FY16/2 H1 (March – August 2015) Corporate Presentation

October 14, 2015

Ichigo (2337)

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World-Class Excellence



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Shift Up 2016 Mid-Term Business Plan Progress

- 5X EPS in 3 Years
- Achieved All Key Performance Indicator Targets in First 2 Years, Expect Full Achievement for Final 3rd year
- Tokyo Stock Exchange First Section Listing by February 2016 (Application Submitted on August 10, 2015)
- Enter JPX-Nikkei Index 400 by August 2016

Progress on Key Performance Indicators (KPI)

(Million Yen)

	FY13/2 Actual	FY14/2 Plan	FY14/2 Actual	FY15/2 Plan	FY15/2 Actual	FY16/2 Plan
Gross Profit	**4,974**	**7,400**	**7,435**	**11,500**	**12,166**	**15,500**
Operating Profit	**1,844**	**3,900**	**3,912**	**7,700**	**8,189**	**11,400**
Net Income	**1,637**	**4,000**	**4,526**	**6,040**	**6,761**	**9,050**
EPS (yen)	**3.66**	**8.69**	**9.83**	**12.17**	**13.58**	**18.25**
ROE	**6.0%**	**–**	**11.8%**	**11.8%**	**13.0%**	**>15%**
Expense Coverage Ratio (Structural Profitability)	**129%**	**139%**	**141%**	**150%**	**175%**	**165%**

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Mid-Term Business Plan Shift Up 2016

Commitment: 100% Shift Up 2016 Achievement

- FY16/2 H1: OP 1.6X, EPS 1.7X YOY
- Segment P&L Breakdown
- Accelerated Asset Turnover & Asset Management Expansion
- FY16/2 Full-Year Forecast Revision
- FY16/2 Full-Year Forecast Details

Asset Management

- Ichigo Office REIT (8975) Strategic Transition
- Supporting Continued Ichigo Office REIT Dividend Growth
- Value-Add Sale to Ichigo Hotel REIT

Value-Add

- Capital-Efficient Asset Acquisitions
- Value-Add Cases: Tokyo Retail (Daikanyama); Tokyo Residential (Azabu Juban); Tokyo Retail (Hiroo)

Clean Energy

- Ichigo Solar Power Plant National Map
- Expansion On Track
- New Opportunities: REAFF Law
- Individual Power Plant P&L Breakdown
- Near-Term Earnings
- Long-Term Earnings

Appendices: Financial & Real Estate Data

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Commitment: 100% Shift Up 2016 Achievement

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FY16/2 H1: OP 1.6X, EPS 1.7X YOY

(Million Yen)

	FY15/2 H1	FY16/2 H1	YoY	Full-Year Forecast	vs Full-Year Forecast	FY15/2 Actual
Revenues	**9,879**	**14,607**	**+47.9%**	**45,000**	**32.5%**	**42,705**
Gross Profit	**5,110**	**7,163**	**+40.2%**	**16,500**	**43.4%**	**12,166**
Operating Profit	**3,124**	**4,913**	**+57.3%**	**11,700**	**42.0%**	**8,189**
Recurring Profit	**2,715**	**4,351**	**+60.2%**	**10,250**	**42.4%**	**7,255**
Net Income	**2,491**	**4,221**	**+69.5%**	**9,150**	**46.1%**	**6,761**
EPS (yen)	**5.01**	**8.46**	**+68.9%**	**18.3**	**46.2%**	**13.58**
Fixed Income	**3,423**	**4,916**	**+43.6%**	**—**	**—**	**7,613**
Fixed Expense (SG&A+Interest Expense)	**2,159**	**2,397**	**+11.0%**	**—**	**—**	**4,342**
SG&A	1,736	1,820	+4.8%	—	—	3,398
Interest Expense	423	577	+36.4%	—	—	943
Expense Coverage Ratio	**158.5%**	**205.1%**	**+46.6%**	**—**	**—**	**175.3%**

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Segment P&L Breakdown

- Value-Add Rental Income 1.4X YOY
- Clean Energy Has Turned Profitable

(Million Yen)

Segment	Revenues					Operating Profit					Earnings Drivers (YoY change is shown in parentheses)
	FY15/2 H1	FY16/2 H1	YoY	FY16/2 Full-Year Forecast	vs Full-Year Forecast	FY15/2 2Q	FY16/2 H1	YoY	FY16/2 Full-Year Forecast	vs Full-Year Forecast	
Asset Management	**2,042**	**2,964**	**+45.2%**	**4,713**	**62.9%**	**372**	**1,854**	**+398.4%**	**2,140**	**86.6%**	AM Fees: REIT:443(+62), Private:33(-34) Upfront/Disposition Fees: 319(+123) Performance/Brokerage Fees: 620 (+559) Sponsor Credit Support Fees: 410
Value-Add	**7,517**	**10,758**	**+43.1%**	**38,705**	**27.8%**	**3,096**	**3,142**	**+1.5%**	**9,579**	**32.8%**	Rental Income: 3,443 (+999) Profits on Sale: 1,212 (-396)
Clean Energy	**294**	**870**	**+195.3%**	**1,581**	**55.0%**	**-43**	**290**	**—**	**198**	**146.2%**	Solar Electricity Sales: 434 (+324)
Other	**24**	**13**	**- 46.3%**	**—**	**—**	**-23**	**-31**	**—**	**-85**	**—**	
Total	**9,879**	**14,607**	**+47.9%**	**45,000**	**32.5%**	**3,401**	**5,256**	**+54.5%**	**11,833**	**44.4%**	**—**
Adjustment (including offsets of cross-segment transactions)	**—**	**—**	**—**	**—**	**—**	**-277**	**-343**	**—**	**-133**	**—**	**—**
Total	**9,879**	**14,607**	**+47.9%**	**45,000**	**32.5%**	**3,124**	**4,913**	**+57.3%**	**11,700**	**42.0%**	**—**

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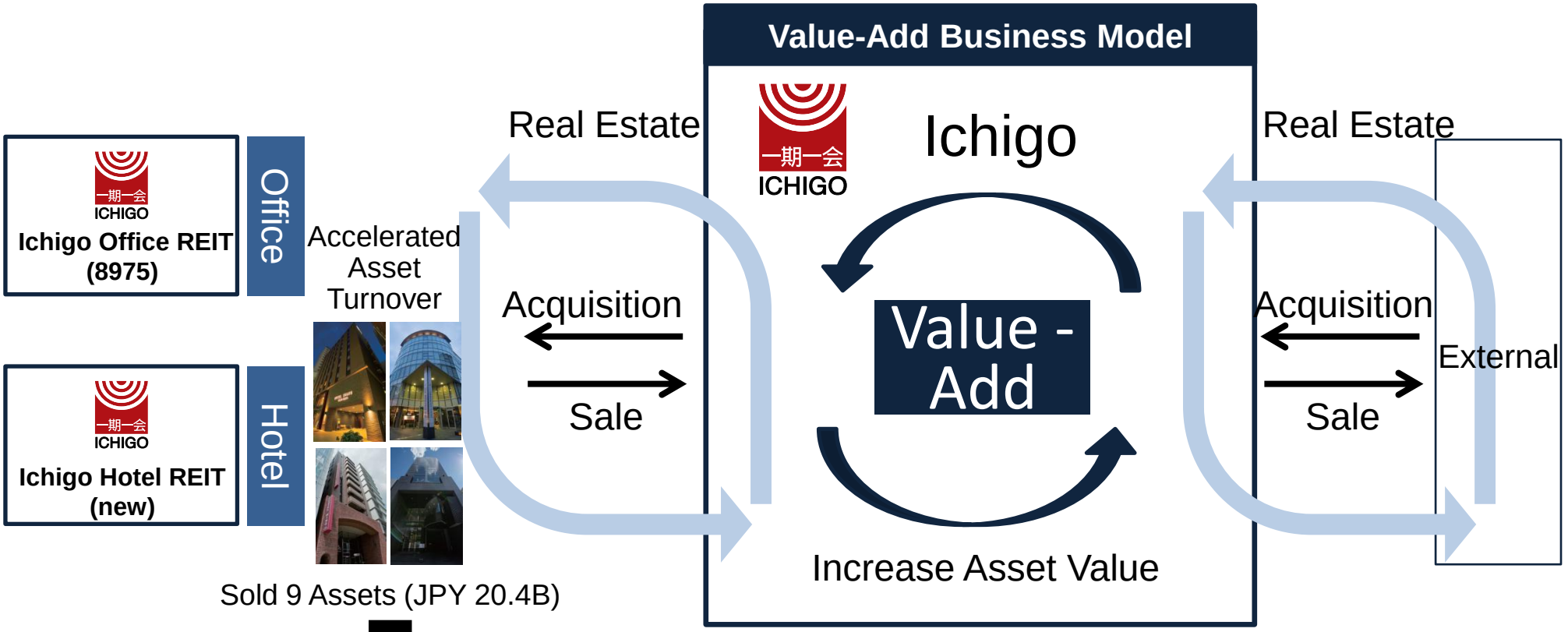
Accelerated Asset Turnover & Asset Management Expansion

Sale of Hotel Assets (JPY 20.4B) to Ichigo Hotel REIT



ROE	FY13/2	FY14/2	FY15/2	FY16/2 Forecast
	6.0%	11.8%	13.0%	>15%

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FY16/2 Full-Year Forecast Revision

Forecasting Record Net Income of JPY 11B on Value-Add & Asset Management Growth (Previous Record Net Income: FY07/2 JPY 9.4)

(Million Yen)

	FY16/2 Full-Year Revised Forecast	FY16/2 Full-Year Initial Forecast	Change
Revenues	**47,000**	**45,000**	**+4.4%**
Operating Profit	**14,000**	**11,700**	**+19.7%**
Recurring Profit	**12,400**	**10,250**	**+21.0%**
Net Income	**11,000**	**9,150**	**+20.2%**
EPS	**22.01 yen**	**18.3 yen**	**+20.3%**
ROE	**18.1%**	**15.3%**	**+2.8%**
Dividend per Share	**2 yen**	**2 yen**	**—**

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FY16/2 Full-Year Forecast Details

(Million Yen)

Segment	Revenues			Segment Profit (Operating Profit)		
	FY16/2 Full-Year Revised Forecast	FY16/2 Full-Year Initial Forecast	YoY	FY16/2 Full-Year Revised Forecast	FY16/2 Full-Year Initial Forecast	YoY
Asset Management	4,950	4,713	+5.0%	2,536	2,140	+18.5%
Value-Add	40,493	38,705	+4.6%	11,620	9,579	+21.3%
Clean Energy	1,507	1,581	-4.7%	218	198	+10.1%
Other	48	—	—	-92	-85	—
Total	47,000	45,000	+4.4%	14,283	11,833	+20.7%
Adjustment (elimination of inter-segtment transactions)	—	—	—	-283	-133	—
Total	47,000	45,000	+4.4%	14,000	11,700	+19.7%

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Asset Management

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Ichigo Office REIT (8975)Strategic Transition

Move from Multi-Asset Class REIT to Specialized Office REIT Focused on Mid-Size Offices, an Asset Class that Offers Both Return Stability and Upside Potential

New Mid-Term Targets

- Dividend per Share: 2,000 yen (April 2015 actual: 1,603 yen)
- Total Assets: JPY 230B (Current: JPY 165.6B)
- Long-Term Issuer Rating：A (Stable) (Current: A- (Stable))



Financing Strategy

- Received long-term issuer rating of A- (Stable) from Japan Credit Rating Agency (JCR) (June 30, 2015)
- Achieved non-collateralization of all loans (September 30, 2015)

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Supporting Continued Ichigo Office REIT Dividend Growth

Co-Purchased with Ichigo Office REIT 13 Mid-Size Office Assets, Granting Ichigo Office REIT Preferential Acquisition Right

– Contribution to Ichigo Office REIT dividend: JPY100M p.a.

Offices Co-Purchased with Ichigo Office REIT



Ichigo Sale of Kawasaki Office Asset (JPY1.75B) to Ichigo Office REIT (Sep 2015)

– Expected Ichigo REIT NOI: JPY114M p.a.

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Value-Add Sale to Ichigo Hotel REIT

Expanding Value-Add Business Model and Accelerating Asset Turnover

- Newly established Ichigo Hotel REIT as Ichigo's second J-REIT
- Goal: Success similar to Ichigo Office REIT in serving Ichigo Hotel REIT's shareholders. Ichigo Office REIT is No. 1 among all J-REITs as the only J-REIT that has grown its dividend 10 periods (5 years) in a row.
- Sold Ichigo Hotel REIT 9 prime location hotels servicing both business and tourist guests (total sales price JPY 20.4B)

Hotels Sold to Ichigo Hotel REIT

Smile Hotel Kyoto Shijo



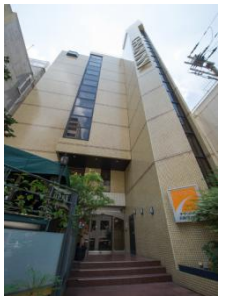
Hotel Vista Premio Kyoto



Hotel Wing International Nagoya



Chisun Inn Osaka Honmachi



Comfort Hotel Hamamatsu



Hotel Suave Kobe Asuta



Nest Hotel Sapporo Odori



Valie Hotel Tenjin



Nest Hotel Sapporo Ekimae



Sale of 9 Hotels (JPY 20.4B)

Ichigo Value-Add Gain on Sale JPY 6B

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Value-Add

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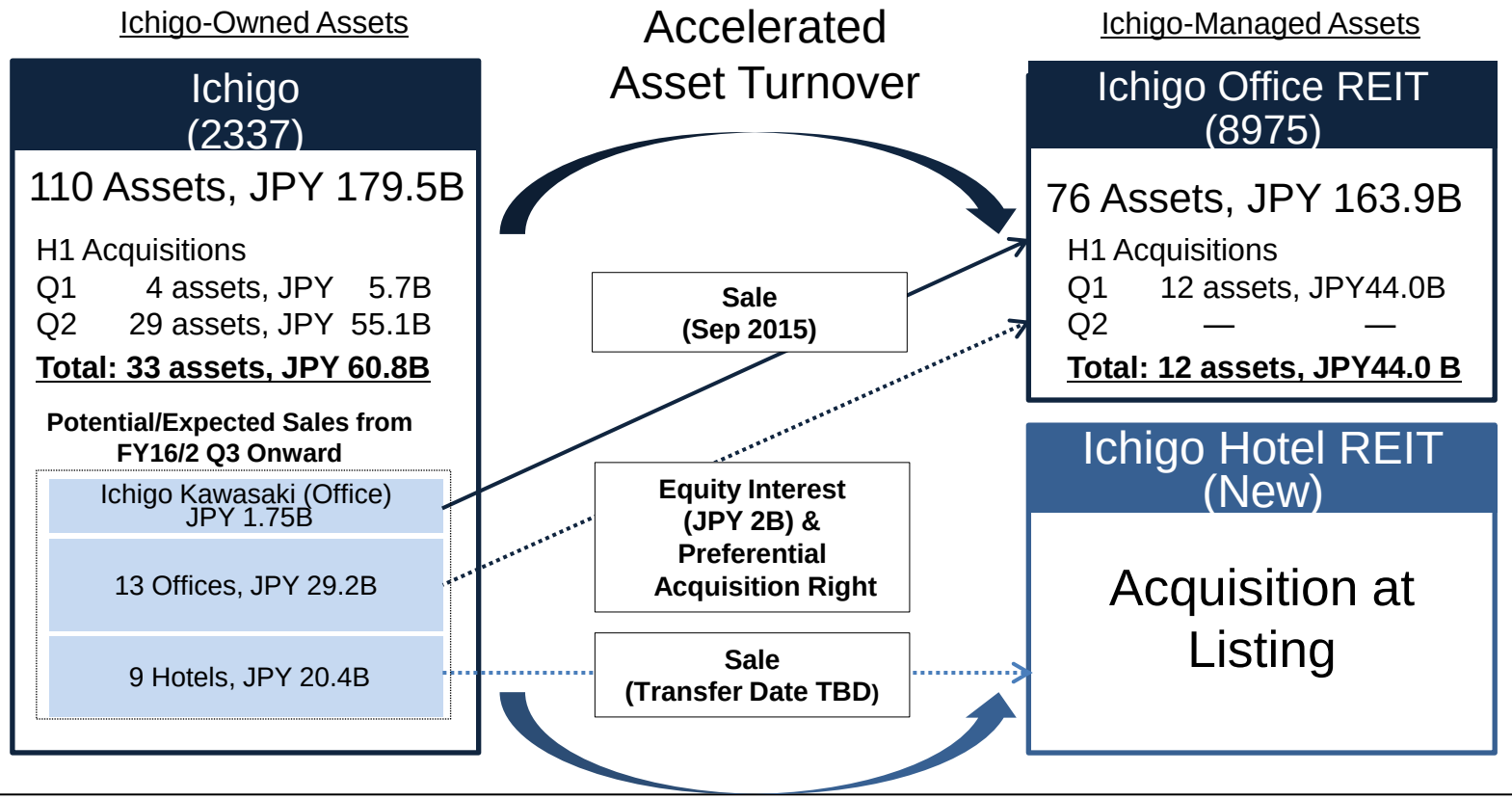
Capital-Efficient Asset Acquisitions

Balance Sheet Management and Synergies with Ichigo Office REIT and Ichigo Hotel REIT Driving Higher ROE and Higher Earnings

FY16/2 H1 Acquisitions: 43 assets, JPY 101.4B
(excludes 2 Ichigo asset warehousing sales, JPY 3.4B)

- Ichigo: 33 assets, JPY 60.8B
- Ichigo Office REIT: 12 assets, JPY 44B



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Value-Add Case (1) – Deep Value-Add for Tenants

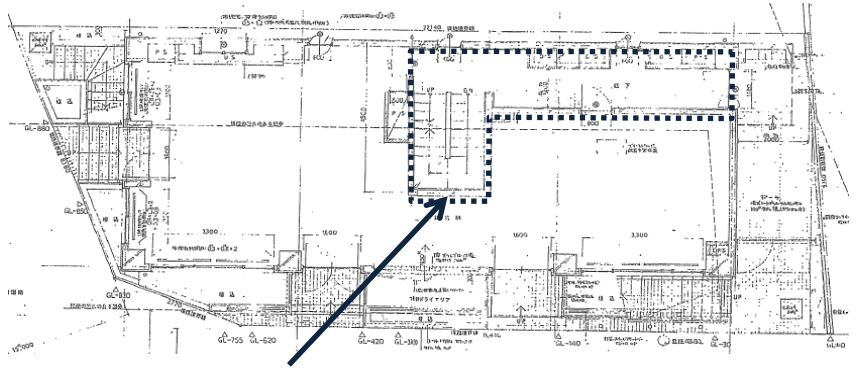
Tokyo Retail (Daikanyama)

- Turned asset problem into an opportunity, fixing flawed, divided, and illegal space and increasing leasable space by 13% in a building 1-minute walk from Daikanyama Station
- Completed retrofit of 1st floor; Basement, 2nd and 3rd floors to be similarly improved

Rectified illegally extended exterior stairs and removed stairs inside with tenant consent and cooperation. Converted hallway and stairway to usable space, increasing total space and fixing blocked line-of-sight



1F Floor Plan



Converted stairway and hall to usable space

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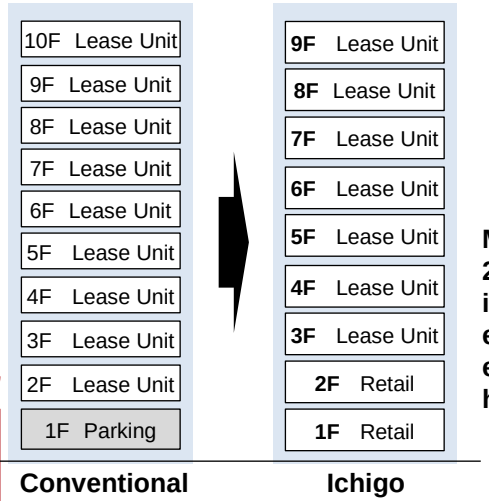
Value-Add Case (2) – Differentiated Residential Development

Tokyo Residential (OWCA Azabu Juban)

High-Grade Residential Building Achieving Rapid Lease-Up

- Developed on prime location land in Azabu Juban, a high-end residential area in central Tokyo
- Higher leasable value achieved by eliminating car and bicycle parking
- Built 2.8m high ceiling 9-floor building on a space that normally would have 10F with lower ceilings and a parking floor – high ceilings differentiated and driving rapid lease-up
- High-grade common spaces such as entrance hall, elevator hall

Differentiated Development Plan



Maximize 1st and 2nd floor rental income and enhance tenant experience via high ceilings

Before



After



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Value-Add Case (3) – Extending Value-Add Business Model

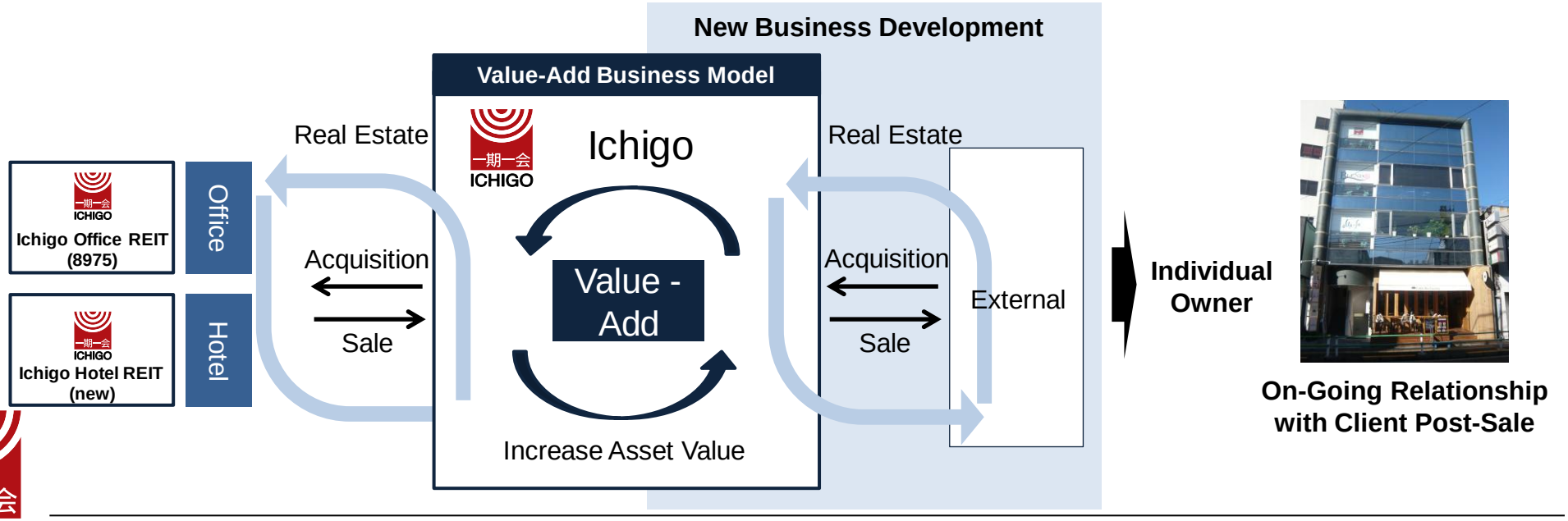
Tokyo Retail (Hiroo)

Value-Add

- 1.9X NOI via lease-up with high-quality tenants after rectification of illegalities

New Business Development

- Sold asset to an individual owner after Ichigo value-add and Ichigo consulting
- Worked with lenders to achieve strong loan terms for new owner
- Ichigo to manage asset



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Ichigo Solar Power Plant National Map

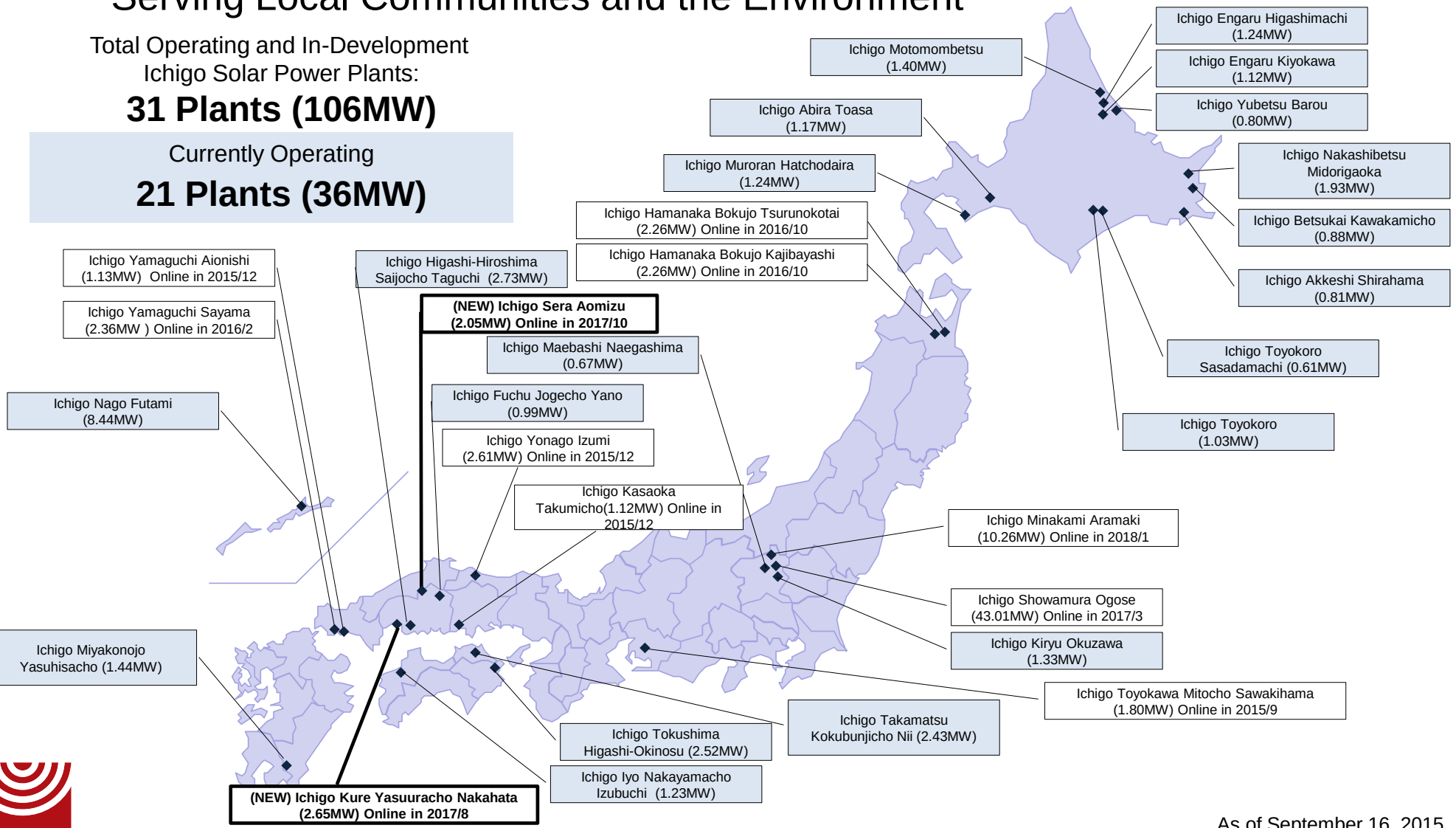
Serving Local Communities and the Environment

Total Operating and In-Development Ichigo Solar Power Plants:

31 Plants (106MW)

Currently Operating

21 Plants (36MW)



As of September 16, 2015

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Expansion on Track

As of September 30, 31 Ichigo Solar Plants (106MW) Operating or In-Development

- 21 operating plants (36 MW) as of September 2015
- All 31 plants have approved grid interconnections and/or signed power sale contracts with the regional electric utility. None of the projects are subject to the utilities' suspension of acceptance of applications
- Feed-in tariff: 40 yen: 20 plants, 34MW; 36 yen: 8 plants, 67MW; 32 yen: 3 plants, 5MW

Hitachi to Construct Showamura Plant, One of the Largest Solar Plants in the Tokyo Region (43MW)
Executed JPY 12.4B Construction Loan

- Syndicated loan with SMBC, Mizuho, Shinsei, and Gunma (October 30, 2015)
- Total investment (debt + equity): JPY 13.7B
- Expected operation start: FY18/2

Completed Image of Ichigo Showamura Ogose ECO Power Plant



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New Opportunities: REAFF Law

Working to Develop New Solar Plants Using REAFF Law (May 1, 2014)

- ✓ Agricultural land, forest land, and other regulated lands generally prohibited for use for renewable energy projects are now potentially available if sound development of local agriculture, forestry, and fisheries businesses is also ensured
- ✓ As first project, working on plan for abandoned agricultural land in Toride, Ibaraki Prefecture. Part of electricity income will be paid to project committee led by the city of Toride to support the growth of regional agriculture.
- ✓ Agricultural land generally suitable for solar power production due to flat land requiring minimal site prep and good sunlight availability
- ✓ Currently 10 REAFF projects being pursued nationwide – expect Ichigo's to be the first REAFF project approved in Kanto area surrounding Tokyo





Panel Design Image



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Individual Power Plant P&L Breakdown (1)

Total 20-Year Forecast IRR for All Plants: 25.2% p.a.

No.		Area	Panel Output (MW)	Fixed Tariff (Pre-tax, yen)	Operation Start Date	Expected NOI/Year	Depreciation	Ichigo Investment	Forecast Equity Multiple (Held for 20 years)[1]	Forecast IRR[2]
1	Ichigo Tokushima Higashi Okinosu ECO Power Plant	Shikoku	2.52	40	Aug-13	JPY 84M	JPY 36M	JPY 129M	7.43 x	26.1%
2	Ichigo Kiryu Okuzawa ECO Power Plant	Kanto	1.33	40	Sep-13	JPY 42M	JPY 20M	JPY 94M	4.84 x	17.9%
3	Ichigo Motomombetsu ECO Power Plant	Hokkaido	1.40	40	Feb-14	JPY 45M	JPY 21M	JPY 134M	3.99 x	15.9%
4	Ichigo Fuchu Jogecho Yano ECO Power Plant	Chugoku	0.99	40	Mar-14	JPY 28M	JPY 15M	JPY 102M	3.05 x	12.2%
5	Ichigo Muroran Hatchodaira ECO Power Plant	Hokkaido	1.24	40	Mar-14	JPY 42M	JPY 20M	JPY 138M	3.37 x	12.8%
6	Ichigo Engaru Kiyokawa ECO Power Plant	Hokkaido	1.12	40	Mar-14	JPY 36M	JPY 16M	JPY 93M	4.38 x	17.5%
7	Ichigo Yubetsu Barou ECO Power Plant	Hokkaido	0.80	40	Apr-14	JPY 24M	JPY 13M	JPY 32M	5.65 x	16.4%
8	Ichigo Iyo Nakayamacho Izubuchi ECO Power Plant	Shikoku	1.23	40	Apr-14	JPY 44M	JPY 19M	JPY 73M	6.77 x	26.2%
9	Ichigo Maebashi Naegashima ECO Power Plant	Kanto	0.67	40	Apr-14	JPY 25M	JPY 9M	JPY 40M	8.36 x	33.4%
10	Ichigo Betsukai Kawakamicho ECO Power Plant	Hokkaido	0.88	40	Oct-14	JPY 29M	JPY 14M	JPY 42M	6.43 x	23.7%
11	Ichigo Toyokoro Sasadamachi ECO Power Plant	Hokkaido	0.61	40	Oct-14	JPY 23M	JPY 10M	JPY 31M	7.55 x	28.8%
12	Ichigo Nakashibetsu Midorigaoka ECO Power Plant	Hokkaido	1.93	40	Nov-14	JPY 66M	JPY 29M	JPY 175M	4.34 x	16.5%
13	Ichigo Abira Toasa ECO Power Plant	Hokkaido	1.17	40	Dec-14	JPY 39M	JPY 19M	JPY 36M	10.20 x	35.9%
14	Ichigo Toyokoro ECO Power Plant	Hokkaido	1.03	40	Dec-14	JPY 41M	JPY 16M	JPY 65M	7.62 x	33.2%
15	Ichigo Higashi Hiroshima Saijocho Taguchi ECO Power Plant	Chugoku	2.73	40	Jan-15	JPY 97M	JPY 41M	JPY 241M	5.14 x	20.3%
16	Ichigo Nago Futami ECO Power Plant	Okinawa	8.44	40	Feb-15	JPY 309M	JPY 132M	JPY 1,189M	3.51 x	12.1%
17	Ichigo Engaru Higashimachi ECO Power Plant	Hokkaido	1.24	40	Feb-15	JPY 41M	JPY 19M	JPY 33M	11.52 x	40.9%

[1] Forecast Equity Multiple is based on the P-50* business plan of each plant and is the expected sum of income divided by Ichigo Investment.
[2] Forecast IRR is the internal rate of return based on each plant's P50 forecast cash flow.
* P50 is a third-party, 50% probability mean annual production forecast that serves as the base forecast for each solar power plant's operating plan.

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Individual Power Plant P&L Breakdown (2)

No.		Area	Panel Output (MW)	Fixed Tariff (Pre-tax, yen)	Operation Start Date	Expected NOI/Year	Depreciation	Ichigo Investment	Forecast Equity Multiple (Held for 20 years)[1]	Forecast IRR[2]
18	Ichigo Akkeshi Shirahama ECO Power Plant	Hokkaido	0.81	40	Mar-15	JPY 23M	JPY 13M	JPY 43M	4.42 x	15.6%
19	Ichigo Takamatsu Kokubunjicho Nii ECO Power Plant	Shikoku	2.43	36	Jun-15	JPY 76M	JPY 32M	JPY 66M	13.61 x	29.0%
20	Ichigo Miyakonojo Yasuhisacho ECO Power Plant	Kyushu	1.44	36	Jul-15	JPY 47M	JPY 19M	-	-	-
21	Ichigo Toyokawa Mitocho Sawakihama ECO Power Plant	Chubu	1.80	32	Sep-15	JPY 38M	JPY 21M	JPY 14M	22.97 x	53.7%
22	Ichigo Yamaguchi Aionishi ECO Power Plant	Chugoku	1.13	40	Dec-15	JPY 41M	JPY 18M	JPY 44M	10.65 x	34.3%
23	Ichigo Yonago Izumi ECO Power Plant	Chugoku	2.61	40	Dec-15	JPY 89M	JPY 36M	—	—	—
24	Ichigo Kasaoka Takumicho ECO Power Plant	Chugoku	1.12	32	Dec-15	JPY 25M	JPY 13M	JPY 41M	6.67 x	21.1%
25	Ichigo Yamaguchi Sayama ECO Power Plant	Chugoku	2.36	36	Feb-16	JPY 69M	JPY 32M	JPY 52M	15.29 x	62.0%
26	Ichigo Hamanaka Bokujo Tsurunokotai ECO Power Plant	Tohoku	2.26	36	Oct-16	JPY 70M	JPY 32M	JPY 85M	8.62 x	22.9%
27	Ichigo Hamanaka Bokujo Kajibayashi ECO Power Plant	Tohoku	2.26	36	Oct-16	JPY 70M	JPY 32M	JPY 82M	8.99 x	23.6%
28	Ichigo Showamura Ogose ECO Power Plant	Kanto	43.01	36	Mar-17	JPY 1,354M	JPY 607M	JPY 1,284M	11.07 x	20.5%
29	Ichigo Minakami Aramaki ECO Power Plant	Kanto	10.26	36	Jan-18	JPY 314M	JPY 175M	JPY 460M	6.68 x	13.5%
30	Ichigo Kure Yasuuracho Nakahata ECO Power Plant	Chugoku	2.65	36	Aug-17	JPY 72M	JPY 37M	JPY 90M	8.08 x	18.9%
31	Ichigo Sera Aomizu ECO Power Plant	Chugoku	2.05	32	Oct-17	JPY 49M	JPY 26M	JPY 44M	10.33 x	26.3%
		Total 105.52MW				**JPY 3,352M**	**JPY 1,542M**	**JPY 4,952M**	**7.98 x**	**25.2%**

[1] Forecast Equity Multiple is based on the P-50* business plan of each plant and is the expected sum of income divided by Ichigo Investment.
[2] Forecast IRR is the internal rate of return based on each plant's P50 forecast cash flow.
* P50 is a third-party, 50% probability mean annual production forecast that serves as the base forecast for each solar power plant's operating plan.

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Near-Term Earnings

- Significant Revenue Growth
- Now Profitable (FY16/2 Forecast OP = JPY 290M vs. FY15/2 JPY -43M)

(Million Yen)

	FY15/2 (12M)	FY16/2 Q1 (3M)	FY16/2 H1 (6M)	FY16/2 Full-Year Forecast (12M)	vs Full-Year Forecast (12M)
Revenues	605	379	870	1,507	57.8%
Cost of Goods Sold	411	213	435	917	—
Gross Profit	194	165	434	589	73.7%
SG&A	288	69	143	371	—
Adjustments (including offsets of cross-segment transactions)	—	—	—	—	—
Operating Profit	-93	96	290	218	132.9%
(Reference) Interest Expense Paid to External Parties	69	33	69	139	—

Solar Power Plant Schedule



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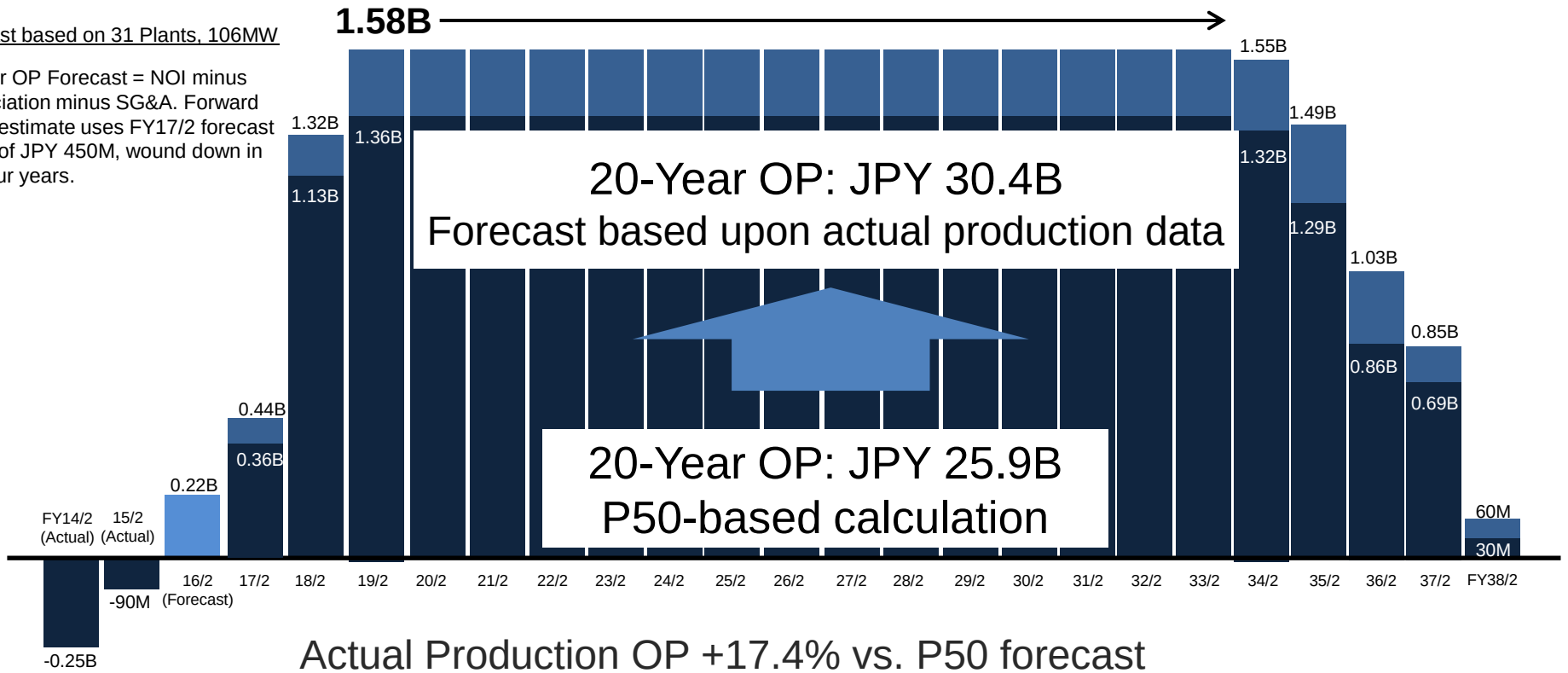
Long-Term Earnings (Operating Profit)

Forecast JPY 1.58B Annual OP by FY19/2 Using Actual Production Results

OP Forecast based on 31 Plants, 106MW

* 20-Year OP Forecast = NOI minus Depreciation minus SG&A. Forward SG&A estimate uses FY17/2 forecast SG&A of JPY 450M, wound down in final four years.



Actual Production OP +17.4% vs. P50 forecast

Note: P50 is a third-party, 50% probability mean annual production forecast that serves as the base forecast for each solar power plant's operating plan.

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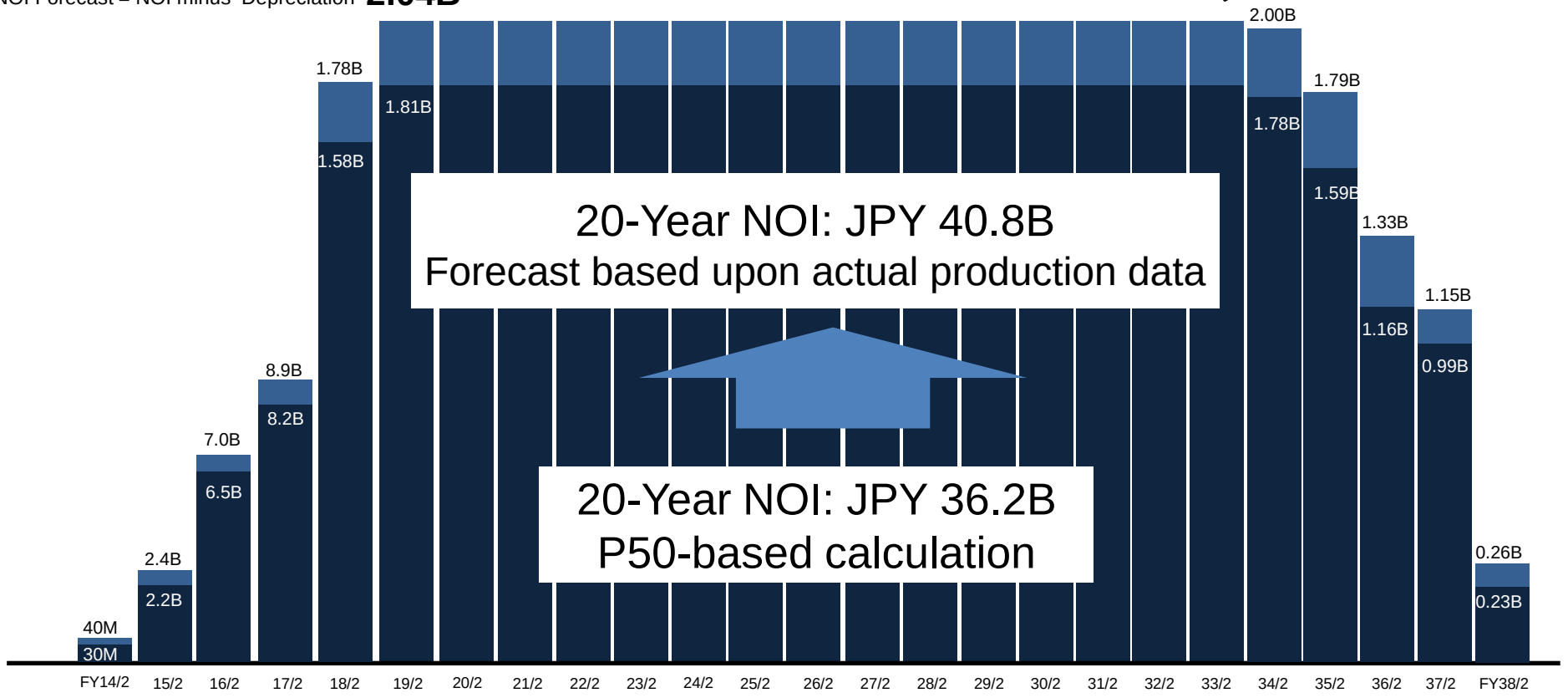
Reference: Long-Term Earnings (Gross Profit)

Forecast JPY 2.04B Annual NOI by FY19/2

Revenue Forecast based on 31 Plants, 106MW

* 20-Year NOI Forecast = NOI minus Depreciation **2.04B**



Actual Production NOI +12.7% vs. P50 forecast

Note: P50 is a third-party, 50% probability mean annual production forecast that serves as the base forecast for each solar power plant's operating plan.

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Appendices: Financial & Real Estate Data

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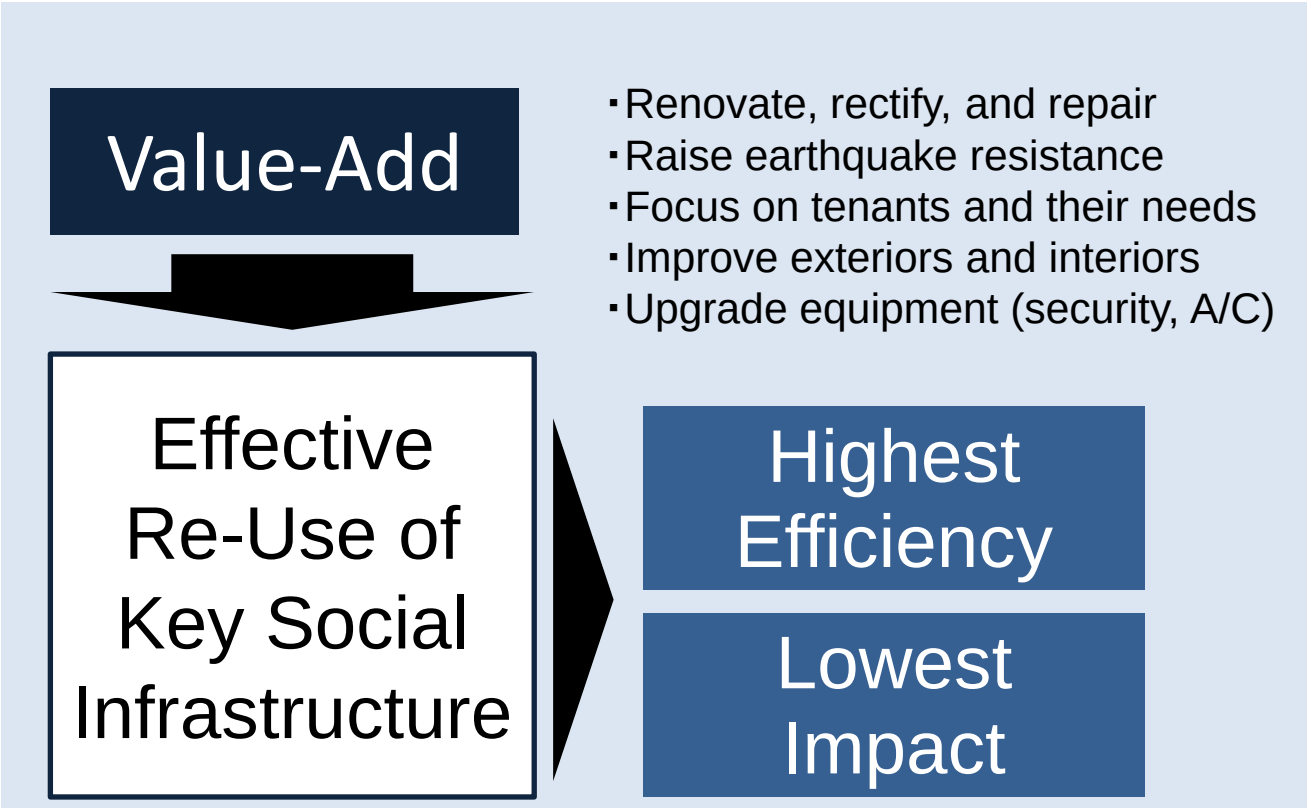
Value-Add Social Significance

End Demolish and Rebuild and Embrace Value-Add

- Preserve and enhance high-function real estate
- Sustainable Real Estate serving a Sustainable Society

~~Demolish and Rebuild~~



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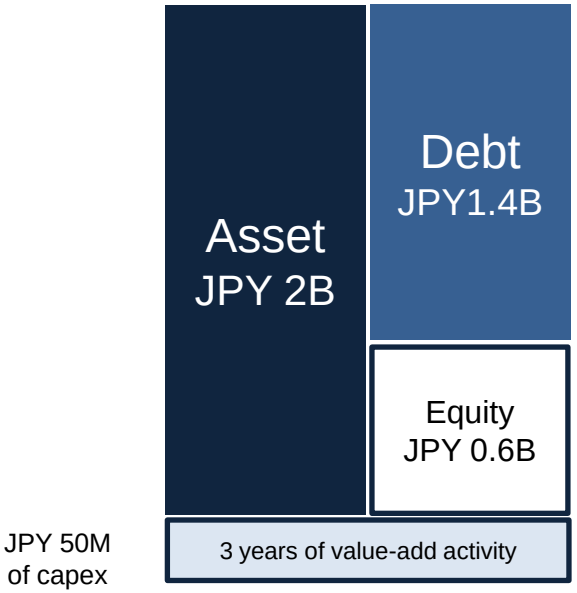
Value-Add Sample Earnings Model

- 5.5% NOI, JPY 2B purchase, LTV 70%, 1.5% interest rate, JPY 50M capex, 20% increase in NOI, 3-year holding period
- Tenant leasing, aesthetic improvement, building code violation remedy, earthquake retrofit, etc.



At Acquisition NOI
(JPY 110M NOI/year) − (JPY 21M interest/year) = JPY 89M NOI/year
NOI÷ Initial Investment =14.8% NOI return during investment period

After Value-Add NOI
(JPY 132M NOI/year) − (JPY 21M interest/year) = JPY 111M NOI/year
NOI ÷ Total Investment (JPY 600M + JPY 50M) =17.1% NOI return during investment period

Value-Add for Capital Gain
Value-Add to increase NOI 20% at equivalent cap rate increases exit price by 20%: JPY 2B * 120% = JPY 2.4B
JPY 2.4B – (JPY 2B + JPY 50M) = JPY 350M capital gain

Result
JPY 650M investment generates JPY 617M over 3 years → 31.6% p.a.

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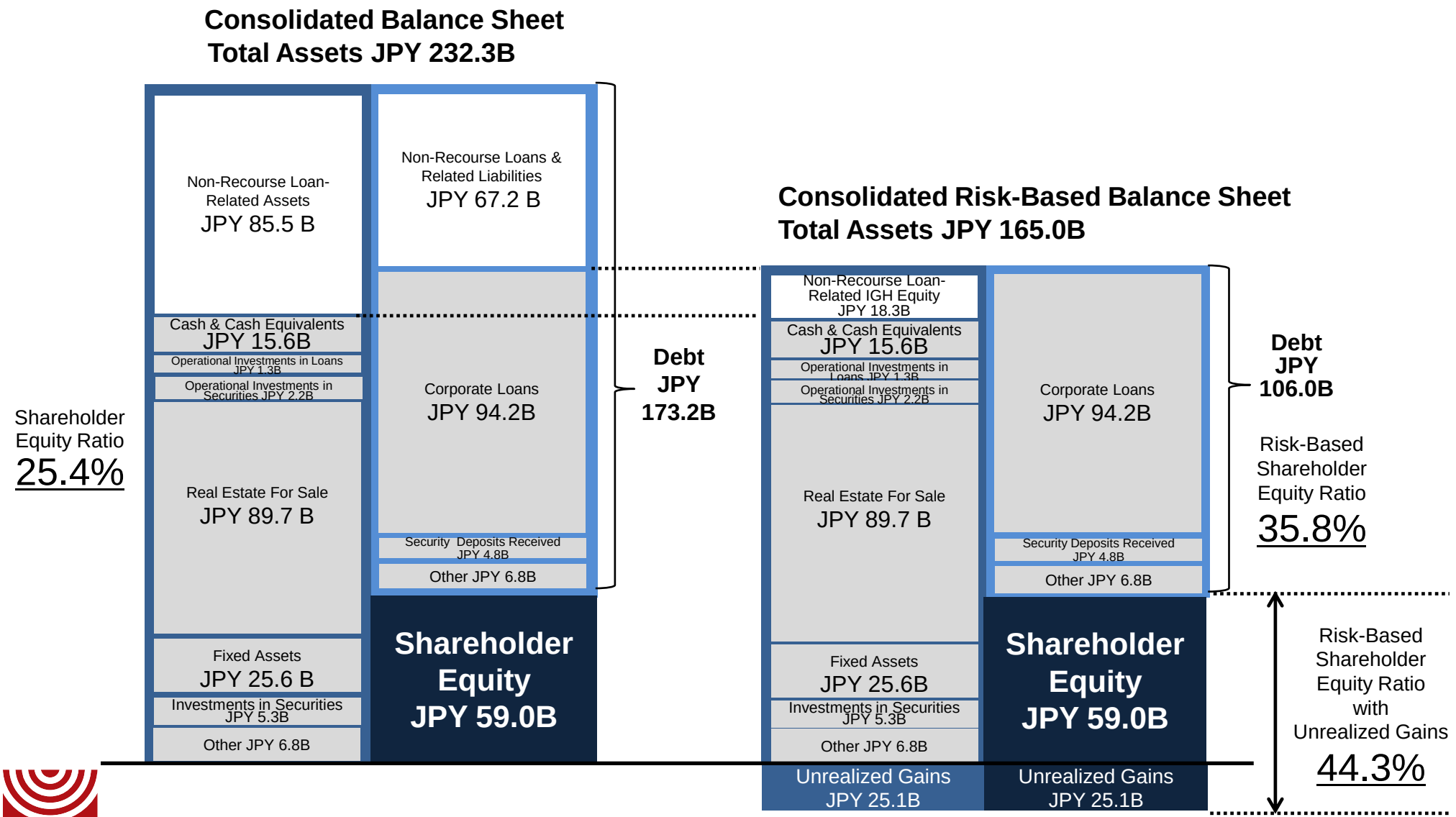
Consolidated Risk-Based Balance Sheet



Risk-based Balance Sheet : Balance sheet that separates out client and non-recourse assets and liabilities

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Consolidated Balance Sheet: Unrealized Gains

Unrealized Gains (at Appraisal Value): JPY 25B (+JPY 5.5B vs. FY15/2)

Real estate directly held by Ichigo

(Million Yen)

Location	Book Value as of August 2015	NOI	Cap Rate NOI/Book Value after write-down	Appraisal Value as of August 2015	Unrealized Gain
Tokyo	86,335	4,798	5.7%	96,955	+10,620
Outside Tokyo	89,521	5,941	6.9%	103,508	+13,986
Total	175,856	10,739	6.3%	200,462	+24,606

(Note) Average Cap Rate of each asset is applied

(Note) Excludes development assets (c. JPY 371M) which are not currently generating NOI

(Note) Includes intangible fixed assets subject to appraisal (JPY 63M)

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

(Million Yen)

	Book Value as of August 2015	Appraisal Value as of August 2015	Unrealized Gain
Equity Investments (Non-consolidated)	110	352	+242
Equity Investments (Consolidated)	899	1,218	+319
Total	1,009	1,571	+561

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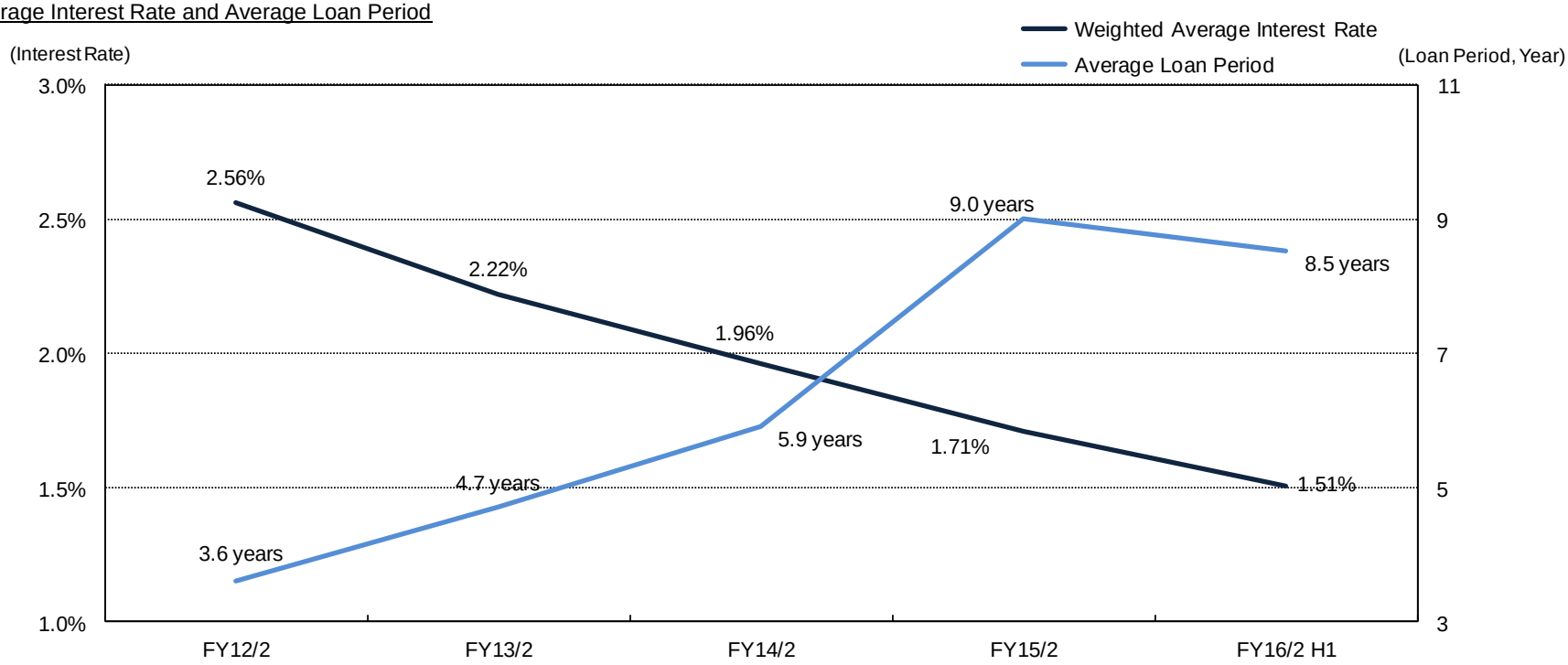
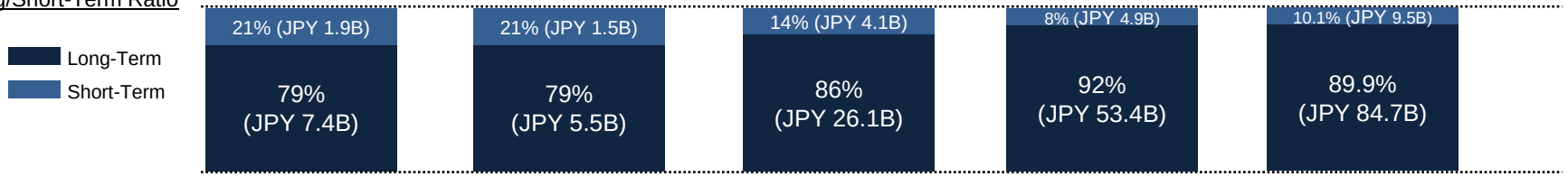
Corporate Loan Details

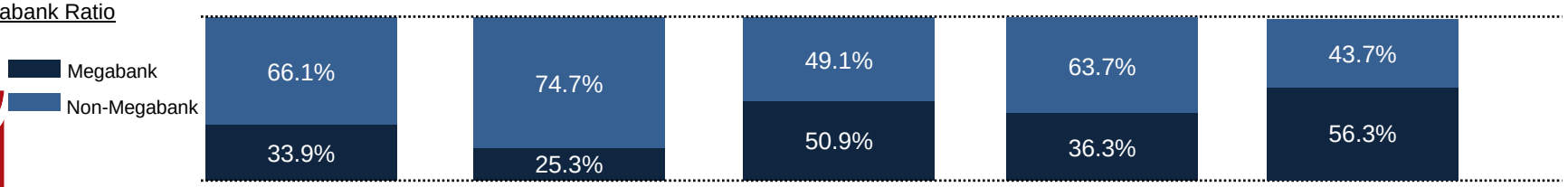
Weighted Average Interest Rate and Average Loan Period



Long/Short-Term Ratio



Megabank Ratio



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Business Segments

Asset Management	Asset Management generates fee income via managing the Ichigo Office REIT (8975) and private funds and providing real estate services related to real estate acquisition, operation (PM/BM), and disposition.
Value-Add	Value-Add deploys the Company's expertise to acquire and improve real estate assets, generating rental income during the value-add period and profits on sale that reflect the higher value of the assets after the Company's improvements.
Clean Energy	Clean Energy generates long-term income primarily via utility-scale solar power production that makes purposeful use of disused real estate nationwide and contributes to Japan's energy self-sufficiency.
Other	Other is primarily legacy securities investments that are not related to the above three segments.

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Consolidated Balance Sheet

(Million Yen)

	FY15/2	FY16/2 Q1	FY16/2 H1		Quarter-on-Quarter	Market Value	Unrealized Gain	Unrealized Gain on Listed Securities[2]
		B/S	B/S	Outside Investors' Interest				
Cash and Cash Equivalents	**19,383**	**21,065**	**21,913**	**837**	**+848**	**21,913**	**—**	
Operating Loans Receivable (Value-Add)	**2,330**	**1,324**	**1,324**	**—**	**—**	**1,324**	**—**	
Operational Investments in Securities)	**1,965**	**1,693**	**2,244**	**—**	**+551**	**2,651**	**+406**	**+4**
Value-Add	638	364	1,178	—	+814	1,584	+406	
Other	1,327	1,329	1,066	—	-263	1,066	—	+4
Real Estate for Sale (Value-Add)	**109,769**	**112,161**	**166,114**	**5,373**	**+53,953**	**190,308**	**+23,417**	
Fixed Assets	**26,321**	**26,781**	**27,388**	**—**	**+607**	**28,747**	**+1,359**	
Asset Management	42	41	42	—	+1	44	+2	
Value-Add	16,073	16,025	15,977	—	-48	17,334	+1,357	
Clean Energy	10,152	10,667	11,315	—	+648	11,315	—	
Other[1]	52	46	53	—	+7	53	—	
Intangible Assets	**2,502**	**2,465**	**2,434**	**—**	**-31**	**2,434**	**—**	
Investents in Securities	**5,266**	**5,128**	**5,313**	**—**	**+185**	**5,313**	**—**	**+110**
Other	**5,204**	**5,767**	**5,578**	**43**	**- 189**	**5,578**	**—**	
Total Assets	**172,744**	**176,388**	**232,312**	**6,254**	**+55,924**	**258,272**	**+25,183**	**+114**

[1] Other refers to company assets that are not allocated to or cannot be allocated to above segments
[2] Unrealized Gain on Listed Securities is recorded in Unrealized Gain on Operational Investment in Securities and in Intangible Assets

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Consolidated Balance Sheet: Segment Breakdown

(Million Yen)

Segment	Cash and Cash Equivalents	Operating Loans Receivable	Operational Investments in Securities	Real Estate for Sale	Tangible Assets	Intangible Assets	Investments in Securities	Other Assets	Total Assets
Asset Management	380	—	—	—	42	1,691	—	766	**2,880**
Value-Add	11,511	1,324	1,178	166,114	15,977	183	—	2,416	**198,705**
Clean Energy	1,665	—	—	—	11,315	538	—	909	**14,429**
Other*	8,356	—	1,066	—	53	21	5,313	1,485	**16,296**
Total	**21,913**	**1,324**	**2,244**	**166,114**	**27,388**	**2,434**	**5,313**	**5,578**	**232,312**

* Includes company assets that are not allocated to above segments

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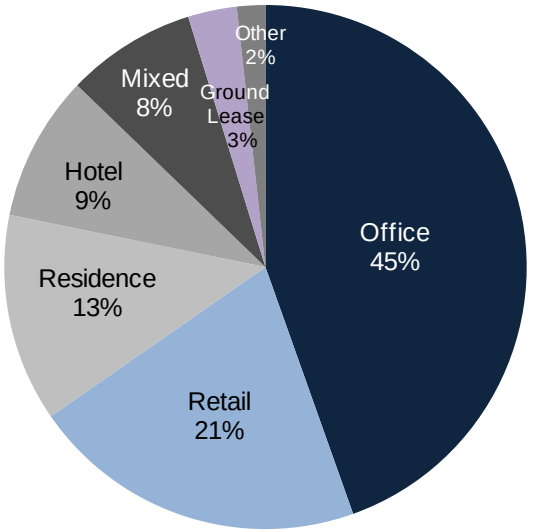
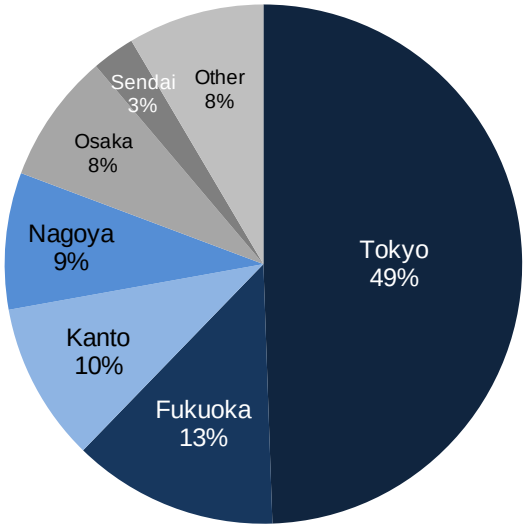
Ichigo-Owned Real Estate Portfolio

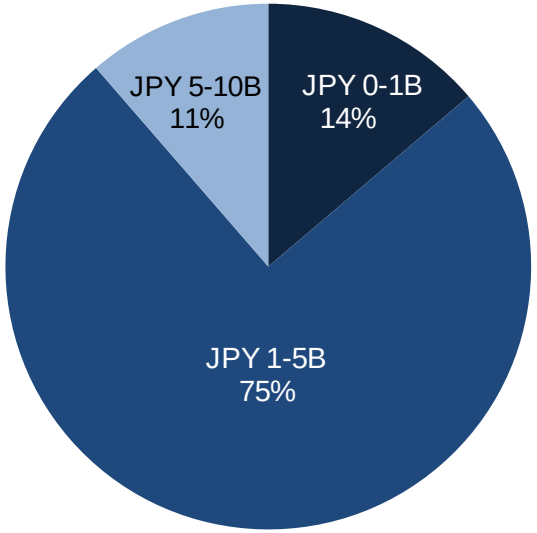
Assets by Type



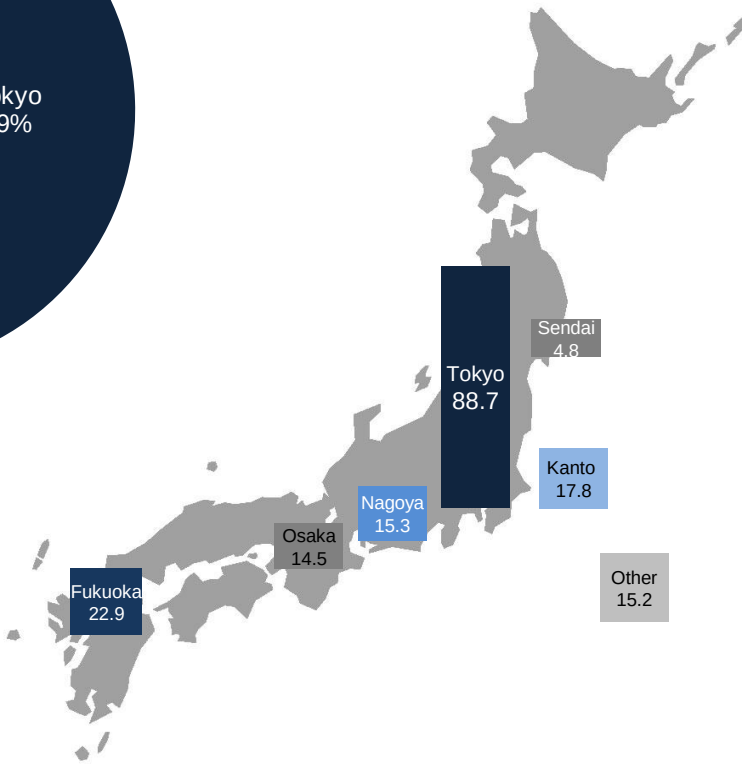
Assets by Location



Assets by Size



(Billion Yen)



Total Assets: JPY 179.5B

Including Ichigo-Managed AUM: JPY 366.1B

(Acquisition price basis)

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Value-Add Full Asset Breakdown (1)

110 Assets, Book Value JPY 179.5B, Forecast NOI JPY 10.8B (6.1%)

No.	Asset Class	Asset Type	Location	Building Age	Acquisition Price	Acquired Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple[1]	Forecast IRR[2]
1	Retail	Real Estate for Sale	Minato-ku, Tokyo	13 years	<JPY 1B	2004/08	JPY 27M	JPY 12M	—	—
2	Other	Fixed Asset	Matsudo City, Chiba	43 years	JPY 2B-3B	2005/06	JPY 265M	JPY 1,900M	—	—
3	Retail	Real Estate for Sale	Minato-ku, Tokyo	46 years	JPY 2B-3B	2005/10	JPY 127M	JPY 1,033M	—	—
4	Retail	Real Estate for Sale	Minato-ku, Tokyo	30 years	>JPY 3B	2006/03	JPY 166M	JPY 1,356M	—	—
5	Retail	Real Estate for Sale	Yokohama City, Kanagawa	10 years	JPY 1B-2B	2006/09	JPY 59M	JPY 1,157M	—	—
6	Hotel	Real Estate for Sale	Kobe City, Hyogo	7 years	<JPY 1B	2006/09	JPY 107M	JPY 811M	—	—
7	Office	Real Estate for Sale	Sendai City, Miyagi	7 years	>JPY 3B	2006/10	JPY 259M	JPY 1,042M	—	—
8	Office	Real Estate for Sale	Fukuoka City, Fukuoka	7 years	>JPY 3B	2006/12	JPY 379M	JPY 1,339M	—	—
9	Other	Fixed Asset	Isumi City, Chiba	—	JPY 1B-2B	2007/02	JPY 0M	JPY 1,055M	—	—
10	Retail	Real Estate for Sale	Fukuoka City, Fukuoka	6 years	>JPY 3B	2007/03	JPY 207M	JPY 792M	—	—
11	Residence	Real Estate for Sale	Ota-ku, Tokyo	10 years	<JPY 1B	2007/04	JPY 59M	JPY 403M	—	—
12	Retail	Real Estate for Sale	Chiyoda-ku, Tokyo	35 years	<JPY 1B	2007/06	JPY 85M	JPY 240M	—	—
13	Retail	Real Estate for Sale	Chiyoda-ku, Tokyo	34 years	<JPY 1B	2007/06	JPY 115M	JPY 233M	—	—
14	Retail	Real Estate for Sale	Chiyoda-ku, Tokyo	51 years	JPY 2B-3B	2007/06	JPY 256M	JPY 554M	—	—
15	Office	Real Estate for Sale	Minato-ku, Tokyo	42 years	>JPY 3B	2007/11	JPY 293M	JPY 2,049M	—	—

[1] Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.
[2] Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

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Value-Add Full Asset Breakdown (2)

No.	Asset Class	Asset Type	Location	Building Age	Acquisition Price	Acquired Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple[1]	Forecast IRR[2]
16	Ground Lease	Real Estate for Sale	Atsugi City, Kanagawa	—	JPY 1B-2B	2011/06	JPY 171M	JPY 147M	—	—
17	Mixed (Office/Retail)	Real Estate for Sale	Hiratsuka City, Kanagawa	19 years	<JPY 1B	2012/02	JPY 81M	JPY 172M	—	—
18	Retail	Real Estate for Sale	Yokohama City, Kanagawa	1 years	<JPY 1B	2012/10	JPY 34M	JPY 171M	—	—
19	Retail	Fixed Asset	Toshima-ku, Tokyo	4 years	>JPY 3B	2013/03	JPY 226M	JPY 340M	—	—
20	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	29 years	<JPY 1B	2013/05	JPY 58M	JPY 154M	—	—
21	Mixed (Office/Retail)	Real Estate for Sale	Chofu City, Tokyo	30 years	JPY 1B-2B	2013/06	JPY 130M	JPY 310M	—	—
22	Residence	Real Estate for Sale	Kita-ku, Tokyo	26 years	<JPY 1B	2013/06	JPY 2M	JPY 31M	—	—
23	Residence	Real Estate for Sale	Minato-ku, Tokyo	0 years	<JPY 1B	2013/06	JPY 43M	JPY 203M	—	—
24	Residence	Real Estate for Sale	Osaka City, Osaka	12 years	<JPY 1B	2013/07	JPY 32M	JPY 81M	—	—
25	Residence	Real Estate for Sale	Osaka City, Osaka	8 years	<JPY 1B	2013/08	JPY 48M	JPY 81M	—	—
26	Office	Real Estate for Sale	Chiyoda-ku, Tokyo	24 years	JPY 1B-2B	2013/08	JPY 87M	JPY 520M	—	—
27	Residence	Real Estate for Sale	Osaka City, Osaka	10 years	<JPY 1B	2013/08	JPY 40M	JPY 90M	—	—
28	Retail	Fixed Asset	Kobe City, Hyogo	15 years	JPY 1B-2B	2013/09	JPY 144M	JPY 616M	—	—
29	Retail	Fixed Asset	Tokorozawa City, Saitama	7 years	JPY 1B-2B	2013/11	JPY 69M	JPY 92M	—	—
30	Hotel	Real Estate for Sale	Hamamatsu City, Shizuoka	5 years	JPY 1B-2B	2013/12	JPY 102M	JPY 393M	—	—

[1] Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.
[2] Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

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Value-Add Full Asset Breakdown (3)

No.	Asset Class	Asset Type	Location	Building Age	Acquisition Price	Acquired Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple[1]	Forecast IRR[2]
31	Ground Lease	Real Estate for Sale	Chiba City, Chiba	-	JPY 2B-3B	2014/02	JPY 126M	JPY 342M	—	—
32	Hotel	Real Estate for Sale	Kyoto City, Kyoto	24 years	JPY 1B-2B	2014/02	JPY 255M	JPY 690M	—	—
33	Ground Lease	Real Estate for Sale	Fujisawa City, Kanagawa	-	JPY 1B-2B	2014/03	JPY 115M	JPY 273M	7.52 x	44.5%
34	Mixed (Office/Retail)	Real Estate for Sale	Shibuya-ku, Tokyo	31 years	<JPY 1B	2014/03	JPY 48M	JPY 108M	6.95 x	26.0%
35	Office	Real Estate for Sale	Shibuya-ku, Tokyo	4 years	JPY 1B-2B	2014/04	JPY 59M	JPY 1,090M	1.25 x	12.0%
36	Office	Real Estate for Sale	Shinagawa-ku, Tokyo	26 years	JPY 2B-3B	2014/05	JPY 152M	JPY 530M	2.04 x	20.0%
37	Office	Real Estate for Sale	Shinagawa-ku, Tokyo	22 years	JPY 1B-2B	2014/05	JPY 130M	JPY 515M	2.27 x	23.4%
38	Mixed (Office/Retail)	Real Estate for Sale	Minato-ku, Tokyo	6 years	JPY 2B-3B	2014/05	JPY 139M	JPY 434M	3.08 x	15.2%
39	Residence	Real Estate for Sale	Kumamoto City, Kumamoto	8 years	>JPY 3B	2014/06	JPY 205M	JPY 476M	3.52 x	19.0%
40	Office	Real Estate for Sale	Shinjuku-ku, Tokyo	28 years	JPY 1B-2B	2014/06	JPY 68M	JPY 356M	1.35 x	15.2%
41	Office	Real Estate for Sale	Chiyoda-ku, Tokyo	21 years	<JPY 1B	2014/06	JPY 41M	JPY 228M	1.21 x	10.2%
42	Retail	Real Estate for Sale	Minato-ku, Tokyo	43 years	<JPY 1B	2014/07	JPY 44M	JPY 77M	10.47 x	23.9%
43	Hotel	Real Estate for Sale	Fukuoka City, Fukuoka	21 years	JPY 1B-2B	2014/07	JPY 83M	JPY 151M	3.12 x	51.0%
44	Mixed (Office/Retail)	Real Estate for Sale	Shinjuku-ku, Tokyo	39 years	>JPY 3B	2014/07	JPY 201M	JPY 645M	3.32 x	21.1%
45	Retail	Fixed Asset	Fukuoka City, Fukuoka	9 years	JPY 1B-2B	2014/04	JPY 58M	JPY 279M	—	—

[1] Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.
[2] Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

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Value-Add Full Asset Breakdown (4)

No.	Asset Class	Asset Type	Location	Building Age	Acquisition Price	Acquired Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple[1]	Forecast IRR[2]
46	Retail	Fixed Asset	Fukuoka City, Fukuoka	11 years	<JPY 1B	2014/07	JPY 50M	JPY 213M	—	—
47	Retail	Fixed Asset	Fukuoka City, Fukuoka	30 years	<JPY 1B	2014/09	JPY 48M	JPY 252M	—	—
48	Hotel	Real Estate for Sale	Utsunomiya City, Tochigi	28 years	JPY 1B-2B	2014/09	JPY 149M	JPY 400M	1.97 x	28.3%
49	Retail	Real Estate for Sale	Fukuoka City, Fukuoka	14 years	JPY 1B-2B	2014/09	JPY 60M	JPY 177M	5.54 x	26.2%
50	Retail	Real Estate for Sale	Osaka City, Osaka	13 years	JPY 1B-2B	2014/09	JPY 112M	JPY 301M	4.64 x	24.3%
51	Retail	Real Estate for Sale	Machida City, Tokyo	29 years	<JPY 1B	2014/10	JPY 55M	JPY 82M	11.34 x	43.9%
52	Retail	Real Estate for Sale	Fukuoka City, Fukuoka	12 years	JPY 1B-2B	2014/11	JPY 93M	JPY 135M	10.70 x	33.8%
53	Residence	Real Estate for Sale	Chiyoda-ku, Tokyo	12 years	JPY 2B-3B	2014/12	JPY 112M	JPY 332M	2.18 x	29.2%
54	Residence	Real Estate for Sale	Koto-ku, Tokyo	9 years	JPY 1B-2B	2014/12	JPY 96M	JPY 270M	1.56 x	14.6%
55	Residence	Real Estate for Sale	Minato-ku, Tokyo	11 years	JPY 1B-2B	2014/12	JPY 76M	JPY 238M	1.67 x	16.6%
56	Residence	Real Estate for Sale	Minato-ku, Tokyo	10 years	JPY 1B-2B	2014/12	JPY 59M	JPY 185M	1.63 x	15.7%
57	Residence	Real Estate for Sale	Sumida-ku, Tokyo	9 years	JPY 1B-2B	2014/12	JPY 56M	JPY 163M	1.55 x	15.2%
58	Residence	Real Estate for Sale	Ota-ku, Tokyo	13 years	<JPY 1B	2014/12	JPY 56M	JPY 150M	2.21 x	35.7%
59	Residence	Real Estate for Sale	Osaka City, Osaka	7 years	<JPY 1B	2014/12	JPY 56M	JPY 148M	1.86 x	24.8%
60	Residence	Real Estate for Sale	Chuo-ku, Tokyo	12 years	<JPY 1B	2014/12	JPY 34M	JPY 99M	2.96 x	44.4%

[1] Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.
[2] Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

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Value-Add Full Asset Breakdown (5)

No.	Asset Class	Asset Type	Location	Building Age	Acquisition Price	Acquired Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple[1]	Forecast IRR[2]
61	Residence	Real Estate for Sale	Minato-ku, Tokyo	11 years	<JPY 1B	2014/12	JPY 38M	JPY 123M	1.97 x	23.3%
62	Residence	Real Estate for Sale	Shinjuku-ku, Tokyo	10 years	<JPY 1B	2014/12	JPY 27M	JPY 82M	2.05 x	25.8%
63	Residence	Real Estate for Sale	Shibuya-ku, Tokyo	9 years	JPY 1B-2B	2014/12	JPY 84M	JPY 270M	2.00 x	23.2%
64	Residence	Real Estate for Sale	Minato-ku, Tokyo	11 years	JPY 1B-2B	2014/12	JPY 56M	JPY 186M	1.90 x	21.0%
65	Residence	Real Estate for Sale	Shibuya-ku, Tokyo	10 years	<JPY 1B	2014/12	JPY 48M	JPY 157M	1.89 x	21.5%
66	Residence	Real Estate for Sale	Setagaya-ku, Tokyo	10 years	<JPY 1B	2014/12	JPY 37M	JPY 117M	2.11 x	27.2%
67	Residence	Real Estate for Sale	Shinjuku-ku, Tokyo	9 years	<JPY 1B	2014/12	JPY 18M	JPY 55M	1.80 x	21.1%
68	Mixed (Office/Retail)	Operating Loan	Shinjuku-ku, Tokyo	52 years	JPY 1B-2B	2014/12	JPY 137M	JPY 57M	15.26 x	51.7%
69	Hotel	Real Estate for Sale	Sapporo City, Hokkaido	31 years	JPY 1B-2B	2014/12	JPY 140M	JPY 451M	1.30 x	29.9%
70	Hotel	Real Estate for Sale	Sapporo City, Hokkaido	23 years	JPY 1B-2B	2014/12	JPY 94M	JPY 352M	1.25 x	25.1%
71	Retail	Fixed Asset	Fukuoka City, Fukuoka	11 years	<JPY 1B	2014/12	JPY 40M	JPY 212M	—	—
72	Retail	Real Estate for Sale	Meguro-ku, Tokyo	9 years	JPY 1B-2B	2014/12	JPY 81M	JPY 129M	3.98 x	23.8%
73	Retail	Real Estate for Sale	Shinagawa-ku, Tokyo	61 years	<JPY 1B	2015/01	JPY 26M	JPY 0M	—	—
74	Mixed (Office/Retail)	Real Estate for Sale	Kyoto City, Kyoto	7 years	>JPY 3B	2015/01	JPY 180M	JPY 980M	1.49 x	15.0%
75	Office	Real Estate for Sale	Fujisawa City, Kanagawa	24 years	JPY 1B-2B	2015/01	JPY 70M	JPY 375M	1.41 x	41.9%

[1] Forecast Equity Multiple is based on the business plan of each asset and is the expected sum of rental income and profits on sale divided by Ichigo Investment.
[2] Forecast IRR is the forecast internal rate of return based on each asset's actual cash flow. The total Forecast Equity Multiple and Forecast IRR reflect assets acquired from FY15/2 onward and exclude Fixed assets.

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Value-Add Full Asset Breakdown (6)

No.	Asset Class	Asset Type	Location	Building Age	Acquisition Price	Acquired Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple[1]	Forecast IRR[2]
76	Retail	Real Estate for Sale	Sendai City, Miyagi	11 years	<JPY 1B	2015/02	JPY 63M	JPY 8M	42.58 x	198.9%
77	Hotel	Real Estate for Sale	Osaka City, Osaka	32 years	JPY 1B-2B	2015/02	JPY 90M	JPY 173M	2.86 x	28.9%
78	Office	Real Estate for Sale	Shibuya-ku, Tokyo	24 years	<JPY 1B	2015/03	JPY 50M	JPY 221M	1.49 x	48.8%
79	Office	Real Estate for Sale	Shibuya-ku, Tokyo	24 years	JPY 1B-2B	2015/03	JPY 56M	JPY 94M	6.39 x	54.4%
80	Retail	Real Estate for Sale	Shibuya-ku, Tokyo	13 years	<JPY 1B	2015/04	JPY 47M	JPY 79M	5.95 x	28.2%
81	Hotel	Real Estate for Sale	Osaka City, Osaka	15 years	JPY 2B-3B	2015/05	JPY 170M	JPY 633M	1.56 x	58.3%
82	Hotel	Real Estate for Sale	Aomori City, Aomori	8 years	<JPY 1B	2015/06	JPY 50M	JPY 113M	2.10 x	20.2%
83	Hotel	Real Estate for Sale	Nagoya City, Aichi	30 years	JPY 2B-3B	2015/06	JPY 148M	JPY 450M	1.54 x	53.9%
84	Retail	Real Estate for Sale	Fujisawa City, Kanagawa	0 years	JPY 1B-2B	2015/07	JPY 99M	JPY 126M	6.80 x	37.3%
85	Office	Real Estate for Sale	Taito-ku, Tokyo	24 years	>JPY 3B	2015/07	JPY 236M	JPY 155M	2.49 x	247.3%
86	Office	Real Estate for Sale	Toshima-ku, Tokyo	22 years	JPY 2B-3B	2015/07	JPY 135M	JPY 91M	2.84 x	332.6%
87	Office	Real Estate for Sale	Osaka City, Osaka	21 years	JPY 1B-2B	2015/07	JPY 56M	JPY 31M	2.07 x	196.4%
88	Office	Real Estate for Sale	Fukuoka City, Fukuoka	26 years	JPY 1B-2B	2015/07	JPY 75M	JPY 42M	2.55 x	274.5%
89	Office	Real Estate for Sale	Nagoya City, Aichi	31 years	JPY 2B-3B	2015/07	JPY 126M	JPY 71M	2.54 x	271.0%
90	Office	Real Estate for Sale	Nagoya City, Aichi	31 years	JPY 1B-2B	2015/07	JPY 110M	JPY 60M	2.78 x	353.7%

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

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Value-Add Full Asset Breakdown (7)

No.	Asset Class	Asset Type	Location	Building Age	Acquisition Price	Acquired Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple[1]	Forecast IRR[2]
91	Office	Real Estate for Sale	Minato-ku, Tokyo	23 years	JPY 1B-2B	2015/07	JPY 76M	JPY 59M	2.93 x	323.9%
92	Office	Real Estate for Sale	Shibuya-ku, Tokyo	29 years	JPY 1B-2B	2015/07	JPY 57M	JPY 42M	2.70 x	266.9%
93	Office	Real Estate for Sale	Chuo-ku, Tokyo	31 years	JPY 1B-2B	2015/07	JPY 65M	JPY 45M	2.68 x	257.2%
94	Office	Real Estate for Sale	Toshima-ku, Tokyo	26 years	JPY 2B-3B	2015/07	JPY 129M	JPY 86M	2.11 x	185.8%
95	Office	Real Estate for Sale	Osaka City, Osaka	24 years	JPY 2B-3B	2015/07	JPY 120M	JPY 69M	1.68 x	117.8%
96	Office	Real Estate for Sale	Nagoya City, Aichi	24 years	JPY 1B-2B	2015/07	JPY 69M	JPY 42M	2.09 x	198.8%
97	Office	Real Estate for Sale	Nagoya City, Aichi	33 years	>JPY 3B	2015/07	JPY 178M	JPY 107M	3.05 x	383.6%
98	Office	Real Estate for Sale	Bunkyo-ku, Tokyo	23 years	JPY 2B-3B	2015/07	JPY 106M	JPY 428M	1.34 x	16.8%
99	Mixed (Office/Retail)	Real Estate for Sale	Minato-ku, Tokyo	7 years	JPY 1B-2B	2015/07	JPY 57M	JPY 293M	1.19 x	20.4%
100	Office	Real Estate for Sale	Chiyoda-ku, Tokyo	7 years	JPY 1B-2B	2015/07	JPY 48M	JPY 237M	1.11 x	12.8%
101	Office	Real Estate for Sale	Shinagawa-ku, Tokyo	27 years	JPY 1B-2B	2015/07	JPY 93M	JPY 355M	1.32 x	15.8%
102	Office	Real Estate for Sale	Musashino City, Tokyo	26 years	>JPY 3B	2015/07	JPY 131M	JPY 670M	1.72 x	13.3%
103	Office	Real Estate for Sale	Osaka City, Osaka	22 years	JPY 1B-2B	2015/07	JPY 66M	JPY 248M	1.29 x	15.6%
104	Office	Real Estate for Sale	Osaka City, Osaka	17 years	JPY 1B-2B	2015/07	JPY 89M	JPY 330M	1.14 x	16.1%
105	Office	Real Estate for Sale	Fukuoka City, Fukuoka	7 years	JPY 1B-2B	2015/07	JPY 85M	JPY 353M	1.82 x	17.7%

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Value-Add Full Asset Breakdown (8)

No.	Asset Class	Asset Type	Location	Building Age	Acquisition Price	Acquired Date	Expected NOI/Year	Ichigo Investment	Forecast Equity Multiple[1]	Forecast IRR[2]
106	Office	Real Estate for Sale	Fukuoka City, Fukuoka	13 years	JPY 1B-2B	2015/07	JPY 89M	JPY 358M	1.92 x	18.8%
107	Office	Real Estate for Sale	Nagoya City, Aichi	6 years	JPY 2B-3B	2015/07	JPY 141M	JPY 588M	1.21 x	26.3%
108	Office	Real Estate for Sale	Nagoya City, Aichi	23 years	JPY 1B-2B	2015/07	JPY 59M	JPY 240M	1.17 x	19.4%
109	Office	Real Estate for Sale	Kawasaki-City, Kanagawa	24 years	JPY 1B-2B	2015/08	JPY 101M	JPY 1,040M	1.09 x	115.6%
110	Hotel	Real Estate for Sale	Sapporo City, Hokkaido	22 years	<JPY 1B	2015/08	JPY 27M	JPY 2M	5.52 x	291.5%
			Assets acquired in FY16/2 Q1	**4 Assets**	**JPY 5,741M**		**JPY 323M**	**JPY 1,027M**	**2.30 x**	**47.3%**
			Assets acquired in FY16/2 Q2	**29 Assets**	**JPY 55,130M**		**JPY 2,817M**	**JPY 6,731M**	**1.64 x**	**142.1%**
			Assets acquired in FY16/2 H1	**33 Assets**	**JPY 60,871M**		**JPY 3,141M**	**JPY 7,757M**	**1.73 x**	**130.6%**
			Total	**110 Assets**	**JPY 179,560M**		**JPY 10,876M**	**JPY 38,199M**	**2.27 x**	**75.7%**

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Consolidated P&L: Gross Profit Segment Breakdown

(Million Yen)

	Revenues			Gross Profit			YoY (Gross Profit)
	FY15/2 H1	FY16/2 H1	Change	FY15/2 H1	FY16/2 H1	Change	
Asset Management	**2,042**	**2,964**	**+922**	**930**	**2,067**	**+1,137**	**+122.3%**
Asset Management Fees	712	806	+93	652	800	+147	+22.7%
PM/BM Fees	1,264	1,080	-183	216	237	+20	+9.7%
Other	65	1,077	+1,012	61	1,030	+969	+1586.6%
Value-Add	**7,517**	**10,758**	**+3,241**	**4,054**	**4,656**	**+601**	**+14.8%**
Rental Income	3,973	5,509	+1,536	2,444	3,443	+999	+40.9%
Real Estate Sales	3,544	5,249	+1,704	1,609	1,212	-396	-24.7%
Other	—	—	—	—	—	—	—
Clean Energy	**294**	**870**	**+575**	**109**	**434**	**+324**	**+295.9%**
Other	**24**	**13**	**-11**	**16**	**4**	**-11**	**-70.6%**
Advisory Fees	25	13	-12	25	13	-12	-49.7%
Securities Sales	-1	0	+1	-1	0	+1	—
Other	0	0	-0	-7	-8	-0	—
Total	**9,879**	**14,607**	**+4,727**	**5,110**	**7,163**	**+2,052**	**+40.2%**

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Consolidated P&L: Progress vs. Full-Year Forecast

(Million Yen)

	FY16/2 H1 (6M)						FY16/2 Full-Year Forecast(12M)		
	Revenues	vs Full-Year Forecast	Gross Profit	vs Full-Year Forecast	Operating Profit	vs Full-Year Forecast	Revenues	Gross Profit	Operating Profit
Asset Management	**2,964**	**59.9%**	**2,067**	**67.1%**	**1,854**	**73.1%**	**4,950**	**3,080**	**2,536**
Asset Management Fees	806	49.3%	800	49.2%	—	—	1,636	1,625	—
PM/BM Fees	1,080	50.4%	237	70.3%	—	—	2,143	338	—
Other	1,077	92.1%	1,030	92.3%	—	—	1,170	1,116	—
Real Estate	**10,758**	**26.6%**	**4,656**	**30.7%**	**3,142**	**27.0%**	**40,493**	**15,176**	**11,620**
Rental Income	5,509	45.9%	3,443	45.1%	—	—	12,000	7,628	—
Real Estate Sales	5,249	18.4%	1,212	16.1%	—	—	28,493	7,549	—
Other	—	—	—	—	—	—	—	—	—
Clean Energy	**870**	**57.8%**	**434**	**73.7%**	**290**	**132.9%**	**1,507**	**589**	**218**
Other	**13**	**27.1%**	**4**	**—**	**-31**	**—**	**48**	**-6**	**92**
Advisory Fees	13	26.9%	13	26.9%	—	—	48	48	—
Sacurities Sales	0	—	0	—	—	—	0	0	—
Other	0	—	-8	—	—	—	0	-55	—
Total	**14,607**	**31.1%**	**7,163**	**38.0%**	**5,256**	**36.8%**	**47,000**	**18,840**	**14,283**
Adjustment (including offsets of cross-segment transactions)	—	—	—	—	-343	—	—	—	-283
Total	**14,607**	**31.1%**	**7,163**	**38.0%**	**4,913**	**35.1%**	**47,000**	**18,840**	**14,000**

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Asset Management AUM Detail

Steady Growth in AM Fees Driving Higher Profitability

		FY12/2 (12M)	FY13/2 (12M)	FY14/2 (12M)	FY15/2 (12M)	FY16/2 H1 (6M)
Ichigo Office REIT (8975)	AUM (Fiscal Year End)	JPY 106B	JPY 104B	JPY 121B	JPY 124B	JPY 164B
	AM Fee % (Average)	0.61%	0.63%	0.65%	0.65%	0.65%
	AM Fee Gross Profit (Actual)	JPY 719M	JPY 663M	JPY 733M	JPY 759M	JPY 443M
Private Equity Real Estate Funds (excluding consolidated)	AUM (Fiscal Year End)	JPY 213B	JPY 170B	JPY 63B	JPY 22B	JPY 18B
	AM Fee % (Average)	0.15%	0.15%	0.26%	0.37%	0.26%
	AM Fee Gross Profit (Actual)	JPY 284M	JPY 285M	JPY 257M	JPY 114M	JPY 35M
Total (excluding consolidated)	AUM (Fiscal Year End)	JPY 319B	JPY 274B	JPY 184B	JPY 145B	JPY 182B
	AM Fee % (Average)	0.33%	0.33%	0.47%	0.59%	0.59%
	AM Fee Gross Profit (Actual)	JPY 1,004M	JPY 948M	JPY 989M	JPY 872M	JPY 478M

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Consolidated Balance Sheet: Assets

(Million Yen)

	FY12/2	FY13/2	FY14/2	FY15/2	FY16/2 Q1	FY16/2 H1	Quarter-on-Quarter
Assets							
Current Assets							
Cash and cash equivalents	9,791	9,713	24,991	19,383	21,065	21,913	848
Trade notes and accounts receivable	1,069	548	451	519	1,163	1,114	-49
Operational investments in loans	2,527	3,636	1,100	2,330	1,324	1,324	—
Operational investments in securitieis	4,226	4,271	3,583	1,965	1,693	2,244	551
Real estate for sale	49,674	46,176	54,084	109,769	112,161	166,114	53,953
Deferred tax assets	—	369	576	1,200	1,207	1,299	92
Other	1,465	2,042	1,384	2,657	2,590	2,027	-563
Less: allowance for doubtful accounts	-2,930	-3,177	-410	-484	-499	-486	13
Total Current Assets	65,824	63,581	85,761	137,342	140,708	195,553	54,845
Fixed Assets							
Property, Plant, and Equipment							
Buildings and structures (net)	2,903	2,863	4,901	4,021	3,968	3,915	-53
Equipment (net)	—	21	2,044	9,168	9,677	9,566	-111
Land	7,114	7,082	12,433	12,142	12,186	12,192	6
Other (net)	91	80	1,922	989	948	1,713	765
Total Tangible Assets	10,109	10,047	21,300	26,321	26,781	27,388	607
Intangible Assets							
Goodwill	2,077	2,203	2,221	2,082	2,047	2,012	-35
Leashold rights	—	—	392	392	392	392	—
Other	27	20	71	27	24	28	4
Total Intangible Assets	2,105	2,223	2,686	2,502	2,465	2,434	-31
Investments and Other Assets							
Investments in securities	3,589	4,117	4,278	5,266	5,128	5,313	185
Long-term loans receivable	14	13	13	12	12	12	—
Deferred tax assets	—	0	222	2	2	2	—
Other	623	545	780	1,392	1,387	1,705	318
Less: allowance for doubtful accounts	-96	-101	-97	-95	-96	-96	—
Total Investments and Other Assets	4,131	4,575	5,196	6,578	6,434	6,936	502
Total Fixed Assets	16,346	16,846	29,183	35,402	35,680	36,759	1,079
Total Assets	**82,170**	**80,428**	**114,944**	**172,744**	**176,388**	**232,312**	**55,924**

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Consolidated Balance Sheet: Liabilities & Net Assets

(Million Yen)

	FY12/2	FY13/2	FY14/2	FY15/2	FY16/2 Q1	FY16/2 H1	Quarter-on-Quarter
Liabilties							
Current Liabilities							
Trade notes and accounts payable	57	64	132	124	78	82	+4
Short-term borrowings	170	484	950	1,416	735	740	+5
Short-term non-recourse loans	–	–	–	48	–	443	+443
Long-term borrowings (due within one year)	1,768	966	3,123	3,488	3,570	8,804	+5,234
Long-term non-recourse loans (due within one year)	8,793	2,263	428	786	2,873	3,016	+143
Income taxes payable	115	65	96	284	112	329	+217
Deferred tax liablities	–	15	24	30	26	22	-4
Accrued bonuses	22	25	14	16	182	201	+19
Other Current Liabilities	2,974	3,419	2,817	3,677	2,884	3,339	+455
Total Current Liabilities	13,902	7,304	7,588	9,872	10,464	16,980	+6,516
Long-Term Liabilities							
Non-recourse bonds	–	–	–	100	100	100	-
Long-term borrowings	7,413	5,456	26,126	53,409	57,158	84,754	+27,596
Long-term non-recourse loans	28,899	32,776	24,178	43,004	40,807	56,768	+15,961
Deferred tax liablities	6	277	1,213	1,402	1,283	1,276	-7
Long-term security deposits received	3,362	3,230	4,770	6,391	6,399	8,550	+2,151
Negative goodwill	360	270	180	90	67	45	-22
Other long-term liabilities	36	46	44	96	158	155	-3
Total Long-Term Liabilities	40,080	42,056	56,513	104,494	105,974	151,650	+45,676
Total Liabilities	**53,982**	**49,361**	**64,102**	**114,367**	**116,439**	**168,630**	**+52,191**
Net Assets							
Shareholders' Equity							
Capital	18,078	18,113	26,443	26,499	26,504	26,512	+8
Capital reserve	2,395	2,429	10,808	10,873	10,878	10,886	+8
Retained earnings	6,298	7,923	10,891	17,201	18,767	20,774	+2,007
Treasury shares	-187	-187	-92	-78	-76	-76	-
Total Shareholders' Equity	26,584	28,279	48,050	54,496	56,073	58,096	+2,023
Accumulated Other Comprehensive Income							
Unrealized gain on other securities, net	-604	160	400	1,208	1,155	993	-162
Deferred gain (loss) on hedges	–	–	–	-36	-38	-36	+2
Foreign currency translation adjustment	-7	16	9	6	3	5	+2
Total Accumulated Other Comprehensive Income	-612	177	409	1,177	1,120	962	-158
Stock Options	116	143	121	198	237	275	+38
Minority Interests	2,099	2,466	2,261	2,505	2,517	4,347	+1,830
Total Net Assets	**28,187**	**31,066**	**50,842**	**58,377**	**59,949**	**63,682**	**+3,733**
Total Liabilities and Net Assets	**82,170**	**80,428**	**114,944**	**172,744**	**176,388**	**232,312**	**+55,924**

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Consolidated P&L

(Million Yen)

	FY12/2 (12M)	FY13/2 (12M)	FY14/2 (12M)	FY15/2 (12M)	FY16/2 H1 (6M)	FY15/2 H1 (6M)	Year-on-Year	Full-Year Revised Forecast	vs Full-Year Forecast
Revenues	**18,952**	**16,397**	**35,101**	**42,705**	**14,607**	**9,879**	**4,728**	**47,000**	**31.1%**
Cost of Goods Sold	15,030	11,422	27,666	30,539	7,443	4,769	2,674	–	–
Gross Profit	**3,921**	**4,974**	**7,435**	**12,166**	**7,163**	**5,110**	**2,053**	**18,840**	**38.0%**
SG&A	2,871	3,130	3,522	3,977	2,250	1,986	264	–	–
Operating Profit	**1,050**	**1,844**	**3,912**	**8,189**	**4,913**	**3,124**	**1,789**	**14,000**	**35.1%**
Non-Operating Profit									
Interest income	5	3	4	5	1	2	-1	–	–
Dividend income	20	24	112	78	13	10	3	–	–
Equity in earnings of affiliates	141	–	–	–	–	–	–	–	–
Amortization of negative goodwill	90	90	90	90	45	45	0	–	–
Other	33	36	31	39	25	10	15	–	–
Total Non-Operating Profit	291	155	238	213	85	69	16	–	–
Non-Operating Expenses									
Interest expense	284	238	370	943	577	423	154	–	–
Issuance cost of corporate bonds	48	–	–	–	–	–	–	–	–
Stock issuance cost	–	0	89	1	–	–	–	–	–
Other	29	26	93	201	69	55	14	–	–
Total Non-Operating Expenses	361	265	553	1,146	647	478	169	–	–
Recurring Profit	**979**	**1,734**	**3,597**	**7,255**	**4,351**	**2,715**	**1,636**	**12,400**	**35.1%**
Extraordinary Gain									
Gain on sales of fixed assets	–	9	7	–	–	–	–	–	–
Gain on sales of investment securities	–	72	204	–	223	–	223	–	–
Gain on sales of equity holdings in affiliates	1,173	–	–	–	–	–	–	–	–
Receipt of share trading proceeds	–	–	434	–	–	–	–	–	–
Other	75	0	33	57	–	–	–	–	–
Total Extraordinary Gain	1,248	83	680	57	223	–	223	–	–
Extraordinary Loss									
Loss on sale and retirement of fixed assets	38	1	1	0	–	–	–	–	–
Loss on sale of investment securities	62	–	–	–	–	–	–	–	–
Valuation loss on investment securities	–	62	–	–	–	–	–	–	–
Office move expenses	14	19	21	1	9	–	9	–	–
Impairment loss	–	33	307	–	–	–	–	–	–
Loss on business liquidation	26	–	–	–	–	–	–	–	–
Other	109	8	13	91	–	–	–	–	–
Total Extraordinary Loss	251	124	344	93	9	–	9	–	–
Profit before Income Taxes	1,976	1,693	3,933	7,220	4,565	2,715	1,850	–	–
Income Taxes - Current	159	54	43	564	509	193	316	–	–
Income Taxes - Deferred	–	-106	-616	-220	-219	-37	-182	–	–
Total Income Taxes	159	-51	-573	343	289	155	134	–	–
Profit before Gain on Minority Interests	1,817	1,745	4,506	6,876	4,275	2,560	1,715	–	–
Gain on Minority Interests	47	108	-19	115	53	68	-15	–	–
Net Income	**1,770**	**1,637**	**4,526**	**6,761**	**4,221**	**2,491**	**1,730**	**11,000**	**38.4%**

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Consolidated Cash Flows from Operating Activities

(Million Yen)

	FY12/2 (12M)	FY13/2 (12M)	FY14/2 (12M)	FY15/2 (12M)	FY16/2 H1 (6M)
Cash Flows from Operating Activities:					
Pre-tax net income	1,976	1,693	3,933	7,220	4,565
Depreciation	166	230	304	565	375
Share-based compensation expenses	37	49	69	112	83
Amortization of goodwill	107	114	139	139	69
Amortization of negative goodwill	-90	-90	-90	-90	-45
Increase (decrease) in accrued bonuses	-2	3	-11	1	185
Increase (decrease) in allowance for doubtful accounts	-3,529	195	33	65	-0
Increase (decrease) in other allowances	-135	-11	—	—	—
Interest and dividend income	-26	-28	-116	-83	-14
Interest expense	284	238	370	943	577
Issuance cost of corporate bonds	48	—	—	—	—
Equity in earnings of affiliates (gain)	-141	—	—	—	—
Loss (gain) on sales of equity holdings in affiliates	-1,173	—	—	—	—
Loss (gain) on sales of investment securities	62	-72	-204	—	-223
Loss (gain) on sales/retirement of fixed assets	38	-8	-6	—	—
Impairment Loss	—	33	307	—	—
Valuation loss on investment securities	—	62	—	—	—
Decrease (increase) in trading notes and receivable	-269	515	97	-68	-594
Decrease (increase) in operating loans receivable	454	-1,100	218	-1,230	1,006
Decrease (increase) in operational investments in securities	3,068	723	1,635	1,110	-523
Loss on valuation of operational investment securities	139	63	114	—	—
Decrease (increase) in real estate for sale	610	2,556	-6,729	-42,991	-56,344
Valuation loss in real estate for sale	471	119	—	—	—
Valuation loss on investments in capital	41	1	12	91	—
Increase (decrease) in accounts receivable	-179	-380	-255	-539	-98
Increase (decrease) in accounts payable	-137	-39	-139	388	-301
Increase (decrease) in accrued expenses	1,067	519	137	16	61
Increase (decrease) in advances received	-141	11	38	96	—
Increase (decrease) in security deposits received	-81	-253	1,230	1,391	2,223
Other	-240	-239	522	-575	-45
Sub-total	2,425	4,908	1,611	-33,437	-49,043
Interest and dividend income received	171	28	116	83	14
Interest expenses paid	-315	-220	-378	-892	-559
Income taxes paid and refunded	-154	-106	-94	-45	596
Net Cash from (Used for) Operating Activies	**2,127**	**4,609**	**1,254**	**-34,292**	**-48,991**

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Consolidated Cash Flows from Investing & Financing Activities

(Million Yen)

	FY12/2 (12M)	FY13/2 (12M)	FY14/2 (12M)	FY15/2 (12M)	FY16/2 H1 (6M)
Cash Flows from Investing Activities:					
Payments into time deposits	-352	-0	-0	-325	-0
Proceeds from withdrawal of time deposits	—	151	—	325	-300
Acquisition of investment securities	—	-15	—	-210	—
Proceeds from sales of investment securities	137	76	282	—	296
Proceeds from redemption of investment securities	40	30	2	0	—
Proceeds from sale of securities in affiliates	3,327	—	—	—	—
Acquisition of property and equipment	-63	-124	-7,150	-10,769	-1,872
Proceeds from sale of property and equipment	9	17	72	—	—
Acquisition of intaigible assets	-7	-0	-389	-23	—
Payments for investments in capital	—	-4	-5	-10	-8
Proceeds from redemption of investments	—	0	7	0	—
Proceeds from sale of investments	4	—	—	—	—
Payments of security deposits	—	—	-5	-127	-24
Payments for acquisitions of subsidiaries resulting in the change of consolidation scope	-271	-218	-1,389	—	—
Payments for acquisitions of newly consolidated subsidiaries	—	—	—	-1,349	—
Other	-14	60	-35	4	9
Net Cash from (Used for) Investing Activities:	**2,808**	**-27**	**-8,610**	**-12,485**	**-1,899**
Cash Flows from Financing Activities:					
Increase (decrease) in short-term bank loans, net	-1,123	314	465	466	-676
Increase (decrease) in short-term non-recourse loans, net	—	—	—	48	395
Proceeds from issuance of corporate bonds	6,059	—	—	—	—
Redemption on corporate bonds	-6,500	—	—	—	—
Proceeds from issuance of corporate bonds	2,100	—	—	—	—
Redemption on non-recourse bonds	-2,455	—	—	—	—
Proceeds from long-term loans	2,900	5,440	26,777	47,203	41,672
Repayment of long-term loans	-2,807	-8,199	-5,388	-19,557	-5,010
Proceeds from long-term non-recourse loans	11,610	12,346	5,675	19,900	16,500
Repayment of long-term non-recourse loans	-14,231	-13,885	-19,030	-5,958	-505
Proceeds from issuance of common shares	—	—	16,387	—	—
Payment on share buyback	-935	—	—	—	—
Proceeds from exercise of stock options	—	48	242	99	20
Cash dividends paid	-0	—	-445	-543	-645
Share issuance to minority shareholders	—	20	—	—	2,000
Payments to minority shareholders for redemption of common stock	-30	-19	—	—	—
Cash dividends paid to minority shareholders	-65	-0	—	—	—
Net Cash from (Used for) Financing Activities:	**-5,480**	**-3,935**	**24,682**	**41,658**	**53,749**

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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.

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