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FY19/6 Earnings Forecast Revision

Ichigo Green is revising up its FY19/6 earnings forecast from the previous forecast announced in the February 14, 2019 release "FY19/6 H1 Earnings."

1. FY19/6 Earnings Forecast Revision

(JPY million)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income	Dividend per Share (excluding DEE) (JPY)	DEE per Share (JPY)	Dividend per Share (JPY)
Previous Forecast (A)	1,090	254	144	143	1,375	2,185	3,560
New Forecast (B)	1,118	282	174	173	1,680	2,185	3,865
Difference (B) - (A)	+27	+27	+30	+29	+305	–	+305
% Change	+2.5%	+10.8%	+21.1%	+20.9%	+22.2%	–	+8.6%
Reference: FY18/6 Actual	1,153	325	212	210	2,046	2,180	4,226

Period-end number of shares outstanding: 102,966 shares Net Income per Share: JPY 1,680

DEE = Dividend in Excess of Earnings. The DEE is being paid from Ichigo Green's solar power production revenues (which Ichigo Green receives in cash) that are not treated as income under Japanese tax rules because they are offset by non-cash depreciation expenses.

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).

For details on the preconditions of the FY19/6 earnings forecast, please refer to the "Preconditions for the FY19/6 Earnings Forecast" on pages 3 and 4.

2. FY19/6 Earnings Forecast Revision Rationale

Ichigo Green is revising up its FY19/6 earnings forecast to reflect significantly above-forecast power generation at the Ichigo Kiryu Okuzawa, Ichigo Muroran Hatchodaira, Ichigo Toyokawa Mitocho Sawakihama, Ichigo Yamaguchi Aionishi, and Ichigo Yamaguchi Sayama ECO Power Plants, and below-forecast power plant operating expenses. As a result, forecast Dividend per Share (excluding DEE) and forecast Dividend per Share will increase 22.2% and 8.6%, respectively.

There are no changes to the earnings forecasts for FY20/6 through FY26/6 announced in the November 28, 2017 release "Stock Split."

Preconditions for the FY19/6 Earnings Forecast

	Preconditions
Period	FY19/6 : July 1, 2018 to June 30, 2019 (365 days)
Number of Shares	• 102,966 shares issued and outstanding as of the end of FY19/6
Number of Power Plants	• 15 power plants
Operating Revenue	• Power production revenue is based on actual power generation. • Specifically, power production revenue is calculated by adding base revenue (electricity sales revenue based on the annual P85 production forecast minus forecast operating expenses) to actual power generation revenue (electricity sales revenue based on actual power generation minus base revenue, forecast operating expenses, and actual additional operating expenses). • 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. • Forecast operating expenses are the total of renewable energy plant operation and maintenance expenses (including fees paid to maintenance service providers and repair costs), 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. • Because Ichigo Green is currently auditing its FY19/6 results, FY19/6 power production revenue has not been finalized.
Operating Expenses	• 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 15 power plants Ichigo Green owns as of August 2, 2019, the property tax is reduced by JPY 15 million to JPY 104 million for FY19/6. • Depreciation (including incidental costs) is calculated using the straight-line method and is forecast to be JPY 636 million for FY19/6.
Non-Operating Expenses	• Ichigo Green plans to amortize expenses associated with its December 2016 Tokyo Stock Exchange (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 34 million for FY19/6. • Interest expenses and other borrowing-related expenses of JPY 73 million are anticipated for FY19/6.
Loans	• Ichigo Green assumes outstanding debt of JPY 6.73 billion as of the end of FY19/6. • Loan to value (“LTV”) as of the end of FY19/6 is anticipated to be 57.8%. LTV is calculated using the following formula: LTV = Total interest-bearing debt / total assets * 100
Dividend per Share (excluding DEE)	• The Dividend per Share forecast assumes that dividends will comply with the dividend policy stipulated in Ichigo Green’s Articles of Incorporation. • Because Ichigo Green’s fourth fiscal year ended in June 2019 and Ichigo Green is currently auditing its financial results, the Dividend per Share is subject to change.

DEE (Dividend in Excess of Earnings) per Share	• Ichigo Green calculates its DEE per Share based on its Articles of Incorporation and dividend policy set forth in Ichigo Investment Advisors' internal Operating Guidelines. • 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 assumes a) such dividend shall not affect 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. • Ichigo Green expects to pay a DEE equivalent to 35.4% of annual depreciation expense for FY19/6. • Because a dividend in excess of earnings will decrease cash-on-hand, it may result in a possible cash shortfall when there is a sudden and unexpected need for capital expenditure, or may limit flexibility in financing power plants acquisitions. Any dividend in excess of earnings will be deducted from paid-in capital or retained earnings.
Other	• This forecast assumes that there are no material revisions to laws and regulations, tax rules, 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.