



JPX-NIKKEI 400



FY18/2 Corporate Presentation

April 18, 2018

Ichigo (2337)

Ichigo Preserves and Improves Real Estate



World-Class Excellence

ICHIGO

Ichigo's
Hiromi Miyake



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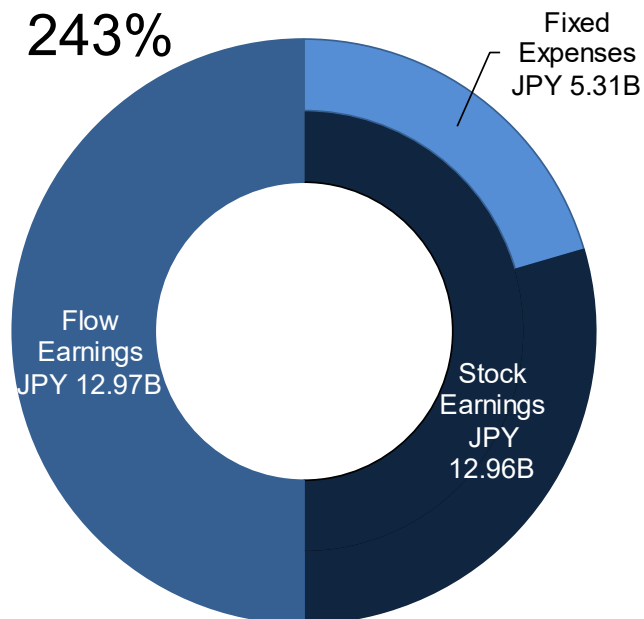
FY18/2 Earnings

FY18/2 Summary

Robust Earnings Model

Stock Earnings/Fixed Expenses

243%



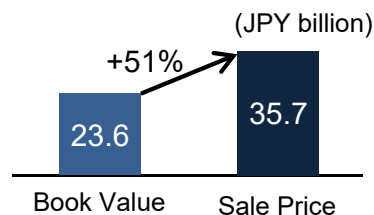
Share Buybacks & Dividend

- Two Share Buybacks (JPY 1.5B x 2)
Avg. Share Price: JPY 324 & JPY 394
(2018/4/17 Share Price: JPY 459)
- Dividend +20%, 6th Consecutive Year of Dividend Growth
FY19/2 Dividend Forecast +17%

Core Business Growth

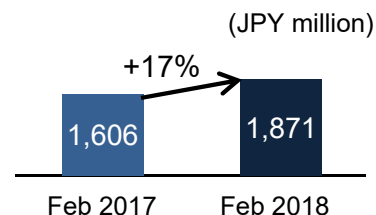
Value-Add

High Value-Add & GPM



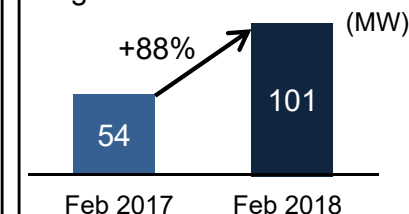
Asset Management

Growth in Ongoing AM Fees



Clean Energy

Launch of Tokyo Region's Largest Solar Power Plant



New Business Entry

Real Estate Owner Services Ichigo Owners

- Catering to needs of clients seeking to invest in real estate
- Quality assets for long-term ownership with Ichigo's expertise



Boutique Hotel THE KNOT YOKOHAMA

- Renovation of historical hotel
- ADR target: +50%
- A Japan first: Guests can buy furniture & items featured in hotel



Self-Storage

- Entering high-growth market with industry's leading security & air conditioning systems



IT x Real Estate (REtech)

- AI system development alliance with Fujitsu Kyushu Systems
- Development and deployment of AI system to increase guest satisfaction and earnings

Operating Profit -4%, Net Income -6% (YOY), ROE 16.5%

- Beat OP, RP, Net Income, EPS, & ROE forecasts
- 44.8% GPM & 36.1% OPM Underscore Ongoing High Profitability

(JPY million)

| | FY17/2 | FY18/2 | YOY | Full-Year Forecast | vs. Full-Year Forecast |
|------------------|-----------|-----------|--------|--------------------|------------------------|
| Revenue | 109,253 | 57,846 | -47.1% | 75,500 | 76.6% |
| Gross Profit | 26,806 | 25,925 | -3.3% | 25,994 | 99.7% |
| Operating Profit | 21,781 | 20,858 | -4.2% | 20,600 | 101.3% |
| Recurring Profit | 19,755 | 19,185 | -2.9% | 18,300 | 104.8% |
| Net Income | 14,894 | 14,018 | -5.9% | 13,500 | 103.8% |
| EPS | JPY 29.66 | JPY 28.12 | -5.2% | JPY 26.98 | 104.2% |
| DPS | JPY 5 | JPY 6 | +20% | JPY 6 | – |
| ROE | 20.2% | 16.5% | – | 15.9% | – |

Segment Earnings Details

- Asset Management: Ongoing AM Fees +17% YOY
- Value-Add: Rental Income +5%, Gains on Sales +14% YOY
- Clean Energy: +21% vs. Forecast on Ichigo Showamura Plant Launch Ahead of Schedule

(JPY million)

| Segment | Revenue | | | | | Gross Profit | | | | | Earnings Drivers (Parentheses show YOY change in Gross Profit) |
|------------------|----------------|---------------|---------------|--------------------|------------------------|---------------|---------------|--------------|--------------------|------------------------|---|
| | FY17/2 | FY18/2 | YOY | Full-Year Forecast | vs. Full-Year Forecast | FY17/2 | FY18/2 | YOY | Full-Year Forecast | vs. Full-Year Forecast | |
| Asset Management | 4,747 | 2,433 | -48.7% | 2,485 | 98% | 2,910 | 2,427 | -16.6% | 2,457 | 98.8% | AM Fees 1,913 (+307) Acquisition/Disposition Fees 106 (-406) Performance Fees 364 (+203) PM/BM Fees 0 (-505) (Decrease in PM/BM Fees due to sale of Takara Building Maintenance subsidiary) |
| Value-Add | 92,138 | 51,864 | -43.7% | 69,719 | 74.4% | 20,229 | 22,159 | +9.5% | 22,336 | 99.2% | Rental Income 10,111 (+441) Gains on Value-Add Sales 12,047 (+1,488) |
| Clean Energy | 12,352 | 3,426 | -72.3% | 3,216 | 106.5% | 3,772 | 1,353 | -64.1% | 1,122 | 120.7% | Gains on Sales of Power Plants 467 (-2,341) FIT Solar Power Sales 886 (-77) |
| Other | 14 | 122 | +721.1% | 78 | 156.4% | -105 | -15 | - | 78 | - | Overseas Private Fund Disposition Expenses -15 (+90) |
| Total | 109,253 | 57,846 | -47.1% | 75,500 | 76.6% | 26,806 | 25,925 | -3.3% | 25,994 | 99.7% | |

Two Share Buybacks (JPY 324, JPY 394)

Purpose: Grow Value for Ichigo's Shareholders

| | |
|----------------|------------------------------------|
| Share Type | Common shares |
| Buyback Method | In-market purchases via trust bank |

April 2017 Share Buyback

| | |
|---------------------|-----------|
| Number of Shares | 4,627,400 |
| Average Share Price | JPY 324 |
| Amount | JPY 1.5B |

October 2017 Share Buyback

| | |
|---------------------|-----------|
| Number of Shares | 3,809,100 |
| Average Share Price | JPY 394 |
| Amount | JPY 1.5B |

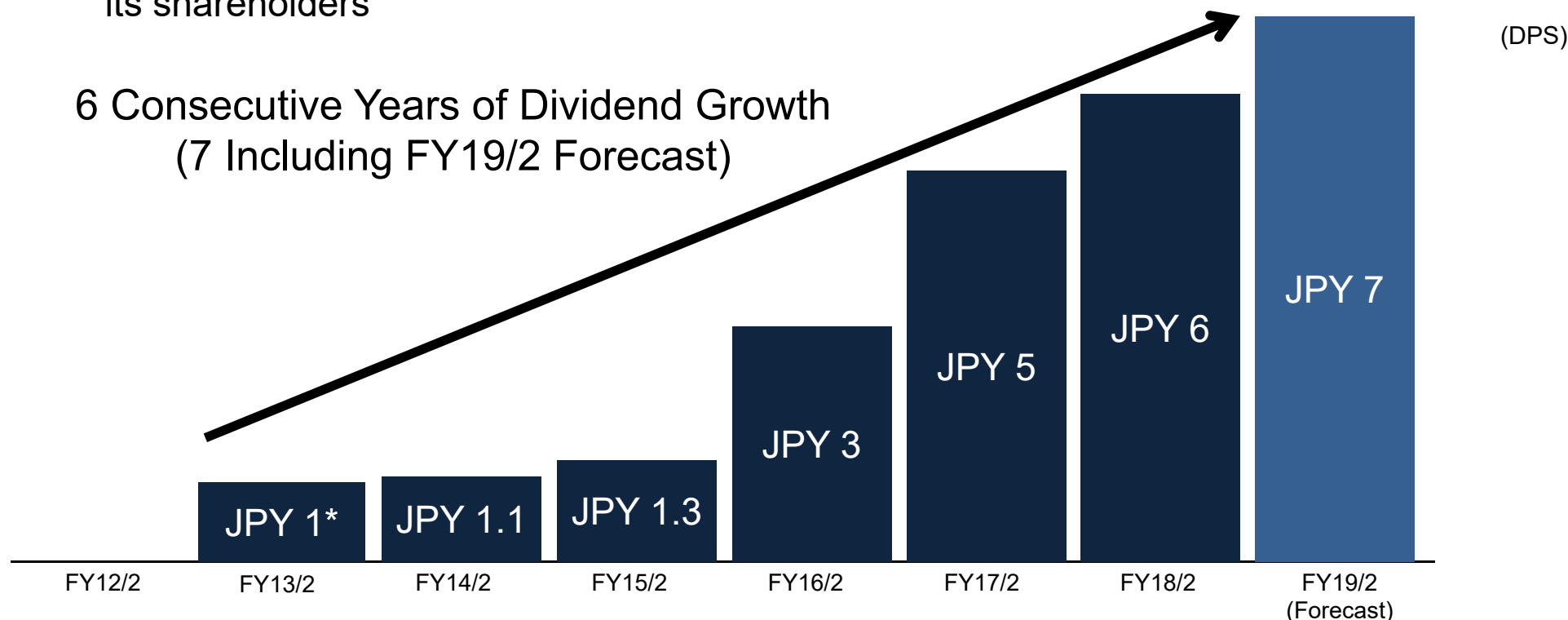
2018/4/17 Share Price: JPY 459

Dividend +20%, 6th Consecutive Year of Dividend Growth

Ichigo Dividend Policy: Growth, Certainty, and Stability

- DOE (Dividend on Equity) payout ratio of >3%
 - ✓ Stable and growing dividend unaffected by short-term earnings volatility
- Progressive Dividend Policy
 - ✓ Previous year's dividend is floor for the current year's dividend. Dividend will be raised (or kept flat) but not cut, providing shareholders with downside dividend protection. The policy underscores Ichigo's commitment to driving continued earnings growth for its shareholders

6 Consecutive Years of Dividend Growth (7 Including FY19/2 Forecast)

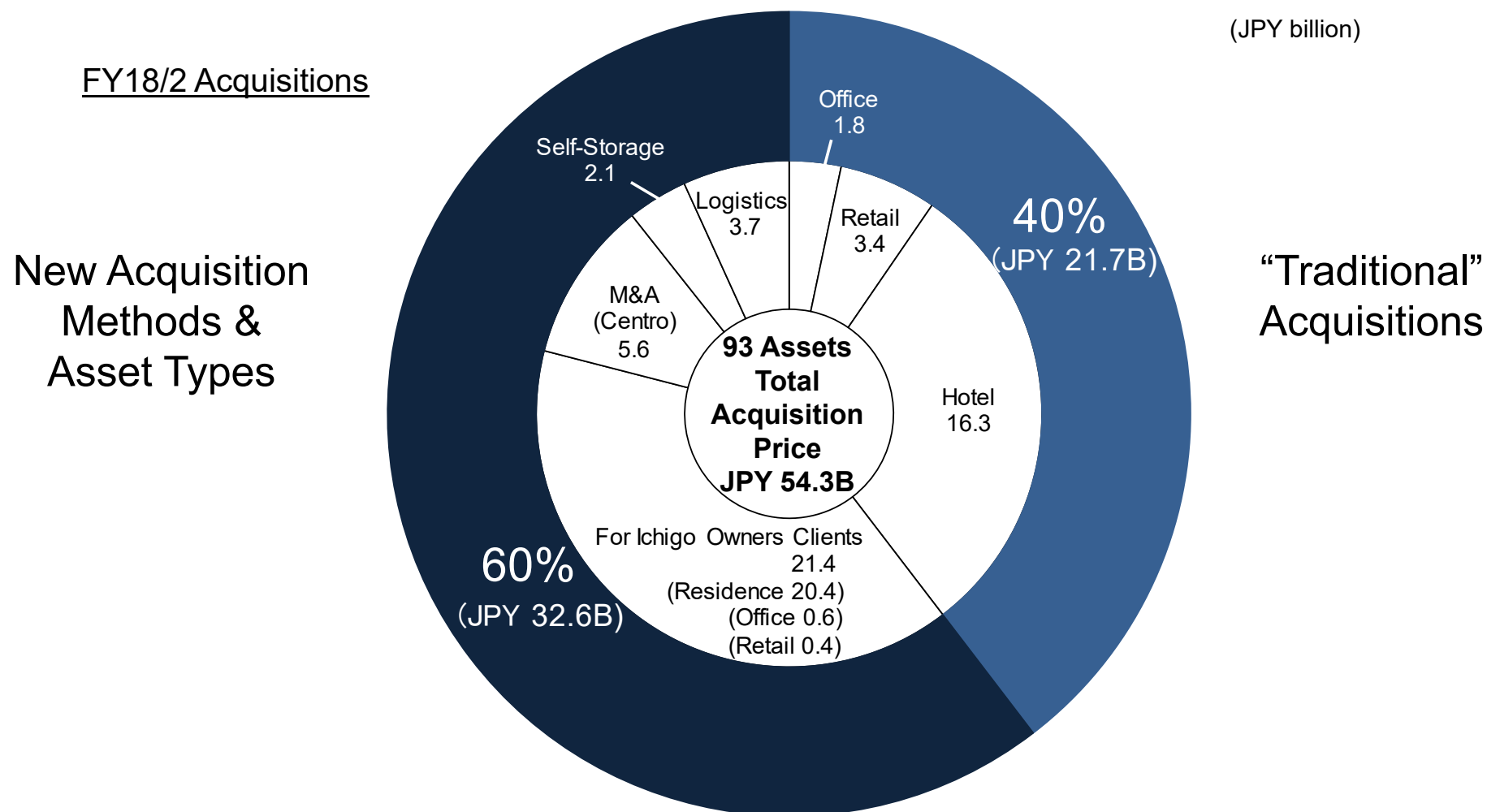


* Adjusted to reflect 200:1 stock split

Powerful Value-Add Business Model Underpins Growth

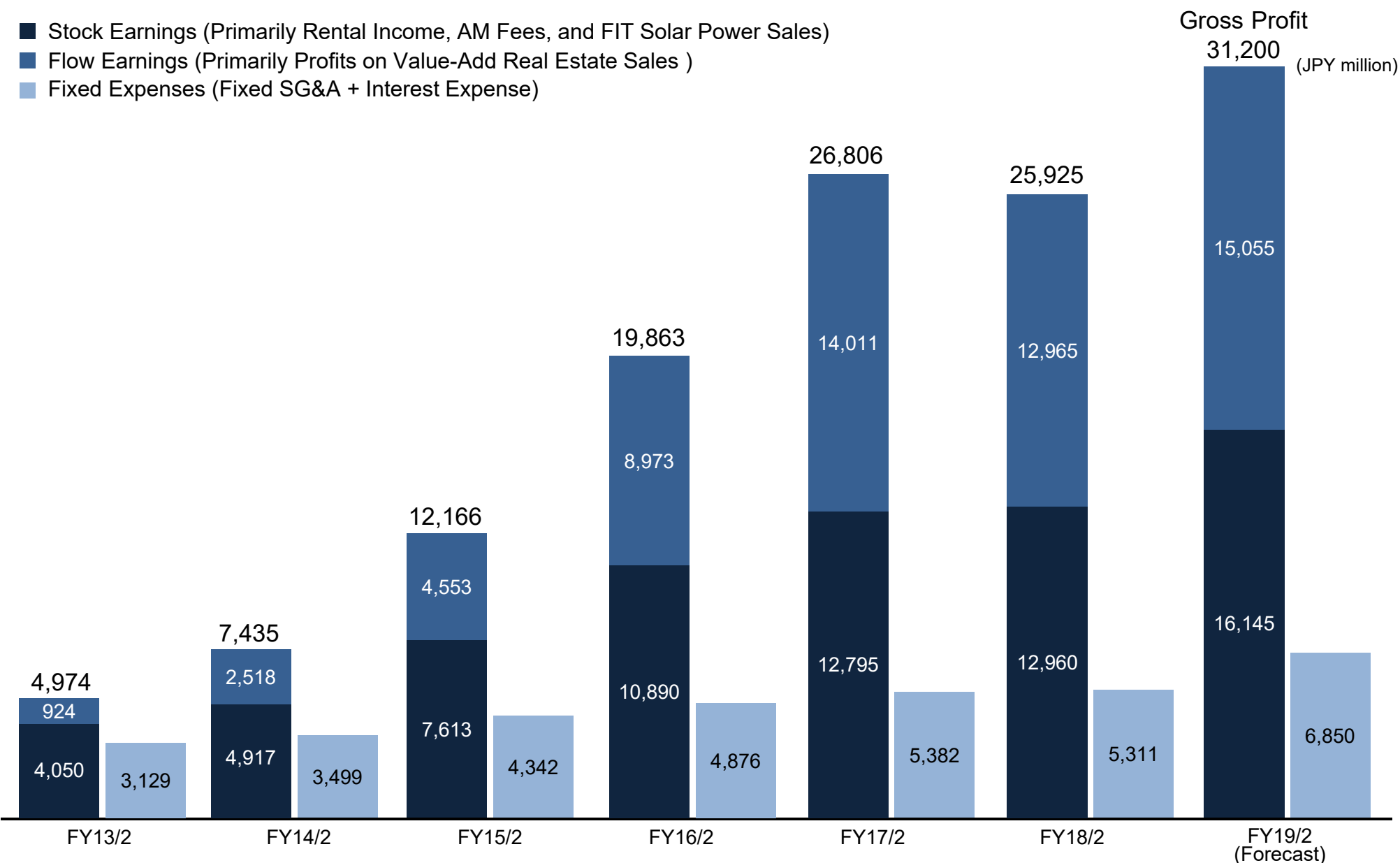
Capital-Efficient Asset Turnover

- 93 New Acquisitions (Book Value 54.3B) via Innovating in Acquisition Methods & Asset Types
- Sold 18 Assets (Book Value JPY 23.6B), GPM 34%



Business Model (1) Stock + Flow Earnings

- Stock Earnings (Primarily Rental Income, AM Fees, and FIT Solar Power Sales)
- Flow Earnings (Primarily Profits on Value-Add Real Estate Sales)
- Fixed Expenses (Fixed SG&A + Interest Expense)

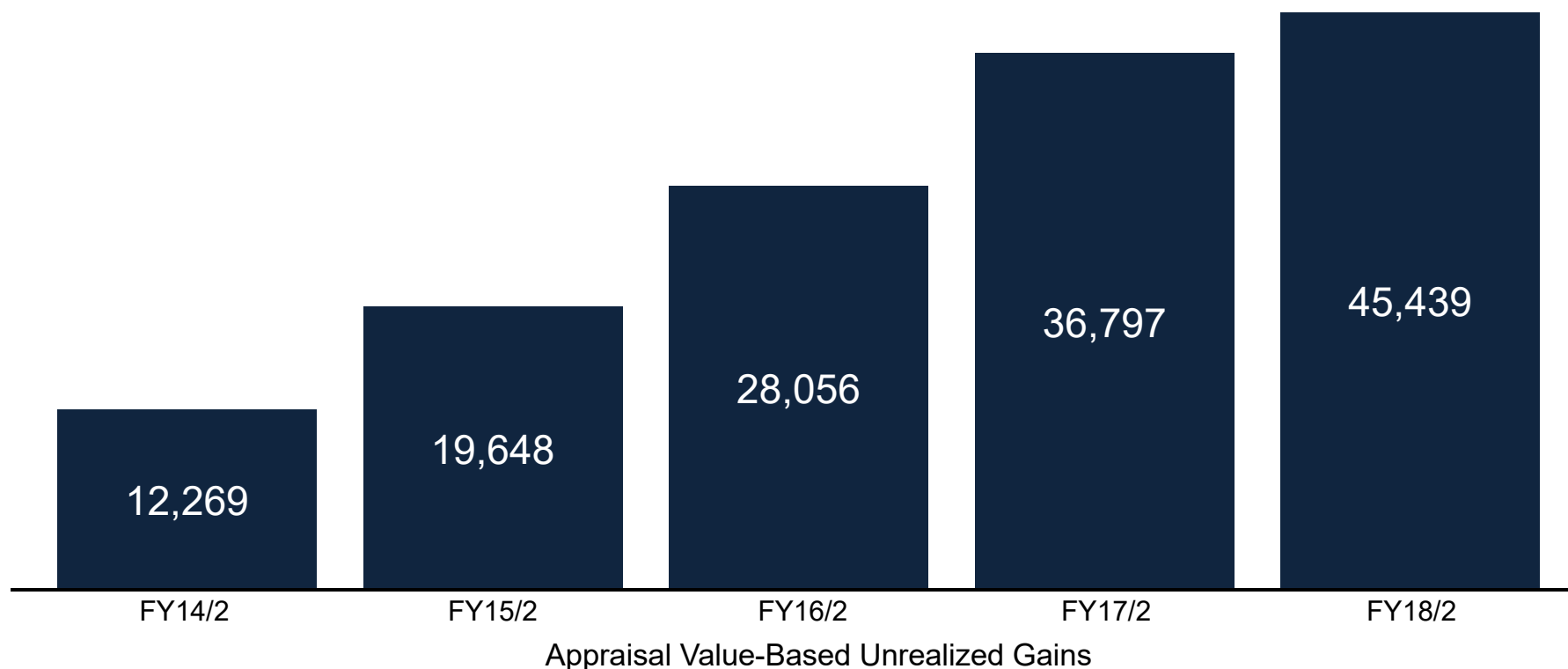


Note: From FY19/2, SPC-related non-recourse loan costs have been accounted for as Fixed Non-Operating Expenses, rather than COGS as previously. The change increases each of FY19/2 Stock Earnings and FY19/2 Fixed Expenses by c. JPY 700 million.

Business Model (2) Embedded Forward Earnings

Full Economic Earnings from Value-Add are Generally Not Recognized during the Current Accounting Period – Value-Add Thus Generates Significant Unrealized Gains that are an “Earnings Bank” for Future Periods

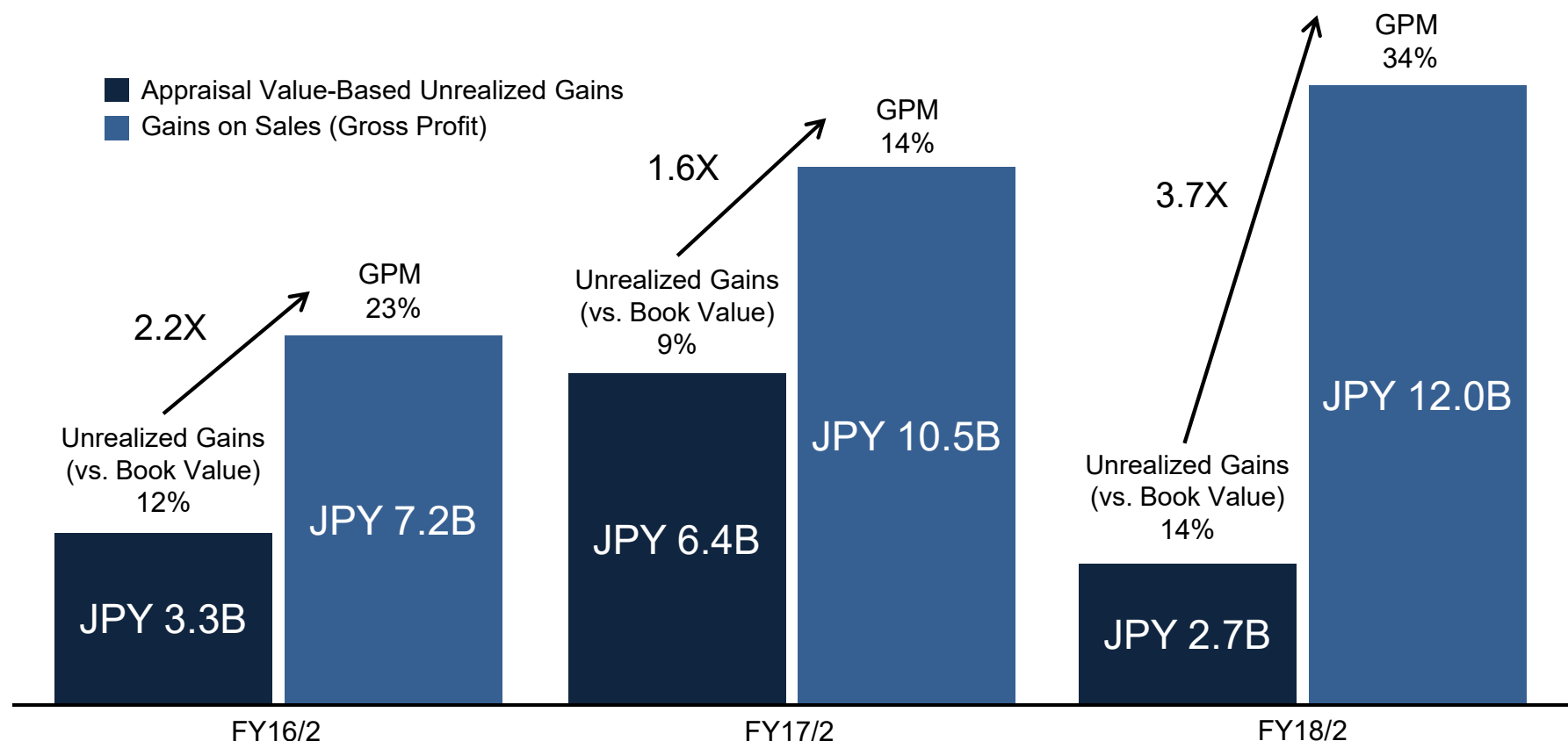
(JPY million)



Business Model (3) Value-Add Durable Value Growth

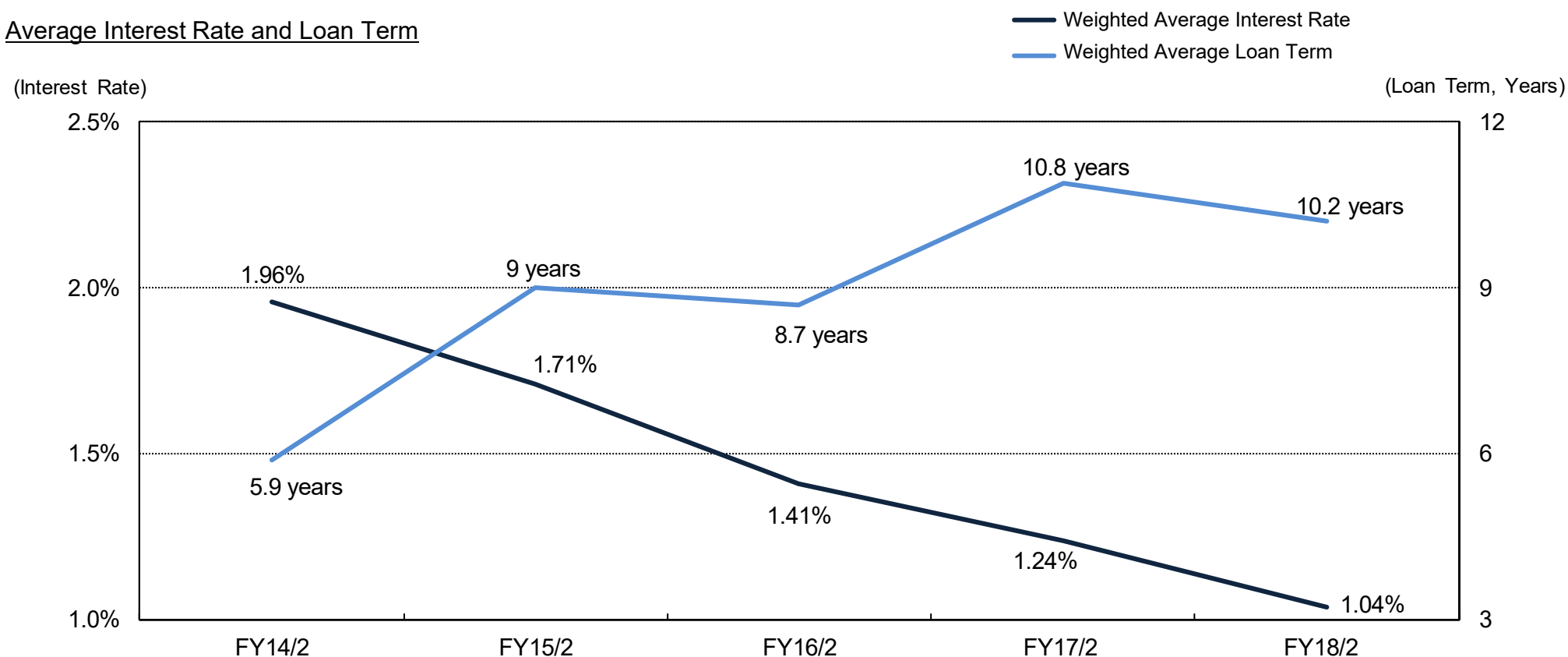
Gains on Sales Consistently Exceed Appraisal Value-Based Unrealized Gains

- Ichigo Value-Add generates durable ongoing value
- Ichigo also has ongoing rental income earnings stream during Value-Add
- Post-Value-Add, run efficient sales processes to maximize gains on sales

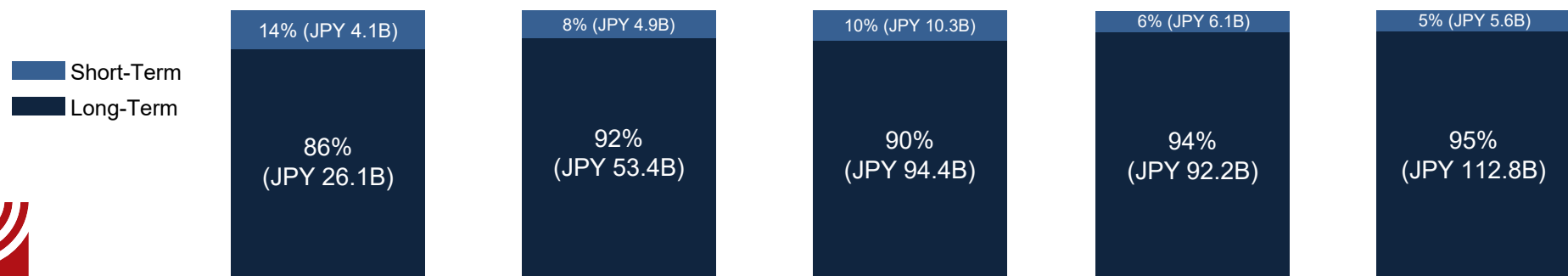


Financing Details

Average Interest Rate and Loan Term



Term Structure of Loans



FY19/2 Full-Year Forecast

FY19/2 Full-Year Forecast

- OP +20%, RP +15%, Net Income & EPS +7% YOY
- RP, Net Income, & EPS Forecast to Exceed MTP Targets
- Dividend +17%, 7th Consecutive Dividend Increase

(JPY million)

| | FY19/2 (Forecast) | FY18/2 (Actual) | vs. FY18/2 |
|-------------------------|----------------------|--------------------|---------------|
| Gross Profit | 31,200 | 25,925 | +20.3% |
| Operating Profit | 25,000 | 20,858 | +19.9% |
| Recurring Profit | 22,000 | 19,185 | +14.7% |
| Net Income | 15,000 | 14,018 | +7% |
| EPS | JPY 30.10 | JPY 28.12 | +7% |
| DPS | JPY 7 | JPY 6 | +16.7% |
| ROE | 15.7% | 16.5% | — |

FY19/2 Full-Year Forecast Details

(JPY million)

| | Segment Profit (Gross Profit) | | | Segment Profit (Operating Profit) | | |
|--|-------------------------------|--------------------|------------|-----------------------------------|--------------------|------------|
| | FY19/2 (Forecast) | FY18/2 (Actual) | vs. FY18/2 | FY19/2 (Forecast) | FY18/2 (Actual) | vs. FY18/2 |
| Asset Management | 2,216 | 2,427 | -8.7% | 1,752 | 2,043 | -14.2% |
| Value-Add | 26,920 | 22,159 | +21.5% | 21,719 | 17,993 | +20.7% |
| Clean Energy | 2,064 | 1,353 | +52.5% | 1,529 | 847 | +80.5% |
| Other | — | -15 | — | — | -50 | — |
| Total | 31,200 | 25,925 | +20.3% | 25,000 | 20,833 | +20% |
| Adjustment (including offsets of cross-segment transactions) | — | — | — | — | 25 | — |
| Total | 31,200 | 25,925 | +20.3% | 25,000 | 20,858 | +19.9% |

Note: Forecast includes no Ichigo Office, Ichigo Hotel, or Ichigo Green public offerings

Building a Foundation for Sustainable Growth

Power Up 2019 Key Initiatives

| | | | |
|----------------|--|---|---|
| Profitability | Core Business Growth | <ul style="list-style-type: none"> List Ichigo's solar assets on the TSE's new Infrastructure Market Support the ongoing growth of Ichigo Office (8975) and Ichigo Hotel (3463) Expand the architecture and structural engineering team to deliver real estate that is high-function, safe, secure, and environmentally friendly Spin out a dedicated leasing team to drive tenant acquisitions and rental income | <ul style="list-style-type: none"> Listing of Ichigo Green (9282) on Dec 1, 2016 Asset sales to Ichigo Office (8975) and Ichigo Hotel (3463) Expanded the architecture and structural engineering team Spun out a dedicated leasing team to drive tenant acquisitions and value-add |
| | New Business Creation | <ul style="list-style-type: none"> Extend Ichigo's REIT-focused asset management business into the much larger physical real estate market Grow Ichigo's hotel business synergistically with Ichigo Hotel REIT Launch one or more <u>REtech</u> businesses, fusing Ichigo's <u>Real Estate</u> and <u>IT</u> capabilities | <ul style="list-style-type: none"> Launched Ichigo Owners: JPY 21.4B acquisitions, JPY 2.3B sales in first year Launched Ichigo's first boutique hotel, THE KNOT YOKOHAMA, on Dec 1, 2017 Allying with Fujitsu Kyushu Systems to develop AI hotel revenue management system |
| Sustainability | Finance as a Strategic Measure | <ul style="list-style-type: none"> Grow both financial stability and earnings De-collateralize loans, lengthen loan maturities, lower debt costs, get credit ratings, and issue bonds to diversify funding profile | <ul style="list-style-type: none"> Average Loan Maturity: 10.2 years Average Interest Rate: 1.04% Long-Term Loan Ratio: 95% |
| | High Capital Efficiency and Organic Growth | <ul style="list-style-type: none"> ROE >15% | <ul style="list-style-type: none"> FY17/2 20.2% FY18/2 16.5% |
| | Best Place to Work | <ul style="list-style-type: none"> Support employee health and wellness Goal: Japan's number one company in providing opportunities for employees | <ul style="list-style-type: none"> 100% return rate for employees who take child leave Annual stock option grants (fully expensed) to all employees to align their interests with Ichigo shareholders |
| | Global Best Practice Governance and Compliance | | <ul style="list-style-type: none"> 6 of 9 Board Members are Independent Directors 3 former CEOs of TSE 1st Section companies serve as Independent Directors |

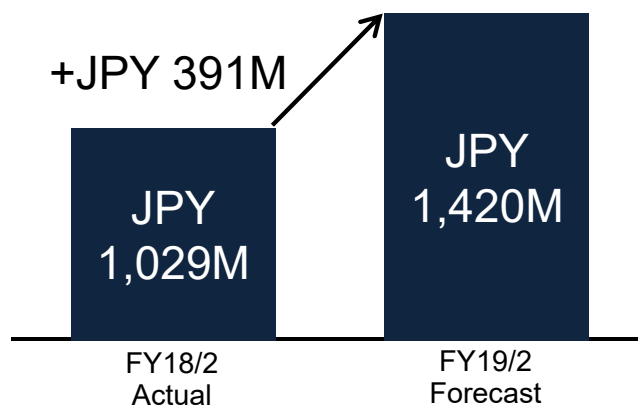
Stock Earnings Growth

Stock Earnings Growth via Value-Add NOI Growth & Launch of Tokyo Region's Largest Solar Power Plant

Tradepia Odaiba

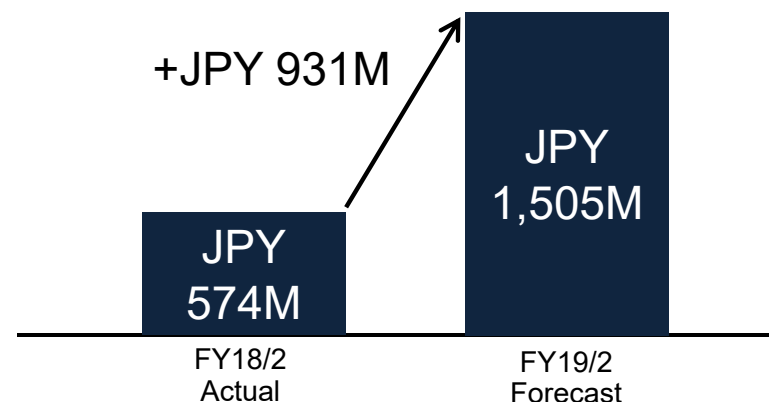
Value-Add Driven NOI Growth

(FY19/2 free rent incentives mean further embedded NOI growth post-FY19/2)



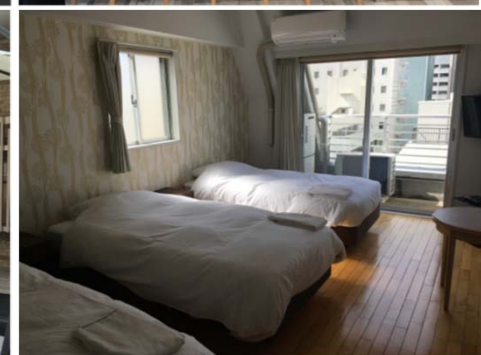
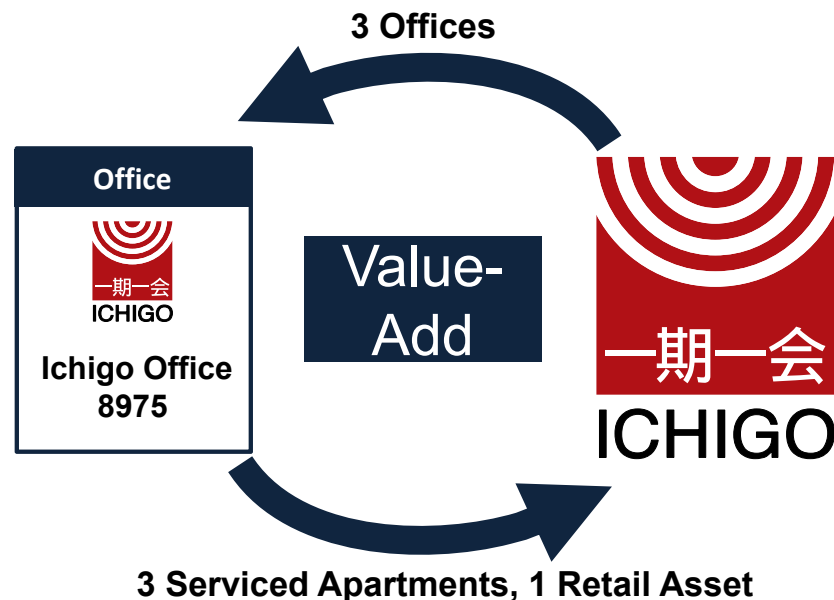
Ichigo Showamura Ogose ECO Power Plant

Ichigo Showamura NOI Growth on Transition to Full-Year Operation



Value-Add Supporting Best Asset Use

- Supporting Ichigo Office Transition to Pure Office REIT
- Prime Location Serviced Apartment to Hotel Conversion (3-minute walk from JR Hamamatsucho Station)
 - ✓ Ichigo's second hotel brand: MusBee
 - ✓ Termination of master lease & shift to Ichigo operation
 - ✓ Advanced features such as smart locks, “at-home” comfort like staying with a friend, targeted at families and groups of guests of three or more



Asset Management Growth

Office



Ichigo Office (8975)

83 Assets, JPY 193.1B

FY18/2 Achievements

- Strategic portfolio restructuring:
Acquired 3 prime office assets & sold 4 less attractive assets
- Launched Ichigo Lounge, a shared-use tenant space
- First bond issuance
- Received highest GRESB Ranking
- 15 consecutive periods of dividend growth – No. 1 vs. All-J-REITs



Sponsor Support

- Sold Ichigo Office 3 offices and bought 4 non-office assets

Hotel



Ichigo Hotel (3463)

21 Hotels, JPY 50.9B

FY18/2 Achievements

- Acquired 2 assets with cash-on-hand and loans
- 2nd J-REIT to execute share buyback
- Driving EPS growth via value-add capex



- Strengthened hotel pipeline
- Developing hotel AI system to increase guest satisfaction and earnings

Green Infrastructure



Ichigo Green (9282)

15 Solar Plants, JPY 11.4B

FY18/2 Achievements

- Acquired 2 solar power plants from Ichigo with cash-on-hand and loans
- Dividend exceeded forecast by 24.2%
- Two-for-one stock split to support liquidity and expand investor base on Jan 1, 2018. Post-split performance: +9.9% (Jan 31, 2018 share price)

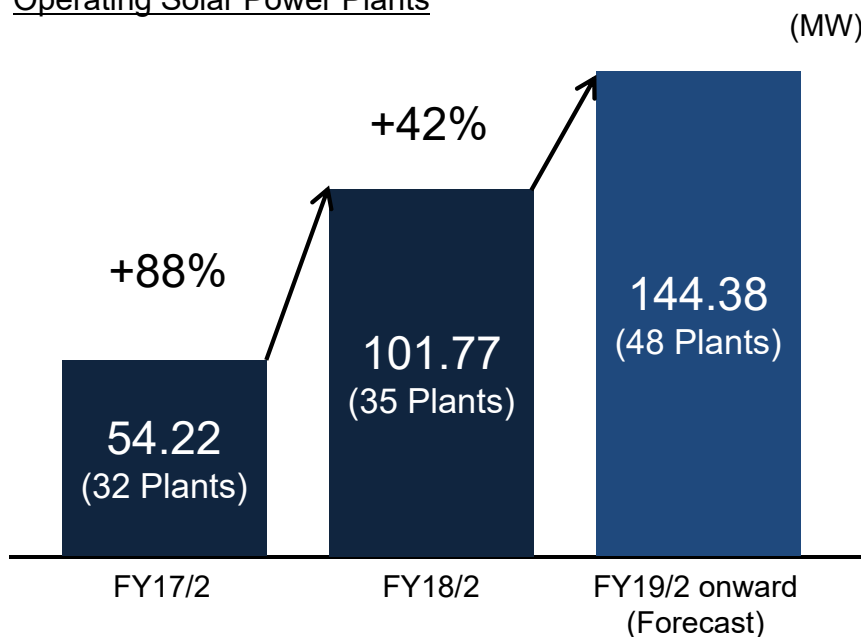


- Sold 2 solar power plants
- Optimized power plant operations

Stable, Long-Term Clean Energy Earnings

- Solar: 35 Plants (101MW) in operation
 - ✓ 48 Plants (144MW) in operation and development, with additional 50MW in pipeline
- Wind: All wind power plants in pipeline (33MW) on track for launch
 - ✓ First wind power plant start date: Dec 2019 (forecast)

Operating Solar Power Plants



Wind Power Plants in Simulation & Design

| No. | Location | Expected Output | Wind Data Survey | FIT | Expected Operation Start Date |
|-----|-----------|-----------------|------------------|--------|-------------------------------|
| 1 | Chiba | 4.0MW | Completed | JPY 22 | November 2022 |
| 2 | Yamagata | 7.5MW | In Progress | JPY 22 | December 2019 |
| 3 | Iwate | 7.5MW | In Progress | TBD | TBD |
| 4 | Mie | 7.5MW | In Progress | JPY 22 | December 2020 |
| 5 | Fukushima | 7.0MW | In Progress | TBD | TBD |

Ichigo Owners Accelerating Asset Acquisitions for Clients

FY18/2 Acquisitions 2X Plan

FY18/2 acquisitions: 45 Assets, JPY 21.4B

Asset sales to end-clients: 4 Assets, JPY 2.3B

FY19/2 Plan

- Both acquisitions and sales > JPY20 B
- Provide high-quality assets appropriate for long-term ownership and AM services
- Continue to build long-term, trusting relationships with Ichigo clients & business partners such as tax accountants with their own clients



Self-Storage Business Growth

Goal: Industry No.1, Backed by a Safe, Secure, & Clean Brand

- Dec 31, 2016: 14 facilities, c. 1,900 rooms →
Feb 28, 2018: 27 facilities, c. 3,600 rooms (including in-development)

Synergies with Ichigo Owners and Ichigo Land

- High levels of investor interest due to high earnings, supported by IoT, unmanned operations, & earnings stability
- Viable for use on existing assets held by clients

Synergies with Phil Company

- Convened discussions on land and buildings after tie-up
- First deal complete, leveraging Ichigo's real estate expertise & Phil Company's strength in planning & design
- On-plan to open self-storage at Phil Park elevated buildings



Storage Plus
Yokohama Kaminagaya
(Opened Nov 30, 2017)



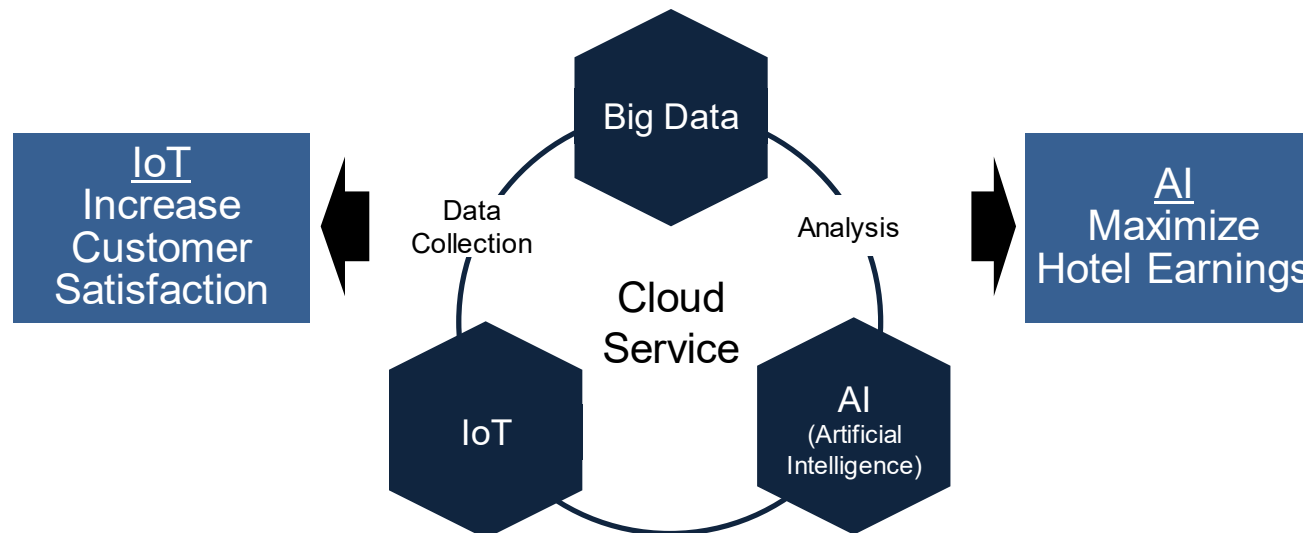
Phil Park Seijo Gakuenmae

AI Alliance with Fujitsu Kyushu Systems

Develop Hotel AI System to Increase Guest Satisfaction & Earnings

- Develop AI-based revenue management system using Ichigo's know how
- Conduct data analysis and optimize algorithms using Big Data gathered by Ichigo's revenue management system & Fujitsu Kyushu Systems' and Ichigo's AI capabilities
- Develop smart locks & automated check-in devices and deploy at Ichigo hotels

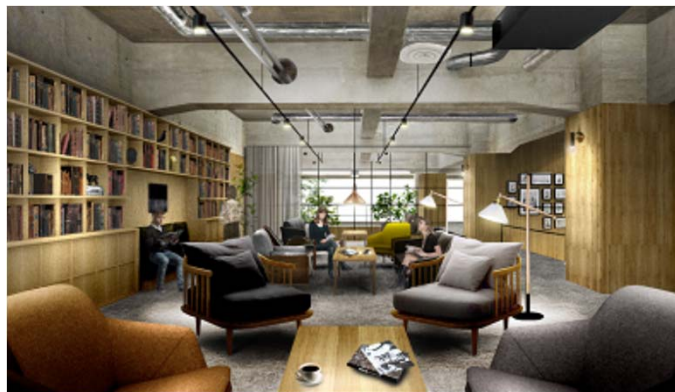
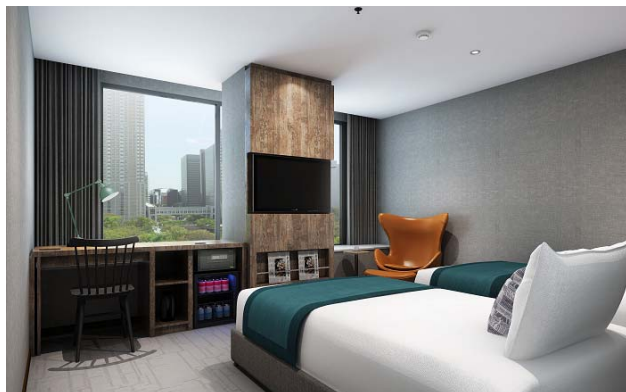
Leverage AI to Maximize Earnings of Ichigo-owned and Managed Hotels & Create a Non-Asset Earnings Stream



Second THE KNOT Hotel in Pipeline

Full Renovation via Ichigo Value-Add of the Historic Shinjuku New City Hotel to Create THE KNOT TOKYO (provisional)

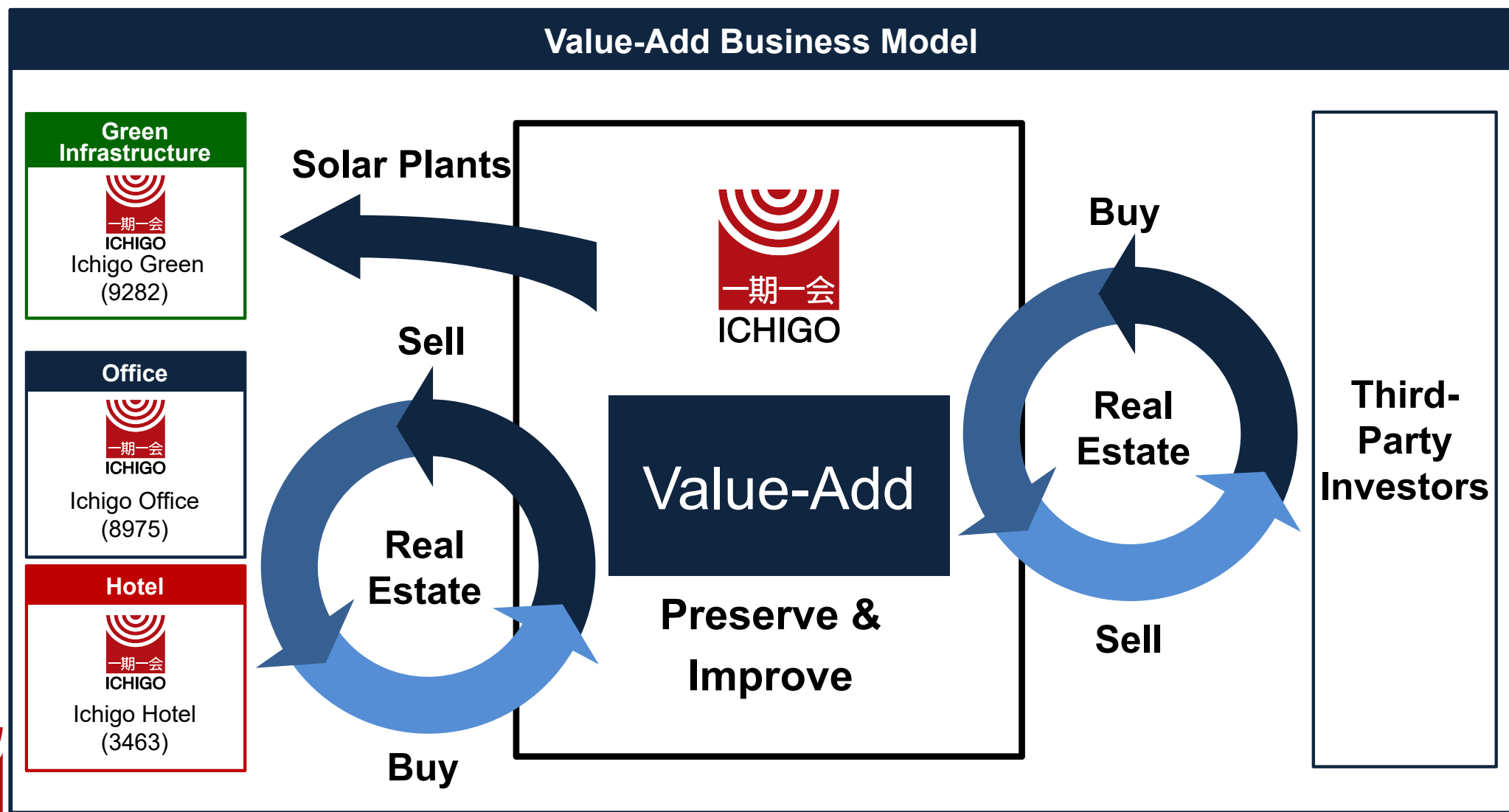
- Designed for close integration with Shinjuku Central Park facing hotel
- Features restaurant, bakery, lounges, conference rooms, along with Shinjuku Central Park events, bike rentals, etc.



Appendix: Financial & Real Estate Data

Powerful Value-Add Business Model

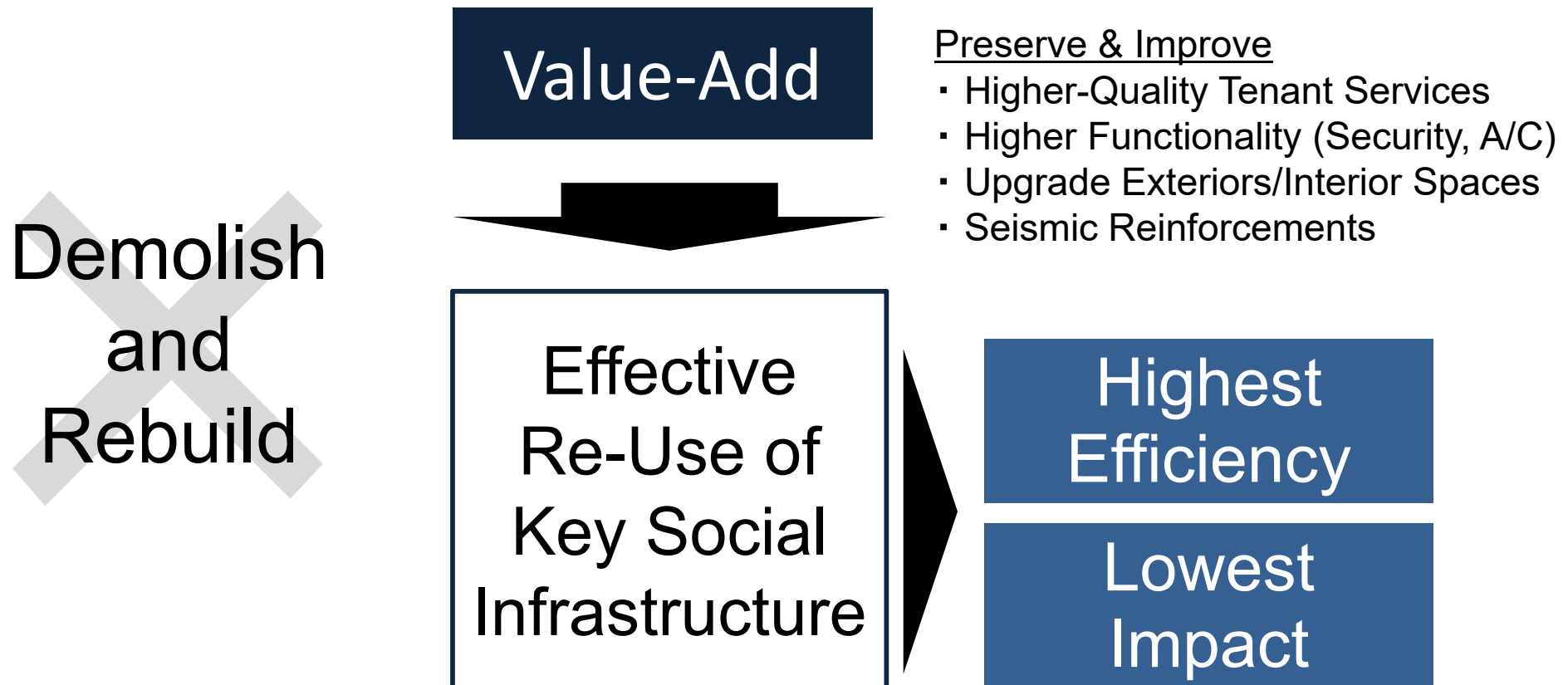
Significant Synergies between Ichigo's Value-Add and Asset Management Businesses



Sustainable Real Estate Serving a Sustainable Society

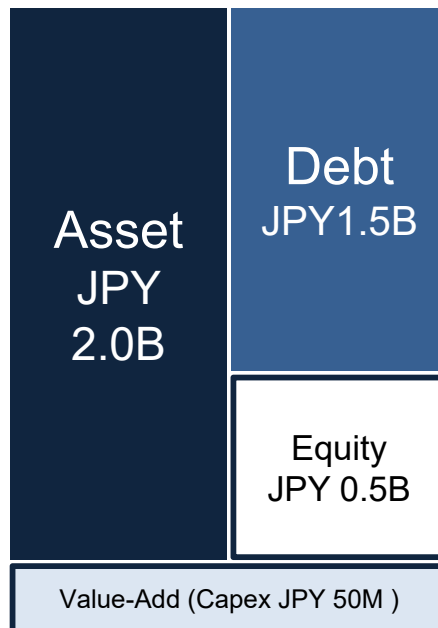
End Demolish and Rebuild and Embrace Value-Add

- Preserve and enhance high-function real estate
- Lengthen useful life and improve quality of existing assets via Value-Add



Value-Add Sample Earnings Model

5.5% NOI yield, JPY 2B purchase, LTV 75%, 1.5% interest rate on borrowings, JPY 50M Capex, 15% increase in NOI, 3-year Value-Add period



NOI at Acquisition

$(\text{JPY } 110\text{M NOI/year}) - (\text{JPY } 22.5\text{M interest/year}) = \text{JPY } 87.5\text{M NOI/year}$
 $\text{NOI} \div \text{Initial Investment} = 17.5\% \text{ NOI return during investment period}$

NOI after Value-Add

$(\text{JPY } 126.5\text{M NOI/year}) - (\text{JPY } 22.5\text{M interest/year}) = \text{JPY } 104\text{M NOI/year}$
 $\text{NOI} \div \text{Total Investment (JPY } 500\text{M} + \text{JPY } 50\text{M}) = 18.9\% \text{ NOI return during investment period}$

Value-Add for Capital Gain

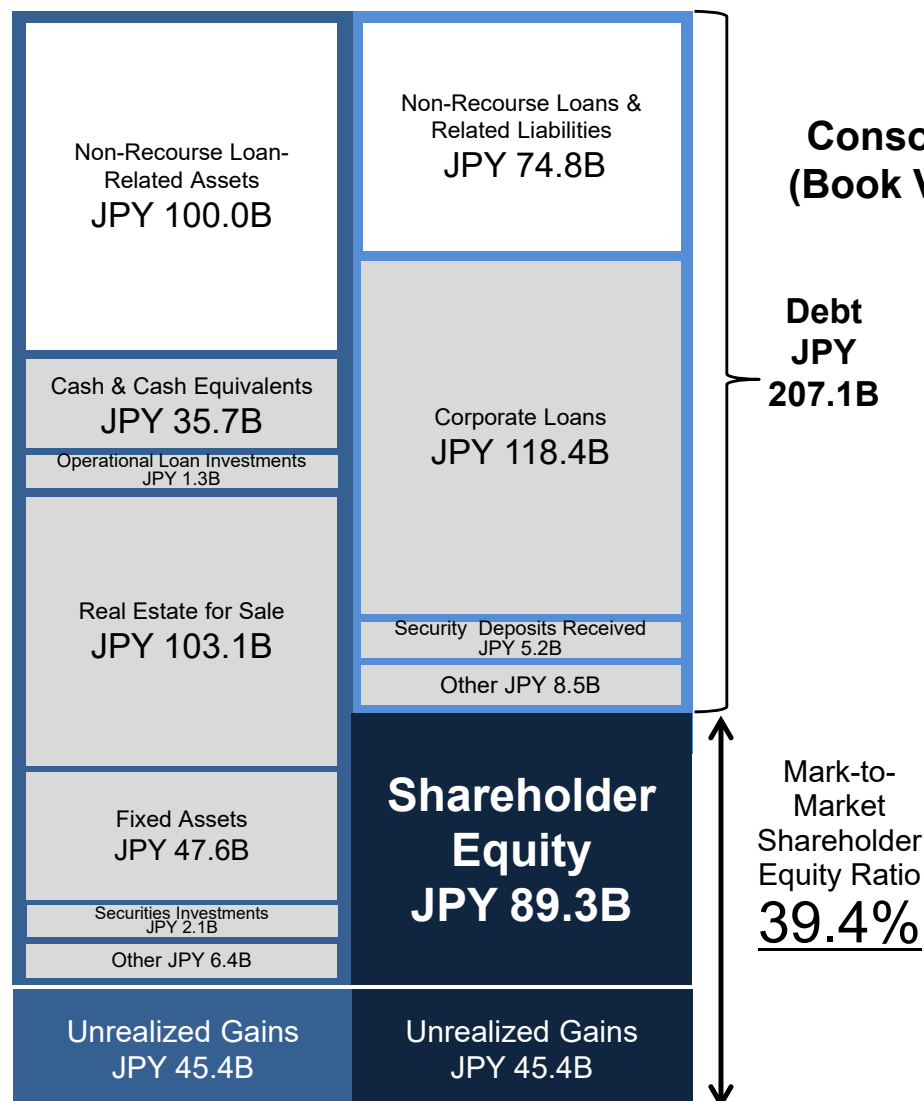
The 15% increase in NOI at an equivalent cap rate increases the exit price by 15%: $\text{JPY } 2\text{B} \times 115\% = \text{JPY } 2.3\text{B}$
 $\text{JPY } 2.3\text{B} - (\text{JPY } 2\text{B} + \text{JPY } 50\text{M}) = \text{JPY } 250\text{M capital gain}$

Result

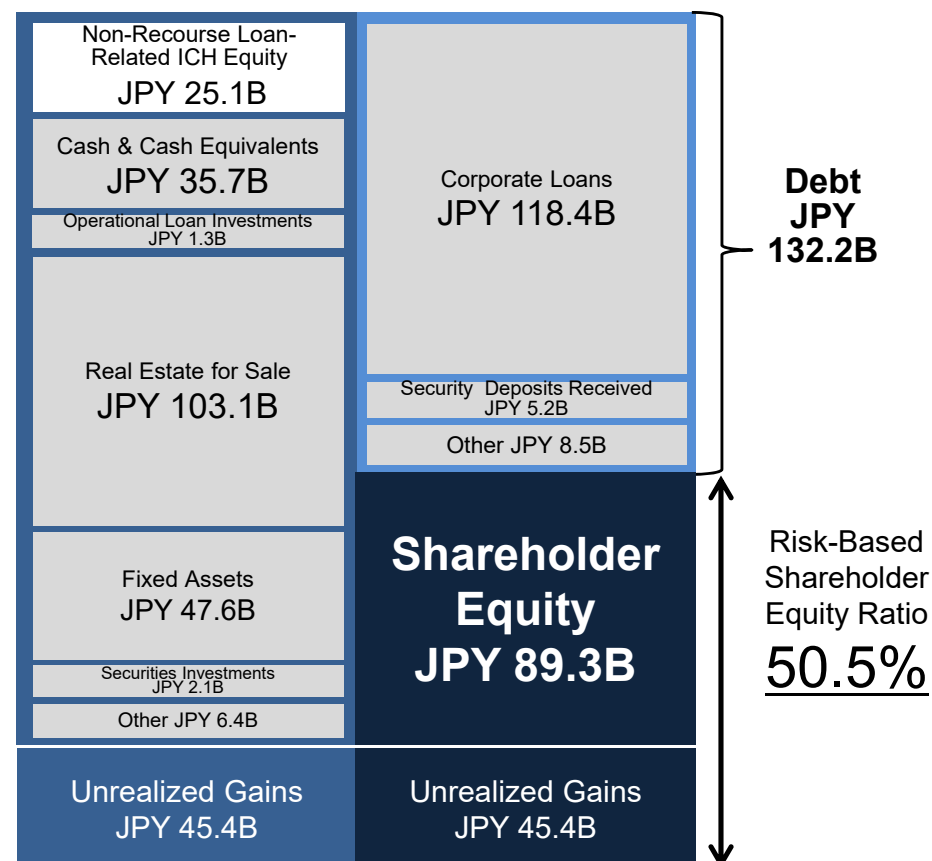
JPY 550M investment generates JPY 512M over 3 years → 31.1% p.a.

Consolidated Risk-Based Balance Sheet

Mark-to-Market Consolidated Balance Sheet: JPY 341.9B
(Book Value JPY 296.5B + Unrealized Gains JPY 45.4B)



Consolidated Risk-Based Balance Sheet: JPY 267.0B
(Book Value JPY 221.6B + Unrealized Gains JPY 45.4B)



Note: Risk-Based Balance Sheet excludes client and non-recourse assets and liabilities.

Significant Unrealized Gains on Balance Sheet

Total Unrealized Gains: JPY 45.4B (Appraisal Value Basis), +24% YOY

Real estate directly held by Ichigo

(JPY million)

| Location | Book Value as of Feb 28, 2018 | Expected NOI | Cap Rate NOI/Book Value after Write-Down | Appraisal Value as of Feb 28, 2018 | Unrealized Gains |
|---------------|-------------------------------|--------------|---|------------------------------------|------------------|
| Tokyo | 109,919 | 6,423 | 6.1% | 134,453 | +24,534 |
| Outside Tokyo | 105,427 | 7,130 | 7% | 126,026 | +20,599 |
| Total | 215,347 | 13,553 | 6.6% | 260,479 | +45,132 |

* Cap rate is the simple average of the cap rates for each asset. Excludes development assets (c. JPY 244 million) which are not currently generating NOI and includes intangible fixed assets subject to appraisal (c. JPY 135 million).

Real estate held by Ichigo within Ichigo-managed funds (SPCs) where there are other non-Ichigo equity holders

(JPY million)

| | Book Value as of Feb 28, 2018 | Appraisal Value as of Feb 28, 2018 | Unrealized Gains |
|--|-------------------------------|------------------------------------|------------------|
| Equity Investments (Non-consolidated) | — | — | — |
| Equity Investments (Consolidated) | 1,116 | 1,423 | +307 |
| Total | 1,116 | 1,423 | +307 |

Business Segments

| | |
|-------------------------|---|
| Asset Management | <u>Asset Management</u> generates fee income via management of Ichigo Office (8975), Ichigo Hotel (3463), and Ichigo Green (9282), and providing real estate services related to real estate acquisition, operations, and disposition. |
| Value-Add | <u>Value-Add</u> preserves and improves real estate. Ichigo receives rental income during the period in which it is carrying 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 | <u>Clean Energy</u> is utility-scale solar power production that produces clean energy and brings productive use to idle land. |
| Other | <u>Other</u> is primarily legacy securities investments that are not related to the above three segments. |

Consolidated Balance Sheet

(JPY million)

| | FY17/2 | FY18/2 | | YOY | Market Value | Unrealized Gains | Unrealized Gains on Listed Securities ² |
|--|---------|---------|-----------------------------|---------|--------------|------------------|--|
| | | B/S | Outside Investors' Interest | | | | |
| Cash and Cash Equivalents | 47,678 | 45,510 | 843 | -2,168 | 45,510 | - | - |
| Operational Loan Investments (Value-Add) | 1,324 | 1,324 | - | - | 1,890 | +565 | - |
| Operational Securities Investments | 1,433 | 2 | - | -1,431 | 2 | - | - |
| Value-Add | 84 | - | - | - | - | - | - |
| Clean Energy | 512 | - | - | -512 | - | - | - |
| Other | 837 | 2 | - | -835 | 2 | - | - |
| Real Estate for Sale (Value-Add) | 167,805 | 180,789 | 2,532 | +12,984 | 214,769 | +33,231 | - |
| Power Plants for Sale (Clean Energy) | - | - | - | - | - | - | - |
| Fixed Assets | 45,654 | 58,558 | - | +12,904 | 70,111 | +11,552 | - |
| Asset Management | 30 | - | - | -30 | - | - | - |
| Value-Add | 25,920 | 37,047 | - | +11,126 | 48,600 | +11,552 | - |
| Clean Energy | 19,620 | 21,440 | - | +1,819 | 21,440 | - | - |
| Other ¹ | 82 | 70 | - | -12 | 70 | - | - |
| Intangible Assets | 1,956 | 1,968 | - | +12 | 1,968 | - | - |
| Securities Investments | 1,426 | 2,184 | - | +758 | 2,184 | - | +782 |
| Other | 6,178 | 6,174 | 4 | -4 | 6,174 | - | - |
| Total Assets | 273,459 | 296,512 | 3,380 | +23,053 | 342,700 | +45,439 | +782 |

¹ Other refers to company assets that are not allocated to the three business segments

² Unrealized Gains on Listed Securities shows gains versus acquisition cost

Consolidated Balance Sheet: Segment Breakdown

(JPY million)

| Segment | Cash and Cash Equivalents | Operational Loan Investments | Operational Securities Investments | Real Estate for Sale | Power Plants for Sale | Fixed Assets | Intangible Assets | Securities Investments | Other Assets | Total Assets |
|---------------------|---------------------------|------------------------------|------------------------------------|----------------------|-----------------------|---------------|-------------------|------------------------|--------------|----------------|
| Asset Management | – | – | – | – | – | – | 912 | – | 752 | 1,664 |
| Value-Add | 17,695 | 1,324 | – | 180,789 | – | 37,047 | 595 | – | 2,482 | 239,935 |
| Clean Energy | 2,296 | – | – | – | – | 21,440 | 234 | – | 1,882 | 25,854 |
| Other | 1 | – | 2 | – | – | – | – | 2,184 | -75 | 2,112 |
| Company-Wide Assets | 25,516 | – | – | – | – | 70 | 226 | – | 1,131 | 26,945 |
| Total | 45,510 | 1,324 | 2 | 180,789 | – | 58,558 | 1,968 | 2,184 | 6,174 | 296,512 |

Consolidated P&L: Gross Profit Segment Breakdown

(JPY million)

| Segment | FY18/2 (12M) | | | | | | FY18/2 Full-Year Forecast (12M) | | |
|--|---------------|------------------------|---------------|------------------------|------------------|------------------------|---------------------------------|---------------|------------------|
| | Revenue | vs. Full-Year Forecast | Gross Profit | vs. Full-Year Forecast | Operating Profit | vs. Full-Year Forecast | Revenue | Gross Profit | Operating Profit |
| Asset Management | 2,433 | 97.9% | 2,427 | 98.8% | 2,043 | 123.4% | 2,485 | 2,457 | 1,656 |
| Asset Management Fees | 2,068 | 89.3% | 2,062 | 89.9% | — | — | 2,315 | 2,293 | — |
| Other | 365 | 214.7% | 365 | 222.6% | — | — | 170 | 164 | — |
| Value-Add | 51,864 | 74.4% | 22,159 | 99.2% | 17,993 | 98.3% | 69,719 | 22,336 | 18,304 |
| Rental Income | 16,134 | 98.5% | 10,111 | 95.2% | — | — | 16,379 | 10,625 | — |
| Value-Add Asset Sales | 35,731 | 67% | 12,047 | 102.9% | — | — | 53,340 | 11,711 | — |
| Clean Energy | 3,426 | 106.5% | 1,353 | 120.6% | 847 | 136.6% | 3,216 | 1,122 | 620 |
| Other | 122 | 156.4% | -15 | — | -50 | — | 78 | 78 | -52 |
| Total | 57,846 | 76.6% | 25,925 | 99.7% | 20,833 | 101.5% | 75,500 | 25,994 | 20,529 |
| Adjustment (including offsets of inter-segment transactions) | — | — | — | — | 25 | — | — | — | 70 |
| Total | 57,846 | 76.6% | 25,925 | 99.7% | 20,858 | 101.3% | 75,500 | 25,994 | 20,600 |




Asset Management AUM Detail

| | | FY13/2 (12M) | FY14/2 (12M) | FY15/2 (12M) | FY16/2 (12M) | FY17/2 (12M) | FY18/2 (12M) |
|--|------------------------------|-----------------|-----------------|-----------------|--------------------|----------------------|-----------------|
| Ichigo Office (8975) | AUM (Fiscal Year End) | JPY 104.3B | JPY 120.5B | JPY 123.8B | JPY 165.1B | JPY 194.5B | JPY 196.9B |
| | AM Fee % (Average) | 0.63% | 0.65% | 0.65% | 0.64% | 0.69% | 0.7% |
| | AM Fee Gross Profit (Actual) | JPY 663M | JPY 733M | JPY 759M | JPY 1,016M | JPY 1,291M | JPY 1,373M |
| Ichigo Hotel (3463) | AUM (Fiscal Year End) | – | – | – | JPY 20.4B | JPY 47.6B | JPY 50.9B |
| | AM Fee % (Average) | – | – | – | 0.59% ¹ | 0.9% | 0.9% |
| | AM Fee Gross Profit (Actual) | – | – | – | JPY 30M | JPY 287M | JPY 450M |
| Ichigo Green (9282) | AUM (Fiscal Year End) | – | – | – | – | JPY 10.0B | JPY 11.4B |
| | AM Fee % (Average) | – | – | – | – | 0.21% ^{1,2} | 0.32% |
| | AM Fee Gross Profit (Actual) | – | – | – | – | JPY 5M | JPY 34M |
| Private Equity Real Estate Funds (excluding consolidated funds) | AUM (Fiscal Year End) | JPY 169.7B | JPY 63.3B | JPY 21.5B | JPY 15.4B | JPY 6.4B | JPY 12.3B |
| | AM Fee % (Average) | 0.15% | 0.26% | 0.37% | 0.32% | 0.25% | 0.19% |
| | AM Fee Gross Profit (Actual) | JPY 285M | JPY 257M | JPY 114M | JPY 60M | JPY 27M | JPY 12M |
| Total (excluding consolidated funds) | AUM (Fiscal Year End) | JPY 274.1B | JPY 183.8B | JPY 145.3B | JPY 200.9B | JPY 258.6B | JPY 271.7B |
| | AM Fee % (Average) | 0.33% | 0.47% | 0.59% | 0.61% | 0.68% | 0.71% |
| | AM Fee Gross Profit (Actual) | JPY 948M | JPY 989M | JPY 872M | JPY 1,106M | JPY 1,611M | JPY 1,872M |

¹ Annualized

² In addition to the above AM fee, operator fees received from Ichigo Green (0.4% p.a. of AUM) are recorded separately in the Clean Energy segment.

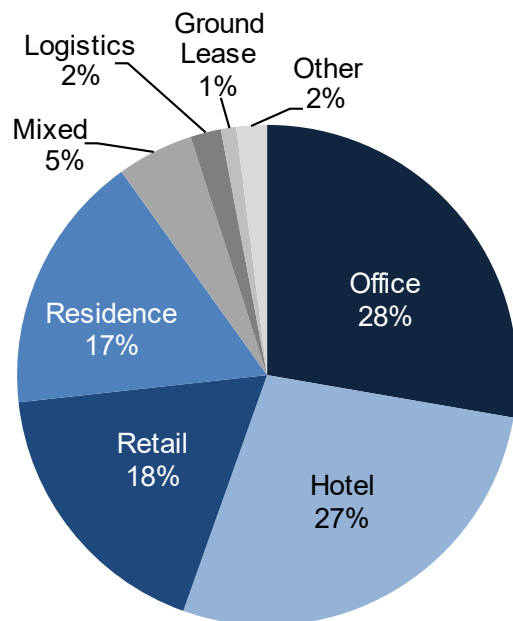
Asset Management – Ichigo REITs and YieldCo

| REIT/YieldCo | Listing Date | Characteristics | Forecast Dividend Yield (Based on Closing Share Price on March 30, 2018) | Portfolio |
|-------------------------|-------------------|---|--|--|
| Ichigo Office (8975) | October 12, 2005 | <ul style="list-style-type: none"> Specialized Office REIT focused on mid-size offices with return stability and upside potential 15 Consecutive periods of dividend growth, No.1 among all J-REITs | 4.8% | <p>83 assets JPY 193.1B</p>  |
| Ichigo Hotel (3463) | November 30, 2015 | <ul style="list-style-type: none"> Specialized Hotel REIT focused on driving shareholder value via income stability and earnings growth Portfolio growth via Ichigo's sponsor support | 5.1% | <p>21 hotels JPY 50.9B</p>  |
| Ichigo Green (9282) | December 1, 2016 | <ul style="list-style-type: none"> Offers investors an opportunity to invest in Japan's rapidly expanding green infrastructure asset class Solar YieldCo focused on driving shareholder value via income stability and earnings growth The second TSE-listed YieldCo | 5.3% | <p>15 power plants JPY 11.4B (29.43MW)</p>  |

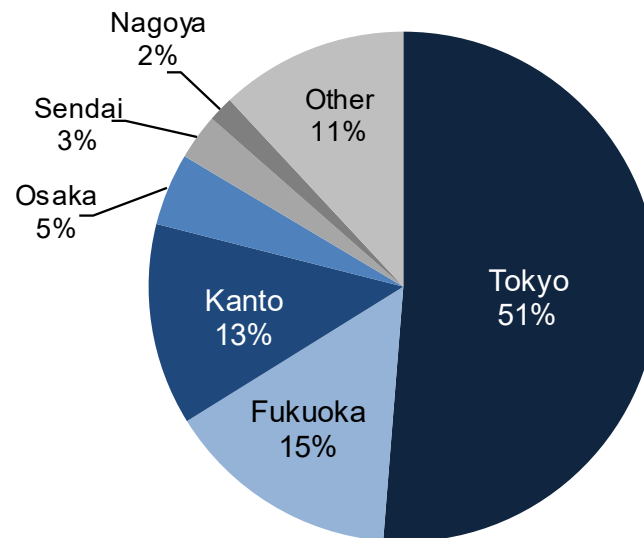
* Forecast dividend yield is based on the most recent dividend forecast. Ichigo Green includes Dividend in Excess of Earnings (DEE) generated from operating cashflow.

Ichigo-Owned Real Estate Portfolio

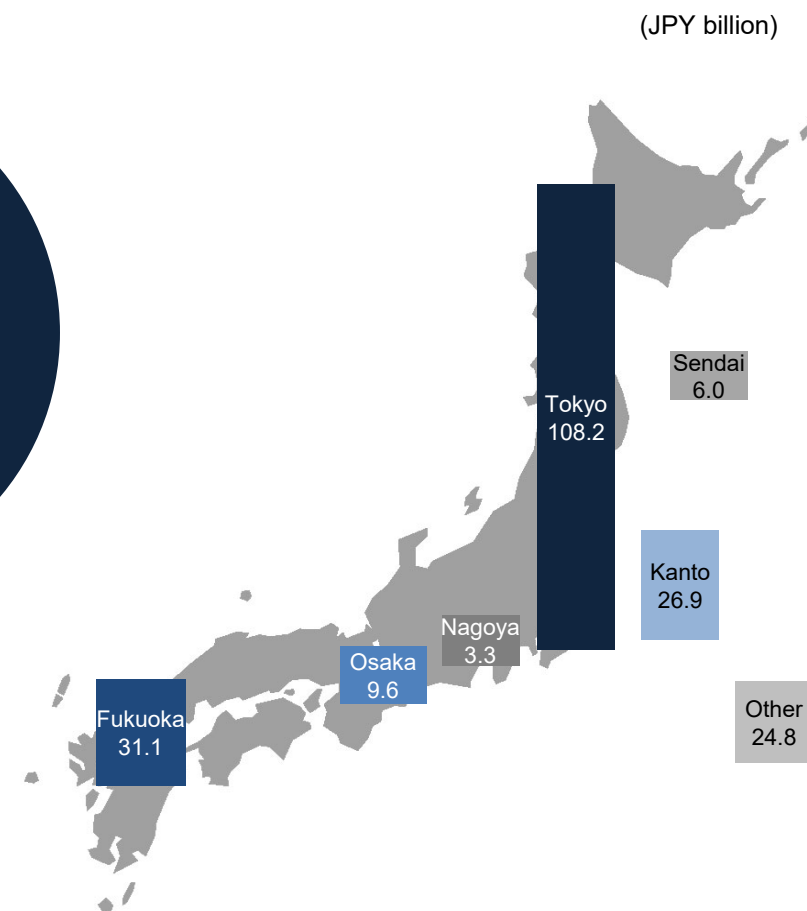
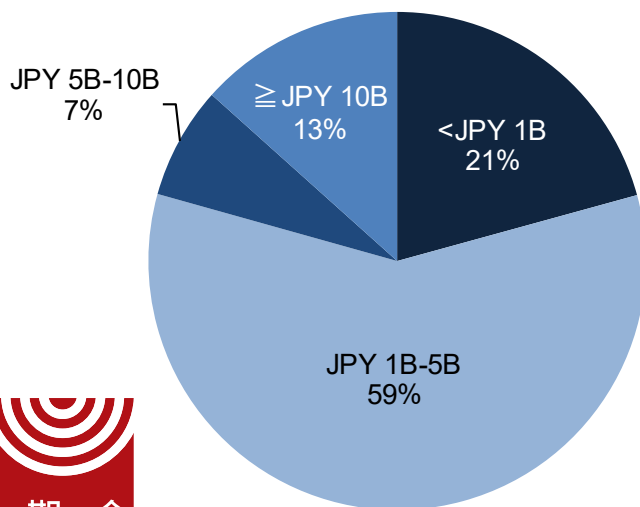
By Asset Type



By Location



By Asset Size



Total Ichigo-Owned Assets: JPY 210.2B
Including Ichigo-Managed AUM: JPY 486.6B

* Acquisition price basis.
 Ichigo-Managed AUM includes JPY 11.4B Ichigo Green assets.
 Total Ichigo-Owned Assets Book Value: JPY 214.0B

Value-Add Asset Breakdown (1)

165 Assets, JPY 210.2B, Forecast NOI JPY 13.3B (6.2% Yield)

| No. | Asset Type | Classification | Location | Building Age | Acquisition Price | Acquisition Date | Expected NOI/Year | Ichigo Equity Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|-----------------------|----------------------|---------------------|--------------|-------------------|------------------|-------------------|--------------------------|---------------------------------------|---------------------------|
| 1 | Wholesale Market | Fixed Asset | Matsudo, Chiba | 45 years | JPY 2B-3B | 2005/06 | JPY 74M | JPY 1,900M | — | — |
| 2 | Retail | Real Estate for Sale | Minato-ku, Tokyo | 48 years | JPY 2B-3B | 2005/10 | JPY 148M | JPY 1,033M | — | — |
| 3 | Retail | Fixed Asset | Minato-ku, Tokyo | 32 years | ≥JPY 3B | 2006/03 | JPY 192M | JPY 1,356M | — | — |
| 4 | Retail | Fixed Asset | Yokohama | 13 years | JPY 1B-2B | 2006/09 | JPY 75M | JPY 1,157M | — | — |
| 5 | Office | Real Estate for Sale | Sendai | 9 years | ≥JPY 3B | 2006/10 | JPY 287M | JPY 1,042M | — | — |
| 6 | Office | Fixed Asset | Fukuoka | 9 years | ≥JPY 3B | 2006/12 | JPY 406M | JPY 1,339M | — | — |
| 9 | Residence | Real Estate for Sale | Ota-ku, Tokyo | 13 years | <JPY 1B | 2007/04 | JPY 57M | JPY 403M | — | — |
| 10 | Retail | Fixed Asset | Chiyoda-ku, Tokyo | 38 years | <JPY 1B | 2007/06 | JPY 84M | JPY 240M | — | — |
| 11 | Retail | Fixed Asset | Chiyoda-ku, Tokyo | 36 years | <JPY 1B | 2007/06 | JPY 126M | JPY 233M | — | — |
| 14 | Ground Lease | Real Estate for Sale | Atsugi, Kanagawa | — | JPY 1B-2B | 2011/06 | JPY 175M | JPY 147M | — | — |
| 15 | Mixed (Office/Retail) | Fixed Asset | Hiratsuka, Kanagawa | 22 years | <JPY 1B | 2012/02 | JPY 84M | JPY 172M | — | — |
| 16 | Retail | Real Estate for Sale | Yokohama | 4 years | <JPY 1B | 2012/10 | JPY 33M | JPY 171M | — | — |
| 17 | Retail | Fixed Asset | Toshima-ku, Tokyo | 6 years | ≥JPY 3B | 2013/03 | JPY 236M | JPY 340M | — | — |
| 18 | Retail | Fixed Asset | Shibuya-ku, Tokyo | 31 years | <JPY 1B | 2013/05 | JPY 47M | JPY 154M | — | — |
| 19 | Mixed (Office/Retail) | Fixed Asset | Chofu, Tokyo | 32 years | JPY 1B-2B | 2013/06 | JPY 125M | JPY 310M | — | — |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the forecast sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed Assets.

Value-Add Asset Breakdown (2)

| No. | Asset Type | Classification | Location | Building Age | Acquisition Price | Acquisition Date | Expected NOI/Year | Ichigo Equity Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|-----------------------|----------------------|---------------------|--------------|-------------------|------------------|-------------------|--------------------------|---------------------------------------|---------------------------|
| 21 | Residence | Fixed Asset | Minato-ku, Tokyo | 2 years | <JPY 1B | 2013/06 | JPY 49M | JPY 203M | – | – |
| 24 | Office | Real Estate for Sale | Chiyoda-ku, Tokyo | 27 years | JPY 1B-2B | 2013/08 | JPY 89M | JPY 520M | – | – |
| 26 | Retail | Real Estate for Sale | Kobe | 17 years | JPY 1B-2B | 2013/09 | JPY 149M | JPY 616M | – | – |
| 27 | Retail | Fixed Asset | Tokorozawa, Saitama | 10 years | JPY 1B-2B | 2013/11 | JPY 62M | JPY 92M | – | – |
| 29 | Ground Lease | Real Estate for Sale | Fujisawa, Kanagawa | – | JPY 1B-2B | 2014/03 | JPY 115M | JPY 273M | 7.52X | 44.5% |
| 30 | Mixed (Office/Retail) | Real Estate for Sale | Shibuya-ku, Tokyo | 34 years | <JPY 1B | 2014/03 | JPY 39M | JPY 108M | 6.95X | 26.0% |
| 31 | Office | Real Estate for Sale | Shibuya-ku, Tokyo | 7 years | JPY 1B-2B | 2014/04 | JPY 60M | JPY 1,090M | 1.25X | 12.0% |
| 32 | Retail | Fixed Asset | Fukuoka | 11 years | JPY 1B-2B | 2014/04 | JPY 60M | JPY 279M | – | – |
| 34 | Office | Real Estate for Sale | Shinagawa-ku, Tokyo | 24 years | JPY 1B-2B | 2014/05 | JPY 137M | JPY 515M | 2.27X | 23.4% |
| 35 | Mixed (Office/Retail) | Real Estate for Sale | Minato-ku, Tokyo | 9 years | JPY 2B-3B | 2014/05 | JPY 164M | JPY 434M | 3.08X | 15.2% |
| 37 | Retail | Real Estate for Sale | Minato-ku, Tokyo | 46 years | <JPY 1B | 2014/07 | JPY 41M | JPY 77M | 10.47X | 23.9% |
| 38 | Mixed (Office/Retail) | Real Estate for Sale | Shinjuku-ku, Tokyo | 42 years | ≥JPY 3B | 2014/07 | JPY 168M | JPY 645M | 3.32X | 21.1% |
| 39 | Retail | Fixed Asset | Fukuoka | 13 years | <JPY 1B | 2014/07 | JPY 48M | JPY 213M | – | – |
| 40 | Retail | Real Estate for Sale | Fukuoka | 32 years | <JPY 1B | 2014/09 | JPY 51M | JPY 252M | – | – |
| 41 | Hotel | Real Estate for Sale | Utsunomiya, Tochigi | 30 years | JPY 1B-2B | 2014/09 | JPY 181M | JPY 400M | 1.97X | 28.3% |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the forecast sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed Assets.

Value-Add Asset Breakdown (3)

| No. | Asset Type | Classification | Location | Building Age | Acquisition Price | Acquisition Date | Expected NOI/Year | Ichigo Equity Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|------------|----------------------|--------------------|--------------|-------------------|------------------|-------------------|--------------------------|---------------------------------------|---------------------------|
| 42 | Retail | Real Estate for Sale | Fukuoka | 17 years | <JPY 1B | 2014/09 | JPY 54M | JPY 177M | 5.54X | 26.2% |
| 43 | Retail | Real Estate for Sale | Osaka | 15 years | JPY 1B-2B | 2014/09 | JPY 104M | JPY 301M | 4.64X | 24.3% |
| 44 | Retail | Real Estate for Sale | Machida, Tokyo | 31 years | <JPY 1B | 2014/10 | JPY 55M | JPY 82M | 11.34X | 43.9% |
| 45 | Retail | Real Estate for Sale | Fukuoka | 15 years | JPY 1B-2B | 2014/11 | JPY 74M | JPY 135M | 10.70X | 33.8% |
| 46 | Residence | Real Estate for Sale | Chiyoda-ku, Tokyo | 14 years | JPY 2B-3B | 2014/12 | JPY 119M | JPY 332M | 2.18X | 29.2% |
| 47 | Residence | Real Estate for Sale | Koto-ku, Tokyo | 11 years | JPY 1B-2B | 2014/12 | JPY 94M | JPY 270M | 1.56X | 14.6% |
| 48 | Residence | Real Estate for Sale | Minato-ku, Tokyo | 14 years | JPY 1B-2B | 2014/12 | JPY 81M | JPY 238M | 1.67X | 16.6% |
| 49 | Residence | Real Estate for Sale | Minato-ku, Tokyo | 13 years | JPY 1B-2B | 2014/12 | JPY 64M | JPY 185M | 1.63X | 15.7% |
| 50 | Residence | Real Estate for Sale | Sumida-ku, Tokyo | 12 years | JPY 1B-2B | 2014/12 | JPY 63M | JPY 163M | 1.55X | 15.2% |
| 51 | Residence | Real Estate for Sale | Ota-ku, Tokyo | 16 years | <JPY 1B | 2014/12 | JPY 57M | JPY 150M | 2.21X | 35.7% |
| 52 | Residence | Real Estate for Sale | Osaka | 10 years | <JPY 1B | 2014/12 | JPY 58M | JPY 148M | 1.86X | 24.8% |
| 53 | Residence | Real Estate for Sale | Chuo-ku, Tokyo | 14 years | <JPY 1B | 2014/12 | JPY 40M | JPY 99M | 2.96X | 44.4% |
| 55 | Residence | Real Estate for Sale | Shinjuku-ku, Tokyo | 13 years | <JPY 1B | 2014/12 | JPY 28M | JPY 82M | 2.05X | 25.8% |
| 56 | Residence | Real Estate for Sale | Shibuya-ku, Tokyo | 12 years | JPY 1B-2B | 2014/12 | JPY 89M | JPY 270M | 2.00X | 23.2% |
| 57 | Residence | Real Estate for Sale | Minato-ku, Tokyo | 14 years | JPY 1B-2B | 2014/12 | JPY 57M | JPY 186M | 1.90X | 21.0% |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the forecast sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed Assets.

Value-Add Asset Breakdown (4)

| No. | Asset Type | Classification | Location | Building Age | Acquisition Price | Acquisition Date | Expected NOI/Year | Ichigo Equity Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|-----------------------|----------------------|---------------------|--------------|-------------------|------------------|-------------------|--------------------------|---------------------------------------|---------------------------|
| 58 | Residence | Real Estate for Sale | Shibuya-ku, Tokyo | 13 years | <JPY 1B | 2014/12 | JPY 49M | JPY 157M | 1.89X | 21.5% |
| 59 | Residence | Real Estate for Sale | Setagaya-ku, Tokyo | 13 years | <JPY 1B | 2014/12 | JPY 42M | JPY 117M | 2.11X | 27.2% |
| 60 | Residence | Real Estate for Sale | Shinjuku-ku, Tokyo | 11 years | <JPY 1B | 2014/12 | JPY 20M | JPY 55M | 1.80X | 21.1% |
| 61 | Mixed (Office/Retail) | Operational Loan | Shinjuku-ku, Tokyo | 54 years | JPY 1B-2B | 2014/12 | JPY 118M | JPY 57M | 15.26X | 51.7% |
| 62 | Retail | Real Estate for Sale | Fukuoka | 14 years | <JPY 1B | 2014/12 | JPY 43M | JPY 212M | — | — |
| 63 | Retail | Fixed Asset | Meguro-ku, Tokyo | 11 years | JPY 1B-2B | 2014/12 | JPY 84M | JPY 129M | 3.98X | 23.8% |
| 64 | Retail | Real Estate for Sale | Shinagawa-ku, Tokyo | 63 years | <JPY 1B | 2015/01 | JPY 40M | — | — | — |
| 66 | Retail | Real Estate for Sale | Sendai | 14 years | <JPY 1B | 2015/02 | JPY 48M | JPY 8M | 42.58X | 198.9% |
| 68 | Retail | Fixed Asset | Shibuya-ku, Tokyo | 16 years | <JPY 1B | 2015/04 | JPY 47M | JPY 79M | 5.65X | 27.9% |
| 69 | Hotel | Real Estate for Sale | Osaka | 15 years | JPY 2B-3B | 2015/05 | JPY 194M | JPY 633M | 1.56X | 58.3% |
| 70 | Hotel | Real Estate for Sale | Aomori | 10 years | <JPY 1B | 2015/06 | JPY 50M | JPY 113M | 2.10X | 20.2% |
| 71 | Retail | Real Estate for Sale | Fujisawa, Kanagawa | 2 years | JPY 1B-2B | 2015/07 | JPY 97M | JPY 126M | 6.80X | 37.3% |
| 89 | Office | Real Estate for Sale | Musashino, Tokyo | 29 years | ≥JPY 3B | 2015/07 | JPY 130M | JPY 670M | 1.72X | 13.3% |
| 92 | Office | Real Estate for Sale | Fukuoka | 10 years | JPY 1B-2B | 2015/07 | JPY 92M | JPY 353M | 1.82X | 17.7% |
| 93 | Office | Real Estate for Sale | Fukuoka | 15 years | JPY 1B-2B | 2015/07 | JPY 91M | JPY 358M | 1.92X | 18.8% |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the forecast sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed Assets.

Value-Add Asset Breakdown (5)

| No. | Asset Type | Classification | Location | Building Age | Acquisition Price | Acquisition Date | Expected NOI/Year | Ichigo Equity Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|------------|----------------------|--------------------|--------------|-------------------|------------------|-------------------|--------------------------|---------------------------------------|---------------------------|
| 98 | Hotel | Real Estate for Sale | Naha, Okinawa | 29 years | JPY 2B-3B | 2015/11 | JPY 223M | JPY 640M | 1.91X | 25.9% |
| 105 | Hotel | Real Estate for Sale | Kumamoto | 33 years | JPY 1B-2B | 2015/12 | JPY 154M | JPY 453M | 1.61X | 61.2% |
| 109 | Hotel | Real Estate for Sale | Nagoya | 9 years | JPY 2B-3B | 2016/03 | JPY 141M | JPY 525M | 1.84X | 37.7% |
| 110 | Hotel | Real Estate for Sale | Fukuoka | 32 years | ≥ JPY 3B | 2016/03 | JPY 288M | JPY 905M | 2.05X | 104.5% |
| 111 | Hotel | Real Estate for Sale | Yokohama | 34 years | JPY 2B-3B | 2016/03 | JPY 166M | JPY 228M | 5.32X | 23.3% |
| 112 | Hotel | Real Estate for Sale | Yokohama | 30 years | ≥ JPY 3B | 2016/03 | JPY 261M | JPY 354M | 10.64X | 36.2% |
| 113 | Hotel | Real Estate for Sale | Yokohama | 30 years | ≥ JPY 3B | 2016/03 | JPY 231M | JPY 344M | 5.84X | 25.5% |
| 114 | Hotel | Real Estate for Sale | Fukuoka | 28 years | ≥ JPY 3B | 2016/04 | JPY 210M | JPY 550M | 1.73X | 72.6% |
| 115 | Hotel | Real Estate for Sale | Osaka | 10 years | JPY 2B-3B | 2016/04 | JPY 117M | JPY 274M | 2.96X | 30.7% |
| 116 | Retail | Fixed Asset | Sendai | 29 years | < JPY 1B | 2016/04 | JPY 47M | JPY 86M | 7.50X | 28.4% |
| 118 | Retail | Real Estate for Sale | Nagoya | 20 years | JPY 1B-2B | 2016/06 | JPY 87M | JPY 102M | 7.71X | 32.6% |
| 119 | Retail | Real Estate for Sale | Shibuya-ku, Tokyo | 30 years | < JPY 1B | 2016/06 | JPY 33M | JPY 136M | 3.91X | 17.4% |
| 120 | Hotel | Real Estate for Sale | Shinjuku-ku, Tokyo | 38 years | ≥ JPY 3B | 2016/09 | JPY 548M | JPY 349M | 2.70X | 39.9% |
| 121 | Office | Real Estate for Sale | Minato-ku, Tokyo | 17 years | ≥ JPY 3B | 2016/10 | JPY 1,526M | JPY 3,450M | 2.87X | 43.5% |
| 122 | Hotel | Real Estate for Sale | Shima, Mie | 20 years | < JPY 1B | 2017/01 | JPY 48M | JPY 73M | 5.49X | 43.1% |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the forecast sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed Assets.

Value-Add Asset Breakdown (6)

| No. | Asset Type | Classification | Location | Building Age | Acquisition Price | Acquisition Date | Expected NOI/Year | Ichigo Equity Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----|------------|----------------------|---------------------|--------------|-------------------|------------------|-------------------|--------------------------|---------------------------------------|---------------------------|
| 123 | Hotel | Real Estate for Sale | Shibuya-ku, Tokyo | 23 years | ≥JPY 3B | 2016/12 | JPY 170M | JPY 1,123M | 1.25X | 25.4% |
| 124 | Hotel | Real Estate for Sale | Asahikawa, Hokkaido | 28 years | <JPY 1B | 2016/12 | JPY 73M | JPY 593M | 1.48X | 48.5% |
| 125 | Hotel | Real Estate for Sale | Kurashiki, Okayama | 24 years | JPY 1B-2B | 2016/12 | JPY 117M | JPY 484M | 1.53X | 53.0% |
| 126 | Hotel | Real Estate for Sale | Fukuoka | 27 years | JPY 1B-2B | 2016/12 | JPY 71M | JPY 505M | 1.25X | 25.4% |
| 127 | Hotel | Real Estate for Sale | Ishigaki, Okinawa | 15 years | JPY 2B-3B | 2017/02 | JPY 173M | JPY 544M | 1.80X | 80.2% |
| 128 | Hotel | Real Estate for Sale | Mito, Ibaraki | 24 years | JPY 1B-2B | 2017/02 | JPY 103M | JPY 602M | 1.47X | 47.0% |

¹ Forecast Equity Multiple is based on the business plan of each asset and is the forecast sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed Assets.

Value-Add Asset Breakdown (7)

| No. | Asset Type | Classification | Location | Building Age | Acquisition Price | Acquisition Date | Expected NOI/Year | Ichigo Equity Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|-----------|------------|----------------------|-------------------|--------------|---|------------------|-------------------|--------------------------|---------------------------------------|---------------------------|
| 130 | Retail | Real Estate for Sale | Taito-ku, Tokyo | 24 years | JPY 1B-2B | 2017/04 | JPY 99M | JPY 297M | 4.42X | 21.1% |
| 131 | Hotel | Real Estate for Sale | Fukuoka | 1 year | JPY 1B-2B | 2017/04 | JPY 101M | JPY 236M | 2.07X | 49.9% |
| 132 | Residence | Real Estate for Sale | Minato-ku, Tokyo | 14 years | <JPY 1B | 2017/04 | JPY 51M | JPY 190M | 2.66X | 38.3% |
| 133 | Hotel | Real Estate for Sale | Minato-ku, Tokyo | 15 years | <JPY 1B | 2017/04 | JPY 46M | JPY 152M | 3.85X | 32.7% |
| 134 | Residence | Real Estate for Sale | Chuo-ku, Tokyo | 15 years | JPY 1B-2B | 2017/04 | JPY 58M | JPY 197M | 2.88X | 26.2% |
| 135 | Logistics | Real Estate for Sale | Narashino, Chiba | 26 years | JPY 1B-2B | 2017/04 | JPY 114M | JPY 188M | 6.18X | 25.8% |
| 136 | Logistics | Real Estate for Sale | Narashino, Chiba | 26 years | JPY 1B-2B | 2017/04 | JPY 153M | JPY 203M | 8.75X | 32.8% |
| 138 | Hotel | Real Estate for Sale | Ogaki, Gifu | 28 years | JPY 1B-2B | 2017/05 | JPY 137M | — | — | — |
| 139 | Office | Real Estate for Sale | Shibuya-ku, Tokyo | 1 year | <JPY 1B | 2017/05 | JPY 28M | JPY 600M | 1.15X | 15.1% |
| 140 | Hotel | Real Estate for Sale | Minato-ku, Tokyo | New | ≥JPY 3B | 2017/06 | JPY 228M | JPY 597M | 2.27X | 54.7% |
| 141 | Hotel | Real Estate for Sale | Osaka | 1 year | JPY 1B-2B | 2017/11 | JPY 83M | JPY 334M | 1.27X | 27.4% |
| 142 | Hotel | Real Estate for Sale | Kanazawa | New | JPY 1B-2B | 2017/11 | JPY 117M | JPY 372M | 2.12X | 54.2% |
| 143 | Retail | Real Estate for Sale | Fukuoka | 33 years | JPY 1B-2B | 2017/09 | JPY 105M | JPY 223M | 3.78X | 19.9% |
| 144 | Office | Real Estate for Sale | Chiyoda-ku, Tokyo | 29 years | JPY 1B-2B | 2018/02 | JPY 129M | JPY 268M | 8.00X | 34.7% |
| Sub-Total | | | | 96 Assets | JPY 188,209M JPY 191,393M (Book Value) | | JPY 11,855M | JPY 37,777M | 2.82X | 35.2% |

* Assets acquired in the current FY18/2 period

¹ Forecast Equity Multiple is based on the business plan of each asset and is the forecast sum of rental income and profits on sale divided by Ichigo Investment.

² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed Assets.

Value-Add Asset Breakdown (8)

| No. | Asset Type | No. of Assets | Acquisition Price | Acquisition Date | Expected NOI/Year | Ichigo Equity Investment | Forecast Equity Multiple ¹ | Forecast IRR ² |
|---|---------------------------------------|------------------------|---|------------------|--------------------|--------------------------|---------------------------------------|---------------------------|
| A | Ichigo Owners (Office & Residence) | 36 Assets | JPY 15,250M | FY18/2 | JPY 902M | – | – | – |
| B | Centro (Primarily Office & Residence) | 11 Assets | JPY 4,942M | FY18/2 | JPY 378M | – | – | – |
| C | Self-Storage | 23 Assets | JPY 1,876M | FY18/2 | JPY 227M | – | – | – |
| Total | | 165 Assets | JPY 210,279M JPY 214,016M (Book Value) | | JPY 13,364M | JPY 37,777M | 2.82X | 35.2% |
| Assets acquired in FY18/2 Q1 (3M) | | Total 11 Assets | JPY 12,392M | | JPY 833M | JPY 3,126M | 2.65X | 26.9% |
| Assets acquired in FY18/2 Q2 (3M) | | Total 38 Assets | JPY 12,159M | | JPY 836M | JPY 597M | 2.27X | 54.7% |
| Assets acquired in FY18/2 Q3 (3M) | | Total 35 Assets | JPY 18,065M | | JPY 1,109M | JPY 929M | 2.21X | 33.9% |
| Assets acquired in FY18/2 Q4 (3M) | | Total 8 Assets | JPY 1,870M | | JPY 173M | JPY 863M | 8.00X | 34.7% |
| Assets acquired in FY18/2 (12M) | | Total 92 Assets | JPY 47,470M | | JPY 2,953M | JPY 5,516M | 2.81X | 30.7% |
| Assets acquired and sold in FY18/2 | | Total 8 Assets | JPY 3,228M | | JPY 199M | JPY 658M | 1.13X | 13.5% |

* Assets acquired in the current FY18/2 period

- ¹ Forecast Equity Multiple is based on the business plan of each asset and is the forecast sum of rental income and profits on sale divided by Ichigo Investment.
- ² Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed Assets.
- ³ Includes 2 Ichigo Owners Assets, 2 Centro Assets (Forecast Equity Multiple and Forecast IRR are actuals)

Reference: Japan's Feed-in-Tariff (FIT)

What is a FIT?

- A policy mechanism designed to accelerate the deployment of renewable energy such as solar and wind, guaranteeing a long-term sale price for electricity (in Japan, 20 years) at a fixed price.
- Japan's FIT is updated every year.

Solar Power FIT

| Contract Date | FIT | Guarantee Period | Contract Date | FIT | Guarantee Period |
|-------------------|--------|------------------|-------------------|---------|------------------|
| FY2012 | JPY 40 | 20 years | FY2015 (7/1~3/31) | JPY 27 | 20 years |
| FY2013 | JPY 36 | 20 years | FY2016 | JPY 24 | 20 years |
| FY2014 | JPY 32 | 20 years | FY2017 | JPY 21* | 20 years |
| FY2015 (4/1~6/30) | JPY 29 | 20 years | | | |

Pre-consumption tax FIT for power plants with output of >10kW
Source: METI, Agency for Natural Resources and Energy

* FIT for >2MW non-residential solar power production determined via auction process

Solar Power Plant Portfolio

Ichigo (Operating)

| Solar Power Plant | Area | Panel Output (MW) | FIT (Pre-tax) | Operation Start Date |
|---|----------|-------------------|---------------|----------------------|
| Ichigo Tokushima Higashi-Okinosu | Shikoku | 2.52 | JPY 40 | Aug 2013 |
| Ichigo Fuchu Jogecho Yano | Chugoku | 0.99 | JPY 40 | Mar 2014 |
| Ichigo Yubetsu Barou | Hokkaido | 0.8 | JPY 40 | Apr 2014 |
| Ichigo Maebashi Naegashima | Kanto | 0.67 | JPY 40 | Apr 2014 |
| Ichigo Betsukai Kawakamicho | Hokkaido | 0.88 | JPY 40 | Oct 2014 |
| Ichigo Toyokoro Sasadamachi | Hokkaido | 0.6 | JPY 40 | Oct 2014 |
| Ichigo Higashi-Hiroshima Saijocho Taguchi | Chugoku | 2.72 | JPY 40 | Jan 2015 |
| Ichigo Akkeshi Shirahama | Hokkaido | 0.8 | JPY 40 | Mar 2015 |
| Ichigo Hamanaka Bokujo Tsurunokotai | Tohoku | 2.31 | JPY 36 | Dec 2015 |
| Ichigo Yonago Izumi | Chugoku | 2.61 | JPY 40 | Jan 2016 |
| Ichigo Kasaoka Takumicho | Chugoku | 1.11 | JPY 32 | Mar 2016 |
| Ichigo Kijo Takajo | Kyushu | 0.89 | JPY 40 | May 2016 |
| Ichigo Toki Oroshicho | Chubu | 1.39 | JPY 36 | Jun 2016 |
| Ichigo Toride Shimotakai Kita | Kanto | 1.03 | JPY 32 | Jul 2016 |
| Ichigo Toride Shimotakai Minami | Kanto | 0.54 | JPY 32 | Jul 2016 |
| Ichigo Hamanaka Bokujo Kajibayashi | Tohoku | 2.31 | JPY 36 | Oct 2016 |
| Ichigo Sera Tsukuchi | Chugoku | 2.54 | JPY 32 | Feb 2017 |
| Ichigo Sera Aomizu | Chugoku | 2.87 | JPY 32 | Aug 2017 |
| Ichigo Showamura Ogose | Kanto | 43.34 | JPY 36 | Sep 2017 |
| Ichigo Memuro Nishishikari | Hokkaido | 1.32 | JPY 40 | Feb 2018 |
| Ichigo Kure Yasuuracho Nakahata | Chugoku | 2.9 | JPY 36 | Mar 2018 |
| Ichigo Tsu | Chubu | 2.94 | JPY 24 | Mar 2018 |
| Ichigo Kasaoka Iwanoike | Chugoku | 2.64 | JPY 24 | Mar 2018 |
| Ichigo Toki Tsurusatocho Kakino | Chubu | 1.31 | JPY 24 | Apr 2018 |
| Total (Operating) | | 24 Plants 82.14MW | | |

Ichigo (In-Development)

| Solar Power Plant | Area | Panel Output (MW) | FIT (Pre-tax) | Operation Start Date |
|---|---------|--------------------|---------------|----------------------|
| Ichigo Itoshima Ihara | Kyushu | 1.48 | JPY 36 | Jul 2018 |
| Ichigo Sennan Kitsuneike | Kansai | 2.86 | JPY 21 | Mar 2019 |
| Ichigo Sakahogi Fukagaya | Chubu | 2.9 | JPY 21 | May 2019 |
| Ichigo Toki Tsurusatocho Kakino Higashi | Chubu | 1.77 | JPY 21 | Jul 2019 |
| Ichigo Minakami Aramaki | Kanto | 12.02 | JPY 36 | Oct 2019 |
| Ichigo Hitachi Omiya | Kanto | 2.96 | JPY 24 | Nov 2019 |
| Ichigo Takashima Kutsuki | Kansai | 3.75 | JPY 32 | Nov 2019 |
| Ichigo Kasaoka Osakaike | Chugoku | 2.39 | JPY 21 | Dec 2019 |
| Ichigo Miyakonojo Takazakicho Tsumagirishima | Kyushu | 2.64 | JPY 32 | Nov 2021 |
| Total (In-Development) | | 9 Plants 32.8MW | | |
| Total (Operating & In-Development) | | 33 Plants 114.94MW | | |

Ichigo Green (9282)

| Solar Power Plant | Area | Panel Output (MW) | FIT (Pre-tax) | Operation Start Date |
|------------------------------------|----------|-------------------|---------------|----------------------|
| Ichigo Kiryu Okuzawa | Kanto | 1.33 | JPY 40 | Sep 2013 |
| Ichigo Motomombetsu | Hokkaido | 1.4 | JPY 40 | Feb 2014 |
| Ichigo Muroran Hatchodaira | Hokkaido | 1.24 | JPY 40 | Mar 2014 |
| Ichigo Engaru Kiyokawa | Hokkaido | 1.12 | JPY 40 | Mar 2014 |
| Ichigo Iyo Nakayamacho Izubuchi | Shikoku | 1.23 | JPY 40 | Apr 2014 |
| Ichigo Nakashibetsu Midorigaoka | Hokkaido | 1.93 | JPY 40 | Nov 2014 |
| Ichigo Abira Toasa | Hokkaido | 1.16 | JPY 40 | Dec 2014 |
| Ichigo Toyokoro | Hokkaido | 1.02 | JPY 40 | Dec 2014 |
| Ichigo Nago Futami | Okinawa | 8.44 | JPY 40 | Feb 2015 |
| Ichigo Engaru Higashimachi | Hokkaido | 1.24 | JPY 40 | Feb 2015 |
| Ichigo Takamatsu Kokubunjicho Nii | Shikoku | 2.43 | JPY 36 | Jun 2015 |
| Ichigo Miyakonojo Yasuhisacho | Kyushu | 1.44 | JPY 36 | Jul 2015 |
| Ichigo Toyokawa Mitocho Sawakihama | Chubu | 1.8 | JPY 32 | Sep 2015 |
| Ichigo Yamaguchi Aionishi | Chugoku | 1.24 | JPY 40 | Dec 2015 |
| Ichigo Yamaguchi Sayama | Chugoku | 2.35 | JPY 36 | Apr 2016 |
| Total | | 15 Plants 29.43MW | | |

Total
144.38MW

Ichigo Power Plant Portfolio

Serving Local Communities and the Environment

Total Operating and In-Development
Ichigo Solar Power Plants

48 Plants (144MW)

Currently Operating

39 Plants (112MW)

Okinawa

| | |
|--------------------|--------|
| Ichigo Nago Futami | 8.44MW |
|--------------------|--------|

Kyushu

| | |
|---|--------|
| Ichigo Kijo Takajo | 0.89MW |
| Ichigo Miyakonojo Yasuhisacho | 1.44MW |
| Ichigo Itoshima Ihara | 1.48MW |
| Ichigo Miyakonojo Takazakicho Tsumagirishima | 2.64MW |
| Total | 6.47MW |

Chugoku

| | |
|--|---------|
| Ichigo Yonago Izumi | 2.61MW |
| Ichigo Kasaoka Takumicho | 1.11MW |
| Ichigo Fuchu Jogecho Yano | 0.99MW |
| Ichigo Sera Tsukuchi | 2.54MW |
| Ichigo Sera Aomizu | 2.87MW |
| Ichigo Higashi-Hiroshima Saijocho Taguchi | 2.72MW |
| Ichigo Kasaoka Iwanoike | 2.64MW |
| Ichigo Kure Yasuuracho Nakahata | 2.9MW |
| Ichigo Yamaguchi Aionishi | 1.24MW |
| Ichigo Yamaguchi Sayama | 2.35MW |
| Ichigo Kasaoka Osakaike | 2.39MW |
| Total | 24.41MW |

Kansai

| | |
|--------------------------|--------|
| Ichigo Sennan Kitsuneike | 2.86MW |
| Ichigo Takashima Kutsuki | 3.75MW |
| Total | 6.61MW |

Hokkaido

| | |
|---------------------------------|---------|
| Ichigo Yubetsu Barou | 0.8MW |
| Ichigo Betsukai Kawakamicho | 0.88MW |
| Ichigo Akkeshi Shirahama | 0.8MW |
| Ichigo Toyokoro Sasadamachi | 0.6MW |
| Ichigo Memuro Nishishikari | 1.32MW |
| Ichigo Motomombetsu | 1.4MW |
| Ichigo Engaru Higashimachi | 1.24MW |
| Ichigo Engaru Kiyokawa | 1.12MW |
| Ichigo Abira Toasa | 1.16MW |
| Ichigo Muroran Hatchodaira | 1.24MW |
| Ichigo Toyokoro | 1.02MW |
| Ichigo Nakashibetsu Midorigaoka | 1.93MW |
| Total | 13.57MW |

Tohoku

| | |
|-------------------------------------|--------|
| Ichigo Hamanaka Bokujo Tsurunokotai | 2.31MW |
| Ichigo Hamanaka Bokujo Kajibayashi | 2.31MW |
| Total | 4.62MW |
| (Wind) Yamagata | 7.5MW |
| (Wind) Iwate | 7.5MW |
| (Wind) Fukushima | 7MW |

Chubu

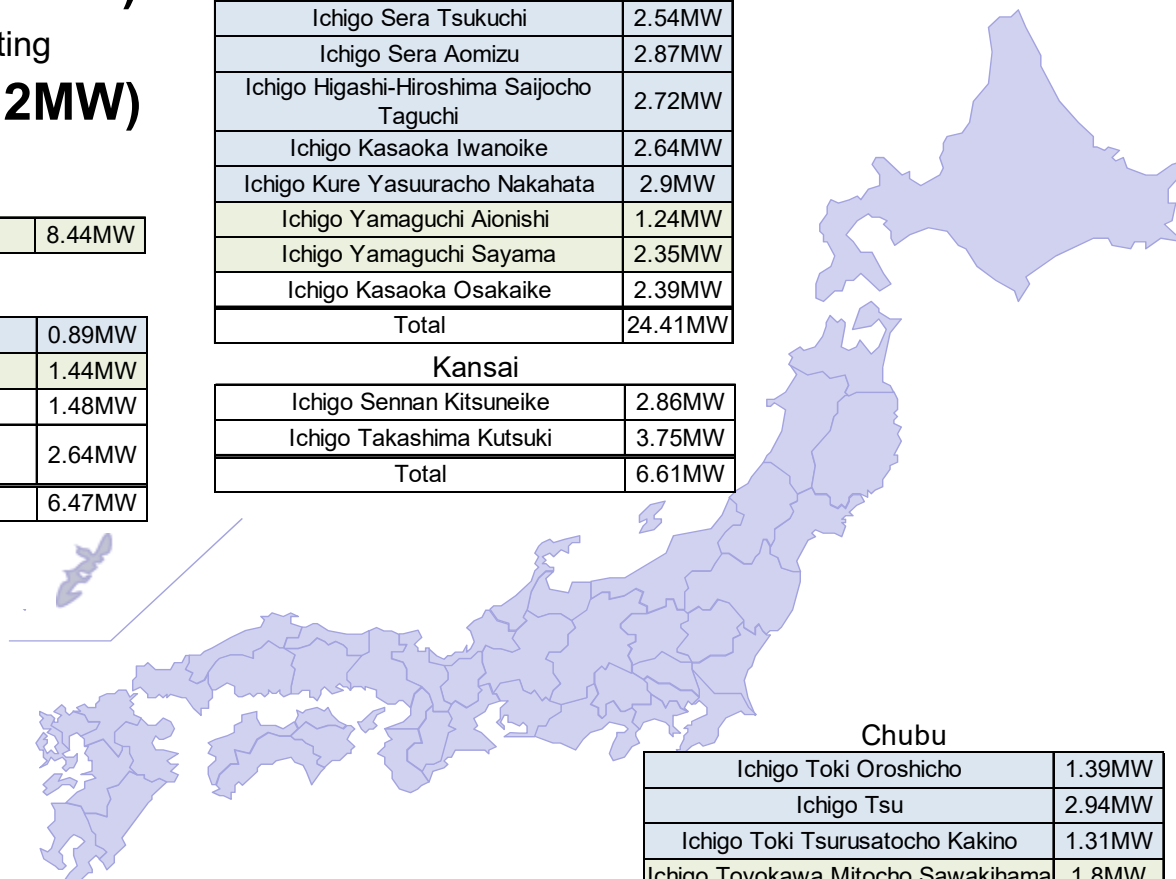
| | |
|--|---------|
| Ichigo Toki Oroshicho | 1.39MW |
| Ichigo Tsu | 2.94MW |
| Ichigo Toki Tsurusatocho Kakino | 1.31MW |
| Ichigo Toyokawa Mitocho Sawakihama | 1.8MW |
| Ichigo Sakahogi Fukagaya | 2.9MW |
| Ichigo Toki Tsurusatocho Kakino Higashi | 1.77MW |
| Total | 12.13MW |
| (Wind) Mie | 7.5MW |

Kanto

| | |
|---------------------------------|---------|
| Ichigo Maebashi Naegashima | 0.67MW |
| Ichigo Showamura Ogose | 43.34MW |
| Ichigo Toride Shimotakai Kita | 1.03MW |
| Ichigo Toride Shimotakai Minami | 0.54MW |
| Ichigo Kiryu Okuzawa | 1.33MW |
| Ichigo Minakami Aramaki | 12.02MW |
| Ichigo Hitachi Omiya | 2.96MW |
| Total | 61.92MW |
| (Wind) Chiba | 4MW |

Shikoku

| | |
|-----------------------------------|--------|
| Ichigo Tokushima Higashi-Okinosu | 2.52MW |
| Ichigo Takamatsu Kokubunjicho Nii | 2.43MW |
| Ichigo Iyo Nakayamacho Izubuchi | 1.23MW |
| Total | 6.19MW |



Ichigo

Ichigo Green (9282)

In Development



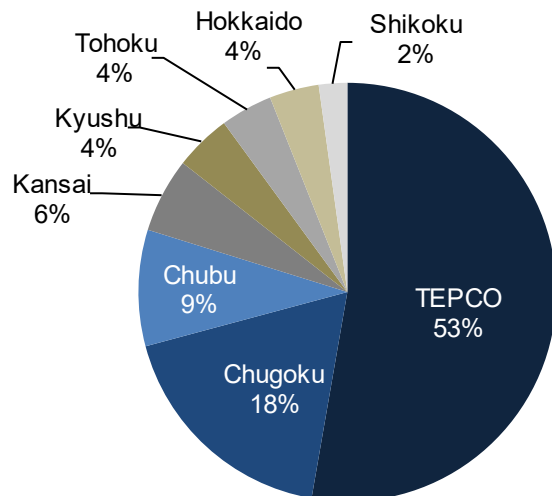
Ichigo-Owned Solar Power Plant Details

Total Operating and In-Development

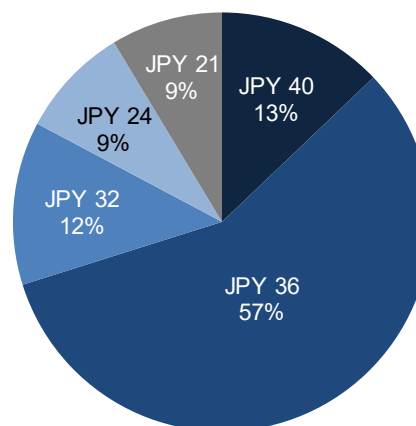
Ichigo-Owned Solar Power Plants: 29 Plants (104.75MW)

■ By Customer

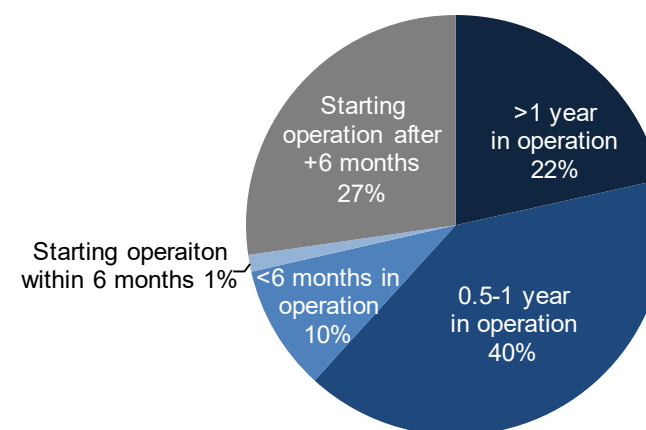
(Electric Power Utility Co)



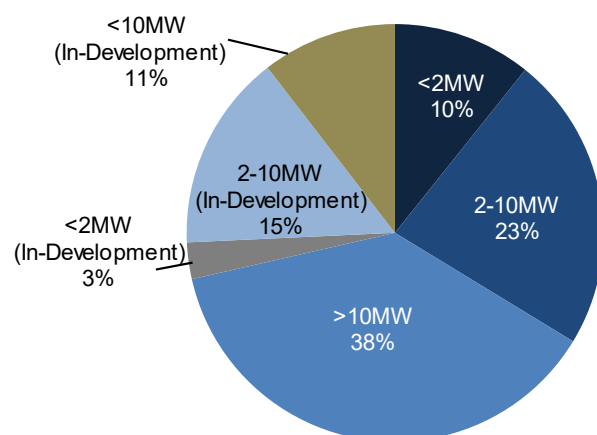
■ By Feed-In-Tariff



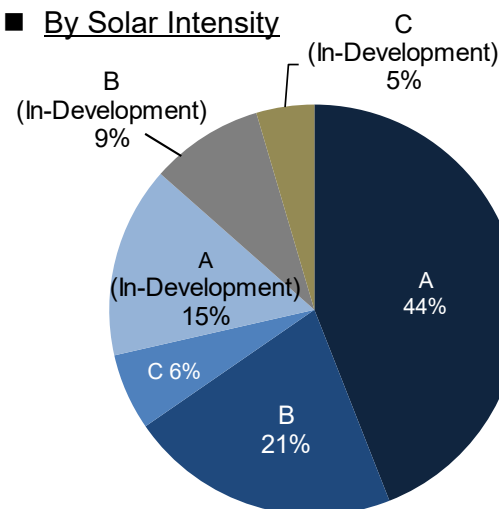
■ By Operating Timeline



■ By Output



■ By Solar Intensity



| Rank | Solar Intensity |
|------|---------------------|
| A | ≥ 4.00 |
| B | $\geq 3.75, < 4.00$ |
| C | $\geq 3.50, < 3.75$ |
| D | < 3.50 |

Unit: kWh/m² per day

Consolidated Balance Sheet: Assets

(JPY million)

| | FY14/2 | FY15/2 | FY16/2 | FY17/2 | FY18/2 | vs. FY17/2 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | 24,991 | 19,383 | 28,779 | 47,678 | 45,510 | -2,168 |
| Trade notes and accounts receivable | 451 | 519 | 691 | 913 | 1,097 | +184 |
| Operational loan investments | 1,100 | 2,330 | 1,324 | 1,324 | 1,324 | — |
| Operational securities investments | 3,583 | 1,965 | 1,784 | 1,433 | 2 | -1,431 |
| Real estate for sale | 54,084 | 109,769 | 172,833 | 167,805 | 180,789 | +12,984 |
| Power plants for sale | — | — | — | — | — | — |
| Deferred tax assets | 576 | 1,200 | 1,766 | 516 | 342 | -174 |
| Other | 1,384 | 2,657 | 3,966 | 3,125 | 2,643 | -482 |
| Less: allowance for doubtful accounts | -410 | -484 | -458 | -453 | -28 | +425 |
| Total Current Assets | 85,761 | 137,342 | 210,687 | 222,344 | 231,681 | +9,337 |
| Fixed Assets | | | | | | |
| Property, Plant, and Equipment | | | | | | |
| Buildings and structures (net) | 4,901 | 4,021 | 3,830 | 7,375 | 10,600 | +3,225 |
| Solar power plant equipment (net) | 2,044 | 9,168 | 12,256 | 7,246 | 19,773 | +12,527 |
| Land | 12,433 | 12,142 | 12,192 | 18,627 | 26,993 | +8,366 |
| Other (net) | 1,922 | 989 | 3,264 | 12,402 | 1,190 | -11,212 |
| Total Property, Plant, and Equipment | 21,300 | 26,321 | 31,546 | 45,654 | 58,558 | +12,904 |
| Intangible Assets | | | | | | |
| Goodwill | 2,221 | 2,082 | 1,942 | 1,864 | 1,600 | -264 |
| Leasehold rights | 392 | 392 | 392 | 62 | 135 | +73 |
| Other | 71 | 27 | 38 | 29 | 233 | +204 |
| Total Intangible Assets | 2,686 | 2,502 | 2,373 | 1,956 | 1,968 | +12 |
| Investments and Other Assets | | | | | | |
| Securities investments | 4,278 | 5,266 | 5,486 | 1,426 | 2,184 | +758 |
| Long-term loans receivable | 13 | 12 | 12 | 10 | 10 | — |
| Deferred tax assets | 222 | 2 | 39 | 339 | 68 | -271 |
| Other | 780 | 1,392 | 1,736 | 1,820 | 2,132 | +312 |
| Less: allowance for doubtful accounts | -97 | -95 | -124 | -92 | -91 | +1 |
| Total Investments and Other Assets | 5,196 | 6,578 | 7,149 | 3,504 | 4,303 | +799 |
| Total Fixed Assets | 29,183 | 35,402 | 41,069 | 51,115 | 64,831 | +13,716 |
| Total Assets | 114,944 | 172,744 | 251,757 | 273,459 | 296,512 | +23,053 |

Consolidated Balance Sheet: Liabilities & Net Assets

(JPY million)

| | FY14/2 | FY15/2 | FY16/2 | FY17/2 | FY18/2 | vs. FY17/2 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Trade notes and accounts payable | 132 | 124 | 80 | 110 | — | -110 |
| Short-term loans | 950 | 1,416 | 2,188 | 805 | 1,042 | +237 |
| Short-term non-recourse loans | — | 48 | 79 | 611 | — | -611 |
| Bonds (due within one year) | — | — | — | 112 | 112 | — |
| Long-term loans (due within one year) | 3,123 | 3,488 | 8,161 | 5,209 | 4,449 | -760 |
| Long-term non-recourse loans (due within one year) | 428 | 786 | 2,975 | 6,825 | 3,921 | -2,904 |
| Income taxes payable | 96 | 284 | 631 | 1,655 | 1,609 | -46 |
| Deferred tax liabilities | 24 | 30 | 53 | 62 | 494 | +432 |
| Accrued bonuses | 14 | 16 | 13 | 36 | 34 | -2 |
| Other current liabilities | 2,817 | 3,677 | 3,979 | 4,119 | 4,652 | +533 |
| Total Current Liabilities | 7,588 | 9,872 | 18,161 | 19,548 | 16,316 | -3,232 |
| Long-Term Liabilities | | | | | | |
| Bonds | — | — | — | 632 | 520 | -112 |
| Non-recourse bonds | — | 100 | 100 | 100 | — | -100 |
| Long-term loans | 26,126 | 53,409 | 94,409 | 91,604 | 112,366 | +20,762 |
| Long-term non-recourse loans | 24,178 | 43,004 | 56,193 | 68,319 | 63,588 | -4,731 |
| Deferred tax liabilities | 1,213 | 1,402 | 1,543 | 1,147 | 1,744 | +597 |
| Long-term security deposits received | 4,770 | 6,391 | 8,707 | 8,038 | 8,492 | +454 |
| Negative goodwill | 180 | 90 | — | — | — | — |
| Other long-term liabilities | 44 | 96 | 475 | 624 | 758 | +134 |
| Total Long-Term Liabilities | 56,513 | 104,494 | 161,430 | 170,467 | 187,470 | +17,003 |
| Total Liabilities | 64,102 | 114,367 | 179,591 | 190,015 | 203,787 | +13,772 |
| Net Assets | | | | | | |
| Shareholders' Equity | | | | | | |
| Capital | 26,443 | 26,499 | 26,575 | 26,650 | 26,723 | +73 |
| Capital reserve | 10,808 | 10,873 | 10,968 | 11,056 | 11,113 | +57 |
| Retained earnings | 10,891 | 17,201 | 29,454 | 42,840 | 54,324 | +11,484 |
| Treasury shares | -92 | -78 | -41 | -15 | -2,995 | -2,980 |
| Total Shareholders' Equity | 48,050 | 54,496 | 66,956 | 80,532 | 89,165 | +8,633 |
| Accumulated Other Comprehensive Income | | | | | | |
| Valuation gain (loss) on other securities | 400 | 1,208 | 761 | 117 | 543 | +426 |
| Deferred gain (loss) on long-term interest rate hedges | — | -36 | -251 | -365 | -372 | -7 |
| Foreign currency translation adjustment | 9 | 6 | 23 | 55 | — | -55 |
| Total Accumulated Other Comprehensive Income | 409 | 1,177 | 533 | -192 | 171 | +363 |
| Stock Options | 121 | 198 | 319 | 491 | 666 | +175 |
| Minority Interests | 2,261 | 2,505 | 4,357 | 2,612 | 2,722 | +110 |
| Total Net Assets | 50,842 | 58,377 | 72,166 | 83,443 | 92,725 | +9,282 |
| Total Liabilities and Net Assets | 114,944 | 172,744 | 251,757 | 273,459 | 296,512 | +23,053 |

Consolidated P&L

(JPY million)

| | FY14/2 (12M) | FY15/2 (12M) | FY16/2 (12M) | FY17/2 (12M) | FY18/2 (12M) | Change (YOY) | FY18/2 Forecast | vs. Forecast |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|
| Revenue | 35,101 | 42,705 | 49,699 | 109,253 | 57,846 | -51,407 | 75,500 | 76.6% |
| Cost of Goods Sold | 27,666 | 30,539 | 29,835 | 82,446 | 31,920 | -50,526 | — | — |
| Gross Profit | 7,435 | 12,166 | 19,863 | 26,806 | 25,925 | -881 | 25,994 | 99.7% |
| SG&A | 3,522 | 3,977 | 4,446 | 5,025 | 5,067 | +42 | — | — |
| Operating Profit | 3,912 | 8,189 | 15,417 | 21,781 | 20,858 | -923 | 20,600 | 101.3% |
| Non-Operating Income | | | | | | | | |
| Interest income | 4 | 5 | 2 | — | 3 | +3 | — | — |
| Dividend income | 112 | 78 | 79 | 85 | 57 | -28 | — | — |
| Negative goodwill amortization | 90 | 90 | 90 | — | — | — | — | — |
| Other | 31 | 39 | 43 | 32 | 100 | -32 | — | — |
| Total Non-Operating Income | 238 | 213 | 215 | 118 | 161 | +43 | — | — |
| Non-Operating Expenses | | | | | | | | |
| Interest expense | 370 | 943 | 1,277 | 1,303 | 1,266 | -37 | — | — |
| Stock issuance cost | 89 | — | — | — | — | — | — | — |
| Mark-to-market loss on long-term interest rate hedges | — | — | — | 38 | 244 | +206 | — | — |
| Debt financing-related fees | — | — | 86 | 585 | 159 | -426 | — | — |
| Other | 93 | 202 | 379 | 216 | 165 | -51 | — | — |
| Total Non-Operating Expenses | 553 | 1,146 | 1,743 | 2,144 | 1,835 | -309 | — | — |
| Recurring Profit | 3,597 | 7,255 | 13,889 | 19,755 | 19,185 | -570 | 18,300 | 104.8% |
| Extraordinary Gains | | | | | | | | |
| Gain on sale of fixed assets | 7 | — | — | — | — | — | — | — |
| Gain on sale of securities investments | 204 | — | 223 | 2,466 | — | -2,466 | — | — |
| Gain on sale of shares in affiliates | — | — | — | — | 1,221 | +1,221 | — | — |
| Receipt of share trading proceeds | 434 | — | — | — | — | — | — | — |
| Other | 33 | 57 | — | — | 41 | +41 | — | — |
| Total Extraordinary Gains | 680 | 57 | 223 | 2,466 | 1,263 | -1,203 | — | — |
| Extraordinary Losses | | | | | | | | |
| Loss on sale/disposal of fixed assets | 1 | — | — | — | 11 | +11 | — | — |
| Valuation loss on securities investments | — | — | 49 | — | — | — | — | — |
| Office move expenses | 21 | 1 | 9 | 31 | — | -31 | — | — |
| Impairment loss | 307 | — | — | 1,090 | 327 | -763 | — | — |
| Earthquake-related damages | — | — | — | 244 | — | -244 | — | — |
| Other | 13 | 91 | 31 | 224 | — | -224 | — | — |
| Total Extraordinary Losses | 344 | 93 | 89 | 1,590 | 339 | -1,251 | — | — |
| Pre-Tax Net Income | 3,933 | 7,220 | 14,022 | 20,630 | 20,109 | -521 | — | — |
| Income Taxes | -573 | 343 | 960 | 5,436 | 5,923 | +487 | — | — |
| Pre-Minority Interest Net Income | 4,506 | 6,876 | 13,062 | 15,194 | 14,185 | -1,009 | — | — |
| Net Income Attributable to Minority Interests | -19 | 115 | 136 | 299 | 167 | -132 | — | — |
| Net Income | 4,526 | 6,761 | 12,925 | 14,894 | 14,018 | -876 | 13,500 | 103.8% |

Consolidated Cash Flow from Operations

(JPY million)

| | FY14/2 (12M) | FY15/2 (12M) | FY16/2 (12M) | FY17/2 (12M) | FY18/2 (12M) |
|---|--------------|----------------|----------------|---------------|---------------|
| Cash Flow from Operations | | | | | |
| Pre-tax net income | 3,933 | 7,220 | 14,022 | 20,630 | 20,109 |
| Depreciation | 304 | 565 | 792 | 778 | 1,015 |
| Share-based compensation expenses | 69 | 112 | 174 | 223 | 215 |
| Amortization of goodwill | 139 | 139 | 139 | 141 | 111 |
| Amortization of negative goodwill | -90 | -90 | -90 | — | — |
| Increase (decrease) in accrued bonuses | -11 | 1 | -3 | 23 | 32 |
| Increase (decrease) in allowance for doubtful accounts | 33 | 65 | 3 | -3 | -355 |
| Interest and dividend income | -116 | -83 | -81 | -85 | -61 |
| Interest expense | 370 | 943 | 1,277 | 1,303 | 1,266 |
| Loss (gain) on sale of shares in affiliates | — | — | — | — | -1,221 |
| Loss (gain) on sale of securities investments | -204 | — | -223 | -2,466 | — |
| Loss (gain) on sale/disposal of fixed assets | -6 | — | — | — | — |
| Impairment loss | 307 | — | — | 1,090 | — |
| Valuation loss on securities investments | — | — | 49 | — | 327 |
| Decrease (increase) in trading notes and receivables | 97 | -68 | -172 | -367 | -468 |
| Decrease (increase) in operational loans receivable | 218 | -1,230 | 1,006 | — | — |
| Decrease (increase) in operational securities investments | 1,635 | 1,110 | 1,239 | 2,727 | 1,663 |
| Valuation loss on operational securities investments | 114 | — | 19 | — | — |
| Decrease (increase) in real estate for sale | -6,729 | -42,991 | -63,070 | -6,303 | -8,112 |
| Decrease (increase) in solar power plants for sale | — | — | — | 7,251 | 996 |
| Valuation loss on SPC capital contributions | 12 | 91 | 11 | 16 | — |
| Decrease (increase) in advances paid | — | — | -990 | -190 | 871 |
| Decrease (increase) in accounts receivable | -255 | -1,079 | -1,140 | -193 | -10 |
| Increase (decrease) in accounts payable | -139 | 388 | 535 | 204 | 573 |
| Increase (decrease) in accrued expenses | 137 | 16 | 42 | 92 | -285 |
| Increase (decrease) in advances received | 38 | 211 | 317 | -49 | 30 |
| Increase (decrease) in security deposits received | 1,230 | 1,391 | 2,380 | -667 | 125 |
| Other | 522 | -407 | 435 | 1,304 | 709 |
| Sub-total | 1,611 | -33,693 | -43,324 | 25,460 | 17,532 |
| Interest and dividend income received | 116 | 83 | 81 | 85 | 61 |
| Interest expense paid | -378 | -843 | -1,226 | -1,146 | -1,135 |
| Income taxes paid and refunded | -94 | 161 | -186 | -2,852 | -5,854 |
| Net Cash from (Used for) Operations | 1,254 | -34,292 | -44,654 | 21,547 | 10,603 |

Consolidated Cash Flow from Investments & Financing

(JPY million)

| | FY14/2 (12M) | FY15/2 (12M) | FY16/2 (12M) | FY17/2 (12M) | FY18/2 (12M) |
|---|---------------|----------------|---------------|----------------|---------------|
| Cash Flow from Investments | | | | | |
| Payments into time deposits | — | -325 | — | -6,100 | -6 |
| Redemptions of time deposits | — | 325 | — | 201 | — |
| Acquisition of securities investments | — | -210 | -671 | -300 | -140 |
| Proceeds from sale of securities investments | 282 | — | 296 | 6,136 | — |
| Proceeds from redemptions of investments | 2 | — | 3 | — | — |
| Acquisition of property, plant, and equipment | -7,150 | -10,769 | -6,628 | -11,719 | -4,796 |
| Proceeds from sale of property, plant, and equipment | 72 | — | — | — | — |
| Acquisition of intangible assets | -389 | -23 | -21 | -1 | -83 |
| Payments of SPC capital contributions | -5 | -10 | -9 | -63 | -28 |
| Redemptions of SPC capital contributions | 7 | — | 6 | — | — |
| Payments of security deposits | -5 | -127 | -37 | -5 | -36 |
| Acquisition of subsidiary shares resulting in change of consolidation scope | -1,389 | — | — | -93 | -2,619 |
| Sale of subsidiary shares resulting in change of consolidation scope | — | — | — | — | 2,096 |
| Payments for acquisitions of newly consolidated subsidiaries | — | -1,349 | — | — | — |
| Other | -35 | 4 | 9 | 11 | -32 |
| Net Cash from (Used for) Investments | -8,610 | -12,485 | -7,052 | -11,933 | -5,645 |
| Cash Flow from Financing | | | | | |
| Net increase (decrease) in short-term loans | 465 | 466 | 771 | -1,383 | -306 |
| Net increase (decrease) in short-term non-recourse loans | — | 48 | 31 | 532 | -611 |
| Proceeds from bond issuance | — | — | — | 785 | — |
| Repayment of maturing bond principal to bondholders | — | — | — | -56 | -112 |
| Repayment of maturing non-recourse bond principal to bondholders | — | — | — | — | -100 |
| Proceeds from long-term loans | 26,777 | 47,203 | 64,866 | 55,674 | 32,660 |
| Repayment of long-term loans | -5,388 | -19,557 | -19,192 | -61,221 | -13,402 |
| Proceeds from long-term non-recourse loans | 5,675 | 19,900 | 18,150 | 30,850 | 3,518 |
| Repayment of long-term non-recourse loans | -19,030 | -5,958 | -2,772 | -15,400 | -22,366 |
| Proceeds from issuance of common shares | 16,387 | — | — | — | — |
| Proceeds from employee exercise of stock options | 242 | 99 | 153 | 137 | 110 |
| Payments received from minority interests | — | — | 2,000 | — | — |
| Payments to minority interests | — | — | — | -2,000 | — |
| Share buyback | — | — | — | — | -2,999 |
| Dividends paid | -445 | -543 | -646 | -1,501 | -2,513 |
| Dividends paid to minority interests | — | — | -43 | -39 | — |
| Net Cash from (Used for) Financing | 24,682 | 41,658 | 63,318 | 6,377 | -6,124 |

Appendix: Power Up 2019 Mid-Term Business Plan

Power Up 2019 Key Goals & KPIs

Key Goals

1. Drive Further Sustainable Growth in Ichigo's Core Businesses
2. Develop New Ichigo Businesses
3. Deepen Ichigo's Core Capabilities and Corporate Strength

Power Up 2019 KPIs (Key Performance Indicators)

(JPY million)

| | FY16/2 (Actual) | FY17/2 (Actual) | FY18/2 (Actual) | FY19/2 (Plan) | FY19/2 (Forecast) | vs. FY16/2 |
|-------------------------|-----------------|-----------------|-----------------|---------------|-------------------|---------------|
| Operating Profit | 15,417 | 21,781 | 20,858 | 25,000 | 25,000 | +62.2% |
| Recurring Profit | 13,889 | 19,755 | 19,185 | 21,400 | 22,000 | +58.4% |
| Tax Rate | 6.9% | 26.4% | 30% | 30% | 30% | — |
| Net Income | 12,925 | 14,894 | 14,018 | 14,800 | 15,000 | +16.1% |
| EPS | JPY 25.86 | JPY 29.66 | JPY 28.12 | JPY 29 | JPY 30.10 | +16.4% |
| DPS | JPY 3 | JPY 5 | JPY 6 | JPY 7 | JPY 7 | 133% |
| ROE | 21% | 20.2% | 16.5% | 15.6% | 15.7% | — |

Target: Top 200 Ranking within the JPX-Nikkei 400 Index

Ichigo Targeting Ranking Within the Index's Top 200 Companies by August 2019 (the Final Year of Power Up 2019)

Note: While the JPX-Nikkei Index 400 does not provide an official ranking of its 400 constituents, it can be calculated based upon the JPY-Nikkei 400's publically-available quantitative ranking formula, which rank orders the top 1,000 companies from the joint set of the 1,200 highest market capitalization and 1,200 highest value-traded Japanese companies by:

- (a) 3-year average ROE (40% weighting)
- (b) 3-year cumulative operating profit (40% weighting)
- (c) Market capitalization (20% weighting)

Power Up 2019 Key Initiatives

| Profitability | | Sustainability | |
|---------------------------|--|--|---|
| (1) Core Business Growth | <ul style="list-style-type: none"> List Ichigo's solar assets on the TSE's new Infrastructure Market Support the ongoing growth of Ichigo Office REIT (8975) and Ichigo Hotel REIT (3463) Expand the architecture and structural engineering team to deliver real estate that is high-function, safe, secure, and environmentally friendly Spin out a dedicated leasing team to drive tenant acquisition and rental income | (3) Finance as a Strategic Measure | <ul style="list-style-type: none"> Grow <u>both</u> financial stability and earnings De-collateralize loans, lengthen loan maturities, lower debt costs, get credit ratings, and issue bonds to diversify funding profile |
| | | (4) High Capital Efficiency and Organic Growth | <ul style="list-style-type: none"> ROE >15% |
| (2) New Business Creation | <ul style="list-style-type: none"> Extend Ichigo's REIT-focused asset management business into the much larger physical real estate market Grow Ichigo's hotel business synergistically with Ichigo Hotel REIT Launch one or more REtech businesses, fusing Ichigo's <u>Real Estate</u> and <u>IT</u> capabilities | (5) Best Place to Work | <ul style="list-style-type: none"> Support employee health and wellness Goal: Japan's number one company in providing opportunities for employees |
| | | (6) Global Best Practice Governance and Compliance | |

Adoption of Progressive Dividend & DOE Policy

- ✓ Progressive Dividend: The previous year's dividend is the floor for the current year's dividend. Dividend will be raised (or kept flat) but not cut, providing shareholders with downside dividend protection
- ✓ Newly set a minimum DOE (dividend on equity) payout ratio of >3 %
 - Dividend payout ratio policy: Dividends based on annual earnings
→ More Volatile
 - DOE policy: Dividends based on shareholder equity
→ More Stable
- ✓ The combination of a Progressive Dividend and DOE policy will significantly increase the stability, certainty, and visibility of Ichigo's dividend to the benefit of Ichigo's shareholders
- ✓ Adoption of this policy also underscores Ichigo's commitment to driving continued organic earnings growth and dividend growth for its shareholders

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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Ichigo is Japan's first zero-carbon listed real estate company. We are taking responsibility for our environmental footprint by offsetting our carbon emissions and investing in low-carbon technologies such as solar energy.