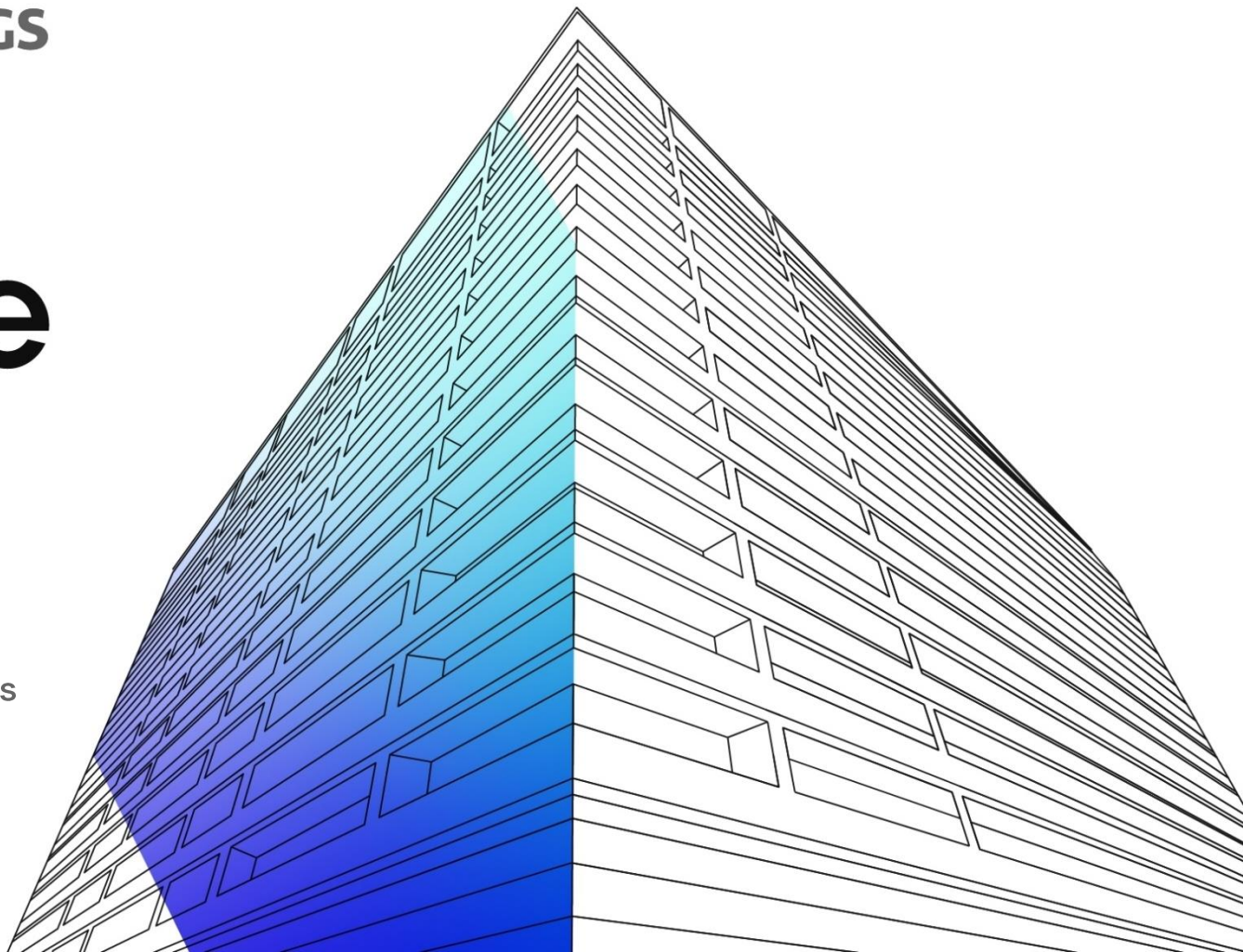


Find the Value

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



FY2024 Second Quarter Financial Results

July 1, 2024

1. FY2024 Second Quarter Financial Result Summary

- a. Financial result summary**
- b. Topics of the Mid-Term Plan**
- c. Summary of discussion with shareholders etc. (Q&A)**

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. Detailed market data**
- b. Sustainability**
- c. Our Business**

1

FY2024 Second Quarter Financial Result Summary

a. Financial result summary

- Implementing MTP strategies resulted in higher revenue & profits in Q2.
- Exceeded Q2 forecast, strong progress towards full-year forecast.

	(JPY bn)	FY23_Q2 Result	FY24_Q2 Result	FY24 Forecast	QoQ Change	Progress	Main Reasons (vs. FY23_Q2 Result)
Revenue		24.8	27.2	54.1	+9.5%	50.3%	- Successfully implementing our Mid-Term Plan strategies and achieved higher sales in each business segment.
Gross profit		4.5	5.0	8.9	+10.5%	56.7%	
Renovated condominium Business		4.2	4.2	7.9	+0.0%	53.8%	- Higher rent revenue from increasing number of owned owner-change condos - Sold almost all condos with mkt. to mkt. loss as of the beginning of FY24.
Investment business		-	0.1	0.2	-	78.5%	- Sale of a single property (entire building, the first resumed case). - Sold some shares of an invested company (Feb.).
Advisory business		0.2	0.5	0.6	+104.7%	83.2%	- Increase in the number of cases in agent business - Increase in consulting fee including highly profitable incentive fee
SG&A		1.7	2.1	3.8	+23.5%	56.1%	- Temporary increase in consumption tax burden due to the largest-scale bulk purchase project
Operating profit		2.8	2.8	5.0	+2.3%	57.1%	
Recurring profit		2.3	2.4	4.1	+4.7%	58.8%	
Net profit		1.5	1.6	2.8	+4.5%	59.5%	

* Pre-owned condos with tenants

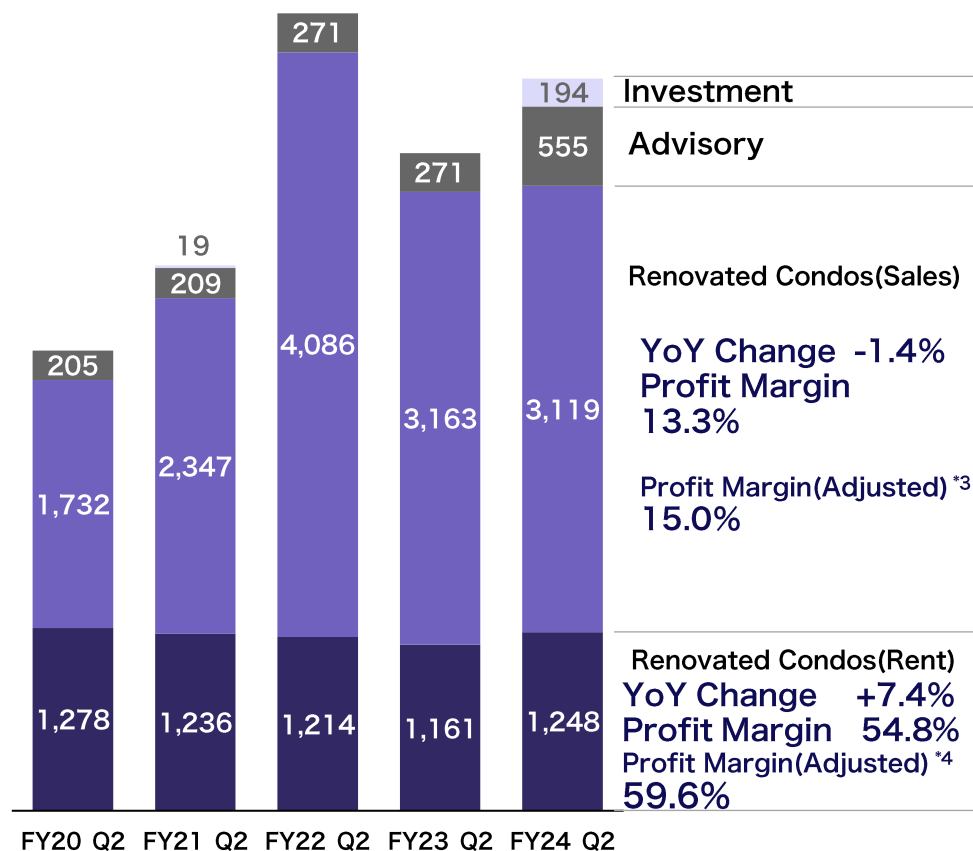
- Increases in rental revenue and sales volume boosted the gross profit of Renovated condo business.
- Both Investment and Advisory business are also in good progress.

Consolidated P/L (Summary)

	FY23_Q2 (JPY mn)	FY24_Q2 (JPY mn)	QoQ Change
Revenue	24,885	27,257	+9.5%
Renovated condominium business	24,500	25,716	+5.0%
Investment business	-	883	-
Advisory business	385	656	+70.3%
Gross profit	4,570	5,049	+10.5%
Renovated condominium business *1	4,299	4,299	+0.0%
Investment business	-	194	-
Advisory business	271	555	+104.7%
SG&A	1,764	2,178	+23.5%
Operating profit	2,805	2,871	+2.3%
Recurring profit	2,305	2,413	+4.7%
Net profit	1,594	1,667	+4.5%

Gross Profit (by segment) *2

(JPY mn)



*1 Including mark-to-market (MTM) loss (FY23_Q2 : JPY 25.5mn / FY24_Q2 : JPY 68.4mn)

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

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

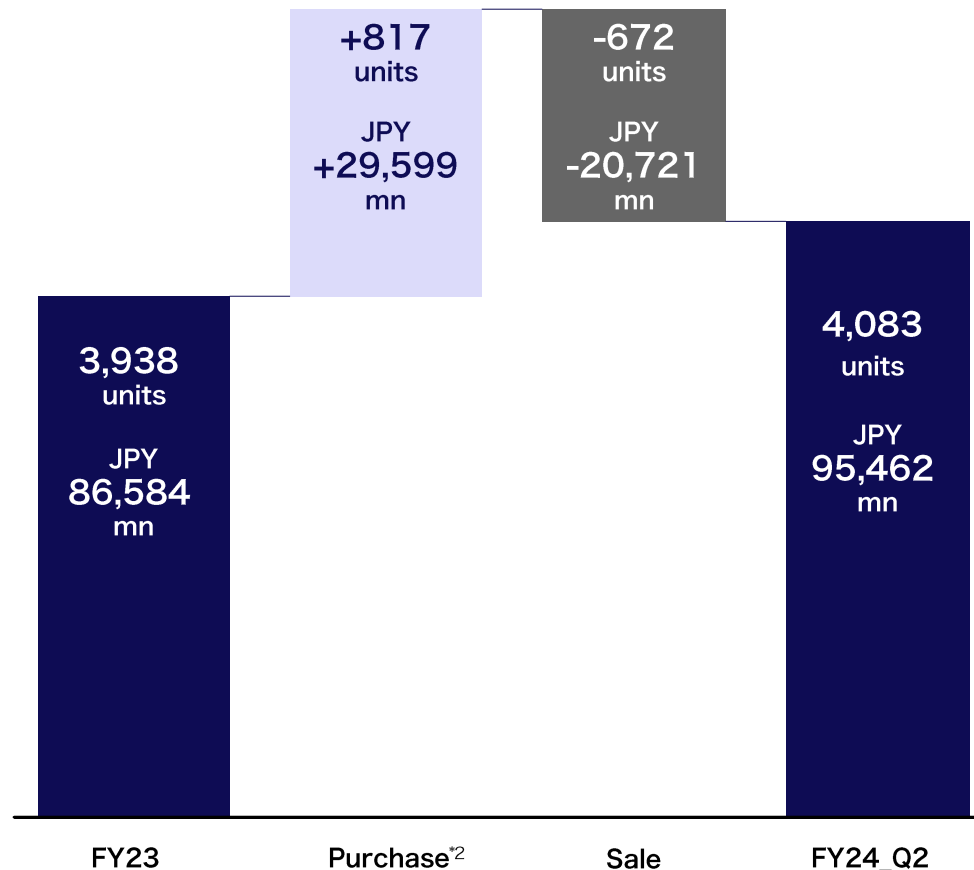
*4 Profit margin excluding depreciation (JPY 108.3mn)

- Actively made purchases, including the largest bulk purchase ever, built up the owned condos.
- Equity ratio temporarily decreased but will be managed for improvement in H2.

Consolidated BS (Summary)

	FY23 (JPY mn)	FY24_Q2 (JPY mn)	QoQ Change
Current assets	92,464	100,267	+8.4%
Cash and deposits	4,199	3,174	-24.4%
Inventories*1	86,584	95,462	+10.3%
Fixed assets	2,516	2,798	+11.2%
Total assets	94,982	103,067	+8.5%
Short-term liabilities	12,868	15,862	+23.3%
Long-term liabilities	58,883	62,546	+6.2%
Shareholder's equity	23,173	24,601	+6.2%
Equity Ratio	24.4%	23.9%	

Change in Inventories



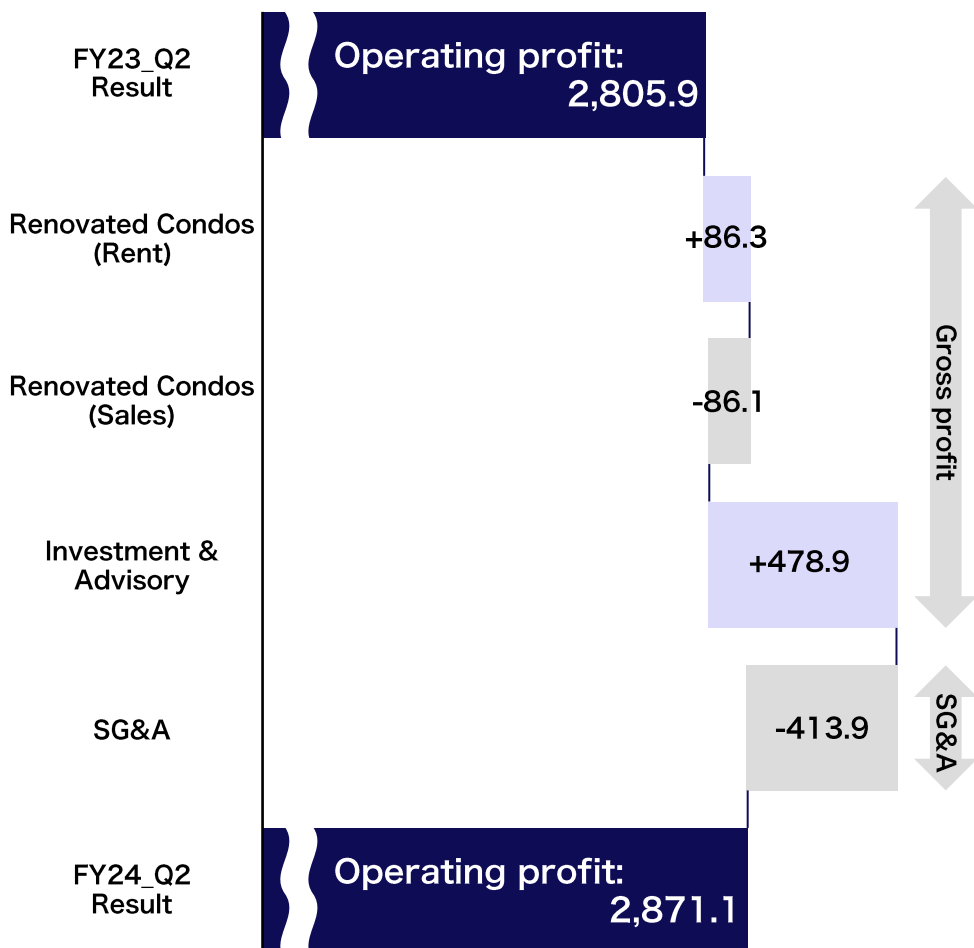
*1 All owned condominiums (with or without tenants)

*2 Including increase in book value through renovation

- Steadily executing current strategies and achieving earning increase.
Good progress in each business segment.

Delta b/w FY23_Q2 and FY24_Q2 (JPY mn)

Main reasons



Renovated Condos (Rent)

- Increase from a rise in the number of owned units (FY23_Q2: 3,891 units -> FY24_Q2: 4,083 units, JPY +86.3mn)

Renovated Condos (Sales)

- Decrease from decreased profit margin resulting from long-term inventory sales (FY23_Q2: 14.1% -> FY24_Q2: 13.3%, JPY -43.1mn)
- Increase in impairment loss recognized from shortening the number of days for sale (FY23_Q2: JPY -25.5mn -> FY24_Q2: JPY -68.4mn, JPY -42.9mn)

Other Gross Profit

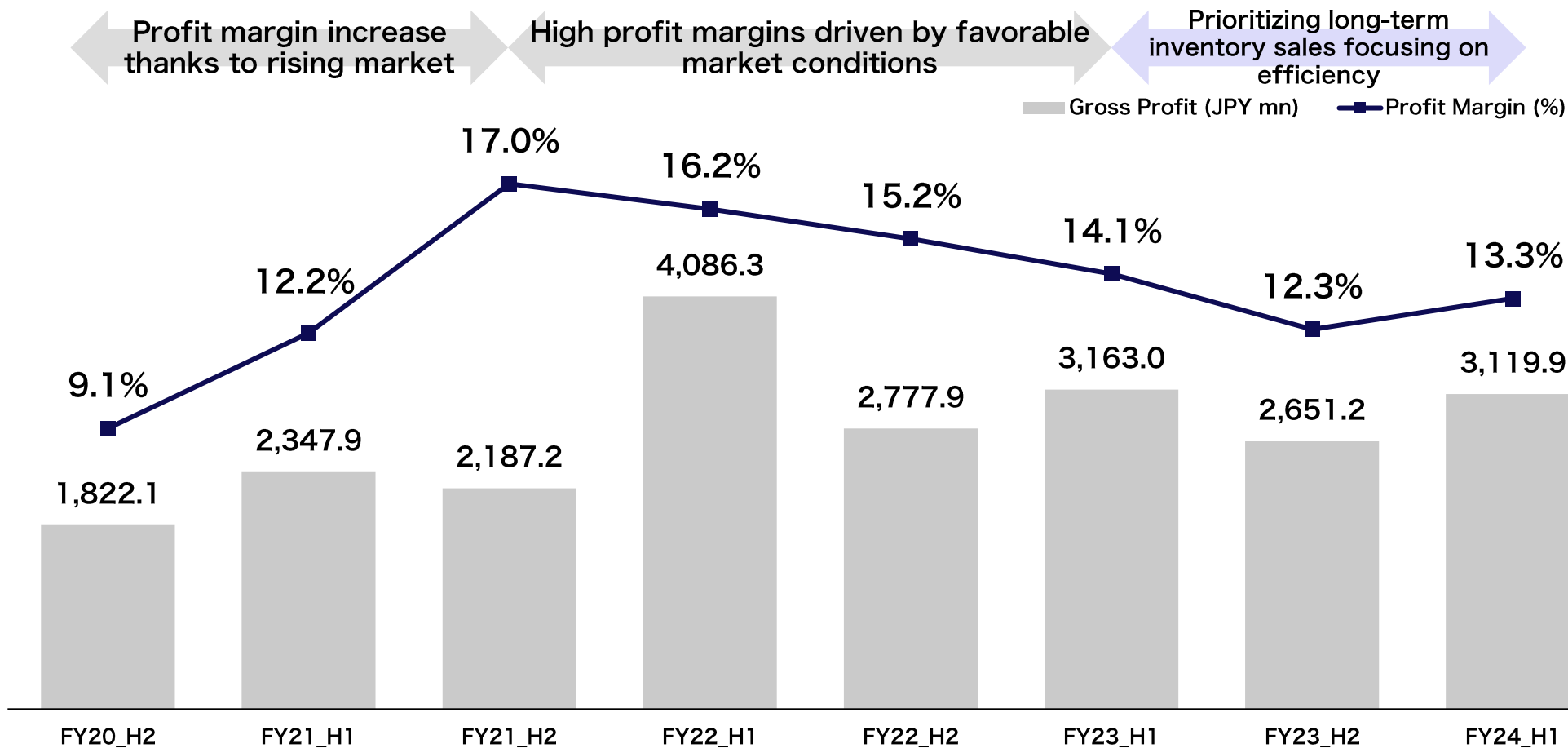
- Investment: Sale of a single property in the first resumed case (JPY 59.3mn) / Partial sale of trading securities (in Q1, JPY 128.7mn)
- Advisory: Increase in the number of cases in agent business (JPY +86.7mn) / Increase of consulting fees (JPY +202.2mn)

SG&A

- Increase in consumption tax burden due to purchase of owner change condos (Temporary increase due to the large-scale bulk purchase project: JPY -324.8mn / Increase from regular purchase: JPY -62.5mn)

- Gross profit margin of Renovated condo business (Sales) is improving.

Gross profit* and margin of Renovated condo business (Sales)



* Excluding MTM loss

1

FY2024 Second Quarter Financial Result Summary

b. Topics of the Mid-Term Plan

- Implemented key initiatives aligned with our business, financial, and IR strategies in H1.

Business strategy

- ❑ **Back to owner-change*1 condos**
 - ❑ The purchase ratio of owner-change condos was **approx. 60%**
 - ❑ In addition to regular property purchases, the largest-scale bulk purchases have boosted the purchase ratio
- ❑ **Market share expansion in urban areas**
 - ❑ Purchases in Tokyo and Tokyo metropolitan area performed well, accounting for **approx. 60%** of the total
 - ❑ Continue to purchase condos in our operational urban areas in H2 onward
- ❑ **Shorter sales turnover*2 (Disciplined inventory management)**
 - ❑ Inventory quality was significantly improved from beginning of the period
 - ❑ Promoted the reduction of long-term inventories as a company-wide initiative in H1
 - ❑ As a result, the ratio of long-term inventory decreased, **while the ratio of newly added inventory with high expected returns increased**
 - ❑ Although no significant change in the average days for sales at this moment, expected to shorten it in H2 or later

Financial strategy

- ❑ **Disciplined growth investment & shareholder returns**
 - ❑ Actively driving growth investments in property purchases to expand the business
 - ❑ The current total shareholder return ratio outlook is 31.2%, **reviewing further returns and measures continuously**

IR Strategy

- ❑ **IR material renewal**
 - ❑ **Enhancing both the quality and quantity** of disclosures in Japanese and English
- ❑ **Active dialogue with shareholders**
 - ❑ In addition to increasing opportunities for further dialogue with shareholders, engaging in **two-way conversations** that include evaluations of our group

*1 Income properties that are bought and sold with tenants still in place

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

- Purchased 137 units*1 of pre-owned condos in five buildings across Tokyo's 23 wards (Mar. 2024).
- Our largest bulk purchase ever, expecting to be an important revenue source*2 for the renovation condominium business.

Property Overview

1. Harumi Island Triton Square View Tower

- # of purchase: 71 units (Total number of units: 624 units)
- Location: Chuo-ku, Tokyo
- Year built: Feb. 1998



2. Hills Kugahara Ichi-ban Kan

- # of purchase: 26 units (Total number of units: 216 units)
- Location: Ota-ku, Tokyo
- Year built: Nov. 1998



3. Park Heights Azusawa

- # of purchase: 24 units (Total number of units: 216 units)
- Location: Itabashi-ku, Tokyo
- Year built: Sep. 1995



4. Sanno Garden Heights

- # of purchase: 10 units (Total number of units: 132 units)
- Location: Ota-ku, Tokyo
- Year built: Jul. 1989



5. Sakuragaoka Flat

- # of purchase: 6 units (Total number of units: 226 units)
- Location: Setagaya-ku, Tokyo
- Year built: Nov. 1993



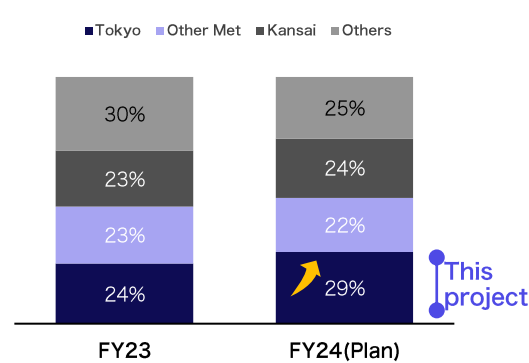
The largest project scale in our history.

Our focused area and age.

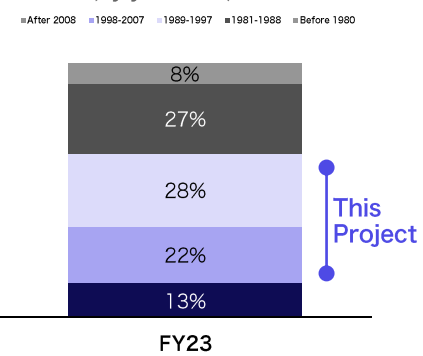
<Track Records of bulk purchase*3>

		Number of purchase	Purchase Year
	1 st This project	137 units	FY24
	2 nd Past project A	134 units	FY10
	3 rd Past project B	97 units	FY15
	4 th Past project C	95 units	FY13
	5 th Past project D	94 units	FY15

<Purchased condos (by area)>



<Portfolio (by year built)>



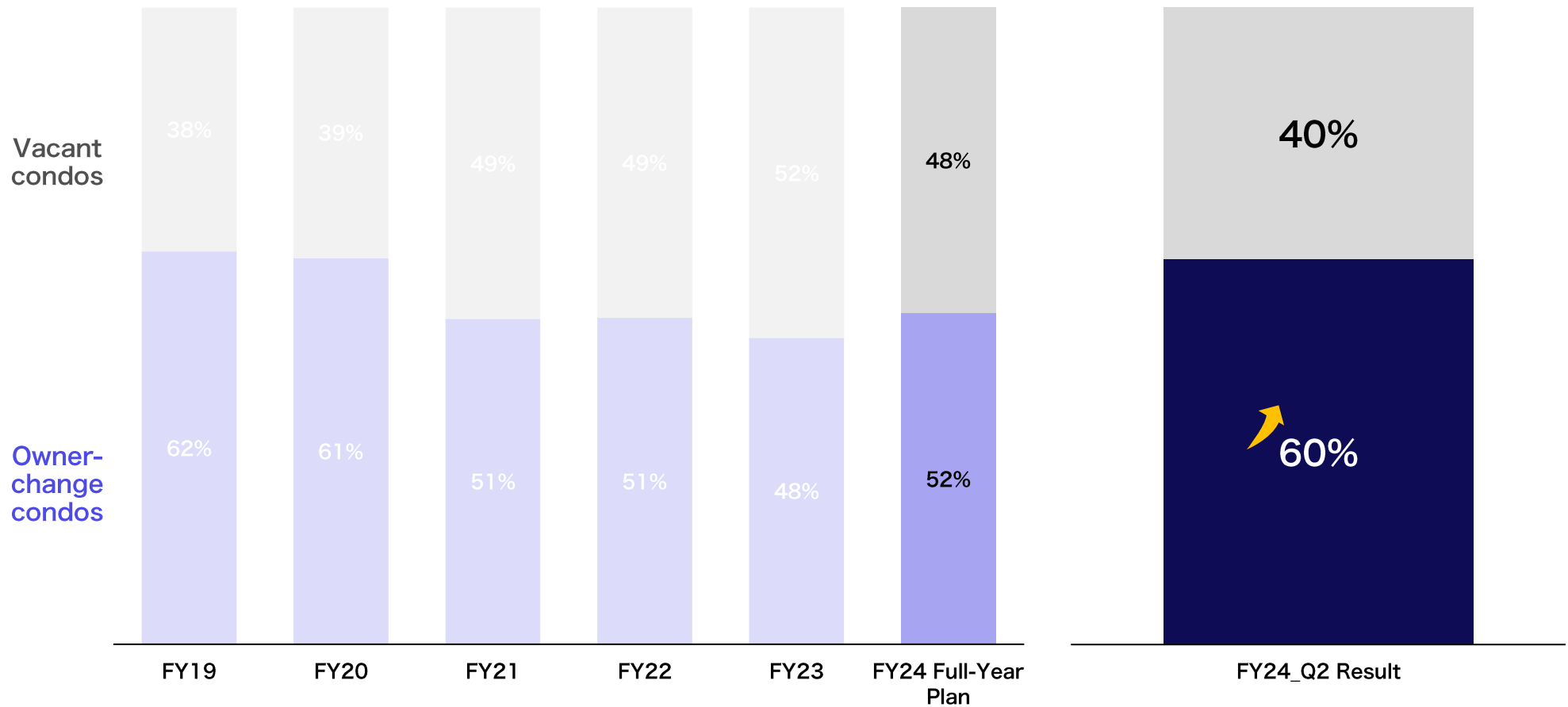
*1 Owner-change condos 130 units, vacant condos 7 units

*2 The impact of property purchases and consolidated performance on Renovated condo business is expected to appear from the second quarter onwards, and we anticipate that the impact on the progress period will be minimal.

*3 Bulk purchase: purchase of multiple units (5 or more) bundled together from the same seller.

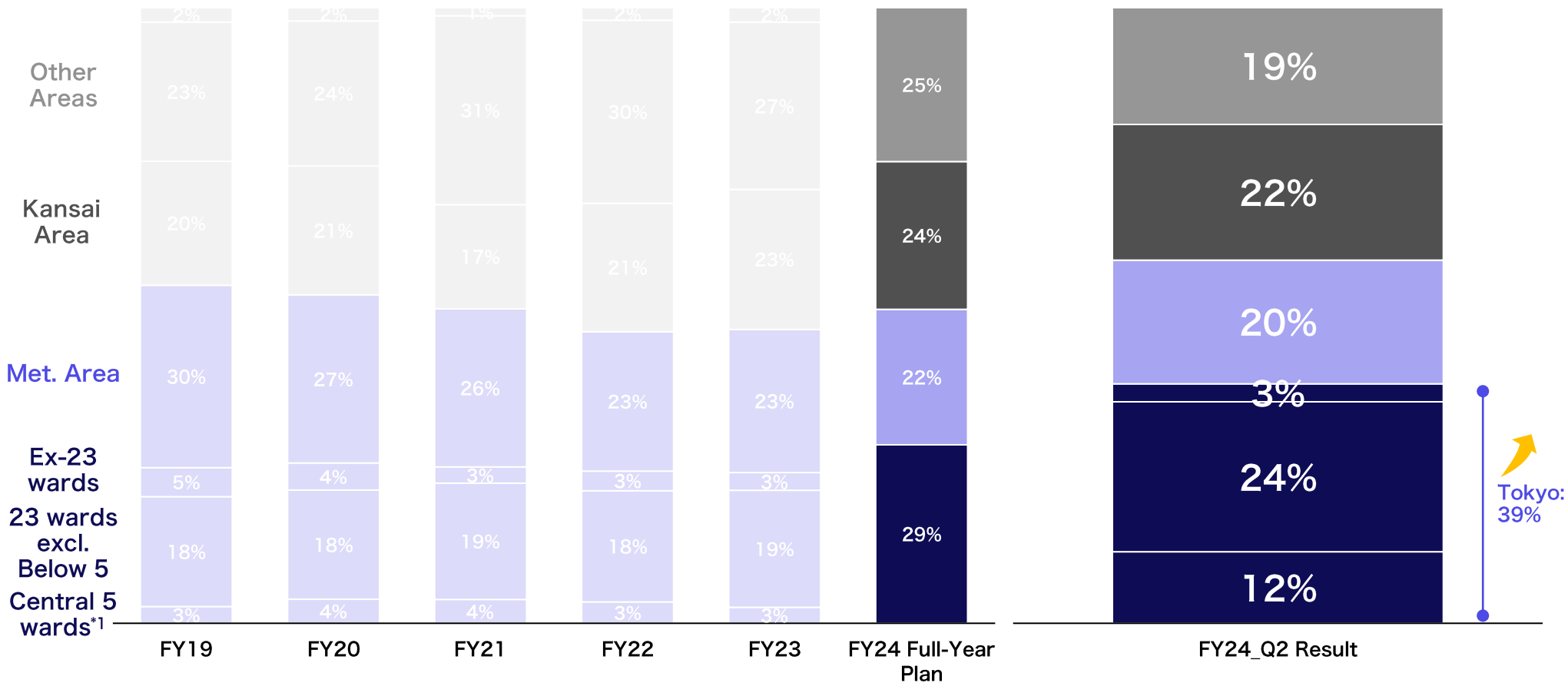
- Thanks to the largest bulk deal, purchased highly profitable owner-change condos steadily.

Composition of condo purchased (owner-change / vacant condos)



- Focus on purchasing properties in our operational urban areas.
- By region, the largest bulk deal contributed to an increase in the purchase ratio in Tokyo.

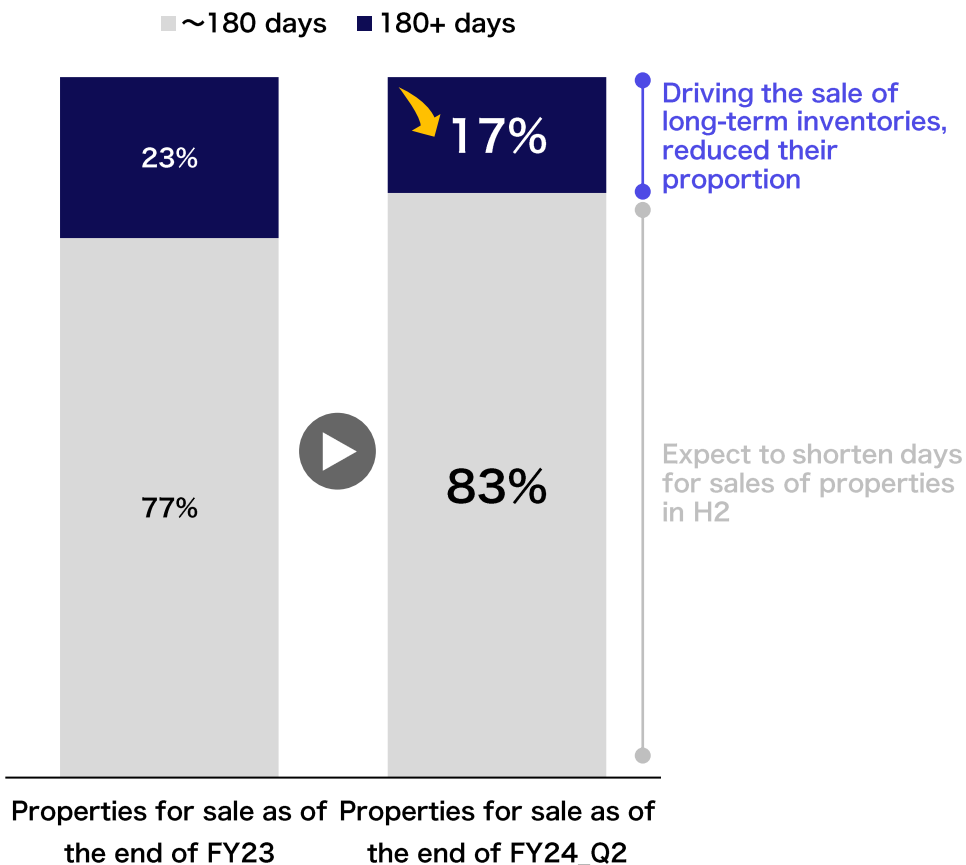
Composition of condo purchased (by region)



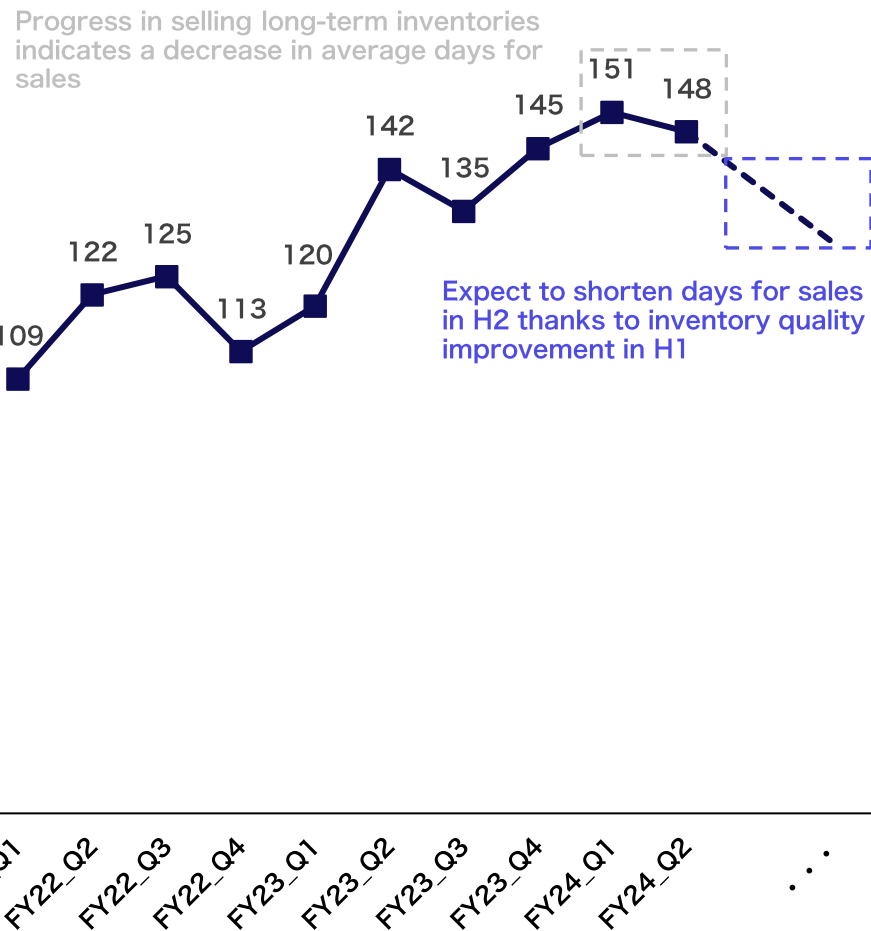
*1 Minato, Shinjuku, Shibuya, Chuo and Chiyoda ward

- Improved the quality of inventories by reducing long-term inventories and shortening renovation work period.
- Continue to enhance inventory management and aim to shorten the sales turnover.

The composition of days for sales for properties currently on sale



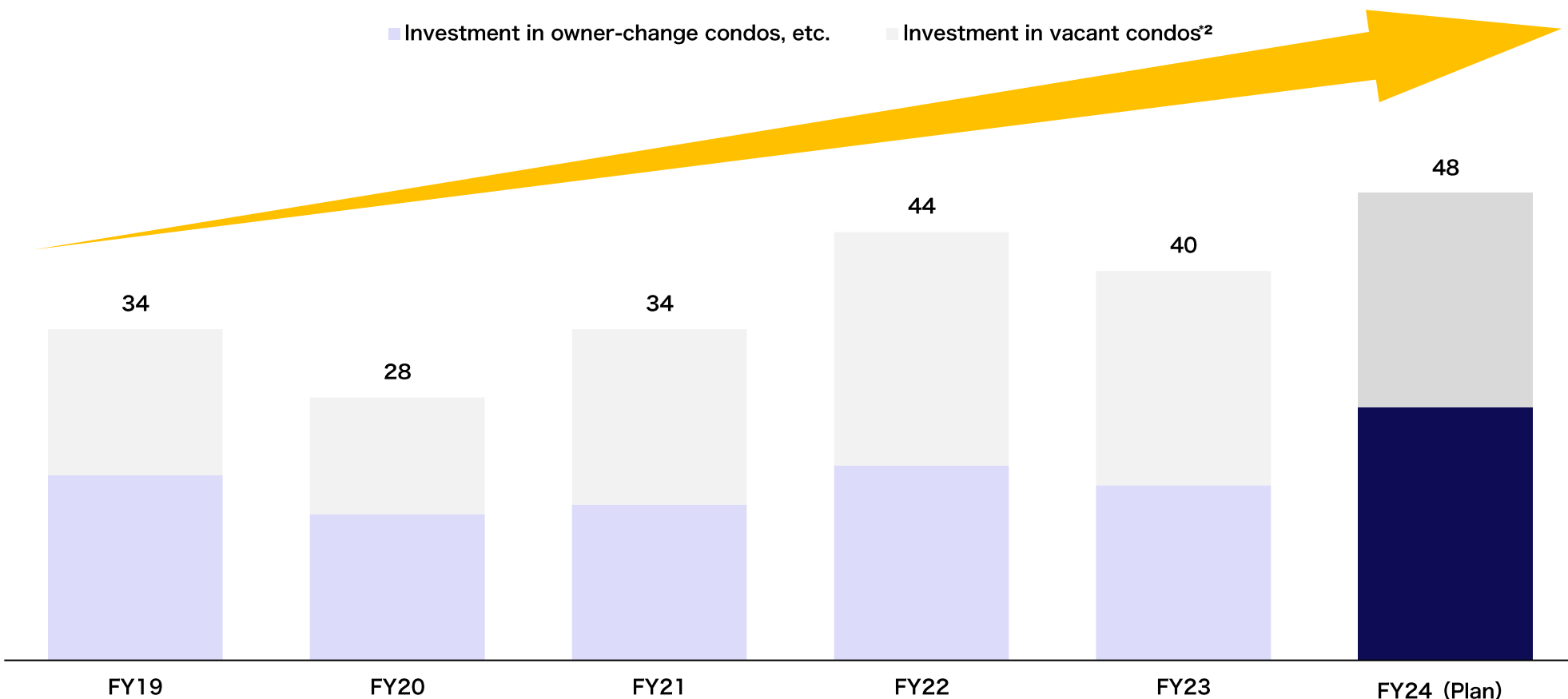
The average days for sales of properties sold in each quarter



* Classification of properties for sale at each point based on selling days

- Expand property purchase as growth investments for further business expansion.
- Plan to drive growth investments in the current period, which will be the largest amount to date.

The trend of growth investments*¹ (JPY bn)



*¹ The increase in inventories due to condo purchases, etc. (excluding decreases from sales, etc.), FY24: calculated by including results from H1 and investment plans for H2

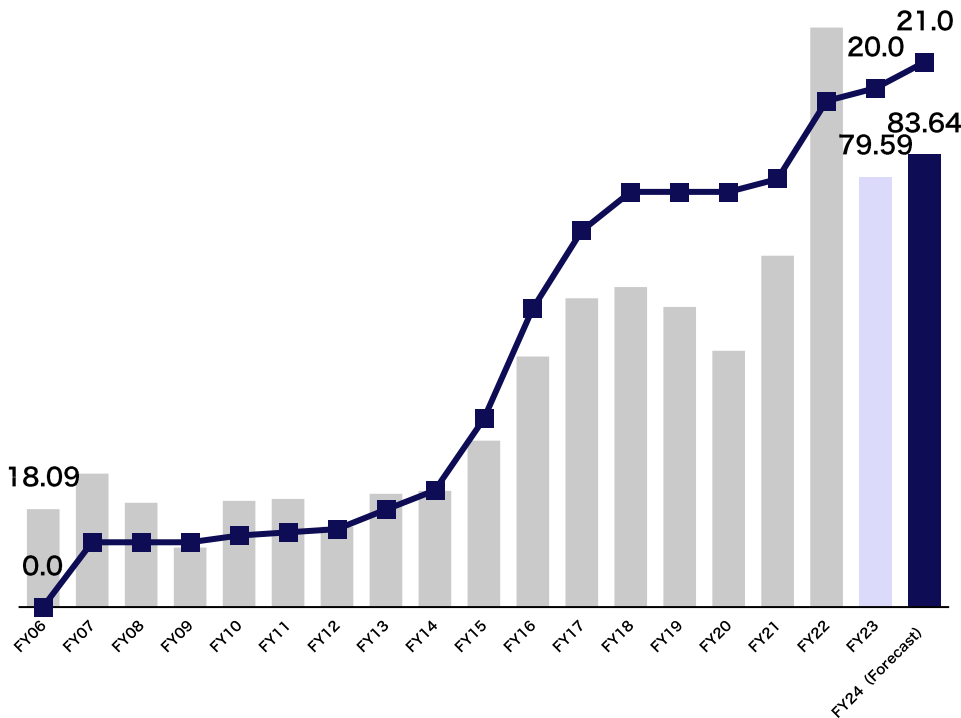
*² Including investments in entire building (Investment business) etc.

- In addition to completed share buyback (JPY 169 mn), plan to pay JPY 21.0 of DPS in FY24.
- Additional returns towards 40% of total shareholder return ratio will be considered in accordance with our capital allocation policy.

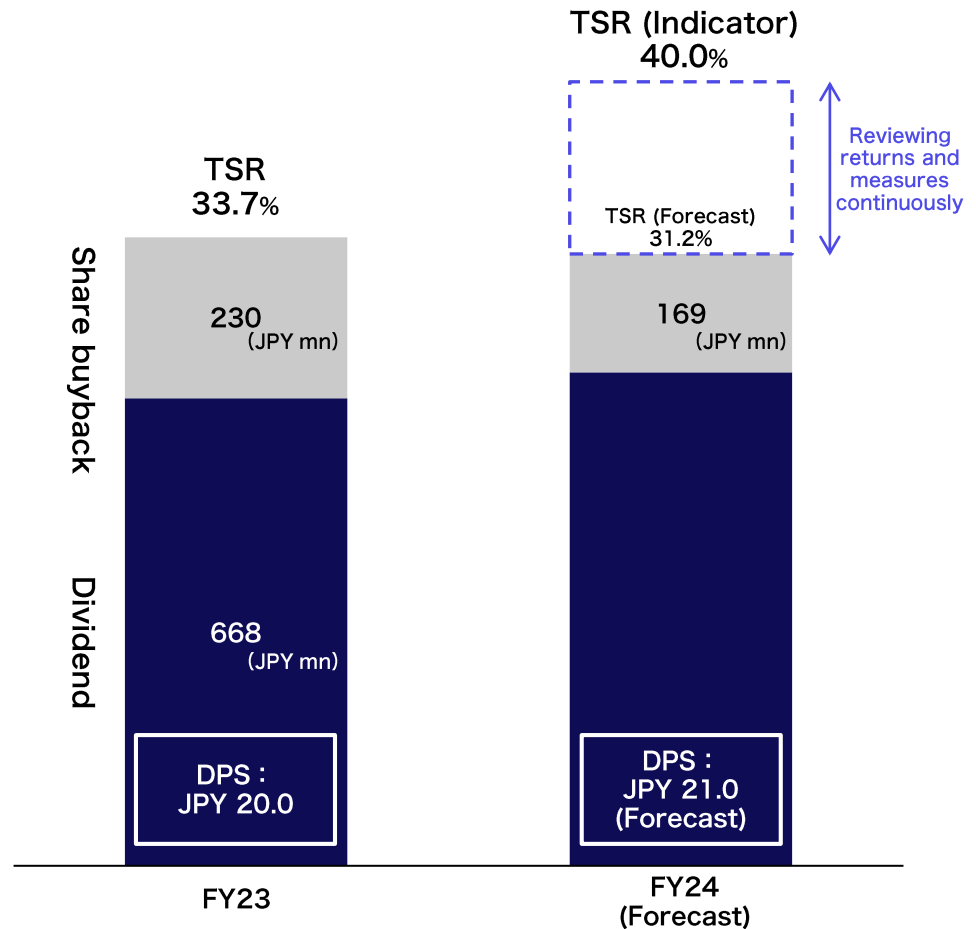
Dividend records

In addition to growth investments, continuing with stable and increased dividends

■ EPS ■ Dividend per share (JPY)



FY24 shareholder return performance



- Enhance disclosure quality and quantity to improve corporate value in the medium to long term.

IR material renewal

Enhance content quality

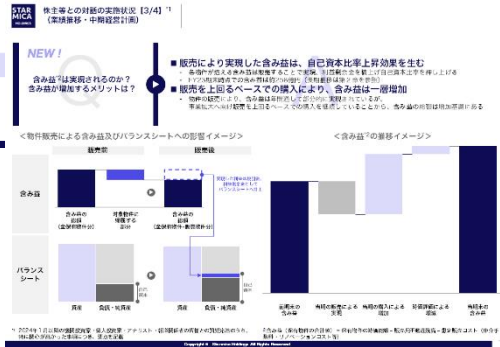
- Disclose progress of our strategies on Mid-Term Plan
- Disclose the summary of conversation with shareholders etc. (Q&A)

Enhance contents

- Posted sponsored research reports on our corporate web site
- Streamed archived videos of presentations on online seminar for individual investors
- Enhanced disclosure of materials in English (reviewing the frequency of publishing financial statements and presentation materials)

2024/11期 第2四半期 業績サマリー

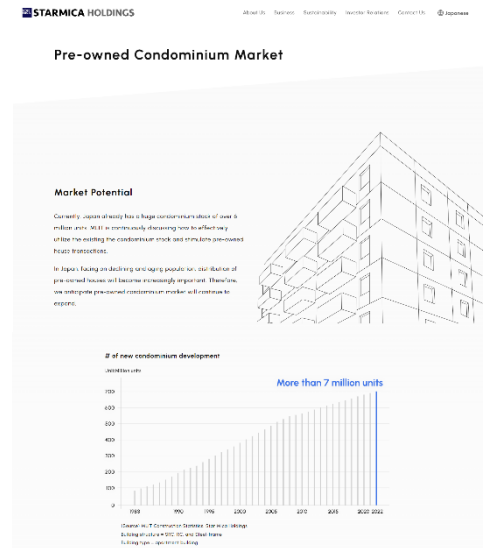
	FY23 2Q実績	FY24 2Q実績	FY24 予想	前年 同季比	対比率	主な増減要因 (対前年同期)
売上高	248.9	272.6	541.5	109.6%	50.3%	中期経営計画に掲げた戦略を推進し、上期は増収増益
売上総利益	45.7	60.4	89.1	110.5%	56.7%	
うちリバマシヨ事業	42.9	42.9	79.9	100.0%	53.8%	オーナーレジデンス向けへの回帰により、賃貸収益が増加 新築の完成が期待できる。新築の完成は稼働が完了
うちインベストメント事業	-	1.0	2.4	-	-78.6%	投資対象の第1号案件である一棟物件を売却 売却先企業の数値は昨年一歩悪化(2月)
うちアドバイザー事業	2.7	5.6	6.6	204.7%	83.2%	住宅部門の機能的な需要に強い賃貸収益増進 大立の完成により、オーナーレジデンス向けが増加
販売費・一般管理費	17.6	21.7	38.8	123.5%	56.1%	過去最大のバウチャー購入費(計137万)に伴い、 一時的に営業費用が増加
営業利益	28.0	28.7	50.2	102.3%	57.1%	
経常利益	23.0	24.1	41.0	104.7%	58.8%	
当期純利益	15.0	16.6	28.0	104.6%	59.6%	









Website upgrade

IR web page

- Renewed the layout of both the Japanese and English web sites to improve usability (Jan.)
- Added content to the English web site, with a focus on enhancing disclosure on both the Japanese and English sites (June)



- Actively enhance engagement incl. increasing the number of one-on-one meetings with institutional investors and joining online seminars for individual investors.
- Disclose Q&As for frequently discussed topics.

Contents	FY24_H1 Result	QoQ Change	Topics
 Financial results briefing	1	±0	<ul style="list-style-type: none"> - Conducted the FY23 full-year earnings and Mid-Term Plan briefing in January 2024
 Seminar for individual investors 	1	+1	<ul style="list-style-type: none"> - Participated in the IR seminar hosted by KabuBerry on May 9th (approx. 60 participants) - Schedule to speak at IR briefing hosted by Shonan Investment Group Seminar on August 25th
 One-on-one meetings with institutional investors and analysts (domestic) 	33	+24	<ul style="list-style-type: none"> - Conducted meetings with 28 existing investors and 5 new investors
 One-on-one meetings with institutional investors (overseas)	11	+1	<ul style="list-style-type: none"> - Conducted meetings with 9 existing investors and 2 new investors - Plan a roadshow for European investors in July

1

FY2024 Second Quarter Financial Result Summary

c. Summary of discussion with shareholders etc. (Q&A)

How the rising interest rates affects Star Mica's business?



- **Already risk hedged for potential rise in financing costs**
 - Monitoring loans with interest rate risks and using interest rate swaps as needed
 - Expected to have a limited impact on our performance
- **We believe unlikely to have a sharp rise in mortgage rate and will have little impact on consumer demand**
 - A large segment of Japanese mortgage borrowers choose floating rates (linked to short-term interest rates)
 - Although some concern that mortgage rates (variable) will rise in line with the policy rate hike, most of analysts / professionals predict a sharp increase is unlikely, and we do not expect the level to significantly reduce housing demand
 - 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 2nd house)

The market has been rising after the Covid-19 Pandemic, 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 financial crisis 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**
 - We increase the urban share in case the market is to enter a downtrend and see polarization between urban & rural areas
 - 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

What are the changes in external factors surrounding construction of renovation? / How are you responding to these changes?



- **Renovation costs: Establish a specialized department for BPR and process improvement**
 - Currently, renovation costs are slightly increasing due to external factors such as inflation and rising material prices, as well as internal factors like improving product quality for high-end properties. However, this increase is being absorbed by rising sales prices
 - To aim for competitive product development and cost reduction, we have started a thorough review by establishing a specialized department with knowledgeable members
- **Talent acquisition: Increasing product supply capacity and strengthening collaboration with partner companies**
 - We outsource renovation work to external business partners
 - Currently, there are no delays in starting or extending projects due to labor shortages
 - Aiming to improve product supply capacity by strengthening collaboration with partner companies

* Key points from Q&A sessions with institutional investors, individual investors, analysts, and media personnel since January 2024, focusing on particularly noteworthy topics

NEW !

Why does the Mid-Term Plan state “Back to owner-change condos” and “Market share expansion in urban areas” as business strategies?



■ **Focusing on vacant properties and regional expansion was successful during strong market upswings in the past**

- The market from H2 of FY21 to FY22 was in a strong upswing, with further price increases occurring during the period between the purchase and sale of vacant properties
- In such a market environment, even vacant condos, which have relatively lower profit margins than owner-change condos, could secure sufficient profits. This strategy, combined with regional expansion, played a significant role in broadening our market presence

■ **Considering future market stagnation risks, we focus on higher profitability properties**

- Moving forward from FY23, the market has begun to lose its overheating, with concerns raised about short-term market stagnation
- In such market conditions, awareness of efficiency in sales turnover and of profitability is also required
- Prioritizing stable growth over rapid expansion, we aim to build a property portfolio that emphasizes profitability and efficiency through a return to owner-change condos and an increase in urban market share

Why is there no specific quantitative target set for revenue and profit in Mid-Term Plan “Find the Value 2026”?



■ **Maximizing corporate value while flexibly responding to changes in the business environment**

- While we expect solid demand for pre-owned condominiums and anticipate future market growth, short-term market fluctuations are possible
- Rather than being overly focused on revenue and profit, which are relatively sensitive to market conditions, we prioritize profitability and efficiency, aiming to maximize corporate value regardless of market changes

■ **As our base scenario, we continue to aim for business expansion and profit growth**

- Assuming current market conditions persist, we expect business expansion and profit growth in the medium to long term
- Our business strategy, including area expansion and focus on vacant condos until FY23, played its expected roles in the then-business environment (during a heated market)
- As part of a strategy anticipating a stabilization in market conditions, we plan to continue increasing transaction volumes by focusing on owner-change properties and enhancing our urban market share

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
- Share 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 us, we set a quantitative target of 40% in order to achieve a certain level of shareholder return

* Key points from Q&A sessions with institutional investors, individual investors, analysts, and media personnel since January 2024, focusing on particularly noteworthy topics

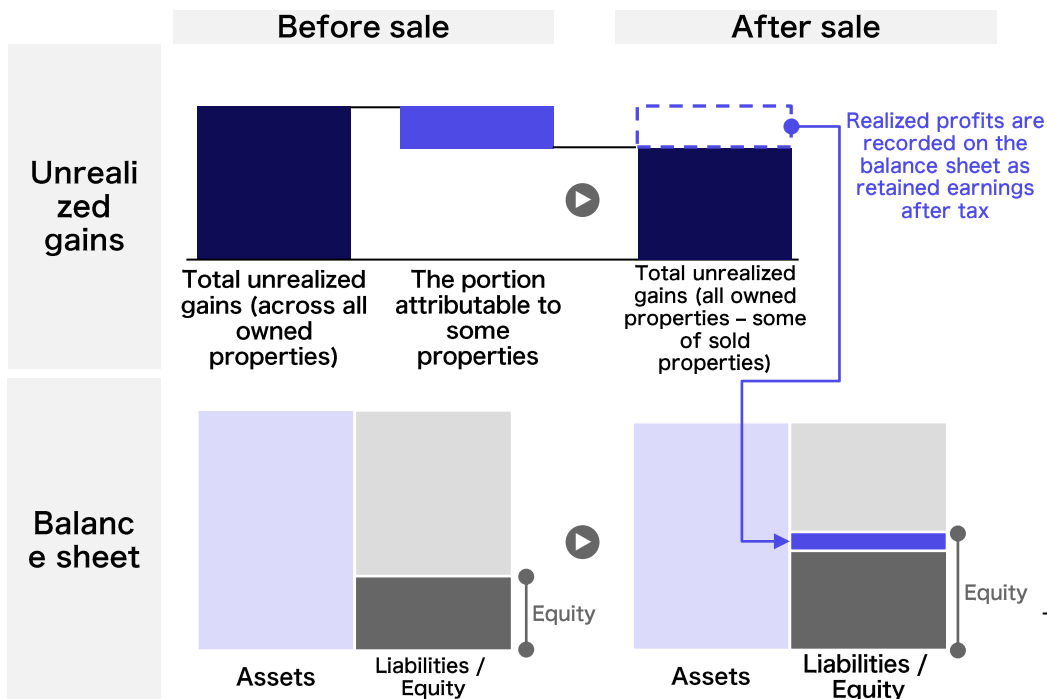
NEW !

Will unrealized gains^{*2} be realized? What are the benefits of increasing unrealized gains?

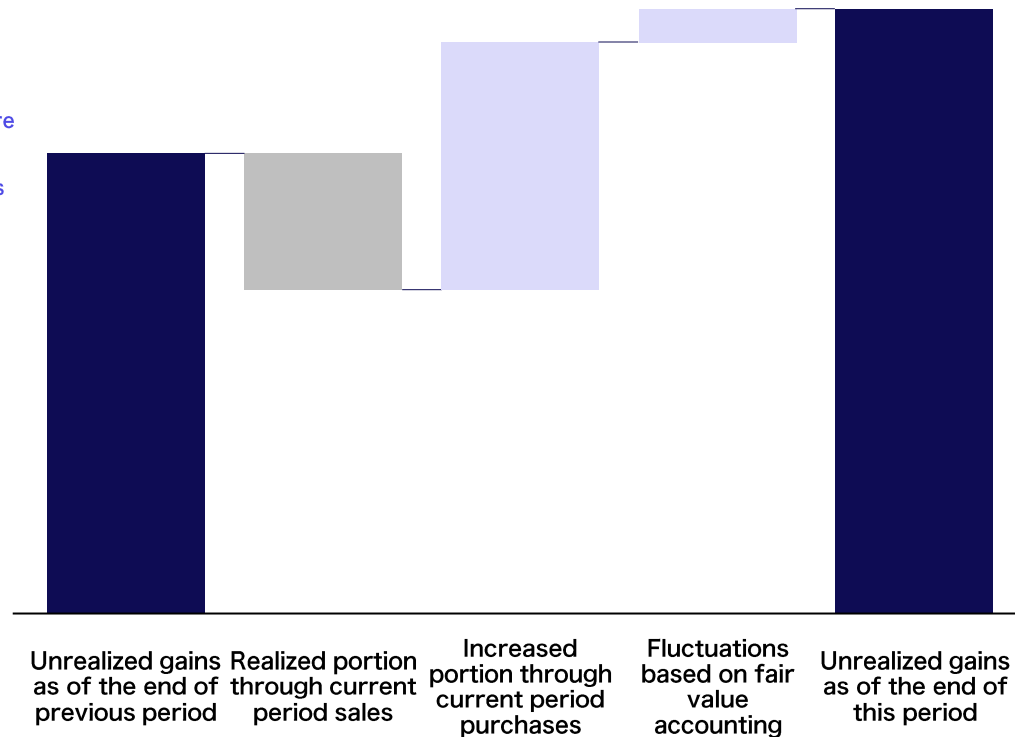


- **Realizing unrealized gains from sales contribute to an increase in the equity ratio**
 - Selling each property's unrealized gains turning to profits, accumulating retained earnings to boost the equity ratio
 - Unrealized gains as of the end of FY23 amounted to approximately JPY 25.8 bn (Refer to Chapter 2 for long-term trends)
- **Further increases in unrealized gains due to purchases exceeding sales pace**
 - The realized gains from property sales occur partially throughout the year, but with ongoing purchases surpassing sales in pursuit of business expansion, the total unrealized gains are on an increasing trend

<Image diagram: Impact of unrealized gains from property sales on the balance sheet>



<Image diagram: Trend of unrealized gains^{*2}>



^{*1} Key points from Q&A sessions with institutional investors, individual investors, analysts, and media personnel since January 2024, focusing on particularly noteworthy topics

^{*2} Unrealized gains (of all owned properties) = Estimated sales – Book value – Estimated cost (Property agent cost, renovation cost, etc.)

NEW !

Are there any reasons for
the negative trend in
operating cash flow?



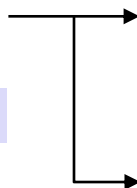
- **Property purchases as growth investments negatively impact operating cash flow**
 - The properties held are classified as current assets (inventories) on the balance sheet, regardless of the type of properties
 - We strategically purchase properties at a pace exceeding sales, which has resulted in a negative trend in operating cash flow
- **The proforma operating cash flow is positive, and concerns about soundness are minimal**
 - Our purchased properties can be broadly categorized into two types: vacant condos that are quickly turned around from purchase to sale, and owner-change condos that are held until tenant leave, generating rent revenue, resulting in longer business cycles
 - Considering the nature of upfront investment in purchasing owner-change condos, if we were to categorize it as an investment activity, we could segregate the changes in owner-change condos from “the increase or decrease in inventories” in consolidated cash flow statement as investment cash flow
 - In this assumption, it is possible to consider that the operating cash flow is positive
- **Property purchases, which are the source of business growth, are crucial, and we will continue to strategically pursue purchases in the future**
 - Given our business model, expanding purchases of owner-change condos directly contributes to business growth. Therefore, we plan to actively pursue purchases of owner-change condo in the future

<Consolidated cash flow statement>

	FY24_Q2 (JPY bn)
CF from operating activities	▲6.7
Net profit before income tax	2.4
Decrease in inventories* ²	▲8.8
Others	▲0.3
CF from investing activities	▲0.0
-	-
-	-
CF from financing activities	5.7
Borrowing from banks	6.2
Dividend for the end of FY23	▲0.3
Share buyback	▲0.1

<(Reference) Proforma cash flow statement>

	FY24_Q2 (JPY bn)
CF from operating activities (proforma)	3.8
Net profit before income tax	2.4
Increase in vacant condos* ²	1.7
Others	▲0.3
CF from investing activities (proforma)	▲10.6
Decrease in owner-change condos etc.* ^{2,3}	▲10.6
Others	▲0.0
CF from financing activities	5.7
Borrowing from banks	6.2
Dividend for the end of FY23	▲0.3
Share buyback	▲0.1



*¹ Key points from Q&A sessions with institutional investors, individual investors, analysts, and media personnel since January 2024, focusing on particularly noteworthy topics

*² The negative cash flow indicates that the purchase amount exceeded the sales amount, resulting in an increase in real estate balance

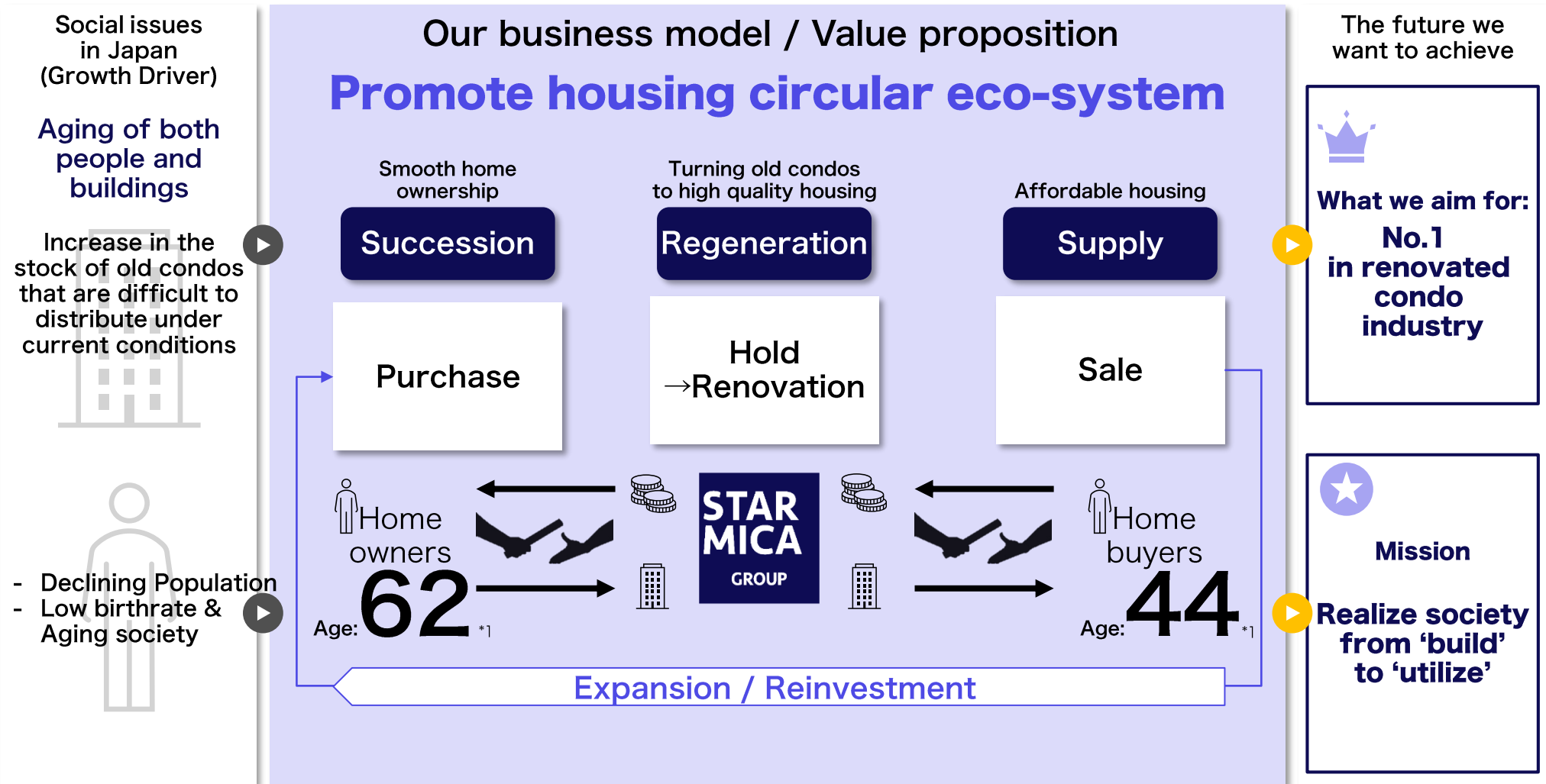
*³ Including the changes of single property

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^{*1}
- ❑ Market share expansion in the urban areas
- ❑ Restructure of renovation operation
- ❑ Shorter sales turnover^{*2} (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 35 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

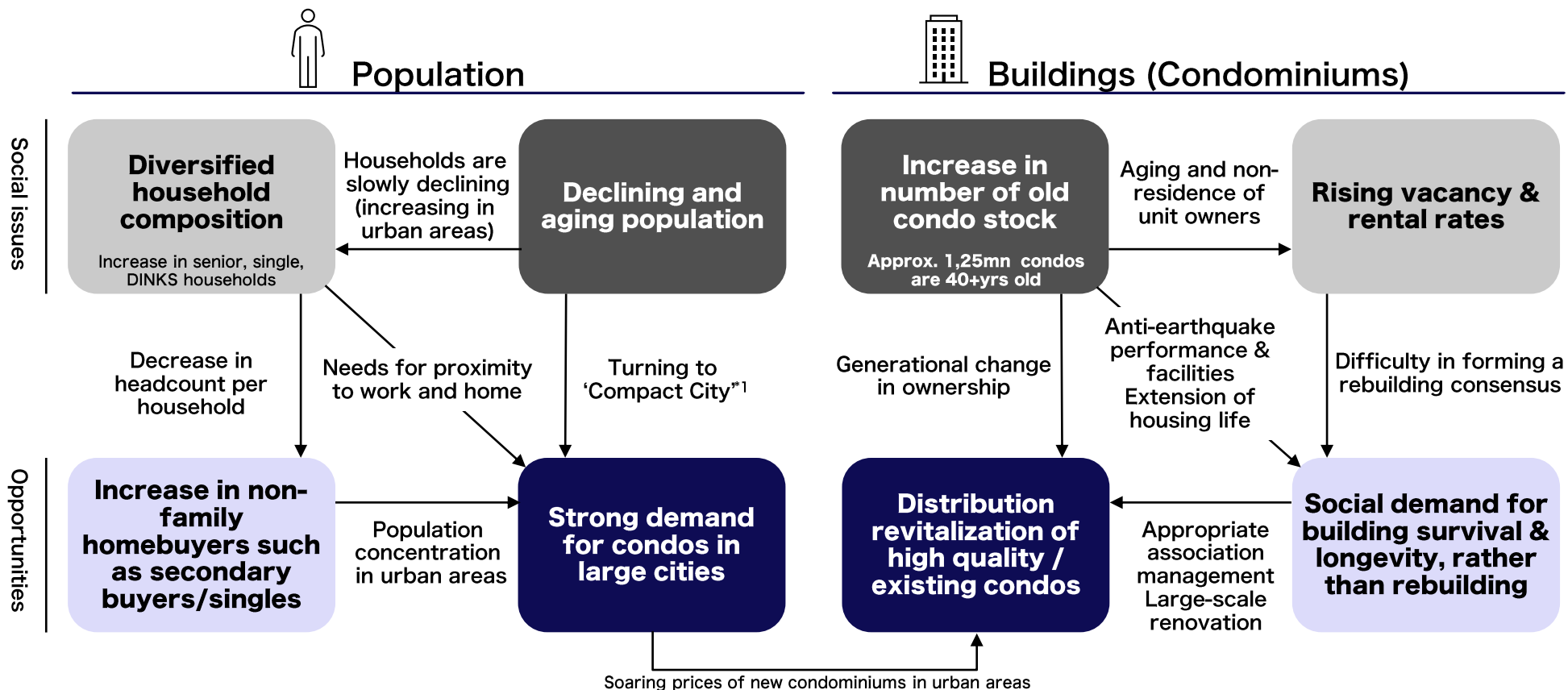
Equity Ratio:
25.0+%

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



¹ 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.

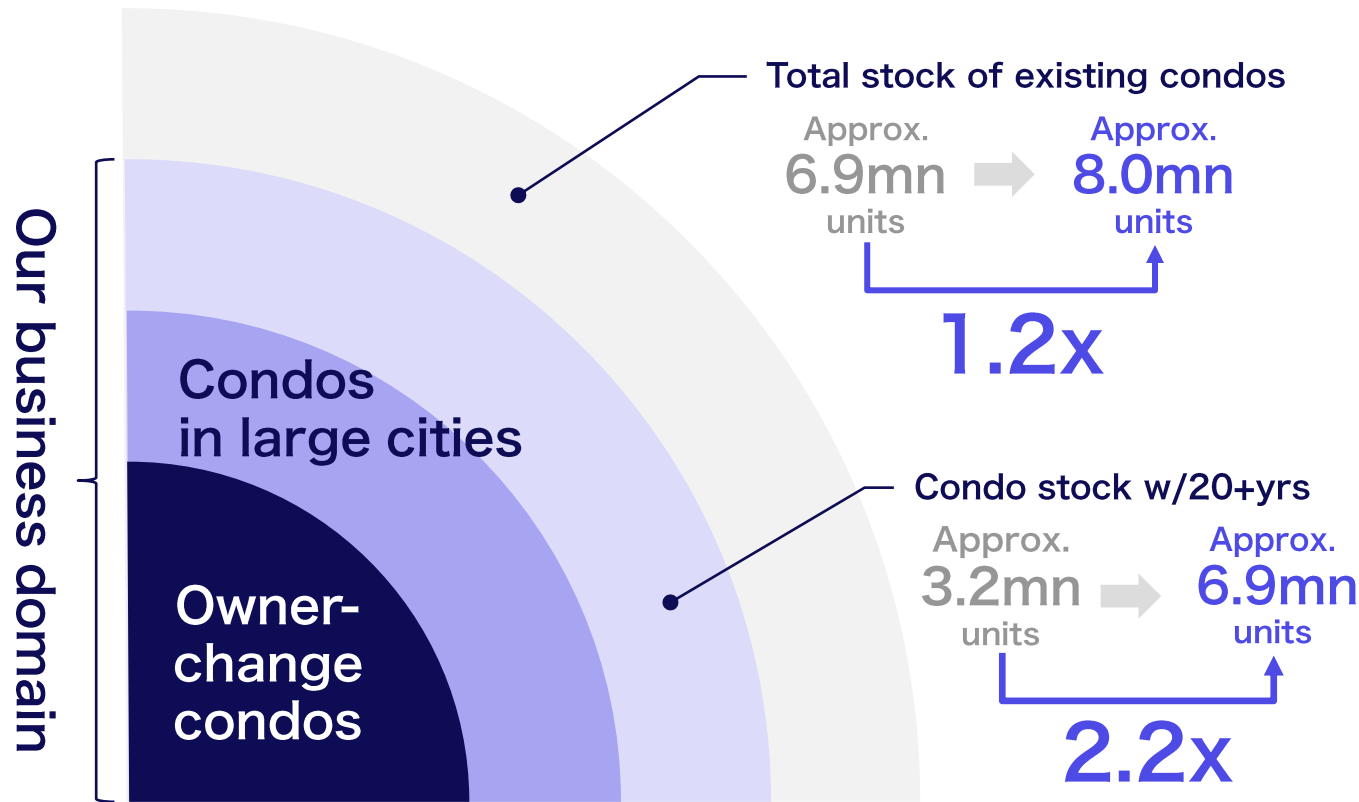


(Source) MLIT Heisei 30 Condominium Research

*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

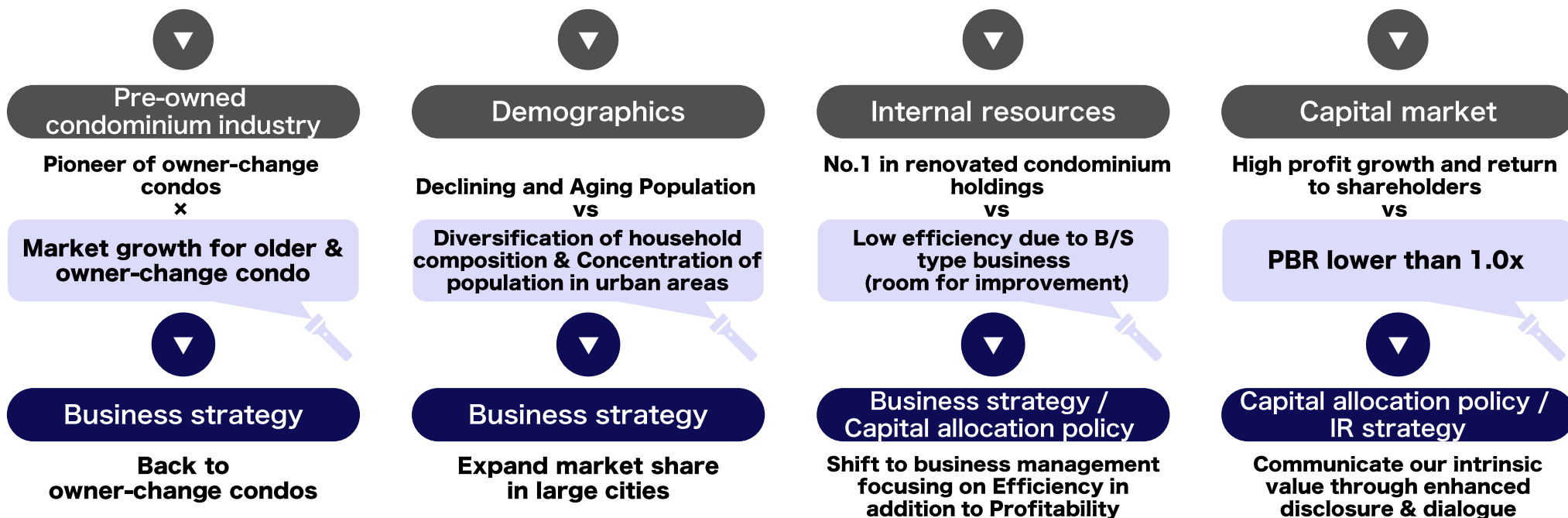
Sales	# of offerings × Unit price
	Lead renovated condo market in large cities
Profits	Profit from vacant + OC condos - Cost
	Quality business model and high productivity
# of holds	Company owned + Fund owned
	Stock business mainly OC condos

(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



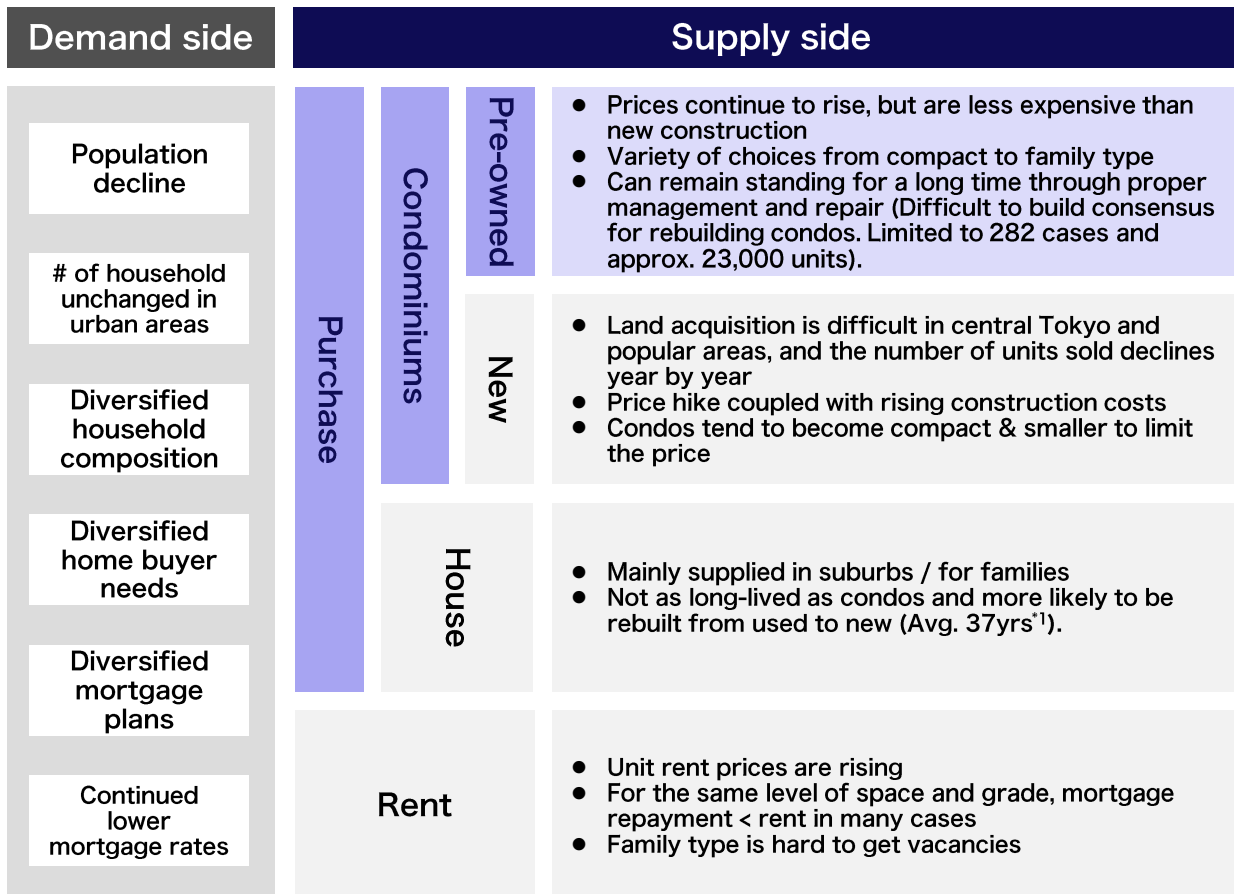
2

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

b. Market landscape / Competitive advantage

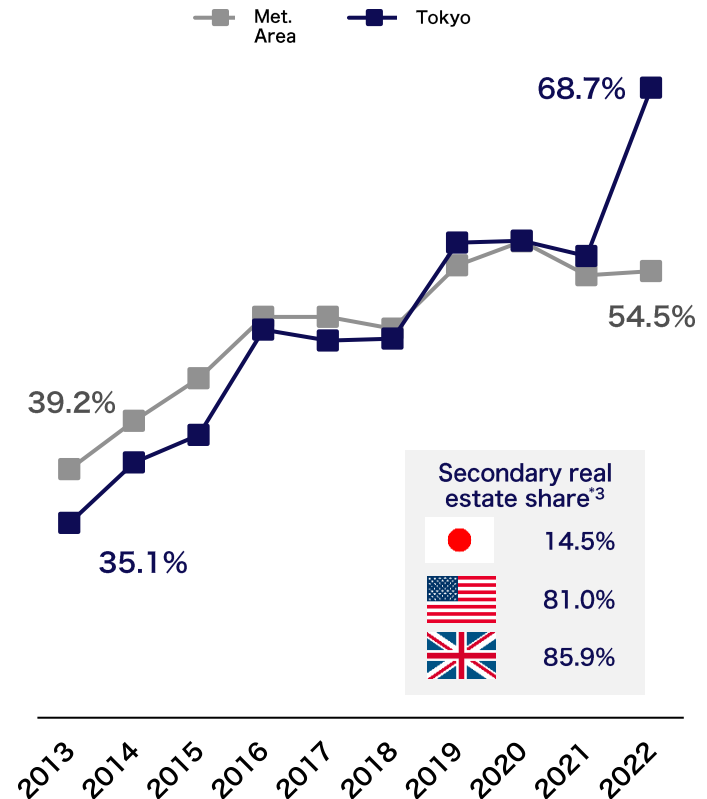
- Secondary real estate market share in Japan is 1/6 of that compared to the U.S. and European countries.
- We anticipate pre-owned condominiums take the initiative in the expansion of the market share.

Housing Market Trends in Urban Areas



Urban condos drive the secondary home distribution

<Percentage of pre-owned condo transactions*2>



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

² (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)

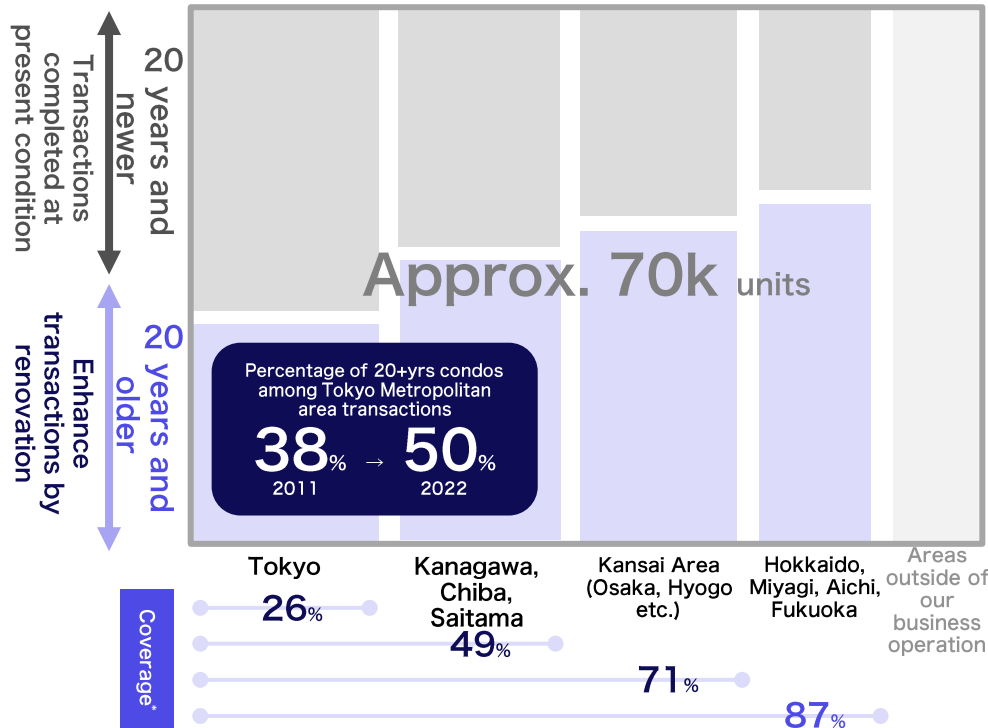
³ (Source) MLITT: Revitalization of the Existing Housing Market (May 7, 2020)

- 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

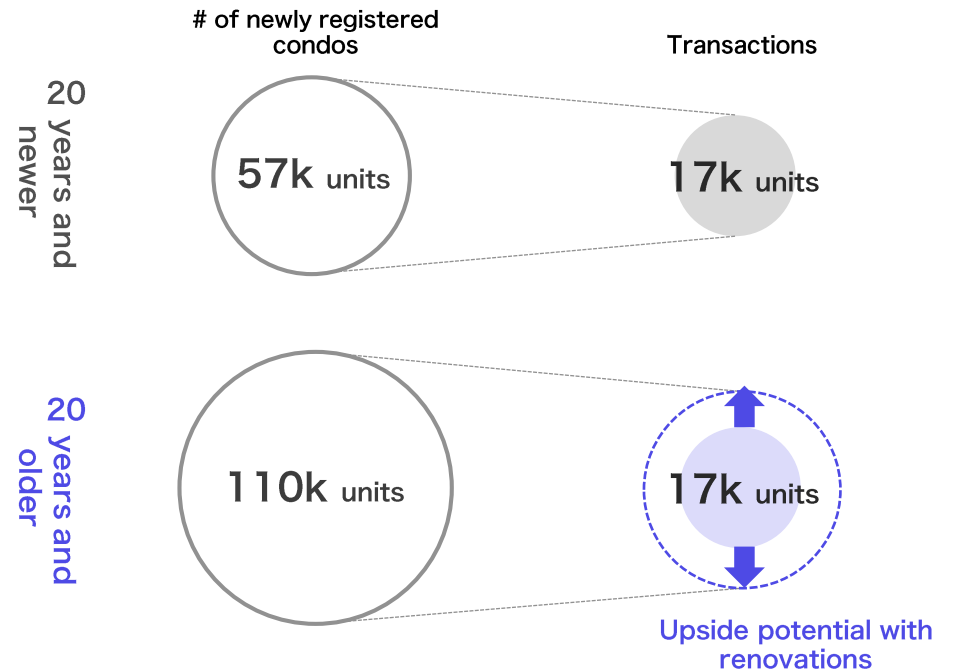
Needs to promote distribution through renovation as older properties are difficult to distribute among consumers

< 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) >

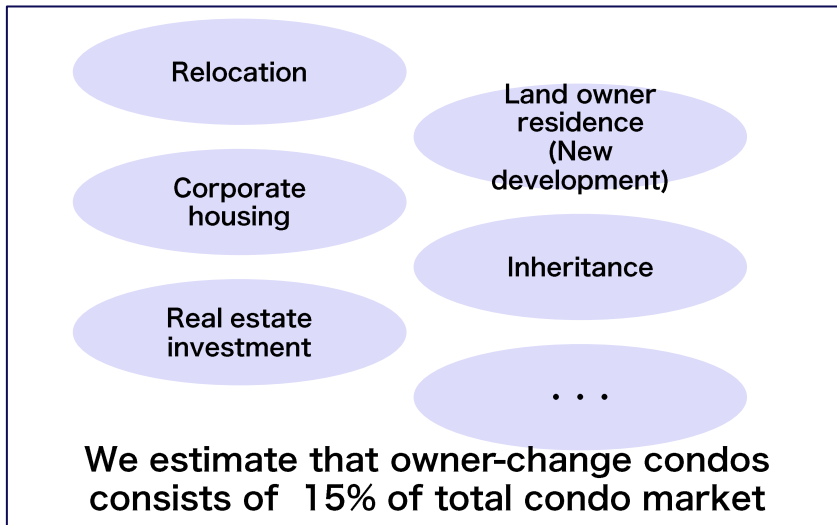


Older properties are often in poor condition (difficult to live in as is) and are less likely to be sold between consumers than newer properties.

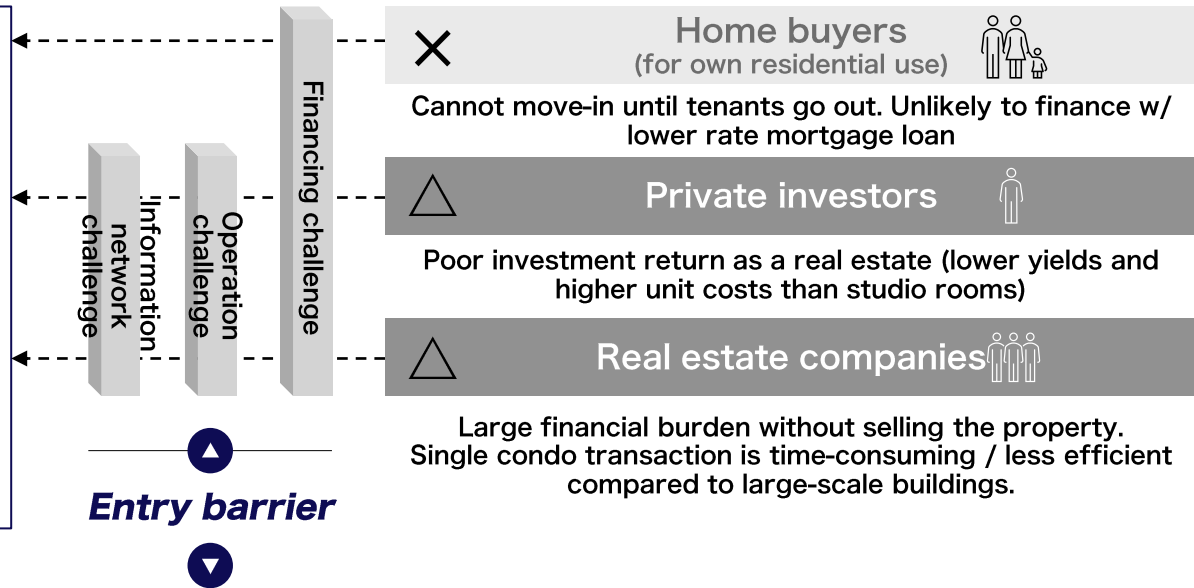
(Source) REINS "Market Watch", Starmica Holdings
* Percentage of national contracts (cumulative)

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

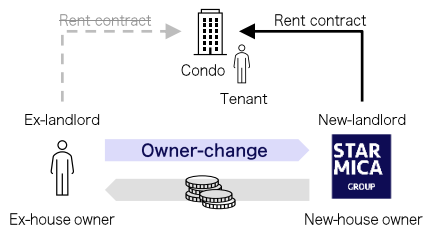
Various reasons for turning to owner-change condos



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



✓ Owner-change condos: secondary condos with tenants

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

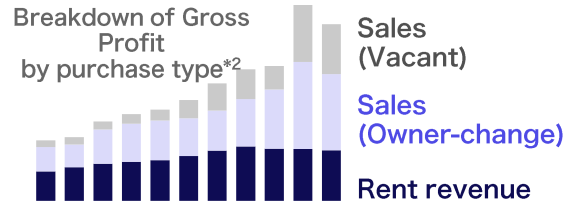


- While other players in this industry focus on purchasing vacant properties that are highly competitive, we focus on purchasing **owner-change condos that are difficult to imitate**, enabling us to generate highly repeatable profits.

Higher profit margin

Vacant margin 7.6%^{*1}

Owner-change margin 18.0%^{*1}



JPY 25.8bn^{*3}

Flow & Stock revenue

Unrealized gain

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

	Sales	Unit price	# of sold
Star Mica	47.4bn	34.9mn	1,395
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)

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

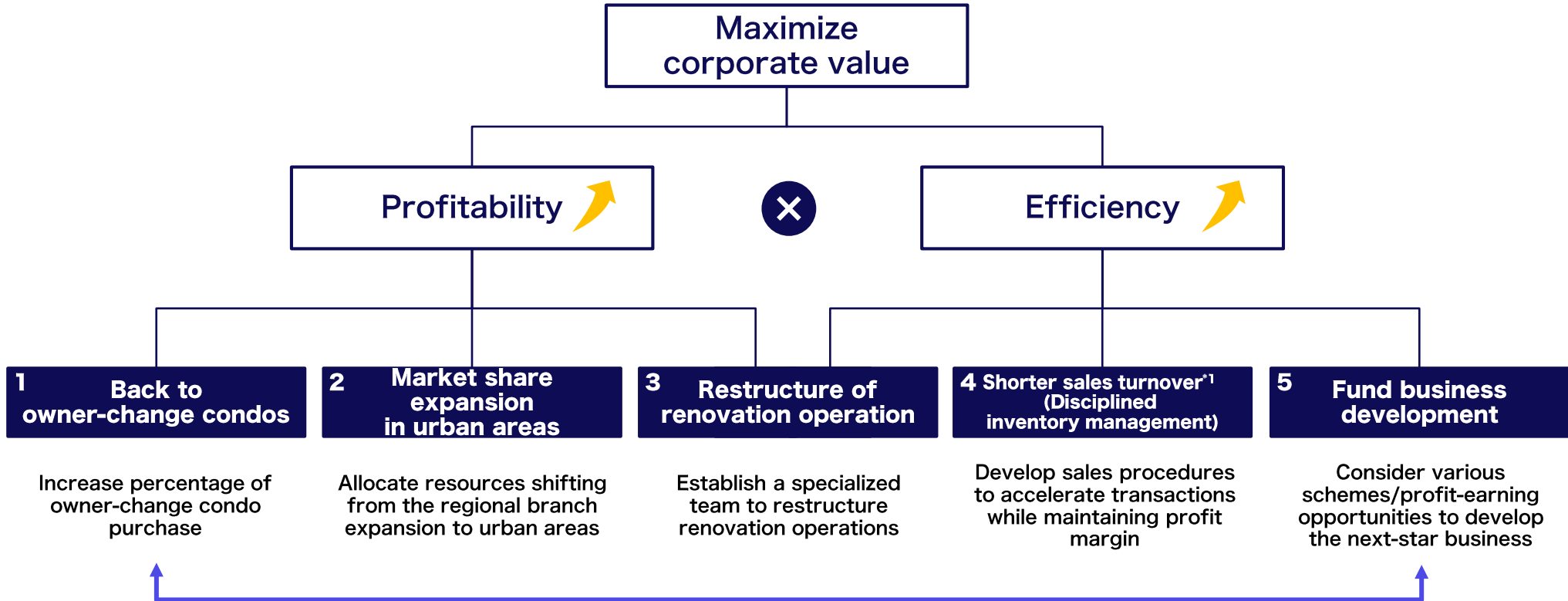
(Source)The Japan Journal of Remodeling "The Ranking of Secondary Real Estate Business 2023", Starmica holdings
 Our sales/unit price/# of properties for sale based on results in FY Nov. 2022

2

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

c. Business strategy

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

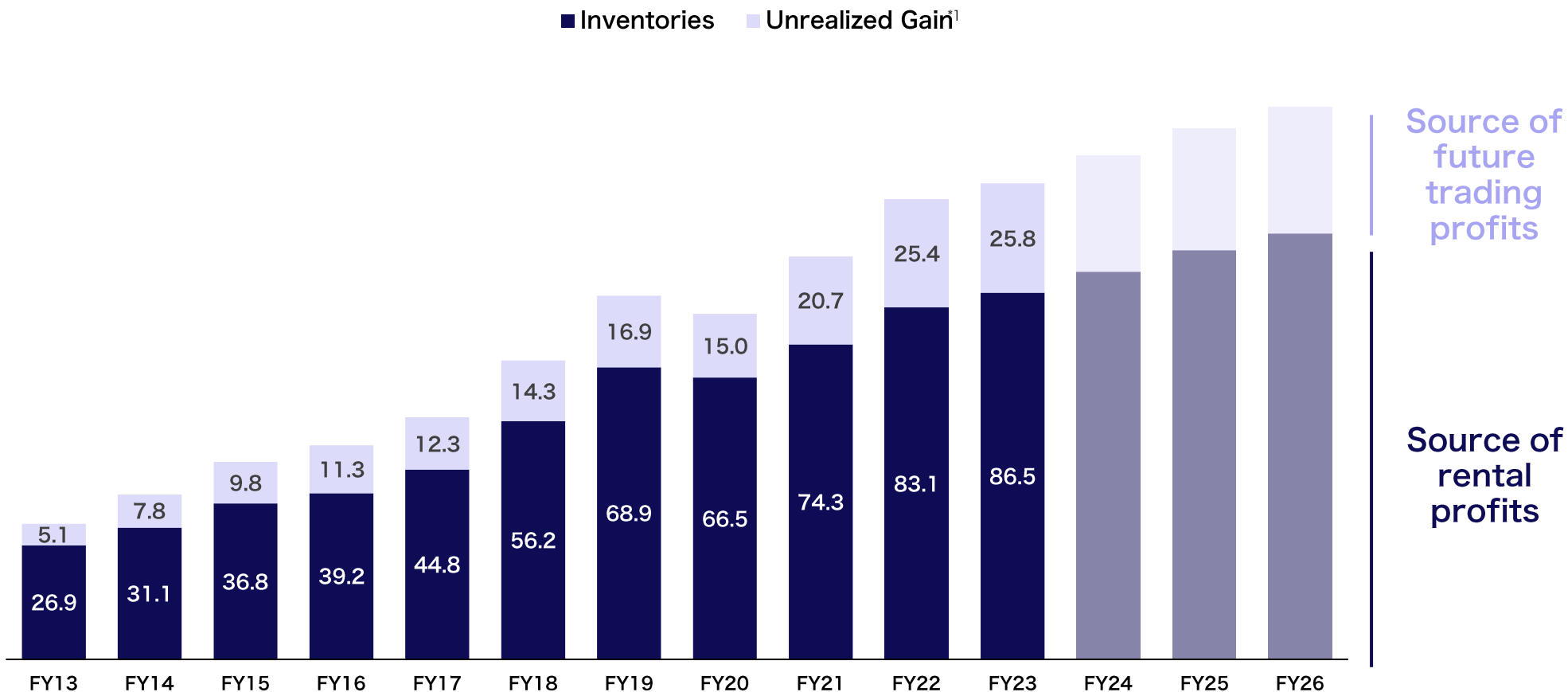


Strategy key point:
Sustainable & Stable growth through purchase of competitive owner-change condos

*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”.

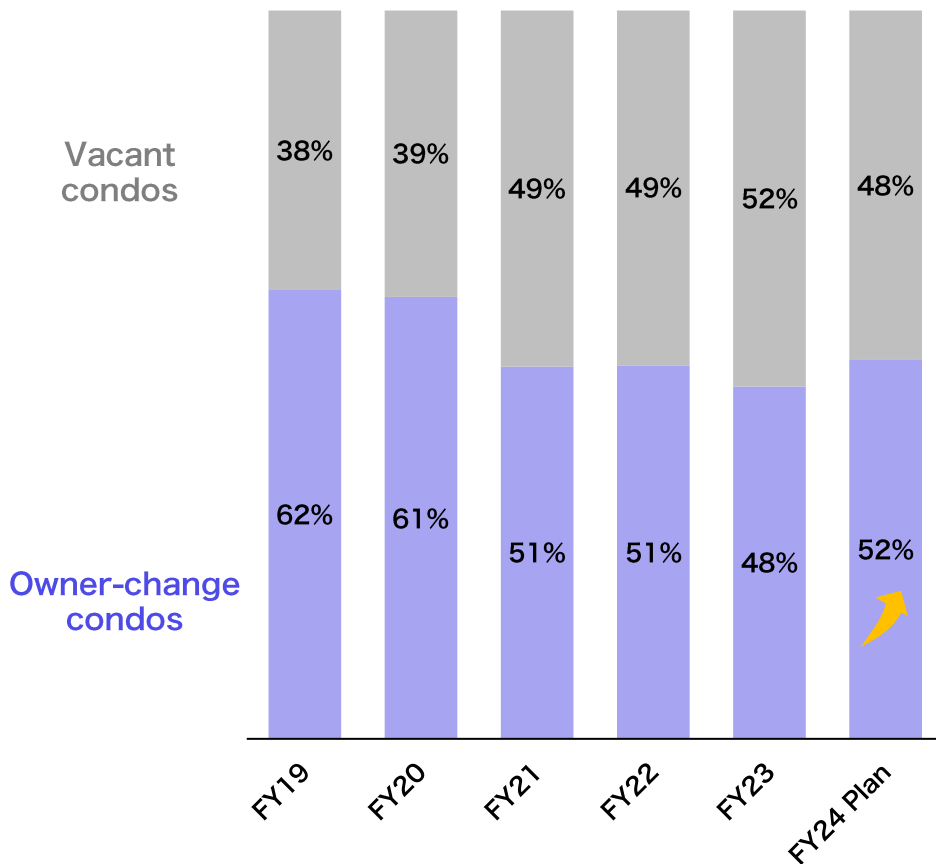
<History of Inventories and Unrealized Gain (JPY bn)>



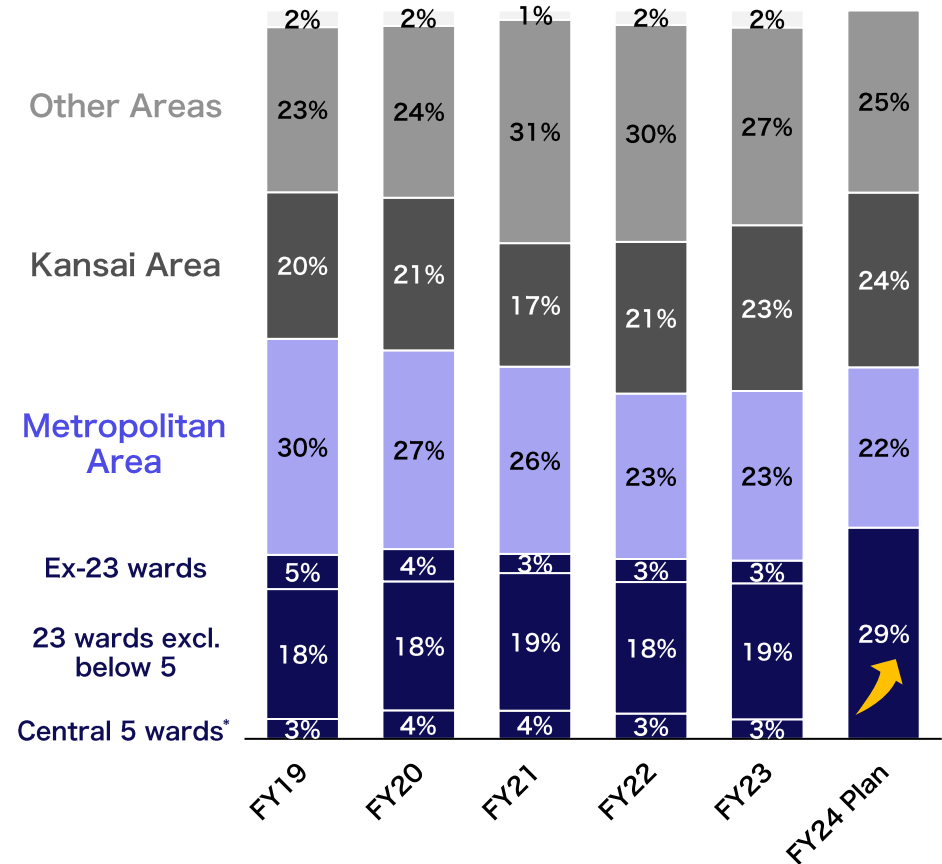
¹ Estimated sales – Book value – Estimated cost (Property agent cost etc)

- 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)

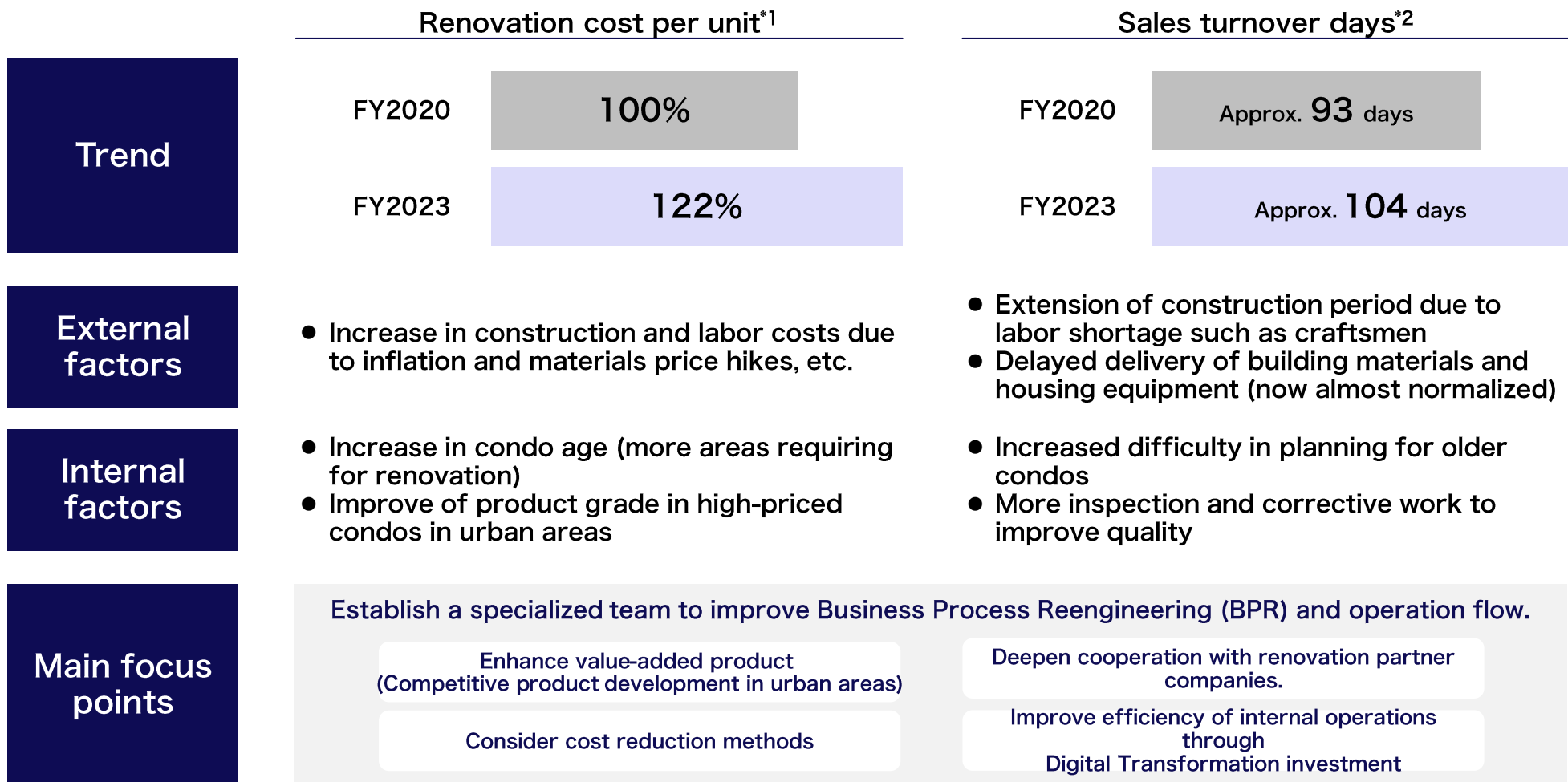


Composition of condo purchased (by region)



* 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).



*1 Average renovation cost based on properties for sale

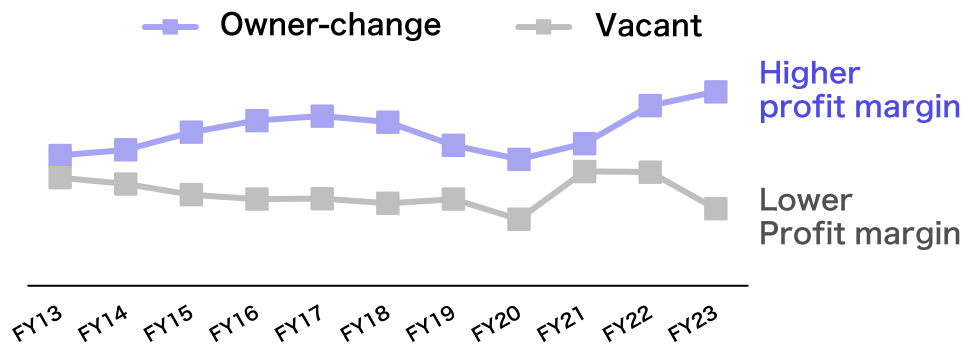
*2 Days from key received to listing for sale

- 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

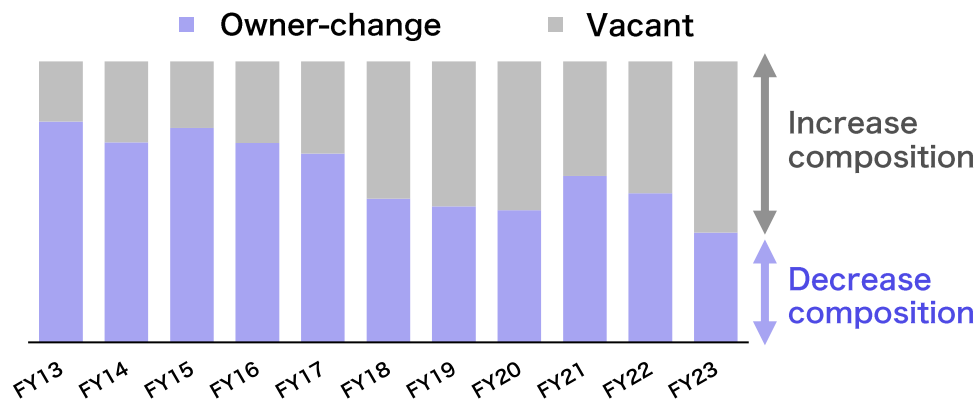
<Profit margin*1 (%)>



Profit margin



<Composition of condo sold by ownership>



Number of condo for sale

Owner-change Vacant Total

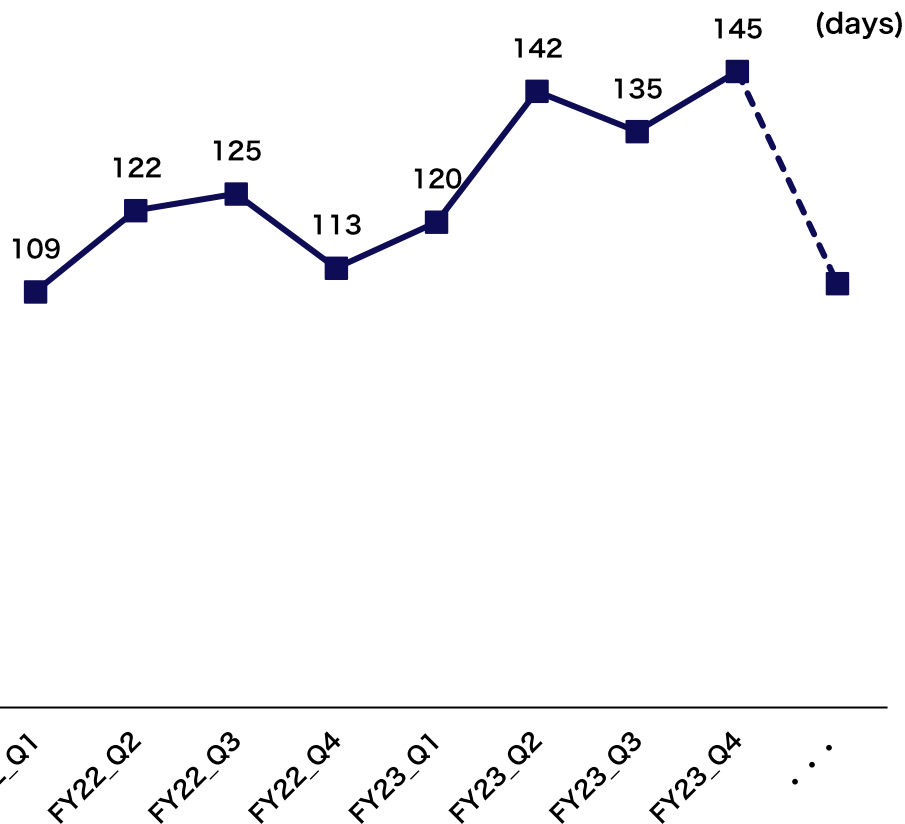
Increase the number of units sold for both owner-change and vacant, but increase the ratio of owner-change.



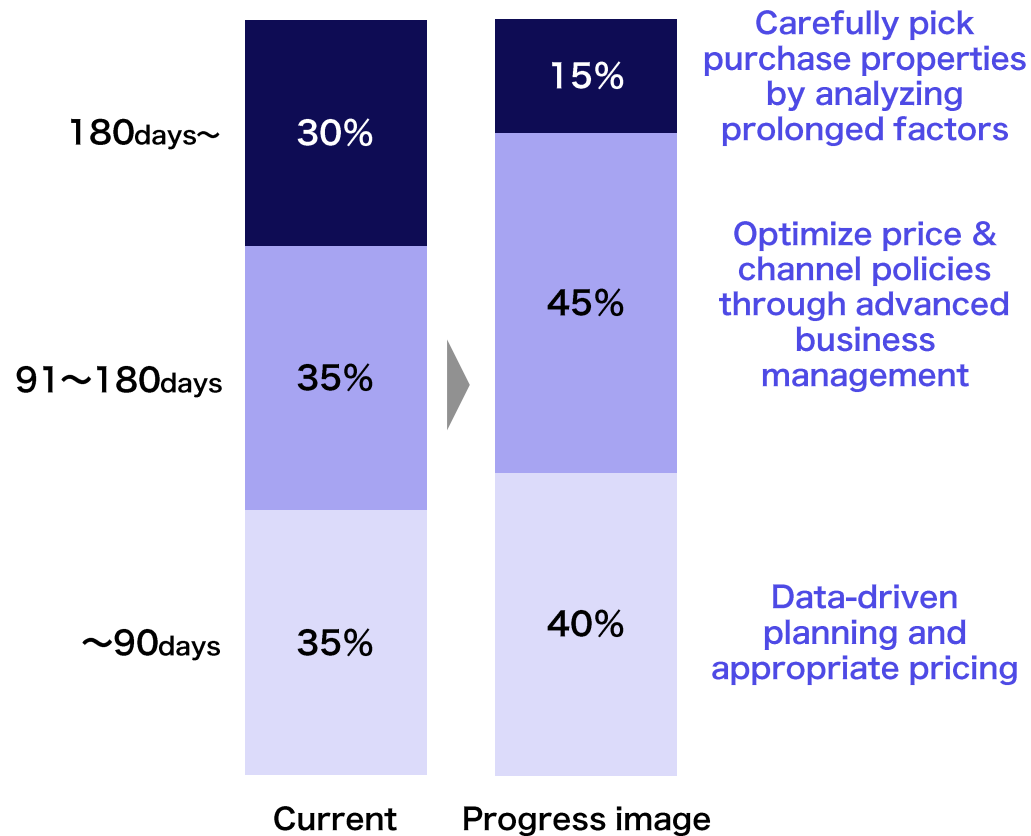
*1 The breakdown of profit (vacant condos / condos with tenants) is an approximate figure

- 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



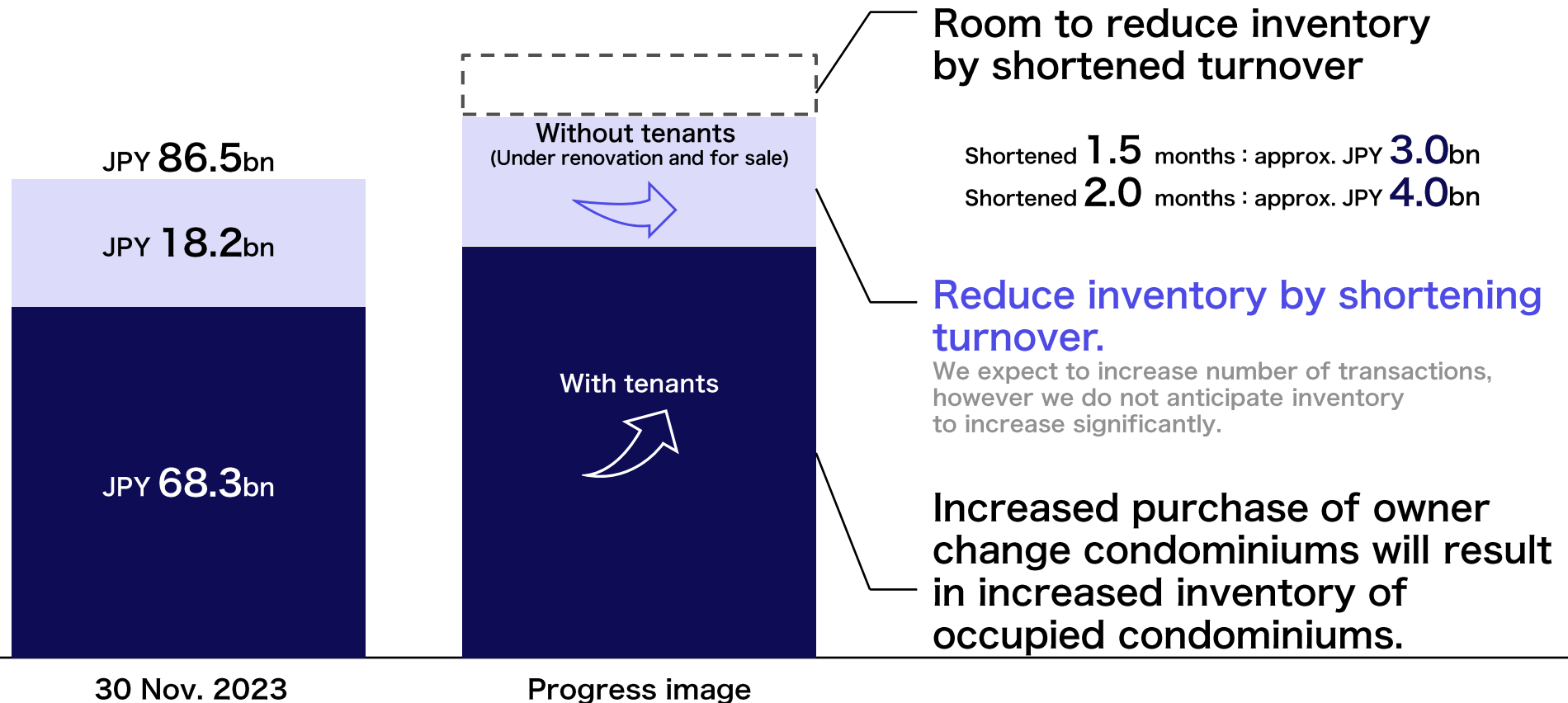
Kaizen approach by days for sales



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

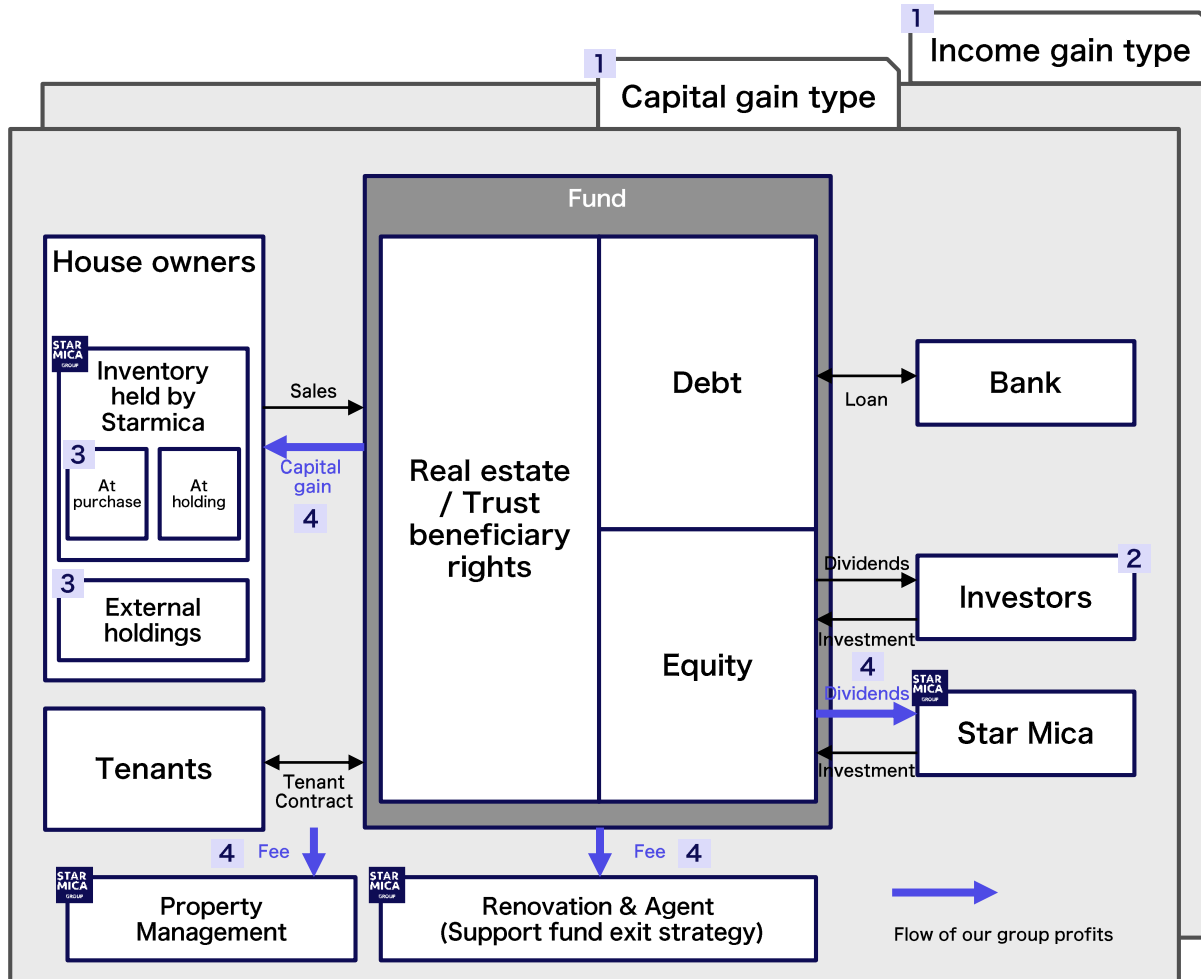
- We expect shortened turnover will reduce inventories of vacant condominiums (both acquired vacant and vacant after tenant departure).

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

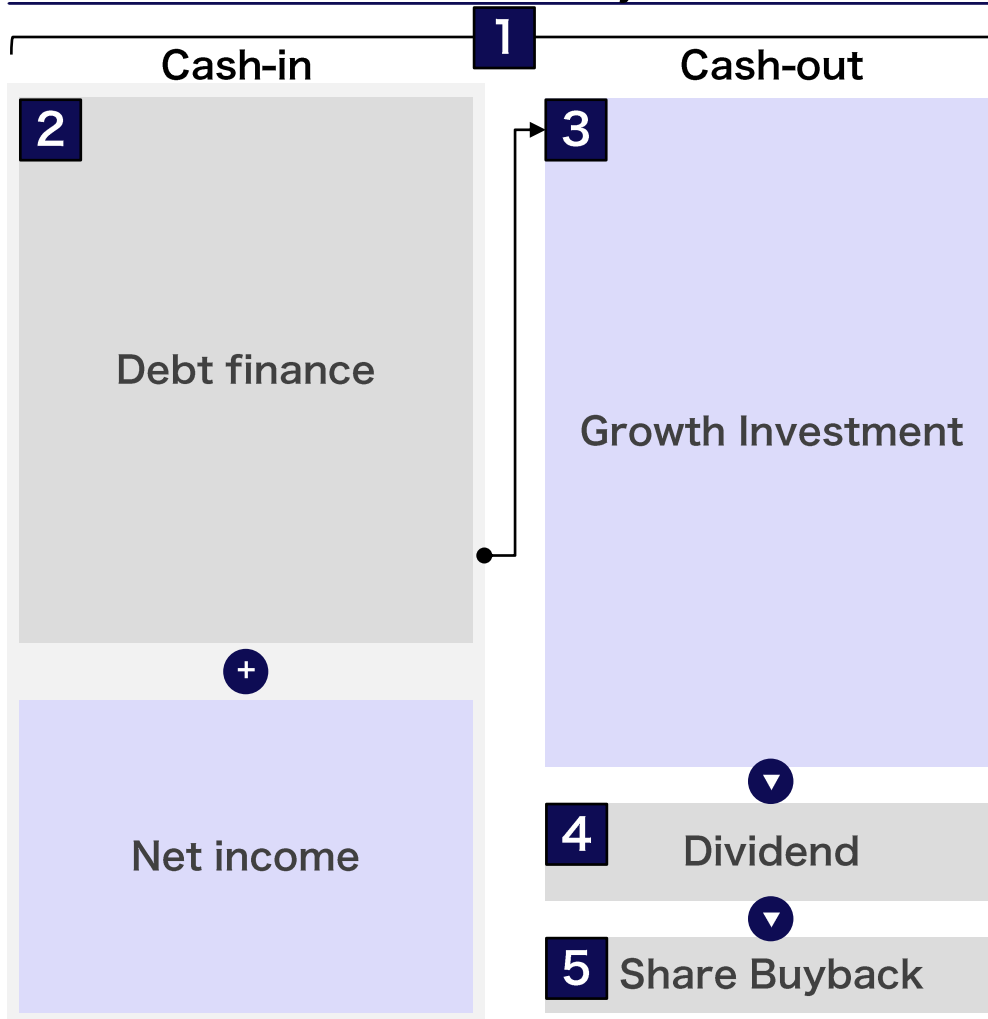
2

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



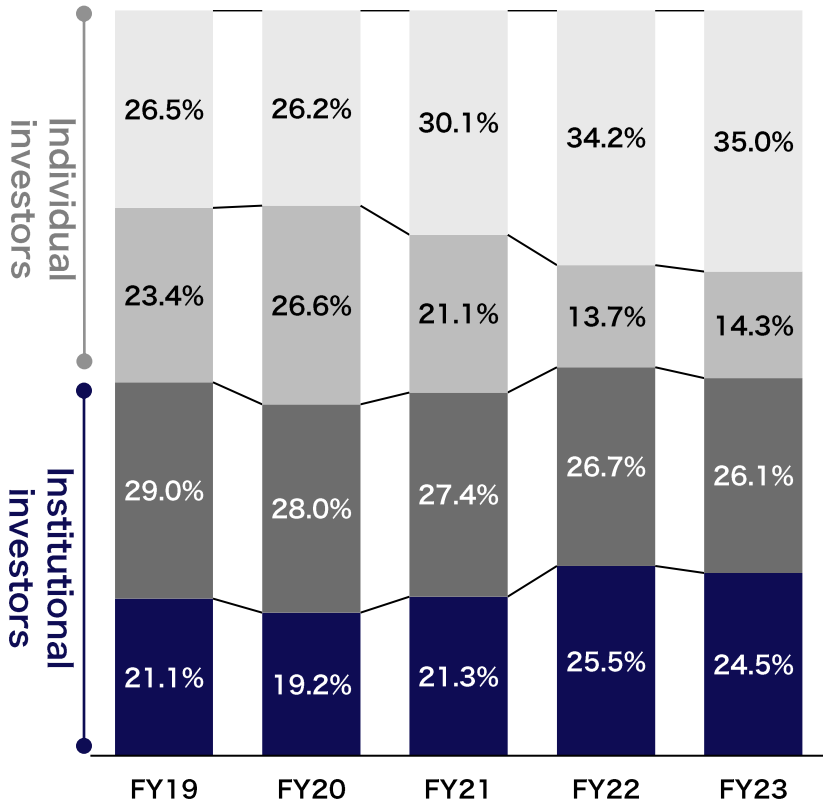
Five basic policies

- 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

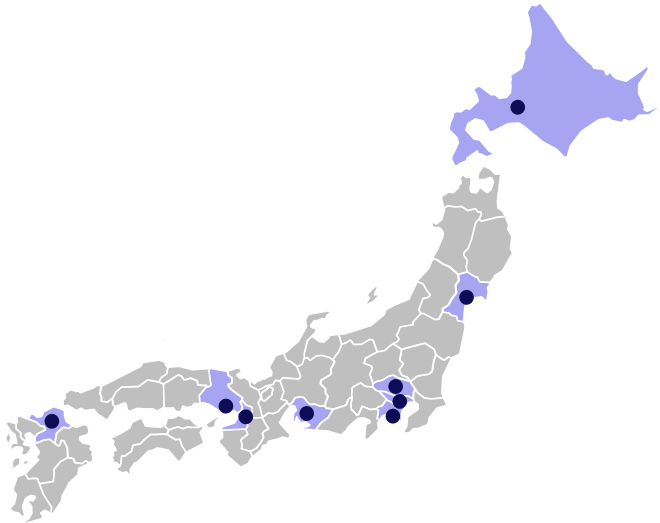
3

APPENDIX

a. 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

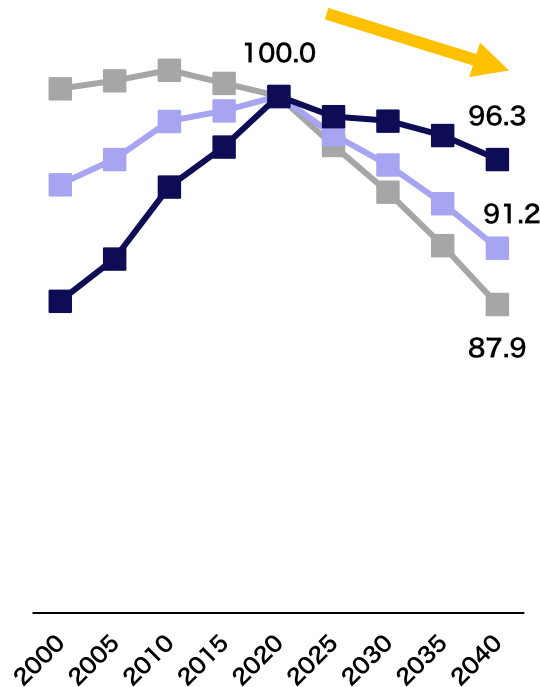
Focus areas (City)

Tokyo 23 Wards Yokohama Saitama Osaka Kobe
Sapporo Sendai Nagoya Fukuoka

History of Japanese population and households (2020=100)

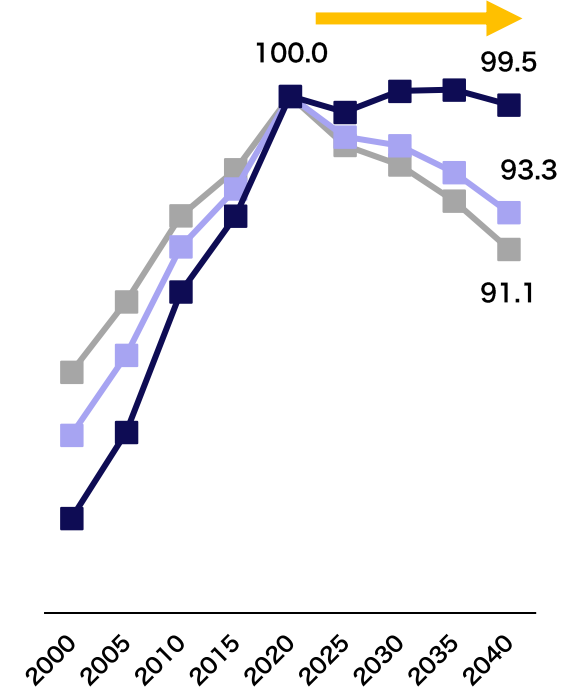
<Population (Index)>

■ 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

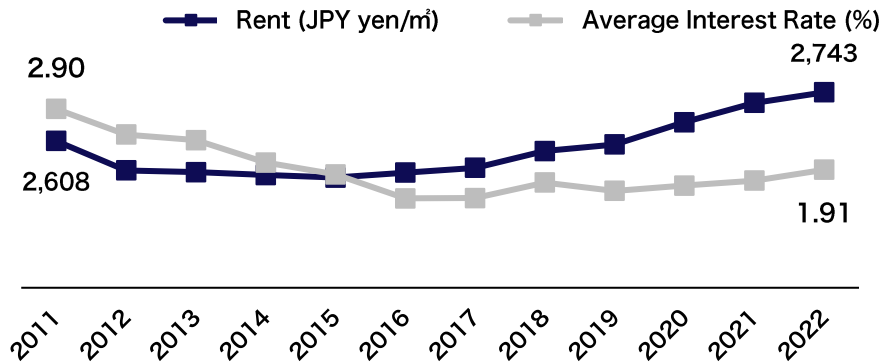
<Monthly payment comparison of our sold condos (FY2023)>

	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.

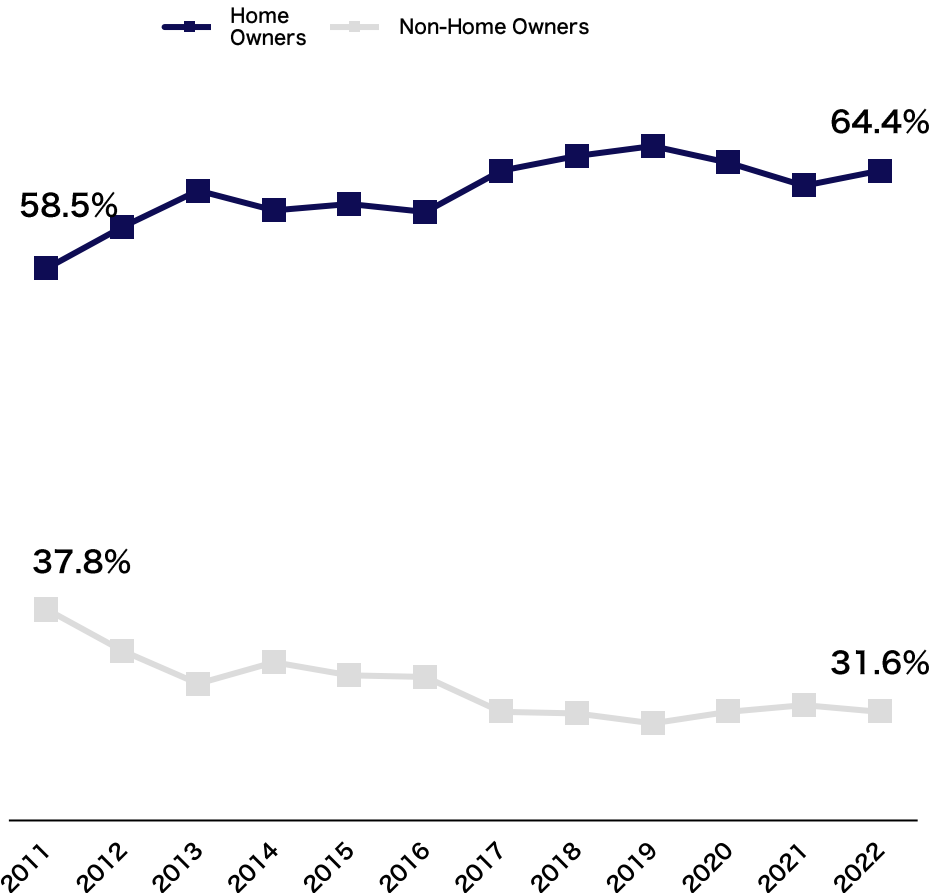
*2 Assumed mortgage loan at 0.5% for 35 years.

<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"

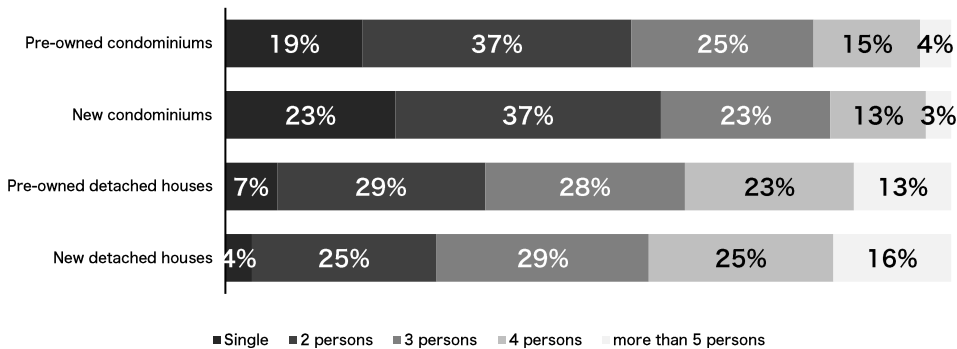
Interest rate is calculated by average of the highest and lowest interest rate (monthly)

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

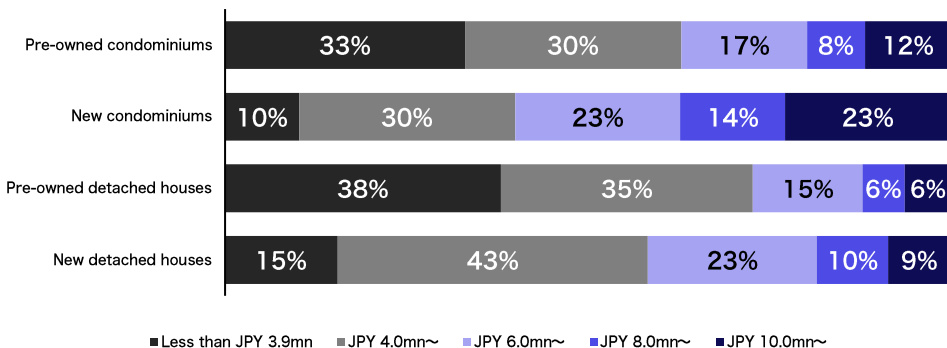
- Compared to detached houses, pre-owned condos can be an option for various household & income ranges.

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

<Number of family members of buyers>



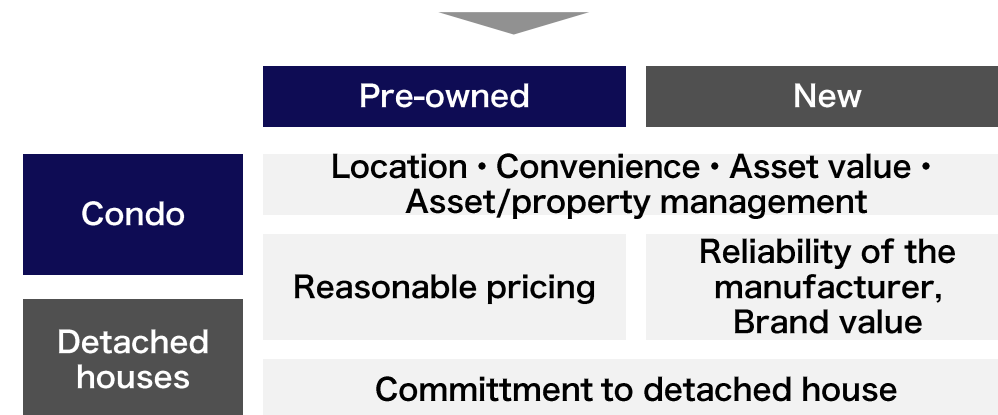
<Buyers' household income>



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

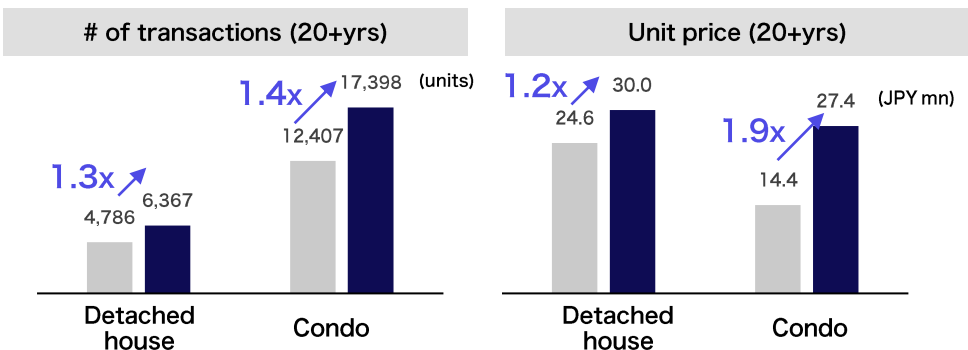
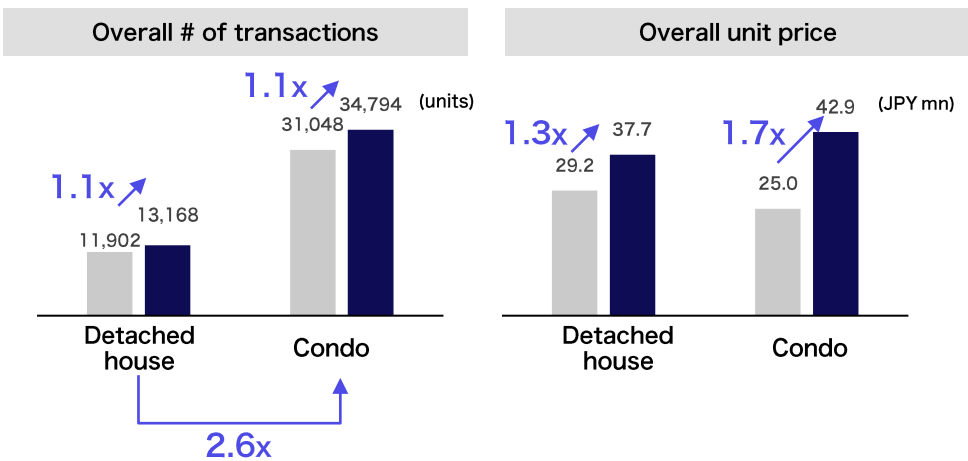
(Source) Ministry of Land, Infrastructure, Transport and Tourism Residential market research 2022

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.

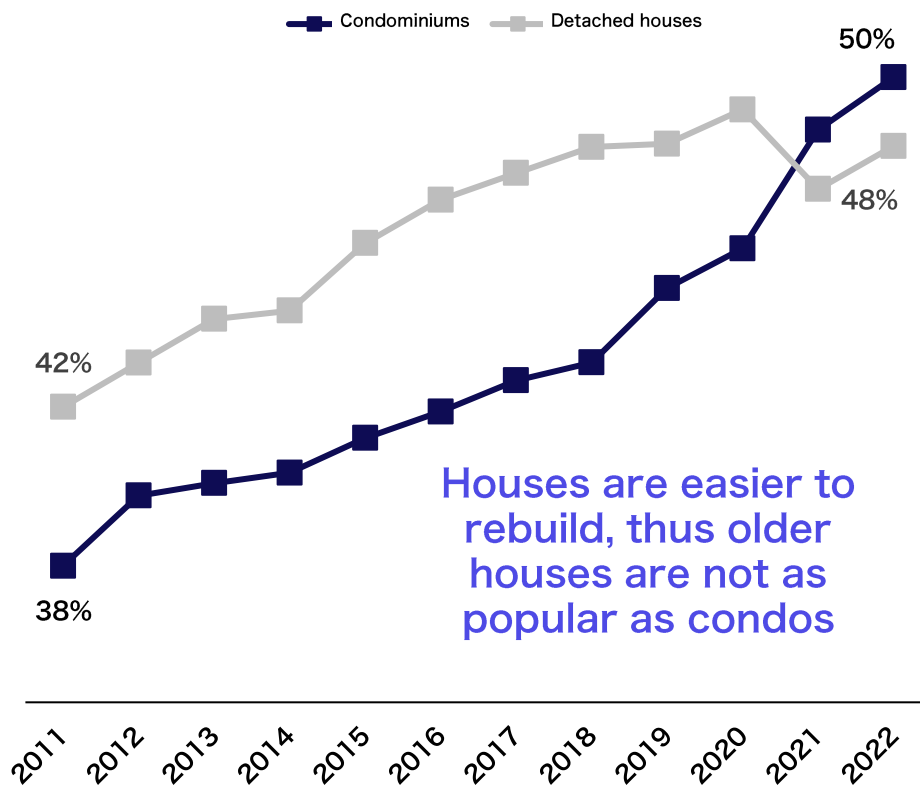
The unit price & # of contracts for condos (20+yrs) increased significantly, supported by strong demand in urban areas

<# 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>

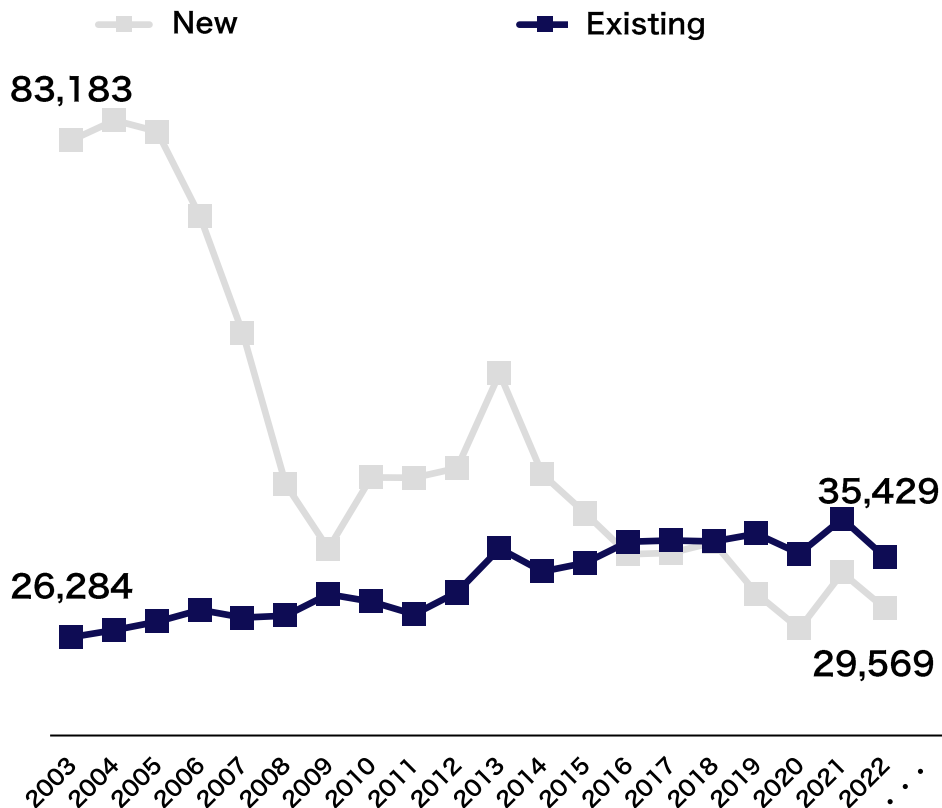


(Source) REINS "Market Watch", Starmica holdings

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

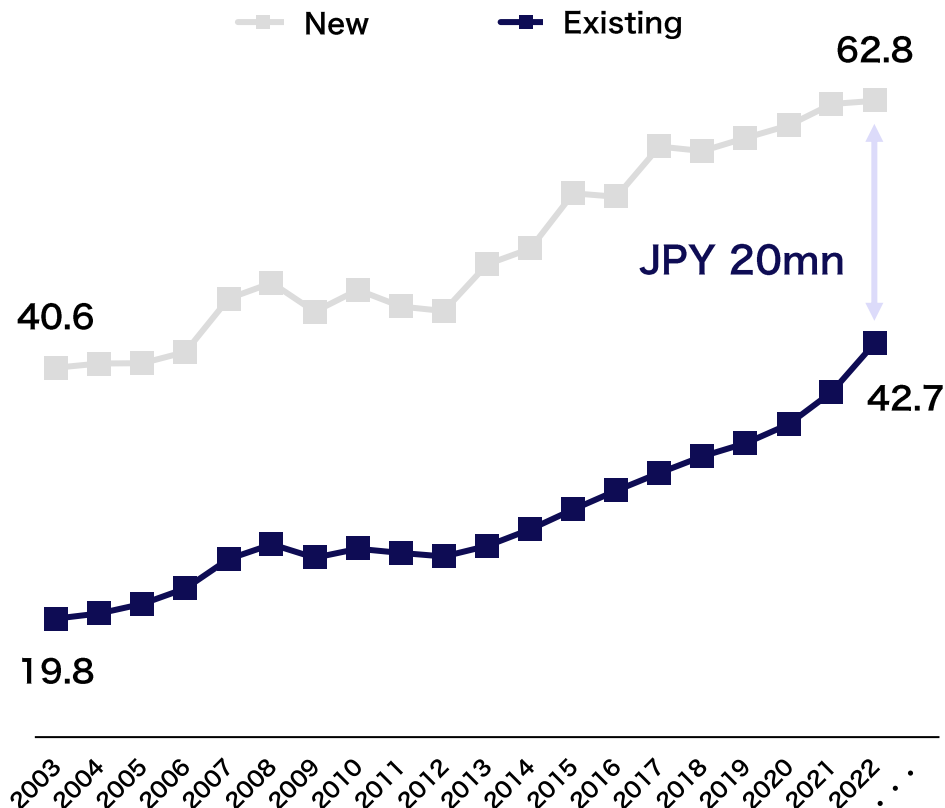
Since 2016, the number of existing condo transactions has surpassed the new condos

<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) 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

b. 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

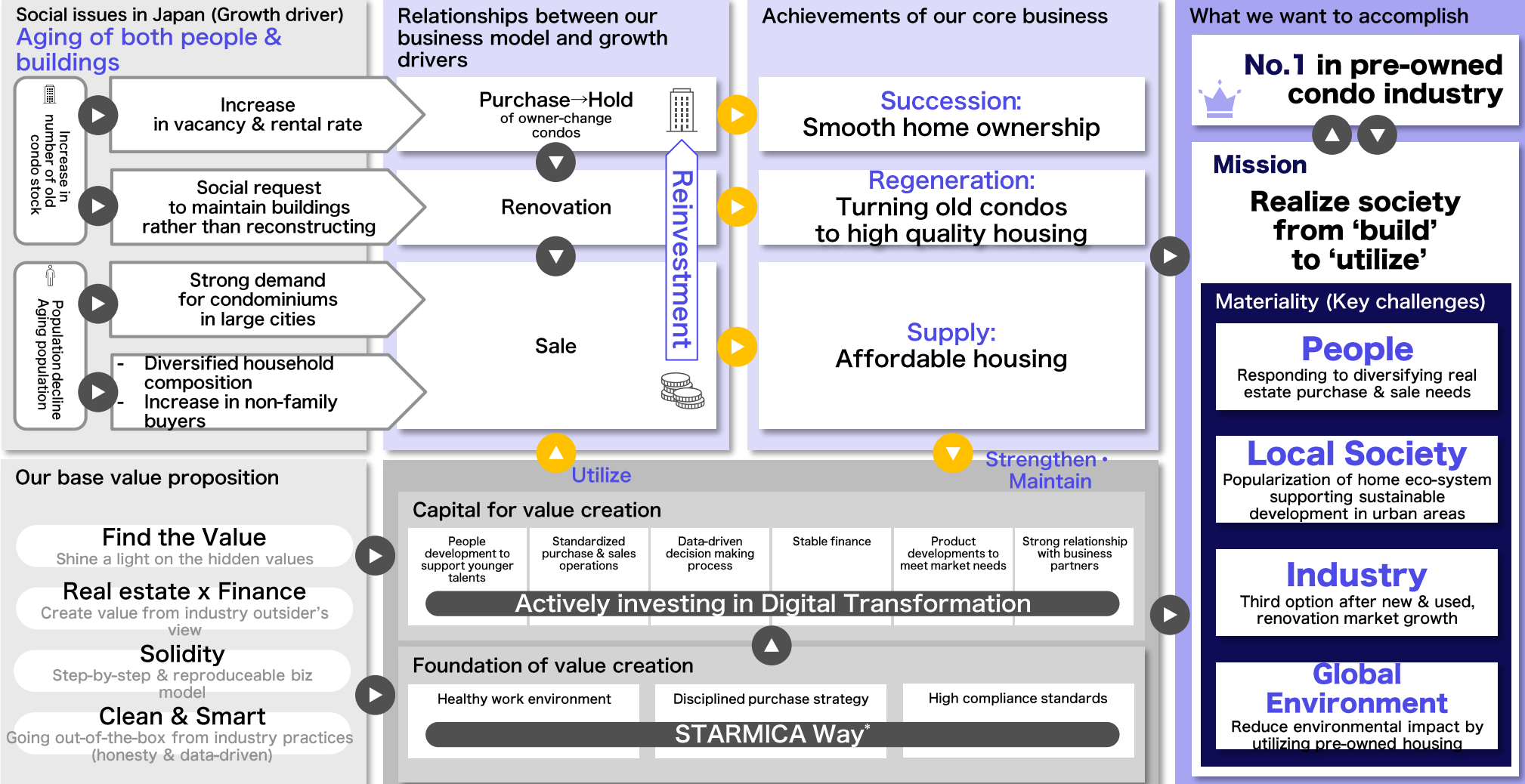
Through our business, we solve problems that are faced by Japanese society, and will maintain our position as a company that is needed by Japanese society in the future.



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

c. 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

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**STAR
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Residence

**STAR
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Property

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

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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

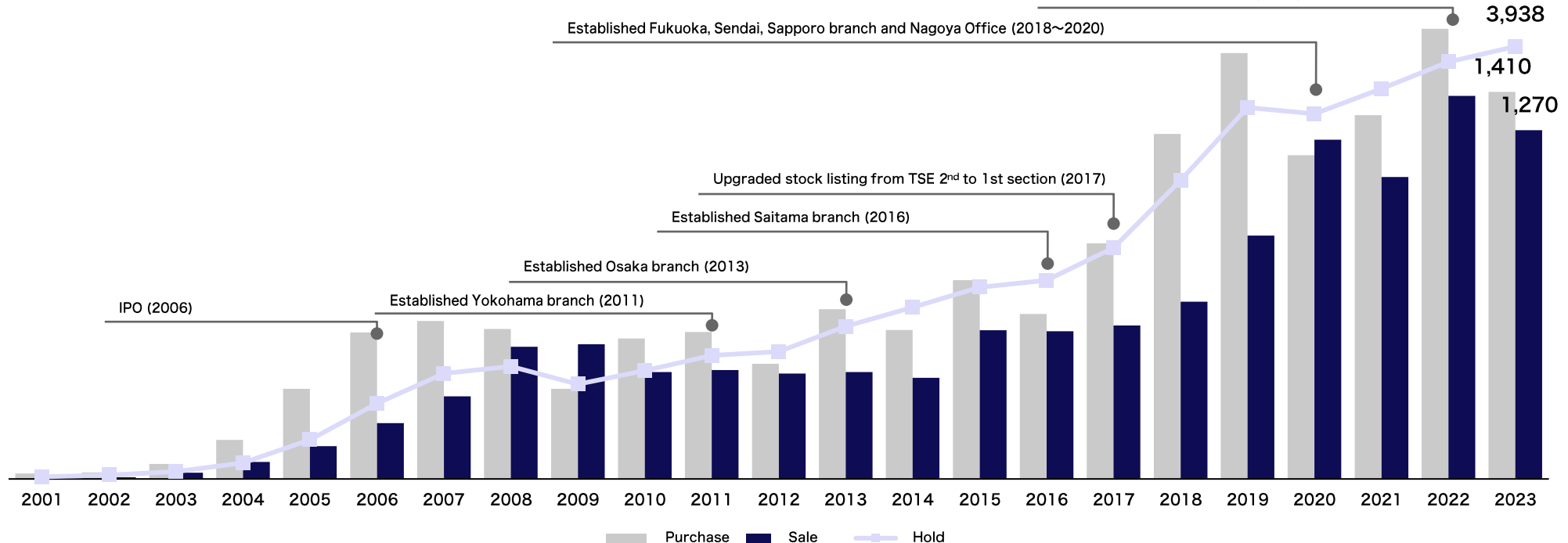
< Establishment stage >

Strengthened our business model by building up inventories

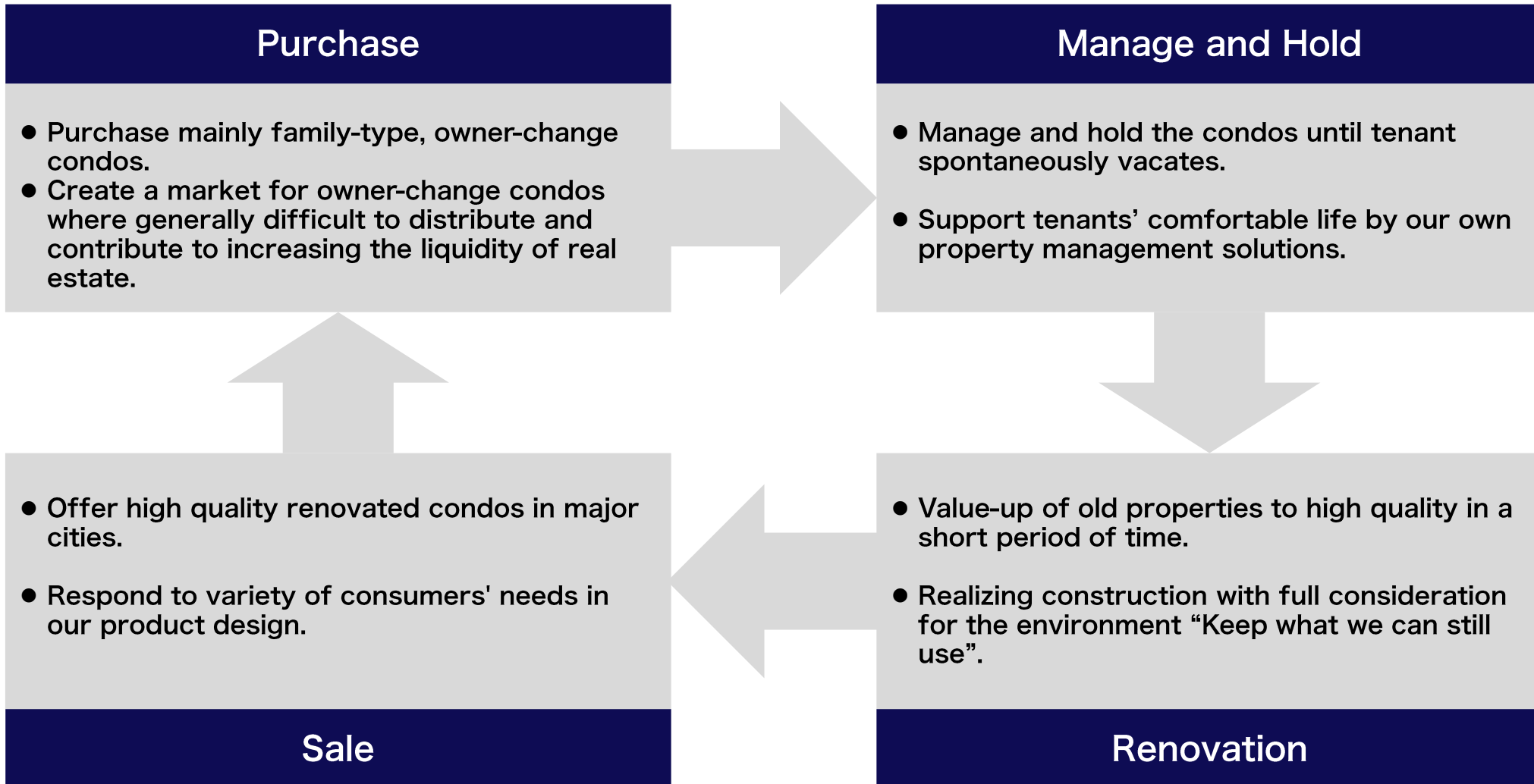
< Expansion stage
~ Stable growth >

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.



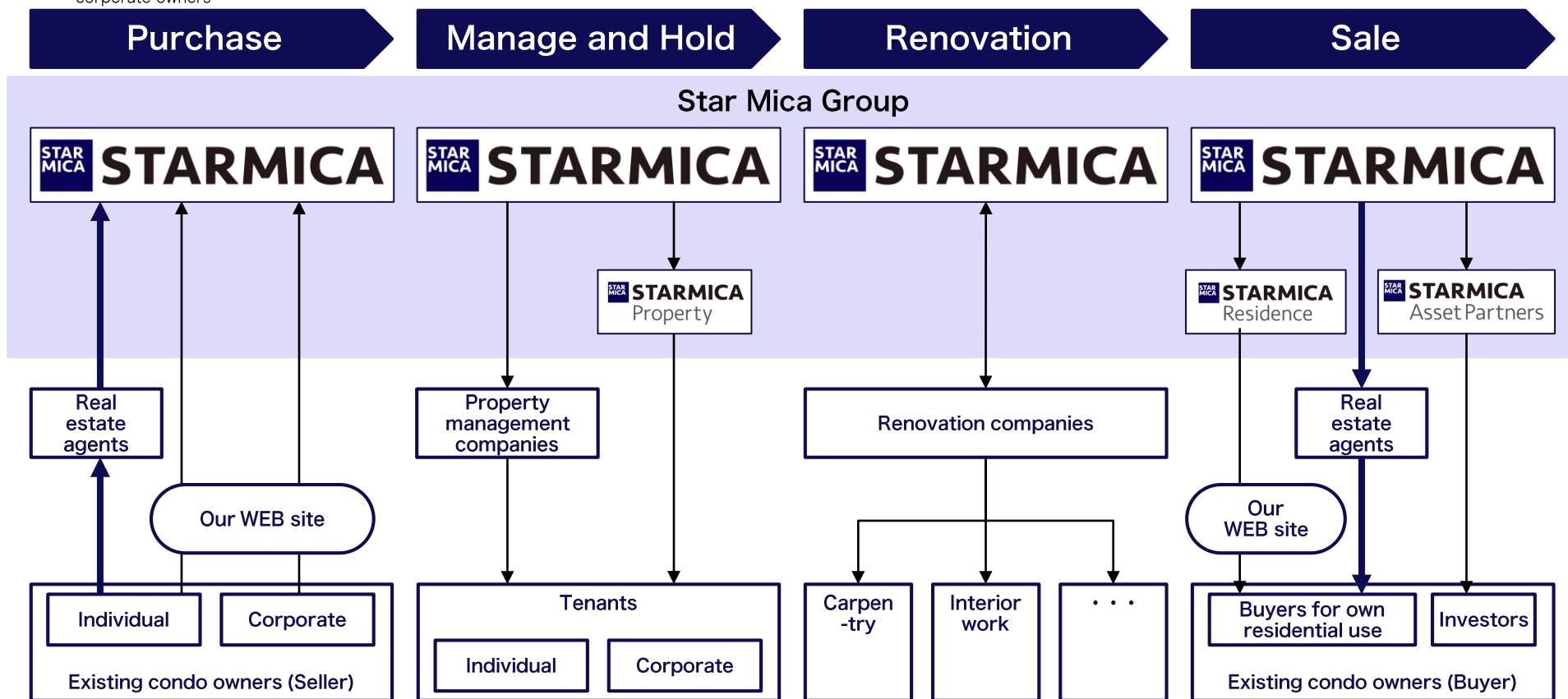
- Purchase and sales transactions are mainly direct with consumers.
- Efficiently operating by balancing between in-house production and outsourcing.

- 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

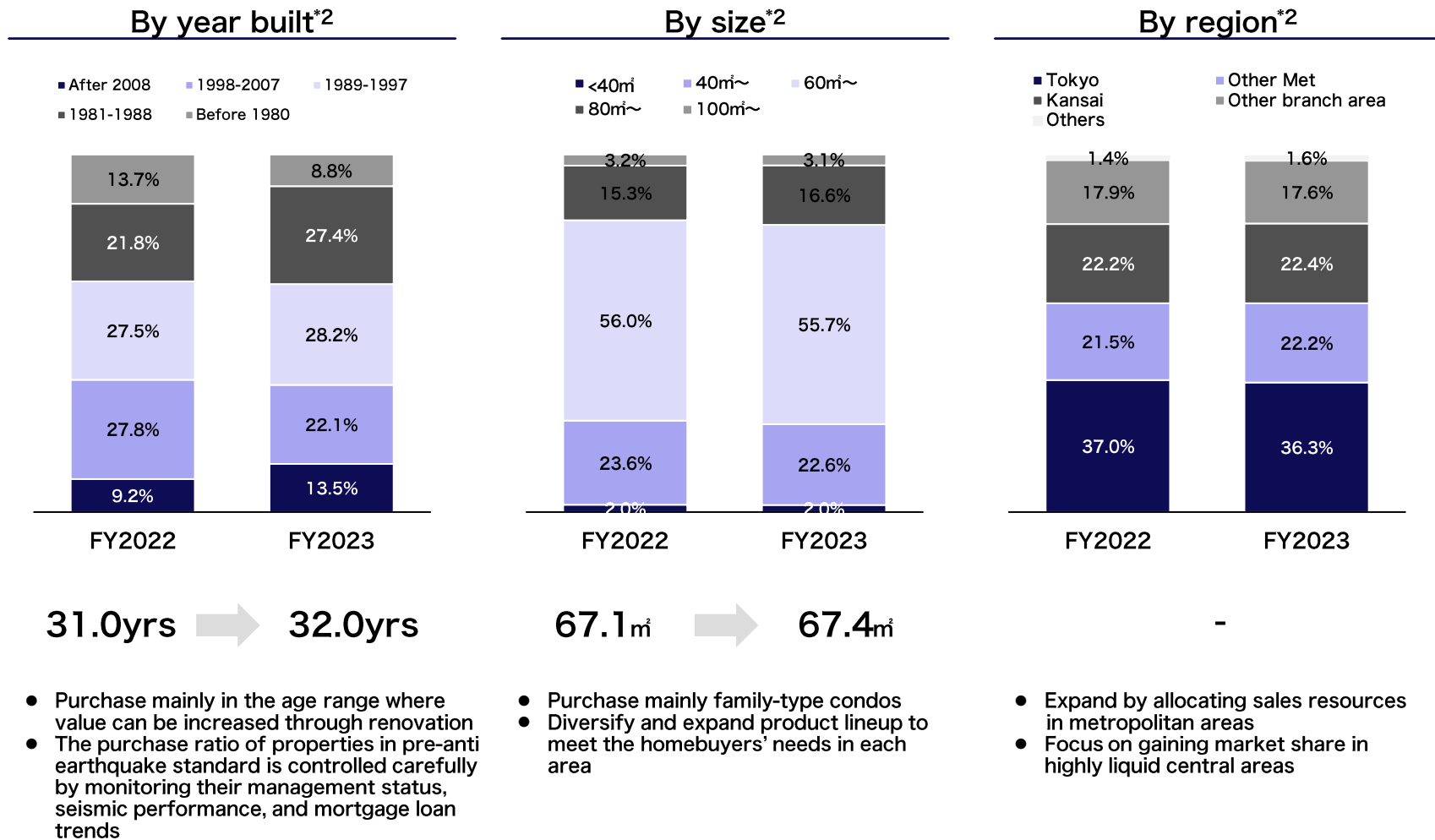
- Over half of our condos in Tokyo metropolitan area are managed by property management subs
- Condos in regional areas are outsourced to external property management companies

- 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

Company name	Star Mica Holdings Co., Ltd.
Representative	President and CEO Masashi Mizunaga
Date of incorporation	July 24, 1998
Listing date	June 1, 2019
Listed market	Tokyo Stock Exchange Prime Section (stock code: 2975)
Shareholders' equity	JPY 24,576mn
Group	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.
Offices	Tokyo head office (Minato-ku) Branches in Sapporo, Sendai, Saitama, Yokohama, Osaka, Kobe, Fukuoka
Main Bank	MUFG Bank, Aozora Bank, Mizuho Bank, Sumitomo Mitsui Banking Corporation, Resona Bank, Sumitomo Mitsui Trust Bank
Auditor	KPMG AZSA LLC
Number of employees	201
Businesses	Renovated Condominium Business, Investment Business, Advisory Business

¹ Consolidated basis unless otherwise noted

 **STARMICA HOLDINGS**

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