



Loadstar Capital

Q1 FY2023 Financial Results

(Three months ended March 31, 2023)

Loadstar Capital K.K.

Securities Code: 3482
April, 2023

Mission

Real Estate X Tech to Open Up a New Market

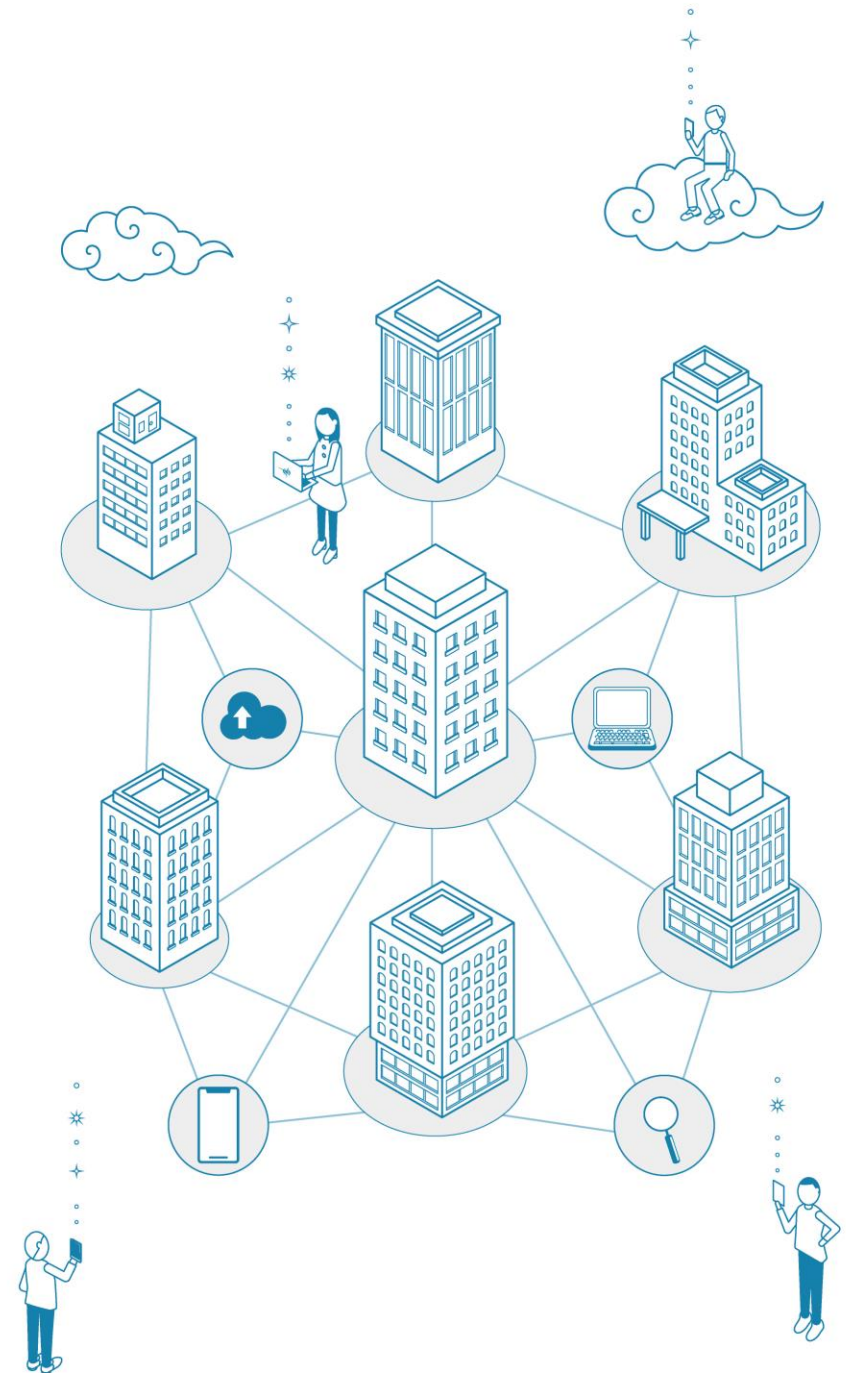


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Topics of the Q1 FY2023

FY2023 Q1 Financial Results

- We significantly accumulated real estate as inventory, our future business foundation.
- Although sales increased and profits decreased in Q1 due to the sales of high-margin properties in Q1 last year, there is no significant change in the full-year forecast.

	(¥ millions)	% Y-o-Y	% of Forecast
Net Sales	4,100	+ 14.9%	14.3%
Operating profit	1,000	△ 15.3%	13.3%
Profit before Tax	700	△ 35.6%	10.8%
Profit	500	△ 37.7%	10.6%
Real estate as inventory	(¥ billions) 56.8	Change (%) from end of prev. fiscal year + 20.4%	

- **Acquired a new hotel in Akasaka, Minato-ku**

In January 2023, we acquired our third hotel, Akasaka Paros Building. The hotel demand in Tokyo has already exceeded pre-COVID-19 levels, and we aim to capture inbound demand together with the hotel in Hanzomon, which we acquired last year.

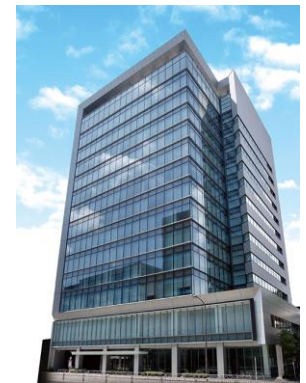
Akasaka Paros Bldg.



- **Accumulated Properties as Future Business Foundation**

We acquired three office buildings in Tokyo's central five wards besides the hotel mentioned above. We accumulated real estate as inventory, our future business foundation, to 56.8 billion yen (up 20% from the previous fiscal year-end).

(TBD) Mita Bldg.



- **Exceeded 100 billion yen in AUM for AM Business**

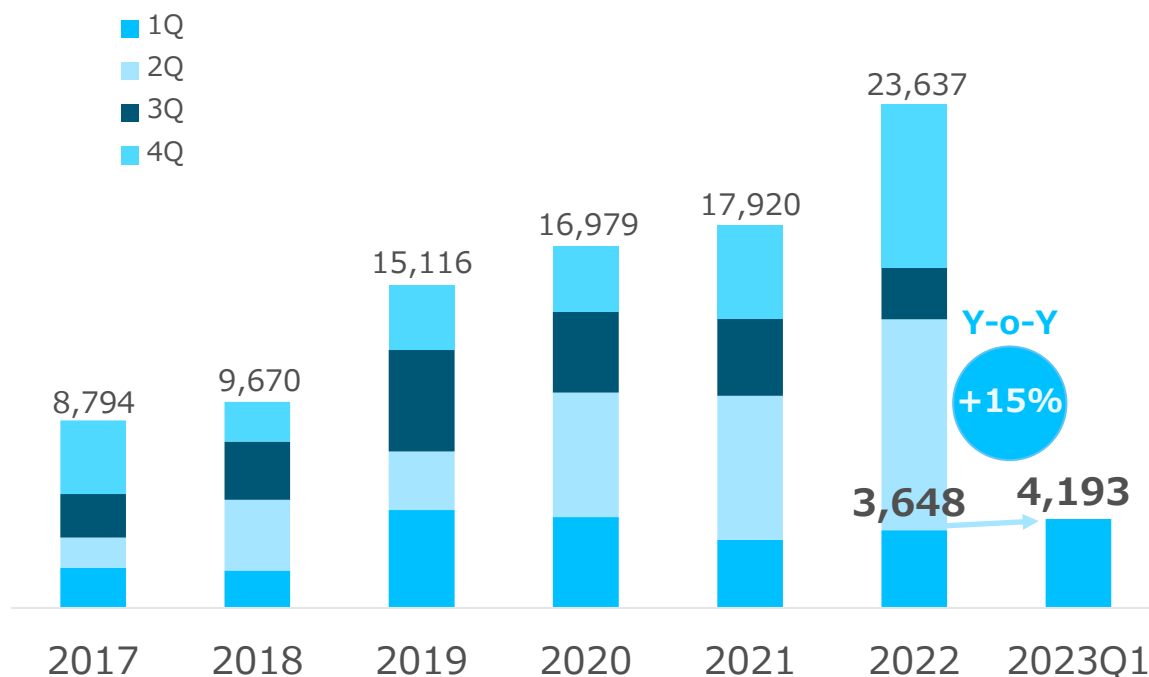
We received a mandate for a large office building project in a prime location in Mita, Minato-ku, and AUM (Assets Under Management) exceeded 100 billion yen.

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Overview of the Q1 FY2023 Financial Results

- Consolidated sales increased 15% year on year to approx. 4.1 billion yen.
- The office leasing market did not change significantly, but the hotel demand is picking up rapidly.
- Having received mandates for large office building projects, AUM in the AM business exceeded 100 billion yen.

Consolidated Sales (¥ millions)



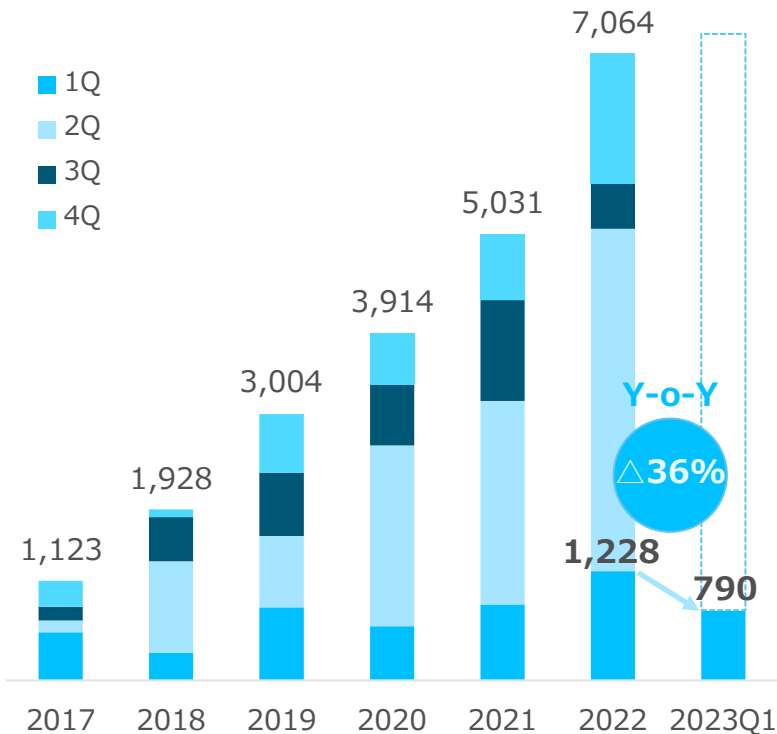
% of Progress vs. Plan

14.3%

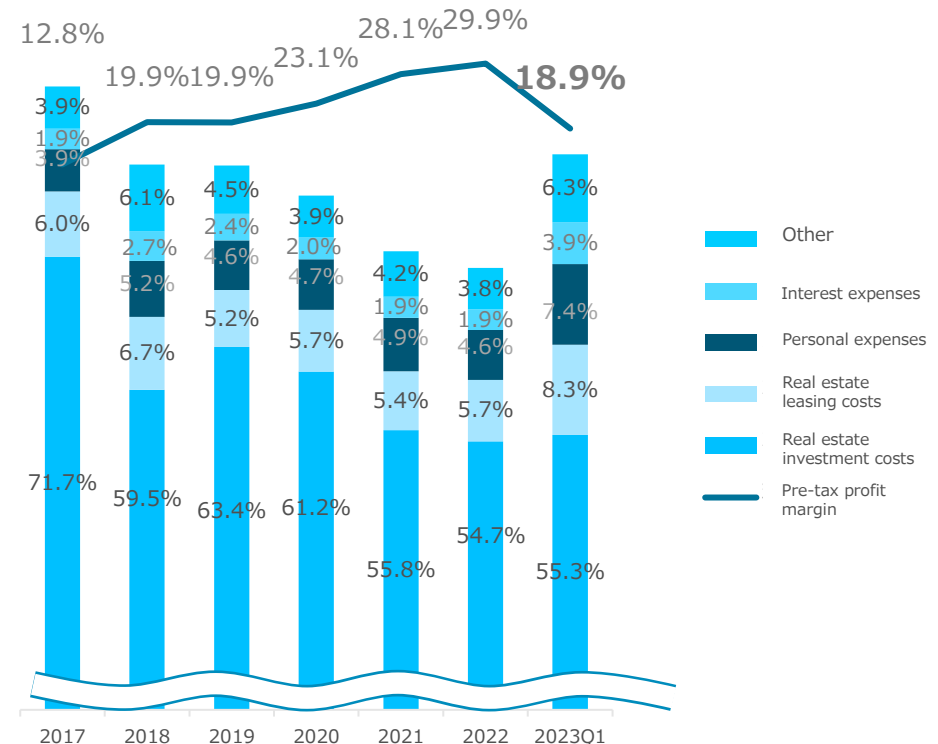
Consolidated Profit before income taxes and Cost Controls

- Consolidated profit before income taxes was approx. 700 million yen, down 36% year on year.
- As we have moved forward with the acquisition of real estate for sale, the burden of financing fees and other related costs have increased.

Consolidated Profit before income taxes (¥ millions)



Cost structure



Consolidated Statements of Income

	FY2023Q1 Results				FY2023 (Forecasts)		
	Amount	% of Net sales	% Y-o-Y	Progress vs. original forecast	Amount	% of Net sales	% of the previous fiscal year
(¥ millions)							
Net sales	4,193	100.0%	114.9%	14.3%	29,342	100.0%	124.1%
Gross Profit	1,525	36.4%	89.4%	15.1%	10,129	34.5%	108.2%
SG&A expenses	446	10.7%	103.4%	22.2%	2,015	6.9%	111.0%
Operating Profit	1,078	25.7%	84.7%	13.3%	8,114	27.7%	107.5%
Profit before income taxes	790	18.9%	64.4%	10.8%	7,288	24.8%	103.2%
Profit	525	12.5%	62.3%	10.6%	4,965	16.9%	102.5%

Consolidated Financial Position

- We significantly accumulated real estate as inventory, our future business foundation, to 56.8 billion yen, a record high.
- Total assets likewise reached 72.7 billion yen, the largest ever.

(¥ millions)	As of December 31, 2023		
	Amount	% of total	% vs. Dec. 31, 2022
Current assets	72,284	99.4%	110.9%
Cash and deposits	7,600	10.5%	80.8%
Operating loans	7,559	10.4%	89.8%
Real estate as inventory	56,801	78.1%	120.4%
Liabilities	58,170	80.0%	114.2%
Interest-bearing debt	44,584	61.3%	118.0%
Deposits received from silent partnership investors	9,265	12.7%	109.5%
Net assets	14,552	20.0%	98.5%
Total liabilities and net assets	72,723	100.0%	110.7%

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

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

• This shows the amount investors invested to OwnersBook projects.

• Adjusted net asset ratio excluding deposits from tokumei kumiai (silent partnerships) that do not attribute to the Company is 23%.

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Business Overview by Segment

Mission

Real Estate X Tech to Open Up a New Market

Real Estate Investments

CORPORATE FUNDING



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

ASSET MANAGEMENT



Management of investment real estate on behalf of property owners and investors.

BROKERAGE / ADVISORY SERVICES



Comprehensive support for all customer needs.



Real Estate Tech

CROWDFUNDING



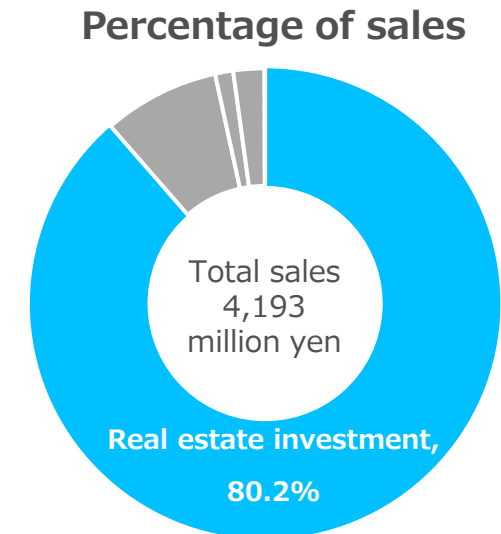
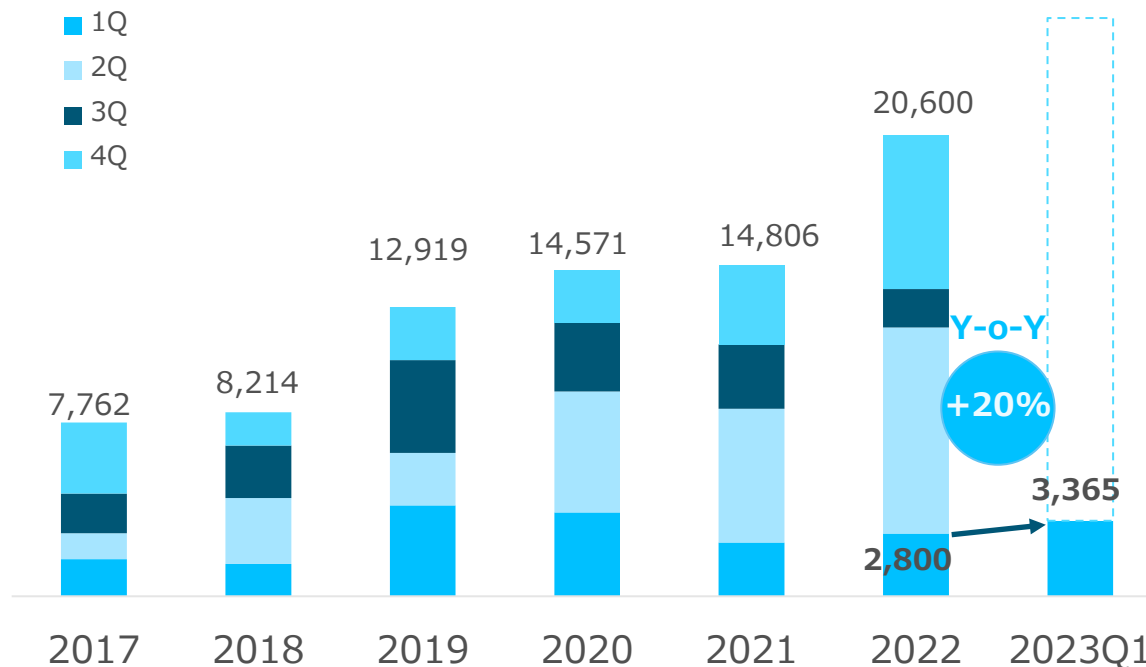
Japan's first real estate crowdfunding business.

Corporate Funding Business Results

【Real Estate Investment Sales】

- Sales in Q1 increased 20% year on year to 3.3 billion yen due to the sales of three properties.
- We have prioritized purchase. We acquired a new hotel in Akasaka, Minato-ku, and three office buildings in Tokyo's central five wards.
- Looking ahead to Q2, we have already signed contracts for both acquisitions and sales, and several projects are already under negotiation.

Net Sales (Real estate investment) (¥ millions)



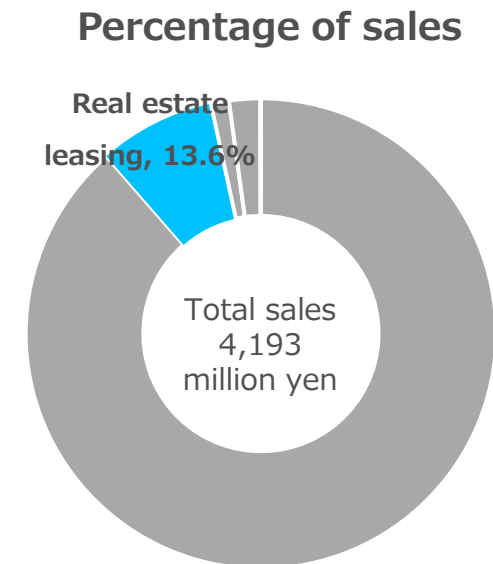
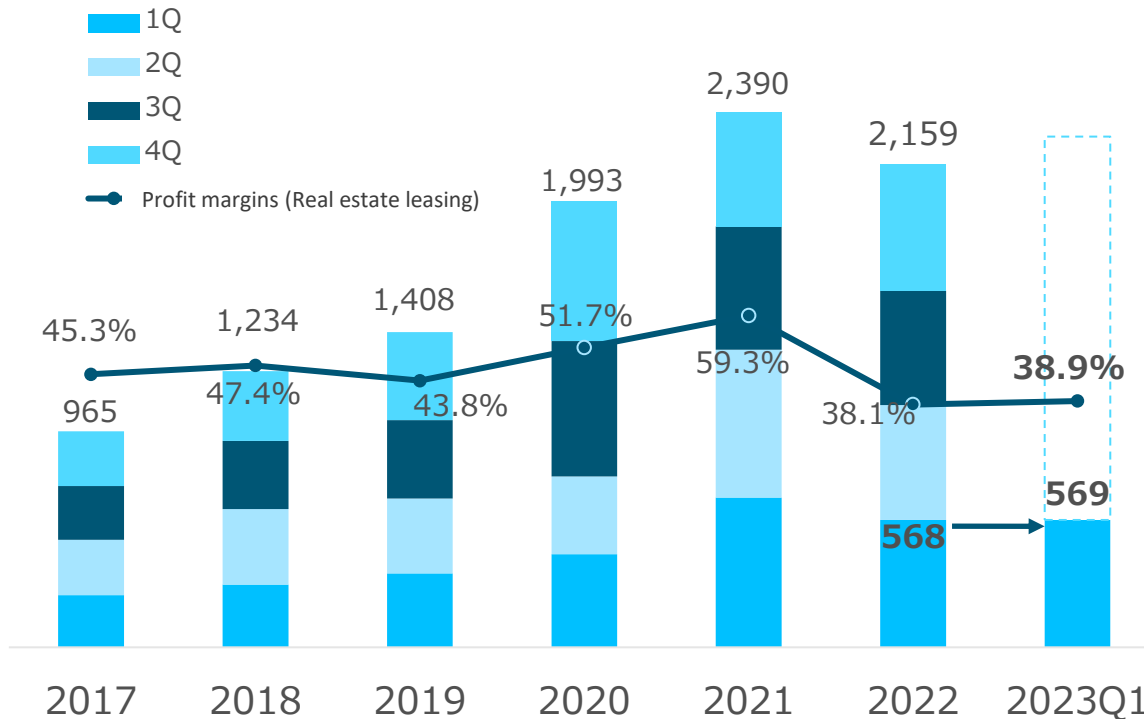
Corporate Funding Business Results

【Real Estate Leasing Sales】

- Sales from "Nest Hotel Tokyo Hanzomon," acquired in July last year, grew considerably, making a great contribution to leasing sales. We expect the hotel in Akasaka, acquired in January this year, to start its operation in Q4, 2023.
- With leasing going relatively smoothly and acquiring fully occupied properties, the real estate leasing business is expected to grow steadily in the fiscal year ending December 31, 2023.

Net Sales (Real estate leasing)

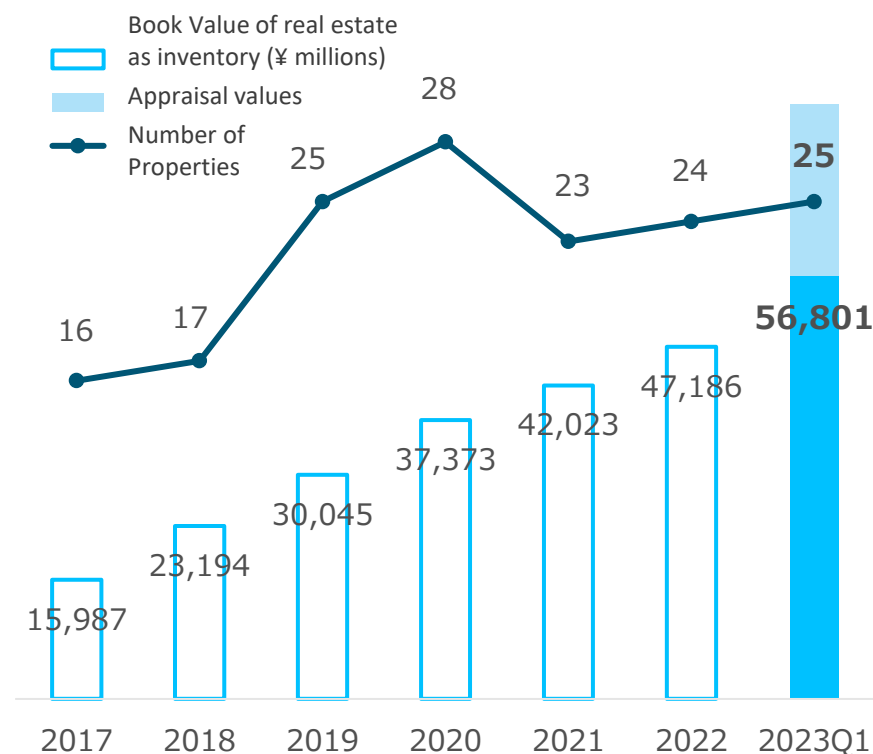
(¥ millions)



Corporate Funding Business Results

- We purchased four large-scale properties in Q1 and have accumulated real estate as inventory as planned.
- Profit margins resulting from the property sales continue to remain high, which validates the market's resilience.

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



Track Record	Sales Price/Purchase Price (excluding expenses, depreciation, etc.)
2019	136%
2020	147%
2021	149%
2022	161%
2023	153%

Number of Properties	Possession	Cumulative sale
Five wards in central Tokyo	20	32
Other wards	3	22
Yokohama	2	1

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

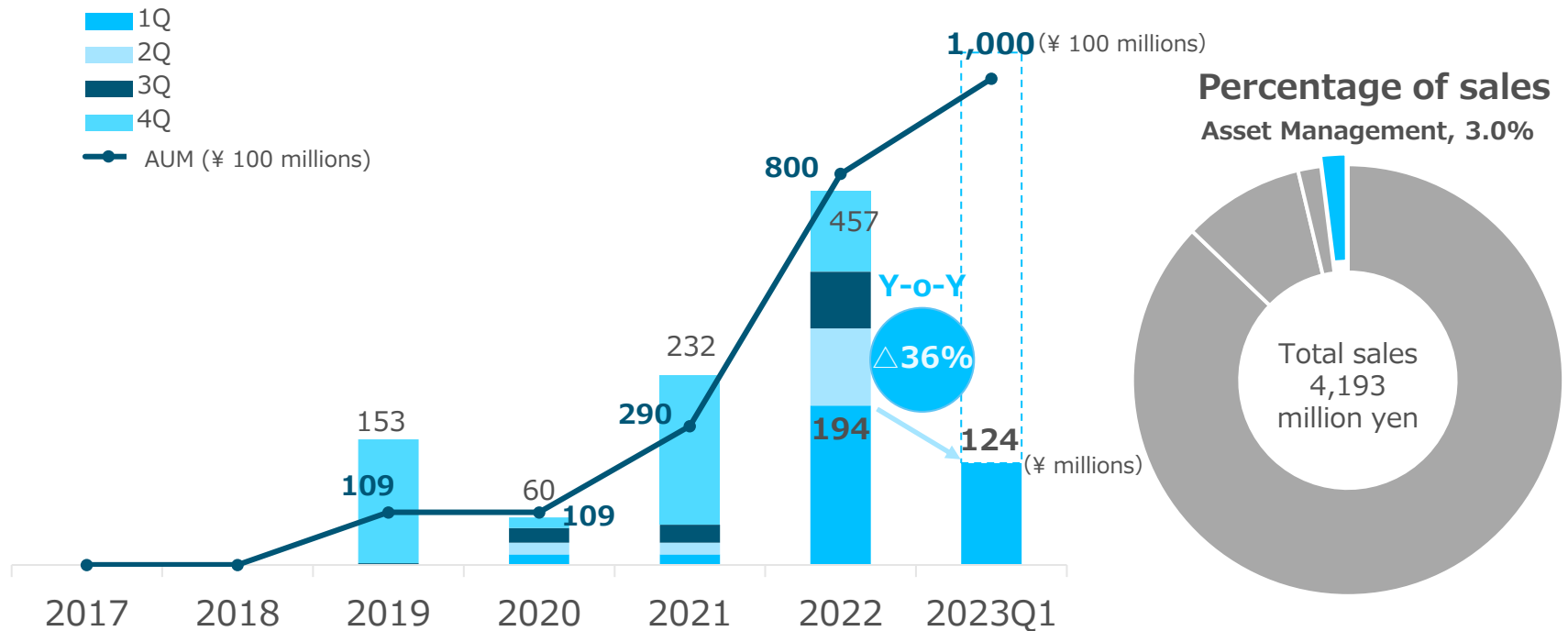
* Five wards in central Tokyo : Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku, Shinjuku-ku



Asset Management Business

- Received a mandate for a large office building deal in Mita, Minato-ku, Tokyo, and exceeded 100 billion yen in AUM.
- Due to limited up-front fees, sales decreased 36% year on year to 124 million yen.
- We received mandates for development projects with settlement dates of 1~2 years later, and for some projects negotiations are underway.

Net Sales and AUM (Asset Management Business)



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Real Estate Tech

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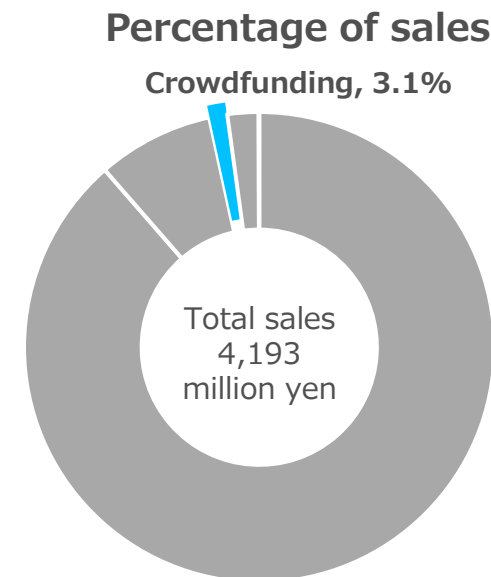
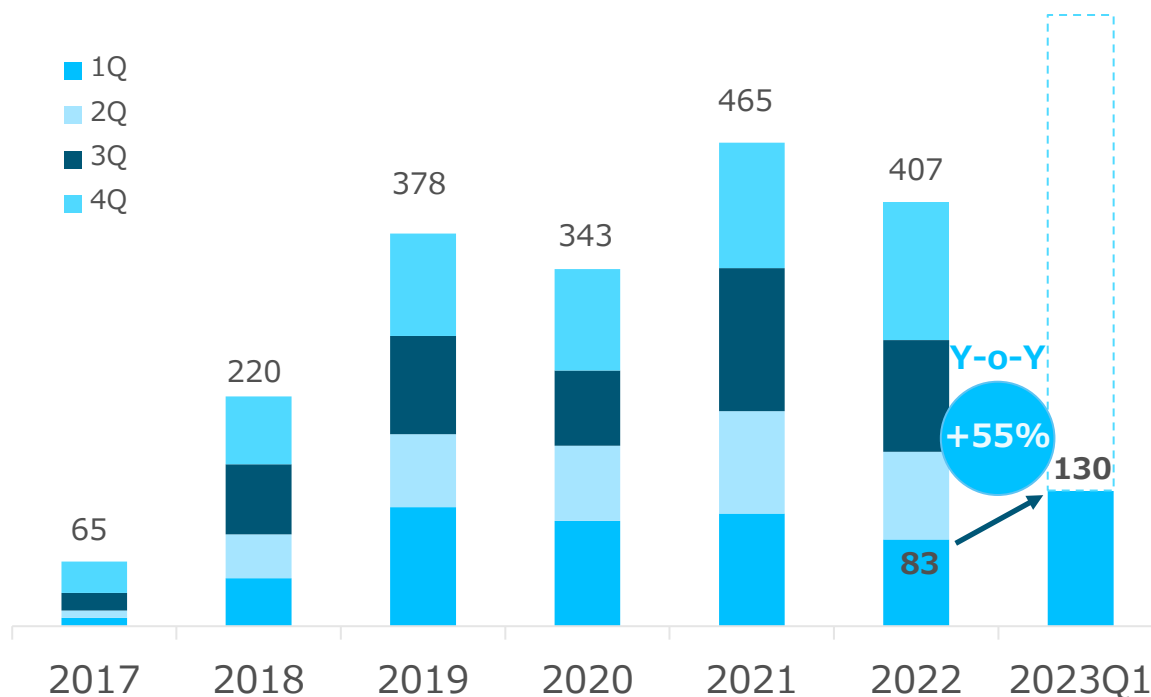


Japan's first real estate crowdfunding business.

Crowdfunding Business Results

- The Crowdfunding business continued to perform well following the 2nd half of last year. As a result, sales increased 55% year on year to 130 million yen.
- Operating loans were 7.5 billion yen, down 10% from the previous fiscal year-end, due to new loans of 2.2 billion yen and redemptions of 3.0 billion yen.

Net Sales (Crowdfunding Business) (¥ millions)



Crowdfunding Business (KPI)

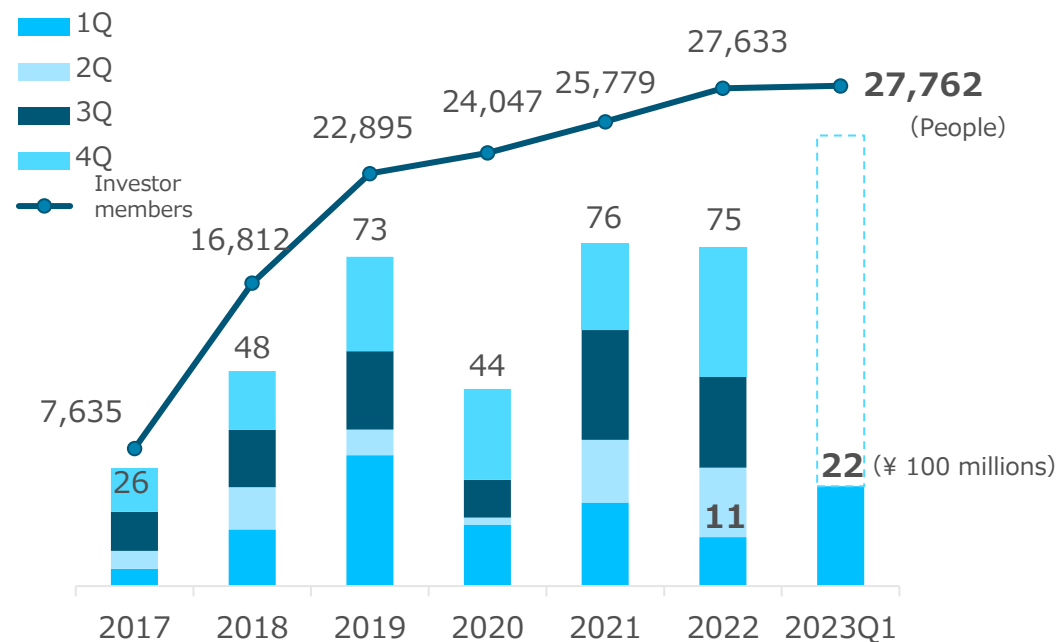
- The number of investor members has grown steadily. Furthermore, the number of shareholders and investor members has been increasing as a result of the shareholder benefits.
- We seek to expand our business by prioritizing the avoidance of exposing our investor members to excessive risk while evaluating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

Investor members **27,762** (People)

Investment Amount **22** (¥ 100 millions)



Investor Members/ Cumulative Investment Amount

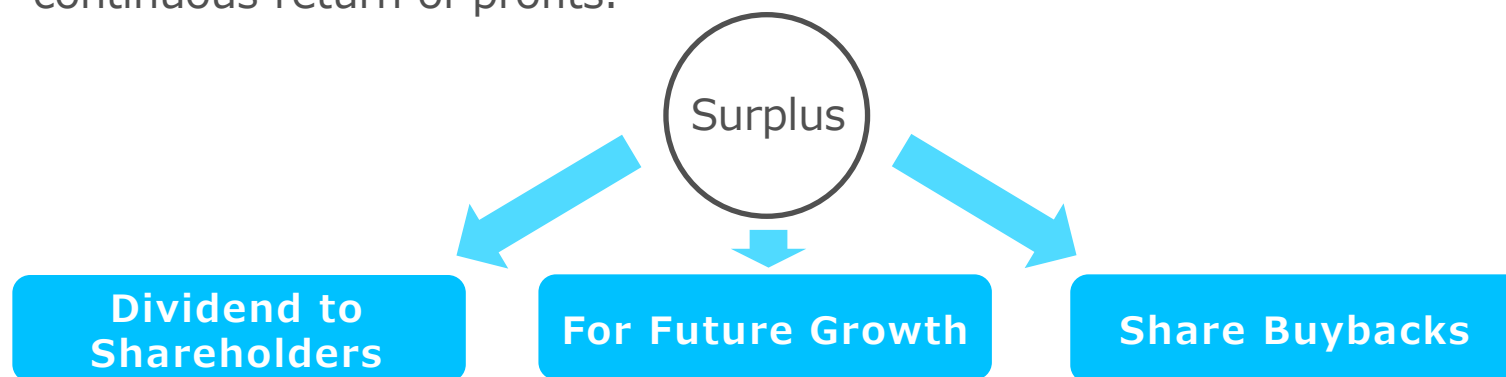


Basic Policy

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

Dividend Policy

- Aiming for dividend payout ratio of 17%, we shall continue stable and continuous return of profits.



	2017	2018	2019	2020	2021	2022	2023 (Forecast)
Dividends per share	¥5.5	¥9.5	¥14.5	¥24.5	¥32.0	¥50.0	¥52.5
Payout ratio	15%	15%	15%	15%	15%	17%	17%

Shareholder Benefits

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

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Forecast for the FY2023 and Real Estate Market Outlook

Forecasts for the fiscal year Ending December 31, 2023

- Although we saw a slightly lower progress in Q1 compared to the original forecast, there is no significant change in the full-year forecast as we have made progress in sales negotiations for a number of properties that are scheduled to be sold in Q2 or later.
- We aim to increase sales and profits for the 11th consecutive fiscal year since the company's foundation. Looking further ahead, we seek to strategically develop our business in order to achieve our mid-term management plan (ending Dec. 31, 2024).

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- ◆ In the office leasing market, the rise in vacancy rates and decline in rent levels have stabilized, and in the transaction market, appetite for investment in Tokyo's real estate remains strong among domestic and overseas investors in Asia. Some overseas investors, who watched the market cautiously due to rising interest rates, have seen the current situation as opportunities and have already started to purchase properties. In conclusion, we believe that the market will remain relatively stable in 2023 considering a post-COVID-19 economic boost and a recovery in inbound demand.
- ◆ Most of the Company's interest-bearing debt is financed by floating interest rates. At present, short-term interest rates are not expected to rise, but even if the impact of a change in the government/BoJ's monetary policy were to affect short-term interest rates, the impact of a 0.25% increase in interest rates would be less than ¥100 million (1-2% of consolidated pretax income), so the impact on our business performance is not expected to be significant. A part of our borrowings is hedged with interest rate swap contracts.
- ◆ While higher interest rates will put downward pressure on real estate prices in the short term, in the mid- to long-term, we expect rents and property prices to rise along with inflation. We believe this will be a positive factor for our business.
- ◆ We continue to monitor the impact of the macro environment on the Tokyo office market, including interest rate hikes in Japan and overseas, financial instability, inflation, and inbound demand.

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