

News Release

March 13, 2008

ARDEPRO Co., Ltd.

Representative: Reishi Kubo, President and Chief Operating Officer

Stock code: 8925, Tokyo Stock Exchange, Mothers Market

Contact: Takashi Niiyama, Director, General Manager of Management and Administration Division

Telephone: +81-3-5367-2001

Notice of Revisions to Forecasts, Interim Dividend and Year-end Dividend Forecast

Due to recent trends in operating results, ARDEPRO Co., Ltd. has made the following revisions to its forecasts announced on September 14, 2007 for the first half of the fiscal year ending on July 31, 2008 (August 1, 2007 – January 31, 2008) and the full fiscal year (August 1, 2007 – July 31, 2008) as well as to the interim dividend and the forecast for the year-end dividend.

I. Revisions to sales and earnings forecasts

1. First half ended January 2008 (August 1, 2007 - January 31, 2008)

(1) Revisions to consolidated forecasts

Million yen

	Net sales	Operating profit	Recurring profit	Net income
Previous forecast (A)	71,935	11,932	11,007	6,327
Revised forecast (B)	51,218	7,480	6,466	3,683
Difference (B-A)	(20,717)	(4,452)	(4,541)	(2,644)
Pct. change (%)	(28.8)	(37.3)	(41.3)	(41.8)
(reference)	38,523	6,859	6,239	3,537
First half of previous fiscal year				

(2) Revisions to non-consolidated forecasts

Million yen

	Net sales	Operating profit	Recurring profit	Net income
Previous forecast (A)	61,806	10,167	9,242	4,721
Revised forecast (B)	49,233	7,919	6,870	4,114
Difference (B-A)	(12,573)	(2,248)	(2,372)	(607)
Pct. change (%)	(20.3)	(22.1)	(25.7)	(12.9)
(reference)	37,469	6,779	6,194	3,557
First half of previous fiscal year				

2. Fiscal year ending July 2008 (August 1, 2007 - July 31, 2008)

(1) Revisions to consolidated forecasts

Million yen

	Net sales	Operating profit	Recurring profit	Net income
Previous forecast (A)	160,740	25,647	23,674	13,387
Revised forecast (B)	121,755	13,377	11,550	6,514
Difference (B-A)	(38,985)	(12,270)	(12,124)	(6,873)
Pct. change (%)	(24.3)	(47.8)	(51.2)	(51.3)
(reference)	78,184	12,505	11,617	6,512
Previous fiscal year				

(2) Revisions to non-consolidated forecasts

Million yen

	Net sales	Operating profit	Recurring profit	Net income
Previous forecast (A)	131,216	23,168	21,194	11,577
Revised forecast (B)	118,348	13,213	11,330	6,558
Difference (B-A)	(12,868)	(9,955)	(9,864)	(5,019)
Pct. change (%)	(9.8)	(43.0)	(46.5)	(43.4)
(reference)	75,745	12,431	11,560	6,745
Previous fiscal year				

3. Reasons for revisions

During the first half of the fiscal year (August 1, 2007 – January 31, 2008), the operating environment in Japan's real estate industry has become increasingly challenging. One reason is a decline in construction starts because of the longer time required to confirm designs due to the June 20, 2007 enactment of the amended Building Standards Law. Tighter standards imposed by the Financial Instruments and Exchange Law, which was enacted in September 30, 2007, are another factor. A credit crunch in global financial markets sparked by the U.S. subprime loan problem and a further polarization of Japan's real estate market are creating more difficulties.

In this environment, ARDEPRO has been focusing on its core real estate revitalization business. However, first half sales were below the initial plan because sales of some large properties scheduled for the fiscal year's first half were delayed until the second half.

First half earnings were impacted by a decline in the gross profit margin to lower than the usual level. The reason is ARDEPRO's decision to sell at lower profit margins properties that may end up in inventories for a long time. This decision reflects the upcoming imposition of stricter standards for applying the lower of cost or market method for real estate for sale beginning with the fiscal year ending in July 31.

With regard to selling, general and administrative expenses, ARDEPRO has been working on cutting costs, such as by consolidating branch and sales offices, to create a leaner organization. However, these cost reductions were not enough to offset the earnings decline caused by the downturn in sales.

For these reasons, ARDEPRO has lowered its first half non-consolidated sales and earnings forecasts, but still plans to achieve growth in sales and earnings. The company now forecasts a 31.4% increase in sales to 49,233 million yen, a 16.8% increase in operating profit to 7,919 million yen, a 10.9% increase in recurring profit to 6,870 million yen, and a 15.7% increase in net income to 4,114 million yen.

For primarily the same reasons as for the non-consolidated revisions, ARDEPRO has lowered its first half consolidated forecasts but still expects to report higher sales and earnings. The company now forecasts a 33.0% increase in consolidated sales to 51,218 million yen, a 9.1% increase in operating profit to 7,480 million yen, a 3.6% increase in recurring profit to 6,466 million yen, and a 4.1% increase in net income to 3,683 million yen.

Japan's real estate industry is undergoing a major transition in the current fiscal year as financial institutions revise their approach to real estate-secured loans and public concerns about the building safety climbs, as is evident in the enactment of the amended Building Standards Law. In the financial sector, the shift in the willingness of financial institutions to extend credit is causing companies to be more selective when seeking non-recourse real estate financing. As a result, Japan's real estate industry is becoming increasingly polarized as some companies are forced out of business while others continue to grow.

Despite the today's difficult market conditions, the ARDEPRO Group expects to continue taking advantage of attractive opportunities by leveraging expertise in the core real estate revitalization business. Based on management's decision that new investments in Japan's real estate investment market are returning to large cities, and particularly Tokyo, a major consolidation of the sales office network was announced on February 18, 2008.

During the second half of the current fiscal year, ARDEPRO plans to establish a flexible and streamlined organization by consolidating its office network. This will provide a base for adapting to shifts in market trends while maintaining the proper balance between sustaining a suitable cash position and making inventory investments to fuel growth.

For the fiscal year ending on July 31, 2008, ARDEPRO forecasts a 55.7% increase in consolidated sales to 121,755 million yen, a 7.0% increase in operating profit to 13,377 million yen, a 0.6% decrease in recurring profit to 11,550 million yen, and a marginal increase in net income to 6,514 million yen. On a non-consolidated basis, ARDEPRO forecasts a 56.3% increase in sales to 118,348 million yen, a 6.3% increase in operating profit to 13,213 million yen, a 2.0% decrease in recurring profit to 11,330 million yen, and a 2.8% decrease in net income to 6,558 million yen.

II. Revisions to dividend forecast

1. Revisions to dividend forecast

ARDEPRO's original dividend forecast called for an interim dividend of 460 yen per share and a year-end dividend of 510 yen per share for a total dividend of 970 yen for the fiscal year. This represents a dividend payout ratio of about 30% based on the previous consolidated net income forecast. However, due to the first half and fiscal year forecast revisions explained above, ARDEPRO has lowered the interim dividend to 230 yen per share and the forecast for the year-end dividend to 230 yen per share. This results in a projected fiscal year dividend of 460 yen per share, which is a dividend payout ratio of about 30% based on the revised consolidated net income forecast.

2. Dividend revisions

	Dividend per share		
	Interim	Year end	Fiscal year
Previous forecast (September 14, 2007)	460.00	510.00	970.00
Revised forecast	230.00	230.00	460.00
Actual dividend in current fiscal year	—	—	—
Dividend in previous fiscal year	280.00	280.00	560.00

Note: The above forecasts are based on information that is currently available. Actual operating results may differ from these forecasts for many reasons.