

March 31, 2014

To whom it may concern:

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(JASDAQ 3250)
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Notice Concerning Formulation of the Fourth Mid-range Business Plan (Year Ending March 31, 2015 – Year Ending March 31, 2017)

At a meeting of the company board of directors on March 31, 2014, A.D. Works formulated and adopted a resolution for a group mid-range business plan to begin in the next fiscal year (year ending March 31, 2015). An overview of this plan is provided below.

1. Overview of the Group Mid-range Business Plan

- (1) Name: Fourth Mid-range Business Plan (Year Ending March 31, 2015 – Year Ending March 31, 2017)
- (2) Subject period: Year ending March 31, 2015 (next fiscal year) to year ending March 31, 2017
- (3) Basic policy:
- Expand the scale of business and stabilize the profit base.
 - Create a closed market by utilizing the AD business model.
- (4) Mid-range results plan:

(Units: millions yen)

	Mar. end 2013 (actual)	Mar. end 2014 (forecast)	Mar. end 2015 (plan)	Mar. end 2016 (plan)	Mar. end 2017 (plan)
Consolidated sales	9,853	11,490	12,700	13,910	15,120
Consolidated EBITDA	575	787	787	935	1,170
Consolidated Ordinary income	361	450	500	600	800
Consolidated ROE (Fiscal year end)	7.5%	4.9%	5.3%	6.0%	7.5%

Note 1: Concerning the forecast results for the year ending March 31, 2014 and consolidated ROE (year-end) for the year ending March 31, 2014

The officially announced forecast results for the year ending March 31, 2014 are listed in “Notification Concerning the Consolidated Results Forecast for the Year Ending March 31, 2014.” We plan to present the full-year financial results for the year ending March 31, 2014 on May 14 (Wednesday), 2014.

Note 2: Concerning announcement of plan values for consolidated EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)

Consolidated EBITDA = Consolidated operating income + Depreciation, amortization, etc. (*)

* Depreciation and amortization, etc. includes depreciation, software amortization, amortization of goodwill, and other expenses which do not involve cash disbursement.

2. Basis for the Fourth Mid-range Business Plan

In addition to carrying out the Third Mid-range Business Plan a year in advance of the original schedule, A.D Works conducted a capital increase by means of a commitment-type rights offering and completed the procurement of the 2.2 billion yen in funds required for expanding the scale of our business, as announced on October 16, 2013. Based on this result and aiming to further accelerate growth, a new Fourth Mid-range Business Plan has been formulated.

As in the previous plan, this Fourth Mid-range Business Plan continues the basic policy of changing the profit structure by expanding the scale of our business, and calls for actively increasing the balance of revenue-generating real estate. We therefore intend to transition from a profit model that is dependent on sales of revenue-generating real estate to a model yielding more stable profits by increasing the balance of revenue-generating real estate in order to increase rental revenue, in addition to income from sales of these properties.

The entire amount of the above procured funds will be allocated to cash reserves according to the real-estate mortgage evaluations that are necessary when new real estate are acquired. The purpose is primarily for rapidly increasing the balance of revenue-generating real estate rather than for expanding sales.

As shown below, although this strategy will result in a decrease in ROA from sales of revenue-generating real estate, we are aiming to increase consolidated ROE by ensuring a certain level of rental revenue for each fiscal year from the revenue-generating real estate held by our company. For this purpose, our policy will be to achieve the optimal balance between the revenue-generating property turnover rate and the property balance.

Although the business environment surrounding A.D. Works has improved compared with past years, in consideration for factors including real estate prices that have continued rising since last year, and the effects of the April hike in the consumption tax, we believe that property acquisitions must be conducted cautiously in order to maintain the necessary level of quality in the revenue-generating real estate which we acquire. For this reason, we have formulated a conservative plan for the next fiscal year (year ending March 31, 2015), which is the first year of the Fourth Mid-range Business Plan.

A.D. Works will aim for further growth in the future by continuing to pursue a stable profit base and construct a sturdy financial foundation

Reference: Guidance for achievement of the mid-range business plan

(Units: millions yen)

	Mar. end 2013 (actual)	Mar. end 2014 (forecast)	Mar. end 2017 guidance
Balance of revenue-generating real estate held for short-term sale	2,222	2,185	6,500
Balance of revenue-generating real estate held for mid- and long-term sale	3,371	4,622	8,500
Rental income	285	297	700
Investment revenue-generating real estate business ROA	9.9%	14.2%	6.8%

Note 1: Concerning the balance of revenue-generating real estate held for sale

It has been decided that the figures announced by our company for the planned balances of revenue-generating real estate held for sale will be the average value for each year rather than the year-end balance.

Note 2: Concerning investment revenue-generating real estate business ROA

Investment revenue-generating real estate ROA (%) = Ordinary income resulting from sales of revenue-generating real estate / Balance of revenue-generating real estate held for sale × 100

Important note:

The above results plan was created based on the information which was available at that time. It is based on the judgment and understanding of our company at the time this notice was created, and there is the possibility that due to a variety of factors, the actual future results may differ from the plan listed in this notice and other materials.

Our company updates its forecast of progress for each quarter based on highly reliable information from throughout the group, and on information that is judged to be reasonable. We will provide such forecasts a minimum of once each quarter (with one forecast always to be provided on the last day of the quarter). We have established a release policy regarding these consolidated results forecasts and are operating in accordance with this policy.