



## FY18/2 H1 Corporate Presentation

October 12, 2017

### Ichigo (2337)

# **Ichigo Preserves and Improves Real Estate**



**World-Class  
Excellence**

**ICHIGO** Ichigo's  
Hiromi Miyake

**ICHIGO** 一期一会  
ICHIGO

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# FY18/2 H1 Earnings

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# Operating Profit -16%, Net Income -26% YOY

66% Progress vs. Full-Year Net Income Forecast

45.0% GPM and 37.9% OPM Underscores Ongoing High Profitability

(JPY million)

	FY17/2 H1	FY18/2 H1	YOY	Full-Year Forecast	vs. Full-Year Forecast
Revenue	85,991	33,386	-61.2%	75,500	44.2%
Gross Profit	17,468	15,013	-14.1%	25,994	57.8%
Operating Profit	14,984	12,650	-15.6%	20,600	61.4%
Recurring Profit	13,834	11,562	-16.4%	18,300	63.2%
Net Income	11,935	8,873	-25.7%	13,500	65.7%
EPS	JPY 23.79	JPY 17.74	-25.4%	JPY 26.98	65.8%

# Segment Earnings Details

Asset Management: Stock AM Fees Up 31% YOY

Value-Add: Large Asset Sale

Clean Energy: Sale of 2 Solar Plants to Ichigo Green

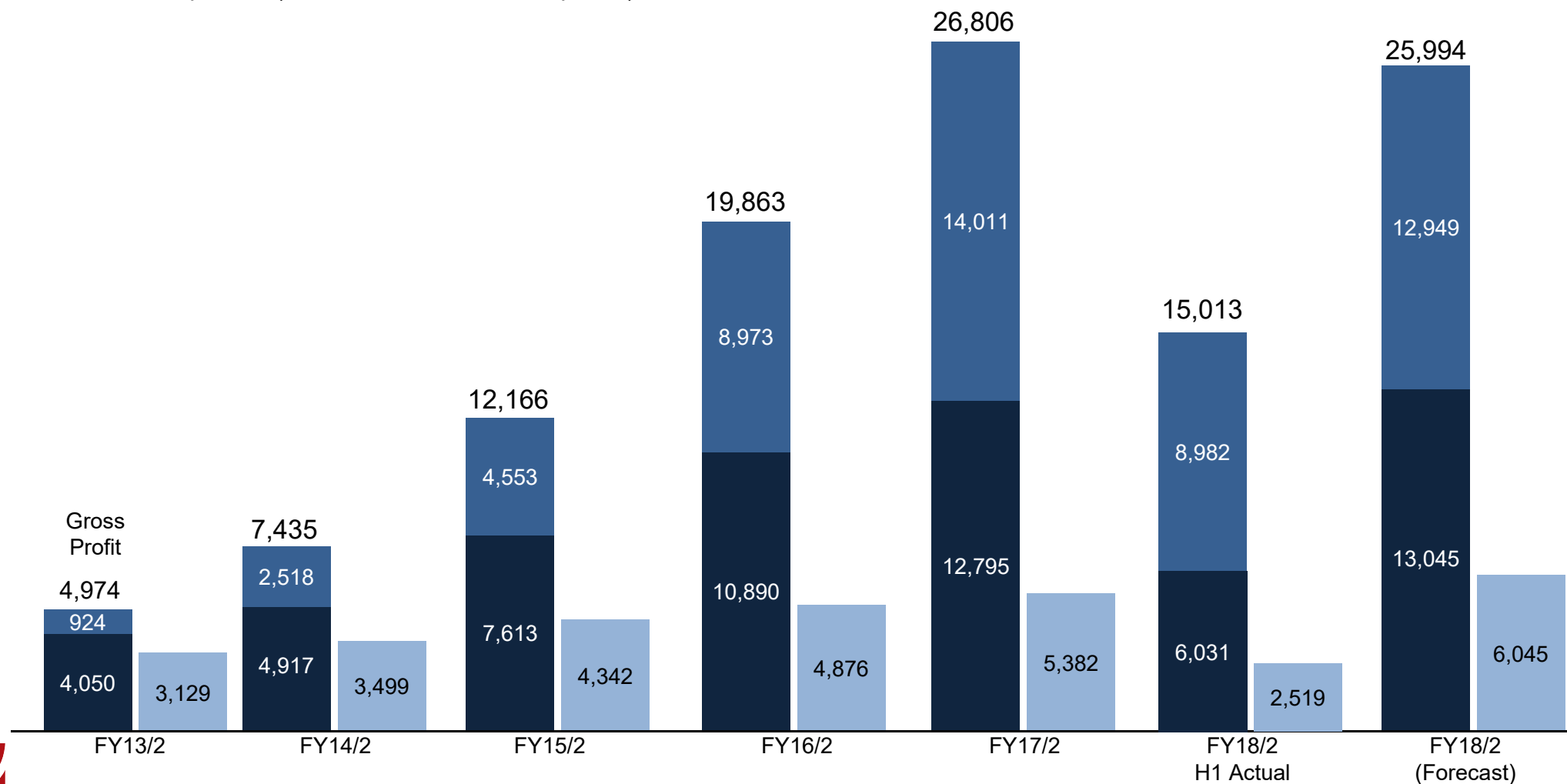
(JPY million)

Segment	Revenue					Gross Profit					Earnings Drivers (Parentheses show YOY change in Gross Profit)
	FY17/2 H1	FY18/2 H1	YOY	Full-Year Forecast	vs. Forecast	FY17/2 H1	FY18/2 H1	YOY	Full-Year Forecast	vs. Forecast	
Asset Management	2,460	1,229	-50.0%	2,485	49.4%	1,558	1,212	-22.2%	2,457	49.3%	AM Fees 957 (+226) Acquisition/Disposition Fees 76 (-283) Performance Fees 170 (+8) Decrease in PM/BM Fees due to Sale of Takara Subsidiary 0 (-228)
Value-Add	82,305	29,809	-63.8%	69,719	42.8%	15,428	12,971	-15.9%	22,336	58.1%	Rental Income 4,708 (-405) Profits on Sale 8,263 (-2,051)
Clean Energy	1,214	2,241	+84.6%	3,216	69.7%	584	842	+44.2%	1,122	75.0%	Gain on Sale of Power Plants 467 (+467) FIT Solar Power Sales 374 (-210)
Other	10	105	+878.5%	78	135.4%	-102	-12	—	78	—	Shut-Down Costs for Overseas Fund -48 (-48)
<b>Total</b>	<b>85,991</b>	<b>33,386</b>	<b>-61.2%</b>	<b>75,500</b>	<b>44.2%</b>	<b>17,468</b>	<b>15,013</b>	<b>-14.1%</b>	<b>25,994</b>	<b>57.8%</b>	

# Stock + Flow Earnings Model

- Stock Earnings (Primarily Rental Income, AM Fees, and FIT Solar Power Sales)
- Flow Earnings (Primarily Profits on Value-Add Real Estate Sales )
- Fixed Expenses (Fixed SG&A + Interest Expense)

(JPY million)

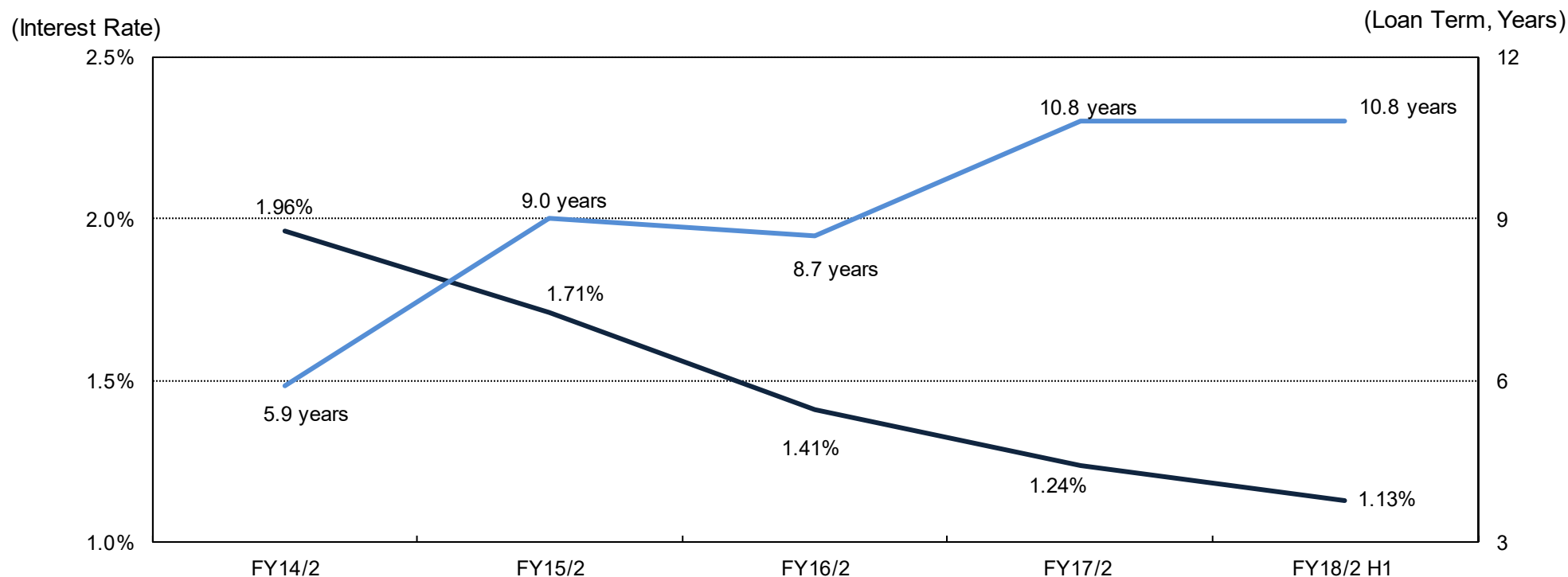




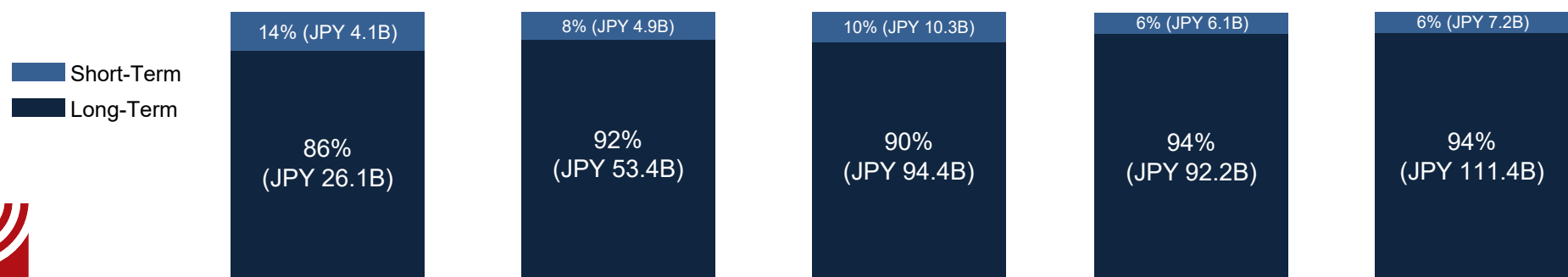
# Strong Financial Position

Average Interest Rate and Loan Term

— Weighted Average Interest Rate  
— Weighted Average Loan Term



Term Structure of Loans

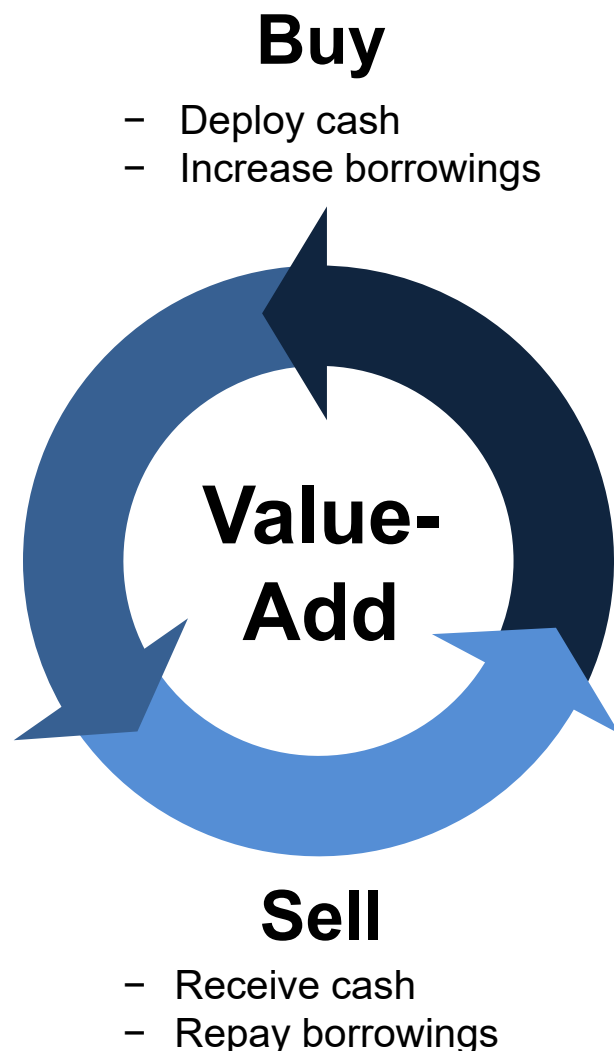


# Powerful Value-Add Business Model Underpins Growth

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# Capital-Efficient Asset Turnover

Adding New Earnings Drivers via Ichigo Owners-Oriented Assets, Asset Acquisition via M&A, and Logistics and Self-Storage Asset Types



## H1 Acquisitions Total 49 Assets, JPY 25.1B\*

Retail	1 Asset	JPY 1.8B
Hotel	3 Assets	JPY 6.9B

### **Ichigo Owners-Oriented Assets (JPY 500M – 1B)**

Residence	7 Assets	JPY 4.6B
Office	1 Asset	JPY 600M

### **Real Estate Acquisition via M&A**

Centro	14 Assets	JPY 5.6B
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### **New Asset Types**

Logistics	2 Assets	JPY 3.7B
Self-Storage	21 Assets	JPY 1.7B

## H1 Sales Total 5 Assets, JPY 14.0B\*

Residence	1 Asset	JPY 700M
Office	4 Assets	JPY 13.2B

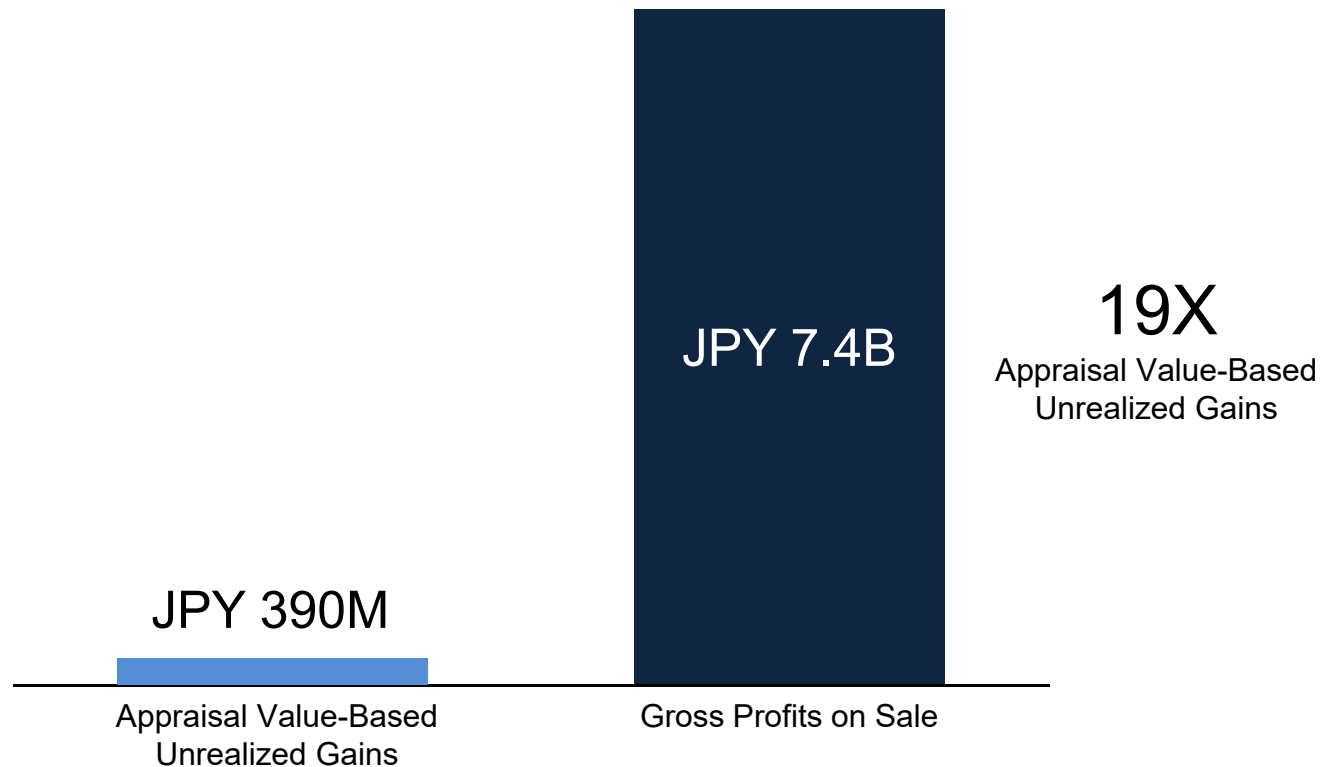
Gross Profits on Sales JPY 8.2B  
(Gross Profit Margin 37.1%)

\* Book Value

# Large Value-Add Asset Sale (Central Tokyo Office)

Gross Profits on Sale of JPY 7.4B, 19X Appraisal Value-Based Unrealized Gains (JPY 390M)

- Scarce and premium location asset with ongoing redevelopment in the area. Agreed with all tenants to convert lease contracts to fixed term leases over a number of years
- Sold to Japanese real estate company with strong redevelopment capability



# Significant Unrealized Gains on Balance Sheet

## Total Unrealized Gains: JPY 39.1B (Appraisal Value Basis)

### Real estate directly held by Ichigo

(JPY million)

Location	Book Value as of August 31, 2017	Expected NOI	Cap Rate NOI/Book Value after Write-down	Appraisal Value as of August 31, 2017	Unrealized Gains
Tokyo	108,026	6,061	6.1%	129,755	+21,729
Outside Tokyo	88,688	5,900	7.2%	105,826	+17,137
<b>Total</b>	<b>196,715</b>	<b>11,960</b>	<b>6.6%</b>	<b>235,581</b>	<b>+38,866</b>

\* Cap rate is the simple average of the cap rates for each asset. Excludes development assets (c. JPY 1,296 million) which are not currently generating NOI and includes intangible fixed assets subject to appraisal (c. JPY 135 million).

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

(JPY million)

	Book Value as of August 31, 2017	Appraisal Value as of August 31, 2017	Unrealized Gains
Equity Investments (Non-consolidated)	—	—	—
Equity Investments (Consolidated)	1,063	1,391	+328
<b>Total</b>	<b>1,063</b>	<b>1,391</b>	<b>+328</b>

# Increased Tenant Satisfaction via Focus on Tenant Needs

## Survey of All 4,700 Tenant Employees Guided Service Improvements

- Increased cleaning service quality and renovated and improved common areas
- Brought in new lunch options
- Improved accessibility for persons with disabilities and strengthened BCP capabilities
- Increased building security via increased security camera coverage and personnel



Tradepia Odaiba

## Higher Earnings

- Better services support higher rents (44% of total area renewed at avg. +23%)
- New tenants coming in at current market rents (+21% vs. previous leases)
- Reduced building maintenance costs by 20% while increasing service standards
- Reduced energy consumption by 73% via LED lighting retrofit

# Optimizing Tenant Mix

## Retail Building in Jiyugaoka, a Central Tokyo Fashion Hub

- Attracted well-known beauty and cosmetics brands to a single building such that it became a sought-out “beauty destination”
- Increased tenant satisfaction via implementing Ichigo Quality Standard
- 20% increase in NOI



B1F, 1F Café & Natural Cosmetics “shiro”

Popular natural skin care brand “shiro” launched its first café plus shop in Tokyo.



2F, 3F Hair & Nail Salon “Of HAIR”

High-end hair salon using original cosmetics made with natural ingredients



# Clean Energy Business Growth

## Ichigo Showamura Ogose ECO Power Plant Launch 4 Months Ahead of Initial Schedule

- Largest solar power plant in Tokyo Region (43.3MW)
- 20-year FIT: JPY 36
- Forecast annual power generation: 55,427,000kWh (provides power for 15,300 households)
- 20-year earnings contribution
  - ✓ Gross profits: JPY 15.2B (JPY 760M p.a.)
  - ✓ Net income: JPY 10.6B (JPY 530M p.a.)



Ichigo Showamura Ogose ECO Power Plant

43 Plants (130MW) Total Operating and In-Development Solar Power Plants; Additional 35MW in Solar Pipeline

41MW Wind Power Plants in Simulation & Design

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
6	Fukushima	7.0MW	In Progress

(New)



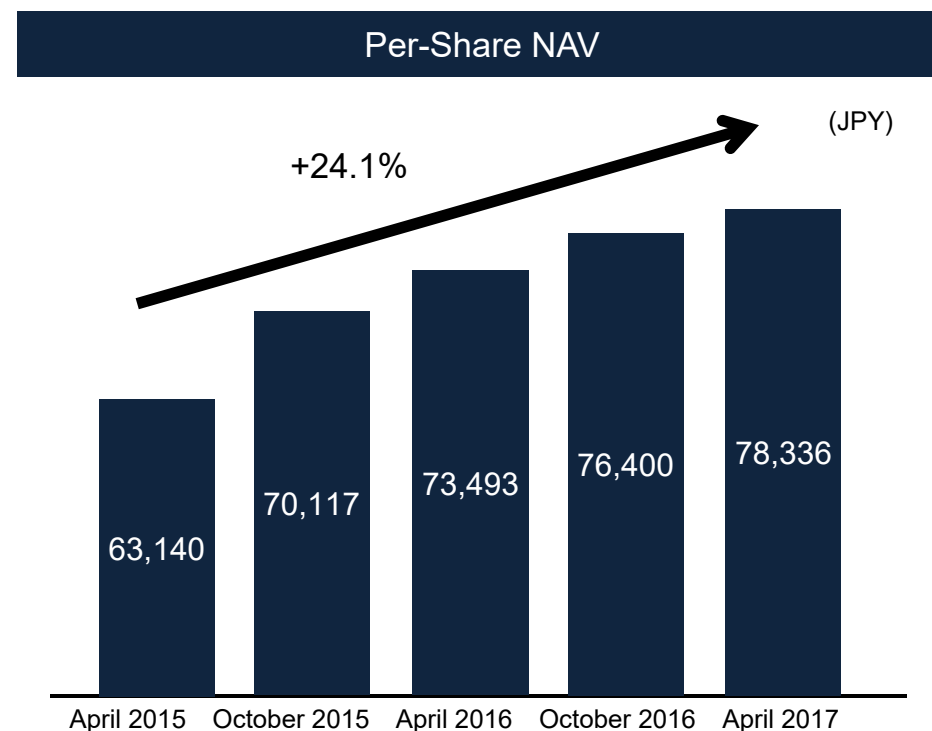
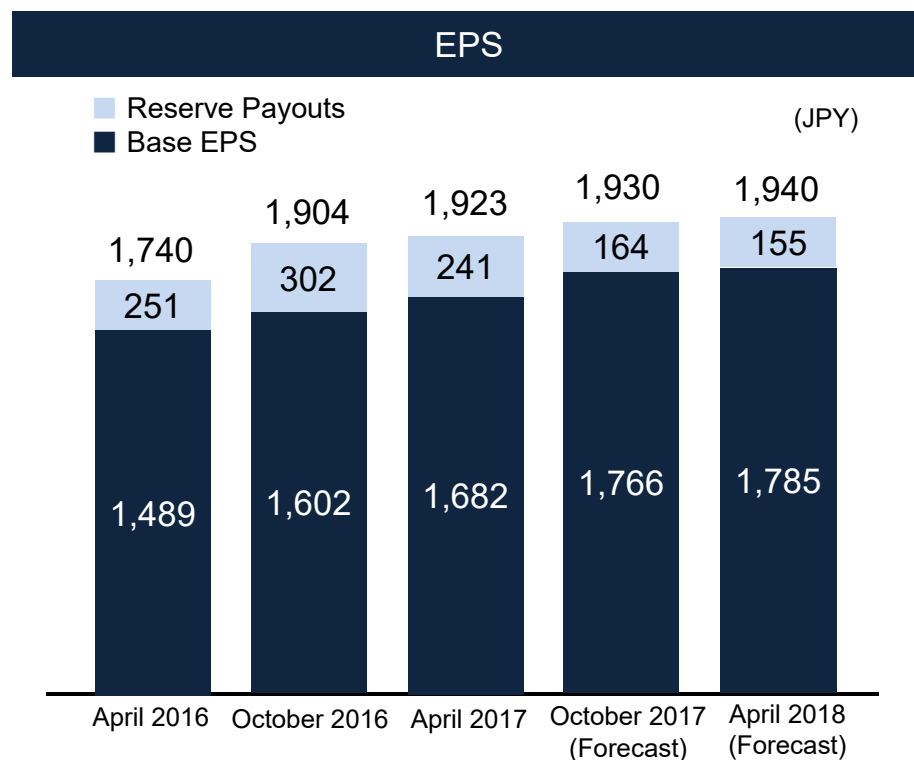
Ichigo Showamura Ogose ECO Power Plant Launch Ceremony



# Ichigo Office (8975) Growth Strategy Execution

## Executing on Growth Strategy to Drive Shareholder Value

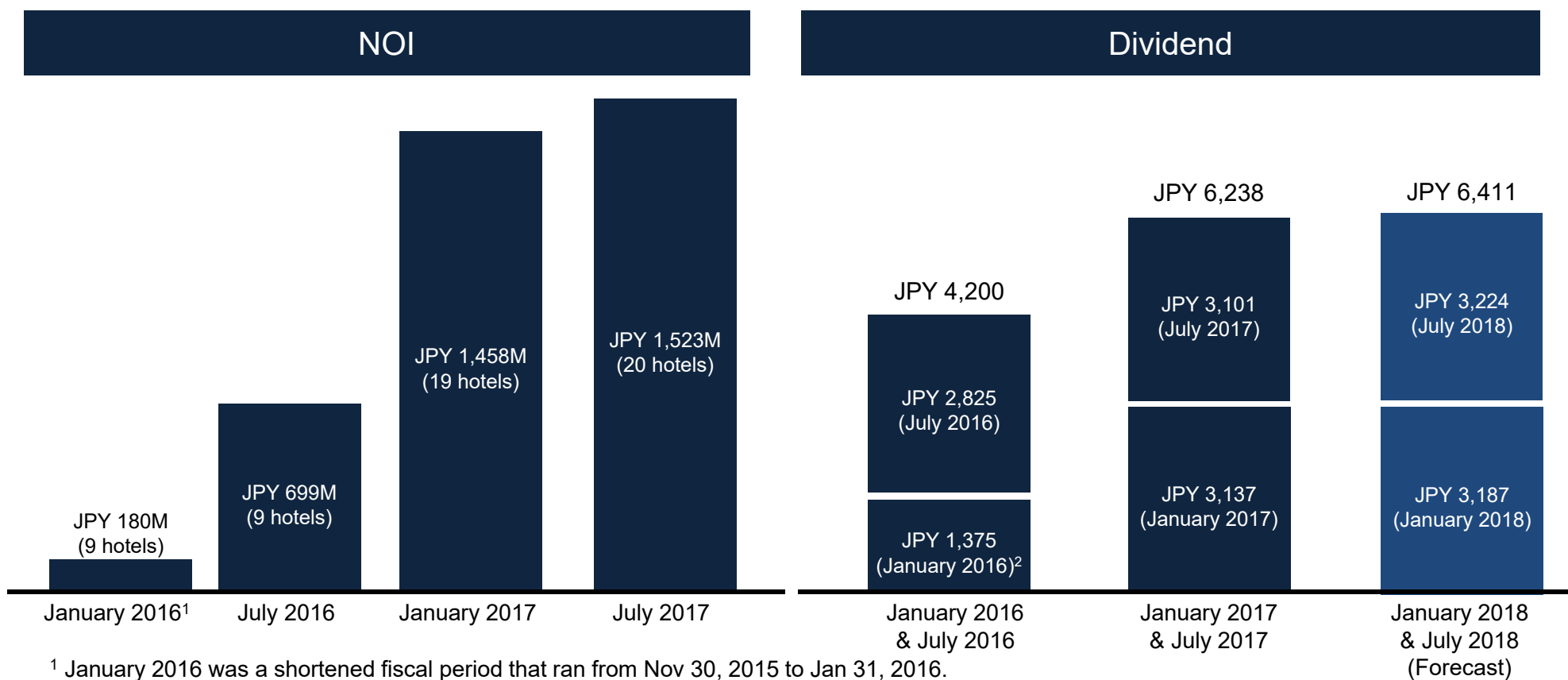
- First bond issuance to diversify and extend borrowing maturities
  - ✓ Total Issue Amount: JPY 1.2B; Term: 10 years; Interest Rate: 0.9% p.a.
- Awarded GRESB Green Star Ranking
  - ✓ Four Star GRESB Rating (five star maximum)
  - ✓ GRESB ranking key points were environmental impact reduction, energy consumption reduction, increased environmental quality of buildings, and partnership with stakeholders



# Ichigo Hotel (3463) Accretive Growth for Shareholders

## October 2017 Share Buyback

- Accretive growth in earnings and dividend post-IPO on the back of value-add capex
- With current share price at a 20+% discount to NAV, buying back shares and cancelling them grows further value for shareholders



<sup>1</sup> January 2016 was a shortened fiscal period that ran from Nov 30, 2015 to Jan 31, 2016.

<sup>2</sup> January 2016 actual dividend of JPY 471 converted to full-period dividend.

# Ichigo Green (9282) Above-Forecast Earnings

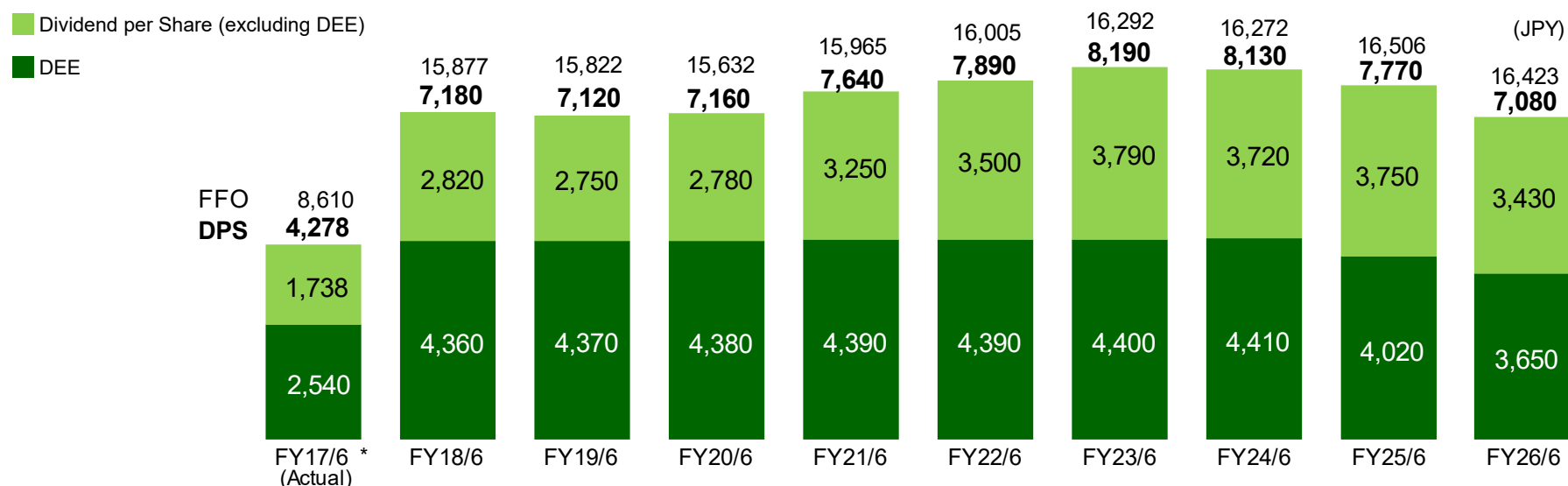
## Strong FY17/6 Earnings

- Above-forecast power generation drove higher earnings & dividend  
JPY 1,738 DPS (+JPY 618, +55.2% vs. forecast)
- JPY 4,278 Total DPS including Dividend in Excess of Earnings (DEE) (actual operating timeframe: 7 months)

## Forecast Further Growth in FY18/6 Earnings

- Geographic diversification and earnings growth via 2 power plant acquisitions
- JPY 2,820 DPS (+JPY 550, +24.2% vs. forecast)
- JPY 7,180 Total DPS including DEE (operating timeframe: 12 months)

Ten-Year Dividend & FFO Forecast



\* Ichigo Green's actual operating timeframe during FY17/6 was from December 1, 2016, the day it acquired its first power plants, to June 30, 2017 (7 months).

# Ichigo Owners Market Entry

## Building Out Client Base

- Individual clients: c. 50    Intermediaries: c. 100 companies
  - ✓ Working with accountants and financial institutions
  - ✓ Will trial Ichigo proprietary IT-based content delivery and client servicing

## Real Estate Tailored to Client Needs

- Acquired JPY 4.5B (primarily JPY 500M to 1B residential and office) suitable for Ichigo Owners clients
  - ✓ Centro real estate and self-storage also potentially viable assets for these clients

## Ichigo Value-Add as Ongoing AM Service to Owners

### Office (Tokyo Aoyama)

Installed new signage and logo



### Retail (Tokyo Hiroo)

Increased NOI via new tenant acquisition



# Self-Storage Market Entry

## Significant Growth Potential

- Japan's supply of self-storage per household is less than 5% of the US
- Rapid shift from container storage to in-room self-storage pursuant to administrative guidance to conform to Building Standards Law
- Time required to generate full occupancy (approx. 2 years to fill a 100 storage room facility) but long-term NOI stability

## Accelerate Ichigo Growth via Self-Storage Asset Class

- Establishing competitive superiority with industry's leading security and air conditioning
- Accelerating new openings by 5X – targeting 15,000 rooms in 5 years via deploying in difficult-to-use spaces in other assets and non-revenue generating second floors of convenience stores and post offices

## Ichigo Owners' Synergies

- c. JPY 200M-500M asset sizes well-matched to Ichigo Owners' client needs





# Boutique Hotel Market Entry

## THE KNOT Yokohama Opening in December

- Concept: An urban hotel that brings travelers into the city, a place to meet new experiences, new people, and new things.
- Transformation of the historic Yokohama Kokusai Hotel in collaboration with Baycrews, a Japanese fashion and interior goods designer. Guests can buy Baycrews goods that they use in the hotel
- Moved restaurant from 10<sup>th</sup> floor to 1<sup>st</sup> floor and gave it open access to the street
  - ✓ Bringing together Yokohama's landmark Chinese and Western cuisine
  - ✓ A vibrant social space for both hotel guests and the people of Yokohama

Restaurant



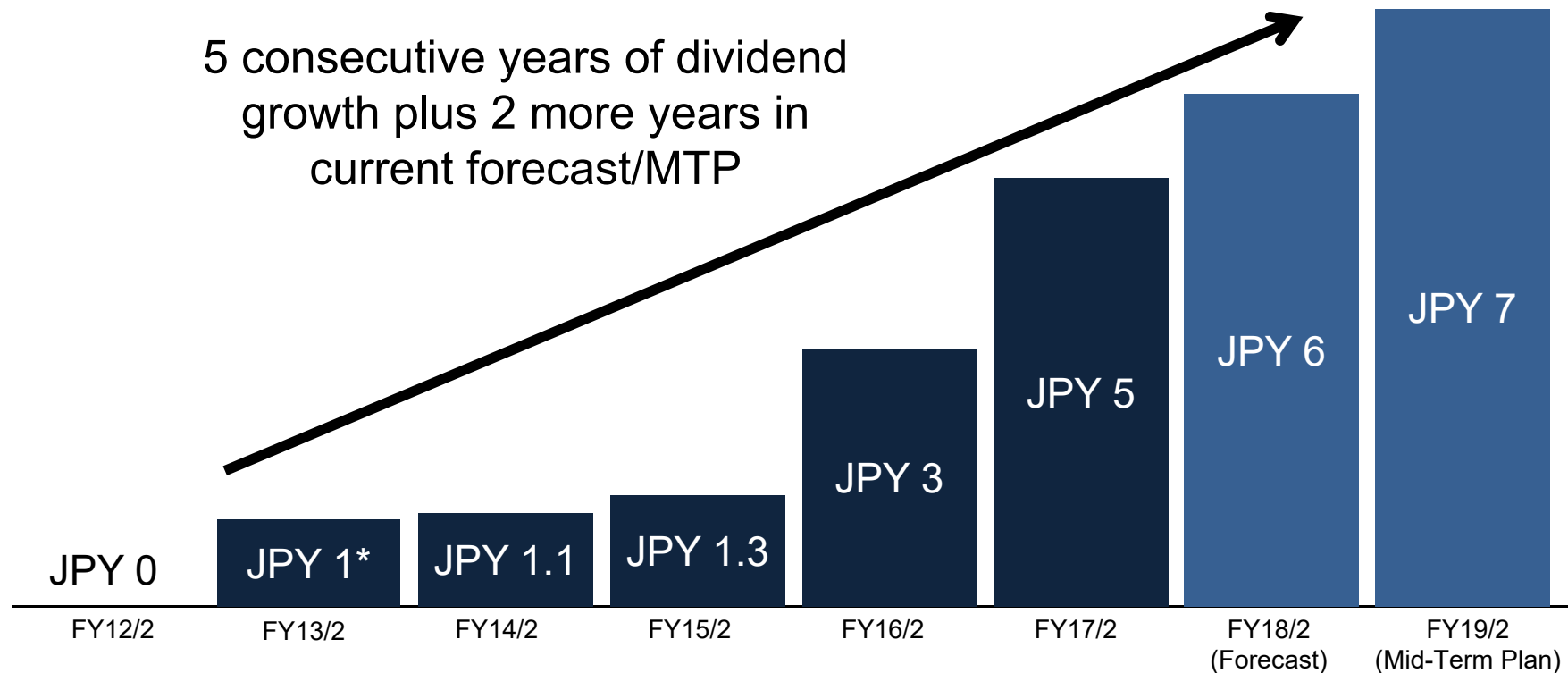
Guest Room



# Ongoing Dividend Growth

## Ichigo Dividend Policy: Growth, Certainty, and Stability

- DOE (Dividend on Equity) payout ratio of >3%
  - ✓ Stable and growing dividend unaffected by short-term earnings volatility
- Progressive Dividend Policy
  - ✓ Raise or keep the dividend. The policy underscores Ichigo's commitment to driving continued earnings growth for its shareholders



\* Adjusted to reflect 200:1 stock split

# Second FY18/2 Share Buyback

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## Purpose: Grow Value for Ichigo's Shareholders

Number of Shares	4,300,000 shares (maximum) (0.86% of total shares outstanding)
Amount	JPY 1.5 billion (maximum)
Buyback Period	October 13, 2017 – November 22, 2017
Buyback Method	In-market purchases via trust bank

## Reference: April Share Buyback

Number of Shares	4,627,400 shares
Total Amount	JPY 1,499,979,200

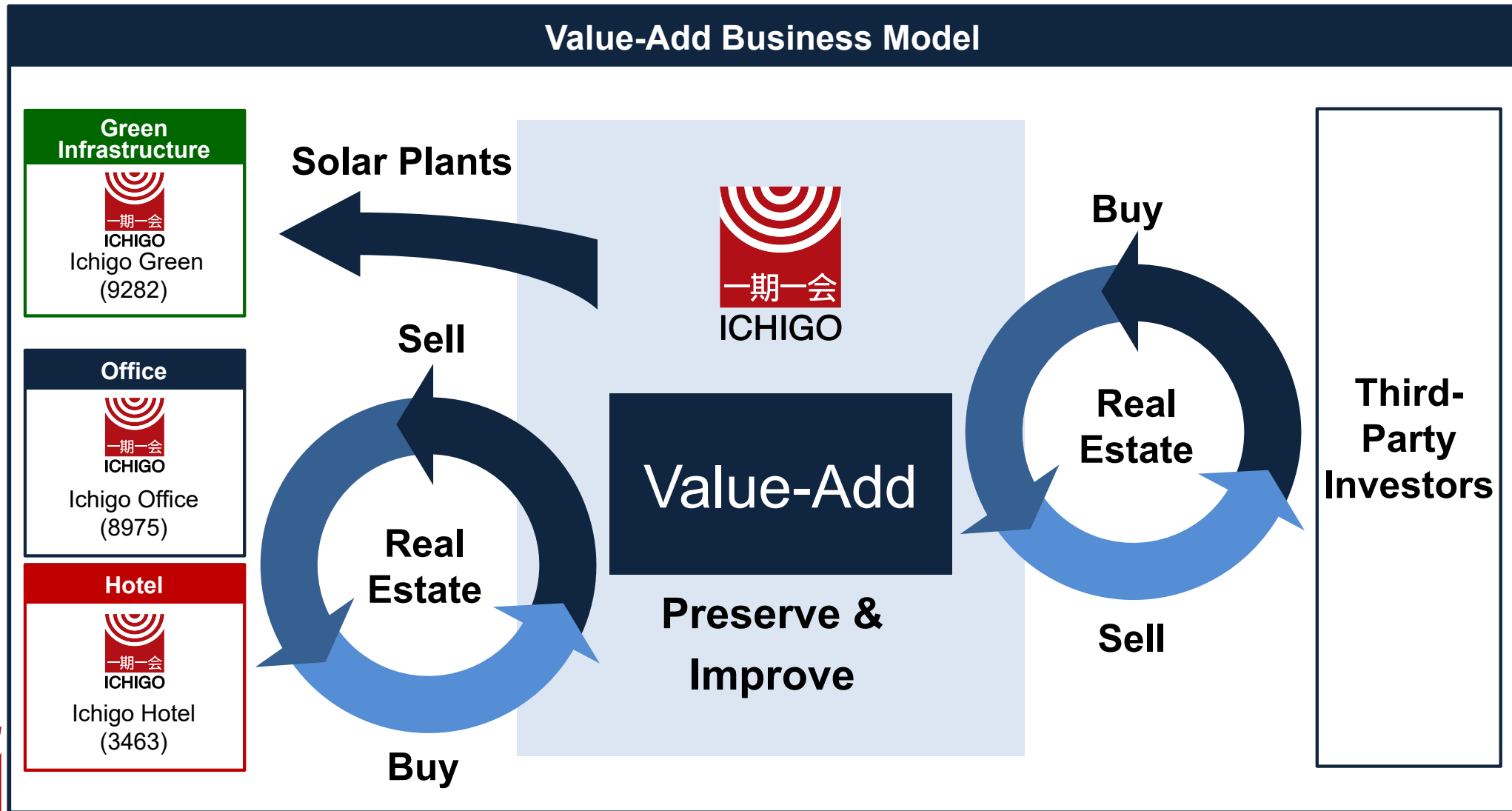


## Appendix: Financial & Real Estate Data

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# Powerful Value-Add Business Model

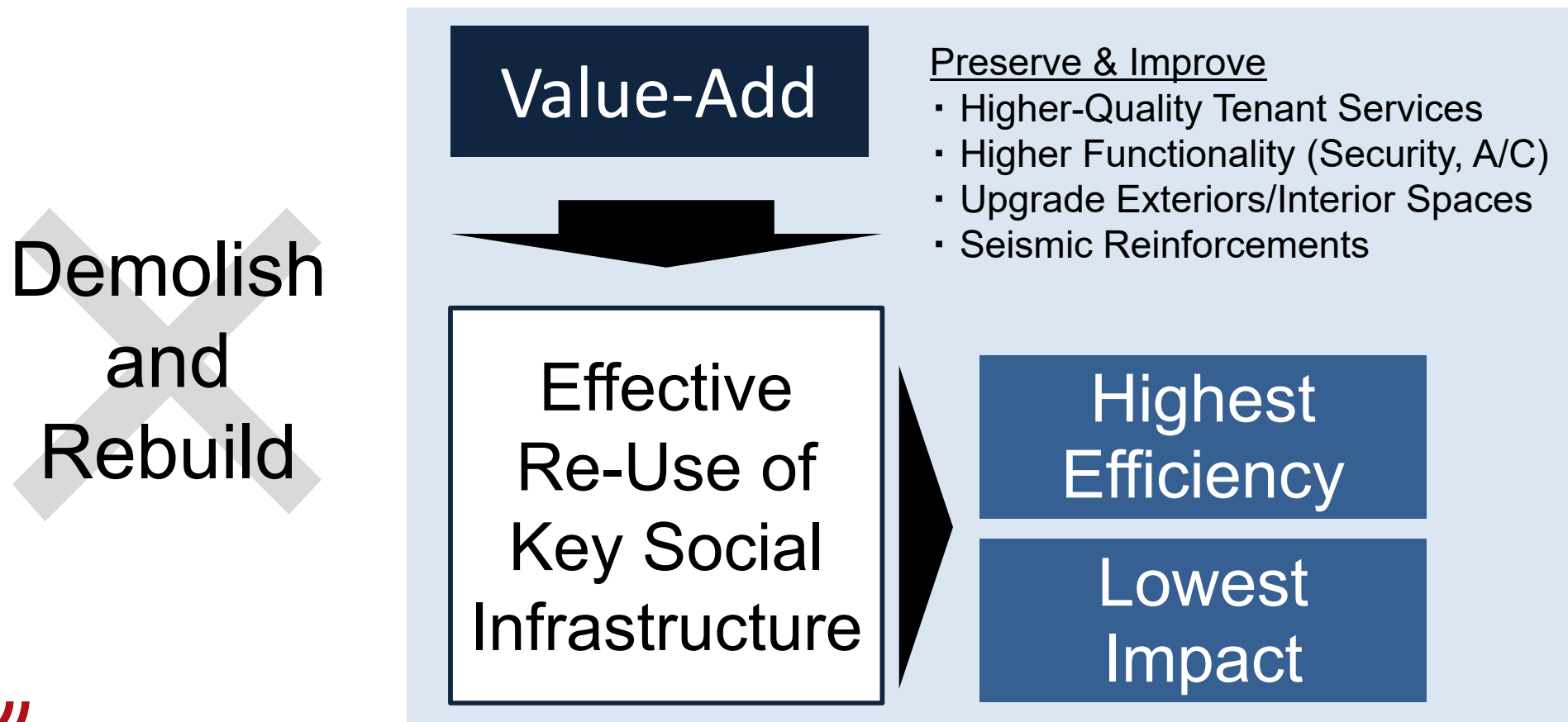
## Significant Synergies between Ichigo's Value-Add and Asset Management Businesses



# Sustainable Real Estate Serving a Sustainable Society

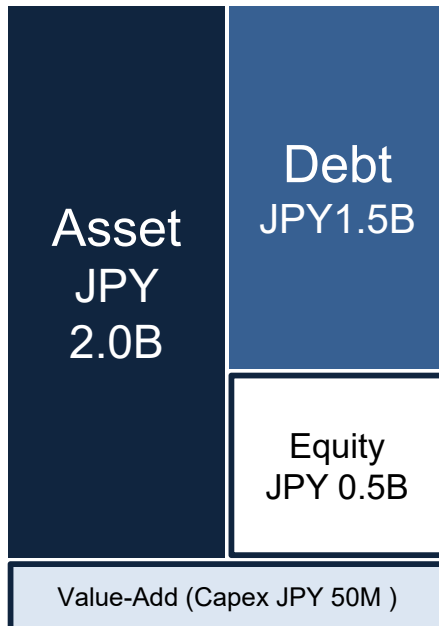
End Demolish and Rebuild and Embrace Value-Add

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



# Value-Add Sample Earnings Model

5.5% NOI yield, 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

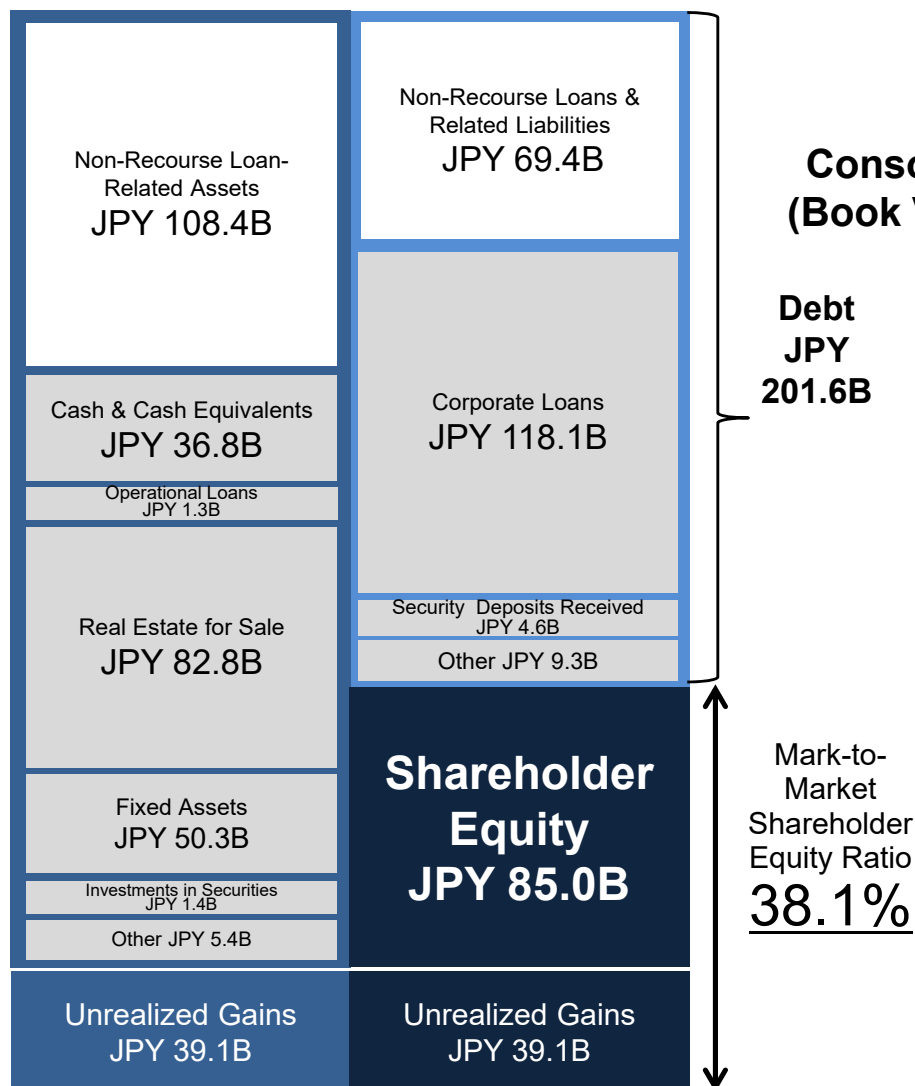
The 15% increase in NOI at an equivalent cap rate increases the exit price by 15%:  $\text{JPY } 2\text{B} * 115\% = \text{JPY } 2.3\text{B}$   
 $\text{JPY } 2.3\text{B} - (\text{JPY } 2\text{B} + \text{JPY } 50\text{M}) = \text{JPY } 250\text{M capital gain}$

## Result

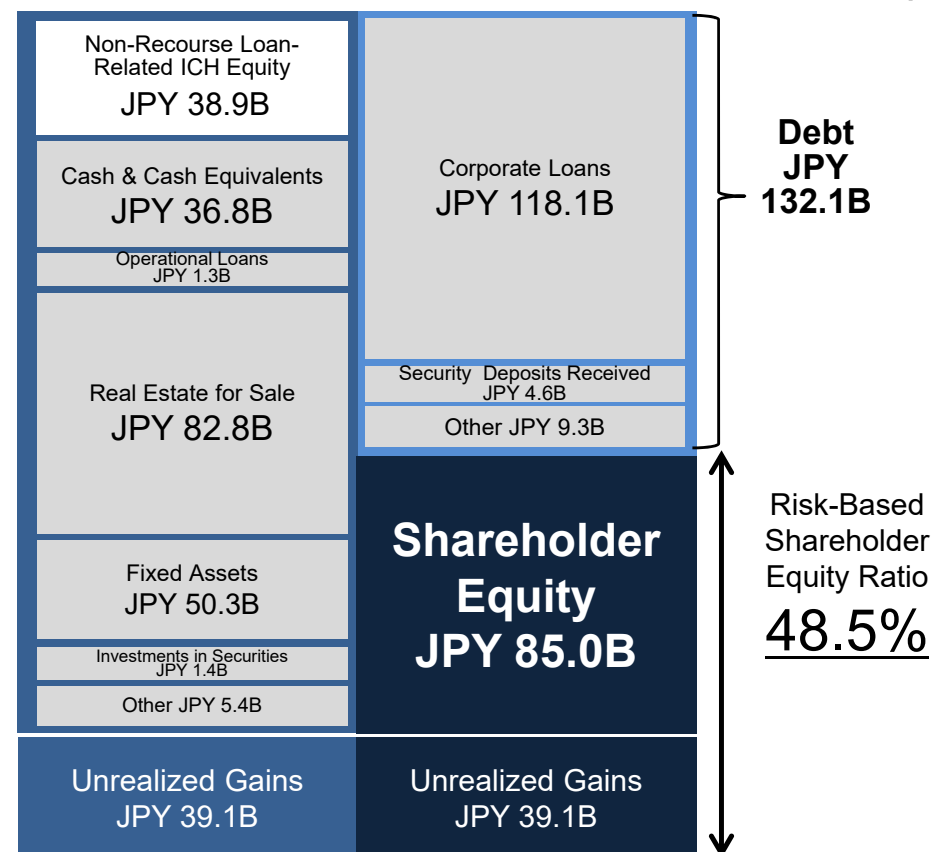
JPY 550M investment generates JPY 512M over 3 years → 31.1% p.a.

# Consolidated Risk-Based Balance Sheet

**Mark-to-Market Consolidated Balance Sheet: JPY 325.9B**  
**(Book Value JPY 286.7B + Unrealized Gains JPY 39.1B)**



**Consolidated Risk-Based Balance Sheet: JPY 256.4B**  
**(Book Value JPY 217.2B + Unrealized Gains JPY 39.1B)**



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

# 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 Ichigo Green (9282), and providing real estate services related to real estate acquisition, operations, 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 earning 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

(JPY million)

	FY17/2	FY18/2 Q1	FY18/2 H1		Quarter-on-Quarter	Market Value	Unrealized Gains	Unrealized Gains on Listed Securities <sup>2</sup>
		B/S	B/S	Outside Investors' Interest				
<b>Cash and Cash Equivalents</b>	<b>47,678</b>	<b>45,542</b>	<b>55,491</b>	<b>587</b>	<b>+9,949</b>	<b>55,491</b>	—	—
<b>Operational Loan Investments (Value-Add)</b>	<b>1,324</b>	<b>1,324</b>	<b>1,324</b>	—	—	<b>1,830</b>	<b>+505</b>	—
<b>Operational Securities Investments</b>	<b>1,433</b>	<b>1,960</b>	<b>30</b>	—	<b>-1,930</b>	<b>30</b>	—	—
Value-Add	84	658	—	—	-658	—	—	—
Clean Energy	512	511	—	—	-511	—	—	—
Other	837	789	30	—	-759	30	—	—
<b>Real Estate for Sale (Value-Add)</b>	<b>167,805</b>	<b>170,799</b>	<b>170,243</b>	<b>3,014</b>	<b>-556</b>	<b>204,565</b>	<b>+33,521</b>	—
<b>Power Plants for Sale (Clean Energy)</b>	—	<b>996</b>	—	—	<b>-966</b>	—	—	—
<b>Fixed Assets</b>	<b>45,654</b>	<b>45,299</b>	<b>52,087</b>	—	<b>+6,788</b>	<b>57,251</b>	<b>+5,163</b>	—
Asset Management	30	—	—	—	—	—	—	—
Value-Add	25,920	25,858	32,292	—	+6,434	37,456	+5,163	—
Clean Energy	19,620	19,356	19,716	—	+360	19,716	—	—
Other <sup>1</sup>	82	84	78	—	-6	78	—	—
<b>Intangible Assets</b>	<b>1,956</b>	<b>1,391</b>	<b>1,509</b>	—	<b>+118</b>	<b>1,509</b>	—	—
<b>Securities Investments</b>	<b>1,426</b>	<b>1,416</b>	<b>1,407</b>	—	<b>-9</b>	<b>1,407</b>	—	<b>+115</b>
<b>Other</b>	<b>6,178</b>	<b>6,423</b>	<b>4,637</b>	<b>6</b>	<b>-1,786</b>	<b>4,637</b>	—	—
<b>Total Assets</b>	<b>273,459</b>	<b>275,154</b>	<b>286,732</b>	<b>3,608</b>	<b>+11,578</b>	<b>326,723</b>	<b>+39,190</b>	<b>+115</b>

<sup>1</sup> Other refers to company assets that are not allocated to the three business segments

<sup>2</sup> Unrealized Gains on Listed Securities shows gains versus acquisition cost

# Consolidated Balance Sheet: Segment Breakdown

(JPY million)

Segment	Cash and Cash Equivalents	Operational Loans	Operational Securities Investments	Real Estate for Sale	Power Plants for Sale	Fixed Assets	Intangible Assets	Securities Investments	Other Assets	Total Assets
Asset Management	—	—	—	—	—	—	947	—	438	<b>1,385</b>
Value-Add	25,401	1,324	—	170,243	—	32,292	226	—	1,837	<b>231,325</b>
Clean Energy	1,052	—	—	—	—	19,716	242	—	853	<b>21,864</b>
Other	19	—	30	—	—	—	—	1,407	-48	<b>1,408</b>
Company-Wide Assets	29,018	—	—	—	—	78	92	—	1,557	<b>30,747</b>
<b>Total</b>	<b>55,491</b>	<b>1,324</b>	<b>30</b>	<b>170,243</b>	<b>—</b>	<b>52,087</b>	<b>1,509</b>	<b>1,407</b>	<b>4,638</b>	<b>286,732</b>



# Consolidated P&L: Gross Profit Segment Breakdown

(JPY million)

Segment	Revenue			Gross Profit			YOY (Gross Profit)
	FY17/2 H1	FY18/2 H1	Change	FY17/2 H1	FY18/2 H1	Change	
<b>Asset Management</b>	<b>2,460</b>	<b>1,229</b>	<b>-1,231</b>	<b>1,558</b>	<b>1,212</b>	<b>-346</b>	<b>-22.2%</b>
Asset Management Fees	1,107	1,057	-49	1,102	1,054	-48	-4.4%
Other	1,352	171	-1,181	455	158	-297	-65.3%
<b>Value-Add</b>	<b>82,305</b>	<b>29,809</b>	<b>-52,495</b>	<b>15,428</b>	<b>12,971</b>	<b>-2,456</b>	<b>-15.9%</b>
Rental Income	7,627	7,542	-85	5,113	4,708	-405	-7.9%
Asset Sales	74,677	22,267	-52,409	10,314	8,263	-2,051	-19.9%
<b>Clean Energy</b>	<b>1,214</b>	<b>2,241</b>	<b>+1,026</b>	<b>584</b>	<b>842</b>	<b>+257</b>	<b>+44.0%</b>
<b>Other</b>	<b>10</b>	<b>105</b>	<b>+94</b>	<b>-102</b>	<b>-12</b>	<b>+89</b>	<b>—</b>
<b>Total</b>	<b>85,991</b>	<b>33,386</b>	<b>-52,064</b>	<b>17,468</b>	<b>15,013</b>	<b>-2,455</b>	<b>-14.1%</b>

# Consolidated P&L: Results vs. Forecast

(JPY million)

Segment	FY18/2 H1 (6M)						FY18/2 Full-Year Forecast (12M)		
	Revenue	vs. Full-Year Forecast	Gross Profit	vs. Full-Year Forecast	Operating Profit	vs. Full-Year Forecast	Revenue	Gross Profit	Operating Profit
<b>Asset Management</b>	<b>1,229</b>	<b>49.5%</b>	<b>1,212</b>	<b>49.3%</b>	<b>999</b>	<b>60.3%</b>	<b>2,485</b>	<b>2,457</b>	<b>1,656</b>
Asset Management Fees	1,057	45.7%	1,054	46.0%	—	—	2,315	2,293	—
Other	171	100.6%	158	96.3%	—	—	170	164	—
<b>Value-Add</b>	<b>29,809</b>	<b>42.8%</b>	<b>12,971</b>	<b>58.1%</b>	<b>11,092</b>	<b>60.6%</b>	<b>69,719</b>	<b>22,336</b>	<b>18,304</b>
Rental Income	7,542	46.0%	4,708	44.3%	—	—	16,379	10,625	—
Asset Sales	22,267	41.7%	8,263	70.6%	—	—	53,340	11,711	—
<b>Clean Energy</b>	<b>2,241</b>	<b>69.7%</b>	<b>842</b>	<b>75.0%</b>	<b>596</b>	<b>96.1%</b>	<b>3,216</b>	<b>1,122</b>	<b>620</b>
<b>Other</b>	<b>105</b>	<b>134.6%</b>	<b>-12</b>	<b>—</b>	<b>-44</b>	<b>—</b>	<b>78</b>	<b>78</b>	<b>-52</b>
<b>Total</b>	<b>33,386</b>	<b>44.2%</b>	<b>15,013</b>	<b>57.8%</b>	<b>12,644</b>	<b>61.6%</b>	<b>75,500</b>	<b>25,994</b>	<b>20,529</b>
Adjustment (including offsets of cross-segment transactions)	—	—	—	—	5	—	—	—	70
<b>Total</b>	<b>33,386</b>	<b>44.2%</b>	<b>15,013</b>	<b>57.8%</b>	<b>12,650</b>	<b>61.4%</b>	<b>75,500</b>	<b>25,994</b>	<b>20,600</b>

# Asset Management AUM Detail


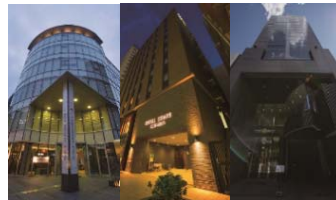

		FY13/2 (12M)	FY14/2 (12M)	FY15/2 (12M)	FY16/2 (12M)	FY17/2 (12M)	FY18/2 H1 (6M)
Ichigo Office REIT (8975)	AUM (Fiscal Year End)	JPY 104.3B	JPY 120.5B	JPY 123.8B	JPY 165.1B	JPY 194.5B	JPY 196.9B
	AM Fee % (Average)	0.63%	0.65%	0.65%	0.64%	0.69%	0.69% <sup>1</sup>
	AM Fee Gross Profit (Actual)	JPY 663M	JPY 733M	JPY 759M	JPY 1,016M	JPY 1,291M	JPY 684M
Ichigo Hotel REIT (3463)	AUM (Fiscal Year End)	–	–	–	JPY 20.4B	JPY 47.6B	JPY 50.9B
	AM Fee % (Average)	–	–	–	0.59% <sup>1</sup>	0.90%	0.90% <sup>1</sup>
	AM Fee Gross Profit (Actual)	–	–	–	JPY 30M	JPY 287M	JPY 223M
Ichigo Green (9282)	AUM (Fiscal Year End)	–	–	–	–	JPY 10.0B	JPY 11.4B
	AM Fee % (Average)	–	–	–	–	0.21% <sup>1,2</sup>	0.36% <sup>1,2</sup>
	AM Fee Gross Profit (Actual)	–	–	–	–	JPY 5M	JPY 21M
Private Equity Real Estate Funds (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 169.7B	JPY 63.3B	JPY 21.5B	JPY 15.4B	JPY 6.4B	JPY 6.4B
	AM Fee % (Average)	0.15%	0.26%	0.37%	0.32%	0.25%	0.16% <sup>1</sup>
	AM Fee Gross Profit (Actual)	JPY 285M	JPY 257M	JPY 114M	JPY 60M	JPY 27M	JPY 5M
Total (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 274.1B	JPY 183.8B	JPY 145.3B	JPY 200.9B	JPY 258.6B	JPY 265.8B
	AM Fee % (Average)	0.33%	0.47%	0.59%	0.61%	0.68%	0.71% <sup>1</sup>
	AM Fee Gross Profit (Actual)	JPY 948M	JPY 989M	JPY 872M	JPY 1,106M	JPY 1,611M	JPY 934M

<sup>1</sup> Annualized

<sup>2</sup> In addition to the above AM fee, operator fees received from Ichigo Green (0.4% p.a. of AUM) are recorded separately in the Clean Energy segment.

# Asset Management – Ichigo REITs and YieldCo

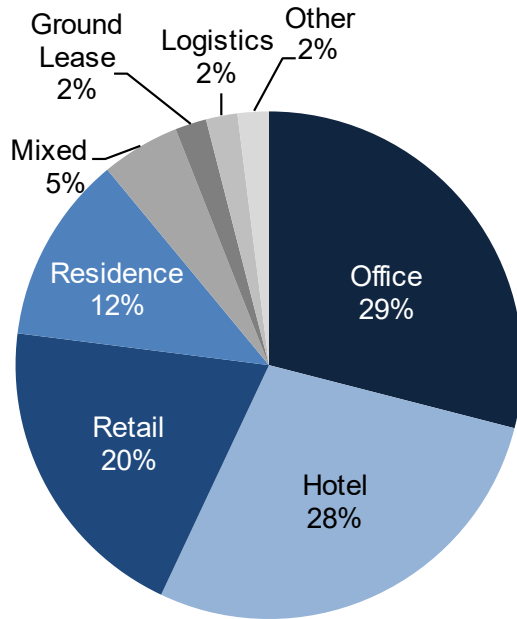
## Ichigo Green IPO Expands Ichigo's J-REIT and YieldCo Line-Up

REIT/YieldCo	Listing Date	Characteristics	Forecast Dividend Yield (Based on Closing Share Price on September 29, 2017)	Portfolio
Ichigo Office REIT (8975)	October 12, 2005	<ul style="list-style-type: none"> <li>Specialized Office REIT focused on mid-size offices with return stability and upside potential</li> <li>14 Consecutive periods of dividend growth, No.1 among all J-REITs</li> </ul>	5.1%	<p>85 assets JPY 196.9B</p> 
Ichigo Hotel REIT (3463)	November 30, 2015	<ul style="list-style-type: none"> <li>Specialized Hotel REIT focused on driving shareholder value via income stability and earnings growth</li> <li>Portfolio growth via Ichigo's sponsor support</li> </ul>	5.9%	<p>21 hotels JPY 50.9B</p> 
Ichigo Green (9282)	December 1, 2016	<ul style="list-style-type: none"> <li>Offers investors an opportunity to invest in Japan's rapidly expanding green infrastructure asset class</li> <li>Solar YieldCo focused on driving shareholder value via income stability and earnings growth</li> <li>The second TSE-listed YieldCo</li> </ul>	6.6%	<p>15 power plants JPY 11.4B (29.43MW)</p> 

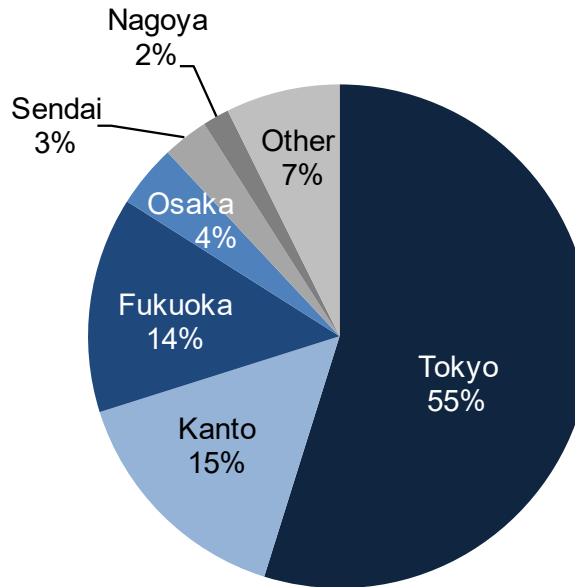
\* Forecast dividend yield is based on the most recent dividend forecast. Ichigo Green includes Dividend in Excess of Earnings (DEE) generated from operating cashflow.

# Ichigo-Owned Real Estate Portfolio

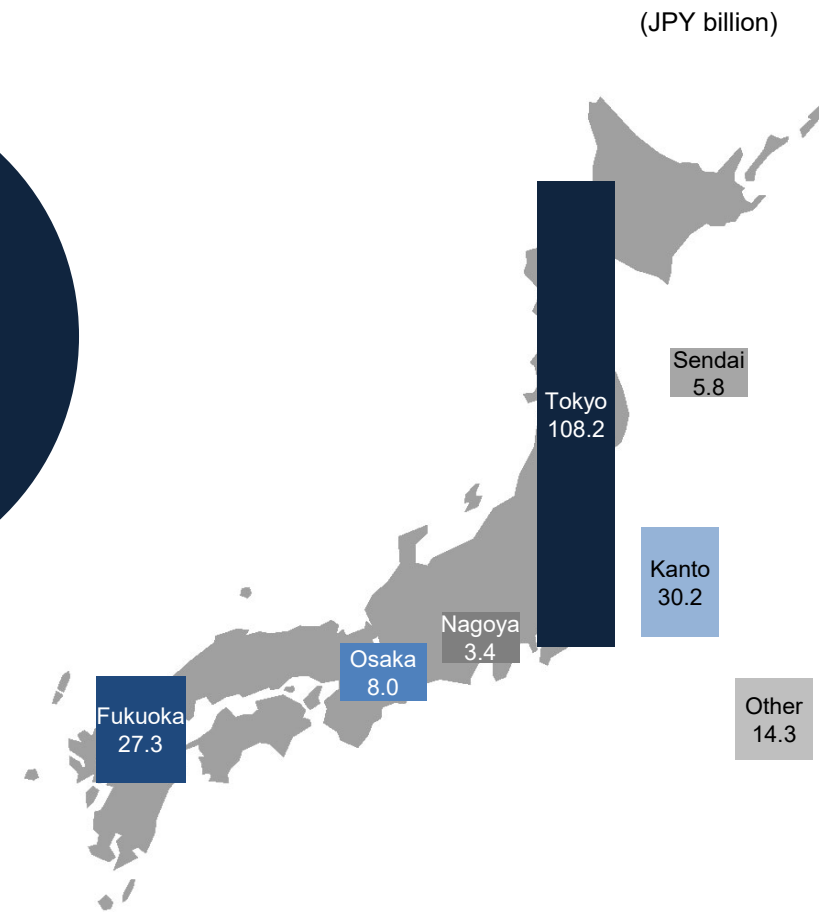
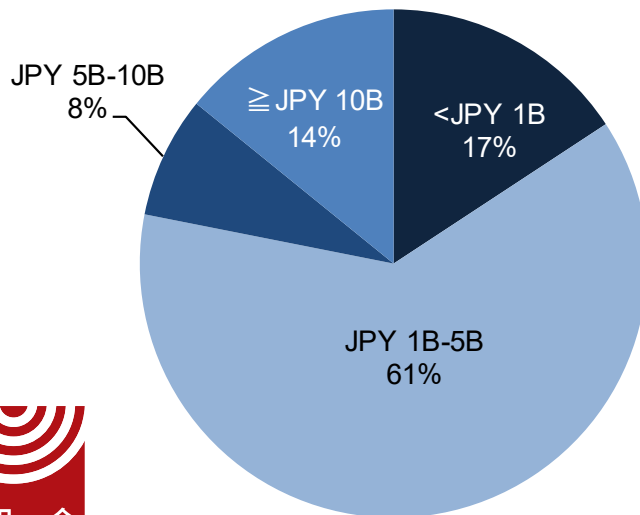
**Asset Type**



**Asset Location**



**Asset Size**



**Total Ichigo-Owned Assets: JPY 197.2B**  
**Including Ichigo-Managed AUM: JPY 468.7B**

\* Acquisition price basis.  
 Ichigo-Managed AUM includes JPY 11.4B Ichigo Green assets.  
 Total Ichigo-Owned Assets Book Value: JPY 198B



# Value-Add Asset Breakdown (1)

135 Assets, JPY 197.2B, Forecast NOI JPY 11.9B (6.0% Yield)

No.	Asset Type	Classification	Location	Building Age	Acquisition Price	Acquisition Date	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
1	Wholesale Market	Fixed Asset	Matsudo, Chiba	45 years	JPY 2B-3B	2005/06	JPY 74M	JPY 1,900M	—	—
2	Retail	Real Estate for Sale	Minato-ku, Tokyo	48 years	JPY 2B-3B	2005/10	JPY 147M	JPY 1,033M	—	—
3	Retail	Real Estate for Sale	Minato-ku, Tokyo	32 years	≥JPY 3B	2006/03	JPY 191M	JPY 1,356M	—	—
4	Retail	Fixed Asset	Yokohama	12 years	JPY 1B-2B	2006/09	JPY 73M	JPY 1,157M	—	—
5	Office	Real Estate for Sale	Sendai	9 years	≥JPY 3B	2006/10	JPY 275M	JPY 1,042M	—	—
6	Office	Fixed Asset	Fukuoka	9 years	≥JPY 3B	2006/12	JPY 391M	JPY 1,339M	—	—
7	Land	Fixed Asset	Isumi, Chiba	—	JPY 1B-2B	2007/02	—	JPY 1,055M	—	—
9	Residence	Real Estate for Sale	Ota-ku, Tokyo	12 years	<JPY 1B	2007/04	JPY 56M	JPY 403M	—	—
10	Retail	Real Estate for Sale	Chiyoda-ku, Tokyo	37 years	<JPY 1B	2007/06	JPY 85M	JPY 240M	—	—
11	Retail	Real Estate for Sale	Chiyoda-ku, Tokyo	36 years	<JPY 1B	2007/06	JPY 123M	JPY 233M	—	—
12	Retail	Real Estate for Sale	Chiyoda-ku, Tokyo	53 years	JPY 2B-3B	2007/06	JPY 252M	JPY 554M	—	—
14	Ground Lease	Real Estate for Sale	Atsugi, Kanagawa	—	JPY 1B-2B	2011/06	JPY 176M	JPY 147M	—	—
15	Mixed (Office/Retail)	Fixed Asset	Hiratsuka, Kanagawa	21 years	<JPY 1B	2012/02	JPY 86M	JPY 172M	—	—
16	Retail	Real Estate for Sale	Yokohama	3 years	<JPY 1B	2012/10	JPY 33M	JPY 171M	—	—
17	Retail	Fixed Asset	Toshima-ku, Tokyo	6 years	≥JPY 3B	2013/03	JPY 230M	JPY 340M	—	—

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the forecast 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 Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
18	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	31 years	<JPY 1B	2013/05	JPY 46M	JPY 154M	–	–
19	Mixed (Office/Retail)	Fixed Asset	Chofu, Tokyo	32 years	JPY 1B-2B	2013/06	JPY 122M	JPY 310M	–	–
21	Residence	Real Estate for Sale	Minato-ku, Tokyo	2 years	<JPY 1B	2013/06	JPY 45M	JPY 203M	–	–
24	Office	Real Estate for Sale	Chiyoda-ku, Tokyo	26 years	JPY 1B-2B	2013/08	JPY 86M	JPY 520M	–	–
26	Retail	Fixed Asset	Kobe	17 years	JPY 1B-2B	2013/09	JPY 149M	JPY 616M	–	–
27	Retail	Fixed Asset	Tokorozawa, Saitama	9 years	JPY 1B-2B	2013/11	JPY 62M	JPY 92M	–	–
28	Ground Lease	Real Estate for Sale	Chiba	–	JPY 2B-3B	2014/02	JPY 128M	JPY 342M	–	–
29	Ground Lease	Real Estate for Sale	Fujisawa, Kanagawa	–	JPY 1B-2B	2014/03	JPY 115M	JPY 273M	7.52X	44.5%
30	Mixed (Office/Retail)	Real Estate for Sale	Shibuya-ku, Tokyo	33 years	<JPY 1B	2014/03	JPY 39M	JPY 108M	6.95X	26.0%
31	Office	Real Estate for Sale	Shibuya-ku, Tokyo	6 years	JPY 1B-2B	2014/04	JPY 61M	JPY 1,090M	1.25X	12.0%
32	Retail	Fixed Asset	Fukuoka	11 years	JPY 1B-2B	2014/04	JPY 60M	JPY 279M	–	–
34	Office	Real Estate for Sale	Shinagawa-ku, Tokyo	24 years	JPY 1B-2B	2014/05	JPY 133M	JPY 515M	2.27X	23.4%
35	Mixed (Office/Retail)	Real Estate for Sale	Minato-ku, Tokyo	8 years	JPY 2B-3B	2014/05	JPY 162M	JPY 434M	3.08X	15.2%
37	Retail	Real Estate for Sale	Minato-ku, Tokyo	45 years	<JPY 1B	2014/07	JPY 39M	JPY 77M	10.47X	23.9%
38	Mixed (Office/Retail)	Real Estate for Sale	Shinjuku-ku, Tokyo	41 years	≥JPY 3B	2014/07	JPY 188M	JPY 645M	3.32X	21.1%

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the forecast 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 Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
39	Retail	Fixed Asset	Fukuoka	13 years	<JPY 1B	2014/07	JPY 47M	JPY 213M	–	–
40	Retail	Fixed Asset	Fukuoka	32 years	<JPY 1B	2014/09	JPY 52M	JPY 251M	–	–
41	Hotel	Real Estate for Sale	Utsunomiya, Tochigi	30 years	JPY 1B-2B	2014/09	JPY 144M	JPY 400M	1.97X	28.3%
42	Retail	Real Estate for Sale	Fukuoka	16 years	<JPY 1B	2014/09	JPY 54M	JPY 177M	5.54X	26.2%
43	Retail	Real Estate for Sale	Osaka	15 years	JPY 1B-2B	2014/09	JPY 102M	JPY 301M	4.64X	24.3%
44	Retail	Real Estate for Sale	Machida, Tokyo	31 years	<JPY 1B	2014/10	JPY 51M	JPY 82M	11.34X	43.9%
45	Retail	Real Estate for Sale	Fukuoka	14 years	JPY 1B-2B	2014/11	JPY 76M	JPY 135M	10.70X	33.8%
46	Residence	Real Estate for Sale	Chiyoda-ku, Tokyo	14 years	JPY 2B-3B	2014/12	JPY 116M	JPY 332M	2.18X	29.2%
47	Residence	Real Estate for Sale	Koto-ku, Tokyo	11 years	JPY 1B-2B	2014/12	JPY 90M	JPY 270M	1.56X	14.6%
48	Residence	Real Estate for Sale	Minato-ku, Tokyo	13 years	JPY 1B-2B	2014/12	JPY 79M	JPY 238M	1.67X	16.6%
49	Residence	Real Estate for Sale	Minato-ku, Tokyo	12 years	JPY 1B-2B	2014/12	JPY 64M	JPY 185M	1.63X	15.7%
50	Residence	Real Estate for Sale	Sumida-ku, Tokyo	11 years	JPY 1B-2B	2014/12	JPY 60M	JPY 163M	1.55X	15.2%
51	Residence	Real Estate for Sale	Ota-ku, Tokyo	15 years	<JPY 1B	2014/12	JPY 57M	JPY 150M	2.21X	35.7%
52	Residence	Real Estate for Sale	Osaka	9 years	<JPY 1B	2014/12	JPY 58M	JPY 148M	1.86X	24.8%
53	Residence	Real Estate for Sale	Chuo-ku, Tokyo	14 years	<JPY 1B	2014/12	JPY 40M	JPY 99M	2.96X	44.4%

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the forecast 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 Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
54	Residence	Real Estate for Sale	Minato-ku, Tokyo	13 years	<JPY 1B	2014/12	JPY 39M	JPY 123M	1.97X	23.3%
55	Residence	Real Estate for Sale	Shinjuku-ku, Tokyo	12 years	<JPY 1B	2014/12	JPY 28M	JPY 82M	2.05X	25.8%
56	Residence	Real Estate for Sale	Shibuya-ku, Tokyo	11 years	JPY 1B-2B	2014/12	JPY 85M	JPY 270M	2.00X	23.2%
57	Residence	Real Estate for Sale	Minato-ku, Tokyo	13 years	JPY 1B-2B	2014/12	JPY 57M	JPY 186M	1.90X	21.0%
58	Residence	Real Estate for Sale	Shibuya-ku, Tokyo	12 years	<JPY 1B	2014/12	JPY 49M	JPY 157M	1.89X	21.5%
59	Residence	Real Estate for Sale	Setagaya-ku, Tokyo	12 years	<JPY 1B	2014/12	JPY 42M	JPY 117M	2.11X	27.2%
60	Residence	Real Estate for Sale	Shinjuku-ku, Tokyo	11 years	<JPY 1B	2014/12	JPY 19M	JPY 55M	1.80X	21.1%
61	Mixed (Office/Retail)	Operational Loan	Shinjuku-ku, Tokyo	54 years	JPY 1B-2B	2014/12	JPY 118M	JPY 57M	15.26X	51.7%
62	Retail	Real Estate for Sale	Fukuoka	13 years	<JPY 1B	2014/12	JPY 43M	JPY 212M	–	–
63	Retail	Fixed Asset	Meguro-ku, Tokyo	11 years	JPY 1B-2B	2014/12	JPY 83M	JPY 129M	3.98X	23.8%
64	Retail	Real Estate for Sale	Shinagawa-ku, Tokyo	63 years	<JPY 1B	2015/01	JPY 17M	–	–	–
66	Retail	Real Estate for Sale	Sendai	13 years	<JPY 1B	2015/02	JPY 49M	JPY 8M	42.58X	198.9%
68	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	15 years	<JPY 1B	2015/04	JPY 39M	JPY 79M	5.65X	27.9%
69	Hotel	Real Estate for Sale	Osaka	14 years	JPY 2B-3B	2015/05	JPY 194M	JPY 633M	1.56X	58.3%
70	Hotel	Real Estate for Sale	Aomori	10 years	<JPY 1B	2015/06	JPY 51M	JPY 113M	2.10X	20.2%

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the forecast 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 Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
71	Retail	Real Estate for Sale	Fujisawa, Kanagawa	2 years	JPY 1B-2B	2015/07	JPY 97M	JPY 126M	6.80X	37.3%
89	Office	Real Estate for Sale	Musashino, Tokyo	28 years	≥ JPY 3B	2015/07	JPY 128M	JPY 670M	1.72X	13.3%
92	Office	Real Estate for Sale	Fukuoka	9 years	JPY 1B-2B	2015/07	JPY 91M	JPY 353M	1.82X	17.7%
93	Office	Real Estate for Sale	Fukuoka	15 years	JPY 1B-2B	2015/07	JPY 90M	JPY 358M	1.92X	18.8%
96	Hotel	Real Estate for Sale	Sapporo	24 years	< JPY 1B	2015/08	JPY 27M	JPY 2M	5.52X	291.5%
98	Hotel	Real Estate for Sale	Naha, Okinawa	29 years	JPY 2B-3B	2015/11	JPY 232M	JPY 640M	1.91X	25.9%
105	Hotel	Real Estate for Sale	Kumamoto	33 years	JPY 1B-2B	2015/12	JPY 142M	JPY 453M	1.61X	61.2%
109	Hotel	Real Estate for Sale	Nagoya, Aichi	8 years	JPY 2B-3B	2016/03	JPY 124M	JPY 525M	1.84X	37.7%
110	Hotel	Real Estate for Sale	Fukuoka	32 years	≥ JPY 3B	2016/03	JPY 273M	JPY 905M	2.05X	104.5%
111	Hotel	Real Estate for Sale	Yokohama	33 years	JPY 2B-3B	2016/03	JPY 192M	JPY 228M	5.32X	23.3%
112	Hotel	Real Estate for Sale	Yokohama	30 years	≥ JPY 3B	2016/03	JPY 249M	JPY 354M	10.64X	36.2%
113	Hotel	Real Estate for Sale	Yokohama	30 years	≥ JPY 3B	2016/03	JPY 223M	JPY 334M	5.84X	25.5%
114	Hotel	Real Estate for Sale	Fukuoka	27 years	≥ JPY 3B	2016/04	JPY 177M	JPY 550M	1.73X	72.6%
115	Hotel	Real Estate for Sale	Osaka	10 years	JPY 2B-3B	2016/04	JPY 117M	JPY 274M	2.96X	30.7%
116	Retail	Real Estate for Sale	Sendai	28 years	< JPY 1B	2016/04	JPY 48M	JPY 86M	7.50X	28.4%

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the forecast 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 Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
118	Retail	Real Estate for Sale	Nagoya	20 years	JPY 1B-2B	2016/06	JPY 84M	JPY 102M	7.71X	32.6%
119	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	30 years	<JPY 1B	2016/06	JPY 31M	JPY 136M	3.91X	17.4%
120	Hotel	Real Estate for Sale	Shinjuku-ku, Tokyo	37 years	≥JPY 3B	2016/09	JPY 288M	JPY 349M	2.70X	39.9%
121	Office	Real Estate for Sale	Minato-ku, Tokyo	16 years	≥JPY 3B	2016/10	JPY 1,352M	JPY 3,450M	2.87X	43.5%
122	Hotel	Real Estate for Sale	Shima, Mie	19 years	<JPY 1B	2017/01	JPY 47M	JPY 73M	5.49X	43.1%
123	Hotel	Real Estate for Sale	Shibuya-ku, Tokyo	22 years	≥JPY 3B	2016/12	JPY 152M	JPY 1,123M	1.25X	25.4%
124	Hotel	Real Estate for Sale	Asahikawa, Hokkaido	27 years	<JPY 1B	2016/12	JPY 74M	JPY 593M	1.48X	48.5%
125	Hotel	Real Estate for Sale	Kurashiki, Okayama	24 years	JPY 1B-2B	2016/12	JPY 93M	JPY 484M	1.53X	53.0%
126	Hotel	Real Estate for Sale	Fukuoka	26 years	JPY 1B-2B	2016/12	JPY 67M	JPY 505M	1.25X	25.4%
127	Hotel	Real Estate for Sale	Ishigaki, Okinawa	14 years	JPY 2B-3B	2017/02	JPY 162M	JPY 544M	1.80X	80.2%
128	Hotel	Real Estate for Sale	Mito, Ibaraki	24 years	JPY 1B-2B	2017/02	JPY 97M	JPY 602M	1.47X	47.0%

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the forecast 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 (7)

No.	Asset Type	Classification	Location	Building Age	Acquisition Price	Acquisition Date	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
129	Residence	Real Estate for Sale	Shinjuku-ku, Tokyo	31 years	<JPY 1B	2017/03	JPY 21M	JPY 416M	1.14X	14.2%
130	Retail	Real Estate for Sale	Taito-ku, Tokyo	24 years	JPY 1B-2B	2017/04	JPY 99M	JPY 297M	4.42X	21.1%
131	Hotel	Real Estate for Sale	Fukuoka	New	JPY 1B-2B	2017/04	JPY 101M	JPY 236M	2.07X	49.9%
132	Residence	Real Estate for Sale	Minato-ku, Tokyo	13 years	<JPY 1B	2017/04	JPY 51M	JPY 190M	2.66X	38.3%
133	Residence	Real Estate for Sale	Minato-ku, Tokyo	15 years	<JPY 1B	2017/04	JPY 46M	JPY 152M	3.85X	32.7%
134	Residence	Real Estate for Sale	Chuo-ku, Tokyo	14 years	JPY 1B-2B	2017/04	JPY 58M	JPY 197M	2.88X	26.2%
135	Logistics	Real Estate for Sale	Narashino, Chiba	25 years	JPY 1B-2B	2017/04	JPY 114M	JPY 188M	6.18X	25.8%
136	Logistics	Real Estate for Sale	Narashino, Chiba	25 years	JPY 1B-2B	2017/04	JPY 153M	JPY 203M	8.75X	32.8%
137	Residence	Real Estate for Sale	Meguro-ku, Tokyo	1 year	<JPY 1B	2017/05	JPY 26M	JPY 647M	1.13X	12.9%
138	Hotel	Real Estate for Sale	Ogaki, Gifu	27 years	JPY 1B-2B	2017/05	JPY 137M	–	–	–
139	Office	Real Estate for Sale	Shibuya-ku, Tokyo	New	<JPY 1B	2017/05	JPY 28M	JPY 600M	1.15X	15.1%
140	Hotel	Real Estate for Sale	Minato-ku, Tokyo	New	≥JPY 3B	2017/06	JPY 228M	JPY 597M	2.27X	54.7%
<b>Total</b>				<b>98 Assets</b>	<b>JPY 188,955M</b> <b>JPY 189,716M (Book Value)</b>		<b>JPY 11,351M</b>	<b>JPY 39,718M</b>	<b>2.71X</b>	<b>38.1%</b>

\* Assets acquired in the current FY18/2 period

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the forecast 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 (8)

No.	Asset Type	No. of Assets	Acquisition Price	Acquisition Date	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
A	Ichigo Owners (Residence)	2 Assets	JPY 918M	FY18/2	JPY 40M	–	–	–
B	Centro (Primarily Office & Residence)	14 Assets	JPY 5,610M	FY18/2	JPY 388M	–	–	–
C	Self-Storage	21 Assets	JPY 1,730M	FY18/2	JPY 179M	–	–	–
<b>Total</b>		<b>135 Assets</b>	<b>JPY 197,241M</b> <b>JPY 198,011M (Book Value)</b>		<b>JPY 11,960M</b>	<b>JPY 39,718M</b>	<b>2.71X</b>	<b>38.1%</b>
<b>Assets acquired in FY18/2 Q1 (3M) Total</b>		<b>11 Assets</b>	<b>JPY 12,392M</b>		<b>JPY 833M</b>	<b>JPY 3,126M</b>	<b>2.65X</b>	<b>26.9%</b>
<b>Assets acquired in FY18/2 Q2 (3M) Total</b>		<b>38 Assets</b>	<b>JPY 12,159M</b>		<b>JPY 836M</b>	<b>JPY 597M</b>	<b>2.27X</b>	<b>54.7%</b>
<b>Assets acquired in FY18/2 H1 (6M) Total</b>		<b>49 Assets</b>	<b>JPY 24,552M</b>		<b>JPY 1,669M</b>	<b>JPY 3,724M</b>	<b>2.59X</b>	<b>29.4%</b>

\* Assets acquired in the current FY18/2 period

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the forecast 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	FIT	Guarantee Period	Contract Date	FIT	Guarantee Period
FY2012	JPY 40	20 years	FY2015 (7/1~3/31)	JPY 27	20 years
FY2013	JPY 36	20 years	FY2016	JPY 24	20 years
FY2014	JPY 32	20 years	FY2017	JPY 21*	20 years
FY2015 (4/1~6/30)	JPY 29	20 years			

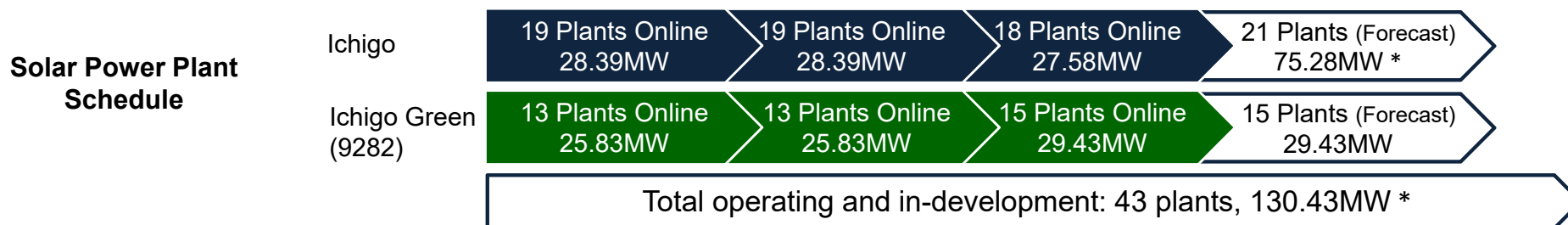
Pre-consumption tax FIT for power plants with output of >10kW  
Source: METI, Agency for Natural Resources and Energy

\* FIT for >2MW non-residential solar power production determined via auction process

# Clean Energy Earnings

Gross Profit at 75% of Full-Year Forecast Due to 2 Solar Power Plant Sales to Ichigo Green (9282) and Steady FIT Solar Power Sales

	FY17/2 (12M)	FY18/2 Q1 (3M)	FY18/2 H1 (6M)	FY18/2 Full-Year Forecast (12M)	vs. Full-Year Forecast
Revenue	JPY 12,352M	JPY 373M	JPY 2,241M	JPY 3,216M	69.7%
Cost of Goods Sold	JPY 8,580M	JPY 201M	JPY 1,399M	JPY 2,094M	—
Gross Profit	JPY 3,772M	JPY 171M	JPY 842M	JPY 1,122M	75.0%
SG&A	JPY 470M	JPY 119M	JPY 245M	JPY 501M	—
Adjustments (including offsets of inter- segment transactions)	—	—	—	—	—
Operating Profit	JPY 3,301M	JPY 52M	JPY 596M	JPY 620M	96.1%



Changes as of FY18/2 Q2

Forecast launch date change: Ichigo Kasaoka Iwanoike and Ichigo Kure Yasuuracho Nakahata (Jan 2018 → March 2018)

Ichigo Minakami Aramaki (April 2019 to October 2019)

Panel output change: Ichigo Kure Yasuuracho Nakahata (2.65MW → 2.90MW), Ichigo Minakami Aramaki (10.26MW → 12.02MW)

# Solar Power Plant Portfolio (1)

## Ichigo (Operating)

Solar Power Plant	Area	Panel Output (MW)	FIT (Pre-tax)	Operation Start Date
Ichigo Tokushima Higashi-Okinosu	Shikoku	2.52	JPY 40	Aug 2013
Ichigo Fuchu Jogecho Yano	Chugoku	0.99	JPY 40	Mar 2014
Ichigo Yubetsu Barou	Hokkaido	0.80	JPY 40	Apr 2014
Ichigo Maebashi Naegashima	Kanto	0.67	JPY 40	Apr 2014
Ichigo Betsukai Kawakamicho	Hokkaido	0.88	JPY 40	Oct 2014
Ichigo Toyokoro Sasadamachi	Hokkaido	0.60	JPY 40	Oct 2014
Ichigo Higashi-Hiroshima Saijocho Taguchi	Chugoku	2.72	JPY 40	Jan 2015
Ichigo Akkeshi Shirahama	Hokkaido	0.80	JPY 40	Mar 2015
Ichigo Hamanaka Bokujo Tsurunokotai	Tohoku	2.31	JPY 36	Dec 2015
Ichigo Yonago Izumi	Chugoku	2.61	JPY 40	Jan 2016
Ichigo Kasaoka Takumicho	Chugoku	1.11	JPY 32	Mar 2016
Ichigo Kijo Takajo	Kyushu	0.89	JPY 40	May 2016
Ichigo Toki Oroshicho	Chubu	1.39	JPY 36	Jun 2016
Ichigo Toride Shimotakai Kita	Kanto	1.03	JPY 32	Jul 2016
Ichigo Toride Shimotakai Minami	Kanto	0.54	JPY 32	Jul 2016
Ichigo Hamanaka Bokujo Kajibayashi	Tohoku	2.31	JPY 36	Oct 2016
Ichigo Sera Tsukuchi	Chugoku	2.54	JPY 32	Feb 2017
Ichigo Sera Aomizu	Chugoku	2.87	JPY 32	Aug 2017
Ichigo Showamura Ogose	Kanto	43.34	JPY 36	Sep 2017
<b>Total (Operating)</b>		19 Plants	71.01MW	

Total Solar Plant Output  
130.43MW

## Ichigo (In-Development)

(As of October 12, 2017)

Solar Power Plant	Area	Panel Output (MW)	FIT (Pre-tax)	Operation Start Date
Ichigo Memuro Nishishikari	Hokkaido	1.32	JPY 40	Dec 2017
Ichigo Tsu	Kinki	2.94	JPY 24	Feb 2018
Ichigo Kasaoka Iwanoike	Chugoku	2.61	JPY 24	Mar 2018
Ichigo Kure Yasuuracho Nakahata	Chugoku	2.90	JPY 36	Mar 2018
Ichigo Toki Tsurusatocho Kakino	Chubu	1.26	JPY 24	Mar 2018
Ichigo Itoshima Ihara	Kyushu	1.29	JPY 36	Jul 2018
Ichigo Minakami Aramaki	Kanto	12.02	JPY 36	Oct 2019
Ichigo Hitachi Omiya	Kanto	2.96	JPY 24	Nov 2019
Ichigo Miyakonojo Takazakicho Tsumagirishima	Kyushu	2.64	JPY 32	Nov 2021
<b>Total (In-Development)</b>		9 Plants	29.98MW	
<b>Total (Operating &amp; In-Development)</b>		28 Plants	101.00MW	

## Ichigo Green (9282)

Solar Power Plant	Area	Panel Output (MW)	FIT (Pre-tax)	Operation Start Date
Ichigo Kiryu Okuzawa	Kanto	1.33	JPY 40	Sep 2013
Ichigo Motomombetsu	Hokkaido	1.40	JPY 40	Feb 2014
Ichigo Muroran Hatchodaira	Hokkaido	1.24	JPY 40	Mar 2014
Ichigo Engaru Kiyokawa	Hokkaido	1.12	JPY 40	Mar 2014
Ichigo Iyo Nakayamacho Izubuchi	Shikoku	1.23	JPY 40	Apr 2014
Ichigo Nakashibetsu Midorigaoka	Hokkaido	1.93	JPY 40	Nov 2014
Ichigo Abira Toasa	Hokkaido	1.16	JPY 40	Dec 2014
Ichigo Toyokoro	Hokkaido	1.02	JPY 40	Dec 2014
Ichigo Nago Futami	Okinawa	8.44	JPY 40	Feb 2015
Ichigo Engaru Higashimachi	Hokkaido	1.24	JPY 40	Feb 2015
Ichigo Takamatsu Kokubunjicho Nii	Shikoku	2.43	JPY 36	Jun 2015
Ichigo Miyakonojo Yasuhisacho	Kyushu	1.44	JPY 36	Jul 2015
Ichigo Toyokawa Mitocho Sawakihama	Chubu	1.80	JPY 32	Sep 2015
Ichigo Yamaguchi Aionishi	Chugoku	1.24	JPY 40	Dec 2015
Ichigo Yamaguchi Sayama	Chugoku	2.35	JPY 36	Apr 2016
<b>Total</b>		29.43MW		



# Solar Power Plant Portfolio (2)

(As of October 12, 2017)

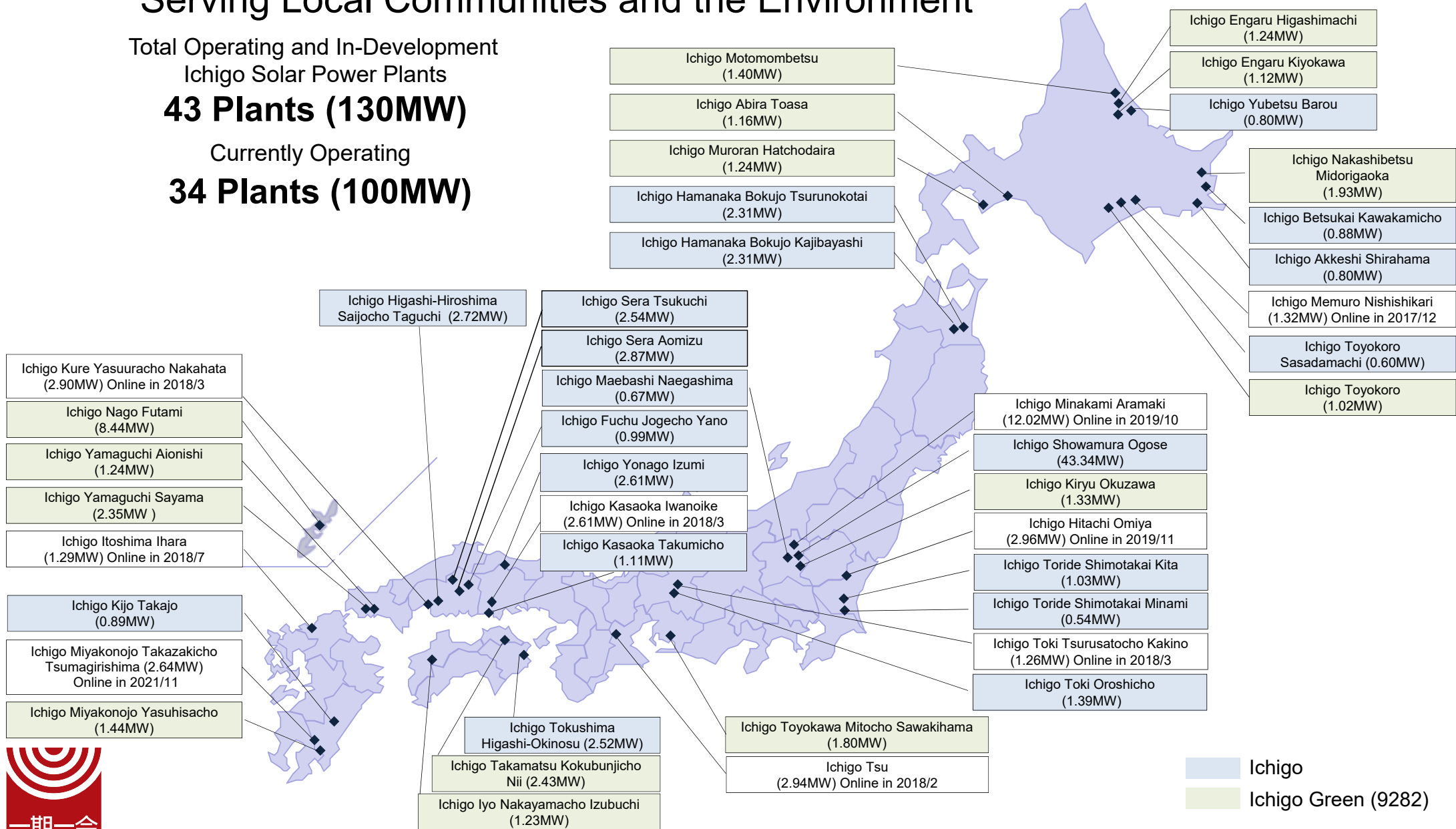
## Serving Local Communities and the Environment

Total Operating and In-Development  
Ichigo Solar Power Plants

**43 Plants (130MW)**

Currently Operating

**34 Plants (100MW)**

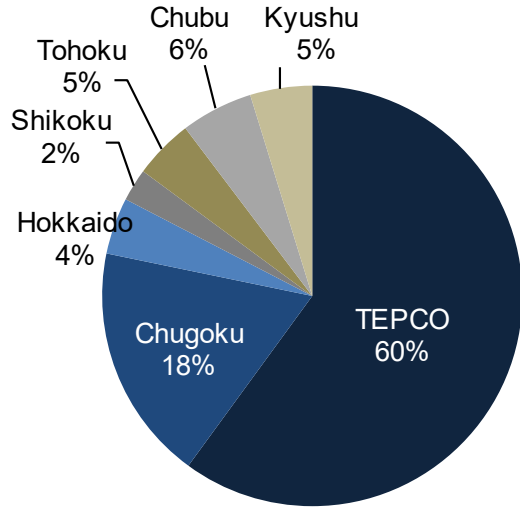


# Ichigo-Owned Solar Power Plant Details

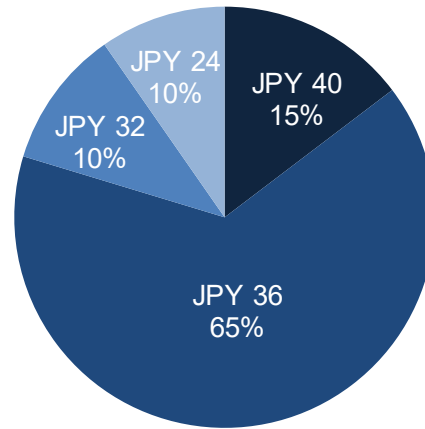
Total Operating and In-Development  
Ichigo-Owned Solar Power Plants: 28 Plants (101.00MW)

(As of October 12, 2017)

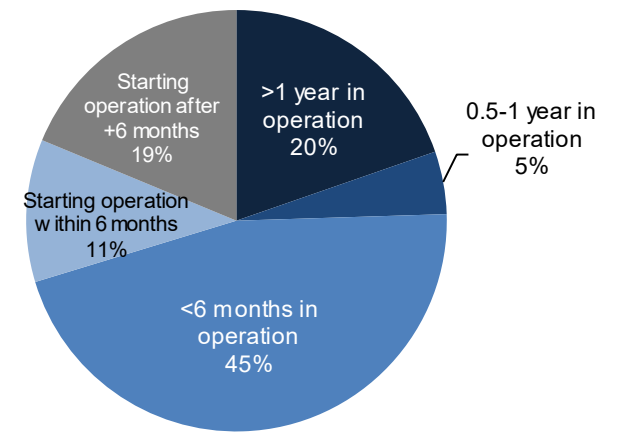
■ By Customer  
(Electric Power Utility Co)



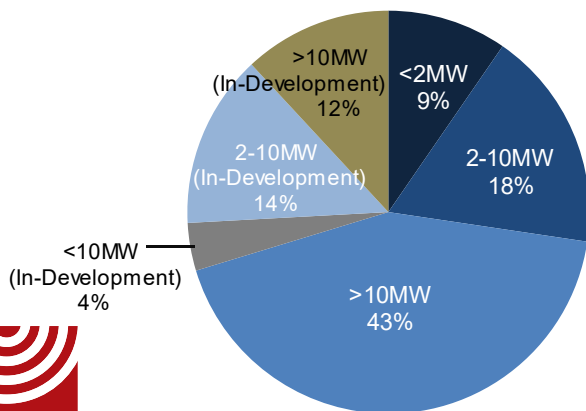
■ By Feed-In-Tariff



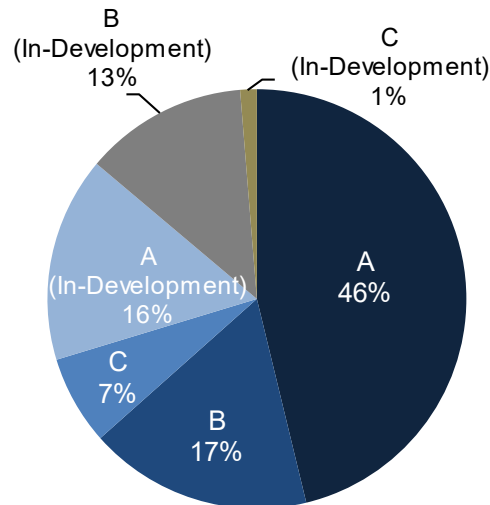
■ By Operating Timeline



■ 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



# Consolidated Balance Sheet: Assets

(JPY million)

	FY14/2	FY15/2	FY16/2	FY17/2	FY18/2 Q1	FY18/2 H1	vs. FY18/2 Q1
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents	24,991	19,383	28,779	47,678	45,542	55,491	+9,949
Trade notes and accounts receivable	451	519	691	913	1,250	790	-460
Operational loan investments	1,100	2,330	1,324	1,324	1,324	1,324	-
Operational securities investments	3,583	1,965	1,784	1,433	1,960	30	-1,930
Real estate for sale	54,084	109,769	172,833	167,805	170,799	170,243	-556
Power plants for sale	-	-	-	-	996	-	-996
Deferred tax assets	576	1,200	1,766	516	515	491	-24
Other	1,384	2,657	3,966	3,125	3,105	1,365	-1,740
Less: allowance for doubtful accounts	-410	-484	-458	-453	-445	-30	+415
<b>Total Current Assets</b>	<b>85,761</b>	<b>137,342</b>	<b>210,687</b>	<b>222,344</b>	<b>225,049</b>	<b>229,707</b>	<b>+4,658</b>
<b>Fixed Assets</b>							
<b>Property, Plant, and Equipment</b>							
Buildings and structures (net)	4,901	4,021	3,830	7,375	7,296	9,614	+2,318
Solar power plant equipment (net)	2,044	9,168	12,256	7,246	6,193	6,753	+560
Land	12,433	12,142	12,192	18,627	18,899	22,808	+3,909
Other (net)	1,922	989	3,264	12,402	12,908	12,909	+1
<b>Total Property, Plant, and Equipment</b>	<b>21,300</b>	<b>26,321</b>	<b>31,546</b>	<b>45,654</b>	<b>45,299</b>	<b>52,087</b>	<b>+6,788</b>
<b>Intangible Assets</b>							
Goodwill	2,221	2,082	1,942	1,864	1,301	1,276	-25
Leasehold rights	392	392	392	62	62	135	+73
Other	71	27	38	29	27	98	+71
<b>Total Intangible Assets</b>	<b>2,686</b>	<b>2,502</b>	<b>2,373</b>	<b>1,956</b>	<b>1,391</b>	<b>1,509</b>	<b>+118</b>
<b>Investments and Other Assets</b>							
Securities investments	4,278	5,266	5,486	1,426	1,416	1,407	-9
Long-term loans receivable	13	12	12	10	10	10	-
Deferred tax assets	222	2	39	339	343	355	+12
Other	780	1,392	1,736	1,820	1,735	1,747	+12
Less: allowance for doubtful accounts	-97	-95	-124	-92	-91	-91	-
<b>Total Investments and Other Assets</b>	<b>5,196</b>	<b>6,578</b>	<b>7,149</b>	<b>3,504</b>	<b>3,413</b>	<b>3,428</b>	<b>+15</b>
<b>Total Fixed Assets</b>	<b>29,183</b>	<b>35,402</b>	<b>41,069</b>	<b>51,115</b>	<b>50,105</b>	<b>57,024</b>	<b>+6,919</b>
<b>Total Assets</b>	<b>114,944</b>	<b>172,744</b>	<b>251,757</b>	<b>273,459</b>	<b>275,154</b>	<b>286,732</b>	<b>+11,578</b>

# Consolidated Balance Sheet: Liabilities & Net Assets

(JPY million)

	FY14/2	FY15/2	FY16/2	FY17/2	FY18/2 Q1	FY18/2 H1	vs. FY18/2 Q1
<b>Liabilities</b>							
Current Liabilities							
Trade notes and accounts payable	132	124	80	110	-	-	-
Short-term loans	950	1,416	2,188	805	1,385	2,436	+1,051
Short-term non-recourse loans	-	48	79	611	611	-	-611
Bonds (due within one year)	-	-	-	112	112	112	-
Long-term loans (due within one year)	3,123	3,488	8,161	5,209	5,439	4,726	-713
Long-term non-recourse loans (due within one year)	428	786	2,975	6,825	6,271	7,160	+889
Income taxes payable	96	284	631	1,655	731	3,082	+2,351
Deferred tax liabilities	24	30	53	62	68	107	+39
Accrued bonuses	14	16	13	36	138	150	+12
Other current liabilities	2,817	3,677	3,979	4,119	3,163	3,799	+636
<b>Total Current Liabilities</b>	<b>7,588</b>	<b>9,872</b>	<b>18,161</b>	<b>19,548</b>	<b>17,922</b>	<b>21,575</b>	<b>+3,653</b>
Long-Term Liabilities							
Bonds	-	-	-	632	632	576	-56
Non-recourse bonds	-	100	100	100	100	100	-
Long-term loans	26,126	53,409	94,409	91,604	104,962	110,865	+5,903
Long-term non-recourse loans	24,178	43,004	56,193	68,319	59,950	54,548	-5,402
Deferred tax liabilities	1,213	1,402	1,543	1,147	1,146	1,752	+606
Long-term security deposits received	4,770	6,391	8,707	8,038	7,986	8,182	+196
Negative goodwill	180	90	-	-	-	-	-
Other long-term liabilities	44	96	475	624	833	849	+16
<b>Total Long-Term Liabilities</b>	<b>56,513</b>	<b>104,494</b>	<b>161,430</b>	<b>170,467</b>	<b>175,610</b>	<b>176,874</b>	<b>+1,264</b>
<b>Total Liabilities</b>	<b>64,102</b>	<b>114,367</b>	<b>179,591</b>	<b>190,015</b>	<b>193,532</b>	<b>198,450</b>	<b>+4,918</b>
<b>Net Assets</b>							
Shareholders' Equity							
Capital	26,443	26,499	26,575	26,650	26,654	26,655	+1
Capital reserve	10,808	10,873	10,968	11,056	11,057	11,058	+1
Retained earnings	10,891	17,201	29,454	42,840	42,561	49,189	+6,628
Treasury shares	-92	-78	-41	-15	-1,511	-1,511	-
<b>Total Shareholders' Equity</b>	<b>48,050</b>	<b>54,496</b>	<b>66,956</b>	<b>80,532</b>	<b>78,762</b>	<b>85,392</b>	<b>+6,630</b>
Accumulated Other Comprehensive Income							
Valuation gain (loss) on other securities	400	1,208	761	117	90	81	-9
Deferred gain (loss) on long-term interest rate hedges	-	-36	-251	-365	-401	-382	+19
Foreign currency translation adjustment	9	6	23	55	35	-	-35
<b>Total Accumulated Other Comprehensive Income</b>	<b>409</b>	<b>1,177</b>	<b>533</b>	<b>-192</b>	<b>-275</b>	<b>-300</b>	<b>-25</b>
Stock Options	121	198	319	491	541	598	+57
Minority Interests	2,261	2,505	4,357	2,612	2,593	2,591	-2
<b>Total Net Assets</b>	<b>50,842</b>	<b>58,377</b>	<b>72,166</b>	<b>83,443</b>	<b>81,622</b>	<b>88,281</b>	<b>+6,659</b>
<b>Total Liabilities and Net Assets</b>	<b>114,944</b>	<b>172,744</b>	<b>251,757</b>	<b>273,459</b>	<b>275,154</b>	<b>286,732</b>	<b>+11,578</b>

# Consolidated P&L

(JPY million)

	FY14/2 (12M)	FY15/2 (12M)	FY16/2 (12M)	FY17/2 (12M)	FY18/2 H1 (6M)	FY17/2 H1 (6M)	Change (YOY)	FY18/2 Full-Year Forecast	vs. Forecast
<b>Revenue</b>	<b>35,101</b>	<b>42,705</b>	<b>49,699</b>	<b>109,253</b>	<b>33,386</b>	<b>85,991</b>	<b>-52,605</b>	<b>75,500</b>	<b>44.2%</b>
Cost of Goods Sold	27,666	30,539	29,835	82,446	18,373	68,522	-50,149	-	-
<b>Gross Profit</b>	<b>7,435</b>	<b>12,166</b>	<b>19,863</b>	<b>26,806</b>	<b>15,013</b>	<b>17,468</b>	<b>-2,455</b>	<b>25,994</b>	<b>57.8%</b>
SG&A	3,522	3,977	4,446	5,025	2,362	2,484	-122	-	-
<b>Operating Profit</b>	<b>3,912</b>	<b>8,189</b>	<b>15,417</b>	<b>21,781</b>	<b>12,650</b>	<b>14,984</b>	<b>-2,334</b>	<b>20,600</b>	<b>61.4%</b>
Non-Operating Income									
Interest income	4	5	2	-	3	-	+3	-	-
Dividend income	112	78	79	85	26	11	+15	-	-
Amortization of negative goodwill	90	90	90	-	-	-	-	-	-
Other	31	39	43	32	29	14	+15	-	-
Total Non-Operating Income	238	213	215	118	59	26	+32	-	-
Non-Operating Expenses									
Interest expense	370	943	1,277	1,303	596	722	-126	-	-
Stock issuance cost	89	-	-	-	-	-	-	-	-
Mark-to-market loss on long-term interest rate hedges	-	-	-	38	305	-	+305	-	-
Debt financing-related fees	-	-	86	585	156	346	-190	-	-
Other	93	202	379	216	87	107	-20	-	-
Total Non-Operating Expenses	553	1,146	1,743	2,144	1,146	1,175	-29	-	-
<b>Recurring Profit</b>	<b>3,597</b>	<b>7,255</b>	<b>13,889</b>	<b>19,755</b>	<b>11,562</b>	<b>13,834</b>	<b>-2,272</b>	<b>18,300</b>	<b>63.2%</b>
Extraordinary Gains									
Gain on sale of fixed assets	7	-	-	-	-	-	-	-	-
Gain on sale of securities investments	204	-	223	2,466	-	2,427	-2,427	-	-
Gain on sale of shares in affiliates	-	-	-	-	1,221	-	+1,221	-	-
Receipt of share trading proceeds	434	-	-	-	-	-	-	-	-
Other	33	57	-	-	-	-	-	-	-
Total Extraordinary Gains	680	57	223	2,466	1,221	2,427	-1,206	-	-
Extraordinary Losses									
Loss on sale/disposal of fixed assets	1	-	-	-	11	-	+11	-	-
Valuation loss on securities investments	-	-	49	-	-	-	-	-	-
Office move expenses	21	1	9	31	-	-	-	-	-
Impairment loss	307	-	-	1,090	-	-	-	-	-
Earthquake-related damages	-	-	-	244	-	242	-242	-	-
Other	13	91	31	224	-	-	-	-	-
Total Extraordinary Losses	344	93	89	1,590	11	242	-231	-	-
Pre-Tax Net Income	3,933	7,220	14,022	20,630	12,772	16,019	-3,247	-	-
Income Taxes	-573	343	960	5,436	3,862	3,812	+50	-	-
Pre-Minority Interest Net Income	4,506	6,876	13,062	15,194	8,910	12,206	-3,296	-	-
Net Income Attributable to Minority Interests	-19	115	136	299	36	271	-235	-	-
<b>Net Income</b>	<b>4,526</b>	<b>6,761</b>	<b>12,925</b>	<b>14,894</b>	<b>8,873</b>	<b>11,935</b>	<b>-3,062</b>	<b>13,500</b>	<b>65.7%</b>

# Consolidated Cash Flows from Operations

(JPY million)

	FY14/2 (12M)	FY15/2 (12M)	FY16/2 (12M)	FY17/2 (12M)	FY18/2 H1 (6M)
<b>Cash Flows from Operations</b>					
Pre-tax net income	3,933	7,220	14,022	20,630	12,772
Depreciation	304	565	792	778	359
Share-based compensation expenses	69	112	174	223	110
Amortization of goodwill	139	139	139	141	50
Amortization of negative goodwill	-90	-90	-90	-	-
Increase (decrease) in accrued bonuses	-11	1	-3	23	148
Increase (decrease) in allowance for doubtful accounts	33	65	3	-3	-353
Interest and dividend income	-116	-83	-81	-85	-29
Interest expense	370	943	1,277	1,303	596
Loss (gain) on sale of securities investments	-204	-	-223	-2,466	-
Loss (gain) on sale/disposal of fixed assets	-6	-	-	-	-
Impairment loss	307	-	-	1,090	-
Valuation loss on securities investments	-	-	49	-	-
Loss (gain) on sale of shares in affiliates	-	-	-	-	-1,221
Decrease (increase) in trading notes and receivables	97	-68	-172	-367	-161
Decrease (increase) in operational loans receivable	218	-1,230	1,006	-	-
Decrease (increase) in operational securities investments	1,635	1,110	1,239	2,727	1,594
Valuation loss on operational securities investments	114	-	19	-	-
Decrease (increase) in real estate for sale	-6,729	-42,991	-63,070	-6,303	-1,638
Decrease (increase) in solar power plants for sale	-	-	-	7,251	996
Valuation loss on SPC capital contributions	12	91	11	16	-
Decrease (increase) in advances paid	-	-	-990	-190	980
Decrease (increase) in accounts receivable	-255	-1,079	-1,140	-193	-
Increase (decrease) in accounts payable	-139	388	535	204	21
Increase (decrease) in accrued expenses	137	16	42	92	-542
Increase (decrease) in advances received	38	211	317	-49	-177
Increase (decrease) in security deposits received	1,230	1,391	2,380	-667	-135
Other	522	-407	435	1,304	1,113
<b>Sub-total</b>	<b>1,611</b>	<b>-33,693</b>	<b>-43,324</b>	<b>25,460</b>	<b>14,482</b>
Interest and dividend income received	116	83	81	85	29
Interest expense paid	-378	-843	-1,226	-1,146	-513
Income taxes paid and refunded	-94	161	-186	-2,852	-2,342
<b>Net Cash from (Used for) Operations</b>	<b>1,254</b>	<b>-34,292</b>	<b>-44,654</b>	<b>21,547</b>	<b>11,657</b>

# Consolidated Cash Flows from Investments & Financing

(JPY million)

	FY14/2 (12M)	FY15/2 (12M)	FY16/2 (12M)	FY17/2 (12M)	FY18/2 H1 (6M)
<b>Cash Flows from Investments</b>					
Payments into time deposits	–	-325	–	-6,100	–
Redemptions of time deposits	–	325	–	201	–
Payments for securities investments	–	-210	-671	-300	-29
Proceeds from sale of securities investments	282	–	296	6,136	–
Proceeds from redemptions of investments	2	–	3	–	–
Acquisition of property, plant, and equipment	-7,150	-10,769	-6,628	-11,719	-1,117
Proceeds from sale of property, plant, and equipment	72	–	–	–	–
Acquisition of intangible assets	-389	-23	-21	-1	-7
Payments of SPC capital contributions	-5	-10	-9	-63	-18
Redemption of SPC capital contributions	7	–	6	–	–
Payments of security deposits	-5	-127	-37	-5	-10
Acquisition of subsidiary shares resulting in change of consolidation scope	-1,389	–	–	-93	-1,453
Sale of subsidiary shares resulting in change of consolidation scope	–	–	–	–	2,096
Payments for acquisitions of newly consolidated subsidiaries	–	-1,349	–	–	–
Other	-35	4	9	11	-16
<b>Net Cash from (Used for) Investments</b>	<b>-8,610</b>	<b>-12,485</b>	<b>-7,052</b>	<b>-11,933</b>	<b>-556</b>
<b>Cash Flows from Financing</b>					
Net increase (decrease) in short-term loans	465	466	771	-1,383	1,087
Net increase (decrease) in short-term non-recourse loans	–	48	31	532	-611
Proceeds from bond issuance	–	–	–	785	–
Redemptions of bonds	–	–	–	-56	-56
Proceeds from long-term loans	26,777	47,203	64,866	55,674	22,263
Repayment of long-term loans	-5,388	-19,557	-19,192	-61,221	-7,692
Proceeds from long-term non-recourse loans	5,675	19,900	18,150	30,850	2,200
Repayment of long-term non-recourse loans	-19,030	-5,958	-2,772	-15,400	-15,736
Proceeds from issuance of common shares	16,387	–	–	–	–
Proceeds from employee exercise of stock options	242	99	153	137	7
Payments received from minority interests	–	–	2,000	–	–
Repayments to minority interests	–	–	–	-2,000	–
Share buyback	–	–	–	–	-1,499
Dividends paid	-445	-543	-646	-1,501	-2,506
Dividends paid to minority interests	–	–	-43	-39	–
<b>Net Cash from (Used for) Financing</b>	<b>24,682</b>	<b>41,658</b>	<b>63,318</b>	<b>6,377</b>	<b>-2,544</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)

(JPY million)

	FY16/2 (Actual)	FY17/2 (Actual)	FY18/2 (Forecast)	FY19/2 (Plan)	vs. FY16/2
<b>Operating Profit</b>	15,417	21,781	20,600	<b>25,000</b>	<b>+62.2%</b>
<b>Recurring Profit</b>	13,889	19,755	18,300	<b>21,400</b>	<b>+54.1%</b>
Tax Ratio	6.9%	26.4%	30.0%	30.0%	—
<b>Net Income</b>	12,925	14,894	13,500	<b>14,800</b>	<b>+14.5%</b>
<b>EPS</b>	JPY 25.86	JPY 29.66	JPY 26.98	<b>JPY 29.00</b>	<b>+12.1%</b>
<b>DPS</b>	JPY 3.00	JPY 5.00	JPY 6.00	<b>JPY 7.00</b>	<b>+133.0%</b>
<b>ROE</b>	21.0%	20.2%	15.9%	<b>15.6%</b>	—

# Target: Top 200 Ranking within the JPX-Nikkei 400 Index

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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 top 1,000 companies from 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 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





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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.



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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.