

[Provisional Translation Only]

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October 8, 2014

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New ROE Targets for Shift Up 2016 Mid-Term Business Plan

The Board of Directors of Ichigo Group Holdings (“Ichigo”) today approved adding ROE targets to the Key Performance Indicators (KPI) of its Shift Up 2016 Mid-Term Business Plan announced on January 10, 2014 and amended on July 14, 2014.

1. Purpose of ROE Targets

On July 14, 2014, Ichigo added entering the JPX-Nikkei Index 400 as an additional goal in its Shift Up 2016 Mid-Term Business Plan in order to further materialize Ichigo’s commitment to its shareholders. JPX-Nikkei Index 400 places importance on ROE as a quantitative factor in selecting the index companies.

In August, the Ministry of Economy, Trade and Industry (METI) compiled the Final Report of the “Ito Review – Competitiveness and Incentives for Sustainable Growth: Building Favorable Relationships between Companies and Investors” Project. The Ito Review concluded that Japanese companies’ capital productivity and their growth in corporate value is the foundation of Japanese economy’s sustainable growth. The Ito Review thus called for a “Capital Efficiency Revolution in which ROE Exceeds the Cost of Capital” and “Japanese-style ROE management.”

ROE stands for Return on Equity and measures how efficiently a company generates profits with shareholders’ funds. In this sense, ROE is a Return on Investment from the perspective of shareholders, so ROE is thus for many investors the most important indicator in assessing a company’s creation of corporate value.

The Ito Review states that as an integral element of shareholder value creation Japanese companies should achieve a minimum ROE of 8%, while continually seeking to generate an ROE greater than 8%.

Ichigo believes that a fundamental social responsibility of public companies is to grow shareholder value and fully supports the conclusions of the Ito Review. To this end, Ichigo has decided to add ROE targets to the KPIs of its Shift Up 2016 Mid-Term Business Plan.

Specifically, Ichigo is targeting an ROE of 11.8% for the current February 2015 fiscal year and an on-going ROE of 15% or more from next year’s February 2016 fiscal year and over the long term. To maximize shareholder value for all of Ichigo’s shareholders, Ichigo is fully committed to achieving these new ROE targets along with all of the KPIs of its Shift Up 2016 plan.

2. Shift Up 2016 Mid-term Business Plan (Updated October 8, 2014)

■ Key Initiatives

(1) Accelerate growth investments

- Expand Tokyo area real estate investments and earnings into the 2020 Olympics
- Increase prime location investments to drive higher earnings stability
- Accelerate the growth of Ichigo REIT (8975) to increase stable asset management fees
- Expand Ichigo's solar power business into a major earnings driver by acquiring new projects and speeding up operational launch of planned power plants

(2) Profitably dispose existing assets and reinvest at ROI>15%

(3) Lower cost of debt to drive higher earnings

- Deploy strengthened equity base to push down cost of debt
- Seek credit rating, expand uncollateralized debt, lengthen debt maturities, and pursue bond issuance to diversify funding base

■ Key Performance Indicators (KPI)

(Million Yen)

	February 2013 (Actual)	February 2014 (Actual)	February 2015 (Forecast)	February 2016 (Plan)
Gross Profit	4,974	7,435	11,500	15,500
Operating Profit	1,844	3,912	7,700	11,400
Net Profit	1,637	4,526	6,055	9,050
EPS (yen)	3.66	9.83	12.17	18.25
(NEW ROE)	6.0%	11.8%	11.8%	>15%
Expense Coverage Ratio (Structural Profitability)*	129%	141%	150%	165%

■ Move to TSE 1st Section

Ichigo will seek to list on the Tokyo Stock Exchange's First Section by the end of FY February 2016.

■ Enter the JPX-Nikkei Index 400

Ichigo will seek to become a constituent of the JPX-Nikkei Index 400 by August 2016.

(Note) Forward-looking statements contained in this material are based on judgments obtained from information that was available to Ichigo Group Holdings as of the announcement date. However, these statements involve risks and uncertainties. Therefore, please note that actual earnings may differ significantly from the described earnings projection as a result of various factors.