



**Fiscal year ended December 31, 2017
Earnings Briefing**

Loadstar Capital K.K.

Securities code: 3482
February 2018

- 1. Overview of Financial Results for the Fiscal Year Ended December 31, 2017**
- 2. Forecast for the FY2018**
- 3. Future Growth Strategy**

1. Overview of Financial Results for the Fiscal Year Ended December 31, 2017

- **Sales and profits increased** for the sixth consecutive years due to the Company's founding

Net sales up 88.7% y-o-y

Ordinary profit up 69.1% y-o-y

- **OwnersBook**

Number of investor members increased **343.0%** from December 31, 2016, to 7,635 members

Cumulative investment amount increased **254.2%** to ¥3,652 million

Consolidated Financial Results

- With the strong real estate market, net sales were **32.6% higher** than our initial forecast

(¥ millions)

	Fiscal year ended December 31, 2016		Fiscal year ended December 31, 2017		
	Amount	% of Net Sales	Amount	% of Net Sales	% Y-o-Y
Net sales	4,659	100.0%	8,794	100.0%	188.7%
Cost of sales	3,479	74.7%	6,837	77.7%	196.5%
Gross profit	1,180	25.3%	1,957	22.3%	165.8%
SG&A expenses	430	9.2%	592	6.7%	137.7%
Operating profit	750	16.1%	1,364	15.5%	181.9%
Ordinary profit	703	15.1%	1,189	13.5%	169.1%
Profit	468	10.1%	794	9.0%	169.5%

Real Estate Investments

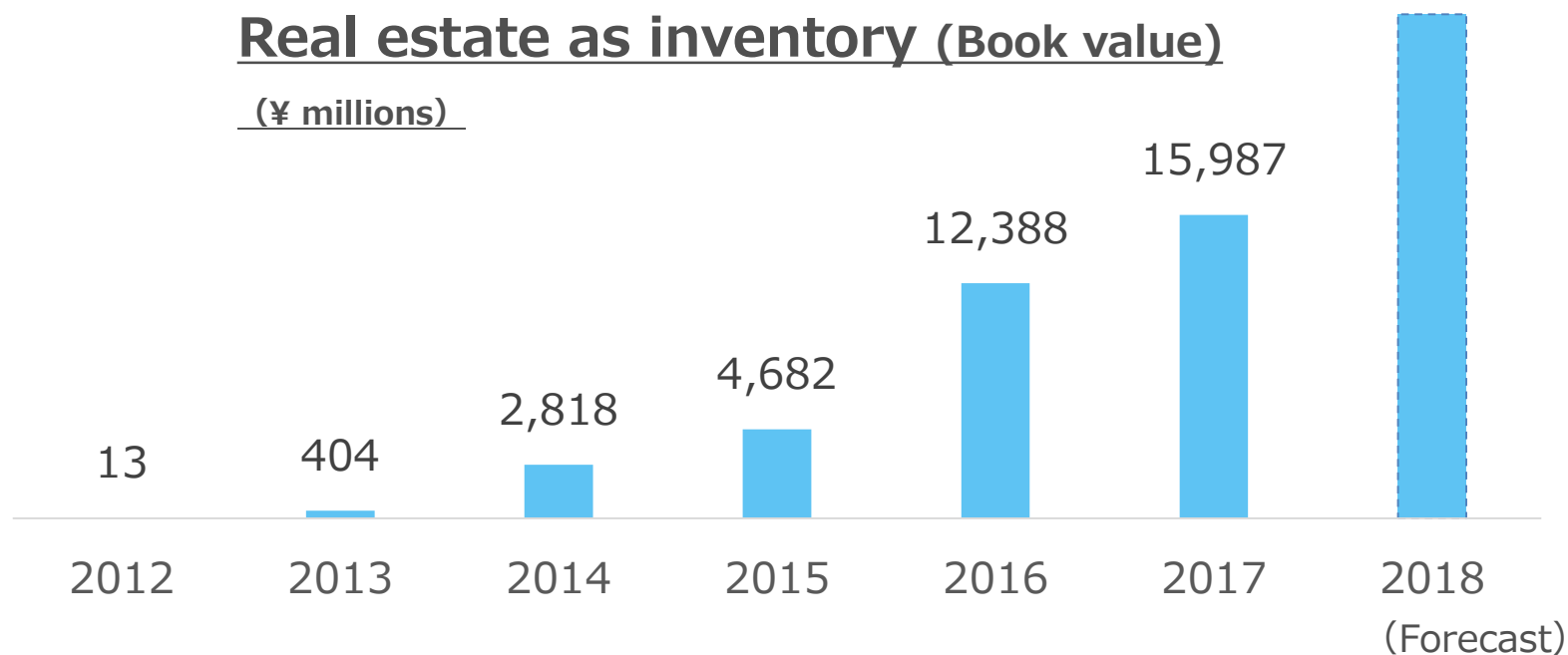
- Acquired 8 properties mainly in Tokyo's 23 wards

Real Estate Leasing

- Held 14 properties as of the end of 2017FY
- Book value JPY 15.9 billion (Increased approximately JPY **3.6** billion, **up 29.0%** compared with the end of 2016FY)

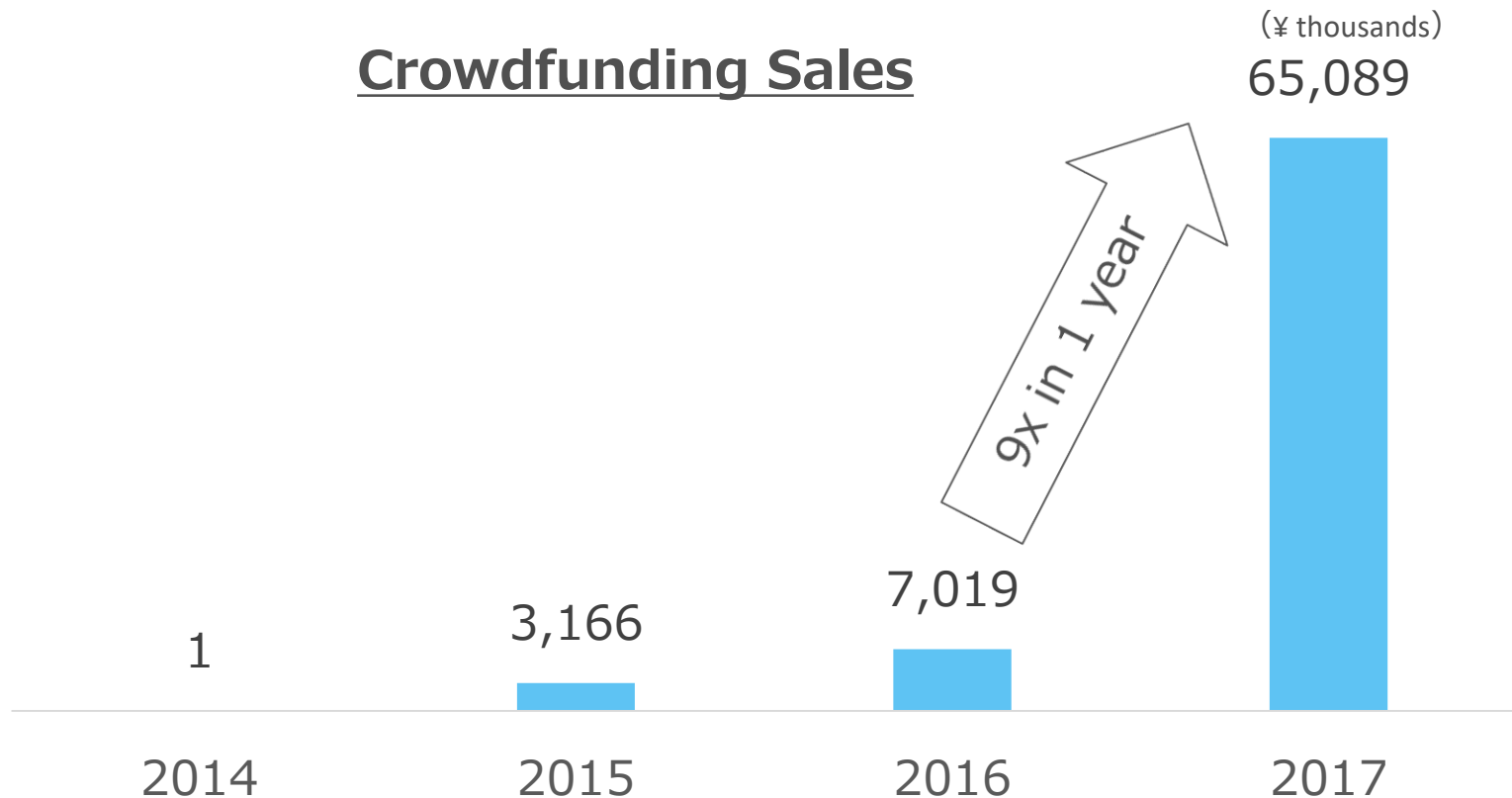
Real estate as inventory (Book value)

(¥ millions)



Crowdfunding Business Results

- Due to enhanced sales activity, cumulative investment amount increased by roughly **3.6x**, to ¥3,652 million
- Enhanced marketing and publicity led to a roughly **4.3x** increase in investor members, to 7,635 members
- As a result, crowdfunding sales grew rapidly



Consolidated Balance Sheet

- Steady increase in Real estate as inventory
- Equity-to-asset ratio excluding deposits received from silent partnership is **24.0%**

(¥ millions)

	12/31/2016		9/30/2017		
	Amount	% of total	Amount	% of total	% vs. 12/31/16
Current assets	14,186	99.3%	21,849	99.4%	154.0%
Cash and deposits	1,269	8.9%	4,615	21.0%	363.6%
Operating loans	235	1.6%	1,167	5.3%	496.8%
Real estate as inventory	12,388	86.7%	15,987	72.7%	129.0%
Non-current assets	100	0.7%	130	0.6%	129.9%
Total assets	14,286	100.0%	21,979	100.0%	153.8%
Current liabilities	664	4.6%	1,105	5.0%	166.4%
Non-current liabilities	11,442	80.1%	16,316	74.2%	142.6%
Long-term loans	10,249	71.7%	12,757	58.0%	124.5%
Deposits received from silent partnership	758	5.3%	2,989	13.6%	394.4%
Total liabilities	12,106	84.7%	17,421	79.3%	143.9%
Net assets	2,180	15.3%	4,557	20.7%	209.1%
Retained earnings	1,111	7.8%	1,905	8.7%	171.5%
Total liabilities and net assets	14,286	100.0%	21,979	100.0%	153.8%

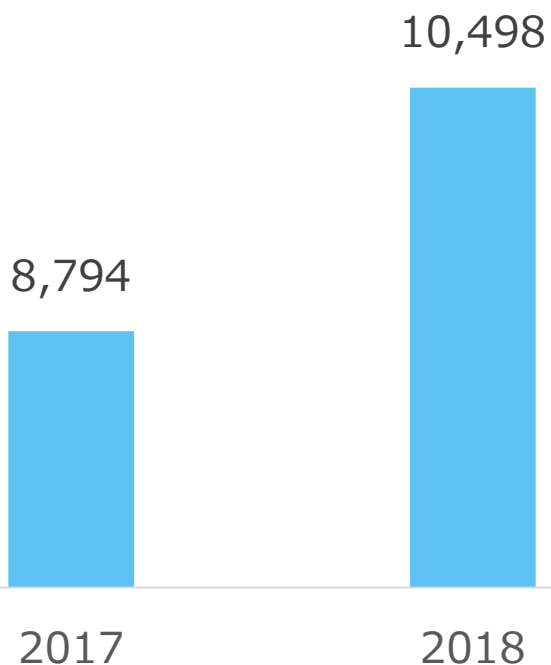
Crowdfunding business: Loans to outside borrowers

Crowdfunding business: Deposits from investors

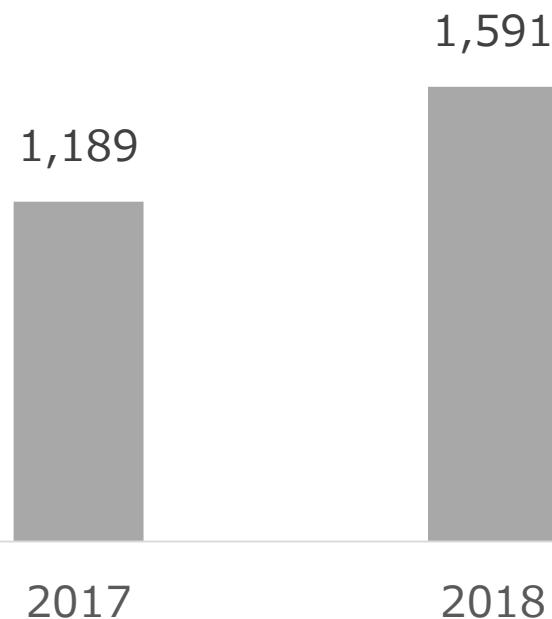
2. Forecast for the FY2018

- Aim for net sales of **¥10 billion** for the first time in the Company's history
- Aim for ordinary profit margin **above 15%**

Net Sales
(¥ millions)



Ordinary profit
(¥ millions)



Forecast

(¥ millions)

	FY2017		FY2018 (Forecasts)		
	Amount	% of Net Sales	Amount	% of Net Sales	% Y-o-Y
Net sales	8,794	100.0%	10,498	100.0%	119.4%
Cost of sales	6,837	77.7%	7,636	72.7%	111.7%
Gross profit	1,957	22.3%	2,862	27.3%	146.2%
SG&A expenses	592	6.7%	1,050	10.0%	177.2%
Operating profit	1,364	15.5%	1,812	17.3%	132.8%
Ordinary profit	1,189	13.5%	1,591	15.2%	133.7%
Profit	794	9.0%	900	8.6%	113.4%

3. Future Growth Strategy

Corporate
Philosophy

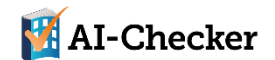
Real Estate X Tech to Open Up a New Market

Real Estate Tech

CROWDFUNDING
(Equity Investment-type / Loan-Type)



AI
×
REAL ESTATE
INVESTMENTS



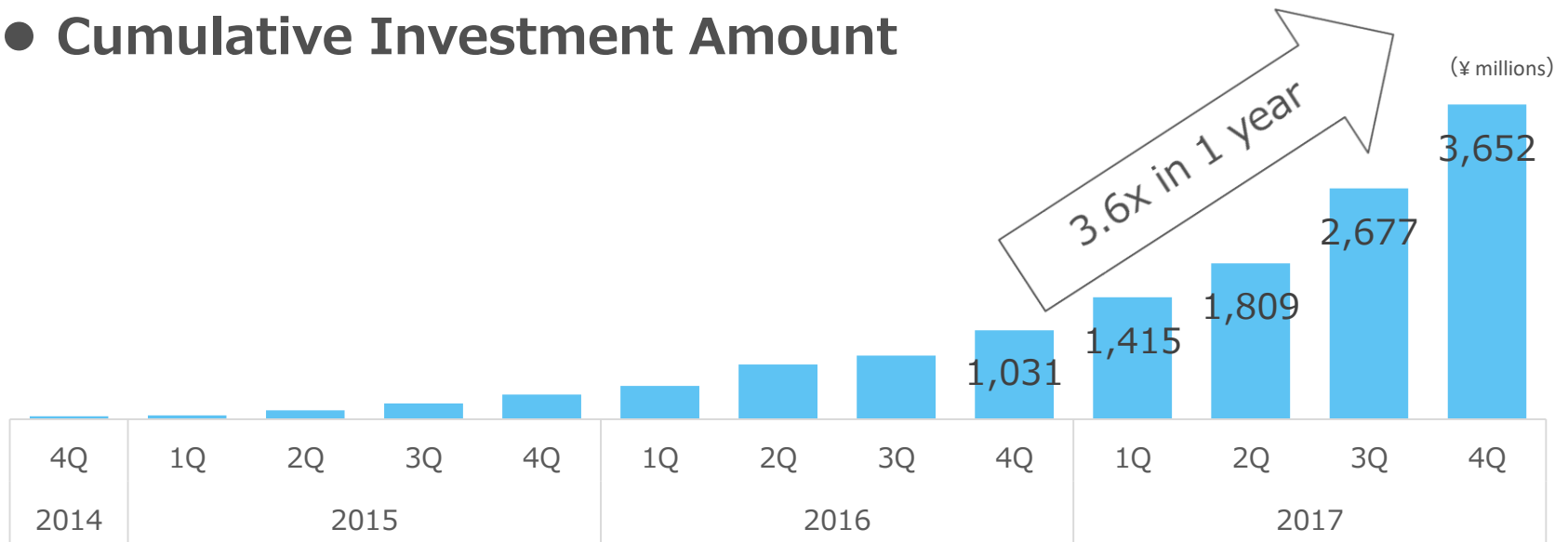
Real Estate
Investments

CORPORATE FUNDING
(Real Estate Principal Investment)

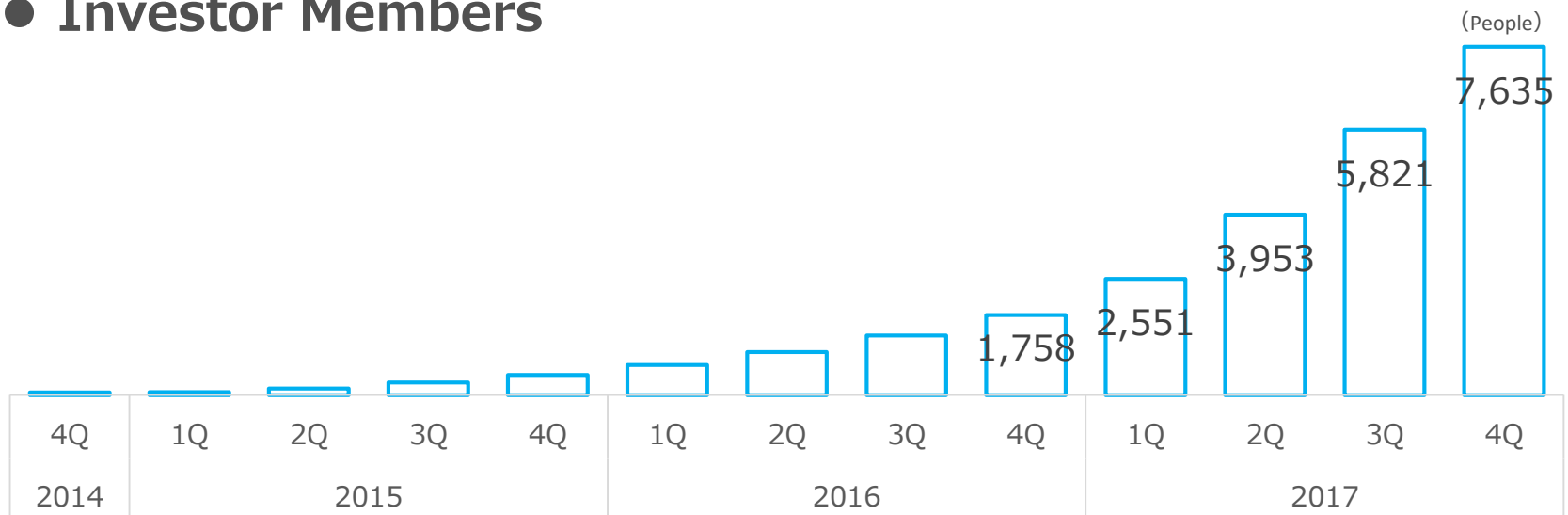
ASSET MANAGEMENT

BROKERAGE / ADVISORY

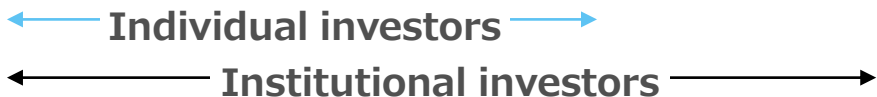
● Cumulative Investment Amount



● Investor Members



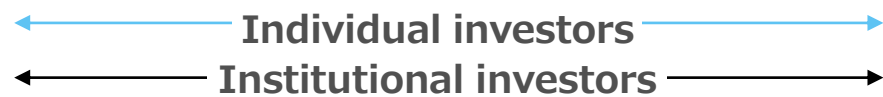
Historically



Only professional institutional investors are investing in certain domains

- × Need large amount of funds
- × Information Limited outside the Investor community.

The Aim of OwnersBook



An increase in domains that individual investors can invest in

- ✓ Can invest with small amounts of money
- ✓ Information is made open to OwnersBook members.

- ✓ Starting with small amounts of money, individuals can participate in large investment deals
- ✓ Having individual investors join in the investment segment that have traditionally only been open to institutional investors will help to stabilize the real estate market

Equity Investment-type

-Real Estate Investment for individual investors-

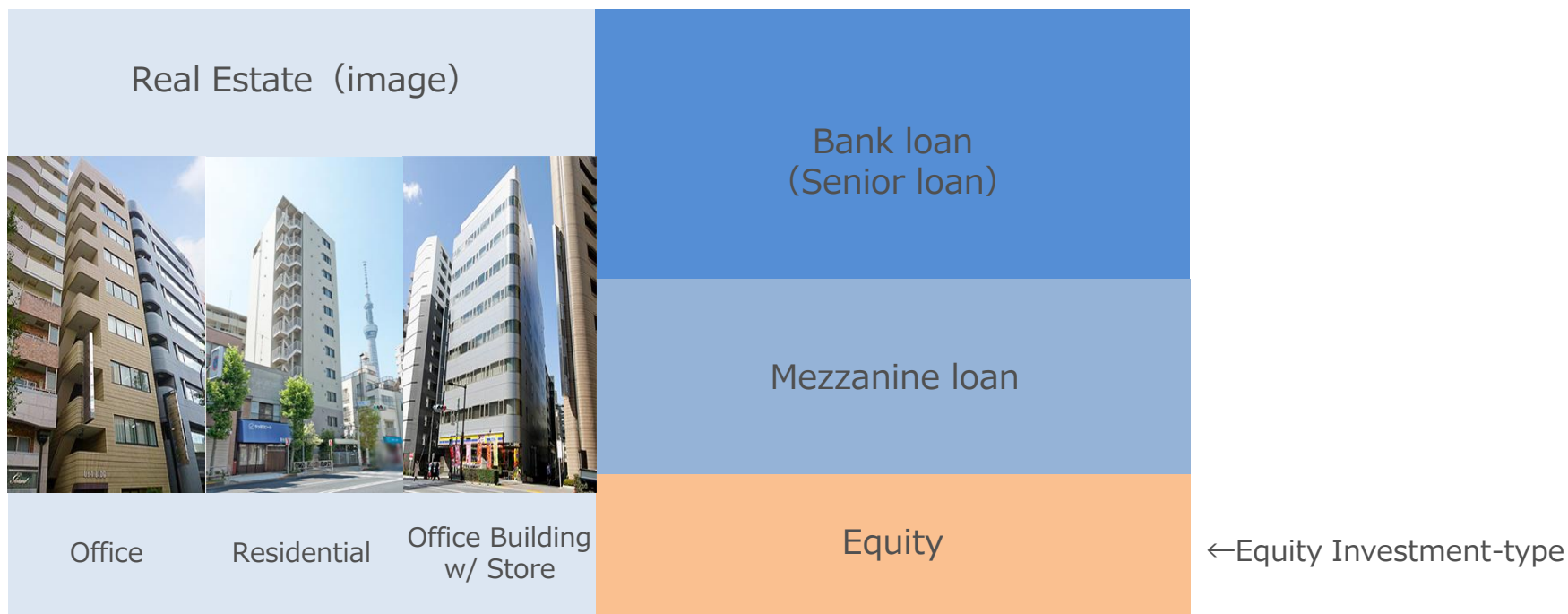
Investment	Investment Amount	Target Property	Characteristics
OwnersBook Loan-type	Can invest starting from one investment unit of ¥10,000	Target of loan is unknown (concealed) At least two or more entities are targets of loan (pluralized)	Compared to equity investment-type, this is a low-risk/middle-return
OwnersBook Equity investment-type	Can invest starting from one investment unit of ¥10,000 *Current assumption	An entire building, or a condominium titled building.	Can invest easily by the Internet, and can expect comparatively higher returns
J-REIT	Can invest with relatively small amounts of money	Multiple properties owned by an investment corporation *No control over adding / reducing an asset to / from the portfolio.	High level of transparency, but NAV is more correlated with stock market than real estate market.
Fee Simple Real Estate Investment	May require larger amount of capital.	An entire building, or a residential condominium.	May produce high returns, but property management burden is high.

Equity Investment-type

~ Profit structure ~

<u>Model</u>	<u>Up-front fee</u>	<u>Asset Management fee</u>	<u>Disposition fee</u>
Loan-type	Loan amount × 2%	—	—
Equity Investment-type	Amount raised × 2%	Real estate Price × 1%	Real estate sales price × 1%

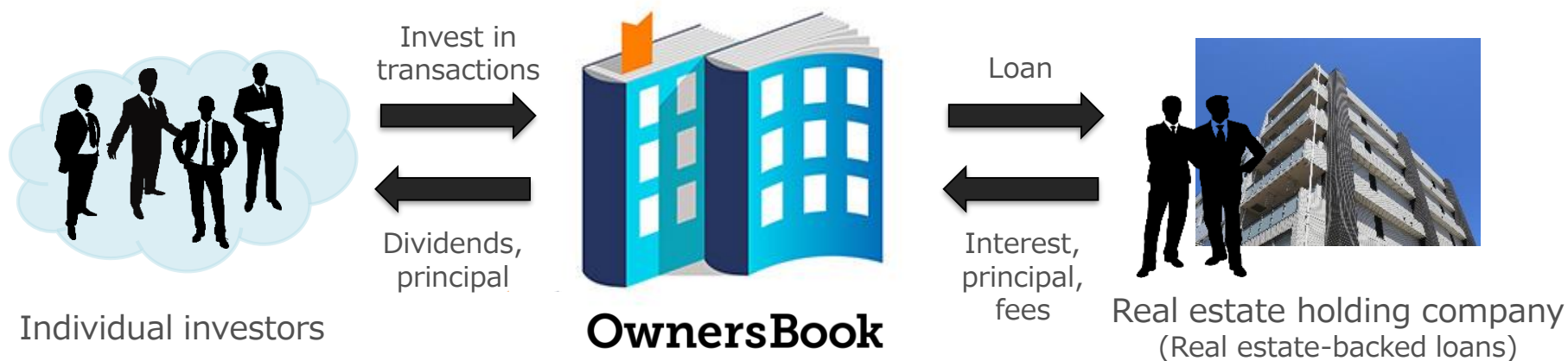
* The above fee condition is a typical sample.



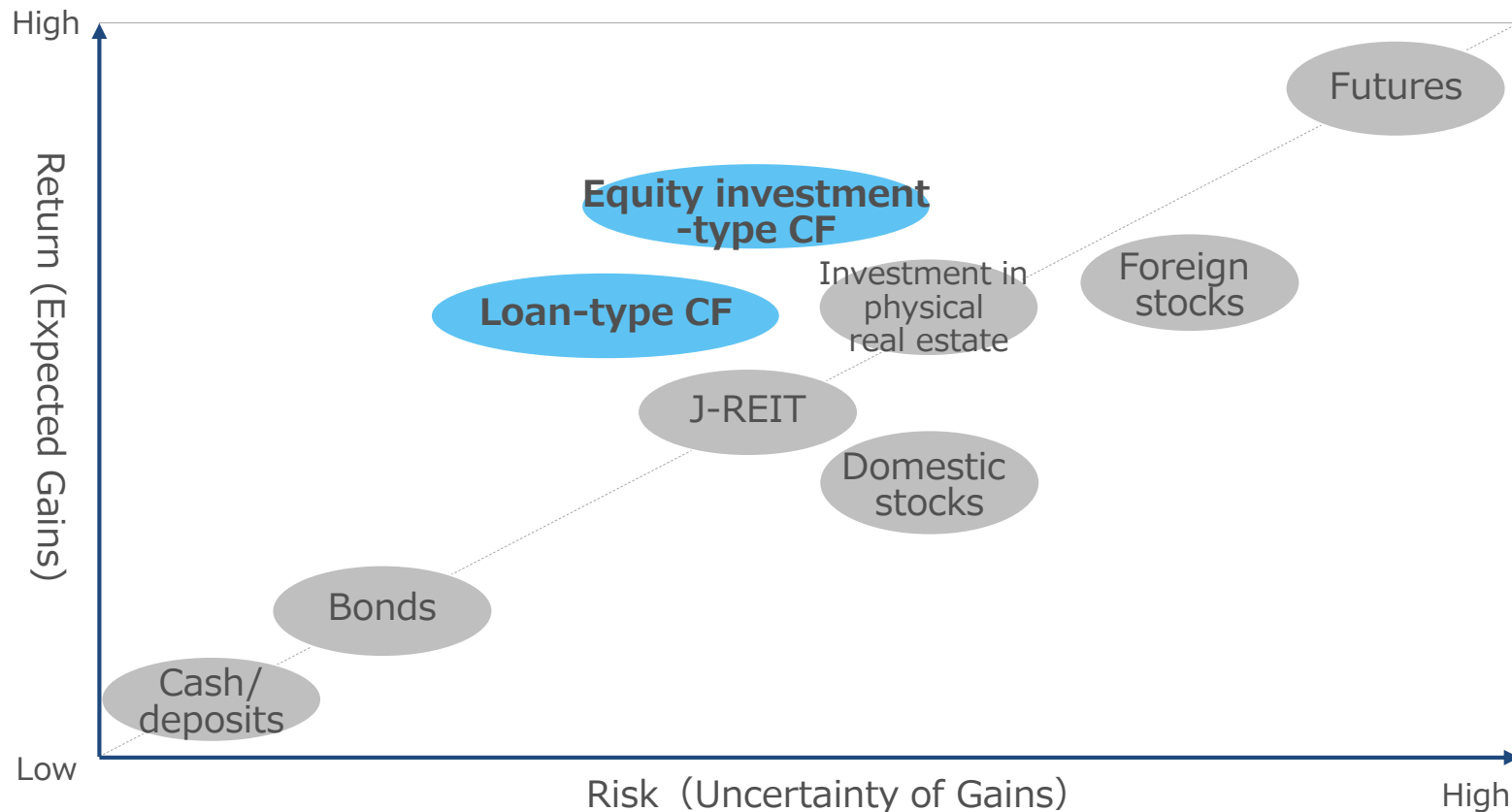
- **Steady growth since launch in September 2014**
- **Results for 2017FY**

Transactions closed: 80 (up 100%)

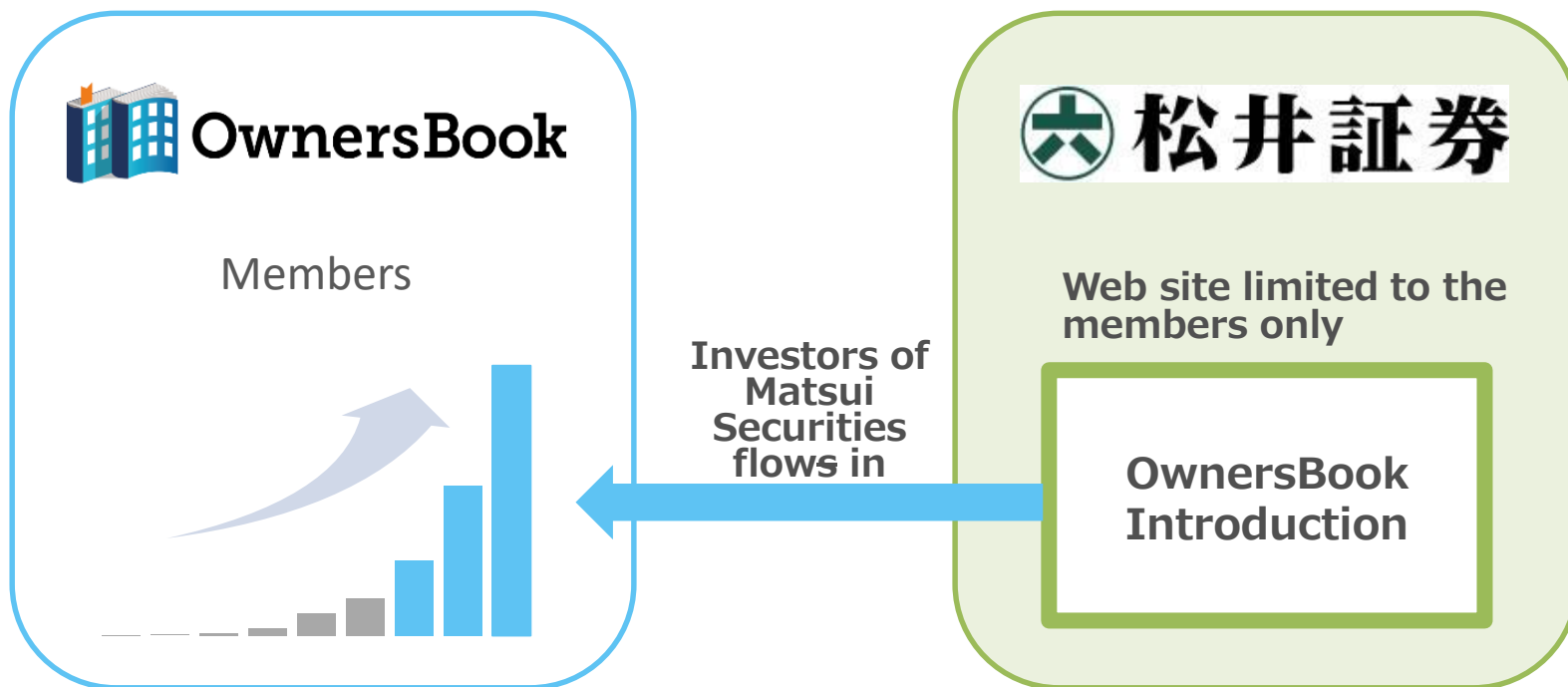
Operating loan balance: ¥2,677 million (up 396.6%)



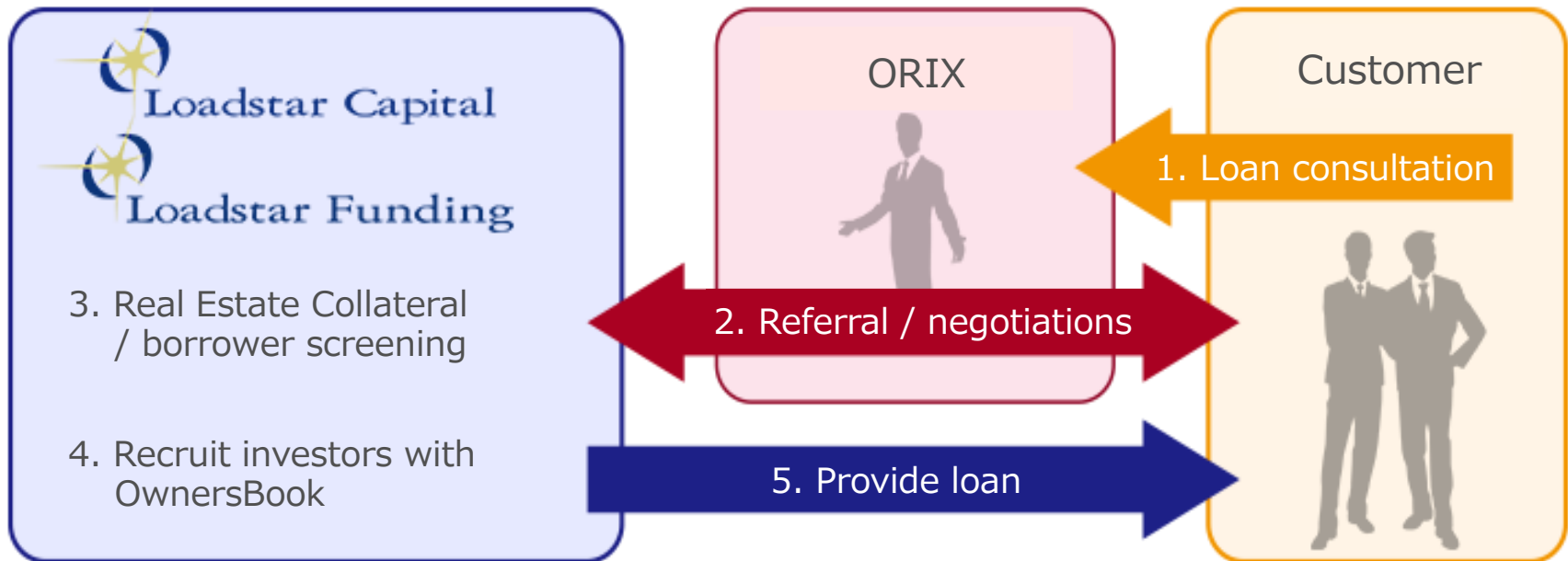
- The average yield for loan-type is approximately 5%, equity investment-type aims for returns of approximately 6-10% of cash on cash yield.



- Matsui Securities investors (1.11million accounts) directed to and becoming investor members in OwnersBook
- In the future, we will aim to create products for Matsui Securities investors, and coordinate account openings and fund transfers



- Loan-type Crowdfunding Loan Borrower Introduction agreement
- Grow profits based on the increase in the number of transactions
- Going forward, we will consider tie-ups with real estate-backed loan providers



Corporate Philosophy

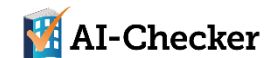
Real Estate X Tech to Open Up a New Market

Real Estate Tech

CROWDFUNDING
(Equity Investment-type / Loan-Type)



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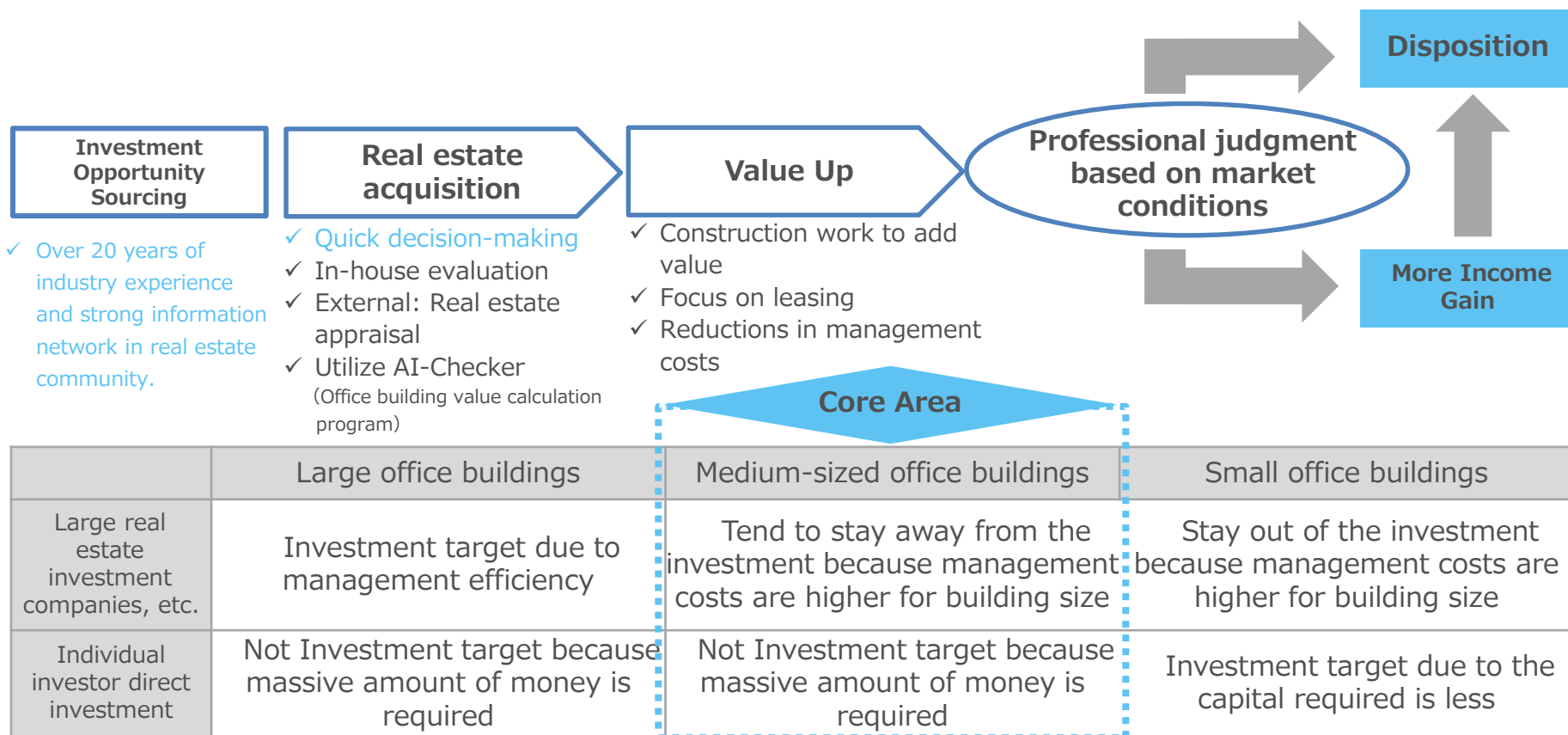
Real Estate Investments

CORPORATE FUNDING
(Real Estate Principal Investment)

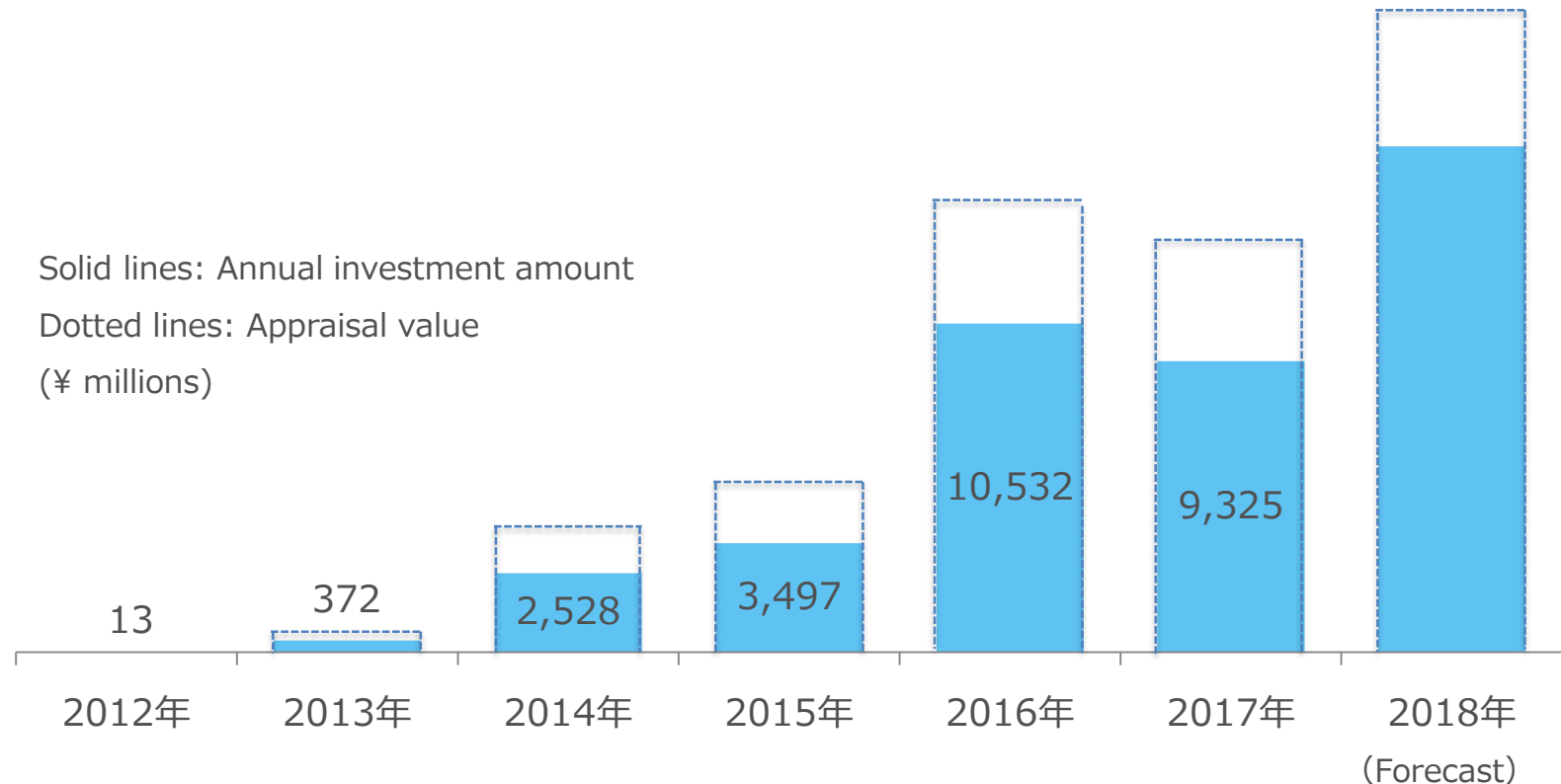
ASSET MANAGEMENT

**BROKERAGE
/ ADVISORY**

Acquire mainly **medium-sized office buildings** within Tokyo's 23 wards and Value-added

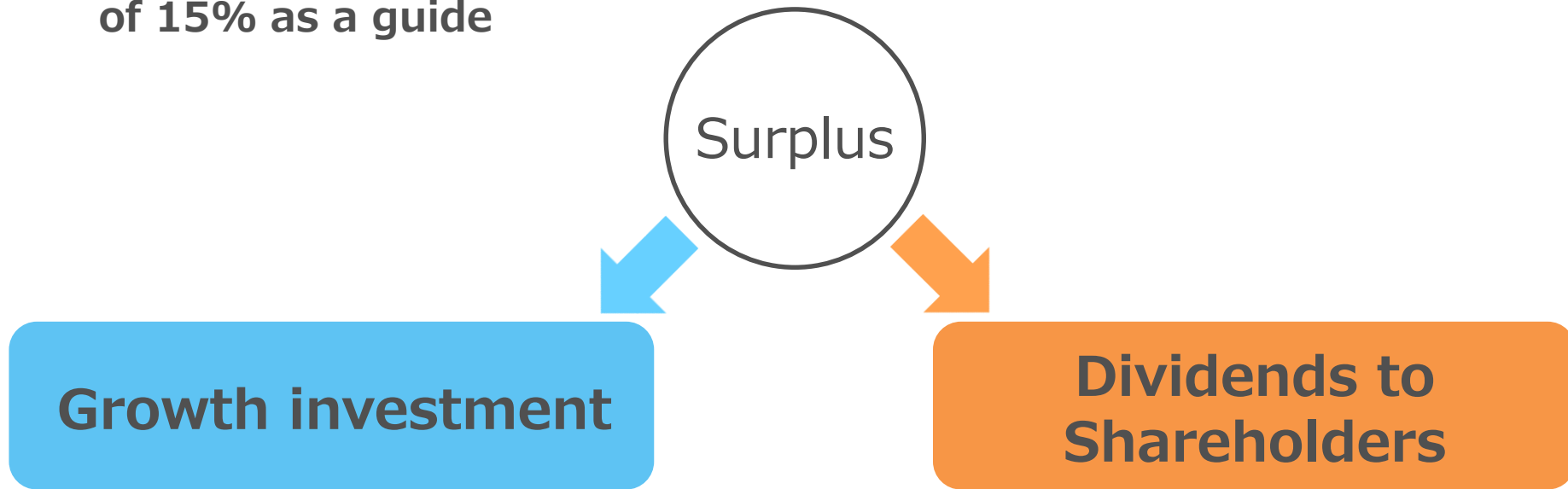


- In FY2018, we will accumulate more properties, aiming for the level where leasing income can cover the company's fixed costs.
- We plan to expand our workforce in order to achieve continuous growth.



《Basic dividend policy》

- We strive to improve corporate value and shareholder profit by expanding business performance
- Perform stable and continuous profit reduction with a payout ratio of 15% as a guide



	2012	...	2016	2017	2018 (Forecast)
Dividends pre share	-	...	-	¥ 11.0	¥ 12.5
Payout ratio	-	...	-	14.5%	14.5%

Appendix

Company Profile (as of 12/31/2017)



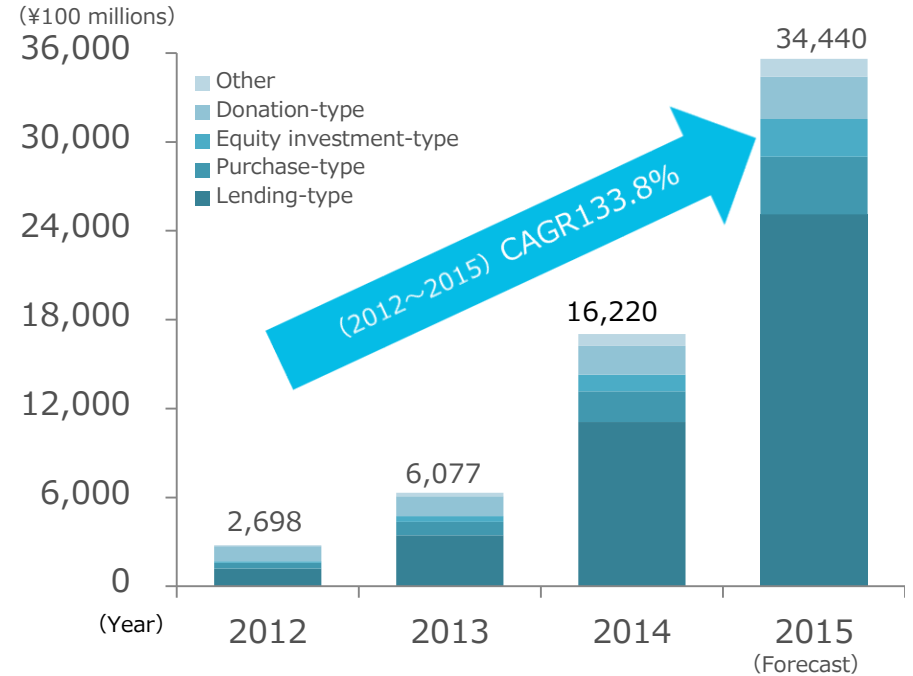
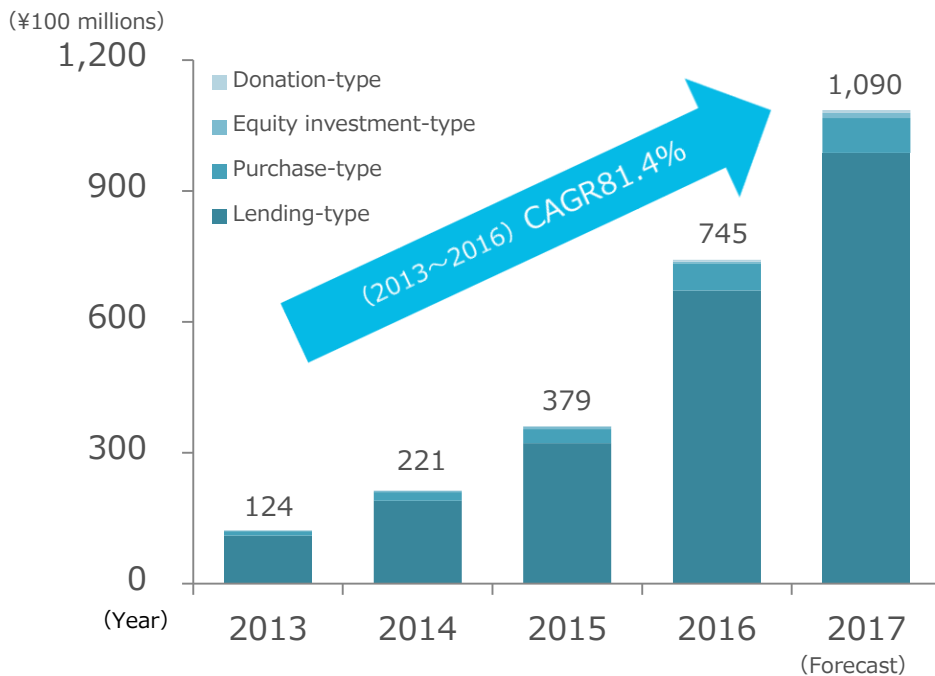
Company Name	Loadstar Capital K.K.		
Address	Zegna Ginza Building 6F, 2-6-16 Ginza, Chuo-ku, Tokyo, Japan		
Founded	March 14, 2012		
Representative	President & CEO Tatsushi Iwano		
Share Capital	¥1,330 million		
Number of Officers and Employees	35		
Consolidated Subsidiaries	Loadstar Funding K.K(100%)	Lending business	-
Main Shareholders	Renren Lianhe Holdings	Ownership stake	36.6%
	Tatsushi Iwano		16.1%
	Yasuhiro Morita		14.8%

Crowdfunding Business in Japan and Overseas

Japanese market is expanding, and going forward equity investment-type crowdfunding is expected to grow as overseas market has been.

Japan's crowdfunding market

Overseas crowdfunding market



Source: Yano Research Institute "Crowdfunding Market 2017"
 (Released 9/7/2017)
 URL (for reference) : <https://www.yano.co.jp/press/pdf/1730.pdf>
 Note: Composition ratios in 2016 and prior years calculated by Loadstar Capital K.K. using same composition ratios as FY2017

Source: Massolution Crowdfunding Industry 2015 Report
 Note: Calculated using exchange rate of \$1 = ¥100
 Composition ratios in 2014 and prior years calculated by Loadstar Capital K.K. using same composition ratios as FY2015

Renren Group Overview



Operates internet businesses in China.

The leading real name SNS company in China. In addition to SNS, Renren Inc. has a video sharing site, online games, and a smartphone-based social networking service platform.

Also offers credit cards, payment, and other internet financial services.

Listed on the NYSE. Softbank Group is a major shareholder.

Company Name	RENREN Inc.
Address	8 N Third Ring Road East Beijing, China
Representative	CEO Joseph Chen
Listing	NYSE (Ticker Code: RENN)
Main Shareholders	Joseph Chen 38.30% Softbank Group 33.56%
URL	http://www.renren-inc.com/en/



Photo Albums

Store, view and share your favorite pictures with your friends and family.



Personal Profile

Display your personality through personalized features and tell a story about your life through your time-line.



Renren Mobile

Communicate and always stay connected with your friends through our mobile services.



Videos

Upload, watch and share your personal videos through your network.



Music

Listen to your favorite songs and share your music interests with friends.



Social Games

Compete and play games with old and new friends.



※Produced using company's website and FactSet

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Regardless of the occurrence of future events, previous announcements on future outlooks may not be revised unless required by disclosure rules.