



Ichigo Preserves and Improves Real Estate



*[Provisional Translation Only]*

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*Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.*

January 13, 2017

**Ichigo Inc.** (Tokyo Stock Exchange First Section, 2337)  
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## Issuance of Stock Options to Directors and Employees

Ichigo decided today to issue stock options to its directors, employees, and directors of its subsidiaries via its fifteenth stock acquisition rights plan, pursuant to Articles 236, 238, and 240 of the Companies Act and effective February 1, 2017.

### A. Reason for Stock Option Issuance

Ichigo is issuing these stock options in order to further strengthen the commitment of its directors and employees and directors of its subsidiaries to maximize shareholder returns and achieve the goals of its Power Up 2019 Mid-Term Business Plan. This issuance further aligns the interests of Ichigo directors and employees and directors of its subsidiaries with those of Ichigo shareholders in achieving and exceeding Power Up 2019.

The stock option exercise price will be set at 115% of the closing price of Ichigo's shares on the day before the issue date of the stock options (if there is no closing price on such day, 115% of the closing price on the immediately preceding day).

### B. Details of the Stock Options

#### (1) Share Count and Type

2,000,000 common shares

If Ichigo conducts stock splits or consolidations, adjustments will be made in accordance with the following formula:

$$\begin{array}{ccccc} \text{Number of shares} & = & \text{Number of shares} & \times & \text{Split or} \\ \text{after adjustment} & & \text{before adjustment} & & \text{consolidation ratio} \end{array}$$

Such adjustments will be made only with respect to stock options not yet exercised at the time of such adjustment, and any number of shares less than one share resulting from such adjustment will be disregarded. If any other events happen which require the adjustment of the number of shares to be issued, the number of shares to be issued upon exercise will be reasonably adjusted in consideration of the conditions specific to the event.

(2) Number of Stock Options

2,000,000

One stock option will entitle the holder to acquire 1 share, provided that when the adjustment set out in (1) above is made, the number will also be adjusted accordingly.

(3) Issue Price of the Stock Options

Zero

The stock options are granted as incentive compensation and do not constitute an “advantageous issuance” of shares under Japanese securities law.

(4) Exercise Price of Stock Options

The exercise price will be 115% of the closing price of Ichigo’s shares one business day before the issue date of the stock options (if there is no closing price on such day, 115% of the closing price on the immediately preceding day).

The amount to be paid upon exercise of each stock option will be the exercise price multiplied by the number of shares as provided in (2) above.

If there are stock splits or consolidations after issuance of the stock options, the exercise price will be adjusted in accordance with the following formula and rounded up to the nearest one yen.

$$\begin{array}{lcl} \text{Exercise price} & = & \text{Exercise price} \times \frac{1}{\text{Split/consolidation ratio}} \\ \text{after adjustment} & & \text{before adjustment} \end{array}$$

Further, in the event of any issuance by Ichigo of new shares at a price less than the market price (excluding market price issuance via public offering and conversion or exercise of convertible bonds or stock options), the exercise price will be adjusted in accordance with the following formula and rounded up to the nearest one yen.

$$\begin{array}{lcl} \text{Exercise price} & = & \text{Exercise price} \times \frac{\text{Shares outstanding} + \frac{\text{Increase in number of shares} \times \text{Issue price}}{\text{Price per share before new issue}}}{\text{Shares outstanding} + \text{Increase in number of shares}} \\ \text{after adjustment} & & \text{before adjustment} \end{array}$$

(5) Exercise Period for the Stock Options

January 14, 2020 – January 13, 2025

(6) Conditions for Exercise of Stock Options

- a. In order to exercise stock options, the holder must be a director, statutory executive officer, corporate auditor, or employee of Ichigo or Ichigo subsidiary at the time of exercise, except when Ichigo acknowledges that the exercise by a holder is reasonable.
- b. Each stock option may not be transferred nor pledged.

- c. In the event of the death of the stock option holder, the heir(s) may exercise inherited stock options.
- d. Other terms and conditions will be provided in an agreement between Ichigo and each holder.

(7) Treatment of Paid-In Capital and Capital Surplus

The increase in paid-in capital in the event of issuance of shares upon the exercise of the stock options will be 1/2 of the maximum amount of capital increase and calculated in accordance with Article 17, Paragraph 1 of the Regulations for Corporate Accounting. Fractions less than one yen resulting from the calculation will be rounded up. The increase in the capital surplus will be the amount obtainable by subtracting the paid-in capital increase from the maximum amount of the capital increase.

(8) Restrictions on Transfer and Acquisition

Transfer and acquisition of the stock options will be subject to approval by Ichigo's board.

(9) Ichigo's Right of Acquisition of the Stock Options

If a holder is no longer a director, statutory executive officer, corporate auditor, or employee of Ichigo or Ichigo subsidiary, or in any other case no longer able to exercise his/her rights, Ichigo can acquire the stock options. In the event that a merger or demerger (after which Ichigo ceases to exist) is approved at a meeting of shareholders, Ichigo will have the right to obtain stock options free of charge.

(10) Stock Options Newly Issued upon Corporate Restructuring

If Ichigo engages in any merger, corporate split in which a division is merged into an existing company, corporate split in which a division is spun off to establish a new company, or an exchange or transfer of shares (after which Ichigo ceases to exist, collectively the "Restructuring Actions"), each person holding the remaining stock options at the time of the Restructuring Actions (the "remaining stock options") will be granted stock options of the relevant reorganized company.

- a. Type of Shares of the Reorganized Company to be Issued for the Stock Options  
Common shares
- b. Number of the Stock Options of a Reorganized Company to be Granted  
The number of shares will be determined after taking into consideration the conditions concerning the Restructuring Actions. The number of shares will be rounded off to the nearest one yen.
- c. Exercise Amount  
The amount to be paid upon the exercise of newly granted stock options will be the amount obtainable by multiplying the adjusted exercise price reflecting the Restructuring Actions by the number of shares to be issued for each stock option.

d. Exercise Period, Conditions, and Ichigo's Right of Acquisition of the Stock Options

The exercise period, conditions, and Ichigo's acquisition rights will be determined at the time the Restructuring Actions take effect.

e. Restrictions on Transfer and Acquisition

Transfer and acquisition of the stock options will be subject to approval by Ichigo's board.

(11) Issuance of Stock Option Certificates

Stock option certificates will be issued if requested by the holder.

(12) Issue Date of the Stock Options

February 1, 2017

(13) Number of Individuals to whom the Stock Options are Offered

Eight directors, twelve statutory executive officers, 179 employees, and two directors of its subsidiaries

Note: Director Scott Callon receives no compensation from Ichigo and thus does not receive any stock options.

(14) Other Conditions

Other terms and conditions of the stock options will be provided in a separate agreement.

Note: The stock options issued to Ichigo's directors and statutory executive officers was also approved at a Compensation Committee meeting held today.