



JPX-NIKKEI 400



# FY20/2 H1 Corporate Presentation

October 10, 2019

**Ichigo (2337)**





**Make The World  
More Sustainable**



# World-Class Excellence

Ichigo's  
Hiromi Miyake



# Ichigo





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### Ichigo 2030: New Initiatives

- Top Partner of J.League, Japan's Professional Soccer League
- New Business Entry
  - ✓ Hotel Operator Market Entry: Hakata Hotels
  - ✓ Ichigo Animation: Anime + Real Estate Synergies
  - ✓ Real-World Augmented Reality (AR) Game TSUBASA+

### Power Up 2019 Mid-Term Plan Achievement

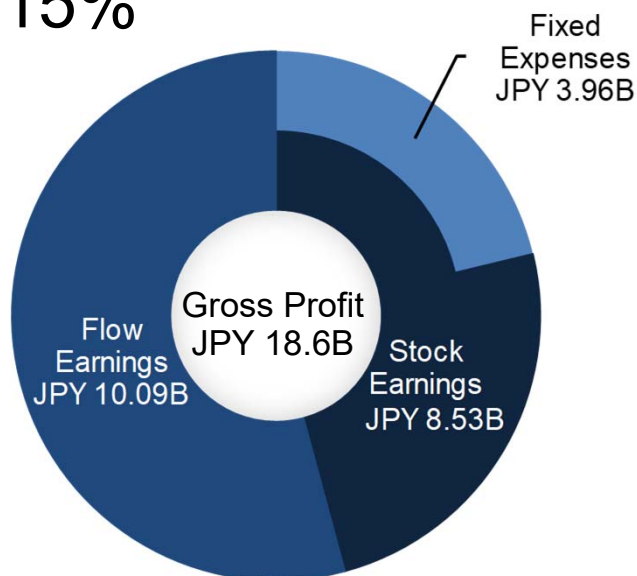
# FY20/2 H1 Earnings

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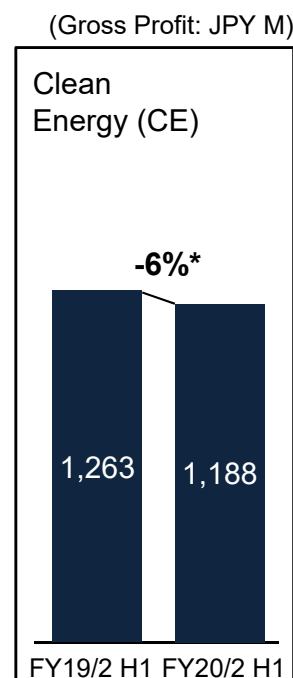
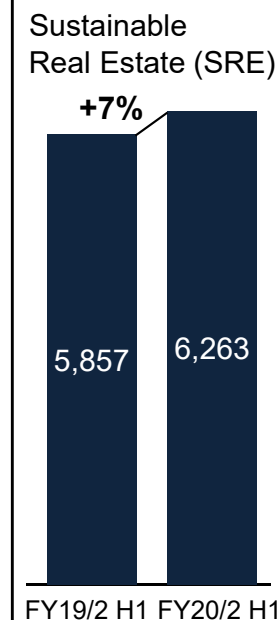
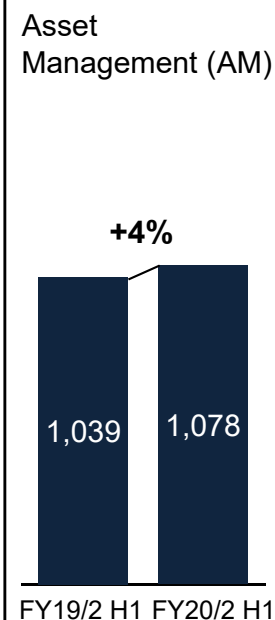
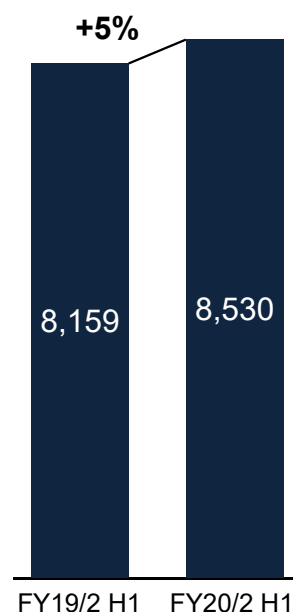
# FY20/2 H1 Summary

## Durable Earnings Model

Stock Earnings/Fixed Expenses  
**215%**



## Stock Earnings Growth



\* CE lower on increased tax burden from full-year operation of Showamura plant & adverse FY20/2 weather

## SRE: Strong Flow Earnings

- H1 Asset Sales: JPY 32.87B
- Gains on Sales: 2.5X Unrealized Gains
- GPM: 29%

## AM: Private Fund Business Growth

- Generating long-term stock earnings stream in tandem with flow earnings
- FY19/2 AUM: JPY +8.3B YOY
- FY20/2 Q3 New Mandate: JPY16.2B (Ichigo provided the assets, so gains on sales will also be recorded in Q3)

## Share Buyback

- Amount: JPY 3B (maximum)
- Number of Shares: 10,000,000 (maximum)
- Buyback Period: July 12, 2019 – Jan 10, 2020 (extended by 3 months)

# Operating Profit +58%, Net Income +54%, EPS +56% (YOY)

(JPY million)

	FY19/2 H1 (Actual)	FY20/2 H1 (Actual)	YOY	Full-Year Forecast
Operating Profit	9,581	15,118	+57.8%	26,500
Recurring Profit	8,293	13,189	+59.0%	22,800
Net Income	5,608	8,612	+53.6%	15,000
EPS	JPY 11.31	JPY 17.64	+56.0%	JPY 30.39



# Segment Earnings Details

- Asset Management: Base AM Fees +4% YOY
- Sustainable Real Estate: Rental Income +7% YOY  
Gains on Sales +133% YOY
- Clean Energy: Power Generation Revenue -6% YOY on Increased Tax Burden from Full-Year Operation of Showamura Plant & Adverse FY20/2 Weather

(JPY million)

	Operating Profit				Earnings Drivers (Parenthesis show YOY change in Gross Profit)
	FY19/2 H1 (Actual)	FY20/2 H1 (Actual)	YOY	Full-Year Forecast	
Asset Management (AM)	1,012	908	-10.3%	1,821	Base AM Fees 1,033 (+40) Acquisition/Disposition Fees 17 (-142) Ichigo Office Cash Flow Performance Fees 67 (+67) Ichigo Green Operator Fees 23 (-3)
Sustainable Real Estate (SRE)	7,620	13,372	+75.5%	23,312	Rental Income 6,263 (+406) Gains on Sales 9,636 (+5,502) Gains on Overseas Sales 373 (+373)
Clean Energy (CE)	968	833	-13.9%	1,367	Power Generation Revenue 1,188 (-75)
Adjustment (including offsets of cross-segment transactions)	-20	4	-	-	
Total	9,581	15,118	+57.8%	26,500	

# JPX-Nikkei 400 Index Inclusion & Top 200 Ranking

- Included in the JPX-Nikkei 400 for the fourth year in a row (2016, 2017, 2018, 2019)
- Ranked within the Index's Top 200 Companies in August 2019 rebalance



Successfully achieved all targets set forth in Power Up 2019 MTP

## Ranking Calculation:

While the JPX-Nikkei 400 does not provide an official ranking of its 400 constituents, the ranking can be calculated based upon the JPX-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)

Total Score =  $0.4 \times (a) + 0.4 \times (b) + 0.2 \times (c)$

# Powerful Value-Add Business Model Underpins Growth

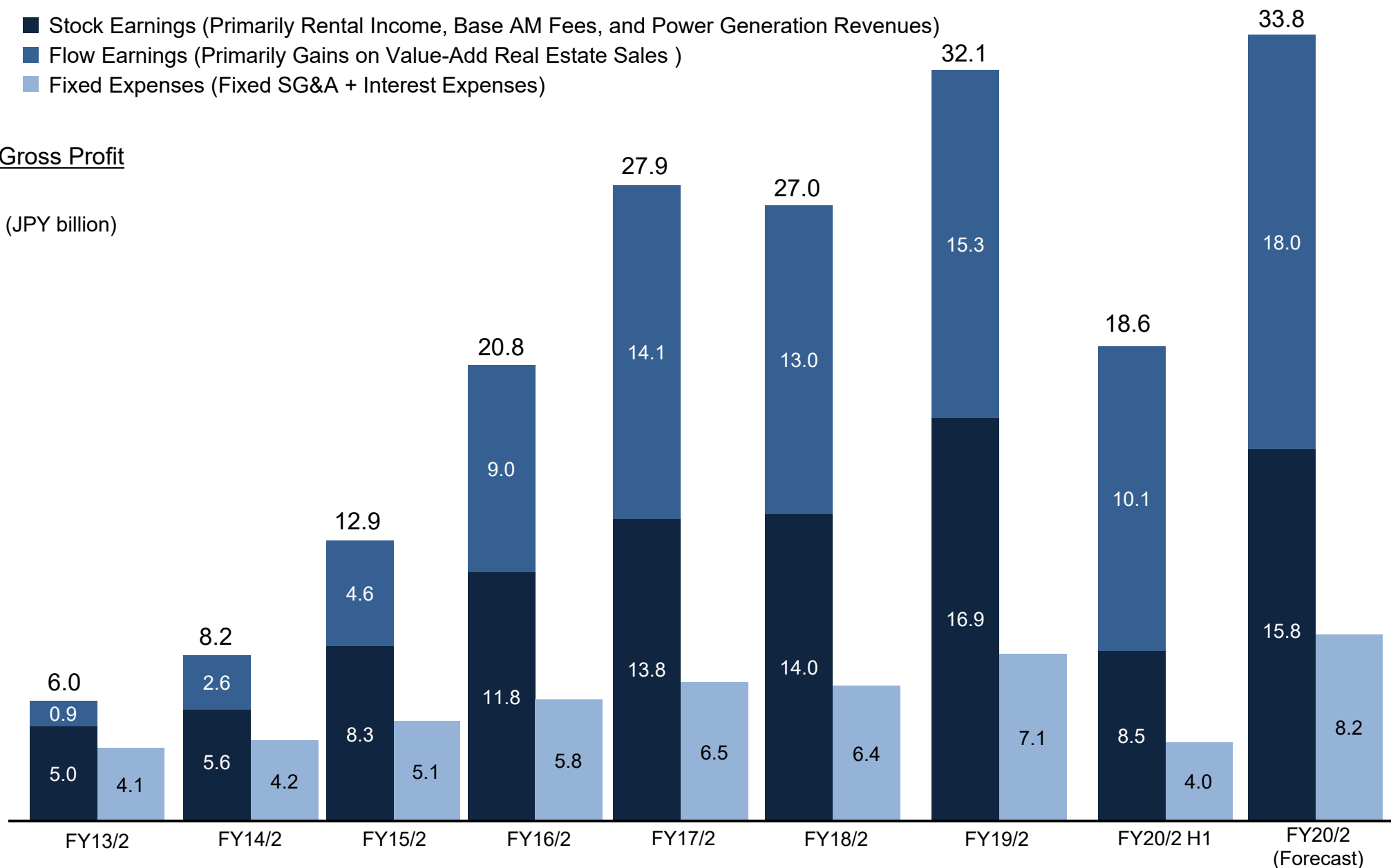
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# Business Model (1) Stock + Flow Earnings

- Stock Earnings (Primarily Rental Income, Base AM Fees, and Power Generation Revenues)
- Flow Earnings (Primarily Gains on Value-Add Real Estate Sales )
- Fixed Expenses (Fixed SG&A + Interest Expenses)

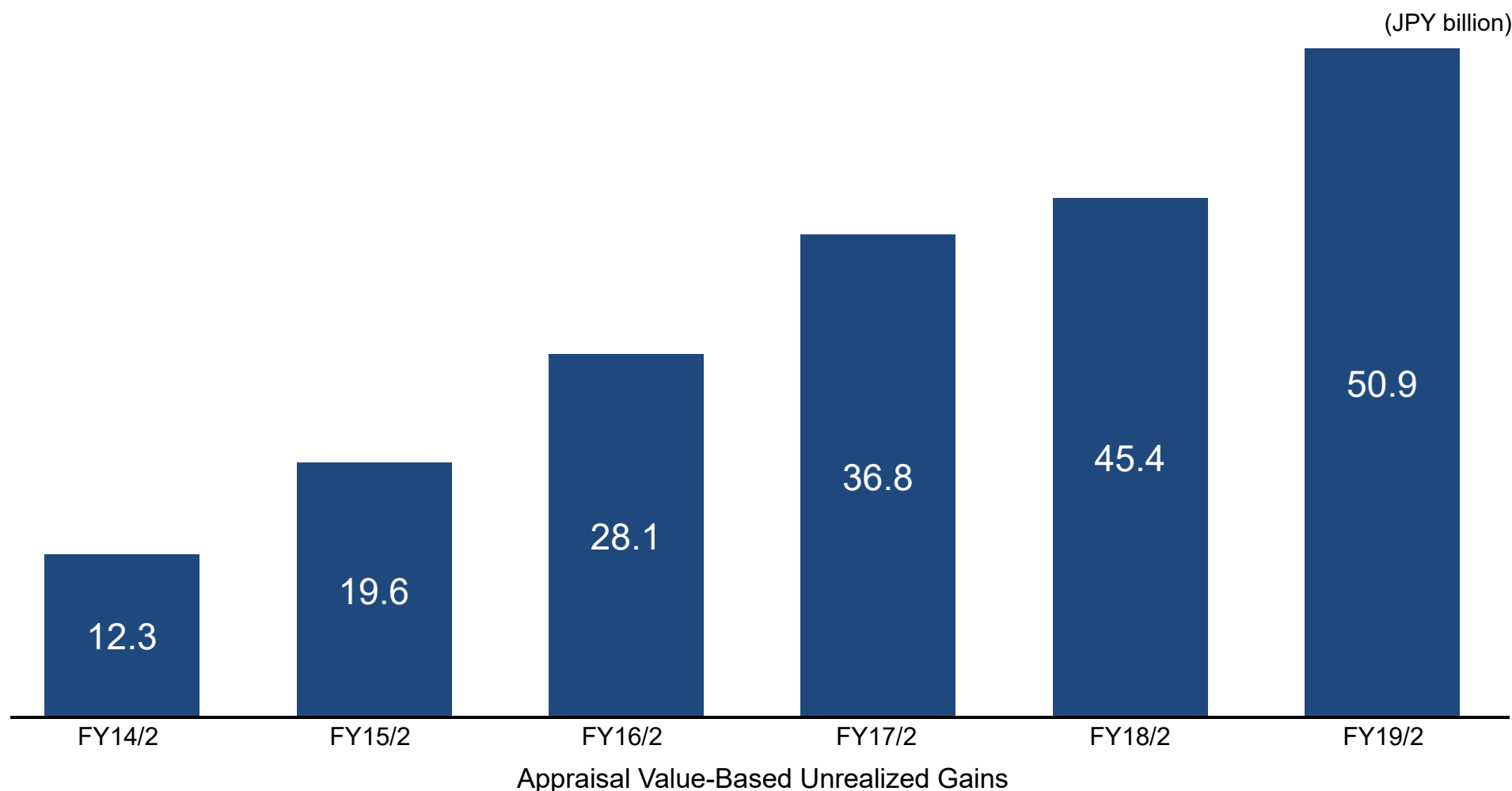
## Gross Profit

(JPY billion)



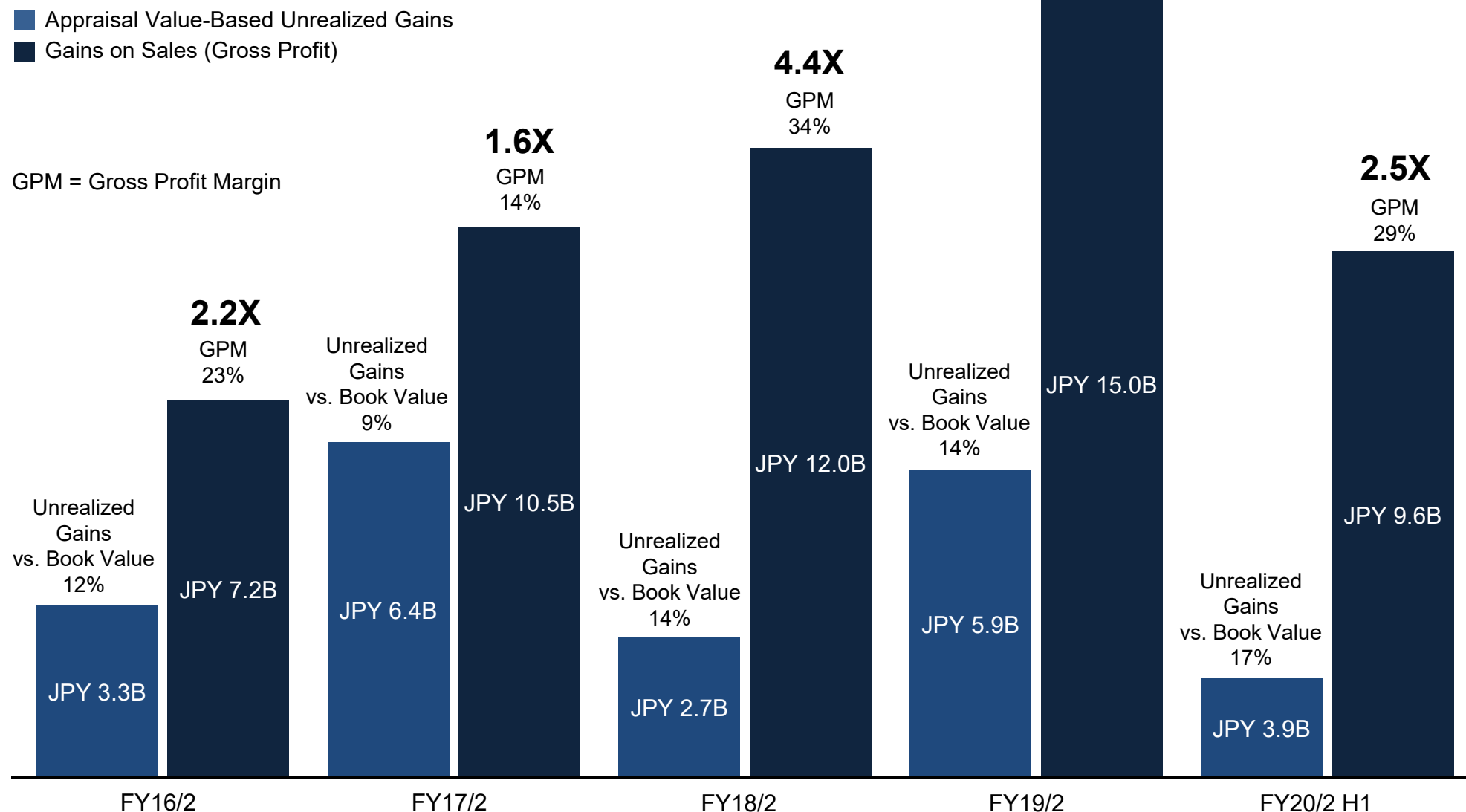
## Business Model (2) Embedded Forward Earnings

Full Economic Earnings From Value-Add Exceed Accounting Earnings  
Value-Add Thus Generates Significant Unrealized Gains that are an  
“Earnings Bank” for Future Periods



# Business Model (3) Value-Add Drives Durable Value Growth

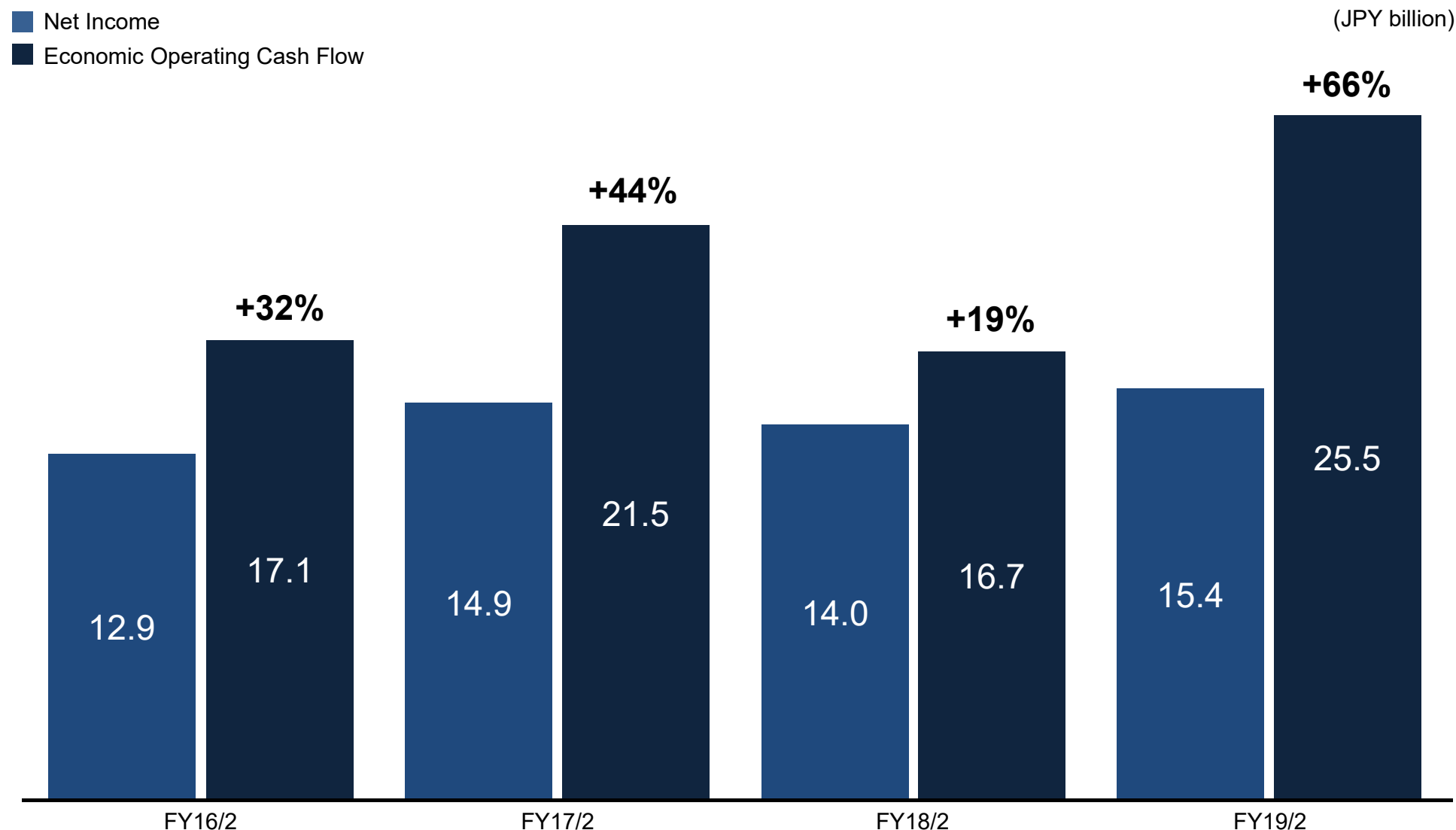
## Gains on Sales Consistently Exceed Appraisal Value-Based Unrealized Gains





# Business Model (4) Robust Cash Generation

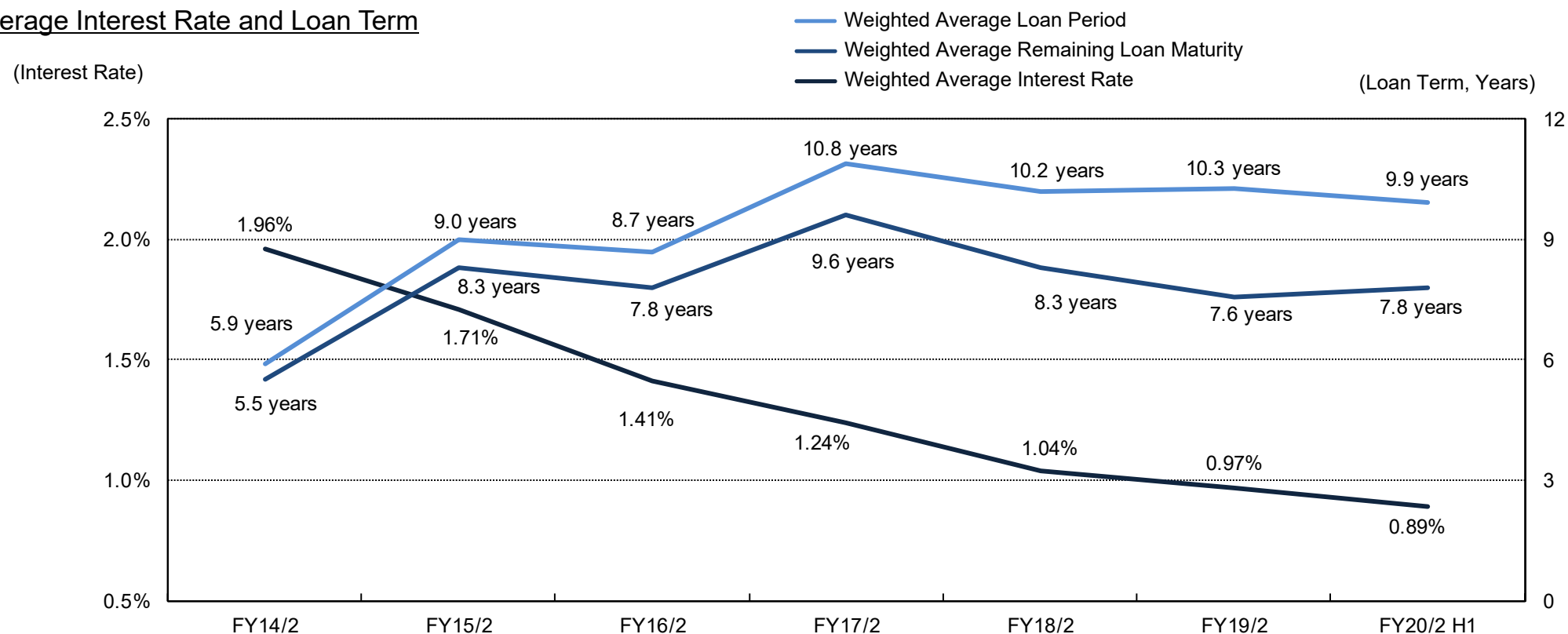
## Economic Operating Cash Flow Exceeds Net Income



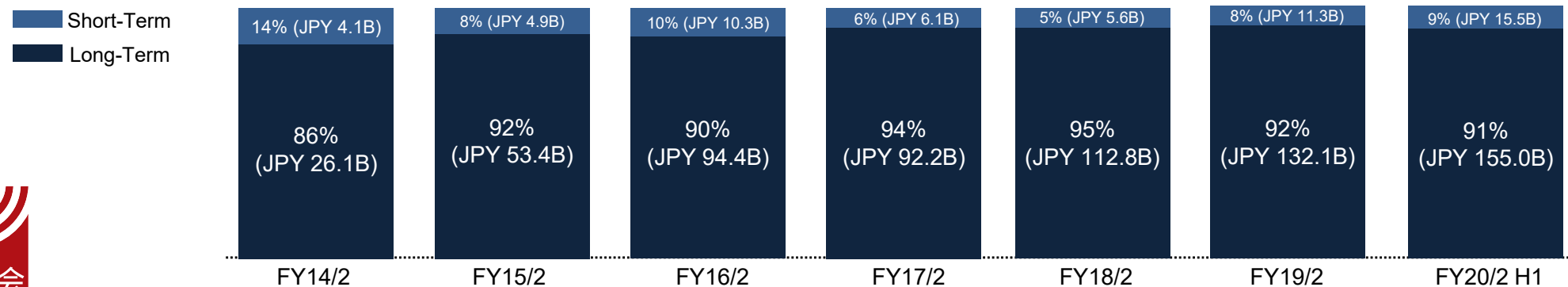
Note: Economic Operating Cash Flow = Cash Flows from Operations excluding net investment in Real Estate and Power Plants for Sale

# Strong Financial Base

## Average Interest Rate and Loan Term



## Term Structure of Loans



# Green Bond Issuance

## Proceeds Used to Fund 6 Solar Power Plants

- Issue Amount JPY 2.9B
- Maturity 10 years
- Lead Underwriter SMBC

Syndicate Members: SMBC, Daishi Bank, Resona Bank, & Kiraboshi Bank



### Green Bond Solar Power Plants

Solar Power Plant	Location	Panel Output (MW)	FIT (JPY)
Ichigo Tokushima Higashi-Okinosu	Shikoku	2.52	40
Ichigo Higashi-Hiroshima Saijocho Taguchi	Chugoku	2.72	40
Ichigo Tsu	Chubu	2.94	24
Ichigo Kasaoka Iwanoike	Chugoku	2.64	24
Ichigo Sennan Kitsuneike	Kansai	2.86	21
Ichigo Kasaoka Osakaike (in-development)	Chugoku	2.66	21



Ichigo Tokushima  
Higashi-Okinosu



Ichigo Higashi-Hiroshima  
Saijocho Taguchi



Ichigo Tsu



Ichigo Kasaoka Iwanoike



Ichigo Sennan Kitsuneike

# Share Buyback

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## Extending Buyback Period by 3 Months

### Purpose: Grow Value for Ichigo's Shareholders

- ✓ Share Type Common shares
- ✓ Buyback Method In-market purchases via trust bank
- ✓ Maximum Amount JPY 3B
- ✓ Maximum No. of Shares 10,000,000 (2.05% of shares outstanding excluding treasury shares)
- ✓ Buyback Period July 12, 2019 to January 10, 2020
- ✓ Cumulative (July 12 – September 31)
  - No. of Shares Purchased 2,023,900 shares
  - Amount JPY 767,024,900

### Reference: 2017 & 2018 Share Buybacks

#### 2017

Number of Shares	8,436,500 (1.7%)
Average Share Price	JPY 355
Amount	JPY 3B

#### 2018

Number of Shares	7,869,700 (1.6%)
Average Share Price	JPY 381
Amount	JPY 3B

# Launch of Ichigo J.League Shareholder Program

## Represents Two Firsts for a Shareholder Program in Japan

- Ichigo is the first Japanese company to include not just its own shareholders, but also the shareholders of the REITs and YieldCo that it manages, in its shareholder program
- Ichigo is the first company to offer shareholders free tickets to every J.League game at every J.League club (55 clubs in total)

Ichigo is deepening its partnership with the J.League and working to further Ichigo's mission of promoting local community developments.



Ichigo J.League Shareholder Program Website Landing Page

# Sustainable Growth as a Sustainable Infrastructure Company

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# Selective on Acquisitions and Sales

- Continuing Sellers' Market – FY20/2 Q2 Gross Profit Margin: 29%
- Ichigo Owners Continues High Level of Activity  
Acquisitions: JPY 12.41B (27% of total); Sales: JPY 377M (1% of total)  
(Sales Concentrated in H2 due to Seasonality of Client Acquisition Activity)

## FY20/2 Q2 Net Acquisitions: JPY 13B

(JPY million)

	Acquisitions		Sales		Difference (A) - (B)
	No. of Assets	Book Value (A)	No. of Assets	Sale Price (B)	
Office	4	8,539	4	6,040	+2,499
Hotel	2	12,446	8	18,010	-5,564
Retail	1	6,146	2	7,182	-1,036
Residential	19	14,350	6	1,477	+12,873
Logistics	1	2,374	–	–	+2,374
Ground Lease	2	255	1	159	+96
Other	7	1,754	–	–	+1,754
<b>Total</b>	<b>36</b>	<b>45,864</b>	<b>21</b>	<b>32,868</b>	<b>+12,996</b>

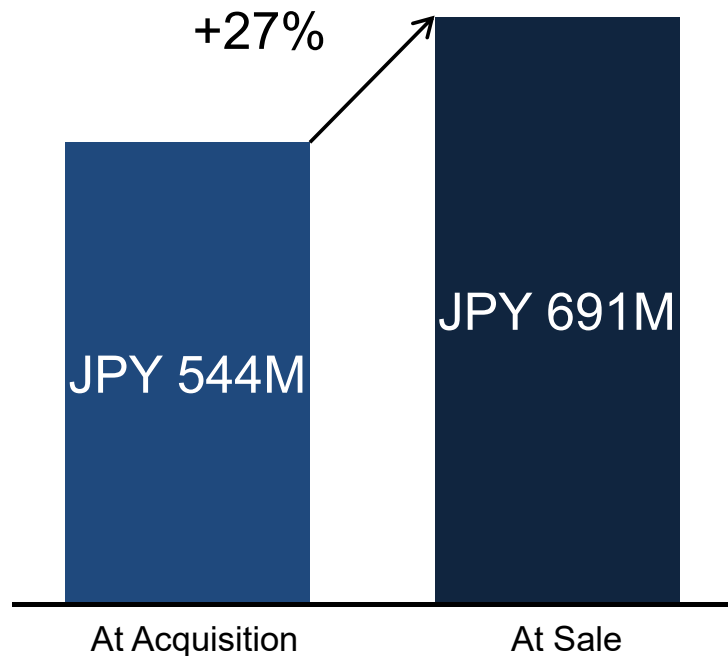
Note: Book value of asset sales is JPY 23,250 million.

# Value-Add Case – 5 Hotel Assets Sold in Q2

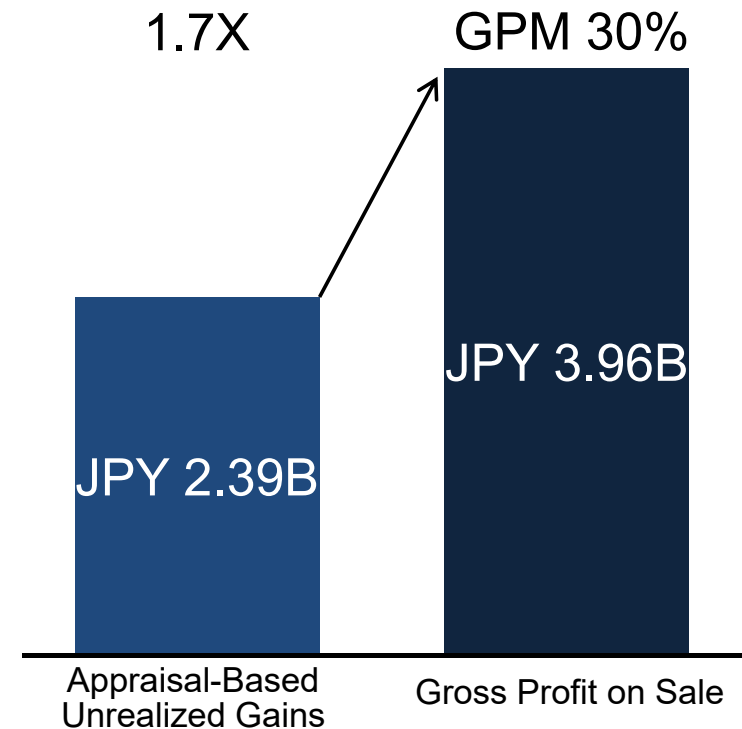
Holding Period 2.5 years (average)

Value-Add Increased earnings via introduction of revenue management system  
 Upgraded hotel reservation system to increase operational efficiency  
 Converted non-revenue generating space into guest rooms  
 Renovated guest rooms, replaced air conditioning, & installed LED lighting to reduce electricity consumption & costs

## NOI Growth



## Gains on Sales > Unrealized Gains



# Growth Support for TSE REITs & YieldCo

## Office



### Ichigo Office (8975)

IPO  
October 12, 2005

Portfolio  
85 Assets JPY 203.2B

Dividend Yield (as of 2019/10/4)  
3.7%

#### Characteristics

- Specialized Office REIT focused on mid-size offices, driving stable earnings growth via high levels of tenant satisfaction
- 18 consecutive periods of dividend growth, No. 1 among all J-REITs



#### Growth Support

Provided a high-quality Hakata office asset

## Hotel



### Ichigo Hotel (3463)

IPO  
November 30, 2015

Portfolio  
23 Hotels JPY 54.5B

Dividend Yield (as of 2019/10/4)  
5.9%

#### Characteristics

- Specialized Hotel REIT focused on lodging-focused hotels, a hotel type in high demand & with significant earnings upside, to drive income stability and earnings growth
- First (and only) J-REIT to adopt a no fixed-fee, performance fee-only structure



#### Growth Support

Provided a well-located hotel to support increased NOI and diversify portfolio

## Green Infrastructure



### Ichigo Green (9282)

IPO  
December 1, 2016

Portfolio  
15 Plants JPY 11.4B

Dividend Yield (as of 2019/10/4)  
5.7%

#### Characteristics

- Solar YieldCo focused on driving shareholder value via income stability and earnings growth and contributing to Japan's self-sufficiency in clean energy
- Japan's first 10-year earnings forecast



#### Growth Support

Operating all plants and providing ongoing performance guarantee

# Private Fund Business Growth

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## 2019 Sales of High-Quality SRE Assets to Domestic and International Institutional Investors

- February 2019 – 10 residential assets (JPY 8.3B)  
Ichigo Owners sale to domestic institutional investor
- October 2019 – 9 residential assets (JPY 16.2B) (Q3 transaction completion)  
Ichigo Estate sale to global institutional investor

## Established Private Funds in Tandem with the Above Sales to Manage the Assets for the Institutional Investor Clients

- For Ichigo, Generates Both Gains on Sales (Flow Earnings) & Ongoing AM Fees (Stock Earnings)

# FY18/2 – FY20/2 New Plant Development

Minimal FY20/2 Power Generation Growth due to FY20/2 Plants Primarily Coming Online in H2 – New Plants Will Drive FY21/2 Growth

	Solar Power Plant	FIT (JPY)	Panel Output (MW)	Total Panel Output (MW)	Operation Start Date
FY18/2	Ichigo Sera Aomizu	32	2.87	47.54	Aug 11, 2017
	Ichigo Showamura Ogose	36	43.34		Sep 2, 2017
	Ichigo Memuro Nishi-Shikari	40	1.32		Feb 5, 2018
FY19/2	Ichigo Kure Yasuuracho Nakahata	36	2.90	11.28	Mar 2, 2018
	Ichigo Tsu	24	2.94		Mar 6, 2018
	Ichigo Kasaoka Iwanoike	24	2.64		Mar 20, 2018
	Ichigo Toki Tsurusatocho Kakino	24	1.31		Apr 12, 2018
	Ichigo Itoshima Iwara	36	1.48		Jan 7, 2019
FY20/2	Ichigo Sakahogi Fukagaya	21	2.89	26.20	May 17, 2019
	Ichigo Sennan Kitsuneike	21	2.86		Jul 4, 2019
	Ichigo Takashima Kutsuki	32	3.74		Jan 2020*
	Ichigo Minakami Aramaki	36	12.02		Jan 2020*
	Ichigo Hitachi Omiya	24	2.99		Feb 2020*
	Ichigo Toki Tsurusatocho Kakino Higashi	21	1.67		Feb 2020*

\* Forecast

# Scaling Rapidly (In-Development Plants +95%)

FY20/2 Growth: 2 New Solar Plants Online (5.8MW) & 1 New Solar Plant in Development (14MW)

## Power Generation Growth

- Operating
- In-Development

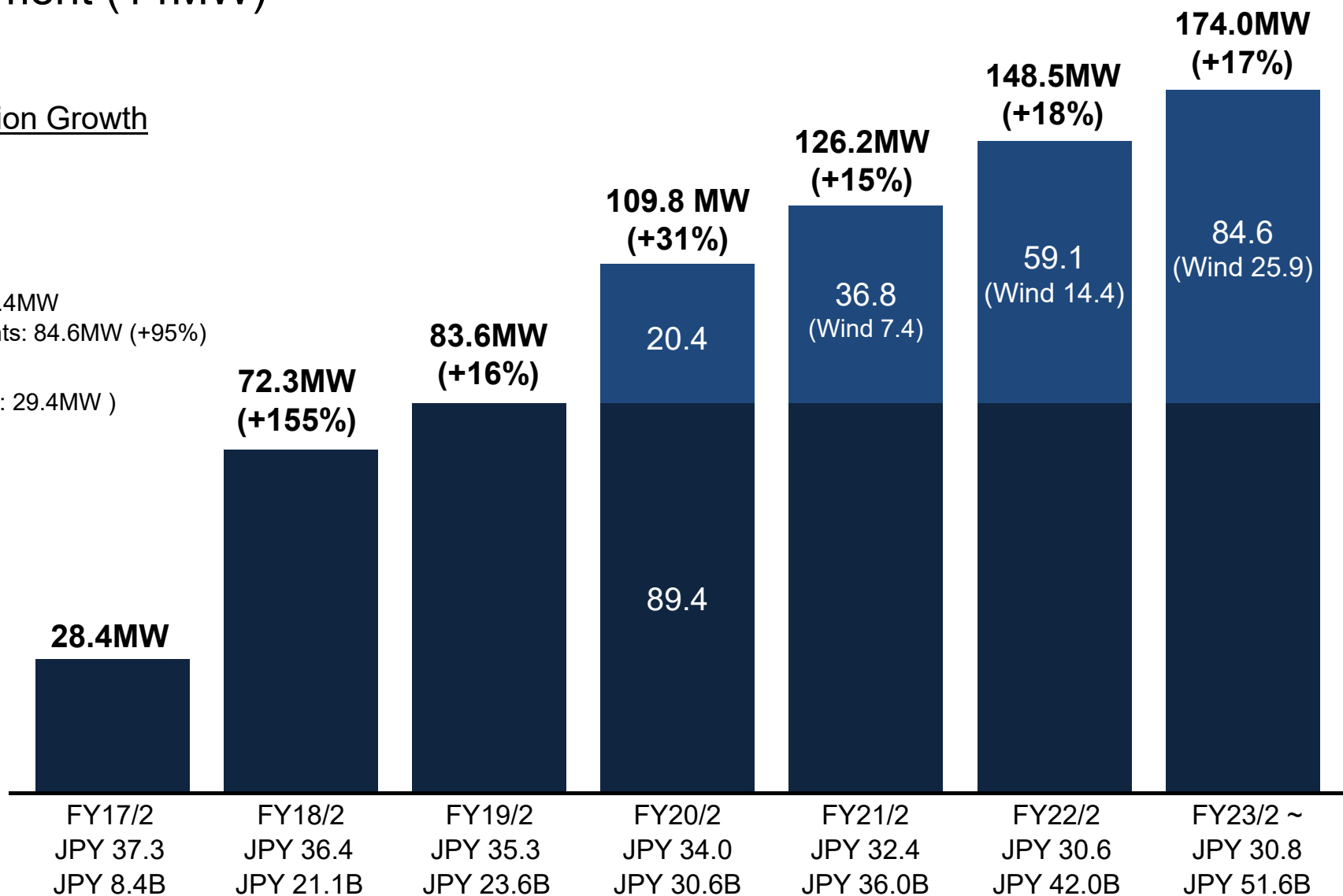
### Ichigo

Operating Plants: 89.4MW

In-Development Plants: 84.6MW (+95%)

Total: 174.0MW

(Ichigo Green (9282): 29.4MW )





# Cost Science Acquisition

100% Acquisition of Cost Science, a Business-Development Consulting Firm

- Acquired 30% shares on September 27, 2019
- 100% acquisition to be completed in stages by May 31, 2023



## Ichigo

- Very large real estate database & platform
- Deep real estate expertise rooted in cumulative JPY 1.8 trillion AUM
- Core capability in real estate value-add
- Venture spirit, teamwork corporate culture, & commitment to contribute to a sustainable society



## CostScience Inc.

- Increase the productivity of an existing business without resorting to downsizing
- Facilitate redeployment of resources into new, more productive businesses
- Data analysis-driven issue identification
- Data analysis-driven strategy definition and execution/implementation

Collaborating to Fulfill Ichigo's Mission to Make The World More Sustainable

- Accelerate development of new, multi-layered real estate services for tenants
- Reduce costs and increase efficiency of real estate asset management
- Develop new technologies to extend the lives of existing buildings
- Merge the physical infrastructure of daily life (offices, residences, hotels, etc.) with the digital world

## Appendix: Ichigo's Commitment to ESG

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# Ichigo Sustainability Policy

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## Harmony with the Environment

Ichigo actively monitors and minimizes the environmental impact of its business operations.

## Energy Conservation, CO2 Reduction, and Recycling

Ichigo seeks to contribute to a low-carbon, low-waste society by reducing energy consumption, extending the useful life of assets, actively recycling, reducing waste production and water consumption, and implementing green procurement measures.

## Regulatory and Environmental Compliance

Ichigo complies with all environmental laws and regulations and Ichigo's own independently-established environmental rules. Ichigo also carefully monitors and complies with all applicable changes in laws and regulations.

## Training and Awareness

Ichigo promotes understanding of its Sustainability Policy and works to increase sustainability awareness among all Ichigo employees.

## Sustainability Performance Communication and Disclosure

Ichigo communicates its Sustainability Policy and Ichigo's sustainability initiatives to society at large. Ichigo also obtains certifications for its sustainability activities on an ongoing basis.

# Ichigo ESG – Environmental

## Sustainable Real Estate

### Preserve & Enhance Existing Buildings to End Wasteful Demolish & Rebuild

- Lengthen useful life of existing real estate
- Shrink footprint by reducing demolition waste and use of raw materials, energy, and human effort for construction



Lowest  
Impact  
Highest  
Efficiency

## Solar and Wind Energy: Safe and Clean

### Annual Power Generation

140,167,036 kWh



Equivalent to annual  
energy consumption of  
46,700 households

The Federation of Electric Power  
Companies of Japan  
Annual energy consumption per household  
3,000kWh

### Annual CO2 Reduction

92,510,242 kg



Equivalent to annual  
CO2 emission of  
40,200 cars

Ministry of Environment  
Annual CO2 emission per car c. 2,300kg

(FY19/2 Actuals – Includes Ichigo Green)



## Environmental Certifications

### No injuries or damages at any Ichigo asset or power plant from 2018 natural disasters

#### Robust Assets

- Real estate: continuous improvements to safety & functionality via value-add capex
- Power plants: site selection and construction based on detailed specifications customized to local geography

#### Robust BCP & Realtime Response

- Pre-typhoon preventative measures (water shielding, sandbags, etc.) & on-site checks
- Overwhelming priority is safety of tenants: on-the-ground confirmation & on-the-ground response
- Ichigo engineering team immediate response: same day on-site safety and engineering inspections to prevent secondary damage and losses

## Environmental Certifications



Ichigo Kakyoin  
Plaza

CASBEE  
Rank

**S**



Ichigo Hakata  
Ekimae Square

CASBEE  
Rank

**A**



Ichigo Hakata Meiji  
Dori Building

CASBEE  
Rank

**A**

### Ichigo Office (8975)



Green Star (Highest Ranking)  
3 years in a row

Other Certifications:  
CASBEE, BELS, DBJ Green  
Building Certification

# Ichigo ESG – Social

## Sports & Arts

Support Outstanding,  
World-Class Athletes

- Weightlifting
- Riflery
- Track & Field

Paralympic Art Sponsor

- Support artists with disabilities



Weightlifting Athlete  
Hiromi Miyake

## Children's Cancer Treatment

Support University of Miyazaki  
Faculty of Medicine's Program for  
Children with Cancer

- Issued CSR bond & donated a portion of underwriter commission to the Cancer Program
- Sponsor volunteer activities in support of children with cancer



## Local Communities

Promote Community Development via Sponsorship of  
J.League (Only Top Partner with Real Estate Expertise)

- Renovate and upgrade stadiums and help local governments reduce steep operating and maintenance costs
- Use real estate expertise to help build stronger and healthier local communities



©J.LEAGUE

Strengthen Local Communities, Create Jobs,  
and Boost Rural Economies via Smart Agriculture

- Collaborate with local farmers to increase agricultural output, improve quality, and raise rural incomes
- Increase Japan's food self-sufficiency



# Ichigo ESG – Governance

## Early Adopter of Independent Three Committee (Nominating, Audit, & Compensation) Corporate Governance Structure

- Adopted in 2006 to incorporate global best practice
- Exceeded legal requirements by establishing Compliance Committee in addition to Nominating, Audit, and Compensation Committees
- ✓ Nominating Committee: 5 members (3 Independent Directors)
- ✓ Audit Committee: 3 members (All Independent Directors)
- ✓ Compensation Committee: 5 members (3 Independent Directors)
- ✓ Compliance Committee: 4 members (2 Independent Directors)



## Majority Independent Director Board Underpins Strong Governance

- Of 9 members of Ichigo's Board of Directors, 5 are Independent Directors
  - Includes former CEOs of TSE First Section companies
- FY17/2
- ✓ Takashi Kawamura (former CEO of Hitachi; stepped down from Ichigo's board in May 2017 upon appointment as Chairman of TEPCO)
  - ✓ Masatoshi Matsuzaki (former CEO of Konica Minolta)
  - ✓ Kosuke Nishimoto (former CEO of Meitec)
- FY18/2 onward
- ✓ Masatoshi Matsuzaki (former CEO of Konica Minolta)
  - ✓ Nobuhide Nakaido (former CEO of SCSK)
  - ✓ Kosuke Nishimoto (former CEO of Meitec; stepped down from Ichigo's board in May 2019 upon appointment as EVP of Misumi Group)



## Appendix: Financial & Real Estate Data

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# Significant Unrealized Gains on Balance Sheet

JPY 49.3B (Appraisal Value Basis), -0.89% vs. FY19/2-end

Real Estate Directly Held by Ichigo

(JPY million)

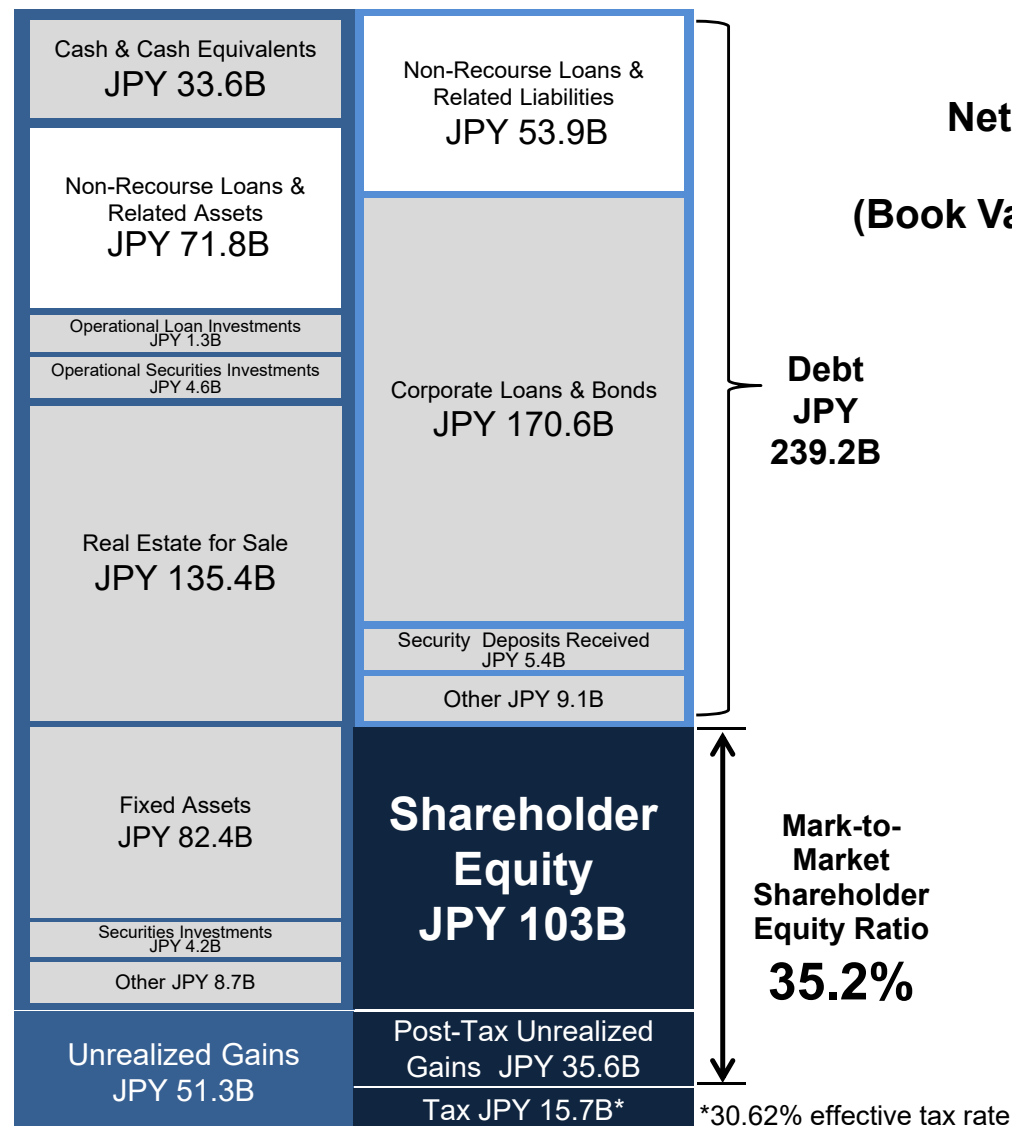
Location	Book Value as of August 31, 2019	Expected NOI	Cap Rate NOI/Book Value after Write-Down	Appraisal Value as of August 31, 2019	Unrealized Gains
Tokyo	115,964	6,703	5.7%	143,154	+27,189
Outside Tokyo	110,549	7,228	6.5%	132,754	+22,205
Total	226,513	13,931	6.1%	275,908	+49,394

\* Excludes Ichigo Owners assets (book value JPY 28.236B)

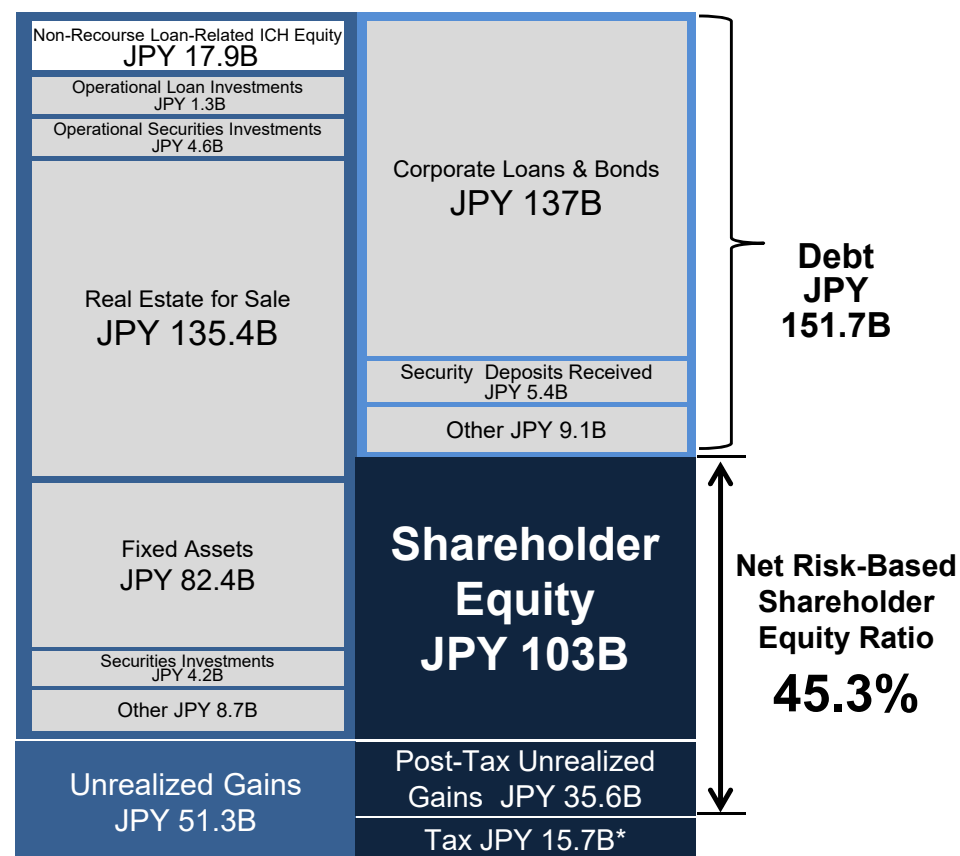
\* Excludes assets under development (c. JPY 567 million) not generating NOI

# Net Consolidated Risk-Based Balance Sheet

**Mark-to-Market Consolidated Balance Sheet: JPY 393.6B**  
**(Book Value JPY 342.3B + Unrealized Gains JPY 51.3B)**



**Net Consolidated Risk-Based Balance Sheet:  
JPY 306.1B**  
**(Book Value JPY 254.7B + Unrealized Gains JPY 51.3B)**



Note: Net Risk-Based Balance Sheet excludes client and non-recourse assets and liabilities and nets out Cash & Cash Equivalents.

# Business Segments

## Asset Management

Asset Management (AM) generates fee income via management of Ichigo Office (8975), Ichigo Hotel (3463), and Ichigo Green (9282), and real estate services related to real estate acquisition, operations, and disposition.

## Sustainable Real Estate

Sustainable Real Estate (SRE) preserves and improves real estate. Ichigo receives rental income during the period in which it carries out its value-add, along with earning gains on sales that reflect the real estate's higher value after the value-add is complete.

## Clean Energy

Clean Energy (CE) is utility-scale solar and wind power production that produces clean energy and brings productive use to idle land.

# Consolidated Balance Sheet: Segment Breakdown

(JPY million)

Segment	Cash and Cash Equivalents	Operational Loan Investments	Operational Securities Investments	Real Estate for Sale	Power Plants for Sale	Fixed Assets	Intangible Assets	Securities Investments	Other Assets	Total Assets
Asset Management	—	—	—	—	—	—	806	148	906	<b>1,861</b>
Sustainable Real Estate	15,113	1,324	4,654	181,264	—	74,482	1,255	2,813	4,191	<b>285,101</b>
Clean Energy	3,247	—	—	—	—	26,014	211	—	1,100	<b>30,574</b>
Company-Wide Assets	22,086	—	—	—	—	63	198	1,285	1,166	<b>24,800</b>
<b>Total</b>	<b>40,448</b>	<b>1,324</b>	<b>4,654</b>	<b>181,264</b>	<b>—</b>	<b>100,560</b>	<b>2,471</b>	<b>4,247</b>	<b>7,365</b>	<b>342,337</b>

# Consolidated P&L: Segment Breakdown

(JPY million)

Segment	Gross Profit			Operating Profit			
	FY19/2 H1	FY20/2 H1	YOY Change	FY19/2 H1	FY20/2 H1	YOY Change	FY20/2 Full-Year Forecast
<b>Asset Management</b>	<b>1,201</b>	<b>1,163</b>	<b>-3.2%</b>	<b>1,012</b>	<b>908</b>	<b>-10.3%</b>	<b>1,821</b>
Stock Earnings (Asset Management Fees)	1,039	1,078	+3.8%	—	—	—	—
Flow Earnings (Acquisition/Disposition Fees)	161	85	-47.2%	—	—	—	—
<b>Sustainable Real Estate</b>	<b>9,990</b>	<b>16,273</b>	<b>+62.9%</b>	<b>7,620</b>	<b>13,372</b>	<b>+75.5%</b>	<b>23,312</b>
Rental Income	5,857	6,263	+6.9%	—	—	—	—
Asset Sales	4,131	9,646	+133.5%	—	—	—	—
Other Flow Earnings	2	364	—	—	—	—	—
<b>Clean Energy</b>	<b>1,263</b>	<b>1,188</b>	<b>-5.9%</b>	<b>968</b>	<b>833</b>	<b>-13.9%</b>	<b>1,367</b>
Adjustment (including offsets of cross-segment transactions)	—	—	—	-20	4	—	—
<b>Total</b>	<b>12,453</b>	<b>18,624</b>	<b>+49.6%</b>	<b>9,581</b>	<b>15,118</b>	<b>+57.8%</b>	<b>26,500</b>

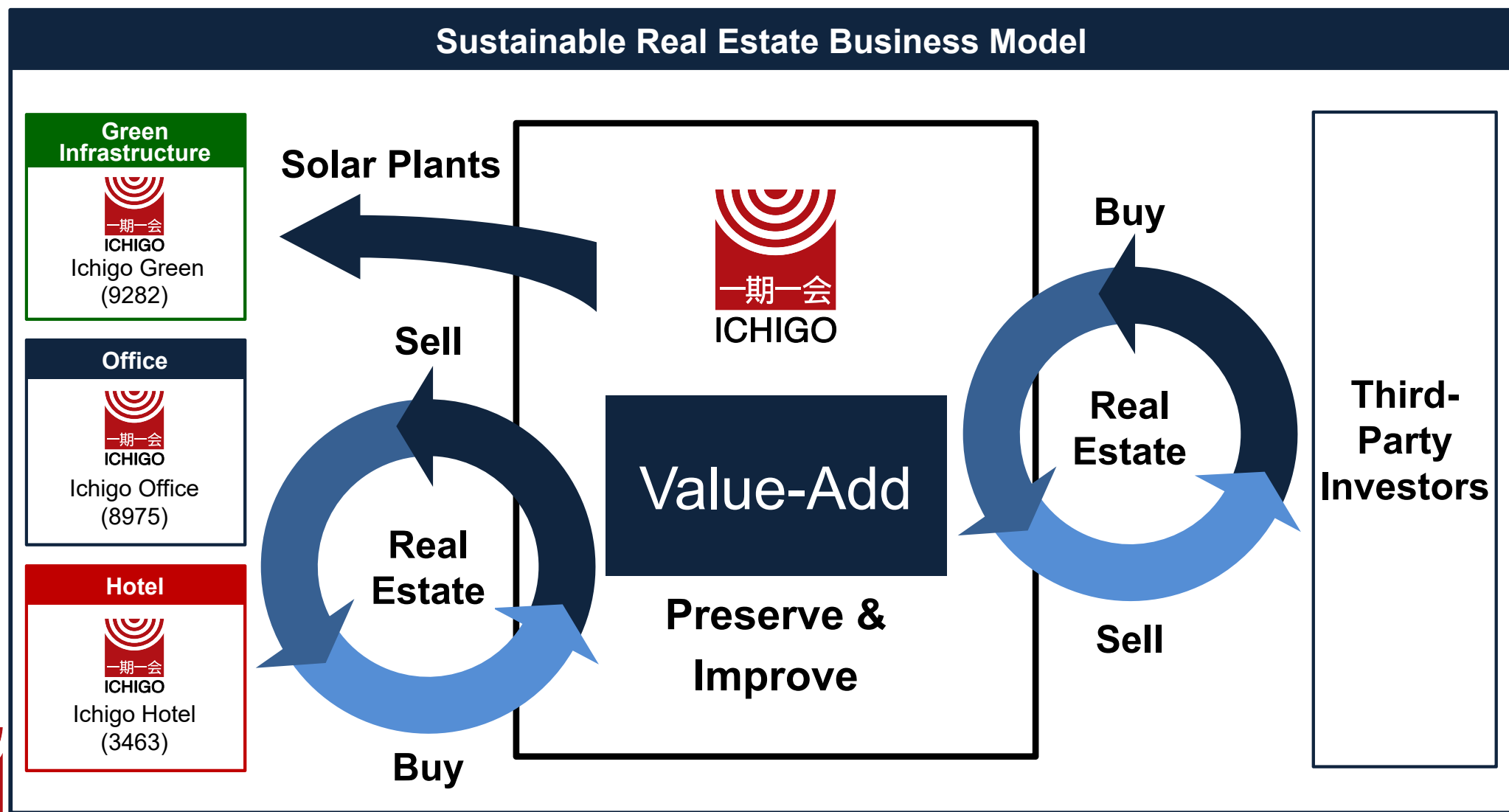
# Asset Management AUM Detail

		FY15/2 (12M)	FY16/2 (12M)	FY17/2 (12M)	FY18/2 (12M)	FY19/2 (12M)	FY20/2 H1 (6M)
Ichigo Office (8975)	AUM (Fiscal Year End)	JPY 123.8B	JPY 165.1B	JPY 194.5B	JPY 196.9B	JPY 203.0B	JPY 203.2B
	Base AM Fee Gross Profit (Actual)	JPY 759M	JPY 1,016M	JPY 1,291M	JPY 1,373M	JPY 1,426M	JPY 722M
Ichigo Hotel (3463)	AUM (Fiscal Year End)	–	JPY 20.4B	JPY 47.6B	JPY 50.9B	JPY 50.7B	JPY 54.4B
	Base AM Fee Gross Profit (Actual)	–	JPY 30M	JPY 287M	JPY 450M	JPY 461M	JPY 240M
Ichigo Green (9282)	AUM (Fiscal Year End)	–	–	JPY 10.0B	JPY 11.4B	JPY 11.4B	JPY 11.4B
	Base AM Fee Gross Profit (Actual)	–	–	JPY 11M	JPY 77M	JPY 85M	JPY 43M
Private Equity Real Estate Funds (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 21.5B	JPY 15.4B	JPY 6.4B	JPY 12.3B	JPY 20.6B	JPY 20.6B
	Base AM Fee Gross Profit (Actual)	JPY 114M	JPY 60M	JPY 27M	JPY 12M	JPY 41M	JPY 40M
Total (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 145.3B	JPY 200.9B	JPY 258.6B	JPY 271.7B	JPY 285.8B	JPY 289.8B
	Base AM Fee Gross Profit (Actual)	JPY 872M	JPY 1,106M	JPY 1,617M	JPY 1,914M	JPY 2,014M	JPY 1,046M

Ichigo Green Base AM Fee Gross Profit (Actual) includes operator fees.

# Powerful Sustainable Real Estate Business Model

Significant Synergies Between Ichigo's Sustainable Real Estate and Asset Management Businesses

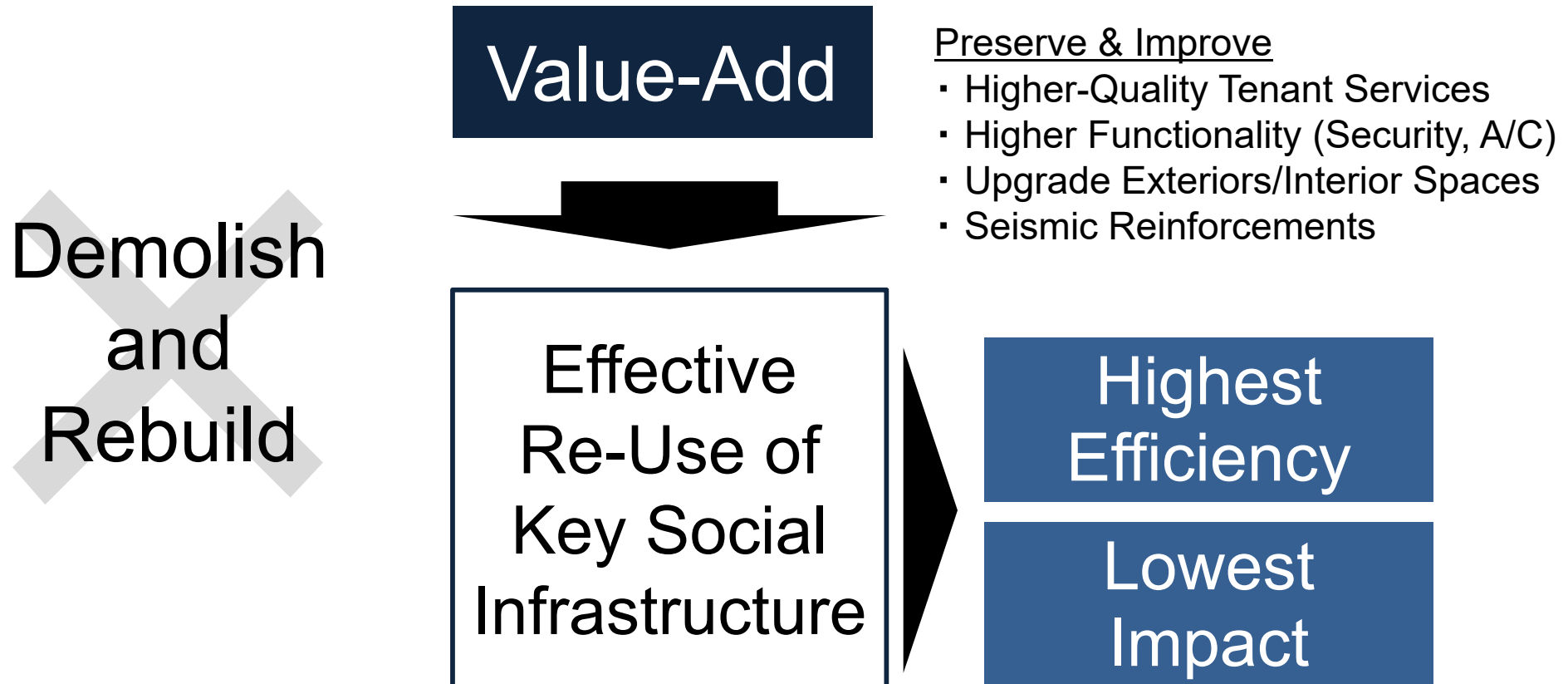




# Sustainable Real Estate Serving a Sustainable Society

## End Demolish and Rebuild and Embrace Value-Add

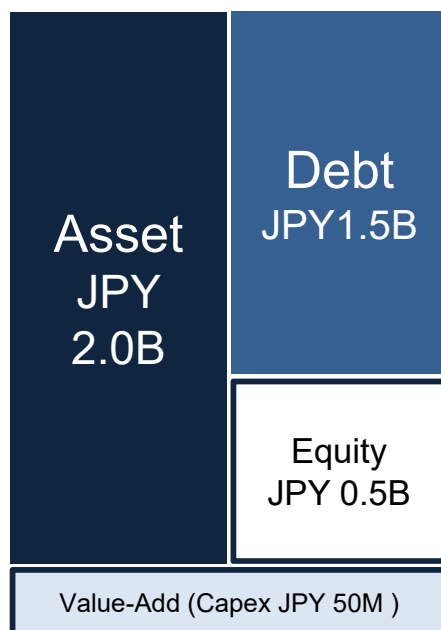
- Preserve and enhance high-function real estate
- Lengthen useful life and improve quality of existing assets via Value-Add



# Ichigo Sustainable Real Estate Earnings Model Example

5.5% NOI Yield, JPY 2B Purchase, LTV 75%, 1.5% Interest Rate, JPY 50M Capex, 15% Increase in NOI, 3-Year Value-Add Period

Value-Add Steps: Improved exterior, interior, & tenant services; seismic strengthening; increased energy efficiency; new tenant leasing; etc.



## 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

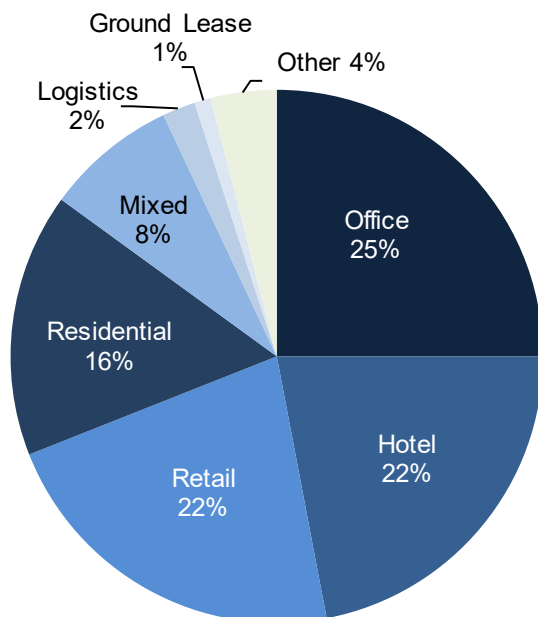
The 15% increase in NOI at an equivalent cap rate increases the exit price by 15%:  $\text{JPY } 2\text{B} \times 115\% = \text{JPY } 2.3\text{B}$   
 $\text{JPY } 2.3\text{B} - (\text{JPY } 2\text{B} + \text{JPY } 50\text{M}) = \text{JPY } 250\text{M capital gain}$

## Result

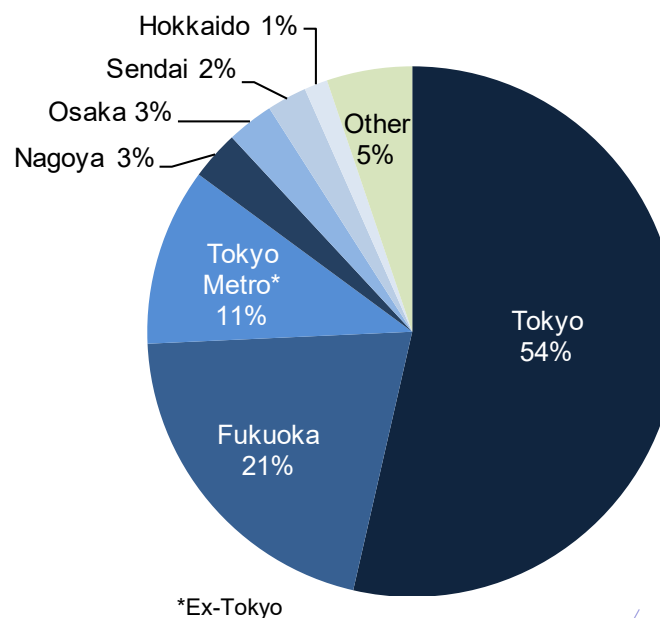
JPY 550M investment generates JPY 512M over 3 years  $\rightarrow 31.1\% \text{ p.a.}$

# Ichigo-Owned Real Estate Portfolio

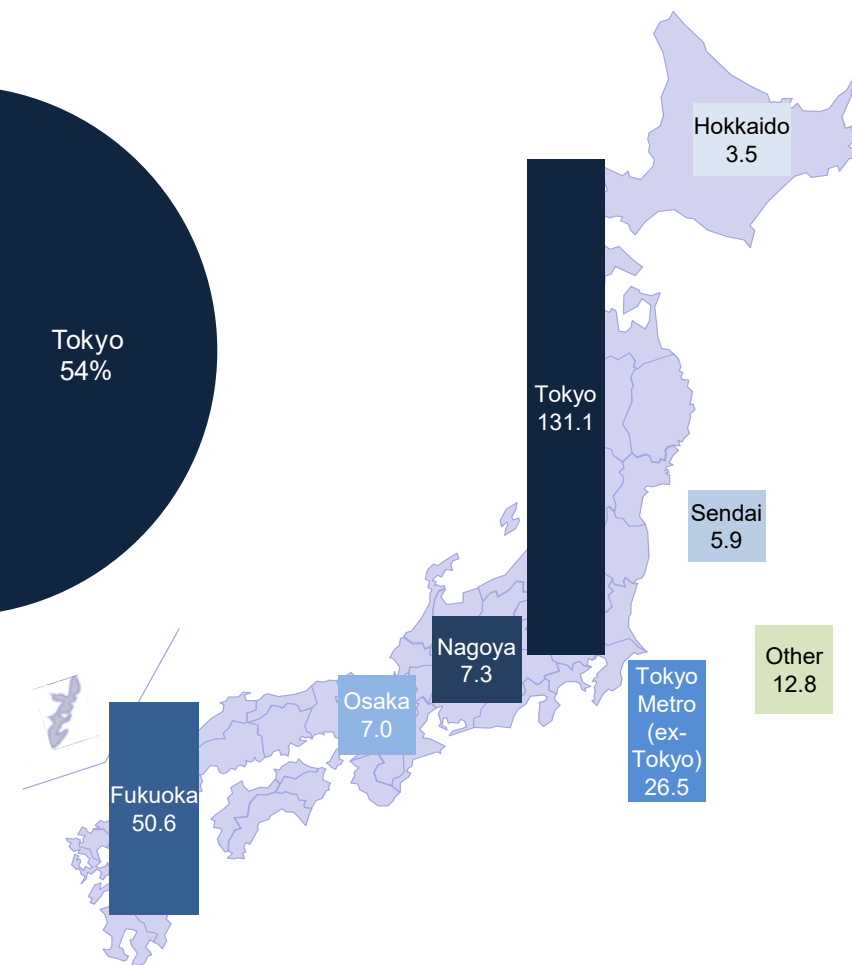
**By Asset Type**



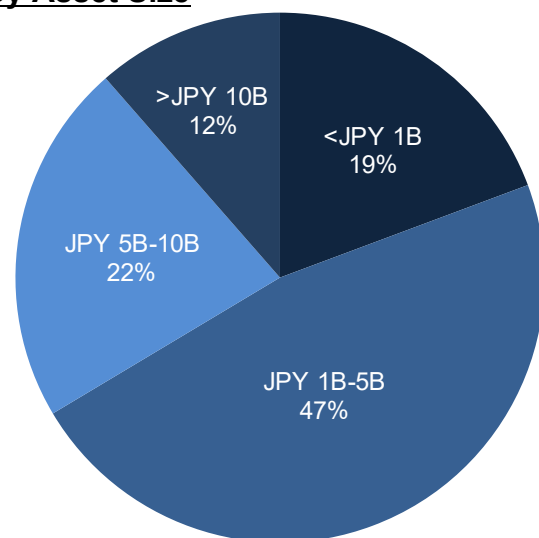
**By Location**



(JPY billion)



**By Asset Size**



**Total Ichigo-Owned Assets: JPY 244.6B**  
**Including Ichigo-Managed AUM: JPY 534.5B**

\* Acquisition price basis

Ichigo-Managed AUM includes JPY 11.4B Ichigo Green assets.

Total Ichigo-Owned Assets Book Value: JPY 253.5B

# Sustainable Real Estate Asset Breakdown (1)

180 Assets, JPY 245B, Forecast NOI JPY 15B (6.1% Yield)

No.	Asset Type	Classification	Location	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
1	Wholesale Market	Fixed Asset	Matsudo, Chiba	JPY 2B-3B	2005/06	47 years	JPY 73M	JPY 1,900M	—	—
3	Retail	Fixed Asset	Minato-ku, Tokyo	>JPY 3B	2006/03	34 years	JPY 192M	JPY 1,356M	—	—
4	Retail	Fixed Asset	Yokohama	JPY 1B-2B	2006/09	14 years	JPY 78M	JPY 1,157M	—	—
5	Office	Fixed Asset	Sendai	>JPY 3B	2006/10	11 years	JPY 317M	JPY 1,042M	—	—
6	Office	Fixed Asset	Fukuoka	>JPY 3B	2006/12	11 years	JPY 414M	JPY 1,339M	—	—
10	Retail	Fixed Asset	Chiyoda-ku, Tokyo	<JPY 1B	2007/06	39 years	JPY 83M	JPY 240M	—	—
11	Retail	Fixed Asset	Chiyoda-ku, Tokyo	<JPY 1B	2007/06	38 years	JPY 126M	JPY 233M	—	—
14	Ground Lease	Fixed Asset	Atsugi, Kanagawa	JPY 1B-2B	2011/06	—	JPY 175M	JPY 147M	—	—
15	Mixed (Office/Retail)	Fixed Asset	Hiratsuka, Kanagawa	<JPY 1B	2012/02	23 years	JPY 85M	JPY 172M	—	—
17	Retail	Fixed Asset	Toshima-ku, Tokyo	>JPY 3B	2013/03	8 years	JPY 235M	JPY 340M	—	—
18	Retail	Fixed Asset	Shibuya-ku, Tokyo	<JPY 1B	2013/05	33 years	JPY 47M	JPY 154M	—	—
19	Mixed (Office/Retail)	Fixed Asset	Chofu, Tokyo	JPY 1B-2B	2013/06	34 years	JPY 127M	JPY 310M	—	—
21	Residential	Fixed Asset	Minato-ku, Tokyo	<JPY 1B	2013/06	4 years	JPY 47M	JPY 203M	—	—
27	Retail	Fixed Asset	Tokorozawa, Saitama	JPY 1B-2B	2013/11	11 years	JPY 63M	JPY 92M	—	—
29	Ground Lease	Fixed Asset	Fujisawa, Kanagawa	JPY 1B-2B	2014/03	—	JPY 115M	JPY 273M	—	—

Note: 6.1% yield is ex-Ichigo Owners assets.

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the sum of forecast rental income and gains on sales 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 are for Real Estate for Sale assets acquired from FY15/2 onward and exclude Fixed Assets.

# Sustainable Real Estate Asset Breakdown (2)

No.	Asset Type	Classification	Location	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
32	Retail	Fixed Asset	Fukuoka	JPY 1B-2B	2014/04	13 years	JPY 60M	JPY 279M	—	—
37	Retail	Fixed Asset	Minato-ku, Tokyo	<JPY 1B	2014/07	46 years	JPY 43M	JPY 77M	—	—
39	Retail	Fixed Asset	Fukuoka	<JPY 1B	2014/07	15 years	JPY 48M	JPY 213M	—	—
63	Retail	Fixed Asset	Meguro-ku, Tokyo	JPY 1B-2B	2014/12	13 years	JPY 84M	JPY 129M	—	—
64	Retail	Fixed Asset	Shinagawa-ku, Tokyo	<JPY 1B	2015/01	65 years	JPY 23M	—	—	—
68	Retail	Fixed Asset	Shibuya-ku, Tokyo	<JPY 1B	2015/04	17 years	JPY 47M	JPY 79M	—	—
111	Hotel	Fixed Asset	Yokohama	JPY 2B-3B	2016/03	35 years	JPY 184M	JPY 228M	—	—
116	Retail	Fixed Asset	Sendai	<JPY 1B	2016/04	30 years	JPY 47M	JPY 86M	—	—
120	Hotel	Fixed Asset	Shinjuku-ku, Tokyo	>JPY 3B	2016/09	39 years	JPY 845M	JPY 349M	—	—
146	Retail	Fixed Asset	Chuo-ku, Tokyo	JPY 1B-2B	2018/08	28 years	JPY 31M	—	—	—
149	Retail	Fixed Asset	Chiyoda-ku, Tokyo	>JPY 3B	2018/09	29 years	JPY 308M	JPY 2,269M	—	—
154	Residential	Fixed Asset	Kita Kyushu, Fukuoka	JPY 1B-2B	2019/03	5 years	JPY 83M	JPY 181M	—	—
157	Office	Fixed Asset	Chiyoda-ku, Tokyo	<JPY 1B	2019/04	36 years	JPY 52M	—	—	—
158	Other	Fixed Asset	Chuo-ku, Tokyo	JPY 1B-2B	2019/05	—	JPY 12M	—	—	—
29 Fixed Assets				JPY 61,033M			JPY 4,040M	JPY 12,848M	—	—
				JPY 64,130M (Book Value)						

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the sum of forecast rental income and gains on sales 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 are for Real Estate for Sale assets acquired from FY15/2 onward and exclude Fixed Assets.

# Sustainable Real Estate Asset Breakdown (3)

No.	Asset Type	Classification	Location	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
2	Retail	Real Estate for Sale	Minato-ku, Tokyo	JPY 2B-3B	2005/10	50 years	JPY 144M	JPY 1,033M	—	—
16	Retail	Real Estate for Sale	Yokohama	<JPY 1B	2012/10	5 years	JPY 30M	JPY 171M	—	—
30	Mixed (Office/Retail)	Real Estate for Sale	Shibuya-ku, Tokyo	<JPY 1B	2014/03	35 years	JPY 44M	JPY 108M	6.95X	26.0%
35	Mixed (Office/Retail)	Real Estate for Sale	Minato-ku, Tokyo	JPY 2B-3B	2014/05	10 years	JPY 168M	JPY 434M	3.08X	15.2%
40	Retail	Real Estate for Sale	Fukuoka	<JPY 1B	2014/09	34 years	JPY 51M	JPY 252M	1.88X	14.7%
41	Hotel	Real Estate for Sale	Utsunomiya, Tochigi	JPY 1B-2B	2014/09	32 years	JPY 190M	JPY 400M	1.97X	28.3%
42	Retail	Real Estate for Sale	Fukuoka	<JPY 1B	2014/09	18 years	JPY 53M	JPY 177M	5.54X	26.2%
43	Retail	Real Estate for Sale	Osaka	JPY 1B-2B	2014/09	17 years	JPY 105M	JPY 301M	4.64X	24.3%
45	Retail	Real Estate for Sale	Fukuoka	JPY 1B-2B	2014/11	16 years	JPY 74M	JPY 135M	10.70X	33.8%
46	Residential	Real Estate for Sale	Chiyoda-ku, Tokyo	JPY 2B-3B	2014/12	16 years	JPY 117M	JPY 332M	2.18X	29.2%
47	Residential	Real Estate for Sale	Koto-ku, Tokyo	JPY 1B-2B	2014/12	13 years	JPY 93M	JPY 270M	1.56X	14.6%
50	Residential	Real Estate for Sale	Sumida-ku, Tokyo	JPY 1B-2B	2014/12	13 years	JPY 60M	JPY 163M	1.55X	15.2%
51	Residential	Real Estate for Sale	Ota-ku, Tokyo	<JPY 1B	2014/12	17 years	JPY 54M	JPY 150M	2.21X	35.7%
53	Residential	Real Estate for Sale	Chuo-ku, Tokyo	<JPY 1B	2014/12	16 years	JPY 38M	JPY 99M	2.96X	44.4%
55	Residential	Real Estate for Sale	Shinjuku-ku, Tokyo	<JPY 1B	2014/12	14 years	JPY 26M	JPY 82M	2.05X	25.8%

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the sum of forecast rental income and gains on sales 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 are for Real Estate for Sale assets acquired from FY15/2 onward and exclude Fixed Assets.

# Sustainable Real Estate Asset Breakdown (4)

No.	Asset Type	Classification	Location	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
56	Residential	Real Estate for Sale	Shibuya-ku, Tokyo	JPY 1B-2B	2014/12	13 years	JPY 88M	JPY 270M	2.00X	23.2%
57	Residential	Real Estate for Sale	Minato-ku, Tokyo	JPY 1B-2B	2014/12	15 years	JPY 54M	JPY 186M	1.90X	21.0%
59	Residential	Real Estate for Sale	Setagaya-ku, Tokyo	<JPY 1B	2014/12	14 years	JPY 40M	JPY 117M	2.11X	27.2%
60	Residential	Real Estate for Sale	Shinjuku-ku, Tokyo	<JPY 1B	2014/12	13 years	JPY 19M	JPY 55M	1.80X	21.1%
61	Mixed (Office/Retail)	Operational Loan	Shinjuku-ku, Tokyo	JPY 1B-2B	2014/12	56 years	JPY 128M	JPY 57M	15.26X	51.7%
62	Retail	Real Estate for Sale	Fukuoka	<JPY 1B	2014/12	15 years	JPY 46M	JPY 212M	1.81X	14.4%
66	Retail	Real Estate for Sale	Sendai	<JPY 1B	2015/02	15 years	JPY 48M	JPY 8M	42.58X	198.9%
69	Hotel	Real Estate for Sale	Osaka	JPY 2B-3B	2015/05	16 years	JPY 195M	JPY 633M	1.56X	58.3%
71	Retail	Real Estate for Sale	Fujisawa, Kanagawa	JPY 1B-2B	2015/07	4 years	JPY 95M	JPY 126M	6.80X	37.3%
89	Office	Real Estate for Sale	Musashino, Tokyo	>JPY 3B	2015/07	30 years	JPY 147M	JPY 670M	1.72X	13.3%
92	Office	Real Estate for Sale	Fukuoka	JPY 1B-2B	2015/07	11 years	JPY 100M	JPY 353M	1.82X	17.7%
110	Hotel	Real Estate for Sale	Fukuoka	>JPY 3B	2016/03	34 years	JPY 288M	JPY 905M	2.05X	104.5%
112	Hotel	Real Estate for Sale	Yokohama	>JPY 3B	2016/03	32 years	JPY 260M	JPY 354M	10.64X	36.2%
113	Hotel	Real Estate for Sale	Yokohama	>JPY 3B	2016/03	32 years	JPY 213M	JPY 344M	5.84X	25.5%
114	Hotel	Real Estate for Sale	Fukuoka	>JPY 3B	2016/04	29 years	JPY 223M	JPY 550M	1.73X	72.6%

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the sum of forecast rental income and gains on sales 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 are for Real Estate for Sale assets acquired from FY15/2 onward and exclude Fixed Assets.

# Sustainable Real Estate Asset Breakdown (5)

No.	Asset Type	Classification	Location	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
115	Hotel	Real Estate for Sale	Osaka	JPY 2B-3B	2016/04	12 years	JPY 111M	JPY 274M	2.96X	30.7%
118	Retail	Real Estate for Sale	Nagoya	JPY 1B-2B	2016/06	22 years	JPY 86M	JPY 102M	7.71X	32.6%
119	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	<JPY 1B	2016/06	32 years	JPY 37M	JPY 136M	3.91X	17.4%
121	Office	Real Estate for Sale	Minato-ku, Tokyo	>JPY 3B	2016/10	18 years	JPY 1,600M	JPY 3,450M	2.87X	43.5%
122	Hotel	Real Estate for Sale	Shima, Mie	<JPY 1B	2017/01	21 years	JPY 54M	JPY 73M	5.49X	43.1%
130	Retail	Real Estate for Sale	Taito-ku, Tokyo	JPY 1B-2B	2017/04	26 years	JPY 94M	JPY 297M	4.42X	21.1%
132	Residential	Real Estate for Sale	Minato-ku, Tokyo	<JPY 1B	2017/04	16 years	JPY 51M	JPY 190M	2.66X	38.3%
133	Hotel	Real Estate for Sale	Minato-ku, Tokyo	<JPY 1B	2017/04	17 years	JPY 32M	JPY 152M	3.85X	32.7%
134	Residential	Real Estate for Sale	Chuo-ku, Tokyo	JPY 1B-2B	2017/04	17 years	JPY 48M	JPY 197M	2.88X	26.2%
135	Logistics	Real Estate for Sale	Narashino, Chiba	JPY 1B-2B	2017/04	27 years	JPY 98M	JPY 188M	6.18X	25.8%
136	Logistics	Real Estate for Sale	Narashino, Chiba	JPY 1B-2B	2017/04	28 years	JPY 160M	JPY 203M	8.75X	32.8%
138	Hotel	Real Estate for Sale	Ogaki, Gifu	JPY 1B-2B	2017/05	30 years	JPY 84M	—	—	—
139	Office	Real Estate for Sale	Shibuya-ku, Tokyo	<JPY 1B	2017/05	2 years	JPY 28M	JPY 600M	1.15X	15.1%
143	Retail	Real Estate for Sale	Fukuoka	JPY 1B-2B	2017/09	34 years	JPY 97M	JPY 223M	3.78X	19.9%
144	Office	Real Estate for Sale	Chiyoda-ku, Tokyo	JPY 1B-2B	2018/02	31 years	JPY 97M	JPY 268M	8.00X	34.7%

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the sum of forecast rental income and gains on sales 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 are for Real Estate for Sale assets acquired from FY15/2 onward and exclude Fixed Assets.



# Sustainable Real Estate Asset Breakdown (6)

No.	Asset Type	Classification	Location	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
145	Hotel	Real Estate for Sale	Fukuoka	JPY 2B-3B	2018/03	1 year	JPY 194M	JPY 301M	3.37X	102.4%
147	Hotel	Real Estate for Sale	Kyoto	>JPY 3B	2018/08	1 year	JPY 328M	JPY 1,666M	1.59X	27.2%
148	Office	Real Estate for Sale	Chiyoda-ku, Tokyo	<JPY 1B	2018/08	51 years	JPY 54M	JPY 166M	3.93X	104.4%
150	Mixed (Office/Retail)	Real Estate for Sale	Chuo-ku, Tokyo	>JPY 3B	2018/10	32 years	JPY 354M	JPY 1,161M	6.17X	24.7%
151	Mixed (Office/Retail)	Real Estate for Sale	Fukuoka	<JPY 1B	2018/10	20 years	JPY 37M	JPY 38M	5.08X	43.1%
152	Office	Real Estate for Sale	Fukuoka	JPY 2B-3B	2019/02	31 years	JPY 174M	JPY 382M	5.07X	19.6%
153	Hotel	Real Estate for Sale	Fukuoka	<JPY 1B	2019/02	26 years	JPY 110M	—	—	—
155	Office	Real Estate for Sale	Shinagawa-ku, Tokyo	JPY 2B-3B	2019/03	34 years	JPY 156M	JPY 616M	3.44X	14.8%
156	Logistics	Real Estate for Sale	Fukuoka	JPY 2B-3B	2019/03	31 years	JPY 151M	JPY 651M	3.60X	30.0%
159	Mixed (Office/Retail)	Real Estate for Sale	Shibuya-ku, Tokyo	JPY 2B-3B	2019/05	39 years	JPY 126M	JPY 210M	13.11X	44.3%
160	Office	Real Estate for Sale	Fukuoka	JPY 2B-3B	2019/06	21 years	JPY 135M	JPY 248M	3.11X	39.6%
161	Hotel	Real Estate for Sale	Fukuoka	>JPY 3B	2019/07	25 years	JPY 368M	JPY 1,636M	2.88X	12.9%
162	Hotel	Real Estate for Sale	Fukuoka	>JPY 3B	2019/07	21 years	JPY 353M	JPY 1,170M	3.68X	15.8%
163	Retail	Real Estate for Sale	Nagoya	>JPY 3B	2019/08	22 years	JPY 479M	JPY 1,146M	3.47X	17.0%
59 Real Estate for Sale				JPY 145,950M			JPY 8,886M	JPY 24,692M	3.45X	35.7%
				JPY 150,495M (Book Value)						
Subtotal 88 Assets				JPY 206,984M			JPY 12,926M	JPY 37,539M	—	—
				JPY 214,626M (Book Value)						

<sup>1</sup> Forecast Equity Multiple is based on the business plan of each asset and is the sum of forecast rental income and gains on sales 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 are for Real Estate for Sale assets acquired from FY15/2 onward and exclude Fixed Assets.

# Sustainable Real Estate Asset Breakdown (7)

No.	Asset Type		Acquisition Price	vs. FY20/2 Q1	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple	Forecast IRR
A	Ichigo Owners (Office & Residential)	44 Assets	JPY 28,113M	+JPY 11,004M	JPY 1,362M	JPY 8,241M	–	–
B	Centro (Primarily Office & Residential)	21 Assets	JPY 7,247M	+JPY 188M	JPY 486M	JPY 2,490M	–	–
C	Self-Storage	27 Assets	JPY 2,331M	+JPY 336M	JPY 304M	JPY 686M	–	–
Total 180 Assets			JPY 244,676M		JPY 15,078M	JPY 48,957M	–	–
			JPY 253,528M (Book Value)					
Assets acquired in FY20/2 Q1 (3M)		Total 22 Assets	JPY 20,000M		JPY 964M	JPY 5,715M	–	–
Assets acquired in FY20/2 Q2 (3M)		Total 12 Assets	JPY 24,239M		JPY 1,517M	JPY 5,528M	–	–
Assets acquired in FY20/2 H1 (6M)		Total 34 Assets	JPY 44,239M		JPY 2,481M	JPY 11,243M	–	–

# Ichigo Solar Power Plant Portfolio

## 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
Ichigo Memuro Nishi-Shikari	Hokkaido	1.32	JPY 40	Feb 2018
Ichigo Kure Yasuuracho Nakahata	Chugoku	2.90	JPY 36	Mar 2018
Ichigo Tsu	Chubu	2.94	JPY 24	Mar 2018
Ichigo Kasaoka Iwanoike	Chugoku	2.64	JPY 24	Mar 2018
Ichigo Toki Tsurusatocho Kakino	Chubu	1.31	JPY 24	Apr 2018
Ichigo Itoshima Iwara	Kyushu	1.48	JPY 36	Jan 2019
Ichigo Sakahogi Fukagaya	Chubu	2.89	JPY 21	May 2019
Ichigo Sennan Kitsuneike	Kansai	2.86	JPY 21	Jul 2019
<b>Total (Operating)</b>	27 Plants 89.38MW			

## Ichigo (In-Development)

Solar Power Plant	Area	Panel Output (MW)	FIT (Pre-tax)	Operation Start Date
Ichigo Takashima Kutsuki	Kansai	3.74	JPY 32	Jan 2020
Ichigo Minakami Aramaki	Kanto	12.02	JPY 36	Jan 2020
Ichigo Hitachi Omiya	Kanto	2.99	JPY 24	Feb 2020
Ichigo Toki Tsurusatocho Kakino Higashi	Chubu	1.67	JPY 21	Feb 2020
Ichigo Kasaoka Osakaike	Chugoku	2.66	JPY 21	Mar 2020
Ichigo Minokamo Hachiyacho Kamihachiya	Chubu	1.30	JPY 18	Apr 2020
Ichigo Hokota Aoyagi	Kanto	2.48	JPY 24	Apr 2020
Ichigo Seto Jokojicho	Chubu	1.50	JPY 18	Aug 2020
Ichigo Obu Yoshidamachi	Chubu	0.98	JPY 18	Sep 2020
(Wind) Ichigo Yonezawa Itaya	Tohoku	7.39	JPY 22	Dec 2020
Ichigo Toride Shimotakai Nishi	Kanto	2.99	JPY 18	Apr 2021
Ichigo Kobe Pompuike	Kansai	2.95	JPY 18	Jul 2021
Ichigo Sera Shimotsuda	Chugoku	2.81	JPY 18	Aug 2021
Ichigo Ueda Yoshidaie	Chubu	1.01	JPY 18	Oct 2021
Ichigo Kasaoka Idachiike	Chugoku	2.66	JPY 18	Nov 2021
Ichigo Miyakonojo Takazakicho Tsumagirishima	Kyushu	2.96	JPY 32	Feb 2022
Ichigo Ebino Suenaga	Kyushu	14.00	JPY 40	Jun 2023
<b>Total (In-Development)</b>	17 Plants 66.19MW			
<b>Total (Operating &amp; In-Development)</b>	44 Plants 155.58MW			

\* Excludes wind power plants under development (18.5MW)

## Ichigo Green (9282)

Area (Number of Power Plants)	Panel Output (MW)	FIT (Pre-tax)
Hokkaido (7)	9.14	JPY 40
Kanto (1)	1.33	JPY 40
Chubu (1)	1.80	JPY 32
Chugoku (2)	3.60	JPY 36, JPY40
Shikoku (2)	3.67	JPY 36, JPY40
Kyushu (1)	1.44	JPY 36
Okinawa (1)	8.44	JPY 40
<b>Total</b>	15 Plants 29.43MW	

Total  
185MW

# Ichigo Solar & Wind Power Plant Portfolio

## Serving Local Communities and the Environment

Total Operating and In-Development  
Ichigo Power Plants

**59 Plants (185MW\*)**

Currently Operating

**42 Plants (118MW)**


### Okinawa

Ichigo Nago Futami	8.44MW
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### Kyushu

Ichigo Kijo Takajo	0.89MW
Ichigo Itoshima Iwara	1.48MW
Ichigo Miyakonojo Yasuhisacho	1.44MW
Ichigo Miyakonojo Takazakicho Tsumagirishima	2.96MW
Ichigo Ebino Suenaga	14.00MW
Total	20.79MW

\* Excludes wind power  
plants under  
development (18.5MW)

 **Ichigo**  
 **Ichigo Green (9282)**  
 **In-Development**

### Chugoku

Ichigo Yonago Izumi	2.61MW
Ichigo Kasaoka Takumicho	1.11MW
Ichigo Fuchu Jogecho Yano	0.99MW
Ichigo Sera Tsukuchi	2.54MW
Ichigo Sera Aomizu	2.87MW
Ichigo Higashi-Hiroshima Saijocho Taguchi	2.72MW
Ichigo Kasaoka Iwanoike	2.64MW
Ichigo Kure Yasuuracho Nakahata	2.90MW
Ichigo Yamaguchi Aionishi	1.24MW
Ichigo Yamaguchi Sayama	2.35MW
Ichigo Kasaoka Osakaike	2.66MW
Ichigo Kasaoka Idachiike	2.66MW
Ichigo Sera Shimotsuda	2.81MW
Total	30.16MW

### Kansai

Ichigo Sennan Kitsuneike	2.86MW
Ichigo Takashima Kutsuki	3.74MW
Ichigo Kobe Pompuike	2.95MW
Total	9.56MW

### Shikoku

Ichigo Tokushima Higashi-Okinosu	2.52MW
Ichigo Takamatsu Kokubunjicho Nii	2.43MW
Ichigo Iyo Nakayamacho Izubuchi	1.23MW
Total	6.19MW

### Chubu

Ichigo Toki Oroshicho	1.39MW
Ichigo Tsu	2.94MW
Ichigo Toki Tsurusatocho Kakino	1.31MW
Ichigo Sakahogi Fukagaya	2.89MW
Ichigo Toyokawa Mitocho Sawakihama	1.80MW
Ichigo Toki Tsurusatocho Kakino Higashi	1.67MW
Ichigo Minokamo Hachiyacho Kamihachiya	1.30MW
Ichigo Seto Jokojicho	1.50MW
Ichigo Obu Yoshidamachi	0.98MW
Ichigo Ueda Yoshidaie	1.01MW
Total	16.84MW

### Hokkaido

Ichigo Yubetsu Barou	0.80MW
Ichigo Betsukai Kawakamicho	0.88MW
Ichigo Akkeshi Shirahama	0.80MW
Ichigo Toyokoro Sasadamachi	0.60MW
Ichigo Memuro Nishi-Shikari	1.32MW
Ichigo Motomombetsu	1.40MW
Ichigo Engaru Higashimachi	1.24MW
Ichigo Engaru Kiyokawa	1.12MW
Ichigo Abira Toasa	1.16MW
Ichigo Muroran Hatchodaira	1.24MW
Ichigo Toyokoro	1.02MW
Ichigo Nakashibetsu Midorigaoka	1.93MW
Total	13.57MW

### Tohoku

Ichigo Hamanaka Bokujo Tsurunokotai	2.31MW
Ichigo Hamanaka Bokujo Kajibayashi	2.31MW
(Wind) Ichigo Yonezawa Itaya	7.39MW
Total	12.01MW
(Wind - Pipeline) Iwate	7.50MW
(Wind - Pipeline) Fukushima	7.00MW

### Kanto

Ichigo Maebashi Naegashima	0.67MW
Ichigo Showamura Ogose	43.34MW
Ichigo Toride Shimotakai Kita	1.03MW
Ichigo Toride Shimotakai Minami	0.54MW
Ichigo Kiryu Okuzawa	1.33MW
Ichigo Minakami Aramaki	12.02MW
Ichigo Hitachi Omiya	2.99MW
Ichigo Hokota Aoyagi	2.48MW
Ichigo Toride Shimotakai Nishi	2.99MW
Total	67.43MW
(Wind - Pipeline) Chiba	4.00MW

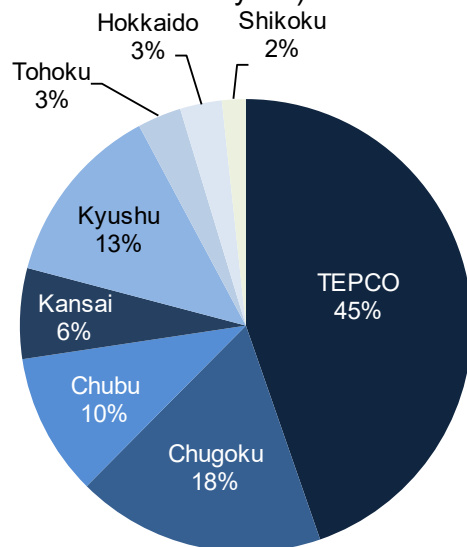
# Ichigo-Owned Solar Power Plant Details

Total Operating and In-Development

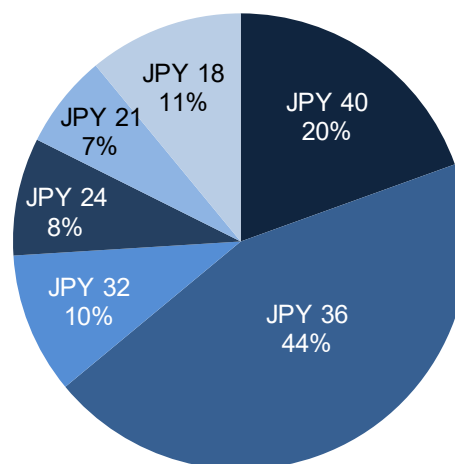
Ichigo-Owned Solar Power Plants: 43 Plants (148MW)

By Customer

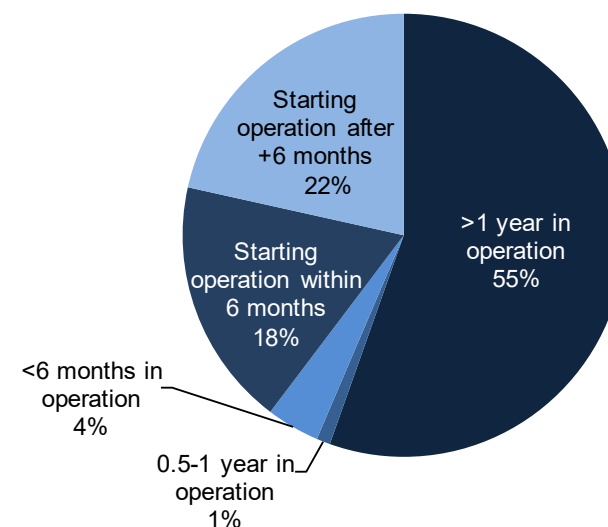
(Electric Power Utility Co)



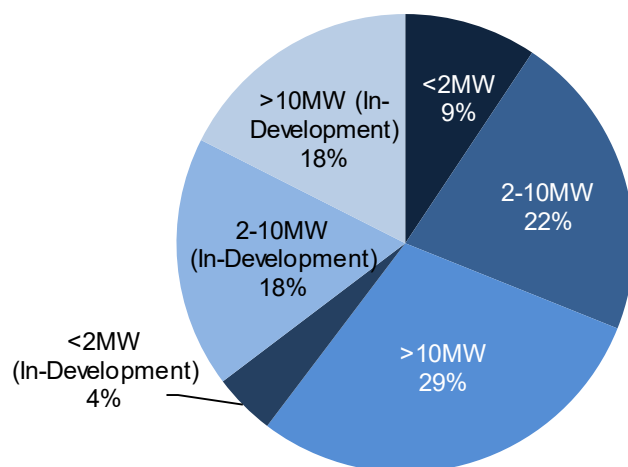
By Feed-In Tariff



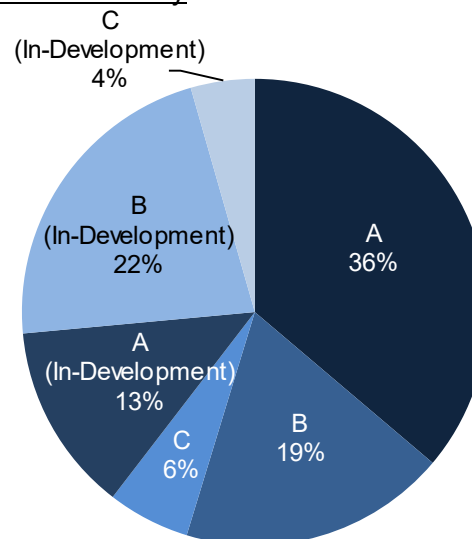
By Operating Timeline



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

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

## What is a FIT?

- A policy mechanism to encourage investment in renewable energies by guaranteeing a fixed price for electricity over a 20-year contract period
- The fixed price for new contracts is adjusted every year, but locked in for the duration of the contract period

Solar Power FIT

Contract Date	FIT	Guarantee Period
FY2012	JPY 40	20 years
FY2013	JPY 36	20 years
FY2014	JPY 32	20 years
FY2015 (4/1~6/30)	JPY 29	20 years
FY2015 (7/1~3/31)	JPY 27	20 years
FY2016	JPY 24	20 years
FY2017	JPY 21 <sup>1</sup>	20 years
FY2018	JPY 18 <sup>1</sup>	20 years
FY2019	JPY 14 <sup>2</sup>	20 years

Wind Power FIT

Contract Date	FIT	Guarantee Period
FY2017 (4/1~9/30)	JPY 22	20 years
FY2017 (10/1~3/31)	JPY 21	20 years
FY2018	JPY 20	20 years
FY2019	JPY 19	20 years
FY2020	JPY 18	20 years

Source: METI, Agency for Natural Resources and Energy

<sup>1</sup> FIT for >2MW non-residential solar power production determined via auction process

<sup>2</sup> Forecast FIT >0.5MW non-residential solar power production to be determined via auction process

# Consolidated Balance Sheet: Assets

(JPY million)

	FY16/2	FY17/2	FY18/2	FY19/2	FY20/2 Q1	FY20/2 H1	vs. FY20/2 Q1
<b>Assets</b>							
Current Assets							
Cash and cash equivalents	28,779	47,678	45,510	50,225	38,711	40,448	+1,737
Trade notes and accounts receivable	691	913	1,097	1,344	1,671	1,582	-89
Operational loan investments	1,324	1,324	1,324	1,324	1,324	1,324	—
Operational securities investments	1,784	1,433	2	1,218	3,839	4,654	+815
Real estate for sale	172,833	167,805	180,789	161,322	164,703	181,264	+16,561
Deferred tax assets	1,766	516	342	—	—	—	—
Other	3,966	3,125	2,643	2,156	2,131	3,522	+1,391
Less: allowance for doubtful accounts	-458	-453	-28	-2	-3	-3	—
<b>Total Current Assets</b>	<b>210,687</b>	<b>222,344</b>	<b>231,681</b>	<b>217,590</b>	<b>212,378</b>	<b>232,793</b>	<b>+20,415</b>
Fixed Assets							
Property, Plant, and Equipment							
Buildings and structures (net)	3,830	7,375	10,600	20,338	22,051	22,126	+75
Solar power plant equipment (net)	12,256	7,246	19,773	19,058	19,197	19,421	+224
Land	12,192	18,627	26,993	49,924	52,025	52,255	+230
Other (net)	3,264	12,402	1,190	5,655	5,666	6,756	+1,090
<b>Total Property, Plant, and Equipment</b>	<b>31,546</b>	<b>45,654</b>	<b>58,558</b>	<b>94,976</b>	<b>98,941</b>	<b>100,560</b>	<b>+1,619</b>
Intangible Assets							
Goodwill	1,942	1,864	1,600	1,346	1,302	1,493	+191
Leasehold rights	392	62	135	316	316	403	+87
Other	38	29	233	331	485	575	+90
<b>Total Intangible Assets</b>	<b>2,373</b>	<b>1,956</b>	<b>1,968</b>	<b>1,993</b>	<b>2,104</b>	<b>2,471</b>	<b>+367</b>
Investments and Other Assets							
Securities investments	5,486	1,426	2,184	2,455	2,559	4,247	+1,688
Long-term loans receivable	12	10	10	10	10	10	—
Deferred tax assets	39	339	68	177	186	188	+2
Other	1,736	1,820	2,132	2,231	2,131	2,157	+26
Less: allowance for doubtful accounts	-124	-92	-91	-91	-91	-91	—
<b>Total Investments and Other Assets</b>	<b>7,149</b>	<b>3,504</b>	<b>4,303</b>	<b>4,782</b>	<b>4,795</b>	<b>6,511</b>	<b>+1,716</b>
<b>Total Fixed Assets</b>	<b>41,069</b>	<b>51,115</b>	<b>64,831</b>	<b>101,752</b>	<b>105,842</b>	<b>109,543</b>	<b>+3,701</b>
<b>Total Assets</b>	<b>251,757</b>	<b>273,459</b>	<b>296,512</b>	<b>319,343</b>	<b>318,220</b>	<b>342,337</b>	<b>+24,117</b>

# Consolidated Balance Sheet: Liabilities & Net Assets

(JPY million)

	FY16/2	FY17/2	FY18/2	FY19/2	FY20/2 Q1	FY20/2 H1	vs. FY20/2 Q1
<b>Liabilities</b>							
Current Liabilities							
Trade notes and accounts payable	80	110	—	—	—	—	—
Short-term loans	2,188	805	1,042	3,275	6,467	5,115	-1,352
Short-term non-recourse loans	79	611	—	—	—	—	—
Bonds (due within one year)	—	112	112	112	112	274	+162
Long-term loans (due within one year)	8,161	5,209	4,449	7,881	8,660	10,179	+1,519
Long-term non-recourse loans (due within one year)	2,975	6,825	3,921	1,666	1,666	1,696	+30
Income taxes payable	631	1,655	1,609	3,760	1,326	2,174	+848
Deferred tax liabilities	53	62	494	—	—	—	—
Accrued bonuses	13	36	34	31	281	279	-2
Other current liabilities	3,979	4,119	4,652	5,178	4,065	3,741	-324
<b>Total Current Liabilities</b>	<b>18,161</b>	<b>19,548</b>	<b>16,316</b>	<b>21,905</b>	<b>22,579</b>	<b>23,461</b>	<b>+882</b>
Long-Term Liabilities							
Bonds	—	632	520	538	538	3,219	+2,681
Non-recourse bonds	100	100	—	—	—	—	—
Long-term loans	94,409	91,604	112,366	131,569	133,508	151,869	+18,361
Long-term non-recourse loans	56,193	68,319	63,588	51,068	49,341	48,069	-1,272
Deferred tax liabilities	1,543	1,147	1,744	2,164	2,175	2,168	-7
Long-term security deposits received	8,707	8,038	8,492	8,292	7,995	8,253	+258
Other long-term liabilities	475	624	758	946	964	1,087	+123
<b>Total Long-Term Liabilities</b>	<b>161,430</b>	<b>170,467</b>	<b>187,470</b>	<b>194,579</b>	<b>194,523</b>	<b>214,667</b>	<b>+20,144</b>
<b>Total Liabilities</b>	<b>179,591</b>	<b>190,015</b>	<b>203,787</b>	<b>216,484</b>	<b>217,102</b>	<b>238,128</b>	<b>+21,026</b>
<b>Net Assets</b>							
Shareholders' Equity							
Capital	26,575	26,650	26,723	26,820	26,820	26,822	+2
Capital reserve	10,968	11,056	11,113	11,207	11,207	11,208	+1
Retained earnings	29,454	42,840	54,324	66,730	68,072	71,916	+3,844
Treasury shares	-41	-15	-2,995	-5,988	-5,988	-6,755	-767
<b>Total Shareholders' Equity</b>	<b>66,956</b>	<b>80,532</b>	<b>89,165</b>	<b>98,769</b>	<b>100,111</b>	<b>103,192</b>	<b>+3,081</b>
Accumulated Other Comprehensive Income							
Valuation gain (loss) on other securities	761	117	543	386	349	314	-35
Deferred gain (loss) on long-term interest rate hedges	-251	-365	-372	-408	-420	-437	-17
Foreign currency translation adjustment	23	55	—	—	—	—	—
<b>Total Accumulated Other Comprehensive Income</b>	<b>533</b>	<b>-192</b>	<b>171</b>	<b>-21</b>	<b>-71</b>	<b>-122</b>	<b>-51</b>
Stock Options	319	491	666	827	890	951	+61
Minority Interests	4,357	2,612	2,722	3,283	186	187	+1
<b>Total Net Assets</b>	<b>72,166</b>	<b>83,443</b>	<b>92,725</b>	<b>102,859</b>	<b>101,118</b>	<b>104,208</b>	<b>+3,090</b>
<b>Total Liabilities and Net Assets</b>	<b>251,757</b>	<b>273,459</b>	<b>296,512</b>	<b>319,343</b>	<b>318,220</b>	<b>342,337</b>	<b>+24,117</b>



# Consolidated P&L

(JPY million)

	FY16/2 (12M)	FY17/2 (12M)	FY18/2 (12M)	FY19/2 (12M)	FY20/2 H1 (6M)	FY19/2 H1 (6M)	Change (YOY)	FY20/2 Full-Year Forecast	vs. Forecast
<b>Revenue</b>	<b>49,699</b>	<b>109,253</b>	<b>57,846</b>	<b>83,540</b>	<b>46,185</b>	<b>26,084</b>	<b>+20,101</b>	<b>-</b>	<b>-</b>
Cost of Goods Sold	28,865	81,327	30,860	51,413	27,560	13,629	+13,931	-	-
<b>Gross Profit</b>	<b>20,833</b>	<b>27,925</b>	<b>26,986</b>	<b>32,126</b>	<b>18,624</b>	<b>12,454</b>	<b>+6,170</b>	<b>-</b>	<b>-</b>
SG&A	4,446	5,025	5,067	5,847	3,505	2,872	+633	-	-
<b>Operating Profit</b>	<b>16,387</b>	<b>22,900</b>	<b>21,919</b>	<b>26,279</b>	<b>15,118</b>	<b>9,581</b>	<b>+5,537</b>	<b>26,500</b>	<b>57.0%</b>
Non-Operating Income									
Interest income	2	0	3	3	2	2	-	-	-
Dividend income	79	85	57	68	39	28	+11	-	-
Negative goodwill amortization	90	-	-	-	-	-	-	-	-
Mark-to-market gain on long-term interest rate hedges	-	-	-	5	-	83	-83	-	-
Other	43	32	100	70	17	81	-64	-	-
Total Non-Operating Income	215	118	161	147	60	196	-136	-	-
Non-Operating Expenses									
Interest expense	2,234	2,278	2,249	2,328	1,149	1,139	+10	-	-
Mark-to-market loss on long-term interest rate hedges	-	53	270	491	237	56	+181	-	-
Debt financing-related fees	98	714	207	327	431	242	+189	-	-
Other	380	217	168	203	170	45	+125	-	-
Total Non-Operating Expenses	2,713	3,263	2,895	3,350	1,989	1,484	+505	-	-
<b>Recurring Profit</b>	<b>13,889</b>	<b>19,755</b>	<b>19,185</b>	<b>23,076</b>	<b>13,189</b>	<b>8,293</b>	<b>+4,896</b>	<b>22,800</b>	<b>57.8%</b>
Extraordinary Gains									
Gain on sale of securities investments	223	2,466	-	2	11	-	+11	-	-
Gain on sale of shares in affiliates	-	-	1,221	-	-	2	-2	-	-
Gain on sale of subsidiary shares	-	-	-	-	169	-	169	-	-
Other	-	-	41	-	35	-	+35	-	-
Total Extraordinary Gains	223	2,466	1,263	2	215	2	+213	-	-
Extraordinary Losses									
Loss on sale/disposal of fixed assets	-	-	11	-	27	-	+27	-	-
Valuation loss on securities investments	49	-	-	-	-	-	-	-	-
Office move expenses	9	31	-	-	-	-	-	-	-
Impairment loss	-	1,090	327	-	-	-	-	-	-
Earthquake-related damages	-	244	-	-	-	-	-	-	-
Other	31	224	-	-	-	-	-	-	-
Total Extraordinary Losses	89	1,590	339	-	27	-	+27	-	-
Pre-Tax Net Income	14,022	20,630	20,109	23,079	13,378	8,296	+5,082	-	-
Income Taxes	960	5,436	5,923	7,333	3,831	2,640	+1,191	-	-
Pre-Minority Interest Net Income	13,062	15,194	14,185	15,746	9,546	5,655	+3,891	-	-
Net Income Attributable to Minority Interests	136	299	167	373	933	46	+887	-	-
<b>Net Income</b>	<b>12,925</b>	<b>14,894</b>	<b>14,018</b>	<b>15,373</b>	<b>8,612</b>	<b>5,608</b>	<b>+3,004</b>	<b>15,000</b>	<b>57.4%</b>

# Consolidated Cash Flows from Operations

(JPY million)

	FY16/2 (12M)	FY17/2 (12M)	FY18/2 (12M)	FY19/2 (12M)	FY20/2 H1 (6M)
<b>Cash Flows from Operations</b>					
Pre-tax net income	14,022	20,630	20,109	23,079	13,378
Depreciation	792	778	1,015	1,696	1,241
Share-based compensation expenses	174	223	215	213	124
Amortization of goodwill	139	141	111	254	87
Amortization of negative goodwill	-90	—	—	—	—
Increase (decrease) in accrued bonuses	-3	23	32	-3	248
Increase (decrease) in allowance for doubtful accounts	3	-3	-355	-26	1
Interest and dividend income	-81	-85	-61	-71	-42
Interest expense	1,277	1,303	2,249	2,328	1,149
Loss (gain) on sale of subsidiary shares	—	—	—	—	-169
Loss (gain) on sale of shares in affiliates	—	—	-1,221	—	—
Loss (gain) on sale of securities investments	-223	-2,466	—	-2	-11
Impairment loss	—	1,090	327	—	—
Valuation loss on securities investments	49	—	—	—	—
Decrease (increase) in trading notes and receivables	-172	-367	-468	-247	-178
Decrease (increase) in operational loans receivable	1,006	—	—	—	—
Decrease (increase) in operational securities investments	1,239	2,727	1,663	3,509	3,636
Valuation loss on operational securities investments	19	—	—	—	—
Decrease (increase) in real estate for sale	-63,070	-6,303	-8,112	-3,163	-19,308
Decrease (increase) in power plant for sale	—	7,251	996	—	—
Valuation loss on SPC capital contributions	11	16	—	—	—
Decrease (increase) in advances paid	-990	-190	871	-333	-104
Decrease (increase) in accounts receivable	-1,140	-193	-10	-399	97
Increase (decrease) in accounts payable	535	204	573	-332	-764
Increase (decrease) in accrued expenses	42	92	-47	25	55
Increase (decrease) in advances received	317	-49	30	269	—
Increase (decrease) in security deposits received	2,380	-667	125	-264	-36
Other	435	1,304	585	1,887	-195
<b>Sub-total</b>	<b>-43,324</b>	<b>25,460</b>	<b>18,628</b>	<b>28,420</b>	<b>-792</b>
Interest and dividend income received	81	85	61	71	42
Interest expense paid	-1,226	-1,146	-2,231	-2,118	-1,029
Income taxes paid and refunded	-186	-2,852	-5,854	-4,610	-5,389
<b>Net Cash from (Used for) Operations</b>	<b>-44,654</b>	<b>21,547</b>	<b>10,603</b>	<b>21,762</b>	<b>-7,169</b>

# Consolidated Cash Flows from Investments & Financing

(JPY million)

	FY16/2 (12M)	FY17/2 (12M)	FY18/2 (12M)	FY19/2 (12M)	FY20/2 H1 (6M)
<b>Cash Flows from Investments</b>					
Payments into time deposits	–	-6,100	-6	-118	-108
Proceeds from withdrawal of time deposits	–	201	–	1,060	2,062
Payments for securities investments	-671	-300	-140	-539	-1,832
Proceeds from sale of securities investments	296	6,136	–	32	111
Proceeds from redemptions of securities investments	3	–	–	–	–
Acquisition of property, plant, and equipment	-6,628	-11,719	-4,796	-15,440	-7,951
Acquisition of intangible assets	-21	-1	-83	-425	-315
Payments of SPC capital contributions	-9	-63	-28	-6	-2
Redemptions of SPC capital contributions	6	–	–	32	–
Payments of security deposits	-37	-5	-36	-16	-20
Acquisition of subsidiary shares resulting in change of consolidation scope	–	-93	-2,619	–	–
Sale of subsidiary shares resulting in change of consolidation scope	–	–	2,096	–	–
Acquisition of consolidated subsidiary	–	–	–	–	-187
Other	9	11	-32	-181	-80
<b>Net Cash from (Used for ) Investments</b>	<b>-7,052</b>	<b>-11,933</b>	<b>-5,645</b>	<b>-15,602</b>	<b>-8,323</b>
<b>Cash Flows from Financing</b>					
Net increase (decrease) in short-term loans	771	-1,383	-306	2,232	1,840
Net increase (decrease) in short-term non-recourse loans	31	532	-611	–	–
Proceeds from bond issuance	–	785	–	129	2,858
Repayment of maturing bond principal to bondholders	–	-56	-112	-112	-56
Redemption of non-recourse bonds	–	–	-100	–	–
Proceeds from long-term loans	64,866	55,674	32,660	43,062	40,248
Repayment of long-term loans	-19,192	-61,221	-13,402	-20,352	-17,862
Proceeds from long-term non-recourse loans	18,150	30,850	3,518	3,500	5,300
Repayment of long-term non-recourse loans	-2,772	-15,400	-22,366	-18,473	-8,269
Proceeds from employee exercise of stock options	153	137	110	143	2
Share buyback	–	–	-2,999	-2,999	-767
Proceeds from share issuance to non-controlling shareholders	2,000	–	–	90	–
Payments to minority interests	–	-2,000	–	–	-1,276
Sale of subsidiary shares resulting in no change of consolidation scope	–	–	–	100	–
Dividends paid to minority interests	-43	-39	–	–	–
Dividends paid	-646	-1,501	-2,513	-2,972	-3,415
<b>Net Cash from (Used for ) Financing</b>	<b>63,318</b>	<b>6,377</b>	<b>-6,124</b>	<b>4,346</b>	<b>18,602</b>

# Ichigo 2030: Ichigo as a Sustainable Infrastructure Company

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# Go for Growth

Grow & Expand Ichigo's Core Businesses into New Areas, Creating New Earnings Streams and Increasing Both Earnings and Earnings Stability

## Sustainability

Sustainability is integral to the health and development of people, society, and the environment.

Ichigo's current core business of preserving and improving real estate is a highly sustainable business model that combines high efficiency with low environmental impact.

Under Ichigo 2030, Ichigo will continue its long-standing commitment to sustainability while developing new technologies to extend the lives of key social infrastructure beyond 100 years.

## Infrastructure

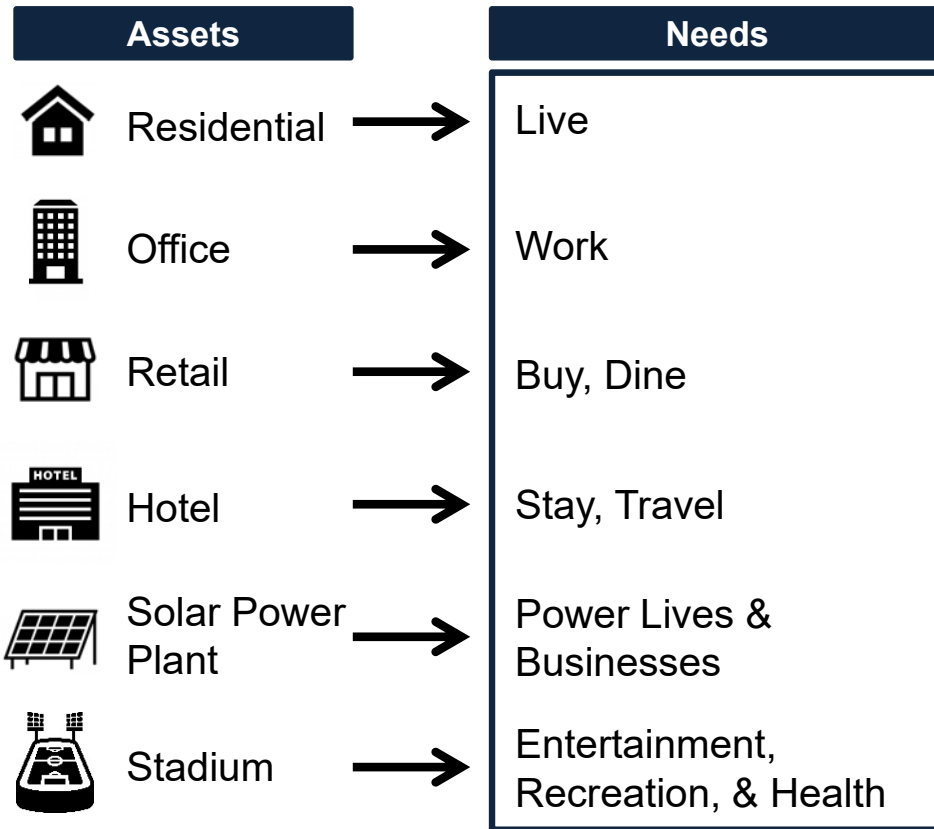
Ichigo has a direct and critically important role in preserving and improving the social infrastructure that supports the quality of people's lives.

By expanding its current real estate and clean energy businesses into other infrastructure areas, Ichigo will integrate the "hard" physical elements and "soft" service elements of infrastructure to serve broad client needs.

Critical to success will be unifying Ichigo's Value-Add and IT capabilities. Ichigo will work to deliver first-in-class and best-in-class solutions to drive significant value for clients and society across a diverse set of infrastructures. Being one of many is not enough. Ichigo needs to lead.

Ichigo as a Sustainable Infrastructure Company

# Go Beyond Real Estate to Address Broad Needs



# KPI Targets

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## 1. High Capital Efficiency

- FY20/2~FY30/2 Average ROE >15%
  - ✓ Increase long-term ROE by driving higher capital efficiency and earnings stability
  - ✓ Via high ROE, grow long-term EPS as a key driver of shareholder value
- FY20/2~FY30/2 Continuous JPX-Nikkei 400 Index Inclusion
  - ✓ Target 11 consecutive years of inclusion

## 2. High Cash Flow Generation

- FY20/2~FY30/2 Continuous Economic Operating Cash Flow > Net Income
  - ✓ Ichigo's robust cash flows fund both growth investments and shareholder returns
  - ✓ Target 11 consecutive years of EOCF > NI

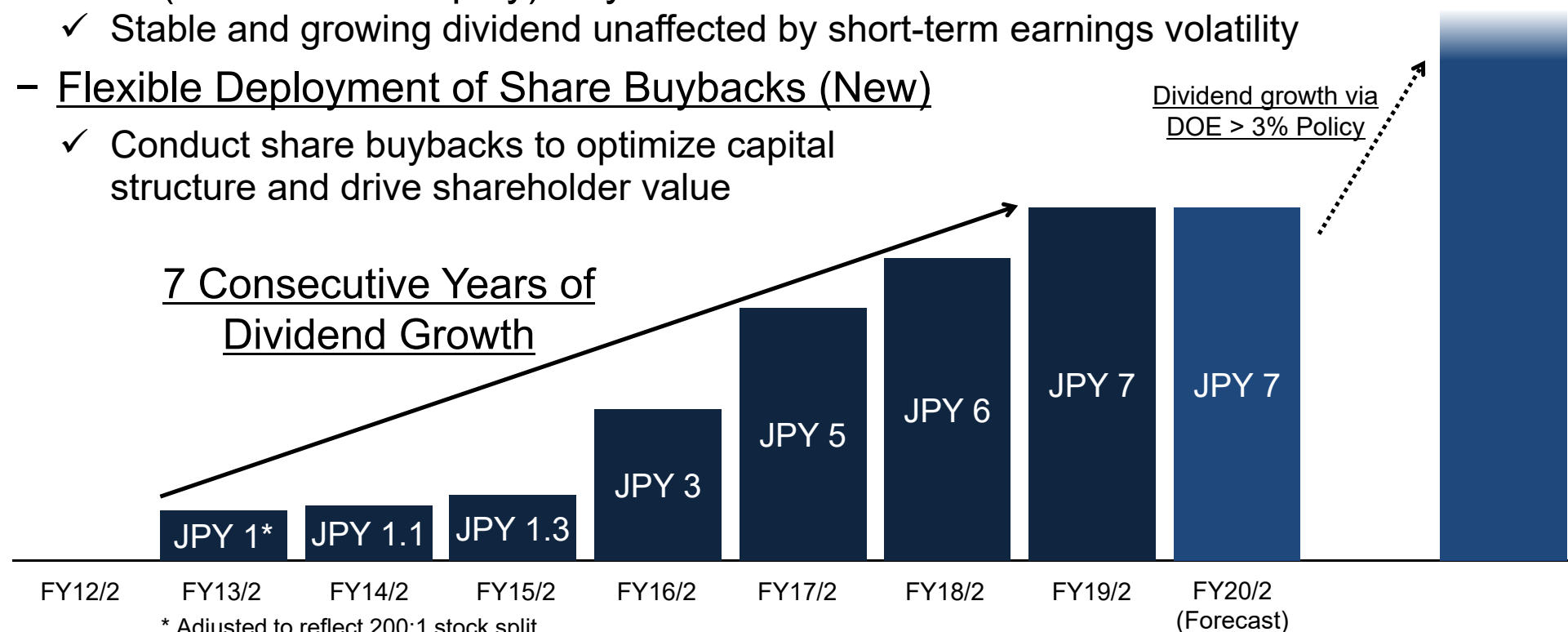
## 3. High Earnings Stability

- FY30/2 Stock Earnings Ratio >60%
  - ✓ Raise Stock Earnings ratio from FY19/2's 53%
  - ✓ Concurrently, increase and diversify Flow Earnings, which are currently centered on Value-Add Gains on Sales

# Shareholder Return Policy

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

- Progressive Dividend Policy
  - ✓ Ichigo's progressive dividend policy underscores our commitment to driving continued organic earnings and dividend growth for shareholders. Under this policy, the dividend is maintained or raised every year (but not cut), providing shareholders with the security of a durable dividend.
- DOE (Dividend on Equity) Payout Ratio of >3%
  - ✓ Stable and growing dividend unaffected by short-term earnings volatility
- Flexible Deployment of Share Buybacks (New)
  - ✓ Conduct share buybacks to optimize capital structure and drive shareholder value





# FY20/2 Initiatives

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## Deepen Capabilities in Sustainable Real Estate

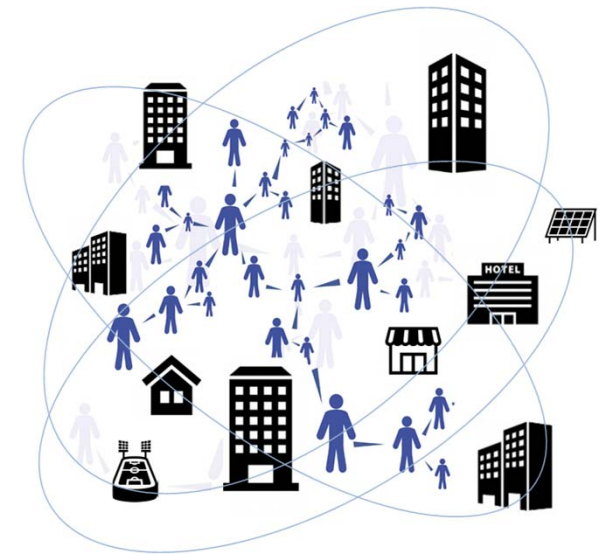
- Expand into new asset types (e.g., dormitories, sports facilities)
- Seek to be “Best Partner” to tenants via continually improving tenant services and solutions
- Strengthen group operating structure to deliver best-in-class outcomes

## Accelerate Creation of New Businesses

- Further develop Ichigo Sustainable Lab
- Develop first-in-class and best-in-class Ichigo apps and other software solutions to address client needs and launch new businesses

## Pro-Actively Deploy IT to Drive Higher Productivity

- Build integrated SRE asset database
- Deploy BPA solutions
- Streamline tasks and increase asset management business productivity



## Ichigo 2030: New Initiatives

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# Top Partner of J.League, Japan's Professional Soccer League

Partner with J.League to Promote Community Development, Revitalize Local Economies, and Help People Enjoy Fuller and Healthier Lives

## J.League's 100-Year Vision: Promote Sports Development

J.League's mission is to establish sports clubs rooted in local communities, cooperating with local residents, businesses, and municipalities to promote community development

## Ichigo's Mission: Serve Important Social Needs

Ichigo believes that companies exist to serve society, and seeks to contribute to local communities as a sustainable infrastructure company

Ichigo's role as the only real estate company that is a J.League Top Partner:

- Renovate and upgrade stadiums and help local governments find solutions for the rising costs of operating stadiums
- Work to build stronger and healthier communities in cooperation with local residents, businesses, and municipalities



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# Hotel Operator Market Entry: Hakata Hotels

## Hotel Operator in Kyushu/Yamaguchi Region Seeing Inbound Tourism Growth

- Started operations at 3 hotels on June 1; expect to be operating 7 hotels by August-end

## Deploying Propera, Ichigo's AI-based Hotel Revenue Management System

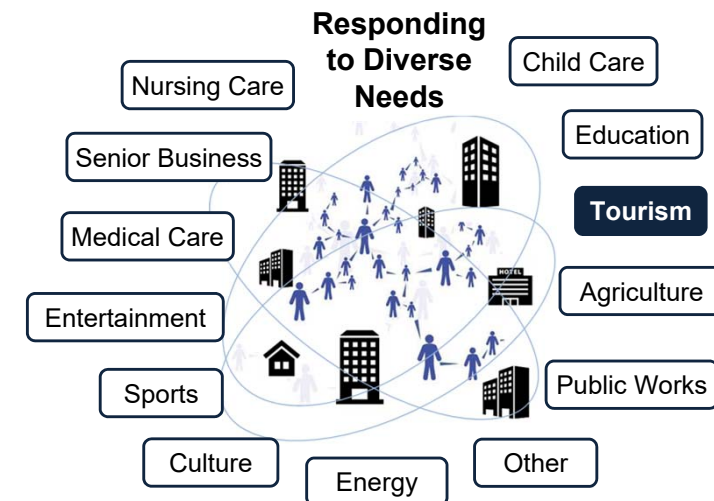
- Increasing employee productivity via IT systems to automate administrative tasks so employees can focus on hospitality & service
- Sales of Propera to non-Ichigo hotel operators expected to drive Ichigo non-asset revenue stream



Ichigo's Hotel Il Palazzo in Fukuoka was the first building outside the U.S. to win an American Institute of Architects Honor Award in 1991

# HAKATA HOTELS

The Hakata Hotels logo features *hakata-ori* woven silk textiles that are a local Fukuoka craft, including the *koukou shima* weaving pattern in which a thick vertical line is surrounded by thin vertical lines. The thin lines represent children, and the thick lines parents, expressing the sense of care shown within families. The multiple colors reflect Ichigo's values of respect for diversity. The values represented in the logo are also resonant with Ichigo's philosophy of *Ichigo Ichie*, literally meaning "One lifetime, one encounter."





# Ichigo Animation: Anime + Real Estate Synergies

Production of New Anime Series VLADLOVE Written & Directed by Mamoru Oshii, with Co-Director Junji Nishimura

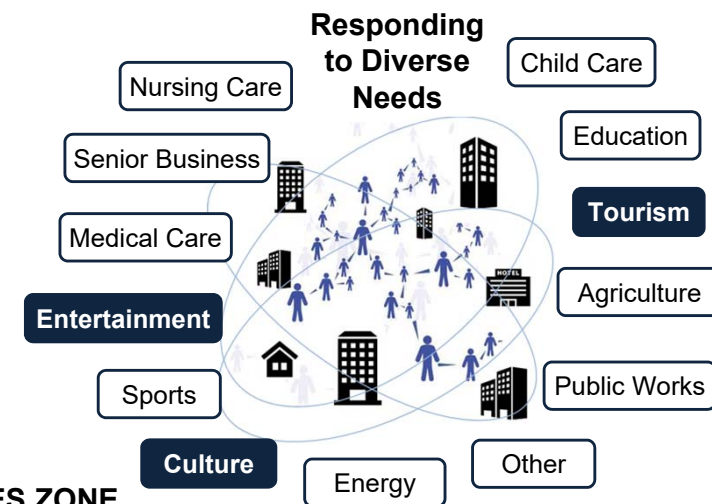
- Established Ichigo Animation in April 2019
- Introducing tenant collaboration initiatives that go beyond typical owner/tenant, hands-off leasing relationships
- Collaborating across multiple industries to drive new synergies with Ichigo's existing businesses

New Earnings via Anime Content Streaming & Sales of DVDs, CDs, and Goods  
Promote Ichigo's AKIBA CULTURES ZONE (ACZ) as a Global Anime Landmark

- Increase ACZ's value by integrating anime content & events (anime, dance, music, entertainment, retail, tourism, etc.)
  - ✓ Anime-related events and sales of goods at ACZ will drive both customer traffic & higher earnings



AKIBA CULTURES ZONE



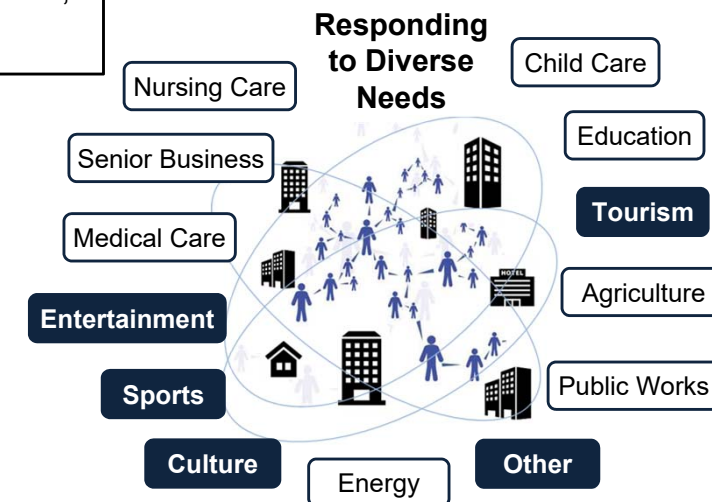
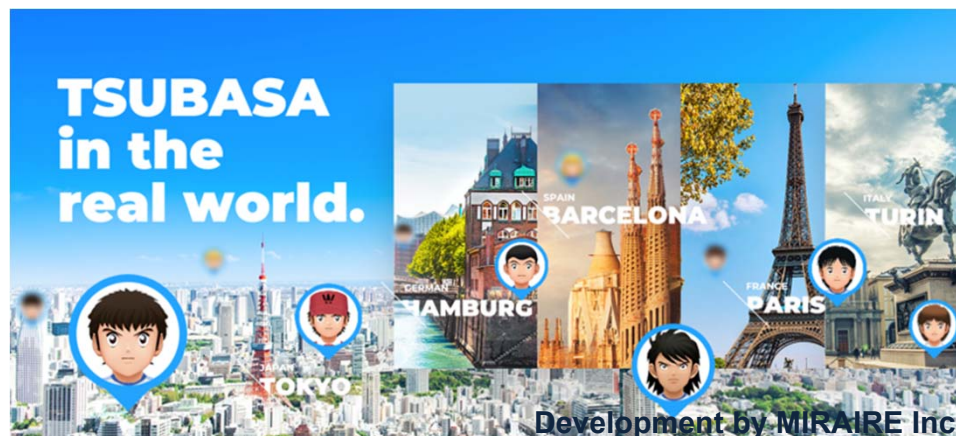
# Real-World Augmented Reality (AR) Game TSUBASA+

Investing in TSUBASA+, an AR Game that Uses Smartphone GPS

<b>Game Features</b>	Japanese soccer manga, <u>Captain Tsubasa</u> × avatars of world-class soccer players
	Integrates real-world stadiums around the world
	Users can play on-line with professional soccer players
	Scheduled for global release in 2020, starting in Europe, Asia, & South America
<b>Business Opportunity</b>	Sales royalties
	Build virtual stadiums at Ichigo assets to drive customer traffic & activity
	Increase value of Ichigo assets, collaborate with hotels and retailers, promote community development, & support sports



Development by MIRAIRE Inc.



## Power Up 2019 Mid-Term Plan Achievement

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# Power Up 2019 Achievement Details (1)

Beat All KPI Targets

3-Year Growth: OP +60%, RP +66%, NI +19%\*

\* Ichigo's effective tax rate normalized from FY16/2's 6.9% to FY19/2's 31.8%, so NI grew less than OP.

(JPY million)

	FY16/2 (Actual) (Shift Up 2016) (A)	FY19/2 (Actual) (Power Up 2019) (B)	(B) - (A)	FY19/2 (Plan) (Power Up 2019)	vs. Plan
Operating Profit	16,387 <sup>1</sup>	26,279	+60.4%	25,000	105.1%
Recurring Profit	13,889	23,076	+66.1%	21,400	107.8%
Net Income	12,925	15,373	+18.9%	14,800	103.9%
EPS	JPY 25.86	JPY 31.14	+20.4%	JPY 29.00	107.4%
Dividend	JPY 3	JPY 7	+133.3%	JPY 7	100.0%
ROE	21.0% <sup>2</sup> (Post-Tax) 15.3%	16.3%	—	15.6%	—
Stock Earnings/ Fixed Expenses	223.3%	239.6%	—	191.4%	—

<sup>1</sup> From FY19/2, SPC-related non-recourse loan interest expenses are accounted as Fixed Non-Operating Expenses rather than COGS. FY16/2 Operating Profit has been restated using this new accounting treatment to facilitate an accurate YOY comparison.

<sup>2</sup> At Ichigo's FY19/2's normalized 31.8% tax rate, FY16/2 ROE would have been 15.3%.



# Power Up 2019 Achievement Details (2)

Profitability	Core Business Growth	<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 (8975) and Ichigo Hotel (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 acquisitions and rental income</li> </ul>	✓	<ul style="list-style-type: none"> <li>Listing of Ichigo Green (9282) on Dec 1, 2016</li> <li>Asset sales to Ichigo Office (8975) and Ichigo Hotel (3463)</li> <li>Created a long-term private fund (JPY 8.3B)</li> <li>Expanded the engineering team</li> <li>Spun out a dedicated leasing team and strengthened marketing functions to drive asset acquisitions and value-add</li> </ul>
	New Business Creation	<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</li> <li>Launch one or more <u>REtech</u> businesses, fusing Ichigo's <u>Real Estate</u> and <u>IT</u> capabilities</li> </ul>	✓	<ul style="list-style-type: none"> <li>Launched Ichigo Owners &amp; Ichigo Land businesses</li> <li>Launched 2 THE KNOT lifestyle hotels</li> <li>Developed AI hotel revenue management system</li> <li>Launched new real estate content businesses (storage, laundry, &amp; study spaces)</li> <li>Entered business alliance with Phil Company</li> <li>Established Sports &amp; Entertainment group</li> <li>Launched Community Lab and 100-Year Real Estate Lab</li> </ul>
Sustainability	Finance as a Strategic Measure	<ul style="list-style-type: none"> <li>Grow both 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>	✓	<ul style="list-style-type: none"> <li>24% of corporate loans are uncollateralized via commitment lines and other credit lines (JPY 32.5B total)</li> <li>Average Loan Period: 10.3 years, Average Interest Rate: 0.97%, Long-Term Loan Ratio: 92%</li> </ul>
	High Capital Efficiency and Organic Growth	<ul style="list-style-type: none"> <li>ROE &gt;15%</li> </ul>	✓	<ul style="list-style-type: none"> <li>Achieved ROE &gt;15% for all 3 MTP years</li> </ul>
	Best Place to Work	<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>	✓	<ul style="list-style-type: none"> <li>100% return rate for employees who take child leave</li> <li>Annual stock option grants (fully expensed) to all employees to align their interests with Ichigo shareholders</li> <li>Launched Incubation Lab to support internal startups</li> </ul>
	Global Best Practice Governance and Compliance		✓	<ul style="list-style-type: none"> <li>6 of 9 Board Members are Independent Directors</li> <li>Former CEOs of TSE 1<sup>st</sup> Section companies serve as Independent Directors</li> </ul>

## Power Up 2019 Achievement Details (3) JPX-Nikkei 400 Index

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- Included in the JPX-Nikkei 400 all three years of Power Up 2019 (2016, 2017, 2018)
- Ranked within the Index's Top 200 Companies in August 2019



### Ranking Calculation:

While the JPX-Nikkei 400 does not provide an official ranking of its 400 constituents, the ranking can be calculated based upon the JPX-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)

Total Score =  $0.4 \times (a) + 0.4 \times (b) + 0.2 \times (c)$

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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.



**Make The World  
More Sustainable**

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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.