

Financial Result Summary

For FY Nov 2014

January 9, 2015



STAR MICA CO.,LTD.

Contents

1. Executive Summary

2. Business Outline

3. Corporate Strategy

4. Market Analysis and Reference

5. Company Profile

-PL- Aggressive acquisition led us to record highest past earnings.

- Achieved record high net income of JPY772million, accumulated solid earnings even after VAT hike.
- Increase in properties under management contributed to increased depreciation and amortization, however, EBITDA improved by more than 14%.

	FY Nov 2013	FY Nov 2014	YoY Change
	(JPY million)	(JPY million)	
Sales	13,543	13,901	+2.6%
Gross profit	3,239	3,531	+9.0%
Operating income	1,803	1,903	+5.5%
Recurring profit	1,230	1,286	+4.5%
Net income	744	772	+3.8%
Depreciation/Amortization	257	451	+75.3%
EBITDA^(※)	2,061	2,354	+14.2%

※ EBITDA = Operating income + Depreciation / Amortization

All business units achieved better earnings YoY. Gross profit recorded JPY3.5billion, over past highest.

	FY Nov 2013		FY Nov 2014		YoY Change	Explanation of business units
	(JPY million)		(JPY million)			
Sales	13,543		13,901		+2.6%	
Pre-owned Condominium business	12,410		12,253		-1.3%	Revenue from pre-owned condominium rent/sales
Rent	1,854		2,120		+14.3%	
Sales	10,556		10,132		-4.0%	
Investment business	762		1,199		+57.3%	Revenue excluding pre-owned condominium rent/sales
Advisory business	369		448		+21.2%	Revenue from real estate brokerage, management fee, etc
	FY Nov 2013	Profit Margin	FY Nov 2014	Profit Margin	YoY Change	Explanation of business units
	(JPY million)		(JPY million)			
Gross profit	3,239	23.9%	3,531	25.4%	+9.0%	
Pre-owned Condominium business	2,765	22.3%	2,932	23.9%	+6.0%	Profit from pre-owned condominium rent/sales
Rent	1,359	73.3%	1,558	73.5%	+14.6%	
Sales	1,434	13.6%	1,385	13.7%	-3.4%	
Mark-to-market loss	-28	-	-11	-	-	
Investment business	167	22.0%	242	20.2%	+44.4%	Profit from pre-owned condominium rent/sales
Advisory business	305	82.7%	356	79.6%	+16.7%	Profit from real estate brokerage, management fee, etc

-BS- Total real estate holdings reached past record high, secured future revenue source.

- Properties for sale recorded over JPY31.1billion, including acquisition in western Japan.
- Tangible fixed assets are over JPY10.1billion from aggressive acquisition.

	FY Nov 2013	FY Nov 2014	YoY Change
	(JPY million)	(JPY million)	
Current assets	29,070	33,636	+15.7%
Cash and deposits	1,674	2,037	+21.6%
Inventories (※)	26,977	31,170	+15.5%
Fixed assets	8,475	10,590	+25.0%
Tangible fixed assets (※)	8,071	10,144	+25.7%
Total assets	37,545	44,229	+17.8%
Short-term liabilities	6,535	5,213	-20.2%
Long-term liabilities	20,055	27,393	+36.6%
Shareholder's equity	10,903	11,554	+6.0%
Capital-to-asset ratio	29.0%	26.1%	

※ Most of the inventories are condos from pre-owned condominium business

※ Most of the fixed assets are properties from investment business

FY 2014 Highlights

- **2014.1 Started Osaka Branch.**
- **2014.4 Started “existing home purchase/sale guarantee liability insurance” service.**
- **2014.5 Started “Living Guide Application” on smartphones.**
- **2014.5 Expanded shareholder benefit plan to semi-annual (May and November).**
- **2014.5 Started cooperative business with Intellex Co., Ltd.**
- **2014.6 Started sales of “Stella Residence Koenji”, after renovation of the whole building.**
- **2014.9 Announced dividend per share increase from JPY16 to JPY18.**
- **2014.9 Started sales of “Stella Residence Nakameguro”, after renovation of the whole building.**

1. Executive Summary

2. Business Outline

3. Corporate Strategy

4. Market Analysis and Reference

5. Company Profile

Corporate Philosophy



STAR MICA

**We strive to realize society
from "build" to "utilize"**

“Renovation” improves asset value.

- Utilize what we have now, adapt recycle, eco-friendly concept to housing.
- Improve asset value by renovating the condominium functionally to almost brand new.
- We have a track record of supplying over 400 condominiums in a year.



before



after

Case 1 : Renovation that supports “women”

- Pursue comfortable living from women’s perspective.
- Product planning focused in storage, line of human flow, and ease of maintenance.

<http://www.shiawase.starmica-r.co.jp/>



Case 2 : Renovation that supports “child care”

- Pursue comfortable living from parents' perspective.
- Product planning focused in child care, child safety, including floor plan and facilities.



Case 3 : Renovation of the entire building

- Renovate condominium unit and also the entire building by large scale.
- Consider not only building exterior or facility but also softwares such as security service and living environment.
- Case example —

STELLA SUITE

TAMAGAWADENENCHOFU

STELLA GARDEN MINAMIKUTA

STELLA SUITE OOI

STELLA GARDEN MIZONOKUCHI

STELLA RESIDENSE KOENJI

STELLA RESIDENSE NAKAMEGURO

etc.



3 key reasons why pre-owned condominiums are preferred.

(1) Reasonable price

- ✓ To be able to own and live in an affordable condominium, less expensive than newly built condominium.

(2) Wide variety of choices

- ✓ To be able to select from large pool, according to one's preference of location, grade, floor plan, etc.

(3) Satisfaction of purchasing the actual condominium after viewing

- ✓ To be able to visit, and confirm living space, window view, maintenance, and neighborhood before making purchase decision.

We offer assurance and security in pre-owned condominium.

Renovation based on our long-term experience.

We supply 400 condominiums/year, approximately 4,000 condominiums to date.

We offer warranty after purchase to buyers.

We offer warranty to condominium to make sure the quality is up to our standard.

Started to provide “**existing home purchase/sale guarantee liability insurance**” service from April 2014, a challenge that leads the industry.

We offer total service in pre-owned condominium universe.

We offer variety of services including brokerage, reform, and management through group companies.

1. Executive Summary

2. Business Outline

3. Corporate Strategy

4. Market Analysis and Reference

5. Company Profile

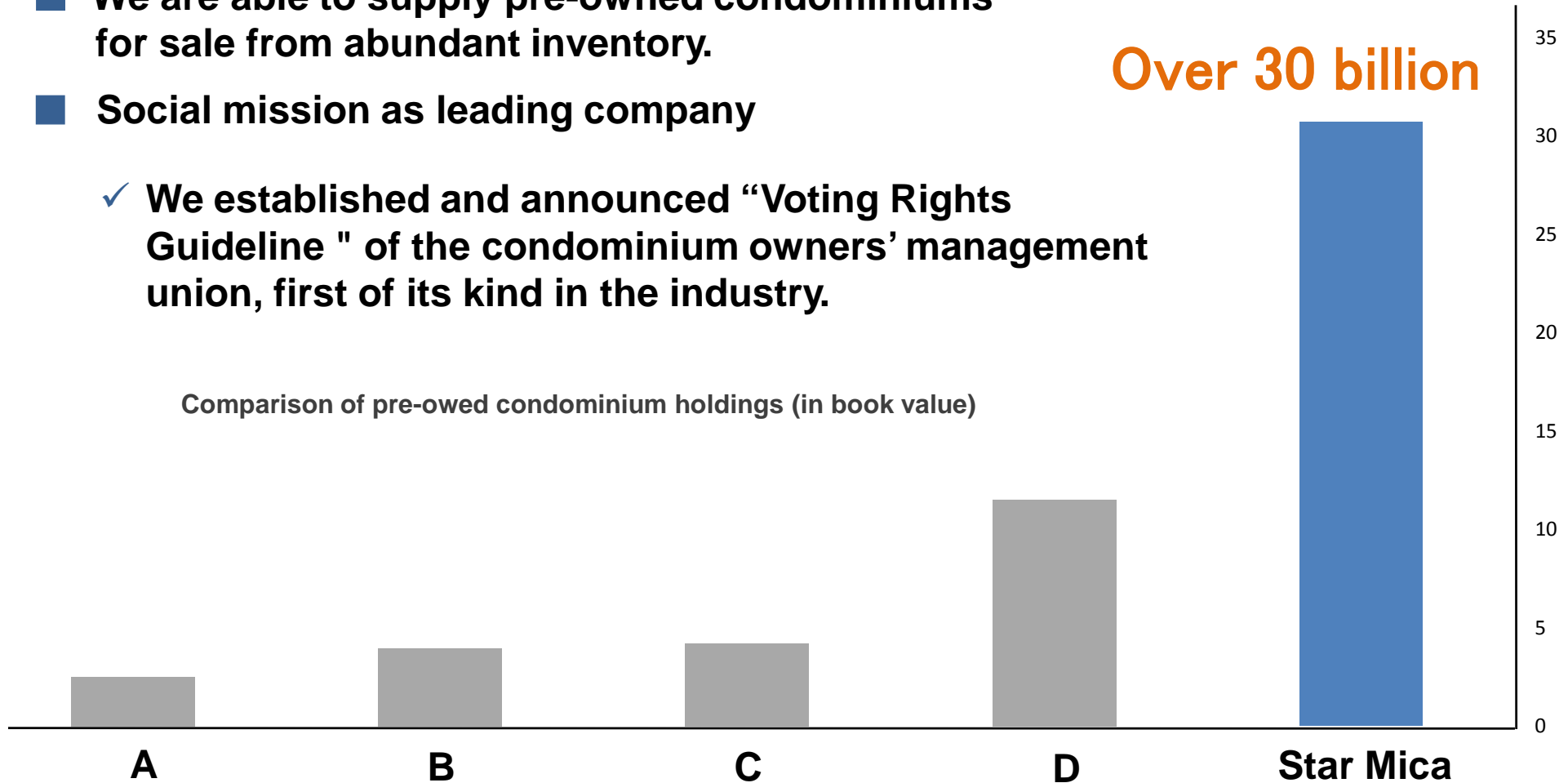
We own largest number of pre-owned condominiums in the industry.

- We are able to supply pre-owned condominiums for sale from abundant inventory.
- Social mission as leading company
- ✓ We established and announced “Voting Rights Guideline ” of the condominium owners’ management union, first of its kind in the industry.

(Unit : JPY billion)

Over 30 billion

Comparison of pre-owed condominium holdings (in book value)



※Summarized by Star Mica from corporate fiscal reports



Unique strategy

- We invest in less liquid pre-owned condominiums that are occupied, rather than more liquid vacant condominiums.
- Our unique strategy was recognized by Porter Prize in 2011.

— Porter Prize —

Award named after Professor Michael E. Porter (Harvard Business School) in Corporate Strategy. This award is given to companies that have innovative product, process and management, with unique strategy and solid earning results.

— Past awards —

YKK “Fastener Business”

Kakaku.com, Inc.

Komatsu

Kirin Brewery

Gourmet Navigator

Fast Retailing Co., Ltd.

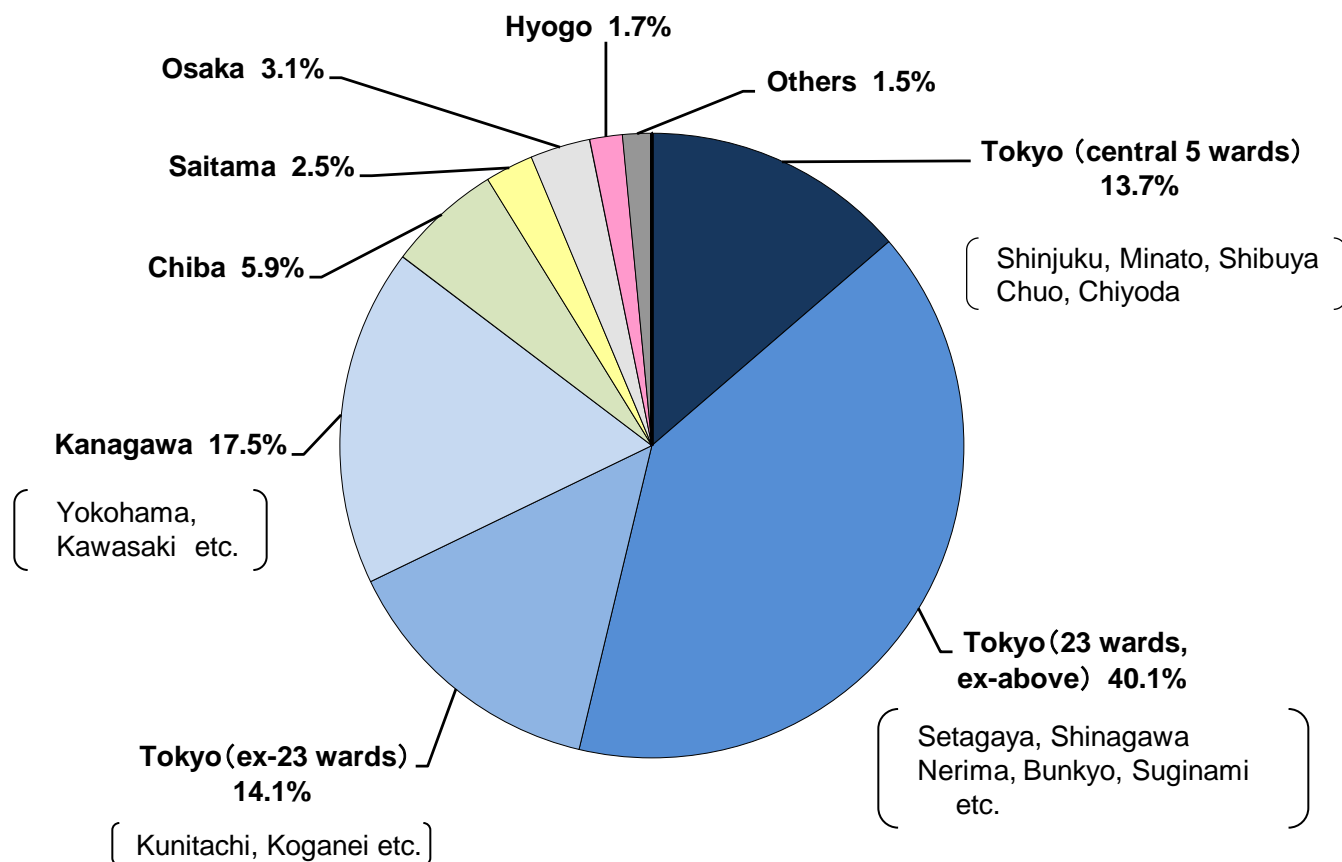
Oisix Inc.

etc.

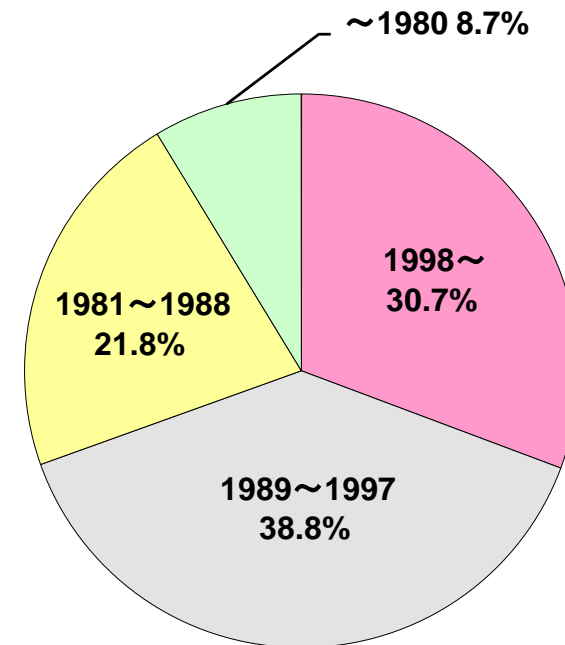


A well diversified condominium portfolio

Composition by region



Composition by year built



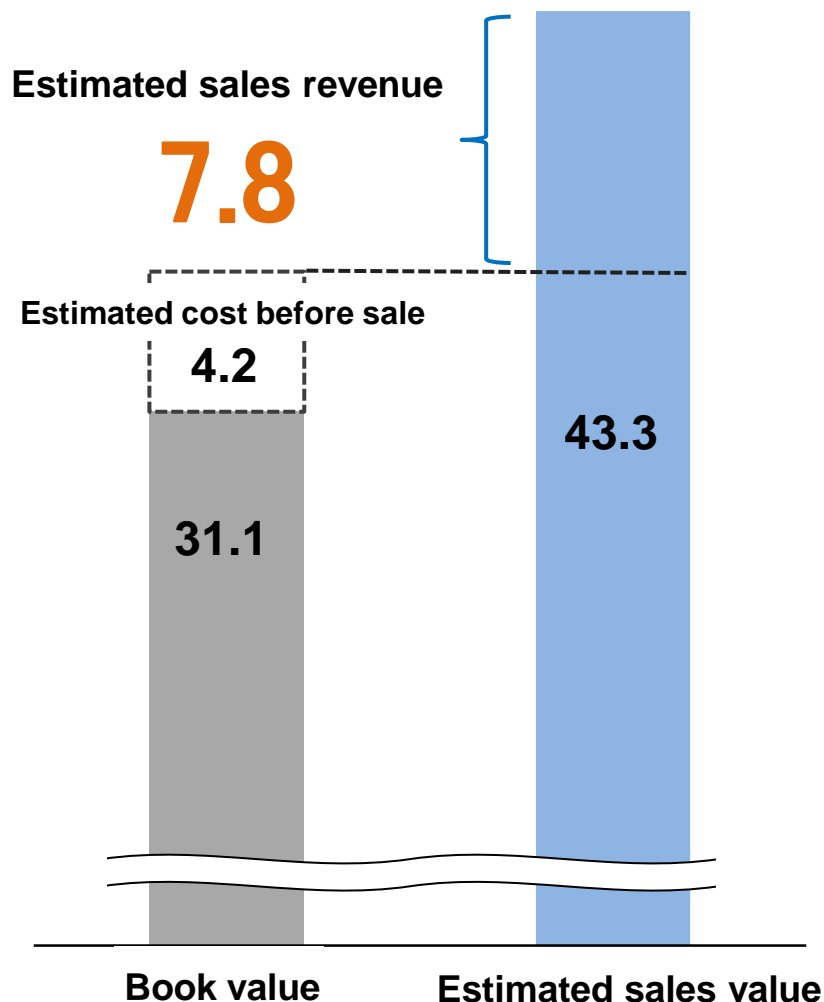
Average unit data

Avg size	62.00 m ²
Avg age	23.2 year
Avg acquisition price	18,969 K

※ Above figures are as of November 2014
 ※ Average property figures are based on number of properties (all unit based)
 ※ Regional and Age segregation are based on acquisition amount (all unit based)

Unrealized gain in pre-owned condominiums are estimated to be approximately 8billion yen.

Unrealized gain from recent FY end book value (Unit: JPY billion)



- Appraisal from third party appraiser reveals inventory value (Estimated sales value) of **JPY43.3billion**.
- Estimated profit from sales will be **JPY7.8billion**, increase by **JPY2.6billion** YoY.

※ Estimated cost before sale is calculated based on past record of transaction fee and renovation cost
 ※ Above figures are based on projection under certain accounting method, this does not guarantee future capital gain revenue

We anticipate to renew past highest sales and profit in FY Nov 2015.

- Revenue from rent and purchase/sale will have solid increase from aggressive acquisition.

	FY Nov 2014	FY Nov 2015 Forecast	YoY Change
	(JPY million)	(JPY million)	
Sales	13,901	14,872	+7.0%
Pre-owned Condominium business	12,253	12,977	+5.9%
Gross profit	3,531	3,757	+6.4%
Pre-owned Condominium business	2,932	3,163	+7.9%
Operating income	1,903	2,109	+10.8%
Recurring profit	1,286	1,400	+8.8%
Net income	772	877	+13.5%
EBITDA (※)	2,354	2,614	+11.0%

※ EBITDA = Operating income + Depreciation/Amortization

Established 3-year business plan.

Goal

- **Expansion in business size.**
 - ✓ Increase in acquisition.
- **Improvement in capital efficiency.**
 - ✓ Increase productivity through managed business project timeline.
 - ✓ Strengthen fee business.



Provide high quality housing in short, medium, and in long term.

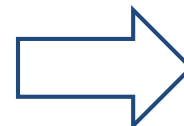
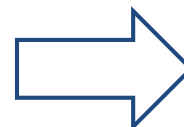
Strategic Emphasis

- ✓ **Pre-owned condominium business** Expand area of acquisition, enhance product quality.
- ✓ **Investment business** Invest in real estate restoration projects to utilize our value-up know-how.
- ✓ **Advisory business** Reinforce real estate brokerage, property management.
- ✓ **Finance/Corporate management** Increase corporate publicity through change in listed market, recruiting efforts.

Expand business size and improve capital efficiency at the same time.

FY Nov 2014

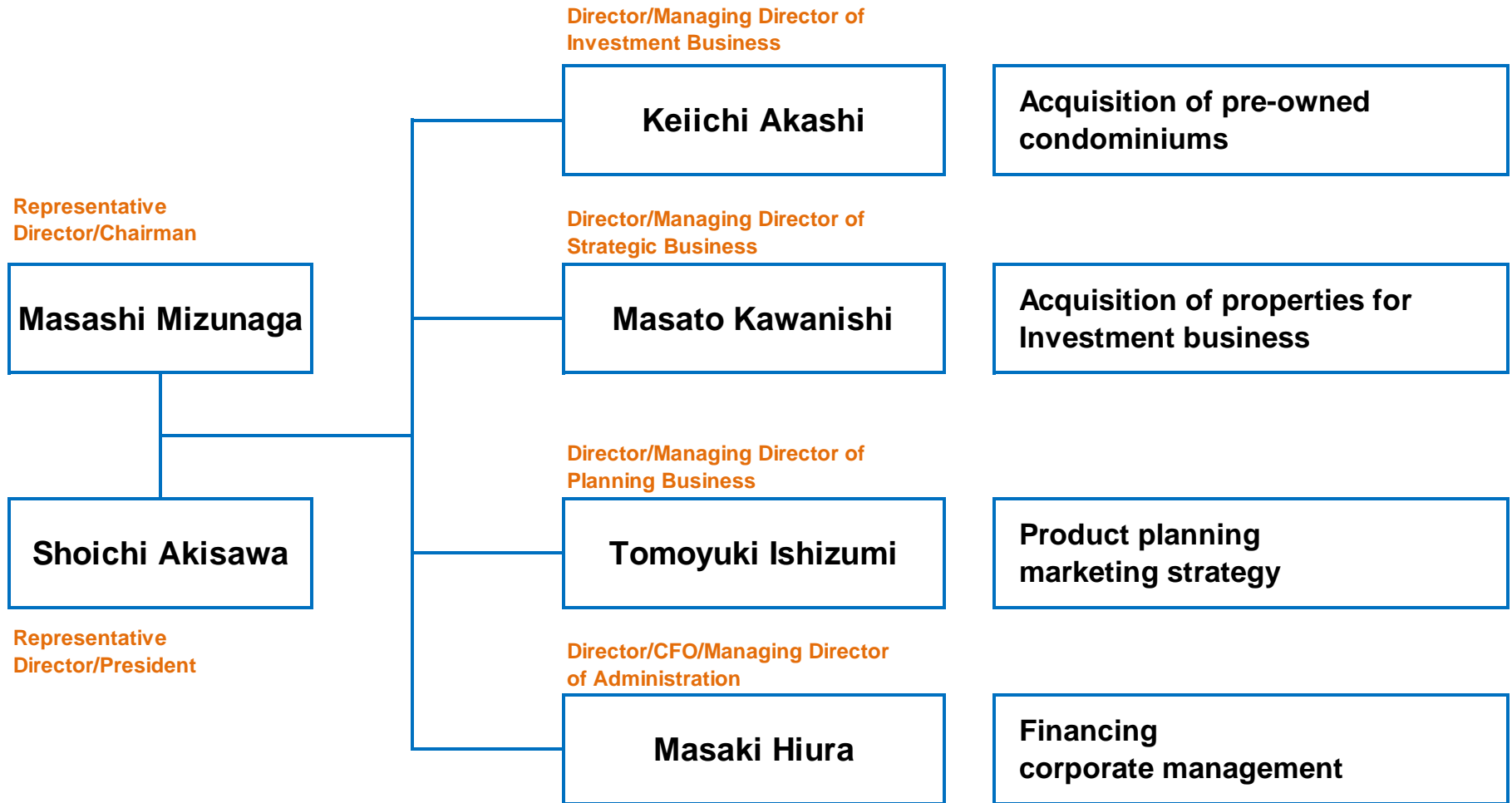
FY Nov 2017 (E)

Sales**13** JPY Bil**20** JPY Bil**Investment in properties**
(Inventories + Tangible fixed assets)**41** JPY Bil**53** JPY Bil**EBITDA** (※1)**2.3** JPY Bil**3.3** JPY Bil**ROE** (※2)**6.9%****10.0%**

※1 EBITDA = Operating income + Depreciation / Amortization

※2 ROE (Return on Equity) = Net Income / Shareholder's Equity at beginning and end of the period

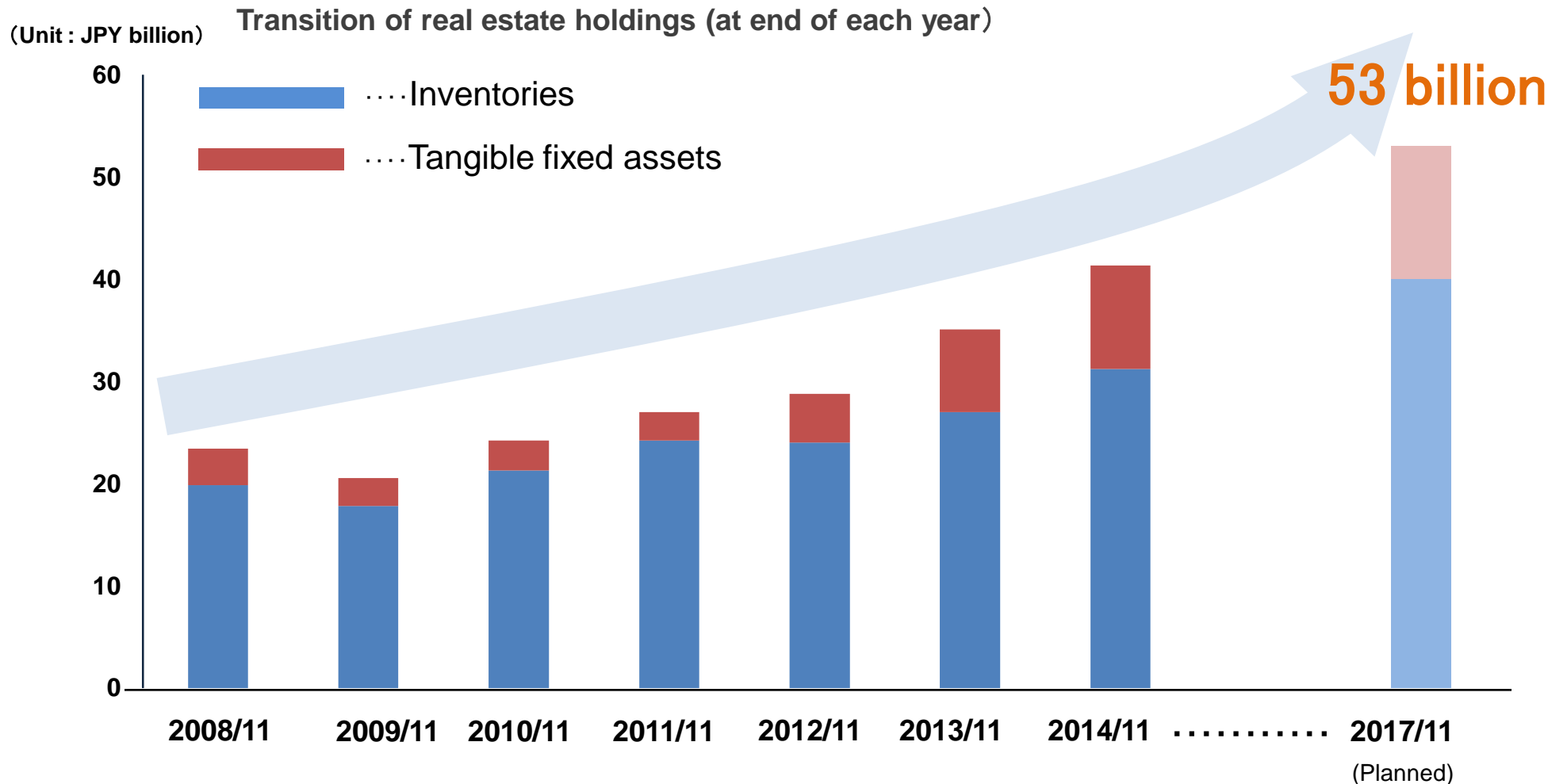
New organization structure for business development



※ Directors to be elected at shareholders meeting on Feb. 25, 2015.

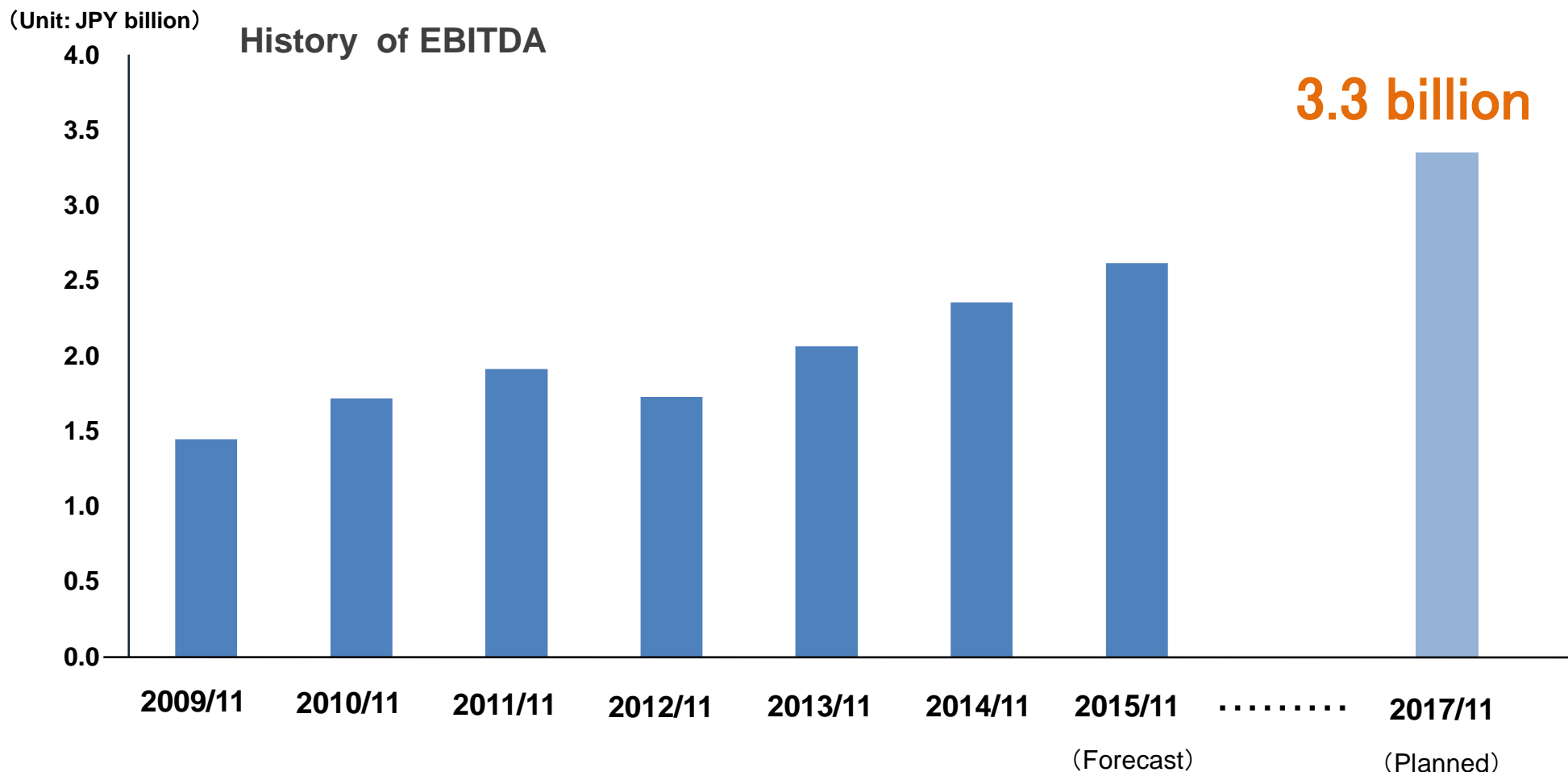
We plan to make aggressive acquisition in pre-owned condominiums.

■ From increased inventory of pre-owned condominiums, we anticipate improvement in rent revenue and sales revenue.



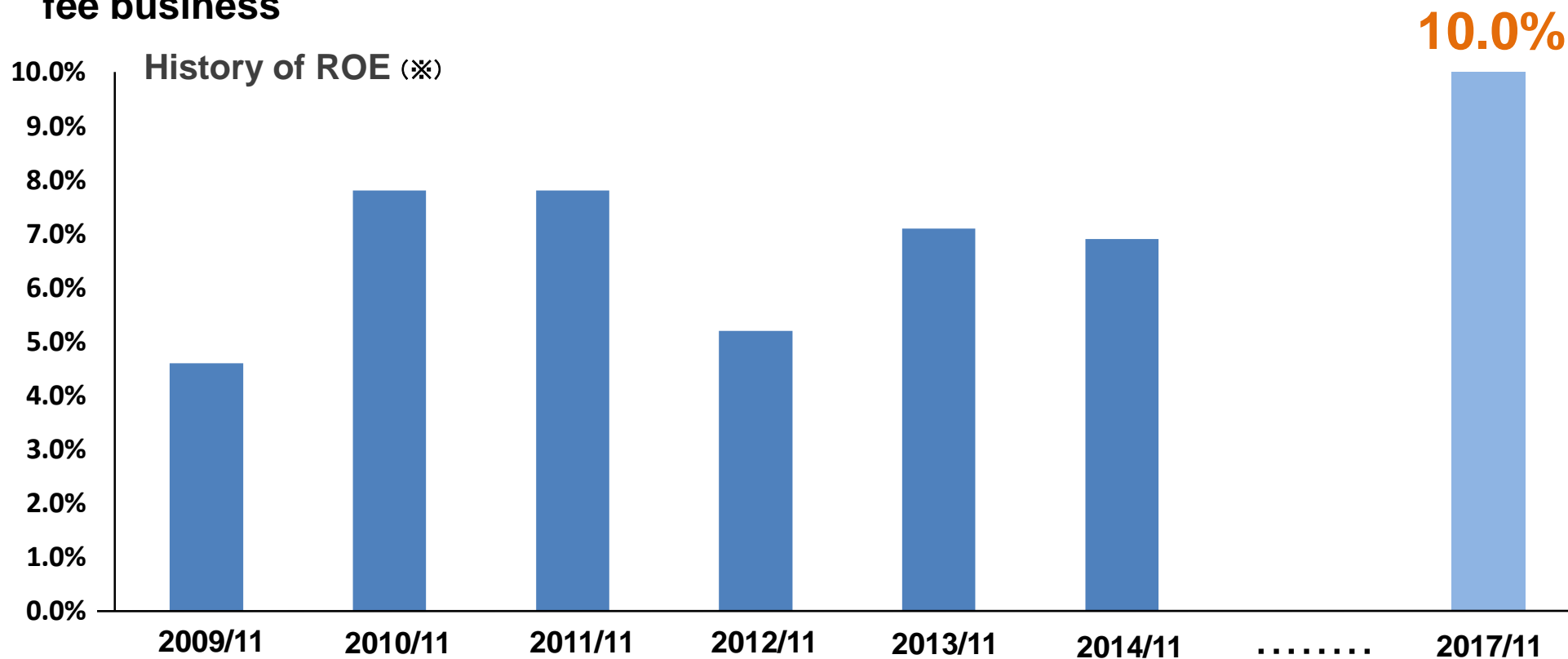
EBITDA growth is consistent with the growth of our business size.

■ Cash flows from operating activities may show negative figures at times for aggressive acquisition. Therefore, we focus on EBITDA as our business indicator.



Strive to achieve ROE of 10%

■ Improve capital efficiency by reducing project timeline and strengthening fee business

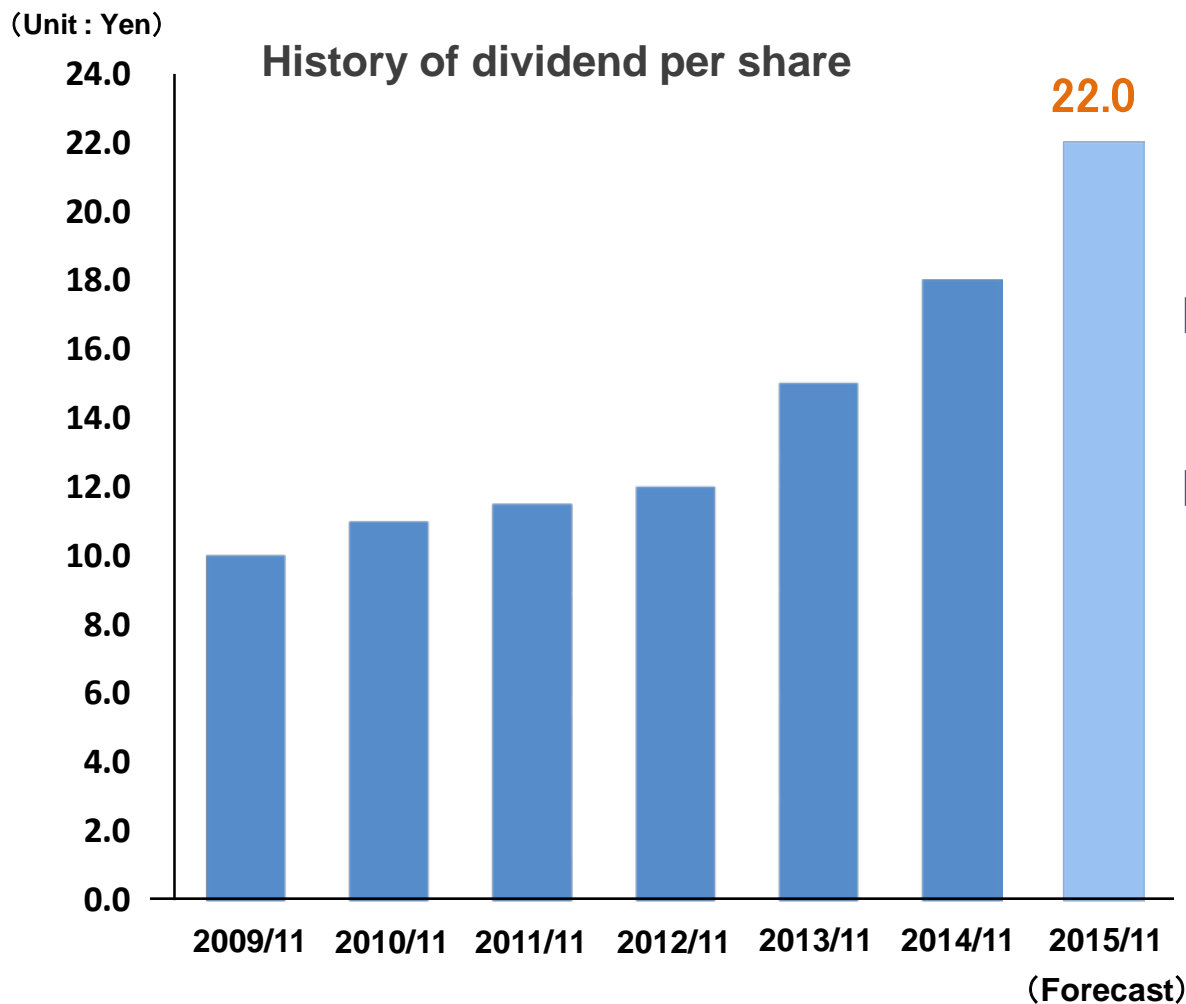


Owned Capital (JPY million)	8,027	8,601	10,489	10,151	10,903	11,554
--------------------------------	-------	-------	--------	--------	--------	--------

Net Profit (JPY million)	359	650	740	538	744	772
-----------------------------	-----	-----	-----	-----	-----	-----

※ ROE (Return on Equity) = Net Income / Shareholder's Equity at beginning and end of the period

We plan to increase dividend, six consecutive years in a row.



- We raised long term dividend payout ratio target to **30%**.
- We continue to plan on increase in dividends.

Consolidated dividend payout ratio	22.8%	14.0%	14.4%	20.2%	17.9%	21.0%	22.7%

※ Due to stock split of 1-100 in December 2012, past per share dividends are adjusted

Continuous increase in company value.

- Book value per share doubled since stock listing (IPO).

At time of IPO
(November 2006)

FY Nov 2014

582yen  1,277yen

History of BPS/EPS (Unit : Yen)

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
BPS	582.79	880.49	946.96	980.80	1,036.29	1,048.94	1,153.19	1,213.27	1,277.94
EPS	72.38	98.67	77.25	43.93	78.67	80.06	59.48	83.87	85.89

※ Due to stock split of 1-100 in December 2012, past per share dividends are adjusted

Semi-annual shareholder benefit plan.

- Shareholder benefit plan to win individual investors.



Benefit : Lifestyle Goods (2,000 yen)

Record date : Nov end

Stock Holding: over 100shares

Benefit : Quo Card (1,000 yen)

Record date : May end

Stock Holding: over 100shares

※ Sample photo subject to change without notice

1. Executive Summary

2. Business Outline

3. Corporate Strategy

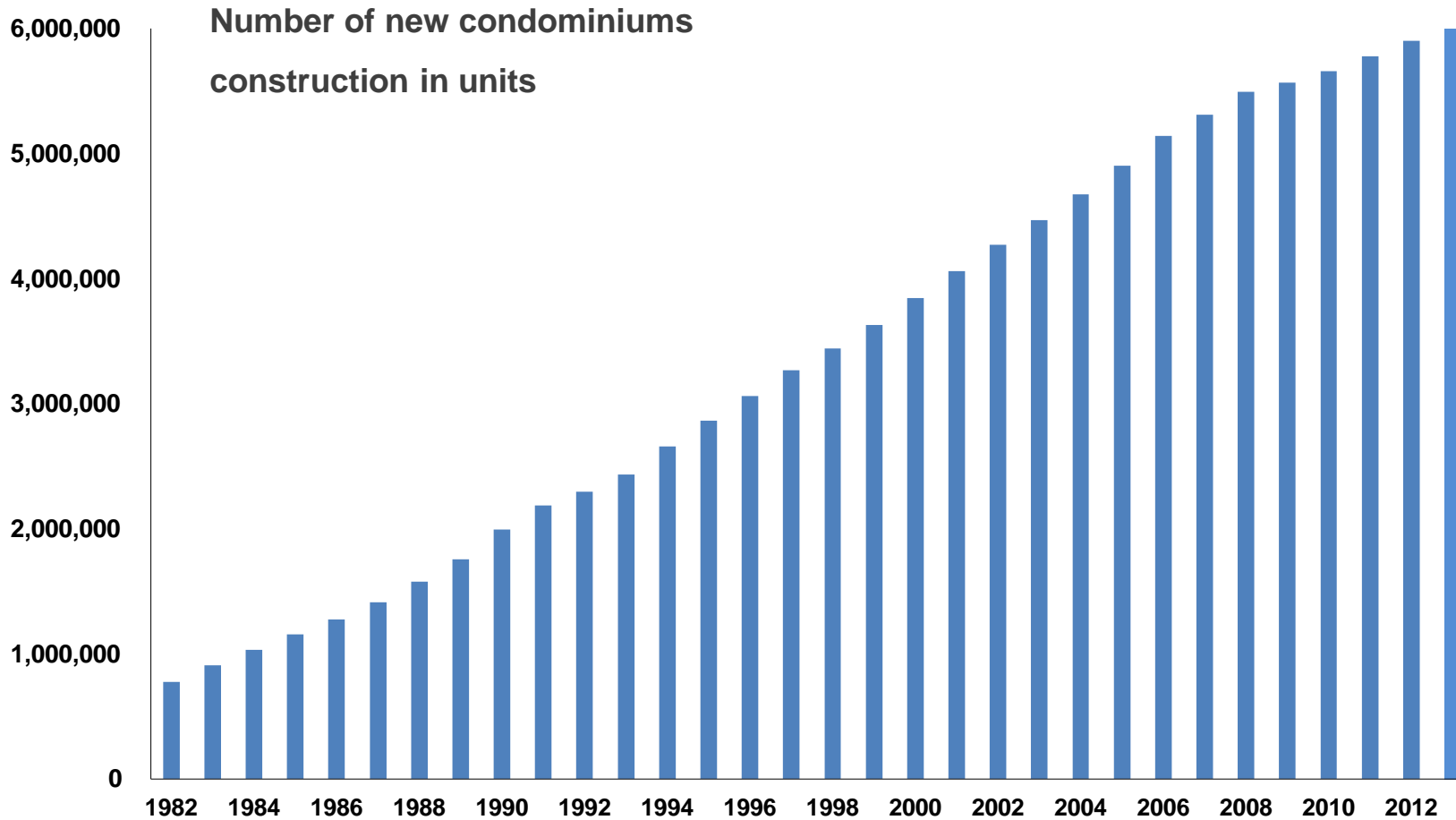
4. Market Analysis and Reference

5. Company Profile

Japanese pre-owned condominium stock now over 6million units.

- Supply of newly built condominiums are rising steadily.
- ⇒ We expect growth and development in Japanese condominium market.

Over 6million units

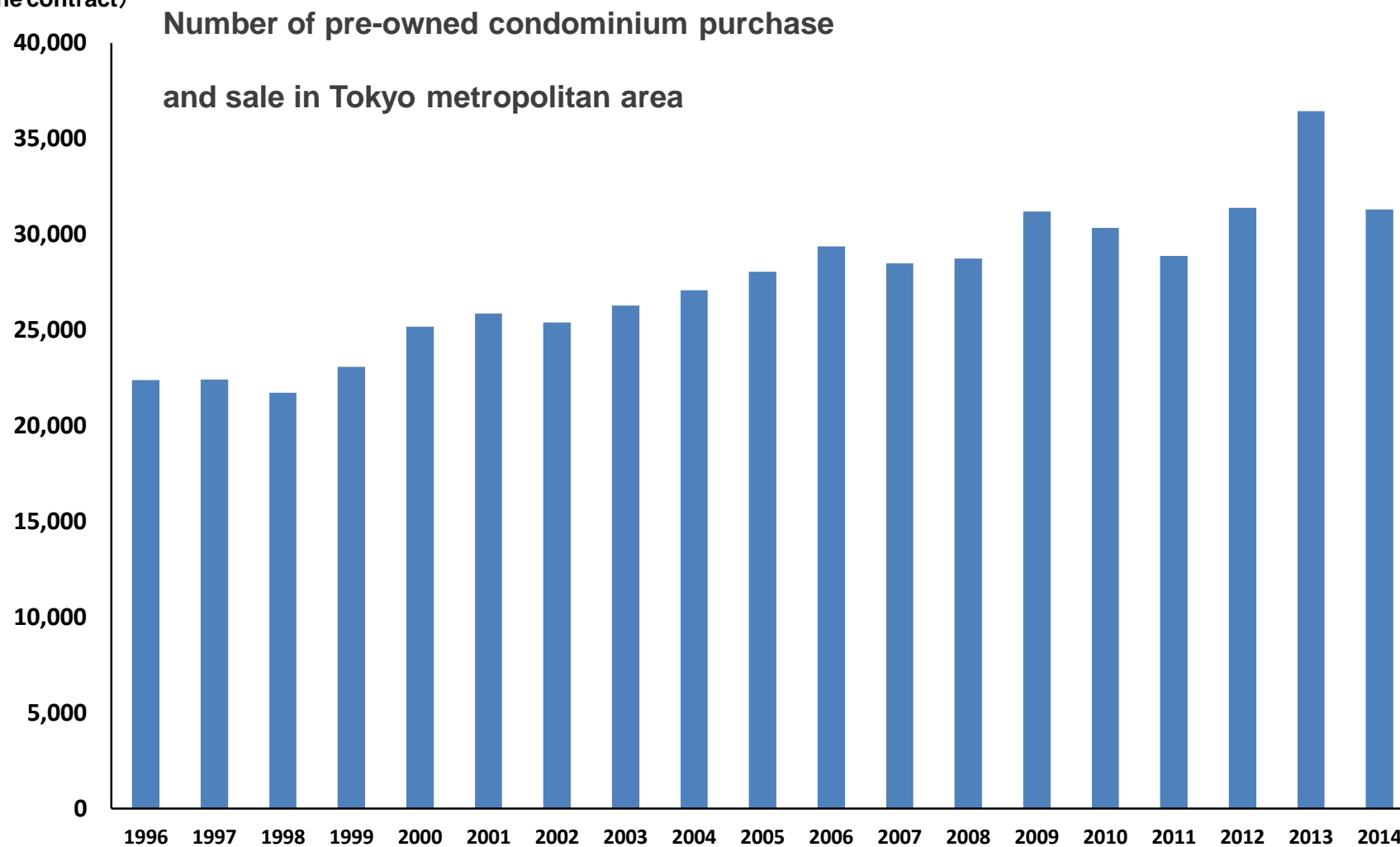


Source: Star Mica, based on Ministry of Land, Infrastructure, and Transport data

Condominium market is shifting towards pre-owned.

■ Number of pre-owned condominiums for purchase/sale is in increasing trend.

(Unit: one contract)



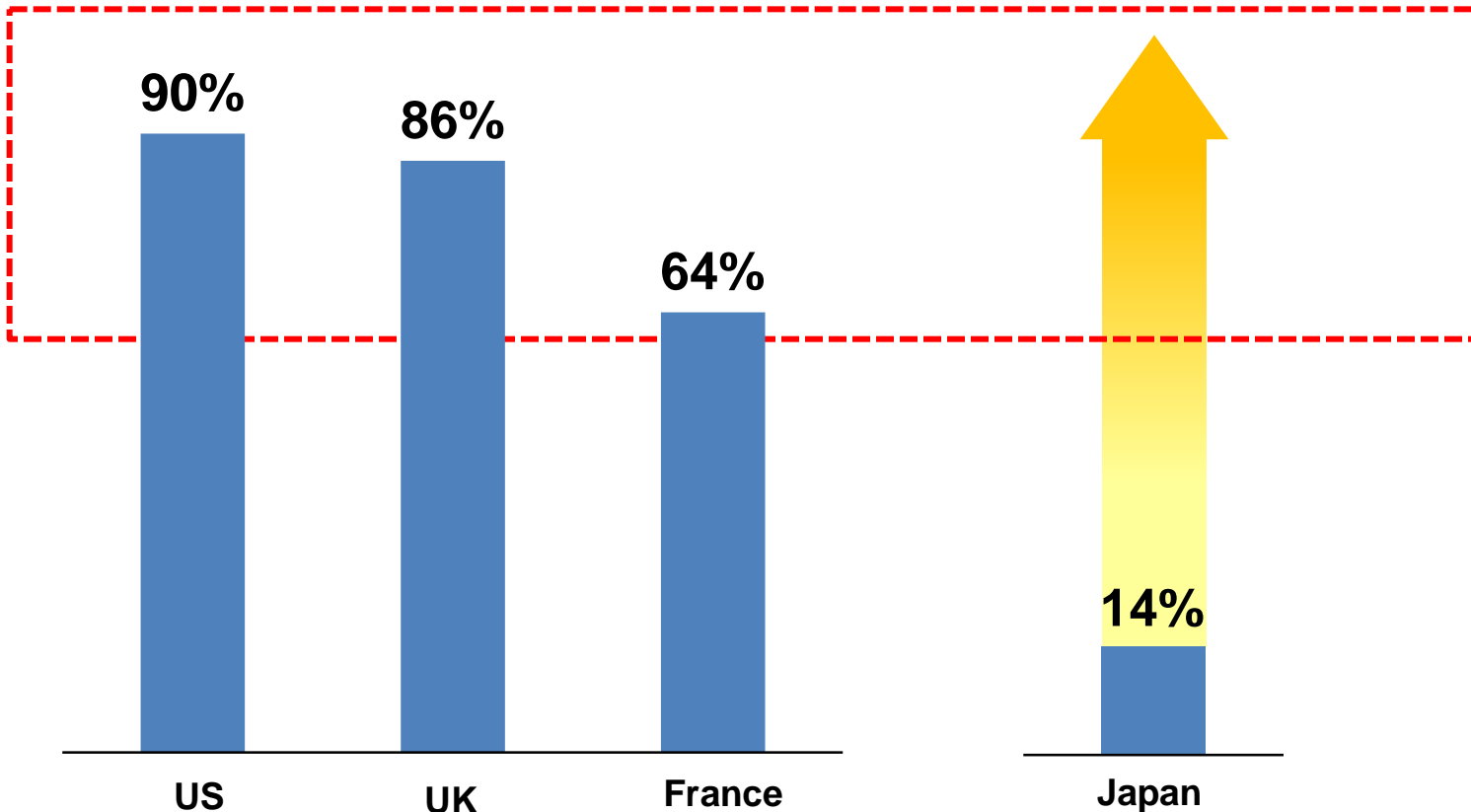
Source: Star Mica and REINS Market Trend

※Year 2014 figures are at ends of Nov. 2014

Potential upside in market growth, in a global perspective.

- **70-90%** of housing market in developed countries are used(pre-owned) properties, whereas 10% in Japan.
- Along with maturing social infrastructure, we prefigure this as a growth market.

Ratio of used(pre-owned) properties among all housing market



Source: Star Mica and Ministry of Land, Infrastructure and Transport data

Future outlook of renovation business.

- Households can own higher grade “for-sale condominiums” compared to lower grade “for-rent condominiums”, with better economics.
- Planning, renovating and warranty by experienced company like us can offer reliable housing to households.

Standard monthly rent (※1)

148
thousand yen



Monthly mortgage repayment (※2)

85
thousand yen



※1 Based on our corporate results at November 2014, Average sales price of 30.4million yen, average space of 67.30 square meters

※2 Assumed mortgage of 30 million yen, at 1%, for 35 years

-
1. Executive Summary
 2. Business Outline
 3. Corporate Strategy
 4. Market Analysis and Reference

5. Company Profile

Company profile (as of 1 Dec 2014)

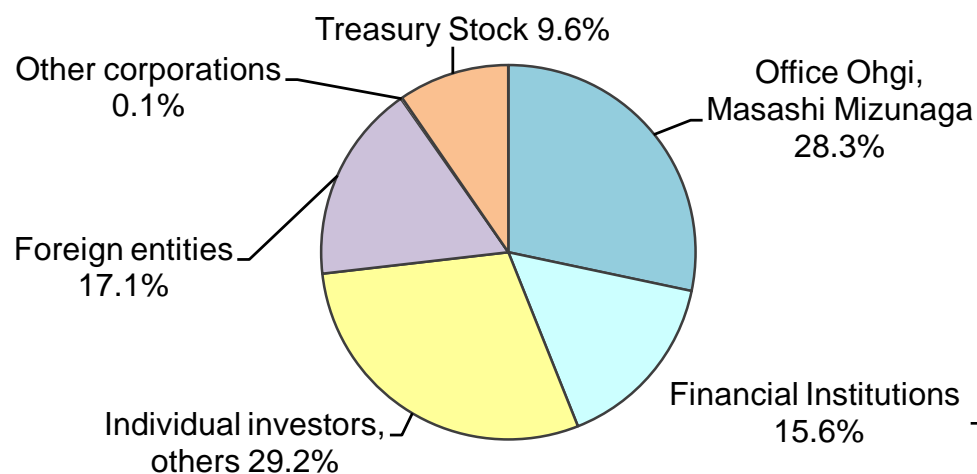
Company name	Star Mica Co., Ltd.
Representative	Chairman / Representative Director Masashi Mizunaga President / Representative Director Shoichi Akisawa
Date of incorporation	May 1, 2001
Listing date	October 2, 2006 Tokyo Stock Exchange JASDAQ Market (stock code: 3230)
Capital	3,573 million yen
Offices	Tokyo head office (Minato Ward) , Yokohama branch (Yokohama City) , Osaka branch (Osaka City)
Main Bank	Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Banking Corporation, Aozora Bank, Resona Bank, Ltd., Mizuho bank, Ltd.
Auditor	KPMG AZSA LLC
Employees	82
Businesses	Pre-owned Comdominium business, Investment business, Advisory business

Major shareholders (as of 30 Nov 2014)

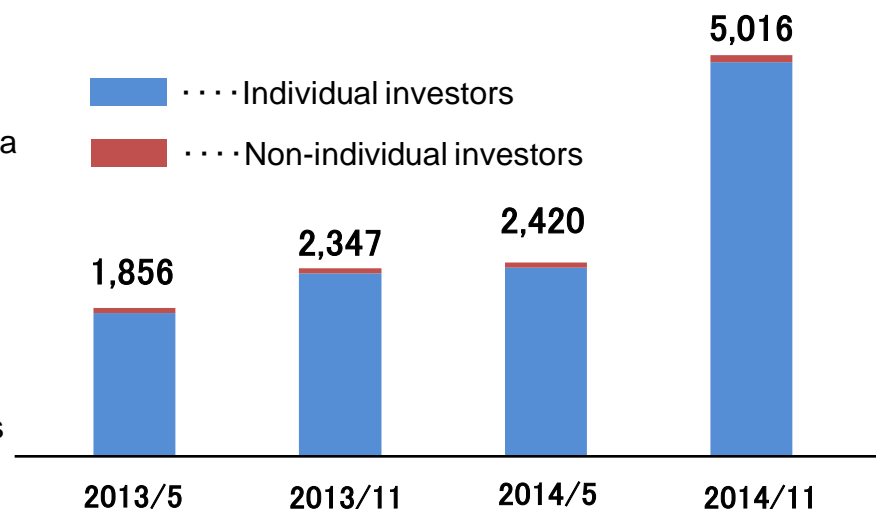
Major Shareholders (Unit : Shares)

Shareholder	May 2014	Nov 2014	% Holdings	% Voting Rights	Notes
Office Ohgi	1,497,000	1,497,000	15.0%	16.6%	Private Company of Masashi Mizunaga
Masashi Mizunaga	1,280,200	1,334,900	13.3%	14.8%	Chairman / Representative Director
Star Mica Co., Ltd	1,012,763	958,263	9.6%	-	Treasury stock
Hiroshi Taguchi	900,000	900,000	9.0%	10.0%	
Japan Trustee Services Bank, Ltd. (Account in trust)	853,100	732,400	7.3%	8.1%	
Yasumitsu Shigeta	901,500	550,400	5.5%	6.1%	
Royal Bank of Canada Trust Company (Cayman) Ltd.	466,000	466,000	4.7%	5.2%	
The Master Trust Bank of Japan, Ltd. (Account in trust)	654,300	374,200	3.7%	4.1%	
Goldman Sach & Co. (Regular Account)	*	287,426	2.9%	3.2%	*excluded since not within top 10 shareholders
The Nomura Trust and Banking Co., Ltd. (Account in investment trust)	699,100	278,400	2.8%	3.1%	
Others	1,736,037	2,621,011	26.2%	29.0%	
Total	10,000,000	10,000,000	100.0%	100.0%	

Distribution of share ownership



Transition in number of shareholders



Cautionary Statement / Contact Information



- This presentation contains forward-looking statements, including forecasts of business performance and operation plans and targets. These statements are based on information available to the company's management when this material was prepared and on current assumptions for uncertain factors affecting future earnings. Actual results may differ from the information presented in this report due to a host of factors that are unforeseeable and/or beyond the control of the company.
- The information in this presentation includes data believed by the company to be reliable and has been obtained from public sources believed to be reliable. However, the company makes no representation as to the accuracy or completeness of such information.
- This presentation is not to be construed as a solicitation to invest in the company. Investors must make their own investment decisions.

For further information please contact:
Star Mica Co., Ltd., Corporate Planning Department
E-mail: ir.group@starmica.co.jp