



Feb. 2012 Fiscal Year (March 2011 – February 2012)  
Corporate Presentation

April 26, 2012

**Ichigo Group Holdings Co., Ltd. (2337)**



# **Creating peace of mind through honest and committed management**

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- Secure Foundation for Growth
    - Feb. 2012 Full-Year Consolidated Financial Results
    - Feb. 2012 Assets under Management (AUM)
    - Structural Profitability
    - Solid Balance Sheet
    - Assets Marked-to-Market
  - Execution of Forward Growth Strategy
    - Acceleration of Growth
    - Corporate Reorganization
    - REIT Business Development
    - Feb. 2013 Earnings Outlook
    - Building the Ichigo Brand

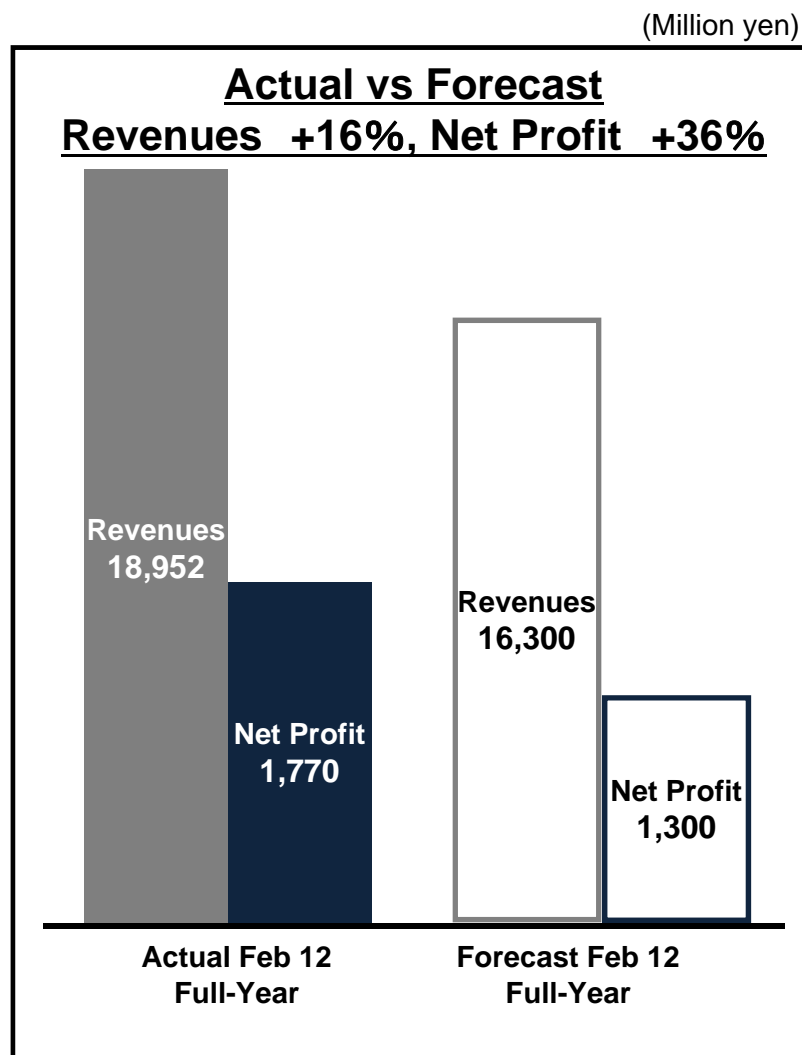
Appendices: Financial & Real Estate Data

# Secure Foundation for Growth

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# Feb. 2012 Full-Year Consolidated Financial Results

Steady Growth that Outperformed Forecast



## Feb. 2012 Financial Results

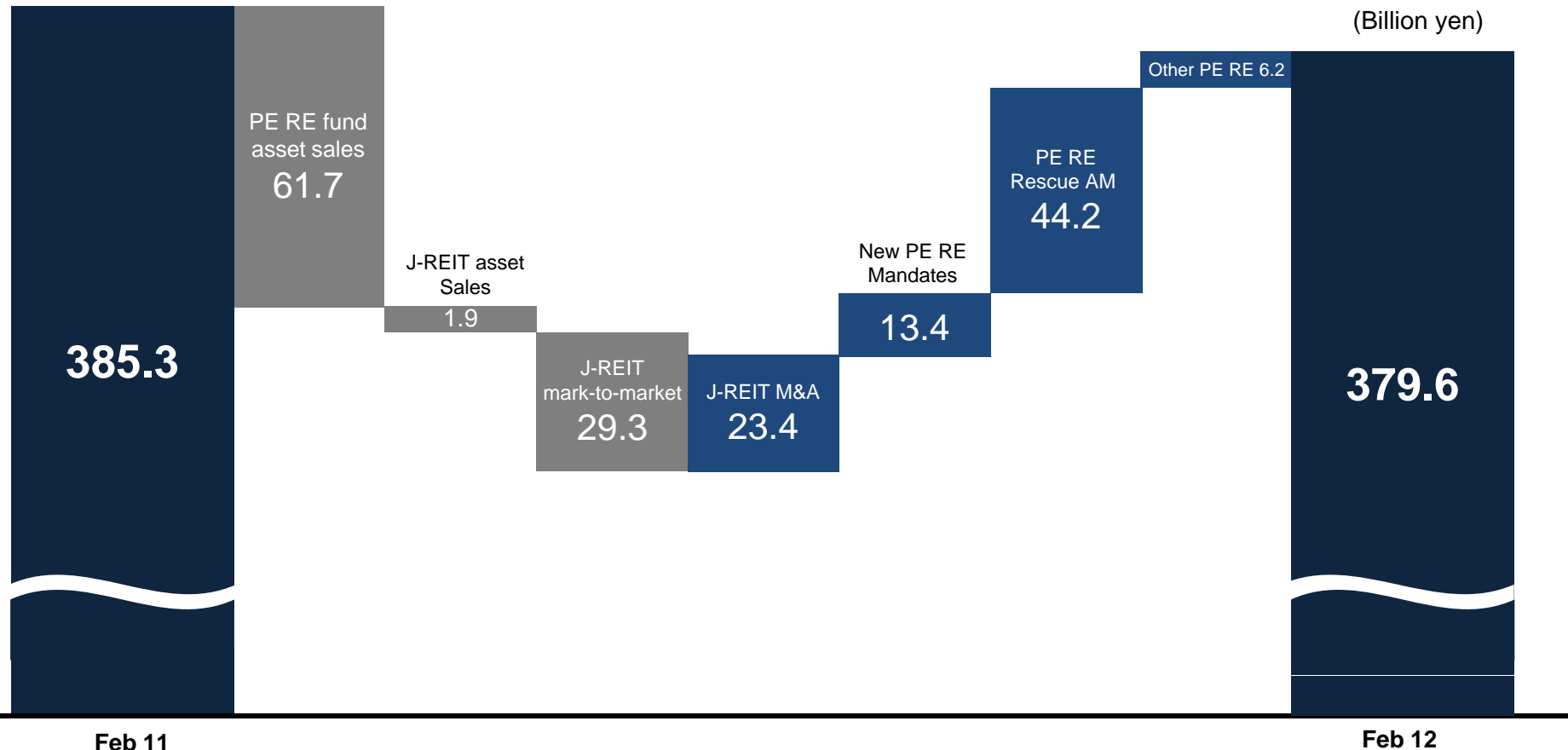
(Million yen)

	Feb 11	Feb 12 Actual	Feb 12 Forecast	vs. Forecast
Revenues	12,760	18,952	16,300	+16%
Operating Profit	1,351	1,050	1,000	+5%
Recurring Profit	1,616	979	700	+39%
Net Profit	620	1,770	1,300	+36%

**Upward Revision**

# Feb. 2012 Assets under Management (AUM)

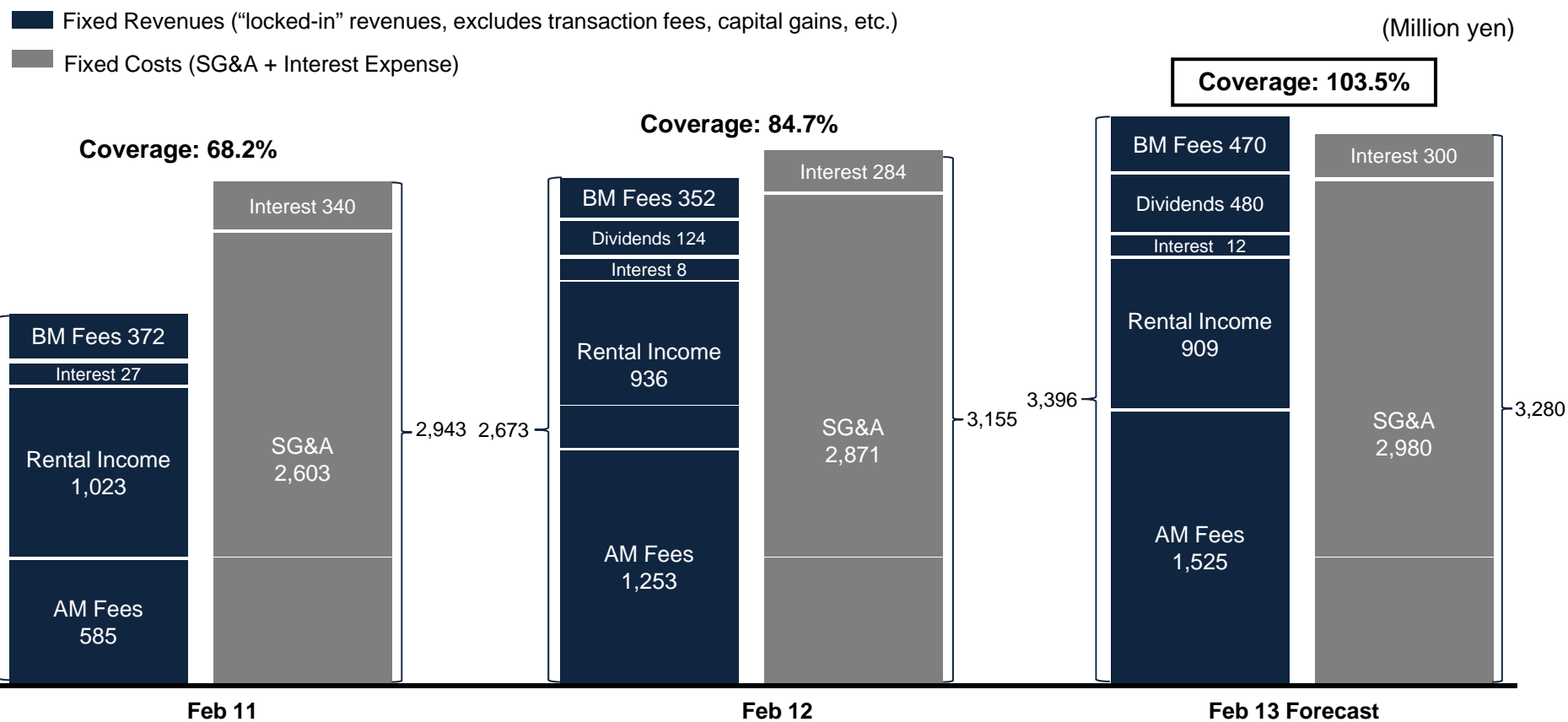
- Total AUM Flat, but Profitability Improved
  - Net AUM increase from new private equity RE AM mandates
  - AM fees from private equity RE funds increased by 250 million yen
- Increased AM Fees from J-REIT M&A
  - J-REIT AUM decreased due to mark-to-market revaluation of acquired assets



# Structural Profitability

## Fixed Revenues Now Exceed Fixed Costs

- J-REIT and BM growth and new AM mandates have expanded fixed revenues
- Target further improvement to 120% Coverage Ratio this FY

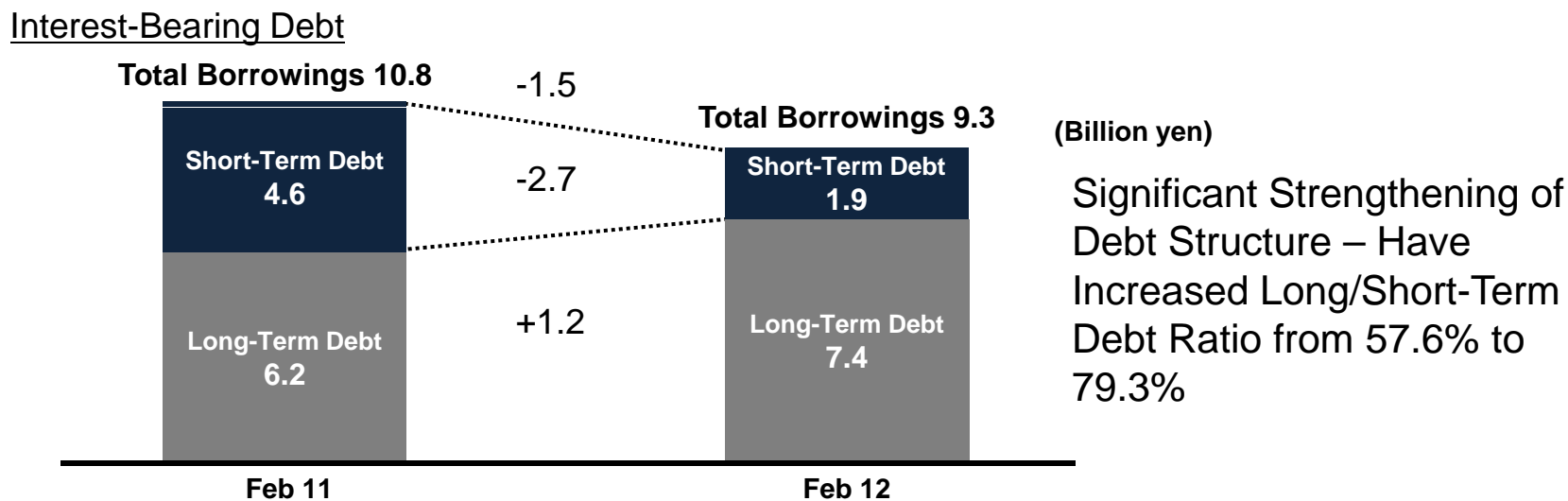
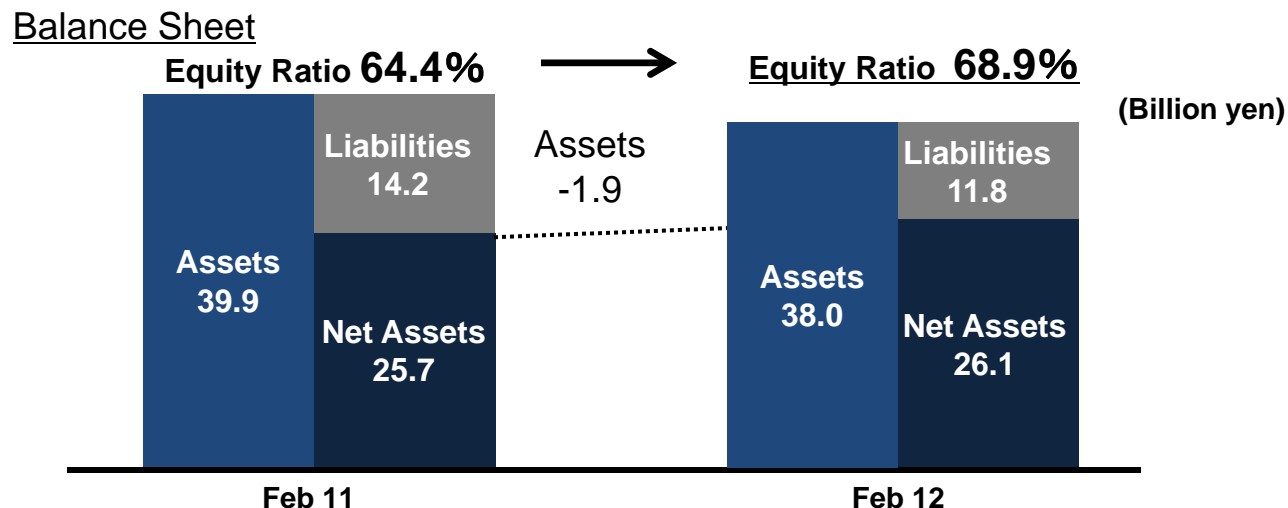


\*Feb 11 and Feb 12 numbers are calculated as of beginning of each fiscal year.

\*Pro Forma base (definition on p. 18)



# Solid Balance Sheet



\*Pro Forma (definition on p.18)

# Assets Marked-to-Market

## Continual Mark-to-Market of Assets in Conservative Balance Sheet

### Mark-to-Market as of Feb. 2012

#### - Real Estate

(Million yen)

	Acquisition Value	Book Value (As of Feb 12)	Appraisal Value (As of Feb 12)	Unrealized Gain
Directly Owned on B/S	15,274	10,801	13,045	+2,244
Investment in IGH Funds	16,306	8,151	13,653	+5,502
<b>Total</b>	<b>31,580</b>	<b>18,952</b>	<b>26,698</b>	<b>+7,746</b>

#### - Private Equity

(Million yen)

	Book Value (As of Feb 12)	Market Value (As of Mar 12)	Unrealized Gain
Domestic Securities	317	486	+169
Overseas Securities	960	1,139	+179
<b>Total</b>	<b>1,277</b>	<b>1,626</b>	<b>+348</b>

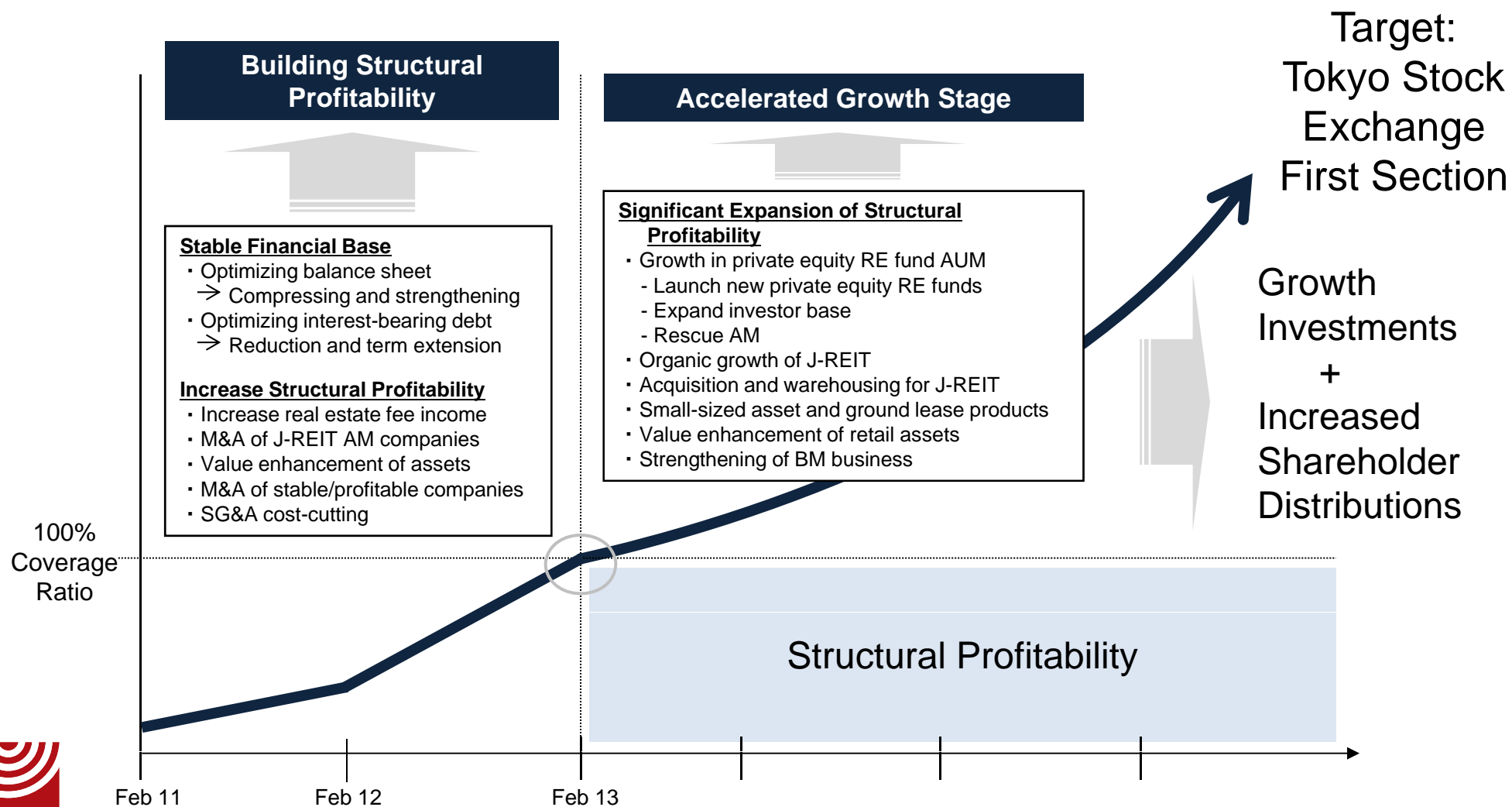
**Significant  
Unrealized  
Gains**

# Execution of Forward Growth Strategy

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# Acceleration of Growth

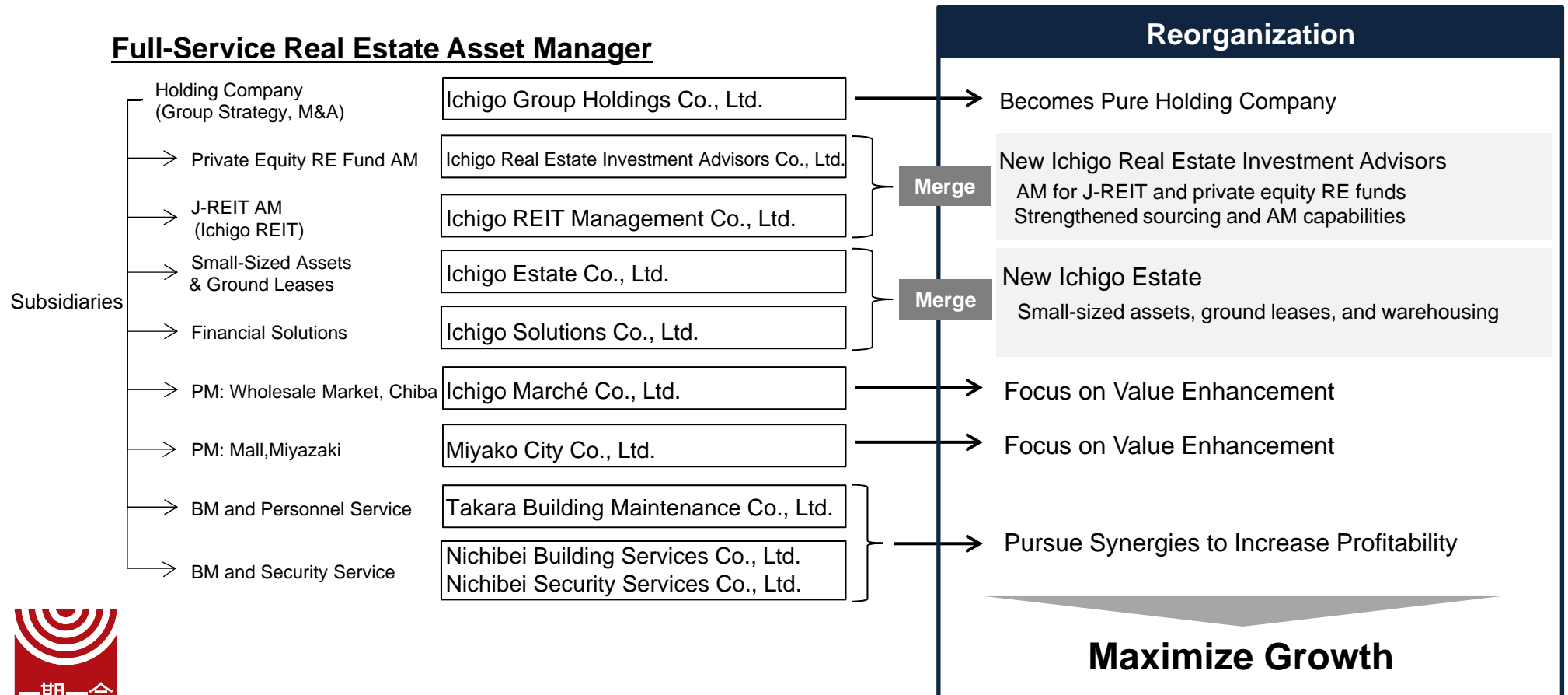
Having Achieved Structural Profitability, Entering Accelerated Growth Stage



# Corporate Reorganization

## Enhance Capability as Full-Service Real Estate Asset Manager

- Strengthen mainstay AM business
- Expansion of small-sized asset and ground lease businesses
- Warehousing capability to support J-REIT growth



# J-REIT Business Development

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- Significant Expansion of J-REIT Business
  - Merged two J-REITs November 1, 2011
  - Ichigo Real Estate Investment Corporation (8975)
  - Comprehensive J-REIT with stable profitability and steady growth
  - Deploy negative goodwill to support growth of portfolio
- Portfolio Improvement Post-Merger
  - Disposed of four regional assets
  - IGH warehousing fund acquired first Tokyo asset for J-REIT
- Reorganization to Enhance Sourcing & AM Capabilities
  - AM platform for both J-REIT and private equity RE funds
  - Share information and know-how
  - New Ichigo Estate will run warehousing platform



1<sup>st</sup> Asset Acquired by  
Warehousing Fund

- Office
- Central Tokyo
- Great Transport Access

# Feb. 2013 Earnings Outlook

- Mainstay AM Business to Generate Stable Revenues
  - Less reliance on disposition of assets and capital gains
  - Significant organic growth in profitability
- Resumption of Dividend and Target Continuous Increases Going Forward

(Million yen)

	Forecast for Feb 13	Actual Feb 12
<b>Revenues</b>	<b>17,000</b>	<b>18,952</b>
<b>Operating Profit</b>	<b>1,500</b>	<b>1,050</b>
<b>Recurring Profit</b>	<b>1,200</b>	<b>979</b>
<b>Net Profit</b>	<b>1,000</b>	<b>1,770</b>
<b>Dividend per Share (Yen)</b>	<b>200</b>	<b>0</b>

# Building the Ichigo Brand

- Strengthening Ichigo Brand
  - Consistent Ichigo signage for tenant directories and buildings
  - Ichigo logo billboards on Ichigo buildings
  - Ichigo-branded promotional gifts
- Corporate Social Responsibility (CSR)
  - Moving forward on environmental protection efforts
    - Ichigo was Japan's first zero carbon public real estate company
    - Member of Challenge 25 Campaign
    - Working on Ichigo Environmental Standards
  - Sports sponsorship in weightlifting – Ichigo employee to represent Japan in 2012 London Olympics
  - Collaborative project with Tokyo University of Arts showcasing students' creative works in Ichigo-managed buildings

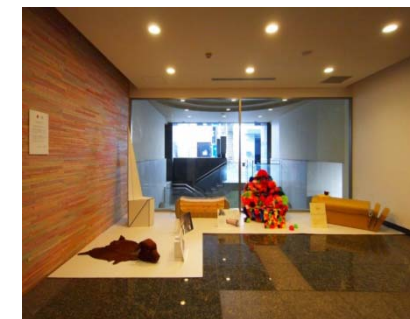
Ichigo Tenant and Building Signage



Ichigo Gift Card



Ichigo/Tokyo University of Arts Creative Project





## Appendix: Pro Forma Financial Data

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# Pro Forma Disclosure to Improve Transparency

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- Under Japanese accounting rules, SPCs in which Ichigo Group Holdings (“IGH”) is a greater than 50% investor or SPCs for which IGH is the asset manager and no single equity investor holds more than 50% of the total investment must be consolidated onto IGH’s balance sheet.
- Our statutory consolidated and parent financial statements thus include client-related assets and liabilities and P&L which do not belong to IGH. In order to more accurately reflect the true economic exposures borne by our shareholders, we disclose Pro Forma financials which are intended to better reflect IGH’s actual corporate financial position.

# Balance Sheet (Pro Forma)

(Million yen)

	Feb 11	Feb 12	Change (YoY)
<b>Total Assets</b>	<b>39,915</b>	<b>37,980</b>	<b>-1,935</b>
Cash and Cash Equivalents	7,093	5,713	-1,380
Investment (Real Estate)	6,419	8,151	1,732
Investment (Domestic companies)	984	600	-384
Investment (Overseas companies)	7,198	4,598	-2,600
Real Estate Held for Sale	11,177	3,785	-7,392
Fixed Assets	3,178	10,109	6,931
Intangible Assets	2,009	2,105	96
Other	1,857	2,919	1,062
<b>Liabilities</b>	<b>14,205</b>	<b>11,831</b>	<b>-2,374</b>
Interest-Bearing Debt	10,782	9,351	-1,431
Other	3,423	2,480	-943
<b>Net Assets</b>	<b>25,709</b>	<b>26,149</b>	<b>440</b>

Reclassified assets worth JPY 7 billion from "Real Estate Held for Sale" to "Fixed Assets" due to extension in holding period

# P&L (Pro Forma)

	Feb 11	Feb 12		(Million yen)
<b>Revenues</b>	<b>7,842</b>	<b>7,927</b>	→	<b>Revenues</b>
Cost of Revenues	4,102	4,101		Real Estate Management Fees
<b>Gross Profit</b>	<b>3,740</b>	<b>3,826</b>		Advisory Fees
SG&A	2,603	2,871		Rental Income
<b>Operating Profit</b>	<b>1,137</b>	<b>954</b>		Real Estate Sales / Dividends
Non-Operating Gain (Loss), net	265	-70		Securities Sales / Dividends
<b>Recurring Profit</b>	<b>1,402</b>	<b>884</b>		Building Maintenance Fees
Extraordinary Gain (Loss), net	1,273	997		Other
<b>Pre-tax Profit</b>	<b>2,675</b>	<b>1,881</b>		<b>Gross Profit</b>
Tax	42	159		Real Estate Management Fees
Minority Interests	2,013	-48		Advisory Fees
<b>Net Profit</b>	<b>620</b>	<b>1,770</b>		Rental Income
				Real Estate Sales / Dividends
				Securities Sales / Dividends
				Building Maintenance Fees
				Other

## Appendix: Consolidated Financial Data

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# Balance Sheet (Consolidated)

(Million yen)

	Feb 11	Feb 12	YoY change
<b>Total Assets</b>	<b>98,653</b>	<b>82,170</b>	<b>-16,483</b>
Cash and Cash Equivalents	12,343	9,791	-2,552
Operating Investments in Securities	8,035	4,226	-3,809
Real Estate Held for Sale	68,823	49,674	-19,149
Fixed Assets	3,178	10,109	6,931
Intangible Assets	2,009	2,105	96
Investments in Securities	5,682	3,589	-2,093
Other	-1,417	2,676	4,093
<b>Liabilities</b>	<b>70,881</b>	<b>53,982</b>	<b>-16,899</b>
Interest-Bearing Debts (excl. Non-Recourse Loans)	10,782	9,351	-1,431
Non-Recourse Loans	51,913	37,694	-14,219
Other	8,186	6,937	-1,249
<b>Net Assets</b>	<b>27,771</b>	<b>28,187</b>	<b>416</b>
Shareholders Equity	25,514	25,972	458
Minority Interests and Other	2,257	2,215	-42

Reclassified assets worth JPY 7 billion from "Real Estate Held for Sale" to "Fixed Assets" due to extension in holding period

# Breakdown of Assets (Consolidated)

	Feb 11			Feb 12			YoY Change in the Company's Interests	(Million yen)
	Amount	Outside Investors' Interests	The Company's Interests	Amount	Outside Investors' Interests	The Company's Interests		
Cash and Cash Equivalents	12,343	-	-	9,791	-	-	-	
<b>Operating Investments in Securities</b>	<b>8,035</b>	<b>0</b>	<b>8,035</b>	<b>4,226</b>	<b>0</b>	<b>4,226</b>	<b>-3,809</b>	
Domestic Real Estate	2,684	0	2,684	2,254	0	2,254	-430	
Listed Domestic Companies	0	0	0	0	0	0	0	
Unlisted Domestic Companies	2,701	0	2,701	42	0	42	-2,659	
Listed Overseas Companies	1,448	0	1,448	1,019	0	1,019	-429	
Unlisted Overseas Companies	1,201	0	1,201	911	0	911	-290	
Reference: Allowance for Bad Debts for Operating Investments in Securities	-3,358	-	-3,358	-288	-	-288	3,070	
<b>Operating Investments in Securities less Allowance for Bad Debts for Operating Investments in Securities</b>	<b>4,677</b>	<b>-</b>	<b>4,677</b>	<b>3,938</b>	<b>-</b>	<b>3,938</b>	<b>-739</b>	
<b>Real Estate Held for Sale</b>	<b>68,823</b>	<b>53,948</b>	<b>14,875</b>	<b>49,674</b>	<b>40,066</b>	<b>9,608</b>	<b>-5,267</b>	
<b>Investments in Securities</b>	<b>5,682</b>	<b>0</b>	<b>5,682</b>	<b>3,589</b>	<b>0</b>	<b>3,589</b>	<b>-2,093</b>	
Domestic Companies	523	0	523	529	0	529	6	
Overseas Companies	4,842	0	4,842	2,955	0	2,955	-1,887	
Others	317	0	317	105	0	105	-212	
Reference: Allowance for Bad Debts for Investments in Securities	-115	-	-115	-75	-	-75	40	
<b>Investments in Securities less Allowance for Bad Debts for Investments in Securities</b>	<b>5,567</b>	<b>-</b>	<b>5,567</b>	<b>3,515</b>	<b>-</b>	<b>3,515</b>	<b>-2,052</b>	
<b>Fixed Assets</b>	<b>3,178</b>	<b>-</b>	<b>-</b>	<b>10,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Intangible Assets	2,009	-	-	2,105	-	-	-	
Other Assets	2,056	-	-	3,038	-	-	-	
<b>Total Assets</b>	<b>98,653</b>	<b>-</b>	<b>25,119</b>	<b>82,170</b>	<b>-</b>	<b>17,061</b>	<b>-8,058</b>	

Reclassified  
assets worth JPY  
7 billion from  
“Real Estate Held  
for Sale” to “Fixed  
Assets” due to  
extension in  
holding period

# P&L (Consolidated)

	Feb 11	Feb 12	Full-Year Forecast	vs. Forecast		<b>Breakdown</b>	(Million yen)
							Feb 12
<b>Revenues</b>	<b>12,760</b>	<b>18,952</b>	<b>16,300</b>	<b>+16%</b>	→	<b>Revenues</b>	<b>18,952</b>
Cost of Revenues	8,805	15,030	—	—		Real Estate Management Fees	1,989
<b>Gross Profit</b>	<b>3,954</b>	<b>3,921</b>	—	—		Advisory Fees	10
SG&A	2,603	2,871	—	—		Rental Income	5,558
<b>Operating Profit</b>	<b>1,351</b>	<b>1,050</b>	<b>1,000</b>	<b>+5%</b>	↘	Real Estate Sales / Dividends	9,305
Non-Operating Gain (Loss), net	265	-70	—	—		Securities Sales / Dividends	615
<b>Recurring Profit</b>	<b>1,616</b>	<b>979</b>	<b>700</b>	<b>+39%</b>		Building Maintenance Fees	1,454
Extraordinary Gain (Loss), net	1,273	997	—	—		Other	21
<b>Pre-tax Profit</b>	<b>2,889</b>	<b>1,976</b>	—	—		<b>Gross Profit</b>	<b>3,921</b>
Tax	41	159	—	—		Real Estate Management Fees	1,827
Minority Interests	2,227	47	—	—		Advisory Fees	10
<b>Net Profit</b>	<b>620</b>	<b>1,770</b>	<b>1,300</b>	<b>+36%</b>		Rental Income	1,872
						Real Estate Sales / Dividends	517
						Securities Sales / Dividends	426
						Building Maintenance Fees	306
						Other	-1,037

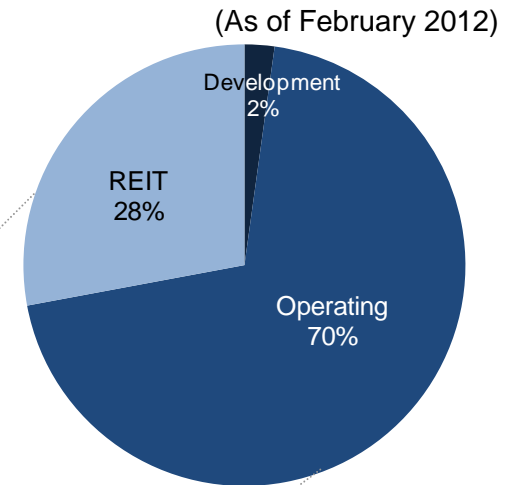
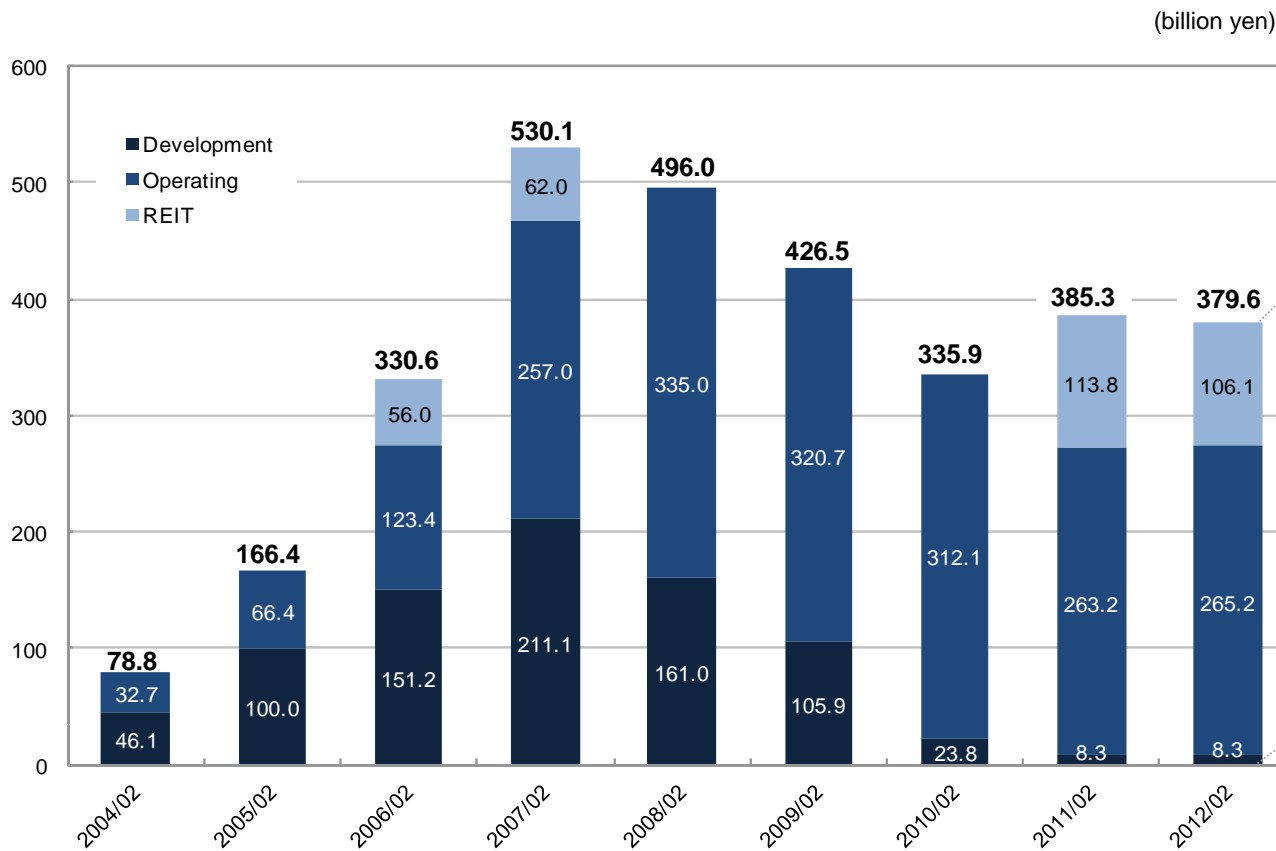


## Appendix: Real Estate Data

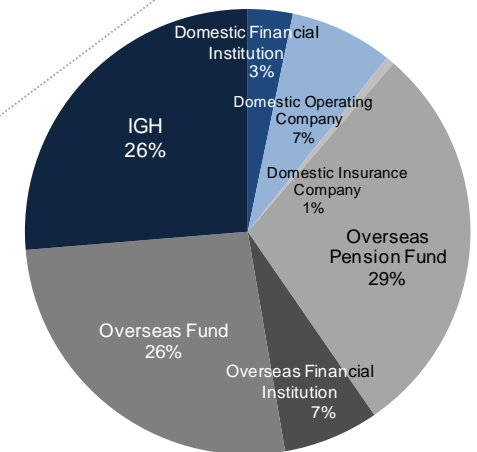
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# Assets Under Management (AUM)

- Private equity RE funds – Slight increase YoY due to new AM mandates
- J-REIT – Slight decrease YoY due to mark-to-market revaluation



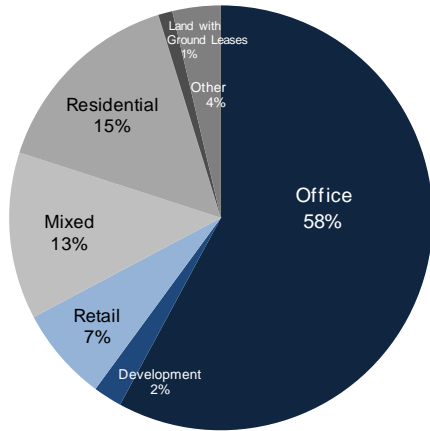
## Breakdown of Equity Investors



# Real Estate Portfolio

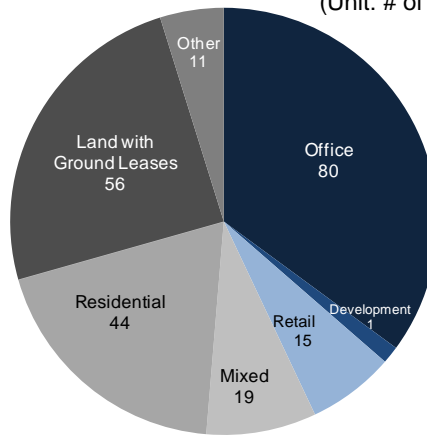
- Mainly office, although significant track record across a wide variety of asset types
- Strong in mid-sized assets in Tokyo, which are highly liquid and have stable cashflows

**AUM by Type**



**# of Properties by Type**

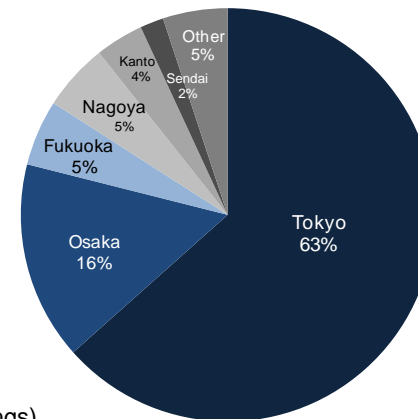
(Unit: # of buildings)



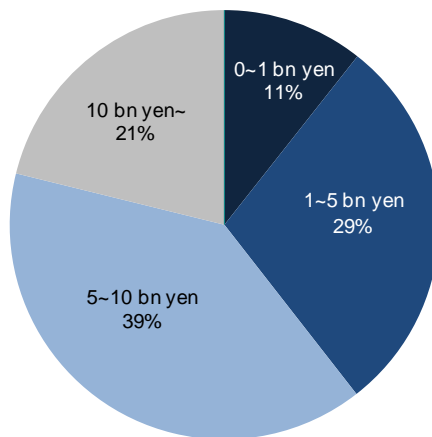
**AUM by Location**

(As of February 2012)

(Unit: # of buildings)

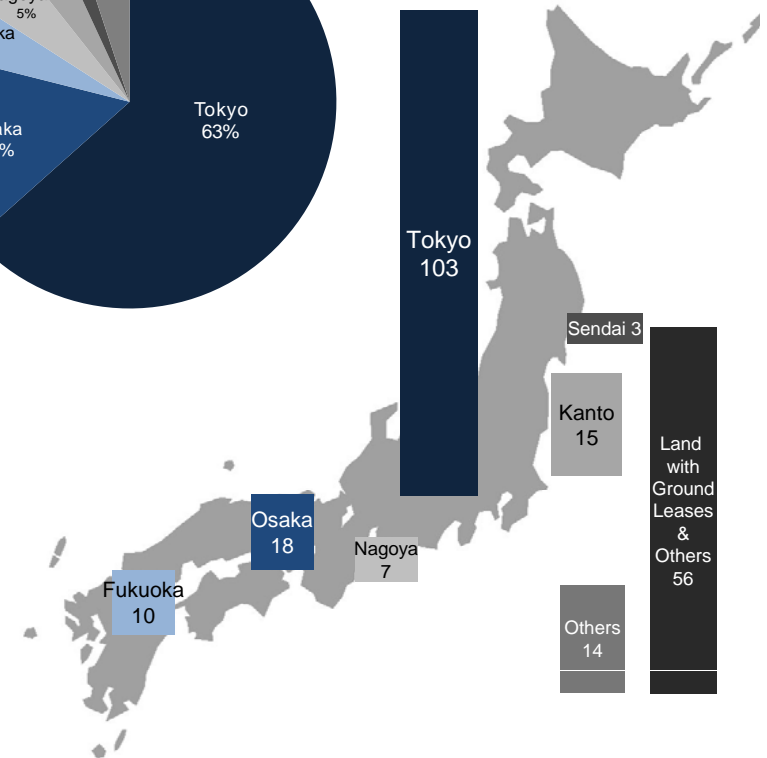
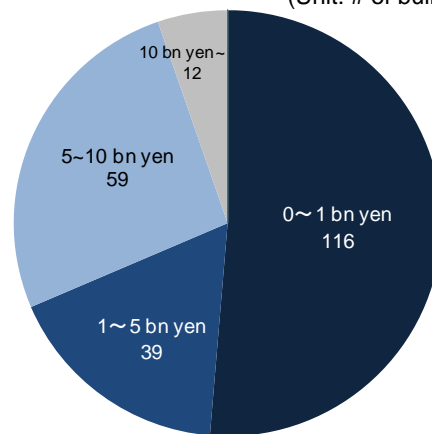


**AUM by Size**



**# of Properties by Size**

(Unit: # of buildings)



# Real Estate Cap Rates

- Conservative assessment of cap rates, generally more conservative than market
- Continually mark assets to market
- Unrealized gains in both client and IGH assets

(As of February 2012)

## Real Estate Investments held by Funds (SPCs)

(Million yen, except for percentage data)

Location	Acquisition Value	Book Value (after write-down)	NOI (current)	Cap rate (at Acquisition) NOI / Acquisition Value	Cap Rate (current) NOI / Book Value after write-down	Appraisal Value as of February 2012	Unrealized Gain
Tokyo	154,258	137,995	6,910	5.3%	6.0%	138,293	+298
Outside Tokyo	76,743	57,877	3,813	5.7%	7.3%	65,887	+8,010
<b>Total</b>	<b>231,001</b>	<b>195,873</b>	<b>10,723</b>	<b>5.5%</b>	<b>6.6%</b>	<b>204,180</b>	<b>+8,308</b>

## Real Estate Investments directly held by IGH

(Million yen, except for percentage data)

Location	Acquisition Value	Book Value (after write-down)	NOI (current)	Cap rate (at Acquisition) NOI / Acquisition Value	Cap Rate (current) NOI / Book Value after write-down	Appraisal Value as of February 2012	Unrealized Gain
Tokyo	5,553	4,671	352	6.8%	7.4%	5,731	+1,060
Outside Tokyo	7,438	5,423	587	6.3%	9.7%	6,607	+1,184
<b>Total</b>	<b>12,991</b>	<b>10,094</b>	<b>940</b>	<b>6.5%</b>	<b>8.7%</b>	<b>12,338</b>	<b>+2,244</b>

\*Excludes one development asset (c. ¥700M) which is not currently generating NOI





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These materials are based upon information available as of the publication date, and may contain forward-looking statements pertaining to the Company's expectations, targets, plans and strategies. Such forward-looking statements are not facts, but are the result of management's judgment based on information currently available. Actual operating results or developments concerning the Company may differ substantially from those indicated by forward-looking statements. The information enclosed is also subject to revision without prior notice.



Ichigo Group Holdings is Japan's first zero carbon listed real estate company. We are taking responsibility for the carbon emissions we create, such as via this presentation material, by taking measures to create offsets to our carbon emissions and working with organizations to invest in low-carbon technologies.

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