



Materials about Growth Potential

July 2019

tsukuruba inc.

Company Overview

Name	tsukuruba inc.
Address	2F Ikura Building, 1-1-1 Kamimeguro, Meguro-ku, Tokyo, Japan
Founded	August 2011
Founders	CEO Hiroki Murakami CCO Masahiro Nakamura
Employees	117 full-time employees (As of May 2019)
Businesses	Creating and operating technology-powered property-related services: - "cowcamo", an end-to-end real estate online brokerage platform for used and renovated properties - "co-ba", subscription-based co-working offices
Awards	Deloitte Technology Company Japan Technology Fast 50 2017/2018

Our mission is to make a new future by inventing new places



Place

Our definition of *place* extends beyond physical places.

Places have meanings for the people who interact in those places, for the emotions and stories that are born and converged in those places.

Places embody and transmit our emotions and stories and play a critical part in broadening their reach.

We believe in and aim to communicate such power of place.

Invention

Invention is not just about creating new things which did not exist previously.

Rather, we believe that an invention is about creating new things and approaches which eventually become new standards in our society.

New Future

Our actions are inspired and motivated by our will and desire to create a *new future*.

Whether you try to enthuse those around you or even attempt to start a revolution which galvanizes societies, it all starts with an action.

Actions and will are a baton, inspiring new actions.

Actions and will are passed on from one person to another, leading to a new and better future.

Such society, which evolves as our actions and will are passed on, is the future that we aim to build.

Team of Experienced Management with Backgrounds in Business, Design and Technology



Hiroki Murakami
Co-founder & CEO

Formerly involved with the development and management of LIFULL HOME'S, Japan's No.1 portal site for real estate and housing information. Founded Tsukuruba in August 2011 with Masahiro. Graduate of Rikkyo University.



Hiroshi Kitahara
COO

Former consultant at Corporate Directions Inc., Deloitte Tohmatsu Consulting LLC and Deloitte Consulting Southeast Asia. Joined Tsukuruba in November 2016, before being appointed as COO in May 2018. PhD in Engineering from Tokyo Institute of Technology. MBA from Université Paris-Dauphine.



Ryohei Koike
CFO

Registered as a Certified Public Accountant in 2007. Prior position at Star Festival Inc. as CFO. Originally Tsukuruba's external auditor and appointed as CFO in May 2018.



Masahiro Nakamura
Co-founder & CCO

Named in Nikkei Architecture's "100 Next Generation Innovators".

Founded Tsukuruba in August 2011 with Hiroki after working in design studios. Received a Masters degree in Architecture and Building Engineering from Tokyo Institute of Technology.



Shinichi Takano
External Director

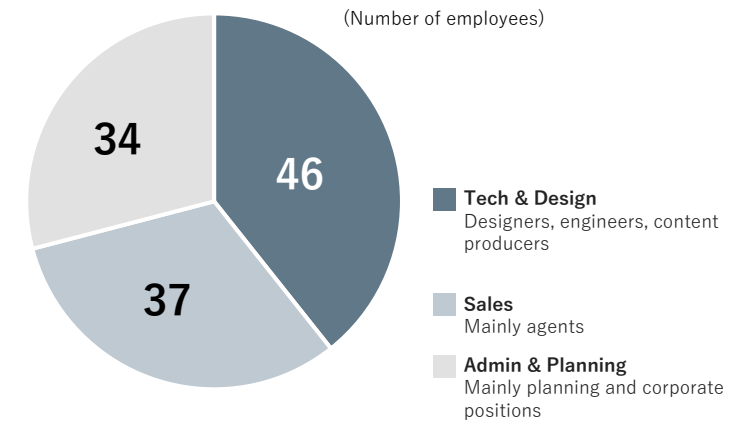
Served as an Executive Officer at COSMOS INITIA Co., Ltd (formerly Recruit COSMOS Co., Ltd.), before working in HR and PR at Recruit Co., Ltd. In 2010, appointed as an Executive Director at Nihon Kotsu Co., Ltd, Japan's largest taxi company, after serving as an Executive Director and General Manager at Gyosei Co.

Diverse and Talented Group of Professionals

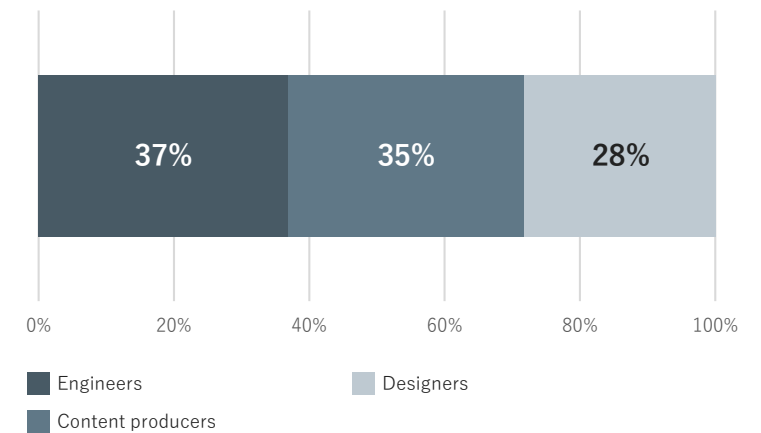


Employee Composition

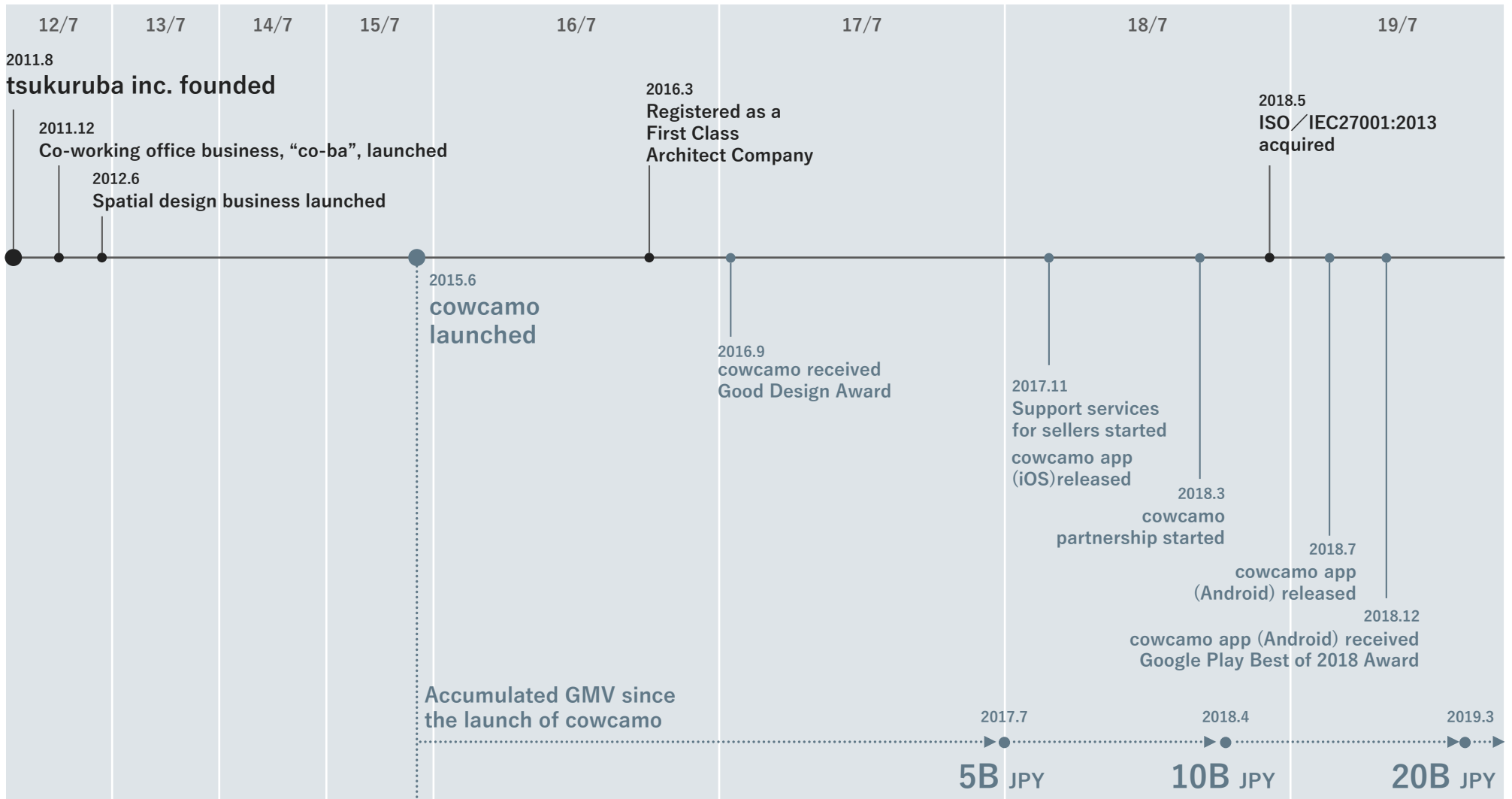
Note : Full-time employees as of May 2019



Breakdown of tech and design-related employees

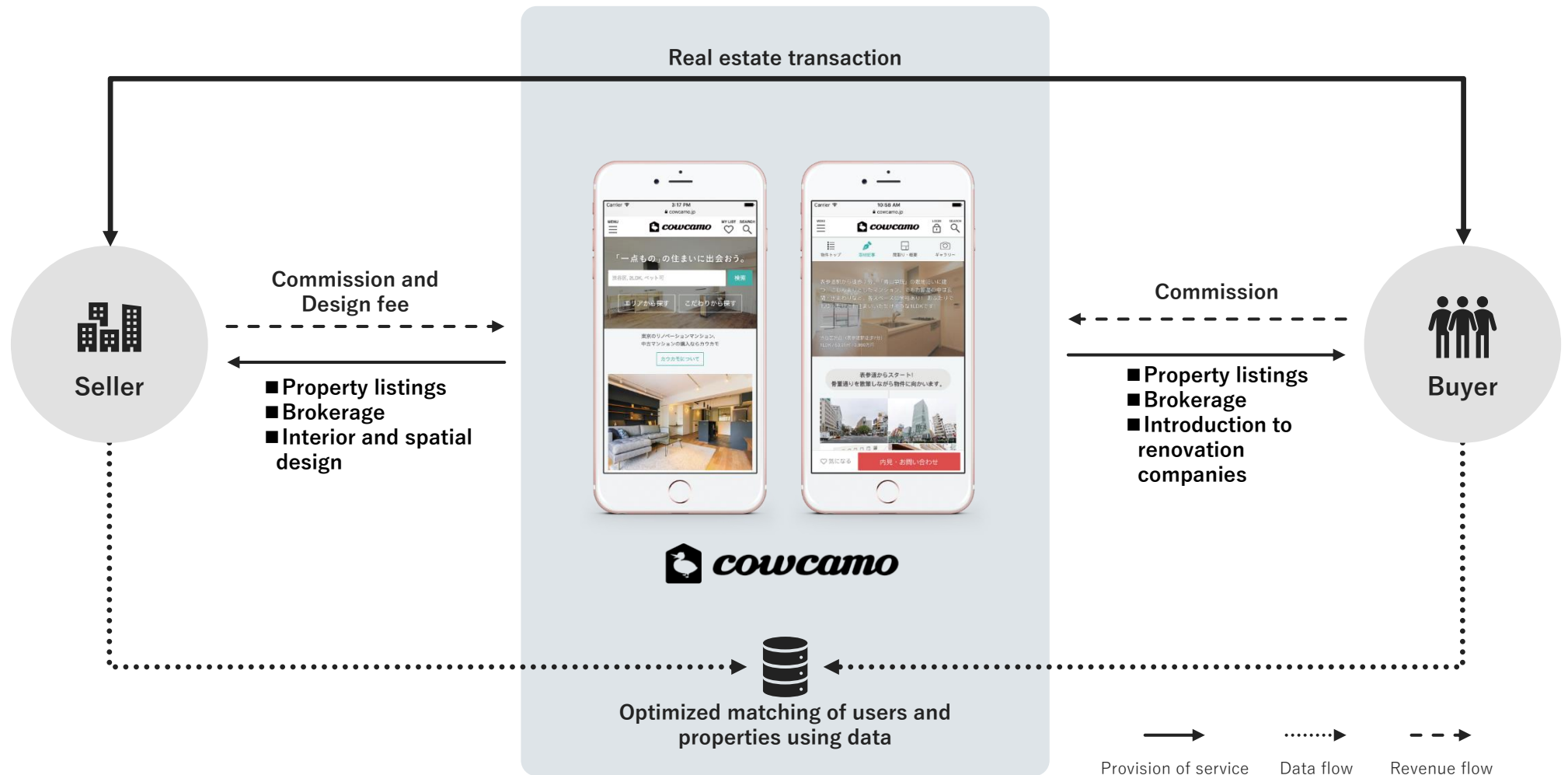


Rapid Growth since the Launch of cowcamo in 2015



cowcamo: Technology-Powered Real Estate Brokerage Platform for Used and Renovated Properties*1

What is cowcamo?



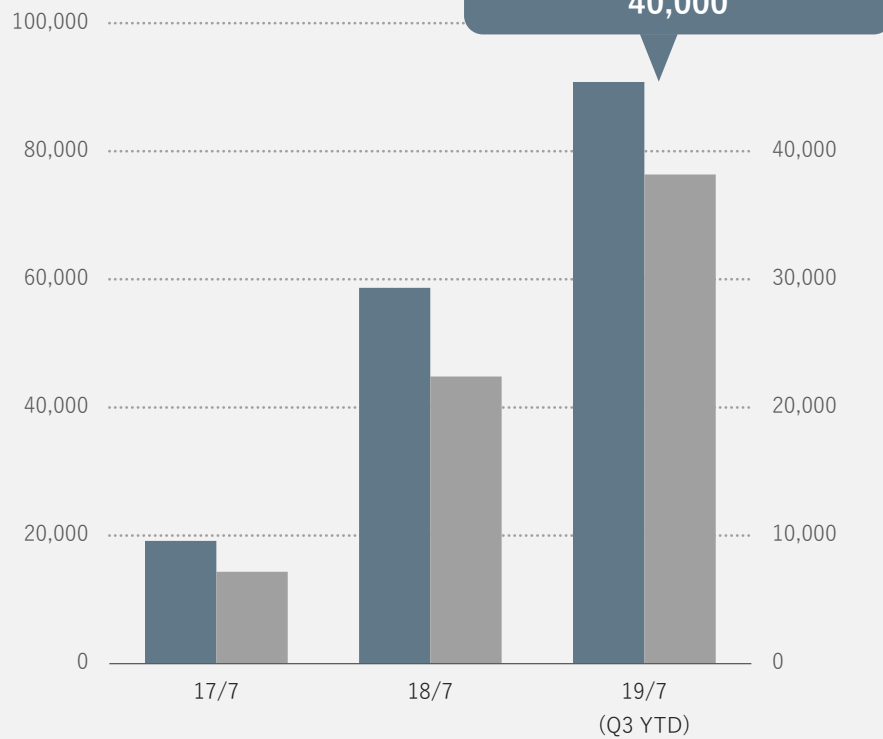
*1 : Used properties refer to properties which meet any of the following criteria:
- Previously pre-occupied by a resident
- One year has passed since the completion including those properties which have not been preoccupied)

cowcamo's Strong Growth Trajectory

cowcamo's main KPIs

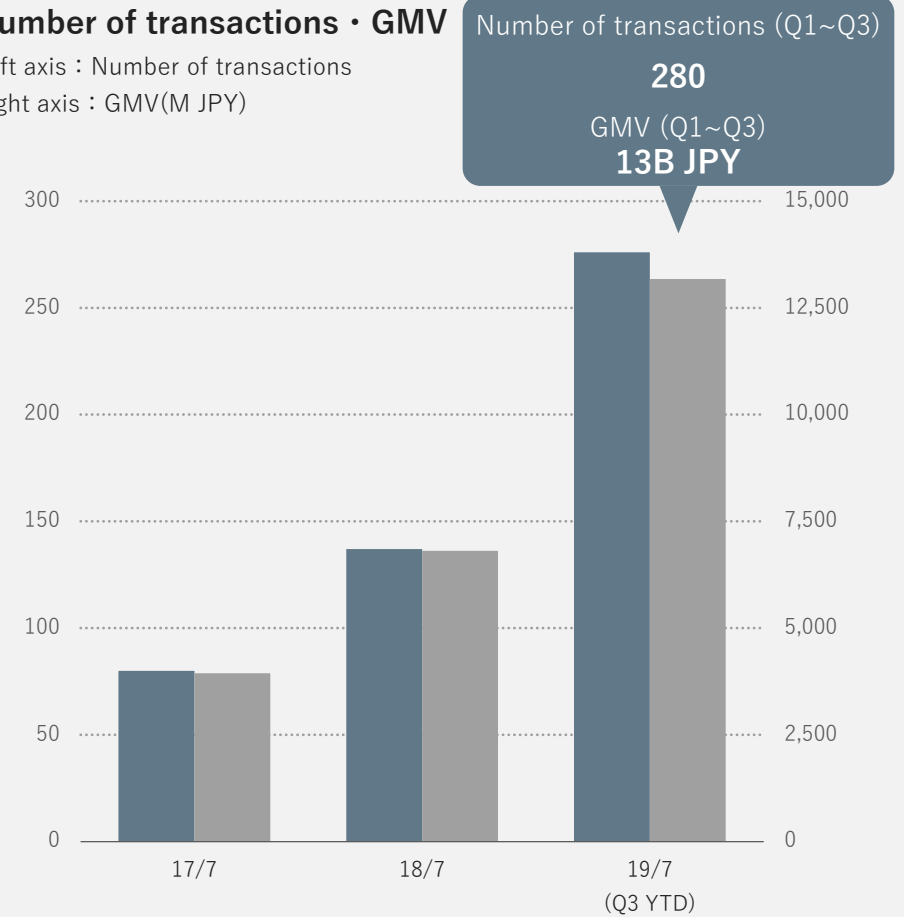
Number of registered users and registered MAU

Left axis : Number of registered users
Right axis : Number of registered MAU



Number of transactions • GMV

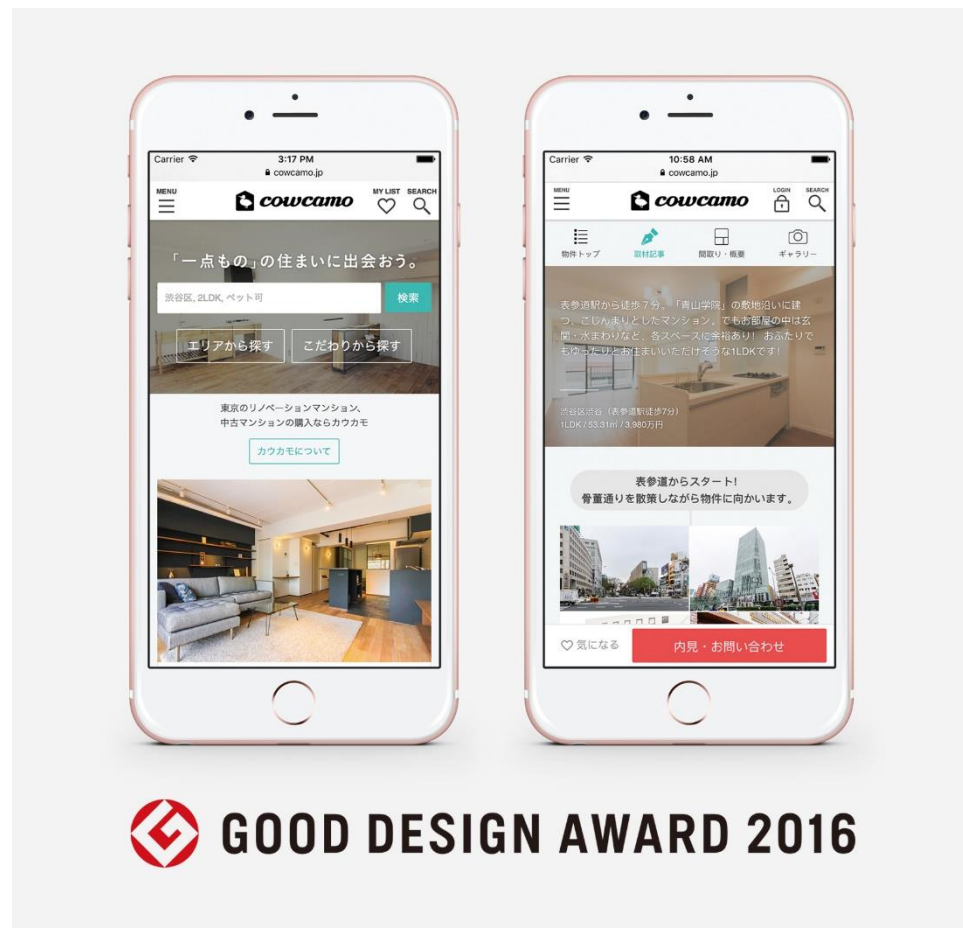
Left axis : Number of transactions
Right axis : GMV(M JPY)



Past Awards

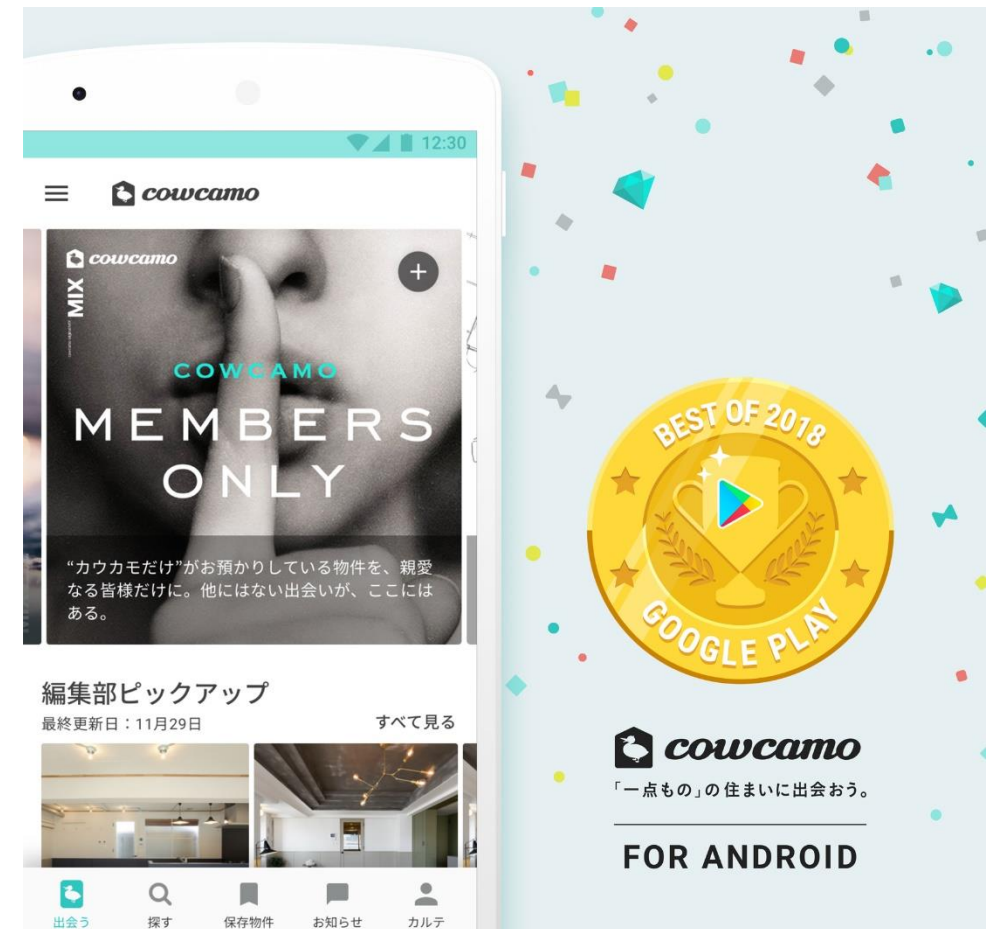
cowcamo.jp (Website)

GOOD DESIGN AWARD 2016



cowcamo for android (app)

Google Play Best of 2018



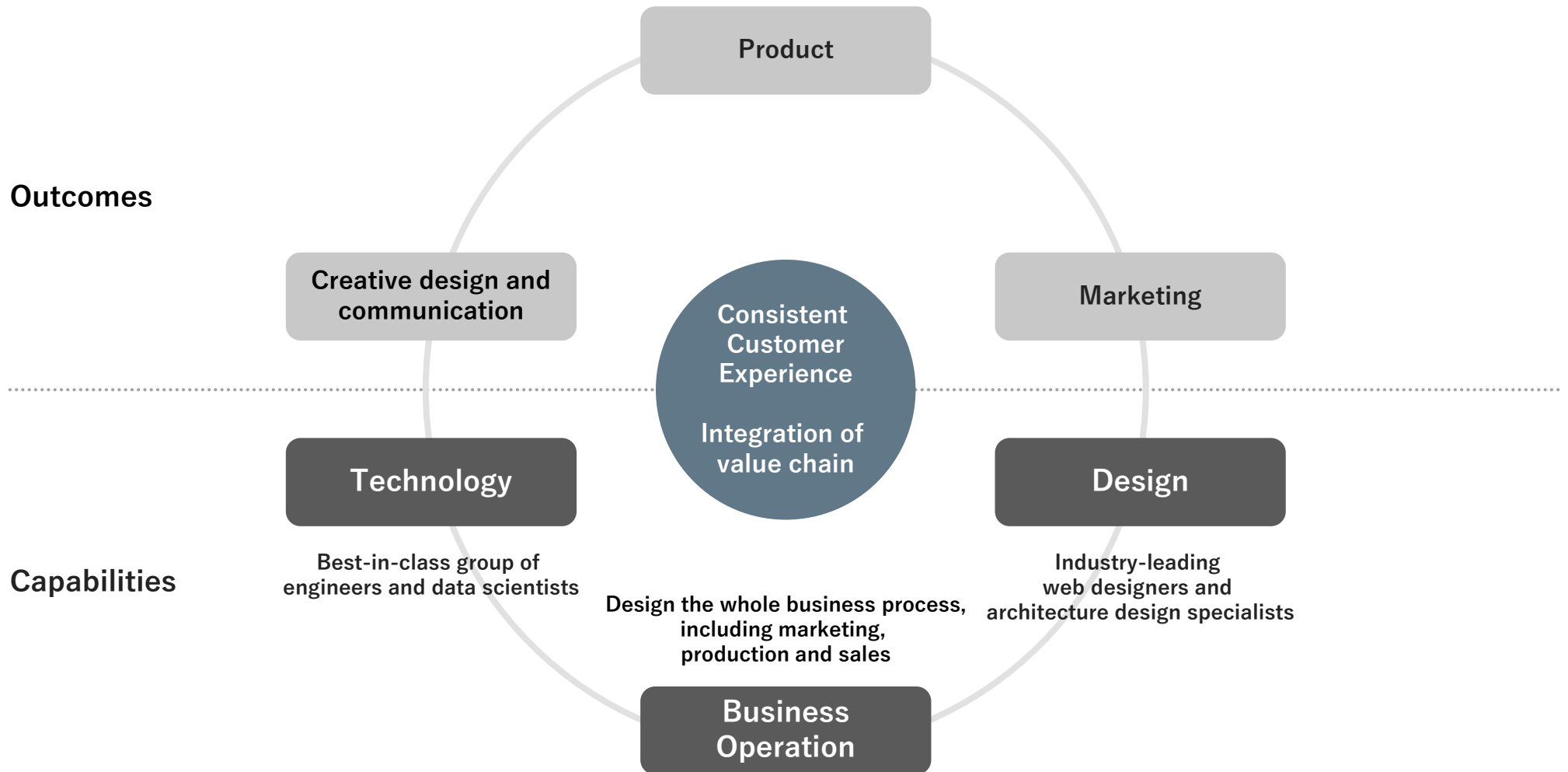
Revolutionizing the Real Estate Industry

Our unique and innovative approach to business creation

	Competitive approach		Tsukuruba approach
Strategic concept	Expand and maintain a large market share in an existing market by establishing a competitive advantage	▶	Create new markets through redefinition and re-imagination of existing markets
Source of competitive advantage	Superior functions or cost structure	▶	High engagement through a consistent customer experience
Customer value	Economic or functional value	▶	Emotional value and experience
Operational model	Direct source of competitive advantage Specializes in and exceeds at specific functions	▶	Full integration of complex and disperse operations using technology and design
Organizational structure	Designed to efficiently execute limited and specific functions within a regulated framework	▶	Designed for diverse and talented professionals and functions to co-exist and co-create

Our Strength for Building a Consistent Customer Experience

Our capabilities and outcomes



Company Highlights

Company Highlights

1

Establishing a unique position in the growing used and renovated property market

2

Enhancing our self-sustaining growth model based on product and marketing capabilities

3

Building and consolidating our assets and competitive advantage through the integration of the value chain

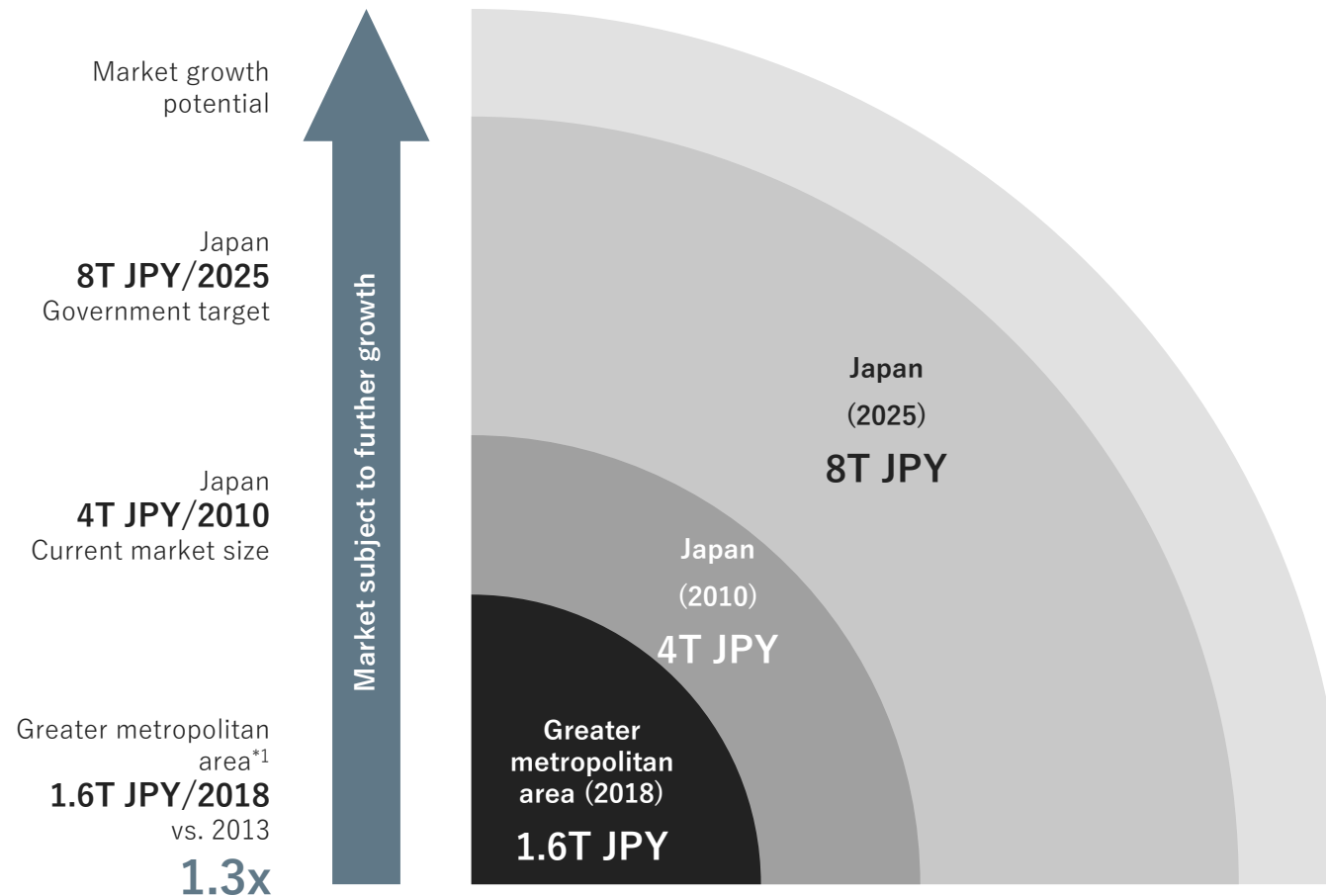
4

Growing and strengthening our user base

1

Future Growth Expectations of the Used and Renovated Property Market

The Greater metropolitan market was estimated to be 1.8 trillion JPY, while the Japanese government aims to further invigorate the market to 8 trillion JPY as a whole

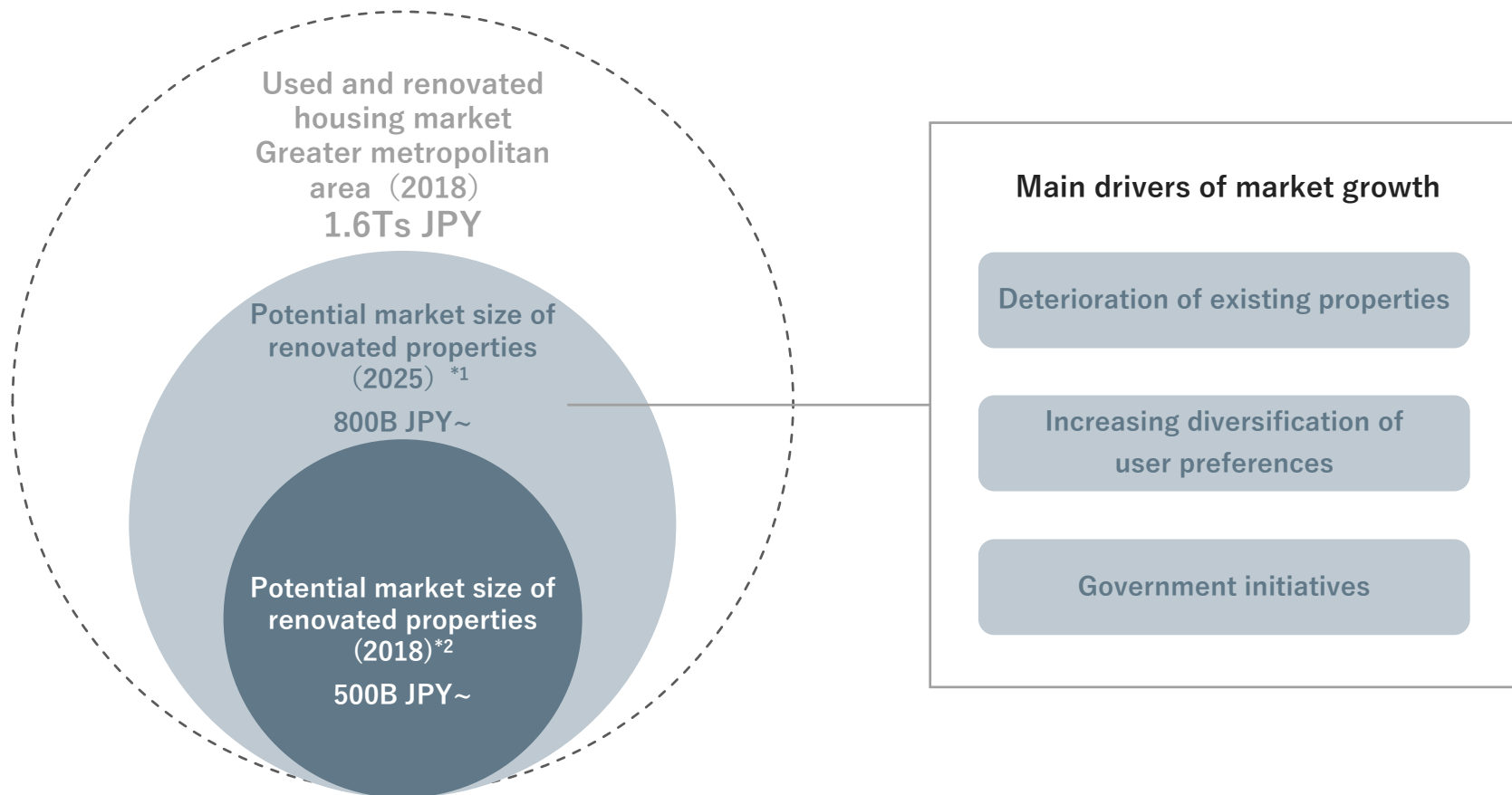


*1 Greater metropolitan area : Tokyo, Saitama, Chiba and Kanagawa prefectures

Source: Real Estate Information Network for East Japan / Prime Minister's Office of Japan, "Growth Strategy 2017"

1 Strong Growth Potential of the Renovated Property Market

The renovated housing market is expected to experience a rapid growth due to a number of factors



*1 Calculated based on the market size of the used property market in 2018 x the number of used apartments which are 25 years or older in supply in 2025 (estimated data)

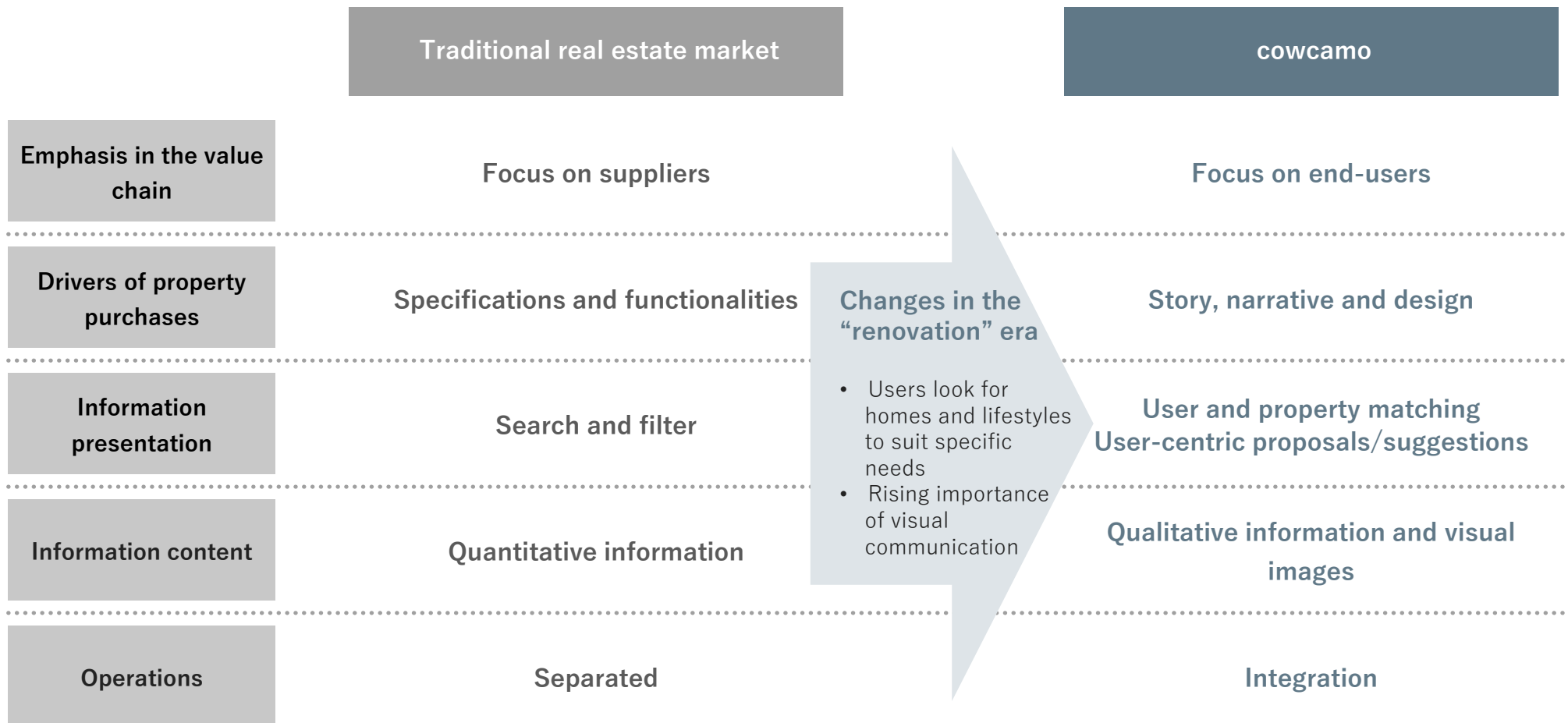
*2 Calculated based on the market size of the used property market in 2018 x the number of used apartments which are 25 years or older in supply in 2015 (actual data)

Source: Real Estate Information Network for East Japan "Market trend of Real Estate Market in the Greater Metropolitan Area", Mizuho Trust & Banking Co., Ltd. "Real Estate Market Report 2016.5"

1

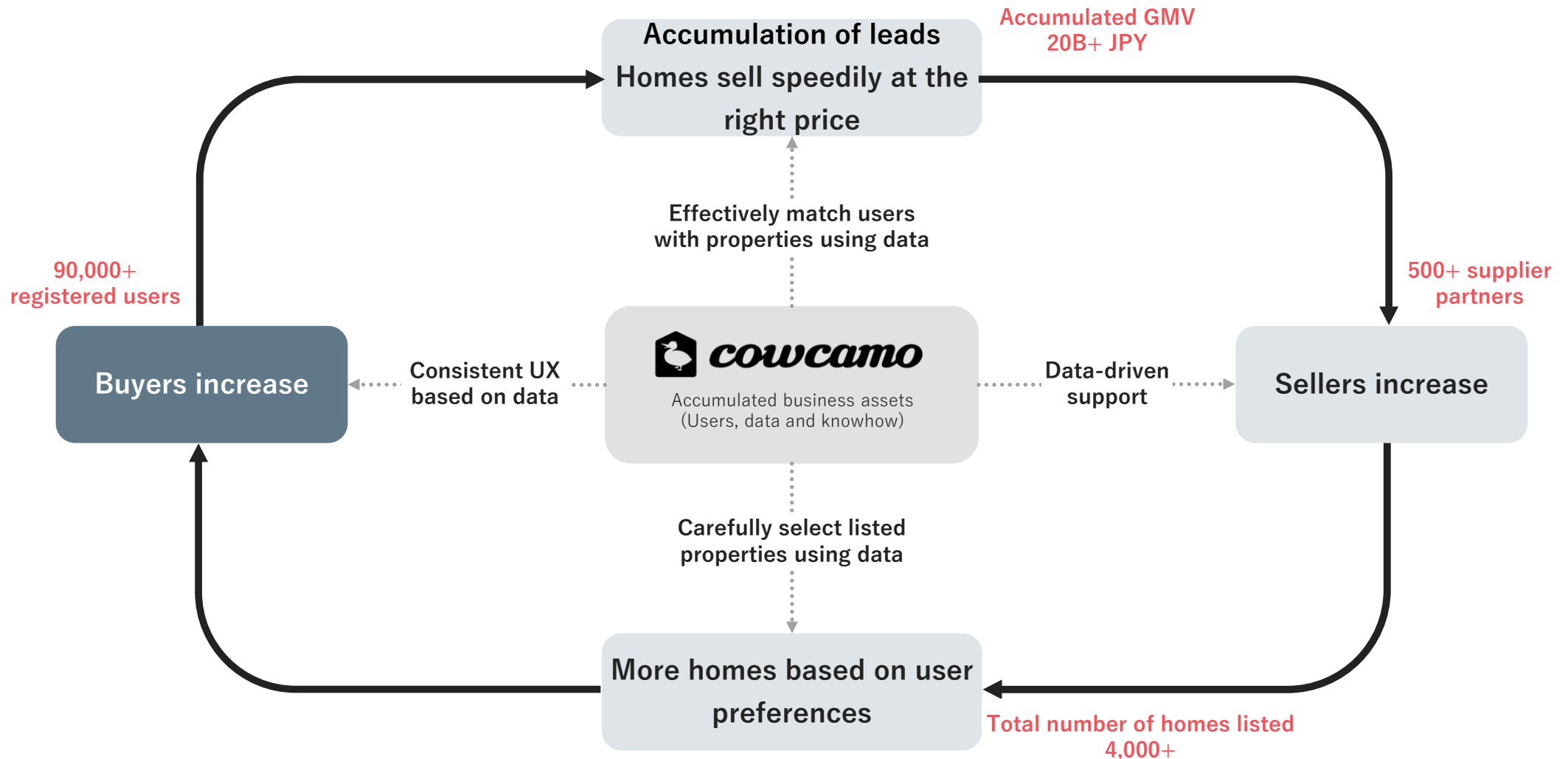
Our Unique Market Position as a Platform for Residential Properties

Changes in the principle of competition in the “renovation” era and cowcamo’s market positioning



2

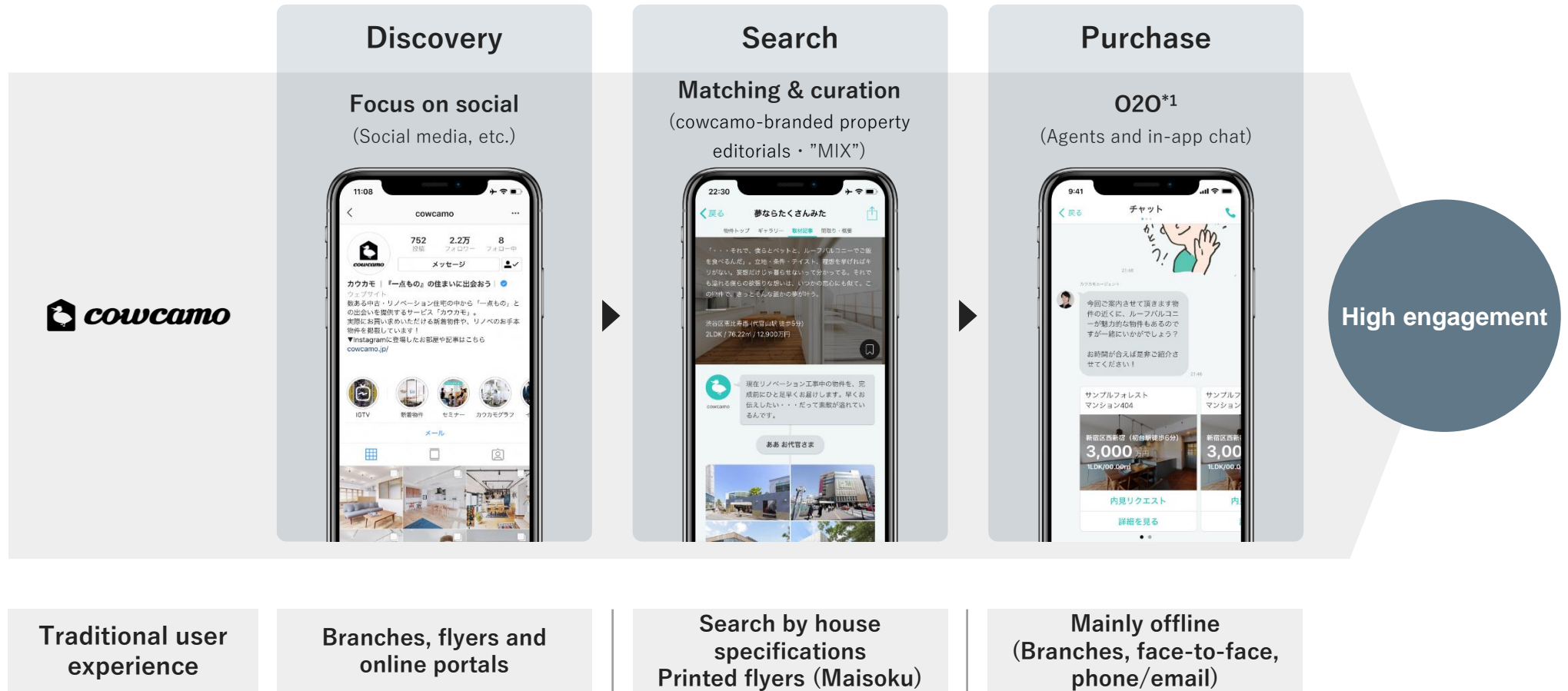
Our User-Driven Self-Sustaining Growth Cycle



2

Our User-Centric Home Shopping Journey

Design and manage the end-to-end user experience to deliver a first-class home shopping journey



*1 O2O: Online to Offline

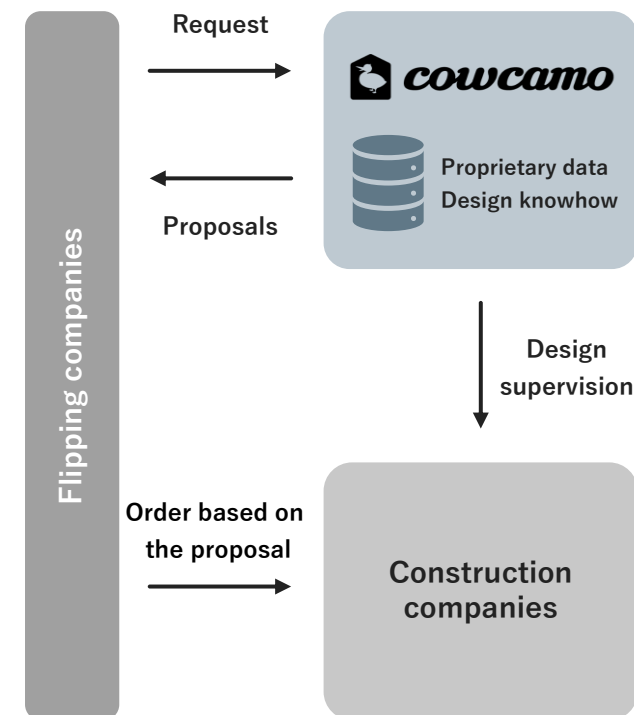
*2 "Maisoku" : Printed flyers with listed property information which real estate agents traditionally hand out

2 Creating New Business Opportunities with Supplier Partners

Property designs by cowcamo

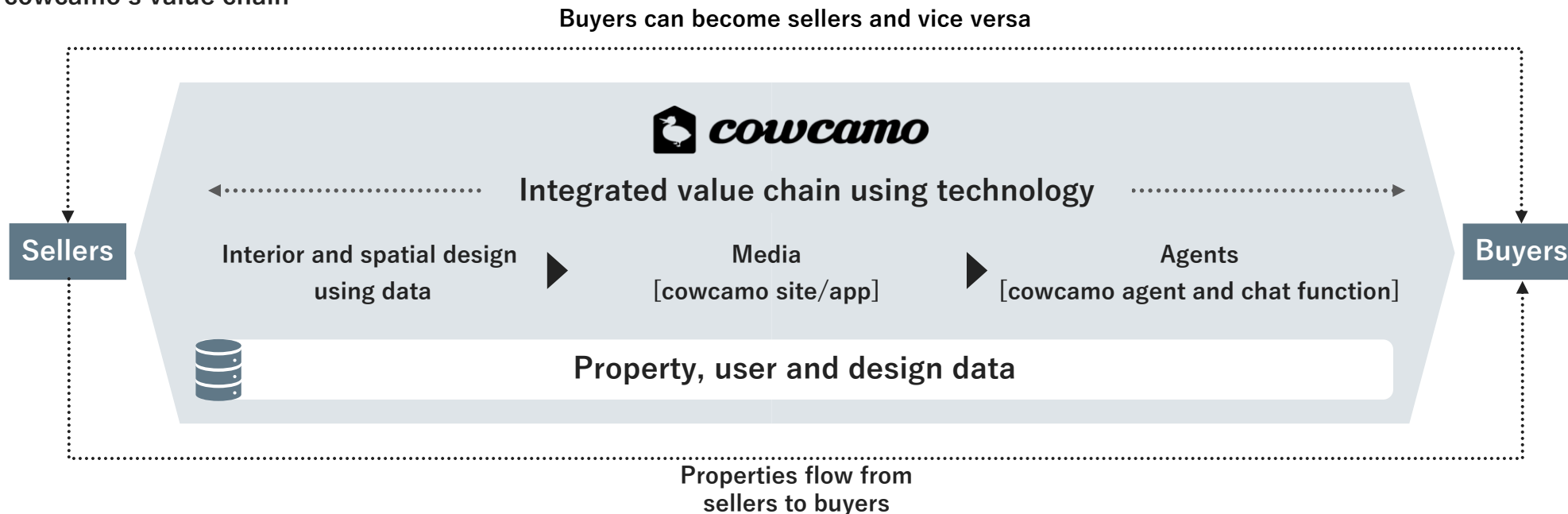


Business flow of our interior and spatial design business scheme

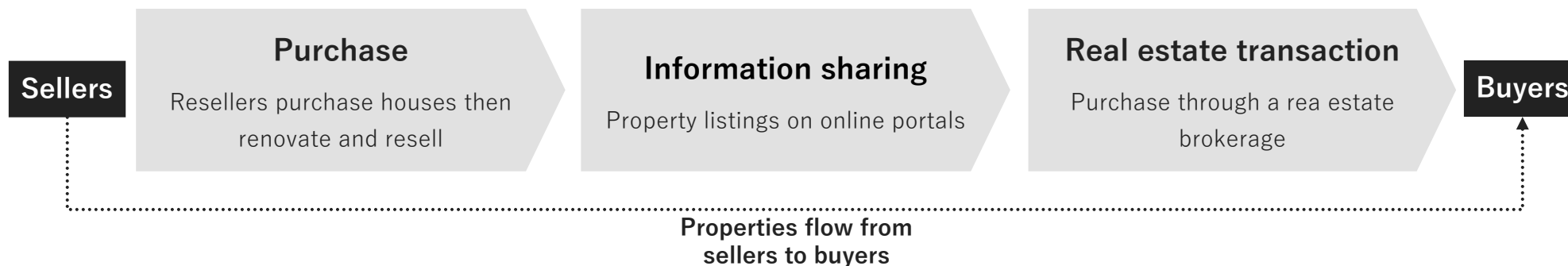


3 A Fully-Integrated Used and Renovated Property Value Chain

cowcamo's value chain

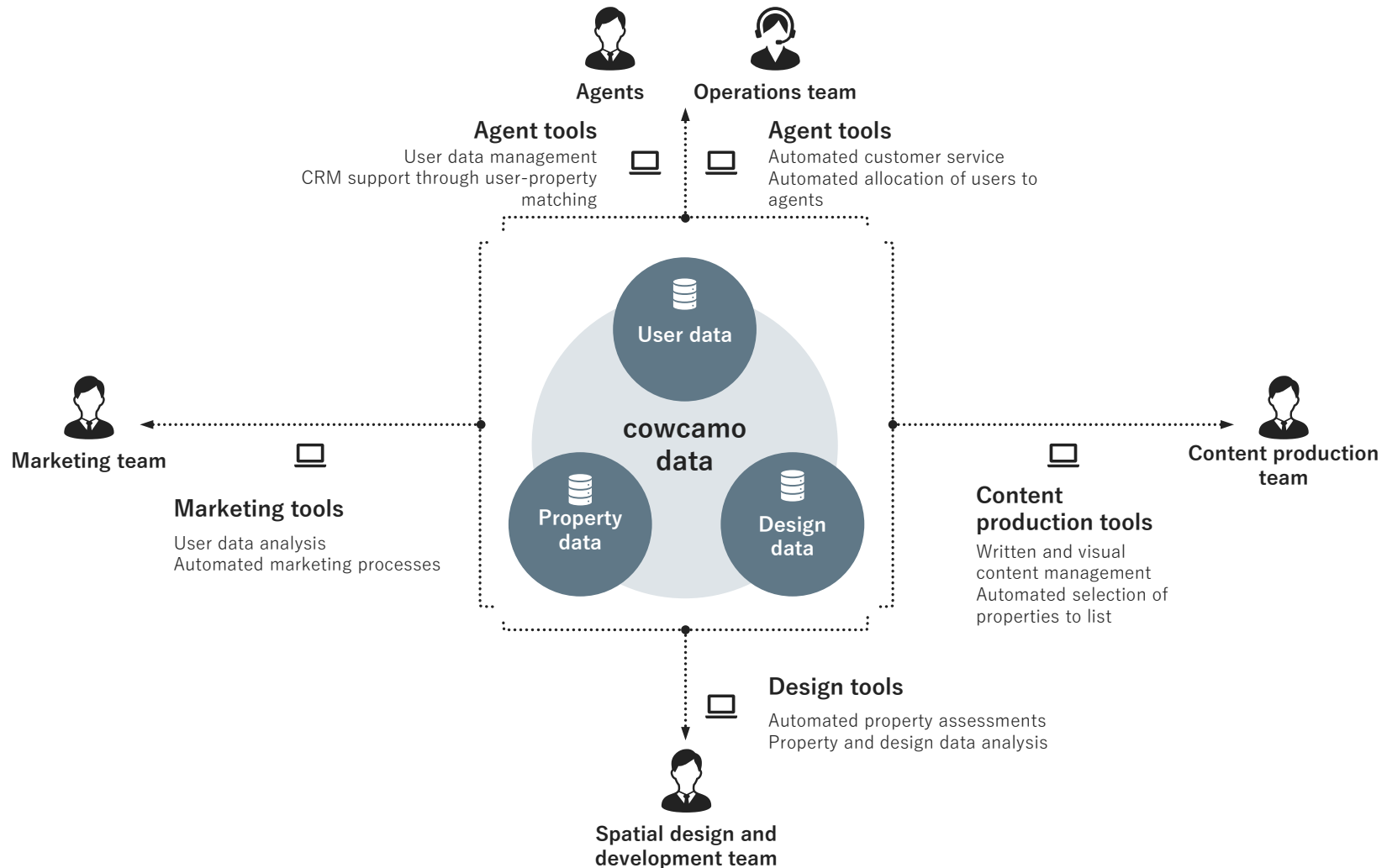


Traditional value chain



Our Comprehensive Suite of Tools and Technology Solutions

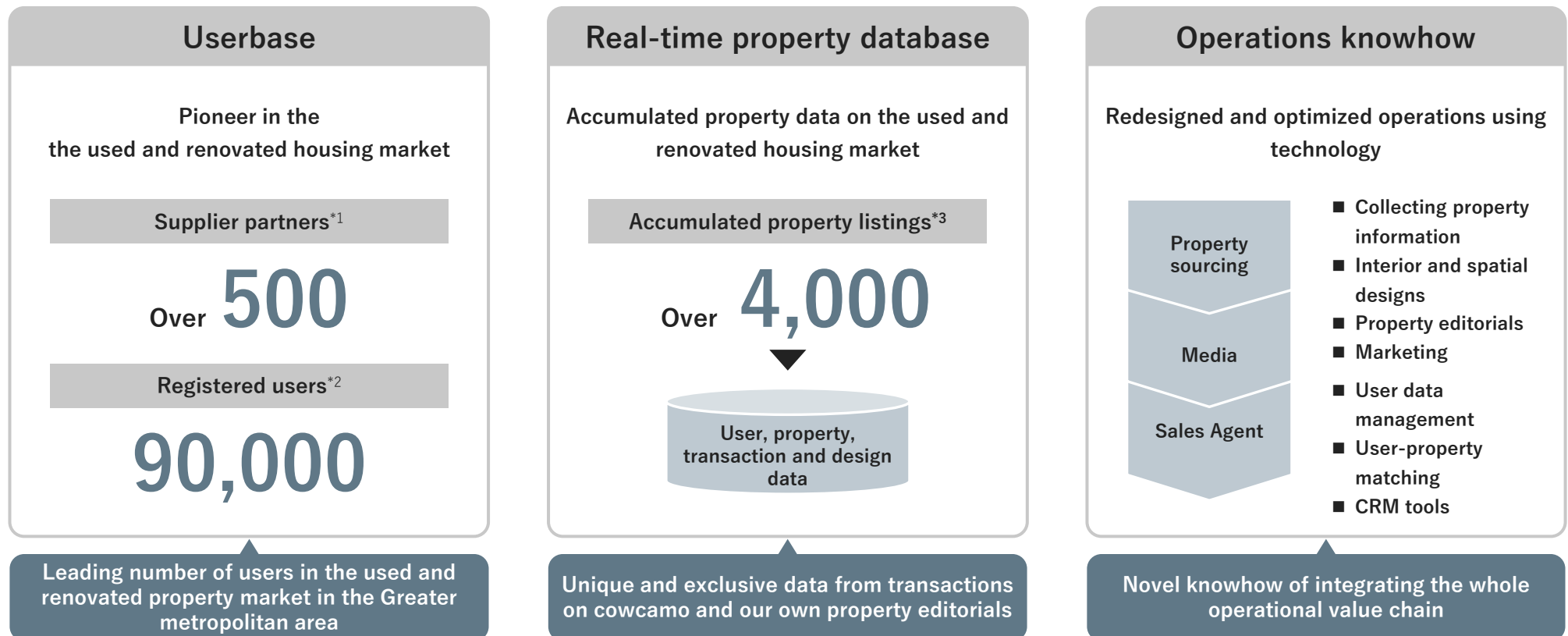
Optimization of various processes using data and technology



3

Our Sustainable Competitive Advantage

Accumulated userbase, data and know-how through business operations



*1 : Sellers and flipping companies which have been covered in cowcamo's editorials

*2 : Accumulated number of registered users (as of April 2019)

*3 : Properties listed on cowcamo

4

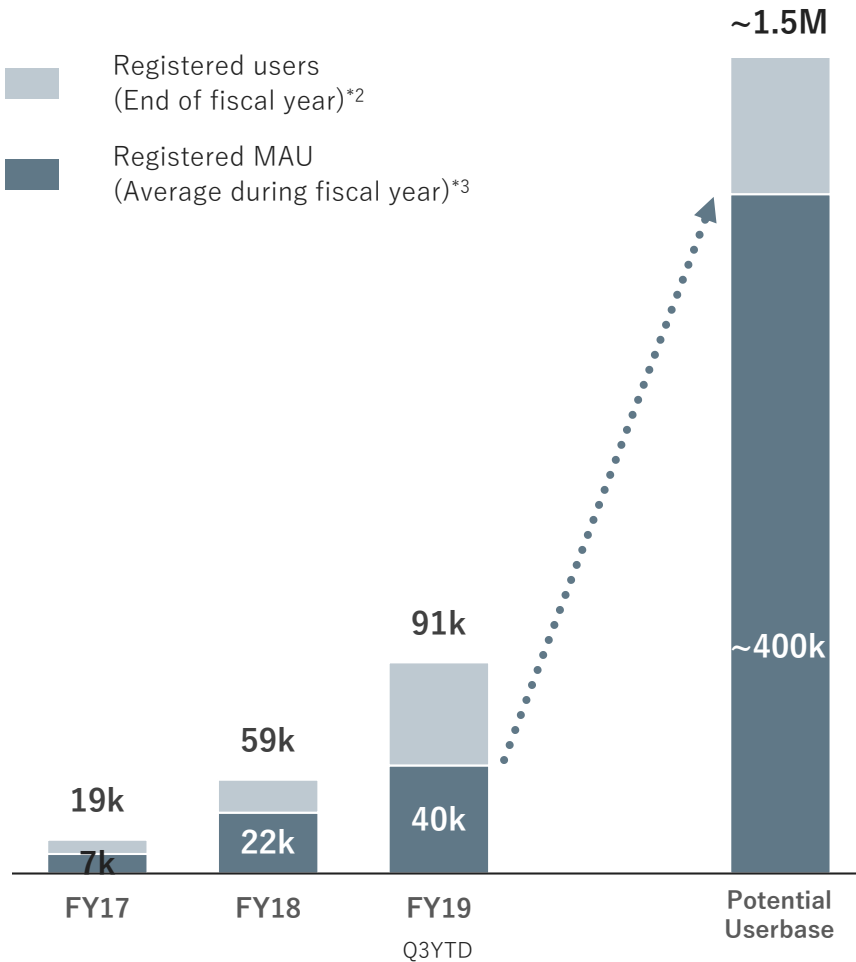
Our Growth Roadmap



4

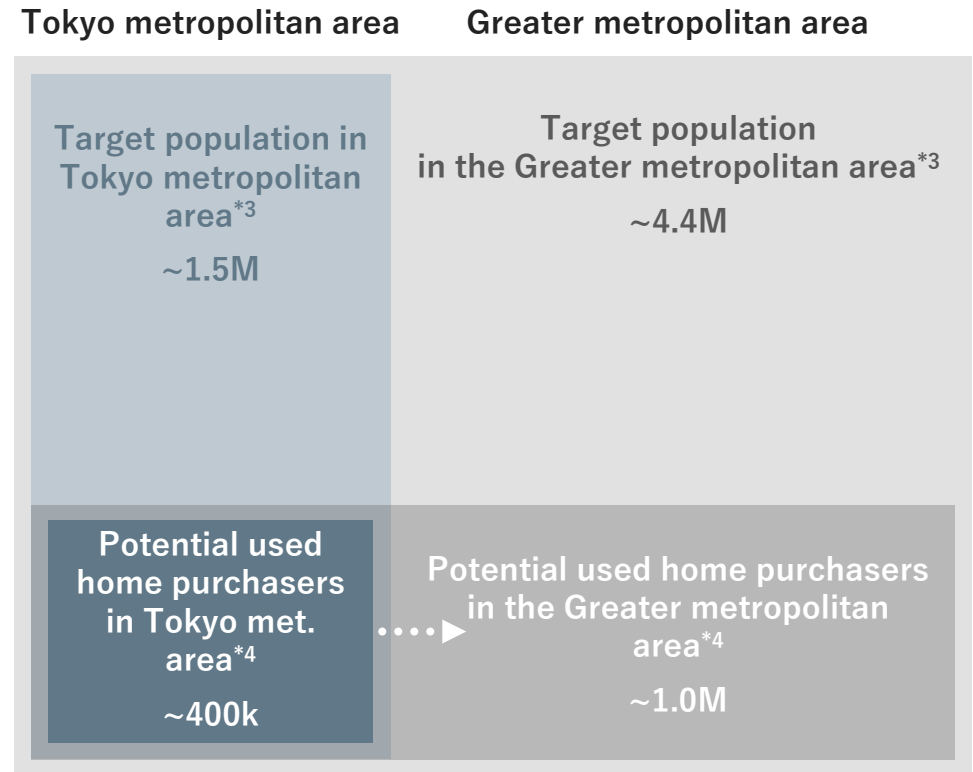
Opportunities for Future Growth of Our Userbase

Potential for user growth in the Tokyo metropolitan area*1



*1 : Tokyo metropolitan area refers to the 23 wards in Tokyo prefecture
 *2 : Registered users refers to users who have registered on cowcamo by the last day of a given period, including users who have not made any transactions
 *3 : Registered MAU refers the average number of registered monthly active users in a given period

Potential for user growth through area expansion



*3 : In Tokyo metropolitan area (A1) and Greater metropolitan area (A2), calculated based on: the population between the age of 25 to 50 years old x estimated potential home ownership rate (B) x estimated potential used home ownership rate (C)
 A1 : Tokyo Metropolitan Government Bureau of General Affairs "Census: Population and Households in Tokyo (2019.1)"
 A2 : Tokyo Metropolitan Government Bureau of General Affairs "Current Population Estimates as of October 1, 2018"
 B : Ministry of Land, Infrastructure, Transport and Tourism "2019 Real Estate Market Data: 3. Perception of Japanese Citizens Towards" Housing
 Exclude respondents who answered "Rented properties" as their desired future property ownership from all respondents who currently live in a rented property (66.2%)
 C : Ministry of Land, Infrastructure, Transport and Tourism "2019 Real Estate Market Data: 3. Perception of Japanese Citizens Towards" Housing
 Share of respondents who live in a rented property and answered "Used property" or "No preference" as desired future property ownership (44.1%)
 *4 : Calculated based on the target population x share of those who want to move houses within the next 5 years (D)
 D : Tokyo Metropolitan Government Bureau of General Affairs Intentions to Relocate Houses/Improve Living Conditions (5 categories)/Age of the Head of Household (8 categories)
 Share of households, for which the head of household is under the age of 50, who answered "I want to change residential property" within the next 5 years (23.6%)

4 Long-term Goal of Leading the Used Property Market

We aim to lead the acceleration of the market expansion by changing the public perception of used properties. This will allow us to change how used properties are priced and increase the frequency of purchases

Increase Price

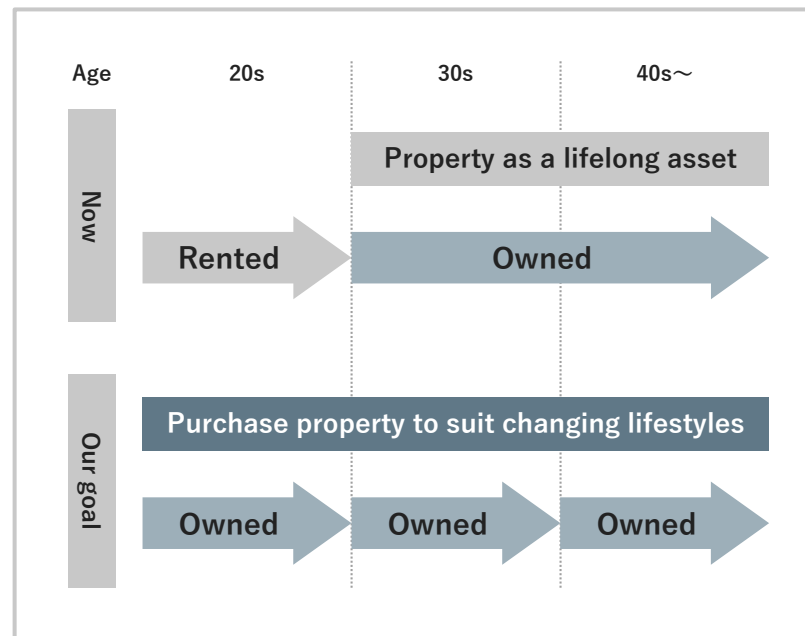
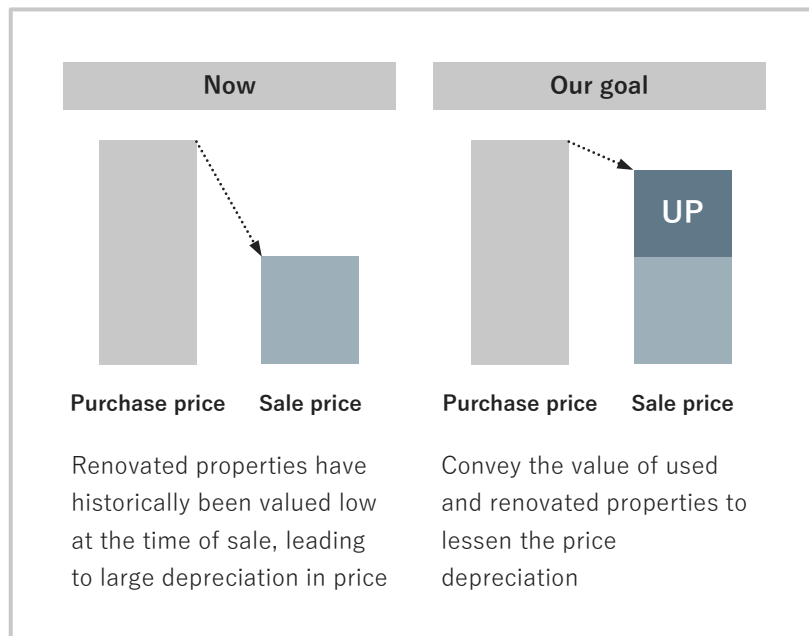
- Fair and accurate assessment of renovated real estate using our own property data
- Ability to market the quantitative and qualitative value of renovated properties



Increase frequency of home purchases

= Expand TAM

- Promote new home purchases to suit changing lifestyles
- Improve the economics of new purchases by removing middleman costs

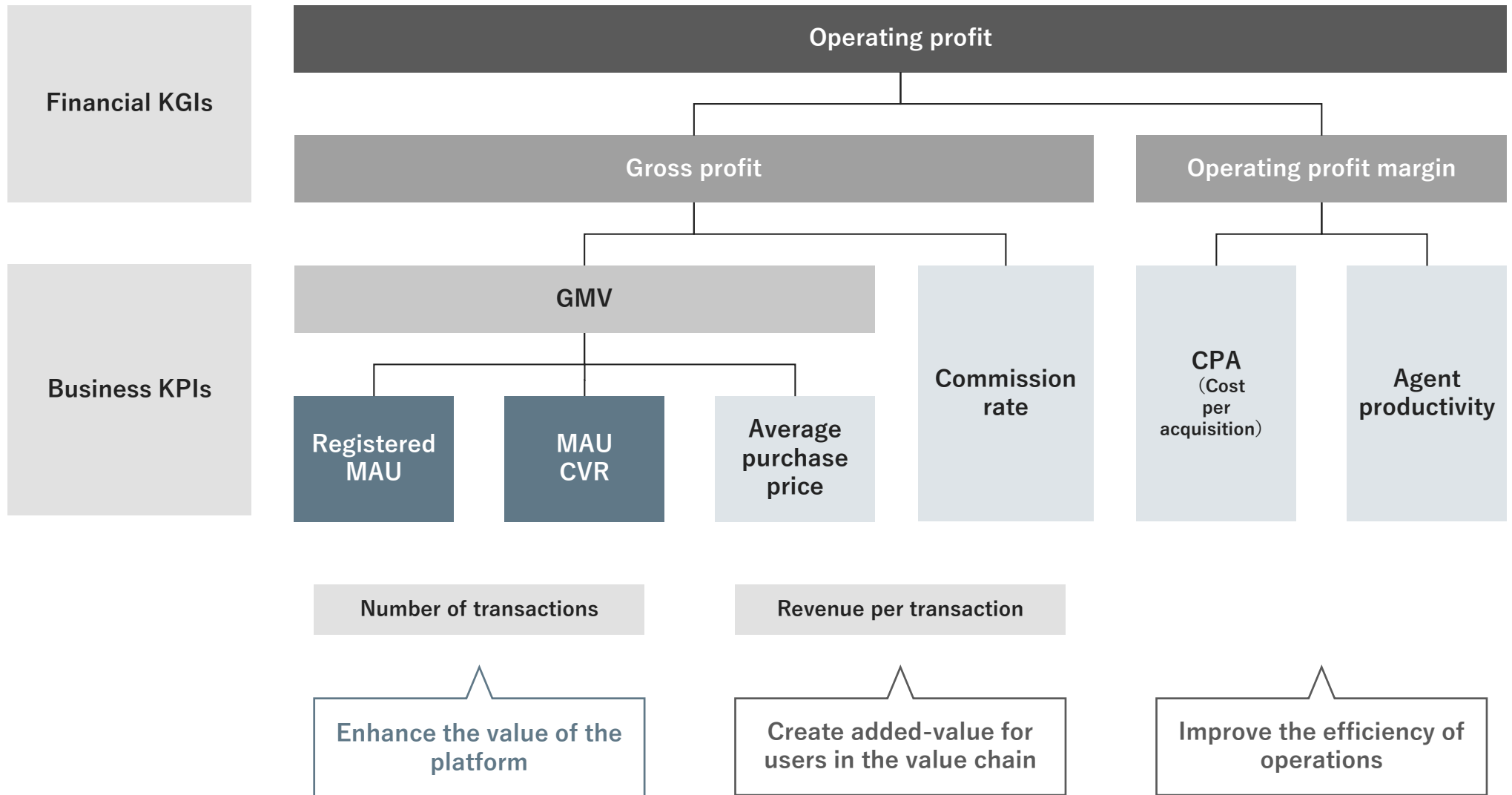


Financial Highlights

Financial Highlights

- Gross profit margin growth through expansion of our userbase
- Improvement in profit margin through optimization of our operations
- Expand gross profit margin by re-investing our profits into new opportunities

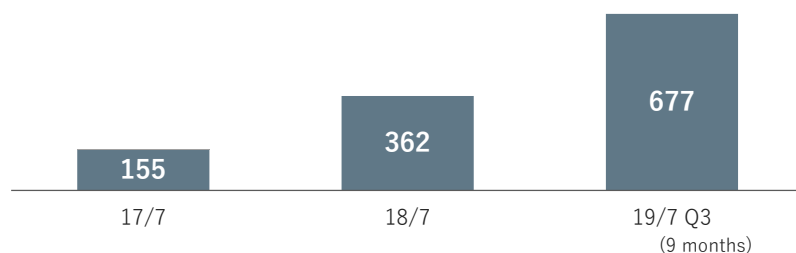
Maximizing the Gross Profit by Enhancing the Value of the Platform



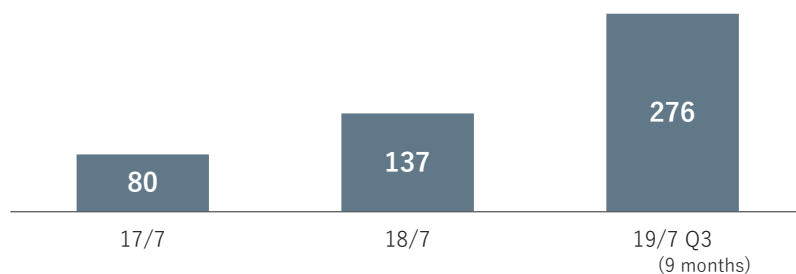
Strong and Robust Growth of our Top-Line

cowcamo: Gross profit

(M JPY)

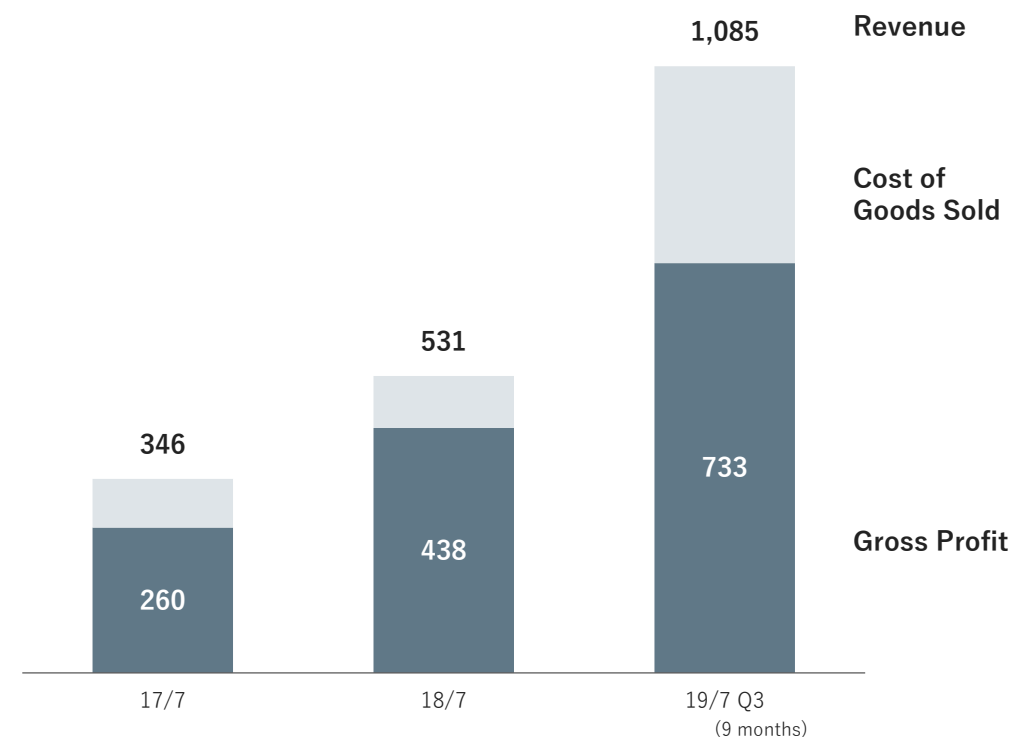


cowcamo: Number of transactions



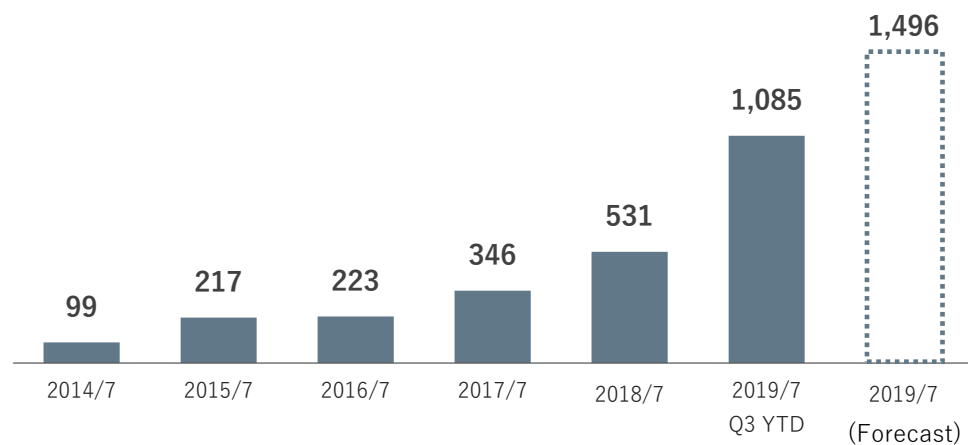
Tsukuruba: Revenue & gross profit

(M JPY)

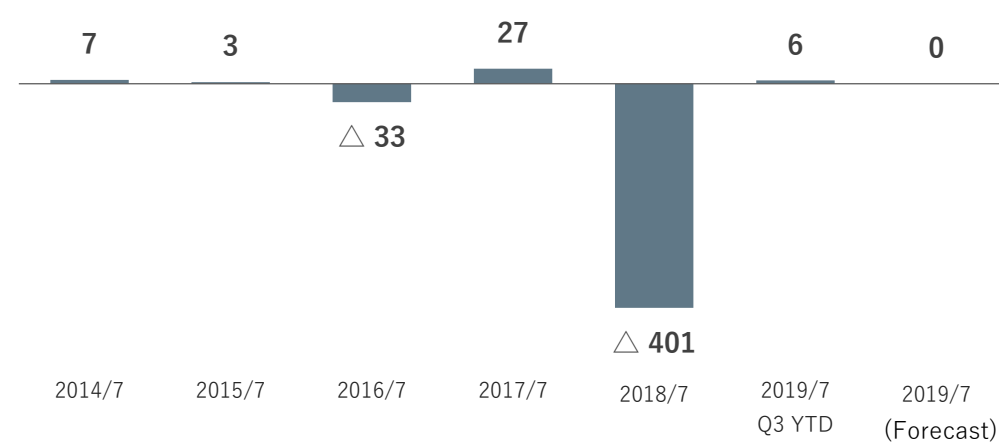


Financials

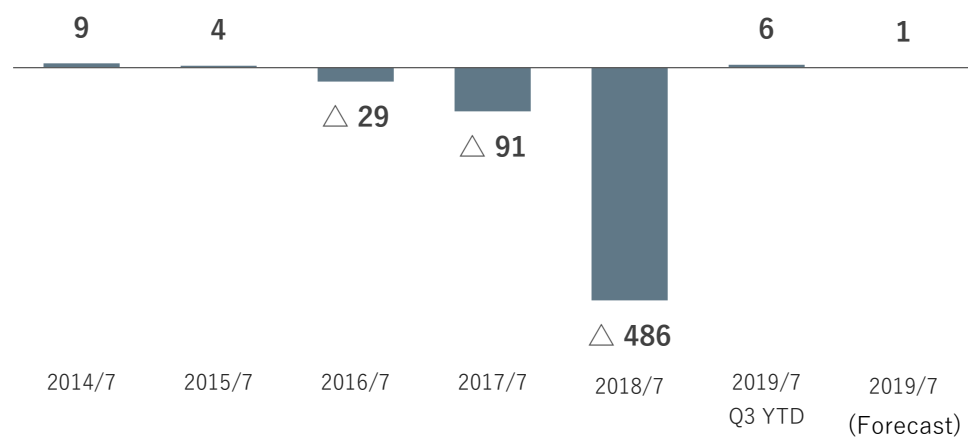
Revenue (M JPY)



Net profit (M JPY)



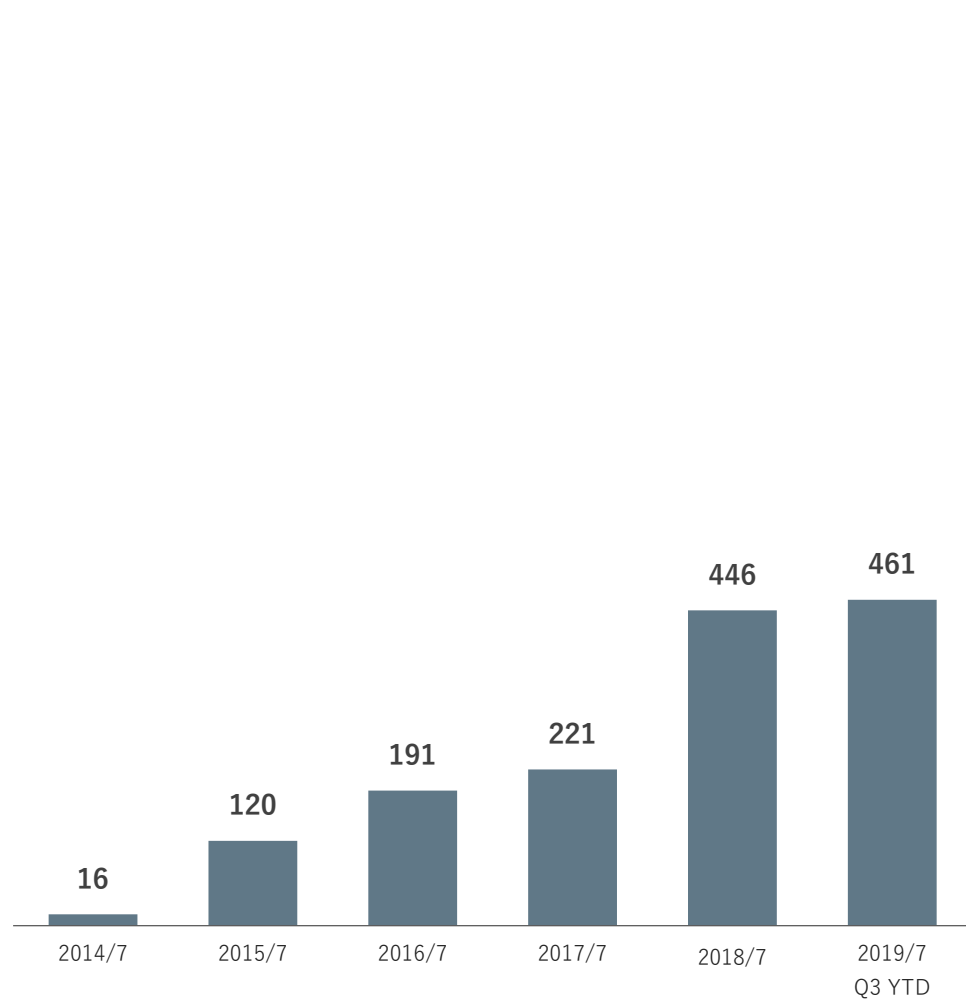
Ordinary profit (M JPY)



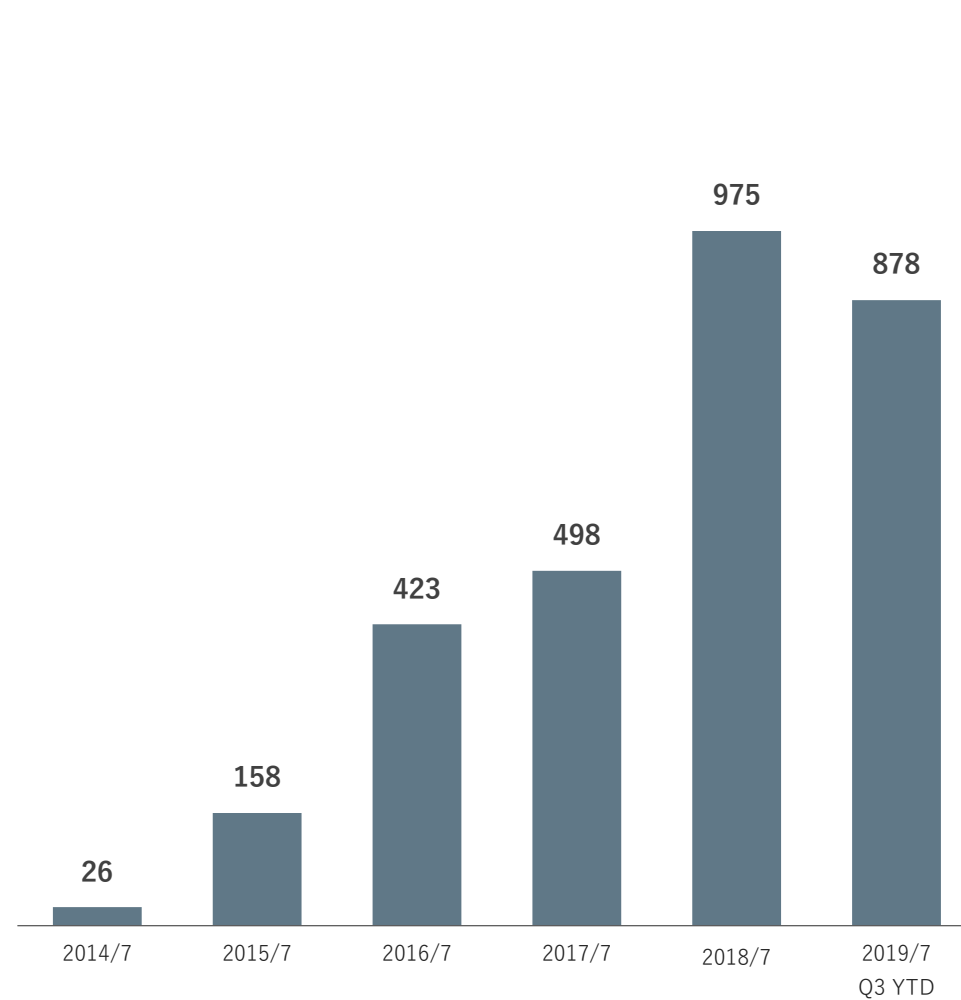
(Note) Fractions of one million yen are rounded off

Financials

Total equity (M JPY)



Net assets (M JPY)



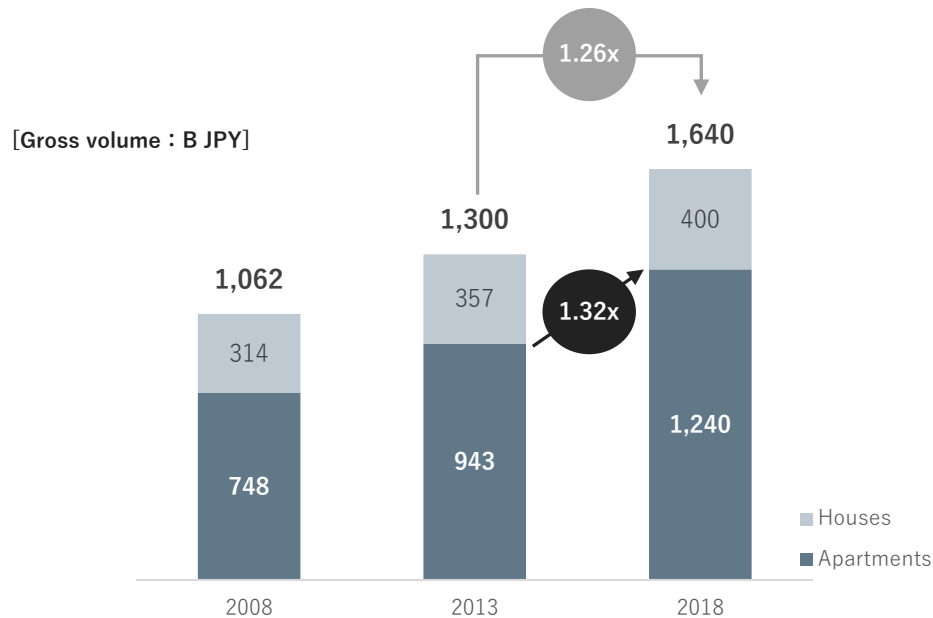
(Note) Fractions of one million yen are rounded off

Appendix

Used and Renovated Property Market in the Greater Metropolitan Area is Estimated at 1.6T JPY

Used and renovated property market is growing rapidly

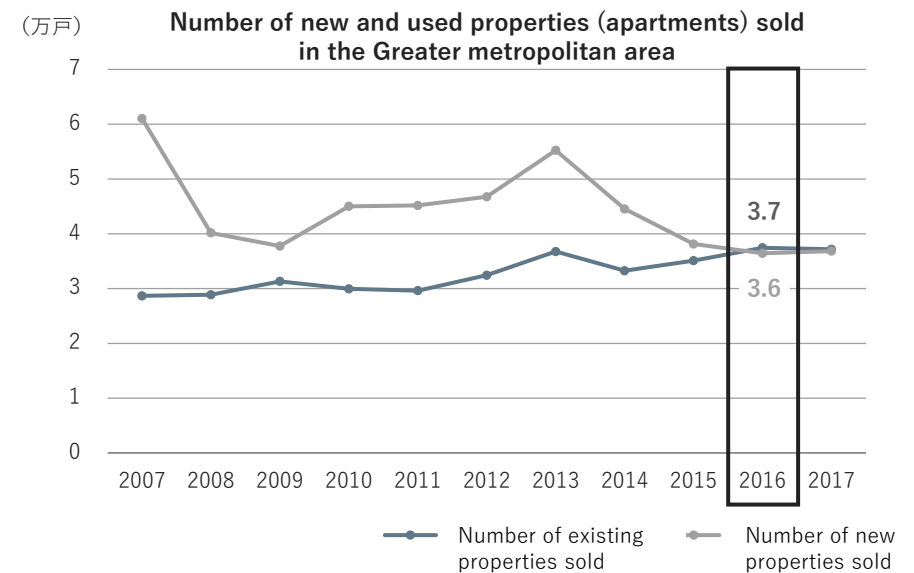
- The market has grown 1.26x since 2013
- The apartment market has grown 1.32x during the same period



Source: Above graph was created using data provided by Real Estate Information Network for East Japan

Used properties are fast-becoming a first choice for purchasers over new properties

- The number of used apartments sold in 2016 surpassed the number of new apartments sold



Source : Number of existing properties : Real Estate Information Network for East Japan "Market trend of Real Estate Market in the Greater Metropolitan Area" (2018/4/17 Report)

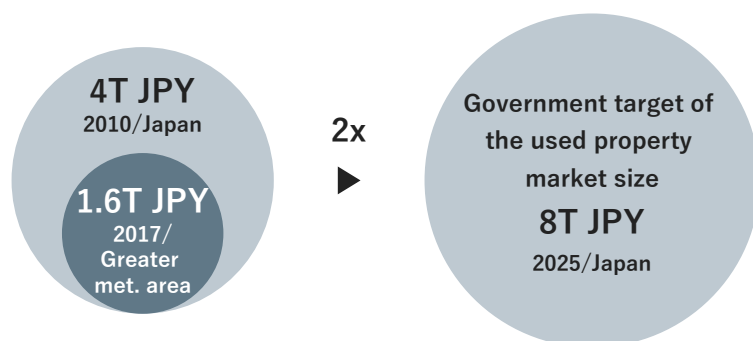
Number of new properties : Real Estate Economic Institute Co., Ltd. "Market Trend of Apartments in the Greater Metropolitan Area"

※Existing and new properties refer to used apartments (exclude used houses)

Growth Expected of the Used Property Market

Growth potential of TAM

The government aims to double the used property market



Growth Strategy 2017 — Strategic Areas for Society 5.0

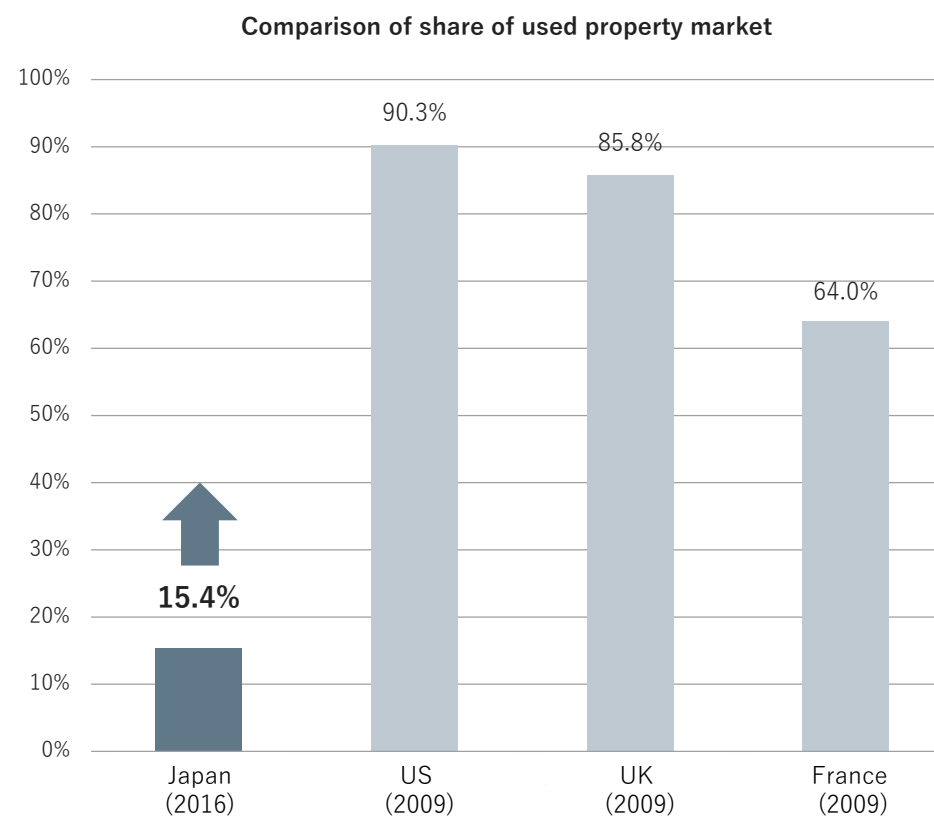
1	Extension of Healthy Lifespan
2	Realization of Mobility Revolution
3	Creating of Next-generation Supply Chains
4	Building and Developing Pleasant Infrastructure and Towns
5	Advancement of FinTech
6	Overcoming energy and environmental constraints and expanding investment
7	Robot Revolution / Bio Material Revolution
8	Revitalization of housing market centering on the existing housing distribution / renovation

■ 《KPI》 To expand the market size of used property market to 8 trillion JPY by 2025 (4 trillion yen in 2010)

■ Aim to achieve the above by 2020 as much as possible

Source: Prime Minister's Office of Japan "Growth Strategy 2017"

Share of used property market by countries



Source : Ministry of Land, Infrastructure, Transport and Tourism "Promotion and Utilization of Used Properties (Appendix) "

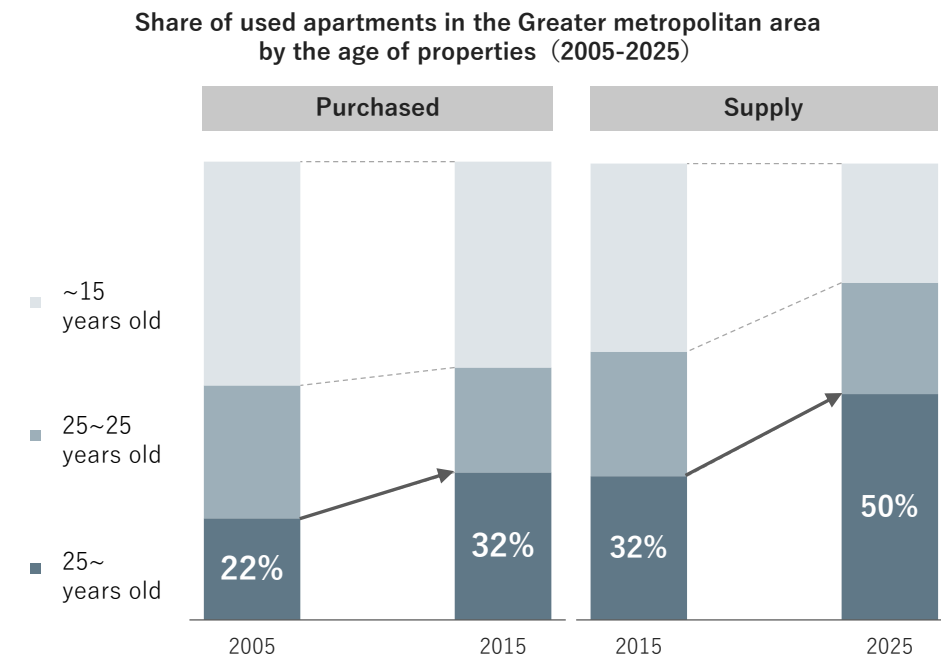
Figure of Japan is an estimated figure form the Remodeling Business Journal "Used Property Market Data 2018"

Renovated Properties Will Become a Mainstream Option by 2025

Changes in the market structure as the used property market expands

Properties that are 25 years old or more will occupy half of the market

- The share of such properties will increase from 22% to 50% by 2025



Source: Above graph was created using data provided by Real Estate Information Network for East Japan

Renovation will become a mainstream option

- Number of changes are expected as renovation becomes mainstream in the Greater metropolitan area

Formation of renovated apartment market

- Fairer pricing of renovated properties
- Renovate to suit lifestyles and preferences, and not for cheaper prices

Diversification of types of used apartments

- Renovate used apartments
- Already-renovated apartments
- Renovated + additional renovation

Changes in the used property businesses

- Increase in the number of flippers
- Growth of services, specific for renovated apartments

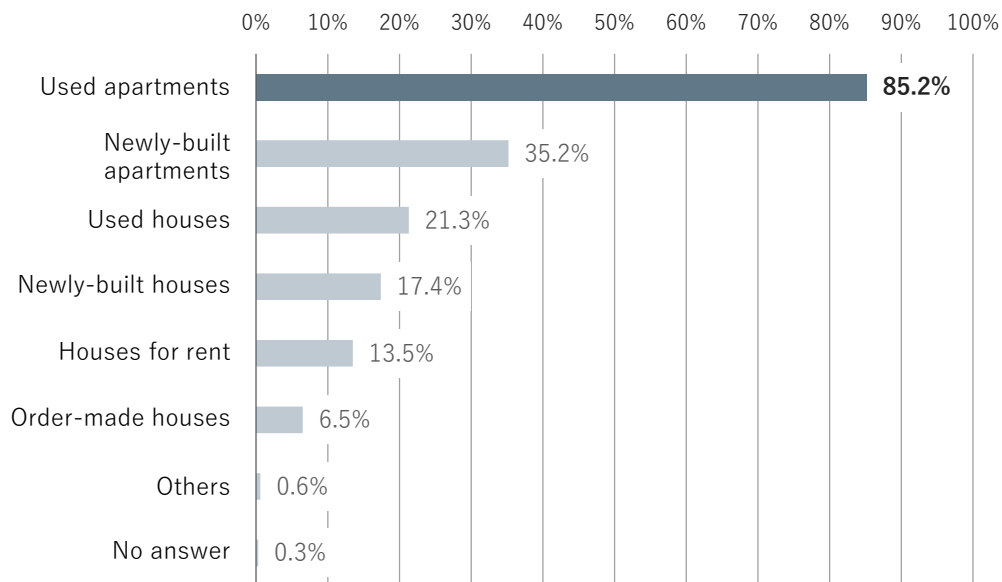
Urban Lifestyle Consumers as Main Target Population

cowcamo's target users

Preferences for used apartments

- Over 85% of users considered used apartments at the time of purchase

Types of properties compared at the time of purchase (Used apartment purchasers)

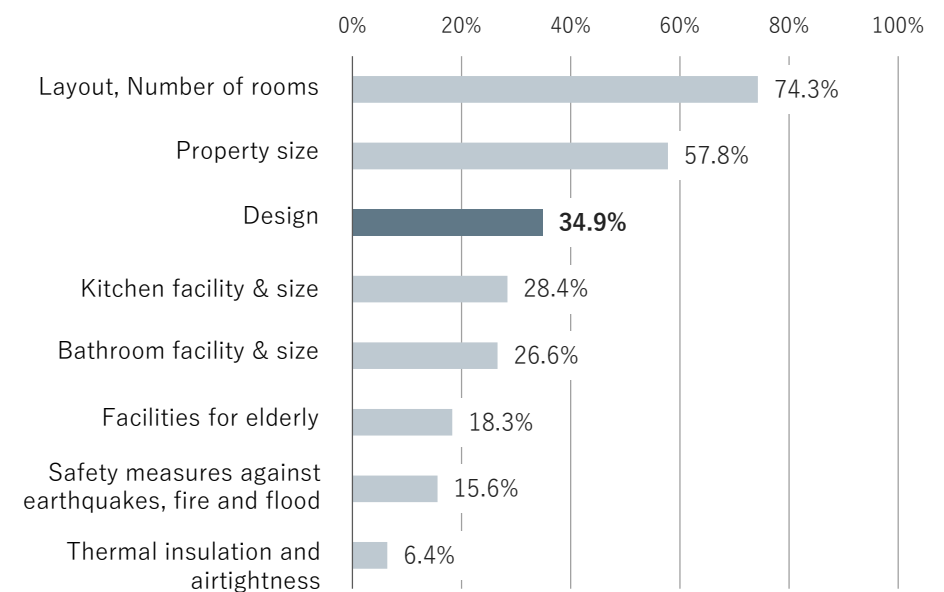


Source: Ministry of Land, Infrastructure, Transport and Tourism Housing Bureau "Report on the Housing and Property Trend 2016"

Importance of interior and spatial design of used apartments

- Used apartment purchasers place an emphasis on the design, after the specifications of the property (such as size, number of rooms)

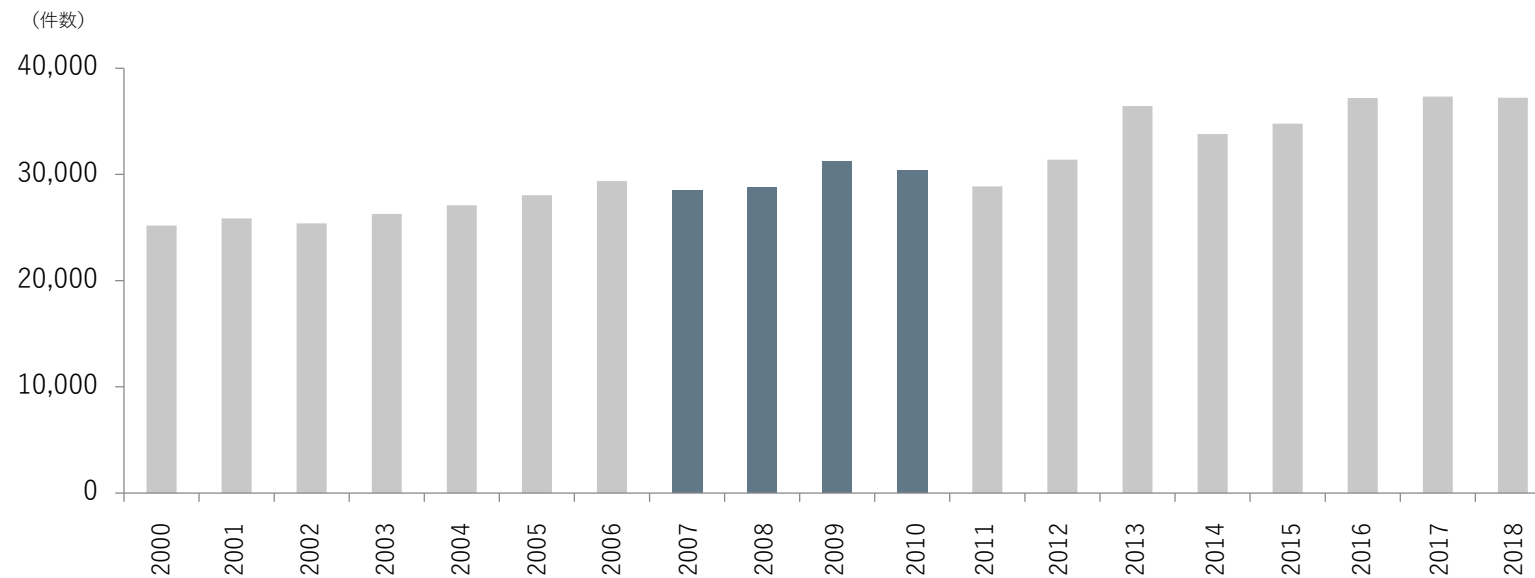
Main reasons for the purchase of properties



Source: Ministry of Land, Infrastructure, Transport and Tourism Housing Bureau "Report on the Housing and Property Trend 2016"

Used Property Market is Less Susceptible to Economic Fluctuations

The number of used properties purchased in the Greater metropolitan area maintained its trend despite the 2008 Financial Crisis



Source: Real Estate Information Network for East Japan "Market trend of Real Estate Market in the Greater Metropolitan Area"

Disclaimer

- This material includes forward-looking statements. These forward-looking statements were created based on the information available at the time they were created. They do not guarantee our future results and involve certain risks and uncertainties. Please note that actual results may differ materially from those discussed in the forward-looking statements due to changes in environments surrounding Tsukuruba or any other factors.
- The factors which may affect actual future results include but not limited to: Japanese and global economic conditions, conditions of markets in which Tsukuruba operates.
- Tsukuruba is not obligated to update or revise any contents of the forward-looking statements within this material, even in cases where new information becomes available or any new events take place.
- Information within this material on topics besides Tsukuruba is quoted from published information and other sources. As such, the accuracy, appropriateness, etc. of such information has not been verified, nor are any guarantees provided thereof.