Ichigo Preserves and Improves Real Estate

August 9, 2017

# FY17/6 Earnings

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Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. Financial Results for FY17/6 (October 1, 2016 to June 30, 2017)

(1) Earnings

(JPY million; year-on-year change)

| | Operating Revenue | Change | Operating Profit | Change | Recurring Profit | Change | Net Income | Change |
|---|---|---|---|---|---|---|---|---|
| FY17/6 | 566 | – | 158 | – | 97 | – | 94 | – |
| FY16/9 | – | – | -3 | – | -6 | – | -4 | – |

| | Net Income per Share (JPY) | Return on Equity | Return on Assets (Recurring Profit) | Operating Profit Margin (Recurring Profit) |
|---|---|---|---|---|
| FY17/6 | 2,316 | 1.9% | 0.8% | 17.2% |
| FY16/9 | -1,594 | -1.6% | -2.3% | – |

FY17/6 Funds from Operations (FFO) per Share: JPY 8,610

Notes:

1. FFO per Share is calculated with the following formula:
   FFO per Share = (Net Income + Depreciation + Amortization of Expenses Related to the Establishment of Ichigo Green + Amortization of Share-Issuance Expenses + Amortization of Start-up Expenses + Loss on Disposal of Fixed Assets + Liability for Asset Retirement Obligation ± Loss/Gain on Sales ± Extraordinary Loss/Profit) / Total Shares Outstanding
2. While the FY17/6 period ran from October 1, 2016 to June 30, 2017 (273 days), Ichigo Green's actual operating timeframe during the period was from December 1, 2016, the day it acquired its first power plants, to June 30, 2017 (212 days).
3. Net Income per Share is based on the average number of shares outstanding during the period (40,703 shares). Net Income per Share during the actual operating timeframe was JPY 1,836, which is based on the average number of shares outstanding during that timeframe (51,329 shares).
4. Return on Equity and Return on Assets are calculated based on weighted-average Equity and Total Assets, respectively, during the actual operating timeframe from December 1, 2016 to June 30, 2017.
5. Because FY16/9 was the first year of operations, year-on-year changes for Operating Revenue, Operating Profit, Recurring Profit, and Net Income are not shown.

(2) Dividends

| | Dividend per Share (excluding Dividend in Excess of Earnings) (JPY) | Total Dividends (excluding Dividend in Excess of Earnings) (JPY million) | Dividend in Excess of Earnings (per Share) (JPY) | Total Dividends in Excess of Earnings (JPY million) | Dividend per Share (JPY) | Total Dividends (JPY million) | Payout Ratio | DOE |
|---|---|---|---|---|---|---|---|---|
| FY17/6 | 1,738 | 89 | 2,540 | 130 | 4,278 | 220 | 94.9% | 1.8% |
| FY16/9 | – | – | – | – | – | – | – | – |

Notes:

1. The FY17/6 payout ratio is calculated as follows:
   Payout Ratio = Total Dividends (excluding Dividend in Excess of Earnings) / Net Income x 100
2. The FY17/6 Dividend of JPY 89 million is FY17/6 Net Income minus JPY 4 million of retained losses.
3. It is Ichigo Green's general policy to pay a cash Dividend in Excess of Earnings equivalent to c. 40% of annual depreciation expenses, subject to the dividend not adversely affecting Ichigo Green's financial standing. Accordingly, Ichigo Green will pay a FY17/6 Dividend in Excess of Earnings equivalent to c. 40% of depreciation expenses.
4. A Dividend in Excess of Earnings is treated as a "return of capital" under Japanese tax.
5. The FY17/6 Dividend in Excess of Earnings amounts to a 2.7% return of capital (from Ichigo Green to its shareholders), as calculated pursuant to Item 5 Paragraph 1 Article 23 of the Order for Enforcement of the Corporation Tax Act.

(3) Assets and Equity

| | Total Assets (JPY million) | Net Assets (JPY million) | Equity Ratio (%) | Net Assets per Share (JPY) |
|---|---|---|---|---|
| FY17/6 | 11,938 | 5,043 | 42.2% | 97,971 |
| FY16/9 | 297 | 295 | 99.3% | 98,405 |

(4) Cash Flow

| | Cash Flows from Operating Activities (JPY million) | Cash Flows from Investing Activities (JPY million) | Cash Flows from Financing Activities (JPY million) | Cash and Cash Equivalents at End of the Period (JPY million) |
|---|---|---|---|---|
| FY17/6 | -683 | -10,237 | 11,451 | 759 |
| FY16/9 | -2 | -64 | 295 | 228 |

2. Earnings Forecast for FY18/6 (July 1, 2017 to June 30, 2018)

(JPY million; year-on-year change)

| | Operating Revenue | Change | Operating Profit | Change | Recurring Profit | Change | Net Income | Change |
|---|---|---|---|---|---|---|---|---|
| Half-Year | 537 | – | 112 | – | 54 | – | 53 | – |
| Full-Year | 1,095 | – | 262 | – | 147 | – | 146 | – |

| | Dividend per Share (excluding Dividend in Excess of Earnings) (JPY) | Dividend in Excess of Earnings (per Share) (JPY) | Dividend per Share (JPY) |
|---|---|---|---|
| Half-Year | – | – | – |
| Full-Year | 2,820 | 4,360 | 7,180 |

Notes:

1. Forecast FY18/6 Full-Year Net Income per Share is JPY 2,849.
2. Ichigo Green did not have a FY17/6 Half-Year earnings period, so no year-on-year change is shown for the Half-Year forecast.
3. The actual operating timeframe for FY17/6 was only nine months (from October 1, 2016 to June 30, 2017), so no year-on-year change is shown for the Full-Year forecast.

3. Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

(i) Changes Accompanying Amendments to Accounting Standards: None
(ii) Changes Not Listed in (i): None
(iii) Changes in Accounting Estimates: None
(iv) Retrospective Restatement: None

(2) Number of Shares Issued and Outstanding

(i) The number of shares issued and outstanding (including treasury shares) was 3,000 shares at the end of FY16/9 and 51,483 shares at the end of FY17/6.
(ii) There were no treasury shares at the end of FY16/9 or at the end of FY17/6.

Reference: Ten-Year Earnings and Dividend Forecast (FY19/6 through FY26/6)

(JPY million)

| | Operating Revenue | Operating Profit | Recurring Profit | Net Income | Dividend per Share (excluding Dividend in Excess of Earnings) (JPY) | Dividend in Excess of Earnings (per Share) (JPY) | Dividend per Share (JPY) |
|---|---|---|---|---|---|---|---|
| FY19/6 | 1,090 | 254 | 144 | 143 | 2,750 | 4,370 | 7,120 |
| FY20/6 | 1,085 | 240 | 145 | 144 | 2,780 | 4,380 | 7,160 |
| FY21/6 | 1,078 | 251 | 170 | 169 | 3,250 | 4,390 | 7,640 |
| FY22/6 | 1,072 | 249 | 183 | 182 | 3,500 | 4,390 | 7,890 |
| FY23/6 | 1,065 | 260 | 198 | 197 | 3,790 | 4,400 | 8,190 |
| FY24/6 | 1,059 | 253 | 194 | 193 | 3,720 | 4,410 | 8,130 |
| FY25/6 | 1,052 | 251 | 196 | 195 | 3,750 | 4,020 | 7,770 |
| FY26/6 | 1,046 | 230 | 179 | 178 | 3,430 | 3,650 | 7,080 |

Note:
Ichigo Green has an annual fiscal year running from July to June. Because there is no regulatory framework in Japan for Investment Corporations to pay dividends at half-year, Ichigo Green therefore pays an annual dividend once a year. The annual dividend results both in lower administrative costs and a dividend that is not impacted by seasonal changes in solar power generation (as a semi-annual dividend would be).

Completion Status of Auditing Procedures

This document is not subject to the auditing requirements set forth in the Financial Instruments and Exchange Law of Japan. The auditing procedures in accordance with those requirements have thus not been completed as of the date of the publication of this document.

Appropriate Use of Earnings Forecasts and Other Matters of Special Note

The forecasts presented above are current figures based on certain preconditions. Accordingly, the actual operating results may vary due to changes in circumstances, and these forecasts should not be construed as a guarantee of such results.

For details on the preconditions of the FY18/6 earnings forecast, please refer to the “Preconditions for the FY18/6 Half-Year and Full-Year Earnings Forecasts” on pages 7 through 9. For details of the preconditions of the FY19/6 through FY26/6 earnings forecast, please refer to the June 28, 2017 release “Ten-Year Earnings and Dividend Forecast Revision.”

This English version is a translation of the original Japanese report and is provided solely for informational purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

Earnings Forecasts

FY18/6 Half-Year (July 1, 2017 to December 31, 2017)

| | |
|---|---|
| Operating Revenue | JPY 537 million |
| Operating Profit | JPY 112 million |
| Recurring Profit | JPY 54 million |
| Net Income | JPY 53 million |
| Dividend per Share (excluding Dividend in Excess of Earnings) | – |
| Dividend in Excess of Earnings (per Share) | – |
| Dividend per Share | – |

FY18/6 Full-Year (July 1, 2017 to June 30, 2018)

| | |
|---|---|
| Operating Revenue | JPY 1,095 million |
| Operating Profit | JPY 262 million |
| Recurring Profit | JPY 147 million |
| Net Income | JPY 146 million |
| Dividend per Share (excluding Dividend in Excess of Earnings) | JPY 2,820 |
| Dividend in Excess of Earnings (per Share) | JPY 4,360 |
| Dividend per Share | JPY 7,180 |

For details on the preconditions, please refer to the “Preconditions for FY18/6 Half-Year and Full-Year Earnings Forecasts” on page 7.

Preconditions for the FY18/6 Half-Year and Full-Year Earnings Forecasts

| | Preconditions |
|---|---|
| Period | FY18/6 Half-Year: July 1, 2017 – December 31, 2017 (184 days)<br>FY18/6 Full-Year: July 1, 2017 – June 30, 2018 (365 days) |
| Number of Shares | • 51,483 shares issued and outstanding as of today, with no additional new share issuance through FY18/6<br>• The dividend is also calculated based on the above assumption of 51,483 shares issued and outstanding. |
| Number of Power Plants | • 15 power plants |
| Operating Revenue | • Power production revenue is based on the annual P50 power production forecast of operating power plants.<br>• Specifically, power production revenue is calculated by adding base revenue (electricity sales revenue based on annual P85 production forecast minus forecast operating expenses) to actual power production revenue (electricity sales revenue based on the annual P50 production forecast minus base revenue and forecast operating expenses). Power production revenue assumes that there is no suspension of renewable energy supply without compensation through FY18/6.<br>• Forecast power generation is a third-party, 50% probability mean annual production forecast (P50 forecast) that serves as the base forecast for each solar power plant's operating plan. The P85 annual production is a third-party, 85% probability mean annual production forecast. P85-based electricity sales revenue is the assumed electricity sales revenue calculated by multiplying the annual P85 production forecast by the FIT (Feed-In Tariff) for each plant.<br>• Renewable energy plant operation and maintenance expenses (including fees paid to maintenance service providers and repair costs) are the total of operator fees, rent paid, insurance premiums, management costs (including administration and tax fees), property, city planning, and consumption taxes, and other expenses related to the power generation business, renewable energy plants, and site leases.<br>• Maintenance expenses are as estimated by Ichigo Investment Advisors, the asset management company of Ichigo Green, based on third party reports. However, actual expenses for the period could differ significantly from these forecast amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected maintenance needs, etc.<br>• Actual production is calculated by multiplying the annual P50 production forecast by the FIT for each plant. The annual P50 production is a third-party, 50% probability mean annual production forecast that serves as the base forecast for each solar power plant's operating plan.<br>• Operating Revenue is based on the power production revenue of the power plants, and does not assume the sale of any power plants.<br>• Operating Revenue assumes that Ichigo Green fully receives its contractual power production revenue. |

| | |
|---|---|
| Operating Expenses | • Per the above, power plant operation and management expenses are deducted from power production revenue, and therefore are not part of Ichigo Green's operating expenses.<br>• Property and city planning taxes and other operating expenses, excluding depreciation, are calculated based on historical data and information provided by the previous power plant owner(s), adjusted for anticipated expense variations.<br>• While property and city planning taxes with respect to the acquisition and sale of renewable energy plants are, in general, pro-rated between the previous owner and the buyer based on period of ownership and paid at the time of acquisition, because Ichigo Green included such estimated taxes in its acquisition cost, it will not recognize these taxes as operating expenses in calendar year 2017 with respect to the 2 power plants it acquired on July 3, 2017. Owners of renewable energy plants are generally charged a 1.4% property (depreciable asset tax) tax rate on the assessment value of their plants. However, for certain approved renewable energy plants newly acquired before March 31, 2016, the assessment value used in calculating such property tax is reduced to two-thirds for three fiscal years following acquisition. Because this reduction in assessment value applies to the 13 power plants Ichigo Green owned as of the end of FY17/6, the property tax is reduced by JPY 19 million to JPY 45 million and JPY 33 million to JPY 96 million for FY18/6 Half-Year and FY18/6 Full-Year, respectively.<br>• Depreciation (including incidental costs) is calculated based on acquisition price using the straight-line method. Depreciation expenses of JPY 317 million and 635 million are forecast for FY18/6 Half-Year and FY18/6 Full-Year, respectively. |
| Non-Operating Expenses | • Ichigo Green plans to amortize expenses associated with its December 2016 TSE listing and new share issuance for 36 months and expenses for the establishment of Ichigo Green for 60 months, using the straight-line method. Ichigo Green anticipates such expenses to be JPY 17 million and JPY 34 million for FY18/6 Half-Year and FY18/6 Full-Year, respectively.<br>• Interest expenses and other borrowing-related expenses of JPY 41 million and JPY 80 million are anticipated for FY18/6 Half-Year and FY18/6 Full-Year, respectively. |
| Loans | • Ichigo Green assumes outstanding debt of JPY 7.336 billion and JPY 7.160 billion as of the end of FY18/6 Half-Year and FY18/6 Full-Year, respectively.<br>• Loan-to-Value (LTV) as of the end of FY18/6 Half-Year and FY18/6 Full-Year is anticipated at 59.7% and 58.6%, respectively. LTV is calculated with the following formula:<br>LTV = Total interest-bearing debt / total assets * 100 |
| Dividend (excluding Dividend in Excess of Earnings) | • The dividend forecast assumes that dividends will comply with the dividend policy stipulated in Ichigo Green's Articles of Incorporation.<br>• The dividend is subject to change due to factors such as power plant operator turnover, changes in power production revenue, and unexpected maintenance and repair costs and other expenses. |

| | |
|---|---|
| Dividend in Excess of Earnings | • Ichigo Green sets its Dividend in Excess of Earnings based on its Articles of Incorporation and dividend policy set forth in Ichigo Investment Advisors' internal Operating Guidelines.<br>• It is Ichigo Green's general policy to pay a cash Dividend in Excess of Earnings equivalent to c. 40% of annual depreciation expenses, subject to the dividend not adversely affecting Ichigo Green's financial standing. The policy is based upon a) such dividend not affecting Ichigo Green's long-term maintenance policy, taking into consideration planned capital expenditure for each fiscal year, and b) a certain amount of retained cash is necessary to cover items such as acquisition of new power plants, maintenance of existing power plants, working capital needs, and loan repayments.<br>• Ichigo Green expects to pay a Dividend in Excess of Earnings equivalent to 35.3% of annual depreciation expense for FY18/6. The Total Dividend in Excess of Earnings is expected to be JPY 224 million and Dividend in Excess of Earnings (per Share) is expected to be JPY 4,360. |
| Other | • This forecast assumes that there are no material revisions to laws and regulations, the tax system, accounting standards, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association, Japan, and no material changes in the state of the economy and real estate market conditions. |

Financial Statements

(1) Balance Sheet

(JPY thousand)

| | FY16/9 (as of September 30, 2016) | FY17/6 (as of June 30, 2017) |
|---|---|---|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 228,636 | 759,965 |
| Accounts receivable | – | 220,175 |
| Prepaid expenses | – | 42,363 |
| Consumption taxes receivable | – | 779,298 |
| Deferred tax assets | 2,191 | 19 |
| Other | – | – |
| Total Current Assets | 230,828 | 1,801,822 |
| Fixed Assets | | |
| Property, Plant, and Equipment | | |
| Solar power plant equipment | – | 10,094,384 |
| Depreciation | – | -326,300 |
| Solar power plant equipment (net) | – | 9,768,083 |
| Land | – | 133,163 |
| Buildings under construction | 540 | – |
| Total Property, Plant, and Equipment | 540 | 9,901,246 |
| Investments and Other Assets | | |
| Tenant leasehold and security deposits | 10,000 | 10,000 |
| Long-term prepaid expenses | – | 120,850 |
| Total Investments and Other Assets | 10,000 | 130,850 |
| Total Fixed Assets | 10,540 | 10,032,097 |
| Deferred Assets | | |
| Expenses related to the establishment of Ichigo Green | 51,961 | 49,941 |
| Share issuance expenses | 4,080 | 52,073 |
| Start-up expenses | – | 2,208 |
| Total Deferred Assets | 56,041 | 104,223 |
| Total Assets | 297,409 | 11,938,143 |

(JPY thousand)

| | FY16/9 (as of September 30, 2016) | FY17/6 (as of June 30, 2017) |
|---|---|---|
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | – | 11,143 |
| Short-term loans | – | 760,000 |
| Long-term loans (due within one year) | – | 336,278 |
| Accounts payable – other | 2,121 | 23,442 |
| Accrued expenses | – | 131 |
| Income taxes payable | 72 | 1,103 |
| Total Current Liabilities | 2,193 | 1,132,098 |
| Long-Term Liabilities | | |
| Long-term loans | – | 5,762,182 |
| Total Long-Term Liabilities | – | 5,762,182 |
| Total Liabilities | 2,193 | 6,894,281 |
| Net Assets | | |
| Shareholders' Equity | | |
| Shareholders' capital | 300,000 | 4,954,368 |
| Surplus | | |
| Unappropriated retained earnings | -4,784 | 89,494 |
| Total Surplus | -4,784 | 89,494 |
| Total Shareholders' Equity | 295,215 | 5,043,862 |
| Total Net Assets | 295,215 | 5,043,862 |
| Total Liabilities and Net Assets | 297,409 | 11,938,143 |

(2) Income Statement

(JPY thousand)

| | FY16/9 (June 24, 2016 to September 30, 2016) | FY17/6 (October 1, 2016 to June 30, 2017) |
|---|---|---|
| Operating Revenue | | |
| Solar power plant revenue | – | 566,623 |
| Total Operating Revenue | – | 566,623 |
| Operating Expenses | | |
| Solar power plant expenses | – | 371,835 |
| Asset management fee | – | 16,998 |
| Custodian fee | 406 | 1,909 |
| Other administrative expenses | 1,069 | 2,997 |
| Directors' compensation | 2,263 | 6,300 |
| Other | 202 | 7,901 |
| Total Operating Expenses | 3,941 | 407,941 |
| Operating Profit (Loss) | -3,941 | 158,681 |
| Non-Operating Income | | |
| Interest income | – | 2 |
| Total Non-Operating Income | – | 2 |
| Non-Operating Expenses | | |
| Interest expenses | – | 28,344 |
| Borrowing-related expenses | – | 10,063 |
| Amortization of expenses related to the establishment of Ichigo Green | 2,721 | 9,019 |
| Amortization of share-issuance expenses | 240 | 13,411 |
| Other | – | 291 |
| Total Non-Operating Expenses | 2,961 | 61,129 |
| Recurring Profit (Loss) | -6,903 | 97,554 |
| Pre-Tax Income | -6,903 | 97,554 |
| Income Taxes – Current | 72 | 1,103 |
| Income taxes – Deferred | -2,191 | 2,172 |
| Total Income Taxes | -2,118 | 3,275 |
| Net Income (Loss) | -4,784 | 94,279 |
| Retained Earnings (Loss) Brought Forward | – | -4,784 |
| Unappropriated Retained Earnings (Loss) | -4,784 | 89,494 |

(3) Statement of Shareholders' Equity

FY16/9 (June 24, 2016 to September 30, 2016)

(JPY thousand)

| | Shareholders' Equity | | | | Total Net Assets |
|---|---|---|---|---|---|
| | Paid-In Capital | Surplus | | Total Shareholders' Equity | |
| | | Unappropriated Retained Earnings (Loss) | Total Surplus | | |
| Balance as of June 24, 2016 | – | – | – | – | – |
| Changes during the Period | | | | | |
| Issuance of New Shares | 300,000 | | | 300,000 | 300,000 |
| Net Income (Loss) | | -4,784 | -4,784 | -4,784 | -4,784 |
| Total Changes | 300,000 | -4,784 | -4,784 | 295,215 | 295,215 |
| Balance as of September 30, 2016 | 300,000 | -4,784 | -4,784 | 295,215 | 295,215 |

FY17/6 (October 1, 2016 to June 30, 2017)

(JPY thousand)

| | Shareholders' Equity | | | | Total Net Assets |
|---|---|---|---|---|---|
| | Paid-In Capital | Surplus | | Total Shareholders' Equity | |
| | | Unappropriated Retained Earnings (Loss) | Total Surplus | | |
| Balance as of October 1, 2016 | 300,000 | -4,784 | -4,784 | 295,215 | 295,215 |
| Changes during the Period | | | | | |
| Issuance of New Shares | 4,654,368 | | | 4,654,368 | 4,654,368 |
| Net Income (Loss) | | 94,279 | 94,279 | 94,279 | 94,279 |
| Total Changes | 4,654,368 | 94,279 | 94,279 | 4,748,647 | 4,748,647 |
| Balance as of June 30, 2017 | 4,954,368 | 89,494 | 89,494 | 5,043,862 | 5,043,862 |

(4) Notes to the Calculation of Dividends

| | FY16/9<br>June 24, 2016 to<br>September 30, 2016 | FY17/6<br>October 1, 2016 to<br>June 30, 2017 |
|---|---|---|
| I Unappropriated Retained Earnings (Loss) | -JPY 4,784,715 | JPY 89,494,380 |
| II Total Dividends | – | JPY 220,244,274 |
| Dividend per Share | – | JPY 4,278 |
| Total Dividends (excluding Dividend in Excess of Earnings) | – | JPY 89,477,454 |
| Dividend per Share (excluding Dividend in Excess of Earnings) | – | JPY 1,738 |
| Total Dividends in Excess of Earnings | – | JPY 130,766,820 |
| Per-Share Dividend in Excess of Earnings | – | JPY 2,540 |
| III Retained Earnings (Loss) Brought Forward | -JPY 4,784,715 | JPY 16,926 |

(4) Cash Flow Statement

(JPY thousand)

| | FY16/9 (June 24, 2016 to September 30, 2016) | FY17/6 (October 1, 2016 to June 30, 2017) |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Pre-tax net income (loss) | -6,903 | 97,554 |
| Depreciation | – | 326,300 |
| Amortization of expenses related to the establishment of Ichigo Green | 2,721 | 9,019 |
| Amortization of share-issuance expenses | 240 | 13,411 |
| Interest income | – | -2 |
| Interest expense | – | 28,344 |
| Decrease (increase) in operating accounts receivable | – | -220,175 |
| Decrease (increase) in consumption taxes receivable | – | -779,298 |
| Decrease (increase) in prepaid expenses | – | -42,363 |
| Decrease (increase) in long-term prepaid expenses | – | -120,850 |
| Increase (decrease) in operating accounts payable | – | 11,143 |
| Increase (decrease) in accounts payable | 1,581 | 21,860 |
| Other | – | 291 |
| Sub-total | -2,360 | -654,764 |
| Interest income received | – | 2 |
| Interest expense paid | – | -28,212 |
| Income taxes paid | – | -72 |
| Net Cash from (Used for) Operating Activities | -2,360 | -683,047 |
| Cash Flows from Investing Activities: | | |
| Acquisition of property, plant, and equipment | – | -10,227,547 |
| Payment of deposits | -10,000 | – |
| Expenses related to the establishment of Ichigo Green | -54,682 | -7,000 |
| Other | – | -2,500 |
| Net Cash from (Used for) Investing Activities | -64,682 | -10,237,047 |
| Cash Flows from Financing Activities: | | |
| Proceeds from short-term loans | – | 760,000 |
| Proceeds from long-term loans | – | 6,192,000 |
| Repayment of long-term loans | – | -93,539 |
| Proceeds from share issuance | 300,000 | 4,654,368 |
| Share-issuance expenses | -4,320 | -61,404 |
| Net Cash from (Used for) Financing Activities | 295,680 | 11,451,424 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 228,636 | 531,328 |
| Cash and Cash Equivalents at Beginning of Period | – | 228,636 |
| Cash and Cash Equivalents at End of Period | 228,636 | 759,965 |

Notes to Balance Sheet

1. Minimum Net Assets Stipulated in the Investment Trust and Investment Corporation Law

(JPY thousand)

| FY16/9<br>September 30, 2016 | FY17/6<br>June 30, 2017 |
|---|---|
| 50,000 | 50,000 |

Notes to Income Statement

1. Details of Solar Power Plant Revenue

(JPY thousand)

| | FY16/9<br>June 24, 2016 to<br>September 30, 2016 | FY17/6<br>October 1, 2016 to<br>June 30, 2017 |
|---|---|---|
| A. Revenue | | |
| Base Revenue | – | 516,549 |
| Additional Revenue | – | 50,074 |
| Total | – | 566,623 |
| B. Expenses | | |
| Property and City Planning Taxes | – | 45,534 |
| Depreciation Expense | – | 326,300 |
| Total | – | 371,835 |
| C. Power Production Income (A) – (B) | – | 194,788 |

Notes to Statement of Shareholders' Equity

| | FY16/9<br>June 24, 2016 to<br>September 30, 2016 | FY17/6<br>October 1, 2016 to<br>June 30, 2017 |
|---|---|---|
| Number of Authorized Shares | 10,000,000 | 10,000,000 |
| Number of Issued & Outstanding Shares | 3,000 | 51,483 |

Notes to Cash Flow

1. Relationship between Cash and Cash Equivalents at End of the Fiscal Year and Items Shown on the Balance Sheet

(JPY thousand)

| | FY16/9<br>June 24, 2016 to<br>September 30, 2016 | FY17/6<br>October 1, 2016 to<br>June 30, 2017 |
|---|---|---|
| Cash and deposits | 228,636 | 759,965 |
| Cash and cash equivalents | 228,636 | 759,965 |

Per Share Information

(JPY)

| | FY16/9 (June 24, 2016 to September 30, 2016) | FY17/6 (October 1, 2016 to June 30, 2017) |
|---|---|---|
| Net Assets per Share | 98,405 | 97,971 |
| Net Income per Share | -1,594 | 2,316 |

Note: Net Income per Share is calculated based on the weighted average number of shares during the period. There are no potentially dilutive shares outstanding. The data used to calculate Net Income per Share is shown below.

(JPY thousand)

| | FY16/9 (June 24, 2016 to September 30, 2016) | FY17/6 (October 1, 2016 to June 30, 2017) |
|---|---|---|
| Net Income | -4,784 | 94,279 |
| Income not attributable to common shareholders | – | – |
| Net Income attributable to common shareholders | -4,784 | 94,279 |
| Average number of shares in the fiscal period | 3,000 shares | 40,703 shares |

New Share Issuance

| Date | Method | Total Number of Shares | | Issue Amount (JPY million) | |
|---|---|---|---|---|---|
| | | Issued | Outstanding | Increase | Total |
| June 24, 2016 | Private Offering[1] | 3,000 | 3,000 | 300 | 300 |
| November 30, 2016 | Initial Public Offering[2] | 47,180 | 50,180 | 4,529 | 4,829 |
| December 26, 2016 | Third-Party Allotment to Underwriter (Greenshoe)[3] | 1,303 | 51,483 | 125 | 4,954 |

[1] 3,000 shares were issued for the establishment of Ichigo Green at a share price of JPY 100,000.

[2] New shares were issued for an initial public offering on the Tokyo Stock Exchange at a share price of JPY 100,000 (subscription price of JPY 96,000) to procure funds for asset acquisitions.

[3] New shares were issued via third-party allotment as part of the initial public offering to the underwriter (Greenshoe).

Solar Power Plant Information

Solar Power Plant Portfolio Composition

| Asset Type | Region | FY17/6 | |
|---|---|---|---|
| | | Book Value (JPY million) | % of Total |
| Solar Power Plant | Hokkaido | 3,438 | 28.8% |
| | Kanto | 483 | 4.1% |
| | Chubu | 519 | 4.3% |
| | Shikoku | 1,579 | 13.2% |
| | Kyushu | 513 | 4.3% |
| | Okinawa | 3,368 | 28.2% |
| Sub-total | | 9,901 | 82.9% |
| Deposits & Other Assets | | 2,036 | 17.1% |
| Total Assets | | 11,938 | 100.0% |

Region: Prefectures
Hokkaido: Hokkaido
Kanto: Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa,
Chubu: Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano, Gifu, Shizuoka, Aichi
Shikoku: Tokushima, Kagawa, Ehime, Kochi
Kyushu: Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima,
Okinawa: Okinawa

Solar Power Plant Details

(as of June 30, 2017)

| No. | Solar Power Plant | Location | Total Area ($m^2$) | FIT (JPY) | Certification Date | FIT Period |
|---|---|---|---|---|---|---|
| E-01 | Ichigo Kiryu Okuzawa | Gunma | 27,588.00 | 40 | Feb 14, 2013 | Sep 29, 2033 |
| E-02 | Ichigo Motomombetsu | Hokkaido | 48,946.89 | 40 | Jul 4, 2012 | Feb 2, 2034 |
| E-03 | Ichigo Muroran Hatchodaira | Hokkaido | 35,801.00 | 40 | Feb 15, 2013 | Mar 2, 2034 |
| E-04 | Ichigo Engaru Kiyokawa | Hokkaido | 27,164.16 | 40 | Mar 4, 2013 | Mar 3, 2034 |
| E-05 | Ichigo Iyo Nakayamacho Izubuchi | Shikoku | 26,260.77 | 40 | Jul 11, 2012 | Apr 1, 2034 |
| E-06 | Ichigo Nakashibetsu Midorigaoka | Hokkaido | 54,870.00 | 40 | Feb 19, 2013 | Nov 3, 2034 |
| E-07 | Ichigo Abira Toasa | Hokkaido | 29,730.72 | 40 | Jul 4, 2012 | Dec 1, 2034 |
| E-08 | Ichigo Toyokoro | Hokkaido | 29,004.00 | 40 | Feb 22, 2013 | Dec 3, 2034 |
| E-09 | Ichigo Nago Futami | Okinawa | 146,294.00 | 40 | Mar 15, 2013 | Feb 1, 2035 |
| E-10 | Ichigo Engaru Higashimachi | Hokkaido | 46,329.00 | 40 | Feb 15, 2013 | Feb 2, 2035 |
| E-11 | Ichigo Takamatsu Kokubunjicho Nii | Shikoku | 79,340.00 | 36 | Feb 20, 2014 | Jun 1, 2035 |
| E-12 | Ichigo Miyakonojo Yasuhisacho | Kyushu | 94,165.00 | 36 | Feb 14, 2014 | Jul 7, 2035 |
| E-13 | Ichigo Toyokawa Mitocho Sawakihama | Aichi | 19,393.00 | 32 | Feb 13, 2015 | Sep 15, 2035 |

Acquisition Price, Appraisal Value, and Book Value of Solar Power Plants

(as of June 30, 2017)

| No. | Solar Power Plant | Solar Energy Producer | Power Purchaser | Acquisition Price (JPY million) | Appraisal Value (JPY million) | Appraisal Value Breakdown (JPY million) Top: Power Plant Bottom: Real Estate | Book Value (JPY million) |
|---|---|---|---|---|---|---|---|
| E-01 | Ichigo Kiryu Okuzawa | Ichigo Kiryu ECO Okuzawa Power Plant GK | TEPCO Energy Partner | 489 | 508 | 508 | 483 |
| | | | | | | – | – |
| E-02 | Ichigo Motomombetsu | Ichigo ECO Motomombetsu Power Plant GK | Hokkaido Electric | 495 | 513 | 513 | 490 |
| | | | | | | – | – |
| E-03 | Ichigo Muroran Hatchodaira | Ichigo ECO Muroran Hatchodaira Power Plant GK | Hokkaido Electric | 467 | 486 | 486 | 462 |
| | | | | | | – | – |
| E-04 | Ichigo Engaru Kiyokawa | Ichigo Engaru Kiyokawa ECO Power Plant GK | Hokkaido Electric | 398 | 400 | 400 | 395 |
| | | | | | | – | – |
| E-05 | Ichigo Iyo Nakayamacho Izubuchi | Ichigo ECO Iyo Nakayamacho Izubuchi Power Plant GK | Shikoku Electric | 471 | 494 | 494 | 467 |
| | | | | | | – | – |
| E-06 | Ichigo Nakashibetsu Midorigaoka | Ichigo Nakashibetsu Midorigaoka ECO Power Plant GK | Hokkaido Electric | 770 | 764 | 764 | 760 |
| | | | | | | – | – |
| E-07 | Ichigo Abira Toasa | Ichigo Abira Toasa ECO Power Plant GK | Hokkaido Electric | 441 | 450 | 450 | 437 |
| | | | | | | – | – |
| E-08 | Ichigo Toyokoro | Ichigo Toyokoro ECO Power Plant GK | Hokkaido Electric | 434 | 449 | 449 | 430 |
| | | | | | | – | – |

| No. | Solar Power Plant | Solar Energy Producer | Power Purchaser | Acquisition Price (JPY million) | Appraisal Value (JPY million) | Appraisal Value Breakdown (JPY million) Top: Power Plant Bottom: Real Estate | Book Value (JPY million) |
|---|---|---|---|---|---|---|---|
| E-09 | Ichigo Nago Futami | Ichigo ECO Nago Futami Power Plant GK | Okinawa Electric | 3,425 | 3,688 | 3,688 | 3,368 |
| | | | | | | – | – |
| E-10 | Ichigo Engaru Higashimachi | Ichigo Engaru Higashimachi ECO Power Plant GK | Hokkaido Electric | 464 | 466 | 466 | 460 |
| | | | | | | – | – |
| E-11 | Ichigo Takamatsu Kokubunjicho Nii | Ichigo ECO Energy | Shikoku Electric | 1,124 | 1,136 | 1,024 | 978 |
| | | | | | | 112 | 133 |
| E-12 | Ichigo Miyakonojo Yasuhisacho | Ichigo Miyakonojo Yasuhisacho ECO Power Plant GK | Kyushu Electric | 517 | 545 | 545 | 513 |
| | | | | | | – | – |
| E-13 | Ichigo Toyokawa Mitocho Sawakihama | Ichigo Toyokawa Mitocho Sawakihama ECO Power Plant GK | Chubu Electric | 523 | 499 | 499 | 519 |
| | | | | | | – | – |
| Total | | | | 10,018 | 10,400 | 10,288 | 9,768 |
| | | | | | | 112 | 133 |

[1] Acquisition price excludes incidental expenses such as property, city planning, and consumption taxes.
[2] Appraisal Value is a median calculated pursuant to Ichigo Green's Articles of Incorporation (Article 35, Paragraph 2, Item 1) and using land and power plant appraisal values provided by PwC Sustainability LLC.
[3] The top row of the Appraisal Value Breakdown column shows the Plant Appraisal Value, calculated as the difference between the Appraisal Value described in footnote 2 above and the corresponding Real Estate Appraisal Value in reports produced by Daiwa Real Estate Appraisal. Values in the second row show the Real Estate appraisal value by Daiwa Real Estate Appraisal.
[4] The top row of the Book Value column shows the book value of the solar power plant and the bottom row shows that of the underlying land at fiscal year-end.

Earnings by Solar Power Plant

(JPY thousand)

| No. | Total Portfolio | E-01 | E-02 | E-03 | E-04 |
|---|---|---|---|---|---|
| Solar Power Plant | | Ichigo Kiryu Okusawa | Ichigo Motomom-betsu | Ichigo Muroran Hatcho-daira | Ichigo Engaru Kiyokawa |
| (1) Revenue | 566,623 | 36,329 | 28,151 | 28,939 | 22,057 |
| Base revenue | 516,549 | 28,137 | 27,021 | 26,279 | 21,412 |
| Additional revenue | 50,074 | 8,192 | 1,130 | 2,660 | 644 |
| (2) Expenses | 45,534 | 3,228 | 2,222 | 2,104 | 1,795 |
| Depreciable asset tax | 45,281 | 3,224 | 2,218 | 2,100 | 1,791 |
| Fixed asset tax | 204 | – | – | – | – |
| Other | 48 | 4 | 4 | 4 | 4 |
| (3) NOI | 521,089 | 33,100 | 25,929 | 26,834 | 20,262 |
| (4) Depreciation Expense | 326,300 | 17,364 | 17,153 | 16,114 | 13,759 |
| (5) Net Income | 194,788 | 15,736 | 8,775 | 10,719 | 6,502 |

| No. | E-05 | E-06 | E-07 | E-08 | E-09 |
|---|---|---|---|---|---|
| Solar Power Plant | Ichigo Iyo Nakayama-cho Izubuchi | Ichigo Nakashibetsu Midorigaoka | Ichigo Abira Toasa | Ichigo Toyokoro | Ichigo Nago Futami |
| (1) Revenue | 28,146 | 47,629 | 27,050 | 27,243 | 173,505 |
| Base revenue | 24,889 | 42,733 | 24,562 | 24,717 | 166,671 |
| Additional revenue | 3,256 | 4,895 | 2,487 | 2,525 | 6,833 |
| (2) Expenses | 2,118 | 3,405 | 1,961 | 1,970 | 15,238 |
| Depreciable asset tax | 2,114 | 3,401 | 1,957 | 1,966 | 15,234 |
| Fixed asset tax | – | – | – | – | – |
| Other | 4 | 4 | 4 | 4 | 4 |
| (3) NOI | 26,027 | 44,223 | 25,088 | 25,273 | 158,266 |
| (4) Depreciation Expense | 16,199 | 25,478 | 14,595 | 14,364 | 111,208 |
| (5) Net Income | 9,828 | 18,745 | 10,493 | 10,909 | 47,058 |

| No. | E-10 | E-11 | E-12 | E-13 |
|---|---|---|---|---|
| Solar Power Plant | Ichigo Engaru Higashimachi | Ichigo Takamatsu Kokubunjicho Nii | Ichigo Miyakonojo Yasuhisacho | Ichigo Miyakonojo Mitocho Sawakihama |
| (1) Revenue | 23,714 | 61,415 | 29,569 | 32,871 |
| Base revenue | 23,714 | 53,955 | 26,755 | 25,698 |
| Additional revenue | – | 7,459 | 2,814 | 7,173 |
| (2) Expenses | 2,106 | 4,654 | 2,360 | 2,367 |
| Depreciable asset tax | 2,102 | 4,449 | 2,356 | 2,363 |
| Fixed asset tax | – | 204 | – | – |
| Other | 4 | – | 4 | 4 |
| (3) NOI | 21,607 | 56,760 | 27,209 | 30,504 |
| (4) Depreciation Expense | 15,209 | 31,703 | 16,555 | 16,594 |
| (5) Net Income | 6,398 | 25,056 | 10,653 | 13,910 |