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February 2014 H1 (March – August 2013)
Corporate Presentation

October 16, 2013

Ichigo Group Holdings Co., Ltd. (2337)

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Creating peace of mind through honest and committed management.

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Transformational Growth

- **Shift-Up** Strategy
- Shift-Up: Operating Profit 3.2X, Net Profit 5.1X Year-on-Year
- Shift-Up: FY14 Full-Year Forecast Upward Revision
- Shift-Up: Accelerated Growth Investments
- Shift-Up: Low-Cost, Long-Term Leverage for Capital Efficiency
- Shift-Up: Significantly Lowered Borrowing Costs
- Shift-Up: Recycling & Reinvesting Capital for Growth
- Shift-Up: Ichigo REIT Growth Cycle
- Shift-Up: Megasolar Business Expansion

Appendices: Financial & Real Estate Data

Stock Split to Promote Share Ownership & Liquidity

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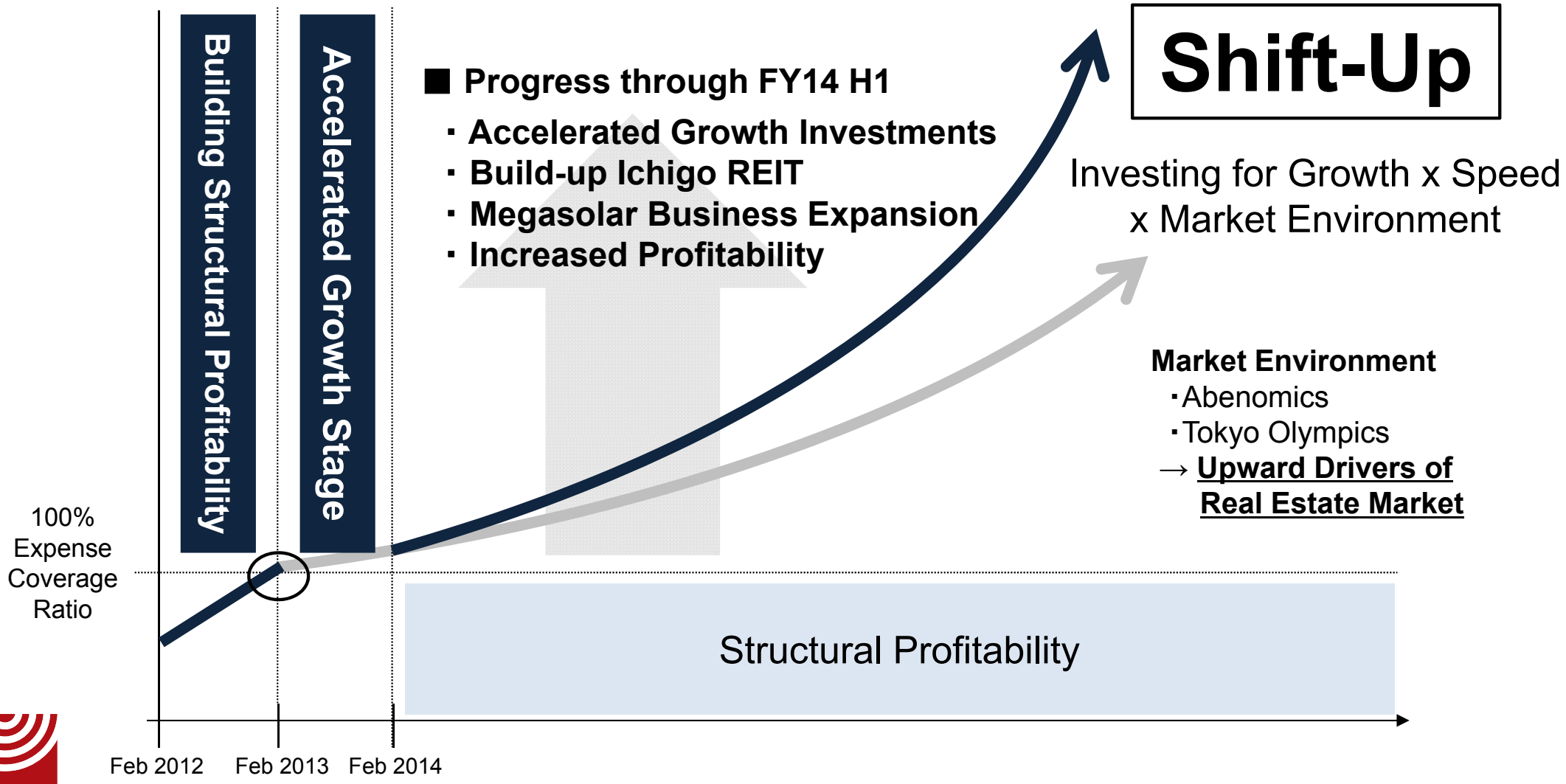
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Transformational Growth

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Shift-Up Strategy

Capitalizing on Market Dynamics to Radically Accelerate Growth



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Shift-Up: Operating Profit 3.2X, Net Profit 5.1X Year-on-Year

	Feb 13 H1 Cumulative	Feb 14 H1 Cumulative	Growth	Feb 14 Full-Year Initial Forecast	vs. Initial Forecast	(Reference) Feb 13 Full-Year Actual
Revenues	**7,637**	**20,586**	**2.7X**	**26,000**	**79.2%**	**16,397**
Operating Profit	**694**	**2,243**	**3.2X**	**3,000**	**74.8%**	**1,844**
Recurring Profit	**617**	**2,157**	**3.5X**	**2,700**	**79.9%**	**1,734**
Net Profit	**535**	**2,755**	**5.1X**	**3,000**	**91.8%**	**1,637**

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Shift-Up: FY14 Full-Year Forecast Upward Revision

Conservative Forecast – For Asset Dispositions, Only Incorporates Q3 Plan

(Million yen)

	Feb 14 Full-Year Initial Forecast	Feb 14 Full-Year Revised Forecast	Change	Change %	Feb 13 Full-Year Actual
Revenues	**26,000**	**30,000**	**+4,000**	**+15.4%**	**16,397**
Operating Profit	**3,000**	**3,400**	**+400**	**+13.3%**	**1,844**
Recurring Profit	**2,700**	**3,100**	**+400**	**+14.8%**	**1,734**
Net Profit	**3,000**	**3,600**	**+600**	**+20.0%**	**1,637**

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Shift-Up: Accelerated Growth Investments

JPY 47B Investments & Acquisitions in H1 (vs. JPY 24B for Full-Year FY13)

- Real estate: JPY 45 billion
  - ✓ Includes JPY 19 billion of transactions highly probable to close and JPY 3 billion that has already been disposed via sale to Ichigo REIT
- Megasolar: JPY 2 billion





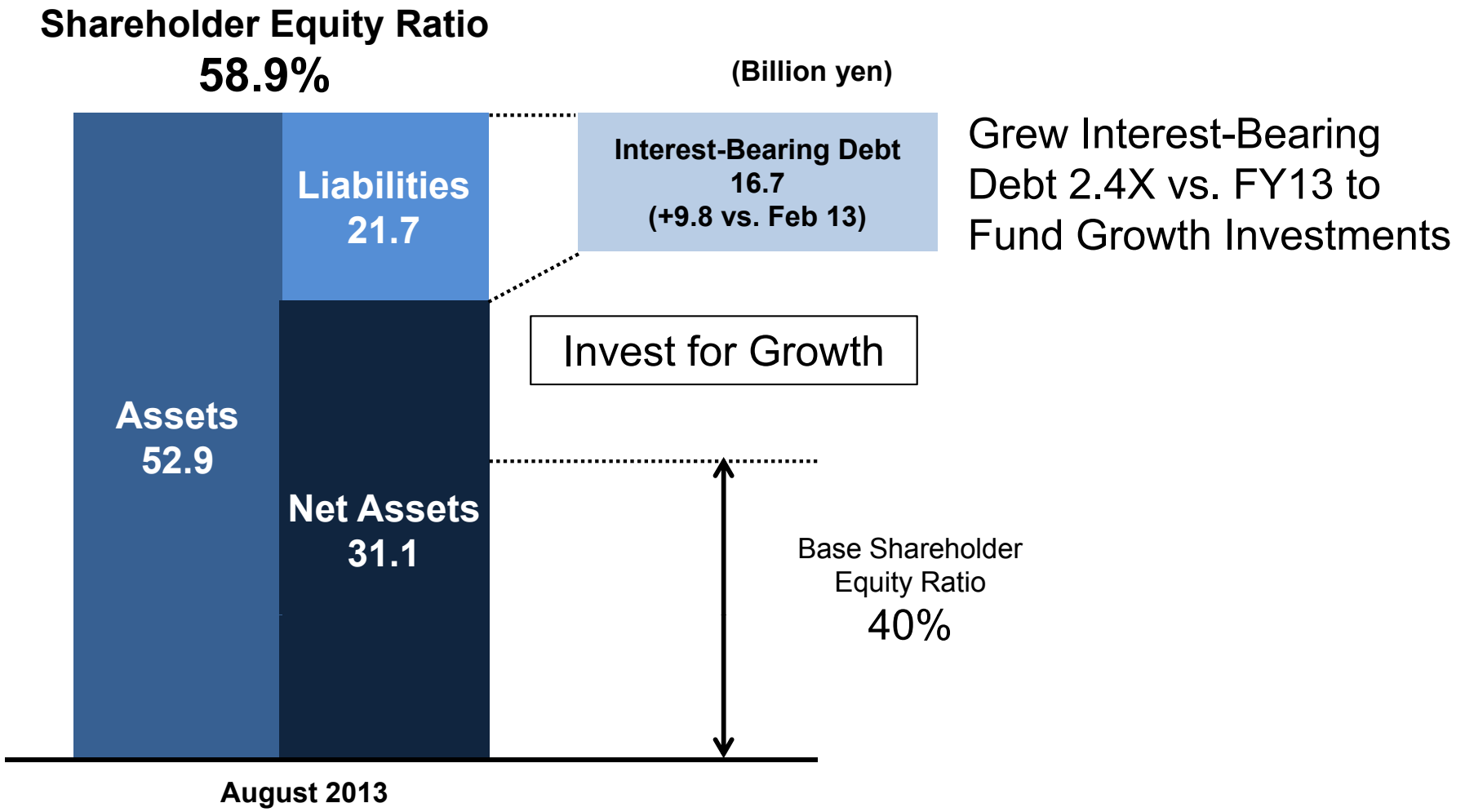

Ichigo ECO Tokushima Higashi-Okinosu Megasolar

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Shift-Up: Low-Cost, Long-Term Leverage for Capital Efficiency

Funding Growth Investments via Strong Balance Sheet



Grew Interest-Bearing Debt 2.4X vs. FY13 to Fund Growth Investments

* Pro Forma (definition on p. 18)

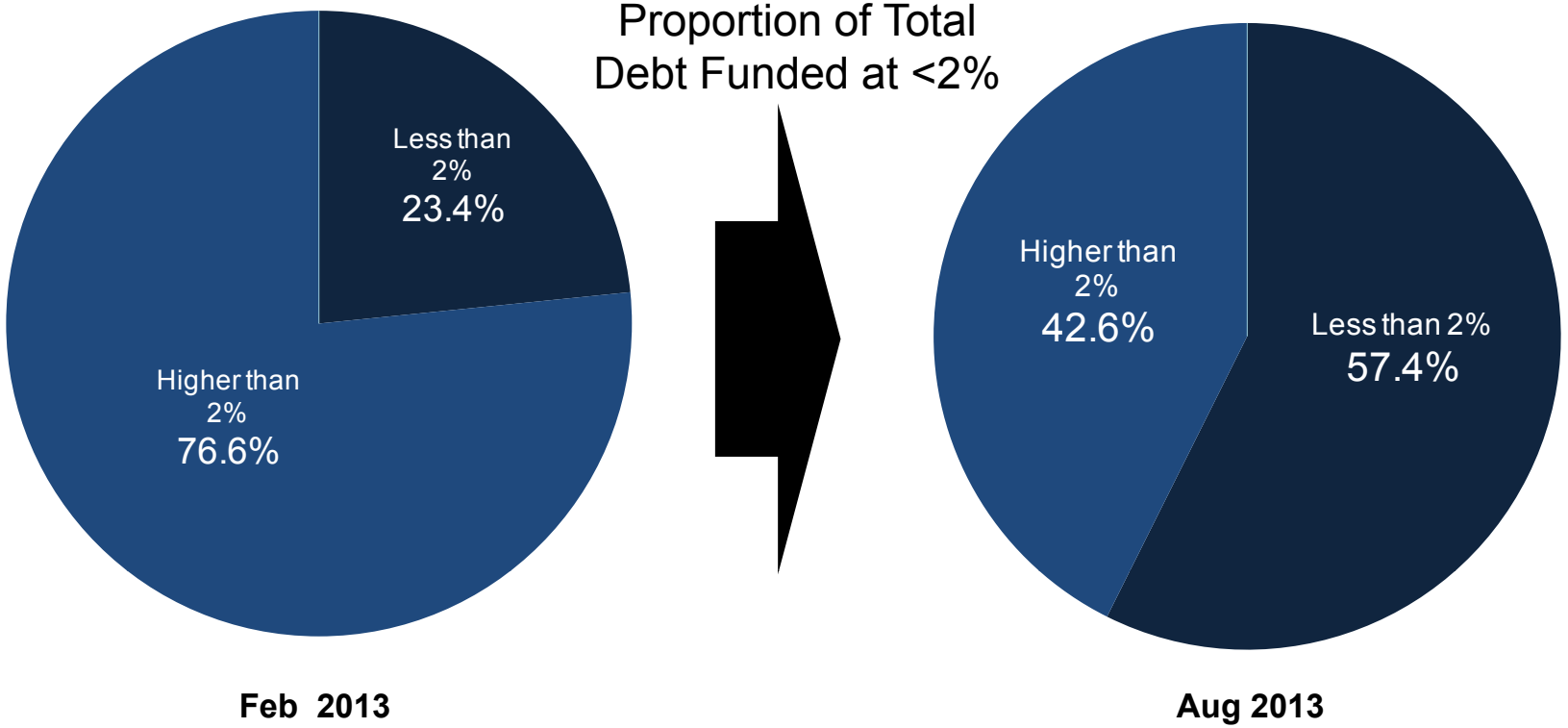
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Shift-Up: Significantly Lowered Borrowing Costs

Rapidly Reducing Borrowing Costs by Refinancing with Megabanks and Financing New Acquisitions at Lower Rates

Portfolio Weighted Average Debt Cost

In Just Six Months, 2.5X Increase in Proportion of Total Debt Funded at <2%



Feb 2013 **Aug 2013**

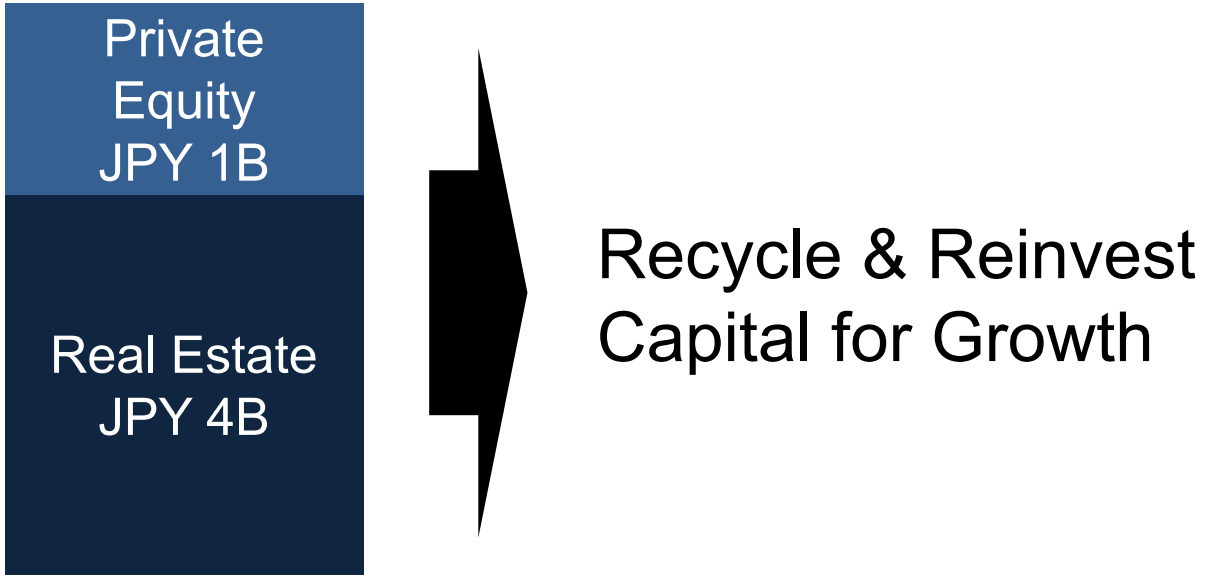
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Shift-Up: Recycling and Reinvesting Capital for Growth

Accelerated Asset Sales in FY14 H1

- Generated JPY 1.6B in profits via real estate asset sales
- Generated JPY 350M in profits via legacy private equity asset sales

JPY 5B in FY14 H1 Asset Sales



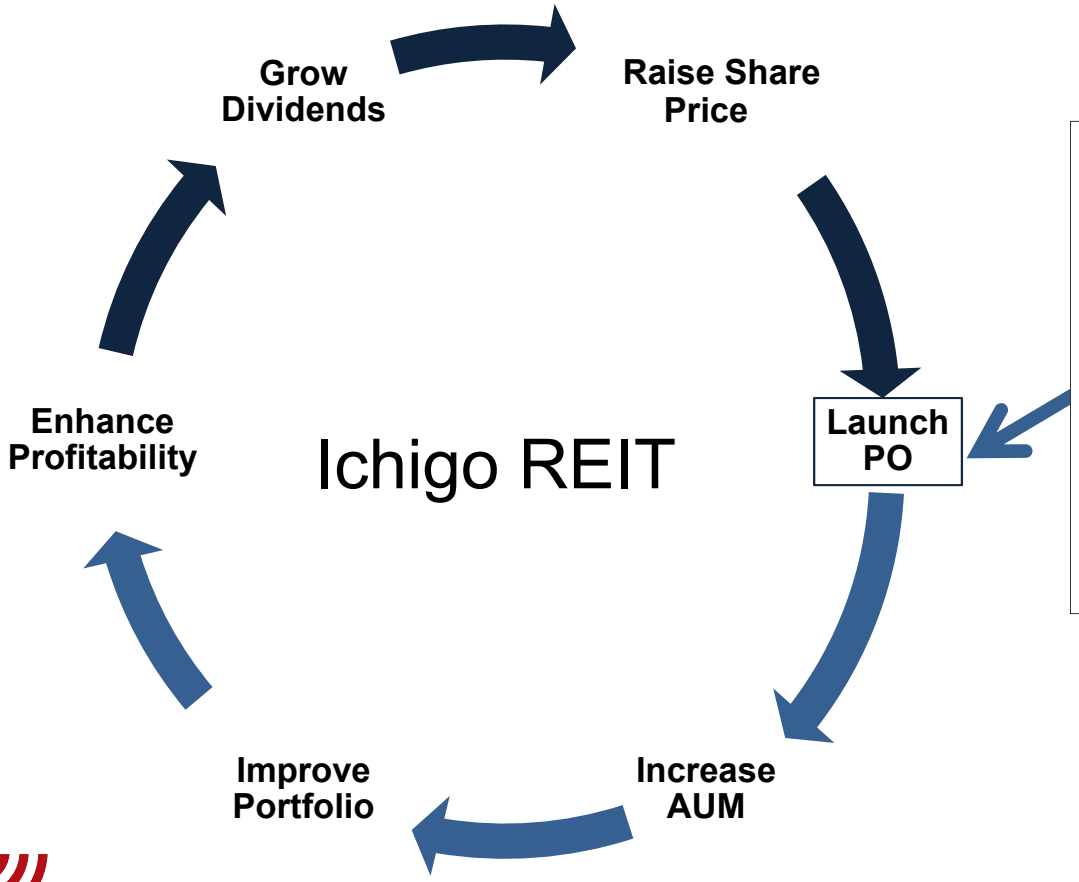
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Shift-Up: Ichigo REIT Growth Cycle

First Ichigo REIT Public Offering (PO) under Ichigo Group Sponsorship

- Accretive PO that Increased Ichigo REIT Dividend



New Ichigo REIT Assets



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Shift-Up: Megasolar Business Expansion

Two Ichigo Megasolar Plants Currently Online & Producing Power

- Ichigo ECO Tokushima Higashi-Okinosu Megasolar Plant (Tokushima) 2.5MW
- Ichigo ECO Kiryu Okuzawa Megasolar Plant (Gunma) 1.3MW

Ichigo ECO Tokushima Higashi-Okinosu Megasolar Plant





Ichigo ECO Kiryu Okuzawa Megasolar Plant



Opening Ceremonies at Ichigo ECO Nago Futami, Ichigo ECO Tokushima Higashi-Okinosu, & Ichigo ECO Kiryu Okuzawa Megasolar Plants









First Public Megasolar Mandate

- Ichigo selected by Miyakonojo City (Miyazaki) as top megasolar operator

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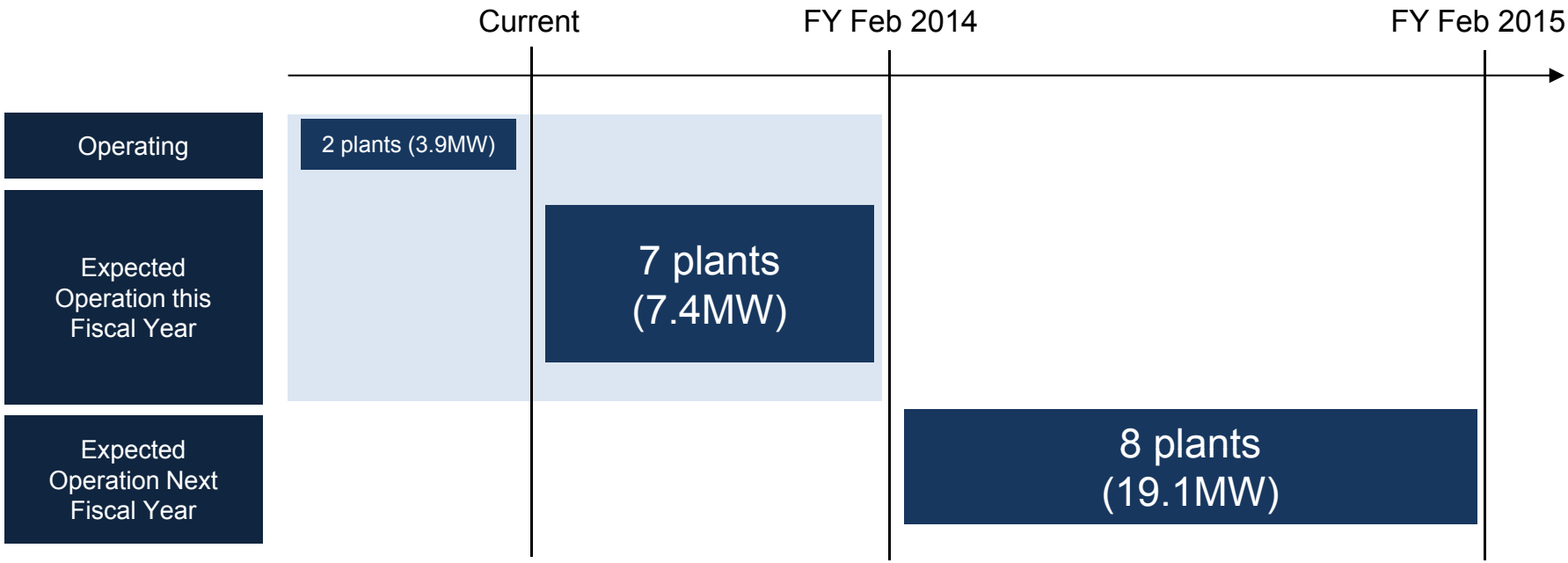
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Shift-Up: Megasolar Business Expansion (2)

Current Projects & Pipeline

- 17 confirmed projects totaling 30MW (includes 3.9MW currently operating)
- 14 pipeline projects totaling 43MW

Ichigo Megasolar Near-Term Rollout – 11MW expected production by Feb 14



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Appendix: Pro Forma Financial Data

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Pro Forma Disclosure to Improve Transparency

- Under Japanese accounting rules, SPCs in which Ichigo Group Holdings ("IGH") is a greater than 50% investor or SPCs for which IGH is the asset manager and no single equity investor holds more than 50% of the total investment must be consolidated onto IGH's balance sheet.

- Our statutory consolidated and parent financial statements thus include client-related assets and liabilities and P&L which do not belong to IGH. In order to more accurately reflect the true economic exposures borne by our shareholders, we disclose Pro Forma financials which are intended to better reflect IGH's actual corporate financial position.

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Balance Sheet (Pro Forma)

(Million yen)

	Feb 13	Feb 14 Q1	Feb 14 H1	Change (QoQ)
Total Assets	**38,565**	**47,964**	**52,931**	**4,967**
Cash and Cash Equivalents	5,744	5,892	7,709	1,817
Real Estate Investments/Securities	10,256	12,444	10,929	-1,515
Domestic Corporate Investments/Securities	696	499	464	-35
Overseas Corporate Investments/Securities	4,815	4,662	4,275	-387
Real Estate Held for Sale	1,499	4,093	7,816	3,723
Fixed Assets	10,047	14,296	15,671	1,375
Intangible Assets	2,223	2,714	2,687	-27
Others	3,285	3,364	3,380	16
Liabilities	**9,657**	**17,976**	**21,748**	**3,772**
Interest-Bearing Debt	6,907	13,779	16,701	2,922
Others	2,750	4,197	5,047	850
Net Assets	**28,908**	**29,987**	**31,183**	**1,196**

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P&L (Pro Forma)

(Million yen)

	Feb 13	Feb 14 Q1	Feb 14 Q2	Feb 14 H1 Cumulative
Revenues	**13,341**	**2,636**	**4,243**	**6,880**
Cost of Revenues	8,486	1,035	1,939	2,974
Gross Profit	**4,855**	**1,601**	**2,304**	**3,906**
SG&A	3,130	870	827	1,697
Operating Profit	**1,724**	**731**	**1,476**	**2,207**
Non-Operating Gain (Loss)	-110	-25	-57	-82
Recurring Profit	**1,614**	**706**	**1,419**	**2,125**
Extraordinary Gain (Loss)	-41	667	4	671
Pre-tax Profit	**1,573**	**1,373**	**1,423**	**2,796**
Tax	-51	14	31	46
Minority Interests	-12	-2	-4	-6
Net Profit	**1,637**	**1,360**	**1,395**	**2,755**

Breakdown

(Million yen)

	Feb 14 H1 Cumulative
Revenues	**6,880**
Real Estate Management Fees	1,398
Advisory Fees	15
Rental Income	1,076
Real Estate Sales/Dividends	2,616
Securities Sales/Dividends	645
Building Maintenance Fees	1,063
Others	67
Gross Profit	**3,906**
Real Estate Management Fees	1,314
Advisory Fees	15
Rental Income	645
Real Estate Sales/Dividends	1,557
Securities Sales/Dividends	147
Building Maintenance Fees	235
Others	-7

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Significant Unrealized Gains on Balance Sheet

(Million yen)

	Acquisition Value	Book Value (As of Aug 13)	Appraisal Value (As of Feb 13)	Unrealized Gain
Directly Owned on B/S	23,422	19,636	21,845	+2,210
Investment in IGH Funds	14,394	8,981	16,615	+7,634
Total	37,817	28,617	38,461	+9,844

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Appendix：Consolidated Financial Data

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Balance Sheet (Consolidated)

(Million yen)

	Feb 13	Feb 14 Q1	Feb 14 H1	QoQ change
Total Assets	**80,428**	**81,884**	**88,085**	**6,201**
Cash and Cash Equivalents	9,713	9,391	11,517	2,126
Operating Investments in Securities	4,271	5,476	3,919	-1,557
Real Estate Held for Sale	46,176	41,598	46,266	4,668
Fixed Assets	10,047	14,296	15,671	1,375
Intangible Assets	2,223	2,714	2,687	-27
Investments in Securities	4,117	4,224	4,108	-116
Others	3,881	4,185	3,917	-268
Liabilities	**49,361**	**49,701**	**54,707**	**5,006**
Interest-Bearing Debts (excl. Non-Recourse Loans)	6,907	13,779	16,701	2,922
Non-Recourse Loans	35,039	28,585	29,445	860
Others	7,415	7,337	8,561	1,224
Net Assets	**31,066**	**32,182**	**33,377**	**1,195**
Shareholders Equity	28,457	29,676	30,941	1,265
Minority Interests and Other	2,609	2,506	2,436	-70

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Breakdown of Assets (Consolidated)

(Million yen)

	Feb 13			Feb 14 Q1			Feb 14 H1			QoQ Change in the Company's Interests
	Amount	Outside Investors' Interests	The Company's Interests	Amount	Outside Investors' Interests	The Company's Interests	Amount	Outside Investors' Interests	The Company's Interests	
Cash and Cash Equivalents	9,713	-	-	9,391	-	-	11,517	-	-	-
Operating Investments in Securities	**4,271**	**0**	**4,271**	**5,476**	**0**	**5,476**	**3,919**	**0**	**3,919**	**-1,557**
Domestic Real Estate	2,474	0	2,474	4,106	0	4,106	2,859	0	2,859	-1,247
Listed Domestic Companies	0	0	0	0	0	0	0	0	0	0
Unlisted Domestic Companies	34	0	34	32	0	32	33	0	33	1
Listed Overseas Companies	991	0	991	514	0	514	213	0	213	-301
Unlisted Overseas Companies	773	0	773	824	0	824	814	0	814	-10
Reference: Allowance for Bad Debts for Operating Investments in Securities	-328	-	-328	-358	-	-358	-354	-	-354	4
Operating Investments in Securities less Allowance for Bad Debts for Operating Investments in Securities	**3,944**	**-**	**3,944**	**5,119**	**-**	**5,119**	**3,565**	**-**	**3,565**	**-1,554**
Real Estate Held for Sale	**46,176**	**38,997**	**7,179**	**41,598**	**31,758**	**9,839**	**46,266**	**32,161**	**14,105**	**4,266**
Investments in Securities	**4,117**	**0**	**4,117**	**4,224**	**0**	**4,224**	**4,108**	**0**	**4,108**	**-116**
Domestic Companies	662	0	662	467	0	467	432	0	432	-35
Overseas Companies	3,380	0	3,380	3,682	0	3,682	3,602	0	3,602	-80
Others	75	0	75	75	0	75	75	0	75	0
Reference: Allowance for Bad Debts for Investments in Securities	-75	-	-75	-75	-	-75	-75	-	-75	0
Investments in Securities less Allowance for Bad Debts for Investments in Securities	**4,043**	**-**	**4,043**	**4,149**	**-**	**4,149**	**4,034**	**-**	**4,034**	**-115**
Fixed Assets	**10,047**	**-**	**-**	**14,296**	**-**	**-**	**15,671**	**-**	**-**	**-**
Intangible Assets	2,223	-	-	2,714	-	-	2,687	-	-	-
Other Assets	4,282	-	-	4,617	-	-	4,345	-	-	-
Total Assets	**80,428**	**-**	**15,166**	**81,884**	**-**	**19,107**	**88,085**	**-**	**21,704**	**2,597**

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P&L (Consolidated)

	Feb 13	Feb 14 Q1	Feb 14 Q2	Feb 14 H1 Cumulative	Full-Year Revised Forecast	vs. Forecast
Revenues	**16,397**	**11,023**	**9,562**	**20,586**	**30,000**	**68.6%**
Cost of Revenues	11,422	9,385	7,260	16,645	—	—
Gross Profit	**4,974**	**1,638**	**2,302**	**3,940**	**—**	**—**
SG&A	3,130	870	827	1,697	—	—
Operating Profit	**1,844**	**767**	**1,475**	**2,243**	**3,400**	**66.0%**
Non-Operating Gain (Loss), net	-110	-25	-60	-86	—	—
Recurring Profit	**1,734**	**742**	**1,415**	**2,157**	**3,100**	**69.6%**
Extraordinary Gain (Loss), net	-41	668	5	673	—	—
Pre-tax Profit	**1,693**	**1,410**	**1,421**	**2,831**	—	—
Tax	-51	14	31	46	—	—
Minority Interests	108	34	-5	29	—	—
Net Profit	**1,637**	**1,360**	**1,395**	**2,755**	**3,600**	**76.5%**

Breakdown

(Million yen)

	Feb 14 H1	Full-Year Revised Forecast	vs. Forecast
Revenues	**20,586**	**30,000**	**68.6%**
Real Estate Management Fees	1,063	1,640	64.8%
Advisory Fees	15	15	100.0%
Rental Income	2,818	5,600	50.3%
Real Estate Sales / Dividends	14,912	20,000	74.6%
Securities Sales / Dividends	645	645	100.0%
Building Maintenance Fees	1,054	2,000	52.7%
Others	79	100	79.0%
Gross Profit	**3,940**	**6,900**	**57.1%**
Real Estate Management Fees	980	1,597	61.4%
Advisory Fees	15	15	100.0%
Rental Income	1,305	2,864	45.6%
Real Estate Sales / Dividends	1,264	1,793	70.5%
Securities Sales / Dividends	147	147	100.0%
Building Maintenance Fees	226	451	50.1%
Others	3	33	9.1%

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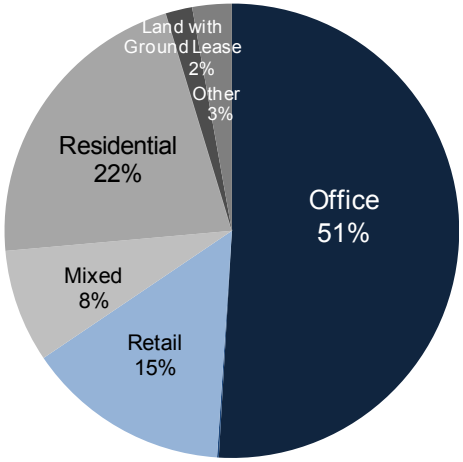
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Appendix：Real Estate Data

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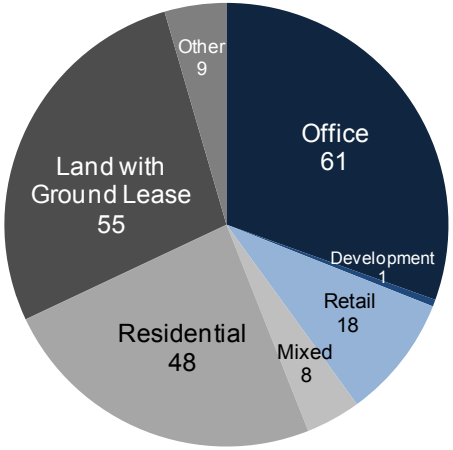
Real Estate Portfolio

AUM by Type



# of Properties by Type

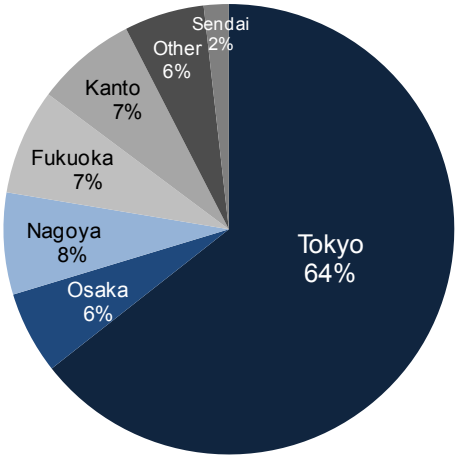
(Unit: # of buildings)



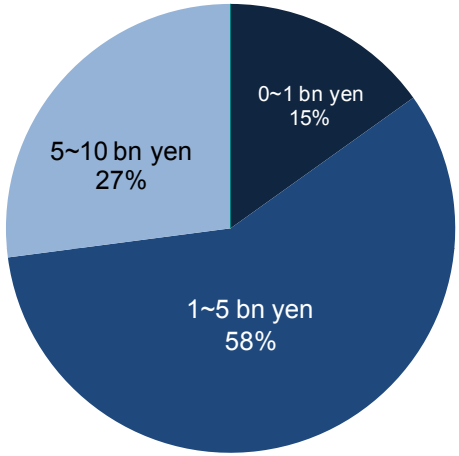
AUM by Location

(As of August 2013)

(Unit: # of buildings)

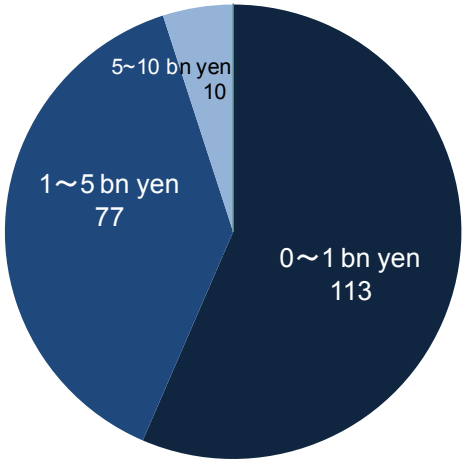


AUM by Size



# of Properties by Size

(Unit: # of buildings)



Total AUM: JPY 258 Billion

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Real Estate Cap Rates

- Conservative assessment of cap rates vis-à-vis market cap rates
- Continually mark assets to market
- Unrealized gains in both client and IGH assets

Real Estate Investments held by Ichigo Funds (SPCs)

(As of August 2013)

(Million yen)

Location	Acquisition Value	Book Value (after write-down)	NOI (current)	Cap rate (at Acquisition) NOI / Acquisition Value	Cap Rate (current) NOI / Book Value after write-down	Appraisal Value as of February 2013	Unrealized Gain
Tokyo	77,769	70,608	4,344	6.1%	6.9%	74,947	+4,339
Outside Tokyo	53,034	45,750	3,428	6.4%	7.4%	50,785	+5,035
Total	130,803	116,358	7,772	6.4%	7.2%	125,732	+9,374

Real Estate Investments directly held by IGH

(Million yen)

Location	Acquisition Value	Book Value (after write-down)	NOI (current)	Cap rate (at Acquisition) NOI / Acquisition Value	Cap Rate (current) NOI / Book Value after write-down	Appraisal Value as of February 2013	Unrealized Gain
Tokyo	10,196	9,310	588	5.6%	6.0%	10,250	+940
Outside Tokyo	10,293	8,995	763	7.0%	7.9%	10,265	+1,270
Total	20,488	18,306	1,351	6.4%	7.1%	20,515	+2,210

*Excludes two development assets (c. JPY 1,330M) which are not currently generating NOI

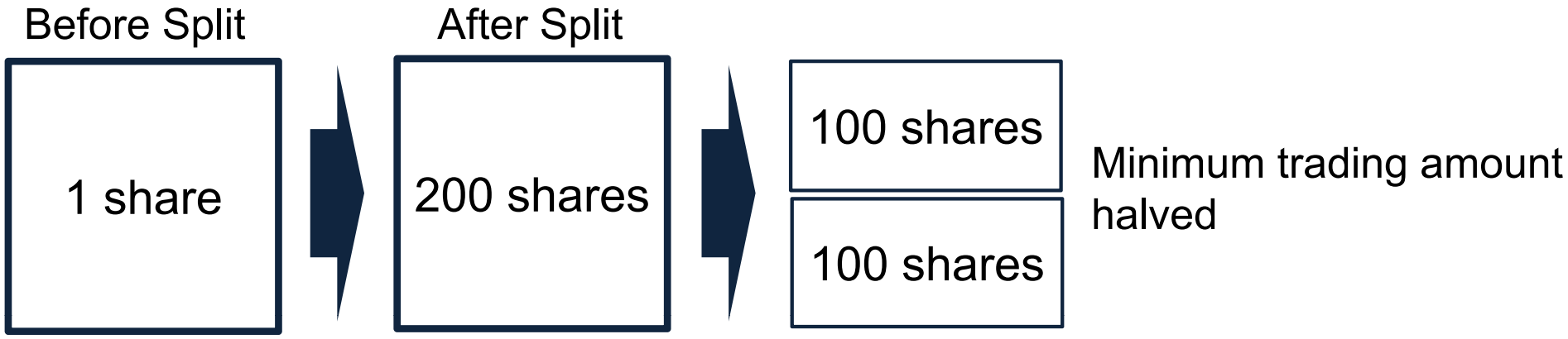
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Stock Split to Promote Share Ownership & Liquidity

Ichigo conducted a stock split to increase liquidity and promote share ownership by reducing the minimum trading amount

- 1 share split into 200 shares
- Minimum Trading Lot: 100 shares
- Effective Date: September 1, 2013
- Total shares outstanding rose from 2,750,000 to 550,000,000



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Ichigo Group Holdings is Japan's first zero-carbon listed real estate company. We are taking responsibility for the carbon emissions we create, such as via this presentation material, by taking measures to create offsets to our carbon emissions and working with organizations to invest in low-carbon technologies.

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