



**Fiscal year ended December 31, 2018
Earnings Briefing**

Loadstar Capital K.K.

Securities code: 3482
February 2019

- 1. Overview of Financial Results for the Fiscal Year Ended December 31, 2018**
- 2. Forecast for the FY2019**
- 3. Future Growth Strategy**

1. Overview of Financial Results for the Fiscal Year Ended December 31, 2018

Consolidated Financial Results

- **Net sales** **+10%** y-o-y
- **Ordinary profit** **+78%** y-o-y
- **Profit** **+71%** y-o-y

Corporate Funding

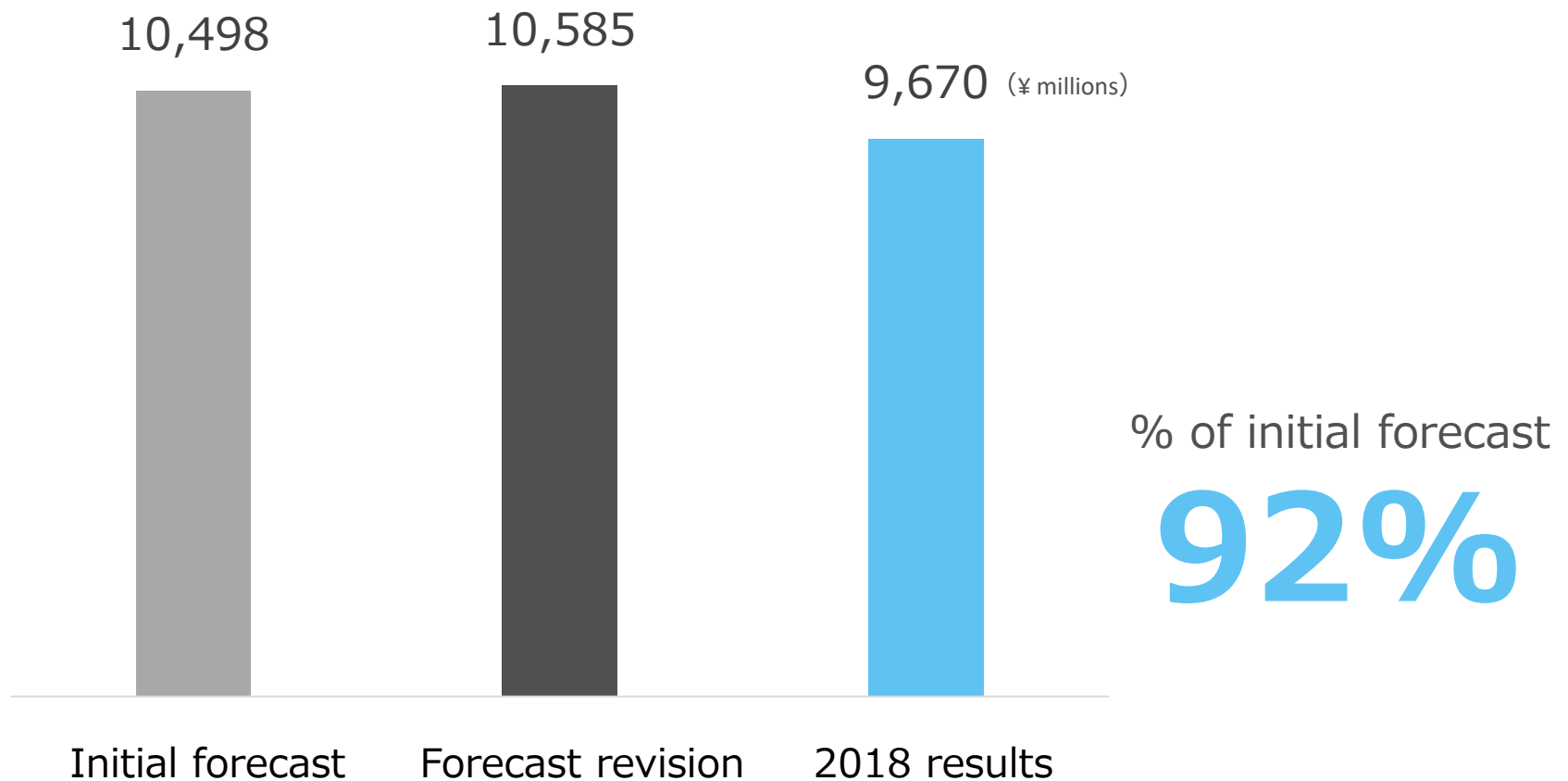
- **Net sales** **+8%** y-o-y
- **Solid property build-up and value enhancement**

Crowdfunding

- **Net sales** **+239%** y-o-y
- **investor members and the amount of loans grew rapidly**
- **Launched first equity investment-type product**

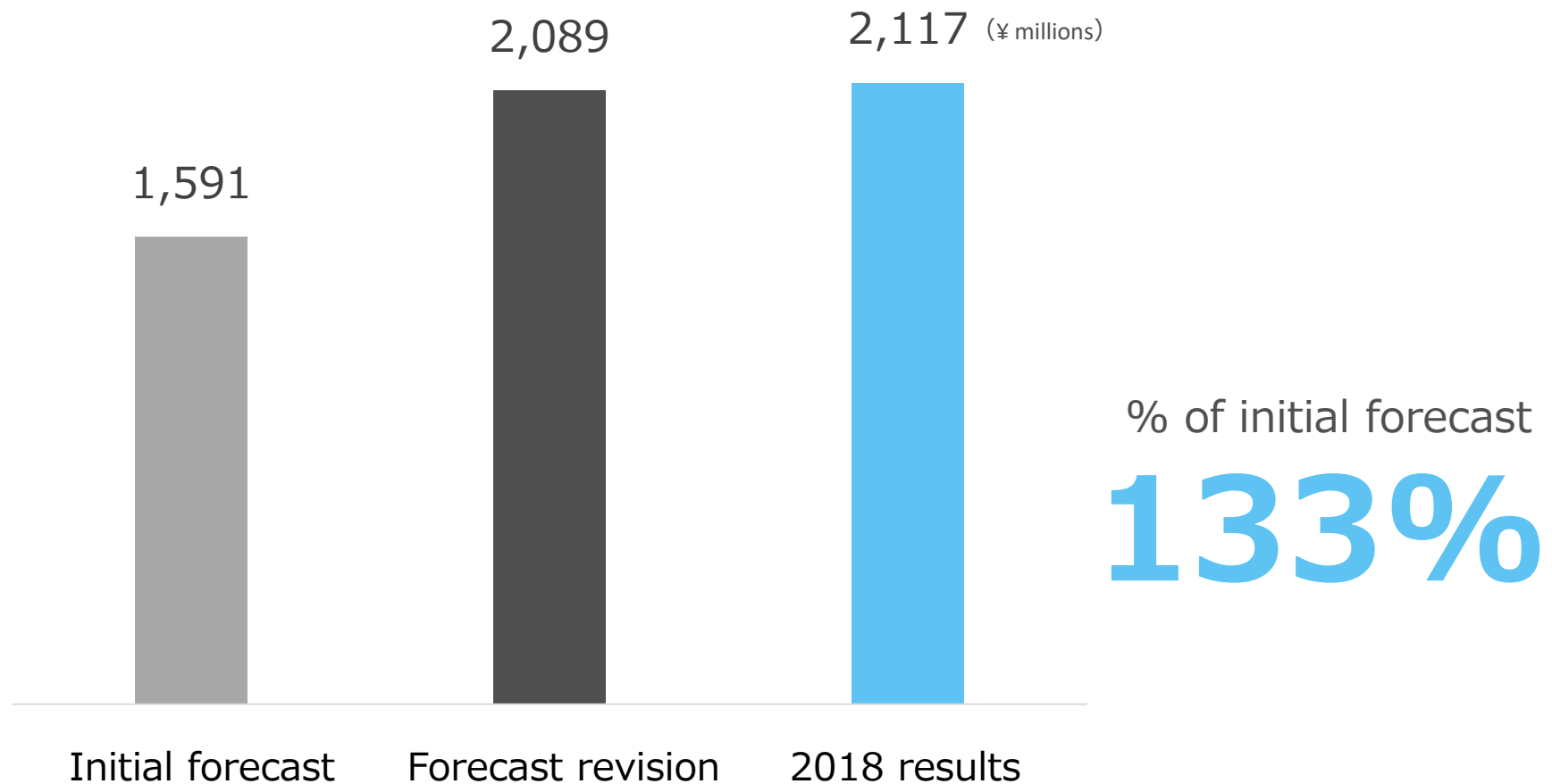
Consolidated Sales

We achieved our planned profit for the period, so from the standpoint of medium- to long-term growth, we decided to put off selling properties that we had initially planned to sell until the next fiscal year or beyond.



Consolidated Ordinary Profit

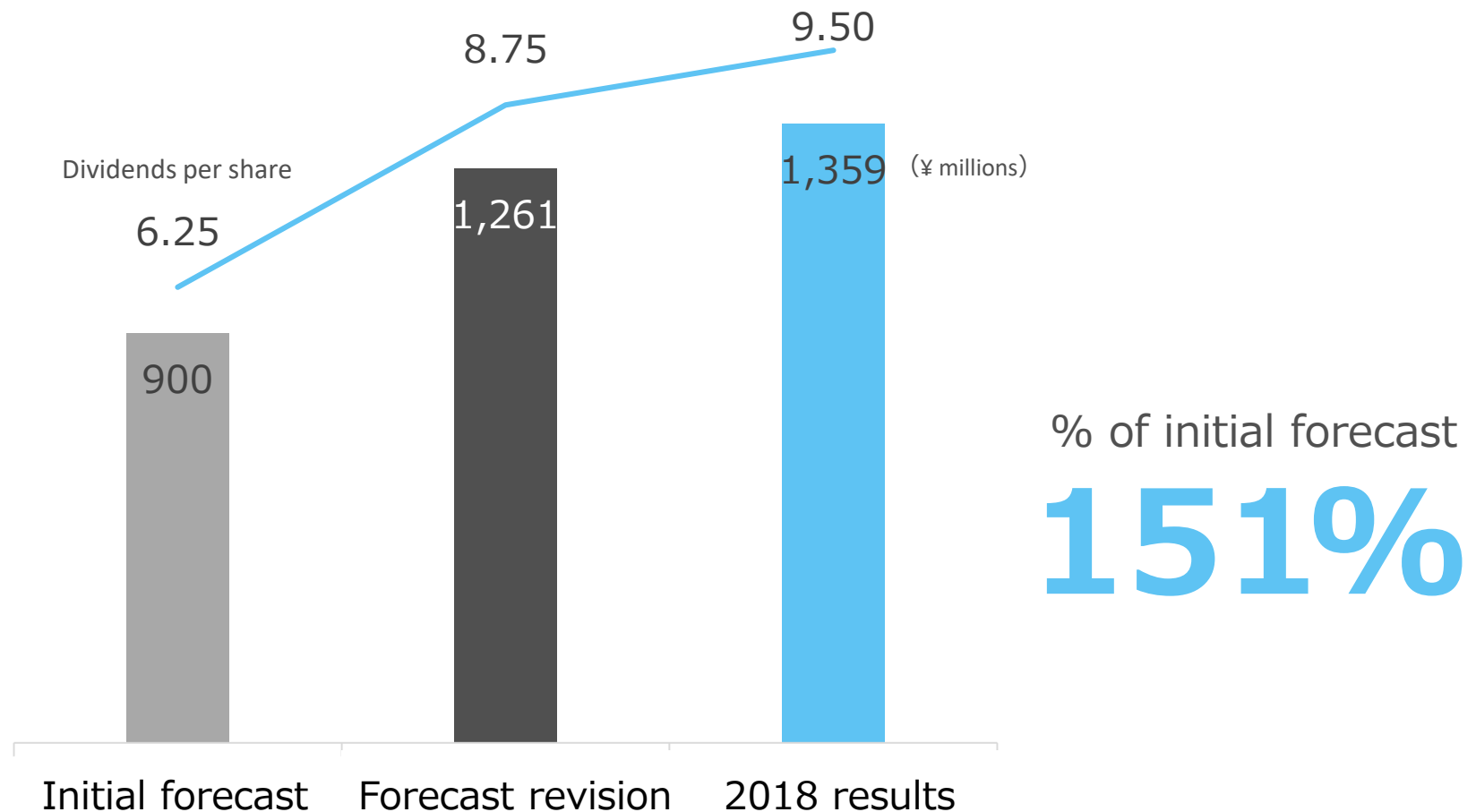
Adding value to properties acquired in previous fiscal years was successful in increasing ordinary profit significantly.



Consolidated Profit

The improvement in profit margin pushed results significantly higher than the initial forecast.

As a result, we made the decision to increase the dividend.



Business Overview

Corporate
Philosophy

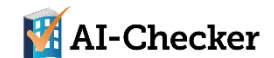
Real Estate X Tech to Open Up a New Market

Real Estate Tech

CROWDFUNDING
(Equity Investment-type / Loan-Type)



AI
×
REAL ESTATE
INVESTMENTS



Real Estate
Investments

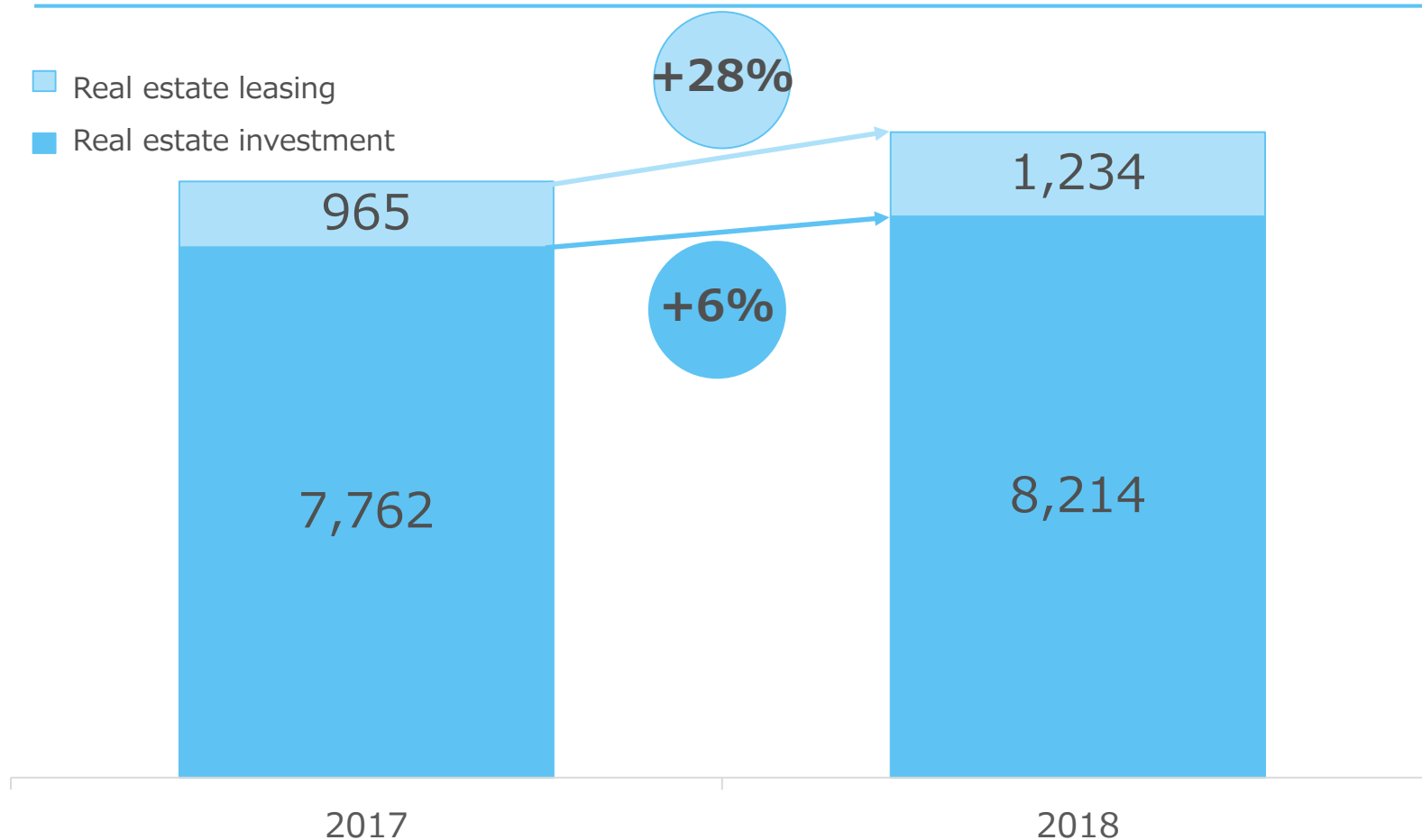
CORPORATE FUNDING
(Real Estate Principal Investment)

ASSET MANAGEMENT

**BROKERAGE
/ ADVISORY**

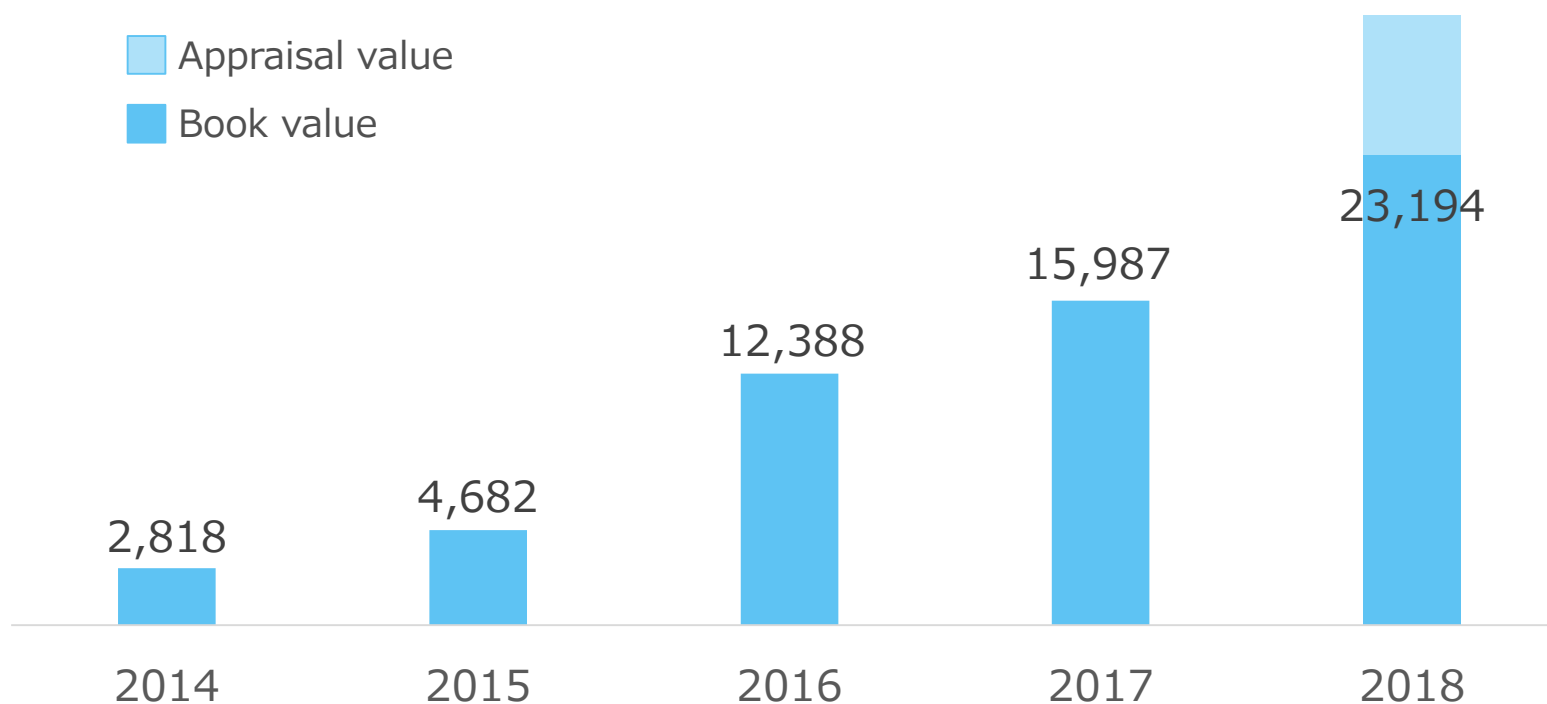
- Realized earnings by adding value to properties and with speedy decision-making
- Stably expanded earnings by steadily accumulating properties

Net Sales (¥ millions)



- Cost-effectiveness improved as the size of acquired properties increased
- Secured earnings for next year and beyond by accumulating properties

Real estate as inventory (Book value) (¥ millions)



- **Change in Lending Stance**

Currently, we see no changes in the lending stance with respect to medium-size office real estate which is our main focus, but we must watch financial market trends, including moves by the Bank of Japan and the Financial Services Agency.

- **View of the Real Estate Market**

Interest rate hike activity by the FRB are the focus of much attention, but we do not think that interest rates in Japan will change significantly over the near term, and thus we think that the real estate market will remain relatively calm for the time being. Meanwhile, even if real estate prices were to enter a correction phase, we believe that the impact on the highly-liquid central Tokyo area (our area of focus) would be limited over the medium to long term.

Corporate
Philosophy

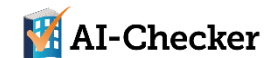
Real Estate X Tech to Open Up a New Market

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AI
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REAL ESTATE
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Real Estate
Investments

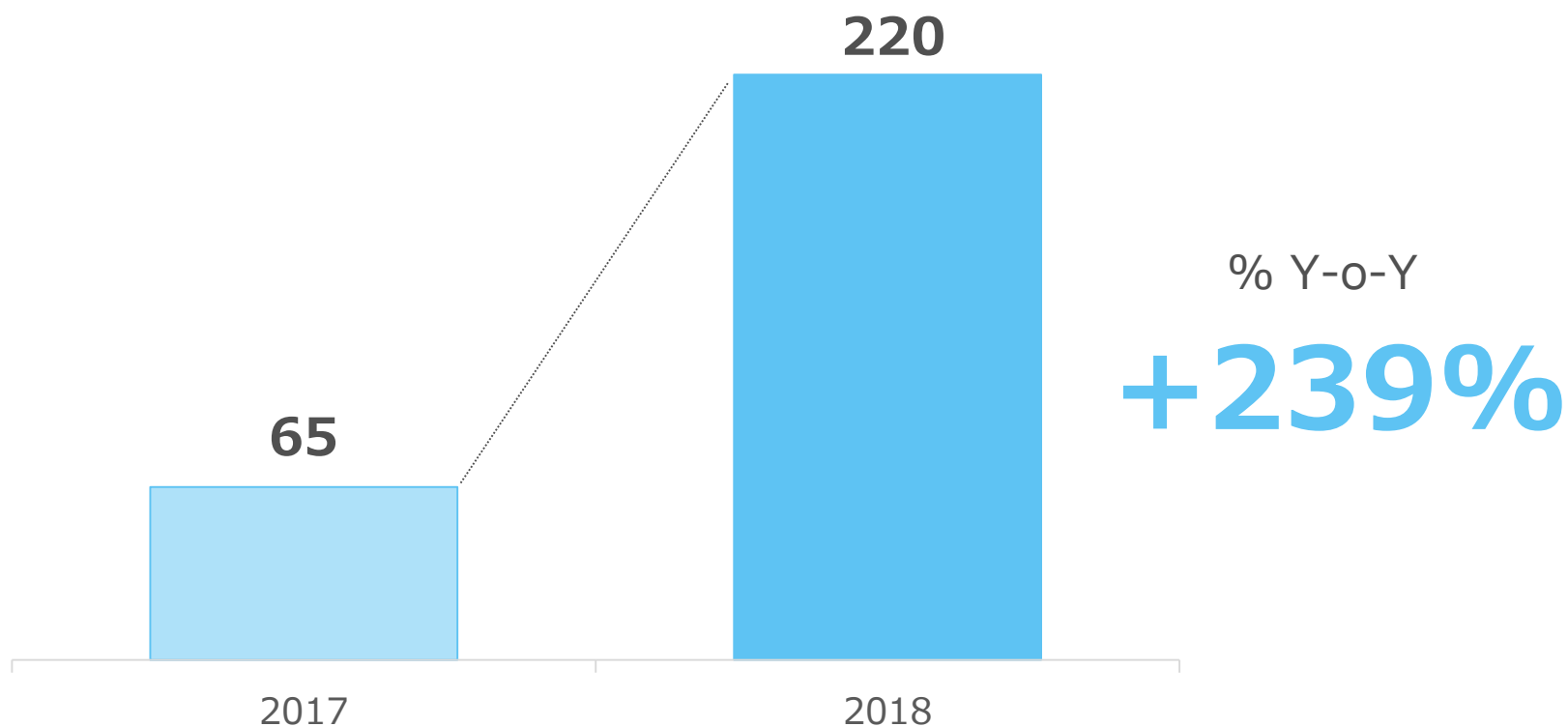
CORPORATE FUNDING
(Real Estate Principal Investment)

ASSET MANAGEMENT

BROKERAGE / ADVISORY

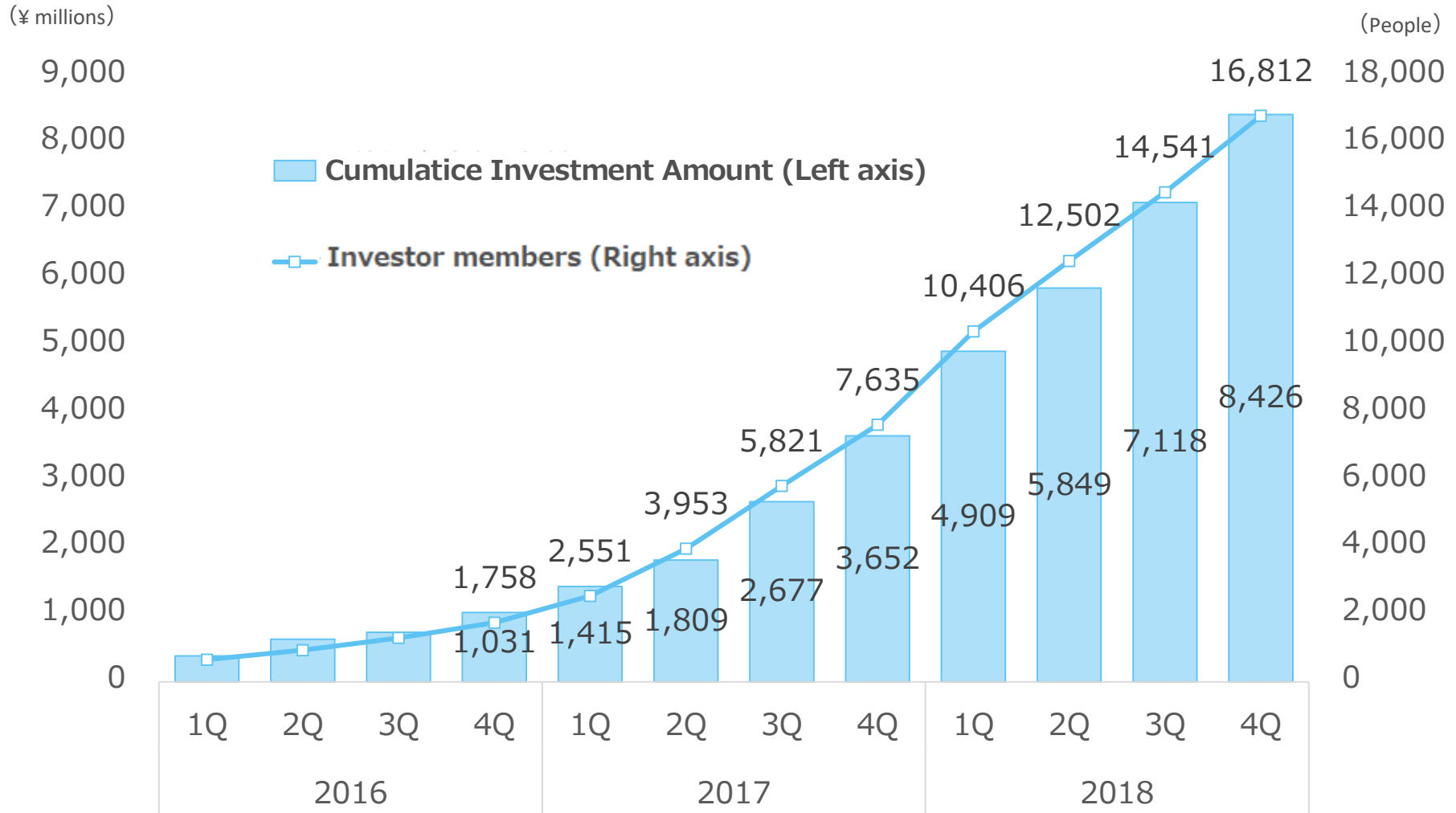
- The Crowdfunding Business has rapidly expanded along with the increase in awareness
- We started providing an equity investment-type product from Q3

Net Sales (¥ 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

【Overview】

Project Name	Akihabara Office Building
Total Amount Raised	¥265 million
Investment Units	¥100,000 per unit (5-100 units) Minimum investment amount = ¥500,000 (5 units); Maximum investment amount = ¥10 million (100 units)
Subscription Period	August 10-14, 2018 (Completed in 3 minutes)
Cooling Off Period	An 8-day period starting from the application date
Planning Investment Term	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: 118.00m² (35.69 tsubo)
Total building area: 920.43m² (278.43 tsubo)
Leasable floor area: 829.48m² (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)

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

Concerning the use of anonymity and multiple borrowers in loan-type crowdfunding, measures to protect investors in line with demands since we began our services are being considered, and we are also positively considering ways to address this issue.

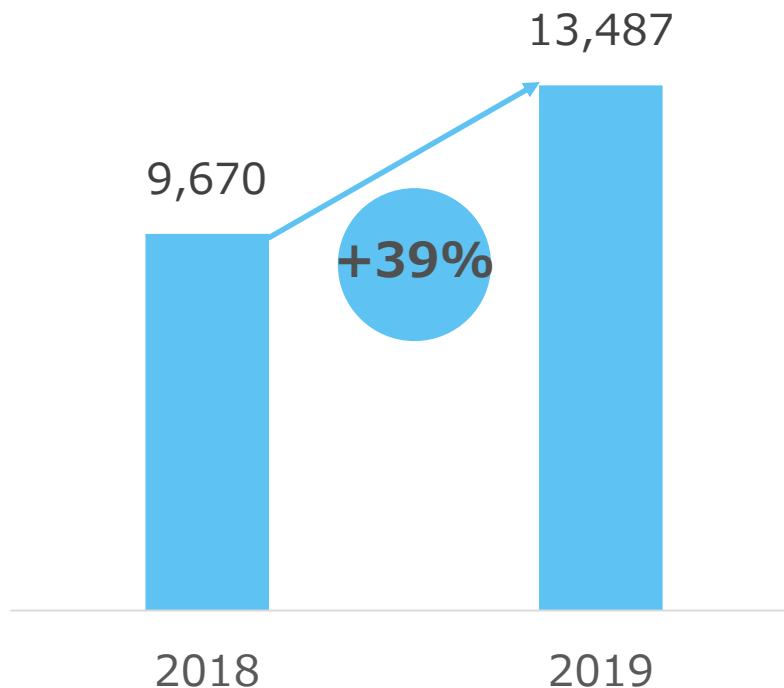
- **Administrative Actions, etc. Against Competitors**

A number of administrative actions were taken against social lending companies in 2018. In December, the Securities Exchange and Surveillance Commission demanded appropriate management in the social lending industry. We will continue to bolster our system, as well as proactively cooperate with both authorities as well as the efforts by industry groups to solve issues facing the overall industry.

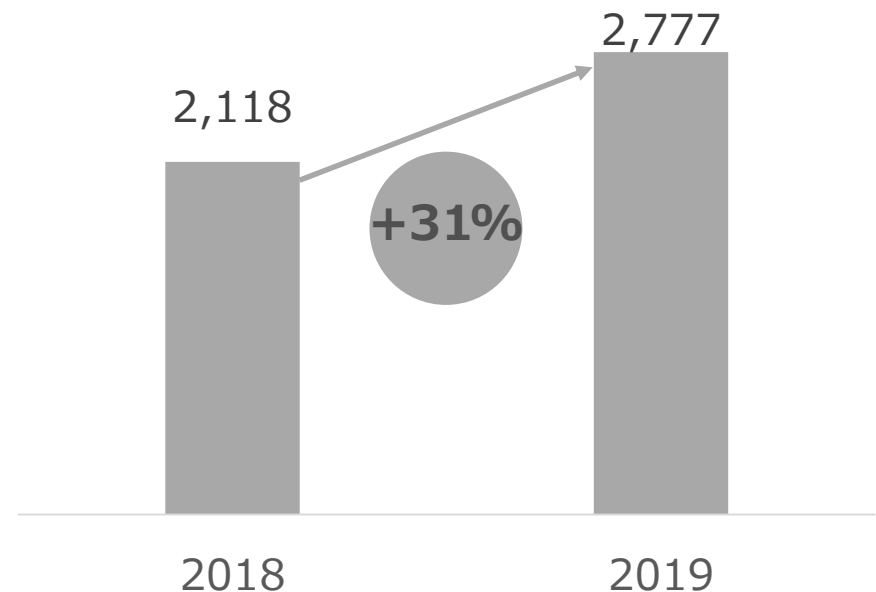
2. Forecast for the FY2019

- Once again aim for net sales **above ¥10 billion** for the first time in the Company's history
- Aim to **maintain** ordinary profit margin **above 20%**

Net Sales (¥ millions)



Ordinary Profit (¥ millions)



Forecast

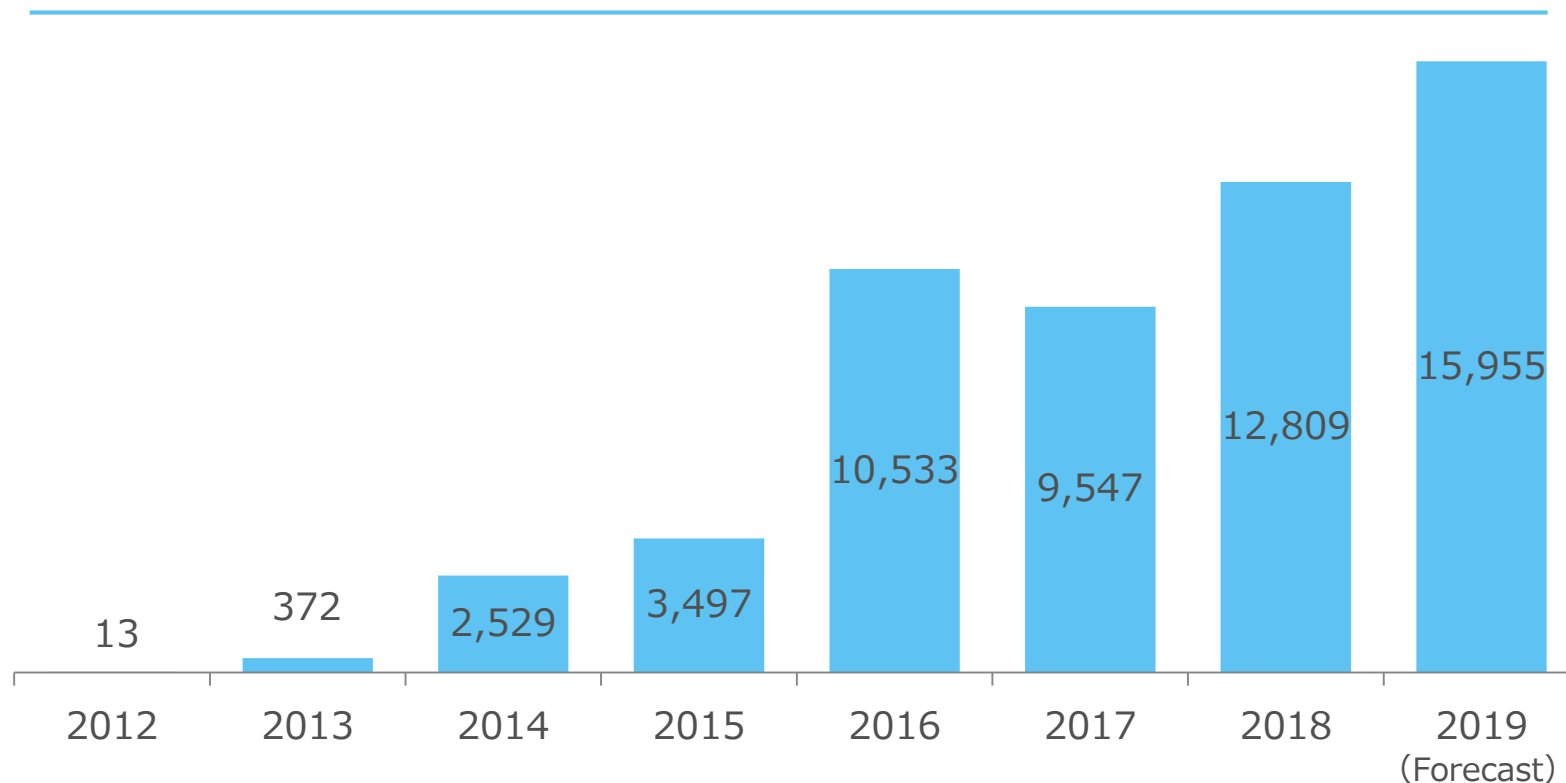
(¥ millions)

	FY2018		FY2019 (Forecasts)		
	Amount	% of Net Sales	Amount	% of Net Sales	% Y-o-Y
Net sales	9,670	100.0%	13,487	100.0%	139.5%
Cost of sales	6,401	66.2%	9,090	67.4%	142.0%
Gross profit	3,269	33.8%	4,396	32.6%	134.5%
SG&A expenses	876	9.1%	1,258	9.3%	143.6%
Operating profit	2,392	24.7%	3,137	23.3%	131.1%
Ordinary profit	2,117	21.9%	2,777	20.6%	131.2%
Profit	1,359	14.1%	1,659	12.3%	122.1%

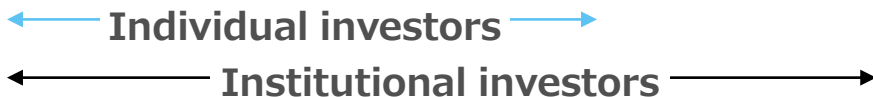
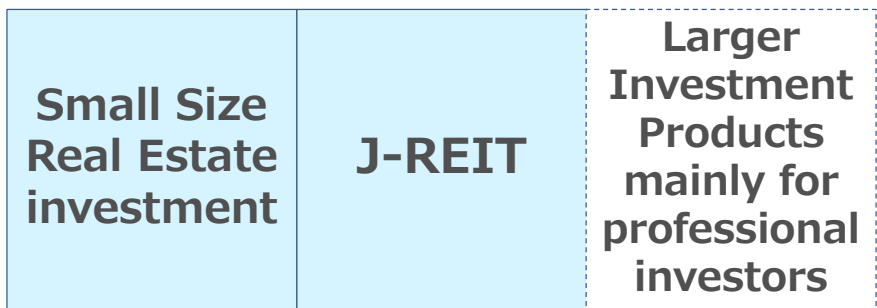
3. Future Growth Strategy

- In FY2019, we will accumulate more properties, aiming for the level where leasing income can cover the company's fixed costs.
- We continue to expand our workforce in order to achieve continuous growth.

Annual investment amount (¥ millions)



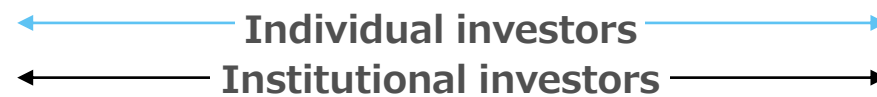
Historically



Only professional institutional investors are investing in certain domains

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

The Aim of OwnersBook



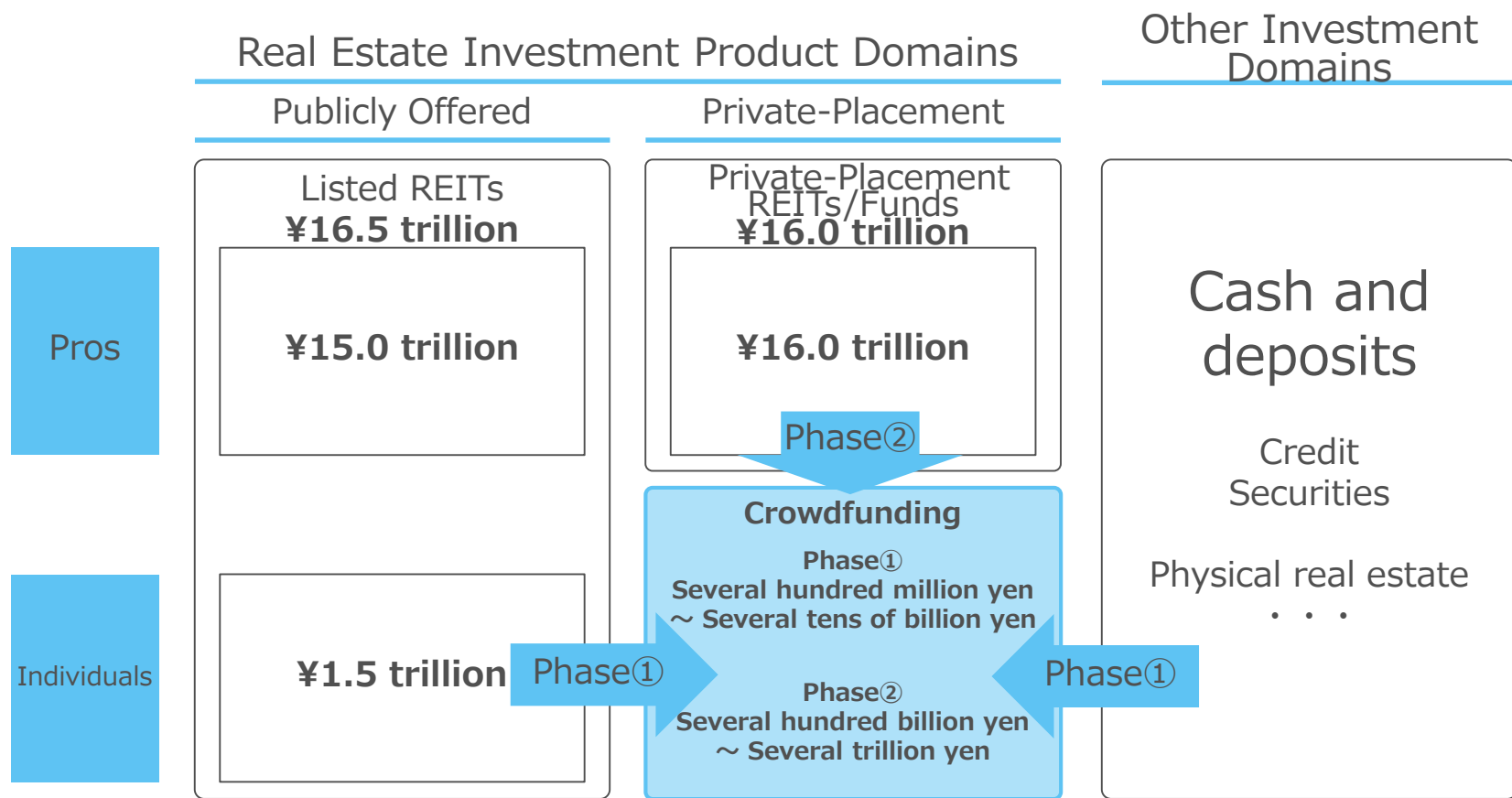
An increase in domains that individual investors can invest in

- ✓ 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

Factors of Growth Potential in Japan

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



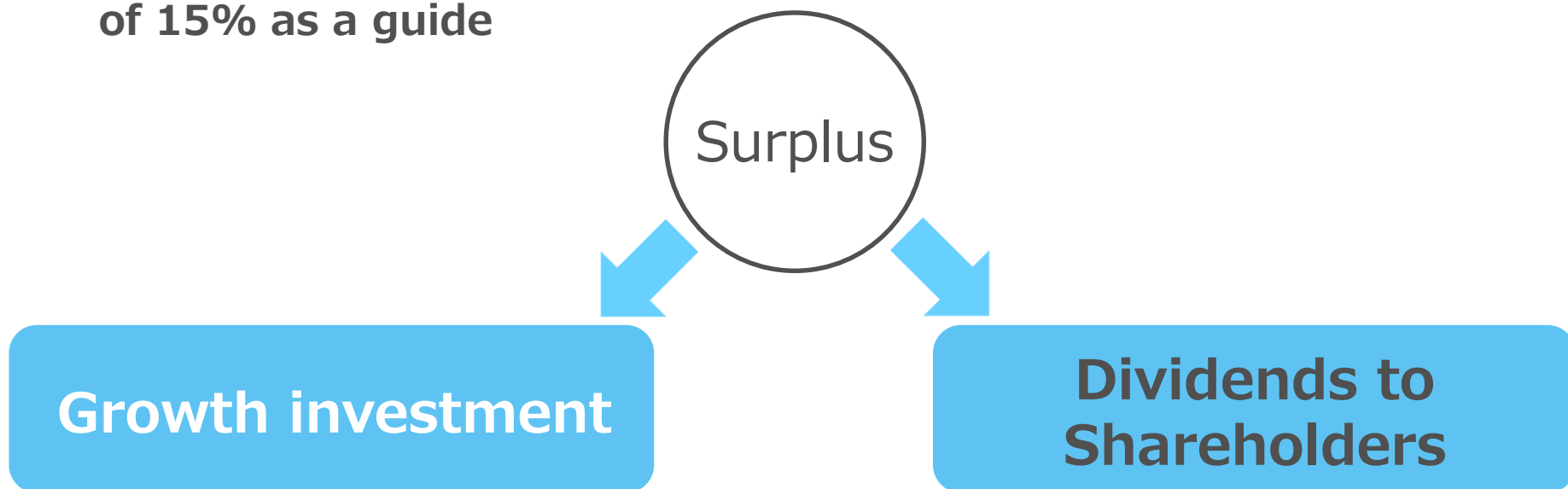
Phase① : At launch, increase scale centered on individual investors (Several hundred million yen ~ Several tens of billion yen)
Phase② : Professional investors start to join due to platform expansion (Several hundred billion yen ~ Several trillion yen)

Source for market size: <https://j-reit.jp/market/12.html>
<https://www.nri.com/jp/knowledge/report/1st/2018/cc/1127>

- **Leverage the Company's competitive advantages and expertise to expand business**
 - **Expand the service lineup in line with investors' needs**
- 
- **Crowdfunding Business:**
 - **Provide overseas investment products to individual investors through OwnersBook**
 - **We envisage starting with the U.S., and then adding Australia and Southeast Asia as regions for investment**
 - **Targeting a launch during FY2019Q2**
 - **Asset Management Business:**
 - **Promote outsourced sales targeting institutional investors and affluent demographics, particularly in Southeast Asia, and provide asset management services**

《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年	…	2016年	2017年	2018 (Forecast)	2019 (Forecast)
Dividends pre share	-	…	-	¥5.5	¥9.5	¥11.5
Payout ratio	-	…	-	14.5%	14.8%	14.7%

Appendix

Company Profile (as of December 31, 2018)



Company Name	Loadstar Capital K.K.		
Address	Ginza First Building 2F, 1-10-6 Ginza, Chuo-ku, Tokyo, Japan		
Founded	March 14, 2012		
Representative	President & CEO Tatsushi Iwano		
Share Capital	¥1,335 million		
Number of Officers and Employees	54		
Consolidated Subsidiaries	Loadstar Funding K.K.(100%)	Lending business	-
Main Shareholders	Renren Lianhe Holdings	Ownership stake	36.0%
	Tatsushi Iwano		15.8%
	Yasuhiro Morita		14.2%



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)



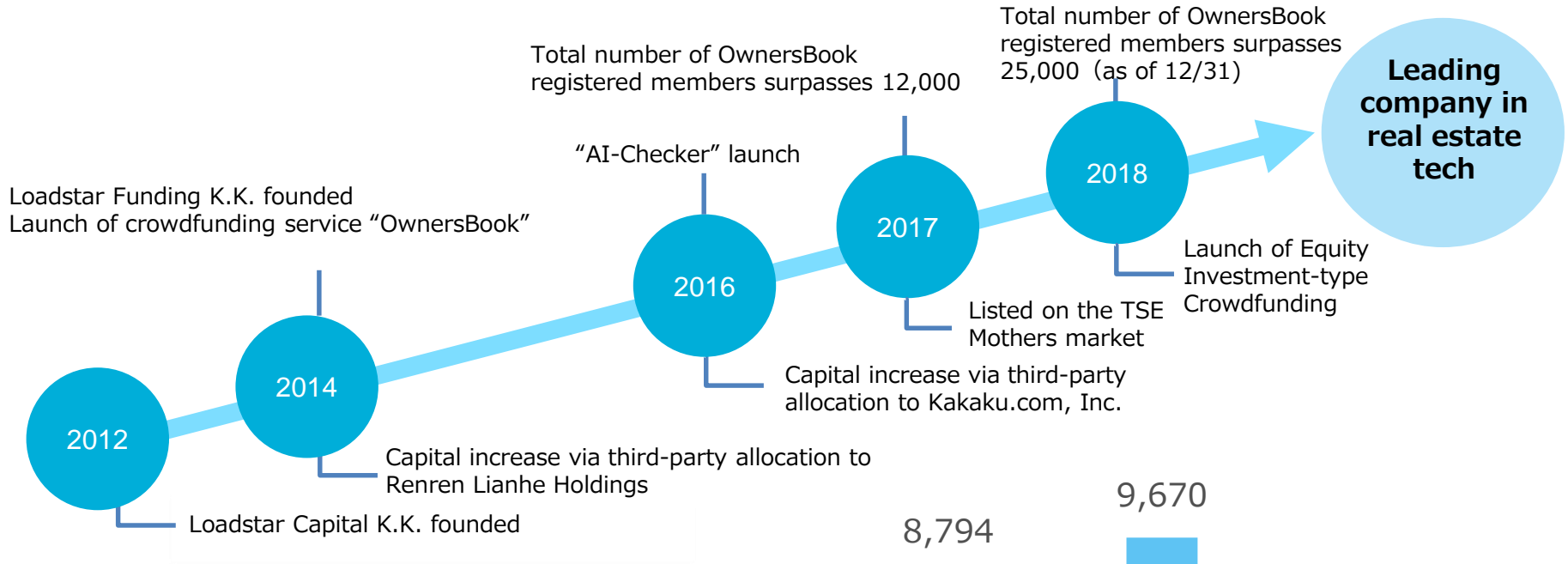
Board Member Hiroyasu Kaizuka

- 1989 Joined Royal Bank of Canada
- 1993 Joined Richard Ellis (currently CBRE)
- 1999 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 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 Joined Loadstar Capital K.K. as Executive Director, Investment Management Department

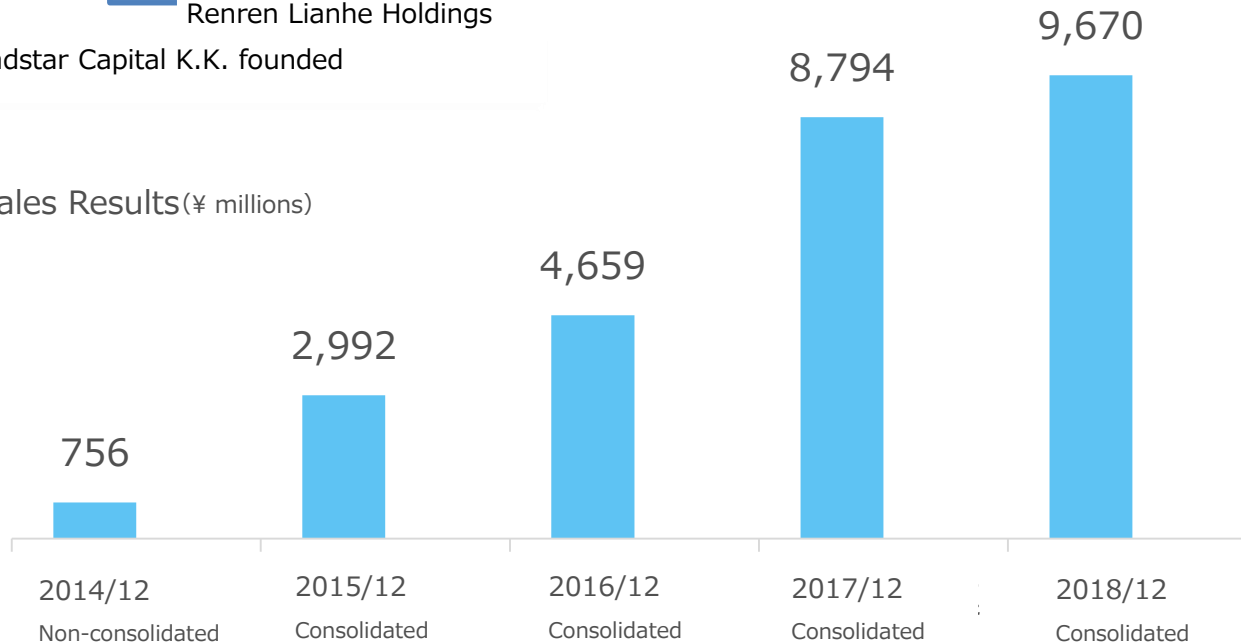
Board Member (Outside) Hideo Wanami

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

History/Financial Results



■ Net Sales Results(¥ millions)



Consolidated Financial Results

(¥ millions)

	FY2017		FY2018		
	Amount	% of Net Sales	Amount	% of Net Sales	% Y-o-Y
Net Sales	8,794	100.0%	9,670	100.0%	110.0%
Cost of sales	6,837	77.7%	6,401	66.2%	93.6%
Gross Profit	1,957	22.3%	3,269	33.8%	167.0%
SG&A expenses	592	6.7%	876	9.1%	147.9%
Operating Profit	1,364	15.5%	2,392	24.7%	175.3%
Ordinary Profit	1,189	13.5%	2,117	21.9%	178.0%
Profit	794	9.0%	1,359	14.1%	171.2%

Consolidated Financial Position

(¥ millions)

	As of 12/31/2017		As of 12/31/2018		
	Amount	% of total	Amount	% of total	% vs. 12/31/2017
Current assets	21,849	99.4%	32,785	99.3%	150.1%
Cash and deposits	4,615	21.0%	5,871	17.8%	127.2%
Operating loans	1,167	5.3%	3,340	10.1%	286.1%
Real estate as inventory	15,987	72.7%	23,194	70.2%	145.1%
Non-current assets	130	0.6%	242	0.7%	186.3%
Total assets	21,979	100.0%	33,028	100.0%	150.3%
Current liabilities	1,105	5.0%	5,359	16.2%	484.9%
Non-current liabilities	16,316	74.2%	21,787	66.0%	133.5%
long-term loans	12,757	58.0%	14,751	44.7%	115.6%
Deposits received from silent partnership	2,989	13.6%	6,358	19.3%	212.7%
Total liabilities	17,421	79.3%	27,147	82.2%	155.8%
Net assets	4,557	20.7%	5,880	17.8%	129.0%
Retained earnings	1,905	8.7%	3,150	9.5%	165.3%
Total liabilities and net assets	21,979	100.0%	33,028	100.0%	150.3%



OwnersBook



Acquire investor members

Matsui Securities

Introduce borrowers

THE SEIBU SHINKIN BANK

ORIX Bank Corporation

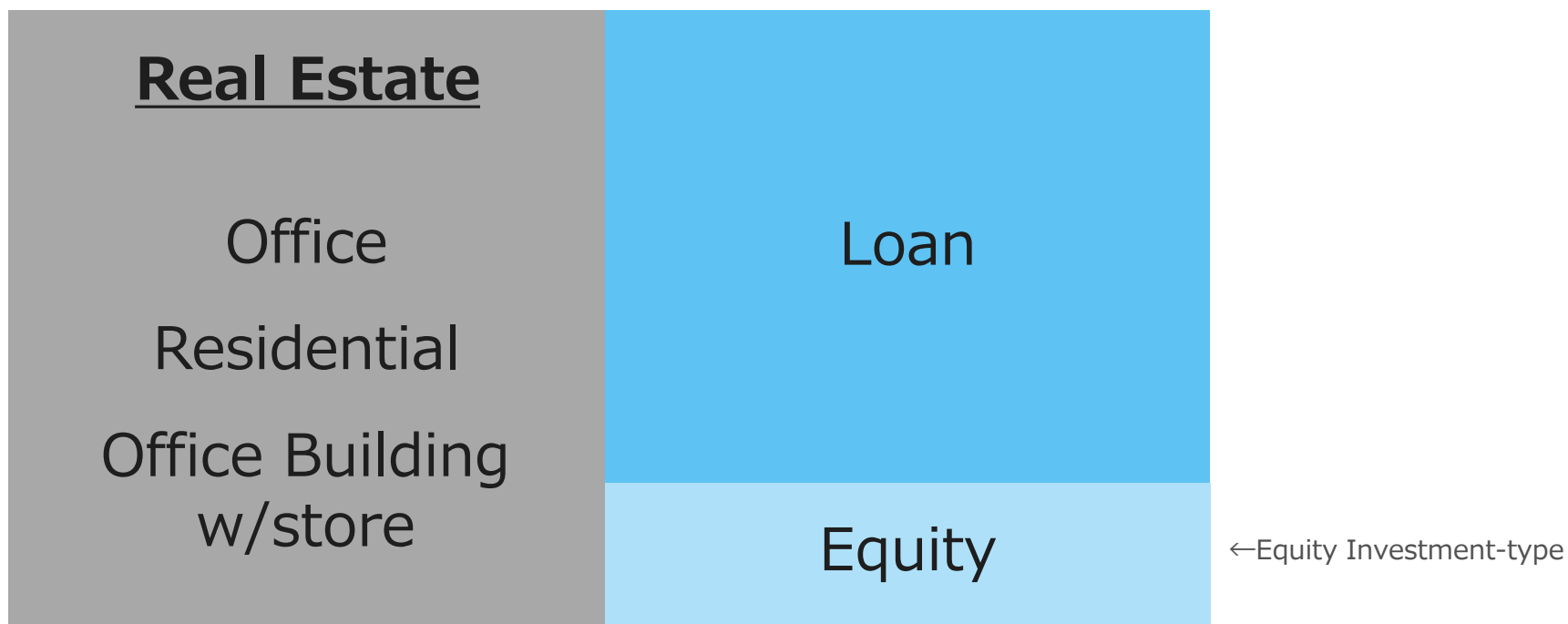
SAISON FUNDEX CORPORATION

Shinsei Investment & Finance Limited

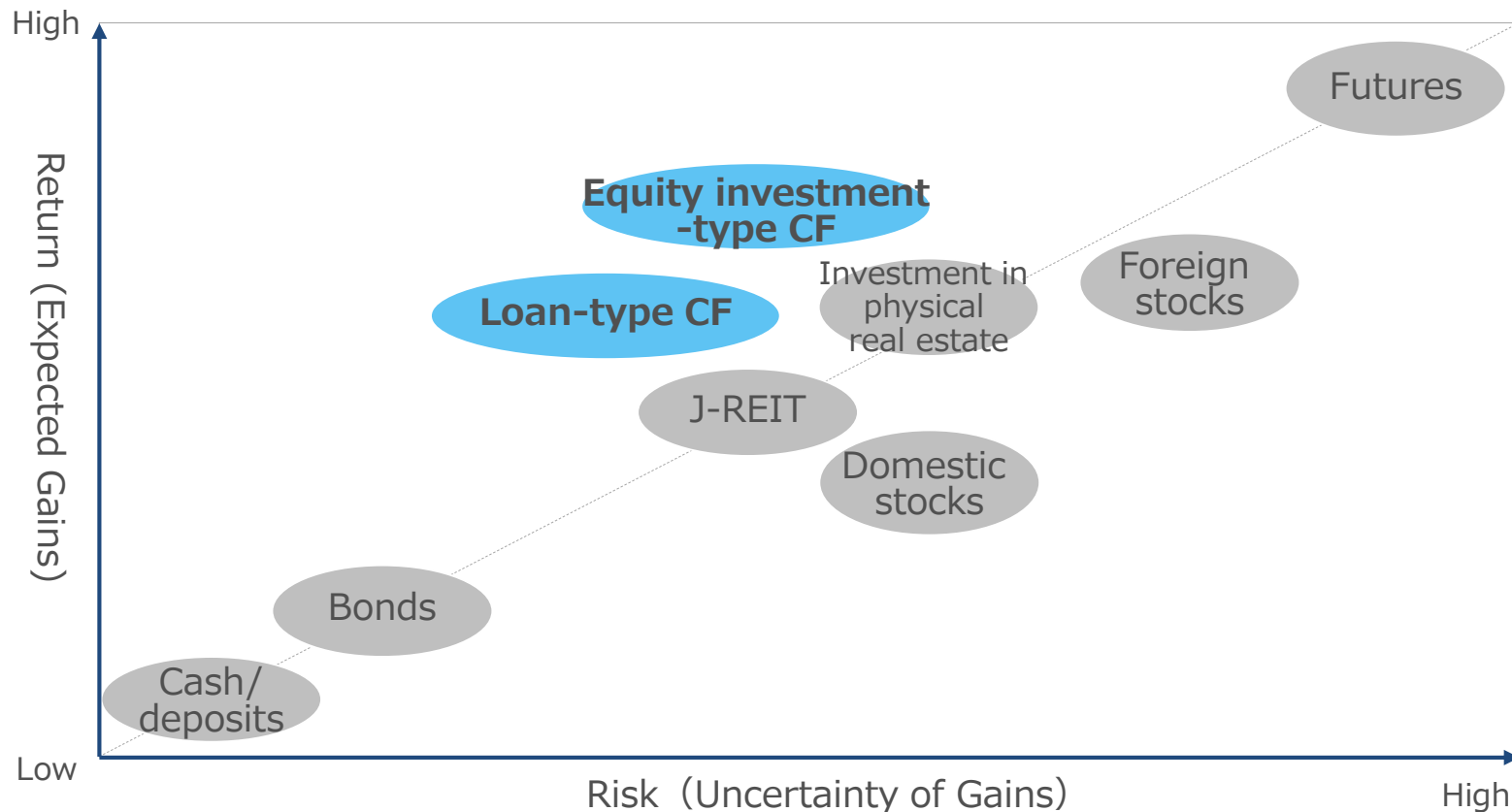
Investment Type	Investment Amount	Target Property	Characteristics
OwnersBook Loan-type	Can invest starting from one investment unit of ¥10,000	Target of loan is unknown (concealed) At least two or more entities are targets of loan (pluralized)	Compared to equity investment-type, this is a low-risk/middle-return
OwnersBook Equity investment-type	Abundant funds are unnecessary	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 <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.



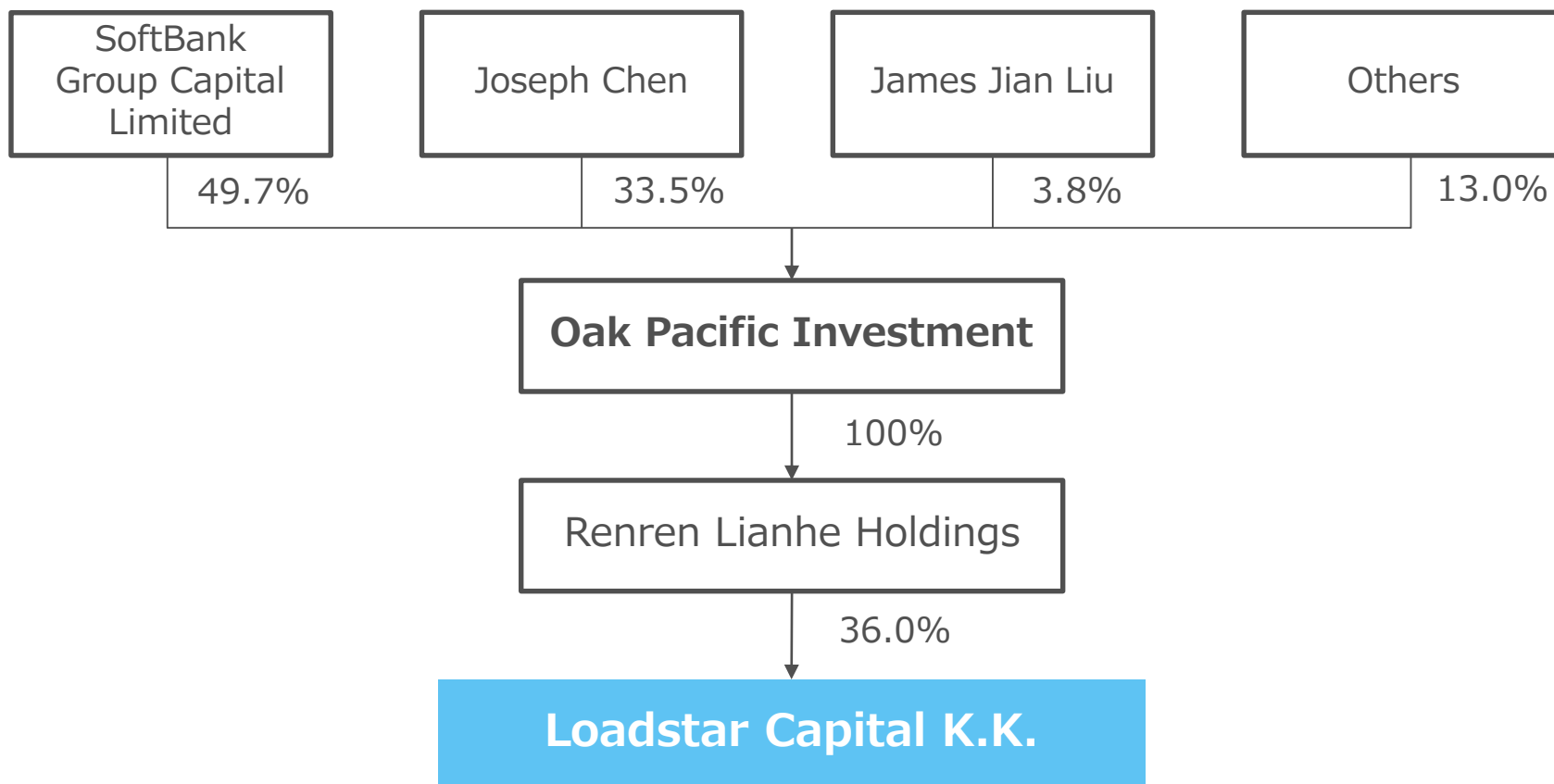
- The average yield for loan-type is approximately 5%, equity investment-type aims for returns of approximately 6-10% of cash on cash yield.



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.



Our strengths and characteristics

Loadstar capital's Strength

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

- **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

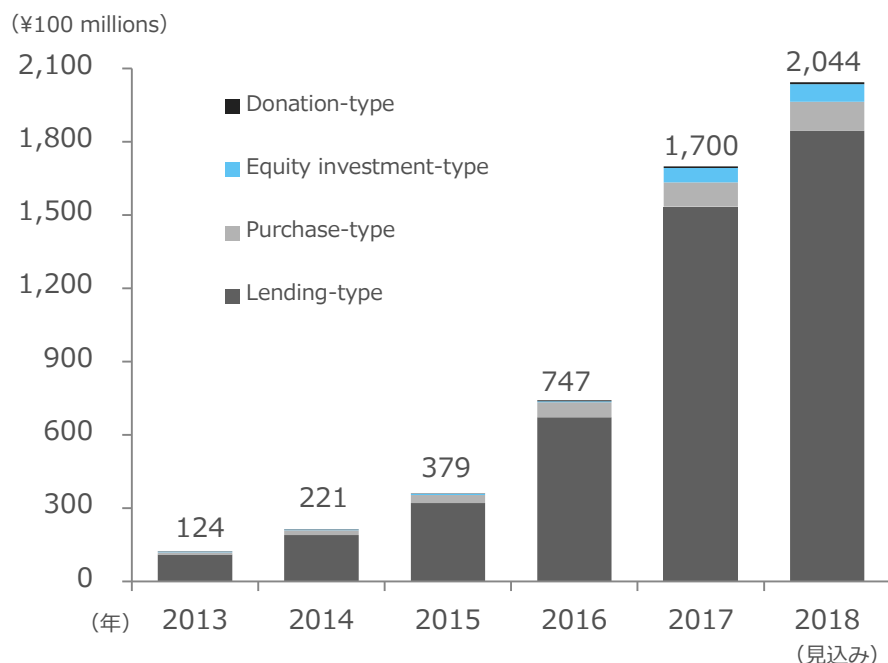
- Many of our members have more than 20 years of experience in the real estate business (experienced the Lehman Shock)
- Abundant connections, strong information-gathering capabilities
Use internal/external resources to increase business
- Speedy decision-making based on reliable judgment
- Stable business relationships, centered on 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

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

Japan's crowdfunding market

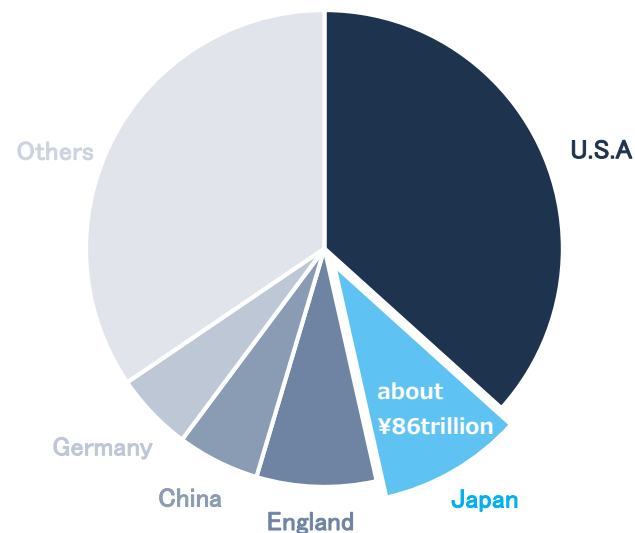


Source: Yano Research Institute "Crowdfunding Market 2018"
(Released 12/3/2018)

Note: Composition ratios for 2015 and prior years calculated by Loadstar Capital K.K. using same composition ratio as FY2016
Composition ratio for 2018 calculated by Loadstar Capital K.K. using same composition ratio as FY2017

Real estate market size

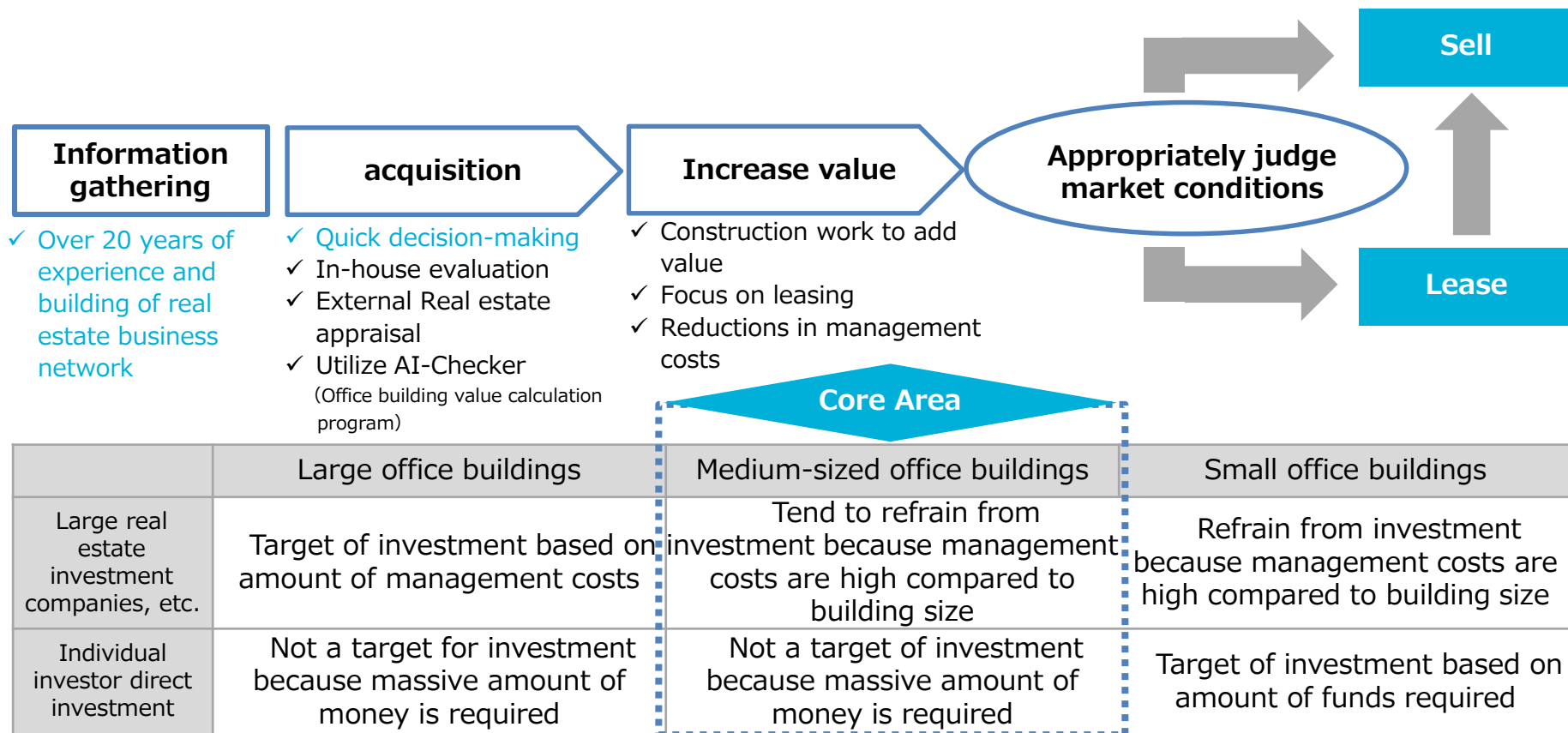
Real estate occupies a large proportion of loan-type cloud funding investment targets. Japan's investment property market is second only to the world after America.



Real estate market size (as of 2018, estimated)

出典: "REAL ESTATE MARKET SIZE 2017" MSCI RESEARCH REPORT.
Converted \$1 = ¥110

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

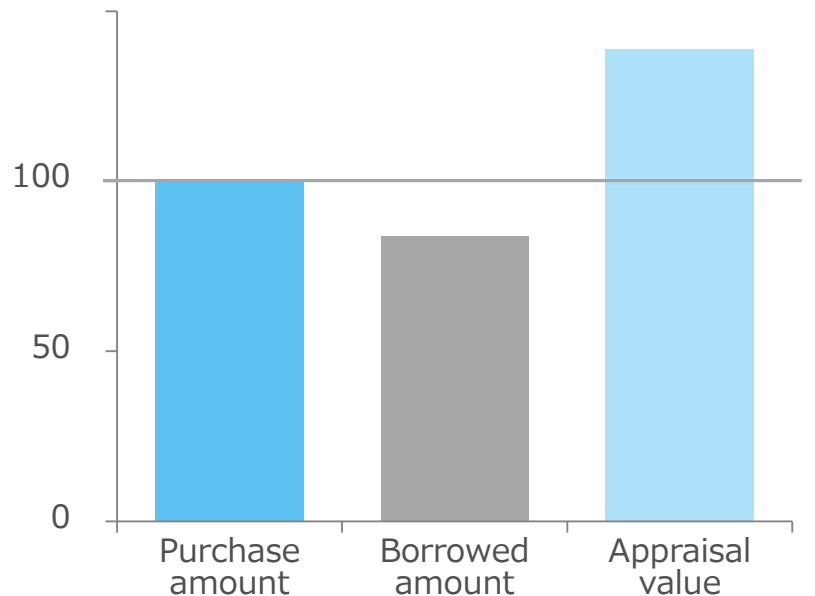


Stable Financial Base

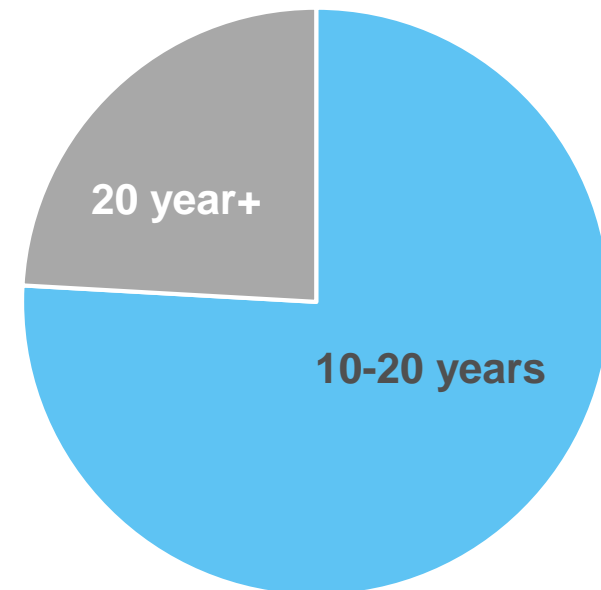
- Long-term borrowings based on high level of creditworthiness from financial institutions
Our financial base allows us to flexibly respond to changes in the market.
- The increase in value of properties themselves due to the decline in vacancy rates and other factors is viewed positively

Creditworthiness
backed by appraisal track record

Weighted average borrowing period
= 19 years



Indexed with cumulative real estate purchase value = 100.
As of December 31, 2018



* As of December 31, 2018

OwnersBook

OwnersBook Features



Online platform allows for lower investor costs

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



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

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

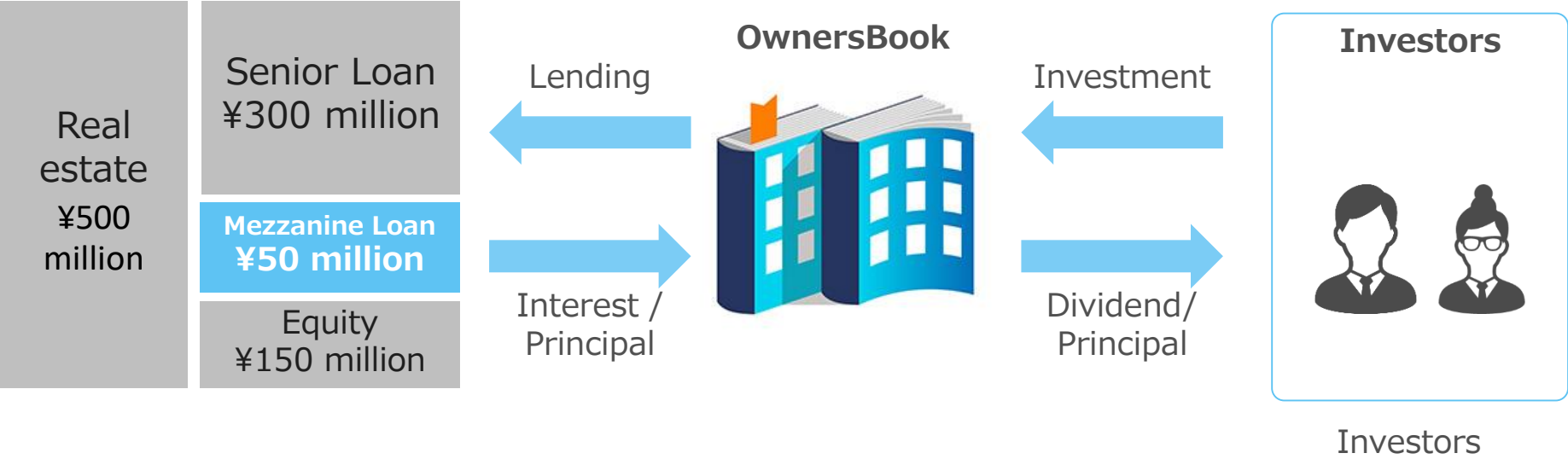


Entry into professional investing domain (Equity investment-type)

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

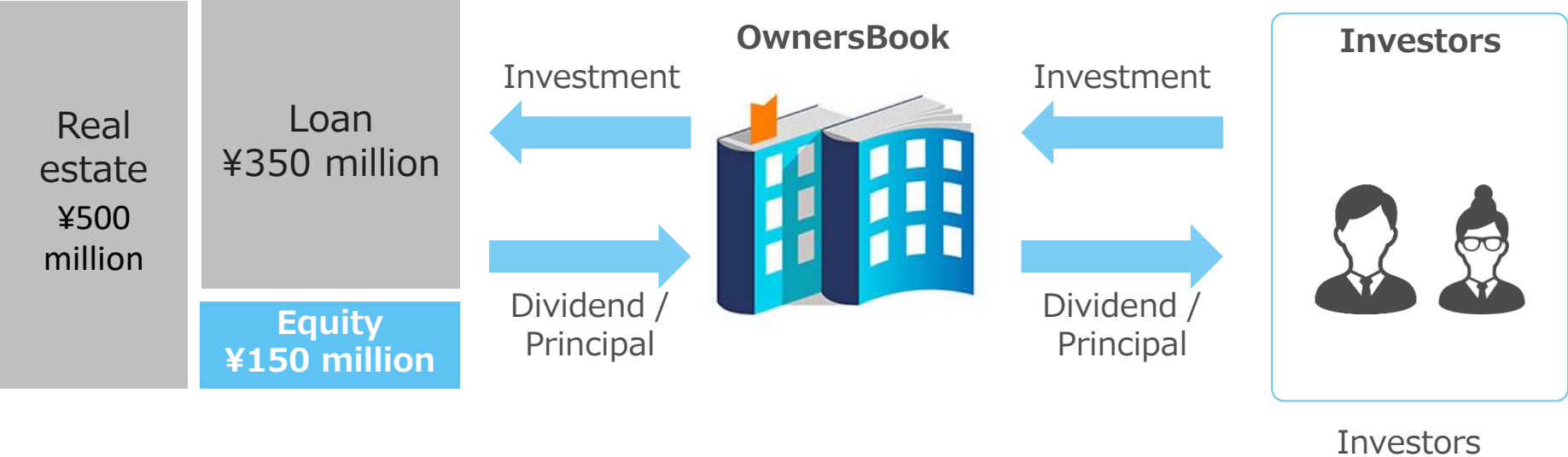


Loan-type : Lending for real estate-backed/loans*



* In some cases, we deal with senior loans.

Equity Investment-type : Open up investment areas closed to individual investors



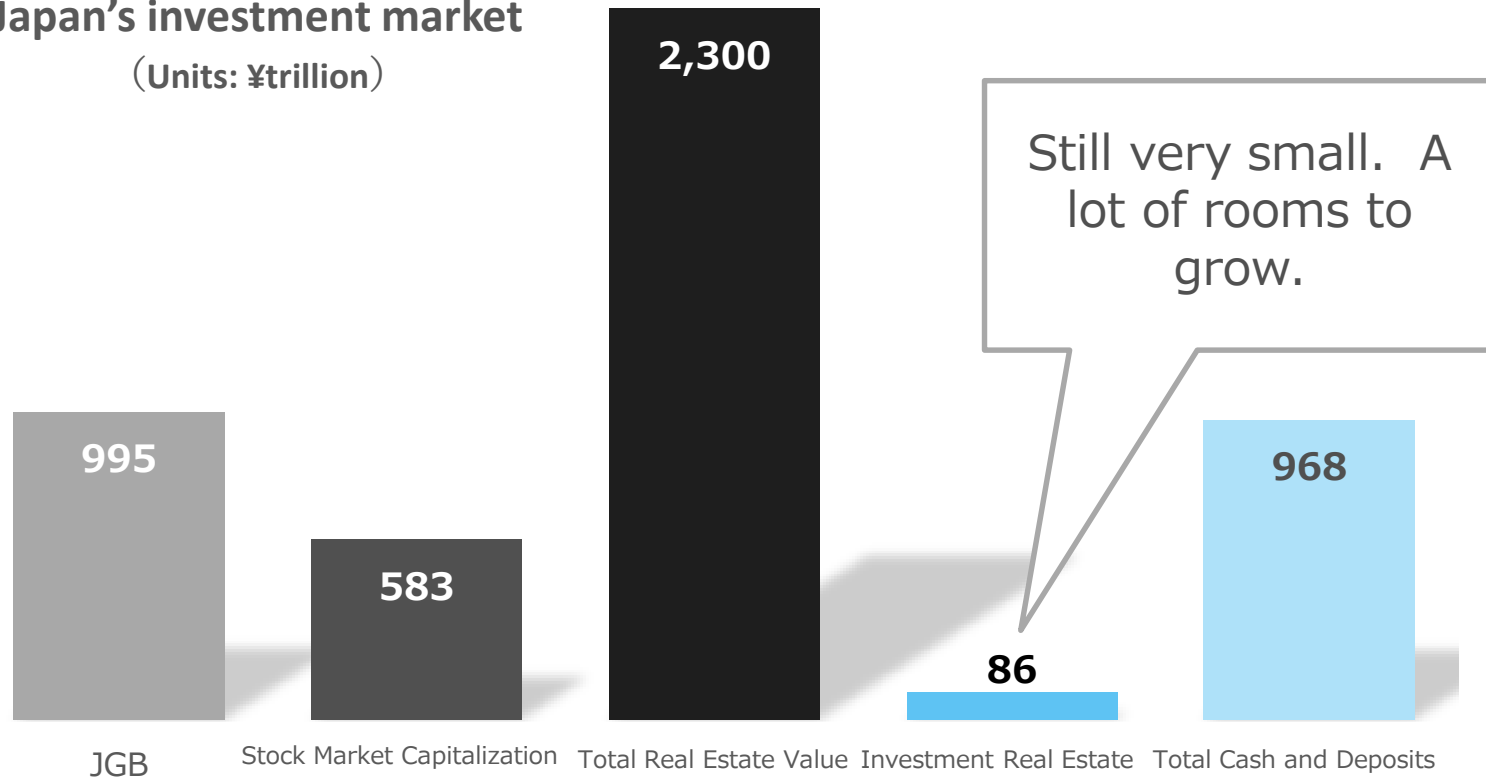
Real Estate Market Analysis

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.

Japan's investment market
(Units: ¥trillion)



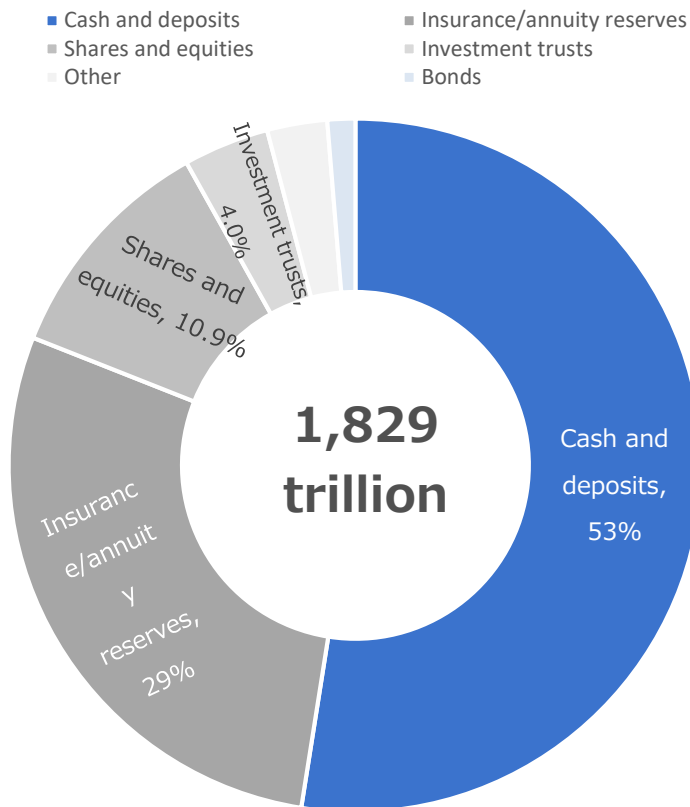
JGB (balance as of June 30, 2016), Stock Market capitalization (based on shares issued on TSE Section 1, Section 2, and JASDAQ as of December 28, 2018), Total Real Estate Value (2007 data based on Ministry of Land, Infrastructure, Transport and Tourism materials), Investment Real Estate (Taken from MSCI Real Estate Market Size 2017. Converted at \$1 = ¥110), Total Cash and Deposits (based on values as of September 30, 2018) prepared by Loadstar Capital.

Japanese People's Wealth

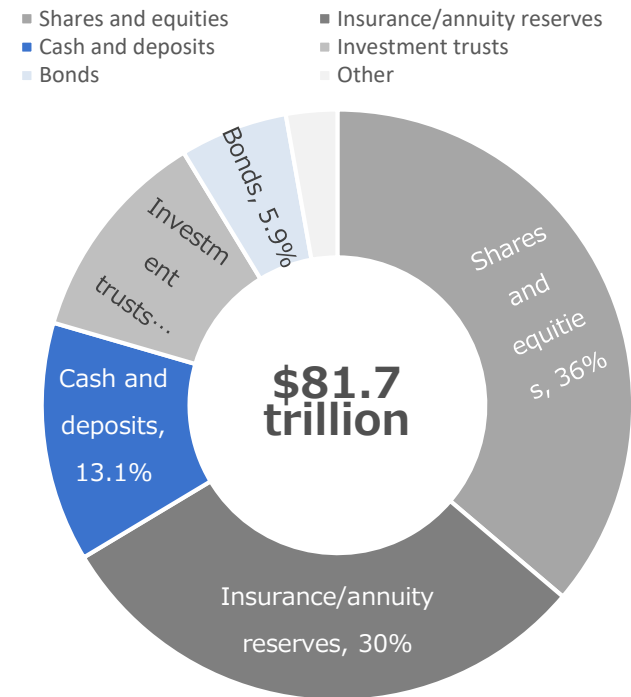
More than half of Japan's household financial assets are waiting on the sidelines, not being invested.

Cash and deposits total ¥968 trillion* 1

Composition of Japan's Household Financial Assets



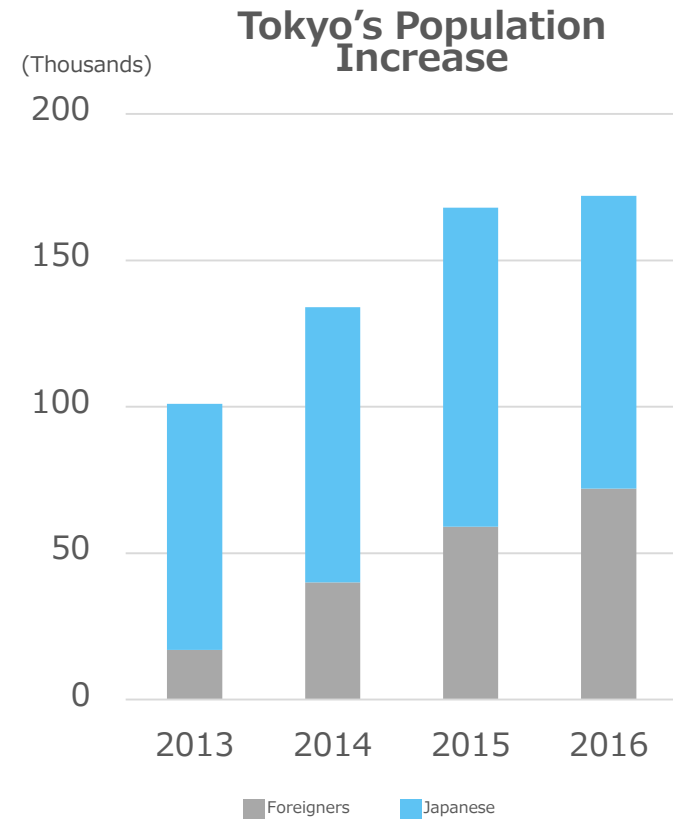
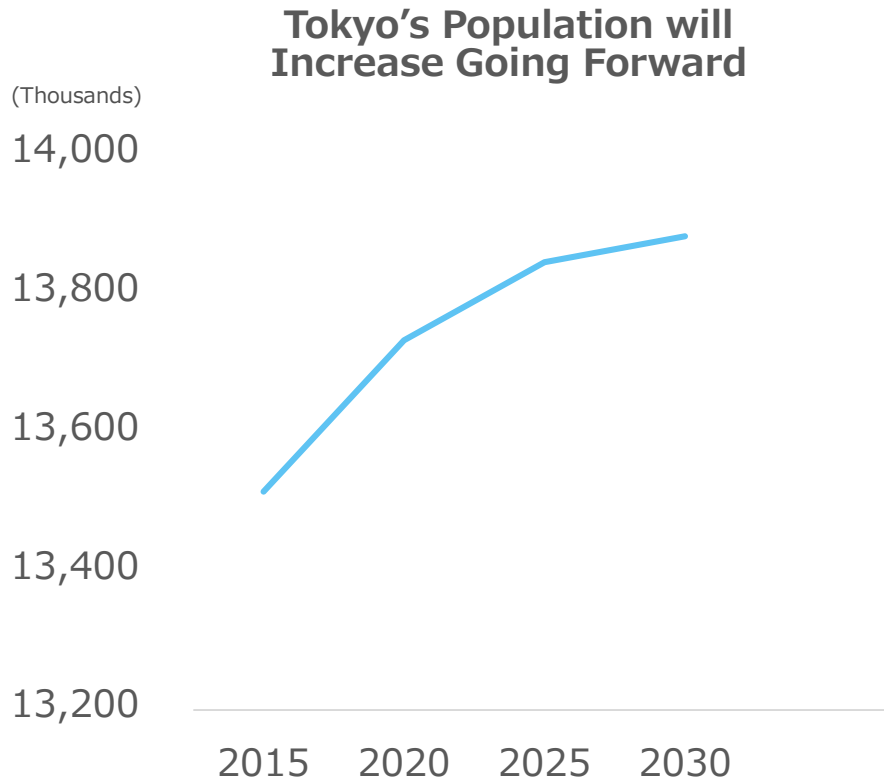
Composition of U.S. Household Financial Assets* 2



Source: *1 The Bank of Japan Research and Statistics Department "Flow of Funds Accounts (Q3 2018, Preliminary Figures)" (Released on December 21, 2018)

*2 The Bank of Japan "2018 Q1 Flow of Funds –Overview of Japan, the United States, and the Euro area–" (Released on August 14, 2018)

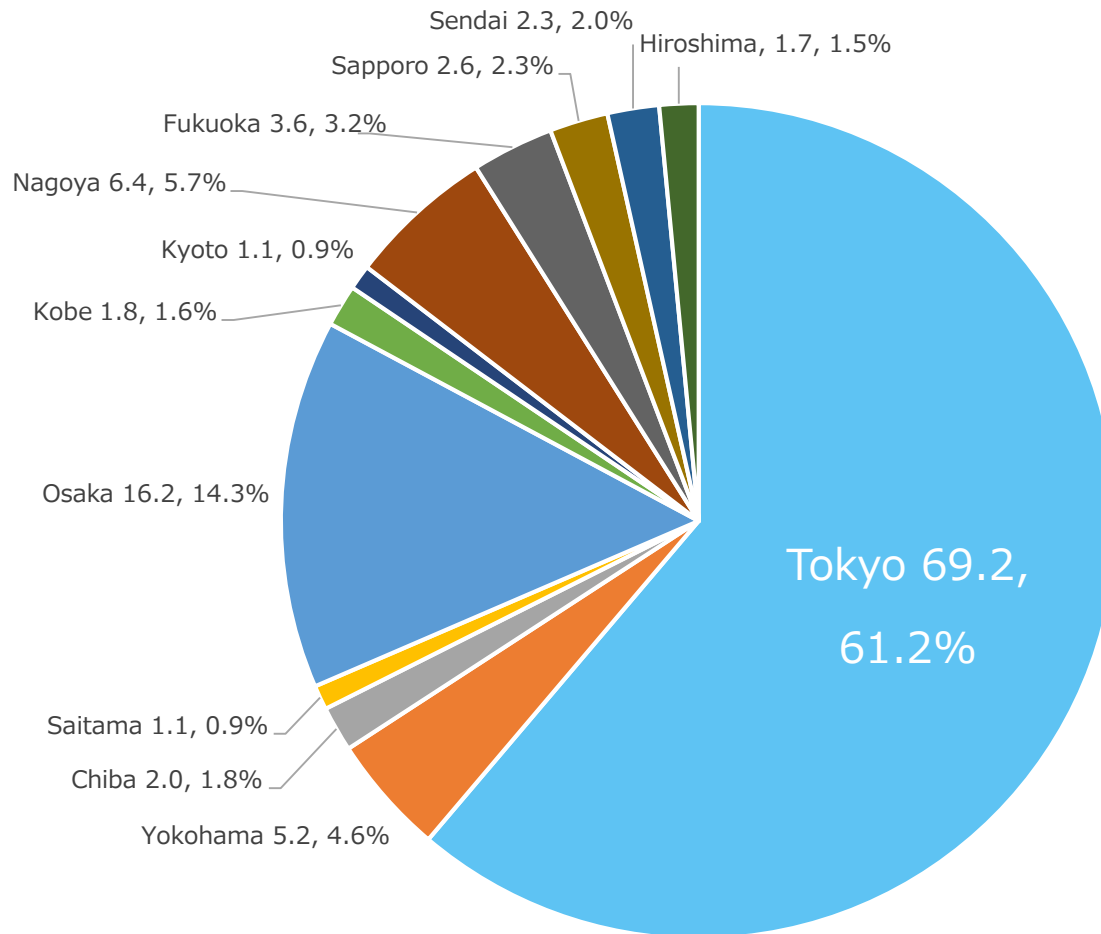
Only Tokyo has an infrastructure that can compete with major cities overseas.



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"

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

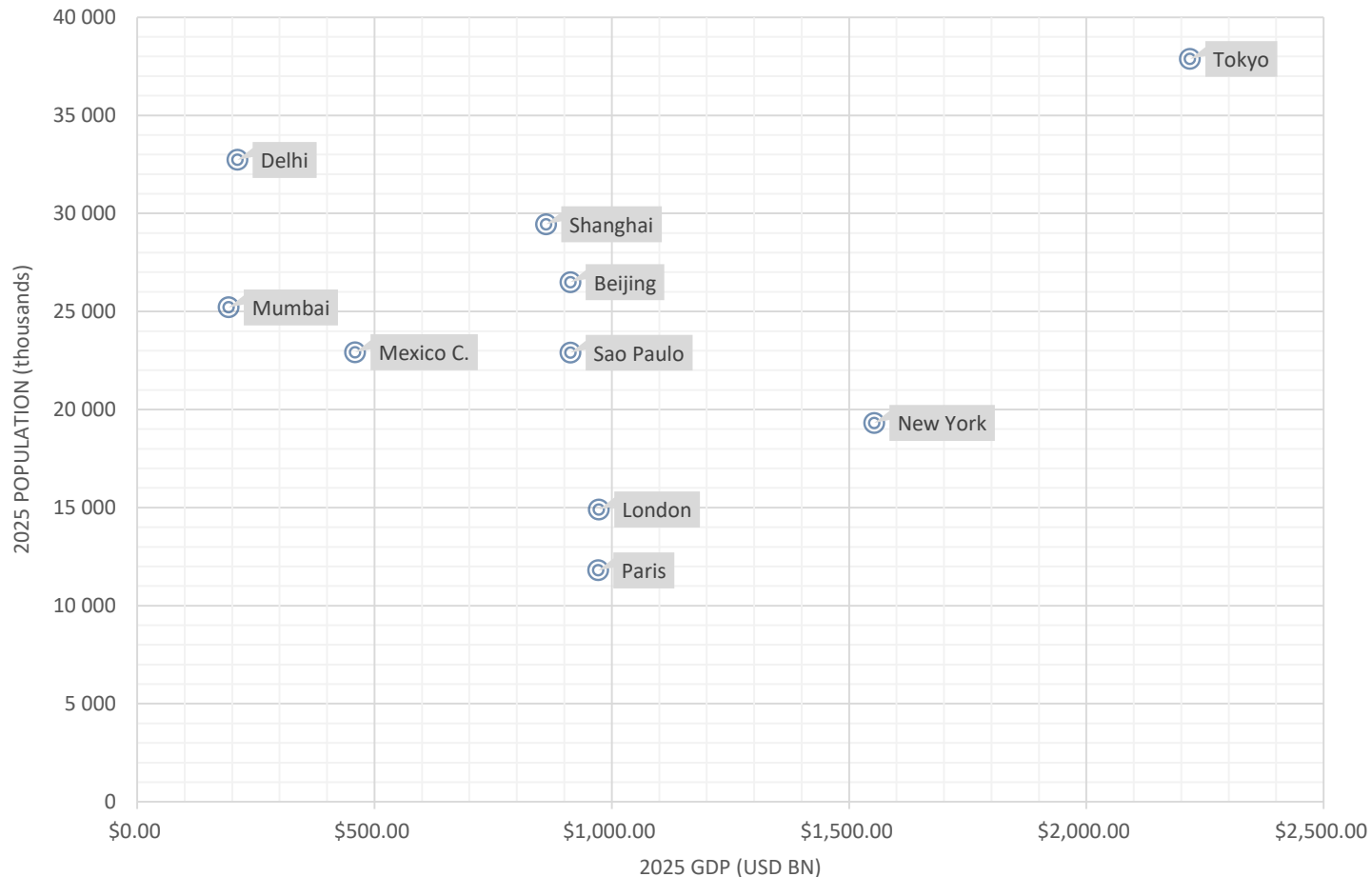
Ratio of office floor space in Japanese cities



Source: Loadstar Capital K.K., based on data from Japan Real Estate Institute's "The Annual Japanese Office Buildings Survey (as of January 2018)"

Invest with an eye to the future.

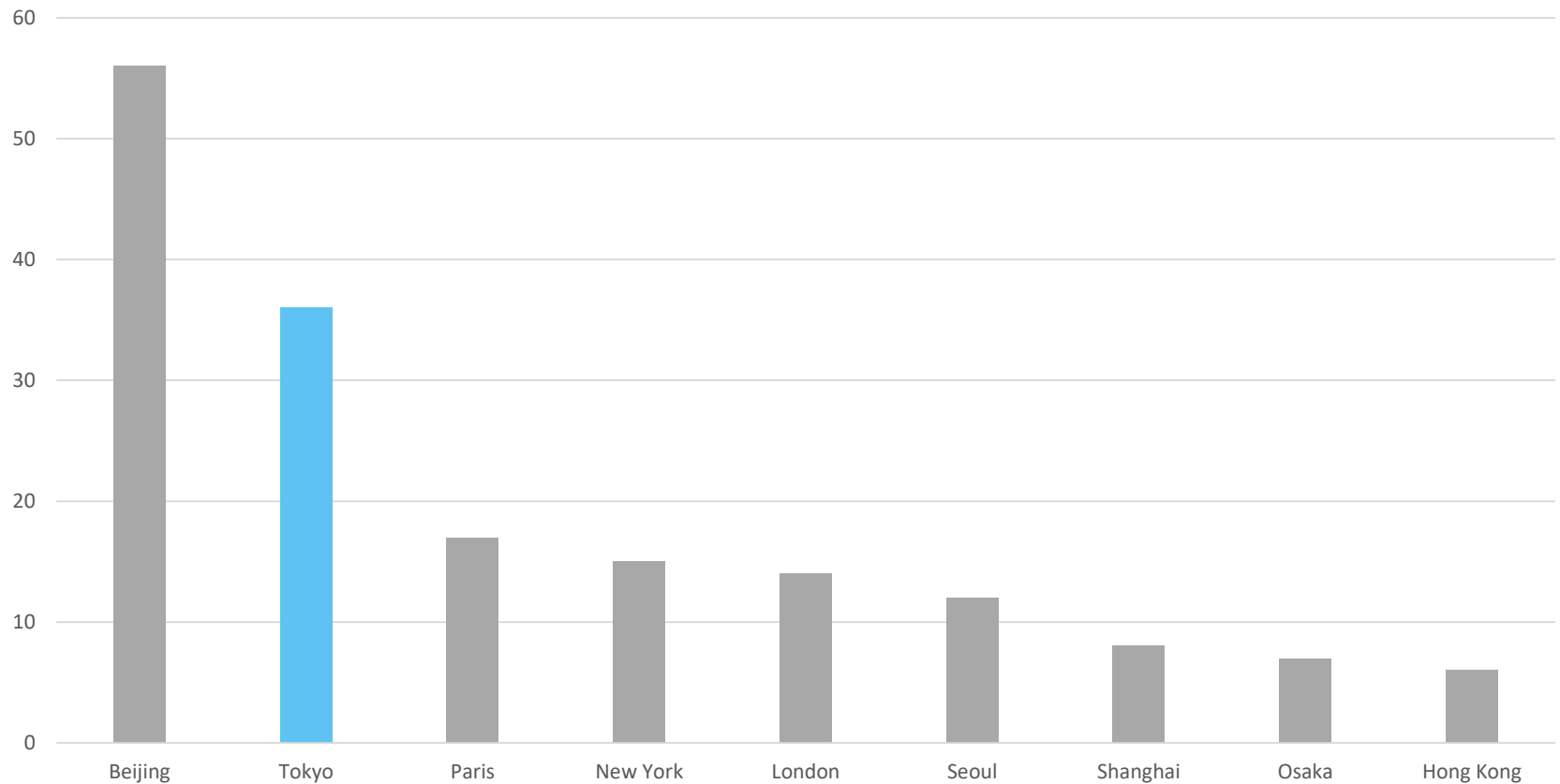
The Tokyo economic area continues to have the largest urban population and GDP in the world.



(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)

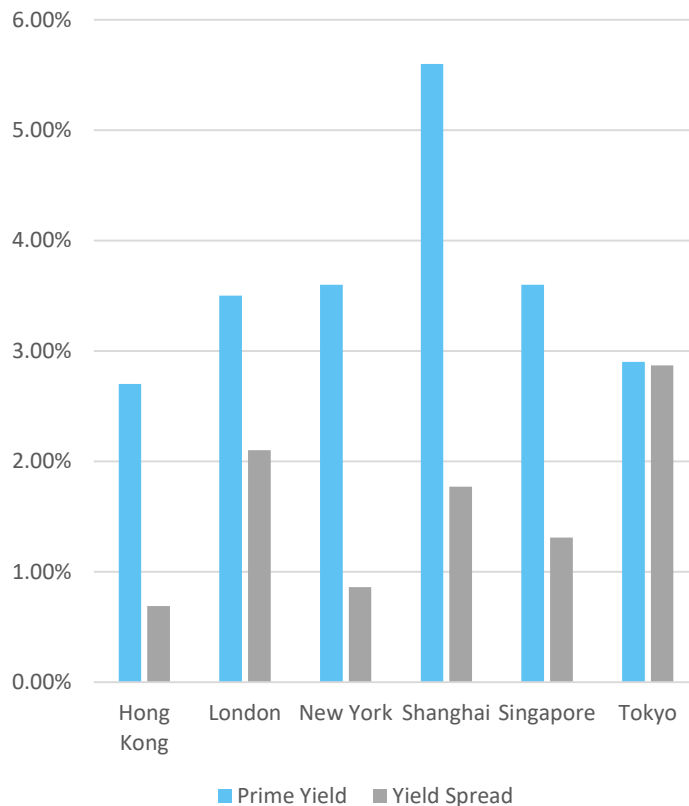


Source: Loadstar Capital K.K., based on data from Fortune Global 500 (2017)

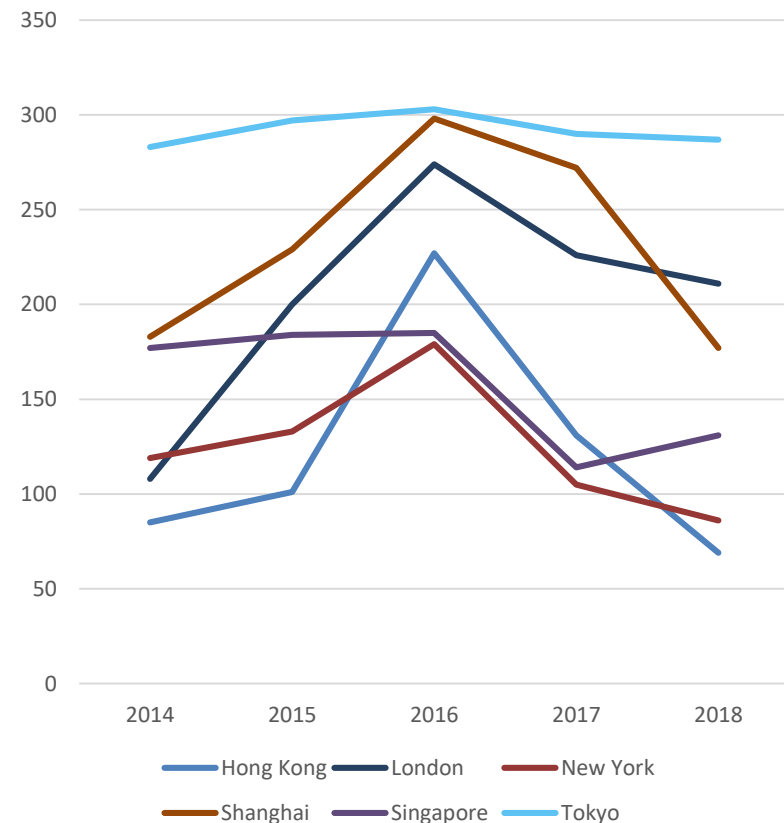
Global Comparison of Investment Real Estate Performance

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