

October 30, 2006

Ardepro Co., Ltd.

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**Notice of Decrease in Potentially Dilutive Shares
due to Cancellation of Stock Options (Stock Acquisition Rights)**

Ardepro Co., Ltd. ("the Company") announces that the number of potentially dilutive shares will decrease due to an offer from stock option grantees who agreed to relinquish a certain stock option of the Company issued. The details are as follows:

1. Cancellation of some stock options

The management slogan of the Company is "Pursuit of three forms of fulfillment (economic, physical, and spiritual fulfillment)," which it believes eventually leads to three S's (satisfactions), which are customer satisfaction, employee satisfaction, and shareholder satisfaction.

When granting stock options, the Company has always ensured the "equality of granting standard," by which stock options are granted in accordance with the number of years in service and position of a grantee.

Following the issuance of the first three series of stock options, Ardepro has conducted four stock splits. As a result, the number of shares to be issued upon execution of one stock acquisition right is now 400 shares as contrasted to originally assigned one share, and the execution price is adjusted to 1/400th of the original exercise price. Consequently, when granting stock options, the Company believes that it should consider achieving "equality of opportunity" by adjusting the number of shares to be issued upon execution as well as the execution price.

In addition, the Company is now fully aware of the importance of considering the equality among group companies, whose directors and employees are not granted stock options.

Recipients of stock options are company directors and employees. Naturally, these individuals are also future Ardepro shareholders. From the standpoint of shareholders, the pursuit of economic fulfillment by these individuals involves the sale of stock to realize capital gains and the receipt of dividend income. From the standpoint of these individuals as directors and employees, though, economic fulfillment involves earning salaries and other compensation that reflects their work, knowledge and creativity. Income received as shareholders is highly vulnerable to changes in the price of Ardepro stock. Of course, the stock price is primarily linked to stock market trends and is not a direct reflection of the work performed by directors and employees. Consequently, Ardepro believes that the increasing weight of income from the sale of stock with regard to economic fulfillment is creating an imbalance in the means of achieving this fulfillment.

The Company is now aiming for upgrading from Tokyo Stock Exchange Mothers Market to the First Section of Tokyo Stock Exchange to further increase the presence of the Company among shareholders and investors. To this end, the Company believes that all the directors, officers, and employees of the group companies should stand at the same starting point based on the principle of the above mentioned “three equalities,” and put itself to the test by the securities market to reinforce its position in the real estate industry.

In adherence with the spirit mentioned above, the Company is going to cancel part of the stock options due to an offer from stock option grantees who agreed to relinquish part of the stock options the Company issued to them, and the retirement of other stock option holders. As a result, the number of potentially dilutive shares will decrease.

2. The number of potentially dilutive shares to be decreased

Type and number of shares: 7,245 common shares

Description:

Stock acquisition rights No. 1: 5,600 shares

Resolution on May 16, 2003 at extraordinary shareholders' meeting

Stock acquisition rights No. 3: 800 shares

Resolution on Jul. 28, 2003 at extraordinary shareholders' meeting

Stock acquisition rights No. 4: 750 shares

Resolution on Jun. 23, 2004 at extraordinary shareholders' meeting

Stock acquisition rights No. 5: 95 shares

Resolution on Oct. 26, 2005 at the 18th annual shareholders' meeting

Pct. of shares issued: 0.21% (3,451,895 shares issued as of August 1, 2006)

Ardepro plans to complete the required procedures by November 30, 2006.