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Ichigo Inc. (Tokyo Stock Exchange First Section, 2337)

Representative: Scott Callon, Chairman & Representative Statutory Executive Officer

Inquiries: Takeyuki Yoshimatsu, Senior Statutory Executive Officer

Telephone: +81-3-3502-4818 www.ichigo.gr.jp/english

Ichigo to Start Construction on First REAFF-Approved Solar Power Projects in Kanto Region

Ichigo established Ichigo ECO Energy Co., Ltd. (“Ichigo ECO Energy”) and launched its ECO renewable energy business in 2012 in order to contribute to a sustainable society. Ichigo ECO Energy recently acquired certification for its Ichigo Toride Shimotakai Kita and Minami ECO Power Plants from Toride City, Ibaraki Prefecture, to convert former farmland into use for solar energy generation under the Act on Promotion of Power Generation of Renewable Energy Harmonized with Sound Development of Agriculture, Forestry, and Fisheries (“REAFF Law”). These are the first REAFF-approved power plants to start construction in the Kanto region that encompasses Tokyo.

The land for these projects had long been abandoned due to an aging and shrinking farming population in the area and constraints on converting land classified as Category 1 farmland to other purposes. Under the REAFF Law, land owners and a project committee headed by Shingo Fujii, the Mayor of Toride City, completed necessary procedures for conversion of the farmland to solar energy generation.

Once the plants start operation, part of the solar power income will go to the project committee to support the growth of regional agriculture, forests, and fisheries.

1. Power Plant Overview

Name	Ichigo Toride Shimotakai Kita ECO Power Plant	Ichigo Toride Shimotakai Minami ECO Power Plant
Address	Shimotakai, Toride City, Ibaraki Prefecture	
Panel Output	1.03MW	0.54MW
Annual Energy Output (P50)	1,171,800 kWh (provides power for 326 households ¹)	609,500 kWh (provides power for 169 households ¹)
Construction Schedule	Construction starts in February 2016 Construction completed in June 2016 (expected)	

¹ Assumes annual consumption of 3,600 kWh per household (Reference: Federation of Electric Power Companies of Japan)

2. REAFF Law

The purpose of the REAFF Law is to make necessary arrangements for appropriate land use, promoting both the sound development of local agriculture, forestry, and fisheries and renewable energy generation that is harmonized with the growth of regional industries, which will thus contribute to revitalizing rural villages.

Since the nuclear plant accident in 2011, the Japanese government has endorsed renewable energy by guaranteeing 20-year feed-in tariffs for renewable energy generation. Agricultural land is generally suitable for solar energy generation, and by allowing the conversion of farmland to construct renewable energy plants in rural villages, part of the electricity income can be used for the development of regional agriculture, forestry, and fisheries, thus revitalizing such industries and promoting further introduction of such renewable energy facilities.

Under the REAFF law, conversion of farmland to other uses (which is generally prohibited) is allowed when carrying out activities that support the sound development of agriculture, forestry, and fisheries using the income generated from the non-farming activity.

3. Schedule

August 2015	Toride City REAFF Committee established (Committee members: Mayor of Toride City, land owners, chairman of Shimotakai regional development association, Toride City agriculture committee, municipal government personnel, banks, and Ichigo ECO Energy)
December	Submitted solar power plant construction plan to Toride City After Toride City approval, submitted the plan to Ibaraki Prefecture and the Ministry of Agriculture, Forestry, and Fisheries (“MAFF”)
January 2016	Plan approved by MAFF and Ibaraki Prefecture and certification from Toride City (January 22, 2016)
February	Groundbreaking ceremony and construction start (scheduled for February 10, 2016)
June	Construction completion (expected)
July	Operation start (expected)

4. Earnings Outlook

The impact of the construction of Ichigo Toride Shimotakai Kita and Minami ECO Power Plants has already been reflected in Ichigo’s consolidated earnings forecast for FY16/2 announced in the January 13, 2016 release “FY16/2 Full-Year Earnings Forecast Revision.”

Detailed production data for each Ichigo solar power plant is available on the website of Ichigo ECO Energy: www.ichigo.gr.jp/eco/english