



Loadstar Capital

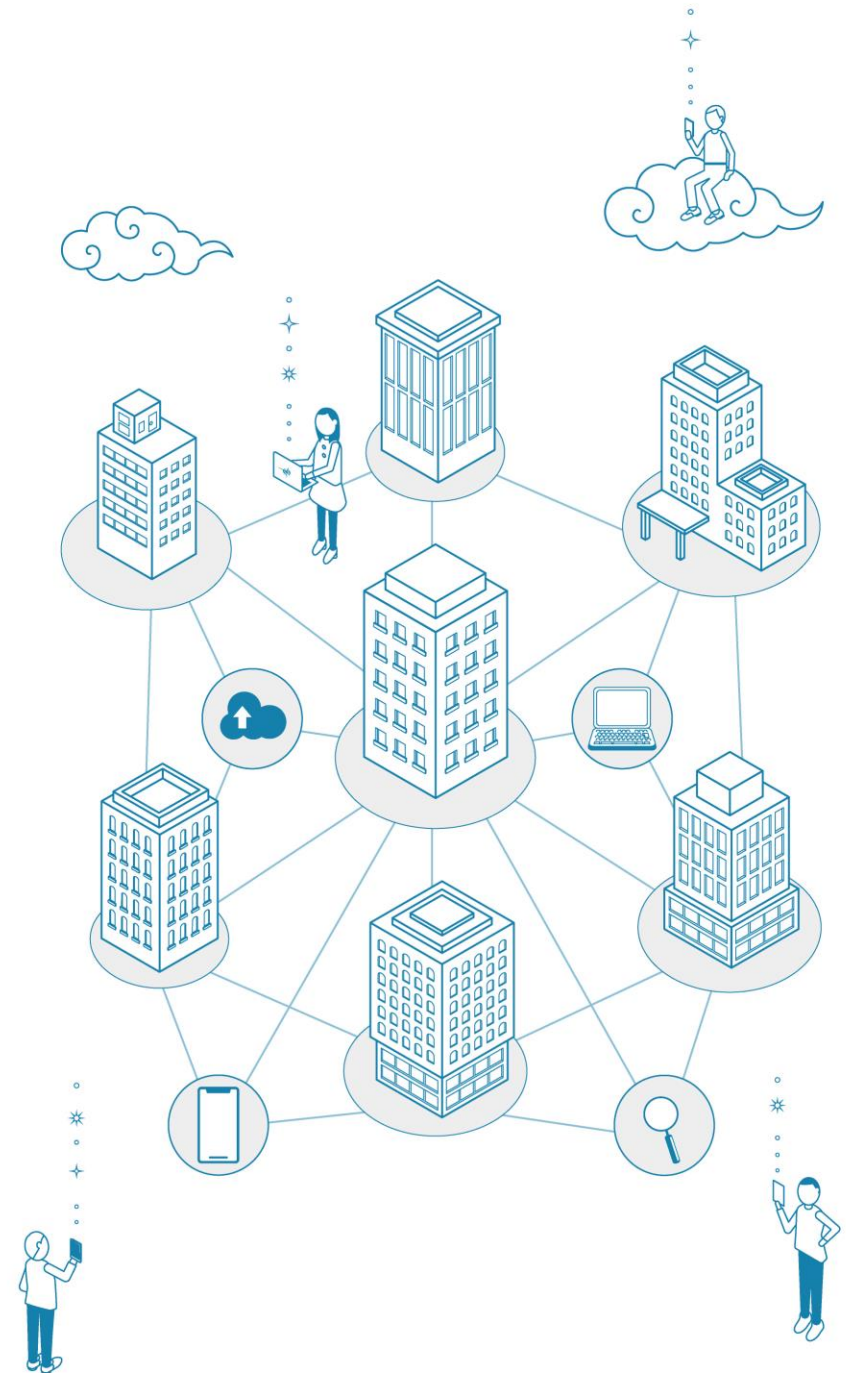
Fiscal Year Ended December 31, 2022 Earnings Briefing

Loadstar Capital K.K.

**Securities code: 3482
2023**

Mission

Real Estate X Tech to Open Up a New Market



1

Our Business

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Mission

Real Estate X Tech to Open Up a New Market

Real Estate Investments

CORPORATE FUNDING



Investment in real estate using internal funds, and property management.

ASSET MANAGEMENT



Asset management of investment real estate on behalf of investors.

BROKERAGE / ADVISORY SERVICES



Comprehensive support for all customer needs.



Real Estate Tech

CROWDFUNDING



Japan's first crowdfunding business specialized in real estate.

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Topics of the Fiscal Year Ended December 31, 2022

FY2022 Financial Results

- The market remained strong, and in the real estate investment, the performance exceeded the forecast.
- Aiming for mid-to long-term growth, we strengthened company-wide hiring and relocated the head office to an expanded floor space.
- Along with shareholder return through share buybacks, the dividend payout ratio increased in line with the guidance at the beginning of the fiscal year.

	(¥ 100 millions)	% Y-o-Y	% of Forecast
Net Sales	236	+31.9%	127.7%
Operating profit	75	+34.3%	105.5%
Profit before Tax	70	+40.4%	110.5%
Profit	48	+39.7%	109.8%
Real estate as inventory	471	+12.3%	

Change (%) from end of prev. fiscal year

- **Listed on Tokyo Stock Exchange Prime Market**

We moved from Mothers to the First section of Tokyo Stock Exchange (TSE), and then completed transition to TSE Prime Market in April 2022.

- **Built Up Property Inventory as Future Business Foundation**

Despite the competitive market environment, we built up our real estate inventory, which is our future business foundation, to 47.1 billion yen (up 12% from the end of previous fiscal year). Aiming for a future recovery in inbound demand, we reopened Chisun Hotel Yokohama Isezakicho and then acquired Nest Hotel Tokyo Hanzomon.



- **Rapid Expansion of AM Business**

The Asset Management Business won a new contract, which is largest ever, to manage a Tokyo office building. The current AUM is approx. 80 billion yen. We aim to raise AUM to exceed 100 billion yen in the near future.

- **Revision of Dividend Payout Ratio**

The dividend payout ratio will be raised from 15% to 17%, and the year-end dividend will be 50.0 yen per share (32.0 yen in the previous year).

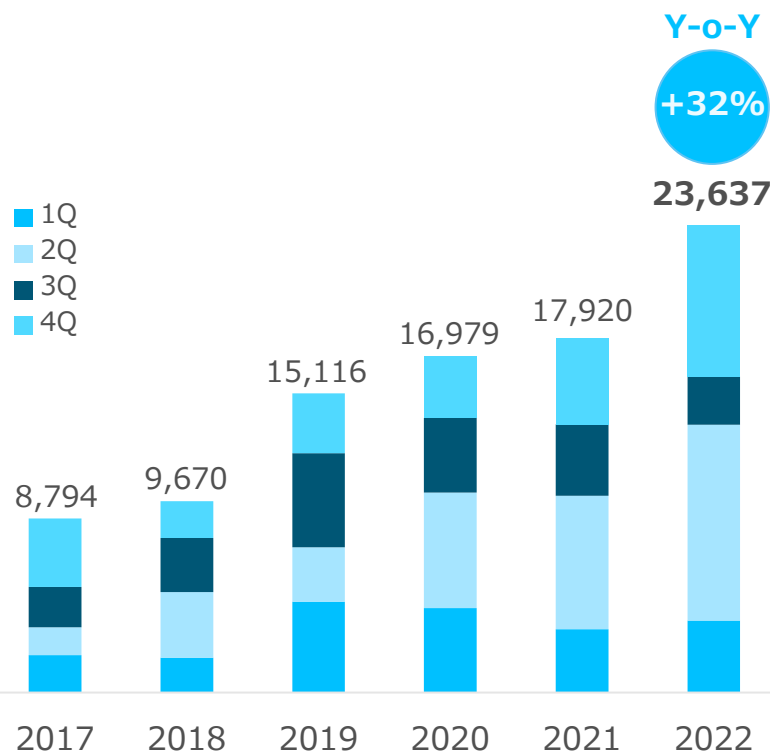
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Overview of Financial Results for the Fiscal Year Ended December 31, 2022

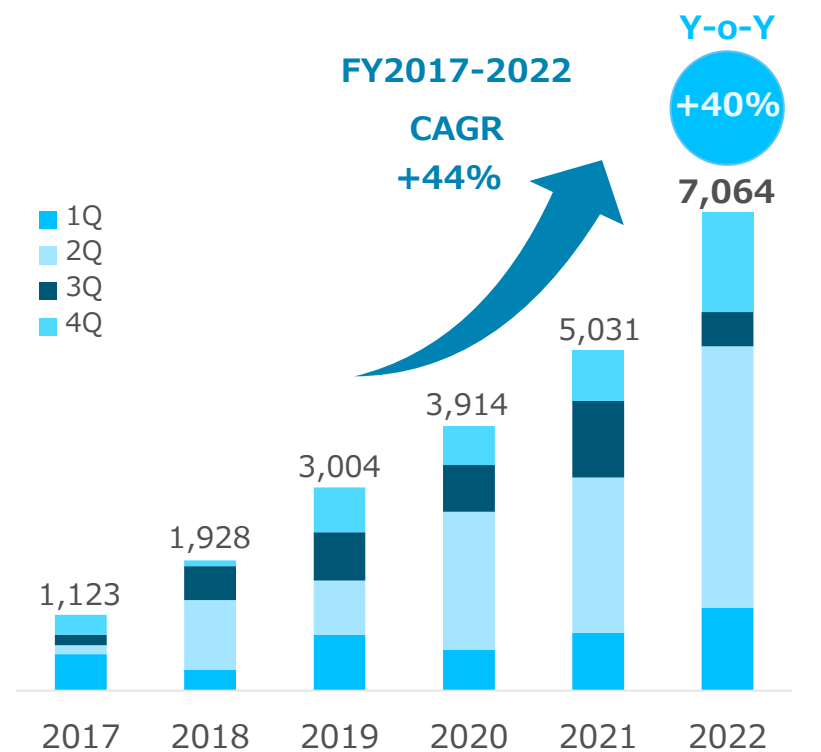
Consolidated Sales and Profit before income taxes

- The Tokyo office transaction market remained strong, and we achieved sales and profit growth for 10 consecutive fiscal years since the company's foundation.
- Although the office leasing market was relatively softer, we successfully conducted leasing and rent negotiations by leveraging our network, one of our strengths.
- Sold a property and won an asset management contract at record prices.

Consolidated Sales (¥ millions)



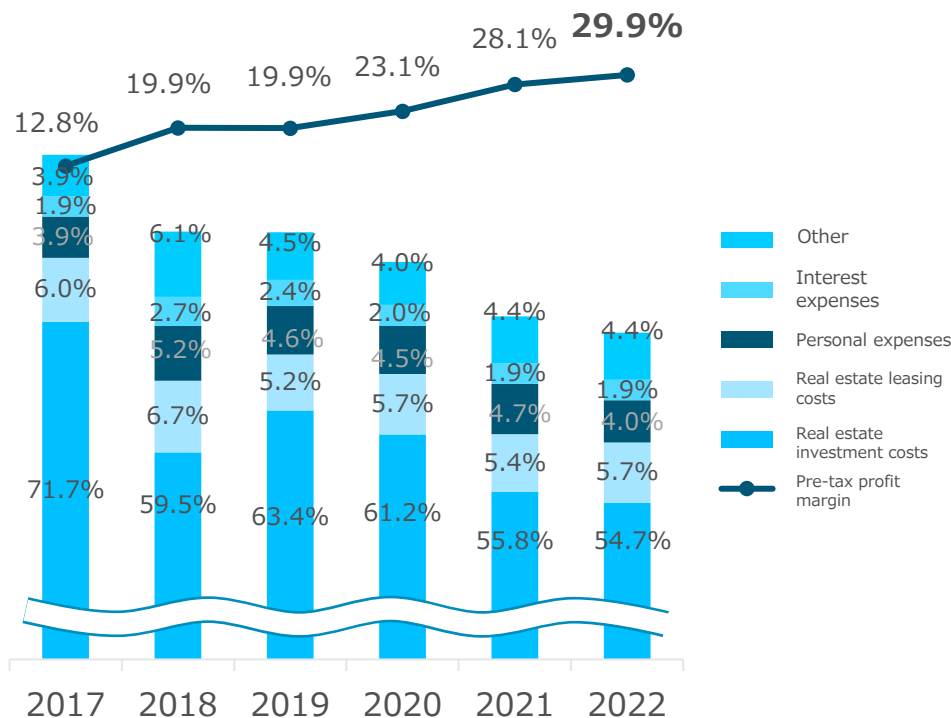
Consolidated Profit before income taxes (¥ millions)



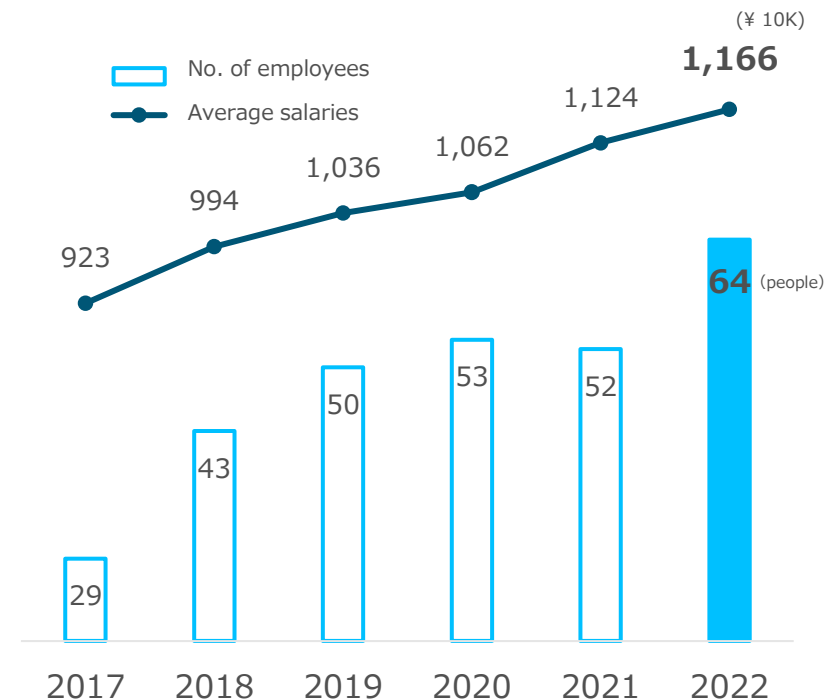
Cost Controls and Human Capital Investment

- Despite stepped-up investments in Human Capital (incl. recruiting and a head office relocation) for future business expansion, profit margins remain at high level.
- In order to secure excellent personnel, which is the foundation of our business growth, we have emphasized “Human Capital Investment” since the company’s foundation. We strive to provide appropriate compensation packages based on performance, foster an open culture, and provide a work environment where employees can grow individually.

Cost structure



Human Capital Investment



Consolidated Statements of Income

- Net sales and profit/loss at all levels exceeded the forecast, reaching record high.

(¥ millions)	FY2022				FY2021	
	Amount	% of Net sales	% Y-o-Y	Progress vs. original forecast	Amount	% of Net sales
Net sales	23,637	100.0%	131.9%	127.7%	17,920	100.0%
Gross Profit	9,361	39.6%	134.6%	108.7%	6,956	38.8%
SG&A expenses	1,816	7.7%	135.8%	124.4%	1,337	7.5%
Operating Profit	7,545	31.9%	134.3%	105.5%	5,618	31.4%
Ordinary Profit	7,064	29.9%	140.4%	110.5%	5,031	28.1%
Profit	4,843	20.5%	139.7%	109.8%	3,456	19.3%

Consolidated Financial Position

- We steadily accumulated real estate as inventory, which will serve as our operating foundation.
- The balance of operating loans in the Crowdfunding business reached record high.
- The return on net assets ratio also increased to 22.5% due to the accumulation of profits from increased sales and profits.

(¥ millions)	As of December 31, 2022		
	Amount	% of total	% vs. 12/31/2021
Current assets	65,172	99.2%	114.9%
Cash and deposits	9,403	14.3%	118.6%
Operating loans	8,420	12.8%	134.3%
Real estate as inventory	47,186	71.8%	112.3%
Liabilities	50,935	77.5%	110.4%
Interest-bearing debt	37,773	57.5%	113.3%
Deposits received from silent partnership investors	8,458	12.9%	121.5%
Net assets	14,769	22.5%	136.2%
Total liabilities and net assets	65,704	100.0%	115.3%

• This shows the amount of loans outstanding in the Crowdfunding business.

- A considerable amount of unrealized gains have accrued, as we hold properties with high appraisal values.
- High liquidity since we have no development projects, and our properties are mostly tenanted buildings located in Tokyo.
- Under the guidance of the accounting auditor, real estate holdings reported as inventory irrespective of holding purposes.

• This shows the amount investors invested to OwnersBook projects.

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Business Overview by Segment

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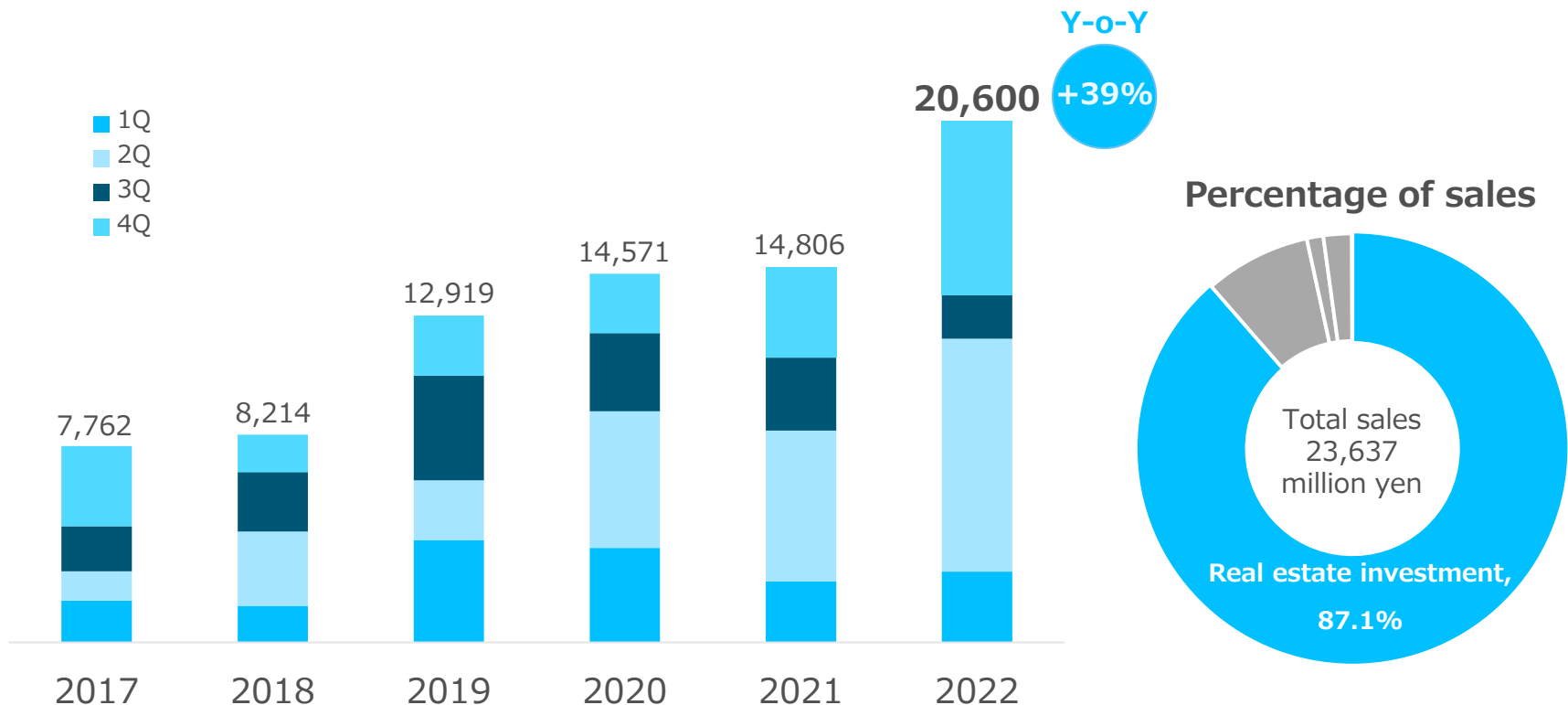
Japan's first real estate crowdfunding business.

Corporate Funding Business Results

【Real Estate Investment Sales】

- In 1H, we sold properties mainly to real estate funds, and in 2H, mainly to institutional investors and operating companies.
- In the 11 years since the company's foundation, the cumulative amount of property purchases has exceeded 100 billion yen. Going forward, we will continue to invest mainly in mid-sized office buildings in the central Tokyo that have value enhancement potential.

Net Sales (Real estate investment) (¥ millions)



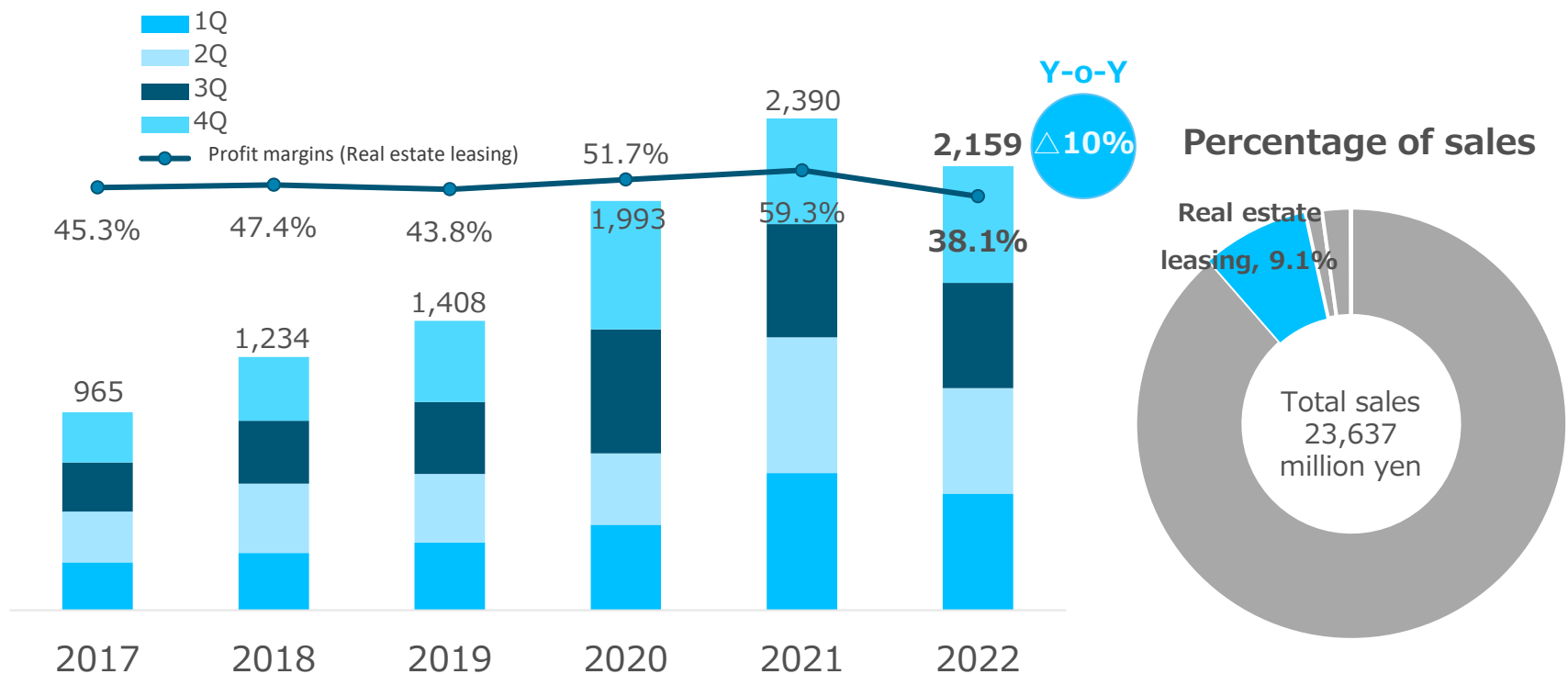
Corporate Funding Business Results

【Real Estate Leasing Sales】

- Rental income decreased YoY due to investments mainly in properties with large upside potential, such as office buildings with high vacancy rates.
- Chisun Hotel Yokohama Isezakicho opened in June after six months of preparation, and Nest Hotel Tokyo Hanzomon, acquired in July, generated revenues well above the original forecast as of December, 2022.

Net Sales (Real estate leasing)

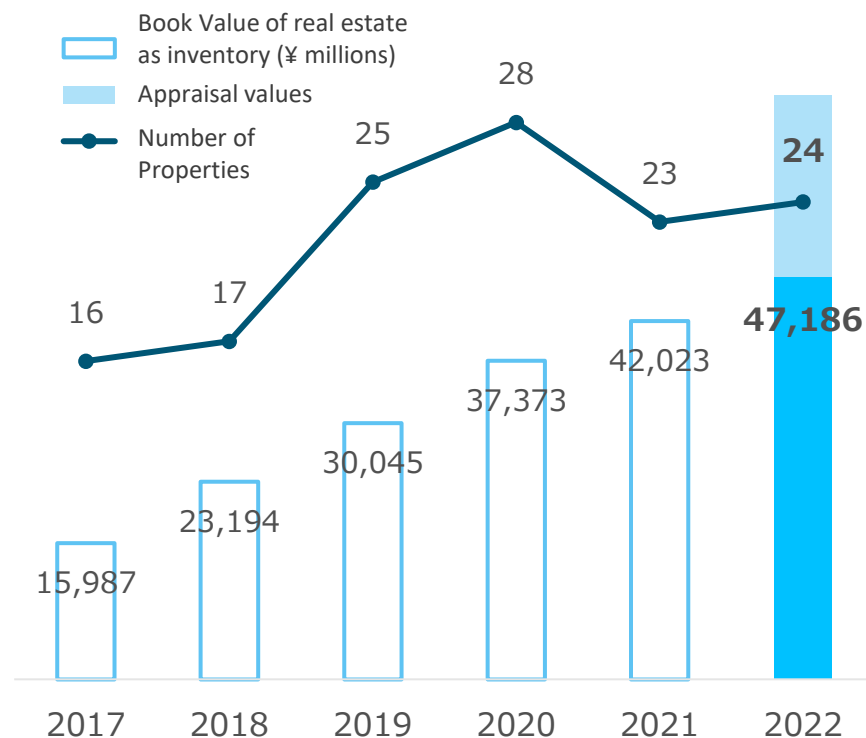
(¥ millions)



Corporate Funding Business Results

- Amid the difficulty of acquiring hotels due to the weaker yen and expectations of an inbound recovery, we leveraged our strengths to acquire Nest Hotel Tokyo Hanzomon.
- We will continue to focus on acquiring properties that will serve as our operating foundation for the future, mainly offices, but also hotels and logistics facilities.

Changes in the Book Value of Real Estate as Inventory and the Number of Properties



Track Record	Sales Price/Purchase Price (excluding expenses, depreciation, etc.)
2018	154%
2019	136%
2020	147%
2021	149%
2022	161%

Number of Properties	Possession	Cumulative sale
Five wards in central Tokyo	19	29
Other wards	3	22
Yokohama	2	1

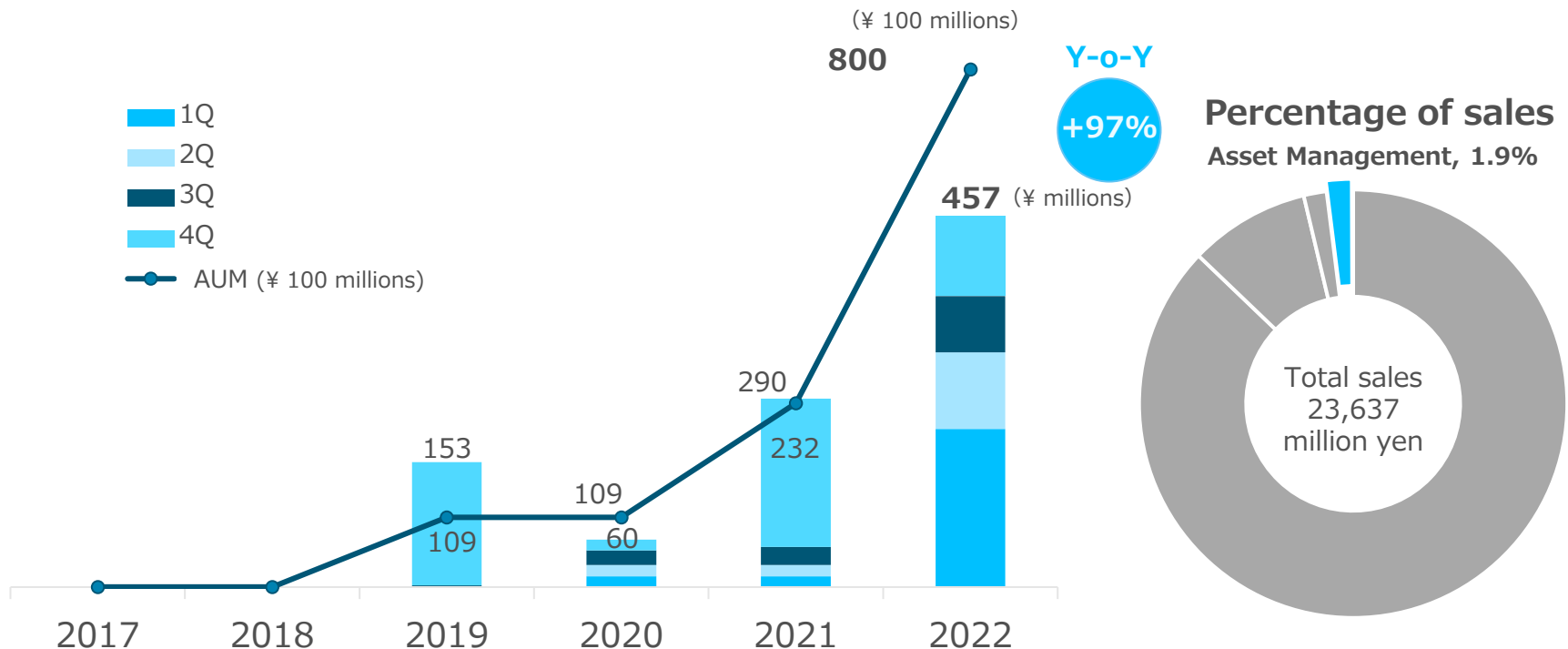


Main Purpose	Office	Logistics/Factory	Retail	Residence	Hotel
Five wards in central Tokyo	17	-	1	-	1
Other wards	2	-	-	1	-
Yokohama	1	-	-	-	1

* Five wards in central Tokyo : Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku, Shinjuku-ku

- With the launch of real estate funds looking to post-COVID19 conditions, AUM increased to approximately 80 billion yen, capturing the domestic investors' demand ahead of that of overseas investors.
- In 2023, we continue to strive to increase AUM and aim to reach AUM of 100 billion yen in the near future.

Net Sales and AUM (Asset Management Business)



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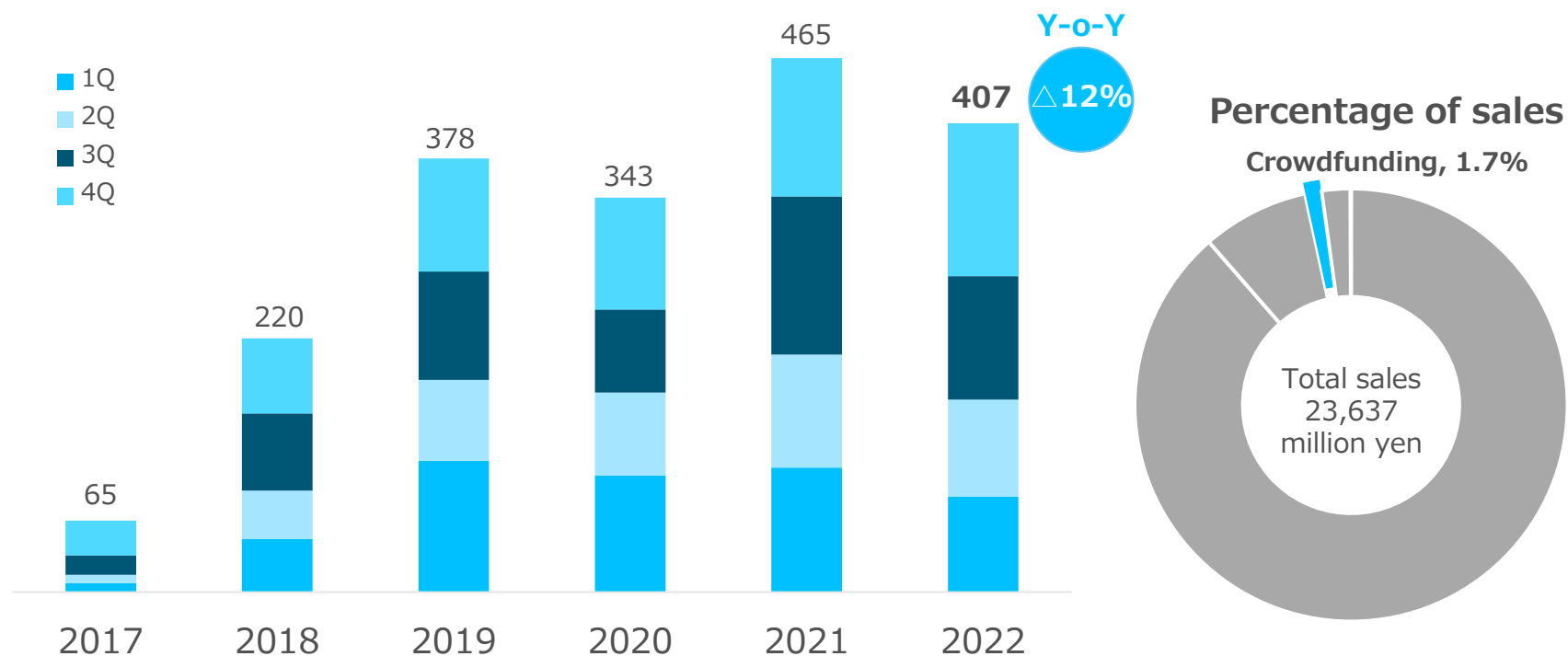


Japan's first real estate crowdfunding business.

Crowdfunding Business Results

- Although we experienced some difficulties in structuring deals due to the aggressive lending stance of financial institutions, we successfully structured deals (the largest ever) and raised a record amount of funds in 2H.
- If the short-term interest rates rise as a result of the government/BoJ's monetary policy, this could increase cost competitiveness and have a positive impact on deal sourcing.

Net Sales (Crowdfunding Business) (¥ millions)



Crowdfunding Business (KPI)

- The number of investor members has grown steadily. Furthermore, the number of shareholders and investor members has been increasing as a result of the shareholder benefits.
- We seek to expand our business by prioritizing the avoidance of exposing our investor members to excessive risk while evaluating market conditions.

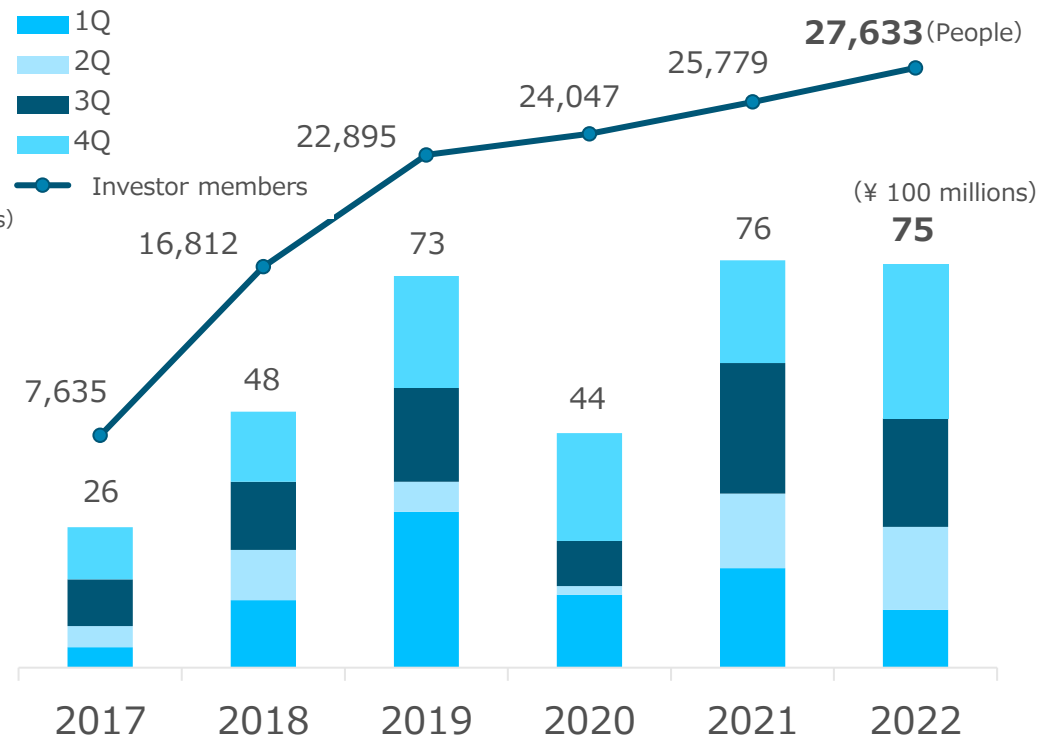
Investor members

27,633 (People)

Investment Amount

75 (¥ 100 millions)

Investor Members/ Cumulative Investment Amount

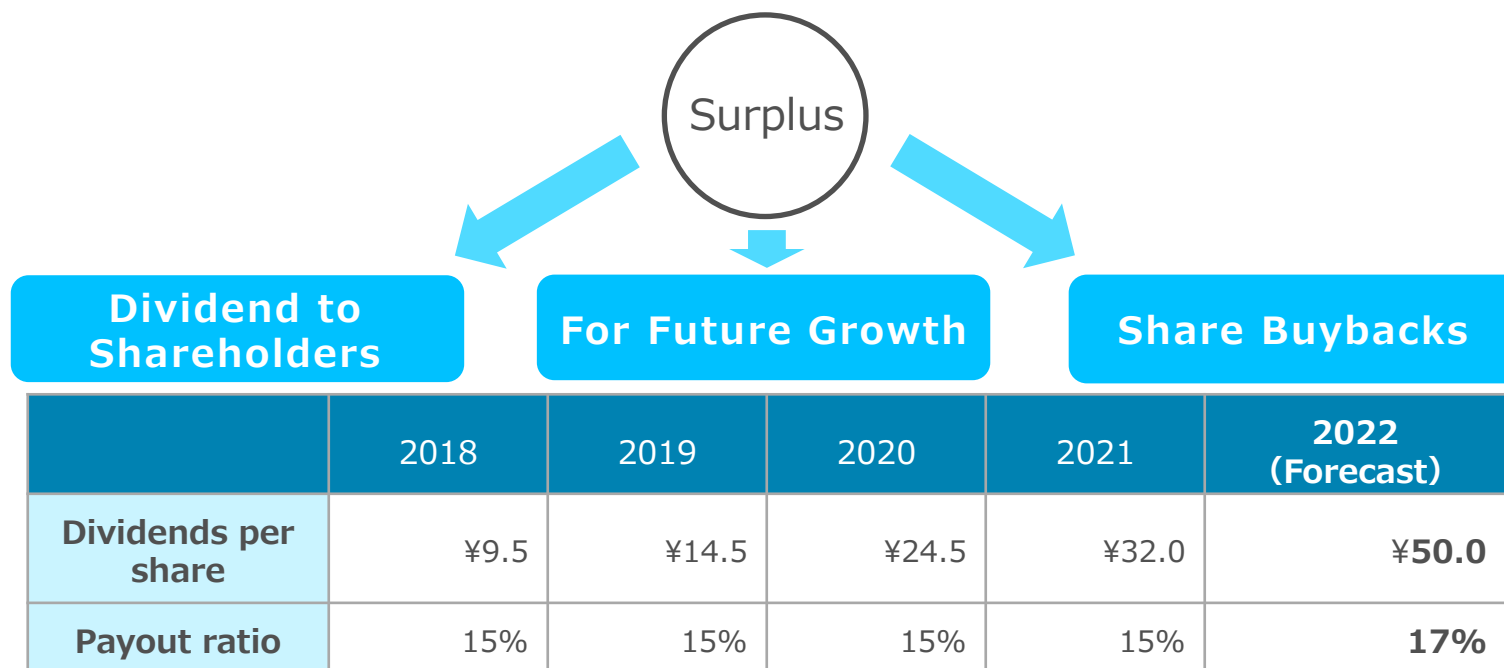


Basic Policy

- We continue our efforts to improve corporate value and shareholder profit by expanding business performance

Dividend Policy

- We set a target dividend payout ratio of 15%, but considering the mid- to long-term enhancement of corporate value and shareholder return as well as our financial strategy, the dividend payout ratio will be raised to 17%.



Shareholder Benefits

- We now offer a special OwnersBook investment allotment to our shareholders who have held at least 1,000 of the Company's shares for at least six months.

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Forecast for the FY2023 and Progress of Medium-Term Management Plan

Forecasts for the fiscal year Ending December 31, 2023

- We aim to increase sales and profits for the 11th consecutive fiscal year since the company's foundation. Looking further ahead, we seek to strategically develop our business in order to achieve our mid-term management plan (ending Dec. 31, 2024).
- We continue to emphasize "Human Capital Investment" by securing excellent human resources and training them, which is vital for the company's sustainable growth.

¥ millions)	FY2023 (Forecast)			FY2021	
	Amount	% of Net Sales	% Y-o-Y	Amount	% of Net sales
Net sales	29,342	100.0%	124.1%	23,637	100.0%
Gross profit	10,129	34.5%	108.2%	9,361	39.6%
SG&A expenses	2,015	6.9%	111.0%	1,816	7.7%
Operating profit	8,114	27.7%	107.5%	7,545	31.9%
Profit before income taxes	7,288	24.8%	103.2%	7,064	29.9%
Profit	4,965	16.9%	102.5%	4,843	20.5%

- ◆ In the office leasing market, the rise in vacancy rates and decline in rent levels have stabilized, and in the transaction market, both domestic and overseas investors are focusing on offices in Tokyo owing to inflation and the weaker yen. Although some overseas investors are still watching the market cautiously because of the impact of rising interest rates, we believe that the market will remain relatively stable in 2023 in anticipation of a post-COVID-19 economic boost and a recovery in inbound demand.
- ◆ Most of the Company's interest-bearing debt is financed by floating interest rates. At present, short-term interest rates are not expected to rise, but even if the impact of a change in the government/BoJ's monetary policy were to affect short-term interest rates, the impact of a 0.25% increase in interest rates would be less than ¥100 million (1-2% of consolidated pretax income), so the impact on our business performance is not expected to be significant. A part of our borrowings is hedged with interest rate swap contracts.
- ◆ While higher interest rates will put downward pressure on real estate prices in the short term, in the mid- to long-term, we expect rents and property prices to rise along with inflation. We believe this will be a positive factor for our business.
- ◆ We continue to monitor the impact of the macro environment on the Tokyo office market, including interest rate hikes in Japan and overseas, foreign exchange rates, resource price trends, and inbound demand.

Progress of Medium-Term Management Plan

- In 2022, we achieved results far exceeding the original forecast, and we aim to increase sales and profits in 2023 as well.
- Dividend payout ratio will be raised to 17%.
- Although we set high targets for Real estate investment as inventory / AUM / OwnersBook investment, we aim to achieve these targets with company-wide efforts.

(¥ billions)	FY2022		FY2023	FY2024
	Plan	Amount	Plan	Amount
Net sales	185	236	293	300
Profit before income tax	63	70	72	100
ROE	>30%	38%	>30%	>30%
Dividend payout ratio	>15%	17%	≥17%	≥17%
Real estate investment as inventory	-	471	-	750
AUM	-	800	-	2,000
OwnersBook investment	-	75	-	200

Basic Policy

With the Corporate Funding Business as our business foundation, we aim to increase our corporate value by expanding the scale of our Asset Management Business and Crowdfunding Business.

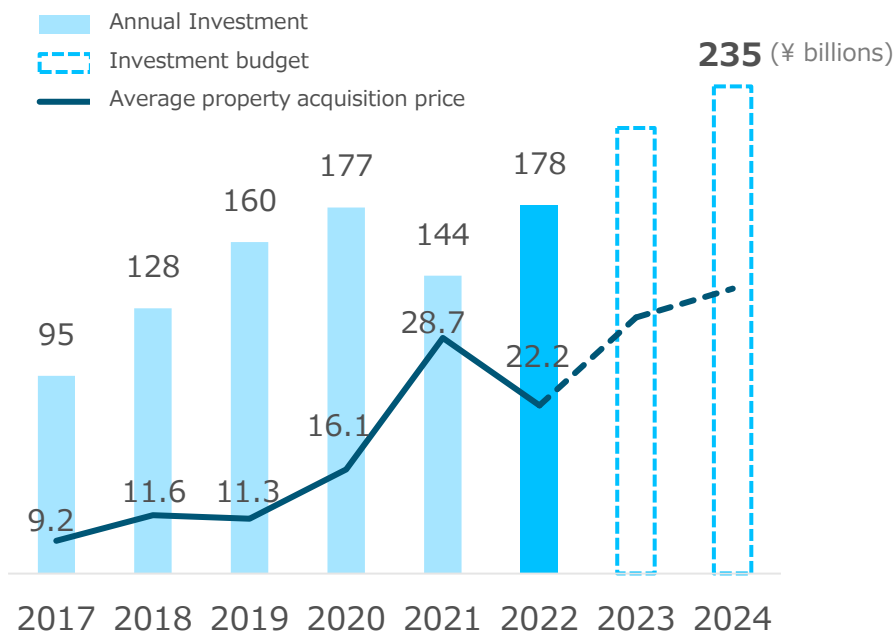
Business Strategy

1. Increase Assets Held on the Balance Sheet
2. Expand AUM in the Asset Management Business
3. Increase and Diversify OwnersBook Assets
4. Bolster ESG-Related Initiatives

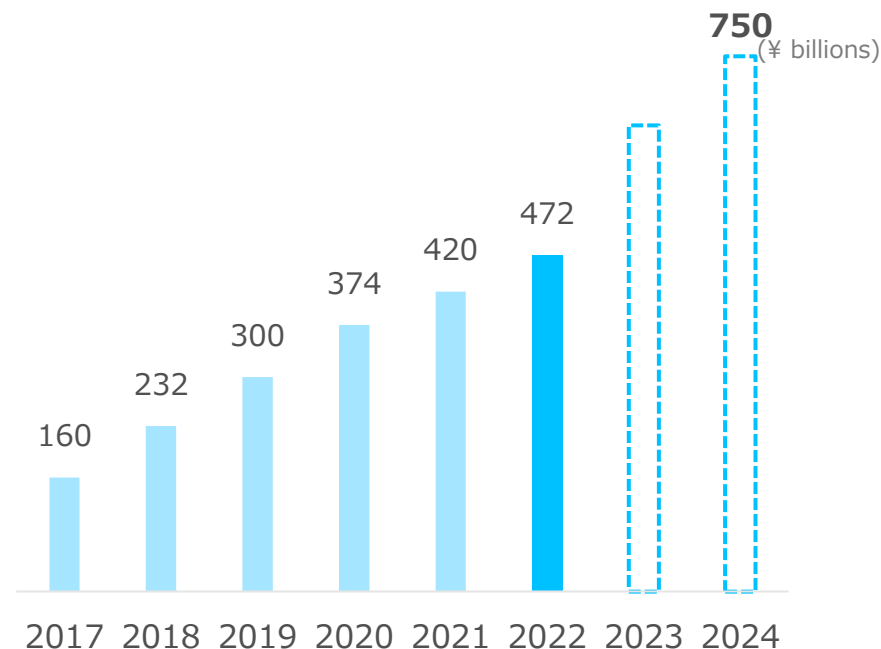
Strengthen Business Foundation with Continuous Real Estate Investment

- Continue to invest approx. ¥20 billion a year in real estate that will form our future revenue base.
- Increase assets held on the balance sheet to approx. ¥75 billion by the end of December 2024 to cover the Group's fixed costs with profits from real estate leasing.
- Focus on medium-sized office buildings in Tokyo, but also pursue hotels, logistics, and redevelopment projects if favorable opportunities arise.

Annual Investment and Average Property Acquisition Price



Book Value of Assets Held on the Balance Sheet

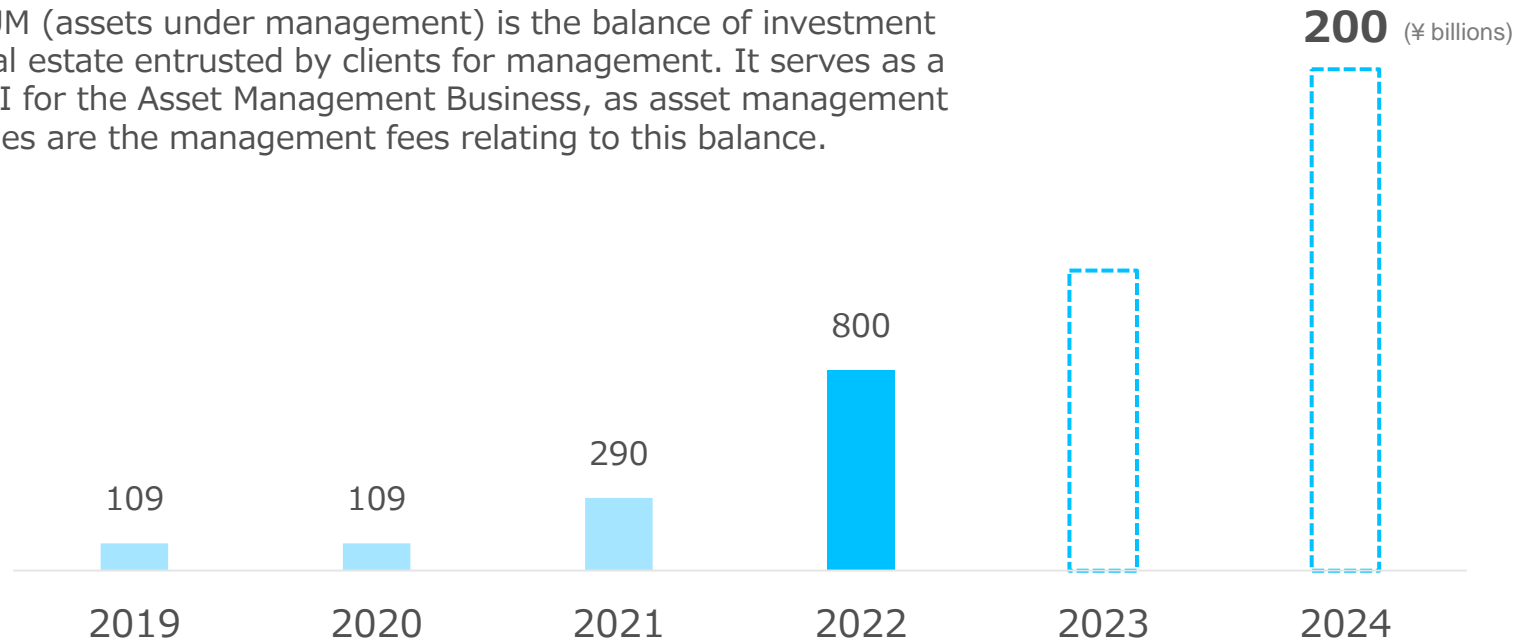


Increase AUM and Boost Name Recognition

- Amass AUM (assets under management) of several tens of billions of yen per year in response to ongoing high demand for Tokyo real estate not only from overseas investors but also domestic investors.
- Accumulate AUM worth ¥200 billion by the end of December 2024 and establish a position as an independent asset management company.

AUM (Assets Under Management)

AUM (assets under management) is the balance of investment real estate entrusted by clients for management. It serves as a KPI for the Asset Management Business, as asset management sales are the management fees relating to this balance.

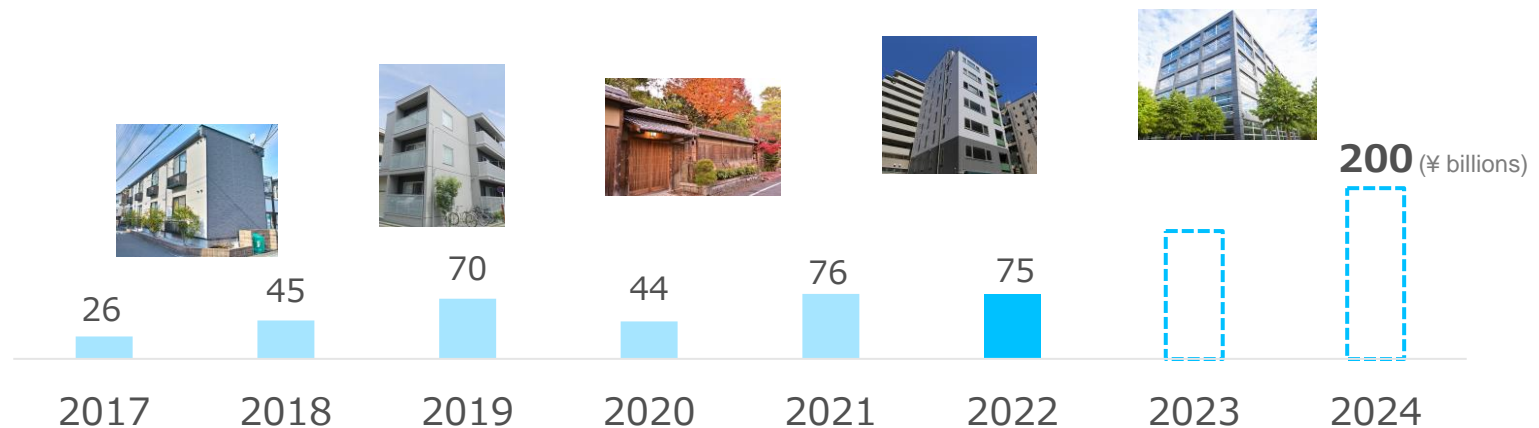


Increase Scale and Diversity of Investment Products

- Provide products to meet investor demand, as individual investors are still highly motivated to invest.
 - Larger scale transactions
 - Enhancement and expansion of products with shareholder benefits and lottery-type products
 - Diversification of products such as non-recourse-type and interest-rate-bidding-type products
- As we are managing our investors' assets, we prioritize the avoidance of exposing our investor members to excessive risk, and will focus on business expansion while evaluating market conditions.

OwnersBook Investment

(* Depictions of real estate that can be invested in through OwnersBook)

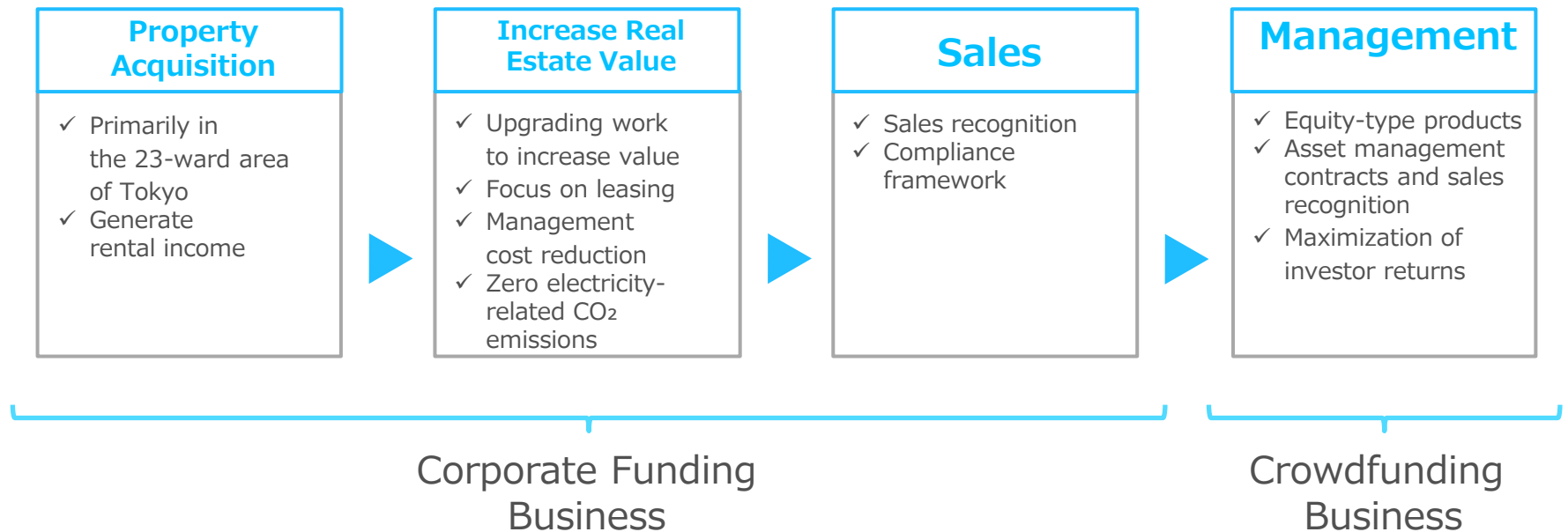


Aim to Create Funds Targeted at Individuals

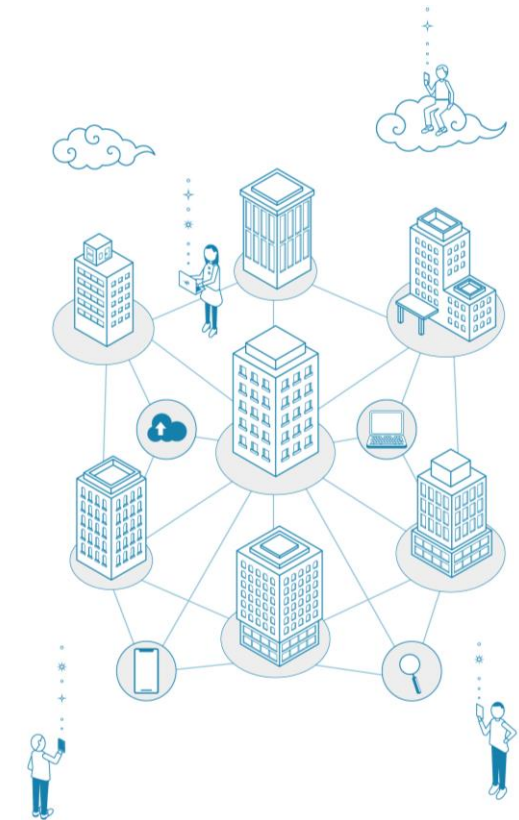
- Consider selling the Company's investment properties to the fund alongside external acquisitions to generate recurring revenue.
- Aim to create open-end funds*.
- Proceed with consideration of funds using STOs.

* An open-end fund is a fund in which the issuer guarantees the repurchase of securities and which can be redeemed at any time.

Outline of envisaged open-end funds created with the Company's investment properties



What are STOs (Security Token Offerings)?	A framework based on new technologies for providing law/regulation-compliant services that meet demand for new fund procurement methods to replace traditional equity and debt financing, as well as demand for new financial products that provide alternatives to stocks and corporate bonds. (Source: Japan Security Token Offering Association)
Our vision	Make the trading of investors' equity in the crowdfunding market possible and, by making transactions more flexible, invigorate and expand the crowdfunding market. As investors begin to use the platform more often, lifetime value (LTV) that can be obtained as a platform provider is expected to increase.
Issues on the way to commercialization	Technical issues: Our research is opening a pathway toward commercialization. Legal and regulatory issues: We will consider collaboration with securities firms.
Timetable	Pursue further R&D aiming for launch in the latter half of 2023.



Environment

Society

Governance

Initiatives

- ✓ Switch to electricity generated from renewable energy sources
- ✓ CO₂ emissions reduction

- ✓ Consideration of donation-type Crowdfunding Business
- ✓ Make employee health a management priority
- ✓ Increase business efficiency

- ✓ Increase workforce diversity
- ✓ Strengthen compliance system increase awareness about compliance issues

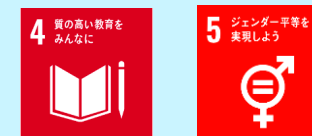
KPIs

- ✓ Switch all Company-held properties* to green electricity by end of 2024
- ✓ Consider participation in international initiatives such as RE100

- ✓ Launch donation-type Crowdfunding Business
- ✓ Ensure that all employees undergo annual health checks
- ✓ Advance digital transformation of businesses

- ✓ Maintain 1/3 outside officer ratio
- ✓ Evaluate board of directors effectiveness at least twice per year
- ✓ Compliance training at least 4 times per year

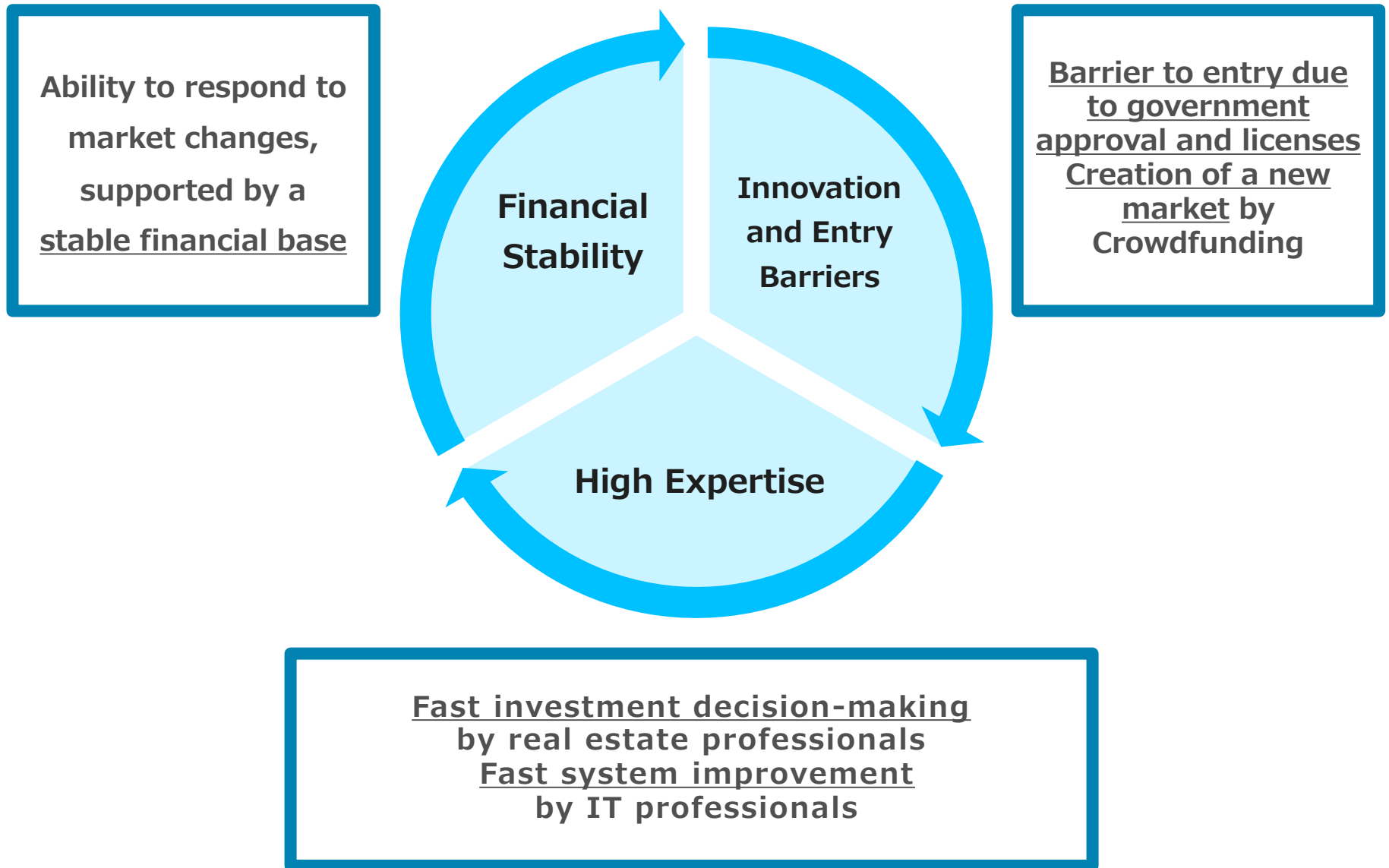
SDGs



* Excluding properties where the Company cannot conduct such a switch due to tenant circumstances, etc.

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Our Strengths and Characteristics



■ Why are we targeting mid-sized offices in the Tokyo's 23 wards for investment?

Office conditions for small and medium-sized enterprises (SMEs)

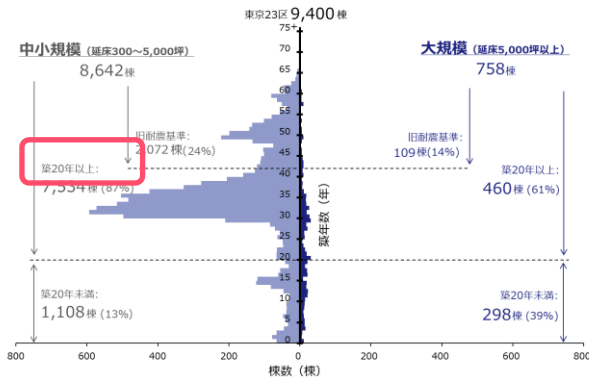
- 99% of the companies in Tokyo are SMEs
- SMEs have lower teleworking rates than large enterprises and need office spaces, yet many of these offices are old and not properly managed.

New supply of mid-sized buildings

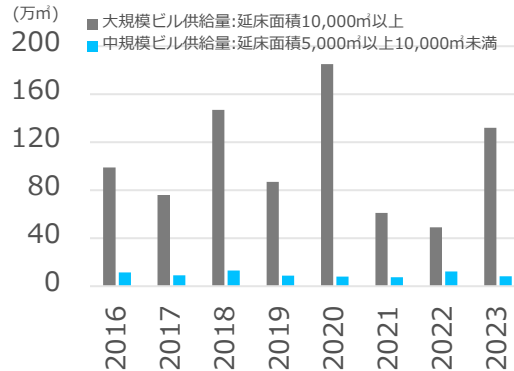
New supply is limited from a profitability perspective due to soaring land and resource prices.

Positioning

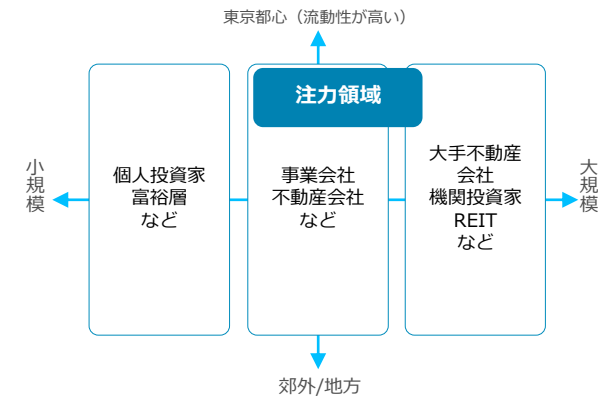
- Mid-sized buildings are less likely to compete with the wealthy, REITs, etc. due to their financing power and cost-effectiveness.
- Tokyo's central area, with its high liquidity, is also a target for global investment, enabling us to avoid the impact of recessionary waves.
- There is potential for value enhancement, especially for properties owned by operating companies.



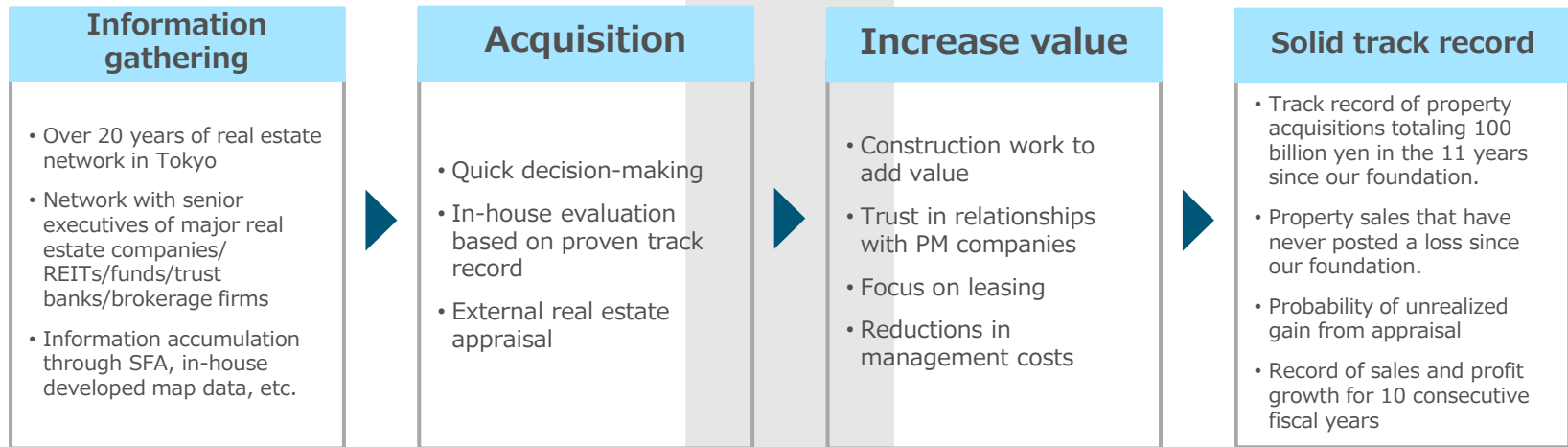
出典：ザイマックス「オフィスピラミッド2023」



出典：森トラスト「東京23区の大規模オフィスビル供給量調査委'22」より当社作成



We strive to find buildings with value enhancement potential, and to ensure that the buildings are properly evaluated.



Credibility

- Over 20 years of experience and real estate network
- Credibility as a Prime listed company
- Good relationship with banks
- Financing power of OwnersBook

Realizing access to individual investors, which has not been established in the real estate investment market



OwnersBook

Demand

Established credibility as an asset manager based on the track record of more than eight years and reputation as a listed company

High
barriers
to entry

Supply

High hurdles to overcome in acquiring approvals and licenses* required for Crowdfunding Business

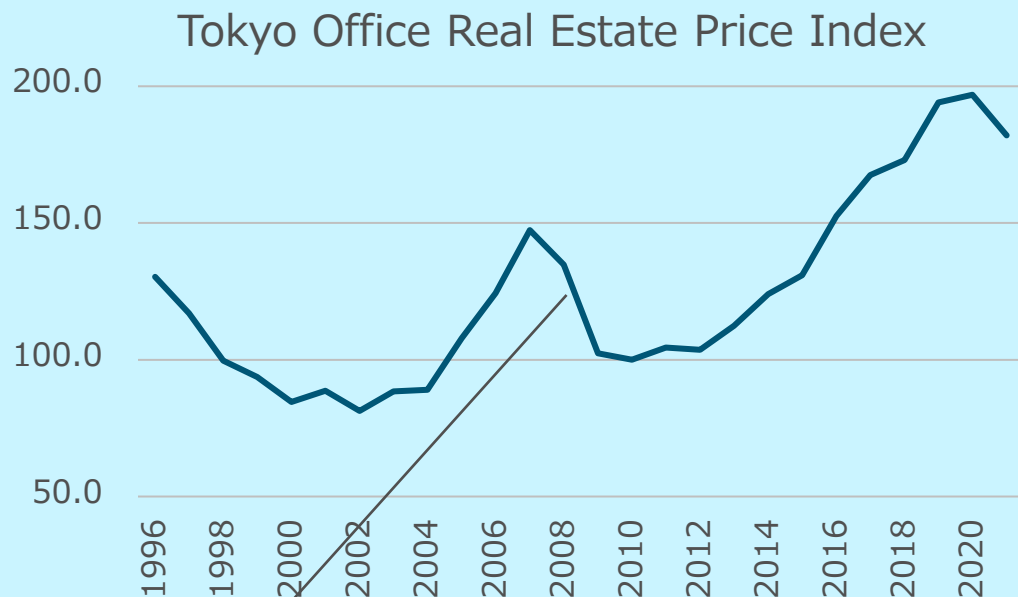
*Investment Management Business, Type II Financial Instruments Business, Money Lending Business, etc.

Expertise

Professionals of real estate and IT

Stable Financial Base

- Build a stable financial base through long-term borrowings to prepare for short-term real estate price fluctuations.

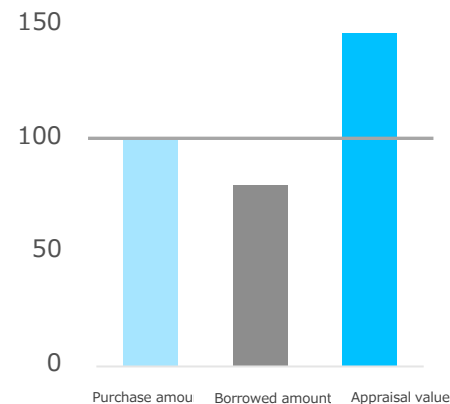


出典：国土交通省 不動産価格指数（東京 オフィス）

There is a risk of not being able to refinance during a period of falling real estate prices.

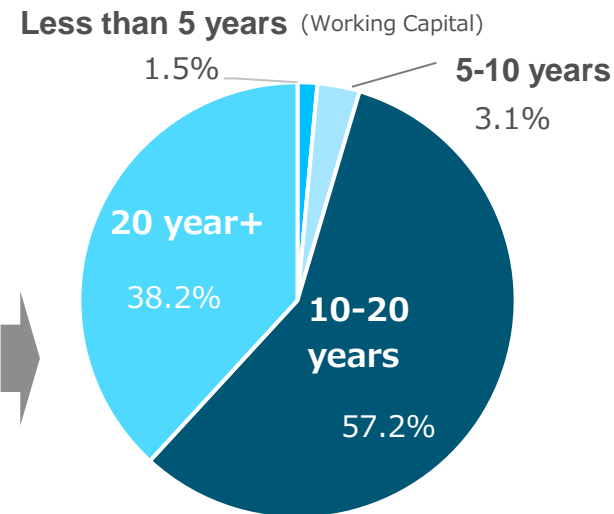
We obtained high credibility from financial institutions thanks to unrealized gains on our properties, enabling us to secure long-term borrowings. This reduced concerns about the inability to refinance caused by short-term real estate price fluctuations.

Creditworthiness backed by appraisal track record



Indexed with cumulative real estate purchase value = 100. As of December 31, 2022

Weighted average borrowing period = 17 years



As of December 31, 2022

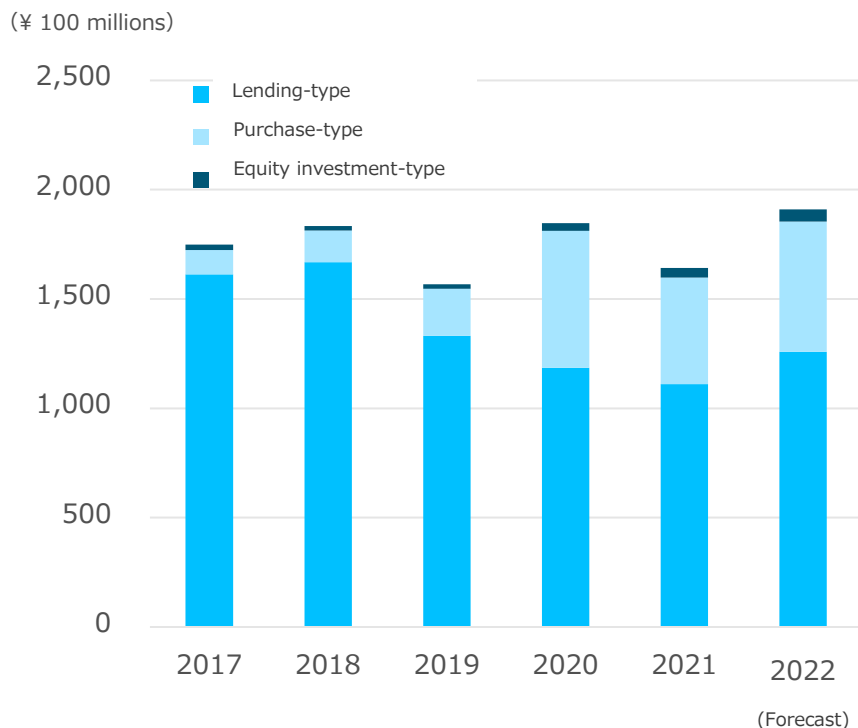
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Crowdfunding Market and OwnersBook

Crowdfunding Market and Growth Potential

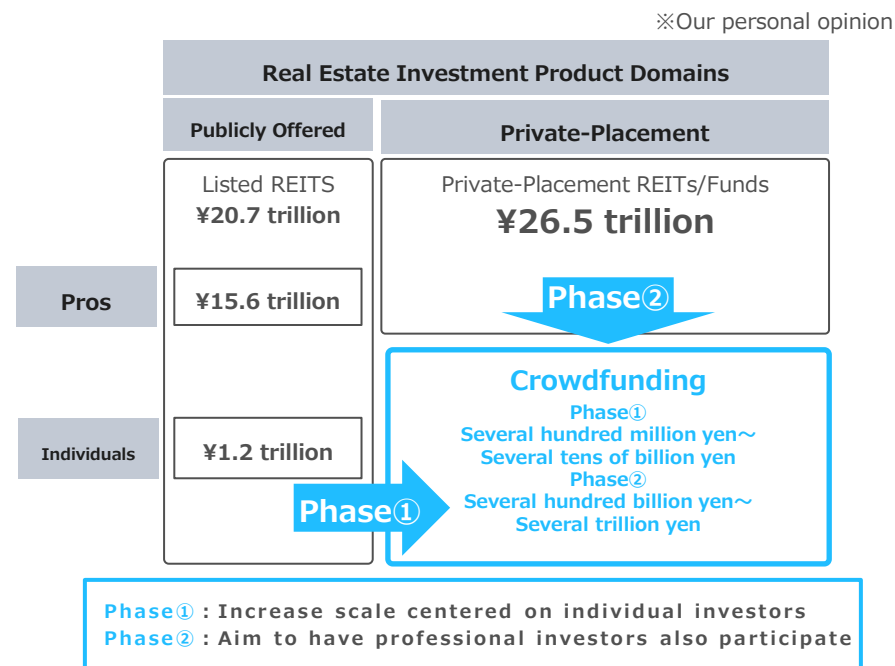
- Market scale is expected to expand up ahead because the number of lending-type crowdfunding business operators is increasing year after year.
- Crowdfunding may become an investment source for private equity real estate market in the future.

Japan's crowdfunding market



出典：
 矢野経済研究所「2022年版国内クラウドファンディングの市場動向」を基に、日本クラウドファンディング協会「クラウドファンディング市場調査報告書」2021年7月9日より型別の割合を加味して当社作成

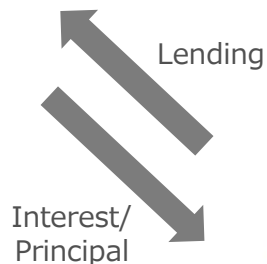
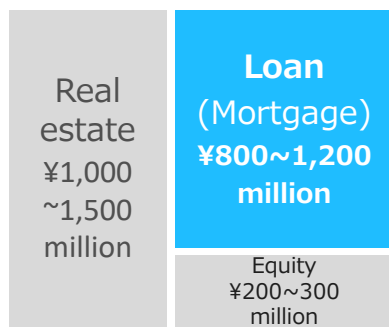
Growth Potential of Crowdfunding



出典：
 *1 東京証券取引所 上場不動産投資信託証券(REIT)投資主情報調査結果<2022年8月>
 *2 (株)三井住友トラスト基礎研究所「不動産私募ファンドに関する実態調査 2022年7月

OwnersBook Features 1

Loan-Type



Loan-Type

Loans secured by real estate

OwnersBook



Investment

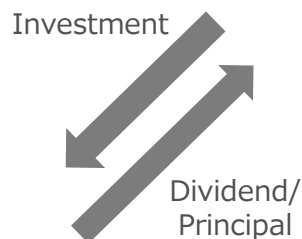
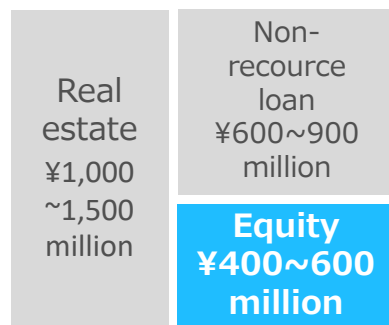


Dividend/
Principal

Investors



Equity-Type



Equity-Type

Open up investment areas, traditionally dominated by institutional investors, to individual investors

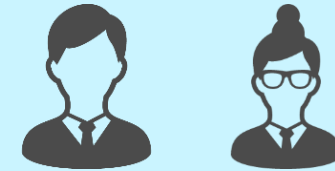
Profit Structure	Up-front fee	Asset Management fee	Disposition fee
Loan-Type	Loan amount × 2%	—	—
Equity-Type	Equity amount × 1-2%	AUM × 0.3-1%	Real estate sales price × 1%

*The above fee structure is subject to change.

Borrowers' demand



Investors' demand



Quick origination

Faster originations than bank loans (Minimum 3 weeks)

Financing collateral capacity

We can provide loans with a 2nd mortgage against collateral capacity.

Evaluation focusing on collateral capacity

Can finance up to about 80% of the appraised value

Lump-sum principal repayment

Lump-sum Repayment of principal at last interest payment is available (Advantage in cash flow)

Small investment amounts

Easy investment from ¥10,000
All fees are free except for refunds

Little time & effort is required

No price changes unlike shares & investment trust
In principle, dividends are paid regularly

All transactions are secured by real estate (Loan-type)

In-house + external assessment
Careful selection of transactions by real estate professionals

Wide range of investors

Wide range of investors in their 20s to 70s (Mostly in the 30s to 40s)

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Company Profile

Company Name	Loadstar Capital K.K.
Address	Ginza First Building, 1-9-13 Ginza, Chuo-ku, Tokyo, Japan
Founded	March 14, 2012
Representative	President & CEO Tatsushi Iwano
Number of Directors	7 (including three outside directors)
Number of Officers and Employees	Approx. 80

Tatsushi Iwano President



April 1996 Joined Japan Real Estate Institute
April 2000 Joined Goldman Sachs Realty Japan Ltd.
August 2004 Joined Rockpoint Management Japan LLC
March 2012 Founded Loadstar Capital K.K. Assumed office as President (current)
May 2014 Assumed office as President of Loadstar Funding K.K. (current)
August 2019 Assumed office as Director of Loadstar Investments K.K. (current)

Certifications: Certified Real Estate Appraiser, Real Estate Transaction Agent



Naoyuki Kubo

Naoyuki Kubo was named Executive Director in March 2019. Since joining Loadstar Capital in 2014, he has been responsible for Investment Sourcing & Disposition Department.

Prior to Loadstar Capital, he worked at Japan Real Estate Institute for 15 years, mostly recently as a Director and took a lead for Global valuations. Prior to Japan Real Estate Institute, he worked at the Norinchukin Bank for 2 years.

Bachelor of Agriculture, the University of Tokyo, Master of Business Administration, University of North Carolina at Chapel Hill MAI, CCIM, Licensed Real Estate Appraiser, Real Estate Broker



Yo Narita

Yo Narita was named Executive Director in March 2019. Since joining Loadstar Capital in 2014, he has been responsible for developing and managing OwnersBook.

Prior to Loadstar Capital, he was an asset manager at Touchstone Capital Management Co., Ltd., where he managed JPY 100Bn of real estate portfolio. Prior to Touchstone, he was an analyst at Financial Security Assurance Inc.

Bachelor of Law, the University of Tokyo
CFA Charterholder



Takuya Kawabata

Takuya Kawabata has been our Chief Financial Officer since January 2019, and was named Executive Director in March 2021.

Since joining Loadstar Capital in 2016, he has overseen budget, accounting and finance management, and has been engaged in preparing for public listing on the Mothers market of the Tokyo Stock Exchange in 2017. After the listing, he has also been engaged in investor relations. Prior to Loadstar Capital, he belonged to the Financial Business Division at ERNST & YOUNG SHINNIHON LLC and was engaged in accounting audits and internal control audits of NYSE listed financial institutions, real estate companies, REIT, etc.

Bachelor of Economics, the University of Tokyo
Certified Public Accountant

Mar 2012

Established Loadstar Capital K.K. in Ebisu, Shibuya-ku, Tokyo

May 2014

Established Loadstar Funding K.K. (wholly owned subsidiary)

Sep 2014

Launched crowdfunding service on the internet under the brand name "OwnersBook"

Apr 2015

Relocated head office to Ginza, Chuo-ku, Tokyo

Sep 2017

Listed on Tokyo Stock Exchange Mothers market (Securities code: 3482)

Aug 2018

Launched the Equity-type Crowdfunding Service

Aug 2019

Established Loadstar Investments K.K. (wholly owned subsidiary)

Apr 2022

Listed on Tokyo Stock Exchange Prime Market (Securities code: 3482)

Aug 2022

Selected as a constituent stock in JPX-Nikkei Mid and Small Cap Index (3 consecutive years)

- Changes in Total Shareholders**

2017	2018	2019	2020	2021	2022
2,800	2,730	2,566	4,348	6,934	7,745

- Major Shareholders**

Shareholders name	FY2022Q4 (1,000 share /% of total shares)
Tatsushi Iwano (President)	3,366 (20.9%)
Capital Generation KK	1,100 (6.8%)
Renren Lianhe Holdings	1,049 (6.5%)
The Master Trust Bank of Japan	774 (4.8%)
Yasuhiro Morita	658 (4.0%)
Rakuten Securities, Inc	472 (2.9%)
MSIP CLIENT SECURITIES	368 (2.2%)
Naoyuki Kubo (Executive Director)	294 (1.8%)
Yo Narita (Executive Director)	258 (1.6%)
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE – AC)	218 (1.3%)

Note1: Percentage of total shares calculated after deduction of treasury shares.

Consolidated Statements of Cash Flows

- As a result of the solid business performance, CF from operating activities showed a large cash outflow due to growth in the balances of operating loans and real estate for sale, but this was offset by profit before taxes.
- We maintain good relationships with banks, and CF from financing activities remains stable.

(¥ millions)	FY2022	FY2021
CF from operating activities	△1,517	△450
Profit before income taxes	7,064	5,031
Decrease (increase) in operating loans receivable	△2,150	△628
Decrease (increase) in Real estate as inventory	△5,700	△5,107
Increase (decrease) in deposits received from silent partnership investors	1,498	698
Increase (decrease) in deposits received	△1,258	816
CF from investing activities	△232	12
CF from financing activities	3,226	1,013
Net increase (decrease) in borrowings	4,430	1,423
Purchase of treasury shares	△694	-
Net increase (decrease) in cash and cash equivalents	1,476	595
Cash and cash equivalents at beginning of period	7,926	7,331
Cash and cash equivalents at end of period	9,403	7,926

- ◆ Our strategy is to accumulate real estate for sale, which will serve as our operating foundation. The more we accumulate, the larger our cash outflows will be.
- ◆ This cash outflow is covered by profits and financing, which is a common CF in the real estate industry.

Key Risk Information

Recognized Risk	Related Business	Likelihood	Degree of Impact	Countermeasures
The risk of being unable to secure talented personnel to support the Group's sustainable growth.	All	Low	Low	We will strengthen our recruiting. Further, to prevent the outflow of talent from the organization, we will endeavor to foster an open corporate culture and provide a workplace environment in which every individual can grow.
The risk of an increase in new market entrants and more intense competition with current competitors as a result of regulatory easing or other factors.	Crowd funding business	Low-medium	Low	We are making efforts to win more projects by bolstering our sales force and promoting digital transformation, such as SFA. (sales force automation). In the Crowdfunding Business we are bolstering our systems, working to improve UI and UX, and focusing our efforts on raising awareness of OwnersBook through media exposure and seminars.
The risk of the Group's business being restricted by amendments to, or the establishment of, laws and regulations related to our business operations.	Crowd funding business	Low	High	Our Compliance Officer and attorneys within and outside the Company have assessed the potential impacts of legal amendments on the Group's business and are taking appropriate steps as required.
The risk of significant damage to the value of the properties we hold as a result of an earthquake or other natural disaster.	Corporate funding business	Low	High	We try to mitigate this risk by selecting properties built to the new seismic resistance standards or higher, obtaining earthquake risk assessments above a certain level, and taking out earthquake insurance.

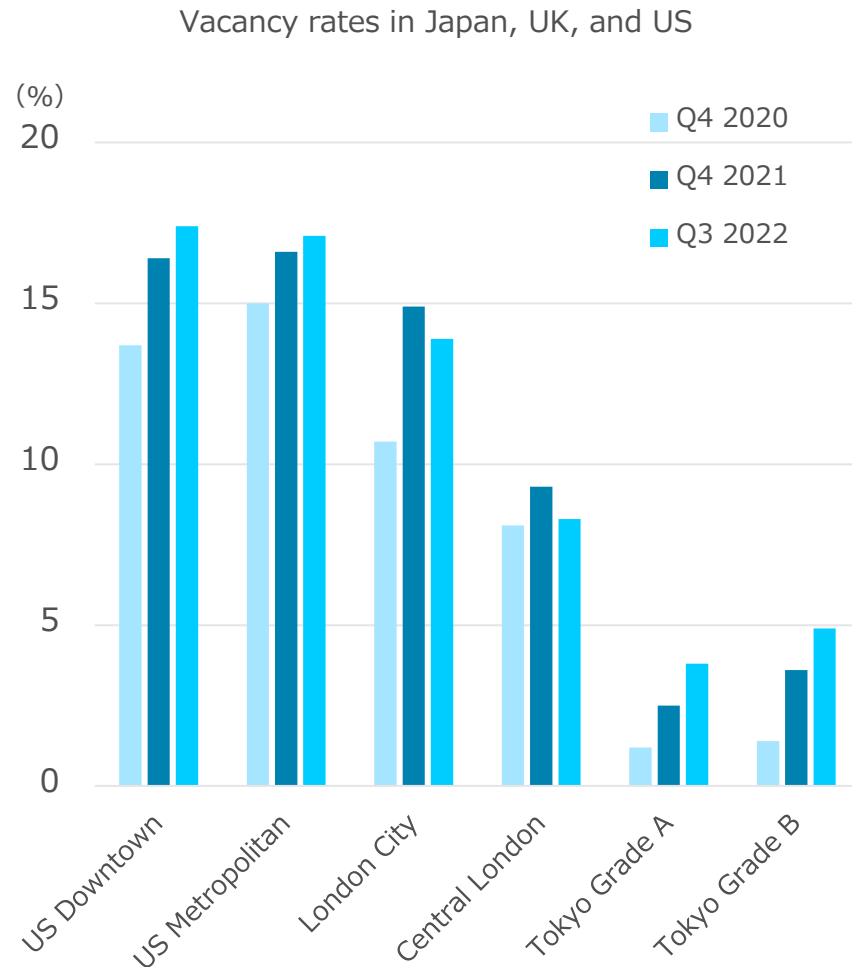
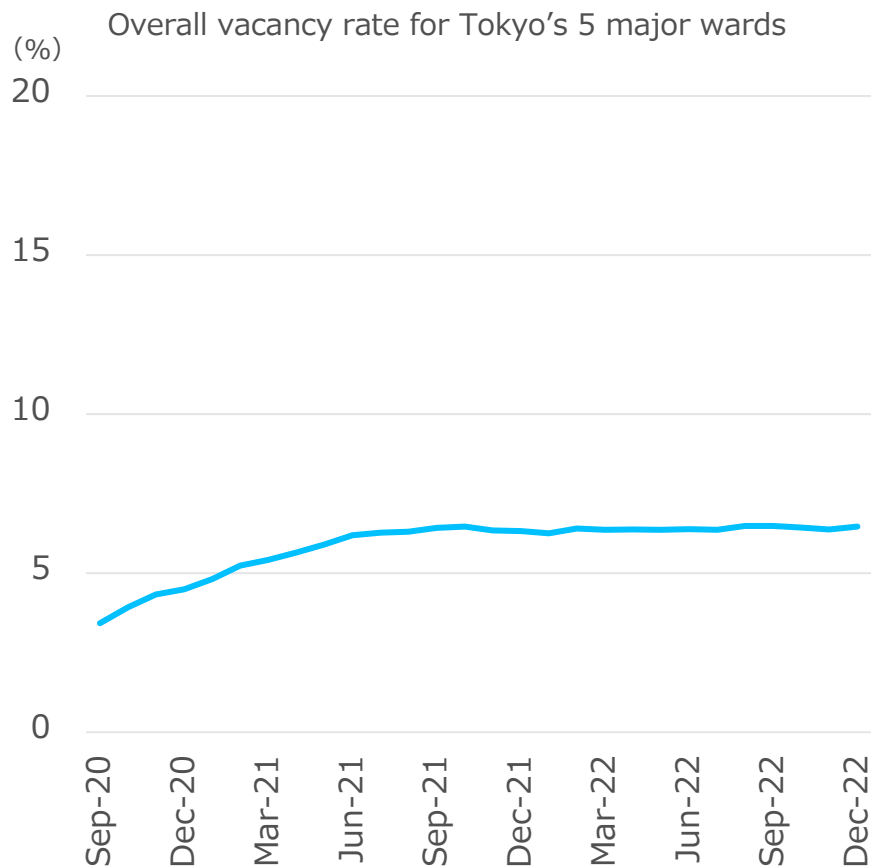
For other risks, please refer to "Business and Other Risks" in the Annual Securities Report.

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Real Estate Market Analysis

Vacancy Rates

- Vacancy rates in the Tokyo business district, which had been very low, increased once, but have settled down.
- Tokyo vacancy rates remain below those in the UK and US.

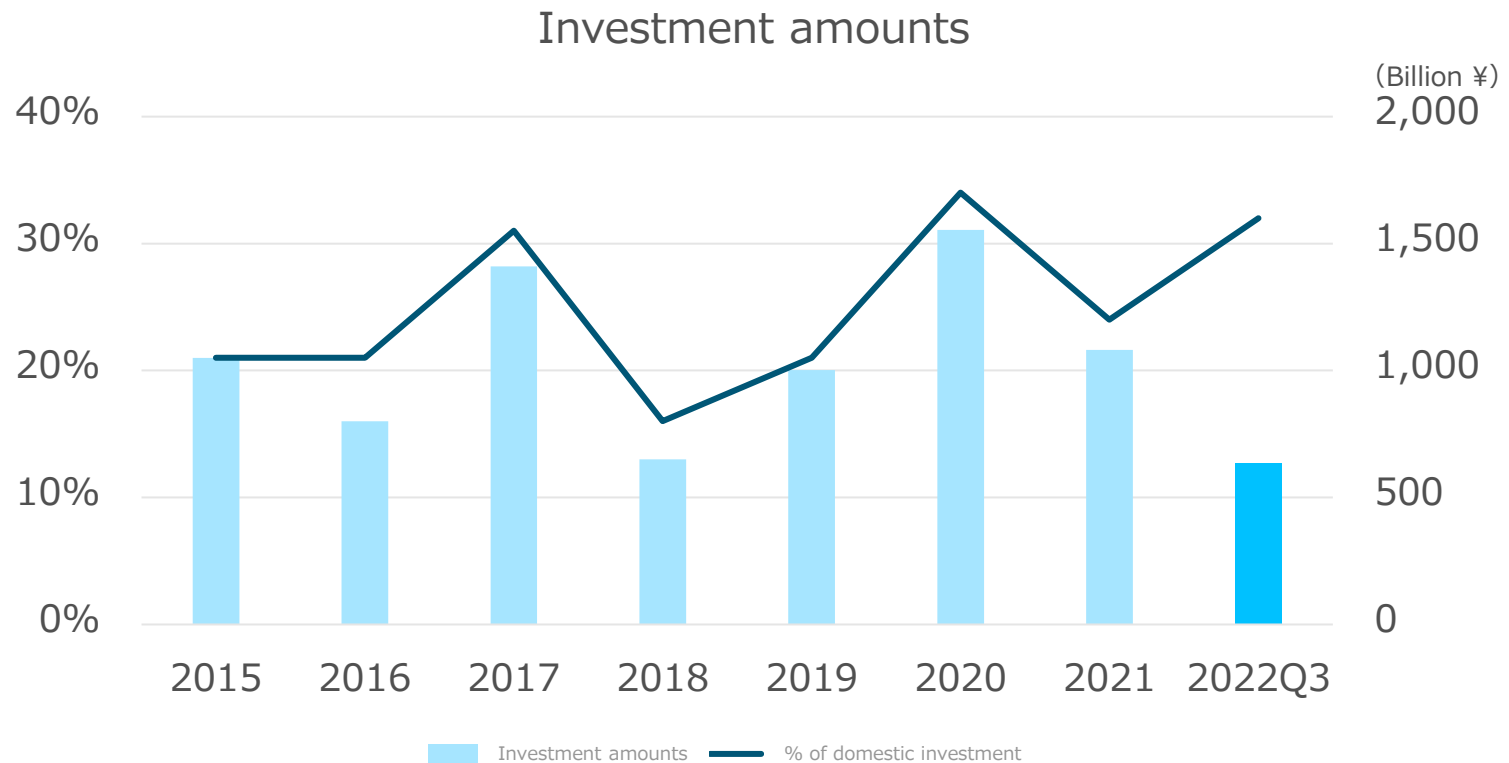


出典：東京ビジネス地区 三鬼商事 オフィスマーケットデータ

日英米の空室率 CBRE U.S. Office Figures Q3 2022, Central London Office Q3 2022, Japan Office MarketView Q3 2022

Real Estate Investment from Overseas

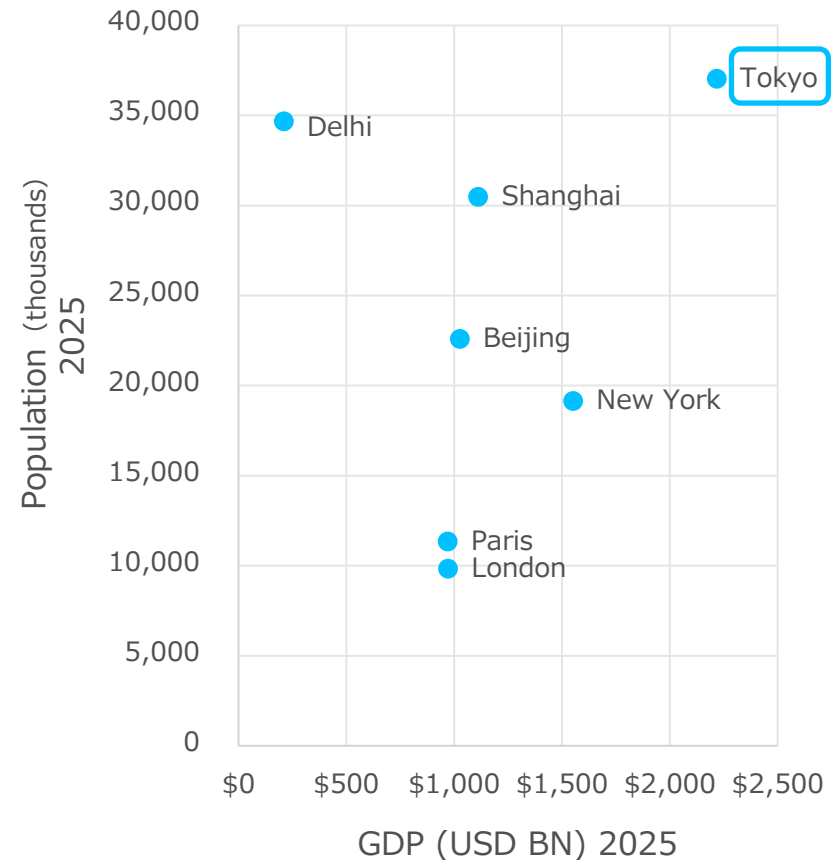
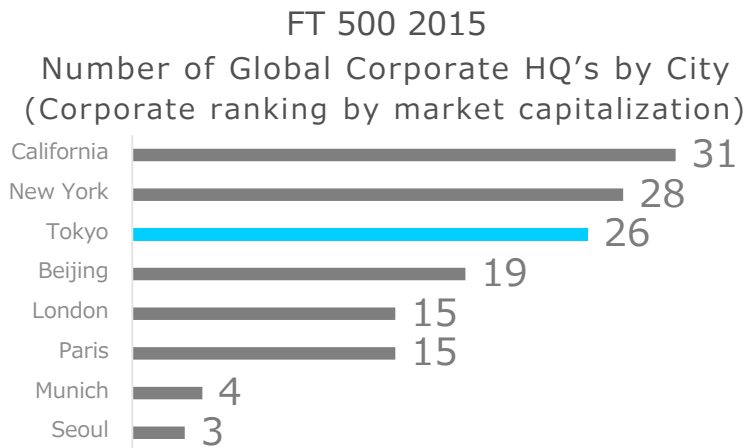
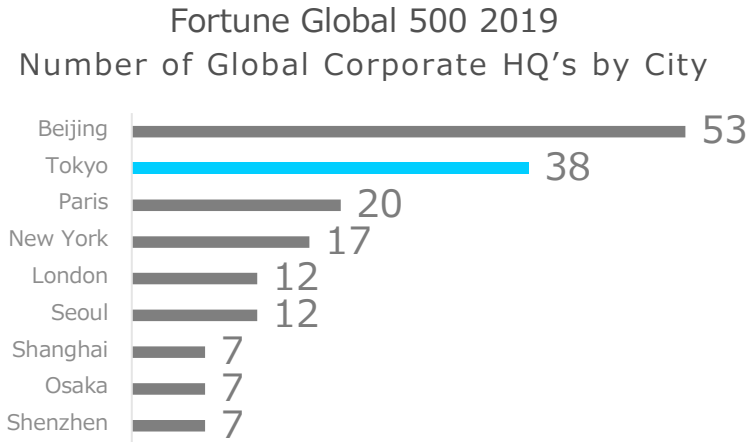
- Compared to FY2021, there were no large transactions or sales of company-owned buildings, and Asia-Pacific was on a downward trend, resulting in a significant decrease in the investment volume by overseas investors.
- Meanwhile, given external factors such as the weaker yen and yield gap, as well as several large projects in the pipeline for 2022Q4, the YoY decline is expected to be reduced for the full year.



出典 : JLL Japan Capital Flows 2022Q3

The World in 2025 (Urban Population & GDP)

The greater Tokyo area has higher concentrations of large enterprises, the largest urban population, and GDP in the world.



出典: 国交省「各国の主要都市への集中の現状」2019年12月6日 より当社作成
<https://www.mlit.go.jp/kokudoseisaku/content/001319312.pdf>

(人口) Population Dept., United Nations [World Urbanization Prospects], (GDP) McKinsey Global Institute Cityscope database 2.0. より当社作成

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- Loadstar Capital K.K. prepared its financial statements based on J-GAAP.
- Loadstar Capital K.K. will not necessarily revise any future announcements, etc. regarding future prospects, regardless of future events, unless otherwise required by the disclosure rules.
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