



Ichigo Preserves and Improves Real Estate



[Provisional Translation Only]

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FY17/2 Earnings Summary

April 19, 2017

Ichigo Inc. (Tokyo Stock Exchange First Section, 2337)

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Annual Shareholders Meeting: May 28, 2017 (expected)

Submission of the Financial Report (*Yuka Shoken Hokokusho*): May 29, 2017 (expected)

Dividend Payment: May 29, 2017

Supplemental Materials to Financial and Business Results: Yes

Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. FY17/2 Consolidated Financial Results (March 1, 2016 to February 28, 2017)

(1) Consolidated Financial Results (Full Year)

(YOY = year-on-year % change)

| | Revenue (JPY million) YOY | | Operating Profit (JPY million) YOY | | Recurring Profit (JPY million) YOY | | Net Income (JPY million) YOY | |
|--------|------------------------------|---------|---------------------------------------|--------|---------------------------------------|--------|---------------------------------|--------|
| FY17/2 | 109,253 | +119.8% | 21,781 | +41.3% | 19,755 | +42.2% | 14,894 | +15.2% |
| FY16/2 | 49,699 | +16.4% | 15,417 | +88.3% | 13,889 | +91.4% | 12,925 | +91.2% |

Note: Comprehensive income FY17/2: JPY 14,463 million (+19.0% YOY)

FY16/2: JPY 12,153 million (+56.2% YOY)

| | Net Income per Share (basic, JPY) | Net Income per Share (diluted, JPY) | Return on Equity (%) | Return on Assets (%) | Operating Profit Margin (%) |
|--------|---|---|-------------------------|-------------------------|-----------------------------------|
| FY17/2 | 29.66 | 29.59 | 20.2 | 7.5 | 19.9 |
| FY16/2 | 25.86 | 25.75 | 21.0 | 6.5 | 31.0 |

(2) Consolidated Financial Condition

| | Total Assets (JPY million) | Net Assets (JPY million) | Equity Ratio (%) | Net Assets per Share (JPY) |
|--------|-------------------------------|-----------------------------|---------------------|-------------------------------|
| FY17/2 | 273,459 | 83,443 | 29.4 | 159.60 |
| FY16/2 | 251,757 | 72,166 | 26.8 | 134.54 |

Note: Shareholders' equity FY17/2: JPY 80,339 million FY16/2: JPY 67,489 million

(3) Consolidated Cash Flow

| | Cash Flow from Operations (JPY) | Cash Flow from Investing (JPY) | Cash Flow from Financing (JPY) | Cash and Cash Equivalents (JPY) |
|--------|---------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| FY17/2 | 21,547 | -11,933 | 6,377 | 41,369 |
| FY16/2 | -44,654 | -7,052 | 63,318 | 28,368 |

Note: Cash Flow from Operations excluding impact of growth in Real Estate for Sale

FY17/2: JPY 28,708 million FY16/2: JPY 17,025 million

2. Dividends

| | Dividend per Share (JPY) | | | | | Total Dividend (JPY million) | Payout Ratio (consolidated) (%) | Dividend on Equity Ratio (consolidated) (%) |
|-------------------|--------------------------|----------------|---------------|----------------|-------|------------------------------|---------------------------------|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total | | | |
| FY16/2 | – | – | – | 3 | 3 | 1,504 | 11.6 | 2.4 |
| FY17/2 | – | – | – | 5 | 5 | 2,516 | 16.9 | 3.4 |
| FY18/2 (Forecast) | – | – | – | 6 | 6 | | 22.2 | |

Changes since the previously announced forecast: None

3. FY18/2 Full-Year Consolidated Forecast (March 1, 2017 to February 28, 2018)

(YOY = year-on-year % change)

| | Revenue (JPY million) YOY | | Operating Profit (JPY million) YOY | | Recurring Profit (JPY million) YOY | |
|--|------------------------------|--------|------------------------------------|--------|------------------------------------|--------|
| | FY18/2 | 75,500 | -30.9% | 20,600 | -5.4% | 18,300 |
| | Net Income (JPY million) YOY | | Net Income per Share (JPY) | | | |
| | FY18/2 | 13,500 | -9.4% | 26.98 | | |

Changes since the previously announced forecast: None

Note: Ichigo provides a full-year earnings forecast, but not a half-year forecast, because Ichigo believes the longer full-year forecast is more consistent with global best practice and the focus of Japan's Corporate Governance Code on growing long-term sustainable corporate value.

4. Other

(1) Changes in significant consolidated subsidiaries

| | |
|--|--|
| New subsidiary: | GK Daiba Jisho Tokumei Kumiai |
| Subsidiaries removed from consolidation: | GK Motoazabu Holdings Tokumei Kumiai GK Ikenohata Holdings Tokumei Kumiai |

(2) Changes in accounting standards/principles, changes in accounting estimates, and revisions to previous financial statements

| | |
|---|--------------------------|
| (i) Changes in accounting standards/principles: | Yes (no earnings impact) |
| (ii) Changes in accounting principles other than the above: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Revisions of previous financial statements: | None |

(3) Number of outstanding common shares

(i) Number of outstanding shares including treasury shares

| | |
|---------|-------------|
| FY17/2: | 503,712,300 |
| FY16/2: | 502,523,100 |

(ii) Number of treasury shares

| | |
|---------|---------|
| FY17/2: | 329,600 |
| FY16/2: | 884,200 |

(iii) Average number of outstanding shares

| | |
|---------|-------------|
| FY17/2: | 502,257,080 |
| FY16/2: | 499,799,233 |

Note on Appropriate Use of Forecasts

Forward-looking statements contained in these materials are based on judgments regarding information that was available to Ichigo as of the announcement date. However, these statements involve risk and uncertainties, and actual earnings may differ significantly from the indicated forecasts.

5. Segment Information

Asset Management generates fee income via the management of Ichigo Office REIT (8975), Ichigo Hotel REIT (3463), Ichigo Green Infrastructure Investment Corporation (“Ichigo Green,” 9282), and providing real estate services related to real estate acquisition, operation (property management/building maintenance), and disposition.

Value-Add preserves and improves real estate. Ichigo receives rental income during the period it is carrying out its value-add, along with earning profits on sale that reflect the real estate’s higher value after the value-add is complete.

Clean Energy is utility-scale solar power production that supplies clean energy and brings productive use to idle land.

Other is primarily legacy securities investments that are not related to the above three segments.

Power Up 2019 Mid-Term Business Plan

Ichigo is working to drive continued earnings growth and value creation for Ichigo's shareholders, and has established the following key performance indicators (KPIs) and key initiatives in its Power Up 2019 mid-term business plan.

Power Up 2019 Key Performance Indicators (KPIs)

- (1) ROE > 15%
- (2) +62% Operating Profit and +12% EPS growth versus FY16/2 (As of FY17/2, Ichigo consumed its tax loss carry-forwards and its tax rate has thus normalized.)
- (3) Ranking within the JPX-Nikkei Index 400's top 200 companies by August 2019
Note: While the JPX-Nikkei 400 does not provide an official ranking of its 400 constituents, it can be calculated based upon the JPX-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)
- (4) Adoption of Progressive Dividend Policy and DOE Policy

Ichigo has adopted a progressive dividend policy. Under a progressive dividend policy, the previous year's dividend becomes the floor for the current year's dividend. The dividend will be raised (or kept flat) but not cut, providing shareholders downside dividend protection.

In addition to this progressive dividend policy, Ichigo has set a minimum DOE (dividend on equity) payout ratio of >3 %. In contrast to a "dividend payout ratio policy," which calculates dividends based upon annual earnings which can be highly volatile, a DOE policy paying dividends based upon more stable shareholder equity is by its very nature more stable.

Ichigo believes that the combination of a progressive dividend and a DOE-based payout policy will significantly increase the security, certainty, and visibility of its dividend to the benefit of Ichigo's shareholders.

Power Up 2019 Key Initiatives

- (1) Core Business Growth
 - List Ichigo's solar assets on the TSE's new Infrastructure Market
 - Support the on-going growth of Ichigo Office REIT (8975), Ichigo Hotel REIT (3463), and Ichigo Green (9282)
 - Expand the architecture and structural engineering team to deliver real estate that is high-function, safe, secure, and environmentally friendly
 - Spin out a dedicated leasing team to drive tenant acquisition and rental income
- (2) New Business Creation
 - Extend Ichigo's REIT-focused asset management business into the much larger physical real estate market
 - Grow Ichigo's hotel business synergistically with Ichigo Hotel REIT
 - Launch one or more REtech businesses, fusing Ichigo's Real Estate and IT capabilities

- (3) Finance as a Strategic Weapon
 - Grow both financial stability and earnings
 - Decollateralize loans, lengthen loan maturities, lower debt costs, get credit ratings, and issue bonds to diversify funding profile
- (4) High Capital Efficiency and Organic Growth
 - ROE >15%
- (5) Best Place to Work
 - Support employee health and wellness
 - Goal: Japan's number one company in providing opportunities for employees
- (6) Global Best Practice Governance and Compliance

Consolidated Balance Sheet (FY17/2)

(JPY million)

| | FY16/2 (Feb 29, 2016) | FY17/2 (Feb 28, 2017) |
|---|--------------------------|--------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 28,779 | 47,678 |
| Trade notes and accounts receivable | 691 | 913 |
| Operational loan investments | 1,324 | 1,324 |
| Operational securities investments | 1,784 | 1,433 |
| Real estate for sale | 172,833 | 167,805 |
| Deferred tax assets | 1,766 | 516 |
| Other | 3,966 | 3,125 |
| Less: allowance for doubtful accounts | -458 | -453 |
| Total Current Assets | 210,687 | 222,344 |
| Fixed Assets | | |
| Property, Plant, and Equipment | | |
| Buildings and structures | 6,496 | 10,173 |
| Depreciation | -2,666 | -2,797 |
| Buildings and structures (net) | 3,830 | 7,375 |
| Solar power plant equipment | 12,981 | 7,822 |
| Depreciation | -724 | -575 |
| Solar power plant equipment (net) | 12,256 | 7,246 |
| Land | 12,192 | 18,627 |
| Buildings under construction | — | 9 |
| Solar power plants under construction | 3,172 | 12,308 |
| Other | 402 | 416 |
| Depreciation | -309 | -331 |
| Other (net) | 92 | 85 |
| Total Property, Plant, and Equipment | 31,546 | 45,654 |
| Intangible Assets | | |
| Goodwill | 1,942 | 1,864 |
| Leasehold rights | 392 | 62 |
| Other | 38 | 29 |
| Total Intangible Assets | 2,373 | 1,956 |
| Investments and Other Assets | | |
| Securities investments | 5,486 | 1,426 |
| Long-term loans receivable | 12 | 10 |
| Deferred tax assets | 39 | 339 |
| Other | 1,736 | 1,820 |
| Less: allowance for doubtful accounts | -124 | -92 |
| Total Investments and Other Assets | 7,149 | 3,504 |
| Total Fixed Assets | 41,069 | 51,115 |
| Total Assets | 251,757 | 273,459 |

(JPY million)

| | FY16/2 (Feb 29, 2016) | FY17/2 (Feb 28, 2017) |
|--|--------------------------|--------------------------|
| Liabilities | | |
| Current Liabilities | | |
| Trade notes and accounts payable | 80 | 110 |
| Short-term loans | 2,188 | 805 |
| Short-term non-recourse loans | 79 | 611 |
| Bonds (due within one year) | — | 112 |
| Long-term loans (due within one year) | 8,161 | 5,209 |
| Long-term non-recourse loans (due within one year) | 2,975 | 6,825 |
| Income taxes payable | 631 | 1,655 |
| Deferred tax liabilities | 53 | 62 |
| Accrued bonuses | 13 | 36 |
| Other current liabilities | 3,979 | 4,119 |
| Total Current Liabilities | 18,161 | 19,548 |
| Long-Term Liabilities | | |
| Bonds | — | 632 |
| Non-recourse bonds | 100 | 100 |
| Long-term loans | 94,409 | 91,604 |
| Long-term non-recourse loans | 56,193 | 68,319 |
| Deferred tax liabilities | 1,543 | 1,147 |
| Long-term security deposits received | 8,707 | 8,038 |
| Other long-term liabilities | 475 | 624 |
| Total Long-Term Liabilities | 161,430 | 170,467 |
| Total Liabilities | 179,591 | 190,015 |
| Net Assets | | |
| Shareholders' Equity | | |
| Capital | 26,575 | 26,650 |
| Capital reserve | 10,968 | 11,056 |
| Retained earnings | 29,454 | 42,840 |
| Treasury shares | -41 | -15 |
| Total Shareholders' Equity | 66,956 | 80,532 |
| Accumulated Other Comprehensive Income | | |
| Valuation gain (loss) on other securities | 761 | 117 |
| Deferred gain (loss) on long-term interest rate hedges | -251 | -365 |
| Foreign currency translation adjustment | 23 | 55 |
| Total Accumulated Other Comprehensive Income | 533 | -192 |
| Stock Options | 319 | 491 |
| Minority Interests | 4,357 | 2,612 |
| Total Net Assets | 72,166 | 83,443 |
| Total Liabilities and Net Assets | 251,757 | 273,459 |

Consolidated Income Statement (FY17/2)

(JPY million)

| | FY16/2 (Mar 1, 2015 to Feb 29, 2016) | FY17/2 (Mar 1, 2016 to Feb 28, 2017) |
|--|--|--|
| Revenue | 49,699 | 109,253 |
| Cost of Goods Sold | 29,835 | 82,446 |
| Gross Profit | 19,863 | 26,806 |
| SG&A | 4,446 | 5,025 |
| Operating Profit | 15,417 | 21,781 |
| Non-Operating Income | | |
| Interest income | 2 | — |
| Dividend income | 79 | 85 |
| Amortization of negative goodwill | 90 | — |
| Other | 43 | 32 |
| Total Non-Operating Income | 215 | 118 |
| Non-Operating Expenses | | |
| Interest expense | 1,277 | 1,303 |
| Valuation loss on derivatives | — | 38 |
| Debt financing-related fees | 86 | 585 |
| Other | 379 | 216 |
| Total Non-Operating Expenses | 1,743 | 2,144 |
| Recurring Profit | 13,889 | 19,755 |
| Extraordinary Gains | | |
| Gain on sale of securities investments | 223 | 2,466 |
| Total Extraordinary Gains | 223 | 2,466 |
| Extraordinary Losses | | |
| Valuation loss on securities investments | 49 | — |
| Allowance for doubtful accounts | 31 | — |
| Office move expenses | 9 | 31 |
| Impairment loss | — | 1,090 |
| Earthquake-related damages | — | 244 |
| Other | — | 224 |
| Total Extraordinary Losses | 89 | 1,590 |
| Pre-Tax Net Income | 14,022 | 20,630 |
| Income Taxes – Current | 1,330 | 4,863 |
| Income Taxes – Deferred | -369 | 573 |
| Total Income Taxes | 960 | 5,436 |
| Pre-Minority Interest Net Income | 13,062 | 15,194 |
| Net Income Attributable to Minority Interests | 136 | 299 |
| Net Income | 12,925 | 14,894 |

Consolidated Statement of Comprehensive Income (FY17/2)

(JPY million)

| | FY16/2 (Mar 1, 2015 to Feb 29, 2016) | FY17/2 (Mar 1, 2016 to Feb 28, 2017) |
|---|--|--|
| Net Income | 13,062 | 15,194 |
| Other Comprehensive Income | | |
| Valuation gain (loss) on other securities | -667 | -644 |
| Deferred gain (loss) on long-term interest rate hedges | -214 | -113 |
| Foreign currency translation adjustment | -26 | 27 |
| Total Other Comprehensive Income | -908 | -730 |
| Comprehensive Income | 12,153 | 14,463 |
| Comprehensive income attributable to shareholders | 12,258 | 14,169 |
| Comprehensive income attributable to minority interests | -104 | 294 |

Consolidated Statement of Changes in Shareholders' Equity

(FY17/2 – Current Period)

(JPY million)

| | Shareholders' Equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital | Capital Reserve | Retained Earnings | Treasury Shares | Total Shareholders' Equity |
| Balance as of March 1, 2016 | 26,575 | 10,968 | 29,454 | -41 | 66,956 |
| Changes in the Current Fiscal Year | | | | | |
| Share Issuance | 74 | 74 | | | 149 |
| Dividend Payment | | | -1,504 | | -1,504 |
| Net Income | | | 14,894 | | 14,894 |
| Change in Consolidated Subsidiaries | | | -3 | | -3 |
| Sale of Treasury Shares | | 13 | | 26 | 39 |
| Changes in Items other than Shareholders' Equity | | | | | |
| Total Changes | 74 | 88 | 13,386 | 26 | 13,575 |
| Balance as of February 28, 2017 | 26,650 | 11,056 | 42,840 | -15 | 80,532 |

| | Other Comprehensive Income | | | | Stock Options | Minority Interests | Total Net Assets |
|--|---|---|---|----------------------------------|---------------|--------------------|------------------|
| | Valuation Gain (Loss) on Other Securities | Deferred Gain (Loss) on Long-Term Interest Rate Hedges ¹ | Foreign Currency Translation Adjustment | Total Other Comprehensive Income | | | |
| Balance as of March 1, 2016 | 761 | -251 | 23 | 533 | 319 | 4,357 | 72,166 |
| Changes in the Current Fiscal Year | | | | | | | |
| Share Issuance | | | | | | | 149 |
| Dividend Payment | | | | | | | -1,504 |
| Net Income | | | | | | | 14,894 |
| Change in Consolidated Subsidiaries | | | | | | | -3 |
| Sale of Treasury Shares | | | | | | | 39 |
| Changes in Items other than Shareholders' Equity | -643 | -113 | 32 | -725 | 172 | -1,745 | -2,298 |
| Total Changes | -643 | -113 | 32 | -725 | 172 | -1,745 | 11,277 |
| Balance as of February 28, 2017 | 117 | -365 | 55 | -192 | 491 | 2,612 | 83,443 |

¹ By executing interest rate swaps that convert Ichigo's floating rate loans into fixed rate loans, Ichigo has significantly reduced its interest rate risk should Japanese interest rates rise. Unrealized gains or losses on these hedges are recorded in Deferred Gain (Loss) on Long-Term Interest Rate Hedges.

(FY16/2 – Previous Period)

(JPY million)

| | Shareholders' Equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital | Capital Reserve | Retained Earnings | Treasury Shares | Total Shareholders' Equity |
| Balance as of March 1, 2015 | 26,499 | 10,873 | 17,201 | -78 | 54,496 |
| Changes in the Current Fiscal Year | | | | | |
| Share Issuance | 75 | 75 | | | 151 |
| Dividend Payment | | | -648 | | -648 |
| Net Income | | | 12,925 | | 12,925 |
| Change in Consolidated Subsidiaries | | | -23 | | -23 |
| Sale of Treasury Shares | | 19 | | 36 | 56 |
| Changes in Items other than Shareholders' Equity | | | | | |
| Total Changes | 75 | 94 | 12,252 | 36 | 12,460 |
| Balance as of February 29, 2016 | 26,575 | 10,968 | 29,454 | -41 | 66,956 |

| | Other Comprehensive Income | | | | Stock Options | Minority Interests | Total Net Assets |
|--|---|---|---|----------------------------------|---------------|--------------------|------------------|
| | Valuation Gain (Loss) on Other Securities | Deferred Gain (Loss) on Long-Term Interest Rate Hedges ¹ | Foreign Currency Translation Adjustment | Total Other Comprehensive Income | | | |
| Balance as of March 1, 2015 | 1,208 | -36 | 6 | 1,177 | 198 | 2,505 | 58,377 |
| Changes in the Current Fiscal Year | | | | | | | |
| Share Issuance | | | | | | | 151 |
| Dividend Payment | | | | | | | -648 |
| Net Income | | | | | | | 12,925 |
| Change in Consolidated Subsidiaries | | | | | | | -23 |
| Sale of Treasury Shares | | | | | | | 56 |
| Changes in Items other than Shareholders' Equity | -446 | -214 | 16 | -644 | 120 | 1,852 | 1,328 |
| Total Changes | -446 | -214 | 16 | -644 | 120 | 1,852 | 13,788 |
| Balance as of February 29, 2016 | 761 | -251 | 23 | 533 | 319 | 4,357 | 72,166 |

¹ By executing interest rate swaps that convert Ichigo's floating rate loans into fixed rate loans, Ichigo has significantly reduced its interest rate risk should Japanese interest rates rise. Valuation gains or losses on these hedges are recorded in Deferred Gain (Loss) on Long-Term Interest Rate Hedges.

Consolidated Cash Flow Statement (FY17/2)

(JPY million)

| | FY16/2 (Mar 1, 2015 to Feb 29, 2016) | FY17/2 (Mar 1, 2016 to Feb 28, 2017) |
|---|--|--|
| Cash Flows from Operating Activities: | | |
| Pre-tax net income | 14,022 | 20,630 |
| Depreciation | 792 | 778 |
| Share-based compensation expenses | 174 | 223 |
| Amortization of goodwill | 139 | 141 |
| Amortization of negative goodwill | -90 | — |
| Increase (decrease) in accrued bonuses | -3 | 23 |
| Increase (decrease) in allowance for doubtful accounts | 3 | -3 |
| Interest and dividend income | -81 | -85 |
| Interest expense | 1,277 | 1,303 |
| Loss (gain) on sale of securities investments | -223 | -2,466 |
| Impairment loss | — | 1,090 |
| Valuation loss on securities investments | 49 | — |
| Decrease (increase) in trading notes and receivables | -172 | -367 |
| Decrease (increase) in operational loan receivables | 1,006 | — |
| Decrease (increase) in operational securities investments | 1,239 | 2,727 |
| Valuation loss on operational securities investments | 19 | — |
| Decrease (increase) in real estate for sale | -63,070 | -6,303 |
| Decrease (increase) in solar power plants for sale | — | 7,251 |
| Valuation loss on SPC capital contributions | 11 | 16 |
| Decrease (increase) in advances paid | -990 | -190 |
| Decrease (increase) in prepaid expenses | -492 | 138 |
| Decrease (increase) in accounts receivable | -1,140 | -193 |
| Increase (decrease) in accounts payable | 535 | 204 |
| Increase (decrease) in accrued expenses | 42 | 92 |
| Increase (decrease) in advances received | 317 | -49 |
| Increase (decrease) in security deposits received | 2,380 | -667 |
| Other | 927 | 1,166 |
| Sub-total | -43,324 | 25,460 |
| Interest and dividend income received | 81 | 85 |
| Interest expense paid | -1,226 | -1,146 |
| Income taxes paid | -990 | -4,005 |
| Income taxes refunded | 804 | 1,153 |
| Net Cash from (Used for) Operating Activities | -44,654 | 21,547 |

(JPY million)

| | FY16/2 (Mar 1, 2015 to Feb 29, 2016) | FY17/2 (Mar 1, 2016 to Feb 28, 2017) |
|--|--|--|
| Cash Flows from Investing Activities: | | |
| Payments into time deposits | — | -6,100 |
| Redemptions of time deposits | — | 201 |
| Payments for securities investments | -671 | -300 |
| Proceeds from sale of securities investments | 296 | 6,136 |
| Proceeds from redemptions of investments | 3 | — |
| Acquisition of property, plant, and equipment | -6,628 | -11,719 |
| Acquisition of intangible assets | -21 | -1 |
| Payments of SPC capital contributions | -9 | -63 |
| Redemptions of SPC capital contributions | 6 | — |
| Payments of security deposits | -37 | -5 |
| Redemptions of security deposits | 9 | 10 |
| Acquisitions of subsidiary shares resulting in change of consolidation scope | — | -93 |
| Other | — | 1 |
| Net Cash from (Used for) Investing Activities | -7,052 | -11,933 |
| Cash Flows from Financing Activities: | | |
| Net increase (decrease) in short-term loans | 771 | -1,383 |
| Net increase (decrease) in short-term non-recourse loans | 31 | 532 |
| Proceeds from bond issuance | — | 785 |
| Redemptions of corporate bonds | — | -56 |
| Proceeds from long-term loans | 64,866 | 55,674 |
| Repayment of long-term loans | -19,192 | -61,221 |
| Proceeds from long-term non-recourse loans | 18,150 | 30,850 |
| Repayment of long-term non-recourse loans | -2,772 | -15,400 |
| Proceeds from employee exercise of stock options | 153 | 137 |
| Payments received from minority interests | 2,000 | — |
| Payments to minority interests | — | -2,000 |
| Dividends paid | -646 | -1,501 |
| Dividends paid to minority interests | -43 | -39 |
| Net Cash from (Used for) Financing Activities | 63,318 | 6,377 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | -5 | -2 |
| Increase (Decrease) in Cash and Cash Equivalents | 11,604 | 15,988 |
| Cash and Cash Equivalents at Beginning of Period | 18,972 | 28,368 |
| Cash and Cash Equivalents Resulting from Exclusion from Consolidation | -2,208 | -2,988 |
| Cash and Cash Equivalents at End of Period | 28,368 | 41,369 |

Revenue, P&L, and Assets by Segment (Current FY17/2)

(March 1, 2016 to February 28, 2017) (JPY million)

| | Segment | | | | | Adjustment ¹ | Amount Recorded in Consolidated Financial Statements ² |
|--|------------------|-----------|--------------|-------|---------|-------------------------|---|
| | Asset Management | Value-Add | Clean Energy | Other | Total | | |
| Revenue | | | | | | | |
| Revenue from External Customers | 4,747 | 92,138 | 12,352 | 14 | 109,253 | — | 109,253 |
| Inter-Segment Activities or Reclassifications | 1,422 | 4 | — | — | 1,427 | -1,427 | — |
| Total | 6,170 | 92,143 | 12,352 | 14 | 110,680 | -1,427 | 109,253 |
| Segment Profits or Losses | 2,326 | 16,213 | 3,301 | -165 | 21,676 | 104 | 21,781 |
| Segment Assets | 2,821 | 213,245 | 22,208 | 1,906 | 240,182 | 33,277 | 273,459 |
| Other | | | | | | | |
| Depreciation | 6 | 241 | 505 | — | 753 | 24 | 778 |
| Impairment Loss | — | 1,090 | — | — | 1,090 | — | 1,090 |
| Increase in Property, Plant, and Equipment and Intangible Assets | 3 | 58 | 11,499 | — | 11,561 | 41 | 11,603 |

¹ The Adjustment to Segment Profits or Losses (JPY 104 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 33,615 million) reflects corporate assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (JPY 24 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 41 million) reflects corporate assets that were not allocated to the segments.

² Segment Profits or Losses are calculated for each segment from consolidated operating profit.

Revenue, P&L, and Assets by Segment (Previous FY16/2)

(March 1, 2015 to February 29, 2016) (JPY million)

| | Segment | | | | | Adjustment ¹ | Amount Recorded in Consolidated Financial Statements ² |
|--|------------------|-----------|--------------|-------|---------|-------------------------|---|
| | Asset Management | Value-Add | Clean Energy | Other | Total | | |
| Revenue | | | | | | | |
| Revenue from External Customers | 5,067 | 42,944 | 1,628 | 58 | 49,699 | — | 49,699 |
| Inter-Segment Activities or Reclassifications | 1,332 | 4 | — | — | 1,337 | -1,337 | — |
| Total | 6,400 | 42,948 | 1,628 | 59 | 51,036 | -1,337 | 49,699 |
| Segment Profits or Losses | 2,879 | 12,629 | 323 | -32 | 15,799 | -382 | 15,417 |
| Segment Assets | 2,617 | 207,053 | 18,131 | 6,049 | 233,851 | 17,905 | 251,757 |
| Other | | | | | | | |
| Depreciation | 8 | 242 | 506 | — | 757 | 34 | 792 |
| Impairment loss | — | — | — | — | — | — | — |
| Increase in Property, Plant, and Equipment and Intangible Assets | 4 | 54 | 5,914 | — | 5,973 | 44 | 6,017 |

¹ The Adjustment to Segment Profits or Losses (JPY -382 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 17,905 million) reflects corporate assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (JPY 34 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 44 million) reflects corporate assets that were not allocated to the segments.

² Segment Profits or Losses are calculated for each segment from consolidated operating profit.

Goodwill and Amortization by Segment (Current FY17/2)

Goodwill

(JPY million)

| | Segment | | | | | Adjustment | Amount Recorded in Consolidated Financial Statements |
|---|------------------|-----------|--------------|-------|-------|------------|--|
| | Asset Management | Value-Add | Clean Energy | Other | Total | | |
| Amortization during the fiscal year | 111 | 15 | 14 | — | 141 | — | 141 |
| Outstanding balance as of the end of the period | 1,519 | 94 | 249 | — | 1,864 | — | 1,864 |

Negative Goodwill

N/A

Goodwill and Amortization by Segment (Previous FY16/2)

Goodwill

(JPY million)

| | Segment | | | | | Adjustment | Amount Recorded in Consolidated Financial Statements |
|---|------------------|-----------|--------------|-------|-------|------------|--|
| | Asset Management | Value-Add | Clean Energy | Other | Total | | |
| Amortization during the fiscal year | 111 | 15 | 12 | — | 139 | — | 139 |
| Outstanding balance as of the end of the period | 1,631 | 110 | 201 | — | 1,942 | — | 1,942 |

Negative Goodwill

(JPY million)

| | Segment | | | | | Adjustment | Amount Recorded in Consolidated Financial Statements |
|---|------------------|-----------|--------------|-------|-------|------------|--|
| | Asset Management | Value-Add | Clean Energy | Other | Total | | |
| Amortization during the fiscal year | — | 90 | — | — | 90 | — | 90 |
| Outstanding balance as of the end of the period | — | — | — | — | — | — | — |

Per Share Information

(JPY)

| FY16/2 (March 1, 2015 to February 29, 2016) | | FY17/2 (March 1, 2016 to February 28, 2017) | |
|--|--------|--|--------|
| Net Assets per Share | 134.54 | Net Assets per Share | 159.60 |
| Net Income per Share | 25.86 | Net Income per Share | 29.66 |
| Diluted Net Income per Share | 25.75 | Diluted Net Income per Share | 29.59 |

Calculation of net income per share and diluted net income per share is as follows:

| | FY16/2 (March 1, 2015 to February 29, 2016) | FY17/2 (March 1, 2016 to February 28, 2017) |
|---|---|--|
| Net Income per Share | | |
| Net Income Attributable to Shareholders (JPY million) | 12,925 | 14,894 |
| Amount Not Attributable to Common Shareholders | — | — |
| Net Income Attributable to Shareholders in Regards to Common Shares (JPY million) | 12,925 | 14,894 |
| Average Number of Shares Outstanding | 499,799,232 | 502,257,080 |
| Number of Potentially Dilutive Shares Outstanding | 2,113,783 | 1,185,685 |
| (of which are employee stock options) | (2,113,783) | (1,185,685) |
| Details of Potentially Dilutive Shares Outstanding | Jan 10, 2014 Employee Stock Option Issuance 1,005,000 shares Jan 13, 2015 Employee Stock Option Issuance 1,859,200 shares Jan 13, 2016 Employee Stock Option Issuance 1,500,000 shares | Jan 13, 2016 Employee Stock Option Issuance 1,460,000 shares Jan 13, 2017 Employee Stock Option Issuance 2,000,000 shares |