



MEMBERSHIP

April 30, 2025

Company: Star Mica Holdings Co., Ltd.
Representative: Masashi Mizunaga, President and CEO
(Code 2975 on the Tokyo Stock Exchange Prime Market)
Contact: Manabu Nagaya, Executive Officer
URL <https://www.starmica-holdings.co.jp/en/>

Notice Regarding Capital and Business Alliance and Issuance of New Shares Through Third-Party Allotment

Star Mica Holdings Co., Ltd. (TOKYO: 2975: hereinafter referred to as "the Company") hereby announces that at our board of directors meeting held on April 30, 2025, we resolved to enter into a capital and business alliance agreement (hereinafter referred to as the "Capital and Business Alliance Agreement" and the capital and business alliance with DBJ based on the Capital and Business Alliance Agreement is referred to as the "Capital and Business Alliance") with Development Bank of Japan Inc. (hereinafter referred to as the "Allottee" or "DBJ"), and to issue new shares to DBJ through third-party allotment (hereinafter referred to as the "Third-Party Allotment").

I . Overview of this capital and business alliance

1. Purpose and reasons for this capital and business alliance

Our group has set "the realization of a society where people and buildings are aging" as its corporate philosophy (mission) and is working to popularize and establish a housing circulation system through the supply of renovated condominiums in a society where both people and buildings are aging.

In addition, in our medium-term management plan "Find the Value 2026" announced on January 12, 2024, we have set five business strategies that are conscious of profitability and efficiency (return to owner-change properties / expansion of urban share / remodeling structural reform / shortening the sales business period (disciplined inventory management) / promotion of fund formation) and aim to maximize our corporate value.

Under these circumstances, DBJ, with whom we have been proposing various financial services to us, offered this capital and business alliance, as it deepened its understanding of the current state and challenges of our group's business, with the aim of supporting the promotion of the business strategy and enhancement of corporate value set out in our medium-term management plan, "Find the Value 2026," with the aim of achieving quantitative targets in the plan, including the EPS growth rate. Our company has concluded that, because DBJ (i) is a financial institution with an extremely stable foundation, wholly owned by the Japanese government, (ii) is a policy financial institution that not only provides long-term capital through investments and loans, but also provides consulting and advisory services in a variety of fields, including M&A and alliances, and has an investment policy that contributes to improving the medium- to long-term corporate value of investee companies by supporting them in a multifaceted way, not just in terms of capital, but also in terms of networks, know-how, human resources, etc., and has a track record of providing management support to listed companies through similar schemes in the past, and (iii) has expanded its services beyond financial products and broadened its support for non-financial aspects, receiving various management support from DBJ, mainly through the promotion of the creation of funds, will contribute greatly to the steady advancement of our group's medium-term management plan and, ultimately, to

improving our medium-long-term corporate value. The Company has issued new shares (hereinafter referred to as the "Common Shares") to DBJ through a third-party allotment in order to use the proceeds for capital contributions to liquidation funds to be formed in the future and acquisition funds for properties to be incorporated into the liquidation funds, with the main objective of receiving support for realizing the "promotion of fund creation" set out in the medium-term management plan "Find the Value 2026" and increasing corporate value. We believe that DBJ's holding of the Common Shares is an effective method in that it allows the Company to raise funds for the above-mentioned property acquisitions while sharing incentives for increasing the Company's corporate value.

2. Details of the capital and business alliance

(1) Details of the capital alliance

Through this third-party allotment, we will allocate 755,900 shares of our common stock (2.23% of the total number of issued shares after this third-party allotment, excluding treasury shares) to DBJ. For details of this third-party allotment, please refer to "II. About this third-party allotment" below.

(2) Details of the business alliance

In this capital and business alliance, DBJ will consider investing in the fund (hereinafter referred to as the "Fund") to liquidate a group of condominiums owned by our group, as well as the strategy related to the Fund. DBJ will provide support to form a new fund (Note).

This alliance will contribute to the "promotion of fund creation" set out as a business strategy in the medium-term management plan announced by the Company on January 12, 2024. In addition, the Company will leverage the above support from DBJ as a foothold for "promotion of fund creation," aiming to improve the medium- to long-term corporate value of the Group in the future, including diversifying fundraising methods and developing a future fund business.

(Note) Private placement handling services related to this fund will be outsourced to a third party.

3. Overview of the Partner in the Capital and Business Alliance

(as of September 30, 2024)

(1)	Name	Development Bank of Japan Inc.
(2)	Location:	Otemachi Financial City South Tower, 9-6, Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan
(3)	Name and title of representative	Seiji Jige, President and CEO
(4)	Business operations	Finance and insurance
(5)	Capital	1,000,424 million yen (fully funded by the government)
(6)	Date of establishment	October 1, 2008
(7)	Number of shares issued	43,632,360 shares
(8)	Fiscal year end	March 31
(9)	Number of employees	(Consolidated) 1,891
(10)	Major clients	—
(11)	Major banks	—
(12)	Major shareholders and shareholding ratio	Minister of Finance, 100%
(13)	Relationship between listed companies and the company in question	
	Capital relationship	Not applicable.

Personnel relationship	Not applicable.		
Business relationship	Not applicable.		
Related party status	Not applicable.		
(14)	Financial condition and business performance for the past three years (unit: million yen, unless otherwise specified)		
Fiscal year ending	March 2022	March 2023	March 2024
Consolidated net assets	3,832,062	3,963,784	4,108,846
Consolidated total assets	21,508,591	21,482,420	21,698,605
Consolidated net assets per share (yen)	65,892.29	68,285.56	69,826.09
Consolidated ordinary income	310,349	374,584	410,882
Consolidated ordinary profit	86,134	135,387	147,844
Net income attributable to owners of parent	57,612	92,775	103,205
Net income per share (yen)	1,382.07	1,889.44	2,229.02
Dividend per share (yen)	358	419	490

*We have confirmed through the securities report submitted by the intended allottee to the Director-General of the Kanto Regional Financial Bureau on June 26, 2024 that the intended allottee has formulated a "Basic Policy for Internal Control" and has established a system to completely block any ties with antisocial forces that threaten social order and safety, and that the only shareholder of the intended allottee is the Minister of Finance. Based on these, we have determined that the intended allottee and its officers or major shareholders (major investors) have no ties whatsoever with antisocial forces and have submitted confirmation to that effect to Tokyo Stock Exchange, Inc. (hereinafter referred to as "Tokyo Stock Exchange").

4. Schedule

(1)	Date of Board of Directors Resolution	April 30, 2025
(2)	Date of Conclusion of Capital and Business Alliance Agreement	April 30, 2025
(3)	Payment Deadline for Third-Party Allotment	May 16, 2025
(4)	Start Date of Capital and Business Alliance	May 16, 2025

5. Future Outlook

Please refer to "II. Third-Party Allotment 8. Future Outlook" below.

II. About the Third-Party Allotment

1. Overview of the Offering

1. Overview of the disposal

(1)	Payment Date	May 16, 2025
(2)	Number of New Shares to be Issued Common shares	755,900 shares
(3)	Issue Price	926 yen per share
(4)	Amount of Funds to be Raised	699,963,400 yen
(5)	Method of Offering or Allotment (Planned Allottee)	All shares will be allotted to Development Bank of Japan Inc. by way of third-party allotment.
(6)	Others	The above items are subject to the condition that the securities registration statement under the Financial Instruments and Exchange Act takes effect.

2. Purpose and Reason for the Third-Party Allotment

As described above in "I. Overview of the Capital and Business Alliance 1. Purpose and Reason for the Capital and Business Alliance," the issuance of new shares by third-party allotment will be carried out in conjunction with the capital and business alliance with DBJ, the planned allottee, in order to promote our group's medium-term management plan "Find the Value 2026" and to improve our corporate value in the medium to long term.

In conducting this third-party allotment of new shares, we have considered a range of fundraising methods that will contribute to increasing our corporate value, including raising funds through debt such as bank loans and corporate bonds.

Although this third-party allotment of new shares will result in a dilution of our total voting rights by 2.28%, by expanding our equity capital and strengthening our financial base, we will be able to raise further funds through debt such as bank loans, and this will contribute to the financial strategy of "maximizing utilized cash" in our medium-term management plan "Find the Value 2026," so we have determined that issuing new shares through this third-party allotment is optimal.

3. Amount, use and planned expenditure of funds to be raised

(1) Amount of funds to be raised

Total amount paid (yen)	Estimated amount of issuance expenses (yen)	Estimated net proceeds (yen)
699,963,400	6,600,000	693,363,400

(Note) 1. The estimated amount of issuance expenses does not include consumption tax.

(Note) 2. Issuance expenses mainly consist of attorney's fees, registration and license taxes and other administrative expenses (printing administrative expenses, registration expenses), etc.

(2) Specific use and planned expenditure of funds to be raised

The specific use of the estimated net proceeds of 693,363,400 yen to be raised by our company through this third-party allotment is as follows.

The funds raised will be managed and stored in stable financial assets such as bank deposits until they are actually spent.

Specific use of funds	Amount (million yen)	Planned expenditure period
i . Contribution to liquidation fund	300	May 2025 - November 2026
ii . Funds for acquiring properties to be incorporated into liquidation fund	393	May 2025 - November 2026

(Note) 1. The funds will be kept in our bank account until they are used for the above purposes.

(Note) 2. There is no priority order for the specific uses above. The funds will be used in the order of earliest expenditure.

<Use of proceeds>

The Group has set "promotion of fund creation" as one of the business strategies in its medium-term management plan "Find the Value 2026." The Group plans to use the entire amount of funds raised through this third-party allotment of new shares (693 million yen) as capital contributions to liquidation funds and property acquisition funds to be incorporated into newly established liquidation funds.

4. View on the rationality of the use of funds

By using the funds raised through this third-party allotment for the purposes described in "3. Amount, use and planned expenditure of funds to be raised (2) Specific use and planned expenditure of funds to be raised" above, we believe that it is rational from the perspective of our management because it will lead to the improvement of our corporate value and the maximization of shareholder interests in the medium to long term through the realization of "promotion of fund formation," one of the business strategies of our medium-term management plan "Find the Value 2026."

5. Rationality of issuance conditions, etc.

(1) Basis for calculation of the amount to be paid and its specific details

The issue price of the common stock is set at 926 yen (rounded to the nearest yen), which is the average closing price of our common stock (hereinafter referred to as the "closing price") on the Tokyo Stock Exchange Prime Market for the one month period (from March 31, 2025 to April 28, 2025) up to the business day immediately preceding the date (April 28, 2025) of the board of directors' resolution regarding this third-party allotment (hereinafter referred to as the "Board of Directors' Resolution Date").

The basis for calculating the pay-in amount for this Third-Party Allotment was the average closing price for the one month period up to the business day immediately preceding the date of the Board of Directors' resolution, as it was determined that using the average stock price over a certain period, rather than using a specific point in time as the basis for calculation, is more objective as it is able to eliminate special factors such as the impact of temporary stock price fluctuations, while it is also more in line with recent stock price trends than using the average closing prices for the preceding three or six months, and this was agreed upon between the intended allottee and our company after sufficient discussion.

The issue price is a discount of 4.04% on the closing price 965 yen on the business day immediately preceding the date of the Board of Directors' resolution, a premium of 3.93% on the average closing price 891 yen (rounded to the nearest yen) for the three months immediately preceding the business day immediately preceding the date of the Board of Directors' resolution, and a premium of 14.60% on the average closing price 808 yen (rounded to the nearest yen) for the six months immediately preceding the same. The above issue price complies with the Japan Securities Dealers Association's "Guidelines for Handling Third-Party Allotments" (dated April 1, 2010), and we have determined that it is not particularly favorable.

In addition, our audit and supervisory committee has stated that the payment amount for this third-party allotment is based on an objective market price, complies with the Japan Securities Dealers Association's "Guidelines for Handling Third-Party Allotments," is not particularly favorable, and is lawful.

(2) Basis for determining that the issue quantity and the scale of share dilution are reasonable

The number of common shares to be issued through this third-party allotment is 755,900 shares (number of voting rights 7,559), which will result in dilution at a rate of 2.22% (the ratio to the total number of voting rights is 2.28%) against the total number of our issued common shares 34,000,000 shares (total number of voting rights 331,131) as of November 30, 2024. On the other hand, we believe that this third-party allotment of new shares will contribute to the improvement of

our medium- to long-term corporate value and ultimately to the improvement of shareholder value by focusing on "promotion of fund formation," one of the business strategies in our medium-term management plan "Find the Value 2026."

Based on the above, we have determined that the number of shares issued and the scale of dilution of shares through this third-party allotment of new shares are reasonable.

6. Reasons for selecting the intended allottee, etc.

(1) Overview of the intended allottee

As described above in "I. Overview of the capital and business alliance, 3. Overview of the counterparty in the capital and business alliance."

(2) Reasons for selecting the intended allottee

As described above in "I. Overview of the capital and business alliance, 1. Purpose and reasons for the capital and business alliance."

(3) The Allottee's Holding Policy

The Company has been verbally informed by the Allottee that it is its policy not to transfer the Shares to a third party within a short period after the allocation, since the Allottee expects the Company's medium-long-term growth and aims to obtain capital gains (recovering investment funds when selling the Shares) by improving the Company's medium-long-term corporate value and maximizing the share value. However, the Company's policy is to sell the Shares while taking into consideration the Company's group's performance and dividend situation, market trends, etc.

In addition, the Company plans to obtain a written commitment from the Allottee by the payment date that if the Allottee transfers all or part of the Shares acquired through the Third Party Allotment within two years from the payment date, the Allottee will immediately report to the Company in writing the name and address of the transferee, the number of shares transferred, the transfer date, the transfer price, the reason for the transfer, the method of the transfer, etc., and that the Company will report the contents of the report in writing to the Tokyo Stock Exchange, and that the contents of the report will be made available for public inspection.

(4) Details of confirmation regarding the existence of assets required for payment by the allottee

The Company has received a report from the allottee that it already has the enough funds required for payment. In addition, based on the interim consolidated balance sheet for September 30, 2024 in the semi-annual report submitted by the allottee to the Director-General of the Kanto Regional Financial Bureau on December 20, 2024, the Company has confirmed that the allottee holds sufficient cash and cash equivalents (cash deposits: 1,241,046 million yen) to pay for the shares, and has determined that it will be able to secure sufficient funds to subscribe for the shares on the payment date.

(5) Lock-up

The company and DBJ agree that from the payment due date until November 16, 2025 (sixth months after the payment due date), DBJ will not transfer (whether on or off the financial instruments exchange market), provide as collateral, or otherwise dispose of the Shares it holds without our prior written consent.

7. Major shareholders and shareholding ratios after the third-party allotment

Before the third-party allotment (as of November 30, 2024)		After the third-party allotment	
Masashi Mizunaga	36.67%	Masashi Mizunaga	35.85%

The Master Trust Bank of Japan, Ltd. (trust account)	10.40%	The Master Trust Bank of Japan, Ltd. (trust account)	10.17%
Custody Bank of Japan, Ltd. (trust account)	8.16%	Custody Bank of Japan, Ltd. (trust account)	7.98%
-	-	Development Bank of Japan Inc.	2.23%
KIA FUND 136 (standing proxy: Citibank, N.A.)	2.00%	KIA FUND 136 (standing proxy: Citibank, N.A.)	1.96%
Nomura Securities Co., Ltd.	1.97%	Nomura Securities Co., Ltd.	1.93%
MSCO CUSTOMER SECURITIES (standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1.97%	MSCO CUSTOMER SECURITIES (standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1.92%
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND (Standing proxy: Citibank, N.A.)	1.83%	THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND (Standing proxy: Citibank, N.A.)	1.79%
Ark Securities Co., Ltd.	1.74%	Ark Securities Co., Ltd.	1.70%
NORTHERN TRUST CO.(AVFC) RE UK PENSION FUNDS EXEMPT LENDING ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	1.68%	NORTHERN TRUST CO.(AVFC) RE UK PENSION FUNDS EXEMPT LENDING ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	1.65%

- (Notes) 1. The major shareholders and shareholding ratios before this third-party allotment are calculated by dividing the number of shares held as of November 30, 2024 by the total number of issued shares as of the same date (excluding treasury shares).
2. The major shareholders and shareholding ratios after this third-party allotment are calculated by adding 755,900 of common shares of the Company that will increase as a result of this third-party allotment to the total number of issued shares as of November 30, 2024 (excluding treasury shares).
3. The shareholding ratios are rounded to the second decimal place.
4. The Company holds 875,589 treasury shares (as of November 30, 2024), but these are excluded from the above list of major shareholders.

8. Future outlook

The impact of this third-party allotment on our group's performance for the fiscal year ending November 2025 will be minor, but we believe that the support from DBJ based on this capital and business alliance and the funds raised through this third-party allotment will enable us to promote our group's medium-term management plan "Find the Value 2026" and improve our medium- to long-term corporate value.

9. Matters related to procedures under the Code of Corporate Conduct

Since this third-party allotment of shares will (1) have a dilution rate of less than 25% and (2) not involve a change in controlling shareholders, it is not necessary to obtain an opinion from an independent third party or to confirm the opinion of shareholders as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange.

10. Business performance and equity financing status for the past three years

(1) Business performance for the past three years (unit: million yen, unless otherwise specified)

	Fiscal year ending November 2022	Fiscal year ending November 2023	Fiscal year ending November 2024
Consolidated sales	48,211	48,877	55,849

Consolidated operating profit	6,098	4,846	5,524
Consolidated ordinary profit	5,418	3,921	4,607
Net income attributable to owners of parent	3,709	2,664	3,106
Consolidated net income per share (yen)	107.21	79.59	92.98
Dividend per share (yen)	39.00	20.00	23.00
Consolidated net assets per share (yen)	634.02	693.58	768.06

(Note) Although a stock split at a ratio of 2 shares for each share of common stock was resolved at the Board of Directors meeting held on September 30, 2022, and implemented on December 1, 2022, the consolidated net income per share, dividend per share and consolidated net assets per share are calculated assuming that the stock split was carried out at the beginning of the fiscal year ended November 2022.

(2) Current status of number of issued shares and number of potential shares (as of November 30, 2024)

Type	Number of shares	Percentage of number of issued shares
Number of issued shares	34,000,000 shares	100.00%
Number of potential shares at current conversion price (exercise price)	282,349 shares	0.83%
Number of potential shares at lower conversion price (exercise price)	—	—
Number of potential shares at upper conversion price (exercise price)	—	—

(Note) The above number of potential shares is based on stock options.

(3) Recent stock price situation

i . Situation over the last three years

	Fiscal year ending November 2022	Fiscal year ending November 2023	Fiscal year ending November 2024
Opening price	619 yen	724 yen	607 yen
High price	896 yen	731 yen	710 yen
Low price	567 yen	571 yen	494 yen
Closing price	716 yen	607 yen	679 yen

(Note) Although a stock split at a ratio of 2 shares for each share of common stock was resolved at the Board of Directors meeting held on September 30, 2022, and implemented on December 1, 2022, the stock price is stated assuming that the stock split was carried out at the beginning of the fiscal year ended November 2022.

ii . Situation over the last six months

	November 2024	December 2025	January 2025	February 2025	March 2025	April 2025
Opening price	641 yen	672 yen	788 yen	865 yen	928 yen	980 yen
High price	698 yen	799 yen	865 yen	913 yen	956 yen	1,001 yen
Low price	636 yen	664 yen	735 yen	845 yen	821 yen	786 yen
Closing price	679 yen	776 yen	855 yen	900 yen	920 yen	965 yen

(Note) The stock price for April 2025 is as of April 28, 2025.

iii . Stock price on the business day before the issuance resolution date

	As of April 28, 2025
Opening price	978 yen
High price	983 yen
Low price	964 yen
Closing price	965 yen

(4) Status of equity financing for the past three years

Not applicable.

11. Issuance details

See attached document.

(Attachment)

Star Mica Holdings Co., Ltd.
Common stock issue terms

1. Type and number of shares offered

Common stock: 755,900 shares

2. Amount to be paid for the shares offered

926 yen per share.

3. Total amount to be paid

699,963,400 yen

4. Payment deadline

May 16, 2025

5. Amount of increase in capital and capital reserve

Capital: 349,981,700 yen

Capital reserve: 349,981,700 yen

6. Method of offering

All shares will be allotted to Development Bank of Japan Inc. by way of third-party allotment.

7. Payment handling location

MUFG Bank, Ltd. Kyobashi Branch

8. Other

- (1) In the event that amendments to the Companies Act or other laws require the reinterpretation of the provisions of these Terms and Conditions or other measures to be taken, the Company will take the necessary measures.
- (2) The above items are subject to the condition that notifications made under the Financial Instruments and Exchange Act come into effect.
- (3) Other matters necessary for the issuance of shares through third-party allotment will be left to the discretion of the Company's Representative Director.