February 2014 Q3 (March – November 2013)
Corporate Presentation

January 16, 2014

Ichigo Group Holdings Co., Ltd. (2337)

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With Thanks, Progress

Ichigo Group Holdings

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Creating peace of mind through honest and committed management.

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Transformational Growth

Shift Up Strategy & Execution Driving Growth

- Shift Up: Operating Profit 2.7X, Net Profit 3.9X Year-on-Year
- Shift Up: Accelerated Growth Investments
- Shift Up: Low-Cost, Long-Term Leverage for Capital Efficiency
- Shift Up: FY14 Full-Year Forecast Upward Revision

Japan's First Double PO (Public Offering)

- IGH + Ichigo REIT Simultaneous PO
- Increase IGH EPS, ROE, & Shareholder Value
- Megasolar Business Expansion
- Ichigo REIT's Accretive Growth Cycle
- Ichigo REIT: No. 1 J-REIT for Continuous Dividend Growth
- Grow Value-Add & Prime Location Real Estate

Shift Up 2016 Mid-Term Business Plan

- 2X EPS in 2 Years

Appendices: Financial & Real Estate Data

Stock Split to Promote Share Ownership & Liquidity

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Shift Up Strategy & Execution Driving Growth

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Shift-Up: Operating Profit 2.7X, Net Profit 3.9X Year-on-Year

(Million yen)

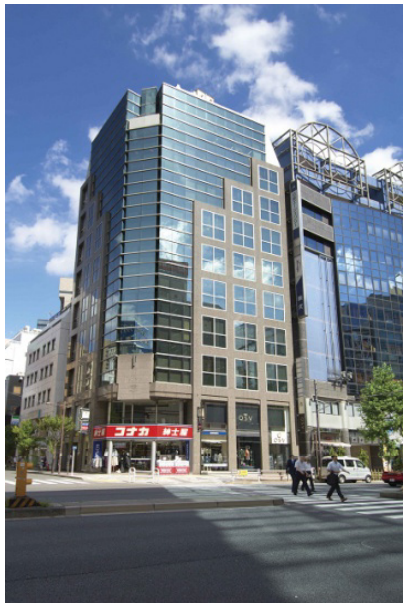
	Feb 13 Q3 Cumulative	Feb 14 Q3 Cumulative	Growth	(Reference) Feb 13 Full-Year Actual
Revenues	**11,585**	**28,685**	**2.5X**	**16,397**
Operating Profit	**1,173**	**3,199**	**2.7X**	**1,844**
Recurring Profit	**1,074**	**3,051**	**2.8X**	**1,734**
Net Profit	**944**	**3,695**	**3.9X**	**1,637**

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Shift-Up: Accelerated Growth Investments

– JPY 50 billion investments through FY14 Q3
(+27 billion, +115% vs. Full-Year FY13)
  - ✓ Real Estate: JPY 47 billion (including JPY 4 billion sold into Ichigo REIT)
  - ✓ Megasolar: JPY 3 billion



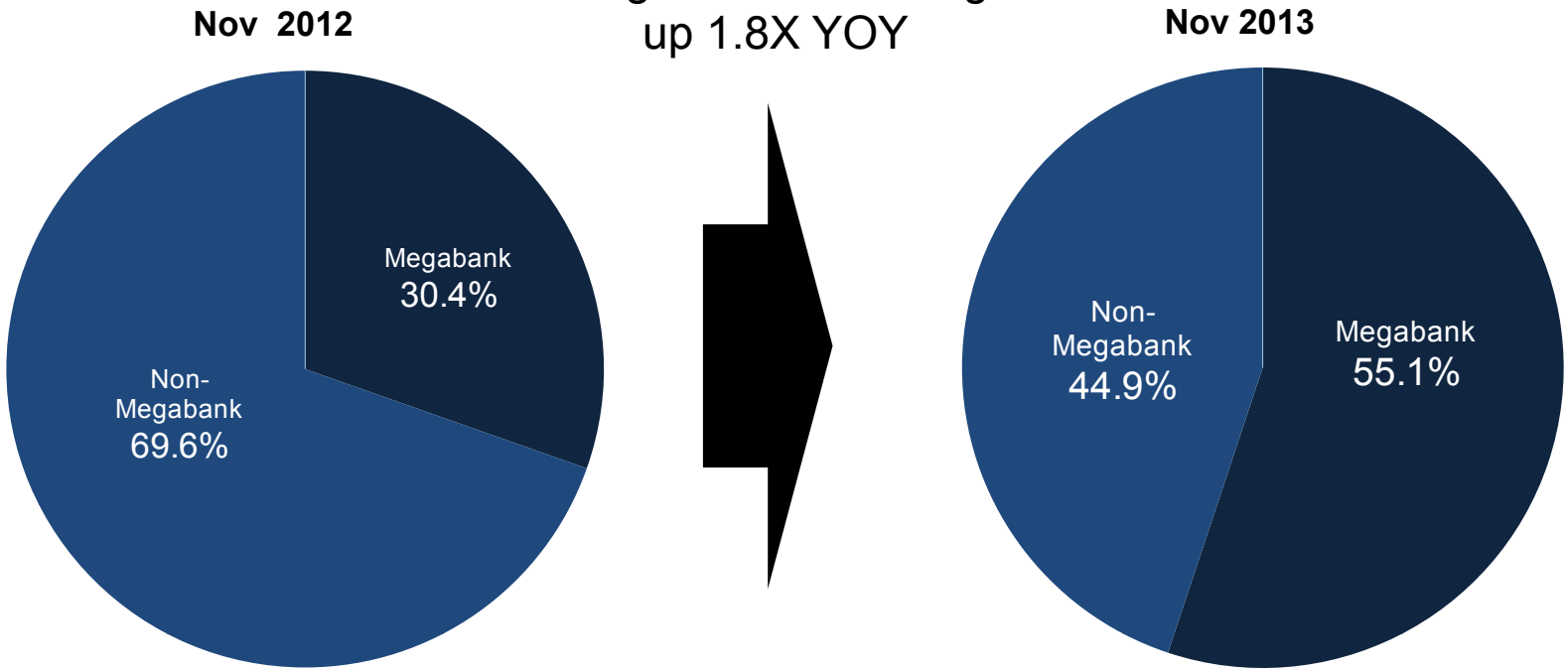
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Shift-Up: Low-Cost, Long-Term Leverage for Capital Efficiency

- Refinancing with Megabanks in size
- Rapidly reducing borrowing costs
- Extending debt maturities: Getting loans done at 15–30 years

Megabank Loan Ratio



Proportion of loans financed at <2%

35.5% → 73.8%

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Shift-Up: FY14 Full-Year Forecast Upward Revision

– Operating Profit 2.1X, Net Profit 2.4X vs. FY13

(Million yen)

	Feb 14 Full-Year Initial Forecast	Feb 14 Full-Year Revised Forecast	Change	Change%	(Reference) Feb 13 Full-Year Actual
Revenues	**26,000**	**35,000**	**+9,000**	**+34.6%**	**16,397**
Operating Profit	**3,000**	**3,900**	**+900**	**+30.0%**	**1,844**
Recurring Profit	**2,700**	**3,500**	**+800**	**+29.6%**	**1,734**
Net Profit	**3,000**	**4,000**	**+1,000**	**+33.3%**	**1,637**

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Japan's First Double PO

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IGH + Ichigo REIT Simultaneous PO

- Successfully conducted Japan's first Double PO
  - ✓ Simultaneous PO of IGH and Ichigo REIT
  - ✓ Raised JPY 22 billion (Ichigo Group: JPY 17 billion, Ichigo REIT: JPY 5 billion)
- Significance of Double PO
  - ✓ Increase Ichigo REIT's economies of scale and generate capital gains for IGH when it is the acquisition pipeline provider for Ichigo REIT
  - ✓ Expand Ichigo REIT's acquisition pipeline
  - ✓ Drive Ichigo REIT dividend growth
  - ✓ Accelerate IGH earnings growth and substantially increase its financial strength in line with its Shift Up growth strategy

→ Drive Growth Synergies Across the Ichigo Group

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Increase IGH EPS, ROE, & Shareholder Value

- Accelerate growth
  - ✓ Expand Tokyo real estate investments and earnings into the 2020 Olympics
  - ✓ Accretively grow Ichigo REIT to increase stable asset management fees
  - ✓ Significantly increase EPS and ROE
- Expand Ichigo's megasolar business into a major earnings driver
  - ✓ Lock in profitability for 20 years under Japan's renewable energy law
- Increase share liquidity to boost institutional investor demand
- Lower cost of debt to drive higher earnings
  - ✓ Deploy strengthened equity base to increase profitability
  - ✓ Seek credit rating, expand uncollateralized debt, lengthen debt maturities, and pursue bond issuance to diversify funding base

Use of Funds

- ✓ Megasolar projects: JPY 6B
- ✓ Asset warehousing: JPY 6B
- ✓ Value-add & prime location real estate: JPY 4B

Funds from PO: JPY 17B



Growth Investments to Increase EPS, ROE, & Shareholder Value

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Megasolar Business Expansion

6 billion yen
investment in FY14 & FY15

- Currently developing 17 megasolar projects worth 30 MW that qualify for a 20-year fixed tariff of 42 yen/kWh
  - ✓ Diversified portfolio of primarily 1-2 MW projects
- New Project Pipeline: 75 MW

  8 projects (9 MW) in advanced highly likely pipeline

  Hokkaido: 5 projects, 3.7 MW

  Kansai: 1 project, 1.5 MW

  Shikoku: 1 project, 2.5 MW

  Kyushu: 1 project, 1.6 MW
- Production timetable
  - ✓ 2 megasolar plants currently online generating an ROI of 17.2% p.a.
  - ✓ 11 MW online by Feb 2014
  - ✓ 24 MW online by Feb 2015, 35 MW including advanced highly likely pipeline

Ichigo ECO Motomonbetsu Power Plant (Hokkaido), online in January 2014



Ichigo ECO Muroran Hatchodaira Power Plant (Hokkaido), online in February 2014



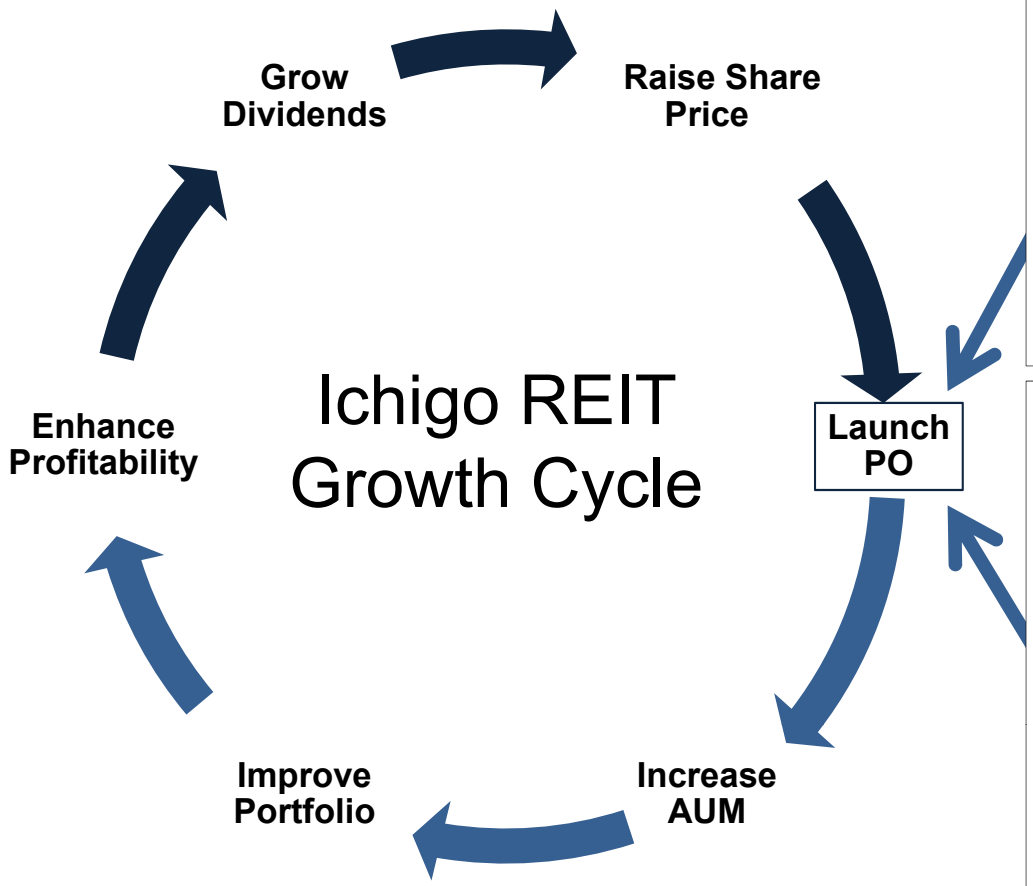
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Ichigo REIT's Accretive Growth Cycle

6 billion yen
investment in FY14 & FY15

- Second Ichigo REIT PO of 2013 completed in December
- Stable and Secure AM Fee Revenue Stream for IGH



Ichigo REIT 1st PO



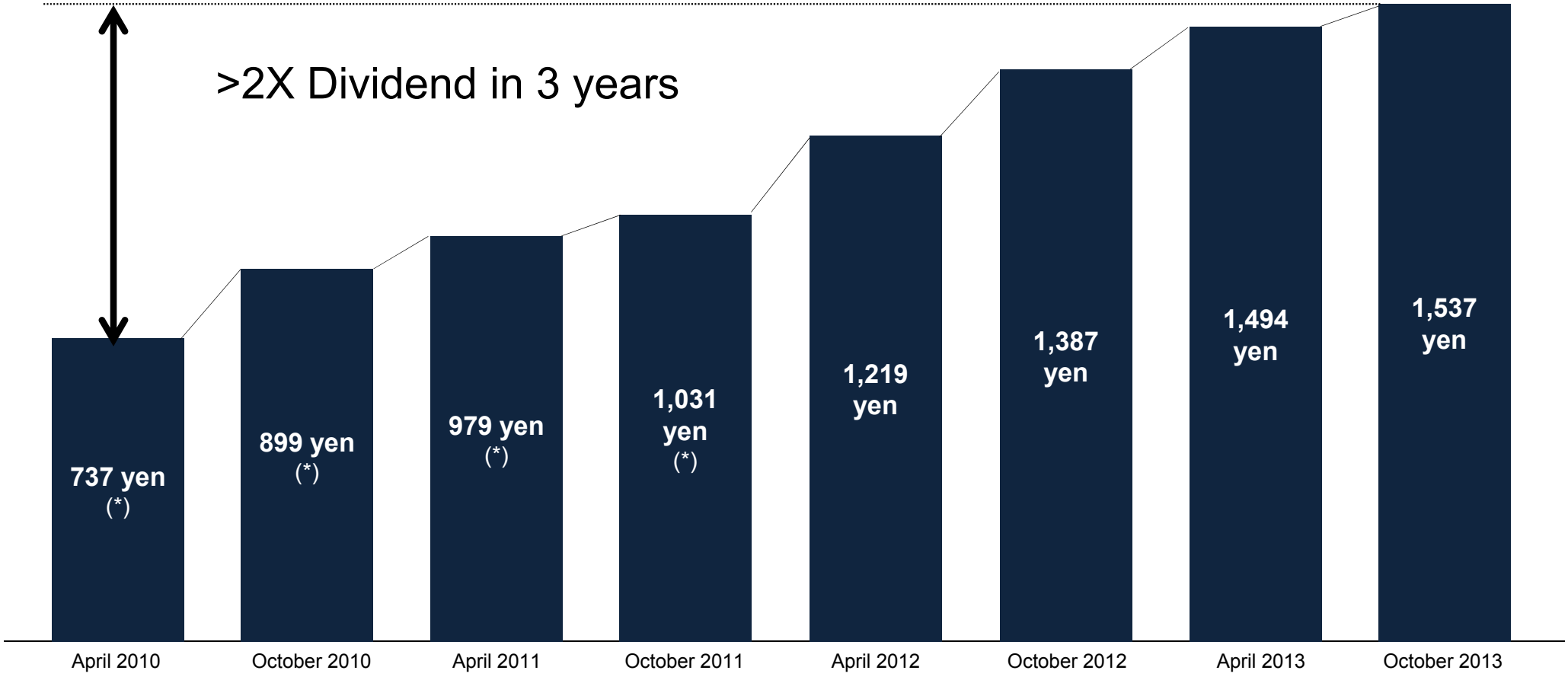
Ichigo REIT 2nd PO



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Ichigo REIT: No. 1 J-REIT for Continuous Dividend Growth

– 7 Consecutive Periods of Dividend Growth



* Adjusted to reflect stock split on November 1, 2011

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Grow Value-Add & Prime Location Real Estate

4 billion yen
investment in FY14 & FY15

- 2020 Tokyo Olympics = real estate demand- and value-driver for Tokyo
- Continue expansion of Ichigo Estate business, which is generating an ongoing ROI of 37.5% (10 asset portfolio,12.5 billion yen value,1.5 billion yen equity)
- 4 billion yen of ground lease assets in the Tokyo Metropolitan Area
- Grow portfolio of prime location, station-front assets where Ichigo's sourcing and value-add capabilities generate compelling economics







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Shift Up 2016 Mid-Term Business Plan

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2X EPS in 2 Years

– Key Performance Indicators (KPI)

(Million yen)

	February 2013 (Actual)	February 2014 (Forecast)	February 2015 (Plan)	February 2016 (Plan)
Revenues	**4,974**	**7,400**	**11,500**	**15,500**
Operating Profit	**1,844**	**3,900**	**7,700**	**11,400**
Net Profit	**1,637**	**4,000**	**6,040**	**9,050**
EPS (yen)	**3.66**	**8.69**	**12.17**	**18.25**
EPS Growth Rate (Note)	**-5%**	**137%**	**40%(51%)**	**50%**
Expense Coverage Ratio (Structural Profitability)	**129%**	**139%**	**150%**	**165%**

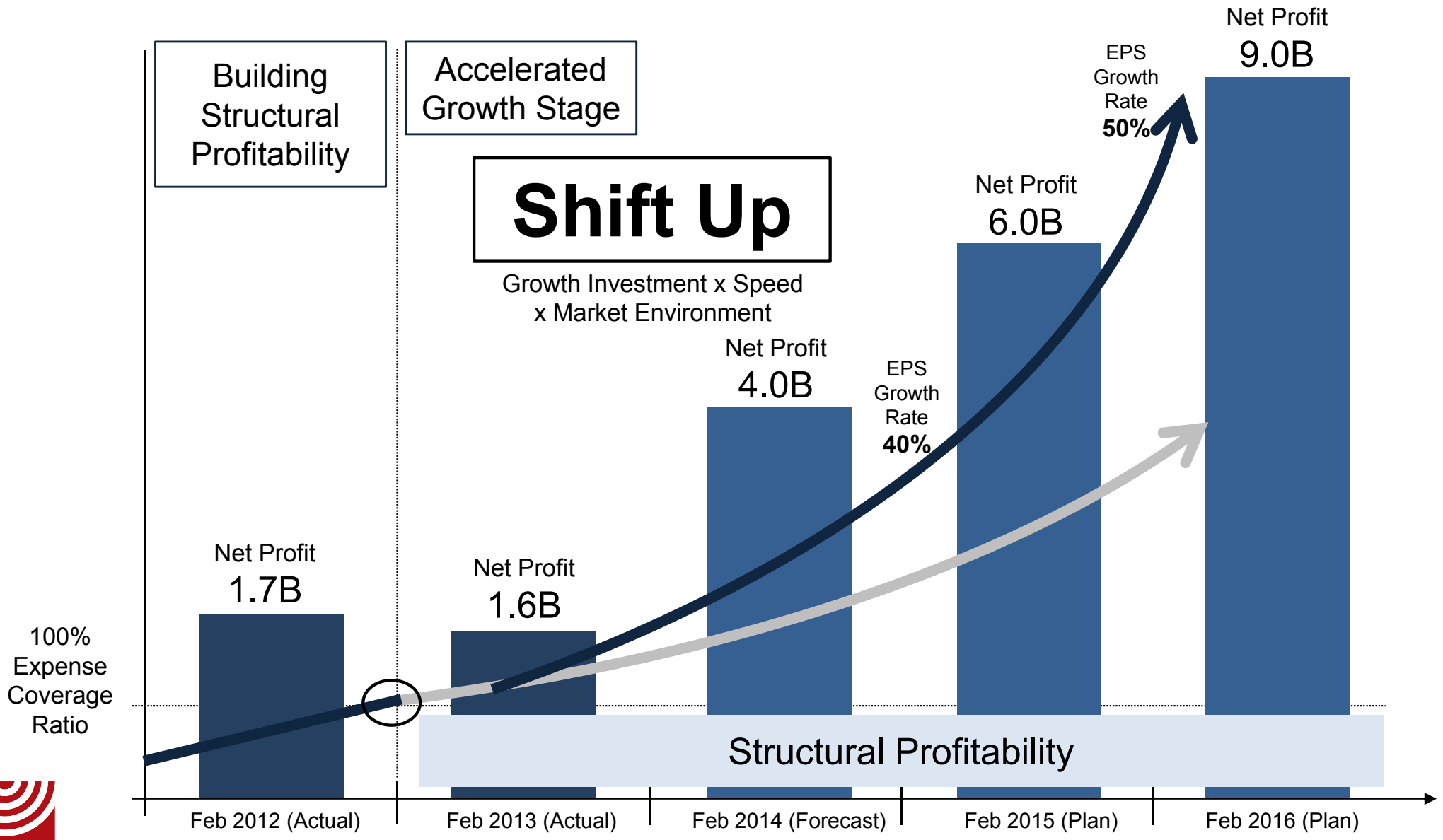
(Note) EPS growth rate in parentheses is based on the post-public offering number of shares outstanding at the end of the period.

– Seek to Move to TSE First Section by February 2016

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2X EPS in 2 Years (2)



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Appendix: Pro Forma Financial Data

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Pro Forma Disclosures

- 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 Q2	Feb 14 Q3	Change (QoQ)
Total Assets	**38,565**	**47,964**	**52,931**	**64,981**	**12,050**
Cash and Cash Equivalents	5,744	5,892	7,709	6,098	-1,611
Investment (Real Estate)	10,256	12,444	10,929	11,297	368
Investment (Domestic companies)	696	499	464	510	46
Investment (Overseas companies)	4,815	4,662	4,275	4,402	127
Real Estate Held for Sale	1,499	4,093	7,816	18,216	10,400
Fixed Assets	10,047	14,296	15,671	17,944	2,273
Intangible Assets	2,223	2,714	2,687	2,666	-21
Others	3,285	3,364	3,380	3,848	468
Liabilities	**9,657**	**17,976**	**21,748**	**32,660**	**10,912**
Interest-Bearing Debt	6,907	13,779	16,701	27,221	10,520
Others	2,750	4,197	5,047	5,439	392
Net Assets	**28,908**	**29,987**	**31,183**	**32,320**	**1,137**

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P&L (Pro Forma)

(Million yen)

	Feb 13	Feb 14 Q1	Feb 14 Q2	Feb 14 Q3	Feb 14 Q3 Cumulative
Revenues	**13,341**	**2,636**	**4,243**	**2,737**	**9,617**
Cost of Revenues	8,486	1,035	1,939	812	3,786
Gross Profit	**4,855**	**1,601**	**2,304**	**1,925**	**5,831**
SG&A	3,130	870	827	899	2,596
Operating Profit	**1,724**	**731**	**1,476**	**1,027**	**3,234**
Non-Operating Gain (Loss), net	-110	-25	-57	-66	-148
Recurring Profit	**1,614**	**706**	**1,419**	**961**	**3,086**
Extraordinary Gain (Loss), net	-41	667	4	-23	648
Pre-tax Profit	**1,573**	**1,373**	**1,423**	**938**	**3,734**
Tax	-51	14	31	3	49
Minority Interests	-12	-2	-4	-5	-11
Net Profit	**1,637**	**1,360**	**1,395**	**939**	**3,695**

Breakdown

(Million yen)

	Feb 14 Q3 Cumulative
Revenues	**9,617**
Real Estate Management Fees	2,261
Advisory Fees	15
Rental Income	1,679
Real Estate Sales / Dividends	3,205
Securities Sales / Dividends	649
Building Maintenance Fees	1,690
Others	118
Gross Profit	**5,831**
Real Estate Management Fees	2,141
Advisory Fees	15
Rental Income	1,018
Real Estate Sales / Dividends	2,147
Securities Sales / Dividends	147
Building Maintenance Fees	362
Others	1

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Significant Unrealized Gains on Balance Sheet

(Million yen)

	Acquisition Value	Book Value (As of Nov 13)	Appraisal Value (As of Feb 13)	Unrealized Gain
Directly Owned on B/S	34,922	31,045	34,168	+3,123
Investment in IGH Funds	14,682	9,648	17,187	+7,539
Total	49,604	40,693	51,355	+10,662

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Appendix：Consolidated Financial Data

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Balance Sheet (Consolidated)

(Million yen)

	Feb 13	Feb 14 Q1	Feb 14 Q2	Feb 14 Q3	QoQ change
Total Assets	**80,428**	**81,884**	**88,085**	**96,650**	**8,565**
Cash and Cash Equivalents	9,713	9,391	11,517	9,813	-1,704
Operating Investments in Securities	4,271	5,476	3,919	3,853	-66
Real Estate Held for Sale	46,176	41,598	46,266	51,666	5,400
Fixed Assets	10,047	14,296	15,671	19,756	4,085
Intangible Assets	2,223	2,714	2,687	2,666	-21
Investments in Securities	4,117	4,224	4,108	4,313	205
Others	3,881	4,185	3,917	4,583	666
Liabilities	**49,361**	**49,701**	**54,707**	**62,329**	**7,622**
Interest-Bearing Debts (excl. Non-Recourse Loans)	6,907	13,779	16,701	27,221	10,520
Non-Recourse Loans	35,039	28,585	29,445	25,627	-3,818
Others	7,415	7,337	8,561	9,481	920
Net Assets	**31,066**	**32,182**	**33,377**	**34,320**	**943**
Shareholders Equity	28,457	29,676	30,941	32,105	1,164
Minority Interests and Other	2,609	2,506	2,436	2,215	-221

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P&L (Consolidated)

(Million yen)

	Feb 13	Feb 14 Q1	Feb 14 Q2	Feb 14 Q3	Feb 14 Q3 Cumulative	Full-Year Revised Forecast	vs. Forecast
Revenues	**16,397**	**11,023**	**9,562**	**8,098**	**28,685**	**35,000**	**82.0%**
Cost of Revenues	11,422	9,385	7,260	6,243	22,888	—	—
Gross Profit	**4,974**	**1,638**	**2,302**	**1,855**	**5,796**	**—**	**—**
SG&A	3,130	870	827	899	2,596	—	—
Operating Profit	**1,844**	**767**	**1,475**	**956**	**3,199**	**3,900**	**82.0%**
Non-Operating Gain (Loss), net	-110	-25	-60	-63	-148	—	—
Recurring Profit	**1,734**	**742**	**1,415**	**893**	**3,051**	**3,500**	**87.2%**
Extraordinary Gain (Loss), net	-41	668	5	-25	648	—	—
Pre-tax Profit	**1,693**	**1,410**	**1,421**	**868**	**3,699**	—	—
Tax	-51	14	31	3	49	—	—
Minority Interests	108	34	-5	-74	-45	—	—
Net Profit	**1,637**	**1,360**	**1,395**	**939**	**3,695**	**4,000**	**92.4%**

Breakdown

(Million yen)

	Feb 14 Q3 Cumulative	Full-Year Revised Forecast	vs. Forecast
Revenues	**28,685**	**35,000**	**82.0%**
Real Estate Management Fees	1,550	1,853	83.6%
Advisory Fees	15	15	100.0%
Rental Income	4,290	5,854	73.3%
Real Estate Sales / Dividends	20,367	24,174	84.3%
Securities Sales / Dividends	649	648	100.2%
Building Maintenance Fees	1,681	2,291	73.4%
Others	133	165	80.6%
Gross Profit	**5,796**	**7,474**	**77.5%**
Real Estate Management Fees	1,434	1,720	83.4%
Advisory Fees	15	7	214.3%
Rental Income	2,136	3,045	70.1%
Real Estate Sales / Dividends	1,696	2,056	82.5%
Securities Sales / Dividends	147	147	100.0%
Building Maintenance Fees	353	467	75.6%
Others	15	32	46.9%

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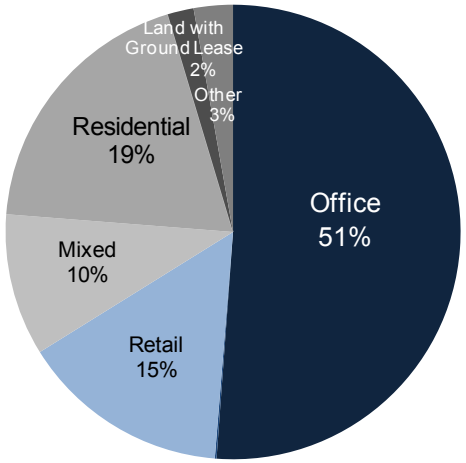
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Appendix：Real Estate Data

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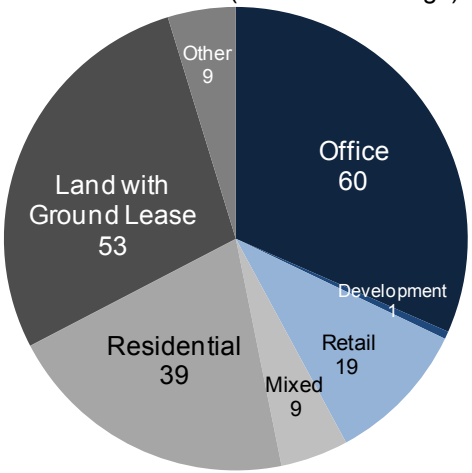
Real Estate Portfolio

AUM by Type



# of Properties by Type

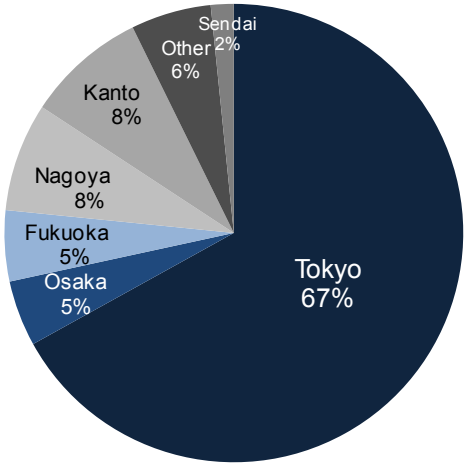
(Unit: # of buildings)



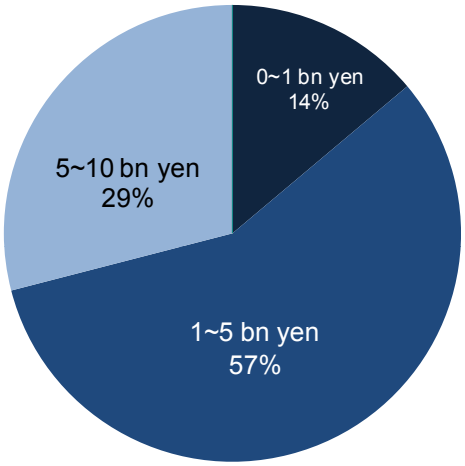
(As of November 2013)

(Unit: # of buildings)

AUM by Location

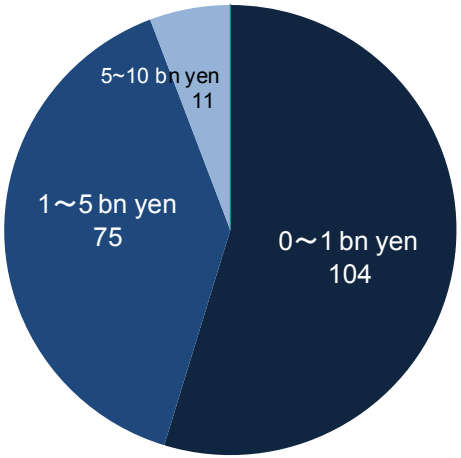


AUM by Size



# of Properties by Size

(Unit: # of buildings)



Total AUM: JPY 259 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 November 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	84,376	77,112	4,538	5.9%	6.7%	82,146	+5,034
Outside Tokyo	47,634	41,378	3,075	6.6%	7.6%	46,575	+5,197
Total	132,011	118,490	7,613	5.8%	6.4%	128,721	+10,231

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	16,780	15,862	830	5.2%	5.5%	17,450	+1,587
Outside Tokyo	14,732	13,379	1,008	6.6%	7.3%	14,915	+1,536
Total	31,512	29,242	1,838	6.0%	6.5%	32,365	+3,123

*Excludes development assets (c. JPY 1,803M) which are not currently generating NOI

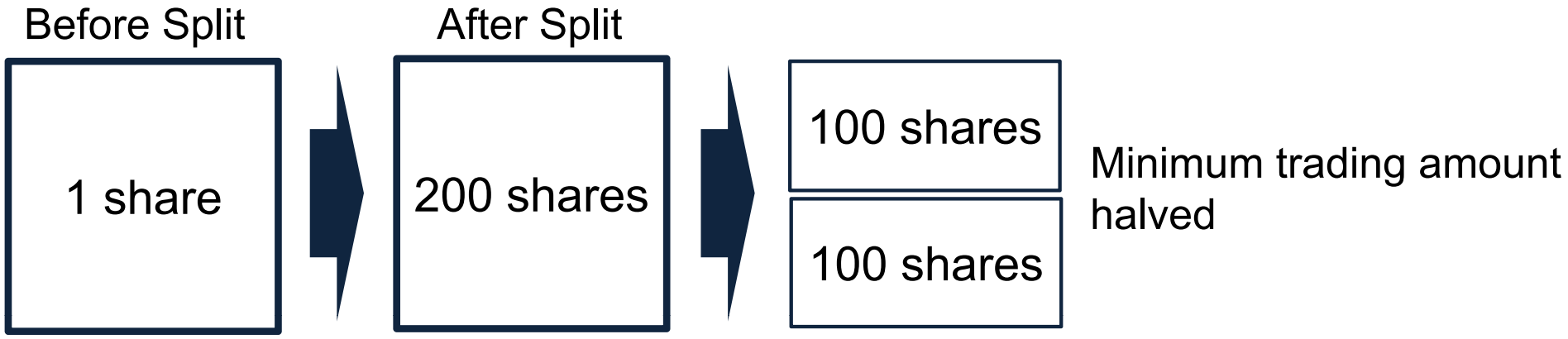
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Stock Split to Promote Share Ownership & Liquidity

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 is Japan's first zero-carbon listed real estate company. We are taking responsibility for our environmental footprint by offsetting our carbon emissions as well as working with organizations to invest in low-carbon technologies.

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