



Feb. 2013 Fiscal Year H1 (March – August 2012)  
Corporate Presentation

October 18, 2012

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



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

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## Accelerating Growth

- Ichigo Growth Strategy
- Feb. 2013 H1 Consolidated Financial Results
- Feb. 2013 H1 Assets Under Management (AUM)
- Structural Profitability
- Strong Cash Position to Fund Investments for Growth
- Refinancing Debt at Improved Terms
- Ichigo REIT (8975) Growth
- Retail Asset Redevelopment by Ichigo Estate
- Ichigo's Miyake, Silver Medalist Weightlifter

## Appendix

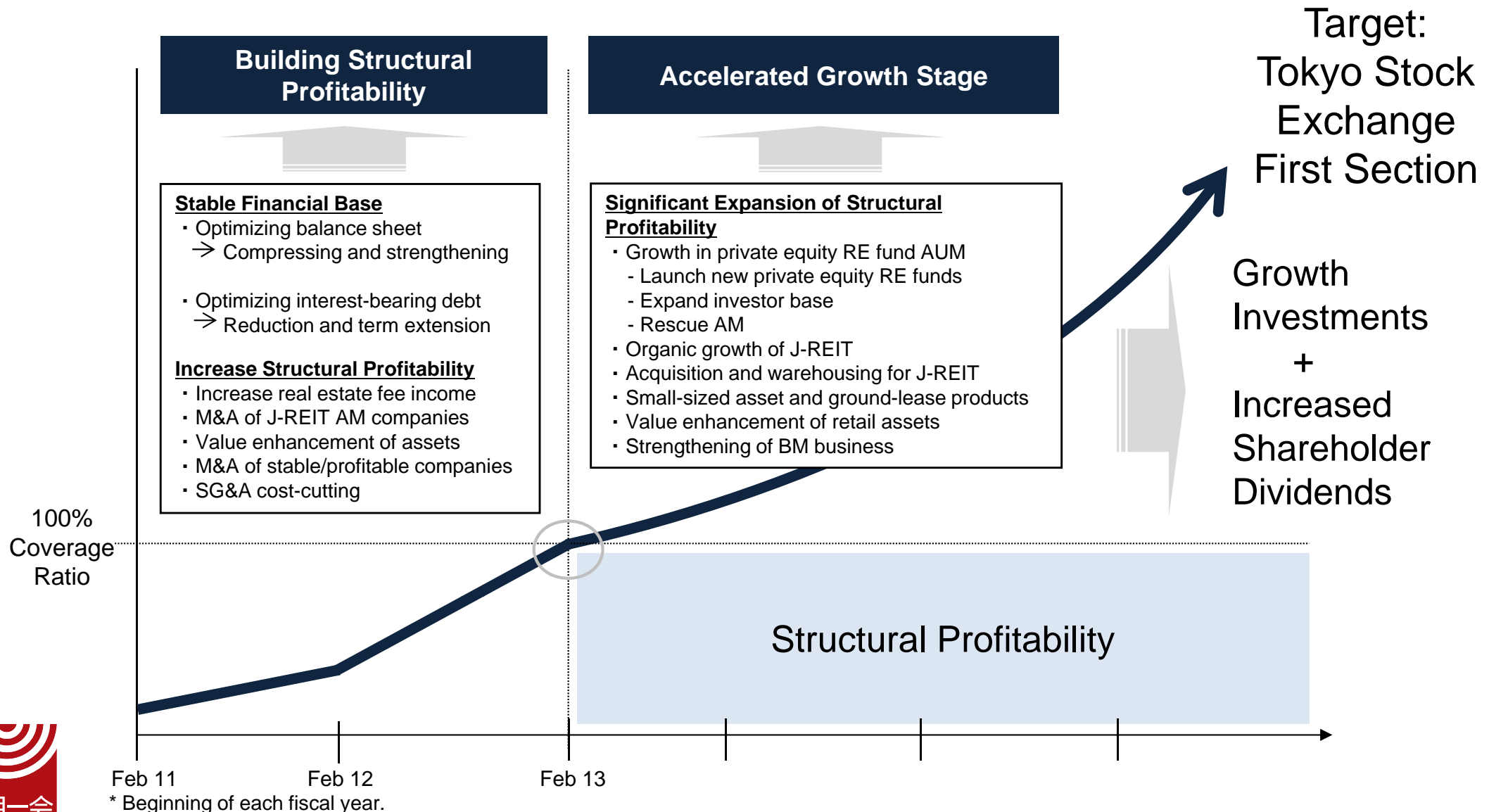
- Financial Data (Pro Forma and Consolidated)
- Real Estate Data

# Accelerating Growth

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# Ichigo Growth Strategy

Having Achieved Structural Profitability, Entering Accelerated Growth Stage

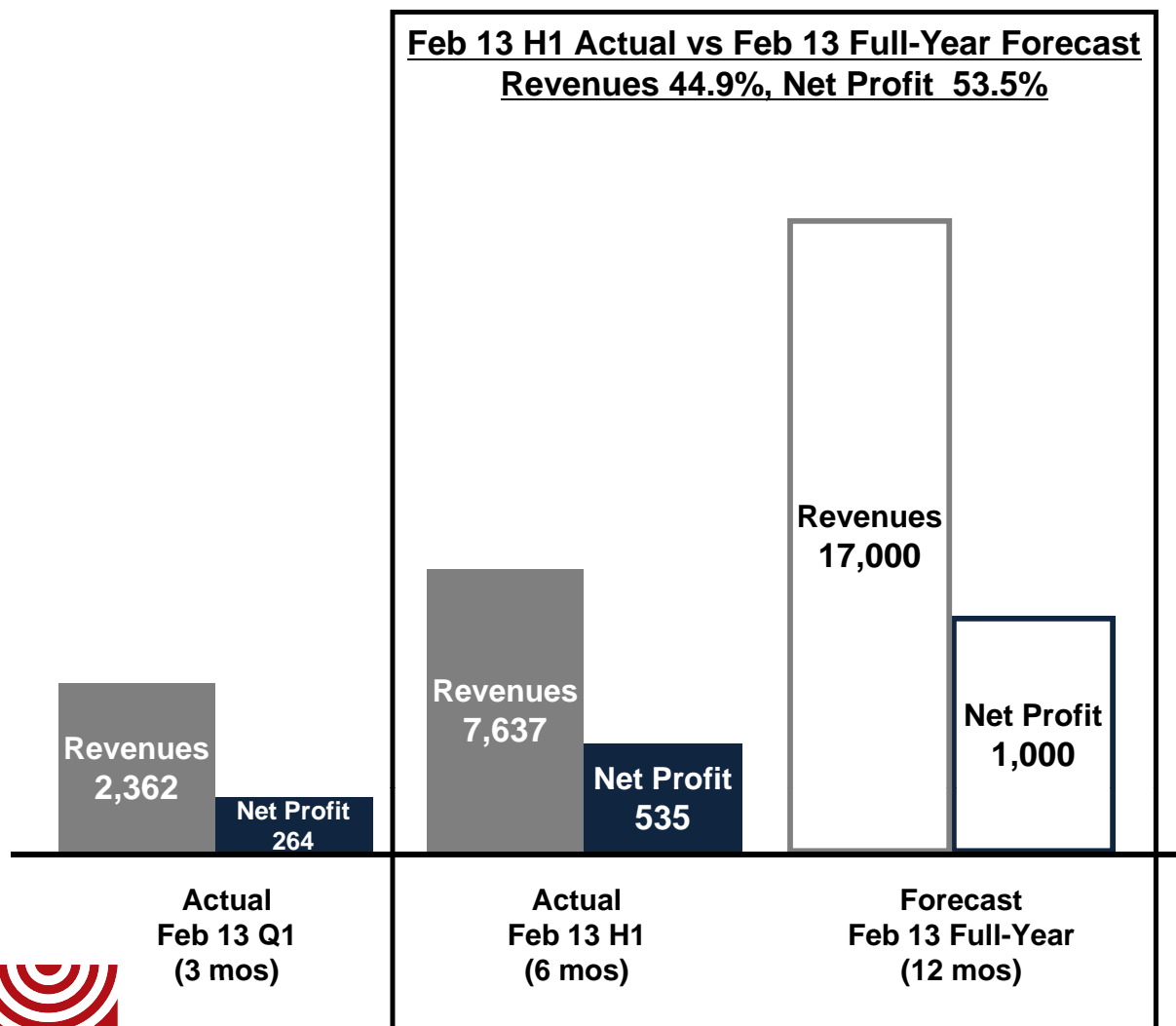


# Feb. 2013 H1 Consolidated Financial Results

(Million yen)

## Feb 13 H1 Actual vs Feb 13 Full-Year Forecast

**Revenues 44.9%, Net Profit 53.5%**



## Feb. 2013 H1 Financial Results

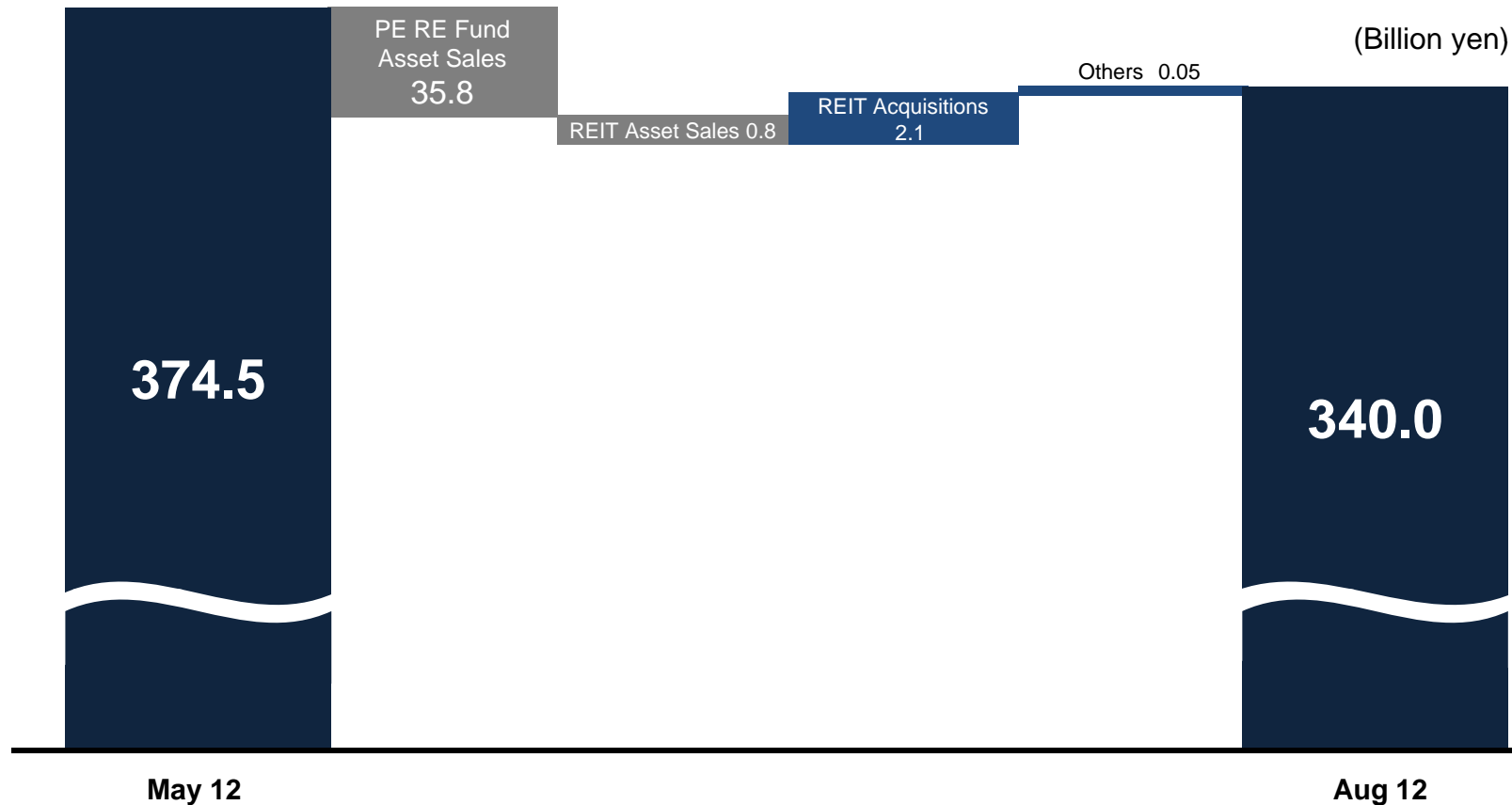
(Million yen)

	Feb 13 H1 Cumulative	FY 13 Full-Year Forecast	vs. Forecast
Revenues	7,637	17,000	44.9%
Operating Profit	694	1,500	46.3%
Recurring Profit	617	1,200	51.4%
Net Profit	535	1,000	53.5%
Dividend per Share (Yen)	-	200	-

# Feb. 2013 H1 Assets Under Management (AUM)

## Higher Profitability despite Decrease in Total AUM QoQ

- AUM decreased due to disposition of assets with low profitability
- Focus on efficiency over increasing AUM





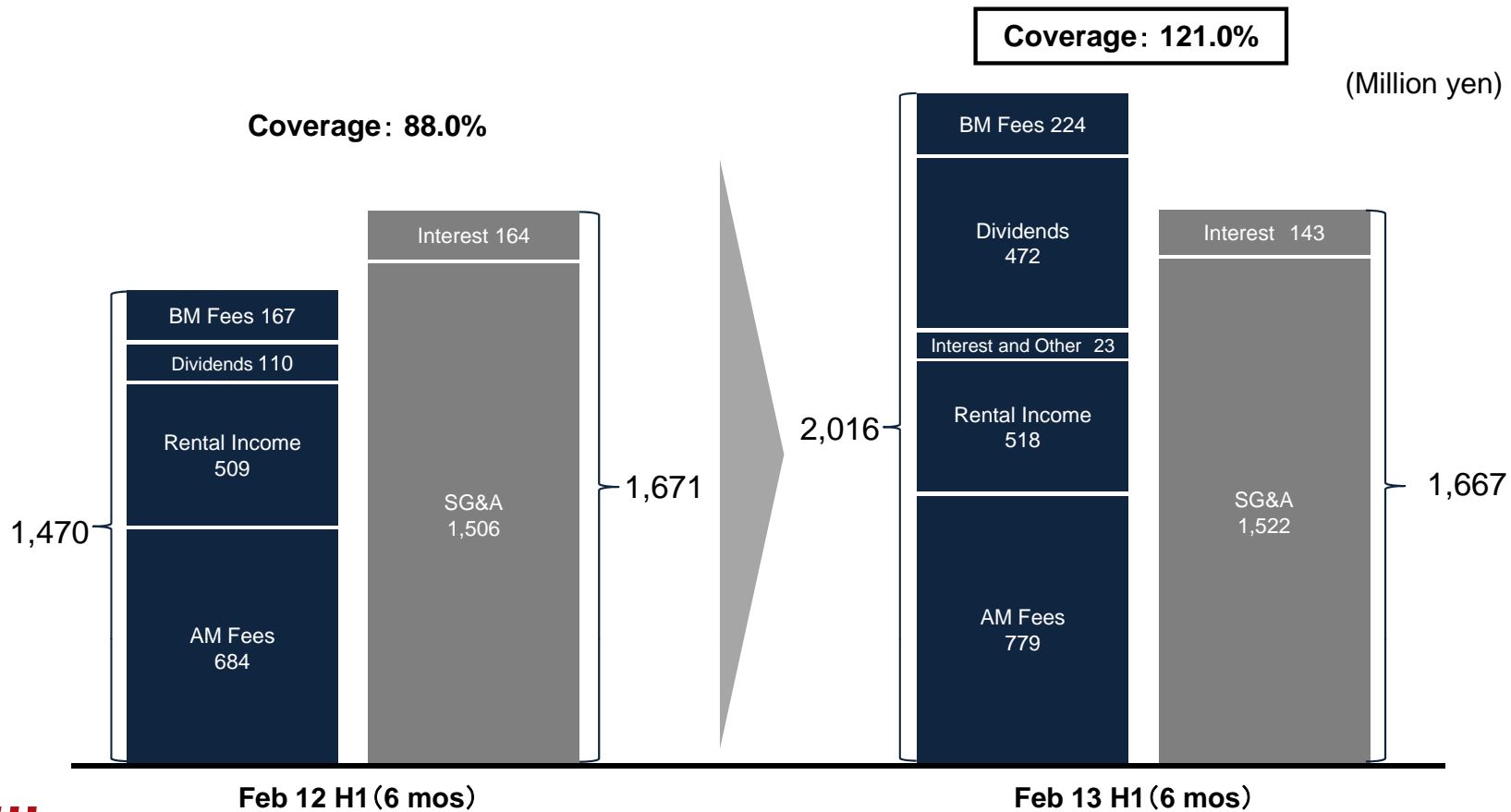
# Structural Profitability

## H1 Fixed Revenues over 120% of Fixed Costs

- Seed assets of J-REIT and private equity RE funds contributing rental income

■ Fixed Revenues (“locked-in” revenues, excludes transaction fees, capital gains, etc.)

■ Fixed Costs (SG&A + Interest Expense)

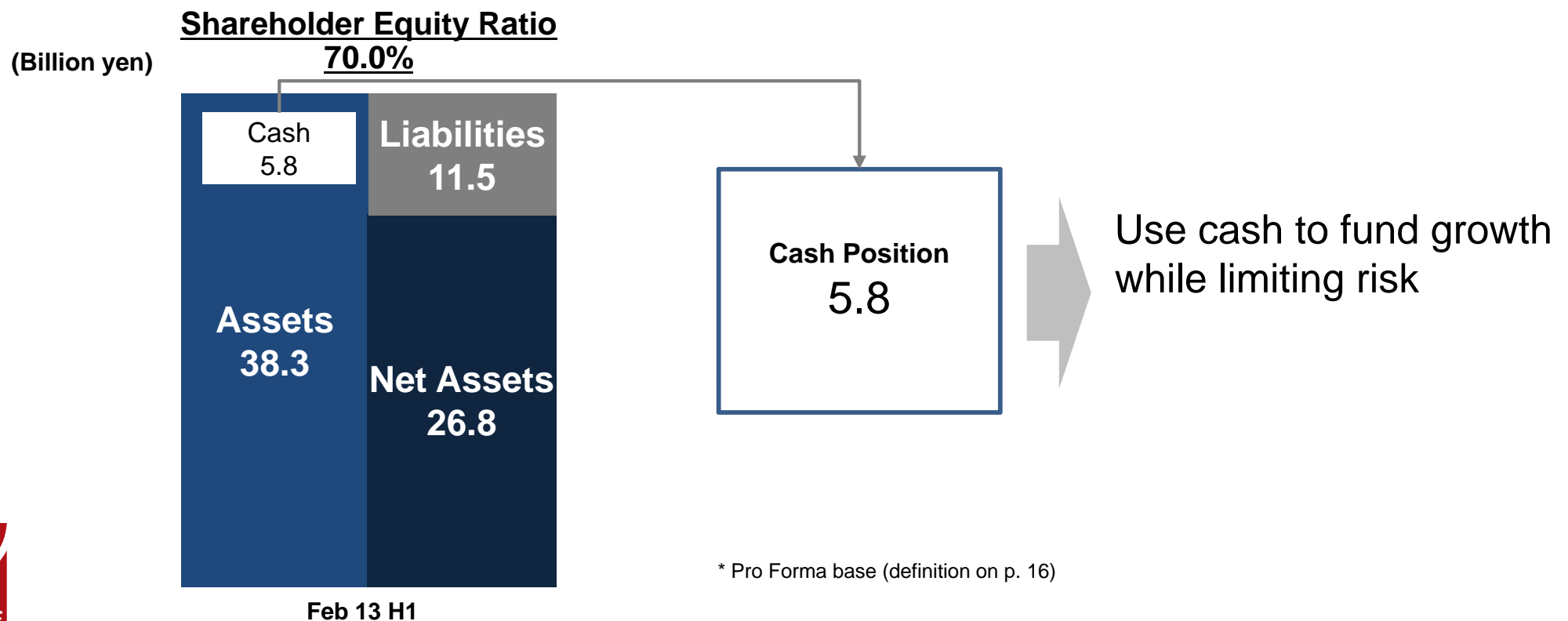


Maintain Stable Coverage Ratio

\* Pro Forma base (definition on p. 16)

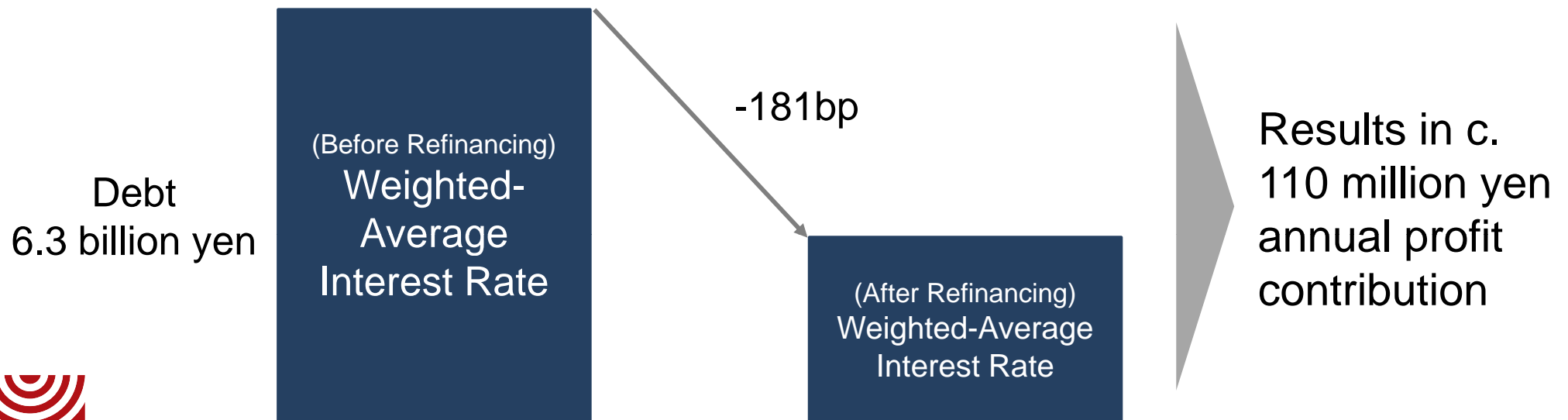
# Strong Cash Position to Fund Investments for Growth

- Maintaining Structural Profitability and Sound Financial Base
  - Shareholder equity ratio as of the end of H1: 70.0% (+3.9% QoQ)
  - Reduced interest-bearing debt by 2.2 billion yen to 9 billion yen through asset sales
- Building Cash through Profitable Asset Sales



# Refinancing Debt at Improved Terms

- Have Increased Building Occupancy via Stronger Leasing Activities
- Taking Advantage of Improved Financing Environment
- Refinancings are Directly Contributing to Higher Returns for Both Ichigo and Our Investors
- Recent Refinancing Example
  - Reduced Weighted-Average Interest Rate of Debt (Senior/Subordinate) by c. 181bp



# Ichigo REIT (8975) Growth

- First Ichigo REIT Property Acquisition since Joining Ichigo Group
  - Acquired a high-grade office property in CBD through warehousing fund
  - Further optimizing the portfolio by disposing and upgrading assets
- Maximizing Occupancy through Low-Cost Enhancements for Tenants using Ichigo's Architectural Capabilities



Ichigo REIT's Newly Acquired Property (M's SQUARE)



- Consolidating Property Management Companies to Improve Service Levels
  - Hands-on approach to property management to meet Ichigo quality standards
  - Increasing the quality of property management while reducing costs

# Retail Asset Redevelopment by Ichigo Estate

- Upgraded Retail Asset near Hiroo Station (Minato Ward)
  - Structural improvements to fully meet all safety standards
  - Replaced signboards for better design and aesthetics
  - Re-tenanting strategy tailored to building and neighborhood characteristics and needs
  - Brought in new flagship Italian restaurant
  - 1.9X NOI increase
- Acquisition of Small-Sized Retail Asset in Historic Yokohama Motomachi Shopping Arcade
  - Signed the PSA on October 17, 2012 and close in late October 2012
  - Will improve and reposition the asset by using Ichigo's expertise in construction and development



Retail Asset,  
3 min walk from Hiroo station

# Ichigo's Miyake, Silver Medalist Weightlifter



Hiromi Miyake

As part of our support for excellence in all social activities, including athletics, Ichigo sponsors a world-class weightlifting team

## Hiromi Miyake Wins a Silver Medal

Thank you for your warm support

### Profile of Hiromi Miyake

Joined Ichigo in April 2008

Results of Major Tournaments

- 2004 Athens Olympics, 48kg-Class 9th Place
- 2008 Beijing Olympics, 48kg-Class 6th Place
- 2010 Japan Weightlifting Championships, 53kg-Class Champion
- 2011 Japan Weightlifting Championships, 53kg-Class Champion
- 2011 World Weightlifting Championships, 53kg-class 6th Place
- 2012 London Olympics, 48kg-Class Silver Medal

Please visit Facebook & Twitter

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[Twitter] [https://twitter.com/#!/Ichigo\\_Group](https://twitter.com/#!/Ichigo_Group)

# 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)

	Feb 12	Feb 13 Q1	Feb 13 H1	(Million yen) Change (QoQ)
<b>Total Assets</b>	<b>37,980</b>	<b>40,038</b>	<b>38,327</b>	<b>-1,711</b>
Cash and Cash Equivalents	5,713	5,730	5,817	87
Investment (Real Estate)	8,151	8,447	8,558	111
Investment (Domestic companies)	600	551	602	51
Investment (Overseas companies)	4,598	4,573	4,643	70
Real Estate Held for Sale	3,785	5,890	3,748	-2,142
Fixed Assets	10,109	10,073	10,059	-14
Intangible Assets	2,105	2,075	2,045	-30
Other	2,919	2,699	2,855	156
<b>Liabilities</b>	<b>11,831</b>	<b>13,557</b>	<b>11,505</b>	<b>-2,052</b>
Interest-Bearing Debt	9,351	11,189	8,959	-2,230
Other	2,480	2,368	2,546	178
<b>Net Assets</b>	<b>26,149</b>	<b>26,481</b>	<b>26,822</b>	<b>341</b>

# P&L (Pro Forma)

	Feb 12	Feb 13 Q1	Feb 13 Q2	Feb 13 H1 Cumulative
<b>Revenues</b>	<b>7,927</b>	<b>1,736</b>	<b>4,116</b>	<b>5,853</b>
Cost of Revenues	4,101	663	3,014	3,678
<b>Gross Profit</b>	<b>3,826</b>	<b>1,073</b>	<b>1,102</b>	<b>2,175</b>
SG&A	2,871	766	756	1,522
<b>Operating Profit</b>	<b>954</b>	<b>306</b>	<b>346</b>	<b>652</b>
Non-Operating Gain (Loss), net	-70	-28	-50	-77
<b>Recurring Profit</b>	<b>884</b>	<b>278</b>	<b>295</b>	<b>574</b>
Extraordinary Gain (Loss), net	997	0	-14	-14
<b>Pre-tax Profit</b>	<b>1,881</b>	<b>279</b>	<b>282</b>	<b>560</b>
Tax	159	16	12	29
Minority Interests	-48	-2	-3	-5
<b>Net Profit</b>	<b>1,770</b>	<b>264</b>	<b>270</b>	<b>535</b>

## Breakdown

(Million yen)

	Feb 13 H1 Cumulative
<b>Revenues</b>	<b>5,853</b>
Real Estate Management Fees	932
Advisory Fees	47
Rental Income	989
Real Estate Sales / Dividends	2,623
Securities Sales / Dividends	200
Building Maintenance Fees	1,056
Other	6
<b>Gross Profit</b>	<b>2,175</b>
Real Estate Management Fees	854
Advisory Fees	47
Rental Income	518
Real Estate Sales / Dividends	494
Securities Sales / Dividends	165
Building Maintenance Fees	224
Other	-127

# Balance Sheet NAV

## Significant Unrealized Gains on Balance Sheet Assets

### - Real Estate

	Acquisition Value	Book Value (As of Aug 12)	Appraisal Value (As of Feb 12)	(Million yen) Unrealized Gain
Directly Owned on B/S	15,345	10,729	13,045	+2,316
Investment in IGH Funds	16,398	8,558	14,078	+5,520
<b>Total</b>	<b>31,742</b>	<b>19,287</b>	<b>27,123</b>	<b>+7,836</b>

### - Private Equity

	Book Value (As of Aug 12)	Market Value (As of Sep 12)	(Million yen) Unrealized Gain
Domestic Securities	323	542	+218
Overseas Securities	998	1,207	-41
<b>Total</b>	<b>1,321</b>	<b>1,749</b>	<b>+177</b>

## Appendix: Consolidated Financial Data

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# Balance Sheet (Consolidated)

(Million yen)

	Feb 12	Feb 13 Q1	Feb 13 H1	QoQ change
<b>Total Assets</b>	<b>82,170</b>	<b>84,010</b>	<b>81,629</b>	<b>-2,381</b>
Cash and Cash Equivalents	9,791	9,944	10,076	132
Operating Investments in Securities	4,226	4,281	4,445	164
Real Estate Held for Sale	49,674	51,838	49,205	-2,633
Fixed Assets	10,109	10,073	10,059	-14
Intangible Assets	2,105	2,075	2,045	-30
Investments in Securities	3,589	3,478	3,514	36
Other	2,676	2,321	2,285	-36
<b>Liabilities</b>	<b>53,982</b>	<b>55,462</b>	<b>52,725</b>	<b>-2,737</b>
Interest-Bearing Debts (excl. Non-Recourse Loans)	9,351	11,189	8,959	-2,230
Non-Recourse Loans	37,694	37,392	36,668	-724
Other	6,937	6,881	7,098	217
<b>Net Assets</b>	<b>28,187</b>	<b>28,548</b>	<b>28,903</b>	<b>355</b>
Shareholders Equity	25,972	26,202	26,366	164
Minority Interests and Other	2,215	2,346	2,537	191

# Breakdown of Assets (Consolidated)

(Million yen)

	Feb 12			Feb 13 Q1			Feb 13 H1			QoQ Change in the Company's Interests
	Amount	Outside Investors' Interests	The Company's Interests	Amount	Outside Investors' Interests	The Company's Interests	Amount	Outside Investors' Interests	The Company's Interests	
Cash and Cash Equivalents	9,791	-	-	9,944	-	-	10,076	-	-	-
<b>Operating Investments in Securities</b>	<b>4,226</b>	<b>0</b>	<b>4,226</b>	<b>4,281</b>	<b>0</b>	<b>4,281</b>	<b>4,445</b>	<b>0</b>	<b>4,445</b>	<b>164</b>
Domestic Real Estate	2,254	0	2,254	2,273	0	2,273	2,357	0	2,357	84
Listed Domestic Companies	0	0	0	0	0	0	0	0	0	0
Unlisted Domestic Companies	42	0	42	37	0	37	38	0	38	1
Listed Overseas Companies	1,019	0	1,019	1,061	0	1,061	1,201	0	1,201	140
Unlisted Overseas Companies	911	0	911	910	0	910	850	0	850	-60
Reference: Allowance for Bad Debts for Operating Investments in Securities	-288	-	-288	-286	-	-286	-283	-	-283	3
<b>Operating Investments in Securities less Allowance for Bad Debts for Operating Investments in Securities</b>	<b>3,938</b>	<b>-</b>	<b>3,938</b>	<b>3,995</b>	<b>-</b>	<b>3,995</b>	<b>4,163</b>	<b>-</b>	<b>4,163</b>	<b>168</b>
<b>Real Estate Held for Sale</b>	<b>49,674</b>	<b>40,066</b>	<b>9,608</b>	<b>51,838</b>	<b>40,058</b>	<b>11,780</b>	<b>49,205</b>	<b>39,587</b>	<b>9,618</b>	<b>-2,162</b>
<b>Investments in Securities</b>	<b>3,589</b>	<b>0</b>	<b>3,589</b>	<b>3,478</b>	<b>0</b>	<b>3,478</b>	<b>3,514</b>	<b>0</b>	<b>3,514</b>	<b>36</b>
Domestic Companies	529	0	529	514	0	514	564	0	564	50
Overseas Companies	2,955	0	2,955	2,889	0	2,889	2,876	0	2,876	-13
Others	105	0	105	75	0	75	75	0	75	0
Reference: Allowance for Bad Debts for Investments in Securities	-75	-	-75	-75	-	-75	-75	-	-75	0
<b>Investments in Securities less Allowance for Bad Debts for Investments in Securities</b>	<b>3,515</b>	<b>-</b>	<b>3,515</b>	<b>3,404</b>	<b>-</b>	<b>3,404</b>	<b>3,440</b>	<b>-</b>	<b>3,440</b>	<b>36</b>
<b>Fixed Assets</b>	<b>10,109</b>	<b>-</b>	<b>-</b>	<b>10,073</b>	<b>-</b>	<b>-</b>	<b>10,059</b>	<b>-</b>	<b>-</b>	<b>-</b>
Intangible Assets	2,105	-	-	2,075	-	-	2,045	-	-	-
Other Assets	3,038	-	-	2,681	-	-	2,641	-	-	-
<b>Total Assets</b>	<b>82,170</b>	<b>-</b>	<b>17,061</b>	<b>84,010</b>	<b>-</b>	<b>19,179</b>	<b>81,629</b>	<b>-</b>	<b>17,221</b>	<b>-1,958</b>

# P&L (Consolidated)

	Feb 12	Feb 13 Q1	Feb 13 Q2	Feb 13 H1 Cumulative	Full-Year Forecast	vs. Forecast		<b>Breakdown</b>	(Million yen)
									Feb 13 H1
<b>Revenues</b>	<b>18,952</b>	<b>2,362</b>	<b>5,274</b>	<b>7,637</b>	<b>17,000</b>	<b>44.9%</b>	→	<b>Revenues</b>	<b>7,637</b>
Cost of Revenues	15,030	1,260	4,158	5,419	—	—		Real Estate Management Fees	704
<b>Gross Profit</b>	<b>3,921</b>	<b>1,102</b>	<b>1,115</b>	<b>2,217</b>	—	—		Advisory Fees	47
SG&A	2,871	766	756	1,522	—	—		Rental Income	2,919
<b>Operating Profit</b>	<b>1,050</b>	<b>335</b>	<b>359</b>	<b>694</b>	<b>1,500</b>	<b>46.3%</b>	↘	Real Estate Sales / Dividends	2,727
Non-Operating Gain (Loss), net	-70	-28	-50	-78	—	—		Securities Sales / Dividends	200
<b>Recurring Profit</b>	<b>979</b>	<b>307</b>	<b>309</b>	<b>617</b>	<b>1,200</b>	<b>51.4%</b>		Building Maintenance Fees	1,033
Extraordinary Gain (Loss), net	997	0	-14	-14	—	—		Other	7
<b>Pre-tax Profit</b>	<b>1,976</b>	<b>308</b>	<b>295</b>	<b>603</b>	—	—		<b>Gross Profit</b>	<b>2,217</b>
Tax	159	16	12	29	—	—		Real Estate Management Fees	627
Minority Interests	47	26	11	37	—	—		Advisory Fees	47
<b>Net Profit</b>	<b>1,770</b>	<b>264</b>	<b>270</b>	<b>535</b>	<b>1,000</b>	<b>53.5%</b>		Rental Income	1,255
								Real Estate Sales / Dividends	69
								Securities Sales / Dividends	165
								Building Maintenance Fees	201
								Other	-147

## Appendix: Real Estate Data

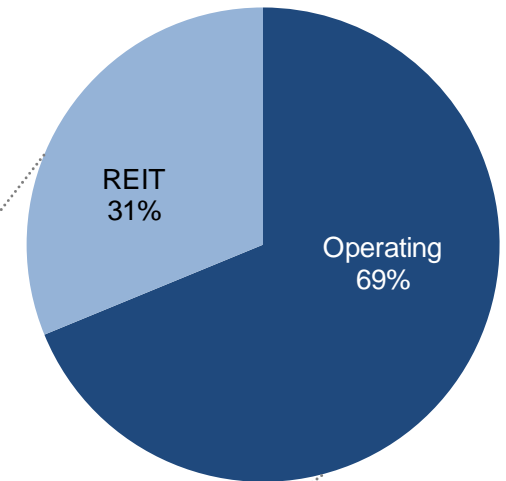
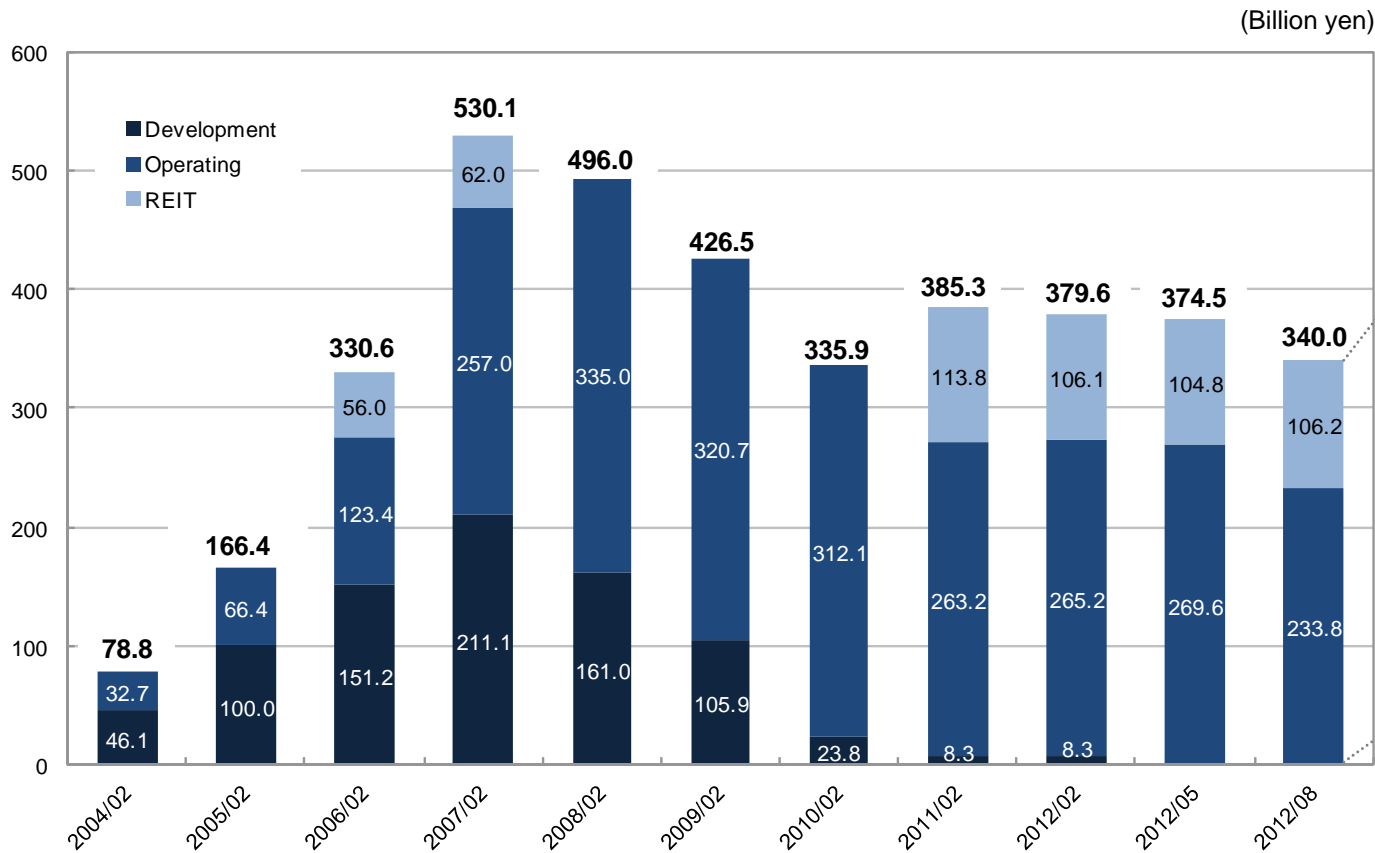
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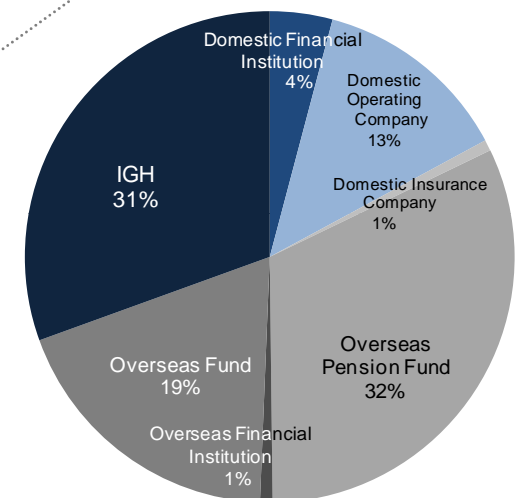
# Assets Under Management (AUM)

Net AUM Decreased by 34.5 Billion Yen due to Asset Dispositions

(As of August 2012)



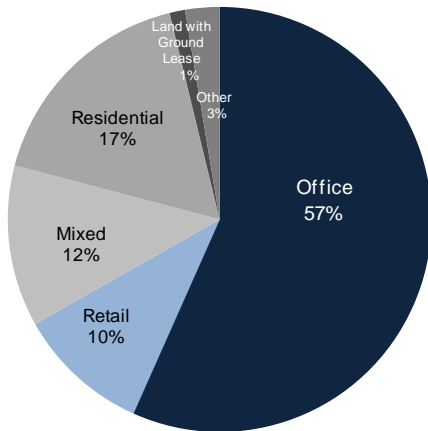
## Breakdown of Equity Investors



# Real Estate Portfolio

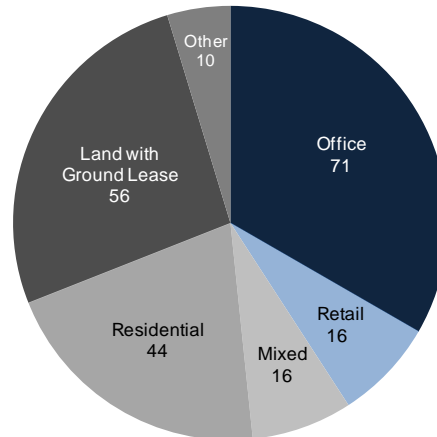
- Track record mainly in office and also across a wide variety of other asset types
- Strong in mid-sized assets in Tokyo, which are highly liquid and have stable cashflows

**AUM by Type**



**# of Properties by Type**

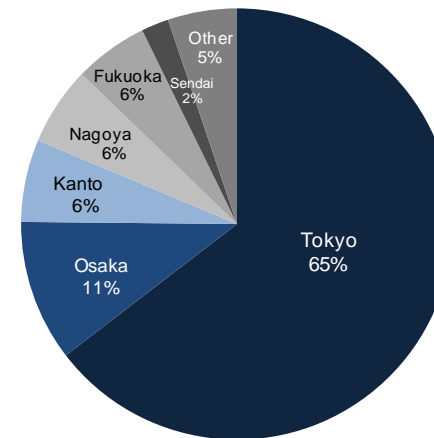
(Unit: # of buildings)



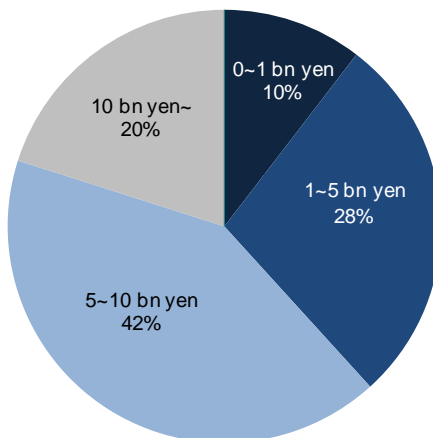
(As of August 2012)

**AUM by Location**

(Unit: # of buildings)

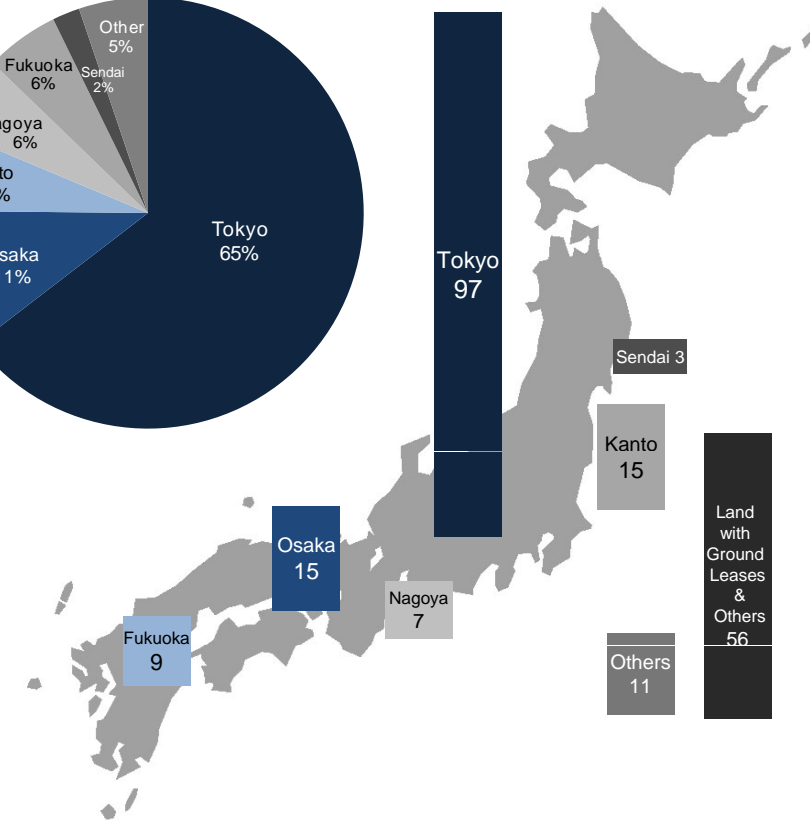
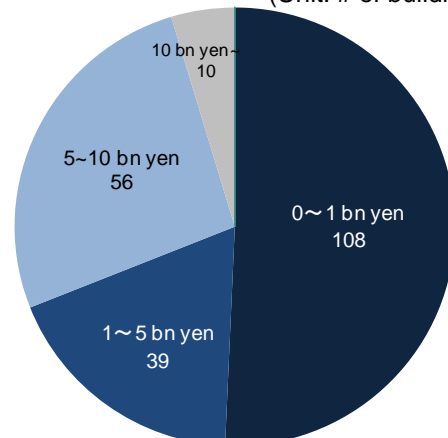


**AUM by Size**



**# of Properties by Size**

(Unit: # of buildings)



# Real Estate Cap Rates

- Conservative assessment of cap rates vis-à-vis market cap rates
- Continually mark assets to market
- Unrealized gains in both client and IGH assets

(As of August 2012)

## Real Estate Investments held by Funds (SPCs)

(Million yen)

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	135,722	120,959	6,174	5.5%	6.2%	123,682	+2,722
Outside Tokyo	82,246	63,079	4,111	5.3%	6.9%	72,268	+9,189
<b>Total</b>	<b>217,968</b>	<b>184,038</b>	<b>10,285</b>	<b>5.4%</b>	<b>6.4%</b>	<b>195,950</b>	<b>+11,912</b>

## Real Estate Investments directly held by IGH

(Million yen)

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	5,599	4,713	352	6.8%	7.4%	5,731	+1,018
Outside Tokyo	7,462	5,309	587	6.2%	10.0%	6,607	+1,298
<b>Total</b>	<b>13,062</b>	<b>10,022</b>	<b>940</b>	<b>6.5%</b>	<b>8.8%</b>	<b>12,338</b>	<b>+2,316</b>

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



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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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