



Ichigo Preserves and Improves Real Estate



[Provisional Translation Only]

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FY19/2 Q3 Earnings

January 11, 2019

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

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Submission of the Financial Report (*Shihanki Hokokusho*): January 15, 2019 (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 Q3 Consolidated Financial Results (March 1, 2018 to November 30, 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 Q3	58,282 +30.2%	20,553 +24.3%	18,264 +26.3%	12,183 +11.3%
FY18/2 Q3	44,755 -52.3%	16,541 -7.7%	14,461 -5.9%	10,945 -14.7%

Note: Comprehensive Income FY19/2 Q3: JPY 12,393 million (+12.0% YOY)
FY18/2 Q3: JPY 11,069 million (-9.9% YOY)

	Net Income per Share (Basic, JPY)	Net Income per Share (Diluted, JPY)
FY19/2 Q3	24.59 +12.2%	24.56 +12.1%
FY18/2 Q3	21.92 -14.3%	21.90 -14.1%

(2) Consolidated Financial Condition

	Total Assets (JPY million)	Net Assets (JPY million)	Equity Ratio	Net Assets per Share (JPY)
FY19/2 Q3	324,193	99,670	29.5%	195.84
FY18/2	296,512	92,725	30.1%	180.20

Note: Shareholders' Equity FY19/2 Q3: JPY 95,698 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 Q3	3,469	-12,142	14,026	39,874
FY18/2 Q3	8,015	-3,342	647	45,858

Note: Cash Flows from Operations excluding impact of growth in Real Estate for Sale

FY19/2 Q3: JPY 21,109 million FY18/2 Q3: JPY19,434 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 Q3: 504,849,800

FY18/2: 504,484,200

(ii) Number of treasury shares

FY19/2 Q3: 16,186,500

FY18/2: 8,706,500

(iii) Average number of outstanding shares

FY19/2 Q3: 495,435,833

FY18/2 Q3: 499,399,433

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 gains 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 or treated as adjustments, because Ichigo finished selling off the legacy overseas private equity assets that had been the material constituents of Other in FY18/2. To facilitate comparison to FY19/2, the FY18/2 data on pp. 17 & 19 have 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 treated as Non-Operating Expenses instead of as Cost of Goods Sold. Treating them as the equivalent of corporate loan interest expenses (i.e., Non-Operating Expenses) will unify and simplify their accounting treatment.

To facilitate comparison to FY19/2, the FY18/2 data on pp. 1 & 7-15 have thus been restated to reflect this change in accounting treatment. Cost of Goods Sold thus decreases by JPY 825 million and Gross Profit and Operating Profit each increase by JPY 825 million. Within Non-Operating Expenses, Interest Expense, Debt-Financing Related Fees, Mark-to-Market Loss on Long-Term Interest Rate Hedges, and Other increase by JPY 749 million, JPY 46 million, JPY 27 million, and JPY 2 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 749 million, JPY 147 million, JPY 219 million, JPY 46 million, and JPY 867 million, respectively.

Consolidated Balance Sheet (FY19/2 Q3)

(JPY million)

	FY18/2 (Feb 28, 2018)	FY19/2 Q3 (Nov 30, 2018)
Assets		
Current Assets		
Cash and cash equivalents	45,510	45,067
Trade notes and accounts receivable	1,097	1,440
Operational loan investments	1,324	1,324
Operational securities investments	2	5,166
Real estate for sale	180,789	192,786
Deferred tax assets	342	344
Other	2,643	1,674
Less: allowance for doubtful accounts	-28	-2
Total Current Assets	231,681	247,802
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures	14,273	16,698
Depreciation	-3,673	-4,061
Buildings and structures (net)	10,600	12,636
Solar power plant equipment	20,895	20,919
Depreciation	-1,122	-1,906
Solar power plant equipment (net)	19,773	19,013
Land	26,993	34,340
Buildings under construction	97	800
Solar power plants under construction	969	2,497
Other	483	552
Depreciation	-359	-388
Other (net)	124	163
Total Property, Plant, and Equipment	58,558	69,452
Intangible Assets		
Goodwill	1,600	1,459
Leasehold rights	135	316
Other	233	286
Total Intangible Assets	1,968	2,062
Investments and Other Assets		
Securities investments	2,184	2,332
Long-term loans receivable	10	10
Deferred tax assets	68	145

	(JPY million)	
	FY18/2 (Feb 28, 2018)	FY19/2 Q3 (Nov 30, 2018)
Other	2,132	2,479
Less: allowance for doubtful accounts	-91	-91
Total Investments and Other Assets	4,303	4,876
Total Fixed Assets	64,831	76,391
Total Assets	296,512	324,193

	(JPY million)	
	FY18/2 (Feb 28, 2018)	FY19/2 Q3 (Nov 30, 2018)
Liabilities		
Current Liabilities		
Short-term loans	1,042	6,096
Bonds (due within one year)	112	112
Long-term loans (due within one year)	4,449	7,938
Long-term non-recourse loans (due within one year)	3,921	1,687
Income taxes payable	1,609	3,353
Deferred tax liabilities	494	482
Accrued bonuses	34	495
Other current liabilities	4,652	3,916
Total Current Liabilities	16,316	24,082
Long-Term Liabilities		
Bonds	520	534
Long-term loans	112,366	135,348
Long-term non-recourse loans	63,588	54,043
Deferred tax liabilities	1,744	1,734
Long-term security deposits received	8,492	8,038
Other long-term liabilities	758	742
Total Long-Term Liabilities	187,470	200,440
Total Liabilities	203,787	224,523
Net Assets		
Shareholders' Equity		
Capital	26,723	26,806
Capital reserve	11,113	11,191
Retained earnings	54,324	63,540
Treasury shares	-2,995	-5,838
Total shareholders' equity	89,165	95,700
Accumulated Other Comprehensive Income		
Valuation gain (loss) on other securities	543	352
Deferred gain (loss) on long-term interest rate hedges	-372	-354
Total Accumulated Other Comprehensive Income	171	-1
Stock Options	666	776
Minority Interests	2,722	3,195
Total Net Assets	92,725	99,670
Total Liabilities and Net Assets	296,512	324,193

Consolidated Income Statement (FY19/2 Q3)

(JPY million)

	FY18/2 Q3 (Mar 1, 2017 to Nov 30, 2017)	FY19/2 Q3 (Mar 1, 2018 to Nov 30, 2018)
Revenue	44,755	58,282
Cost of Goods Sold	24,597	33,332
Gross Profit	20,158	24,950
SG&A	3,617	4,396
Operating Profit	16,541	20,553
Non-Operating Income		
Interest income	3	2
Dividend income	52	62
Valuation gain on foreign currency	–	49
Mark-to-market gain on long-term interest rate hedges	1	5
Other	104	31
Total Non-Operating Income	160	151
Non-Operating Expenses		
Interest expense	1,674	1,742
Mark-to-market loss on long-term interest rate hedges	262	220
Debt financing-related fees	205	295
Other	97	183
Total Non-Operating Expenses	2,240	2,441
Recurring Profit	14,461	18,264
Extraordinary Gains		
Gains on sale of securities investments	–	2
Gains on sale of shares in affiliates	1,221	–
Other	41	–
Total Extraordinary Gains	1,263	2
Extraordinary Losses		
Loss on disposal of fixed assets	11	–
Impairment loss	327	–
Total Extraordinary Losses	338	–
Pre-Tax Net Income	15,385	18,266
Income Taxes	4,381	5,700
Pre-Minority Interest Net Income	11,003	12,566
Net Income Attributable to Minority Interests	57	383
Net Income	10,945	12,183

Consolidated Income Statement (FY19/2 Q3 Stand-Alone)

(JPY million)

	FY18/2 Q3 (Sep 1, 2017 to Nov 30, 2017)	FY19/2 Q3 (Sep 1, 2018 to Nov 30, 2018)
Revenue	11,369	32,198
Cost of Goods Sold	6,810	19,702
Gross Profit	4,558	12,495
SG&A	1,254	1,524
Operating Profit	3,304	10,971
Non-Operating Income		
Interest income	—	—
Dividend income	25	34
Valuation gain on foreign currency	—	26
Mark-to-market gain on long-term interest rate hedges	76	—
Other	74	3
Total Non-Operating Income	176	64
Non-Operating Expenses		
Interest expense	563	602
Mark-to-market loss on long-term interest rate hedges	—	241
Debt financing-related fees	9	52
Other	9	168
Total Non-Operating Expenses	582	1,066
Recurring Profit	2,898	9,970
Extraordinary Gains		
Other	41	—
Total Extraordinary Gains	41	—
Extraordinary Losses		
Impairment loss	327	—
Total Extraordinary Losses	327	—
Pre-Tax Net Income	2,613	9,970
Income Taxes	519	3,059
Pre-Minority Interest Net Income	2,093	6,911
Net Income Attributable to Minority Interests	21	336
Net Income	2,071	6,574

Consolidated Statement of Comprehensive Income (FY19/2 Q3)

(JPY million)

	FY18/2 Q3 (Mar 1, 2017 to Nov 30, 2017)	FY19/2 Q3 (Mar 1, 2018 to Nov 30, 2018)
Pre-Minority Interest Net Income	11,003	12,566
Other Comprehensive Income		
Valuation gain(loss) on other securities	133	-191
Deferred gain(loss) on long-term interest rate hedges	-22	17
Foreign currency translation adjustment	-45	—
Total Other Comprehensive Income	65	-173
Comprehensive Income	11,069	12,393
Comprehensive income attributable to shareholders	11,023	12,010
Comprehensive income attributable to minority interests	46	383

Consolidated Statement of Comprehensive Income (FY19/2 Q3 Stand-Alone)

(JPY million)

	FY18/2 Q3 (Sep 1, 2017 to Nov 30, 2017)	FY19/2 Q3 (Sep 1, 2018 to Nov 30, 2018)
Pre-Minority Interest Net Income	2,093	6,911
Other Comprehensive Income		
Valuation gain(loss) on other securities	180	-84
Deferred gain(loss) on long-term interest rate hedges	-5	10
Total Other Comprehensive Income	174	-73
Comprehensive Income	2,268	6,837
Comprehensive income attributable to shareholders	2,246	6,501
Comprehensive income attributable to minority interests	21	336

Consolidated Cash Flow Statement (FY19/2 Q3)

(JPY million)

	FY18/2 Q3 (Mar 1, 2017 to Nov 30, 2017)	FY19/2 Q3 (Mar 1, 2018 to Nov 30, 2018)
Cash Flows from Operations:		
Pre-Tax Net Income	15,385	18,266
Depreciation	668	1,217
Share-based compensation expenses	168	155
Amortization of goodwill	76	140
Increase (decrease) in accrued bonuses	290	461
Increase (decrease) in allowance for doubtful accounts	-353	-25
Interest and dividend income	-55	-65
Interest expense	1,674	1,742
Loss (gain) on sale of securities investments	—	-2
Loss (gain) on sale of shares in affiliates	-1,221	—
Impairment loss	327	—
Decrease (increase) in trading notes and receivables	-768	-343
Decrease (increase) in operational securities investments	1,598	-437
Decrease (increase) in real estate for sale	-6,834	-11,997
Decrease (increase) in power plant for sale	996	—
Decrease (increase) in advances paid	831	-50
Decrease (increase) in prepaid expenses	-172	-304
Decrease (increase) in accounts receivable	18	-228
Decrease (increase) in consumption taxes receivable	-115	1,024
Increase (decrease) in accounts payable	-385	-1,265
Increase (decrease) in accrued expenses	-7	56
Increase (decrease) in deposits received	-209	178
Increase (decrease) in security deposits received	-167	-518
Other	1,448	442
Sub-Total	13,195	8,444
Interest and dividend income received	55	65
Interest expense paid	-1,668	-1,545
Income taxes paid	-3,581	-3,530
Income taxes refunded	14	35
Net Cash from (Used for) Operations	8,015	3,469

	(JPY million)	
	FY18/2 Q3 (Mar 1, 2017 to Nov 30, 2017)	FY19/2 Q3 (Mar 1, 2018 to Nov 30, 2018)
Cash Flows from Investments:		
Payments into time deposits	-3	-63
Redemptions of time deposits	—	1,010
Payments for securities investments	-139	-466
Proceeds from sale of securities investments	—	32
Acquisition of property, plant, and equipment	-2,503	-12,130
Acquisition of intangible assets	-75	-374
Payments of SPC capital contributions	-28	—
Redemptions of SPC capital contributions	—	32
Payments of security deposits	-36	-15
Redemptions of security deposits	—	—
Acquisition of subsidiary shares resulting in change of consolidation scope	-2,635	—
Sale of subsidiary shares resulting in change of consolidation scope	2,096	—
Other	-16	-168
Net Cash from (Used for) Investments	-3,342	-12,142
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	1,494	5,053
Net increase (decrease) in short-term non-recourse loans	-611	—
Proceeds from issuance of bonds	—	69
Repayment of maturing bond principal to bondholders	-56	-56
Redemption of non-recourse bonds	-100	—
Proceeds from long-term loans	31,418	40,153
Repayment of long-term loans	-11,499	-13,606
Proceeds from long-term non-recourse loans	2,200	3,500
Repayment of long-term non-recourse loans	-16,744	-15,478
Proceeds from employee exercise of stock options	54	122
Share buyback	-2,999	-2,849
Proceeds from share issuance to non-controlling shareholders	—	90
Dividends paid	-2,508	-2,971
Net Cash from (Used for) Financing	647	14,026

	(JPY million)	
	FY18/2 Q3 (Mar 1, 2017 to Nov 30, 2017)	FY19/2 Q3 (Mar 1, 2018 to Nov 30, 2018)
Effect of Exchange Rate Change on Cash and Cash Equivalents	-2	—
Increase (Decrease) in Cash and Cash Equivalents	5,317	5,352
Cash and Cash Equivalents at Beginning of Period	41,369	39,365
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-828	-4,843
Cash and Cash Equivalents at End of Period	45,858	39,874

Consolidated Cash Flow Statement (FY19/2 Q3 Stand-Alone)

(JPY million)

	FY18/2 Q3 (Sept 1, 2017 to Nov 30, 2017)	FY19/2 Q3 (Sept 1, 2018 to Nov 30, 2018)
Cash Flows from Operations:		
Pre-Tax Net Income	2,613	9,970
Depreciation	309	422
Share-based compensation expenses	57	47
Amortization of goodwill	25	46
Increase (decrease) in accrued bonuses	142	212
Increase (decrease) in allowance for doubtful accounts	—	—
Interest and dividend income	-25	-34
Interest expense	563	602
Impairment loss	327	—
Decrease (increase) in trading notes and receivables	-606	109
Decrease (increase) in operational securities investments	4	-12
Decrease (increase) in real estate for sale	-5,196	4,135
Decrease (increase) in advances paid	-148	19
Decrease (increase) in prepaid expenses	-42	-206
Decrease (increase) in accounts receivable	-2	-171
Decrease (increase) in consumption taxes receivable	-891	75
Increase (decrease) in accounts payable	157	-672
Increase (decrease) in accrued expenses	-41	28
Increase (decrease) in deposits received	-170	-209
Increase (decrease) in security deposits received	-31	177
Other	1,008	420
Sub-Total	-1,948	14,961
Interest and dividend income received	25	34
Interest expense paid	-493	-504
Income taxes paid	-1,225	-722
Income taxes refunded	—	33
Net Cash from (Used for) Operations	-3,641	13,803

	(JPY million)	
	FY18/2 Q3 (Sept 1, 2017 to Nov 30, 2017)	FY19/2 Q3 (Sept 1, 2018 to Nov 30, 2018)
Cash Flows from Investments:		
Payments into time deposits	-3	-5
Redemptions of time deposits	—	1,000
Payments for securities investments	-110	-440
Acquisition of property, plant, and equipment	-1,386	-9,089
Acquisition of intangible assets	-67	-15
Payments of SPC capital contributions	-9	—
Payments of security deposits	-25	—
Redemptions of security deposits	—	—
Acquisition of subsidiary shares resulting in change of consolidation scope	-1,182	—
Other	—	7
Net Cash from (Used for) Investments	-2,786	-8,542
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	406	-889
Proceeds from issuance of bonds	—	69
Redemption of non-recourse bonds	-100	—
Proceeds from long-term loans	9,154	15,297
Repayment of long-term loans	-3,806	-8,941
Repayment of long-term non-recourse loans	-1,008	-4,628
Proceeds from employee exercise of stock options	46	1
Share buyback	-1,499	-2,849
Proceeds from share issuance to non-controlling shareholders	—	90
Dividends paid	-1	—
Net Cash from (Used for) Financing	3,191	-1,850
Effect of Exchange Rate Change on Cash and Cash Equivalents	—	—
Increase (Decrease) in Cash and Cash Equivalents	-3,236	3,410
Cash and Cash Equivalents at Beginning of Period	49,141	40,487
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-47	-4,023
Cash and Cash Equivalents at End of Period	45,858	39,874

Revenue, P&L, and Assets by Segment (Current FY19/2 Q3)

(Mar 1, 2018 to Nov 30, 2018)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management	Value-Add	Clean Energy	Total		
Revenue						
Revenue from External Customers	1,773	53,508	2,999	58,282	—	58,282
Inter-Segment Activities or Reclassifications	800	1	—	801	-801	—
Total	2,574	53,509	2,999	59,083	-801	58,282
Segment P&L ¹	1,571	17,761	1,253	20,586	-32	20,553
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	1,345	7,477	1,253	10,076	—	—
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	225	10,284	—	10,509	—	—
Segment Assets	1,923	267,906	27,733	297,563	26,630	324,193
Other						
Depreciation	—	413	787	1,200	16	1,217
Increase in Property, Plant, and Equipment and Intangible Assets	—	10,081	2,441	12,523	-175	12,347

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 26,630 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 16 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 175 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Previous FY18/2 Q3)

(Mar 1, 2017 to Nov 30, 2017)

(JPY million)

	Segment				Adjustment ^{2,3}	Amount Recorded in Financial Statements
	Asset Management	Value-Add	Clean Energy	Total		
Revenue						
Revenue from External Customers	1,911	39,894	2,843	44,649	106	44,755
Inter-Segment Activities or Reclassifications	771	1	—	772	-772	—
Total	2,682	39,895	2,843	45,421	-666	44,755
Segment P&L ¹	1,592	14,258	764	16,615	-74	16,541
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	1,254	6,473	452	8,180	—	—
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	338	7,784	312	8,435	—	—
Segment Assets	2,014	245,261	24,523	271,799	28,904	300,703
Other						
Depreciation	—	263	386	649	18	668
Impairment loss	—	327	—	327	—	327
Increase in Property, Plant, and Equipment and Intangible Assets	—	7,193	2,394	9,588	79	9,668

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 74 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 28,904 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 18 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 Q3 Stand-Alone)

(Sep 1, 2018 to Nov 30, 2018)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management	Value-Add	Clean Energy	Total		
Revenue						
Revenue from External Customers	570	30,755	872	32,198	—	32,198
Inter-Segment Activities or Reclassifications	331	—	—	331	-331	—
Total	901	30,756	872	32,529	-331	32,198
Segment P&L ¹	558	10,141	284	10,983	-12	10,971
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	432	2,924	284	3,640	—	—
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	126	7,217	—	7,343	—	—
Segment Assets	1,923	267,906	27,733	297,563	26,630	324,193
Other						
Depreciation	—	153	262	415	6	422
Increase in Property, Plant, and Equipment and Intangible Assets	—	8,022	1,461	9,483	-220	9,262

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

² The Adjustment to Segment P&L (-JPY 12 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 26,630 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 220 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Previous FY18/2 Q3 Stand-Alone)

(Sep 1, 2017 to Nov 30, 2017)

(JPY million)

	Segment				Adjustment ^{2,3}	Amount Recorded in Financial Statements
	Asset Management	Value-Add	Clean Energy	Total		
Revenue						
Revenue from External Customers	681	10,084	602	11,368	—	11,369
Inter-Segment Activities or Reclassifications	204	—	—	205	-205	—
Total	886	10,085	602	11,573	-204	11,369
Segment P&L ¹	592	2,579	167	3,340	-35	3,304
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	453	1,994	167	2,615	—	—
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	139	585	—	724	—	—
Segment Assets	2,014	245,261	24,523	271,799	28,904	300,703
Other						
Depreciation	—	112	191	303	6	309
Impairment loss	—	327	—	327	—	327
Increase in Property, Plant, and Equipment and Intangible Assets	—	595	1,105	1,701	—	1,701

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 35 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 28,904 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.