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FY16/2 Earnings Summary

April 19, 2016

Ichigo Inc. (Tokyo Stock Exchange First Section, 2337)
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Annual General Shareholders Meeting: May 29, 2016 (expected)
Submission of the Financial Report (*Yuka Shoken Hokokusho*): May 30, 2016 (expected)
Dividend Payment: May 30, 2016
Supplemental Materials to Financial and Business Results: Yes
Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. FY16/2 Consolidated Financial Results (March 1, 2015 to February 29, 2016)

(1) Consolidated Financial Results (Full Year)

(YOY = year-on-year % change)

	Revenues (million yen)	YOY	Operating Profit (million yen)	YOY	Recurring Profit (million yen)	YOY	Net Income (million yen)	YOY
FY16/2	49,699	+16.4%	15,417	+88.3%	13,889	+91.4%	12,925	+91.2%
FY15/2	42,705	+21.7%	8,189	+109.3%	7,255	+101.7%	6,761	+49.4%

Note: Comprehensive income FY16/2: 12,153 million yen (+56.2% YOY)
FY15/2: 7,780 million yen (+72.2% YOY)

	Net Income per Share (basic, yen)	Net Income per Share (diluted, yen)	Return on Equity (%)	Return on Assets (%)	Operating Profit Margin (%)
FY16/2	25.86	25.75	21.0	6.5	31.0
FY15/2	13.58	13.47	13.0	5.0	19.2

Note: Equity in net income of affiliates FY16/2: ― FY15/2 : ―

(2) Consolidated Financial Condition

	Total Assets (million yen)	Net Assets (million yen)	Equity Ratio (%)	Net Assets per Share (yen)
FY16/2	251,757	72,166	26.8	134.54
FY15/2	172,744	58,377	32.2	111.54

Note: Shareholders' equity FY16/2: 67,489 million yen FY15/2 : 55,673 million yen

(3) Consolidated Cash Flow

	Cash Flow from Operations (million yen)	Cash Flow from Investing (million yen)	Cash Flow from Financing (million yen)	Cash and Cash Equivalents (million yen)
FY16/2	- 44,654	-7,052	63,318	28,368
FY15/2	- 34,292	-12,485	41,658	18,972

Note: Cash Flow from Operations, excluding impact of growth in Real Estate for Sale
FY16/2: 17,025 million yen FY15/2: 7,307 million yen

2. Dividends

	Dividend per Share (yen)					Total Dividend (million yen)	Payout Ratio (consolidated) (%)	Dividend on Equity Ratio (consolidated) (%)
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year			
FY15/2	—	0	—	1.30	1.30	648	9.6	1.2
FY16/2	—	0	—	3.00	3.00	1,504	11.6	2.4
FY17/2 (Forecast)	—	0	—	5.00	5.00		18.9	

3. FY17/2 Full-Year Consolidated Forecast (March 1, 2016 to February 28, 2017)

(YOY = year-on-year % change)

	Revenues (million yen)	YOY	Operating Profit (million yen)	YOY	Recurring Profit (million yen)	YOY
FY16/2	125,600	+152.7%	18,500	+20.0%	16,400	+18.1%

	Net Income Attributable to Parent Company Shareholders (million yen)	YOY	Net Income per Share (yen)
FY16/2	13,300	+2.9%	26.43

Note: The Company provides a full-year earnings forecast, but not a half-year forecast. The Company believes that the longer full-year forecast is more consistent with global best practice and the focus of Japan's Corporate Governance Code on growing long-term sustainable corporate value.

4. Other

(1) Changes in significant consolidated subsidiaries (material changes in scope of consolidation): Yes

New subsidiaries (4): GK Kichijoji Holdings Tokumei Kumiai, GK Motoazabu Holdings Tokumei Kumiai, GK Ikenohata Holdings Tokumei Kumiai, and GK Shinsaibashi Jisho Tokumei Kumiai

Exclusion from consolidation (1): GK Sapporo Holdings Tokumei Kumiai

(2) Changes in accounting standards/principles, changes in accounting estimates, and revisions to previous financial statements

(i) Changes in accounting standards/principles: None
(ii) Changes in accounting principles other than the above: None
(iii) Changes in accounting estimates: None
(iv) Revisions of previous financial statements: None

(3) Number of outstanding common shares

(i) Number of outstanding shares including treasury shares

FY16/2: 502,523,100
FY15/2: 500,804,600

(ii) Number of treasury shares

FY16/2: 884,200
FY15/2: 1,670,000

(iii) Average number of outstanding shares

FY16/2: 499,799,233
FY15/2: 498,011,047

5. Parent Financial Results (from March 1, 2015 to February 29, 2016)

(1) Parent Financial Results (Full Year) (% change is year-on-year)

	Revenues (million yen)	(%)	Operating Profit (million yen)	(%)	Recurring Profit (million yen)	(%)	Net Profit (million yen)	(%)
FY 16/2	14,245	+54.9	9,705	+41.5	9,276	+39.5	10,028	+49.3
FY 15/2	9,198	+72.0	6,857	+111.7	6,650	+149.7	6,719	+66.8

	Net Profit per Share (basic, yen)	Net Profit per Share (diluted, yen)
FY 16/2	20.07	19.98
FY 15/2	13.49	13.38

(2) Parent Financial Condition

	Total Assets (million yen)	Net Assets (million yen)	Equity Ratio (%)	Net Assets per Share (yen)
FY 16/2	113,963	62,223	54.3	123.40
FY 15/2	82,204	53,115	64.4	106.02

Reference: Shareholders' equity FY16/2: 61,904 million yen FY15/2: 52,916 million yen

*Explanation on Appropriate Use of Earnings Projection

Forward-looking statements contained in these materials are based on judgments regarding information that was available to the Company and the Group as of the announcement date. However, these statements involve risk and uncertainties. Therefore, please note that actual earnings may differ significantly from the indicated earnings projection as a result of various factors.

6. Segment Information

(1) Segment Overview

Asset Management generates fee income via the management of the Ichigo Office REIT (8975), Ichigo Hotel REIT (3463), and private funds and via providing real estate services related to real estate acquisition, operation (property management/building maintenance), and disposition.

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

Clean Energy generates long-term income primarily via utility-scale solar power production that supplies clean energy and brings productive use to idle land.

Other is primarily legacy securities investments that are not related to the above three segments.

Revenues, P&L, Assets, and Other Items by Segment (FY16/2 – Current Period)

(March 1, 2015 to February 29, 2016) (Million Yen)

	Segment					Adjustment[1]	Amount Recorded in Consolidated Financial Statements[2]
	Asset Management	Value-Add	Clean Energy	Other	Total		
Revenues							
Revenues from External Customers	5,067	42,944	1,628	58	49,699	—	49,699
Inter-Segment Revenues or Reclassifications	1,332	4	—	0	1,337	(1,337)	—
Total	6,400	42,948	1,628	59	51,036	(1,337)	49,699
Segment Profits or Losses	2,879	12,629	323	(32)	15,799	(382)	15,417
Segment Assets	2,617	207,053	18,131	6,049	233,851	17,905	251,757
Other							
Depreciation	8	242	506	—	757	34	792
Impairment Loss	—	—	—	—	—	—	—
Increase in Property, Plant, and Equipment and Intangible Assets	4	54	5,914	—	5,973	44	6,017

[1] The Adjustment to Segment Profits or Losses (-382 million yen) reflects transaction eliminations and company expenses that were not allocated to the segments. The Adjustment to Segment Assets (17,905 million yen) reflects company assets, such as cash and reserves that were not allocated to the segments. The Adjustment to Depreciation (34 million yen) reflects depreciation of company assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (44 million yen) reflects company assets that were not allocated to the segments.

[2] Segment Profits or Losses are calculated for each segment from consolidated operating profit.

Revenues, P&L, Assets, and Other Items by Segment (FY15/2 – Previous Period)

(March 1, 2014 to February 28, 2015) (Million Yen)

	Segment					Adjustment[1]	Amount Recorded in Consolidated Financial Statements[2]
	Asset Management	Value-Add	Clean Energy	Other	Total		
Revenues							
Revenues from External Customers	3,967	38,107	605	24	42,705	—	42,705
Inter-Segment Activities or Reclassifications	945	3	—	0	948	(948)	—
Total	4,913	38,110	605	25	43,654	(948)	42,705
Segment Profits or Losses	779	7,871	(93)	(66)	8,490	(301)	8,189
Segment Assets	2,691	138,061	12,846	6,222	159,822	12,922	172,744
Other							
Depreciation	10	349	184	—	544	21	565
Impairment Loss	—	—	—	—	—	—	—
Increase in Property, Plant, and Equipment and Intangible Assets	4	10,455	6,399	—	16,859	13	16,872

[1] The Adjustment to Segment Profits or Losses (-301 million yen) reflects transaction eliminations and company expenses that were not allocated to the segments. The Adjustment to Segment Assets (12,922 million yen) reflects company assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (21 million yen) reflects depreciation of company assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (13 million yen) reflects company assets that were not allocated to the segments.

[2] Segment Profits or Losses are calculated for each segment from consolidated operating profit.

Goodwill and Amortization by Segment (FY16/2 – Current Period)

Goodwill (Million Yen)

	Segment					Adjustment	Amount Recorded in Consolidated Financial Statements
	Asset Management	Value-Add	Clean Energy	Other	Total		
Amortization during the fiscal year	111	15	12	—	139	—	139
Outstanding balance as of the end of the period	1,631	110	201	—	1,942	—	1,942

Negative Goodwill (Million Yen)

	Segment					Adjustment	Amount Recorded in Consolidated Financial Statements
	Asset Management	Value-Add	Clean Energy	Other	Total		
Amortization during the fiscal year	—	90	—	—	90	—	90
Outstanding balance as of the end of the period	—	—	—	—	—	—	—

Goodwill and Amortization by Segment FY15/2 – Previous Period

Goodwill (Million Yen)

	Segment					Adjustment	Amount Recorded in Consolidated Financial Statements
	Asset Management	Value-Add	Clean Energy	Other	Total		
Amortization during the fiscal year	111	15	12	—	139	—	139
Outstanding balance as of the end of the period	1,742	126	213	—	2,082	—	2,082

Negative Goodwill (Million Yen)

	Segment					Adjustment	Amount Recorded in Consolidated Financial Statements
	Asset Management	Value-Add	Clean Energy	Other	Total		
Amortization during the fiscal year	—	90	—	—	90	—	90
Outstanding balance as of the end of the period	—	90	—	—	90	—	90

Consolidated Balance Sheet (FY16/2)

(Million Yen)

	FY15/2 (Feb 28, 2015)	FY16/2 (Feb 29, 2016)
Assets		
Current Assets		
Cash and cash equivalents	19,383	28,779
Trade notes and accounts receivable	519	691
Operational investments in loans	2,330	1,324
Operational investments in securities	1,965	1,784
Real estate for sale	109,769	172,833
Deferred tax assets	1,200	1,766
Other	2,657	3,966
Less: allowance for doubtful accounts	(484)	(458)
Total Current Assets	**137,342**	**210,687**
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures	6,452	6,496
Depreciation total	(2,431)	(2,666)
Buildings and structures (net)	4,021	3,830
Equipment	9,479	13,091
Depreciation total	(311)	(824)
Equipment (net)	9,168	12,267
Land	12,142	12,192
Buildings under construction	909	3,173
Other	306	292
Depreciation total	(227)	(209)
Other (net)	79	82
Total Property, Plant, and Equipment	**26,321**	**31,546**
Intangible Assets		
Goodwill	2,082	1,942
Leasehold rights	392	392
Other	27	38
Total Intangible Assets	**2,502**	**2,373**
Investments and Other Assets		
Investments in securities	5,266	5,486
Long-term loans receivable	12	12
Deferred tax assets	2	39
Other	1,392	1,736
Less: allowance for doubtful accounts	(95)	(124)
Total Investments and Other Assets	**6,578**	**7,149**
Total Fixed Assets	**35,402**	**41,069**
Total Assets	**172,744**	**251,757**

(Million Yen)

	FY15/2 (Feb 28, 2015)	FY16/2 (Feb 29, 2016)
Liabilities		
Current Liabilities		
Trade notes and accounts payable	124	80
Short-term borrowings	1,416	2,188
Short-term non-recourse loans	48	79
Long-term borrowings (due within one year)	3,488	8,161
Long-term non-recourse loans (due within one year)	786	2,975
Income taxes payable	284	631
Deferred tax liabilities	30	53
Accrued bonuses	16	13
Other current liabilities	3,677	3,979
Total Current Liabilities	**9,872**	**18,161**
Long-Term Liabilities		
Non-recourse bonds	100	100
Long-term borrowings	53,409	94,409
Long-term non-recourse loans	43,004	56,193
Deferred tax liabilities	1,402	1,543
Long-term security deposits received	6,391	8,707
Negative goodwill	90	—
Other long-term liabilities	96	475
Total Long-Term Liabilities	**104,494**	**161,430**
Total Liabilities	**114,367**	**179,591**
Net Assets		
Shareholders' Equity		
Capital	26,499	26,575
Capital reserve	10,873	10,968
Retained earnings	17,201	29,454
Treasury shares	(78)	(41)
Total Shareholders' Equity	**54,496**	**66,956**
Accumulated Other Comprehensive Income		
Valuation gain (loss) on other securities	1,208	761
Deferred gain (loss) on hedges	(36)	(251)
Foreign currency translation adjustment	6	23
Total Accumulated Other Comprehensive Income	**1,177**	**533**
Stock Options	**198**	**319**
Minority Interests	**2,505**	**4,357**
Total Net Assets	**58,377**	**72,166**
Total Liabilities and Net Assets	**172,744**	**251,757**

Consolidated Income Statement (FY16/2)

(Million Yen)

	FY15/2 (Mar 1, 2014 to Feb 28, 2015)	FY16/2 (Mar 1, 2015 to Feb 29, 2016)
Revenues	**42,705**	**49,699**
Cost of Goods Sold	**30,539**	**29,835**
Gross Profit	**12,166**	**19,863**
SG&A	**3,977**	**4,446**
Operating Profit	**8,189**	**15,417**
Non-Operating Profit		
Interest income	5	2
Dividend income	78	79
Amortization of negative goodwill	90	90
Other	39	43
Total Non-Operating Profit	**213**	**215**
Non-Operating Expenses		
Interest expense	943	1,277
Other	202	465
Total Non-Operating Expenses	**1,146**	**1,743**
Recurring Profit	**7,255**	**13,889**
Extraordinary Gain		
Gain on sales of investment securities	―	223
Gain on redemptions of equity holdings in subsidiaries	57	―
Other	0	―
Total Extraordinary Gain	**57**	**223**
Extraordinary Loss		
Loss on sales and retirement of fixed assets	0	―
Valuation loss on investments in securities	―	49
Valuation loss on investments in capital	91	―
Provision of allowance for doubtful accounts	―	31
Office move expenses	1	9
Other	0	―
Total Extraordinary Loss	93	89
Pre-Tax Net Income	**7,220**	**14,022**
Income Taxes – Current	**564**	**1,330**
Income Taxes – Deferred	**(220)**	**(369)**
Total Income Taxes	**343**	**960**
Profit before Gain on Minority Interests	**6,876**	**13,062**
Gain on Minority Interests	**115**	**136**
Net Income	**6,761**	**12,925**

Consolidated Statement of Comprehensive Income (FY16/2)

(Million Yen)

	FY15/2 (Mar 1, 2014 to Feb 28, 2015)	FY16/2 (Mar 1, 2015 to Feb 29, 2016)
Profit before Gain on Minority Interests	**6,876**	**13,062**
Other Comprehensive Income		
Valuation gain (loss) on other securities	937	(667)
Deferred gain (loss) on hedges	(36)	(214)
Foreign currency translation adjustment	2	(26)
Total Other Comprehensive Income	**903**	**(908)**
Comprehensive Income	**7,780**	**12,153**
Comprehensive income for shareholders of the parent company	7,528	12,258
Comprehensive income for minority interests	251	(104)

Consolidated Cash Flow Statement (FY16/2)

(Million Yen)

	FY15/2 (Mar 1, 2014 to Feb 28, 2015)	FY16/2 (Mar 1, 2015 to Feb 29, 2016)
Cash Flows from Operating Activities:		
Pre-tax net income	7,220	14,022
Depreciation	565	792
Share-based compensation expenses	112	174
Amortization of goodwill	139	139
Amortization of negative goodwill	(90)	(90)
Increase (decrease) in accrued bonuses	1	(3)
Increase (decrease) in allowance for doubtful accounts	65	3
Interest and dividend income	(83)	(81)
Interest expense	943	1,277
Loss (gain) on sales of investment securities	―	(223)
Valuation loss on investments in securities	―	49
Decrease (increase) in trading notes and receivables	(68)	(172)
Decrease (increase) in operating loan receivables	(1,230)	1,006
Decrease (increase) in operational investments in securities	1,110	1,239
Valuation loss on operational investments in securities	―	19
Decrease (increase) in real estate for sale	(42,991)	(63,070)
Valuation loss on investments in capital	91	11
Decrease (increase) in advances paid	―	(990)
Decrease (increase) in prepaid expenses	(739)	(492)
Decrease (increase) in accounts receivable	(1,079)	(1,140)
Increase (decrease) in accounts payable	388	535
Increase (decrease) in accrued expenses	16	42
Increase (decrease) in advances received	211	317
Increase (decrease) in security deposits received	1,391	2,380
Other	332	927
Sub-total	**(33,693)**	**(43,324)**
Interest and dividend income received	83	81
Interest expenses paid	(843)	(1,226)
Income taxes paid	(378)	(990)
Income taxes refund	539	804
Net Cash from (Used for) Operating Activities	**(34,292)**	**(44,654)**

(Million Yen)

	FY15/2 (Mar 1, 2014 to Feb 28, 2015)	FY16/2 (Mar 1, 2015 to Feb 29, 2016)
Cash Flows from Investing Activities:		
Payments into time deposits	(325)	(0)
Proceeds from withdrawal of time deposits	325	―
Acquisition of investment securities	(210)	(671)
Proceeds from sales of investment securities	―	296
Proceeds from redemptions of investment securities	0	3
Acquisition of property and equipment	(10,769)	(6,628)
Acquisition of intangible assets	(23)	(21)
Payments for investments	(10)	(9)
Proceeds from redemptions of investments	0	6
Payments of security deposits	(127)	(37)
Proceeds from redemptions of security deposits	―	9
Proceeds from sales of subsidiaries resulting in the change of consolidation scope	2	―
Payments for acquisitions of newly consolidated subsidiaries	(1,349)	―
Other	2	0
Net Cash from (Used for) Investing Activities	**(12,485)**	**(7,052)**
Cash Flows from Financing Activities:		
Increase (decrease) in short-term bank loans, net	466	771
Increase (decrease) in short-term non-recourse loans, net	48	31
Proceeds from long-term bank loans	47,203	64,866
Repayment of long-term bank loans	(19,557)	(19,192)
Proceeds from long-term non-recourse loans	19,900	18,150
Repayment of long-term non-recourse loans	(5,958)	(2,772)
Proceeds from exercise of stock options	99	153
Proceeds from minority interests	―	2,000
Cash dividends paid	(543)	(646)
Cash dividends paid to minority interests	―	(43)
Net Cash from (Used for) Financing Activities	**41,658**	**63,318**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**10**	**(5)**
Increase (Decrease) in Cash and Cash Equivalents	**(5,108)**	**11,604**
Cash and Cash Equivalents at Beginning of Period	**24,581**	**18,972**
Cash and Cash Equivalents Resulting from New Entity Consolidation	**280**	**―**
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	**(780)**	**(2,208)**
Cash and Cash Equivalents at End of Period	**18,972**	**28,368**