

A. D Works Co., Ltd.

(3250: JASDAQ)

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Focusing on Properties for High-net-worth Investors in the Tokyo Area

Providing a one-stop solution focused on properties for the wealthy class

A. D. Works Co., Ltd. began a dyeing business in 1886. A.D.W. began the Property Division in 1970, making Property its sole business in 1975. After the Lehman Shock, the company specialized in purchasing used apartment blocks for less than 300 million yen and selling them to high-net-worth investors after increasing their value by repairing, lowering vacancy rates, and making the properties compliant with relevant laws. The company also provides "one-stop" management and a variety of consulting services. The company has ties with external agencies in purchasing and sales. The highlights of their business model are (1) the investors receive quick cash income because apartment trading does not dry out even in times of recession, and (2) the investors can increase their financial stability by receiving income from rent of the inventory properties. The business model is not easily affected by economic conditions, therefore enabling a stable business expansion.

The Blue Ocean type business is being developed, and provides potential

While most properties in this category are traded directly between private investors and small property dealers, A.D.W. provides high quality and differentiated "one-stop solutions" utilizing its reliability, financial strength, information management, mobility and manpower as a listed company. The company is already developing the "Blue Ocean type market" without much competition. However, the company only established its business model in the last few years and the sales are around 10 billion yen. The company is not fully utilizing the advantages of their position yet, and has potential for more business expansion, improvement of profit rate and stabilization of its business performance.

The keys are higher profit rate, performance stability and money-raising ability

There is enough potential for A.D.W. considering there are 12 trillion yen worth of privately owned property stock in the Tokyo area (from our data). The company operates a Blue Ocean type business which has high growth potential and provides differentiated customer value. The keys for higher profit are (1) improvement of profit rate and business performance stability by expanding its business and (2) increasing the fund to purchase more properties. It is highly important for the company's future to improve business performance using the money from last year's Rights Offering effectively, and successfully obtain larger funds from their shareholders.

Basic Information

J-Phoenix Research Inc.

Osamu Miyashita, CFA

Company Information

Address	Tokyo
President	Hideo Tanaka
Establishment	February, 1986
Capital	6.76 million yen
Listing Date	October 19, 2007
URL	www.adw-net.co.jp
Business Type	Property Development
Number Employees	55 (consolidated)

Key Indicators as of June 28, 2013

Share Price	¥ 4,430
52 Weeks' Highest Price	¥ 15,850
52 Weeks' Lowest Price	¥ 1,137
Number of Shares Issued	1,064,052 shares
Mandatory Unit	1 share
Total Market Cap	4,606 million yen
Expected Dividend	¥ 50
EPS based on expected earnings for the current year	¥ 253
Estimated PER	17.5x
Actual BPS	¥ 2,760
Actual PBR	1.61x

Business Performance	Sales (million yen)	Year-on-year %	Operating Income (million yen)	Year-on-year %	Ordinary Income (million yen)	Year-on-year %	Current net income (million yen)	Year-on-year %	EPS (yen)	Share Price (yen)	
										Highest Price	Lowest Price
March 2011 Actual	9,328	48.4%	552	28.8%	527	26.2%	301	36.3%	547	5,054	1,370
March 2012 Actual	10,160	8.9%	292	-47.0%	290	-44.9%	140	-53.5%	261	2,969	1,415
March 2013 Actual	9,853	-3.0%	552	89.1%	361	-31.4%	216	54.5%	314 202	4,685	1,137
March 2014 Estimated	10,700	8.6%	614	11.2%	450	24.6%	270	25.0%	253	—	—

(Note) 314 yen in March 2012 EPS and March 2013 EPS are calculated from the average balance of outstanding shares in the March 2013 period, and extracted from A.D.W.'s short financial reports (under the assumption that the shares were split into four at the end of March 2013 instead of May 2013). 202 yen in March 2013 EPS is calculated by JPR using the outstanding shares at that time. 253 yen in March 2014 EPS was calculated by JPR by dividing the estimated net income by the outstanding shares at that time.

Company Information and its Business

Company Information

Transformed from a dyeing business to property business.

Specialized in properties for high-net-worth investors after the Lehman Shock.

Aggressively targeted business operation.

Image of the investment apartment.



Corporate History

Improving the company's business model with the unifying force of Hideo Tanaka (current Director and President).

■ From a dyeing business to property business, then specializing in properties for high-net-worth investors

Begun as a dyeing business in 1886, A.D.W. has dramatically changed its enterprise since the 1970s. The company began its property division in 1970 and decided to specialize in property business in 1975. After the Lehman Shock, the company had to make a live-or-die decision and boldly narrowed their focus. The company decided to specialize in purchasing used apartment blocks less than 300 million yen and selling them to high-net-worth investors after increasing their values by repairing them, lowering vacancy rates, and making the properties comply with relevant laws. Comparing the result of the March 2008 period and the March 2013 period, the businesses marked with ● are the ones being abolished or scaled-down. We can see that the company has focused their business dramatically.

March 2008 Period	
Property Evaluation/Consultation	Property Evaluation, Due Diligence, Survey and Consultation
Property Management	Property Management, ● Building Management, Company-owned Investment Property Rental, ● Asset Management, ● Fund Support
Investment Properties	Trading and brokering of Investment Properties
Residential Properties	● Trading of Residential Properties, ● Brokering Service, ● Sales of New Houses
March 2013 Period	
Stock-based Fee Business	Rental of Company-owned Properties and Properties for Sale, Management Fees from the Properties with Management Contracts, Fees for Renovation Contracts, Official Property Evaluation Service, General Evaluation Service, Due Diligence Service, Property Consulting Service for Companies and Individuals
Investment Properties	Obtaining, Managing and Trading of Investment Properties

(Source) Created by JPR from A.D.W.'s short financial reports.

■ Improving A.D.W.'s business model with the unifying force of Hideo Tanaka

The manpower has increased since Hideo Tanaka took over the company's management from the founder's family and developed A.D.W.'s property business. Hideo's deep understanding of logical strategy has supported the company's development.

1886	Naoji Aoki opened a dyeing business in Tokyo's Sumida Ward.
1970	Former Representative Director Noboru Aoki launched the property division to operate in parallel with the dyeing business. The primary focus of the business was housing land development and lot subdivision.
1975	Dyeing business was abolished and property business made the sole focus.
1995	Hideo Tanaka took over as Representative Director from Noboru Aoki. Company name was changed to A. D. Works in honor of Aoki Dyeing Works. In addition to property brokering, subdivision and rental management, A.D.W. added rental housing land/existing houses/existing apartment arrangement and consulting, property evaluation, and ready-build subdivisions to its business portfolio.
2001	Registered as a real estate investment advisory business.
2003	Full-scale entry into real estate investing
2006	Registered with the Kanto Local Finance Bureau as an investment advisory business.
2007	Listed on the JASDAQ Securities Exchange (currently Osaka Securities Exchange JASDAQ [Standard])

(Source) Created by JPR from information provided by A.D.W.

Business Model

Two closely related segmentations

Investment Property Business is for Capital Gain.

Stock-based Fee Business is for Income Gain.

■ Closely related two segmentations

A. D. W. has two segmentations: (1) Stock-based Fee Business and (2) Investment Property Business. In (1) Stock-based Fee Business, the main source of income is primarily rental before transferring the investment property to a client, maintenance fees after the sales of property, and fees from various consultation services to individual customers. The main source of income from (2) Investment Property Business is capital gain from trading of properties. These two are closely related.

Stock-based Fee Business	Rent from Company-owned Properties and Properties for Sales, Management Fees from the Properties with Management Contracts, Fees for Renovation Contracts, Official Property Evaluation Service, General Evaluation Service, Due Diligence Service, Property Consulting Service for Companies and Individuals
Investment Property Business	Obtaining, Managing and Trading of Investment Properties

(Source) Created by JPR from A.D.W.'s short financial reports.

One-stop Solutions

Responds to various needs of high-net-worth investors.

Links up with external agencies for purchase and sales of properties.

■ Professional "One-stop Solutions" Services

A.D.W.'s services include purchasing, renovating and selling properties. The company also provides after-sale management service and various consultation services such as property evaluation service by a qualified evaluator for the wealthy customers "one-stop". The company responds to the various needs of high-net-worth investors. In purchasing and selling properties, The company is trying to expand their services to wider investor groups and widening its access to properties by linking up with external agencies.

Outline of the One-stop Solutions



(Source) Taken from information provided by A.D.W.

Financial Features

First Financial Feature:
High liquidity.

Low risk of price drop.

Second Financial Feature:
Stable income from
inventory assets.

Less risky business model
than development
properties.

Income structure to make
financial arrangements
easier.

Various Advantages in Competition

Six advantages in
competition.

■ Financial Features - First feature: High asset liquidity

In regard to A.D.W.'s financial features: firstly, trading of the type of properties that the company deals with does not dry out even in times of recession, and the assets can be cashed quickly. Apartment blocks under 300 million yen are well traded and the market is not easily affected by economic fluctuations. Also, the rents from residential properties are harder compared to the rents of commercial properties; therefore the risk of property price drop is low. In properties over 300 million yen, not many investors can afford them without obtaining a loan from the bank. When a recession occurs and when the bank becomes unwilling to make loans, there is a risk that trading of such properties may dry out. In order to avoid such risks, the company is purchasing mainly properties under 300 million yen. These assets can easily be cashed before the prices drop when the times become tough.

■ Financial Features - Second feature: Steady income from inventory assets

The second feature is that the rental income from inventory properties improves stability. Unlike development properties in which cash keeps flowing out until the developer sells the properties and recovers the cost, the company can expect cash flowing in as rental income from tenants from the time of property purchase. Even if the properties are in the inventory, A.D.W. will have an income gain from rentals yielding around 8% to offset the purchase cost. Therefore, funding is easier compared to standard development properties. By keeping properties in its inventory, the company can cover fixed expenses such as labor cost, and it is easy to establish a system to create profits even when economic fluctuation occurs. These features enable the company to expand regardless of the financial situation. Compared to property developers whose cash flow is negative for a long time, the bank's attitude about financing the company is not expected to change much. When the bank tightens their finance criteria, the competitive force of this company may become even stronger.

■ Various advantages in competition

A.D.W.'s business model has the following six advantages over its competition.

A.D.W.'s Six Advantages in Competition

(1) Information Power	Obtaining information from approximately 3,000 sales agents/Obtaining information preferentially from its reliability as a listed company.
(2) Power to provide an Exit Strategy	Providing high-net-worth private investors with an exit strategy.
(3) Power to increase the Value	Ability to renovate to improve the property value toward higher rents and reduction of vacancies/ Ability to improve property value by making properties compliant with relevant laws.
(4) Quick Decision-making	Early sales and profits through quick decision-making.
(5) High Reliability	No information asymmetry problem (which often occurs with existing properties).
(6) Strong relationships with New Owners	With the company's one stop solutions, new owners can purchase the properties with confidence that the information from the company is highly reliable. Property Management (PM) and consultation are offered after sales (CRM Strategy).

(Source) Created by JPR from the information provided by A.D.W.

Information from 3,000 sales agents.	<p>Significant growth can be expected by utilizing these advantages against the 12 trillion yen worth of privately owned property stock in the Tokyo area. Below is the detailed review of the advantages.</p> <p>■ 1st Advantage: Information from 3,000 sales agents. The first advantage is power of information. A.D.W. has established a system in which the properties from its 3,000 sales agents become the company's properties on a priority basis. The system increases the possibility of obtaining the properties without competition.</p>
Power to provide a secure exit strategy through understanding the clients' needs.	<p>■ 2nd Advantage: Power to provide a secure exit strategy for high-net-worth investors. The second advantage is the ability to provide investors with a secure exit strategy. A.D.W. understands the needs of high net worth individuals in property purchase; therefore, the company can actively purchase properties without specific buyers. This is a significant advantage over competitors who cannot purchase properties unless they have definite buyers.</p>
Power to increase property value integrated with maintenance knowhow.	<p>■ 3rd Advantage: Power to increase property value with maintenance knowhow. The third advantage is the power to increase property value. A.D.W. has the knowhow to make renovations which lower the vacancy rate, and the ability to attract tenants with their property management knowhow. In this manner, the company helps its clients improve their cash flow immediately. By purchasing properties whose value is likely to increase after renovation or higher occupancy rate, the company's strategically adds value to their portfolio of properties. In some cases the company purchases properties which were refused by property agents or individuals with less vision.</p>
Ability to make quick decisions due to specialization.	<p>■ 4th Advantage: Ability to make quick decisions due to specialization. A.D.W. specializes in one area of business. Therefore, the decision-making process is very quick; as a result, the company is more responsive and efficient in pursuing higher amounts of capital.</p>
The reliability of a listed company with lifelong customer relationships.	<p>■ 5th Advantage: The good reputation of a listed company which cultivates lifelong customer relationships. Existing properties usually have problems of legal compliance, structure strength or requirement of repairs; private investors tend to worry about such defects. A.D.W. reduces worry with both its reputation as a listed company and by providing a full gamut of services both before and after the sale. By understanding the client's needs, the company provides them with a sense of security.</p>
Building strong relationships with new owners.	<p>■ 6th Advantage: Building strong relationships with new owners. By providing a maintenance contract business and various consulting services, A.D.W. forms strong relationships with new owners. The company effectively retains its customers and serves them again whether they wish to purchase a new property in the future or wish to sell. According to the company, most high-net-worth individuals buy or sell their properties once every 10 years on average. By establishing strong customer relationships, the company secures future business with them. The current sale of the Investment Property Business is about 7 billion yen, which means 35 new high-net-worth investors become new owners every year if the average property price is 200 million yen. If the number increases together with the company's growth, its business will be stable for a long time.</p>

Strategy for Future Growth

Gain access to the owners of the 12 trillion yen worth of privately-owned property stock in the Tokyo area by strengthening ties with external partners.

Active proposal activities with stronger CRM.

Wider range of properties.

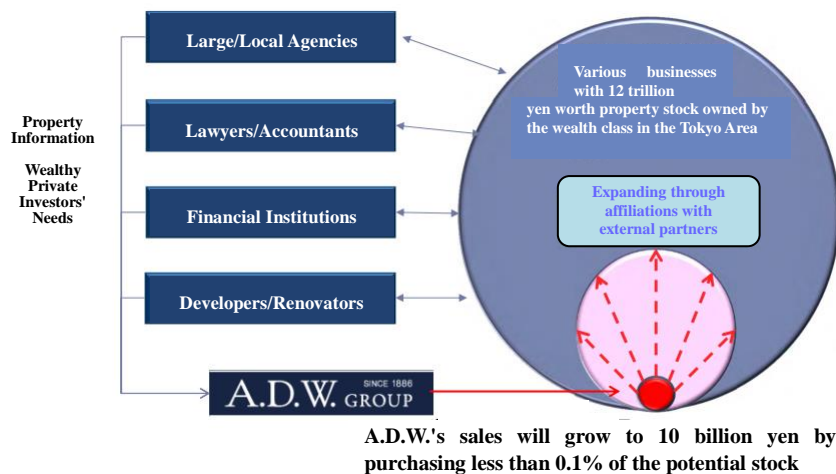
Expand services to the wider Tokyo area and to new, commercial or overseas properties.
Steady income by increasing inventory balance of investment properties.

■ Strategy for Future Growth

A.D.W. listed six points as its strategy for future growth.

First Point: Stronger affiliations with external enterprises

Below is an extract from the information provided by A.D.W.



There are relationships among the owners of 12 trillion yen worth of privately-owned property stock in the Tokyo area with property agents, lawyers and accountants from previous trading. By deepening their relationships with such people, the possibility of A.D.W.'s access to properties can be expanded and the number of the company's property trades can be increased. As a result, fees will be paid to these property agents, lawyers and accountants, and will form win-win relationships with them.

Second Point: Stronger Customer Relationship Management (CRM)

The company established its business model fairly recently. Although A.D.W. has been forming relationships with high-net-worth investors through its management business, there is room for improvement in active proposal activities. In order to change this situation, the company is establishing the "Owners Group" in the March 2014 period. By strengthening its relationship with the customers and trying to understand their needs, the company aims to increase its proposal activities. Such effort will increase future business opportunities with these customers.

Third Point: Wider range of properties

A.D.W. has been dealing with properties mostly in Tokyo but is planning to expand to the wider Tokyo area. In the March 2014 period, the company is expanding its business in Kanagawa Prefecture. The company was previously focusing on existing residential properties, but because some customers are interested in commercial properties, new buildings, or overseas properties, the company now plans to expand its services to these areas.

Fourth Point: Increasing inventory balance of investment properties

An increase in the balance of investment property contributes to the sales increase of A.D.W.'s Stock-based Fee Business. According to the company, property trade is becoming active in the March 2014 period and it is a good environment for the increase of purchasing. Instead of selling all the extra properties, the company is going to increase its inventory assets and the average holding time of each property will be extended from four months to six months. The company is aiming to create more stable income by increasing its cash-creating inventory assets. The company's management policy is to cover any labor costs with the rental income from inventory assets; therefore, the company is preparing for future growth by increasing its capacity for extra inventory assets.

Successful equity finance is the key for future growth.

50%ROE is possible for additionally funded equity.

Keep watching how last year's equity finance goes.

Fifth Point: Successful equity finance

The growth of A.D.W. depends largely on equity finance. The company is using the "Blue Ocean Model," which has limited competition and is difficult for large property agencies and SMEs to join. Considering the balance of 12 trillion yen worth of privately owned properties in the Tokyo area, large growth can be expected if the company can increase its equity and purchasing power.

In 2012, A.D.W. succeeded in raising 500 million yen through a Rights Offering. According to the company, this 500 million yen of funding enables 1,600 million yen lot of investment property purchase. If the coupon yield is 8%, this means a 128 million yen increase in rental income, and a 99 million yen increase in net cash flow after paying the interest (assumed as 2.71%). Assuming that there are two turnovers and 10% return each, the company will have a capital gain of 320 million yen (1,600 million yen x 10% x 2). In total, it will be a 420 million yen increase in Ordinary Income (250 million yen after tax). The ROE to the additionally funded equity can be expected to be 50%.

500 million yen equity finance

→ Purchase of 1,600 million yen worth investment properties becomes possible by borrowing 1,100 million yen

(1) Trading twice a year → 10% of capital gain each time

= 1,600 million yen x 10% x 2 = 320 million yen

(2) 8% of the 1,600 million yen worth investment properties will become rental income

= 1,600 million yen x 8% - 1,100 million yen borrowed x 2.71% interest = 99 million yen

(1) + (2) = 420 million yen Approximately 250 million yen after tax

ROE to 500 million yen = $2.5 \div 5 = 50\%$

If 250 million yen of profit can be achieved with 500 million yen funding, it will be a profit of 2,500 million yen with 10 times of PER. Although the above equations assume that the fixed expenses are not going to change at all, is slightly overestimated; if the company can actually rotate its fund effectively, investors should consider equity finance not as something with negative effects (due to dilution) but as something with positive effects for profit increase.

Whether A.D.W. can achieve the profit increase as suggested above as a result of utilizing last year's equity finance, and whether the company will gain trust from its shareholders will be significantly important for their funding strategy.

Corporate Governance

Structure of the Board

One of the four directors is an outside director.

■ **President Tanaka's unifying force**

One of A.D.W.'s four directors is an outside director. Since 1995, after Tanaka took over management from the founder's family, the company has been growing by changing its business models. His deep understanding of creating a business model to constantly pursue originality and differentiation has contributed greatly to A.D.W.'s unique management strategy.

Representative Director, CEO, President	Hideo Tanaka
Senior Director	Shogo Yonetsu
Director Chief Financial Officer	Katsutoshi Hosoya
Director (outside)	Masanori Honda
Auditor (permanent/outside)	Tamio Harakawa
Auditor (part-time, outside)	Takashi Ebina
Auditor (part-time, outside)	Hiroshi Katsumata
Auditor (part-time, outside)	Ryusuke Suzuki

Main Shareholders

30% of A.D.W.'s shares are owned by A.D.W.'s employees.

■ **More than 30% of A.D.W.'s shares are internally owned**

President Tanaka owns 28.95% of A.D.W.'s shares. The first and the third of the ten main shareholders are corporate insiders and own 33.37% of all the company's shares. The shareholder structure allows President Tanaka to have great influence.

Main Shareholders

	Name of Shareholder	No. of shares owned	Voting right ratio
1	Hideo Tanaka	77,024	28.95
2	Osaka Securities Finance Company Ltd.	14,304	5.37
3	Liberty House	11,770	4.42
4	Arcus Investment Limited	10,440	3.92
5	Credit Suisse AG Zurich	7,500	2.81
6	A. D. Works Co., Ltd.	5,884	2.21
7	Monex, Inc.	5,140	1.93
8	Bank of New York GCM Client Account EBD	3,864	1.45
9	Matsui Securities Co., Ltd.	3,801	1.42
10	Fumie Ryuu	3,000	1.12

(Source) As of March 31, 2013, created by JPR from the company's Financial Report.

Return Method to Shareholders

A.D.W. will keep its shares for a while.

■ **Internal reserve is preferred**

The dividend payout ratio of the February 2012 period and the March 2013 period was 19.1% and 15.1%, respectively. The dividend of the March 2014 period will be 50 yen per share. The payout ratio will be 12.7% to A.D.W.'s target profit and kept low. The company is trying to increase shareholders' equity by keeping its profits, which will increase property purchases from positive investment.

Evaluation of Business Model

Evaluation from external environment

Plenty of elements for expanding business opportunity in the short term.

To offset the business risk, if the property market condition deteriorates, A.D.W. will cover it by increasing their inventory of investment properties.

■Evaluation from political, economic and social environment: The March 2014 period is promising for A.D.W.

Below is the table to show "Opportunity" and "Threat" in the political, economic and social environment.

	Opportunity (O)	Threat (T)
Political (P)	<ul style="list-style-type: none"> Bold financial policy (lower interest rate for loans) Last-minute investment demand before the consumption tax change Tax reduction strategy SME Financing Facilitation Act ends. 	<ul style="list-style-type: none"> Reaction to the last-minute investment demand before the consumption tax change Inflation policies failed (higher interest, drop in rent and land price). The risk that investment properties may dry out.
Economic (E)	<ul style="list-style-type: none"> Increase in property investment for hedging for inflation Rent increase due to a better economy Property price increases due to a better economy 	<ul style="list-style-type: none"> Competition becomes intense in property purchasing among private investors and SMEs
Social (S)	<ul style="list-style-type: none"> Population increase in the Tokyo area (until 2020) Global credit ease 	<ul style="list-style-type: none"> Long term forecast of low birth rate, the aging population and population decrease
	Business opportunity will increase for short term	Needs to respond with a long term view

(Source) Taken from the information provided by A.D.W.

There are plenty of factors to show an increase in business opportunity for the short term. A.D.W. is planning to increase its property purchase to 12 billion yen (a 64% increase from 7.3 billion yen in the March 2013 period). Because most properties purchased become inventory assets, there will not be a significant increase in sales - instead, this will contribute to future cash flow increase. The external environment is in favor of the company.

In regard to "Threat," most factors are related to business risk when the property market condition deteriorates.

Evaluation from 5-force Analysis

■5-force Analysis: Strong position in the market

A.D.W. explains its position in the market using the framework of 5-force analysis. The most important items in this framework are "competition within the market" and "risk of new entries."

Buyers	<ul style="list-style-type: none"> Increase reliability through the company's involvement Increase speed, convenience and investment opportunities
Sellers	<ul style="list-style-type: none"> Increase reliability through the company's involvement Increase speed, convenience and investment opportunities
Competition within the market	<ul style="list-style-type: none"> Hardly any companies who specialize in the same business Secure business opportunity by dealing with properties which are not easy to handle for private/small and medium agencies when the market is active Secure business opportunity when the market is inactive due to low competition against private/small and medium agencies
Alternative Risk	<ul style="list-style-type: none"> No other low risk and middle return investment opportunity as property investment
New entry risk	<ul style="list-style-type: none"> Copying the company's business model is difficult because it requires time and money Large agencies prefer fee business and full entry movement is limited Large property developers have limited synergy and no movement for entry as an

(Source) Taken from the information provided by A.D.W.

<p>No direct competition.</p> <p>Other large property agencies in different categories will perceive no benefit to attempting to compete in this market due to the limitations of their organizational structure.</p> <p>SMEs cannot easily compete in the market because of a limitation in capital.</p> <p>Complementary relationship with other agencies.</p>	<p>■ Limited competition in the market</p> <p>Although the properties that the company deals with are traded often, most trading is between private investors or small property dealers. Under these conditions, A.D.W. provides a full gamut of high quality, differentiated one stop solutions tailored to the needs of the client.</p> <p>There are hardly any other companies which exist in this particular niche market for high-net-worth clients. The only competitors are private investors or SMEs. When the market is active, the company secures business opportunities by trading properties which are not easy to handle for private investors or SMEs. When the market is inactive, the competition lessens. Either way, A.D.W. can secure business opportunities; its position in the market is expected to become stronger over time.</p> <p>■ Reasons why it is difficult for other agencies to compete with A.D.W.</p> <p>A.D.W. gives three reasons why the others cannot easily enter the same market: (1) imitating the company's business model would be extremely expensive and time-intensive (2) large agencies prefer a fee business, and (3) large property developers have limited synergy and no opportunity to enter the market.</p> <p>The type of customized one stop solutions that A.D.W. provides requires extensive knowledge about the needs of high-net-worth individuals. It is almost impossible to systematize and manage such resources within the short term. This is not easy for SMEs to duplicate; competing in the market requires large sums of money. Although large property agencies in different categories have no problem with money or management resources, there is no reason why such companies should join the competition in a small market, especially when there is no synergy with their main business. There will be no perceived benefit to organizing competent human resources to copy the company's business model and start a business in this new category.</p> <p>■ Complementary relationship with other property agencies: establishing a win-win relationship</p> <p>According to A.D.W., its dealings with high-net-worth investors are slowly being recognized in the property market. However, there are hardly any large property agencies that are competitive with the company. Instead, the relationship with those agencies is complementary. When these agencies have properties which are likely to increase in value with the knowhow of the company, the agencies tend to bring those properties to the company.</p>
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Evaluation from VRIO Analysis

■ Evaluation of A.D.W.'s management resource from Value, Rareness, Imitation, Organization (VRIO) Analysis

A.D.W. also provides information about their VRIO Analysis, the framework used to analyze a company's management resources.

Differentiated Value (Value)	■ By providing one-stop solutions, the company offers its investors a full gamut of property and consulting services.
Rareness (Rareness)	■ The company's business model is unique.
Difficult to imitate (Imitation)	■ The company's business model is complicated and difficult to imitate ■ The company's access to a wide range of wealthy private investors is hard to duplicate
Organization (Organization)	■ The key to their success has been focusing on A.D.W.'s core business and the organizational culture ■ The company has created a high level of organizational stability.

(Source) Taken from the information provided by A.D.W.

A.D.W. has established management resources with competitive advantages in all the areas of Value (Differentiated Value), Rareness, Imitation (difficult to imitate) and Organization.

Evaluation of Customer Value Creation Strategies

■ Blue Ocean Model with value innovation

The customer value creation strategies are categorized as "Basic Strategy" and "Target Strategy" in the existing market and "Blue Ocean Strategy" and "Innovation Strategy" in the new market.

Customer Value Creation Strategies for Existing Market					
Basic Strategy				Target Strategy	
		Source for competition advantage		Segment the market (STP)	Secure a place
		Less cost	Uniqueness	Segment the market by areas and ages (Segmentation)	(1) Leader Strategy (All Directions)
Market Size	L	(1) Cost Leadership Strategy	(2) Differentiation	Set the target clients within each segment	(2) Challenger Strategy (Differentiation)
	S	(3) Cost Focus Strategy	(4) Differentiation Focus Strategy		(3) Follower Strategy (Promotion of Efficiency)
		(5) Focus Strategy		Establish a position of attractive value creation for target clients	(4) Niche Strategy (Centralization)

Customer Value Creation Strategies for New Market	
Blue Ocean Strategy	Innovation Strategy
Conduct the Value Curve Analysis and analyze the importance and probability of creating a non-competitive market (Blue Ocean) and then establish the following strategies	(1) Strategy of producing new wealth
(1) Creating non-competitive market space	(2) Strategy of introducing new production method
(2) Making competition meaningless	(3) Strategy of developing new buyers
(3) Developing a new market	(4) Strategy of developing new suppliers
(4) Reducing cost while increasing value	(5) Strategy of creating new organizations
(5) Pursuing differentiation and cost reduction at the same time, and promoting all types of business activities for this purpose	

(Source) Created by JPR

A.D.W. is developing the "Blue Ocean" market with a new framework. Within the Blue Ocean business model, a "Value Curve Analysis" is conducted to find the order of importance in value items to be provided to the customers, and establish strategies after analyzing the importance and probability of creating a non-competitive market (Blue Ocean). The following items should be achieved as a result:

A Value Curve Analysis begins by looking at the needs of the clients.

Different from existing property agencies in many aspects.

- (1) Creation of a non-competitive market space
- (2) Competition will become meaningless
- (3) Development of a new market
- (4) Reduction of cost while increasing value
- (5) The pursuit of differentiation and cost reduction at the same time, promoting all types of business activities for this purpose.

The items which A.D.W. places importance on in the Value Curve Analysis are (1) stemming from their high-net-worth investors' needs, (2) one-stop solutions, (3) lifelong customer relationships and (4) steady growth regardless of the economic conditions.

(1) The Clients' Needs Lead the Way	(2) One-stop Solutions
<ul style="list-style-type: none"> ■ Other Companies: Properties come first ■ A.D.W.: The investors' needs come first 	<ul style="list-style-type: none"> ■ Other Companies: specialized, centralized and the size is important ■ A.D.W.: provides all services including purchase, management, leasing, renovation, reconstruction, design, tax advice and inheritance tax advice
(3) Long term Customer Relationship	(4) Steady Growth
<ul style="list-style-type: none"> ■ Other Companies: short term relationship ■ A.D.W. : lifelong relationship 	<ul style="list-style-type: none"> ■ Other Companies: affected by economic conditions ■ A.D.W.: Through their inventory of properties they experience steady profit growth regardless of economic conditions.

(Source) Taken from the information provided by the A.D.W.

A major reason A.D.W. differs from other companies is their perspective that their clients' needs come first. In general, the value of property agencies depends on how well they find customers suitable for the properties, but the company places great importance in finding properties suitable for their high-net-worth customers. These are totally opposite ways of value creation. Not many agencies provide personalized purchase, renovation, sales, management, and consultation services to their clients. This company cultivates valuable lifelong relationships, its solid foundation allowing them to provide services to its customers for a long time regardless of the economic conditions. The company is establishing a Value Curve which differs in many aspects from existing property agencies.

Evaluation from Cross SWOT Analysis

Faultless strategies that cover every single quadrant.

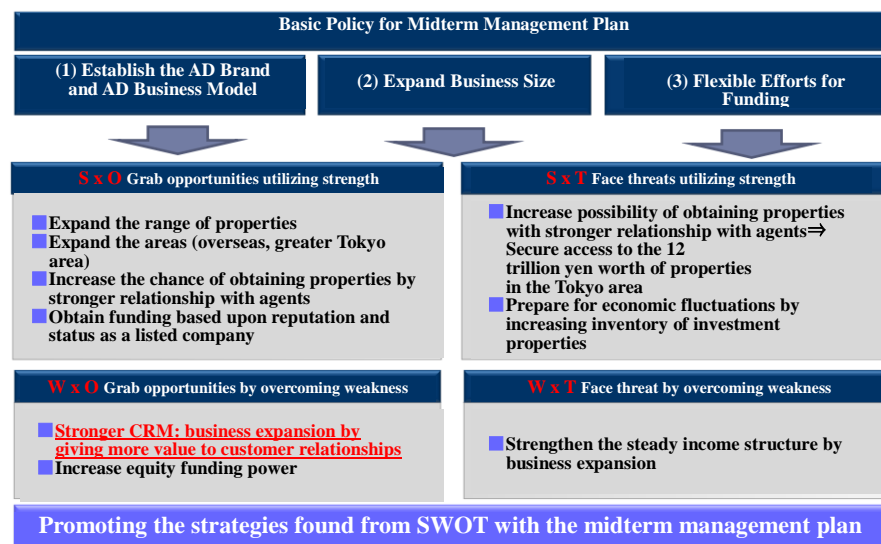
■ Evaluation from Cross SWOT Analysis: Faultless strategies to cover every single quadrant

A.D.W. brought out their Cross SWOT Analysis in the information at the interview. Below is the list of strategies in each of 2x2 quadrant of the SWOT table. The company is promoting strategies in all the four quadrants: (1) grab opportunities utilizing strength, (2) face threats utilizing strength, (3) grab opportunities by overcoming weakness and (4) face threats by overcoming weakness.

	Opportunities	Threats
	<ul style="list-style-type: none"> Expanding business opportunity from political, economic and social perspectives 	<ul style="list-style-type: none"> Failure of reflationary policy: interest rate increase Risk of properties drying out
Strengths	Grab opportunities utilizing strength <ul style="list-style-type: none"> Expanding the range of properties Expanding the areas (overseas, greater Tokyo area) Increase the chance of obtaining properties by stronger relationship with agents Power to obtain funding as a 	Face threats utilizing strength <ul style="list-style-type: none"> Securing access to the 12 trillion yen worth properties in the Tokyo area by increasing strong relationships with agents Preparing for economic fluctuations by increasing inventory of investment properties
Weakness	Grab opportunities by overcoming weakness <ul style="list-style-type: none"> Increasing market share and reach through stronger CRM: Expanding business opportunities Secure income gain 	Face threats by overcoming weakness <ul style="list-style-type: none"> Strengthen the steady income structure by business expansion

(Source) Taken from the information provided by the A.D.W.

The midterm management plan was completed in accordance with the above framework.



(Source) Taken from the information provided by A.D.W.

Preparing for long term high interest and deflation with inventory of investment properties.

The worst scenario is if so-called Abenomics fails and if property development becomes difficult because of long term high interest and deflation. A.D.W. is preparing for such situations by increasing its inventory of investment properties and securing stable income sources which do not rely on property development. The company's decision to pursue a business model with a minimal risk of bankruptcy even when economic conditions deteriorate should be attractive to investors.

Evaluation of Financial Analysis

The Blue Ocean model was established very recently; high returns have not been shown by A.D.W.'s financial performance.

The keys to higher profitability are a lower sales administrative expense rate and improvement of the gross profit rate by expanding the Stock-based Fee Business.

The gross profit rate of the Stock-based Fee Business is extremely high: 45-50%.

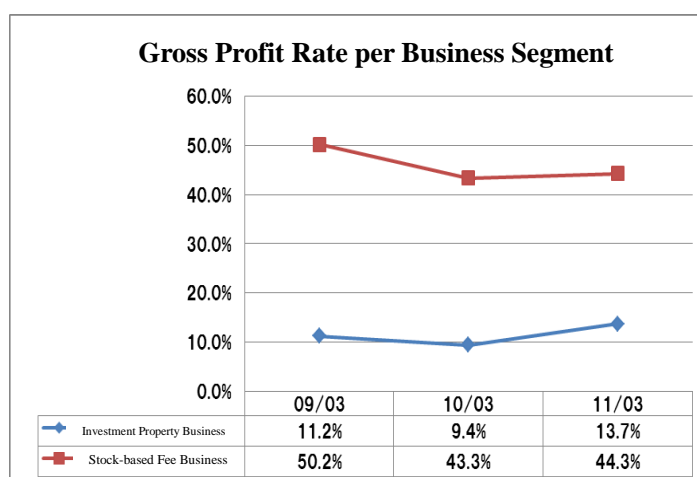
■ Improvement in profit rate from the Blue Ocean Model has yet to be seen

Below is the table of A.D.W.'s finances. The Operating Income rate was 6-8%, ROA was similarly 6-8%, and ROE (once higher than 10%) lately was 7.5%. These are not good enough standards for the Blue Ocean model business. In order to improve the company's financial performance, the company needs to (1) reduce its sales administration expense rate by expanding its business and (2) improve its gross profit rate by expanding its high gross margin Stock-based Fee Business. Although the sales administration expense rate is currently around 10%, it can be reduced to less than 8% if sales expand in the future and the company begins to gain the advantage. The gross profit rate of its Stock-based Fee Business, the main income sources of which are rental income from inventory investment properties and management contract fees, is high at 45% as shown below. If the company expands this business and increases its inventory, the number of management contract after selling investment properties increases and the company's income from management fees also increases. The gross margin will improve slowly as time goes by.

(Unit: Million yen)

	Actual 08/03	Actual 09/03	Actual 10/03	Actual 11/03	Actual 12/03	Actual 2013/03
Consolidated Net Sales	9,961	6,104	6,286	9,328	10,160	9,853
Cost of Sales	8,680	5,486	5,213	7,859	8,898	8,319
Gross Profit	1,281	618	1,073	1,469	1,262	1,534
Gross Profit %	12.9%	10.1%	17.1%	15.8%	12.4%	15.6%
Sales Administrative Expense	676	445	577	803	846	981
(Sales %)	6.8%	7.3%	9.2%	8.6%	8.3%	10.0%
Operating Profit	605	173	496	667	417	553
(Operating Profit %)	6.1%	2.8%	7.9%	7.1%	4.1%	5.6%
Ordinary Profit	396	51	417	527	290	361
Current Profit	229	22	221	301	140	216
Balance Sheet	08/03	09/03	10/03	11/03	12/03	2013/03
Cash and Deposits	1,053	695	1,235	1,234	1,601	2,214
Trade Receivables	21	17	18	29	65	12
Inventory	5,489	3,983	4,636	5,962	3,250	5,368
Other Current Assets	0	0	0	152	124	267
Current Assets	0	0	0	7,377	5,040	7,860
Net Tangible Assets	19	15	654	1,122	1,139	1,129
Other Tangible Assets	6,759	4,847	6,012	39	79	128
Total Assets	6,781	4,865	6,667	8,538	6,259	9,117
Total Assets Calculation				8,538	6,259	9,117
Accounts Payables	0	0	0	200	224	224
Total Interest-bearing Liabilities	4,541	2,890	4,167	5,588	3,431	5,006
Other Liabilities	593	347	664	617	399	991
Minority Equity	0	0	0	0	0	0
Equity	1,647	1,628	1,836	2,133	2,205	2,897
Capital and Liabilities	6,781	4,865	6,667	8,538	6,259	9,117
End-of-period base ROA	8.9%	3.6%	7.4%	7.8%	6.7%	6.1%
End-of-period base ROE	13.9%	1.4%	12.0%	14.1%	6.3%	7.5%

(Source) Created by JPR from the information provided by A.D.W.



(Source) Created by JPR from the information provided by A.D.W.

Evaluation of Future Growth

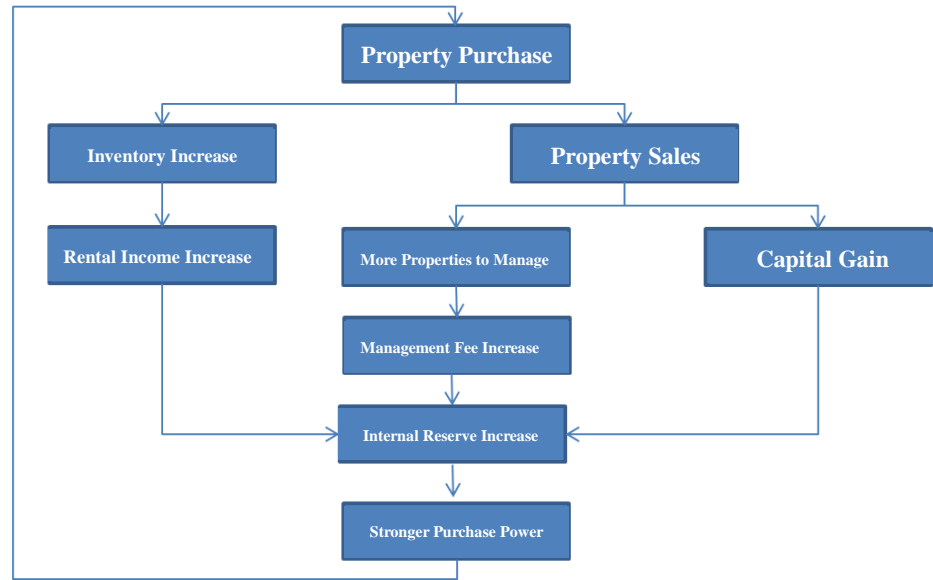
A value growth cycle with investment property purchase as its starting point.

Applying the value growth cycle to the 12 trillion yen worth of privately-owned property in the Tokyo area.

Pursuit of long term profit growth from operating leverage and increasing Stock-based Fee Business with a high gross margin ratio.

■ A value growth cycle from an increase in investment property purchase to an increase in internal reserves.

As shown below, A.D.W. has established a value creation cycle: purchasing more investment properties leads to an increase in capital gain, rental income and management fees; an increase in internal reserve leads to more investment property purchase.



(Source) Created by JPR

With 12 trillion yen worth of privately owned property in the Tokyo area as its backdrop, by steadily applying the above strategies for future growth and promoting the Blue Ocean type business model, the company can enjoy the effects of operating leverage while expanding its Stock-based Fee Business. As a result, A.D.W. can achieve growth with a high gross margin ratio.

As shown in the above figure, the starting point for growth is to purchase investment properties. A.D.W. intends to increase its purchasing by 64% (year-to-year base) to 12 billion yen in the period ending in March 2014. The company's management of and commitment to its growth is worth noting. The company's growth rate in purchases after the March 2015 period as compared to the 64% in March 2014 will be a crucial point in deciding the company's long term outlook.

Review of the March 2013 period and forecast of the current period

Review of the March 2013 period

Higher earning on lower revenues due to improvement of Gross Profit Rate.

The company's plan for the March 2014 period

Investment property purchase has increased from 7.3 billion yen in the March 2013 period to 12 billion yen (64%).

The key is whether A.D.W. can show its potential future growth by increasing its purchasing power.

■ Higher earning on lower revenues - results just as expected

Due to a drop in sales of General Residential Property Business, the company's sales were slightly decreased. However, a higher balance of investment properties brought income gain; A.D.W.'s Operating Income, Ordinary Income and Current Profit ended up higher than expected (these were forecasted at the beginning of the year as 494 million yen, 350 million yen and 214 million yen respectively). Compared to the prior period, Current Profit rose substantially since there were no more expenses related to transferring the main office.

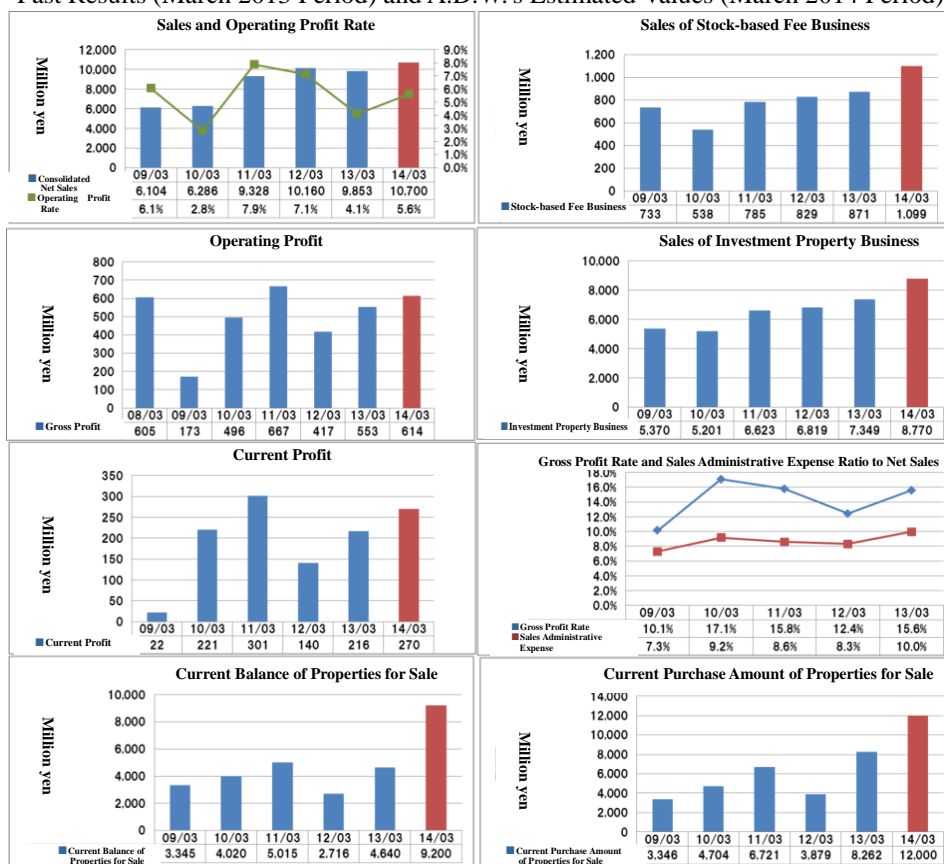
■ Gross Profit Rate has improved significantly

Due to completion of the sales of properties purchased before the earthquake, A.D.W.'s Gross Profit Rate greatly improved from 12.4% in the March 2012 period to 15.6% in the March 2013 period. Due to an increase in the numbers of management contracts, the company's fee income has been steadily increasing. By increasing the balance of investment properties, their rental income has also been increasing.

■ Creating the base for future growth by active purchase

It is notable that in the March 2014 period, investment property purchase increased dramatically from 7.3 billion yen in the March 2013 period to 12 billion yen (64%). The increase in investment property purchase is the main driver for growth of future sales; if the purchase increases by 64% every year, the sales can potentially increase by 64% per year as well. Because A.D.W. is making increasing its balance of properties a priority, the increase in Sales and Profit does not seem like that much. Investors should keep watching the purchase price of the company shares as an indicator of future growth.

Past Results (March 2013 Period) and A.D.W.'s Estimated Values (March 2014 Period)



(Source) Created by JPR from the A.D.W.'s short financial reports.

Comparative Analysis of Comparable Companies and Share Price Chart

Comparison within the Property Development Sector

Currently, A.D.W. is showing average performance and valuation.

Future growth potential utilizing the strength of the Blue Ocean model has not been shown yet.

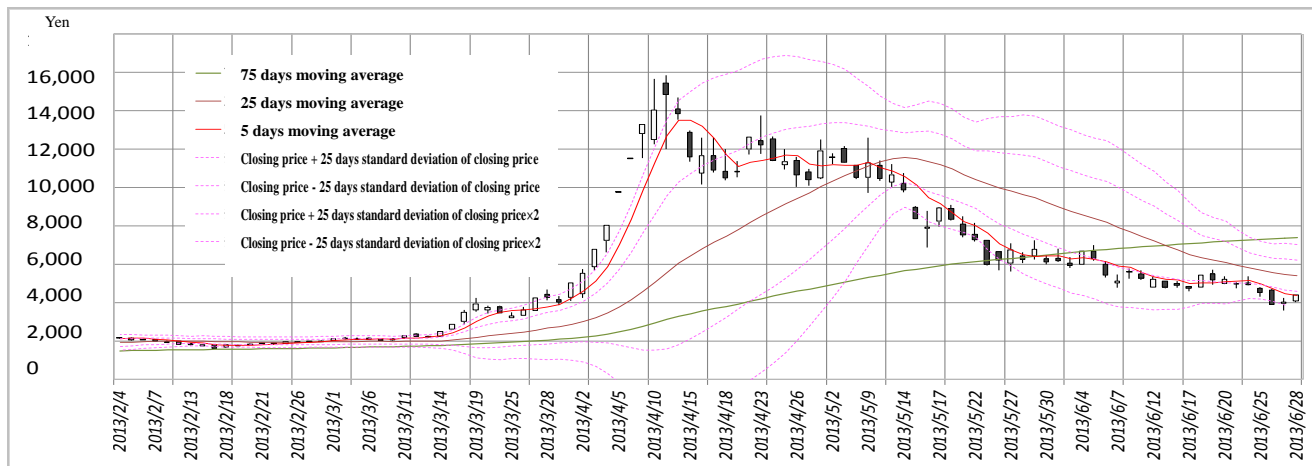
■ Average performance within the Property Development Sector under 3 billion yen sales

Below is the table to show comparison within the listed companies whose actual sales of the preceding period was between 500 million to 3 billion yen in the Property Development Sector.

Security Code	Company Name	Financial Period	Planned Dividend Yield	Planned PER	PBR of Preceding Period	Actual Operating Profit % of Last Period	Actual ROE of Last Period	Actual ROA of Last Period
3225	Tokyo Tatemono Real Estate Sales	Dec. 2012	1.7%	24.4	1.59	6.4%	6.0%	3.0%
3230	Star Mica	Nov. 2012	1.0%	19.1	1.12	8.7%	5.3%	3.4%
3238	Central General Development	Mar. 2013	0.7%	5.8	0.77	5.2%	10.9%	4.6%
3242	Urbanet Corporation	Jun. 2012	1.5%	9.5	4.63	5.2%	29.7%	6.3%
3244	Samty	Nov. 2012	1.6%	10.8	0.86	2.5%	6.0%	0.4%
3252	Nippon Commercial Development	Mar. 2013	1.8%	12.7	3.03	8.1%	21.7%	7.9%
3258	Jowa Holdings	Mar. 2013	2.6%	12.9	1.24	33.3%	6.7%	2.2%
3276	Japan Property Management Center	Dec. 2012	1.4%	12.3	4.14	3.7%	25.9%	20.9%
3277	Sansei Landic	Dec. 2012	0.8%	10.3	0.76	4.7%	6.8%	6.3%
3280	S Trust	Feb. 2013	1.3%	7.4	2.50	8.7%	31.3%	9.8%
4321	Kenedix	Dec. 2012	0.0%	95.3	1.88	14.6%	-19.9%	2.4%
8818	Keihanshin Building	Mar. 2013	2.4%	10.3	0.59	26.3%	5.6%	3.1%
8833	Toho Real Estate	Feb. 2013	0.0%	26.2	1.25	10.7%	4.1%	5.5%
8841	TOC	Mar. 2013	1.4%	27.8	1.14	27.3%	4.3%	4.2%
8854	Japan Living Service	Dec. 2012	4.0%	20.1	0.77	4.9%	6.9%	3.9%
8864	Airport Facilities	Mar. 2013	2.0%	17.5	0.66	16.0%	3.9%	4.6%
8890	Raysun	Mar. 2013	0.0%	18.2	2.89	14.3%	9.1%	4.8%
8892	ES-CON Japan	Dec. 2012	0.6%	4.0	1.37	8.1%	9.3%	1.8%
8893	Shin Nihon Tatemono	Mar. 2013	0.0%	14.2	3.23	4.8%	23.7%	6.7%
8903	Sunwood	Mar. 2013	3.9%	12.2	0.86	8.6%	14.4%	8.7%
8908	Mainichicomnet	May 2012	2.3%	13.8	1.14	7.0%	7.8%	6.8%
8909	Shinoken Group	Dec. 2012	0.5%	8.3	4.02	6.6%	49.0%	8.0%
8914	Arealink	Dec. 2012	2.5%	12.2	1.13	10.2%	8.7%	5.6%
8923	Tosei	Nov. 2012	1.0%	20.2	1.23	9.2%	5.4%	3.5%
8929	Aoyama Zaisan Networks	Dec. 2012	2.3%	26.1	2.69	1.3%	7.3%	1.6%
8931	Wada Kohsan	Feb. 2013	2.8%	7.1	0.48	8.0%	5.1%	3.7%
8934	Sun Frontier Fudousan	Mar. 2013	1.0%	13.6	2.43	19.6%	17.1%	9.8%
8938	Logicom	Mar. 2013	1.7%	6.9	0.52	4.1%	5.2%	2.5%
8940	Intellex	May 2012	1.9%	22.4	0.66	0.0%	-2.0%	0.1%
8944	Land Business	Sep. 2012	0.6%	45.9	0.99	6.8%	1.2%	0.7%
8945	Japan Corporate Housing Service	Jun. 2012	3.8%	8.5	0.89	8.7%	15.9%	12.3%
8998	SBI Life Living	Mar. 2013	0.0%	9.6	1.99	18.2%	20.0%	13.6%
Maximum			4.0%	95.3	4.63	33.3%	49.0%	20.9%
Top 25%			2.3%	20.2	2.45	11.6%	16.2%	7.1%
Average			1.5%	17.7	1.67	10.1%	11.0%	5.6%
Median			1.5%	12.8	1.19	8.1%	7.1%	4.6%
Bottom 25%			0.7%	9.6	0.84	5.1%	5.2%	2.8%
Minimum			0.0%	0.3	0.25	0.0%	-19.9%	0.1%
3250	A. D. Works		1.1%	17.1	1.59	6.7%	7.5%	6.1%

(Source) Created by JPR from FactSet and A.D.W.'s short financial reports. The share prices and total market cap are the closing prices on June 28.

A.D.W.'s dividend was slightly lower. The PER, PBR, ROE and ROA were average and the company's financial performance and valuation were average. The future growth utilizing the strength of the Blue Ocean model has not been shown yet.



(Source) Created by JPR from FactSet.

Reference: Scenario Analysis with DCF

Scenario Analysis with DCF Model

The shareholder value in the main scenario is 5,090 million yen.

The shareholder value in the 2 billion yen Equity Finance Scenario is 8,723 million yen.

The shareholder value in the 2 billion yen Equity Finance Scenario + Lower Weighed Average Capital Cost Scenario is 13,583 million yen.

■Main Scenario

From interviews with the company, a Discount Cash Flow (DCF) Analysis was conducted with the following conditions. The DCF Analysis only shows theoretical shareholder value and is not always reflected by the actual market cap. Please note the analysis was conducted as a theoretical indication to evaluate A.D.W.'s growth but does not guarantee a share price or market cap.

- (1) The company will purchase properties worth 3.2 times of the average outstanding shareholders' equity,
- (2) in order to increase the balance of investment properties, the company will sell 45% of the purchased properties and keep 55% as inventory assets by the March 2015 period,
- (3) sell 55% of the purchased properties from the March 2019 period,
- (4) the Sales Administrative Expense will slowly improve to less than 8% from the effect of the company's business expansion,
- (5) if the average sale price for a property (1 apartment) is 1.3 million yen, the number of properties for management contracts will increase by the number that you get after dividing the sales amount in the Investment Property Business by 1.3 million yen,
- (6) the rent is 8%,
- (7) for the Cost of Sales ratios, 86.4% from actual past data was used for the Investment Property Business and 55.7% was used for the Stock-based Fee Business.

Please see "Conditions of the DCF Model" for more detail.

For the Residual Value calculation, calculation was made with assumption that after 2019, the profits are all distributed and will not increase. For the Weighted Average Cost of Capital, which is explained in detail in "Conditions of the DCF Model", was set as 5.09%.

As a result, the shareholder value was calculated as 5,090 million yen.

■2 billion yen Equity Finance Scenario

The calculation was made assuming that A.D.W. will carry out 2 billion yen equity finance in two years time. The shareholder value was calculated as 8,723 million yen.

■2 billion yen Equity Finance + Lower Weighed Average Capital Cost Scenario

A.D.W.'s share price fluctuates greatly and it is causing high capital cost. Therefore, when A.D.W. expands its business in the future, the share price is expected to become more stable and may lower the capital cost. The calculation was made according to the assumption that the weighted average capital cost becomes lower from 5.09% to 4.5% and A.D.W. conducts 2 billion yen equity finance. The shareholder value was calculated as 13,583 million yen.

Conditions of the DCF Model

Item	Condition for Calculation
Consolidated Net Sales	Total of estimated sales from the Investment Property Business and Stock-based Fee Business.
Investment Property Business	Back-calculated from the Cost of Sales of the Investment Property Business.
Stock-based Fee Business	Total of rental income and management fees.
Rental Income	Multiplied the average balance of investment properties with 8% of rental yield rate.
Management Fee per Property	Multiplied the average balance of properties to be managed with 164,000 yen (actual value in the March 2013 period).
Management Fees ÷ Average Number of Properties to be managed	Assumed to remain at the same value as the March 2013 result.
Increase in the Properties to be managed	Divided the sales of Investment Property Business with sales price per Property.
Investment Property Business - Sales Price per Property	Assumed to remain at the same value as the March 2013 result.
General Residential Property Business	Assumed to be sold at the cost of the March 2014 period.
Purchase Cost of Properties for Sale	It shows the company's planned value for the March 2013 period. From the March 2014 period, it was estimated from the ratio of purchase cost of Properties for Sale at the March 2014 period against the average net asset.
Investment to increase the property value (Cost of repair before sale) ÷ Purchase Cost	Assumed to remain at the same value as the March 2013 result.
Ratio of Current Purchase Cost of Properties for Sale against Average Net Asset	Estimated from an interview with the company.
Cost of Sales of Properties for Sale and its Ratio against the opening balance of Properties for Sale + Purchase Cost	Estimated from an interview with the company. For Residual Value calculation, the value was set so that the balance is not going to increase after the March 2020 period.
Gross Profit Rate of Investment Property Business	Assumed to remain at the value estimated by JPR for the March 2014 period.
Gross Profit Rate of Stock-based Fee Business	Assumed to remain at the value estimated by JPR for the March 2014 period.
Total Labor Cost ÷ Sales	Estimated from an interview with the company.
Investment Property Business Sales Ratio	Assumed to remain at the same value as the March 2013 result.
Other Sales Administrative Expenses	Estimated from the ratio of Total Labor Cost against Other Sales Administrative Expense.
Ratio of Total Labor Cost in Other Sales and Administrative Expense	Estimated with improvement in efficiency after taking the company's expansion into consideration.
Depreciation Expense	Assumed that depreciation only occurs in relation with investment in long term investment properties.
Interest Paid Rate	Assumed to remain at the same value as the March 2013 result.
Dividend	Up to the March 2019 period, it is assumed to remain at the same value as the March 2013 result. From the March 2020 period, all the profit was assumed to be distributed to shareholders.
Minimum Balance of Cash and Deposits (120% of the sales administrative expense)	Estimated from interviews with the company.
Surplus Cash and Deposits	Cash and Deposits more than the minimum balance of Cash and Deposits was defined as surplus capital.
Trade Receivables	Assumed to remain at the same value as the March 2013 result.
Residential Properties	To be zero by the March 2014 period.
Properties for Sales in Process	Assumed to be increased with Sales.
Other Current Assets	Assumed to remain at the same value as the March 2013 result.
Other Liabilities	Remained on the same level at the March 2013 period.
Effective Tax Rate	39% from the March 2015 period.
Net Equipment Investment	Assumed to be zero.
Accounts Payables	Assumed to remain at the same sales ratio and turnover period as the March 2013 period.
DF (Discount Factor)	Reciprocal number of (1 - Weighted Average Cost of Capital) to the power of [Number of year].
Weighted Average Cost of Capital	The value of 1.55 (after being multiplied by the beta value of 1.78, calculated from the daily share price return between May 2010 and May 2013, with 0.7 and add 0.3) was used as the beta value. The risk premium was 5%. Weighted with market cap and Interest-bearing Liabilities. For the risk-free rate, the rate of 10 year government bonds was used. The liability cost was calculated from the amount of interest paid for average outstanding Interest-bearing Liabilities of the company's preceding period.

DCF Model: Expanded Scenario of Current Business Model

(Unit: million yen otherwise specified)												
	Actual	Planned & Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Residual Value
	2013/03	2014/03	2015/03	2016/03	2017/03	2018/03	2019/03	2020/03	2021/03	2022/03		
Consolidated Net Sales	9,853	10,700	11,548	13,465	15,130	17,077	23,029	23,958	23,958	23,958		
Cost of Sales	8,319	9,020	9,523	11,108	12,485	14,095	19,130	19,926	19,926	19,926		
Gross Profit	1,534	1,680	2,025	2,356	2,646	2,982	3,899	4,032	4,032	4,032		
Gross Profit from Investment Property Business	1,010	1,193	1,370	1,600	1,798	2,032	2,794	2,917	2,918	2,918		
Gross Profit from Stock-based Fee Business	385	486	655	757	847	951	1,105	1,114	1,114	1,114		
Gross Profit %	15.6%	15.7%	17.5%	17.5%	17.5%	17.5%	16.9%	16.8%	16.8%	16.8%		
Gross Profit % of Investment Property Business	13.7%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%		
Gross Profit % of Stock-based Fee Business	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%		
Sales Administrative Expense	981	1,066	1,249	1,403	1,429	1,490	1,865	1,865	1,865	1,865		
(Sales %)	10.0%	10.0%	10.8%	10.4%	9.4%	8.7%	8.1%	7.8%	7.8%	7.8%		
Total Labor Cost	339	350	413	471	484	512	645	647	647	647		
(Total Labor Cost ÷ Sales)	3.4%	3.3%	3.6%	3.5%	3.2%	3.0%	2.8%	2.7%	2.7%	2.7%		
Agent Fee	229	273	314	367	412	466	640	669	669	669		
Other Sales Administrative Expense	413	442	522	566	533	512	580	550	550	550		
% of Total Labor Cost in Other Sales Administrative Cost	122%	126%	126%	120%	110%	100%	90%	85%	85%	85%		
Depreciation Expense	21	21	21	21	21	21	21	21	21	21		
Operating Profit	553	614	776	953	1,217	1,492	2,033	2,167	2,167	2,167		
(Operating Profit %)	5.6%	5.7%	6.7%	7.1%	8.0%	8.7%	8.8%	9.0%	9.0%	9.0%		
Interest Paid	128	104	187	220	246	271	275	266	266	266		
(Interest Paid %)	3.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%		
Other Non-operating Profit and Loss	-64	-60	-29	-34	-39	-44	-60	-63	-63	-63		
+Total Other Non-operating Profit and Loss	3	3	3	3	3	3	3	3	3	3		
-Total Other Non-operating Profit and Loss	-67	-15	-16	-19	-21	-24	-32	-33	-33	-33		
Fees Paid	-14	-15	-16	-19	-21	-24	-32	-33	-33	-33		
(Sales %)	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%		
Ordinary Profit	361	450	560	699	933	1,177	1,698	1,838	1,838	1,838		
Profit before Tax	361	450	560	699	933	1,177	1,698	1,838	1,838	1,838		
Tax %	40.1%	40.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%		
Income Taxes	145	180	218	273	364	459	662	717	717	717		
Current Profit	216	270	342	427	569	718	1,036	1,121	1,121	1,121		
Dividend	52	43	54	68	90	114	165	1,121	1,121	1,121		
Dividend %	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	100.0%	100.0%	100.0%		
Internal Reserves	190	227	287	359	479	604	871	0	0	0		
(Unit: million yen otherwise specified)												
	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03
Balance Sheet												
Cash and Deposits	2,214	1,279	1,499	1,684	1,715	1,788	2,239	2,238	2,238	2,238		
Trade Receivables	12	12	12	12	12	12	12	12	12	12		
Inventory	5,368	9,629	11,540	13,082	14,706	16,613	16,226	16,264	16,264	16,264		
Properties for Sale	4,972	9,200	11,077	12,542	14,100	15,929	15,303	15,303	15,304	15,304		
(1) Short, Medium and Long term Investment												
Properties for Sale	4,449	9,200	11,077	12,542	14,100	15,929	15,303	15,303	15,304	15,304		
Residential Properties	523	0	0	0	0	0	0	0	0	0		
Properties for Sale in Process	395	429	463	540	607	685	923	960	960	960		
(Sales %)	4.0%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%		
Other Current Assets	267	267	267	267	267	267	267	267	267	267		
Current Assets	7,860	11,186	13,317	15,044	16,699	18,680	18,743	18,780	18,781	18,781		
Net Tangible Assets	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129		
(2) Long term Investment Properties	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087		
Buildings	217	217	217	217	217	217	217	217	217	217		
Lands	869	869	869	869	869	869	869	869	869	869		
Other Assets	41	41	41	41	41	41	41	41	41	41		
(1) + (2) = Balance of Investment Properties	5,536	10,287	12,164	13,629	15,187	17,016	16,390	16,390	16,391	16,391		
Other Tangible Assets	128	128	128	128	128	128	128	128	128	128		
Total Assets	9,117	12,444	14,574	16,301	17,957	19,937	20,000	20,038	20,038	20,038		
Total Assets Calculation	9,117	12,444	14,574	16,301	17,957	19,937	20,000	20,038	20,038	20,038		
Accounts Payables	224	243	262	306	344	388	523	544	544	544		
(Sales Turnover Period: daily sales ratio at the end of the period)	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3		
Total Interest-bearing Liabilities	5,006	8,086	9,910	11,235	12,374	13,707	12,764	12,780	12,780	12,780		
Other Liabilities	991	991	991	991	991	991	991	991	991	991		
Equity	2,897	3,124	3,411	3,770	4,249	4,852	5,723	5,723	5,723	5,723		
Capital and Liabilities	9,117	12,444	14,574	16,301	17,957	19,937	20,000	20,038	20,038	20,038		
DCF CALCULATION	2013/03	2014/03	2015/03	2016/03	2017/03	2018/03	2019/03	2020/03	2021/03	2022/03	Residual Value	
NOPT (Operating Profit-Fees Paid)	539	599	760	934	1,196	1,469	2,002	2,134	2,134	2,134		
Effective Tax %	40.1%	40.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%		
NOPAT	322	359	463	570	729	895	1,221	1,301	1,301	1,301		
Net Equipment Investment		0	0	0	0	0	0	0	0	0		
Operating Capital	6,600	10,943	13,054	14,738	16,355	18,292	18,220	18,236	18,236	18,236		
Minimum Cash and Deposits Balance (Sales Administrative Expense + 20%)	1,178	1,279	1,499	1,684	1,715	1,788	2,239	2,238	2,238	2,238		
Trade Receivables	12	12	12	12	12	12	12	12	12	12		
Inventory	5,368	9,629	11,540	13,082	14,706	16,613	16,226	16,264	16,264	16,264		
Other Current Assets	267	267	267	267	267	267	267	267	267	267		
Accounts Payables	224	243	262	306	344	388	523	544	544	544		
Operating Capital Increase	2,369	4,343	2,111	1,684	1,617	1,937	-72	16	0	0		
FCF	-2,047	-3,984	-1,648	-1,114	-888	-1,042	1,293	1,285	1,301	1,301		1,301
DF	0.952	0.905	0.862	0.820	0.780	0.742	0.706	0.672	0.640		12.567	
Weighted Average Cost of Capital	5.09%											
Current FCF Value		-3,791	-1,492	-960	-728	-813	960	908	875	832		16,350
Total	12,140											
Surplus Cash and Deposits	1,036											
Corporate Value	13,176											
Interest-bearing Liabilities	8,086											
Shareholder Value	5,090											

(Source) Created by JPR. For the period ending March 2014, the figures for Sales, Operating Income, Ordinary Income, Current Profit, Purchase Cost of Investment Properties and End-of-period Investment Property Inventory Balance were taken from the information disclosed by A.D.W.; other figures are JPR's estimation.

DCF Model: 2 billion yen Equity Finance Scenario

(Unit: million yen otherwise specified)										
	Actual	Planned & Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
	2013/03	2014/03	2015/03	2016/03	2017/03	2018/03	2019/03	2020/03	2021/03	2022/03 Residual Value
Consolidated Net Sales	9,853	10,700	13,469	18,689	22,593	26,299	35,943	37,759	37,759	37,759
Cost of Sales	8,319	9,020	11,129	15,455	18,668	21,726	29,875	31,424	31,424	31,425
Gross Profit	1,534	1,680	2,340	3,233	3,925	4,573	6,068	6,335	6,335	6,335
Gross Profit from Investment Property Business	1,010	1,193	1,608	2,237	2,697	3,138	4,369	4,607	4,607	4,607
Gross Profit from Stock-based Fee Business	385	486	732	997	1,228	1,435	1,699	1,728	1,728	1,728
Gross Profit %	15.6%	15.7%	17.4%	17.3%	17.4%	17.4%	16.9%	16.8%	16.8%	16.8%
Gross Profit % of Investment Property Business	13.7%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
Gross Profit % of Stock-based Fee Business	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%
Sales Administrative Expense	981	1,066	1,303	1,952	2,136	2,297	2,913	2,942	2,942	2,942
(Sales %)	10.0%	10.0%	9.7%	10.4%	9.5%	8.7%	8.1%	7.8%	7.8%	7.8%
Total Labor Cost	339	350	413	654	723	789	1,006	1,019	1,019	1,019
(Total Labor Cost ÷ Sales)	3.4%	3.3%	3.1%	3.5%	3.2%	3.0%	2.8%	2.7%	2.7%	2.7%
Agent Fee	229	273	368	513	618	719	1,001	1,056	1,056	1,056
Other Sales Administrative Expense	413	442	522	785	795	789	906	867	867	867
Percentage of Total Labor Cost in Other Sales Administrative Cost	122%	126%	126%	120%	110%	100%	90%	85%	85%	85%
Depreciation Expense	21	21	21	21	21	21	21	21	21	21
Operating Profit	553	614	1,036	1,282	1,788	2,276	3,154	3,393	3,393	3,393
(Operating Profit %)	5.6%	5.7%	7.7%	6.9%	7.9%	8.7%	8.8%	9.0%	9.0%	9.0%
Interest Paid	128	104	186	255	339	401	419	407	408	408
(Interest Paid %)	3.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Other Non-operating Profit and Loss	-64	-60	-34	-48	-59	-69	-96	-101	-101	-101
+Total Other Non-operating Profit and Loss	3	3	3	3	3	3	3	3	3	3
-Total Other Non-operating Profit and Loss	-67	-15	-19	-26	-31	-36	-50	-52	-52	-52
Fees Paid	-14	-15	-19	-26	-31	-36	-50	-52	-52	-52
(Sales %)	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Ordinary Profit	361	450	816	978	1,390	1,805	2,640	2,884	2,884	2,884
Profit before Tax	361	450	816	978	1,390	1,805	2,640	2,884	2,884	2,884
Tax %	40.1%	40.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%
Income Taxes	145	180	318	381	542	704	1,030	1,125	1,125	1,125
Current Profit	216	270	498	597	848	1,101	1,610	1,760	1,759	1,759
Dividend	52	43	79	95	135	175	256	1,760	1,759	1,759
Dividend %	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	100.0%	100.0%	100.0%
Internal Reserves	190	227	419	502	713	926	1,354	0	0	0
(Unit: million yen otherwise specified)										
	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03
Balance Sheet										
Cash and Deposits	2,214	1,279	1,564	2,342	2,564	2,756	3,496	3,530	3,530	3,530
Trade Receivables	12	12	12	12	12	12	12	12	12	12
Inventory	5,368	9,629	13,557	18,315	22,065	25,662	25,370	25,444	25,444	25,444
Properties for Sale	4,972	9,200	13,017	17,566	21,159	24,607	23,930	23,930	23,930	23,930
(1) Short, Medium and Long term Investment										
Properties for Sale	4,449	9,200	13,017	17,566	21,159	24,607	23,930	23,930	23,930	23,930
Residential Properties	523	0	0	0	0	0	0	0	0	0
Properties for Sale in Process	395	429	540	749	906	1,054	1,441	1,514	1,514	1,514
(Sales %)	4.0%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%
Other Current Assets	267	267	267	267	267	267	267	267	267	267
Current Assets	7,860	11,186	15,399	20,935	24,907	28,696	29,145	29,252	29,252	29,252
Net Tangible Assets	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129
(2) Long term Investment Properties	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087
Buildings	217	217	217	217	217	217	217	217	217	217
Lands	869	869	869	869	869	869	869	869	869	869
Other Assets	41	41	41	41	41	41	41	41	41	41
(1) + (2) = Balance of Investment Properties	5,536	10,287	14,104	18,653	22,246	25,694	25,017	25,017	25,017	25,017
Other Tangible Assets	128	128	128	128	128	128	128	128	128	128
Total Assets	9,117	12,444	16,656	22,193	26,164	29,954	30,402	30,509	30,510	30,510
Total Assets Calculation	9,117	12,444	16,656	22,193	26,164	29,954	30,402	30,509	30,510	30,510
Accounts Payables	224	243	306	424	513	597	816	857	857	857
(Sales Turnover Period: daily sales ratio at the end of the period)	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Total Interest-bearing Liabilities	5,006	8,086	9,817	14,734	17,903	20,683	19,558	19,624	19,624	19,624
Other Liabilities	991	991	991	991	991	991	991	991	991	991
Equity	2,897	3,124	5,543	6,044	6,757	7,683	9,038	9,038	9,038	9,038
Capital and Liabilities	9,117	12,444	16,656	22,193	26,164	29,954	30,402	30,509	30,510	30,510
Equity Finance			2,000							
	2013/03	2014/03	2015/03	2016/03	2017/03	2018/03	2019/03	2020/03	2021/03	2022/03 Residual Value
NOPBT (Operating Profit-Fees Paid)	539	599	1,018	1,256	1,757	2,239	3,105	3,341	3,341	3,341
Effective Tax %	40.1%	40.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%
NOPAT	322	359	620	766	1,071	1,366	1,894	2,037	2,037	2,037
Net Equipment Investment		0	0	0	0	0	0	0	0	0
Operating Capital	6,600	10,943	15,093	20,511	24,393	28,099	28,328	28,394	28,395	28,395
Minimum Cash and Deposits Balance (Sales Administrative Expense + 20%)	1,178	1,279	1,564	2,342	2,564	2,756	3,496	3,530	3,530	3,530
Trade Receivables	12	12	12	12	12	12	12	12	12	12
Inventory	5,368	9,629	13,557	18,315	22,065	25,662	25,370	25,444	25,444	25,444
Other Current Assets	267	267	267	267	267	267	267	267	267	267
Accounts Payables	224	243	306	424	513	597	816	857	857	857
Operating Capital Increase	2,369	4,343	4,150	5,418	3,882	3,706	229	66	1	0
FCF		-2,047-3,984-3,530	-4,652	-2,811	-2,340	1,665	1,971	2,036	2,037	2,037
DF		0.952	0.905	0.862	0.820	0.780	0.742	0.706	0.672	0.640
Weighted Average Cost of Capital		5.09%								
Current FCF Value		-3,791	-3,196	-4,008	-2,305	-1,826	1,236	1,392	1,369	1,303
Total	15,773									
Surplus Cash and Deposits	1,036									
Corporate Value	16,809									
Interest-bearing Liabilities	8,086									
Shareholder Value	8,723									

(Source) Created by JPR. For the period ending March 2014, the figures for Sales, Operating Income, Ordinary Income, Current Profit, Purchase Cost of Investment Properties and End-of-period Investment Property Inventory Balance were taken from the information disclosed by A.D.W.; other figures are JPR's estimation.

DFC Model: 2 billion yen Equity Finance + Weighed Average Capital Cost Improvement Scenario

(Unit: million yen otherwise specified)

	Actual	Planned & Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Residual Value
	2013/03	2014/03	2015/03	2016/03	2017/03	2018/03	2019/03	2020/03	2021/03	2022/03	
Consolidated Net Sales	9,853	10,700	13,469	18,689	22,593	26,299	35,943	37,759	37,759	37,759	
Cost of Sales	8,319	9,020	11,129	15,455	18,668	21,726	29,875	31,424	31,424	31,425	
Gross Profit	1,534	1,680	2,340	3,233	3,925	4,573	6,068	6,335	6,335	6,335	
Gross Profit from Investment Property Business	1,010	1,193	1,608	2,237	2,697	3,138	4,369	4,607	4,607	4,607	
Gross Profit from Stock-based Fee Business	385	486	732	997	1,228	1,435	1,699	1,728	1,728	1,728	
Gross Profit %	15.6%	15.7%	17.4%	17.3%	17.4%	17.4%	16.9%	16.8%	16.8%	16.8%	
Gross Profit % of Investment Property Business	13.7%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	
Gross Profit % of Stock-based Fee Business	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	
Sales Administrative Expense (Sales %)	981	1,066	1,303	1,952	2,136	2,297	2,913	2,942	2,942	2,942	
Total Labor Cost	339	350	413	654	723	789	1,006	1,019	1,019	1,019	
(Total Labor Cost ÷ Sales)	3.4%	3.3%	3.1%	3.5%	3.2%	3.0%	2.8%	2.7%	2.7%	2.7%	
Agent Fee	229	273	368	513	618	719	1,001	1,056	1,056	1,056	
Other Sales Administrative Expense	413	442	522	785	795	789	906	867	867	867	
Percentage of Total Labor Cost in Other Sales Administrative Cost	122%	126%	126%	120%	110%	100%	90%	85%	85%	85%	
Depreciation Expense	21	21	21	21	21	21	21	21	21	21	
Operating Profit	553	614	1,036	1,282	1,788	2,276	3,154	3,393	3,393	3,393	
(Operating Profit %)	5.6%	5.7%	7.7%	6.9%	7.9%	8.7%	8.8%	9.0%	9.0%	9.0%	
Interest Paid	128	104	186	255	339	401	419	407	408	408	
(Interest Paid %)	3.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	
Other Non-operating Profit and Loss	-64	-60	-34	-48	-59	-69	-96	-101	-101	-101	
+Total Other Non-operating Profit and Loss	3	3	3	3	3	3	3	3	3	3	
-Total Other Non-operating Profit and Loss	-67	-15	-19	-26	-31	-36	-50	-52	-52	-52	
Fees Paid (Sales %)	-14	-15	-19	-26	-31	-36	-50	-52	-52	-52	
Ordinary Profit	361	450	816	978	1,390	1,805	2,640	2,884	2,884	2,884	
Profit before Tax	361	450	816	978	1,390	1,805	2,640	2,884	2,884	2,884	
Tax %	40.1%	40.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	
Income Taxes	145	180	318	381	542	704	1,030	1,125	1,125	1,125	
Current Profit	216	270	498	597	848	1,101	1,610	1,760	1,759	1,759	
Dividend	52	43	79	95	135	175	256	1,760	1,759	1,759	
Dividend %	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	100.0%	100.0%	100.0%	
Internal Reserves	190	227	419	502	713	926	1,354	0	0	0	

	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	
Balance Sheet	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	2013/03	
Cash and Deposits	2,214	1,279	1,564	2,342	2,564	2,756	3,496	3,530	3,530	3,530	
Trade Receivables	12	12	12	12	12	12	12	12	12	12	
Inventory	5,368	9,629	13,557	18,315	22,065	25,662	25,370	25,444	25,444	25,444	
Properties for Sale	4,972	9,200	13,017	17,566	21,159	24,607	23,930	23,930	23,930	23,930	
(1) Short, Medium and Long term Investment											
Properties for Sale	4,449	9,200	13,017	17,566	21,159	24,607	23,930	23,930	23,930	23,930	
Residential Properties	523	0	0	0	0	0	0	0	0	0	
Properties for Sale in Process	395	429	540	749	906	1,054	1,441	1,514	1,514	1,514	
(Sales %)	4.0%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%	4.01%	
Other Current Assets	267	267	267	267	267	267	267	267	267	267	
Current Assets	7,860	11,186	15,399	20,935	24,907	28,696	29,145	29,252	29,252	29,252	
Net Tangible Assets	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	
(2) Long term Investment Properties	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	
Buildings	217	217	217	217	217	217	217	217	217	217	
Lands	869	869	869	869	869	869	869	869	869	869	
Other Assets	41	41	41	41	41	41	41	41	41	41	
(1) + (2) = Balance of Investment Properties	5,536	10,287	14,104	18,653	22,246	25,694	25,017	25,017	25,017	25,017	
Other Tangible Assets	128	128	128	128	128	128	128	128	128	128	
Total Assets	9,117	12,444	16,656	22,193	26,164	29,954	30,402	30,509	30,510	30,510	
Total Assets Calculation	9,117	12,444	16,656	22,193	26,164	29,954	30,402	30,509	30,510	30,510	
Accounts Payables	224	243	306	424	513	597	816	857	857	857	
(Sales Turnover Period: daily sales ratio at the end of the period)	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	
Total Interest-bearing Liabilities	5,006	8,086	9,817	14,734	17,903	20,683	19,558	19,624	19,624	19,624	
Other Liabilities	991	991	991	991	991	991	991	991	991	991	
Equity	2,897	3,124	5,543	6,044	6,757	7,683	9,038	9,038	9,038	9,038	
Capital and Liabilities	9,117	12,444	16,656	22,193	26,164	29,954	30,402	30,509	30,510	30,510	
Equity Finance			2,000								
DCF Calculation	2013/03	2014/03	2015/03	2016/03	2017/03	2018/03	2019/03	2020/03	2021/03	2022/03	Residual Value
NOPBT (Operating Profit-Fees Paid)	539	599	1,018	1,256	1,757	2,239	3,105	3,341	3,341	3,341	
Effective Tax %	40.1%	40.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	
NOPAT	322	359	620	766	1,071	1,366	1,894	2,037	2,037	2,037	
Net Equipment Investment		0	0	0	0	0	0	0	0	0	
Operating Capital	6,600	10,943	15,093	20,511	24,393	28,099	28,328	28,394	28,395	28,395	
Minimum Cash and Deposits Balance (Sales Administrative Expense + 20%)	1,178	1,279	1,564	2,342	2,564	2,756	3,496	3,530	3,530	3,530	
Trade Receivables	12	12	12	12	12	12	12	12	12	12	
Inventory	5,368	9,629	13,557	18,315	22,065	25,662	25,370	25,444	25,444	25,444	
Other Current Assets	267	267	267	267	267	267	267	267	267	267	
Accounts Payables	224	243	306	424	513	597	816	857	857	857	
Operating Capital Increase	2,369	4,343	4,150	5,418	3,882	3,706	229	66	1	0	
FCF	-2,047	-3,984	-3,530	-4,652	-2,811	-2,340	1,665	1,971	2,036	2,037	2,037
DF		0.957	0.916	0.876	0.839	0.802	0.768	0.735	0.703	0.673	14.953
Weighted Average Cost of Capital		4.50%									
Current FCF Value		-3,812	-3,233	-4,077	-2,357	-1,878	1,279	1,448	1,432	1,371	30,460
Total	20,633										
Surplus Cash and Deposits	1,036										
Corporate Value	21,669										
Interest-bearing Liabilities	8,086										
Shareholder Value	13,583										

(Source) Created by JPR. For the period ending March 2014, the figures for Sales, Operating Income, Ordinary Income, Current Profit, Purchase Cost of Investment Properties and End-of-period Investment Property Inventory Balance were taken from the information disclosed by A.D.W.; other figures are JPR's estimation.

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