

---

# Financial Result Summary For FY Nov 2010

---

January 14, 2011



# Contents

---

**1. Executive Summary**

2. Business Outline and Results

3. Corporate Strategy

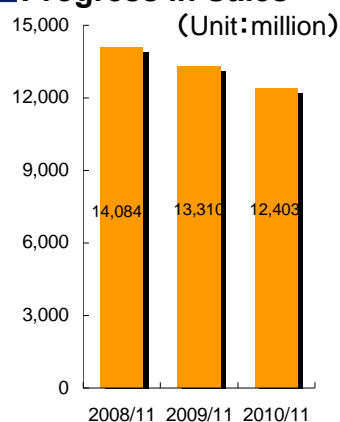
4. Market Overview

5. Company Profile

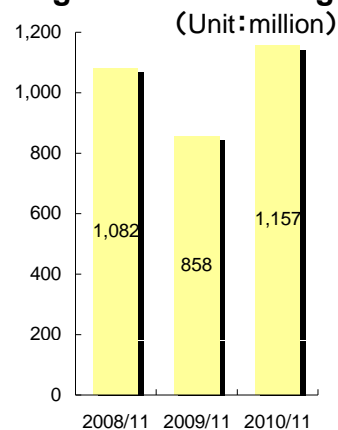
# —PL— 『 Profits are above Lehman Shock』

- Secondary condominium market is supported by price-sensitive buyers, as price range is considered affordable and reasonable.
- By strong sale activities in secondary condominiums, operating income and net income exceeds FY Nov 2008 (before Lehman)
- From aggressive acquisition and associated increase in tax obligations (JPY81million YOY), SG&A increased for this fiscal year.

## ■ Progress in Sales



## ■ Progress in Recurring Profit



## ■ PL

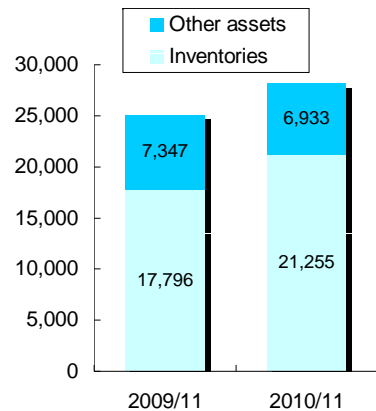
(Unit: million)

	FY Nov 2008		FY Nov 2009		FY Nov 2010		
	Amount	%	Amount	%	Amount	%	YoY Change
<b>Sales</b>	14,084	100.0%	13,310	100.0%	12,403	100.0%	93.2%
<b>Gross profit</b>	2,674	19.0%	2,256	17.0%	2,631	21.2%	116.6%
Selling, general and administrative expenses	1,018	7.2%	879	6.6%	1,021	8.2%	116.1%
<b>Operating income</b>	1,655	11.8%	1,377	10.3%	1,610	13.0%	116.9%
Non-operating income	24	0.2%	2	0.0%	1	0.0%	74.3%
Non-operating expenses	597	4.2%	521	3.9%	454	3.7%	87.3%
<b>Recurring profit</b>	1,082	7.7%	858	6.5%	1,157	9.3%	134.8%
Mark-to-market loss	-	-	179	1.3%	-	-	-
<b>Net income before income taxes</b>	1,088	7.7%	674	5.1%	1,159	9.3%	171.8%
<b>Net income</b>	631	4.5%	359	2.7%	650	5.2%	181.0%
<b>EPS(YEN)</b>	7,725.14		4,393.07		7,867.40		

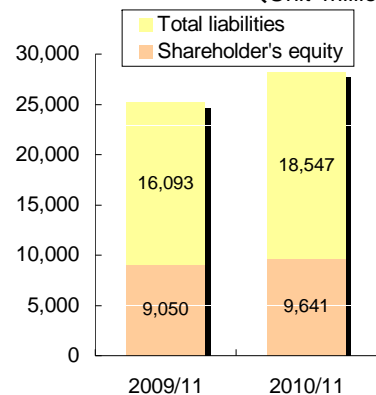
# — BS — 『 Securing future profit opportunities by aggressive acquisition 』

- By promoting aggressive condominium acquisition, condominium for sale increased to highest level since foundation. (+20%YOY)
- Long term financing to meet sales speed allowed us to further fix long term liabilities. (L/T liability ratio:40.2%⇒47.4%YOY) Strengthening Asset Liability Management (ALM).
- Maintaining net asset ratio of 34.2% and strong balance sheet. Continue to seek acquisition opportunities.

■ Progress in Total assets, Inventories (Unit:million)



■ Progress in Total liabilities, Shareholder's equity (Unit:million)



■ BS

	FY Nov 2009		FY Nov 2010			FY Nov 2009		FY Nov 2010	
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)
<b>Current assets</b>	20,817	82.8%	23,615	83.8%	<b>Short-term liabilities</b>	5,996	23.8%	5,182	18.4%
Cash and deposits	2,797	11.1%	2,057	7.3%	Debt	5,325	21.2%	4,045	14.4%
Inventories	17,796	70.8%	21,255	75.4%	other	671	2.7%	1,136	4.0%
Other	223	0.9%	302	1.1%	<b>Long-term liabilities</b>	10,096	40.2%	13,365	47.4%
<b>Fixed assets</b>	4,322	17.2%	4,571	16.2%	Debt	10,058	40.0%	13,329	47.3%
Properties	2,713	10.8%	2,938	10.4%	other	37	0.2%	36	0.1%
Other	1,608	6.4%	1,633	5.8%	<b>Total liabilities</b>	16,093	64.0%	18,547	65.8%
<b>Deferred assets</b>	3	0.0%	1	0.0%	<b>Shareholder's equity</b>	9,050	36.0%	9,641	34.2%
<b>Total assets</b>	25,143	100.0%	28,189	100.0%	<b>Total liabilities and shareholder's equity</b>	25,143	100.0%	28,189	100.0%

※Most of the inventories are condos from condominium trading business  
 ※Most of the fixed assets are properties from investment business  
 ※Fixed assets(etc.) consists of securities held by limited partnership(consolidated)

---

1. Executive Summary

**2. Business Outline and Results**

3. Corporate Strategy

4. Market Overview

5. Company Profile

# Secondary condominium sales reached all time high in profits.

■ In Rent, despite inventory of condominium for sale started the year at -10% level, in-sourcing rent management contributed to increase in rent margin (66.1%⇒69.5%). Profit from rent kept same level as last FY.

■ In Sales, under active secondary condominium market environment, with improvement in sales channel and product quality, sales margin increased YOY (10.8%⇒14.4%). Profit from sales reached all-time high.

## ■ Composition of Gross profit

(Unit: million)

Business Domains	FY Nov 2008		FY Nov 2009		FY Nov 2010			
	Amount		Amount		Amount	%	YoY Change	
<b>Sales</b>	<b>14,084</b>		<b>13,310</b>		<b>12,403</b>	<b>100.0%</b>	<b>93.2%</b>	
Condominium trading business	12,136		12,273		11,440	92.2%	93.2%	
Rent	1,567		1,527		1,414	11.4%	92.6%	
Sales	10,568		10,746		10,025	80.8%	93.3%	
Investment business	1,573		852		759	6.1%	89.1%	
Advisory business	374		184		203	1.6%	110.5%	
	Amount	Profit margin	Amount	Profit margin	Amount	Profit margin	%	YoY Change
<b>Gross profit</b>	<b>2,674</b>	<b>19.0%</b>	<b>2,256</b>	<b>17.0%</b>	<b>2,631</b>	<b>21.2%</b>	<b>100.0%</b>	<b>116.6%</b>
Condominium trading business	2,301	19.0%	2,049	16.7%	2,319	20.3%	88.1%	113.2%
Rent	1,054	67.3%	1,010	66.1%	983	69.5%	37.4%	97.3%
Sales	1,246	11.8%	1,163	10.8%	1,443	14.4%	54.9%	124.1%
Mark-to-market loss	-	-	-124	-	-107	-	-4.1%	86.8%
Investment business	0	-	23	2.7%	108	14.2%	4.1%	462.8%
Advisory business	374	100.0%	184	100.0%	203	100.0%	7.7%	110.5%

## Impact from MTM or Lower of Cost method for secondary condominium business

- FY end inventory of condominiums for sale (JPY21.2billion), realized mere 0.5% MTM loss.
- Unrealized MTM profit potential is at JPY5.0 billion.

### ■ Unrealized profit/loss considering MTM

(Unit: million)

mark-to-market profit/loss	Nov 2008 end of year	Nov 2009 end of year	Nov 2010 end of year
Balance of inventories (book value) (a)	19,825	17,796	21,255
mark-to-market gain	17,890	15,897	19,859
real selling price	21,686	18,916	24,875
mark-to-market profit/loss	3,796	3,019	5,015
mark-to-market loss	1,872	1,441	964
real selling price	1,692	1,396	907
mark-to-market profit/loss (b) *	△ 179	△ 44	△ 56
ratio (b)/(a)	-0.9%	-0.2%	-0.3%
FY MTM loss	-	△ 124	△ 107

\*FY2008 end unrealized loss is included in FY 2009 one time MTM loss  
 FY2009 and FY2010 unrealized losses are included in 4Q cost of sales as MTM loss

※Real selling price = expected selling price(appraisal) minus expected selling cost(brokerage fee, renovation cost)  
 ※Above real selling price and mark-to-market profit/loss is based on accounting principles and does not imply future actual gain/loss

# Condominium trading business ~five characteristics~

## Unique business model

① Differentiation in what to invest

✓ Invest in condominium “unit”.

② Differentiation in investment strategy

✓ Taking arbitrage opportunity based on market price structure.

③ Differentiation in risk diversification

✓ Investment “portfolio” of condominium units.

## Model that is hard to copy

④ Differentiation in operations

**Entry barrier**① Complex transaction and associated operation, management.

⑤ Differentiation in financing

**Entry barrier**② Difficulty in obtaining finance.

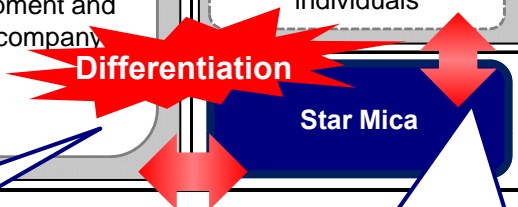


# “① Differentiation in what to invest”

## What to invest in condominium trading business

- We buy leased unit-based family oriented condominiums.
- We invest in liquid, convenient-location units, mainly in Tokyo metropolitan area and Kansai area.

purpose of use		office	residential		
ownership type		one-building	one-building	condominium unit	
owner's normal objective		investment	investment	investment (one-room for investment)	residence (family oriented)
new		real estate development company		compact condominium development and sales company	condominium development company
used	high-end	REIT/private placement fund/AM			high net worth individuals
	average	private placement fund/AM			<b>Star Mica</b>



Market is stable based on demand from residential condo-unit buyers. Less speculative money = low volatility in price.

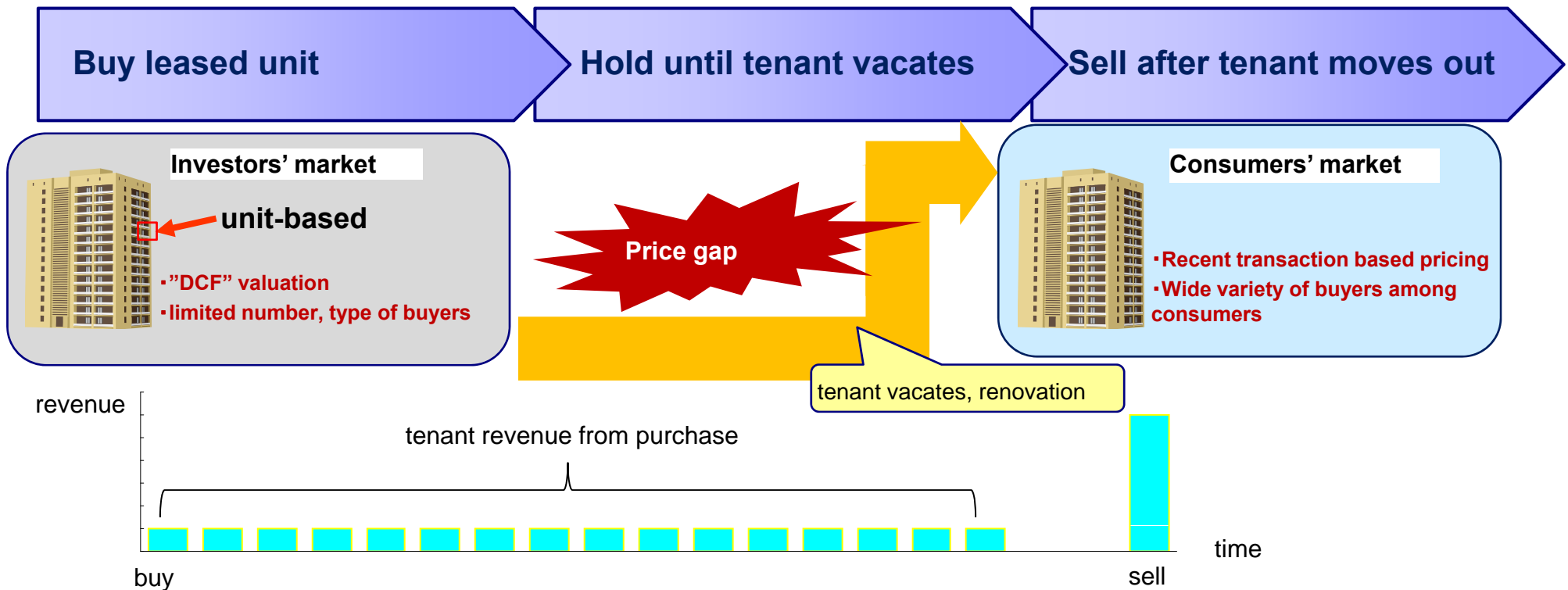
Since all units are leased at entry, there is no risk of vacant unit inventory. We will have positive cash-flow all the time.

※AM means real estate asset manager

# “② Differentiation in investment strategy”

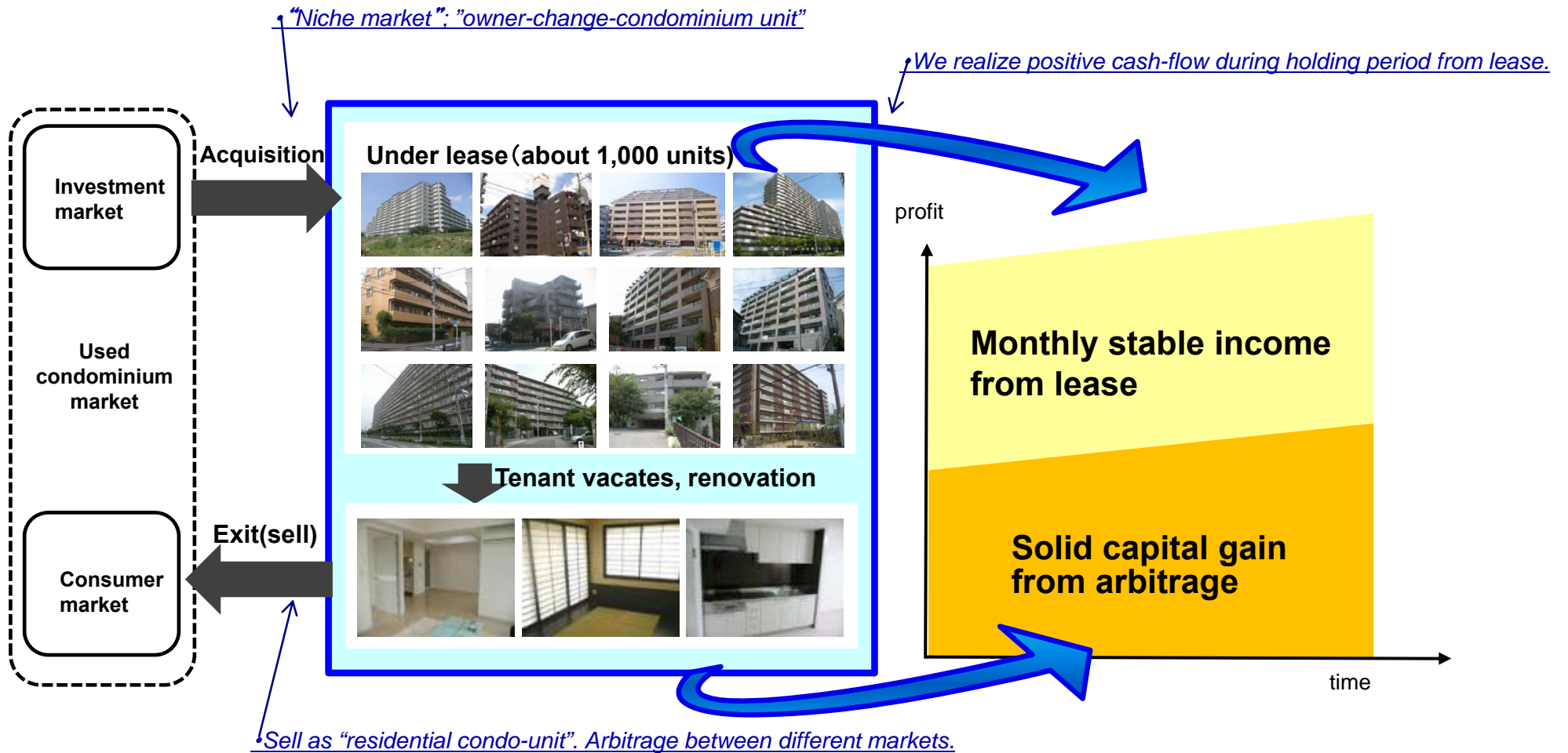
## Investment strategy

- We seek arbitrage trades that profit from price gaps, not only the capital gain. (Different from “value-up” or “reproduction”)
- We receive rent revenue from tenants during the holding period, we profit from capital gain when we sell at market.
- We supply condominium units to consumers as exit. (Different from Business-to-Business transaction)



# Business model that produces “stable” profit

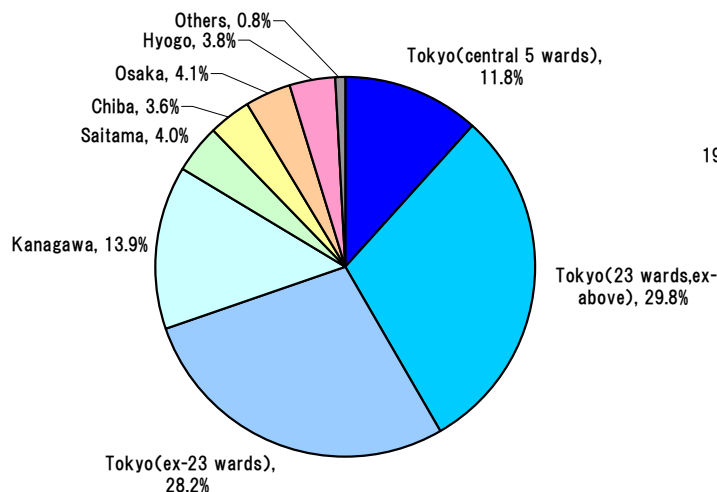
Hybrid business model combining “tenant revenue” and “capital gain”.



# “③ Differentiation in risk diversification”

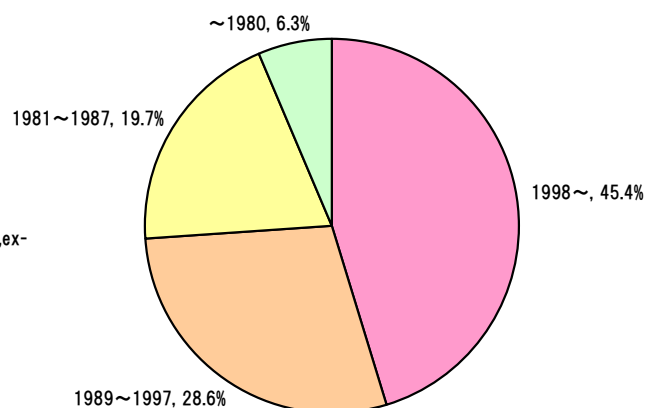
We seek to diversify risk (accident, natural disasters, price volatility, holding period) by holding over 1,000 condominium units as portfolio, from various locations, ages.

■ composition by region



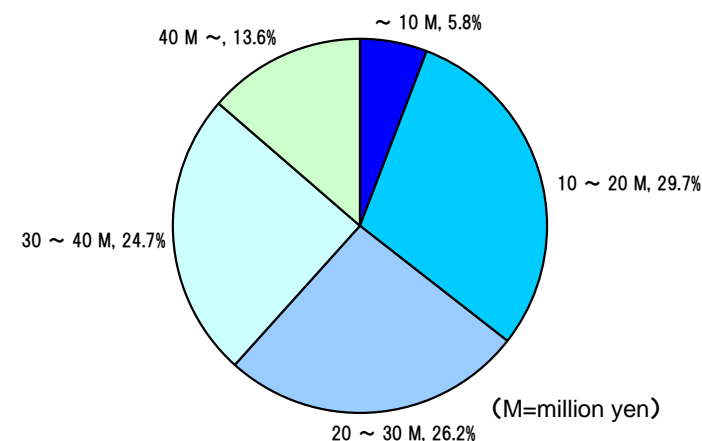
Composition by region	FY Nov 2009	FY Nov 2010
Tokyo (central 5 wards)	8.7%	11.8%
Tokyo (23 wards, ex-above)	41.7%	29.8%
Tokyo (ex-23 wards)	6.7%	28.2%
Kanagawa	19.8%	13.9%
Saitama	4.3%	4.0%
Chiba	4.1%	3.6%
Osaka	6.8%	4.1%
Hyogo	6.2%	3.8%
Others	1.7%	0.8%

■ composition by year built



Composition by year built	FY Nov 2009	FY Nov 2010
1998~	28.6%	45.4%
1989~1997	42.2%	28.6%
1981~1987	22.4%	19.7%
~1980	6.8%	6.3%

■ composition by purchase price



Purchase price level	FY Nov 2009	FY Nov 2010
~ 10 M	6.5%	5.8%
10 ~ 20 M	38.7%	29.7%
20 ~ 30 M	31.1%	26.2%
30 ~ 40 M	13.4%	24.7%
40 M ~	10.3%	13.6%

Average unit data	FY Nov 2009	FY Nov 2010
Avg size	69.70 m <sup>2</sup>	69.87 m <sup>2</sup>
Avg age	17.6 year	17.4 year
Avg acquisition price	19,159 K	20,986 K

(K=thousand yen)

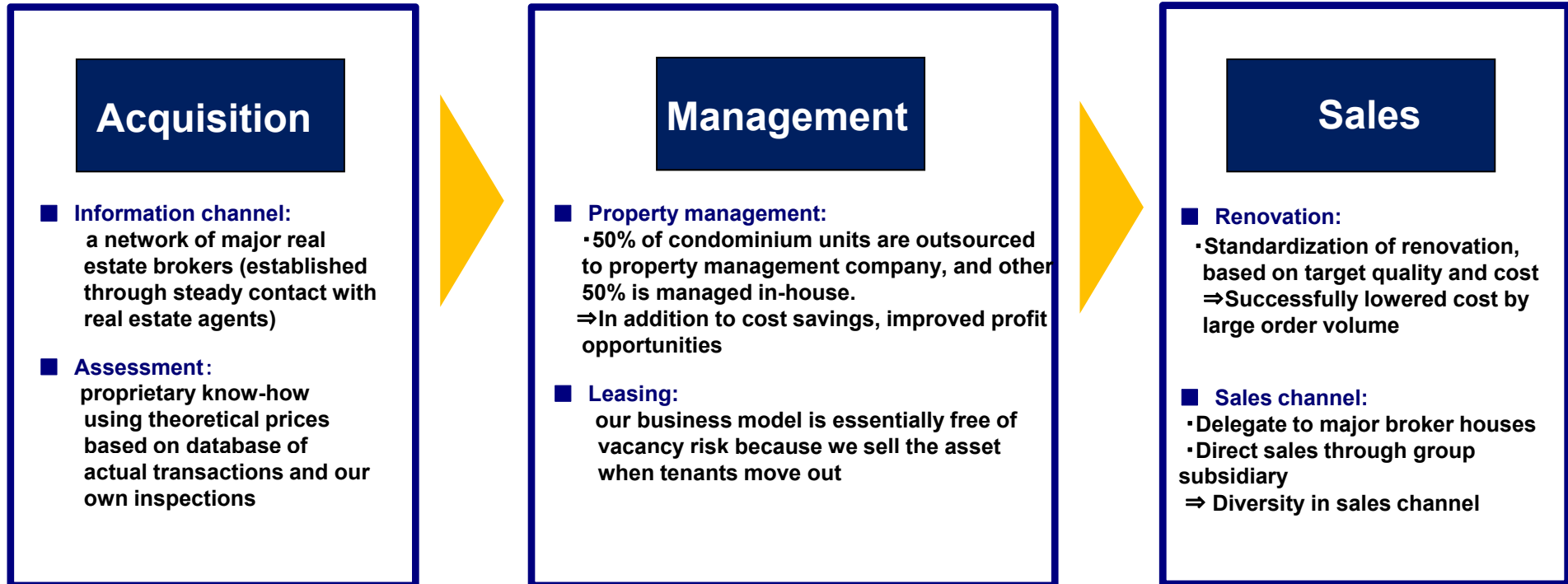
※Asset portfolio is calculated based on number of units.(all condos) Ave acquisition price is based on purchase agreement and dose not include associated fees.

※Tokyo central 5 wards include Shibuya-ku, Sinjuku-ku, Chuo-ku, Chiyoda-ku, Minato-ku.

※By region ,by years held (composition) are based on purchase agreement.

# “④ Differentiation in operations”

- “No one does, no one can”. We have created a “system” to operate complex transactions.
- Strong profitability by taking advantage of business opportunity through related business.



**Unique operation system that we developed for our operation.**

We use an effective system that enables us to complete tens of deals a month with small number of staff

# “⑤ Differentiation in financing”

- We have condominium-unit-base long-term financing which is harder to obtain compared to one-building-based.
- Shifting to long term financing considering business characteristics.
- Realized longer term financing of 3-4 years for large acquisition

■ Table of debt maturity dates

(Unit:million)

	Nov 2011				Nov 2012				Nov 2013			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Short term debt	861	1	1	324	-	-	-	-	-	-	-	-
Bonds issued	-	50	-	50	-	-	-	-	-	-	-	-
Long term debt	2,118	298	176	162	4,261	239	270	241	441	213	3,717	155
Of which syndicated loan (Jan,2008 6.5billion)	1,803	-	-	-	-	-	-	-	-	-	-	-
Of which syndicated loan (Feb,2009 4billion)	-	-	-	-	2,083	-	-	-	-	-	-	-
Of which syndicated loan (Feb,2010 1.5billion)	-	-	-	-	844	-	-	-	-	-	-	-
others	315	298	176	162	1,332	239	270	241	441	213	3,717	155
<b>Total</b>	<b>2,979</b>	<b>350</b>	<b>178</b>	<b>536</b>	<b>4,261</b>	<b>239</b>	<b>270</b>	<b>241</b>	<b>441</b>	<b>213</b>	<b>3,717</b>	<b>155</b>

“We will obtain financing for long term capital by diversifying the maturity dates.”

• Syndicated loans are repaid as we sell properties, loan balance will decline continuously.

“Capital for large acquisition (CRV Kunitachi)”

Realized long term financing of 3-4 years to meet project period

※Interest carrying debt that matures after 2010.12.1 are added.

---

1. Executive Summary

2. Business Outline and Results

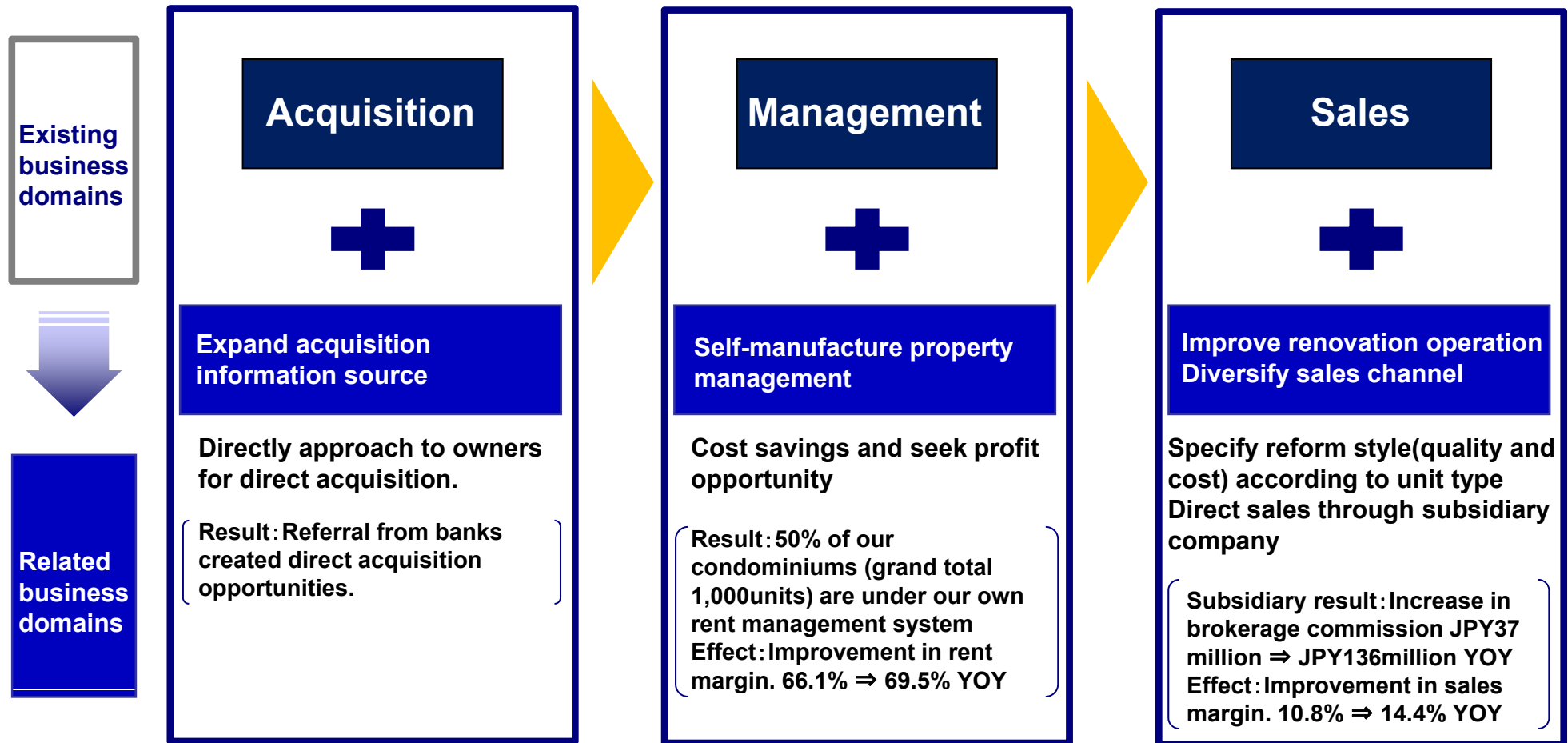
**3. Corporate Strategy**

4. Market Overview

5. Company Profile

# Review of FY Nov 2010, "Going aggressive" management

- As a leading company in secondary condominiums, we focused on aggressive management.
- Strengthened acquisition which is the root of condominium business, effective synergies with subsidiaries for business opportunities from related businesses. Empowered business profitability.



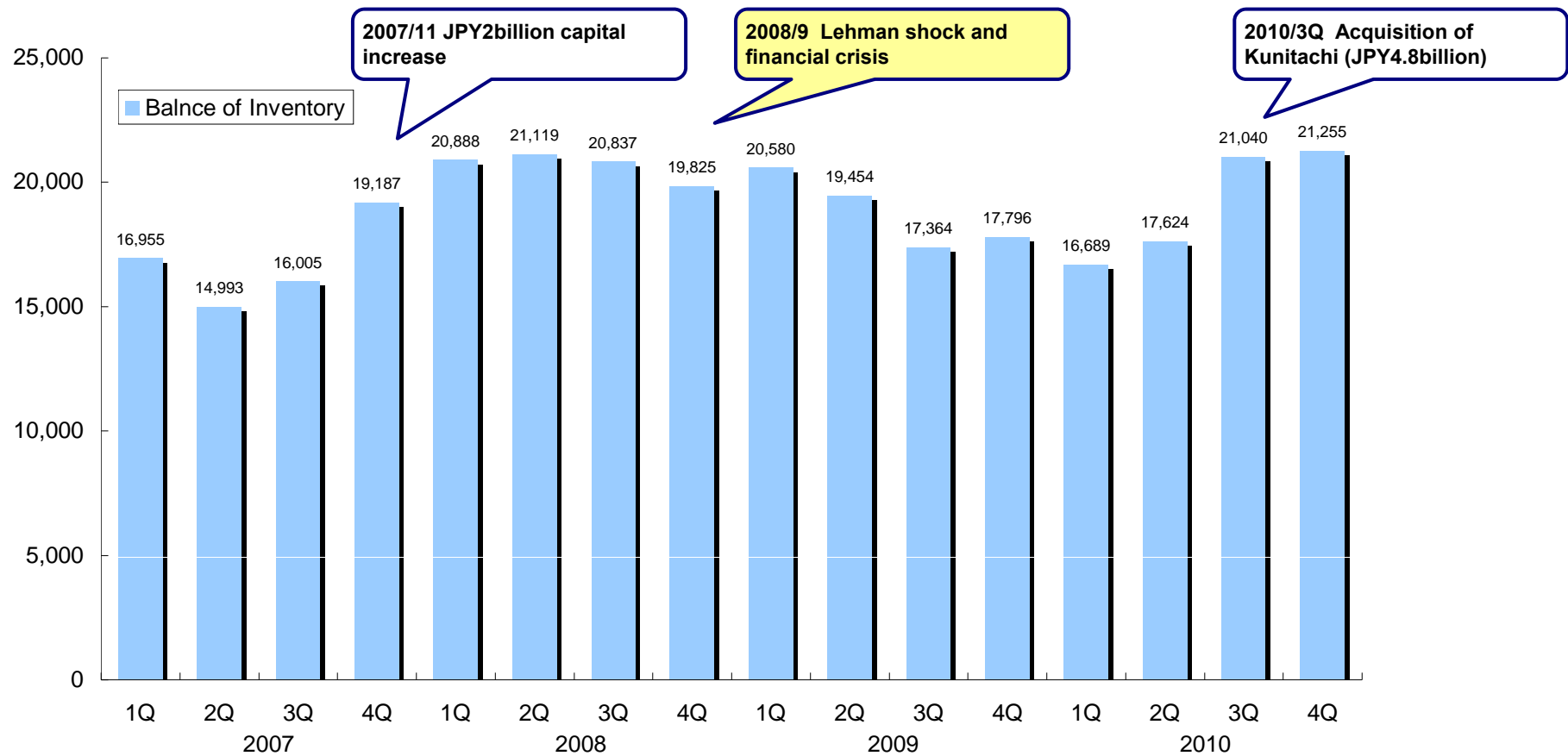


# —Condominium for sale— 『Inventory reached all time high from aggressive acquisition』

- At end of Nov 2010 FY end, inventory of condominium reached our all time high
- As a leading company in secondary condominiums, we will continue aggressive acquisition policy and seek to add more condominiums

## ■ Progress in Inventory (at end of each quarter)

(Unit: million)



※most of inventory is condominiums for sale from Codominium business

# Acquisition of CRV Kunitachi

- A residential property in Kunitachi-city known as academic town. Location, size and spacious floor plan are rarely found in the area.
- The property will be a core asset and source of profitability going forward, largest acquisition made since foundation.

## Property summary

Property name	: Clio Remington Village Kunitachi
Location	: 3-11-1 Naka Kunitachi-city, Tokyo
Traffic	: 15-minute walk from “Kunitachi”, JR Chuo line 8-minute walk from “Yaho”, JR Nanbu line
Stories	: B1F-14F
Total units	: 353 units (residential units 343)
Construction year	: Dec-2001
Developer	: Meiwa Estate Co.,Ltd.
Property management	: Meiwa Kanri Co.,Ltd.

## Acquired

Number of units	: 134 units (residential)
Rent status	: (as of July 2010) 121 leased units, 13 vacant units
Room space	: 83.89㎡~130.31㎡ (Avg95.89㎡)
Room plan	: 1LDK~4LDK

## Financing

Lenders	: Aozora Bank, Ltd. Sumitomo Mitsui Banking Corporation Resona Bank Ltd.
Financed amount	: 42.5 billion
Term	: 3-4 years



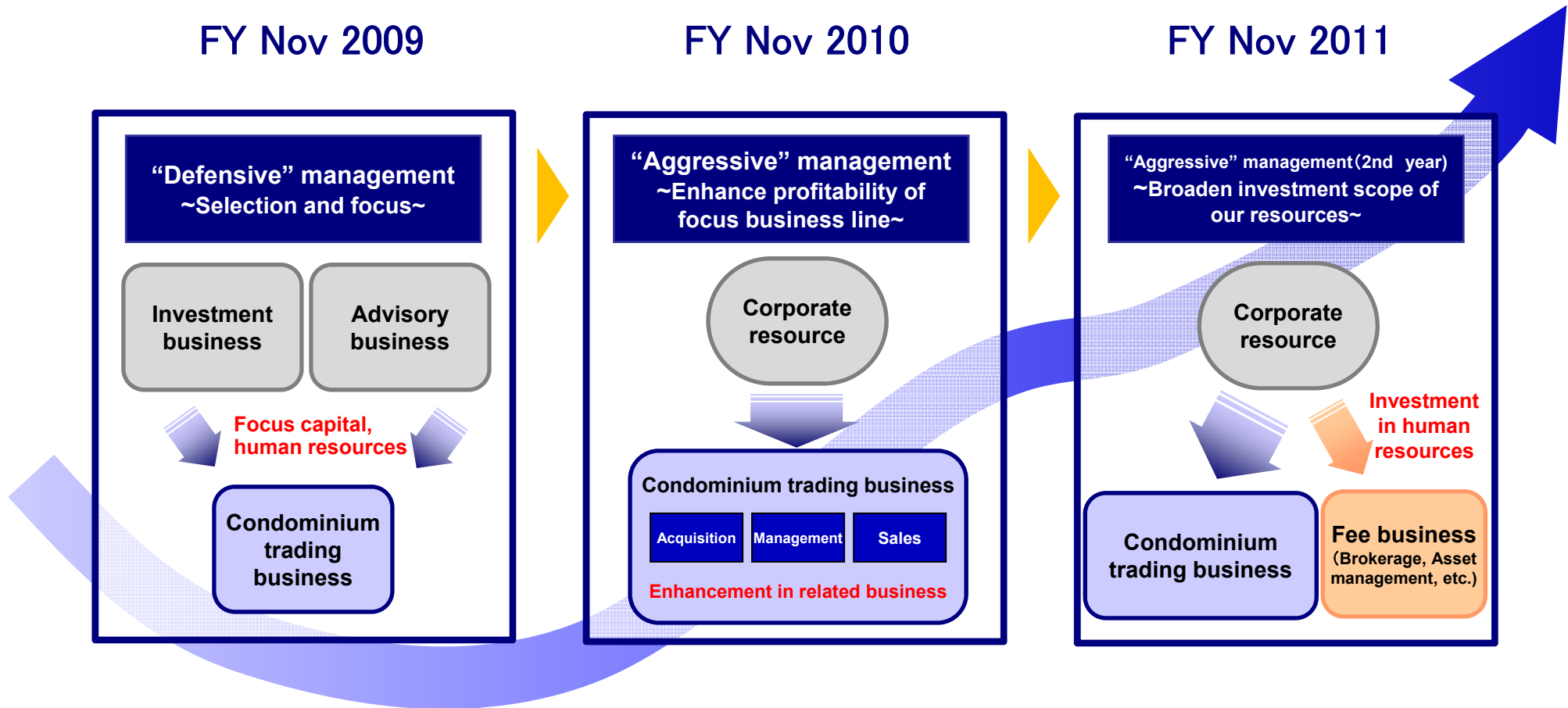
# “Aggressive” management is approaching next phase

- As a leading company in secondary condominium, we will continue aggressive management.
- Capital is focusing on secondary condominiums, human resources are invested in fee business without capital.

FY Nov 2009

FY Nov 2010

FY Nov 2011



# Seek to achieve all time high in operating profits.

■ Target to reach all time high in recurring profit based on increased inventory in condominium for sale (+20%YOY) and sales momentum from previous year.

(Unit: million)

	FY 2009	FY 2010	FY 2011 Projections	
	Amount	Amount	YoY Change	YoY Change
Sales	13,310	12,403	93.2%	13,012 104.9%
Gross profit	2,256	2,631	116.6%	2,893 110.0%
Operating income	1,377	1,610	116.9%	1,873 116.4%
Recurring profit	858	1,157	134.8%	1,350 116.7%
Special gain or loss	-183	2	-	-
Net income before income taxes	674	1,159	171.8%	1,350 116.5%
Net income	359	650	181.0%	753 115.9%
EPS(Yen)	4,393.07	7,867.40		9,081.93
Annual dividends per share(Yen)	1,000	1,100		1,100

(Unit: million)

Business Domains	FY 2009	FY 2010	FY 2011 Projections	
	Amount	Amount	YoY Change	YoY Change
Sales	13,310	12,403	93.2%	13,012 104.9%
Used Condominium	12,273	11,440	93.2%	12,016 105.0%
Rent	1,527	1,414	92.6%	1,647 116.5%
Sales	10,746	10,025	93.3%	10,368 103.4%
Investment Business	852	759	89.1%	820 108.0%
Advisory Business	184	203	110.5%	176 86.5%
Gross profit	2,256	2,631	116.6%	2,893 110.0%
Used Condominium	2,049	2,319	113.2%	2,541 109.6%
Rent	1,010	983	97.3%	1,187 120.7%
Sales	1,163	1,443	124.1%	1,444 100.0%
MTM Loss	-124	-107	86.8%	-90 83.5%
Investment Business	23	108	462.8%	176 162.7%
Advisory Business	184	203	110.5%	176 86.5%

※EPS estimate is based on number of shares issued (83,000) as at Nov.30,2010

---

1. Executive Summary

2. Business Outline and Results

3. Corporate Strategy

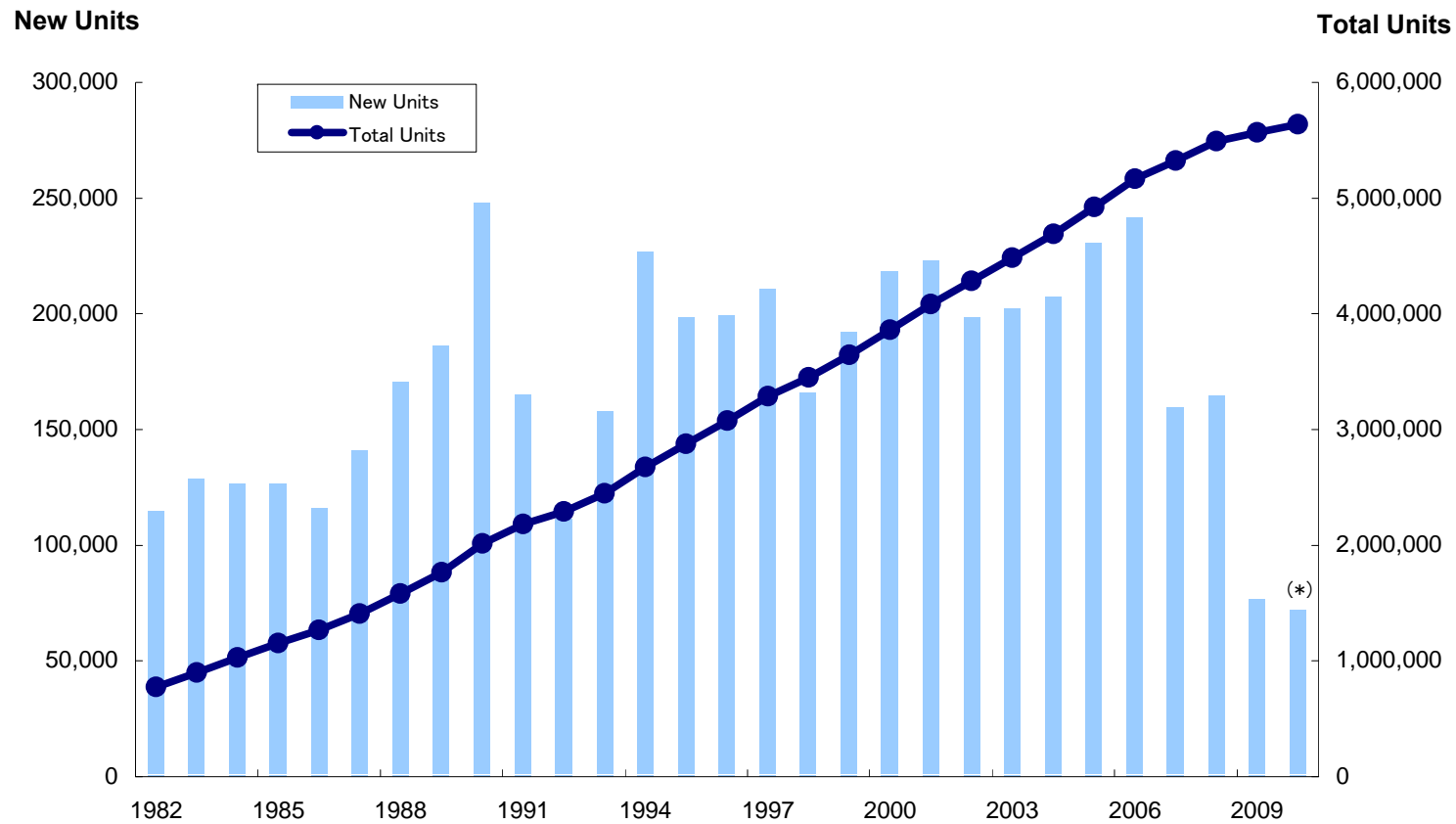
**4. Market Overview**

5. Company Profile

# Japanese condominium stock now above 5 million units

- Steady expansion in condo stock
- Rapid decrease in new units ⇒ Good prospects for continued growth in used condominium market

## ■ Japanese condominium market

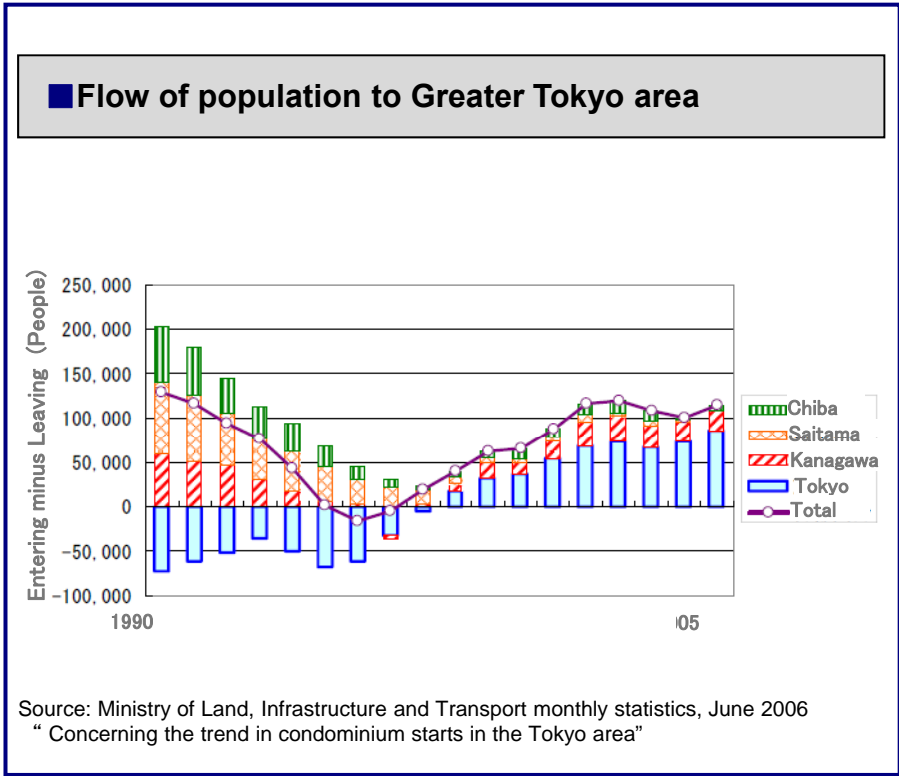
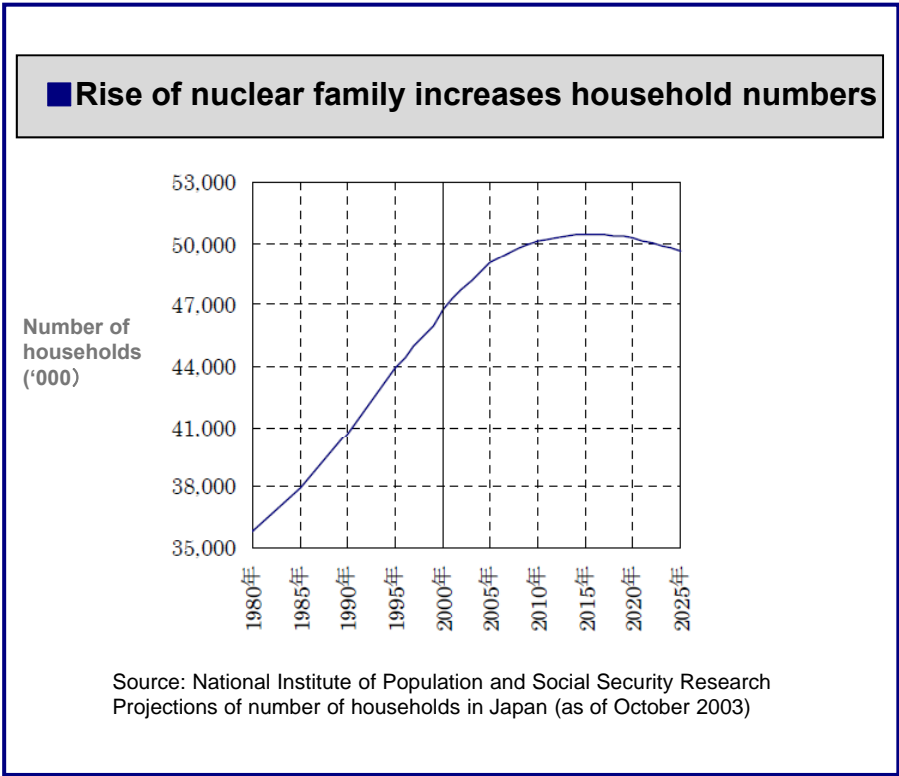


Source: Star Mica, based on Ministry of Land, Infrastructure, and Transport data

(\*) For 2010 data is based on results as of Oct 2010 end.

# Outlook for used condominium market

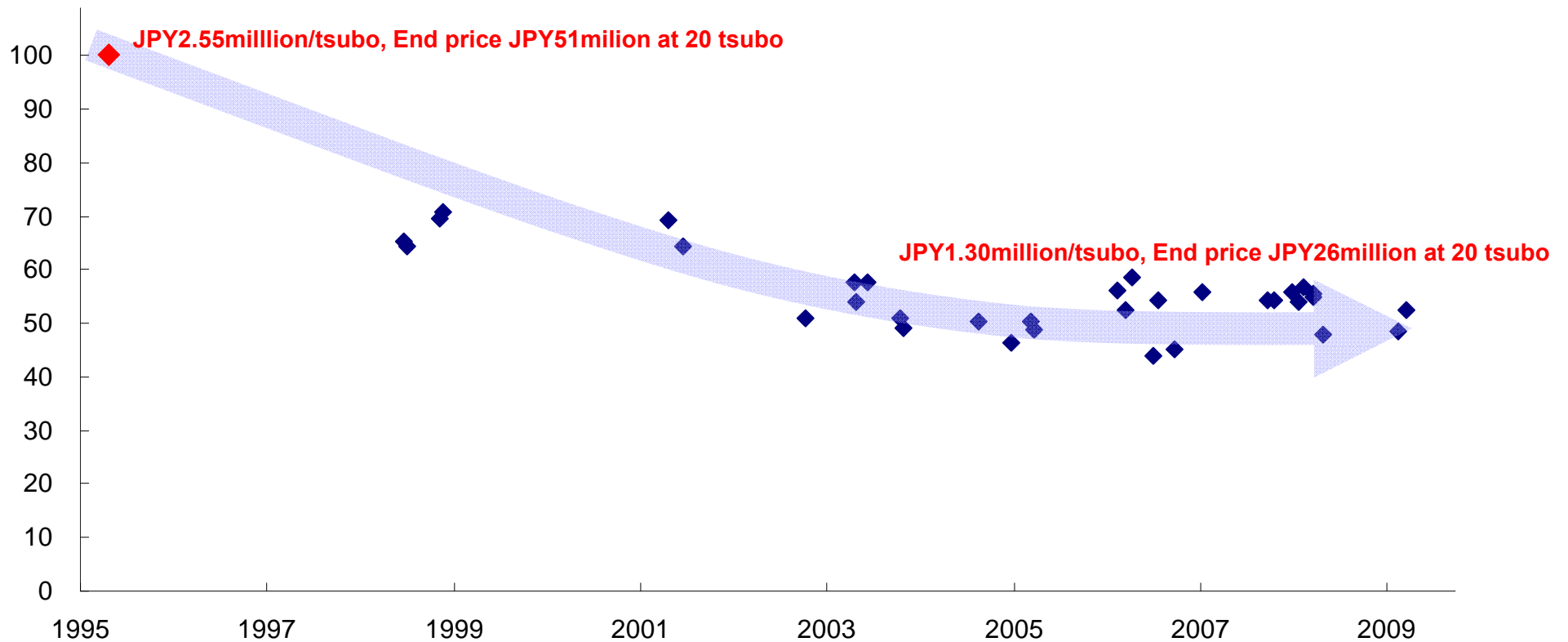
**Growth in condo stock, increase in number of households, and continuous inflow of population to major urban/metropolitan areas, should accelerate growth in the used condominium markets of Japanese major cities.**



# Change in value of used condominium unit by age (from new construction)

Used condominium usually depreciate with age and bottom out after 10 years.

■ Change in value of used condominium unit (Initial sale price at 100)



Case: Konan-ku, Yokohama-shi, Kanagawa-pref. : 350units, Avg size 75m<sup>2</sup>, Construction date July,1995  
 Data from Tokyo kantei , Higashinohon REINS ,compiled by Star Mica.



# Demand for affordable housing is strong

## ■ Secondary condominiums that can be bought by paying below rent

- ✓ It is possible to purchase reasonable price range condominiums below current rent payment.
- ✓ Demand for this price range is high considering real income level.



## ■ Monthly repayment of mortgage loan (level payment, 35 years, 2.5%)

(Unit: yen)

Initial loan amount	monthly repayment
10,000,000	35,750
15,000,000	53,624
20,000,000	71,499
25,000,000	89,374
30,000,000	107,249
35,000,000	125,123
40,000,000	142,998
45,000,000	160,873
50,000,000	178,748

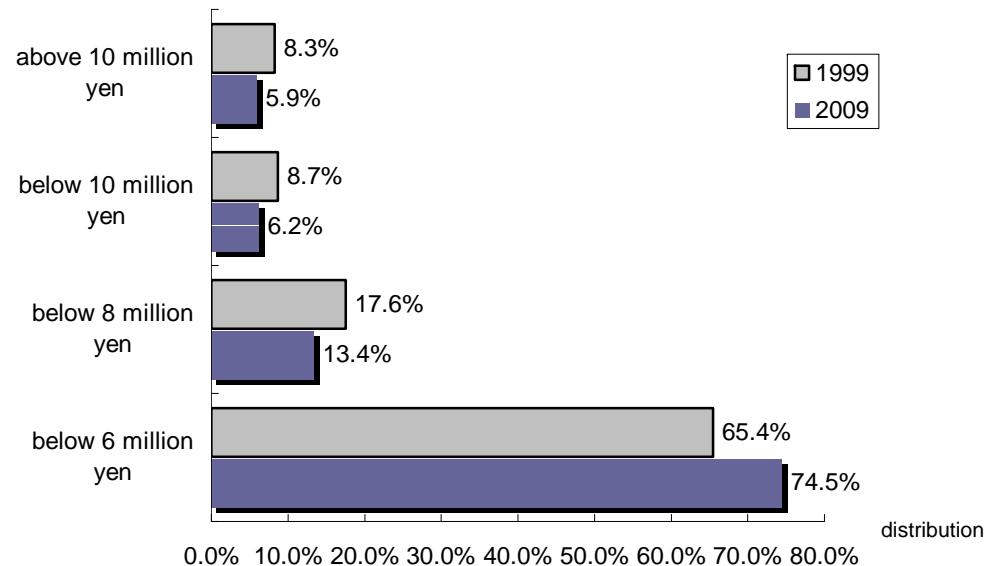
## ■ Average secondary condominium(image) \*

Avg price	25,860 K
Avg size	65.04 m <sup>2</sup>
Avg age	16.4 year
Avg monthly rent	154 K
Avg monthly mgmt fee, etc	22 K

(K=thousand yen)

**Monthly payment of 90K can reach to purchase standard secondary condominium unit.**

## ■ Annual income distribution for employees



※Source: Star Mica based on the National Tax Administration Agency, 1999,2009, male statistics

**Annual income below 6 million yen is 3/4 of total population.**

\* Based on our sales results (2009/12-2010/11)

# Toward stimulation of the used home market

In Europe and US, used homes form the core (70-90%) of the housing market.

In Japan, used homes account for only about 10% of the housing market.

Ministry of Land, Infrastructure, and Transport  
**“Numerical targets for stimulation of used housing market”**

**2003: 13% → 2015: 23%**

- June 8, 2006 Implementation of the Basic Housing Act
- September 19, 2006 Cabinet approves “Basic Plan for Housing (National Plan)”

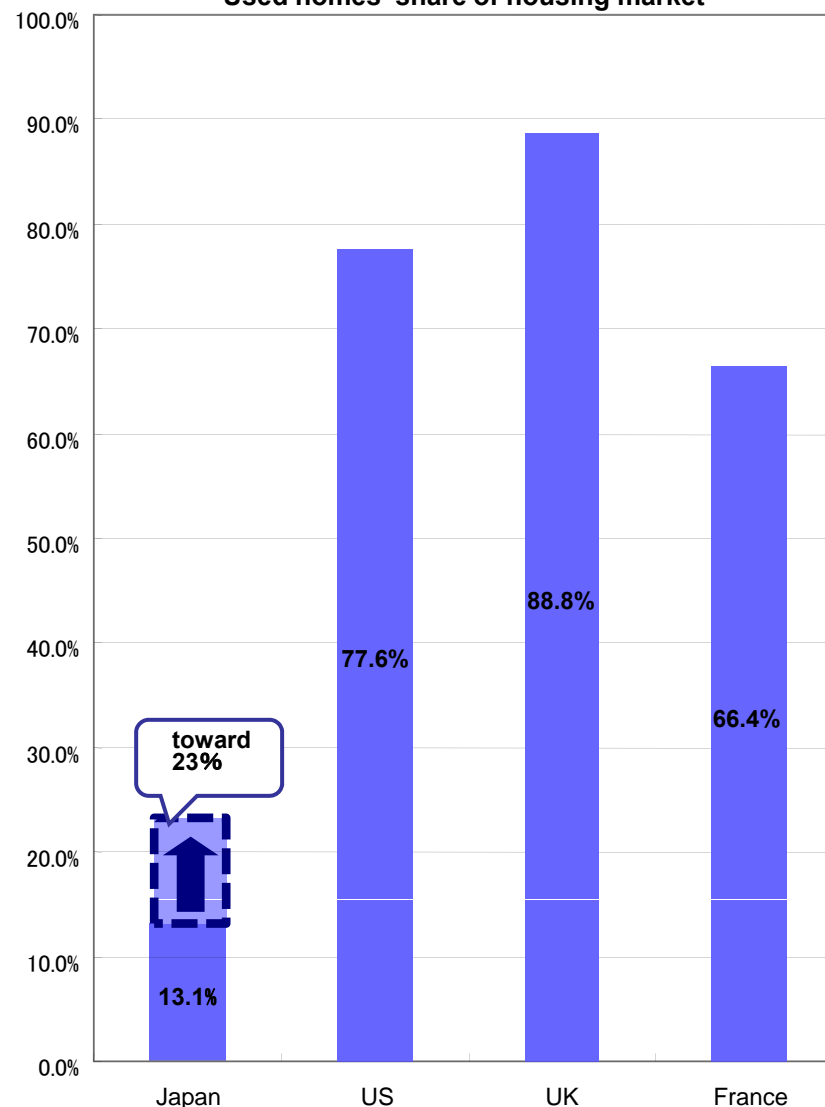
**① Supply of high quality properties**

- Long-term housing act/Diffusion of long-term quality property
- Housing warranty act/Protection to new home buyers

**② Improve liquidity and enhance purchase of houses**

- House quality security act(new, used),/enhance disclosure
- Mortgage loan tax break
- Relief to gift tax

Used homes' share of housing market



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

# Doubling the market size of secondary condominium. ~national strategic project ~

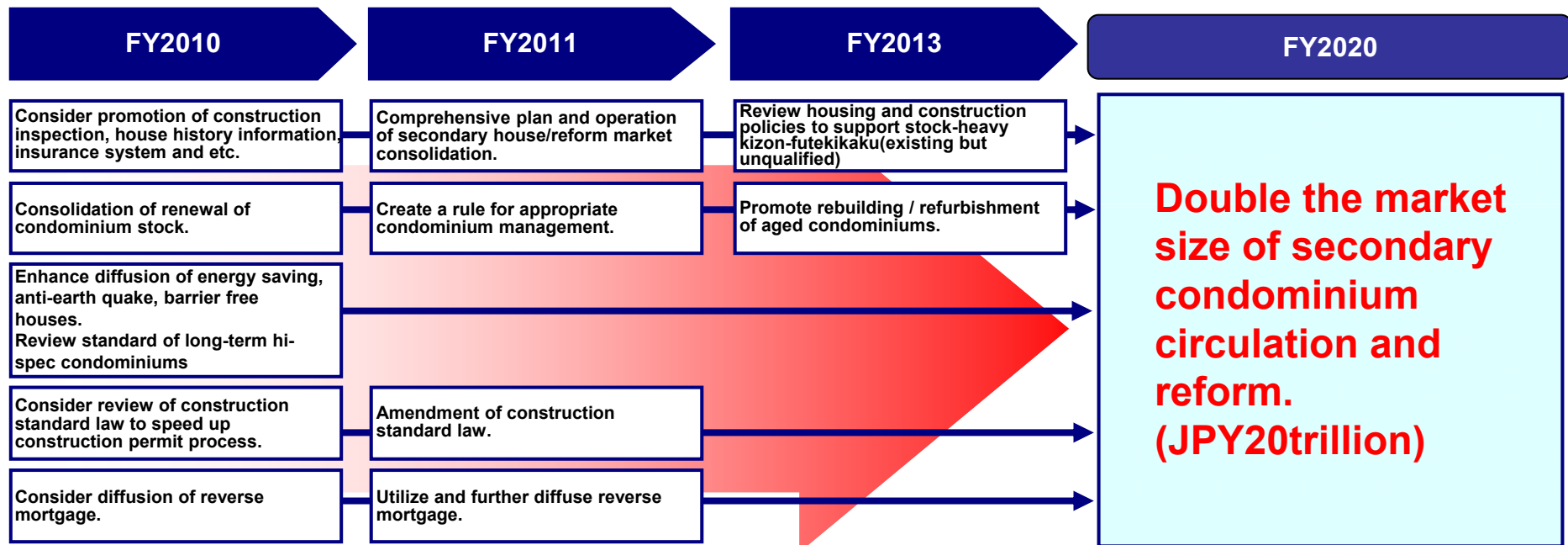
## ◆ Doubling the market size of secondary condominium, reform market. (JPY20trillion)

« New growth strategy ~ objective of 7 strategic areas and 21 national strategic project determined by the Cabinet 2010/6/18 »

### ~Change from stock-heavy residential policy~

- (1) Market consolidation and deregulation based on total plan, necessary for the change from stock-heavy residential policy.
- (2) Promote supply of hi-quality new houses to enhance change from build-and-scrap model.
- (3) Promote housing and real estate market to realize economic growth from domestic demand.

### ■ Timeline to achieve goal



\* Source : Edited by Star Mica from National Strategy Room HP <http://www.npu.go.jp/>

---

1. Executive Summary

2. Business Outline and Results

3. Corporate Strategy

4. Market Overview

**5. Company Profile**

# Company profile

■ as of Nov. 30 2010

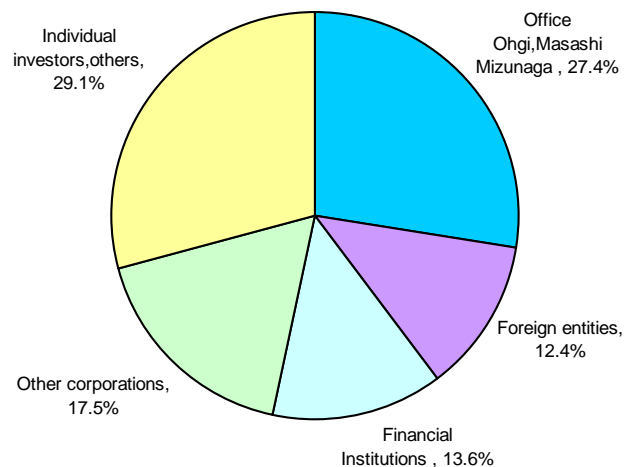
<b>Company name</b>	Star Mica Co., Ltd.
<b>Representative</b>	<p>President &amp; representative director Masashi Mizunaga            Brief resume • Mitsui &amp; Co., Ltd.</p> <ul style="list-style-type: none"> <li>▪ MBA (University of California, Los Angeles)</li> <li>▪ The Boston Consulting Group</li> <li>▪ Goldman Sachs Japan Ltd.</li> </ul>
<b>Date of incorporation</b>	May 1, 2001
<b>Listing date</b>	<p>October 2, 2006            Osaka Securities Exchanges JASDAQ Market (stock code: 3230)</p>
<b>Capital</b>	2,949 million
<b>Offices</b>	Tokyo head office (Minato Ward)
<b>Main Bank</b>	Bank of Tokyo-Mitsubishi UFJ, Aozora Bank, Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., Mizuho Bank, Ltd.
<b>Auditor</b>	KPMG AZSA LLC
<b>Employees</b>	56
<b>Businesses</b>	Condominium trading business, Investment business, Advisory business

# Major shareholders (as of 30 Nov 2010)

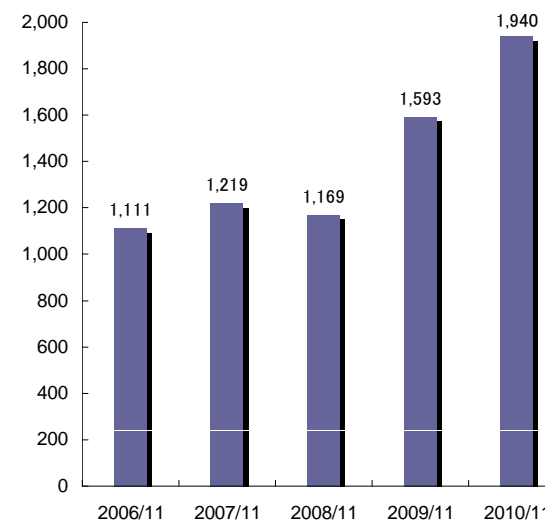
## major shareholders

Shareholder	May 2010	Nov 2010	%	Notes
Office Ohgi	16,450	16,450	19.8%	Private Company of Masashi Mizunaga
Jupiter Investment	12,600	12,600	15.2%	Goldman Sachs Group
Hiroshi Taguchi	9,000	9,000	10.8%	
Japan Trustee Services Bank, Ltd. (Account in trust)	6,807	6,884	8.3%	
Masashi Mizunaga	6,194	6,294	7.6%	President & Representative Director
Yasumitsu Shigeta	3,767	3,767	4.5%	
The Master Trust Bank of Japan, Ltd. (Account in trust)	2,487	2,452	3.0%	
Bank of New York HBK Master Fund L.P.	4,029	2,229	2.7%	
CREDIT SUISSE SECURITIES(USA)LLC-SPCL.FOR EXCL.BENE	1,895	1,512	1.8%	
CITIGROUP GLOBAL MARKETS INC. -SECURITIES SAFEKEEPING ACCOUNT 418	**	1,504	1.8%	
Others	19,771	20,308	24.5%	**Others not listed since out of top 10
<b>Total</b>	<b>83,000</b>	<b>83,000</b>	<b>100.0%</b>	

## Distribution of share ownership



## 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](mailto:ir.group@starmica.co.jp)