



Creating peace of mind through honest and committed management.

*[Provisional Translation Only]*

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

May 8, 2015

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

Representative: Scott Callon, Chairman and Representative Statutory Executive Officer

## **Notice of the Fifteenth Annual Shareholder Meeting**

Dear Shareholders:

We are pleased to invite you to attend the Fifteenth Annual Shareholder Meeting 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 Shareholder Meeting 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 22, 2015, 6:30 p.m. JST.**

**1. Date and Time** Sunday, May 24, 2015 at 10:00 a.m.

**2. Place** La Rose, Fifth Floor, Dai-ichi Hotel Tokyo  
1-2-6 Shimbashi, Minato-ku, Tokyo

### **3. Agenda of the Meeting**

#### **Matters to be Reported**

- a. 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 fifteenth term (from March 1, 2014 to February 28, 2015)
- b. Report on the financial statements for the fifteenth term (from March 1, 2014 to February 28, 2015)

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

**Proposal 1** Amendments to Articles of Incorporation

**Proposal 2** Election of 9 Directors

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\* Please submit the enclosed voting form at the venue’s reception if you attend the meeting.

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

## **Internet Disclosure**

As of this fiscal year, notes to the consolidated financial statement and parent financial statement which had been included as part of the Notice in the past have been separated into a different document. Please refer to the notes available 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.

#### **a. 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 22, 2015, but we would appreciate your promptness in voting. Please contact the help desk below if you have any questions.

#### **b. 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 Shareholder Meeting.

#### **c. 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 Email Notices of Future Annual Shareholder Meetings**

For those interested in receiving notices of future Annual Shareholder Meeting, please apply online via the voting website on your PC or smart phone. (Please note that application via conventional mobile phones is not available. Also, a mobile phone email address cannot be registered as the receiving email address.)

#### **Inquiries concerning the Voting Process**

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

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 Shareholder Meeting of the Company.

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## **Business Report**

[ From March 1, 2014 ]  
[ To February 28, 2015 ]

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

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

##### **1. Progress and Business Results**

As a result of Abenomics' bold monetary easing, positive fiscal policies, and a weakening of the yen against the US dollar, corporate earnings, capital expenditures, and employment conditions in Japan have improved during the current fiscal year. Even though consumer spending has not yet fully recovered since the consumption tax hike in April 2014, the Japanese economy overall is expected to stay on a recovery trend. In the Japanese real estate market, business conditions are picking up as evidenced by the recovery in occupancy rates and monthly rents among high-grade assets. Japan's real estate market is seeing a slightly overheated competition in acquiring large-scale real estate in central Tokyo, as domestic real estate companies and foreign funds are seeking acquisitions despite the low expected yields. Although total acquisitions have decreased year-on-year, J-REITs continue to be an active market, with a wave of new REIT IPOs and a rise in the TSE REIT Index in reaction to the Bank of Japan's boost in J-REIT purchases, resulting in a total J-REIT market capitalization exceeding ¥10 trillion.

With respect to clean energy, the increased number of solar plants and the furtherance of retail power liberalization have led to more operators entering the market. However, since the number of solar operators has outgrown the capacity of the grid, the Ministry of Economy, Trade, and Industry is now reviewing the operation of its Feed-in Tariff program, which is expected to accelerate the rationalization of solar operators. At the same time, the Tokyo Stock Exchange is making progress in preparation of launching a listed infrastructure fund market that would include solar assets. The launch of such a market is expected to expand business opportunities in clean energy in Japan.

The Company and its group companies are working to take advantage of this positive business environment to drive higher earnings for its shareholders. To fully achieve 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 REIT asset incubation funds to support the growth of Ichigo REIT. Furthermore, the Company has supplied value-add and incubation assets to Ichigo REIT to support the strategic restructuring of its portfolio in line with its growth strategy. 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 REIT incubation funds, etc.)
- Expanded its clean energy business focusing on solar power generation
- 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 prolonging borrowing periods and cutting borrowing costs through refinancing existing loans
- Strengthened its strategic lending partnerships, including increasing transactions with Japan's megabanks and building new relationships with banks that are new to the Company
- Recycled capital and generated value-add profits on asset sales

- Developed and implemented numerous measures to strengthen the Ichigo brand
- Continued work on the Company's initiative to move from JASDAQ to the Tokyo Stock Exchange (TSE) First Section.

As a result, the Company recorded revenues of ¥42,705 million in the current fiscal year (+21.7% year-on-year); an operating profit of ¥8,189 million (+109.3% year-on-year); a recurring profit of ¥7,255 million (+101.7% year-on-year); and a net income of ¥6,761 million (+49.4% 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 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 lender base by increasing transactions with megabanks and building new relationship with other banks. As a result, in the current fiscal year, the balance of interest-bearing corporate debt was ¥58,313 million (+93.1% year-on-year), and the balance of non-recourse loans was ¥43,838 million (+78.2% year-on-year). The interest rates on these corporate and non-recourse loans rates declined 0.23% and 0.32%, respectively, year-on-year.

In addition, the Company increased the percentage of long-term corporate loans to 91.6% of total debt (+5.1% year-on-year), increased corporate loans that had a tenor of longer than 5 years to ¥27,612 million (+ ¥19,025 million year-on-year), with the average loan period lengthened to 8.98 years (+3.04 years year-on-year), and increased the amount borrowed from Japan's megabanks to ¥21,167 million (+¥5,800 million year-on-year). Thus, the Company was successful in lengthening loan maturity and improving the stability of its financial base.

## 4 Business Transfers, Absorption-Type Splits or Incorporation-Type Splits

N/A

## 5 Transferred Businesses from Other Companies

N/A

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

N/A

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

N/A

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

|                                   | Twelfth term<br>(Year ending<br>February 29, 2012) | Thirteenth term<br>(Year ending<br>February 28, 2013) | Fourteenth term<br>(Year ending<br>February 28, 2014) | Fifteenth term<br>(Year ending<br>February 28, 2015) |
|-----------------------------------|--|---|---|--|
| Revenues (million yen)            | 18,952   | 16,397  | 35,101  | 42,705   |
| Recurring Profit<br>(million yen) | 979  | 1,734   | 3,597   | 7,255  |
| Net Income (million yen)          | 1,770  | 1,637   | 4,526   | 6,761  |
| Net Income per Share (yen)        | 775.14<br>(3.88)                                   | 731.98<br>(3.66)                                      | 9.83  | 13.58  |
| Total Assets (million yen)        | 82,170   | 80,428  | 114,944   | 172,744  |
| Net Assets (million yen)          | 28,187   | 31,066  | 50,842  | 58,377   |
| Net Assets per Share (yen)        | 11,613.85<br>(58.07)                               | 12,704.44<br>(63.52)                                  | 97.42   | 111.54   |

(Note 1) Net Income 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 Income and Net Income 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 Fourteenth Term. Similarly, figures in ( ) above are calculated as if the stock split had been implemented at the beginning of the fiscal year.

## C. Important Parent Company and Subsidiary Information

### (1) Parent Company

N/A

### (2) Important Subsidiaries

| Name   | Capital      | Percentage Ownership<br>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 Real Estate Services Fukuoka Co., Ltd.    | ¥50 million  | 100.00%                                  | Real estate leasing, management, and purchase and sale in Kyushu   |
| 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) Ichigo Real Estate Services Fukuoka Co., Ltd. has been established as a 100% subsidiary of the Company on April 8, 2014.

#### D. Key Business Priorities

Despite the fact that there is a delay in the recovery of consumer spending post-consumption tax increase and accordingly there are downside risks to the Japanese economy, it is reasonable to expect that economic conditions in Japan will continue to improve gradually due to increase in corporate revenues and improvements in employment as a result of monetary easing and the government's proactive economic policies.

Since business conditions are picking up in the real estate industry, the Company's primary area of activity, J-REITs, developers, and companies are showing strong interest in acquiring assets, and demand of the overseas investors is expected to increase due to the weakening of the yen against the US dollar.

In light of this positive business environment, the Company is executing on its Shift Up 2016 strategy and accelerating investments to drive growth. 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 growth investments by supporting the growth of Ichigo REIT to increase stable asset management fees, develop new REITs focused on specialized asset classes, continue to expand its track record in real estate value-add, and grow its solar power clean energy business; (2) secure funds for growth by profitably disposing existing assets and reinvesting at ROIs of over 15%; (3) lower its cost of debt to strengthen the Company's financial stability, and drive higher earnings by obtaining credit ratings, expanding uncollateralized borrowing, extending loan maturities, and issuing corporate bonds to diversify the Company's funding base.

The Company also intends to further reinforce its corporate governance and compliance to ensure sound management for its shareholders, and aims to move from JASDAQ to the Tokyo Stock Exchange First Section by its February 2016 fiscal year-end.

In addition, the Company is seeking to become a constituent of the JPX-Nikkei Index 400 as of the annual rebalance in August 2016. Furthermore, the Company aims to increase its ROE to 15% or more by the February 2016 fiscal year, following the guideline established in the Ito Review (Ministry of Economy, Trade, and Industry) for Japanese companies to set ROE targets.

#### E. Key Business Segments (as of February 28, 2015)

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 three real estate businesses: 1) asset management, including a J-REIT and private equity investment funds; 2) real estate value-add, making the most of its engineering and real estate know-how to improve the value of assets; and 3) clean energy, focused on long-term solar power generation on real estate assets nationwide.

#### F. Principal Offices (as of February 28, 2015)

|  |  |
|--|--|
| Ichigo Group Holdings Co., Ltd.<br>Ichigo Real Estate Investment Advisors Co., Ltd.<br>Ichigo Estate Co., Ltd.<br>Ichigo ECO Energy Co., Ltd.<br>Ichigo Global Capital Co., Ltd. | Headquarters: Chiyoda-ku, Tokyo                |
| Ichigo Real Estate Services Fukuoka Co., Ltd.  | Headquarters: Fukuoka City, Fukuoka Prefecture |



|                                       |   |
|---------------------------------------|---|
| Ichigo Marché Co., Ltd.               | Headquarters: Chiyoda-ku, Tokyo<br>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) Ichigo Real Estate Fukuoka was established as a 100% subsidiary of the Company as of April 8, 2014.

## G. Employees (as of February 28, 2015)

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

|                     |  |
|---------------------|--|
| Number of employees | Increase/decrease from the end of previous fiscal year |
| 218 (614)           | Increase by 12 (12)                                    |

(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.

(Note 2) The average number of non-full-time employees (including part-time and temporary staff) is presented in parentheses.

### 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 |
| 65 (1)              | Increase by 14 (-)                                     | 40.8 years old | 4.1 years                   |

(Note 1) The number of employees is the number of full-time employees (excluding workers dispatched from the Company to other companies and including workers dispatched from other companies to Ichigo Group) including directors who are also employees.

(Note 2) The average number of non-full-time employees (including part-time and temporary staff) is presented in parentheses.

(Note 3) On a year-on-year basis the number of employees increased by fourteen; however, this was mainly due to such employees being moved from a subsidiary pursuant to a corporate reorganization.

## H. Principal Lenders (as of February 28, 2015)

|                                     |                 |
|-------------------------------------|-----------------|
| Lenders                             | Amount          |
| Sumitomo Mitsui Banking Corporation | ¥10,722 million |
| Mizuho Bank, Ltd.                   | ¥6,677 million  |
| Kansai Urban Banking Corporation    | ¥6,588 million  |
| The Tokyo Star Bank, Limited        | ¥4,782 million  |
| Bank of Tokyo-Mitsubishi UFJ        | ¥3,767 million  |

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

## I. 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 growth investments. 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. In this past year, the Company delivered on higher stable revenues from rental income, asset management, and building maintenance fees to drive increased revenues and profits.

Accordingly, as forecast at the beginning of the fiscal period, the Company expects to pay a dividend of 1.3 yen per share (up 18% year-on-year) at the end of the fiscal period.

## **J. Other Material Matters Regarding the Company**

### **1. Changes in Representative Statutory Executive Officers**

The Nominating Committee and the Board of Directors of Ichigo Group Holdings (“Ichigo”) have decided on the following changes to representative statutory executive officers of the Company.

#### **a. Purpose of the Changes in Representative Statutory Executive Officers**

Since October 2008, Chairman Scott Callon and President Kenji Iwasaki have led Ichigo’s business expansion, including the development and growth of Ichigo’s real estate value-add and asset management businesses and the launch of Ichigo’s clean energy business. In this final year of Ichigo’s Shift Up 2016 Mid-Term Business Plan (MTP) and with the expectation of moving forward under a new MTP from next year, Ichigo has decided to broaden its senior management team and push operating authority further into that management team in order to increase the speed of decisions and accelerate Ichigo’s earnings growth. Under the new structure, President Iwasaki will join Callon as a Chairman and work to drive earnings across the full breadth of Ichigo’s businesses. Executive Vice President Takuma Hasegawa will become President with primary responsibility for leading and growing Ichigo’s real estate value-add and clean energy businesses. Wataru Orii, President of Ichigo Real Estate Investment Advisers, the manager of the Ichigo REIT, will lead Ichigo’s asset management business, focusing on Ichigo REIT and the development of new specialized asset class REITs. Executive Vice President Minoru Ishihara will take on the additional role of group COO and continue to lead Ichigo’s tenant-focused real estate services and economic revitalization activities in regional areas.

#### **b. Changes in Representative Statutory Executive Officers**

##### **i. New Representative Statutory Executive Officer**

Takuma Hasegawa, President and Representative Statutory Executive Officer

Please refer to Proposal 2 “Election of 9 Directors” for the profile of the new representative statutory executive officer.

##### **ii. Change in Representative Statutory Executive Officer**

Kenji Iwasaki

New: Chairman and Representative Statutory Executive Officer

Old: President and Representative Statutory Executive Officer

##### **iii. Date of Change: May 24, 2015 (expected)**

### **2. Execution of Memorandum of Understanding for Additional Sponsor Support with Ichigo Real Estate Investment Corporation**

The Company and Ichigo Real Estate Investment Corporation (“Ichigo REIT”) have signed a Memorandum of Understanding for additional fee-based credit support from the Company to Ichigo REIT as of April 9, 2015 to supplement the unpaid Sponsor Support Agreement executed on March 26, 2014. This new Memorandum of Understanding aims to support Ichigo REIT’s stable growth through the Company’s provision of supplementary credit support to allow Ichigo REIT to carry out transactions on an as-needed basis.

#### **a. Reason for Additional Sponsor Support**

In its current Stage IV Increase Size & Scale (November 2014 – October 2015) of its multi-year growth strategy, Ichigo REIT is working to drive further dividend increases and maximize shareholder value by strategically focusing its portfolio on mid-size offices, an asset class that offers both stability of returns

and upside potential. The Company signed this new Memorandum of Understanding with Ichigo REIT on April 9, 2015 with aims to support Ichigo REIT's stable growth through the Company's provision of supplementary credit support to allow Ichigo REIT to carry out transactions on an as-needed basis.

The Company believes that offering such support will have a positive effect on sellers' decision making in the process of their sales of assets to Ichigo REIT which contributes to the growth of Ichigo REIT. The continuous and stable growth of Ichigo REIT is unnecessary to strengthening Ichigo's asset management business, and Ichigo group companies will continue to offer necessary support Ichigo REIT.

b. Details of the Memorandum of Understanding

i. If Ichigo REIT believes that the Company's credit support is necessary to carry out a certain Ichigo REIT transaction, Ichigo REIT may notify the Company of the specifics of the transaction and Ichigo REIT's judgment as to a reasonable fee to be paid to the Company to provide credit support for the Ichigo REIT transaction, discuss and agree with the Company on the nature of the credit support and fee, and request the Company's credit support for the Ichigo REIT transaction. Covered transactions include the following:

- (1) New borrowings from financial institutions
- (2) New investments from equity investors
- (3) Acquisitions of assets and trust beneficiary interests in real estate
- (4) Services related to the aforementioned transactions
- (5) Other transactions related to the operations of Ichigo REIT

ii. When Ichigo REIT makes a request and the request does not violate any laws and regulations and is deemed to meet the purpose of this Memorandum of Understanding, upon signing a credit support agreement the Company will provide credit support to the extent of the agreement, including providing a sponsor support letter, signing a financial guarantee contract for Ichigo REIT, etc.

iii. Ichigo REIT will provide materials and information at the request of the Company for the purpose of making a judgment on the provision of the support.

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

### A. Matters Regarding Shares in the Company (as of February 28, 2015)

1. Number of Authorized Shares: 550,000,000 shares

2. Total Number of Shares Issued: 500,804,600 shares

(Including treasury stock of 1,670,000 shares)

3. Number of Shareholders: 40,605

4. Major Shareholders (top 10)

| Name   | Investment in the Company      |                        |
|--|--------------------------------|------------------------|
|  | Number of shares held (shares) | Shareholding ratio (%) |
| ICHIGO TRUST PTE. LTD.                           | 321,721,200                    | 64.46%                 |
| BARCLAYS CAPITAL SECURITIES LIMITED              | 13,221,965                     | 2.65%                  |
| CHASE MANHATTAN BANK GTS CLIENTS ACCOUNTS ESCROW | 7,867,200                      | 1.58%                  |
| SBI SECURITIES CO., LTD.                         | 3,047,600                      | 0.61%                  |
| MSCO CUSTOMER SECURITIES                         | 3,005,000                      | 0.60%                  |
| JAPAN TRUSTEE SERVICES BANK, LTD.                | 2,812,000                      | 0.56%                  |
| GOLDMAN SACHS INTERNATIONAL                      | 2,683,500                      | 0.54%                  |
| JAPAN TRUSTEE SERVICES BANK, LTD.                | 2,475,600                      | 0.50%                  |
| NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY     | 2,176,900                      | 0.44%                  |
| STATE STREET BANK AND TRUST COMPANY              | 1,715,800                      | 0.34%                  |
| TOTAL  | 360,726,765                    | 72.27%                 |

(Note) The shareholding ratio is calculated excluding treasury stock (1,670,000 shares).

## B. 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, 2015)

|  |   | <b>9th Stock Acquisition Right Plan</b>                         |                |
|--|---|---|----------------|
| Date of resolution                                       |   | July 14, 2009   |                |
| Number of stock acquisition rights                       |   | 2,395 units <sup>1</sup>  |                |
| Type and number of shares                                |   | 479,000 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 |   | ¥13,400 per share (¥67 per share)                               |                |
| Period for exercise of rights                            |   | August 15, 2011 – August 14, 2016                               |                |
| Exercise Conditions <sup>2</sup>                         |   |   |                |
| Holding by Directors                                     | Directors<br>(excluding External Directors)                         | Number of stock acquisition rights:                             | 924 units      |
|  |   | Number of shares:   | 184,800 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<br>(excluding those who are Directors) | Number of stock acquisition rights:                             | 100 units      |
|  |   | Number of shares:   | 20,000 shares  |
|  |   | Number of holders:  | 1              |

<sup>1</sup> Of the total stock acquisition rights, 1,024 have been issued to Directors. (905 units have been exercised in the fiscal year ending February 2015.)

<sup>2</sup> 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) 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                       |   | 7,225 units <sup>1</sup>  |
| Type and number of shares                                |   | 1,445,000 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)   |
| Period for exercise of rights                            |   | August 9, 2013 – August 8, 2018   |
| Exercise Conditions                                      |   | <sup>2</sup>  |
| Holding by Directors                                     | Directors<br>(excluding External Directors)                         | Number of stock acquisition rights: 2,660 units<br>Number of shares: 532,000 shares<br>Number of holders: 2 |
|  | External Directors  | Number of stock acquisition rights: 200 units<br>Number of shares: 40,000 shares<br>Number of holders: 2    |
|  | Statutory Executive Officers<br>(excluding those who are Directors) | Number of stock acquisition rights: 100 units<br>Number of shares: 20,000 shares<br>Number of holders: 1    |

<sup>1</sup> Of the total stock acquisition rights, 2,960 units have been issued to Directors. (225 units have been exercised in the fiscal year ending February 2015.)

<sup>2</sup> 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) 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                       |   | 15,760 units <sup>1</sup>   |
| Type and number of shares                                |   | 3,152,000 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)   |
| Period for exercise of rights                            |   | August 25, 2014 – August 24, 2019   |
| Exercise Conditions <sup>2</sup>                         |   |   |
| Holding by Directors                                     | Directors<br>(excluding External Directors)                         | Number of stock acquisition rights: 4,425 units<br>Number of shares: 885,000 shares<br>Number of holders: 2 |
|  | External Directors  | Number of stock acquisition rights: 160 units<br>Number of shares: 32,000 shares<br>Number of holders: 2    |
|  | Statutory Executive Officers<br>(excluding those who are Directors) | Number of stock acquisition rights: 430 units<br>Number of shares: 86,000 shares<br>Number of holders: 4    |

<sup>1</sup> Of the total stock acquisition rights, 5,015 units have been issued to Directors. (1,850 units have been exercised in the fiscal year ending February 2015.)

<sup>2</sup> Exercise Conditions

- (i) The Company completes the allotment of interim or year-end dividend in the 13<sup>th</sup> fiscal year (March 1, 2012-February 28, 2013)
- (ii) Any person who is allotted stock acquisition rights is required to remain in the position of Director, Statutory Executive Officer, Advisor or employee of the Company, or Director, Statutory Executive Officer, Auditor or employee of the Company's subsidiaries and other similar positions until the rights are exercised, except for retirement due to expiration of term, mandatory retirement, and other cases approved by the Board of Directors.
- (iii) Pledges and other disposition of stock acquisition rights are not permitted.
- (iv) If a person who is allotted stock acquisition rights should become deceased, their heir may exercise the rights subject to the conditions provided for in the Stock Acquisition Rights Allotment Agreement as described in (v).
- (v) Other conditions are subject to the Stock Acquisition Rights Allotment Agreement entered into between the Company and recipient of stock acquisition rights pursuant to the resolution of the Company's Board of Directors.

(Note) 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                       |   | 1,041,500 units <sup>1</sup>                                    |                |
| Type and number of shares                                |   | 1,041,500 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 <sup>2</sup>                         |   |   |                |
| Holding by Directors                                     | Directors<br>(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:                             | 16,800 units   |
|  |   | Number of shares:   | 16,800 shares  |
|  |   | Number of holders:  | 4              |
|  | Statutory Executive Officers<br>(excluding those who are Directors) | Number of stock acquisition rights:                             | 102,600 units  |
|  |   | Number of shares:   | 102,600 shares |
|  |   | Number of holders:  | 9              |

<sup>1</sup> Of the total stock acquisition rights, 278,400 units have been issued to Directors.

<sup>2</sup> 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.



|  |   | <b>13th Stock Acquisition Right Plan</b>                        |                |
|--|---|---|----------------|
| Date of resolution                                       |   | January 13, 2015  |                |
| Number of stock acquisition rights                       |   | 1,897,800 units <sup>1</sup>                                    |                |
| Type and number of shares                                |   | 1,897,800 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 |   | ¥382 per share  |                |
| Period for exercise of rights                            |   | January 14, 2017 – January 13, 2022                             |                |
| Exercise Conditions <sup>2</sup>                         |   |   |                |
| Holding by Directors                                     | Directors<br>(excluding External Directors)                         | Number of stock acquisition rights:                             | 280,000 units  |
|  |   | Number of shares:   | 280,000 shares |
|  |   | Number of holders:  | 2              |
|  | External Directors  | Number of stock acquisition rights:                             | 33,000 units   |
|  |   | Number of shares:   | 33,000 shares  |
|  |   | Number of holders:  | 4              |
|  | Statutory Executive Officers<br>(excluding those who are Directors) | Number of stock acquisition rights:                             | 182,000 units  |
|  |   | Number of shares:   | 182,000 shares |
|  |   | Number of holders:  | 9              |

<sup>1</sup> Of the total stock acquisition rights, 495,000 units have been issued to Directors.

<sup>2</sup> 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.

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

|  |  | <b>13th Stock Acquisition Right Plan</b>  |
|--|--|---|
| Date of resolution                                       |  | January 13, 2015  |
| Number of stock acquisition rights                       |  | 1,900,000 units <sup>1</sup>  |
| Type and number of shares                                |  | 1,900,000 common shares (1 share per unit)  |
| Issue Price  |  | No payment is required in exchange for stock acquisition rights   |
| Amount due upon exercise of each stock acquisition right |  | ¥382 per share  |
| Period for exercise of rights                            |  | January 14, 2017 – January 13, 2022   |
| Exercise Conditions <sup>2</sup>                         |  |   |
| Holding by Employees                                     | Employees (excluding those who are Directors and Statutory Executive Officers) | Number of stock acquisition rights: 1,405,000 units<br>Number of shares: 1,405,000 shares<br>Number of holders: 196 |
|  | Directors and Employees of Subsidiaries  | Number of stock acquisition rights: - units<br>Number of shares: - shares<br>Number of holders: -                   |

<sup>1</sup> Of the total stock acquisition rights, 1,405,000 units have been issued to employees.

<sup>2</sup> 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

## C. Officers of the Company

### 1. Corporate Directors (as of February 28, 2015)

| 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<br>Chairman & Representative Statutory Executive Officer of Ichigo Group Holdings Co., Ltd.<br>Partner and Chief Executive Officer of Ichigo Asset Management, Ltd.<br>Audit & Supervisory Board Member of Chiyoda Co., Ltd.  |
| Director                       | Kenji Iwasaki              | Chairman of Nominating Committee, Chairman of Compensation Committee, Vice-Chairman of Compliance Committee<br>President & Representative Statutory Executive Officer of Ichigo Group Holdings Co., Ltd.<br>Chairman & Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd.<br>Chairman & Director of Ichigo ECO Energy Co., Ltd.  |
| Director                       | Minoru Ishihara            | Compliance Committee Member<br>Executive Vice President & Statutory Executive Officer (Real Estate Services) of Ichigo Group Holdings Co., Ltd.<br>Executive Vice President & Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd.<br>President & Representative Director of Miyako City Co., Ltd.<br>Chairman & Director of Ichigo Marché Co., Ltd.<br>Chairman & Director of Takara Building Maintenance Co., Ltd. |
| External Director <sup>3</sup> | Katsu Fujita <sup>1</sup>  | Nominating Committee Member, Audit Committee Member, Compensation Committee Member<br>Member of Conciliation of Civil Affairs, Tokyo District Court<br>Labor Arbitration Member, Yokohama District Court  |
| External Director <sup>3</sup> | Tetsuya Fujita             | Chairman of Audit Committee, Nominating Committee Member, Compensation Committee Member, Compliance Committee Member<br>Auditor of St. Thomas University<br>President of Remark Japan Co., Ltd.   |
| External Director <sup>3</sup> | Maki Kumagai               | Chairman of Compliance Committee<br>Partner of Nijubashi Partners<br>External Director, Japan Best Rescue System Co., Ltd.  |
| External Director <sup>3</sup> | Noriko Kawate <sup>2</sup> | Nominating Committee Member, Audit Committee Member, Compensation Committee Member<br>President of CLEA Consulting Co., Ltd.<br>External Director, Meiji-Machine Co., Ltd.<br>Partner, Cast Group   |
| External Director <sup>3</sup> | Kenichiro Yoshida          | Partner and Executive Vice President of Ichigo Asset Management, Ltd.   |

<sup>1</sup> Mr. Katsu Fujita, Audit Committee Member, 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.

<sup>2</sup> 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.

<sup>3</sup> The Company has registered to the Tokyo Stock Exchange that Mr. Katsu Fujita, Mr. Tetsuya Fujita, Ms. Kumagai, and Ms. Kawate, and Mr. Yoshida are independent directors.

2. Statutory Executive Officers (as of February 28, 2015)

| Position  | Name                | Responsibility and Other Business Affiliations   |
|---|---------------------|--|
| Chairman & Representative Statutory Executive Officer     | Scott Callon        | Overall Group Management<br>Partner and Chief Executive Officer of Ichigo Asset Management, Ltd.   |
| President & Representative Statutory Executive Officer    | Kenji Iwasaki       | Overall Group Management<br>Chairman & Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd.<br>Chairman & Director of Ichigo ECO Energy Co., Ltd.   |
| Executive Vice President & Statutory Executive Officer    | Minoru Ishihara     | Administration<br>Executive Vice President & Statutory Executive Officer (Real Estate Services) of Ichigo Group Holdings Co., Ltd.<br>Executive Vice President & Statutory Executive Officer of Ichigo Real Estate Investment Advisors Co., Ltd.<br>President & Representative Director of Miyako City Co., Ltd.<br>Chairman & Director of Ichigo Marché Co., Ltd.<br>Chairman & Director of Takara Building Maintenance Co., Ltd. |
| Executive Managing Director & Statutory Executive Officer | Takashi Minamikawa  | Finance  |
| Senior Statutory Executive Officer                        | Eri Murai           | Administration and HR  |
| Statutory Executive Officer                               | Katsuhiko Hattori   | Engineering  |
| 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   |
| Statutory Executive Officer                               | Takeyuki Yoshimatsu | Business Management  |
| Statutory Executive Officer                               | Masaaki Yajima      | Real Estate Services   |

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

|   | Number of Recipients | Amount Paid                   |
|---|----------------------|-------------------------------|
| Directors<br>(of whom are External Directors) | 7<br>(5)             | ¥151 million<br>(¥33 million) |
| Statutory Executive Officers                  | 9                    | N/A                           |
| Total<br>(of whom are External Directors)     | 16<br>(5)            | ¥151 million<br>(¥33 million) |

(Note 1) As of the end of the term, there are eight Directors (including five External Directors) and twelve Statutory Executive Officers (three of whom are also Directors), resulting in a total of seventeen 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 one External Director, as they do not receive remuneration from the Company.
- (Note 3) Since there is one director who retired, there is a difference between the eighteen officers which is the sum of two officers not receiving remuneration (one who is Director and Statutory Executive Officer, and the one External Director) and the sixteen officers in the table above, and the total of seventeen officers as of the end of the current fiscal year.
- (Note 4) The amount paid includes remuneration in the form of stock options of ¥16 million for Directors (of which ¥ 2 million is for External Directors) and stock options of ¥9 million for Statutory Executive Officers.
- (Note 4) In addition, the Company paid ¥140 million as employee compensation to nine Statutory Executive Officers. This amount includes remuneration in the form of stock options of ¥9 million.

## 5. Policy on Determining Remuneration for Directors and Statutory Executive Officers

### a 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.

### b. 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

### a. 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 Partner of Cast Group. The Company has no relationship with CLEA Consulting Co., Ltd. or Cast Group.
- Kenichiro Yoshida, External Director, is also Partner and Executive Vice President 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: 321,721,000 shares; shareholding ratio: 64.46%).

b. 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 Japan Best Rescue System Co., Ltd. The Company has no relationship with Japan Best Rescue System 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.

c. Relationship with the Company or Related Entities of the Company

The five 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.

d. Principal Activities in the Current Fiscal Year

|                   |                   | Activities  |
|-------------------|-------------------|---|
| External Director | Katsu Fujita      | Attended 12 out of 12 meetings (attendance rate: 100%) of the Board of Directors held in the current fiscal year. Also attended 5 out of 5 meetings (attendance rate: 100%) of the Nominating Committee held in the current fiscal year. Also attended 22 out of 22 meetings (attendance rate: 100%) of the Audit Committee held in the current fiscal year and attended 5 out of 5 meetings (attendance rate: 100%) of the Compensation Committee held in the current fiscal year. Commented and advised on resolutions and discussions from an objective standpoint independent from the management team.   |
| External Director | Tetsuya Fujita    | Attended 12 out of 12 meetings (attendance rate: 100%) of the Board of Directors held in the current fiscal year. Also attended 22 out of 22 meetings (attendance rate: 100%) of the Audit Committee and attended 6 out of 6 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 5 out of 5 meetings (attendance rate: 100%) of the Compensation Committee. Commented and advised on resolutions and discussions from an objective standpoint independent from the management team. |
| External Director | Maki Kumagai      | Attended 12 out of 12 meetings (attendance rate: 100%) of the Board of Directors held in the current fiscal year. Also attended 6 out of 6 meetings (attendance rate: 100%) of the Compliance Committee held in the current fiscal year and attended 2 out of 2 meetings (attendance rate: 100%) of the Nominating Committee held while she was a member. Also, attended 2 out of 2 meetings (attendance rate: 100%) of the Compensation Committee held while she was a member. Commented and advised on resolutions and discussions from an objective standpoint independent from the management team.   |
| External Director | Noriko Kawate     | Attended 11 out of 12 meetings (attendance rate: 91.7%) of the Board of Directors held in the current fiscal year. Also attended 22 out of 22 meetings (attendance rate: 100%) of the Audit Committee held in the current fiscal year. Also attended 3 out of 3 meetings (attendance rate: 100%) of the Nominating Committee and 3 out of 3 meetings (attendance rate: 100%) of the Compensation Committee held once she became a member. Commented and advised on resolutions and discussions from an objective standpoint independent from the management team.   |
| External Director | Kenichiro Yoshida | Attended 8 out of 9 meetings (attendance rate: 88.9%) 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.   |

e. 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.

## D. Independent Auditor

### 1. Grant Thornton Taiyo LLC

(Note) Grant Thornton Taiyo ASG from whom the Company receives audit certificates changed its corporate name to Grant Thornton Taiyo LLC as of October 1, 2014.

### 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) | ¥75 million |
|--|-------------|

|  |            |
|--|------------|
| Amount of fees for the services other than those specified in Paragraph 1 of Article 2 of the Certified Public Accountants Act | ¥- million |
|--|------------|

|            |
|------------|
| <u>¥75</u> |
| million    |

- (ii) Total money and other financial benefits payable by the Company and subsidiaries to the Independent Auditor
- |         |
|---------|
| ¥91     |
| million |

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

### 3. Policy for the Determination of Removal or Non-Reappointment of the Independent Auditor

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

## E. 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. Based on the enforcement of amendments to the Companies Act on May 1, 2015, partial amendments have been made to its Basic Policies on Internal Control as of April 20, 2015.

#### a. 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 Shareholder Meeting, 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, Statutory Executive Officers (Business Management and Compliance Officer), 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 (Audit, Finance, Administration & HR, and Business Management), 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 (Business Management and Compliance) and Compliance Department to eliminate interaction with anti-social forces by enhancing coordination and cooperation with the Police Department, lawyers, and other external experts; become a member of police-related institutions; gather information; screen business counterparties; include provisions against anti-social forces in agreements, etc.
- In the event an anti-social force makes a request with respect to the Company, the Statutory Executive Officer (Compliance) shall promptly contact the police, outside legal advisors, and each group company and take a forceful attitude to reject such request.

(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).

**b. 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.

**c. 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) The 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.

**d. 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.

**e. Directors and Employees Assisting the Performance of the Duties of the Audit Committee**

- (i) Directors who assist in the performance of the duties of the Audit Committee will be determined by the Board of Directors in line with the opinions of the Audit Committee.
- (ii) Employees assisting the performance of the duties of the Audit Committee are members of the Audit Department appointed by the head and of the Audit Department and the Audit Committee. Following the direction of the Audit Committee or a member of the Audit Committee assigned by the Audit Committee, the head of the Audit Department manages the members of the department or leads the execution of assisting in the performance of the duties of the Audit Committee him/herself.
- (iii) Statutory Executive Officers must confirm that the Audit Committee and employees assisting in the performance of the duties of the Audit Committee receive no undue constraints in carrying out duties. In case such employees receive undue constraints in carrying out duties, the employees can report to the Audit Committee or one or more Audit Committee Members appointed by the Audit Committee in advance, and ask to get such undue constraints eliminated.

**f. 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.

**g. 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. In case Statutory Executive Officers and employees report following its internal reporting system (including its external reporting system), such officer or employee follows the rules of the system.
  - 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

**h. 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

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.