



Creating peace of mind through honest and committed management.

*[Provisional Translation Only]*

*This English translation of the original Japanese document is provided solely for information purposes.*

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

May 8, 2014

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

Representative: Scott Callon, Chairman and Representative Statutory Executive Officer

## **Notice of the Fourteenth Annual General Meeting of Shareholders**

Dear Shareholders:

We are pleased to invite you to attend the Fourteenth 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.evotep.jp>) no later than Friday, May 23, 2014, 6:30 p.m. JST.**

**1. Date and Time** Sunday, May 25, 2014 at 10:00 a.m.

**2. Place** Dai-ichi Hotel Tokyo, Fifth Floor, La Rose  
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 fourteenth term (from March 1, 2013 to February 28, 2014)
2. Report on the financial statements for the fourteenth term (from March 1, 2013 to February 28, 2014)

#### **Matters to be Resolved**

**Proposal 1** Election of 8 Directors

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\* 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 23, 2014, 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, 2013 ]  
[ To February 28, 2014 ]

### **I. Current Condition of the Company**

#### **1. Business Conditions in the Current Fiscal Year**

##### **(1) Progress and Business Results**

As a result of Abenomics' bold monetary easing and positive fiscal policies, corporate earnings, manufacturing, consumer spending, and employment conditions in Japan have improved during the current fiscal year, and with the added stimulus of the 2020 Tokyo Olympics, the Japanese economy is expected to stay on a recovery trend. In the Japanese real estate market, business conditions are picking up as evidenced by a 0.7% year-on-year increase in land values in the three major cities of Tokyo, Osaka, and Nagoya announced by the Ministry of Land, Infrastructure, Transport, and Tourism in March. This was the first land price increase in six years since the Lehman Brothers bankruptcy and economic downturn that began in 2008. Japan's real estate market environment has changed dramatically for the better with lower vacancy rates and a rebound in average monthly rents. These positive developments stem from the continuing favorable financing environment, robust J-REIT participation in the Japanese real estate market via additional public offerings and new listings, and the growing number of real estate transactions. Furthermore, clean energy production is attracting increased attention both globally and nationally due to growing interest in reducing environmental footprints and the energy problems Japan faces after the Great East Japan Earthquake and the series of accidents at the Fukushima nuclear power plant.

The Company is working to take advantage of this positive business environment to drive higher earnings for its shareholders. In line with its Shift Up 2016 Mid-Term Business Plan, the Company is proactively investing in value-add and long-term real estate assets and Ichigo's clean energy business and establishing bridge funds to support the growth of Ichigo J-REIT. In doing so, the Company is striving to grow as an integrated, full-service real estate group while simultaneously strengthening its stable profitability.

Specifically, in the past year, the Company has carried out the following major initiatives:

- Expanded investments for growth (value-add and long-term real estate assets, Ichigo J-REIT bridge funds, etc.)
- Expanded its clean energy business focusing on megasolar power generation
- Increased its capital to accelerate investment for growth
- Formulated its Shift Up 2016 Mid-Term Business Plan
- Expanded stable profitability via public offerings of Ichigo J-REIT to support its growth
- Improved the environmental characteristics of the real estate it operates as well as the earthquake resistance and functionality of such assets
- Provided high-quality asset management services and strengthened tenant leasing activities via thorough hands-on management
- Improved borrowing terms including cutting borrowing costs through refinancing existing loans
- Strengthened its strategic lending partnerships, including increasing transactions with Japan's megabanks
- Recycled capital and generated capital gains via asset sales
- Developed and implemented numerous measures to strengthen the Ichigo brand

- Strengthened and improved operating efficiencies of its facility management and clean energy businesses via merging subsidiaries
- Split its shares to improve liquidity and make its shares more accessible to small investors

As a result, the Company recorded revenues of ¥35,101 million in the current fiscal year (214.1% year-on-year); an operating profit of ¥3,912 million (212.1% year-on-year); a recurring profit of ¥3,597 million (207.4% year-on-year); and a net profit of ¥4,526 million (276.5% year-on-year).

## (2) Capital Expenditures

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

## (3) Financing

In order to further boost its profitability and the stability of its financial base, the Company has made significant efforts to proactively secure low-cost debt financing, reduce the cost of its borrowings, diversify the terms and lengthen the tenor of its borrowing, and work to create a strategic bank formation that supports highly profitable growth. As a result, in the current fiscal year the balance of interest-bearing corporate debt was ¥30,200 million (up 337.2% year-on-year), and the balance of non-recourse debt was ¥24,606 million (down 29.8% year-on-year). The Company reduced the interest rates on its corporate and non-recourse debt rates by 0.27% and 0.26%, respectively, year-on-year. In addition, the Company increased the percentage of long-term corporate debt to 86.5% of total debt (up 7.5% year-on-year), increased corporate debt that had a tenor of longer than 5 years to ¥8,587 million (up ¥6,695 million year-on-year, with the average borrowing period lengthened to 5.94 years), and increased the percentage borrowed from Japan's megabanks to 50.9% (up 25.6%). Thus, the Company was successful in lengthening financing periods and improving the stability of its financial base. In addition, to further accelerate investments for growth, the Company raised a total of ¥16,468 million at the end of 2013 via issuing 40,650,000 new shares through a public offering and 4,831,000 new shares through an underwriter third-party allotment. The paid-in amount was ¥362.1 per share.

## (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.

## 2. Assets and Earnings in the Past Three Fiscal Years

Category	Eleventh term (Year ending February 28, 2011)	Twelfth term (Year ending February 29, 2012)	Thirteenth term (Year ending February 28, 2013)	Fourteenth term (Year ending February 28, 2014)
Revenues (million yen)	12,760	18,952	16,397	35,101
Recurring Profit (million yen)	1,616	979	1,734	3,597
Net Profit (million yen)	620	1,770	1,637	4,526
Net Profit per Share (yen)	317.64	775.14	731.98	9.83
Total Assets (million yen)	98,653	82,170	80,428	114,944
Net Assets (million yen)	27,771	28,187	31,066	50,842
Net Assets per Share (yen)	10,920.79 (54.65)	11,613.85 (58.07)	12,704.44 (63.52)	97.42

(Note 1) Net Profit 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.

(Note 2) Net Profit and Net Profit per Share are calculated as if the split of each of the Company's shares into 200 shares as of September 1, 2013 had been implemented at the beginning of the current fiscal year. Similarly, figures in ( ) above are calculated as if the stock split had been implemented at the beginning of the fiscal year.

## 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 fund asset management
Ichigo Estate Co., Ltd.	¥500 million	100.00%	Real estate-related business (Small sized assets and ground leases)
Ichigo ECO Energy Co., Ltd.	¥100 million	100.00%	Clean energy business generating and supplying power, environmental conservation engineering and consulting, and consulting for introduction of LEDs, etc.
Ichigo Global Capital Co., Ltd.	¥10 million	100.00%	Formation of investment funds for overseas investments and cross-border M&A advisory
Ichigo Marché Co., Ltd.	¥95 million	100.00%	Wholesale market property management
Miyako City Co., Ltd.	¥50 million	100.00%	Large-scale retail store management
Takara Building Maintenance Co., Ltd.	¥10 million	100.00%	Comprehensive facility management

(Note) On June 1, 2013, Nichibe Building Services and Nichibe Security Services merged with Takara Building Maintenance.

#### 4. Key Business Priorities

Despite the fact that the world economy continues to be affected by uncertainties and accordingly there are downside risks to the Japanese economy, it is reasonable to expect that economic conditions in Japan will continue to improve due to the government's proactive economic policies. Abenomics is also generating positive effects in the real estate industry which is the Company's primary area of activity.

In light of this positive business environment, the Company is executing on its Shift Up 2016 strategy and accelerating investments to drive growth. To accelerate this growth, the Company increased its capital through a public offering in December 2013 and raised ¥16,468 million. The Company then announced its Shift Up 2016 Mid-Term Business Plan in January 2014. The Company is working to maximize shareholder value by driving significant growth in EPS based on a robust financial foundation and stable revenue base, and believes that fully realizing its Shift Up 2016 goals is its most important task.

To achieve its goals, the Company expects to (1) accelerate investment to add value to real estate in the run-up to the 2020 Tokyo Olympics, expand stable earnings by proactively investing in long-term assets to be owned by Ichigo, grow its earnings base by supporting growth in asset management fee income generated by Ichigo REIT, and grow its clean energy business focused on solar power generation; (2) secure funds for growth by selling assets to improve its capital efficiency of capital and recycle and reinvest shareholders' capital at ROIs of 15% or above; (3) use debt finance strategically to strengthen the Company's financial stability and improve its earning capacity, including obtaining credit ratings, cutting borrowing costs, doing uncollateralized borrowing, extending loan maturities, and issuing corporate bonds.

The Company also intends to further reinforce its corporate governance and compliance to ensure sound management for its shareholders, and aims to move to the first section of the Tokyo Stock Exchange by the fiscal year ending in February 2016.

#### 5. Key Business Segments (as of February 28, 2014)

As a full-service Japanese real estate owner/operator and clean energy producer, the Company has as its vision "Creating peace of mind through honest and committed management."

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, building maintenance services, and a clean energy business focused on solar power generation.

#### 6. Principal Offices (as of February 28, 2014)

Ichigo Group Holdings Co., Ltd. Ichigo Real Estate Investment Advisors Co., Ltd. Ichigo Estate Co., Ltd. Ichigo ECO Energy Co., Ltd. Ichigo Global Capital 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

(Note) On June 1, 2013, Nichibeï Building Services and Nichibeï Security Services merged with Takara Building Maintenance.



## 7. Employees (as of February 28, 2014)

### (1) Employees of the Company (Consolidated basis)

Number of employees	Increase/decrease from the end of previous fiscal year
206 (602)	24 (53)

- (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 full-time employees increased by 24 from the previous fiscal year due to business expansion.
4. The number of non-full-time employees increased by 53 from the previous fiscal year due to increase in the number of facility management projects the Company manages.

### (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
51 (1)	19 (1)	39.5 years old	4 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 increased by nineteen; however, this was mainly due to such employees being moved from a subsidiary pursuant to a corporate reorganization.

## 8. Principal Lenders (as of February 28, 2014)

Lenders	Amount
Sumitomo Mitsui Banking Corporation	¥11,391 million
Kansai Urban Banking Corporation	¥3,257 million
The Tokyo Star Bank, Limited	¥3,087 million
Bank of Tokyo-Mitsubishi UFJ	¥2,500 million
Mizuho Bank, Ltd.	¥1,474 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 views distributions to its shareholders via dividends and share repurchases 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 to fund 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 achieve increase in income and profit 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, as forecast at the beginning of the fiscal period, the Company expects to pay a dividend of 1.1 yen per share (up 10% year-on-year) at the end of the fiscal period.

## 10. Other Material Matters Regarding the Company

### Construction of The Largest Megasolar Power Plant in Kanto Region (43 MW)

The Company will construct the largest megasolar power plant in Kanto, the region of Japan which encompasses Tokyo and is the world's largest regional electricity market. The plant will be constructed in Showamura, Gunma Prefecture, and is expected to be operational in 2017.

As the culmination of a process to choose the operator of a megasolar plant in Showamura (the "Showamura Plant"), the Company's subsidiary Ichigo ECO Energy Co., Ltd. ("Ichigo ECO Energy") was selected as the operator at a Showamura landowners meeting on December 26, 2013. On April 10, 2014, the Company reached final agreement on the land leases necessary for the project to move forward. The Showamura Plant has been approved by the Ministry of Economy, Trade and Industry to operate under Japan's renewable energy law and has submitted its application to sell electricity to Tokyo Electric Power Company. Ichigo ECO Energy will next obtain the necessary approvals for large-scale land development from Gunma Prefecture and Showamura.

The Company is finalizing discussions with Hitachi, Ltd. to be the EPC (Engineering, Procurement, and Construction) contractor for the Showamura Plant.

The Showamura Plant will more than double the size of the Company's megasolar operations from 30MW to 73MW, and the Company fully expects it will further grow its clean energy business.

#### 1. Ichigo Showamura Ogose ECO Power Plant Overview

Address	Ogose & Kainose, Showamura, Tone-gun, Gunma Prefecture
Operator	Ichigo ECO Energy Co., Ltd.
EPC	Hitachi, Ltd.
Area	820,000 m <sup>2</sup>
Number of Panels	169,000
Panel Output	43 MW
Annual Energy Output	50,000 MWh (provides power for 14,000 households)
Feed-in Tariff (Fixed for 20 years)	36 yen/kWh + consumption tax
Annual CO <sup>2</sup> Emissions Reduction	33,000 metric tons
Total Investment Cost	13 billion yen (expected)

(Note) Annual CO<sup>2</sup> emissions reduction data is based on estimates from the National Institute of Advanced Industrial Science and Technology.

#### 2. Schedule

Construction start date: October, 2014 (expected)

Operation start date: April, 2017 (expected)

(Note) Above dates are subject to change depending upon the progress of relevant approvals and construction work.

## II. Matters Regarding the Current Status of the Company

### 1. Matters Regarding Shares in the Company (as of February 28, 2014)

- (1) Number of Authorized Shares: 550,000,000 shares
- (2) Total Number of Shares Issued: 499,432,200 shares  
(Including treasury stock of 1,978,000 shares)
- (3) Number of Shareholders: 45,774
- (4) Major Shareholders (top 10)

Name	Investment in the Company	
	Number of shares held (shares)	Shareholding ratio (%)
ICHIGO TRUST PTE. LTD.	346,221,200	69.60%
JAPAN SECURITIES FINANCE CO., LTD.	7,073,500	1.42%
SBI SECURITIES CO., LTD.	6,856,400	1.38%
MSCO CUSTOMER SECURITIES	2,745,700	0.55%
MELLON BANK TREATY CLIENTS OMNIBUS	1,250,252	0.25%
STATE STREET BANK AND TRUST COMPANY 505277	1,200,000	0.24%
MONEX, INC.	1,038,541	0.21%
DEUTSCHE BANK AG LONDON – PB NON – TREATY CLIENTS 613	955,900	0.19%
DAIWA SECURITIES CO. LTD.	846,600	0.17%
MLI EFG NON TREATY CUSTODY ACCOUNT	837,700	0.17%
TOTAL	369,025,793	74.18%

(Note) The shareholding ratio is calculated excluding treasury stock (1,978,000 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)

		<b>9th Stock Acquisition Right Plan</b>	
Date of resolution		July 14, 2009	
Number of stock acquisition rights		3,367 units (Note 1)	
Type and number of shares		673,400 common shares (200 shares per unit)	
Issue Price		No payment is required in exchange for stock acquisition rights	
Amount due upon exercise of each stock acquisition right		¥13,400 per share (¥67 per share) (Note 3)	
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:	1,819 units
		Number of shares:	363,800 shares
		Number of holders:	2
	External Directors	Number of stock acquisition rights:	0 units
		Number of shares:	0 shares
		Number of holders:	0
	Statutory Executive Officers (excluding those who are Directors)	Number of stock acquisition rights:	10 units
		Number of shares:	2,000 shares
		Number of holders:	1

(Note 1) Of the total stock acquisition rights, 1,829 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.

(Note 3) Shares of the Company were split at a rate of 200 shares to one effective September 1, 2013.

		<b>10th Stock Acquisition Right Plan</b>	
Date of resolution		August 8, 2011	
Number of stock acquisition rights		8,780 units (Note 1)	
Type and number of shares		1,756,000 common shares (200 shares 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 (¥55 per share) (Note 3)	
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:	2,660 units
		Number of shares:	532,000 shares
		Number of holders:	2
	External Directors	Number of stock acquisition rights:	300 units
		Number of shares:	60,000 shares
		Number of holders:	3
	Statutory Executive Officers (excluding those who are Directors)	Number of stock acquisition rights:	125 units
		Number of shares:	25,000 shares
		Number of holders:	1

(Note 1) Of the total stock acquisition rights, 3,085 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.

(Note 3) Shares of the Company were split at a rate of 200 shares to one effective September 1, 2013.

		<b>11th Stock Acquisition Right Plan</b>	
Date of resolution		August 24, 2012	
Number of stock acquisition rights		21,705 units (Note 1)	
Type and number of shares		4,341,000 common shares (200 shares 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 (¥60 per share) (Note 3)	
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:	885,000 shares
		Number of holders:	2
	External Directors	Number of stock acquisition rights:	360 units
		Number of shares:	72,000 shares
		Number of holders:	4
	Statutory Executive Officers (excluding those who are Directors)	Number of stock acquisition rights:	1,700 units
		Number of shares:	340,000 shares
		Number of holders:	6

(Note 1) Of the total stock acquisition rights, 6,485 units 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 (v).
- (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.

(Note 3) Shares of the Company were split at a rate of 200 shares to one effective September 1, 2013.

		<b>12th Stock Acquisition Right Plan</b>	
Date of resolution		January 10, 2014	
Number of stock acquisition rights		259,400 units (Note 1)	
Type and number of shares		259,400 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		¥337 per share	
Period for exercise of rights		January 12, 2016 – January 10, 2021	
Exercise Conditions		(Note 2)	
Holding by Directors	Directors (excluding External Directors)	Number of stock acquisition rights:	159,000 units
		Number of shares:	159,000 shares
		Number of holders:	2
	External Directors	Number of stock acquisition rights:	19,900 units
		Number of shares:	19,900 shares
		Number of holders:	5
	Statutory Executive Officers (excluding those who are Directors)	Number of stock acquisition rights:	80,500 units
		Number of shares:	80,500 shares
		Number of holders:	6

(Note 1) Of the total stock acquisition rights, 259,400 units 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 (v).
- (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.

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

		<b>12th Stock Acquisition Right Plan</b>	
Date of resolution		January 10, 2014	
Number of stock acquisition rights		800,600 units (Note 1)	
Type and number of shares		800,600 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		¥337 per share	
Period for exercise of rights		January 12, 2016 – January 10, 2021	
Exercise Conditions		(Note 2)	
Holding by Employees	Employees (excluding those who are Directors and Statutory Executive Officers)	Number of stock acquisition rights:	800,600 units
		Number of shares:	800,600 shares
		Number of holders:	187
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, 800,600 units have been issued to employees.

(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 (v).
- (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.

(3) Other Material Matters regarding Stock Acquisition Rights

N/A



### 3. Officers of the Company

(1) Corporate Directors (as of February 28, 2014)

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. Audit & Supervisory Board Member of Chiyoda Co., 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 (Real Estate Services) 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. Chairman & Director of Ichigo Marché Co., Ltd. Chairman & Director of Takara Building Maintenance 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 Labor Arbitration Member, Yokohama 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, Meiji-Machine Co., Ltd.
External Director	Noriko Kawate	Audit Committee Member President of CLEA Consulting Co., Ltd. Employee of Gracia Corporation External Director, Meiji-Machine Co., Ltd.
External Director	Daisuke Kotegawa	Research Director of The Canon Institute for Global Studies External Auditor of Stream Co., Ltd. Director of SEKIDO CO., Ltd.
External Director	Lee Fitzgerald	Partner of Ichigo Asset Management International, Pte. Ltd.
External Director	Haruhiko Sakaguchi	Partner and COO of Ichigo Asset Management Ltd.

(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.

(Note 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.

(Note 3) The Company has registered with Osaka Securities Exchange that Mr. Katsu Fujita, Mr. Tetsuya Fujita, Ms. Kumagai, and Ms. Kawate, Mr. Daisuke Kotegawa, Mr. Lee Fitzgerald, and Mr. Haruhiko Sakaguchi are independent directors.

(2) Statutory Executive Officers (as of February 28, 2014)

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 (Real Estate Services) 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. Chairman & Director of Ichigo Marché Co., Ltd. Chairman & Director of Takara Building Maintenance Co., Ltd.
Executive Managing Director & Statutory Executive Officer	Takashi Minamikawa	Finance
Statutory Executive Officer	Eri Murai	Administration Director (Administration) of Ichigo Estate Co., Ltd.
Statutory Executive Officer	Haruki Nakane	Compliance
Statutory Executive Officer	Hiroshi Shimazu	Audit
Statutory Executive Officer	Hisayoshi Towata	Finance
Statutory Executive Officer	Kenichi Nagao	Business Development, Special Projects

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

N/A

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

Category	Number of Recipients	Amount Paid
Directors (of whom are External Directors)	7 (5)	¥149 million (¥34 million)
Statutory Executive Officers	6	N/A
Total (of whom are External Directors)	13 (5)	¥149 million (¥34 million)

(Note 1) As of the end of the term, there are ten Directors (including seven External Directors) and nine Statutory Executive Officers (three of whom are also Directors), resulting in a total of sixteen 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.

(Note 2) The numbers above do not include one Statutory Executive Officer who is also a Director and two External Directors, as they do not receive remuneration from the Company.

(Note 3) The amount paid includes remuneration in the form of stock options of ¥6 million for Directors (of which ¥20,000 is for External Directors) and stock options of ¥4 million for Statutory Executive Officers.

(Note 4) In addition, the Company paid ¥98 million as employee compensation to six Statutory Executive Officers. This amount includes remuneration in the form of stock options of ¥4 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.
- Daisuke Kotegawa, External Director, is also Research Director of The Canon Institute for Global Studies. The Company has no relationship with The Canon Institute for Global Studies.
- Lee Fitzgerald, External Director, is also Partner of Ichigo Asset Management International, Pte. Ltd. Ichigo Asset Management International, Pte. Ltd. has a Discretionary Investment Contract with Ichigo Trust Pte. Ltd., the Company's controlling shareholder (number of shares held: 346,221,200 shares; shareholding ratio:69.60%).
- Haruhiko Sakaguchi, External Director, is also Partner and COO of Ichigo Asset Management Co., Ltd. Ichigo Asset Management Ltd. has an Investment Advisory Agreement with Ichigo Asset Management International, Pte. Ltd., which has a Discretionary Investment Contract with Ichigo Trust Pte. Ltd., the Company's controlling shareholder (number of shares held: 346,221,200 shares; shareholding ratio:69.60%).

### (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 and Labor Judge for the Yokohama District Court. The Company has no relationship with the Tokyo District Court or the Yokohama District Court.
- Tetsuya Fujita, External Director, is an Auditor of St. Thomas University. The Company has no relationship with St. Thomas University.
- Maki Kumagai, External Director, is also External Director of Meiji-Machine Co., Ltd. The Company has no relationship with Meiji-Machine Co., Ltd.
- Noriko Kawate, External Director, is also External Director of Meiji-Machine Co., Ltd. The Company has no relationship with Meiji-Machine Co., Ltd.
- Daisuke Kotegawa, External Director, is also External Auditor of Stream Co., Ltd. and Director of SEKIDO CO., Ltd. The Company has no relationship with Stream Co., Ltd. or SEKIDO CO., Ltd.

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

The seven 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 10 out of 10 meetings (attendance rate: 100%) of the Board of Directors held in the current fiscal year. Also attended 5 out of 5 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 6 out of 6 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 10 out of 10 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 5 out of 5 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 10 out of 10 meetings (attendance rate: 100%) of the Board of Directors held in the current fiscal year. Also attended 5 out of 5 meetings (attendance rate: 100%) of the Nominating Committee held in the current fiscal year and attended 5 out of 6 meetings (attendance rate: 83.3%) 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 10 out of 10 meetings (attendance rate: 100%) of the Board of Directors held in the current fiscal year. Also attended 20 out of 21 meetings (attendance rate: 95.2%) 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.
External Director	Daisuke Kotegawa	Attended 4 out of 8 meetings (attendance rate: 50%) of the Board of Directors since taking office as External Director. Commented and advised on resolutions and discussions from an objective standpoint independent from the management team.
External Director	Lee Fitzgerald	Attended 8 out of 8 meetings (attendance rate: 100%) of the Board of Directors since taking office as External Director. Commented and advised on resolutions and discussions from an objective standpoint independent from the management team.
External Director	Haruhiko Sakaguchi	Attended 8 out of 8 meetings (attendance rate: 100%) of the Board of Directors since taking office as External Director. 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

Amount of fees for the services specified in Paragraph 1 of Article 2 of the Certified Public Accountants Act (Act No.103 of 1948)	¥74 million
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Amount of fees for the services other than those specified in Paragraph 1 of Article 2 of the Certified Public Accountants Act	¥1 million
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	<u>¥75 million</u>
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(ii) Total money and other financial benefits payable by the Company and subsidiaries to the Independent Auditor	¥90 million
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(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) Independent Auditor's Paid Non-Audit Services for the Company

The Company has made payments to the Independent Auditor in consideration for the execution of agreed processes related to share issuance and secondary distribution of shares, which are services other than those specified in Paragraph 1 of Article 2 of the Certified Public Accountants Act.

##### (4) 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 policies, 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, Statutory Executive Officers, 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 (Executive Vice President) 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 with respect to the Company, the Statutory Executive Officer (Compliance) shall promptly contact the police, outside legal advisors, and each company and take a forceful attitude to reject such request.

(vi) Structure to Prevent Insider Trading

- In order to prevent insider trade, Chairman and President have appointed Statutory Executive Officer (Business Management) as the person responsible for information control with regards to information specified by the stock exchange and by the Company's internal rules. The Statutory Executive Officer (Finance) responsible for providing the management structure of internal information and for the management of the sales of specific securities by the employees thoroughly prevents insider trading within each group company in cooperation with the Statutory Executive Officer (Business Management).

**(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) Policies 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 (Business Management), and Legal and Risk Management Departments as the risk management head.
- (iii) Statutory Executive Officer (Business Management), and Business Management and Legal and Risk Management Departments 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 in which Executive Vice President & Statutory Executive Officer 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 Pte. Ltd., 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 has set a Conflict-of-Interest Control Policy, and takes measures to prevent damage to 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 Executive Vice President & Statutory Executive Officer as a responsible manager and Compliance department as a responsible department which handle claims from anti-social forces in cooperation with relevant departments.

The Company also has lawyers 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 with respect to the Company's financial and business policies.

## Consolidated Balance Sheet

(as of February 28, 2014)

(Million yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current Assets</b>	<b>85,761</b>	<b>Current Liabilities</b>	<b>7,588</b>
Cash and cash equivalents	24,991	Trade notes and accounts payable	132
Trade notes and accounts receivable	451	Short-term borrowings	950
Operational investments in loans	1,100	Long-term borrowings (due within one year)	3,123
Operational investments in securities	3,583	Long-term non-recourse loans (due within one year)	428
Real estate for sale	54,084	Income taxes payable	96
Deferred tax assets	576	Accrued bonuses	14
Others	1,384	Deferred tax liabilities	24
Less: allowance for doubtful accounts	(410)	Other current liabilities	2,817
<b>Fixed Assets</b>	<b>29,183</b>	<b>Long-Term Liabilities</b>	<b>56,513</b>
<b>Tangible Assets</b>	<b>21,300</b>	Long-term borrowings	26,126
Buildings	4,901	Long-term non-recourse loans	24,178
Machinery and equipment	2,044	Deferred tax liabilities	1,213
Land	12,433	Negative goodwill	180
Construction in progress	1,837	Long-term security deposits received	4,770
Others	84	Other long-term liabilities	44
<b>Intangible Assets</b>	<b>2,686</b>	<b>Total Liabilities</b>	<b>64,102</b>
Goodwill	2,221	<b>Net Assets</b>	
Leasehold rights	392	<b>Shareholders' Equity</b>	<b>48,050</b>
Others	71	Capital	26,443
<b>Investments and Other Assets</b>	<b>5,196</b>	Capital reserve	10,808
Investments in securities	4,278	Retained earnings	10,891
Long-term loans receivable	13	Treasury stock	(92)
Deferred tax assets	222	<b>Other Comprehensive Income</b>	<b>409</b>
Other investments	780	Unrealized gain on other securities, net	400
Less: allowance for doubtful accounts	(97)	Foreign currency translation adjustment	9
		<b>Stock Acquisition Rights</b>	<b>121</b>
		<b>Minority Interests</b>	<b>2,261</b>
		<b>Total Net Assets</b>	<b>50,842</b>
<b>Total Assets</b>	<b>114,944</b>	<b>Total Liabilities and Net Assets</b>	<b>114,944</b>

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

## Consolidated Income Statement

〔 From March 1, 2013 〕  
〔 To February 28, 2014 〕

(Million yen)

Item	Amount	
<b>Revenues</b>		<b>35,101</b>
<b>Cost of Revenues</b>		<b>27,666</b>
<b>Gross Profit</b>		<b>7,435</b>
<b>SG&amp;A</b>		<b>3,522</b>
<b>Operating Profit</b>		<b>3,912</b>
<b>Non-Operating Profit</b>		
Interest income	4	
Dividend income	112	
Amortization of negative goodwill	90	
Others	31	238
<b>Non-Operating Expenses</b>		
Interest on debt	370	
Stock issuance cost	89	
Others	93	553
<b>Recurring Profit</b>		<b>3,597</b>
<b>Extraordinary Gain</b>		
Gain on sales of fixed assets	7	
Gain on sales of investment securities	204	
Receipt of share trading proceeds	434	
Others	33	680
<b>Extraordinary Loss</b>		
Loss on sale and retirement of fixed assets	1	
Impairment loss	307	
Office move	21	
Others	13	344
<b>Profit before Income Taxes</b>		<b>3,933</b>
Income taxes-current	43	
Income taxes-deferred	(616)	(573)
<b>Profit before Gain on Minority Interest</b>		<b>4,506</b>
Gain on minority interests		(19)
<b>Net Profit</b>		<b>4,526</b>

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

## Consolidated Statement of Changes in Shareholders' Equity

〔 From March 1, 2013  
To February 28, 2014 〕

(Million yen)

	Shareholders' Equity				
	Common stock	Capital reserve	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 1, 2013	18,113	2,429	7,923	(187)	28,279
Changes in the current fiscal year					
Share Issuance	8,329	8,329			16,658
Distribution of surplus			(447)		(447)
Net profit			4,526		4,526
Change in consolidated subsidiaries			(1,110)		(1,110)
Sale of treasury stock		49		94	144
Changes in items other than shareholders' equity					
Total changes	8,329	8,378	2,967	94	19,770
Balance as of February 28, 2014	26,443	10,808	10,891	(92)	48,050

	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, 2013	160	16	177	143	2,466	31,066
Changes in the current fiscal year						
Share Issuance						16,658
Distribution of surplus						(447)
Net profit						4,526
Change in consolidated subsidiaries						(1,110)
Sale of treasury stock						144
Changes in items other than shareholders' equity	240	(7)	232	(21)	(205)	5
Total changes	240	(7)	232	(21)	(205)	19,776
Balance as of February 28, 2014	400	9	409	121	2,261	50,842

(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      45 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.

The former consolidated subsidiary Nichibeï Building Services Co., Ltd. and Nichibeï Security Services Co., Ltd. were merged by absorption into Takara Building Maintenance Co., Ltd. in the current fiscal year, and accordingly Nichibeï Building Services Co., Ltd. and Nichibeï Security Services Co., Ltd. are no longer included.

The former consolidated subsidiary Solar Way Co., Ltd. was merged by absorption into Ichigo ECO Energy Co., Ltd. in the current fiscal year, and accordingly Solar Way Co., Ltd. is no longer included.

Asset Managers (Asia) Company Limited and twelve investment associations have been excluded from the scope of consolidation because they no longer qualify as being important.

Twenty-two investment associations in which the Company newly invested during the current fiscal year have been included in the scope of consolidation.

One investment association in which the Company's control increased during the current fiscal year has been included in the scope of consolidation.

One investment association has been excluded from the scope of consolidation because the Company sold all of its investment during the current fiscal year.

One investment association has been excluded from the scope of consolidation because it has been liquidated during the current fiscal year.

(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 one special purpose company (pursuant to Japan's Asset Liquidation Law) related to its value-add business, and expects to earn returns on these investments via rental income and capital gains upon disposition. The Company does not have voting rights nor dispatch its directors/employees in the special purpose company.

Description of the companies and details of transactions are per the following. In addition, below transaction amount includes transactions with one special purpose company which has been liquidated during the current fiscal year.

(Million yen)

	Transaction Amount / Outstanding Amount as of the End of February 2014	Profit / Loss	
		Item	Amount
Management	-	Operating Profit (Note 2)	175
Preferred Shares (Note 1)	1,316	Operating Profit (Note 3)	5
		Operating Profit (Note 4)	115

(Note 1) The ¥1,316 million of Preferred Shares includes the outstanding balance of loans as of the end of February 2014. 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 special purpose company, and its asset management fee is included in Operating Profit.

(Note 3) The Company includes interest income received from the special purpose company in Operating Profit.

(Note 4) The Company includes dividend income in relation to preferred shares in Operating Profit.

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

(Million yen)

Assets		Liabilities and Net Assets	
Real Estate	6,985	Debts and Other	5,342
Other	305	Deposits Payable	1,808
		Other	140
Total	7,291	Total	7,291

**(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% to 50% or Less 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	15 companies
End of February	17 companies
End of December	13 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 shares 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 7–52 years  
Machinery and equipment 7–20 years

#### (iii) Accounting Standards for Material Allowances

- a. Allowance for Doubtful Accounts Reserved based on the record of bad debts with respect to ordinary receivables, plus an estimate of uncollectible amounts determined with reference to specific doubtful receivables from customers

experiencing financial difficulties.

- b. Allowance for Bonus Reserved 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 for the effectiveness of hedging activities.

The Company evaluates the effectiveness of hedging activities with 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 are amortized on a straight-line basis for a period of 10 to 20 years depending on specific factors of individual subsidiaries.

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

a. Taxes including consumption tax

Consumption taxes are excluded from the relevant revenues, 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 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 Presentation**

(Consolidated Balance Sheet)

The item “Machinery and Equipment” which was included in “Others” in the “Property, Plant and Equipment” entry in the last current fiscal year (21 million in the last year), has been indicated separately for the current fiscal year due to an increase in significance of this item.

The item “Construction in Progress” which was included in “Others” in the “Property, Plant and Equipment” entry in the last current fiscal year (3 million in the last year), has been indicated separately for the current fiscal year due to an increase in significance of this item.

The item “Deferred Tax Assets” which was included in “Others” in the “Investment and Other Assets” entry in the last current fiscal year (0 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 “Stock Issuance Cost” which was included in “Others” in Non-Operating Expenses in the prior fiscal year (0 million in the last year) has been itemized separately because it exceeds ten percent of the total of Non-Operating Expenses in this current fiscal year.

**(6) Additional Information**

(Future Application of Accounting Standards)

- Accounting Standard for Consolidated Financial Statements (Guidelines for Application of Financial Accounting Standards No. 22, March 25, 2011)
- Guidelines for Application of Disclosure for Specific Special Purpose Companies (Guidelines for Application of Financial Accounting Standards No. 15, March 25, 2011)
- Guidelines for Determining the Scope of Subsidiary and Affiliated Company in Consolidated Financial Statements (Guidelines for Application of Financial Accounting Standards No. 22, March 25, 2011)
- “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations” (Accounting Standards Board of Japan Practical Issues Task Force No. 20, March 25, 2011)

(1) Overview

A special purpose company which meets certain conditions is not regarded to be a subsidiary of its investor nor a company from which an asset is transferred to the special purpose company. However, such standard will be applicable only to the company from which an asset is transferred to the special purpose company after the application of revised “Accounting Standard for Consolidated Financial Statements” (Guidelines for Application of Financial Accounting Standards No. 22) and other relevant standards.

(2) Effective Date

Beginning of the fiscal year ending February 2015 (expected)

(3) Future Outlook

Due to this change, Total Assets and Total Liabilities are expected to increase by ¥5,653 million and ¥5,614 million, respectively.

## 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 ¥2,637 million

### (2) Assets Provided as Collateral

#### - Assets Provided as Collateral

Cash and cash equivalents	¥1,054 million
Cash and cash equivalents (reserved for collateral)	¥111 million
Real estate assets for sale	¥22,054 million
Real estate assets for sale (reserved for collateral)	¥6 million
Current Assets – Others	¥0 million
Current Assets – Others (reserved for collateral)	¥15 million
Buildings and structures	¥2,633 million
Machinery and equipment	¥400 million
Machinery and equipment (reserved for collateral)	¥1,062 million
Land	¥9,755million
Construction in progress (reserved for collateral)	¥1,470 million
Property, Plant and Equipment – Others	¥1 million
Leasehold rights	¥62 million
Leasehold rights (reserved for collateral)	¥330 million
Investments in securities	¥320 million
Investments and Other Assets – Others	¥0 million
Investments and Other Assets – Others (reserved for collateral)	¥6 million
Total	<u>¥39,287 million</u>

(Note) In addition to the above, ¥3,879 million of Shares in Affiliates no longer consolidated are collateralized. In addition, the Company has borrowed securities (market value: ¥2,148 million) to be used for collateral but these borrowed securities are not presented in balance sheet as they are not the Company's assets.

#### - Secured obligations

Short-term loans	¥400 million
Long-term loans (due within one year)	¥2,642 million
Long-term borrowings	<u>¥25,673 million</u>
Total	<u>¥28,715 million</u>

### (3) Non-Recourse Loans

Non-recourse loans are borrowings where funds for repayment are limited only to the value of 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. The valuation amounts presented in the prior fiscal year are omitted from the current fiscal year, because they no longer qualify as being important.

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	¥3,715 million
Real estate for sale	¥31,992 million
Buildings and structures	¥791 million
Land	¥1,011 million
Total	<u>¥37,510 million</u>

- Secured obligations

Long-term non-recourse loans (due within one year)	¥428 million
Long-term non-recourse loans	¥24,178 million
Total	<u>¥24,606 million</u>

### 3. Notes to Consolidated Income Statement

(Receipt of share trading proceeds)

The Company's major long-term shareholder transferred part of its shares to its subsidiary, as announced in the release on November 8, 2012. Since the sale of shares was conducted after such transfer and during the short-swing sale period stipulated in Japan's Financial Instruments and Exchange Law, the shareholder transferred gains the on sales to the Company.

(Impairment Loss)

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

1. Details of Impairment Loss

Use	Type	Location	Amount of Impairment Loss (in millions)
Underutilized Land	Land	Isumigun, Chiba Prefecture	307

2. Background of Impairment Loss

These losses were recorded as an Extraordinary Loss, with the book value lowered to an amount reasonably realizable in the event of sale.

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 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	451,986,800	47,445,400	-	499,432,200
Total	451,986,800	47,445,400	-	499,432,200
Treasury stock				
Common stock	4,000,000	-	2,022,000	1,978,000
Total	4,000,000	-	2,022,000	1,978,000

(Note 1) On September 1, 2013, Ichigo split each of its shares into 200 shares. For ease of comparison, the above share amounts assume the stock split occurred at the beginning of the fiscal period Feb 14.

(Note 2) Details of increase in shares issued:

Public offering: 40,650,000 shares

Underwriter third-party allotment: 4,831,200 shares

Exercise of stock option: 1,964,200 shares

(Note 3) Details of decreased number of treasury shares

Sale in exercise of stock option: 2,022,000 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	2,637,000	—	1,964,200	673,400	¥20 million
	10th stock acquisition right plan	Common stock	3,778,000	—	2,022,000	1,756,000	¥28 million
	11th stock acquisition right plan	Common stock	4,374,000	—	33,000	4,341,000	¥65 million
	12th stock acquisition right plan	Common stock	—	1,066,000	—	1,060,000	¥7 million
Total		—	10,789,600	1,066,000	4,019,200	7,830,400	¥121 million

(Note 1) On September 1, 2013, Ichigo split each of its shares into 200 shares. For ease of comparison, the above share amounts assume the stock split occurred at the beginning of the fiscal period Feb 14.

(Note 2) The exercise dates of 11th stock acquisition right plan and 11th stock acquisition right plan have not arrived yet.

##### (3) Distribution of Retained Earnings

###### (i) Amount of Dividends Paid

In the Regular Meeting of the Board of Directors on April 19, 2013, the following was resolved.

- |                                    |                   |
|------------------------------------|-------------------|
| (1) Total Amount to be Distributed | 447 million yen   |
| (2) Amount of Dividend per Share   | 200 yen           |
| (3) Calculation Date               | February 28, 2013 |
| (4) Effective Date                 | May 27, 2013      |

- (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 17, 2014, the following was resolved.

(1) Total Amount to be Distributed	547 million yen
(2) Source of Distribution	Retained earnings
(3) Amount of Dividend per Share	1.1 yen
(4) Calculation Date	February 28, 2014
(5) Effective Date	May 26, 2014

## 5. Notes on Financial Instruments

### (1) Matters Concerning Status of Financial Instruments

#### (i) Policies on Financial Instruments

The Company 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 thirty 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 as of February 28, 2013 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	24,991	24,991	-
(2) Notes Receivables and Accounts Receivable (*)	451	451	-
(3) Operating Loans	1,100	1,100	-
(4) Operating investments in securities (*)	193	193	-
(5) Investments in securities (*)	410	410	-
(6) Long-Term Loans (*)	3	3	0
Total Assets	27,150	27,150	0
(1) Notes Payable and Accounts Payable	132	132	-
(2) Short-Term Borrowings	950	950	-
(3) Long-Term Loans (due within one year)	3,123	3,123	-
(4) Non-Recourse Loans (due within one year)	428	428	-
(5) Corporate Tax Payable	96	96	-
(6) Long-Term Corporate Debt	26,126	26,285	158
(7) Long-Term Non-Recourse Loans	24,178	24,570	392
Total Debt	55,036	55,587	550
Derivatives	-	-	-

(\*) 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.

(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, (4) Long-Term Non-Recourse 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.

(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 partial variable-rate borrowings are subject to the special accounting treatment of interest rate swap, therefore it is calculated based on the present value of the total amount of the principal reflecting the interest rate swap arrangements using an interest rate expected for similar new loans.

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 partial variable-rate non-recourse borrowings are subject to the special accounting treatment of interest rate swap, therefore it is calculated based on the present value of the total amount of the principal reflecting the interest rate swap arrangements using an interest rate expected for similar new loans.

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.

The borrowings with shortfalls in repayment funds are calculated by subtracting the shortfall from present value, since the obtained value is close to market value.

Derivative Transactions

The market value of interest rate swap under special treatment is included in loan-term loans and long-term non-recourse loans since it is handled as a whole with its hedging 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*	3,021
(2) Investments in securities*	3,792
(3) Long-term security deposits received	4,770

\*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 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 (Rental profit is presented in Revenues and Rental Cost is presented in Cost of Revenues.), Gain on Sales (presented in Extraordinary Profit), and Impairment Loss (presented in Extraordinary Loss), in the current fiscal year is ¥974 million, ¥7 million, and ¥307 million, respectively.

### (2) Market Value of Rental Properties

(Million yen)

Book Value on Consolidated Balance Sheet			Market Value as of Feb 2014
Balance as of Mar 2013	Increase / Decrease	Balance as of Feb 2014	
9,962	+7,357	17,320	19,517

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

2. Market Value as of February 2014 is mainly assessed by the External Real Estate Appraisers.

## 7. Per Share Data

(1) Net assets per share	¥97.42
(2) Net profits per share	¥9.83
(3) Net profit per share (fully diluted)	¥9.71

## 8. Material Subsequent Events

N/A

## Parent Balance Sheet

(as of February 28, 2014)

(Million yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current Assets</b>	<b>29,581</b>	<b>Current Liabilities</b>	<b>5,661</b>
Cash and cash equivalents	18,039	Short-term borrowings	860
Receivables	126	Short-term borrowings from affiliates	1,348
Operating loans	2,458	Long-term loans (due within one year)	2,538
Real estate for sale	1,100	Accounts payable	606
Operating investment in securities	3,290	Expenses payable	18
Short-term loans to affiliates	3,161	Income taxes payable	61
Advance payment	52	Advances received	154
Accounts receivable - other	464	Deposits received	14
Deferred tax assets	524	Other	58
Other	755	<b>Long-Term Liabilities</b>	<b>14,578</b>
Allowance for doubtful accounts	(391)	Long-term borrowings	14,262
<b>Fixed Assets</b>	<b>36,640</b>	Long-term borrowings guaranteed	301
<b>Tangible Assets</b>	<b>6,270</b>	Other	14
Buildings and structure	1,423	<b>Total Liabilities</b>	<b>20,239</b>
Land	4,831	<b>Net Assets</b>	
Other	15	<b>Shareholders' Equity</b>	<b>45,518</b>
<b>Intangible Assets</b>	<b>12</b>	Capital	26,443
Software	12	Additional paid-in capital	10,808
<b>Investments and Other Assets</b>	<b>30,357</b>	Capital reserve	10,759
Investment in securities	<b>4,188</b>	Other capital reserve	49
Investment in securities of subsidiaries and affiliates	5,410	Retained earnings	8,359
Investment in securities of other affiliates	14,295	Earnings reserve	44
Long-term investments in loans	10	Other retained earnings	8,314
Long-term loans to affiliates	6,692	Carried forward retained earnings	8,314
Deferred Tax Assets	483	Treasury stock	(92)
Other	259	<b>Revaluation and Adjustment</b>	341
Allowance for doubtful accounts	(982)	Valuation adjustment in other securities	341
		<b>Acquisition Rights</b>	121
<b>Total Assets</b>	<b>66,221</b>	<b>Total Net Assets</b>	<b>45,981</b>
		<b>Total Liabilities and Net Assets</b>	<b>66,221</b>

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

## Parent Income Statement

〔 From March 1, 2013 〕  
〔 To February 28, 2014 〕

(Million yen)

Item	Amount	
<b>Revenues</b>		<b>5,346</b>
<b>Cost of Revenues</b>		<b>787</b>
<b>Gross profit</b>		<b>4,558</b>
<b>SG&amp;A</b>		<b>1,319</b>
<b>Operating profit</b>		<b>3,238</b>
<b>Non-Operating Profit</b>		
Interest income	96	
Dividend income	107	
Other	16	220
<b>Non-Operating Expenses</b>		
Interest on debt	320	
Stock issuance cost	88	
Provision of allowance for doubtful accounts	306	
Other	81	795
<b>Recurring Profit</b>		<b>2,663</b>
<b>Extraordinary gain</b>		
Gain on redemption of shares of subsidiaries	88	
Gain on sales of investment in securities	204	
Receipt of share trading proceeds	434	
Other	60	788
<b>Extraordinary Loss</b>		
Office move expenses	17	
Other	1	18
<b>Profit before Income Taxes</b>		<b>3,433</b>
Income taxes, etc.	(168)	
Adjustment in income taxes	(424)	(593)
<b>Net Profit</b>		<b>4,027</b>

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

## Statement of Parent Changes in Shareholders' Equity

〔 From March 1, 2013  
To February 28, 2014 〕

(Million yen)

	Shareholders' Equity								
	Common stock	Capital surplus			Retained earnings			Treasury Stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Earnings reserve	Other retained earnings Carried forward/ retained earnings	Total retained earnings		
Balance as of March 1, 2013	18,113	2,429	-	2,429	-	4,780	4,780	(187)	25,136
Changes in the current fiscal year									
New share issuance	8,329	8,329		8,329					16,658
Distribution of surplus						(447)	(447)		(447)
Earnings reserve					44	(44)	-		-
Sale of treasury stock			49	49				94	144
Net profit						4,027	4,027		4,027
Changes in items other than shareholders' equity (net)									
Changes in the current fiscal year	8,329	8,329	49	8,378	44	3,534	3,579	94	20,382
Balance as of February 28, 2014	26,443	10,759	49	10,808	44	8,314	8,359	(92)	45,518

	Revaluation and adjustment		Stock acquisition rights	Total net assets
	Unrealized gain on other securities, net	Total revaluation and adjustment		
Balance as of March 1, 2013	62	62	143	25,341
Changes in the current fiscal year				
New share issuance				16,658
Distribution of surplus				(447)
Earnings reserve				-
Sale of treasury stock				144
Net profit				4,027
Changes in items other than shareholders' equity (net)	279	279	(21)	257
Changes in the current fiscal year	279	279	(21)	20,639
Balance as of February 28, 2014	341	341	121	45,981

(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  |
| (iv) Inventory assets:                     |   |
| Real estate for sale:                      | Individual cost method (write-down method for the low profitable assets on balance sheet)   |

#### **(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 Presentation**

### (Income Statement)

The item “Stock issuance cost” was included in “Other” in “Non-Operating Expenses” in the prior fiscal year, but since it exceeds ten percent of the total of Non-Operating Expenses, it has been itemized separately in this fiscal year.

On the other hand, the item “Redeemed reserve for doubtful accounts,” which was itemized separately in “Non-Operating Profit” in the prior fiscal year, is no longer significant and has been included in “Other” from this fiscal year.

### 3. Balance Sheet

#### (1) Assets Provided as Collateral and Secured Obligations

Assets provided as collateral are as follows:

Cash and cash equivalents	¥131 million
Real estate for sale	¥2,458 million
Buildings and structure	¥1,383 million
Land	¥4,831 million
Investments in securities	¥320 million
Shares of affiliated companies	¥3,879 million
Total	<u>¥13,004 million</u>

In addition, the Company has borrowed securities (market value: ¥2,148 million) to be used for collateral but these borrowed securities are not presented in balance sheet as they are not the Company's assets.

Secured obligations are as follows:

Short-term borrowings	¥400 million
Long-term borrowings (due within one year)	¥1,943 million
Long-term borrowings	¥7,655 million
Total	<u>¥9,999 million</u>

(2) Accumulated Depreciation of Fixed Assets ¥264 million

#### (3) Contingent Liabilities

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

Ichigo Estate Co., Ltd.	¥2,136 million
Ichigo ECO Energy Co., Ltd.	¥637 million
Takara Building Maintenance Co., Ltd.	¥73 million
GK Azabu Juban Jisho	¥270 million
GK Ebisu Holdings	¥4,700 million
GK Omiya Holdings	¥2,100 million
GK Sendai Holdings	¥1,200 million
GK Shijo Holdings	¥365 million
GK Ichigo ECO Power Plant Holdings 1	¥475 million
GK Ichigo ECO Ichigo Fuchu Jogecho Yano ECO Power Plant	¥90 million
GK Ichigo Nago Futami ECO Power Plant	¥50 million
GK Ichigo Motomombetsu ECO Power Plant	¥300 million
GK Ichigo Higashi-Hiroshima Saijocho Taguchi ECO Power Plant	¥570 million

(ii) The Company guarantees the payment of a construction assistance fund and the return of security deposit by GK Myodani Fudosan ¥453 million

Total ¥13,419 million

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

Short-term receivables from affiliates	¥652 million
Long-term receivables from affiliates	¥70 million
Short-term debt to affiliates	¥18 million
Long-term debt to affiliates	¥45 million



#### 4. Income Statement

(i) Transactions with affiliates

Revenue	
Revenue	¥4,092 million
Cost of Sales	¥124 million
Non-operational transactions	¥489 million

(ii) Receipt of share trading proceeds

The Company's major long-term shareholder transferred part of its shares to its subsidiary, as announced in the release on November 8, 2012. Since the sales of shares was conducted after such transfer and during the short-swing sale period stipulated in Japan's Financial Instruments and Exchange Law, the shareholder transferred gains on the sales to the Company.

#### 5. Statement of Changes in Shareholders' Equity

Types and Amounts of Treasury Stock

Ordinary shares	1,978,000
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#### 6. Tax Effect

##### (1) Breakdown of Cause of Deferred Tax Assets and Liabilities

Deferred tax assets

Maximum amount of allowance for doubtful accounts	¥489 million
Write-down of operating investments in securities	¥71 million
Write-down of investments in securities	¥1,062 million
Write-down of investments in real estate	¥2,532 million
Write-down of securities of affiliates	¥876 million
Loss carried forward	¥7,638 million
Other	¥415 million
Subtotal	¥13,085 million
Allowance for valuation	- ¥12,065 million
Deferred tax assets	¥ 1,020 million

Deferred tax liabilities

Unrealized gain on other securities, net	¥9 million
Asset retirement obligation expense	¥2 million
Total	¥12 million

Net deferred tax assets	¥ 1,008 million
-------------------------	-----------------

##### (2) Change of Tax Rate of Corporate Tax after Current Fiscal Year

A Partial Amendment of the Income Tax Act became effective March 31, 2014, and the Special Corporate Tax for Reconstruction is waived from the fiscal year starting April 1, 2014. Reflecting this change, the effective statutory tax rate used for the calculation of deferred tax assets and liabilities is reduced from 38.01% to 35.64%. The impact from the change on the Company's financial position is expected to be minimal.

## 7. 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.	100	Service contract; Managerial guidance	Receipt of management fee	855	Receivables	85
Subsidiary	Ichigo Estate Co., Ltd. (Note 6)	100	Service contract; Managerial guidance	Loans (Note 1)	8,682	Short-term loans to affiliates	1,176
						Long-term loans to affiliates	4,617
				Interest received	66	“Others” in Current Assets	11
						“Others” in Current Assets	5
				Provision of guarantee of liabilities (Note 2)	2,136	-	-
				Receipt Guarantee of liabilities (Note 3) (Note 4)	2,440	-	-
				Receipt of guarantee of liabilities and collateral (Note 5)	4,118	-	-
Payment to guarantor	0	Advance Payment	0				
		“Others” in Investments and Other Assets	6				
Subsidiary	Ichigo ECO Energy Co., Ltd. (Note 6)	100	Service contract; Managerial guidance	Loans (Note 1)	2,946	Short-term loans to affiliates	1,985
				Interest received	18	“Others” in Current Assets	14
				Provision of guarantee of liabilities (Note 2)	637	-	-
Subsidiary	Miyako City Co., Ltd.	100	Financial support; Service contract; Managerial guidance	Loans (Note 1 and 7)	100	Long-term loans to affiliates	867
				Interest received	1	“Others” in Current Assets	0
Subsidiary	A. F. Co., Ltd.	100	Financial support	Loans (Note 1)	-	Long-term loans to affiliates	1,207
				Interest received	-	“Others” in Investments and Other Assets	61
Subsidiary	KK Kimura Building	100	-	Receipt of guarantee of liabilities and collateral (Note 4 and 5)	2,440	-	-
Subsidiary	GK Minami Ikebukuro Jisho	0 (Note 9)	-	Receipt of guarantee of liabilities and collateral (Note 4 and 5)	2,440	-	-
Subsidiary	GK Mita Holdings	0 (Note 9)	-	Receipt of guarantee of liabilities and collateral (Note 5)	1,150	-	-
				Payment to guarantor	0	Advance Payment	0
						“Others” in Investments and Other Assets	2
Subsidiary	GK Hamamatsu Holdings	0 (Note 9)	-	Receipt of collateral (Note 10)	991	-	-

Subsidiary	GK Ebisu Holdings	0 (Note 9)	-	Provision of guarantee of liabilities (Note 2)	4,700	-	-
Subsidiary	GK Omiya Holdings	0 (Note 9)	-	Provision of guarantee of liabilities (Note 2)	2,100	-	-
Subsidiary	GK Sendai Holdings	0 (Note 9)	-	Provision of guarantee of liabilities (Note 2)	1,200	-	-
Major shareholder	Ichigo Trust	69.60% Owner of the Company	-	Receipt of collateral (Note 4 and 10)	5,930	-	-
				Payment to guarantor	25	Accounts payable	9
Major shareholder	Ichigo Trust Pte. Ltd.	69.60% Owner of the Company	-	Receipt of share trading proceeds (Note 11)	434	-	-

- (Note) 1. The interest rate on loans is determined reasonably with respect to the interest rate the Company actually pays, with special consideration of the circumstances for certain affiliates.
2. The Company has become guarantor for loans from banks.
3. The Company has received guarantees for loans from banks.
4. The Company has received guarantees and collateral from its subsidiaries for a loan of ¥2,440 million from banks.
5. The Company has received both guarantees and collateral for loans from banks.
6. Solar Way Co., Ltd. was merged by absorption into Ichigo ECO Energy Co., Ltd. on September 1, 2013.
7. During the current fiscal year, the Company amended the agreement to reclassify the bond of ¥350 million to a loan, while the above table shows new loans and excludes the reclassified loan.
8. The Company has reserved ¥897 million of allowance for bad accounts for long-term loans to affiliates. In addition, The Company reversed ¥306 million if allowance for bad accounts for the current fiscal year.
9. The Company holds 0% of voting rights and the subsidiary holds 100% of execution power of the Tokumei Kumiai in itself. However, it is considered as the Company's subsidiary because the Company adopted "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" (Accounting Standards Board of Japan Practical Issues Task Force No. 20, September 8, 2006).
10. The Company has received collateral for loans from banks.
11. The Company's major long-term shareholder transferred all of its shares to its subsidiary, as announced in the release on November 8, 2012. Since the sale of shares was conducted after such transfer and during the short-swing sale period stipulated in Japan's Financial Instruments and Exchange Law, the shareholder transferred gains on the sales to the Company.
12. 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.

## 8. Per Share Data

(1) Net assets per share	¥92.19
(2) Net profits per share	¥8.75
(3) Net profits per share (diluted)	¥8.64

## 9. Material Subsequent Events

N/A

## Auditor's Report on the Consolidated Financial Statements

### Report of Independent Auditors

April 13, 2014

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

Grant Thornton Taiyo ASG

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, 2013 to February 28, 2014 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 13, 2014

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

Grant Thornton Taiyo ASG

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

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

We have audited the fourteenth 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, 2013 to February 28, 2014 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 17, 2014

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 fourteenth fiscal year from March 1, 2013 to February 28, 2014. 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.

(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**            Election of 8 Directors


The terms of office of all ten Directors will expire at the conclusion of the Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of the following eight 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>Scott Callon (Note 2) (December 6, 1964)</p>	<p>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 &amp; 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, Audit &amp; Supervisory Board Member 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>(Other Positions) Partner and Chief Executive Officer of Ichigo Asset Management, Ltd. Audit &amp; Supervisory Board Member of Chiyoda Co., Ltd.</p> <p>(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 tenant and client services at the highest global standards. In the last year, thanks to our shareholders' support, we were able to raise funds via a public offering which will be used to fund transformational growth. I will work to strengthen our full-service real estate service and clean energy businesses through growth investments and increase shareholder value on behalf of all of our shareholders.</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 &amp; 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 &amp; 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 &amp; Director of Ichigo ECO Energy Co., Ltd. (current)</p> <p>(Other Positions)            Chairman &amp; Statutory Executive Officer Director of Ichigo Real Estate Investment Advisors Co., Ltd.            Chairman &amp; Director of Ichigo ECO Energy Co., Ltd.</p> <p>(Aspiration as Director)            In order to repay the expectations of shareholders, together with all Ichigo employees I am committed to achieving the <u>Shift Up 2016</u> Mid-Term Business Plan as announced in January 2014.</p>	633,000


No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
3	 <p data-bbox="300 1182 494 1249">Minoru Ishihara (October 5, 1967)</p>	<p data-bbox="547 315 1189 1928"> April 1990      Joined Hazama Corporation  October 2005    Joined Creed Corporation  May 2007        Joined the Company as Head of  Human Resources and General  Administration department  March 2008      Executive Officer and Head of Human  Resources and General Administration  department of the Company  October 2008    Chief Administrative Officer &amp;  Statutory Executive Officer and Head  of Business Management of the  Company  November 2008   Director, Asset Investment Advisors  Co., Ltd. (now Ichigo Real Estate  Investment Advisors Co., Ltd.)  May 2009        Senior Managing Director &amp; Statutory  Executive Officer (Administration)  and Member of Compliance  Committee of the Company (current)  October 2009    Senior Managing Director  (Administration), Asset Investment  Advisors Co., Ltd. (now Ichigo Real  Estate Investment Advisors Co., Ltd.)  November 2009   President &amp; Representative Director,  Asset Logistics Co., Ltd. (now Ichigo  Marché Co., Ltd.)  May 2010        Director, Senior Managing Director &amp;  Statutory Executive Officer  (Administration) and Member of  Compliance Committee of the  Company  January 2011    Senior Executive Managing Director  &amp; Statutory Executive Officer  (Administration, Environmental &amp;  Architectural Solutions) and  Senior Managing Director  (Administration), Ichigo REIT  Management Co., Ltd.  April 2011        President &amp; Representative Director,  Miyako City Co., Ltd.  May 2011        Senior Managing Director  (Administration), Ichigo Real Estate  Investment Advisors Co., Ltd.  November 2011   Executive Vice President &amp; Statutory  Executive Officer (Administration)  July 2012        Director and Executive Vice President  &amp; Statutory Executive Officer of  Ichigo Real Estate Investment  Advisors Co., Ltd. (current)  Director, Ichigo Global Capital Co.,  Ltd.  November 2012   Director of Ichigo ECO Energy Co.,  Ltd. </p>	63,000

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 &amp; Representative Director and President of Miyako City Co., Ltd. (current) Chairman &amp; Director of Ichigo Marché Co., Ltd. (current) Chairman &amp; Director of Takara Building Maintenance Co., Ltd. (current) Chairman &amp; Director of Nichibei Building Services Co., Ltd. Chairman &amp; Director of Nichibei Security Services Co., Ltd.</p> <p>(Other Positions) Executive Vice President &amp; Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd. Chairman &amp; Representative Director and President of Miyako City Co., Ltd. Chairman &amp; Director of Ichigo Marché Co., Ltd. Chairman &amp; Director of Takara Building Maintenance Co., Ltd.</p> <p>(Aspiration as Director) At Ichigo, we partner with people from other industries and strive to offer our customers added value through real estate. Along with being the foundation of our company, it is our utmost pleasure to get positive feedback from our customers on how much they trust us and are pleased with our high-quality property management. I will endeavor to sincerely pursue not only our customers' happiness but also Japan's development.</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 &amp; Accounting Division, Ishihara Sangyo Kaisha, Ltd.</p> <p>June 2002      Executive Managing Director and Director of Corporate Planning &amp; 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) &amp; 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)            Ichigo's management philosophy is to provide a prosperous future for all of our stakeholders by creating peace of mind through sincere management. As an independent external director, I intend to use my experience in corporate management in shaping and implementing our management strategy. I feel special responsibility in fulfilling my duties in the supervision of a strong corporate governance framework. In this way, I will strive to contribute to the stable growth of Ichigo by supervising corporate governance and overseeing the other directors and executive officers.</p>	57,900

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 &amp; 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 &amp; 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)            The Ichigo Group has entered a rapid growth stage after the announcement of its mid-term business plan with its two business pillars of full-service real estate and clean energy. While cherishing Ichigo's corporate culture, as an independent external director, I will perform my duties with fiduciary responsibility and a duty of care, focusing on corporate governance and increasingly complex risk management on behalf of all shareholders.</p>	13,400

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 &amp; 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  External Director of Meiji-Machine Co., Ltd.</p> <p>(Aspiration as Director)  Ichigo made significant progress in the year ending in February 2014, when it announced its <u>Shift Up 2016</u> strategy and completed its first public offering as the Ichigo Group. It is very important to control risk during the decisionmaking process of appropriating the funds raised in the public offering towards growth investments. As an independent external director, I intend to use my legal knowledge to maximize value for all Ichigo shareholders.</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 &amp; 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 Audit Committee of Ichigo Real Estate Investment Advisors Co., Ltd. (current)</p> <p>June 2013       Audit &amp; Supervisory Board Member of Meiji-Machine Co., Ltd. (current)</p> <p>(Other Positions)</p> <p>President of CLEA Consulting Co., Ltd. Employee of Gracia Corporation Audit &amp; Supervisory Board Member of Meiji-Machine Co., Ltd.</p> <p>(Aspiration as Director)</p> <p>I have served as an independent external director as well as member of the Audit Committee of Ichigo over the last three years. During my term of office, Ichigo has launched new businesses and geared up for further growth based on its full-service real estate and clean energy businesses. For Ichigo's transformational growth, it is vital to maintain strong corporate governance. I will fulfill my duties as an independent external director by executing my auditing role at board meetings in order to contribute to Ichigo's development and increase its corporate value.</p>	0



No.	Name (Date of Birth)	History, Position, and Responsibility in the Company (Other Positions)	Number of Company's Shares Held
8	 <p>Kenichiro Yoshida (March 9, 1963)</p>	<p>April 1985      The Nikko Securities Co., Ltd. (now SMBC Nikko Securities Inc.)</p> <p>August 1996    Salomon Brothers Asia Limited (now Citigroup Global Markets Japan Inc.)</p> <p>March 2006     Goldman Sachs Japan Co. Ltd.</p> <p>August 2010    Head of Equity Research of Nikko Cordial Securities Inc. (now SMBC Nikko Securities Inc.)</p> <p>January 2014   Senior Adviser of Ichigo Asset Management, Ltd. (current)</p> <p>(Aspiration as Director)</p> <p>I will endeavor to fulfill my duties as a director while aiming for sustainable growth in corporate value. By leveraging my experience in equity research over a quarter of a century, I will sincerely support Ichigo's competitiveness and growth over the long term. I am fully committed to meeting the expectations of all stakeholders and realizing strong corporate governance with an emphasis on social contribution.</p>	0

- (Note 1) There is no special relationship between the Company and any of the candidates for Director.
- (Note 2) The name of Mr. Scott Callon, candidate for Director, is written as “Callon Scott Anderberg” under Japan’s official name registration.
- (Note 3) Mr. Katsu Fujita, Mr. Tetsuya Fujita, Ms. Maki Kumagai, Ms. Noriko Kawate, and Mr. Kenichiro Yoshida are candidates for External Director. They meet the requirements for Independent Director under the requirements of the Tokyo Securities Exchange. The Company intends to register them with the Tokyo Securities Exchange as Independent Directors.
- (Note 4) The Company’s reasons for proposing Mr. Katsu Fujita, Mr. Tetsuya Fujita, Ms. Maki Kumagai, Ms. Noriko Kawate, and Mr. Kenichiro Yoshida 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 of External Director of the Company in May 2008, and his term of office will have been six 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 of External Director of the Company in May 2010, and his term of office will have been four 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 of External Director of the Company in May 2011, and her term of office will have been three 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 of External Director of the Company in May 2011, and her term of office will have been three years at the close of this General Meeting of Shareholders.
  - (v) The Company proposes Mr. Kenichiro Yoshida as a candidate for External Director based upon his extensive experience and knowledge of equity research from serving in significant positions in the securities business and his knowledge and experience in operation monitoring and risk control which he can use to supervise and guide management.
- (Note 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. Kenichiro Yoshida as a candidate for External Director based upon his knowledge and experience gained working in foreign and domestic securities companies and his ability to supervise and guide management while analyzing and communicating with the companies due to such knowledge and experience.
- (Note 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.
- (Note 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 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.

(Note 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. Kenichiro Yoshida as External Director, the Company will enter into a new limited liability agreement with equivalent terms with each of them.

(Note 9) Mr. Scott Callon and Mr. Kenichiro Yoshida have not received and will not receive any compensation from the Company.