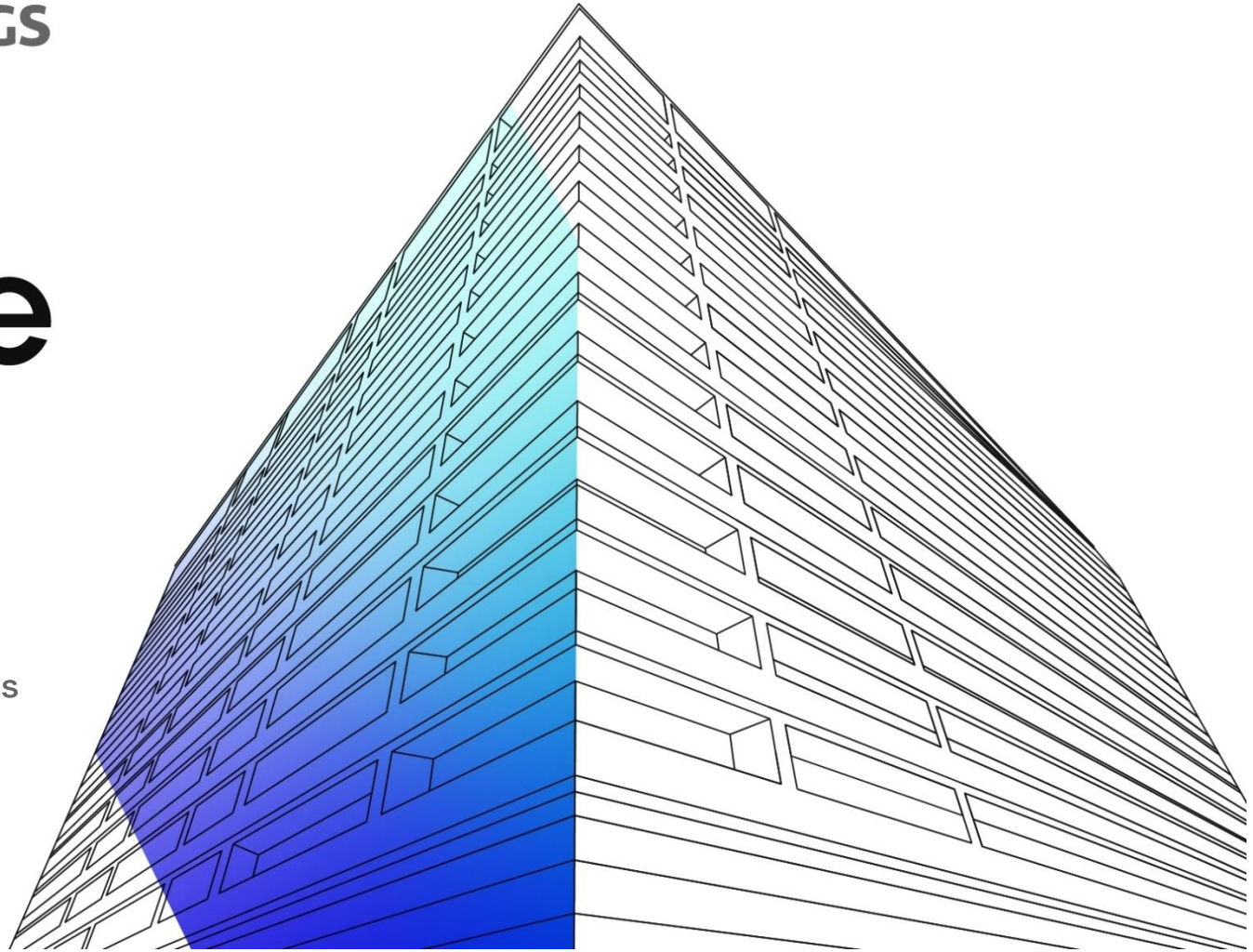


# Find the Value

Focus on what we have now,  
and shine a light on the hidden values



## **FY2023 Financial Results (Year Ended Nov. 30, 2023) & Mid-Term Plan “Find the Value 2026”(FY2024-2026)**

January 12, 2024

- 1. FY2023 Financial Result Summary  
(Year Ended Nov. 30, 2023)**
  
- 2. Mid-Term Plan “Find the Value 2026”  
(FY2024-2026)**
  - a. What we aim for**
  - b. Market landscape / Competitive advantage**
  - c. Business strategy**
  - d. Financial strategy (Capital allocation policy) / IR Strategy**
  
- 3. APPENDIX**
  - a. FAQ**
  - b. Detailed market data**
  - c. Sustainability**
  - d. Our Business**

**1**

# **FY2023 Financial Result Summary (Year Ended Nov. 30, 2023)**

- Higher revenue, lower earnings compared to the previous year when the market had a strong tailwind.
- Expecting higher revenue and higher earnings in FY2024.

## Consolidated P/L (Summary)

	a	b	b/a	c	c/b
	FY2022 (JPY mn)	FY2023 (JPY mn)	YoY Change	FY2024 Forecast (JPY mn)	YoY Change
Revenue	48,211	<b>48,877</b>	101.4%	<b>54,157</b>	110.8%
Gross Profit	9,759	<b>8,422</b>	86.3%	<b>8,913</b>	105.8%
Operating profit	6,098	<b>4,846</b>	79.5%	<b>5,028</b>	103.8%
EPS* <sup>1</sup> (JPY)	107.21	<b>79.59</b>	-	<b>83.83</b>	-

## KGI &amp; Shareholder Returns

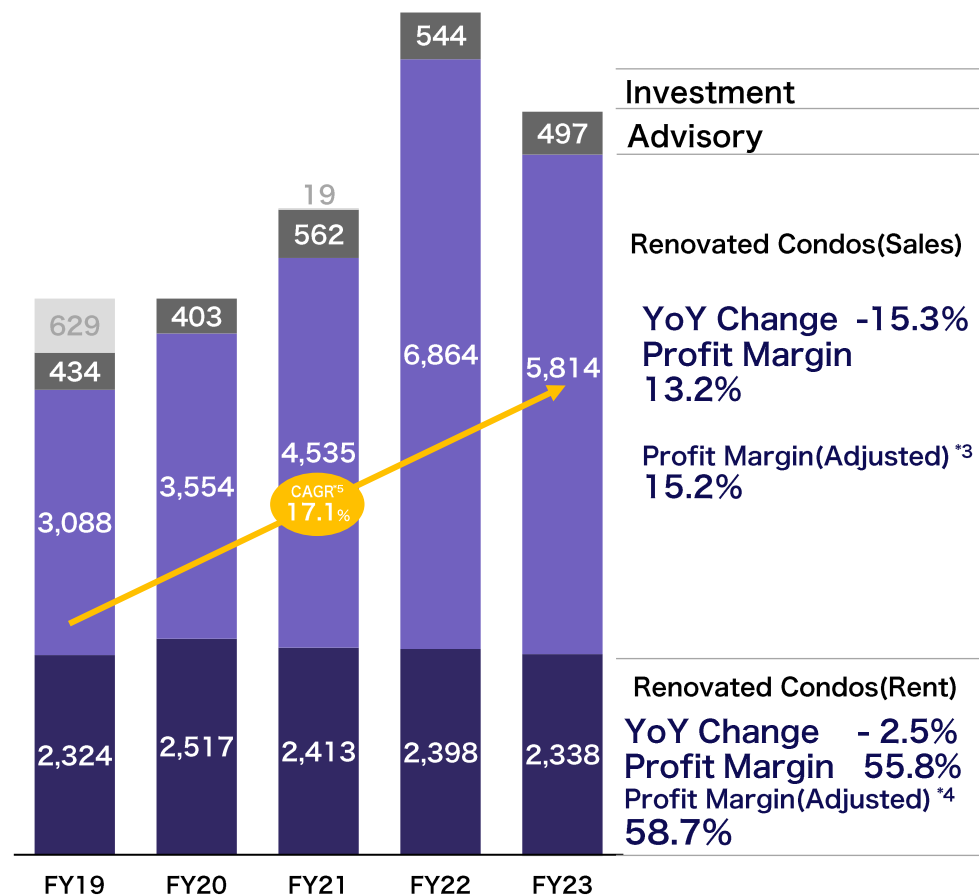
		FY2022		FY2023
Financial Soundness	Equity Ratio	<b>23.5%</b>	▶	<b>24.4%</b>
	ROE	<b>17.5%</b>	▶	<b>12.0%</b>
Shareholder Returns	Dividend per Share* <sup>2</sup> (JPY)	<b>19.5</b>	▶	<b>20.0</b>
	Share Buyback (JPY mn)	<b>180.0*<sup>2</sup></b>	▶	<b>230.2</b>

\*<sup>1</sup> Adjusted FY2022 EPS due to a two-for-one stock split in December 2022  
 \*<sup>2</sup> FY2022: JPY 3,258.0mn (in the market: JPY 180.0mn + ToSTNET-3: JPY 3,078.0mn)  
 FY2023: JPY 230.2mn (in the market)

- Growth trend in Renovated Condo business continues even excluding temporary profit increase in FY2022.

**Consolidated P/L (Summary)**

	FY2022 (JPY mn)	FY2023 (JPY mn)	YoY Change
<b>Revenue</b>	<b>48,211</b>	<b>48,877</b>	<b>+1.4%</b>
Renovated condominium business	47,449	48,154	+1.5%
Investment business	-	6	-
Advisory business	762	716	-6.1%
<b>Gross profit</b>	<b>9,759</b>	<b>8,422</b>	<b>-13.7%</b>
Renovated condominium business *1	9,215	7,941	-13.8%
Investment business	-	-17	-
Advisory business	544	497	-8.6%
<b>SG&amp;A</b>	<b>3,661</b>	<b>3,575</b>	<b>-2.3%</b>
<b>Operating profit</b>	<b>6,098</b>	<b>4,846</b>	<b>-20.5%</b>
<b>Recurring profit</b>	<b>5,418</b>	<b>3,921</b>	<b>-27.6%</b>
<b>Net income</b>	<b>3,709</b>	<b>2,664</b>	<b>-28.2%</b>

**Gross Profit (by segment) \*2** (JPY mn)


\*1 Including mark-to-market (MTM) loss (FY2022 : JPY 48.1mn / FY2023 : JPY 211.2mn)

\*2 MTM loss in each business segment is excluded in this figure

\*3 Profit margin excluding property agent fee from COGS and depreciation

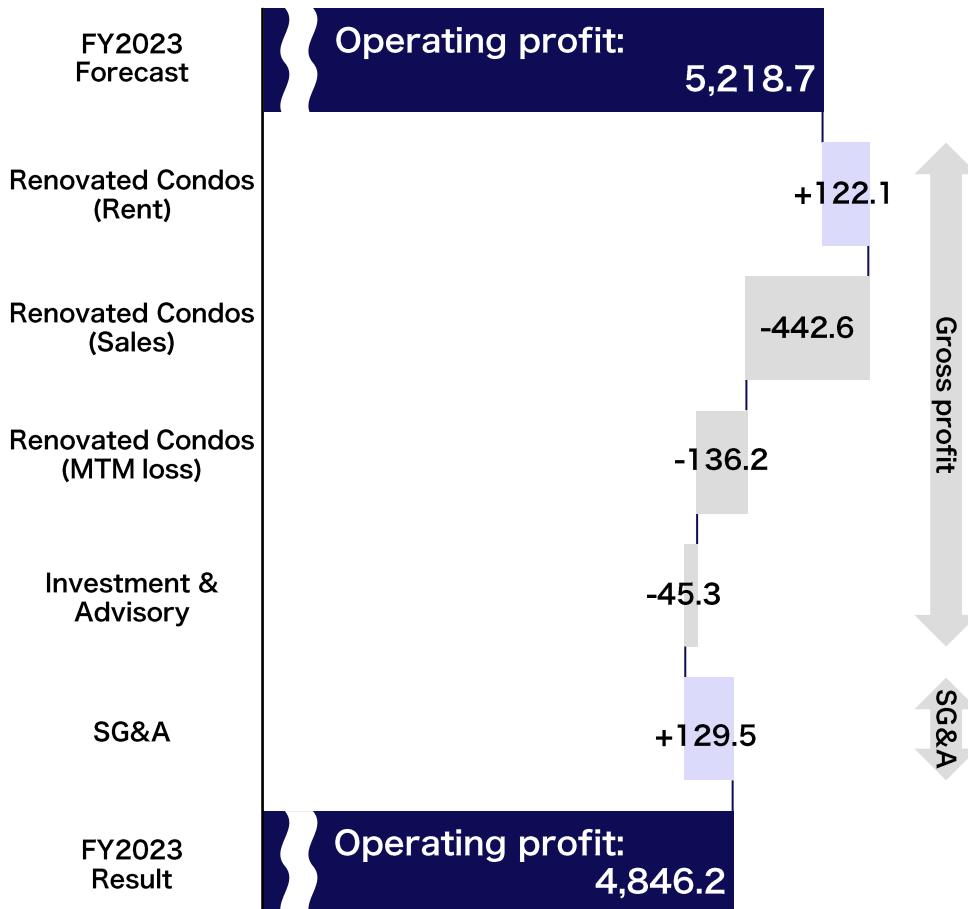
\*4 Profit margin excluding depreciation (JPY 117.8mn)

\*5 CAGR of renovated condo business excluding MTM loss (2019-2023)

- In Renovated Condo business, earning forecast were not achieved due to lower margin & sales volume in vacant condos.

Gap b/w forecast vs results in FY2023 (JPY mn)

Main reasons



Renovated Condos (Rent)

- Increase in inventories from regular purchase (FY2023 End : 3,938 units)

Renovated Condos (Sales)

- Decrease of profit margin from vacant condo purchase
- Lower sales volume (Forecast: approx. 1,300 units vs Actual: 1,270 units)

Renovated Condos (MTM loss)

- Allocate mark-to-market loss to dispose long-term inventory (JPY 211.2mn)

Investment & Advisory

- Investment : Mark to market loss of invested securities
- Advisory : Unrealized project in agent business

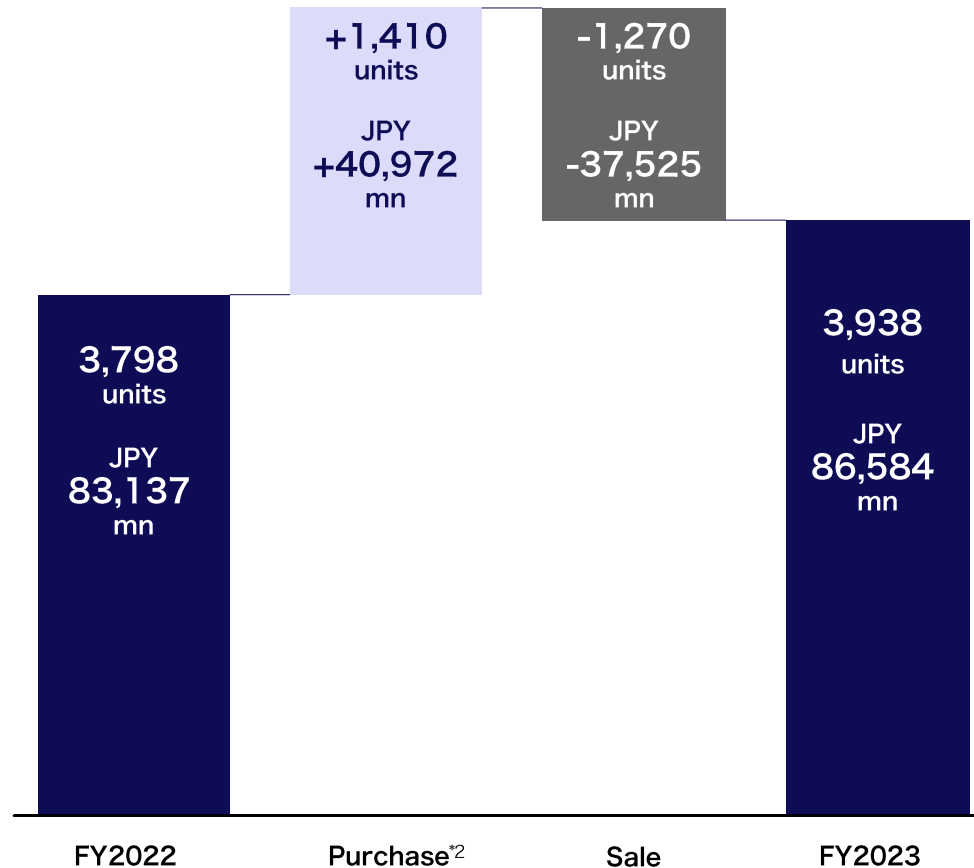
SG&A

- Decrease in purchase number of units resulted in less consumption tax allocated

- Built up the owned condos while maintaining a balance b/w purchase & sales volume.
- Improved Equity Ratio through steady profits.

**Consolidated BS (Summary)**

	FY2022 (JPY mn)	FY2023 (JPY mn)	YoY Change
Current assets	88,111	92,464	+4.9%
Cash and deposits	3,110	4,199	+35.0%
Inventories*1	83,137	86,584	+4.1%
Fixed assets	2,264	2,516	+11.1%
<b>Total assets</b>	<b>90,378</b>	<b>94,982</b>	<b>+5.1%</b>
Short-term liabilities	12,250	12,868	+5.0%
Long-term liabilities	56,853	58,883	+3.6%
Shareholder's equity	21,214	23,173	+9.2%
<b>Equity Ratio</b>	<b>23.5%</b>	<b>24.4%</b>	

**Change in Inventories**


\*1 All owned condominiums (with or without tenants)

\*2 Including increase in book value through renovation

- Expecting higher revenue / earnings through existing businesses and the re-starting investment business.

	FY2023 (JPY mn)	FY2024 Forecast (JPY mn)	YoY Change
<b>Revenue</b>	<b>48,877</b>	<b>54,157</b>	<b>+10.8%</b>
Renovated condominium business	48,154	51,588	+7.1%
Investment business	6	1,691	-
Advisory business	716	876	+22.4%
<b>Gross profit</b>	<b>8,422</b>	<b>8,913</b>	<b>+5.8%</b>
Renovated condominium business	7,941	7,998	+0.7%
Investment business	-17	248	-
Advisory business	497	667	+34.1%
<b>SG&amp;A</b>	<b>3,575</b>	<b>3,885</b>	<b>+8.7%</b>
<b>Operating profit</b>	<b>4,846</b>	<b>5,028</b>	<b>+3.8%</b>
Recurring profit	3,921	4,102	+4.6%
Net profit	2,664	2,800	+5.1%

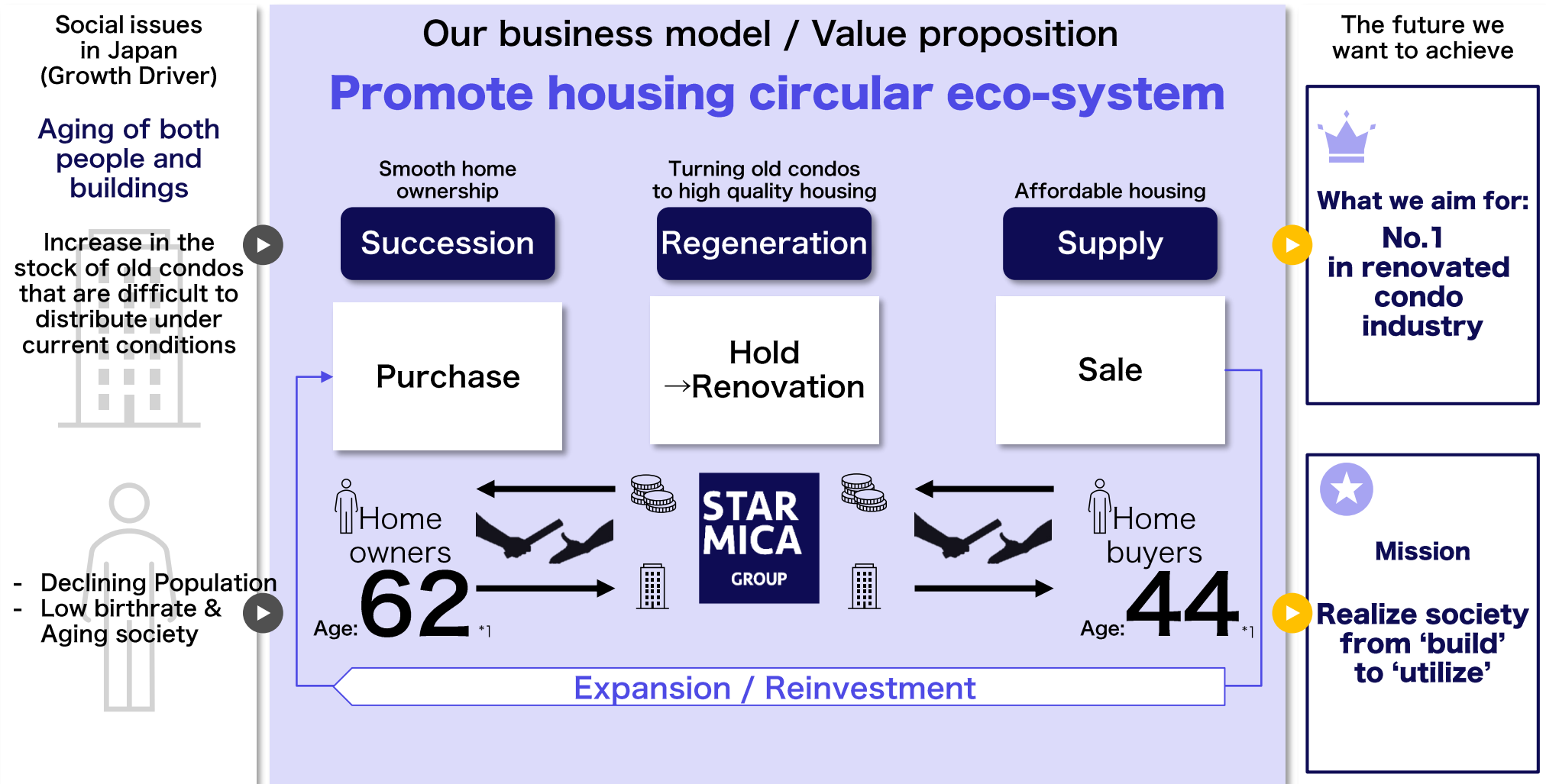


# 2

## **Mid-Term Plan “Find the Value 2026” (FY2024-2026)**

### **a. What we aim for**

- Contribute to popularization & establishment of the housing circular eco-system through solving social issues and our growth.



\*1 Median age of seller/buyer of condos with our company (FY2022 & FY2023)

- Implement three strategies to maximize corporate value.

## Maximize corporate value

Enhance ROE

Maintain appropriate level of WACC

### Mid-Term Plan (FY2024-2026)

#### Business strategy

- ❑ Back to owner-change condos<sup>\*1</sup>
- ❑ Market share expansion in the urban areas
- ❑ Restructure of renovation operation
- ❑ Shorter sales turnover<sup>\*2</sup> (Disciplined inventory management)
- ❑ Fund business development

Shift to corporate management focusing on Profitability and Efficiency

Strengthen disclosure of important strategy progress

#### Financial strategy

- ❑ Maximize cash utilization
- ❑ Disciplined growth investment and shareholder return

Establish explicit capital allocation policy

#### IR strategy

- ❑ Establish IR team structure
- ❑ Renew IR materials/Website
- ❑ Increase dialogue with shareholders

\*1 See page 20 for more details

\*2 Number of days from 1) tenants moving out or 2) purchase of vacant condos to sales/ delivery (incl. renovation work period)

- Set quantitative goals to increase corporate value.
- No specific targets for revenue, profit, etc. to respond the market environmental changes.

## Maximize corporate value

ROE:  
**12.0+%**

WACC:  
**2.0%**

### Mid-Term Plan (FY2024-2026)

#### Business strategy

Shift to corporate management focusing on Profitability & Efficiency

OP margin:  
**10.0+%**

EPS growth:  
**5.0+%**

Sales Turnover:  
**▲1.5~2 months**

Inventory:  
**JPY 100+bn**

Strengthen disclosure of important strategy progress

#### Financial strategy

Establish explicit capital allocation policy

#### IR strategy

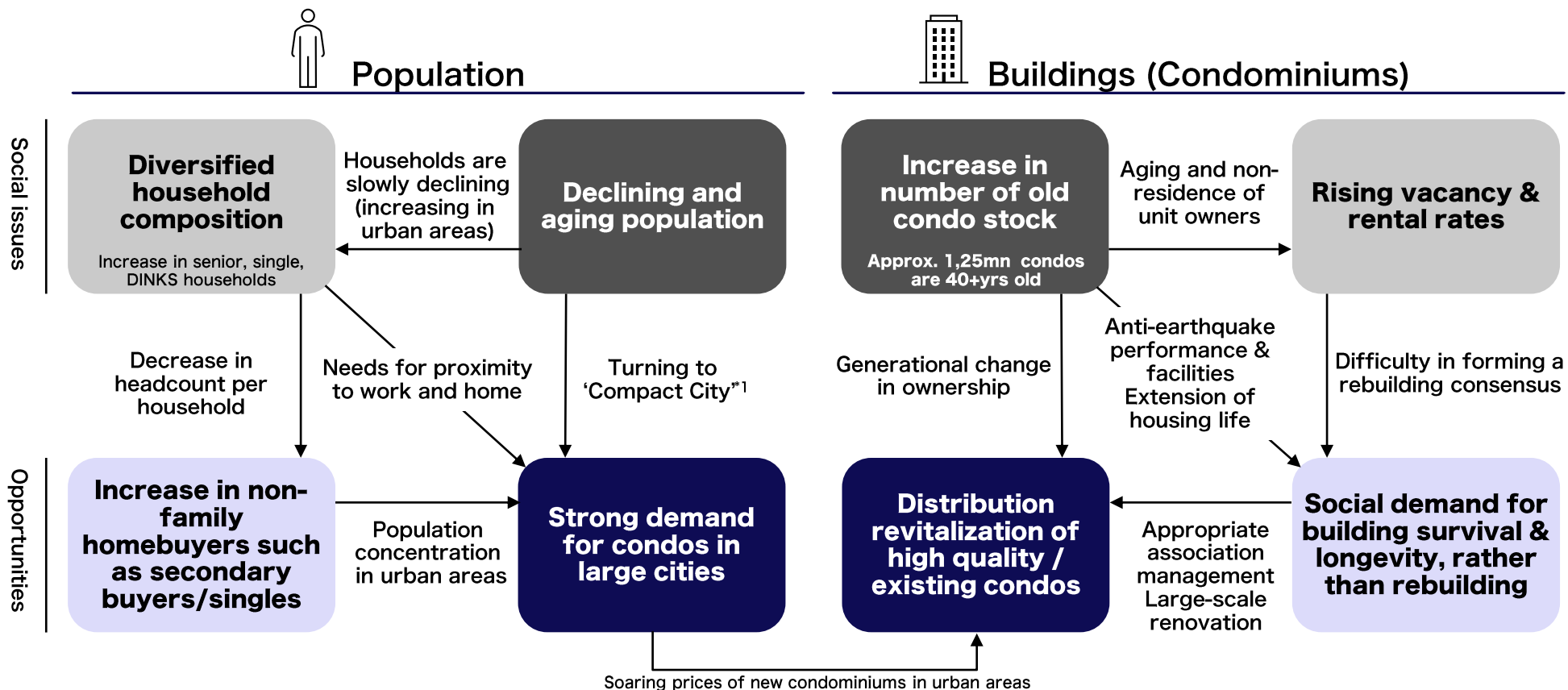
Equity Ratio:  
**25.0+%**

Total Shareholder Return (Dividend + Buyback):  
**40.0%**

PBR:  
**1.0+X**

- As people and buildings are aging, increasing needs to achieve a sustainable society through the effective use of existing resources.

## Social issues in Japan : Aging population and buildings



<sup>\*1</sup> Formation of an intensive urban structure that improves the Quality of Life (QOL) for the elderly and reduces the cost of maintaining social infrastructure

- Promote the rebirth & distribution of more convenient & comfortable condos to meet Japan's housing needs.

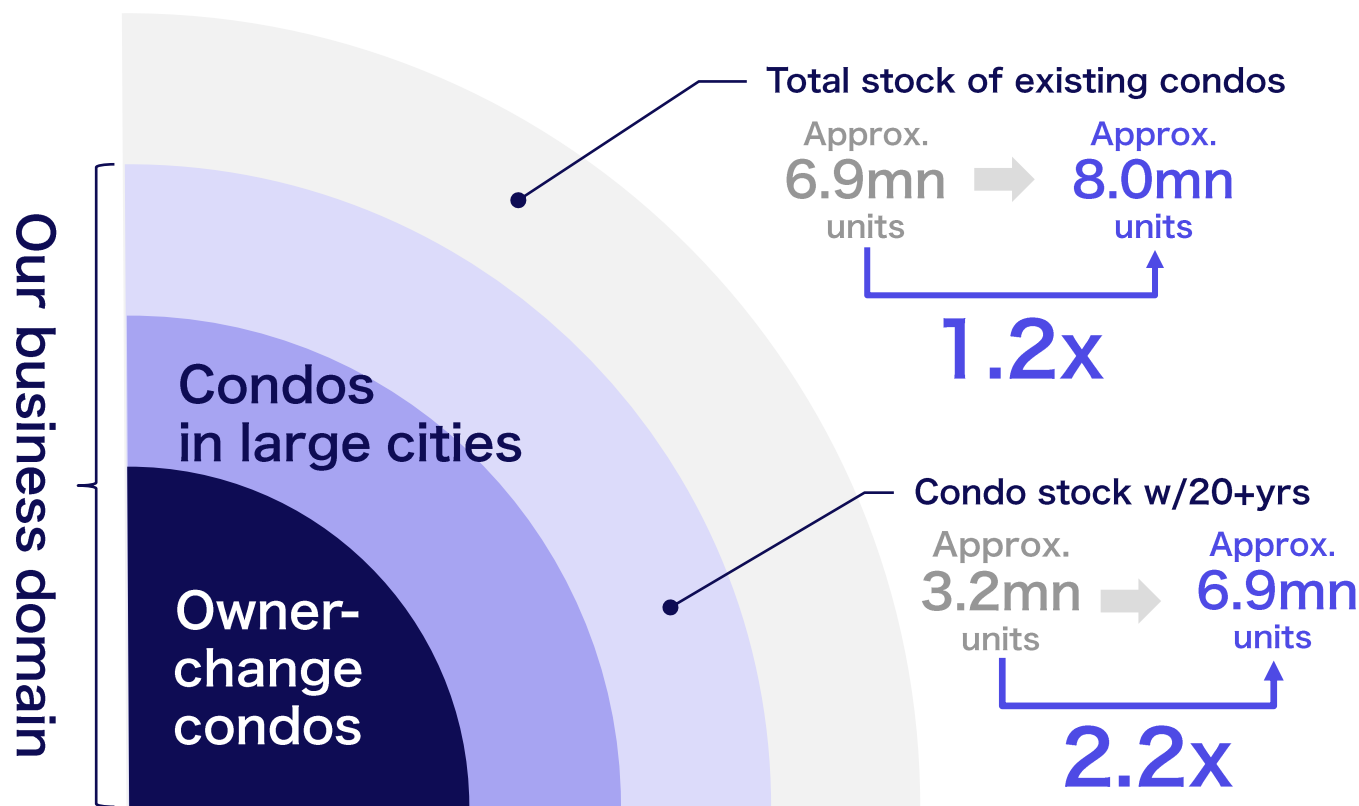


(Source) MLIT Heisei 30 Condominium Research

\*1 Percentage of units vacant for more than 3 months

- Our main business domain will continue to expand by aging condo stock.
- Continue to pursue No. 1 in the industry through strategic business expansion.

**Our business domain and expected change in number of condo stock**



**Three No.1s**

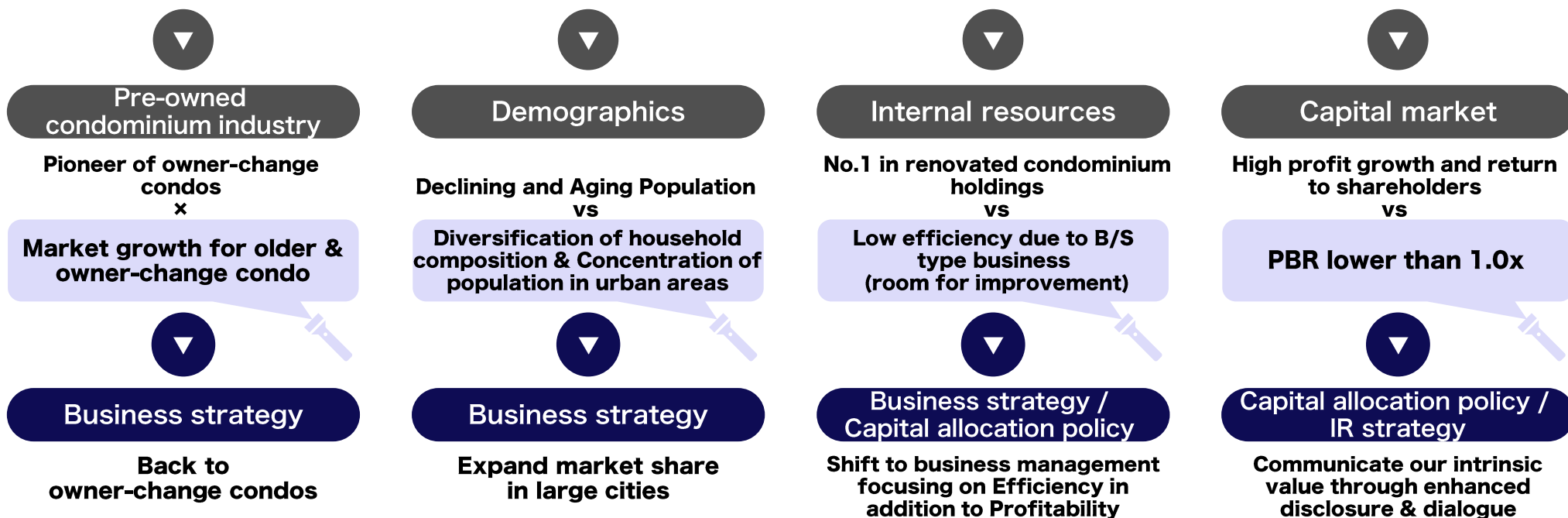
<b>Sales</b>	# of offerings × Unit price Lead renovated condo market in large cities
<b>Profits</b>	Profit from vacant + OC condos - Cost Quality business model and high productivity
<b># of holds</b>	Company owned + Fund owned Stock business mainly OC condos

(Source)MLIT Statistics and data of condominium market / Starmica Holdings  
Our estimate is based on the rate of change in the supply of new condos over the past five years and the status of reconstruction of condominiums as of March 2023  
Assuming i) the total number of condos rebuilt is 282, or about 23,000 units, ii) stock removal due to rebuilding, etc. is negligible, and iii) the current stock of existing condos will become "20+yrs condo" in 20 years'

- Establish a management foundation for sustainable growth by implementing Mid-Term Plan embodying our corporate slogan.

## “Find the Value 2026”

# Focus on what we have now, and shine a light on the hidden values





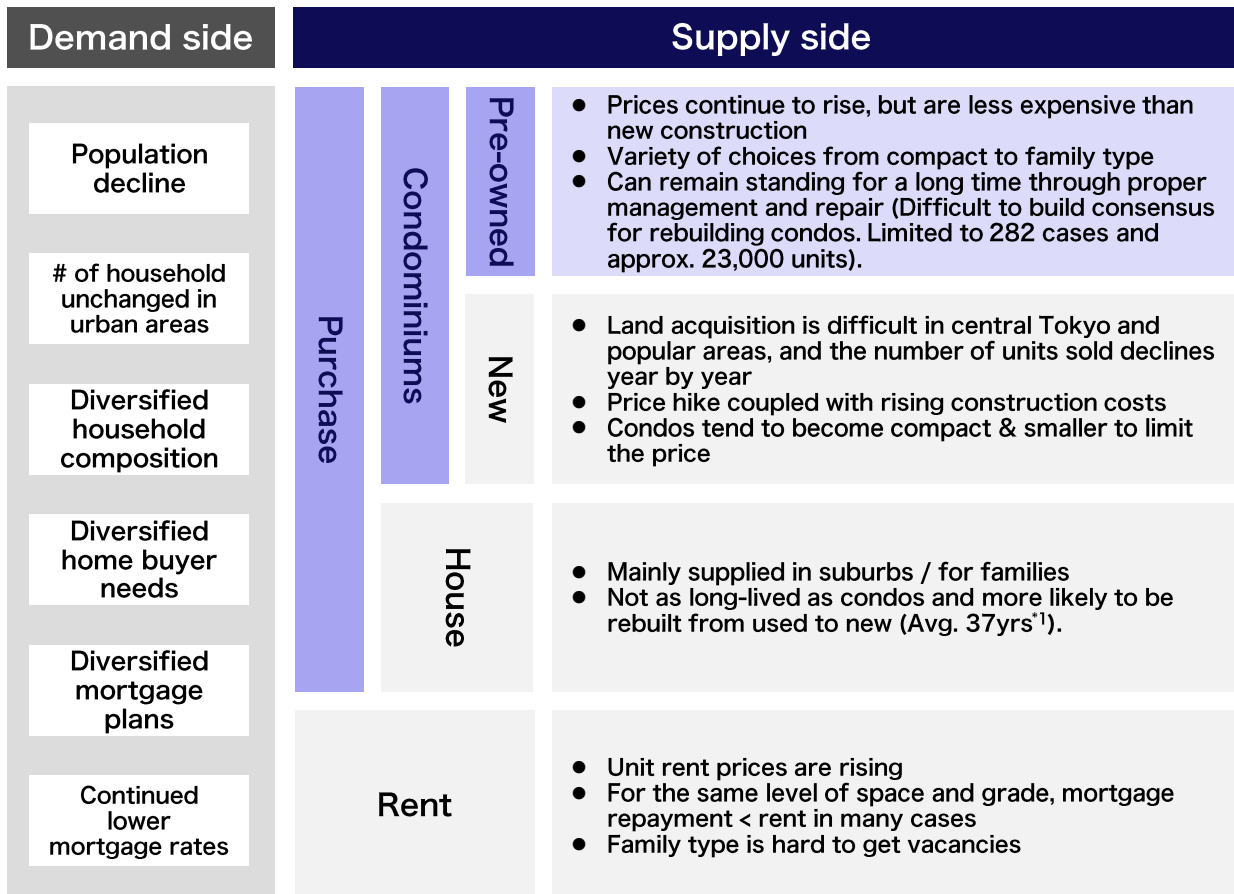
# 2

## **Mid-Term Plan “Find the Value 2026” (FY2024-2026)**

### **b. Market landscape / Competitive advantage**

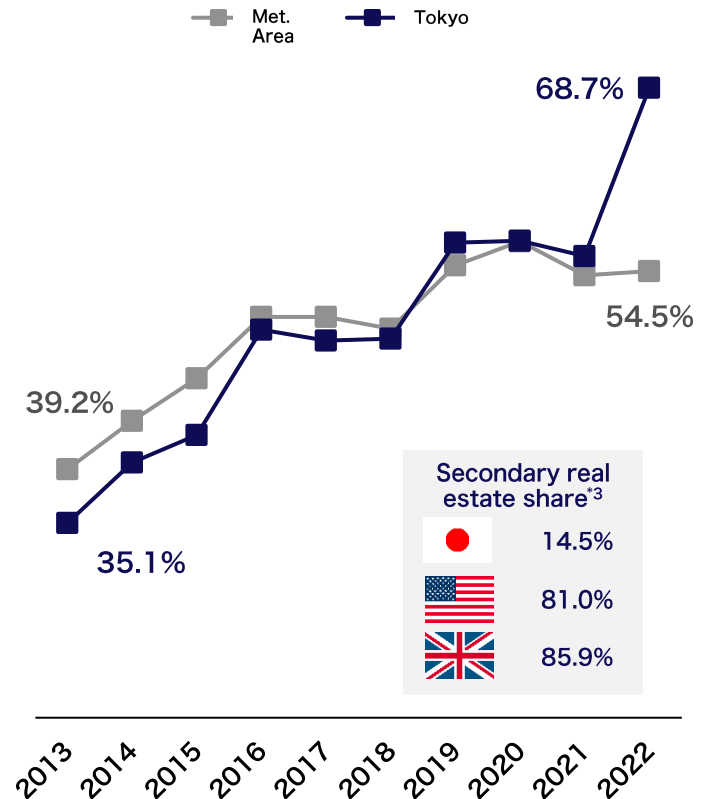
- Secondary real estate market share in Japan is 1/6 of that compared to the U.S. and European countries.
- We anticipate pre-owned condominiums take the initiative in the expansion of the market share.

Housing Market Trends in Urban Areas



Urban condos drive the secondary home distribution

<Percentage of pre-owned condo transactions\*2>



<sup>1</sup> (Source) Federation of Housing Organizations of Japan, "FY2022 Custom Detached Houses Customer Survey

<sup>2</sup> (Source) Calculated by # of new/pre-owned condo sold and Real Estate Economic Institute, "National New Condominium Market Trend 2022" and Real Estate Information Network for East Japan "Metropolitan Area Real Estate Distribution Market Trend (2022)

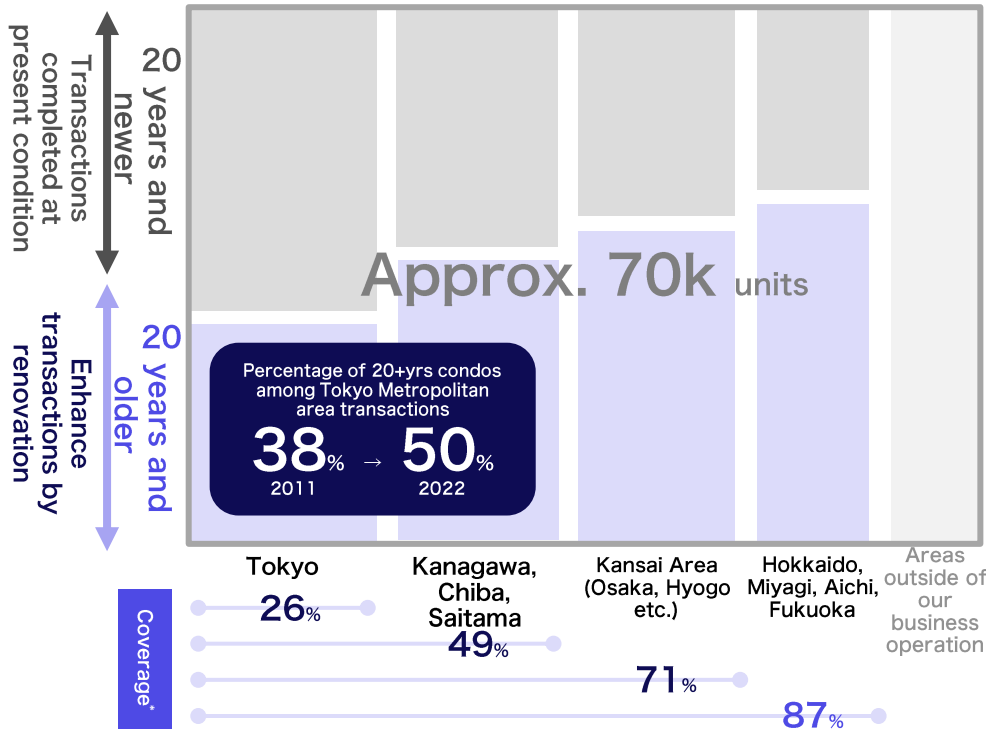
<sup>3</sup> (Source) MLITT: Revitalization of the Existing Housing Market (May 7, 2020)

- The pre-owned condo market has approx. 70k contracts/year.
- Our focused condo market ('urban' x '20+ yrs old') is expected to expand in the future.

Our business operation covers 90% of all completed transactions, more than half of them is 20+ yrs old

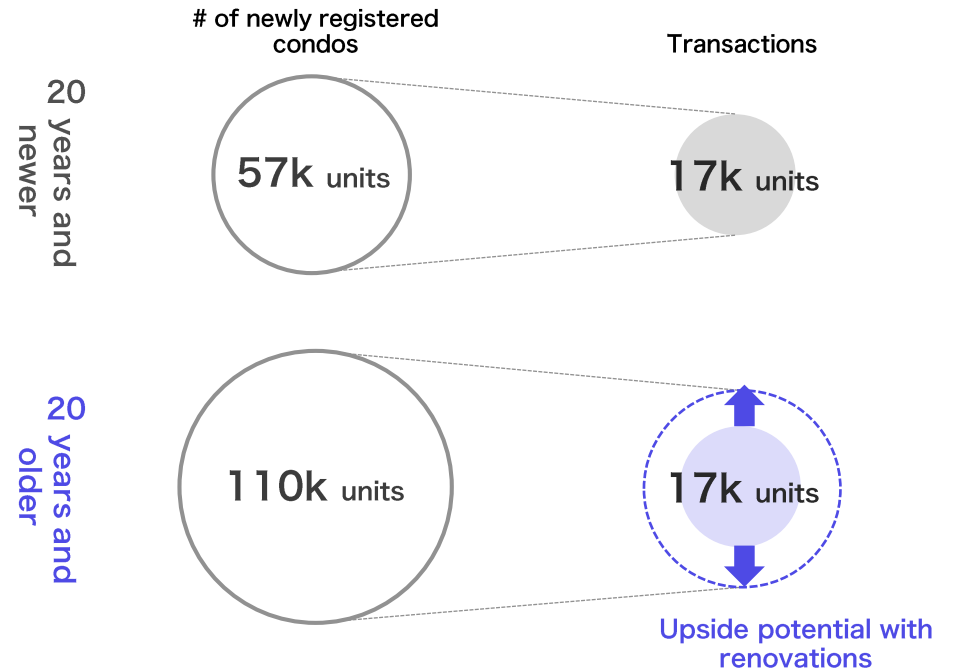
Needs to promote distribution through renovation as older properties are difficult to distribute among consumers

< Area x Age completed transaction volume (2022) >



Expect solid demand as number of households will likely to remain steady

< Number of condo transactions by age in Tokyo Metropolitan area (2022) >

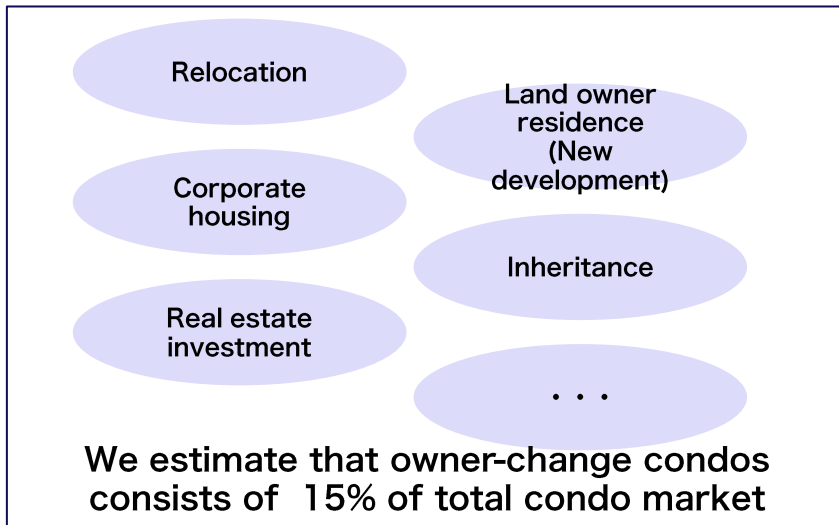


Older properties are often in poor condition (difficult to live in as is) and are less likely to be sold between consumers than newer properties.

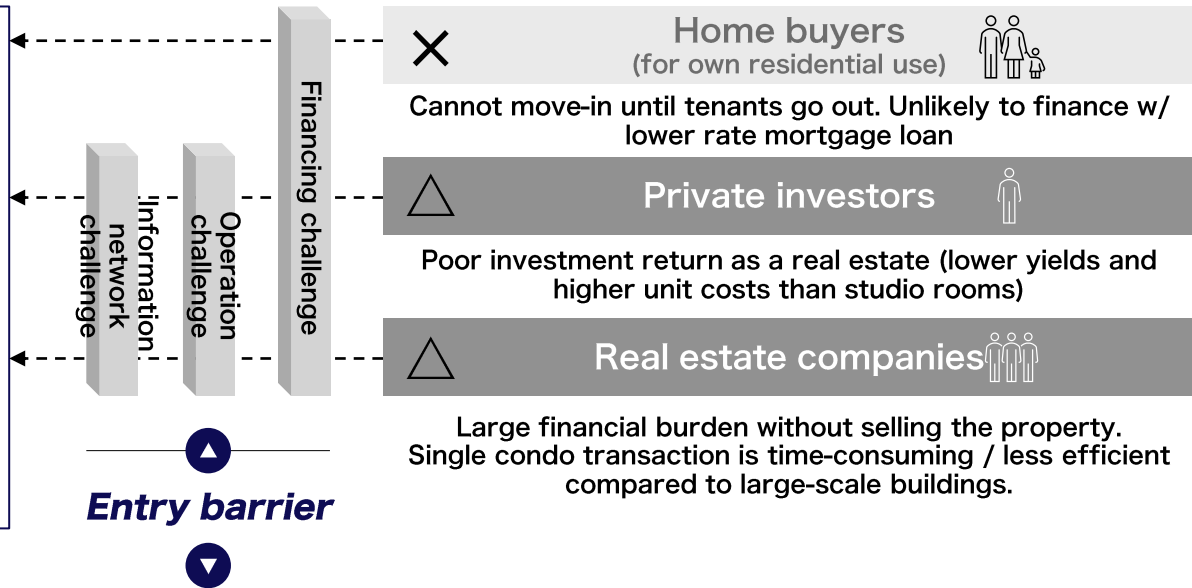
(Source) REINS "Market Watch", Starmica Holdings  
\* Percentage of national contracts (cumulative)

- Unique business model to purchase owner-change condos in the investor market and sell them in the actual demand market.

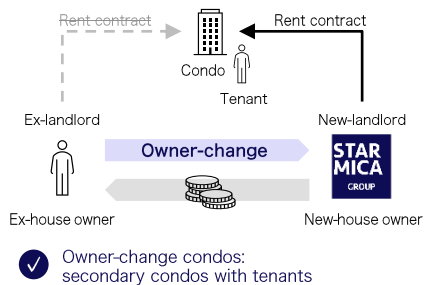
Various reasons for turning to owner-change condos



Owner-change condos are only sold in the investor market, and few buyers



**We have been creating a secondary market for family-type / owner-change properties**



**Networking with real estate agents**

- Recognized as a pioneer in family-type /owner-change condos with few buyers

**Operation capability**

- In-house operation of labor-intensive contract, settlement (escrow), and rental management
- Quick decision-making by sophisticated operation structure from appraisal to contract and settlement

**Financing capability**

- Expanding biz w/a variety of financing methods during the start-up period
- Continued to strengthen competitive advantage in/after the expansion phase
  - Long-term debt w/track records
  - Stable number of sales (cash flow) w/the law of large numbers

- Owner-change & urban-centered business model enable us to continue earning "stable" profits.

**Owner-change centered**

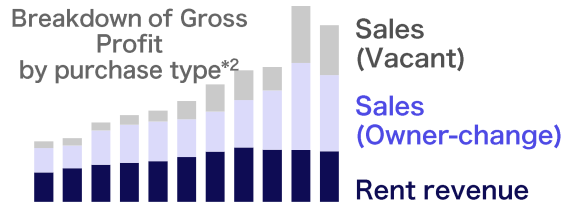


- While other players in this industry focus on purchasing vacant properties that are highly competitive, we focus on purchasing **owner-change condos that are difficult to imitate**, enabling us to generate highly repeatable profits.

**Higher profit margin**



**Flow & Stock revenue**



**Unrealized gain**

**JPY 25.8bn<sup>\*3</sup>**

**Urban centered**



- Even as we expand nationwide, will focus on **urban areas/each region** where demand is firm and stable earnings can be expected, achieving both higher unit price and volume.

	Sales	=	Unit price	×	# of sold
<b>Star Mica</b>	<b>47.4bn</b>		<b>34.9mn</b>		<b>1,395</b>
Co. A	30.0bn		17.9mn		1,673
Co. B	30.3bn		26.3mn		1,152
Co. C	26.0bn		24.0mn		1,066
Co. D	29.3bn		67.0mn		441
Co. E	26.2bn		39.4mn		664

*Nationwide* (upward arrow) / *Only large cities* (downward arrow)

<sup>\*1</sup> Profit margin based on properties for sale in FY2023 (unconsolidated)  
<sup>\*2</sup> The breakdown of profit is an approximate figure from FY2013 to FY2023 (consolidated)  
<sup>\*3</sup> As of 11/30/2023

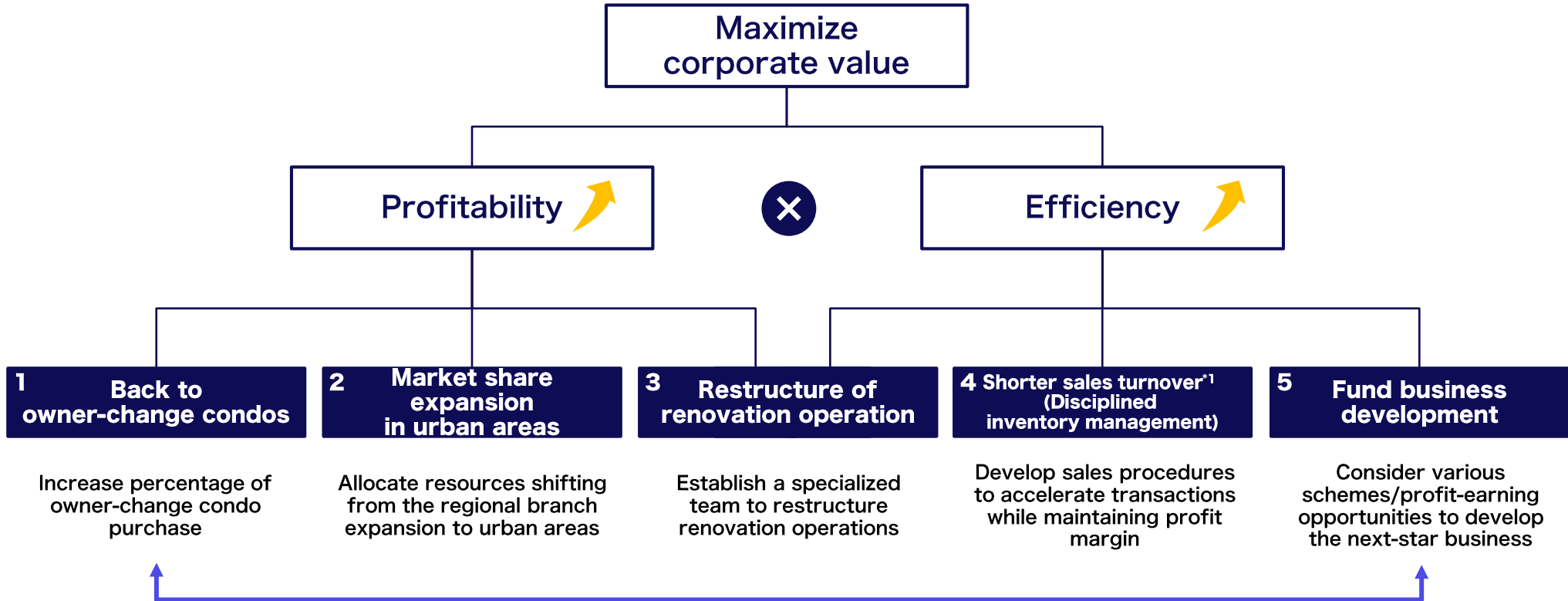
(Source)The Japan Journal of Remodeling "The Ranking of Secondary Real Estate Business 2023", Starmica holdings  
 Our sales/unit price/# of properties for sale based on results in FY Nov. 2022

# 2

## **Mid-Term Plan “Find the Value 2026” (FY2024-2026)**

### **c. Business strategy**

- Achieve sustainable growth and increase corporate value based on five strategies.

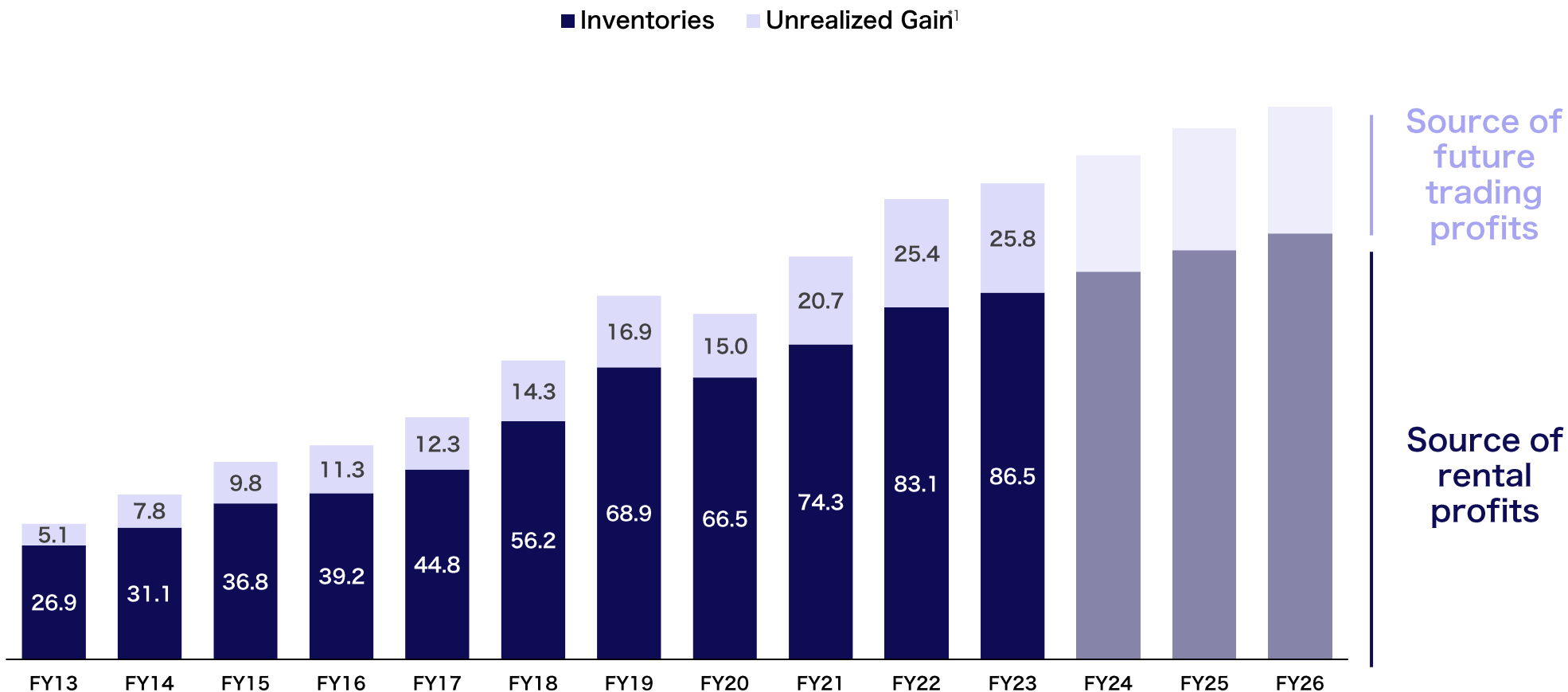


**Strategy key point:**  
**Sustainable & Stable growth through purchase of competitive owner-change condos**

\*1 Days form key received → Renovation → Listing for sale → Contract date

- Continue to aggressively purchase properties and accumulate high-quality stock for a source of profits.
- Inventories & unrealized gains are expected to further increase by “back to owner-change condo”.

<History of Inventories and Unrealized Gain (JPY bn)>

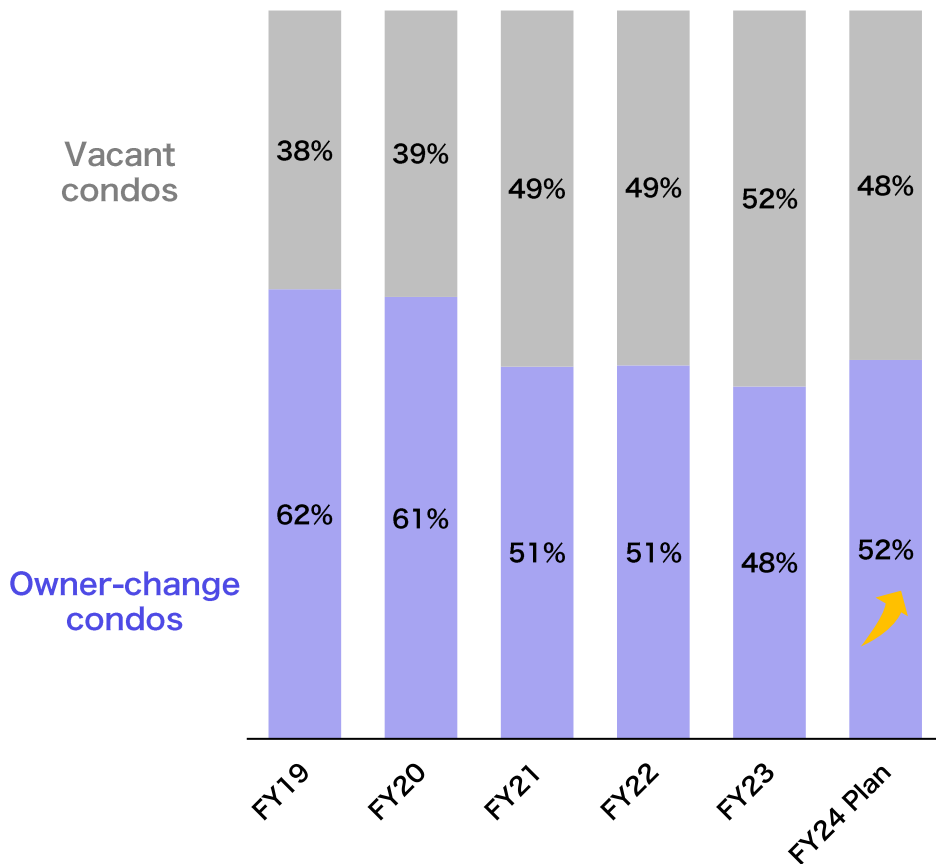


<sup>1</sup> Estimated sales – Book value – Estimated cost (Property agent cost etc)

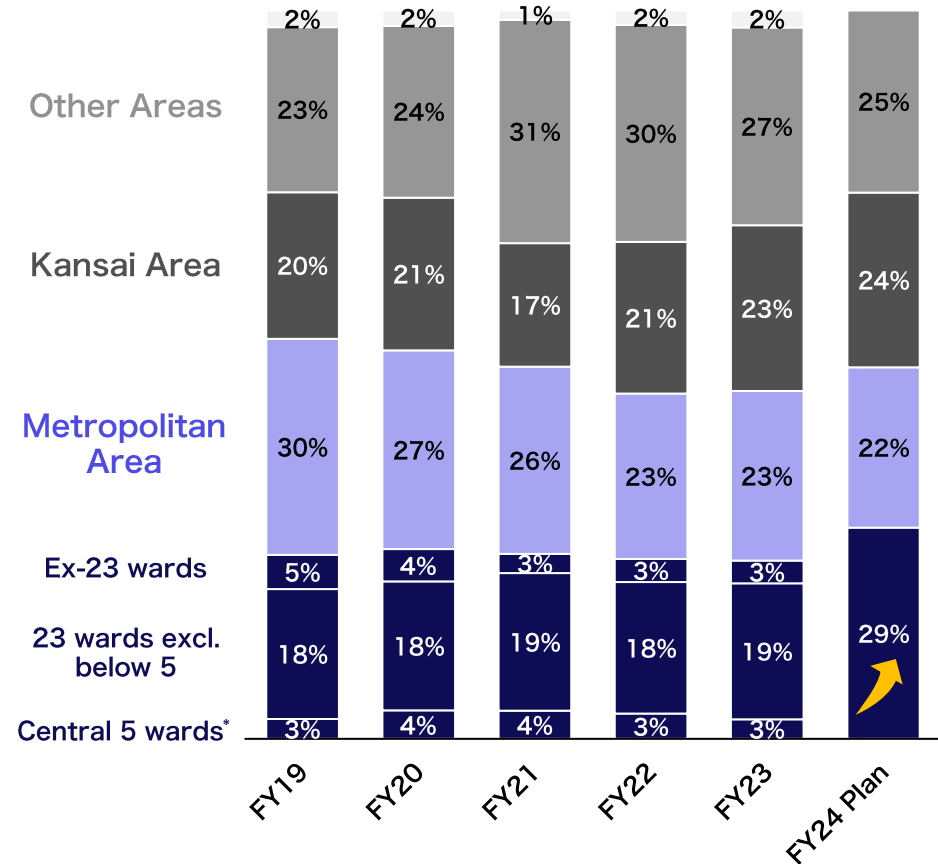


- Have been deepening our area focusing on regional cities x vacant condos for the last 5 years.
- However, plan to increase market share by raising the owner-change ratio & investing resources in urban areas.

Composition of condo purchased (owner-change/vacant)



Composition of condo purchased (by region)



\* Minato, Shinjuku, Shibuya, Chuo and Chiyoda ward

- Both internal & external factors resulted in 20% cost increase & additional 10 days turnover.
- Establish a specialized team for renovation operation restructure to optimize Quality / Cost / Delivery (QCD).

**Trend**

Renovation cost per unit\*1

FY2020

100%

FY2023

122%

Sales turnover days\*2

FY2020

Approx. 93 days

FY2023

Approx. 104 days

**External factors**

- Increase in construction and labor costs due to inflation and materials price hikes, etc.

**Internal factors**

- Increase in condo age (more areas requiring for renovation)
- Improve of product grade in high-priced condos in urban areas

- Extension of construction period due to labor shortage such as craftsmen
- Delayed delivery of building materials and housing equipment (now almost normalized)

- Increased difficulty in planning for older condos
- More inspection and corrective work to improve quality

**Main focus points**

Establish a specialized team to improve Business Process Reengineering (BPR) and operation flow.

Enhance value-added product  
(Competitive product development in urban areas)

Consider cost reduction methods

Deepen cooperation with renovation partner companies.

Improve efficiency of internal operations through  
Digital Transformation investment

\*1 Average renovation cost based on properties for sale

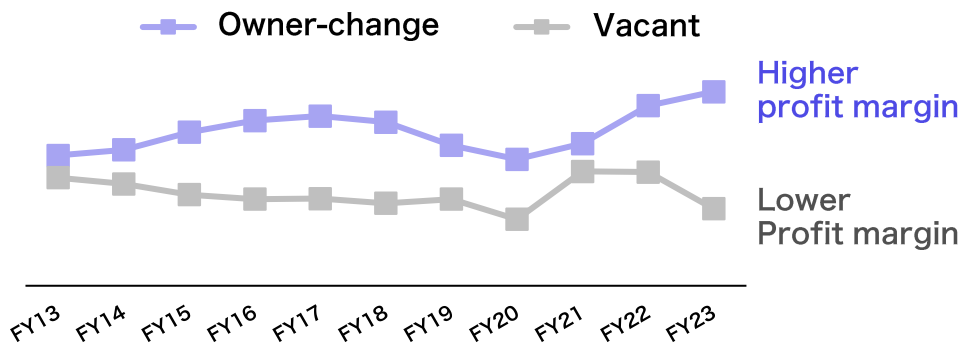
\*2 Days from key received to listing for sale

- Vacant condo ratio has increased since 2018, pushing down the profit margin.
- From this year, plan to increase owner-change condo ratio to improve overall profit margin.

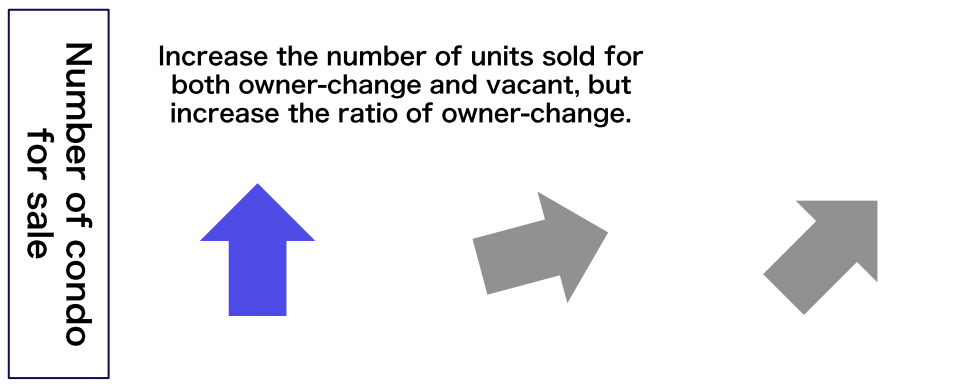
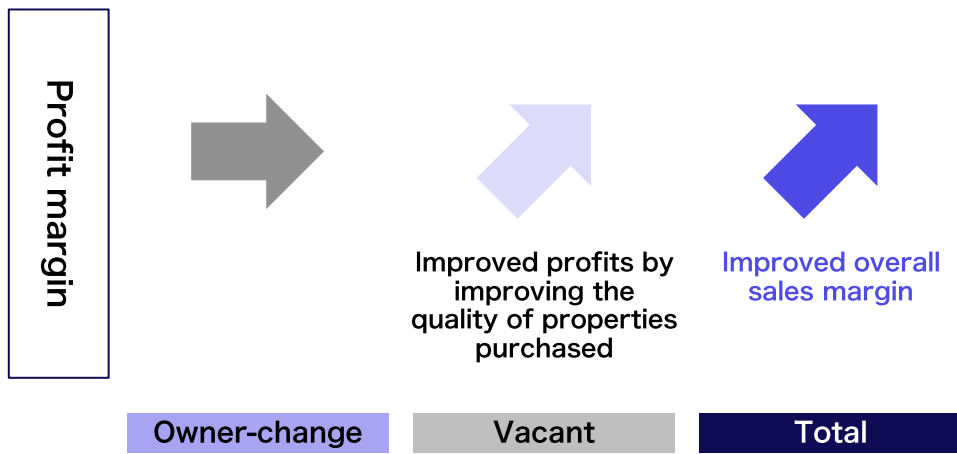
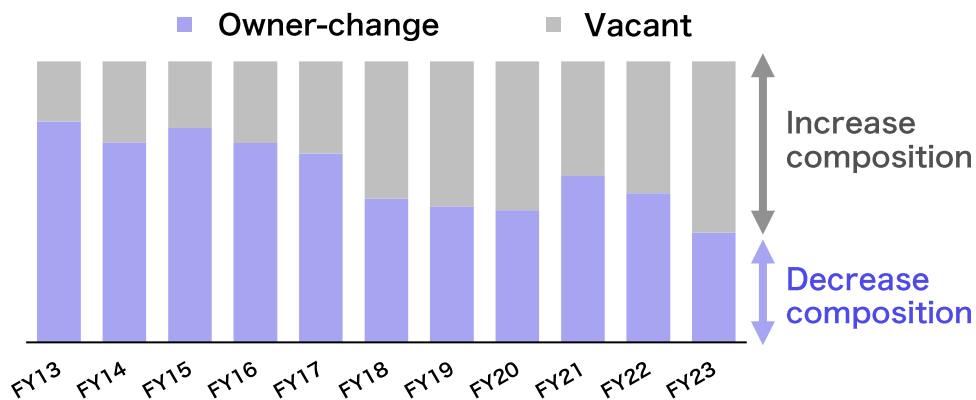
Previous sales strategy:  
Aggressive regional expansion & vacant purchases since 2017

Future sales strategy:  
Increase in owner change condos will contribute to better profit margins

<Profit margin\*1 (%)>



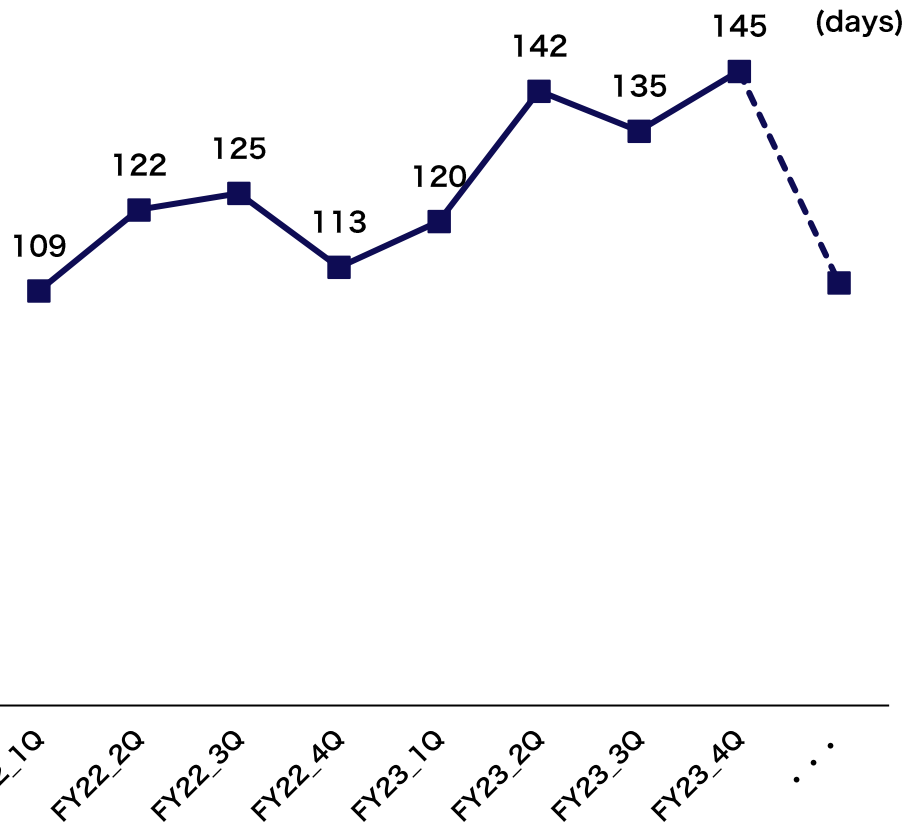
<Composition of condo sold by ownership>



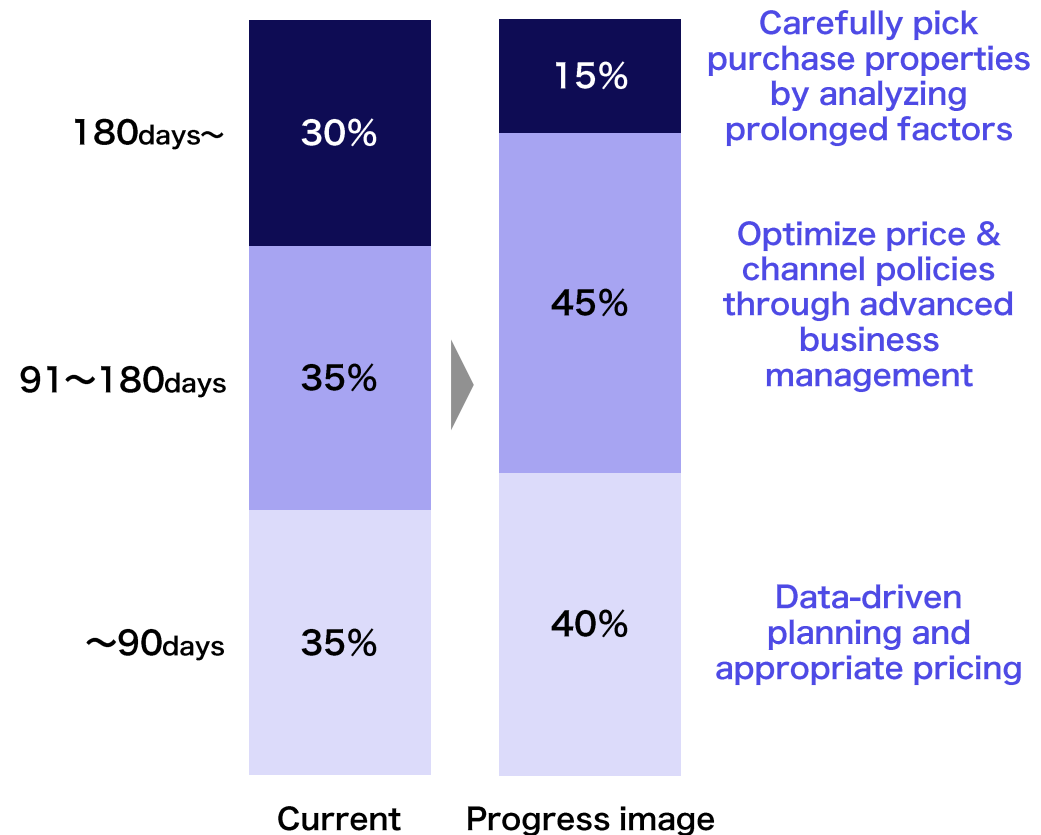
\*1 The breakdown of profit (vacant condos / condos with tenants) is an approximate figure

- Days for sales are becoming longer mainly due to market environment changes.
- Improve sales turnover (1.0~1.5months) through disciplined inventory management.

Days for sales\*1



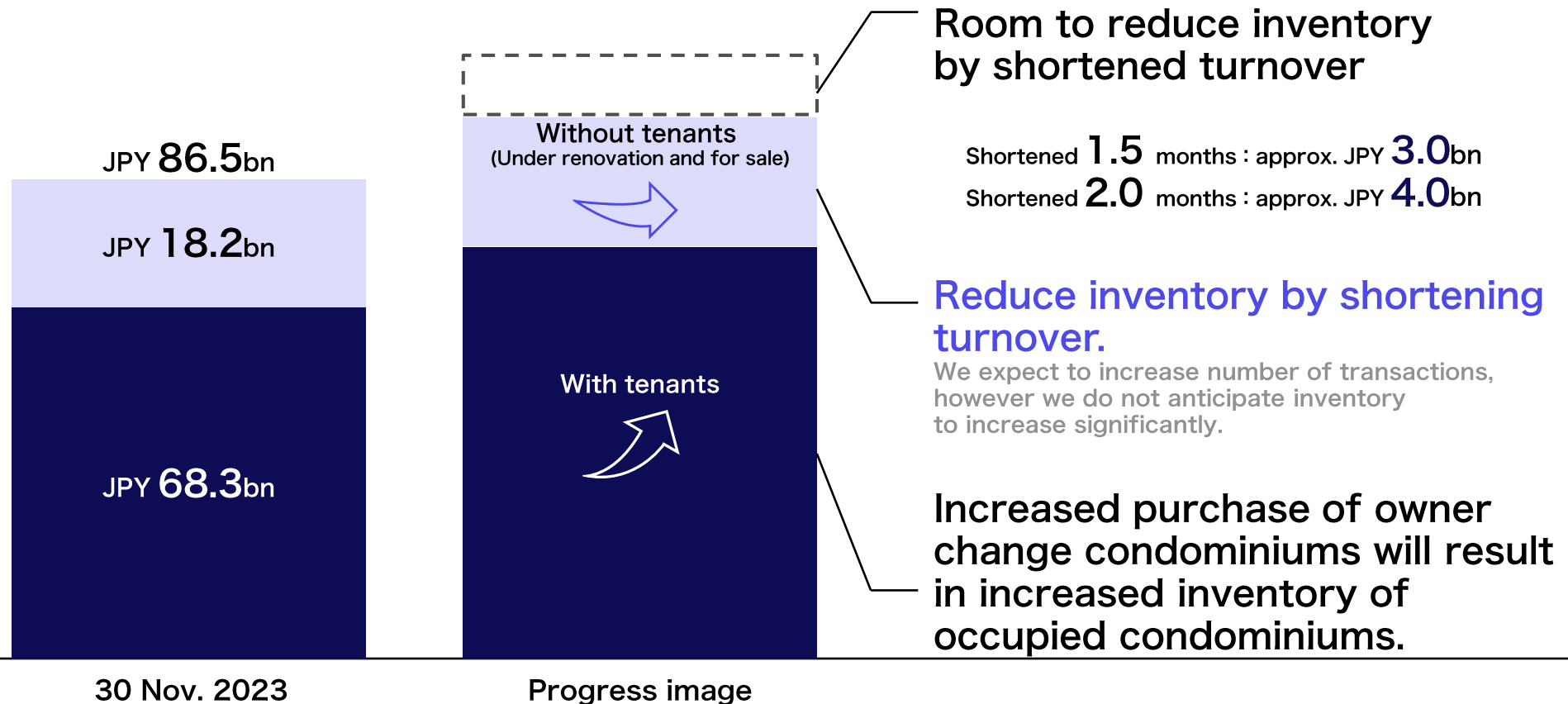
Kaizen approach by days for sales



\*1 Start date of sales listing ~ End date of sales listing (Contract date), data includes both vacant and owner-change condos

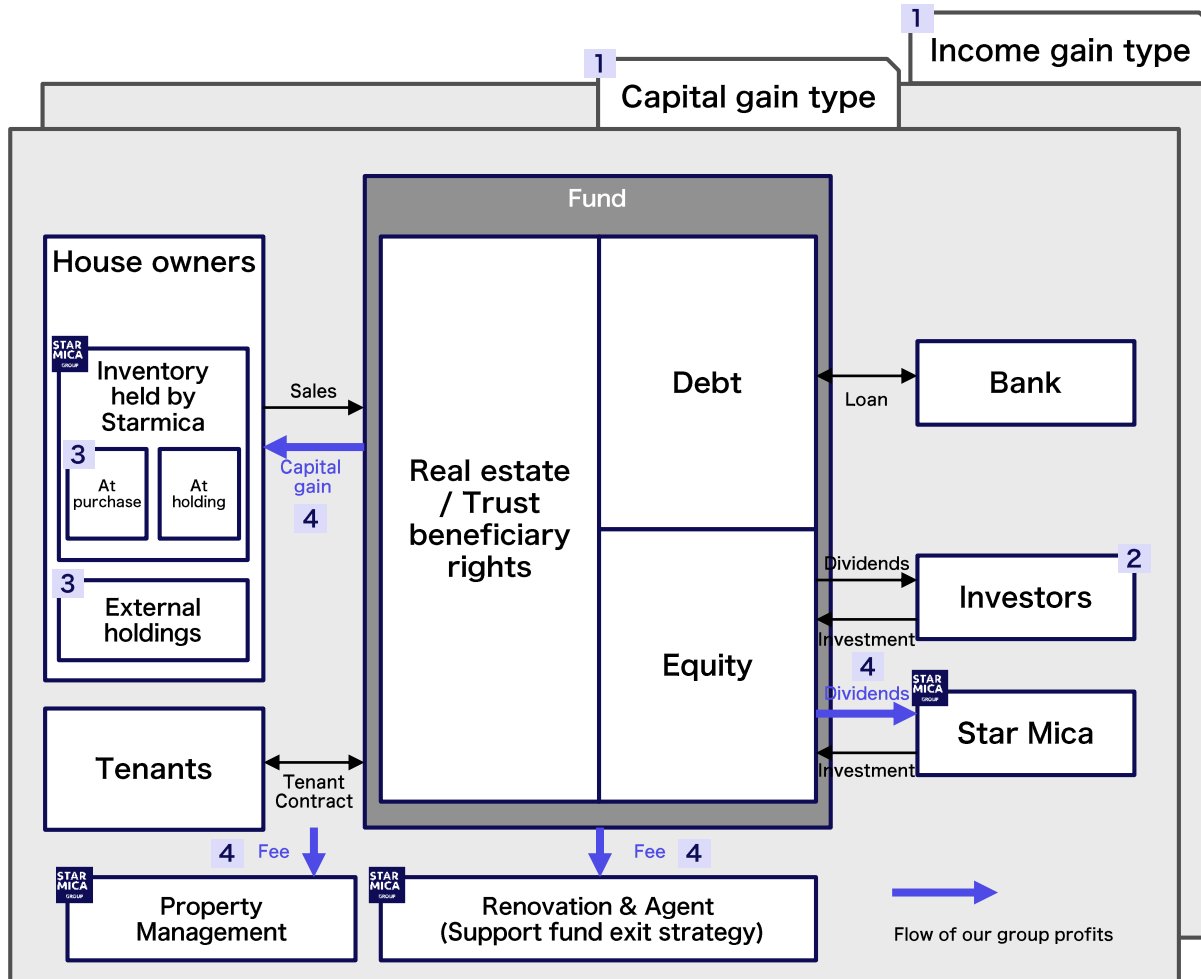
- We expect shortened turnover will reduce inventories of vacant condominiums (both acquired vacant and vacant after tenant departure).

Progress image of Condominiums for sale inventory



- Actively promote the condominium fund business as the next star in response to business & financial strategies.

Image of fund structure



Merit of fund business

- 1 Flexible to design fund type and redemption period**  
Simulate eviction probability/default rate/pre-payment rate, etc. by utilizing our own data accumulated to date
- 2 Meet various investors' needs**  
Actively accepting investments from non-real estate related companies
- 3 Diversification of real estate portfolio**  
Diversify the fund by targeting real estate other than our owned condos
- 4 More revenue-generating opportunities**  
Expand comprehensive earnings by utilizing our group assets

# 2

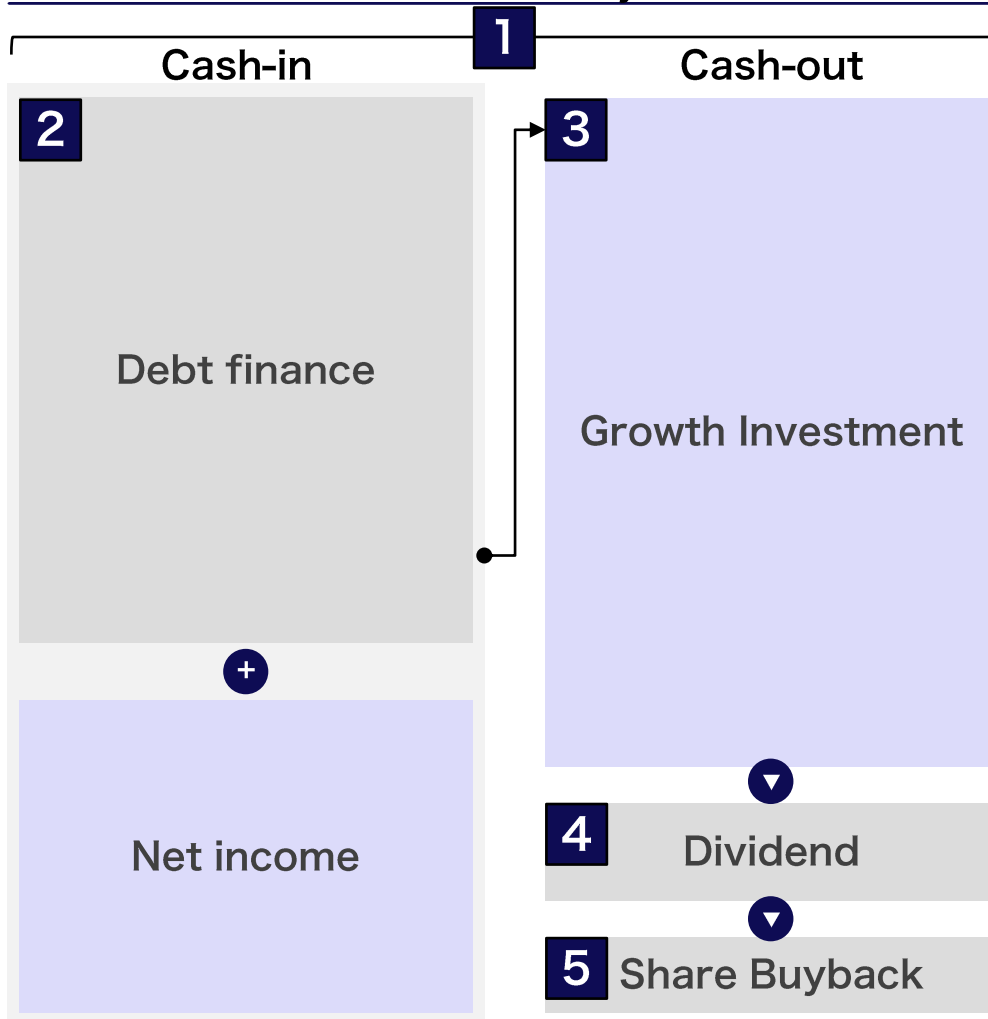
## **Mid-Term Plan**

### **“Find the Value 2026” (FY2024-2026)**

- d. Financial strategy (Capital allocation policy) /  
IR strategy**

- Maximize cash utilization to achieve disciplined growth investment & shareholder returns

Cash flow in three years



Five basic policies

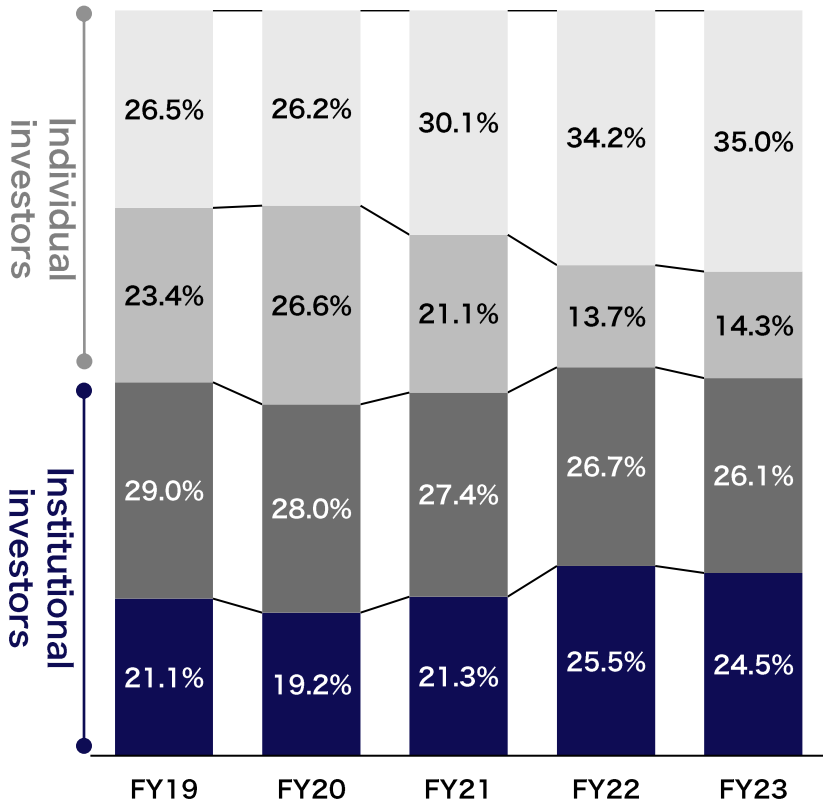
- 1 Maximize corporate value by improving ROE & maintaining an appropriate level of WACC
- 2 Low-cost debt finance by keeping a close eye on adequate Equity Ratio
- 3 Prioritize growth investment to create new value
- 4 Continue to pay stable & increased dividends from surplus funds after growth investment
- 5 When our stock is undervalued (e.g. PBR <1.0x), flexibly conduct Buyback to achieve Total Shareholder Return 40% / EPS growth 5%



- Many long-term / stable shareholders both in Japan and overseas.
- Promote information disclosure & dialogue based on IR/SR strategy and strive for mutual understanding with investors.

Percentage of voting rights

■ Overseas investors    ■ Institutional investors  
■ Individual investors (Japan)    ■ CEO



IR/SR activities

Major efforts to  
date

**Dialogue with existing investors**

- Earnings report for institutional investors (twice/year)
- 1-on-1 meeting with institutional investors (Japanese/English, live/online)
- Selected Q&A session (Individual/Institutional investors)
- Exchange of ideas through engagement meetings

**Increase awareness among new investors**

- Speaker at IR events
- Overseas investor visit
- Meetings with individual investors / Distribution of meeting minutes



Ongoing policies

**Strengthen IR platform**

- Develop consistent IR/SR strategies
- Increase personnel

**Enhance disclosures**

- Renewal of IR materials
  - Proactively disclose the progress of our strategy
  - Promote understanding of the market environment & our business
- Renewal of company web sites (Japanese/English)

**Active dialogue with shareholders**

- More 1-on-1 meetings with new investors
- Understanding of market valuation and improving gaps

# 3

## APPENDIX

### a. FAQ

What is the impact on your business if interest rates rise?

■ **Already risk hedged for potential rise in financing costs**

- We have interest rate swap contracts for most part of debt arrangements

■ **We believe concerns about rising mortgage rates are limited**

- A large segment of Japanese mortgage borrowers choose floating rates (linked to short-term interest rates)
- Currently, there is no consensus in the Japanese financial market that short-term interest rates will rise, therefore, concerns about a rise in mortgage rates (floating) are also considered to be small
- Most of the buyers of our properties select floating rates or cash, and have higher annual household incomes than the target of our competitors and local home resale operators
  - Even if interest rates were to rise, households would not be "unable to pay their loans"
  - More affluent customers are increasing (dual-income households & seniors aim to buy 2<sup>nd</sup> house)

The market has been rising after the Covid, but seems the tailwind is over. How do you assess the market outlook in the future?

■ **From long-term perspectives, we believe pre-owned condo prices are on an upward trend**

- Even with the burst of the bubble economy and the Lehman Shock in the past, the rate of decline was limited in actual demand
- As we expect new condo prices to remain high due to the cost structure, it is difficult to assume only existing condos will see price declines
- However, we will hedge our risk by avoiding high-valued prime location condos that often come with high volatility

■ **In the short-term, we see possible stagnating risk**

- If the market were to enter a downtrend, we expect to see polarization between urban & rural areas and increase the urban share
- Carefully select to purchase vacant properties that are highly competitive (quantity & quality is a trade-off, so we will proceed focusing on quality)
- To prevent worsened inventory turnover (=longer sales turnover), we will promote data utilization & internal rules in the future

Why did you select total shareholder return as a measure of shareholder return?

■ **Dividends and share buybacks allow us for a variety of means of shareholder return**

- Dividend:
  - Aim to increase dividends to reward long-term shareholders. Refrain from sudden dividend increases / cuts, and would like you to hold our stock with peace of mind
- Buyback:
  - In addition to supporting the stock price, we expect EPS & BPS growth and efficiency improvement. We also aim for win-win shareholder returns for both shareholders and the company
- Total Shareholder Return:
  - As we understand that shareholder return is one of the most important themes of our group, we set a quantitative target of 40% in order to achieve a certain level of shareholder return

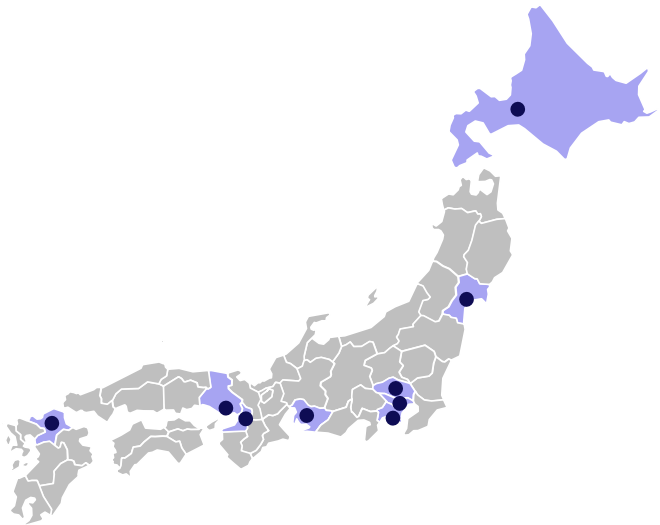
# 3

## **APPENDIX**

### **b. Detailed market data**

- Japan's population will decline, but much slower in urban areas.
- Expect the number of households in our main operation areas remain flat.

**Our main operation areas**



**Focus areas (Prefecture)**

Tokyo Kanagawa Saitama Osaka Hyogo  
Hokkaido Miyagi Aichi Fukuoka

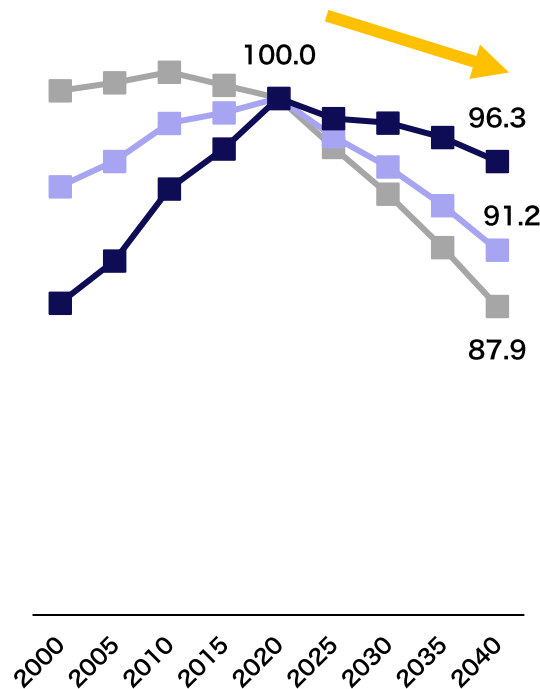
**Focus areas (City)**

Tokyo 23 Wards Yokohama Saitama Osaka Kobe  
Sapporo Sendai Nagoya Fukuoka

**History of Japanese population and households (2020=100)**

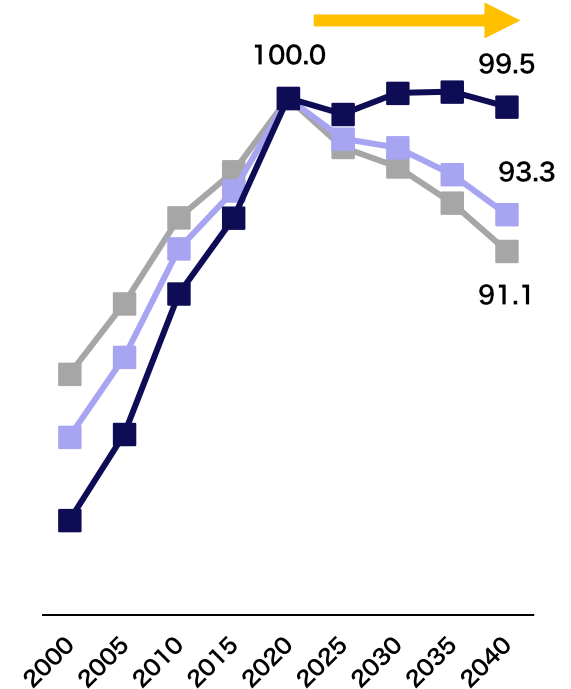
<Population (Index)>

— Nation-wide  
— Main operation area (Prefecture)  
— Main operation area (City)



<Household (Index)>

— Nation-wide  
— Main operation area (Prefecture)  
— Main operation area (City)



(Source) the National Population Census, National Institute of Population and Social Security Research "Projections of Future Population by Region in Japan" and "Projections of Future Number of Households in Japan"

- Mortgage payments are reasonable compared to rents, and more households are choosing to own their homes.

Reasonable monthly repayment by low interest rate

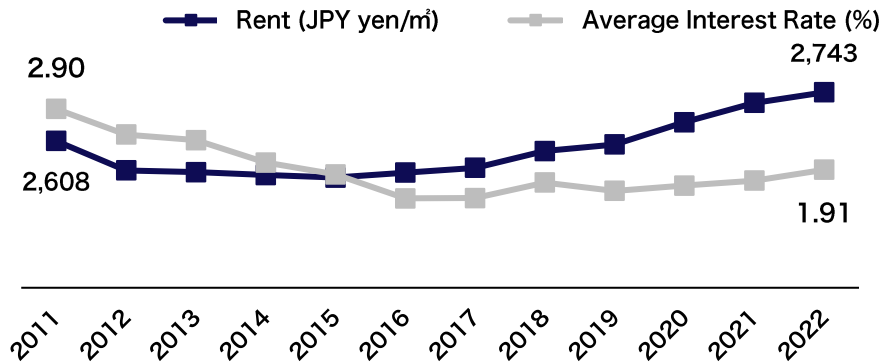
<Monthly payment comparison of our sold condos (FY2023)>

	Standard monthly rent*1	Monthly mortgage repayment*2
Tokyo Metro Area	JPY 126k	JPY 104k
Kansai Metro Area	JPY 117k	JPY 86k
Regional Cities	JPY 107k	JPY 73k

\*1 Based on condos sold by StarMica in FY2023.

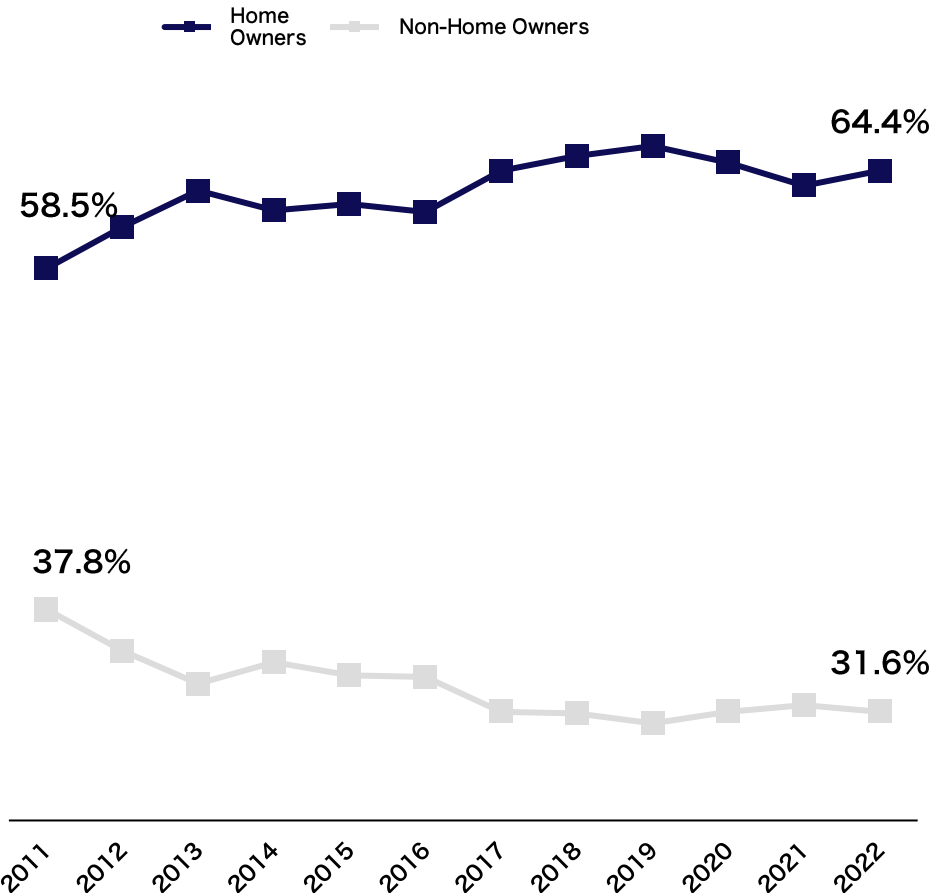
\*2 Assumed mortgage loan at 0.5% for 35 years.

<Average interest rate (flat 35 housing loan) & Rent for condos in Tokyo metropolitan area>



Home-owner ratio has gradually increased over the past 20 years

<% of Home Owner and Non-Home Owner>



(Source) Japan Housing Finance Agency "Interest Rate of Flat 35 Housing Loan", The Real Estate Transaction Promotion Center "Statistics in Real Estate Industry"

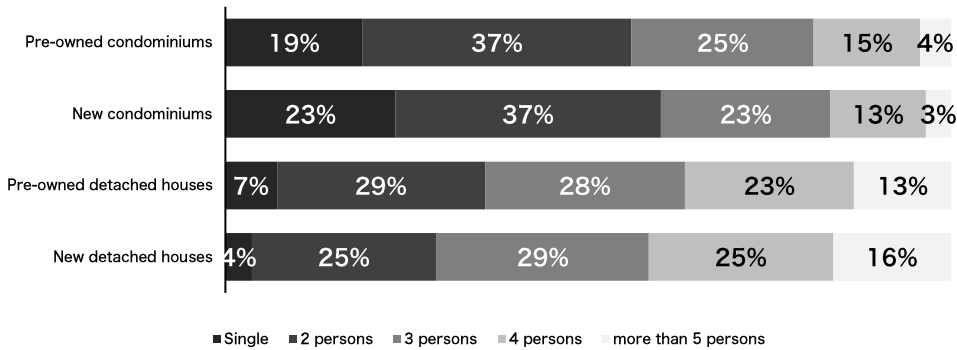
Interest rate is calculated by average of the highest and lowest interest rate (monthly)

(Source) Statistic Bureau, Ministry of Internal Affairs and Communications

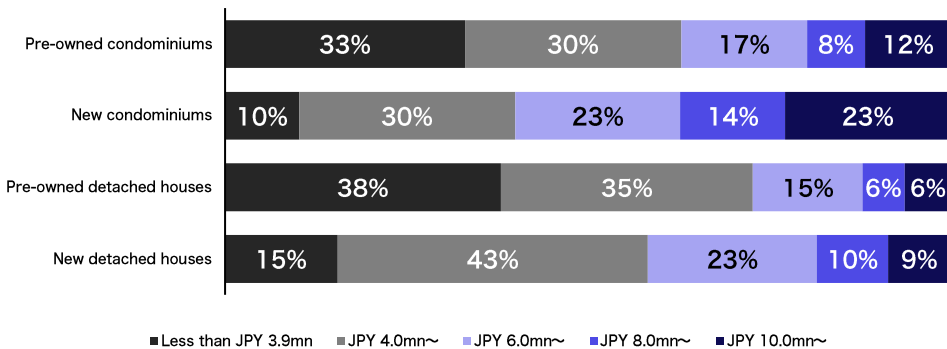
- Compared to detached houses, pre-owned condos can be an option for various household & income ranges.

Pre-owned condos are chosen by a wide range of people

<Number of family members of buyers>



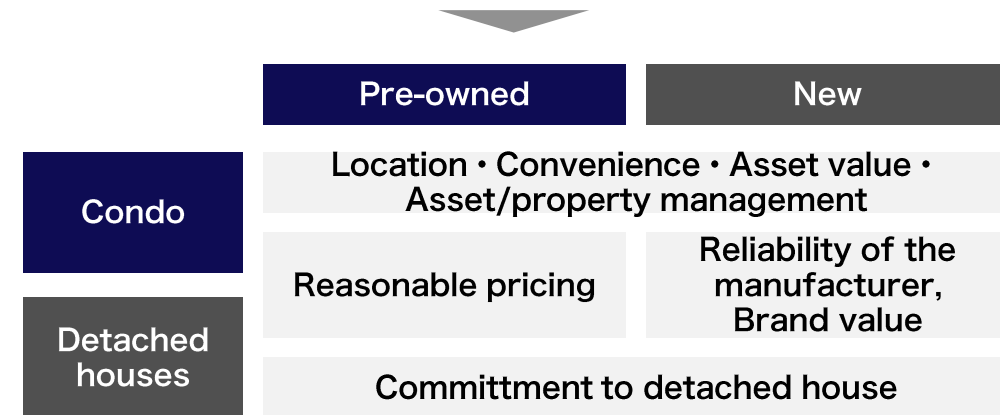
<Buyers' household income>



Pre-owned condos are selected by those who value price, location, and convenience

Reason of buy the following housing (% Multiple Answers)

Reason	Pre-owned Condo	New Condo	Pre-owned Houses	Houses built for sale	Houses custom-built
Good location	52.2	56.9	46.9	46.6	23.7
Preferred house / condos	37.2	52.8	62.4	59.0	42.0
Reasonable pricing	63.1	31.6	57.9	38.0	19.5
Convenience for commute/living	35.2	44.4	18.3	23.6	18.2
Reliable developer, real estate agent	10.6	29.9	8.3	18.4	54.7
Future resale value	12.3	22.9	9.7	9.8	5.2
Appropriate maintenance	11.0	8.3	2.1	2.3	



(Source) Japan Housing Finance Agency "Interest Rate of Flat 35 Housing Loan"  
New houses includes total of custom-built, custom-built with land, and built-for-sale

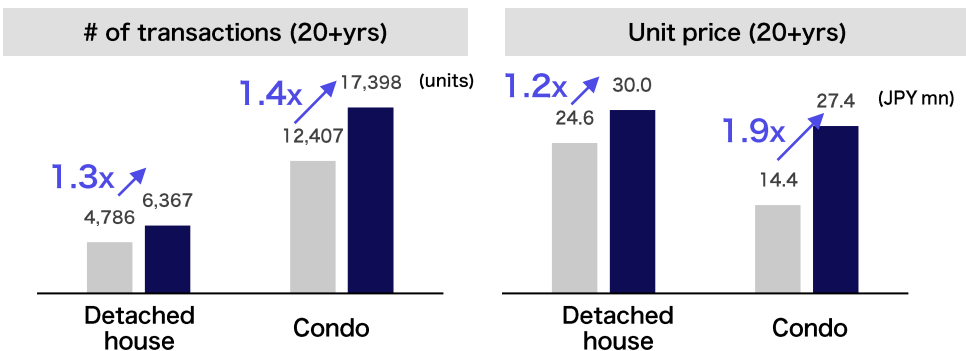
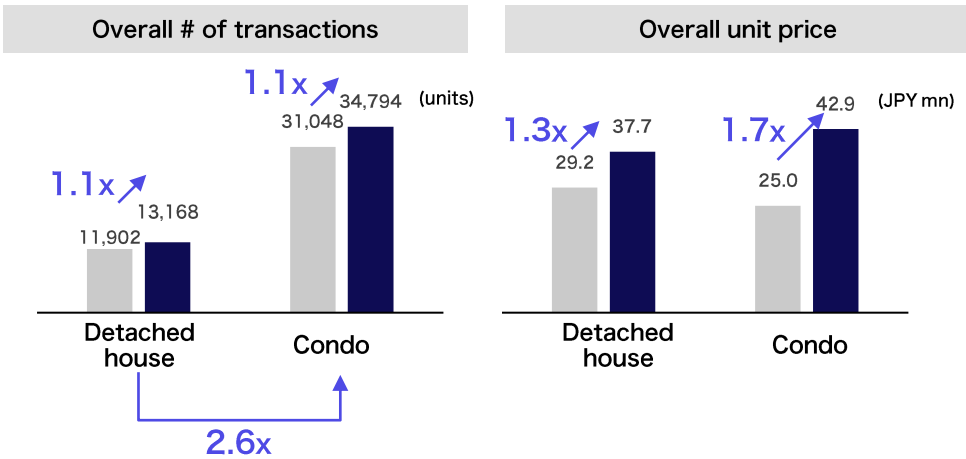
(Source) Ministry of Land, Infrastructure, Transport and Tourism Residential market research 2022

Detailed market data (4/5)  
- vs. pre-owned detached houses

- # of contracts for existing condos in the Tokyo metropolitan area is 2.6x than existing detached houses.
- Condos can have a longer life through maintenance & repair, and the percentage of older condo is increasing year by year.

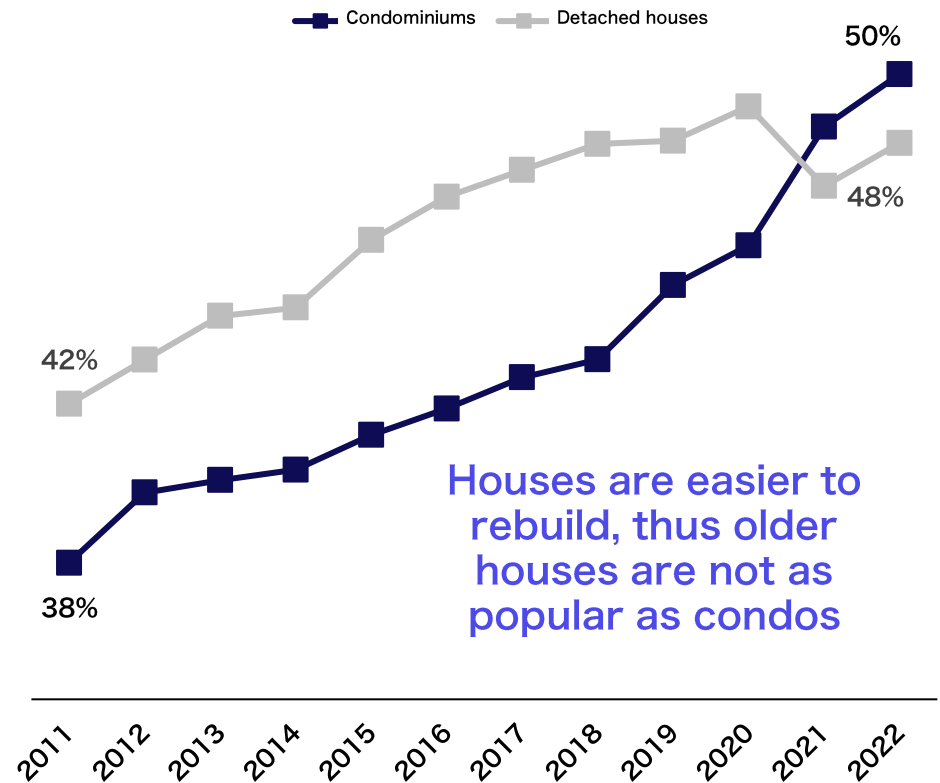
The unit price & # of contracts for condos (20+yrs) increased significantly, supported by strong demand in urban areas

<# of transactions / Unit price in Metropolitan area: 2012 vs. 2022>



Both condos & houses (20+yrs) transactions are increasing year by year, but detached houses seem to have reached its peak

<Ratio of condominiums that are 20+ years old to all transactions>



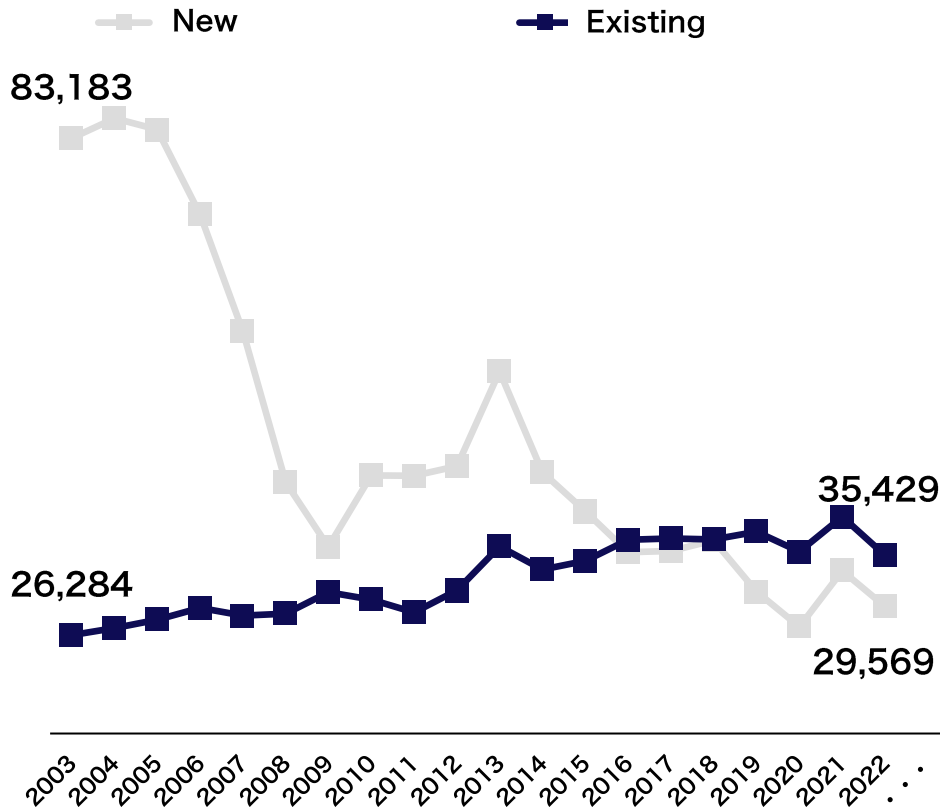
(Source) REINS "Market Watch", Starmica holdings



- Demand for existing condo remains solid and the market is expected to expand over the mid-long term.

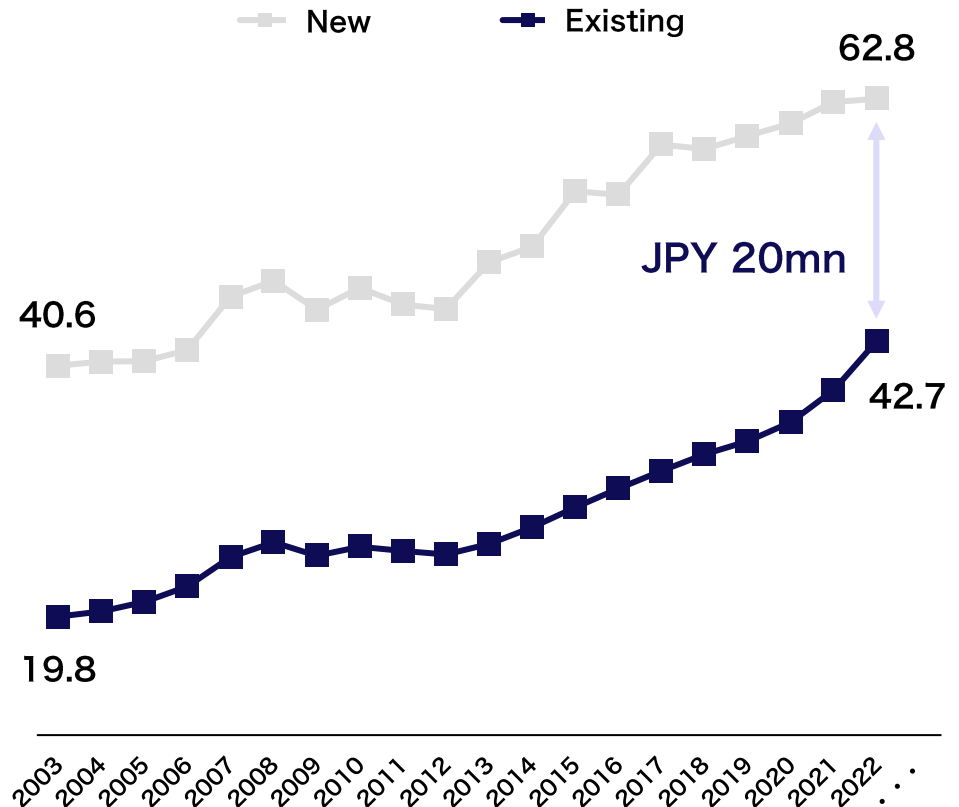
Since 2016, the number of existing condo transactions has surpassed the new condos

<Transactions of New/Existing Condos (Tokyo Metropolitan Area)>



Existing condos are more affordable than new ones

<Average Selling Price of Condos in Tokyo Metropolitan Area (JPY mn)>



(Source) Real Estate Economics Research Center "Condominium Market in Japan", REINS "Market Watch"

(Source) National Federation of Real Estate Brokerage Associations Real Estate Institute Research "Real Estate Market Annual Statistics", Real Estate Economics Research Center "Market Data in Tokyo Metropolitan Area", REINS "Annual Market Watch"

# 3

## **APPENDIX** **c. Sustainability**

- Clarify our commitments to stakeholders.

Guided by our corporate philosophy (mission) of “striving to realize society from ‘build’ to ‘utilize,’” we carry out our business with fairness and integrity. We embrace the challenge of creating businesses that benefit society and work to become the Star Mica Group that pursues both growth and profitability.



## Customers

With the customer’s perspective in mind, we constantly strive to improve the level of service that we offer, as professionals.



## Employees

We maintain a highly transparent governance structure, and create workplaces that provide employees with comfortable working environments.



## Business Partners

We build mutual trust and fair business relationships with our business partners, by preventing corruption and taking other measures.



## Global Environment

By stimulating sales of existing homes, we contribute to reducing environmental impact, reducing CO2 emissions, and conserving the global environment.



## Local Communities

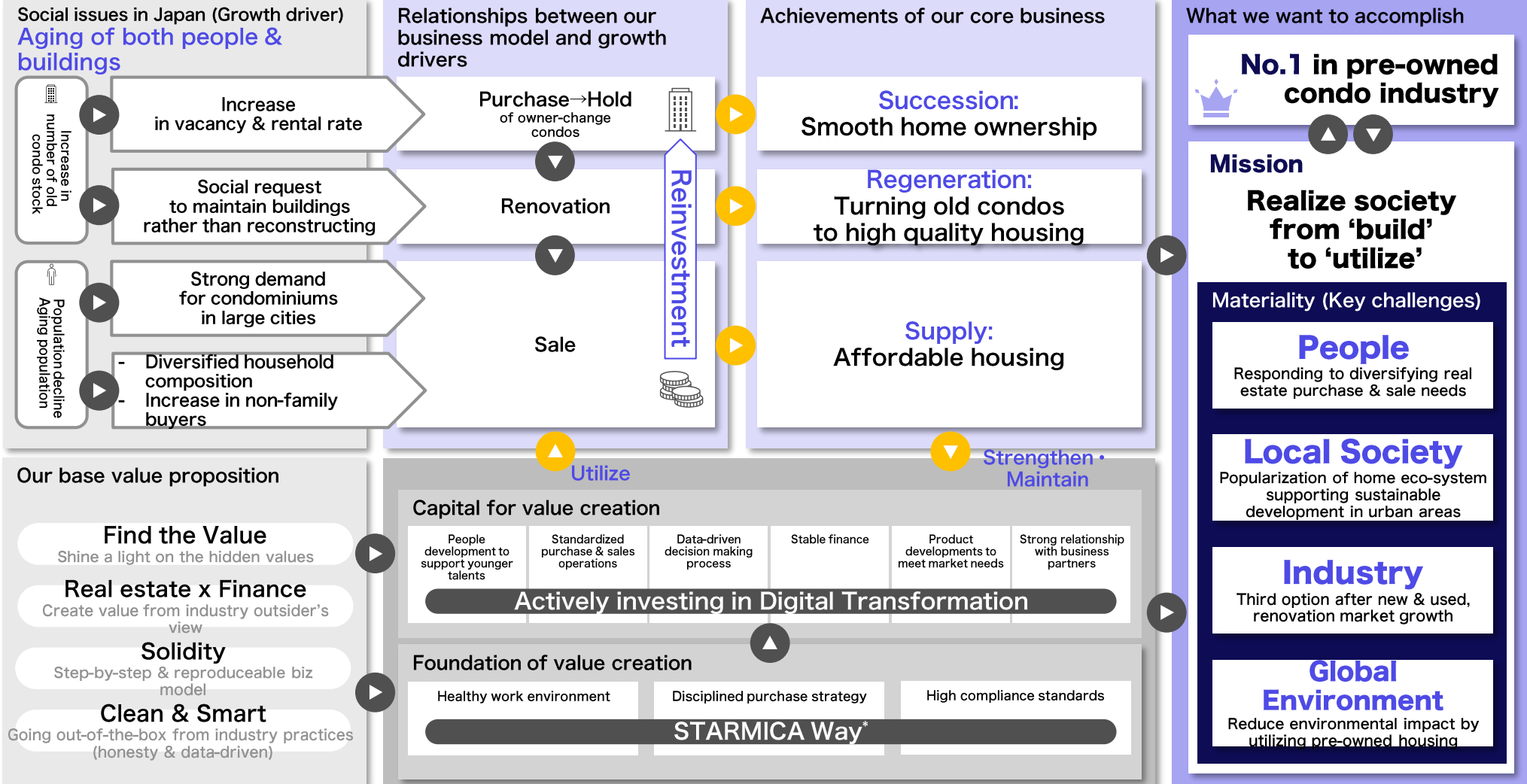
Through our business, we solve problems that are faced by Japanese society, and will maintain our position as a company that is needed by Japanese society in the future.



## Shareholders / investors

We strive to disclose information in a timely and appropriate manner, and to actively communicate through our investor relations efforts.

- Contribute to the sustainable society by creating long-term value through our business.



\* Our employee action guidelines (Value)

# 3

## **APPENDIX**

### **d. Our Business**

- Positioning the purchase, hold, and sale of existing condos as the core business and the business for investors and wealthy individuals as the non-core aiming to maximize profits across the entire Group.

**STAR  
MICA** **STARMICA HOLDINGS**  
Find the Value

Strategy planning & Corporate management of Star Mica Group

**STAR  
MICA** **STARMICA**

**STAR  
MICA** **STARMICA**  
Residence

**STAR  
MICA** **STARMICA**  
Property

**STAR  
MICA** **STARMICA**  
Asset Partners

**STAR  
MICA** **STARMICA**  
Asset Management

Purchase and Sale of Renovated condos

Agents for renovated condos

Property management

Real estate investment consulting and management

Private banking (Investment advisory)

**Core Business**

**Non-core Business**

Sales and marketing of condos to meet consumer's demand

Residential real estate & condos for High Net Worth (HNW) individuals & investors

Purchase, hold and sales cycle with Balance Sheet business

Fee business

- Successfully leading the expansion of the existing condo market by increasing purchase/sale transactions and inventories in our main renovated condo business.

<History of Renovated Condo Business (units)>

< Early stage >

Our unique business led IPO in 6 years

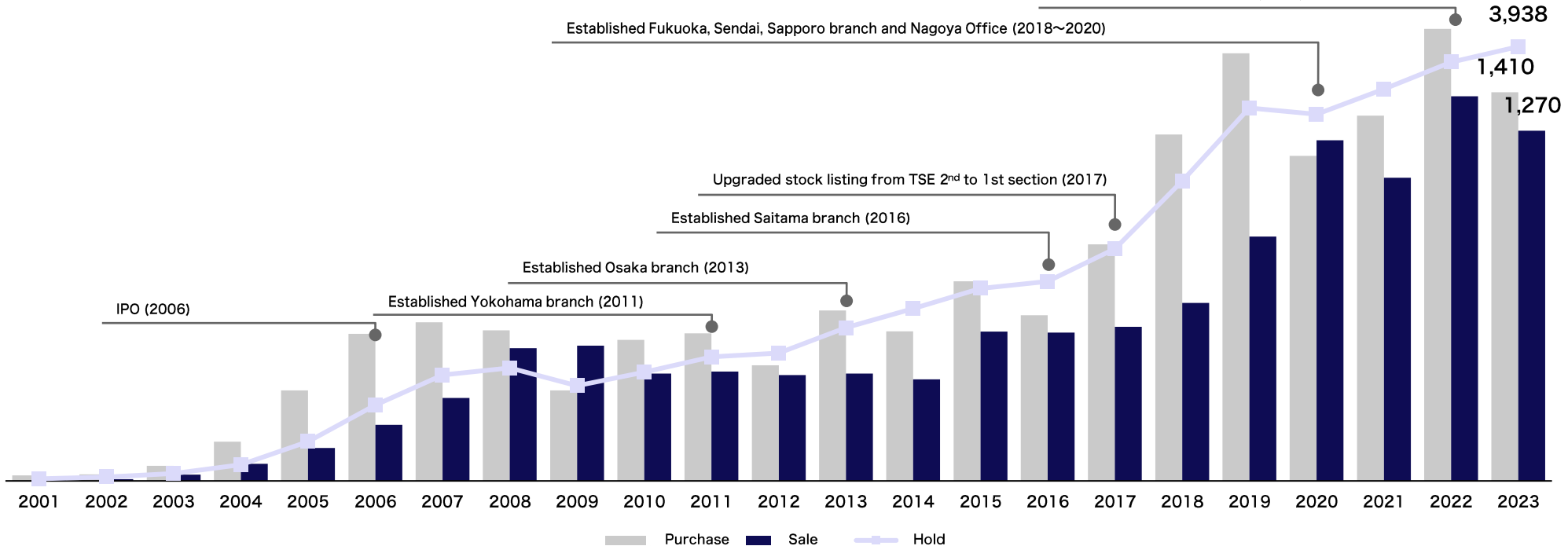
< Establishment stage >

Strengthened our business model by building up inventories

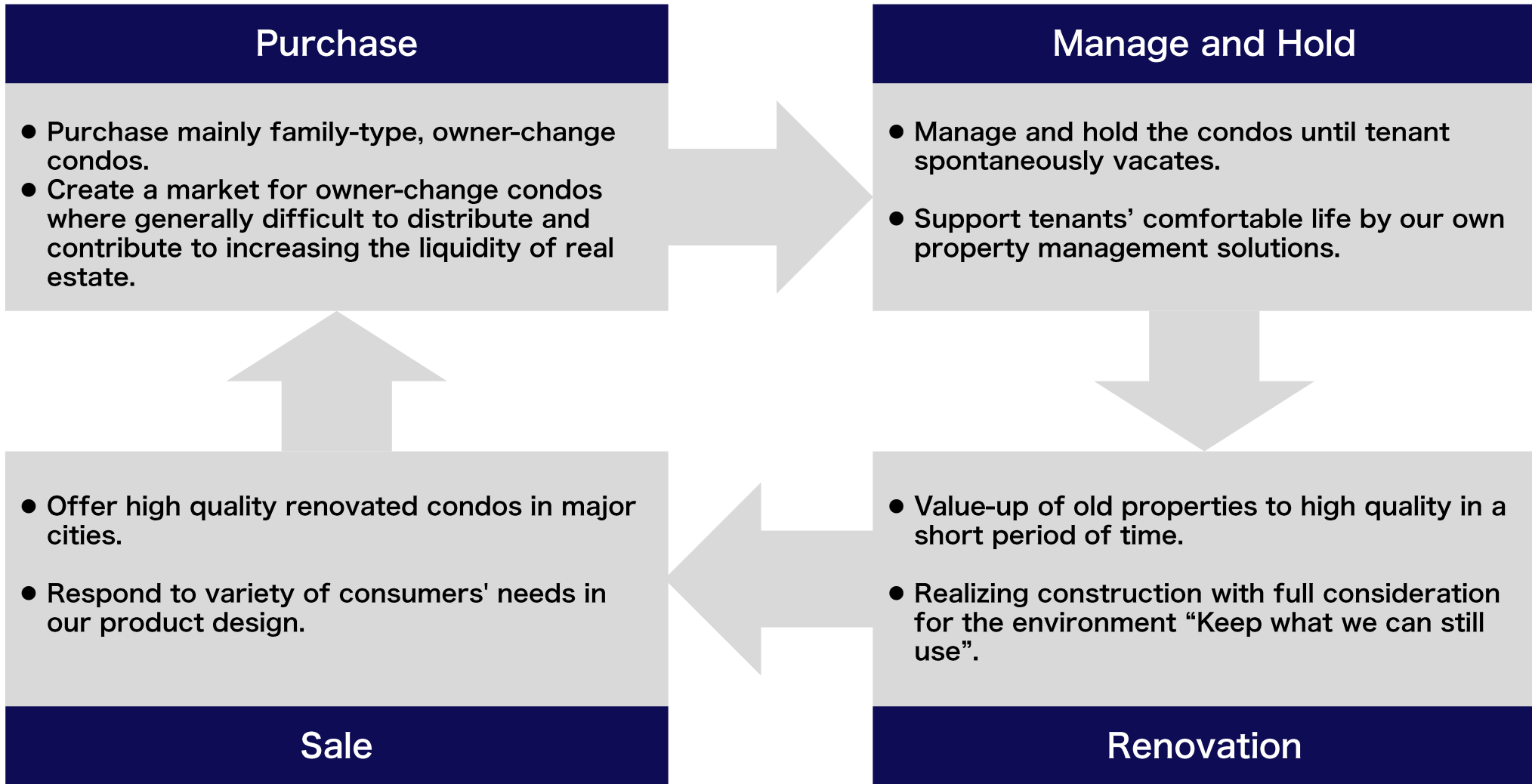
< Expansion stage ~ Stable growth >

Sharply expanded # of transactions by entering new areas & vacant units

- Shifted to the Tokyo Stock Exchange Prime Market (2022)
- Established Kobe branch (2022)



- Value chain creating value for society.





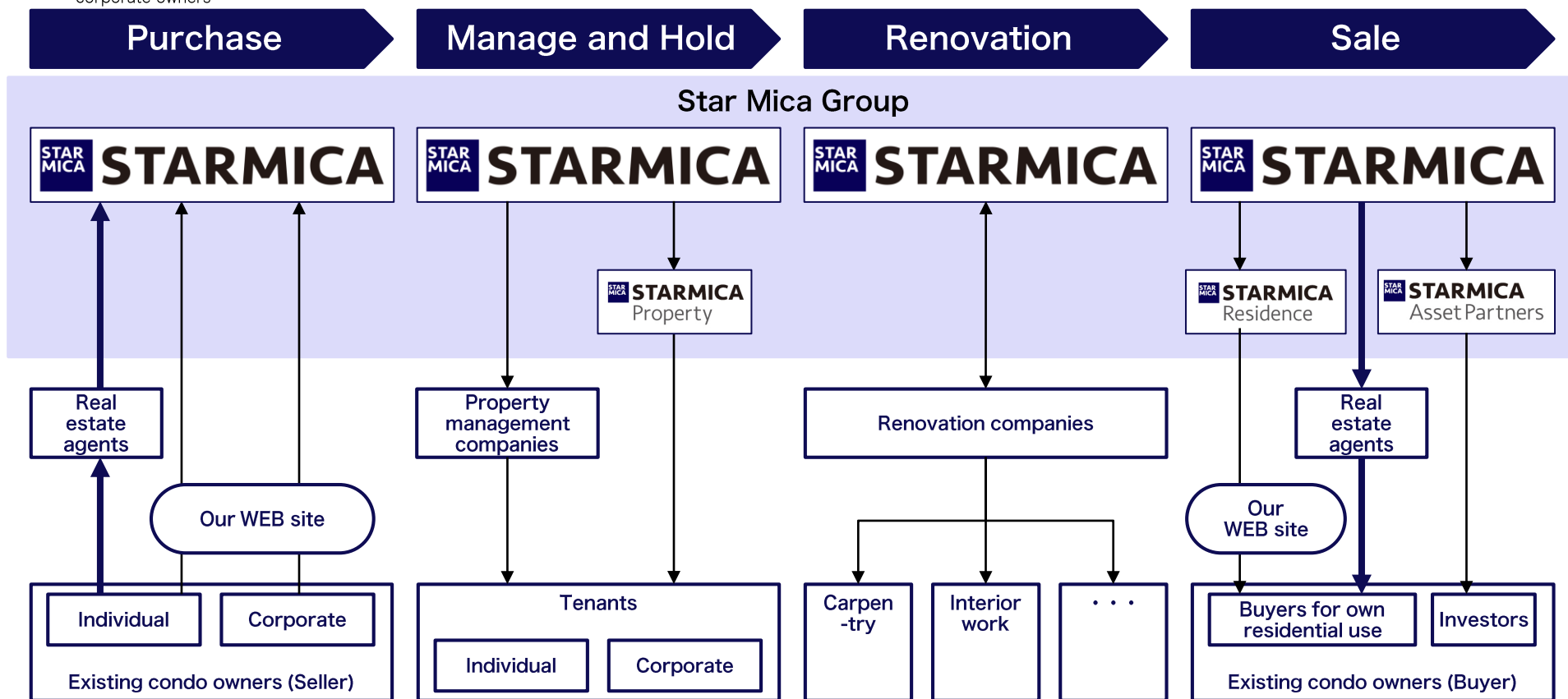
- Purchase and sales transactions are mainly direct with consumers.
- Efficiently operating by balancing between in-house production and outsourcing.

- Receive 3,000+ potential inquiries per month for purchase
- Over half of the purchase are from individual owners through real estate agents
- Some part of our purchase are from corporate owners

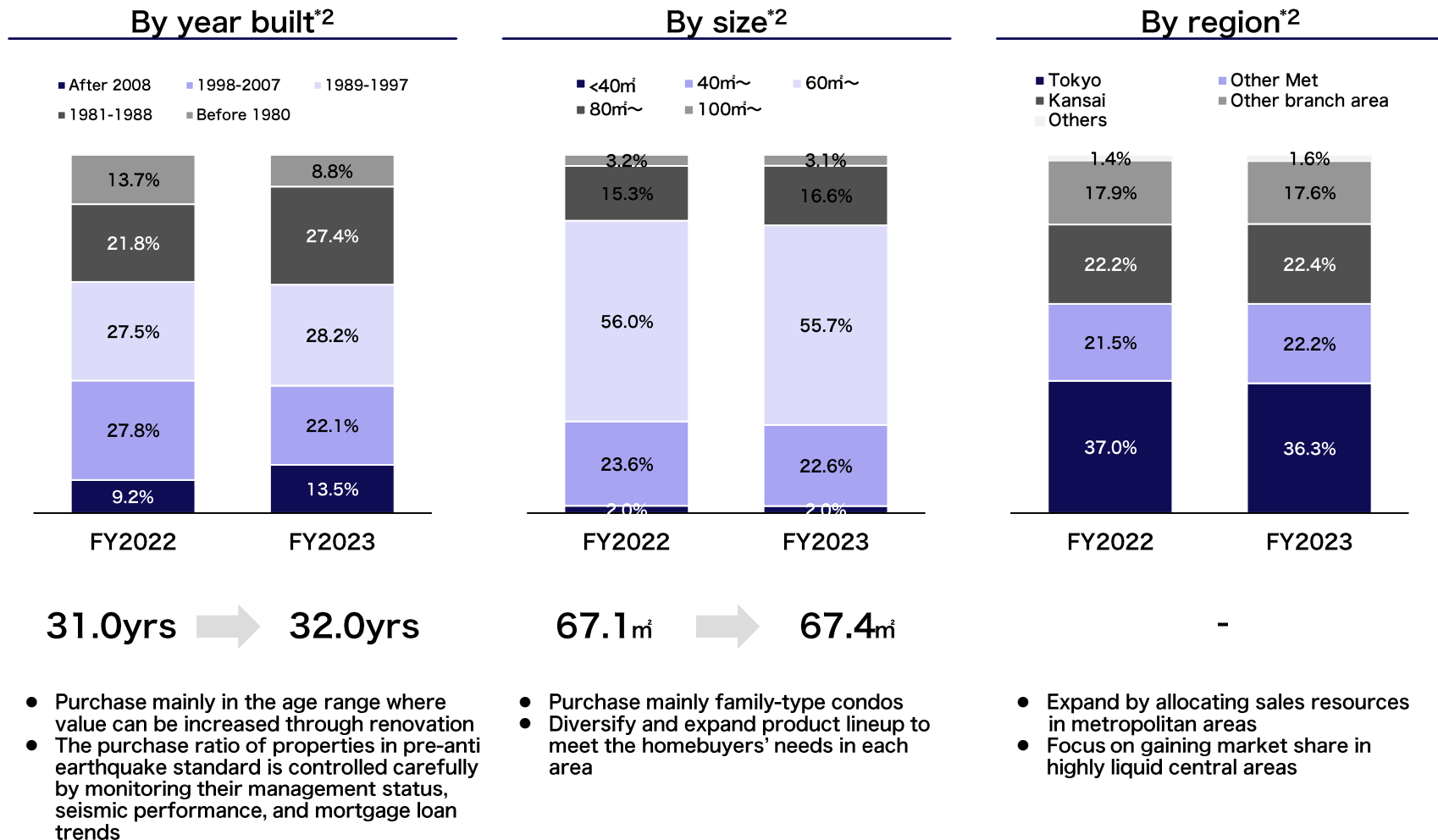
- Over half of our condos in Tokyo metropolitan area are managed by property management subs
- Condos in regional areas are outsourced to external property management companies

- Internally handling quality related business such as renovation planning, specifications, and inspections
- Actual constructions of renovation are outsourced to external business partners

- Our sales main channel is through property agents to individual home buyers
- 20% of transactions are directly through our internal real estate agent



- Well-diversified portfolio by accumulating on a unit-by-unit basis.



\*1 Based on purchase price as of 11/2023

\*2 Average year as of each year-ending

<b>Company name</b>	Star Mica Holdings Co., Ltd.
<b>Representative</b>	Chairman and CEO Masashi Mizunaga
<b>Date of incorporation</b>	July 24, 1998
<b>Listing date</b>	June 1, 2019
<b>Listed market</b>	Tokyo Stock Exchange Prime Section (stock code: 2975)
<b>Shareholders' equity</b>	JPY 23,162mn
<b>Group</b>	Star Mica Co., Ltd., Star Mica Residence Co., Ltd., Star Mica Asset Management Co., Ltd., Star Mica Property Co., Ltd., Star Mica Asset Partners Co., Ltd.
<b>Offices</b>	Tokyo head office (Minato-ku) Branches in Sapporo, Sendai, Saitama, Yokohama, Osaka, Kobe, Fukuoka, Nagoya
<b>Main Bank</b>	MUFG Bank, Aozora Bank, Mizuho Bank, Sumitomo Mitsui Banking Corporation, Resona Bank, Sumitomo Mitsui Trust Bank
<b>Auditor</b>	KPMG AZSA LLC
<b>Number of employees</b>	179
<b>Businesses</b>	Renovated Condominium Business, Investment Business, Advisory Business

<sup>1</sup> Consolidated basis unless otherwise noted

 **STARMICA HOLDINGS**

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