

**OPEN
HOUSE**

Consolidated Financial Highlights

for the Third Quarter Ended September 30, 2020

OPEN HOUSE CO., LTD.
[3288 TSE]



JPX-NIKKEI 400

2017-2019



FY2020 3Q Topics

Business performance <FY2020 3Q>

- **Both revenue and income achieved record highs for the third quarter. Sales of single-family homes were robust amid the promotion of a “new lifestyle.”**

Revenue:	¥ 383.5billion	[4.6% YOY]
Operating income:	¥ 53.2 billion	[56.1% YOY]
Profit attributable to owners of parent :	¥ 41.8 billion	[71.1% YOY]

Performance forecasts < FY2020 >

- **The Company forecasts further record highs in revenue and income for the eighth consecutive year**

Revenue:	¥ 570.0 billion	[5.5% YOY]
Operating income:	¥ 77.0 billion	[40.2% YOY]
Profit attributable to owners of parent :	¥ 59.0 billion	[49.7% YOY]

Public Offering

- **The Company conducted a public offering totaling 44.6 billion yen, aimed at strengthening financial capabilities and improving the strength and flexibility of its financial position for future growth.**

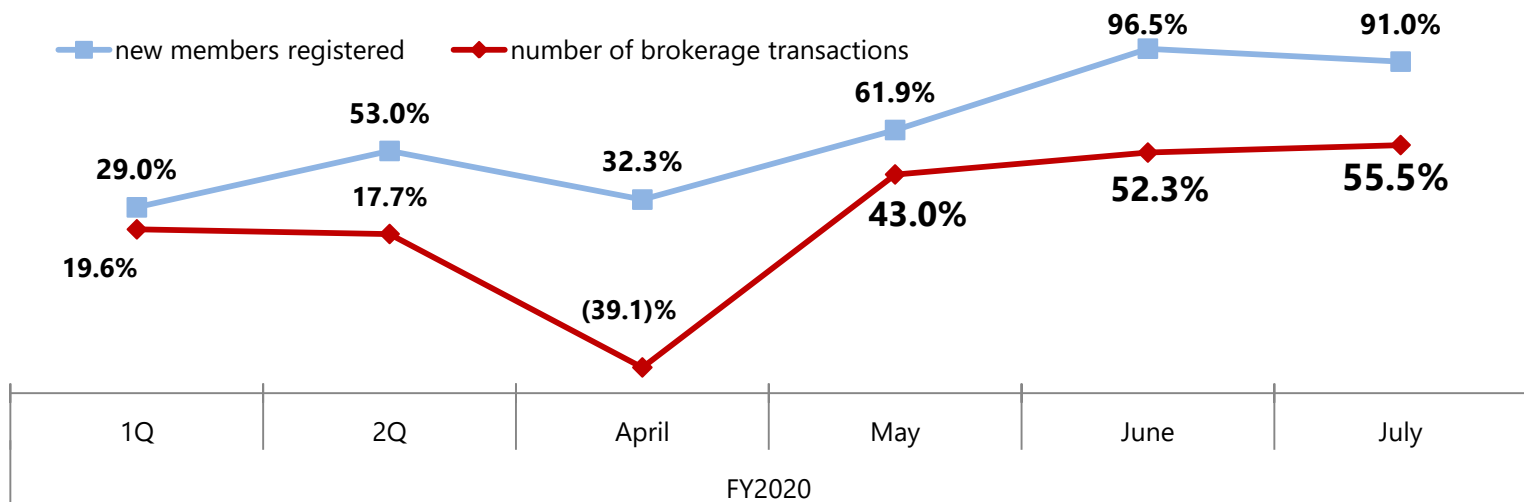
→ ***Eyeing Open House Group Revenue of One Trillion Yen***



Sales of single-family homes were robust amid the promotion of a “new lifestyle.”

- ☑ Number of brokerage transactions, which is a leading indicator, remained strong in July, making year-on-year growth of 55.5%.
- ☑ Customers who want work space tend to re-acknowledge the utility value of single-family homes.

YOY increase rate in number of brokerage transactions and new members registered *



< Background >

- An increase in hours spent at home with families has led to more opportunities to talk about home.
- An increase in teleworking has caused greater interest in single-family homes with a large number of rooms.
- A shift from urban areas to the suburbs has been limited due to such factors as convenience, lifestyles, education, and medical services.

*Since the posting of revenue from brokerage transactions takes 3 to 4 months, contracts that exceeded plan in/after May will be reflected in revenue in the next fiscal year.

Accelerating Growth of Business through Equity Financing

- ☑ Conduct a public offering totaling 44.6 billion yen with a dilution ratio of 8.2% *
- ☑ Through equity financing, strengthen financial capabilities and improve strength and flexibility of financial position for future growth

Open House Group Growth Strategy

Aim for further growth based on core Single-Family Homes Related Business

Expand business through M&A

Implementing Equity Financing

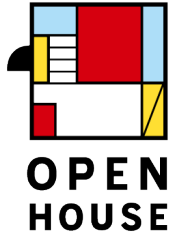
Strengthen financial capabilities

Improve the strength and flexibility of financial position

- ☐ Strengthen financial capabilities to enable the Company to invest in high-growth businesses
- ☐ Secure financial capabilities by repaying a portion of interest-bearing debt

➤ **The Company aims to promptly achieve 1 trillion yen in revenue as an independent general real estate company.**

*(The dilution ratio was calculated based on the number of new shares issued, including approx. 2.0 billion yen third-party allotment in connection with over allotment scheduled for late August.)



FY2020 3Q Consolidated Summary

Overview of Consolidated Income Statement

- ☑ Both revenue and income achieved record highs for the third quarter.
- ☑ In line with the acquisition of shares of Pressance Corporation, the Company posted 16,322 million yen in equity method in earnings of affiliates.

(Million yen)

	FY2019 3Q <2018/10-2019/06>		FY2020 3Q <2019/10-2020/06>		Inc.(Dec.)
	Actual	% of revenue	Actual	% of revenue	
Revenue	366,608	—	383,551	—	4.6%
Operating income	36,385	9.9%	38,445	10.0%	5.7%
Ordinary income	34,105	9.3%	53,241	13.9%	56.1%
Profit attributable to owners of parent	24,484	6.7%	41,896	10.9%	71.1%



Performance by segment (revenue/operating income)

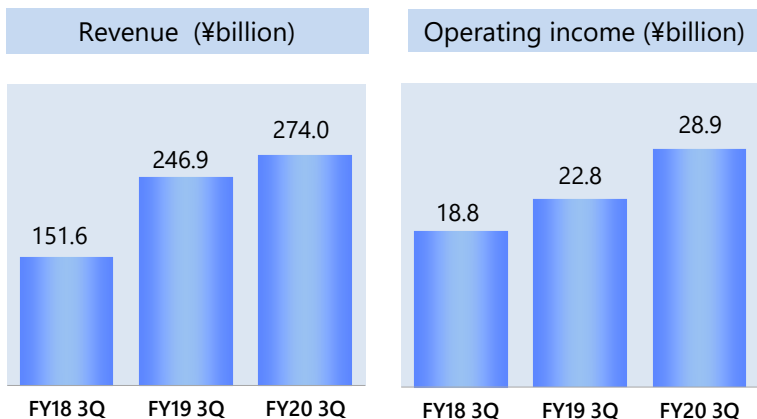
- ☑ The single-family home related business boosted operating results while other segments also made progress on schedule.
- ☑ Sales in the condominiums business in FY2020 have grown steadily despite a year-on-year decline since completion of construction concentrates in the fourth quarter.

(Million yen)

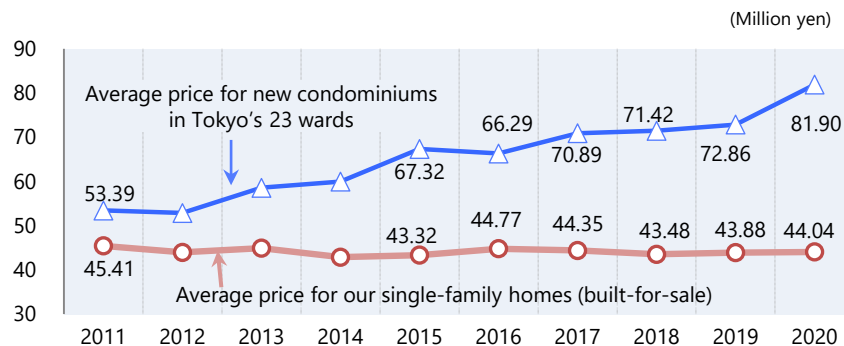
	FY2019 3Q <2018/10-2019/06>		FY2020 3Q <2019/10-2020/06>		Inc.(Dec.)
	Actual	Ratio	Actual	Ratio	
Revenue	366,608	100.0%	383,551	100.0%	4.6%
Single-family homes related business	246,932	67.4%	274,021	71.4%	11.0%
Condominiums	26,508	7.2%	12,848	3.3%	(51.5)%
Property resales	74,893	20.4%	80,169	20.9%	7.0%
Others (including U.S. real estate business)	18,316	5.0%	16,589	4.3%	(9.4)%
Adjustments	(41)	—	(77)	—	—
	Actual	% of revenue	Actual	% of revenue	Inc.(Dec.)
Operating Income	36,385	9.9%	38,445	10.0%	5.7%
Single-family homes related business	22,835	9.2%	28,969	10.6%	26.9%
Condominiums	3,863	14.6%	489	3.8%	(87.3)%
Property resales	8,217	11.0%	8,444	10.5%	2.8%
Others (including U.S. real estate business)	2,197	12.0%	1,402	8.5%	(36.2)%
Adjustments	(728)	—	(859)	—	—

Single-family homes related business as a whole

- ☑ In addition to an increase in price and a decline in the number of new condominiums supplied, the percentage of compact condominiums has been on the rise.
- ☑ Amid the promotion of a new lifestyle, families tend to have higher demand for single-family homes.



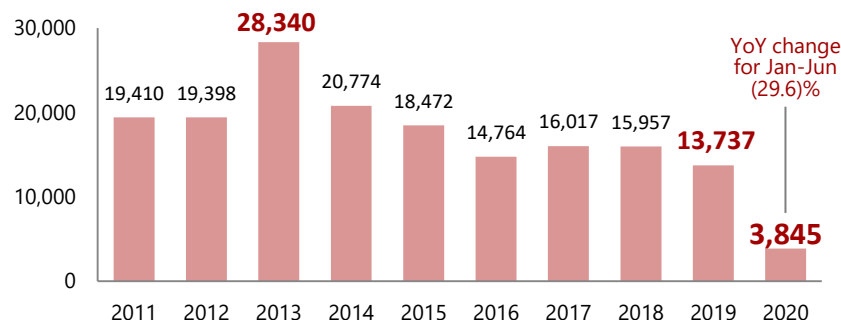
Changes in the average price for new condominiums in Tokyo's 23 wards and average price for our single-family homes (built-for-sale)



Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September. Condominium prices for 2020 are for the January – June period.
 Prices of our homes for 2020 are for the October 2019- June 2020 period in Tokyo metropolitan area.

	FY2018 3Q 17/10-18/6	FY2019 3Q 18/10-19/6	FY2020 3Q 19/10-20/6	Inc. (Dec.)
Revenue (¥million)	151,690	246,932	274,021	11.0%
Gross profit(¥million)	28,161	37,237	44,089	18.4%
Gross profit margin	18.6%	15.1%	16.1%	1.0pt
Operating income (¥million)	18,848	22,835	28,969	26.9%
Operating income margin	12.4%	9.2%	10.6%	1.3pt

Changes in the number of new condominiums supplied in Tokyo's 23 wards



Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: : calendar-year basis for the January – December period, January-June for FY2020 only

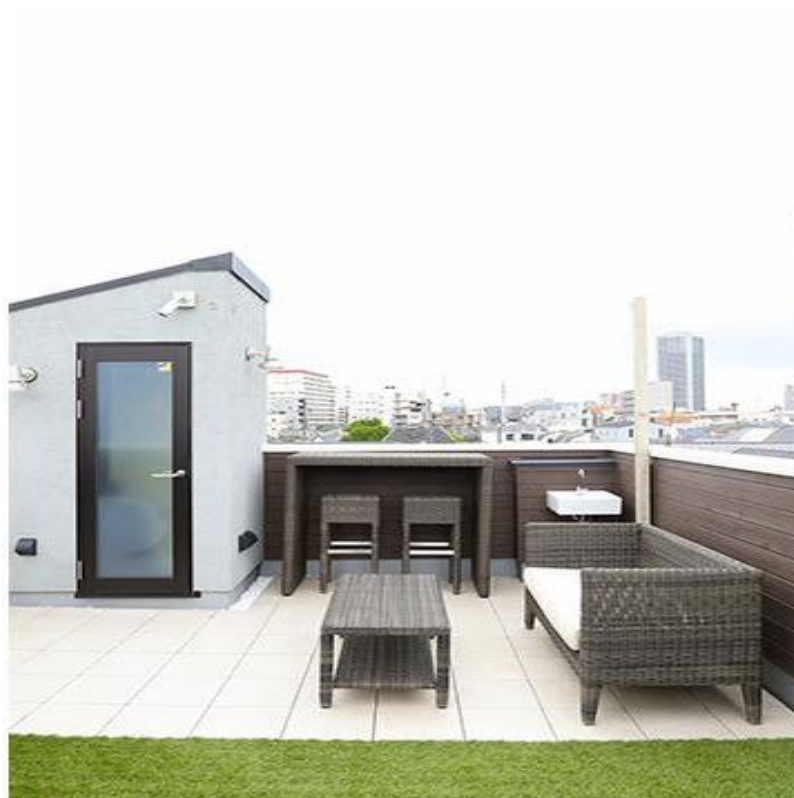
Increasing Value of Single-Family Homes Resulting

- ☑ In line with an increase in teleworking, there are growing needs for work space.
- ☑ With a large number of rooms and easy renovation, the utility value of single-family homes is expandable.

< Examples of construction >



Installation of a study room by effectively using a small space such as at the end of the hallway

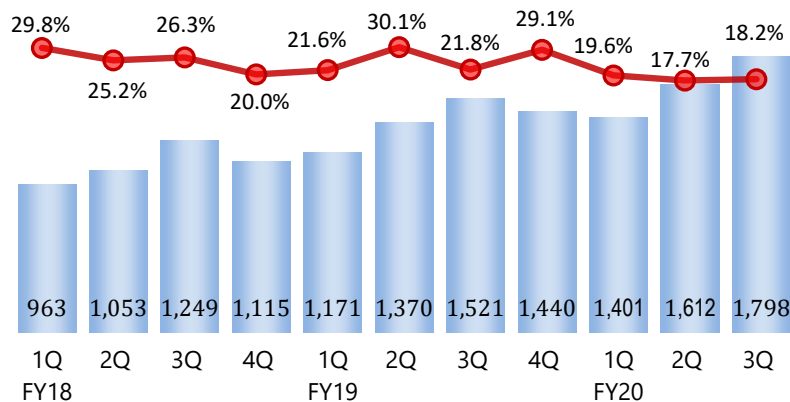


Comfortably staying at home on a rooftop balcony!
Suitable for refreshing yourself while teleworking and enjoying family time

Single-family homes related business as brokerage

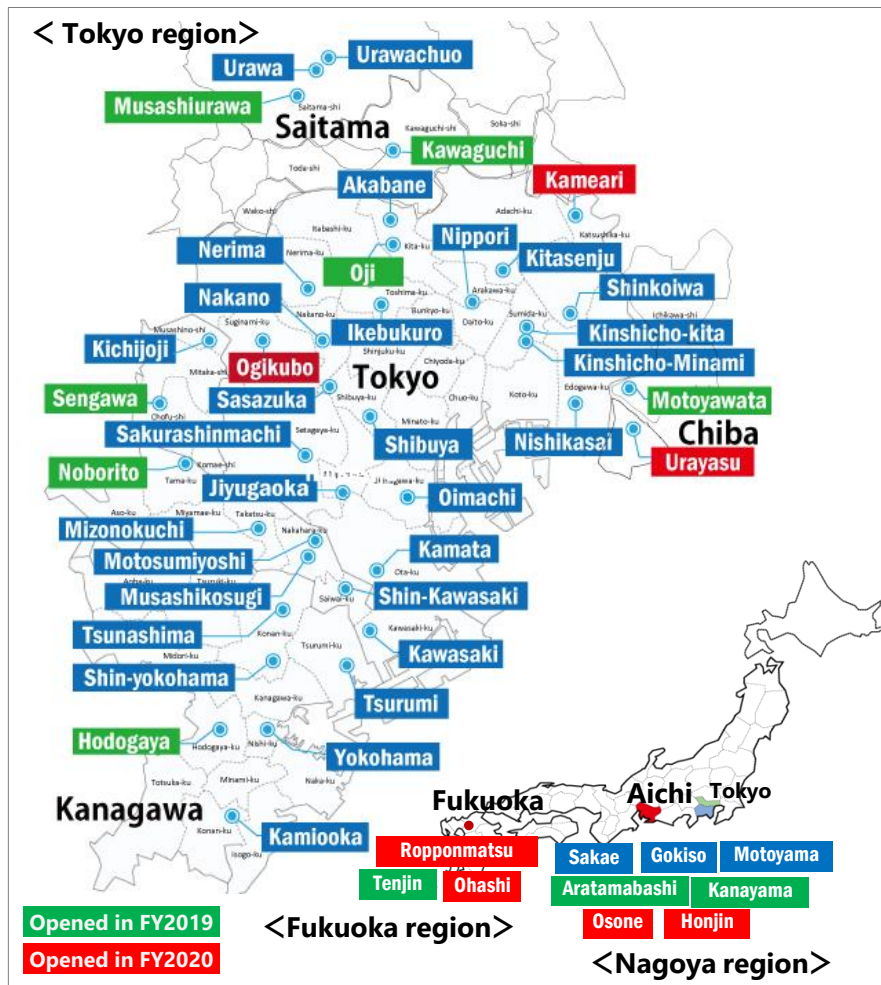
- ☑ Despite the impact of the novel coronavirus, the number of brokerage transactions increased steadily, up 18.2% year on year.
- ☑ The Company intends to open seven new sales centers in FY2020 to operate a total of 49 sales centers.

Number brokered and YOY increase rate in each quarter



No. of sales centers of each area

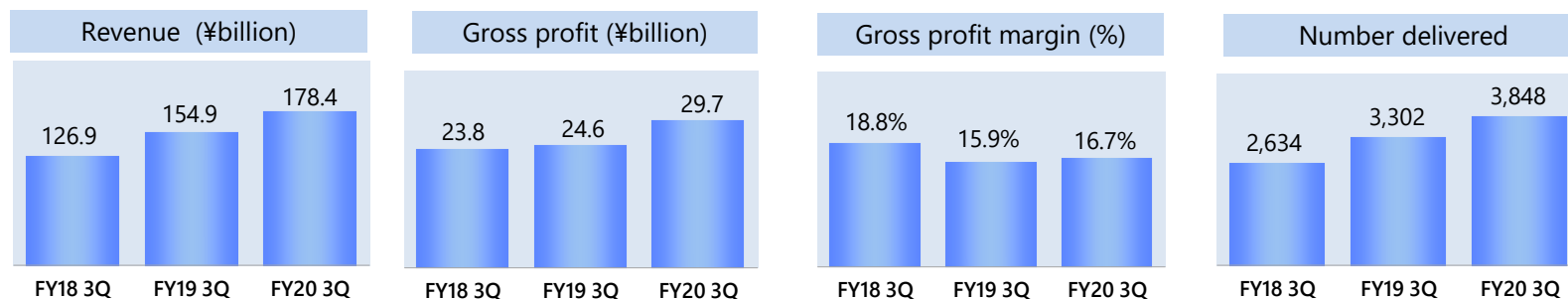
	FY2017 16/10-17/9	FY2018 17/10-18/9	FY2019 18/10-19/9	As of 2020.8.14
Tokyo	16	17	19	21
Kanagawa Prefecture	7	10	12	12
Aichi Prefecture	2	3	5	7
Saitama Prefecture	—	2	4	4
Chiba Prefecture	—	—	1	2
Fukuoka Prefecture	—	—	1	3
Total	25	32	42	49





Single-family homes related business (Open House Development)

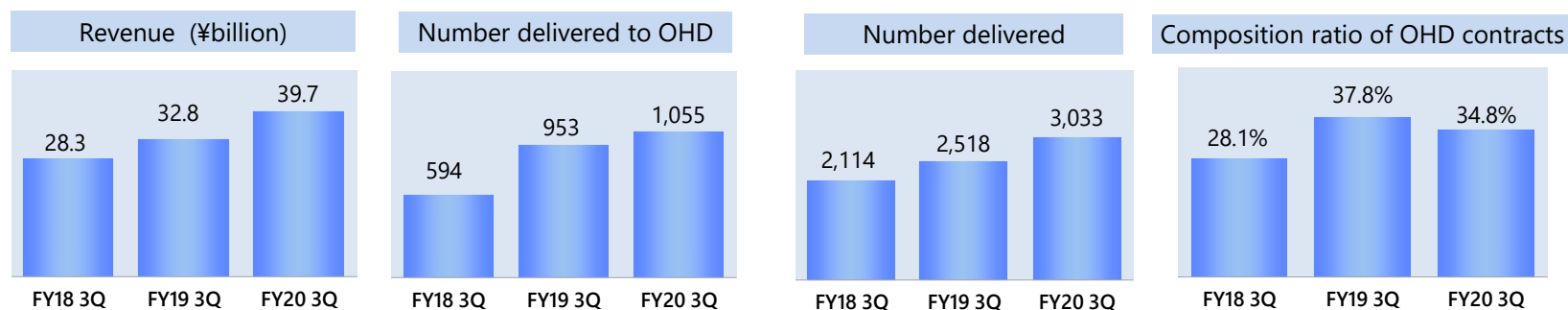
- As a result of experiencing no impact of the novel coronavirus in the construction process, numbers delivered have steadily grown.



By type of sale		FY2018 3Q 17/10-18/6	FY2019 3Q 18/10-19/6	FY2020 3Q 19/10-20/6	Inc. (Dec.)
Built-for-sale houses	Revenue (¥million)	43,852	67,263	79,784	18.6%
	Number delivered	1,013	1,574	1,888	314
	Unit Price(¥million)	43.3	42.7	42.3	(0.5)
Lands	Revenue (¥million)	70,266	70,909	81,009	14.2%
	Number delivered	1,621	1,728	1,960	232
	Unit Price(¥million)	43.3	41.0	41.3	0.3
Built-to-order houses	Revenue (¥million)	12,324	16,356	17,226	5.3%
	Number delivered	866	1,167	1,172	5
	Unit Price(¥million)	14.2	14.0	14.7	0.7
Others	Revenue (¥million)	457	427	442	3.5%
Total	Revenue (¥million)	126,908	154,960	178,469	15.2%
	Gross profit (¥million)	23,886	24,629	29,779	20.9%
	Gross profit margin	18.8%	15.9%	16.7%	0.8pt
	Number delivered (built-for-sale houses + lands)	2,634	3,302	3,848	546

Single-family homes related business (Open House Architect)

- Number of contracts with corporations in the Tokyo metropolitan area as well as OHD contracts have steadily grown.
- Established No. 1 positions by the number of properties delivered under single-family homes construction contracts to corporations in the Tokyo metropolitan area



	FY2018 3Q 17/10-18/6	FY2019 3Q 18/10-19/6	FY2020 3Q 19/10-20/6	Inc. (Dec.)
Revenue (¥million)	28,388	32,825	39,776	21.2%
Gross profit (¥million)	3,329	3,672	4,520	23.1%
Gross profit margin	11.7%	11.2%	11.4%	0.2pt
Number delivered	2,114	2,518	3,033	515
* Number delivered to OHD	594	953	1,055	102

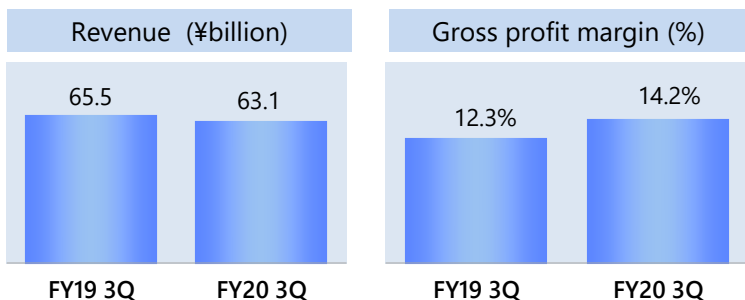
* Number delivered refers to the number of properties delivered under single-family homes construction contracts to corporations.
Number delivered to OHD on the lower line





Single-Family Homes Related Business (Hawk One)

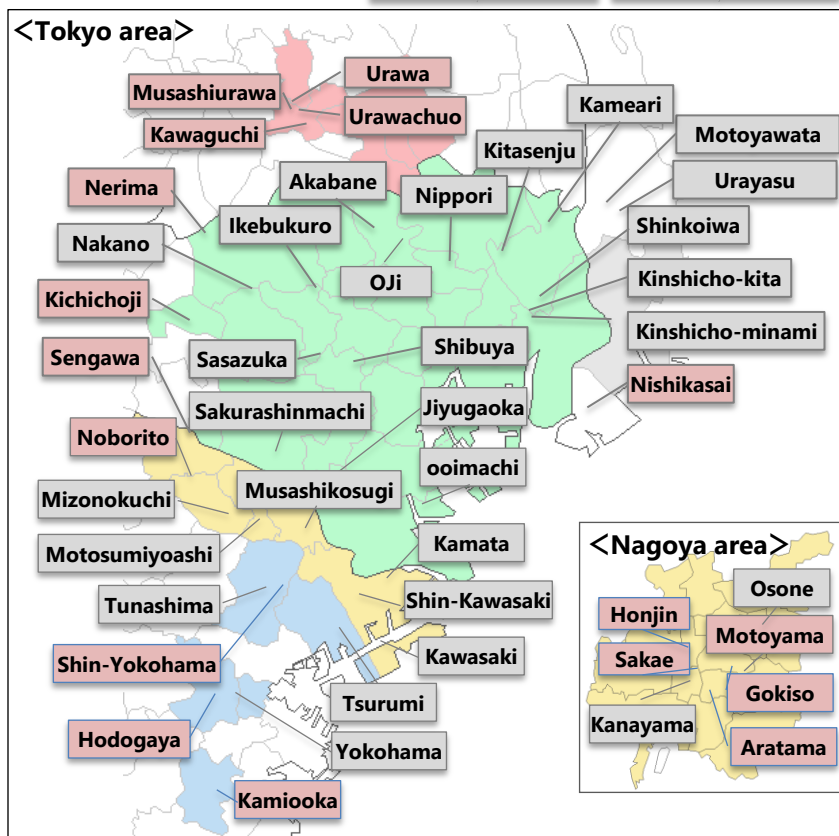
- ☑ Gross profit margin improved thanks to effects of the improved purchasing standard.
- ☑ Sales of properties with a scheduled delivery in the fourth quarter made progress on schedule.



	FY2019 3Q 18/10-19/6	FY2020 3Q 19/10-20/6	Inc. (Dec.)
Revenue (¥million)	65,521	63,127	(3.7)%
Gross profit (¥million)	8,055	8,973	11.4%
Gross profit margin	12.3%	14.2%	1.9pt
Number delivered *Including Lands, Built-to-order houses	1,673	1,647	(26)
Number of sales *Contract basis	1,601	1,650	49
Number delivered Number delivered to OHD	299	481	182

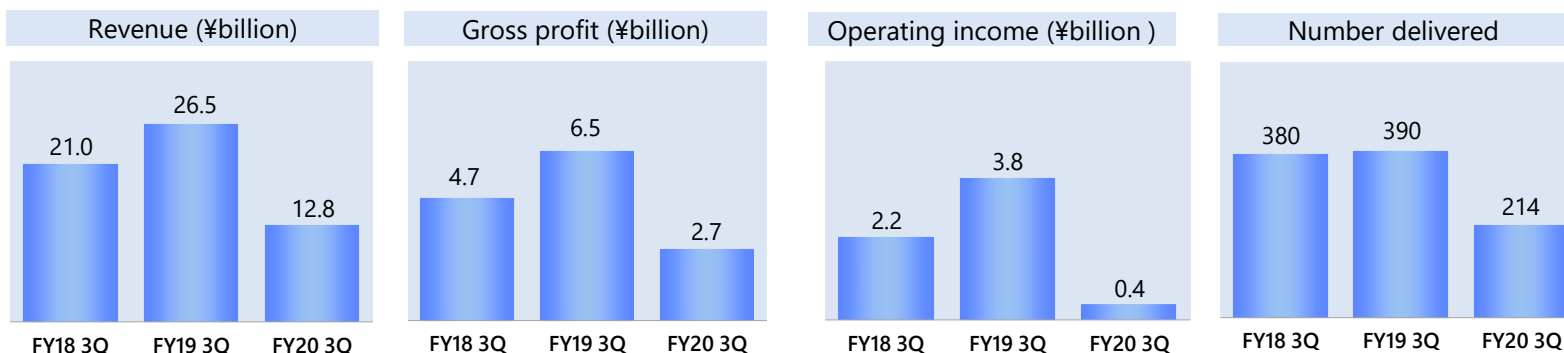
Number of brokerage transactions on Hawk One's Units in each Open House Sales Center (contract basis)

FY2020 3Q (2019/10-2020/06) **10 units and more** Under 10 units



Condominiums Business

- ☑ New condominiums located in very convenient urban centers have high demand and sales are steadily growing.
- ☑ The business is making progress on schedule toward the fourth quarter, in which construction completion concentrates.



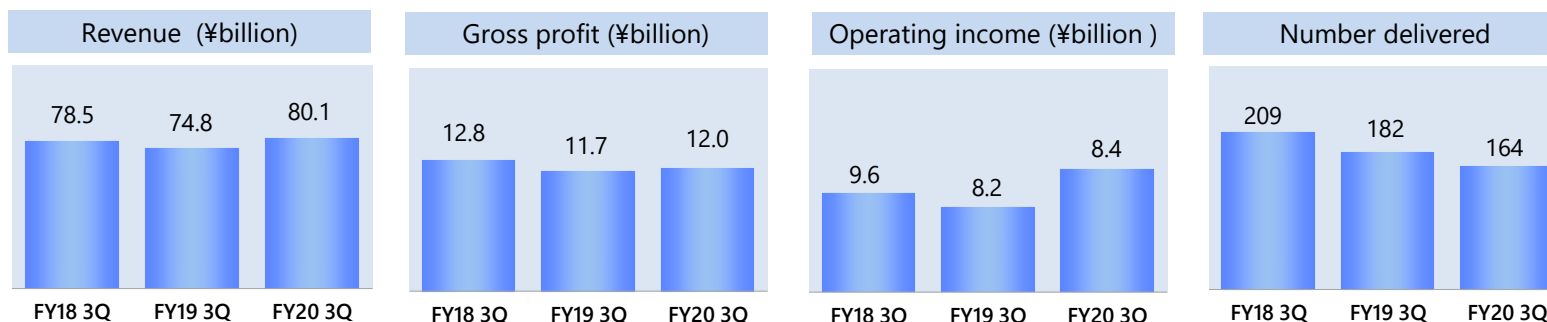
	FY2018 3Q 17/10-18/6	FY2019 3Q 18/10-19/6	FY2020 3Q 19/10-20/6	Inc. (Dec.)
Revenue (¥million)	21,058	26,508	12,848	(51.5)%
Gross profit (¥million)	4,707	6,531	2,782	(57.4)%
Gross profit margin	22.4%	24.6%	21.7%	(3.0)pt
Operating income (¥million)	2,205	3,863	489	(87.3)%
Operating income margin	10.5%	14.6%	3.8%	(10.8)pt
Number delivered	380	390	214	(176)
Unit price(¥million)	55.2	67.5	59.5	(8.0)

— Major condominiums delivered in FY2020 —

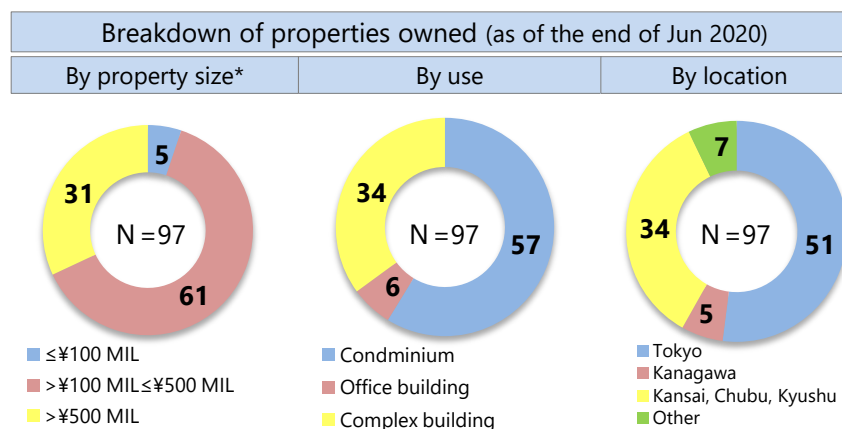
Name	Units	Average price
Open Residencia Yotsuya (Tokyo)	21	¥90million
Open Residencia Yoyogi-koen (Tokyo)	38	¥90million
Open Residencia Sakurayama (Nagoya)	36	¥40million
Open Residencia Shirokibara Station Front (Fukuoka)	103	¥30million

Property Resales Business

- ☑ Demand is growing steadily, backed by investors who eye the current situation as a good opportunity for investments.
- ☑ Since the Company focuses on rental condominiums in metropolitan areas, there is only a minor impact of the novel coronavirus.



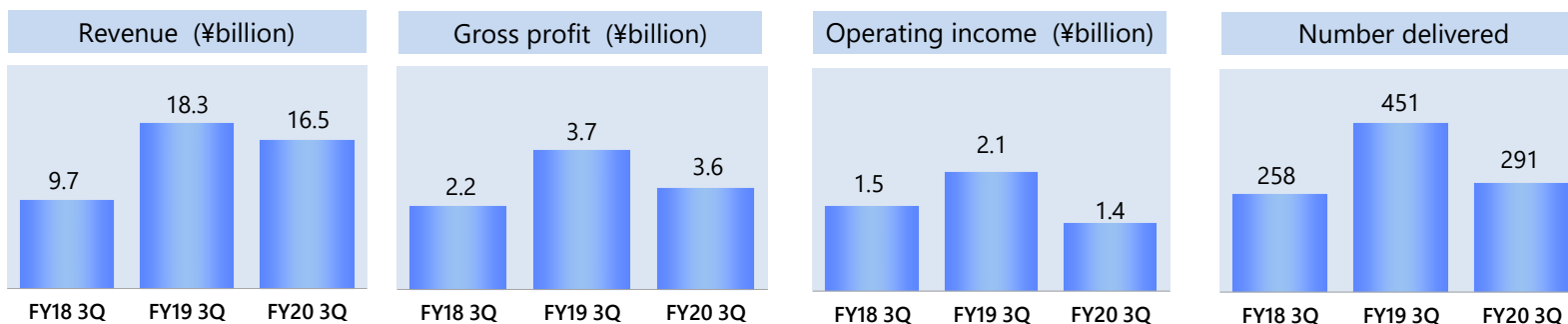
	FY2018 3Q 17/10-18/6	FY2019 3Q 18/10-19/6	FY2020 3Q 19/10-20/6	Inc. (Dec.)
Revenue (¥million)	78,572	74,893	80,169	7.0%
Gross profit (¥million)	12,813	11,702	12,012	2.6%
Gross profit margin	16.3%	15.6%	15.0%	(0.6)pt
Operating income (¥million)	9,610	8,217	8,444	2.8%
Operating income margin	12.2%	11.0%	10.5%	(0.4)pt
Number delivered	209	182	164	(18)
Unit Price(¥million)	368	400	478	78



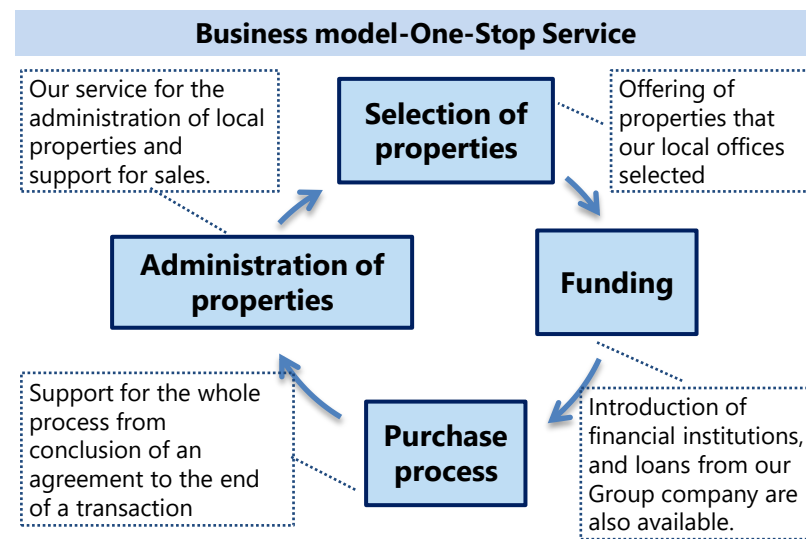
* Based on book values at the end of Jun 2020.

Other Segment (U.S. Real Estate Business)

- ✓ Abundant achievements, especially in the management of properties in the local site, have made the Company differentiate from other companies.
- ✓ Sales grew steadily as a net investment for both corporations and individuals.



	FY2018 3Q 17/10-18/6	FY2019 3Q 18/10-19/6	FY2020 3Q 19/10-20/6	Inc. (Dec.)
Revenue (¥million)	9,748	18,316	16,589	(9.4)%
Gross profit (¥million)	2,255	3,784	3,659	(3.3)%
Gross profit margin	23.1%	20.7%	22.1%	1.4pt
Operating income (¥million)	1,570	2,197	1,402	(36.2)%
Operating income margin	16.1%	12.0%	8.5%	(3.5)t
Number delivered*	258	451	291	(160)
multi family homes included above	—	4	9	5



* Figures for U.S. Real Estate Business are shown..



Breakdown of SG&A Expenses, Non-Operating Income /Expenses

(Million yen)

	FY2019 3Q 2018/10-2019/06		FY2020 3Q 2019/10-2020/06		Inc. (Dec.)		FY2019 3Q 2018/10-2019/06		FY2020 3Q 2019/10-2020/06		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue			Actual	% of revenue			
SG&A expenses	22,967	6.3%	24,345	6.3%	1,378						
Personnel expenses	6,695	1.8%	7,482	2.0%	786						
Sales commissions	3,708	1.0%	3,296	0.9%	(411)						
Office expenses	2,614	0.7%	2,866	0.7%	252						
Advertising expenses	1,618	0.4%	1,738	0.5%	120						
Promotion expenses	1,036	0.3%	788	0.2%	(247)						
Others	7,294	2.0%	8,173	2.1%	878						
						Non-operating income	320	0.1%	16,803	4.4%	16,482
						Share of profit of entities accounted for using equity method*	—	—	16,322	4.3%	16,322
						Others	320	0.1%	480	0.1%	159
						Non-operating expenses	2,600	0.7%	2,007	0.5%	(593)
						Interest expenses	1,339	0.4%	1,682	0.4%	343
						Commission expenses	764	0.2%	192	0.1%	(572)
						Others	497	0.1%	132	0.0%	(364)

*Breakdown:

Negative goodwill of Pressance Corporation

13,708

Profit/loss of Pressance Corporation attributable to the Company

2,614

Consolidated Balance Sheet

(Million yen)

	Sep 30, 2019	Jun 30, 2020	Inc. (Dec.)
Current assets	424,766	474,622	49,855
Cash and deposits	135,354	150,662	15,307
Inventories	250,054	280,302	30,248
Others	39,357	43,656	4,299
Non-current assets	21,106	60,050	38,944
Property, plant and equipment	4,990	5,091	100
Intangible assets	3,456	3,166	(290)
Investments and other assets	12,659	51,792	39,133
Deferred assets	31	26	(5)
Total assets	445,904	534,699	88,795

	Sep 30, 2019	Jun 30, 2020	Inc. (Dec.)
Liabilities	307,837	362,738	54,901
Current liabilities	162,348	195,101	32,753
Non-current liabilities	145,488	167,636	22,147
Net Assets	138,067	171,961	33,893
Shareholders' equity	138,263	172,247	33,983
Valuation and translation adjustments	(196)	(286)	(89)
Total liabilities and net assets	445,904	534,699	88,795

<Safety index>

(times)	Sep 30, 2019	Jun 30, 2020	Inc. (Dec.)
D/E ratio	1.8	1.8	0.0pt
Net D/E ratio*	0.8	0.9	0.1pt

	Sep 30, 2019	Jun 30, 2020	Inc. (Dec.)
Equity ratio	30.9%	32.1%	1.2pt
Net equity ratio**	44.4%	44.7%	0.3pt

* Net debt/equity ratio: (loans payable + corporate bonds - cash & deposits) / net assets,

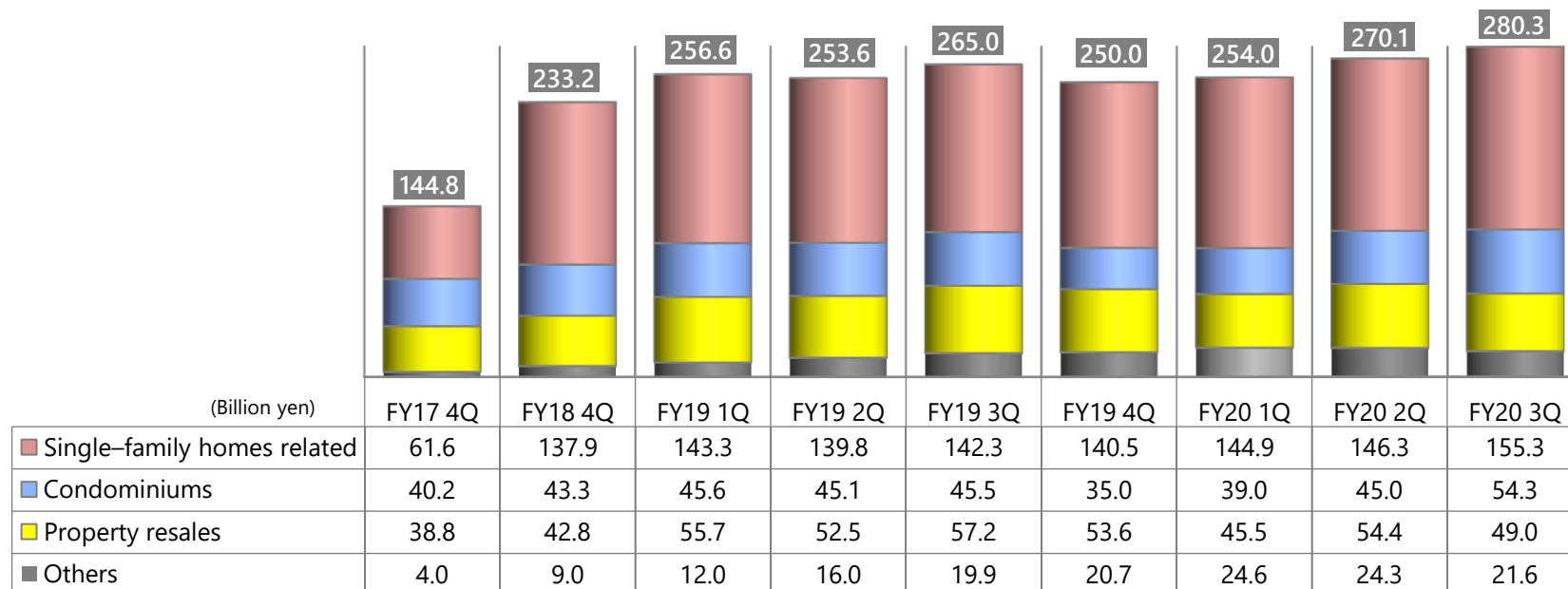
** Net equity ratio : Equity ratio / (total assets - cash & deposits)

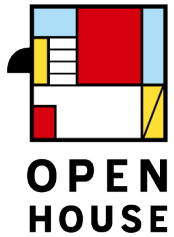


Inventory Details

(Million yen)

	End of FY2017 (Sep 30, 2017)	End of FY2018 (Sep 30, 2018)	End of FY2019 (Sep 30, 2019)	End of 3Q FY2020 (Jun 30, 2020)	(Ratio)	Inc. (Dec.)
Single-family homes related	61,667	137,991	140,560	155,318	55.4%	14,758
Condominiums	40,291	43,322	35,065	54,324	19.4%	19,258
Property resales	38,871	42,873	53,691	49,062	17.5%	(4,629)
Others	4,064	9,084	20,735	21,632	7.7%	896
Total	144,894	233,272	250,054	280,338	100.0%	30,284





Consolidated Business Performance Forecasts for FY2020

Business Performance Forecasts

- Revisions were made by incorporating the investment profit (including negative goodwill) of entities accounted for using equity method arising from the acquisition of Pressance Corporation's shares and adverse impacts from the novel coronavirus.

(Million yen)

	FY2019 (2018/10-2019/9)		FY2020 *1 (2019/10-2020/9)		<Revised> FY2020 *2 (2019/10-2020/9)		
	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)	Difference	Forecast	Inc. (Dec.)
Revenue	540,376	38.3%	600,000	11.0%	(30,000)	570,000	5.5%
Operating income	57,781	22.1%	65,500	13.4%	(3,500)	62,000	7.3%
Ordinary income	54,928	19.3%	63,000	14.7%	14,000	77,000	40.2%
Profit attributable to owners of parent	39,407	23.9%	44,100	11.9%	14,900	59,000	49.7%
EPS (yen)	351.22	—	398.92	—	—	533.45	—
Annual dividends per share (yen)	63.00	14.00	80.00	17.00	—	80.00	—
Payout ratio	17.9%	—	20.1%	—	—	15.0%^{*3}	—

*1 Forecasts for FY2020 were announced on February 14, 2020. *2 Revised forecasts for FY2020 were announced on May 15, 2020.

*3 The dividend payout ratio excluding profit earned through the acquisition of Pressance Corporation's shares is **21.1%**



Capital and business alliance with Pressance Corporation

- ☑ The Company aims to primarily establish complementary relationships with the affiliate by focusing on regional and product developments.



	Pressance Corporation	Open House
Operating areas	Strong in the Kinki, Tokai and Chukyo regions Operating in areas ranging from the Tokyo metropolitan area to Kyushu	Strong in the Tokyo metropolitan area Operating in the Tokyo metropolitan area, Osaka, Nagoya, Fukuoka
Major sales items	Condominiums (for the purpose of investments or living by families) in addition, management of rents, buildings, etc	Single-family homes in addition, condominiums, property resales business, etc.
Numbers delivered	Condominiums: 7,120 units Hotels, other housing, etc.: 1,041 units (Actual results as of FY ended March, 2020)	Single-family homes: 8,146 buildings Condominiums: 949 units (Actual results as of FY ended September 2019)

<Overview >

Name : Pressance Corporation Co., Ltd.

Location: 1-2-27 Shiromi, Chuo-ku, Osaka city

Date of establishment: October 1, 1997

Name and title of the representative : Yutaka Doi, President and Representative Director

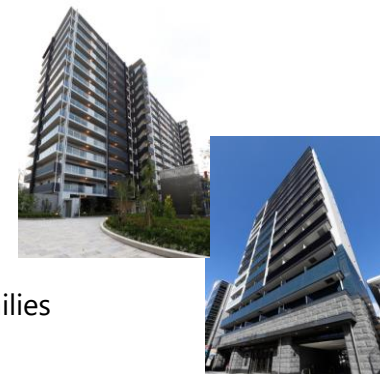
Number of Employees : 665 (as of March 2020)

Capital : 4,290 million yen (as of March 31, 2020)

Lines of business:

Planning, development and sales of condominiums for investment and condominiums for families

Stock exchange listing: First Section of the Tokyo Stock Exchange (code:3254)



Business performance of Pressance Corporation

- ☑ The Company acquired Pressance Corporation's shares accounting for 31.9% of the aggregate number of voting rights, and converted Pressance Corporation to its equity-method affiliate.

(Million yen)

	FY2019 (2018/4-2019/3)		FY2020 (2019/4-2020/3)		First half of FY2021 (2020/4-2020/9)	
	Actual	Inc. (Dec.)	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)
Revenue	160,580	19.8%	224,011	39.5%	102,288	(18.4)%
Operating income	27,118	33.2%	32,609	20.2%	16,080	(32.1)%
Ordinary income	26,531	33.6%	31,985	20.6%	15,469	(33.9)%
Profit attributable to owners of parent	18,296	33.0%	21,892	19.7%	10,665	(31.9)%
Total assets	301,942	56,543	310,779	8,837		
Net assets	94,618	19,446	116,690	22,071		



Consolidated Business Performance Forecasts (Revenue by Business Segment)

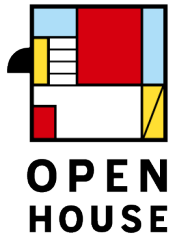
- ☑ Impacts by the novel coronavirus on actual demand for single-family homes related and condominium businesses are deemed temporary.
- ☑ Impacts on property resales business and other investment-related real estate businesses are forecast with a conservative viewpoint.

(Million yen)

	FY2019 (2018/10-2019/9)		FY2020 *1 (2019/10-2020/9)		<Revised> FY2020 *2 (2019/10-2020/9)		
	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)	Difference	Forecast	Inc. (Dec.)
Revenue	540,376	38.3	600,000	11.0%	(30,000)	570,000	5.5%
Single-family homes related business	340,528	63.0	390,000	14.5%	(12,000)	378,000	11.0%
Condominiums	60,956	11.3	58,000	(4.9)%	—	58,000	(4.9)%
Property resales	108,410	20.1	125,000	15.3%	(15,000)	110,000	1.5%
Others (including U.S. real estate business)	30,538	5.7	27,000	(11.6)%	(3,000)	24,000	(21.4)%
Adjustments	(57)	—	0	—	—	0	—

*1 Forecasts for FY2020 were announced on February 14, 2020.

*2 Revised forecasts for FY2020 were announced on May 15, 2020.



Sustainability

(Practical Example 1) Making proposals for houses to adapt to a new lifestyle

- ☑ Customer needs are changing amid the promotion of a new lifestyle.
- ☑ The Company proposes functions that customers want from housing from the perspectives unique to single-family homes.

Wash hands immediately!



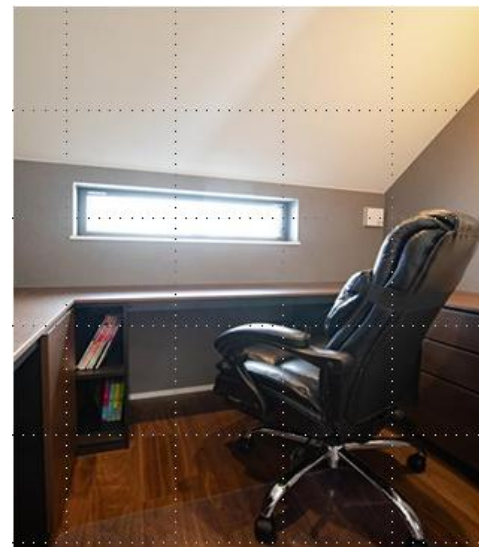
Responding to needs to wash your hands right after arriving home by installing a washbasin on a traffic line from the entrance to the living room.

Abundant storage space



Securing abundant storage space by effectively using the attic, etc.

Work space for teleworking



Providing a calm and functional space by effectively using sloping ceilings and a window.

Contribution to resolving social issues:

Guided by the corporate philosophy of "Committed to pursuing 'Houses that customers want' honestly and constantly", the Group has engaged in business with the mission to leave Japan as a place where ordinary working people can have houses in urban areas to the next generation. The Group believes that providing houses that balance convenience, a good living environment, and price in urban areas at an affordable price will lead to creating not only business values but also social values.

Note: The aforementioned examples are some of the examples including options, and are not equipped in all houses as standard functions.

(Practical Example 2) Improvement of work efficiency with the use of AI/RPA

- ☑ The Company has developed and started operating a fully automated online flyer creation system that is available in a contact-free manner.
- ☑ The use of AI/RPA has improved work efficiency (reduced time needed for creating flyers by 2,880 hours/year and time needed for screening by 900 hours).

Flyer creation flow



Persons in charge communicate names of subject properties to AI with voice or text.



RPA collects information necessary for flyers, AI creates flyers and outputs them in PDF format in 2-3 minutes, and a QR code will be issued after obtaining approval for advertisement screening.



Customers are able to check flyers in a contact-free manner by reading a QR code with their smartphone.

Purpose of development of the system:

There has been a culture in the real estate industry to directly hand out paper-based flyers that advertise properties to customers. In order to enable customers to feel safe when they look for their houses in a new lifestyle, the Company has developed a system that uses contact-free digital flyers through tablet devices and other tools. In addition, hours that are freed up by improving work efficiency will be used to provide further services in the future.

(Practical Example 3) Holding Picture Contest targeting elementary-schools students

- ☑ Holding of Spring Break Picture Contest with the theme of “Future Dream” targeting elementary-schools students
- ☑ Bringing the joy of engaging in activities to children by receiving 1,101 applications.



Background to activities:

The Company held a picture contest with the theme, “Future Dream” with the intent to encourage elementary-school students, who study hard for their future dreams during the spring break that became longer than usual due to the prevention of the spread of the novel coronavirus, and had received 1,101 applications. The Company also heard that elementary students seemed to enjoy drawing while thinking about their own future. The Company will keep on encouraging people who work hard.

Results:

Application period: March 23, 2020 (Monday) - April 30, 2020 (Thursday)

Applicants: A total of 1,101 applications from children ranging from new first graders of elementary schools to new first graders of junior high schools.

Award winners: On May 24 (Sun), a travel coupon worth 1 million yen was presented to a total of seven awardees one person from each grade, after conducting a strict examination.

(Practical Example 4) Contribution to local communities through distribution of Yakult

- ☑ As part of activities to contribute to local communities, the Company distributed a total of 10,000 bottles of Yakult (a probiotic milk beverage) to children and after-school program staff.
- ☑ The program was implemented in cooperation with governmental agencies, Yakult Headquarters, and others.



Background to activities:

In line with the spread of the novel coronavirus, schools have taken various measures, such as temporary closure, staggered attendance, and shortening school hours. As a result, the daily lives of children and after-school program staff have changed dramatically. The Company implemented this program with the goal of cheering for everyone through sports and *lactobacilli* beverages by making the most of its relationships with The Tokyo Yakult Swallows, a team whose top sponsor is the Company.

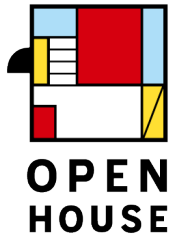
The Company will continue to actively conduct activities that contribute to local communities with close ties with the Company's business.

Overview of Yakult distribution:

Schedule: June 24, 2020 (Wednesday) – July 3, 2020 (Friday)

Distributed to: Approx. 90 locations in total, including all after-school clubs in Shibuya-ku, all after-school programs in Nakano-ku, after-school programs located near the Company's Sales Centers, children's centers, and children's cafeterias.

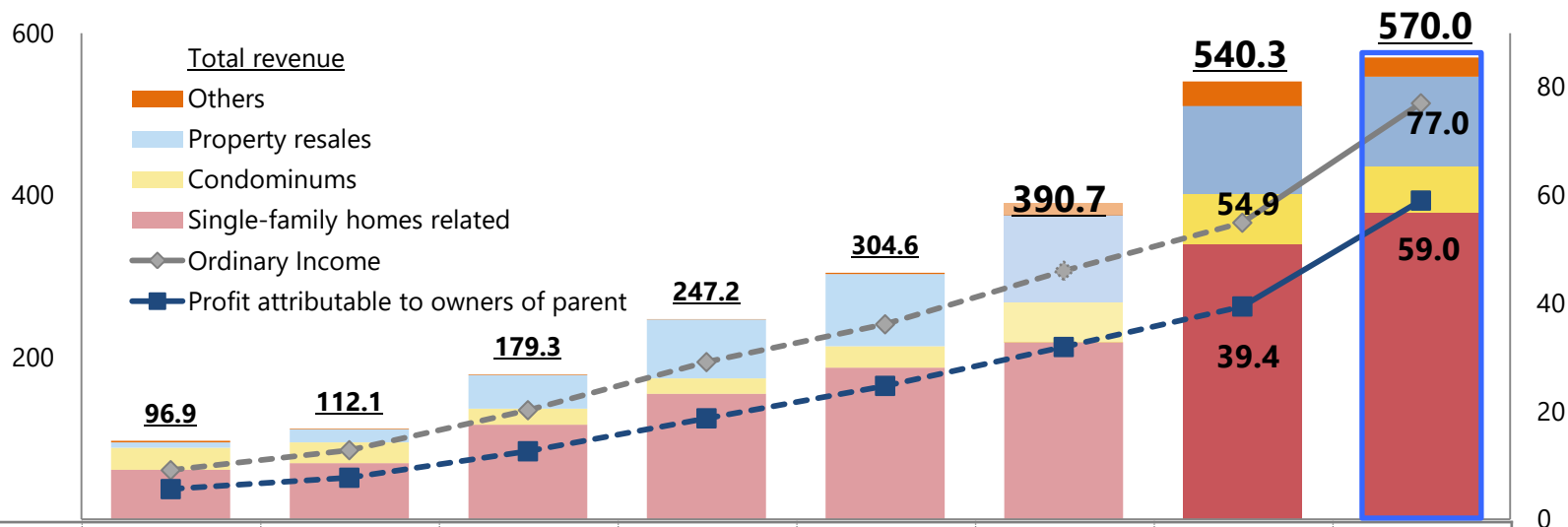
No. of beverages distributed: 10,000 bottles of "Yakult 400LT"



Mid-Term Business Plan

Mid-Term Business Plan : Hop Step 5000

- The profit goal for the final year was revised upward after three revisions since the formulation of the Mid-Term Business Plan in November 2017.
- Fiscal year ending September 30, 2020: Revenue: ¥500 billion → ¥570 billion; profit attributable to owners of parent: ¥40.0 billion → ¥59.0 billion.



(¥ billion)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 plan
Single-family homes related	61.1	69.2	116.7	155.0	187.3	218.5	340.5	378.0
Condominiums	27.1	25.7	20.0	19.0	26.4	49.3	60.9	58.0
Property resales	6.9	16.5	41.7	72.8	88.9	107.4	108.4	110.0
Others	1.7	0.6	0.7	0.4	1.8	15.4	30.5	24.0
Total revenue	96.9	112.1	179.3	247.2	304.6	390.7	540.3	570.0
Ordinary income	9.1	12.8	20.2	29.1	36.1	46.0	54.9	77.0
Profit attributable to owners of parent	5.6	7.7	12.6	18.7	24.7	31.8	39.4	59.0

2013.9-2017.9
Revenue
CAGR:33.1%

2017.9-2020.9
Revenue
CAGR:23.2%

Formulation of the Mid-Term Business Plan

Basic policies

- We strive to become a real estate company that is needed by society by achieving sound operating performance and business expansion through the continued offering of products that customers demand.
- We aim to further raise the corporate value by optimizing business portfolios focused on the single-family homes related business.

Initiatives

(1) Bolstering of competitiveness of the single-family homes related business as the Company's mainstay

- Expansion of business development
 - ⇒ 1. Expanded the business area to Saitama Prefecture, the Fukuoka area, and Chiba Prefecture and boosted the market share in the existing business areas.
- Strengthening of functions for development and construction
 - ⇒ 2. The number delivered by the Group as a whole increased to the 9,000-unit level annually.
- Enhancement of the Group management (
 - ⇒ 3. Improved asset and sales efficiency through selling Hawk One properties through the Company's brokerage.

(2) Formation of business portfolios reflecting changes in external environment

- Bolstering of the condominiums business
 - ⇒ 4. Expanded condominium development in Nagoya.
- Sustainable growth of property resales business
 - ⇒ 5. Made conservative projections temporarily, but results exceeded the previous year's results.
- New business development
 - ⇒ 6. Business performance of the U.S. real estate business increased significantly.

(3) Strengthening of the management base to underpin corporate growth

- Recruitment of resources ⇒ 7. Hiring of new graduates: 298 persons in April 2019 and 279 persons (planned) in April 2020.
- Development of human resources for business management
 - ⇒ 8. Produced representative director of subsidiary and recruited outside
- Innovation on work style and enhancement of diversity
 - ⇒ 9. Improved productivity through the use of IT that leads to reduced working hours.
- Initiatives for sustainability ⇒ 10. Disclosed our approach to sustainability and the status of initiatives for sustainability.

Capital policies

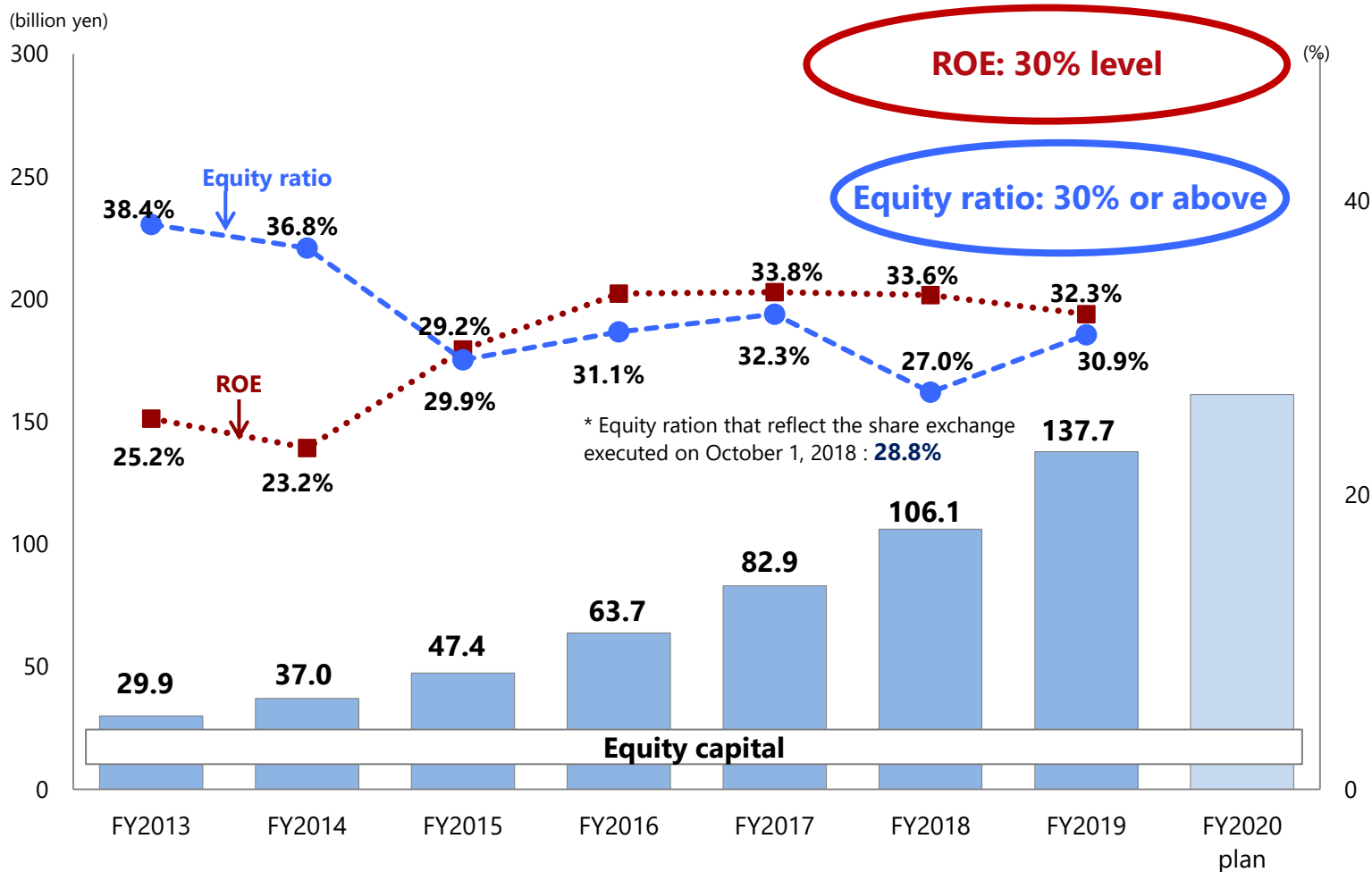
Establishment of both capital efficiency and financial soundness

- **Maintenance of high capital efficiency** (Targeting the level of 30% ROE)
- **Maintenance of sound financial strength to assure financial safety** (Maintaining the capital adequacy ratio at or above 30%)
- **Strengthening of shareholders return** (Gradual increase in the dividend payout ratio, targeting the level of 20% for the fiscal year ending September 30, 2020)



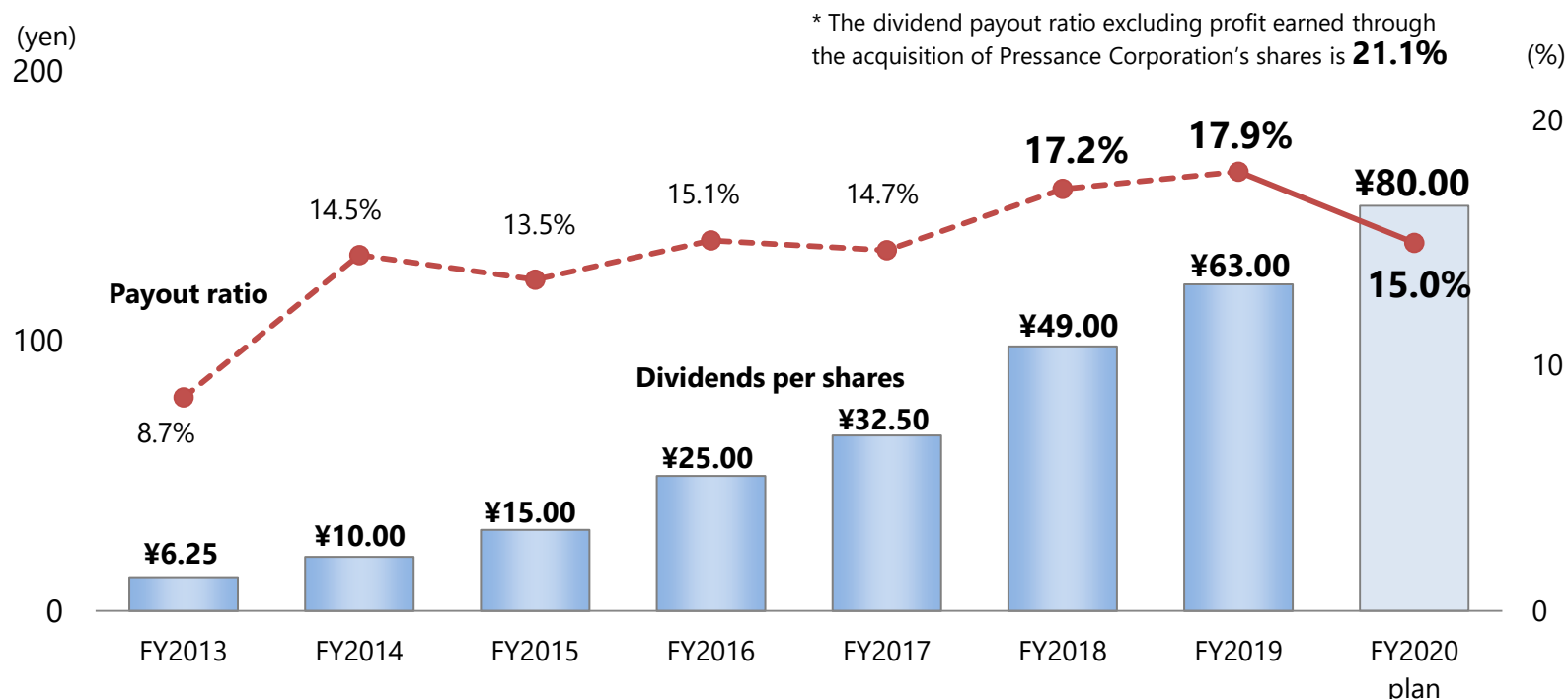
Capital policy Assurance of both high capital efficiency and sound financial condition

- ☑ Sustaining high capital efficiency (ROE: 30% level)
- ☑ Maintaining strong financial condition to ensure the safety of financial aspects (Equity ratio: 30% or above)



Capital policy **Strengthening of Shareholder Return (Raising Dividend Payout Ratio)**

- ☑ We plan to gradually increase the dividend payout ratio, targeting 20% in the fiscal year ending September 30, 2020.
- ☑ We will flexibly buy back shares with comprehensive consideration given to financial strength, business performance, stock prices, etc.



<Assumptions made in calculating indicator per share>

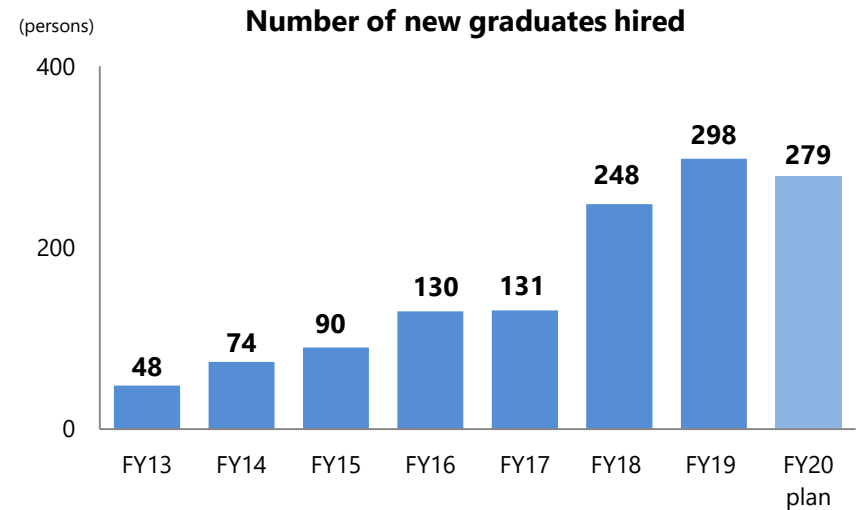
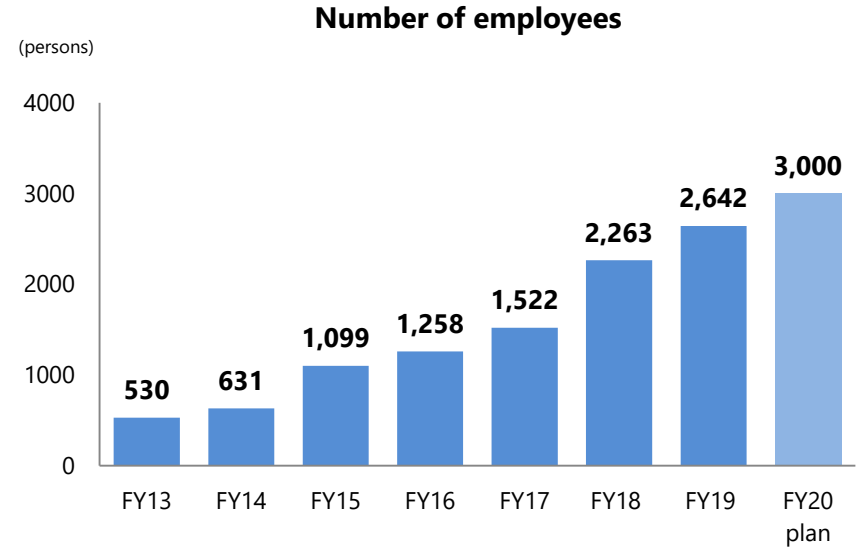
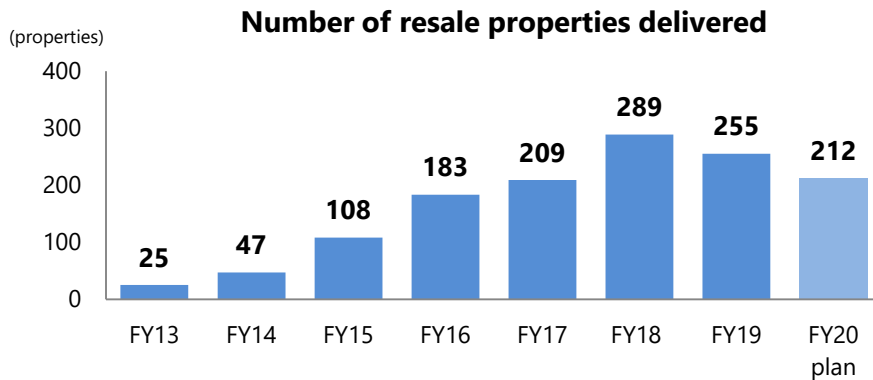
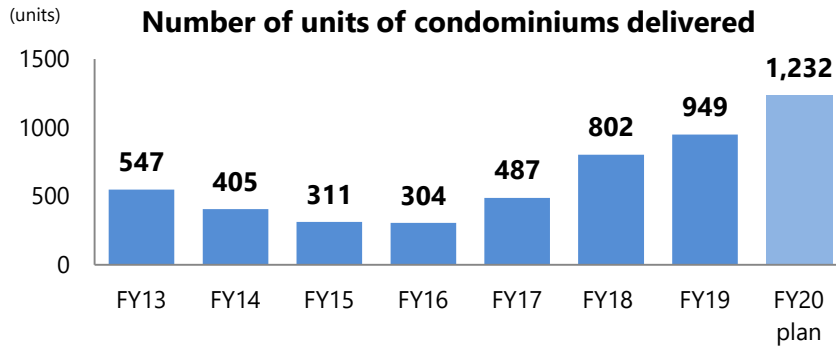
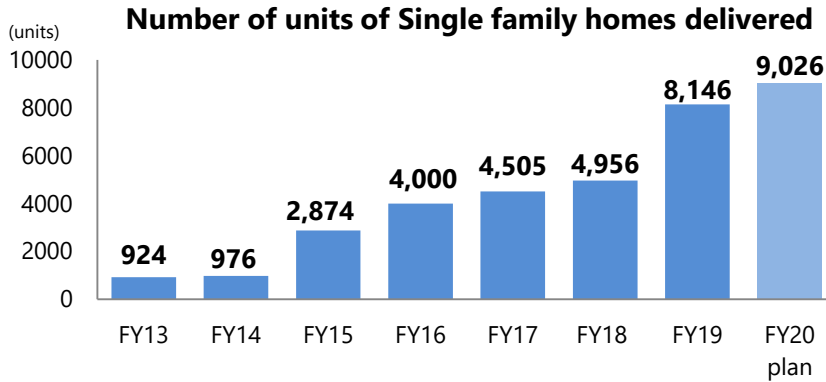
The stock splits (two-for-one stock split on June 28, 2013 and two-for-one stock split on July 1, 2015) are assumed to have been executed in the beginning of the fiscal year ended September 30, 2013.

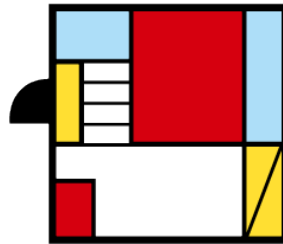
The dividends per share figures on page 3 of this presentation material are before the implementation of the stock splits for the two-for-one stock split on October 1, 2019 (as of September 30, 2019) and based on different preconditions from the dividends per share figures on this page.

Figures in and after the fiscal year ending September 30, 2020 are calculated based on the number of shares (total number of shares issued – treasury shares) as of September 30, 2019.



Quantitative Goals





OPEN HOUSE

—Disclaimer—

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