



**JPX-NIKKEI 400**



# FY19/2 Q1 Corporate Presentation

July 12, 2018

**Ichigo (2337)**

We express our deepest condolences to all those affected by this month's heavy rainfall in western Japan and our wishes for the earliest possible recovery.



# World-Class Excellence

ICHIGO

Ichigo's  
Hiromi Miyake



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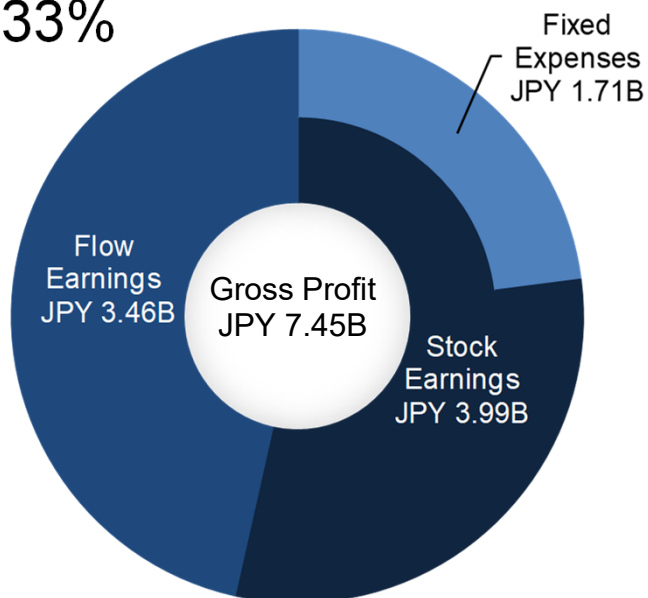
## FY19/2 Q1 Earnings

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# FY19/2 Q1 Summary

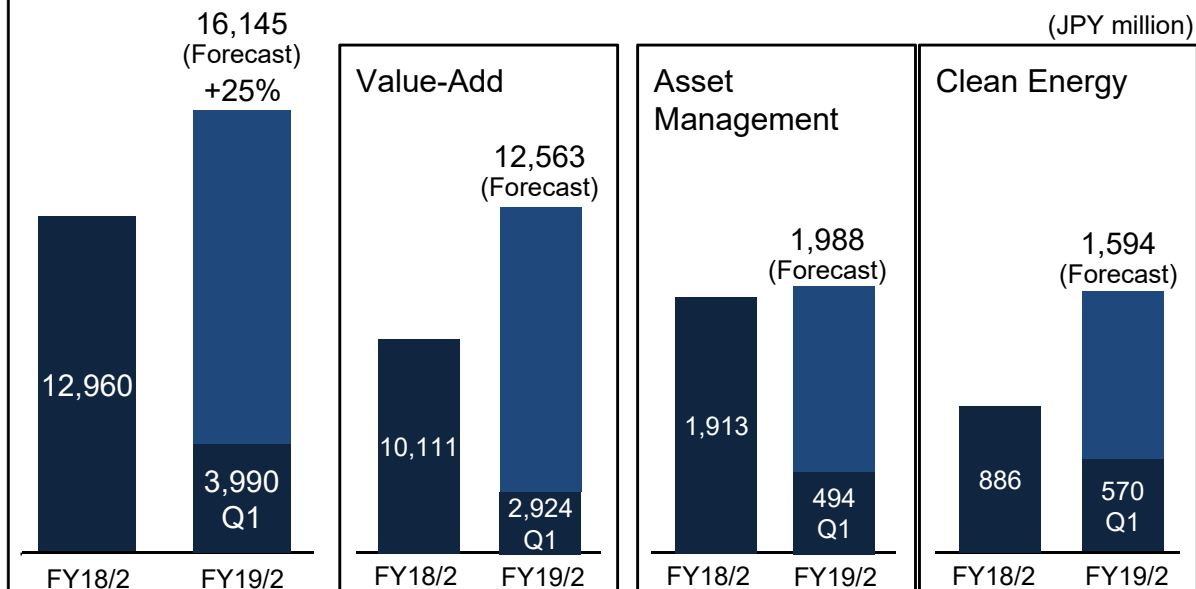
## Durable Earnings Model

Stock Earnings/Fixed Expenses  
233%



## Stock Earnings Growth

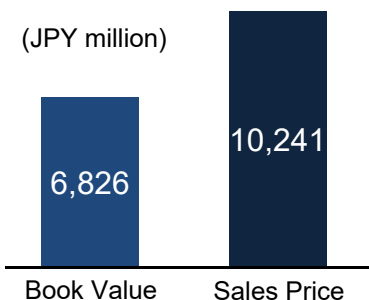
Stock Earnings Growing Across the Board



## Robust Real Estate Acquisitions & Sales

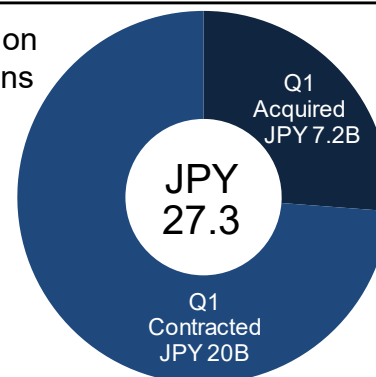
Continued high margins on sales

(JPY million)



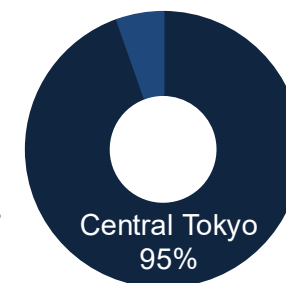
FY19/2 Q1  
GPM 33.3%

Selective on  
Acquisitions



Ichigo Owners

c. JPY10B acquired or contracted in Q1  
Sourcing prime location assets catering to client needs



# Operating Profit +90%, Net Income +59%, EPS +60% (YOY)

Earnings Up Across the Board – On Track to FY19/2 Record Earnings

(JPY million)

	FY18/2 Q1	FY19/2 Q1	YOY	Full-Year Forecast
Operating Profit	3,150	5,992	+90.2%	25,000
Recurring Profit	2,097	5,217	+148.7%	22,000
Net Income	2,237	3,547	+58.5%	15,000
EPS	JPY 4.46	JPY 7.15	+60.4%	JPY 30.10

Note: From FY19/2, SPC-related non-recourse loan interest expenses and other costs are accounted as Fixed Non-Operating Expenses (the same as corporate loans), rather than COGS as previously. FY18/2 data adjusted to use this new accounting treatment to facilitate comparison.

# Segment Earnings Details

- Asset Management: Performance Fees Down, but AM Fees +9% YOY
- Value-Add: +96% YOY on Growth in Both Stock and Flow Earnings
- Clean Energy: +708% YOY with Ichigo Showamura Plant Online

(JPY million)

Segment	Operating Profit				Earnings Drivers (Parentheses show YOY change in Gross Profit)
	FY18/2 Q1	FY19/2 Q1	YOY	Full-Year Forecast	
Asset Management	504	454	-10.0%	1,752	AM Fees 494 (+39) Acquisition/Disposition Fees 43 (–) Performance Fees 0 (–170)
Value-Add	2,609	5,105	+95.7%	21,719	Rental Income 2,924 (+342) Gains on Value-Add Sales 3,411 (+2,467)
Clean Energy	52	421	+708.0%	1,529	FIT Power Sales 570 (+398)
Adjustment (including offsets of cross-segment transactions)	-15	11	–	–	
Total	3,150	5,992	+90.2%	25,000	

Note: From FY19/2, SPC-related non-recourse loan interest expenses and other costs are accounted as Fixed Non-Operating Expenses (the same as corporate loans), rather than COGS as previously. FY18/2 data adjusted to use this new accounting treatment to facilitate comparison.

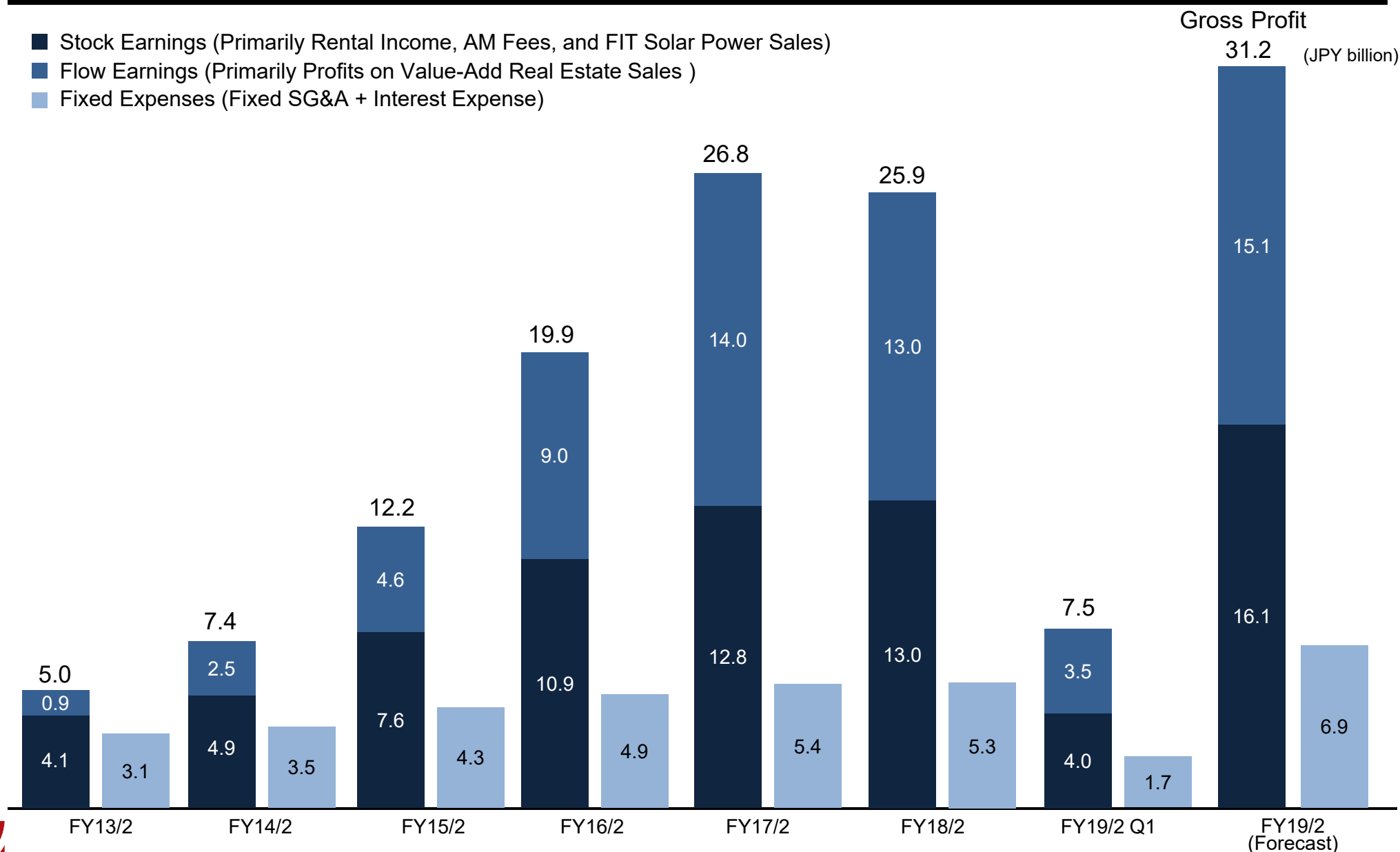


# Powerful Value-Add Business Model Underpins Growth

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# 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)

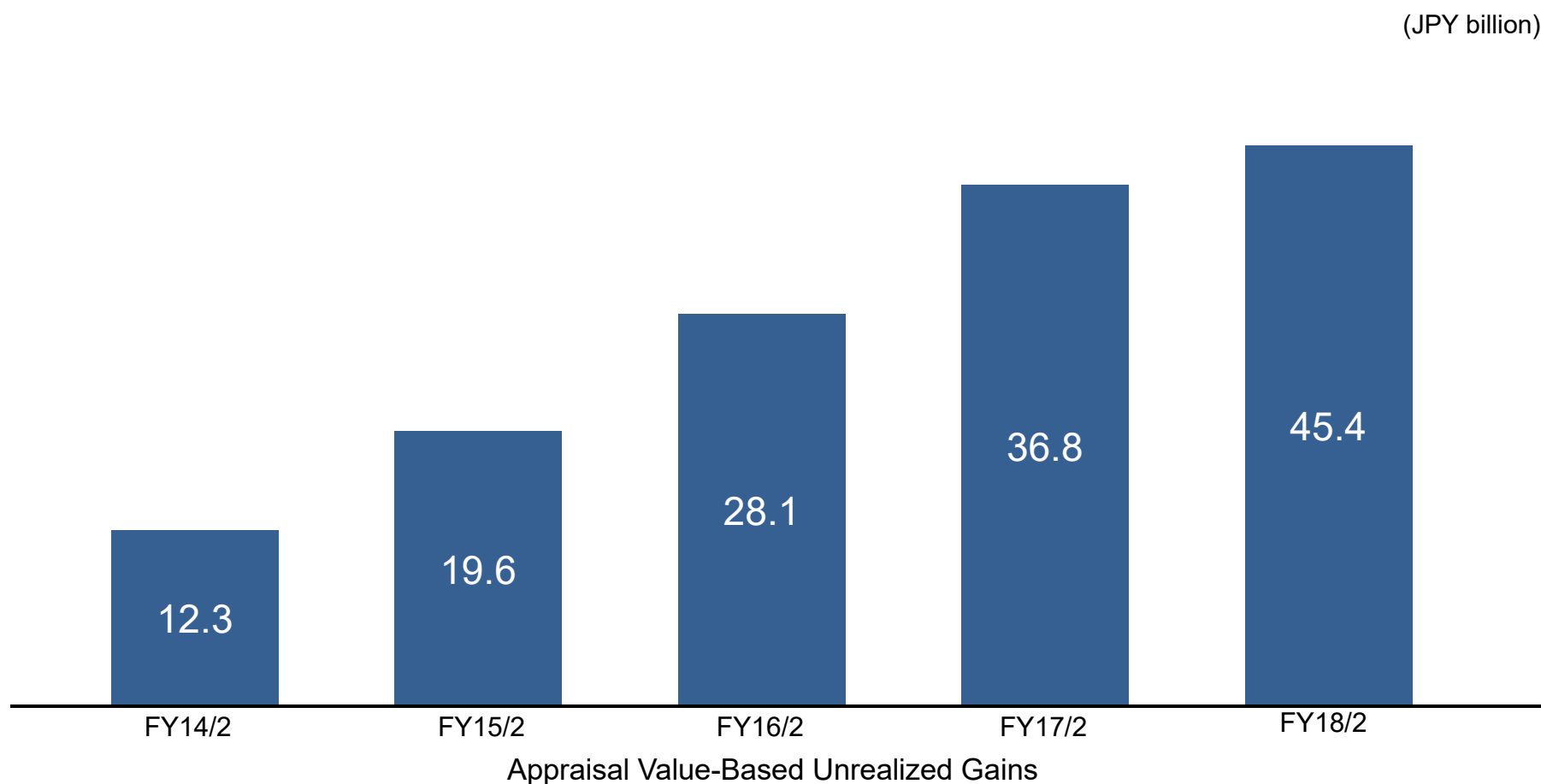


Note: From FY19/2, SPC-related non-recourse loan costs have been accounted for as Fixed Non-Operating Expenses (the same as corporate loans), rather than COGS as previously. The change increases each of FY19/2 Stock Earnings and FY19/2 Fixed Expenses by c. JPY 700 million and FY19/2 Q1 Stock Earnings and FY19/2 Q1 Fixed Expenses by JPY 218 million

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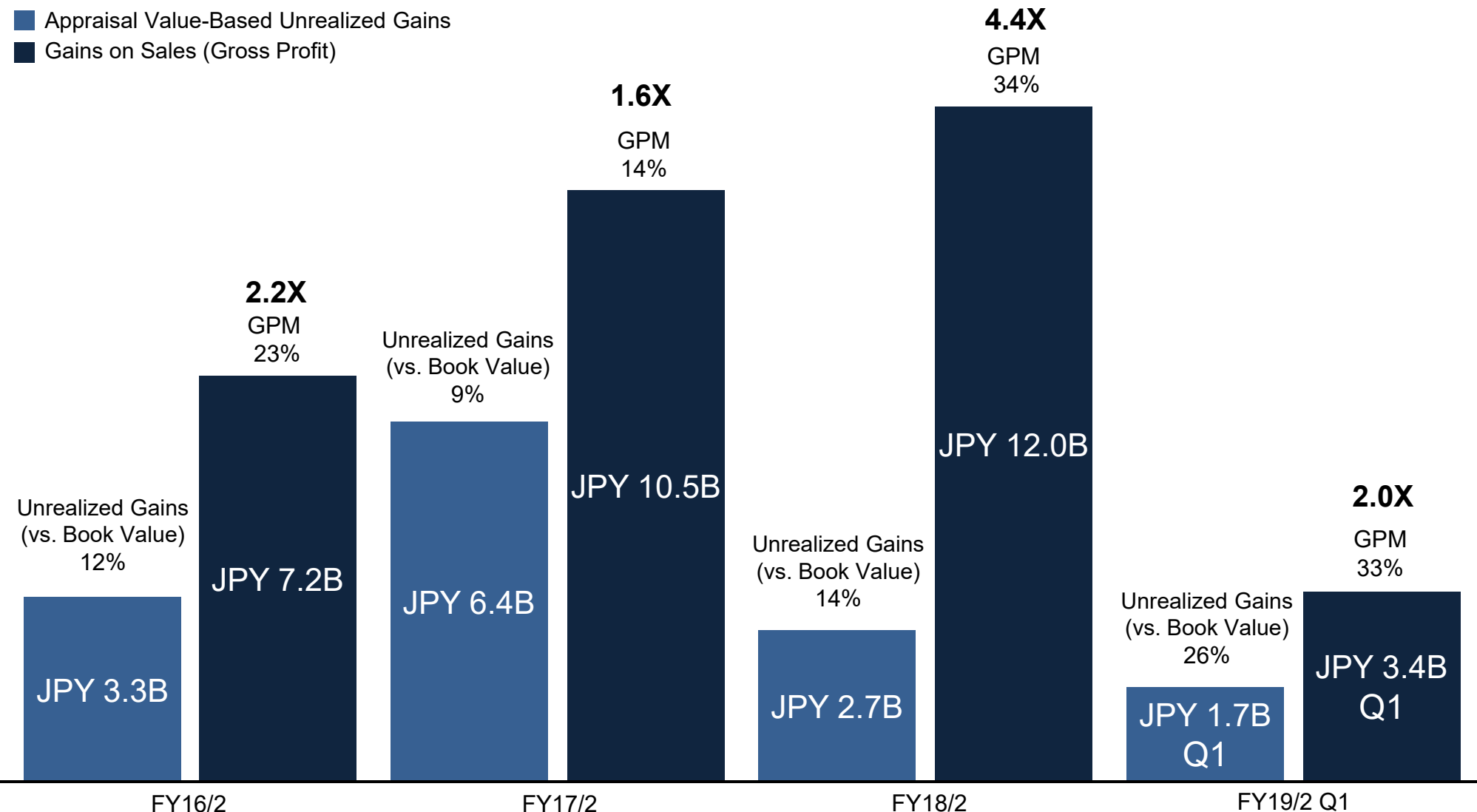
## Business Model (2) Embedded Forward Earnings

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



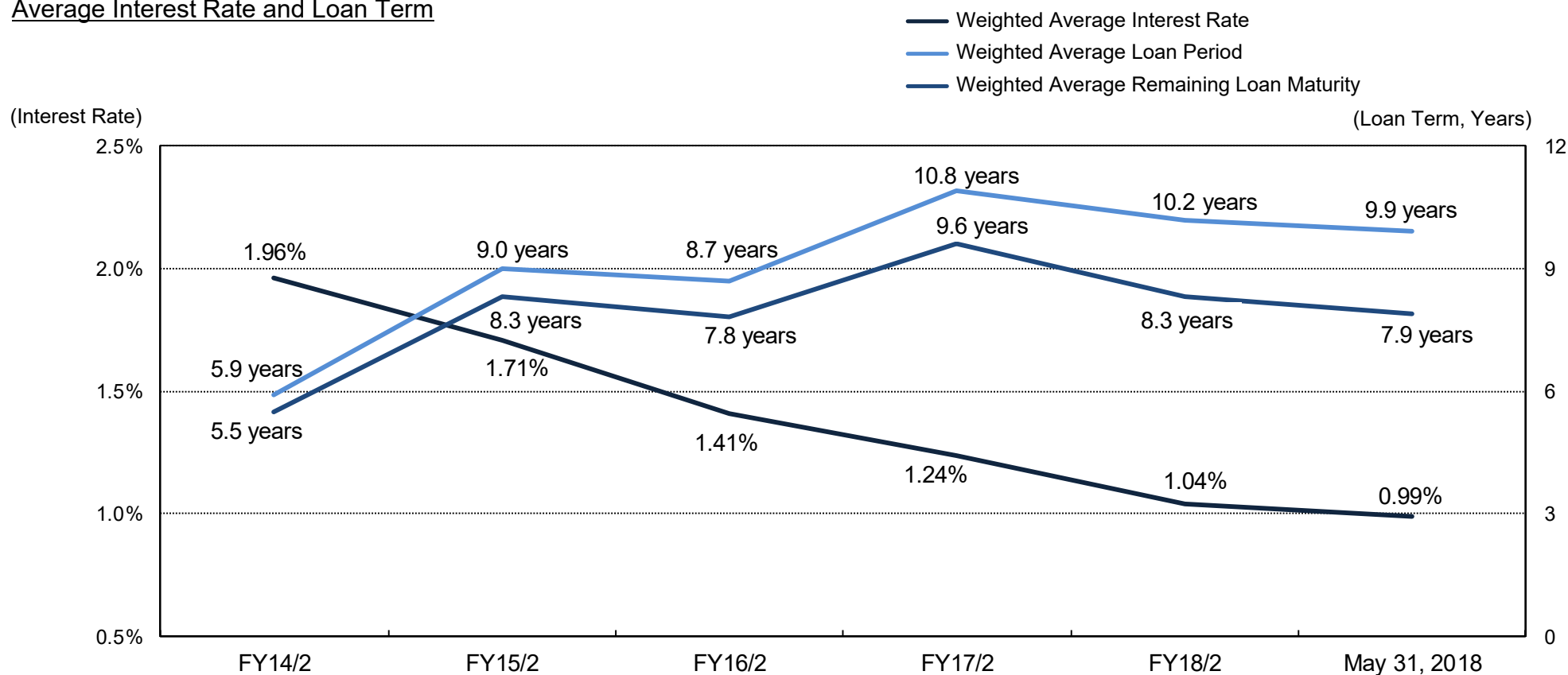
# Business Model (3) Value-Add Durable Value Growth

## Gains on Sales Consistently Exceed Appraisal Value-Based Unrealized Gains

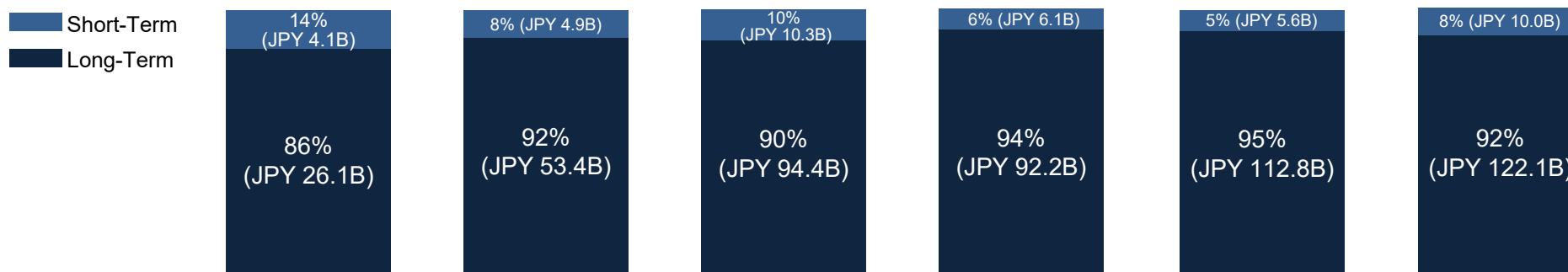


# Robust Financial Base

Average Interest Rate and Loan Term



Term Structure of Loans



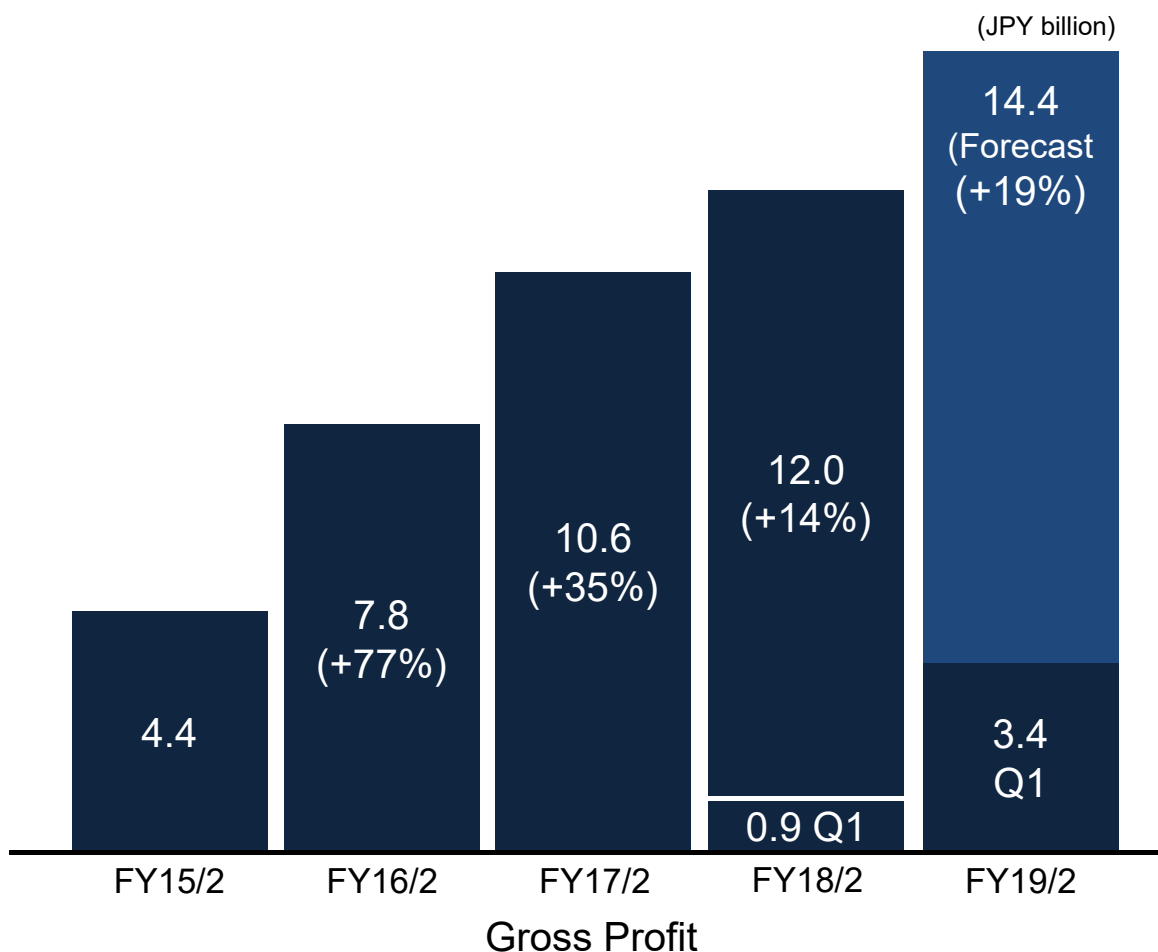
# Building a Foundation for Sustainable Growth

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# Value-Add: Growing Both Stock and Flow Earnings

- Favorable Market Conditions & Ichigo Value-Add Driving FY19/2 Forecast Value-Add Stock Earnings +24% and Value-Add Flow Earnings +19%
- Selective on Asset Acquisitions

## Value-Add Gains on Sale



## Value-Add Q1 Sales and Acquisitions

### Sales

Total	6 Assets	JPY 10.2B
Office	2 Assets	JPY 5.5B
Retail	1 Asset	JPY 1.8B
Residence	3 Assets	JPY 2.9B

### Acquisitions

Total	7 Assets	JPY 7.3B
Hotel	1 Asset	JPY 3.0B
Residence	5 Assets	JPY 4.2B
Storage	1 Asset	JPY 12M

# Value-Add Case: Tokyo Retail

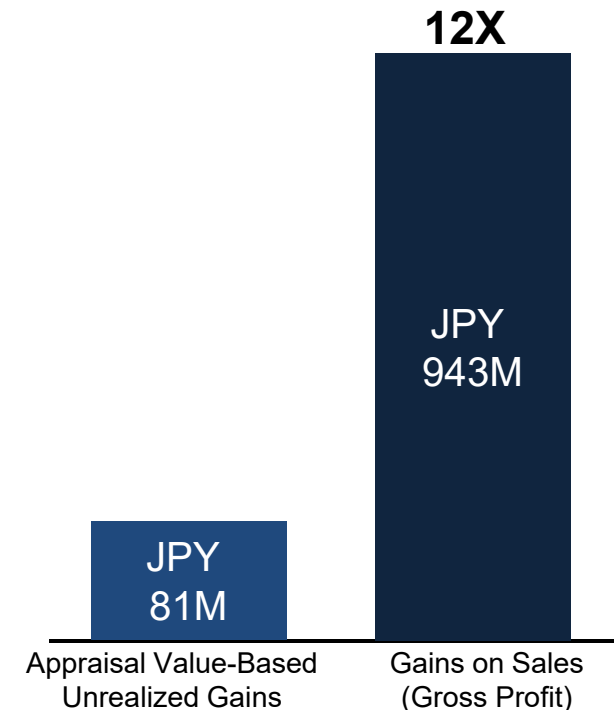
## Tokyo Retail (Machida) Holding Period: 3.4 Years

### – Value-Add Strategy

- ✓ Re-evaluated tenant mix based on inputs from existing tenants and leasing activities
- ✓ Repositioned as beauty-centered retail, added entrance greenery and tenant signs, renovated facilities, and enhanced security
- ✓ Retenanted from bars and office tenants to beauty salons and fitness centers

### – Value-Add Drivers of Increased Asset Value

- ✓ Rectified building code issues
- ✓ Re-tenanting drove higher rents
- ✓ Increased leasable area via conversion of non-revenue-generating common areas
- ✓ Converted unused area to revenue-generating parking
- ✓ Improved building management while reducing costs





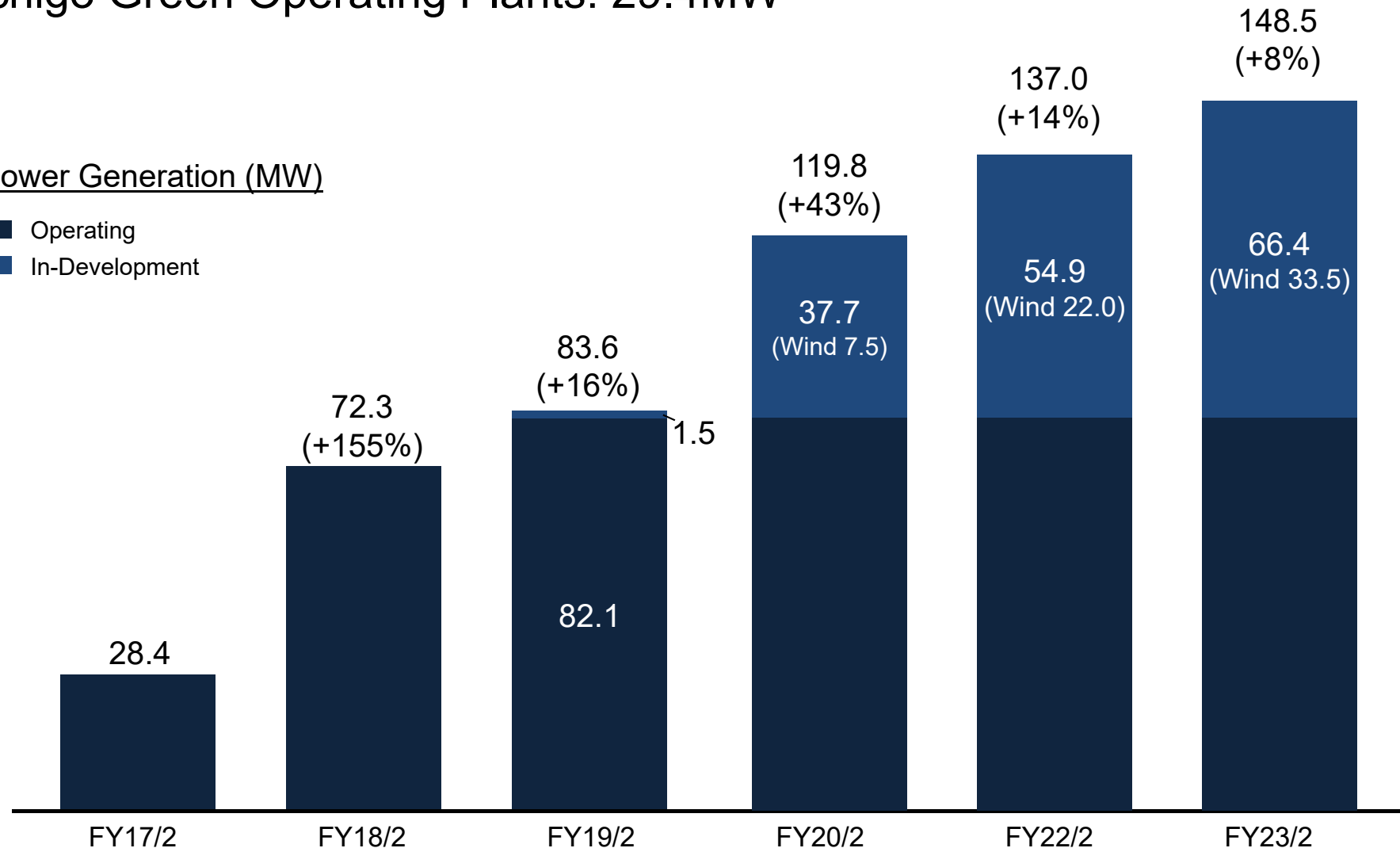
# Clean Energy: Scaling Rapidly

Operating Plants: 82.1MW    In-Development Plants: 66.4MW (+81%)

Ichigo Green Operating Plants: 29.4MW

## Power Generation (MW)

- Operating
- In-Development



# THE KNOT TOKYO Shinjuku

Completed Full Renovation of the Historic Shinjuku New City Hotel via Ichigo Value-Add and Transformed into THE KNOT TOKYO Shinjuku, Grand Opening on August 8

- Beautiful hotel that opens directly onto Shinjuku Central Park
- Includes restaurant, bakery, lounges, conference rooms, Shinjuku Central Park events such as Yoga in the Park, bicycle rentals, etc.

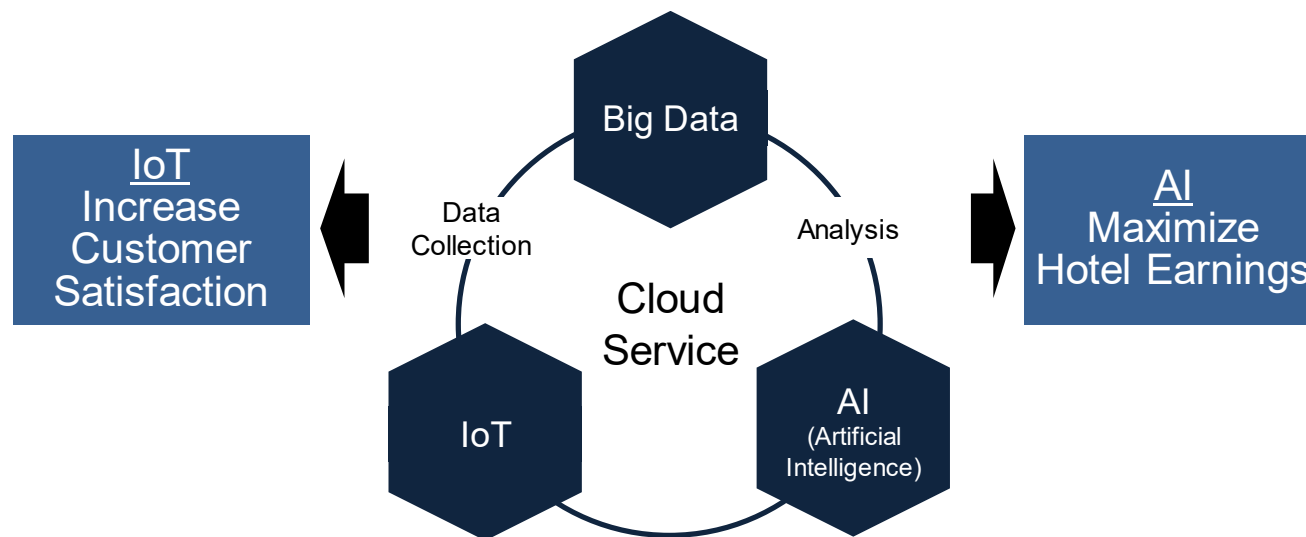


# Hotel AI System Autumn 2018 Launch

## Hotel AI System to Drive Increased Guest Satisfaction & Earnings

- AI-based revenue management system based on Ichigo's real estate know-how
- Data analysis and optimized algorithms using Big Data gathered by Ichigo's revenue management system & Fujitsu Kyushu Systems' and Ichigo's AI capabilities
- Smart locks & automated check-in devices deployed at Ichigo hotels

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



## Appendix: Financial & Real Estate Data

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# Significant Unrealized Gains on Balance Sheet

Total Unrealized Gains: JPY 44.6B (Appraisal Value Basis), -1% vs. FY18/2-end

## Real Estate Directly Held by Ichigo

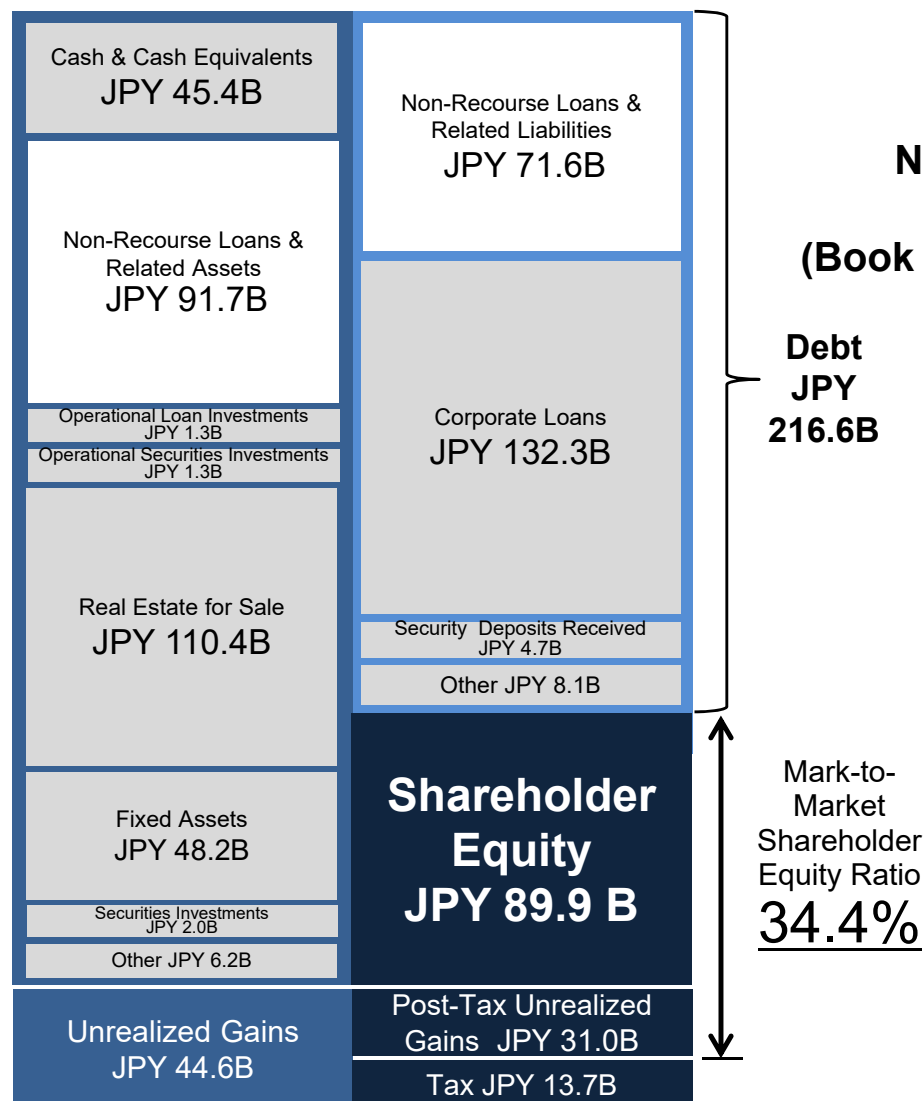
(JPY million)

Location	Book Value as of May 31, 2018	Expected NOI	Cap Rate NOI/Book Value after Write-Down	Appraisal Value as of May 31, 2018	Unrealized Gains
Tokyo	108,728	6,251	5.7%	132,374	+23,646
Outside Tokyo	108,598	7,316	6.7%	129,575	+20,977
Total	217,326	13,568	6.2%	261,949	+44,623

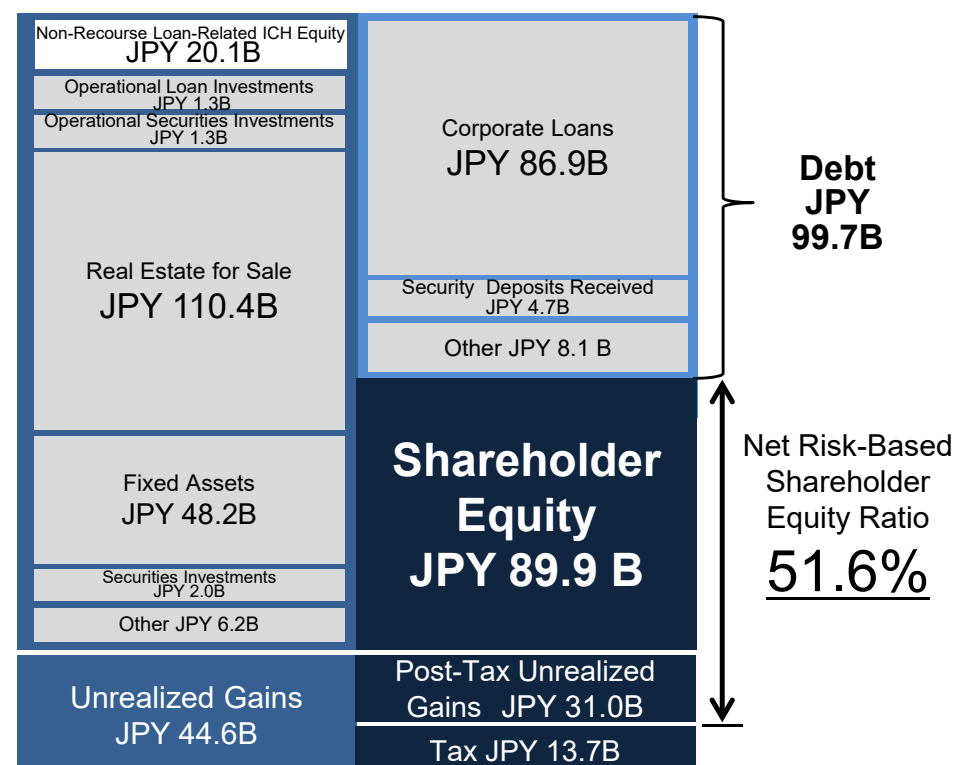
\* Cap rate is the simple average of the cap rates for each asset. Excludes development assets (c. JPY 293 million) which are not currently generating NOI, and includes intangible fixed assets subject to appraisal (c. JPY 135 million).

# Net Consolidated Risk-Based Balance Sheet

**Mark-to-Market Consolidated Balance Sheet: JPY 351.1B**  
**(Book Value JPY 306.5B + Unrealized Gains JPY 44.6B)**



**Net Consolidated Risk-Based Balance Sheet:  
JPY 234.2B**  
**(Book Value JPY 189.6B + Unrealized Gains JPY 44.6B)**



**Note: Net Risk-Based Balance Sheet excludes client and non-recourse assets and liabilities and nets out Cash & Cash Equivalents.**

# Business Segments

## Asset Management

Asset Management 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

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

## Clean Energy

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

Note: From FY19/2, the Other segment has been eliminated.

# 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	—	—	—	—	—	—	894	117	793	<b>1,805</b>
Value-Add	17,153	1,324	1,290	181,592	—	37,258	573	583	2,192	<b>241,969</b>
Clean Energy	2,513	—	—	—	—	21,846	230	—	2,096	<b>26,687</b>
Company-Wide Assets	33,378	—	—	—	—	68	234	1,333	1,061	<b>36,076</b>
<b>Total</b>	<b>53,045</b>	<b>1,324</b>	<b>1,290</b>	<b>181,592</b>	<b>—</b>	<b>59,173</b>	<b>1,933</b>	<b>2,034</b>	<b>6,144</b>	<b>306,539</b>



# Asset Management Growth – Ichigo REITs and YieldCo

## Office



### Ichigo Office (8975)

Listing Date  
October 12, 2005

Portfolio  
84 Offices JPY 198.0B  
Yield  
4.4 %

#### Characteristics

- Specialized Office REIT focused on mid-size offices with return stability and upside potential
- 16 consecutive periods of dividend growth, No. 1 among all J-REITs



## Hotel



### Ichigo Hotel (3463)

Listing Date  
November 30, 2015

Portfolio  
21 Hotels JPY 50.9B  
Yield  
6.0 %

#### Characteristics

- Specialized Hotel REIT focused on driving shareholder value via income stability and earnings growth
- Portfolio growth via Ichigo's sponsor support



## Green Infrastructure



### Ichigo Green (9282)

Listing Date  
December 1, 2016

Portfolio  
15 Plants JPY 11.4B  
Yield  
5.6 %

#### Characteristics

- 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



# Asset Management AUM Detail

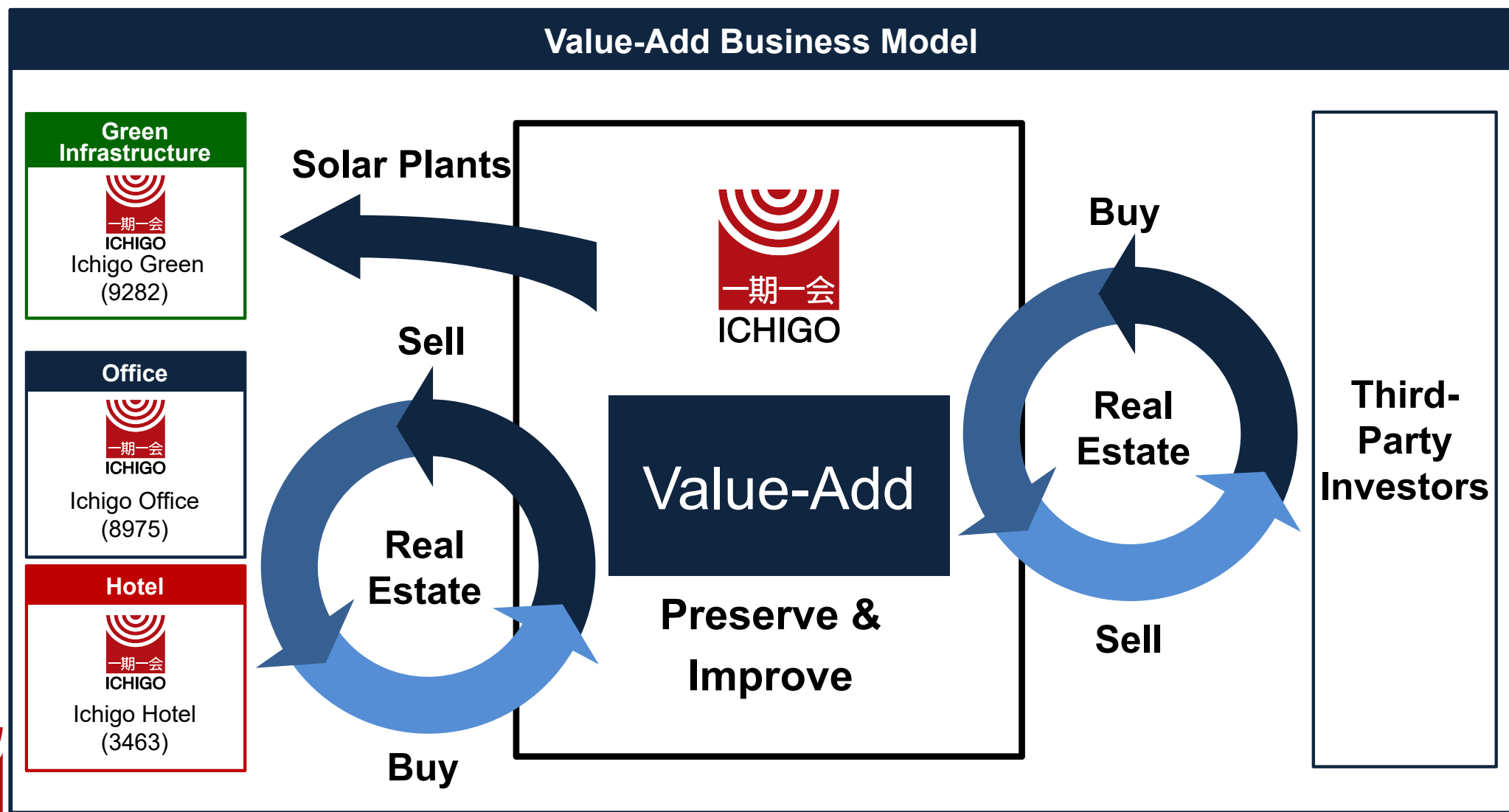
		FY 14/2 (12M)	FY 15/2 (12M)	FY 16/2 (12M)	FY 17/2 (12M)	FY 18/2 (12M)	FY 19/2 Q1 (12M)
Ichigo Office (8975)	AUM (Fiscal Year End)	JPY 120.5B	JPY 123.8B	JPY 165.1B	JPY 194.5B	JPY 196.9B	JPY 198.0B
	AM Fee % (Average)	0.65%	0.65%	0.64%	0.69%	0.70%	0.71% <sup>1</sup>
	AM Fee Gross Profit (Actual)	JPY 733M	JPY 759M	JPY 1,016M	JPY 1,291M	JPY 1,373M	JPY 346M
Ichigo Hotel (3463)	AUM (Fiscal Year End)	—	—	JPY 20.4B	JPY 47.6B	JPY 50.9B	JPY 50.9B
	AM Fee % (Average)	—	—	0.59% <sup>1</sup>	0.90%	0.90%	0.89% <sup>1</sup>
	AM Fee Gross Profit (Actual)	—	—	JPY 30M	JPY 287M	JPY 450M	JPY 113M
Ichigo Green (3463)	AUM (Fiscal Year End)	—	—	—	JPY 10.0B	JPY 11.4B	JPY 11.4B
	AM Fee % (Average)	—	—	—	0.21% <sup>1,2</sup>	0.32% <sup>2</sup>	0.34% <sup>1,2</sup>
	AM Fee Gross Profit (Actual)	—	—	—	JPY 5M	JPY 34M	JPY 9M
Private Equity Real Estate Funds (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 63.3B	JPY 21.5B	JPY 15.4B	JPY 6.4B	JPY 12.3B	JPY 12.3B
	AM Fee % (Average)	0.26%	0.37%	0.32%	0.25%	0.19%	0.33% <sup>1</sup>
	AM Fee Gross Profit (Actual)	JPY 257M	JPY 114M	JPY 60M	JPY 27M	JPY 12M	JPY 10M
Total (excluding consolidated funds)	AUM (Fiscal Year End)	JPY 183.8B	JPY 145.3B	JPY 200.9B	JPY 258.6B	JPY 271.7B	JPY 272.8B
	AM Fee % (Average)	0.47%	0.59%	0.61%	0.68%	0.71%	0.71% <sup>1</sup>
	AM Fee Gross Profit (Actual)	JPY 989M	JPY 872M	JPY 1,106M	JPY 1,611M	JPY 1,872M	JPY 480M

<sup>1</sup> Annualized

<sup>2</sup> 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.

# Powerful Value-Add Business Model

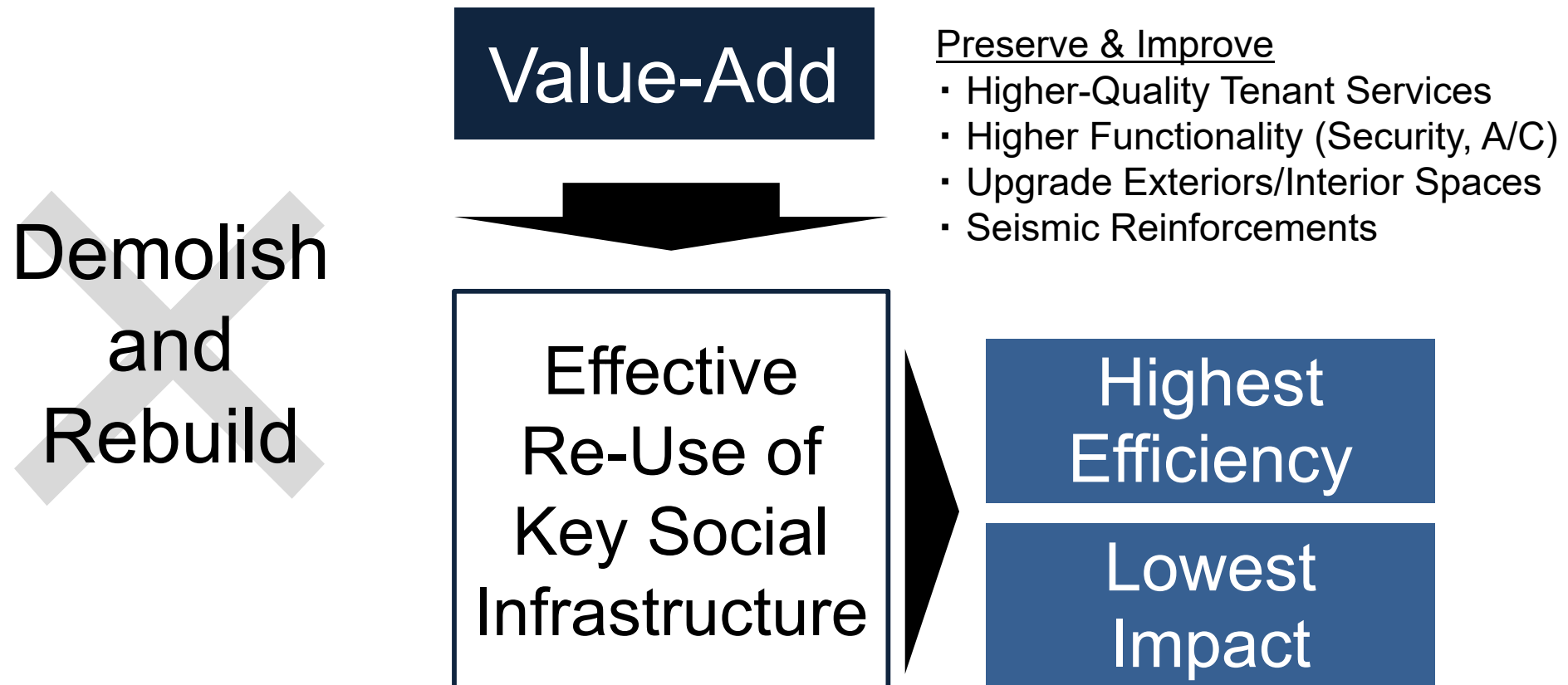
## Significant Synergies between Ichigo's Value-Add and Asset Management Businesses



# Sustainable Real Estate Serving a Sustainable Society

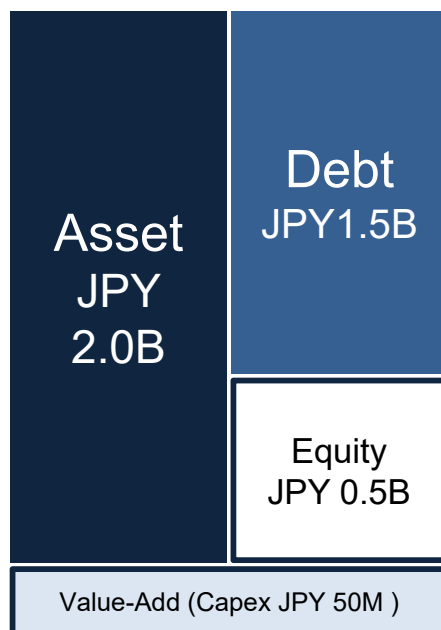
## End Demolish and Rebuild and Embrace Value-Add

- 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

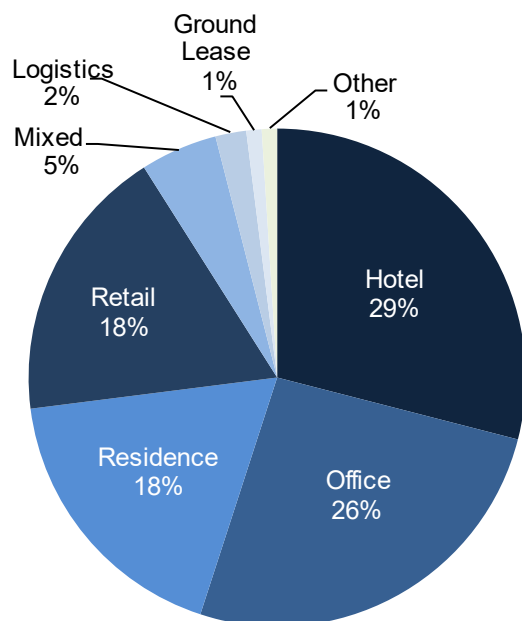
The 15% increase in NOI at an equivalent cap rate increases the exit price by 15%:  $\text{JPY } 2\text{B} \times 115\% = \text{JPY } 2.3\text{B}$   
 $\text{JPY } 2.3\text{B} - (\text{JPY } 2\text{B} + \text{JPY } 50\text{M}) = \text{JPY } 250\text{M capital gain}$

## Result

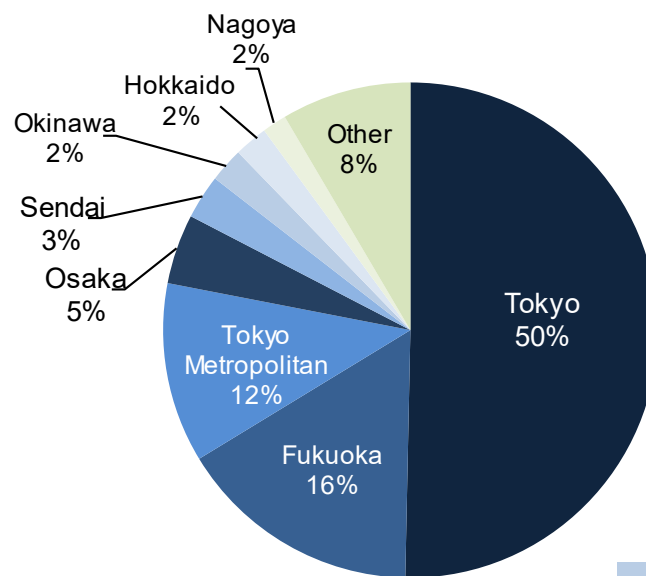
JPY 550M investment generates JPY 512M over 3 years → 31.1% p.a.

# Ichigo-Owned Real Estate Portfolio

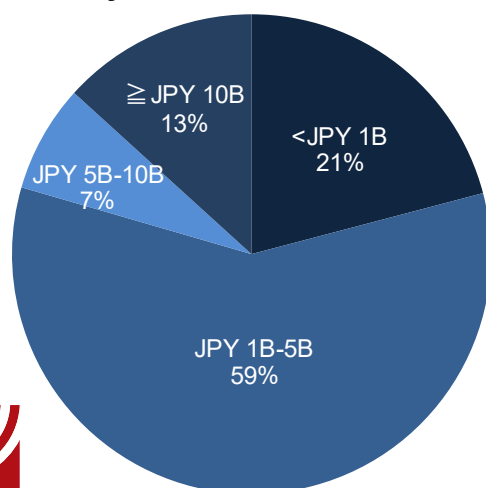
**By Asset Type**



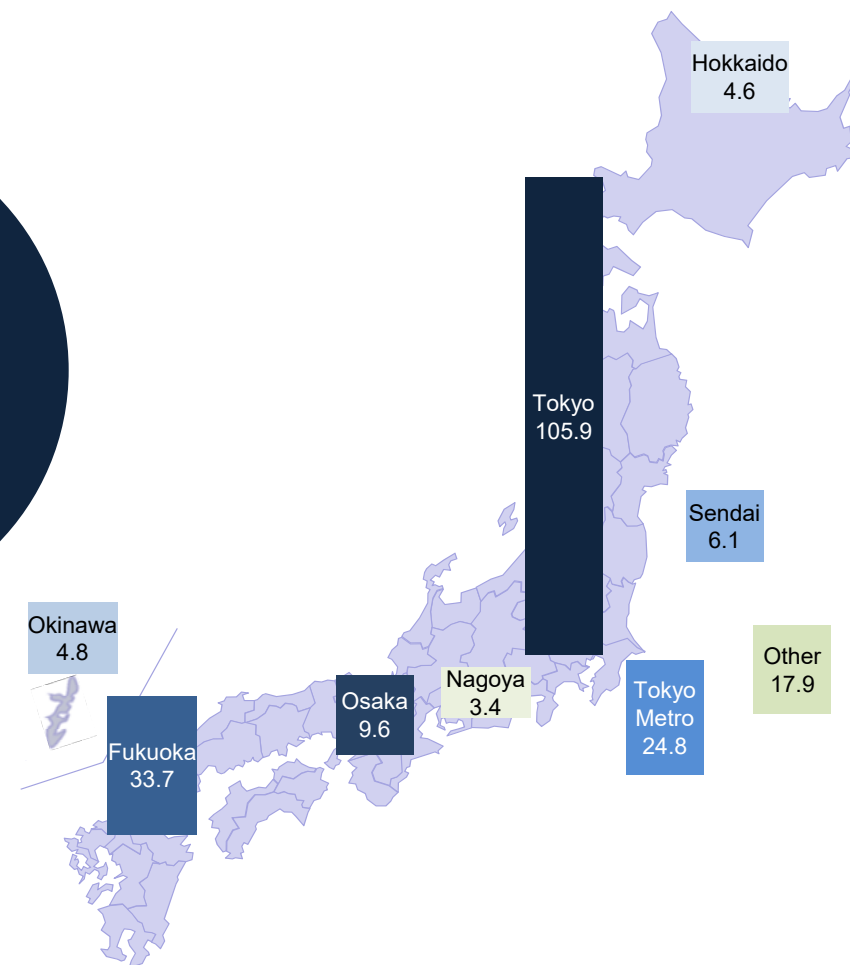
**By Location**



**By Asset Size**



(JPY billion)



**Total Ichigo-Owned Assets: JPY 210.7B**  
**Including Ichigo-Managed AUM: JPY 488.1B**

\* Acquisition price basis.  
 Ichigo-Managed AUM includes JPY 11.4B Ichigo Green assets.  
 Total Ichigo-Owned Assets Book Value: JPY 214.9B

# Value-Add Asset Breakdown (1)

166 Assets, JPY 210.7B, Forecast NOI JPY 13.3B (6.2% Yield)

No.	Asset Type	Classification	Location	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
1	Wholesale Market	Fixed Asset	Matsudo, Chiba	JPY 2B-3B	2005/06	46 years	JPY 73M	JPY 1,900M	—	—
2	Retail	Real Estate for Sale	Minato-ku, Tokyo	JPY 2B-3B	2005/10	49 years	JPY 148M	JPY 1,033M	—	—
3	Retail	Fixed Asset	Minato-ku, Tokyo	≥ JPY 3B	2006/03	32 years	JPY 192M	JPY 1,356M	—	—
4	Retail	Fixed Asset	Yokohama	JPY 1B-2B	2006/09	13 years	JPY 75M	JPY 1,157M	—	—
5	Office	Real Estate for Sale	Sendai	≥ JPY 3B	2006/10	10 years	JPY 287M	JPY 1,042M	—	—
6	Office	Fixed Asset	Fukuoka	≥ JPY 3B	2006/12	9 years	JPY 406M	JPY 1,339M	—	—
9	Residence	Real Estate for Sale	Ota-ku, Tokyo	< JPY 1B	2007/04	13 years	JPY 57M	JPY 403M	—	—
10	Retail	Fixed Asset	Chiyoda-ku, Tokyo	< JPY 1B	2007/06	38 years	JPY 84M	JPY 240M	—	—
11	Retail	Fixed Asset	Chiyoda-ku, Tokyo	< JPY 1B	2007/06	37 years	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	< JPY 1B	2012/02	22 years	JPY 84M	JPY 172M	—	—
16	Retail	Real Estate for Sale	Yokohama	< JPY 1B	2012/10	4 years	JPY 33M	JPY 171M	—	—
17	Retail	Fixed Asset	Toshima-ku, Tokyo	≥ JPY 3B	2013/03	7 years	JPY 236M	JPY 340M	—	—
18	Retail	Fixed Asset	Shibuya-ku, Tokyo	< JPY 1B	2013/05	31 years	JPY 47M	JPY 154M	—	—
19	Mixed (Office/Retail)	Fixed Asset	Chofu, Tokyo	JPY 1B-2B	2013/06	33 years	JPY 125M	JPY 310M	—	—

<sup>1</sup> 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.

<sup>2</sup> 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	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
21	Residence	Fixed Asset	Minato-ku, Tokyo	<JPY 1B	2013/06	2 years	JPY 49M	JPY 203M	–	–
26	Retail	Real Estate for Sale	Kobe	JPY 1B-2B	2013/09	17 years	JPY 149M	JPY 616M	–	–
27	Retail	Fixed Asset	Tokorozawa, Saitama	JPY 1B-2B	2013/11	10 years	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	<JPY 1B	2014/03	34 years	JPY 39M	JPY 108M	6.95X	26.0%
31	Office	Real Estate for Sale	Shibuya-ku, Tokyo	JPY 1B-2B	2014/04	7 years	JPY 60M	JPY 1,090M	1.25X	12.0%
32	Retail	Fixed Asset	Fukuoka	JPY 1B-2B	2014/04	12 years	JPY 60M	JPY 279M	–	–
35	Mixed (Office/Retail)	Real Estate for Sale	Minato-ku, Tokyo	JPY 2B-3B	2014/05	9 years	JPY 164M	JPY 434M	3.08X	15.2%
37	Retail	Real Estate for Sale	Minato-ku, Tokyo	<JPY 1B	2014/07	46 years	JPY 41M	JPY 77M	10.47X	23.9%
38	Mixed (Office/Retail)	Real Estate for Sale	Shinjuku-ku, Tokyo	≥JPY 3B	2014/07	42 years	JPY 168M	JPY 645M	3.32X	21.1%
39	Retail	Fixed Asset	Fukuoka	<JPY 1B	2014/07	14 years	JPY 48M	JPY 213M	–	–
40	Retail	Real Estate for Sale	Fukuoka	<JPY 1B	2014/09	33 years	JPY 51M	JPY 252M	–	–
41	Hotel	Real Estate for Sale	Utsunomiya, Tochigi	JPY 1B-2B	2014/09	31 years	JPY 181M	JPY 400M	1.97X	28.3%
42	Retail	Real Estate for Sale	Fukuoka	<JPY 1B	2014/09	17 years	JPY 54M	JPY 177M	5.54X	26.2%
43	Retail	Real Estate for Sale	Osaka	JPY 1B-2B	2014/09	16 years	JPY 104M	JPY 301M	4.64X	24.3%

<sup>1</sup> 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.

<sup>2</sup> 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	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
45	Retail	Real Estate for Sale	Fukuoka	JPY 1B-2B	2014/11	15 years	JPY 74M	JPY 135M	10.70X	33.8%
46	Residence	Real Estate for Sale	Chiyoda-ku, Tokyo	JPY 2B-3B	2014/12	15 years	JPY 119M	JPY 332M	2.18X	29.2%
47	Residence	Real Estate for Sale	Koto-ku, Tokyo	JPY 1B-2B	2014/12	11 years	JPY 94M	JPY 270M	1.56X	14.6%
48	Residence	Real Estate for Sale	Minato-ku, Tokyo	JPY 1B-2B	2014/12	14 years	JPY 81M	JPY 238M	1.67X	16.6%
50	Residence	Real Estate for Sale	Sumida-ku, Tokyo	JPY 1B-2B	2014/12	12 years	JPY 63M	JPY 163M	1.55X	15.2%
51	Residence	Real Estate for Sale	Ota-ku, Tokyo	<JPY 1B	2014/12	16 years	JPY 57M	JPY 150M	2.21X	35.7%
52	Residence	Real Estate for Sale	Osaka	<JPY 1B	2014/12	10 years	JPY 58M	JPY 148M	1.86X	24.8%
53	Residence	Real Estate for Sale	Chuo-ku, Tokyo	<JPY 1B	2014/12	15 years	JPY 40M	JPY 99M	2.96X	44.4%
55	Residence	Real Estate for Sale	Shinjuku-ku, Tokyo	<JPY 1B	2014/12	13 years	JPY 28M	JPY 82M	2.05X	25.8%
56	Residence	Real Estate for Sale	Shibuya-ku, Tokyo	JPY 1B-2B	2014/12	12 years	JPY 89M	JPY 270M	2.00X	23.2%
57	Residence	Real Estate for Sale	Minato-ku, Tokyo	JPY 1B-2B	2014/12	14 years	JPY 57M	JPY 186M	1.90X	21.0%
59	Residence	Real Estate for Sale	Setagaya-ku, Tokyo	<JPY 1B	2014/12	13 years	JPY 42M	JPY 117M	2.11X	27.2%
60	Residence	Real Estate for Sale	Shinjuku-ku, Tokyo	<JPY 1B	2014/12	11 years	JPY 20M	JPY 55M	1.80X	21.1%
61	Mixed (Office/Retail)	Operational Loan	Shinjuku-ku, Tokyo	JPY 1B-2B	2014/12	55 years	JPY 118M	JPY 57M	15.26X	51.7%
62	Retail	Real Estate for Sale	Fukuoka	<JPY 1B	2014/12	14 years	JPY 43M	JPY 212M	–	–

<sup>1</sup> 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.

<sup>2</sup> 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	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
63	Retail	Fixed Asset	Meguro-ku, Tokyo	JPY 1B-2B	2014/12	11 years	JPY 84M	JPY 129M	3.98X	23.8%
64	Retail	Real Estate for Sale	Shinagawa-ku, Tokyo	<JPY 1B	2015/01	64 years	JPY 40M	—	—	—
66	Retail	Real Estate for Sale	Sendai	<JPY 1B	2015/02	14 years	JPY 48M	JPY 8M	42.58X	198.9%
68	Retail	Fixed Asset	Shibuya-ku, Tokyo	<JPY 1B	2015/04	16 years	JPY 47M	JPY 79M	5.65X	27.9%
69	Hotel	Real Estate for Sale	Osaka	JPY 2B-3B	2015/05	15 years	JPY 194M	JPY 633M	1.56X	58.3%
70	Hotel	Real Estate for Sale	Aomori	<JPY 1B	2015/06	10 years	JPY 50M	JPY 113M	2.10X	20.2%
71	Retail	Real Estate for Sale	Fujisawa, Kanagawa	JPY 1B-2B	2015/07	3 years	JPY 97M	JPY 126M	6.80X	37.3%
89	Office	Real Estate for Sale	Musashino, Tokyo	≥JPY 3B	2015/07	29 years	JPY 130M	JPY 670M	1.72X	13.3%
92	Office	Real Estate for Sale	Fukuoka	JPY 1B-2B	2015/07	10 years	JPY 92M	JPY 353M	1.82X	17.7%
93	Office	Real Estate for Sale	Fukuoka	JPY 1B-2B	2015/07	15 years	JPY 91M	JPY 358M	1.92X	18.8%
98	Hotel	Real Estate for Sale	Naha, Okinawa	JPY 2B-3B	2015/11	29 years	JPY 223M	JPY 640M	1.91X	25.9%
105	Hotel	Real Estate for Sale	Kumamoto	JPY 1B-2B	2015/12	33 years	JPY 154M	JPY 453M	1.61X	61.2%
109	Hotel	Real Estate for Sale	Nagoya	JPY 2B-3B	2016/03	9 years	JPY 141M	JPY 525M	1.84X	37.7%
110	Hotel	Real Estate for Sale	Fukuoka	≥JPY 3B	2016/03	32 years	JPY 288M	JPY 905M	2.05X	104.5%
111	Hotel	Real Estate for Sale	Yokohama	JPY 2B-3B	2016/03	34 years	JPY 166M	JPY 228M	5.32X	23.3%

<sup>1</sup> 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.

<sup>2</sup> 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	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
112	Hotel	Real Estate for Sale	Yokohama	≥JPY 3B	2016/03	30 years	JPY 261M	JPY 354M	10.64X	36.2%
113	Hotel	Real Estate for Sale	Yokohama	≥JPY 3B	2016/03	30 years	JPY 231M	JPY 344M	5.84X	25.5%
114	Hotel	Real Estate for Sale	Fukuoka	≥JPY 3B	2016/04	28 years	JPY 210M	JPY 550M	1.73X	72.6%
115	Hotel	Real Estate for Sale	Osaka	JPY 2B-3B	2016/04	11 years	JPY 117M	JPY 274M	2.96X	30.7%
116	Retail	Fixed Asset	Sendai	<JPY 1B	2016/04	29 years	JPY 47M	JPY 86M	7.50X	28.4%
118	Retail	Real Estate for Sale	Nagoya	JPY 1B-2B	2016/06	21 years	JPY 87M	JPY 102M	7.71X	32.6%
119	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	<JPY 1B	2016/06	31 years	JPY 33M	JPY 136M	3.91X	17.4%
120	Hotel	Real Estate for Sale	Shinjuku-ku, Tokyo	≥JPY 3B	2016/09	38 years	JPY 548M	JPY 349M	2.70X	39.9%
121	Office	Real Estate for Sale	Minato-ku, Tokyo	≥JPY 3B	2016/10	17 years	JPY 1,526M	JPY 3,450M	2.87X	43.5%
122	Hotel	Real Estate for Sale	Shima, Mie	<JPY 1B	2017/01	20 years	JPY 48M	JPY 73M	5.49X	43.1%
123	Hotel	Real Estate for Sale	Shibuya-ku, Tokyo	≥JPY 3B	2016/12	23 years	JPY 170M	JPY 1,123M	1.25X	25.4%
124	Hotel	Real Estate for Sale	Asahikawa, Hokkaido	<JPY 1B	2016/12	28 years	JPY 73M	JPY 593M	1.48X	48.5%
125	Hotel	Real Estate for Sale	Kurashiki, Okayama	JPY 1B-2B	2016/12	25 years	JPY 117M	JPY 484M	1.53X	53.0%
126	Hotel	Real Estate for Sale	Fukuoka	JPY 1B-2B	2016/12	27 years	JPY 71M	JPY 505M	1.25X	25.4%
127	Hotel	Real Estate for Sale	Ishigaki, Okinawa	JPY 2B-3B	2017/02	15 years	JPY 173M	JPY 544M	1.80X	80.2%

<sup>1</sup> 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.

<sup>2</sup> 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	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
128	Hotel	Real Estate for Sale	Mito, Ibaraki	JPY 1B-2B	2017/02	25 years	JPY 103M	JPY 602M	1.47X	47.0%
130	Retail	Real Estate for Sale	Taito-ku, Tokyo	JPY 1B-2B	2017/04	25 years	JPY 91M	JPY 297M	4.42X	21.1%
131	Hotel	Real Estate for Sale	Fukuoka	JPY 1B-2B	2017/04	1 year	JPY 144M	JPY 236M	2.07X	49.9%
132	Residence	Real Estate for Sale	Minato-ku, Tokyo	<JPY 1B	2017/04	14 years	JPY 54M	JPY 190M	2.66X	38.3%
133	Residence	Real Estate for Sale	Minato-ku, Tokyo	<JPY 1B	2017/04	16 years	JPY 31M	JPY 152M	3.85X	32.7%
134	Residence	Real Estate for Sale	Chuo-ku, Tokyo	JPY 1B-2B	2017/04	15 years	JPY 48M	JPY 197M	2.88X	26.2%
135	Logistics	Real Estate for Sale	Narashino, Chiba	JPY 1B-2B	2017/04	26 years	JPY 97M	JPY 188M	6.18X	25.8%
136	Logistics	Real Estate for Sale	Narashino, Chiba	JPY 1B-2B	2017/04	26 years	JPY 163M	JPY 203M	8.75X	32.8%
138	Hotel	Real Estate for Sale	Ogaki, Gifu	JPY 1B-2B	2017/05	28 years	JPY 96M	–	–	–
139	Office	Real Estate for Sale	Shibuya-ku, Tokyo	<JPY 1B	2017/05	1 year	JPY 28M	JPY 600M	1.15X	15.1%
140	Hotel	Real Estate for Sale	Minato-ku, Tokyo	≥JPY 3B	2017/06	1 year	JPY 175M	JPY 597M	2.27X	54.7%
141	Hotel	Real Estate for Sale	Osaka	JPY 1B-2B	2017/11	1 year	JPY 83M	JPY 334M	1.27X	27.4%
142	Hotel	Real Estate for Sale	Kanazawa	JPY 1B-2B	2017/11	1 year	JPY 95M	JPY 372M	2.12X	54.2%
143	Retail	Real Estate for Sale	Fukuoka	JPY 1B-2B	2017/09	33 years	JPY 90M	JPY 223M	3.78X	19.9%
144	Office	Real Estate for Sale	Chiyoda-ku, Tokyo	JPY 1B-2B	2018/02	30 years	JPY 129M	JPY 268M	8.00X	34.7%

<sup>1</sup> 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.

<sup>2</sup> 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	Acquisition Price	Acquisition Date	Building Age	Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
145	Hotel	Real Estate for Sale	Fukuoka	JPY 2B-3B	2018/03	1 year	JPY 194M	JPY 301M	3.37X	102.4%
Sub-Total 91 Assets				JPY 184,834M JPY 188,378M (Book Value)			JPY 11,654M	JPY 36,619M	2.82X	36.7%
No.	Asset Type			Acquisition Price	vs. FY18/2 Q4		Expected NOI/Year	Ichigo Equity Investment	Forecast Equity Multiple <sup>1</sup>	Forecast IRR <sup>2</sup>
A	Ichigo Owners (Office & Residence)		38 Assets	JPY 19,076M	+JPY 3,372M		JPY 1,051M	—	—	—
B	Centro (Primarily Office & Residence)		13 Assets	JPY 5,296M	+JPY 386M		JPY 389M	—	—	—
C	Self-Storage		24 Assets	JPY 2,186M	+JPY 62M		JPY 227M	—	—	—
Total 166 Assets				JPY 210,726M JPY 214,935M (Book Value)			JPY 13,321M	JPY 36,619M	2.82X	36.7%
Assets acquired in FY19/2 Q1 (3M)			Total 7 Assets	JPY 6,957M			JPY 369M	JPY 301M	3.37X	102.4%

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Ichigo Equity Investment excludes Asset No. A, B, and C.

# 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	0.80	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	0.60	JPY 40	Oct 2014
Ichigo Higashi-Hiroshima Saijocho Taguchi	Chugoku	2.72	JPY 40	Jan 2015
Ichigo Akkeshi Shirahama	Hokkaido	0.80	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	2.90	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
<b>Total (Operating)</b>	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	2.90	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
<b>Total (In-Development)</b>	9 Plants 32.80MW			
<b>Total (Operating &amp; In-Development)</b>	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	1.40	JPY 40	Feb 2014
Ichigo Muroan 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 Mitochi Sawakihama	Chubu	1.80	JPY 32	Sep 2015
Ichigo Yamaguchi Aionishi	Chugoku	1.24	JPY 40	Dec 2015
Ichigo Yamaguchi Sayama	Chugoku	2.35	JPY 36	Apr 2016
<b>Total</b>	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
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### 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	2.90MW
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	0.80MW
Ichigo Betsukai Kawakamicho	0.88MW
Ichigo Akkeshi Shirahama	0.80MW
Ichigo Toyokoro Sasadamachi	0.60MW
Ichigo Memuro Nishishikari	1.32MW
Ichigo Motomombetsu	1.40MW
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	7.50MW
(Wind) Iwate	7.50MW
(Wind) Fukushima	7.00MW

### Chubu

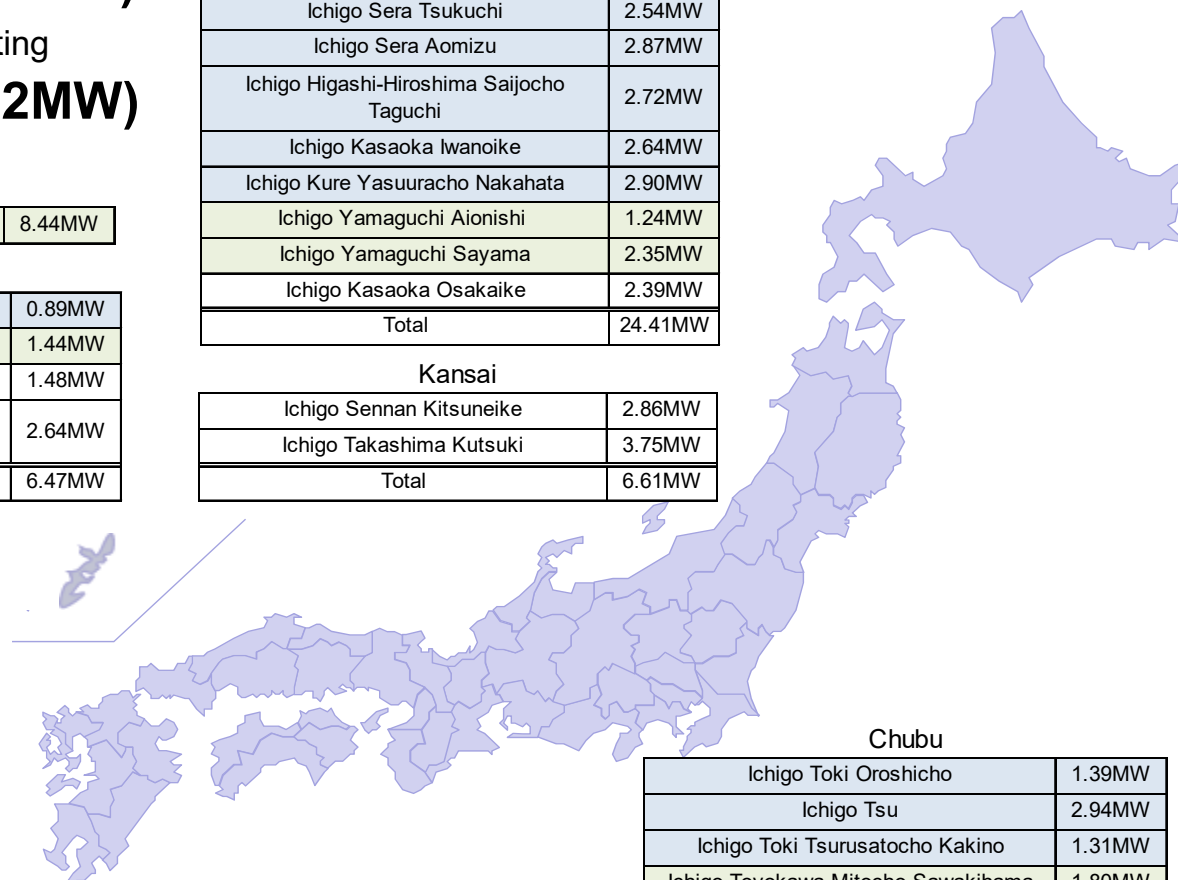
Ichigo Toki Oroshicho	1.39MW
Ichigo Tsu	2.94MW
Ichigo Toki Tsurusatocho Kakino	1.31MW
Ichigo Toyokawa Mitocho Sawakihama	1.80MW
Ichigo Sakahogi Fukagaya	2.90MW
Ichigo Toki Tsurusatocho Kakino Higashi	1.77MW
Total	12.13MW
(Wind) Mie	7.50MW

### 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	4.00MW

### Shikoku

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



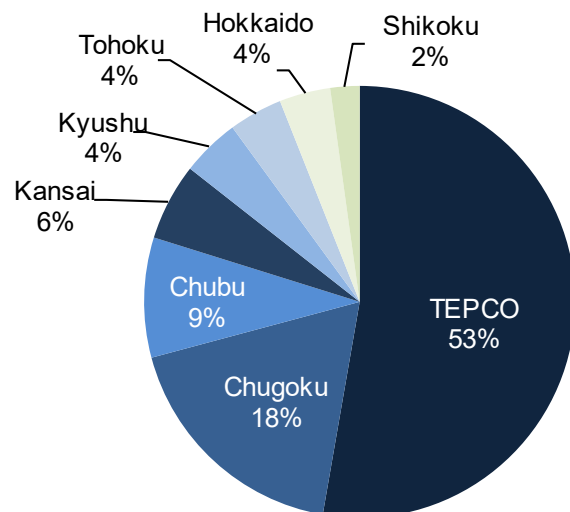
# Ichigo-Owned Solar Power Plant Details

Total Operating and In-Development

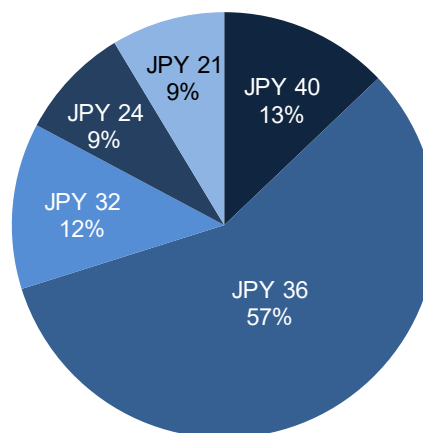
Ichigo-Owned Solar Power Plants: 33 Plants (114.94MW)

## ■ By Customer

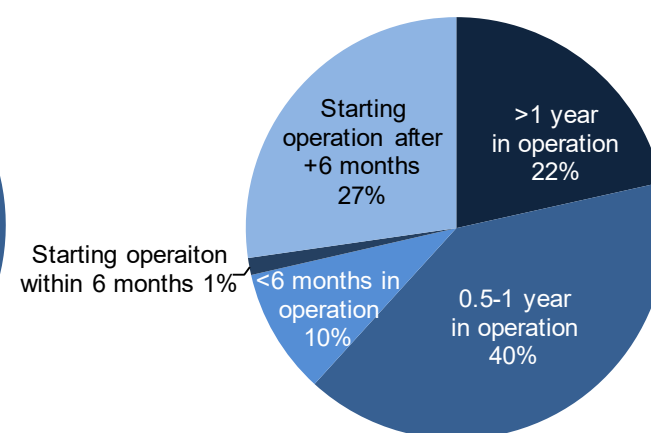
(Electric Power Utility Co)



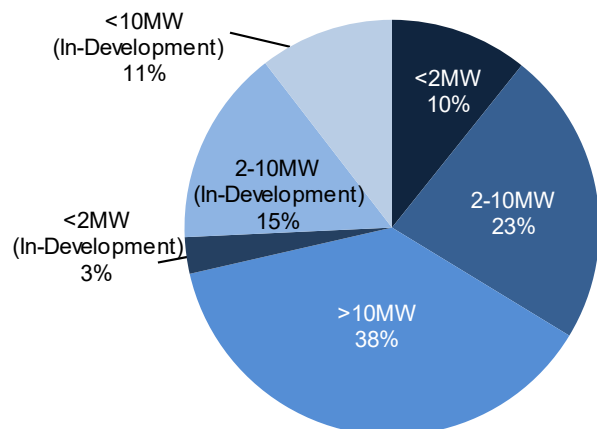
## ■ By Feed-In-Tariff



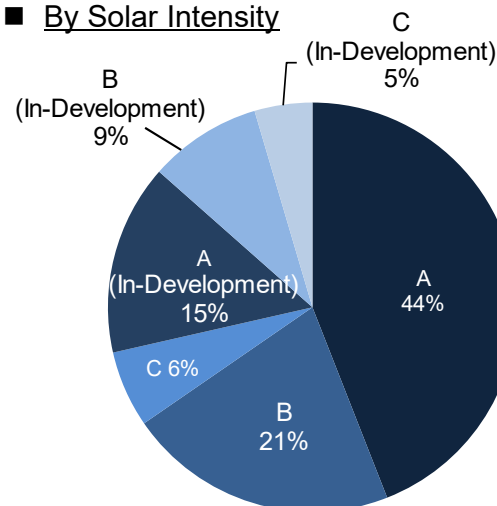
## ■ By Operating Timeline



## ■ By Output



## ■ By Solar Intensity



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

Unit: kWh/m<sup>2</sup> per day



# 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
FY2012	JPY 40	20 years
FY2013	JPY 36	20 years
FY2014	JPY 32	20 years
FY2015 (4/1~6/30)	JPY 29	20 years
FY2015 (7/1~3/31)	JPY 27	20 years
FY2016	JPY 24	20 years
FY2017	JPY 21*	20 years
FY2018	JPY 18*	20 years

Wind Power FIT

Contract Date	FIT	Guarantee Period
FY2017 (4/1~9/30)	JPY 22	20 years
FY2017 (10/1~3/31)	JPY 21	20 years
FY2018	JPY 20	20 years
FY2019	JPY 19	20 years
FY2020	JPY 18	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

# Consolidated Balance Sheet: Assets

(JPY million)

	FY15/2	FY16/2	FY17/2	FY18/2	FY19/2 Q1	vs. FY18/2
<b>Assets</b>						
Current Assets						
Cash and cash equivalents	19,383	28,779	47,678	45,510	53,045	+7,535
Trade notes and accounts receivable	519	691	913	1,097	1,426	+329
Operational loan investments	2,330	1,324	1,324	1,324	1,324	—
Operational securities investments	1,965	1,784	1,433	2	1,290	+1,288
Real estate for sale	109,769	172,833	167,805	180,789	181,592	+803
Power plants for sale	—	—	—	—	—	—
Deferred tax assets	1,200	1,766	516	342	344	+2
Other	2,657	3,966	3,125	2,643	2,252	-391
Less: allowance for doubtful accounts	-484	-458	-453	-28	-2	+26
<b>Total Current Assets</b>	<b>137,342</b>	<b>210,687</b>	<b>222,344</b>	<b>231,681</b>	<b>241,274</b>	<b>+9,593</b>
Fixed Assets						
Property, Plant, and Equipment						
Buildings and structures (net)	4,021	3,830	7,375	10,600	10,638	+38
Solar power plant equipment (net)	9,168	12,256	7,246	19,773	19,502	-271
Land	12,142	12,192	18,627	26,993	27,091	+98
Other (net)	989	3,264	12,402	1,190	1,941	+751
<b>Total Property, Plant, and Equipment</b>	<b>26,321</b>	<b>31,546</b>	<b>45,654</b>	<b>58,558</b>	<b>59,173</b>	<b>+615</b>
Intangible Assets						
Goodwill	2,082	1,942	1,864	1,600	1,549	-51
Leasehold rights	392	392	62	135	135	—
Other	27	38	29	233	249	+16
<b>Total Intangible Assets</b>	<b>2,502</b>	<b>2,373</b>	<b>1,956</b>	<b>1,968</b>	<b>1,933</b>	<b>-35</b>
Investments and Other Assets						
Securities investments	5,266	5,486	1,426	2,184	2,034	-150
Long-term loans receivable	12	12	10	10	10	—
Deferred tax assets	2	39	339	68	113	+45
Other	1,392	1,736	1,820	2,132	2,091	-41
Less: allowance for doubtful accounts	-95	-124	-92	-91	-91	—
<b>Total Investments and Other Assets</b>	<b>6,578</b>	<b>7,149</b>	<b>3,504</b>	<b>4,303</b>	<b>4,157</b>	<b>-146</b>
<b>Total Fixed Assets</b>	<b>35,402</b>	<b>41,069</b>	<b>51,115</b>	<b>64,831</b>	<b>65,264</b>	<b>+433</b>
<b>Total Assets</b>	<b>172,744</b>	<b>251,757</b>	<b>273,459</b>	<b>296,512</b>	<b>306,539</b>	<b>+10,027</b>

# Consolidated Balance Sheet: Liabilities & Net Assets

(JPY million)

	FY15/2	FY16/2	FY17/2	FY18/2	FY19/2 Q1	vs. FY18/2
<b>Liabilities</b>						
Current Liabilities						
Trade notes and accounts payable	124	80	110	—	—	—
Short-term loans	1,416	2,188	805	1,042	4,929	+3,887
Short-term non-recourse loans	48	79	611	—	—	—
Bonds (due within one year)	—	—	112	112	112	—
Long-term loans (due within one year)	3,488	8,161	5,209	4,449	5,045	+596
Long-term non-recourse loans (due within one year)	786	2,975	6,825	3,921	2,937	-984
Income taxes payable	284	631	1,655	1,609	1,128	-481
Deferred tax liabilities	30	53	62	494	492	-2
Accrued bonuses	16	13	36	34	258	+224
Other current liabilities	3,677	3,979	4,119	4,652	4,408	-244
<b>Total Current Liabilities</b>	<b>9,872</b>	<b>18,161</b>	<b>19,548</b>	<b>16,316</b>	<b>19,312</b>	<b>+2,996</b>
Long-Term Liabilities						
Bonds	—	—	632	520	520	—
Non-recourse bonds	100	100	100	—	—	—
Long-term loans	53,409	94,409	91,604	112,366	121,659	+9,293
Long-term non-recourse loans	43,004	56,193	68,319	63,588	61,190	-2,398
Deferred tax liabilities	1,402	1,543	1,147	1,744	1,733	-11
Long-term security deposits received	6,391	8,707	8,038	8,492	8,040	-452
Negative goodwill	90	—	—	—	—	—
Other long-term liabilities	96	475	624	758	771	+13
<b>Total Long-Term Liabilities</b>	<b>104,494</b>	<b>161,430</b>	<b>170,467</b>	<b>187,470</b>	<b>193,915</b>	<b>+6,445</b>
<b>Total Liabilities</b>	<b>114,367</b>	<b>179,591</b>	<b>190,015</b>	<b>203,787</b>	<b>213,228</b>	<b>+9,441</b>
<b>Net Assets</b>						
Shareholders' Equity						
Capital	26,499	26,575	26,650	26,723	26,764	+41
Capital reserve	10,873	10,968	11,056	11,113	11,155	+42
Retained earnings	17,201	29,454	42,840	54,324	54,896	+572
Treasury shares	-78	-41	-15	-2,995	-2,995	—
<b>Total Shareholders' Equity</b>	<b>54,496</b>	<b>66,956</b>	<b>80,532</b>	<b>89,165</b>	<b>89,821</b>	<b>+656</b>
Accumulated Other Comprehensive Income						
Valuation gain (loss) on other securities	1,208	761	117	543	442	-101
Deferred gain (loss) on long-term interest rate hedges	-36	-251	-365	-372	-391	-19
Foreign currency translation adjustment	6	23	55	—	—	—
<b>Total Accumulated Other Comprehensive Income</b>	<b>1,177</b>	<b>533</b>	<b>-192</b>	<b>171</b>	<b>51</b>	<b>-120</b>
Stock Options	198	319	491	666	694	+28
Minority Interests	2,505	4,357	2,612	2,722	2,744	+22
<b>Total Net Assets</b>	<b>58,377</b>	<b>72,166</b>	<b>83,443</b>	<b>92,725</b>	<b>93,311</b>	<b>+586</b>
<b>Total Liabilities and Net Assets</b>	<b>172,744</b>	<b>251,757</b>	<b>273,459</b>	<b>296,512</b>	<b>306,539</b>	<b>+10,027</b>

# Consolidated P&L

(JPY million)

	FY15/2 (12M)	FY16/2 (12M)	FY17/2 (12M)	FY18/2 (12M)	FY19/2 Q1 (3M)	FY18/2 Q1 (3M)	Change (YOY)	FY19/2 Full-Year Forecast	vs. Forecast
<b>Revenue</b>	<b>42,705</b>	<b>49,699</b>	<b>109,253</b>	<b>57,846</b>	<b>16,108</b>	<b>12,915</b>	<b>+3,193</b>	<b>—</b>	<b>—</b>
Cost of Goods Sold	30,539	29,835	82,446	31,920	8,653	8,574	+79	—	—
<b>Gross Profit</b>	<b>12,166</b>	<b>19,863</b>	<b>26,806</b>	<b>25,925</b>	<b>7,454</b>	<b>4,341</b>	<b>+3,113</b>	<b>31,200</b>	<b>23.9%</b>
SG&A	3,977	4,446	5,025	5,067	1,461	1,191	+270	—	—
<b>Operating Profit</b>	<b>8,189</b>	<b>15,417</b>	<b>21,781</b>	<b>20,858</b>	<b>5,992</b>	<b>3,150</b>	<b>+2,842</b>	<b>25,000</b>	<b>24.0%</b>
Non-Operating Income									
Interest income	5	2	—	3	—	—	—	—	—
Dividend income	78	79	85	57	21	20	+1	—	—
Negative goodwill amortization	90	90	—	—	—	—	—	—	—
Mark-to-market gain on long-term interest rate hedges	—	—	—	—	6	—	+6	—	—
Other	39	43	32	100	29	17	+12	—	—
Total Non-Operating Income	213	215	118	161	57	37	+20	—	—
Non-Operating Expenses									
Interest expense	943	1,277	1,303	1,266	569	563	+6	—	—
Mark-to-market loss on long-term interest rate hedges	—	—	38	244	—	286	-286	—	—
Debt financing-related fees	—	86	585	159	226	191	+35	—	—
Other	202	379	216	165	37	48	-11	—	—
Total Non-Operating Expenses	1,146	1,743	2,144	1,835	833	1,090	-257	—	—
<b>Recurring Profit</b>	<b>7,255</b>	<b>13,889</b>	<b>19,755</b>	<b>19,185</b>	<b>5,217</b>	<b>2,097</b>	<b>+3,120</b>	<b>22,000</b>	<b>23.7%</b>
Extraordinary Gains									
Gain on sale of fixed assets	—	—	—	—	—	—	—	—	—
Gain on sale of securities investments	—	223	2,466	—	2	—	+2	—	—
Gain on sale of shares in affiliates	—	—	—	1,221	—	1,135	-1,135	—	—
Other	57	—	—	41	—	—	—	—	—
Total Extraordinary Gains	57	223	2,466	1,263	2	1,135	-1,133	—	—
Extraordinary Losses									
Loss on sale/disposal of fixed assets	—	—	—	11	—	—	—	—	—
Valuation loss on securities investments	—	49	—	—	—	—	—	—	—
Office move expenses	1	9	31	—	—	—	—	—	—
Impairment loss	—	—	1,090	327	—	—	—	—	—
Earthquake-related damages	—	—	244	—	—	—	—	—	—
Other	91	31	224	—	—	—	—	—	—
Total Extraordinary Losses	93	89	1,590	339	—	—	—	—	—
Pre-Tax Net Income	7,220	14,022	20,630	20,109	5,220	3,232	+1,988	—	—
Income Taxes	343	960	5,436	5,923	1,651	1,001	+650	—	—
Pre-Minority Interest Net Income	6,876	13,062	15,194	14,185	3,568	2,231	+1,337	—	—
Net Income Attributable to Minority Interests	115	136	299	167	21	-6	+27	—	—
<b>Net Income</b>	<b>6,761</b>	<b>12,925</b>	<b>14,894</b>	<b>14,018</b>	<b>3,547</b>	<b>2,237</b>	<b>+1,310</b>	<b>15,000</b>	<b>23.6%</b>

# Consolidated Cash Flow from Operations

(JPY million)

	FY15/2 (12M)	FY16/2 (12M)	FY17/2 (12M)	FY18/2 (12M)	FY19/2 Q1(3M)
<b>Cash Flow from Operations</b>					
Pre-tax net income	7,220	14,022	20,630	20,109	5,220
Depreciation	565	792	778	1,015	394
Share-based compensation expenses	112	174	223	215	51
Amortization of goodwill	139	139	141	111	51
Amortization of negative goodwill	-90	-90	—	—	—
Increase (decrease) in accrued bonuses	1	-3	23	32	224
Increase (decrease) in allowance for doubtful accounts	65	3	-3	-355	-26
Interest and dividend income	-83	-81	-85	-61	-21
Interest expense	943	1,277	1,303	1,266	569
Loss (gain) on sale of shares in affiliates	—	—	—	-1221	—
Loss (gain) on sale of securities investments	—	-223	-2,466	—	-2
Impairment loss	—	—	1,090	327	—
Valuation loss on securities investments	—	49	—	—	—
Decrease (increase) in trading notes and receivables	-68	-172	-367	-468	-329
Decrease (increase) in operational loans receivable	-1,230	1,006	—	—	—
Decrease (increase) in operational securities investments	1,110	1,239	2,727	1,663	-562
Valuation loss on operational securities investments	—	19	—	—	—
Decrease (increase) in real estate for sale	-42,991	-63,070	-6,303	-8,112	-803
Decrease (increase) in solar power plants for sale	—	—	7,251	996	—
Valuation loss on SPC capital contributions	91	11	16	—	—
Decrease (increase) in advances paid	—	-990	-190	871	76
Decrease (increase) in accounts receivable	-1,079	-1,140	-193	-10	-6
Increase (decrease) in accounts payable	388	535	204	573	-1,234
Increase (decrease) in accrued expenses	16	42	92	-285	117
Increase (decrease) in advances received	211	317	-49	30	—
Increase (decrease) in security deposits received	1,391	2,380	-667	125	-497
Other	-407	435	1,304	709	1,051
<b>Sub-total</b>	<b>-33,693</b>	<b>-43,324</b>	<b>25,460</b>	<b>17,532</b>	<b>4,272</b>
Interest and dividend income received	83	81	85	61	21
Interest expense paid	-843	-1,226	-1,146	-1,135	-567
Income taxes paid and refunded	161	-186	-2,852	-5,854	-1,953
<b>Net Cash from (Used for) Operations</b>	<b>-34,292</b>	<b>-44,654</b>	<b>21,547</b>	<b>10,603</b>	<b>1,772</b>

# Consolidated Cash Flow from Investments & Financing

(JPY million)

	FY15/2 (12M)	FY16/2 (12M)	FY17/2 (12M)	FY18/2 (12M)	FY19/2 Q1 (3M)
<b>Cash Flow from Investments</b>					
Payments into time deposits	-325	—	-6,100	-6	-54
Redemptions of time deposits	325	—	201	—	9
Acquisition of securities investments	-210	-671	-300	-140	-25
Proceeds from sale of securities investments	—	296	6,136	—	32
Proceeds from redemptions of securities investments	—	3	—	—	—
Acquisition of property, plant, and equipment	-10,769	-6,628	-11,719	-4,796	-733
Acquisition of intangible assets	-23	-21	-1	-83	-142
Payments of SPC capital contributions	-10	-9	-63	-28	—
Redemptions of SPC capital contributions	—	6	—	—	—
Payments of security deposits	-127	-37	-5	-36	-15
Acquisition of subsidiary shares resulting in change of consolidation scope	—	—	-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	4	9	11	-32	-23
<b>Net Cash from (Used for) Investments</b>	<b>-12,485</b>	<b>-7,052</b>	<b>-11,933</b>	<b>-5,645</b>	<b>-953</b>
<b>Cash Flow from Financing</b>					
Net increase (decrease) in short-term loans	466	771	-1,383	-306	3,887
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	47,203	64,866	55,674	32,660	13,212
Repayment of long-term loans	-19,557	-19,192	-61,221	-13,402	-3,248
Proceeds from long-term non-recourse loans	19,900	18,150	30,850	3,518	3,500
Repayment of long-term non-recourse loans	-5,958	-2,772	-15,400	-22,366	-7,082
Proceeds from employee exercise of stock options	99	153	137	110	59
Payments received from minority interests	—	2,000	—	—	—
Payments to minority interests	—	—	-2,000	—	—
Share buyback	—	—	—	-2,999	—
Dividends paid	-543	-646	-1,501	-2,513	-2,895
Dividends paid to minority interests	—	-43	-39	—	—
<b>Net Cash from (Used for) Financing</b>	<b>41,658</b>	<b>63,318</b>	<b>6,377</b>	<b>-6,124</b>	<b>7,433</b>

## Appendix: Power Up 2019 Mid-Term Business Plan

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# 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
<b>Operating Profit</b>	15,417	21,781	20,858	<b>25,000</b>	<b>25,000</b>	<b>+62.2%</b>
<b>Recurring Profit</b>	13,889	19,755	19,185	<b>21,400</b>	<b>22,000</b>	<b>+58.4%</b>
Tax Rate	6.9%	26.4%	30%	<b>30%</b>	<b>30%</b>	—
<b>Net Income</b>	12,925	14,894	14,018	<b>14,800</b>	<b>15,000</b>	<b>+16.1%</b>
<b>EPS</b>	JPY 25.86	JPY 29.66	JPY 28.12	<b>JPY 29</b>	<b>JPY 30.10</b>	<b>+16.4%</b>
<b>DPS</b>	JPY 3	JPY 5	JPY 6	<b>JPY 7</b>	<b>JPY 7</b>	<b>133%</b>
<b>ROE</b>	21%	20.2%	16.5%	<b>15.6%</b>	<b>15.7%</b>	—



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

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## 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

## Steady Progress to Achieve Mid-Term Plan

(As of February 28, 2018)

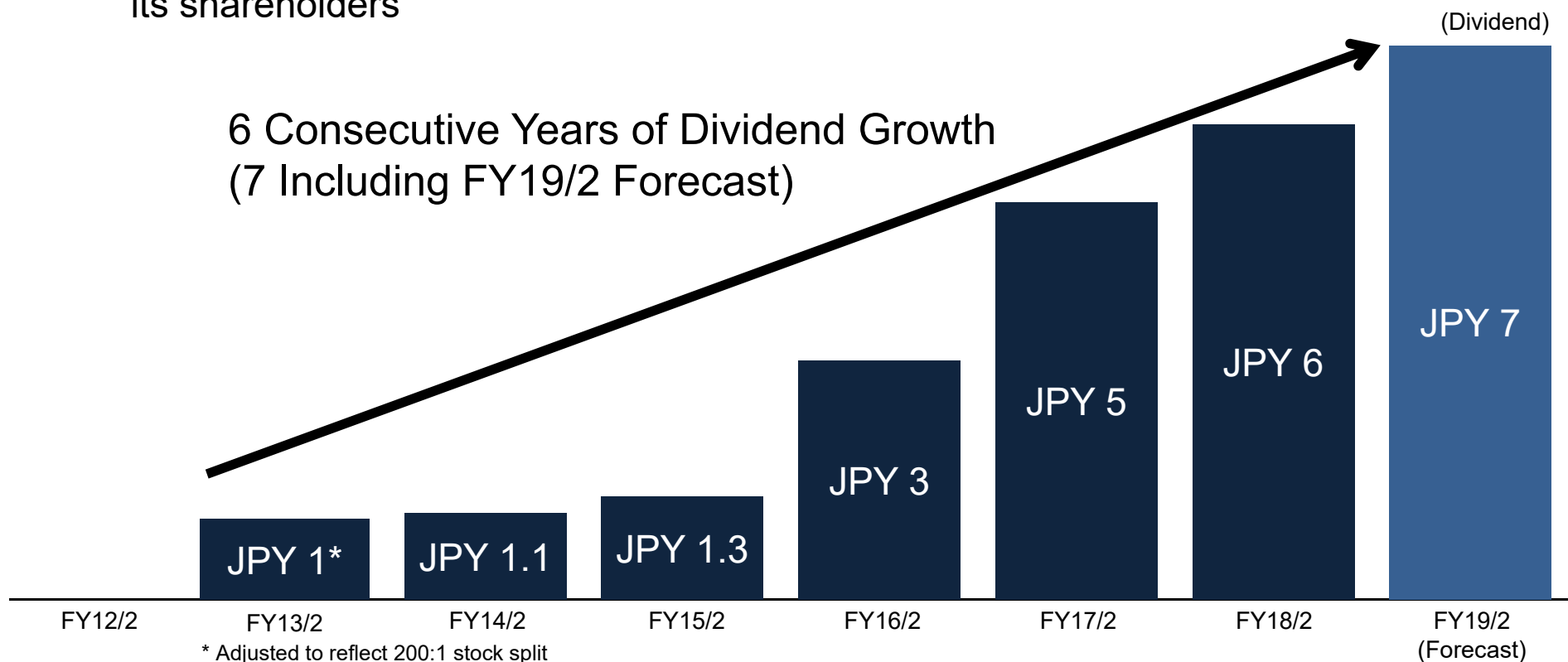
Profitability	Core Business Growth	<ul style="list-style-type: none"> <li>List Ichigo's solar assets on the TSE's new Infrastructure Market</li> <li>Support the ongoing growth of Ichigo Office (8975) and Ichigo Hotel (3463)</li> <li>Expand the architecture and structural engineering team to deliver real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

# Dividend +20%, 6<sup>th</sup> 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)



# Effective Governance Structure

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- Early adoption of the Company with Committees governance structure
  - Adopted in 2006 with a focus on global best practices
  - Voluntarily established a Compliance Committee in addition to the Nominating, Audit, and Compensation Committees
    - Nominating Committee: 5 (of whom 3 are Independent Directors)
    - Audit Committee: 3 (all of whom are Independent Directors)
    - Compensation Committee: 5 (of whom 3 are Independent Directors)
    - Compliance Committee: 4 (of whom 2 are Independent Directors)
- Appointment of Independent Directors to strengthen governance
  - Of the 9 Directors, 6 are Independent Directors
  - Appointed former CEOs of TSE First Section-listed companies
    - February 2017
      - Takashi Kawamura (former CEO of Hitachi, Ltd.) \*stepped down upon appointment as Chairman of TEPCO
      - Masatoshi Matsuzaki (former CEO of Konica Minolta, Inc.)
      - Kosuke Nishimoto (former CEO of Meitec Corp.)
    - February 2018 – February 2019
      - Masatoshi Matsuzaki (former CEO of Konica Minolta, Inc.)
      - Kosuke Nishimoto (former CEO of Meitec Corp.)
      - Nobuhide Nakaido (former CEO of SCSK Corp.)

# MEMO

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# MEMO

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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.