

January 31, 2022
SBI Holdings, Inc.
(TOKYO: 8473)

**Notice Regarding Capital and Business Alliance Agreement with CREAL Inc.
and Acquisition of Its Shares through Third-Party Allotment
(to Make It an Equity Method Affiliate)**

SBI Holdings, Inc. (hereinafter the “Company”) hereby announces that, on January 31, 2023, the Company concluded a capital and business alliance agreement (hereinafter “Capital and Business Alliance Agreement,” and the capital and business alliance under the agreement is hereinafter “Capital and Business Alliance”) with CREAL Inc. (Head Office: Taito-ku, Tokyo; CEO: Daizo Yokota; Securities Code: 2998 hereinafter “CREAL”) and agreed to acquire shares in CREAL by underwriting the capital increase through a third-party allotment (hereinafter “Third Party Allotment”) implemented by CREAL, and acquire a part of the shares held by the asset management companies of Mr. Akinari Tokuyama, the largest shareholder and the Chairperson of the Board of CREAL. Furthermore, after the completion of the acquisition of shares through the Third Party Allotment and the share transfer, CREAL is planned to become an equity method affiliate of the Company.

1. Reason for the Capital and Business Alliance

The SBI Group is striving to provide high-quality, customer-oriented products and services under its Customer-centric Principle in the financial sector, including the Financial Services Business, Asset Management Business, Investment Business and Crypto-asset Business, and the non-financial sector, including the biotechnology and healthcare business and Web3-related business. In recent years, the Group has been expanding its business in the real estate finance area. Specifically, SBI SECURITIES Co., Ltd. (hereinafter “SBI SECURITIES”) underwrote three public real estate security token (hereinafter “ST”) offerings, including Japan’s first public real estate security token offering in July 2021. SBI MONEYPLAZA sells small-lot real estate trust beneficiary interests. It has sold trust beneficiary interests in ten projects valued at over 18 billion yen.

To promote the creation of real estate financial products like those stated above, the Group has been strengthening collaboration with Ascot Corp. (securities code: 3264), which became an equity method affiliate in December 2020, and The Global Ltd. (securities code: 3271), which became a consolidated subsidiary in September 2022. Ascot Corp. engages in the real estate development business, primarily the planning and development of condominiums and offices, and the real estate solution business, particularly the enhancement of the value of used properties. The Global focuses on the development and sale of condominiums for sale and the planning, development and sale of properties for earning income, such as condominiums and offices for rent.

In addition, the Group acquired shares in Tozai Asset Management Co., Ltd., which engages in the asset management business, in June 2021 and acquired shares in SBI REIT Advisors Co., Ltd. (formerly Sojitz REIT Advisors K.K.), the asset management company of NIPPON REIT Investment Corporation (securities code: 3296), a listed real estate investment corporation (J-REIT), in November 2022. The two companies are strengthening the real estate asset management business as consolidated subsidiaries of the Company.

On the other hand, CREAL and related companies of CREAL (hereinafter the “CREAL Group”) operates the asset management platform business. In the asset management platform business, the CREAL Group promotes the digital transformation of the business flow of real estate investment management, including real estate investment, funding, fund management and sales, and invests in real estate efficiently using IT.

One of the features of CREAL is that it handles both online and offline investors as well as a range of investors from entry-level, small-lot investors to professional large-lot investors. The CREAL Group provides real estate-related products and has formulated a policy of offering investment management products other than traditional real estate products, such as open-ended funds which people can invest in online and renewable energy facilities, to meet asset management needs of a wide range of investors.

Against this backdrop, the Company, which endeavors to expand its real estate finance business, and CREAL, with strengths in asset management, primarily real estate investment, agreed to conclude the Capital and Business Alliance Agreement, believing that they will be able to jointly develop business in many different areas. The Company Group will create synergy with CREAL, by leveraging its resources and networks in the real estate finance business, to expand its real estate finance business and offer attractive investment opportunities to investors.

2. Details of the Capital and Business Alliance

(1) Details of the capital alliance

The Company will acquire 550,000 common shares in CREAL through the Third Party Allotment.

Moreover, under the share transfer agreement concluded on January 31, 2023 between SBI SECURITIES, a consolidated subsidiary of the Company, and asset management companies of Mr. Akinari Tokuyama, the largest shareholder and the Chairperson of the Board of CREAL, Bridge-C Holdings Pte Ltd (hereinafter “BCH”) and Bridge-C Advisory Pte Ltd (hereinafter “BCA”), SBI SECURITIES will acquire 237,000 common shares held by BCH and 438,000 common shares held by BCA, a total of 675,000 shares, in a negotiated transaction outside the market on February 20, 2023, to transfer the shares to the Company, and the Company will acquire all the shares that SBI SECURITIES will acquire from SBI SECURITIES in a negotiated transaction outside the market on the same date.

(2) Details of the business alliance

(a) Expanding the lineup of real estate products offered to investors

SBI SECURITIES and SBI MONEYPLAZA, subsidiaries of the Company, will provide information on the real estate investment management services offered by CREAL to the customers of SBI SECURITIES and SBI MONEYPLAZA. In this way, opportunities to invest in new real estate investment products will be offered to the SBI Group’s customers, and CREAL will seek to expand opportunities to contact investors. The services include real estate fund online market (real estate investment cloud funding) “CREAL,” which was ranked No.1 for four consecutive years in a crowdfunding service assets under management survey (Note) and “CREAL Partners,” an asset management product for individual investors, which are offered by the CREAL Group.

(Note) “Crowdfunding service assets under management surveys of specified joint real estate ventures

licensing and approval” conducted by Japan Marketing Research Organization, Inc., in the fiscal years ended July 2019, July 2020, July 2021 and July 2022

(b) Use of a pipeline for purchasing real estate

Although the Company Group has a number of real estate development companies and asset management companies, the Group needs to increase opportunities to acquire good quality real estate to expand business in the real estate finance business area. CREAL plans to create new funds in its real estate fund online market “CREAL” and seeks to expand the real estate that it will acquire and own. Through mutual cooperation, the Company and “CREAL” plans to stably purchase better real estate in collaboration with each other.

(c) Cooperation in the sale of real estate managed by “CREAL”

For the Group to expand its real estate asset management business, it is important to acquire good quality properties in a timely manner and stably maintain a certain number of opportunities to acquire properties. Since “CREAL” manages funds and always has a number of good quality properties, and “CREAL” is a stable source of properties for the SBI Group. The Group is a candidate buyer when “CREAL” sells a fund. The two companies will thus consider cooperation, such as pipeline support.

(d) Cooperation in the ST business

The Company Group’s ST, which use real estate as underlying assets, is similar to the products that CREAL offers in “CREAL” in that both use real estate as underlying assets to sell small-lot investment management products. CREAL thus plans to offer ST products created by the SBI Group in “CREAL”.

(e) Cooperation with the financial institutions that the Company partners with

SBI Shinsei Bank, Limited (stock code: 8303), a subsidiary of the Company, already cooperates with CREAL by providing a loan to CREAL when it created a non-recourse fund. After forming the Capital and Business Alliance, the Company will help expand cooperation between CREAL and SBI Shinsei Bank, Limited and help CREAL cooperate with regional financial institutions, etc. with which the Company has formed partnerships with.

3. Number of shares to be acquired through the Third-Party Allotment and acquisition costs

(1) Number of shares to be acquired	550,000 shares
(2) Acquisition costs	1,074,700,000 yen (1,954 yen per share)

4. Shareholding before and after acquisition due to the Third-Party Allotment and share transfer

(1) Number of shares held before the change	0 shares (Ratio of voting rights held: 0%)
(2) Number of shares to be acquired through the Third-Party Allotment	550,000 shares
(3) Number of shares to be acquired through existing shareholders	675,000 shares
(4) Number of shares held after the change	1,225,000 shares (Ratio of voting rights held: 21.68%)

5. Overview of the capital and business alliance partner

(1) Name	CREAL Inc.
(2) Representative	CEO, Daizo Yokota
(3) Location	2-13-2 Higashi-ueno, Taito-ku, Tokyo
(4) Establishment	May, 2011
(5) Paid in capital	1,293,710 thousand yen (As of end of September 2022)
(6) Business description	Operation of real estate crowdfunding “CREAL” Professional real estate fund business

6. Timetable

(1) Date of conclusion of the Capital and Business Alliance Agreement and the Third-Party Allotment	January 31, 2023
(2) Payment date of the Third-Party Allotment, date of the transfer of shares from the existing shareholders and commencement date of the Capital and Business Alliance Agreement	February 20, 2023 (plan)

7. Future outlook

The Company believes that the impact of the Capital and Business Alliance and the making of CREAL an equity method affiliate on the consolidated business results will be minor.

For further information, please contact:

SBI Holdings, Inc. Corporate Communications Dept., Tel: +81 3 6229-0126