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Ardepro Co., Ltd.

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Notice of Decrease in Potentially Dilutive Shares due to Cancellation of Stock Options (Stock Acquisition Rights)

Ardepro Co., Ltd. ("the Company") announces that the number of potentially dilutive shares will decrease due to an offer from stock option grantees who agreed to relinquish a certain stock option of the Company issued. The details are as follows:

1. Regarding the offer from stock option grantees who agreed to relinquish part of their stock options

The Company granted stock options to its directors and employees when it made it a critical management objective to list its shares on Tokyo Stock Exchange Mothers Market.

The management slogan of the Company is "Pursuit of three forms of fulfillment (economic, physical, and spiritual fulfillment)," which it believes eventually leads to three S's (satisfactions), which are customer satisfaction, employee satisfaction, and shareholder satisfaction.

As the grantees of stock options are directors and employees and at the same time potential shareholders of the Company, pursuit of economic fulfillment means to increase their compensations through improving the results of operations from the director's and employee's point of view, while obtaining dividends and other privileges from shareholder's point of view.

When granting stock options, the Company has always ensured the "equality of granting standard," by which stock options are granted in accordance with the number of years in service and position of a grantee. However, for the stock options which were offered three times before the Company went public, the number of shares to be issued upon execution of one stock acquisition right is now 80 shares as contrasted to originally assigned one share only as a result of three stock splits, and the execution price is adjusted to the only eightieth part of the originally agreed price. In this situation, the Company believes that it should consider achieving "equality of opportunity" by adjusting the number of shares to be issued upon execution as well as the execution price.

The Company recognizes that the stock price is subject to earnings performance of the Company and expectations in the stock market, and therefore it is obvious that efforts made by the group companies are partly reflected in Company's stock price. With this aspect taken into account, the Company is now fully aware of the importance of considering the equality among group companies, whose directors and employees are not granted stock options.

The Company is now aiming for upgrading from Tokyo Stock Exchange Mothers Market to the First Section of Tokyo Stock Exchange to further increase the presence of the Company among shareholders and investors. To this end, the Company believes that all the directors, officers, and employees of the group companies should stand at the same starting point based on the principle of

the above mentioned “three equalities,” and put itself to the test by the securities market to reinforce its position in the real estate industry.

In adherence with the spirit mentioned above, the Company is going to cancel part of the stock options due to an offer from stock option grantees who agreed to relinquish part of the stock options the Company issued to them. As a result, the number of potentially dilutive shares will decrease.

2. The number of potentially dilutive shares to be decreased

Type and number of shares: 2,000 common shares

(The first grant of stock acquisition rights based on the resolution of the extraordinary shareholders' meeting held on May 16, 2003)

Percentage of the shares to be decreased out of the total number of shares issued: 0.30%

(The number of shares issued as of December 31, 2005: 666,400 shares)

The prescribed procedures will be carried out no later than January 31, 2006.