

July 21, 2006

Ardepro Co., Ltd.

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(Stock code: 8925, Tokyo Stock Exchange Mothers Market)
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Notice of Change in Subsidiary

Ardepro Co., Ltd. announces that the Board of Directors on the date hereof has approved a resolution to sell all of its shareholding in Japan Realty Supervision Co., Ltd. ("JRS"), a consolidated subsidiary, to Ardepro Property Management Co., Ltd. ("APM"), another consolidated subsidiary. The details are as follows:

1. Reason for the change

Kyoto-based JRS operates primarily in Kyoto, Osaka, Shiga and Nara prefectures and in Tokyo. The company specializes in property management, offering services that range from building maintenance and condominium management to centralized machinery controls. It has 26,000 condominiums under management.

APM was established in March 2006 as a wholly owned subsidiary of Ardepro, to provide centralized oversight of the property management services offered by Ardepro throughout Japan. Competition is intense in the property management services sector and consolidation is underway nationwide.

In response to the extremely severe operating environment, APM has drawn up a business plan based on forming capital and business alliances with well-established regional property management firms able to share Ardepro Group's corporate philosophy. This approach will better position APM to contribute to local communities. The parent company, Ardepro, has already established a nationwide network of nine branch offices and 20 sales offices and expects to see a steady increase in the number of condominiums under its management. The target for condominium under management, including those of alliance partners, is 200,000 units. This is to be achieved by increasing the number of capital and business alliances with well-established regional property management firms.

Since capital alliances will turn alliance partners into affiliates, APM will have equity in the earnings of such affiliates, lifting its net income and promoting synergy among Group firms.

As a part of the Group's expansion strategy, APM is acquiring JRS as a subsidiary, in order to position itself as a leading property management firm in the Kinki region. JRS offers around-the-clock centralized machinery controls. Since JRS has recently upgraded its computer systems for centralized machinery controls, the Group has decided that JRS should concentrate on centralized machinery controls and the operations of its Tokyo branch office should be transferred to APM.

In view of these changed circumstances, an earlier plan to take JRS public has been shelved. Instead, we now plan to build a framework of APM's organization and network in preparation for taking the company public in about three years.

2. Outline of the subsidiary

- (1) Company name: Japan Realty Supervision Co., Ltd.
 (2) Representative: Ryohei Higashiguchi
 (3) Location: 8 Nishitakatsukasa-cho, Nishiiru, Muromachi, Shimochoujamachi Dori, Kamigyo-ku, Kyoto
 (4) Established: October 22, 2001
 (5) Main business: Building maintenance, condominium management, machinery controls
 (6) Fiscal year end: July
 (7) Employees: 94 (As of July 21, 2006)
 (8) Main offices: Kyoto Head Office, Tokyo Branch Office
 (9) Capital: 204.64 million yen
 (10) Outstanding shares: 145,100 shares
 (11) Major shareholders (shareholdings): Ardepro Co., Ltd. (139,600 shares, 96.2%)
 (12) Recent business results: Thousand yen

	Fiscal year ended February 2005	Fiscal year ended July 2005 *
Sales	1,147,591	477,655
Gross profit	305,587	112,454
Operating profit	8,217	(80,713)
Recurring profit	5,710	(80,632)
Net income	4,082	(156,019)
Total assets	460,385	373,049
Net assets	156,551	531
Dividend per share	0	0

Note 1: The fiscal year ended July 2005 was an irregular 5-month accounting period.

3. Purchaser of shares (As of July 21, 2006)

- (1) Company name: Ardepro Property Management Co., Ltd.
 (2) Representative: Takashi Niiyama
 (3) Head office: 3-1-24, Shinjuku, Shinjuku-ku, Tokyo
 (4) Main business: Leasing management, property management, sub-leasing, renovations, leasing, etc.
 (5) Relationships: Wholly owned subsidiary of Ardepro Co., Ltd.

4. Number of shares to be sold and shareholding before and after the sale

- (1) Share ownership before transfer: 139,600 shares (ownership: 96.2%)
 (Number of voting rights: 2,792)
 (2) Number of shares to be sold: 139,600 shares (aggregate sales amount: 773.922 million yen)
 (Number of voting rights: 2,792)
 (3) Share ownership after transfer: 0 share (ownership: 0%)
 (Number of voting rights: 0)

5. Schedule

- July 21, 2006 Board of Directors resolution, Signing of stock acquisition contract
 July 31, 2006 Transfer of shares

6. Outlook

The above change in subsidiary will have no impact on Ardepro's operating results since the transaction is between consolidated subsidiaries.