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Ardepro Co., Ltd.

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Notice on the Second Revision of Ardepro Group Medium-term Management Plan

Ardepro Co., Ltd. announced the Ardepro Group Medium-term Management Plan on February 24, 2005 and subsequently announced a revised version of this plan on June 10, 2005. Since then, the group has been taking many initiatives aimed at fulfilling the goals of this plan. Due to the substantial contribution to sales from branch offices established in large cities throughout Japan and to growth in the real estate sales business, we are virtually certain of reaching the revised management plan's sales goal of 33.2 billion yen in the fiscal year ending in July 2007, one year earlier than planned.

Because of this rapid growth, our original growth strategy of "becoming the leading company in the used condominium market" no longer covers the expanding scope of the group's activities. Therefore, our new objective is "to be the innovator in the real estate industry." This means that we want to be a company that is a constant source of innovation in a variety of real estate domains. In association with this strategic shift, we have made a second set of revisions to the Ardepro Group Medium-term Management Plan.

I. Name: Ardepro Group Medium-term Management Plan (The Second Revision)

"To be the Innovator in the Real Estate Industry"

II. Plan Period: Three fiscal years from the 20th fiscal year ending July 2007 to the 22nd fiscal year ending July 2009

III. Growth Objectives:

Until recently, the Ardepro Group has concentrated a management strategy with the goal of becoming Japan's leader in the market for used condominiums. We worked hard on expanding a business that involves the revitalization (renovation and energizing) of used condominiums, a real estate market that was not well known in Japan. In March 2004, we became Japan's first publicly owned used condominium revitalization company when trading of our shares began on the Tokyo Stock Exchange Mothers Market. Through these accomplishments, we have slowly raised awareness of the used condominium market and contributed to progress in the used condominium revitalization business. We believe that our success is demonstrated by the growth in the number of shareholders from 5,015 as of July 31, 2005 to 17,618 (about 3.5 times) as of January 31, 2006.

We have revised our goal from a focus on leadership in the used condominium market to gaining recognition as a real estate industry innovator. Real estate innovation requires going beyond the conventional bounds of real estate activities: purchases and sales, brokerage, leasing and management. By constantly seeking opportunities in related industries, we want to be a pioneer rebuilding the real estate business value chain.

To accomplish this, we plan to focus on cultivating internal strategies and expanding external strategies. Our goal is to create an organization that can conduct a broad range of businesses in the future.

Our ultimate objective is to remain an organization of professionals that can perpetually fulfill the “Three S’s” (ES, SS, CS) (see note 1) and serve as a responsible corporate citizen.

(Note 1) Three S’s

- 1) CS: Customer Satisfaction
- 2) ES: Employee Satisfaction
- 3) SS: Shareholder Satisfaction

(Table 1)

Numerical target (consolidated)

(Million yen)

	19 th fiscal year ending July 2006	20 th fiscal year ending July 2007	21 st fiscal year ending July 2008	22 nd fiscal year ending July 2009
Sales	35,047	55,715	81,002	120,990
Recurring profit	5,298	8,460	12,477	18,823
Net income	2,810	4,451	6,568	10,022

Note 1: Figures for the 19th fiscal year are based on the revised forecast on February 14, 2006.

* For reference

(Table 2)

Numerical target for the revised Medium-term Management Plan on June 20, 2005

(Million yen)

	19 th fiscal year ending July 2006	20 th fiscal year ending July 2007	21 st fiscal year ending July 2008
Sales	21,350	33,260	51,230
Recurring profit	3,253	5,654	10,246
Net income	1,741	3,025	5,482

IV. Internal and External Strategies of Medium-term Management Plan

Our medium-term plan strategy has two elements. For our internal strategy, the central theme is cultivation. This involves further increasing our activities to grow in current business domains and utilize existing business methods. For our external strategy, our goal is expanding into more new business domains.

1. Cultivate internal strategies

(1) Real estate development projects

Until now, we have concentrated on the revitalization of used condominiums. Looking ahead, we plan to start conducting development projects for newly constructed condominiums and other properties.

(2) Strengthen and expand the network of branch and sales offices

As of March 6, 2006, we have divided the nation into six areas and have covered all areas of Japan with nine branches and 8 sales offices. During the fiscal year ending in July 2006, we plan to open 12 more and total of 20 sales offices. With this larger and more powerful infrastructure, we will further enlarge our used condominium revitalization activities as well as gather all types of real estate-related information in order to increase sales.

(3) Internet business

As we have already announced, we plan to consistently submit for auction real estate with a total value of about 10 billion yen at the Mother’s Auction of IDU Corporation. We believe this is a highly

profitable sales method because it uses the auction system and permits the efficient use of human resources. Our goal is to raise Internet sales from the current 20% of total sales to 30% in the next fiscal year and eventually to 50%.

(4) Investment property sales

As interest rates in Japan remain at an extremely low level, investors are regarding existing condominiums as more than merely a place to live. As a result, there is growth in the number of customers who purchase these condominiums as a financial product (an investment property). We plan to rapidly increase our sales of real estate to investors.

(5) Formed a business alliance with Dia Kensetsu Co., Ltd.

Due to the recent earthquake resistance data falsification scandal, concerns about condominium earthquake resistance are growing. As we have already announced, we plan to aggressively purchase properties conforming to the old earthquake resistance standards and then demolish and rebuild these buildings so they can be sold. To rebuild these structures, we will use an alliance with Dia-Kensetsu, which constructs the Dia-Palace TM Cube Series of buildings designed to last 100 years. Through this alliance, we plan to capture new synergies by combining the revitalization and development of real estate.

2. Expansion of external strategies

(1) Property management business

As we increase our operations on a nationwide scale, the property management (PM) business will become more important with regard to managing properties purchased by us and other activities. Japan Realty Supervision Co., Ltd. conducts the PM business of the Ardepro Group. We plan to enlarge the network with PM firms throughout Japan. This is expected to add more value to the properties owned by the Group throughout Japan. Alliances are also expected to contribute to earnings at partner companies.

(2) M&A strategy

Ardepro will aggressively enter into equity alliances with other companies to achieve its business objectives. When forming these alliances, we will not use hostile takeovers, which have recently made headlines in Japan. Instead, our aim is to assemble a commune that share our corporate philosophy based on “the pursuit of the three forms of fulfillment: economic, personal and spiritual.”

In general, the purpose of equity alliances is to reinforce the accompanying business alliance. To accomplish this, the two partners hold a certain number of each other's stock to underscore their commitment to the business alliance. Forming an integrated organization of companies that share our corporate philosophy is an extremely important aspect of our M&A strategy.

Consequently, we first determine the type of multilevel structure we can form with respect to our corporate philosophy and management strategies. We also consider how the alliance may affect the scope of activities of executives and employees, the individuals responsible for making the alliance successful.