



**Fiscal year ended December 31, 2019
Earnings Briefing**

Loadstar Capital K.K.

Securities code: 3482
February 2019

- 1. Overview of Financial Results for the Fiscal Year Ended December 31, 2019**
- 2. Forecast for the FY2020**
- 3. Future Growth Strategy**

1. Overview of Financial Results for the Fiscal Year Ended December 31, 2019

Consolidated Financial Results

- **Net sales** **+56%** y-o-y
- **Ordinary profit** **+55%** y-o-y
- **Profit** **+53%** y-o-y

Corporate Funding

- **Net sales** **+52%** y-o-y
- Solid progress on building up properties and adding value

Crowdfunding

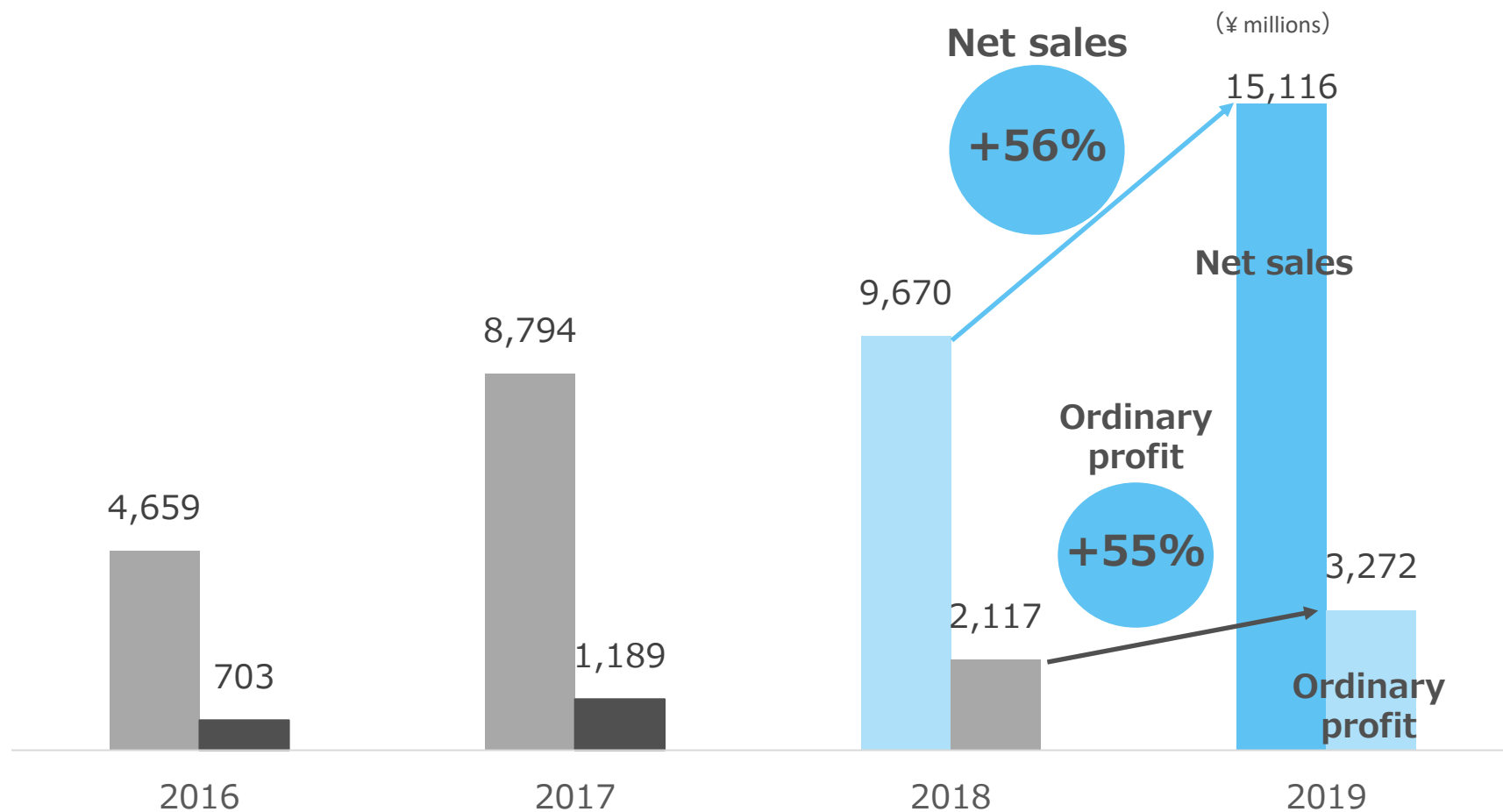
- **Net sales** **+71%** y-o-y
- investor members and the amount of loans grew rapidly

Asset Management

- Operations in full swing from this year
- **Net sales** **153** ¥millions **AUM** **10,980** ¥millions
- Strengthening this business as a source of stock earnings from FY2020 onwards

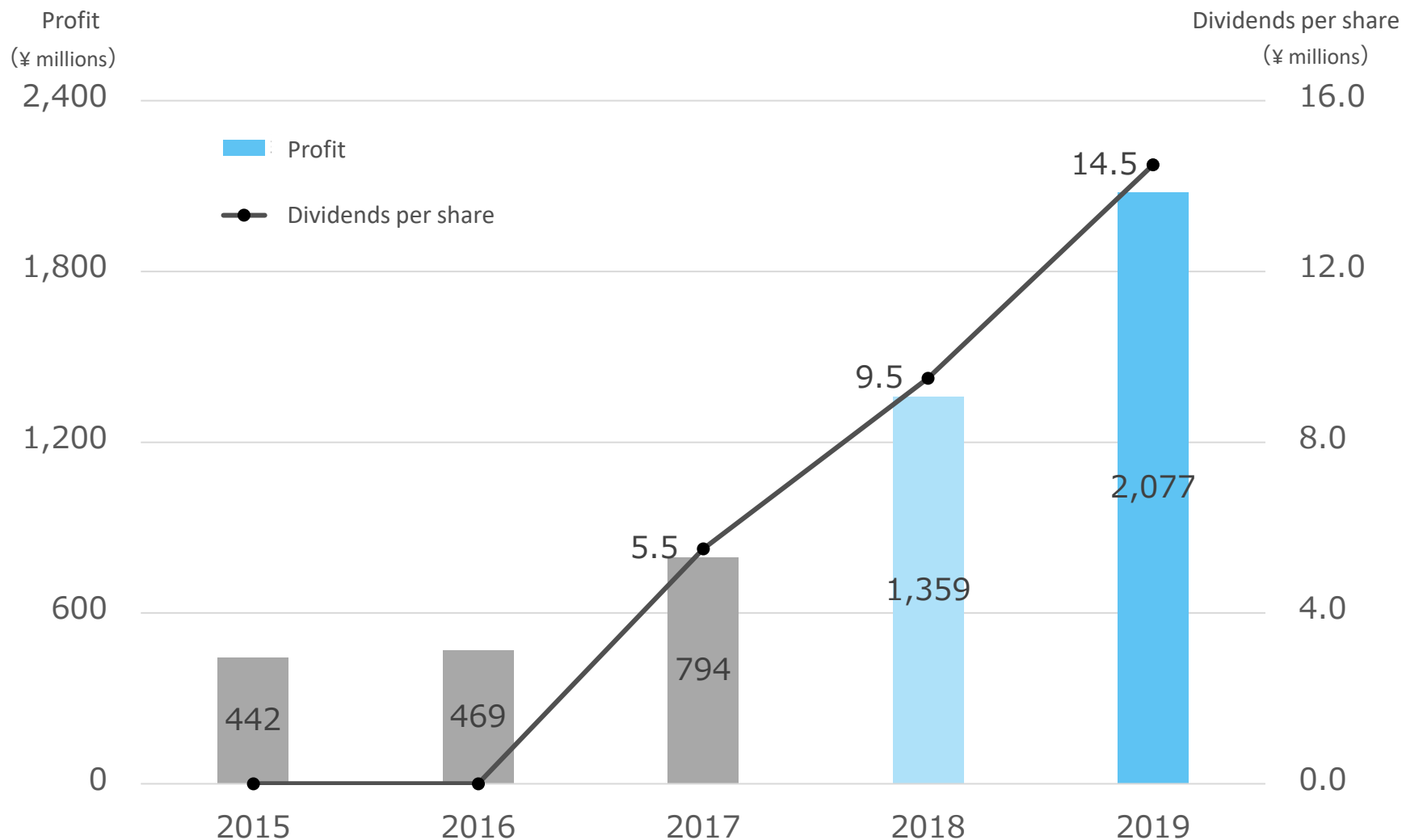
Consolidated Sales/ Ordinary Profit

Both consolidated sales and ordinary profit grew significantly year on year, driven by strong demand for property in Tokyo's 23 wards and the steady progress made in the Crowdfunding Business.



Consolidated Profit/Dividends per share

Both net profit and cash dividends per share increased thanks to steady business growth.



Business Overview

Mission Real Estate X Tech to Open Up a New Market

Real Estate Tech

CROWDFUNDING
(Equity Investment-type / Loan-Type)



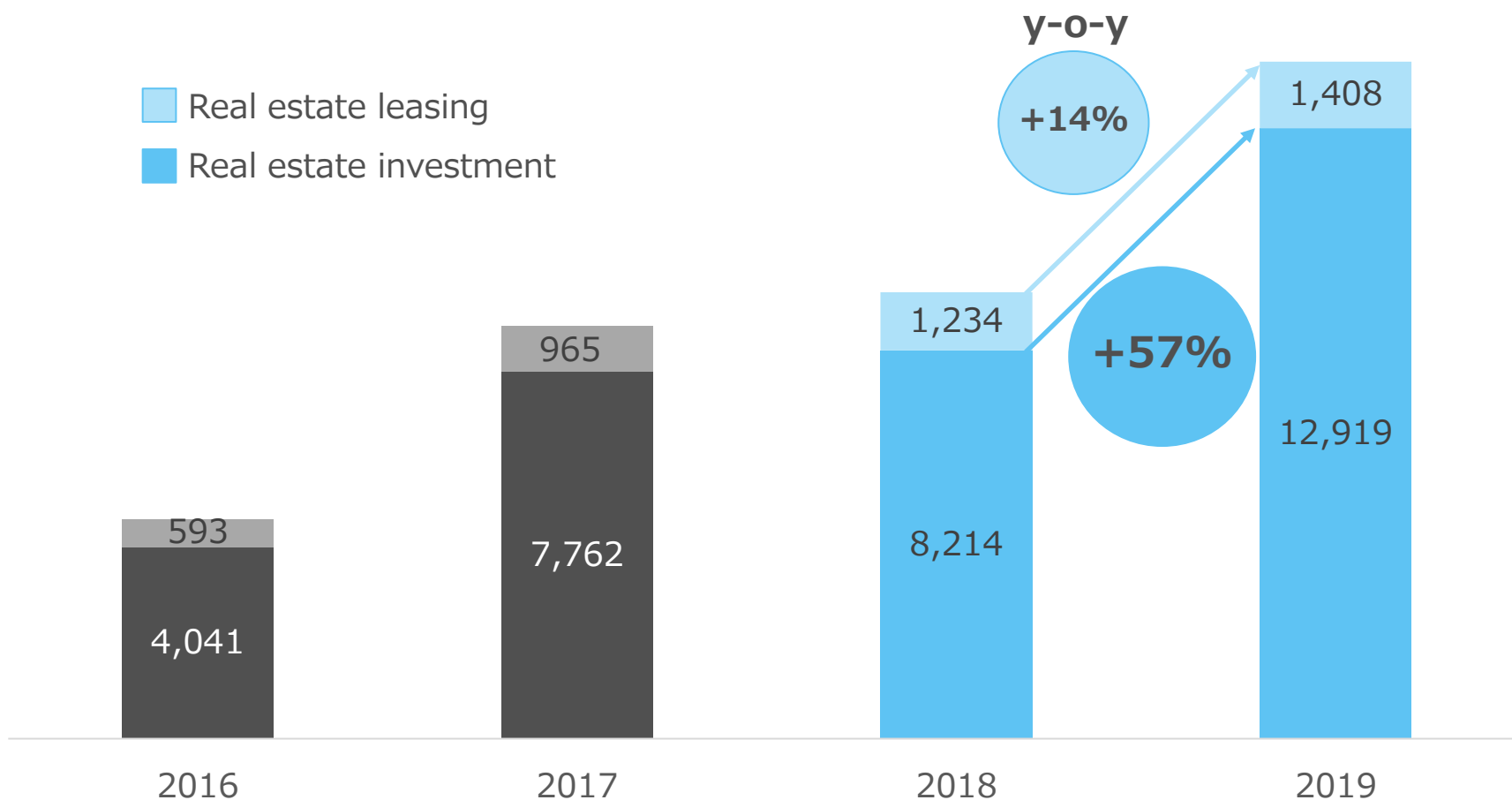
OwnersBook



Corporate Funding Business Results

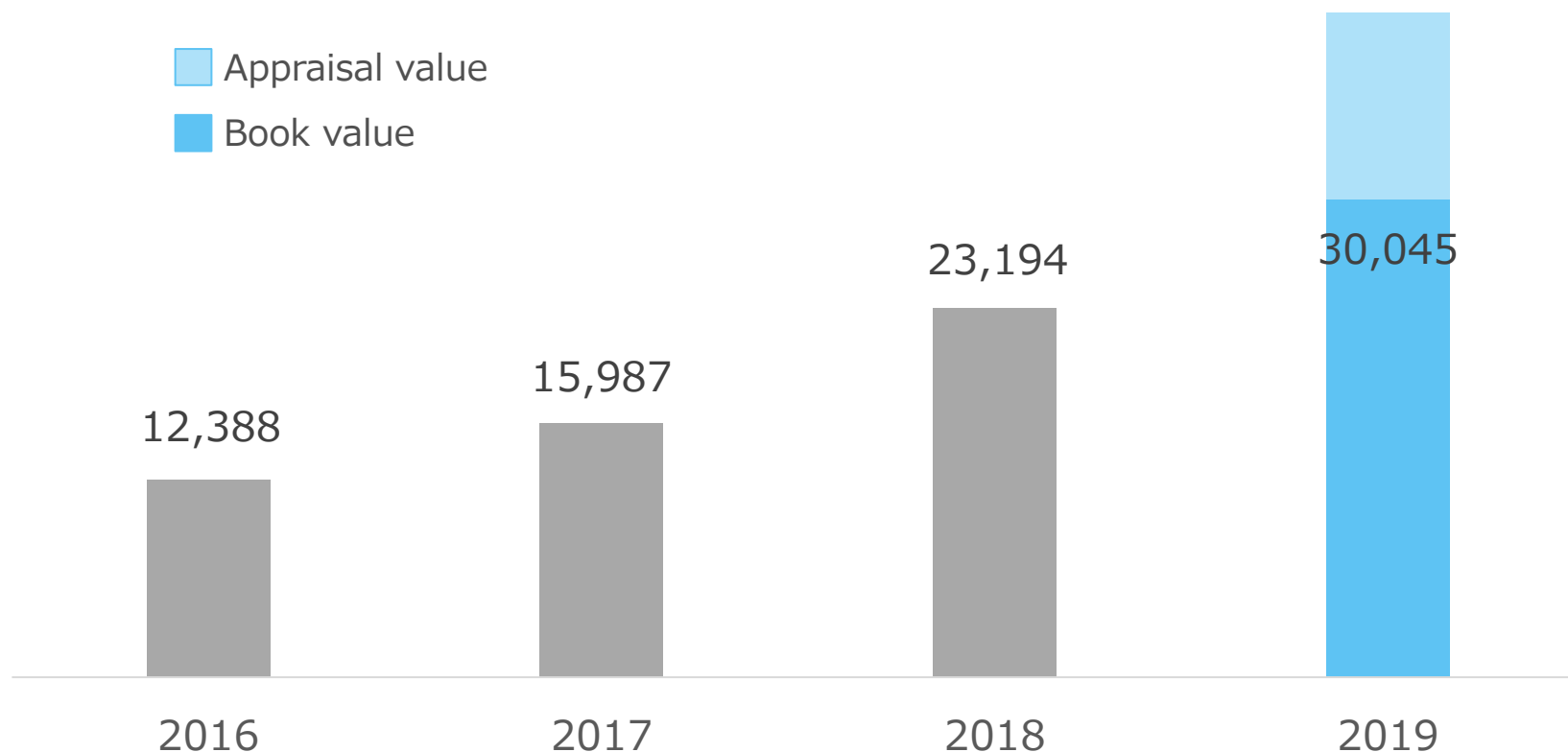
- Realized earnings by adding value to properties and with speedy decision-making
- Despite a temporary slowdown in leasing income due to the acquisition of an extremely rare vacant building in central Tokyo, contributions will be reflected in earnings from FY2020 onwards.

Net Sales (¥ millions)



- Despite the tough environment for acquiring properties, we were able to accumulate excellent properties through our strength in sourcing. This means that we have secured a revenue source for the next year onwards.
- We have maintained good relationships with our banks.

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



- We have been entrusted asset management business*, as the main investor, for a fund launched by global asset management firm CBRE Global Investors*

*Asset management business here means the business of professionally managing properties, from strategy formulation through to property acquisition, revenue management, and disposition, in order to improve investment efficiency and maximize returns on real estate for investment on behalf of the client.

*CBRE Global Investors is one of the world's leading asset management firms with a history of more than 40 years, offices in 32 global locations, and AUM of \$107 billion (as of end-June 2019)

Property	Harumi Island Triton Square Office Tower Z 8-11F (34 stories with 4 basement floors)
Location	1-8-12 Harumi, Chuo-ku, Tokyo
Build	Oct-01
Zoning	Commercial - Office
Occupancy Rate	100%
Buyer	Harumi TMK



Corporate Philosophy **Real Estate X Tech to Open Up a New Market**

Real Estate Tech

CROWDFUNDING
(Equity Investment-type / Loan-Type)



The OwnersBook logo features a stylized blue building icon with a red roof. To its right, the text "OwnersBook" is displayed in a large, bold, black sans-serif font. Further right, a laptop and a smartphone are shown, both displaying the OwnersBook website interface. The laptop screen shows a search results page with a building image and a sidebar with filters. The smartphone screen shows a similar mobile-optimized view.

Real Estate Investments

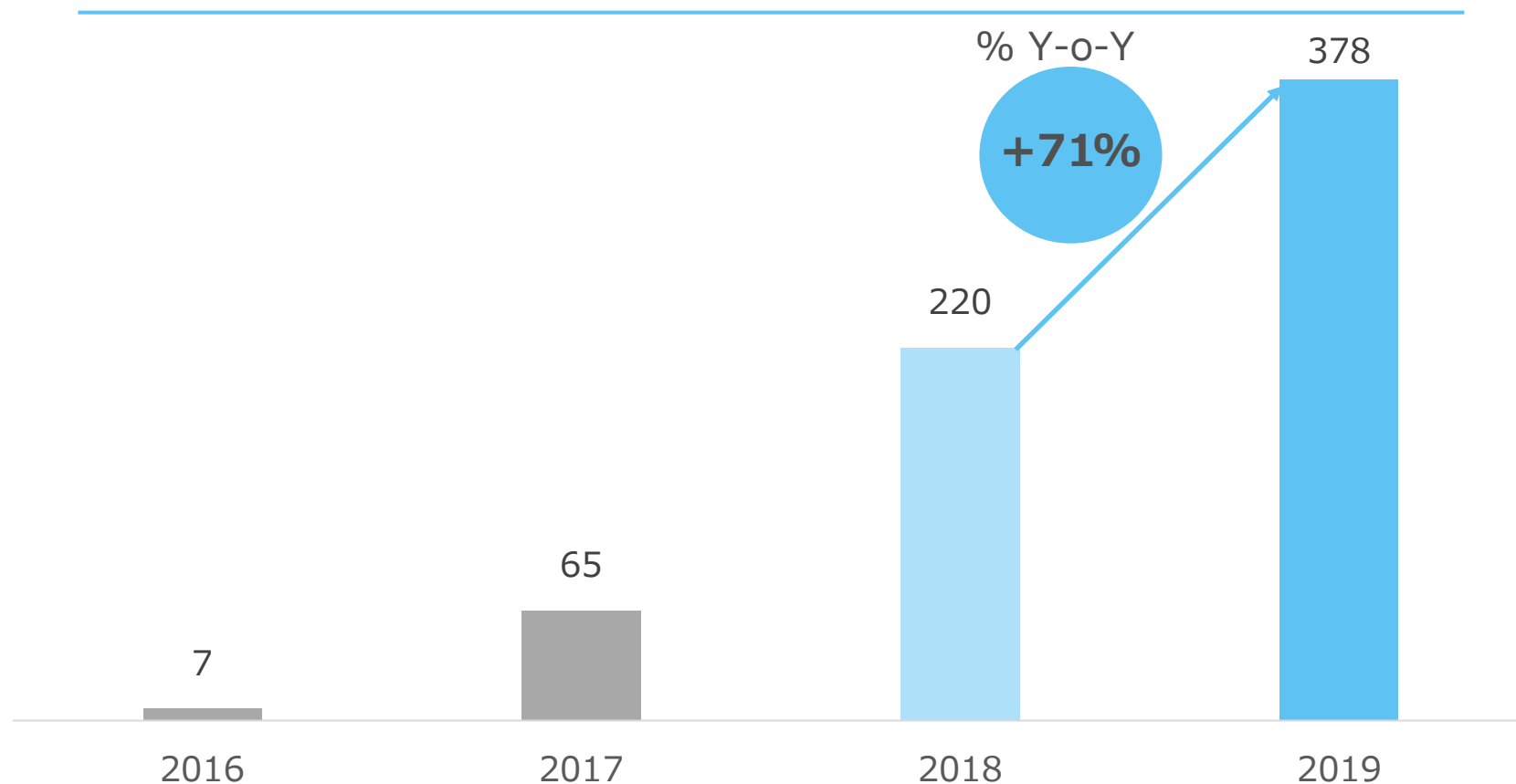
CORPORATE FUNDING
(Real Estate Principal Investment)

ASSET MANAGEMENT

BROKERAGE / ADVISORY

- The Crowdfunding Business has rapidly expanded along with the large-scale project composition and expansion of investor members who can recruit large-scale projects.
- We also started offering overseas equity investment-type products in the fourth quarter.

Net Sales (¥ millions)



Investor members (people) : 22,895

Cumulative Investment Amount (¥ millions) : 15,734



OwnersBook Features



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



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



Entry into professional investing domain (Equity investment-type)

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





港区オフィス・商業素地第1号ファンド第1回

港区赤坂 他

予定利回り(年換算)	予定運用期間	運用タイプ
5.0%	19ヶ月	貸付 (シニア/メザニン)

募集総額 1,100,100,000円 投資実行済

100%

申込総額 1,100,100,000円 (3053人)

Properties are becoming larger due to an increase in number of investor members.

→ **¥1.1bn in offering** (more than 3,000 investors)

Implementation of lottery properties

→ Ratio: **More than 4x**



新宿区商業ビル第2号第2回

新宿区余丁町

予定利回り(年換算)	予定運用期間	運用タイプ
4.0%	37ヶ月	貸付 (メザニンローン)

募集総額 100,000,000円 投資実行済

405%

申込総額 405,490,000円 (1721人)

Remarkable growth in funding power with projects worth several hundred million yen completely funded within a few minutes.

- Investment in first project completed on October 31

First Project – Product Overview

Our first overseas project saw funds accumulated through crowdfunding in Japan invested in Income eREIT, an unlisted eREIT in the US offered by project partner Fundrise. Retail investment in overseas real estate funds operated by professionals is an investment product that has never been seen before.

The portfolio for Income eREIT is made up of mainly loan claims for stable commercial property projects in different locations around the US. The earnings from each project are the main source of funds for dividends. The service has grown steadily since launching in the US in 2015.

Features of our alliance with Fundrise

- **Strengths of Fundrise:**

- Carefully selects and invests in small projects to avoid competition with institutional investors and funds
- Maximizes the use of IT to scout out and manage projects
- Has delivered steady returns since its founding in 2010

2. Forecast for the FY2020

Corporate Funding Business: Building up properties and strengthen the earnings platform

Crowdfunding Business: Diversification of projects

Asset Management Business: Expansion of AUM

(¥ millions)

	FY2019		FY2020 (Forecasts)		
	Amount	% of Net Sales	Amount	% of Net Sales	% Y-o-Y
Net sales	15,116	100.0%	16,862	100.0%	111.6%
Cost of sales	10,378	68.7%	11,348	67.3%	109.4%
Gross profit	4,738	31.3%	5,514	32.7%	116.4%
SG&A expenses	1,085	7.2%	1,393	8.3%	128.4%
Operating profit	3,652	24.2%	4,120	24.4%	112.8%
Ordinary profit	3,269	21.6%	3,741	22.2%	114.4%
Profit	2,075	13.7%	2,319	13.8%	111.8%

● Property Market

We have heard for a long time that the real estate market will crumble after the Tokyo Olympic Games have finished, but we think there will be no such major upheaval given that real estate firms are hedging their risks, market interest rates are expected to remain low, and demand in Tokyo—our focus area—remains extremely high.

● Corporate Funding Business

Given the environment described above, we will be focusing on not only office buildings in central Tokyo, but also vacant buildings and logistics facilities with upside potential. We also aim to accumulate properties in order to expand our stable revenue base.

● Crowdfunding Business

Investor demand for loan-type products remains strong and the number of large-scale projects is also growing. Accordingly, we will continue to focus on acquiring new projects.

For equity investment-type products, we aim to further diversify and brush-up such projects, whether in Japan or overseas.

● Asset Management Business

In a low interest rate environment that is prolonged worldwide, options other than bond and equity investment (real estate risk premium) are attracting attention both in Japan and overseas.

Providing customers and investors with the investment results and experience we have cultivated, focusing on investments in domestic regions and asset types that continue to grow. We will focus on building relationships with investors and financial institutions to improve the performance of existing projects and acquire new projects.

● Share Buyback from Major Shareholder

As already announced in a press release on February 14, 2020, subject to a resolution being passed at the 8th annual general meeting of shareholders to be held on March 19, 2020, we plan to acquire 5,100,000 shares of the company from major shareholder Renren Lianhe Holdings (“Renren”) at ¥784 per share.

(On March 13, 2020, the Board of Directors changed the date of the General Meeting of Shareholders and the share buyback price to ¥ 496. It was approved at the General Meeting of Shareholders on March 31, 2020.)

Even though our real estate holdings carry significant unrealized gains*, they are not reflected on our balance sheet for accounting purposes. The share buyback price is fairly lower than the recent stock price changes and we believe it to be a reasonable price that will provide us with an opportunity to improve our capital efficiency and lead to the execution of responsive management and capital policies in accordance with changes in the business environment up ahead.

At the same time, our cash ratio will temporarily shrink as a result of the Acquisition of Treasury Shares, but given that we have multiple properties already locked in for sale in the first quarter, we see no issues in securing enough operating capital in the future. Moreover, we enjoy favorable relationships with multiple financial institutions, including megabanks in Japan, and we believe we can secure sufficient capital for further growth up ahead by strategically realizing capital gains on the properties we hold. Furthermore, growth in the Crowdfunding Business and commission income from the expanding Asset Management Business will also contribute to our financial stability.

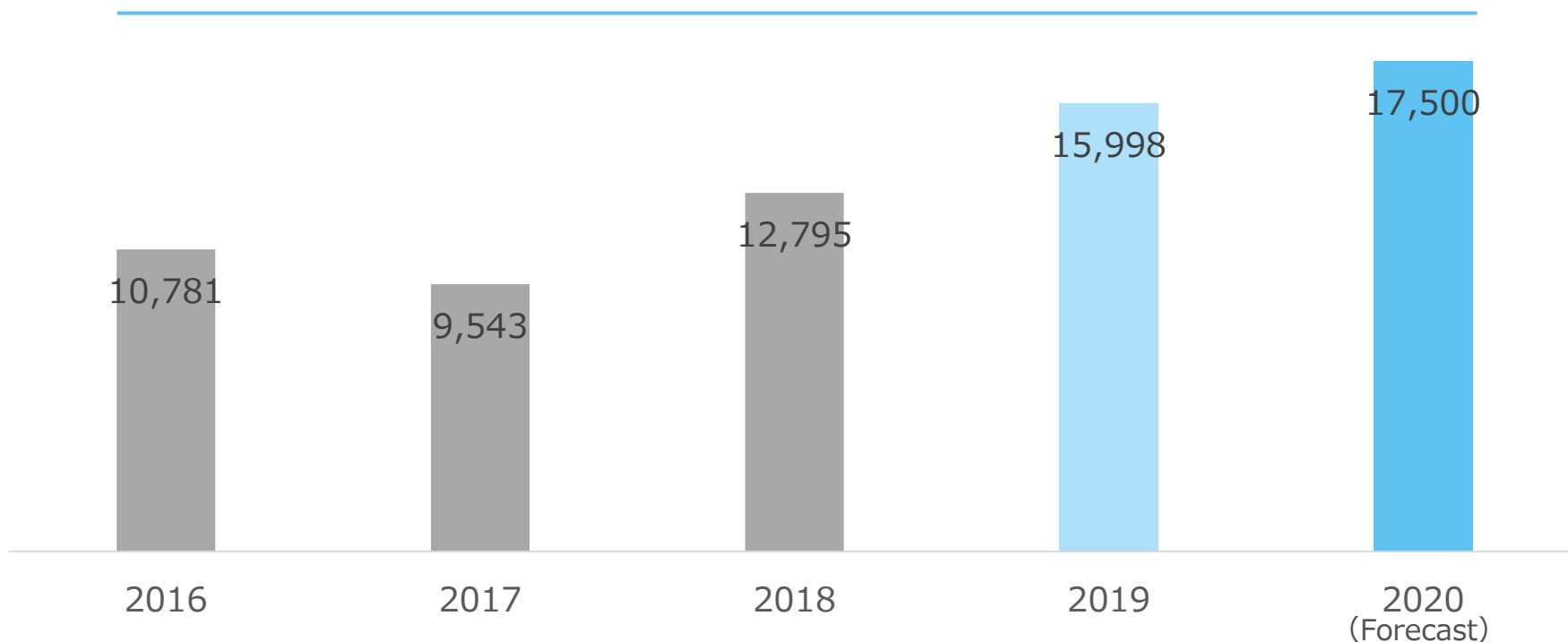
*Calculated as property appraisal value less acquisition price.

3. Future Growth Strategy

Sustainable growth of Corporate Funding business

- We aim to build up property holdings by harnessing our strengths in property appraisal and speedy decision-making and ensure that leasing income is high enough to cover fixed costs.
- We continue to expand our workforce in order to achieve continuous growth.

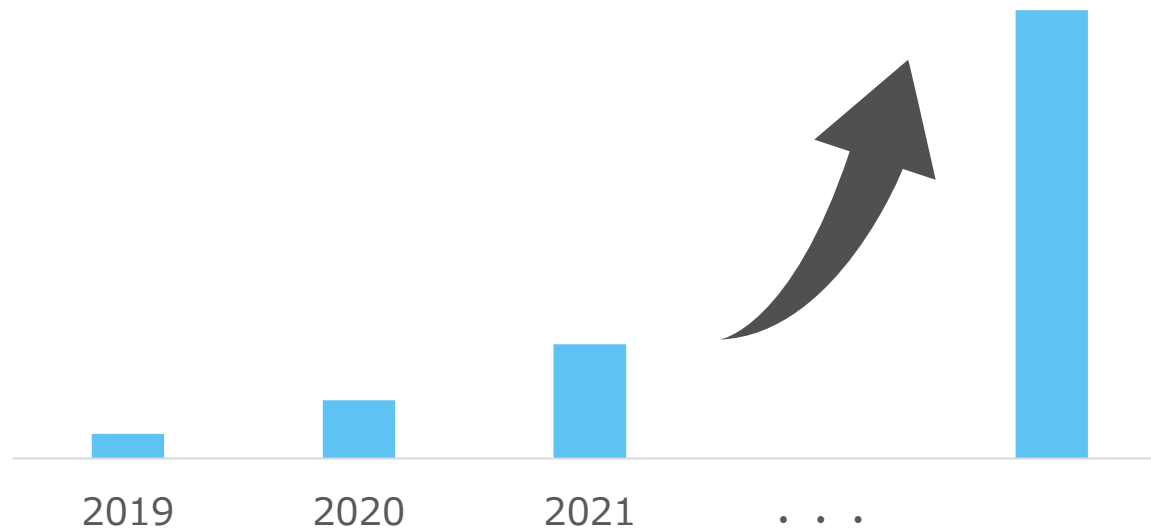
Annual investment amount (¥ millions)



Expanding the Asset Management Business

- We aim to ramp up operations in the Asset Management Business and accumulate properties in order to expand our stable revenue base.
- By drawing on the experience and networks of employees who previously worked as asset managers, we will focus on strengthening relations with investors and establishing a project development framework

Assets Under Management (AUM) *



*Assets under management (AUM) is the balance of investment properties for which management has been entrusted to us by our clients. AUM is a KPI in the asset management industry because management fees based on AUM equate to asset management sales.

We will continue to strengthen cooperation with financial institutions



OwnersBook



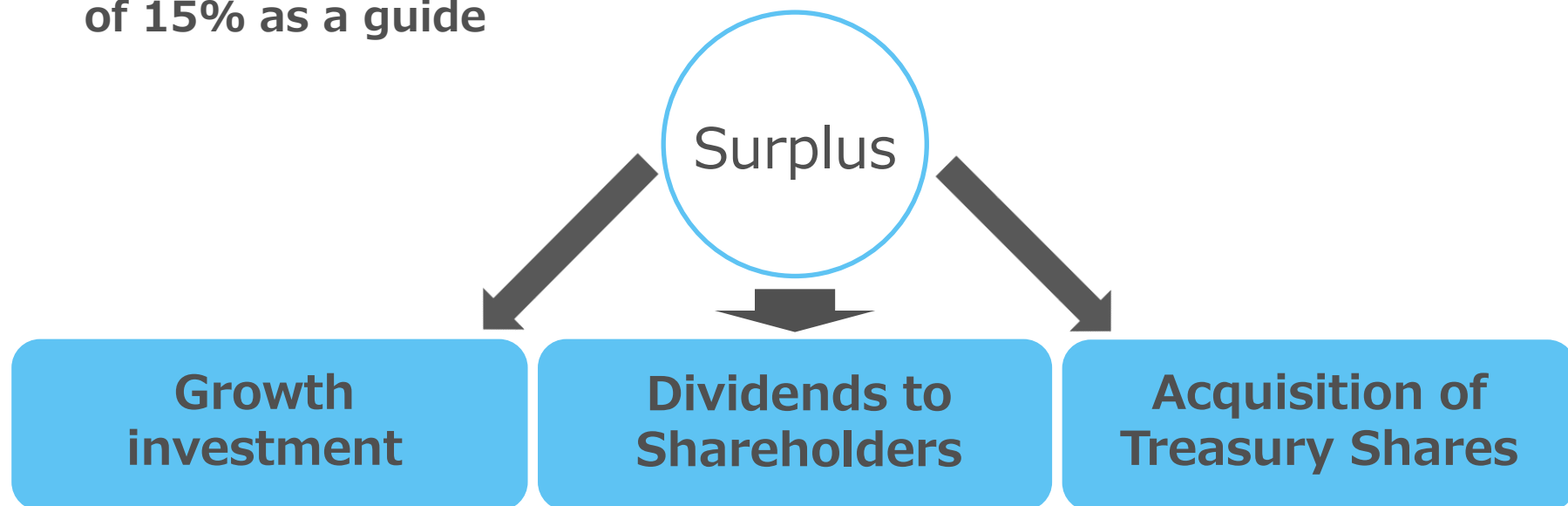
Acquire investor members
Matsui Securities

Project (Equity-investment type)
Fundrise

Project (Lending type)
**THE SEIBU SHINKIN
BANK**
ORIX Bank Corporation
**SAISON FUNDEX
CORPORATION**
**Shinsei Investment &
Finance Limited**
AEON Bank, Ltd.

《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



	2017	2018	2019	2020 (Forecast)
Dividends pre share	¥5.5	¥9.5	¥14.5	*¥16.0
Payout ratio	14.5%	14.8%	15.0%	*14.8%

*Figures above do not factor in acquisition of treasury shares to be proposed at the 8th annual general meeting of shareholders.

Appendix

Company Profile (as of December 31, 2019)

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	¥1,402 million
Number of Officers and Employees	66

Main Shareholders	Renren Lianhe Holdings	Ownership stake	35.7%
	Tatsushi Iwano		15.7%



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

March 2012

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

March 2014

Accepted capital increase through third-party allocation by Renren Lianhe Holdings (see chart below)

May 2014

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

September 2014

Launched crowdfunding service on the internet under the brand name “OwnersBook”

April 2015

Relocated head office to Ginza, Chuo-ku, Tokyo

September 2017

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

January 2018

Publicly registered investment management business and electronic-based application type electronic public offering services (equity investment-type crowdfunding)

October 2018

Relocated within Ginza, Chuo-ku, Tokyo

August 2019

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

Consolidated Financial Results

(¥ millions)

	FY2018		FY2019		
	Amount	% of Net Sales	Amount	% of Net Sales	% Y-o-Y
Net Sales	9,670	100.0%	15,116	100.0%	156.3%
Cost of sales	6,401	66.2%	10,378	68.7%	162.1%
Gross Profit	3,269	33.8%	4,738	31.3%	144.9%
SG&A expenses	876	9.1%	1,084	7.2%	123.7%
Operating Profit	2,392	24.7%	3,653	24.2%	152.7%
Ordinary Profit	2,117	21.9%	3,272	21.6%	154.5%
Profit	1,359	14.1%	2,077	13.7%	152.8%

Consolidated Financial Position

(¥ millions)

	12/31/2018		12/31/2019		
	Amount	% of total	Amount	% of total	% vs. 12/31/2018
Current assets	32,785	99.3%	44,048	99.3%	134.4%
Cash and deposits	5,871	17.8%	7,766	17.5%	132.3%
Operating loans	3,340	10.1%	6,128	13.8%	183.5%
Real estate as inventory	23,194	70.2%	30,045	67.8%	129.5%
Non-current assets	242	0.7%	289	0.7%	119.5%
Total assets	33,028	100.0%	44,337	100.0%	134.2%
Current liabilities	5,359	16.2%	5,526	12.5%	103.1%
Non-current liabilities	21,787	66.0%	30,989	69.9%	142.2%
long-term loans	14,751	44.7%	22,962	51.8%	155.7%
Deposits received from silent partnership	6,358	19.3%	7,022	15.8%	110.4%
Total liabilities	27,147	82.2%	36,516	82.4%	134.5%
Net assets	5,880	17.8%	7,820	17.6%	133.0%
Retained earnings	3,150	9.5%	5,025	11.3%	159.5%
Total liabilities and net assets	33,028	100.0%	44,337	100.0%	134.2%

Consolidated Statements of Cash Flows

(¥ millions)

	FY2018	FY2019	Amt. Changed
CF from operating activities	△4,398	△3,986	411
Profit before income taxes	1,928	3,004	1,076
Decrease (increase) in operating loans receivable	△2,172	△2,788	△615
Decrease (increase) in real estate as inventory	△7,556	△7,272	284
Increase (decrease) in deposits received from silent partnership	3,369	664	△2,704
Increase (decrease) in deposits	11	2,005	1,993
Other	22	399	377
CF from investing activities	△153	△31	122
CF from financing activities	5,807	5,913	106
Net increase (decrease) in short-term borrowings	5,908	6,170	262
Other	△100	△256	△156
Net increase (decrease) in cash and cash equivalents	1,256	1,895	639
Cash and cash equivalents at beginning of period	4,615	5,871	1,256
Cash and cash equivalents at end of period	5,871	7,766	1,895

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

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.

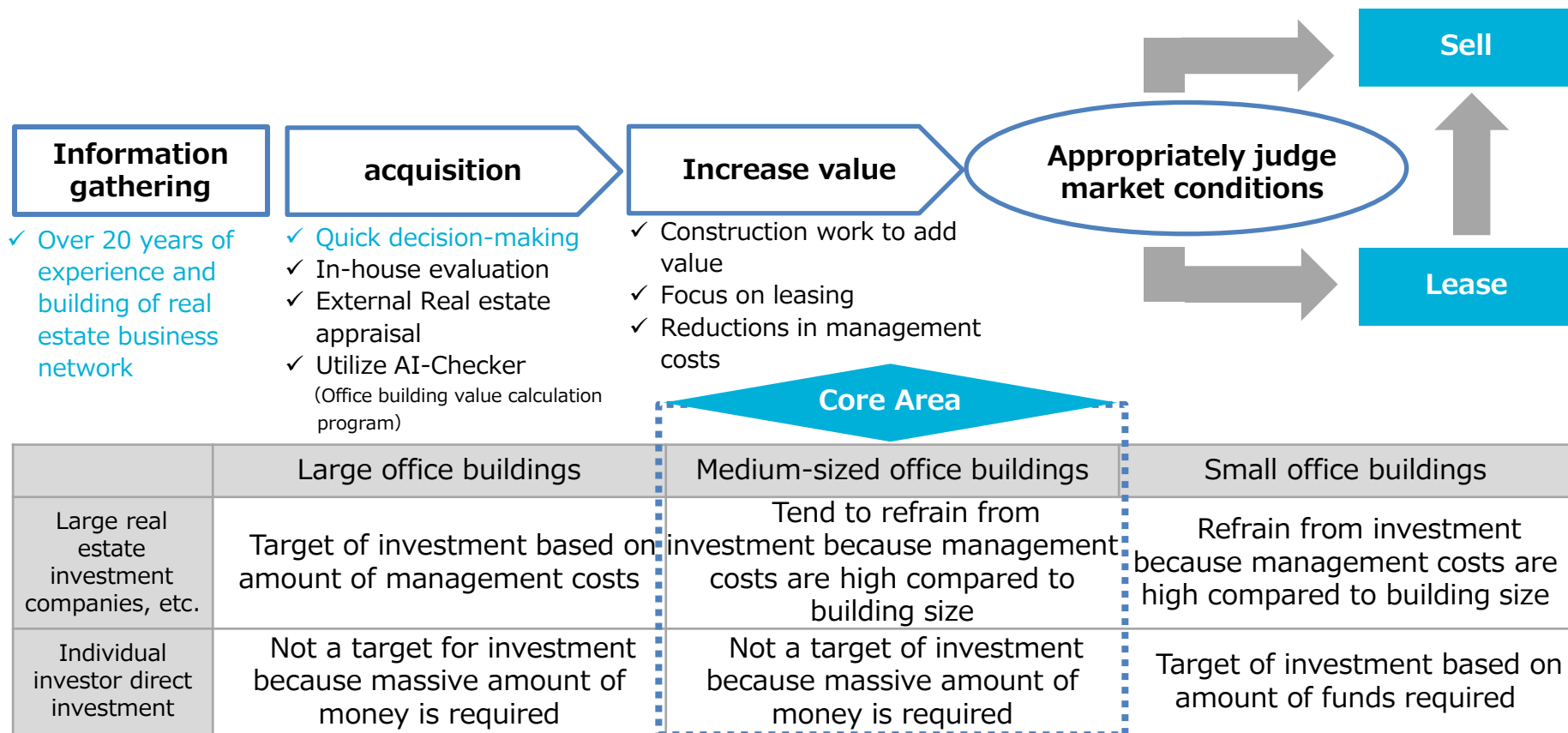
Real Estate Pros

- 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

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



Information gathering

- ✓ Over 20 years of experience and building of real estate business network

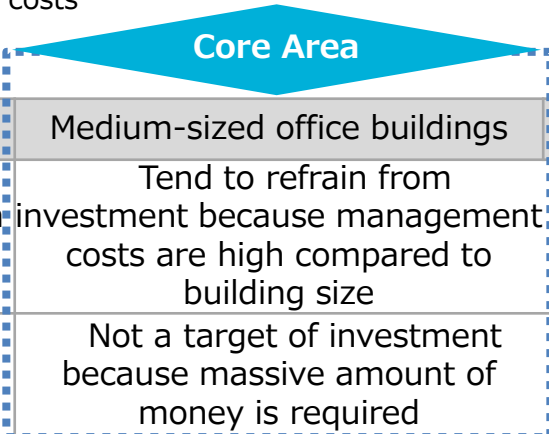
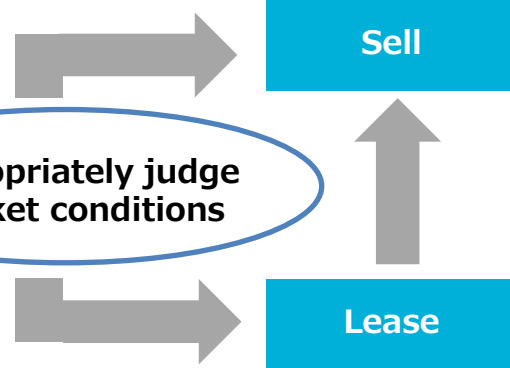
acquisition

- ✓ Quick decision-making
- ✓ In-house evaluation
- ✓ External Real estate appraisal
- ✓ Utilize AI-Checker (Office building value calculation program)

Increase value

- ✓ Construction work to add value
- ✓ Focus on leasing
- ✓ Reductions in management costs

Appropriately judge market conditions



Realizing access to personal money not establish in the property investment market



OwnersBook

Demand

Established credibility as an asset manager owing to track record of more than five 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

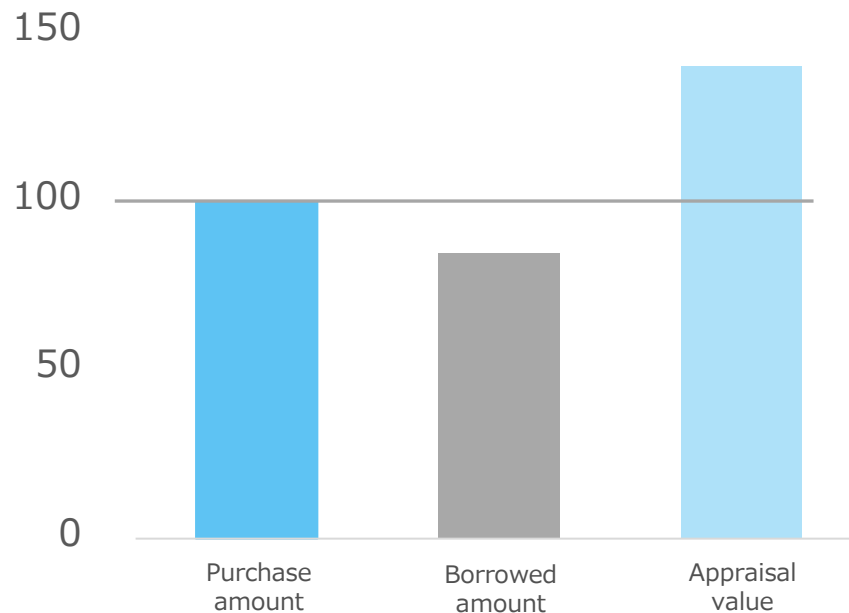
Group of real estate and IT professionals

Expertise

Stable Financial Base

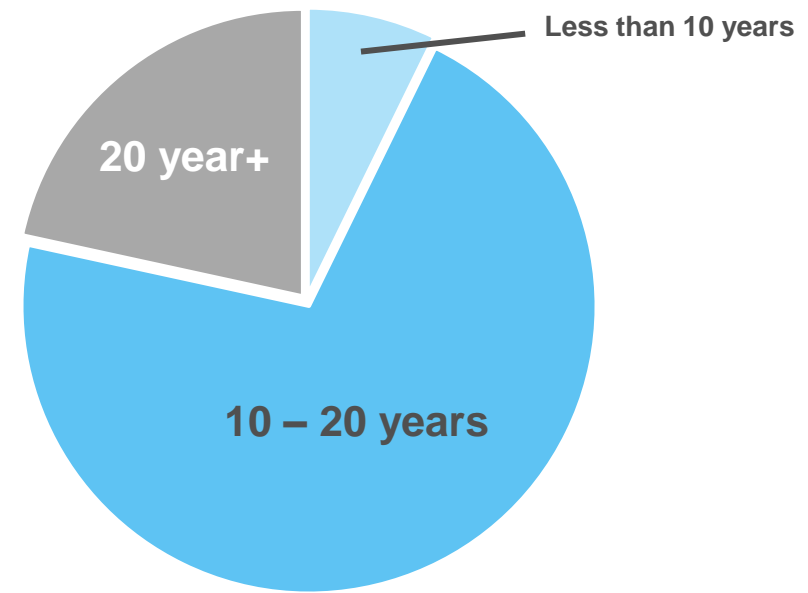
- Long-term borrowings based on high level of creditworthiness from financial institutions
Our financial base allows us to flexibly respond to changes in the market.
- The increase in value of properties themselves due to the decline in vacancy rates and other factors is viewed positively

Creditworthiness
backed by appraisal track record



Indexed with cumulative real estate purchase value = 100.
As of December 31, 2019

Weighted average borrowing period
= 18 years



* As of December 31, 2019

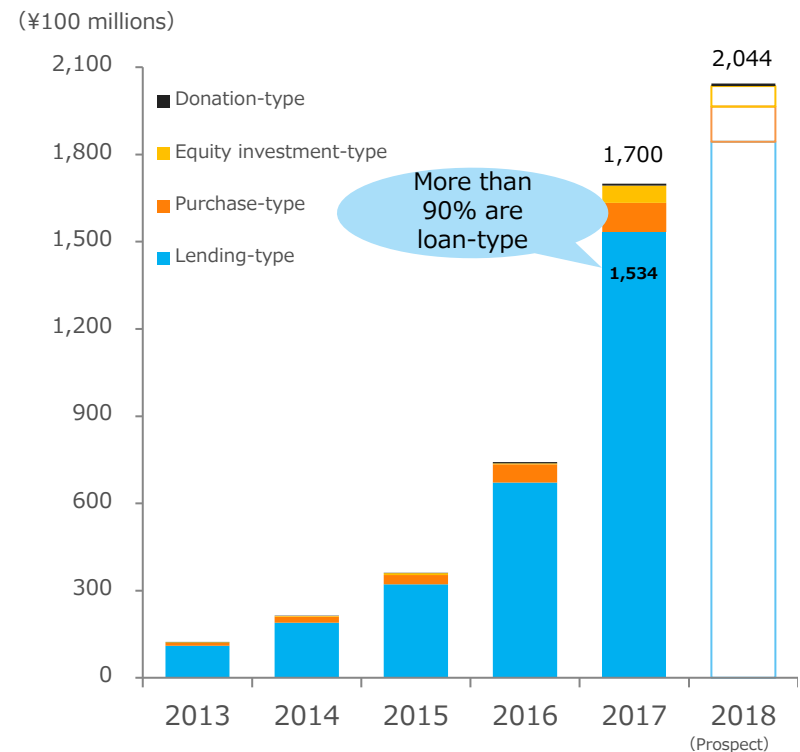
Social lending industry and OwnersBook

- Social lending = Loan-type crowdfunding
- Revolutionary for investors and persons seeking funds, market is expanding rapidly

Reasons Supported

Investors	High return on investment (Banks: 0.01% - 0.3%, SL2.5% - 8%) Low bad debt rate
	Convenient (Complete transaction online using PC or smartphone)
	Can invest small sums (From JPY 10,000)
Persons Seeking Funds	Flexible lending stance = can consult even when it is difficult to borrow from conventional financial institutions (Inception, short-term, working capital, refinancing, etc.)
	Collateral evaluated from a professional perspective

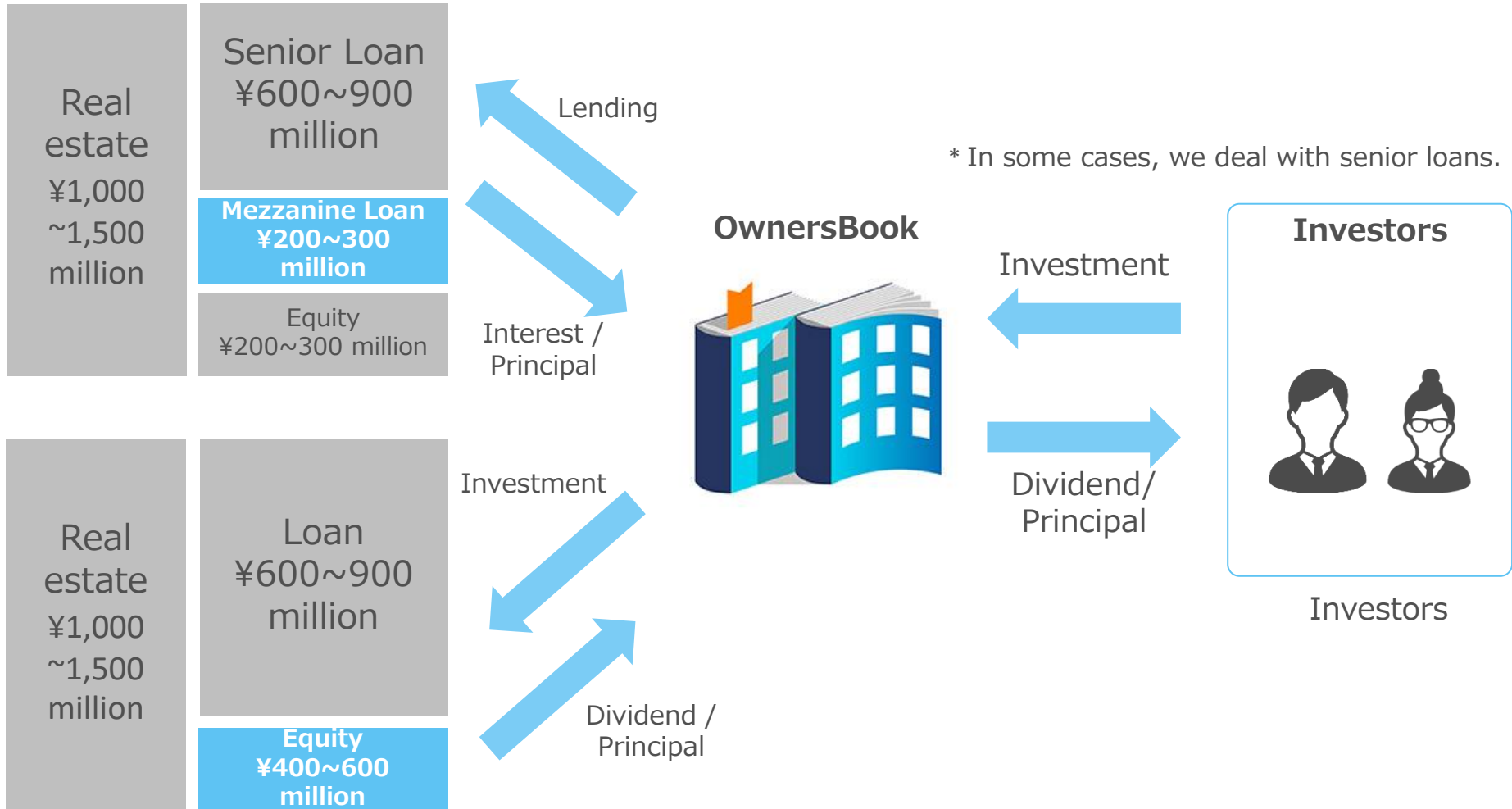
Japan's crowdfunding market



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

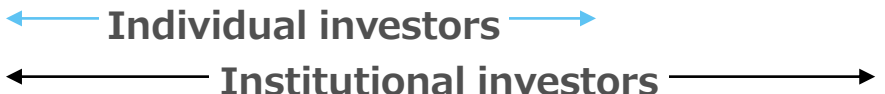
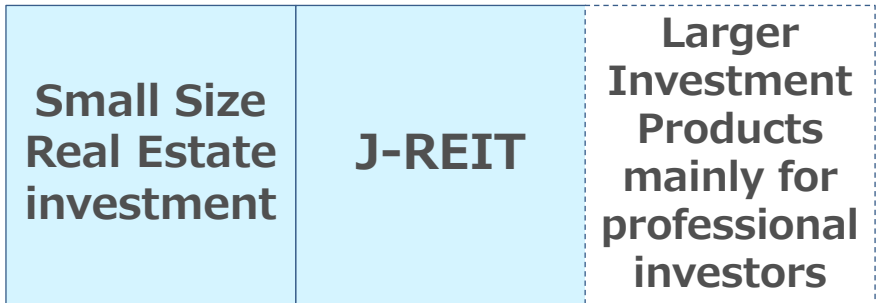
Note: Composition ratios for 2015 and prior years calculated by Loadstar Capital K.K. using same composition ratio as FY2016
 Composition ratio for 2018 calculated by Loadstar Capital K.K. using same composition ratio as FY2017

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



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

Historically

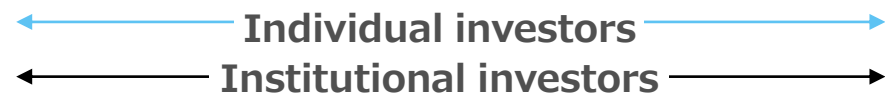


Only professional institutional investors are investing in certain domains

× 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

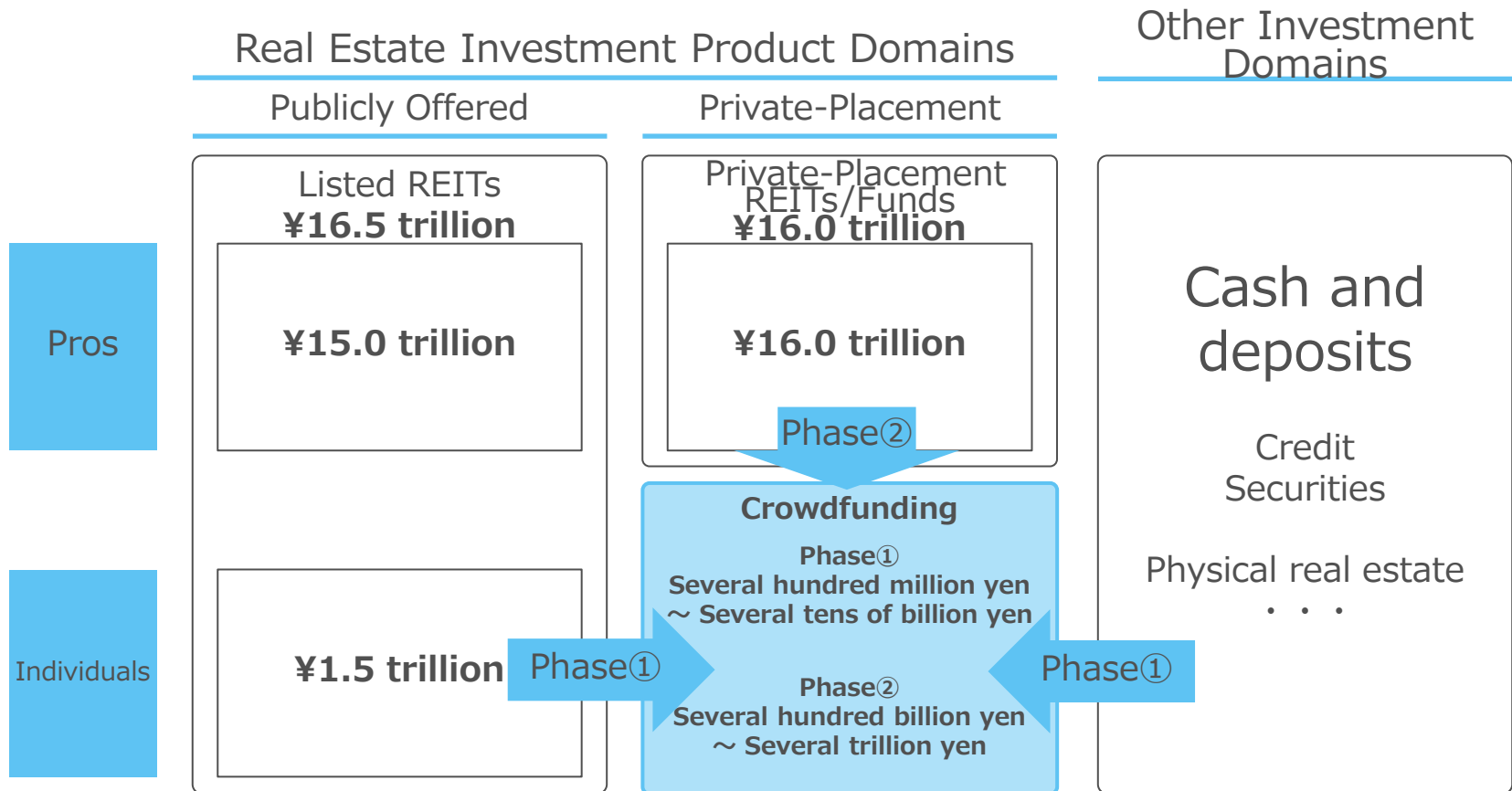
✓ Information is made open to OwnersBook members.

✓ 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/lst/2018/cc/1127>

● Profit structure

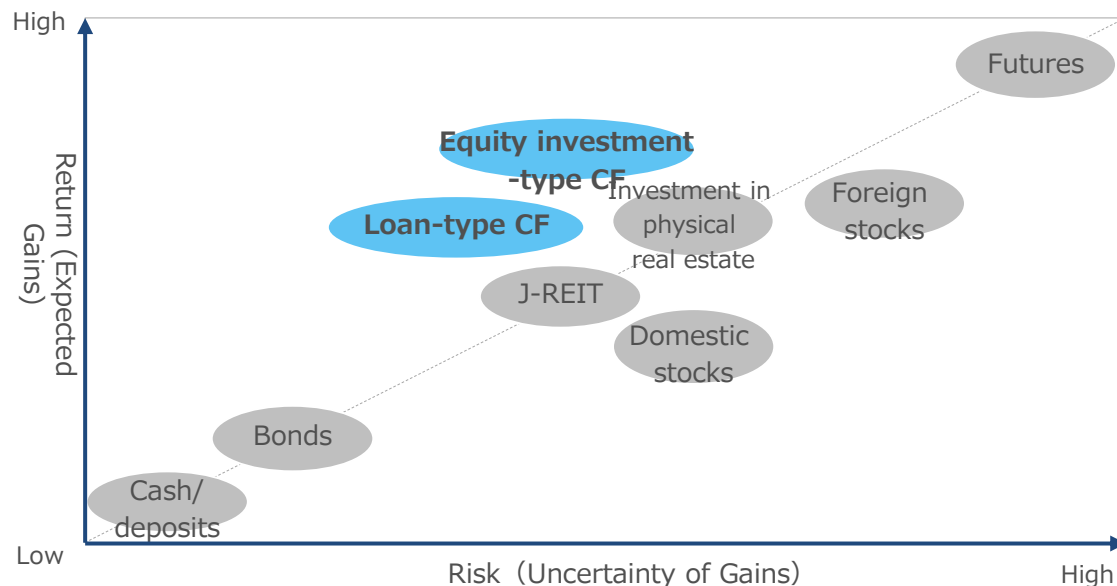
<u>Model</u>	<u>Up-front fee</u>	<u>Asset Management fee</u>	<u>Disposition fee</u>
Loan-type	Loan amount × 2%	—	—
Equity Investment-type	Equity Amount × 1-2%	Real Estate Price × 0.3-1%	Real Estate Sales Price × 1%

* The above fee condition is a typical sample.

● Risk and Return

【Target return】

- Loan-Type is **2.5%~**、
- Equity investment-type aims for returns of approximately **4-10%**

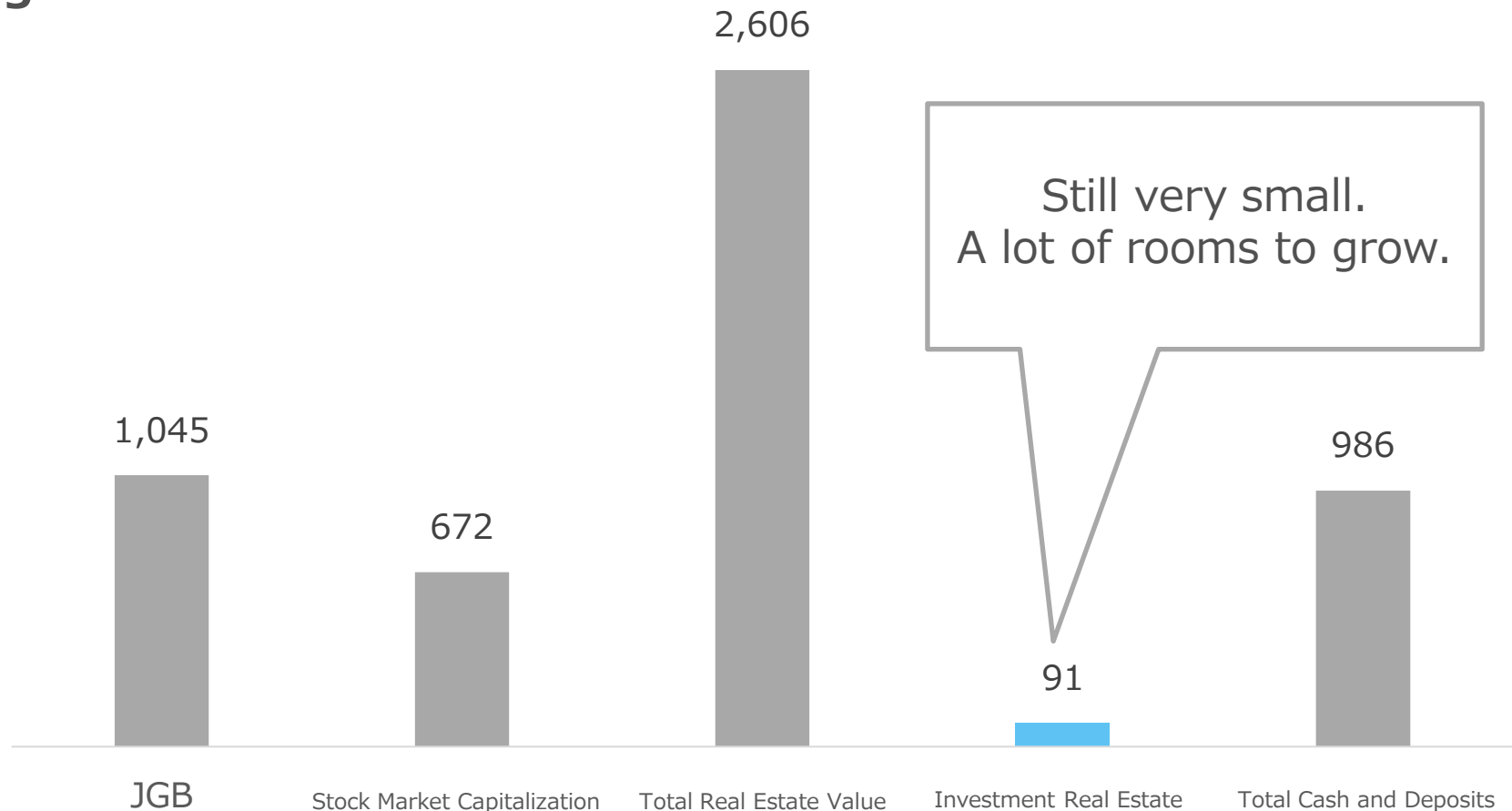


※ Image created by our company

Real Estate Market Analysis

Japan's position in the real estate market and Our Advantages in our Core Domains

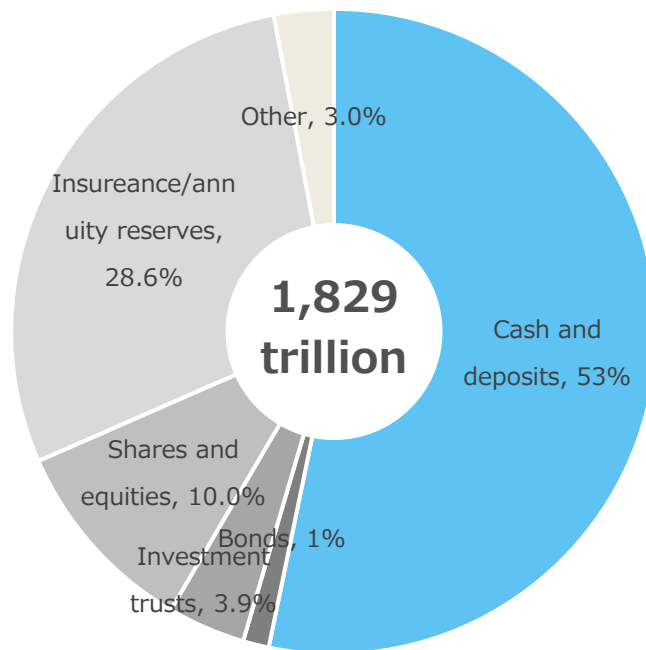
Japan's investment real estate market has a lot of room to grow further.



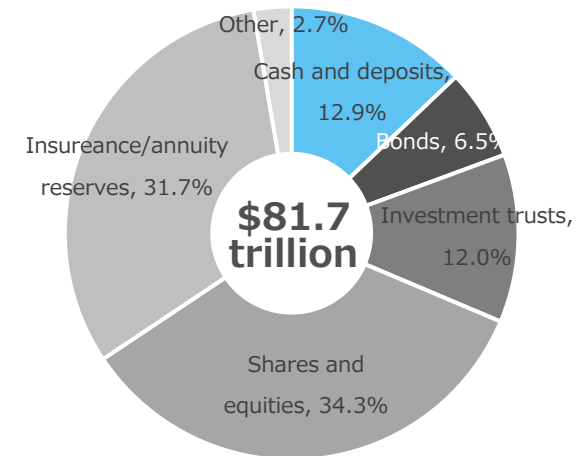
JGB (balance as of September 30, 2019), Stock Market capitalization (based on shares issued on TSE as of December 31, 2019), Total Real Estate Value (2017 data based on Ministry of Land, Infrastructure, Transport and Tourism materials), Investment Real Estate (Taken from MSCI Real Estate Market Size 2018. Converted at \$1 = ¥110), Total Cash and Deposits (based on values as of September 30, 2019) prepared by Loadstar Capital.

More than half of Japan's household financial assets are waiting on the sidelines, not being invested.
Cash and deposits total ¥977 trillion.

Composition of Japan's Household Financial Assets



Composition of U.S. Household Financial Assets



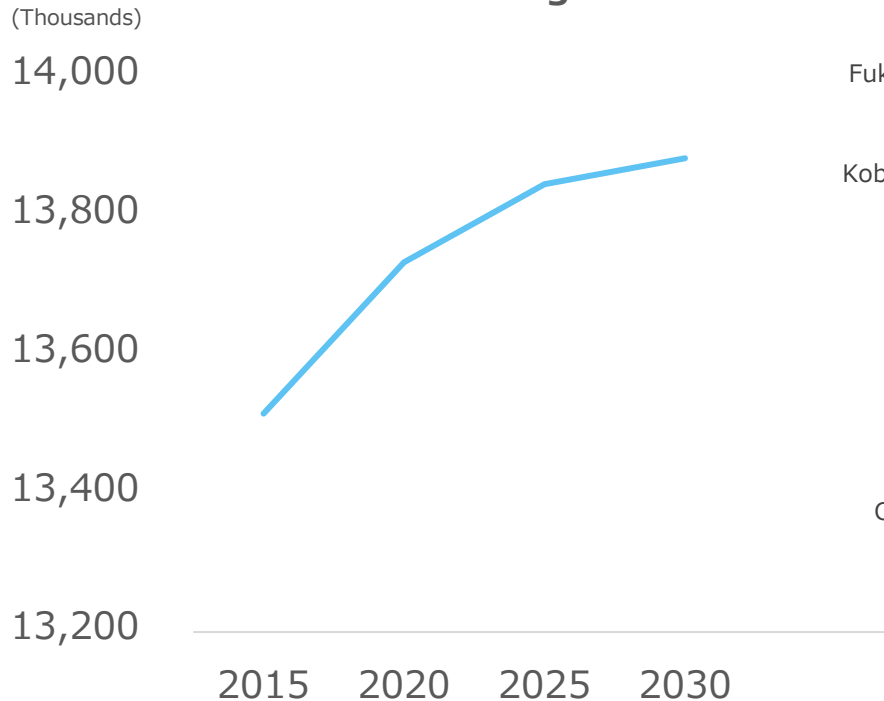
Source: The Bank of Japan Research and Statistics Department "Flow of Funds Accounts (Q1 2019, Preliminary Figures)" (Released on August 29, 2019)

Population Growth in Tokyo

Tokyo with sufficient infrastructure to compete with major overseas cities.

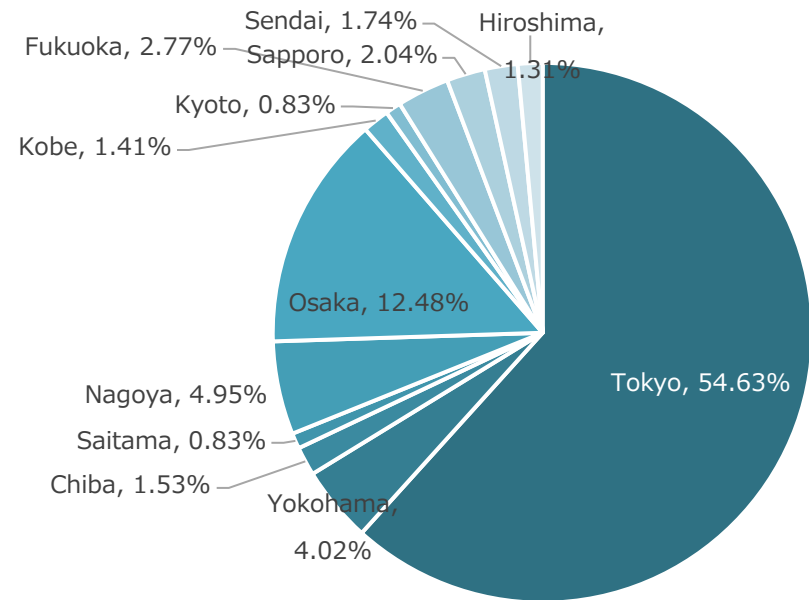
About 61% of investable assets stay in the greater Tokyo area.

Tokyo's Population will Increase Going Forward



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"

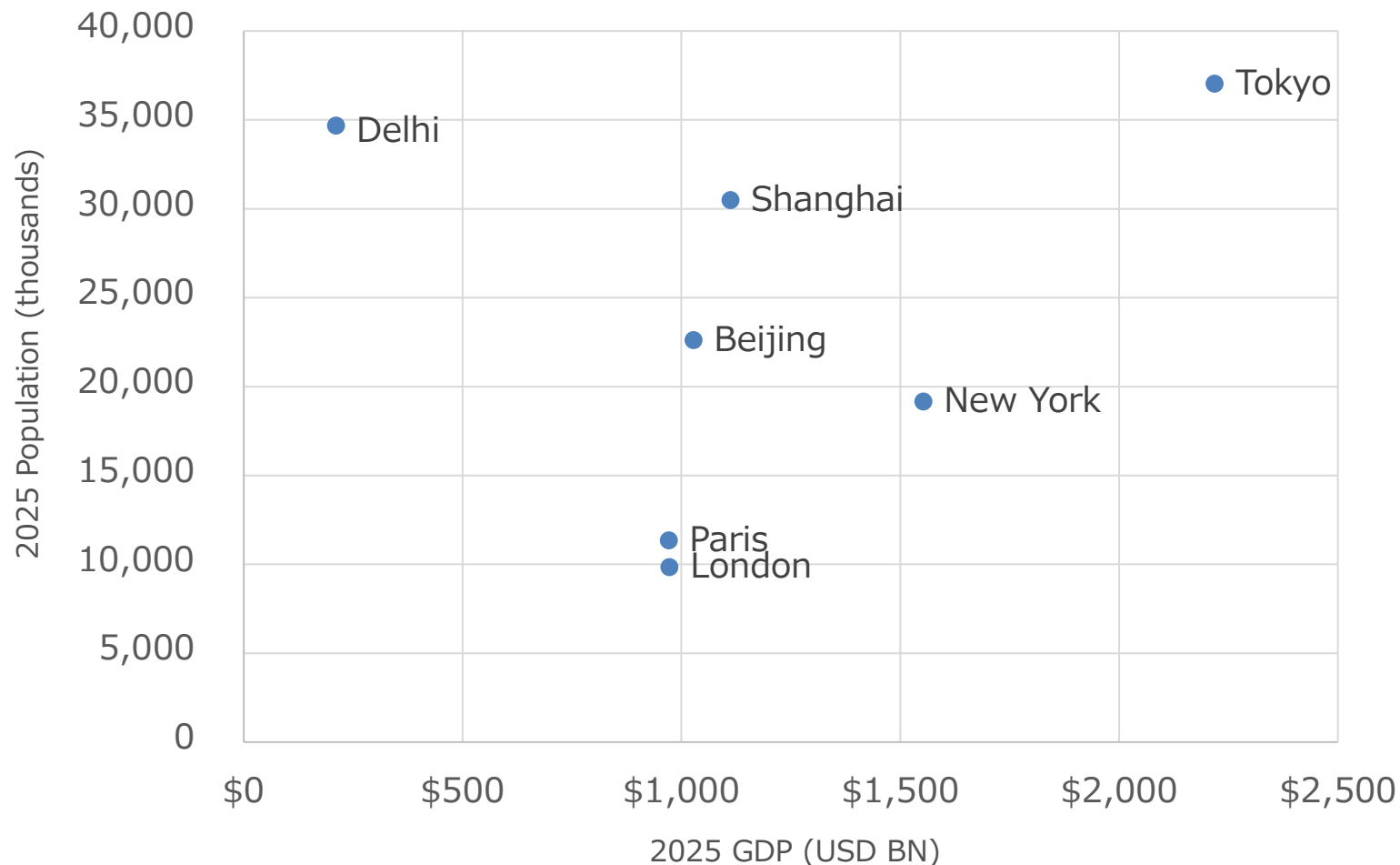
Ratio of office floor space in Japanese cities



Source: Loadstar Capital K.K., based on data from Japan Real Estate Institute's "The Annual Japanese Office Buildings Survey (as of January 2019)"

Invest with an eye to the future.

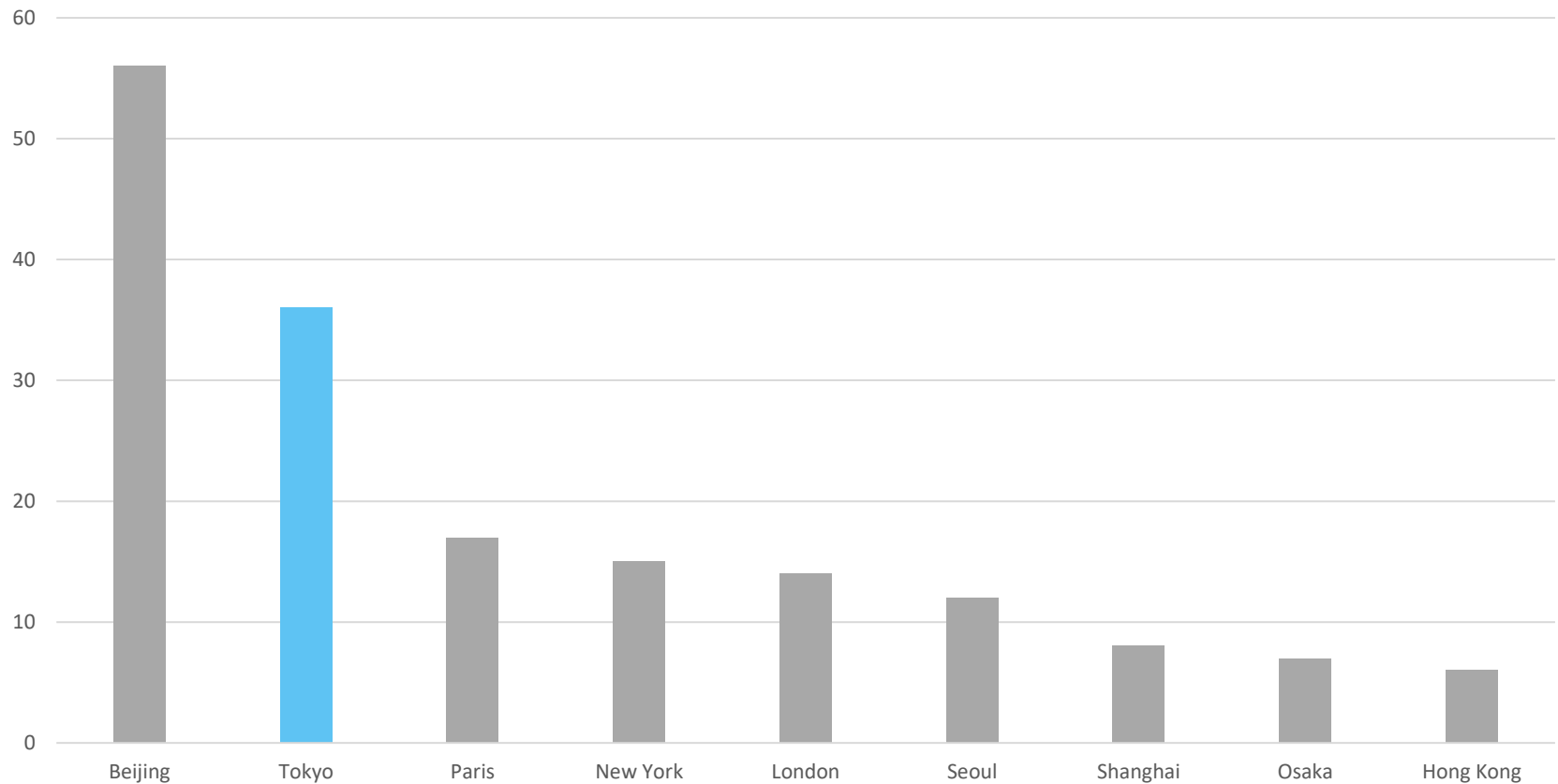
The Tokyo economic area continues to have the largest urban population and GDP in the world.



(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)

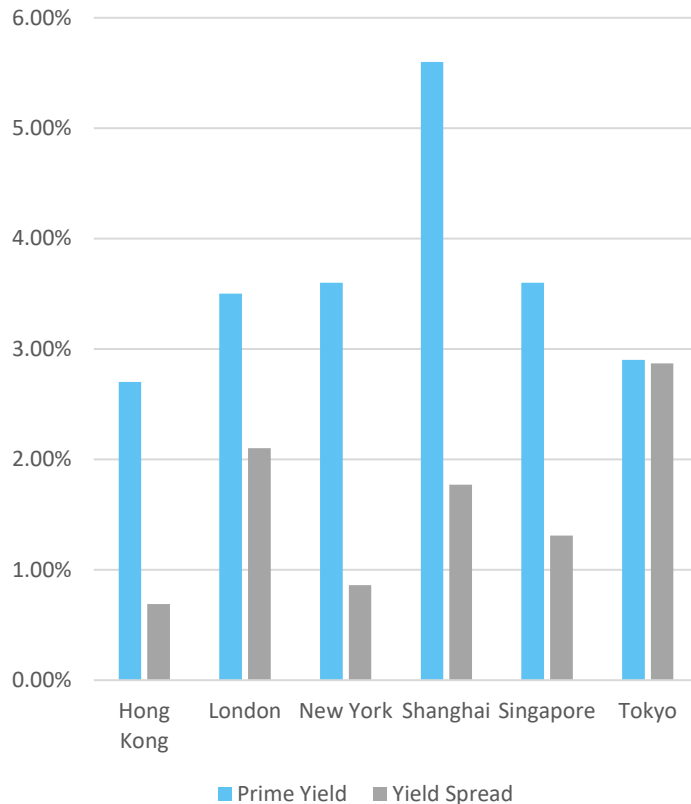


Source: Loadstar Capital K.K., based on data from Fortune Global 500 (2017)

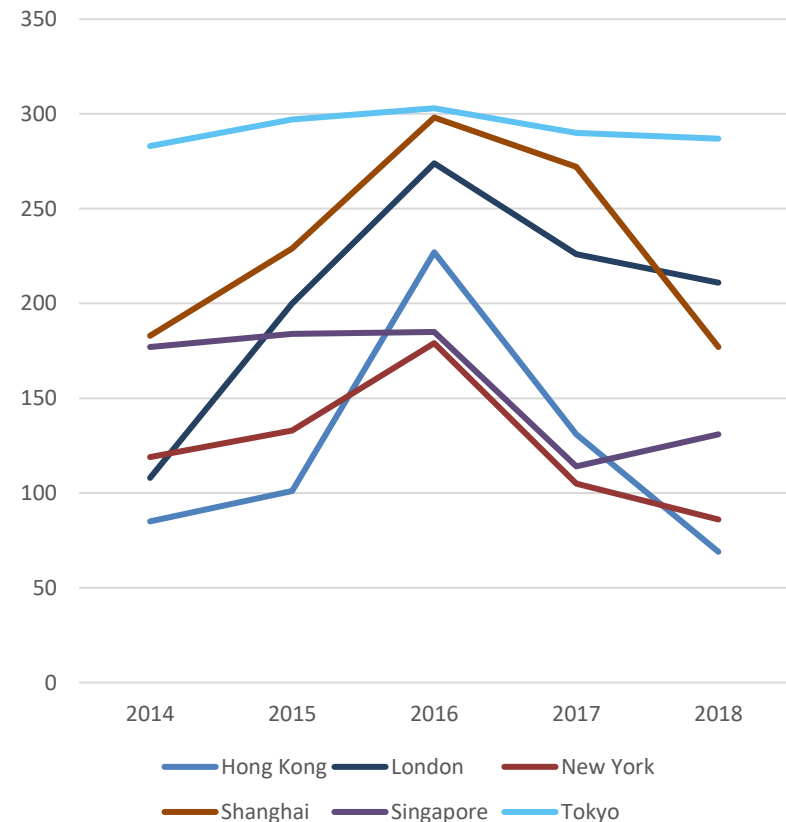
Global Comparison of Investment Real Estate Performance

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