



**Six months ended June 30, 2018  
Earnings Briefing**

Loadstar Capital K.K.

Securities code: 3482  
August 2018

# **1. Overview of Financial Results for the Six months Ended June 30, 2018**

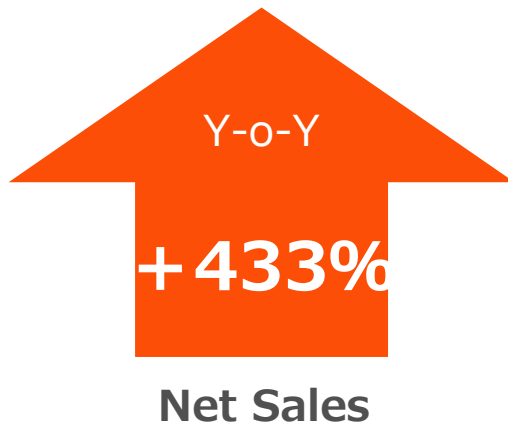
## Corporate Funding Business



**Significant increase in both sales and profits**

**Achieved more real estate investments (up 30% from the end of previous year-end) and realized gains by adding value to investment properties**

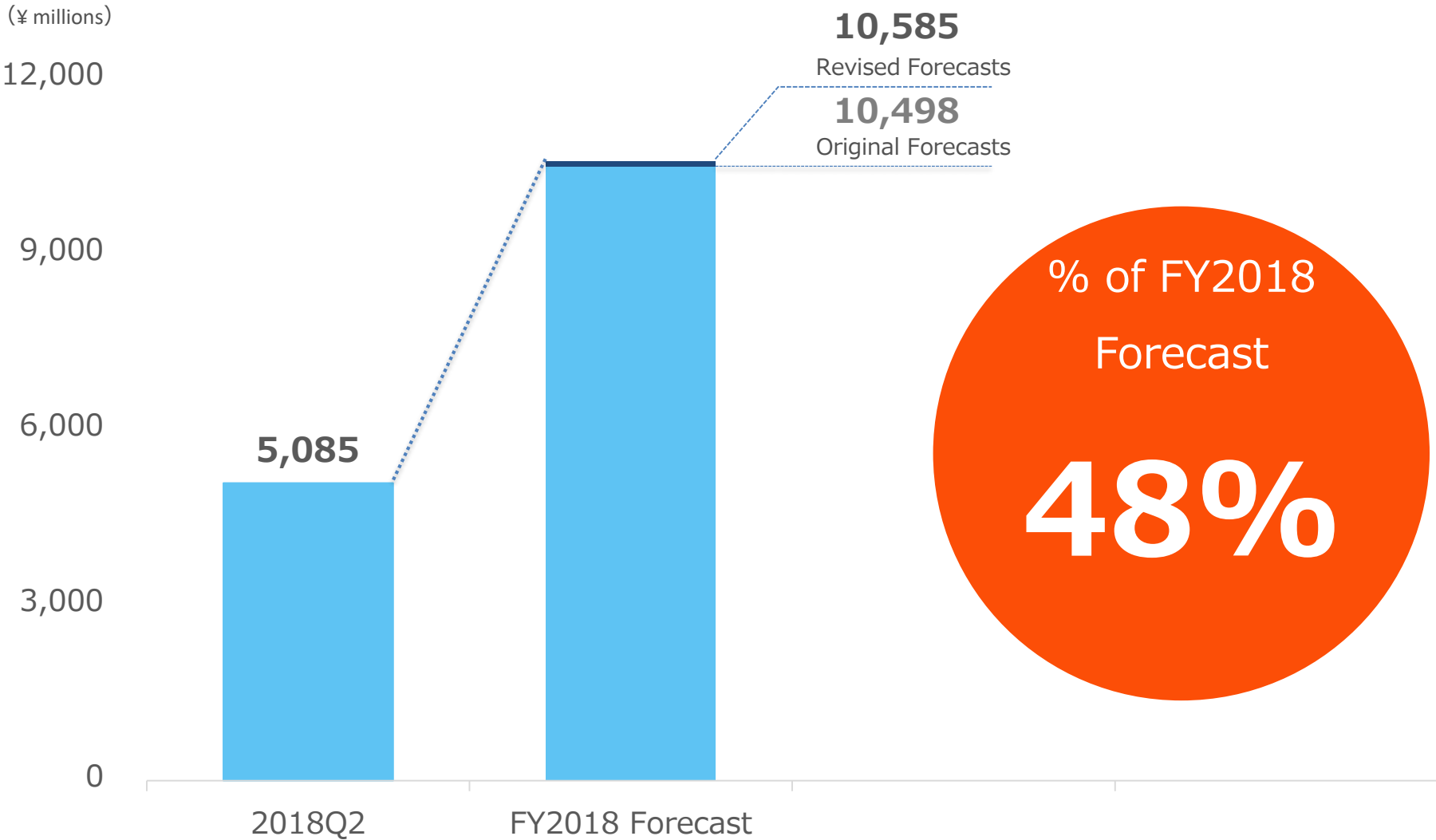
## Crowdfunding Business



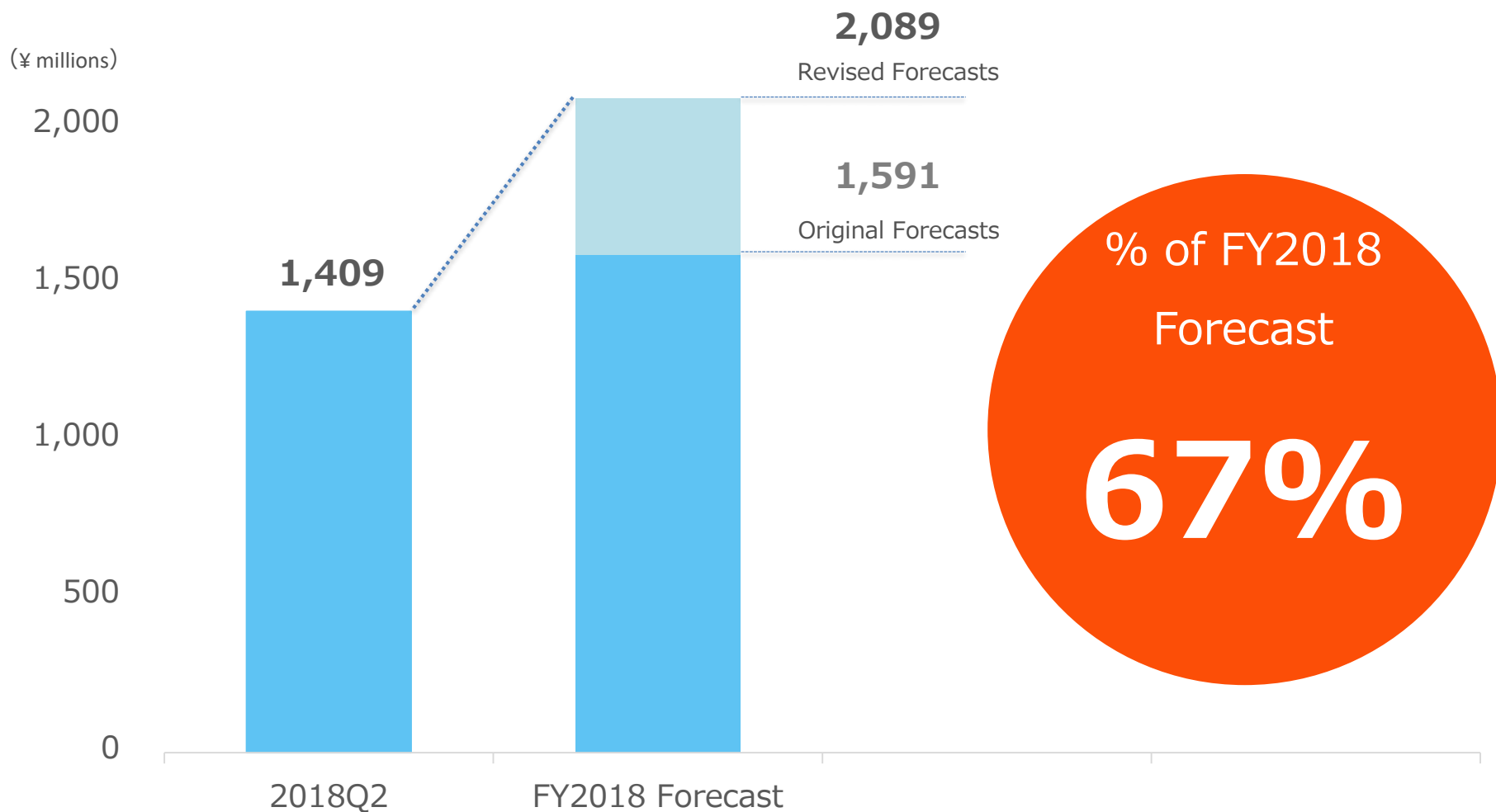
**Significant increase in both sales and profits**

**Dramatic increase in both investor members and loan execution amount**

## Growing Net Profits



## Ordinary profit      Fast progress vis-à-vis forecasts



## 2. Business Overview

Corporate  
Philosophy

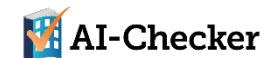
## Real Estate X Tech to Open Up a New Market

Real Estate Tech

CROWDFUNDING  
(Equity Investment-type / Loan-Type)



AI  
×  
REAL ESTATE  
INVESTMENTS



Real Estate  
Investments

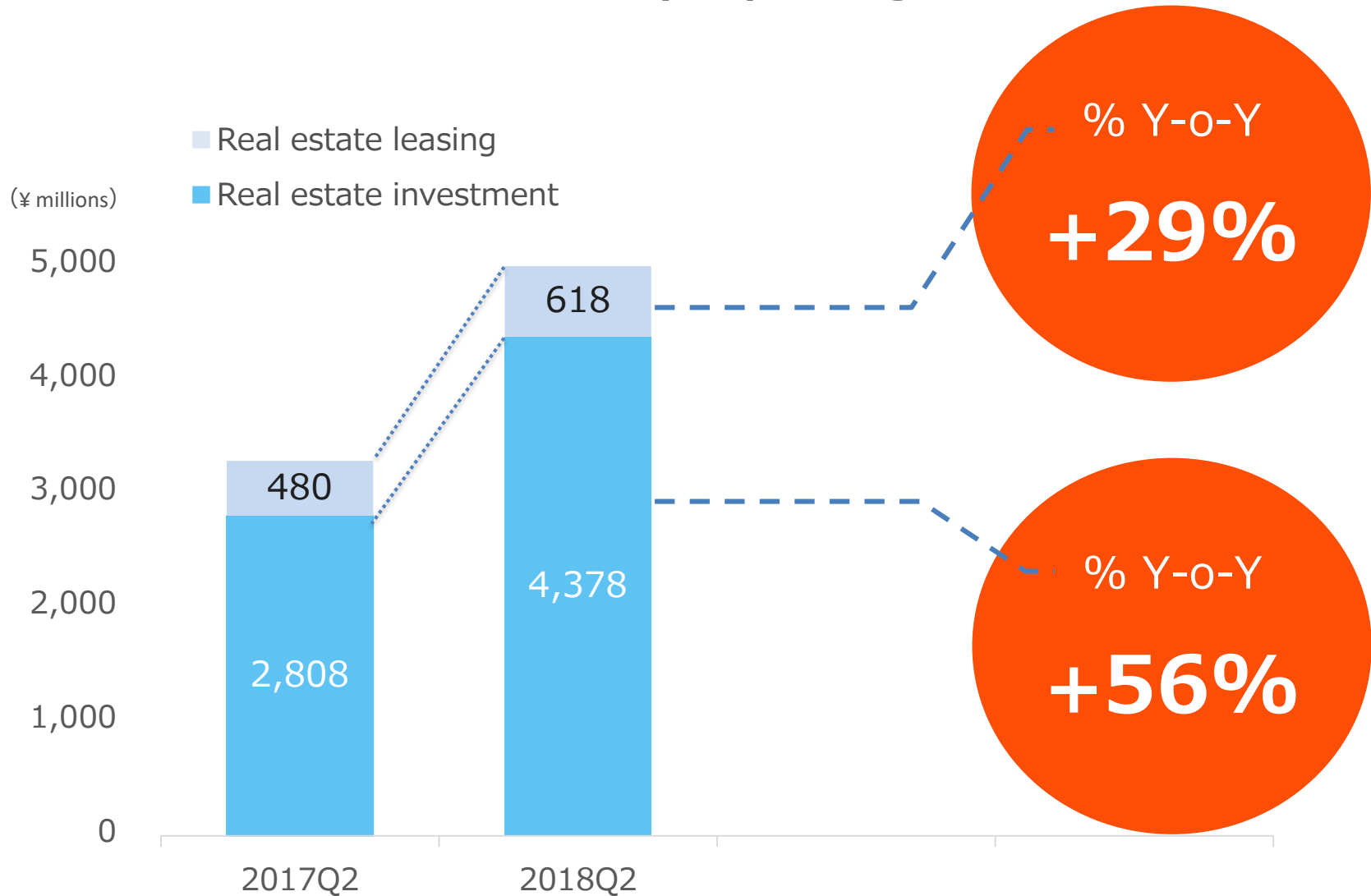
**CORPORATE FUNDING**  
(Real Estate Principal Investment)

**ASSET MANAGEMENT**

**BROKERAGE  
/ ADVISORY**

# Corporate Funding Business Results

## Net Sales Steadily expanding





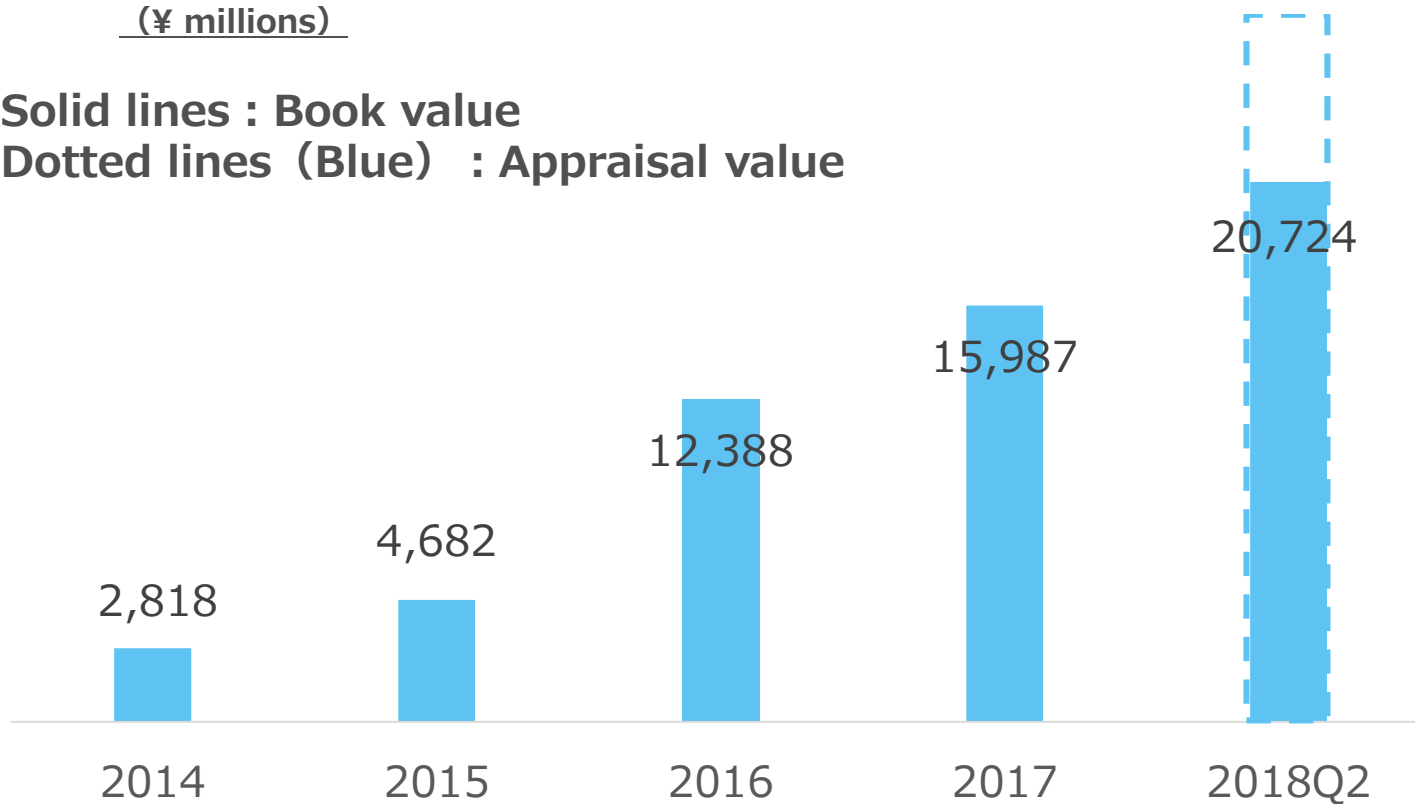
- Acquired 6 properties, and Sold 4 properties  
The cost-effectiveness was improved because the acquired property size increased
- Maintained good relationships with partner banks

## Real estate as inventory (Book value)

(¥ millions)

**Solid lines : Book value**

**Dotted lines (Blue) : Appraisal value**



- **SURUGA Bank Problem and Financial Institutions' Lending Stance**

We are engaged in the real estate investment business, focusing on office buildings in Central Tokyo. SURUGA Bank problem has had no impact on the lending policies of the banks we work with.

In fact, lending communities are now more careful in borrow selection and we are receiving more attractive inquires from megabanks as well as regional banks.

- **Overseas Investors' Buying Interest**

Since the second half of 2017, overseas investors have been paying increasing attention to real estate in Tokyo. Many players believe that the BOJ will maintain its monetary easing policy and that the yield gap will remain large, so we think that overseas investors will continue to have a strong interest in buying over the near term.

Corporate  
Philosophy

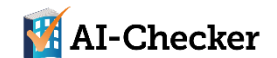
## Real Estate X Tech to Open Up a New Market

Real Estate Tech

**CROWDFUNDING**  
(Equity Investment-type / Loan-Type)



**AI**  
×  
**REAL ESTATE**  
**INVESTMENTS**



Real Estate  
Investments

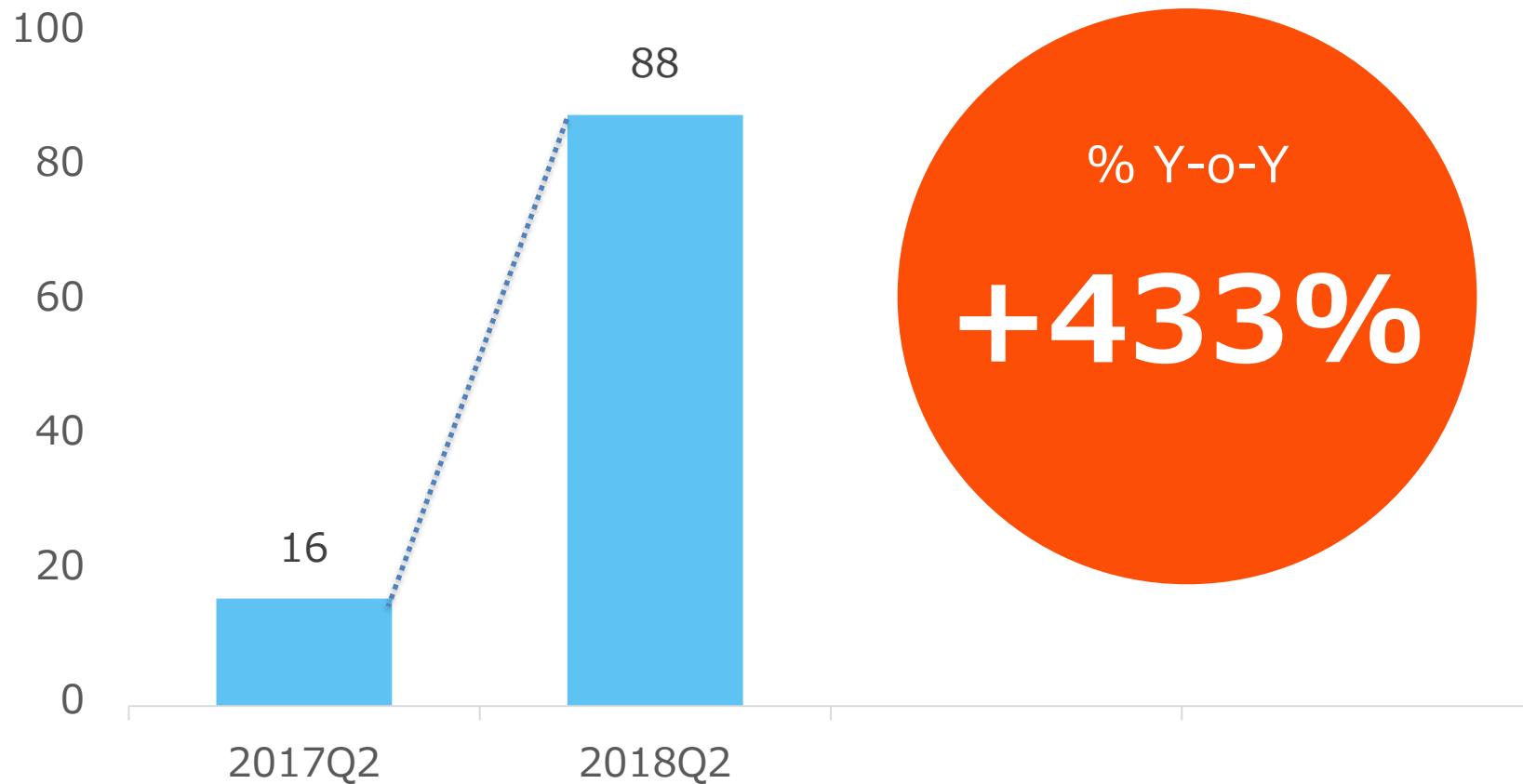
CORPORATE FUNDING  
(Real Estate Principal Investment)

ASSET MANAGEMENT

BROKERAGE / ADVISORY

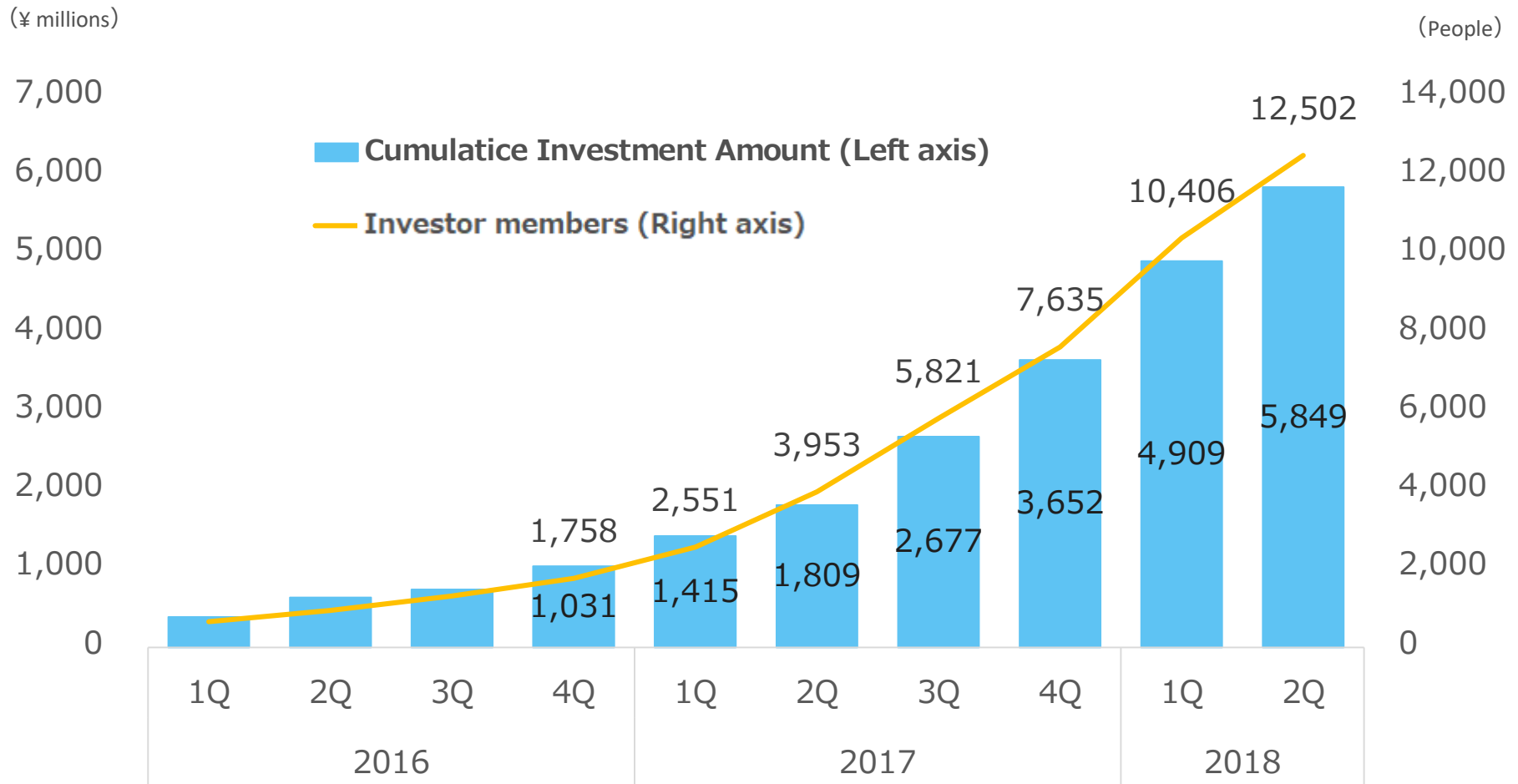
## Net Sales Grown significantly

(¥ millions)



# Investor Members / Cumulative Investment Amount

The number of investor members and cumulative investment amount are surging due to the growing recognition of the company as well as crowdfunding in general.



# Launch Equity Investment-type Crowdfunding

On August 10, 2018, we began accepting investments in our first equity investment-type product.

【Overview】

<b>Project Name</b>	<b>Akihabara Office Building</b>
<b>Total Amount Raised</b>	¥265 million
<b>Investment Units</b>	¥100,000 per unit (5-100 units) Minimum investment amount = ¥500,000 (5 units); Maximum investment amount = ¥10 million (100 units)
<b>Subscription Period</b>	August 10-14, 2018
<b>Cooling Off Period</b>	An 8-day period starting from the application date
<b>Planning Investment Term</b>	3 years (May end earlier depending on the asset disposition timing, or may be extended for up to 2 years)

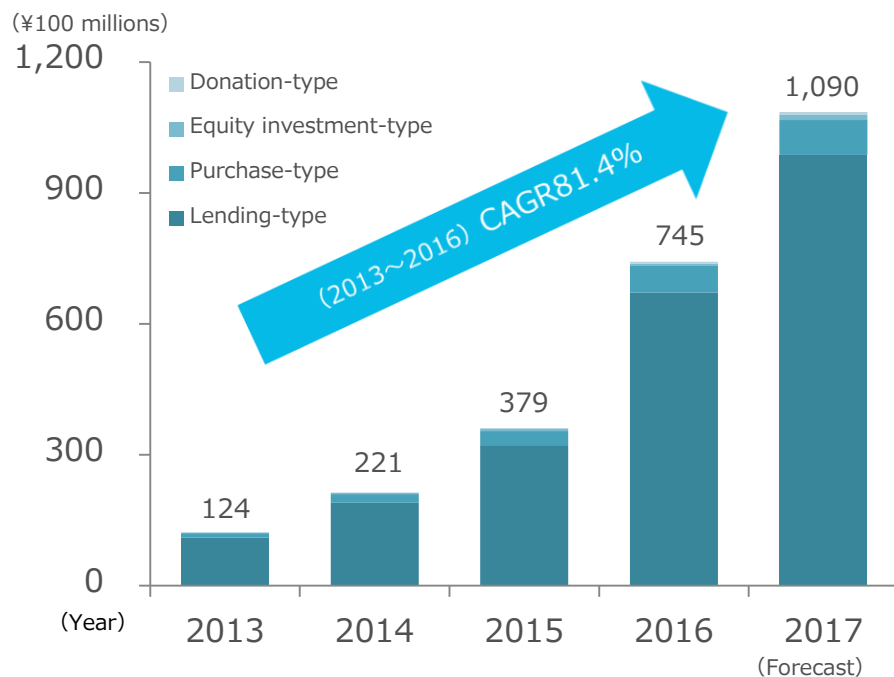
\* Includes same-boat investment by Loadstar Capital



**Building name:** Akihabara Seishin Building  
**Address:** 1-7-8 Kandasudacho, Chiyoda-ku, Tokyo  
**Stations:** Tokyo Metro Ginza Line Kanda Sta. (2 mins walk), JR Yamanote Line, etc. Akihabara Sta. (5 mins walk), etc.  
**Land area:** 118.00m<sup>2</sup> (35.69 tsubo)  
**Total building area:** 920.43m<sup>2</sup> (278.43 tsubo)  
**Leasable floor area:** 829.48m<sup>2</sup> (250.91 tsubo)  
**Construction:** 12 story steel structure with flat roof  
**Use:** Retail store and offices  
**Completion:** March 2008  
**Occupancy rate:** 86% (as of August 1, 2018)  
**Rights type:** Fee Simple Ownership  
 (expect to convert into trust beneficiary rights)

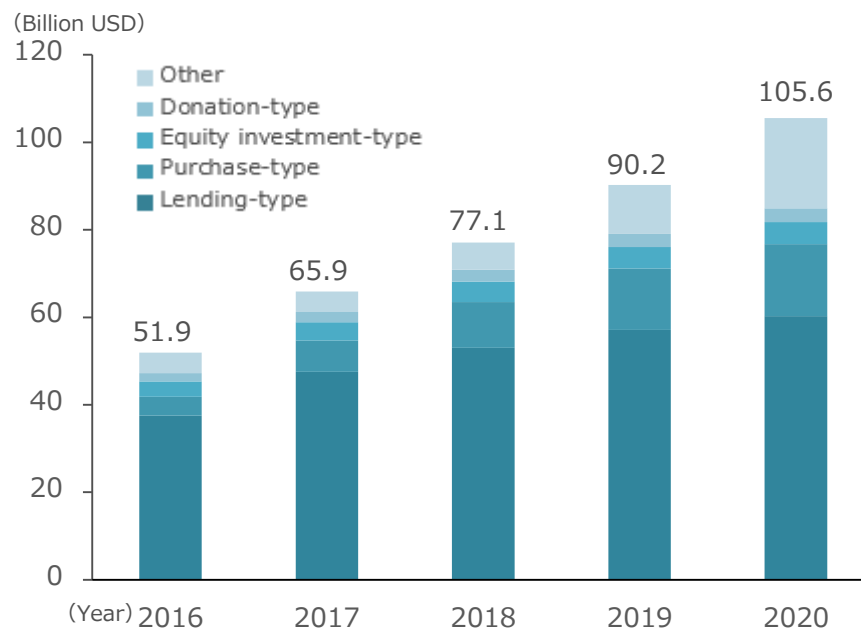
Japanese market is expanding, and going forward equity investment-type crowdfunding is expected to grow as overseas market has been.

## Japan's 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

## Overseas crowdfunding market



Source : Technavio.com  
 "GLOBAL CROWDFUNDING MARKET 2016-2020"

## Possibilities for reaching the individual financial assets of people of wide-ranging ages

### Stocks, Investment Trusts, FX, etc.

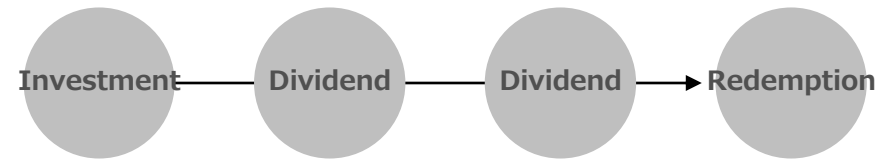
Value may largely fluctuate in hourly or daily basis. Liquidity is high; but, investors need to consistently monitor the movement.



May be time consuming

### Investment-type Crowdfunding

Value has limited impacts from the stock market / currency exchange movements. Volatility is not high. Crowdfunding helps individual investors access to real estate investment, private equity investment, etc.



Offering new investment dynamics



Workers in their 30s to 40s



Working women busy with childcare, housework, and work



Seniors who do not want to be bothered with management

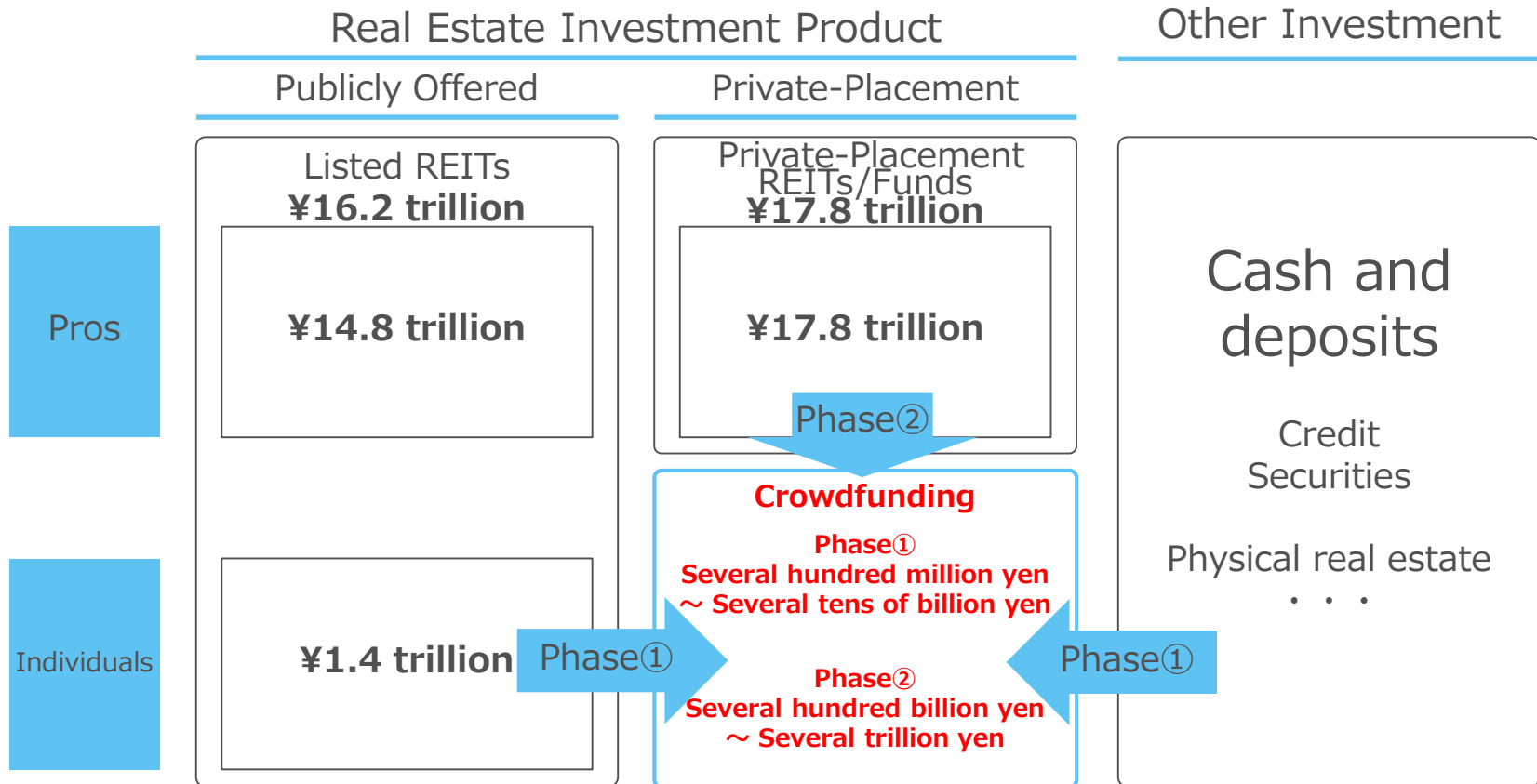
**Personal financial assets of ¥1,880 trillion.**  
**Of this, approximately ¥961 trillion are in cash or deposits.**

Source: "Flow of Funds Accounts (4th Quarter 2017, Preliminary Figures)," released on March 19, 2018, by the Bank of Japan Research and Statistics Department"

URL : <https://www.boj.or.jp/statistics/sj/sjexp.pdf>



Going forward, there is a chance that professional investors will start to get involved due to the growth of the platform.



**Phase①** : At launch, increase scale centered on individual investors (Several hundred million yen ~ Several tens of billion yen)  
**Phase②** : Professional investors start to join due to platform expansion (Several hundred billion yen ~ Several trillion yen)

Source for market size: <https://j-reit.jp/market/12.html>  
[https://www.nri.com/~media/PDF/jp/opinion/r\\_report/kinyu\\_keizai/japanreport2017\\_jp.pdf](https://www.nri.com/~media/PDF/jp/opinion/r_report/kinyu_keizai/japanreport2017_jp.pdf)

## OwnersBook



Acquire investor members

**Matsui Securities**

Introduce borrowers

**THE SEIBU SHINKIN BANK**

**ORIX Bank Corporation**

**SAISON FUNDEX CORPORATION**

**Shinsei Investment&Finance Limited**



- **Business Improvement Order Issued to Major Social Lending Company**

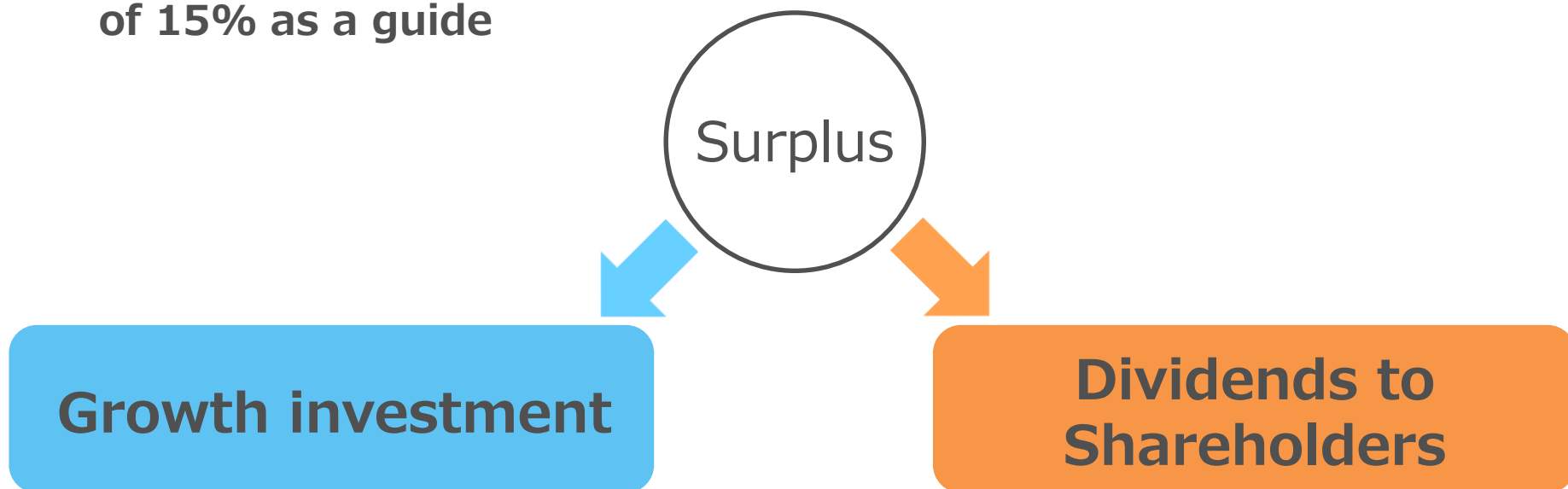
In July, the Kanto Local Finance Bureau issued a business improvement order to the industry's largest social lending operating company (unlisted). In the administrative action pursuant to the Financial Instruments and Exchange Act, it was judged that the company's management system was insufficient, such as funds being diverted for purposes different from those explained during the solicitation of investment.

- **The Use of Anonymity and Multiple Borrowers in Loan-type Crowdfunding**

From the standpoint of protecting investors, the government's Council for Promotion of Regulatory Reform decided that it is necessary to consider new policies which clarifies characters and names, getting rid of former rules which applies the use of anonymity and multiple borrowers in lending-type crowdfunding.

## 《Basic dividend policy》

- We commit 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

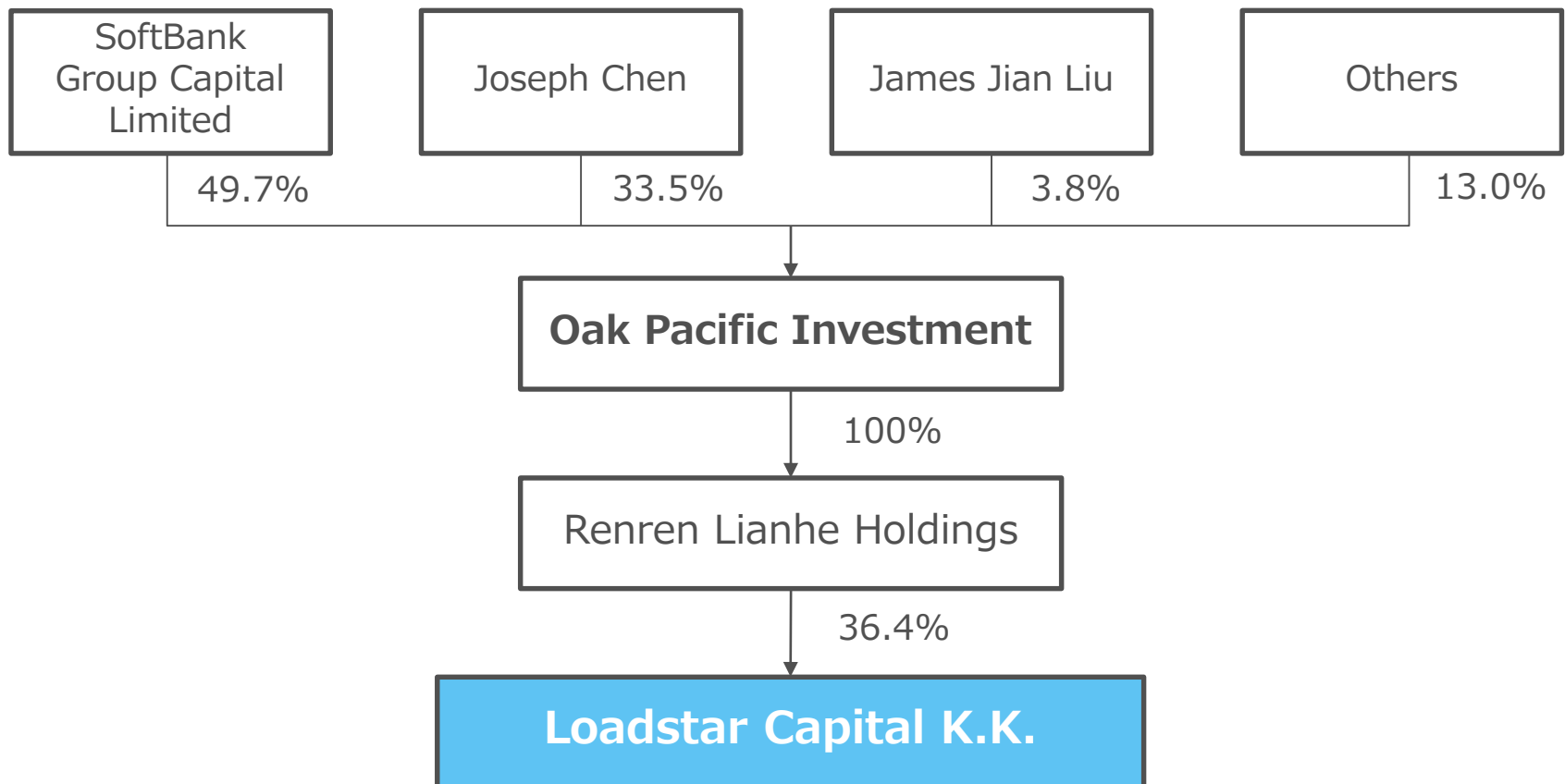


	2012	...	2016	2017	2018 (Forecast)
Dividends pre share	-	...	-	¥ 11.0	¥ 17.5
Payout ratio	-	...	-	14.5%	14.5%

# Change in other affiliates

On June 21, 2018, the 100% parent company of Loadstar Capital affiliate Renren Lianhe Holdings (owns 36.4% of Loadstar Capital's shares) changed from Renren Inc. to Oak Pacific Investment. The capital relationship chart following the change is shown below.

The shareholder composition of Oak Pacific Investment does not differ greatly from that of Renren Inc.'s shareholders.



# Appendix

# Company Profile (as of July 31, 2018)

<b>Company Name</b>	Loadstar Capital K.K.		
<b>Address</b>	Zegna Ginza Building 6F, 2-6-16 Ginza, Chuo-ku, Tokyo, Japan		
<b>Founded</b>	March 14, 2012		
<b>Representative</b>	President & CEO Tatsushi Iwano		
<b>Share Capital</b>	¥1,335 million		
<b>Number of Officers and Employees</b>	42		
<b>Consolidated Subsidiaries</b>	Loadstar Funding K.K.(100%)	Lending business	-
<b>Main Shareholders</b>	Renren Lianhe Holdings	Ownership stake	36.4%
	Tatsushi Iwano		16.0%
	Yasuhiro Morita		14.4%



## 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)  
Certifications: Certified Real Estate Appraiser



## Yasuhiro Morita Chief Operating Officer

April 1992      Joined Yasuda Trust Bank (currently, Mizuho Trust & Banking)  
November 1996    Joined Japan Real Estate Institute  
January 2003     Joined Goldman Sachs Realty Japan Ltd.  
April 2012      Assumed office as Chief Operating Officer of Loadstar Capital K.K. (current)  
May 2014      Assumed office as Vice President of Loadstar Funding K.K. (current)  
Certifications: Certified Real Estate Appraiser

## Board Member Yukiko Nakagawa

June 2002      Joined Hudson Japan LLC  
October 2003    Joined Goldman Sachs Realty Japan Ltd.  
April 2012      Joined Loadstar Capital K.K. Assumed office as  
General Affairs Department General Manager  
March 2015     Assumed office as board member of Loadstar Capital  
K.K. (current)

## Board Member (Outside) James Jian Liu

August 1995     Joined Boston Consulting Group in China  
December 2001    Joined Fortinet Assumed office as Director  
September 2003    Founded UUMe.com, CEO  
February 2006     Renren Inc., COO (current)  
March 2014      Assumed office as Loadstar Capital K.K. board  
member (current)



## Loadstar Capital K.K.

### Hiroyasu Kaizuka Executive Director, Investment Management Department

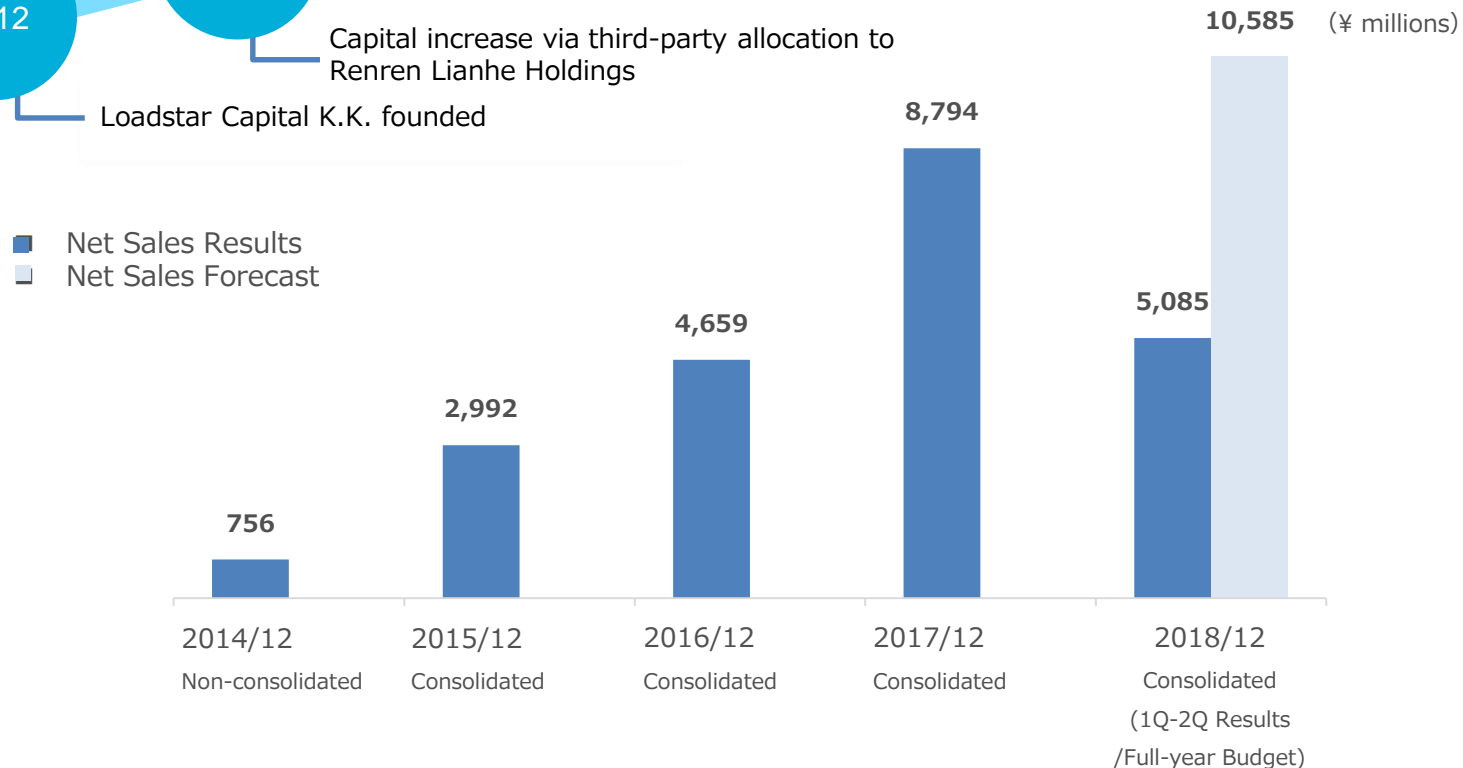
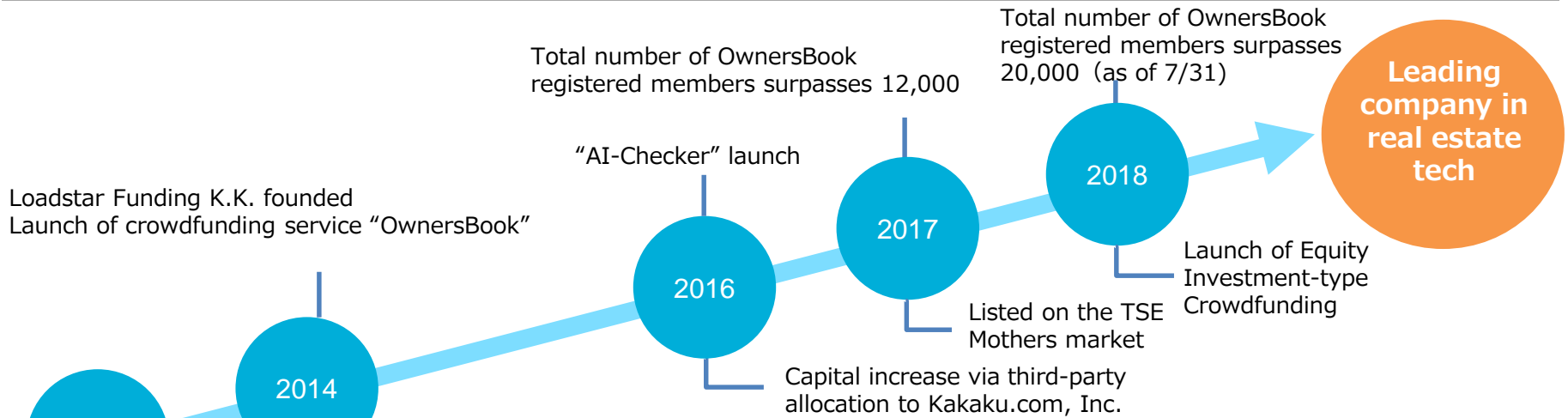


- 1989年 Joined Royal Bank of Canada
- 1993年 Joined Richard Ellis (currently CBRE), managed overall corporate real estate strategies of U.S. companies in Japan
- 1999年 Joined Goldman Sachs Realty Japan  
Worked on the establishment of the real estate and hotel asset management unit, became leader of the unit in 2002, later becoming managing director in 2012. In addition to having a wide range of domestic real estate investment management experience, he has experience managing office building and residential properties in China (Shanghai and Beijing) and Singapore  
Was involved in domestic and overseas investment real estate management for a total of over 1,200 properties with value exceeding ¥1.8 trillion
- 2013年 Joined Goldman Sachs Asset Management  
Appointed as head of Real Estate Investment Dept and managed a private REIT and private real estate funds (Total AUM ¥380 billion. )
- 2018年 Joined Loadstar Capital K.K. as Executive Director, Investment Management Department

## Loadstar Capital K.K. Hideo Wanami Independent director

- 1980年 Joined Tokyo Regional Taxation Bureau
- 2005年 Professor, National Tax College, National Tax Agency
- 2008年 Registered as a tax accountant
- 2008年 Executive Advisor, Grant Thornton Taiyo Tax Corporation
- 2009年 Joined PwC Tax Japan
- 2015年 Executive Advisor, AlixPartners Asia LLC
- 2018年 Independent director, Loadstar Capital K.K.

# History/Financial Results



# Consolidated Statements of Income

(¥ millions)

	FY2018 1Q-2Q Results				FY2018 (Forecasts)				
	Amount	% of Net Sales	% Y-o-Y	% of FY2018 Forecast	After Revision	Before Revision	Amt. Changed	% of Net Sales	% Y-o-Y
<b>Net Sales</b>	5,085	100.0%	153.8%	48.0%	10,585	10,498	87	100.0%	120.4%
<b>Cost of sales</b>	3,243	63.8%	142.7%	44.8%	7,243	7,636	△392	68.4%	105.9%
<b>Gross Profit</b>	1,842	36.2%	178.3%	55.1%	3,342	2,862	479	31.6%	170.7%
<b>SG&amp;A expenses</b>	328	6.5%	138.2%	32.3%	1,017	1,050	△33	9.6%	171.6%
<b>Operating profit</b>	1,513	29.8%	190.2%	65.1%	2,325	1,812	513	22.0%	170.4%
<b>Ordinary Profit</b>	1,409	27.7%	200.7%	67.5%	2,089	1,591	498	19.7%	175.6%
<b>Profit</b>	925	18.2%	199.2%	73.4%	1,261	900	360	11.9%	158.8%

# Consolidated Financial Position

(¥ millions)

	12/31/2017		6/30/2018		
	Amount	% of total	Amount	% of total	% vs. 12/31/2017
<b>Current assets</b>	21,849	99.4%	28,357	99.4%	129.8%
<b>Cash and deposits</b>	4,615	21.0%	4,739	16.6%	102.7%
<b>Operating loans</b>	1,167	5.3%	2,666	9.3%	228.4%
<b>Real estate as inventory</b>	15,987	72.7%	20,724	72.7%	129.6%
<b>Non-current assets</b>	130	0.6%	167	0.6%	128.8%
<b>Total assets</b>	21,979	100.0%	28,525	100.0%	129.8%
<b>Current liabilities</b>	1,105	5.0%	2,145	7.5%	194.1%
<b>Non-current liabilities</b>	16,316	74.2%	21,001	73.6%	128.7%
<b>long-term loans</b>	12,757	58.0%	15,585	54.6%	122.2%
<b>Deposits received from silent partnership</b>	2,989	13.6%	4,744	16.6%	158.7%
<b>Total liabilities</b>	17,421	79.3%	23,146	81.1%	132.9%
<b>Net assets</b>	4,557	20.7%	5,378	18.9%	118.0%
<b>Retained earnings</b>	1,905	8.7%	2,716	9.5%	142.5%
<b>Total liabilities and net assets</b>	21,979	100.0%	28,525	100.0%	129.8%

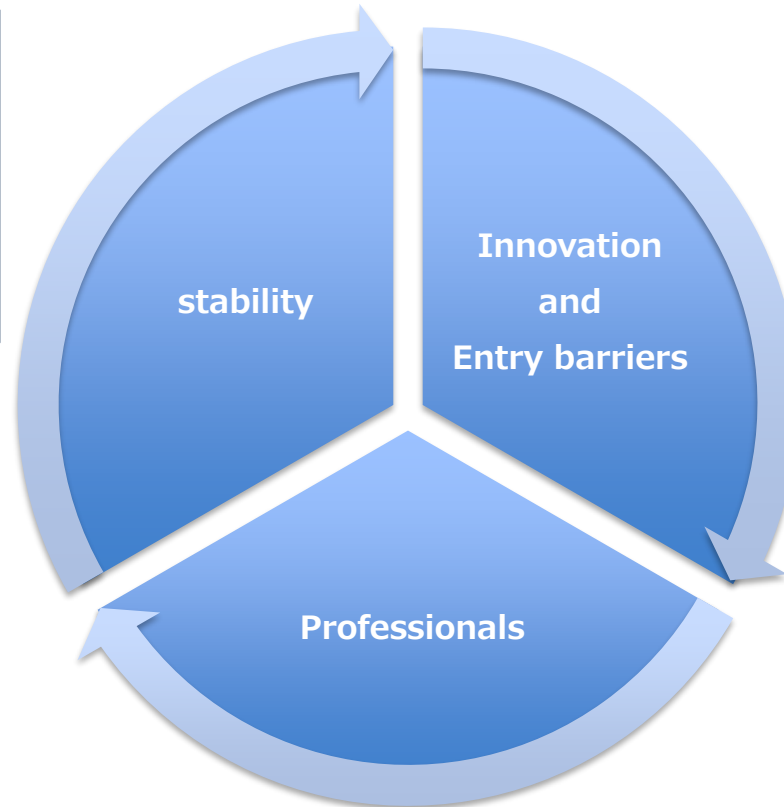
# Consolidated Statements of Cash Flows

(¥ millions)

	FY2017 1Q-2Q	FY2018 1Q-2Q	Amt. Changed
<b>CF from operating activities</b>	<b>841</b>	<b>△3,532</b>	<b>△4,374</b>
Profit before income taxes	674	1,342	668
Decrease (increase) in operating loans receivable	△156	△1,498	△1,342
Decrease (increase) in real estate as inventory	△788	△4,908	△4,119
Increase (decrease) in deposits received from silent partnership	685	1,754	1,069
Other	426	△222	△649
<b>CF from investing activities</b>	<b>0</b>	<b>△14</b>	<b>△14</b>
<b>CF from financing activities</b>	<b>291</b>	<b>3,670</b>	<b>3,378</b>
Net increase (decrease) in short-term borrowings	291	3,775	3,483
Other	△0	△104	△104
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,134</b>	<b>123</b>	<b>△1,010</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,269</b>	<b>4,615</b>	<b>—</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,403</b>	<b>4,739</b>	<b>—</b>

# Loadstar Capital's Strengths and Features

Ability to respond to market changes,  
Supported by a **stable financial base**



**Barrier to entry due to government approval and licenses**

First-mover advantage as we entered the crowdfunding market at an early stage

**Fast investment decision-making** by professionals

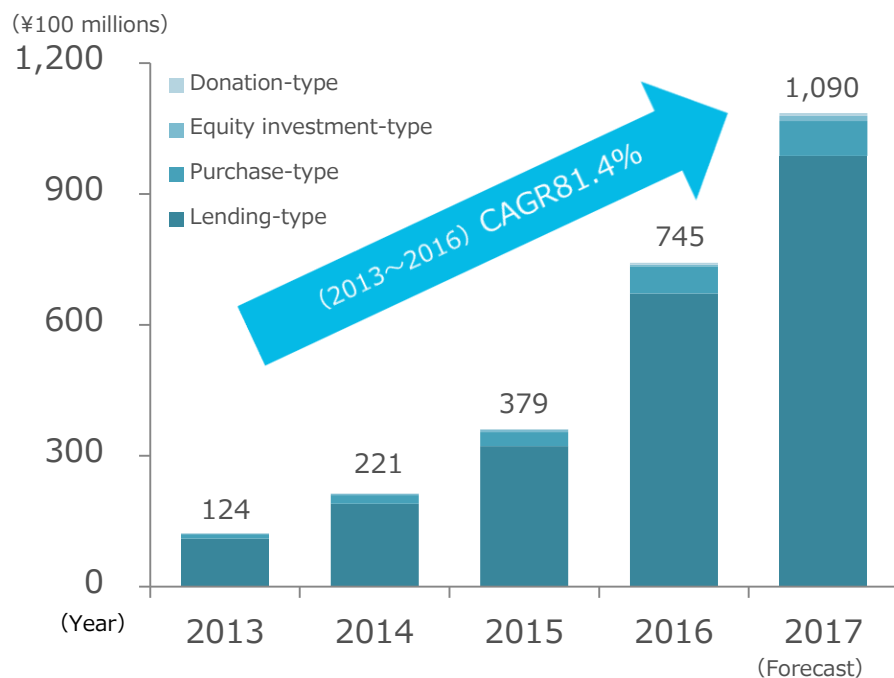
**Fast system improvement** by IT professionals

The possibility of overseas expansion by Foreign-affiliated human resources



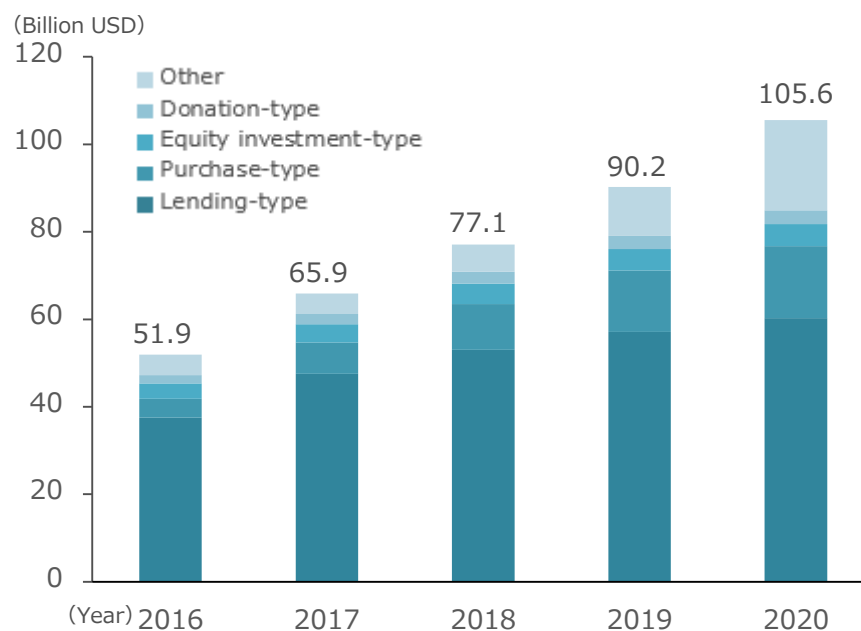
Japanese market is expanding, and going forward equity investment-type crowdfunding is expected to grow as overseas market has been.

## Japan's 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

## Overseas crowdfunding market



Source : Technavio.com  
 "GLOBAL CROWDFUNDING MARKET 2016-2020"

## Possibilities for reaching the individual financial assets of people of wide-ranging ages

### Stocks, Investment Trusts, FX, etc.

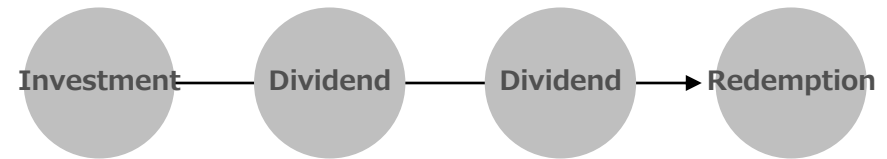
Value may largely fluctuate in hourly or daily basis. Liquidity is high; but, investors need to consistently monitor the movement.



May be time consuming

### Investment-type Crowdfunding

Value has limited impacts from the stock market / currency exchange movements. Volatility is not high. Crowdfunding helps individual investors access to real estate investment, private equity investment, etc.



Offering new investment dynamics



Workers in their 30s to 40s



Working women busy with childcare, housework, and work



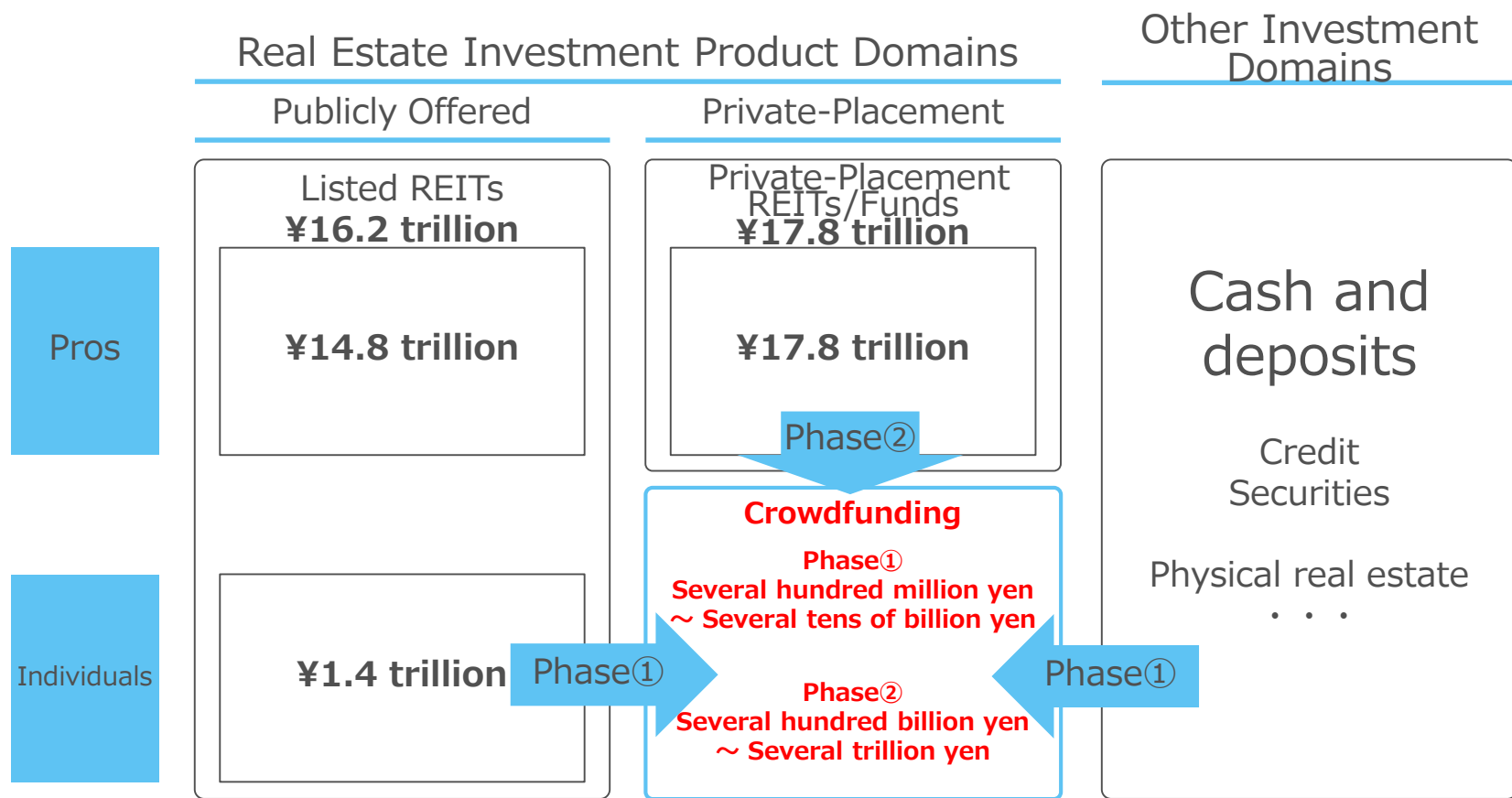
Seniors who do not want to be bothered with management

**Personal financial assets of ¥1,880 trillion.**  
**Of this, approximately ¥961 trillion are in cash or deposits.**

Source: "Flow of Funds Accounts (4th Quarter 2017, Preliminary Figures)," released on March 19, 2018, by the Bank of Japan Research and Statistics Department"

URL : <https://www.boj.or.jp/statistics/sj/sjexp.pdf>

Going forward, there is a chance that professional investors will start to get involved due to the growth of the platform.



**Phase①** : At launch, increase scale centered on individual investors (Several hundred million yen ~ Several tens of billion yen)  
**Phase②** : Professional investors start to join due to platform expansion (Several hundred billion yen ~ Several trillion yen)

Source for market size: <https://j-reit.jp/market/12.html>  
[https://www.nri.com/~media/PDF/jp/opinion/r\\_report/kinyu\\_keizai/japanreport2017\\_jp.pdf](https://www.nri.com/~media/PDF/jp/opinion/r_report/kinyu_keizai/japanreport2017_jp.pdf)

- **Supply side**

We have obtained the approvals and licenses necessary to engage in the equity investment-type crowdfunding business

- **Demand side**

Careful selection of projects by real estate specialists and listing on TSE Mothers, established trust as an company in the cloud funding market

- **Opportunity**

Realization of access to individual money not established in the real estate market

- **Expertise**

Speedy decision making use of knowledge and experience

**With a high level of expertise in both real estate and IT, we are able to accurately grasp the market's needs and quickly provide services.**

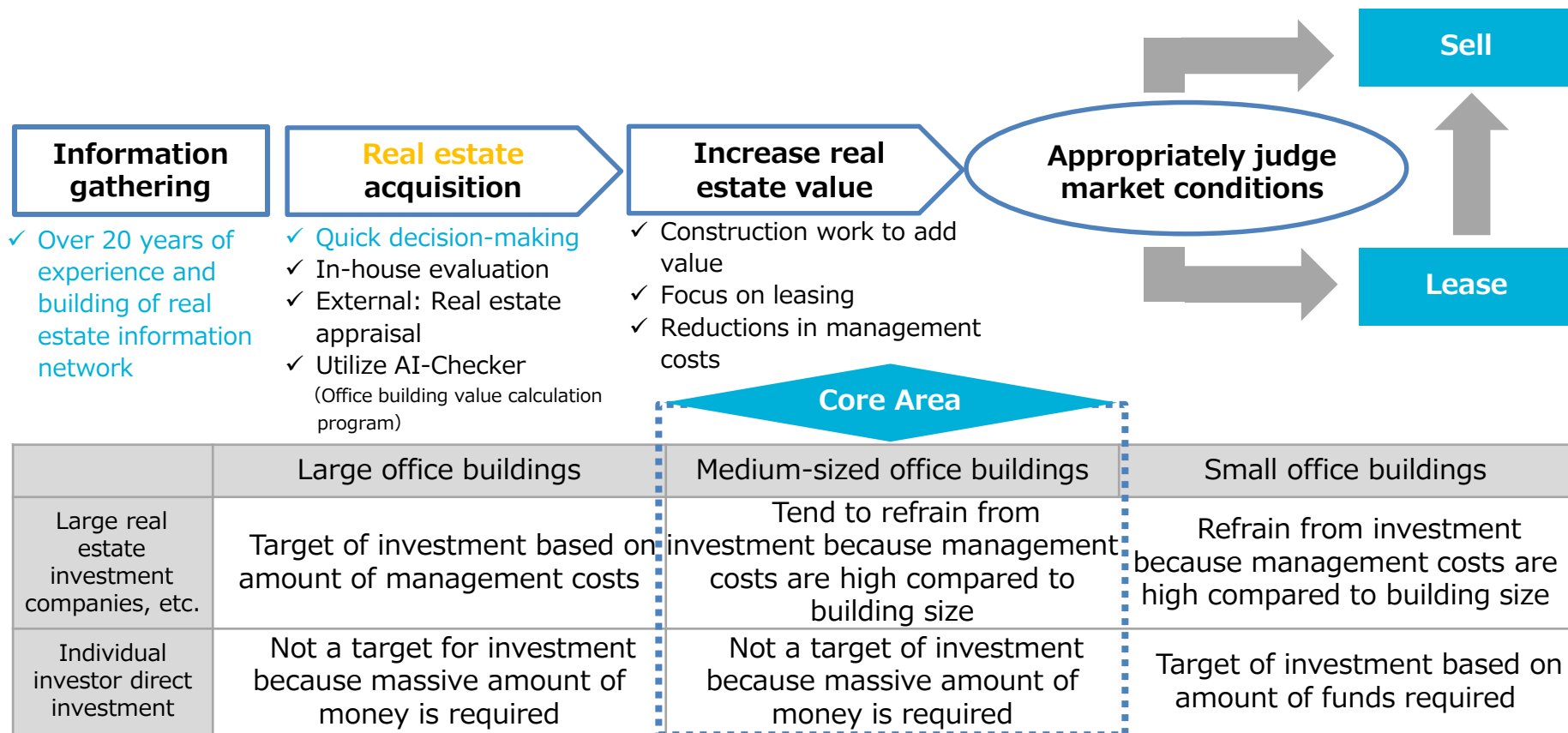
## Real Estate Pros

- Starting with senior management, our real estate professionals have been working in real estate for more than 20 years (experienced the Lehman Shock)
- Abundant connections, strong information-gathering capabilities  
Use internal/external resources to increase business
- Speed of decision-making for acquiring real estate  
Stable business relationships, especially with megabanks

## IT Pros

- Experts with more than 15 years in the IT industry create and manage systems internally
- The first in the industry to release a smartphone app
- Through in-house development and management of systems, we can quickly address investors demands  
We have stringent security and personal information protection measures

## Acquire mainly **medium-sized office buildings** within **Tokyo's 23 wards**, and value up

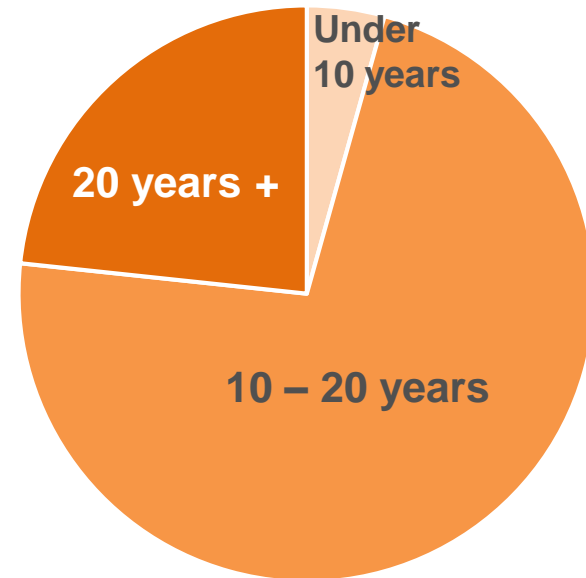
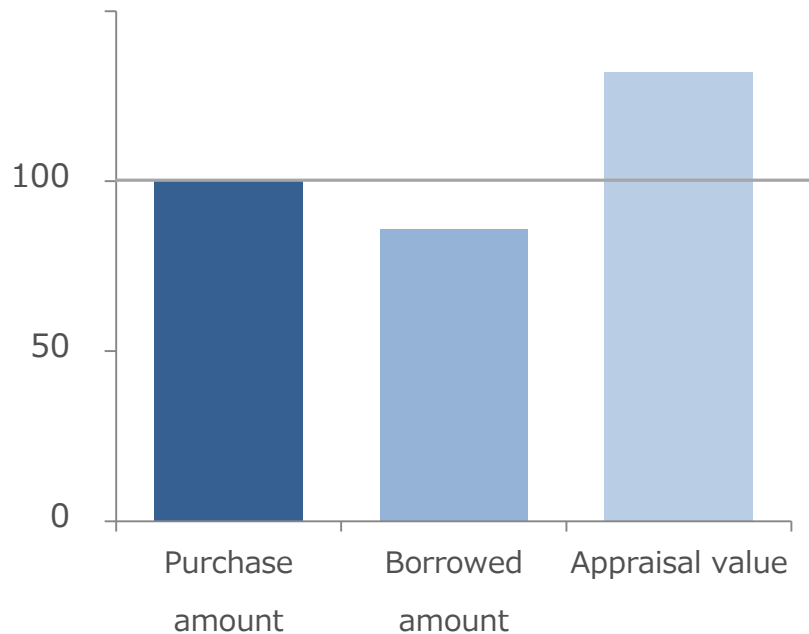


# Stable Financial Base

- Long-term borrowings based on high level of creditworthiness from financial institutions  
Our financial base allows us to flexibly respond to changes in the market.
- Our track record of adding value to properties with low occupancy rates and later increasing the price to a fair price has received acclaim.

Creditworthiness  
backed by appraisal track record

Weighted average borrowing period  
= 19 years



Indexed with cumulative real estate purchase value = 100.  
As of 2Q of fiscal year ending December 31, 2018

\* As of 2Q of fiscal year ending December 31, 2018

# OwnersBook



# OwnersBook Features



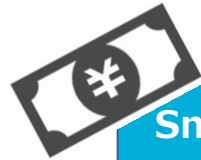
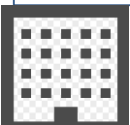
## Online platform allows for lower investor costs

Free-of-charge member registration, no investment fees, free annual membership



## All transactions are backed by real estate (Loan-type)

Self-assessment + external assessment  
Careful selection of transactions based on stringent evaluations by real estate professionals



## Small investment amounts

Makes it easy to invest in real estate through small investments



## Can invest according to risk tolerance level

Product lineup based on investors' risk tolerance levels

## Entry into professional investing domain (Equity investment-type)

Opening of real estate investment domain that individuals were unable to participate in



# The world OwnersBook is changing

Starting from one investment unit of ¥10,000

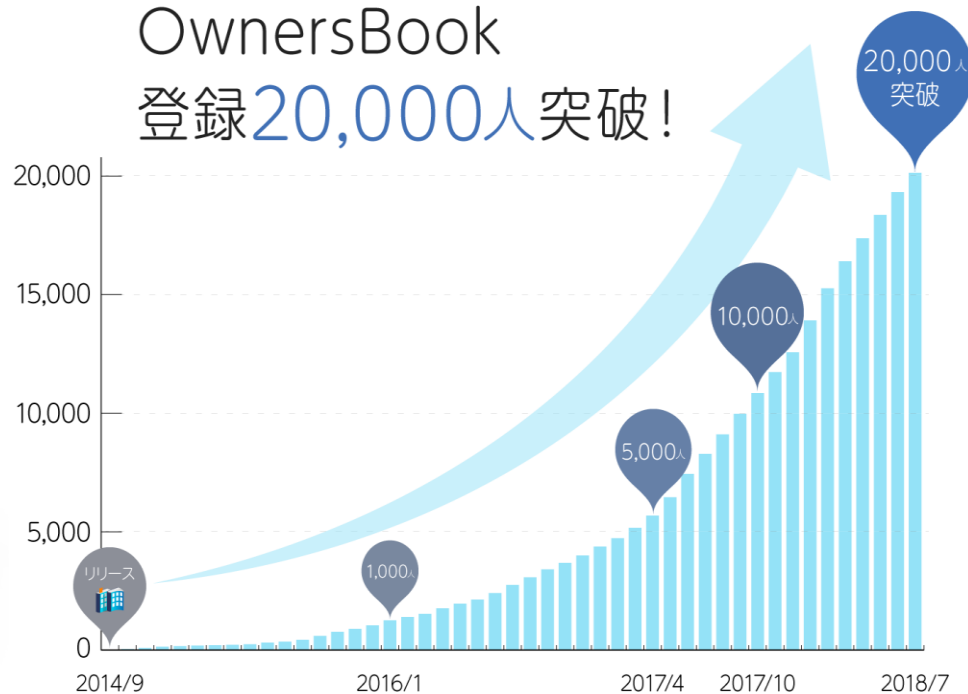
Making real estate investing more accessible to more people

First in the industry in Japan to launch app service

Surpassed the 20,000 member mark

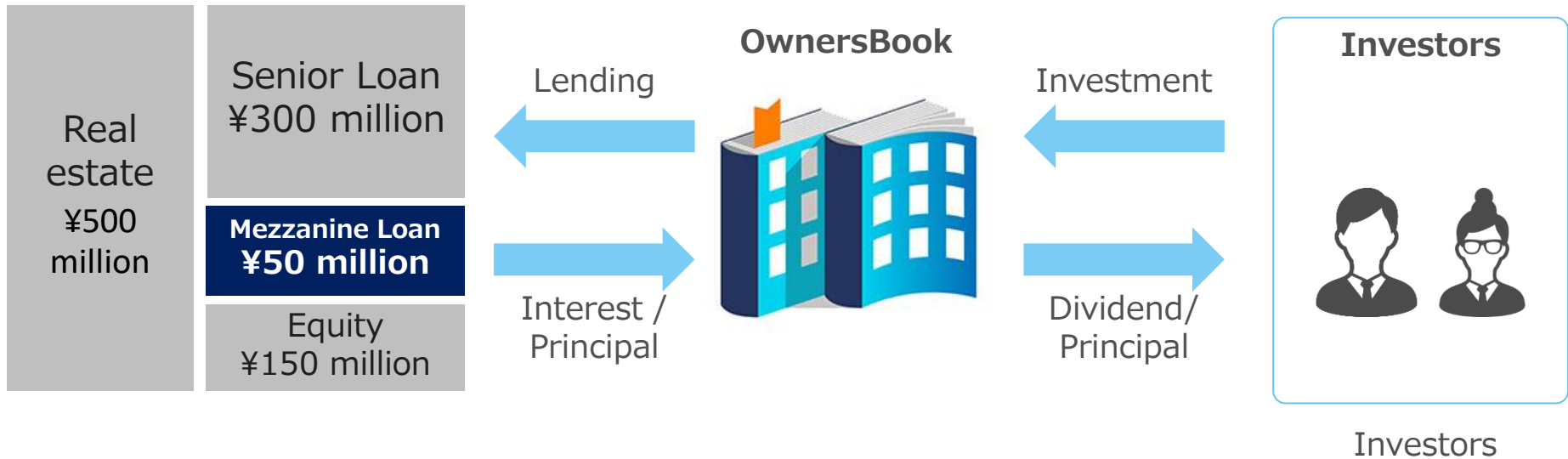


OwnersBook  
登録20,000人突破!



(As of July 31, 2018)

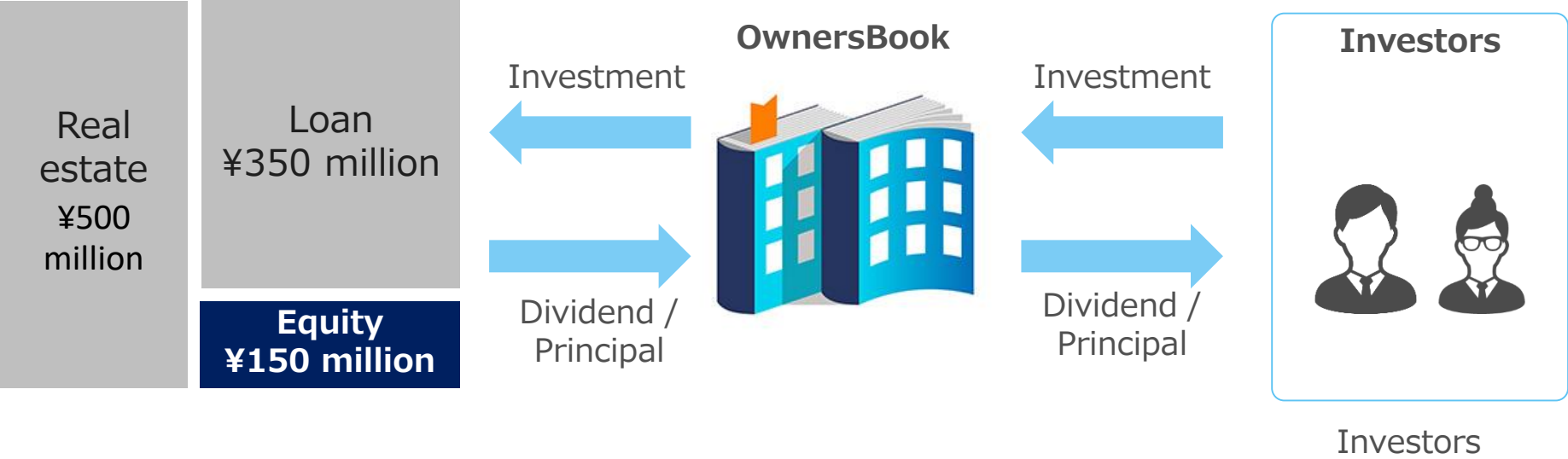
## Lending for real estate-backed/loans\*



\* In some cases, we deal with senior loans.

# Equity Investment-type OwnersBook

Individual investors are able to invest in the equity portion.



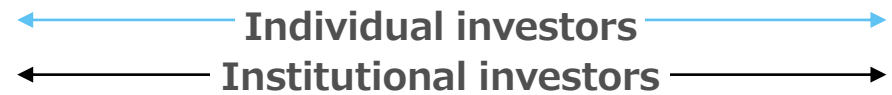
## Historically



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

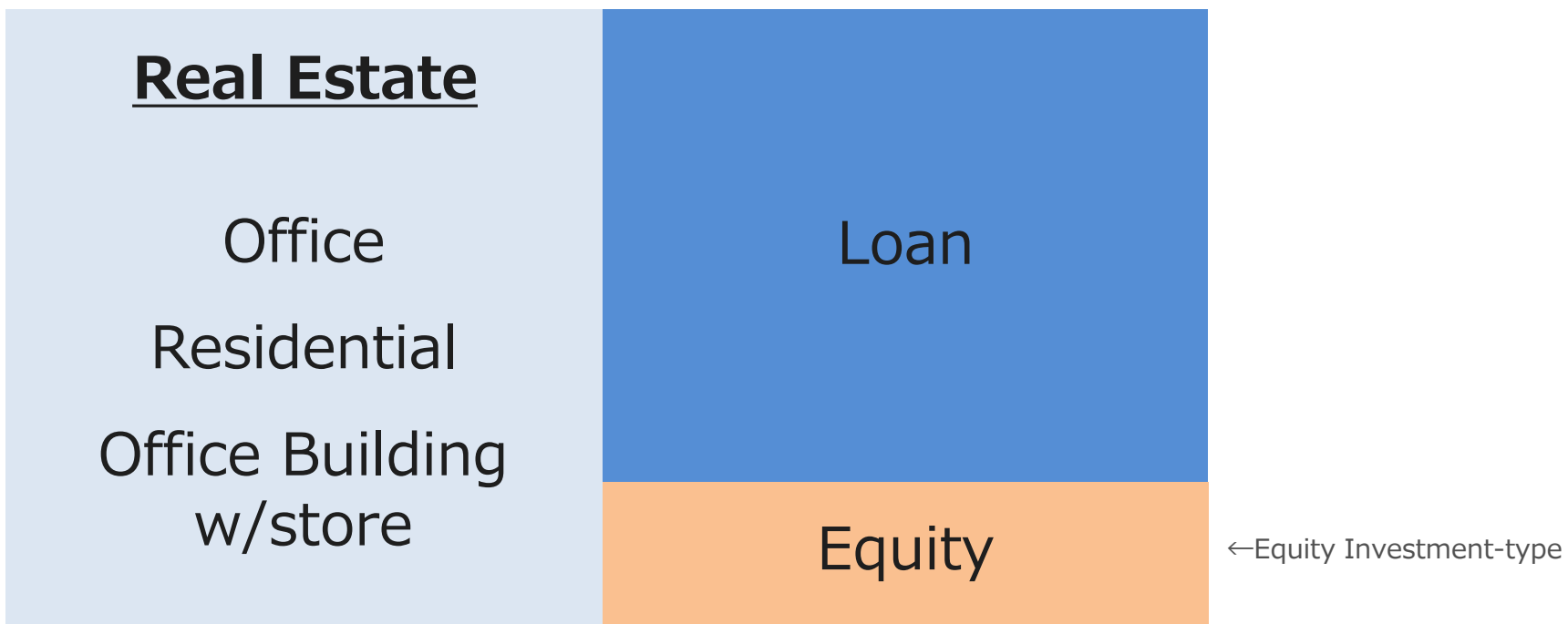
# Equity Investment-type

-Real Estate Investment for individual investors-

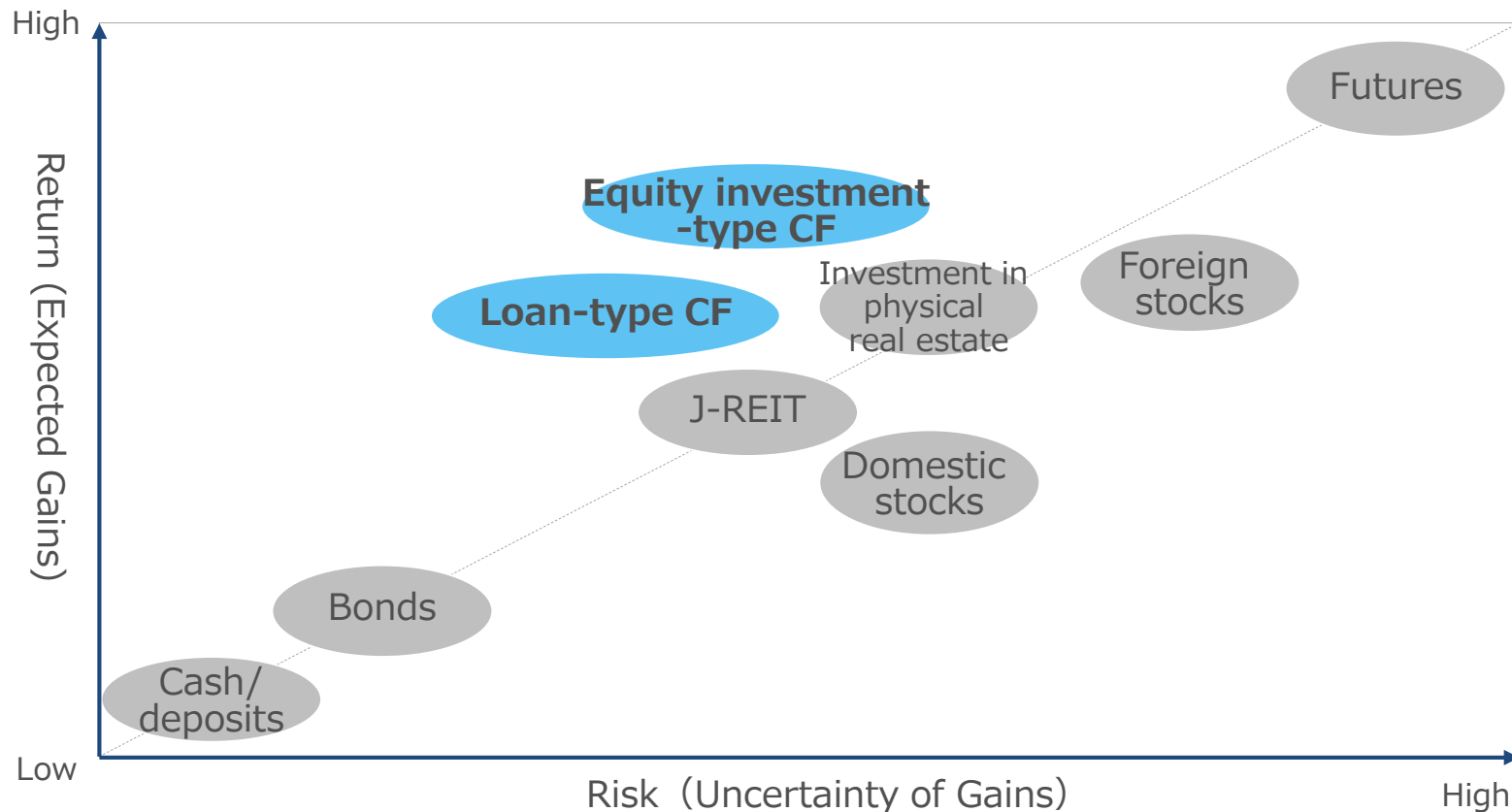
Investment	Investment Amount	Target Property	Characteristics
OwnersBook Loan-type	Can invest starting from one investment unit of ¥10,000	Target of loan is unknown (concealed) At least two or more entities are targets of loan (pluralized)	Compared to equity investment-type, this is a low-risk/middle-return
<b>OwnersBook Equity investment-type</b>	<b>Abundant funds are unnecessary</b>	<b>An entire building, or a condominium titled building.</b>	<b>Can invest easily by the Internet, and can expect comparatively higher returns</b>
J-REIT	Can invest with relatively small amounts of money	Multiple properties owned by an investment corporation <small>*No control over adding / reducing an asset to / from the portfolio.</small>	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.

<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	Equity Amount × 2%	Real Estate Price × 1%	Real Estate Sales Price × 1%

\* The above fee condition is a typical sample.



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



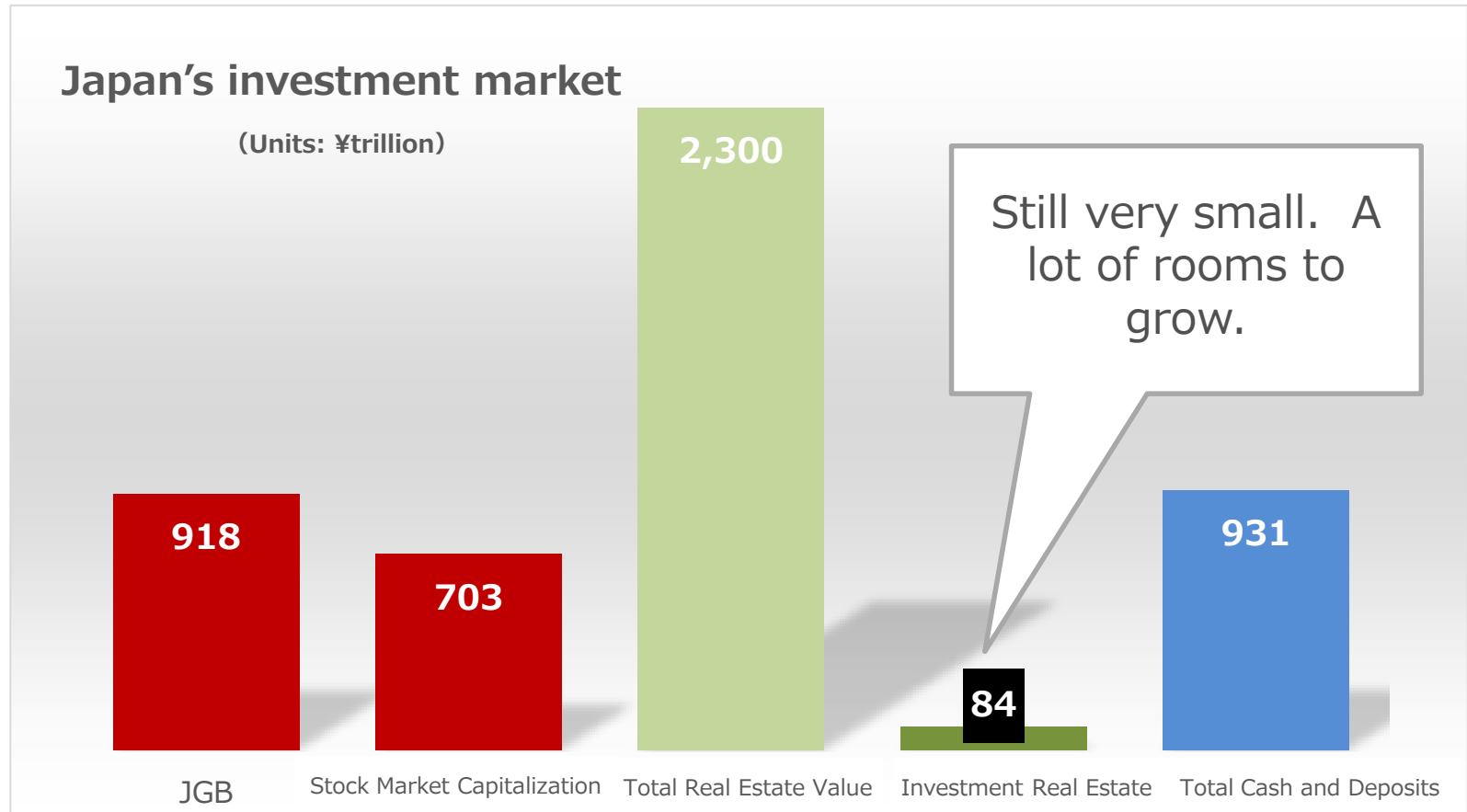


# Real Estate Market Analysis

# Japan's Position in the Real Estate Market and Our Advantages in our Core Domains

- Growth possibilities for Japan's investment real estate market
- Japanese people's wealth
- Areas with population growth in past 20 years
- Areas with real estate for investment
- The world in 2025 (Urban population & GDP)
- Concentration of large companies in Tokyo
- Global comparison of investment real estate performance
- Real estate investment yields in Japan by city and type of real estate

Japan's investment real estate market has a lot of room to grow further.



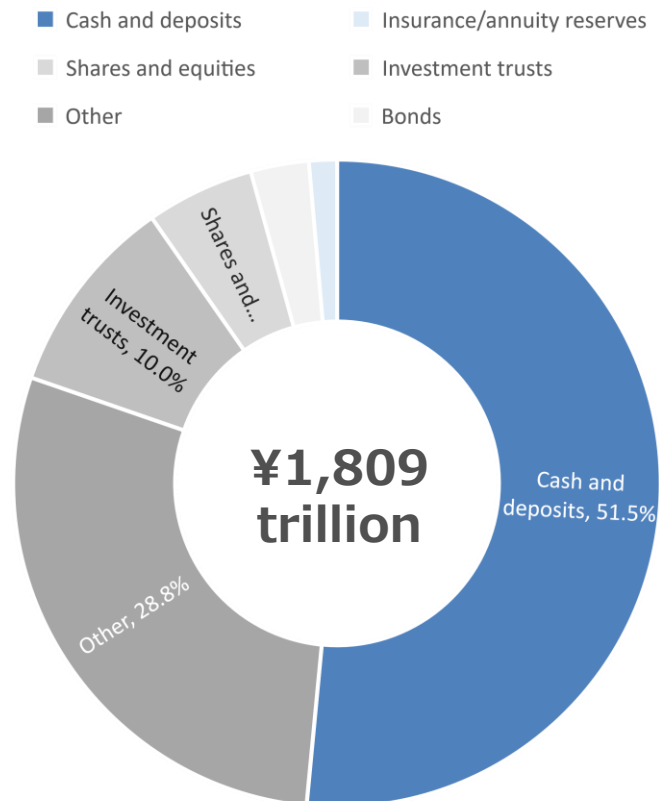
JGB (balance as of June 30, 2016), Stock Market capitalization (based on shares issued on TSE Section 1, Section 2, and JASDAQ as of May 15, 2018), Total Real Estate Value (2007 data based on Ministry of Land, Infrastructure, Transport and Tourism materials), Investment Real Estate (Taken from MSCI Real Estate Market Size 2016. Converted at \$1 = ¥115), Total Cash and Deposits (based on values as of March 31, 2017) prepared by Loadstar Capital.

# Japanese People's Wealth

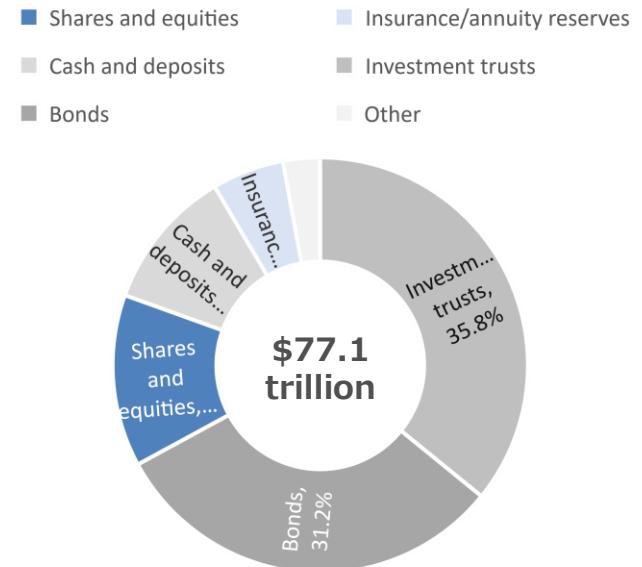
More than half of Japan's household financial assets are waiting on the sidelines, not being invested.

Cash and deposits total ¥961 trillion\* 1

Composition of Japan's Household Financial Assets \* 2



Composition of U.S. Household Financial Assets \* 2

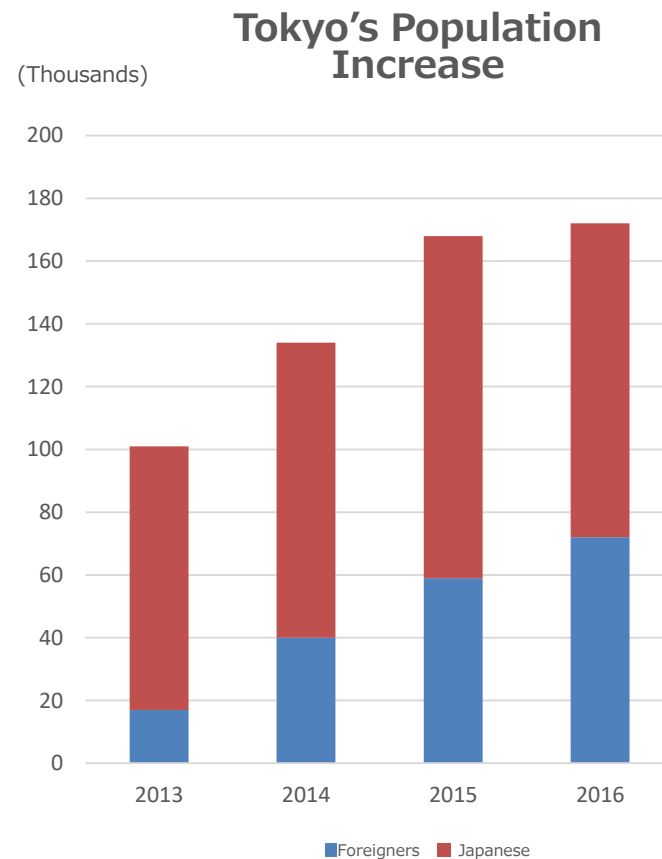
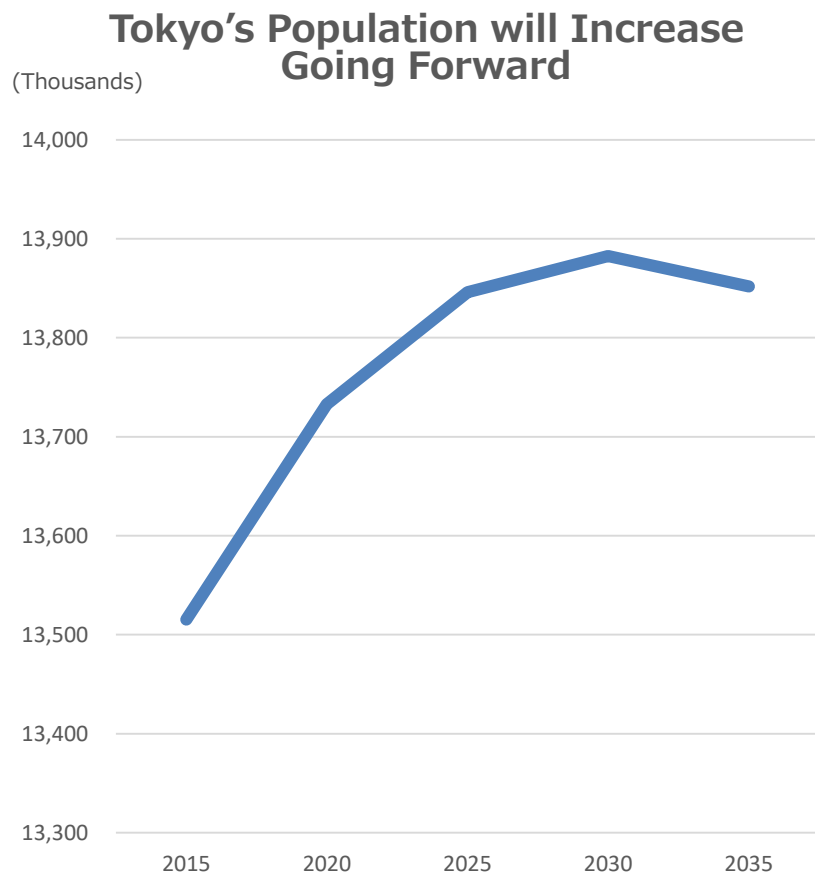


Source: \*1 The Bank of Japan Research and Statistics Department "Flow of Funds Accounts (Q4 2017, Preliminary Figures)" (Released on March 19, 2018)

\*2 The Bank of Japan "2017 Q1 Flow of Funds -Overview of Japan, the United States, and the Euro area-" (Released on August 18, 2017)

**Tokyo's population has increased for last 19 years and the trend continues.**

**Only Tokyo has an infrastructure that can compete with major cities overseas.**

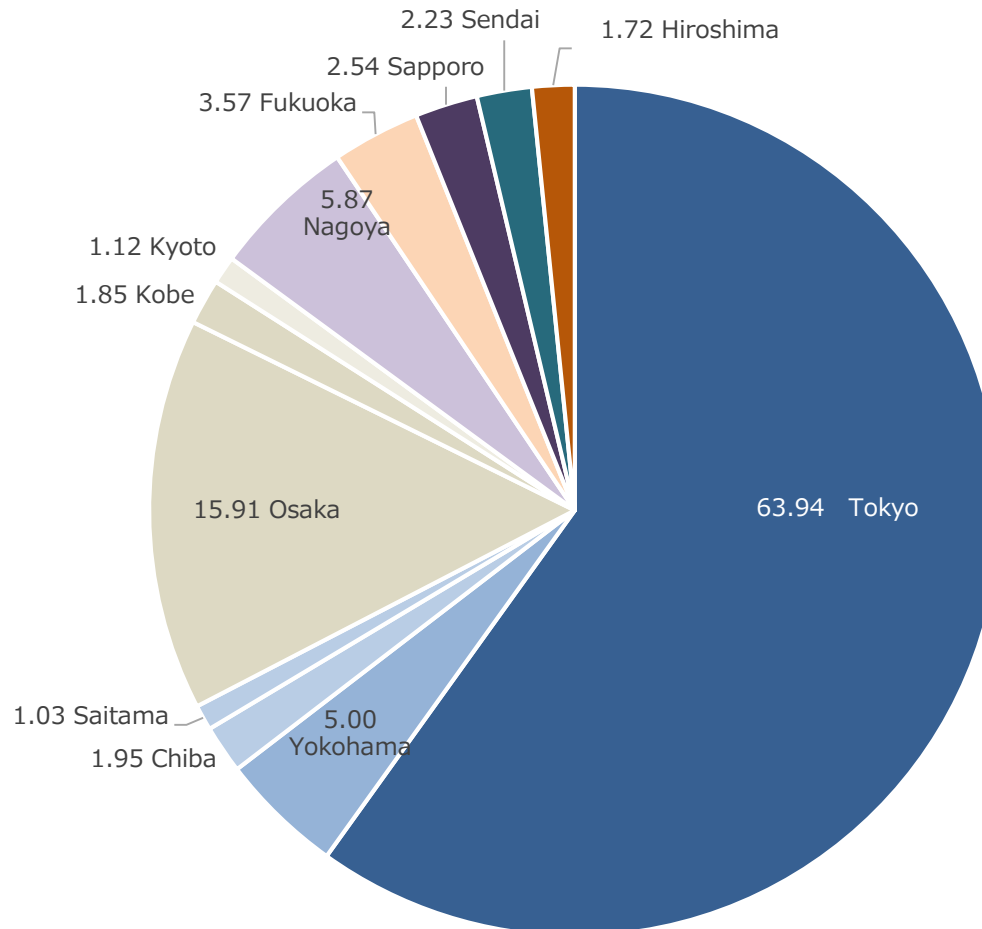


Source: Loadstar Capital K.K., based on data from Ministry of Justice "Statistical Survey of Registered Foreigners," and Ministry of Internal Affairs and Communications "Basic Resident Register"

# Areas with Real Estate for Investment

Over 70% of investable assets stay in the greater Tokyo area.

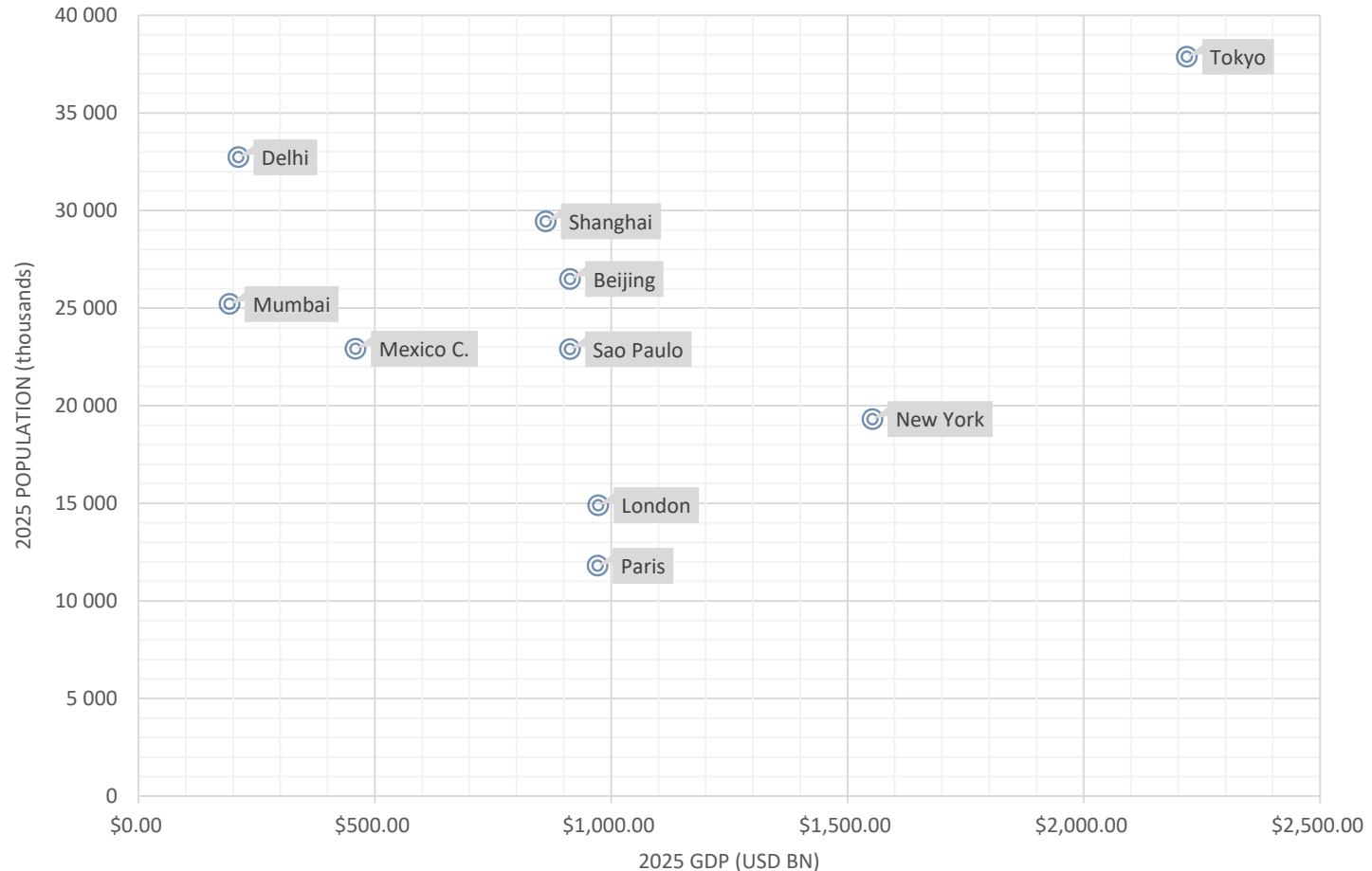
## Ratio of office floor space in Japanese cities



Source: Loadstar Capital K.K., based on data from Japan Real Estate Institute's "The Annual Japanese Office Buildings Survey (as of January 2017)"

Invest with an eye to the future.

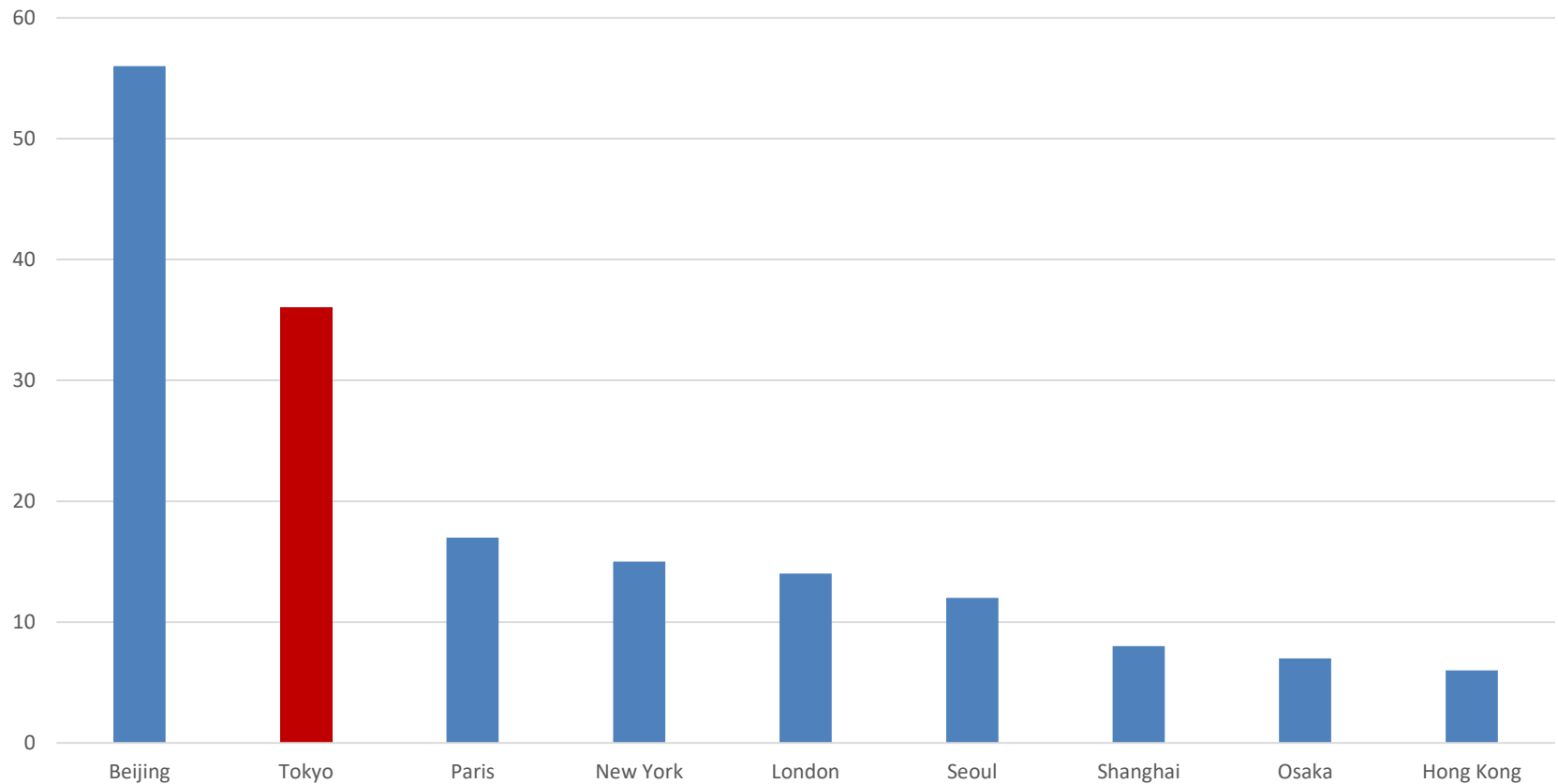
The Tokyo economic area continues to have the largest urban population and GDP in the world.



(Population) Population Dept., United Nations [World Urbanization Prospects], (GDP) McKinsey Global Institute Cityscope database 2.0.  
Prepared by Loadstar Capital K.K.

Tokyo has the second highest concentration of large companies in the world.

## Fortune 500 Companies by City (Ranking)



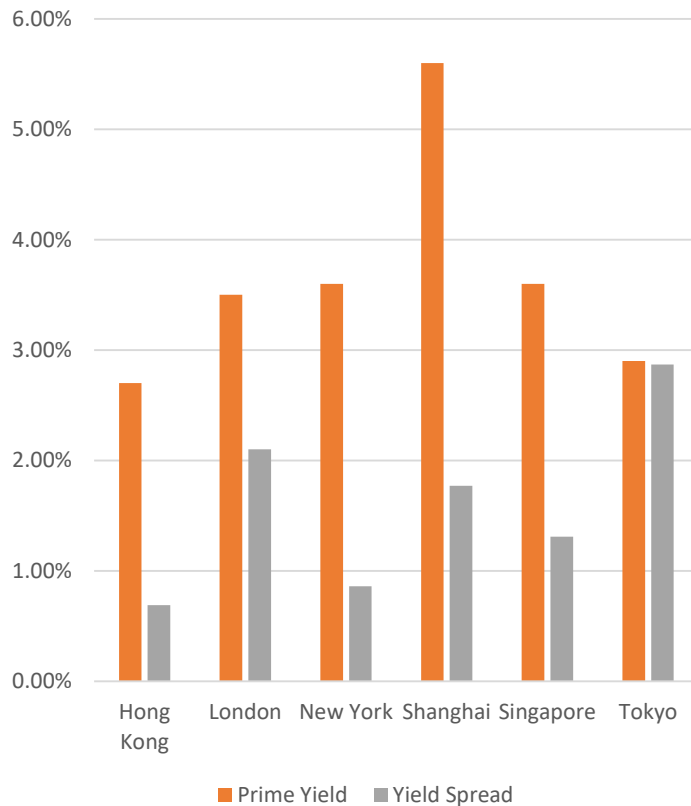
Source: Loadstar Capital K.K., based on data from Fortune Global 500 (2017)



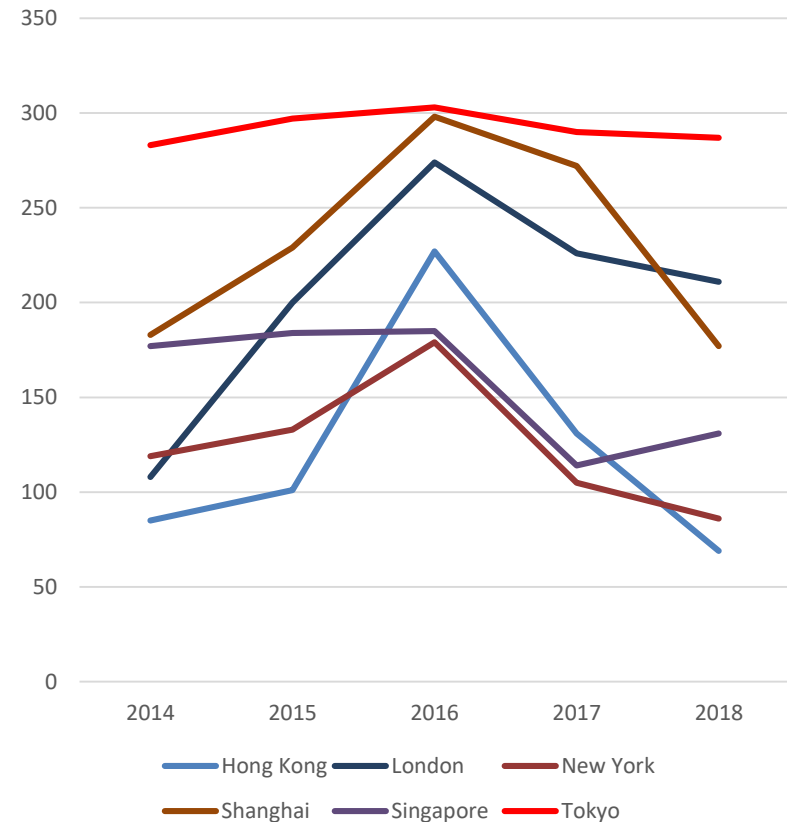
# Global Comparison of Investment Real Estate Performance

Tokyo has a favorable environment.

Prime Office Yield to Gov't Bond Yield Spread



Historical Yield Spread by Major Cities (unit: bps)



Source: Loadstar Capital K.K., based on data from Jones Lang Lasalle (Global Market Perspective) 2014 – 2018