

August 10, 2006

Ardepro Co., Ltd.

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Business alliance between subsidiary Ardepro Property Management Co., Ltd. and Alive Community Co., Ltd., and acquisition of Alive Community shares

Ardepro Co., Ltd. announces that the Board of Directors of its subsidiary Ardepro Property Management Co., Ltd. (APM), at a meeting held on August 10, 2006, approved a resolution to form a business alliance with Alive Community Co., Ltd. (HQ: Shinjuku-ku, Tokyo; representative: Koji Fukuoka, President; listed on the Heracles market, Osaka Securities Exchange). The Board of Directors also decided to acquire the shares of Alive Community. Details are as follows.

I. Outline of business alliance

1. Purpose of business alliance

Ardepro Co., Ltd. has already established nine branches and 20 sales offices across Japan, and plans to establish about 10 more sales offices in the current period. With this nationwide scale, the number of properties handled by Ardepro has rapidly expanded due to the rise in sales activities. APM plans to rapidly increase the number of properties under management by establishing business and equity alliances with prominent property management (PM) firms throughout Japan.

By using alliances with condominium developers and condominium management companies, Alive Community offers total life care services focusing on coatings, renovations and interior product sales for condominium units.

APM handles renovations for properties acquired by Ardepro. By forming an alliance with Alive Community, APM can standardize the quality of its renovations and perform renovations faster. This is expected to enhance customer satisfaction. Furthermore, APM and its PM firm alliance partners can offer a nationwide renovation service for the properties they manage in all areas of Japan. This nationwide scale is expected to lower the cost of renovations.

2. Description of business alliance

- (1) Alive Community undertakes overall (excepting part of the Kanto area) repair and renovation work on the interiors and exteriors of real estate properties procured by Ardepro and those managed by APM. It provides a range of services to enhance value-added of the Ardepro group's real estate properties.
- (2) Ardepro aims to enhance value-added by providing customers with Alive Community's products and services, including coating and interior products, for properties sold by Ardepro and those managed by APM.
- (3) Alive Community, Ardepro, and APM will share housing industry expertise and promote cooperation in business areas where a new synergy effect can be demonstrated.

- (4) A smoother support structure will be enabled, with Alive Community implementing renovation work that Ardepro undertakes from shareholders, which will be linked to renovation discounts expressed in "Notice of Introduction of Shareholder Special Benefit Plan" released on July 25, 2006.

3. Corporate profile (Alive Community Co., Ltd.)

- 1) Company name: Alive Community Co., Ltd.
- 2) Main business: Coating, house care, lifestyle improvement, IT etc.
- 3) Established: June 29, 2000
- 4) Location: 2-1-1, Nishi-shinjuku, Shinjuku-ku, Tokyo
- 5) Representative: Koji Fukuoka, President
- 6) Capital: 555,075,000 yen (As of December 28, 2005)
- 7) Employees: 179 (As of February 28, 2006)
- 8) Major shareholders: Koji Fukuoka holding 1,634 shares (20.63%),
Y.K. Earls&K holding 1,000 shares (12.63%) (As of February 28, 2006)
- 9) Relationship: Ardepro plans to hold 500 shares in Alive Community through the following capital tie-up.

4. Alliance date

- August 10, 2006: Board of Directors resolution
August 10, 2006: Alliance formed with Alive Community

II. Outline of acquisition

1. Purpose of acquisition

Ardepro is acquiring Alive Community's shares in order to promote the above-mentioned business alliance.

2. About the newly acquired shares

- (1) Shares acquired: 500 common shares of Alive Community acquired from existing shareholders
- (2) Acquisition cost: 232,000,000 yen (464,000 yen per share)
- (3) Pct. of voting rights outstanding: 6.31%
(percentage of the 7,920 shares issued and outstanding as of February 28, 2006)

3. Schedule

- August 10, 2006: Board of Directors resolution
August 11, 2006: Signing of acquisition contract
August 21, 2006: Payment date

4. Others

Ardepro is investigating the acquisition of part of the stock acquisition rights resulting from the private placement of newly issued shares by Alive Community.

III. Outlook

Ardepro has not yet determined the effect of the alliance on its operating results.