

July 28, 2006

Ardepro Co., Ltd.

Representative: Tatsuya Akimoto, Chief Executive Officer
(Stock code: 8925, Tokyo Stock Exchange Mothers Market)
Contact: Reiji Kubo, Chief Financial Officer, Managing Director
Telephone: +81-3-5367-2001

Notice of Sale of Subsidiary's Stock

Ardepro Co., Ltd. (the Company) announces that the Board of Directors on the date hereof has approved a resolution to sell 85.05 percent of its shares of Ardepro Asset Management Co., Ltd. ("AAM"), a consolidated subsidiary. The details are as follows:

1. Reason for the sale of stock

The Company established AAM on October 18, 2005 with the objectives of providing property management consulting and asset management services as well as engaging in securitization and fund formation for the Company's own properties.

Real estate securitization is a widely prevalent practice in the industry as it can take assets off the balance sheet, resulting in reduction of the risk of ownership and improvement of performance metrics such as ROE and ROA through reduction of the assets.

However, real estate securitization schemes which take advantage of the forms of investment partnership and special-purpose company (SPC) are recently being challenged from the perspectives such as:

- 1) How to define the transfer of risks and economic value,
- 2) How to judge whether an SPC is treated as a subsidiary, and
- 3) How to treat an SPC that was established by multiple investors.

These issues are frequently causing some confusion in accounting treatments in terms of determining the extent of risk bearing and application of the control approach to consolidation.

In such an environment, the Company has been making an effort to neutralize the risk of real estate market fluctuations and institutional risks triggered by revision of legislations, accounting rules, etc. as well as proactively leveraging the opportunities caused by various environmental changes. It is a matter of course for a listed company to strive for achieving the earnings forecasts disclosed in earnings outlook and the medium-term management plan, to comply with the accounting standards, which are the cornerstone of reliable financial reporting to investors.

Although the Company does not believe that the real estate securitization scheme in itself has lost its *raison d'être*, the synergetic effect for the Ardepro Group getting involved in the scheme has been judged to be limited. Further, the Company has reached a conclusion that, given the normal economic environment in which interest rate works after the Bank of Japan lifting its zero interest rate policy, keeping its properties on the balance sheet, or recording them as inventory, is the best policy to make the most of its strengths in the real estate business.

Meanwhile, AAM is expected to increase the likelihood of acquiring the real estate fund business by having decision-making process in a real estate fund management company dominated by the fund investors.

For all the above reasons, the Company has decided to sell its 85.05 percent of AAM shares to Platinum Advisors Co., Ltd. The decision will put AAM out of the list of the Company's consolidated subsidiaries.

AAM will continue to be provided real estate information on a priority basis from the Company as well as widely collecting the information from the other sources, and aiming to form large-scale, long-term funds. The Fund No. 1, which was announced in the news release "Notice of Managing Privately Placed Real Estate Funds by Subsidiary" issued on May 8, 2006, will be formed by AAM as originally scheduled.

2. Outline of change in subsidiaries

- (1) Company name: Ardepro Asset Management Co., Ltd.
- (2) Representative: Jun Watanabe
- (3) Location: 2-4-1 Nishishinjuku, Shinjuku-ku, Tokyo
- (4) Established: October 18, 2005
- (5) Main business: Establishment, sales and other activities involving real estate funds
- (6) Fiscal year end: July
- (7) Employees: 5
- (8) Main office: 2-4-1 Nishishinjuku, Shinjuku-ku, Tokyo
- (9) Capital: 100 million yen
- (10) Outstanding shares: 2,000 shares
- (11) Major shareholders (shareholdings): Ardepro Co., Ltd. (100%)
- (12) Recent business results:
As it was established on October 18, 2005, the interim results for the first half ended January 2006 are presented as below.

Thousand yen	
	First half ended January 2006
Sales	0
Gross profit	0
Operating profit	(15,337)
Recurring profit	(16,413)
Net income	(16,473)
Total assets	85,126
Net assets	83,526
Dividend per share	0

3. Purchaser of shares (As of July 2006)

- (1) Company name: Platinum Advisors Co., Ltd.
- (2) Representative: Yasuhiro Tachibana, Representative Director
Kazuhiko Hada, Representative Director
- (3) Head office: 2-12-4, Shinjuku, Shinjuku-ku, Tokyo
- (4) Main business: Arrangement of real estate securitization; asset management for real estate funds; brokerage and seller's agency in real estate trading; planning, investigation, and research for corporate financial management; consulting for management rationalization; real estate investment advisory services
- (5) Employees: 12
- (6) Established: February 28, 2006
- (7) Capital: 9 million yen
- (8) License: Real estate transaction
- (9) Registration: Beneficiary rights of trust selling business

- (10) Profile of directors and officers:
- Yasuhiro Tachibana, Representative Director: Graduated from the Department of Architecture and Building Engineering, Kumamoto University in 1985
Joined Maeda Corporation in 1985, and qualified as First-Class Registered Architect; Engaged in development, effective utilization and brokerage of real estate, and land trust business for Mitsui Trust Bank in 1992, followed by engaging in valuation services for foreign-owned real estate fund company; Established a real estate consulting and advisory firm in 2005; Established Platinum Advisors Co., Ltd. in February, 2006 and assumed the position of Representative Director.
- Kazuhiko Hada, Representative Director: Graduated from the Faculty of Business and Commerce, Keio University in 1995
Joined Japan Real Estate Institute in 1995, and qualified as Certified Real Estate Appraiser; Engaged in arrangement of real estate securitization and non-recourse loan business for Sakura Bank in 2000, followed by structured finance business for a real estate fund company; Established in 2004 a firm providing real estate appraisal, consulting, and advisory services; Established Platinum Advisors Co., Ltd. in February, 2006 and assumed the position of Representative Director.
- Sachio Suzuki, Director, Real Estate Fund Business
Joined Mitsui Trust Bank in 1991, and engaged in lending, real estate brokerage, and also got involved in handling problem cases as a member of land trust business project; Joined Platinum Advisors Co., Ltd. in April, 2006 and assumed the position of Director, Real Estate Fund Business.
- Fumiaki Ohnishi, Director, Fund Business
Joined Mitsui Trust Bank in 1992, and engaged in lending, development and effective utilization of real estate, and also got involved in handling problem cases as a member of land trust business project, followed by being temporarily transferred in July 2004 to Alfa Trust Realty Advisors Co., Ltd. (with approximately 100 billion yen of assets under management) to be in charge of fund management as Asset Manager; Joined Platinum Advisors Co., Ltd. in July 2006 and assumed the position of Director, Fund Business.
- (11) Relationship: No financial, personnel or business relationship with Ardepro

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

- (1) Share ownership before transfer 2,000 shares (ownership: 100%)
(Number of voting rights: 2,000)
- (2) Number of shares to be sold: 1,701 shares (aggregate sales amount: 102.06 million yen)
(Number of voting rights: 1,701)
- (3) Share ownership after transfer: 299 shares (ownership: 14.95%)
(Number of voting rights: 299)

5. Schedule

July 28, 2006	Board of Directors resolution, Signing of stock acquisition contract
July 31, 2006	Transfer of shares

6. Outlook

Gain on sale of subsidiary stock of 17 million yen will be recorded as extraordinary gain for the current fiscal year. The Company expect a negligible impact to the consolidated financial results.