INVESTORS CLOUD
FY2017 3Q FINANCIAL RESULTS

FY2017 3Q Financial Results Briefing Materials

November 2017 investors cloud co., ltd. (TSE1:1435)

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FY2017 3Q Financial Results Overview

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Company overview

Name	investors cloud co., ltd.
Head office	7F, 2-27-25, Minamiaoyama, Minato-ku, Tokyo
Established	January 23, 2006
Representative	Daisaku Furuki, President
Capital	628,000,000 yen
Employees	336 persons (consolidated basis/full-time employees/as of September 30, 2017)
Businesses	Development and operation of apartment management app “TATERU” Planning and operation of real estate investment-type crowdfunding “TATERU FUNDING” Development and operation of smart online renovation “SMA-RENO”
Subsidiaries	Robot Home Co., Ltd. (IoT business) iVacation Co., Ltd. (Minpaku business)
Associates	Realize Asset Management Co., Ltd. BIJ.inc.

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FY2017 3Q Highlights

- Achieved net sales of **176.9%** YoY and operating income of **130.0%** YoY

- Achieved a total increase in membership of **13,870** persons and **592** contracts, and **117.7%** YoY in the nine months ended September 30, 2017

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Consolidated statements of income

Achieved net sales of 176.9% YoY and operating income of 130.0% YoY

(Unit: million yen)

	FY2016 3Q (cumulative total)		FY2017 3Q (cumulative total)		
	Amount	% of sales	Amount	% of sales	YoY
Net sales	23,921	100.0%	42,326	100.0%	**176.9%**
Gross profit	4,604	19.2%	6,836	16.2%	148.4%
Selling, general and administrative expenses	2,358	9.9%	3,917	9.3%	166.1%
Operating income	2,246	9.4%	2,919	6.9%	**130.0%**
Ordinary income	2,245	9.4%	2,868	6.8%	127.7%
Profit attributable to owners of parent	1,411	5.9%	1,863	4.4%	132.0%

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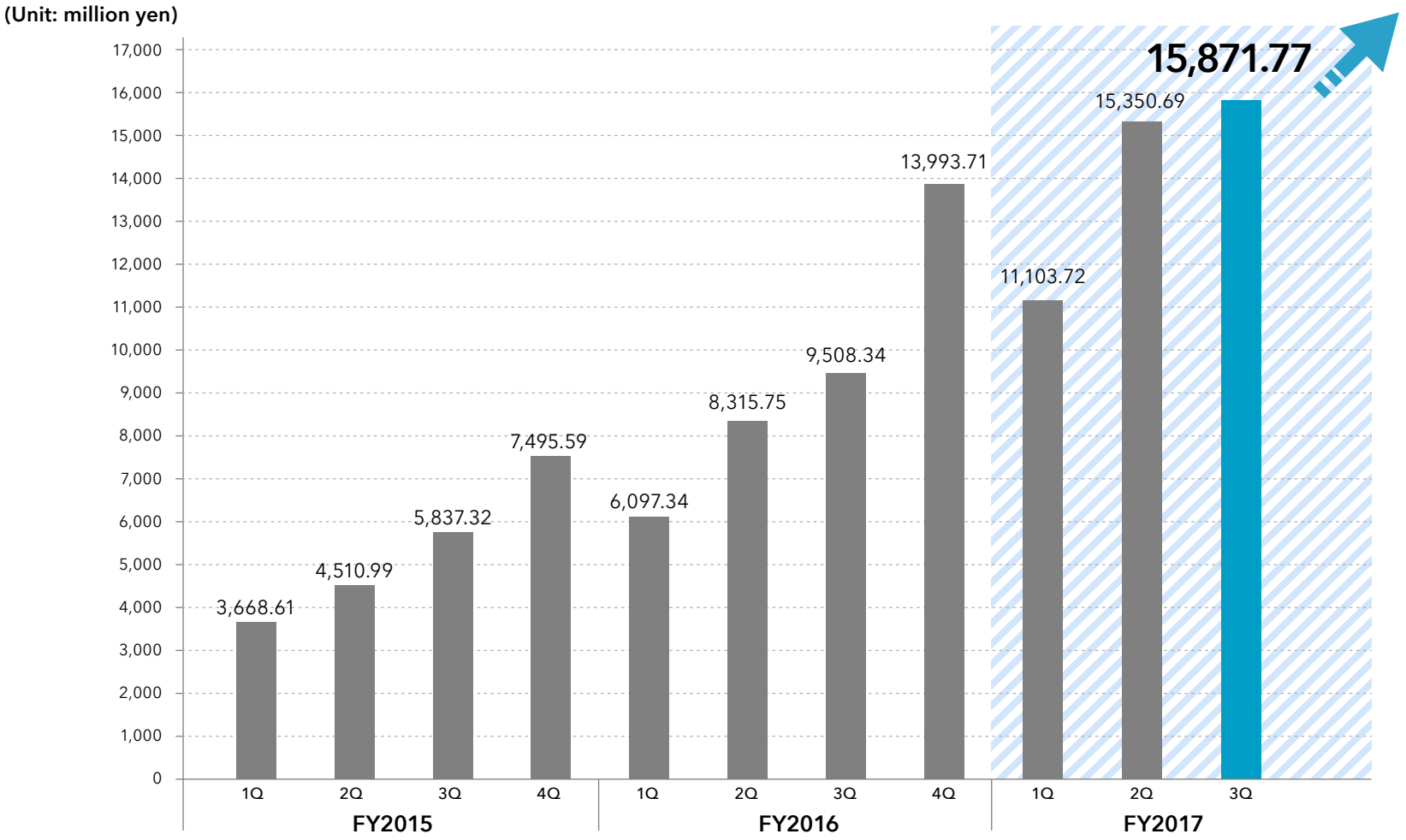
Record high in net sales on a quarterly basis



*As the Company shifted to consolidated accounting from 2Q FY2016, results for 1Q FY2016 and before are not consolidated.

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Consolidated balance sheets

(Unit: million yen)

	December 31, 2016	End 3Q FY2017	YoY change
Current assets	8,490	9,981	+1,491
Inventories	2,420	5,301	+2,880
Non-current assets	2,365	4,757	+2,391
Total assets	10,856	14,739	+3,883
Liabilities	4,825	7,403	+2,578
Interest-bearing debt	-	3,000	+3,000
Net assets	6,030	7,335	+1,304
Total liabilities and net assets	10,856	14,739	+3,883

Increase due to an increase in order backlog

Includes an increase of 1,569 million yen in investment securities

Mainly borrowings for tax paments

- Profit attributable to owners of parent 1,863 million yen
- Dividends (611) million yen

*Including Interim Distribution

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Even when considering a budget with an emphasis on 4Q, performance is strong

(Unit: million yen)

	11th Fiscal Period FY2016 (Result)	12th Fiscal Period, FY2017 (Forecast)			
		Result	Forecast		
		3Q	Full-year	% of sales	YoY
Net sales	37,915	42,326	54,840	100%	144.6%
Operating income	3,806	2,919	5,460	10.0%	143.4%
Ordinary income	3,803	2,868	5,400	9.8%	142.0%
Profit attributable to owners of parent	2,354	1,863	3,530	6.4%	149.9%

Forecast record income, with an increase of about 40%

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Issuance of subscription rights to shares on the conditions of business performance achievement in 2Q

Issued 153,000 dilutive shares (0.97%) out of the current total number of outstanding shares of 15,811,800

Period	(Consolidated) Operating income	Exercisable ratio of paid stock options
FY2018 or FY2019	In excess of 7.0 billion yen	33% (51,000 shares) of allocation is exercisable
FY2019 or FY2020	In excess of 10.0 billion yen	66% (102,000 shares) of allocation is exercisable
FY2020 or FY2021	In excess of 12.5 billion yen	100% (153,000 shares) of allocation is exercisable

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TATERU Growth Strategy

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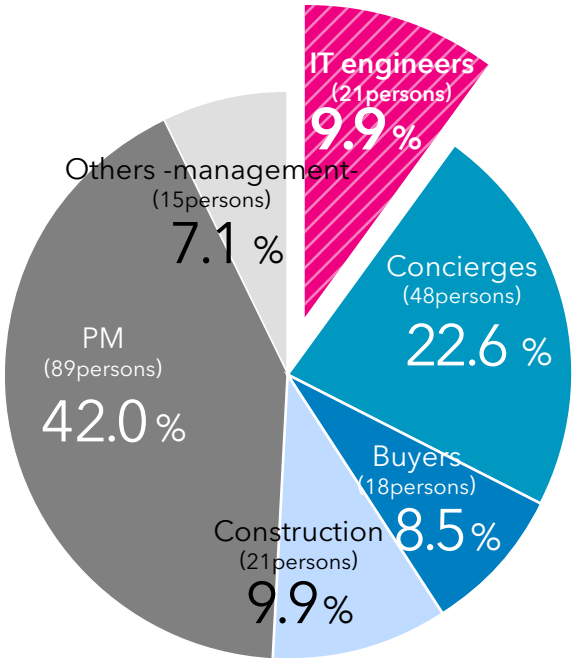
Full-time employee composition by category

Doubled the proportion of IT engineers, aiming for further growth as an Internet-based company

IT engineers (21 persons)

9.9%



December 31, 2015

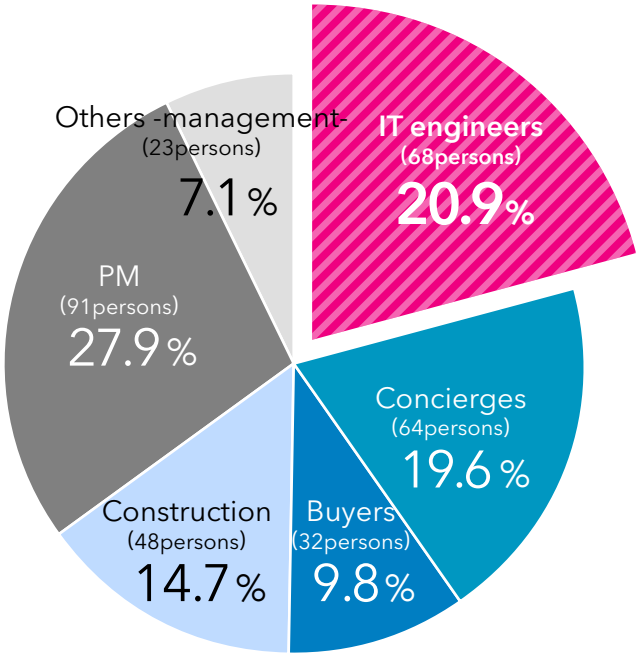
Proportion of IT engineers

Approx. 2 times

Doubled the proportion of IT engineers in order to further enhance the real estate platform development as an Internet-based company

IT engineers (68persons)

20.9%



June 30, 2017

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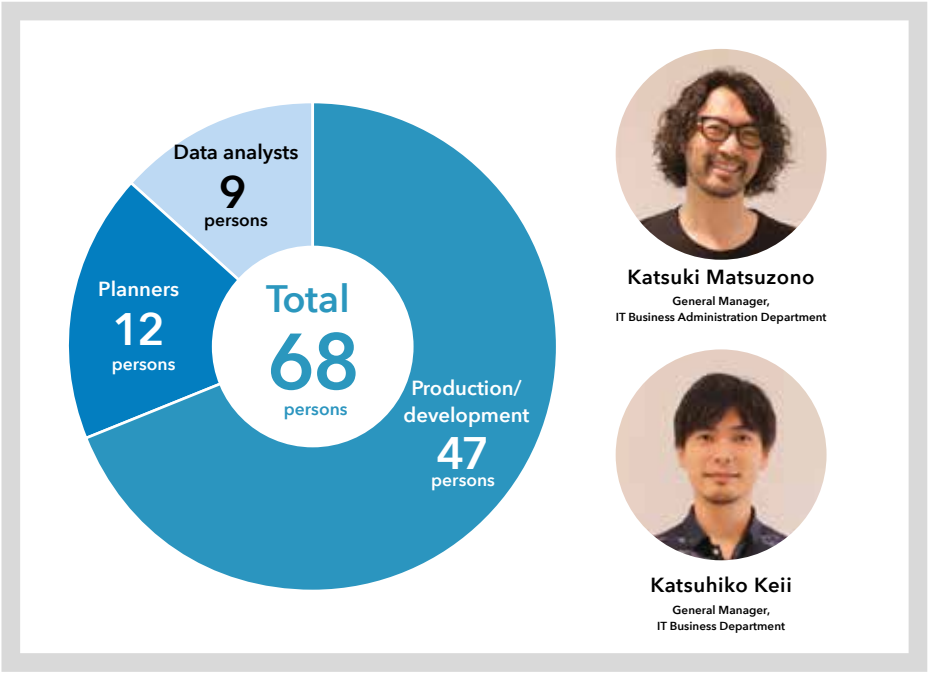
TATERU TECH LAB

IT business development team “TATERU TECH LAB”

Promoting a new paradigm in Real Estate Tech



Katsuki Matsuzono
General Manager,
IT Business Administration Department

Katsuhiko Keii
General Manager,
IT Business Department









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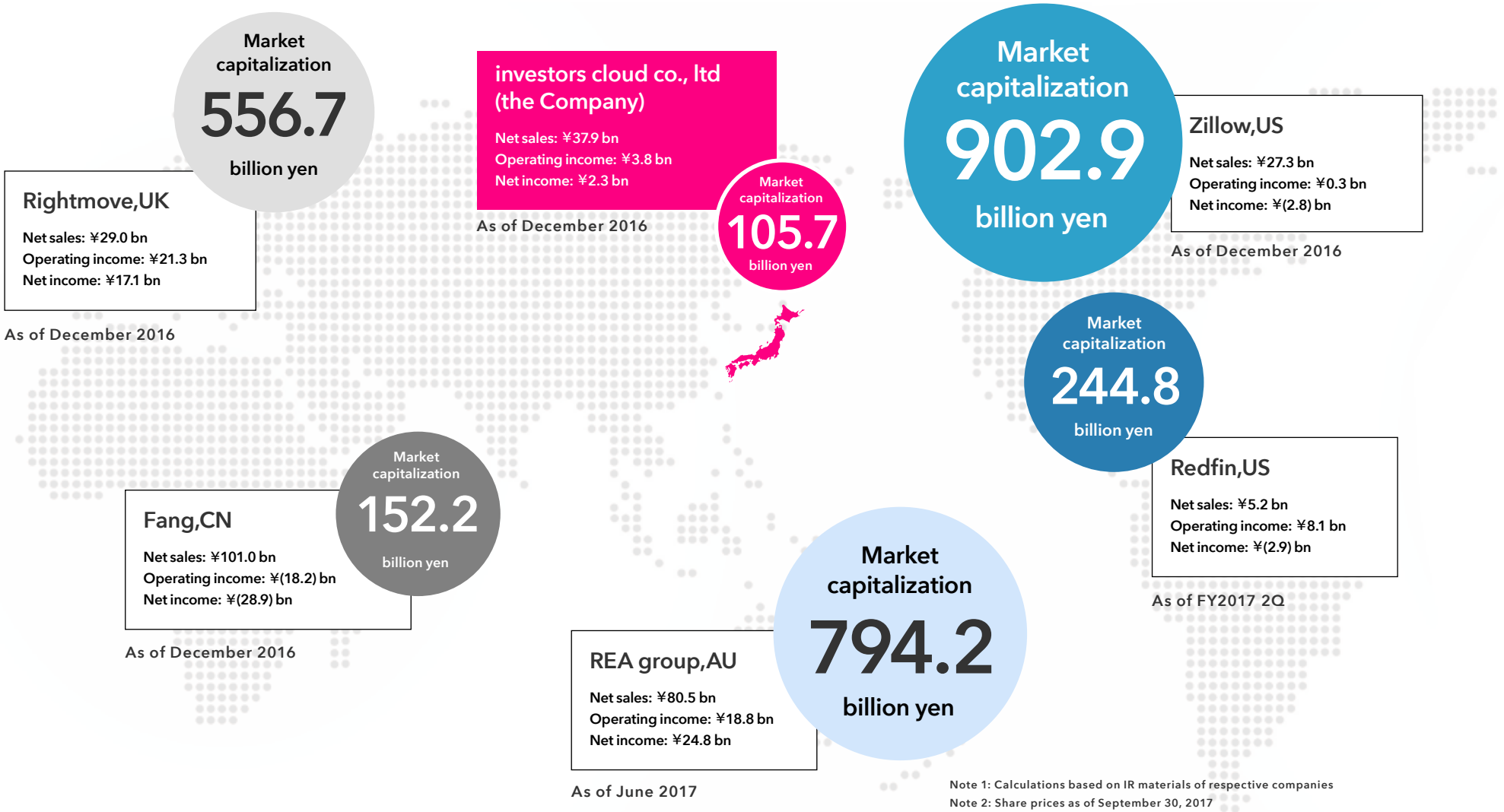
Real Estate Tech Market Size



Note 1: Calculations based on IR materials of respective companies
Note 2: Share prices as of September 30, 2017
Note 3: Foreign exchange rates: 1 USD = 120 JPY, 1 GBP = 150 JPY, 1 AUD = 90 JPY, 1 EUR = 132 JPY

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Business development

TATERU business

Apartment management App “TATERU”
One of the largest apartment management platforms in Japan

IoT business

Robot Home Co., Ltd.

Robot Home, a gateway to IoT apartment rental management

*iApartment Co., Ltd. was renamed Robot Home Co., Ltd. on June 1, 2017.

Minpaku business

iVacation Co., Ltd.

TATERU bnb
Providing safe and secure Minpaku service

*Minpaku: private residence accommodation

Crowdfunding business

TATERU FUNDING
Real estate investment-type crowdfunding starting from 10,000 yen per account

* “starting from 100,000 yen” till Fund No.6,
“starting from 10,000 yen” from Fund No. 7

SMA-RENO business

Smart online fixed-amount renovation
“SMA-RENO”

Safe one-stop service ranging from apartment hunting, financial planning, to construction

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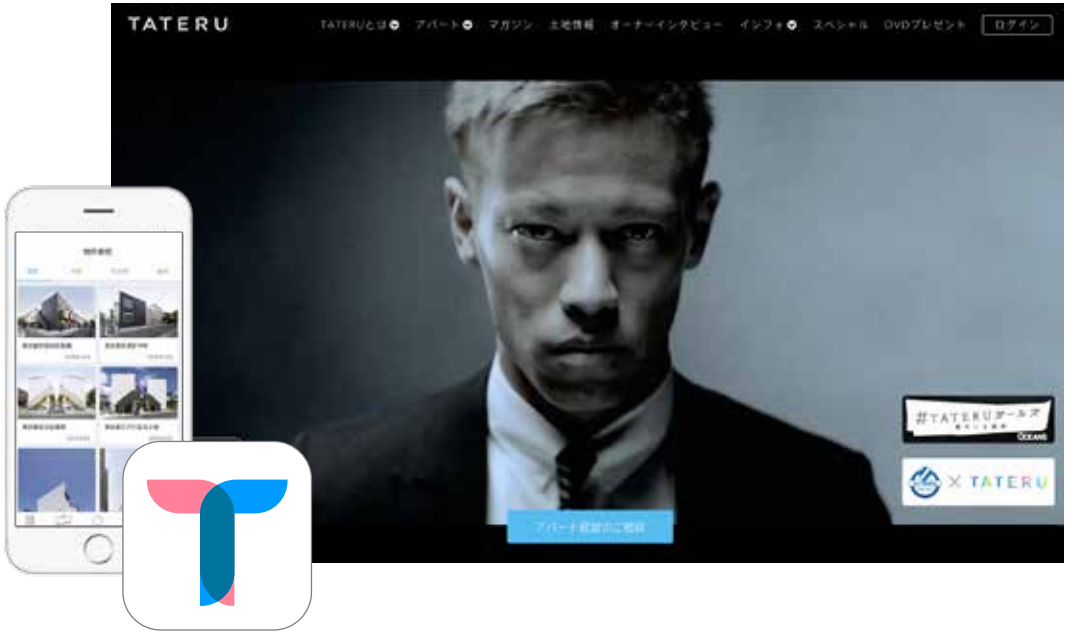
TATERU

Apartment management app “TATERU”

Membership	120,462 persons
Owners	1,375 persons
Managed properties	16,725 rooms
Occupancy rate	97.4%

(September 30, 2017)



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TATERU business: 5 strengths

1. One-stop apartment management via app
2. Acquisition of new members with ad tech
3. Inventory reduction through land matching
4. High profitability through flow & stock models
5. Apartments with IoT through in-house development

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1. One-stop apartment management via app

TATERU × PKSHA TECHNOLOGY

TATERU × Money Forward



Install the app

Complete member registration

Choose a sales representative and consult via chat

Land property info ~ Apartment completion

Apartment management report



TATERU Kakutei Shinkoku (tax return support) (For PC or app)



Cleaning report



Occupancy status

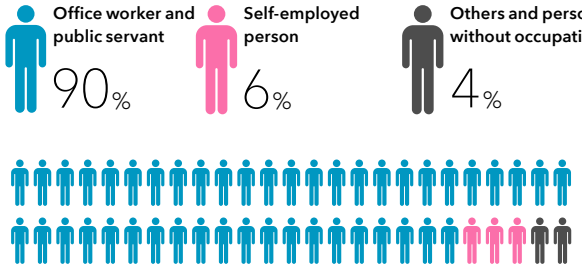


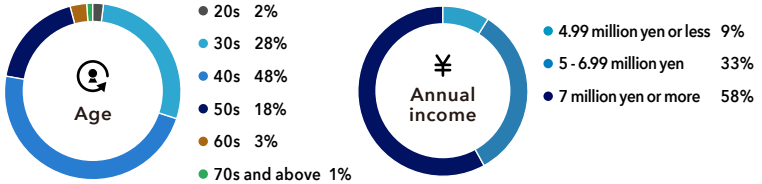
Payment statement

Features of TATERU apartment management

- Original business model of " initiating apartment management from land matching"
- "Office workers in their 30s to 50s with annual income over 7 million yen" have started TATERU as a means of wealth accumulation

Positioning map of TATERU owners





(As of December 31, 2016)

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2. Acquisition of new members with ad tech

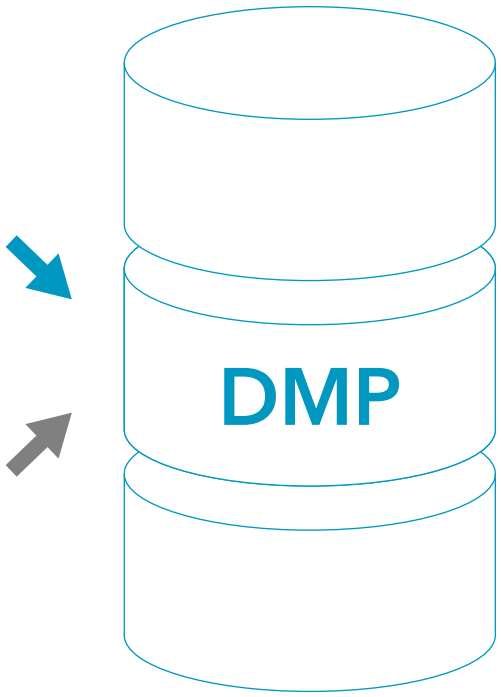
Advertising by dedicated in-house digital marketers

Private DMP

Access data
Member data
Purchase data
Survey data

Open DMP

Social media data
EC website data
DSP / listing data
Audience data



Increase of members

1,500 or more/month

CPA (Cost per acquisition)

Approx. 20 thousand yen/acquisition

CPO (Cost per order)

Approx. 500 thousand yen/order

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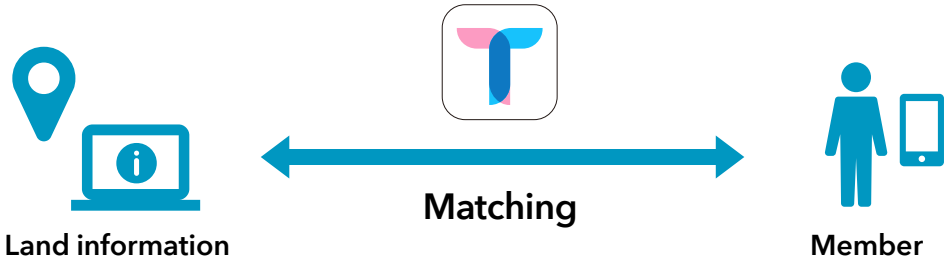
3. Inventory reduction through land matching

Former two-stage distribution model



TATERU one-stage distribution model



- **Merits for members**

  Significantly lower costs, including intermediary margin and double taxation

- **Merits for real estate companies**

  Charging brokerage commissions

- **Merits for investors cloud**

  Low financial risk as the Company does not hold land inventory

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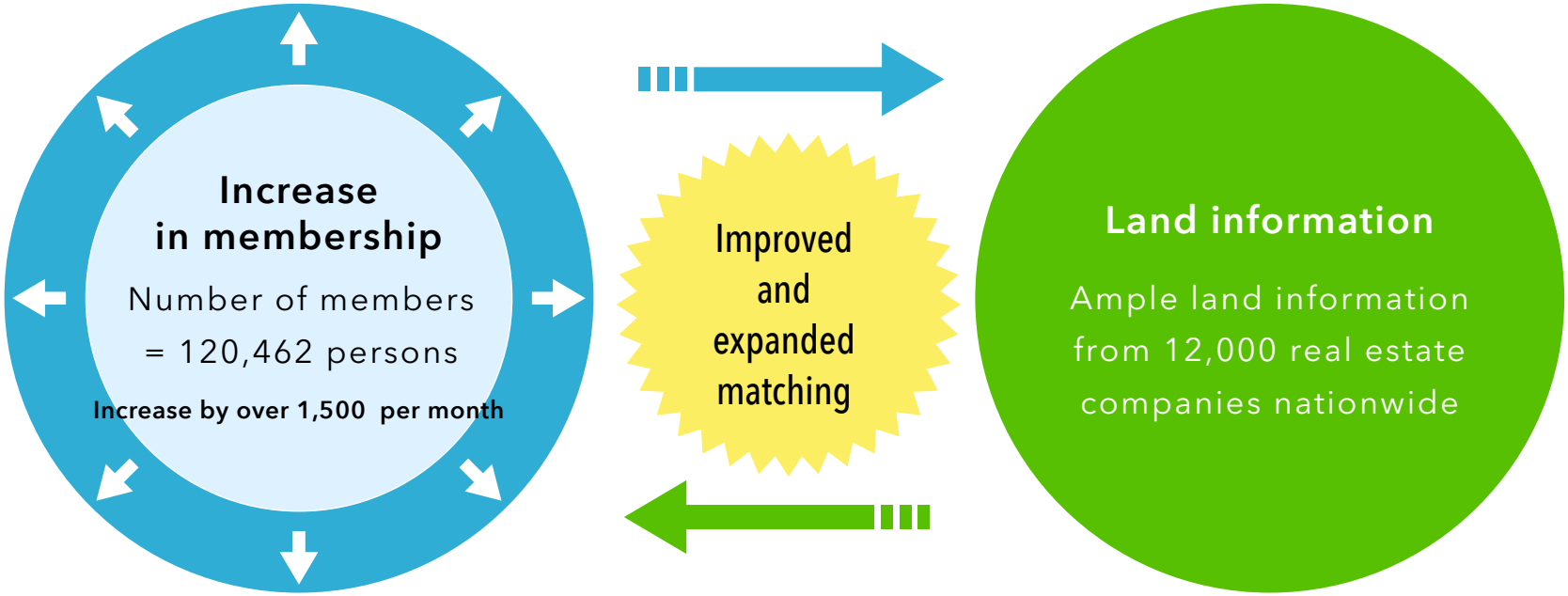
4. High profitability through flow & stock models



- Two-revenue structure from matching of land and members



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5. Apartments with IoT through in-house development

IoT for rental properties are provided in TATERU apartments, now allowing single households with IoT environment

Plan to provide 10,000 rooms by December 2018. IoT devices can also be attached to properties of other companies.

Main features

WINDOW SECURITY

Detects window open, close, vibration and informs you via app even when away from home

NATURE SENSOR REMOTE CONTROLLER

Remote controller that acquires the status of the home environment and can control devices remotely

SMART LOCK

Offers *four ways to unlock doors in a simple and convenient manner

*Smartphones / Keypads / NFC such as card keys / physical keys

SMART LIGHT

Turn on/off lights and adjust colors/tone of lighting

CENTRAL CONTROLLER

Tablet type gateways that can be equipped with various functions

DOOR PHONE

Intercom that can respond via the cloud even when away from home





For details, refer to page 23

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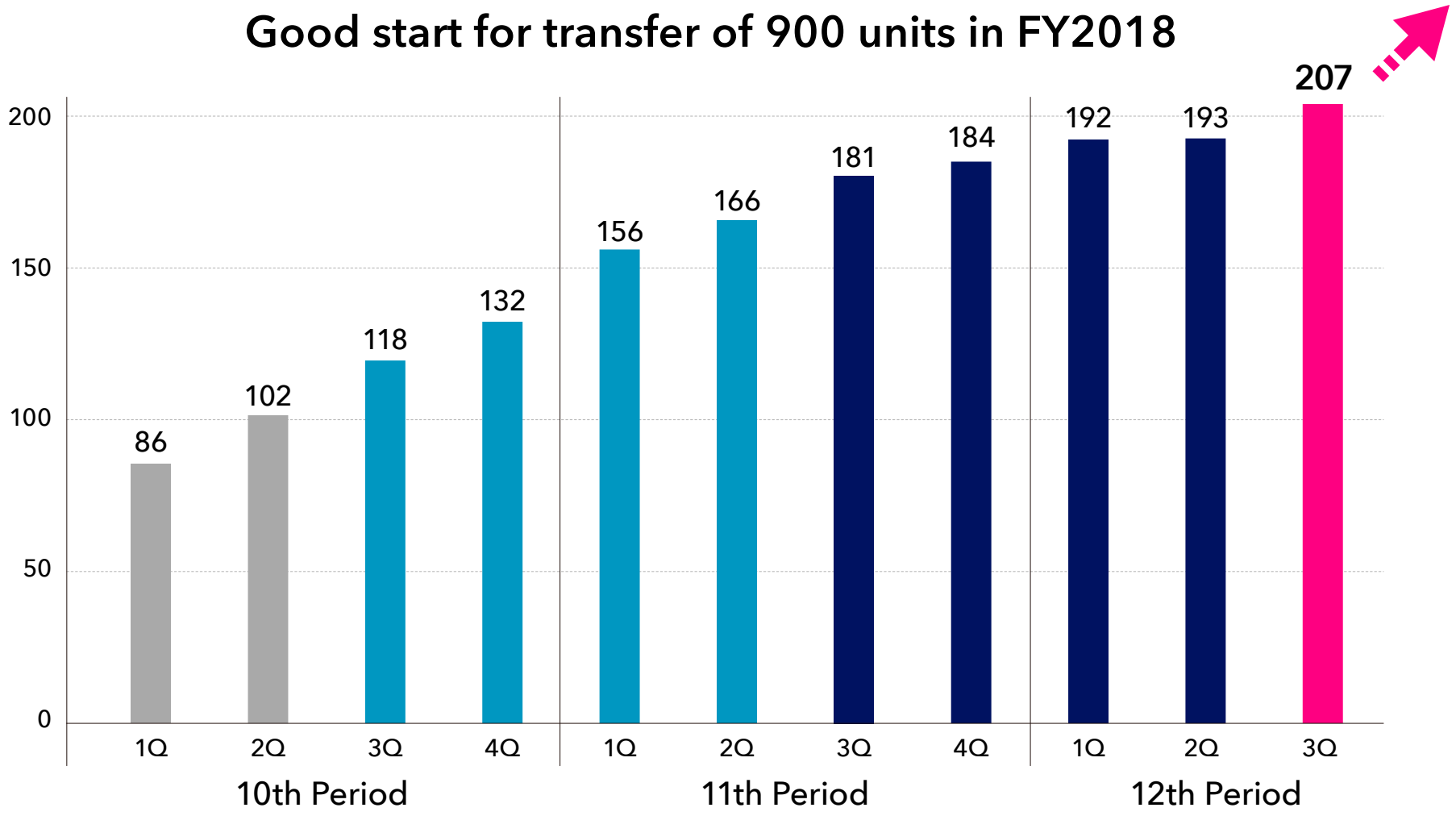
TATERU business: trends in number of new contracts

Achieved total contracts of 117.7% YoY
in the nine months ended September 30, 2017
Good start for transfer of 900 units in FY2018



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Robot Home

iApartment Co., Ltd. was renamed Robot Home Co., Ltd. on June 1, 2017.

Sales and OEM provision of “rental housing kits” which enables anyone to provide IoT rental housing

Anyone can easily provide IoT rental housing by using Robot Home’s rental housing kit. By utilizing the kit, residents can realize various types of lifestyles through indoor central controllers, while improving the convenience and security of their daily lives. Additionally, owners managing apartments can check the vacancy status or private viewing status, and take security measures during vacancy, etc.



Minami Aoyama Showroom



Showroom of property no. 1

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Began providing “TATERU” as the “TATERU kit” on June 1, 2017

Planning to provide 10,000 rooms from “TATERU” properties by December 2018

Robot Home

OEM provision

TATERU

kit TATERU kit



WINDOW SECURITY

7,000yen(ex.tax)



SMART LOCK

78,000yen(ex.tax)



NATURE SENSOR
REMOTE CONTROLLER

13,000yen(ex.tax)



CENTRAL CONTROLLER

30,000yen(ex.tax)



SMART LIGHT

47,000yen(ex.tax)

Order unit price per room increase by 175,000yen (ex.tax)

“TATERU kit ” was the name of smart door phones connected to indoor tablets and smartphones previously provided by the former iApartment Co., Ltd.
Now “TATERU kit ” refers to rental housing kits provided to TATERU owners by Robot Home Co., Ltd. *A part of the product information is still under development. It might be different from the actual product.

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Property No.1 1K apartment in Nakano-ku,Tokyo



Floor plan —— 1K　　Exclusive area —— 20.45m²

Applied devices —— CENTRAL CONTROLLER /
WINDOW SECURITY /
NATURE SENSOR REMOTE CONTROLLER /
DOOR PHONE / SMART LIGHT



*Operated as showroom

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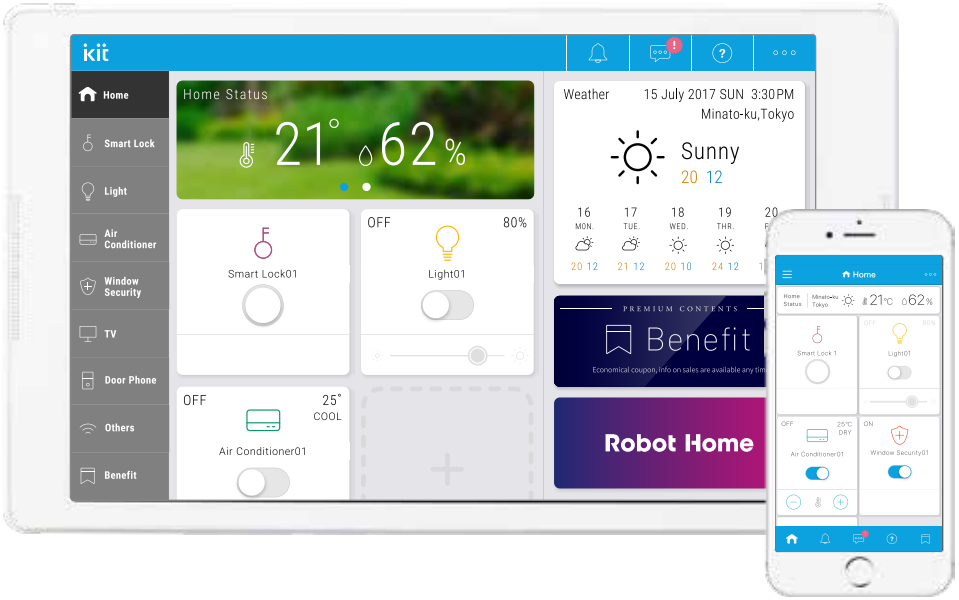
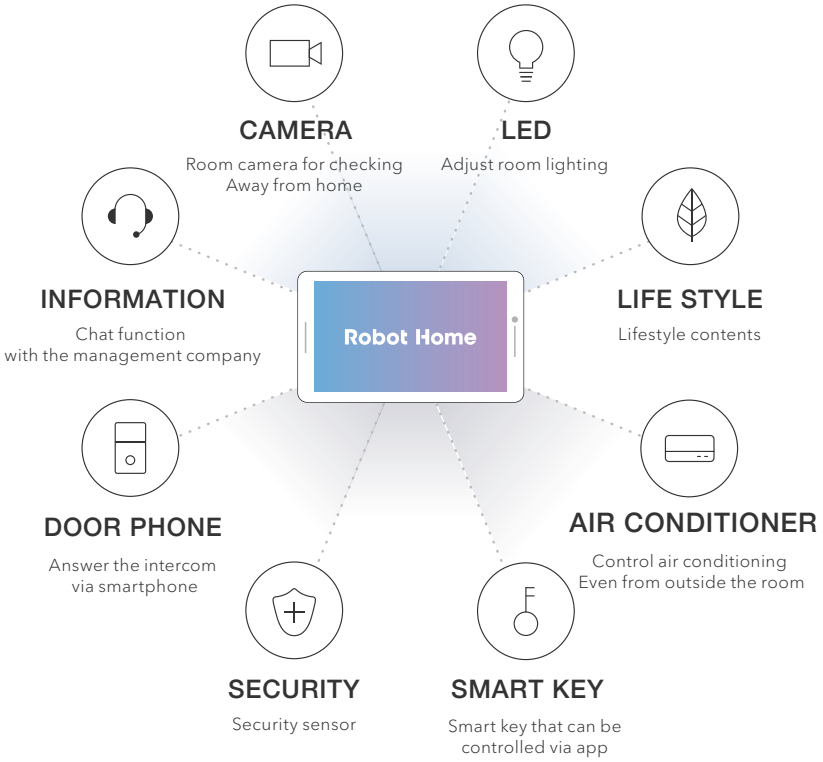
kit: Just set it in your room. IoT for rental properties.



CENTRAL CONTROLLER

Tablet type gateways that can be equipped with various functions

Concept map



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1. WINDOW SECURITY

Detects window open, close, vibration and informs you via app even when away from home



Price — 7,000yen(ex. tax)

Color	white
Dimensions	84x38x8mm(body) 10x38x8mm(magnet)
Weight	27g
Installation	Indoor

Alerts on abnormalities are sent to smartphones

WINDOW SECURIY installed on window detects its open, close, vibration and you can check the abnormality in the house via smartphone when away from home.



Alarm triggered when an abnormality is detected



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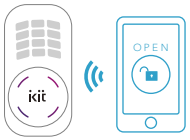
2. SMART LOCK

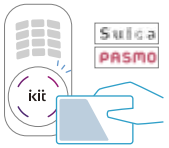
4 easy ways to unlock the door

Price — 78,000yen (ex. tax)



By smartphone

Capable of unlocking via smartphone
through Bluetooth wireless communication



By traffic system IC card or Apple Watch

Capable of unlocking via traffic system
IC cards, mobile wallets, and Apple Watch



By keypads

You can set the PIN code of your choice. Automatic renewal of PIN code available in case of vacancy.

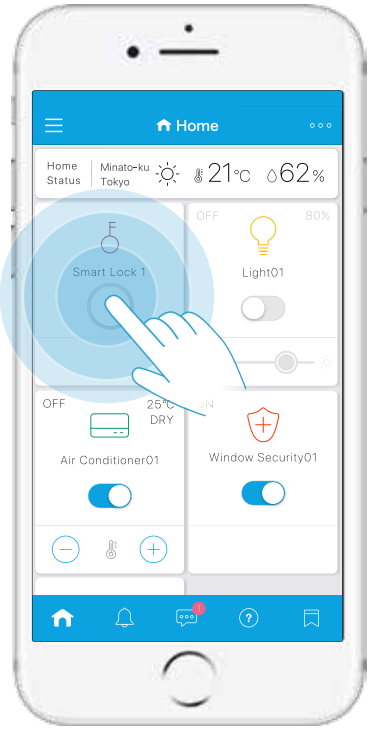


By physical keys

Physical keys are also valid, so residents can still unlock the door even if the smartphone is low on battery

Enhanced security functions for vacancies
Special processing technology enables a device that stays put





●Auto lock function

Doors are locked automatically when closed. No need to worry about forgetting to lock doors.

●Low battery notification

An alert sound will ring when the battery level is low.

●Easy installation

Optimal for rental properties because no work is required for the doors. Device will remain firmly attached to door by special processing.

●Logdata available on history of unlocking

Data for "when" and "how" doors were unlocked is stored automatically, eliminating the labor of recording access.

●Warning function

A warning sound of 105dB rings when doors are forcefully unlocked, preventing unlawful entry during vacancy.

●9V battery compatible

Even if batteries run down, power can be supplied temporally by square-type 9V batteries from outside the doors.

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3. NATURE SENSOR REMOTE CONTROLLER

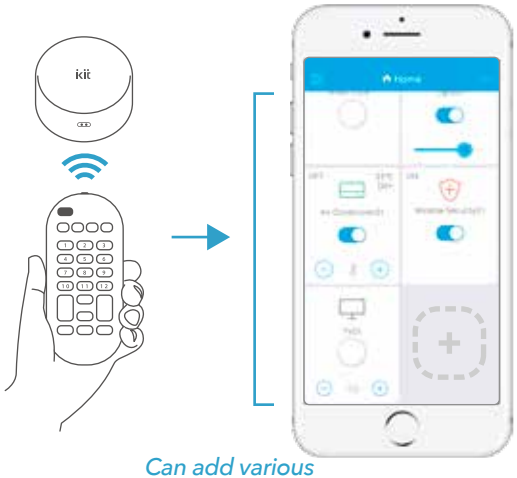
Remote controller that acquires the status of the home environment and control devices remotely



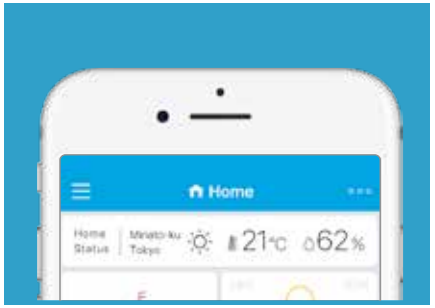
Price — 13,000yen (ex. tax)

Color	white
Dimensions	ϕ78×38mm
Weight	100g
Installation	Indoor

Stay connected to the status indoors for a more convenient and comfortable life



Can add various remote controllers at home



Acquire and show the status of weather, temperature and humidity

Residents can check the status of indoor temperature and humidity, as well as control air conditionings, TV, and others in one tap of the central controller. Control of infrared communication devices such as air conditionings are available even when away from home.

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4. SMART LIGHT

Turn on/off lights and adjust colors/tone of lighting



Price — 47,000yen (ex. tax) /room

Color — white　　Installation — Indoor

*reference price : 1 master device +3 slave devices structure
*Since construction cost differs depending on the properties, it will be quoted separately.

No more forgetting to turn off the lights by remote control

Residents can set the tone of lighting in their taste. Lights can be turned off remotely in case they were not switched off while away from home.





Set the illuminance and light color



On and off with a single-button operation. Can adjust the illuminance

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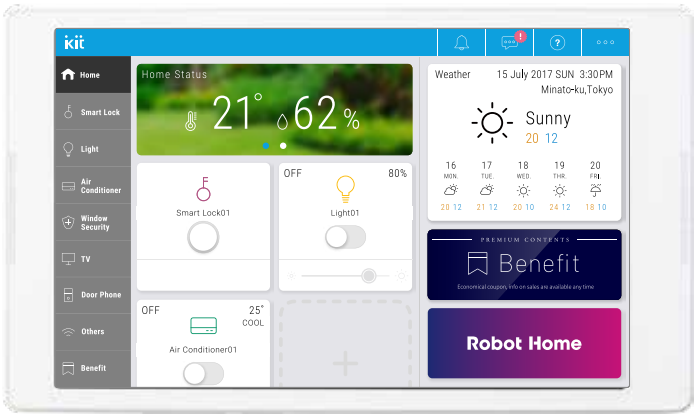
5. CENTRAL CONTROLLER

Tablet type gateway that can be equipped with various functions



Price —— 30,000yen(ex. tax)

Color —— white

Weight —— 315g

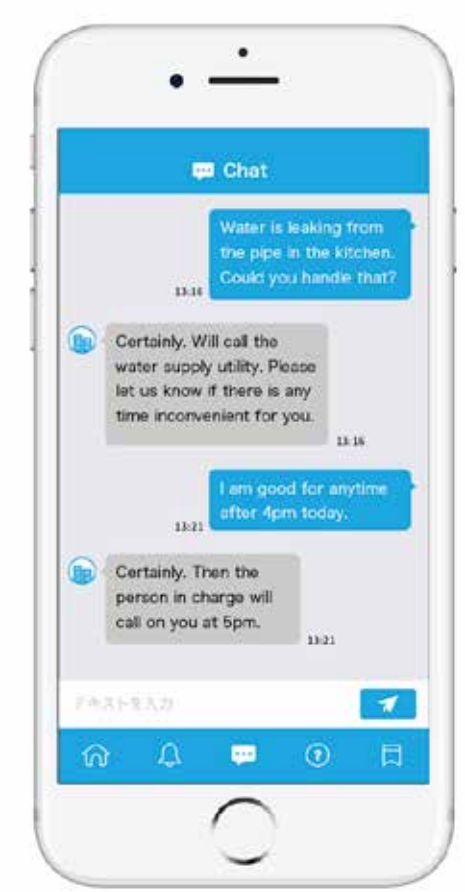
Dimensions —— 208x122x10mm
(*Except for the projection)

Installation —— Indoor

*System fees 1,000 yen (ex.tax) /month charged for separate options

Concierge for all rental properties

Chat service supports the daily lives of residents including problems (such as water leakage) and point of contact for notifying when moving out. Connections to various IoT devices and home appliances allow residents to obtain a unique gateway which suits their own lifestyle.



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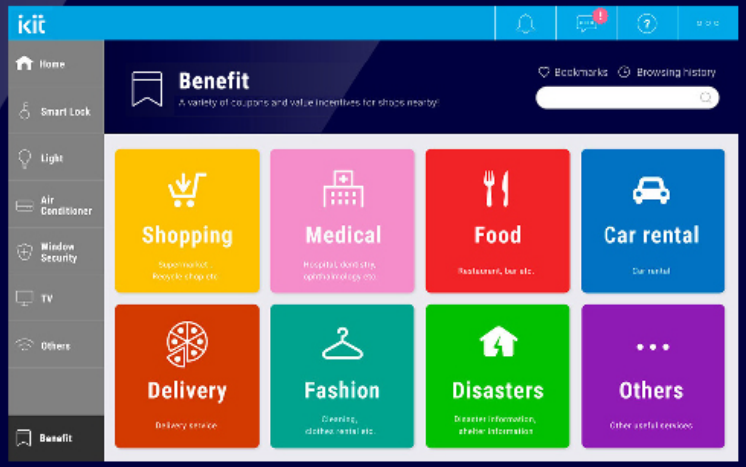
IoT business

Contents For Users

Benefit

We provide you a variety of contents that will benefit your life: food, fashion, housing services, and so on.



*This image is for illustrative purposes

Tie-up Services

Life service sharing economy
生活110番

▶ Troubleshoot for Your Life

More Coming Soon!

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Business collaboration with SHARINGTECHNOLOGY "Benefit," designed for users of "rental housing kits," will introduce lifestyle contractor search/comparison services

About the introduction of contractor search/comparison services for "Benefit":

Robot Home is engaged in developing lifestyle-related services such as food, fashion, and housework support as content for "Benefit," a user-oriented service featured in central controllers for rental housing kits.





*Illustrative screenshot

Through the business collaboration, the Company will incorporate SHARINGTECHNOLOGY's "Seikatsu #110" into "Benefit." Accordingly, for the purpose of solving daily troubles, users will be provided with a platform to search, compare, and inquire about the best service providers in over 200 genres of lifestyle-related services. Dedicated call center staff will respond to users 24 hours a day, 365 days a year, and provide prompt solutions to users' daily troubles.

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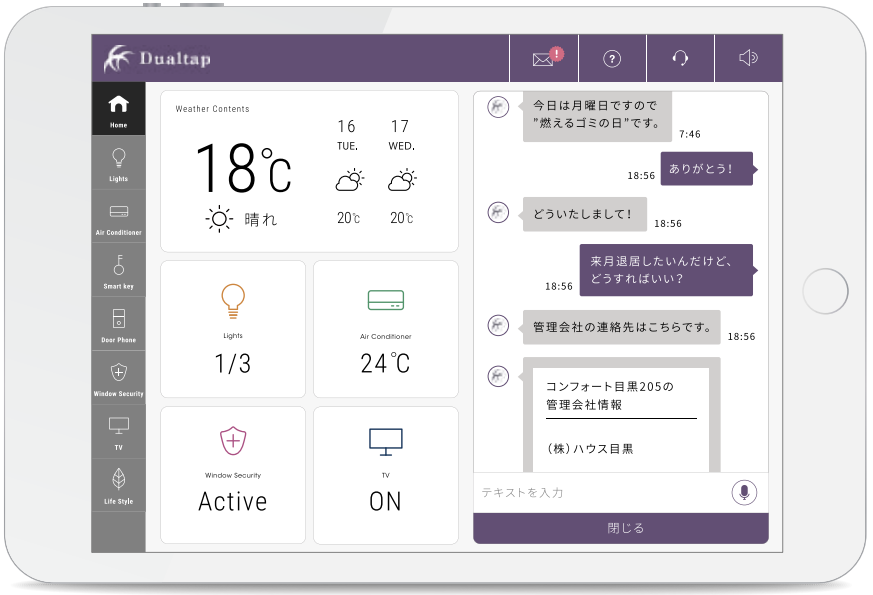
Applying our rental housing kit to “XEBEC“ by Dualtap, a real estate planning and development company

First example of OEM provision of rental housing kits

Robot Home will provide its rental housing kit to Dualtap on an OEM basis. Dualtap plans to introduce the kit as the “Dualtap kit” to its XEBEC branded apartments this winter. This is the first provision of the rental housing kit to other companies through OEM.

By the introduction of the “Dualtap kit (rental housing kit),” XEBEC will transform into next-generation rental housing with IoT. Indoor central controllers support not only the operation of various IoT devices but also provide concierge services for the daily lives of residents including problems (such as water leakage) and point of contact for notifying when moving out.



Dualtap Co., Ltd. (Code number : 3469)

Dualtap plans and develops its own “XEBEC” branded apartment series for asset management mainly in Tokyo. It is engaged in sales activities targeting domestic and international individuals as their main clients. Dualtap is a company listed on JASDAQ. In addition to in-house development and sales of properties, it also handles rental real estate management and brokerage business, providing total support in real estate management.

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mireru

IoT solution-based smart inspection system

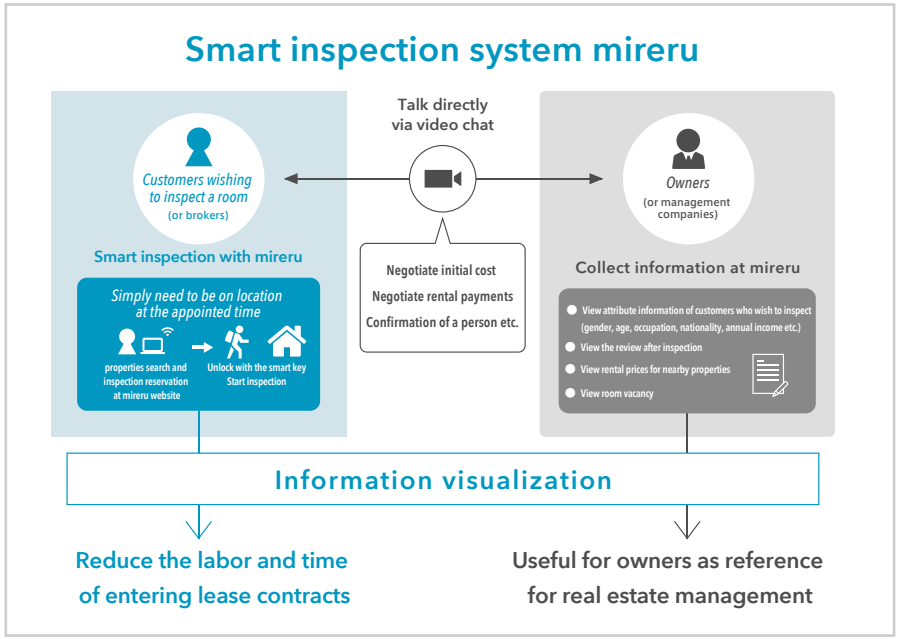
Smarter inspection for rental property search

More sophisticated reference for real estate management

"mireru" is a smart inspection system that utilizes an IoT solution targeting users who expect to move in (or brokers) and also owners (or management companies). Eliminating the process of adjusting the schedules of users, brokers, and management companies during inspection, mireru allows them to inspect apartments immediately and reduce the labor and time of entering lease contracts. In addition, attribute information of customers who wish to inspect, rent information of neighboring apartments, and vacancy information will be useful for owners as reference for real estate management.



Teaser website for demonstration experiment: opening on May 2, 2017



Demonstration experiment scheme

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TATERU FUNDING

exceed 13,000 members

Real estate investment-type crowdfunding "TATERU FUNDING" investment has become available from 10,000 yen per account.



- Investment starting from 10,000 yen per account
- Application/cancellation procedures are free of charge
- Annual yield is 3%-5%

* "starting from 100,000 yen/account, annual yield 5%" till Fund No.6, "starting from 10,000 yen/account, annual yield 3%-5%" from Fund No. 7

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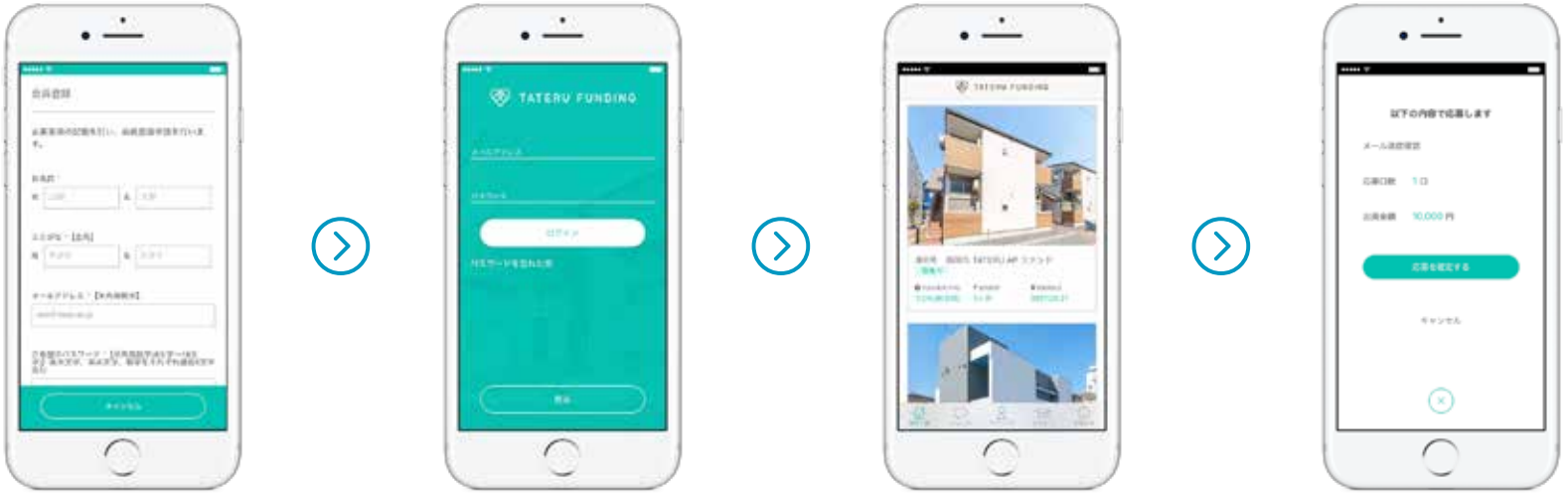
Real estate investment-type crowdfunding with app starting from 10,000 yen per account

Providing easier asset management and the highly convenient service ranging from property information notices, investment applications, and the provision of transaction history, to profit management



1. Member registration

Register name, email address, password, address, and phone number.

2. Login

Login with the registered email address and password.

3. Select properties

Select the properties to invest in from the property list.

4. Investment application

Enter the number of investment units and confirm the application.

*The registration of detailed membership information is required from your personal page when applying for investment.

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Other user management functions

Transaction history

Check transaction history
such as investment applications
and invested amounts.

Revenue details

Check revenues that customers have earned
via dividend payments.

Change membership information

Register or change membership
information easily via the app.



Refund/transfer applications

Cancellation-related
applications can be processed
for free at any time.

Inquiries

Inquiries can easily
be made via the app.

Seminars

Check seminar schedules and
make reservations.

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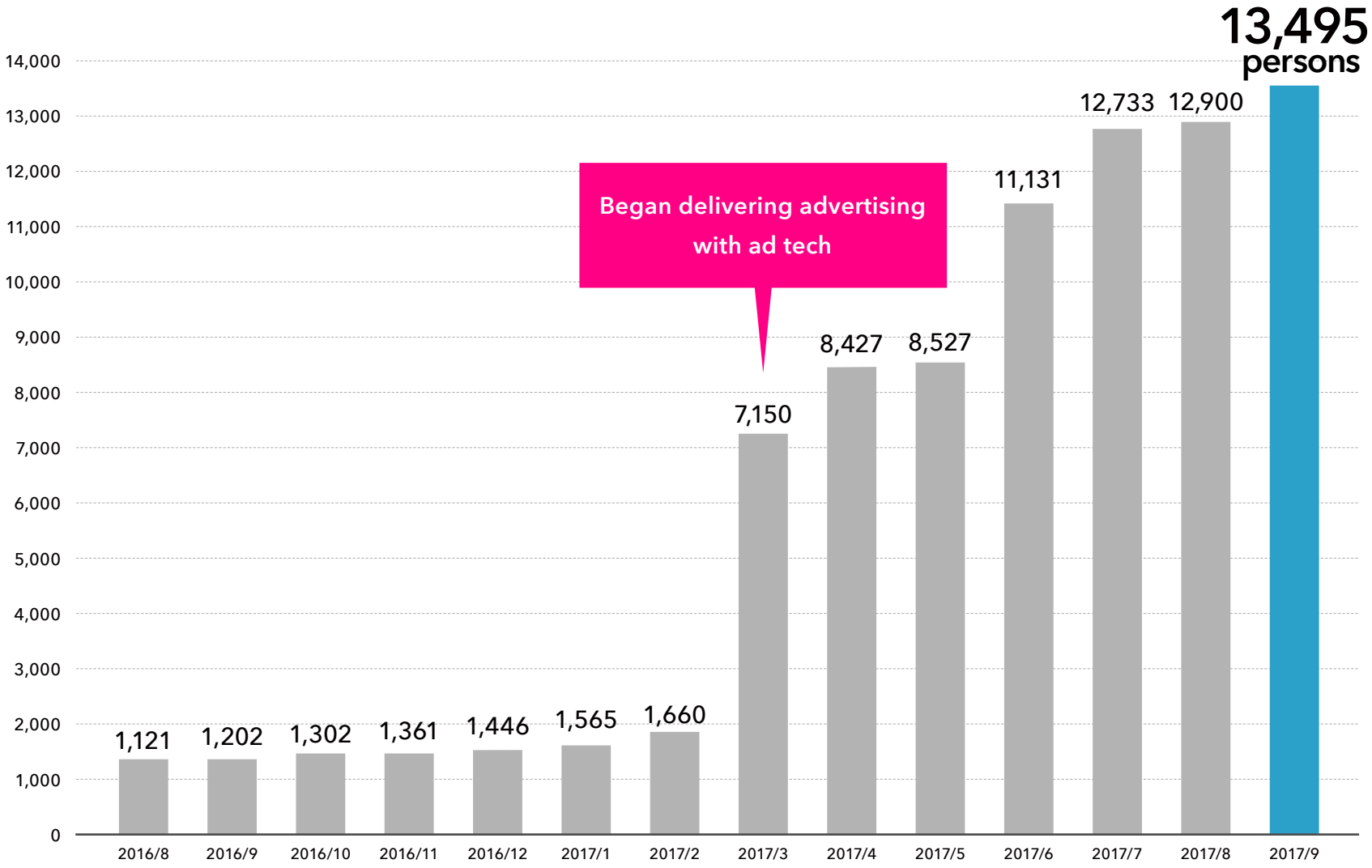
Trends in membership since start of operation



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Successfully achieved target yield rate of 5% in all redeemed funds

Funds solicited = 476.00 million yen　Funds raised = 1,742.18 million yen　Average ratio = 3.66



Fund No.1
Redeemed

Application of **44.80** million yen was completed in approx.**20** minutes

→Achieved 5% annual yield



Fund No.2
Redeemed

Application of **42.70** million yen was completed in approx. **1** minute

→Achieved 5% annual yield



Fund No.3
In service

Application of **153.90** million yen



Fund No.4
In service

Application of **272.30** million yen



Fund No.5
Redeemed

Application of **415.30** million yen

→Achieved 5% annual yield



Fund No.6
In service

Application of **338.70** million yen



Fund No.7
In service

Application of **146.72** million yen



Fund No.8
Prior to service (Service to commence on October 1)

Application of **71.88** million yen



Fund No.9
Prior to service (Service to commence on November 1)

Application of **208.08** million yen

Funds No.1 to 2・・・ First-come, first-served basis starting from 100,000 yen/account　Funds No.3 to 6 ・・・Lottery basis starting from 100,000 yen/account
Fund No.7 and thereafter・・・Lottery basis Conditions were changed to start from 10,000 yen/account

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Synergies with the TATERU business

Retention of new customers and strategy to enable cross-selling to "TATERU"

Supporting apartment management entrepreneurship

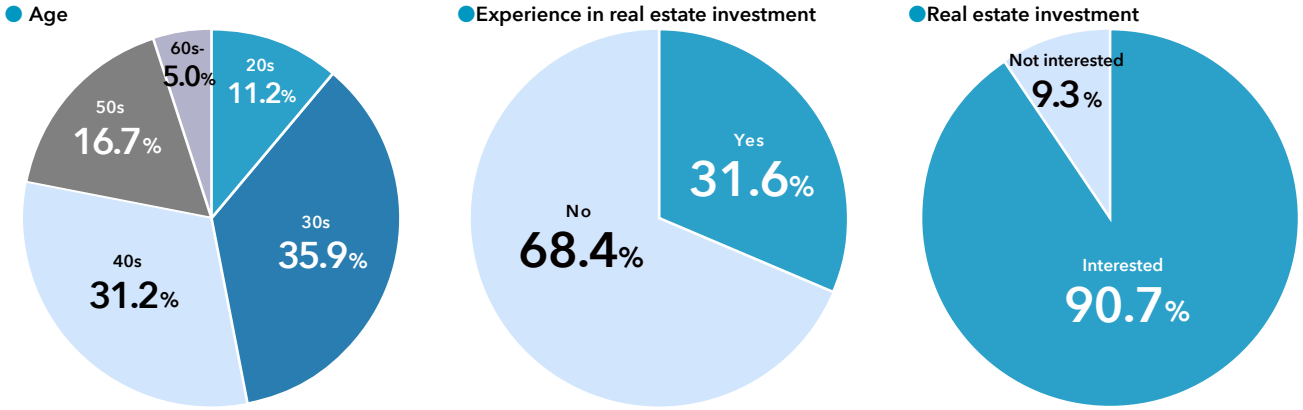
TATERU FUNDING MARKET

Inflow to "TATERU"

TATERU

- TATERU FUNDING to initiate TATERU apartment management entrepreneurship
- Cultivating new customer base starting from the approachable amount of 10,000 yen per account
- Crowdfunding, a new choice that utilizes IT

Fund No.1-9 applicants ratio



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TATERU bnb iVacation Co., Ltd.

Offering a safe and secure Minpaku service

HOST

Smart Minpaku operations that utilize TRIP Phone

Kyoto



Tokyo (Ota-ku)

TRIP PHONE

Fukuoka





* "TATERU Phone" has been renamed " TRIP Phone."

MATCHING

Matching platform website



GUEST

Concierge support that utilizes TRIP Phone



TRIP CONCIERGE

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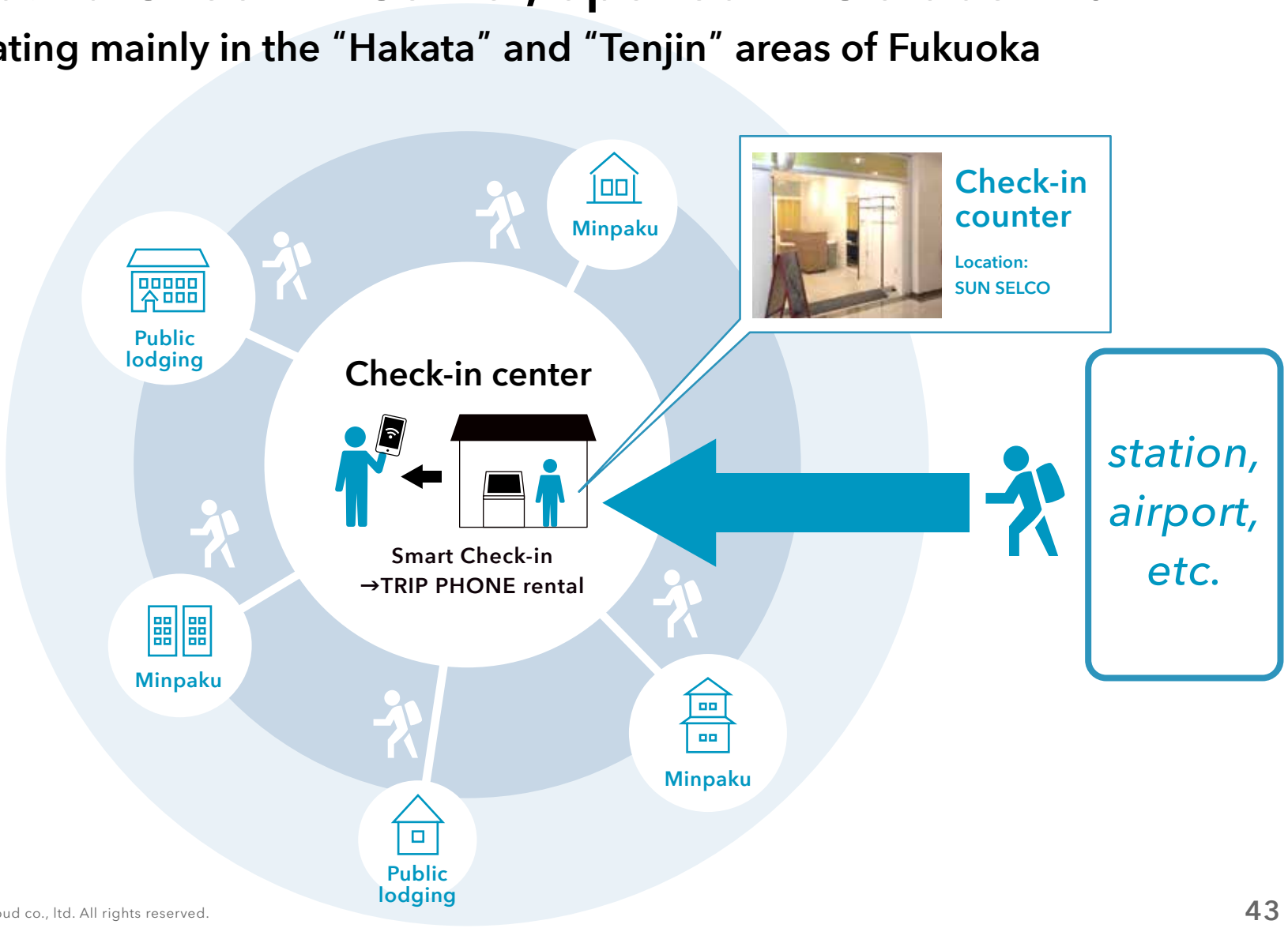
IoT Minpaku Check-in Center, opened in October 2017

Operating mainly in the “Hakata” and “Tenjin” areas of Fukuoka



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Smart Check-in Center connected with OTAs, site controllers, etc.

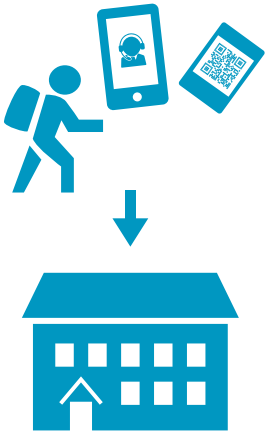
STEP.1

Check in at an automatic check-in counter connected with an online reservation system. Check in luggage and go sightseeing with light baggage.
Receive QR code key and TRIP PHONE.



STEP.2

Can enter accommodation at any time.
Simply pass the QR code key received at check-in over a code reader.



Public lodging

STEP.3

TRIP PHONE Trip concierges support tourists on a 24-hour basis in multiple languages.
Wi-Fi router functions also available.



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Minpaku business

First concept style IoT hostel

TRIP POD FUKUOKA
– snack & bed -

Completion in September 2017, Open in October















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Check-in flow utilizing IoT

STEP.1

Check-in with Smart Check-in system connected with online reservation system



STEP.2

Receive TRIP PHONE after check-in



STEP.3

Unlock and enter the accommodation with the QR code key using TRIP PHONE



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Utilizing the “TRIP PHONE” IoT device

CONNECT FOR JAPAN EXPERIENCE

TRIP PHONE

- Smartphone designed for foreign tourists -



TRIP Concierge

AI and human concierge combination offers meticulous response to various requests of tourists.

On a 24-hour basis

Supports Japanese, English, Chinese, and Korean

Tethering

TRIP PHONE provides Internet connectivity anytime, anywhere for tourists’ smartphones and computers.

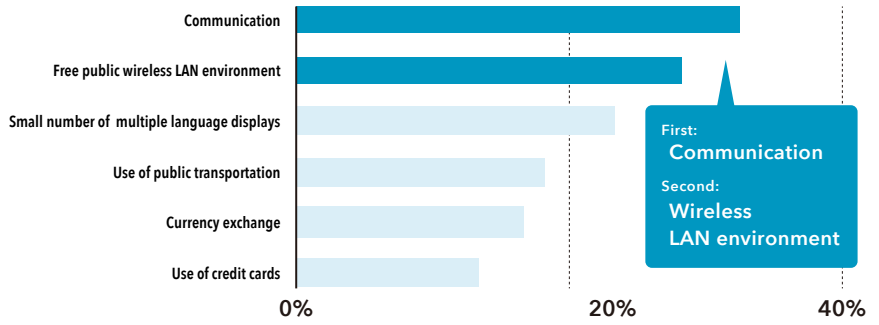
Translation

Translate 31 foreign languages via handwriting or sound.

Guide

GPS-connected audio guide system introduces a town’s popular spots as if listening to a museum audio guide.

“Troubles while traveling” for foreign tourists



Evaluation of accommodation where “TRIP PHONE” is available

>> Selected as the best accommodation on Booking.com!

Word of mouth among foreign tourists

I could use a smartphone with free Wi-Fi, and I could find (check) all information though this was my first trip. Additionally, concierges replied to my inquiries on a 24-hour basis, and I could enjoy my stay to my heart’s content!



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Revenue and expense simulation for accommodation facilities







*Illustration

Reference price of property

100 million yen

Land 45.00 million yen / Property 43.50 million yen /
IoT system deployment fee 7.50 million yen /
Consultation fee (5%) 4.55 million yen

Room charge	Average occupancy rate	Accommodation structure
¥13,000	70%※1	4 rooms / 1 building

Owner's revenue and expenses

Annual sales	¥13,286,000
Annual operating expenses※2	(¥8,186,700)
Annual profit	¥5,099,300
Yield on investment	5.1%

The Company's sales

IoT Minpaku system fee
=10% of sales
¥1,328,600
(included in operating expenses)

※1 Occupancy rate of 70% is not guaranteed

※2 The breakdown is commission (15% of revenue) plus actual operating expenses such as utilities, linen, cleaning, and personnel (subject to change)

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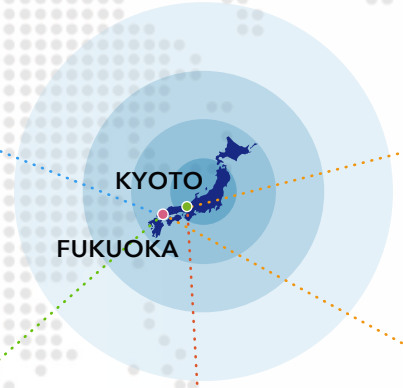
Development of IoT Minpaku system

Efficient Minpaku management utilizing IoT device "TRIP PHONE"

Around-the-clock concierge and translation functions facilitate resident management and the reduction of management costs.



Tenant Type @FUKUOKA

(Scheduled to open in October 2017)

¥3,000～ / 1 Bed

This hostel is managed by leasing tenants. Owners can open hostels at a good location with small investment, thereby expecting to achieve high capacity utilization and revenue.





*This picture is a depiction

House Type @KYOTO

¥25,000～ / night (up to 5 people)

Traditional townhouse-type hostel. Residents can experience Japanese lifestyles. This hostel is suitable for groups ranging from five to ten people.







House Type @FUKUOKA

(Scheduled to open in September 2017)

¥25,000～ / night (up to 5 people)

Apartment Type @FUKUOKA

¥3,000～ / 1 Bed

Apartment-type hostel. Owners can acquire higher revenues than ordinary rental apartments. Residents can stay here as if living in an apartment. This hostel is suitable for the groups of approx. five people.





Building Type @KYOTO

(Scheduled to open in October 2018)

¥3,000～ / 1 Bed

This is a large-size hostel with luxurious lounges and dining kitchens installed. Not only dormitories but also single rooms targeting groups and individuals are available.





*This picture is a depiction

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TRIP PHONE collaborated companies list

Transport functionreservation

EVOLABLE ASIA CO., LTD.



Music event function

77HZ LTD.



Audio tour function

IPPON, Inc.



Activity curation function

VOYAGIN PTE. LTD.



Emergency call function

Tokio Marine & Nichido Fire Insurance Co., Ltd.



Taxi reservation function

Nihon Kotsu Co., Ltd.



Scan function

Payke Inc.



Restaurant search function for vegetarians

Frembassy, Inc.



Merchandise sales service function

Chapter8, Inc.



Baggage handling service reservation function

ecbo Inc.



Translation function(handwriting, menu) New

NTT DOCOMO, INC.

Collaborative experiment



Further development is planned

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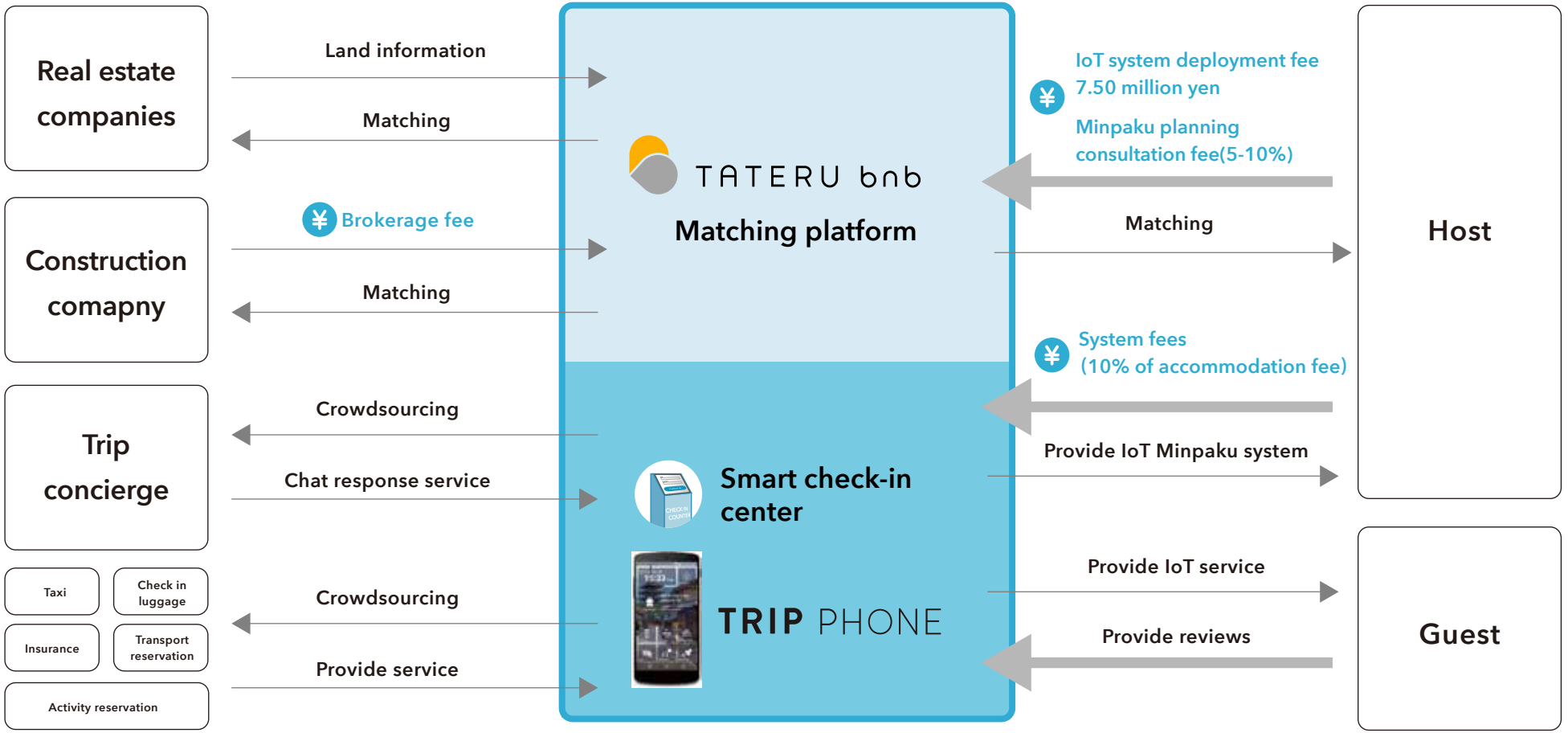
Minpaku business

TATERU bnb

IoT Minpaku matching platform



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SMA・RENO
SMART RENOVATION

Smart renovation online

Website was renewed in March 2017



Began matching service for apartment transactions
SMA-RENO concierges support apartment transactions



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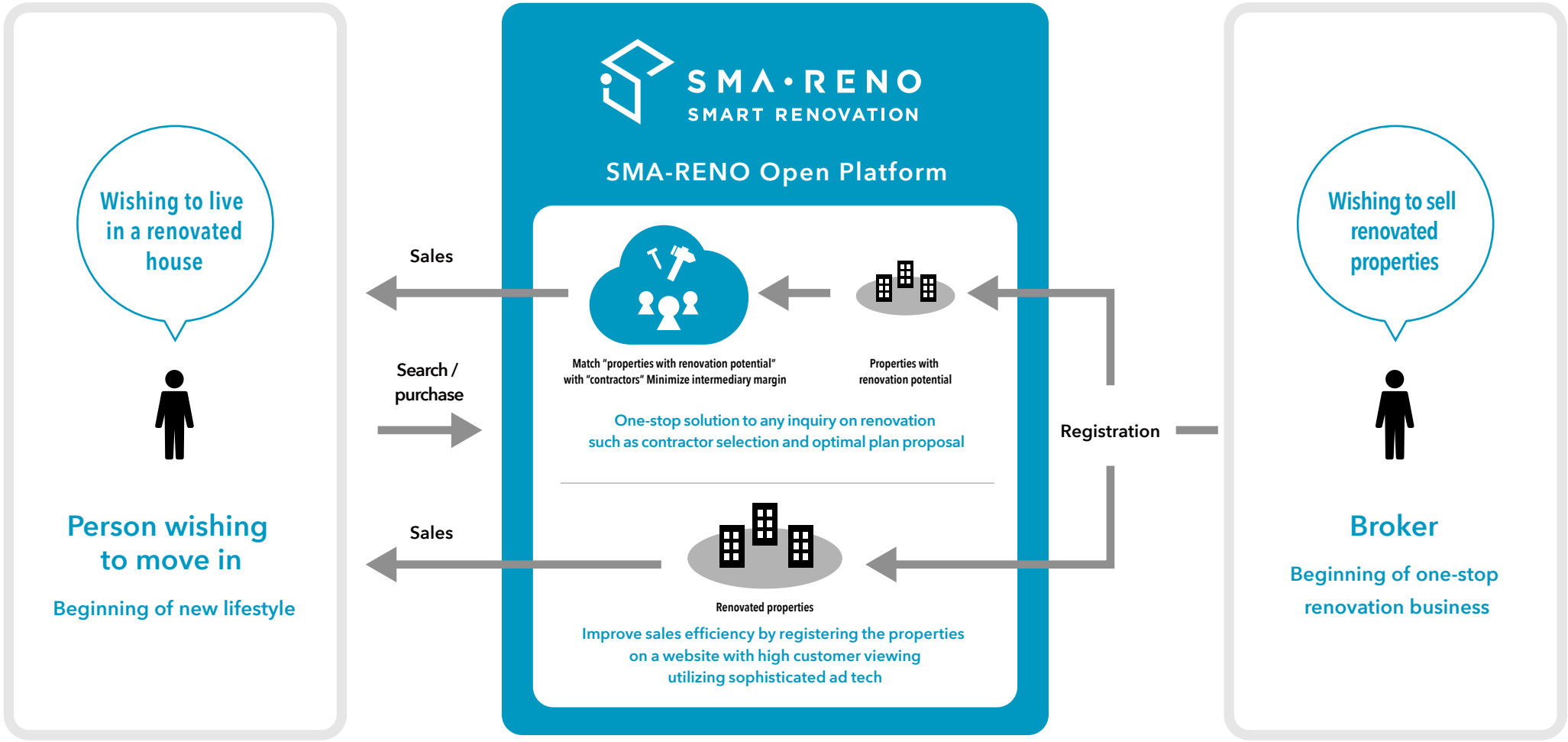
Began development of SMA-RENO open platform



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These risks and uncertainties include industries in general, market conditions, and general domestic and international economic conditions such as interest rate and foreign exchange fluctuations.

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