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Ardepro Co., Ltd.

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Notice on the Third Revision of Ardepro Group Medium-term Management Plan

Ardepro Co., Ltd. revised its Group Medium-term Management Plan on March 6, 2006 and proceeded positively to expand its business while fulfilling the plan. As a result, in the 19th fiscal year ended July 2006, we achieved sales of 43.001 billion yen and recurring profits of 6.698 billion yen. These figures far exceeded the forecast; consolidated sales of 35.047 billion yen, recurring profits of 5.298 billion yen. In addition to this, as for the consolidated business forecast for the 20th fiscal year ending July 30, 2007 announced on December 18, 2006, we expect to achieve the consolidated sales amount of 75.208 billion yen and the recurring profits of 12.057 billion yen. If we can achieve these figures, we will end up achieving our second revision of Medium-term Management Plan one year ahead of schedule.

Considering our above-mentioned group's business expansion forecast, Japan's housing environment change, and current real estate market's structural change, we are pleased to announce the revision to our 2nd Revision of Medium-term Management Plan which aimed at becoming the Innovator in the Real Estate Industry, as follows:

I. Name: Ardepro Group Medium-term Management Plan (The Third Revision)

“In Search of the Creation of Cyclic Type Real Estate”

II. Plan Period: Three Fiscal Years from the 21st Fiscal Year ending July 2008 to the 23rd Fiscal Year ending July 2010

III. Growth Objectives: Business Expansion and Reinforcement of Internal Control

Since our stocks has been listed in the Tokyo Stock Exchange Mothers Market, we have been expanding our business to become the leading company of the used condominium market, which we stated clearly in our management strategies before. In addition to our group, many other real estate companies, who are paying attention to used houses, securitization of real estate, and revitalization, were listed also in the stock markets. As a result, recognition on used housing market has remarkably been improved.

Taking our businesses expansion into consideration and not sticking to the conventional bounds of real estate sales activities: purchases, sales, brokerage, leasing, and management, we have been constantly seeking additional opportunities in related industries to be the real estate industry innovator who will be a pioneer in rebuilding the real estate business value chain.

In order for us to be the real estate industry innovator, we use Housing Basic Law enacted on June 8, 2006. There was a housing shortage of 4.2 million units right after World War II. Japan's housing policy has been to support quantity expansion based upon Housing Construction Planning Law enacted in 1966. As a result, as of October 1, 2003, there were 53.89 million housing units available for the total of

47.26 million households. This means that the total number of available housing units far exceeded that of all the households.

Housing Basic Law takes into consideration the Japan's current overstock condition of housing units, the transition from quantity to quality, and an aging society with a declining birthrate. The law's fundamental concept is to supply quality housing units as a basis for the people's dwelling lives now and in the future. The law orders the national and municipal public bodies to promote the necessary supports for attaining and improving the dwelling lives. On top of that, the fair housing trading environment orderliness for housing market for the smoother distribution is incorporated, thus the law helps expand the business we have been dealing with.

Moreover Japanese people have a strong preference to newly constructed properties. The Japan's distribution share for used housing units is much smaller than that of other advanced countries: Japan 13%, U.K. 89%, the U.S. 77%, and France 71%. The dwelling life basic plan stated in Housing Basic Law encourages the cyclic type market formation and shows the following target numerical figures:

No.	Item	Current	Target
1	Usable Distribution Share for Used Housing	13% (2003)	23% (2015)
2	Housing Life (avg. usable years of houses after construction)	Approx. 30 years (2003)	Approx. 40 years (2015)
3	Ruined Rate of Housing (ratio of the number of housing to be ruined for the first five years after construction to the number of housing units in stock)	Approx. 8% (1998-2003 avg.)	Approx. 7% (2015)
4	Ratio of Renovation (ratio of the renovated houses to the housing units in stock)	2.4% (1999-2003 avg.)	5% (2015)
5	Ratio of Home Owners Associations that has Installment Savings Plan longer than 25 years for Long-term Maintenance Support	20% (2003)	50% (2015)
6	Certain Barrier-free Remodeling (barrier-free remodeling to the senior people's houses; installment of railings at more than two places or getting rid of indoor steps)	29% (2003)	75% (2015)
7	Advanced Barrier-free Remodeling (barrier-free remodeling to the senior people's houses; installment of railings at more than two places, getting rid of indoor steps, and building a corridor wide enough for a wheel-chair to pass) All these are required.	6.7% (2003)	25% (2015)

In addition to the above-mentioned conditions, the following favorable environment exists:

- (1) Annual income level restrictions to individuals on housing loans by financial institutions have been more relaxed than usual.
- (2) The price increase of newly constructed houses gradually pushes up that of used properties.
- (3) When the interest rates are on the rise, used properties comparatively yield higher return than REIT does.
- (4) In Japan, the difference between the house rents receivable and the borrowing interest rate is one of the highest in the world.

This kind of environment serves as a tail wind for our company. And we assume that the current environment will be beneficial for us to carry out our Medium-term Management Plan. From now on, we will work on the revitalization of used condominiums and office buildings “In Search of the Creation of Cyclic Type Real Estate.”

In the meantime, Corporation Law enacted on May 1, 2006 and the structuring of internal control system became obligatory. In addition to this, Financial Product Transaction Law was formed on June 7, 2006. This law asks all the listed companies including us to strengthen the internal control regarding financial reporting. We regard “the pursuit of the three forms of fulfillment” as our corporate management philosophy and mission. Upon these three forms of fulfillment, we have based our past growth, our group’s line-up, and great supports from our shareholders.

In addition to expanding our current business, we are trying to strengthen our organization structure and maintain strong internal control system. Our corporate identity is a basis both for strengthening our internal control and maintaining strong management system. Our corporate identity is “the pursuit of the three forms of fulfillment,” namely, economic, physical and spiritual fulfillment. We are in pursuit of these three forms of fulfillment in a well-balanced fashion. It is needless to say that corporate governance and compliance are important in order to improve our internal control. Compliance is usually interpreted as the practice of obeying laws and regulations. But we interpret compliance as the practice of obeying ethical rules and regulations, in other words, satisfying other person’s expectations or having a resonant mind with other good minds. As one member of the listed companies, we have to offer wealth to our many stakeholders by way of pursuit our philosophy through compliance and improve our company value with confidence from many stakeholders by performing Corporate Social Responsibility (CSR). We believe that by performing these points, we will be able to assure the position of our company as a going concern and make the corporate internal control possible.

- 4Cs plus 1G Management

We believe that the entrance to corporate management can be likened to Corporate Identity (CI) and the exit to Corporate Social Responsibility (CSR). And strengthening Corporate Governance and keeping Compliance to our stakeholders will assure the position of a Going Concern for our company.

Moreover, we believe that the pursuit of this corporate philosophy along with the resulting pursuit of profits, which is the pursuit of “spiritual and profit” goals, will make our company a successful going concern.

- Medium-term Management Plan (The Third Revision)

[Our Target: Net Income over 100 Billion Yen for the 21st Fiscal Year;
Sales over 200 Billion Yen and Recurring Profits of 30 Billion Yen for the 23rd Fiscal Year]

(Table 1) Numerical target (consolidated) (Million yen, %)

	20 th fiscal year ending July 2007	21 st fiscal year ending July 2008	22 nd fiscal year ending July 2009	23 rd fiscal year ending July 2010
Sales	75,208	112,800	157,900	205,200
Recurring profit	12,057	18,000	24,400	30,000
Net income	6,573	10,600	14,300	17,600

Note1: Figures for the 20th fiscal year are based on the revised forecast on December 18, 2006.

* For reference

(Table 2) Numerical target for the 2nd revised Medium-term Management Plan
announced on March 6, 2006 (Million yen)

	20 th fiscal year ending July 2007	21 st fiscal year ending July 2008	22 nd fiscal year ending July 2009
Sales	55,715	81,002	120,990
Recurring profit	8,460	12,477	18,823
Net income	4,451	6,568	10,022

IV. Internal and External Strategies of Medium-term Management Plan

1. Internal Growth

(1) Real estate development projects

Until now, we have concentrated on the revitalization of used condominiums. Looking ahead, we plan to start conducting development projects for newly constructed condominiums and other properties.

(2) Strengthen and expand the network of branch and sales offices

As of February 1, 2007, we have divided the nation into six areas and have covered all areas of Japan with nine branch offices and 27 sales offices. During the fiscal year ending in July 2007, we plan to increase the number of branch offices and sales offices to a total of 40 including head office. With this larger and more powerful infrastructure, we will further enlarge our used condominium revitalization activities as well as gather all types of real estate-related information in order to increase sales.

(3) Procurement and sale of used condominiums

Considering the current condition of the critical declining birthrate and from the viewpoint of providing aid to child-raising households, the dwelling life basic plan incorporated the supply support of rented residences for families, residences with adjunct child-raising facilities, etc. while utilizing current stock of housing units. On top of this, as aging is becoming prevalent, we believe that due consideration such as barrier-free remodeling to senior peoples' houses will be indispensable.

On January 11, 2007, we opened five sales offices, in metropolitan areas, namely in Shibuya, Ikebukuro, Ueno, Kichijoji, and Toyochō. As for the individual remodeling of used condominiums in metropolitan areas, we will try to offer real estate which satisfies the requirements stated in these measures.

(4) Revitalization of used single-family residences

The declining birthrate is a nationwide problem. As of February 1, 2007, we have 9 branch offices and 27 sales offices. As for the key local cities there is a big room left in the used single-family residence market. Also there should be big requirements for houses suitable for families with a small number of children. We will aggressively tap the used single-family residence market.

(5) Revitalization of used office buildings

Real estate business is expanding its business domains rapidly. And the business already includes dealing of office buildings and commercial facilities. This kind of business should have a continually growing market. We see a big future in the business of selling remodeled used office buildings. We will make this business a nationwide one.

(6) Stock-type business model

As the economy gradually recovered, Bank of Japan lifted its quantitative monetary ease policy on March 9, 2006, and then lifted no interest-rate policy on July 14, 2006. At the time of deflation, owing real estate might be risky from the viewpoint of declining asset value. But when the economy recovered from the deflation and the inflation is expected to come in the near future, owing real estate is likely to be advantageous. Real estate industry up to now utilized SPC to actively deal real estate as liquid capital, but from now on, owing real estate and making a profit out of it can be a good business model. We will work on this type of business.

(7) Franchising

We will try to make royalty income from growth in franchised sales agents.

(8) Internet business

We have been putting real estate for sale up for auction on Mother's Auction of IDU Corporation. From now on, we will put our real estate for sale on our own website and conduct our Internet business. Our long-term goal is to raise Internet sales to half of total sales.

2. External growth

(1) Property management business

As we increase our operations on a nationwide scale, the Property management (PM) business will become more important with regard to managing properties purchased by us and other activities. Subsidiary Ardepro Property Management Co., Ltd. plans to enlarge its network with PM firms throughout Japan. This is expected to add more value to the properties owned by the Group throughout Japan. Alliances are also expected to contribute to earnings at partner companies.

(2) M&A strategy

In order for us to expand our business, we will invest in other companies and actively promote M&A. Our target M&A candidate business segments are property management, developers, single-family houses, apartments, and other real estate related businesses.

(3) Business alliances

We will actively promote not only capital tie-ups but also business tie-ups. Mortgage financing, especially is expected to be a growing business market. We believe that mortgage financing will take a strategically important position of our future business.