



Creating peace of mind through honest and committed management.

[Provisional Translation Only]

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Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

May 9, 2013

Ichigo Group Holdings Co., Ltd. (JASDAQ, 2337)

Representative: Scott Callon, Chairman and Representative Statutory Executive Officer

Notice of the Thirteenth Annual General Meeting of Shareholders

Dear Shareholders:

We are pleased to invite you to attend the Thirteenth Annual General Meeting of Shareholders of Ichigo Group Holdings Co., Ltd. (“the Company”) to be held per the below.

If you are unable to attend the meeting, you may exercise your voting rights via postal mail or the internet. We would appreciate it if you could review the Reference Materials for the Annual General Meeting of Shareholders attached below and cast your vote by returning the enclosed voting form or by accessing our voting website (<http://www.evote.jp>) no later than Friday, May 24, 2013, 6:30 p.m. JST.

1. Date and Time Saturday, May 25, 2013 at 10:00 a.m.

2. Place Dai-ichi Hotel Tokyo, Fourth Floor, Primavera
1-2-6 Shimbashi, Minato-ku, Tokyo

3. Agenda of the Meeting

Matters to be Reported

1. Details of the business report, the consolidated financial statements, and the results of the audit of consolidated financial statements by the Independent Auditor and the Company’s Audit Committee for the thirteenth term (from March 1, 2012 to February 28, 2013)
2. Report on the financial statements for the thirteenth term (from March 1, 2012 to February 28, 2013)

Matters to be Resolved

Proposal 1 Partial Amendment to Articles of Incorporation

Proposal 2 Election of 10 Directors

* If you attend the meeting in person, please submit the enclosed voting form at the venue’s reception.

* Please note that any amendments to the Reference Materials for the Annual General Meeting of Shareholders and the business report, financial statements, and consolidated financial statements will be posted on our website (<http://www.ichigo-holdings.co.jp/english>).

Voting via the Internet

1. Handling of Concurrent Votes via Postal Mail and via the Internet

If you cast overlapping votes by using both the postal voting form and the Internet voting site, only the votes casted on the Internet will be deemed effective.

2. Handling of Concurrent Votes on the Internet

If you cast multiple overlapping votes on the Internet voting site, only the last vote will be deemed effective, whether from a PC, smart phone or a mobile phone.

3. Voting via the Internet

If you vote via the Internet, please review the following matters. If you attend the Meeting, voting via postal mail (voting form) or via the Internet is unnecessary.

(1) Voting Website

- (i) You can only exercise your voting rights via the Internet by accessing and using the designated website (<http://www.evotep.jp/>) from a PC, smart phone, or mobile phone (i-mode, EZweb or Yahoo! Keitai*). Please note that the website is not available from 2 a.m. to 5 a.m. JST daily.

(*i-mode, EZweb, and Yahoo! are the trademarks or registered trademarks of NTT DoCoMo, Inc., KDDI Corporation, and Yahoo! Inc., U.S.A., respectively.)

- (ii) Please note that if you use a firewall, have antivirus software installed, or use a proxy server, etc., there may be technical difficulties in exercising your voting rights via the Internet.
- (iii) To exercise your voting rights from a mobile phone, please use i-mode, EZweb or Yahoo! Keitai. To ensure security, you may not be able to vote from your mobile phone if the phone does not support encrypted transmission (SSL transmission) and mobile phone information transmission.
- (iv) We will accept votes submitted via the Internet up until 6:30 p.m. JST on Friday, May 24, 2013, but we would appreciate your promptness in voting. Please contact the help desk below if you have any questions.

(2) How to Vote via the Internet

- (i) Please access our voting website (<http://www.evotep.jp/>), and use the log-in ID and temporary password shown on the enclosed voting form. Follow the on-screen instructions to indicate your consent or dissent.
- (ii) To prevent unauthorized access (impersonation) and tampering of votes by third parties, please note that you will be required to change the temporary password on the voting website.
- (iii) We will inform you of a new login ID and temporary password for each Annual General Meeting of Shareholders.

(4) Fees for Accessing the Voting Website

Please note that you will be responsible for expenses such as dial-up Internet access fees and telephone charges incurred by accessing the voting website. Please also note that you will be responsible for expenses for the use of a mobile phone to cast your vote such as packet communication fees and other charges.

4. How to Receive Notices of Future Annual General Meetings of Shareholders

You can be notified by e-mail starting from the next Annual General Meeting of Shareholders, so please apply to receive such notification by accessing the voting website on your PC or smart phone. (Please note that you may not apply for such notification by mobile phone nor can you designate your mobile phone e-mail address as the receiving address.)

Inquiries concerning the Voting Process

Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division (Help Desk)

Toll-free telephone (within Japan): 0120-173-027 (9:00 a.m. to 9:00 p.m. JST)

To Institutional Investors

You may use the electronic proxy-voting platform of the Tokyo Stock Exchange for electronic voting for the Annual General Meeting of Shareholders of the Company.

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Business Report

[From March 1, 2012]
[To February 28, 2013]

I. Current Condition of the Company

1. Business Conditions in the Current Fiscal Year

(1) Progress and Business Results

Due to the slowdown in the world economy, impacted in part by ongoing debt issues in Europe, the Japanese economy developed at an uneven pace during the current fiscal year. Nevertheless, policies instituted by the new Japanese government at the end of 2012 have reinvigorated expectations for an economic recovery by changing the trend of yen appreciation, rejuvenating the Japanese stock market, and improving the general corporate outlook for exports and earnings. For the Japanese real estate market, business conditions are picking up as evidenced by an upsurge since last year in the Tokyo Stock Exchange J-REIT index and the growing number of areas in Japan with rising land values. These positive developments stem from the continuing favorable financing environment, the possibility of the end of deflation due to bold monetary easing, and robust J-REIT participation in the Japanese real estate market via additional public offerings and new listings.

The Company intends to take advantage of this positive business environment and drive higher earnings. Via pro-actively managing assets held in the J-REIT and private real estate funds, bringing to market new ground lease and small-scale real estate-related products, continuing the provision of property management and building management services, and participating in new businesses such as the ECO energy venture begun in November 2012, the Company seeks enhanced growth as an integrated and full-service real estate group while simultaneously strengthening the Company's stable profitability. Specifically, in the past year the Company has carried out the following main initiatives:

- Acquired new stable profitability through growing the J-REIT
- Launched new real estate investment funds
- Sought out new core investors for real estate investments
- Expanded the small-scale real estate and ground lease-related businesses
- Improved the “green” characteristics of managed assets as well as the earthquake resistance and functionality of such assets
- Strengthened tenant leasing activities and set up a new website to disseminate leasing information for managed assets
- Created a new start-up ECO energy business (megasolar, LED lighting, etc.)
- Developed and implemented various branding measures to strengthen the Ichigo brand
- Lengthened borrowing periods and improved profitability through refinancing existing loans
- Continued asset sales
- Strengthened the Company as a full service and integrated real estate company through reorganization

As a result, the Company recorded revenues of ¥16,397 million in the current fiscal year (down 13.5% year-on-year); an operating profit of ¥1,844 million (up 75.6% year-on-year); a recurring profit of ¥1,734 million (up 77.1% year-on-year); and a net profit of ¥1,637 million (down 7.5% year-on-year). The Company has thus been able to establish in the current fiscal year a stable and profitable revenue structure that can serve as a base for strong future growth in subsequent years.

(2) Capital Expenditures

There were no material capital expenditures during the current fiscal year.

(3) Financing

In order to boost profitability and the stability of its financial base, the Company made significant efforts to reduce interest rates paid and lengthen the applicable periods of financing. As a result, for the current fiscal year the balance of interest-bearing corporate debt was ¥6,907 million (down 26.1% year-on-year), and the balance of non-recourse debt was ¥35,039 million (down 7.0% year-on-year). With respect to the average applicable interest rates, they were reduced year-on-year 0.33% and 0.54%, respectively. In addition, with respect to the balance of interest-bearing corporate debt as of the end of the period, the percentage of such debt that was long-term was 79% (no change from the prior year); however of this long-term debt, the amount that had a remaining tenor of longer than 5 years was ¥1,891 million (up ¥1,395 million year-on-year), and as a consequence the Company was successful in lengthening financing periods and improving the stability of its financial base.

(4) Business Transfers, Absorption-Type Splits or Incorporation-Type Splits

N/A

(5) Transferred Businesses from Other Companies

N/A

(6) Succeeding to Rights and Obligations relating to the Business of Other Companies by Absorption-Type Merger or Absorption-Type Split

N/A

(7) Acquisition and Disposition of Shares and Other Interests in Other Companies and Stock Acquisition Rights, etc.

On November 28, 2012, the Company acquired all outstanding shares of Solar Way Co., Ltd. and made it a 100% subsidiary company.

2. Assets and Earnings in the Past Three Fiscal Years

Category	Tenth term (Year ending February 28, 2010)	Eleventh term (Year ending February 28, 2011)	Twelfth term (Year ending February 29, 2012)	Thirteenth term (Year ending February 28, 2013 - Current fiscal year)
Revenues (million yen)	21,112	12,760	18,952	16,397
Recurring Profit (Recurring Loss) (million yen)	573	1,616	979	1,734
Net Profit (Net loss) (million yen)	1,807	620	1,770	1,637
Net Profit per Share (Net loss per share) (yen)	1,771.74	317.64	775.14	731.98
Total Assets (million yen)	100,268	98,653	82,170	80,428
Net Assets (million yen)	23,523	27,771	28,187	31,066
Net Assets per Share (yen)	11,711.48	10,920.79	11,613.85	12,704.44

(Note) Net Profit per Share (Net loss per share) is calculated based on the average number of shares issued during the term. Net Assets per Share is calculated based on the number of outstanding shares as of the end of the fiscal year. These figures do not include treasury shares.

3. Important Parent Company and Subsidiary Information

(1) Parent Company

N/A

(2) Important Subsidiaries

Name	Capital	Percentage Ownership of Voting Rights	Business Segment
Ichigo Real Estate Investment Advisors Co., Ltd.	¥400 million	100.00%	J-REIT and private equity real estate funds asset management
Ichigo Estate Co., Ltd.	¥500 million	100.00%	Real estate-related business (Small sized assets and ground leases)
Ichigo Global Capital Co., Ltd.	¥10 million	100.00%	Formation of investment funds for overseas investments and cross-border M&A advisory
Ichigo ECO Energy Co., Ltd.	¥50 million	100.00%	Megasolar energy generation business, LED lighting, etc.
Ichigo Marché Co., Ltd.	¥95 million	100.00%	Wholesale market property management
Miyako City Co., Ltd.	¥50 million	100.00%	Mall property management
Takara Building Maintenance Co., Ltd.	¥10 million	100.00%	Building maintenance
Nichibei Building Services Co., Ltd.	¥16 million	100.00%	Total building management
Nichibei Security Services Co., Ltd.	¥10 million	100.00%	Security services

- (Note) 1. Ichigo REIT Management Co., Ltd. was subject to merger by absorption by Ichigo Real Estate Investment Advisors Co., Ltd. and changed its corporate name on July 1, 2012.
2. Ichigo Solutions Co., Ltd. was subject to merger by absorption by Ichigo Estate Co., Ltd. and changed its corporate name on July 1, 2012.
3. Ichigo Global Capital Co., Ltd. was established as a 100% subsidiary of the Company on July 2, 2012.
4. Ichigo ECO Energy Co., Ltd. was established as a 100% subsidiary of the Company on November 28, 2012.

4. Key Business Priorities

Despite the expectations that economic conditions in Japan will continue to improve due to the new government's policies and the expected positive spillover effects in the real estate industry in which the Company participates, developments in the world economy continue to be affected by the European debt problems and other uncertainties and accordingly there are downside risks to the Japanese economy.

In light of the current business environment, the Company aims to achieve significant growth as an integrated and full-service real estate owner/operator while maintaining its strong financial foundation and stable earnings base. Driving this significant earnings growth at utmost speed is the most important business priority of the Company. In pursuit of this, the Company expects to (1) accelerate investment to grow its stable earnings base by supporting growth in the fee income of Ichigo J-REIT, adding value to acquired assets to drive long-term stable earnings, and growing the megasolar business; (2) arrange financing for larger-scale asset acquisitions and continue developing new investor relations; (3) promote the formation of strategic and stable banking relations and improve borrowing conditions; (4) strengthen

internal coordination and operating efficiency through the newly-created real estate services division.

The Company also intends to further reinforce corporate governance and compliance to ensure sound management for our shareholders.

5. Key Business Segments (as of February 28, 2013)

As a long-term Japanese real estate asset manager, the Company has as its vision “Creating peace of mind through honest and committed management” and seeks to serve the needs of society by providing innovative asset management solutions.

The Company is principally engaged in management of a J-REIT and private equity investment funds, and also engages in real estate investment, property management, and building maintenance services.

6. Principal Offices (as of February 28, 2013)

Ichigo Group Holdings Co., Ltd. Ichigo Real Estate Investment Advisors Co., Ltd. Ichigo Estate Co., Ltd. Ichigo Global Capital Co., Ltd. Ichigo ECO Energy Co., Ltd.	Headquarters: Chiyoda-ku, Tokyo
Ichigo Marché Co., Ltd.	Headquarters: Chiyoda-ku, Tokyo Office: Matsudo City, Chiba Prefecture
Miyako City Co., Ltd.	Headquarters: Miyazaki City, Miyazaki Prefecture
Takara Building Maintenance Co., Ltd.	Headquarters: Ryugasaki City, Ibaraki Prefecture
Nichibeï Building Services Co., Ltd. Nichibeï Security Services Co., Ltd.	Headquarters: Matsudo City, Chiba Prefecture

7. Employees (as of February 28, 2013)

(1) Employees of the Company (Consolidated basis)

Number of employees	Increase/decrease from the end of previous fiscal year
182 (549)	- 64 (+11)

- (Note) 1. The number of employees is the number of full-time employees (excluding workers dispatched from Ichigo Group to other companies and including workers dispatched from other companies to Ichigo Group) including directors who are also employees.
2. The average number of non-full-time employees (including part-time and temporary staff) is presented in parentheses.
3. The number of employees decreased by 64 for full-time from the previous fiscal year due to reclassification of contract employees to non-full-time.

(2) Employees of the Company (Parent basis)

Number of employees	Increase/decrease from the end of previous fiscal year	Average age	Average years of employment
32 (0)	-7 (-3)	39.5 years old	4.1 years

- (Note) 1. The number of employees is the number of full-time employees (excluding workers dispatched from the Company to other companies and including workers dispatched from other companies to Ichigo Group) including directors who are also employees.
2. The average number of non-full-time employees (including part-time and temporary staff) is presented in parentheses.
3. On a year-on-year basis the number of employees decreased by seven employees, however this was mainly due to such employees being moved to a subsidiary pursuant to a corporate reorganization.

8. Principal Lenders (as of February 28, 2013)

Lenders	Amount
Kansai Urban Banking Corporation	¥2,861 million
Sumitomo Mitsui Banking Corporation	¥1,625 million
The Bank of Yokohama, Ltd.	¥997 million
JA Mitsui Lease Co., Ltd.	¥300 million
Resona Bank, Ltd.	¥287 million

(Note) These amounts do not include non-recourse loans held by funds that the Company manages (e.g., *tokumei kumiai* partnerships, etc.)

9. Dividend and Distribution Policy

The Company has set generating positive returns for its shareholders as one of its most important priorities, and has the basic principle of carrying out shareholder distributions in line with the Company's financial performance while securing a level of retained earnings necessary for stable growth. During the current fiscal year, the Company considered various methods for distributing profit to shareholders based upon the Company's earnings outlook and possible future growth in funding needs. The Company was able to increase stable earnings from rental income, asset management fees, and building maintenance fees and cover all fixed costs (sales and management expenses as well as interest expenses) from such stable earnings. Accordingly, the Company was able to create a strong profit base and resume dividend payments of 200 yen per share at the end of the fiscal period after a five-year suspension in dividends.

10. Other Material Matters Regarding the Company

Merger of Consolidated Subsidiaries

The Company decided on April 12, 2013 to merge its three facility management subsidiaries, Takara Building Maintenance Co., Ltd. ("TBM"), Nichibeï Building Services Co., Ltd. ("NBS"), and Nichibeï Security Services Co., Ltd. ("NSS").

(1) Purpose of the Merger

The merger brings together the three firms' distinctive know-how in building management, staffing services, construction, and security services to form a comprehensive facility management company. The merged firm will carry out the management of properties owned and managed by the Company through setting up a Tokyo branch, while maintaining the existing Tokatsu area covered by NBS/NSS by setting up a Matsudo branch.

(2) Merger Overview

(i) Schedule

Approval of Board of Directors	April 17, 2013
Execution Date of the Merger Agreement	April 18, 2013
Effective Date of Merger	June 1, 2013 (subject to change)

Note: The merger is conditional upon regulatory approval.

(ii) Method

This will be a merger by absorption. NBS and NSS will be dissolved, and TBM will be the surviving corporation.

(iii) Payment and Merger Consideration

There will be no payment or merger consideration because each subsidiary is 100% owned by the Company.

(3) Subsidiaries Overview

(i) Overview of the Surviving Corporation

Takara Building Maintenance (TBM)

Company Name	Takara Building Maintenance Co., Ltd.
Address	4-10-1 Nakanedai, Ryugasaki, Ibaraki
Representative	Yasutoyo Senda President & Representative Director
Business	Building management and staffing services
Paid-in Capital	10 million yen
Date of Incorporation	April 20, 1981
# of Shares Outstanding	20,000 shares
Fiscal Year-End	February
Shareholder	Ichigo Group Holdings Co., Ltd. 100%

Overview of the Absorbed Corporations

Nichibe Building Services (NBS)

Company Name	Nichibe Building Services Co., Ltd.
Address	5 Nishimabashisaiwaicho, Matsudo, Chiba
Representative	Shoyo Ishimatsu President & Representative Director
Business	Building maintenance, fire protection, building cleaning
Paid-in Capital	16 million yen
Date of Incorporation	September 3, 1970
# of Shares Outstanding	79 shares
Fiscal Year-End	February
Shareholder	Ichigo Group Holdings Co., Ltd. 100%

Nichibe Security Services (NSS)

Company Name	Nichibe Security Services Co., Ltd.
Address	5 Nishimabashisaiwaicho, Matsudo, Chiba
Representative	Shoyo Ishimatsu President & Representative Director
Business	Security services
Paid-in Capital	10 million yen
Date of Incorporation	August 25, 1975
# of Shares Outstanding	399 shares
Fiscal Year-End	February
Shareholder	Ichigo Group Holdings Co., Ltd. 100%

(ii) Relationship Between TBM, NBS, and NSS

Each corporation is a 100% subsidiary of the Company.

(4) Overview of the Post-Merger Subsidiary

Company Name	Takara Building Maintenance Co., Ltd.
Address	4-10-1 Nakanedai, Ryugasaki, Ibaraki
Representative	Yasutoyo Senda President & Representative Director
Business	Comprehensive Facility Management (Building management, Staffing services, Security services)
Paid-in Capital	10 million yen
Fiscal Year-End	February

Stock Split

Pursuant to a resolution of the meeting of the Board of Directors held on April 19, 2013, shares of the Company shall be split at a rate of 200 shares to one effective September 1, 2013. The purpose of the share split is to increase share liquidity and expand the potential base of Ichigo shareholders in light of the future growth prospects of the Company. In addition, in accordance with the “Action Plan for Consolidating Trading Units” announced by all of the Japanese stock exchanges on November 27, 2007, the Company shall adopt a share-trading unit system with a minimum trading lot of 100 shares.

II. Matters Regarding the Current Status of the Company

1. Matters Regarding Shares in the Company (as of February 28, 2013)

- (1) Number of Authorized Shares: 2,750,000 shares
- (2) Total Number of Shares Issued: 2,259,934 shares
(Including treasury stock of 20,000 shares)
- (3) Number of Shareholders: 19,666
- (4) Major Shareholders (top 10)

Name	Investment in the Company	
	Number of shares held (shares)	Shareholding ratio (%)
ICHIGO TRUST PTE. LTD.	1,785,116	79.69%
OSAKA SECURITIES FINANCING CO., LTD	14,192	0.63%
MELLON BANK TREATY CLIENTS OMNIBUS	11,686	0.52%
BANK OF NEW YORK GCM CLIENT ACCOUNT JPRD ISG FEAC	11,088	0.49%
YOICHI AOYAMA	10,732	0.47%
MONEX, INC.	6,517	0.29%
SBI SECURITIES CO., LTD.	6,339	0.28%
NOMURA SECURITIES CO., LTD.	5,476	0.24%
KUMIKO FURUI	3,830	0.17%
MATSUI SECURITIES CO., LTD.	3,808	0.17%
TOTAL	1,858,784	82.98%

(Note) The shareholding ratio is calculated excluding treasury stock (20,000 shares).

2. Stock Acquisition Rights (aka Stock Options)

(1) Stock Acquisition Rights Issued as Consideration for Execution of Duties by Officers of the Company
(as of February 28, 2013)

Number		9th Stock Acquisition Right Plan	
Date of resolution		July 14, 2009	
Number of stock acquisition rights		13,188 units (Note 1)	
Type and number of shares		13,188 common shares (1 share per unit)	
Issue Price		No payment is required in exchange for stock acquisition rights	
Amount due upon exercise of each stock acquisition right		¥13,381 per share	
Period for exercise of rights		August 15, 2011 – August 14, 2016	
Exercise Conditions		(Note 2)	
Holding by Directors	Directors (excluding External Directors)	Number of stock acquisition rights:	3,610 units
		Number of shares:	3,610 shares
		Number of holders:	2
	External Directors	Number of stock acquisition rights:	200 units
		Number of shares:	200 shares
		Number of holders:	1
	Statutory Executive Officers (excluding those who are Directors)	Number of stock acquisition rights:	910 units
		Number of shares:	910 shares
		Number of holders:	3

(Note 1) Of the total stock acquisition rights, 4,720 have been issued to Directors.

(Note 2) Exercise Conditions

- (i) Any person who is allotted stock acquisition rights is required to remain in the position of Director, Statutory Executive Officer, Advisor or employee of the Company, or Director, Statutory Executive Officer, Auditor or Employee of the Company's subsidiaries and other similar positions until the rights are exercised, except for retirement due to expiration of term, mandatory retirement, and other cases approved by the Board of Directors.
- (ii) Pledges and other disposition of stock acquisition rights are not permitted.
- (iii) If a person who is allotted stock acquisition rights should become deceased, their heir may exercise the rights subject to the conditions provided for in the Stock Acquisition Rights Allotment Agreement as described in (iv).
- (iv) Other conditions are subject to the Stock Acquisition Rights Allotment Agreement entered into between the Company and recipient of stock acquisition rights pursuant to the resolution of the Company's Board of Directors.

Number		10th Stock Acquisition Right Plan	
Date of resolution		August 8, 2011	
Number of stock acquisition rights		18,890 units (Note 1)	
Type and number of shares		18,890 common shares (1 share per unit)	
Issue Price		No payment is required in exchange for stock acquisition rights	
Amount due upon exercise of each stock acquisition right		¥11,000 per share	
Period for exercise of rights		August 9, 2013 – August 8, 2018	
Exercise Conditions		(Note 2)	
Holding by Directors	Directors (excluding External Directors)	Number of stock acquisition rights:	3,750 units
		Number of shares:	3,750 shares
		Number of holders:	2
	External Directors	Number of stock acquisition rights:	450 units
		Number of shares:	450 shares
		Number of holders:	4
Statutory Executive Officers (excluding those who are Directors)	Number of stock acquisition rights:	1,000 units	
	Number of shares:	1,000 shares	
	Number of holders:	5	

(Note 1) Of the total stock acquisition rights, 5,200 units have been issued to Directors.

(Note 2) Exercise Conditions

- (i) The Company must fully complete its buyback of either 61,693 shares or 616,930,000 yen in the share buyback approved on August 8, 2011.
- (ii) Any person who is allotted stock acquisition rights is required to remain in the position of Director, Statutory Executive Officer, Advisor or employee of the Company, or Director, Statutory Executive Officer, Auditor or employee of the Company's subsidiaries and other similar positions until the rights are exercised, except for retirement due to expiration of term, mandatory retirement, and other cases approved by the Board of Directors.
- (iii) Pledges and other disposition of stock acquisition rights are not permitted.
- (iv) If a person who is allotted stock acquisition rights should become deceased, their heir may exercise the rights subject to the conditions provided for in the Stock Acquisition Rights Allotment Agreement as described in (v).
- (v) Other conditions are subject to the Stock Acquisition Rights Allotment Agreement entered into between the Company and recipient of stock acquisition rights pursuant to the resolution of the Company's Board of Directors.

Number		11th Stock Acquisition Right Plan	
Date of resolution		August 24, 2012	
Number of stock acquisition rights		21,870 units (Note 1)	
Type and number of shares		21,870 common shares (1 share per unit)	
Issue Price		No payment is required in exchange for stock acquisition rights	
Amount due upon exercise of each stock acquisition right		¥12,000 per share	
Period for exercise of rights		August 25, 2014 – August 24, 2019	
Exercise Conditions		(Note 2)	
Holding by Directors	Directors (excluding External Directors)	Number of stock acquisition rights:	4,425 units
		Number of shares:	4,425 shares
		Number of holders:	2
	External Directors	Number of stock acquisition rights:	360 units
		Number of shares:	360 shares
		Number of holders:	4
	Statutory Executive Officers (excluding those who are Directors)	Number of stock acquisition rights:	1,300 units
		Number of shares:	1,300 shares
		Number of holders:	5

(Note 1) Of the total stock acquisition rights, 6,085 units have been issued to Directors.

(Note 2) Exercise Conditions

- (i) The Company must distribute dividend for the thirteenth term (from March 1, 2012 to February 28, 2013).
- (ii) Any person who is allotted stock acquisition rights is required to remain in the position of Director, Statutory Executive Officer, Advisor or employee of the Company, or Director, Statutory Executive Officer, Auditor or employee of the Company's subsidiaries and other similar positions until the rights are exercised, except for retirement due to expiration of term, mandatory retirement, and other cases approved by the Board of Directors.
- (iii) Pledges and other disposition of stock acquisition rights are not permitted.
- (iv) If a person who is allotted stock acquisition rights should become deceased, their heir may exercise the rights subject to the conditions provided for in the Stock Acquisition Rights Allotment Agreement as described in (v).
- (v) Other conditions are subject to the Stock Acquisition Rights Allotment Agreement entered into between the Company and recipient of stock acquisition rights pursuant to the resolution of the Company's Board of Directors.

(2) Stock Acquisition Rights Issued for the Consideration for Execution of Duties by Employees during the Current Fiscal Year

Number		11th Stock Acquisition Right Plan	
Date of resolution		August 24, 2012	
Number of stock acquisition rights		22,000 units (Note 1)	
Type and number of shares		22,000 common shares (1 share per unit)	
Issue Price		No payment is required in exchange for stock acquisition rights	
Amount due upon exercise of each stock acquisition right		¥12,000 per share	
Period for exercise of rights		August 25, 2014 – August 24, 2019	
Exercise Conditions		(Note 2)	
Holding by Employees	Employees (excluding those who are Directors and Statutory Executive Officers)	Number of stock acquisition rights:	15,915 units
		Number of shares:	15,915 shares
		Number of holders:	112
Holding by Employees	Directors and Employees of Subsidiaries	Number of stock acquisition rights:	- units
		Number of shares:	- shares
		Number of holders:	-

(Note 1) Of the total stock acquisition rights, 15,915 units have been issued to employees.

(Note 2) Exercise Conditions

- (i) The Company must distribute dividend for the thirteenth term (from March 1, 2012 to February 28, 2013).
- (ii) Any person who is allotted stock acquisition rights is required to remain in the position of Director, Statutory Executive Officer, Advisor or employee of the Company, or Director, Statutory Executive Officer, Auditor or employee of the Company's subsidiaries and other similar positions until the rights are exercised, except for retirement due to expiration of term, mandatory retirement, and other cases approved by the Board of Directors.
- (iii) Pledges and other disposition of stock acquisition rights are not permitted.
- (iv) If a person who is allotted stock acquisition rights should become deceased, their heir may exercise the rights subject to the conditions provided for in the Stock Acquisition Rights Allotment Agreement as described in (v).
- (v) Other conditions are subject to the Stock Acquisition Rights Allotment Agreement entered into between the Company and recipient of stock acquisition rights pursuant to the resolution of the Company's Board of Directors.

(3) Other Material Matters regarding Stock Acquisition Rights

N/A

3. Officers of the Company

(1) Corporate Directors (as of February 28, 2013)

Position	Name	Responsibility and Other Business Affiliations
Director	Scott Callon	Chairman of the Board of Directors, Nominating Committee Member, Compensation Committee Member, Vice-Chairman of Compliance Committee Chairman & Representative Statutory Executive Officer of Ichigo Group Holdings Co., Ltd. Partner and Chief Executive Officer of Ichigo Asset Management, Ltd.
Director	Kenji Iwasaki	Chairman of Nominating Committee, Chairman of Compensation Committee, Vice-Chairman of Compliance Committee President & Representative Statutory Executive Officer of Ichigo Group Holdings Co., Ltd. Chairman & Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd. Chairman & Director of Ichigo ECO Energy Co., Ltd.
Director	Minoru Ishihara	Compliance Committee Member Executive Vice President & Statutory Executive Officer of Ichigo Group Holdings Co., Ltd. Executive Vice President & Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd. President & Representative Director of Miyako City Co., Ltd.
External Director	Katsu Fujita	Chairman of Audit Committee, Nominating Committee Member, Compensation Committee Member Member of Conciliation of Civil Affairs, Tokyo District Court
External Director	Tetsuya Fujita	Chairman of Compliance Committee, Audit Committee Member, Nominating Committee Member, Compensation Committee Member Auditor of St. Thomas University President of Remark Japan Co., Ltd.
External Director	Maki Kumagai	Nominating Committee Member, Compensation Committee Compliance Committee Member Partner of Nijubashi Partners
External Director	Noriko Kawate	Audit Committee Member President of CLEA Consulting Co., Ltd. Employee of Gracia Corporation

(Note) 1. Mr. Katsu Fujita, Chairman of the Audit Committee, in his previous employment served as the head of the division in charge of finance and accounting for nine years and thus has extensive knowledge of the finance and accounting fields.

2. Ms. Noriko Kawate is a Certified Public Accountant as well as a Certified Tax Accountant and thus has extensive knowledge of the finance and accounting fields.

3. The Company has registered with Osaka Securities Exchange that Mr. Katsu Fujita, Mr. Tetsuya Fujita, Ms. Kumagai, and Ms. Kawate are independent directors.

(2) Statutory Executive Officers (as of February 28, 2013)

Position	Name	Responsibility and Other Business Affiliations
Chairman & Representative Statutory Executive Officer	Scott Callon	Overall Group Management Partner and Chief Executive Officer of Ichigo Asset Management, Ltd.
President & Representative Statutory Executive Officer	Kenji Iwasaki	Overall Group Management Chairman & Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd. Chairman & Director of Ichigo ECO Energy Co., Ltd.
Executive Vice President & Statutory Executive Officer	Minoru Ishihara	Administration Executive Vice President & Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd. President & Representative Director of Miyako City Co., Ltd.
Executive Managing Director & Statutory Executive Officer	Takashi Minamikawa	Finance
Statutory Executive Officer	Eri Murai	Administration
Statutory Executive Officer	Haruki Nakane	Compliance
Statutory Executive Officer	Hiroshi Shimazu	Audit
Statutory Executive Officer	Hisayoshi Towata	Finance

(3) Directors and Executive Officers who Retired during the Current Fiscal Year

Name	Retirement Date	Position, Responsibility, and Other Business Affiliations at Retirement
Katsuhiko Hattori	May 26, 2012	External Director, Nominating Committee Member, Compensation Committee Member Director of Frontier Construction & Partners Inc.
Rob Crawford	May 26, 2012	External Director, Partner of Ichigo Asset Management International Pte. Ltd.
Makoto Fukuhara	May 26, 2012	External Director, Partner and Executive Vice President of Ichigo Asset Management, Ltd.
Yonezo Fukuoka	May 26, 2012	Statutory Executive Officer (Compliance)
Kenichi Nagao	May 26, 2012	Statutory Executive Officer (Business Development)
Wataru Orii	July 1, 2012	Executive Vice President & Statutory Executive Officer (Business Development) President & Representative Director of Ichigo REIT Management Co., Ltd. (now Ichigo Real Estate Investment Advisors, Co., Ltd.)
Kazuya Sahashi	July 1, 2012	Executive Vice President & Statutory Executive Officer, (Strategic Investment & International)
Xu Zhijun	July 1, 2012	Statutory Executive Officer (International Business)
Kenji Goto	July 1, 2012	Statutory Executive Officer (Strategic Investment)

(4) Total Remuneration Paid to Directors and Statutory Executive Officers

Category	Number of Recipients	Amount Paid
Directors (of whom are External Directors)	7 (5)	¥110 million (¥30 million)
Statutory Executive Officers	11	¥15 million
Total (of whom are External Directors)	18 (5)	¥125 million (¥30 million)

- (Note) 1. As of the end of the term, there are seven Directors (including four External Directors) and eight Statutory Executive Officers (three of whom are also Directors), resulting in a total of twelve officers. Since those who are both a Statutory Executive Officer and a Director do not receive Statutory Executive Officer's remuneration, the total amount and number of recipients are shown in the row of Directors and not in the row of Statutory Executive Officers.
2. The numbers above do not include one Statutory Executive Officer who is also a Director as he does not receive remuneration.
3. The total number of Directors indicated above (not including the one Director without remuneration) includes 7 Directors who have left the Company as of the end of the current fiscal year. This accounts for the discrepancy between the current number of Directors (12) and total number of Directors indicated above (not including the one Director without remuneration).
4. The amount paid includes remuneration in the form of stock options of ¥8 million for Directors (of which ¥1 million is for External Directors) and stock options of ¥1 million for Statutory Executive Officers.
5. In addition, the Company paid ¥70 million as employee compensation to eight Statutory Executive Officers. This amount includes remuneration in the form of stock options of ¥3 million.

(5) Policy on Determining Remuneration for Directors and Statutory Executive Officers

(i) Basic Policy

Remuneration for Directors and Statutory Executive Officers of the Company is determined based on the duties of each person, contribution to the Company, base compensation, prior experience, etc.

(ii) Specific Policies

- Remuneration for Directors

Remuneration for Directors consists of a monthly base salary and a performance-based bonus. The monthly base salary is a fixed amount based on the role and responsibilities of each Director, while the performance-based bonus is based on the Company's performance.

- Remuneration for Statutory Executive Officers

Remuneration for Statutory Executive Officers consists of a monthly base salary and a performance-based bonus. The monthly base salary is a fixed amount based on the role and responsibilities of each Statutory Executive Officer, whereas the performance-based bonus is based on the performance of the Company and the department and individuals for which each Statutory Executive Officer is responsible.

- Stock Options

Stock options are granted to Directors and Statutory Executive Officers to strengthen their motivation to improve performance for the benefit of shareholders. These stock options are granted in addition to the remuneration described above.

(6) Outside Offices Held

(i) Positions in Other Companies and the Relationship between the Company and these Other Companies

- Tetsuya Fujita, External Director, is also President of Remark Japan Co., Ltd. The Company has no relationship with Remark Japan Co., Ltd.
- Maki Kumagai, External Director, is also Partner of Nijubashi Partners. The Company has no relationship with Nijubashi Partners.
- Noriko Kawate, External Director, is also President of CLEA Consulting Co., Ltd. and an employee of Gracia Corporation. The Company has no relationship with CLEA Consulting Co., Ltd. or Gracia Corporation.

(ii) Positions as External Directors in Other Companies

- Katsu Fujita, External Director, is a Member of the Conciliation of Civil Affairs for the Tokyo District Court. The Company has no relationship with the Tokyo District Court.
- Tetsuya Fujita, External Director, is an Auditor of St. Thomas University. The Company has no relationship with St. Thomas University.

(iii) Relationship with the Company or Related Entities of the Company

The four External Directors, to the best of the Company's knowledge, have no spouse or relatives in the third degree or closer who are Statutory Executive Officers of the Company or related entities of the Company.

(iv) Principal Activities in the Current Fiscal Year

		Activities
External Director	Katsu Fujita	Attended 12 out of 12 meetings (attendance rate: 100%) of the Board of Directors held in the current fiscal year. Also attended 6 out of 6 meetings (attendance rate: 100%) of the Nominating Committee held in the current fiscal year. Also attended 21 out of 21 meetings (attendance rate: 100%) of the Audit Committee held in the current fiscal year and attended 8 out of 8 meetings (attendance rate: 100%) of the Compensation Committee held in the current fiscal year. Commented and advised on resolutions and discussions from an objective standpoint independent from the management team.
External Director	Tetsuya Fujita	Attended 12 out of 12 meetings (attendance rate: 100%) of the Board of Directors held in the current fiscal year. Also attended 21 out of 21 meetings (attendance rate: 100%) of the Audit Committee and attended 5 out of 5 meetings (attendance rate: 100%) of the Compliance Committee held in the current fiscal year. Also attended 4 out of 4 meetings (attendance rate: 100%) of the Nominating Committee held while he was a member, and 6 out of 6 meetings (attendance rate: 100%) of the Compensation Committee held while he was a member. Commented and advised on resolutions and discussions from an objective standpoint independent from the management team.
External Director	Maki Kumagai	Attended 11 out of 12 meetings (attendance rate: 92%) of the Board of Directors held in the current fiscal year. Also attended 6 out of 6 meetings (attendance rate: 100%) of the Nominating Committee held in the current fiscal year and attended 8 out of 8 meetings (attendance rate: 100%) of the Compensation Committee held in the current fiscal year. Also, attended 5 out of 5 meetings (attendance rate: 100%) of the Compliance Committee held in the current fiscal year. Commented and advised on resolutions and discussions from an objective standpoint independent from the management team.
External Director	Noriko Kawate	Attended 12 out of 12 meetings (attendance rate: 100%) of the Board of Directors held in the current fiscal year. Also attended 21 out of 21 meetings (attendance rate: 100%) of the Audit Committee held in the current fiscal year. Commented and advised on resolutions and discussions from an objective standpoint independent from the management team.

(v) Outline of Limited Liability Agreement with External Directors

The Company has entered into agreements to limit liability under Article 423, paragraph 1 of the Company Law pursuant to the provisions of Article 427, paragraph 1 thereof in order to retain talented persons as External Directors.

The extent of liability for compensation under the agreements is the minimum limited liability amount as defined in Article 425, paragraph 1 of the Company Law; provided that the liability is limited only when the External Directors have performed their duties in good faith and without gross negligence.

4. Independent Auditor

(1) Grant Thornton Taiyo ASG

(2) Amount of Fees for the Independent Auditor

- | | |
|--|-------------|
| (i) Amount of fees for the Independent Auditor for the current fiscal year | ¥77 million |
| (ii) Total money and other financial benefits payable by the Company and subsidiaries to the Independent Auditor | ¥98 million |

(Note) Audit agreements between the Company and the Independent Auditor do not clearly itemize the amounts of audit fees for the audits under both the Company Law and the Financial Instruments and Exchange Law, and, as a matter of practicality, the Company is not able to itemize them. Therefore, the amount of fees for the Independent Auditor for the current fiscal year shows the total amount.

(3) Policy for the Determination of Removal or Non-Reappointment of the Independent Auditor

If there is any reasonable doubt about the Independent Auditor performing its duties, the Audit Committee will consider the removal or non-reappointment of the Independent Auditor based on the facts. If the Audit Committee determines that the removal or non-reappointment is appropriate, it will propose the same to the Annual General Meeting of Shareholders pursuant to the Regulations of the Audit Committee.

5. Structure to Ensure Appropriate Business Activity

[1] Basic View on Internal Control System

The Company, pursuant to the Company Law, has set forth a “Basic Policy for the Establishment of Structure of Internal Controls,” established the required internal regulations, ensured the legality and efficiency of the business of the Company, and established an appropriate risk management system. The Company will strive to improve and reinforce these systems through continuous review.

(1) Internal Control to Ensure that Statutory Executive Officers and Employees Execute Their Duties in Conformity with Laws and Regulations and the Articles of Incorporation

(i) Corporate Governance

- The Board of Directors determines material matters regarding management and supervises the execution of duties by Statutory Executive Officers pursuant to laws and regulations, the Articles of Incorporation, the resolutions of the Annual General Meeting of Shareholders, the Regulations of the Board of Directors, the Ichigo Group’s Code of Corporate Ethics, the Ichigo Group’s Code of Conduct, the Regulations of Administrative Authority and other rules. The Board of Directors has established the Proposal and Reporting Standards to the Board of Directors and makes decisions on the execution of business to be determined by the Board of Directors pursuant to the Standards.
- The Statutory Executive Officers make decisions on the execution of business that are delegated by the Board of Directors, and perform their duties pursuant to these decisions, the resolution of the Board of Directors and internal regulations.
- In order for the Board of Directors to supervise the execution of duties by Statutory Executive Officers, the Statutory Executive Officers report on the status of the execution of business to the Board of Directors at least once in three months. Statutory Executive Officers monitor and supervise the execution of each other’s duties.
- The status of the execution of duties by Statutory Executive Officers will be audited by the Audit Committee.

(ii) Compliance

- The Company has established the Ichigo Group’s Code of Corporate Ethics and the Ichigo Group’s Code of Conduct which provide rules and regulations for action to be taken by officers and employees including Directors and Statutory Executive Officers.
- The Company has established the Compliance Committee to deliberate major issues regarding compliance. The Compliance Committee is independent from the Statutory Executive Officers.

- The Company has appointed a Chairman & Representative Statutory Executive Officer and a President & Representative Statutory Executive Officer, a Statutory Executive Officer (Compliance), and a division in charge of compliance management (Compliance) directly reporting to the President & Representative Statutory Executive Officer to promote compliance.
- The Company maintains an internal reporting system whereby Directors, Statutory Executive Officers, and employees may report any questionable acts in terms of compliance through internal reporting contacts or outside lawyers.

(iii) Structure to Ensure Appropriate Financial Reports

- The Company has established internal systems to ensure lawful, appropriate financial reports by establishing internal regulations and by complying with the Financial Instruments and Exchange Act, accounting standards and other related laws and regulations.
- The President & Representative Statutory Executive Officer and Audit Department promote and establish an internal structure which complies with J-SOX.

(iv) Internal Audit

The Company has established a Statutory Executive Officer (Compliance) and an Internal Audit Department which reports directly to the Audit Committee. The Statutory Executive Officer (Compliance) and Internal Audit Department conduct an internal audit of business with respect to compliance with laws and regulations, the Articles of Incorporation, internal regulations, and the appropriateness of the execution of duties, and reports the results of such audit to the Audit Committee, the President & Representative Statutory Executive Officer, and the Board of Directors. The Statutory Executive Officer (Compliance) and the Internal Audit Office reports on corrective activities and the improvement of matters indicated at the internal audit to the Audit Committee, the Chairman & Representative Statutory Executive Officer, the President & Representative Statutory Executive Officer, and the Board of Directors.

(v) Rejection of Anti-Social Forces

- In order to prevent anti-social forces from entering into the real estate and financial markets, the Company has established the Ichigo Group's Code of Corporate Ethics which prohibits interaction with anti-social forces in cooperation and coordination with the Police Department and other institutions.
- The Company has appointed a Statutory Executive Officer (Compliance) and Compliance Department to eliminate interaction with anti-social forces by enhancing coordination and cooperation with the Police Department, lawyers, and other external experts; become a member of police-related institutions; gather information; screen business counterparties; include provisions against anti-social forces in agreements, etc.
- In the event an anti-social force makes a request, etc. with respect to the Company, the Statutory Executive Officer (Compliance) shall promptly contact the police, outside legal advisors, and each group company and take a forceful attitude to reject such request, etc.

(2) Systems Regarding the Retention and Control of Information in the Execution of Duties by Statutory Executive Officers

The Company properly retains and manages documents and other information in the execution of duties by the Statutory Executive Officers with due care and in compliance with laws and regulations and internal regulations.

(3) Regulations and Other Systems regarding Risk Management

- (i) The Company controls the risk management of each department, establishes basic policies on risk management, and determines the execution of risk management and other material matters through the Business Management Department. The Business Management Department also supports each department in establishing a risk management system and establishes a company-wide, cross-departmental risk management system.

- (ii) The Company, in order to enhance its risk management, has appointed Chairman & Representative Statutory Executive Officer, Statutory Executive Officer (Compliance), and Compliance Department as the risk management head.
- (iii) Statutory Executive Officer (Compliance), and Compliance Department ensure risk management of material matters that involve management decisions. These require approvals from the President & Representative Statutory Executive Officer.
- (iv) With respect to natural disasters and other risk management systems, the Company is establishing systems with the cooperation of each department, primarily driven by the Business Management Department. The Company has established a system which creates a task force, prevents an expansion of damage, and allows for speedy recovery in the event of crisis.

(4) System to Ensure Effective Execution of Duties by Statutory Executive Officers

- (i) The Board of Directors authorizes the Statutory Executive Officers to make certain discretionary for the appropriate and agile execution of duties. In addition, in order to comprehensively discuss material management matters which require approvals from the Chairman & Representative Statutory Executive Officer, the President & Representative Statutory Executive Officer and each division head & Statutory Executive Officer, the Senior Statutory Executive Officer (Finance) convenes meetings including Statutory Executive Officers and ensures a smooth execution of duties.
- (ii) The Company creates a mid-term management plan, an annual President's objective, annual Group target, and annual division targets based on Ichigo Group principles. The Senior Statutory Executive Officer (Finance) ensures effective and efficient management by charting the progress against these objectives.

(5) When the Audit Committee Requires Directors and Employees to Assist in the Performance of its Duties

When required by the Audit Committee, Directors and Employees assist in the performance of its duties.

(6) The Independence of Directors and Employees from Statutory Executive Officers

Directors and employees who assist in the performance of the duties of the Audit Committee report to the Audit Committee. The appointment, transfer, appraisal, and compensation of the relevant employees require the consent of the Audit Committee. This ensures independence from the Statutory Executive Officers. Other matters regarding the independence of such Directors and employees from the Statutory Executive Officers are pursuant to internal regulations as separately provided.

(7) System of Reports by Statutory Executive Officers and Employees to the Audit Committee and Other Systems regarding Reports to the Audit Committee

- (i) Audit Committee Members may attend the meetings of the Board of Directors, the Compliance Committee, and other important meetings and hear the status of the execution of duties by Statutory Executive Officers, inspect related materials, and ask for explanations and reports at the meetings.
- (ii) All Statutory Executive Officers, heads of departments, and other staff members must explain and report to the Audit Committee and Audit Committee Members as required.
- (iii) Statutory Executive Officers and employees immediately report to the Audit Committee Members
 1. Details of decisions which may have a material impact on finance and business (including matters regarding compliance or risk management)
 2. Matters that damage the establishment of internal compliance systems
 3. Matters that affect the operation of internal reporting systems
 4. Other matters that the Audit Committee or any member of the Audit Committee recognizes as material

(8) Other Systems to Ensure Effective Audits by the Audit Committee

- (i) The Internal Audit Office works closely with the Audit Committee and the Audit Committee Members by discussing the internal audit plan, conducting internal audits, and reporting the results to the President & Representative Statutory Executive Officer, the Audit Committee and the Audit Committee Members. Audit Committee Members and the Internal Audit Office also work closely with the independent auditor and exchange opinions about matters on internal audit.
- (ii) The Audit Committee or the Audit Committee Member designated by the Audit Committee may, if it deems necessary, retain any lawyers, certified public accountants, consultants and other outside advisors at the Company's cost without prior approval from the Board of Directors or the Statutory Executive Officers.
- (iii) The Audit Committee Member designated by the Audit Committee reports the status of the execution of duties by the Audit Committee to the Board of Directors at least once every three months.

(9) System to Ensure Appropriate Business by the Company and its Subsidiaries

- (i) Ichigo Group subsidiaries share the Ichigo Group's Management Philosophy, Code of Corporate Ethics, and Code of Conduct.
- (ii) The Company's subsidiaries, pursuant to internal regulations, are managed and controlled by the divisions that are in charge of managing subsidiaries, which are also responsible for providing advice on matters of each company's corporate governance, compliance, and risk management.
- (iii) The Audit Committee works closely with Group companies by holding liaison meetings with the auditors of the Group companies to exchange opinions about material matters on internal audit.
- (iv) The business activities of the Company's subsidiaries are subject to an internal audit by the Internal Audit Office to the extent that they do not conflict with laws and regulations.
- (v) The Company undertakes, in the case of a transaction with Ichigo Trust, the controlling shareholder of the Company, it takes special care to protect minority shareholders and has in place and follows appropriate procedures, including Board of Directors resolution or reporting.
- (vi) In order to prevent conflicts of interests, the Company sets the Conflict-of-Interest Control Policy, and takes measures to prevent damages to the Company's clients' interests.

【2】 Policies Against Anti-Social Forces

The Company has a policy against anti-social forces included in Ichigo Group's Code of Corporate Ethics, as well as established an internal system against anti-social forces based on its Basic Policies on Internal Control System.

(1) Responsible Departments and Persons

The Company has appointed the Statutory Executive Officer (Administration) as a responsible manager and Compliance department as a responsible department which handle against claims from anti-social forces in cooperation with relevant departments.

The Company also has former prosecutors and judges as external directors or advisors who help supervise the Company's anti-social forces system.

(2) Cooperation and Coordination with External Experts

The Company has established a system against anti-social forces system in cooperation and coordination with external experts such as the Organized Crime Investigation Division of Tokyo Metropolitan Police Department, the Marunouchi Police Department, and external lawyers, and is a member of associations to combat anti-social forces in Tokyo and Osaka to receive guidance and share information.

(3) Collection and Management of Information on Anti-Social Forces

The Head of Compliance is responsible for managing information on anti-social forces gathered in and outside of the Company, and uses such information to ensure transaction counterparties are not anti-social forces.

(4) No Acceptance of Anti-Social Forces

The Company shall not accept any claims from anti-social forces but shall reject them with a firm attitude, in cooperation and coordination with external experts.

(5) Implementation of Provisions Against Anti-Social Forces

The Company shall set forth provisions against anti-social forces in standard written agreements, and terminate contracts if the counterparty is discovered to be an anti-social force.

(6) Anti-Social Forces Training

Directors and employees of the Company check their behavior based on the Compliance Check List submitted to Chairman and Representative Statutory Executive Officer and President and Representative Statutory Executive Officer on a yearly basis. This Compliance Check List contributes to raise awareness and check behavior of directors and employees and reinforce understanding of procedures against anti-social forces and money laundering. Guidance from external experts is also delivered to all directors and employees promptly to raise awareness and prevent anti-social forces.

6. Policy on Corporate Control (Takeover Defenses)

The Company has not adopted any takeover defense, poison pill, or any other policy with respect to persons who would seek to control decisions on the Company's financial and business policies.

Consolidated Balance Sheet

(as of February 28, 2013)

(Million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current Assets	63,581	Current Liabilities	7,304
Cash and cash equivalents	9,713	Trade notes and accounts payable	64
Trade notes and accounts receivable	548	Short-term borrowings	484
Operational investments in loans	3,636	Long-term borrowings (due within one year)	966
Operational investments in securities	4,271	Long-term non-recourse loans (due within one year)	2,263
Real estate for sale	46,176	Income taxes payable	65
Deferred tax assets	369	Accrued bonuses	25
Others	2,042	Deferred tax liabilities	15
Less: allowance for doubtful accounts	(3,177)	Other current liabilities	3,419
Fixed Assets	16,846	Long-Term Liabilities	42,056
Tangible Assets	10,047	Long-term borrowings	5,456
Buildings	2,863	Long-term non-recourse loans	32,776
Land	7,082	Deferred tax liabilities	277
Others	101	Negative goodwill	270
Intangible Assets	2,223	Long-term security deposits received	3,230
Goodwill	2,203	Other long-term liabilities	46
Others	20	Total Liabilities	49,361
Investments and Other Assets	4,575	Net Assets	
Investments in securities	4,117	Shareholders' Equity	28,279
Long-term loans receivable	13	Capital	18,113
Other investments	545	Capital reserve	2,429
Less: allowance for doubtful accounts	(101)	Retained earnings	7,923
		Treasury stock	(187)
		Other Comprehensive Income	177
		Unrealized gain on other securities, net	160
		Foreign currency translation adjustment	16
		Stock Acquisition Rights	143
		Minority Interests	2,466
Total Assets	80,428	Total Net Assets	31,066
		Total Liabilities and Net Assets	80,428

(Amounts less than one million yen have been rounded off.)

Consolidated Income Statement

〔 From March 1, 2012 〕
〔 To February 28, 2013 〕

(Million yen)

Item	Amount	
Revenues		16,397
Cost of Revenues		11,422
Gross Profit		4,974
SG&A		3,130
Operating Profit		1,844
Non-Operating Profit		
Interest income	3	
Dividend income	24	
Amortization of negative goodwill	90	
Others	36	155
Non-Operating Expenses		
Interest on debt	238	
Others	26	265
Recurring Profit		1,734
Extraordinary Gain		
Gain on sales of fixed assets	9	
Gain on sales of investment securities	72	
Others	0	83
Extraordinary Loss		
Loss on sale and retirement of fixed assets	1	
Impairment loss	33	
Loss on valuation of investment securities	62	
Office move	19	
Others	8	124
Profit before Income Taxes		1,693
Income taxes-current	54	
Income taxes-deferred	(106)	(51)
Profit before Gain on Minority Interest		1,745
Gain on minority interests		108
Net Profit		1,637

(Amounts less than one million yen have been rounded off.)

Consolidated Statement of Changes in Shareholders' Equity

〔 From March 1, 2012 〕
〔 To February 28, 2013 〕

(Million yen)

	Shareholders' Equity				
	Common stock	Capital reserve	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 1, 2012	18,078	2,395	6,298	-187	26,584
Changes in the current fiscal year					
Share Issuance	34	34			69
Change in consolidated subsidiaries			-11		-11
Net profit			1,637		1,637
Changes in items other than shareholders' equity					-
Total changes	34	34	1,625	-	1,695
Balance as of February 28, 2013	18,113	2,429	7,923	-187	28,279

	Other Comprehensive Income			Stock acquisition rights	Minority interests	Total net assets
	Unrealized gain on other securities, net	Foreign currency translation adjustment	Total Other Comprehensive Income			
Balance as of March 1, 2012	-604	-7	-612	116	2,099	28,187
Changes in the current fiscal year						
Share Issuance						69
Change in consolidated subsidiaries						-11
Net profit						1,637
Changes in items other than shareholders' equity	765	24	789	27	366	1,183
Total changes	765	24	789	27	366	2,878
Balance as of February 28, 2013	160	16	177	143	2,466	31,066

(Amounts less than one million yen have been rounded off.)

Notes to the Consolidated Financial Statements

1. Material Matters for Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

(i) Consolidated Subsidiaries

- Number of consolidated subsidiaries	40 companies
- Major consolidated subsidiaries	Ichigo Real Estate Investment Advisors Co., Ltd. Ichigo Estate Co., Ltd. Ichigo Global Capital Co., Ltd. Ichigo ECO Energy Co., Ltd. Ichigo Marché Co., Ltd. Miyako City Co., Ltd. Takara Building Maintenance Co., Ltd. Nichibeï Building Services Co., Ltd. Nichibeï Security Services Co., Ltd.

The former consolidated subsidiary Ichigo REIT Management Co., Ltd. was merged by absorption into Ichigo Real Estate Investment Advisors Co., Ltd. in the current fiscal year, and accordingly Ichigo REIT Management Co., Ltd. is no longer included. Ichigo REIT Management Co., Ltd. changed its corporate name to Ichigo Real Estate Investment Advisors Co., Ltd. on July 1, 2012.

The former consolidated subsidiary Ichigo Solutions Co., Ltd. was merged by absorption into Ichigo Estate Co., Ltd. in the current fiscal year, and accordingly Ichigo Solutions Co., Ltd. is no longer included. Ichigo Solutions Co., Ltd. changed its corporate name to Ichigo Estate Co., Ltd. on July 1, 2012.

Ichigo Global Capital Co., Ltd. was organized and commenced business in the current fiscal year; it is now included as a consolidated subsidiary.

Ichigo ECO Energy Co., Ltd. was organized and commenced business in the current fiscal year; it is now included as a consolidated subsidiary.

All outstanding shares in Solar Way Co., Ltd. were acquired in the current fiscal year; it is now included as a consolidated subsidiary.

One investment association in which the Company newly invested during the current fiscal year has been included in the scope of consolidation.

Two investment associations have been excluded from the scope of consolidation because the Company sold all of its investment during the current fiscal year.

Eight investment associations have been excluded from the scope of consolidation because they no longer qualify as being important.

(ii) Major Non-Consolidated Subsidiaries

N/A

(iii) Reason Why Some Companies Were Not Classified as Subsidiaries in Spite of the Company Possessing a Majority of their Voting Rights

N/A

(iv) Special Purpose Companies Subject to Disclosure

The Company provides loans to and holds preferred shares in two special purpose companies (pursuant to Japan's Asset Liquidation Law) related to its real estate investment and management business, and expects to earn returns on these investments via rental income and capital gains upon disposition. The Company does not have voting rights in any of the special purpose companies.

The description of the companies and the details of transactions are per the following:

(Million yen)

	Transaction Amount / Outstanding Amount as of the End of February 2013	Profit / Loss	
		Item	Amount
Management	-	Operating Profit (Note 2)	40
Preferred Shares (Note 1)	1,517	Operating Profit (Note 3)	12

(Note 1) The ¥1,517 million of Preferred Shares includes the outstanding balance of loans as of the end of February 2013. If any loss occurs in the future, the amount of loss that the Company will bear will be limited to the above-mentioned amount.

(Note 2) The Company is entrusted with asset management contracts from the two special purpose companies, and its asset management fee is included in Operating Profit.

(Note 3) The Company includes interest income in Operating Profit.

The below chart shows assets and liabilities of the aforementioned funds.

(Million yen)

Assets		Liabilities and Net Assets	
Real Estate	16,137	Debts and Others	13,455
Other	704	Deposits Payable	3,508
		Other	-121
Total	16,841	Total	16,841

(2) Application of Equity Method

(i) Affiliates under Equity Method

N/A

(ii) Non-Consolidated Subsidiaries under Equity Method

N/A

(iii) Major Non-Consolidated Subsidiaries not under Equity Method

N/A

(iv) Affiliates not under Equity Method

N/A

(v) Reason Why Some Companies Were Not Classified as Affiliates despite the Company Possessing 20% or 50% or More of Their Voting Rights

Company

Upfront Technology Co., Ltd.

Reason not classified as affiliate

Shares are held solely for operational investment purposes.

(3) Fiscal Year of Consolidated Subsidiaries

Fiscal year dates of consolidated subsidiaries are as follows:

End of January	6 companies
End of February	17 companies
End of December	17 companies

For subsidiaries whose fiscal year ends in December or January, financial data as of that date have been used. However, necessary adjustments for consolidation have been made with respect to significant transactions which occurred by the current fiscal year end in February.

(4) Accounting Standards

(i) Valuation of Material Assets

a. Other Securities

- With available market quotations Carried at fair value on the current fiscal year date (unrealized gain or loss is included directly in net assets and the cost of other securities sold is calculated by the moving average method).

- Without available market quotations Moving average cost method

However, investments in investment associations are detailed in (vi) Other Material Matters for Preparation of Consolidated Financial Statements, c. Investment associations.

b. Derivatives Mark-to-market

c. Inventories

- Real estate for sale: Stated at cost determined by the individual cost method:

Some consolidated subsidiaries amortize real estate for sale in the same way as that of property and equipment.

(ii) Depreciation and Amortization Methods for Material Depreciable Assets

- Fixed assets: Straight-line method (in principal)

- Useful lives: Buildings and structures 8–52 years

(iii) Accounting Standards for Material Allowances

a. Allowance for Doubtful Accounts Reserved for based on the historical experience of bad debts with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.

b. Allowance for Bonus Reserved for based on an estimated amount for the current fiscal year.

(iv) Material Hedge Accounting

a. Hedge accounting method

In principle, the Company adopts the deferral hedge accounting method. However, with respect to certain foreign currency forward contracts, interest rate swaps, and interest rate caps which meet certain criteria, the Company may use another appropriate method.

b. Hedging instruments and hedged items

Hedging instruments	Interest rate swaps
Hedged items	Borrowings

c. Hedging policy

The Company hedges the risk from changes in foreign exchange rates and interest rates in its operating and financing activities based on internal policies.

d. Evaluation method of effectiveness of hedging activities.

The Company evaluates the effectiveness of hedging activities by reference to the accumulated gain or loss on the hedging instruments and related hedged items for a period from the commencement of the hedges to the time of evaluation.

(v) Amortization periods and methods for Goodwill and/or Negative Goodwill

Goodwill and negative goodwill is amortized on a straight-line basis in periods between 10 and 20 years depending on specific factors of the individual subsidiaries.

(vi) Other Material Matters for Preparation of Consolidated Financial Statements

a. Consumption tax

Consumption taxes are excluded from the relevant revenue, costs, or expenses. Non-deductible consumption taxes are generally accounted for as periodic costs in the current fiscal year; however, certain items paid in connection with the acquisition of assets are amortized based on the straight-line method over five years.

b. Operational investments

Operational investments which are conducted by the Company as operations of the real estate fund business and the M&A business are classified as "operational investments in securities" and "operational investments in loans" within current assets. Gains and losses arising from operational investments are shown under operating income and expense.

Although the Company may control the decisionmaking body of investment vehicles or hold significant influence over them by holding shares, shares are held solely for operational investment purposes and the Company has no intention of holding them as subsidiaries or affiliates. Therefore such investment vehicles are excluded from subsidiaries or affiliates.

c. Investment associations

The Company accounts for investments in investment associations as "operational investments in securities." Such investments are recorded at the time the investments are made. Gains and losses distributed from the investment associations are recorded as Revenues and the investments in associations increase or decrease by the same amount. Refunds received from the investment associations are credited to the Investments in associations.

d. Consolidated tax treatment

The Company qualified for consolidated tax treatment.

(5) Changes in Accounting Policy

(Changes in Accounting Policy)

Application of Accounting Standards, etc. with respect to Net Profit per Share

From the current fiscal year, the “Accounting Standards, etc. with respect to Net Profit per Share” (Financial Accounting Standard No. 2, June 30, 2010), “Guidelines for Application of Accounting Standards, etc. with respect to Net Profit per Share” (Guidelines for Application of Financial Accounting Standards No. 4, June 30, 2010), and the “Treatment in Practice of Accounting Standards, etc. with respect to Net Profit per Share” (Advisory on Practical Application No. 9, June 30, 2010) are used.

Due to this change, for the calculation of net profit per share after taking dilutive shares into account, the method of calculating the fair value of share options with respect to such options vesting after a certain number of years of service has been amended to take into consideration the future services to be enjoyed by the Company in addition to the amount of capital to be paid in pursuant to the exercising of such options.

The effect of this change is immaterial.

(Changes in Accounting Estimates and Difficult to Distinguish Changes in Accounting Policy)

Changes in Method of Depreciation of Property, Plant, and Equipment

Pursuant to changes to the corporate tax law, for the current fiscal year the Company and all domestic subsidiaries have amended the method for depreciation of property, plant and equipment acquired after April 1, 2012 in accordance with the amended tax law.

The effect of this change on the Company’s profit and loss in the current fiscal period is immaterial.

(6) Changes in Presentation

(Consolidated Balance Sheet)

The item “Deferred Tax Liabilities” which was included in “Others” in the Fixed Liabilities entry in the last current fiscal year (6 million in the last year), has been indicated separately for the current fiscal year due to an increase in significance of this item.

(Consolidated Income Statement)

The item “Valuation Loss in Investments” included in Extraordinary Loss in the prior fiscal year has been included in “Others” for the current fiscal year due to the immaterial nature of the amount.

The item “Expense for Change of Office” which was included in “Others” in Extraordinary Loss in the prior fiscal year (14 million in the last year) has been itemized separately because it exceeds ten percent of the total of Extraordinary Loss in this current fiscal year.

(7) Additional Information

(Application of Accounting Standards etc. for Accounting Changes or Corrections)

For changes or corrections of accounting standards after the beginning of the current fiscal year, the company has applied the “Accounting Standards etc. for Accounting Changes or Corrections” (Financial Accounting Standard No. 24, December 4, 2009) and the “Guidelines for Application of Accounting Standards etc. for Accounting Changes or Corrections” (Guidelines for Application of Financial Accounting Standards No. 24, December 4, 2009).

2. Notes to Consolidated Balance Sheet

(1) Investments in Securities

Those related to non-consolidated subsidiaries and affiliates are as follows:

Accumulated depreciation of fixed assets ¥2,266 million

(2) Assets Provided as Collateral

- Assets Provided as Collateral

Cash and cash equivalents	¥81 million
Real estate assets for sale	¥1,496 million
Buildings and structures	¥1,183 million
Land	¥4,346 million
Investments in securities	¥301 million
Total	<u>¥7,410 million</u>

(Note) In addition to the above, ¥3,814 million of Shares in Affiliates no longer consolidated are collateralized.

- Secured obligations

Long-term loans (due within one year)	¥856 million
Long-term borrowings	¥5,281 million
Total	<u>¥6,138 million</u>

(3) Non-Recourse Loans and Non-Recourse Bonds

Non-recourse loans are borrowings where funds for repayment are limited only to the underlying real estate and profits from such real estate. The lender has no recourse to the Company in the event of a failure of payment.

Debts where funds for repayment are likely to fall short are presented excluding such shortfall on the consolidated balance sheet. Debts, valuation account, and amounts recorded in consolidated balance sheet are as follows:

	Debts	Valuation	(Million yen) Amounts recorded in consolidated balance sheet
Long-term non-recourse loans (due within one year)	4,402	-2,139	2,263
Long-term non-recourse loans	33,521	-745	32,776
Total	37,924	-2,885	35,039

Assets provided as collateral and secured obligations with respect to the non-recourse loans and non-recourse bonds are as follows:

- Assets Provided as Collateral

Cash and cash equivalents	¥3,969 million
Real estate for sale	¥44,677 million
Total	<u>¥48,646 million</u>

- Secured obligations

Long-term non-recourse loans (due within one year)	¥4,402 million
Long-term non-recourse loans	¥33,521 million
Total	<u>¥37,924 million</u>

3. Notes to Consolidated Income Statement

(Impairment Loss)

During the current fiscal year, the Ichigo Group recorded the following impairment losses.

1. Details of Recorded Impairment Loss

Use	Type	Location	Amount of Impairment Loss (in millions)
Rental Assets	Land and Buildings	Fukushima City, Fukushima Prefecture	5
Underutilized Land	Land	Isumigun, Chiba Prefecture	28

2. Background of Impairment Loss

These losses have been recorded in Extraordinary Loss deducted from book amount to amounts reasonably realizable in the event Rental Assets are sold and the price of Underutilized Land recovers.

3. Grouping of Impairment Assets

The assets have been grouped based on minimum cash flow criteria applicable to each type of asset.

4. Calculation Method for Amounts Reasonably Realizable

The amount reasonably realizable for Rental Assets has been calculated based on an estimate of the net amount realizable from a sale of the assets. The amount reasonably realizable for Underutilized Assets has been calculated based on the expected net value pursuant to an appraisal of value.

4. Notes to Consolidated Statement of Changes in Shareholders' Equity

(1) Type and Number of Shares Issued and Type and Number of Treasury Stock

	Number of shares at the beginning of the current fiscal year	Increase in shares during the current fiscal year	Decrease in shares during the current fiscal year	Number of shares at the end of the current fiscal year
Shares issued				
Common stock	2,256,319	3,615	-	2,259,934
Total	2,256,319	3,615	-	2,259,934
Treasury stock				
Common stock	20,000	-	-	20,000
Total	20,000	-	-	20,000

(Note) Details of increased number of common shares issued
Exercise of Stock Option: 3,615 shares

(2) Stock Acquisition Rights

Category	Stock acquisition rights	Type of shares	Number of shares to be issued				Balance as of the end of the current fiscal year
			As of the end of the previous fiscal year	Increase in the current fiscal year	Decrease in the current fiscal year	As of the end of the current fiscal year	
The Company	9th stock acquisition right plan	Common stock	16,824	—	3,636	13,188	¥78 million
	10th stock acquisition right plan	Common stock	19,845	—	955	18,890	¥46 million
	11th stock acquisition right plan	Common stock	—	22,000	130	21,870	¥18 million
Total		—	36,669	22,000	4,721	53,948	¥143 million

(3) Distribution of Retained Earnings

(i) Amount of Dividends Paid

N/A

(ii) Dividends where Record Date is in the Current Fiscal Year but the Effective Date is in the Next Fiscal Year

In the Regular Meeting of the Board of Directors scheduled for April 19, 2013, the following is expected to be resolved.

- | | |
|----------------------------------|-------------------|
| (1) Total to be distributed | 447 million yen |
| (2) Source of Distribution | Retained earnings |
| (3) Amount of Dividend per Share | 200 yen |
| (4) Date of calculation | February 28, 2013 |
| (5) Effective Date | May 27, 2013 |

5. Notes on Financial Instruments

(1) Matters Concerning Status of Financial Instruments

(i) Policies on Financial Instruments

Ichigo Group finances its necessary operating capital mainly via bank loans and corporate bonds in light of new investment and asset disposition plans. Short-term excess funds are managed in liquid financial instruments such as bank deposits, and short-term working capital is financed via bank loans. As Company policy, derivatives transactions are used for the purpose to avert risks mentioned below. Speculative derivatives transactions are not conducted.

(ii) Details and Risks of Financial Instruments

Notes receivable and accounts receivable are operating receivables that are exposed to customer credit risks. Foreign currency-denominated financial instruments in overseas business operations are exposed to currency risks.

Operational investments in securities include investments in corporate equities both inside and outside of Japan and domestic real estate funds, and investments in securities mainly take the form of equity and are typically investments in companies with which the Company has a business relationship. All of these investments are exposed to issuer credit risk, interest rate risk and price fluctuation risks. Financial instruments denominated in foreign currencies are exposed to currency risk.

Most of notes payable and accounts payable are operating payables that are due within three months and denominated in Japanese yen.

Borrowings and non-recourse loans are for the purpose of financing investments and capital expenditures, and are expected to be redeemed or repaid within approximately seven years after the fiscal year end. Floating-rate loans are exposed to interest rate risk, a part of which is hedged utilizing derivatives transactions (e.g., interest rate swaps). Please refer to (iv) Material Hedge Accounting, (4) Accounting Standards of 1. Material Matters for Preparation of Consolidated Financial Statements for method, objects, policies, and evaluation of effectiveness of hedging activities.

(iii) Risk Management of Financial Instruments

a) Management of Credit Risk

Operating receivables exist mainly at subsidiaries. Responsible departments monitor the collection status pursuant to the designated procedure for mitigation of collection risk. Other operating receivables arise irregularly, e.g., at a time of investment monetization, the responsible department determines the execution of the transaction based on the term needed for disposition and credit worthiness of the counterparty, and monitors the receivable until it is collected in accordance with the agreement. The Company monitors operational investments in securities and investments in securities with respect to the financial status of the issuers and reviews holding policies, as necessary and appropriate.

b) Management of Market Risk

The Company utilizes interest rate swaps and interest rate caps for the purpose of reducing interest rate risk on interest payables. The Company monitors operational investments in securities and investments in securities, which have market risks (e.g., real estate funds) or are denominated in foreign currencies regularly for the impact from the market value and currency rate and review the holding policies as necessary. Derivative transactions are executed and controlled in the Finance Department in accordance with the designated procedure.

c) Management of Liquidity Risk

The Company establishes and updates its funding plan as necessary based on new investment and disposition plans established by the responsible departments, as well as manages liquidity risk by maintaining short-term liquidity.

(iv) Supplement to Matters Concerning Market Values of Financial Instruments

Market values of financial instruments include prices based on the market price as well as prices calculated based on rational assumptions if the market price is not available. Such prices may fluctuate, since they reflect the fluctuating variables and assumptions in the calculation process.

(2) Adjustments to Market Values of Financial Instruments

Amounts recorded on the consolidated balance sheet for market values and their differences are shown below. (Note that there are no differences recorded for this fiscal year.) Those which were deemed difficult to obtain the market value are not included in the table below (Refer to Note 2).

(Million yen)

	Amount Recorded on Consolidated Balance Sheet	Market Value	Difference
(1) Cash and cash equivalents	9,713	9,713	-
(2) Notes Receivables and Accounts Receivable (*)	542	542	-
(3) Operating Loans (*)	1,300	1,300	-
(4) Operating investments in securities (*)	991	991	-
(5) Investments in securities (*)	598	598	-
(6) Long-Term Loans (*)	3	3	0
Total Assets	13,149	13,149	0
(1) Notes Payable and Accounts Payable	64	64	-
(2) Short-Term Borrowings	484	484	-
(3) Long-Term Loans (due within one year)	966	966	-
(4) Non-Recourse Loans (due within one year)	2,263	2,263	-
(5) Corporate Tax Payable	65	65	-
(6) Long-Term Corporate Debt	5,456	5,539	83
(7) Long-Term Non-Recourse Loans	32,766	32,958	182
Total Debt	42,076	42,342	265

(*) Excluding allowance for doubtful accounts which are recorded separately.

(Note1) Calculation Method of Market Value of Financial Instruments and Matters Concerning Securities and Derivatives Transactions

Assets

(1) Cash and Cash Equivalents

Carried at book value because of the market value's closeness to book value due to a short settlement period.

(2) Notes Receivables and Accounts Receivable

Carried at market value which is the book value less any provision for loan losses.

(3) Operating Loans Receivable

Generally, loans are carried at book value because of the market value's closeness to book value due to a short settlement period. Certain debts such as loans with default risk are carried at book value less the estimated doubtful accounts.

(4) Operational Investments in Securities and (5) Investments in Securities

The market values of equities are the last traded exchange price, and bonds are the

last-traded exchange price or dealer-indicated price.

(6) Long-Term Loans

The market values of long-term loans are calculated based on the present value of the total amount of the principal using an interest rate expected for similar new loans. Certain debts such as loans with default risk are at book value less the estimated doubtful accounts.

Debt

(1) Notes Payable and Accounts Payable, (2) Short-Term Loans, (3) Long-Term Loans with Maturity within 1 Year, and (5) Income Tax Payable within 1 Year Carried at book value because of the market value's closeness to book value due to a short settlement period.

(4) Non-Recourse Corporate Bonds with Maturity within 1 Year

Carried at book value because of the market value's closeness to book value due to a short settlement period.

Borrowings deemed to be short in repayment proceed is presented based on the discounted current value deducted with the shortage amount due to its closeness to the market value as of the fiscal year end.

(6) Long-Term Loans

Floating-rate borrowings among long-term borrowings are carried at book value because of the market value's closeness to the book value due to the floating-rate nature of the debt. The market values of fixed-rate borrowings are calculated based on the present value of the total amount of the principal using an interest rate expected for similar new loans.

(7) Long-Term Non-Recourse Loans

Floating-rate borrowings among long-term non-recourse loans are carried at book value because of the market value's closeness to the book value due to the floating-rate nature of the debt. The market values of fixed-rate borrowings are calculated based on the present value of the total amount of the principal using an interest rate expected for similar new loans.

(Note 2) Financial Instruments for which it is Difficult to Obtain Market Values

(Million yen)

Classification	Amount Recorded in Consolidated Balance Sheet
(1) Operational investments in securities*	2,952
(2) Investments in securities*	3,444
(3) Long-term security deposits received	3,230

*Allowance for bad debts deducted.

(1) Operational investments in securities are not subject to the market value disclosure despite being investment securities, since they are not priced in the market and it is difficult to estimate their market values.

(2) Investments in securities are not subject to the market value disclosure despite being securities of non-listed securities, since they are not priced in the market, it is hard to estimate its future cash flows, and it is difficult to estimate their market values.

(3) Long-term security deposits received which are security deposits received from tenants of rental properties are not subject to market value disclosure, since it is deemed highly difficult to estimate a reasonable cash flow since they are not priced in the market and it is difficult to know in advance the security deposit period.

6. Notes on Rental Properties

(1) Conditions with respect to Rental Properties

The Company and certain of its consolidated subsidiaries hold rental offices and retail properties in

Tokyo and other locations. Profit and Loss on rental properties in the current fiscal year is ¥671 million (Rental profit is presented in Revenues and Rental Cost is presented in Cost of Revenues.)

(2) Market Value of Rental Properties

(Million yen)

Book Value on Consolidate Balance Sheet			Market Value as of Feb 2013
Balance as of Mar 2012	Increase / Decrease	Balance as of Feb 2013	
9,955	+7	9,962	11,393

(Note) 1. Book Value on Consolidated Balance Sheet = Acquired Cost – (Cumulative Depreciation + Cumulative Impairment Loss)

2. Market Value as of February 2013 is mainly assessed by the Company based on the Real Estate Appraisal Standard.

7. Per Share Data

(1) Net assets per share	¥12,704.44
(2) Net profits per share	¥731.98
(3) Net profit per share after accounting for dilutive shares	¥731.32

8. Material Subsequent Events

N/A

Parent Balance Sheet

(as of February 28, 2013)

(Million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current Assets	10,378	Current Liabilities	3,555
Cash and cash equivalents	4,340	Short-term borrowings	484
Receivables	126	Short-term borrowings from affiliates	1,554
Operating loans	3,353	Long-term loans (due within one year)	864
Operating investment in securities	3,397	Accounts payable	373
Short-term loans to affiliates	323	Expenses payable	77
Advance payment	24	Income taxes payable	25
Accounts receivable - other	338	Advances received	123
Deferred tax assets	531	Deposits received	12
Other	546	Other	39
Allowance for doubtful accounts	(2,603)	Long-Term Liabilities	4,507
Fixed Assets	23,026	Long-term borrowings	4,235
Tangible Assets	6,292	Long-term borrowings guaranteed	256
Buildings and structure	1,444	Other	14
Land	4,831	Total Liabilities	8,062
Other	16	Net Assets	
Intangible Assets	10	Shareholders' Equity	25,136
Software	10	Capital	18,113
Investments and Other Assets	16,723	Additional paid-in capital	2,429
Investment in securities	4,035	Capital reserve	2,429
Investment in securities of subsidiaries and affiliates	5,265	Retained earnings	4,780
Investment in securities of other affiliates	5,709	Other retained earnings	4,780
Corporate bonds of affiliates	350	Carried forward retained earnings	4,780
Long-term investments in loans	10	Treasury stock	(187)
Long-term loans to affiliates	1,874	Revaluation and Adjustment	62
Deferred Tax Assets	60	Valuation adjustment in other securities	62
Other	93	Acquisition Rights	143
Allowance for doubtful accounts	(676)	Total Net Assets	25,341
Total Assets	33,404	Total Liabilities and Net Assets	33,404

(Amounts less than one million yen have been rounded off.)

Parent Income Statement

〔 From March 1, 2012 〕
〔 To February 28, 2013 〕

(Million yen)

Item	Amount	
Revenues		3,143
Cost of Revenues		844
Gross profit		2,299
SG&A		1,172
Operating profit		1,126
Non-Operating Profit		
Interest income	24	
Dividend income	21	
Redeemed reserve for doubtful accounts	7	
Other	7	59
Non-Operating Expenses		
Interest on debt	244	
Other	50	294
Recurring Profit		891
Extraordinary gain		
Gain on sales of investment in securities	9	
Gain on sales of equity holdings in affiliates	71	
Other	3	84
Extraordinary Loss		
Loss on sales of investment securities	62	
Valuation loss on investments	76	
Loss on business liquidation	2	
Other	19	161
Profit before Income Taxes		815
Income taxes, etc.	(89)	
Adjustment in income taxes	(592)	(681)
Net Profit		1,497

(Amounts less than one million yen have been rounded off.)

Statement of Parent Changes in Shareholders' Equity

From March 1, 2012
To February 28, 2013]

(Million yen)

	Shareholders' Equity						
	Common stock	Capital surplus		Retained earnings		Treasury Stock	Total shareholders' equity
		Capital reserve	Total capital surplus	Carried forward/ retained earnings	Total retained earnings		
Balance as of March 1, 2012	18,078	2,395	2,395	3,282	3,282	-187	23,568
Changes in the current fiscal year							
New share issuance	34	34	34				69
Net profit				1,497	1,497		1,497
Changes in items other than shareholders' equity (net)							---
Changes in the current fiscal year	34	34	34	1,497	1,497	---	1,567
Balance as of February 28, 2013	18,113	2,429	2,429	4,780	4,780	-187	25,136

	Revaluation and adjustment		Stock acquisition rights	Total net assets
	Unrealized gain on other securities, net	Total revaluation and adjustment		
Balance as of March 1, 2012	-657	-657	116	23,027
Changes in the current fiscal year				
New share issuance				69
Net profit				1,497
Changes in items other than shareholders' equity (net)	719	719	27	747
Changes in the current fiscal year	719	719	27	2,314
Balance as of February 28, 2013	62	62	143	25,341

(Amounts less than one million yen have been rounded off.)

Notes to the Parent Financial Statements

1. Material Accounting Policies

(1) Valuation Standards and Method for Securities

- (i) Shares in subsidiaries and affiliates: Moving average cost method
- (ii) Other Securities
 - Shares with market value: Mark-to-market on the last date of fiscal year (valuation difference is reported as a component of shareholders' equity and cost of revenues is calculated with moving average cost method)
 - Shares without market value: Moving average cost method. The valuation for investment associations is noted in (6) Material Changes in Presentation at (iii) Investment Associations.
- (iii) Derivatives: Mark-to-market

(2) Depreciation Method for Property and Equipment

- (i) Fixed Assets: Mainly straight-line method
 - Main useful lives are as follows:
 - Buildings and Structures 8-39 years
- (ii) Intangible Assets: Straight-line method
 - Main useful life is as follows:
 - Software 5 years

(3) Amortization of Deferred Assets

Issuance cost of corporate bonds: Full amount is recorded as cost.

(4) Accounting Standards for Allowances

Allowance for doubtful accounts

The allowance is provided for doubtful accounts based on the historical experience for normal receivables and an estimate of the collectability for receivables from companies which are experiencing financial difficulties.

(5) Hedge Accounting Method

- (i) Hedge accounting method
 - In principle, the Company adopts the deferral hedge accounting method. However, with respect to some interest rate swaps which meet certain criteria, the Company uses an alternative accounting method, as reasonable and appropriate.
- (ii) Hedging instruments and hedged items
 - Hedging instruments: Interest rate swaps
 - Hedged items: Borrowings
- (iii) Hedging Policy
 - The Company uses derivative financial instruments in its financing activities to hedge possible future movements in interest rates.

(iv) Assessment of Hedge Effectiveness

The Company omits evaluating hedge effectiveness since it only applies to interest rate swaps which meet certain criteria.

(6) Material Changes in Presentation

(i) Consumption Tax

Consumption taxes are excluded from the relevant revenue, costs or expenses. Non-deductible consumption taxes are generally accounted for as expenses depreciated equally over five years.

(ii) Operating Investments

Operating investments in securities are included in operating investments in securities and operating loans in current assets, separate from non-operating investments. Profits and losses incurred from operating investments are recorded as operating profits and losses. Operating investments in which the Company has a control stake are not considered as subsidiaries or affiliates since the Company does not have an intention to control management.

(iii) Investment Associations

Assets held by investment associations are categorized as operating investments in securities and investment in securities of other affiliates (“Investments in investment associations”) in proportion to the holding percentage. Profits on dividends are recorded as revenues and an adjustment to Investments in investment associations. Redemption of principle is recorded as a decrease of Investments in investment associations.

(iv) Consolidated Tax Treatment

The Company qualifies for consolidated tax treatment.

2. Changes in Accounting Policy

(Changes in Accounting Policy)

Application of Accounting Standards, etc. with respect to Net Profit per Share

From the current fiscal year, the “Accounting Standards, etc. with respect to Net Profit per Share” (Financial Accounting Standard No. 2, June 30, 2010), “Guidelines for Application of Accounting Standards, etc. with respect to Net Profit per Share” (Guidelines for Application of Financial Accounting Standards No. 4, June 30, 2010), and the “Treatment in Practice of Accounting Standards, etc. with respect to Net Profit per Share” (Advisory on Practical Application No. 9, June 30, 2010) are used.

Due to this change, for the calculation of net profit per share after taking dilutive shares into account, the method of calculating the fair value of share options with respect to such options vesting after a certain number of years of service has been amended to take into consideration the future services to be enjoyed by the Company in addition to the amount of capital to be paid in pursuant to the exercising of such options.

The effect of this change is immaterial. (Changes in Accounting Estimates and Difficult to Distinguish Changes in Accounting Policy)

Changes in Method of Depreciation of Property, Plant, and Equipment

Pursuant to changes to the corporate tax law, for the current fiscal year the Company and all domestic subsidiaries have amended the method for depreciation of property, plant and equipment acquired after April 1, 2012 in accordance with the amended tax law.

The effect of this change on the Company’s profit and loss in the current fiscal period is immaterial.

3. Changes in Presentation

(Balance Sheet)

The item “Accounts receivable – other” was included in Current Assets in the prior fiscal year (90 million in the prior year), but due to a growth in its significance, it has been itemized separately in this fiscal year.

4. Additional Information

Application of Accounting Standards etc. for Accounting Changes or Corrections)

For changes or corrections of accounting standards after the beginning of the current fiscal year, the Company has applied the “Accounting Standards etc. for Accounting Changes or Corrections” (Financial Accounting Standard No. 24, December 4, 2009) and the “Guidelines for Application of Accounting Standards etc. for Accounting Changes or Corrections” (Guidelines for Application of Financial Accounting Standards No. 24, December 4, 2009).

5. Balance Sheet

(1) Assets Provided as Collateral and Secured Obligations

Assets provided as collateral are as follows:

Cash and cash equivalents	¥48 million
Buildings and structure	¥1,183 million
Land	¥4,346 million
Investments in securities	¥301 million
Shares of affiliated companies	¥3,814 million
Total	<u>¥9,694 million</u>

Secured obligations are as follows:

Long-term borrowings (due within one year)	¥810 million
Long-term borrowings	¥4,134 million
Total	<u>¥4,944 million</u>

(2) Accumulated Depreciation of Fixed Assets ¥180 million

(3) Contingent Liabilities

The Company guarantees the following companies' borrowings from financial institutions.

Takara Building Maintenance Co., Ltd.	¥129 million
Ichigo Estate Co., Ltd.	¥1,193 million
Total	<u>¥1,322 million</u>

(4) Debts to Affiliates (excluding items separately indicated)

Short-term receivables from affiliates	¥642 million
Short-term debt to affiliates	¥195 million
Long-term debt to affiliates	¥17 million

6. Income Statement

Transactions with affiliates

Revenue	¥2,203 million
Cost of Sales	¥74 million

Non-operational transactions	¥57 million
7. Statement of Changes in Shareholders' Equity	
Types and Amounts of Treasury Stock	
Ordinary shares	20,000
8. Tax Effect	
(1) Breakdown of Cause of Deferred Tax Assets and Liabilities	
Deferred tax assets	
Maximum amount of allowance for doubtful accounts	¥1,222 million
Write-down of operating investments in securities	¥185 million
Write-down of investments in securities	¥825 million
Write-down of investments in real estate	¥3,391 million
Write-down of securities of affiliates	¥1,272 million
Loss carried forward	¥6,849 million
Other	¥885 million
Subtotal	¥14,630 million
Allowance for valuation	- ¥14,034 million
Deferred tax assets	¥ 595 million
Deferred tax liabilities	
Asset retirement obligation expense	-¥3 million
Total	-¥3 million
Net deferred tax assets	¥ 592 million

9. Related Party Transactions

(Million yen)

Type	Name	Voting Rights Held (%)	Connection with the Related Party	Transaction Type	Transaction Amount	Account	Balance Outstanding
Subsidiary	Ichigo Real Estate Investment Advisors Co., Ltd. (Note 5)	100	Service contract; Managerial guidance	Borrowing (Note 1)	-	Short-term loans to affiliates	560
				Interest paid	9	Unpaid expenses	2
				Receipt of management fee	672	Receivables	96
Subsidiary	Ichigo Estate Co., Ltd. (Note 6)	100	Service contract; Managerial guidance	Guarantee of liabilities (Note 4)	1,193	-	-
				Loans (Note 2)	-	Short-term loans to affiliates	250
				Loans (Note 2)	-	Long-term loans to affiliates	200
				Interest received	16	"Others" in Current Assets	2
				Borrowing (Note 1)	-	Short-term loans to affiliates	723
				Interest paid	11	Unpaid expenses	3
				Receipt of management fee	151	Receivables	19
Subsidiary	Miyako City Co., Ltd.	100	Financial support; Service contract; Managerial guidance	Loans (Note 2)	100	Long-term loans to affiliates	467
				Corporate bond purchase (Note 2)	-	Affiliates' Corporate Bonds	350
				Interest received	1	"Others" in Current Assets	0
				Receipt of management fee	10	Receivables	0
Subsidiary	A. F. Co., Ltd.	100	Financial support	Loans (Note 2)	-	Long-term loans to affiliates	1,207
				Interest received	-	"Others" in Current Asset	62
Major shareholder	Ichigo Trust	79.69% Owner of the Company (Note 7)	-	Provision of collateral (Note 3)	3,579	-	-

(Note) 1. The interest rate on borrowings and corporate bonds is determined reasonably with consideration of the market interest rate.

- The interest rate on loans and bonds is determined reasonably with respect to the interest rate the Company actually pays, with special consideration of the circumstances for certain affiliates.
- The Company has pledged securities as collateral for non-recourse loans secured from financial institutions.
- The Company jointly guarantees long-term borrowing from banks.
- Ichigo REIT Management Co., Ltd. was merged by absorption into Ichigo Real Estate Investment Advisors Co., Ltd. on July 1, 2012, and Ichigo Real Estate Investment Advisors Co., Ltd. was the non-surviving company. Ichigo REIT Management Co., Ltd. changed its corporate name to Ichigo Real Estate Investment Advisors Co., Ltd. on the same date.
- Ichigo Solutions Co., Ltd. was merged by absorption into Ichigo Estate Co., Ltd. on July 1, 2012, and Ichigo Estate Co., Ltd. was the non-surviving company. Ichigo Solutions Co., Ltd. changed its corporate name to Ichigo Estate Co., Ltd. on the same date.
- Ichigo Trust transferred all of its shares in the Company to its 100%-owned subsidiary Ichigo Trust Pte. Ltd. during the current fiscal year.
- The above transaction amounts do not include consumption and other taxes. The amounts recorded on the balance sheet as of fiscal year-end do include consumption and other taxes.

10. Per Share Data

(1) Net assets per share	¥11,249.60
(2) Net profits per share	¥669.42
(3) Net profits per share (diluted)	¥668.81

11. Material Subsequent Events

N/A

Auditor's Report on the Consolidated Financial Statements

Report of Independent Auditors

April 14, 2013

To the Board of Directors of Ichigo Group Holdings Co., Ltd.

Grant Thornton Taiyo ASG

Tsutomu Nobechi, CPA, Designated and Engagement Partner (seal)

Satoshi Kirikawa, CPA, Designated and Engagement Partner (seal)

Hiroaki Ohkane, CPA, Designated and Engagement Partner (seal)

We have audited the consolidated financial statements of Ichigo Group Holdings Co., Ltd., namely the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in shareholders' equity and the notes to consolidated financial statements, for the fiscal year from March 1, 2012 to February 28, 2013 pursuant to Article 444, paragraph 4 of the Company Law.

Management's Responsibility with respect to the Financial Statements

Management is responsible for compiling and indicating the consolidated financial statements in accordance with the generally accepted accounting principles of Japan. This includes the operation and maintenance of an internal compliance structure which management deems necessary to ensure that the consolidated financial statements are compiled and indicated free of material misstatement in the form of fraud or error.

Auditor's Responsibility

The responsibility of the Auditor is to perform an independent audit and declare an opinion with respect to the consolidated financial statements. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

We conducted our audit by carrying out auditing procedures on amounts in the consolidated financial statements and information we received from the Company. These procedures included sampling and testing based on our assessment of the potential risk of material misstatement in the form of fraud or error. Although our intent is not to express an opinion regarding the appropriateness of the internal compliance structure, we did assess operation of the internal compliance structure to the extent it affects the accuracy of the consolidated financial statements. This included an overall assessment of the consolidated financial statements and any assumptions made by management with respect to the Company's accounting policies or their application, and any estimates indicated in the consolidated financial statements.

We believe we received sufficient and appropriate information to have a reasonable basis to express our opinion.

Auditing Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Ichigo Group consisting of Ichigo Group Holdings Co., Ltd. and its consolidated subsidiaries for the period for the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Potential Conflicts of Interest

There are no interests to be specified pursuant to the provisions of the Certified Public Accountant Law between the Company and us or the engagement partner.

Auditor's Report on the Parent Financial Statements

Report of Independent Auditors

April 14, 2013

To the Board of Directors of Ichigo Group Holdings Co., Ltd.

Grant Thornton Taiyo ASG

Tsutomu Nobechi, CPA, Designated and Engagement Partner (seal)

Satoshi Kirikawa, CPA, Designated and Engagement Partner (seal)

Hiroaki Ohkane, CPA, Designated and Engagement Partner (seal)

We have audited the thirteenth term financial statements of Ichigo Group Holdings Co., Ltd., namely the balance sheet, the income statement, the statement of changes in shareholders' equity and the notes to the financial statements and schedules, for the fiscal year from March 1, 2012 to February 28, 2013 pursuant to Article 436, paragraph 2, item 1 of the Company Law.

Management's Responsibility with respect to the Financial Statements

Management is responsible for compiling and indicating the financial statements and notes and schedules thereto in accordance with the generally accepted accounting principles of Japan. This includes the operation and maintenance of an internal compliance structure which management deems necessary to ensure that the financial statements and notes and schedules are compiled and indicated free of material misstatement in the form of fraud or error.

Auditor's Responsibility

The responsibility of the Auditor is to perform an independent audit and declare an opinion with respect to the financial statements and the notes and schedules. We conducted our audit in accordance with the auditing standards generally accepted in Japan. Those standards require that we obtain reasonable assurance about whether the financial statements and schedules are free of material misstatement.

We conducted our audit by carrying out auditing procedures on amounts in the financial statements and notes and schedules and information we received from the Company. These procedures included sampling and testing based on our assessment of the potential risk of material misstatement in the form of fraud or error. Although our intent is not to express an opinion regarding the appropriateness of the internal compliance structure, we did assess operation of the internal compliance structure to the extent it affects the accuracy of the financial statements and notes and schedules. This included an overall assessment of the consolidated financial statements and notes and schedules and any assumptions made by management with respect to the Company's accounting policies or their application, and any estimates indicated in the financial statements and notes and schedules.

We believe we received sufficient and appropriate information to have a reasonable basis to express our opinion.

Auditing Opinion

In our opinion, the financial statements and schedules referred to above present fairly, in all material respects, the financial position of Ichigo Group Holdings Co., Ltd. for the period for the financial statements and schedules in conformity with accounting principles generally accepted in Japan.

Potential Conflicts of Interest

There are no interests to be specified pursuant to the provisions of the Certified Public Accountant Law between the Company and us or the engagement partner.

Report of Audit Committee

Audit Report

April 19, 2013

Audit Committee, Ichigo Group Holdings Co., Ltd.

Katsu Fujita, Audit Committee Member (seal)

Tetsuya Fujita, Audit Committee Member (seal)

Noriko Kawate, Audit Committee Member (seal)

The Audit Committee has audited the execution of the duties of the Directors and Statutory Executive Officers during the thirteenth fiscal year from March 1, 2012 to February 28, 2013. We report the method and results of this audit as follows:

1. Method and Description of Audit

The Audit Committee has received regular reports and has made requests for explanations as necessary from the Directors, Statutory Executive Officers, and employees of the Company regarding the details of resolutions by the Board of Directors with respect to Article 416, paragraph 1, item 1, b and e of the Company Law and the system established under the resolutions (internal control system) and in accordance with audit policy and duties prescribed by the Audit Committee. In cooperation with the Internal Audit Office and other internal control related departments of the Company, the Audit Committee has investigated the process and details of decision-making at important meetings, the details of principal-approved documents and other material documents relating to the execution of business, the execution of duties by Statutory Executive Officers and employees and reviewed the Company's business and assets. With respect to subsidiaries, we have communicated and exchanged information with directors and auditors of subsidiaries and received business reports from subsidiaries as necessary.

With respect to the internal control framework for financial disclosures required under the Financial Instruments and Exchange Law, we received appraisals and auditing reports from the Statutory Executive Officer and Grant Thornton Taiyo ASG, and as necessary we requested further clarifications.

In addition, we have supervised and verified that the Independent Auditor was independent and conducting an appropriate audit and received reports on the execution of duties from the Independent Auditor and requested explanations as necessary. We have also received a report from the Independent Auditor that the structure to ensure appropriate performance of duties (matters described in Article 131, each item of the Company Calculation Rules) has been established pursuant to laws and regulations including the Standards for Quality Control of Audits (issued by Business Accounting Council on October 28, 2005) and that management structures have been properly established within the audit firm.

By these methods, we have reviewed the Company's own business report, financial statements (balance sheet, income statement, statement of changes in shareholders' equity and notes) and their schedules, along with the Company's consolidated financial statements (including the consolidated balance sheet, consolidated income statement, consolidated statement of changes in shareholders' equity and consolidated notes).

2. Results of Audit

(1) Audit Results of Business Report

- 1 We note that the business report and its schedules present the Company's status correctly pursuant to all laws and regulations and the Articles of Incorporation.
- 2 We note that there has been no misconduct with respect to the execution of duties by Directors and Statutory Executive Officers, nor have we discovered any material facts which violate laws and

regulations or the Articles of Incorporation.

- 3 We note that the details of the resolution by the Board of Directors with respect to the internal control system are reasonable. Also, there is nothing material to be pointed out with respect to the execution of duties on the internal control system by Statutory Executive Officers.

(2) Audit Results of Financial Statements and their Schedules

We note that the method and results of the audit conducted by the Independent Auditor, Grant Thornton Taiyo ASG, were reasonable.

(3) Audit Results of Consolidated Financial Statements

We note that the method and results of the audit conducted by the Independent Auditor, Grant Thornton Taiyo ASG, were reasonable.

3. Subsequent Events

As reported in the Business Report, the Company resolved a stock split and share-trading-unit system effective from September 1, 2013 at the Meeting of the Board of Directors held on April 19, 2013.

(Note) All members of the Audit Committee are External Directors as provided in Article 2, item 15 and Article 400, paragraph 3 of the Company Law.

Reference Materials for the Annual General Meeting of Shareholders

Proposal 1 Amendment of the Articles of Incorporation

1. Reason for Proposal

In accordance with the “Action Plan for Consolidating Trading Units” announced by the Japanese stock exchanges on November 27, 2007, and in order to increase share liquidity and expand the potential base of Ichigo shareholders in light of the future growth prospects of the Company, shares of the Company shall be split at a rate of 200 shares to one effective September 1, 2013, and the Company shall adopt a share-trading unit system with a minimum trading lot of 100 shares. In connection therewith, the Company would like to amend the Articles of Incorporation (proposed Article 6, Paragraph 3 “Rights for Shares less than One Trading Lot”) on the same day to provide for rights for shareholders with less than one trading lot.

2. Details of Proposed Changes

Current Articles of Incorporation	Proposed Change
(Addition)	Shareholders of the Company which hold less than One Trading Lot may only exercise the following rights: (1) The rights indicated in Article 189, Paragraph 2, each Item of the Company Law; (2) The right to make a demand in accordance with Article 166, Paragraph 1 of the Company Law; (3) Rights for allotment of share subscriptions and stock acquisition rights in accordance with the number of shares held.

Current Articles of Incorporation	Proposed Change
(Date of Effectiveness) Article 44 The changes in Article 6 and the new Article 6-2 shall be effective as of September 1, 2013. In addition, this addendum will be deleted effective September 1, 2013.	(Date of Effectiveness) Article 44 The changes in Article 6 and the new Article 6-2 and Article 6-3 shall be effective as of September 1, 2013. In addition, this addendum will be deleted effective September 1, 2013.


Note: In accordance with the “Action Plan for Consolidating Trading Units” announced by the Japanese stock exchanges on November 27, 2007, and in order to increase share liquidity and expand the potential base of Ichigo shareholders in light of the future growth prospects of the Company, shares of the Company shall be split at a rate of 200 shares to one effective September 1, 2013, and the Company shall adopt a share-trading unit system with a minimum trading lot of 100 shares. In connection therewith, at the April 19, 2013 Meeting of the Board of Directors, Article 6 (Authorized Shares) and Article 6-2 (Share Trading Units) have been changed in accordance with the following.

Prior Articles of Incorporation	Current Articles of Incorporation
<p>Article 6 (Authorized Shares)</p> <p>The authorized number of shares of the Company shall be 2,750,000.</p>	<p>Article 6 (Authorized Shares)</p> <p>The authorized number of shares of the Company shall be 550,000,000.</p>
<p>Addition</p>	<p>Article 6-2 (Share Trading Lots)</p> <p>The minimum share trading lot shall be 100 shares.</p>
<p>Addition</p>	<p>(Effective Date)</p> <p>The changes in Article 6 and the new Article 6-2 shall be effective as of September 1, 2013. In addition, this addendum will be deleted effective September 1, 2013.</p>


Proposal 2 Election of 10 Directors

The terms of office of all seven Directors will expire at the conclusion of the Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of the following ten Directors.

The candidates for Directors are as follows:


No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
1	 <p data-bbox="296 1137 513 1238">Scott Callon (Note 2) (December 6, 1964)</p>	<p data-bbox="544 271 1182 1485"> April 1988 MIPS Computer Systems, Inc. September 1991 Asia-Pacific Research Center, Stanford University March 1994 Visiting researcher, Research Institute of Capital Formation, Japan Development Bank August 1994 Tokyo Branch, Bankers Trust Asia Securities Co., Ltd. March 1997 Morgan Stanley Japan Limited June 2000 Representative of resident officers, Representative office in Japan, Prudential PLC May 2001 Representative Director, PCA ASSET Management Limited of the Prudential plc Group April 2002 Morgan Stanley Japan Limited January 2003 Head of Equities, Morgan Stanley Japan Limited May 2006 Partner and Chief Executive Officer, Ichigo Asset Management, Ltd. (current) October 2008 Chairman & Representative Statutory Executive Officer of the Company (current) November 2008 Director (current), Chairman of Nominating Committee, Chairman of Compensation Committee, Vice Chairman of Compliance Committee of the Company (current) November 2011 Member of Nominating Committee (current) and Member of Compensation Committee of the Company (current) May 2012 Associate Director of Japan Association of Corporate Directors, External Auditor of Chiyoda Co., Ltd. (current) July 2012 Director (current), Member of Nominating Committee (current) and Member of Compensation Committee of Ichigo Real Estate Investment Advisors Co., Ltd. (current) Director of Ichigo Global Capital Co., Ltd. (current) </p> <p data-bbox="544 1518 1107 1608">(Other Positions) Partner and Chief Executive Officer of Ichigo Asset Management, Ltd.</p> <p data-bbox="544 1641 1177 1944">(Aspiration as Director) This is your company. Our job at Ichigo is to repay the trust of our shareholders and to contribute to society by delivering globally top-class, value-added services. Thanks to our shareholders' support, we have been able to strengthen Ichigo's financial position greatly over the last year, and are investing significantly for growth. We will continue to focus on increasing shareholder value while seeking to contribute to Japan and the success and prosperity of all of our stakeholders.</p>	0

No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
2	 Kenji Iwasaki (April 10, 1968)	<p>April 1992 Joined Fujita Corporation</p> <p>May 2001 Joined the Company</p> <p>May 2004 Director, General Manager of Fund Business Division, Merchant Banking Group of the Company</p> <p>May 2005 Representative Director and Vice President of the Company</p> <p>May 2007 Director, Chairman of Nominating Committee and Chairman of Compensation Committee of the Company</p> <p>October 2008 President & Representative Statutory Executive Officer of the Company (current)</p> <p>November 2008 Vice Chairman of Compliance Committee of the Company (current)</p> <p>May 2009 Director (current), Member of Nominating Committee and Member of Compensation Committee of the Company</p> <p>November 2011 Chairman of Nominating Committee, (current) and Chairman of Compensation Committee of the Company(current)</p> <p>July 2012 Chairman & Statutory Executive Officer Director (current), Chairman of Nominating Committee (current) and Chairman of Compensation Committee of Ichigo Real Estate Investment Advisors Co., Ltd. (current)</p> <p>Director of Ichigo Global Capital Co., Ltd.</p> <p>November 2012 Chairman & Director of Ichigo ECO Energy Co., Ltd. (current)</p> <p>(Other Positions) Chairman & Statutory Executive Officer Director of Ichigo Real Estate Investment Advisors Co., Ltd. Chairman & Director of Ichigo ECO Energy Co., Ltd.</p> <p>(Aspiration as Director) There has never been a more important time for providing safe and reliable investment products in order to protect and secure a bright future for the Japanese people. We will endeavor to use the real estate management expertise and knowhow of Ichigo to satisfy the broader societal needs of Japan. We intend to boldly employ the growth strategy of the Ichigo Group to satisfy the expectations of all of our valued shareholders.</p>	3,130


No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
3	 Minoru Ishihara (October 5, 1967)	<p>April 1990 Joined Hazama Corporation</p> <p>October 2005 Joined Creed Corporation</p> <p>May 2007 Joined the Company as Head of Human Resources and General Administration department</p> <p>March 2008 Executive Officer and Head of Human Resources and General Administration department of the Company</p> <p>October 2008 Chief Administrative Officer & Statutory Executive Officer and Head of Business Management of the Company</p> <p>November 2008 Director, Asset Investment Advisors Co., Ltd. (now Ichigo Real Estate Investment Advisors Co., Ltd.)</p> <p>May 2009 Senior Managing Director & Statutory Executive Officer (Administration) and Member of Compliance Committee of the Company (current)</p> <p>October 2009 Senior Managing Director (Administration), Asset Investment Advisors Co., Ltd. (now Ichigo Real Estate Investment Advisors Co., Ltd.)</p> <p>November 2009 President & Representative Director, Asset Logistics Co., Ltd. (now Ichigo Marché Co., Ltd.)</p> <p>May 2010 Director, Senior Managing Director & Statutory Executive Officer (Administration) and Member of Compliance Committee of the Company</p> <p>January 2011 Senior Executive Managing Director & Statutory Executive Officer (Administration, Environmental & Architectural Solutions) and Senior Managing Director (Administration), Ichigo REIT Management Co., Ltd.</p> <p>April 2011 President & Representative Director, Miyako City Co., Ltd.</p> <p>May 2011 Senior Managing Director (Administration), Ichigo Real Estate Investment Advisors Co., Ltd.</p> <p>November 2011 Executive Vice President & Statutory Executive Officer (Administration) (current)</p> <p>July 2012 Director and Executive Vice President & Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd. (current)</p> <p>November 2012 Director, Ichigo Global Capital Co., Ltd.</p> <p>November 2012 Director of Ichigo ECO Energy Co., Ltd.</p>	260


No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
		<p>March 2013 Head of Real Estate Services Division (current) Chairman & Representative Director and President of Miyako City Co., Ltd. (current) Chairman & Director of Ichigo Marché Co., Ltd. (current) Chairman & Director of Takara Building Maintenance Co., Ltd. (current) Chairman & Director of Nichibei Building Services Co., Ltd. (current) Chairman & Director of Nichibei Security Services Co., Ltd. (current)</p> <p>(Other Positions) Executive Vice President & Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd. Chairman & Representative Director and President of Miyako City Co., Ltd. Chairman & Director of Ichigo Marché Co., Ltd. Chairman & Director of Takara Building Maintenance Co., Ltd. Chairman & Director of Nichibei Building Services Co., Ltd. Chairman & Director of Nichibei Security Services Co., Ltd.</p> <p>(Aspiration as Director) My intention is to make Ichigo the top real estate asset management company in Japan by vigorously performing my duties as director and guiding the Real Estate Services Division (including Retail PM and Fund Management), along with providing assistance to the Chairman and President. I will endeavor to continue our customer-first policy and further cultivate our low-cost operations, personnel development, and efficient organization for the Company's ongoing vitality and growth.</p>	


No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
4	 Katsu Fujita (June 30, 1944)	<p>April 1968 Joined The Long-Term Credit Bank of Japan, Limited (now Shinsei Bank, Limited)</p> <p>June 1995 Director, General Manager of Information System Group and Manager of System Planning of The Long-Term Credit Bank of Japan, Limited</p> <p>June 1997 Senior Managing Director and Director of Finance & Accounting Division, Ishihara Sangyo Kaisha, Ltd.</p> <p>June 2002 Executive Managing Director and Director of Corporate Planning & Administration Division, Ishihara Sangyo Kaisha, Ltd.</p> <p>October 2007 Member of Conciliation of Civil Affairs, Tokyo District Court (current)</p> <p>May 2008 External Director (current), Chairman of Nominating Committee and Chairman of Compensation Committee of the Company</p> <p>November 2008 Chairman of Audit Committee (current), Member of Nominating Committee (current), Member of Compensation Committee (current) & Chairman of Compliance Committee of the Company</p> <p>July 2012 Director and Chairman of Audit Committee (current), Member of Nominating Committee (current), and Member of Compensation Committee of Ichigo Real Estate Investment Advisors Co., Ltd. (current)</p> <p>April 2013 Yokohama District Court, Labor Arbitration Member (current)</p> <p>(Other Positions) Member of Conciliation of Civil Affairs, Tokyo District Court Yokohama District Court, Labor Arbitration Member</p> <p>(Aspiration as Director) The Ichigo Group's management philosophy is to provide a prosperous future for all of our stakeholders by creating peace of mind through sincere management. I intend to utilize my many years of management experience as an independent external director in participating in the shaping and implementation of our management strategy. I feel special responsibility in fulfilling my duties in the supervision of a strong corporate governance framework. In this way, I strive to contribute to the augmentation of a stable growth process for the Company.</p>	285


No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
5	 Tetsuya Fujita (March 26, 1954)	<p>April 1976 Joined Taisho Marine and Fire Insurance Co., Ltd. (now Mitsui Sumitomo Insurance Co., Ltd.)</p> <p>April 2001 Executive Director, Taisho Marine & Fire Insurance (Malaysia) Bhd. (now MSIG Insurance (Malaysia) Bhd)</p> <p>April 2002 Board Director, Skandia Life Insurance (Japan) (now Tokyo Marine Nichido Financial Life Insurance Co., Ltd.)</p> <p>October 2006 Executive Director, AXA Life Insurance Co., Ltd.</p> <p>April 2007 Representative President & CEO, AXA Financial Life Insurance Co., Ltd. (now AXA Life Insurance Co., Ltd.)</p> <p>October 2009 Senior Advisor, AXA Life Insurance Co., Ltd.</p> <p>May 2010 External Director (current), Member of Audit Committee (current), and Member of Compliance Committee of the Company</p> <p>February 2011 Auditor of St. Thomas University (current)</p> <p>March 2011 President of Remark Japan Co., Ltd. (current)</p> <p>May 2011 Chairman of Compliance Committee of the Company (current)</p> <p>May 2012 Member of Nominating Committee (current), and Member of Compensation Committee of the Company (current)</p> <p>July 2012 Director (current), Member of Auditing Committee (current), Member of Nominating Committee (current), and Member of Compensation Committee of Ichigo Real Estate Investment Advisors Co., Ltd. (current)</p> <p>(Other Positions) Auditor of St. Thomas University President of Remark Japan Co., Ltd.</p> <p>(Aspiration as Director) I strongly believe that for the Ichigo Group to implement its growth strategy in a rapid fashion, it is more important than ever for its Directors, Auditors, and Compliance team to be vigilant in the analysis and control of risk. For external directors, it is important not only to provide balance in supervising whether the best and most appropriate business decisions are made, but also to represent the shareholders of the Company in helping steer management in the right direction.</p>	63

No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
6	 Maki Kumagai (February 11, 1974)	<p>April 2000 Qualified as Attorney at Law, joined Mitsui, Yasuda, Wani & Maeda</p> <p>May 2003 Seconded to International Legal Affairs Bureau, Ministry of Foreign Affairs</p> <p>May 2005 Joined Mitsui Company</p> <p>January 2008 Appointed Partner of Mitsui Company</p> <p>May 2011 Director (current), Member of Nominating Committee (current), Member of Compensation Committee (current) and Member of Compliance Committee of the Company(current)</p> <p>July 2011 Partner of Nijubashi Partners (current)</p> <p>July 2012 Director (current), Member of Nominating Committee (current) and Member of Compensation Committee of Ichigo Real Estate Investment Advisors Co., Ltd. (current)</p> <p>(Other Positions) Partner of Nijubashi Partners</p> <p>(Aspiration as Director) Truly exceptional corporate governance comes from balancing the interests of all stakeholders while assisting management in striving to create the most shareholder value and supervising such efforts. I intend to use my legal knowledge in furthering the growth of the Company as a full service real estate group while continually striving to create peace of mind for shareholders through my sincere efforts as an external director of the Company.</p>	0

No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
7	 Noriko Kawate (February 22, 1976)	<p>April 1999 Joined International Dept., Deloitte Touche Tohmatsu LLC</p> <p>July 2001 Qualified as Certified Public Accountant</p> <p>August 2004 Joined Cast & Itoga (now Soga, Uryu, Itoga)</p> <p>November 2004 Qualified as Certified Tax Accountant</p> <p>February 2008 President of CLEA Consulting Co., Ltd. (current)</p> <p>January 2009 Joined Gracia Corporation (current)</p> <p>May 2011 Director (current), Member of Audit Committee of the Company (current)</p> <p>November 2011 Qualified as American Institute of Certified Public Accountants (current)</p> <p>July 2012 Director (current), Member of Auditing Committee of Ichigo Real Estate Investment Advisors Co., Ltd. (current)</p> <p>(Other Positions)</p> <p>President of CLEA Consulting Co., Ltd. Employee of Gracia Corporation</p> <p>(Aspiration as Director)</p> <p>For further growth of the Company as an independent full service real estate services provider, it is vital to maintain strong operations while developing new ventures. Maintenance and operation of a smooth governance structure is a precondition to maintaining this stable and continual increase in corporate value.</p> <p>I will fulfill my duties as an external director by using my experience and knowledge as a certified public accountant and many years experience in auditing companies. In this way, I intend to fully contribute my services to satisfy the trust and expectations of the Company's shareholders.</p>	0

No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
8	 Daisuke Kotegawa (May 3, 1951)	<p>April 1975 Joined the Ministry of Finance (MOF)</p> <p>June 1996 Director of Securities Business Division, Securities Bureau, MOF</p> <p>June 1998 Director of Coordination Division, Supervisory Department, Financial Services Agency (FSA)</p> <p>July 2003 Deputy Director-General of Minister's Secretariat, MOF</p> <p>July 2005 Director-General of Kanto Regional Finance Bureau, MOF</p> <p>July 2006 Deputy Director-General of Finance Bureau, MOF</p> <p>July 2007 Executive Director of Japan, International Monetary Fund (IMF)</p> <p>February 2011 Research Director of The Canon Institute for Global Studies (current)</p> <p>May 2011 External Director of PARCO CO., LTD. (current)</p> <p>May 2012 Director of SEKIDO Co., Ltd. (current)</p> <p>(Other Positions)</p> <p>Principal of The Canon Institute for Global Studies External Director of PARCO Co., Ltd. Director of SEKIDO Co., Ltd.</p> <p>(Aspiration as Director)</p> <p>The Asian economic zone including Japan has grown in relative importance since the Lehman shock and the unprecedented economic challenges that are facing the West. I will endeavor to leverage Japan's high level of customer service and quality of life with our world-class client services to develop new demand, thereby contributing to an increase in Company value.</p>	0

No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
9	 <p data-bbox="304 741 469 804">Lee Fitzgerald (July 17, 1975)</p>	<p data-bbox="555 297 1190 510"> September 1998 Enterprise Ireland, Irish Government Export and Trade Development Agency, Japan September 2000 XIAM April 2002 PolarLake Limited June 2007 Partner of Ichigo Asset Management International, Pte. Ltd. (current) </p> <p data-bbox="555 555 1142 647"> (Other Positions) Partner, Ichigo Asset Management International, Pte. Ltd. </p> <p data-bbox="555 685 1177 1016"> (Aspiration as Director) I will perform my duties as a director to supervise and support the stable growth of the Company with the aim of promoting a long-term, sustainable increase in shareholder value. In order to maintain the competitive position of the Ichigo Group in the Japanese real estate industry, and continue to achieve peace of mind and implement sincere management for our shareholders, I will give my utmost to carry out a corporate governance policy which meets the expectations of all stakeholders of the Company. </p>	0

No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
10	 Haruhiko Sakaguchi (November 24, 1972)	<p>July 1995 Morgan Guaranty Trust Company of New York, Tokyo Office</p> <p>March 1999 ECC Foreign Language Institute</p> <p>August 1999 TWI Ltd.</p> <p>October 2000 Morgan Stanley Japan Limited</p> <p>December 2005 Executive Director and COO of Equities of Morgan Stanley Japan Limited</p> <p>June 2008 Executive Director of Morgan Stanley Asia Limited</p> <p>June 2010 Executive Director and COO of Equities of Morgan Stanley MUFG Securities</p> <p>May 2013 Partner and COO of Ichigo Asset Management Co., Ltd. (expected)</p> <p>(Other Positions) Partner and COO of Ichigo Asset Management Co., Ltd.</p> <p>(Aspiration as Director) Objective, fair and transparent corporate governance is a hallmark of companies focused on creating increased value for stakeholders. Nevertheless, it is also important to maintain flexibility and a spirit of innovation to accomplish long-term strategic and stable growth goals. In the performance of my duties as an external director, I intend to dedicate my nearly twenty years of experience in the Japanese financial industry to contribute to the cultivation of such a business environment at the Company.</p>	0

- (Note)
1. There is no special relationship between the Company and any of the candidates for Director.
 2. The name of Mr. Scott Callon, candidate for Director, is written as “Callon Scott Anderberg” under Japan’s official name registration.
 3. Mr. Katsu Fujita, Mr. Tetsuya Fujita, Ms. Maki Kumagai, Ms. Noriko Kawate, Mr. Daisuke Kotegawa, Mr. Lee Fitzgerald, and Mr. Haruhiko Sakaguchi are candidates for External Director. They meet the requirements for Independent Director under the requirements of the Osaka Securities Exchange. The Company intends to register them with the Osaka Securities Exchange as Independent Directors.
 4. The Company’s reasons for proposing Mr. Katsu Fujita, Mr. Tetsuya Fujita, Ms. Maki Kumagai, Ms. Noriko Kawate, Mr. Daisuke Kotegawa, Mr. Lee Fitzgerald, and Mr. Haruhiko Sakaguchi as candidates for External Directors are as follows:
 - (i) The Company proposes Mr. Katsu Fujita as a candidate for External Director based upon his extensive knowledge and experience in the sales and management departments of a leading bank and in corporate management. He assumed the position as an External Director of the Company in May 2008, and his term of office will have been five years at the close of this General Meeting of Shareholders.
 - (ii) The Company proposes Mr. Tetsuya Fujita as a candidate for External Director based upon his extensive knowledge and experience working for a leading insurance company and a leading life insurance company. He assumed the position as an External Director of the Company in May 2010, and his term of office will have been three years at the close of this General Meeting of Shareholders.
 - (iii) The Company proposes Ms. Maki Kumagai as a candidate for External Director based upon

her expertise and experience in legal advisory for institutional clients in finance law and corporate governance. She assumed the position as an External Director of the Company in May 2011, and her term of office will have been two years at the close of this General Meeting of Shareholders.

- (iv) The Company proposes Ms. Noriko Kawate as a candidate for External Director based upon her experience in statutory audit at a major auditing firm and her experience in accounting and tax advisory as a certified public accountant and tax accountant. She assumed the position as an External Director of the Company in May 2011, and her term of office will have been two years at the close of this General Meeting of Shareholders.
 - (v) The Company proposes Mr. Daisuke Kotegawa as a candidate for External Director based upon his many years of service in importance positions as a financial officer in various governmental and international organizations, his extensive knowledge and experience as an executive, and his ability to supervise and guide management due to such knowledge and experience.
 - (vi) The Company proposes Mr. Lee Fitzgerald as a candidate for External Director based upon his knowledge and experience gained working in foreign government and private enterprise and his ability to supervise and guide management while representing the best interests of shareholders due to such knowledge and experience.
 - (vii) The Company proposes Mr. Haruhiko Sakaguchi as a candidate for External Director based upon his extensive experience and knowledge of the securities business from serving in significant positions in the financial industry and his knowledge and experience in risk management which he can use to supervise and guide management.
5. When the Company proposes a director candidate outside of a business management background except for having previously served in a role as an external director or auditor, the Company provides additional rationale. The Company recommends Mr. Lee Fitzgerald as a candidate for External Director based upon his knowledge and experience gained working in foreign government and private enterprise and his ability to supervise and guide management while analyzing and communicating with the companies due to such knowledge and experience.
 6. No candidate for External Director has been involved in inappropriate conduct while serving as a Director in other companies over the past five years.
 7. The independence of the candidates for External Directors is as follows:
 - (i) No candidate for External Director has managed operations (as defined in Article 2, paragraph 3, item 6 of the Enforcement Regulations of the Company Law; hereinafter the same) of the Company or its related entities (as defined in Article 2, paragraph 3, item 19 thereof; hereinafter the same) in the past.
 - (ii) No candidate for External Directors has received in the last two years, nor will they receive, a large amount of money or other financial compensation (excluding any remuneration as a Director or Advisor before assuming the position of External Director) from the Company or related entities.
 - (iii) No candidate for External Directors is the spouse of, nor are they within three degrees of consanguinity related to the management of the Company or related entities.
 8. In order to retain External Directors of high quality, the Company has entered into limited liability agreements with Mr. Katsu Fujita, Mr. Tetsuya Fujita, Ms. Maki Kumagai, and Ms. Noriko Kawate. The extent of liabilities for compensation under the agreements is the minimum limited liability amount as defined in Article 425, paragraph 1 of the Company Law; provided that the liability is limited only when the External Directors have performed their duties which cause liability in good faith and without gross negligence. Upon the re-appointment as External Director of Mr. Katsu Fujita, Mr. Tetsuya Fujita, Ms. Maki Kumagai and Ms. Noriko Kawate, and the appointment of Mr. Daisuke Kotegawa, Mr. Lee Fitzgerald, and Mr. Haruhiko Sakaguchi as External Director, the Company will enter into a new limited liability agreement with equivalent terms with each of them.
 9. Mr. Scott Callon, Mr. Lee Fitzgerald, and Mr. Haruhiko Sakaguchi receive no compensation from the Company.