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Ichigo Inc.

Internet Disclosure Material
for the Sixteenth Annual Shareholder Meeting

- **Notes to the Consolidated Financial Statements**
- **Notes to the Parent Financial Statements**

Pursuant to Japanese law and Article 14 of Ichigo's Articles of Incorporation, notes to the consolidated and parent financial statements are posted on Ichigo's website at www.ichigo.gr.jp/library/english

Notes to Consolidated Financial Statements

I. Material Matters for Preparation of Consolidated Financial Statements

A. Scope of Consolidation

1. Consolidated Subsidiaries

– Number of consolidated subsidiaries	69 companies
– Major consolidated subsidiaries	Ichigo Real Estate Investment Advisors Co., Ltd. Ichigo Estate Co., Ltd. Ichigo ECO Energy Co., Ltd. Ichigo Real Estate Services Fukuoka Co., Ltd. Ichigo Global Capital Co., Ltd. Ichigo Marché Co., Ltd. Miyako City Co., Ltd. Takara Building Maintenance Co., Ltd.

Fourteen investment associations in which the Company newly invested during the current fiscal year have been included in the scope of consolidation.

Ten investment associations have been excluded from the scope of consolidation because their importance has decreased during the current fiscal year.

Two investment associations have been excluded from the scope of consolidation due to their extinction by merger by other investment associations which are subsidiaries of the Company during the current fiscal year.

2. Major Non-Consolidated Subsidiaries

N/A

3. Reason Why Some Companies Were Not Classified as Subsidiaries in Spite of the Company Possessing a Majority of their Voting Rights

N/A

B. Application of Equity Method

1. Affiliates under Equity Method

N/A

2. Non-Consolidated Subsidiaries under Equity Method

N/A

3. Major Non-Consolidated Subsidiaries not under Equity Method

N/A

4. Affiliates not under Equity Method

N/A

5. Reason Why Some Companies Were Not Classified as Affiliates despite the Company Possessing 20% to 50% or Less of Their Voting Rights

N/A

C. Fiscal Year of Consolidated Subsidiaries

Fiscal year dates of consolidated subsidiaries are as follows:

End of January	39 companies
End of February	15 companies
End of December	15 companies

For subsidiaries whose fiscal year ends in December or January, financial data as of that date have been used. However, necessary adjustments for consolidation have been made with respect to significant transactions which occurred by the current fiscal year end in February.

D. Accounting Standards

1. Valuation of Material Assets

a. Other Securities	
– With available market quotations	Carried at fair value on the current fiscal year date (unrealized gain or loss is included directly in net assets and the cost of other shares sold is calculated by the moving average method).
– Without available market quotations	Moving average cost method However, investments in investment associations are detailed in (6) Other Material Matters for Preparation of Consolidated Financial Statements, c. Investment associations.
b. Derivatives	Mark-to-market
c. Inventories	
– Real estate for sale:	Stated at cost determined by the individual cost method: Some consolidated subsidiaries amortize real estate for sale in the same way as that of property and equipment.

2. Depreciation and Amortization Methods for Material Depreciable Assets

– Fixed assets:	Straight-line method (in principal)
– Useful lives:	Buildings and structures 7–52 years Machinery and equipment 7–20 years

3. Accounting Standards for Material Allowances

a. Allowance for Doubtful Accounts	Reserved based on the record of bad debts with respect to ordinary receivables, plus an estimate of uncollectible amounts determined with reference to specific doubtful receivables from customers experiencing financial difficulties.
b. Allowance for Employee Bonuses	Reserved based on an estimated amount for the current fiscal year.

4. Material Hedge Accounting

a. Hedge accounting method

In principle, the Company adopts the deferral hedge accounting method. However, with respect to interest rate swaps which meet certain criteria, the Company may use another appropriate method.

b. Hedging instruments and hedged items

Hedging instruments	Interest rate swaps
Hedged items	Borrowings

c. Hedging policy

The Company hedges the risk from changes in foreign exchange rates and interest rates in its operating and financing activities based on internal policies.

d. Evaluation method for the effectiveness of hedging activities

The Company evaluates the effectiveness of hedging activities with reference to the accumulated gain or loss on the hedging instruments and related hedged items for a period from the commencement of the hedges to the time of evaluation. The evaluation of the effectiveness is omitted for interest-rate swaps that meet requirements for special treatments.

5. Amortization Periods and Methods for Goodwill and/or Negative Goodwill

Goodwill and negative goodwill are amortized on a straight-line basis for a period of 10 to 20 years depending on specific factors of individual subsidiaries.

6. Other Material Matters for Preparation of Consolidated Financial Statements

a. Consumption tax

For most items, consumption taxes are excluded from the relevant revenues, costs, or expenses. Non-deductible consumption taxes are generally accounted for as periodic costs in the current fiscal year; however, certain items paid in connection with the acquisition of assets are amortized based on the straight-line method over five years.

b. Operational investments

Operational investments conducted by the Company are classified as "operational investments in securities” and “operational investments in loans” within current assets. Gains and losses arising from operational investments are shown under operating income and expense.

Although the Company may control the decision-making body of investment vehicles or hold significant influence over them by holding shares, shares are held solely for operational investment purposes and the Company has no intention of holding them as subsidiaries or affiliates. Therefore such investment vehicles are excluded from subsidiaries or affiliates.

c. Investment associations

The Company accounts for investments in investment associations as “operational investments in securities.” Such investments are recorded at the time the investments are made. Gains and losses distributed from the investment associations are recorded as Revenues and the investments in associations increase or decrease by the same amount. Refunds received from the investment associations are credited to the Investments in associations.

d. Consolidated tax treatment

The Company qualifies for consolidated tax treatment.

E. Changes in Presentation

The item Share Issuance Cost (1 million yen in this fiscal year) which was itemized separately in Non-Operating Expenses is included in Other Non-Operating Expenses from this fiscal year, because the amount is minimal.

II. Notes to Consolidated Balance Sheet

A. Assets Provided as Collateral

– Assets Provided as Collateral

Cash and cash equivalents	¥3,754	million
Trade notes and accounts receivable	¥173	million
Operational investments in loans	¥1,324	million
Real estate assets for sale	¥96,398	million
Current assets – other	¥1	million
Buildings and structures	¥1,723	million
Machinery and equipment	¥10,099	million
Land	¥9,537	million
Building under construction (reserved for collateral)	¥2,689	million
Property, plant, and equipment – other	¥2	million
Leasehold rights	¥392	million
Investments and other assets – other	¥141	million
Total	¥126,238	million

(Note) In addition to the above, ¥2,630 million of shares in affiliates are no longer consolidated are collateralized. Furthermore, the Company has borrowed securities (market value: ¥1,310 million) to be used for collateral, but these borrowed securities are not presented in balance sheet as they are not the Company's assets.

Figures shown in Buildings and structures, Machinery and equipment, and Property, plant, and equipment – other are net amounts.

– Secured Obligations

Long-term loans (due within one year)	¥6,917	million
Long-term borrowings	¥92,412	million
Total	¥99,330	million

B. Non-Recourse Loans

Non-recourse loans and corporate bonds are borrowings where funds for repayment are limited only to the value of the underlying real estate and profits from such real estate. The lender has no recourse to the Company in the event of a failure of payment.

Debts where funds for repayment are likely to fall short are presented excluding such shortfall on the consolidated balance sheet. The valuation amounts presented in the prior fiscal year are omitted from the current fiscal year, because they no longer qualify as being important.

Assets provided as collateral and secured obligations with respect to the non-recourse loans and non-recourse bonds are as follows:

– Assets Provided as Collateral

Cash and cash equivalents	¥6,497	million
Real estate for sale	¥75,329	million
Buildings and structures	¥736	million
Land	¥1,011	million
Tangible assets – other	¥0	million
Total	¥83,574	million

Figures shown in “Buildings and structures” and “Tangible assets – other” are net amounts.

– Secured Obligations

Short-term non-recourse loans	¥79	million
Long-term non-recourse loans (due within one year)	¥2,975	million
Non-recourse corporate bonds	¥100	million
Long-term non-recourse loans	¥56,193	million
Total	¥59,347	million

III. Notes to Consolidated Statement of Changes in Shareholders' Equity

A. Type and Number of Shares Issued and Type and Number of Treasury Shares

	Number of shares at the beginning of the current fiscal year	Increase in shares during the current fiscal year[1]	Decrease in shares during the current fiscal year[2]	Number of shares at the end of the current fiscal year
Shares issued				
Common stock	500,804,600	1,718,500	—	502,523,100
Total	500,804,600	1,718,500	—	502,523,100
Treasury stock				
Common stock	1,670,000	—	785,800	884,200
Total	1,670,000	—	785,800	884,200

[1] Details of increase in shares issued:
Due to employee exercise of stock options: 1,718,500 shares
[2] Details of decrease in treasury shares
Due to employee exercise of stock options: 785,800 shares

B. Stock Acquisition Rights (Stock Options)

	Stock acquisition rights	Type of shares	Number of shares to be issued				Balance as of the end of the current fiscal year
			As of the end of the previous fiscal year	Increase in the current fiscal year	Decrease in the current fiscal year	As of the end of the current fiscal year	
Shares in the Company	9th stock acquisition right plan	Common stock	479,000	—	365,800	113,200	¥3 million
	10th stock acquisition right plan	Common stock	1,445,000	—	785,800	659,200	¥10 million
	11th stock acquisition right plan	Common stock	3,152,000	—	1,335,000	1,817,000	¥37 million
	12th stock acquisition right plan	Common stock	1,041,500	—	36,500	1,005,000	¥157 million
	13th[1] stock acquisition right plan	Common stock	1,897,800	—	38,600	1,859,200	¥98 million
	14th[1] stock acquisition right plan	Common stock	—	1,500,000	—	1,500,000	¥11 million
Total		—	8,015,300	1,500,000	2,561,700	6,953,600	¥319 million

[1] The exercise dates of the 13th and 14th stock acquisition right plans are in the future.

C. Distribution of Retained Earnings

1. Dividends Paid

In the Regular Meeting of the Board of Directors on April 20, 2015, the following was resolved.

(a) Total Amount to be Distributed 648 million yen

(b) Source of Distribution Retained earnings

(c) Amount of Dividend per Share 1.3 yen

(d) Record Date February 28, 2015

(e) Payment Date May 25, 2015

2. Dividends where Record Date is in the Current Fiscal Year but the Effective Date is in the Next Fiscal Year

In the Regular Meeting of the Board of Directors on April 19, 2016, the following was resolved.

(a) Total Amount to be Distributed 1,504 million yen

(b) Source of Distribution Retained earnings

(c) Amount of Dividend per Share 3.0 yen

(d) Record Date February 29, 2016

(e) Payment Date May 30, 2016

IV. Notes on Financial Instruments

A. Matters Concerning Status of Financial Instruments

1. Policies on Financial Instruments

The Company finances its necessary operating capital mainly via bank loans and corporate bonds in light of new investment and asset disposition plans. Short-term excess funds are managed in liquid financial instruments such as bank deposits, and short-term working capital is financed via bank loans. As Company policy, derivatives transactions are used for the purpose to avert risks mentioned below. Speculative derivatives transactions are not conducted.

2. Details and Risks of Financial Instruments

Notes receivable and accounts receivable are operating receivables that are exposed to customer credit risks. Foreign currency-denominated financial instruments in overseas business operations are exposed to currency risks.

Operational investments in securities include investments in corporate equities both inside and outside of Japan and domestic real estate funds, and investments in securities mainly take the form of equity and are typically investments in companies with which the Company has a business relationship. All of these investments are exposed to issuer credit risk, interest rate risk and price fluctuation risks. Financial instruments denominated in foreign currencies are exposed to currency risk.

Most of notes payable and accounts payable are operating payables that are due within three months and denominated in Japanese yen.

Borrowings, non-recourse bonds, and non-recourse loans are for the purpose of financing investments and capital expenditures, and are expected to be redeemed or repaid within approximately thirty years after the fiscal year end. Floating-rate loans are exposed to interest rate risk, a part of which is hedged utilizing derivatives transactions (e.g., interest rate swaps). Please refer to (4) Material Hedge Accounting, (D) Accounting Standards of 1. Material Matters for Preparation of Consolidated Financial Statements for method, objects, policies, and evaluation of effectiveness of hedging activities.

3. Risk Management of Financial Instruments

(a) Management of Credit Risk

Operating receivables exist mainly at subsidiaries. Responsible departments monitor the collection status pursuant to the designated procedure for mitigation of collection risk. Other operating receivables arise irregularly, e.g., at a time of investment monetization, the responsible department determines the execution of the transaction based on the term needed for disposition and credit worthiness of the counterparty, and monitors the receivable until it is collected in accordance with the agreement. The Company monitors operational investments in securities and investments in securities with respect to the financial status of the issuers and reviews holding policies, as necessary and appropriate.

(b) Management of Market Risk

The Company utilizes interest rate swaps for the purpose of reducing interest rate risk on interest payables. The Company monitors operational investments in securities and investments in securities, which have market risks (e.g., real estate funds) or are denominated in foreign currencies regularly for the impact from the market value and currency rate and review the holding policies as necessary. Derivative transactions are executed and controlled in the Finance Department in accordance with the designated procedure.

(c) Management of Liquidity Risk

The Company establishes and updates its funding plan as necessary based on new investment and disposition plans established by the responsible departments, as well as manages liquidity risk by

maintaining short-term liquidity.

4. Supplement to Matters Concerning Market Values of Financial Instruments

Market values of financial instruments include prices based on the market price as well as prices calculated based on rational assumptions if the market price is not available. Such prices may fluctuate, since they reflect the fluctuating variables and assumptions in the calculation process.

B. Adjustments to Market Values of Financial Instruments

Amounts recorded on the consolidated balance sheet for market values and their differences as of February 29, 2016 are shown below. Those which were deemed difficult to obtain the market value are not included in the table below (See note 2 below).

(Million yen)

	Amount Recorded on Consolidated Balance Sheet	Market Value	Difference
(1) Cash and cash equivalents	28,779	28,779	—
(2) Notes receivable and accounts receivable	691	691	—
(3) Operating loans	1,324	1,324	—
(4) Operating investments in securities[1]	18	18	—
(5) Investments in securities[1]	1,058	1,058	—
(6) Long-term loans[1]	2	2	0
Total Assets	31,875	31,875	0
(1) Notes payables and accounts payable	80	80	—
(2) Short-term borrowings	2,188	2,188	—
(3) Short-term non-recourse loans	79	79	—
(4) Long-term loans (due within one year)	8,161	8,161	—
(5) Non-recourse loans (due within one year)	2,975	2,975	—
(6) Corporate tax payable	631	631	—
(7) Non-recourse bonds	100	100	—
(8) Long-term corporate debt	94,409	94,995	585
(9) Long-term non-recourse loans	56,193	56,652	459
Total Debt	164,818	165,863	1,044
Derivatives[2]	(373)	(373)	—

[1] Excluding allowance for doubtful accounts which are recorded separately.

[2] The receivables and payables related to derivative transactions are shown as a net amount.

(Note1) Calculation Method of Market Value of Financial Instruments and Matters Concerning Securities and Derivatives Transactions

Assets

(1) Cash and Cash Equivalents

Carried at book value due to short settlement period.

(2) Notes Receivables and Accounts Receivable

Carried at book value less allowance for doubtful accounts due to short settlement period and because allowance for doubtful accounts appropriately takes into consideration credit risks.

(3) Operating Loans Receivable

Carried at book value less allowance for doubtful accounts due to short settlement period and because allowance for doubtful accounts appropriately takes into consideration credit risks.

(4) Operational Investments in Securities and (5) Investments in Securities

The market values of equities are the last traded exchange price, and bonds are the last-traded exchange price or dealer-indicated price.

(6) Long-Term Loans

The market values of long-term loans are calculated based on the present value of the total amount of the principal using an interest rate expected for similar new loans. Certain debts such as loans with default risk are at book value less the estimated doubtful accounts.

Debt

(1) Notes Payable and Accounts Payable, (2) Short-Term Loans, (3) Short-Term Non-Recourse Loans, (4) Long-Term Loans with Maturity within 1 Year, (5) Long-Term Non-Recourse Loans with Maturity within 1 Year, and (6) Income Tax Payable

Carried at book value due to short settlement period.

(7) Non-Recourse Corporate Bonds, (9) Long-Term Non-Recourse Loans

Variable-rate borrowings for non-recourse corporate bonds and long-term non-recourse loans are carried at book value because of the market value's closeness to the book value due to the variable-rate nature of the debt. The market values of partial variable-rate non-recourse borrowings are subject to the special accounting treatment of interest rate swaps. They are therefore calculated based on the present value of the total amount of the principal reflecting the interest rate swap arrangements using an interest rate expected for similar new loans.

The market values of fixed-rate borrowings are calculated based on the present value of the total amount of the principal using an interest rate expected for similar new loans.

The borrowings with shortfalls in repayment funds are calculated by subtracting the shortfall from present value, since the obtained value is close to market value.

(8) Long-Term Loans

Floating-rate borrowings are carried at book value, because of the market value's closeness to the book value due to the variable-rate nature of the debt. The market values of partial variable-rate borrowings are subject to the special accounting treatment of interest rate swaps. They are therefore calculated based on the present value of the total amount of the principal reflecting the interest rate swap arrangements using an interest rate expected for similar new loans.

The market values of fixed-rate borrowings are calculated based on the present value of the total amount of the principal using an interest rate expected for similar new loans.

Derivative Transactions

The market values of derivative transactions are the prices presented by financial

institutions. The market value of interest rate swap under special treatment is included in loan-term loans and long-term non-recourse loans since it is handled as a whole with its hedging loans.

(Note 2) Financial Instruments for which it is Difficult to Obtain Market Values

(Million yen)

Classification	Amount Recorded in Consolidated Balance Sheet
(1) Operational investments in securities*	1, 354
(2) Investments in securities*	4,322
(3) Long-term security deposits received	8,707

*After deduction of allowance for bad debts.

(1) Operational investments in securities are not subject to the market value disclosure despite being investment securities, because they are not priced in the market and it is difficult to estimate their market values.
(2) Investments in securities are not subject to market value disclosure despite being non-listed securities, because they are not priced in the market and it is difficult to estimate their market values.
(3) Long-term security deposits received which are security deposits received from tenants of rental properties are not subject to market value disclosure, because they are not priced in the market and it is difficult to know in advance the security deposit period.

V. Notes on Leased Real Estate not Currently Held for Sale

A. Income from Leased Real Estate not Currently Held for Sale

The Company and certain of its consolidated subsidiaries hold leased real estate in Tokyo and other locations that are not currently held for sale. Income on this leased real estate in the current fiscal year is ¥956 million.

B. Market Value of Leased Real Estate not Currently Held for Sale

(Million yen)

Book Value on Consolidated Balance Sheet[1]			Market Value as of Feb 2016[3]
Mar 1, 2015	Increase/Decrease[2]	Feb 29, 2016	
16,146	(176)	15,969	17,715

[1] Book Value on Consolidated Balance Sheet = Acquisition Cost – (Cumulative Depreciation + Cumulative Impairment)
[2] The decrease of 176 million yen is primarily due to 54 million yen capital expenditure of leased real estate and 231 million yen depreciation of leased real estate.
[3] Market value as of February 2016 is primarily based upon external real estate appraisals.

VI. Per Share Data

A. Net assets per share	¥134.54
B. Net income per share	¥25.86
C. Net income per share (fully diluted)	¥25.75

VII. Material Subsequent Events

N/A

Notes to Parent Financial Statements

I. Material Accounting Policies

A. Valuation Standards and Method for Securities

1. Shares in subsidiaries and affiliates: Moving average cost method

2. Other securities

Shares with market value:	Mark-to-market on the last date of fiscal year (valuation difference is reported as a component of shareholders' equity and cost of revenues is calculated with moving average cost method)
Shares without market value:	Moving average cost method. The valuation for investment associations is noted in (F) Material Changes in Presentation at (3) Investment Associations.

3. Derivatives: Mark-to-market

4. Inventory assets:

Real estate for sale:	Individual cost method (write-down method for the low profitable assets on balance sheet)

B. Depreciation Method for Property and Equipment

1. Fixed assets: Mainly straight-line method

Main useful lives are as follows:

Buildings and Structures	8-39 years

2. Intangible assets: Straight-line method

Main useful life is as follows:

Software	5 years

C. Amortization of Deferred Assets

Issuance cost of corporate bonds: Full amount is recorded as cost.

D. Accounting Standards for Allowances

Allowance for doubtful accounts

The allowance is provided for doubtful accounts based on the historical experience for normal receivables and an estimate of the collectability for receivables from companies which are experiencing financial difficulties.

E. Hedge Accounting Method

1. Hedge accounting method

   In principle, the Company adopts the deferral hedge accounting method. However, with respect to some interest rate swaps which meet certain criteria, the Company uses an alternative accounting method, as reasonable and appropriate.

2. Hedging instruments and hedged items

   Hedging instruments: Interest rate swaps

   Hedged items: Borrowings

3. Hedging Policy

   The Company uses derivative financial instruments in its financing activities to hedge possible future movements in interest rates.

4. Assessment of Hedge Effectiveness

   The Company omits evaluating hedge effectiveness since it only applies to interest rate swaps which meet certain criteria.

F. Material Changes in Presentation

1. Consumption Tax

   Consumption taxes are excluded from the relevant revenue, costs or expenses. Non-deductible consumption taxes are generally accounted for as expenses depreciated equally over five years.

2. Operating Investments

   Operating investments in securities are included in operating investments in securities and operating loans in current assets, separate from non-operating investments. Profits and losses incurred from operating investments are recorded as operating profits and losses. Operating investments in which the Company has a control stake are not considered as subsidiaries or affiliates since the Company does not have an intention to control management.

3. Investment Associations

   Assets held by investment associations are categorized as operating investments in securities and investment in securities of other affiliates (“Investments in investment associations”) in proportion to the holding percentage. Profits on dividends are recorded as revenues and an adjustment to Investments in investment associations. Redemption of principle is recorded as a decrease of Investments in investment associations.

4. Consolidated Tax Treatment

   The Company qualifies for consolidated tax treatment.

II. Changes in Presentation

This item has already been discussed in E. Changes in Presentation, 1. Material Matters for Preparation of Consolidated Financial Statements under, and thus the explanation is omitted here.

III. Balance Sheet

A. Assets Provided as Collateral and Secured Obligations

Assets provided as collateral are as follows:

Cash and cash equivalents	¥128	million
Real estate for sale	¥4,344	million
Buildings and structure	¥218	million
Land	¥2,094	million
Tangible assets – other	¥1	million
Shares of affiliated companies	¥2,632	million
Long-term loans to affiliates	¥1,399	million
Total	¥10,819	million

In addition, the Company has borrowed securities (market value: ¥1,310 million) to be used for collateral. However, these borrowed securities are not presented on the balance sheet, because they are not the Company's assets.

Figures in "Buildings and structures" and "Tangible assets – other" are net amounts.

Secured obligations are as follows:

Long-term borrowings (due within one year)	¥2,761	million
Long-term borrowings	¥3,023	million
Total	¥5,784	million

B. Contingent Liabilities

1. The Company is guaranteeing the following companies' borrowings from financial institutions:

Ichigo Estate Co., Ltd.	¥14,269	million
Ichigo Real Estate Services Fukuoka Co, Ltd.	¥4,473	million
Ichigo ECO Energy Co., Ltd.	¥2,516	million
GK Shinsaibashi Jisho	¥15,500	million
GK Nishinihon Holdings	¥5,200	million
GK Ichigaya Jisho	¥2,502	million
GK Naha Holdings	¥550	million
GK Azabu Juban Jisho	¥468	million
GK Ichigo Showamura Ogose ECO Power Plant	¥1,959	million
GK Ichigo ECO Nago Futami Power Plant	¥1,662	million
GK Ichigo Hamanaka Bokujo ECO Power Plant	¥1,324	million
GK Ichigo Yonago Izumi ECO Power Plant	¥628	million
GK Ichigo ECO Power Plants Holdings 1	¥561	million
GK Ichigo Higashi Hiroshima Saijocho Taguchi ECO Power Plant	¥529	million
GK Ichigo Nakashibetsu Midorigaoka ECO Power Plant	¥412	million
GK Ichigo Miyakonojo Yasuhisacho ECO Power Plant	¥398	million
GK Ichigo ECO Motomonbetsu Power Plant	¥260	million
GK Ichigo ECO Muroran Hatchodaira Power Plant	¥260	million
GK Ichigo Toyokoro ECO Power Plant	¥242	million
GK Ichigo Betsukai Kawakamicho ECO Power Plant	¥233	million
GK Ichigo Engaru Kiyokawa ECO Power Plant	¥216	million
GK Ichigo Akkeshi Shirahama ECO Power Plant	¥212	million
GK Ichigo Yamaguchi Aionishi ECO Power Plant	¥209	million
GK Ichigo Yamaguchi Sayama ECO Power Plant	¥192	million
GK Ichigo ECO Fuchu Jogecho Yano Power Plant	¥179	million
GK Ichigo Toyokoro Sasadamachi ECO Power Plant	¥163	million

2. The Company is guaranteeing the payment of a construction assistance fund and the return of a security deposit by GK Myodani Fudosan.

	¥324	million
Total	¥55,448	million

C. Affiliate Receivables and Payables (excluding items separately indicated)

Short-term receivables from affiliates	¥1,029	million
Long-term receivables from affiliates	¥52	million
Short-term payables to affiliates	¥7	million
Long-term payables to affiliates	¥42	million

IV. Income Statement

Transactions with affiliates

Revenue		
Revenue	¥10,151	million
Operating Expenses	¥103	million
Non-operational transactions	¥486	million

V. Statement of Changes in Shareholders' Equity

Types and Amounts of Treasury Shares

Ordinary shares	884,200

VI. Taxes

A. Breakdown of Deferred Tax Assets and Liabilities

Deferred Tax Assets

Unpaid business tax	¥52	million
Excess amount of allowance for doubtful accounts	¥461	million
Valuation loss on operational investments in securities	¥63	million
Valuation loss on investments in securities	¥401	million
Valuation loss on investments in real estate	¥2,179	million
Valuation loss on securities of affiliates	¥851	million
Deferred gain (loss) on hedges	¥100	million
Loss carried forward	¥2,042	million
Other	¥310	million
Subtotal	¥6,464	million
Allowance for valuation	(¥4,924	million)
Deferred tax assets	¥1,540	million

Deferred Tax Liabilities

Unrealized gain on other securities, net	(¥68	million)
Asset retirement obligation expense	(¥1	million)
Deferred Tax Liabilities Total	(¥69	million)
Net Deferred Tax Assets	¥1,470	million

B. Revisions to Deferred Tax Assets and Liabilities Due to Change in Corporate Tax Rate

Based on the Partial Amendment of the Income Tax Act (Law No. 9, 2015) and the Partial Amendment to Regional Tax Act (Law No.2, 2015) issued on March 31, 2015, corporate taxes will decrease from the fiscal year from April 1, 2015. Reflecting this change, the effective statutory tax rate used for the calculation of deferred tax assets and liabilities has been reduced from 35.64% to 33.06% for the fiscal year beginning on March 1, 2016, and from 35.64% to 32.26% for the fiscal year beginning on March 1, 2017.

In addition, with regards to loss carry forwards, the maximum amount of deduction of the losses against current year income has been decreased from 80% of income to 65% for the fiscal years from April 1, 2015 through March 31, 2017 and 50% for fiscal years from April 1, 2017.

As a result of these changes, deferred tax assets decreased by 370 million yen, while income taxes deferred, unrealized gains on other securities, and deferred gains on hedges increase by 370 million yen, 7 million yen, and 10 million yen, respectively.

C. Change in Corporate Tax Rate after Current Fiscal Year

Based on the Partial Amendment of the Income Tax Act (Law No. 15, 2016) and the Partial Amendment to Regional Tax Act (Law No.13, 2016) issued on March 29, 2016, corporate taxes will decrease from the fiscal year from April 1, 2016. Reflecting this change, the effective statutory tax rate used for the calculation of deferred tax assets and liabilities is reduced from 33.06% to 30.86% for the fiscal years beginning on March 1, 2017 and March 1, 2018 and from 33.06% to 30.62% for the fiscal year beginning on March 1, 2019.

Based on the effective statutory tax rate after these changes, deferred tax assets decrease by 76 million yen, while income taxes deferred, unrealized gains on other securities, and deferred gains on hedges increase by 76 million yen, 3 million yen, and 5 million yen, respectively.

VII. Related Party Transactions

(Million yen)

Type	Name	Voting Rights Held (%) by Company	Connection with the Related Party	Transaction	Transaction Amount	Account	Balance Outstanding
Subsidiary	Ichigo Estate Co., Ltd.	100	Service contract	Lending[1]	3,813	Short-term loans to affiliates	2,913
						Long-term loans to affiliates	8,086
				Interest received	239	Other current assets	33
						Other current liabilities	6
				Provision of credit guarantee[2]	14,269	—	—
				Receipt of credit guarantee[3,4]	2,282	—	—
				Receipt of credit guarantee and collateral[5]	7,597	—	—
				Payment of credit guarantee fee	0	Advance paid	0
						Other investments and assets	4
Subsidiary	Ichigo ECO Energy Co., Ltd.	100	Service contract	Lending[1]	2,520	Short-term loans to affiliates	2,440
				Interest received	78	Other current assets	24
				Provision of credit guarantee[2]	2,516	—	—
Subsidiary	Ichigo Real Estate Services Fukuoka Co., Ltd.	100	Service contract	Lending[1]	1,509	Short-term loans to affiliates	1,436
				Interest received	42	Other current assets	14
				Provision of credit guarantee[2]	4,473	—	—
Subsidiary	A. F. Co., Ltd.	100	Financial Support	Lending[1]	—	Long-term loans to affiliates[6]	1,207
				Interest received	—	Other investments and assets[6]	52
Subsidiary	KK Kimura Building	100	—	Receipt of credit guarantee and collateral[4, 5]	2,282	—	—
Subsidiary	YK SC13 Limited Company	100	Financial support	Lending[1]	—	Long-term loans to affiliates	1,399
				Interest received	84	Other current assets	16
Subsidiary	GK Minami Ikebukuro Jisho	0[7]	—	Receipt of credit guarantee and collateral[4, 5]	2,282	—	—
Subsidiary	GK Gotanda Holdings	0[7]	—	Receipt of credit guarantee and collateral[5]	1,348	—	—
				Payment of credit guarantee fee to guarantor	0	Advance paid	0
						Other investments and assets	2

Subsidiary	GK Shinagawa Holdings	0[7]	—	Receipt of credit guarantee and collateral[5]	1,883	—	—
				Payment of credit guarantee fee to guarantor	0	Advance paid	0
						Other investments and assets	3
Subsidiary	GK Ichigaya Jisho	0[7]	—	Provision of credit guarantee[2]	2,502	—	—
				Receipt of credit guarantee fee	0	Advance received	6
Subsidiary	GK Ikenohata Holdings	0[7]	—	Receipt of credit guarantee and collateral[5]	13,500	—	—
				Payment of credit guarantee fee to guarantor	3	Advance paid	5
						Other investments and assets	30
Subsidiary	GK Motoabazu Holdings	0[7]	—	Receipt of credit guarantee and collateral[5]	13,000	—	—
				Payment of credit guarantee fee to guarantor	3	Advance paid	5
						Other investments and assets	29
Subsidiary	GK Shinsaibashi Jisho	0[7]	—	Provision of credit guarantee[2]	15,500	—	—
				Receipt of credit guaranty fee	2	Advance received	44
Subsidiary	GK Nishinihon Holdings	0[7]	—	Provision of credit guarantee[2]	5,200	—	—
				Receipt of credit guarantee fee	0	Advance received	15
Subsidiary	GK Ichigo Showamura Ogose ECO Power Plant	0[7]	—	Provision of credit guarantee[2]	1,959	—	—
Subsidiary	GK Ichigo ECO Nago Futami Power Plant	0[7]	—	Provision of credit guarantee[2]	1,662	—	—
Subsidiary	GK Ichigo Hamanaka Bokujo ECO Power Plant	0[7]	—	Provision of credit guarantee[2]	1,324	—	—
Major shareholder	Ichigo Trust	59.55% shareholder of the Company	—	Receipt of collateral[4,8]	4,476	—	—
				Payment of fee for collateral[9]	32	Accounts payable	7

[1] The interest rate on loans from the Company to affiliates is based upon the Company's actual borrowing costs, with due consideration to the particular circumstances of certain affiliates.
[2] The Company has guaranteed loans from banks.
[3] The Company has received guarantees for loans from banks.
[4] The Company has received guarantees and collateral from its subsidiaries for a loan of ¥2,282 million from banks.
[5] The Company has received both guarantees and collateral for loans from banks.
[6] The Company has reserved ¥901 million of allowances for bad accounts for long-term loans to affiliates. In addition, the Company reversed ¥7 million of allowances for bad accounts in the current fiscal year.
[7] The Company holds 0% of voting rights and the subsidiary holds 100% of managerial authority over the Tokumei Kumiai. However, the subsidiary is considered to be the Company's subsidiary, because the Company has adopted the accounting standard "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" (Accounting Standards Board of Japan Practical Issues Task Force No. 20, March 25, 2011).
[8] The Company has received collateral to be used to for borrowings from banks.
[9] The collateral fee is based upon market pricing.
[10] The above amounts do not include consumption tax and other taxes. However, the amounts recorded on the balance sheet do include consumption tax and other taxes.

VIII. Per Share Data

A. Net assets per share	¥123.40
B. Net Income per share	¥20.07
C. Net Income per share (diluted)	¥19.98

IX. Material Subsequent Events

N/A