



**Make The World
More Sustainable**

[Provisional Translation Only]

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Updated Ichigo 2030 KPIs

Ichigo is updating the KPIs of its Ichigo 2030 vision initially disclosed in the April 17, 2019 release “Power Up 2019 Mid-Term Business Plan Achievement & New Ichigo 2030 Vision.”

1. Ichigo 2030 Rationale

The central pillar of Ichigo 2030 is for Ichigo to build upon its capabilities as a sustainable infrastructure company to pursue new opportunities for value creation and growth for tenants, shareholders, and local communities. Ichigo is working to grow both its earnings and its earnings stability, generating new earnings streams that are less sensitive to changes in real estate market conditions.

2. Ichigo 2030 KPI Update Rationale

Ichigo focuses on maximizing long-term cash flows for shareholders. The ability to generate cash underpins profitability, and robust cash generation funds growth investments and share buybacks that drive long-term growth in shareholder value.

Executing on this focus to grow value for shareholders, Ichigo achieved record-high stock earnings in FY24/2 and is working to further strengthen the sustainability and durability of its earnings. Ichigo is establishing its stock earnings/fixed expenses ratio as a new KPI. In addition, Ichigo is strengthening its shareholder returns and raising its DOE (Dividend on Equity) target set in conjunction with Ichigo’s progressive dividend policy.

Ichigo believes that companies exist to serve society and need to address critical social issues. It is therefore setting new KPIs that address Ichigo’s contribution to a sustainable planet.

3. Updated Ichigo 2030 KPIs (FY25/2-FY30/2)

High Capital Productivity & High Cash Flow Generation

1. Cash ROE >18%
2. ROE >15%
3. Economic Operating Cash Flow > Net Income

[FY20/2~FY30/2 Continuous JPX-Nikkei 400 Index Inclusion (Discontinued)]

Ichigo is focused on maximizing long-term cash flows for shareholders. It continues to strengthen this commitment to generating the highest possible economic earnings (cash earnings) for shareholders. However, the JPX-Nikkei 400 index uses accounting earnings, not economic earnings, as its key KPIs, which is inconsistent with Ichigo's approach to growing shareholder value.

High Earnings Stability

1. FY30/2 Stock Earnings Ratio >60%
2. Stock Earnings/Fixed Expenses Ratio >200% (New)

Shareholder Return Policy

1. Progressive Dividend Policy

Ichigo will continue its progressive dividend policy originally adopted in FY17/2, in which the dividend is maintained or raised every year.

2. DOE >4% (Increased from DOE >3%)
3. Flexible Deployment of Share Buybacks

Ichigo flexibly conducts share buybacks to optimize its capital structure and grow shareholder value.

Work for a Sustainable Planet (New)

1. Ichigo Climate Positive: CO2 Reduction > Emissions
Ichigo CO2 reduction via clean energy power production exceeds CO2 emissions
2. RE100: 100% renewable electricity across all operations by 2025
3. CDP Leadership Levels
Climate Change: A
Water Security: A (Currently A-)

Reference

Cash ROE= Cash Net Income (Net Income + Non-Cash Expenses) / Period Average Shareholders' Equity

Stock Earnings: Primarily Rental Income, Power Generation Revenues, Base AM Fees

Fixed Expenses: Fixed SG&A + Interest Expenses

Summary of Updated Ichigo 2030 KPIs

High Capital Productivity & High Cash Flow Generation

Cash ROE >18% (New)

ROE >15%

Economic Operating Cash Flow > Net Income

High Earnings Stability

FY30/2 Stock Earnings Ratio >60%

Stock Earnings/Fixed Expenses Ratio >200% (New)

Shareholder Return Policy

Progressive Dividend Policy

DOE >4% (Increased from >3%)

Flexible Deployment of Share Buybacks

Work for a Sustainable Planet (New)

Ichigo Climate Positive: CO2 Reduction > Emissions

RE100: 100% Renewable Electricity Across All Operations by 2025

CDP Leadership Levels