

## News Release

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### ARDEPRO Co., Ltd.

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## Re: Revisions to Forecasts of Financial Results and Year-End Dividend Forecast

In light of recent financial results patterns, its forecasts and year-end dividend forecast for FY 2008 (August 1, 2007 through July 31, 2008) that were announced on March 13, 2008 have been revised as described below.

### I. Revisions to Forecasts of Financial Results

#### 1. Fiscal 2008, year ending July31, 2008 (from August 1, 2007 to July 31, 2008)

##### (1) Consolidated (¥ million)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	121,755	13,377	11,550	6,514
Revised Forecast (B)	63,200	5,800	4,200	2,300
Increase (Decrease) (B-A)	(58,555)	(7,577)	(7,350)	(4,214)
Increase (Decrease) ratio	(48.1)%	(56.6)%	(63.6)%	(64.7)%
Summary: Year ended Jul. 2007 (Aug. 1, 2006 - Jul. 31, 2007)	78,184	12,505	11,617	6,512

##### (2) Non-consolidated (¥ million)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	118,348	13,213	11,330	6,558
Revised Forecast (B)	60,100	6,000	4,400	2,200
Increase (Decrease) (B-A)	(58,248)	(7,213)	(6,930)	(4,358)
Increase (Decrease) ratio	(49.2)%	(54.6)%	(61.2)%	(66.5)%
Summary: Year ended Jul. 2007 (Aug. 1, 2006 - Jul. 31, 2007)	75,745	12,431	11,560	6,745

#### 2. Reasons for Revisions to Forecasts of Financial Results

Due to a worldwide tightening of credit stemming from the sub-prime loan problem, financial institutions that once actively sought to provide real estate financing have turned more cautious, causing a major downturn in real estate transactions in Japan. And while real estate funds and other investors are still eager to acquire property, it is becoming difficult for them to procure loans in the amounts needed to ensure adequate investment returns. As a result of this challenging environment, the Company has been forced to revise its forecasts of financial results for the current fiscal year due to some potential buyers' delayed fund procurement for ARDEPRO's sale properties, which forced close-of-sale cancellations or postponements.

### 3. Medium-term outlook

Over the medium term, the Company expects to grow the value of its mainstay business area, real estate revitalization. This growth will come mainly from recovering demand for legal compliance services for used real estate and from rising occupancy rates for these properties. We are aiming to increase their market liquidity, and demand for property revitalization should become solid as the used real estate distribution market expands moving forward.

Listed below are the main reasons the Company anticipates medium-and long-term growth in the used real estate distribution market, and accompanying growth in revitalization business.

- (1) Despite the current environment, rents and occupancy rates for used real estate are relatively solid.  
Rents and occupancy rates for used real estate have been relatively stable compared to new properties.
- (2) There are many superannuated properties that should support higher rents and occupancy rates once their facilities are updated.  
Since the supply of new properties has dropped greatly since the burst of the real estate bubble in the early 1990s, many corporate-owned properties in Japan are at least 20 years old.
- (3) Real estate prices in Japan are lower than overseas when appraised by the earnings capitalized approach.  
Since Tokyo and other major Japanese cities have a high cap rate relative to other major world cities such as New York and London, Japanese earning properties should continue to be important investment targets for both Japanese and foreign investors.
- (4) Many used properties have Building Standard Law compliance issues, so it's mandatory to increase value in order to enhance market liquidity.  
Real estate revitalization has become more important due to today's more stringent legal compliance review standards for properties underlying real estate trust beneficiary rights and real estate financing.

Given the potential investor demand for used Japanese real estate, the market's liquidity should greatly improve once the sub-prime loan problem dies down and financial institutions start to relax their cautious attitude toward real estate financing.

Moving forward, the Company's strategy for growth will be to focus management resources on revitalizing medium to large-scale income properties in the Tokyo metropolitan area, after verifying that financial institutions are more willing to provide financing to potential buyers of ARDEPRO's properties for sale. Although the Company's performance is now at temporarily plateau, we feel we can achieve breakthroughs over the medium term for the following reasons:

- (1) The real properties owned by the Company are located mainly in major metropolitan areas, and with their solid occupancy rates and stable rent income, they provide the Company with a steady stream of interested potential real estate buyers.
- (2) Demand for owner-occupied properties (properties the buyer-to-be intends to live in) has been solid since they are more attractively priced than new condominiums, and buyers can actually experience the property and neighborhood before purchasing.
- (3) As stated previously, the Company is focusing its management resources on the Tokyo

headquarters by streamlining business offices, and is working on reducing fixed expenses and other selling and general administrative expenses. The result is a lean business organization pared down to the few strongest members.

- (4) The Company receives financing from many financial institutions throughout Japan, and should continue to be able to receive their support.
- (5) On August 28 2007, private placements underwritten by a Goldman Sachs affiliate generated about 20 billion yen for the Company from issuing new shares, and about 10 billion yen from issuing convertible bonds with stock acquisition rights. An outside Goldman-Sachs director has been enlisted to provide valuable management advice and support that will be applied to our management activities.

## II. Dividend forecast revision

### 1. Reason

The Company's dividend policy is to target a dividend payout ratio of over 30%. The forecast dividend was a fiscal year-end dividend of 230 yen per share in addition to the interim dividend already paid (230 yen per share), for a total of 460 yen (corresponding to a dividend payout ratio of 30% based on the consolidated net income forecast announced on March 13, 2008). However, the forecasts of financial results for the fiscal year were revised as described above, and the Board of Directors voted to rescind the year-end dividend at a Board meeting held on June 13, 2008.

After the revision, the annual dividend payout ratio (non-consolidated) is therefore forecast to be about 44%. We would like to offer our sincerest apologies to our shareholders, and ask for your understanding as we redouble our management efforts to achieve better profitability moving forward.

### 2. Revised forecast

(Record date)	Dividend per share		
	Interim (Yen)	Year-end (Yen)	Annual (Yen)
Previous Forecast (published Sep. 14, 2007)	230.00	230.00	460.00
Revised Forecast	230.00	-	230.00
Year ending July 2008 (result)	230.00	-	-
Year ended July 2007 (result)	280.00	280.00	560.00

\* Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this presentation was prepared. Actual results may differ significantly from these forecasts for a number of factors.