

News Release

October 8, 2008

ARDEPRO Co., Ltd.

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Notice Concerning Precaution about the Going Concern Assumption

The board of directors of ARDEPRO Co., Ltd. today approved a resolution to include the following precautionary note in the earnings release (*kessan tanshin*) and securities report (*yuka shoken hokokusho*) for the fiscal year that ended in July 2008.

1. Consolidated financial statements for year ended July 2008

The operating environment in Japan's real estate industry has been extremely challenging for a number of reasons. Most significant are turmoil in financial markets triggered by the U.S. subprime loan crisis, stricter credit screening at financial institutions for loans associated with real estate, and the downturn in construction starts caused by Japan's enactment of an amended Building Standards Law.

Due to these difficult market conditions, the ARDEPRO Group has been unable to sell real estate properties that it owns as planned because of the downturn in the real estate market and the inability of many prospective buyers to obtain financing. As a result, we were forced to scale down our sales forecast. This led large declines in operating income and ordinary income as well as a net loss caused by valuation losses on real estate for sale and other items. Furthermore, net cash used in operating activities was larger than in the previous fiscal year. Since sales of real estate owned by the group are proceeding slower than planned, we have reached agreements with financial institutions to delay the repayment of some loans.

Because of this situation, there are significant doubts concerning the going concern assumption. We plan to take the following actions in order to stabilize liquidity as quickly as possible.

(1) We are maintaining close relationships with financial institutions. To overcome immediate challenges posed by today's difficult market conditions, we have reviewed our funding plans based on the assumption that financial institutions will continue to extend their support. As part of this review process, as was announced on August 27, 2008, we completed placement of the No. 2 Private Placement Convertible Bond, our second issue of unsecured convertible bonds. All bonds were sold through a private placement to GS TK Holdings 4 Joint Company, our largest creditor.

(2) One ARDEPRO external director comes from Goldman Sachs, one of the world's largest financial institutions. We will ask shareholders to elect one more external director from Goldman Sachs at the annual general meeting of shareholders scheduled for October 24, 2008. Although the real estate market is extremely difficult, Goldman Sachs agrees with us that i) there are good prospects for long-term growth in demand for our real estate revitalization services once we reach the end of real estate industry turmoil sparked by the subprime loan crisis and ii) future sales of

properties owned by ARDEPRO are likely to contribute to earnings. Consequently, we plan to establish even closer ties with Goldman Sachs.

(3) We are concentrating resources on the Tokyo area with the goal of increasing sales of income-producing properties in this area. In the fiscal year ending in July 2009, we are establishing a subsidiary to sell existing condominiums in order to increase sales. In addition, we will submit an application for a permit under the Real Estate Specified Joint Enterprise Law for the purposes of procuring funds to purchase entire buildings and selling these buildings.

(4) ARDEPRO has been closing branch offices and sales offices and taking other actions to lower fixed costs.

The consolidated financial statements were prepared on the assumption that ARDEPRO is a going concern. Effects of these significant doubts are not incorporated in these financial statements.

2. Non-consolidated financial statements for year ended July 2008

The operating environment in Japan's real estate industry has been extremely challenging for a number of reasons. Most significant are turmoil in financial markets triggered by the U.S. subprime loan crisis, stricter credit screening at financial institutions for loans associated with real estate, and the downturn in construction starts caused by Japan's enactment of an amended Building Standards Law.

Due to these difficult market conditions, the ARDEPRO Group has been unable to sell real estate properties that it owns as planned because of the downturn in the real estate market and the inability of many prospective buyers to obtain financing. As a result, we were forced to scale down our sales forecast. This led large declines in operating income and ordinary income as well as a net loss caused by valuation losses on real estate for sale and other items. Since sales of real estate owned by the group are proceeding slower than planned, we have reached agreements with financial institutions to delay the repayment of some loans.

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(2) One ARDEPRO external director comes from Goldman Sachs, one of the world's largest financial institutions. We will ask shareholders to elect one more external director from Goldman Sachs at the annual general meeting of shareholders scheduled for October 24, 2008. Although the real estate market is extremely difficult, Goldman Sachs agrees with us that i) there are good prospects for long-term growth in demand for our real estate revitalization services once we reach the end of real estate industry turmoil sparked by the subprime loan crisis and ii) future sales of properties owned by ARDEPRO are likely to contribute to earnings. Consequently, we plan to establish even closer ties with Goldman Sachs.

(3) We are concentrating resources on the Tokyo area with the goal of increasing sales of income-producing properties in this area. In the fiscal year ending in July 2009, we are establishing a subsidiary to sell existing condominiums in order to increase sales. In addition, we will submit an application for a permit under the Real Estate Specified Joint Enterprise Law for the purposes of procuring funds to purchase entire buildings and selling these buildings.

(4) ARDEPRO has been closing branch offices and sales offices and taking other actions to lower fixed costs.

The non-consolidated financial statements were prepared on the assumption that ARDEPRO is a going concern. Effects these significant doubts are not incorporated in these financial statements.