



Ichigo Preserves and Improves Real Estate



[Provisional Translation Only]

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FY19/2 H1 Earnings

October 11, 2018

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

Representative: Takuma Hasegawa, President

Inquiries: Go Watanabe, Executive Managing Director

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

Submission of the Financial Report (*Shihanki Hokokusho*): October 12, 2018 (expected)

Dividend Payment: N/A

Supplemental Materials to Financial and Business Results: Yes

Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. FY19/2 H1 Consolidated Financial Results (March 1, 2018 to August 31, 2018)

(1) Consolidated Financial Results (YOY = year-on-year % change)

	Revenue (JPY million) YOY		Operating Profit (JPY million) YOY		Recurring Profit (JPY million) YOY		Net Income (JPY million) YOY	
FY19/2 H1	26,084	-21.9%	9,581	-27.6%	8,293	-28.3%	5,608	-36.8%
FY18/2 H1	33,386	-61.2%	13,236	-15.4%	11,562	-16.4%	8,873	-25.7%

Note: Comprehensive Income FY19/2 H1: JPY 5,556 million (-36.9% YOY)
FY18/2 H1: JPY 8,801 million (-22.2% YOY)

	Net Income per Share (Basic, JPY)		Net Income per Share (Diluted, JPY)	
FY19/2 H1	11.31	-36.2%	11.29	-36.2%
FY18/2 H1	17.74	-25.4%	17.71	-25.2%

(2) Consolidated Financial Condition

	Total Assets (JPY million)	Net Assets (JPY million)	Equity Ratio	Net Assets per Share (JPY)
FY19/2 H1	317,123	95,535	29.0%	185.50
FY18/2	296,512	92,725	30.1%	180.20

Note: Shareholders' Equity FY19/2 H1: JPY 92,036 million FY18/2: JPY 89,336 million

(3) Consolidated Cash Flows

	Cash Flows from Operations (JPY million)	Cash Flows from Investments (JPY million)	Cash Flows from Financing (JPY million)	Cash and Cash Equivalents (JPY million)
FY19/2 H1	-10,334	-3,600	15,876	40,487
FY18/2 H1	11,657	-556	-2,544	49,141

Note: Cash Flows from Operations excluding impact of growth in Real Estate for Sale
 FY19/2 H1: JPY 10,412 million FY18/2 H1: JPY15,980 million

2. Dividends

	Dividend per Share (JPY)					Total Dividend (JPY million)	Payout Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total			
FY18/2	–	–	–	6	6	2,974	21.3%	3.5%
FY19/2 (Forecast)	–	–	–	7	7		23.3%	

Revisions to the previously announced forecast: None

3. FY19/2 Full-Year Consolidated Earnings Forecast (March 1, 2018 to February 28, 2019)

(YOY = year-on-year % change)

	Operating Profit (JPY million) YOY		Recurring Profit (JPY million) YOY		Net Income (JPY million) YOY		Net Income per Share (JPY)	
FY19/2	25,000	+19.9%	22,000	+14.7%	15,000	+7.0%	30.10	+7.0%

Revisions to the previously announced forecast: None

Note: Ichigo provides a full-year earnings forecast, but not a half-year forecast, because Ichigo believes the longer full-year forecast is more consistent with global best practice and the focus of Japan's Corporate Governance Code on growing long-term sustainable corporate value. In addition, Ichigo is focused on growing earnings (not revenue), with a particular focus on growing long-term EPS, so from this year Ichigo is not issuing a Revenue forecast.

4. Other

(1) Changes in significant consolidated subsidiaries (material changes in scope of consolidation):

New subsidiaries (1):

Yes

Subsidiaries removed from consolidation:

Hakata GK Tokumei Kumiai

None

(2) Special accounting treatments applied to consolidated financial statements:

Yes

(3) Changes in accounting standards/principles, changes in accounting estimates, and revisions to previous financial statements

(i) Changes in accounting standards/principles:

None

(ii) Changes in accounting principles other than the above:

None

(iii) Changes in accounting estimates:

None

(iv) Revisions of previous financial statements:

None

(4) Number of outstanding common shares

(i) Number of outstanding shares including treasury shares

FY19/2 H1: 504,832,800

FY18/2: 504,484,200

(ii) Number of treasury shares

FY19/2 H1: 8,686,500

FY18/2: 8,706,500

(iii) Average number of outstanding shares

FY19/2 H1: 495,940,255

FY18/2 H1: 500,323,426

Note on Appropriate Use of Forecasts

Forward-looking statements contained in these materials are based on judgments regarding information that was available to Ichigo as of the announcement date. However, these statements involve risk and uncertainties, and actual earnings may differ significantly from the indicated forecasts.

Segment Information

Asset Management generates fee income via the management of Ichigo Office (8975), Ichigo Hotel (3463), Ichigo Green (9282), and providing real estate services related to real estate acquisition, operations, and disposition.

Value-Add preserves and improves real estate. Ichigo receives rental income during the period it carries out its value-add, along with earning profits on sale that reflect the real estate's higher value after the value-add is complete.

Clean Energy is utility-scale solar power production that supplies clean energy and brings productive use to idle land.

Note: From FY19/2, the Other segment has been eliminated and its remaining items allocated to other segments and adjustments, because Ichigo finished selling off the legacy overseas private equity assets which had been the material constituents of Other in FY18/2. To facilitate comparison to FY19/2, the FY18/2 data on pp. 15 & 17 has thus been restated with the Other segment eliminated.

Change in Accounting Treatment of Non-Recourse Loan Expenses from Cost of Goods Sold to Non-Operating Expenses

From FY19/2, non-recourse loan interest expenses (and related costs) are accounted as Non-Operating Expenses. Previously, in view of the non-recourse nature of the debt they had been included in Cost of Goods Sold, but treating them equivalently to corporate loan interest expenses (which are accounted as Non-Operating Expenses) will unify and simplify the accounting treatment.

To facilitate comparison to FY19/2, the FY18/2 data on pp. 1 & 6-13 has thus been restated under this accounting treatment. Cost of Goods Sold thus decreases by JPY 586 million and Gross Profit and Operating Profit each increase by JPY 586 million. Within Non-Operating Expenses, Interest Expense, Debt-Financing Related Fees, and Mark-to-Market Loss on Long-Term Interest Rate Hedges increase by JPY 514 million, JPY 39 million, and JPY 31 million, respectively. Within Cash Flows from Operations, Interest Expense, Decrease (Increase) in Prepaid Expenses, Increase (Decrease) in Accrued Expenses, Other, and Interest Expense Paid increase by JPY 514 million, JPY 104 million, JPY 210 million, JPY 39 million, and JPY 661 million, respectively.

Consolidated Balance Sheet (FY19/2 H1)

(JPY million)

	FY18/2 (Feb 28, 2018)	FY19/2 H1 (Aug 31, 2018)
Assets		
Current Assets		
Cash and cash equivalents	45,510	46,676
Trade notes and accounts receivable	1,097	1,550
Operational loan investments	1,324	1,324
Operational securities investments	2	1,212
Real estate for sale	180,789	196,922
Deferred tax assets	342	361
Other	2,643	1,856
Less: allowance for doubtful accounts	-28	-2
Total Current Assets	231,681	249,902
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures	14,273	14,856
Depreciation	-3,673	-3,918
Buildings and structures (net)	10,600	10,937
Solar power plant equipment	20,895	20,916
Depreciation	-1,122	-1,644
Solar power plant equipment (net)	19,773	19,272
Land	26,993	28,260
Buildings under construction	97	193
Solar power plants under construction	969	1,798
Other	483	526
Depreciation	-359	-379
Other (net)	124	147
Total Property, Plant, and Equipment	58,558	60,609
Intangible Assets		
Goodwill	1,600	1,506
Leasehold rights	135	316
Other	233	277
Total Intangible Assets	1,968	2,100
Investments and Other Assets		
Securities investments	2,184	2,026
Long-term loans receivable	10	10
Deferred tax assets	68	103
Other	2,132	2,463
Less: allowance for doubtful accounts	-91	-91
Total Investments and Other Assets	4,303	4,511
Total Fixed Assets	64,831	67,220
Total Assets	296,512	317,123

(JPY million)

	FY18/2 (Feb 28, 2018)	FY19/2 H1 (Aug 31, 2018)
Liabilities		
Current Liabilities		
Short-term loans	1,042	6,985
Bonds (due within one year)	112	112
Long-term loans (due within one year)	4,449	8,613
Long-term non-recourse loans (due within one year)	3,921	1,703
Income taxes payable	1,609	1,367
Deferred tax liabilities	494	493
Accrued bonuses	34	282
Other current liabilities	4,652	4,329
Total Current Liabilities	16,316	23,887
Long-Term Liabilities		
Bonds	520	464
Long-term loans	112,366	128,316
Long-term non-recourse loans	63,588	58,656
Deferred tax liabilities	1,744	1,734
Long-term security deposits received	8,492	7,840
Other long-term liabilities	758	688
Total Long-Term Liabilities	187,470	197,700
Total Liabilities	203,787	221,588
Net Assets		
Shareholders' Equity		
Capital	26,723	26,804
Capital reserve	11,113	11,189
Retained earnings	54,324	56,958
Treasury shares	-2,995	-2,988
Total Shareholders' Equity	89,165	91,965
Accumulated Other Comprehensive Income		
Valuation gain (loss) on other securities	543	437
Deferred gain (loss) on long-term interest rate hedges	-372	-365
Total Accumulated Other Comprehensive Income	171	71
Stock Options	666	729
Minority Interests	2,722	2,769
Total Net Assets	92,725	95,535
Total Liabilities and Net Assets	296,512	317,123

Consolidated Income Statement (FY19/2 H1)

(JPY million)

	FY18/2 H1 (Mar 1, 2017 to Aug 31, 2017)	FY19/2 H1 (Mar 1, 2018 to Aug 31, 2018)
Revenue	33,386	26,084
Cost of Goods Sold	17,786	13,629
Gross Profit	15,599	12,454
SG&A	2,362	2,872
Operating Profit	13,236	9,581
Non-Operating Income		
Interest income	3	2
Dividend income	26	28
Valuation gain on foreign currency	–	22
Mark-to-market gain on long-term interest rate hedges	–	83
Other	29	59
Total Non-Operating Income	59	196
Non-Operating Expenses		
Interest expense	1,111	1,139
Mark-to-market loss on long-term interest rate hedges	337	56
Debt financing-related fees	196	242
Other	88	45
Total Non-Operating Expenses	1,733	1,484
Recurring Profit	11,562	8,293
Extraordinary Gains		
Gain on sale of securities investments	–	2
Gain on sale of shares in affiliates	1,221	–
Total Extraordinary Gains	1,221	2
Extraordinary Losses		
Loss on disposal of fixed assets	11	–
Total Extraordinary Losses	11	–
Pre-Tax Net Income	12,772	8,296
Income Taxes	3,862	2,640
Pre-Minority Interest Net Income	8,910	5,655
Net Income Attributable to Minority Interests	36	46
Net Income	8,873	5,608

Consolidated Income Statement (FY19/2 Q2 Stand-Alone)

(JPY million)

	FY18/2 Q2 (Jun 1, 2017 to Aug 31, 2017)	FY19/2 Q2 (Jun 1, 2018 to Aug 31, 2018)
Revenue	20,470	9,975
Cost of Goods Sold	9,212	4,975
Gross Profit	11,258	4,999
SG&A	1,171	1,410
Operating Profit	10,086	3,589
Non-Operating Income		
Interest income	3	2
Dividend income	6	6
Valuation gain on foreign currency	-	7
Mark-to-market gain on long-term interest rate hedges	-	76
Other	11	45
Total Non-Operating Income	21	138
Non-Operating Expenses		
Interest expense	547	570
Mark-to-market loss on long-term interest rate hedges	51	56
Debt financing-related fees	4	16
Other	39	8
Total Non-Operating Expenses	642	651
Recurring Profit	9,465	3,076
Extraordinary Gains		
Gain on sale of shares in affiliates	86	-
Total Extraordinary Gains	86	-
Extraordinary Losses		
Loss on disposal of fixed assets	11	-
Total Extraordinary Losses	11	-
Pre-Tax Net Income	9,539	3,076
Income Taxes	2,860	989
Pre-Minority Interest Net Income	6,678	2,086
Net Income Attributable to Minority Interests	42	24
Net Income	6,635	2,061

Consolidated Statement of Comprehensive Income (FY19/2 H1)

(JPY million)

	FY18/2 H1 (Mar 1, 2017 to Aug 31, 2017)	FY19/2 H1 (Mar 1, 2018 to Aug 31, 2018)
Net Income	8,910	5,655
Other Comprehensive Income		
Valuation gain (loss) on other securities	-46	-106
Deferred gain (loss) on long-term interest rate hedges	-16	7
Foreign currency translation adjustment	-45	-
Total Other Comprehensive Income	-108	-99
Comprehensive Income	8,801	5,556
Comprehensive income attributable to shareholders	8,513	5,509
Comprehensive income attributable to minority interests	287	46

Consolidated Statement of Comprehensive Income (FY19/2 Q2 Stand-Alone)

(JPY million)

	FY18/2 Q2 (Jun 1, 2017 to Aug 31, 2017)	FY19/2 Q2 (Jun 1, 2018 to Aug 31, 2018)
Net Income	6,678	2,086
Other Comprehensive Income		
Valuation gain (loss) on other securities	-8	-5
Deferred gain (loss) on long-term interest rate hedges	19	25
Foreign currency translation adjustment	-23	-
Total Other Comprehensive Income	-13	20
Comprehensive Income	6,665	2,107
Comprehensive income attributable to shareholders	6,359	2,082
Comprehensive income attributable to minority interests	306	24

Consolidated Cash Flow Statement (FY19/2 H1)

(JPY million)

	FY18/2 H1 (Mar 1, 2017 to Aug 31, 2017)	FY19/2 H1 (Mar 1, 2018 to Aug 31, 2018)
Cash Flows from Operations:		
Pre-tax net income	12,772	8,296
Depreciation	359	795
Share-based compensation expenses	110	107
Amortization of goodwill	50	94
Increase (decrease) in accrued bonuses	148	248
Increase (decrease) in allowance for doubtful accounts	-353	-26
Interest and dividend income	-29	-30
Interest expense	1,111	1,139
Loss (gain) on sale of securities investments	-	-2
Loss (gain) on sale of shares in affiliates	-1,221	-
Decrease (increase) in trading notes and receivables	-161	-453
Decrease (increase) in operational securities investments	1,594	-425
Decrease (increase) in real estate for sale	-1,638	-16,132
Decrease (increase) in solar power plants for sale	996	-
Decrease (increase) in advances paid	980	-70
Decrease (increase) in prepaid expenses	-129	-98
Decrease (increase) in accounts receivable	21	-56
Decrease (increase) in consumption tax receivable	776	949
Increase (decrease) in accounts payable	-542	-593
Increase (decrease) in accrued expenses	33	27
Increase (decrease) in deposits received	-38	388
Increase (decrease) in security deposits received	-135	-696
Other	440	22
Sub-Total	15,143	-6,517
Interest and dividend income received	29	30
Interest expense paid	-1,174	-1,041
Income taxes paid	-2,356	-2,807
Income taxes refunded	14	1
Net Cash from (Used for) Operations	11,657	-10,334

(JPY million)

	FY18/2 H1 (Mar 1, 2017 to Aug 31, 2017)	FY19/2 H1 (Mar 1, 2018 to Aug 31, 2018)
Cash Flows from Investments:		
Payments into time deposits	–	-57
Redemptions of time deposits	–	10
Acquisition of securities investments	-29	-25
Proceeds from sale of securities investments	–	32
Acquisition of property, plant, and equipment	-1,117	-3,040
Acquisition of intangible assets	-7	-359
Payments of SPC capital contributions	-18	–
Redemptions of SPC capital contributions	–	32
Payments of security deposits	-10	-15
Redemptions of security deposits	–	–
Acquisition of subsidiary shares resulting in change of consolidation scope	-1,453	–
Sale of subsidiary shares resulting in change of consolidation scope	2,096	–
Other	-16	-176
Net Cash from (Used for) Investments	-556	-3,600
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	1,087	5,942
Net increase (decrease) in short-term non-recourse loans	-611	–
Repayment of maturing bond principal to bondholders	-56	-56
Proceeds from long-term loans	22,263	24,855
Repayment of long-term loans	-7,692	-4,665
Proceeds from long-term non-recourse loans	2,200	3,500
Repayment of long-term non-recourse loans	-15,736	-10,850
Proceeds from employee exercise of stock options	7	120
Share buyback	-1,499	–
Dividends paid	-2,506	-2,970
Net Cash from (Used for) Financing	-2,544	15,876
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-2	–
Increase (Decrease) in Cash and Cash Equivalents	8,553	1,941
Cash and Cash Equivalents at Beginning of Period	41,369	39,365
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-781	-820
Cash and Cash Equivalents at End of Quarter	49,141	40,487

Consolidated Cash Flow Statement (FY19/2 Q2 Stand-Alone)

(JPY million)

	FY18/2 Q2 (Jun 1, 2017 to Aug 31, 2017)	FY19/2 Q2 (Jun 1, 2018 to Aug 31, 2018)
Cash Flows from Operations:		
Pre-tax net income	9,539	3,076
Depreciation	169	401
Share-based compensation expenses	57	55
Amortization of goodwill	25	43
Increase (decrease) in accrued bonuses	10	24
Increase (decrease) in allowance for doubtful accounts	-348	-
Interest and dividend income	-9	-9
Interest expense	547	570
Loss (gain) on sale of shares in affiliates	-86	-
Decrease (increase) in trading notes and receivables	462	-123
Decrease (increase) in operational securities investments	1,520	137
Decrease (increase) in real estate for sale	1,353	-15,329
Decrease (increase) in solar power plants for sale	996	-
Decrease (increase) in advances paid	780	-147
Decrease (increase) in prepaid expenses	37	26
Decrease (increase) in accounts receivable	-5	-49
Decrease (increase) in consumption tax receivable	935	535
Increase (decrease) in accounts payable	234	641
Increase (decrease) in accrued expenses	-4	-90
Increase (decrease) in deposits received	-89	-121
Increase (decrease) in security deposits received	-83	-199
Other	80	-230
Sub-Total	16,124	-10,789
Interest and dividend income received	9	9
Interest expense paid	-513	-473
Income taxes paid	-608	-854
Income taxes refunded	14	1
Net Cash from (Used for) Operations	15,025	-12,106

(JPY million)

	FY18/2 Q2 (Jun 1, 2017 to Aug 31, 2017)	FY19/2 Q2 (Jun 1, 2018 to Aug 31, 2018)
Cash Flows from Investments:		
Payments into time deposits	–	-3
Redemptions of time deposits	–	–
Acquisition of property, plant, and equipment	-237	-2,307
Acquisition of intangible assets	-5	-216
Payments of SPC capital contributions	-18	–
Redemptions of SPC capital contributions	–	32
Payments of security deposits	–	–
Redemptions of security deposits	–	–
Acquisition of subsidiary shares resulting in change of consolidation scope	-1,453	–
Sale of subsidiary shares resulting in change of consolidation scope	430	–
Other	–	-153
Net Cash from (Used for) Investments	-1,283	-2,646
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	507	2,055
Net increase (decrease) in short-term non-recourse loans	-611	–
Repayment of maturing bond principal to bondholders	-56	-56
Proceeds from long-term loans	3,633	11,642
Repayment of long-term loans	-2,599	-1,417
Proceeds from long-term non-recourse loans	2,200	–
Repayment of long-term non-recourse loans	-6,713	-3,767
Proceeds from employee exercise of stock options	1	60
Dividends paid	-104	-75
Net Cash from (Used for) Financing	-3,742	8,442
Effect of Exchange Rate Changes on Cash and Cash Equivalents	–	–
Increase (Decrease) in Cash and Cash Equivalents	10,000	-6,311
Cash and Cash Equivalents at Beginning of Period	39,232	46,857
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-91	-59
Cash and Cash Equivalents at End of Quarter	49,141	40,487

Revenue, P&L, and Assets by Segment (Current FY19/2 H1)

(Mar 1, 2018 to Aug 31, 2018)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management	Value-Add	Clean Energy	Total		
Revenue						
Revenue from External Customers	1,203	22,753	2,127	26,084	-	26,084
Inter-Segment Activities or Reclassifications	469	-	-	469	-469	-
Total	1,672	22,753	2,127	26,553	-469	26,084
Segment P&L ¹	1,012	7,620	968	9,602	-20	9,581
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	912	4,394	968	6,276	-	-
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	100	3,225	-	3,326	-	-
Segment Assets	1,930	255,698	26,325	283,954	33,169	317,123
Other						
Depreciation	-	260	524	784	10	795
Increase in Property, Plant, and Equipment and Intangible Assets	-	2,059	980	3,039	44	3,084

¹ Segment P&L is on an Operating Profit basis.

² The Adjustment to Segment P&L (-JPY 20 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 33,169 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 10 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 44 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Previous FY18/2 H1)

(Mar 1, 2017 to Aug 31, 2017)

(JPY million)

	Segment				Adjustment ^{2,3}	Amount Recorded in Financial Statements
	Asset Management	Value-Add	Clean Energy	Total		
Revenue						
Revenue from External Customers	1,229	29,809	2,241	33,280	105	33,386
Inter-Segment Activities or Reclassifications	566	-	-	566	-566	-
Total	1,795	29,810	2,241	33,847	-461	33,386
Segment P&L ¹	999	11,679	596	13,275	-39	13,236
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	798	4,335	265	5,400	-	-
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	201	7,343	331	7,875	-	-
Segment Assets	1,491	231,502	21,864	254,859	31,872	286,732
Other						
Depreciation	-	151	195	346	12	359
Increase in Property, Plant, and Equipment and Intangible Assets	-	6,598	1,288	7,886	79	7,966

¹ Segment P&L is on an Operating Profit basis.

² Other segment eliminated and data restated for consistency with FY19/2 per note on page 3.

³ The Adjustment to Segment P&L (-JPY 39 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 31,872 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 12 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 79 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Current FY19/2 Q2 Stand-Alone)

(Jun 1, 2018 to Aug 31, 2018)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management	Value-Add	Clean Energy	Total		
Revenue						
Revenue from External Customers	653	8,207	1,115	9,975	-	9,975
Inter-Segment Activities or Reclassifications	225	-	-	226	-226	-
Total	879	8,207	1,115	10,202	-226	9,975
Segment P&L ¹	558	2,515	547	3,621	-32	3,589
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	515	2,001	547	3,146	-	-
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	42	514	-	474	-	-
Segment Assets	1,930	255,698	26,325	283,954	33,169	317,123
Other						
Depreciation	-	133	262	395	5	401
Increase in Property, Plant, and Equipment and Intangible Assets	-	1,714	311	2,025	33	2,058

¹ Segment P&L is on an Operating Profit basis.

² The Adjustment to Segment P&L (-JPY 32 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 33,169 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 5 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 33 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Previous FY18/2 Q2 Stand-Alone)

(Jun 1, 2017 to Aug 31, 2017)

(JPY million)

	Segment				Adjustment ^{2,3}	Amount Recorded in Financial Statements
	Asset Management	Value-Add	Clean Energy	Total		
Revenue						
Revenue from External Customers	547	18,036	1,868	20,452	18	20,470
Inter-Segment Activities or Reclassifications	327	-	-	327	-327	-
Total	874	18,036	1,868	20,779	-308	20,470
Segment P&L ¹	495	9,070	544	10,109	-23	10,086
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	441	2,414	213	3,069	-	-
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	53	6,656	331	7,040	-	-
Segment Assets	1,491	231,502	21,864	254,859	31,872	286,732
Other						
Depreciation	-	70	92	163	6	169
Increase in Property, Plant, and Equipment and Intangible Assets	-	6,580	452	7,032	70	7,103

¹ Segment P&L is on an Operating Profit basis.

² Other segment eliminated and data restated for consistency with FY19/2 per note on page 3.

³ The Adjustment to Segment P&L (-JPY 23 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 31,872 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 6 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 70 million) reflects corporate assets that were not allocated to the segments.