



FY16/2 H1 (March – August 2015) Corporate Presentation

October 14, 2015

Ichigo (2337)



Ichigo's Hiromi Miyake
(Weightlifting)



**World-Class
Excellence**



Ichigo's Yasuyo Matsumoto
(Rifle Shooting)

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

Shift Up 2016 Mid-Term Business Plan Progress

- 5X EPS in 3 Years
- Achieved All Key Performance Indicator Targets in First 2 Years, Expect Full Achievement for Final 3rd year
- Tokyo Stock Exchange First Section Listing by February 2016 (Application Submitted on August 10, 2015)
- Enter JPX-Nikkei Index 400 by August 2016

Progress on Key Performance Indicators (KPI)

(Million Yen)

| | FY13/2 Actual | FY14/2 Plan | FY14/2 Actual | FY15/2 Plan | FY15/2 Actual | FY16/2 Plan |
|--|------------------|----------------|------------------|----------------|------------------|----------------|
| Gross Profit | 4,974 | 7,400 | 7,435 | 11,500 | 12,166 | 15,500 |
| Operating Profit | 1,844 | 3,900 | 3,912 | 7,700 | 8,189 | 11,400 |
| Net Income | 1,637 | 4,000 | 4,526 | 6,040 | 6,761 | 9,050 |
| EPS (yen) | 3.66 | 8.69 | 9.83 | 12.17 | 13.58 | 18.25 |
| ROE | 6.0% | – | 11.8% | 11.8% | 13.0% | >15% |
| Expense Coverage Ratio (Structural Profitability) | 129% | 139% | 141% | 150% | 175% | 165% |

Mid-Term Business Plan Shift Up 2016

Commitment: 100% Shift Up 2016

Achievement

- FY16/2 H1: OP 1.6X, EPS 1.7X YOY
- Segment P&L Breakdown
- Accelerated Asset Turnover & Asset Management Expansion
- FY16/2 Full-Year Forecast Revision
- FY16/2 Full-Year Forecast Details

Asset Management

- Ichigo Office REIT (8975) Strategic Transition
- Supporting Continued Ichigo Office REIT Dividend Growth
- Value-Add Sale to Ichigo Hotel REIT

Value-Add

- Capital-Efficient Asset Acquisitions
- Value-Add Cases: Tokyo Retail (Daikanyama); Tokyo Residential (Azabu Juban); Tokyo Retail (Hiroo)

Clean Energy

- Ichigo Solar Power Plant National Map
- Expansion On Track
- New Opportunities: REAFF Law
- Individual Power Plant P&L Breakdown
- Near-Term Earnings
- Long-Term Earnings

Appendices: Financial & Real Estate Data

Commitment: 100% Shift Up 2016 Achievement

FY16/2 H1: OP 1.6X, EPS 1.7X YOY

(Million Yen)

| | FY15/2 H1 | FY16/2 H1 | YoY | Full-Year Initial Forecast | vs Full-Year Initial Forecast | FY15/2 Actual |
|---|---------------|---------------|---------------|-------------------------------|----------------------------------|------------------|
| Revenues | 9,879 | 14,607 | +47.9% | 45,000 | 32.5% | 42,705 |
| Gross Profit | 5,110 | 7,163 | +40.2% | 16,500 | 43.4% | 12,166 |
| Operating Profit | 3,124 | 4,913 | +57.3% | 11,700 | 42.0% | 8,189 |
| Recurring Profit | 2,715 | 4,351 | +60.2% | 10,250 | 42.4% | 7,255 |
| Net Income | 2,491 | 4,221 | +69.5% | 9,150 | 46.1% | 6,761 |
| EPS (yen) | 5.01 | 8.46 | +68.9% | 18.3 | 46.2% | 13.58 |
| Fixed Revenues | 3,423 | 4,916 | +43.6% | — | — | 7,613 |
| Fixed Expenses (SG&A+Interest Expense) | 2,159 | 2,397 | +11.0% | — | — | 4,342 |
| SG&A | 1,736 | 1,820 | +4.8% | — | — | 3,398 |
| Interest Expense | 423 | 577 | +36.4% | — | — | 943 |
| Expense Coverage Ratio | 158.5% | 205.1% | +46.6% | — | — | 175.3% |

Segment P&L Breakdown

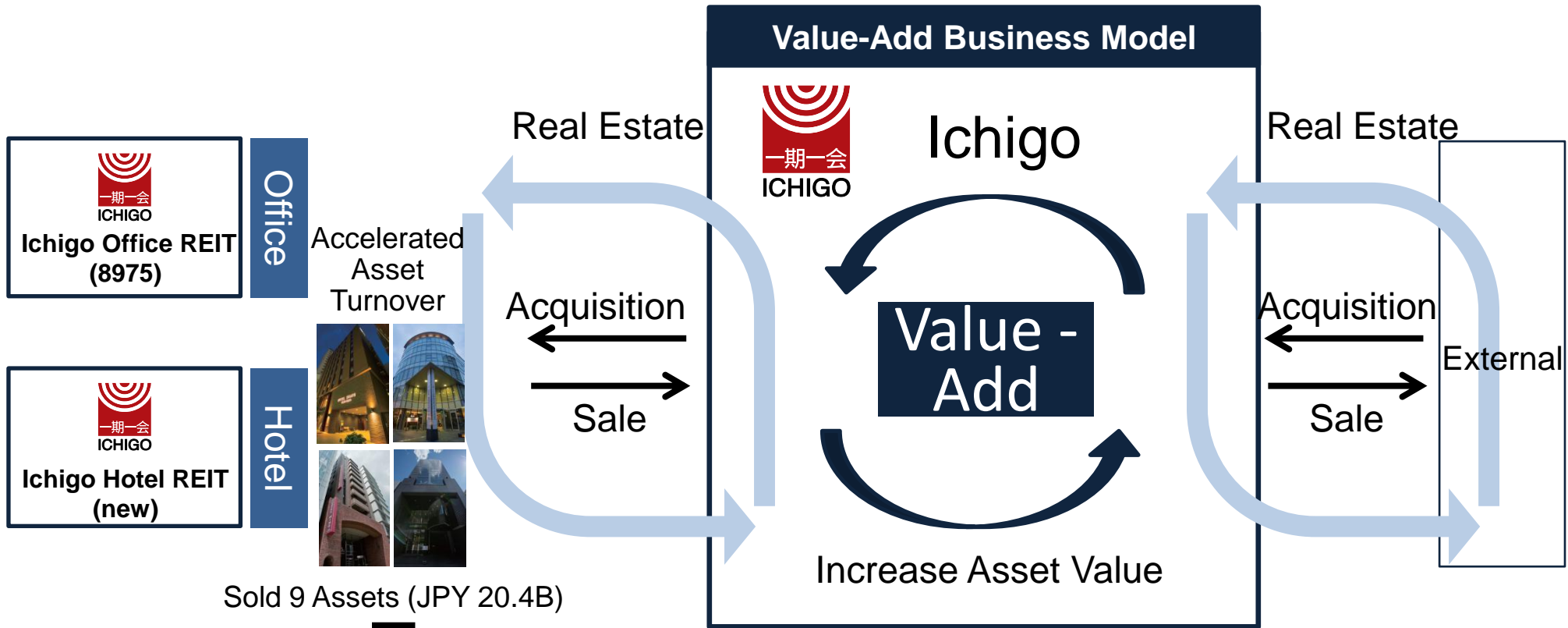
- Value-Add Rental Income 1.4X YOY
- Clean Energy Has Turned Profitable

(Million Yen)

| Segment | Revenues | | | | | Operating Profit | | | | | Earnings Drivers (YoY change is shown in parentheses) |
|--|--------------|---------------|---------------|---|-------------------------------------|------------------|--------------|---------------|---|-------------------------------------|--|
| | FY15/2 H1 | FY16/2 H1 | YoY | FY16/2 Full-Year Initial Forecast | vs Full-Year Initial Forecast | FY15/2 2Q | FY16/2 H1 | YoY | FY16/2 Full-Year Initial Forecast | vs Full-Year Initial Forecast | |
| Asset Management | 2,042 | 2,964 | +45.2% | 4,713 | 62.9% | 372 | 1,854 | +398.4% | 2,140 | 86.6% | AM Fees: REIT:443(+62), Private:33(-34) Upfront/Disposition Fees: 319(+123) Performance & Other Fees: 620 (+559) Sponsor Credit Support Fees: 410 |
| Value-Add | 7,517 | 10,758 | +43.1% | 38,705 | 27.8% | 3,096 | 3,142 | +1.5% | 9,579 | 32.8% | Rental Income: 3,443 (+999) Profits on Sale: 1,212 (-396) |
| Clean Energy | 294 | 870 | +195.3% | 1,581 | 55.0% | -43 | 290 | — | 198 | 146.2% | Solar Electricity Sales: 434 (+324) |
| Other | 24 | 13 | -46.3% | — | — | -23 | -31 | — | -85 | — | |
| Total | 9,879 | 14,607 | +47.9% | 45,000 | 32.5% | 3,401 | 5,256 | +54.5% | 11,833 | 44.4% | — |
| Adjustment (including offsets of cross-segment transactions) | — | — | — | — | — | -277 | -343 | — | -133 | — | — |
| Total | 9,879 | 14,607 | +47.9% | 45,000 | 32.5% | 3,124 | 4,913 | +57.3% | 11,700 | 42.0% | — |

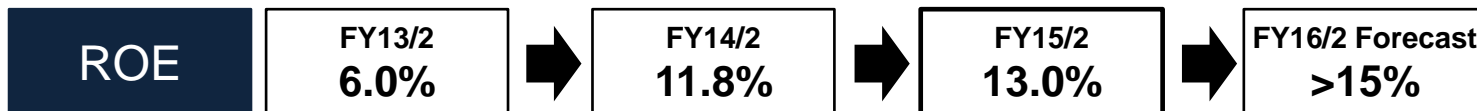
Accelerated Asset Turnover & Asset Management Expansion

Sale of Hotel Assets (JPY 20.4B) to Ichigo Hotel REIT



Sold 9 Assets (JPY 20.4B)

Expected to Generate JPY 6B in Gross Profit via Value-Add



FY16/2 Full-Year Forecast Revision

Forecasting Record Net Income of JPY 11B on Value-Add & Asset Management Growth (Previous Record Net Income: FY07/2 JPY 9.4)

(Million Yen)

| | FY16/2 Full-Year Revised Forecast | FY16/2 Full-Year Initial Forecast | Change |
|---------------------------|---|---|---------------|
| Revenues | 47,000 | 45,000 | +4.4% |
| Operating Profit | 14,000 | 11,700 | +19.7% |
| Recurring Profit | 12,400 | 10,250 | +21.0% |
| Net Income | 11,000 | 9,150 | +20.2% |
| EPS | 22.01 yen | 18.3 yen | +20.3% |
| ROE | 18.1% | 15.3% | +2.8% |
| Dividend per Share | 2 yen | 2 yen | — |

FY16/2 Full-Year Forecast Details

(Million Yen)

| Segment | Revenues | | | Segment Profit (Operating Profit) | | |
|--|-----------------------------------|-----------------------------------|--------------|-----------------------------------|-----------------------------------|---------------|
| | FY16/2 Full-Year Revised Forecast | FY16/2 Full-Year Initial Forecast | YoY | FY16/2 Full-Year Revised Forecast | FY16/2 Full-Year Initial Forecast | YoY |
| Asset Management | 4,950 | 4,713 | +5.0% | 2,536 | 2,140 | +18.5% |
| Value-Add | 40,493 | 38,705 | +4.6% | 11,620 | 9,579 | +21.3% |
| Clean Energy | 1,507 | 1,581 | -4.7% | 218 | 198 | +10.1% |
| Other | 48 | — | — | -92 | -85 | — |
| Total | 47,000 | 45,000 | +4.4% | 14,283 | 11,833 | +20.7% |
| Adjustment (elimination of inter-segment transactions) | — | — | — | -283 | -133 | — |
| Total | 47,000 | 45,000 | +4.4% | 14,000 | 11,700 | +19.7% |

Asset Management

Ichigo Office REIT (8975) Strategic Transition

Move from Multi-Asset Class REIT to Specialized Office REIT Focused on Mid-Size Offices, an Asset Class that Offers Both Return Stability and Upside Potential

New Mid-Term Targets

- Dividend per Share: 2,000 yen (April 2015 actual: 1,603 yen)
- Total Assets: JPY 230B (Current: JPY 165.6B)
- Long-Term Issuer Rating: A (Stable) (Current: A- (Stable))



Financing Strategy

- Received long-term issuer rating of A- (Stable) from Japan Credit Rating Agency (JCR) (June 30, 2015)
- Achieved non-collateralization of all loans (September 30, 2015)

Supporting Continued Ichigo Office REIT Dividend Growth

Co-Purchased with Ichigo Office REIT 13 Mid-Size Office Assets, Granting Ichigo Office REIT Preferential Acquisition Right

- Contribution to Ichigo Office REIT dividend: JPY100M p.a.

Offices Co-Purchased with Ichigo Office REIT



Ichigo Sale of Kawasaki Office Asset (JPY1.75B) to Ichigo Office REIT (Sep 2015)

- Expected Ichigo REIT NOI: JPY114M p.a.

Value-Add Sale to Ichigo Hotel REIT

Expanding Value-Add Business Model and Accelerating Asset Turnover

- Newly established Ichigo Hotel REIT as Ichigo's second J-REIT
- Goal: Success similar to Ichigo Office REIT in serving Ichigo Hotel REIT's shareholders. Ichigo Office REIT is No. 1 among all J-REITs as the only J-REIT that has grown its dividend 10 periods (5 years) in a row.
- Sold Ichigo Hotel REIT 9 prime location hotels servicing both business and tourist guests (total sales price JPY 20.4B)

Hotels Sold to Ichigo Hotel REIT



Sale of 9 Hotels
(JPY 20.4B)



Ichigo Value-Add
Gain on Sale
JPY 6B

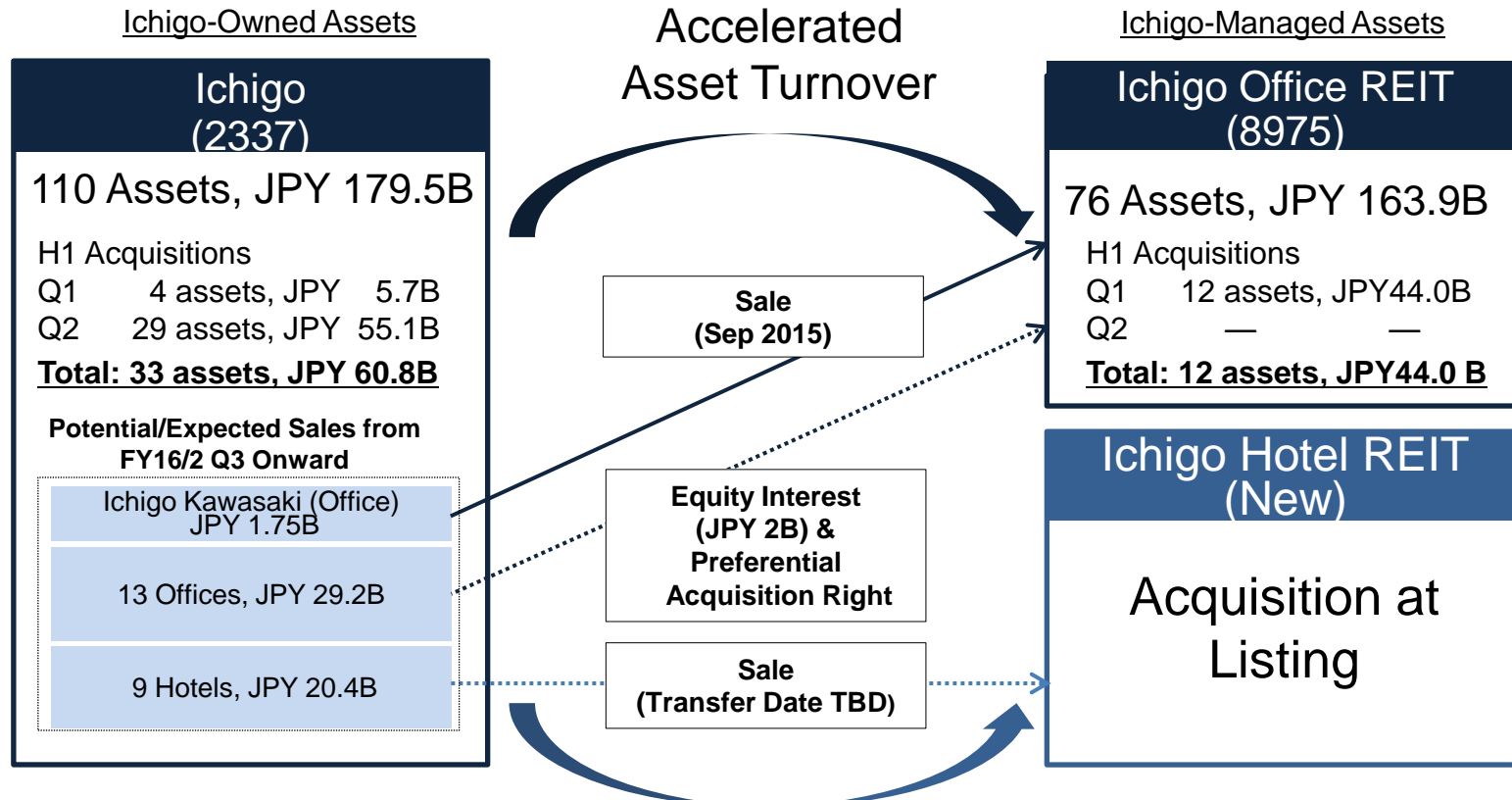
Value-Add

Capital-Efficient Asset Acquisitions

Balance Sheet Management and Synergies with Ichigo Office REIT and Ichigo Hotel REIT Driving Higher ROE and Higher Earnings

FY16/2 H1 Acquisitions: 43 assets, JPY 101.4B
(excludes 2 Ichigo asset warehousing sales, JPY 3.4B)

- Ichigo: 33 assets, JPY 60.8B
- Ichigo Office REIT: 12 assets, JPY 44B

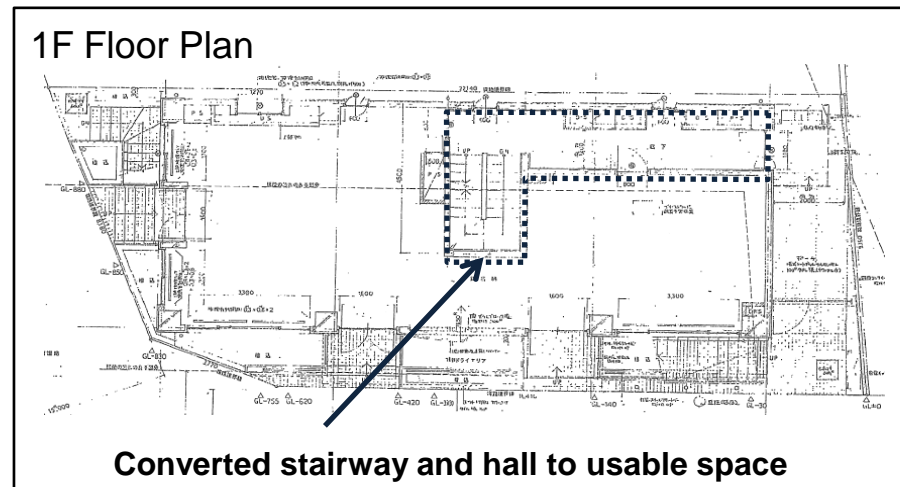


Value-Add Case (1) – Deep Value-Add for Tenants

Tokyo Retail (Daikanyama)

- Turned asset problem into an opportunity, fixing flawed, divided, and illegal space and increasing leasable space by 13% in a building 1-minute walk from Daikanyama Station
- Completed retrofit of 1st floor; Basement, 2nd and 3rd floors to be similarly improved

Rectified illegally extended exterior stairs and removed stairs inside with tenant consent and cooperation. Converted hallway and stairway to usable space, increasing total space and fixing blocked line-of-sight



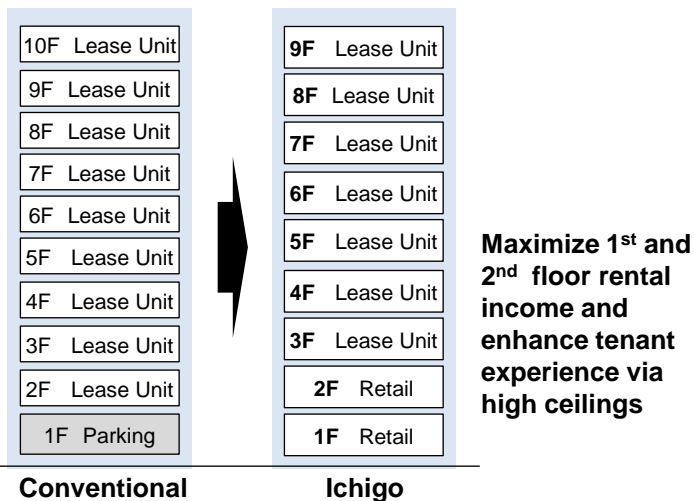
Value-Add Case (2) – Differentiated Residential Development

Tokyo Residential (OWCA Azabu Juban)

High-Grade Residential Building Achieving Rapid Lease-Up

- Developed on prime location land in Azabu Juban, a high-end residential area in central Tokyo
- Higher leasable value achieved by eliminating car and bicycle parking
- Built 2.8m high ceiling 9-floor building on a space that normally would have 10F with lower ceilings and a parking floor – high ceilings differentiated and driving rapid lease-up
- High-grade common spaces such as entrance hall, elevator hall

Differentiated Development Plan



Before



After



Value-Add Case (3) – Extending Value-Add Business Model

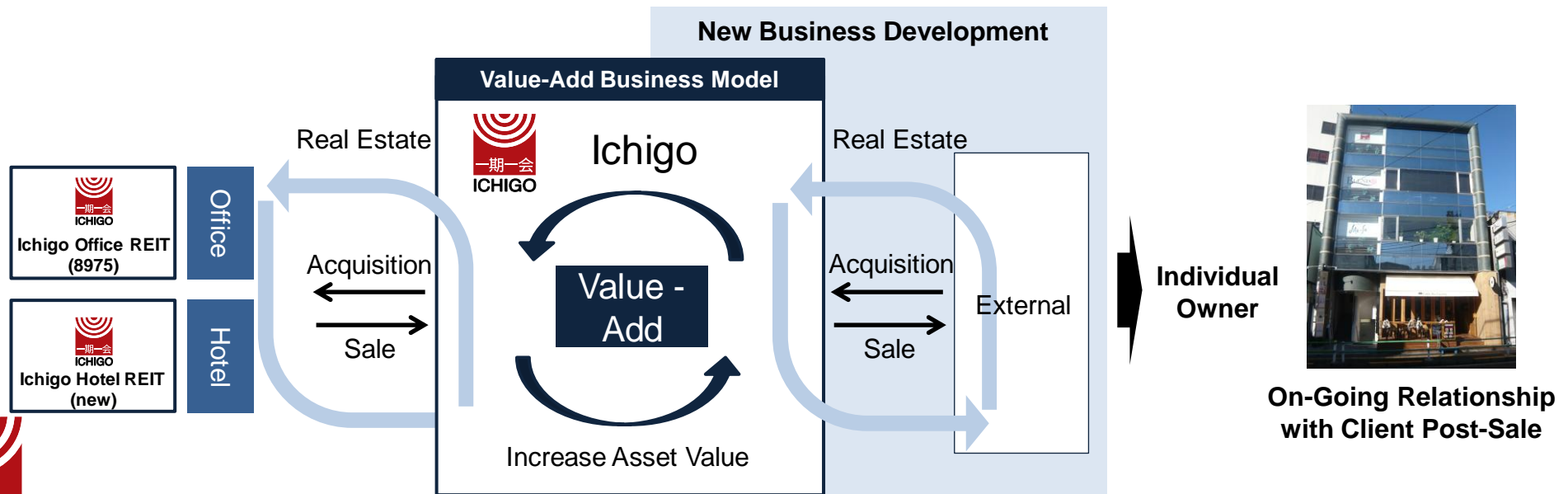
Tokyo Retail (Hiroo)

Value-Add

- 1.9X NOI via lease-up with high-quality tenants after rectification of illegalities

New Business Development

- Sold asset to an individual owner after Ichigo value-add and Ichigo consulting
- Worked with lenders to achieve strong loan terms for new owner
- Ichigo to manage asset



Clean Energy

Ichigo Solar Power Plant National Map

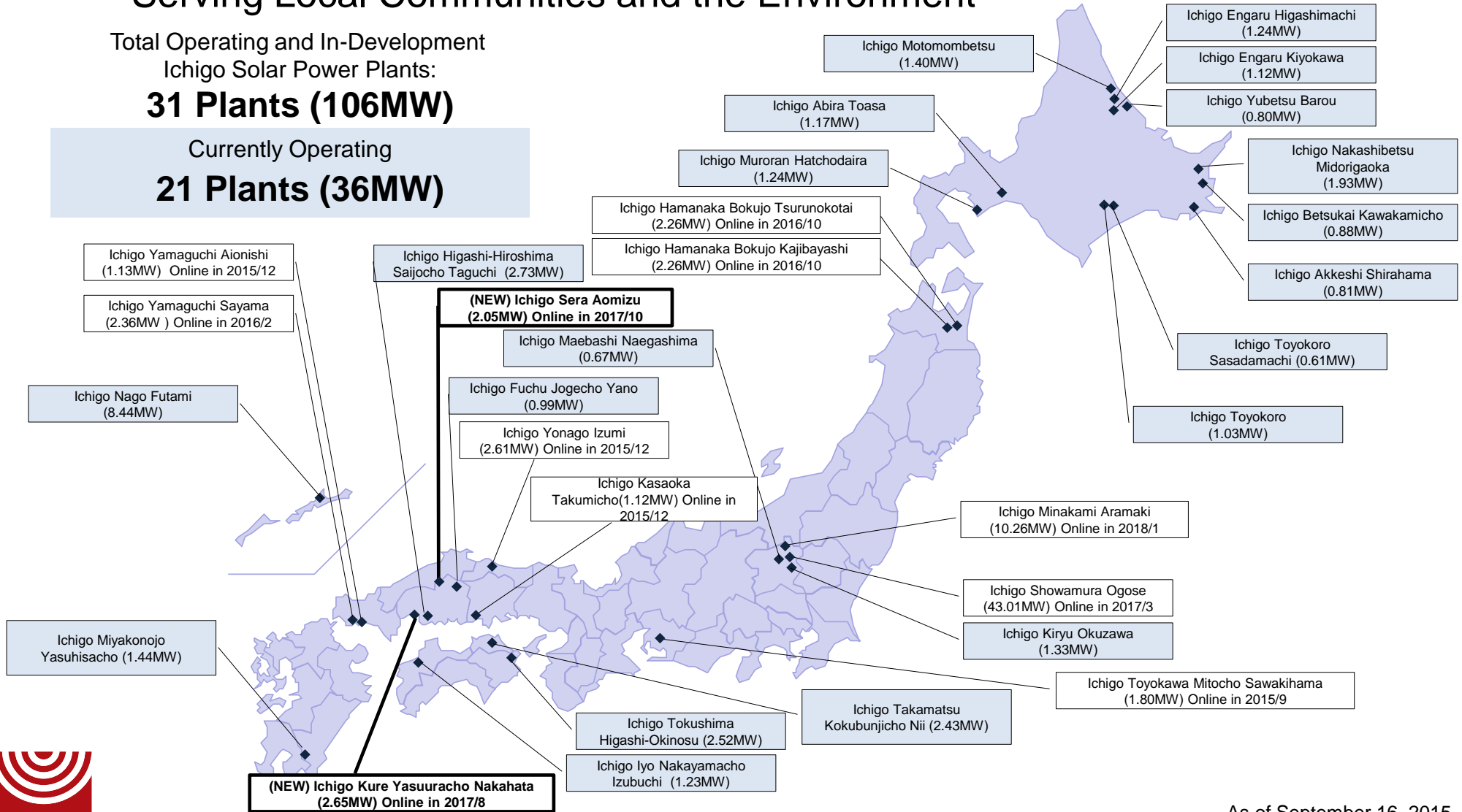
Serving Local Communities and the Environment

Total Operating and In-Development
Ichigo Solar Power Plants:

31 Plants (106MW)

Currently Operating

21 Plants (36MW)



As of September 16, 2015



Expansion on Track

As of September 30, 31 Ichigo Solar Plants (106MW) Operating or In-Development

- 21 operating plants (36 MW) as of September 2015
- All 31 plants have approved grid interconnections and/or signed power sale contracts with the regional electric utility. None of the projects are subject to the utilities' suspension of acceptance of applications
- Feed-in tariff: 40 yen: 20 plants, 34MW; 36 yen: 8 plants, 67MW; 32 yen: 3 plants, 5MW

Hitachi to Construct Showamura Plant, One of the Largest Solar Plants in the Tokyo Region (43MW)

Executed JPY 12.4B Construction Loan

- Syndicated loan with SMBC, Mizuho, Shinsei, and Gunma (October 30, 2015)
- Total investment (debt + equity): JPY 13.7B
- Expected operation start: FY18/2

[Completed Image of Ichigo Showamura Ogose ECO Power Plant](#)



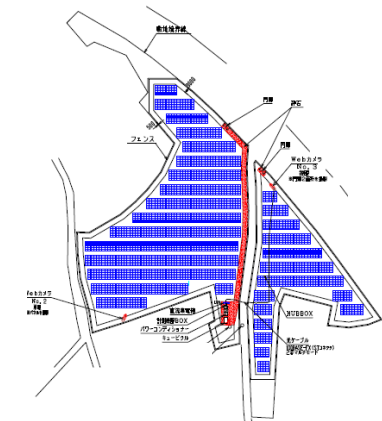
New Opportunities: REAFF Law

Working to Develop New Solar Plants Using REAFF Law (May 1, 2014)

- ✓ Agricultural land, forest land, and other regulated lands generally prohibited for use for renewable energy projects are now potentially available if sound development of local agriculture, forestry, and fisheries businesses is also ensured
- ✓ As first project, working on plan for abandoned agricultural land in Toride, Ibaraki Prefecture. Part of electricity income will be paid to project committee led by the city of Toride to support the growth of regional agriculture.
- ✓ Agricultural land generally suitable for solar power production due to flat land requiring minimal site prep and good sunlight availability
- ✓ Currently 10 REAFF projects being pursued nationwide – expect Ichigo's to be the first REAFF project approved in Kanto area surrounding Tokyo



Panel Design Image



Individual Power Plant P&L Breakdown (1)

Total 20-Year Forecast IRR for All Plants: 25.2% p.a.

| No. | | Area | Panel Output (MW) | Fixed Tariff (Pre-tax, yen) | Operation Start Date | Expected NOI/Year | Depreciation | Ichigo Investment | Forecast Equity Multiple (Held for 20 years) ¹ | Forecast IRR ² |
|-----|---|----------|-------------------|-----------------------------|----------------------|-------------------|--------------|-------------------|---|---------------------------|
| 1 | Ichigo Tokushima Higashi Okinosu ECO Power Plant | Shikoku | 2.52 | 40 | Aug-13 | JPY 84M | JPY 36M | JPY 129M | 7.43 x | 26.1% |
| 2 | Ichigo Kiryu Okuzawa ECO Power Plant | Kanto | 1.33 | 40 | Sep-13 | JPY 42M | JPY 20M | JPY 94M | 4.84 x | 17.9% |
| 3 | Ichigo Motomombetsu ECO Power Plant | Hokkaido | 1.40 | 40 | Feb-14 | JPY 45M | JPY 21M | JPY 134M | 3.99 x | 15.9% |
| 4 | Ichigo Fuchu Jogecho Yano ECO Power Plant | Chugoku | 0.99 | 40 | Mar-14 | JPY 28M | JPY 15M | JPY 102M | 3.05 x | 12.2% |
| 5 | Ichigo Muroan Hatchodaira ECO Power Plant | Hokkaido | 1.24 | 40 | Mar-14 | JPY 42M | JPY 20M | JPY 138M | 3.37 x | 12.8% |
| 6 | Ichigo Engaru Kiyokawa ECO Power Plant | Hokkaido | 1.12 | 40 | Mar-14 | JPY 36M | JPY 16M | JPY 93M | 4.38 x | 17.5% |
| 7 | Ichigo Yubetsu Barou ECO Power Plant | Hokkaido | 0.80 | 40 | Apr-14 | JPY 24M | JPY 13M | JPY 32M | 5.65 x | 16.4% |
| 8 | Ichigo Iyo Nakayamacho Izubuchi ECO Power Plant | Shikoku | 1.23 | 40 | Apr-14 | JPY 44M | JPY 19M | JPY 73M | 6.77 x | 26.2% |
| 9 | Ichigo Maebashi Naegashima ECO Power Plant | Kanto | 0.67 | 40 | Apr-14 | JPY 25M | JPY 9M | JPY 40M | 8.36 x | 33.4% |
| 10 | Ichigo Betsukai Kawakamicho ECO Power Plant | Hokkaido | 0.88 | 40 | Oct-14 | JPY 29M | JPY 14M | JPY 42M | 6.43 x | 23.7% |
| 11 | Ichigo Toyokoro Sasadamachi ECO Power Plant | Hokkaido | 0.61 | 40 | Oct-14 | JPY 23M | JPY 10M | JPY 31M | 7.55 x | 28.8% |
| 12 | Ichigo Nakashibetsu Midorigaoka ECO Power Plant | Hokkaido | 1.93 | 40 | Nov-14 | JPY 66M | JPY 29M | JPY 175M | 4.34 x | 16.5% |
| 13 | Ichigo Abira Toasa ECO Power Plant | Hokkaido | 1.17 | 40 | Dec-14 | JPY 39M | JPY 19M | JPY 36M | 10.20 x | 35.9% |
| 14 | Ichigo Toyokoro ECO Power Plant | Hokkaido | 1.03 | 40 | Dec-14 | JPY 41M | JPY 16M | JPY 65M | 7.62 x | 33.2% |
| 15 | Ichigo Higashi Hiroshima Saijocho Taguchi ECO Power Plant | Chugoku | 2.73 | 40 | Jan-15 | JPY 97M | JPY 41M | JPY 241M | 5.14 x | 20.3% |
| 16 | Ichigo Nago Futami ECO Power Plant | Okinawa | 8.44 | 40 | Feb-15 | JPY 309M | JPY 132M | JPY 1,189M | 3.51 x | 12.1% |
| 17 | Ichigo Engaru Higashimachi ECO Power Plant | Hokkaido | 1.24 | 40 | Feb-15 | JPY 41M | JPY 19M | JPY 33M | 11.52 x | 40.9% |

¹ Forecast Equity Multiple is based on the P-50* business plan of each plant and is the expected sum of income divided by Ichigo Investment.

² Forecast IRR is the internal rate of return based on each plant's P50 forecast cash flow.

* P50 is a third-party, 50% probability mean annual production forecast that serves as the base forecast for each solar power plant's operating plan.

Individual Power Plant P&L Breakdown (2)

| No. | | Area | Panel Output (MW) | Fixed Tariff (Pre-tax, yen) | Operation Start Date | Expected NOI/Year | Depreciation | Ichigo Investment | Forecast Equity Multiple (Held for 20 years) ¹ | Forecast IRR ² |
|-----------------------|---|----------|-------------------|-----------------------------|----------------------|-------------------|-------------------|-------------------|---|---------------------------|
| 18 | Ichigo Akkeshi Shirahama ECO Power Plant | Hokkaido | 0.81 | 40 | Mar-15 | JPY 23M | JPY 13M | JPY 43M | 4.42 x | 15.6% |
| 19 | Ichigo Takamatsu Kokubunjicho Nii ECO Power Plant | Shikoku | 2.43 | 36 | Jun-15 | JPY 76M | JPY 32M | JPY 66M | 13.61 x | 29.0% |
| 20 | Ichigo Miyakonojo Yasuhisacho ECO Power Plant | Kyushu | 1.44 | 36 | Jul-15 | JPY 47M | JPY 19M | - | - | - |
| 21 | Ichigo Toyokawa Mitocho Sawakihama ECO Power Plant | Chubu | 1.80 | 32 | Sep-15 | JPY 38M | JPY 21M | JPY 14M | 22.97 x | 53.7% |
| 22 | Ichigo Yamaguchi Aionishi ECO Power Plant | Chugoku | 1.13 | 40 | Dec-15 | JPY 41M | JPY 18M | JPY 44M | 10.65 x | 34.3% |
| 23 | Ichigo Yonago Izumi ECO Power Plant | Chugoku | 2.61 | 40 | Dec-15 | JPY 89M | JPY 36M | — | — | — |
| 24 | Ichigo Kasaoka Takumicho ECO Power Plant | Chugoku | 1.12 | 32 | Dec-15 | JPY 25M | JPY 13M | JPY 41M | 6.67 x | 21.1% |
| 25 | Ichigo Yamaguchi Sayama ECO Power Plant | Chugoku | 2.36 | 36 | Feb-16 | JPY 69M | JPY 32M | JPY 52M | 15.29 x | 62.0% |
| 26 | Ichigo Hamanaka Bokujo Tsurunokotai ECO Power Plant | Tohoku | 2.26 | 36 | Oct-16 | JPY 70M | JPY 32M | JPY 85M | 8.62 x | 22.9% |
| 27 | Ichigo Hamanaka Bokujo Kajibayashi ECO Power Plant | Tohoku | 2.26 | 36 | Oct-16 | JPY 70M | JPY 32M | JPY 82M | 8.99 x | 23.6% |
| 28 | Ichigo Showamura Ogose ECO Power Plant | Kanto | 43.01 | 36 | Mar-17 | JPY 1,354M | JPY 607M | JPY 1,284M | 11.07 x | 20.5% |
| 29 | Ichigo Minakami Aramaki ECO Power Plant | Kanto | 10.26 | 36 | Jan-18 | JPY 314M | JPY 175M | JPY 460M | 6.68 x | 13.5% |
| 30 | Ichigo Kure Yasuuracho Nakahata ECO Power Plant | Chugoku | 2.65 | 36 | Aug-17 | JPY 72M | JPY 37M | JPY 90M | 8.08 x | 18.9% |
| 31 | Ichigo Sera Aomizu ECO Power Plant | Chugoku | 2.05 | 32 | Oct-17 | JPY 49M | JPY 26M | JPY 44M | 10.33 x | 26.3% |
| Total 105.52MW | | | | | | JPY 3,352M | JPY 1,542M | JPY 4,952M | 7.98 x | 25.2% |

¹ Forecast Equity Multiple is based on the P-50* business plan of each plant and is the expected sum of income divided by Ichigo Investment.

² Forecast IRR is the internal rate of return based on each plant's P50 forecast cash flow.

* P50 is a third-party, 50% probability mean annual production forecast that serves as the base forecast for each solar power plant's operating plan.

Near-Term Earnings

- Significant Revenue Growth
- Now Profitable (FY16/2 Forecast OP = JPY 290M vs. FY15/2 JPY -43M)

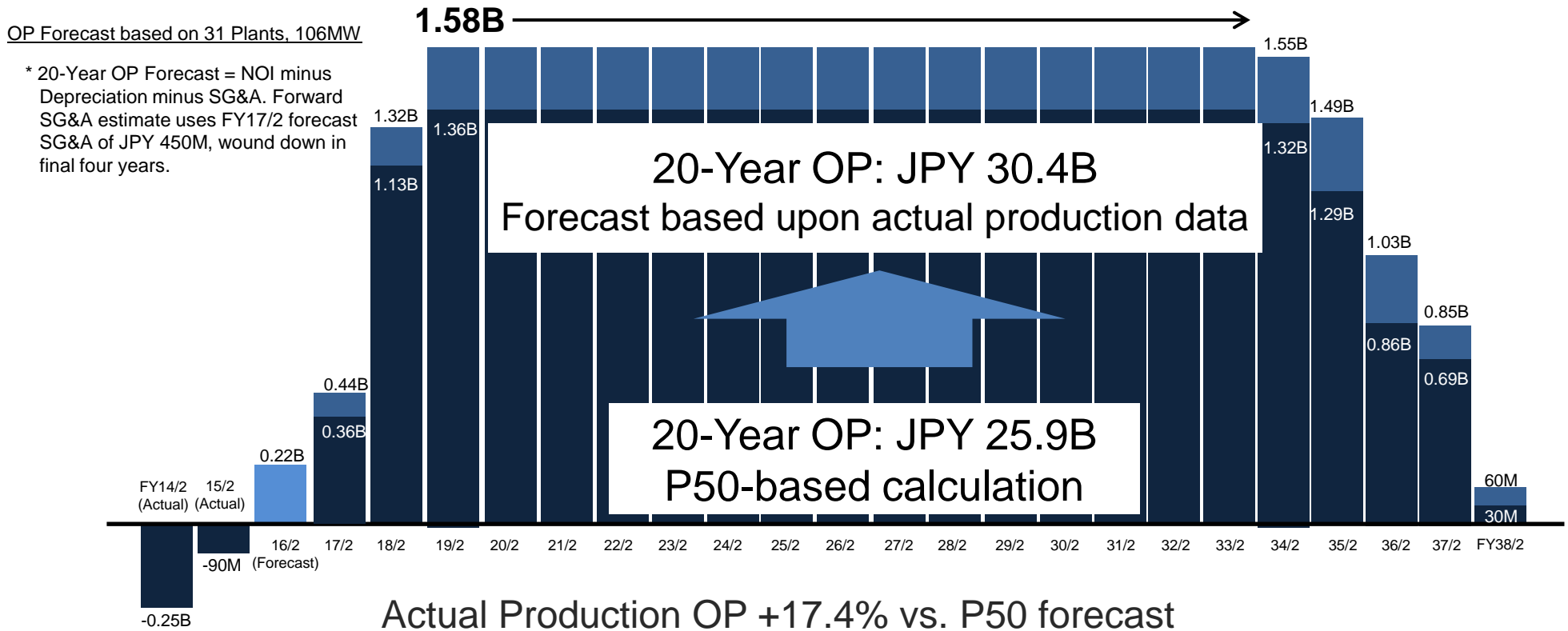
| | (Million Yen) | | | | |
|--|-----------------|-------------------|-------------------|------------------------------------|--------------------------------|
| | FY15/2 (12M) | FY16/2 Q1 (3M) | FY16/2 H1 (6M) | FY16/2 Full-Year Forecast (12M) | vs Full-Year Forecast (12M) |
| Revenues | 605 | 379 | 870 | 1,507 | 57.8% |
| Cost of Goods Sold | 411 | 213 | 435 | 917 | — |
| Gross Profit | 194 | 165 | 434 | 589 | 73.7% |
| SG&A | 288 | 69 | 143 | 371 | — |
| Adjustments (including offsets of cross- segment transactions) | — | — | — | — | — |
| Operating Profit | -93 | 96 | 290 | 218 | 132.9% |
| (Reference) Interest Expense Paid to External Parties | 69 | 33 | 69 | 139 | — |

Solar Power Plant Schedule



Long-Term Earnings (Operating Profit)

Forecast JPY 1.58B Annual OP by FY19/2 Using Actual Production Results

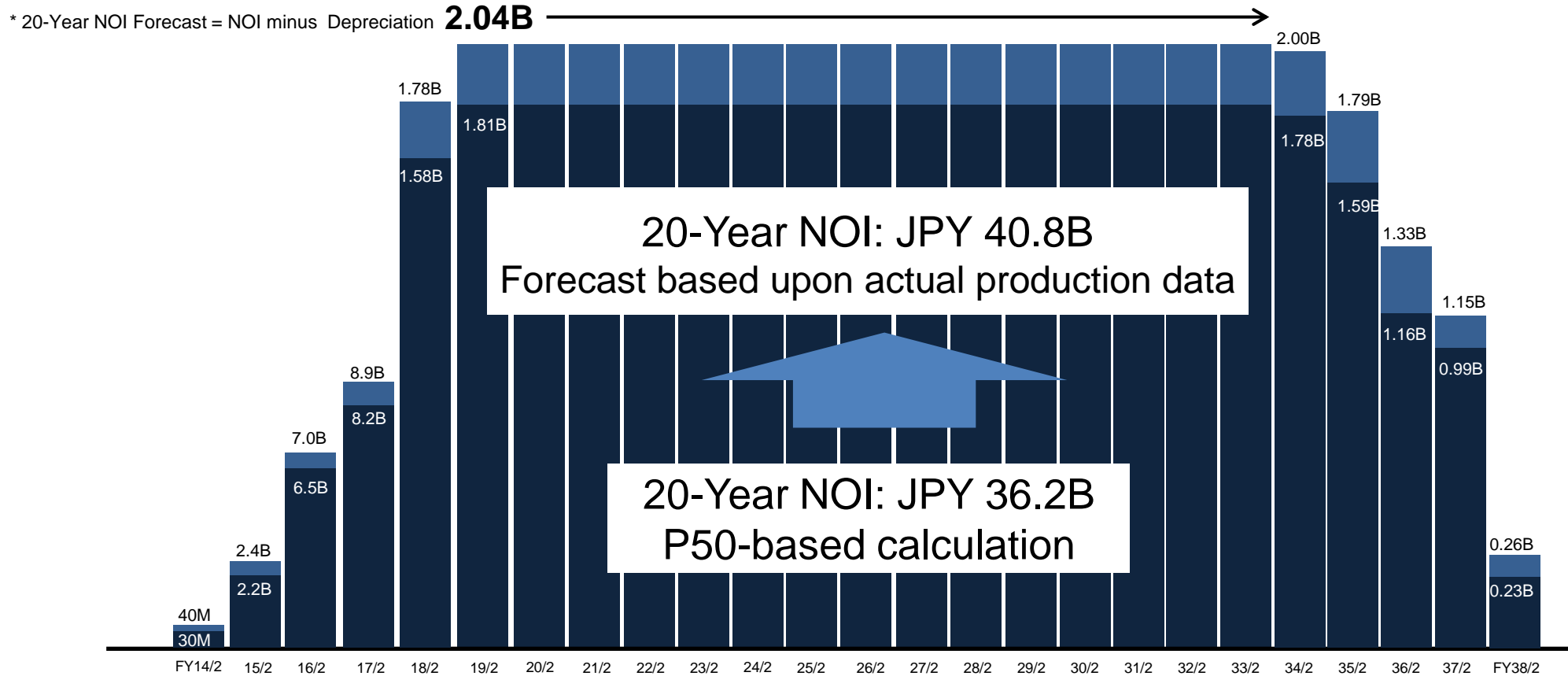


Note: P50 is a third-party, 50% probability mean annual production forecast that serves as the base forecast for each solar power plant's operating plan.

Reference: Long-Term Earnings (Gross Profit)

Forecast JPY 2.04B Annual NOI by FY19/2

Revenue Forecast based on 31 Plants, 106MW



Actual Production NOI +12.7% vs. P50 forecast

Note: P50 is a third-party, 50% probability mean annual production forecast that serves as the base forecast for each solar power plant's operating plan.

Appendices: Financial & Real Estate Data

Value-Add Social Significance

End Demolish and Rebuild and Embrace Value-Add

- Preserve and enhance high-function real estate
- Sustainable Real Estate serving a Sustainable Society

~~Demolish
and
Rebuild~~

Value-Add

- Renovate, rectify, and repair
- Raise earthquake resistance
- Focus on tenants and their needs
- Improve exteriors and interiors
- Upgrade equipment (security, A/C)

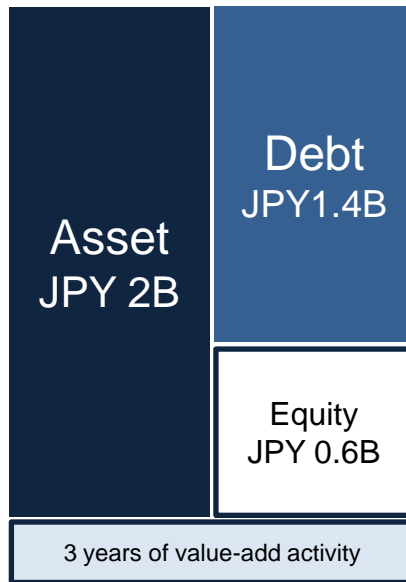
Effective
Re-Use of
Key Social
Infrastructure

Highest
Efficiency

Lowest
Impact

Value-Add Sample Earnings Model

- 5.5% NOI, JPY 2B purchase, LTV 70%, 1.5% interest rate, JPY 50M capex, 20% increase in NOI, 3-year holding period
- Tenant leasing, aesthetic improvement, building code violation remedy, earthquake retrofit, etc.



At Acquisition NOI

$(\text{JPY } 110\text{M NOI/year}) - (\text{JPY } 21\text{M interest/year}) = \text{JPY } 89\text{M NOI/year}$
 $\text{NOI} \div \text{Initial Investment} = 14.8\% \text{ NOI return during investment period}$

After Value-Add NOI

$(\text{JPY } 132\text{M NOI/year}) - (\text{JPY } 21\text{M interest/year}) = \text{JPY } 111\text{M NOI/year}$
 $\text{NOI} \div \text{Total Investment (JPY } 600\text{M} + \text{JPY } 50\text{M}) = 17.1\% \text{ NOI return during investment period}$

Value-Add for Capital Gain

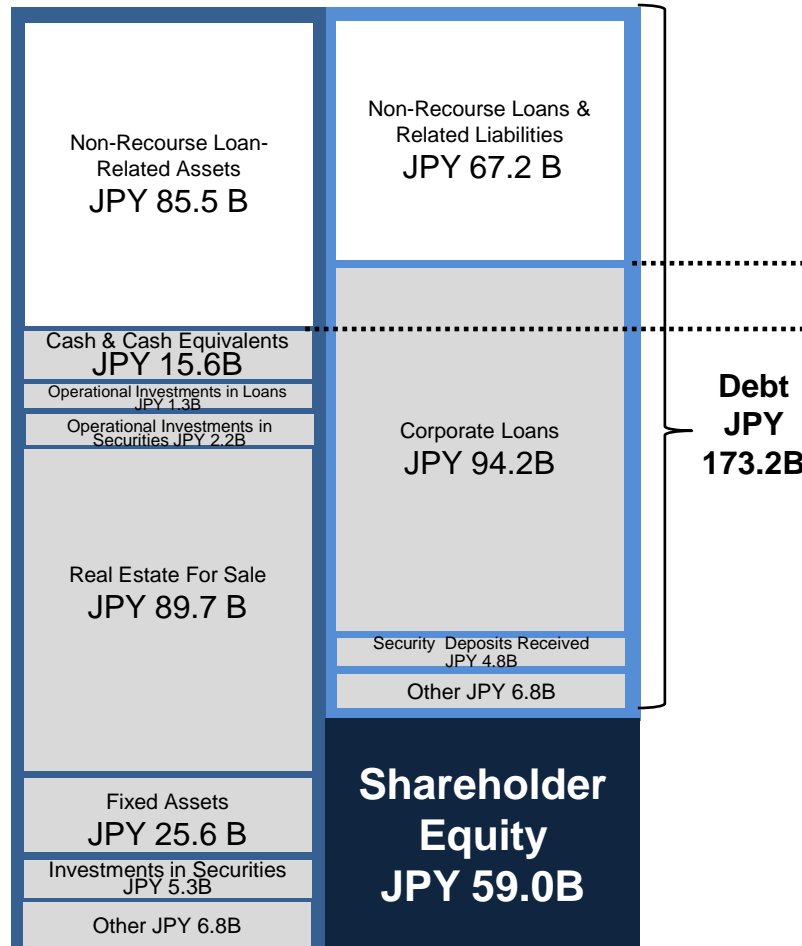
Value-Add to increase NOI 20% at equivalent cap rate increases exit price by 20%: $\text{JPY } 2\text{B} * 120\% = \text{JPY } 2.4\text{B}$
 $\text{JPY } 2.4\text{B} - (\text{JPY } 2\text{B} + \text{JPY } 50\text{M}) = \text{JPY } 350\text{M capital gain}$

Result

JPY 650M investment generates JPY 617M over 3 years → 31.6% p.a.

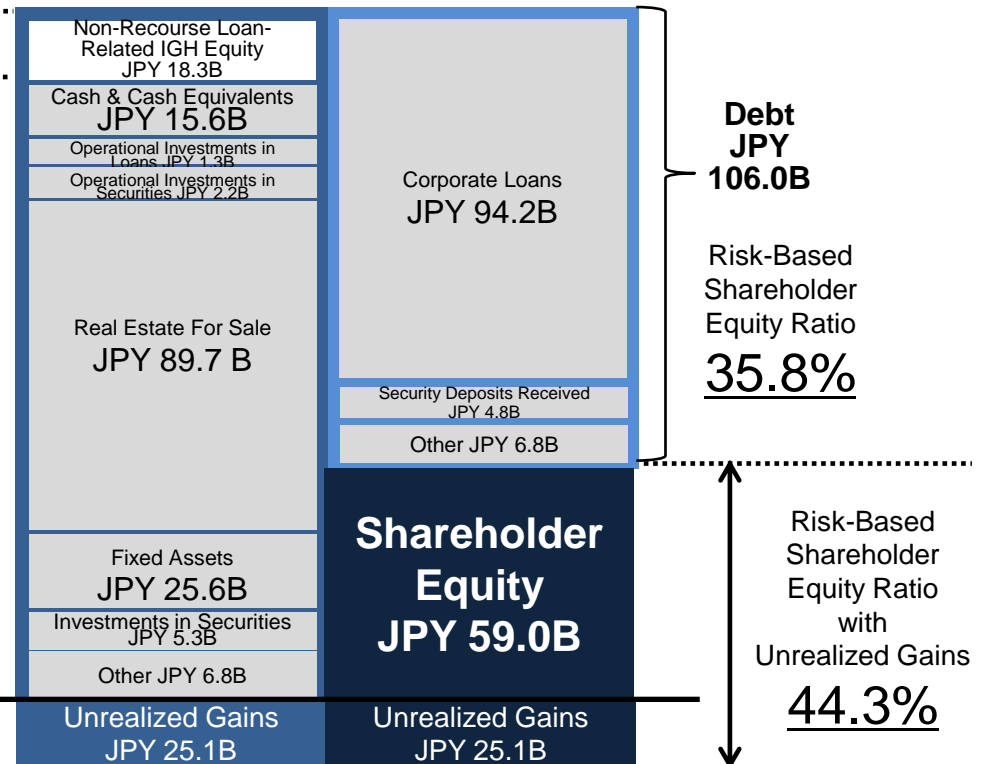
Consolidated Risk-Based Balance Sheet

Consolidated Balance Sheet Total Assets JPY 232.3B



Shareholder
Equity Ratio
25.4%

Consolidated Risk-Based Balance Sheet Total Assets JPY 165.0B



Risk-Based
Shareholder
Equity Ratio
35.8%

Risk-Based
Shareholder
Equity Ratio
with
Unrealized Gains
44.3%

Risk-based Balance Sheet : Balance sheet that separates out client and non-recourse assets and liabilities

Consolidated Balance Sheet: Unrealized Gains

Unrealized Gains (at Appraisal Value): JPY 25B (+JPY 5.5B vs. FY15/2)

Real estate directly held by Ichigo

(Million Yen)

| Location | Book Value as of August 2015 | NOI | Cap Rate NOI/Book Value after write-down | Appraisal Value as of August 2015 | Unrealized Gain |
|---------------|------------------------------|---------------|---|--------------------------------------|-----------------|
| Tokyo | 86,335 | 4,798 | 5.7% | 96,955 | +10,620 |
| Outside Tokyo | 89,521 | 5,941 | 6.9% | 103,508 | +13,986 |
| Total | 175,856 | 10,739 | 6.3% | 200,462 | +24,606 |

(Note) Average Cap Rate of each asset is applied

(Note) Excludes development assets (c. JPY 371M) which are not currently generating NOI

(Note) Includes intangible fixed assets subject to appraisal (JPY 63M)

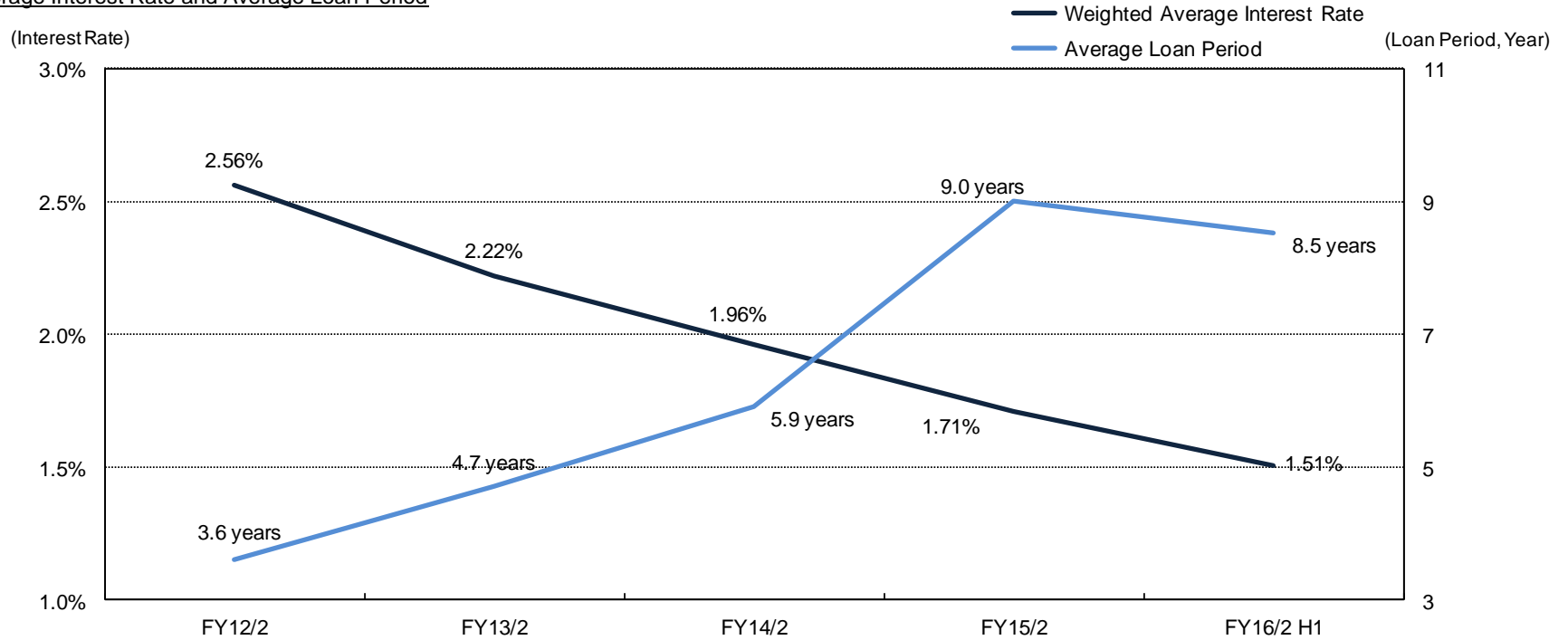
Real estate held by Ichigo within Ichigo-managed funds (SPCs) where there are other non-Ichigo equity holders

(Million Yen)

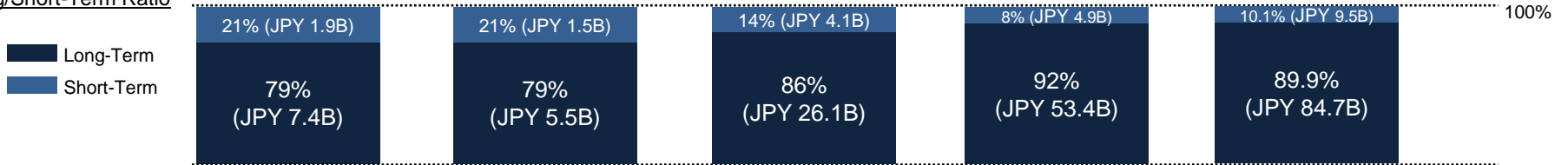
| | Book Value as of August 2015 | Appraisal Value as of August 2015 | Unrealized Gain |
|--|---------------------------------|--------------------------------------|-----------------|
| Equity Investments (Non-consolidated) | 110 | 352 | +242 |
| Equity Investments (Consolidated) | 899 | 1,218 | +319 |
| Total | 1,009 | 1,571 | +561 |

Corporate Loan Details

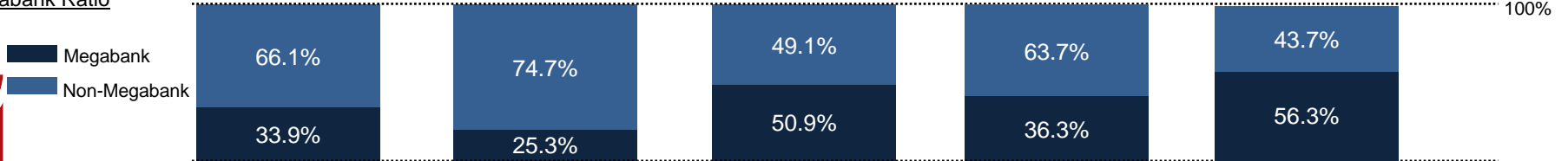
Weighted Average Interest Rate and Average Loan Period



Long/Short-Term Ratio



Megabank Ratio



Business Segments

| | |
|-------------------------|---|
| Asset Management | <p><u>Asset Management</u> generates fee income via managing the Ichigo Office REIT (8975) and private funds and providing real estate services related to real estate acquisition, operation (PM/BM), and disposition.</p> |
| Value-Add | <p><u>Value-Add</u> deploys the Company's expertise to acquire and improve real estate assets, generating rental income during the value-add period and profits on sale that reflect the higher value of the assets after the Company's improvements.</p> |
| Clean Energy | <p><u>Clean Energy</u> generates long-term income primarily via utility-scale solar power production that makes purposeful use of disused real estate nationwide and contributes to Japan's energy self-sufficiency.</p> |
| Other | <p><u>Other</u> is primarily legacy securities investments that are not related to the above three segments.</p> |

Consolidated Balance Sheet

(Million Yen)

| | FY15/2 | FY16/2 Q1 | FY16/2 H1 | | Quarter-on-Quarter | Market Value | Unrealized Gain | Unrealized Gain on Listed Securities ² |
|---|----------------|----------------|----------------|-----------------------------|--------------------|----------------|-----------------|---|
| | | B/S | B/S | Outside Investors' Interest | | | | |
| Cash and Cash Equivalents | 19,383 | 21,065 | 21,913 | 837 | +848 | 21,913 | — | |
| Operating Loans Receivable (Value-Add) | 2,330 | 1,324 | 1,324 | — | — | 1,324 | — | |
| Operational Investments in Securities) | 1,965 | 1,693 | 2,244 | — | +551 | 2,651 | +406 | +4 |
| Value-Add | 638 | 364 | 1,178 | — | +814 | 1,584 | +406 | |
| Other | 1,327 | 1,329 | 1,066 | — | -263 | 1,066 | — | +4 |
| Real Estate for Sale (Value-Add) | 109,769 | 112,161 | 166,114 | 5,373 | +53,953 | 190,308 | +23,417 | |
| Fixed Assets | 26,321 | 26,781 | 27,388 | — | +607 | 28,747 | +1,359 | |
| Asset Management | 42 | 41 | 42 | — | +1 | 44 | +2 | |
| Value-Add | 16,073 | 16,025 | 15,977 | — | -48 | 17,334 | +1,357 | |
| Clean Energy | 10,152 | 10,667 | 11,315 | — | +648 | 11,315 | — | |
| Other ¹ | 52 | 46 | 53 | — | +7 | 53 | — | |
| Intangible Assets | 2,502 | 2,465 | 2,434 | — | -31 | 2,434 | — | |
| Investments in Securities | 5,266 | 5,128 | 5,313 | — | +185 | 5,313 | — | +110 |
| Other | 5,204 | 5,767 | 5,578 | 43 | -189 | 5,578 | — | |
| Total Assets | 172,744 | 176,388 | 232,312 | 6,254 | +55,924 | 258,272 | +25,183 | +114 |

¹ Other refers to company assets that are not allocated to or cannot be allocated to above segments

² Unrealized Gain on Listed Securities is recorded in Unrealized Gain on Operational Investment in Securities and in Intangible Assets

Consolidated Balance Sheet: Segment Breakdown

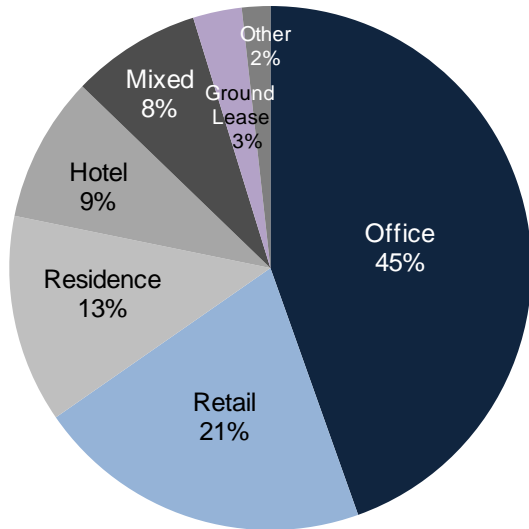
(Million Yen)

| Segment | Cash and Cash Equivalents | Operating Loans Receivable | Operational Investments in Securities | Real Estate for Sale | Fixed Assets | Intangible Assets | Investments in Securities | Other Assets | Total Assets |
|------------------|---------------------------|----------------------------|---------------------------------------|----------------------|---------------|-------------------|---------------------------|--------------|----------------|
| Asset Management | 380 | — | — | — | 42 | 1,691 | — | 766 | 2,880 |
| Value-Add | 11,511 | 1,324 | 1,178 | 166,114 | 15,977 | 183 | — | 2,416 | 198,705 |
| Clean Energy | 1,665 | — | — | — | 11,315 | 538 | — | 909 | 14,429 |
| Other* | 8,356 | — | 1,066 | — | 53 | 21 | 5,313 | 1,485 | 16,296 |
| Total | 21,913 | 1,324 | 2,244 | 166,114 | 27,388 | 2,434 | 5,313 | 5,578 | 232,312 |

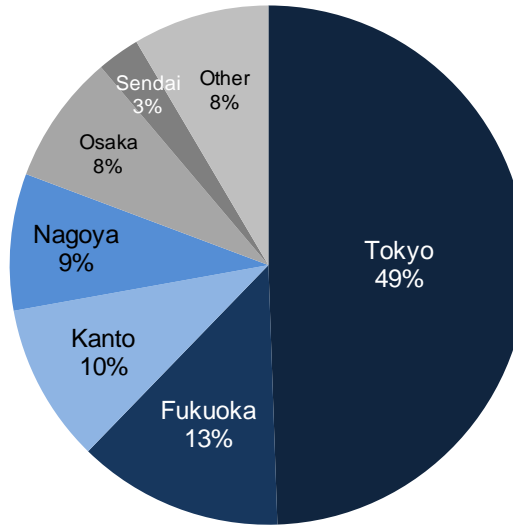
* Includes company assets that are not allocated to above segments

Ichigo-Owned Real Estate Portfolio

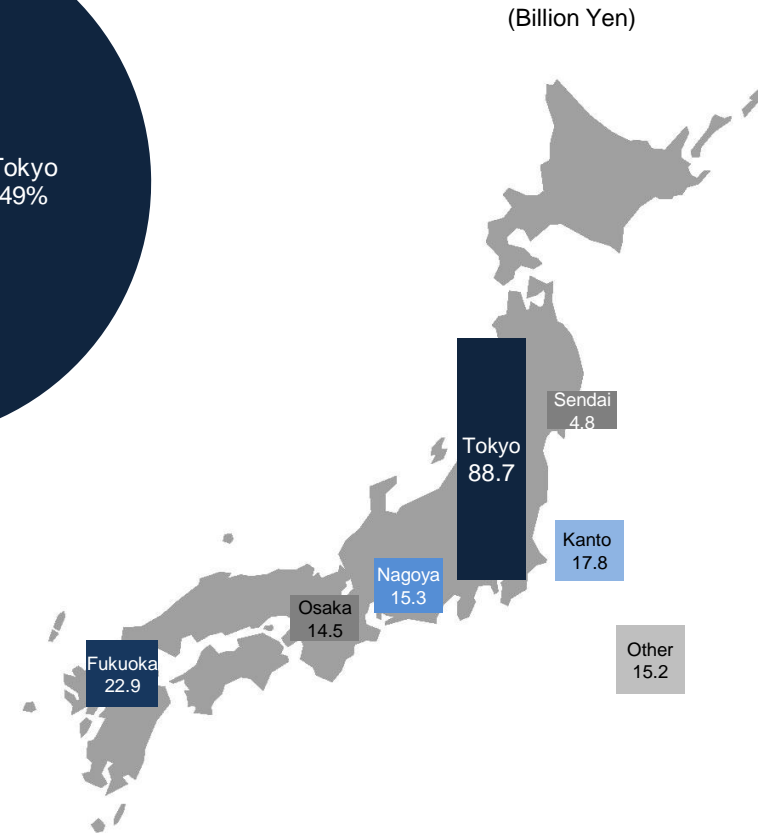
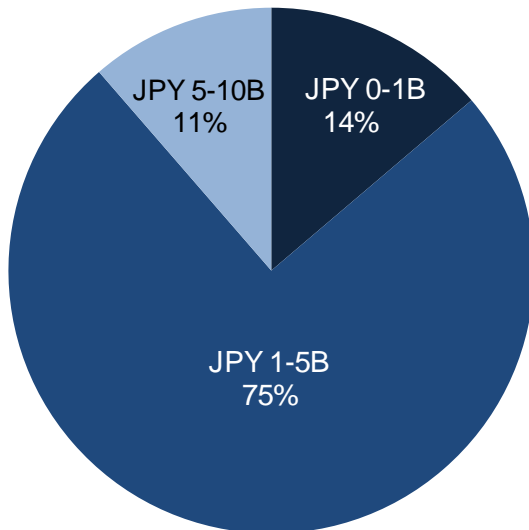
Assets by Type



Assets by Location



Assets by Size



Total Assets: JPY 179.5B

Including Ichigo-Managed AUM: JPY 366.1B

(Acquisition price basis)

Value-Add Full Asset Breakdown (1)

110 Assets, Book Value JPY 179.5B, Forecast NOI JPY 10.8B (6.1%)

| No. | Asset Class | Asset Type | Location | Building Age | Acquisition Price | Acquired Date | Expected NOI/Year | Ichigo Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|-------------|----------------------|-------------------------|--------------|-------------------|---------------|-------------------|-------------------|---------------------------------------|---------------------------|
| 1 | Retail | Real Estate for Sale | Minato-ku, Tokyo | 13 years | <JPY 1B | 2004/08 | JPY 27M | JPY 12M | — | — |
| 2 | Other | Fixed Asset | Matsudo City, Chiba | 43 years | JPY 2B-3B | 2005/06 | JPY 265M | JPY 1,900M | — | — |
| 3 | Retail | Real Estate for Sale | Minato-ku, Tokyo | 46 years | JPY 2B-3B | 2005/10 | JPY 127M | JPY 1,033M | — | — |
| 4 | Retail | Real Estate for Sale | Minato-ku, Tokyo | 30 years | >JPY 3B | 2006/03 | JPY 166M | JPY 1,356M | — | — |
| 5 | Retail | Real Estate for Sale | Yokohama City, Kanagawa | 10 years | JPY 1B-2B | 2006/09 | JPY 59M | JPY 1,157M | — | — |
| 6 | Hotel | Real Estate for Sale | Kobe City, Hyogo | 7 years | <JPY 1B | 2006/09 | JPY 107M | JPY 811M | — | — |
| 7 | Office | Real Estate for Sale | Sendai City, Miyagi | 7 years | >JPY 3B | 2006/10 | JPY 259M | JPY 1,042M | — | — |
| 8 | Office | Real Estate for Sale | Fukuoka City, Fukuoka | 7 years | >JPY 3B | 2006/12 | JPY 379M | JPY 1,339M | — | — |
| 9 | Other | Fixed Asset | Isumi City, Chiba | — | JPY 1B-2B | 2007/02 | JPY 0M | JPY 1,055M | — | — |
| 10 | Retail | Real Estate for Sale | Fukuoka City, Fukuoka | 6 years | >JPY 3B | 2007/03 | JPY 207M | JPY 792M | — | — |
| 11 | Residence | Real Estate for Sale | Ota-ku, Tokyo | 10 years | <JPY 1B | 2007/04 | JPY 59M | JPY 403M | — | — |
| 12 | Retail | Real Estate for Sale | Chiyoda-ku, Tokyo | 35 years | <JPY 1B | 2007/06 | JPY 85M | JPY 240M | — | — |
| 13 | Retail | Real Estate for Sale | Chiyoda-ku, Tokyo | 34 years | <JPY 1B | 2007/06 | JPY 115M | JPY 233M | — | — |
| 14 | Retail | Real Estate for Sale | Chiyoda-ku, Tokyo | 51 years | JPY 2B-3B | 2007/06 | JPY 256M | JPY 554M | — | — |
| 15 | Office | Real Estate for Sale | Minato-ku, Tokyo | 42 years | >JPY 3B | 2007/11 | JPY 293M | JPY 2,049M | — | — |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

Value-Add Full Asset Breakdown (2)

| No. | Asset Class | Asset Type | Location | Building Age | Acquisition Price | Acquired Date | Expected NOI/Year | Ichigo Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|-----------------------|----------------------|--------------------------|--------------|-------------------|---------------|-------------------|-------------------|---------------------------------------|---------------------------|
| 16 | Ground Lease | Real Estate for Sale | Atsugi City, Kanagawa | — | JPY 1B-2B | 2011/06 | JPY 171M | JPY 147M | — | — |
| 17 | Mixed (Office/Retail) | Real Estate for Sale | Hiratsuka City, Kanagawa | 19 years | <JPY 1B | 2012/02 | JPY 81M | JPY 172M | — | — |
| 18 | Retail | Real Estate for Sale | Yokohama City, Kanagawa | 1 years | <JPY 1B | 2012/10 | JPY 34M | JPY 171M | — | — |
| 19 | Retail | Fixed Asset | Toshima-ku, Tokyo | 4 years | >JPY 3B | 2013/03 | JPY 226M | JPY 340M | — | — |
| 20 | Retail | Real Estate for Sale | Shibuya-ku, Tokyo | 29 years | <JPY 1B | 2013/05 | JPY 58M | JPY 154M | — | — |
| 21 | Mixed (Office/Retail) | Real Estate for Sale | Chofu City, Tokyo | 30 years | JPY 1B-2B | 2013/06 | JPY 130M | JPY 310M | — | — |
| 22 | Residence | Real Estate for Sale | Kita-ku, Tokyo | 26 years | <JPY 1B | 2013/06 | JPY 2M | JPY 31M | — | — |
| 23 | Residence | Real Estate for Sale | Minato-ku, Tokyo | 0 years | <JPY 1B | 2013/06 | JPY 43M | JPY 203M | — | — |
| 24 | Residence | Real Estate for Sale | Osaka City, Osaka | 12 years | <JPY 1B | 2013/07 | JPY 32M | JPY 81M | — | — |
| 25 | Residence | Real Estate for Sale | Osaka City, Osaka | 8 years | <JPY 1B | 2013/08 | JPY 48M | JPY 81M | — | — |
| 26 | Office | Real Estate for Sale | Chiyoda-ku, Tokyo | 24 years | JPY 1B-2B | 2013/08 | JPY 87M | JPY 520M | — | — |
| 27 | Residence | Real Estate for Sale | Osaka City, Osaka | 10 years | <JPY 1B | 2013/08 | JPY 40M | JPY 90M | — | — |
| 28 | Retail | Fixed Asset | Kobe City, Hyogo | 15 years | JPY 1B-2B | 2013/09 | JPY 144M | JPY 616M | — | — |
| 29 | Retail | Fixed Asset | Tokorozawa City, Saitama | 7 years | JPY 1B-2B | 2013/11 | JPY 69M | JPY 92M | — | — |
| 30 | Hotel | Real Estate for Sale | Hamamatsu City, Shizuoka | 5 years | JPY 1B-2B | 2013/12 | JPY 102M | JPY 393M | — | — |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.



Value-Add Full Asset Breakdown (3)

| No. | Asset Class | Asset Type | Location | Building Age | Acquisition Price | Acquired Date | Expected NOI/Year | Ichigo Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|-----------------------|----------------------|-------------------------|--------------|-------------------|---------------|-------------------|-------------------|---------------------------------------|---------------------------|
| 31 | Ground Lease | Real Estate for Sale | Chiba City, Chiba | - | JPY 2B-3B | 2014/02 | JPY 126M | JPY 342M | — | — |
| 32 | Hotel | Real Estate for Sale | Kyoto City, Kyoto | 24 years | JPY 1B-2B | 2014/02 | JPY 255M | JPY 690M | — | — |
| 33 | Ground Lease | Real Estate for Sale | Fujisawa City, Kanagawa | - | JPY 1B-2B | 2014/03 | JPY 115M | JPY 273M | 7.52 x | 44.5% |
| 34 | Mixed (Office/Retail) | Real Estate for Sale | Shibuya-ku, Tokyo | 31 years | <JPY 1B | 2014/03 | JPY 48M | JPY 108M | 6.95 x | 26.0% |
| 35 | Office | Real Estate for Sale | Shibuya-ku, Tokyo | 4 years | JPY 1B-2B | 2014/04 | JPY 59M | JPY 1,090M | 1.25 x | 12.0% |
| 36 | Office | Real Estate for Sale | Shinagawa-ku, Tokyo | 26 years | JPY 2B-3B | 2014/05 | JPY 152M | JPY 530M | 2.04 x | 20.0% |
| 37 | Office | Real Estate for Sale | Shinagawa-ku, Tokyo | 22 years | JPY 1B-2B | 2014/05 | JPY 130M | JPY 515M | 2.27 x | 23.4% |
| 38 | Mixed (Office/Retail) | Real Estate for Sale | Minato-ku, Tokyo | 6 years | JPY 2B-3B | 2014/05 | JPY 139M | JPY 434M | 3.08 x | 15.2% |
| 39 | Residence | Real Estate for Sale | Kumamoto City, Kumamoto | 8 years | >JPY 3B | 2014/06 | JPY 205M | JPY 476M | 3.52 x | 19.0% |
| 40 | Office | Real Estate for Sale | Shinjuku-ku, Tokyo | 28 years | JPY 1B-2B | 2014/06 | JPY 68M | JPY 356M | 1.35 x | 15.2% |
| 41 | Office | Real Estate for Sale | Chiyoda-ku, Tokyo | 21 years | <JPY 1B | 2014/06 | JPY 41M | JPY 228M | 1.21 x | 10.2% |
| 42 | Retail | Real Estate for Sale | Minato-ku, Tokyo | 43 years | <JPY 1B | 2014/07 | JPY 44M | JPY 77M | 10.47 x | 23.9% |
| 43 | Hotel | Real Estate for Sale | Fukuoka City, Fukuoka | 21 years | JPY 1B-2B | 2014/07 | JPY 83M | JPY 151M | 3.12 x | 51.0% |
| 44 | Mixed (Office/Retail) | Real Estate for Sale | Shinjuku-ku, Tokyo | 39 years | >JPY 3B | 2014/07 | JPY 201M | JPY 645M | 3.32 x | 21.1% |
| 45 | Retail | Fixed Asset | Fukuoka City, Fukuoka | 9 years | JPY 1B-2B | 2014/04 | JPY 58M | JPY 279M | — | — |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

Value-Add Full Asset Breakdown (4)

| No. | Asset Class | Asset Type | Location | Building Age | Acquisition Price | Acquired Date | Expected NOI/Year | Ichigo Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|-------------|----------------------|--------------------------|--------------|-------------------|---------------|-------------------|-------------------|---------------------------------------|---------------------------|
| 46 | Retail | Fixed Asset | Fukuoka City, Fukuoka | 11 years | <JPY 1B | 2014/07 | JPY 50M | JPY 213M | — | — |
| 47 | Retail | Fixed Asset | Fukuoka City, Fukuoka | 30 years | <JPY 1B | 2014/09 | JPY 48M | JPY 252M | — | — |
| 48 | Hotel | Real Estate for Sale | Utsunomiya City, Tochigi | 28 years | JPY 1B-2B | 2014/09 | JPY 149M | JPY 400M | 1.97 x | 28.3% |
| 49 | Retail | Real Estate for Sale | Fukuoka City, Fukuoka | 14 years | JPY 1B-2B | 2014/09 | JPY 60M | JPY 177M | 5.54 x | 26.2% |
| 50 | Retail | Real Estate for Sale | Osaka City, Osaka | 13 years | JPY 1B-2B | 2014/09 | JPY 112M | JPY 301M | 4.64 x | 24.3% |
| 51 | Retail | Real Estate for Sale | Machida City, Tokyo | 29 years | <JPY 1B | 2014/10 | JPY 55M | JPY 82M | 11.34 x | 43.9% |
| 52 | Retail | Real Estate for Sale | Fukuoka City, Fukuoka | 12 years | JPY 1B-2B | 2014/11 | JPY 93M | JPY 135M | 10.70 x | 33.8% |
| 53 | Residence | Real Estate for Sale | Chiyoda-ku, Tokyo | 12 years | JPY 2B-3B | 2014/12 | JPY 112M | JPY 332M | 2.18 x | 29.2% |
| 54 | Residence | Real Estate for Sale | Koto-ku, Tokyo | 9 years | JPY 1B-2B | 2014/12 | JPY 96M | JPY 270M | 1.56 x | 14.6% |
| 55 | Residence | Real Estate for Sale | Minato-ku, Tokyo | 11 years | JPY 1B-2B | 2014/12 | JPY 76M | JPY 238M | 1.67 x | 16.6% |
| 56 | Residence | Real Estate for Sale | Minato-ku, Tokyo | 10 years | JPY 1B-2B | 2014/12 | JPY 59M | JPY 185M | 1.63 x | 15.7% |
| 57 | Residence | Real Estate for Sale | Sumida-ku, Tokyo | 9 years | JPY 1B-2B | 2014/12 | JPY 56M | JPY 163M | 1.55 x | 15.2% |
| 58 | Residence | Real Estate for Sale | Ota-ku, Tokyo | 13 years | <JPY 1B | 2014/12 | JPY 56M | JPY 150M | 2.21 x | 35.7% |
| 59 | Residence | Real Estate for Sale | Osaka City, Osaka | 7 years | <JPY 1B | 2014/12 | JPY 56M | JPY 148M | 1.86 x | 24.8% |
| 60 | Residence | Real Estate for Sale | Chuo-ku, Tokyo | 12 years | <JPY 1B | 2014/12 | JPY 34M | JPY 99M | 2.96 x | 44.4% |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

Value-Add Full Asset Breakdown (5)

| No. | Asset Class | Asset Type | Location | Building Age | Acquisition Price | Acquired Date | Expected NOI/Year | Ichigo Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|-----------------------|----------------------|-------------------------|--------------|-------------------|---------------|-------------------|-------------------|---------------------------------------|---------------------------|
| 61 | Residence | Real Estate for Sale | Minato-ku, Tokyo | 11 years | <JPY 1B | 2014/12 | JPY 38M | JPY 123M | 1.97 x | 23.3% |
| 62 | Residence | Real Estate for Sale | Shinjuku-ku, Tokyo | 10 years | <JPY 1B | 2014/12 | JPY 27M | JPY 82M | 2.05 x | 25.8% |
| 63 | Residence | Real Estate for Sale | Shibuya-ku, Tokyo | 9 years | JPY 1B-2B | 2014/12 | JPY 84M | JPY 270M | 2.00 x | 23.2% |
| 64 | Residence | Real Estate for Sale | Minato-ku, Tokyo | 11 years | JPY 1B-2B | 2014/12 | JPY 56M | JPY 186M | 1.90 x | 21.0% |
| 65 | Residence | Real Estate for Sale | Shibuya-ku, Tokyo | 10 years | <JPY 1B | 2014/12 | JPY 48M | JPY 157M | 1.89 x | 21.5% |
| 66 | Residence | Real Estate for Sale | Setagaya-ku, Tokyo | 10 years | <JPY 1B | 2014/12 | JPY 37M | JPY 117M | 2.11 x | 27.2% |
| 67 | Residence | Real Estate for Sale | Shinjuku-ku, Tokyo | 9 years | <JPY 1B | 2014/12 | JPY 18M | JPY 55M | 1.80 x | 21.1% |
| 68 | Mixed (Office/Retail) | Operating Loan | Shinjuku-ku, Tokyo | 52 years | JPY 1B-2B | 2014/12 | JPY 137M | JPY 57M | 15.26 x | 51.7% |
| 69 | Hotel | Real Estate for Sale | Sapporo City, Hokkaido | 31 years | JPY 1B-2B | 2014/12 | JPY 140M | JPY 451M | 1.30 x | 29.9% |
| 70 | Hotel | Real Estate for Sale | Sapporo City, Hokkaido | 23 years | JPY 1B-2B | 2014/12 | JPY 94M | JPY 352M | 1.25 x | 25.1% |
| 71 | Retail | Fixed Asset | Fukuoka City, Fukuoka | 11 years | <JPY 1B | 2014/12 | JPY 40M | JPY 212M | — | — |
| 72 | Retail | Real Estate for Sale | Meguro-ku, Tokyo | 9 years | JPY 1B-2B | 2014/12 | JPY 81M | JPY 129M | 3.98 x | 23.8% |
| 73 | Retail | Real Estate for Sale | Shinagawa-ku, Tokyo | 61 years | <JPY 1B | 2015/01 | JPY 26M | JPY 0M | — | — |
| 74 | Mixed (Office/Retail) | Real Estate for Sale | Kyoto City, Kyoto | 7 years | >JPY 3B | 2015/01 | JPY 180M | JPY 980M | 1.49 x | 15.0% |
| 75 | Office | Real Estate for Sale | Fujisawa City, Kanagawa | 24 years | JPY 1B-2B | 2015/01 | JPY 70M | JPY 375M | 1.41 x | 41.9% |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.



Value-Add Full Asset Breakdown (6)

| No. | Asset Class | Asset Type | Location | Building Age | Acquisition Price | Acquired Date | Expected NOI/Year | Ichigo Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|-------------|----------------------|-------------------------|--------------|-------------------|---------------|-------------------|-------------------|---------------------------------------|---------------------------|
| 76 | Retail | Real Estate for Sale | Sendai City, Miyagi | 11 years | <JPY 1B | 2015/02 | JPY 63M | JPY 8M | 42.58 x | 198.9% |
| 77 | Hotel | Real Estate for Sale | Osaka City, Osaka | 32 years | JPY 1B-2B | 2015/02 | JPY 90M | JPY 173M | 2.86 x | 28.9% |
| 78 | Office | Real Estate for Sale | Shibuya-ku, Tokyo | 24 years | <JPY 1B | 2015/03 | JPY 50M | JPY 221M | 1.49 x | 48.8% |
| 79 | Office | Real Estate for Sale | Shibuya-ku, Tokyo | 24 years | JPY 1B-2B | 2015/03 | JPY 56M | JPY 94M | 6.39 x | 54.4% |
| 80 | Retail | Real Estate for Sale | Shibuya-ku, Tokyo | 13 years | <JPY 1B | 2015/04 | JPY 47M | JPY 79M | 5.95 x | 28.2% |
| 81 | Hotel | Real Estate for Sale | Osaka City, Osaka | 15 years | JPY 2B-3B | 2015/05 | JPY 170M | JPY 633M | 1.56 x | 58.3% |
| 82 | Hotel | Real Estate for Sale | Aomori City, Aomori | 8 years | <JPY 1B | 2015/06 | JPY 50M | JPY 113M | 2.10 x | 20.2% |
| 83 | Hotel | Real Estate for Sale | Nagoya City, Aichi | 30 years | JPY 2B-3B | 2015/06 | JPY 148M | JPY 450M | 1.54 x | 53.9% |
| 84 | Retail | Real Estate for Sale | Fujisawa City, Kanagawa | 0 years | JPY 1B-2B | 2015/07 | JPY 99M | JPY 126M | 6.80 x | 37.3% |
| 85 | Office | Real Estate for Sale | Taito-ku, Tokyo | 24 years | >JPY 3B | 2015/07 | JPY 236M | JPY 155M | 2.49 x | 247.3% |
| 86 | Office | Real Estate for Sale | Toshima-ku, Tokyo | 22 years | JPY 2B-3B | 2015/07 | JPY 135M | JPY 91M | 2.84 x | 332.6% |
| 87 | Office | Real Estate for Sale | Osaka City, Osaka | 21 years | JPY 1B-2B | 2015/07 | JPY 56M | JPY 31M | 2.07 x | 196.4% |
| 88 | Office | Real Estate for Sale | Fukuoka City, Fukuoka | 26 years | JPY 1B-2B | 2015/07 | JPY 75M | JPY 42M | 2.55 x | 274.5% |
| 89 | Office | Real Estate for Sale | Nagoya City, Aichi | 31 years | JPY 2B-3B | 2015/07 | JPY 126M | JPY 71M | 2.54 x | 271.0% |
| 90 | Office | Real Estate for Sale | Nagoya City, Aichi | 31 years | JPY 1B-2B | 2015/07 | JPY 110M | JPY 60M | 2.78 x | 353.7% |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

Value-Add Full Asset Breakdown (7)

| No. | Asset Class | Asset Type | Location | Building Age | Acquisition Price | Acquired Date | Expected NOI/Year | Ichigo Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|-----------------------|----------------------|-----------------------|--------------|-------------------|---------------|-------------------|-------------------|---------------------------------------|---------------------------|
| 91 | Office | Real Estate for Sale | Minato-ku, Tokyo | 23 years | JPY 1B-2B | 2015/07 | JPY 76M | JPY 59M | 2.93 x | 323.9% |
| 92 | Office | Real Estate for Sale | Shibuya-ku, Tokyo | 29 years | JPY 1B-2B | 2015/07 | JPY 57M | JPY 42M | 2.70 x | 266.9% |
| 93 | Office | Real Estate for Sale | Chuo-ku, Tokyo | 31 years | JPY 1B-2B | 2015/07 | JPY 65M | JPY 45M | 2.68 x | 257.2% |
| 94 | Office | Real Estate for Sale | Toshima-ku, Tokyo | 26 years | JPY 2B-3B | 2015/07 | JPY 129M | JPY 86M | 2.11 x | 185.8% |
| 95 | Office | Real Estate for Sale | Osaka City, Osaka | 24 years | JPY 2B-3B | 2015/07 | JPY 120M | JPY 69M | 1.68 x | 117.8% |
| 96 | Office | Real Estate for Sale | Nagoya City, Aichi | 24 years | JPY 1B-2B | 2015/07 | JPY 69M | JPY 42M | 2.09 x | 198.8% |
| 97 | Office | Real Estate for Sale | Nagoya City, Aichi | 33 years | >JPY 3B | 2015/07 | JPY 178M | JPY 107M | 3.05 x | 383.6% |
| 98 | Office | Real Estate for Sale | Bunkyo-ku, Tokyo | 23 years | JPY 2B-3B | 2015/07 | JPY 106M | JPY 428M | 1.34 x | 16.8% |
| 99 | Mixed (Office/Retail) | Real Estate for Sale | Minato-ku, Tokyo | 7 years | JPY 1B-2B | 2015/07 | JPY 57M | JPY 293M | 1.19 x | 20.4% |
| 100 | Office | Real Estate for Sale | Chiyoda-ku, Tokyo | 7 years | JPY 1B-2B | 2015/07 | JPY 48M | JPY 237M | 1.11 x | 12.8% |
| 101 | Office | Real Estate for Sale | Shinagawa-ku, Tokyo | 27 years | JPY 1B-2B | 2015/07 | JPY 93M | JPY 355M | 1.32 x | 15.8% |
| 102 | Office | Real Estate for Sale | Musashino City, Tokyo | 26 years | >JPY 3B | 2015/07 | JPY 131M | JPY 670M | 1.72 x | 13.3% |
| 103 | Office | Real Estate for Sale | Osaka City, Osaka | 22 years | JPY 1B-2B | 2015/07 | JPY 66M | JPY 248M | 1.29 x | 15.6% |
| 104 | Office | Real Estate for Sale | Osaka City, Osaka | 17 years | JPY 1B-2B | 2015/07 | JPY 89M | JPY 330M | 1.14 x | 16.1% |
| 105 | Office | Real Estate for Sale | Fukuoka City, Fukuoka | 7 years | JPY 1B-2B | 2015/07 | JPY 85M | JPY 353M | 1.82 x | 17.7% |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

Value-Add Full Asset Breakdown (8)

| No. | Asset Class | Asset Type | Location | Building Age | Acquisition Price | Acquired Date | Expected NOI/Year | Ichigo Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-------------------------------------|-------------|----------------------|-------------------------|-------------------|---------------------|---------------|--------------------|--------------------|---------------------------------------|---------------------------|
| 106 | Office | Real Estate for Sale | Fukuoka City, Fukuoka | 13 years | JPY 1B-2B | 2015/07 | JPY 89M | JPY 358M | 1.92 x | 18.8% |
| 107 | Office | Real Estate for Sale | Nagoya City, Aichi | 6 years | JPY 2B-3B | 2015/07 | JPY 141M | JPY 588M | 1.21 x | 26.3% |
| 108 | Office | Real Estate for Sale | Nagoya City, Aichi | 23 years | JPY 1B-2B | 2015/07 | JPY 59M | JPY 240M | 1.17 x | 19.4% |
| 109 | Office | Real Estate for Sale | Kawasaki-City, Kanagawa | 24 years | JPY 1B-2B | 2015/08 | JPY 101M | JPY 1,040M | 1.09 x | 115.6% |
| 110 | Hotel | Real Estate for Sale | Sapporo City, Hokkaido | 22 years | <JPY 1B | 2015/08 | JPY 27M | JPY 2M | 5.52 x | 291.5% |
| Assets acquired in FY16/2 Q1 | | | | 4 Assets | JPY 5,741M | | JPY 323M | JPY 1,027M | 2.30 x | 47.3% |
| Assets acquired in FY16/2 Q2 | | | | 29 Assets | JPY 55,130M | | JPY 2,817M | JPY 6,731M | 1.64 x | 142.1% |
| Assets acquired in FY16/2 H1 | | | | 33 Assets | JPY 60,871M | | JPY 3,141M | JPY 7,757M | 1.73 x | 130.6% |
| Total | | | | 110 Assets | JPY 179,560M | | JPY 10,876M | JPY 38,199M | 2.27 x | 75.7% |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

Consolidated P&L: Gross Profit Segment Breakdown

(Million Yen)

| | Revenues | | | Gross Profit | | | YoY (Gross Profit) |
|-------------------------|--------------|---------------|---------------|--------------|--------------|---------------|-----------------------|
| | FY15/2 H1 | FY16/2 H1 | Change | FY15/2 H1 | FY16/2 H1 | Change | |
| Asset Management | 2,042 | 2,964 | +922 | 930 | 2,067 | +1,137 | +122.3% |
| Asset Management Fees | 712 | 806 | +93 | 652 | 800 | +147 | +22.7% |
| PMBM Fees | 1,264 | 1,080 | -183 | 216 | 237 | +20 | +9.7% |
| Other | 65 | 1,077 | +1,012 | 61 | 1,030 | +969 | +1586.6% |
| Value-Add | 7,517 | 10,758 | +3,241 | 4,054 | 4,656 | +601 | +14.8% |
| Rental Income | 3,973 | 5,509 | +1,536 | 2,444 | 3,443 | +999 | +40.9% |
| Real Estate Sales | 3,544 | 5,249 | +1,704 | 1,609 | 1,212 | -396 | -24.7% |
| Other | — | — | — | — | — | — | — |
| Clean Energy | 294 | 870 | +575 | 109 | 434 | +324 | +295.9% |
| Other | 24 | 13 | -11 | 16 | 4 | -11 | -70.6% |
| Advisory Fees | 25 | 13 | -12 | 25 | 13 | -12 | -49.7% |
| Securities Sales | -1 | 0 | +1 | -1 | 0 | +1 | — |
| Other | 0 | 0 | -0 | -7 | -8 | -0 | — |
| Total | 9,879 | 14,607 | +4,727 | 5,110 | 7,163 | +2,052 | +40.2% |

Consolidated P&L: Progress vs. Full-Year Forecast

(Million Yen)

| | FY16/2 H1 (6M) | | | | | | FY16/2 Full-Year Forecast(12M) | | |
|--|----------------|-----------------------|--------------|-----------------------|------------------|-----------------------|--------------------------------|---------------|------------------|
| | Revenues | vs Full-Year Forecast | Gross Profit | vs Full-Year Forecast | Operating Profit | vs Full-Year Forecast | Revenues | Gross Profit | Operating Profit |
| Asset Management | 2,964 | 59.9% | 2,067 | 67.1% | 1,854 | 73.1% | 4,950 | 3,080 | 2,536 |
| Asset Management Fees | 806 | 49.3% | 800 | 49.2% | — | — | 1,636 | 1,625 | — |
| PMBM Fees | 1,080 | 50.4% | 237 | 70.3% | — | — | 2,143 | 338 | — |
| Other | 1,077 | 92.1% | 1,030 | 92.3% | — | — | 1,170 | 1,116 | — |
| Real Estate | 10,758 | 26.6% | 4,656 | 30.7% | 3,142 | 27.0% | 40,493 | 15,176 | 11,620 |
| Rental Income | 5,509 | 45.9% | 3,443 | 45.1% | — | — | 12,000 | 7,628 | — |
| Real Estate Sales | 5,249 | 18.4% | 1,212 | 16.1% | — | — | 28,493 | 7,549 | — |
| Other | — | — | — | — | — | — | — | — | — |
| Clean Energy | 870 | 57.8% | 434 | 73.7% | 290 | 132.9% | 1,507 | 589 | 218 |
| Other | 13 | 27.1% | 4 | — | -31 | — | 48 | -6 | 92 |
| Advisory Fees | 13 | 26.9% | 13 | 26.9% | — | — | 48 | 48 | — |
| Securities Sales | 0 | — | 0 | — | — | — | 0 | 0 | — |
| Other | 0 | — | -8 | — | — | — | 0 | -55 | — |
| Total | 14,607 | 31.1% | 7,163 | 38.0% | 5,256 | 36.8% | 47,000 | 18,840 | 14,283 |
| Adjustment (including offsets of cross-segment transactions) | — | — | — | — | -343 | — | — | — | -283 |
| Total | 14,607 | 31.1% | 7,163 | 38.0% | 4,913 | 35.1% | 47,000 | 18,840 | 14,000 |

Asset Management AUM Detail

Steady Growth in AM Fees Driving Higher Profitability

| | | FY12/2 (12M) | FY13/2 (12M) | FY14/2 (12M) | FY15/2 (12M) | FY16/2 H1 (6M) |
|---|------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Ichigo Office REIT (8975) | AUM (Fiscal Year End) | JPY 106B | JPY 104B | JPY 121B | JPY 124B | JPY 164B |
| | AM Fee % (Average) | 0.61% | 0.63% | 0.65% | 0.65% | 0.65% |
| | AM Fee Gross Profit (Actual) | JPY 719M | JPY 663M | JPY 733M | JPY 759M | JPY 443M |
| Private Equity Real Estate Funds (excluding consolidated) | AUM (Fiscal Year End) | JPY 213B | JPY 170B | JPY 63B | JPY 22B | JPY 18B |
| | AM Fee % (Average) | 0.15% | 0.15% | 0.26% | 0.37% | 0.26% |
| | AM Fee Gross Profit (Actual) | JPY 284M | JPY 285M | JPY 257M | JPY 114M | JPY 35M |
| Total (excluding consolidated) | AUM (Fiscal Year End) | JPY 319B | JPY 274B | JPY 184B | JPY 145B | JPY 182B |
| | AM Fee % (Average) | 0.33% | 0.33% | 0.47% | 0.59% | 0.59% |
| | AM Fee Gross Profit (Actual) | JPY 1,004M | JPY 948M | JPY 989M | JPY 872M | JPY 478M |

Consolidated Balance Sheet: Assets

(Million Yen)

| | FY12/2 | FY13/2 | FY14/2 | FY15/2 | FY16/2 Q1 | FY16/2 H1 | Quarter-on-Quarter |
|---|---------------|---------------|----------------|----------------|----------------|----------------|--------------------|
| Assets | | | | | | | |
| Current Assets | | | | | | | |
| Cash and cash equivalents | 9,791 | 9,713 | 24,991 | 19,383 | 21,065 | 21,913 | 848 |
| Trade notes and accounts receivable | 1,069 | 548 | 451 | 519 | 1,163 | 1,114 | -49 |
| Operational investments in loans | 2,527 | 3,636 | 1,100 | 2,330 | 1,324 | 1,324 | — |
| Operational investments in securities | 4,226 | 4,271 | 3,583 | 1,965 | 1,693 | 2,244 | 551 |
| Real estate for sale | 49,674 | 46,176 | 54,084 | 109,769 | 112,161 | 166,114 | 53,953 |
| Deferred tax assets | — | 369 | 576 | 1,200 | 1,207 | 1,299 | 92 |
| Other | 1,465 | 2,042 | 1,384 | 2,657 | 2,590 | 2,027 | -563 |
| Less: allowance for doubtful accounts | -2,930 | -3,177 | -410 | -484 | -499 | -486 | 13 |
| Total Current Assets | 65,824 | 63,581 | 85,761 | 137,342 | 140,708 | 195,553 | 54,845 |
| Fixed Assets | | | | | | | |
| Property, Plant, and Equipment | | | | | | | |
| Buildings and structures (net) | 2,903 | 2,863 | 4,901 | 4,021 | 3,968 | 3,915 | -53 |
| Equipment (net) | — | 21 | 2,044 | 9,168 | 9,677 | 9,566 | -111 |
| Land | 7,114 | 7,082 | 12,433 | 12,142 | 12,186 | 12,192 | 6 |
| Other (net) | 91 | 80 | 1,922 | 989 | 948 | 1,713 | 765 |
| Total Tangible Assets | 10,109 | 10,047 | 21,300 | 26,321 | 26,781 | 27,388 | 607 |
| Intangible Assets | | | | | | | |
| Goodwill | 2,077 | 2,203 | 2,221 | 2,082 | 2,047 | 2,012 | -35 |
| Leashold rights | — | — | 392 | 392 | 392 | 392 | — |
| Other | 27 | 20 | 71 | 27 | 24 | 28 | 4 |
| Total Intangible Assets | 2,105 | 2,223 | 2,686 | 2,502 | 2,465 | 2,434 | -31 |
| Investments and Other Assets | | | | | | | |
| Investments in securities | 3,589 | 4,117 | 4,278 | 5,266 | 5,128 | 5,313 | 185 |
| Long-term loans receivable | 14 | 13 | 13 | 12 | 12 | 12 | — |
| Deferred tax assets | — | 0 | 222 | 2 | 2 | 2 | — |
| Other | 623 | 545 | 780 | 1,392 | 1,387 | 1,705 | 318 |
| Less: allowance for doubtful accounts | -96 | -101 | -97 | -95 | -96 | -96 | — |
| Total Investments and Other Assets | 4,131 | 4,575 | 5,196 | 6,578 | 6,434 | 6,936 | 502 |
| Total Fixed Assets | 16,346 | 16,846 | 29,183 | 35,402 | 35,680 | 36,759 | 1,079 |
| Total Assets | 82,170 | 80,428 | 114,944 | 172,744 | 176,388 | 232,312 | 55,924 |

Consolidated Balance Sheet: Liabilities & Net Assets

| | FY12/2 | FY13/2 | FY14/2 | FY15/2 | FY16/2 Q1 | FY16/2 H1 | (Million Yen) Quarter-on-Quarter |
|---|---------------|---------------|----------------|----------------|----------------|----------------|-------------------------------------|
| Liabilities | | | | | | | |
| Current Liabilities | | | | | | | |
| Trade notes and accounts payable | 57 | 64 | 132 | 124 | 78 | 82 | +4 |
| Short-term borrowings | 170 | 484 | 950 | 1,416 | 735 | 740 | +5 |
| Short-term non-recourse loans | — | — | — | 48 | — | 443 | +443 |
| Long-term borrowings (due within one year) | 1,768 | 966 | 3,123 | 3,488 | 3,570 | 8,804 | +5,234 |
| Long-term non-recourse loans (due within one year) | 8,793 | 2,263 | 428 | 786 | 2,873 | 3,016 | +143 |
| Income taxes payable | 115 | 65 | 96 | 284 | 112 | 329 | +217 |
| Deferred tax liabilities | — | 15 | 24 | 30 | 26 | 22 | -4 |
| Accrued bonuses | 22 | 25 | 14 | 16 | 182 | 201 | +19 |
| Other Current Liabilities | 2,974 | 3,419 | 2,817 | 3,677 | 2,884 | 3,339 | +455 |
| Total Current Liabilities | 13,902 | 7,304 | 7,588 | 9,872 | 10,464 | 16,980 | +6,516 |
| Long-Term Liabilities | | | | | | | |
| Non-recourse bonds | — | — | — | 100 | 100 | 100 | - |
| Long-term borrowings | 7,413 | 5,456 | 26,126 | 53,409 | 57,158 | 84,754 | +27,596 |
| Long-term non-recourse loans | 28,899 | 32,776 | 24,178 | 43,004 | 40,807 | 56,768 | +15,961 |
| Deferred tax liabilities | 6 | 277 | 1,213 | 1,402 | 1,283 | 1,276 | -7 |
| Long-term security deposits received | 3,362 | 3,230 | 4,770 | 6,391 | 6,399 | 8,550 | +2,151 |
| Negative goodwill | 360 | 270 | 180 | 90 | 67 | 45 | -22 |
| Other long-term liabilities | 36 | 46 | 44 | 96 | 158 | 155 | -3 |
| Total Long-Term Liabilities | 40,080 | 42,056 | 56,513 | 104,494 | 105,974 | 151,650 | +45,676 |
| Total Liabilities | 53,982 | 49,361 | 64,102 | 114,367 | 116,439 | 168,630 | +52,191 |
| Net Assets | | | | | | | |
| Shareholders' Equity | | | | | | | |
| Capital | 18,078 | 18,113 | 26,443 | 26,499 | 26,504 | 26,512 | +8 |
| Capital reserve | 2,395 | 2,429 | 10,808 | 10,873 | 10,878 | 10,886 | +8 |
| Retained earnings | 6,298 | 7,923 | 10,891 | 17,201 | 18,767 | 20,774 | +2,007 |
| Treasury shares | -187 | -187 | -92 | -78 | -76 | -76 | - |
| Total Shareholders' Equity | 26,584 | 28,279 | 48,050 | 54,496 | 56,073 | 58,096 | +2,023 |
| Accumulated Other Comprehensive Income | | | | | | | |
| Unrealized gain on other securities, net | -604 | 160 | 400 | 1,208 | 1,155 | 993 | -162 |
| Deferred gain (loss) on hedges | — | — | — | -36 | -38 | -36 | +2 |
| Foreign currency translation adjustment | -7 | 16 | 9 | 6 | 3 | 5 | +2 |
| Total Accumulated Other Comprehensive Income | -612 | 177 | 409 | 1,177 | 1,120 | 962 | -158 |
| Stock Options | 116 | 143 | 121 | 198 | 237 | 275 | +38 |
| Minority Interests | 2,099 | 2,466 | 2,261 | 2,505 | 2,517 | 4,347 | +1,830 |
| Total Net Assets | 28,187 | 31,066 | 50,842 | 58,377 | 59,949 | 63,682 | +3,733 |
| Total Liabilities and Net Assets | 82,170 | 80,428 | 114,944 | 172,744 | 176,388 | 232,312 | +55,924 |

Consolidated P&L

(Million Yen)

| | FY12/2 (12M) | FY13/2 (12M) | FY14/2 (12M) | FY15/2 (12M) | FY16/2 H1 (6M) | FY15/2 H1 (6M) | Year-on-Year | Full-Year Revised Forecast | vs Full- Year Forecast |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|--------------|----------------------------------|------------------------------|
| Revenues | 18,952 | 16,397 | 35,101 | 42,705 | 14,607 | 9,879 | 4,728 | 47,000 | 31.1% |
| Cost of Goods Sold | 15,030 | 11,422 | 27,666 | 30,539 | 7,443 | 4,769 | 2,674 | — | — |
| Gross Profit | 3,921 | 4,974 | 7,435 | 12,166 | 7,163 | 5,110 | 2,053 | 18,840 | 38.0% |
| SG&A | 2,871 | 3,130 | 3,522 | 3,977 | 2,250 | 1,986 | 264 | — | — |
| Operating Profit | 1,050 | 1,844 | 3,912 | 8,189 | 4,913 | 3,124 | 1,789 | 14,000 | 35.1% |
| Non-Operating Profit | | | | | | | | | |
| Interest income | 5 | 3 | 4 | 5 | 1 | 2 | -1 | — | — |
| Dividend income | 20 | 24 | 112 | 78 | 13 | 10 | 3 | — | — |
| Equity in earnings of affiliates | 141 | — | — | — | — | — | — | — | — |
| Amortization of negative goodwill | 90 | 90 | 90 | 90 | 45 | 45 | 0 | — | — |
| Other | 33 | 36 | 31 | 39 | 25 | 10 | 15 | — | — |
| Total Non-Operating Profit | 291 | 155 | 238 | 213 | 85 | 69 | 16 | — | — |
| Non-Operating Expenses | | | | | | | | | |
| Interest expense | 284 | 238 | 370 | 943 | 577 | 423 | 154 | — | — |
| Issuance cost of corporate bonds | 48 | — | — | — | — | — | — | — | — |
| Stock issuance cost | — | 0 | 89 | 1 | — | — | — | — | — |
| Other | 29 | 26 | 93 | 201 | 69 | 55 | 14 | — | — |
| Total Non-Operating Expenses | 361 | 265 | 553 | 1,146 | 647 | 478 | 169 | — | — |
| Recurring Profit | 979 | 1,734 | 3,597 | 7,255 | 4,351 | 2,715 | 1,636 | 12,400 | 35.1% |
| Extraordinary Gain | | | | | | | | | |
| Gain on sales of fixed assets | — | 9 | 7 | — | — | — | — | — | — |
| Gain on sales of investment securities | — | 72 | 204 | — | 223 | — | 223 | — | — |
| Gain on sales of equity holdings in affiliates | 1,173 | — | — | — | — | — | — | — | — |
| Receipt of share trading proceeds | — | — | 434 | — | — | — | — | — | — |
| Other | 75 | 0 | 33 | 57 | — | — | — | — | — |
| Total Extraordinary Gain | 1,248 | 83 | 680 | 57 | 223 | — | 223 | — | — |
| Extraordinary Loss | | | | | | | | | |
| Loss on sale and retirement of fixed assets | 38 | 1 | 1 | 0 | — | — | — | — | — |
| Loss on sale of investment securities | 62 | — | — | — | — | — | — | — | — |
| Valuation loss on investment securities | — | 62 | — | — | — | — | — | — | — |
| Office move expenses | 14 | 19 | 21 | 1 | 9 | — | 9 | — | — |
| Impairment loss | — | 33 | 307 | — | — | — | — | — | — |
| Loss on business liquidation | 26 | — | — | — | — | — | — | — | — |
| Other | 109 | 8 | 13 | 91 | — | — | — | — | — |
| Total Extraordinary Loss | 251 | 124 | 344 | 93 | 9 | — | 9 | — | — |
| Profit before Income Taxes | 1,976 | 1,693 | 3,933 | 7,220 | 4,565 | 2,715 | 1,850 | — | — |
| Income Taxes - Current | 159 | 54 | 43 | 564 | 509 | 193 | 316 | — | — |
| Income Taxes - Deferred | — | -106 | -616 | -220 | -219 | -37 | -182 | — | — |
| Total Income Taxes | 159 | -51 | -573 | 343 | 289 | 155 | 134 | — | — |
| Profit before Gain on Minority Interests | 1,817 | 1,745 | 4,506 | 6,876 | 4,275 | 2,560 | 1,715 | — | — |
| Gain on Minority Interests | 47 | 108 | -19 | 115 | 53 | 68 | -15 | — | — |
| Net Income | 1,770 | 1,637 | 4,526 | 6,761 | 4,221 | 2,491 | 1,730 | 11,000 | 38.4% |

Consolidated Cash Flows from Operating Activities

(Million Yen)

| | FY12/2 (12M) | FY13/2 (12M) | FY14/2 (12M) | FY15/2 (12M) | FY16/2 H1 (6M) |
|--|--------------|--------------|--------------|----------------|----------------|
| Cash Flows from Operating Activities: | | | | | |
| Pre-tax net income | 1,976 | 1,693 | 3,933 | 7,220 | 4,565 |
| Depreciation | 166 | 230 | 304 | 565 | 375 |
| Share-based compensation expenses | 37 | 49 | 69 | 112 | 83 |
| Amortization of goodwill | 107 | 114 | 139 | 139 | 69 |
| Amortization of negative goodwill | -90 | -90 | -90 | -90 | -45 |
| Increase (decrease) in accrued bonuses | -2 | 3 | -11 | 1 | 185 |
| Increase (decrease) in allowance for doubtful accounts | -3,529 | 195 | 33 | 65 | -0 |
| Increase (decrease) in other allowances | -135 | -11 | — | — | — |
| Interest and dividend income | -26 | -28 | -116 | -83 | -14 |
| Interest expense | 284 | 238 | 370 | 943 | 577 |
| Issuance cost of corporate bonds | 48 | — | — | — | — |
| Equity in earnings of affiliates (gain) | -141 | — | — | — | — |
| Loss (gain) on sales of equity holdings in affiliates | -1,173 | — | — | — | — |
| Loss (gain) on sales of investment securities | 62 | -72 | -204 | — | -223 |
| Loss (gain) on sales/retirement of fixed assets | 38 | -8 | -6 | — | — |
| Impairment Loss | — | 33 | 307 | — | — |
| Valuation loss on investment securities | — | 62 | — | — | — |
| Decrease (increase) in trading notes and receivable | -269 | 515 | 97 | -68 | -594 |
| Decrease (increase) in operating loans receivable | 454 | -1,100 | 218 | -1,230 | 1,006 |
| Decrease (increase) in operational investments in securities | 3,068 | 723 | 1,635 | 1,110 | -523 |
| Loss on valuation of operational investment securities | 139 | 63 | 114 | — | — |
| Decrease (increase) in real estate for sale | 610 | 2,556 | -6,729 | -42,991 | -56,344 |
| Valuation loss in real estate for sale | 471 | 119 | — | — | — |
| Valuation loss on investments in capital | 41 | 1 | 12 | 91 | — |
| Increase (decrease) in accounts receivable | -179 | -380 | -255 | -539 | -98 |
| Increase (decrease) in accounts payable | -137 | -39 | -139 | 388 | -301 |
| Increase (decrease) in accrued expenses | 1,067 | 519 | 137 | 16 | 61 |
| Increase (decrease) in advances received | -141 | 11 | 38 | 96 | — |
| Increase (decrease) in security deposits received | -81 | -253 | 1,230 | 1,391 | 2,223 |
| Other | -240 | -239 | 522 | -575 | -45 |
| Sub-total | 2,425 | 4,908 | 1,611 | -33,437 | -49,043 |
| Interest and dividend income received | 171 | 28 | 116 | 83 | 14 |
| Interest expenses paid | -315 | -220 | -378 | -892 | -559 |
| Income taxes paid and refunded | -154 | -106 | -94 | -45 | 596 |
| Net Cash from (Used for) Operating Activities | 2,127 | 4,609 | 1,254 | -34,292 | -48,991 |

Consolidated Cash Flows from Investing & Financing Activities

(Million Yen)

| | FY12/2 (12M) | FY13/2 (12M) | FY14/2 (12M) | FY15/2 (12M) | FY16/2 H1 (6M) |
|--|---------------|---------------|---------------|----------------|-------------------|
| Cash Flows from Investing Activities: | | | | | |
| Payments into time deposits | -352 | -0 | -0 | -325 | -0 |
| Proceeds from withdrawal of time deposits | — | 151 | — | 325 | -300 |
| Acquisition of investment securities | — | -15 | — | -210 | — |
| Proceeds from sales of investment securities | 137 | 76 | 282 | — | 296 |
| Proceeds from redemption of investment securities | 40 | 30 | 2 | 0 | — |
| Proceeds from sale of securities in affiliates | 3,327 | — | — | — | — |
| Acquisition of property and equipment | -63 | -124 | -7,150 | -10,769 | -1,872 |
| Proceeds from sale of property and equipment | 9 | 17 | 72 | — | — |
| Acquisition of intangible assets | -7 | -0 | -389 | -23 | — |
| Payments for investments in capital | — | -4 | -5 | -10 | -8 |
| Proceeds from redemption of investments | — | 0 | 7 | 0 | — |
| Proceeds from sale of investments | 4 | — | — | — | — |
| Payments of security deposits | — | — | -5 | -127 | -24 |
| Payments for acquisitions of subsidiaries resulting in the change of consolidation scope | -271 | -218 | -1,389 | — | — |
| Payments for acquisitions of newly consolidated subsidiaries | — | — | — | -1,349 | — |
| Other | -14 | 60 | -35 | 4 | 9 |
| Net Cash from (Used for) Investing Activities: | 2,808 | -27 | -8,610 | -12,485 | -1,899 |
| Cash Flows from Financing Activities: | | | | | |
| Increase (decrease) in short-term bank loans, net | -1,123 | 314 | 465 | 466 | -676 |
| Increase (decrease) in short-term non-recourse loans, net | — | — | — | 48 | 395 |
| Proceeds from issuance of corporate bonds | 6,059 | — | — | — | — |
| Redemption on corporate bonds | -6,500 | — | — | — | — |
| Proceeds from issuance of corporate bonds | 2,100 | — | — | — | — |
| Redemption on non-recourse bonds | -2,455 | — | — | — | — |
| Proceeds from long-term loans | 2,900 | 5,440 | 26,777 | 47,203 | 41,672 |
| Repayment of long-term loans | -2,807 | -8,199 | -5,388 | -19,557 | -5,010 |
| Proceeds from long-term non-recourse loans | 11,610 | 12,346 | 5,675 | 19,900 | 16,500 |
| Repayment of long-term non-recourse loans | -14,231 | -13,885 | -19,030 | -5,958 | -505 |
| Proceeds from issuance of common shares | — | — | 16,387 | — | — |
| Payment on share buyback | -935 | — | — | — | — |
| Proceeds from exercise of stock options | — | 48 | 242 | 99 | 20 |
| Cash dividends paid | -0 | — | -445 | -543 | -645 |
| Share issuance to minority shareholders | — | 20 | — | — | 2,000 |
| Payments to minority shareholders for redemption of common stock | -30 | -19 | — | — | — |
| Cash dividends paid to minority shareholders | -65 | -0 | — | — | — |
| Net Cash from (Used for) Financing Activities: | -5,480 | -3,935 | 24,682 | 41,658 | 53,749 |

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These materials were prepared to explain the Company's businesses and are not for the purpose of soliciting investment in marketable securities issued by the Company. The Company does not guarantee the accuracy of the figures, information, estimates or other statements included herein, and accepts no responsibility for damages or losses arising through the use of the figures, information, estimates or other statements contained herein.

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This document is a translation. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.



Ichigo is Japan's first zero-carbon listed real estate company. We are taking responsibility for our environmental footprint by offsetting our carbon emissions and investing in low-carbon technologies.

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