composition of Special Investigation Committee Members

Chairman	Youichi Takei	Attorney (Meitetsu Sogo Law Offices) *Appointed as a Chairman on February 6, 2020
Member	Haruya Uchikawa	Attorney, independent outside director of APLUS FINANCIAL
Member	Hideaki Hokino	Attorney, independent outside auditor of APLUS FINANCIAL
Member	Jiro Kasahara	Standing statutory auditor of APLUS FINANCIAL
Member	Akihiko Yasukawa	Corporate Auditor of APLUS Co., Ltd.

(3) Schedule of Completion of Investigation

The investigation by the committee is scheduled to end by March 31st, 2020. The APLUS Group fully supports the investigation being performed by the committee. The results of the investigation by the committee will be announced in a timely and appropriate manner.

2. Investigation Status

The committee has identified approximately 270 cases, which require closer checks, based on news reports and other information that the committee has collected so far, and has been investigating whether or not there are falsification of application documents by a third party. For example, the committee will (1) check the application documents submitted by customers through real estate sales companies and ARUHI CORPORATION ("ARUHI"), (2) verify our sales and credit screening systems of the products ("Investment Condominium Loans" and "ARUHI Alliance-Type Support Credits"), and (3) conduct interviews and surveys of officers and employees of relevant divisions. Based on the investigation conducted so far, the committee has found no cases where the APLUS Group officers and employees were involved in falsification of the application documents.

From now on, the committee will continue to expand and deepen further its investigation programs, including a request to all the customers who use the underlying products (about 12 thousand contracts) for cooperation in a

survey, an investigation of customers' information and data, and a verification of results by ARUHI as an AGENT* of the Investment Condominium Loans. The committee will quickly conduct higher transparent and objective investigation by expanding and deepening investigation areas.

- We have established a contact point for customer inquiries regarding this matter.

[Contact for Customer Inquiries]	APLUS Customer Support Phone: 0570-086-866 From 9:30 a.m. to 5:30 p.m. on weekdays
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* "AGENT" here refers to the act of acting in between the borrower and the lender to make efforts to conclude a loan agreement. For example, it refers to soliciting the conclusion of a loan agreement or explaining the product for soliciting a contract.

(Reference) Overview of the products relating to investigation

Outline of "Condominium Loans for Investments" and "ARUHI Alliance-type Support Credits"

	Investment Condominium Loans (For ARUHI Alliance Program)	ARUHI Alliance-Type Support Credits
Beginning of Handling	July. 2014	June. 2016
Form of contract	Loan agreements (ARUHI performs Agent role)	Shopping credit agreements (Third-party contract between APLUS, a merchant, and a customer)
Use of funding	Funds (including expenses) for purchasing investment condominiums	Shortage of funds for the investment condominium loans mentioned at left column
Qualification to apply	Over 20 years old and under 75 years old	Over 20 years old and under 75 years old
Loan amount	5 million yen to 30 million yen * Up to 20 million yen in some areas	0.5 million to 5 million yen (Average contract value: approx. 1.8 million yen)
Repayment period	Up to 25 years	Up to 15 years
Collateral	First Mortgage	None
Loans outstanding	End of December. 2019: 140 billion yen (Average balance: 12 million yen)	End of December. 2019: 3.2 billion yen (Average balance: Approx. 1.6 million yen)

We sincerely apologize for any concerns we may have caused to our customers and other stakeholders, and we will continue to take all possible measures to ensure that our customers can deal with us with peace of mind. We would highly appreciate your understanding and cooperation.

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