



 **JPX-NIKKEI 400**



# FY22/2 H1 Corporate Presentation

October 14, 2021

## Ichigo (2337)



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We would like to express our deepest condolences to all those affected by the Covid pandemic globally, and our wishes for the earliest and fullest possible recovery.

Take care, be safe.



**Make The World  
More Sustainable**



# World-Class Excellence

Ichigo's  
Hiromi Miyake



# Ichigo

# Ichigo is a J.League Top Partner



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# Contents

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## FY22/2 H1 Earnings

- FY22/2 H1 Summary
- Operating Profit -22.2%, Net Income -37.7%, Cash EPS -1.6% (YOY)
- Segment Earnings Details
- Covid Impacts

## Powerful Value-Add Business Model Underpins Growth

- Business Model (1) Stock + Flow Earnings
- Business Model (2) Embedded Forward Earnings
- Business Model (3) Value-Add Drives Durable Value Growth
- Business Model (4) Robust Cash Generation
- Strong Financial Base

## Sustainable Growth as a Sustainable Infrastructure Company

- Sustainable Real Estate: Selective on Acquisitions & Sales
- Ichigo Owners: Strong Foundation for Growth
- Sustainable Real Estate: Value-Add Robust to Changes in Market Environment
- Asset Management: Growth Support for Ichigo REITs & Ichigo Green
- Clean Energy: Scaling Rapidly
- Tradepia Odaiba S-Rank Highest CASBEE Certification
- Continuous JPX-Nikkei 400 Index Inclusion
- Share Buybacks
- Ichigo J.League Shareholder Program

## Appendices

Ichigo's Sustainability Commitment (ESG)

Financial & Real Estate Data

Ichigo 2030: Ichigo as a Sustainable Infrastructure Company

Ichigo 2030: New Initiatives

# FY22/2 H1 Earnings

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# FY22/2 H1 Summary

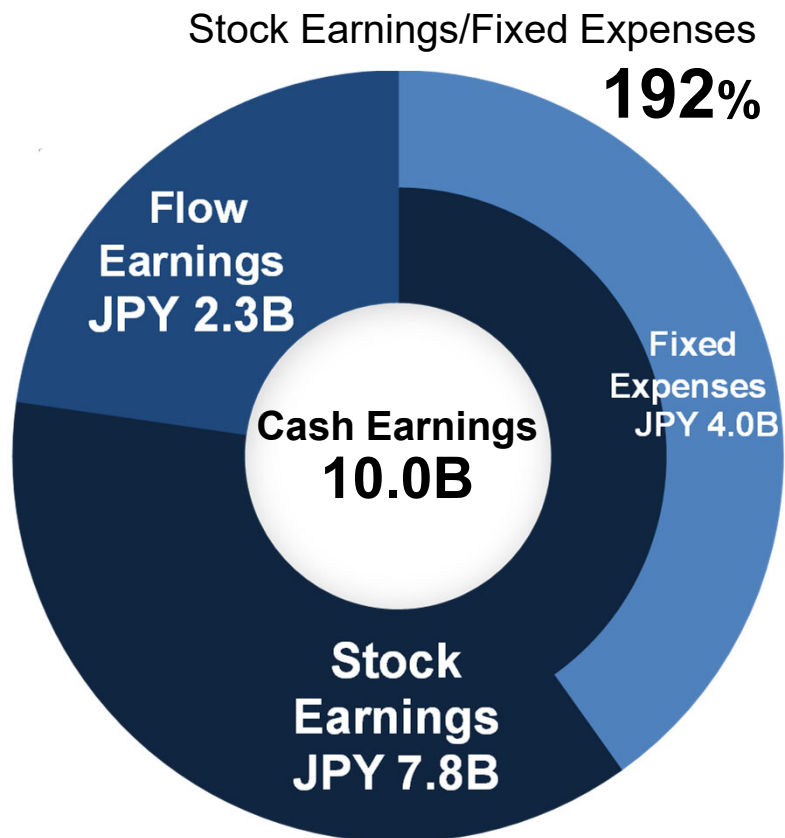
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- Slow Hotel Earnings Recovery due to Prolonged Covid Effects
- Minimal Covid Impact on Mid-Size Offices
- Clean Energy Growth – Stock Earnings +14% YOY
- JPX-Nikkei 400 Index Inclusion for 6<sup>th</sup> Year in a Row
- Qualified for TSE Prime Market (Listing Date: April 4, 2022)



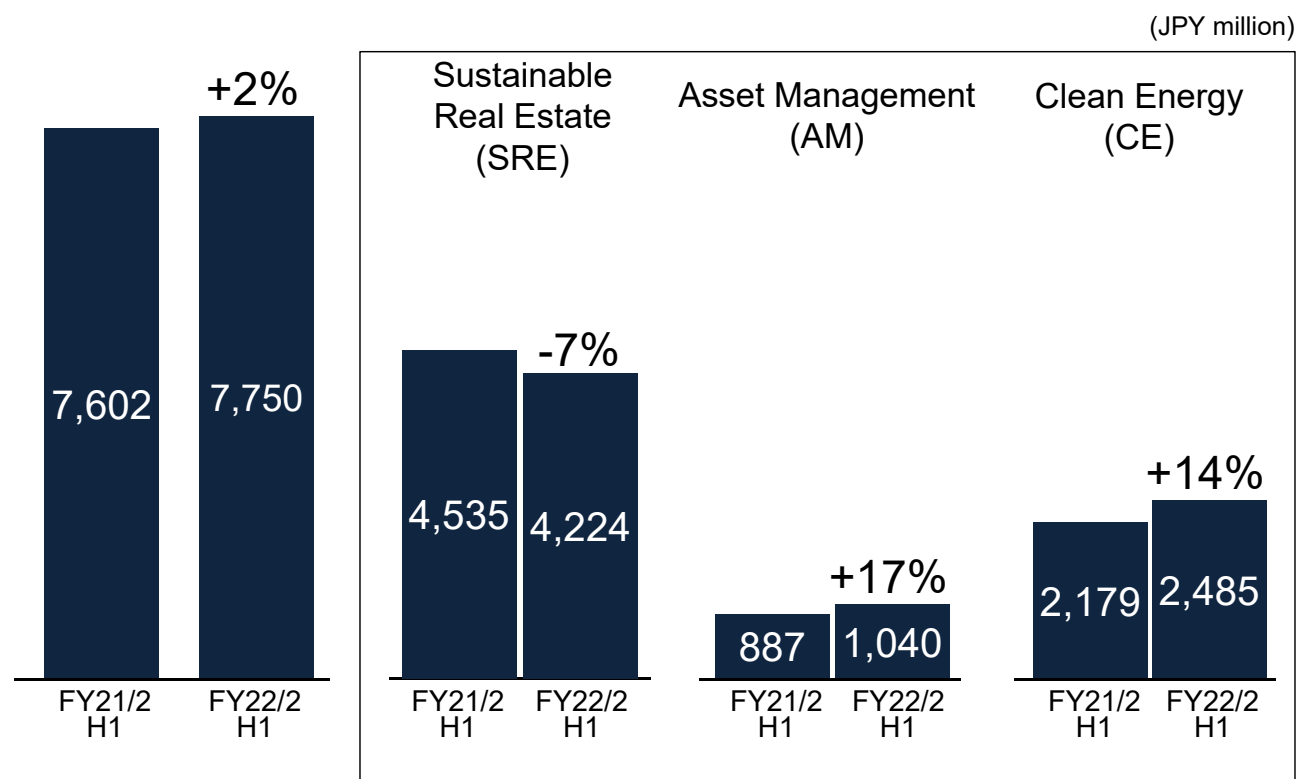
# FY22/2 H1 Summary

## Durable Earnings Model



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

## Robust Stock Earnings



# OP -22.2%, Net Income -37.7%, Cash EPS -1.6% (YOY)

- Stock Earnings +1.9%, Flow Earnings -28.4% YOY
- Systematic Focus on Cash Generation = Cash Earnings Significantly Exceed Accounting Earnings

(JPY million)

	FY21/2 H1	FY22/2 H1	YOY	Full-Year Forecast
Operating Profit	5,452	4,243	-22.2%	9,100 – 12,000
Recurring Profit	4,252	2,666	-37.3%	6,000 – 8,900
Net Income	2,778	1,731	-37.7%	5,000 – 8,000
Cash Net Income	5,008	4,803	-4.1%	11,400 – 14,400
EPS	JPY 5.77	JPY 3.69	-36.1%	JPY 10.69 – JPY 17.10
Cash EPS	JPY 10.40	JPY 10.23	-1.6%	JPY 22.37 – JPY 30.78

Cash Net Income = Net Income + Non-Cash Expenses (e.g., Depreciation, Goodwill Amortization)

Cash EPS = Cash Net Income / Average Number of Shares Outstanding in FY22/2 H1

# Segment Earnings Details

- Asset Management: Increase in Ichigo Office (8975) Base AM fees
- Sustainable Real Estate  
Stock Earnings: Lower on Increased Depreciation Expenses  
Flow Earnings: Lower on Shift in Timing of Asset Sales to H2
- Clean Energy: Continued Growth – First Wind Power Plant Contributing

(JPY million)

Segment	Operating Profit				Gross Profit			Earnings Drivers (Parentheses show YOY change in Gross Profit)
	FY21/2 H1	FY22/2 H1	YOY	Full-Year Forecast	FY21/2 H1	FY22/2 H1	YOY	
Asset Management (AM)	606	771	+27.1%	1,300	948	1,040	+9.8%	Base AM Fees 994 (+153) Acquisition/Disposition Fees 0 (-22) Ichigo Office Cash Flow Performance Fees 0 (-37) Ichigo Green Operator Fees 21 (-1)
Sustainable Real Estate (SRE)	3,729	2,074	-44.4%	5,700 – 8,600	6,256	4,663	-25.5%	Rental Income 2,384* (-748) * Net of Depreciation Expense 1,839 (+436) Gains on Sales 2,278 (-845)
Clean Energy (CE)	1,171	1,394	+19.0%	2,100	1,479	1,664	+12.5%	Power Generation Revenue 1,664* (+185) * Net of Depreciation Expense 820 (+121)
Adjustments (including offsets of cross-segment transactions)	-55	3	-	-	-	-	-	
<b>Total</b>	<b>5,452</b>	<b>4,243</b>	<b>-22.2%</b>	<b>9,100 – 12,000</b>	<b>8,683</b>	<b>7,368</b>	<b>-15.1%</b>	

# Covid Impacts

## Stock Earnings

Asset Type	Earnings Impact		
	Q1	Q2	
Office	Low	Low	Mid-size office demand continues to be strong
Hotel	High	High	Flat hotel demand due to state of emergency, expected recovery on vaccine rollout. Upfront costs on accelerating Hakata Hotels' growth with new operator contracts
Retail	Low	Low	Limited earnings impact overall. Restaurants are worst performer & continue to be hard hit
Residential	None	None	Robust performance
Clean Energy	None	None	No impact, growth on track, stable earnings driver

## Flow Earnings

Asset Type	Earnings Impact		
	Q1	Q2	
Office	High	Low	High investment demand, transactions recovering to pre-Covid level
Retail	High	Medium	High investment demand, closing the gap in price expectations between buyers and sellers
Hotel	High	High	Stalled investment demand on Covid infection rebound
Residential	None	None	High earnings stability driving high transaction activity
Logistics	None	None	High earnings stability driving high transaction activity

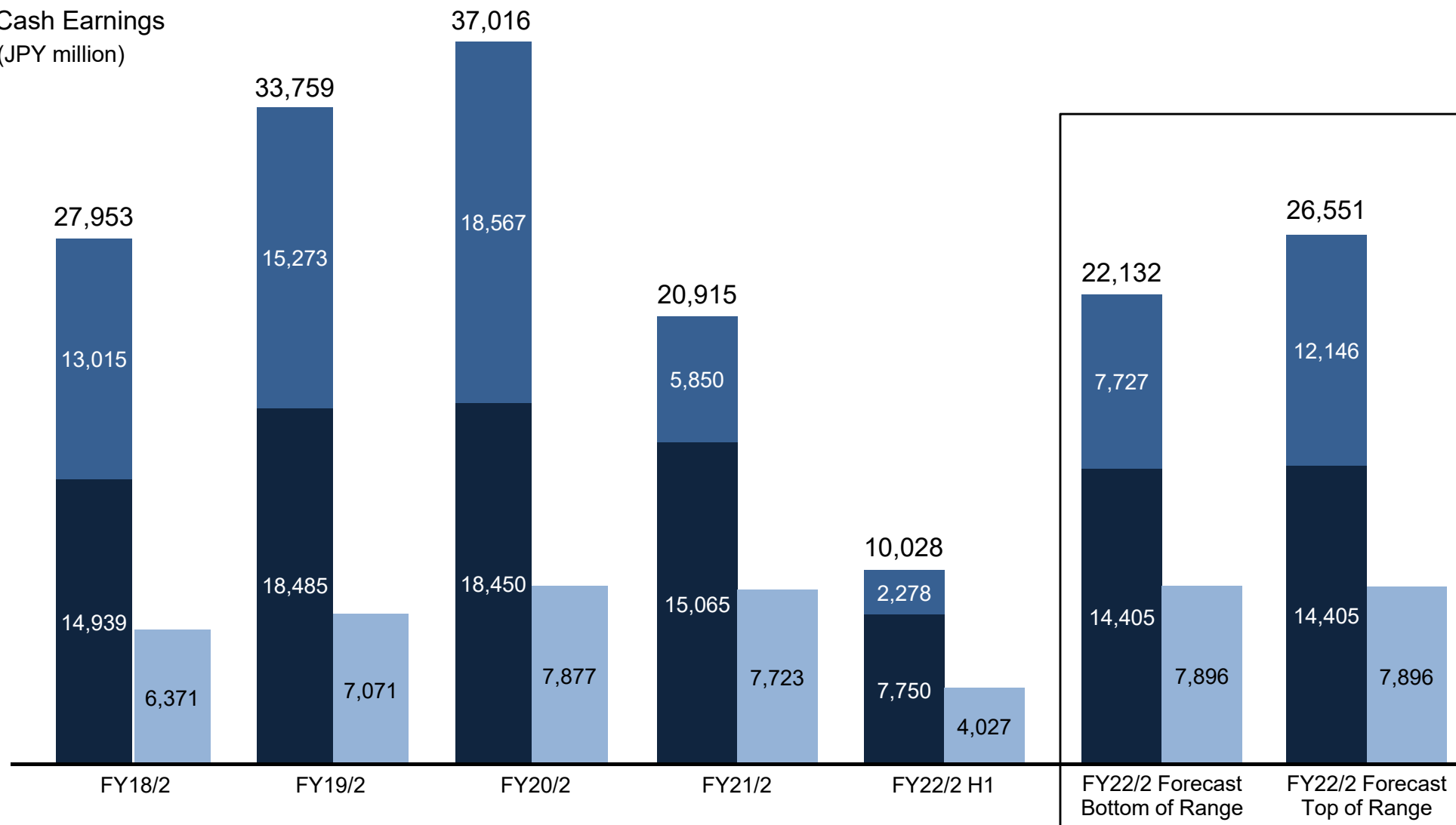
# Powerful Value-Add Business Model Underpins Growth

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# Business Model (1) Stock + Flow Earnings

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

Cash Earnings  
(JPY million)

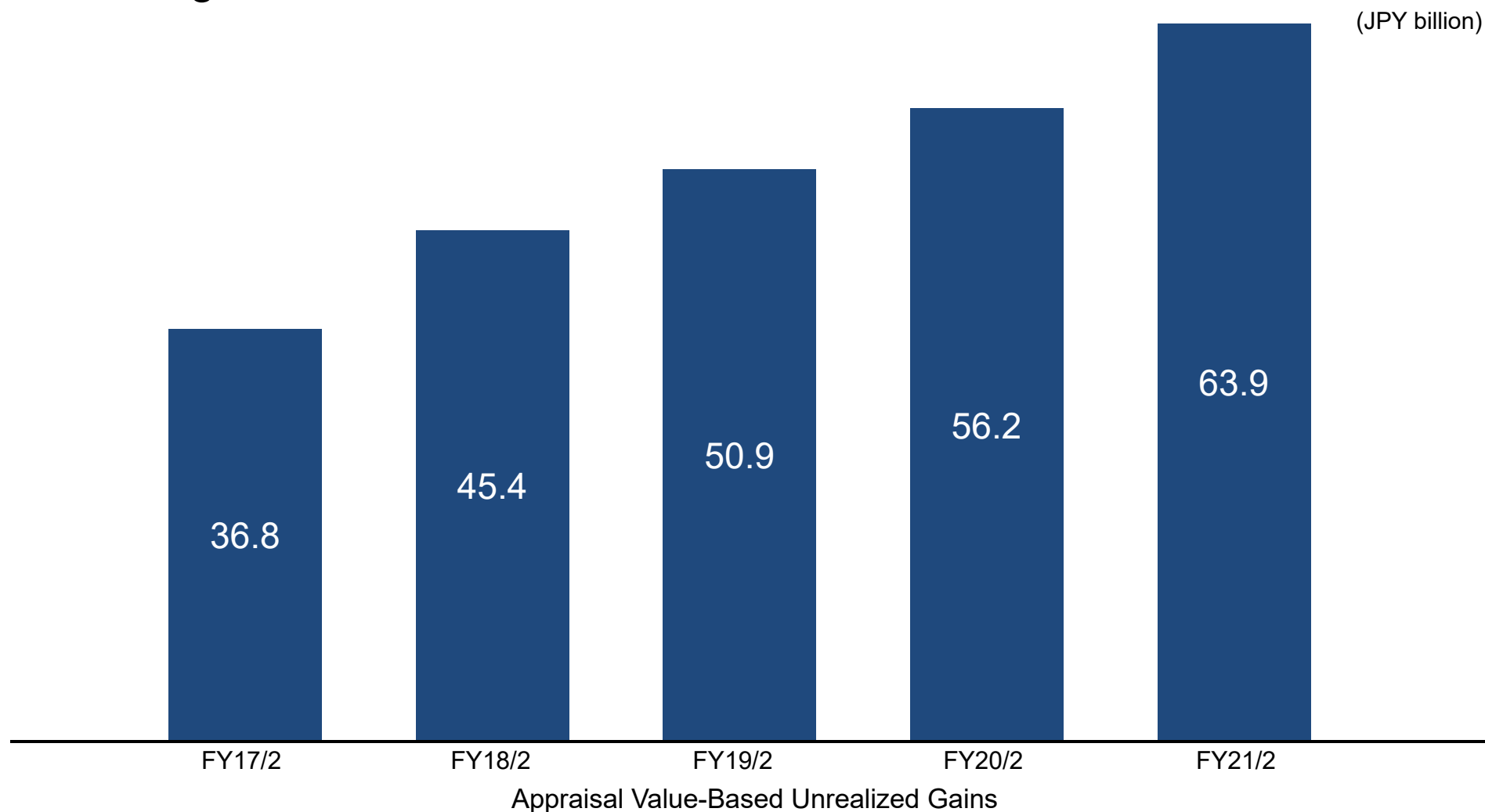


Note: Cash Earnings = Gross Profit + Fixed Asset Gains on Sales + Depreciation Expenses (Non-Cash)

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# Business Model (2) Embedded Forward Earnings

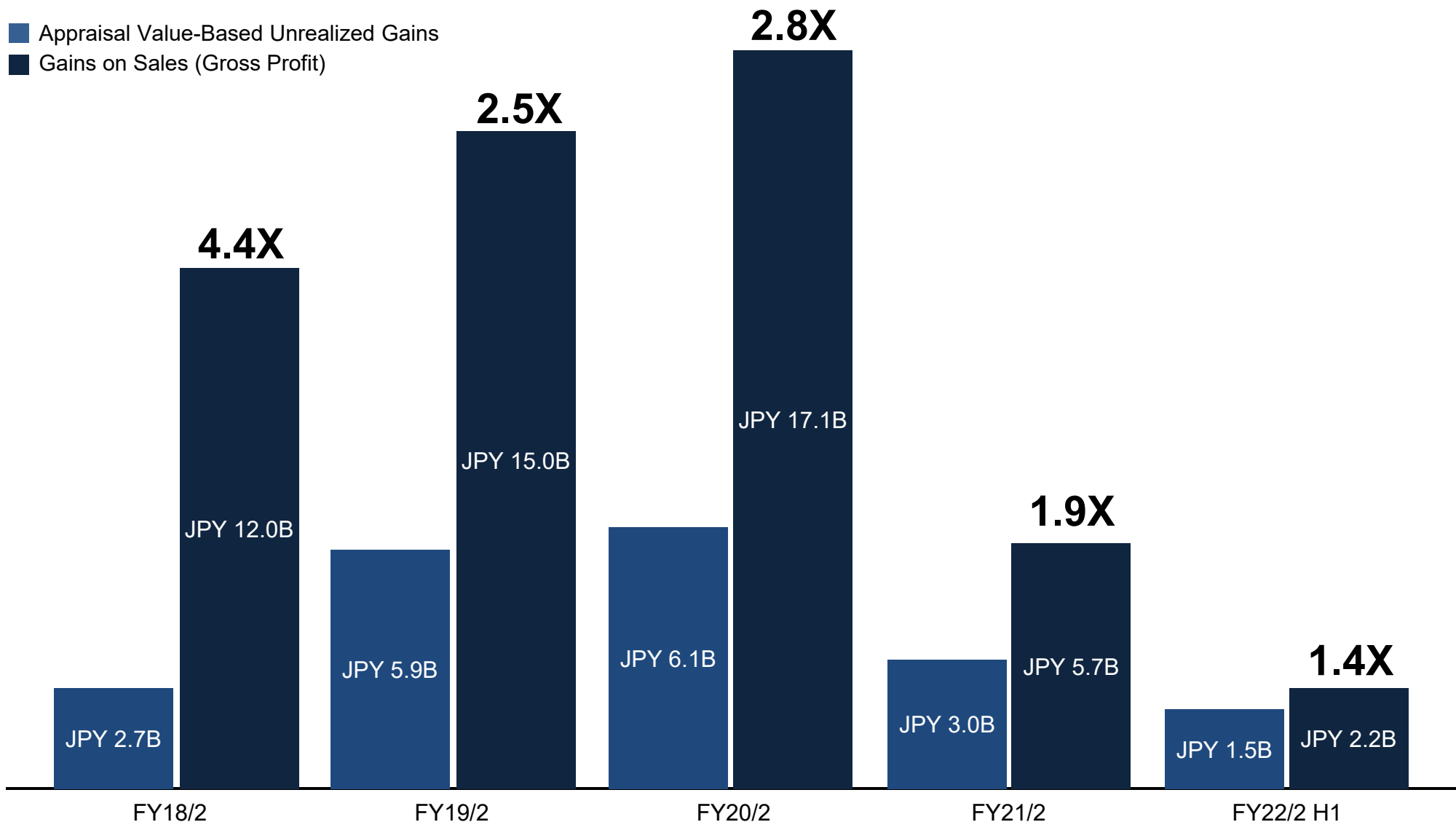
Full Economic Earnings From Value-Add Exceed Accounting Earnings  
Value-Add Thus Generates Significant Unrealized Gains That Are  
an Earnings Bank for Future Periods





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

Gains on Sales Consistently Exceed Appraisal Value-Based Unrealized Gains



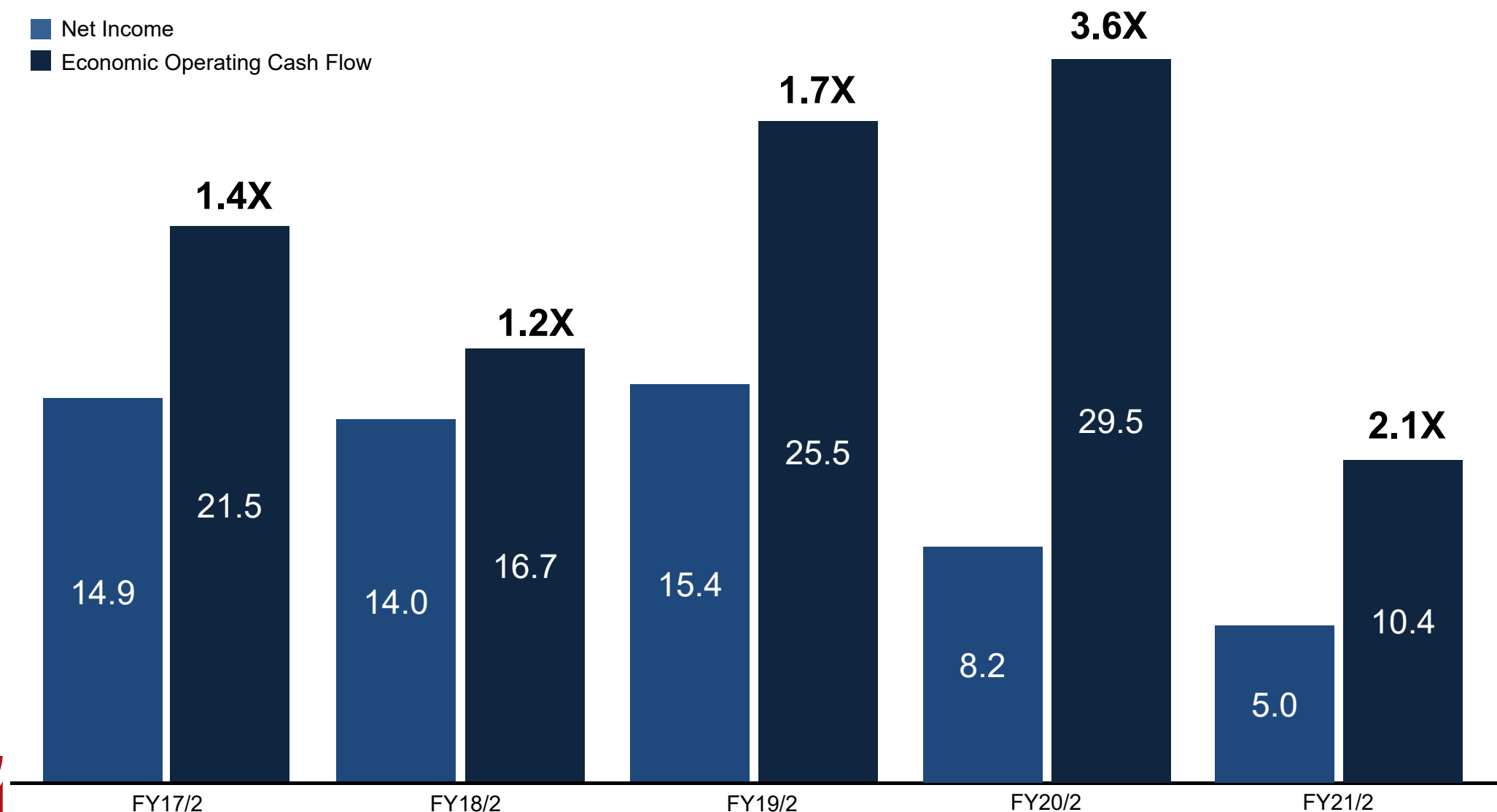
# Business Model (4) Robust Cash Generation

## Economic Operating Cash Flow Exceeds Net Income

(JPY billion)

■ Net Income

■ Economic Operating Cash Flow

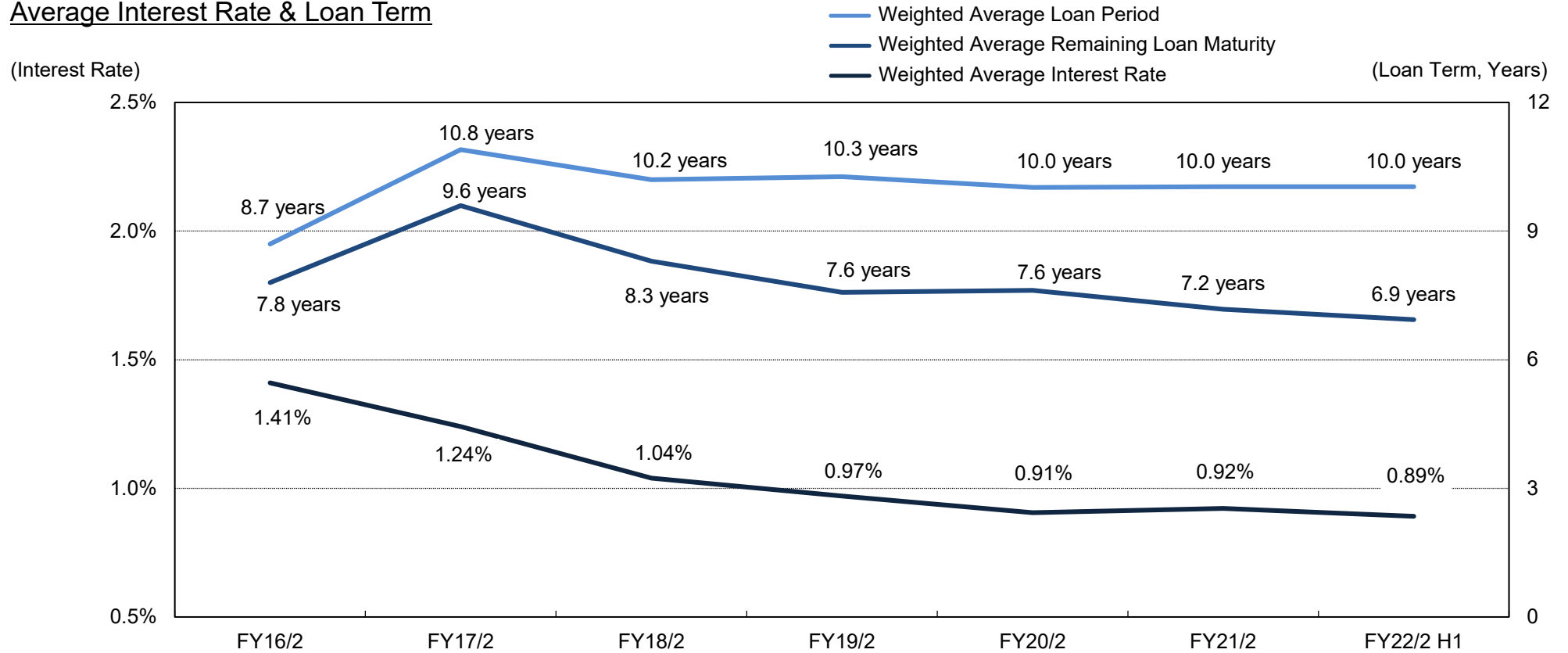


Note: Economic Operating Cash Flow = Cash Flows from Operations excluding net change in Real Estate and Power Plants for Sale

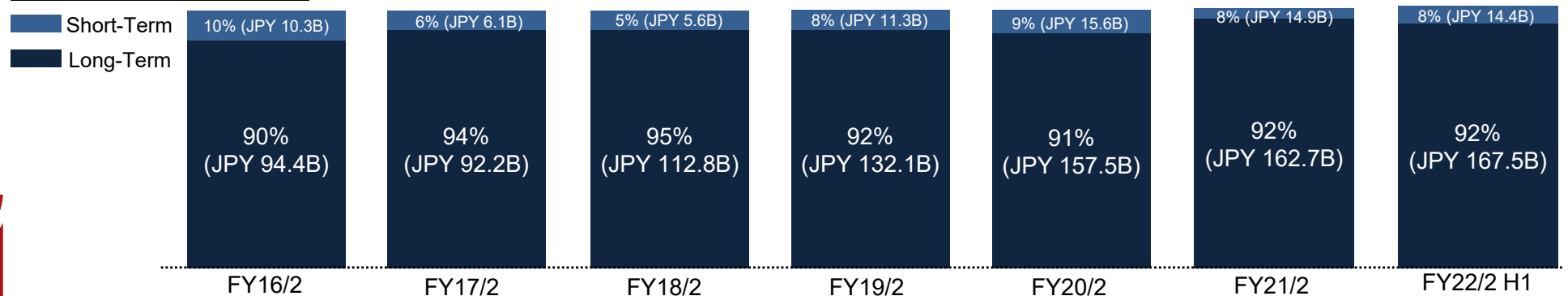
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# Strong Financial Base

## Average Interest Rate & Loan Term



## Term Structure of Loans



# Sustainable Growth as a Sustainable Infrastructure Company

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# Selective on Acquisitions & Sales

H1 Acquisitions: JPY 12.9B

- Ichigo Owners Acquisitions: 13 Residential Assets (JPY 12.5B, 97% of total)

H1 Sales: JPY 11.4B

- In addition, JPY 17.7B Sale (16 Residential Assets to Domestic Buyer) to close in Q3

H1 Net Acquisitions: JPY 1.4B

(JPY million)

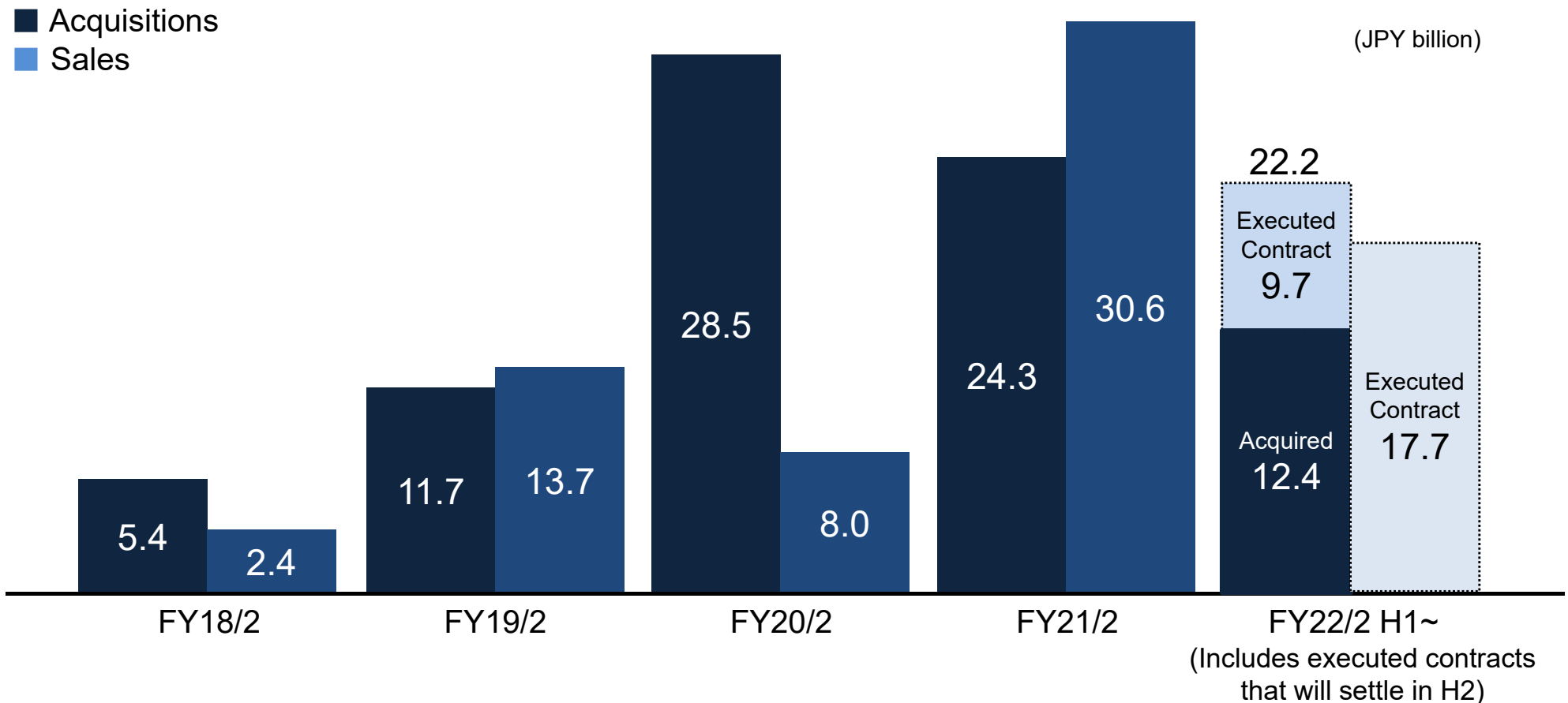
	Acquisitions		Sales		Difference (A) - (B)
	No. Of Assets	Book Value (A)	No. Of Assets	Sale Price (B)	
Residential	14	12,546	25	5,341	+7,205
Logistics	–	–	2	6,011	-6,011
Other	3	311	2	56	+255
Office/Hotel/Retail	–	–	–	–	–
<b>Total</b>	<b>17</b>	<b>12,857</b>	<b>29</b>	<b>11,408</b>	<b>+1,449</b>

Note: Book Value of Sales: JPY 9.0B

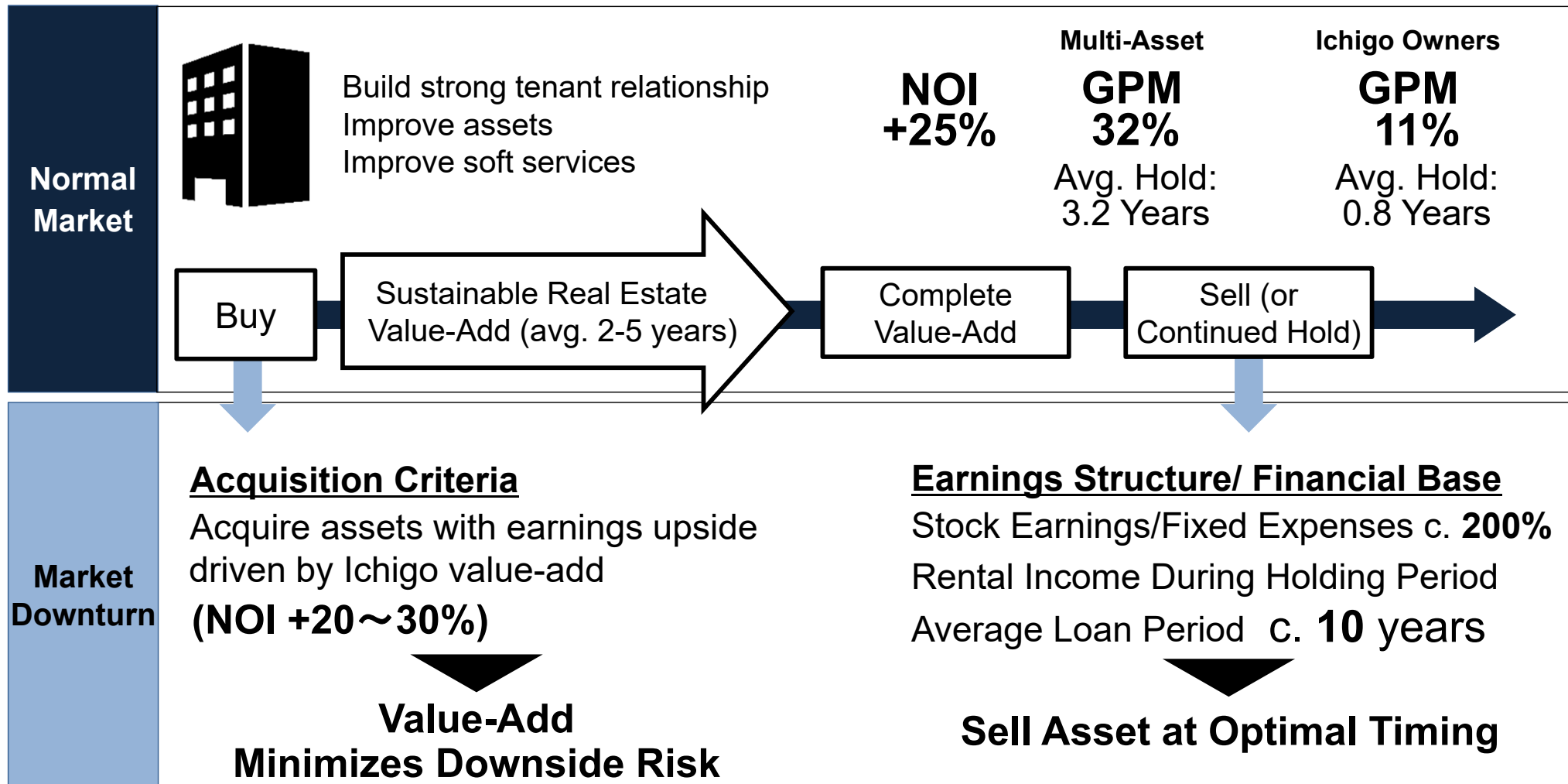
# Ichigo Owners: Driving Stable Long-Term Earnings

- 16 Asset Bulk Residential Sale = Q3 Sales Forecast: JPY 17.7B
- On Track to Meet JPY 30B FY22/2 Acquisition Target
  - ✓ H1 Progress Towards Target: 72% (Including Executed Contracts)

## Ichigo Owners Residential Acquisitions & Sales Since Launch



# Value-Add Robust to Changes in Market Environment



Note: NOI = FY18~FY20 Actual Office, Retail, Hotel NOI at acquisition vs. NOI at sale


Multi-Asset = FY18~FY20 Actual Office, Retail, Hotel (weighted average)

Ichigo Owners = FY18~FY21 Actual Residential (weighted average)



# Growth Support for Ichigo REITs & Ichigo Green

**Office**





## Ichigo Office (8975)

Portfolio  
86 Assets JPY 206.1B

Dividend Yield (as of 2021/10/11)  
4.8%


- Entered FTSE Global REIT Index, a key benchmark for global investors
- Ichigo Office & Ichigo Hotel only J-REITs to implement no fixed fee, performance fee-only structure
- Transition to renewable energy across assets by April 2022 (excluding 15 partially-owned and co-owned assets)

Ichigo Growth Support

Providing comprehensive coverage to Ichigo Office assets via Ichigo's disaster response system

**Hotel**


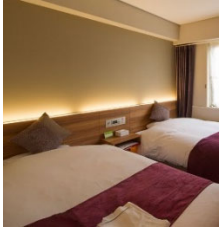


## Ichigo Hotel (3463)

Portfolio  
23 Hotels JPY 51.9B

Dividend Yield (as of 2021/10/11)  
1.5%


- Geographically diversified portfolio focused on lodging-focused hotels
- Ichigo Office & Ichigo Hotel only J-REITs to implement no fixed fee, performance fee-only structure
- Driving earnings & value growth via value-add, strategic asset acquisitions & sales, & share buybacks

Ichigo Growth Support

Provided subordinated debt (JPY 500M) to support IHR's financial base & reduce operator risk by bringing in Hakata Hotels

**Green Infrastructure**





## Ichigo Green (9282)

Portfolio  
15 Solar Power Plants JPY 11.4B


Dividend Yield (as of 2021/10/11)  
6.0%

- Solar power producer 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



**Ichigo-Wide Initiatives**

UN Global Compact RE100  
ESG & Value-Add

Includes Ichigo Office, Ichigo Hotel, & Ichigo Green  
Group-wide RE100 targets & strengthened environmental initiatives  
Accelerating ESG & sustainable value-add initiatives

# Scaling Rapidly

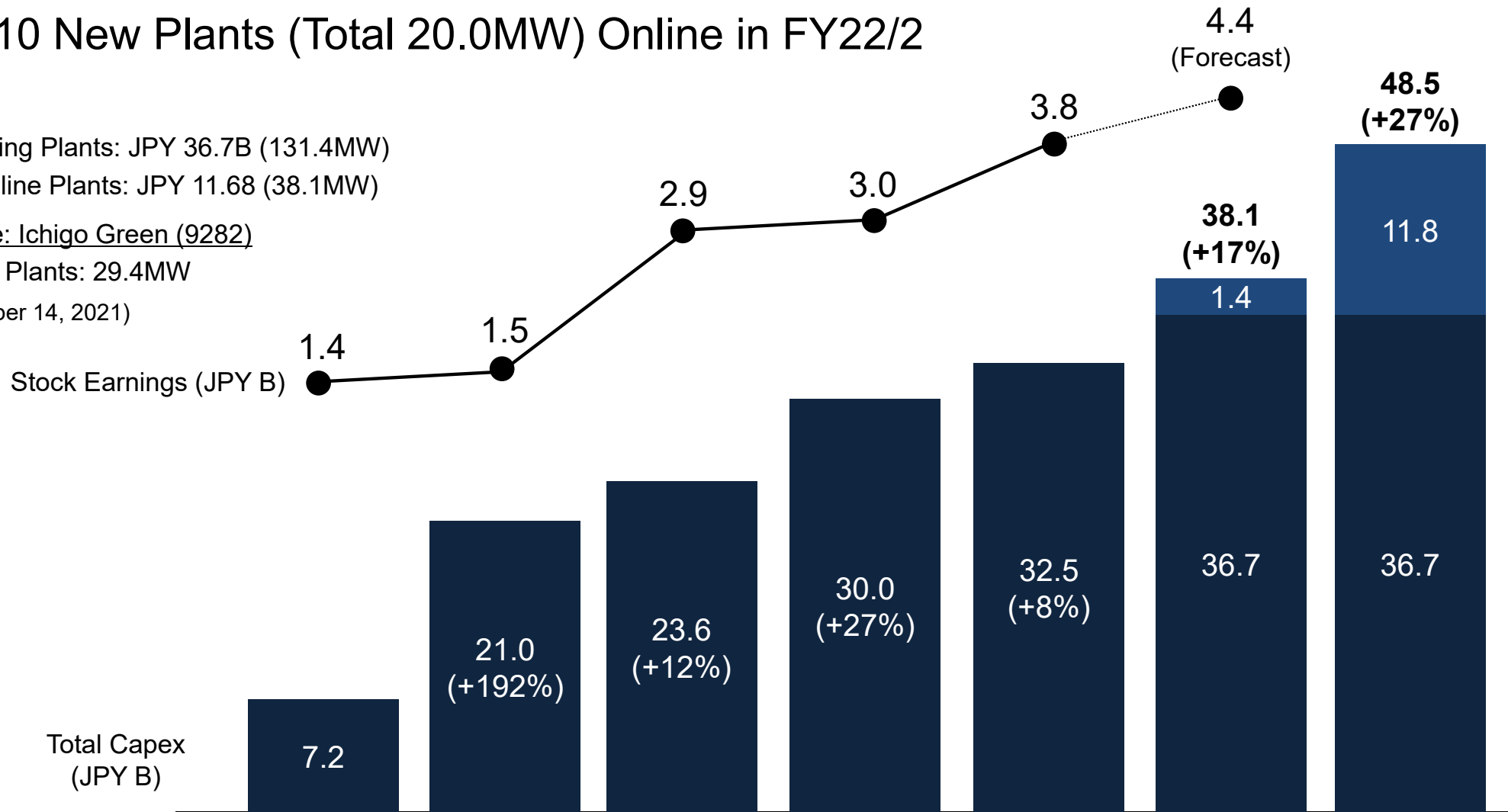
Ichigo's First Wind Power Plant (7.4MW) Online During H1  
 10 New Plants (Total 20.0MW) Online in FY22/2

Ichigo

- Operating Plants: JPY 36.7B (131.4MW)
- In-Pipeline Plants: JPY 11.68 (38.1MW)

Reference: Ichigo Green (9282)

Operating Plants: 29.4MW  
 (as of October 14, 2021)



Total Capex (JPY B)

	FY17/2	FY18/2	FY19/2	FY20/2	FY21/2	FY22/2	FY23/2 ~
<b>Power Generation</b>	<b>28.4MW</b>	<b>72.3MW</b>	<b>83.6MW</b>	<b>106.8MW</b>	<b>120.6MW</b>	<b>140.5MW</b>	<b>169.5MW</b>
Avg FIT	JPY 37.3	JPY 36.4	JPY 35.3	JPY 34.3	JPY 32.8	JPY 31.1	JPY 30.9



# Tradepia Odaiba S-Rank Highest CASBEE Certification



## CASBEE Assessment of Tradepia Odaiba

- (1) Equipped with seismic control system
- (2) Building's structure built with materials with useful life of c. 75 to 90 years
- (3) Offers convenient access to & promotes the use of public transportation
- (4) Employs environmentally conscious cleaning and sanitation practices
- (5) Promotes biodiversity
- (6) Energy efficient asset management

## Other Initiatives

- Promoting energy efficiency  
LED lighting installed in office and common areas
- Barrier-Free Environment  
Installed wheelchair lift for stairs and accessible restrooms for wheelchair users



## CASBEE (Comprehensive Assessment System for Built Environment Efficiency)

A Japanese government certification that evaluates and rates buildings' environmental performance based on their energy and resource efficiency, recycling activity, environmental load, and aesthetic appeal.

## Ichigo Sustainability Report

Promoting Awareness of Ichigo's Sustainability Initiatives

[www.ichigo.gr.jp/pdf/esg/Ichigo\\_Sustainability\\_Report\\_ENG.pdf](http://www.ichigo.gr.jp/pdf/esg/Ichigo_Sustainability_Report_ENG.pdf)

# Continuous JPX-Nikkei 400 Index Inclusion

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## Selected for Inclusion for the 6<sup>th</sup> Year in a Row

- Targeting continuous inclusion in the JPX-Nikkei 400 over the full 11-year span of Ichigo 2030 vision (FY20/2~FY30/2)



### 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 publicly-available formula, which rank orders the 1,000 highest market capitalization companies out of the 1,200 highest value-traded Japanese companies by:

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

# Share Buybacks

## Ichigo 2030: Flexible Deployment of Share Buybacks

5<sup>th</sup> Consecutive Year of Share Buybacks (JPY 13.5B, 7.4% of Shares)

### April 2021 Buyback

Amount JPY 1.5B

Number of Shares 4,363,500  
(0.9% of shares outstanding, net of treasury shares)

Buyback Period April 20, 2021 – June 4, 2021

	Number of Shares Purchased (% of Shares Outstanding)	Average Purchase Price	Amount
FY21/2	9,645,800 (1.9%)	JPY 311	JPY 3 billion
FY20/2	7,081,200 (1.4%)	JPY 424	JPY 3 billion
FY19/2	7,869,700 (1.6%)	JPY 381	JPY 3 billion
FY18/2	8,436,500 (1.7%)	JPY 355	JPY 3 billion



# 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 listed solar power producer that it manages, in its shareholder program (65,000 shareholders in 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 development.



## Events & Presents

- Ichigo Kids J.League Events
  - ✓ Escort players onto field
  - ✓ High-fives with players
  - ✓ Other participatory programs
- J.League Merchandise
  - ✓ Autographed jerseys from all J.League clubs
  - ✓ Ichigo original J.League towels
- J.League Online Events

## 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.

# Sustainability Initiatives

## Joining Third-Party Initiatives to Accelerate Ichigo's Sustainability Activities

**WE SUPPORT**



### UN Global Compact

UN Global Compact is a global sustainability initiative that calls for companies and organizations to take leadership and take actions as members of society to implement universal sustainability principles. Companies and organizations that sign the UN Global Compact are required to achieve the Ten Principles regarding human rights, labor, environment, and anti-corruption based on CEO commitments.



### CDP

CDP is a global initiative led by a non-profit organization representing over 500 global investors to assess companies and organizations of their environmental performance. Assessment is based on governance, risk management, business strategy, targets and actuals, etc., and companies are scored from A to D-. Ichigo's score for 2020 (1<sup>st</sup> year): B



### RE100

RE100 is a global initiative bringing together the world's most influential businesses committed to 100% renewable power. The RE100's mission is to accelerate change towards a net zero carbon society.

**Ichigo's  
RE100 Target**

100% Renewable Electricity by 2025



### Fun to Share

Fun to Share is the Ministry of Environment's campaign to promote the achievement of a low-carbon society by sharing the most up-to-date information openly and broadly.

# Accelerated RE100 Target by 15 Years From 2040 to 2025

Further Lowering Energy Impacts as a Sustainable Infrastructure Company

## Ichigo RE100 Target

### **100% Renewable Electricity by 2025**

Ichigo is committed to sourcing 100% renewable electricity across its operations, including Ichigo Office (8975) and Ichigo Hotel (3463)

**RE100**

**CLIMATE GROUP**



### RE100

A global initiative bringing together businesses committed to 100% renewable electricity, including solar, wind, hydro, and biomass energy, and accelerating the change towards a net zero carbon society.

### CDP

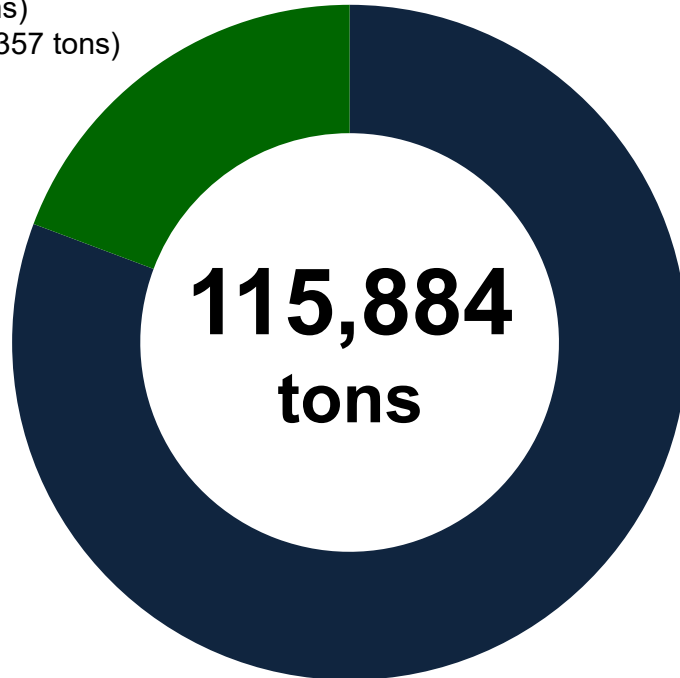
A global initiative that runs the global disclosure system for companies to manage their environmental impacts. Companies are assessed on governance, risk management, business strategy, goals and progress, and engagement, and are ranked from A to D-.

# Delivering on Sustainability

Clean Energy Business Growth Addressing Critical Environmental Issues  
Ichigo is Net Zero Carbon Today

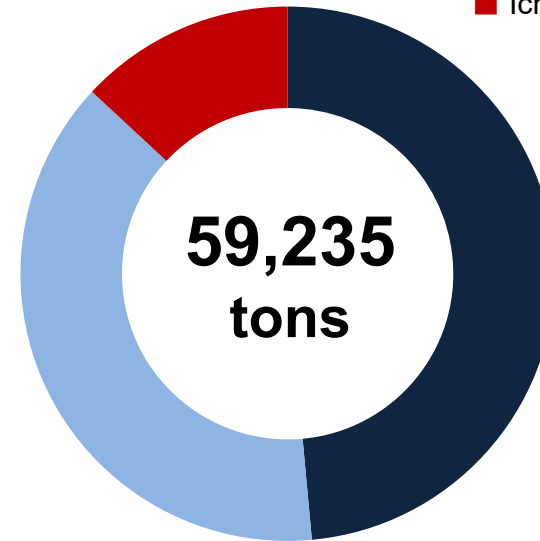
### Total Ichigo Power Plant CO2 Reductions

- Ichigo (93,526 tons)
- Ichigo Green (22,357 tons)



### Total Ichigo CO2 Emissions

- Ichigo (28,763 tons)
- Ichigo Office (22,727 tons)
- Ichigo Hotel (7,745 tons)



FY21/2 Actuals

Note: Ichigo CO2 reductions are also significantly greater than pre-Covid emissions. FY20/2 CO2 Emissions: 75,807 tons

# Ichigo Sustainability Report

## Promoting Awareness of Ichigo's Sustainability Initiatives via Ichigo Sustainability Report



### Table of Contents

- Senior Management Message – Chairman Scott Callon	4	- Ichigo ESG – Environmental	19
- Senior Management Message – President Takuma Hasegawa	5	• Producing Safe & Clean Energy	20
- Ichigo Code of Corporate Ethics	6	• Making Productive Use of Idle Land to Produce Clean Energy & Contribute to Local Communities	21
- Ichigo Sustainability Policy	7	• First REAFF-Approved Power Plant in Kanto Region	
- Ichigo Governance Structure	8	• Reduction of Energy Consumption & Net Zero Initiatives	22
- Third-Party Assessments & Initiatives	9	• Third-Party Assessment of GHG Emissions	
- ESG/SDGs Financing	10	• Disaster Response	23
- <u>Ichigo 2030</u>		• Rapid Disaster Response Leveraging IT	
• Driving Long-Term Growth as a Sustainable Infrastructure Company	11	• Protecting the Environment via IT	24
• Management Targets (KPIs)	12	- Ichigo ESG – Social	25
- Sustainable Business Management – Sustainable Real Estate		• Supporting Human Rights, Children with Illnesses, & People with Disabilities	26
• Ichigo's Sustainable Real Estate	13	• Supporting Students	
• Extending Useful Life of Real Estate Beyond 100 Years	14	• Supply Chain	27
• Retail Asset Value-Add	15	• Value Chain	
• Revitalizing a Hotel to Thrive Another 50 Years		• Respect for Human Rights	28
- Sustainable Business Management – Clean Energy		• Mental Health Care & Harassment Prevention Guidelines	
• Clean Energy Production	16	• Ichigo HR Policy	29
• One of the Largest Solar Power Plants in the Kanto Region	17	• Employment Options Catering to Different Lifestyles	
• Sustainable Energy Supports Local Community Vibrancy		• Health Initiatives	30
- Sustainable Business Management – Asset Management		• Safety Initiatives	
• Economic Revitalization via Real Estate Investment	18	• Ichigo University for Employee Education	31
• First & Only J-REITs with No Fixed Fee, Performance Fee-Only Asset Management Structure		• Promoting Internal Start-Ups	
• Ichigo Investment Advisors' Sustainability Policy		- Ichigo ESG – Governance	32
		• Global Best Practice Governance Structure	33
		• Compliance & Whistleblower System	34
		• Integrity, Honesty, & Fairness	
		• Risk Management	35
		- Appendix – Reference Data	36



Ichigo Sustainability Report

[www.ichigo.gr.jp/pdf/esg/Ichigo\\_Sustainability\\_Report\\_ENG.pdf](http://www.ichigo.gr.jp/pdf/esg/Ichigo_Sustainability_Report_ENG.pdf)

# ESG Initiatives: Environmental

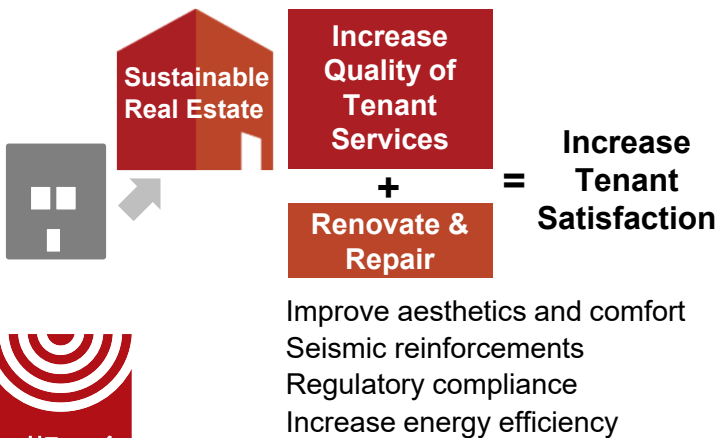


## Climate Positive & Sustainability-Driven

### Preserve & Improve Real Estate to End Wasteful Demolition

Ichigo's Sustainable Real Estate business has a proven track record of preserving and improving existing real estate. Ichigo will build on this long-standing commitment to sustainability by developing new technologies to extend the lives of buildings and other social infrastructure 100 years and beyond.

### Ichigo's Sustainable Real Estate Preserve & Create Value



### Community-Based, Productive Use of Idle Land for Clean Energy

Ichigo will not build power plants that require the clearing of wooded land or the altering of the landscape in a way that increases the risk of floods, landslides, or other water-related disasters, or that face opposition from local communities.

#### Annual Power Production



**175,581,824 kWh**

Equivalent to annual energy consumption of 58,500 households

#### Annual CO2 Reduction



**115,884,001 kg**

Equivalent to annual CO2 emission of 50,400 cars

\* FY21/2 Actuals

### Pro-Active Environmental Certifications

By obtaining certifications such as GRESB, CASBEE, BELS, and DBJ Green Building, Ichigo is demonstrating our long-standing commitment to sustainability via initiatives that benefit investors, tenants, clients, and other stakeholders. With our deep experience in real estate renovation and improvement, we work to increase the safety and functionality of buildings, while reducing energy use and environmental impact.

#### Ichigo Group-Wide



CASBEE: 13 Assets



GRESB Green Star :  
Ichigo Office (8975)  
4 years in a row

G R E S B  
☆☆☆ 2020

Other BELS: 2 Assets  
DBJ Green Building: 2 Assets



# ESG Initiatives: Social



## Contributing to Society

### Contributing to Regional Revitalization

Ichigo works to revitalize local communities and promote regional economic development. Ichigo's model of preserving and improving existing real estate creates jobs and supports businesses, and our clean energy plants also support their host communities by providing new and sustainable sources of income.



◀ Miyako City  
Retail Asset / Miyazaki

THE KNOT TOKYO ▶  
Shinjuku  
Hotel / Tokyo



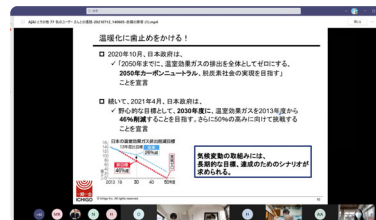
### Ichigo University

Ichigo established Ichigo University in May 2013 to support employees' continuing education and personal growth.

Ichigo University courses are taught by employees and external professionals who are specialists in their fields and have deep experience.

Average Annual Number of Courses: 30

#### Ichigo University Classes



Online



In-Person

### Sports Initiatives

As a top partner of the J.League professional soccer league, we support the league's mission to promote community development. Ichigo supports outstanding athletes in weightlifting, rifle shooting, and track and field.



Hiromi Miyake  
(Weightlifting)



Chisato Kiyoyama  
(Track and Field)

Ichigo Sports Site (Japanese only)  
[www.ichigo.gr.jp/ichigosports](http://www.ichigo.gr.jp/ichigosports)



## Global-Best Practice Governance

### Early Adopter of Global Best Practice Corporate Governance Structure

All Directors on Ichigo's Board of Directors are aware of their fiduciary responsibility towards shareholders and work collaboratively and appropriately with other stakeholders to ensure sustained value creation for shareholders.

#### Major Initiatives

- Adopted Independent Director-led, committee based governance system in 2006
- 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 Including former CEOs of TSE 1st Section

#### Current (since FY20/2)



Masatoshi Matsuzaki  
(former CEO of  
Konica Minolta)



Nobuhide Nakaido  
(former CEO of SCSK)

#### Since FY16/2 to FY17/2

Takashi Kawamura (former CEO of Hitachi; stepped down from Ichigo's board upon appointment as Chairman of TEPCO)

#### Since FY16/2 to May 2019

Kosuke Nishimoto (former CEO of Meitec; stepped down from Ichigo's board upon appointment as EVP of Misumi Group)

### Annual Board of Directors Evaluation

Board evaluations are conducted by having each Director assess the Board along the criteria shown below, with aggregate survey results collectively reviewed by the Board.

- (1) Board Composition
- (2) Board Operation
- (3) Board Effectiveness
- (4) Board Support Resources
- (5) Engagement with Shareholders and Stakeholders



## Appendix: Financial & Real Estate Data

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# Covid Countermeasures

- Infection control & response, communication with tenants, thorough information gathering, & extensive safety measures for tenants

General Covid Infection Countermeasures	
Provide touchless hand sanitizers ubiquitously Cover touch surfaces with antibacterial sheets Post awareness & prevention promotion posters, distribute countermeasure best-practice guidelines Limit capacity indoors Thorough disinfection and cleaning	
Countermeasures by Asset Type	
Office	Install thermal cameras for temperature checks & other infection prevention tools
Hotel	Provide guest rooms for Covid patients Provide space for vaccination venue
Retail	Hold events that meet countermeasure best-practice guidelines & drive customer satisfaction, such as silent bingo and small workshops
Residential	Provide free Wi-Fi at all assets to facilitate remote work

## Covid Awareness & Prevention Promotion Poster

### みんなの 安全安心 のために



私たち「いちご」は、新型コロナウイルス対策としてご来館いただいた皆さま、そのご家族の安全安心を最優先し、衛生環境の維持をはじめとするさまざまな取組みに努めています。皆さまのご理解・ご協力をお願い申し上げます。

**3つの「密」を避けましょう**



換気の悪い 大勢が集まる 間近で接する  
密閉空間 密集場所 密接場面

**基本的な感染対策を徹底しましょう**



感染予防 咳エチケット 体調管理  
手洗い マスク着用 検温

感染が疑われる症状が出た場合は、速やかに管理会社までご連絡をお願いいたします。



サステナブルインフラ  
いちご

# Significant Unrealized Gains on Balance Sheet

Real Estate Directly Held by Ichigo

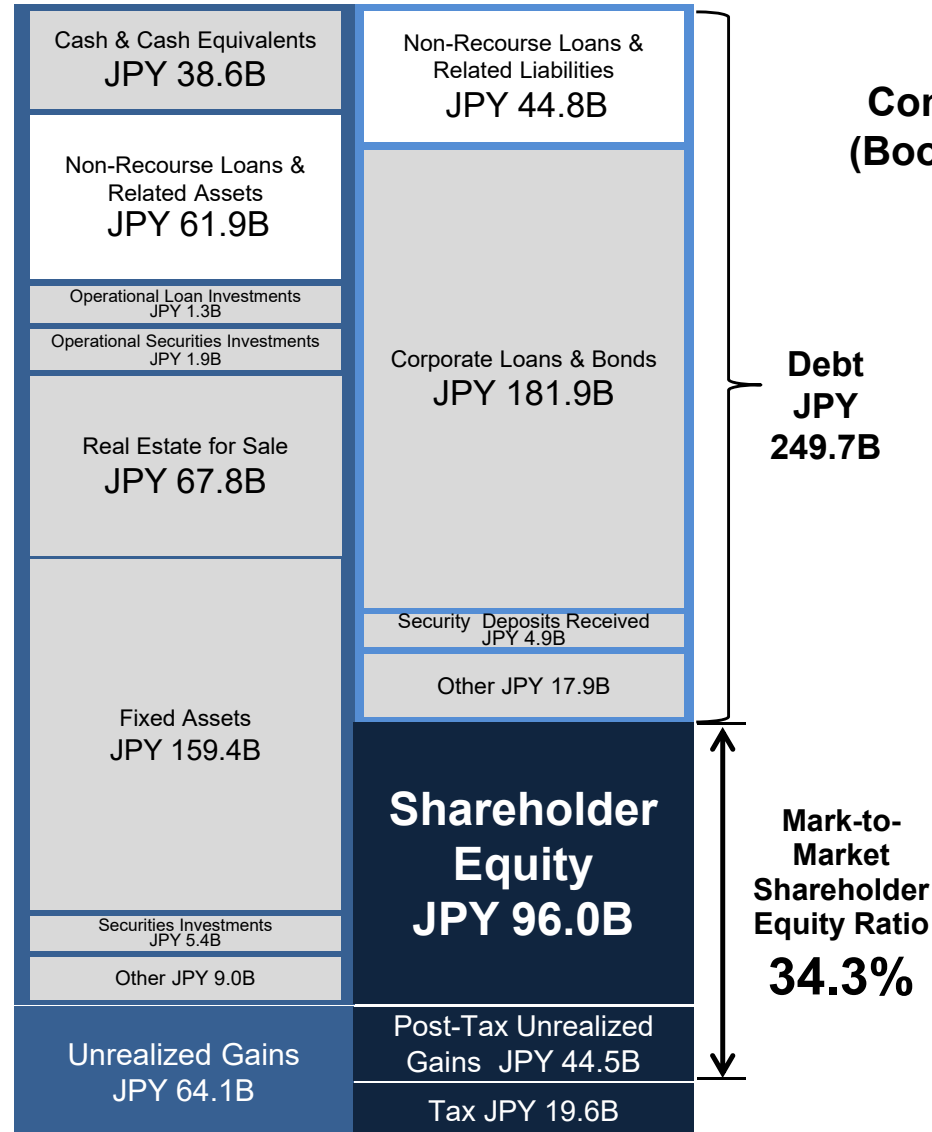
(JPY million)

Location	Book Value as of August 31, 2021 (A)	Appraisal NOI (B)	Cap Rate (B)/(A)	Appraisal Value (C)	Unrealized Gains (C) - (A)
Tokyo	93,031	5,330	5.7%	126,972	+33,941
Outside Tokyo	104,291	6,843	6.6%	130,844	+26,553
<b>Total</b>	<b>197,322</b>	<b>12,173</b>	<b>6.2%</b>	<b>257,816</b>	<b>+60,494</b>

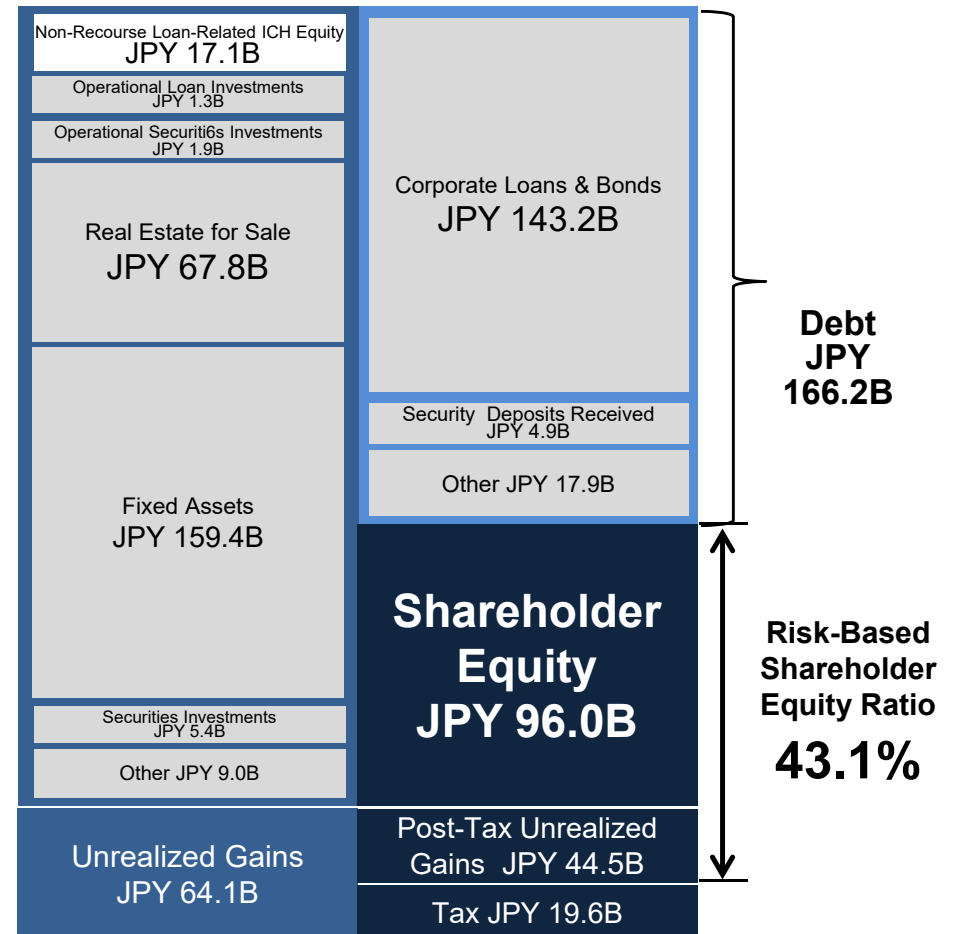
Note: Excludes Ichigo Owners, Centro, and self-storage assets (book value JPY 55.19B)

# Risk-Based Balance Sheet

**Mark-to-Market Consolidated Balance Sheet: JPY 410.0B**  
**(Book Value JPY 345.8B + Unrealized Gains JPY 64.1B)**



**Consolidated Risk-Based Balance Sheet: JPY 326.5B**  
**(Book Value JPY 262.3B + Unrealized Gains JPY 64.1B)**



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

# Cash Flow Maximization

## Maximal Use of Depreciation to Increase Cash Flow

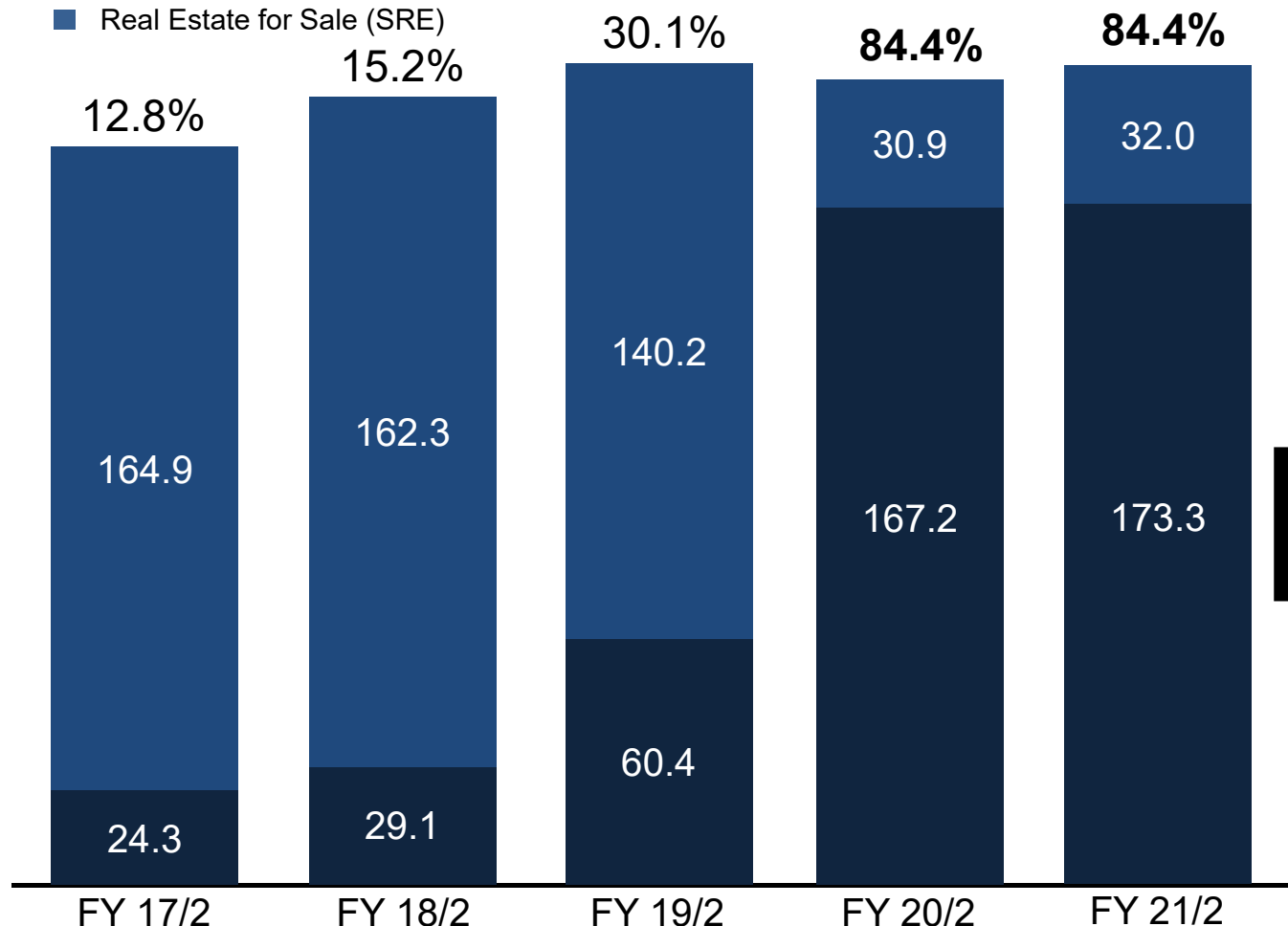
### Real Estate for Sale & Fixed Assets

■ Fixed Assets (SRE)

■ Real Estate for Sale (SRE)

### Fixed Asset Ratio

(JPY billion)



Reclassification of Sustainable Real Estate Assets to Fixed Assets in FY20/2

Maximal use of depreciation allowances lowers stated accounting earnings, 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


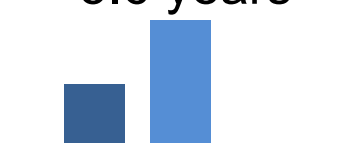
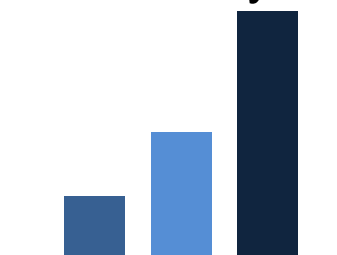
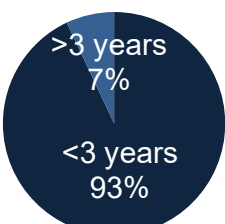
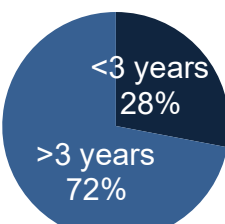
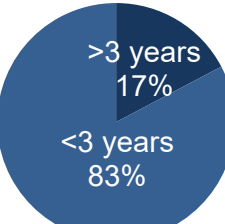
- Maximal use of non-cash depreciation allowances
- Majority of cash earnings are Stock Earnings
- Stock Earnings/Fixed Expenses Ratio – even amidst Covid – is consistently c. 200%

(JPY million)

	FY16/2	FY17/2	FY18/2	FY19/2	FY20/2	FY21/2	FY22/2 H1	FY22/2 Bottom of Range	FY22/2 Top of Range
<b>Stock Earnings (A)</b>	12,578	14,502	14,939	18,485	18,450	15,065	7,750	14,405	14,405
<b>Depreciation</b>	731	716	967	1,632	2,507	4,603	2,659	5,518	5,518
<b>Flow Earnings</b>	8,986	14,139	13,015	15,273	18,567	5,850	2,278	7,727	12,146
<b>Cash Earnings</b>	21,563	28,641	27,953	33,759	37,016	20,915	10,028	22,132	26,551
<b>Fixed Expenses (B)</b>	5,846	6,502	6,371	7,071	7,877	7,723	4,027	7,896	7,896
<b>Stock Earnings/ Fixed Expenses (A/B)</b>	215%	223%	234%	261%	234%	195%	192%	182%	182%

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	FY21/2	vs. GFC
<b>Stock Earnings/ Fixed Expenses Coverage Ratio</b>	75%	140%	195%	<u>2.6X</u>
<b>Loan Maturity</b> (Weighted avg., corporate + non-recourse loans)	2.8 years 	5.6 years 	10.2 years 	<u>3.6X</u>
<b>% of &lt;3 Year Loans</b> (corporate + non-recourse loans)	93% 	28% 	17% 	<u>-76%</u>
<b>Interest Cost</b> (Weighted avg., corporate loans)	2.22%	1.96%	0.92%	<u>-59%</u> (Interest Rate -1.3%)

# 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 changed 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	Fixed Assets	Intangible Assets	Securities Investments	Other Assets	Total Assets
Asset Management (AM)	–	–	–	–	–	666	136	760	<b>1,562</b>
Sustainable Real Estate (SRE)	15,036	1,324	1,973	67,876	182,727	2,741	3,574	2,957	<b>278,212</b>
Clean Energy (CE)	3,307	–	–	–	30,808	181	–	1,731	<b>36,029</b>
Company-Wide Assets	27,037	–	–	–	103	105	1,784	976	<b>30,007</b>
<b>Total</b>	<b>45,381</b>	<b>1,324</b>	<b>1,973</b>	<b>67,876</b>	<b>213,639</b>	<b>3,695</b>	<b>5,494</b>	<b>6,426</b>	<b>345,811</b>

# Consolidated P&L: Segment Breakdown

(JPY million)

Segment	Gross Profit			Operating Profit			
	FY21/2 H1	FY22/2 H1	YOY Change	FY21/2 H1	FY22/2 H1	YOY Change	FY22/2 Forecast
<b>Asset Management (AM)</b>	<b>948</b>	<b>1,040</b>	<b>+9.8%</b>	<b>606</b>	<b>771</b>	<b>+27.1%</b>	<b>1,300</b>
Base AM Fees	887	1,040	+17.2%	—	—	—	—
Acquisition/Disposition Fees	60	—	—	—	—	—	—
<b>Sustainable Real Estate (SRE)</b>	<b>6,256</b>	<b>4,663</b>	<b>-25.5%</b>	<b>3,729</b>	<b>2,074</b>	<b>-44.4%</b>	<b>5,700 – 8,600</b>
Rental Income	3,132	2,384	-23.9%	—	—	—	—
Asset Sales	3,130	2,200	-29.1%	—	—	—	—
Other Flow Earnings	-6	58	—	—	—	—	—
<b>Clean Energy (CE)</b>	<b>1,479</b>	<b>1,664</b>	<b>+12.5%</b>	<b>1,171</b>	<b>1,394</b>	<b>+19.0%</b>	<b>2,100</b>
<b>Adjustment (including offsets of cross-segment transactions)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-55</b>	<b>3</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>8,683</b>	<b>7,368</b>	<b>-15.1%</b>	<b>5,452</b>	<b>4,243</b>	<b>-22.2%</b>	<b>9,100 – 12,000</b>

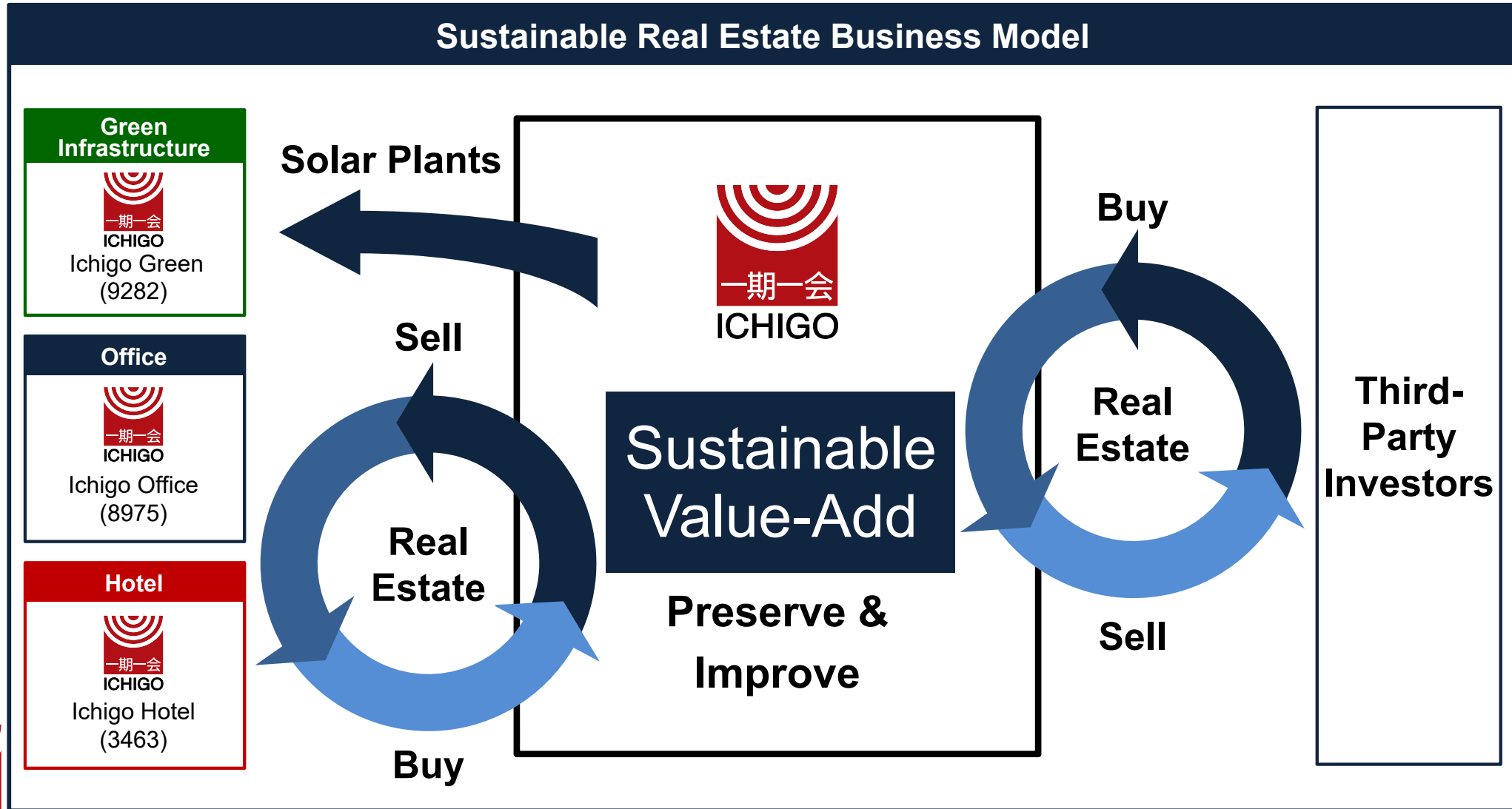
# Asset Management AUM Detail

		FY17/2 (12M)	FY18/2 (12M)	FY19/2 (12M)	FY20/2 (12M)	FY21/2 (12M)	FY22/2 H1 (6M)
Ichigo Office (8975)	AUM (Fiscal Year End)	JPY 194.5B	JPY 196.9B	JPY 203.0B	JPY 203.2B	JPY 206.1B	JPY 206.1B
	Base AM Fee Gross Profit (Actual)	JPY 1,291M	JPY 1,373M	JPY 1,426M	JPY 1,436M	JPY 1,524M	JPY 847M
Ichigo Hotel (3463)	AUM (Fiscal Year End)	JPY 47.6B	JPY 50.9B	JPY 50.7B	JPY 50.8B	JPY 51.9B	JPY 51.9B
	Base AM Fee Gross Profit (Actual)	JPY 287M	JPY 450M	JPY 461M	JPY 381M	JPY 42M	JPY 53M
Ichigo Green (9282)	AUM (Fiscal Year End)	JPY 10.0B	JPY 11.4B	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 79M	JPY 46M
Private Equity Real Estate Funds (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 6.4B	JPY 12.3B	JPY 20.6B	JPY 36.8B	JPY 36.8B	JPY 36.8B
	Base AM Fee Gross Profit (Actual)	JPY 27M	JPY 12M	JPY 41M	JPY 116M	JPY 137M	JPY 69M
Total (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 258.6B	JPY 271.7B	JPY 285.8B	JPY 302.4B	JPY 306.4B	JPY 306.4B
	Base AM Fee Gross Profit (Actual)	JPY 1,617M	JPY 1,914M	JPY 2,014M	JPY 2,016M	JPY 1,782M	JPY 1,016M

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

# Powerful Sustainable Real Estate Business Model

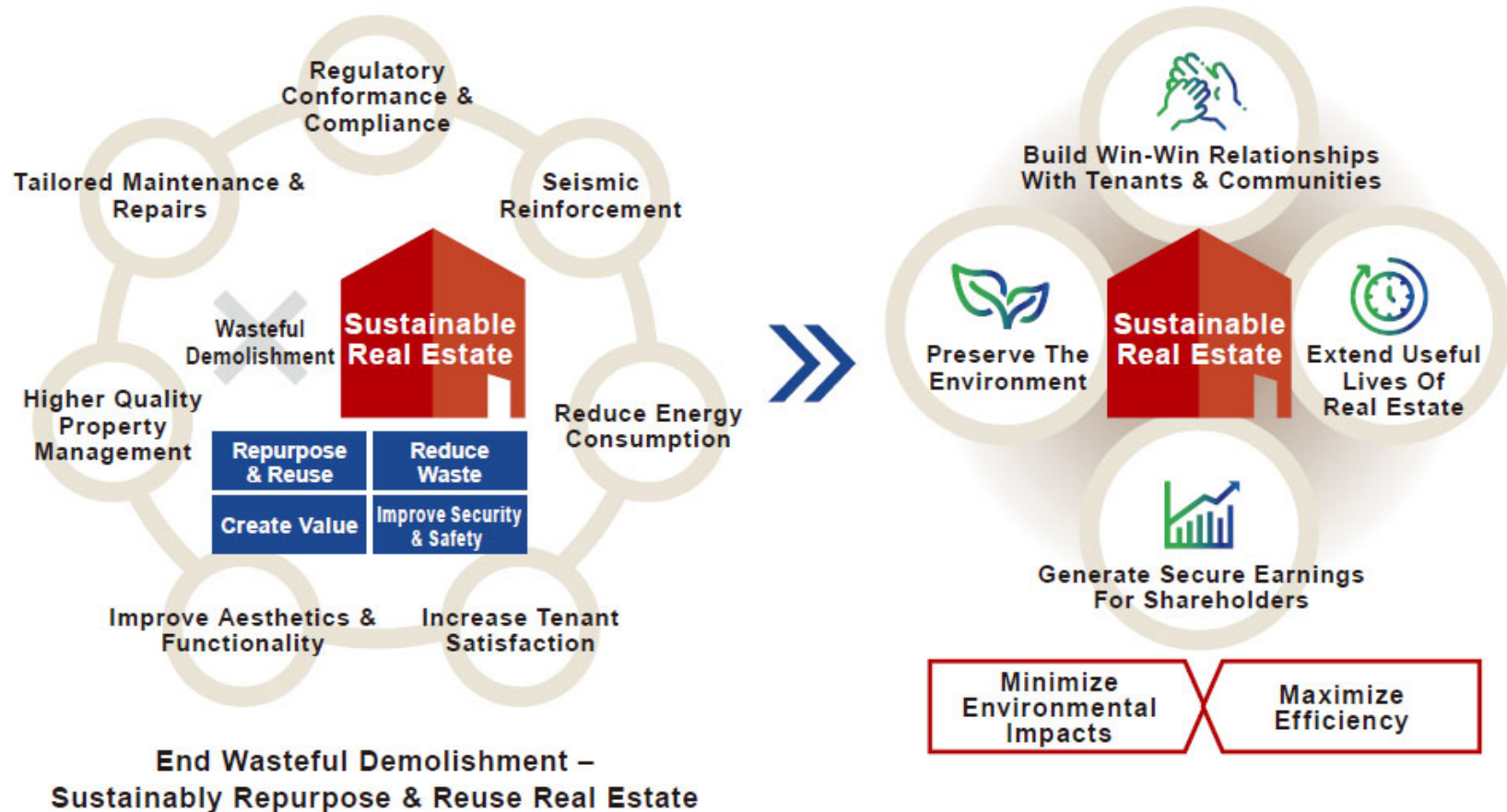
## Significant Synergies Between Ichigo's Sustainable Real Estate & Asset Management Businesses



# Sustainable Infrastructure for a Sustainable Society

## End Wasteful Demolishment and Embrace Sustainable Real Estate

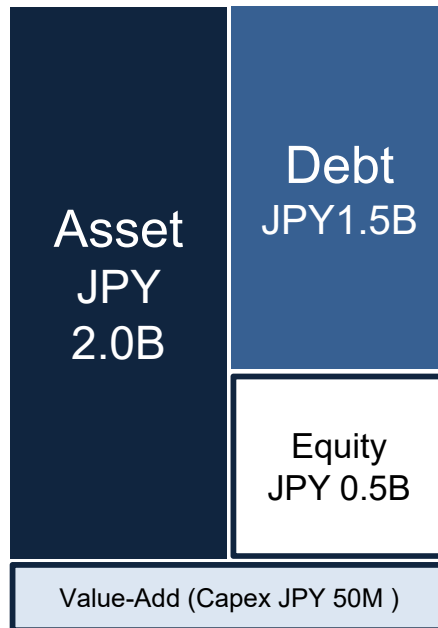
- Improve quality of assets via Sustainable Value-Add
- Preserve and improve highly functional real estate to contribute to environmental conservation and sustainability
- Lengthening buildings' useful lives beyond 100 years



# 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 Measures: 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

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

## Capital Gain

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

## Outcome

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

# Sustainable Real Estate: Gross Profit Margin (GPM)

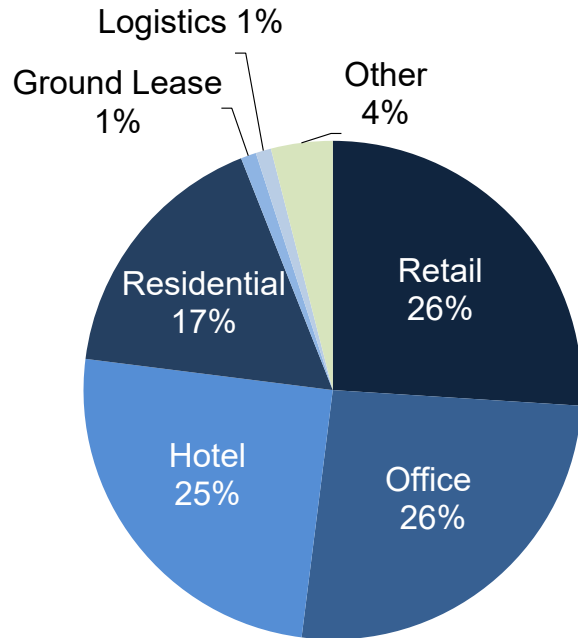
## Ichigo Sustainable Value-Add Supports Ongoing High GPM

	FY18/2	FY19/2	FY20/2	FY21/2	FY22/2 H1
GPM (vs. Revenue)	33.7%	25.5%	28.3%	13.9%	19.8%
GPM (vs. Book Value)	50.9%	34.3%	39.5%	16.2%	24.7%
Revenue (JPY M)	35,733	58,693	60,601	41,430	11,408
Gross Profit (JPY M)	12,050	14,986	17,158	5,762	2,257

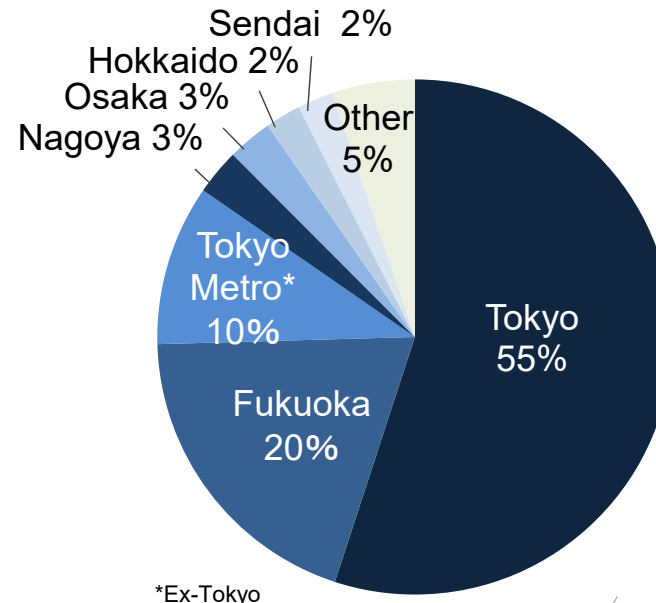
\* FY21/2 Results include revenue and gross profit from fixed asset sales

# Ichigo-Owned Real Estate Portfolio

**By Asset Type**

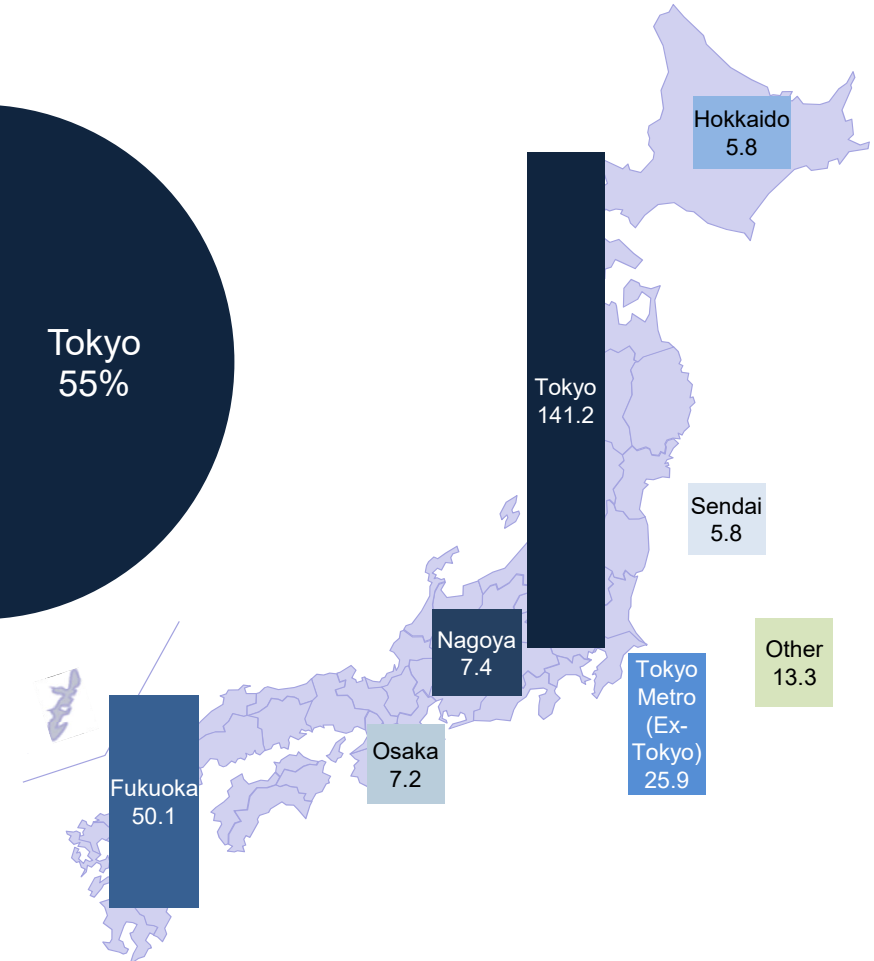


**By Location**

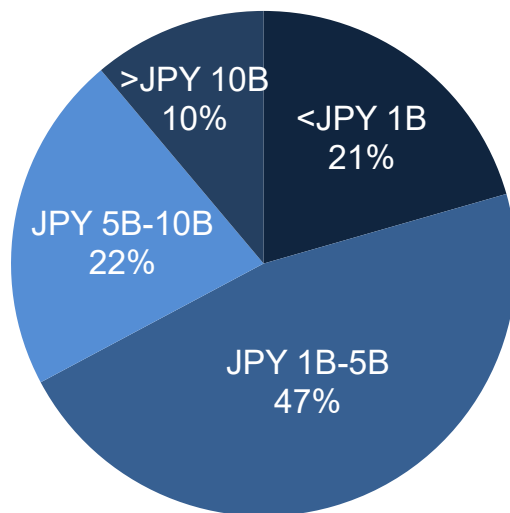


\*Ex-Tokyo

(JPY billion)



**By Asset Size**



**Total Ichigo-Owned Assets: JPY 256.6B**  
**Including Ichigo-Managed AUM: JPY 563.0B**

\* Acquisition price basis

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

Total Ichigo-Owned Assets H1-End Book Value: JPY 250.4B



# Sustainable Real Estate Asset Breakdown (1)

175 Assets, JPY 256.6 B, Appraisal NOI JPY 12.1B (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	49 years	–	JPY 1,900M	–	–
2	Retail	Fixed Asset	Minato-ku, Tokyo	JPY 2B-3B	2005/10	52 years	JPY 136M	JPY 1,033M	–	–
3	Retail	Fixed Asset	Minato-ku, Tokyo	>JPY 3B	2006/03	36 years	JPY 165M	JPY 1,356M	–	–
4	Retail	Fixed Asset	Yokohama	JPY 1B-2B	2006/09	16 years	JPY 60M	JPY 1,157M	–	–
5	Office	Fixed Asset	Sendai	>JPY 3B	2006/10	13 years	JPY 240M	JPY 1,042M	–	–
6	Office	Fixed Asset	Fukuoka	>JPY 3B	2006/12	13 years	JPY 350M	JPY 1,339M	–	–
10	Retail	Fixed Asset	Chiyoda-ku, Tokyo	JPY 1B-2B	2007/06	41 years	JPY 85M	JPY 240M	–	–
11	Retail	Fixed Asset	Chiyoda-ku, Tokyo	JPY 1B-2B	2007/06	40 years	JPY 125M	JPY 233M	–	–
14	Ground Lease	Fixed Asset	Atsugi, Kanagawa	JPY 2B-3B	2011/06	–	JPY 172M	JPY 147M	–	–
15	Retail	Fixed Asset	Hiratsuka, Kanagawa	<JPY 1B	2012/02	25 years	JPY 77M	JPY 172M	–	–
16	Retail	Fixed Asset	Yokohama	<JPY 1B	2012/10	7 years	JPY 34M	JPY 171M	–	–
17	Retail	Fixed Asset	Toshima-ku, Tokyo	>JPY 3B	2013/03	10 years	JPY 244M	JPY 340M	–	–
18	Retail	Fixed Asset	Shibuya-ku, Tokyo	<JPY 1B	2013/05	35 years	JPY 57M	JPY 154M	–	–
19	Retail	Fixed Asset	Chofu, Tokyo	JPY 1B-2B	2013/06	36 years	JPY 135M	JPY 310M	–	–
21	Residential	Fixed Asset	Minato-ku, Tokyo	<JPY 1B	2013/06	6 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	13 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	37 years	JPY 51M	JPY 108M	–	–
32	Retail	Fixed Asset	Fukuoka	JPY 1B-2B	2014/04	15 years	JPY 58M	JPY 279M	–	–
35	Office	Fixed Asset	Minato-ku, Tokyo	JPY 2B-3B	2014/05	12 years	JPY 144M	JPY 434M	–	–
37	Retail	Fixed Asset	Minato-ku, Tokyo	<JPY 1B	2014/07	48 years	JPY 47M	JPY 77M	–	–
39	Retail	Fixed Asset	Fukuoka	<JPY 1B	2014/07	17 years	JPY 52M	JPY 213M	–	–
40	Retail	Fixed Asset	Fukuoka	<JPY 1B	2014/09	36 years	JPY 49M	JPY 252M	–	–
41	Hotel	Fixed Asset	Utsunomiya, Tochigi	JPY 1B-2B	2014/09	34 years	JPY 143M	JPY 400M	–	–
42	Retail	Fixed Asset	Fukuoka	JPY 1B-2B	2014/09	20 years	JPY 60M	JPY 177M	–	–
43	Retail	Fixed Asset	Osaka	JPY 1B-2B	2014/09	19 years	JPY 117M	JPY 301M	–	–
45	Retail	Fixed Asset	Fukuoka	JPY 1B-2B	2014/11	18 years	JPY 92M	JPY 135M	–	–
57	Residential	Fixed Asset	Minato-ku, Tokyo	JPY 1B-2B	2014/12	17 years	JPY 56M	JPY 186M	–	–
62	Retail	Fixed Asset	Fukuoka	<JPY 1B	2014/12	17 years	JPY 41M	JPY 212M	–	–
63	Retail	Fixed Asset	Meguro-ku, Tokyo	JPY 1B-2B	2014/12	15 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	17 years	JPY 65M	JPY 8M	–	–
68	Retail	Fixed Asset	Shibuya-ku, Tokyo	<JPY 1B	2015/04	19 years	JPY 46M	JPY 79M	–	–
69	Hotel	Fixed Asset	Osaka	JPY 2B-3B	2015/05	18 years	JPY 170M	JPY 633M	–	–
71	Retail	Fixed Asset	Fujisawa, Kanagawa	JPY 1B-2B	2015/07	6 years	JPY 99M	JPY 126M	–	–
110	Hotel	Fixed Asset	Fukuoka	>JPY 3B	2016/03	36 years	JPY 273M	JPY 905M	–	–
111	Hotel	Fixed Asset	Yokohama	JPY 2B-3B	2016/03	37 years	JPY 207M	JPY 228M	–	–
112	Hotel	Fixed Asset	Yokohama	>JPY 3B	2016/03	34 years	JPY 239M	JPY 354M	–	–
113	Hotel	Fixed Asset	Yokohama	>JPY 3B	2016/03	34 years	JPY 288M	JPY 344M	–	–
114	Hotel	Fixed Asset	Fukuoka	>JPY 3B	2016/04	31 years	JPY 183M	JPY 550M	–	–
115	Hotel	Fixed Asset	Osaka	JPY 2B-3B	2016/04	14 years	JPY 130M	JPY 274M	–	–
116	Retail	Fixed Asset	Sendai	<JPY 1B	2016/04	32 years	JPY 63M	JPY 86M	–	–
118	Retail	Fixed Asset	Nagoya	JPY 1B-2B	2016/06	24 years	JPY 83M	JPY 102M	–	–
119	Retail	Fixed Asset	Shibuya-ku, Tokyo	<JPY 1B	2016/06	34 years	JPY 42M	JPY 136M	–	–
120	Hotel	Fixed Asset	Shinjuku-ku, Tokyo	>JPY 3B	2016/09	41 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	20 years	JPY 1,540M	JPY 3,450M	–	–
122	Hotel	Fixed Asset	Shima, Mie	<JPY 1B	2017/01	23 years	JPY 78M	JPY 73M	–	–
133	Hotel	Fixed Asset	Minato-ku, Tokyo	<JPY 1B	2017/04	19 years	JPY 46M	JPY 152M	–	–
138	Hotel	Fixed Asset	Ogaki, Gifu	JPY 1B-2B	2017/05	32 years	JPY 116M	–	–	–
144	Office	Fixed Asset	Chiyoda-ku, Tokyo	JPY 1B-2B	2018/02	33 years	JPY 129M	JPY 268M	–	–
145	Hotel	Fixed Asset	Fukuoka	>JPY 3B	2018/03	3 years	JPY 194M	JPY 301M	–	–
146	Retail	Fixed Asset	Chuo-ku, Tokyo	JPY 1B-2B	2018/08	30 years	JPY 32M	–	–	–
147	Hotel	Fixed Asset	Kyoto	>JPY 3B	2018/08	3 years	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	31 years	JPY 308M	JPY 2,269M	–	–
151	Office	Fixed Asset	Fukuoka	<JPY 1B	2018/10	22 years	JPY 33M	JPY 38M	–	–
152	Office	Fixed Asset	Fukuoka	JPY 2B-3B	2019/02	33 years	JPY 174M	JPY 382M	–	–
154	Residential	Fixed Asset	Kita Kyushu, Fukuoka	JPY 1B-2B	2019/03	7 years	JPY 83M	JPY 181M	–	–
155	Office	Fixed Asset	Shinagawa-ku, Tokyo	JPY 2B-3B	2019/03	36 years	JPY 169M	JPY 616M	–	–
157	Office	Fixed Asset	Chiyoda-ku, Tokyo	<JPY 1B	2019/04	38 years	JPY 52M	–	–	–

<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>
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	41 years	JPY 123M	JPY 210M	–	–
160	Office	Fixed Asset	Fukuoka	JPY 2B-3B	2019/06	23 years	JPY 129M	JPY 248M	–	–
161	Hotel	Fixed Asset	Fukuoka	>JPY 3B	2019/07	27 years	JPY 368M	JPY 1,636M	–	–
162	Hotel	Fixed Asset	Fukuoka	>JPY 3B	2019/07	23 years	JPY 353M	JPY 1,170M	–	–
164	Hotel	Fixed Asset	Chiyoda-ku, Tokyo	<JPY 1B	2020/03	12 years	JPY 51M	JPY 62M	–	–
165	Hotel	Fixed Asset	Sapporo	>JPY 3B	2020/03	1 year	JPY 307M	JPY 700M	–	–
167	Hotel	Fixed Asset	Hiroshima	>JPY 3B	2020/08	1 year	JPY 299M	–	–	–
<b>68 Fixed Assets</b>				<b>JPY 177,362M</b>			<b>JPY 10,553M</b>	<b>JPY 30,828M</b>	<b>–</b>	<b>–</b>
				<b>JPY 172,170M (H1-End 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	58 years	JPY 120M	JPY 57M	15.26X	51.7%
89	Office	Real Estate for Sale	Musashino, Tokyo	>JPY 3B	2015/07	32 years	JPY 131M	JPY 670M	1.72X	13.3%
92	Office	Real Estate for Sale	Fukuoka	JPY 1B-2B	2015/07	13 years	JPY 85M	JPY 353M	1.82X	17.7%
143	Retail	Real Estate for Sale	Fukuoka	JPY 1B-2B	2017/09	36 years	JPY 106M	JPY 223M	3.78X	19.9%
150	Retail	Real Estate for Sale	Chuo-ku, Tokyo	>JPY 3B	2018/10	34 years	JPY 359M	JPY 1,161M	6.17X	24.7%
153	Hotel	Real Estate for Sale	Fukuoka	JPY 2B-3B	2019/02	28 years	JPY 110M	–	–	–
156	Logistics	Real Estate for Sale	Fukuoka	JPY 2B-3B	2019/03	33 years	JPY 150M	JPY 651M	3.60X	30.0%
163	Retail	Real Estate for Sale	Nagoya	>JPY 3B	2019/08	24 years	JPY 479M	JPY 1,146M	3.47X	17.0%
166	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	<JPY 1B	2020/03	15 years	JPY 40M	JPY 83M	3.23X	13.5%
168	Office	Real Estate for Sale	Koto-ku, Tokyo	JPY 1B-2B	2020/11	31 years	JPY 100M	–	3.17X	53.6%
<b>10 Real Estate for Sale</b>				<b>JPY 28,180M</b>			<b>JPY 1,679M</b>	<b>JPY 4,343M</b>	<b>3.99X</b>	<b>24.9%</b>
				<b>JPY 28,129M (H1-End Book Value)</b>						
<b>Subtotal 78 Assets</b>				<b>JPY 205,543M</b>			<b>JPY 12,232M</b>	<b>JPY 35,171M</b>	<b>–</b>	<b>–</b>
				<b>JPY 200,299M (H1-End 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 (Residential)	37 Assets	JPY 35,532M	+JPY 13,631M	JPY 1,522M	JPY 10,713M	–	–
B	Ichigo Owners (Other)	4 Assets	JPY 2,601M	-JPY 5,211M	JPY 204M	JPY 1,463M	–	–
C	Centro (Primarily Office & Residential)	20 Assets	JPY 8,087M	+JPY 143M	JPY 580M	JPY 1,927M	–	–
D	Self-Storage	36 Assets	JPY 3,937M	+JPY 544M	JPY 433M	JPY 896M	–	–
		<b>Total 175 Assets</b>	<b>JPY 256,677M</b>		<b>JPY 14,972M</b>	<b>JPY 50,173M</b>	<b>–</b>	<b>–</b>
			<b>JPY 250,458M (H1-End Book Value)</b>					
<b>Assets acquired in FY22/2 Q1 (3M)</b>		<b>Total 11 Assets</b>	<b>JPY 8,232M</b>		<b>JPY 348M</b>	<b>JPY 2,120M</b>	<b>–</b>	<b>–</b>
<b>Assets acquired in FY22/2 Q2 (3M)</b>		<b>Total 6 Assets</b>	<b>JPY 4,574M</b>		<b>JPY 205M</b>	<b>JPY 1,641M</b>	<b>–</b>	<b>–</b>
<b>Assets acquired in FY22/2 H1 (6M)</b>		<b>Total 17 Assets</b>	<b>JPY 12,806M</b>		<b>JPY 553M</b>	<b>JPY 3,762M</b>	<b>–</b>	<b>–</b>
<b>Assets acquired and sold in FY22/2*</b>		<b>Total 3 Assets</b>	<b>JPY 129M</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

\* Sold 3 Centro 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.

# Ichigo Solar & Wind Power Plant Portfolio

## Ichigo Solar Power Plants (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 Kijo Takajo	Kyushu	0.89	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 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 27	Apr 2020
Ichigo Kasaoka Osakaike	Chugoku	2.66	JPY 21	Apr 2020
Ichigo Minokamo Hachiyacho Kamihachiya	Chubu	1.29	JPY 18	Sep 2020
Ichigo Seto Jokojicho	Chubu	1.45	JPY 18	Oct 2020
Ichigo Toride Shimotakai Nishi	Kanto	2.84	JPY 18	Jan 2021
Ichigo Chiba Wakaba-ku Omiyacho Higashi	Kanto	0.74	JPY 14	Sep 2021
Ichigo Kasaoka Idachiike	Chugoku	2.66	JPY 18	Oct 2021
<b>Total (Operating)</b>		<b>38 Plants</b>	<b>124.0MW</b>	

## Ichigo Solar Power Plants (In Pipeline)

Solar Power Plant	Area	Panel Output (MW)	FIT (Pre-tax)	Operation Start Date
Ichigo Chiba Wakaba-ku Omiyacho Nishi	Kanto	0.74	JPY 14	Nov 2021
Ichigo Komagane Akaho Minami	Chubu	0.74	JPY 14	Nov 2021
Ichigo Komagane Akaho Kita	Chubu	0.39	JPY 14	Nov 2021
Ichigo Tatsunomachi Sawasoko	Chubu	0.74	JPY 14	Dec 2021
Ichigo Obu Yoshidamachi	Chubu	1.10	JPY 18	Jan 2022
Ichigo Kobe Pompuike	Kansai	2.47	JPY 18	Jan 2022
Ichigo Miyakonojo Takazakicho Tsumagirishima	Kyushu	2.96	JPY 32	Feb 2022
Ichigo Sera Shimotsuda	Chugoku	2.93	JPY 18	Mar 2022
Ichigo Ueda Yoshidaike	Chubu	1.01	JPY 18	May 2022
Ichigo Ebino Suenaga	Kyushu	13.99	JPY 40	Jan 2024
<b>Total (In-Pipeline)</b>		<b>10 Plants</b>	<b>27.1MW</b>	
<b>Total (Operating &amp; In-Pipeline)</b>		<b>48 Plants</b>	<b>151.1MW</b>	

**48 Ichigo Solar Power Plants (Operating/In Pipeline) 151.1MW**

## Ichigo Wind Power Plants (Operating)

Wind Power Plant	Area	Panel Output (MW)	FIT (Pre-tax)	Operation Start Date
Ichigo Yonezawa Itaya	Tohoku	7.39	JPY 22	Mar 2021
<b>Total (Operating)</b>		<b>1 Plant</b>	<b>7.3MW</b>	

## Ichigo Wind Power Plants (In Pipeline)

Wind Power Plant	Area	Panel Output (MW)	FIT (Pre-tax)	Operation Start Date
Ichigo Takashinoyama	Tohoku	6.99	JPY 21	Dec 2023
Ichigo Onjuku Iwawada Nishi	Kanto	1.99	JPY 22	Dec 2024
Ichigo Onjuku Iwawada Higashi	Kanto	1.99	JPY 22	Dec 2024
<b>Total</b>		<b>3 Plants</b>	<b>10.9MW</b>	

**4 Ichigo Wind Power Plants (Operating/In Pipeline) 18.3MW**

**Total 52 Ichigo Solar & Wind Power Plants 169.5MW**



# Ichigo Green (9282) Solar Power Plant Portfolio

## Ichigo Green Solar Power Plants (Operating)

Solar Power Plant	Area	Panel Output (MW)	FIT (Pre-tax)	Operation Start Date
Ichigo Kiryu Okuzawa	Kanto	1.33	JPY 40	Sep 2013
Ichigo Motomombetsu	Hokkaido	1.40	JPY 40	Feb 2014
Ichigo Murooran Hatchodaira	Hokkaido	1.24	JPY 40	Mar 2014
Ichigo Engaru Kiyokawa	Hokkaido	1.12	JPY 40	Mar 2014
Ichigo Iyo Nakayamacho Izubuchi	Shikoku	1.23	JPY 40	Apr 2014
Ichigo Nakashibetsu Midorigaoka	Hokkaido	1.93	JPY 40	Nov 2014
Ichigo Abira Toasa	Hokkaido	1.16	JPY 40	Dec 2014
Ichigo Toyokoro	Hokkaido	1.02	JPY 40	Dec 2014
Ichigo Nago Futami	Okinawa	8.44	JPY 40	Feb 2015
Ichigo Engaru Higashimachi	Hokkaido	1.24	JPY 40	Feb 2015
Ichigo Takamatsu Kokubunjicho Nii	Shikoku	2.43	JPY 36	Jun 2015
Ichigo Miyakonojo Yasuhisacho	Kyushu	1.44	JPY 36	Jul 2015
Ichigo Toyokawa Mitocho Sawakihama	Chubu	1.80	JPY 32	Sep 2015
Ichigo Yamaguchi Aionishi	Chugoku	1.24	JPY 40	Dec 2015
Ichigo Yamaguchi Sayama	Chugoku	2.35	JPY 36	Apr 2016
<b>Total (Operating)</b>		15 Plants	29.4MW	

Ichigo Total: 198.9MW (Operating/In Pipeline)

Solar Power Plants	151.1MW
Wind Power Plants	18.3MW
Ichigo Green (9282) Solar Power Plants	29.4MW

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

- A policy mechanism to encourage investment in renewable energies by guaranteeing a fixed purchase 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~	Determined via auction process	<sup>1</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
FY2021	Determined via auction process	<sup>2</sup> -

<sup>1</sup> 2017 FIT for >2MW non-residential, 2019 FIT for >0.5MW non-residential, and 2020~ FIT >0.25MW non-residential solar power production

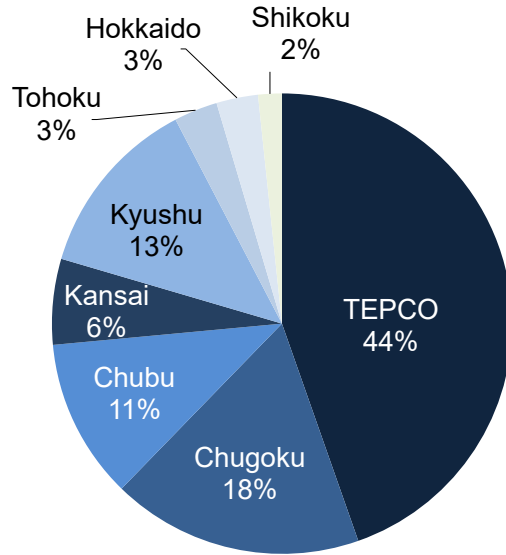
<sup>2</sup> FIT for >0.25MW wind power generation

# Ichigo-Owned Solar Power Plant Portfolio

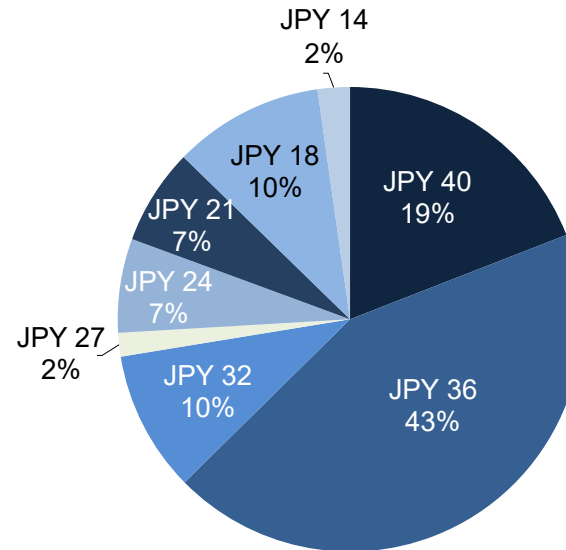
Total Operating and In-Pipeline Ichigo-Owned Solar Power Plants: 48 Plants (151.1MW)

By Customer

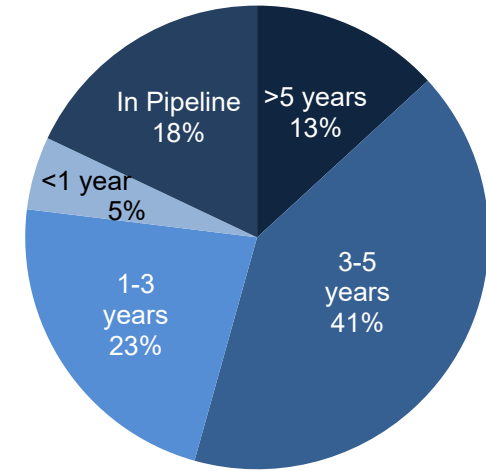
(Electric Power Utility Co)



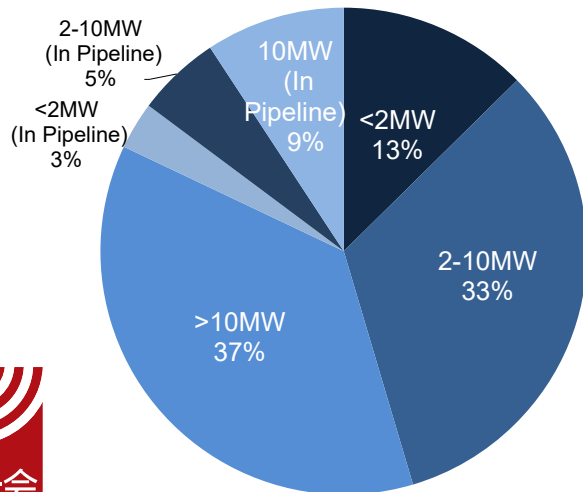
By Feed-In Tariff



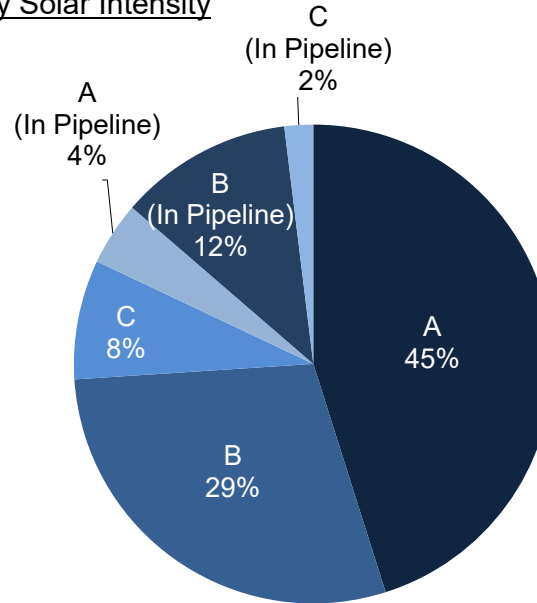
By Years in Operation



By Output



By Solar Intensity



Panel Output and FIT by Customer

Area	Operating		In-Pipeline	
	Panel Output (MW)	FIT (Pre-tax) (JPY)	Panel Output (MW)	FIT (Pre-tax) (JPY)
TEPCO	66.7	14 – 40	0.7	14
Chugoku	23.7	18 – 40	2.9	18
Kyushu	2.4	36 – 40	17.0	32 – 40
Chubu	13.0	18 – 36	4.0	14 – 18
Kansai	6.6	21 – 32	2.5	18
Tohoku	4.6	36	–	–
Hokkaido	4.4	40	–	–
Shikoku	2.5	40	–	–
<b>Total</b>	<b>124.0</b>		<b>27.1</b>	

Solar Intensity Rank  
 A:  $\geq 4.00$  B:  $\geq 3.75, < 4.00$  C:  $\geq 3.50, < 3.75$  D:  $< 3.5$   
 Unit: kWh/m<sup>2</sup> per day



# Green Biomass Entry

## Fully Local Green Biomass as Third Renewable Energy Business

- Diversify & stabilize power production
- Procure biomass feedstock via Ichigo's community relationships

	Characteristics	Weather Impacts
Solar Power	<ul style="list-style-type: none"> <li>▪ Lots of potential plant site candidates, able to make effective use of unused land</li> </ul>	Yes
Wind Power	<ul style="list-style-type: none"> <li>▪ Night time power production capability</li> </ul>	Yes
Biomass	<ul style="list-style-type: none"> <li>▪ 24-hour power generation capacity regardless of weather conditions</li> <li>▪ Able to control power generation</li> <li>▪ Stable supply of biomass energy sources is necessary</li> </ul>	No

## Maintain & Conserve Forests

- Support biodiversity & contribute to fight against climate change

### Use Japan's Abundant Forest Resources

- Japan's forest ratio is 66% (2<sup>nd</sup> highest amongst OECD countries), 7<sup>th</sup> largest cultivated forest area in the world
- Productive use of unused domestic wood as biomass energy source

# Consolidated Balance Sheet: Assets

(JPY million)

	FY18/2	FY19/2	FY20/2	FY21/2	FY22/2 Q1	FY22/2 H1	vs. FY22/2 Q1
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents	45,510	50,225	41,067	50,832	51,477	45,381	-6,096
Trade notes and accounts receivable	1,097	1,344	2,308	1,382	2,116	1,583	-533
Operational loan investments	1,324	1,324	1,324	1,324	1,324	1,324	-
Operational securities investments	2	1,218	902	590	602	1,973	+1,371
Real estate for sale	180,789	161,322	68,290	64,109	68,082	67,876	-206
Deferred tax assets	342	-	-	-	-	-	-
Other	2,643	2,156	3,721	2,698	2,193	2,183	-10
Less: allowance for doubtful accounts	-28	-2	-6	-167	-167	-168	-1
<b>Total Current Assets</b>	<b>231,681</b>	<b>217,590</b>	<b>117,608</b>	<b>120,771</b>	<b>125,628</b>	<b>120,154</b>	<b>-617</b>
<b>Fixed Assets</b>							
<b>Property, Plant, and Equipment</b>							
Buildings and structures (net)	10,600	20,338	55,050	60,673	59,997	59,695	-302
Solar and wind power plants (net)	19,773	19,058	23,425	24,191	27,271	26,869	-402
Land	26,993	49,924	122,114	122,592	122,597	122,597	-
Other (net)	1,190	5,655	5,607	6,935	3,787	4,476	+689
<b>Total Property, Plant, and Equipment</b>	<b>58,558</b>	<b>94,976</b>	<b>206,198</b>	<b>214,392</b>	<b>213,653</b>	<b>213,639</b>	<b>-14</b>
<b>Intangible Assets</b>							
Goodwill	1,600	1,346	1,090	968	931	869	-62
Leasehold rights	135	316	687	1,272	1,272	1,272	-
Other	233	331	705	1,797	1,675	1,552	-123
<b>Total Intangible Assets</b>	<b>1,968</b>	<b>1,993</b>	<b>2,482</b>	<b>4,038</b>	<b>3,879</b>	<b>3,695</b>	<b>-184</b>
<b>Investments and Other Assets</b>							
Securities investments	2,184	2,455	4,321	5,147	5,349	5,494	+145
Long-term loans receivable	10	10	510	10	292	285	-7
Deferred tax assets	68	177	568	605	569	585	+16
Other	2,132	2,231	2,128	2,202	2,141	2,048	-93
Less: allowance for doubtful accounts	-91	-91	-91	-91	-91	-91	-
<b>Total Investments and Other Assets</b>	<b>4,303</b>	<b>4,782</b>	<b>7,436</b>	<b>7,874</b>	<b>8,260</b>	<b>8,322</b>	<b>+62</b>
<b>Total Fixed Assets</b>	<b>64,831</b>	<b>101,752</b>	<b>216,118</b>	<b>226,305</b>	<b>225,793</b>	<b>225,656</b>	<b>-137</b>
<b>Total Assets</b>	<b>296,512</b>	<b>319,343</b>	<b>333,726</b>	<b>347,076</b>	<b>351,422</b>	<b>345,811</b>	<b>-5,611</b>

# Consolidated Balance Sheet: Liabilities & Net Assets

(JPY million)

	FY18/2	FY19/2	FY20/2	FY21/2	FY22/2 Q1	FY22/2 H1	vs. FY22/2 Q1
<b>Liabilities</b>							
Current Liabilities							
Short-term loans	1,042	3,275	3,086	4,879	7,989	4,458	-3,531
Bonds (due within one year)	112	112	274	274	274	274	-
Long-term loans (due within one year)	4,449	7,881	12,277	9,751	9,870	9,682	-188
Long-term non-recourse loans (due within one year)	3,921	1,666	1,178	1,358	1,358	1,367	+9
Income taxes payable	1,609	3,760	2,416	573	801	849	+48
Deferred tax liabilities	494	-	-	-	-	-	-
Accrued bonuses	34	31	33	9	168	157	-11
Other current liabilities	4,652	5,178	5,013	5,527	3,363	3,709	+346
<b>Total Current Liabilities</b>	<b>16,316</b>	<b>21,905</b>	<b>24,280</b>	<b>22,374</b>	<b>23,826</b>	<b>20,499</b>	<b>-3,327</b>
Long-Term Liabilities							
Bonds	520	538	6,082	5,878	5,837	5,740	-97
Long-term loans	112,366	131,569	151,483	156,890	162,943	161,795	-1,148
Long-term non-recourse loans	63,588	51,068	39,156	40,974	40,822	40,254	-568
Deferred tax liabilities	1,744	2,164	1,890	1,868	1,844	1,764	-80
Long-term security deposits received	8,492	8,292	8,118	7,795	7,685	7,075	-610
Other long-term liabilities	758	946	1,107	1,039	1,119	1,253	+134
<b>Total Long-Term Liabilities</b>	<b>187,470</b>	<b>194,579</b>	<b>207,838</b>	<b>214,446</b>	<b>220,252</b>	<b>217,884</b>	<b>-2,368</b>
<b>Total Liabilities</b>	<b>203,787</b>	<b>216,484</b>	<b>232,119</b>	<b>236,820</b>	<b>244,079</b>	<b>238,383</b>	<b>-5,696</b>
<b>Net Assets</b>							
Shareholders' Equity							
Capital	26,723	26,820	26,885	26,888	26,888	26,888	-
Capital reserve	11,113	11,207	11,272	11,275	11,275	11,268	-7
Retained earnings	54,324	66,730	71,505	73,160	71,402	71,582	+180
Treasury shares	-2,995	-5,988	-8,988	-11,988	-13,286	-13,423	-137
<b>Total Shareholders' Equity</b>	<b>89,165</b>	<b>98,769</b>	<b>100,674</b>	<b>99,335</b>	<b>96,278</b>	<b>96,315</b>	<b>+37</b>
Accumulated Other Comprehensive Income							
Valuation gains (losses) on other securities	543	386	158	90	145	139	-6
Deferred gains (losses) on long-term interest rate hedges	-372	-408	-397	-375	-360	-372	-12
<b>Total Accumulated Other Comprehensive Income</b>	<b>171</b>	<b>-21</b>	<b>-239</b>	<b>-285</b>	<b>-214</b>	<b>-233</b>	<b>-19</b>
Stock Options	666	827	988	1,007	1,026	1,039	+13
Minority Interests	2,722	3,283	184	10,197	10,251	10,306	+55
<b>Total Net Assets</b>	<b>92,725</b>	<b>102,859</b>	<b>101,607</b>	<b>110,255</b>	<b>107,342</b>	<b>107,427</b>	<b>+85</b>
<b>Total Liabilities and Net Assets</b>	<b>296,512</b>	<b>319,343</b>	<b>333,726</b>	<b>347,076</b>	<b>351,422</b>	<b>345,811</b>	<b>-5,611</b>

# Consolidated P&L

(JPY million)

	FY18/2 (12M)	FY19/2 (12M)	FY20/2 (12M)	FY21/2 (12M)	FY22/2 H1 (6M)	FY21/2 H1 (6M)	Change (YOY)	FY22/2 Full-Year Forecast	vs. Forecast
<b>Revenue</b>	<b>57,846</b>	<b>83,540</b>	<b>87,360</b>	<b>61,368</b>	<b>23,303</b>	<b>32,026</b>	<b>-8,723</b>	-	-
Cost of Goods Sold	30,860	51,413	52,851	45,776	15,934	23,342	-7,408	-	-
<b>Gross Profit</b>	<b>26,986</b>	<b>32,126</b>	<b>34,509</b>	<b>15,591</b>	<b>7,368</b>	<b>8,683</b>	<b>-1,315</b>	-	-
SG&A	5,067	5,847	6,787	5,923	3,125	3,231	-106	-	-
<b>Operating Profit</b>	<b>21,919</b>	<b>26,279</b>	<b>27,721</b>	<b>9,668</b>	<b>4,243</b>	<b>5,452</b>	<b>-1,209</b>	<b>9,100 – 12,000</b>	<b>35.4% – 46.6%</b>
Non-Operating Income									
Interest income	3	3	8	17	10	8	+2	-	-
Dividend income	57	68	78	78	9	58	-49	-	-
Mark-to-market gains on long-term interest rate hedges	-	5	-	243	27	186	-159	-	-
Other	100	70	62	78	72	35	+37	-	-
<b>Total Non-Operating Income</b>	<b>161</b>	<b>147</b>	<b>150</b>	<b>417</b>	<b>121</b>	<b>288</b>	<b>-167</b>	-	-
Non-Operating Expenses									
Interest expenses	2,249	2,328	2,293	2,338	1,204	1,161	+43	-	-
Mark-to-market losses on long-term interest rate hedges	270	491	336	29	320	20	+300	-	-
Debt financing-related fees	207	327	538	279	35	155	-120	-	-
Other	168	203	307	258	137	152	-15	-	-
<b>Total Non-Operating Expenses</b>	<b>2,895</b>	<b>3,350</b>	<b>3,476</b>	<b>2,906</b>	<b>1,698</b>	<b>1,489</b>	<b>+209</b>	-	-
<b>Recurring Profit</b>	<b>19,185</b>	<b>23,076</b>	<b>24,395</b>	<b>7,179</b>	<b>2,666</b>	<b>4,252</b>	<b>-1,586</b>	<b>6,000 – 8,900</b>	<b>30.0% – 44.4%</b>
Extraordinary Gains									
Gains on sales of fixed assets	-	-	-	720	3	-	+3	-	-
Gains on sales of securities investments	-	2	11	-	-	-	-	-	-
Gains on sales of shares in affiliates	1,221	-	-	-	-	-	-	-	-
Gains on sales of subsidiary shares	-	-	169	-	-	-	-	-	-
Other	41	-	35	-	-	-	-	-	-
<b>Total Extraordinary Gains</b>	<b>1,263</b>	<b>2</b>	<b>215</b>	<b>720</b>	<b>3</b>	<b>-</b>	<b>+3</b>	-	-
Extraordinary Losses									
Loss on disposal of fixed assets	11	-	27	-	1	-	-	-	-
Valuation losses on securities investments	-	-	229	114	-	114	-114	-	-
Impairment loss	327	-	319	27	-	-	-	-	-
Covid writedown of real estate for sale	-	-	7,487	-	-	-	-	-	-
Other	-	-	-	146	-	1	-	-	-
<b>Total Extraordinary Losses</b>	<b>339</b>	<b>-</b>	<b>8,065</b>	<b>288</b>	<b>1</b>	<b>116</b>	<b>-115</b>	-	-
<b>Pre-Tax Income</b>	<b>20,109</b>	<b>23,079</b>	<b>16,545</b>	<b>7,610</b>	<b>2,668</b>	<b>4,136</b>	<b>-1,468</b>	-	-
Income Taxes - Current	-	-	7,990	2,622	983	1,448	-465	-	-
Income Taxes - Deferred	-	-	-584	-58	-156	-92	-64	-	-
<b>Total Income Taxes</b>	<b>5,923</b>	<b>7,333</b>	<b>7,406</b>	<b>2,564</b>	<b>826</b>	<b>1,355</b>	<b>-529</b>	-	-
<b>Pre-Minority Interest Net Income</b>	<b>14,185</b>	<b>15,746</b>	<b>9,139</b>	<b>5,046</b>	<b>1,842</b>	<b>2,780</b>	<b>-938</b>	-	-
Net Income Attributable to Minority Interests	167	373	938	18	111	1	+110	-	-
<b>Net Income</b>	<b>14,018</b>	<b>15,373</b>	<b>8,201</b>	<b>5,027</b>	<b>1,731</b>	<b>2,778</b>	<b>-1,047</b>	<b>5,000 – 8,000</b>	<b>21.6% – 34.6%</b>

# Consolidated Cash Flows: Operations

(JPY million)

	FY18/2 (12M)	FY19/2 (12M)	FY20/2 (12M)	FY21/2 (12M)	FY22/2 H1 (6M)
<b>Cash Flows from Operations</b>					
Pre-tax income	20,109	23,079	16,545	7,610	2,668
Depreciation	1,015	1,696	2,630	4,797	2,816
Share-based compensation expenses	215	213	194	21	31
Amortization of goodwill	111	254	174	121	98
Increase (decrease) in accrued bonuses	32	-3	2	-24	148
Increase (decrease) in allowance for doubtful accounts	-355	-26	4	161	-
Interest and dividend income	-61	-71	-86	-96	-20
Interest expense	2,249	2,328	2,293	2,338	1,204
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	-11	-	-
Losses (gains) on disposal of fixed assets	-	-	-	-	1
Losses (gains) on sales of fixed assets	-	-	-	-720	-3
Impairment loss	327	-	319	27	-
Valuation losses on securities investments	-	-	229	114	-
Decrease (increase) in trading notes and receivables	-468	-247	-903	925	-200
Decrease (increase) in operational securities investments	1,663	3,509	11,682	343	-11
Decrease (increase) in real estate for sale	-8,112	-3,163	-17,447	5,342	-3,764
Covid writedown of real estate for sale	-	-	7,487	-	-
Decrease (increase) in power plant for sale	996	-	-	-	-
Valuation losses on SPC capital contributions	-	-	-	4	-
Decrease (increase) in advances paid	871	-333	16	61	76
Decrease (increase) in accounts receivable	-10	-399	29	16	134
Increase (decrease) in accounts payable	573	-332	201	-437	-630
Increase (decrease) in accrued expenses	-47	25	-36	94	2
Increase (decrease) in advances received	30	269	-285	-57	-
Increase (decrease) in security deposits received	125	-264	-169	-323	-719
Other	585	1,887	600	1,550	-262
<b>Sub-Total</b>	<b>18,628</b>	<b>28,420</b>	<b>23,304</b>	<b>21,870</b>	<b>1,570</b>
Interest and dividend income received	61	71	86	96	20
Interest expenses paid	-2,231	-2,118	-2,068	-2,119	-1,104
Income taxes paid and refunded	-5,854	-4,610	-9,430	-4,384	-492
<b>Net Cash from (Used for) Operations</b>	<b>10,603</b>	<b>21,762</b>	<b>11,892</b>	<b>15,463</b>	<b>-6</b>

# Consolidated Cash Flows: Investments & Financing

(JPY million)

	FY18/2 (12M)	FY19/2 (12M)	FY20/2 (12M)	FY21/2 (12M)	FY22/2 H1 (6M)
<b>Cash Flows from Investments</b>					
Payments into time deposits	-6	-118	-113	-7	-4
Proceeds from withdrawal from time deposits	-	1,060	5,033	-	-
Payments for securities investments	-140	-539	-2,361	-547	-228
Proceeds from sales of securities investments	-	32	111	10	2
Acquisitions of property, plant, and equipment	-4,796	-15,440	-11,244	-16,447	-2,188
Proceeds from sale of property, plant, and equipment	-	-	-	2,850	4
Acquisitions of intangible assets	-83	-425	-562	-1,468	-73
Payments of SPC capital contributions	-28	-6	-2	-3	-3
Redemptions of SPC capital contributions	-	32	-	15	-
Payments of security deposits	-36	-16	-34	-	-16
Acquisitions of subsidiary shares resulting in change of consolidation scope	-2,619	-	-	-	-
Sales of subsidiary shares resulting in change of consolidation scope	2,096	-	-	-	-
Acquisitions of consolidated subsidiary	-	-	-187	-	-
Other	-32	-181	-902	-30	-272
<b>Net Cash from (Used for ) Investments</b>	<b>-5,645</b>	<b>-15,602</b>	<b>-10,263</b>	<b>-15,630</b>	<b>-2,780</b>
<b>Cash Flows from Financing</b>					
Net increase (decrease) in short-term loans	-306	2,232	426	1,793	-421
Net increase (decrease) in short-term non-recourse loans	-611	-	-	-	-
Proceeds from bond issuance	-	129	5,828	70	-
Repayment of maturing bond principal to bondholders	-112	-112	-193	-274	-137
Redemption of non-recourse bonds	-100	-	-	-	-
Proceeds from long-term loans	32,660	43,062	49,957	51,877	14,453
Repayment of long-term loans	-13,402	-20,352	-26,475	-48,996	-9,632
Proceeds from long-term non-recourse loans	3,518	3,500	5,300	3,300	-
Repayment of long-term non-recourse loans	-22,366	-18,473	-17,701	-1,301	-710
Proceeds from employee exercise of stock options	110	143	95	4	-
Share buyback	-2,999	-2,999	-2,999	-2,999	-1,499
Proceeds from minority interests	-	90	-	10,000	-
Payments to minority interests	-	-	-1,276	-	-
Sales of subsidiary shares resulting in no change of consolidation scope	-	100	-	-	-
Dividends paid to minority interests	-	-	-8	-5	-1
Dividends paid	-2,513	-2,972	-3,416	-3,298	-3,229
<b>Net Cash from (Used for ) Financing</b>	<b>-6,124</b>	<b>4,346</b>	<b>9,537</b>	<b>10,167</b>	<b>-1,178</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 Sustainable 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











# Addressing Needs of Diverse Individuals & Communities

## Change Focus on People

From Building-Centered

To People-Centered

 Residence	»	Live
 Office	»	Work
 Retail	»	Shop, Dine
 Hotel	»	Travel
 Power Plant	»	Power Lives & Business
 Stadium	»	Play, Entertain
 Warehouse	»	Store, Distribute
 Cultural Facility	»	Enjoy, Discover



## Opportunity Address Diverse 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 & 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

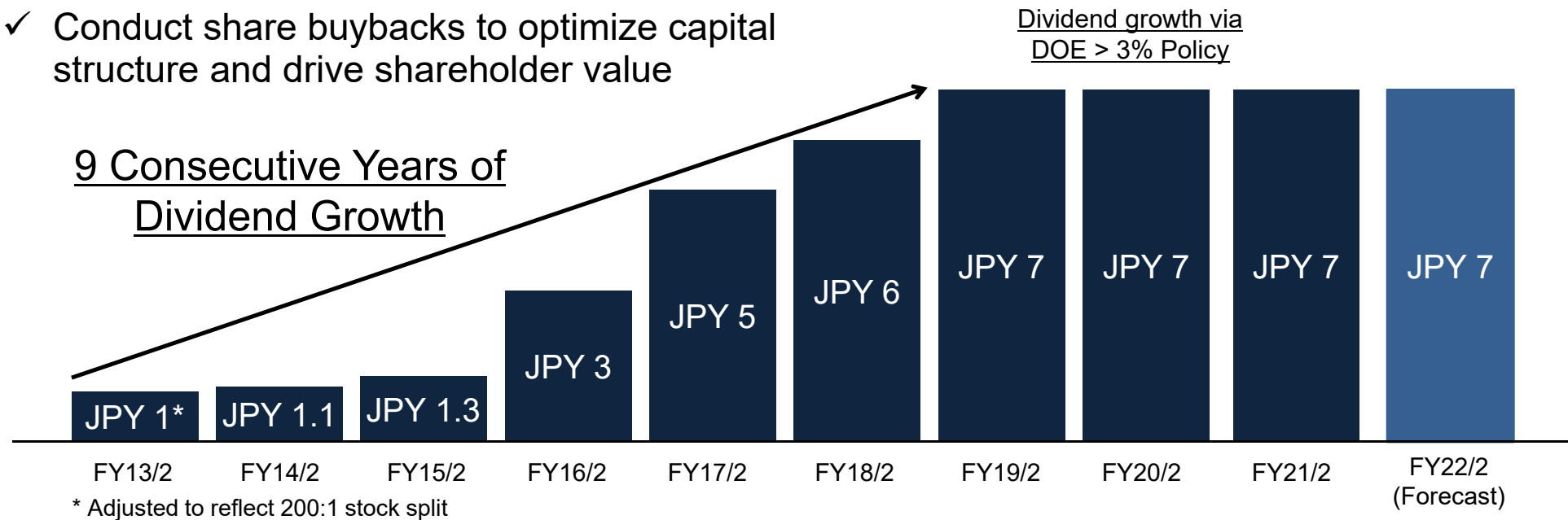
- FY30/2 Stock Earnings Ratio >60%
  - ✓ Raise Stock Earnings ratio from FY19/2's 53%
  - ✓ Concurrently increase and diversify Flow Earnings, which are currently centered on Sustainable Real Estate Gains on Sales

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

# Shareholder Return Policy

## Ichigo Dividend Policy: Growth, Certainty, & 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



# 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, & 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:

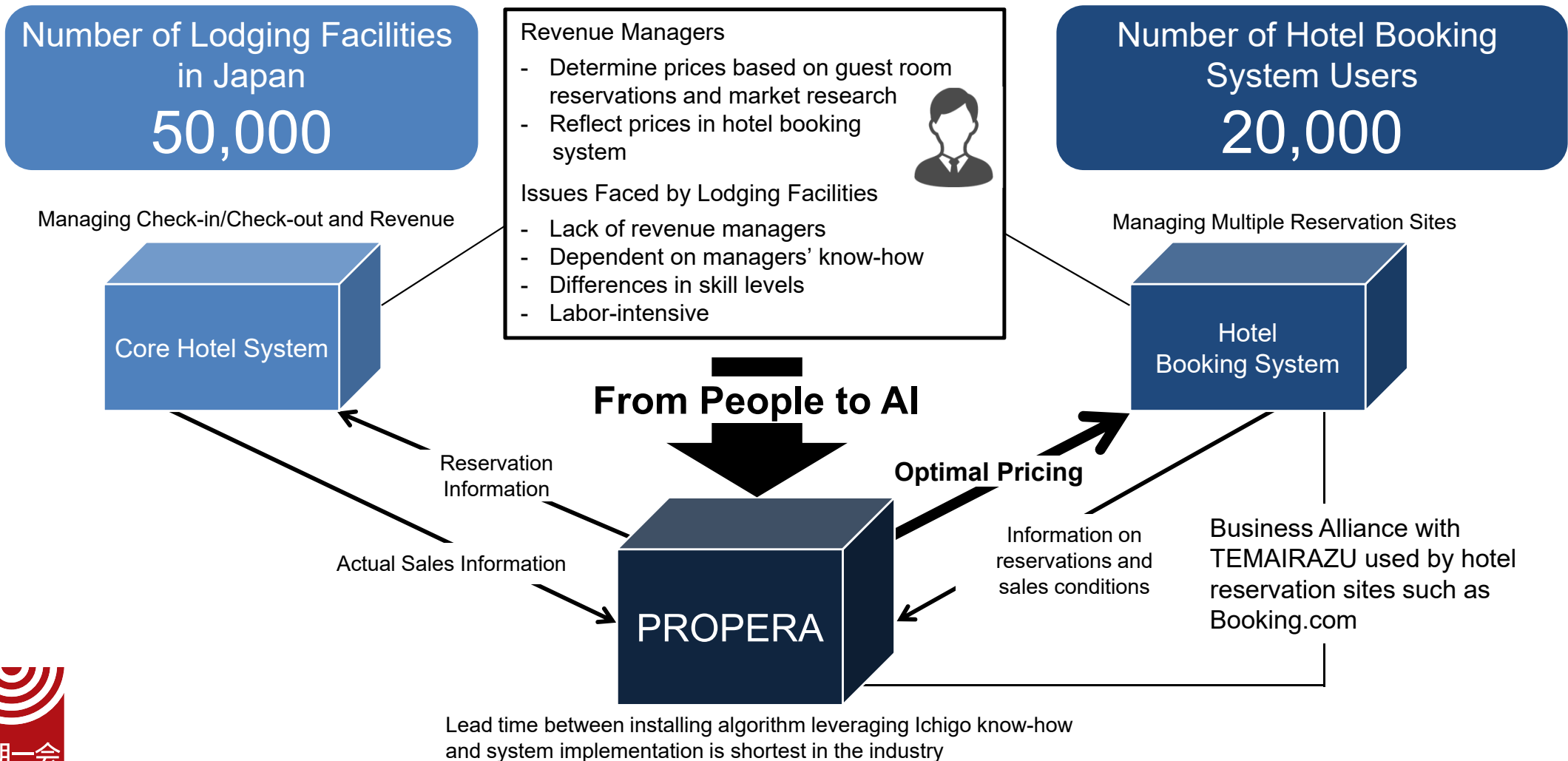
- Renovate and upgrade stadiums and help local governments find solutions for the rising costs of operating stadiums
- Work to build stronger and healthier communities in cooperation with local residents, businesses, and municipalities



# PROPERA: Ichigo's AI Hotel Revenue Management System

- Maximizes Hotel Revenues & Increases Labor Productivity
- Solves Issues Faced by Hotels and Supports Competitiveness
- Developed PROPERA-Lite\* Tailored to Hotels' Needs

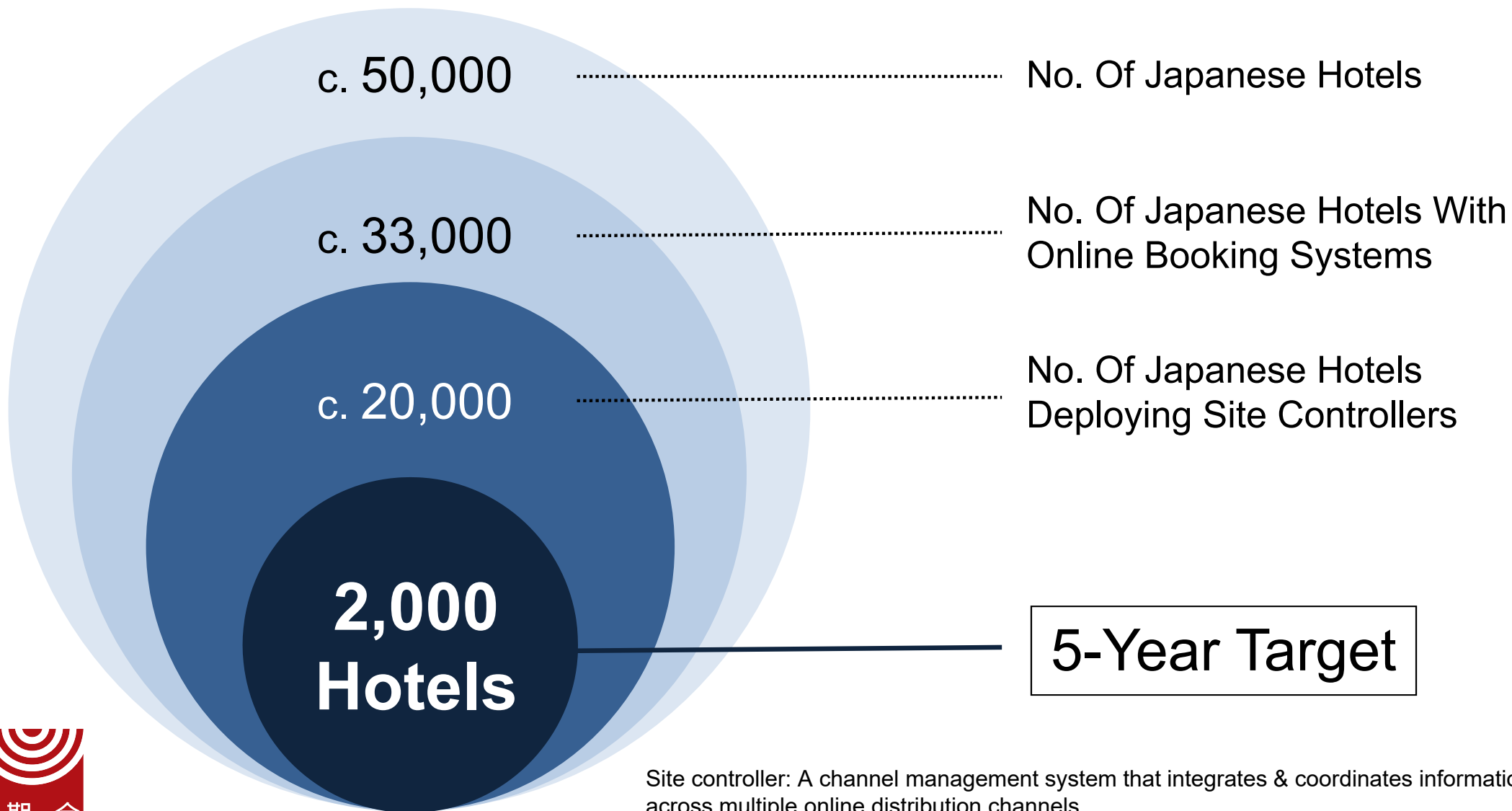
\* Provides limited information on pricing levels





# Market Size & Customer Acquisition Target

## Customer Acquisition Target: 2,000 Hotels Within 5 Years



Site controller: A channel management system that integrates & coordinates information across multiple online distribution channels

# Accelerating External Sales

## Two Key Initiatives to Increase Market Share

1. Drive Customer Growth via PROPERA Lite

### PROPERA Lite

- Price trend visualization only
- Pricing requires manual intervention
- Usage fee: JPY 24K monthly per hotel

2. Tightly Integrate With Site Controllers

PROPERA Site Controller Integration Will Give Access to **c. 18,000 Hotels** (90% of all Japanese hotels with site controllers)

**Increase Share** to 2,000 Hotels Within 5 Years

**Drive Earnings** via Shift From PROPERA Lite to PROPERA

### PROPERA

- Fully Automated Revenue Optimization
- Usage Fee: 1% of Revenue\*

\*Standard Plan

PROPERA Sample Earnings Model

Hotel with RevPAR JPY 6,000 and 100 rooms  
Annual Ichigo Earnings: **c. JPY 2M**

# Hakata Hotels: Hotel Operations

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

- Started operations at 3 hotels on June 1, 2019 & currently operating 12 hotels

## PROPERA Deployment

- Generating 10 to 40% revenue increases p.a.
- Sales of PROPERA to non-Ichigo hotel operators expected to drive Ichigo non-asset revenue streams



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

Released the Complete Series of New Anime 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, & 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 & sales of goods at ACZ will drive both customer traffic & higher earnings



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AKIBA CULTURES ZONE



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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.