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Ardepro Co., Ltd.

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Ardepro Revises Increased Dividend Forecast

The Board of Directors on the date hereof approved a resolution to revise the year-end dividend per share applicable to the fiscal year ending July 31, 2006 as follows.

1. Reasons for Revisions of Dividend Forecast

Ardepro management believes that profit sharing with its shareholders is an important management issue. Alongside profit sharing, assuring steady improvement in CS, ES and SS (the so called three S) is also important for raising the corporate value (note 1) of the Group. Ardepro's policy is to actively share profit with its shareholders while at the same time building up reserves for investment in long-term growth, including investments to build up inventory and establish internal control systems to put in place a more powerful base of operations.

(Note 1) The three Ss

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

The following is a brief discussion of the effects of inventory investment and the Company's management style on our business performance in the current financial and economic environment.

Recently the Bank of Japan, the country's central bank, ended its zero interest rate policy, reverting to a more normal financial environment in which the cost of financing is an important consideration. Under the zero interest rate environment interest cost was not a factor. A change like this is usually perceived as having a negative impact on the real estate industry. Ardepro has anticipated this and has been preparing for it for a long time, building up corporate strength to withstand higher interest rates. As a result, we are now relatively immune to rising interest rates. In fact, we feel that the changed environment places Ardepro in an advantageous position, now that we can better differentiate ourselves from competitors.

- (1) The shorter-than-average turnover period (Approximately 110 days compared to the industry average of 540 days (18 month)) is one of our unique strengths. This is also clearly reflected in the much lower ratio of interest-bearing debt to consolidated sales at Ardepro compared with the real estate sector average. This ratio in the third quarter of the July 2006 fiscal year was 41%, a level much lower than the sector average of 118%, confirming that Ardepro's interest burden is lower.

- (2) We finance inventory investment by loans from financial institutions with which we have established credit lines. The interest rate on these loans is around 2.3% to 2.4%. Since the NOI (income (rent, less expenses)/property price) on properties we acquire is higher than 8%, we are in a position to easily absorb higher interest rates, creating a structure ideal for generating income from properties carried on our balance sheet.
- (3) Our national business network now includes nine branches and 20 sales offices. The network is designed to give us access to first-hand information on potentially lucrative used condominiums. The success of this type of network is also evident from the significant contribution to earnings in the current fiscal year by the nine branches spread throughout the metropolitan areas and government-designated cities. We plan to build further on this achievement in the next fiscal year by aggressively acquiring high NOI properties (compared to properties in metropolitan areas and government-designated cities) to increase inventories in major regional cities through our network of 20 sales offices. We, therefore, expect our regional offices to make an even greater contribution to next year's earnings.
- (4) Under the zero interest rate environment, funds in search of higher returns flowed into publicly traded REITs and private placement funds. But now that the yield on Japanese Government bonds is edging closer to 2%, the yield gap between JGBs, and publicly traded REITs and private placement funds is narrowing. This environment places us in an advantageous position, given our ability to supply properties with an NIO exceeding 6%. This should contribute significantly to earnings.

Our basic policy toward distribution of profit to shareholders is to maintain a stable 30% dividend payout ratio backed by steadily expanding sales and earnings. This is to be achieved by strengthening our management position to withstand an economic environment characterized by rising interest rates.

Our corporate philosophy defines our mission as the pursuit of three forms of fulfillment (spiritual, economic and personal) for all our stakeholders. In order to meet our goal regarding economic fulfillment, management plans to propose an annual dividend per share of 1,600 yen, including a year-end dividend per share of 1,350 yen.

Ardepro is committed to maintaining a 30% dividend payout ratio, in addition to proactively offering other shareholder incentives.

Management plans to submit the above dividend proposal to the 19th Annual General Meeting of Shareholders to be held in late October, 2006.

2. Dividend Revision

	(Yen)		
	Interim	Year-end	Annual
Previous forecast (released on March 23, 2006)	250.00	1,050.00	1,300.00
Revised forecast	250.00	1,350.00	1,600.00
(Reference) Dividends per share in previous fiscal year	70.00	430.00	500.00