



 **JPX-NIKKEI 400**



# FY21/2 Q1 Corporate Presentation

July 14, 2020

## Ichigo (2337)



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We would like to express our deepest condolences to all those across the world affected by the Covid-19 pandemic and to all those in Japan affected by the recent heavy rainfalls, and our wishes for the earliest possible recovery.



**Make The World  
More Sustainable**



# World-Class Excellence

Ichigo's  
Hiromi Miyake



# Ichigo





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- Hotel Operator Market Entry: Hakata Hotels
- Ichigo Animation: Anime + Real Estate Synergies
- Real-World Augmented Reality (AR) Game TSUBASA+

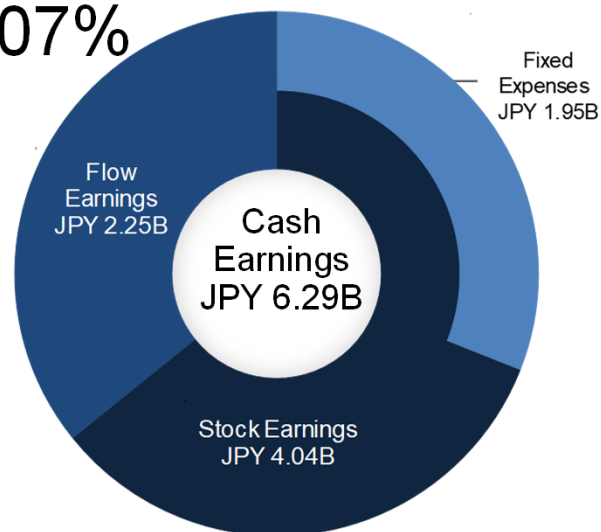
# FY21/2 Q1 Earnings

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# FY21/2 Q1 Summary

## Durable Earnings Model Stock Earnings/Fixed Expenses

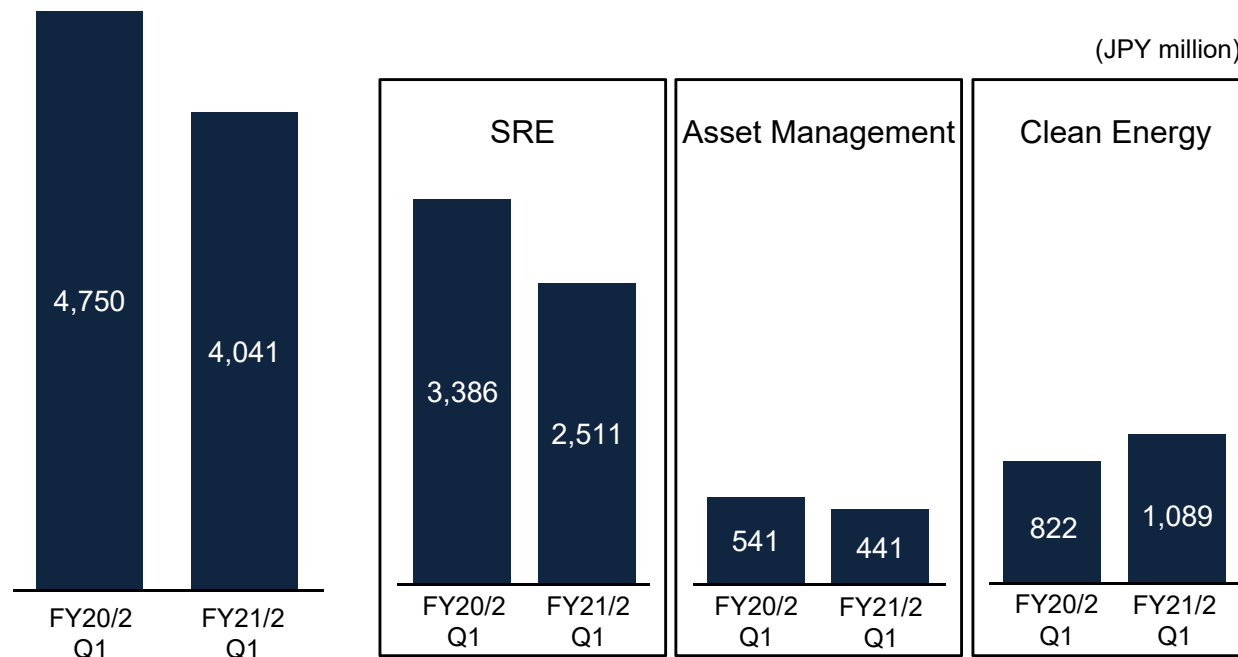
207%



Cash Earnings = Gross Profit + Fixed Asset Gains on Sales + Depreciation Expenses (Non-Cash)

## Robust Stock Earnings

(JPY million)



## FY21/2 Upward Revision

Revised Forecast

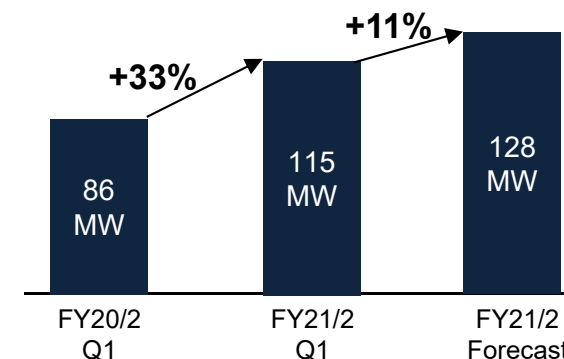
- Operating Profit: JPY 7.4B – 12.9B
- Recurring Profit: JPY 5.0B – 10.4B
- Net Income: JPY 3.5B – 8.0B

Dividend Forecast: JPY 7 (in line with Progressive Dividend Policy, unchanged from FY20/2)

## Ichigo Owners Growth

- Robust Capabilities & Execution amidst Covid-19
- Q1 Sales: JPY 16.64B (99% of Total)
- Q1 Acquisitions: JPY 3.26B
- Further FY20/1 Sales & Acquisitions in Pipeline

## Clean Energy Stability





# Covid-19 Impacts

- Decrease in Ichigo Hotel Performance-Based AM Fees – Minimal Impact on Ichigo Office & Ichigo Green
- Decrease in Hotel & Retail Rental Income – Minimal Impact on Other Asset Types
- Sales & Acquisitions: Market Stress, but Residential Assets Continue to Be Active
- Clean Energy Growth on Track – Unaffected by Economic Conditions

Segment	Covid-19 Impacts	
Asset Management	Office	Minimal impact
	Hotel	Decrease in performance-based AM fees due to decrease in hotel earnings (within forecast range)
	Green	No impact. Stable power production agreements not sensitive to changes in economic conditions
Sustainable Real Estate	Rental Income	Decrease in rental income due to hotel and retail rental income (within forecast range) Temporarily-closed hotels re-opening (started in June)
	Tenants	Working to support tenants on an individualized basis
	Asset Sales	Residential asset sales on track Some sales of other asset types in progress, but subject to market conditions
	Asset Acquisitions	Asset acquisitions, particularly residential, on track More residential acquisitions in pipeline
Clean Energy	Power Generation Revenue	No impact. Stable power production agreements not sensitive to changes in economic conditions

# Covid-19 Countermeasures

## Established Covid-19 Taskforce Comprised of 5 Teams – Led by CEO, COO, & Subsidiary CEOs

- Infection Control & Response: Implement guidelines on information-sharing and disinfection procedures when there is a suspected or confirmed case at Ichigo assets
- Policy Research: Support tenants' ability to access government Covid-19 subsidies
- Tenant Relations: Discuss rent and subsidy options with tenants
- Scenario Analysis: Gather and analyze cross-industry information on with/after Covid-19 scenarios
- Finance: Manage cash flows at the asset level

Awareness and Prevention Promotion Poster

## Implementing “With/After Covid-19” Improvements & Countermeasures at Ichigo Assets

- Terraces and large doors/windows at hotels
- Contactless sinks and bathrooms in offices and hotels
- Prevention of 3Cs (closed spaces, crowded spaces, and close contact) at retail assets

Hotel OneFive Terrace Fukuoka



# Operating Profit -57%, Net Income -55%, EPS -54% (YOY)

Stock Earnings -15%, Flow Earnings -63% YOY on Covid-19

(JPY million)

	FY20/2 Q1	FY21/2 Q1	YOY	Revised Full-Year Forecast	
Operating Profit	8,537	3,650	-57.2%	7,400 –	12,900
Recurring Profit	7,607	3,303	-56.6%	5,000 –	10,400
Net Income	4,768	2,164	-54.6%	3,500 –	8,000
EPS	JPY 9.76	JPY 4.49	-54.0%	JPY 7.26 –	JPY 16.60

# Segment Earnings Details

- Asset Management: Decrease in Hotel REIT Base AM Fees
- Sustainable Real Estate  
Stock Earnings: Decrease in Hotel & Retail Rental Income  
Flow Earnings: On Track – Last Year Heavily Weighted to Q1
- Clean Energy: 7 New Plants Online since FY20/2 H1 – +33% MW YOY

(JPY million)

Segment	Operating Profit				Gross Profit		Earnings Drivers (Parentheses show YOY change in Gross Profit)
	FY20/2 Q1	FY21/2 Q1	YOY	Revised Full-Year Forecast	FY20/2 Q1	FY21/2 Q1	
Asset Management (AM)	519	334	-35.7%	1,100	626	501	Base AM Fees 416 (-100) Acquisition/Disposition Fees 22 (+4) Ichigo Office Cash Flow Performance Fees 37 (-29) Ichigo Green Operator Fees 12 (—)
Sustainable Real Estate (SRE)	7,644	2,748	-64.0%	4,500 – 10,000	9,114	4,046	Rental Income 1,853* (-1,217) * Depreciation 658 (+342) Gains on Sales 2,200 (-3,477) Gains on Overseas Sales –(-373)
Clean Energy (CE)	377	594	+57.4%	1,800	555	742	Power Generation Revenue 742* (+187) * Depreciation 347 (+79)
Adjustment (including offsets of cross-segment transactions)	-5	-26	–	–	–	–	
<b>Total</b>	<b>8,537</b>	<b>3,650</b>	<b>-57.2%</b>	<b>7,400 – 12,900</b>	<b>10,295</b>	<b>5,289</b>	

# FY21/2 Full-Year Forecast Upward Revision

Revised Up Bottom of Range: OP +19%, Net Income +75%

– Stock Earnings +JPY 550M (+4%)

Revised up rental income to reflect ongoing discussions with tenants & introduction of government programs

– Flow Earnings +JPY 690M (+22%)

Revised up sales to reflect strong Ichigo Owners activity

– Revised down financing & other expenses to reflect current market conditions

(JPY)

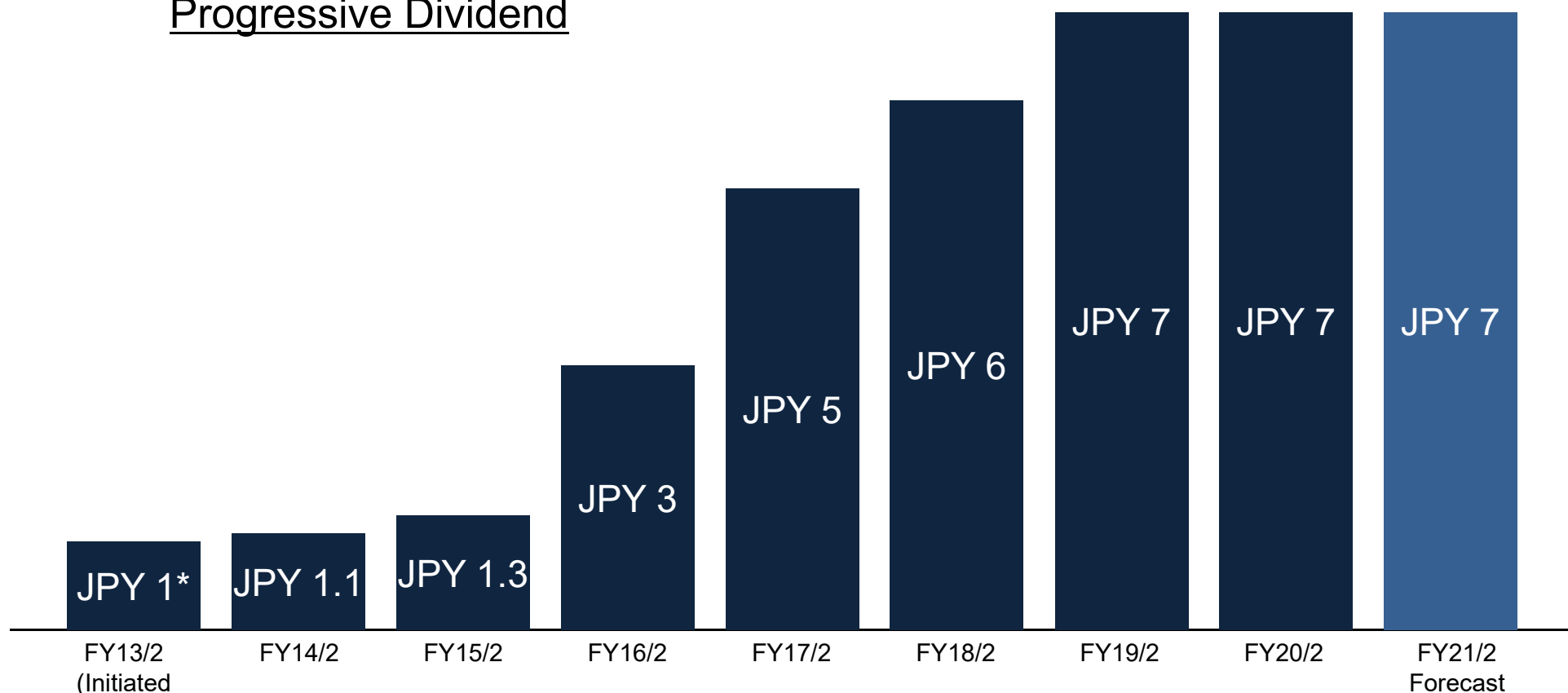
	FY21/2 Revised Forecast	FY21/2 Previous Forecast	Change (Bottom of Range)	FY20/2 (Actual)
Operating Profit	<u>7.4B</u> – 12.9B	<u>6.2B</u> – 12.9B	+19.4%	27.7B
Recurring Profit	<u>5.0B</u> – 10.4B	<u>3.4B</u> – 10.4B	+47.1%	24.3B
Net Income	<u>3.5B</u> – 8.0B	<u>2.0B</u> – 8.0B	+75.0%	8.2B
EPS	<u>7.26</u> – 16.60	<u>4.15</u> – 16.60	+74.9%	16.89
Dividend	<u>7</u>	<u>TBD</u>	–	7
ROE	<u>3.5%</u> – 7.7%	<u>2.0%</u> – 7.7%	–	8.2%

# Secure Dividend In Line With Progressive Dividend Policy

Progressive Dividend Policy (Maintain or Raise)

Maintain JPY 7 Dividend despite Covid-19

9 Consecutive Years of  
Progressive Dividend



\* Adjusted to reflect 200:1 stock split





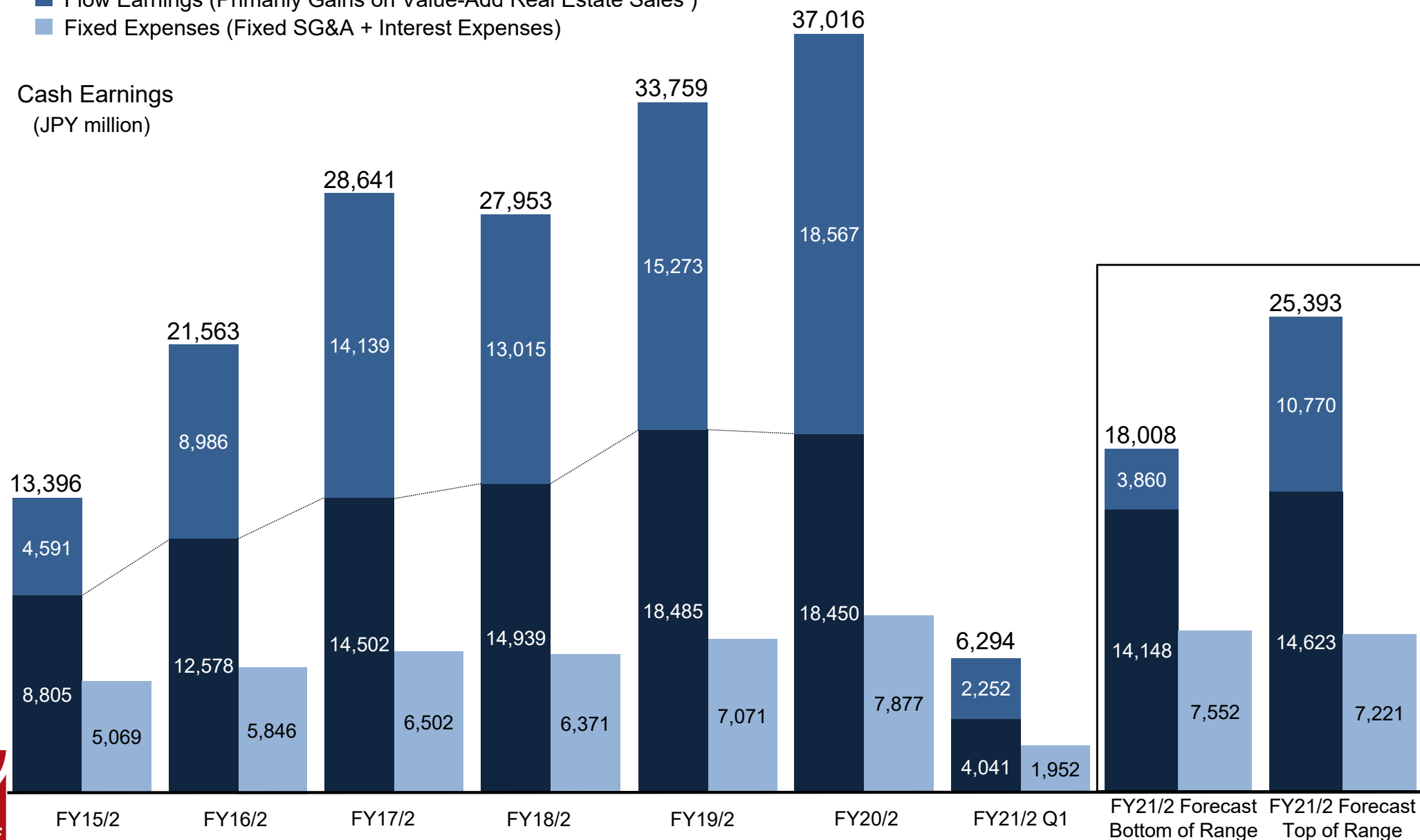
# Powerful Value-Add Business Model Underpins Growth

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# Business Model (1) Stock + Flow Earnings

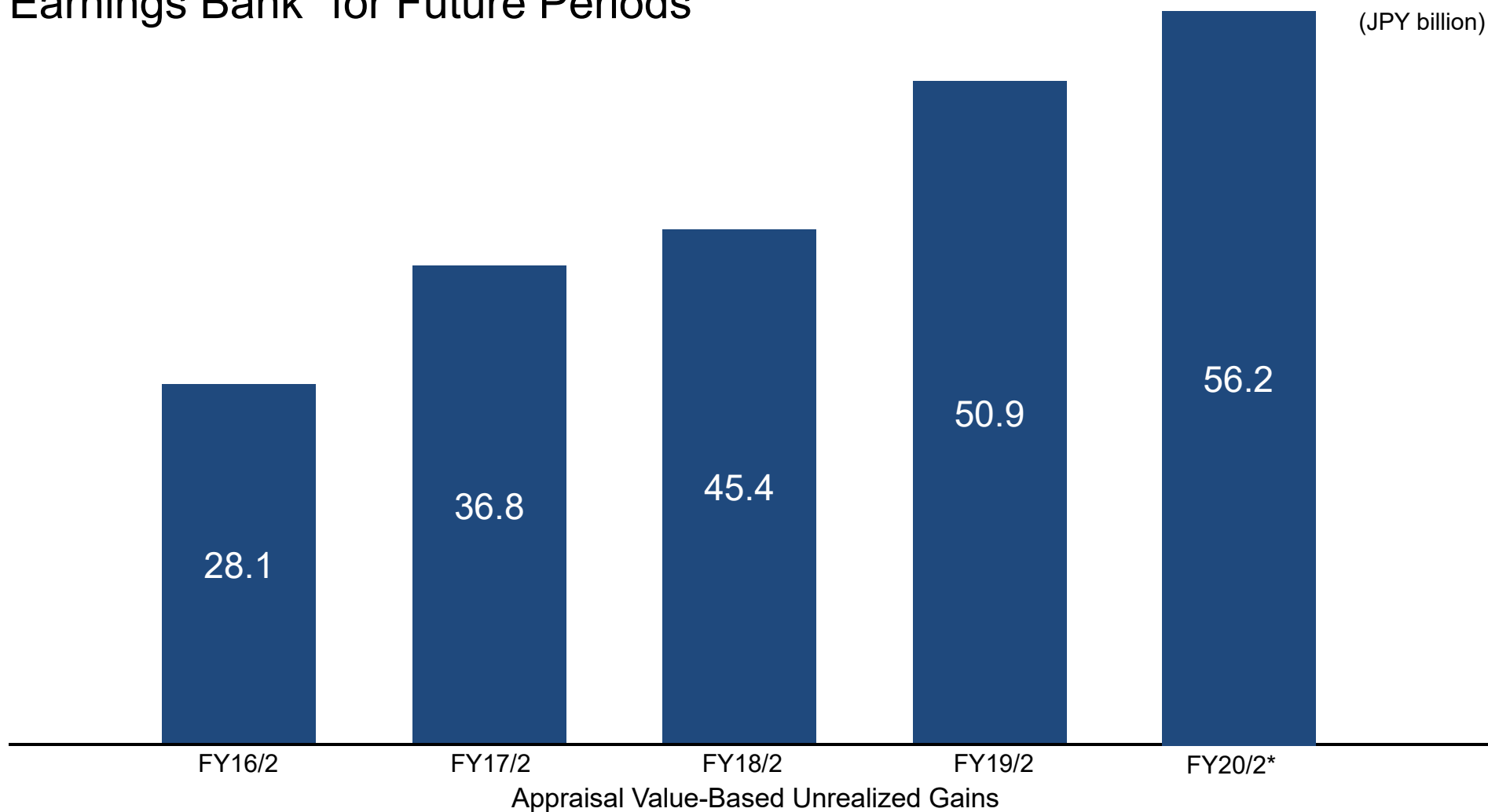
- Stock Earnings (Primarily Rental Income, Power Generation Revenues, Depreciation (Non-Cash), and Base AM Fees)
- Flow Earnings (Primarily Gains on Value-Add Real Estate Sales )
- Fixed Expenses (Fixed SG&A + Interest Expenses)

Cash Earnings  
(JPY million)



# 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

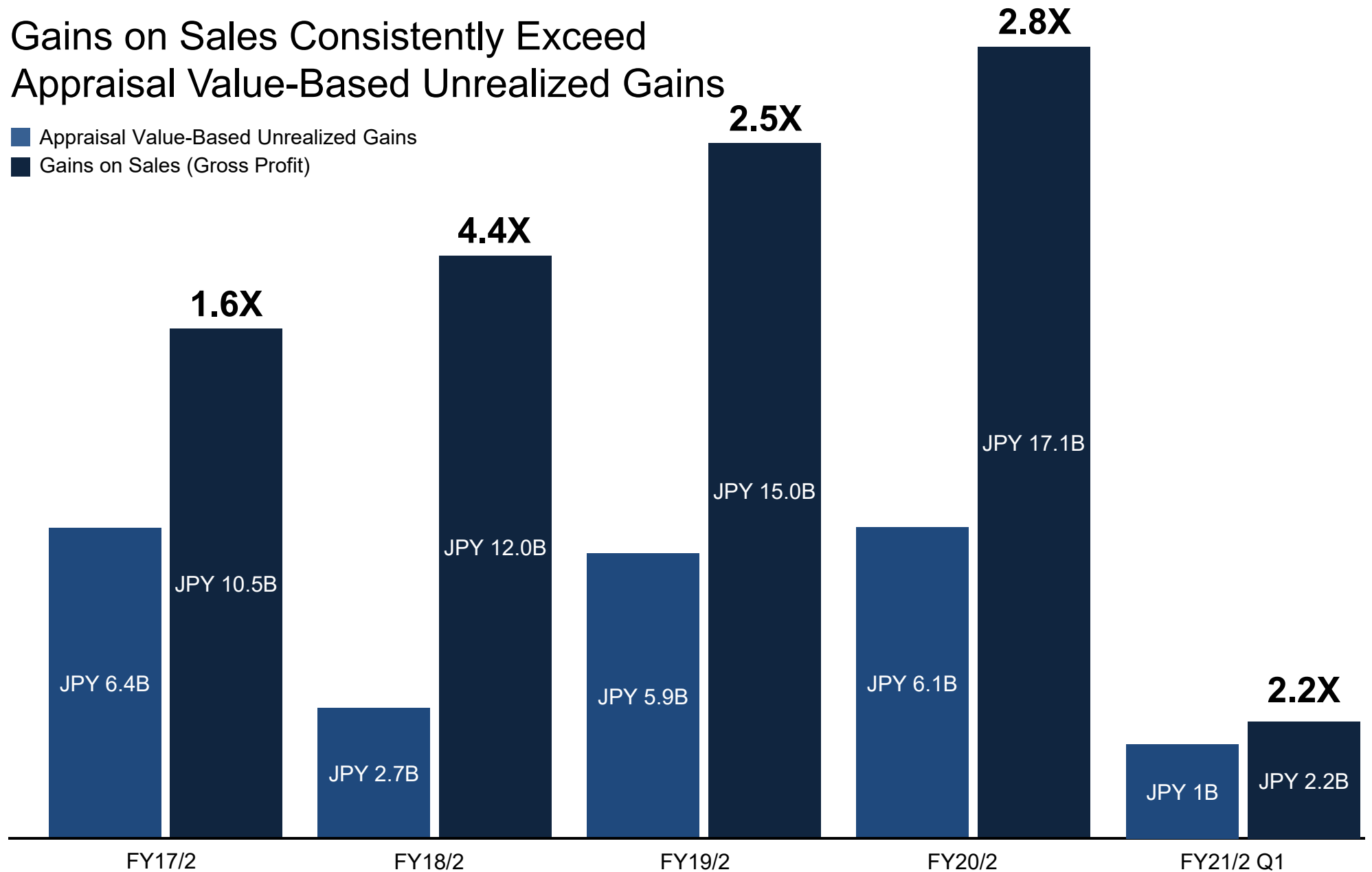


\* FY20/2 Covid-19 writedown assets' unrealized gains of JPY 3B treated as zero value.

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

Gains on Sales Consistently Exceed  
Appraisal Value-Based Unrealized Gains

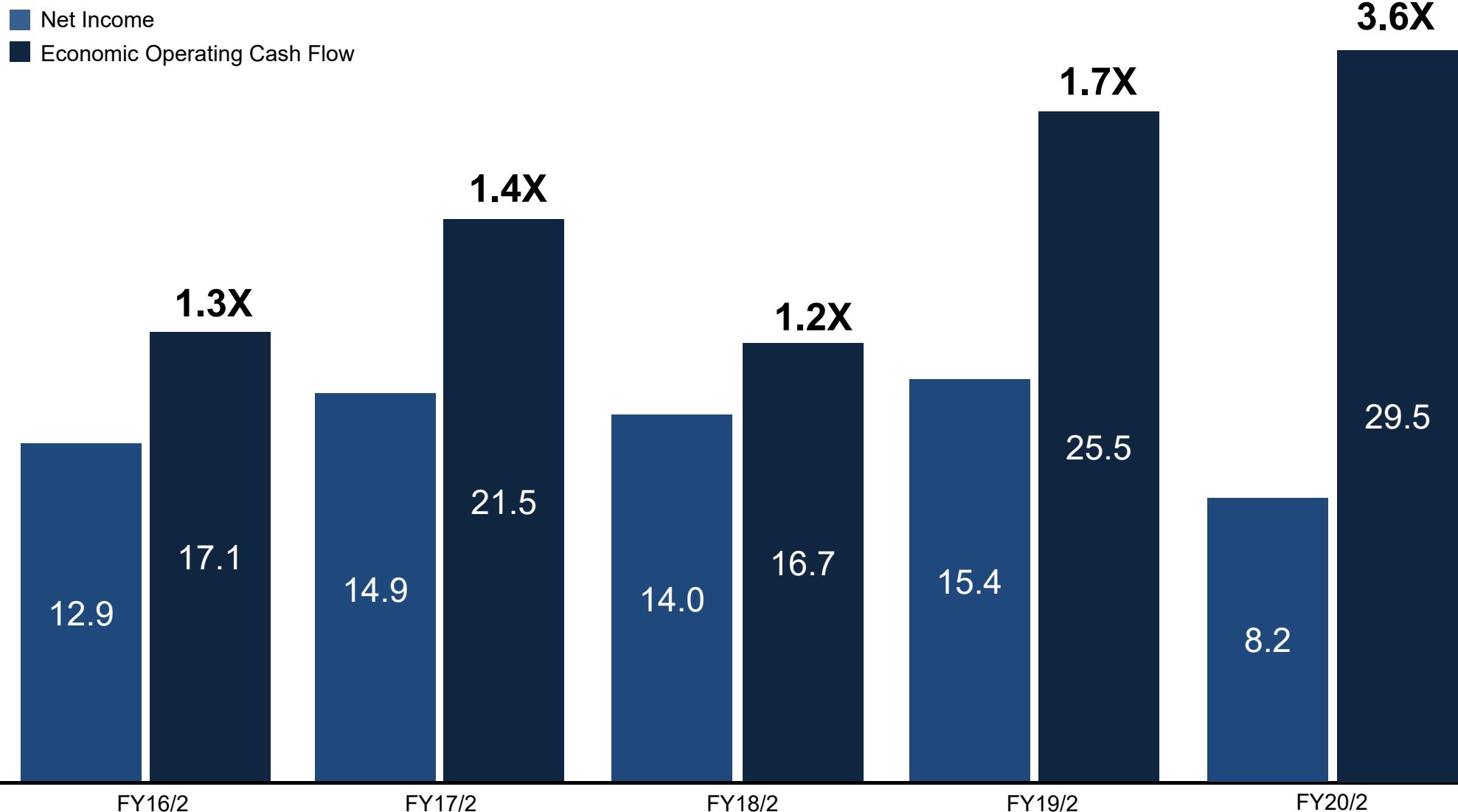
- Appraisal Value-Based Unrealized Gains
- Gains on Sales (Gross Profit)



# Business Model (4) Robust Cash Generation

## Economic Operating Cash Flow Exceeds Net Income

(JPY billion)



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

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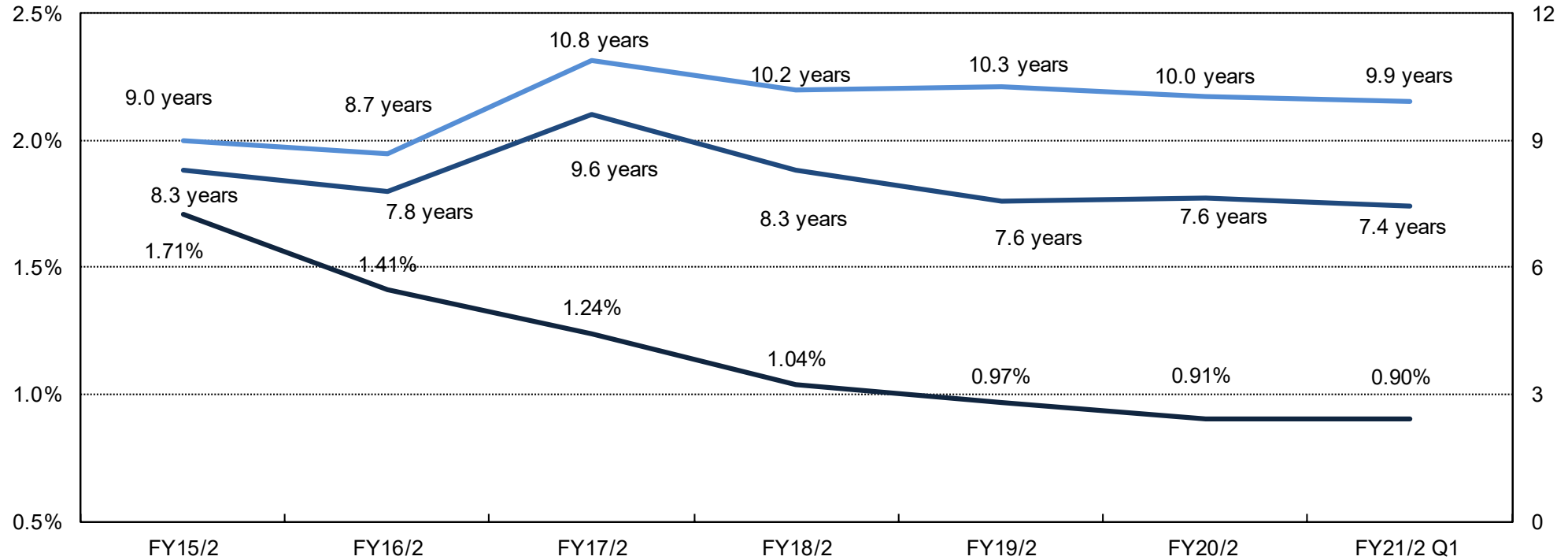
# Strong Financial Base

## Average Interest Rate & Loan Term

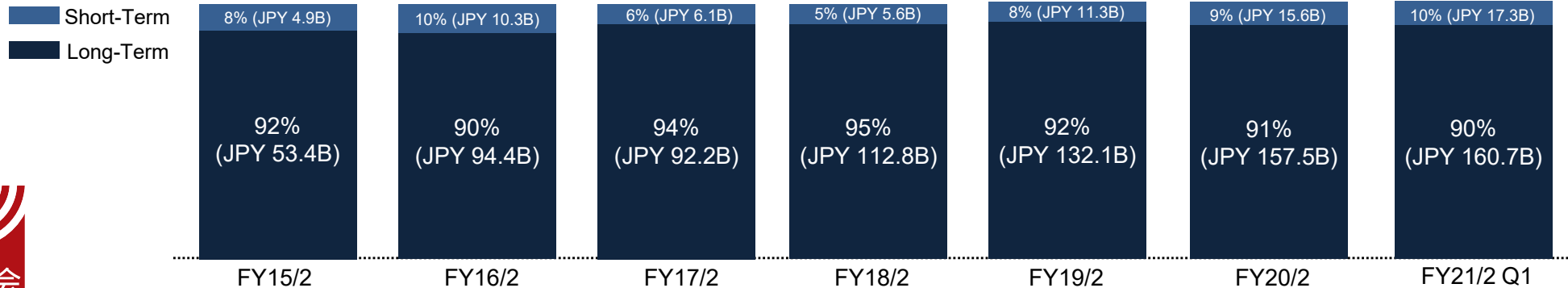
(Interest Rate)

- Weighted Average Loan Period
- Weighted Average Remaining Loan Maturity
- Weighted Average Interest Rate

(Loan Term, Years)



## Term Structure of Loans





# Sustainable Growth as a Sustainable Infrastructure Company

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# Selective on Acquisitions and Sales

## Q1 Net Sales of JPY 6.4B – Focus on Residential Assets

- 13% GPM vs. 28% FY20/2 (full-year)

## Ichigo Owners Robust Capabilities & Execution amidst Covid-19

- Acquisitions: JPY 32.6B (31% of total vs. 43% last-year Q1)
- Sales: JPY 16.6B (99% of total vs. 2% last-year Q1)
- 15% Margin (vs. acquisition cost) in Q1 vs. 10% target
- High asset turnover: <1 year holding period
- JPY 15B of Tokyo residential assets in acquisition pipeline

(JPY million)

	Acquisitions		Sales		Difference (A) - (B)
	No. of Assets	Book Value (A)	No. of Assets	Sale Price (B)	
Office	–	–	1	701	-701
Hotel	2	4,762	–	–	+4,762
Retail	1	863	1	2,546	-1,683
Residential	7	4,351	13	13,478	-9,127
Other	3	379	1	57	+322
<b>Total</b>	<b>13</b>	<b>10,355</b>	<b>16</b>	<b>16,782</b>	<b>-6,427</b>

Note: Book value of asset sales is JPY 14,347 million

# Growth Support for TSE REITs & YieldCo

## Office



### Ichigo Office (8975)

IPO  
October 12, 2005

Portfolio  
85 Assets JPY 202.3B

Dividend Yield (as of 2020/7/10)  
6.0%

- Entered FTSE Global REIT Index, a key benchmark for global investors
- Performance-based asset management fee structure (effective upon shareholder approval at the Shareholder Meeting)



#### Ichigo Growth Support

Providing earthquake response support by including Ichigo Office assets in the management system

## Hotel



### Ichigo Hotel (3463)

IPO  
November 30, 2015

Portfolio  
23 Hotels JPY 51.9B

Dividend Yield (as of 2020/7/10)  
5.1%

- Sold a hotel in Kyoto at 1.3x book value and a hotel in Naha at 1.4x book value to diversify the portfolio and fund new growth acquisitions
- Acquired Valie Hotel Hiroshima, a hotel with value-add upside and potential for future rebranding



#### Ichigo Growth Support

Providing revenue management support by deploying Ichigo-developed AI-based system

## Green Infrastructure



### Ichigo Green (9282)

IPO  
December 1, 2016

Portfolio  
15 Plants JPY 11.4B

Dividend Yield (as of 2020/7/10)  
6.8%

- Solar YieldCo focused on driving shareholder value via income stability and earnings growth and contributing to Japan's self-sufficiency in clean energy
- Portfolio of robust assets that have suffered no injuries or damages from natural disasters



#### Ichigo Growth Support

Operating all plants and providing ongoing performance guarantee

# Scaling Rapidly (In-Development Plants +54%)

3 New Plants (Total 8.1MW) Online in Q1

7 New Plants (Total 21.1MW) Forecast for FY21/2 (full-year)  
(Solar 13.7MW, Wind 7.4MW)

## Power Generation Growth

- Operating
- In-Development

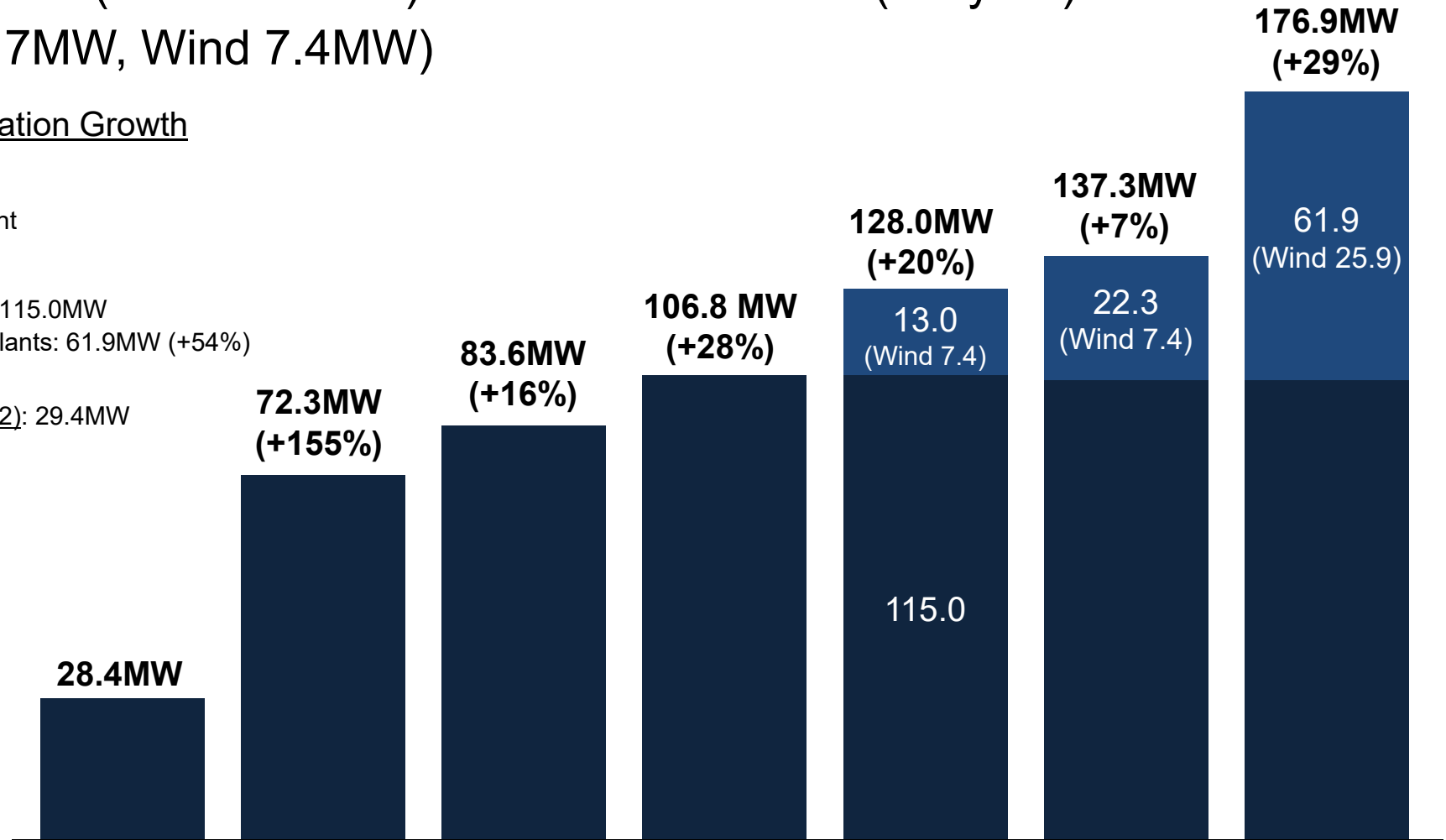
### Ichigo

Operating Plants: 115.0MW

In-Development Plants: 61.9MW (+54%)

Total: 176.9MW

Ichigo Green (9282): 29.4MW



	FY17/2	FY18/2	FY19/2	FY20/2	FY21/2	FY22/2	FY23/2 ~
Avg FIT	JPY 37.3	JPY 36.4	JPY 35.3	JPY 34.3	JPY 32.2	JPY 31.5	JPY 30.5
Ichigo Investment	JPY 8.4B	JPY 21.1B	JPY 23.6B	JPY 30.0B	JPY 36.2B	JPY 37.8B	JPY 52.2B



# Ichigo J.League Shareholder Program

## Represents Two Firsts for a Shareholder Program in Japan

- 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 (55,000 shareholders total)
- First company to offer shareholders free tickets to every J.League game at every J.League club

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



### FY20/2 Shareholder Program

- Free tickets for 85 games
- c. 400 tickets

\*Program started mid-season

### Ichigo Kids J.League Events

- c. 350 participants

- ✓ Escort players onto field
- ✓ Join pre-match warm-up
- ✓ High-fives with players
- ✓ Carry club flag
- ✓ Unfurl center circle flag

Ichigo J.League Shareholder Program Website Landing Page

## Appendix: Ichigo's Sustainability Commitment (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  
147,296,453 kWh



Equivalent to annual energy consumption of 49,100 households

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

Annual CO2 Reduction  
97,215,656 kg



Equivalent to annual CO2 emission of 42,300 cars

Ministry of Environment  
Annual CO2 emission per car c. 2,300kg  
(FY20/2 Actuals – Includes Ichigo Green)



## Environmental Certifications

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

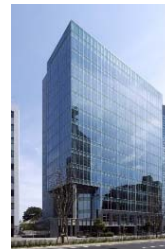
#### Robust Assets

- 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 Building

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

Support National & World-Class Athletes

- Weightlifting
- Riflery
- Track & Field



Weightlifting Athlete  
Hiromi Miyake

## Arts

Paralymp Art Sponsor

- Support artists with disabilities



“Hiromi Miyake”  
by Kenji Ino

“Re Born: Cheers to Value-Add”  
by Sakura



## Children’s Cancer Treatment

Support University of Miyazaki Faculty of Medicine’s Program for Children

- 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 1 Section companies Since FY20/2 (current)
  - ✓ Masatoshi Matsuzaki (former CEO of Konica Minolta)
  - ✓ Nobuhide Nakaido (former CEO of SCSK)
- Stepped down after FY18/2
- ✓ Takashi Kawamura (former CEO of Hitachi; stepped down from Ichigo’s board in May 2017 upon appointment as Chairman of TEPCO)
  - ✓ Kosuke Nishimoto (former CEO of Meitec; stepped down from Ichigo’s board in May 2019 upon appointment as EVP of Misumi Group)

## Board of Directors Evaluation

- Conducted since 2017
  - ✓ Board Composition
  - ✓ Board Operation
  - ✓ Board Effectiveness
  - ✓ Board Support Resources
  - ✓ Engagement with Shareholders and Stakeholders
- Third-party confirmation of the effectiveness of Ichigo’s Board Evaluation by JMA Research Institute
- Evaluation Results

“The Board confirmed that its deliberation and decision-making processes are effective, also receiving third-party confirmation.”

## Appendix: Financial & Real Estate Data

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# Significant Unrealized Gains on Balance Sheet

JPY 54.4B (Appraisal Value Basis), +2.6% vs. FY20/2-end

Real Estate Directly Held by Ichigo

(JPY million)

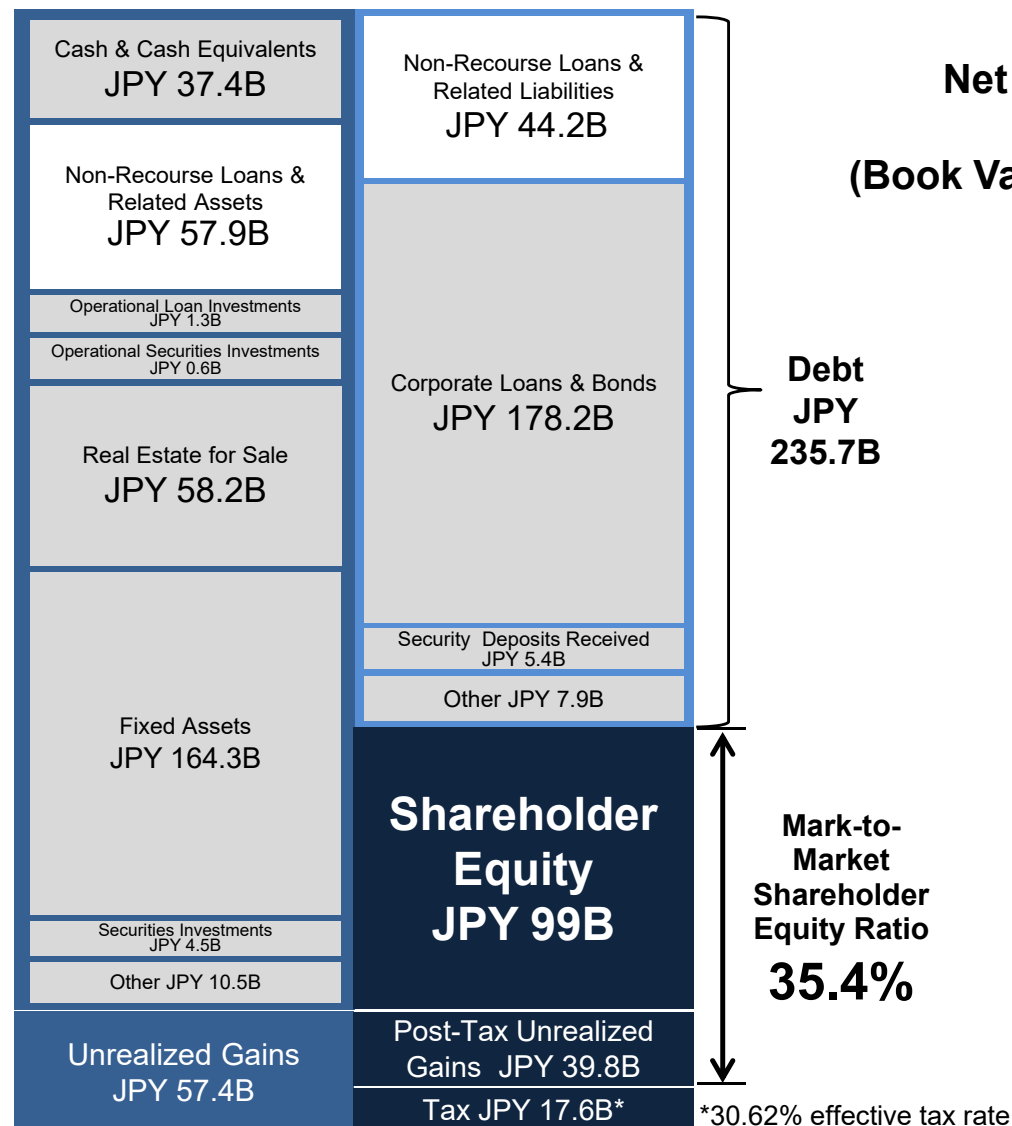
Location	Book Value as of May 31, 2020 (A)	Appraisal NOI (B)	Cap Rate (B)/(A)	Appraisal Value (C)	Unrealized Gains (C) - (A)
Tokyo	95,904	5,457	5.7%	128,604	+32,700
Outside Tokyo	104,402	6,953	6.7%	126,141	+21,739
<b>Total</b>	<b>200,306</b>	<b>12,410</b>	<b>6.2%</b>	<b>254,745</b>	<b>+54,439</b>

Notes: Excludes Ichigo Owners, Centro, and self-storage assets (book value JPY 36.5B)  
FY21/2 Q1 Unrealized Gains recorded as zero

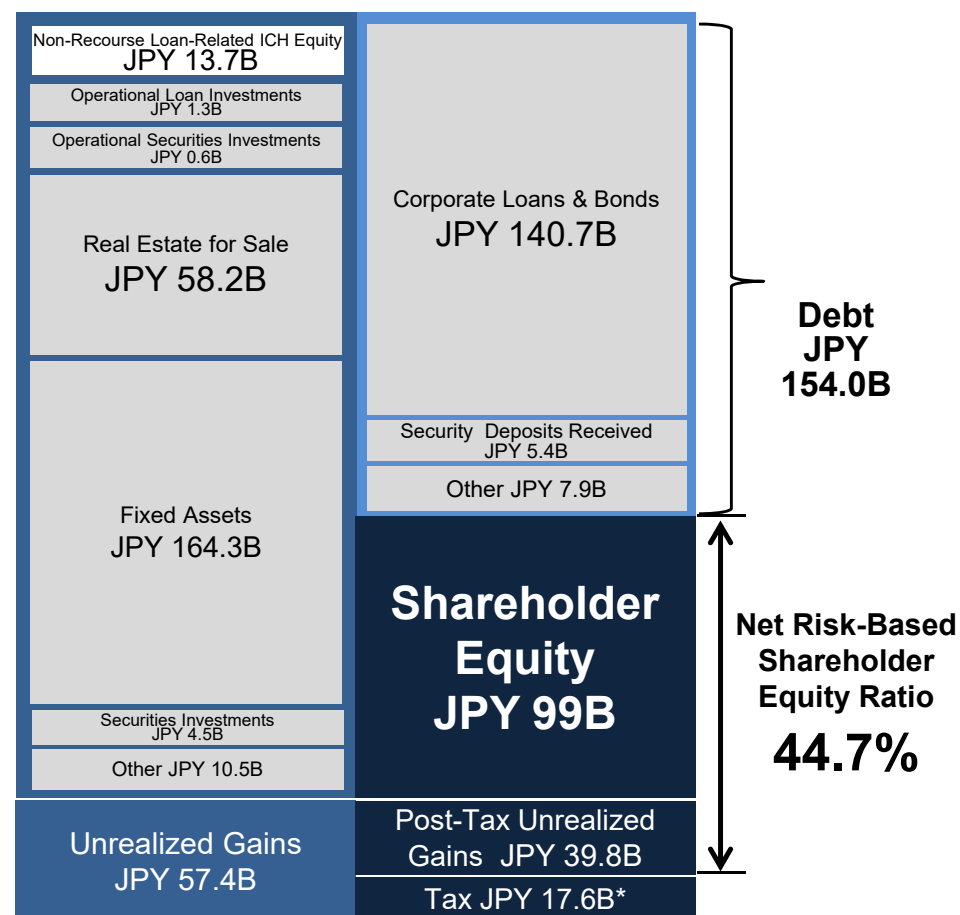


# Net Consolidated Risk-Based Balance Sheet

**Mark-to-Market Consolidated Balance Sheet: JPY 392B**  
**(Book Value JPY 334.6B + Unrealized Gains JPY 57.4B)**



**Net Consolidated Risk-Based Balance Sheet:  
JPY 310.4B**  
**(Book Value JPY 253.0B + Unrealized Gains JPY 57.4B)**



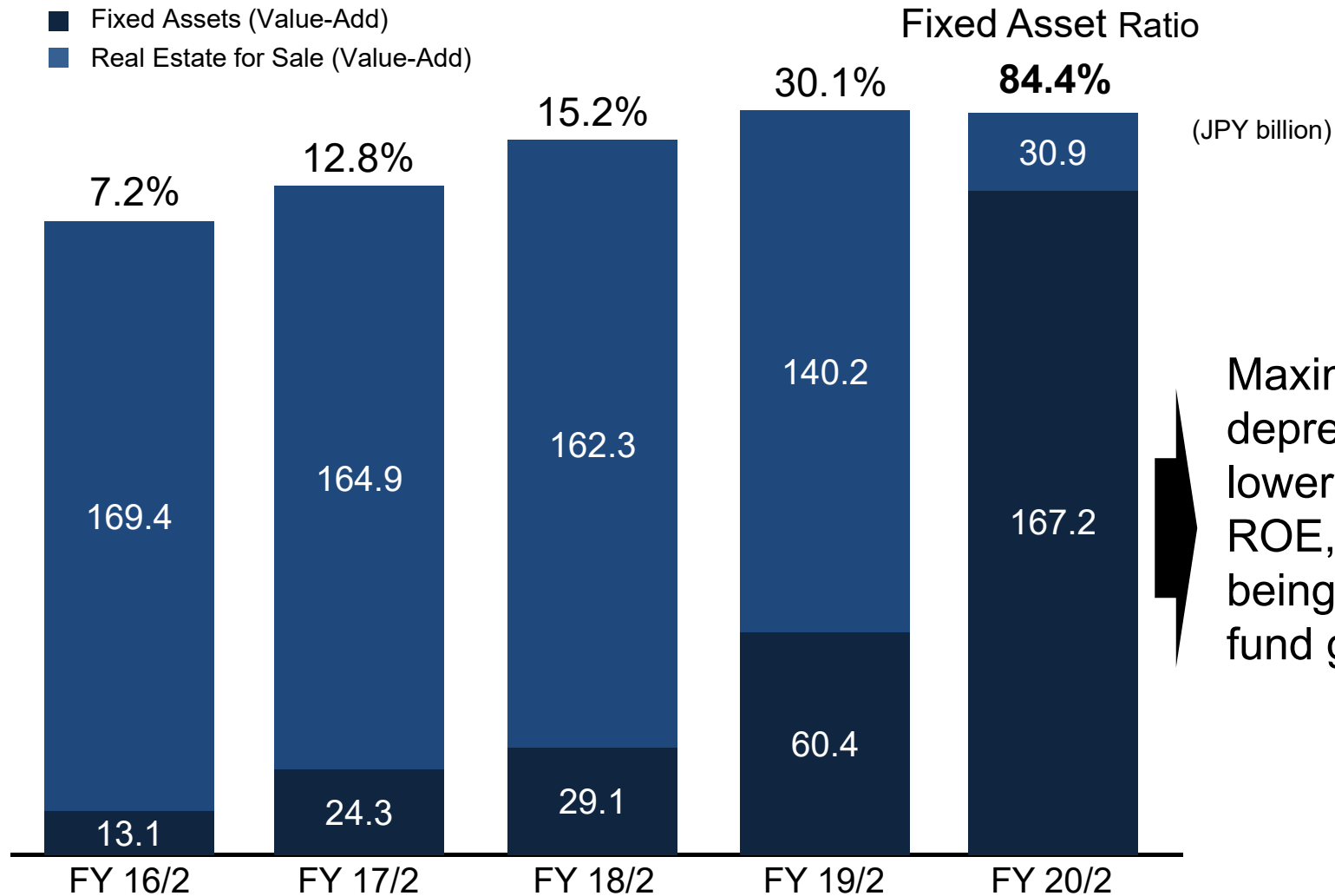
Note: Net Risk-Based Balance Sheet excludes client and non-recourse assets and liabilities and nets out Cash & Cash Equivalents.

# Cash Flow Maximization

## Reclassification of Sustainable Real Estate Assets to Fixed Assets

### Real Estate for Sale & Fixed Assets

- Fixed Assets (Value-Add)
- Real Estate for Sale (Value-Add)



Maximal use of depreciation allowances lowers accounting EPS & ROE, but creates value by being cash-generative to fund growth investments

Note: Excludes Ichigo Owners, Centro, and self-storage assets

# Robust Cash Flow Generation & Strong Earnings Base

## Key Ichigo Strength: Robust Cash Generation to Fund Growth



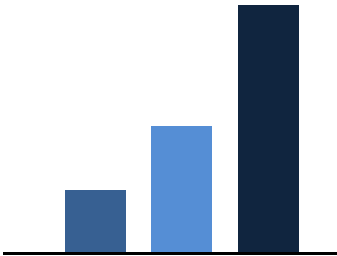
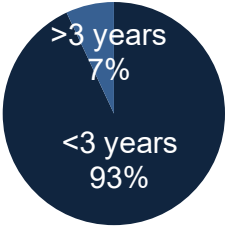
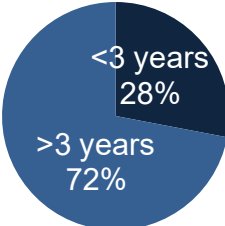
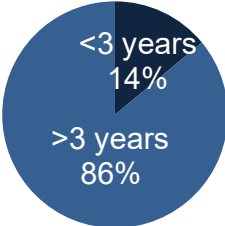
- Maximal Use of Non-Cash Depreciation Allowances
- Majority of Cash Earnings are Stock Earnings
- Stock Earnings/Fixed Expenses Ratio – Even amidst Covid-19 – is Consistently c. 200%

(JPY million)

	FY15/2	FY16/2	FY17/2	FY18/2	FY19/2	FY20/2	FY21/2 Q1	FY21/2 Forecast Bottom of Range	FY21/2 Forecast Top of Range
<b>Stock Earnings (A)</b>	8,805	12,578	14,502	14,939	18,485	18,450	4,041	14,148	14,623
<b>(Depreciation)</b>	503	731	716	967	1,632	2,507	1,005	4,308	4,363
<b>Flow Earnings</b>	4,591	8,986	14,139	13,015	15,273	18,567	2,252	3,860	10,770
<b>Cash Earnings</b>	13,396	21,563	28,641	27,953	33,759	37,016	6,294	18,008	25,393
<b>Fixed Expenses (B)</b>	5,069	5,846	6,502	6,371	7,071	7,877	1,952	7,552	7,221
<b>Stock Earnings/ Fixed Expenses (A/B)</b>	174%	215%	223%	234%	261%	234%	207%	187%	203%

Note: Cash Earnings = Gross Profit + Fixed Asset Gains on Sales + Depreciation Expenses (Non-Cash)

# Post-GFC Shift in Earnings Base & Financial Position

	FY09/2 GFC	FY14/2 Start of Shift Up MTP	FY20/2	vs. GFC
<b>Stock Earnings/ Fixed Expenses Coverage Ratio</b>	75%	140%	234%	<u>3.1X</u>
<b>Loan Maturity</b> (Weighted avg., corporate + non-recourse loans)	2.8 years 	5.6 years 	10.3 years 	<u>3.7X</u>
<b>% of &lt;3 Year Loans</b> (corporate + non-recourse loans)	93% 	28% 	14% 	<u>-79%</u>
<b>Interest Cost</b> (Weighted avg., corporate loans)	2.22%	1.96%	0.91%	<u>-59%</u>

# Business Segments

## Asset Management

Asset Management (AM) generates fee income via management of Ichigo Office (8975), Ichigo Hotel (3463), and Ichigo Green (9282), and private real estate funds.

## 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.

Note: The Sustainable Real Estate segment was formerly called Value-Add. In keeping with its Ichigo 2030 vision, Ichigo is changing the segment name to Sustainable Real Estate in 2019 in order to put full focus on Ichigo's commitment to preserving and improving real estate as a sustainable infrastructure company.

# 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 (AM)	–	–	–	–	–	–	754	106	754	<b>1,614</b>
Sustainable Real Estate (SRE)	15,265	1,324	597	58,154	–	186,485	1,916	3,091	4,291	<b>271,128</b>
Clean Energy (CE)	2,588	–	–	–	–	27,622	199	–	1,901	<b>32,311</b>
Company-Wide Assets	26,310	–	–	–	–	60	158	1,321	1,754	<b>29,604</b>
<b>Total</b>	<b>44,164</b>	<b>1,324</b>	<b>597</b>	<b>58,154</b>	<b>–</b>	<b>214,167</b>	<b>3,028</b>	<b>4,518</b>	<b>8,702</b>	<b>334,659</b>

# Consolidated P&L: Segment Breakdown

(JPY million)

Segment	Gross Profit			Operating Profit			
	FY20/2 Q1	FY21/2 Q1	YOY Change	FY20/2 Q1	FY21/2 Q1	YOY Change	FY21/2 Forecast
<b>Asset Management (AM)</b>	<b>626</b>	<b>501</b>	<b>-20.0%</b>	<b>519</b>	<b>334</b>	<b>-35.7%</b>	<b>1,100</b>
Base AM Fees	541	441	-18.4%	–	–	–	–
Acquisition/Disposition Fees	85	60	-29.5%	–	–	–	–
<b>Sustainable Real Estate (SRE)</b>	<b>9,114</b>	<b>4,046</b>	<b>-55.6%</b>	<b>7,644</b>	<b>2,748</b>	<b>-64.0%</b>	<b>4,500 – 10,000</b>
Rental Income	3,070	1,853	-39.6%	–	–	–	–
Asset Sales	5,678	2,200	-61.2%	–	–	–	–
Other Flow Earnings	366	-7	–	–	–	–	–
<b>Clean Energy (CE)</b>	<b>555</b>	<b>742</b>	<b>+33.9%</b>	<b>377</b>	<b>594</b>	<b>+57.4%</b>	<b>1,800</b>
<b>Adjustment (including offsets of cross-segment transactions)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-5</b>	<b>-26</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>10,295</b>	<b>5,289</b>	<b>-48.6%</b>	<b>8,537</b>	<b>3,650</b>	<b>-57.2%</b>	<b>7,400 – 12,900</b>

# Asset Management AUM Detail

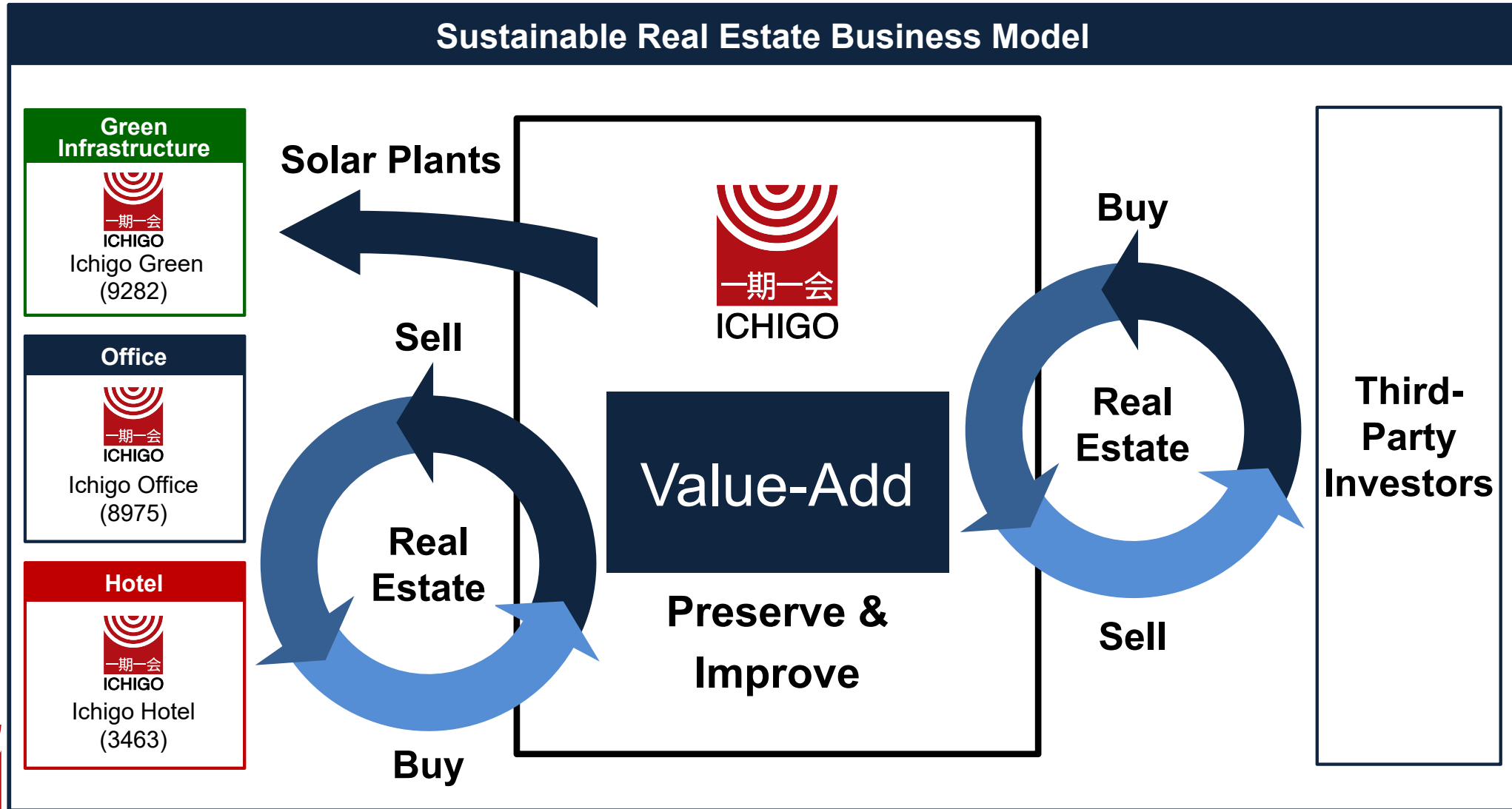
		FY16/2 (12M)	FY17/2 (12M)	FY18/2 (12M)	FY19/2 (12M)	FY20/2 (12M)	FY21/2 Q1 (3M)
Ichigo Office (8975)	AUM (Fiscal Year End)	JPY 165.1B	JPY 194.5B	JPY 196.9B	JPY 203.0B	JPY 203.2B	JPY 202.3B
	Base AM Fee Gross Profit (Actual)	JPY 1,016M	JPY 1,291M	JPY 1,373M	JPY 1,426M	JPY 1,436M	JPY 362M
Ichigo Hotel (3463)	AUM (Fiscal Year End)	JPY 20.4B	JPY 47.6B	JPY 50.9B	JPY 50.7B	JPY 50.8B	JPY 51.9B
	Base AM Fee Gross Profit (Actual)	JPY 30M	JPY 287M	JPY 450M	JPY 461M	JPY 381M	JPY 11M
Ichigo Green (9282)	AUM (Fiscal Year End)	–	JPY 10.0B	JPY 11.4B	JPY 11.4B	JPY 11.4B	JPY 11.4B
	Base AM Fee Gross Profit (Actual)	–	JPY 11M	JPY 77M	JPY 85M	JPY 82M	JPY 22M
Private Equity Real Estate Funds (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 15.4B	JPY 6.4B	JPY 12.3B	JPY 20.6B	JPY 36.8B	JPY 36.8B
	Base AM Fee Gross Profit (Actual)	JPY 60M	JPY 27M	JPY 12M	JPY 41M	JPY 116M	JPY 33M
Total (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 200.9B	JPY 258.6B	JPY 271.7B	JPY 285.8B	JPY 302.4B	JPY 302.5B
	Base AM Fee Gross Profit (Actual)	JPY 1,106M	JPY 1,617M	JPY 1,914M	JPY 2,014M	JPY 2,016M	JPY 429M

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



# Powerful Sustainable Real Estate Business Model

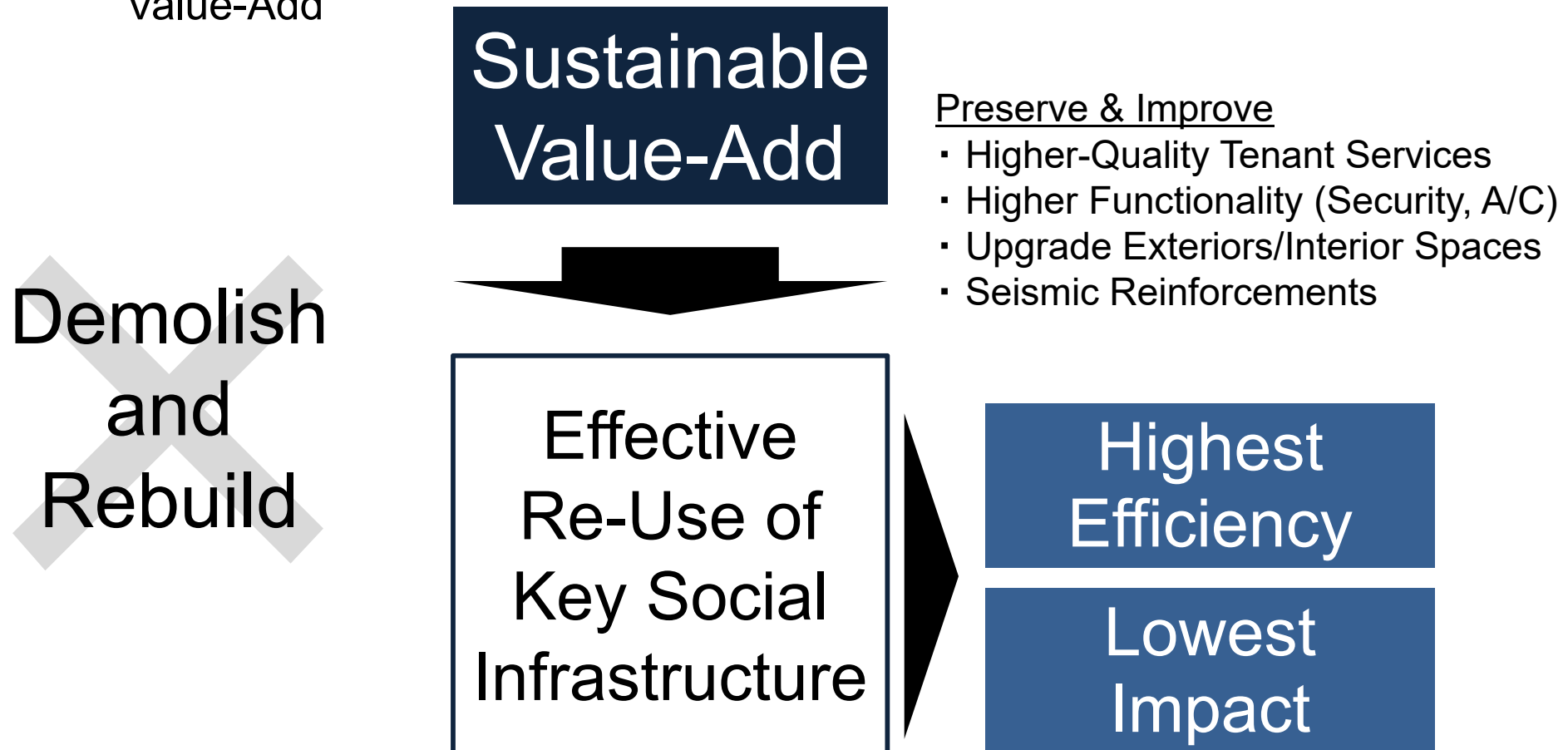
Significant Synergies Between Ichigo's Sustainable Real Estate and Asset Management Businesses



# Sustainable Real Estate Serving a Sustainable Society

## End Demolish and Rebuild and Embrace Sustainable Value-Add

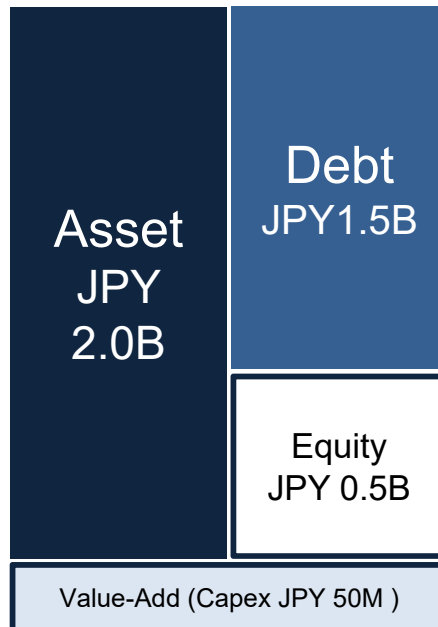
- Preserve and enhance high-function real estate
- Lengthen useful life and improve quality of existing assets via Sustainable Value-Add



# 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%:  $\text{JPY } 2\text{B} * 115\% = \text{JPY } 2.3\text{B}$   
 $\text{JPY } 2.3\text{B} - (\text{JPY } 2\text{B} + \text{JPY } 50\text{M}) = \text{JPY } 250\text{M capital gain}$

## Result

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

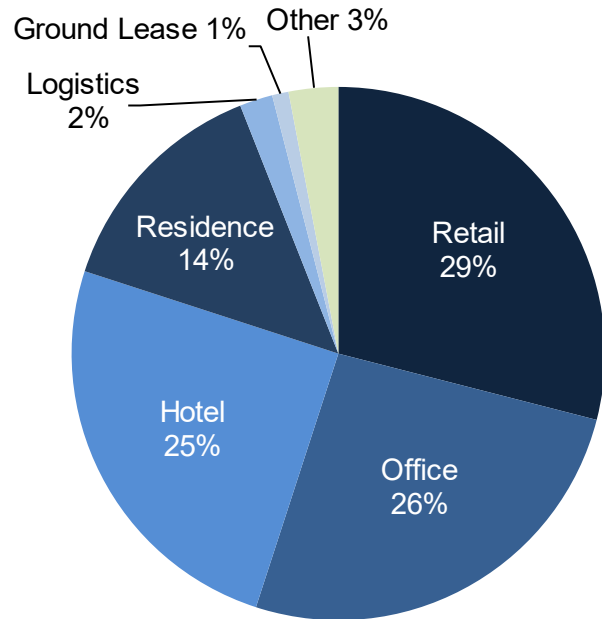
# Sustainable Real Estate: Gross Profit Margin (GPM)

Ichigo Value-Add Supports Ongoing High GPM

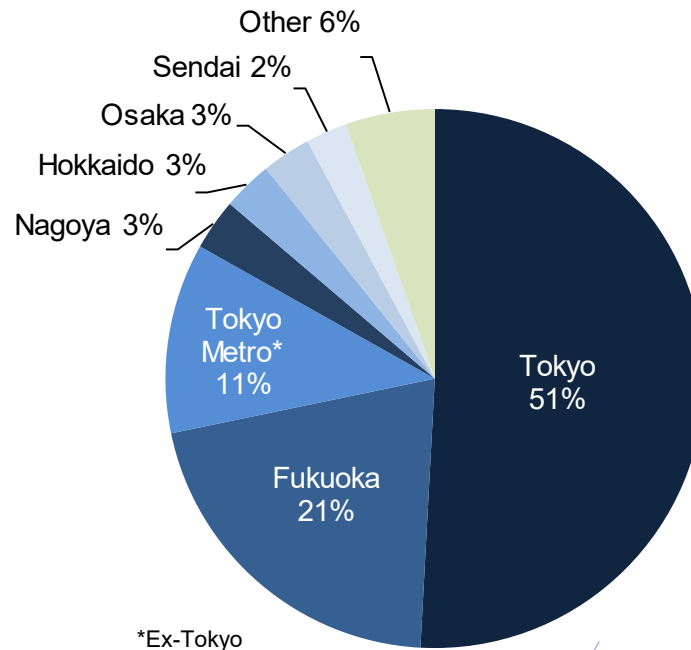
	FY17/2	FY18/2	FY19/2	FY20/2	FY21/2 Q1
GPM (vs. Revenue)	13.6%	33.7%	25.5%	28.3%	13.1%
GPM (vs. Book Value)	15.8%	50.9%	34.3%	39.5%	15.1%
Revenue (JPY M)	77,502	35,733	58,693	60,601	16,782
Gross Profit (JPY M)	10,562	12,050	14,986	17,158	2,205

# Ichigo-Owned Real Estate Portfolio

**By Asset Type**

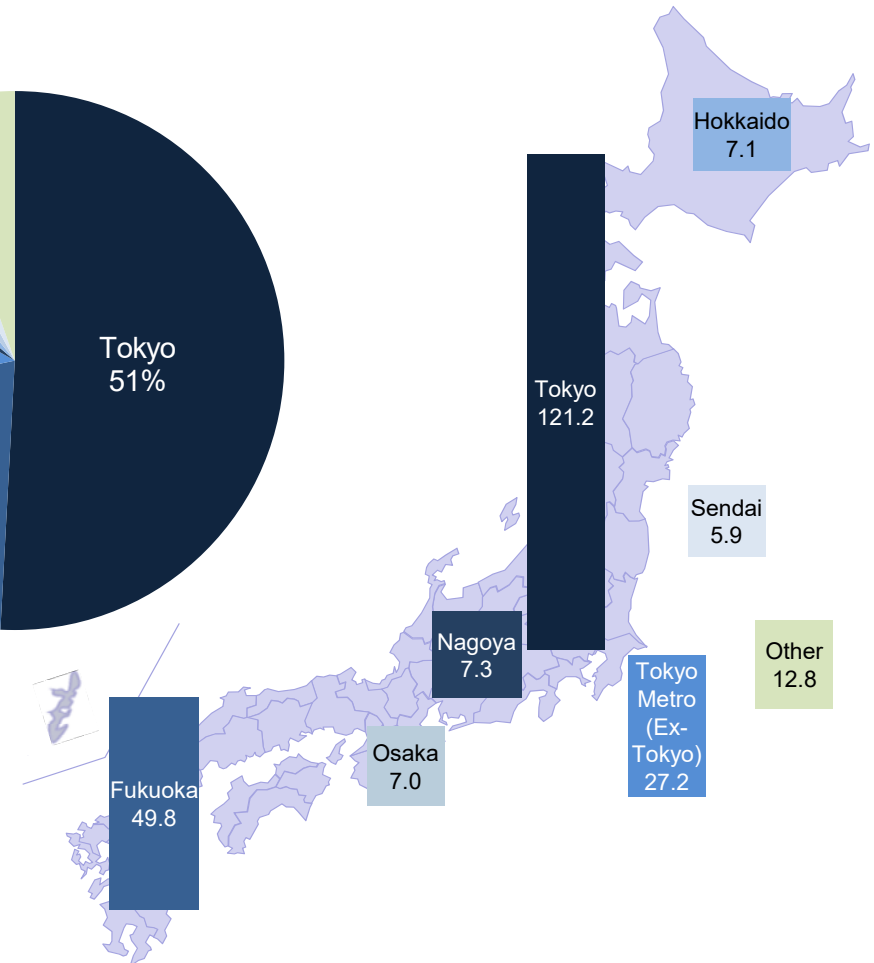


**By Location**

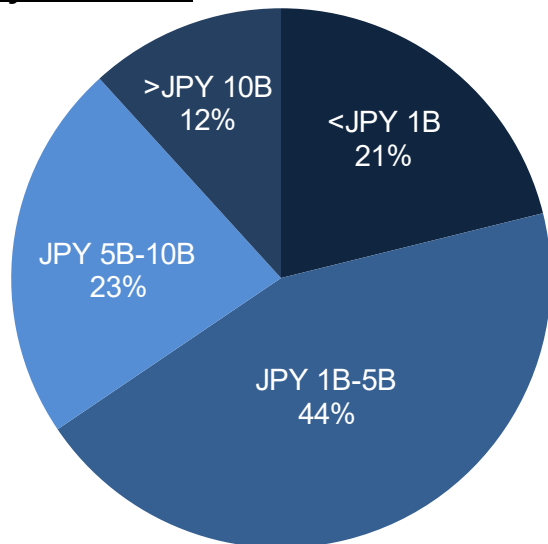


\*Ex-Tokyo

(JPY billion)



**By Asset Size**



**Total Ichigo-Owned Assets: JPY 238.2B**  
**Including Ichigo-Managed AUM: JPY 540.8B**

\* Acquisition price basis

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

Total Ichigo-Owned Assets Book Value: JPY 239.8B



# Sustainable Real Estate Asset Breakdown (1)

175 Assets, JPY 238.2 B, Forecast NOI JPY 12.4B (6.2% Yield)

No.	Asset Type	Classification	Location	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year <sup>1</sup>	Ichigo Equity Investment	Forecast Equity Multiple <sup>2</sup>	Forecast IRR <sup>3</sup>
1	Wholesale Market	Fixed Asset	Matsudo, Chiba	JPY 2B-3B	2005/06	48 years	–	JPY 1,900M	–	–
2	Retail	Fixed Asset	Minato-ku, Tokyo	JPY 2B-3B	2005/10	51 years	JPY 136M	JPY 1,033M	–	–
3	Retail	Fixed Asset	Minato-ku, Tokyo	>JPY 3B	2006/03	34 years	JPY 165M	JPY 1,356M	–	–
4	Retail	Fixed Asset	Yokohama	JPY 1B-2B	2006/09	15 years	JPY 60M	JPY 1,157M	–	–
5	Office	Fixed Asset	Sendai	>JPY 3B	2006/10	12 years	JPY 240M	JPY 1,042M	–	–
6	Office	Fixed Asset	Fukuoka	>JPY 3B	2006/12	11 years	JPY 350M	JPY 1,339M	–	–
10	Retail	Fixed Asset	Chiyoda-ku, Tokyo	<JPY 1B	2007/06	40 years	JPY 85M	JPY 240M	–	–
11	Retail	Fixed Asset	Chiyoda-ku, Tokyo	<JPY 1B	2007/06	39 years	JPY 125M	JPY 233M	–	–
14	Ground Lease	Fixed Asset	Atsugi, Kanagawa	JPY 1B-2B	2011/06	–	JPY 172M	JPY 147M	–	–
15	Retail	Fixed Asset	Hiratsuka, Kanagawa	<JPY 1B	2012/02	24 years	JPY 77M	JPY 172M	–	–
16	Retail	Fixed Asset	Yokohama	<JPY 1B	2012/10	6 years	JPY 34M	JPY 171M	–	–
17	Retail	Fixed Asset	Toshima-ku, Tokyo	>JPY 3B	2013/03	9 years	JPY 244M	JPY 340M	–	–
18	Retail	Fixed Asset	Shibuya-ku, Tokyo	<JPY 1B	2013/05	33 years	JPY 57M	JPY 154M	–	–
19	Retail	Fixed Asset	Chofu, Tokyo	JPY 1B-2B	2013/06	35 years	JPY 135M	JPY 310M	–	–
21	Residential	Fixed Asset	Minato-ku, Tokyo	<JPY 1B	2013/06	4 years	JPY 47M	JPY 203M	–	–

Note: 6.2% yield excludes Ichigo Owners, Centro, and self-storage assets.

<sup>1</sup> Expected NOI/ Year is based on the business plan of each asset and is the expected NOI after value-add is completed.

<sup>2</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>3</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 <sup>1</sup>	Ichigo Equity Investment	Forecast Equity Multiple <sup>2</sup>	Forecast IRR <sup>3</sup>
27	Retail	Fixed Asset	Tokorozawa, Saitama	JPY 1B-2B	2013/11	12 years	JPY 76M	JPY 92M	—	—
29	Ground Lease	Fixed Asset	Fujisawa, Kanagawa	JPY 1B-2B	2014/03	—	JPY 114M	JPY 273M	—	—
30	Retail	Fixed Asset	Shibuya-ku, Tokyo	<JPY 1B	2014/03	36 years	JPY 51M	JPY 108M	—	—
32	Retail	Fixed Asset	Fukuoka	JPY 1B-2B	2014/04	14 years	JPY 58M	JPY 279M	—	—
35	Retail	Fixed Asset	Minato-ku, Tokyo	JPY 2B-3B	2014/05	11 years	JPY 144M	JPY 434M	—	—
37	Retail	Fixed Asset	Minato-ku, Tokyo	<JPY 1B	2014/07	47 years	JPY 47M	JPY 77M	—	—
39	Retail	Fixed Asset	Fukuoka	<JPY 1B	2014/07	16 years	JPY 52M	JPY 213M	—	—
40	Retail	Fixed Asset	Fukuoka	<JPY 1B	2014/09	35 years	JPY 49M	JPY 252M	—	—
41	Hotel	Fixed Asset	Utsunomiya, Tochigi	JPY 1B-2B	2014/09	33 years	JPY 143M	JPY 400M	—	—
42	Retail	Fixed Asset	Fukuoka	<JPY 1B	2014/09	19 years	JPY 60M	JPY 177M	—	—
43	Retail	Fixed Asset	Osaka	JPY 1B-2B	2014/09	18 years	JPY 117M	JPY 301M	—	—
45	Retail	Fixed Asset	Fukuoka	JPY 1B-2B	2014/11	17 years	JPY 92M	JPY 135M	—	—
57	Residential	Fixed Asset	Minato-ku, Tokyo	JPY 1B-2B	2014/12	16 years	JPY 56M	JPY 186M	—	—
62	Retail	Fixed Asset	Fukuoka	<JPY 1B	2014/12	16 years	JPY 41M	JPY 212M	—	—
63	Retail	Fixed Asset	Meguro-ku, Tokyo	JPY 1B-2B	2014/12	13 years	JPY 85M	JPY 129M	—	—

<sup>1</sup> Expected NOI/ Year is based on the business plan of each asset and is the expected NOI after value-add is completed.

<sup>2</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>3</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 <sup>1</sup>	Ichigo Equity Investment	Forecast Equity Multiple <sup>2</sup>	Forecast IRR <sup>3</sup>
64	Retail	Fixed Asset	Shinagawa-ku, Tokyo	<JPY 1B	2015/01	–	JPY 26M	–	–	–
66	Retail	Fixed Asset	Sendai	<JPY 1B	2015/02	16 years	JPY 65M	JPY 8M	–	–
68	Retail	Fixed Asset	Shibuya-ku, Tokyo	<JPY 1B	2015/04	18 years	JPY 46M	JPY 79M	–	–
69	Hotel	Fixed Asset	Osaka	JPY 2B-3B	2015/05	17 years	JPY 170M	JPY 633M	–	–
71	Retail	Fixed Asset	Fujisawa, Kanagawa	JPY 1B-2B	2015/07	5 years	JPY 99M	JPY 126M	–	–
110	Hotel	Fixed Asset	Fukuoka	>JPY 3B	2016/03	34 years	JPY 273M	JPY 905M	–	–
111	Hotel	Fixed Asset	Yokohama	JPY 2B-3B	2016/03	36 years	JPY 207M	JPY 228M	–	–
112	Hotel	Fixed Asset	Yokohama	>JPY 3B	2016/03	32 years	JPY 239M	JPY 354M	–	–
113	Hotel	Fixed Asset	Yokohama	>JPY 3B	2016/03	32 years	JPY 288M	JPY 344M	–	–
114	Hotel	Fixed Asset	Fukuoka	>JPY 3B	2016/04	30 years	JPY 183M	JPY 550M	–	–
115	Hotel	Fixed Asset	Osaka	JPY 2B-3B	2016/04	13 years	JPY 130M	JPY 274M	–	–
116	Retail	Fixed Asset	Sendai	<JPY 1B	2016/04	31 years	JPY 63M	JPY 86M	–	–
118	Retail	Fixed Asset	Nagoya	JPY 1B-2B	2016/06	23 years	JPY 83M	JPY 102M	–	–
119	Retail	Fixed Asset	Shibuya-ku, Tokyo	<JPY 1B	2016/06	33 years	JPY 42M	JPY 136M	–	–
120	Hotel	Fixed Asset	Shinjuku-ku, Tokyo	>JPY 3B	2016/09	40 years	JPY 554M	JPY 349M	–	–

<sup>1</sup> Expected NOI/ Year is based on the business plan of each asset and is the expected NOI after value-add is completed.

<sup>2</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>3</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 <sup>1</sup>	Ichigo Equity Investment	Forecast Equity Multiple <sup>2</sup>	Forecast IRR <sup>3</sup>
121	Office	Fixed Asset	Minato-ku, Tokyo	>JPY 3B	2016/10	19 years	JPY 1,540M	JPY 3,450M	–	–
122	Hotel	Fixed Asset	Shima, Mie	<JPY 1B	2017/01	22 years	JPY 78M	JPY 73M	–	–
132	Residential	Fixed Asset	Minato-ku, Tokyo	<JPY 1B	2017/04	16 years	JPY 51M	JPY 190M	–	–
133	Hotel	Fixed Asset	Minato-ku, Tokyo	<JPY 1B	2017/04	18 years	JPY 46M	JPY 152M	–	–
134	Residential	Fixed Asset	Chuo-ku, Tokyo	JPY 1B-2B	2017/04	17 years	JPY 58M	JPY 197M	–	–
138	Hotel	Fixed Asset	Ogaki, Gifu	JPY 1B-2B	2017/05	30 years	JPY 116M	–	–	–
144	Office	Fixed Asset	Chiyoda-ku, Tokyo	JPY 1B-2B	2018/02	32 years	JPY 129M	JPY 268M	–	–
145	Hotel	Fixed Asset	Fukuoka	JPY 2B-3B	2018/03	2 years	JPY 194M	JPY 301M	–	–
146	Retail	Fixed Asset	Chuo-ku, Tokyo	JPY 1B-2B	2018/08	29 years	JPY 32M	–	–	–
147	Hotel	Fixed Asset	Kyoto	>JPY 3B	2018/08	1 year	JPY 327M	JPY 1,666M	–	–
148	Office (Land)	Fixed Asset	Chiyoda-ku, Tokyo	<JPY 1B	2018/08	–	JPY 54M	JPY 166M	–	–
149	Retail	Fixed Asset	Chiyoda-ku, Tokyo	>JPY 3B	2018/09	30 years	JPY 308M	JPY 2,269M	–	–
151	Office	Fixed Asset	Fukuoka	<JPY 1B	2018/10	21 years	JPY 33M	JPY 38M	–	–
152	Office	Fixed Asset	Fukuoka	JPY 2B-3B	2019/02	32 years	JPY 174M	JPY 382M	–	–
154	Residential	Fixed Asset	Kita Kyushu, Fukuoka	JPY 1B-2B	2019/03	6 years	JPY 83M	JPY 181M	–	–

<sup>1</sup> Expected NOI/ Year is based on the business plan of each asset and is the expected NOI after value-add is completed.

<sup>2</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>3</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 <sup>1</sup>	Ichigo Equity Investment	Forecast Equity Multiple <sup>2</sup>	Forecast IRR <sup>3</sup>
155	Office	Fixed Asset	Shinagawa-ku, Tokyo	JPY 2B-3B	2019/03	35 years	JPY 169M	JPY 616M	–	–
157	Office	Fixed Asset	Chiyoda-ku, Tokyo	<JPY 1B	2019/04	37 years	JPY 52M	–	–	–
158	Other	Fixed Asset	Chuo-ku, Tokyo	JPY 1B-2B	2019/05	–	JPY 12M	–	–	–
159	Retail	Fixed Asset	Shibuya-ku, Tokyo	JPY 2B-3B	2019/05	40 years	JPY 123M	JPY 210M	–	–
160	Office	Fixed Asset	Fukuoka	JPY 2B-3B	2019/06	22 years	JPY 129M	JPY 248M	–	–
161	Hotel	Fixed Asset	Fukuoka	>JPY 3B	2019/07	25 years	JPY 368M	JPY 1,636M	–	–
162	Hotel	Fixed Asset	Fukuoka	>JPY 3B	2019/07	21 years	JPY 353M	JPY 1,170M	–	–
164	Hotel	Fixed Asset	Chiyoda-ku, Tokyo	<JPY 1B	2020/03	11 years	JPY 57M	JPY 62M	–	–
165	Hotel	Fixed Asset	Sapporo	>JPY 3B	2020/03	1 year	JPY 338M	JPY 3,900M	–	–
<b>69 Fixed Assets</b>				<b>JPY 170,096M</b>			<b>JPY 10,400M</b>	<b>JPY 34,415M</b>	<b>–</b>	<b>–</b>
				<b>JPY 171,510M (Book Value)</b>						

<sup>1</sup> Expected NOI/ Year is based on the business plan of each asset and is the expected NOI after value-add is completed.

<sup>2</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>3</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 <sup>1</sup>	Ichigo Equity Investment	Forecast Equity Multiple <sup>2</sup>	Forecast IRR <sup>3</sup>
61	Retail	Operational Loan	Shinjuku-ku, Tokyo	JPY 1B-2B	2014/12	57 years	JPY 120M	JPY 57M	15.26X	51.7%
89	Office	Real Estate for Sale	Musashino, Tokyo	>JPY 3B	2015/07	31 years	JPY 131M	JPY 670M	1.72X	13.3%
92	Office	Real Estate for Sale	Fukuoka	JPY 1B-2B	2015/07	12 years	JPY 85M	JPY 353M	1.82X	17.7%
130	Retail	Real Estate for Sale	Taito-ku, Tokyo	JPY 1B-2B	2017/04	27 years	JPY 100M	JPY 297M	4.42X	21.1%
135	Logistics	Real Estate for Sale	Narashino, Chiba	JPY 1B-2B	2017/04	28 years	JPY 114M	JPY 188M	6.18X	25.8%
136	Logistics	Real Estate for Sale	Narashino, Chiba	JPY 1B-2B	2017/04	28 years	JPY 152M	JPY 203M	8.75X	32.8%
143	Retail	Real Estate for Sale	Fukuoka	JPY 1B-2B	2017/09	35 years	JPY 106M	JPY 223M	3.78X	19.9%
150	Retail	Real Estate for Sale	Chuo-ku, Tokyo	>JPY 3B	2018/10	32 years	JPY 359M	JPY 1,161M	6.17X	24.7%
153	Hotel	Real Estate for Sale	Fukuoka	<JPY 1B	2019/02	27 years	JPY 110M	–	–	–
156	Logistics	Real Estate for Sale	Fukuoka	JPY 2B-3B	2019/03	32 years	JPY 150M	JPY 651M	3.60X	30.0%
163	Retail	Real Estate for Sale	Nagoya	>JPY 3B	2019/08	22 years	JPY 479M	JPY 1,146M	3.47X	17.0%
166	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	<JPY 1B	2020/03	14 years	JPY 39M	JPY 863M	3.23X	13.5%
<b>12 Real Estate for Sale</b>				<b>JPY 31,665M</b>			<b>JPY 1,944M</b>	<b>JPY 5,811M</b>	<b>4.29X</b>	<b>25.4%</b>
				<b>JPY 31,779M (Book Value)</b>						
<b>Subtotal 81 Assets</b>				<b>JPY 201,762M</b>			<b>JPY 12,345M</b>	<b>JPY 40,227M</b>	<b>–</b>	<b>–</b>
				<b>JPY 203,290M (Book Value)</b>						

<sup>1</sup> Expected NOI/ Year is based on the business plan of each asset and is the expected NOI after value-add is completed.

<sup>2</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>3</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 Q4	Expected NOI/Year <sup>1</sup>	Ichigo Equity Investment	Forecast Equity Multiple	Forecast IRR
A	Ichigo Owners (Office & Residential)	41 Assets	JPY 26,022M	-JPY 10,612M	JPY 1,325M	JPY 8,240M	–	–
B	Centro (Primarily Office & Residential)	22 Assets	JPY 7,917M	+JPY 1,089M	JPY 588M	JPY 1,982M	–	–
C	Self-Storage	31 Assets	JPY 2,564M	+JPY 208M	JPY 307M	JPY 820M	–	–
		<b>Total 175 Assets</b>	<b>JPY 238,266M</b>		<b>JPY 14,567M</b>	<b>JPY 51,270M</b>	<b>–</b>	<b>–</b>
			<b>JPY 239,802M (Book Value)</b>					
<b>Assets acquired in FY21/2 Q1 (3M)</b>		<b>Total 13 Assets</b>	<b>JPY 9,693M</b>		<b>JPY 662M</b>	<b>JPY 4,825M</b>	<b>–</b>	<b>–</b>

<sup>1</sup> Expected NOI/ Year is based on the business plan of each asset and is the expected NOI after value-add is completed.

# Ichigo Solar Power Plant Portfolio, Total 187.8MW

## 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
Ichigo Minakami Aramaki	Kanto	12.02	JPY 36	Jan 2020
Ichigo Takashima Kutsuki	Kansai	3.74	JPY 32	Jan 2020
Ichigo Toki Tsurusatocho Kakino Higashi	Chubu	1.67	JPY 21	Feb 2020
Ichigo Hitachiomiya	Kanto	2.99	JPY 24	Mar 2020
Ichigo Hokota Aoyagi	Kanto	2.48	JPY 24	Apr 2020
Ichigo Kasaoka Osakaike	Chugoku	2.66	JPY 21	Apr 2020
<b>Total (Operating)</b>		<b>33 Plants</b>	<b>114.99MW</b>	

## Ichigo (In-Development)

Solar Power Plant	Area	Panel Output (MW)	FIT (Pre-tax)	Operation Start Date
Ichigo Minokamo Hachiyacho Kamihachiya	Chubu	1.29	JPY 18	Aug 2020
Ichigo Seto Jokojicho	Chubu	1.45	JPY 18	Aug 2020
(Wind) Ichigo Yonezawa Itaya	Tohoku	7.39	JPY 22	Dec 2020
Ichigo Toride Shimotakai Nishi	Kanto	2.85	JPY 18	Jan 2021
Ichigo Sera Shimotsuda	Chugoku	2.94	JPY 18	Aug 2021
Ichigo Obu Yoshidamachi	Chubu	0.98	JPY 18	Jan 2022
Ichigo Kobe Pompuike	Kansai	2.45	JPY 18	Jan 2022
Ichigo Miyakonojo Takazakicho Tsumagirishima	Kyushu	2.96	JPY 32	Feb 2022
Ichigo Kasaoka Idachiike	Chugoku	2.67	JPY 18	Mar 2022
Ichigo Ueda Yoshidaike	Chubu	1.01	JPY 18	Oct 2022
Ichigo Komagane Akaho Minami	Chubu	0.74	JPY 14	Jan 2023
Ichigo Komagane Akaho Kita	Chubu	0.39	JPY 14	Jan 2023
Ichigo Chiba Wakaba-ku Omiyacho Nishi	Kanto	0.74	JPY 14	Jan 2023
Ichigo Chiba Wakaba-ku Omiyacho Higashi	Kanto	0.74	JPY 14	Jan 2023
Ichigo Tatsunomachi Sawasoko	Chubu	0.74	JPY 14	Jan 2023
Ichigo Ebino Suenaga	Kyushu	13.99	JPY 40	Jan 2024
<b>Total (In-Development)</b>		<b>16 Plants</b>	<b>43.40MW</b>	
<b>Total (Operating &amp; In-Development)</b>		<b>49 Plants</b>	<b>158.39MW</b>	

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

## Ichigo (by Area)

Total 49 Plants 158.4MW

Area	Panel Output (MW)		FIT (Pre-tax) (JPY)	
	Operating	In-Development	Operating	In-Development
Hokkaido	4.43	–	40	–
Tohoku	4.62	7.39	36	22
Kanto	63.10	4.34	24 – 40	14, 18
Chubu	10.23	6.64	21 – 36	14, 18
Kansai	6.61	2.45	21, 32	18
Chugoku	21.07	5.6	21 – 40	18
Shikoku	2.52	–	40	–
Kyushu	2.38	16.95	36, 40	32, 40
<b>Total</b>	<b>114.99</b>	<b>43.40</b>		

## Ichigo Green (9282)

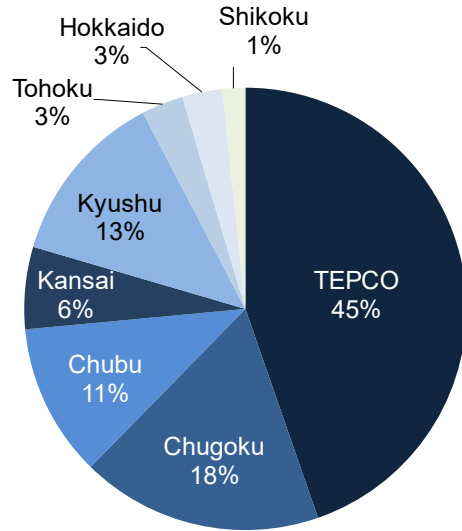
Total 15 Plants 29.4MW

Area	Panel Output (MW)	FIT (Pre-tax) (JPY)
Hokkaido	9.14	40
Kanto	1.33	40
Chubu	1.80	32
Chugoku	3.60	36, 40
Shikoku	3.67	36, 40
Kyushu	1.44	36
Okinawa	8.44	40
<b>Total</b>	<b>29.43</b>	

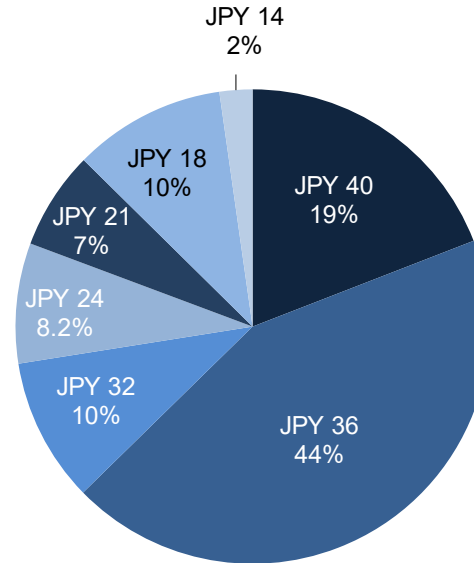
# Ichigo-Owned Solar Power Plant Details

Total Operating and In-Development  
Ichigo-Owned Solar Power Plants: 48 Plants (151.0MW)

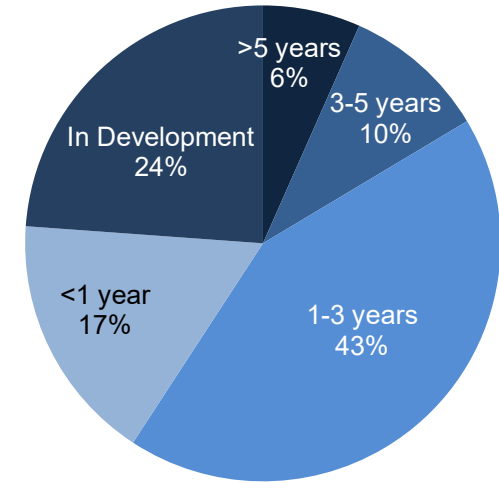
By Customer  
(Electric Power Utility Co)



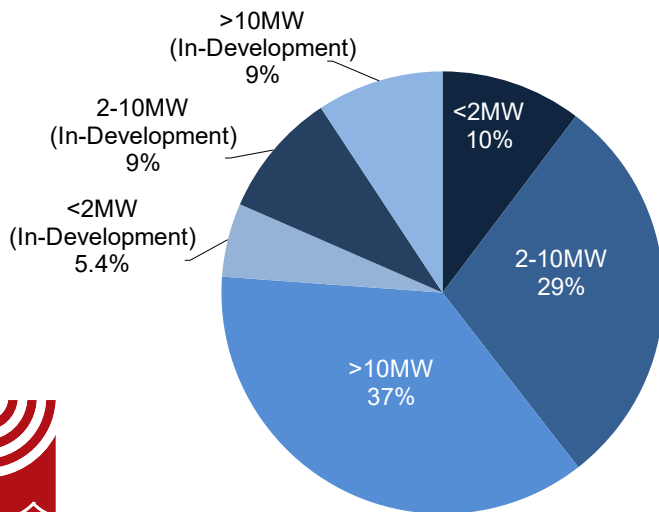
By Feed-In Tariff



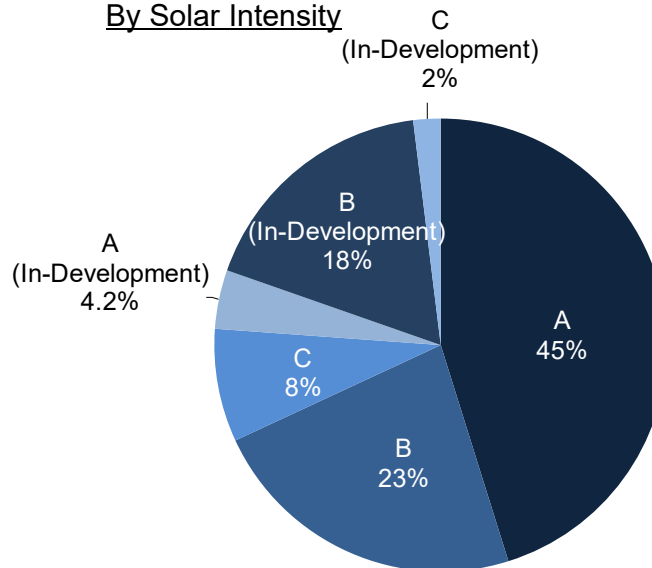
By Years in Operation



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
FY2020	JPY 13 <sup>3</sup>	20 years
	JPY 12 <sup>4</sup>	

### 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

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

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

<sup>3</sup> FIT for 0.01 to 0.05MW non-residential solar power production

FIT for >0.5MW non-residential solar power production determined via auction process

<sup>4</sup> FIT for 0.05 to 0.25MW non-residential solar power production

FIT for >0.5MW non-residential solar power production determined via auction process

Source: METI, Agency for Natural Resources and Energy

# Consolidated Balance Sheet: Assets

(JPY million)

	FY17/2	FY18/2	FY19/2	FY20/2	FY21/2 Q1	vs. FY20/2
<b>Assets</b>						
Current Assets						
Cash and cash equivalents	47,678	45,510	50,225	41,067	44,164	+3,097
Trade notes and accounts receivable	913	1,097	1,344	2,308	1,686	-622
Operational loan investments	1,324	1,324	1,324	1,324	1,324	-
Operational securities investments	1,433	2	1,218	902	597	-305
Real estate for sale	167,805	180,789	161,322	68,290	58,154	-10,136
Deferred tax assets	516	342	-	-	-	-
Other	3,125	2,643	2,156	3,721	4,324	+603
Less: allowance for doubtful accounts	-453	-28	-2	-6	-7	-1
<b>Total Current Assets</b>	<b>222,344</b>	<b>231,681</b>	<b>217,590</b>	<b>117,608</b>	<b>110,244</b>	<b>-7,364</b>
Fixed Assets						
Property, Plant, and Equipment						
Buildings and structures (net)	7,375	10,600	20,338	55,050	58,135	+3,085
Solar power plant equipment (net)	7,246	19,773	19,058	23,425	24,415	+990
Land	18,627	26,993	49,924	122,114	124,773	+2,659
Other (net)	12,402	1,190	5,655	5,607	6,843	+1,236
<b>Total Property, Plant, and Equipment</b>	<b>45,654</b>	<b>58,558</b>	<b>94,976</b>	<b>206,198</b>	<b>214,167</b>	<b>+7,969</b>
Intangible Assets						
Goodwill	1,864	1,600	1,346	1,090	1,062	-28
Leasehold rights	62	135	316	687	1,132	+445
Other	29	233	331	705	834	+129
<b>Total Intangible Assets</b>	<b>1,956</b>	<b>1,968</b>	<b>1,993</b>	<b>2,482</b>	<b>3,028</b>	<b>+546</b>
Investments and Other Assets						
Securities investments	1,426	2,184	2,455	4,321	4,518	+197
Long-term loans receivable	10	10	10	510	10	-500
Deferred tax assets	339	68	177	568	580	+12
Other	1,820	2,132	2,231	2,128	2,200	+72
Less: allowance for doubtful accounts	-92	-91	-91	-91	-91	-
<b>Total Investments and Other Assets</b>	<b>3,504</b>	<b>4,303</b>	<b>4,782</b>	<b>7,436</b>	<b>7,217</b>	<b>-219</b>
<b>Total Fixed Assets</b>	<b>51,115</b>	<b>64,831</b>	<b>101,752</b>	<b>216,118</b>	<b>224,414</b>	<b>+8,296</b>
<b>Total Assets</b>	<b>273,459</b>	<b>296,512</b>	<b>319,343</b>	<b>333,726</b>	<b>334,659</b>	<b>+933</b>



# Consolidated Balance Sheet: Liabilities & Net Assets

(JPY million)

	FY17/2	FY18/2	FY19/2	FY20/2	FY21/2 Q1	vs. FY20/2
<b>Liabilities</b>						
Current Liabilities						
Trade notes and accounts payable	110	-	-	-	-	-
Short-term loans	805	1,042	3,275	3,086	4,366	+1,280
Short-term non-recourse loans	611	-	-	-	-	-
Bonds (due within one year)	112	112	112	274	274	-
Long-term loans (due within one year)	5,209	4,449	7,881	12,277	12,734	+457
Long-term non-recourse loans (due within one year)	6,825	3,921	1,666	1,178	1,178	-
Income taxes payable	1,655	1,609	3,760	2,416	1,057	-1,359
Deferred tax liabilities	62	494	-	-	-	-
Accrued bonuses	36	34	31	33	205	+172
Other current liabilities	4,119	4,652	5,178	5,013	3,987	-1,026
<b>Total Current Liabilities</b>	<b>19,548</b>	<b>16,316</b>	<b>21,905</b>	<b>24,280</b>	<b>23,804</b>	<b>-476</b>
Long-Term Liabilities						
Bonds	632	520	538	6,082	6,111	+29
Non-recourse bonds	100	-	-	-	-	-
Long-term loans	91,604	112,366	131,569	151,483	154,683	+3,200
Long-term non-recourse loans	68,319	63,588	51,068	39,156	39,043	-113
Deferred tax liabilities	1,147	1,744	2,164	1,890	1,892	+2
Long-term security deposits received	8,038	8,492	8,292	8,118	8,049	-69
Other long-term liabilities	624	758	946	1,107	896	-211
<b>Total Long-Term Liabilities</b>	<b>170,467</b>	<b>187,470</b>	<b>194,579</b>	<b>207,838</b>	<b>210,677</b>	<b>+2,839</b>
<b>Total Liabilities</b>	<b>190,015</b>	<b>203,787</b>	<b>216,484</b>	<b>232,119</b>	<b>234,481</b>	<b>+2,362</b>
<b>Net Assets</b>						
Shareholders' Equity						
Capital	26,650	26,723	26,820	26,885	26,886	+1
Capital reserve	11,056	11,113	11,207	11,272	11,272	-
Retained earnings	42,840	54,324	66,730	71,505	70,297	-1,208
Treasury shares	-15	-2,995	-5,988	-8,988	-8,988	-
<b>Total Shareholders' Equity</b>	<b>80,532</b>	<b>89,165</b>	<b>98,769</b>	<b>100,674</b>	<b>99,468</b>	<b>-1,206</b>
Accumulated Other Comprehensive Income						
Valuation gains (losses) on other securities	117	543	386	158	-64	-222
Deferred gains (losses) on long-term interest rate	-365	-372	-408	-397	-406	-9
Foreign currency translation adjustment	55	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>	<b>-192</b>	<b>171</b>	<b>-21</b>	<b>-239</b>	<b>-470</b>	<b>-231</b>
Stock Options	491	666	827	988	996	+8
Minority Interests	2,612	2,722	3,283	184	183	-1
<b>Total Net Assets</b>	<b>83,443</b>	<b>92,725</b>	<b>102,859</b>	<b>101,607</b>	<b>100,177</b>	<b>-1,430</b>
<b>Total Liabilities and Net Assets</b>	<b>273,459</b>	<b>296,512</b>	<b>319,343</b>	<b>333,726</b>	<b>334,659</b>	<b>+933</b>

# Consolidated P&L

(JPY million)

	FY17/2 (12M)	FY18/2 (12M)	FY19/2 (12M)	FY20/2 (12M)	FY21/2 Q1 (3M)	FY20/2 Q1 (3M)	Change (YOY)	FY21/2 Full-Year Forecast (Revised)	vs. Forecast
<b>Revenue</b>	<b>109,253</b>	<b>57,846</b>	<b>83,540</b>	<b>87,360</b>	<b>22,730</b>	<b>26,290</b>	<b>-3,560</b>	-	-
Cost of Goods Sold	81,327	30,860	51,413	52,851	17,440	15,994	+1,446	-	-
<b>Gross Profit</b>	<b>27,925</b>	<b>26,986</b>	<b>32,126</b>	<b>34,509</b>	<b>5,289</b>	<b>10,295</b>	<b>-5,006</b>	-	-
SG&A	5,025	5,067	5,847	6,787	1,638	1,758	-120	-	-
<b>Operating Profit</b>	<b>22,900</b>	<b>21,919</b>	<b>26,279</b>	<b>27,721</b>	<b>3,650</b>	<b>8,537</b>	<b>-4,887</b>	<b>7,400 – 12,900</b>	<b>28.3% – 49.3%</b>
Non-Operating Income									
Interest income	-	3	3	8	3	1	+2	-	-
Dividend income	85	57	68	78	54	35	+19	-	-
Mark-to-market gains on long-term interest rate hedges	-	-	5	-	239	-	+239	-	-
Other	32	100	70	62	16	15	+1	-	-
Total Non-Operating Income	118	161	147	150	314	53	+261	-	-
Non-Operating Expenses									
Interest expenses	2,278	2,249	2,328	2,293	573	558	+15	-	-
Mark-to-market losses on long-term interest rate hedges	53	270	491	336	10	98	-88	-	-
Debt financing-related fees	714	207	327	538	7	236	-229	-	-
Other	217	168	203	307	69	89	-20	-	-
Total Non-Operating Expenses	3,263	2,895	3,350	3,476	660	982	-322	-	-
<b>Recurring Profit</b>	<b>19,755</b>	<b>19,185</b>	<b>23,076</b>	<b>24,395</b>	<b>3,303</b>	<b>7,607</b>	<b>-4,304</b>	<b>5,000 – 10,400</b>	<b>31.8% – 66.1%</b>
Extraordinary Gains									
Gains on sales of securities investments	2,466	-	2	11	-	11	-11	-	-
Gains on sales of shares in affiliates	-	1,221	-	-	-	-	-	-	-
Gains on sales of subsidiary shares	-	-	-	169	-	169	-169	-	-
Other	-	41	-	35	-	35	-35	-	-
Total Extraordinary Gains	2,466	1,263	2	215	-	215	-215	-	-
Extraordinary Losses									
Loss on disposal of fixed assets	-	11	-	27	-	27	-27	-	-
Valuation losses on securities investments	-	-	-	229	114	-	+114	-	-
Office move expenses	31	-	-	-	-	-	-	-	-
Impairment loss	1,090	327	-	319	-	-	-	-	-
Earthquake-related damages	244	-	-	-	-	-	-	-	-
Covid-19 writedown of real estate for sale	-	-	-	7,487	-	-	-	-	-
Other	224	-	-	-	-	-	-	-	-
Total Extraordinary Losses	1,590	339	-	8,065	115	27	+88	-	-
<b>Pre-Tax Net Income</b>	<b>20,630</b>	<b>20,109</b>	<b>23,079</b>	<b>16,545</b>	<b>3,188</b>	<b>7,796</b>	<b>-4,608</b>	-	-
Income Taxes	5,436	5,923	7,333	7,406	1,023	2,094	-1,071	-	-
Pre-Minority Interest Net Income	15,194	14,185	15,746	9,139	2,165	5,701	-3,536	-	-
Net Income Attributable to Minority Interests	299	167	373	938	1	932	-931	-	-
<b>Net Income</b>	<b>14,894</b>	<b>14,018</b>	<b>15,373</b>	<b>8,201</b>	<b>2,164</b>	<b>4,768</b>	<b>-2,604</b>	<b>3,500 – 8,000</b>	<b>27.1% – 61.8%</b>

# Consolidated Cash Flows from Operations

(JPY million)

	FY17/2 (12M)	FY18/2 (12M)	FY19/2 (12M)	FY20/2 (12M)	FY21/2 Q1 (3M)
<b>Cash Flows from Operations</b>					
Pre-tax net income	20,630	20,109	23,079	16,545	3,188
Depreciation	778	1,015	1,696	2,630	1,046
Share-based compensation expenses	223	215	213	194	8
Amortization of goodwill	141	111	254	174	27
Increase (decrease) in accrued bonuses	23	32	-3	2	172
Increase (decrease) in allowance for doubtful accounts	-3	-355	-26	4	-
Interest and dividend income	-85	-61	-71	-86	-58
Interest expense	1,303	2,249	2,328	2,293	573
Losses (gains) on sales of subsidiary shares	-	-	-	-169	-
Losses (gains) on sales of shares in affiliates	-	-1,221	-	-	-
Losses (gains) on sales of securities investments	-2,466	-	-2	-11	-
Impairment loss	1,090	327	-	319	-
Valuation losses on securities investments	-	-	-	229	114
Decrease (increase) in trading notes and receivables	-367	-468	-247	-903	622
Decrease (increase) in operational securities investments	2,727	1,663	3,509	11,682	305
Decrease (increase) in real estate for sale	-6,303	-8,112	-3,163	-17,447	10,114
Covid-19 writedown of real estate for sale	-	-	-	7,487	-
Decrease (increase) in power plant for sale	7,251	996	-	-	-
Valuation losses on SPC capital contributions	16	-	-	-	3
Decrease (increase) in advances paid	-190	871	-333	16	291
Decrease (increase) in accounts receivable	-193	-10	-399	29	-20
Increase (decrease) in accounts payable	204	573	-332	201	-1,079
Increase (decrease) in accrued expenses	92	-47	25	-36	97
Increase (decrease) in advances received	-49	30	269	-285	-
Increase (decrease) in security deposits received	-667	125	-264	-169	-67
Other	1,304	585	1,887	600	-631
<b>Sub-Total</b>	<b>25,460</b>	<b>18,628</b>	<b>28,420</b>	<b>23,304</b>	<b>14,710</b>
Interest and dividend income received	85	61	71	86	58
Interest expenses paid	-1,146	-2,231	-2,118	-2,068	-494
Income taxes paid and refunded	-2,852	-5,854	-4,610	-9,430	-2,155
<b>Net Cash from (Used for) Operations</b>	<b>21,547</b>	<b>10,603</b>	<b>21,762</b>	<b>11,892</b>	<b>12,118</b>

# Consolidated Cash Flows from Investments & Financing

(JPY million)

	FY17/2 (12M)	FY18/2 (12M)	FY19/2 (12M)	FY20/2 (12M)	FY21/2 Q1 (3M)
<b>Cash Flows from Investments</b>					
Payments into time deposits	-6,100	-6	-118	-113	-2
Proceeds from withdrawal from time deposits	201	-	1,060	5,033	-
Payments for securities investments	-300	-140	-539	-2,361	-46
Proceeds from sales of securities investments	6,136	-	32	111	-
Proceeds from redemptions of securities investments	-	-	-	-	-
Acquisitions of property, plant, and equipment	-11,719	-4,796	-15,440	-11,244	-9,612
Acquisitions of intangible assets	-1	-83	-425	-562	-611
Payments of SPC capital contributions	-63	-28	-6	-2	-3
Redemptions of SPC capital contributions	-	-	32	-	15
Payments of security deposits	-5	-36	-16	-34	-
Acquisitions of subsidiary shares resulting in change of consolidation scope	-93	-2,619	-	-	-
Sales of subsidiary shares resulting in change of consolidation scope	-	2,096	-	-	-
Acquisitions of consolidated subsidiary	-	-	-	-187	-
Other	11	-32	-181	-902	-379
<b>Net Cash from (Used for ) Investments</b>	<b>-11,933</b>	<b>-5,645</b>	<b>-15,602</b>	<b>-10,263</b>	<b>-10,640</b>
<b>Cash Flows from Financing</b>					
Net increase (decrease) in short-term loans	-1,383	-306	2,232	426	1,280
Net increase (decrease) in short-term non-recourse loans	532	-611	-	-	-
Proceeds from bond issuance	785	-	129	5,828	70
Repayment of maturing bond principal to bondholders	-56	-112	-112	-193	-40
Redemption of non-recourse bonds	-	-100	-	-	-
Proceeds from long-term loans	55,674	32,660	43,062	49,957	13,515
Repayment of long-term loans	-61,221	-13,402	-20,352	-26,475	-9,858
Proceeds from long-term non-recourse loans	30,850	3,518	3,500	5,300	-
Repayment of long-term non-recourse loans	-15,400	-22,366	-18,473	-17,701	-112
Proceeds from employee exercise of stock options	137	110	143	95	1
Share buyback	-	-2,999	-2,999	-2,999	-
Proceeds from minority interests	-	-	90	-	-
Payments to minority interests	-2,000	-	-	-1,276	-
Sales of subsidiary shares resulting in no change of consolidation scope	-	-	100	-	-
Dividends paid to minority interests	-39	-	-	-8	-1
Dividends paid	-1,501	-2,513	-2,972	-3,416	-3,235
<b>Net Cash from (Used for ) Financing</b>	<b>6,377</b>	<b>-6,124</b>	<b>4,346</b>	<b>9,537</b>	<b>1,617</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

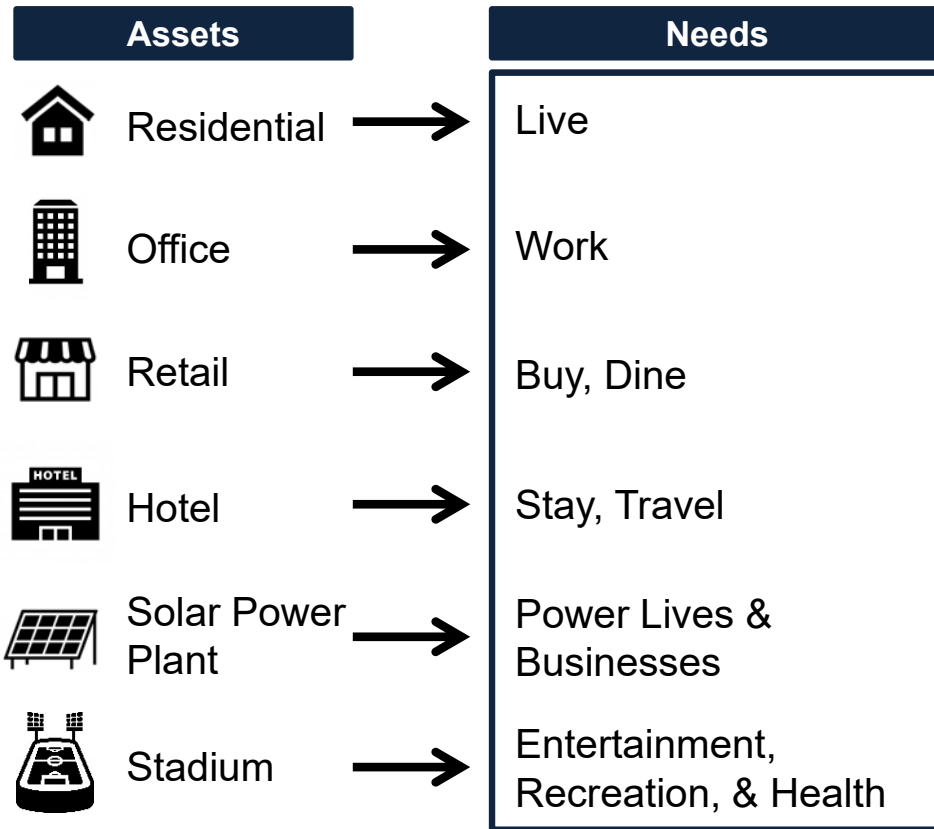
Ichigo has a direct and critically important role in preserving and improving the social infrastructure that supports the quality of people's lives.

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

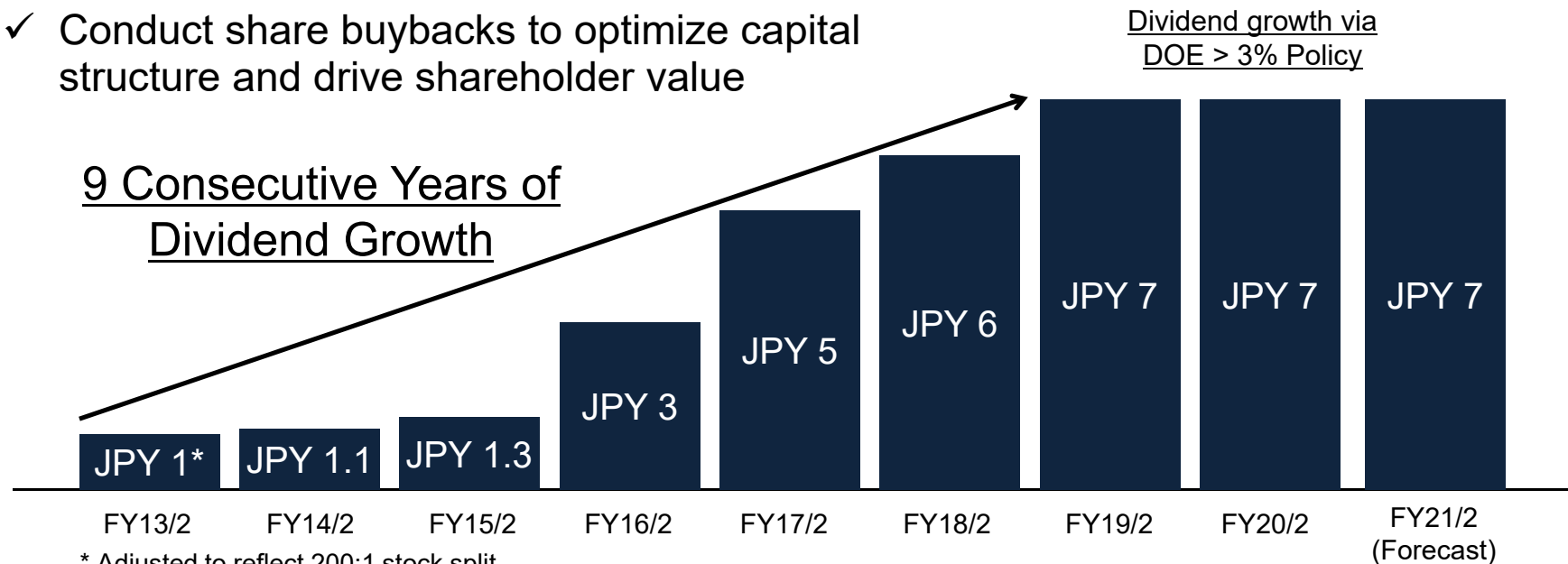


# Shareholder Return Policy

## 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

### 9 Consecutive Years of Dividend Growth



# 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



# Hotel Operator: Hakata Hotels

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

- Started operations at 3 hotels on June 1, 2019 and will expand to 11 hotels in Sep 13, 2020

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

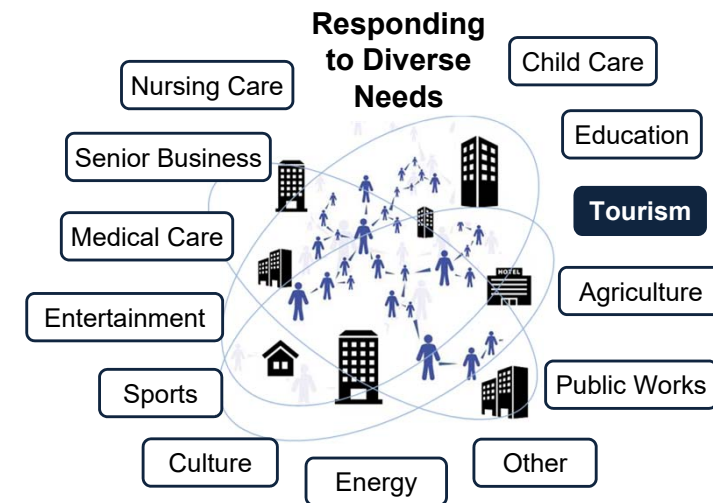
- Increasing employee productivity via IT systems to automate administrative tasks so employees can focus on hospitality & service
- Sales of Propera to non-Ichigo hotel operators expected to drive Ichigo non-asset revenue stream



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

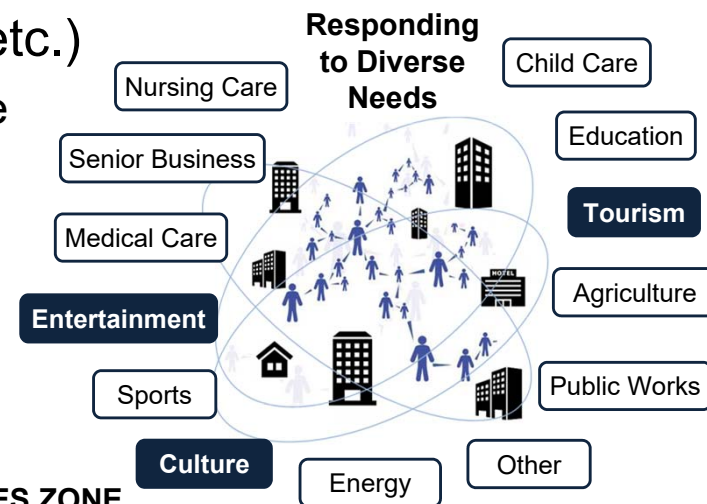
New Earnings via Anime Content Streaming & Sales of DVDs, CDs, and Goods

Promote Ichigo's AKIBA CULTURES ZONE (ACZ) as 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



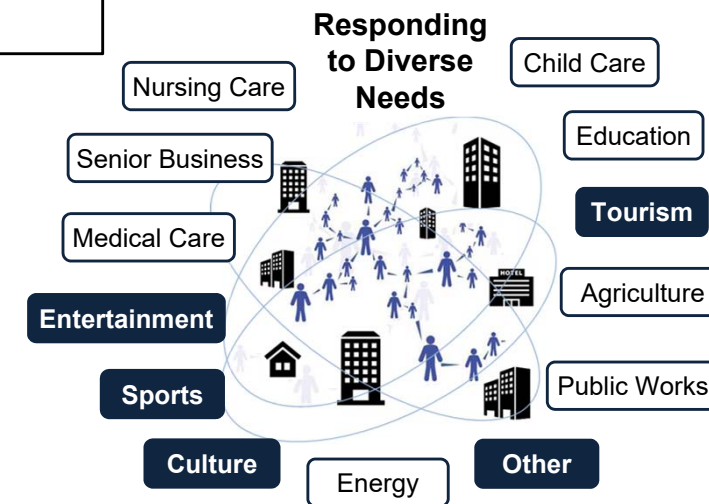
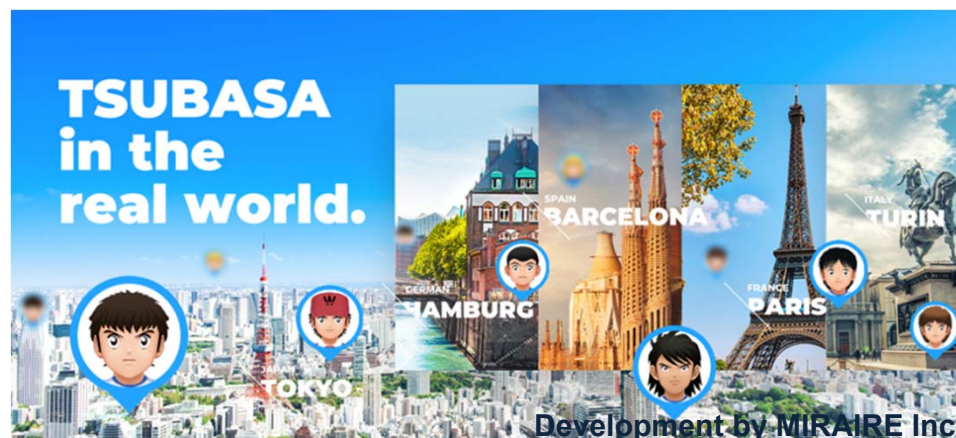
# Real-World Augmented Reality (AR) Game TSUBASA+

## 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 fall 2020, starting in Japan and Europe
<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.



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**Make The World  
More Sustainable**

Contact:  
**Ichigo (TSE First Section 2337)**  
Investor Relations

TEL: +81-3-3502-4818  
E-mail: [ir@ichigo.gr.jp](mailto:ir@ichigo.gr.jp)  
[www.ichigo.gr.jp/en](http://www.ichigo.gr.jp/en)



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.