



April 24, 2018

To Whom It May Concern:

Oak Capital Corporation  
Representative: Hiroyasu Takei, Chairman and CEO  
(Securities code: 3113, TSE 2<sup>nd</sup> Section)  
Contact person: Seiichi Kodama, General Manager of IR/PR Department  
(Tel.: 03-5412-7700)

## **Notice of commencement of property investment business as means of diversification of investments**

We hereby announce that to diversify our investments we are commencing property investment business (such as real estate tech) on the real estate market. As the result, our investment banking business now consists of listed stock investments, business investments, M&A investments and real estate investments.

### **1. Objectives of entering a new business field**

Real estate investment market plays a key role in providing a stable operational environment for a variety of investors, including individuals, large institutions such as pension funds, foreign investors, etc. Additionally, the combination of total amount of monetary assets in Japan reaching a record level of over 1.8 quadrillion JPY, robust corporate earnings that brought internal reserves to historical highs, and introduction of monetary easing policies makes the diversification of investment portfolios more necessary now than ever before. Since we expect this market to stay strong in the future, we have decided to commence property investment business as part of our investment diversification strategy.

### **2. Distinguishing characteristics of property investments:**

While mainstream property investment products consist mainly of investment properties such as condominiums or apartment buildings, we believe that it is important to also offer other attractive and sought-after products. We shall leverage our investing experience to develop more attractive and profitable investment products and schemes and to offer them to investors.

### **3. Property investment proposals for stock market investors**

As an investment bank we have achieved an average 60% yield on investments during the last five years. When comparing share prices of 16 of our latest investment recipients for a period of 1 year after our investments to the period of 1 year before the investments, average trading volume (number of shares) of those 16 companies increased by 237%, average trading volume (total transaction amount) increased by 318% (yearly trading volume: 2.1 trillion JPY) and their stock prices appreciated by 186% on average. Since we are well-known on the stock market, we shall propose attractive property investments to stock market investors.

Investment products and potential customers:

- (1) Real estate tech: trading and management of profitable real estate and assets for individual and corporate investors.
- (2) Corporate real estate investments: planning and development of asset products for corporate clients.
- (3) Equity financing underwriting for real estate asset management companies looking to raise capital.
- (4) Product categories: hotel residences, luxury rental housing, retirement homes, apartment housing investments, commercial facilities, domestic and overseas resorts, solar power systems, medical facilities, etc.

### **4. Acquisition of shares of an asset investment company**

Together with the commencement of the property investment business, we have acquired shares of an asset investment company that has been involved in the development, sales and operation of 276 solar power systems for investors countrywide.

Company overview:

- (1) Company name: North Energy Inc.
- (2) Business results: Term ended December 2017: Sales: 2,274 M JPY; Operating profits: 285 M JPY  
Term ended December 2016: Sales: 2,000 M JPY; Operating profits: 172 M JPY
- (3) Representative: Representative directors: Norihiko Hara, Takashi Komatsu, Naoki Mori
- (4) Address: 4-1-3 Jonishi, Kita 4, Chuo-ku, Sapporo, Hokkaido Pref.
- (5) Description of business: Asset investment business
- Energy business: operating 276 locations countrywide
  - Sales of prepackaged solar energy and small wind energy systems to investors
  - FinTech platform business
  - Development and sales of asset products
  - Fund operation
- (6) Major shareholders: North Holdings (wholly owned subsidiary of Oak Capital)

**5. Establishing capital alliances and business partnerships to expand the property investment business**

When developing our property investment business, we shall form alliances with real estate tech companies and other real estate businesses, as well as firms from other business fields to create new markets

**6. Leveraging already acquired investments as property investment products**

We shall leverage previously acquired 470,000 m<sup>2</sup> resort subdivision on the Big Island of Hawaii as well as the resort facility in Karuizawa (10 guest rooms, 2 tennis courts, 7,000 m<sup>2</sup>) as property investment products.

**7. Future prospects**

We shall immediately issue a notice if this new business significantly affects our business results.

• **Real estate tech:**

Leveraging communication technologies to trade managed real estate and providing real estate management or operation services to individual and corporate clients.

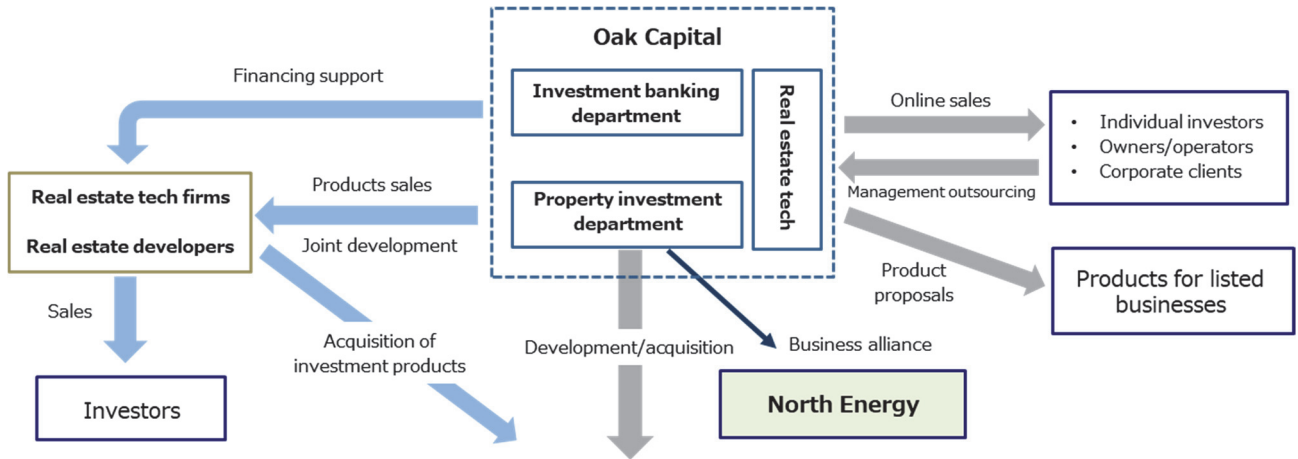
• **Property management:**

Providing real estate operation services that maximize asset value to real estate owners or operators.

• **Asset management**

Providing operation and management services for financial and other assets (real estate, equity, bonds) to investors.

Reference graph:



Real Estate Division		Resort Division		Asset Division	
					
Apartment housing	Hotel residences	Tourist facilities	Resorts	Financial products	Vehicles, equipment
					
Luxury rental housing	Retirement homes	Domestic and overseas villas	Hotels	Medical devices	Solar power systems