



# Ichigo

TSE 1st Section 2337 Industry: Real estate, Renewable energy

## Further acceleration in property sales. On track to achieve full-year NP guidance

### Sold four office properties, with sufficient gains to achieve full-year NP guidance

Ichigo (2337, the company) announced on January 27, that it had signed a contract to sell four office properties. The sale will result in around 2.3bn yen of NP in 4Q FY2/22. On January 25, the company announced that it would post a NP of around 1.7bn yen from the sale of 16 residential properties. The above two transactions should generate at least around 4.0bn yen of NP in 4Q, which should result in at least about 6.0bn yen of NP for the full year, as 1-3Q NP was 2.0bn yen. The company's full-year NP guidance for FY2/22 is 5-8bn yen, and the likelihood of meeting this target has become very high, in our view. Our full-year NP forecast is 6bn yen.

The four office properties have been sold to a newly established bridge fund. Ichigo Office REIT will obtain preferential negotiation rights for the acquisition of the four properties. For the time being, with the bridge fund holding the properties, Ichigo Office REIT can wait for the fund-raising environment to improve for the REITs in general. This transaction is considered to be part of the company's sponsor support for Ichigo Office REIT. If Ichigo Office REIT acquires the properties, this should become a growth factor for the company itself in terms of AM fee income in the asset management business.

Please refer to the report dated July 28, 2021 for the rationale of the rating and target price.

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## Update

### Rating Buy

Target price (JPY)	450
Stock price (JPY) (Jan 27)	277
Market cap (JPYbn)	140.0

### Key changes

Rating	No
Target price	No
Earnings forecast	No

### Stock price (JPY)



Source: Bloomberg Finance LP

### Earnings

		2/20	2/21	2/22E	2/23E	2/24E
Sales	JPYbn	87.4	61.4	63.0	67.1	71.2
OP	JPYbn	27.7	9.7	9.5	11.0	12.8
RP	JPYbn	24.4	7.2	6.5	8.0	9.6
NP	JPYbn	8.2	5.0	6.0	7.4	9.8
EPS	JPY	17.0	10.6	12.9	16.3	22.0
BPS	JPY	208	210	213	220	232
DPS	JPY	7.0	7.0	7.0	7.0	8.0
PER	x	19.3	32.8	21.4	17.0	12.6
PBR	x	1.6	1.7	1.3	1.3	1.2
Div. yield	%	2.1	2.0	2.5	2.5	2.9
ROA	%	2.5	1.5	1.7	2.1	2.8
ROE	%	8.2	5.0	6.1	7.5	9.7

Source: Company data, Mita Securities

### Company profile

Ichigo focuses on 1) the sustainable real estate business, which creates new value in existing real estate, 2) the asset management business, which manages real estate for REITs and infrastructure funds, and 3) the clean energy business, which includes solar and wind power generation. As of the end of FY2/21, it owned 245.1bn yen of real estate, 306.4bn yen of assets under management, and 120.6MW of power generation output.

Comparison of valuations with similar companies (reference)

Figure: Comparison of valuations for real estate companies

Company name	Ticker	PX 1/27	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mgn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
<b>ICHIGO INC</b>	<b>2337</b>	<b>277</b>	<b>140.0</b>	NA	-30.3	NA	2.8	6.5	8.8	47.8	19.8	14.2	1.3	21.6	5.3	2.5	-1.4	-18.0	-5.1
HULIC CO LTD	3003	1,020	783.3	2.6	27.7	31.1	15.6	12.9	12.8	9.0	10.7	10.2	1.3	16.8	5.4	3.8	-8.7	-6.1	-12.7
RAYSUM CO LTD	8890	703	32.4	0.6	2.9	13.6	5.4	NA	NA	10.1	NA	NA	0.5	NA	NA	NA	5.6	-1.8	-22.2
TAKARA LEBEN CO LTD	8897	294	35.6	1.5	-9.4	6.6	6.8	NA	NA	9.0	NA	NA	0.6	NA	NA	NA	4.3	-5.2	-7.8
TOSEI CORP	8923	1,041	50.7	1.2	-3.5	20.2	10.8	11.0	NA	7.3	6.2	5.5	0.8	NA	1.7	4.5	4.0	-7.2	1.4
SUN FRONTIER FUDOUSAN CO LTD	8934	1,012	49.3	0.4	12.4	18.1	9.8	11.4	12.4	7.4	6.3	5.4	0.7	NA	0.9	4.3	2.0	-6.7	13.7
LAND BUSINESS CO LTD	8944	239	6.4	1.2	1.0	43.0	1.7	NA	NA	15.1	NA	NA	0.3	NA	NA	NA	-13.1	-13.4	-28.4
Average				1.2	0.1	22.1	7.6	10.5	11.3	15.1	10.7	8.8	0.8	19.2	3.3	3.8	-1.1	-8.4	-8.8
Median				1.2	1.0	19.1	6.8	11.2	12.4	9.0	8.5	7.8	0.7	19.2	3.5	4.1	2.0	-6.7	-7.8

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus. Shading indicates stocks covered by Mita Securities

Figure: Comparison of valuations for renewable energy companies

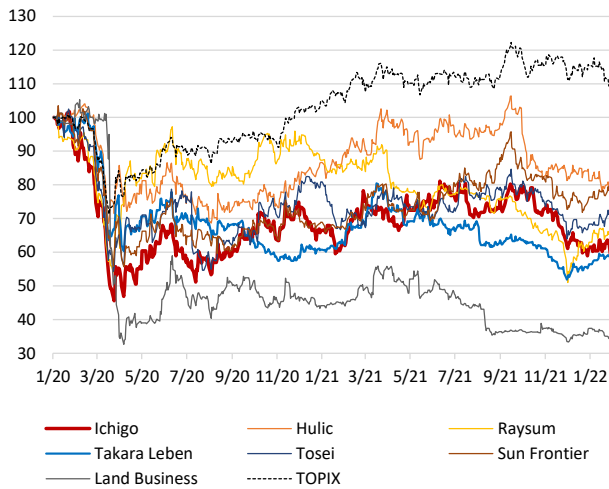
Company name	Ticker	PX 1/27	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mgn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
WEST HOLDINGS CORP	1407	3,175	146.1	0.8	14.0	14.9	26.1	26.2	30.0	22.8	17.7	13.3	5.5	12.5	1.9	1.8	-44.9	-48.8	-7.5
JAPAN INVESTMENT ADVISER CO	7172	1,014	31.2	1.2	-38.0	39.0	7.1	NA	NA	11.0	NA	NA	0.8	NA	NA	NA	-22.0	-20.0	-12.7
EF-ON INC	9514	509	11.0	1.2	0.8	29.5	8.6	7.2	NA	7.7	8.5	6.9	0.6	NA	2.2	1.6	-13.9	-38.4	-54.8
EREX CO LTD	9517	1,458	86.3	0.3	87.6	10.8	20.9	15.0	14.8	10.6	12.3	11.4	1.8	7.4	0.8	1.4	-29.8	-43.3	-19.7
RENOVA INC	9519	1,545	121.5	5.7	8.7	NA	NA	23.0	12.0	6.5	36.5	43.6	4.1	23.3	10.0	0.0	-51.7	-68.4	-61.1
Average				1.8	14.6	23.5	15.7	17.8	18.9	11.7	18.7	18.8	2.6	14.4	3.7	1.2	-32.5	-43.8	-31.2
Median				1.2	8.7	22.2	14.8	19.0	14.8	10.6	15.0	12.4	1.8	12.5	2.1	1.5	-29.8	-43.3	-19.7

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus

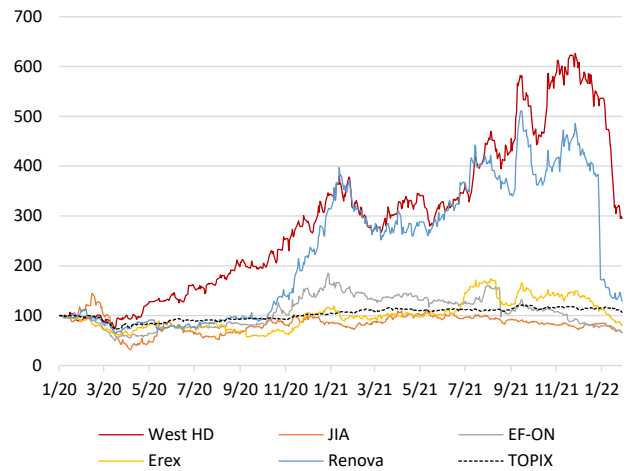
Comparison of stock price trends (reference)

Figure: Stock price trends for real estate companies



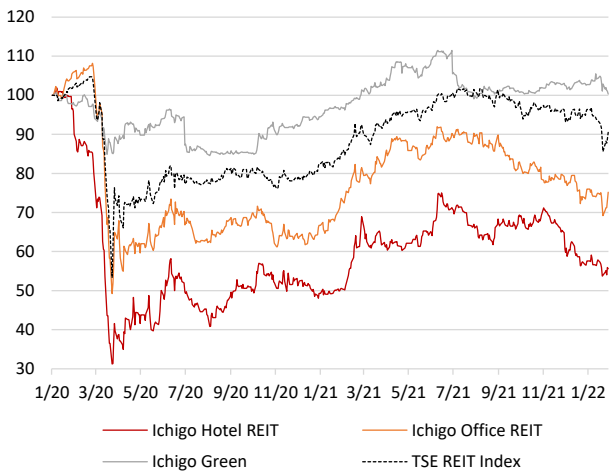
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends for renewable energy companies



Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends for REITs and infrastructure funds



Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

## APPENDIX

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