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Notice of Commencement of Handling Collective Investment Project for U.S. Real Estate

As part of efforts to build a third pillar of our business, following our first pillar, the Leasing Fund Business, and our second pillar, the Real Estate Fund Business, which continues to grow, Financial Products Group Co., Ltd. (FPG) are pleased to announce that we will begin handling Japan's first group investment business targeting U.S. real estate (hereinafter referred to as the "U.S. Real Estate Investment Business") with Japanese domestic small- and medium-sized enterprises (SMEs) as target clients.

1. Backdrop

In recent years, the needs of Japanese SMEs to invest in overseas assets have been diversifying. Above all, FPG believes that there is a strong need for asset management in the U.S., where nominal GDP has grown by approximately 300% from 1990 to 2020, and the population has increased by approximately 18% from 2000 to 2020.

In particular, FPG recognizes that investment demand for residential real estate in the U.S. is continuing to increase, as both real estate prices and rents continue to rise in the U.S. market as a whole, even amid the COVID-19 pandemic, reflecting the country's strong fundamentals, as well as its culture of renovating existing homes and offices to increase their value and use them over a long period of time.

Against this backdrop, FPG has decided to introduce a scheme that will be the first of its kind in Japan, which will leverage our deal arrangement capabilities and the investment management capabilities of our wholly-owned subsidiary FPG Securities Co., Ltd., to begin handling the U.S. Real Estate Investment Business while enabling small-lot investments for domestic SMEs, with the first project scheduled to be sold beginning in June, 2022.

2. Key features of FPG's U.S. Real Estate Investment Business

FPG's U.S. Real Estate Investment Business targets large-scale properties with value in excess of 5 billion yen, such as apartment complexes, office buildings and hotels, that are located in urban areas with high demand in the rental and investment markets, where population growth is expected, such as New York, North Carolina, California, Texas, and Florida, and are expected to have stable occupancy and be well maintained. Large-scale properties in this price range are difficult for individual investors and SMEs to invest in, and are often invested in by institutional investors who specialize in large-scale investments, resulting in high liquidity and relatively stable prices. In addition, as in the case of our first project, there are often multiple rental properties in the same area, which is said to be advantageous in terms of risk diversification in the event of vacancies or rent fluctuations, and allows small-lot investments in properties of a scale that would be difficult for SMEs in Japan to invest in on their own.

In addition to leasing products for aircraft, ships, and marine containers in our Leasing Fund Business, and real estate fractional ownership products in our Real Estate Fund Business, FPG will provide new investment management tools and opportunities for risk-diversified investments.

3. Expected Outline of the first project

The first project is a large-scale residential complex consisting of 22 buildings and 416 rental units with a total property value of over 10 billion yen, which is conveniently located with numerous access roads in Elmsford, Westchester County, New York, approximately 35 minutes by car from Manhattan, the center of New York City. The Elmsford area offers a good living environment, nearby Eastchester, Scarsdale, and Hartsdale, which are popular places for Japanese expatriates to live, with a high level of education, and upscale residential neighborhoods scattered throughout the area.

Property outline

Property Name: The View on Nob Hill

Location: Elmsford, Westchester County, New York, U.S.A.

Access: Approximately 35 minutes by car from Manhattan

Number of Houses: 22 buildings and 416 rental units

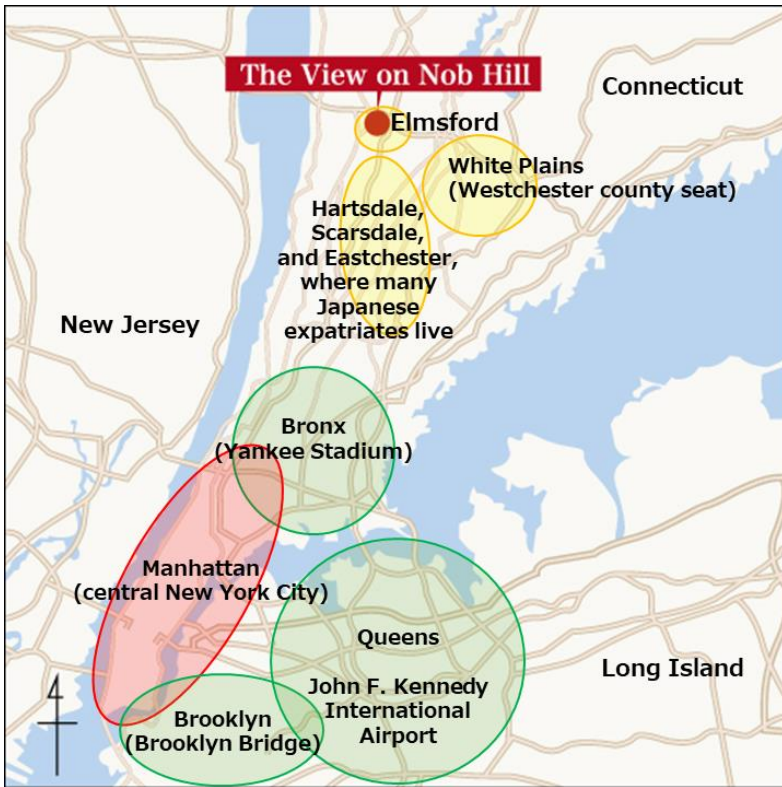
Year of completion: From 1993 to 1994

Net Leased Area: 322,726 ft² (approx. 29,982 m²)

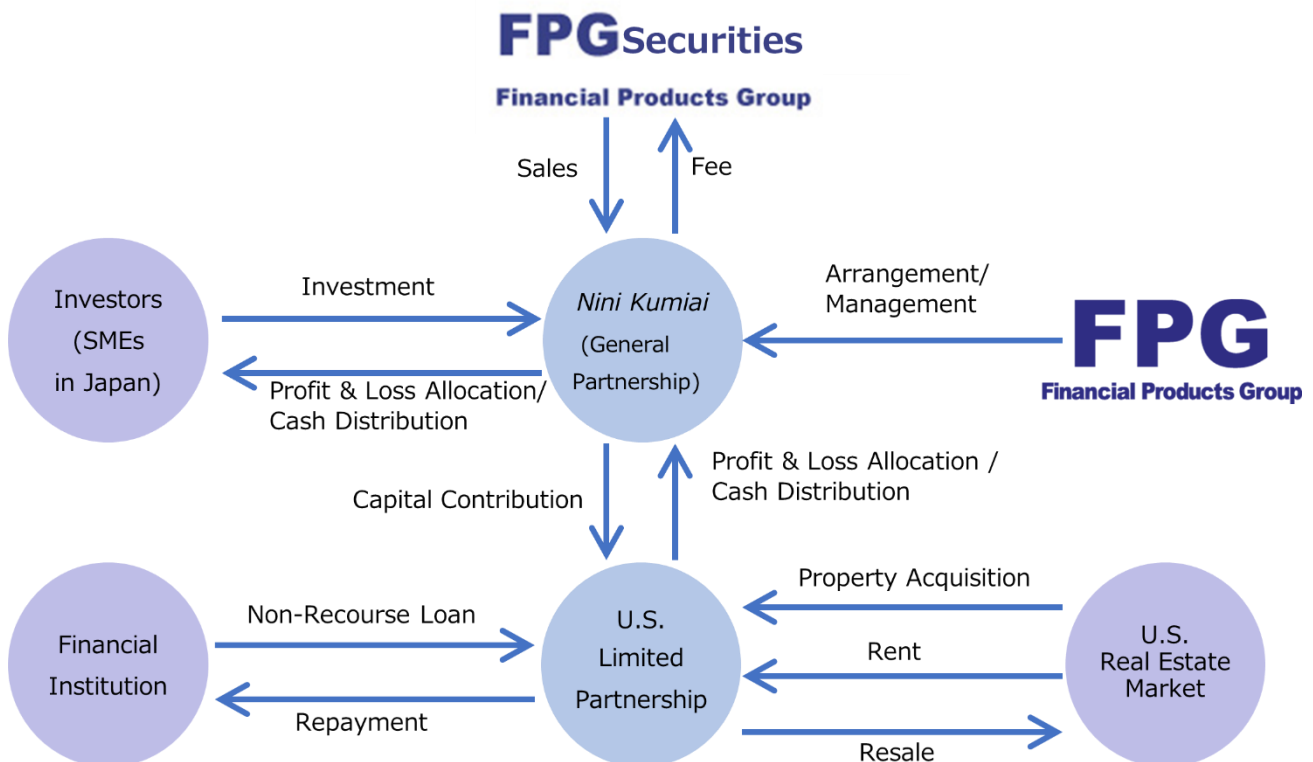
Structure: Wooden construction

Purpose: Housing





4. Structure of U.S. Real Estate Investment Business



(Note) This diagram is an overview to help in understanding the image and may differ from the actual project.

5. Outlook

There is no change to the financial results forecast for the fiscal year ending September 30, 2022, as a result of this matter. However, if it is deemed necessary to revise the forecast, an announcement will be made promptly.