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Company Name: Universal Entertainment Corporation

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Notice on the Progress of Investigation by the Special Investigation Committee

As announced in a release titled "Notice on the Establishment of the Special Investigation Committee" dated June 8, 2017, as a suspicion arose that fraudulent acts were carried out by Mr. Kazuo Okada, Chairman and Director of the Company (hereinafter referred to as "Mr. Okada") and Mr. Yoshinao Negishi, Director and Head of Management Division of the Company in connection with the loan extended from Tiger Resort Asia Limited, a Hong Kong subsidiary of the Company (hereinafter referred to as "TRA") to a third party and as a result of an investigation that followed, a serious violation of governance was discovered and on the same day the Company decided to establish a special investigation committee to conduct further investigation. The investigation by the Special Investigation Committee is still underway at the present.

Recently it came to the attention of the Special Investigation Committee that there is a suspicion that Mr. Okada has been involved in yet other 2 cases of illegal activities separately from the above-mentioned conduct and the Committee decided to subject them to the investigation. The outline of illegal activities allegedly committed by Mr. Okada that have been newly uncovered is as follows.

- (1) In February 2014, Okada Holdings Limited, a company entirely owned by Mr. Okada and his relatives of which Mr. Okada was the only director at the time, was proceeding with a negotiation on land transactions in South Korea through Okada Holdings Korea, a company established by Okada Holdings Limited in South Korea. During the course of the negotiation, Okada Holdings Limited borrowed US\$ 80 million (equivalent to approximately 8.9 billion yen) from a financial institution. Upon this borrowing, a security interest was created in the US \$ 80 million held by Universal Entertainment Korea Co., Ltd (hereinafter "UE Korea"), a

wholly-owned sub-subsidiary of the Company, in the financial institution. Although the security interest was canceled on March 31 of the same year, approximately 170,000 US dollars (equivalent to approximately 18.88 million yen), the amount of interest that was supposed to be paid by Okada Holdings Limited to the financial institution has been disbursed by UE Korea.

As the series of actions described above including the creation of security interest have been done without necessary internal procedures of the Company, there is a suspicion that they constitute a serious violation of governance.

- (2) On May 11, 2015, Mr. Okada issued a bearer check of HK \$ 16 million (equivalent to approximately 227 million yen) from a bank account under the name of TRA, of which, at the time, Mr. Okada was a director, and on the 14th of the same month, Mr. Okada withdrew HK \$ 16 million from a bank account of TRA based on this check.

As the series of actions leading up to the withdrawal of the fund described above have been done without necessary internal procedures of the Company, there is a suspicion that they constitute a serious violation of governance.

The Special Investigation Committee is determined to investigate into these new suspicions in order to clarify the whole picture and to formulate measures to prevent reoccurrence and the Company will continue to provide full cooperation for the investigation by the Special Investigation Committee.

The Company has announced earlier in the "Notice on the Establishment of the Special Investigation Committee" that the Special Investigation Committee was scheduled to submit an interim investigative report to the Company on or around June 30, 2017. However, in consideration of the fact that two cases of illegal activities allegedly related to Mr. Okada's have been newly uncovered and now the number of cases to be investigated increased to 3, the Company will inform you of any change in the timing after reviewing the schedule of submitting the interim report. Further, the Company will promptly notify you of the results of the investigation by the Special Investigation Committee as soon as the Company receives the investigative report.