ICHIGO

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Internet Disclosure Material
Related to the Notice of the Fifteenth Annual Shareholder Meeting

- **Notes to the Consolidated Financial Statements**
- **Notes to the Parent Financial Statements**

Ichigo Group Holdings Co., Ltd.

Pursuant to the laws and regulations and Article 14 of the Company's Articles of Incorporation, notes to the consolidated financial statement and parent financial statement are posted on its website (http://www.ichigo-holdings.co.jp/english) for your reference.

Notes to the Consolidated Financial Statements

I. Material Matters for Preparation of Consolidated Financial Statements

A. Scope of Consolidation

1. Consolidated Subsidiaries

- Number of consolidated subsidiaries	67 companies
- Major consolidated subsidiaries	Ichigo Real Estate Investment Advisors Co., Ltd. Ichigo Estate Co., Ltd. Ichigo Real Estate Services Fukuoka Co., Ltd. Ichigo ECO Energy Co., Ltd. Ichigo Global Capital Co., Ltd. Ichigo Marché Co., Ltd. Miyako City Co., Ltd. Takara Building Maintenance Co., Ltd.

Ichigo Real Estate Services Fukuoka Co., Ltd. which the Company newly established during the current fiscal year have been included in the scope of consolidation.

Thirty one investment associations in which the Company newly invested during the current fiscal year have been included in the scope of consolidation.

One investment association has been included in the scope of consolidation because the following rules and regulations have been applied during the current fiscal year: Accounting Standard for Consolidated Financial Statements (ASBJ Guidance, March 25, 2011), Guidance on Disclosures about Certain Special Purpose Entities (ASBJ Guidance, March 25, 2011), Guidance on Determining a Subsidiary and an Affiliate (ASBJ Guidance No. 22, March 25, 2011), and Practical Solution on Application of the Control Criteria and Influence Criteria to Investment Associations (ASBJ PITF No. 20, March 25, 2011).

Nine investment associations have been excluded from the scope of consolidation because their importance has decrease during the current fiscal year.

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

2. Major Non-Consolidated Subsidiaries

   N/A

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

   N/A

B. Application of Equity Method

1. Affiliates under Equity Method

   N/A

2. Non-Consolidated Subsidiaries under Equity Method

   N/A

3. Major Non-Consolidated Subsidiaries not under Equity Method

   N/A

4. Affiliates not under Equity Method

N/A

5. Reason Why Some Companies Were Not Classified as Affiliates despite the Company Possessing 20% to 50% or Less of Their Voting Rights

N/A

C. Fiscal Year of Consolidated Subsidiaries

Fiscal year dates of consolidated subsidiaries are as follows:

End of January	35 companies
End of February	18 companies
End of December	14 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.

D. Accounting Standards

1. 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.

2. 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

3. 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.

4. 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. The evaluation of the effectiveness is omitted for interest-rate swaps that meet requirements for special treatments.

5. 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.

6. 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 decision-making 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.

E. Changes in Accounting Policies

(Application of Accounting Standard for Consolidated Financial Statements)

The Company made one investment association a subsidiary in line with the following rules and regulations from the current fiscal year: Accounting Standard for Consolidated Financial Statements (ASBJ Guidance, March 25, 2011), Guidance on Disclosures about Certain Special Purpose Entities (ASBJ Guidance, March 25, 2011), Guidance on Determining a Subsidiary and an Affiliate (ASBJ Guidance No. 22, March 25, 2011), and Practical Solution on Application of the Control Criteria and Influence Criteria to Investment Associations (ASBJ PITF No. 20, March 25, 2011).

Regarding the application of accounting standards to an investment association which will be a subsidiary, all of its assets and liabilities related to one investment association is evaluated by market value as of the beginning of the fiscal year of the first year the accounting standard is applied following the rules on transitional handling set out in item (4), paragraph 4 of Article 44. As a result, the retained earnings as of the beginning of the current fiscal year increased by 97 million yen.

F. Changes in Presentation

(Consolidated Balance Sheet)

The figure shown in item “Accumulated Depreciation” in Tangible fixed item which was calculated by directly deducting from the account for each asset (direct deduction method) until the previous fiscal year is shown as an item to be deducted from the account of each asset (indirect deduction method) from the current fiscal year.

(Consolidated Income Statement)

The item “Gain on redemption of shares of subsidiaries” (29 million yen in the previous fiscal year) which was included in “Others” in Extraordinary gains in has been itemized separately because it exceeds ten percent of the total of Extraordinary gains in this current fiscal year.

The item “Valuation loss on investment in capital” (12 million yen in the previous fiscal year) which was included in “Others” in Extraordinary gains in has been itemized separately because it exceeds ten percent of the total of Extraordinary gains in this current fiscal year.

G. Additional Information

(Changes in the purpose of ownership)

The purpose of ownership of real estate owned has been changed at the end of the current fiscal year, and the figures below are transferred to the item “Real estate for sale.”

Building and Plant	¥2,838 million
Depreciation total	(¥803 million)
Building and Plant (net)	¥2,034 million
Land	¥9,257 million
Total amount transferred	¥11,291 million

II. Notes to Consolidated Balance Sheet

A. Assets Provided as Collateral

- Assets Provided as Collateral

Cash and cash equivalents	¥1,699 million
Trade notes and accounts receivable	¥75 million
Trade notes and accounts receivable (reserved for collateral)	¥8 million
Operational investments in loans	¥1,330 million
Real estate assets for sale	¥49,307 million
Real estate assets for sale (reserved for collateral)	¥140 million
Current Assets – Others	¥0 million
Current Assets – Others (reserved for collateral)	¥0 million
Buildings and structures	¥1,791 million
Machinery and equipment	¥4,927 million
Machinery and equipment (reserved for collateral)	¥ 3,355million
Land	¥9,451 million
Property, Plant and Equipment – Others	¥3 million
Leasehold rights	¥62 million
Leasehold rights (reserved for collateral)	¥330 million
Investments in securities	¥399 million
Investments and Other Assets – Others	¥12 million
Total	¥72,896 million

(Note) In addition to the above, ¥2,630 million of Shares in Affiliates no longer consolidated are collateralized. Furthermore, the Company has borrowed securities (market value: ¥2,388 million) to be used for collateral but these borrowed securities are not presented in balance sheet as they are not the Company's assets.

Figures shown in items "Buildings and structures," "Machinery and equipment," "Property, Plant and Equipment – Others" are net amount.

- Secured obligations

Long-term loans (due within one year)	¥2,730 million
Long-term borrowings	¥52,486 million
Total	¥55,217 million

B. Non-Recourse Loans

Non-recourse loans and corporate bonds 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	¥4,923 million
Real estate for sale	¥56,495 million
Buildings and structures	¥775 million
Land	¥1,011 million
Tangible assets – other	¥0
Total	¥63,206 million

Figures shown in “Buildings and structures” and “Tangible assets – other” are net amount.

- Secured obligations

Short-term non-recourse loans	¥48 million
Long-term non-recourse loans (due within one year)	¥786 million
Non-recourse corporate bonds	¥100 million
Long-term non-recourse loans	¥43,004 million
Total	¥43,938 million

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

A. 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[1]	Decrease in shares during the current fiscal year[2]	Number of shares at the end of the current fiscal year
Shares issued				
Common stock	499,432,200	1,372,400		500,804,600
Total	499,432,200	1,372,400		500,804,600
Treasury stock				
Common stock	1,978,000		308,000	1,670,000
Total	1,978,000		308,000	1,670,000

[1] Details of increase in shares issued:
Exercise of stock option: 1,372,400 shares
[2] Details of decreased number of treasury shares
Sale in exercise of stock option: 308,000 shares

B. Stock Acquisition Rights

	Stock acquisition rights	Type of shares	Number of shares to be issued: As of the end of the previous fiscal year	Number of shares to be issued: Increase in the current fiscal year	Number of shares to be issued: Decrease in the current fiscal year	Number of shares to be issued: As of the end of the current fiscal year	Balance as of the end of the current fiscal year
Shares in the Company	9th stock acquisition right plan	Common stock	673,400	–	194,400	479,000	¥14 million
	10th stock acquisition right plan	Common stock	1,756,000	–	311,000	1,445,000	¥23 million
	11th stock acquisition right plan	Common stock	4,341,000	–	1,189,000	3,152,000	¥64 million
	12th[1] stock acquisition right plan	Common stock	1,060,000	–	18,500	1,041,500	¥88 million
	13th[1] stock acquisition right plan	Common stock	–	1,900,000	2,200	1,897,800	¥7 million

Total	—	7,830,400	1,900,000	1,715,100	8,015,300	¥198 million

[1] The exercise dates of 12th stock acquisition right plan and 13th stock acquisition right plan have not arrived yet.

C. Distribution of Retained Earnings

1. Amount of Dividends Paid

In the Regular Meeting of the Board of Directors on April 17, 2014, the following was resolved.

(a)	Total Amount to be Distributed	547 million yen
(b)	Source of Distribution	Retained earnings
(c)	Amount of Dividend per Share	1.1 yen
(d)	Calculation Date	February 28, 2014
(e)	Effective Date	May 26, 2014

2. 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 on April 20, 2015, the following was resolved.

(a)	Total Amount to be Distributed	648 million yen
(b)	Source of Distribution	Retained earnings
(c)	Amount of Dividend per Share	1.3 yen
(d)	Calculation Date	February 28, 2015
(e)	Effective Date	May 25, 2015

IV. Notes on Financial Instruments

A. Matters Concerning Status of Financial Instruments

1. 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.

2. 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, non-recourse bonds, 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.

3. 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.

4. 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.

B. Adjustments to Market Values of Financial Instruments

Amounts recorded on the consolidated balance sheet for market values and their differences as of February 28, 2015 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 (See note below).

(Million yen)

	Amount Recorded on Consolidated Balance Sheet	Market Value	Difference
(1) Cash and cash equivalents	19,383	19,383	-
(2) Notes Receivables and Accounts Receivable[1]	519	519	-
(3) Operating Loans	2,330	2,330	-
(4) Operating investments in securities[1]	364	364	-
(5) Investments in securities[1]	532	532	-
(6) Long-Term Loans [1]	2	2	0
Total Assets	23,133	23,133	0
(1) Notes Payable and Accounts Payable	124	124	-
(2) Short-Term Borrowings	1,416	1,416	-
(3) Short-Term Non-recourse loans	48	48	
(4) Long-Term Loans (due within one year)	3,488	3,488	-
(5) Non-Recourse Loans (due within one year)	786	786	-
(6) Corporate Tax Payable	284	284	-
(7) Non-Recourse Bonds	100	100	
(8) Long-Term Corporate Debt	53,409	53,662	252
(9) Long-Term Non-Recourse Loans	43,004	43,213	209
Total Debt	102,662	103,124	462
Derivatives	(51)	(51)	-

[1] Excluding allowance for doubtful accounts which are recorded separately.

[2] The net receivables and debt that occurred in derivative transactions are shown as net amount, and for those that are net debt are indicated in parentheses ( ).

(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) Short-Term Non-Recourse Loans, (4) Long-Term Loans with Maturity within 1 Year, (5) Long-Term Non-Recourse Loans with Maturity within 1 Year, and (6) 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.

(7) Non-Recourse Corporate Bonds, (9) Long-Term Non-Recourse Loans

Floating-rate borrowings among non-recourse corporate bonds and 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.

(8) 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.

Derivative Transactions

The market values of derivative transactions are the prices presented by financial institutions. 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*	1,170
(2) Investments in securities*	4,658
(3) Long-term security deposits received	6,391

*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.

V. 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.) in the current fiscal year is ¥853 million.

2. Market Value of Rental Properties

(Million yen)

Book Value on Consolidated Balance Sheet[1]			Market Value as of Feb 2015[3]
Balance as of Mar 2014	Increase / Decrease[2]	Balance as of Feb 2015	
17,320	(1,174)	16,146	17,407

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

[2] The increase in the current fiscal year is mainly due to the acquisition of new assets for rent worth ¥3,617 million and the change in consolidated subsidiaries worth ¥6,663 million. The decrease is due to transferring ¥11,291 million to Real estate for sale owing to the change in the purpose of ownership

[3] Market Value as of February 2015 is mainly assessed by the External Real Estate Appraisers.

VII. Per Share Data

1. Net assets per share ¥111.54
2. Net income per share ¥13.58
3. Net income per share (fully diluted) ¥13.47

VIII. Material Subsequent Events

N/A

Notes to the Parent Financial Statements

I. Material Accounting Policies

A. Valuation Standards and Method for Securities

1. Shares in subsidiaries and affiliates: Moving average cost method
2. 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.

3. Derivatives: Mark-to-market
4. Inventory assets:

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

B. Depreciation Method for Property and Equipment

1. Fixed assets: Mainly straight-line method

Main useful lives are as follows:

Buildings and Structures	8-39 years

2. Intangible assets: Straight-line method

Main useful life is as follows:

Software	5 years

C. Amortization of Deferred Assets

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

D. 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.

E. Hedge Accounting Method

1. 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.

2. Hedging instruments and hedged items

   Hedging instruments: Interest rate swaps

   Hedged items: Borrowings

3. Hedging Policy

   The Company uses derivative financial instruments in its financing activities to hedge possible future movements in interest rates.

4. Assessment of Hedge Effectiveness

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

F. Material Changes in Presentation

1. 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.

2. 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.

3. 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.

4. Consolidated Tax Treatment

   The Company qualifies for consolidated tax treatment.

II. Changes in Presentation

(Consolidated Balance Sheet)

The figure shown in item “Accumulated Depreciation” in Tangible Assets which was calculated by directly deducting from the account for each asset (direct deduction method) until the previous fiscal year is shown as an item to be deducted from the account of each asset (indirect deduction method) from the current fiscal year.

III. Additional Information

(Changes in the purpose of ownership)

The purpose of ownership of real estate owned has been changed at the end of the current fiscal year, and the figures below are transferred to the item "Real estate for sale."

Buildings and structures	¥1,229 million
Accumulated depreciation	- ¥144 million
Buildings and structures (net)	¥1,084 million
Land	¥2,736 million
Total amount transferred	¥3,820 million

IV. Balance Sheet

A. Assets Provided as Collateral and Secured Obligations

Assets provided as collateral are as follows:

Cash and cash equivalents	¥133 million
Real estate for sale	¥5,816 million
Buildings and structure	¥230 million
Land	¥2,094 million
Tangible assets – other	¥2 million
Investments in securities	¥399 million
Shares of affiliated companies	¥2,632 million
Long-term loans to affiliates	¥1,399 million
Total	¥12,708 million

In addition, the Company has borrowed securities (market value: ¥2,388 million) to be used for collateral but these borrowed securities are not presented in balance sheet as they are not the Company's assets. Figures in "Buildings and structures" and "Tangible assets – other" are net amount.

Secured obligations are as follows:

Long-term borrowings (due within one year)	¥972 million
Long-term borrowings	¥9,580 million
Total	¥10,553 million

B. Contingent Liabilities

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

Ichigo Estate Co., Ltd.	¥11,852 million
Ichigo ECO Energy Co., Ltd.	¥2,416 million
Ichigo Real Estate Services Fukuoka Co, Ltd.	¥5,565 million
Takara Building Maintenance Co., Ltd.	¥16 million
GK Azabu Juban Jisho	¥270 million
GK Shijo Holdings	¥365 million
GK Kawaramachi Holdings	¥2,400 million
GK Ichigo ECO Power Plant Holdings 1	¥604 million
GK Ichigo ECO Ichigo Fuchu Jogecho Yano ECO Power Plant	¥193 million
GK Ichigo Nago Futami ECO Power Plant	¥1,749 million
GK Ichigo Motomombetsu ECO Power Plant	¥280 million
GK Ichigo Muroran Hatchodaira ECO Power Plant	¥280 million
GK Ichigo Higashi-Hiroshima Saijocho Taguchi ECO Power Plant	¥570 million
GK Ichigo Engaru Kiyokawa ECO Power Plant	¥233 million
GK Ichigo Miyakonojo Yasuhisacho ECO Power Plant	¥343 million
GK Ichigo Nakashibetsu Midorigaoka ECO Power Plant	¥442 million
GK Ichigo Toyokoro Sasadamachi ECO Power Plant	¥175 million
GK Ichigo Betsukai Kawakamicho ECO Power Plant	¥250 million
GK Ichigo Toyokoro ECO Power Plant	¥255 million
GK Ichigo Akkeshi Shirahama ECO Power Plant	¥150 million

2. The Company guarantees the payment of a construction assistance fund and the return of a security deposit by GK Myodani Fudosan ¥388 million

3. The Company guarantees GK Ichigo Akkeshi Shirahama ECO Power Plant's debt related to a construction contract ¥58 million

Total	¥31,440 million

C. Debts to Affiliates (excluding items separately indicated)

Short-term receivables from affiliates	¥935 million
Long-term receivables from affiliates	¥57 million
Short-term debt to affiliates	¥28 million
Long-term debt to affiliates	¥45 million

V. Income Statement

(i) Transactions with affiliates

Revenue	
Revenue	¥7,085 million
Cost of Sales	¥94 million
Non-operational transactions	¥428 million

VI. Statement of Changes in Shareholders' Equity

Types and Amounts of Treasury Stock

Ordinary shares	1,670,000

VII. Tax Effect

A. Breakdown of Cause of Deferred Tax Assets and Liabilities

Deferred tax assets

Maximum amount of allowance for doubtful accounts	¥509 million
Write-down of operating investments in securities	¥71 million
Write-down of investments in securities	¥397 million
Write-down of investments in real estate	¥2,383 million
Write-down of securities of affiliates	¥939 million
Loss carried forward	¥5,927 million
Other	¥444 million
Subtotal	¥10,672 million
Allowance for valuation	(¥9,519) million
Deferred tax assets	¥ 1,153 million

Deferred tax liabilities

Unrealized gain on other securities, net	(¥15 million)
Asset retirement obligation expense	(¥2 million)
Total	(¥18 million)
Net deferred tax assets	¥1,135 million

B. Change of Tax Rate of Corporate Tax after Current Fiscal Year

Based on Partial Amendment of the Income Tax Act (Law No. 9, 2015) and Partial Amendment to Regional Tax Act (Law No.2, 2015) issued on March 31, 2015, corporate taxes will be decreased from the fiscal year starting on or after April 1, 2015. Reflecting this change, the effective statutory tax rate used for the calculation of deferred tax assets and liabilities is reduced from 35.64% to 33.10% for the fiscal year beginning on March 1, 2016, and from 35.64% to 32.34% for the fiscal year beginning on March 1, 2017. The impact from the change on the Company’s financial position is expected to be minimal.

VIII. 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	968	Receivables	78
Subsidiary	Ichigo Estate Co., Ltd. (Note 6)	100	Service contract; Managerial guidance	Loans[1]	13,520	Short-term loans to affiliates	4,313
						Long-term loans to affiliates	8,462
				Interest received	278	“Others” in Current Assets	130
						“Others” in Current Assets	4
				Provision of guarantee of liabilities[2]	11,852	-	
				Receipt of guarantee of liabilities[3,4]	2,361	-	
				Receipt of guarantee of liabilities and collateral[5]	7,968	-	
				Payment to guarantor	0	Advance Payment	0
						“Others” in Investments and Other Assets	5
Subsidiary	Ichigo ECO Energy Co., Ltd. (Note 6)	100	Service contract; Managerial guidance	Loans[1]	3,950	Short-term loans to affiliates	3,295
				Interest received	70	“Others” in Current Assets	27
				Provision of guarantee of liabilities[2]	2,416	-	
Subsidiary	Ichigo Real Estate Services Fukuoka Co., Ltd.	100	Financial support; Service contract; Managerial guidance	Loans[1]	2,340	Short-term loans to affiliates	1,363
				Interest received	20	“Others” in Current Assets	12
				Provision of guarantee of liabilities[2]	5,565	-	-
Subsidiary	A. F. Co., Ltd.	100	Financial support	Loans[1]		Long-term loans to affiliates	1,207
				Interest received		“Others” in Investments and Other Assets	57
Subsidiary	KK Kimura Building	100	-	Receipt of guarantee of liabilities and collateral[4, 5]	2,361	-	
Subsidiary	SC13 Limited Company		Financial support	Loans[1]	-	Long-term loans to affiliates	1,399
				Interest received	34	“Others” in Investments and Other Assets	16
				Receipt of collateral[8]	987	-	-
Subsidiary	GK Minami Ikebukuro Jisho	0[7]	-	Receipt of guarantee of liabilities and collateral[4, 5]	2,361	-	
Subsidiary	GK Mita Holdings	0[7]	-	Receipt of guarantee of liabilities and collateral[5]	1,125		
				Payment to guarantor	0	Advance Payment	-

						"Others" in Investments and Other Assets	1
Subsidiary	GK Hamamatsu Holdings	0[7]	-	Receipt of collateral[8]	966	-	-
Subsidiary	GK Koriyama Holdings	0[7]		Receipt of collateral[8]	1,309	-	-
				Payment to guarantor	0	Advance Payment	0
						"Others" in Investments and Other Assets	3
Subsidiary	GK Gotanda Holdings	0[7]		Receipt of guarantee of liabilities and collateral[5]	1,406	-	-
				Payment to guarantor	0	Advance Payment	0
						"Others" in Investments and Other Assets	3
Subsidiary	GK Shinagawa Holdings	0[7]		Receipt of guarantee of liabilities and collateral[5]	1,949	-	-
				Payment to guarantor	0	Advance Payment	0
						"Others" in Investments and Other Assets	4
Subsidiary	GK Ichigaya Jisho	0[7]		Provision of guarantee of liabilities[2]	2,580	-	-
				Receipt of guarantor	0	Advances received	7
Subsidiary	GK Kawaramachi Holdings	0[7]		Provision of guarantee of liabilities[2]	2,400	-	-
				Receipt of guarantor	0	Advances received	6
Subsidiary	GK Ichigo ECO Nago Futami Power Plant	0[7]		Provision of guarantee of liabilities[2]	1,749	-	-
Major shareholder	Ichigo Trust	64.46% Owner of the Company	-	Receipt of collateral[4,8]	5,478	-	
				Payment to guarantor[9]	36	Accounts payable	8

[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 ¥2,361 million from banks.
[5] The Company has received both guarantees and collateral for loans from banks.
[6] 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.
[7] 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).
[8] The Company has received collateral for loans from banks.
[9] The amount provided as collateral is decided based on the prevailing amount in the market in general trading.
[10] 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.

IX. Per Share Data

A. Net assets per share ¥106.02

B. Net Income per share ¥13.49

C. Net Income per share (diluted) ¥13.38

X. Material Subsequent Events

N/A