



[Provisional Translation Only] This English translation of the original Japanese document is provided solely for information purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

FY18/2 H1 Earnings

October 12, 2017

Ichigo Inc. (Tokyo Stock Exchange First Section, 2337) Representative: Takuma Hasegawa, President Inquiries: Go Watanabe, Executive Managing Director Telephone: +81-3-3502-4818 www.ichigo.gr.jp/en/ Submission of the Financial Report (Shihanki Hokokusho): October 13, 2017 (expected) Dividend Payment: N/A Supplemental Materials to Financial and Business Results: Yes Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. FY18/2 H1 Consolidated Financial Results (March 1, 2017 to August 31, 2017)

(1) Consolidated Financial Results

(YOY = year-on-year % change)

	Revenue (JPY million)	-	Operatin (JPY milli	0	Recurrin (JPY milli	0	Net In (JPY milli	
FY18/2 H1	33,386 -	-61.2%	12,650	-15.6%	11,562	-16.4%	8,873	-25.7%
FY17/2 H1	85,991 +4	88.7%	14,984	+205.0%	13,834	+217.9%	11,935	+182.7%

Note: Comprehensive income FY18/2 H1: JPY 8,801 million (-22.2% YOY) FY17/2 H1: JPY 11,308 million (+193.7% YOY)

	Net Income per Share (basic, JPY)	Net Income per Share (diluted, JPY)
FY18/2 H1	17.74	17.71
FY17/2 H1	23.79	23.67

(2) Consolidated Financial Condition

	Total Assets (JPY million)	Net Assets (JPY million)	Equity Ratio (%)	Net Assets per Share (JPY)
FY18/2 H1	286,732	88,281	29.7	170.57
FY17/2	273,459	83,443	29.4	159.60

Note: Shareholders' equity FY18/2 H1: JPY 85,091 million FY17/2: JPY 80,339 million

2. Dividends

		Dividend per Share (JPY)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	
FY17/2	_	_	—	5	5	
FY18/2 (Forecast)	—	—	—	6	6	

Changes since the previously announced forecast: None

3. FY18/2 Full-Year Consolidated Forecast (March 1, 2017 to February 28, 2018) (YOY = year-on-year % change)

				(101	– year-on-year	% change)
	Revenue (JPY million) YOY		Operating Profit (JPY million) YOY		Recurring Profit (JPY million) YOY	
FY18/2	75,500	-30.9%	20,600	-5.4%	18,300	-7.4%
	Net Income (JPY million) YOY		Net Income per Share (JPY)			
FY18/2	13,500	-9.4%	26.9	8		

Changes since the previously announced forecast: None

Note: Ichigo provides a full-year earnings forecast, but not a half-year forecast, because Ichigo believes 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 (2):	SA3 GK Tokumei Kumiai, Carpe Diem GK Tokumei Kumiai
Subsidiaries removed from consolidation (1):	None

(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:	Yes
(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

FY18/2 H1: FY17/2: (ii) Number of treas	503,797,700 503,712,300
(II) Number of treas	sury shares
FY18/2 H1: FY17/2:	4,943,000 329,600
(iii) Average number	er of outstanding shares
FY18/2 H1: FY17/2 H1:	500,323,426 501,785,169

Note on Appropriate Use of Forecasts

Forward-looking statements contained in these materials are based on judgments regarding information that was available to Ichigo as of the announcement date. However, these statements involve risk and uncertainties, and actual earnings may differ significantly from the indicated forecasts.

5. Segment Information

<u>Asset Management</u> generates fee income via the management of Ichigo Office REIT (8975), Ichigo Hotel REIT (3463), Ichigo Green Infrastructure Investment Corporation ("Ichigo Green," 9282), and providing real estate services related to real estate acquisition, operations, and disposition.

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

<u>Clean Energy</u> is 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.

Consolidated Balance Sheet (FY18/2 H1)

		(JPY million)
	FY17/2	FY18/2 H1
	(Feb 28, 2017)	(August 31, 2017)
Assets		
Current Assets		
Cash and cash equivalents	47,678	55,491
Trade notes and accounts receivable	913	790
Operational loan investments	1,324	1,324
Operational securities investments	1,433	30
Real estate for sale	167,805	170,243
Deferred tax assets	516	491
Other	3,125	1,365
Less: allowance for doubtful accounts	-453	-30
Total Current Assets	222,344	229,707
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures (net)	7,375	9,614
Solar power plant equipment (net)	7,246	6,753
Land	18,627	22,808
Buildings under construction	9	190
Solar power plants under construction	12,308	12,609
Other (net)	85	110
Total Property, Plant, and Equipment	45,654	52,087
Intangible Assets		
Goodwill	1,864	1,276
Leasehold rights	62	135
Other	29	98
Total Intangible Assets	1,956	1,509
Investments and Other Assets		
Securities investments	1,426	1,407
Long-term loans receivable	10	10
Deferred tax assets	339	355
Other	1,820	1,747
Less: allowance for doubtful accounts	-92	-91
Total Investments and Other Assets	3,504	3,428
Total Fixed Assets	51,115	57,024
Total Assets	273,459	286,732

	FY17/2	FY18/2 H1
	(Feb 28, 2017)	(Aug 31, 2017)
Liabilities		
Current Liabilities		
Trade notes and accounts payable	110	_
Short-term loans	805	2,436
Short-term non-recourse loans	611	,
Bonds (due within one year)	112	112
Long-term loans (due within one year)	5,209	4,726
Long-term non-recourse loans (due within		
one year)	6,825	7,160
Income taxes payable	1,655	3,082
Deferred tax liabilities	62	107
Accrued bonuses	36	150
Other current liabilities	4,119	3,799
Total Current Liabilities	19,548	21,575
Long-Term Liabilities		
Bonds	632	576
Non-recourse bonds	100	100
Long-term loans	91,604	110,865
Long-term non-recourse loans	68,319	54,548
Deferred tax liabilities	1,147	1,752
Long-term security deposits received	8,038	8,182
Other long-term liabilities	624	849
Total Long-Term Liabilities	170,467	176,874
Total Liabilities	190,015	198,450
Net Assets		
Shareholders' Equity		
Capital	26,650	26,655
Capital reserve	11,056	11,058
Retained earnings	42,840	49,189
Treasury shares	-15	-1,511
Total Shareholders' Equity	80,532	85,392
Accumulated Other Comprehensive Income		
	117	81
Valuation gain (loss) on other securities Deferred gain (loss) on long-term interest rate	11/	01
hedges	-365	-382
Foreign currency translation adjustment	55	
Total Accumulated Other Comprehensive	55	
Income	-192	-300
Stock Options	491	598
Minority Interests	2,612	2,591
Total Net Assets	83,443	88,281
Total Liabilities and Net Assets	273,459	286,732
i viai Liavinues anu ivel Assets	213,439	200,752

Consolidated Income Statement (FY18/2 H1)

	FY17/2 H1	FY18/2 H1
	$(M_{ex} 1, 2016)$	
	(Mar 1, 2016	(Mar 1, 2017
	to Aug 31, 2016)	to Aug 31, 2017)
Revenue	85,991	33,386
Cost of Goods Sold	68,522	18,373
Gross Profit	17,468	15,013
SG&A	2,484	2,362
Operating Profit	14,984	12,650
Non-Operating Income		
Interest income	-	3
Dividend income	11	26
Other	14	29
Total Non-Operating Income	26	59
Non-Operating Expenses		
Interest expense	722	596
Mark-to-market loss on long-term interest rate hedges	_	305
Debt financing-related fees	346	156
Other	107	87
Total Non-Operating Expenses	1,175	1,146
Recurring Profit	13,834	11,562
Extraordinary Gains		
Gain on sale of securities investments	2,427	_
Gain on sale of shares in affiliates	—	1,221
Total Extraordinary Gains	2,427	1,221
Extraordinary Losses		
Loss on disposal of fixed assets	—	11
Earthquake-related damages	242	_
Total Extraordinary Losses	242	11
Pre-Tax Net Income	16,019	12,772
Income Taxes	3,812	3,862
Pre-Minority Interest Net Income	12,206	8,910
Net Income Attributable to Minority		,
Interests	271	36
Net Income	11,935	8,873

Consolidated Income Statement (FY18/2 Q2 Stand-Alone)

		(JPY million)
	FY17/2 Q2	FY18/2 Q2
	(Jun 1, 2016	(Jun 1, 2017
	to Aug 31, 2016)	to Aug 31, 2017)
Revenue	39,575	20,470
Cost of Goods Sold	28,719	9,459
Gross Profit	10,856	11,011
SG&A	1,284	1,171
Operating Profit	9,571	9,839
Non-Operating Income		
Interest income	_	3
Dividend income	8	6
Other	8	11
Total Non-Operating Income	17	21
Non-Operating Expenses		
Interest expense	340	307
Mark-to-market loss on long-term interest	_	48
rate hedges		-10
Debt financing-related fees	143	—
Other	76	39
Total Non-Operating Expenses	560	395
Recurring Profit	9,028	9,465
Extraordinary Gains		
Gain on sale of shares in affiliates	_	86
Total Extraordinary Gains	—	86
Extraordinary Losses		
Loss on disposal of fixed assets	_	11
Total Extraordinary Losses	_	11
Pre-Tax Net Income	9,028	9,539
Income Taxes	2,709	2,860
Pre-Minority Interest Net Income	6,319	6,678
Net Income Attributable to Minority		· · · · ·
Interests	-30	42
Net Income	6,350	6,635

Consolidated Statement of Comprehensive Income (FY18/2 H1)

	FY17/2 H1	FY18/2 H1
	(Mar 1, 2016	(Mar 1, 2017
	to Aug 31, 2016)	to Aug 31, 2017)
Net Income	12,206	8,910
Other Comprehensive Income		
Valuation gain (loss) on other securities	-589	-46
Deferred gain (loss) on long-term interest rate hedges	-283	-16
Foreign currency translation adjustment	-25	-45
Total Other Comprehensive Income	-898	-108
Comprehensive Income	11,308	8,801
Comprehensive income attributable to shareholders	11,052	8,513
Comprehensive income attributable to minority interests	255	287

		(JPY million)
	FY17/2 Q2	FY18/2 Q2
	(Jun 1, 2016	(Jun 1, 2017
	to Aug 31, 2016)	to Aug 31, 2017)
Net Income	6,319	6,678
Other Comprehensive Income		
Valuation gain (loss) on other securities	-326	-8
Deferred gain (loss) on long-term interest rate hedges	-71	19
Foreign currency translation adjustment	-17	-23
Total Other Comprehensive Income	-415	-13
Comprehensive Income	5,903	6,665
Comprehensive income attributable to shareholders	5,917	6,359
Comprehensive income attributable to minority interests	-13	306

Consolidated Statement of Comprehensive Income (FY18/2 Q2 Stand-Alone)

		(JPY million)
	FY17/2 H1	FY18/2 H1
	(Mar 1, 2016	(Mar 1, 2017
	to Aug 31, 2016)	to Aug 31, 2017)
Cash Flows from Operations:		
Pre-tax net income	16,019	12,772
Depreciation	460	359
Share-based compensation expenses	114	110
Amortization of goodwill	70	50
Increase (decrease) in accrued bonuses	110	148
Increase (decrease) in allowance for doubtful	-33	-353
accounts	-55	
Interest and dividend income	-11	-29
Interest expense	722	596
Loss (gain) on sale of shares in affiliates	—	-1,221
Loss (gain) on sale of securities investments	-2,427	—
Decrease (increase) in trading notes and	-330	161
receivables	-330	-161
Decrease (increase) in operational securities	2,571	1,594
investments	2,371	1,394
Decrease (increase) in real estate for sale	37,642	-1,638
Decrease (increase) in solar power plants for sale	—	996
Decrease (increase) in advances paid	10	980
Decrease (increase) in prepaid expenses	399	-25
Decrease (increase) in accounts receivable	-318	21
Increase (decrease) in accounts payable	-581	-542
Increase (decrease) in accrued expenses	17	-177
Increase (decrease) in security deposits received	-2,466	-135
Other	-202	1,138
Sub-Total	51,767	14,482
Interest and dividend income received	11	29
Interest expense paid	-634	-513
Income taxes paid	-549	-2,356
Income taxes refunded	1,153	14
Net Cash from (Used for) Operations	51,748	11,657

Consolidated Cash Flow Statement (FY18/2 H1)

FY172 H1 (Mar 1, 2016 to Aug 31, 2016)FY18/2 H1 (Mar 1, 2017)Cash Flows from Investments: Payments into time deposits-3,000-Redemptions of time deposits201-Payments for securities investments-3000-29Proceeds from sale of securities investments6,021-Acquisition of property, plant, and equipment-4,541-1,117Acquisition of subsidiary shares resulting in change of consolidation scopePayments of security deposits5Acquisition of subsidiary shares resulting in change of consolidation scope-2,096OtherNet increase (decrease) in short-term non-recourse loansNet increase (decrease) in short-term non-recourse loansProceeds from long-term loans Repayment of long-term non-recourse loansProceeds from long-term			(JPY million)
to Aug 31, 2016)to Aug 31, 2017)Cash Flows from Investments: Payments into time deposits-3,000-Redemptions of time deposits201-Payments for securities investments6,021-Acquisition of property, plant, and equipment-4,541-1,117Acquisition of subsidiary sharesPayments of SPC capital contributions-2Redemptions of scurity deposits5-Acquisition of subsidiary shares resulting in change of consolidation scope-Sale of subsidiary shares resulting in change of consolidation scope-OtherNet increase (decrease) in short-term non-recourse loans-Proceeds from hond issuance785-Redemption of scussicOtherOtherOtherOtherOtherOther		FY17/2 H1	FY18/2 H1
Cash Flows from Investments: Payments into time deposits-3,000-Redemptions of time deposits201-Payments for securitics investments-300-29Proceeds from sale of securities investments6,021-Acquisition of property, plant, and equipment-4,541-1,117Acquisition of property, plant, and equipment-4,541-1,117Acquisition of subsidiary shares resulting in echange of security depositsPayments of security deposits5-Acquisition of subsidiary shares resulting in change of consolidation scope-93-1,453Sale of subsidiary shares resulting in change of consolidation scope-2,096Other16-Net increase (decrease) in short-term non-recourse loans611Proceeds from bond issuance785Proceeds from long-term loans56-Proceeds from long-term non-recourse loans-1,499-15,736Proceeds from long-term non-recourse loans-1,499-2,200Repayment of long-term non-recourse loans-1,499-2,506Repayment of long-term non-recourse loans-1,499		(Mar 1, 2016	(Mar 1, 2017
Payments into time deposits-3,000-Redemptions of time deposits201-Payments for securities investments-300-29Proceeds from sale of securities investments6,021-Acquisition of property, plant, and equipment-4,541-1,117Acquisition of property, plant, and equipment-4,541-1,117Acquisition of property, plant, and equipment-4,541-1,117Acquisition of subsidiary shares resulting in change of consolidation scope10Redemptions of security deposits5-Acquisition of subsidiary shares resulting in change of consolidation scope106Other2,096OtherNet increase (decrease) in short-term non-recourse loansProceeds from long-term loansProceeds from long-term loansProceeds from long-term loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from employee exercise of stock options Share buybackProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loans		to Aug 31, 2016)	to Aug 31, 2017)
Redemptions of time deposits201Payments for securities investments-300-29Proceeds from sale of securities investments6,021Acquisition of property, plant, and equipment-4,541-1,117Acquisition of security deposits7Payments of SPC capital contributions-2-18Payments of security deposits5Acquisition of subsidiary shares resulting in change of consolidation scope-93-1,453Sale of subsidiary shares resulting in change of consolidation scope2,096Other16Net Cash from (Used for) Investments-7781,087Net increase (decrease) in short-term loans-7781,087Net increase (decrease) in short-term loans611Proceeds from bond issuance785Redemption of bonds56Proceeds from long-term loans-32,27722,263Repayment of long-term loans-14,994-15,736Proceeds from long-term non-recourse loans-14,994-15,736Proceeds from long-term non-recourse loans1,499Dividends paid-1,499-2,506Repayment of long-term non-recourse loans1,499Dividends paid-1,499-2,506Repayments to minority interests-39Dividends paid-1,499-2,506Repayments to minority interests-391,499-2,506 </td <td>Cash Flows from Investments:</td> <td></td> <td></td>	Cash Flows from Investments:		
Payments for securities investments-300-29Proceeds from sale of securities investments6.021-Acquisition of property, plant, and equipment-4,541-1,117Acquisition of intangible assetsPayments of SPC capital contributions2-18Payments of security depositsRedemptions of security deposits5-Acquisition of subsidiary shares resulting in change of consolidation scope-2,096Other16Net Cash from (Used for) InvestmentsNet increase (decrease) in short-term loansNet increase (decrease) in short-term non-recourse loansProceeds from long-term loans611Proceeds from long-term loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from lon	Payments into time deposits	-3,000	—
Proceeds from sale of securities investments6,021-Acquisition of property, plant, and equipment-4,541-1,117Acquisition of intangible assets7Payments of SPC capital contributions18Payments of security deposits10Redemptions of security deposits5-Acquisition of subsidiary shares resulting in change of consolidation scope03Sale of subsidiary shares resulting in change of consolidation scope-2,096Other16Net Cash from (Used for) InvestmentsCash Flows from Financing: Net increase (decrease) in short-term non-recourse loans611Proceeds from long-term loans611-Proceeds from long-term loans6611Proceeds from long-term loans6611Proceeds from long-term loans6611Proceeds from long-term non-recourse loans6611Proceeds from long-term non-recourse loans692Proceeds from long-term non-recourse loans6021Proceeds from long-term non-recourse loans602Proceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from long term non-recourse loans <td< td=""><td>Redemptions of time deposits</td><td>201</td><td>_</td></td<>	Redemptions of time deposits	201	_
Acquisition of property, plant, and equipment Acquisition of intangible assets1,117Acquisition of intangible assets7Payments of SPC capital contributions-2-18Payments of security deposits10Redemptions of security deposits5Acquisition of subsidiary shares resulting in change of consolidation scope-93-1,453Sale of subsidiary shares resulting in change of consolidation scope-2,096Other16Net Cash from (Used for) Investments-1,708-556Cash Flows from Financing: Net increase (decrease) in short-term loans Net increase (decrease) in short-term non-recourse loans611Proceeds from long-term loans Repayment of long-term loans Proceeds from long-term non-recourse loans Proceeds from long-term	Payments for securities investments	-300	-29
Acquisition of intangible assets-Payments of SPC capital contributions-2Payments of security deposits-Redemptions of security deposits5Acquisition of subsidiary shares resulting in change of consolidation scope-Sale of subsidiary shares resulting in change of consolidation scope-Other-Net Cash from (Used for) Investments-Increase (decrease) in short-term loans-Net increase (decrease) in short-term non-recourse loans-Proceeds from long-term loans-Repayment of long-term non-recourse loans-Proceeds from indication-Proceeds from ong-term non-recourse loans-Proceeds from indication-Proceeds from indig	Proceeds from sale of securities investments	6,021	—
Payments of SPC capital contributions-2-18Payments of security deposits10Redemptions of security deposits5-Acquisition of subsidiary shares resulting in change of consolidation scope-93-1,453Sale of subsidiary shares resulting in change of consolidation scope-2,096Other16Net Cash from (Used for) Investments-1,708-556Cash Flows from Financing: Net increase (decrease) in short-term non-recourse loans611Proceeds from long-term loans611Proceeds from long-term loans56Proceeds from long-term loans56Proceeds from long-term loans56Proceeds from long-term loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from mon-recourse loansProceeds from employee exercise of stock options297Proceeds from employee exercise of stock optionsProceeds from (Used for) FinancingProcease from (Used for) FinancingProcease (Decrease) in Cash and Cash EquivalentsProceeds from (Used for) FinancingProcease (Decrease) in Cash and Cash EquivalentsDividends paid to minority interests<	Acquisition of property, plant, and equipment	-4,541	-1,117
Payments of security deposits10Redemptions of security deposits5-Acquisition of subsidiary shares resulting in change of consolidation scope-2,096Sale of subsidiary shares resulting in change of consolidation scope-2,096Other16Net Cash from (Used for) InvestmentsNet increase (decrease) in short-term non-recourse loans611Proceeds from bond issuance785Proceeds from long-term loans32,27722,263-Redemption of bonds56Proceeds from long-term non-recourse loans3,3502,200Proceeds from long-term non-recourse loans-14,994Proceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from mony exercise of stock options297Proceeds from mony exercise of stock options297Proceeds from mony interestsProceeds from (Used for) FinancingProceeds from (Used for) FinancingDividends paid to minority interests <td< td=""><td>Acquisition of intangible assets</td><td>_</td><td>-7</td></td<>	Acquisition of intangible assets	_	-7
Redemptions of security deposits5-Acquisition of subsidiary shares resulting in change of consolidation scope-93-1,453Sale of subsidiary shares resulting in change of consolidation scope-2,096Other16Net Cash from (Used for) Investments16Net Cash from (Used for) Investments16Net cash from (Used for) Investments16Net increase (decrease) in short-term loans-7781,087Net increase (decrease) in short-term non-recourse loans611Proceeds from bond issuance785-Redemption of bonds56Proceeds from long-term loans32,27722,263Repayment of long-term non-recourse loans-14,994-15,736Proceeds from employee exercise of stock options297Share buyback1,499-2,506Proceeds from long-term non-recourse loans1,499Dividends paid33,193-2,544Effect of Exchange Rate Changes-11-2Increase (Decrease) in Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation-1,939-781	Payments of SPC capital contributions	-2	-18
Acquisition of subsidiary shares resulting in change of consolidation scope-93-1,453Sale of subsidiary shares resulting in change of consolidation scope-2,096Other16Net Cash from (Used for) Investments-1,708-556Cash Flows from Financing: Net increase (decrease) in short-term loans Net increase (decrease) in short-term non-recourse loans-7781,087Proceeds from bond issuance785Redemption of bonds56Proceeds from long-term loans Repayment of long-term non-recourse loans-51,323-7,692Proceeds from long-term non-recourse loans Proceeds from long-term non-recourse loans-14,994-15,736Proceeds from long-term non-recourse loans Proceeds from long-term non-recourse loans1,499Proceeds from long-term non-recourse loans Proceeds from long-term non-recourse loansProceeds from long-term non-recourse loans-	Payments of security deposits	—	-10
change of consolidation scope-93-1,433Sale of subsidiary shares resulting in change of consolidation scope-93-1,433Sale of subsidiary shares resulting in change of consolidation scope-2,096Other16Net Cash from (Used for) Investments16Cash Flows from Financing: Net increase (decrease) in short-term non-recourse loansProceeds from bond issuance785-Redemption of bonds611Proceeds from long-term loans32,27722,263Repayment of long-term non-recourse loans1,692Proceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from inority interests297Share buybackDividends paidRepayments to minority interestsDividends paid to minority interests-39-Net Cash from (Used for) FinancingEffect of Exchange Rate Changes on Cash and Cash Equivalents-16,835Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation1,939-7,81	Redemptions of security deposits	5	—
change of consolidation scopeSale of subsidiary shares resulting in change of consolidation scope–2,096Other–-16Net Cash from (Used for) Investments-1,708-556Cash Flows from Financing: Net increase (decrease) in short-term non-recourse loans–-611Proceeds from bond issuance785–Proceeds from long-term loans56Proceeds from long-term loans32,27722,263Repayment of long-term non-recourse loans-,51,323-7,692Proceeds from long-term non-recourse loans-,14,994-15,736Proceeds from long-term non-recourse loans14,994Proceeds from long-term non-recourse loans14,994Proceeds from employee exercise of stock options297Share buyback–1,499Dividends paid-1,499-2,506Repayment to minority interests-39–Dividends paid to minority interests-39–Dividends paid to minority interests-39–Dividends paid to minority interests-39–Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation-1,939-781	1 0	_03	-1 453
consolidation scope Other<	•	-75	-1,755
Consolidation scope Other16Net Cash from (Used for) Investments-1,708-556Cash Flows from Financing: Net increase (decrease) in short-term loans Not increase (decrease) in short-term non-recourse loansProceeds from bond issuance785-Redemption of bonds611Proceeds from long-term loans32,27722,263Repayment of long-term loans32,27722,263Repayment of long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from employee exercise of stock options297Share buybackDividends paidDividends paid to minority interestsDividends paid to minority interestsOn Cash and Cash EquivalentsIncrease (Decrease) in Cash and Cash Equivalents <td></td> <td>_</td> <td>2.096</td>		_	2.096
Net Cash from (Used for) Investments-1,708-556Cash Flows from Financing: Net increase (decrease) in short-term loans non-recourse loans-7781,087Net increase (decrease) in short-term non-recourse loans611Proceeds from bond issuance785-Redemption of bonds566Proceeds from long-term loans32,27722,263Repayment of long-term loans-51,323-7,692Proceeds from long-term non-recourse loans-51,323-7,692Proceeds from long-term non-recourse loans-14,994-15,736Proceeds from employee exercise of stock options297Share buyback1,499Dividends paid-1,499-2,506Repayments to minority interests-39-Dividends paid to minority interests-39-Net Cash from (Used for) Financing-33,193-2,544Effect of Exchange Rate Changes on Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation-1,939-781	_		
Cash Flows from Financing: Net increase (decrease) in short-term loans Net increase (decrease) in short-term non-recourse loans-7781,087Net increase (decrease) in short-term non-recourse loans611Proceeds from bond issuance785-Redemption of bondsProceeds from long-term loans32,27722,263Repayment of long-term non-recourse loansProceeds from long-term non-recourse loansProceeds from employee exercise of stock options2977Share buyback1,499Dividends paidRepayments to minority interestsDividends paid to minority interestsNet Cash from (Used for) FinancingIncrease (Decrease) in Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation781	Other	—	-16
Net increase (decrease) in short-term loans-7781,087Net increase (decrease) in short-term611non-recourse loans785-Proceeds from bond issuance785-Redemption of bonds56Proceeds from long-term loans32,27722,263Repayment of long-term loans-51,323-7,692Proceeds from long-term non-recourse loans4,3502,200Repayment of long-term non-recourse loans-14,994-15,736Proceeds from employee exercise of stock options297Share buyback1,499Dividends paid-1,499-2,506Repayments to minority interests-39-Dividends paid to minority interests-39-Net Cash from (Used for) Financing-33,193-2,544Effect of Exchange Rate Changes-11-2Increase (Decrease) in Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period28,36841,369Cash and Cash Equivalents Resulting from-1,939-781	Net Cash from (Used for) Investments	-1,708	-556
Net increase (decrease) in short-term non-recourse loans611Proceeds from bond issuance785-Redemption of bonds56Proceeds from long-term loans32,27722,263Repayment of long-term loans51,323-7,692Proceeds from long-term non-recourse loans4,3502,200Repayment of long-term non-recourse loans14,994-15,736Proceeds from employee exercise of stock options297Share buyback11,499-2,506Repayments to minority interests-2,000Dividends paid-14,999-2,506Repayments to minority interests-39Net Cash from (Used for) Financing-33,193-2,544Effect of Exchange Rate Changes on Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation	Cash Flows from Financing:		
non-recourse loansProceeds from bond issuance785-Redemption of bonds56Proceeds from long-term loans32,27722,263Repayment of long-term non-recourse loans51,323-7,692Proceeds from long-term non-recourse loans4,3502,200Repayment of long-term non-recourse loans14,994-15,736Proceeds from employee exercise of stock options297Share buyback1,499Dividends paid1,499-2,506Repayments to minority interestsDividends paid to minority interests-39Net Cash from (Used for) Financing-33,193-2,544-Effect of Exchange Rate Changes-11-2-Increase (Decrease) in Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period28,36841,369Cash and Cash Equivalents Resulting from-1,939-781	Net increase (decrease) in short-term loans	-778	1,087
non-recourse loans785Proceeds from bond issuance785Redemption of bonds-Proceeds from long-term loans32,277Repayment of long-term non-recourse loans-51,323Repayment of long-term non-recourse loans-14,994Proceeds from employee exercise of stock options29Share buyback-Proidends paid-1,4499Dividends paid-1,4499Dividends paid to minority interests-2,000Net Cash from (Used for) Financing-33,193Increase (Decrease) in Cash and Cash Equivalents-11Increase (Decrease) in Cash and Cash Equivalents16,835Cash and Cash Equivalents at Beginning of Period28,368Cash and Cash Equivalents Resulting from-1,939Exclusion from Consolidation-781	Net increase (decrease) in short-term	_	-611
Redemption of bonds56Proceeds from long-term loans32,27722,263Repayment of long-term loans-51,323-7,692Proceeds from long-term non-recourse loans4,3502,200Repayment of long-term non-recourse loans-14,994-15,736Proceeds from employee exercise of stock options297Share buyback1,499Dividends paid-1,499-2,506Repayments to minority interests-39-Dividends paid to minority interests-39-Net Cash from (Used for) Financing-33,193-2,544Effect of Exchange Rate Changes on Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Exclusion from Consolidation28,36841,369-1,939-781			-011
Proceeds from long-term loans32,27722,263Repayment of long-term loans-51,323-7,692Proceeds from long-term non-recourse loans4,3502,200Repayment of long-term non-recourse loans-14,994-15,736Proceeds from employee exercise of stock options297Share buyback1,499Dividends paid-1,499-2,506Repayments to minority interests-2,000-Dividends paid to minority interests-39-Net Cash from (Used for) Financing-33,193-2,544Effect of Exchange Rate Changes on Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Exclusion from Consolidation28,36841,369-1,939-781	Proceeds from bond issuance	785	—
Repayment of long-term loans-51,323-7,692Proceeds from long-term non-recourse loans4,3502,200Repayment of long-term non-recourse loans-14,994-15,736Proceeds from employee exercise of stock options297Share buyback1,499Dividends paid-1,499-2,506Repayments to minority interests-2,000-Dividends paid to minority interests-39-Net Cash from (Used for) Financing-33,193-2,544Effect of Exchange Rate Changes on Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Exclusion from Consolidation28,36841,369-1,939-781	-	—	
Proceeds from long-term non-recourse loans4,3502,200Repayment of long-term non-recourse loans-14,994-15,736Proceeds from employee exercise of stock options297Share buyback1,499Dividends paid-1,499-2,506Repayments to minority interests-2,000-Dividends paid to minority interests-39-Net Cash from (Used for) Financing-33,193-2,544Effect of Exchange Rate Changes-11-2on Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation28,36841,369	-		
Repayment of long-term non-recourse loans Proceeds from employee exercise of stock options Share buyback-14,994-15,736Proceeds from employee exercise of stock options Share buyback297Dividends paid1,499Dividends paid-1,499-2,506Repayments to minority interests-2,000-Dividends paid to minority interests-39-Net Cash from (Used for) Financing-33,193-2,544Effect of Exchange Rate Changes on Cash and Cash Equivalents-11-2Increase (Decrease) in Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation-1,939-781		-	-
Proceeds from employee exercise of stock options297Share buyback1,499Dividends paid-1,499Argen and the payments to minority interests-2,000Dividends paid to minority interests-39Net Cash from (Used for) Financing-33,193Effect of Exchange Rate Changes-11on Cash and Cash Equivalents16,835Increase (Decrease) in Cash and Cash Equivalents16,835Cash and Cash Equivalents at Beginning of Period28,368Cash and Cash Equivalents Resulting from-1,939Exclusion from Consolidation-781	6		
Share buyback-Dividends paid-1,499Dividends paid-1,499Repayments to minority interests-2,000Dividends paid to minority interests-39Net Cash from (Used for) Financing-33,193Effect of Exchange Rate Changes-11on Cash and Cash Equivalents16,835Increase (Decrease) in Cash and Cash Equivalents16,835Cash and Cash Equivalents at Beginning of Period28,368Cash and Cash Equivalents Resulting from-1,939Exclusion from Consolidation-781			
Dividends paid-1,499-2,506Repayments to minority interests-2,000-Dividends paid to minority interests-39-Net Cash from (Used for) Financing-33,193-2,544Effect of Exchange Rate Changes on Cash and Cash Equivalents-11-2Increase (Decrease) in Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation-1,939-781	· · ·	29	
Repayments to minority interests-2,000Dividends paid to minority interests-39Net Cash from (Used for) Financing-33,193Effect of Exchange Rate Changes on Cash and Cash Equivalents-11Increase (Decrease) in Cash and Cash Equivalents16,835Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation28,368-11,939-781	•	1 400	
Dividends paid to minority interests-39Net Cash from (Used for) Financing-33,193Effect of Exchange Rate Changes on Cash and Cash Equivalents-11Increase (Decrease) in Cash and Cash Equivalents16,835Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation28,368-11-2	1		-2,300
Net Cash from (Used for) Financing33,1932,544Effect of Exchange Rate Changes on Cash and Cash Equivalents112Increase (Decrease) in Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation-11,939-781			—
Effect of Exchange Rate Changes on Cash and Cash Equivalents-11-2Increase (Decrease) in Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation28,36841,369			
on Cash and Cash Equivalents-11-2Increase (Decrease) in Cash and Cash Equivalents16,8358,553Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation28,36841,369-1,939-781	Net Cash from (Used for) Financing	-33,193	-2,544
Cash and Cash Equivalents at Beginning of Period Cash and Cash Equivalents Resulting from Exclusion from Consolidation28,368 -1,93941,369 -781	0 0	-11	-2
Cash and Cash Equivalents Resulting from Exclusion from Consolidation-1,939-781	Increase (Decrease) in Cash and Cash Equivalents	16,835	8,553
Cash and Cash Equivalents Resulting from Exclusion from Consolidation-1,939-781	Cash and Cash Equivalents at Beginning of Period	28,368	41,369
	Cash and Cash Equivalents Resulting from		
	Cash and Cash Equivalents at End of Period	43,264	49,141

Consolidated Cash Flow Statement ((JPY million)					
	FY17/2 Q2	FY18/2 Q2					
	(Jun 1, 2016	(Jun 1, 2017					
	to Aug 31, 2016)	to Aug 31, 2017)					
Cash Flows from Operations:							
Pre-tax net income	9,028	9,539					
Depreciation	236	169					
Share-based compensation expenses	57	57					
Amortization of goodwill	34	25					
Increase (decrease) in accrued bonuses	-31	10					
Increase (decrease) in allowance for doubtful	-26	-348					
accounts	-						
Interest and dividend income	-8	-9					
Interest expense	340	307					
Loss (gain) on sale of shares in affiliates	—	-86					
Decrease (increase) in trading notes and	472	462					
receivables	4/2	402					
Decrease (increase) in operational securities	1,756	1,520					
investments		1,520					
Decrease (increase) in real estate for sale	24,191	1,353					
Decrease (increase) in solar power plants for sale	—	996					
Decrease (increase) in advances paid	—	780					
Decrease (increase) in prepaid expenses	248	68					
Decrease (increase) in accounts receivable	75	-5					
Increase (decrease) in accounts payable	291	234					
Increase (decrease) in accrued expenses	-27	-8					
Increase (decrease) in security deposits received	-726	-83					
Other	-10	922					
Sub-Total	35,901	15,907					
Interest and dividend income received	8	9					
Interest expense paid	-307	-297					
Income taxes paid	-1	-608					
Income taxes refunded	1,153	14					
Net Cash from (Used for) Operations	36,754	15,025					

Consolidated Cash Flow Statement (FY18/2 Q2 Stand-Alone)

		(JF I IIIIII0II)
	FY17/2 Q2	FY18/2 Q2
	(Jun 1, 2016	(Jun 1, 2017
	to Aug 31, 2016)	to Aug 31, 2017)
Cash Flows from Investments:		
Payments into time deposits	-3,000	_
Redemptions of time deposits	201	_
Payments for securities investments	-300	_
Acquisition of property, plant, and equipment	-3,496	-237
Acquisition of intangible assets		-5
Payments of SPC capital contributions	_	-18
Payments of security deposits	_	_
Redemptions of security deposits	5	_
Acquisition of subsidiary shares resulting in	2	1 452
change of consolidation scope	-3	-1,453
Sale of subsidiary shares resulting in change of	_	430
consolidation scope		-30
Other		
Net Cash from (Used for) Investments	-6,593	-1,283
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	-15	507
Net increase (decrease) in short-term		-611
non-recourse loans		-011
Proceeds from bond issuance	785	—
Redemption of bonds	—	-56
Proceeds from long-term loans	6,407	3,633
Repayment of long-term loans	-23,819	-2,599
Proceeds from long-term non-recourse loans	—	2,200
Repayment of long-term non-recourse loans	-4,854	-6,713
Proceeds from employee exercise of stock options	7	1
Dividends paid	-73	-104
Net Cash from (Used for) Financing	-21,562	-3,742
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-6	_
Increase (Decrease) in Cash and Cash Equivalents	8,593	10,000
Cash and Cash Equivalents at Beginning of Period	34,772	39,232
	57,772	57,252
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-101	-91
Cash and Cash Equivalents at End of Period	43,264	49,141
*	,	

Revenue, P&L, and Assets by Segment (Current FY18/2 H1)

(March 1, 2017 to Aug 31, 2017)

(JPY million)

(inter en 1, 2017 to 1)	8-))						
			Segment				
	Asset Management	Value-Add	Clean Energy	Other	Total	Adjustment ²	Amount Recorded in Consolidated Financial Statements ¹
Revenue							
Revenue from External Customers	1,229	29,809	2,241	105	33,386	_	33,386
Inter-Segment Activities or Reclassifications	566	_	_	_	566	-566	_
Total	1,795	29,810	2,241	105	33,953	-566	33,386
Segment P&L	999	11,092	596	-44	12,644	5	12,650
Segment Assets	1,385	231,325	21,864	1,408	255,985	30,746	286,732
Other Depreciation Increase in Property, Plant,	_	151	195	_	346	12	359
and Equipment and Intangible Assets	_	6,598	1,288		7,886	79	7,966

¹Segment P&L is on an Operating Profit basis.

² The Adjustment to Segment P&L (JPY 5 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 30,746 million) reflects corporate assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (JPY 12 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 79 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Previous FY17/2 H1)

(March 1, 2016 to Aug 31, 2016)

(JPY million)

(inter en 1, 2010 to 1)	8-))						
	Asset Management	Value-Add	Clean Energy	Other	Total	Adjustment ²	Amount Recorded in Consolidated Financial Statements ¹
Revenue							
Revenue from External Customers	2,460	82,305	1,214	10	85,991	_	85,991
Inter-Segment Activities or Reclassifications	911	2	_	_	913	-913	_
Total	3,372	82,307	1,214	10	86,904	-913	85,991
Segment P&L	1,473	13,092	351	-135	14,781	202	14,984
Segment Assets	2,599	167,756	24,328	2,011	196,695	32,917	229,612
Other Depreciation Increase in Property, Plant,	3	119	326	_	449	11	460
and Equipment and Intangible Assets	_	26	5,434	_	5,461	1	5,462

¹Segment P&L is on an Operating Profit basis.

² The Adjustment to Segment P&L (JPY 202 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 32,917 million) reflects corporate assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (JPY 11 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 1 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Current FY18/2 Q2 Stand-Alone)

(JPY million)

(Jun 1, 2017 to Aug 31, 2017)

Segment Amount Recorded in Adjustment² Consolidated Clean Asset Other Total Value-Add Financial Management Energy Statements¹ Revenue Revenue from 547 18,036 18 External 1,868 20,470 20,470 Customers Inter-Segment 327 327 Activities or -327Reclassifications Total 874 18,036 20,798 -327 1,868 18 20,470 Segment P&L 495 8,823 544 -1 9,862 -22 9.839 1,385 255,985 Segment Assets 231,325 21,864 1,408 30,746 286,732 Other Depreciation 70 92 163 6 169 Increase in Property, Plant, and Equipment 6,580 452 7,032 70 7,103 and Intangible Assets

¹Segment P&L is on an Operating Profit basis.

² The Adjustment to Segment P&L (-JPY 22 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 30,746 million) reflects corporate assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (JPY 6 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 70 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Previous FY17/2 Q2 Stand-Alone)

(Jun 1, 2016 to Aug 31, 2016)

(JPY million)

Juli 1, 2010 to Mug	01,2010)						
	Asset Management	Value-Add	Clean Energy	Other	Total	Adjustment ²	Amount Recorded in Consolidated Financial Statements ¹
Revenue							
Revenue from External Customers	1,274	37,637	658	4	39,575	_	39,575
Inter-Segment Activities or Reclassifications	364	1	_	_	365	-365	_
Total	1,639	37,638	658	4	39,941	-365	39,575
Segment P&L	673	8,687	207	-121	9,447	124	9,571
Segment Assets	2,599	167,756	24,328	2,011	196,695	32,917	229,612
Other Depreciation Increase in Property, Plant, and Equipment	1	62 20	168 3,744	_	232 3,765	3	236 3,766
and Intangible Assets							

¹Segment P&L is on an Operating Profit basis.

² The Adjustment to Segment P&L (JPY 124 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 32,917 million) reflects corporate assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (JPY 3 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 1 million) reflects corporate assets that were not allocated to the segments.