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March 1, 2023

To Shareholders:

Tatsushi Iwano
President, Loadstar Capital K.K.,
9-13, Ginza 1-chome, Chuo-ku, Tokyo

Notice of the 11th Annual General Meeting of Shareholders

We would like to express our sincere gratitude for your continued support.

We will hold our 11th Annual General Meeting of Shareholders as follows.

When convening this Annual General Meeting of Shareholders, Loadstar Capital K.K. (hereinafter referred to as “the Company”) has taken measures to provide materials containing information to be stated in Reference Documents for the Shareholders’ Meetings and other related documents (matters to be provided electronically) in electronic format.

We have posted “Notice of the 11th Annual General Meeting of Shareholders” on our website, so please visit our website described below for your reference.

The Company’s website:

<https://loadstarcapital.com/ja/ir/library/meeting.html>

You can also find matters to be provided electronically on the website as follows.

<https://d.sokai.jp/3482/teiji/>

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the reference documents for the Annual General Meeting of Shareholders described below and display your affirmation or opposition with the proposal on the attached proxy form, and return it to us by 6:00 p.m. (JST) on Wednesday, March 22, 2023.

1. Date and time Thursday, March 23, 2023, 10:00 a.m. (JST)
2. Location Tokyo Convention Hall 5th floor TOKYO SQUARE GARDEN

3. Meeting Agenda

Matters to be Reported

1. Business Reports, Consolidated Financial Statements, and Results of Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 11th Fiscal Year (January 1, 2022 to December 31, 2022)
2. Non-Consolidated Financial Statements for the 11th Fiscal Year (January 1, 2022 to December 31, 2022)

Matters to be Resolved

- Proposal 1 Appropriation of Retained Earnings
- Proposal 2 Election of five Directors

4. Treatment of the Exercise of Voting Rights

If you exercise your voting rights in writing without indicating your vote for or against a proposal, you will be deemed to have approved that proposal.

Please keep in mind your physical condition when you attend the meeting. In addition, please submit the attached proxy form to the venue.

Any amendments to the Annual General Meeting of Shareholders reference documents, business reports, financial statements and consolidated financial statements will be posted on our website and the PRONEXUS

Inc.'s website with matters before and after the amendments.

(Attachment)

Business Report(From January 1, 2022
to December 31, 2022)

1. Current status of the Loadstar Group

(1) Status of business for the current fiscal year

① Business progress and results

In 2022, the Japanese economy showed signs of picking up as inbound demand recovers due to easing of immigration restrictions and a weaker yen, despite concerns about the global economic outlook. We, however, continue to closely monitor economic trends including a reduction in monetary easing by the Bank of Japan.

In the real estate and real estate finance sectors, to which the Loadstar Group belongs, particularly in the B to B office real estate market, according to Miki Shoji Co., Ltd.'s latest office building market data (for December 2022), the vacancy rate for existing office buildings in Tokyo's five central wards (Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku) is 6.21%, indicating that the upward trend seen until last year has slowed down and remained almost flat.

In its seventh urgent survey on the impact of COVID-19 on teleworking released by Persol Research and Consulting Co., Ltd. on August 30, 2022, the teleworking adoption rate was 41.2% for companies with 10,000 or more employees, 24.1% for companies with 100–999 employees, and 14.2% for companies with 10–99 employees. This shows a slight decrease from the previous survey, indicating a trend toward returning to the office. We do not expect any significant impact on occupancy rates in medium-sized office buildings, our core business, as the continuing demands from small and mid-size companies are solid.

The average rent per tsubo in Tokyo's five central wards was ¥20,059 as of December 31, 2022. The average rent for existing office buildings that we invest in was down 2.7% from December 2021, a smaller fall than the 11.9% decline in rent for new office buildings.

Meanwhile, in the Tokyo office building trading market, the investment appetite among domestic and overseas real estate companies and funds remains robust mainly due to the aggressive lending stance of domestic financial institutions, a high yield gap with interest rates remaining lower than in other countries even amid ongoing global inflation and interest rate hikes, and a tailwind from the weaker yen.

In this environment, in the Corporate Funding Business, we made progress with sales of Company-owned properties while also acquiring new properties that will provide a foundation for future growth.

In the Asset Management Business, we received multiple mandates for asset management services, including transactions relating to large buildings in central Tokyo.

In the Crowdfunding Business, even with the aggressive lending stance of other financial institutions, we made steady progress in structuring loan-type products as a result of deals with both existing clients and new clients.

As a result of these activities, net sales in the Fiscal year ended December 31, 2022, totaled ¥23,637 million (up 31.9% compared with the previous fiscal year of 2021), operating profit was ¥7,545 million (up 34.3%), ordinary profit was ¥7,230 million (up 35.7%), and profit attributable to owners of the parent amounted to ¥4,843 million (up 39.7%).

Overviews of operating performance by key services are as follows. Because the Group has a single segment, information is categorized by service rather than by segment.

(a) Corporate Funding Business

1) Real estate investment

Real estate investment sales totaled ¥ 20,600 million (up 39.1% compared with the previous fiscal year of 2021) due to the sale of seven properties. For two of these properties, we received mandates to manage the assets after disposal, securing ongoing incomes.

2) Real estate leasing

Seven properties were sold and eight properties were acquired. Real estate leasing sales reached ¥ 2,159 million (down 9.7%) due to the sale of large properties and aggressive investment for future growth in

empty buildings etc. Furthermore, we have been actively investing with the aim of capturing inbound demand. We opened Chisun Hotel Yokohama Isezakicho in June 2022, and then acquired Nest Hotel Tokyo Hanzomon in July 2022. In 2023, we have acquired a hotel in Minato-ku, Tokyo.

(b) Asset Management Business

Asset Management Business sales totaled ¥457 million (up 96.8%) due to acquiring new asset management projects. As of December 31, 2022, assets under management (AUM) totaled approximately ¥80,000 million (AUM of approximately ¥29,000 million as of the fiscal of 2021), surpassing the initial forecast.

(c) Crowdfunding Business

In the fiscal year under review, 33 loan-type transactions totaling ¥7,533 million were executed (down 0.9% year on year) while loans totaling ¥ 5,383 million were redeemed. As a result, the operating loans were ¥8,420 million (up 34.3% compared with the end of fiscal year of 2021) and Crowdfunding Business sales totaled ¥ 407 million (down 12.4%).

(d) Other

The total was ¥13 million due to property management revenue, etc.

Net Sales by Business Segment

Business Segment ^s	10 th Fiscal year ended December 31, 2021		11 th Fiscal year ended December 31, 2022		Change YoY	
	Amount (Millions of yen)	% of total	Amount (Millions of yen)	% of total	Amount (Millions of yen)	Change (%)
Corporate Funding Business (Real Estate Investment)	14,806	82.6	20,600	87.1	5,793	39.1
Corporate Funding Business (Real Estate Leasing)	2,390	13.3	2,159	9.1	△231	△9.7
Asset Management Business	232	1.3	457	1.9	224	96.8
Crowdfunding Business	465	2.6	407	1.7	△57	△12.4
Other businesses	25	0.1	13	0.1	△11	△47.2
Total	17,920	100.0	23,637	100.0	5,716	31.9

② Status of Capital expenditure

The Loadstar Group (hereinafter referred to as “the Group”) relocated its head office to accommodate an increase in personnel in line with business expansion and to improve operational efficiency. Investments in interior facility work associated with the relocation resulted in an increase of ¥148 million in property, plant and equipment.

③ Status of Financing

In order to secure stable earnings by expanding our Corporate Funding Business and stabilize our businesses by steadily growing our assets, we formulate and execute efficient financial strategies in accordance with market conditions. In the fiscal year, the Company borrowed ¥14,370 million to purchase properties.

(2) Status of operating results and assets

① Trends in operating results and assets of the Group

	8th Fiscal year ended December 31, 2019	9th Fiscal year ended December 31, 2020	10th Fiscal year ended December 31, 2021	11th Fiscal year ended December 31, 2022
Sales (million yen)	15,116	16,979	17,920	23,637
Ordinary Profit (million yen)	3,272	4,168	5,327	7,230
Attributable to owners of parent (million yen)	2,077	2,700	3,465	4,843
Earnings Per share (Yen)	97.42	152.48	211.50	301.69
Total Assets (million yen)	44,337	51,156	56,983	65,704
Net assets (million yen)	7,821	7,721	10,847	14,769
Net assets per share (Yen)	364.69	469.92	656.46	906.11

② Trends in operating results and assets of the Company

	8th Fiscal year ended December 31, 2019	9th Fiscal year ended December 31, 2020	10th Fiscal year ended December 31, 2021	11th Fiscal year ended December 31, 2022
Sales (million yen)	14,747	16,644	17,258	22,767
Ordinary Profit (million yen)	2,874	3,836	4,769	6,792
Attributable to owners of parent (million yen)	1,989	2,649	3,294	4,665
Earnings Per share (Yen)	93.33	149.59	201.04	290.61
Total Assets (million yen)	37,986	44,665	46,691	55,035
Net assets (million yen)	7,645	7,494	10,333	14,076
Net assets per share (Yen)	356.48	456.04	625.14	863.04

(3) Information on Principal Subsidiaries

Name	Capital or investments in capital	Equity ownership	Main business
Loadstar Funding K.K.	¥25 million	100.0%	Money lending business
Loadstar Investments K.K.	¥50 million	100.0%	Asset Management business Crowdfunding business

(4) Issues to be addressed

The followings are the issues that the Group currently needs to address.

① Sustainable growth of the Corporate Funding Business, which serves as the management foundation

a. Establishing a stable management foundation

We aim to establish a stable management foundation by increasing the balance of real estate owned in order to cover the company's fixed costs with profits from real estate leasing. In addition, we will accumulate investment know-how internally by moderately selling properties in conjunction with new acquisitions, improve the profit margin for each project, and manage our investment portfolio with an awareness of promoting business growth. Although the current environment for acquiring properties is more difficult than in normal years, we intend to acquire properties that meet our standards and gradually increase the size of our properties through our strengths in assessing properties, our proprietary network and speedy decision-making.

b. Strengthening and maintaining the purchasing system

Our main area of investment, Tokyo's 23 wards, is limited in scope, so we believe it is important how quickly we collect information and swiftly respond amid competition from other companies. We have members with experience in acquiring, managing and selling dozens or hundreds of properties in the past, and we respond by swiftly conducting everything from due diligence to decision-makings on acquisitions. We will also continue to strive to strengthen our purchasing system by acquiring talented personnel, and accumulating business-related knowledge, experiences, and investment know-how.

c. Increasing added value

In the real estate market, there are some properties with potential to add value due to lack of proper management and operation. We will increase the added value of our properties by acquiring such properties, carrying out renovation work to increase the value of the properties, improving occupancy rates and

profitability by conducting appropriate leasing (attracting tenants to vacant properties and revising contracts to fare rents relative to surrounding rents), and working to reduce management costs.

d. Increasing added value

In acquiring properties, we raise funds from financial institutions. Most of these funds are raised at floating interest rates. Therefore, a rise in short-term interest rates following the fluctuations in long-term interest rates can have an impact on our profit and loss. Although, we currently do not believe that any immediate impact from a rise in short-term interest rates is likely to occur, we continue to closely monitor the Bank of Japan's actions and the economic trends. Furthermore, we hedge against interest rate fluctuation risk in part based on the interest rate swap agreement.

② Strengthen Asset Management Business

Although there are many overseas investors interested in Japanese real estate, it is mainly the major real estate companies that provide real estate information for overseas markets, and supply has not kept pace with demand due to the impact of COVID-19 and the relatively small number of contact points at each company. We have a large number of members with experience working for overseas investment funds and overseas asset management companies, and we have strengths in real estate-related services for overseas investors. Therefore, we will continue to aim to earn revenues by dealing with overseas investors and companies with many networks with overseas investors as business partners. In light of the recent developments relating to the COVID-19 pandemic, the Company is stepping up its approach to domestic investors where there is robust demand.

③ Business aimed at opening the real estate investment market to individual investors

The Group is working to open up the real estate investment market to individual investors by the power of IT under the mission of "Real Estate x Tech to Open Up a New Market." Specifically, we provide crowdfunding services.

Issues to be addressed in the Crowdfunding Businesses include an increase in the number of projects originated and an increase in the number of investors and investment amounts. To resolve these issues, the Group is increasing sales personnel and project acquisitions by promoting digital transformation (DX), such as the introduction of sales force automation (SFA) and other systems. In addition, the Group is striving to improve UI/UX (user interface/user experience) by expanding systems and renewing websites, and also aiming to increase the number of investors and investment amounts through media exposure and seminars.

Furthermore, we are looking to create a secondary market for crowdfunding investments through STO (Security Token Offering) by using blockchain technology in order to solve the above-mentioned issues.

Since the Crowdfunding Business is a new business model, progress of the business could be impacted by misconduct caused by a crowdfunding company, which may tarnish the image of the industry in general, or revisions to laws and regulations that are unfavorable to the Group. To address such issues the Company works with the Public Relations and Board of Directors to respond to misconduct and other incidents in the crowdfunding industry and keeps up to date with the latest developments regarding revisions to laws and regulations to ensure it is able to respond as needed.

④ Securing and Developing Human Resources

For the sustainable development of the Group, it is necessary to secure excellent human resources. To this end, we will not only strengthen the recruitment of excellent human resources, but also strive to foster an open corporate culture and provide a workplace environment in which individuals can grow more individually in order to prevent the outflow of excellent human resources. In addition, the Company revised its internal rules and regulations to advance diversity, equity, and inclusion in the workplace in an effort to provide flexible working environments etc. in which all employees can play active roles.

⑤ Strengthening the Internal Control System

The Group expects steady business growth in the future. Going forward, we will continue to recruit talents with a high level of expertise and a wealth of experiences. At the same time, we will further strive to enhance corporate governance by strengthening our internal management system.

⑥ Contributing toward SDGs

The Group has established the SDG Initiative Promotion Committee to advance initiatives that contribute to the achievement of the Sustainable Development Goals. The Group is also moving to clearly identify the societal issues it ought to work on addressing while also providing environments that motivate officers and employees in their work and enable them to grow and develop. As part of its Sustainable Development Goal-related initiatives, the Group is also working to reduce its CO2 emissions by switching to the use of renewable energy sources at some of the properties it holds.

(5) Principal Businesses (As of December 31, 2022)

Business Segments	Operations
Corporate Funding Business	Real estate sales, leasing, and management of medium-sized office buildings, etc., centered on the 23 wards of Tokyo
Asset Management Business	Advice on formulating strategies for institutional investors, including the acquisition, management, and sale of investment real estate, and management of investment real estate
Crowdfunding Business	Offering investment from general investors through crowdfunding, investing in special purpose companies that acquire real estate, or lending to corporations secured by real estate with the money invested, and the management thereof
Other Businesses	Real estate brokerage, property management and consulting, etc.

(6) Principal Offices (As of December 31, 2022)

① The company

Name	Location
Head Office	Chuo-ku, Tokyo

② Subsidiaries

Name	Location
Loadstar Funding K.K.	Chuo-ku, Tokyo
Loadstar Investments K.K.	Chuo-ku, Tokyo

(7) Employees (as of December 31, 2022)

Employees of the Group

Number of Employees	Year-on-year change	Average age	Average years of service
64(6)	12(-)	41.3 years old	3.3 years

(NOTE) The number of employees is the number of employed people (excluding those seconded from the Group to outside the Group and including those seconded from outside the group to the Group). The average number of part-time and temporary staff per year is shown in parentheses.

(8) Principal Lenders (as of December 31, 2022)

Lender	Outstanding Balances
Sumitomo Mitsui Banking Corporation	10,497 million yen
Asahi Shinkin Bank	6,993
Mizuho Bank, Ltd.	5,078
Seibu Shinkin Bank	4,840
Kiraboshi Bank, Ltd.	2,704

(9) Other important matters concerning the current status of the Group

The Company relocated its head office to 9-13 Ginza, 1 cho-me, Chuo-ku, Tokyo, as of November 28, 2022.

2. Current status of the Company

(1) Investor information (as of December 31, 2022)

- ① Total Number of Shares authorized 80,000,000 shares
- ② Total Number of Shares issued 21,444,000 shares
- ③ Number of Shareholders 7,745
- ④ Major Shareholders

Name of Shareholders	Number of shares held (thousands shares)	Holding Ratio (%)
Tatsushi Iwano	3,366	20.9
Capital Generation Co., Ltd.	1,100	6.8
RENREN LIANHE HOLDINGS	1,049	6.5
The Master Trust Bank of Japan., Ltd.	774	4.8
Yasuhiro Morita	658	4.0
Rakuten Securities, Inc.	472	2.9
MSIP CLIENT SECURITIES	368	2.2
Naoyuki Kubo	294	1.8
Yo Narita	258	1.6
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	218	1.3

(NOTE) 1. We own 5,369,950 shares of treasury stock, which is excluded from the above list of major shareholders.

2. The shareholding ratio is calculated excluding treasury stock.

(2) Matters concerning Shares issued to our officers as compensation for the execution of their duties

Share-based compensation granted during the fiscal year are as follows.

	Number of Shares	Directors to whom shares are issued
Directors	30,000	4 persons

(NOTE) Details of the share-based compensation are shown in “2.(5)④1).Matters relating to decisions regarding details of remuneration for individual directors”.

(3) Other Important Matters Concerning Shares

At the meeting of Board of Directors held on January 12, 2022, the Company resolved to repurchase its stock in accordance with Article 156 of the Companies Act, as applied pursuant to paragraph 3 of Article 165 of the Companies Act.

① Class and number of shares	Common stock of the Company 487,800 shares
② Total amount	694,224,700 yen
③ Period	From January 24, 2022 to April 30, 2022 (Based on agreement)
④ Repurchase method	Auction market on Tokyo Stock Exchange (Based on the discretionary investment agreement)

(4) Share acquisition rights

① Status of share acquisition rights issued as consideration for the execution of duties held by our officers at the end of the current fiscal year

Name		Share acquisition rights No.2		Share acquisition rights No.6	
Date of resolution		December 27, 2016		May 15, 2020	
Number of share acquisition rights		8 pcs		25 pcs	
Class and number of shares to be issued		Common stock 32,000 shares (4,000 shares per share acquisition right)		Common stock 25,000 shares (1,000 shares per share acquisition right)	
Issue Price per share acquisition right		-		-	
Assets to be contributed at the time of exercise of the rights		¥1,852,000 per share acquisition right (¥463 per share)		Per share acquisition right ¥604,000 (¥604 per share)	
Exercise period		From December 28, 2018 To December 27, 2026		From May 16, 2023 To May 15, 2030	
Conditions for exercising		(NOTE)1		(NOTE)2	
Holder	Directors (excluding outside directors)	Number of share acquisition right	8pcs	Number of share acquisition right	25pcs
		Number of Shares	32,000 shares	Number of Shares	25,000 shares
		Number of Holder	1 person	Number of Holder	1 person

(NOTE)1 the conditions for the exercise of Share acquisition rights

- a. The person to whom the rights to subscribe for new shares are allocated (hereinafter referred to as the "holder of the rights to subscribe for new shares") shall, at the time of exercising the rights, hold the offices and employees of the Company and the person to whom the business is entrusted (provided, however, that this shall be limited to the person to whom the rights are entrusted as approved by a resolution of the Board of Directors of the Company) and any other position equivalent thereto (hereinafter referred to as the "entitlement to exercise the rights"). Provided, however, that this provision shall not apply where the Company obtains the approval of the Board of Directors in the event of resignation due to the expiration of the term of office, retirement at the mandatory retirement age, or any other loss of eligibility to exercise such rights.
- b. In the event that a holder of the rights to subscribe for new shares has agreed to assume or assume the office of an officer or employee of another company without the prior consent of the Board of Directors of the Company, or has operated a business which directly or indirectly competes with the business of the Company, the holder of the rights to subscribe for new shares may not exercise the rights to subscribe for new shares.
- c. In the event that the holder of the right to subscribe for new shares has committed a serious violation of laws and regulations or internal disciplines of the Company, the holder of the right to subscribe for new shares may not exercise the right to subscribe for new shares.
- d. In the event that the holder of the right to subscribe for new shares dies, the heir of the holder of the right to subscribe for new shares may not exercise the right to subscribe for new shares.
- e. The Share acquisition rights may not be exercised in installments of 1 of the rights.
- f. Other terms and conditions shall be governed by the provisions of the Share Option Allotment Agreement, which is concluded between the Company and the person to whom the Share Options will be allotted pursuant to a resolution of the Board of Directors.
- g. The Company conducted a 2-for-1 stock split of common stock on December 15, 2017 and a 2-for-1 stock split on November 30, 2018 by resolution of the Board of Directors on November 15, 2017 and October 30, 2018, respectively, by resolution of the Board of Directors. As a result, "the type and number of shares subject to subscription rights" and "the value of assets to be invested upon exercise of subscription rights to shares" have been adjusted.
- h. The Share acquisition rights were granted prior to the appointment as a director.

(NOTE)2 Conditions of execution of Share acquisition rights

- a. The holder of the Share acquisition rights is required to be a director, auditor or employee of us or our Affiliates even at the time of the exercise of the Share acquisition rights. Provided, however, that in the event the holder of the rights ceases to

fall under any of the categories of status due to retirement or retirement at the mandatory retirement age due to the expiration of the term of office, the holder of the rights to subscribe for new shares shall waive all of the rights to subscribe for new shares that have not yet been exercised on the date when two years have elapsed from the date when such status ceases to exist or the last day of the exercise period, whichever comes earlier. In addition, this shall not apply if the Board of Directors determines that there is a good reason to retain the right to exercise the share acquisition rights in the event that the holder of the rights cease to be a director, auditor or employee of us or our Affiliates for any other reason.

- b. In the event that the holder of the rights to subscribe for new shares dies, the heir of the holder of the right to subscribe for new shares may exercise the right only within six months after the death of the holder of the rights to subscribe for new shares (up to the last day of the exercise period), up to the number of shares that the holder of the right to subscribe for new shares may exercise at the time of his/her death. In the case of joint inheritance, the Share acquisition rights may be exercised within six months after the death of the holder up to the number of shares that the holder is entitled to exercise at the time of his/her death (but up to the last day of the exercise period), by one representative determined through consultation between all joint heirs. In the event of the death of the heir, the Share acquisition rights shall not be inherited again.
- c. If the exercise of the Share acquisition rights results in the total number of our issued shares exceeding the number of authorized shares at that time, such Share acquisition rights may not be exercised.
- d. Each Share acquisition right may not be exercised less than one unit.
- e. Other terms and conditions shall be governed by the provisions of the Share acquisition rights Allotment Agreement, which is concluded between the Company and the person to whom the Share acquisition rights will be allotted pursuant to a resolution of the Board of Directors.
- f. The Share acquisition rights were granted prior to the appointment as a director.

② Status of Share acquisition rights issued to employees, etc. as compensation for the execution of duties during the current fiscal year

Name		Share acquisition rights No.8	
Date of resolution		June 15, 2022	
Number of share acquisition rights		515 pcs	
Class and number of shares to be issued		Common stock 515 ,000 shares (1,000 shares per share acquisition right)	
Issue Price per a share acquisition right		-	
Assets to be contributed at the time of exercise of the rights		Per share acquisition right ¥1,530,000 (¥1,530 per share)	
Exercise period		From June 16, 2025 To June 15, 2032	
Conditions for exercising		(NOTE)	
Holder	Employees	Number of share acquisition right	515pcs
		Number of Shares	515,000 shares
		Number of Holder	55 persons

(NOTE) Conditions of execution of Share acquisition rights

a. The holder of the Share acquisition rights is required to be a director, auditor or employee of us or our Affiliates (including those who have been appointed to similar positions as a result of legal revisions) even at the time of the exercise of the Share acquisition rights. Provided, however, that in the event the holder of the rights ceases to fall under any of the categories of status due to retirement or retirement at the mandatory retirement age due to the expiration of the term of office, the holder of the rights to subscribe for new shares shall waive all of the rights to subscribe for new shares that have not yet been exercised on the date when two years have elapsed from the date when such status ceases to exist or the last day of the exercise period, whichever comes earlier. In addition, this shall not apply if the Board of Directors determines that there is a good reason to retain the right to exercise the share acquisition rights in the event that the holder of the rights cease to be a director, auditor or employee of us or our Affiliates for any other reason.

- b. In the event that the holder of the rights to subscribe for new shares dies, the heir of the holder of the right to subscribe for

new shares may exercise the right only within six months after the death of the holder of the rights to subscribe for new shares (up to the last day of the exercise period), up to the number of shares that the holder of the right to subscribe for new shares may exercise at the time of his/her death. In the case of joint inheritance, the Share acquisition rights may be exercised within six months after the death of the holder up to the number of shares that the holder is entitled to exercise at the time of his/her death (but up to the last day of the exercise period), by one representative determined through consultation between all joint heirs. In the event of the death of the heir, the Share acquisition rights shall not be inherited again.

c. If the exercise of the Share acquisition rights results in the total number of our issued shares exceeding the number of authorized shares at that time, such Share acquisition rights may not be exercised.

d. Each Share acquisition right may not be exercised less than one unit.

e. Other terms and conditions shall be governed by the provisions of the Share acquisition rights Allotment Agreement, which is concluded between the Company and the person to whom the Share acquisition rights will be allotted pursuant to a resolution of the Board of Directors.

③ Other significant matters regarding share acquisition rights

Significant status of share acquisition rights issued to officers and employees of the Company.

Name		Share acquisition rights No.4		Share acquisition rights No.5	
Date of resolution		March 9, 2018		May 15, 2020	
Number of share acquisition rights (NOTE)1		34 pcs		130 pcs	
Class and number of shares to be issued		Common stock 8,000 shares (2,000 shares per share acquisition right)		Common stock 130,000 shares (1,000 shares per share acquisition right)	
Issue Price per share acquisition right		¥7,831		¥2,170	
Assets to be contributed at the time of exercise of the rights		¥2,456,000 per share acquisition right (¥1,228 per share)		(NOTE)3	
Exercise period		From April 1, 2021 To March 31, 2025		From May 16, 2023 To May 15, 2030	
Conditions for exercising		(NOTE)2		(NOTE)4	
Holder (NOTE)1	Directors (excluding outside directors)	Number of share acquisition rights	4pcs	Number of share acquisition rights	120pcs
		Number of Shares	8,000 shares	Number of Shares	120,000 shares
		Number of Holders	2 person	Number of Holders	3 person
	Audit & Supervisory Board Members	-		Number of share acquisition rights	10pcs
				Number of Shares	10,000 shares
				Number of Holders	1 person
Name		Share acquisition rights No.7			
Date of resolution		June 15, 2022			
Number of share acquisition rights		120 pcs			
Class and number of shares to be issued		Common stock 120,000 shares (1,000 shares per share acquisition right)			
Issue Price per share acquisition right		¥1,530			
Assets to be contributed at the time of exercise of the rights		(NOTE)5			

Exercise period		From June 16, 2025 To June 15, 2032	
Conditions for exercising		(NOTE)6	
Holder	Directors (excluding outside directors)	Number of share acquisition rights	120pcs
		Number of Shares	120,000 shares
		Number of Holders	4 person

(NOTE)1 the description as of the status as of the fiscal year (December 31, 2022).

(NOTE)2 the conditions for the exercise of Share acquisition rights;

- a. Holders of share acquisition rights shall be entitled to exercise the allotted share acquisition rights only in the event sales in the consolidated statements of income in the Securities Report exceed ¥15 thousand million and operating income exceeds ¥2.7 thousand million in any of the years ended December 31, 2018 to December 31, 2022.
- b. In the determination of (1) above, if there is a material change in the concepts of net sales and operating income, etc. to be referred to due to the adoption of International Financial Reporting Standards, etc., the Board of Directors shall establish indices to be referred to separately.
- c. The holder of the Share acquisition rights is required to be a director, auditor or employee of us or our Affiliates even at the time of the exercise of the Share acquisition rights. Provided, however, that this provision shall not apply where the Board of Directors determines that there is a justifiable reason such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age, or the like.
- d. The exercise of Share acquisition rights by the heirs of the holders of Share acquisition rights shall not be permitted.
- e. If the exercise of the Share acquisition rights results in the total number of our issued shares exceeding the number of authorized shares at that time, such Share acquisition rights may not be exercised.
- f. Each Share acquisition right may not be exercised less than one unit.
- g. Other terms and conditions shall be governed by the provisions of the Share Acquisition Rights Allotment Agreement, which is concluded between the Company and the person to whom the Share Options will be allotted pursuant to a resolution of the Board of Directors.
- h. The Company conducted a 2-for-1 stock split on November 30, 2018, in accordance with a resolution approved at a meeting of the Board of Directors held on October 30, 2018. As a result, "the type and number of shares subject to subscription rights" and "the value of assets to be invested upon exercise of subscription rights to shares" have been adjusted.
- i. The share acquisition rights were granted prior to the appointment as a director.

(NOTE)3 Assets to be contributed at the time of exercise of the rights

Per share acquisition right ¥604,000 (¥604 per share)

However, if the dividend of retained earnings is paid after the issuance of the Stock Acquisition Rights, each time the exercise price will be adjusted using the formula specified below.

Adjusted exercise price = pre-adjustment exercise price x (market price-dividend amount) / market price

(NOTE)4 The conditions for the exercise of Share acquisition rights;

- a. In the event that the average closing price of the ordinary transactions of our common stock on the Tokyo Stock Exchange on each trading day during a calendar month from the first day to the last day of the exercise period is less than the value obtained by multiplying the exercise price of the Share acquisition rights at such time by 50%, even once, the holders of the Share acquisition rights shall exercise all of the Share acquisition rights remaining at such time by the end of the exercise period. However, this does not apply to the following cases.
 - (i) If our disclosed information proves to be materially false
 - (ii) In the event that it is found that we have not properly disclosed material facts to be disclosed in accordance with laws and regulations and the rules of the Tokyo Stock Exchange
 - (iii) If we are delisted, go bankrupt or otherwise undergo a major change in circumstances that were assumed at the date of the allotment
 - (iv) In other cases where we engage in any act that is objectively recognized to be detrimental to the trust of holders of Share acquisition rights.
- b. The holder of the Share acquisition rights is required to be a director, auditor or employee of us or our Affiliates even at the time of the exercise of the Share acquisition rights.

- c. The exercise of Share acquisition rights by the heirs of the holders of Share acquisition rights shall not be permitted.
- d. If the exercise of the Share acquisition rights results in the total number of our issued shares exceeding the number of authorized shares at that time, such Share acquisition rights may not be exercised.
- e. Each Share acquisition right may not be exercised less than one unit.
- f. Other terms and conditions shall be governed by the provisions of the Share Acquisition Rights Allotment Agreement, which is concluded between the Company and the person to whom the Share Options will be allotted pursuant to a resolution of the Board of Directors.

(NOTE)5 Assets to be contributed at the time of exercise of the rights

Per share acquisition right ¥1,530,000 (¥1,530 per share)

However, if the dividend of retained earnings is paid after the issuance of the Stock Acquisition Rights, each time the exercise price will be adjusted using the formula specified below.

Adjusted exercise price = pre-adjustment exercise price x (market price – dividend amount)/ market price

(NOTE)6 The conditions for the exercise of Share acquisition rights;

- a. In the event that the average closing price of the ordinary transactions of our common stock on the Tokyo Stock Exchange on each trading day during a calendar month from the first day to the last day of the exercise period is less than the value obtained by multiplying the exercise price of the Share acquisition rights at such time by 50%, even once, the holders of the Share acquisition rights shall exercise all of the Share acquisition rights remaining at such time by the end of the exercise period. However, this does not apply to the following cases.
 - (i) If our disclosed information proves to be materially false
 - (ii) In the event that it is found that we have not properly disclosed material facts to be disclosed in accordance with laws and regulations and the rules of the Tokyo Stock Exchange
 - (iii) If we are delisted, go bankrupt or otherwise undergo a major change in circumstances that were assumed at the date of the allotment
 - (iv) In other cases where we engage in any act that is objectively recognized to be detrimental to the trust of holders of Share acquisition rights.
- b. The holder of the Share acquisition rights is required to be a director, auditor or employee of us or our Affiliates (including those who have been appointed to similar positions as a result of legal revisions) even at the time of the exercise of the Share acquisition rights.
- c. The exercise of Share acquisition rights by the heirs of the holders of Share acquisition rights shall not be permitted.
- d. If the exercise of the Share acquisition rights results in the total number of our issued shares exceeding the number of authorized shares at that time, such Share acquisition rights may not be exercised.
- e. Each Share acquisition right may not be exercised less than one unit.
- f. Other terms and conditions shall be governed by the provisions of the Share Acquisition Rights Allotment Agreement, which is concluded between the Company and the person to whom the Share Options will be allotted pursuant to a resolution of the Board of Directors.

(5) Status of corporate officers

① Directors and Audit & Supervisory Board Members (As of December 31, 2022)

Position	Name	Areas of responsibility in the Company and significant concurrent positions outside the Company
President	Tatsushi Iwano	President and Representative Director of Loadstar Funding K.K. Director of Loadstar Investments K.K.
Director	Naoyuki Kubo	General Manager of Sales Division of the Company Director of Loadstar Funding K.K. President of Sorario K.K.
Director	Yo Narita	President and Representative Director of Loadstar Investments K.K.
Director	Takuya Kawabata	General Manager of Administrative Division and Finance & Accounting Division of the Company Director of Loadstar Investments K.K. Representative Director of Riverfield K.K.
Director	Hideo Wanami	
Director	Jun Onishi	Representative of Onishi Tokyo Legal & Real Estate Appraisal Offices
Director	Mayumi Funaki	Representative Director of Shipood, Ltd. Outside Director of WACUL, Inc.
Full-time Auditor	Atsushi Tanaka	Audit & Supervisory Board Member of Loadstar Investments K.K.
Auditor	Takeshi Ariizumi	
Auditor	Yoshiaki Ueno	Outside Audit & Supervisory Board Member of atama plus, Inc. Outside Director (Audit and Supervisory Committee Member) of VisasQ, Inc.

(NOTE) 1. Director Hideo Wanami, Director Jun Onishi, and Director Mayumi Funaki are outside directors.

2. Audit & Supervisory Board Member Takeshi Ariizumi and Audit & Supervisory Board Member Yoshiaki Ueno are Outside Audit & Supervisory Board Members.

3. Audit & Supervisory Board Member Yoshiaki Ueno passed the Certified Public Accountant Examination and worked at an audit firm and a financial institution, so he has considerable knowledge of finance and accounting.

4. We have designated Director Hideo Wanami, Director Jun Onishi, Director Mayumi Funaki, Audit & Supervisory Board Member Takeshi Ariizumi, and Audit & Supervisory Board Member Yoshiaki Ueno as independent officers in accordance with the provisions of the Tokyo Stock Exchange, and have notified the Exchange of their designation.

(Reference) Specialization and experience of directors (skill matrix)

	Corporate management	Real estate business	ICT Digital (Real Estate Tech)	International business	ESG · SDGs	Legal affairs and compliance	Finance, accounting and tax
Tatsushi Iwano (Male/49-year-old)	●	●	●	●			
Naoyuki Kubo (Male/49-year-old)	●	●	●	●			
Yo Narita (Male/39-year-old)	●	●	●	●		●	
Takuya Kawabata (Male/39-year-old)	●	●			●		●
Hideo Wanami (Outside) (Independent) (Male/70-year-old)				●			●

Jun Onishi (Outside) (Independent) (Male/49-year-old)		●				●	
Mayumi Funaki (Outside) (Independent) (Female/44-year-old)	●				●		

② Summary of the Liability Limitation Agreement

We, Outside Director Hideo Wanami, Outside Director Jun Onishi, Outside Director Mayumi Funaki, Outside Audit & Supervisory Board Member Takeshi Ariizumi, and Outside Audit & Supervisory Board Member Yoshiaki Ueno have entered into an agreement to limit the liability for damages under Paragraph 1 of Article 423 of the Companies Act in accordance with Paragraph 1 of Article 427 of the Companies Act. The maximum amount of liability for damages under the said contract is the sum of two years of annual compensation or the minimum amount of liability stipulated by law, whichever is higher. The limitation of liability is permitted only when the outside directors and outside corporate auditors are in good faith and have no gross negligence in the performance of their duties for which they are responsible.

③ Overview of Liability Insurance Contracts for Officers

The Company has entered into officer liability insurance contracts with an insurance company for directors and Audit & Supervisory Board Members of the Company and its subsidiaries as stipulated in Paragraph 1 of Article 430-3 of the Companies Act. The insurance contracts cover legal damages and litigation expenses that the insured officers may incur as a consequence of legal claims made against them stemming from acts of the Company (including omissions). While the Company pays the insurance premiums in full for all of the insured, to ensure the appropriateness of the execution of duties by the insured, the insurance contract does not cover damages caused by criminal acts or intentional violations of laws by the insured.

④ Remuneration for Directors and Audit & Supervisory Board Members

1) Matters relating to decisions regarding details of remuneration for individual directors

At a meeting held on February 22, 2022, the Company's Board of Directors passed a resolution to approve a policy to determine remuneration for individual directors. The Board of Directors consults with the Nomination and Compensation Committee on the details of the resolution in advance and receives a report from the Committee. In addition, the Board of Directors has confirmed that the method of determining the details of remuneration for each director for the fiscal year and the details of remuneration, determined by the Board of Directors, are in line with the decision-making policy resolved by the Board of Directors. The Board of Directors has also confirmed that the report from the Nomination and Compensation Committee has been respected and is in line with such policy.

An overview of this policy for determining the details of remuneration for individual directors is provided below in a., b., c., and d.

a. 1) Performance-linked remuneration: None

2) Non-monetary remuneration: The Company shall grant shares with restrictions on transfer to directors (excluding outside directors) with the aim to incentivize eligible directors to enhance the corporate value, and to further align their interests with those of shareholders. In accordance with the provisions regarding shares with restrictions on transfer of the allotment agreement concluded between the Company and eligible directors, shares with transfer restrictions that have not been lifted shall be acquired by the Company at no cost.

The number of shares to be allotted to each individual director shall, in principle, be determined by

the Board of Directors based on deliberations and recommendations by the Nomination and Compensation Committee, comprehensively taking into consideration the degree of contribution made by each director, the business performance of the Company, and expectations regarding each director's future contributions. The maximum number of total shares to be allotted to all directors shall be limited to no more than 60,000 shares and of a value of less than 100 million yen.”

- 3) Amounts of other remuneration and calculation method: Individual remuneration for directors shall, in principle, be determined by the Board of Directors based on deliberations and recommendations by the Nomination and Compensation Committee, comprehensively taking into account a range of factors such as the degree of contribution made by each director, the business performance of the Company, and expectations regarding each director's future contributions. In addition, the total amount of remuneration for all directors shall fall within the total remuneration amount approved at the 7th Annual General Meeting of Shareholders held on March 28, 2019, which is an annual amount of 100 million yen as monetary remuneration plus an amount equivalent to 5% of consolidated profit before income taxes of the previous fiscal year.
- 4) Percentages for 1), 2), and 3): This shall, in principle, be determined by the Board of Directors based on deliberations and recommendations by the Nomination and Compensation Committee after comprehensively taking into consideration the degree of contribution made by each director, the business performance of the Company, and expectations regarding each director's future contributions.”

b. Policy on timing and conditions for payment of remuneration:

- a. (2) Paid annually
a. (3) Paid periodically (monthly) during the tenure of each director

c. Method of determining details of remuneration when the decision is entrusted to a director or other third party: Decisions regarding the details of remuneration shall not be entrusted to third parties unless otherwise specified. Remuneration for directors is determined by the Board of Directors following deliberations and nominations by the Nomination and Compensation Committee.

d. Other important matters relating to determination of the details of individual remuneration: None.

2) Total remuneration for directors and Audit & Supervisory Board members

Officer category	Total remuneration (millions of yen)	Breakdown of total remuneration by remuneration type (millions of yen)			Number of eligible officers
		Fixed salary	Performance-linked remuneration	Other	
Directors (of which, independent directors)	145 (13)	142 (13)	- (-)	3 (-)	7 (3)
Audit & Supervisory Board members (of which, independent statutory auditors)	19 (6)	19 (6)	- (-)	- (-)	3 (2)
Total (of which, independent officers)	165 (19)	162 (19)	- (-)	3 (-)	10 (5)

Notes:

1. The total amount of remuneration for the directors was resolved to fall within the total amount of remuneration approved at the 7th Annual General Meeting of Shareholders held on March 28, 2019, which is an annual amount of 100 million yen as monetary remuneration plus an amount of equivalent to 5% of consolidated profit before income taxes of the previous fiscal year (up to 20 million yen per annum for outside directors). The number of directors as of the conclusion of the 7th Annual General Meeting of Shareholders was seven, of which two were outside directors.

In addition to the amount of remuneration, we resolved at the 10th Annual General Meeting of Shareholders held on March 30, 2022, that the maximum number of total shares to be allotted to all directors shall be limited to no more than 60,000 shares and of a value of less than 100 million yen (excluding outside directors). The number of eligible directors as of the conclusion of the 10th Annual General Meeting of Shareholders was four.

2. Non-monetary remuneration consists of the Company's shares, and the conditions of allotment are described in "2. (5) ④ 1). Matters relating to decisions regarding details of remuneration for individual directors." The status of issuance during the fiscal year is stated in "2.(2) Matters concerning Shares issued to our offices as compensation for the execution of their duties."
3. Non-monetary remuneration is the amount of restricted stock granted in the fiscal year under review, which should be recorded as an expense in the fiscal year.
4. The Company and the Audit & Supervisory Board have not set a policy for determining the calculation method for remuneration for the Audit & Supervisory Board members. An Extraordinary General Meeting of Shareholders held on June 15, 2017 determined that remuneration for the three Audit & Supervisory Board members shall be monetary remuneration of up to 30 million yen per annum. Accordingly, remuneration for Audit & Supervisory Board members is determined, as a fixed salary not exceeding 30 million yen per annum, at the discretion of the full-time Audit & Supervisory Board member following deliberations by the Audit & Supervisory Board. The number of Audit & Supervisory Board members as of the conclusion of the said Extraordinary General Meeting of Shareholders was three, of which two were independent Audit & Supervisory Board members.

⑤ Outside Directors and Audit & Supervisory Board Members

a. Concurrent positions at other corporations and relationships between the Company and the said corporations

Category	Name	The significant concurrent positions	Relationship between the Company and the said corporations
Director	Jun Onishi	Representative of Onishi Tokyo Legal & Real Estate Appraisal Offices	There is no special relationship.
Director	Mayumi Funaki	Representative Director of Shipood, Ltd. Outside Director of WACUL, Inc.	There is no special relationship.
Audit & Supervisory Board member	Yoshiaki Ueno	Outside Director (Audit and Supervisory Committee Member) of VisasQ, Inc. Board Member, atama plus, Inc.	There is no special relationship.

b. Major activities during the fiscal year

Category	Name	Attendance and remarks
Director	Hideo Wanami	Attended 29 of the 29 meetings of the Board of Directors held during the fiscal year, and made comments as appropriate, mainly based on the accounting and tax knowledge cultivated at the National Tax Agency (NTA).
	Jun Onishi	Attended 29 of the 29 meetings of the Board of Directors held during the fiscal year and made comments as appropriate from a professional perspective as an attorney and real estate appraiser.
	Mayumi Funaki	Attended 29 of the 29 meetings of the Board of Directors held in the fiscal year and made comments as appropriate, mainly based on her professional perspective relating to corporate communications and experience in company management.
Audit & Supervisory Board member	Takeshi Ariizumi	Attended 29 of the 29 meetings of the Board of Directors and 14 of the 14 Audit & Supervisory Board meetings held during the fiscal year, and made comments as appropriate from the perspectives of many years of business experiences and corporate management experiences.
	Yoshiaki Ueno	Attended 29 of the 29 meetings of the Board of Directors and 14 of the 14 Audit & Supervisory Board meetings held during the fiscal year, and made comments as appropriate based on the experience gained in auditing firms and financial institutions.

As mentioned above, the three independent directors attend the Board of Directors meetings to express their views, and also attend the Audit & Supervisory Board meetings to participate in discussions and share insights from an independent and objective standpoint.

The Company has also established a Nomination and Compensation Committee, with independent directors comprising the majority of members, to complement the functions of the Board of Directors. The Nomination and Compensation Committee advises the Board of Directors on the selection and remuneration of Directors to ensure the fairness and transparency of management decisions. By attending these committee meetings and expressing their views based on their extensive experience and specialist knowledge, independent directors perform functions and roles that contribute toward the sustained growth of the Company and longer-term enhancement of the Company's corporate value.

(6) Status of Accounting Auditors

① Name: Deloitte Touche Tohmatsu LLC

② Amount of Remuneration, etc.

Category	Amount paid
Amount of remuneration, etc. to be paid during the fiscal year	¥27 million
Total amount of monetary and other property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	¥27 million

(NOTE)1. Because amounts of audit fees and others for audits under the Companies Act and for audits under the Financial Instruments and Exchange Act are not clearly classified in an auditing agreement between the Company and the Accounting Auditor, and cannot be classified practically, the total amount of these fees and others is shown in the amount of remuneration, etc. for the fiscal year.

2. The Audit & Supervisory Board agreed on the amount of remuneration, etc. of the accounting auditor after conducting necessary verifications to determine whether the content of the accounting auditor's audit plan, the status of execution of duties by the accounting auditor, and the basis for calculating the remuneration estimate are appropriate.

③ Contents of non-audit services

None

④ Policy for Determining Dismissal or Refusal of reappointment of Accounting Auditors

The Audit & Supervisory Board shall decide the contents of proposals regarding the dismissal or refusal of reappointment of accounting auditors to be submitted to the General Meeting of Shareholders in the event that the execution of duties by accounting auditors is hindered or it is deemed necessary.

In addition, the Audit & Supervisory Board shall dismiss the accounting auditor with the consent of all Audit & Supervisory Board members in the event that the accounting auditor is deemed to fall under any of the items set forth in each item of Paragraph 1 of Article 340 of the Companies Act. In this case, an Audit & Supervisory Board member selected by the Audit & Supervisory Board report on the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

⑤ Summary of Limited Liability Contracts

Not applicable

3. System to ensure the appropriateness of business operations and the status of operation of the system

(1) Outline of decisions on systems to ensure the appropriateness of operations

We have established the Basic Policy for Establishing an Internal Control System as a system to ensure the appropriateness of our operations, and we operate an internal control system based on this policy. Details of these policies are as follows.

- ① System regarding storage and management of information on execution of directors' duties
 - a. Information on the execution of duties by directors is stored and managed appropriately in accordance with laws and the Articles of Incorporation, in addition to the provisions of internal rules.
 - b. Information in custody and management is maintained in a timely manner when requested by Directors and Audit & Supervisory Board Members.
- ② Regulations and other systems for managing the risk of loss for the Group

The system for managing the risk of loss shall be conducted by the Board of Directors, which gathers internal and external information, to recognize, evaluate, prevent, and respond to risks. Persons in charge from each department will also attend meetings of the Board of Directors as necessary, and report on the identification and evaluation of risks.
- ③ System to ensure that the execution of duties by the directors of the Group is efficient
 - a. In order to ensure that directors perform their duties efficiently, the Company makes decisions on business execution by holding regular meetings of the Board of Directors once a month in principle and extraordinary meetings of the Board of Directors as needed.
 - b. The Company's internal rules stipulate authority and responsibilities with respect to the execution of business operations, and reviews are conducted whenever necessary.
- ④ System to ensure that the execution of duties by directors and employees of the Group complies with laws and regulations and the Articles of Incorporation
 - a. We have established the Board of Directors, which supervises the execution of duties by directors, and the Audit & Supervisory Board, which has the authority to audit the execution of duties by directors. By appointing outside officers (outside directors or outside Audit & Supervisory Board members), we strictly monitor the execution of duties by directors and ensure that the execution of duties by directors complies with laws, the Articles of Incorporation, and internal rules.
 - b. The Internal Audit Office has been established to audit the status of compliance with laws, the Articles of Incorporation, and internal regulations for the entire Group, including us and our subsidiaries, to point out problems and propose improvement measures.
- ⑤ System for reporting matters related to the execution of duties by directors and employees of our subsidiaries to us

By having our directors concurrently serve as directors of our subsidiaries, we ascertain the status of the execution of duties from time to time. At the same time, such directors report on the status of the execution of duties by subsidiaries at our Board of Directors meetings.
- ⑥ Matters concerning the appointment of employees to assist the duties of the Audit & Supervisory Board member

In the event the Audit & Supervisory Board or any of the member requests the Company to appoint employees to assist the he Audit & Supervisory Board member, necessary personnel shall be assigned to assist the member.

⑦ Matters concerning independence of employees who assist the Audit & Supervisory Board members from Directors

In order to ensure the independence of the employees who assist the Audit & Supervisory Board members, the consent of the Audit & Supervisory Board shall be obtained with respect to personnel changes, personnel evaluations, and disciplinary actions for employees who assist the Audit & Supervisory Board.

⑧ Matters related to ensuring the effectiveness of instructions given by the Audit & Supervisory Board members to employees who assist the Audit & Supervisory Board members

a. The authority to direct employees who are to assist the business of the Audit & Supervisory Board members shall be transferred to the Audit & Supervisory Board members during the period of assistance designated by the Audit & Supervisory Board members and shall not be subject to the direction and order of the representative director.

b. The content of the preceding section is thoroughly disseminated to our officers and employees.

⑨ System for Directors and Employees to report to the Audit & Supervisory Board members and Other Systems for reporting to the Audit & Supervisory Board members in the Group

a. All Audit & Supervisory Board members attend the Board of Directors meetings and receive reports on important matters.

b. In the Group, directors and employees shall immediately report to an Audit & Supervisory Board member when they discover any facts that may cause significant damage to the Group.

⑩ System for ensuring that the person who has reported to the Audit & Supervisory Board members does not receive adverse treatment on the grounds that such report has been made.

a. Any disadvantageous treatment of the officers and employees who have made such reports for the reason that they have reported to an Audit & Supervisory Board member are prohibited.

b. The content of the preceding section is thoroughly disseminated to our officers and employees.

⑪ Matters concerning procedures for advance payment or reimbursement of expenses arising from the execution of duties by the Audit & Supervisory Board members and other policies for the handling of expenses or liabilities arising from the execution of such duties

a. Audit & Supervisory Board members are authorized to hire legal counsel, certified public accountants and other outside professionals as necessary to spend expenses.

b. In the event the Audit & Supervisory Board member requests the payment of expenses in connection with the execution of his/her duties, the Company shall pay such expenses promptly unless it proves that the expenses in connection with such request are not necessary for the execution of the duties of the Audit & Supervisory Board member.

⑫ System to Ensure Effective Auditing by the Audit & Supervisory Board members

a. The representative director holds as many meetings as possible with the Audit & Supervisory Board members to exchange opinions on the Company's operations and communicates with them separately from the business reports at the Board of Directors meetings.

b. The Audit & Supervisory Board members regularly hold discussions with the accounting auditor and the Internal Audit Office to exchange information for effective audits.

⑬ System to Eliminate Antisocial Forces

We are by no means involved with antisocial forces and organizations that threaten the order and safety of civil society, and we take a firm stance in cooperation with external lawyers and the police in responding to unjust demands.

(2) Outline of the status of operation of the system to ensure the appropriateness of operations

Matters concerning the system to ensure the appropriateness of the above-mentioned operations, we have been conducting ongoing audits of the status of the establishment and operation of the internal control system, mainly by the Internal Audit Office, since the establishment of the system. The content of these audits is reported to the representative director. In addition, we take corrective measures to address issues that are discovered as a result of audits and strive to establish and operate a more appropriate internal control system.

Our Board of Directors consists of 7 directors. Directors and the Audit & Supervisory Board members attend the Board of Directors meetings to report on the status of business execution from each director and to discuss and make resolutions on important matters.

In the meeting, the outside directors joined the resolution from an independent standpoint.

The outside directors monitor and supervise business operations. Furthermore, each Audit & Supervisory Board member audits the management in the same manner.

4. Policies concerning decisions on Dividends of surplus

While enhancing profitability and building a business foundation, we intend to maintain a stable and continuous return of profits to shareholders through dividends, targeting a dividend payout ratio of 17%, while striking a balance with the internal reserves necessary for future business expansion.

Retained earnings will be actively used to invest in the Corporate Funding business, which will serve as the management foundation, to strengthen the Asset Management Business, to cover marketing expenses for the expansion of the Crowdfunding Business. In addition, the Company will actively use the retained earnings to strengthen and expand its business management infrastructure, including recruitment of human resources and enhancement of its corporate management system.

When paying dividends from retained earnings, the Company's basic policy is to pay a year-end dividend once a year, and the decision-making body for the year-end dividend is the Annual General Meeting of Shareholders. In addition, we have adopted an interim dividend system stipulated in Paragraph 5 of Article 454 of the Companies Act, and our Articles of Incorporation provide that interim dividends may be paid by resolution of the Board of Directors.

Consolidated Balance Sheet

(As of December 31, 2022)

(Unit: millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	65,172	Current liabilities	5,691
Cash and deposits	9,403	Short-term borrowings	459
Operating loans	8,420	Current portion of long-term borrowings	1,748
Real estate as inventory	47,186	Income taxes payable	1,517
Other	254	Contract liabilities	10
Allowance for doubtful accounts	△91	Deposits received	1,499
Non-current assets	532	Other	457
Property, plant and equipment	152	Non-current liabilities	45,243
Buildings	119	Long-term borrowings	35,564
Tools, furniture and fixtures	27	Deposits received from silent partnerships	8,458
Other	5	Other	1,219
Intangible assets	2	Total liabilities	50,935
Software	2	(Net assets)	
Investments and other assets	376	Shareholders' equity	14,564
Investment securities	31	Share capital	1,402
Deferred tax assets	120	Capital surplus	1,472
Other	224	Retained earnings	14,794
		Treasury shares	△3,105
		Share acquisition rights	204
		Total net assets	14,769
Total assets	65,704	Total liabilities and net assets	65,704

Consolidated Statement of Income		
(Fiscal year ended December 31, 2022)		
(Unit: millions of yen)		
Account	Amount	
Net sales		23,637
Cost of sales		14,276
Gross profit		9,361
Selling, general and administrative expenses		1,816
Operating profit		7,545
Non-operating income		
Dividend income	0	
Gain on investments in silent partnerships	13	
Gain on valuation of derivatives	104	
Other	19	138
Non-operating expenses		
Interest expenses	351	
Commission fee	98	
Other	3	453
Ordinary profit		7,230
Profit before dividend distribution from silent partnerships and income taxes		7,230
Dividends distribution from silent partnerships		165
Profit before income taxes		7,064
Income taxes - current	2,232	
Income taxes - deferred	△10	2,221
Profit		4,843
Profit attributable to non-controlling interests		—
Profit attributable to owners of parent		4,843

Consolidated Statement of Changes in Equity					
(Fiscal year ended December 31, 2022)					
(Unit: millions of yen)					
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning	1,402	1,392	10,477	△ 2,488	10,784
Changes during the consolidated fiscal year					
Dividends of surplus	-	-	△ 525	-	△ 525
Purchase of treasury shares	-	-	-	△ 694	△ 694
Disposal of treasury shares	-	80	-	77	157
Profit attributable to owners of the parent	-	-	4,843	-	4,843
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during the consolidated fiscal year	-	80	4,317	△ 616	3,780
Balance at End	1,402	1,472	14,794	△ 3,105	14,564
	Share acquisition rights	Total net assets			
Balance at beginning	63	10,847			
Changes during the consolidated fiscal year					
Dividends of surplus	-	△ 525			
Purchase of treasury shares	-	△ 694			
Disposal of treasury shares	-	157			
Profit attributable to owners of the parent	-	4,843			
Net changes in items other than shareholders' equity	140	140			
Total changes during the consolidated fiscal year	140	3,921			
Balance at End	204	14,769			

Notes to the Consolidated Financial Statements

(Notes on Important Matters for Basis of Preparation of the Consolidated Financial Statements)

1. Scope of Consolidation

(1) Status of consolidated subsidiaries

Number of consolidated subsidiaries: 2

Major Consolidated Subsidiaries

Loadstar Funding K.K.

Loadstar Investments K.K.

(2) Status of non-consolidated subsidiaries

Not applicable.

2. Equity-Method Accounting

Not applicable.

3. Fiscal Year of Consolidated Subsidiaries

The fiscal year-ends of consolidated subsidiaries are the same as the consolidated closing date.

4. Accounting Policies

(1) Valuation standards and methods for significant assets

(i) Other securities (available-for-sale securities)

Securities that do not have a quoted market price in an active market	Stated at cost using the moving-average method. Investments in silent partnerships are based on the most recent financial statements available as of the reporting date stipulated in the partnership agreement, and the net amount equivalent to the Group's equity interest is taken into account.
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(ii) Derivatives

Derivatives are stated using the fair value method.

(iii) Inventories

Real estate as inventory	Stated at cost determined by the specific identification method (The figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.) Leased assets are amortized in accordance with property, plant and equipment standards.
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(2) Depreciation or amortization method for significant depreciable assets

(i) Property, plant and equipment	The declining-balance method is applied. However, buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method. The estimated useful lives are from 4 to 8 years.
(ii) Intangible assets	The straight-line method is applied. Software for internal use is amortized on a straight-line basis over the estimated internal useful life (5 years)

(3) Significant provisions

Allowance for doubtful accounts	The estimated amount of irrecoverable debt is calculated based on the historical write-off rate for ordinary receivables and recoverability of individual cases for specified receivables such as doubtful accounts.
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(4) Significant revenues and expenses recognition

The following is a description of the principal performance obligations in the main businesses of the Company and its subsidiaries relating to revenues from contracts with customers, and the normal timing at which such performance obligations are satisfied (the normal timing at which revenue is recognized).

(i) Corporate Funding Business (Real estate investment)	In the real estate investment business, the Group acquires medium-sized office buildings etc., with value
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	enhancement potential, and adds value through appropriate management. The Group is obligated to deliver such properties based on real estate sales contracts with customers. Such performance obligations shall be satisfied at the time the properties are delivered, and revenues are recognized at the point of such delivery.
(ii) Asset Management Business	The Asset Management Business provides advice for institutional investors on formulating strategies for the acquisition, management, and sale of investment real estate, and management of investment real estate. The Group has performance obligations to provide the following services based on the asset management contracts with customers: management of assets under management, leasing, and fund procurement, as well as operations related to the acquisition or transfer of assets under management. Obligations to perform services related to the management of assets under management, leasing, and financing etc., shall be satisfied at the time the services are rendered in accordance with the asset management contracts, and revenues are recognized over the terms of the relevant contracts. In addition, the performance obligation for operations to acquire or transfer assets under management is satisfied at the point when the assets under management are received or delivered, and revenue is recognized at the point of such receipt or delivery.

(5) Other significant matters for preparation of consolidated financial statements

Accounting for consumption taxes	Non-deductible consumption taxes related to the Group's assets are included in acquisition cost of each asset.
Accounting for deferred assets Share issuance costs	All expenses are processed at the time of expenditure.

(Notes on Changes in Accounting Policies)

1. Adoption of Accounting Standard for Revenue Recognition

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) has been adopted from the start of the fiscal year. Accordingly, revenue is recognized when control of the promised goods or services has been transferred to the customer at the amount expected to be received in exchange for those goods or services.

The main impact of the above is on revenue associated with utilities expenses received from tenants. Previously, this amount was deducted from cost of sales, but we have changed to recognizing the gross amount as revenue because of our role (as principal or agent) in providing goods or services to the customer.

The Group adopted the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retrospectively adopting the new accounting policy prior to the beginning of the fiscal year was reflected in retained earnings at the beginning of the fiscal year, and the new accounting policy adopted to this amount. However, we have adopted the method set forth in Paragraph 86 of the Accounting Standard for Revenue Recognition and have not retrospectively adopted the new accounting policy prior to the beginning of the fiscal year to contracts that recognize the full amount of revenue under the previous treatment. As a result of the adoption of the Accounting Standard for Revenue Recognition, net sales and cost of sales increased by 133 million yen, respectively, but operating profit, ordinary profit, profit before income taxes, and retained earnings were not affected.

2. Adoption of Accounting Standard for Fair Value Measurement

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) has been adopted from

the start of the fiscal year. In accordance with transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Group has opted to adopt the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively. There is no impact on financial results in the fiscal year.

In addition, “Notes on Financial Instruments” include notes regarding the breakdown of the fair value of financial instruments by appropriate classification.

(Notes on Significant Accounting Estimates)

1. Assessment of the real estate as inventory

(1) Amount recorded in the consolidated financial statements for the current fiscal year

	Current consolidated fiscal year (millions of yen)
Real estate as inventory	47,186
Loss on valuation of inventories (Cost of sales)	-

(2) Information related to the details of significant accounting estimates for items identified

If the net sale value is lower than the book value, the Group uses the net sale value for assessment, and recognizes the difference between the net sale value and book value as loss on valuation of inventory.

The Group estimates expected sales values after considering independent valuation amounts or estimating rental fees, and expected yields together with the impact of any future changing of demand.

The economic outlook remains uncertain due to various factors such as inflation and interest rate trends, but the impact on real estate prices in the Group’s core market, Tokyo, is limited. The Group therefore estimates the value of inventory on the assumption that real estate prices will be maintained based on external data on sale and purchase information available as of the end of the consolidated fiscal year. Note that no loss on valuation of inventory was recorded in the consolidated fiscal year.

The future business performance of the Group may be affected owing to the reporting of loss on revaluation of inventories or other reasons if there are changes in assumptions, including a decline in estimated sales values as a result of a worsening of demand in the real estate market.

(Notes to Consolidated Balance Sheet)

1. Assets pledged as collateral and obligations secured by collateral

(1) Assets pledged as collateral are as follows:

Real estate as inventory 47,153 million yen

(2) Secured obligations are as follows:

Current portion of Long-term borrowings 1,715 million yen

Long-term borrowings 35,203 million yen

Total 36,919 million yen

2. Accumulated depreciation of Property, plant and equipment 11 million yen

(Notes to Consolidated Statement of Changes in Equity)

1. Total number of issued shares

Common stock (As of December 31, 2022) 21,444,000 shares

2. Matters concerning dividends of surplus

(1) Cash dividends paid

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Base date	Effective date
March 30, 2022 Annual general meeting of shareholders	Common stock	525	32.0	December 31, 2021	March 31, 2022

(2) Dividends whose record date falls in the current consolidated fiscal year and whose effective date falls in the following consolidated fiscal year

Resolution	Type of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Base date	Effective date
March 23, 2023 Annual general meeting of shareholders	Common stock	Retained earnings	803	50.0	December 31, 2022	March 24, 2023

3. Class and number of potential shares resulting from the exercise of share acquisition rights (excluding shares for which the exercise period has not commenced) as of December 31, 2022

Common stock 100,000 shares

(Notes on Financial Instruments)

1. Matters related to the status of financial instruments

(1) Policy on financial instruments

The Group only invests funds in highly secure financial assets and borrows funds from financial institutions such as banks. Derivatives are used to hedge against interest rate fluctuation risk on borrowings within the scope of actual demand, in line with internal control rules.

(2) Contents and risks of financial instruments

Operating loans, which are trade receivables, are exposed to borrowers' credit risk. Foreign currency-denominated receivables are exposed to foreign exchange rate fluctuation risk.

Investment securities are not affected by market price fluctuation risk because they consist of unlisted stock and investments in silent partnerships, but they are exposed to issuers' credit risk.

Deposits received from silent partnerships and some deposits received are monies, etc., invested by investors in the Crowdfunding Business, and are exposed to liquidity risk.

The primary purpose of borrowings is to procure funds for the acquisition of real estate investment properties, and the final repayment can be due up to 39 years after the settlement date. Borrowings are exposed to interest rate fluctuation risk.

Derivatives transactions are conducted for the purpose of hedging against the risk of fluctuations in interest rates on borrowings.

(3) Risk management system for the financial instruments

A. Management of credit risks (risks pertaining to non-performance of contracts by counterparties)

The Group seeks to mitigate risk on trade receivables by managing schedules and balances for each individual customer and setting a revolving mortgage on collateral real estate.

The Group manages investment securities by regularly monitoring issuers' financial position and other information.

The Group recognizes that there is almost no credit risk in derivatives transactions, as transactions are only conducted with financial institutions with high credit ratings.

B. Management of market risks (risks related to market price fluctuations)

The department responsible for derivatives transactions executes and manages transactions with the approval of the person responsible for authorization in compliance with internal control rules that prescribe details relating to authority over derivatives transactions.

C. Management of liquidity risk related to financial liabilities (risk of inability to pay on the due date)

Regarding borrowings, the department in charge prepares and updates financing plans as required and manages liquidity risk through maintaining liquidity on hand and other measures. For deposits received from silent partnerships, financing plans are prepared and updated based on the silent partnership agreement and liquidity risk managed through segregated management, maintaining liquidity on hand, and other measures.

Liquidity risk of deposits receive, comprising monies received from investors, is managed through segregated management, maintaining liquidity on hand, and other measures.

(4) Supplementary explanation of fair value of financial instruments

The fair values of financial instruments include values based on market prices and reasonably calculated values if there is no market price. Since variable factors are incorporated in the calculation of the value, the value may fluctuate by adopting different assumptions, etc.

2. Fair value of financial instruments

As of December 31, 2022, the book values of the Consolidated Balance Sheet, fair values and differences between them are as follows

(Unit: millions of yen)

	Consolidated Balance Sheet amount	Fair value ^(*)	Difference
Operating loans	8,420		
Allowance for doubtful accounts	(91)		
	8,328	8,315	(12)
Long-term borrowings (including current portion)	(37,313)	(37,311)	(2)
Deposits received from silent partnerships	(8,458)	(8,446)	(12)
Derivative transaction	46	46	-

(*) Accounts recognized as liabilities and accounts that becomes liabilities on a net basis (Derivative transaction) are shown in ().

(*) Cash and deposits, short-term-borrowings, income taxes payable are not disclosed since they are cash, and they are settled in a short period of time. Therefore, the fair value approximates the book value.

(*) Regarding deposits received, deposits received from investors can be refunded to investors at any time upon request and the amount refunded is equal to the book value. And because maturities of other deposits are short, the carrying values approximate fair value. Therefore, the fair value of deposit received are not disclosed.

(*) Securities that do not have a quoted market price in an active market.

Category	Book value in the consolidated balance sheet (Unit: millions of yen)
Investment securities (Unlisted stocks, etc.)	31

3. Matters related to the breakdown of the fair value of financial instruments by appropriate classification

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements.

Level 1	Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
Level 3	Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) Financial assets and liabilities recognized in the consolidated balance sheets at fair value.

(Unit: millions of yen)

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Derivative transaction				
Derivative transaction regarding interest rates	-	46	-	46

(2) Financial assets and liabilities not recognized in the consolidated balance sheets at fair value.

(Unit: millions of yen)

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Operating loans	-	7,705	610	8,315
Long-term borrowings	-	37,311	-	37,311
Deposits received from silent partnerships	-	7,817	628	8,446

Note1: Methods for measuring the fair values of financial instruments and derivative transactions

Derivative transaction

The Group measures the fair values based on the prices obtained from the counterparty financial institutions and categorizes them into level 2.

Operating loans and Deposits received from silent partnerships

The Group calculates the fair value of these instruments based on the present value obtained by discounting future cash flows using an interest rate determined by adding credit spread to an appropriate indicator such as the yield on government bonds, or by discounting the principal less estimated credit losses at the risk-free rate at the end of the period. If significant unobservable inputs are used, the fair values are categorized as level 3. Otherwise, it is categorized as level 2.

Long-term borrowings

The Group measures the fair value of Long-term borrowings with fixed interest rates by discounting the total amount of principal and interest by the interest rate that would be applicable to a similar borrowing and categorizes them as Level 2. Long-term borrowings with floating interest rates are classified as Level 2, as their book value is deemed to approximate their fair value as they reflect market interest rates in a short period of time.

(Notes on Revenue Recognition)

1. Information that breaks down revenue from contracts with customers

Information on breakdown of revenues by major goods or services is as follows.

(Unit: millions of yen)

	Reportable segments					Total
	Real estate related business					
	Corporate Funding (real estate investment)	Corporate Funding (real estate leasing)	Asset Management	Crowdfunding	Other	
Revenue from contracts with customers	8,600	166	457	0	13	9,237
Other revenue	12,000	1,992	-	407	-	14,400
Sales to outside customers	20,600	2,159	457	407	13	23,637

Other income includes mainly rental income based on "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007), interest income based on "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10), and transfer of real estate (including beneficial interests in real estate trusts) based on "Practical Guidelines for Accounting for Transferees' Use of Special Purpose Companies in Securitization of Real Estate" (JICPA Accounting Practice Committee Statement No. 15, November 4, 2014).

(1) Basic information to understand the revenue from contracts with customers

Basic information to understand the revenue from contracts with customers is as described in "(4) Significant revenues and expenses recognition 4. Accounting Policies (Notes on Important Matters for Basis of Preparation of the Consolidated Financial Statements)".

(2) Information to understand the amount of revenue for the current period and subsequent periods

(i) Balances of contract assets and contract liabilities, etc.

The Group's contract balances are as follows.

(Unit: millions of yen)

	Current consolidated fiscal year (December 31, 2022)
Receivables from contracts with customers (at beginning of the period)	29
Receivables from contracts with customers (at end of the period)	125
Contract liabilities (at beginning of the period)	-
Contract liabilities (at end of the period)	10

(*) Receivables from contracts with customers

Receivables from contracts with customers are mainly uncollected amounts to customers arising from assets under management, leasing and fund procurement recognized in Asset Management Business. The collection period of these receivables is mainly within one to six months.

(*) Contract liabilities

Contract liabilities mainly consist of earnest money received at the time of execution of sales agreement in Corporate Funding Business (real estate investment). These are transferred to revenue when the Group satisfies performance obligations under contracts.

(ii) Transaction price allocated to the remaining performance obligations

Since the Group does not have any material contracts with an initial expected term of more than one year,

a practical expedient is used and disclosure on the remaining performance obligations is omitted.
There are no significant amounts arising from contracts with customers, that are not included in the transaction prices.

(Notes on Per Share Information)

(1)	Net assets per share	906.11 yen
(2)	Earnings per share	301.69 yen

(Significant Subsequent Event)

Not applicable

Non-consolidated Balance Sheet
(As of December 31, 2022)

(Unit: millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	54,381	Current liabilities	4,174
Cash and deposits	7,005	Short-term borrowings	459
Real estate as inventory	47,186	Current portion of long-term borrowings	1,748
Prepaid expenses	60	Accounts payable	109
Other	129	Accrued expenses	124
Non-current assets	653	Income taxes payable	1,467
Property, plant and equipment	152	Advances received	173
Buildings	119	Contract liabilities	10
Tools, furniture and fixtures	27	Deposits received	71
Other	5	Other	10
Investments and other assets	500	Non-current liabilities	36,783
Investment securities	31	Long-term borrowings	35,564
Shares of subsidiaries and associates	130	Other	1,218
Deferred tax assets	115	Total liabilities	40,958
Investments in capital	10	(Net assets)	
Other	213	Shareholders' equity	13,872
		Share capital	1,402
		Capital surplus	1,472
		Legal capital surplus	1,392
		Other Capital surplus	80
		Retained earnings	14,102
		Other retained earnings	14,102
		Retained earnings brought forward	14,102
		Treasury shares	△3,105
		Share acquisition rights	204
		Total net assets	14,076
Total assets	55,035	Total liabilities and net assets	55,035

Non-consolidated Statement of Income
(Fiscal year ended December 31, 2022)

(Unit: millions of yen)

Account	Amount	
Net sales		22,767
Cost of sales		14,276
Gross profit		8,491
Selling, general and administrative expenses		1,382
Operating profit		7,108
Non-operating income		
Dividend income	0	
Gain on investments in silent partnerships	13	
Gain on valuation of derivatives	104	
Other	18	138
Non-operating expenses		
Interest expenses	351	
Commission fee	98	
Other	3	453
Ordinary profit		6,792
Profit before income taxes		6,792
Income taxes - current	2,141	
Income taxes - deferred	△ 14	2,127
Profit		4,665

Non-consolidated Statement of Changes in Equity
(Fiscal year ended December 31, 2022)

(Unit: millions of yen)

	Share capital	Shareholders' equity						
		Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other Capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Balance at beginning	1,402	1,392	-	1,392	9,963	9,963	△ 2,488	10,269
Changes during the fiscal year								
Dividends of surplus	-	-	-	-	△525	△525	-	△525
Purchase of treasury shares	-	-	-	-	-	-	△694	△694
Disposal of treasury shares	-	-	80	80	-	-	77	157
Profit	-	-	-	-	4,665	4,665	-	4,665
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes during the fiscal year	-	-	80	80	4,139	4,139	△616	3,602
Balance at end	1,402	1,392	80	1,472	14,102	14,102	△3,105	13,872

	Share acquisition rights	Total net assets
Balance at beginning	63	10,333
Changes during the fiscal year		
Dividends of surplus	-	△525
Purchase of treasury shares	-	△694
Disposal of treasury shares	-	157
Profit	-	4,665
Net changes in items other than shareholders' equity	140	140
Total changes during the fiscal year	140	3,743
Balance at end	204	14,076

Notes to Non-consolidated Financial Statements

(Notes on Significant Accounting Policies)

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

(i) Shares of subsidiaries and affiliates

Stated at cost using the moving-average method.

(ii) Other securities (available-for-sale securities)

Securities that do not have a quoted market price in an active market	Stated at cost using the moving-average method. Investments in silent partnerships are based on the financial statements for the most recent balance sheet date using the net amount proportionate to the Company's ownership interests.
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(2) Assessment criteria and assessment methods of Derivatives

Derivatives are stated using the fair value method.

(3) Assessment criteria and assessment methods of Inventories

Real estate as inventory	Stated at cost determined by the specific identification method (The figures shown in the balance sheet have been calculated by writing them down based on decline in profitability). Leased assets are amortized in accordance with property, plant and equipment standards.
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(4) Depreciation of non-current assets

(i) Property, plant and equipment	The declining-balance method is applied. However, buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after April 1, 2016, are depreciated using the straight-line method. The estimated useful lives are from 4 to 8 years.
(ii) Intangible assets	The straight-line method is applied. Software for internal use is amortized on a straight-line basis over the estimated internal useful life (5 years)

(5) Standards for provisions

Allowance for doubtful accounts	The estimated amount of irrecoverable debt is calculated based on the historical write-off rate for ordinary receivables and recoverability of individual cases for specified receivables such as doubtful accounts.
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(6) Significant revenues and expenses recognition

The following is a description of the principal performance obligations in the main businesses of the Company relating to revenue from contracts with customers, and the normal timing at which such performance obligations are satisfied (the normal timing at which revenue is recognized).

Corporate Funding Business (Real estate investment)	In the real estate investment business, the Company acquires medium-sized office buildings etc., that have potential for value up, and adds value through appropriate management. The Company is obligated to deliver such properties based on real estate sales contracts with our clients. Such performance obligations shall be satisfied at the time the properties are delivered, and revenues are recognized at the point of such delivery.
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(7) Other significant matters for preparation of financial statements

Accounting for consumption taxes	Non-deductible consumption taxes related to the Company's assets are included in acquisition cost of each asset.
Accounting for deferred assets Share issuance costs	All expenses are processed at the time of expenditure

(Notes on Changes in Accounting Policies)

1. Adoption of Accounting Standard for Revenue Recognition

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) has been adopted from the start of the fiscal year. Accordingly, revenue is recognized when control of the promised goods or services has been transferred to the customer at the amount expected to be received in exchange for those goods or services.

The main impact of the above is on revenue associated with utilities expenses received from tenants. Previously, this amount was deducted from cost of sales, but we have changed to recognizing the gross amount as revenue because of our role (as principal or agent) in providing goods or services to the customer.

The Company adopted the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retrospectively adopting the new accounting policy prior to the beginning of the fiscal year was reflected in retained earnings brought forward at the beginning of the fiscal year, and the new accounting policy applied to this amount. However, we have adopted the method set forth in Paragraph 86 of the Accounting Standard for Revenue Recognition and have not retrospectively adopted the new accounting policy prior to the beginning of the fiscal year to contracts that recognize the full amount of revenue under the previous treatment.

As a result of the adoption of the Accounting Standard for Revenue Recognition, net sales and cost of sales increased by 133 million yen, respectively, but operating profit, ordinary profit, profit before income taxes, and retained earnings brought forward were not affected.

2. Adoption of Accounting Standard for Fair Value Measurement

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) has been adopted from the start of the fiscal year. In accordance with transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company has opted to adopt the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively. There is no impact on financial results in the fiscal year.

(Changes in Presentation Method)

Non-consolidated Statement of Income

"Gain on reversal of restoration expenses" (12 million yen in the current fiscal year), which was separately listed in non-operating income in the previous fiscal year, has been included in "Other" in the current fiscal year, as the amounts became immaterial.

(Notes on Significant Accounting Estimates)

1. Assessment of the real estate as inventory

(1) Amount recorded in the non-consolidated financial statements for the current fiscal year

	Current non-consolidated fiscal year (millions of yen)
Real estate as inventory	47,186
Loss on valuation of inventories (Cost of sales)	-

(2) Information related to the details of significant accounting estimates for items identified Same as notes to the consolidated financial statements.

(Notes to Balance Sheet)

1. Assets pledged as collateral and obligations secured by collateral

(1) Assets pledged as collateral are as follows:

Real estate as inventory	47,153	million yen
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(2) Secured obligations are as follows:

Current portion of Long-term borrowings	1,715	million yen
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Long-term borrowings	35,203	million yen
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Total	36,919	million yen
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2. Accumulated depreciation of Property, plant and equipment	11	million yen
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3. Monetary receivables from and payables to subsidiaries and affiliates (excluding those presented separately)

Short-term monetary receivables	89	million yen
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(Notes to Statement of Changes in Equity)

Matters concerning the Treasury shares (As of December 31, 2022)

Common stock	5,369,950	shares
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(Notes on Tax Effect Accounting)

Breakdown of Deferred tax assets and deferred tax liabilities by major cause

(Unit: millions of yen)

Accrued enterprise tax	71
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Accounts payable	2
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Commission fee	39
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Excess depreciation	0
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Asset retirement obligations	0
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Share-based payment expenses	1
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Deferred tax assets total	115
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(Notes on revenue recognition)

Basic information to understand the revenue from contracts with customers

Same as notes to the consolidated financial statements.

(Notes on Per Share Information)

(1) Net assets per share	863.04 yen
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(2) Earnings per share	290.61 yen
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(Subsequent Event)

Not applicable

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 9, 2023

To the Board of Directors of
Loadstar Capital K.K.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hiroyuki Morita

Designated Engagement Partner,
Certified Public Accountant:

Yutaka Takeda

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Loadstar Capital K.K. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of December 31, 2022, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2022 to December 31, 2022, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

(TRANSLATION)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(TRANSLATION)

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 9, 2023

To the Board of Directors of
Loadstar Capital K.K.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hiroyuki Morita

Designated Engagement Partner,
Certified Public Accountant:

Yutaka Takeda

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Loadstar Capital K.K. (the "Company"), namely, the nonconsolidated balance sheet as of December 31, 2022, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 11th fiscal year from January 1, 2022 to December 31, 2022, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

(TRANSLATION)

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(TRANSLATION)

- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report by Audit & Supervisory Board

Audit Report

Based on the audit reports prepared by each statutory auditor with respect to the execution of duties by Directors for the 11th fiscal year from January 1, 2022 to December 31, 2022, this Audit & Supervisory Board will prepare this audit report and report as follows.

1. Methods and Contents of Audit by Statutory Auditors and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board stipulated auditing policies, auditing plans, and the division of duties, and received reports on the status of implementation and results of audits from each statutory auditor. The Audit & Supervisory Board also received reports on the status of execution of its duties from the Directors, etc. and the Accounting Auditors, and requested explanations as necessary.
- (2) Each statutory auditor communicated with directors, the Internal Audit Office and other employees in accordance with the audit policies, audit plans, and the division of duties established by the Audit & Supervisory Board, and endeavored to gather information and improve the audit environment. Audits were conducted by the following methods.
 - ① We attended meetings of the Board of Directors and other important meetings, received reports from directors, the Internal Audit Office, and other employees on the status of the execution of their duties, requested explanations as necessary, inspected important approval documents, and investigated the status of operations and assets at the Head Office. With regard to subsidiaries, we communicated with directors and a statutory auditor of subsidiaries and exchanged information, and received reports from subsidiaries as necessary.
 - ② The Board of Directors regularly received reports from the Directors, the Internal Audit Office, and other employees on the structure and operation of the system (internal control system) established based on the resolution of the Board of Directors concerning the establishment of the system stipulated in Clauses 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as necessary for ensuring the appropriateness of the operations of the corporate group consisting of the Kabushiki-Kaisha and its subsidiaries, including the system to ensure that the execution of the duties of the directors stated in the business report complies with laws and regulations and the articles of incorporation, as well as the business operations of the corporate group consisting of the Kabushiki-Kaisha and its subsidiaries. The Board of Directors requested explanations and expressed opinions where necessary.
 - ③ The Accounting Auditor maintains an independent position and conducts appropriate audits. In addition to monitoring and verifying whether they were performing their duties, the Company received reports from the Accounting Auditor on the status of their execution of their duties, and requested explanations as necessary. In addition, we received notice from the Accounting Auditor to the effect that the "System to Ensure Proper Execution of Duties" (matters listed in each item of Article 131 of the Regulation on Corporate Accounting) has been developed in accordance with the "Quality Control Standards for Audits" (October 28, 2005, Business Accounting Deliberation Council), etc., and requested explanations where necessary.

Based on the above methods, we examined the business report and its supplementary schedules, financial statements (balance sheet, profit and loss statement, statement of changes in shareholders' equity, and non-consolidated explanatory notes), the annexed detailed statements thereof, and the consolidated financial statements (consolidated balance sheet, consolidated profit and loss statement, consolidated statement of changes in shareholders' equity, and consolidated explanatory notes) for the relevant business year.

2.Results of the audit

(1) Audit results concerning business reports

- ① The business report and supplementary schedules thereof shall be deemed to accurately indicate the status of the Company in accordance with laws and regulations and the Articles of Incorporation.
- ② There were no improper acts concerning the execution of duties by directors or material facts in violation of laws and regulations or the Articles of Incorporation.
- ③ In our opinion, the resolutions of the Board of Directors regarding the internal control system are reasonable. In addition, there are no items that need to be pointed out regarding the contents of the business report on the internal control system and the execution of duties by the directors.

(2) Audit results concerning non-consolidated financial statements and supplementary schedules

In our opinion, the auditing methods and results of Deloitte Touche Tohmatsu LLC are reasonable.

(3) Results of audit of consolidated financial statements

In our opinion, the auditing methods and results of Deloitte Touche Tohmatsu LLC are reasonable.

February 10, 2023

Audit & Supervisory Board of Loadstar Capital K.K.

REFERENCE MATERIALS FOR THE ANNUAL GENERAL MEETING OF
SHAREHOLDERS

Proposal 1: Appropriation of Retained Earnings

The Company considers the return of profits to shareholders to be a priority management issue. Based on the Company's policy of maintaining stable dividends, and taking into account future business development, and other factors, the Board of Directors has resolved to pay the following year-end dividend for the Company's 11th fiscal year.

Matters concerning the year-end dividend

- ① Type of dividend assets:
Cash
- ② Item concerning allotment of dividend assets to shareholders and total amount of dividends: JPY 50 per share of common stock. Total amount JPY 803,702,500
- ③ Effective date of the dividend
March 24, 2023
- ④ (First payment date for dividend)
March 24, 2023

Proposal 2 Election of five Directors

The terms of office of five Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of five Directors. The candidates for Director are as follows:

No.	Name (Date of Birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the C o m p a n y h e l d
1	Naoyuki Kubo [Reappointment] (May 15,1973)	<p>April 1996 Joined The Norinchukin Bank</p> <p>November 1999 Joined Japan Real Estate Institute</p> <p>February 2014 Joined the Company</p> <p>January 2017 Appointed as Executive Officer, Director, Sales Department of the Company</p> <p>May 2018 Founded Sorario K.K. Appointed as President of Sorario K.K. (incumbent)</p> <p>March 2019 Appointed as Executive Director of the Company</p> <p>July 2019 Appointed as Executive Director, General Manager of Sales Division of the Company (incumbent)</p> <p>January 2020 Appointed as Executive Director of Loadstar Funding K.K. (incumbent)</p> <p>(Significant concurrent positions) Executive Director of Loadstar Funding K.K. President of Sorario K.K.</p>	294,900
2	Yo Narita [Reappointment] (September 2,1983)	<p>April 2006 Joined Financial Security Assurance Inc.</p> <p>September 2009 Joined Touchstone Capital Management Co., Ltd.</p> <p>July 2014 Joined the Company</p> <p>January 2017 Appointed as Executive Officer, Director, Investment Management Department of the Company</p> <p>March 2019 Appointed as Executive Director of the Company</p> <p>July 2019 Appointed as General Manager of Administrative Division of the Company</p> <p>August 2019 Appointed as Executive Director of Loadstar Investments K.K.</p> <p>September 2021 Appointed as President of Loadstar Investments K.K. (incumbent)</p> <p>(Significant concurrent positions) President of Loadstar Investments K.K.</p>	258,000
3	Takuya Kawabata [Reappointment] (April 8,1983)	<p>December 2007 Joined ERNST & YOUNG SHINNIHON LLC</p> <p>September 2016 Joined the Company</p> <p>January 2019 Appointed as Executive Officer, Chief Financial Officer of the Company</p> <p>October 2019 Founded Riverfield K.K. Appointed as President of Riverfield K.K. (incumbent)</p> <p>March 2021 Appointed as Executive Director of the Company</p> <p>September 2021 Appointed as General Manager of Administrative Division of the Company (incumbent)</p> <p>September 2021 Appointed as Executive Director of Loadstar Investments K.K. (incumbent)</p> <p>(Significant concurrent positions) Executive Director of Loadstar Investments K.K. President of Riverfield K.K.</p>	14,100

4	<p style="text-align: center;">Jun Onishi [Reappointment] (April 28,1973)</p>	<p>April 1996 Joined Japan Real Estate Institute</p> <p>January 2011 Joined Alt Law & Economic Offices Founded Alt Real Estate Appraisal Office Appointed as Representative of Alt Real Estate Appraisal Office</p> <p>February 2012 Joined Ichigaya Ekimae Law Office (Renamed Alt Real Estate Appraisal Office to Ichigaya Ekimae Real Estate Office)</p> <p>November 2013 Founded Onishi Tokyo Legal & Real Estate Appraisal Offices Appointed as Representative of Onishi Tokyo Legal & Real Estate Appraisal Offices (incumbent) (Ichigaya Ekimae Real Estate Office merged with the above mentioned office under the same trade name)</p> <p>March 2019 Appointed as Outside Director of the Company (incumbent)</p> <p>(Significant concurrent positions) Representative of Onishi Tokyo Legal & Real Estate Appraisal Offices</p>	-
5	<p style="text-align: center;">Mayumi Funaki [Reappointment] (August 6,1978)</p>	<p>April 2001 Joined Media Busters Inc.</p> <p>April 2003 Joined Vector Inc.</p> <p>September 2005 Joined Brains Company Inc.</p> <p>April 2008 Joined Rakuten Group Inc.</p> <p>April 2014 Joined Shipood, Ltd.</p> <p>July 2015 Appointed as Executive Director of Shipood, Ltd.</p> <p>April 2016 Appointed as President of Shipood, Ltd. (incumbent)</p> <p>March 2021 Appointed as Outside Director of the Company (incumbent)</p> <p>May 2022 Appointed as Outside Director of WACUL, Inc. (incumbent)</p> <p>(Significant concurrent positions) President of Shipood, Ltd. Outside Director of WACUL, Inc.</p>	-

- Note 1. There is no special interest between each candidate for Director and the Company.
2. The number of shares of the Company owned by each candidate is as of December 31, 2022.
 3. Mr. Jun Onishi and Ms. Mayumi Funaki are candidates for Outside Directors.
 4. (1) Reasons for selecting Mr. Naoyuki Kubo as a candidate for reappointment as Director are as follows. He is a certified real estate appraiser in Japan and while studying at the U.S. Business School, he also obtained real estate appraisal licenses in the U.K. and the U.S. He possesses extensive knowledge and experience in the valuation of real estate in Japan as well as overseas. He has been in charge of sourcing, disposition and sales activities of the Company. The Board of Directors recommends that shareholders reappoint Mr. Kubo in the interests of the further growth and development of the Company.
 - (2) Reasons for selecting Mr. Yo Narita as a candidate for reappointment as Director are as follows. He possesses expertise in asset management services related to real estate investments as well as supporting real estate investments by overseas institutional investors. In addition, he oversaw the Crowdfunding Business, then Human Resources, General Affairs, and Legal Affairs. Currently, he serves as President and Representative Director of Loadstar Investments K.K. The Board of Directors recommends that shareholders reappoint Mr. Narita in the interests of the further growth and development of the Company.
 - (3) Reasons for selecting Mr. Takuya Kawabata as a candidate for reappointment as Director are as follows. With exceptional knowledge and experience in accounting and finance as a Certified Public Accountant, he has overseen the Administrative Division of the Company as General Manager of Administrative Division and Finance & Accounting Division, while also taking primary responsibility for Investor Relations. The Board of Directors recommends that shareholders reappoint Mr. Kawabata in the interests of the further growth and development of the Company.
 - (4) Reasons for selecting Mr. Jun Onishi as a candidate for reappointment as an Outside Director are as follows. He is a licensed attorney and real estate appraiser with extensive knowledge and experience in real estate-related legal affairs, labor law, corporate legal affairs, and real estate appraisal etc. In addition, he ran his own law/real estate appraisal firm where he engaged in corporate management. From a professional standpoint based on his extensive knowledge and experience, he provides fair, impartial, and beneficial comments at the Board of Directors meetings. To continue to receive his contributions toward strengthening the supervisory function of the Board of Directors and the ongoing enhancement of our corporate value, the Board of Directors recommends that shareholders reappoint Mr. Onishi as an Outside Director.
 - (5) Reasons for selecting Ms. Mayumi Funaki as a candidate for reappointment as an Outside Director are as follows. Having extensive experience in Public Relations (PR) and supporting the PR activities for more than 170 companies, she has diverse perspectives and professional expertise in corporate communications. As a corporate senior executive, she also has broader insight into overall management. With her profound insight into societal events, she demonstrates excellent planning and execution skills to resolve issues. To continue to receive her contributions toward strengthening the supervisory function of the Board of Directors and the ongoing enhancement of our corporate value, the Board of Directors recommends that shareholders reappoint Ms. Funaki as an Outside Director.
5. Mr. Jun Onishi and Ms. Mayumi Funaki currently serve as Outside Directors of the Company, and their terms of office as Outside Directors will reach four years and two years, respectively, at the conclusion of this year's Annual General Meeting of Shareholders.
 6. To enable them to contribute fully in their roles as Outside Directors, and pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with Mr. Jun Onishi and Ms. Mayumi Funaki that limits their liabilities for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. If their reappointments are approved, the period of the current agreement with each of them will be extended. Under the terms of this agreement,

their liabilities for damages are limited to two years of their total annual remuneration from the Company or the minimum limited amount stipulated by applicable laws and regulations, whichever is higher.

7. The Company has registered Mr. Jun Onishi and Ms. Mayumi Funaki as Independent Officers as defined by the Tokyo Stock Exchange. Should their reappointments be approved, the Company will continue registering them as Independent Officers.
8. The Company has entered into a liability insurance agreement for Officers, etc. with an insurance company as stipulated in Paragraph 1, Article 430-3 of the Companies Act. Under the terms of this insurance agreement, litigation expenses and compensation for damages arising from legal action against Officers, etc. in connection with their fulfillment of their duties for the Company shall be compensated by the Company. The insurance premium is fully borne by the Company, and the candidates will be covered by this insurance if reappointed.