



Loadstar Capital

Q3 FY2023 Financial Results

(Nine months ended September 30, 2023)

Loadstar Capital K.K.

Securities Code: 3482
October, 2023

Mission

Real Estate X Tech to Open Up a New Market

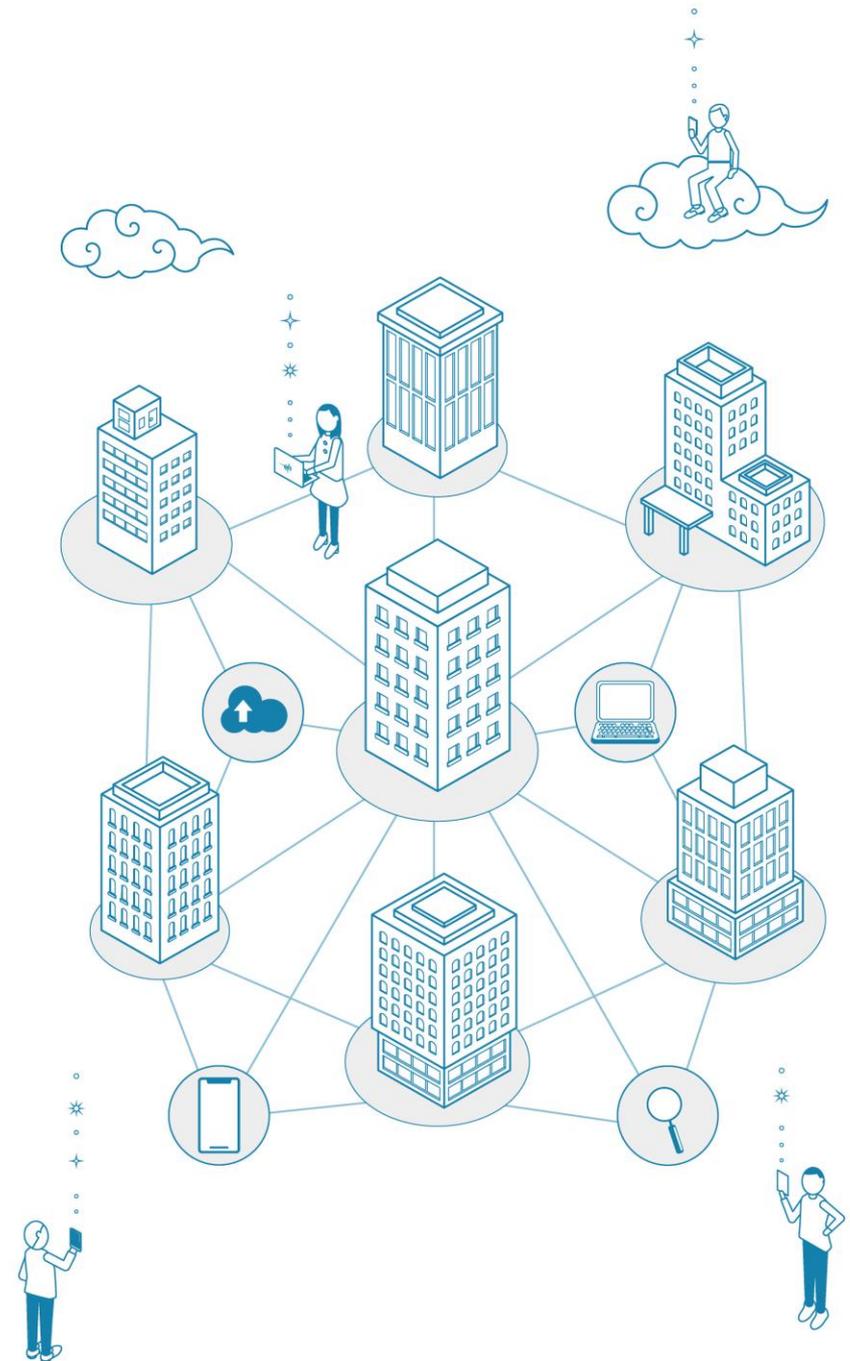


Table of Contents

1 . Topics of the Q3 FY2023 P. 3

2 . Overview of the Q3 FY2023 Financial Results P. 6

3 . Business Overview by Segment P. 11

4 . FY2023 Forecast and Real Estate Market Outlook P. 21

1

Topics of the Q3 FY2023

FY2023 Q3 Financial Results

- We, Loadstar Capital K.K. ("the Company") have achieved solid results in all of our businesses; Corporate Funding, Asset Management, and Crowdfunding.
- We aim to achieve the full-year plan. At the same time, we are looking into the business performance for the next fiscal year and beyond.

	(¥ billions)	% Y-o-Y	% of Forecast
Net Sales	23.8	+49.4%	81.3%
Operating profit	7.0	+18.3%	86.9%
Profit before Tax	6.2	+12.0%	86.0%
Profit	4.2	+11.2%	86.2%
Real estate as inventory	57.9	Change (%) from end of prev. fiscal year +22.8%	
ROE	35%		

① Achieved revenue growth for 11th consecutive fiscal year

As of Q3, consolidated net sales exceeded the previous year's figure, achieving the target of revenue growth for the 11th consecutive year.

② Sold our property and received a mandate for AM

Following Q2, we secured the ongoing AM fees by receiving a mandate for asset management after the sale of our property. AM sales hit a quarterly high.

②Prime Suehirocho



③ JPX-Nikkei Mid and Small Cap Index

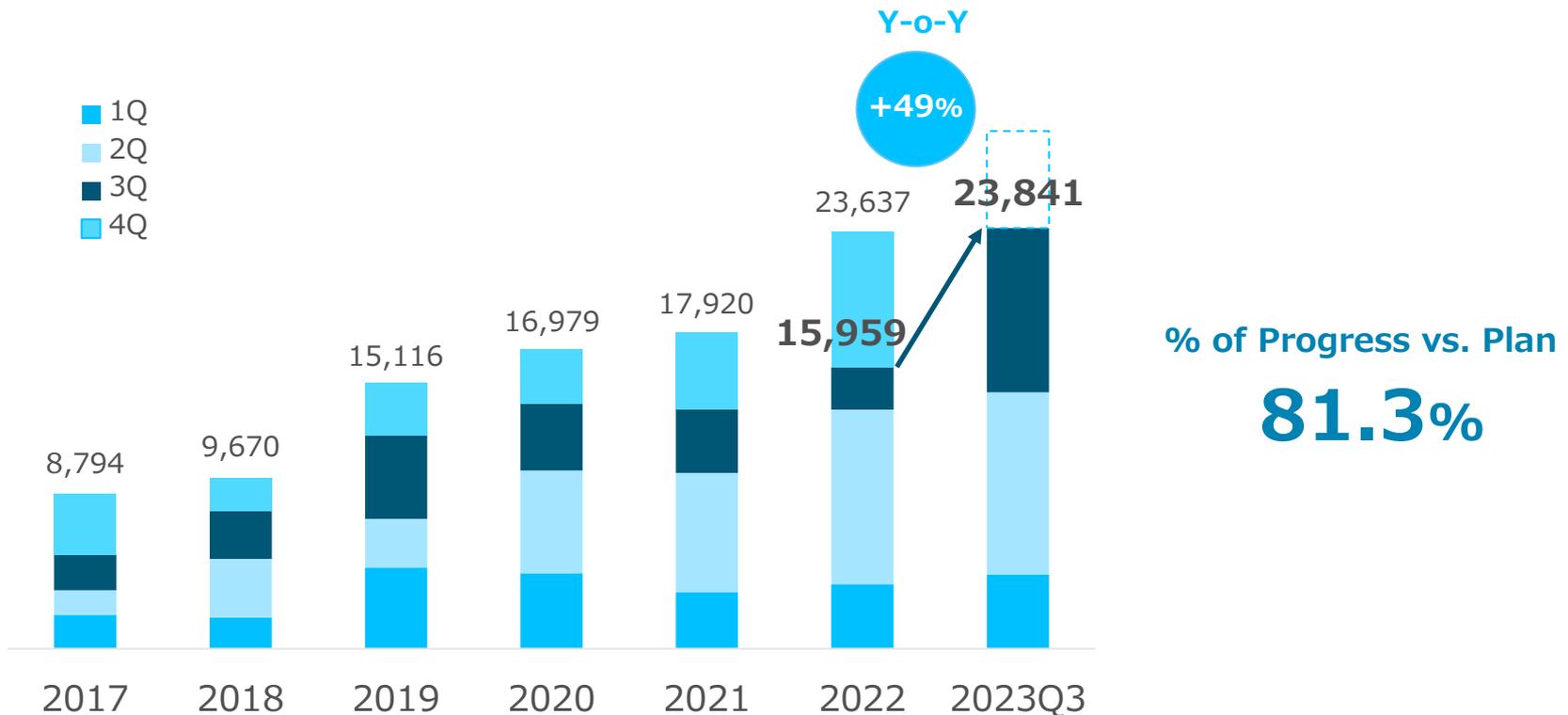
Selected as a constituent of the JPX-Nikkei Mid and Small Cap Index for the fourth consecutive year.

2

Overview of the Q3 FY2023 Financial Results

- Consolidated sales increased 49% year on year to 23.8 billion yen, already exceeding the prior year's sales as of Q3.
- The real estate market has remained strong, and in FY2023, we have engaged in transactions with various industries, including Japanese real estate companies, institutional investors, and corporations.

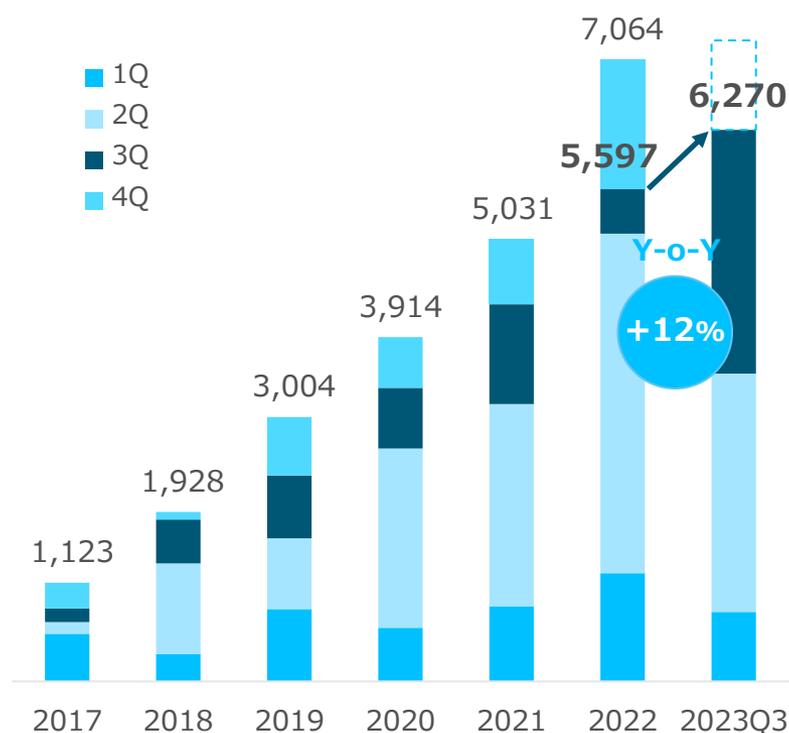
Consolidated Sales (¥ millions)



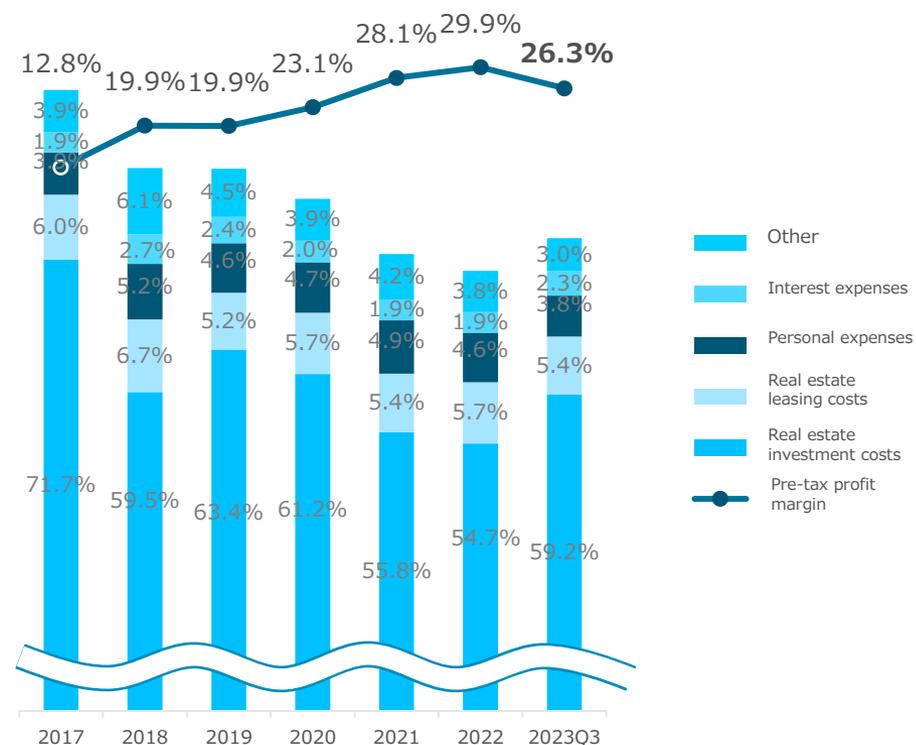
Consolidated Profit before income taxes and Cost Controls

- Consolidated profit before income taxes was 6.2 billion yen, up 12% year on year.
- As we made good progress in acquiring real estate, interest expenses, financing fees, and other costs have increased.
- Regarding the interest rate swaps prepared for potential interest rate hikes, some recorded valuation gains due to market interest rate increase. Depending on the future trends, further valuation gains might be realized.

Consolidated Profit before income taxes (¥ millions)



Cost structure



Consolidated Statements of Income

	FY2023Q3 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	23,841	100.0%	149.4%	81.3%	29,342	100.0%	124.1%
Gross Profit	8,437	35.4%	116.3%	83.3%	10,129	34.5%	108.2%
SG&A expenses	1,382	5.8%	107.2%	68.6%	2,015	6.9%	111.0%
Operating Profit	7,054	29.6%	118.3%	86.9%	8,114	27.7%	107.5%
Profit before income taxes	6,270	26.3%	112.0%	86.0%	7,288	24.8%	103.2%
Profit	4,279	18.0%	111.2%	86.2%	4,965	16.9%	102.5%

Consolidated Financial Position

- We purchased 8 properties including large-scale transactions and sold 10 properties. As a result, the balance of real estate as inventory, our future business foundation, totaled 57.9 billion yen.
- As we successfully sold our properties, the liquidity reached record high. So, we are now keen to purchase properties in Q4 and onward.

(¥ millions)	As of December 31, 2023		
	Amount	% of total	% vs. Dec. 31, 2022
Current assets	76,602	99.0%	117.5%
Cash and deposits	12,663	16.4%	134.7%
Operating loans	5,608	7.2%	66.6%
Real estate as inventory	57,924	74.9%	122.8%
Liabilities	58,824	76.0%	115.5%
Interest-bearing debt	45,088	58.3%	119.4%
Deposits received from silent partnership investors	6,996	9.0%	82.7%
Net assets	18,550	24.0%	125.6%
Total liabilities and net assets	77,374	100.0%	117.8%

• 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 in OwnersBook projects.

• Adjusted net asset ratio excluding deposits from tokumei kumiai (silent partnerships) that do not attribute to the Company was 27%, and this would be even higher considering unrealized gains.

3

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



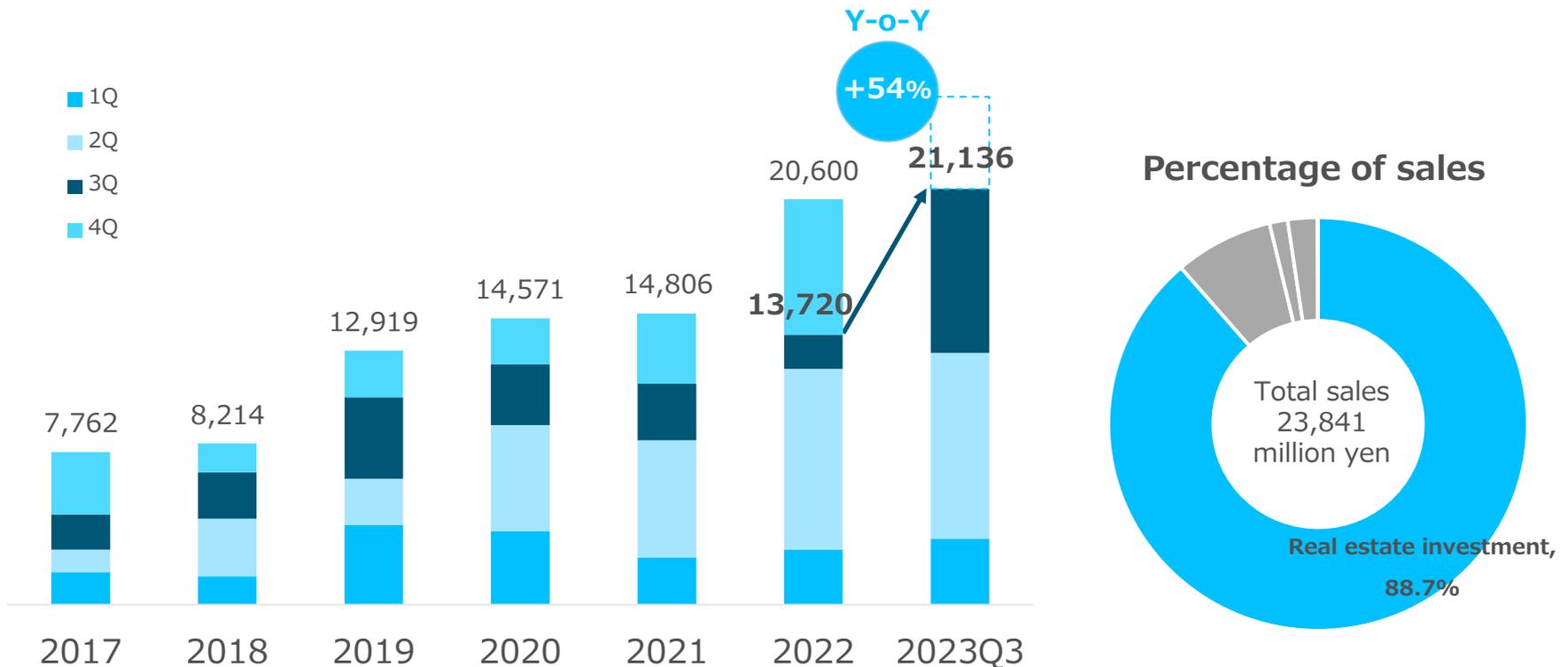
Japan's first real estate crowdfunding business.

Corporate Funding Business Results

【Real Estate Investment Sales】

- Sales in Q3 increased 54% year on year to 21.1 billion yen due to the sales of several properties.
- Given the increased liquidity, we shall focus on purchasing offices, our core business, and hotels toward the fiscal year-end.

Net Sales (Real estate investment) (¥ millions)

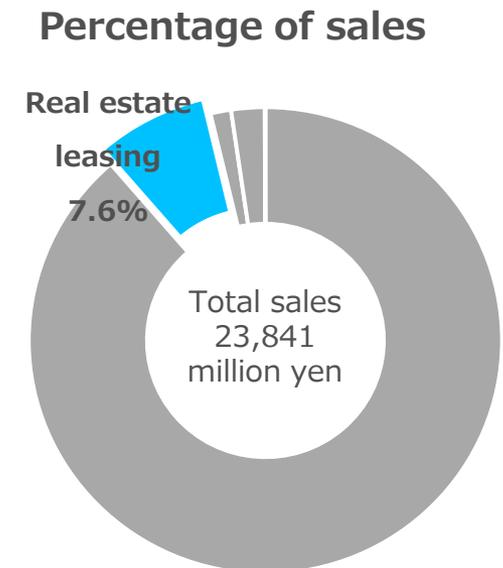
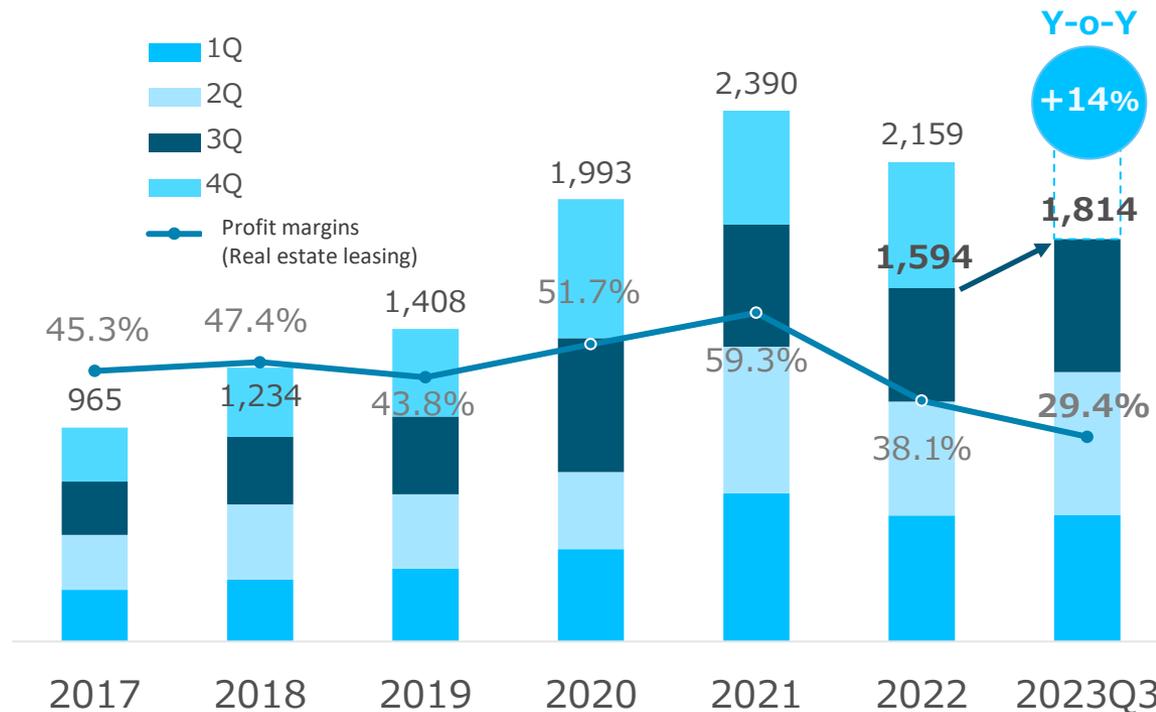


Corporate Funding Business Results

【Real Estate Leasing Sales】

- Our two hotels performed better than expected, capturing demand from both Japanese and foreign visitors.
- Our third hotel, ALFIT HOTEL & BAR AKASAKA, opened in October and is expected to become a rent income contributor.
- Cost of lease revenue becomes slightly higher due to proactive investment in value-adding construction work.

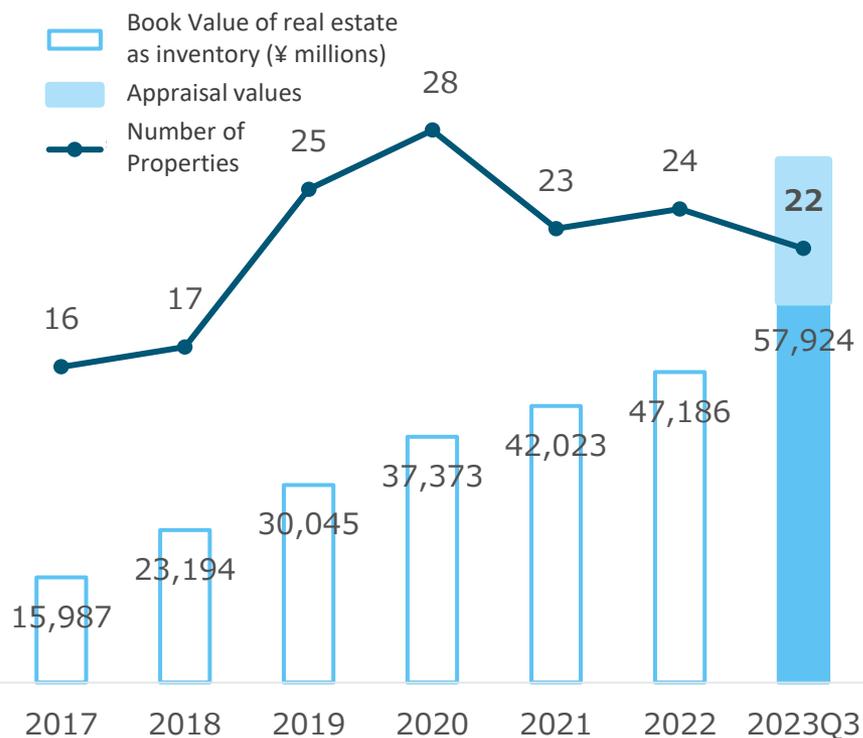
Net Sales (Real estate leasing) (¥ millions)



Corporate Funding Business Results

- Profit margins on property sales continue to remain high, reflecting the market's resilience.
- In FY2023, we purchased 8 properties including large-scale transactions and sold 10 properties. As a result, we have successfully increased the balance of real estate as inventory, our future business foundation, and unrealized gains.

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	159%

Number of Properties	Possession	Cumulative sale
Five wards in central Tokyo	19	37
Other wards	2	23
Yokohama	1	2

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

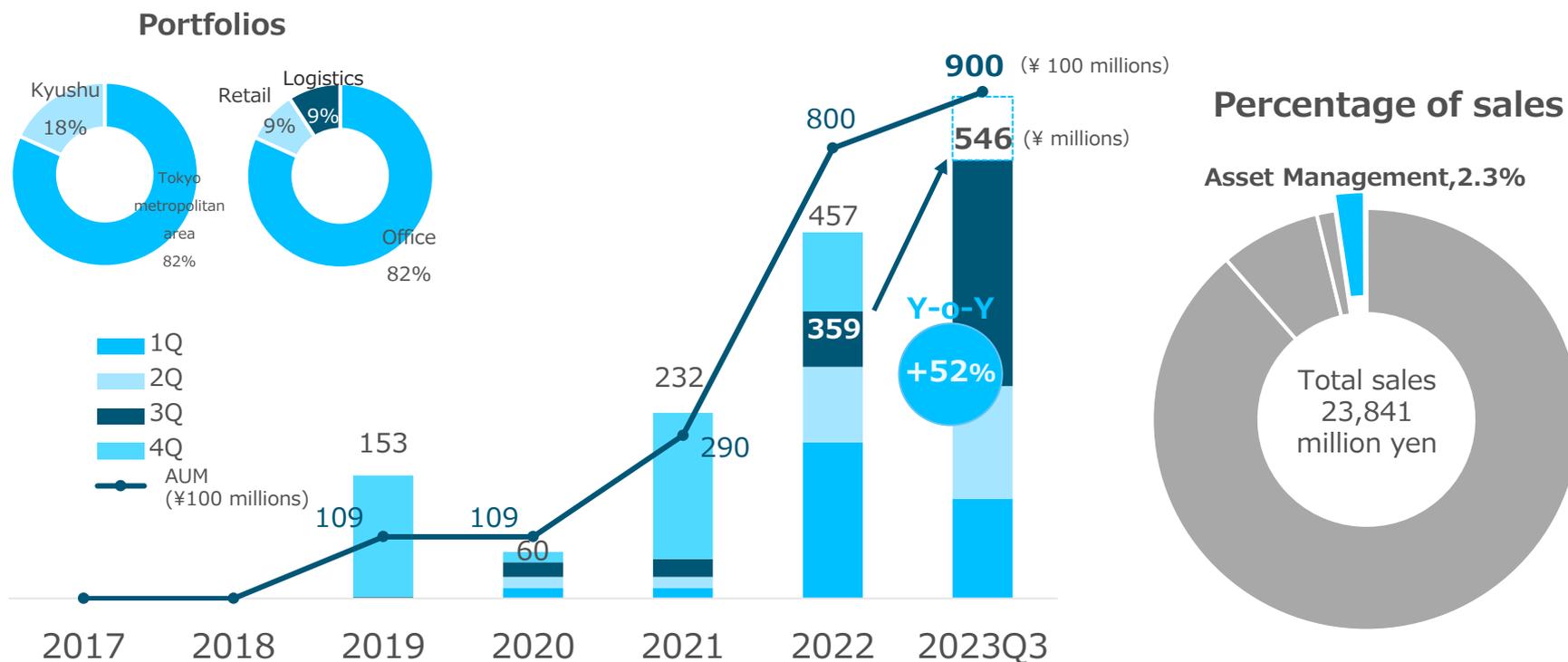


* Five wards in central Tokyo : Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku, Shinjuku-ku

Asset Management Business Results

- Following Q2, we secured ongoing AM fees by receiving a mandate for asset management after the sale of our property.
- AUM decreased due to the sale of some of our assets. However, due to the disposition fees, AM sales increased 52% year on year to 546 million, reaching record high in quarterly earnings.

Net Sales and AUM



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

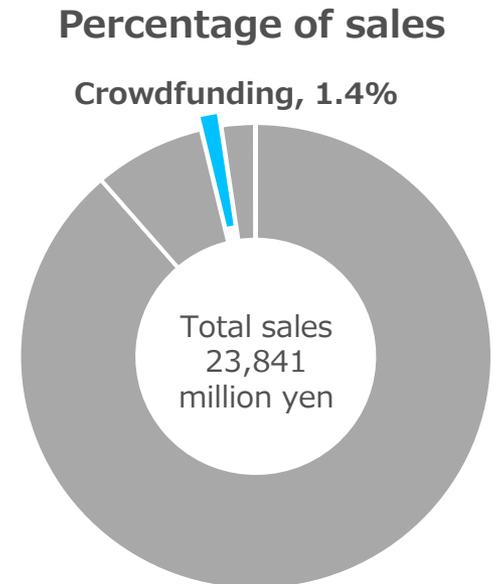
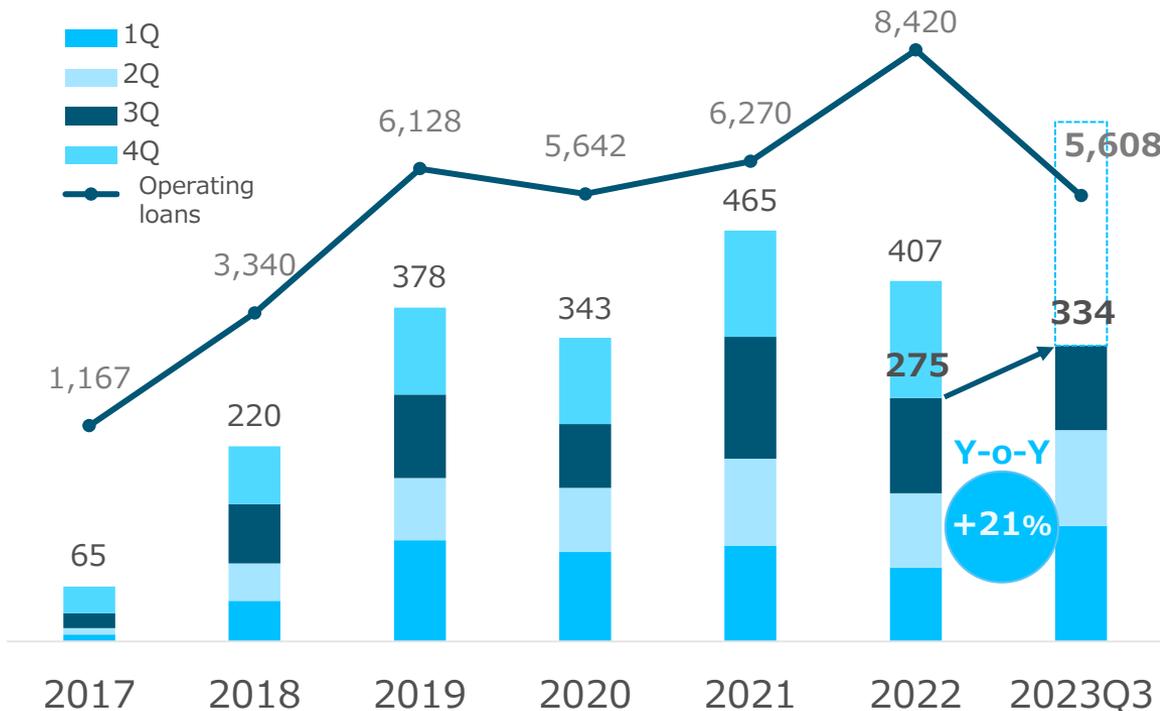


Japan's first real estate crowdfunding business.

Crowdfunding Business Results

- Thanks to the favorable real estate market conditions, the Crowdfunding business performed well, posting sales of 334 million yen (up 21% y-o-y).
- Operating loans decreased 33% to 5.6 billion yen from the previous year-end, due to new loans of 5.5 billion yen and redemptions of 8.3 billion yen.

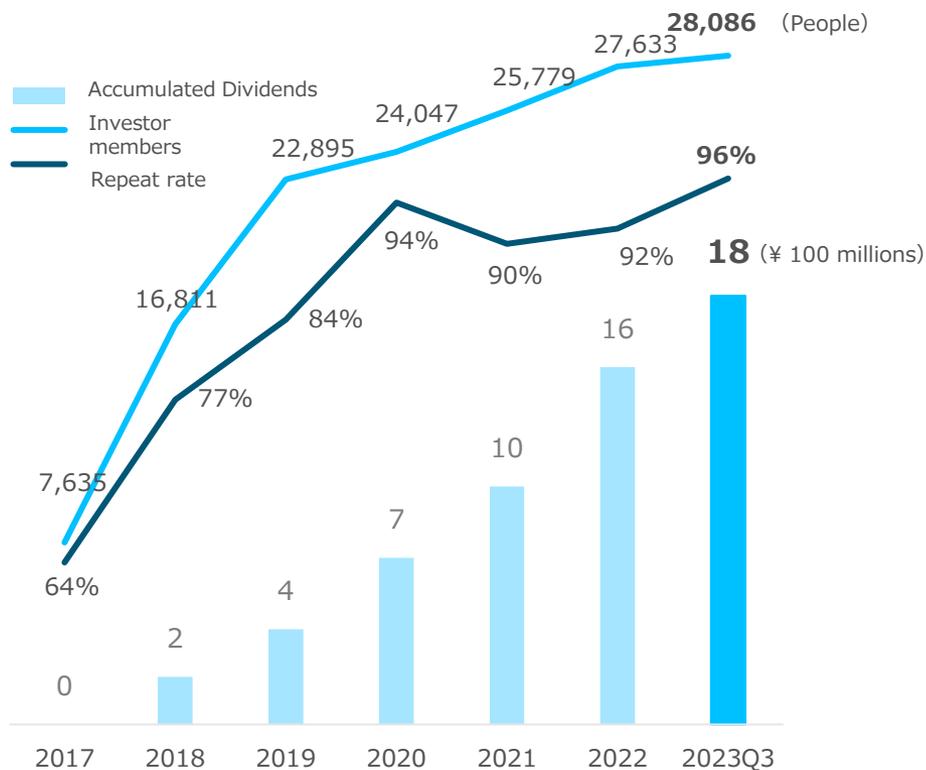
Net Sales and Operating Loans Receivables (¥ millions)



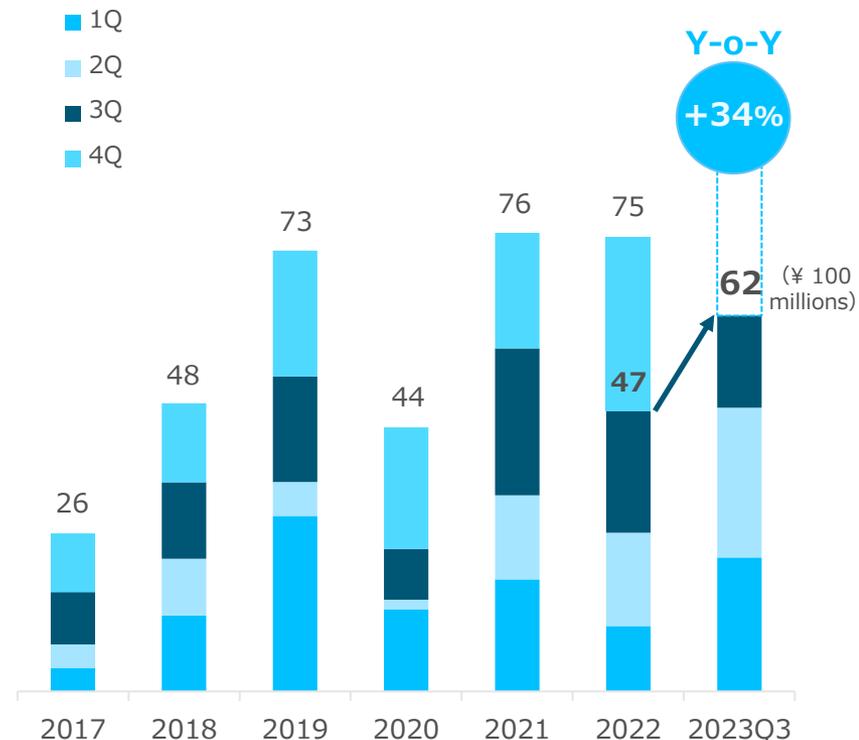
Crowdfunding Business (KPI)

- We launched a new marketing campaign through our official LINE account. Also, to attract new investors, we created special investment allotments for first-time investors to OwnersBook.
- We have set an STO project launch in the medium-term management plan. However, we plan to postpone commercialization in FY2023 as there are still many legal restrictions and it takes more time to align with stakeholders. There is no change in the strategy, and we aim to launch as soon as all the necessary conditions are in place

Investor Members · Repeat Rate · Accumulated Dividends



Investment Amount

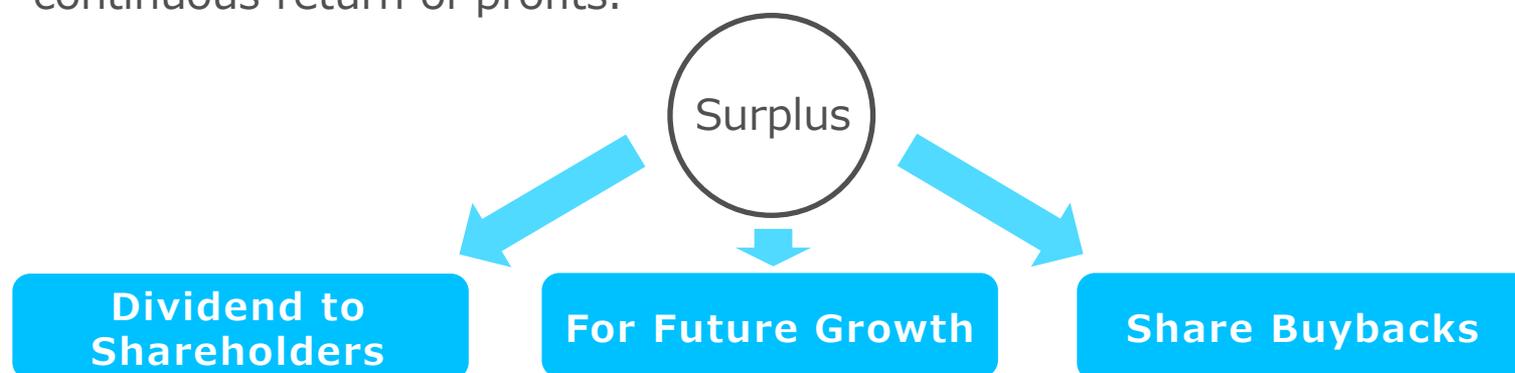


Basic Policy

- 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.

4

FY2023 Forecast and Real Estate Market Outlook

Forecasts for the fiscal year Ending December 31, 2023

- All businesses performed well, and the full-year results are on track.
- We have achieved revenue growth for the 11th consecutive fiscal years since our company's foundation. We will strategically develop our business to increase profits and beyond that to achieve the medium-term management plan (ending December 31, 2024).

	FY2023Q3 Results			FY2023 (Forecasts)		
	Amount	% of Net sales	Progress vs. original forecast	Forecast	% of Net sales	% of the previous fiscal year
(¥ millions)						
Net sales	23,841	100.0%	81.3%	29,342	100.0%	124.1%
Gross Profit	8,437	35.4%	83.3%	10,129	34.5%	108.2%
SG&A expenses	1,382	5.8%	68.6%	2,015	6.9%	111.0%
Operating Profit	7,054	29.6%	86.9%	8,114	27.7%	107.5%
Profit before income taxes	6,270	26.3%	86.0%	7,288	24.8%	103.2%
Profit	4,279	18.0%	86.2%	4,965	16.9%	102.5%

- ◆ Tokyo ranked second in the Global City Ranking by Investment Volume for 1H 2023, a significant increase from 16th place for the full year of 2022. (source: JLL Investment Market Summary, 2Q 2023) Although the real estate investment volume seems to be declining globally due to rising interest rates and increasing vacancy rates, investment in Japanese real estate market, where the yield gap is relatively stable, is expanding and is expected to remain robust. Going forward, depending on how investors in the U.S. and Europe behave in the future, the Japanese market might see a further increase.
- ◆ Most of the Company's interest-bearing debt is financed by floating interest rates. Even if short-term interest rates were to rise, such impact would be limited, estimated to only around 1-2% of consolidated pre-tax income. In addition, we entered into interest rate swap contracts to fix the interest rates for part of the borrowings and hedged risks of interest rate fluctuations
- ◆ While, in the short term, interest rate hikes put downward pressure on real estate prices, in the mid- to long-term, we expect that rents and property prices will rise along with inflation. We believe that this will have a positive impact on our business.
- ◆ We continue to closely monitor the impact of the macro environment on the Tokyo office market, including interest rate hikes in Japan and overseas, interest rates, and inflation, etc. Despite the persistent global inflation, we believe the Japanese market will remain strong.

- The contents of this document are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published in whole or in part, for any purpose without our prior permission. This document is being furnished for informational purpose only.
- This document contains forward-looking statements, including anticipated future results. These are based on current assumptions regarding future events and trends, and there is no guarantee that these assumptions will be accurate. Therefore, Loadstar Capital K.K.'s actual results may differ materially from those described in this document due to various factors.
- Loadstar Capital K.K. prepared its financial statements based on J-GAAP.
- Loadstar Capital K.K. will not necessarily revise any future announcements, etc. regarding future prospects, regardless of future events, unless otherwise required by the disclosure rules.
- Information about companies other than our company is based on publicly known information.
- The contents of this document, including summary notes, quotes, data and other information, are provided solely for informational purposes and not intended for soliciting investment in, or as a recommendation to purchase or sell, any specific products.

Contact:

Loadstar Capital K.K.

(Kanto Local Finance Bureau (FIBO) No.2660)

E-mail ir@loadstarcapital.com