



# FY17/2 H1 (March-August 2016) Corporate Presentation

October 14, 2016

## Ichigo (2337)

# Ichigo Preserves and Improves Real Estate





**World-Class  
Excellence**

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Ichigo's  
Hiromi Miyake

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# FY17/2 H1 (March-August 2016) Earnings

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# OP 3X, EPS 2.8X YOY

- Revenue 5.9X YOY on Asset Sales to Ichigo Office REIT in Q1 and to Ichigo Hotel REIT in Q2
- 90% Progress in H1 vs. Full-Year EPS Forecast

(Million Yen)

	FY16/2 H1	FY17/2 H1	YOY	Full-Year Forecast	% of Full-Year Forecast	(Reference) FY16/2 Actual
<b>Revenue</b>	<b>14,607</b>	<b>85,991</b>	<b>+488.7%</b>	<b>125,600</b>	<b>68.5%</b>	<b>49,699</b>
<b>Gross Profit</b>	<b>7,163</b>	<b>17,468</b>	<b>+143.9%</b>	<b>23,867</b>	<b>73.2%</b>	<b>19,863</b>
<b>Operating Profit</b>	<b>4,913</b>	<b>14,984</b>	<b>+205.0%</b>	<b>18,500</b>	<b>81.0%</b>	<b>15,417</b>
<b>Recurring Profit</b>	<b>4,351</b>	<b>13,834</b>	<b>+217.9%</b>	<b>16,400</b>	<b>84.4%</b>	<b>13,889</b>
<b>Net Income</b>	<b>4,221</b>	<b>11,935</b>	<b>+182.7%</b>	<b>13,300</b>	<b>89.7%</b>	<b>12,925</b>
<b>EPS</b>	<b>8.46 yen</b>	<b>23.79 yen</b>	<b>+181.2%</b>	<b>26.43 yen</b>	<b>90.0%</b>	<b>25.86 yen</b>

# Earnings Growing Across All Segments

- Value-Add OP 4.2X YOY (96% Progress vs. Full-Year Forecast)
- Growth Across the Board in Durable, Ongoing Earnings

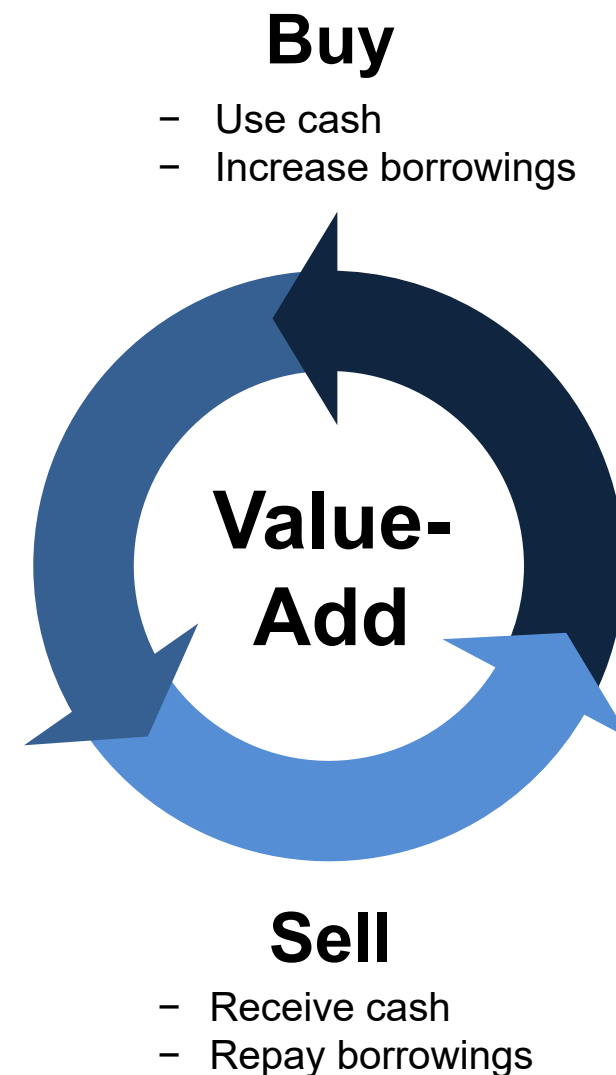
(Million Yen)

Segment	Revenue					Operating Profit					Earnings Drivers (Parentheses show YOY change in Gross Profit)
	FY16/2 H1	FY17/2 H1	YOY	Full-Year Forecast	% of Full- Year Forecast	FY16/2 H1	FY17/2 H1	YOY	Full-Year Forecast	% of Full- Year Forecast	
Asset Management	2,964	2,460	- 17.0%	5,079	48.4%	1,854	1,473	- 20.6%	2,386	61.7%	AM Fees: 731 (+255) Acquisition/Disposition Fees: 359 (+41) Performance Fees: 175 (-444) Sponsor Credit Support Fee: 50 (-360)
Value-Add	10,758	82,305	+665.0%	109,297	75.3%	3,142	13,092	+316.6%	13,530	96.8%	Rental Income: 5,113 (+1,669) Gain on Sale: 10,314 (+9,101)
Clean Energy	870	1,214	+39.5%	11,152	10.9%	290	351	+20.7%	2,608	13.5%	Solar Electricity Sales: 584 (+150)
Other	13	10	- 18.5%	71	15.2%	- 31	- 135	—	- 84	—	
<b>Total</b>	<b>14,607</b>	<b>85,991</b>	<b>+488.7%</b>	<b>125,600</b>	<b>68.5%</b>	<b>5,256</b>	<b>14,781</b>	<b>+181.2%</b>	<b>18,440</b>	<b>80.2%</b>	
Adjustment (including offsets of cross- segment transactions)	—	—	—	—	—	- 343	202	—	59	—	
<b>Total</b>	<b>14,607</b>	<b>85,991</b>	<b>+488.7%</b>	<b>125,600</b>	<b>68.5%</b>	<b>4,913</b>	<b>14,984</b>	<b>+205.0%</b>	<b>18,500</b>	<b>81.0%</b>	

# Robust Cash Flow and Cash-On-Hand

FY17/2 H1

<b>Cash Flow from Operating Activities</b>	<p><b>JPY +51.7B</b></p> <p>Sale of Value-Add Assets (Real Estate for Sale) <b>JPY +64.0B</b></p> <p>Acquisition of Value-Add Assets (Real Estate for Sale) <b>JPY -26.0B</b></p>
<b>Cash Flow from Investing Activities</b>	<p><b>JPY -1.7B</b></p> <p>Acquisition of Solar Power Plants (Fixed Assets) <b>JPY -4.5B</b></p>
<b>Cash Flow from Financing Activities</b>	<p><b>JPY -33.1B</b></p>
<b>Cash-on-Hand</b>	<p><b>JPY 43.2B (+14.8B)</b></p>

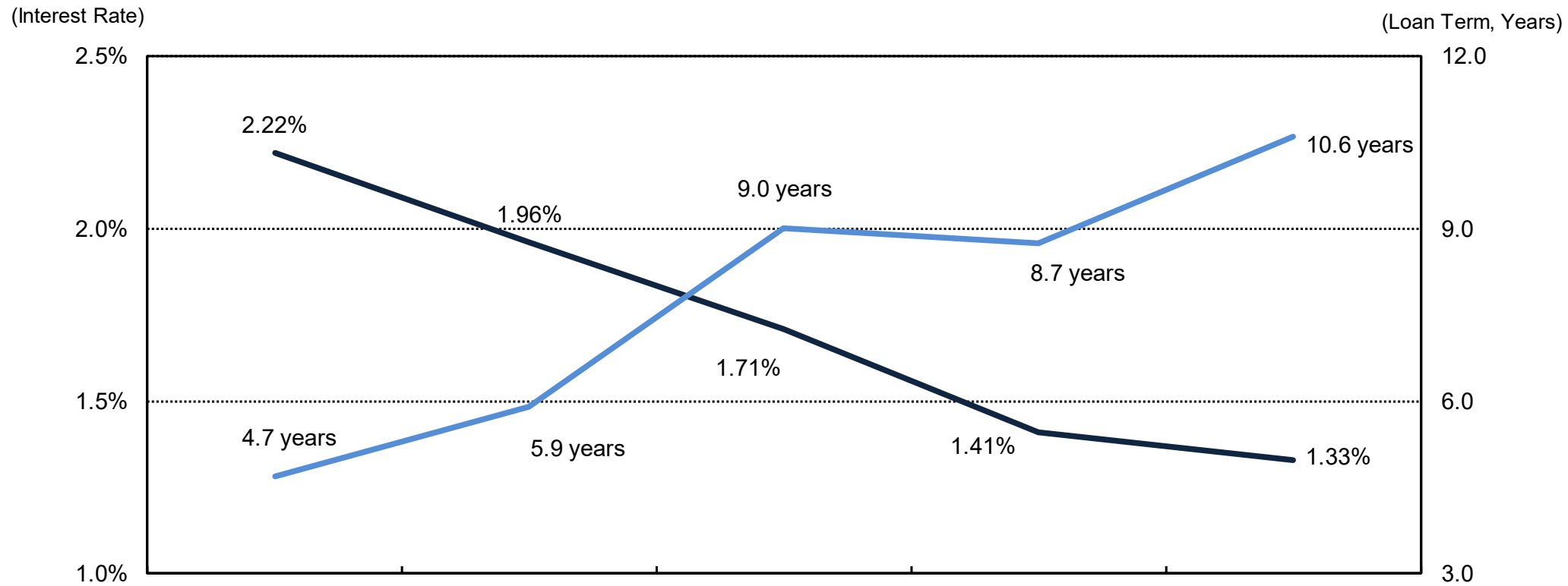




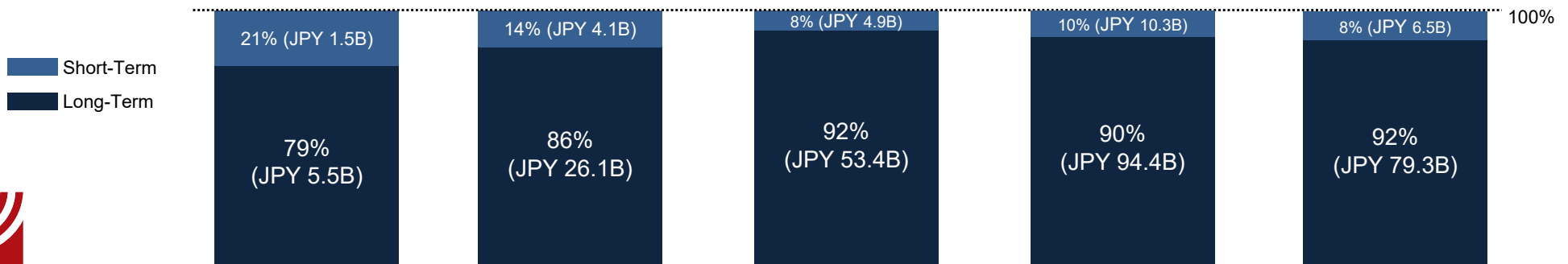
# Strong Financial Position

Weighted Average Interest Rate and Weighted Average Loan Term

— Weighted Average Interest Rate  
— Weighted Average Loan Term



Term Structure of Loans



# Powerful Value-Add Business Model Underpins Growth

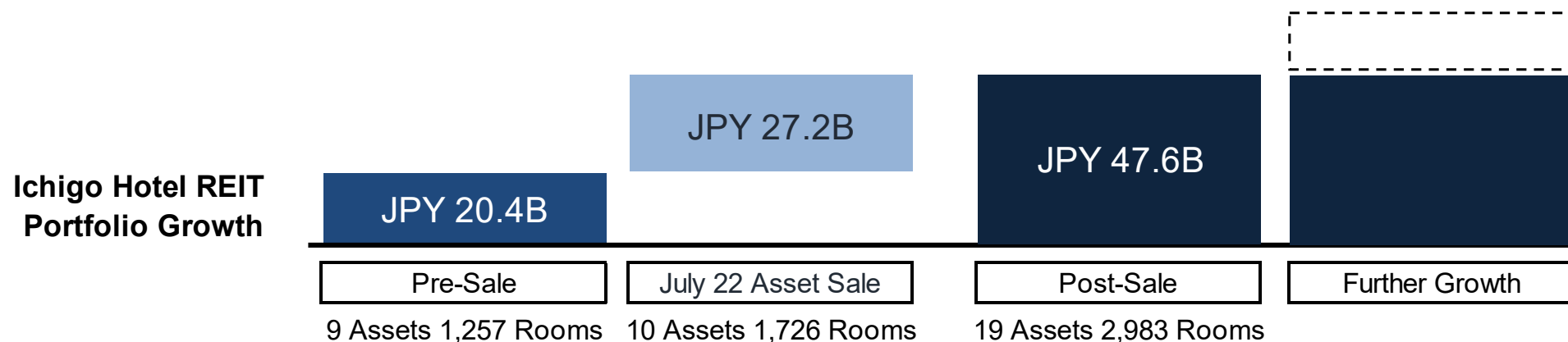
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# Ichigo Hotel REIT (3463) Growth (1)

Completed Sale of 10 Hotels (JPY 27.2B) to Ichigo Hotel REIT

2.3X Portfolio Size: JPY 20.4B → JPY 47.6B

Gain on Sale JPY 7.0B



## Assets Sold to Ichigo Hotel REIT



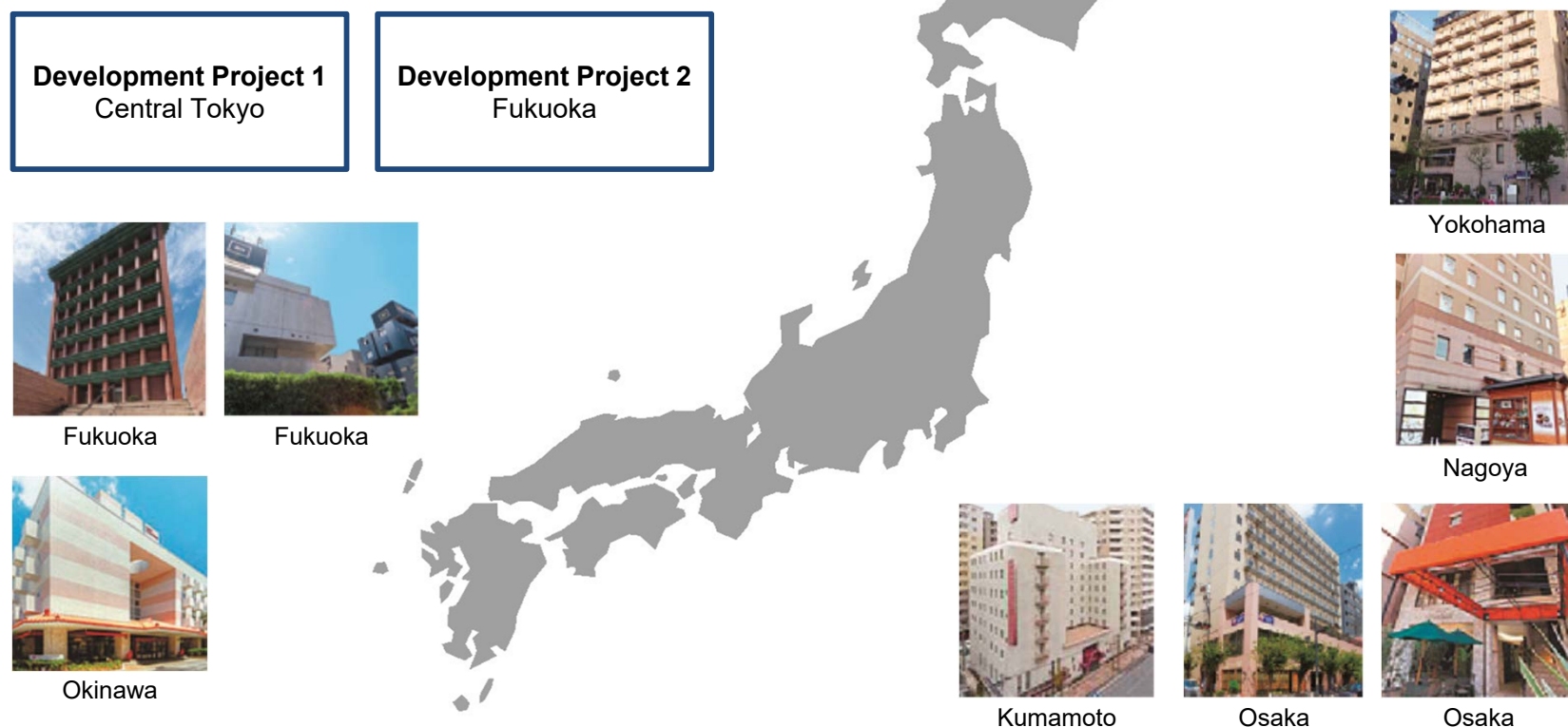
Sale of 10 Assets  
JPY 27.2B

Gain on Sale  
JPY 7.0B

# Ichigo Hotel REIT (3463) Growth (2)

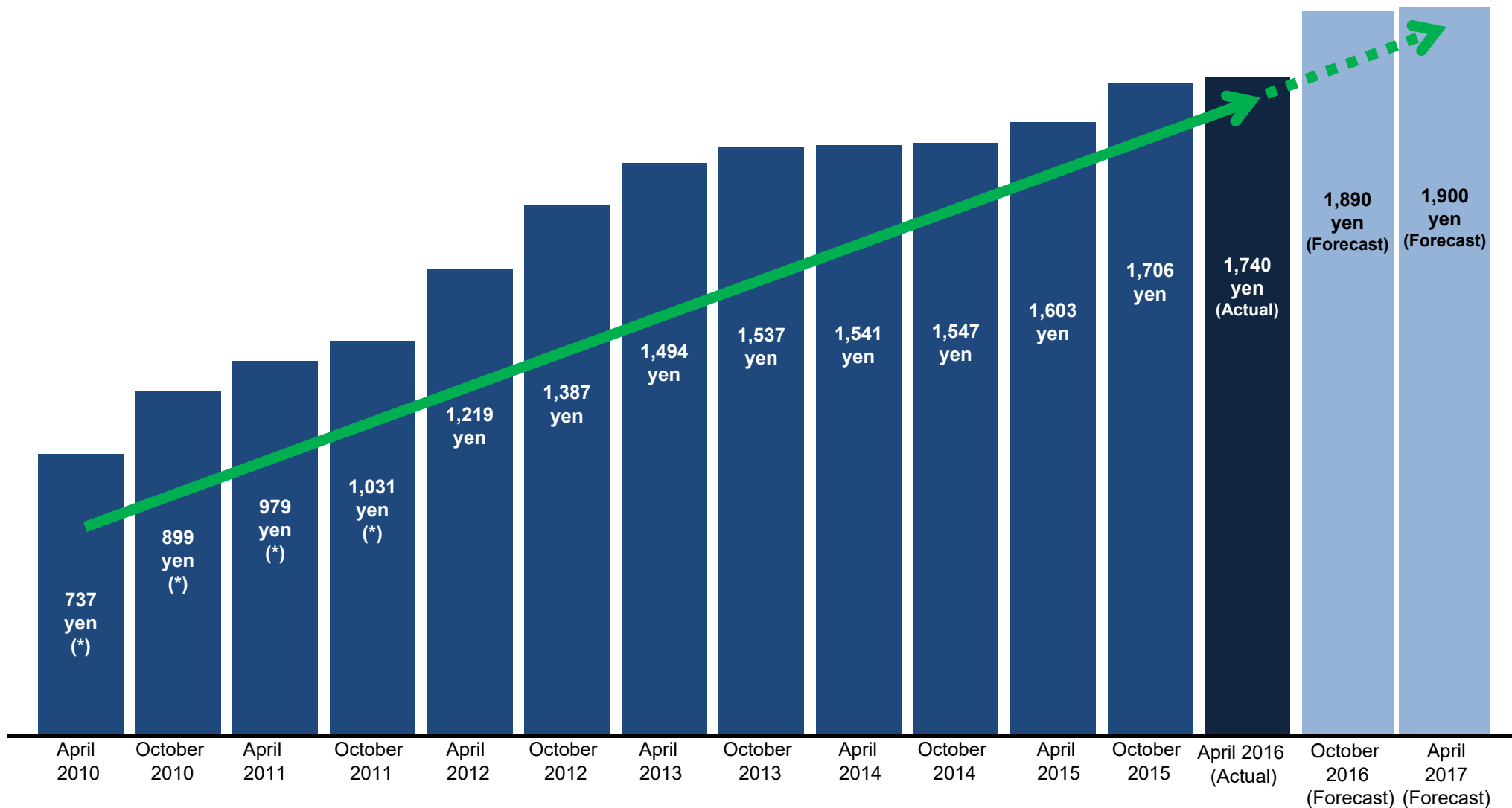
14 Hotel Assets (JPY 38B) on Ichigo balance sheet & 7 Assets (JPY 11B) in Highly-Likely Acquisition Pipeline as of Sep 30, 2016

- ✓ Major cities: Yokohama, Osaka, Nagoya, Fukuoka, Kumamoto, etc.
- ✓ New hotel development with operators in-place
- ✓ Acquiring existing assets via Ichigo proprietary sourcing routes



# 12 Consecutive Periods of Dividend Growth – No. 1 vs. All J-REITs

Currently Forecasting 14 Consecutive Periods of Dividend Growth



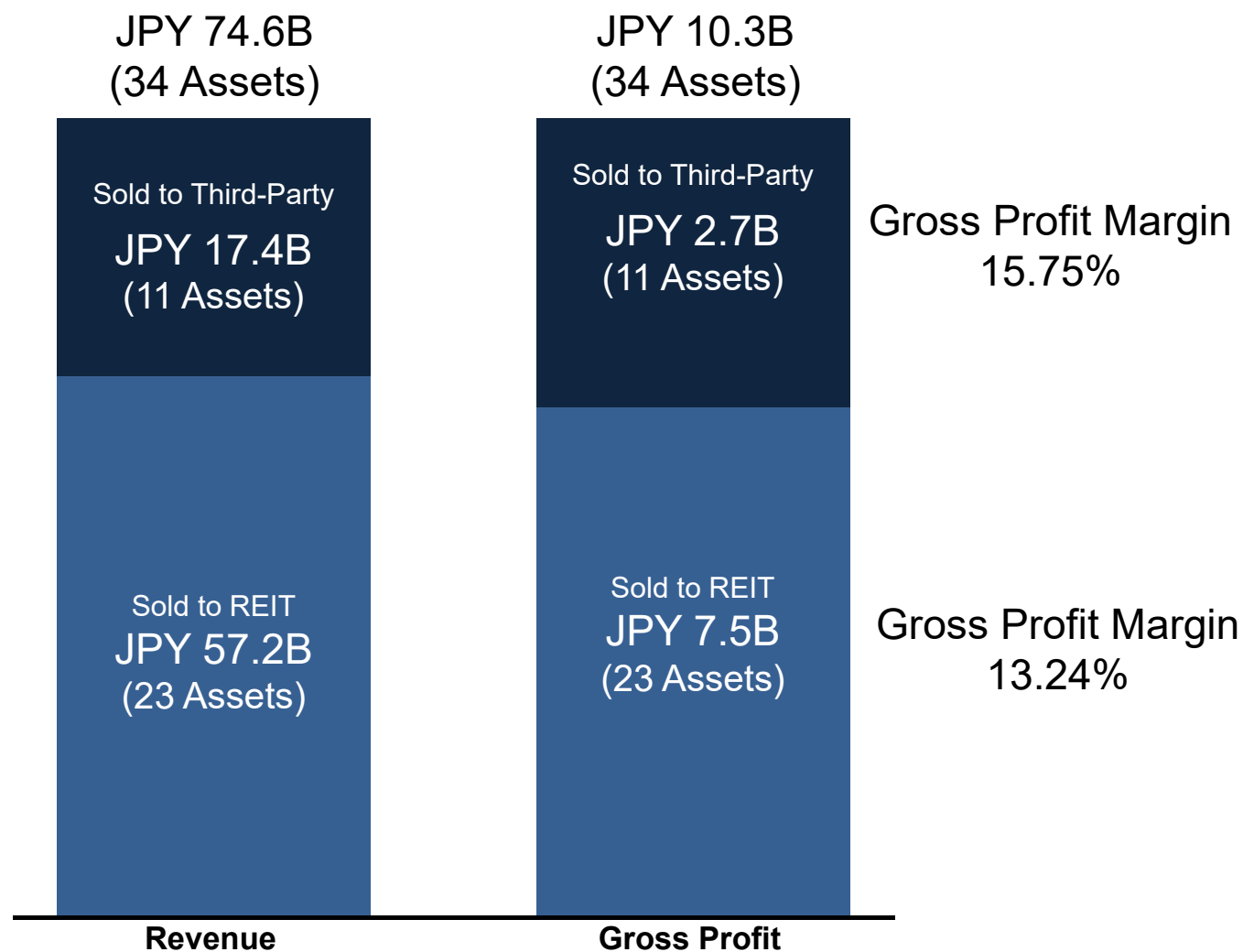
\* Adjusted to reflect stock split on November 1, 2011



# Value-Add Driving Earnings

In Addition to Rental Income from Value-Add Assets of JPY 5.1B,  
Sale of 34 Value-Add Assets Generated JPY 10.3B Profit

FY17/2 H1 Value-Add Asset Sales



# Hotel Value-Add Capex (1)

Comfort Hotel Osaka Shinsaibashi: JPY 250M Capex to add 21 new guest rooms

- Centrally-located hotel close to tourist attractions, generating significant demand from both business travelers and tourists
- Moved the front desk from the 3<sup>rd</sup> floor to the 2<sup>nd</sup> floor, which was previously occupied by a restaurant tenant, and added 9 new rooms on the 2<sup>nd</sup> floor
- Renovation completed without interfering with regular hotel operations

	Before Renovation	After Renovation
3F	<ul style="list-style-type: none"> <li>• Lobby, Front Desk</li> </ul>	<ul style="list-style-type: none"> <li>• Guest Room Floor                             <ul style="list-style-type: none"> <li>✓ Moved lobby and front desk to the 2<sup>nd</sup> floor. Added 12 new guest rooms.</li> </ul> </li> </ul>
2F	<ul style="list-style-type: none"> <li>• Restaurant                             <ul style="list-style-type: none"> <li>✓ Tenant move-out</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Conversion to Lobby and Front Desk                             <ul style="list-style-type: none"> <li>✓ Breakfast corner</li> <li>✓ 9 new guest rooms</li> <li>✓ Dedicated elevator from lobby to guest room floors                                     <ul style="list-style-type: none"> <li>- Guests must pass in front of the front desk to reach guest room floors, thus improving security</li> </ul> </li> </ul> </li> </ul>
1F	<ul style="list-style-type: none"> <li>• Entrance                             <ul style="list-style-type: none"> <li>✓ Low visibility, facing the side street instead of the main street</li> <li>✓ Elevator directly from the entrance to guest rooms, resulting in security concerns</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Entrance                             <ul style="list-style-type: none"> <li>✓ Moved entrance to face the main street, improving visibility</li> <li>✓ Elevator connecting the entrance and lobby only</li> </ul> </li> </ul>

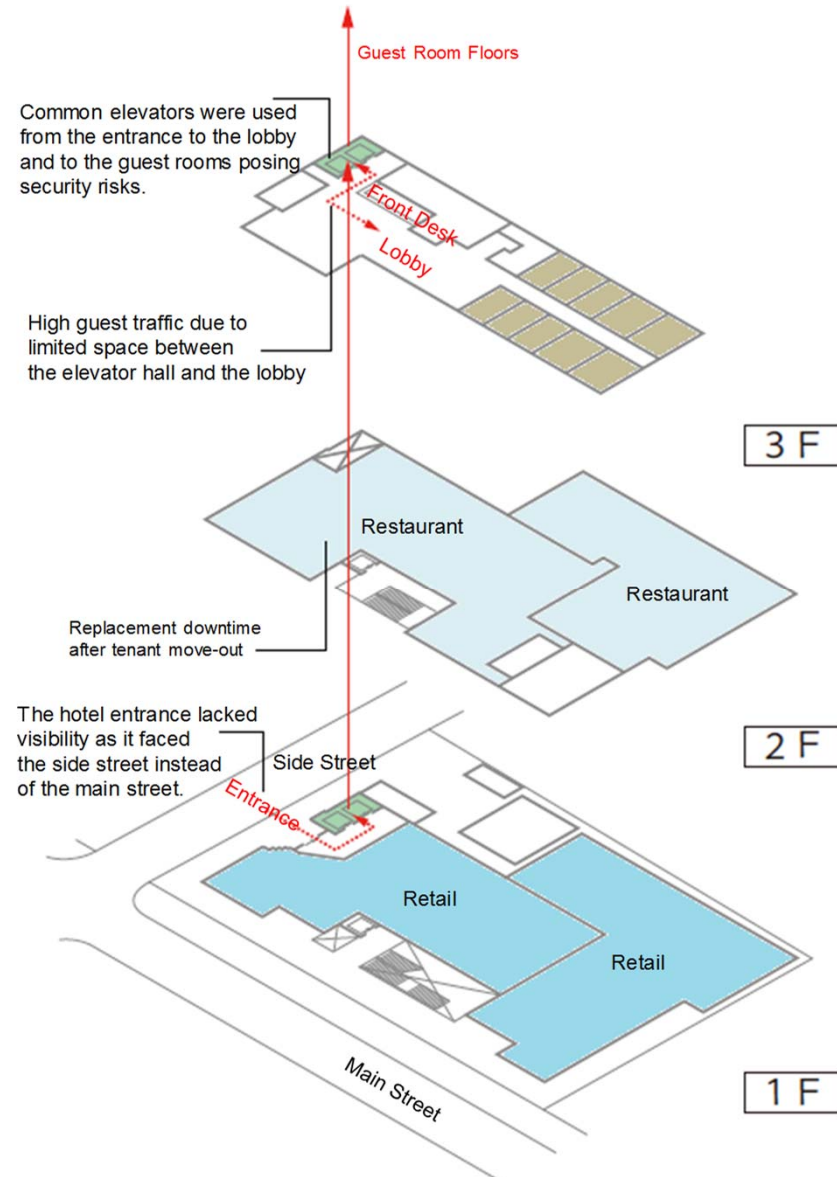
## Changes in RevPAR and Revenue

	Before Renewal (Sep 2015 - Mar 2016)	After Renewal (Apr 2016 - Aug 2016)	Change
RevPAR (JPY)	8,073	8,413	+4.2%
Monthly Revenue (JPY million)	48.0	55.9	+16.5%

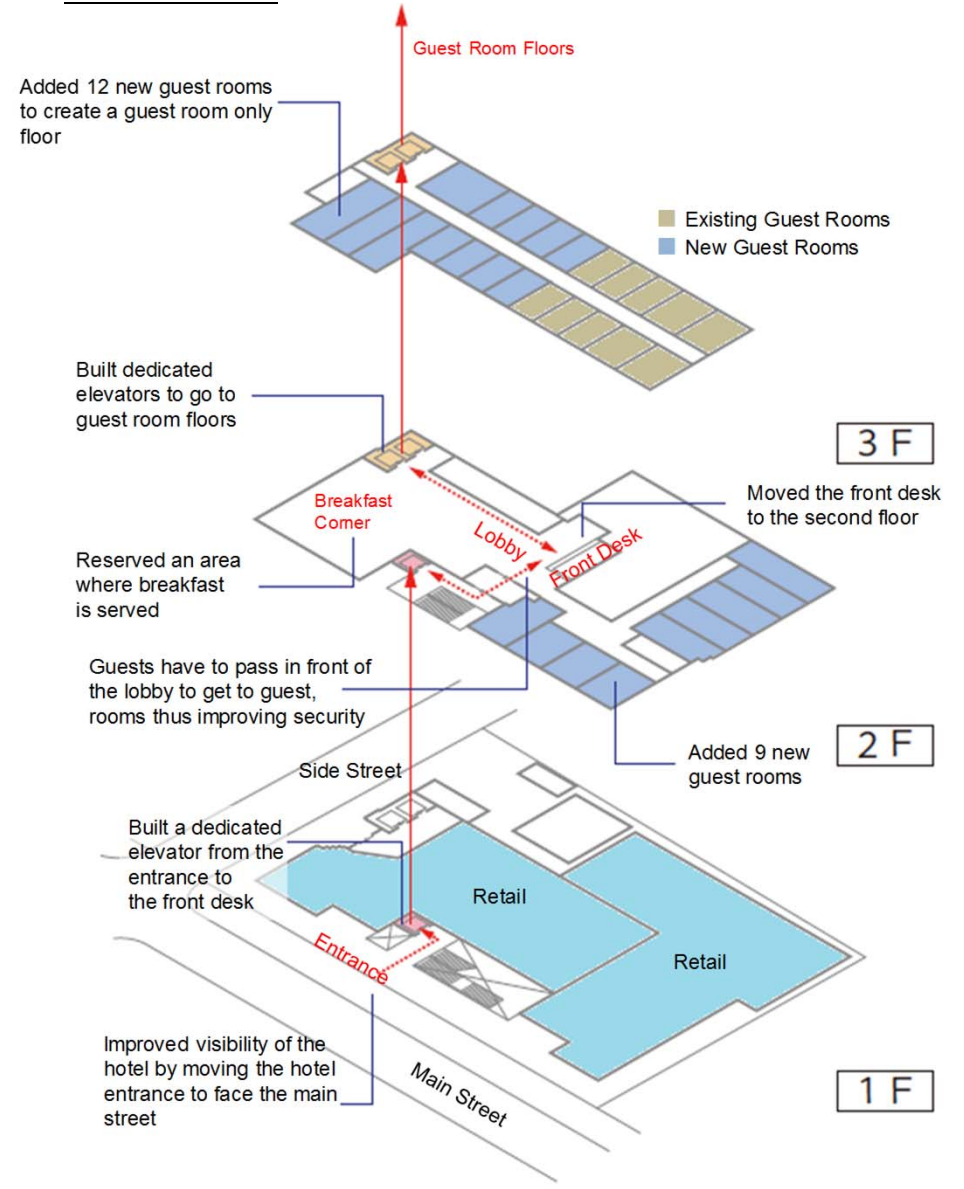
# Hotel Value-Add Capex (2)

## Comfort Hotel Osaka Shinsaibashi

### Before Renovation



### After Renovation





# Expanding Value-Add Business to Large-Size Office Buildings

Acquisition of Tradepia Odaiba announced on October 11, 2016

Name	Tradepia Odaiba
Location	2-Chome, Daiba, Minato-ku, Tokyo
Transportation	3-minute walk from Tokyo Teleport Station on the Tokyo Rinkai Line
Land Area	12,910.26 m <sup>2</sup>
Total Floor Area	76,580.43 m <sup>2</sup>
Zoning	Commercial
Structure	Steel & Steel-Reinforced Concrete, 23 Floors plus 2 Basement Floors
Builder	Joint Venture of Shimizu, Taisei, and Obayashi
Date Built	February 2001



# Clean Energy Business Growth

## Expected Listing of Ichigo Green Infrastructure Investment Corporation

- ✓ Tax-advantaged solar ETF that will offer shareholders an opportunity to invest in the rapidly expanding green infrastructure asset class
- ✓ Green, safe, and contributes to Japan's energy self-sufficiency
- ✓ Ichigo Investment Advisors, the asset manager of Ichigo Office REIT (8975) and Ichigo Hotel REIT (3463), will be the asset manager
- ✓ Targeting listing on the ETF on TSE's new infrastructure fund market by Feb 2017

## New Public Bid Wins

- ✓ Ichigo ECO Energy was chosen by Tsu City (Mie Prefecture) in a public bid to develop a solar plant on city-owned land that was formerly an incineration plant (June 2016)
  - Construction start: April 2017 (forecast); Panel output: 2.8 MW
  - Charitable contributions to the local community: Ichigo donating 2% of annual solar power revenue, clean energy vehicle, and fast-charging station to Tsu City
- ✓ First-ever Ichigo mandate for a floating solar power plant

## Wind Power Development

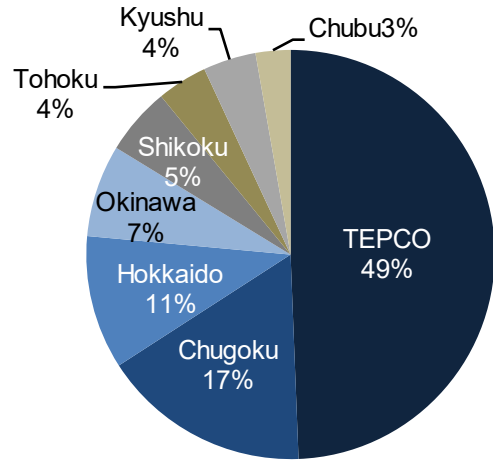
- ✓ All projects on track; Projects in Chiba and Yamagata in detailed simulation/design phase
- ✓ Growing project pipeline

No.	Location	Expected Output	Wind Data Survey
1	Chiba	4.0MW	Completed
2	Yamagata	7.5MW	In Progress
3	Iwate	7.5MW	In Progress
4	Iwate	7.5MW	In Progress
5	Mie	7.5MW	In Progress

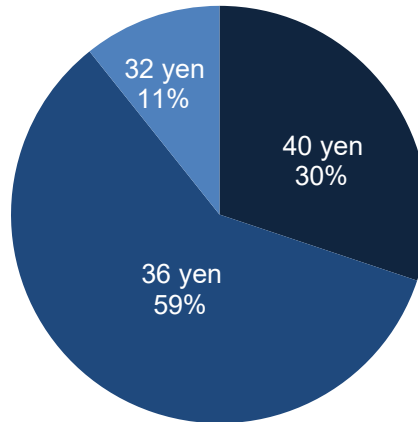


# National Solar Power Plant Portfolio (2)

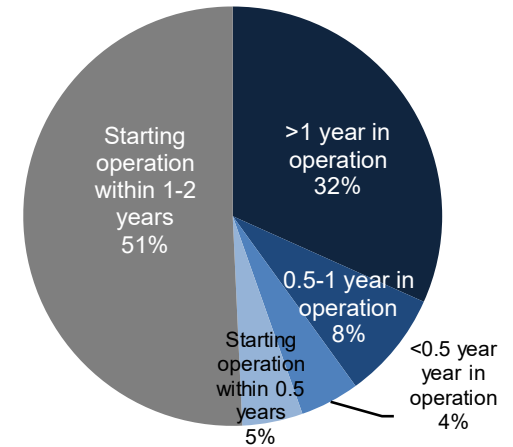
■ By Customer  
(Electric Power Utility Co)



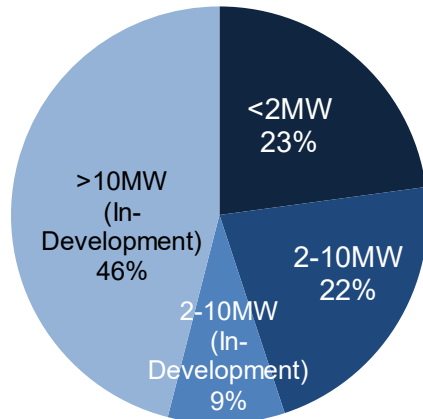
■ By Feed-in-Tariff



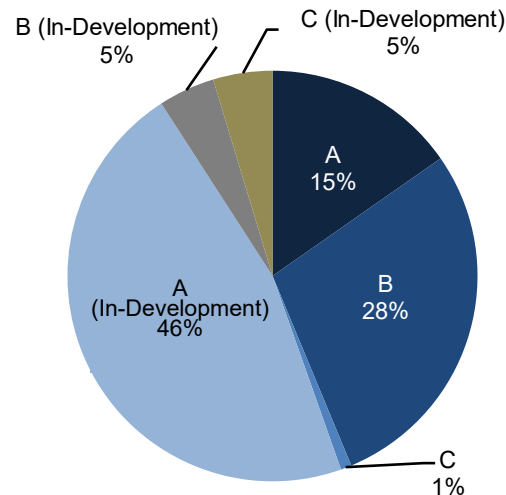
■ By Operating Timeline



■ By Output



■ By Solar Intensity



Rank	Solar Intensity
A	$\geq 4.00$
B	$\geq 3.75, < 4.00$
C	$\geq 3.50, < 3.75$
D	$< 3.50$

Unit: (kWh/m<sup>2</sup> per day)

As of October 14, 2016

# JPX-Nikkei Index 400 Inclusion

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Index Composed of Companies that Meet Global Investor Standards for Efficient Use of Capital and Strong Corporate Governance

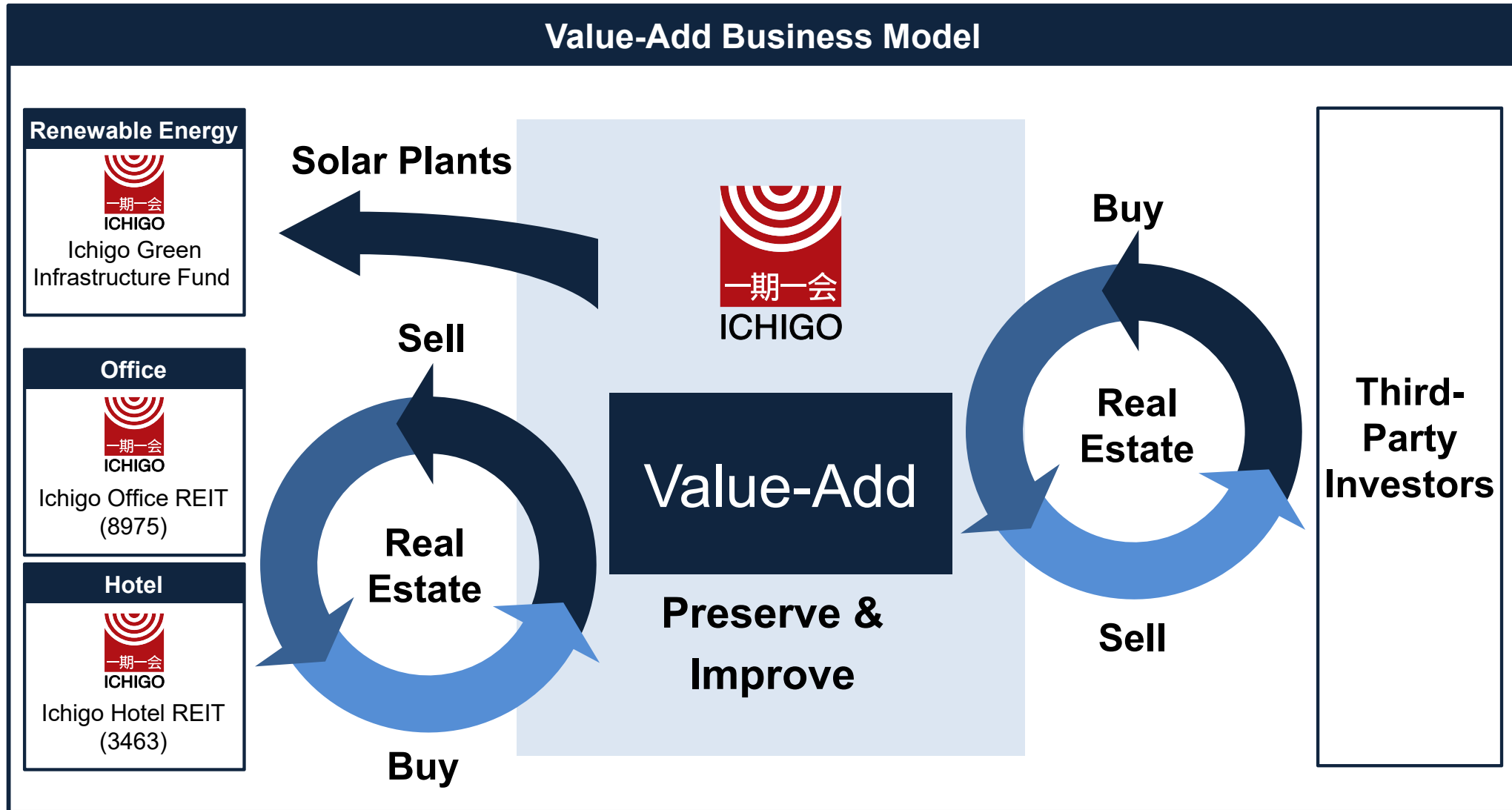
- ✓ Ichigo successfully entered in August 2016
- ✓ In its new mid-term plan Power Up 2019, Ichigo targeting ranking in the Index's top 200 companies by August 2019 (the final year of Power Up 2019)

## Appendix: Financial & Real Estate Data

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# Powerful Value-Add Business Model

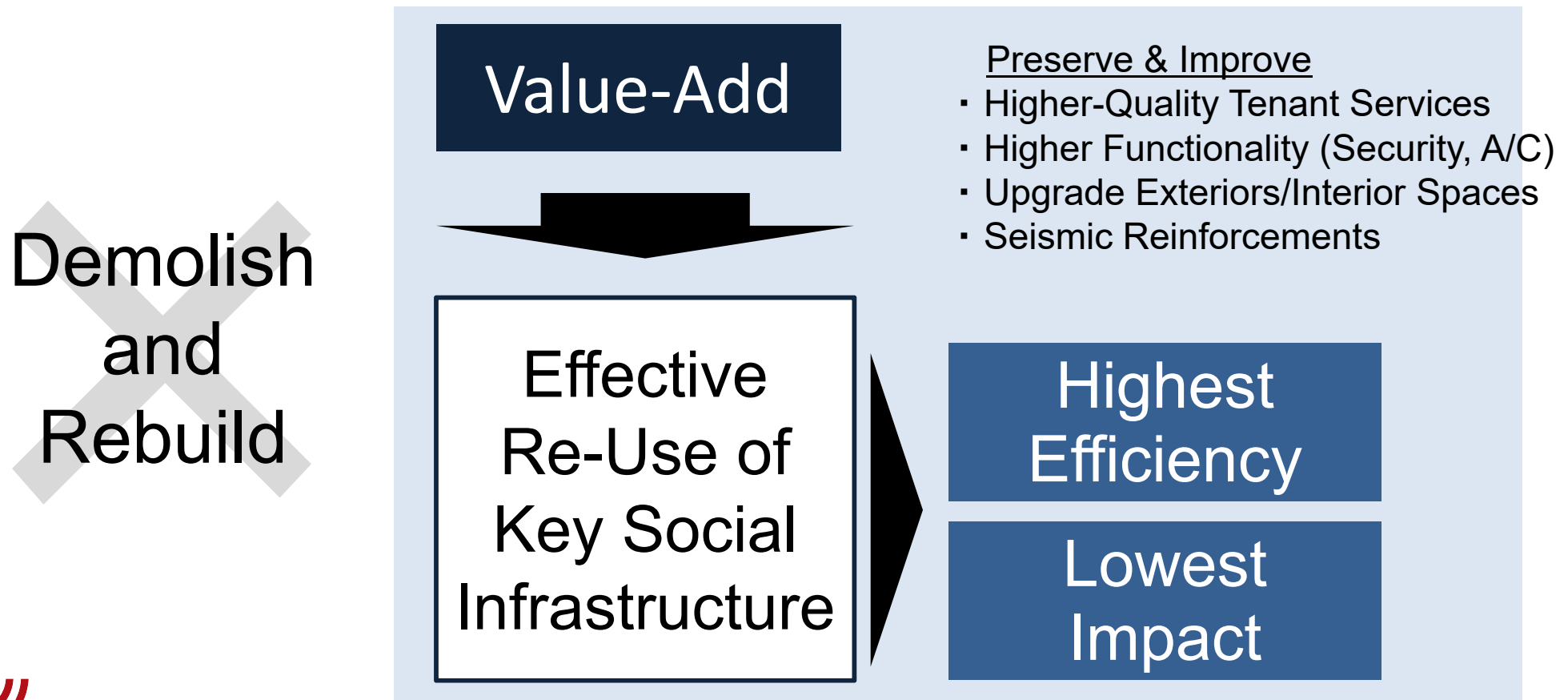
## Significant Synergies between Ichigo's Value-Add and Asset Management Businesses



# Sustainable Real Estate Serving a Sustainable Society

End Demolish and Rebuild and Embrace Value-Add

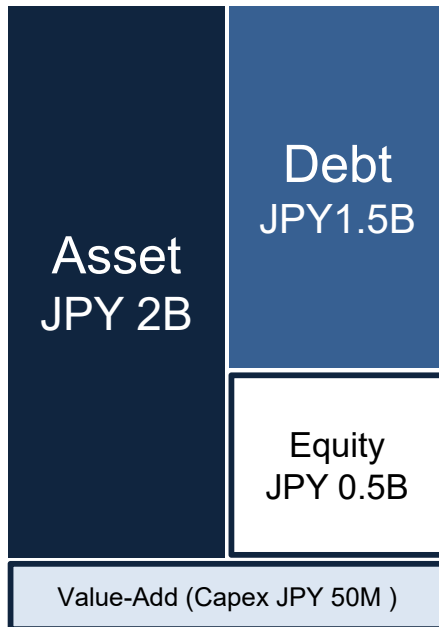
- Preserve and enhance high-function real estate
- Lengthen useful life and improve quality of existing assets





# Value-Add Sample Earnings Model

5.5% NOI, JPY 2B purchase, LTV 75%, 1.5% interest rate on borrowings, JPY 50M Capex, 15% increase in NOI, 3-year Value-Add period



## NOI at Acquisition

$(\text{JPY } 110\text{M NOI/year}) - (\text{JPY } 22.5\text{M interest/year}) = \text{JPY } 87.5\text{M NOI/year}$   
 $\text{NOI} \div \text{Initial Investment} = 17.5\% \text{ NOI return during investment period}$

## NOI after Value-Add

$(\text{JPY } 126.5\text{M NOI/year}) - (\text{JPY } 22.5\text{M interest/year}) = \text{JPY } 104\text{M NOI/year}$   
 $\text{NOI} \div \text{Total Investment (JPY } 500\text{M} + \text{JPY } 50\text{M}) = 18.9\% \text{ NOI return during investment period}$

## Value-Add for Capital Gain

The 15% increase in NOI at an equivalent cap rate increases the exit price by 15%:  $\text{JPY } 2\text{B} * 115\% = \text{JPY } 2.3\text{B}$   
 $\text{JPY } 2.3\text{B} - (\text{JPY } 2\text{B} + \text{JPY } 50\text{M}) = \text{JPY } 250\text{M capital gain}$

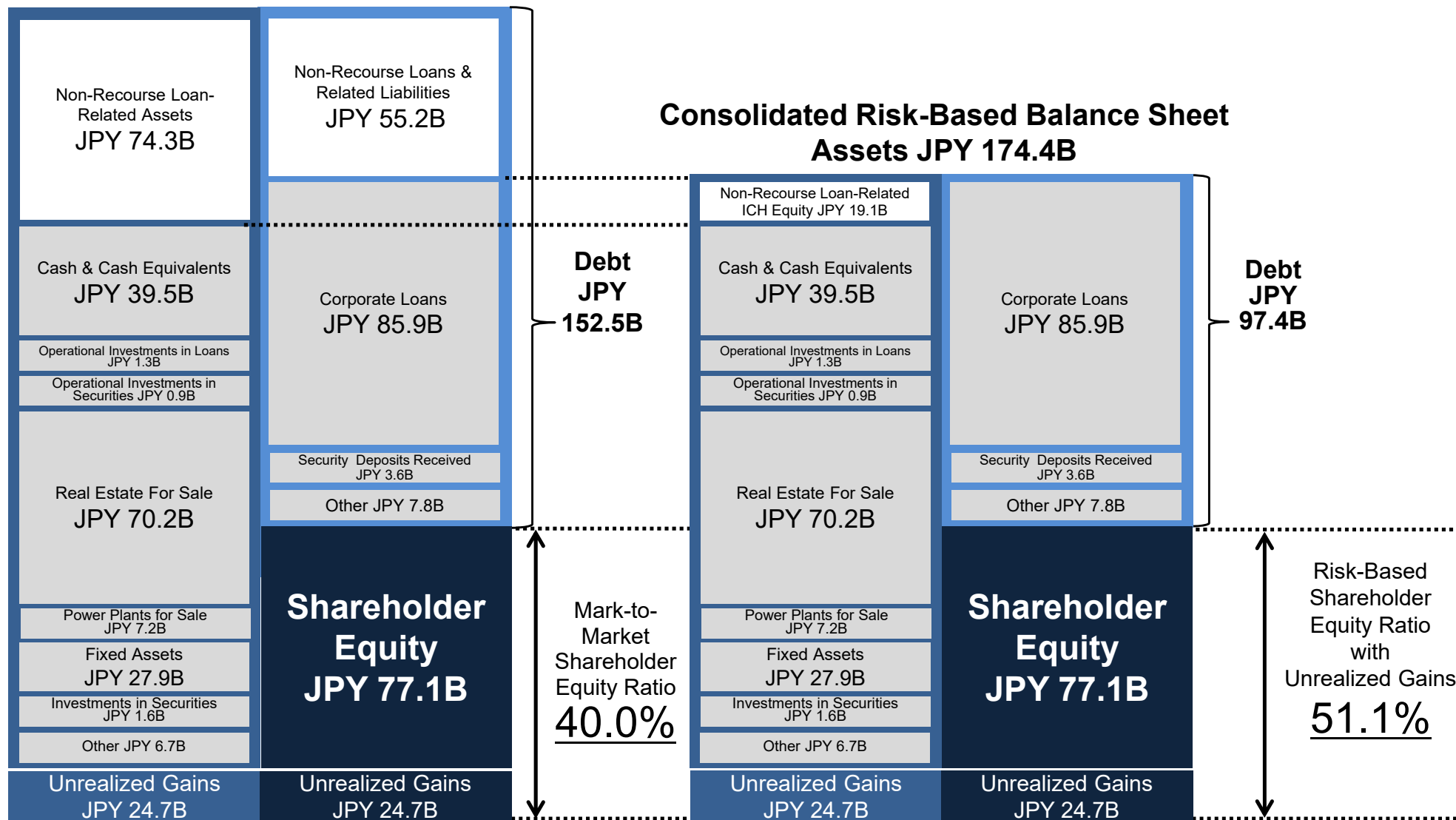
## Result

JPY 550M investment generates JPY 512.5M over 3 years → 31.1% p.a.

# Consolidated Risk-Based Balance Sheet

**Mark-to-Market Consolidated Balance Sheet: JPY 254.3B**  
**(Book Value JPY 229.6B + Unrealized Gains JPY 24.7B)**

As of August 31, 2016



Note: Risk-Based Balance Sheet excludes client and non-recourse assets and liabilities.

# Significant Unrealized Gains on Balance Sheet

## Total Unrealized Gains: JPY 24.5B (Appraisal Value Basis)

### Real estate directly held by Ichigo

(Million Yen)

Location	Book Value as of Aug 31, 2016	NOI	Cap Rate NOI/Book Value after write-down	Appraisal Value as of Aug 31, 2016	Unrealized Gain
Tokyo	67,204	3,963	5.9%	80,073	+12,869
Outside Tokyo	77,729	5,125	6.7%	89,078	+11,349
<b>Total</b>	<b>144,933</b>	<b>9,088</b>	<b>6.3%</b>	<b>169,151</b>	<b>+24,218</b>

Note: Excludes development assets (c. JPY 371 million) which are not currently generating NOI and includes intangible fixed assets subject to appraisal (c. JPY 62 million)

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

(Million Yen)

	Book Value as of Aug 31, 2016	Appraisal Value as of Aug 31, 2016	Unrealized Gains
Equity Investments (Non-consolidated)	—	—	—
Equity Investments (Consolidated)	1,032	1,350	+317
<b>Total</b>	<b>1,032</b>	<b>1,350</b>	<b>+317</b>

# Business Segments

<b>Asset Management</b>	<p><u>Asset Management</u> generates fee income via management of Ichigo Office REIT (8975), Ichigo Hotel REIT (3463), and private funds and providing real estate services related to real estate acquisition, operation (PM/BM), and disposition.</p>
<b>Value-Add</b>	<p><u>Value-Add</u> preserves and improves real estate. Ichigo receives rental income during the period in which it is carrying out its value-add, along with profits on sale that reflect the real estate's higher value after the value-add is complete.</p>
<b>Clean Energy</b>	<p><u>Clean Energy</u> is utility-scale solar power production that produces clean energy and brings productive use to idle land.</p>
<b>Other</b>	<p><u>Other</u> is primarily legacy securities investments that are not related to the above three segments.</p>

# Consolidated Balance Sheet

(Million Yen)

	FY16/2	FY 17/2 Q1	FY 17/2 H1		Quarter-on-Quarter	Market Value	Unrealized Gain	Unrealized Gain on Listed Securities <sup>2</sup>
		B/S	B/S	Outside Investors' Interest				
<b>Cash and Cash Equivalents</b>	<b>28,779</b>	<b>35,183</b>	<b>46,473</b>	<b>557</b>	<b>+11,290</b>	<b>46,473</b>	<b>—</b>	<b>—</b>
<b>Operating Loans Receivable (Value-Add)</b>	<b>1,324</b>	<b>1,324</b>	<b>1,324</b>	<b>—</b>	<b>—</b>	<b>1,324</b>	<b>—</b>	<b>—</b>
<b>Operational Investments in Securities</b>	<b>1,784</b>	<b>2,617</b>	<b>880</b>	<b>—</b>	<b>-1,737</b>	<b>880</b>	<b>—</b>	<b>+1</b>
Value-Add	844	1,707	134	—	-1,573	134	—	—
Other	939	910	746	—	-164	746	—	+1
<b>Real Estate for Sale (Value-Add)</b>	<b>172,833</b>	<b>159,384</b>	<b>135,193</b>	<b>3,013</b>	<b>-24,191</b>	<b>158,800</b>	<b>+22,832</b>	<b>—</b>
<b>Power plants for sale (Clean Energy)</b>	<b>—</b>	<b>—</b>	<b>7,251</b>	<b>—</b>	<b>+7,251</b>	<b>7,251</b>	<b>—</b>	<b>—</b>
<b>Fixed Assets</b>	<b>31,546</b>	<b>33,020</b>	<b>29,624</b>	<b>—</b>	<b>-3,396</b>	<b>31,472</b>	<b>+1,848</b>	<b>—</b>
Asset Management	39	37	29	—	-8	29	—	—
Value-Add	15,897	15,845	15,792	—	-53	17,640	+1,848	—
Clean Energy	15,560	17,094	13,748	—	-3,346	13,748	—	—
Other <sup>1</sup>	48	42	54	—	+12	54	—	—
<b>Intangible Assets</b>	<b>2,373</b>	<b>2,398</b>	<b>2,032</b>	<b>—</b>	<b>-366</b>	<b>2,032</b>	<b>—</b>	<b>—</b>
<b>Investments in Securities</b>	<b>5,486</b>	<b>1,734</b>	<b>1,583</b>	<b>—</b>	<b>-151</b>	<b>1,583</b>	<b>—</b>	<b>+254</b>
<b>Other</b>	<b>7,628</b>	<b>8,373</b>	<b>5,247</b>	<b>8</b>	<b>-3,126</b>	<b>5,247</b>	<b>—</b>	<b>—</b>
<b>Total Assets</b>	<b>251,757</b>	<b>244,037</b>	<b>229,612</b>	<b>3,578</b>	<b>-14,425</b>	<b>255,067</b>	<b>+24,681</b>	<b>+255</b>

<sup>1</sup> Other refers to company assets that are not allocated to or cannot be allocated to any of the three business segments

<sup>2</sup> 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	Power Plants for Sale	Fixed Assets	Intangible Assets	Investments in Securities	Other Assets	Total Assets
Asset Management	432	—	—	—	—	29	1,578	—	559	<b>2,599</b>
Value-Add	12,356	1,324	134	135,193	—	15,792	167	—	2,787	<b>167,756</b>
Clean Energy	1,970	—	—	—	7,251	13,748	258	—	1,099	<b>24,328</b>
Other	98	—	746	—	—	—	—	1,583	-417	<b>2,011</b>
Company-Wide Assets	31,616	—	—	—	—	54	27	—	1,218	<b>32,917</b>
<b>Total</b>	<b>46,473</b>	<b>1,324</b>	<b>880</b>	<b>135,193</b>	<b>7,251</b>	<b>29,624</b>	<b>2,032</b>	<b>1,583</b>	<b>5,247</b>	<b>229,612</b>

# Consolidated P&L: Gross Profit Segment Breakdown

(Million Yen)

Segment	Revenue			Gross Profit			YOY (Gross Profit)
	FY16/2 H1	FY17/2 H1	Change	FY16/2 H1	FY17/2 H1	Change	
<b>Asset Management</b>	<b>2,964</b>	<b>2,460</b>	<b>-503</b>	<b>2,067</b>	<b>1,558</b>	<b>-509</b>	<b>- 24.6%</b>
Asset Management Fees	806	1,107	+301	800	1,102	+302	+37.8%
PMBM Fees	1,080	1,119	+39	237	230	-7	- 3.0%
Other	1,077	233	-844	1,030	225	-804	- 78.1%
<b>Value-Add</b>	<b>10,758</b>	<b>82,305</b>	<b>+71,546</b>	<b>4,656</b>	<b>15,428</b>	<b>+10,772</b>	<b>+231.4%</b>
Rental Income	5,509	7,627	+2,118	3,443	5,113	+1,669	+48.5%
Asset Sales	5,249	74,677	+69,427	1,212	10,314	+9,101	+750.6%
<b>Clean Energy</b>	<b>870</b>	<b>1,214</b>	<b>+344</b>	<b>434</b>	<b>584</b>	<b>+150</b>	<b>+34.6%</b>
<b>Other</b>	<b>13</b>	<b>10</b>	<b>-2</b>	<b>4</b>	<b>-102</b>	<b>-107</b>	<b>-</b>
<b>Total</b>	<b>14,607</b>	<b>85,991</b>	<b>+71,384</b>	<b>7,163</b>	<b>17,468</b>	<b>+10,305</b>	<b>+143.9%</b>

# Consolidated P&L: Results vs. Forecast

(Million Yen)

Segment	FY17/2 H1 (6M)						FY17/2 Full-Year Forecast (12M)		
	Revenue	% of Full-Year Forecast	Gross Profit	% of Full-Year Forecast	Operating Profit	% of Full-Year Forecast	Revenue	Gross Profit	Operating Profit
<b>Asset Management</b>	<b>2,460</b>	<b>48.4%</b>	<b>1,558</b>	<b>52.0%</b>	<b>1,473</b>	<b>61.7%</b>	<b>5,079</b>	<b>2,999</b>	<b>2,386</b>
Asset Management Fees	1,107	49.9%	1,102	49.9%	—	—	2,219	2,209	—
PMBM Fees	1,119	43.2%	230	43.3%	—	—	2,588	531	—
Other	233	86.2%	225	87.1%	—	—	271	259	—
<b>Value-Add</b>	<b>82,305</b>	<b>75.3%</b>	<b>15,428</b>	<b>86.6%</b>	<b>13,092</b>	<b>96.8%</b>	<b>109,297</b>	<b>17,820</b>	<b>13,530</b>
Rental Income	7,627	57.2%	5,113	58.6%	—	—	13,346	8,727	—
Asset Sales	74,677	77.8%	10,314	113.4%	—	—	95,950	9,093	—
<b>Clean Energy</b>	<b>1,214</b>	<b>10.9%</b>	<b>584</b>	<b>19.1%</b>	<b>351</b>	<b>13.5%</b>	<b>11,152</b>	<b>3,065</b>	<b>2,608</b>
<b>Other</b>	<b>10</b>	<b>15.2%</b>	<b>-102</b>	<b>—</b>	<b>-135</b>	<b>—</b>	<b>71</b>	<b>-18</b>	<b>-84</b>
<b>Total</b>	<b>85,991</b>	<b>68.5%</b>	<b>17,468</b>	<b>73.2%</b>	<b>14,781</b>	<b>80.2%</b>	<b>125,600</b>	<b>23,867</b>	<b>18,440</b>
Adjustment (including offsets of cross-segment transactions)	—	—	—	—	202	—	—	—	59
<b>Total</b>	<b>85,991</b>	<b>68.5%</b>	<b>17,468</b>	<b>73.2%</b>	<b>14,984</b>	<b>81.0%</b>	<b>125,600</b>	<b>23,867</b>	<b>18,500</b>



# Asset Management AUM Detail

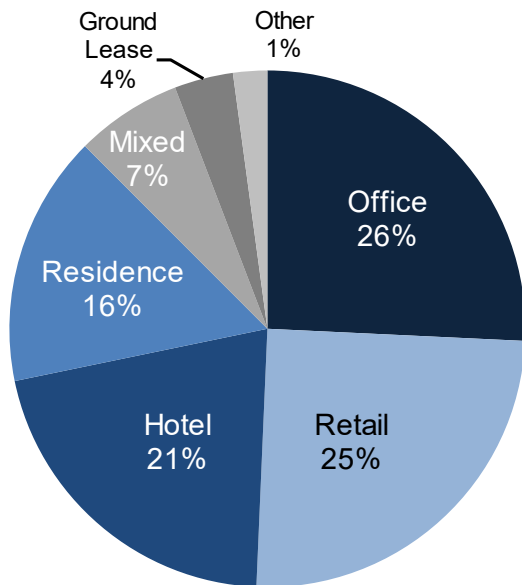
		FY12/2 (12M)	FY13/2 (12M)	FY14/2 (12M)	FY15/2 (12M)	FY16/2 (12M)	FY17/2 H1 (6M)
Ichigo Office REIT (8975)	AUM (Fiscal Year End)	JPY 106.1B	JPY 104.3B	JPY 120.5B	JPY 123.8B	JPY 165.1B	JPY 191.9B
	AM Fee % (Average)	0.61%	0.63%	0.65%	0.65%	0.64%	0.67%
	AM Fee Gross Profit (Actual)	JPY 719mm	JPY 663mm	JPY 733mm	JPY 759mm	JPY 1,016mm	JPY 615mm
Ichigo Hotel REIT (3463)	AUM (Fiscal Year End)	—	—	—	—	JPY 20.4B	JPY 47.6B
	AM Fee % (Average)	—	—	—	—	0.59%*	0.78%
	AM Fee Gross Profit (Actual)	—	—	—	—	JPY 30mm	JPY 97mm
Private Equity Real Estate Funds (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 213.3B	JPY 169.7B	JPY 63.3B	JPY 21.5B	JPY 15.4B	JPY 15.4B
	AM Fee % (Average)	0.15%	0.15%	0.26%	0.37%	0.32%	0.26%
	AM Fee Gross Profit (Actual)	JPY 284mm	JPY 285mm	JPY 257mm	JPY 114mm	JPY 60mm	JPY 20mm
Total	AUM (Fiscal Year End)	JPY 319.3B	JPY 274.1B	JPY 183.8B	JPY 145.3B	JPY 200.9B	JPY 255.0B
	AM Fee % (Average)	0.33%	0.33%	0.47%	0.59%	0.61%	0.66%
	AM Fee Gross Profit (Actual)	JPY 1,004mm	JPY 948mm	JPY 989mm	JPY 872mm	JPY 1,106mm	JPY 733mm

\* Annualized

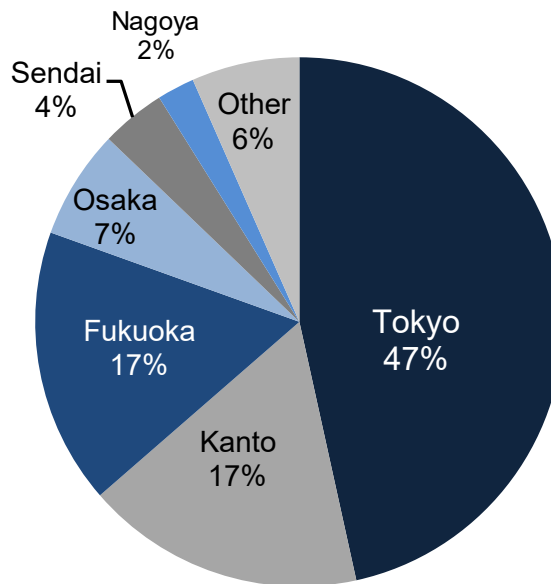
# Ichigo-Owned Real Estate Portfolio

As of August 31, 2016

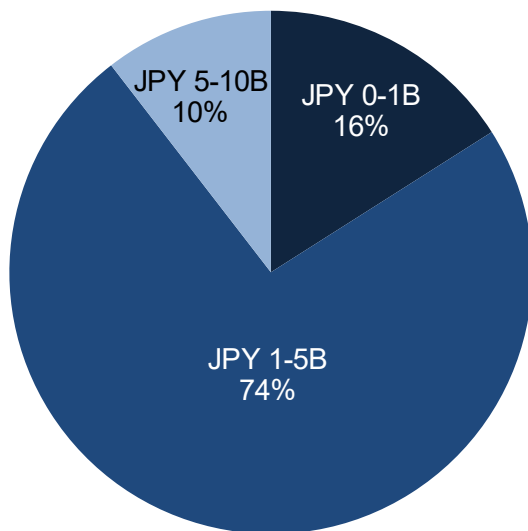
**Assets by Type**



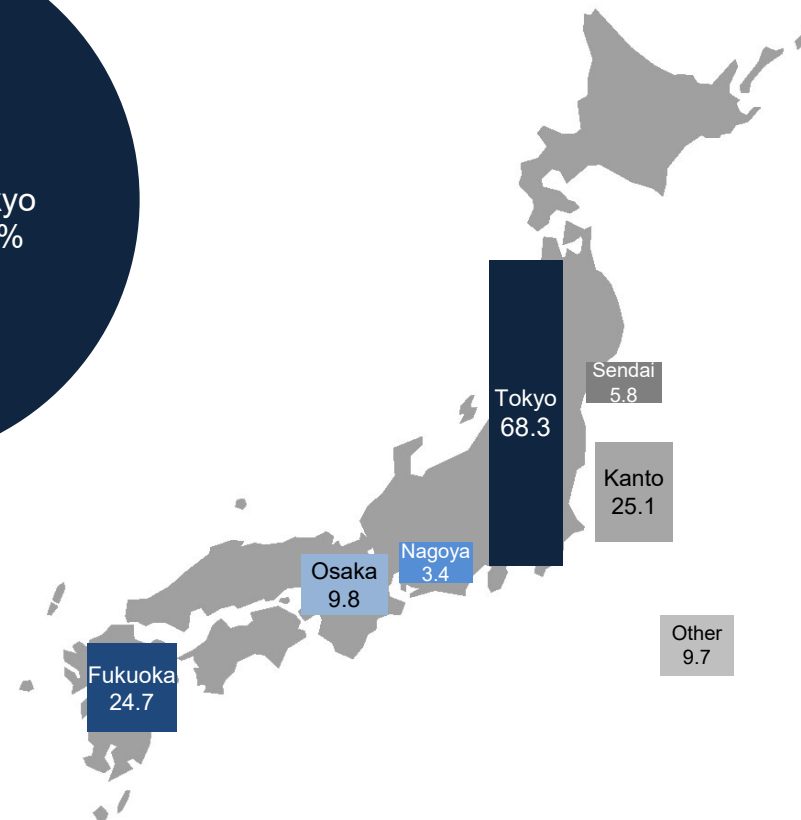
**Assets by Location**



**Assets by Size**



(Billion Yen)



**Total Ichigo-Owned Assets: JPY 146.8B**

**Including Ichigo-Managed AUM: JPY 407.6B**  
(Acquisition price basis)



# Value-Add Asset Breakdown (1)

86 Assets, Book Value JPY 146.8B, Forecast NOI JPY 9.0B (6.2% Yield)

No.	Asset Type	Classification	Location	Building Age	Acquisition Price	Acquisition Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
1	Other	Fixed Asset	Matsudo City, Chiba	44 years	JPY 2B-3B	2005/06	JPY 230mm	JPY 1,900mm	—	—
2	Retail	Real Estate for Sale	Minato-ku, Tokyo	47 years	JPY 2B-3B	2005/10	JPY 131mm	JPY 1,033mm	—	—
3	Retail	Real Estate for Sale	Minato-ku, Tokyo	31 years	≥JPY 3B	2006/03	JPY 167mm	JPY 1,356mm	—	—
4	Retail	Real Estate for Sale	Yokohama City, Kanagawa	11 years	JPY 1B-2B	2006/09	JPY 57mm	JPY 1,157mm	—	—
5	Office	Real Estate for Sale	Sendai City, Miyagi	8 years	≥JPY 3B	2006/10	JPY 265mm	JPY 1,042mm	—	—
6	Office	Real Estate for Sale	Fukuoka City, Fukuoka	8 years	≥JPY 3B	2006/12	JPY 389mm	JPY 1,339mm	—	—
7	Other	Fixed Asset	Isumi City, Chiba	—	JPY 1B-2B	2007/02	—	JPY 1,055mm	—	—
9	Residence	Real Estate for Sale	Ota-ku, Tokyo	11 years	<JPY 1B	2007/04	JPY 57mm	JPY 403mm	—	—
10	Retail	Real Estate for Sale	Chiyoda-ku, Tokyo	36 years	<JPY 1B	2007/06	JPY 85mm	JPY 240mm	—	—
11	Retail	Real Estate for Sale	Chiyoda-ku, Tokyo	35 years	<JPY 1B	2007/06	JPY 119mm	JPY 233mm	—	—
12	Retail	Real Estate for Sale	Chiyoda-ku, Tokyo	52 years	JPY 2B-3B	2007/06	JPY 249mm	JPY 554mm	—	—
13	Office	Real Estate for Sale	Minato-ku, Tokyo	43 years	≥JPY 3B	2007/11	JPY 314mm	JPY 2,049mm	—	—
14	Ground Lease	Real Estate for Sale	Atsugi City, Kanagawa	—	JPY 1B-2B	2011/06	JPY 176mm	JPY 147mm	—	—
15	Mixed (Office/Retail)	Real Estate for Sale	Hiratsuka City, Kanagawa	20 years	<JPY 1B	2012/02	JPY 83mm	JPY 172mm	—	—
16	Retail	Real Estate for Sale	Yokohama City, Kanagawa	2 years	<JPY 1B	2012/10	JPY 32mm	JPY 171mm	—	—

<sup>1</sup> 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.

<sup>2</sup> 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 Asset Breakdown (2)

No.	Asset Type	Classification	Location	Building Age	Acquisition Price	Acquisition Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
17	Retail	Fixed Asset	Toshima-ku, Tokyo	5 years	≥ JPY 3B	2013/03	JPY 228mm	JPY 340mm	—	—
18	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	30 years	<JPY 1B	2013/05	JPY 45mm	JPY 154mm	—	—
19	Mixed (Office/Retail)	Real Estate for Sale	Chofu City, Tokyo	31 years	JPY 1B-2B	2013/06	JPY 112mm	JPY 310mm	—	—
21	Residence	Real Estate for Sale	Minato-ku, Tokyo	0 years	<JPY 1B	2013/06	JPY 42mm	JPY 203mm	—	—
22	Residence	Real Estate for Sale	Osaka City, Osaka	13 years	<JPY 1B	2013/07	JPY 32mm	JPY 81mm	—	—
23	Residence	Real Estate for Sale	Osaka City, Osaka	9 years	<JPY 1B	2013/08	JPY 49mm	JPY 81mm	—	—
24	Office	Real Estate for Sale	Chiyoda-ku, Tokyo	25 years	JPY 1B-2B	2013/08	JPY 86mm	JPY 520mm	—	—
25	Residence	Real Estate for Sale	Osaka City, Osaka	11 years	<JPY 1B	2013/08	JPY 37mm	JPY 90mm	—	—
26	Retail	Fixed Asset	Kobe City, Hyogo	16 years	JPY 1B-2B	2013/09	JPY 145mm	JPY 616mm	—	—
27	Retail	Fixed Asset	Tokorozawa City, Saitama	8 years	JPY 1B-2B	2013/11	JPY 64mm	JPY 92mm	—	—
28	Ground Lease	Real Estate for Sale	Chiba City, Chiba	—	JPY 2B-3B	2014/02	JPY 128mm	JPY 342mm	—	—
29	Ground Lease	Real Estate for Sale	Fujisawa City, Kanagawa	—	JPY 1B-2B	2014/03	JPY 115mm	JPY 273mm	7.52 x	44.5%
30	Mixed (Office/Retail)	Real Estate for Sale	Shibuya-ku, Tokyo	32 years	<JPY 1B	2014/03	JPY 39mm	JPY 108mm	6.95 x	26.0%
31	Office	Real Estate for Sale	Shibuya-ku, Tokyo	5 years	JPY 1B-2B	2014/04	JPY 60mm	JPY 1,090mm	1.25 x	12.0%
32	Retail	Fixed Asset	Fukuoka City, Fukuoka	10 years	JPY 1B-2B	2014/04	JPY 59mm	JPY 279mm	—	—

<sup>1</sup> 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.

<sup>2</sup> 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 Asset Breakdown (3)

No.	Asset Type	Classification	Location	Building Age	Acquisition Price	Acquisition Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
33	Office	Real Estate for Sale	Shinagawa-ku, Tokyo	27 years	JPY 2B-3B	2014/05	JPY 155mm	JPY 530mm	2.04 x	20.0%
34	Office	Real Estate for Sale	Shinagawa-ku, Tokyo	23 years	JPY 1B-2B	2014/05	JPY 131mm	JPY 515mm	2.27 x	23.4%
35	Mixed (Office/Retail)	Real Estate for Sale	Minato-ku, Tokyo	7 years	JPY 2B-3B	2014/05	JPY 155mm	JPY 434mm	3.08 x	15.2%
36	Residence	Real Estate for Sale	Kumamoto City, Kumamoto	9 years	≥ JPY 3B	2014/06	JPY 213mm	JPY 476mm	3.52 x	19.0%
37	Retail	Real Estate for Sale	Minato-ku, Tokyo	44 years	<JPY 1B	2014/07	JPY 39mm	JPY 77mm	10.47 x	23.9%
38	Mixed (Office/Retail)	Real Estate for Sale	Shinjuku-ku, Tokyo	40 years	≥ JPY 3B	2014/07	JPY 201mm	JPY 645mm	3.32 x	21.1%
39	Retail	Fixed Asset	Fukuoka City, Fukuoka	12 years	<JPY 1B	2014/07	JPY 47mm	JPY 213mm	—	—
40	Retail	Fixed Asset	Fukuoka City, Fukuoka	31 years	<JPY 1B	2014/09	JPY 55mm	JPY 252mm	—	—
41	Hotel	Real Estate for Sale	Utsunomiya City, Tochigi	29 years	JPY 1B-2B	2014/09	JPY 138mm	JPY 400mm	1.97 x	28.3%
42	Retail	Real Estate for Sale	Fukuoka City, Fukuoka	15 years	<JPY 1B	2014/09	JPY 54mm	JPY 177mm	5.54 x	26.2%
43	Retail	Real Estate for Sale	Osaka City, Osaka	14 years	JPY 1B-2B	2014/09	JPY 90mm	JPY 301mm	4.64 x	24.3%
44	Retail	Real Estate for Sale	Machida City, Tokyo	30 years	<JPY 1B	2014/10	JPY 51mm	JPY 82mm	11.34 x	43.9%
45	Retail	Real Estate for Sale	Fukuoka City, Fukuoka	13 years	JPY 1B-2B	2014/11	JPY 68mm	JPY 135mm	10.70 x	33.8%
46	Residence	Real Estate for Sale	Chiyoda-ku, Tokyo	13 years	JPY 2B-3B	2014/12	JPY 119mm	JPY 332mm	2.18 x	29.2%
47	Residence	Real Estate for Sale	Koto-ku, Tokyo	10 years	JPY 1B-2B	2014/12	JPY 96mm	JPY 270mm	1.56 x	14.6%

<sup>1</sup> 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.

<sup>2</sup> 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 Asset Breakdown (4)

No.	Asset Type	Classification	Location	Building Age	Acquisition Price	Acquisition Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
48	Residence	Real Estate for Sale	Minato-ku, Tokyo	12 years	JPY 1B-2B	2014/12	JPY 79mm	JPY 238mm	1.67 x	16.6%
49	Residence	Real Estate for Sale	Minato-ku, Tokyo	11 years	JPY 1B-2B	2014/12	JPY 61mm	JPY 185mm	1.63 x	15.7%
50	Residence	Real Estate for Sale	Sumida-ku, Tokyo	10 years	JPY 1B-2B	2014/12	JPY 59mm	JPY 163mm	1.55 x	15.2%
51	Residence	Real Estate for Sale	Ota-ku, Tokyo	14 years	<JPY 1B	2014/12	JPY 60mm	JPY 150mm	2.21 x	35.7%
52	Residence	Real Estate for Sale	Osaka City, Osaka	8 years	<JPY 1B	2014/12	JPY 58mm	JPY 148mm	1.86 x	24.8%
53	Residence	Real Estate for Sale	Chuo-ku, Tokyo	13 years	<JPY 1B	2014/12	JPY 38mm	JPY 99mm	2.96 x	44.4%
54	Residence	Real Estate for Sale	Minato-ku, Tokyo	12 years	<JPY 1B	2014/12	JPY 38mm	JPY 123mm	1.97 x	23.3%
55	Residence	Real Estate for Sale	Shinjuku-ku, Tokyo	11 years	<JPY 1B	2014/12	JPY 29mm	JPY 82mm	2.05 x	25.8%
56	Residence	Real Estate for Sale	Shibuya-ku, Tokyo	10 years	JPY 1B-2B	2014/12	JPY 87mm	JPY 270mm	2.00 x	23.2%
57	Residence	Real Estate for Sale	Minato-ku, Tokyo	12 years	JPY 1B-2B	2014/12	JPY 57mm	JPY 186mm	1.90 x	21.0%
58	Residence	Real Estate for Sale	Shibuya-ku, Tokyo	11 years	<JPY 1B	2014/12	JPY 49mm	JPY 157mm	1.89 x	21.5%
59	Residence	Real Estate for Sale	Shibuya-ku, Tokyo	11 years	<JPY 1B	2014/12	JPY 39mm	JPY 117mm	2.11 x	27.2%
60	Residence	Real Estate for Sale	Setagaya-ku, Tokyo	10 years	<JPY 1B	2014/12	JPY 19mm	JPY 55mm	1.80 x	21.1%
61	Mixed (Office/Retail)	Operating Loan	Shinjuku-ku, Tokyo	53 years	JPY 1B-2B	2014/12	JPY 103mm	JPY 57mm	15.26 x	51.7%
62	Retail	Fixed Asset	Fukuoka City, Fukuoka	12 years	<JPY 1B	2014/12	JPY 42mm	JPY 212mm	—	—

<sup>1</sup> 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.

<sup>2</sup> 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 Asset Breakdown (5)

No.	Asset Type	Classification	Location	Building Age	Acquisition Price	Acquisition Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
63	Retail	Real Estate for Sale	Meguro-ku, Tokyo	10 years	JPY 1B-2B	2014/12	JPY 67mm	JPY 129mm	3.98 x	23.8%
64	Retail	Real Estate for Sale	Shinagawa-ku, Tokyo	62 years	<JPY 1B	2015/01	JPY 16mm	JPY 0mm	—	—
66	Retail	Real Estate for Sale	Sendai City, Miyagi	12 years	<JPY 1B	2015/02	JPY 47mm	JPY 8mm	42.58 x	198.9%
67	Office	Real Estate for Sale	Shibuya-ku, Tokyo	25 years	JPY 1B-2B	2015/03	JPY 59mm	JPY 94mm	6.39 x	54.4%
68	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	14 years	<JPY 1B	2015/04	JPY 42mm	JPY 79mm	5.65 x	27.9%
69	Hotel	Real Estate for Sale	Osaka City, Osaka	13 years	JPY 2B-3B	2015/05	JPY 178mm	JPY 633mm	1.56 x	58.3%
70	Hotel	Real Estate for Sale	Aomori City, Aomori	9 years	<JPY 1B	2015/06	JPY 45mm	JPY 113mm	2.10 x	20.2%
71	Retail	Real Estate for Sale	Fujisawa City, Kanagawa	1 years	JPY 1B-2B	2015/07	JPY 99mm	JPY 126mm	6.80 x	37.3%
85	Office	Real Estate for Sale	Bunkyo-ku, Tokyo	24 years	JPY 2B-3B	2015/07	JPY 114mm	JPY 428mm	1.34 x	16.8%
88	Office	Real Estate for Sale	Shinagawa-ku, Tokyo	28 years	JPY 1B-2B	2015/07	JPY 96mm	JPY 355mm	1.32 x	15.8%
89	Office	Real Estate for Sale	Musashino City, Tokyo	27 years	≥JPY 3B	2015/07	JPY 127mm	JPY 670mm	1.72 x	13.3%
92	Office	Real Estate for Sale	Fukuoka City, Fukuoka	8 years	JPY 1B-2B	2015/07	JPY 87mm	JPY 353mm	1.82 x	17.7%
93	Office	Real Estate for Sale	Fukuoka City, Fukuoka	14 years	JPY 1B-2B	2015/07	JPY 87mm	JPY 358mm	1.92 x	18.8%
96	Hotel	Real Estate for Sale	Sapporo City, Hokkaido	23 years	<JPY 1B	2015/08	JPY 26mm	JPY 2mm	5.52 x	291.5%
98	Hotel	Real Estate for Sale	Naha City, Okinawa	28 years	JPY 2B-3B	2015/11	JPY 166mm	JPY 640mm	1.91 x	25.9%

<sup>1</sup> 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.

<sup>2</sup> 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 Asset Breakdown (6)

No.	Asset Type	Classification	Location	Building Age	Acquisition Price	Acquisition Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
105	Hotel	Real Estate for Sale	Kumamoto City, Kumamoto	32 years	JPY 1B-2B	2015/12	JPY 117mm	JPY 453mm	1.61 x	61.2%
*109	Hotel	Real Estate for Sale	Nagoya City, Aichi	7 years	JPY 2B-3B	2016/03	JPY 130mm	JPY 525mm	1.84 x	37.7%
110	Hotel	Real Estate for Sale	Fukuoka City, Fukuoka	31 years	≥JPY 3B	2016/03	JPY 274mm	JPY 905mm	2.05 x	104.5%
111	Hotel	Real Estate for Sale	Yokohama City, Kanagawa	32 years	JPY 2B-3B	2016/03	JPY 207mm	JPY 228mm	5.32 x	23.3%
112	Hotel	Real Estate for Sale	Yokohama City, Kanagawa	29 years	≥JPY 3B	2016/03	JPY 319mm	JPY 354mm	10.64 x	36.2%
113	Hotel	Real Estate for Sale	Yokohama City, Kanagawa	29 years	≥JPY 3B	2016/03	JPY 260mm	JPY 344mm	5.84 x	25.5%
114	Hotel	Real Estate for Sale	Fukuoka City, Fukuoka	26 years	≥JPY 3B	2016/04	JPY 175mm	JPY 550mm	1.73 x	72.6%
115	Hotel	Real Estate for Sale	Osaka City, Osaka	9 years	JPY 2B-3B	2016/04	JPY 130mm	JPY 274mm	2.96 x	30.7%
116	Retail	Real Estate for Sale	Sendai City, Miyagi	27 years	<JPY 1B	2016/04	JPY 70mm	JPY 86mm	7.50 x	28.4%
118	Retail	Real Estate for Sale	Nagoya City, Aichi	19 years	JPY 1B-2B	2016/06	JPY 83mm	JPY 102mm	7.71 x	32.6%
119	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	29 years	<JPY 1B	2016/06	JPY 42mm	JPY 136mm	3.91 x	17.4%
<b>Total</b>				<b>86 Assets</b>	<b>JPY 146,831mm</b>		<b>JPY 9,088mm</b>	<b>JPY 32,455mm</b>	<b>2.95 x</b>	<b>37.5%</b>
<b>Assets acquired in FY17/2 Q1 Total 9 Assets</b>					<b>JPY 23,485mm</b>		<b>JPY 1,603mm</b>	<b>JPY 3,392mm</b>	<b>3.66 x</b>	<b>85.8%</b>
<b>Assets acquired in FY17/2 Q2 Total 2 Assets</b>					<b>JPY 2,100mm</b>		<b>JPY 125mm</b>	<b>JPY 238mm</b>	<b>5.54 x</b>	<b>25.0%</b>
<b>Assets acquired in FY17/2 H1 Total 11 Assets</b>					<b>JPY 25,585mm</b>		<b>JPY 1,729mm</b>	<b>JPY 3,630mm</b>	<b>3.78 x</b>	<b>74.8%</b>
<b>Note: Assets acquired and sold in FY17/2 Total 1 Asset</b>					<b>JPY 670mm</b>		<b>JPY 38mm</b>	<b>JPY 126mm</b>	<b>1.57 x</b>	<b>413.7%</b>

\* Assets acquired in FY17/2

<sup>1</sup> 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.

<sup>2</sup> 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.



# Reference: Japan's Feed-in-Tariff (FIT)

## What is a FIT?

- A policy mechanism designed to accelerate the deployment of renewable energy such as solar and wind, guaranteeing a long-term sale price for electricity (in Japan, 20 years) at a fixed price.
- Japan's FIT is updated every year.

Contract Date	Tariff per 1kWh*	Guarantee Period	Contract Date	Tariff per 1kWh*	Guarantee Period
FY2012 (4/1-3/31)	40 yen	20 years	FY2015 (4/1-6/30)	29 yen	20 years
FY2013 (4/1-3/31)	36 yen	20 years	FY2015 (7/1-3/31)	27 yen	20 years
FY2014 (4/1-3/31)	32 yen	20 years	FY2016 (4/1-3/31)	24 yen	20 years

\*Pre-consumption tax FIT for power plants with output of >10kW

Source: METI, Agency for Natural Resources and Energy

## Current Regulatory Framework and Ichigo Plant Status

- Utilities are allowed to suspend renewable energy supply, without compensation, if supply exceeds demand. The maximum suspension duration is either 30 days per year or 360 hours per year.
- Although utilities are not allowed to suspend acceptance of applications (based on the "Act on Special Measures concerning the Procurement of Renewable Electric Energy by Operators of Electric Utilities"), approval for grid connection is pending for many solar power suppliers.
- In certain cases, utilities that are potentially subject to renewable energy production in excess of their grid capacity are allowed to suspend renewable energy supply from new suppliers without limit and without compensation. None of Ichigo's power plants are subject to these suspensions.

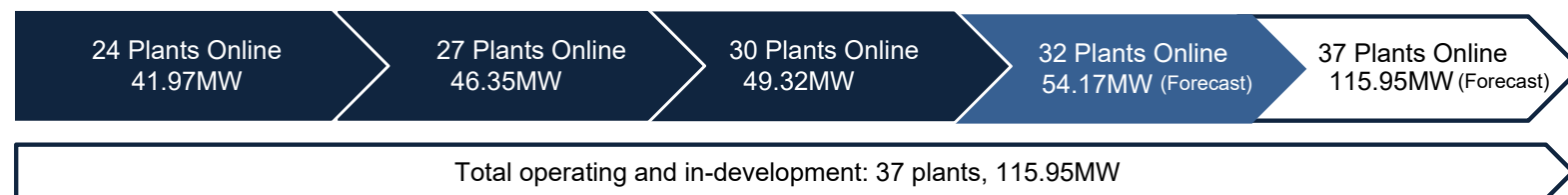
# Clean Energy Earnings

## Revenue Growth via New Plants Coming Online

OP +21% YOY (JPY 351mm in FY17/2 H1 vs. JPY 290mm in FY16/2 H1)

	(Million Yen)				
	FY16/2 (12M)	FY17/2 Q1 (3M)	FY17/2 H1 (6M)	FY17/2 Full-Year Forecast (12M)	% of Full-Year Forecast
Revenue	1,628	556	1,214	11,152	10.9%
Cost of Goods Sold	945	302	629	8,087	7.8%
Gross Profit	683	254	584	3,065	19.1%
SG&A	358	110	233	456	51.2%
Adjustments (including offsets of cross- segment transactions)	—	—	—	—	—
Operating Profit	323	143	351	2,608	13.5%

### Solar Power Plant Schedule



# Individual Solar Power Plant P&L Breakdown (1)

Total 20-Year Forecast IRR for All Plants: 40.7% p.a.

No.	Solar Power Plant	Area	Panel Output (MW)	Fixed Tariff (Pre-tax, JPY)	Operation Start Date	Expected NOI/Year	Depreciation	Ichigo Investment	Forecast Equity Multiple (If held for 20 years) <sup>1</sup>	Forecast IRR <sup>2</sup>
1	Ichigo Tokushima Higashi Okinosu	Shikoku	2.52	40	Aug-13	JPY 84mm	JPY 36mm	JPY 129mm	7.46 x	26.2%
2	Ichigo Kiryu Okuzawa	Kanto	1.33	40	Sep-13	JPY 42mm	JPY 20mm	JPY 94mm	4.77 x	17.6%
3	Ichigo Motomombetsu	Hokkaido	1.40	40	Feb-14	JPY 44mm	JPY 21mm	JPY 134mm	3.84 x	15.2%
4	Ichigo Fuchu Jogecho Yano	Chugoku	0.99	40	Mar-14	JPY 28mm	JPY 15mm	JPY 102mm	3.09 x	12.4%
5	Ichigo Muroran Hatchodaira	Hokkaido	1.24	40	Mar-14	JPY 41mm	JPY 20mm	JPY 138mm	3.29 x	12.3%
6	Ichigo Engaru Kiyokawa	Hokkaido	1.12	40	Mar-14	JPY 35mm	JPY 16mm	JPY 93mm	4.17 x	16.5%
7	Ichigo Yubetsu Barou	Hokkaido	0.80	40	Apr-14	JPY 23mm	JPY 13mm	JPY 31mm	5.30 x	15.0%
8	Ichigo Iyo Nakayamacho Izubuchi	Shikoku	1.23	40	Apr-14	JPY 43mm	JPY 19mm	JPY 73mm	6.58 x	25.3%
9	Ichigo Maebashi Naegashima	Kanto	0.67	40	Apr-14	JPY 25mm	JPY 9mm	JPY 40mm	8.57 x	34.3%
10	Ichigo Betsukai Kawakamicho	Hokkaido	0.88	40	Oct-14	JPY 29mm	JPY 14mm	JPY 42mm	6.31 x	23.0%
11	Ichigo Toyokoro Sasadamachi	Hokkaido	0.61	40	Oct-14	JPY 23mm	JPY 10mm	JPY 31mm	7.27 x	27.4%
12	Ichigo Nakashibetsu Midorigaoka	Hokkaido	1.93	40	Nov-14	JPY 64mm	JPY 29mm	JPY 175mm	4.09 x	15.3%
13	Ichigo Abira Toasa	Hokkaido	1.17	40	Dec-14	JPY 39mm	JPY 19mm	JPY 36mm	10.12 x	35.2%
14	Ichigo Toyokoro	Hokkaido	1.03	40	Dec-14	JPY 41mm	JPY 16mm	JPY 65mm	7.59 x	33.0%
15	Ichigo Higashi Hiroshima Saijocho Taguchi	Chugoku	2.73	40	Jan-15	JPY 97mm	JPY 41mm	JPY 241mm	5.15 x	20.3%
16	Ichigo Nago Futami	Okinawa	8.44	40	Feb-15	JPY 308mm	JPY 132mm	JPY 1,189mm	3.48 x	12.0%
17	Ichigo Engaru Higashimachi	Hokkaido	1.24	40	Feb-15	JPY 40mm	JPY 19mm	JPY 32mm	10.90 x	37.5%
18	Ichigo Akkeshi Shirahama	Hokkaido	0.81	40	Mar-15	JPY 23mm	JPY 13mm	JPY 43mm	4.21 x	14.6%
19	Ichigo Takamatsu Kokubunjicho Nii	Shikoku	2.43	36	Jun-15	JPY 85mm	JPY 32mm	JPY 59mm	16.72 x	37.9%
20	Ichigo Miyakonojo Yasuhisacho	Kyushu	1.44	36	Jul-15	JPY 46mm	JPY 20mm	N/A <sup>3</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>

<sup>1</sup> Forecast Equity Multiple is based on the P50\* business plan of each plant and is the forecast 20-year NOI divided by Ichigo Investment.

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

<sup>3</sup> The consumption tax rebate that Ichigo receives as the operator of these renewable power plants is greater than Ichigo's equity investment.

Therefore, Ichigo Investment is negative and Forecast Equity Multiple and Forecast IRR are not meaningful.

\* 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 Solar Power Plant P&L Breakdown (2)

No.	Solar Power Plant	Area	Panel Output (MW)	Fixed Tariff (Pre-tax, JPY)	Operation Start Date	Expected NOI/Year	Depreciation	Ichigo Investment	Forecast Equity Multiple (If held for 20 years) <sup>1</sup>	Forecast IRR <sup>2</sup>
21	Ichigo Toyokawa Mitocho Sawakihama	Chubu	1.80	32	Sep-15	JPY 41mm	JPY 22mm	JPY 10mm	32.63 x	97.1%
22	Ichigo Yamaguchi Aionishi	Chugoku	1.24	40	Dec-15	JPY 42mm	JPY 19mm	JPY 13mm	29.44 x	87.0%
23	Ichigo Hamanaka Bokujo Tsurunokotai	Tohoku	2.31	36	Dec-15	JPY 74mm	JPY 31mm	JPY 22mm	30.84 x	92.6%
24	Ichigo Yonago Izumi	Chugoku	2.61	40	Jan-16	JPY 89mm	JPY 34mm	N/A <sup>3</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>
*25	Ichigo Kasaoka Takumicho	Chugoku	1.12	32	Mar-16	JPY 26mm	JPY 14mm	JPY 10mm	20.48 x	59.6%
26	Ichigo Yamaguchi Sayama	Chugoku	2.36	36	Apr-16	JPY 74mm	JPY 33mm	JPY 19mm	36.82 x	127.7%
27	Ichigo Kijo Takajo <sup>4</sup>	Kyushu	0.90	40	May-16	JPY 35mm	JPY 18mm	JPY 141mm	3.01 x	18.2%
28	Ichigo Toki Oroshicho	Chubu	1.40	36	Jun-16	JPY 41mm	JPY 20mm	JPY 9mm	38.04 x	96.1%
29	Ichigo Toride Shimotakai Kita	Kanto	1.03	32	Jul-16	JPY 25mm	JPY 13mm	JPY 8mm	26.18 x	67.7%
30	Ichigo Toride Shimotakai Minami	Kanto	0.54	32	Jul-16	JPY 12mm	JPY 6mm	JPY 3mm	32.29 x	75.3%
31	Ichigo Hamanaka Bokujo Kajibayashi	Tohoku	2.31	36	Oct-16	JPY 74mm	JPY 33mm	JPY 45mm	15.13 x	35.3%
32	Ichigo Sera Tsukuchi	Chugoku	2.54	32	Feb-17	JPY 68mm	JPY 30mm	JPY 50mm	6.93 x	22.2%
33	Ichigo Sera Aomizu	Chugoku	2.87	32	Mar-17	JPY 83mm	JPY 33mm	JPY 29mm	32.63 x	111.9%
34	Ichigo Kure Yasuuracho Nakahata	Chugoku	2.65	36	Aug-17	JPY 70mm	JPY 35mm	JPY 88mm	7.43 x	19.8%
35	Ichigo Showamura Ogose	Kanto	43.35	36	Jan-18	JPY 1,405mm	JPY 608mm	JPY 479mm	31.14 x	44.0%
36	Ichigo Minakami Aramaki	Kanto	10.26	36	Jul-18	JPY 347mm	JPY 176mm	JPY 329mm	9.40 x	14.9%
37	Ichigo Miyakonojo Takazakicho Tsumagirishima	Kyushu	2.65	32	Nov-21	JPY 56mm	JPY 30mm	JPY 55mm	8.62 x	22.3%
<b>Total 115.95MW</b>						<b>JPY 3,722mm</b>	<b>JPY 1,669mm</b>	<b>JPY 4,057mm</b>	<b>13.83 x</b>	<b>40.7%</b>

\* Plants that started operation in FY17/2

<sup>1</sup> Forecast Equity Multiple is based on the P50\* business plan of each plant and is the forecast 20-year NOI divided by Ichigo Investment.

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

<sup>3</sup> The consumption tax rebate that Ichigo receives as the operator of these renewable power plants is greater than Ichigo's equity investment.

Therefore, Ichigo Investment is negative and Forecast Equity Multiple and Forecast IRR are not meaningful.

<sup>4</sup> Ichigo acquired Ichigo Kijo Takajo ECO Power Plant in May 2016. The plant began operation in April 2014.

\* 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.

## Updates

- Plants expected to start operation in FY17/2: Ichigo Sera Tsukuchi Jan-17→Feb-17, Ichigo Sera Aomizu Feb-17→Mar-17
- Panel output change: Ichigo Showamura Ogose 43.01MW→43.35MW Ichigo Sera Aomizu 2.75MW→2.87MW
- Expected NOI/Year, Depreciation, Ichigo Investment, Forecast Equity Multiple, and Forecast IRR have been updated on an individual plant basis, as appropriate, to reflect current forecast operating conditions.

# Consolidated Balance Sheet: Assets

	FY13/2	FY14/2	FY15/2	FY16/2	FY17/2 Q1	FY17/2 H1	(Million Yen) Change (QOQ)
<b>Assets</b>							
Current Assets							
Cash and cash equivalents	9,713	24,991	19,383	28,779	35,183	46,473	+11,290
Trade notes and accounts receivable	548	451	519	691	1,494	1,021	-473
Operational investments in loans	3,636	1,100	2,330	1,324	1,324	1,324	—
Operational investments in securities	4,271	3,583	1,965	1,784	2,617	880	-1,737
Real estate for sale	46,176	54,084	109,769	172,833	159,384	135,193	-24,191
Power plants for sale	—	—	—	—	—	7,251	+7,251
Deferred tax assets	369	576	1,200	1,766	1,173	407	-766
Other	2,042	1,384	2,657	3,966	4,669	2,954	-1,715
Less: allowance for doubtful accounts	-3,177	-410	-484	-458	-447	-414	+33
<b>Total Current Assets</b>	<b>63,581</b>	<b>85,761</b>	<b>137,342</b>	<b>210,687</b>	<b>205,401</b>	<b>195,093</b>	<b>-10,308</b>
Fixed Assets							
Property, Plant, and Equipment							
Buildings and structures (net)	2,863	4,901	4,021	3,830	3,773	3,734	-39
Equipment (net)	21	2,044	9,168	12,267	13,099	6,850	-6,249
Land	7,082	12,433	12,142	12,192	12,192	12,109	-83
Other (net)	80	1,922	989	3,255	3,953	6,929	+2,976
<b>Total Property, Plant, and Equipment</b>	<b>10,047</b>	<b>21,300</b>	<b>26,321</b>	<b>31,546</b>	<b>33,020</b>	<b>29,624</b>	<b>-3,396</b>
Intangible Assets							
Goodwill	2,203	2,221	2,082	1,942	1,969	1,935	-34
Leasehold rights	—	392	392	392	392	62	-330
Other	20	71	27	38	35	33	-2
<b>Total Intangible Assets</b>	<b>2,223</b>	<b>2,686</b>	<b>2,502</b>	<b>2,373</b>	<b>2,398</b>	<b>2,032</b>	<b>-366</b>
Investments and Other Assets							
Investments in securities	4,117	4,278	5,266	5,486	1,734	1,583	-151
Long-term loans receivable	13	13	12	12	10	10	—
Deferred tax assets	—	222	2	39	33	40	+7
Other	545	780	1,392	1,736	1,532	1,322	-210
Less: allowance for doubtful accounts	-101	-97	-95	-124	-93	-92	+1
<b>Total Investments and Other Assets</b>	<b>4,575</b>	<b>5,196</b>	<b>6,578</b>	<b>7,149</b>	<b>3,217</b>	<b>2,862</b>	<b>-355</b>
<b>Total Fixed Assets</b>	<b>16,846</b>	<b>29,183</b>	<b>35,402</b>	<b>41,069</b>	<b>38,635</b>	<b>34,519</b>	<b>-4,116</b>
<b>Total Assets</b>	<b>80,428</b>	<b>114,944</b>	<b>172,744</b>	<b>251,757</b>	<b>244,037</b>	<b>229,612</b>	<b>-14,425</b>

# Consolidated Balance Sheet: Liabilities & Net Assets

(Million Yen)

	FY13/2	FY14/2	FY15/2	FY16/2	FY17/2 Q1	FY17/2 H1	Change (QOQ)
<b>Liabilities</b>							
Current Liabilities							
Trade notes and accounts payable	64	132	124	80	81	72	-9
Short-term borrowings	484	950	1,416	2,188	1,425	1,410	-15
Short-term non-recourse loans	—	—	48	79	79	79	—
Bonds (due within one year)	—	—	—	—	—	112	+112
Long-term borrowings (due within one year)	966	3,123	3,488	8,161	10,171	5,066	-5,105
Long-term non-recourse loans (due within one year)	2,263	428	786	2,975	931	902	-29
Income taxes payable	65	96	284	631	250	747	+497
Deferred tax liabilities	15	24	30	53	75	48	-27
Accrued bonuses	25	14	16	13	155	123	-32
Other current liabilities	3,419	2,817	3,677	3,979	3,906	5,350	+1,444
<b>Total Current Liabilities</b>	<b>7,304</b>	<b>7,588</b>	<b>9,872</b>	<b>18,161</b>	<b>17,077</b>	<b>13,912</b>	<b>-3,165</b>
Long-Term Liabilities							
Bonds	—	—	—	—	—	688	+688
Non-recourse bonds	—	—	100	100	100	100	—
Long-term borrowings	5,456	26,126	53,409	94,409	91,011	78,699	-12,312
Long-term non-recourse loans	32,776	24,178	43,004	56,193	52,447	47,621	-4,826
Deferred tax liabilities	277	1,213	1,402	1,543	1,590	1,398	-192
Long-term security deposits received	3,230	4,770	6,391	8,707	6,965	6,239	-726
Negative goodwill	270	180	90	—	—	—	—
Other long-term liabilities	46	44	96	475	742	881	+139
<b>Total Long-Term Liabilities</b>	<b>42,056</b>	<b>56,513</b>	<b>104,494</b>	<b>161,430</b>	<b>152,857</b>	<b>135,627</b>	<b>-17,230</b>
<b>Total Liabilities</b>	<b>49,361</b>	<b>64,102</b>	<b>114,367</b>	<b>179,591</b>	<b>169,934</b>	<b>149,539</b>	<b>-20,395</b>
<b>Net Assets</b>							
Shareholders' Equity							
Capital	18,113	26,443	26,499	26,575	26,589	26,594	+5
Capital reserve	2,429	10,808	10,873	10,968	10,983	10,988	+5
Retained earnings	7,923	10,891	17,201	29,454	33,534	39,885	+6,351
Treasury shares	-187	-92	-78	-41	-39	-39	—
<b>Total Shareholders' Equity</b>	<b>28,279</b>	<b>48,050</b>	<b>54,496</b>	<b>66,956</b>	<b>71,068</b>	<b>77,429</b>	<b>+6,361</b>
Accumulated Other Comprehensive Income							
Valuation gain (loss) on other securities	160	400	1,208	761	503	178	-325
Deferred gain (loss) on hedges	—	—	-36	-251	-440	-534	-94
Foreign currency translation adjustment	16	9	6	23	20	6	-14
<b>Total Accumulated Other Comprehensive Income</b>	<b>177</b>	<b>409</b>	<b>1,177</b>	<b>533</b>	<b>83</b>	<b>-349</b>	<b>-432</b>
Stock Options	143	121	198	319	365	419	+54
Minority Interests	2,466	2,261	2,505	4,357	2,586	2,573	-13
<b>Total Net Assets</b>	<b>31,066</b>	<b>50,842</b>	<b>58,377</b>	<b>72,166</b>	<b>74,103</b>	<b>80,072</b>	<b>+5,969</b>
<b>Total Liabilities and Net Assets</b>	<b>80,428</b>	<b>114,944</b>	<b>172,744</b>	<b>251,757</b>	<b>244,037</b>	<b>229,612</b>	<b>-14,425</b>

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# Consolidated P&L

(Million Yen)

	FY13/2 (12M)	FY14/2 (12M)	FY15/2 (12M)	FY16/2 (12M)	FY17/2 H1 (6M)	FY16/2 H1 (6M)	Change (YOY)	FY17/2 Full-Year Forecast	vs Forecast
<b>Revenue</b>	<b>16,397</b>	<b>35,101</b>	<b>42,705</b>	<b>49,699</b>	<b>85,991</b>	<b>14,607</b>	<b>+71,384</b>	<b>125,600</b>	<b>68.5%</b>
Cost of Goods Sold	11,422	27,666	30,539	29,835	68,522	7,443	+61,079	—	—
<b>Gross Profit</b>	<b>4,974</b>	<b>7,435</b>	<b>12,166</b>	<b>19,863</b>	<b>17,468</b>	<b>7,163</b>	<b>+10,305</b>	<b>23,867</b>	<b>73.2%</b>
SG&A	3,130	3,522	3,977	4,446	2,484	2,250	+234	—	—
<b>Operating Profit</b>	<b>1,844</b>	<b>3,912</b>	<b>8,189</b>	<b>15,417</b>	<b>14,984</b>	<b>4,913</b>	<b>+10,071</b>	<b>18,500</b>	<b>81.0%</b>
Non-Operating Profit									
Interest income	3	4	5	2	—	1	-1	—	—
Dividend income	24	112	78	79	11	13	-2	—	—
Amortization of negative goodwill	90	90	90	90	—	45	-45	—	—
Other	36	31	39	43	14	25	-11	—	—
Total Non-Operating Profit	155	238	213	215	26	85	-59	—	—
Non-Operating Expenses									
Interest expense	238	370	943	1,277	722	577	+145	—	—
Stock Issuance Cost	—	89	—	—	—	—	—	—	—
Other	26	93	202	465	453	69	+384	—	—
Total Non-Operating Expenses	265	553	1,146	1,743	1,175	647	+528	—	—
<b>Recurring Profit</b>	<b>1,734</b>	<b>3,597</b>	<b>7,255</b>	<b>13,889</b>	<b>13,834</b>	<b>4,351</b>	<b>+9,483</b>	<b>16,400</b>	<b>84.4%</b>
Extraordinary Gain									
Gain on sales of fixed assets	9	7	—	—	—	—	—	—	—
Gain on sales of investment securities	72	204	—	223	2,427	223	+2,204	—	—
Receipt of share trading proceeds	—	434	—	—	—	—	—	—	—
Other	—	33	57	—	—	—	—	—	—
Total Extraordinary Gain	83	680	57	223	2,427	223	+2,204	—	—
Extraordinary Loss									
Loss on sales and retirement of fixed assets	1	1	—	—	—	—	—	—	—
Valuation loss on investments in securities	62	—	—	49	—	—	—	—	—
Office move expenses	19	21	1	9	—	9	-9	—	—
Impairment Loss	33	307	—	—	—	—	—	—	—
Earthquake damages	—	—	—	—	242	—	+242	—	—
Other	8	13	91	31	—	—	—	—	—
Total Extraordinary Loss	124	344	93	89	242	9	+233	—	—
Pre-Tax Net Income	1,693	3,933	7,220	14,022	16,019	4,565	+11,454	—	—
Income Taxes – Current	54	43	564	1,330	2,535	509	+2,026	—	—
Income Taxes – Deferred	-106	-616	-220	-369	1,277	-219	+1,496	—	—
Total Income Taxes	-51	-573	343	960	3,812	289	+3,523	—	—
Pre-Minority Interest Net Income	1,745	4,506	6,876	13,062	12,206	4,275	+7,931	—	—
Net Income Attributable to Minority Interests	108	-19	115	136	271	53	+218	—	—
<b>Net Income</b>	<b>1,637</b>	<b>4,526</b>	<b>6,761</b>	<b>12,925</b>	<b>11,935</b>	<b>4,221</b>	<b>+7,714</b>	<b>13,300</b>	<b>89.7%</b>

# Consolidated Cash Flows from Operating Activities

	(Million Yen)				
	FY13/2 (12M)	FY14/2 (12M)	FY15/2 (12M)	FY16/2 (12M)	FY17/2 H1 (6M)
<b>Cash Flows From Operating Activities</b>					
Pre-tax net income	1,693	3,933	7,220	14,022	16,019
Depreciation	230	304	565	792	460
Share-based compensation expenses	49	69	112	174	114
Amortization of goodwill	114	139	139	139	70
Amortization of negative goodwill	-90	-90	-90	-90	—
Increase (decrease) in accrued bonuses	3	-11	1	-3	110
Increase (decrease) in allowance for doubtful accounts	195	33	65	3	-33
Increase (decrease) in other allowances	-11	—	—	—	—
Interest and dividend income	-28	-116	-83	-81	-11
Interest expense	238	370	943	1,277	722
Loss (gain) on sales of investment securities	-72	-204	—	-223	-2,427
Loss (gain) on sales/retirement of fixed assets	-8	-6	—	—	—
Impairment Loss	33	307	—	—	—
Valuation loss on investment securities	62	—	—	49	—
Decrease (increase) in trading notes and receivables	515	97	-68	-172	-330
Decrease (increase) in operating loans receivable	-1,100	218	-1,230	1,006	—
Decrease (increase) in operational investments in securities	723	1,635	1,110	1,239	2,571
Valuation loss on operational investments in securities	63	114	—	19	—
Decrease (increase) in real estate for sale	2,556	-6,729	-42,991	-63,070	37,642
Valuation loss in real estate for sale	119	—	—	—	—
Valuation loss on investments in capital	1	12	91	11	—
Decrease (increase) in advances paid	—	—	—	-990	10
Decrease (increase) in accounts receivable	-380	-255	-1,079	-1,140	-318
Increase (decrease) in accounts payable	-39	-139	388	535	-581
Increase (decrease) in accrued expenses	519	137	16	42	17
Increase (decrease) in advances received	11	38	211	317	—
Increase (decrease) in security deposits received	-253	1,230	1,391	2,380	-2,466
Other	-239	522	-407	435	197
<b>Sub-total</b>	<b>4,908</b>	<b>1,611</b>	<b>-33,693</b>	<b>-43,324</b>	<b>51,767</b>
Interest and dividend income received	28	116	83	81	11
Interest expenses paid	-220	-378	-843	-1,226	-634
Income taxes paid and refund	-106	-94	161	-186	604
<b>Net Cash from (Used for) Operating Activities</b>	<b>4,609</b>	<b>1,254</b>	<b>-34,292</b>	<b>-44,654</b>	<b>51,748</b>



# Consolidated Cash Flows from Investing & Financing Activities

(Million Yen)

	FY13/2 (12M)	FY14/2 (12M)	FY15/2 (12M)	FY16/2 (12M)	FY17/2 H1 (6M)
<b>Cash Flows from Investing Activities:</b>					
Payments into time deposits	—	—	-325	—	-3,000
Redemptions of time deposits	151	—	325	—	201
Acquisition of investment securities	-15	—	-210	-671	-300
Proceeds from sales of investment securities	76	282	—	296	6,021
Proceeds from redemption of investment securities	30	2	—	3	—
Acquisition of property, plant, and equipment	-124	-7,150	-10,769	-6,628	-4,541
Proceeds from sale of property and equipment	17	72	—	—	—
Acquisition of intangible assets	—	-389	-23	-21	—
Payments for investments	-4	-5	-10	-9	-2
Proceeds from redemption of investments	—	7	—	6	—
Payments of security deposits	—	-5	-127	-37	—
Acquisitions of subsidiaries' shares resulting in change of consolidation scope	-218	-1,389	—	—	-93
Payments for acquisitions of newly consolidated subsidiaries	—	—	-1,349	—	—
Other	60	-35	4	9	5
<b>Net Cash from (Used for) Investing Activities</b>	<b>-27</b>	<b>-8,610</b>	<b>-12,485</b>	<b>-7,052</b>	<b>-1,708</b>
<b>Cash Flows from Financing Activities:</b>					
Increase (decrease) in short-term bank loans, net	314	465	466	771	-778
Increase (decrease) in short-term non-recourse loans, net	—	—	48	31	—
Issuance of Bonds	—	—	—	—	785
Proceeds from long-term bank loans	5,440	26,777	47,203	64,866	32,277
Repayment of long-term bank loans	-8,199	-5,388	-19,557	-19,192	-51,323
Proceeds from long-term non-recourse loans	12,346	5,675	19,900	18,150	4,350
Repayment of long-term non-recourse loans	-13,885	-19,030	-5,958	-2,772	-14,994
Proceeds from issuance of common shares	—	16,387	—	—	—
Proceeds from exercise of stock options	48	242	99	153	29
Dividends paid	—	-445	-543	-646	-1,499
Share issuance to minority interests	20	—	—	2,000	—
Proceeds from minority interests	-19	—	—	—	-2,000
Dividends paid to minority interests	—	—	—	-43	-39
<b>Net Cash from (Used for) Financing Activities</b>	<b>-3,935</b>	<b>24,682</b>	<b>41,658</b>	<b>63,318</b>	<b>-33,193</b>

# Appendix: Power Up 2019 Mid-Term Business Plan

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# Power Up 2019 Key Goals & KPIs

## Key Goals

1. Drive Further Sustainable Growth in Ichigo's Core Businesses
2. Develop New Ichigo Businesses
3. Deepen Ichigo's Core Capabilities and Corporate Strength

## Power Up 2019 KPIs (Key Performance Indicators)

(Million Yen)

	FY16/2 (Actual)	FY17/2 (Forecast)	FY19/2 (Plan)	vs FY16/2
Operating Profit	15,417	18,500	<b>25,000</b>	<b>+62.2%</b>
Recurring Profit	13,889	16,400	<b>21,400</b>	<b>+54.1%</b>
Tax Rate	6.9%	27.8%	30.0%	—
Net Income	12,925	13,300	<b>14,800</b>	<b>+14.5%</b>
EPS	25.86 yen	26.43 yen	<b>29.00 yen</b>	<b>+12.1%</b>
DPS	3.00 yen	5.00 yen	<b>7.00 yen</b>	<b>+133.0%</b>
ROE	21.0%	18.1%	<b>15.6%</b>	—

<b>Capital Efficiency</b>	<b>ROE&gt;15%</b>	<b>Shareholder Return</b>	<b>DOE&gt;3%</b>
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# Target: Top 200 Ranking within the JPX-Nikkei 400

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Ichigo targeting ranking within the Index's top 200 companies by August 2019 (the final year of Power Up 2019)

Note: While the JPX-Nikkei Index 400 does not provide an official ranking of its 400 constituents, it can be calculated based upon the JPY-Nikkei 400's publically-available quantitative ranking formula, which rank orders the joint set of the 1,200 highest market capitalization and 1,200 highest value-traded Japanese companies by:

- (a) 3-year average ROE (40% weighting)
- (b) 3-year cumulative operating profit (40% weighting)
- (c) Market capitalization (20% weighting)

# Power Up 2019 Key Initiatives

Profitability		Sustainability	
<p><b>(1) Core Business Growth</b></p>	<ul style="list-style-type: none"> <li>List Ichigo's solar assets on the TSE's new Infrastructure Fund Market</li> <li>Support the ongoing growth of Ichigo Office REIT (8975) and Ichigo Hotel REIT (3463)</li> <li>Expand the architecture and structural engineering team to deliver real estate that is high-function, safe, secure, and environmentally friendly</li> <li>Spin out a dedicated leasing team to drive tenant acquisition and rental income</li> </ul>	<p><b>(3) Finance as a Strategic Measure</b></p>	<ul style="list-style-type: none"> <li>Grow <u>both</u> financial stability and earnings</li> <li>De-collateralize loans, lengthen loan maturities, lower debt costs, get credit ratings, and issue bonds to diversify funding profile</li> </ul>
<p><b>(2) New Business Creation</b></p>	<ul style="list-style-type: none"> <li>Extend Ichigo's REIT-focused asset management business into the much larger physical real estate market</li> <li>Grow Ichigo's hotel business synergistically with Ichigo Hotel REIT</li> <li>Launch one or more REtech businesses, fusing Ichigo's <u>Real Estate</u> and <u>IT</u> capabilities</li> </ul>	<p><b>(4) High Capital Efficiency and Organic Growth</b></p>	<ul style="list-style-type: none"> <li>ROE &gt;15%</li> </ul>
		<p><b>(5) Best Place to Work</b></p>	<ul style="list-style-type: none"> <li>Support employee health and wellness</li> <li>Goal: Japan's number one company in providing opportunities for employees</li> </ul>
		<p><b>(6) Global Best Practice Governance and Compliance</b></p>	

# Adoption of Progressive Dividend & DOE Policy

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- ✓ Progressive Dividend: The previous year's dividend is the floor for the current year's dividend. Dividend will be raised (or kept flat) but not cut, providing shareholders with downside dividend protection
- ✓ Newly set a minimum DOE (dividend on equity) payout ratio of >3 %
  - Dividend payout ratio policy: Dividends based on annual earnings  
→ More Volatile
  - DOE policy: Dividends based on shareholder equity  
→ More Stable
- ✓ The combination of a Progressive Dividend and DOE policy will significantly increase the stability, certainty, and visibility of Ichigo's dividend to the benefit of Ichigo's shareholders
- ✓ Adoption of this policy also underscores Ichigo's commitment to driving continued organic earnings growth and dividend growth for its shareholders

# Corporate Name Change on September 1, 2016

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To further focus on its core identity and unify its Japanese and English corporate names, Ichigo simplified its Japanese corporate name to **Ichigo Inc.** on September 1, 2016.

Ichigo also simplified the name of its REIT asset management subsidiary to reflect the expected TSE listing of the Ichigo Green Infrastructure Fund.

- ✓ New Japanese Company Name
  - **Ichigo Inc.** from Ichigo Group Holdings  
(No change to the English corporate name, which is already Ichigo Inc.)
  
- ✓ New Asset Management Subsidiary Name
  - **Ichigo Investment Advisors Co., Ltd** from Ichigo Real Estate Investment Advisors Co., Ltd.









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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 such as solar energy.

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