

**OPEN
HOUSE**

**Presentation for Institutional Investors and analysts
[FY2017]
November 20, 2017**

**OPEN HOUSE CO., LTD.
[3288 TSE]**



**JPX-NIKKEI 400
2017**



FY2017 Topics

Business performance

- Revenue and income set record highs for the fifth consecutive year.
- Revenue reached more than ¥300 billion on the 20th anniversary of the foundation.

Revenue: ¥ 304.6 billion (+23.2% YOY)

Ordinary income: ¥ 36.1 billion (+23.9% YOY)

Profit attributable to owners of parent : ¥ 24.7 billion (+32.5% YOY)

- The single-family homes business showed steady growth due to price advantages over new condominiums.
- The condominiums business marked solid performance with revenue of ¥26.4 billion, a 38.9% increase year on year.
- The property resales business continued the upward trend in revenue on the back of the BOJ's monetary easing policies.

Performance forecasts

- Our goal is to achieve record highs both in revenue and income for the sixth consecutive year.

Revenue: ¥ 380.0 billion (+24.7% YOY)

Ordinary income: ¥ 43.5 billion (+20.4% YOY)

Profit attributable to owners of parent : ¥ 30.0 billion (+21.0% YOY)

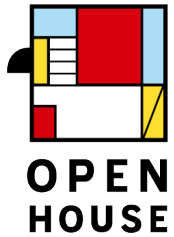
Mid-Term Business Plan

- Business plan for the fiscal year ending September 30, 2020

Revenue: ¥500.0 billion (three-year average growth rate +18.0%)

Ordinary income: ¥60.0 billion (three-year average growth rate +18.4%)

Profit attributable to owners of parent: ¥40.0 billion
(three-year average growth rate +17.3%)



FY2017 Consolidated Summary

Overview of Consolidated Income Statement

- ☑ Revenue and income set record highs for the fifth consecutive year.
- ☑ Both revenue and income surpassed earnings forecasts and net income marked more than 30% growth.

(Million yen)

	FY2016 <2015/10-2016/9>		FY2017 <2016/10-2017/9>		YOY %	FY2017 <2016/10-2017/9>	
	Actual	% of revenue	Actual	% of revenue		Initial forecasts released on Nov. 14, 2016	Difference between actual and forecasts
Revenue	247,210	—	304,651	—	23.2%	300,000	+4,651
Gross profit	46,382	18.8%	56,118	18.4%	21.0%		
SG&A expenses	15,062	6.1%	18,501	6.1%	22.8%		
Operating income	31,320	12.7%	37,617	12.3%	20.1%	35,000	+2,617
Non-operating income	191	0.1%	444	0.1%	131.6%		
Non-operating expenses	2,357	1.0%	1,929	0.6%	(18.2%)		
Ordinary income	29,154	11.8%	36,131	11.9%	23.9%	34,000	+2,131
Profit attributable to owners of parent	18,709	7.6%	24,797	8.1%	32.5%	22,000	+2,797

Performance by segment (revenue, operating income)

- ☑ The single-family homes and property resale businesses marked significant growth in revenue.
- ☑ The single-family homes and property resale mainly contributed to boosting operating income.

(Million yen)

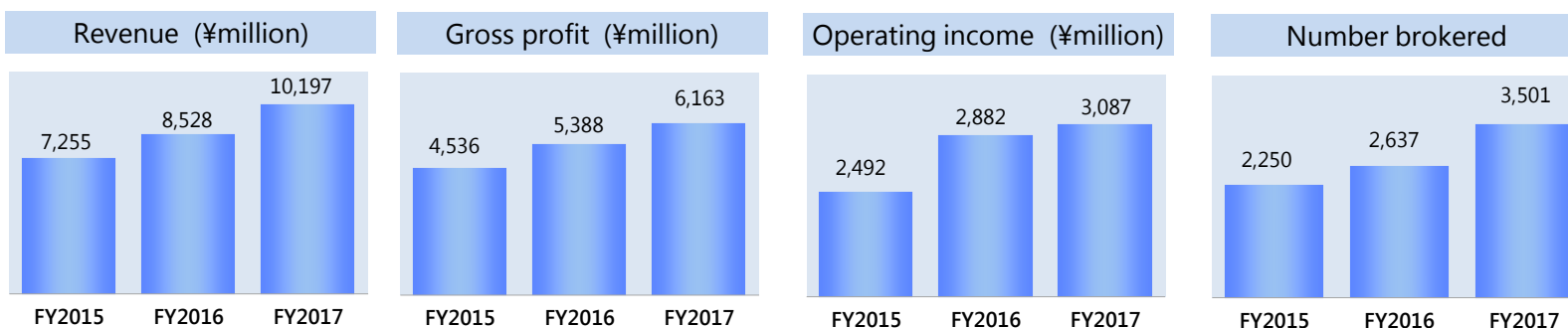
	FY2016 <2015/10-2016/09>		FY2017 <2016/10-2017/09>		YOY%
	Actual	Ratio	Actual	Ratio	
Revenue	247,210	100.0%	304,651	100.0%	23.2%
Brokerage	8,528	3.4%	10,197	3.3%	19.6%
Single-family homes	119,563	48.4%	151,998	49.9%	27.1%
Openhouse Architect *1	37,625	15.2%	39,154	12.9%	4.1%
Condominiums	19,059	7.7%	26,480	8.7%	38.9%
Property resales	72,801	29.4%	88,976	29.2%	22.2%
Others	455	0.2%	1,825	0.6%	300.9%
Adjustments	(10,822)	—	(13,981)	—	—
	Actual	% of revenue	Actual	% of revenue	YOY%
Operating Income	31,320	12.7%	37,617	12.3%	20.1%
Brokerage	2,882	33.8%	3,087	30.3%	7.1%
Single-family homes	12,833	10.7%	17,300	11.4%	34.8%
Openhouse Architect *1 *2	2,050	5.4%	1,874	4.8%	(8.6%)
Condominiums	3,085	16.2%	4,345	16.4%	40.8%
Property resales	10,583	14.5%	11,122	12.5%	5.1%
Others	138	30.5%	54	3.0%	(60.6%)
Adjustments	(253)	—	(166)	—	—

* 1 The reporting segment name has been changed from the previous Asakawa Homes to Open House Architect from FY2017.

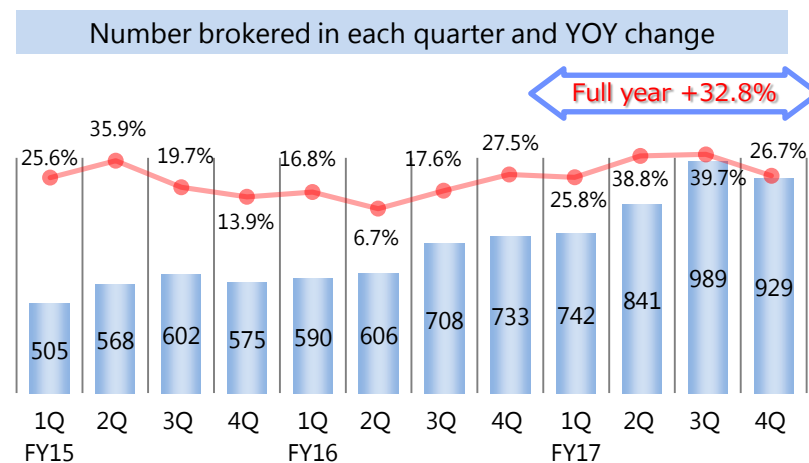
* 2 Operating income for Open House Architect reflects a deduction of amortization of goodwill recorded on the acquisition of Open House Architect equity.

Brokerage Business

- Seven sales centers opened in the fiscal year under review, a record-high number of openings per year, bringing the total to 25 sales centers.
- The number of brokerage transactions showed a steady increase of 32.8% year on year for the full fiscal year.



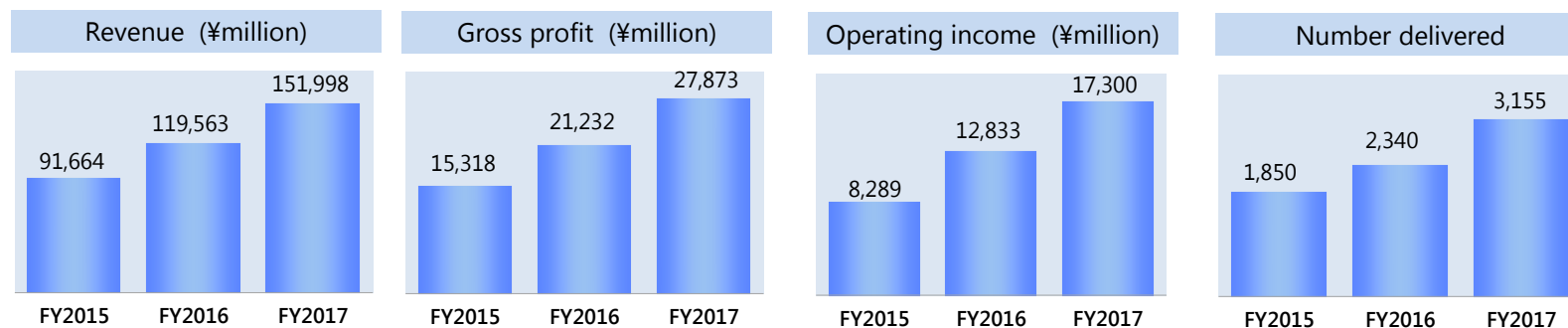
	FY2015 14/10-15/9	FY2016 15/10-16/9	FY2017 16/10-17/9	Inc.(Dec.)
Revenue (¥million)	7,255	8,528	10,197	19.6%
Gross profit (¥million)	4,536	5,388	6,163	14.4%
Gross profit margin	62.5%	63.2%	60.4%	(2.7%)
Operating income (¥million)	2,492	2,882	3,087	7.1%
Operating income margin	34.4%	33.8%	30.3%	(3.5%)
Number brokered	2,250	2,637	3,501	864



The above results for the second quarter of the fiscal year ended September 30, 2015 were restated on a new reporting segment basis, in conjunction with the change in the reporting segment from the fiscal year ended September 30, 2016.

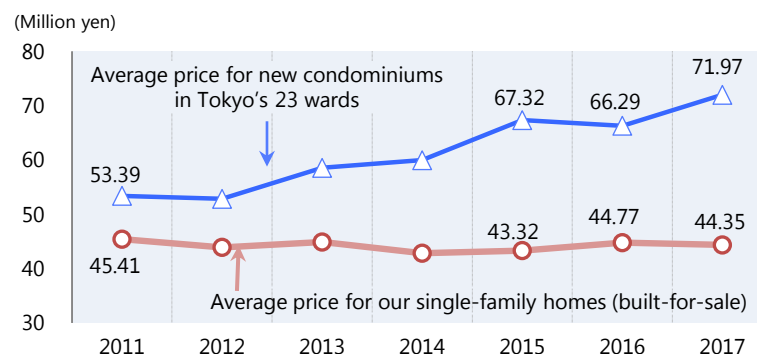
Single-Family Homes Business

- ✓ The prices of new condominiums remained high and marked steady sales growth due to the price advantage over single-family homes.
- ✓ The advance delivery of pieces of land in the single-family homes business contributed to boosting the full-year operating results.



By type of sale		FY2015 14/10-15/9	FY2016 15/10-16/9	FY2017 16/10-17/9	Inc.(Dec.)
Built-for-sale houses	Revenue (¥million)	38,382	55,655	65,912	18.4%
	Number delivered	886	1,243	1,489	246
Lands	Revenue (¥million)	44,529	52,141	72,556	39.2%
	Number delivered	964	1,097	1,666	569
Built-to-order houses	Revenue (¥million)	8,554	11,547	12,909	11.8%
	Number delivered	581	747	884	137
Others	Revenue (¥million)	178	218	620	183.8%
Total	Revenue (¥million)	91,644	119,563	151,998	27.1%
	Gross profit (¥million)	15,318	21,232	27,873	31.3%
	Gross profit margin	16.7%	17.8%	18.3%	0.6%
	Operating income (¥million)	8,289	12,833	17,300	34.8%
	Operating income margin	9.0%	10.7%	11.4%	0.6%
Number delivered (built-for-sale houses + lands)		1,850	2,340	3,155	815

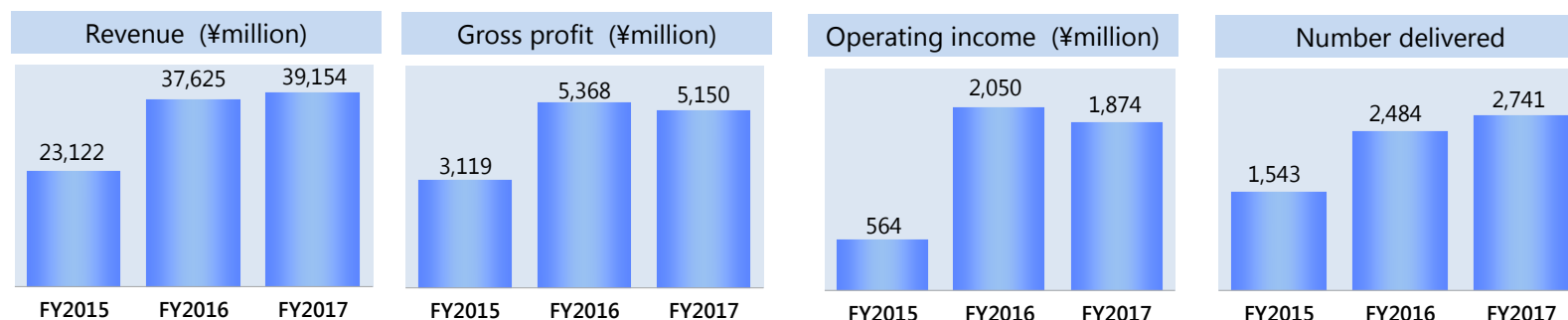
Changes in the average price for new condominiums in Tokyo's 23 wards and average price for our single-family homes (built-for-sale)



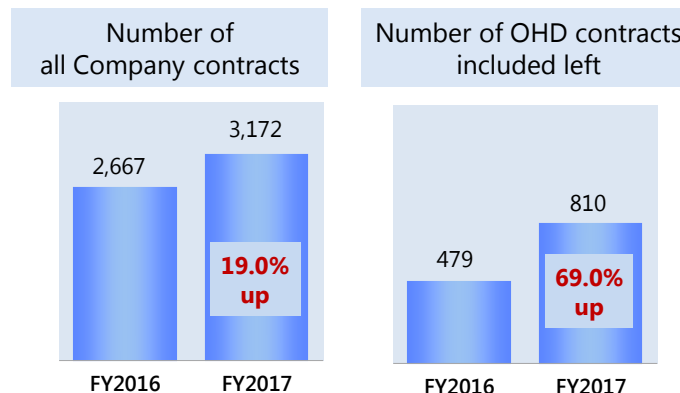
Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: Condominium prices are on a calendar-year basis.
 Prices for our homes are for the period October – September .
 Condominium prices for 2017 are for the January – September period.
 Prices of our homes are for the October 2016- September 2017 period.

Open House Architect

- ☑ The company name was changed to Open House Architect in October 2016.
- ☑ The number of houses delivered under construction contracts steadily increased for both external customers and the Group companies.



	FY2015 14/10-15/09	FY2016 15/10-16/09	FY2017 16/10-17/09	Inc. (Dec.)
Revenue (¥million)	23,122	37,625	39,154	4.1%
Gross profit (¥million)	3,119	5,368	5,150	(4.1%)
Gross profit margin	13.5%	14.3%	13.2%	(1.1%)
Operating income (¥million) *1	564	2,050	1,874	(8.6%)
Operating income margin	2.4%	5.4%	4.8%	(0.7%)
Number delivered *2	1543 136	2484 474	2,741 609	257 135



The above represents the number of contracts for construction orders received during the respective fiscal year.

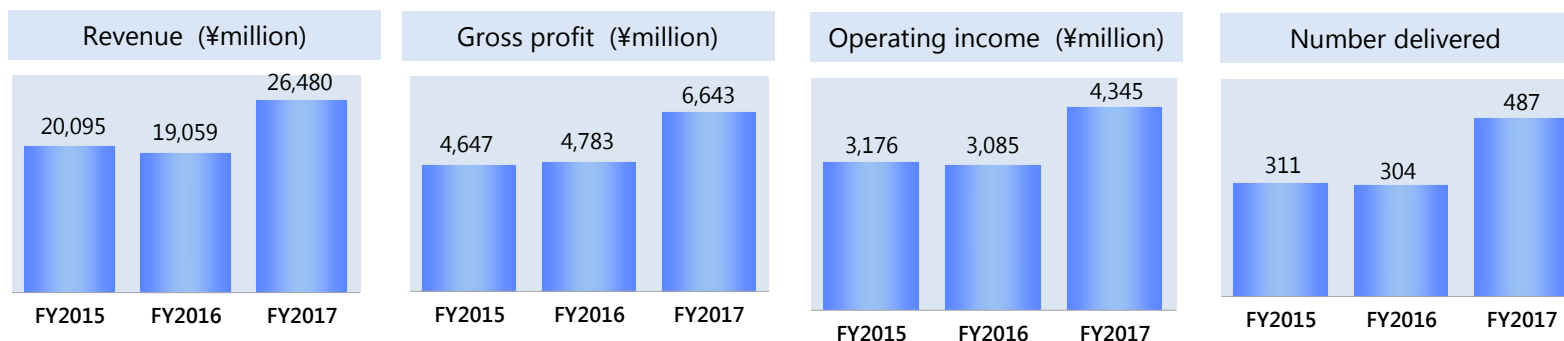
The above figures for FY2015 present actual results for the period from January to September 2015 (due to the fact that consolidated reporting started from January . 2015)

*1 Operating income for Open House Architect reflects a deduction of amortization of goodwill for Open House Architect.

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

Condominiums Business

- ☑ We focused on compact condominiums, targeting single households, etc. that do not purchase single-family homes.
- ☑ Due to strong demand for new condominiums in urban centers, sales contract amounts steadily increased.



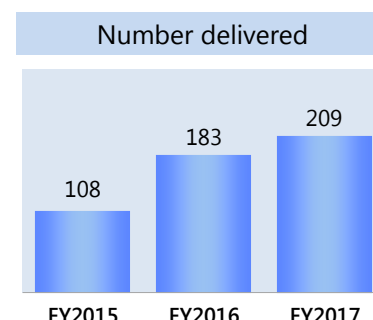
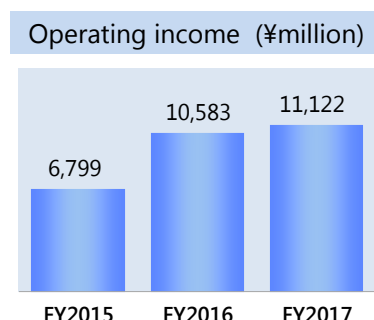
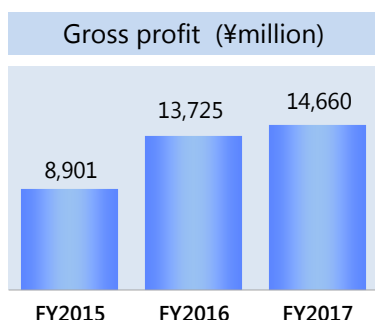
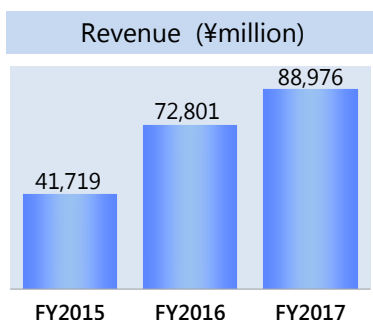
	FY2015 14/10-15/9	FY2016 15/10-16/9	FY2017 16/10-17/9	Inc. (Dec.)
Revenue (¥million)	20,095	19,059	26,480	38.9%
Gross profit (¥million)	4,647	4,783	6,643	38.9%
Gross profit margin	23.1%	25.1%	25.1%	0.0%
Operating income (¥million)	3,176	3,085	4,345	40.8%
Operating income margin	15.8%	16.2%	16.4%	0.2%
Number delivered	311	304	487	183

— Major condominiums delivered in FY2017 —

Name	Units	Average price
Open Residencia Aoyama The House	29	¥90million
Open Residencia Koishikawa 5chome	21	¥60million
Open Residencia Meguro Tairamachi	19	¥60million
Open Residencia Mejiro Avenue	18	¥50million

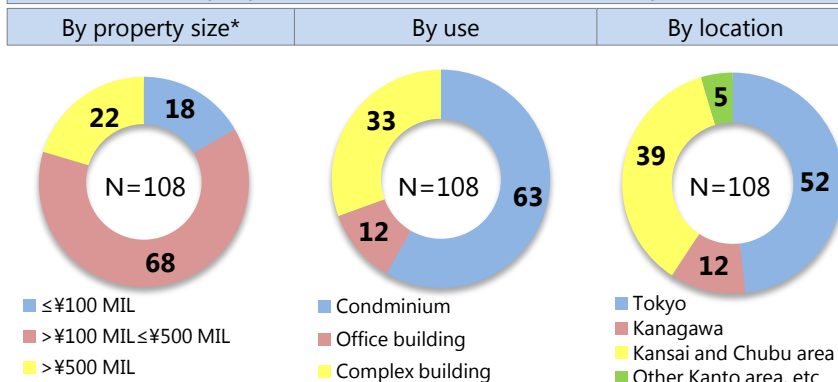
Property Resales Business

- ✓ Demand for property resales remains high on the back of the continued BOJ's monetary easing policies.
- ✓ Gross profit margin marked the expected level which reflected a slowdown in the upward property prices.



	FY2015 14/10-15/09	FY2016 15/10-16/09	FY2017 16/10-17/09	Inc. (Dec.)
Revenue (¥million)	41,719	72,801	88,976	22.2%
Gross profit (¥million)	8,901	13,725	14,660	6.8%
Gross profit margin	21.3%	18.9%	16.5%	(2.4%)
Operating income (¥million)	6,799	10,583	11,122	5.1%
Operating income margin	16.3%	14.5%	12.5%	(2.0%)
Number delivered	108	183	209	26

Breakdown of properties owned (as of the end of September 2017)



* Based on book values at the end of September 2017.

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

(Million yen)

	FY2016 <2015/10-2016/9>		FY2017 <2016/10-2017/9>		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
SG&A expenses	15,062	6.1%	18,501	6.1%	3,438
Personnel expenses	4,311	1.7%	4,954	1.6%	643
Sales commissions	2,394	1.0%	2,434	0.8%	39
General expenses	1,868	0.8%	2,417	0.8%	549
Advertising expenses	1,361	0.5%	1,771	0.6%	410
Promotion expenses	707	0.3%	803	0.3%	95
Others	4,419	1.8%	6,120	2.0%	1,700

	FY2016 <2015/10-2016/9>		FY2017 <2016/10-2017/9>		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
Non-operating income	191	0.1%	444	0.1%	252
Foreign exchange gain	—	0.0%	256	0.1%	256
Others	191	0.1%	188	0.1%	(3)
Non-operating expenses	2,357	1.0%	1,929	0.6%	(428)
Interest expenses	795	0.3%	892	0.3%	97
Commissions	988	0.4%	682	0.2%	(306)
Foreign exchange loss	251	0.1%	—	—	(251)
Other	322	0.1%	354	0.1%	31



Consolidated Balance Sheet

(Million yen)

	Sep 30, 2016	Sep 30, 2017	Inc. (Dec.)
Current assets	196,792	248,429	51,637
Cash and cash equivalents	67,508	90,910	23,401
Inventories	117,546	144,894	27,348
Others	11,737	12,625	888
Fixed assets	8,013	8,255	241
Tangible fixed assets	2,651	3,113	462
Intangible fixed assets	1,389	1,299	(90)
Investments and other assets	3,972	3,841	(130)
Deferred assets	62	51	(11)
Total assets	204,868	256,736	51,868

	Sep 30, 2016	Sep 30, 2017	Inc. (Dec.)
Liabilities	140,784	173,357	32,573
Current liabilities	74,288	82,613	8,324
Long-term liabilities	66,495	90,743	24,248
Net Assets	64,084	83,379	19,295
Shareholders' equity	63,736	82,902	19,165
Other accumulated comprehensive income	347	477	129
Total liabilities and net assets	204,868	256,736	51,868

	Sep 30, 2016	Sep 30, 2017	Inc. (Dec.)
Liquidity on hand * 1 (month)	3.3	3.6	0.3
Net debt / equity ratio *2 (times)	0.7	0.6	(0.1)

	Sep 30, 2016	Sep 30, 2017	Inc. (Dec.)
Equity ratio	31.1%	32.3%	1.2%
Debt/equity ratio *3 (times)	1.7	1.7	(0.0)

*1 Liquidity on hand: cash & deposits/average monthly revenue,

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

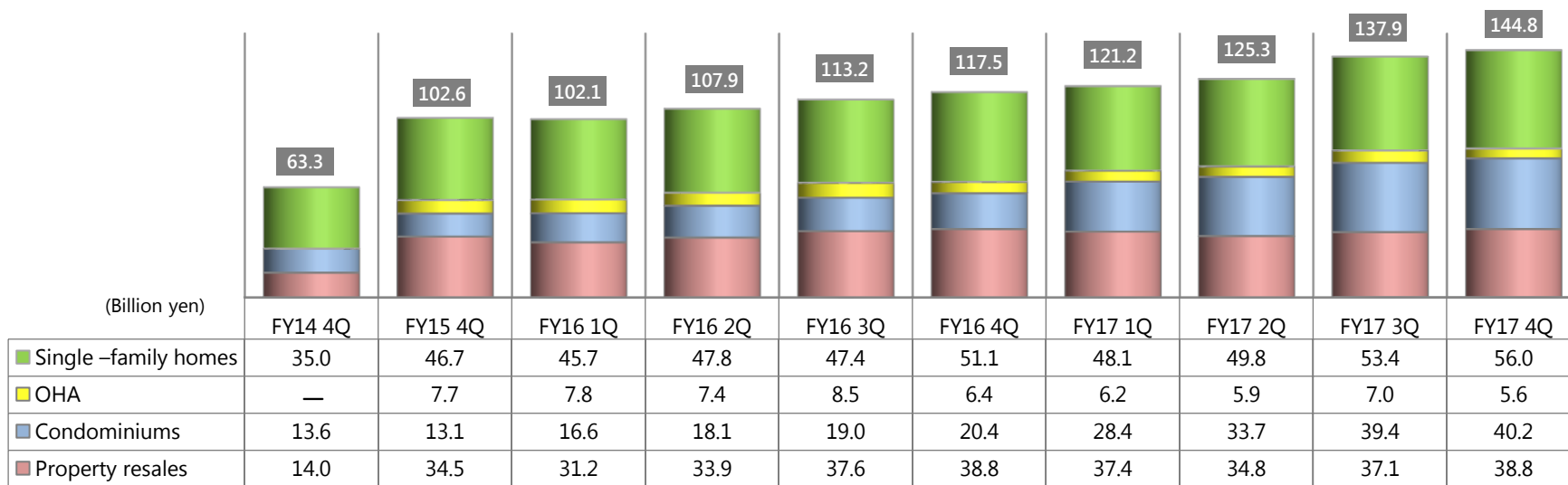
*3 Debt/equity ratio: (loans payable + corporate bonds) / net assets



Inventory Details

(Million yen)

	End of FY2014 (Sep 30, 2014)	End of FY2015 (Sep 30, 2015)	End of FY2016 (Sep 30, 2016)	End of FY2017 (Sep 30, 2017)	(Ratio)	Inc. (Dec.)
Single-family homes	35,080	46,741	51,146	56,058	38.7%	4,911
Openhouse Architect	—	7,756	6,486	5,608	3.9%	(877)
Condominiums	13,683	13,101	20,422	40,291	27.8%	19,869
Property resales	14,090	34,586	38,838	38,871	26.8%	32
Others	513	428	651	4,064	2.8%	3,412
Total	63,368	102,614	117,546	144,894	100.0%	27,348

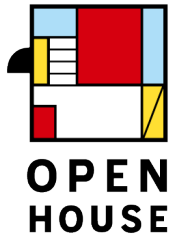




Consolidated Statement of Cash Flows

(Million yen)

	FY2016 <2015/10-2016/9>	FY2017 <2016/10-2017/9>	Major factors
Cash flows from operating activities	9,817	(799)	<ul style="list-style-type: none"> - Profit before income taxes - Increased inventories - Income taxes paid, etc.
Cash flows from investing activities	(2,672)	(1,337)	<ul style="list-style-type: none"> - Purchase of tangible fixed assets, etc.
Cash flows from financing activities	17,332	25,181	<ul style="list-style-type: none"> - Increase in loans payable - Cash dividends paid - Purchase of treasury , etc.
Effect of exchange rate changes on cash and cash equivalents	(293)	356	
Net increase (decrease) in cash and cash equivalents	24,183	23,401	
Cash and cash equivalents at beginning of period	43,325	67,508	
Cash and cash equivalents at end of period	67,508	90,910	



Consolidated Business Performance Forecasts for FY2018

Business Performance Forecasts

- ☑ We expect that revenue will reach ¥380 billion, an increase of 24.7% year on year.
- ☑ Our goal is to mark record highs in revenue and income for the sixth consecutive year.

(Million yen)

	FY2016 Actual	FY2017		FY2018	
		Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)
Revenue	247,210	304,651	23.2%	380,000	24.7%
Operating income	31,320	37,617	20.1%	44,700	18.8%
Ordinary income	29,154	36,131	23.9%	43,500	20.4%
Profit attributable to owners of parent	18,709	24,797	32.5%	30,000	21.0%
					(yen)
EPS (yen)	332.08	443.41	—	537.73	—
Annual dividends per share (yen) (Interim dividends per share)	50.00	65.00 (30.00)	15.00 (30.00)	92.00 (46.00)	27.00 (16.00)
Payout ratio	15.1%	14.7%	—	17.1%	—



Consolidated Business Performance Forecasts (Revenue by Business Segment) and Change in Business Segments

- ☑ To further strengthen the business model — a comprehensive system from purchase and construction to intermediacy — the brokerage business, single-family homes business, and Open House Architect will be consolidated to establish a new segment, the single-family homes related business.

— Before change in business segments (Million yen)

	FY2016	FY2017	
	Actual	Actual	Inc. (Dec.)
Revenue	247,210	304,651	23.2%
Brokerage	8,528	10,197	19.6%
Single-family homes	119,563	151,998	27.1%
Open House Architect	37,625	39,154	4.1%
Condominiums	19,059	26,480	38.9%
Property resales	72,801	88,976	22.2%
Others	455	1,825	300.9%
Adjustments	(10,822)	(13,981)	—

— After change in business segments (Million yen)

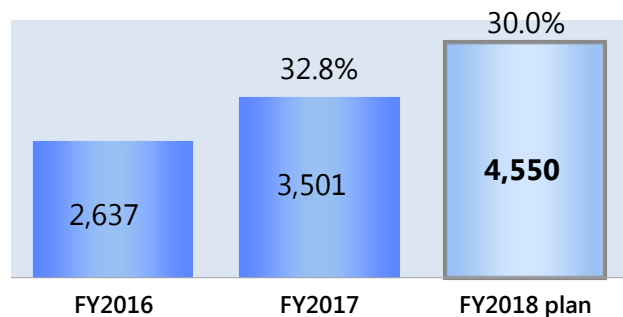
	FY2017	FY2018	
	Actual	Forecast	Inc. (Dec.)
Revenue	304,651	380,000	24.7%
Single-family homes related business			
1. Brokerage			
2. Single-family homes	188,475	226,000	19.9%
3. Construction work Former Open House Architect			
Condominiums	26,480	43,500	64.3%
Property resales	88,976	100,000	12.4%
Others	1,825	11,000	502.6%
Adjustments	(1,105)	(500)	—

* Single-family homes related business = Brokerage + Single-family homes + Open House Architect – Adjustments for internal transactions (¥12,875 million)

Single-Family Homes Related Business (1. Brokerage)

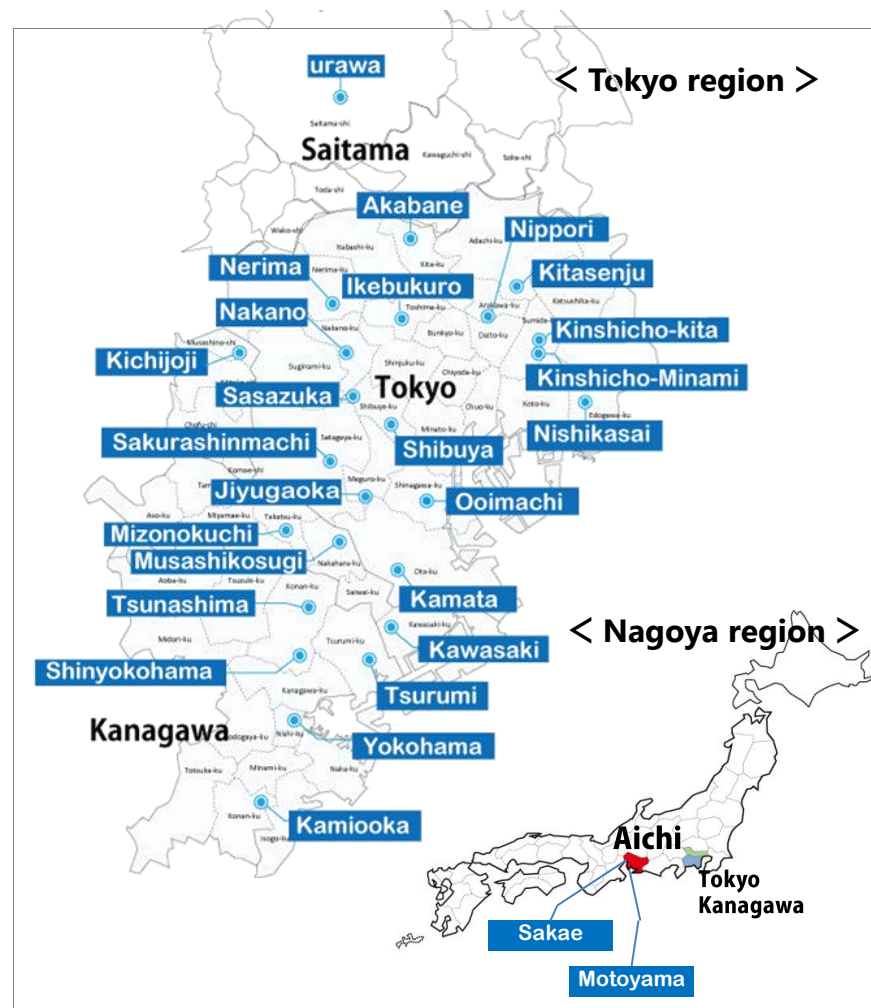
- ☑ Including Urawa and Tsurumi Sales Centers launched in October 2017, the business operates at a total of 27 sales centers.
- ☑ Sales centers are located in Tokyo and three prefectures including Saitama Prefecture.

No. of brokerage transactions and YOY%



No. of sales centers of each area

	FY2016 15/10-16/9 Actual	FY2017 16/10-17/9 Actual	As of Nov. 14, 2017
Tokyo	13	16	16
Kanagawa Prefecture	5	7	8
Aichi Prefecture	—	2	2
Saitama Prefecture	—	—	1
Total	18	25	27

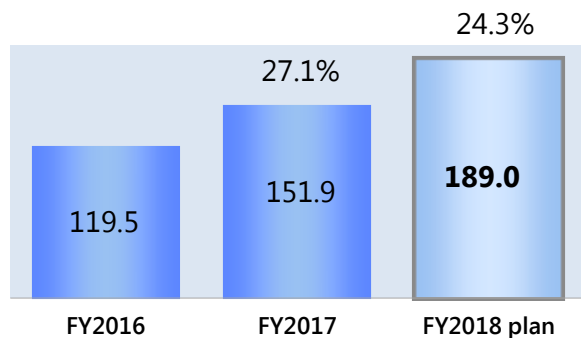




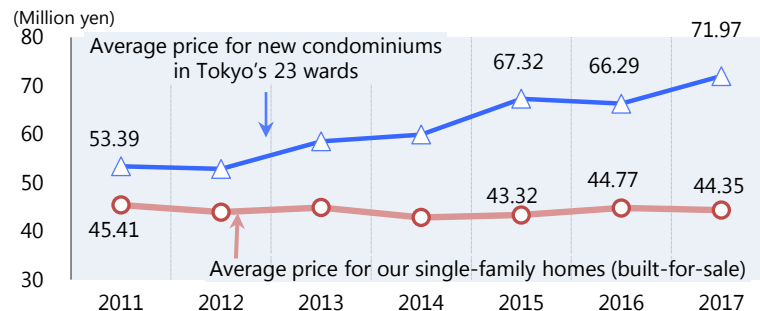
Single-Family Homes Related Business(2. Single-Family Homes)

- ☑ Customers' awareness of single-family homes in urban centers is steadily rising due to condominiums' persistent high prices.
- ☑ Housing sales are forecast to continue seeing stable growth with the expectation of a further increase in the number of households in urban centers in the coming years.

Trends in revenue and YOY% (¥billion)



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

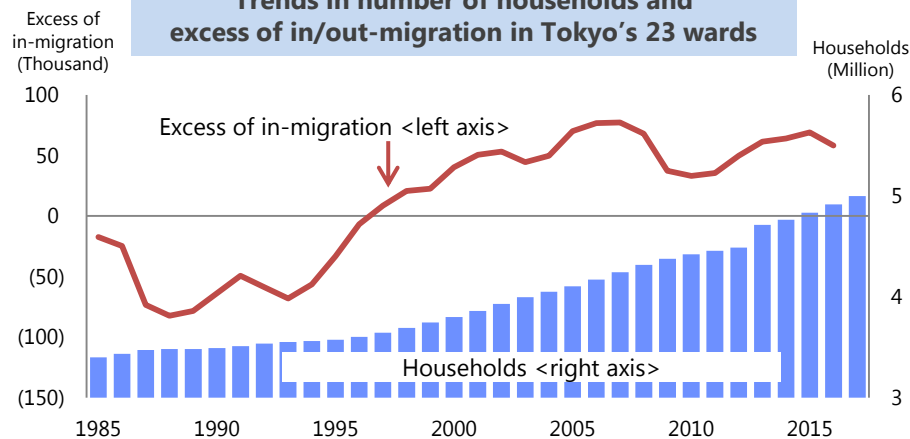


Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September. Condominium prices for 2017 are for the January – September period. Prices of our homes are for the October 2016- September 2017 period.

Number delivered by type of sale

By type of sale	FY2016 Actual	FY2017 Actual	FY2018 plan	Inc.
Built-for-sale houses	1,243	1,489	2,050	561
Lands	1,097	1,666	2,050	384
Built-to-order houses	747	884	1,090	206
Built-for-sale houses + lands	2,340	3,155	4,100	945

Trends in number of households and excess of in/out-migration in Tokyo's 23 wards



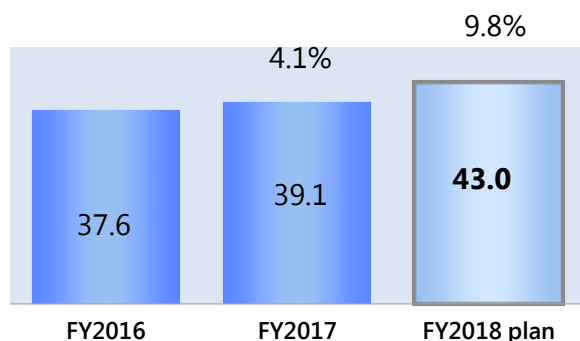
Source: The Ministry of Internal Affairs and Communications

Single-Family Homes Related Business

(3. Construction work : Former Open House Architect)

- ☑ The number of homes ordered for construction continues to grow in transactions with both external customers and the Group companies.
- ☑ The planned number of single-family homes to supply in the entire Group is 5,400 homes.

Trends in revenue and YOY%
(¥billion)



Number delivered *1

	FY2016 Actual	FY2017 Actual	FY2018 plan	Inc (Dec)
Total contracts (1)	2,484	2,741	3,160	419
OHD contracts included above (2)	474	609	900	291

*1 Number delivered refers to the number of properties delivered under single-family homes construction contracts.

Nagoya Show Room of Open House Architect

Location: Tokugawa, Higashi-ku, Nagoya City (Nagoya Sales Center)
Target: Customers ordering built-for-sale houses or built-to-order houses



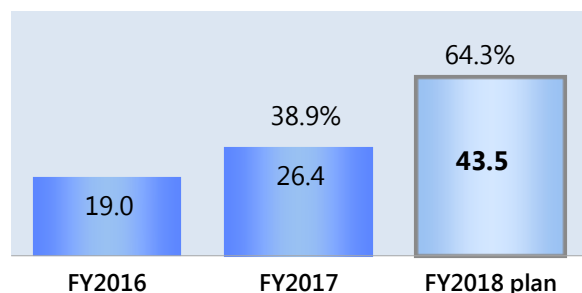
(Reference)
Number of single-family homes delivered at the Group level

	FY2016 Actual	FY2017 Actual	FY2018 plan	Inc(Dec)
OHD: built-for-sale houses (3)	1,243	1,489	2,050	561
OHD: built-to-order houses (4)	747	884	1,090	206
Group total (1)-(2)+(3)+(4)	4,000	4,505	5,400	895

Condominiums Business

- ☑ We have entered into sales contracts for more than half of the planned number of deliveries for the fiscal year ending September 30, 2018 (as of October 31, 2017)
- ☑ A sharp decline in the prices of condominiums in urban centers is unlikely to take place because the leading companies have an oligopoly and a sound financial performance of each companies.

Trends in revenue and YOY% (¥billion)

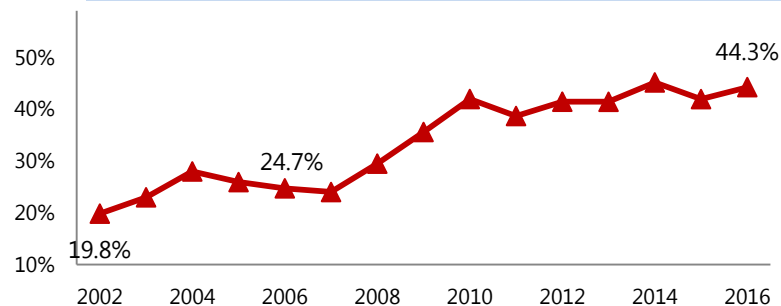


Number delivered

	FY2016 Actual	FY2017 Actual	FY2018 plan	Inc(Dec)
Number delivered	304	487	735	248
Number contracted	463	521		

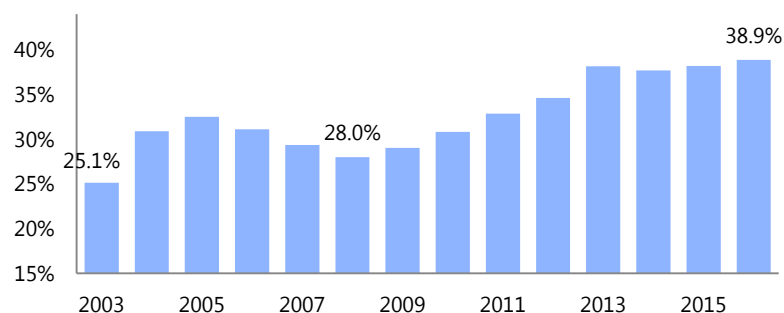


Trend of seven leading companies' market share of condominiums business in the metropolitan areas *



Source: Market share based on the number of condominiums sold in the metropolitan area listed in "Trend of Condominiums Market" published by Real Estate Economic Institute Co., Ltd.
 * Seven leading companies: Sumitomo Realty & Development Co., Ltd., Dai-ichi Kangyo Bank, Dai-ichi Real Estate Development Co., Ltd., Dai-ichi Real Estate Service Co., Ltd., Dai-ichi Real Estate Sales Co., Ltd., Dai-ichi Real Estate Development Co., Ltd., Dai-ichi Real Estate Service Co., Ltd., Dai-ichi Real Estate Sales Co., Ltd., Dai-ichi Real Estate Development Co., Ltd., Dai-ichi Real Estate Service Co., Ltd., Dai-ichi Real Estate Sales Co., Ltd., Dai-ichi Real Estate Development Co., Ltd., Dai-ichi Real Estate Service Co., Ltd., Dai-ichi Real Estate Sales Co., Ltd.

Trend of capital adequacy ratio of independent real estate companies

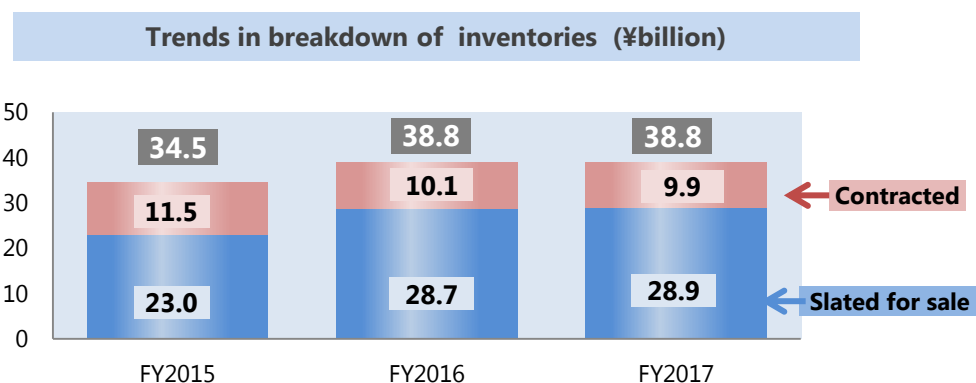
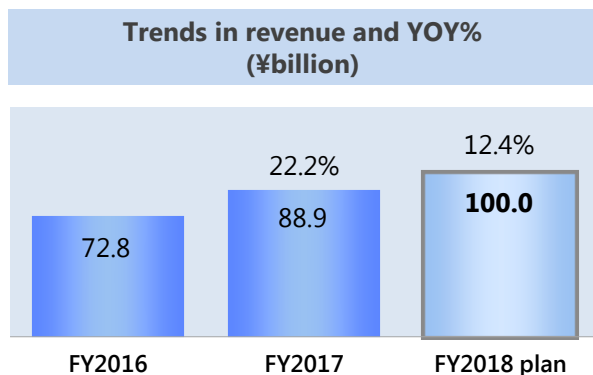


Companies: Independent real estate companies (20 companies with total assets of more than ¥100 billion belonging to the real estate industry)
 Source: Calculated based on the weighted average of actual figures reported in their annual securities reports.



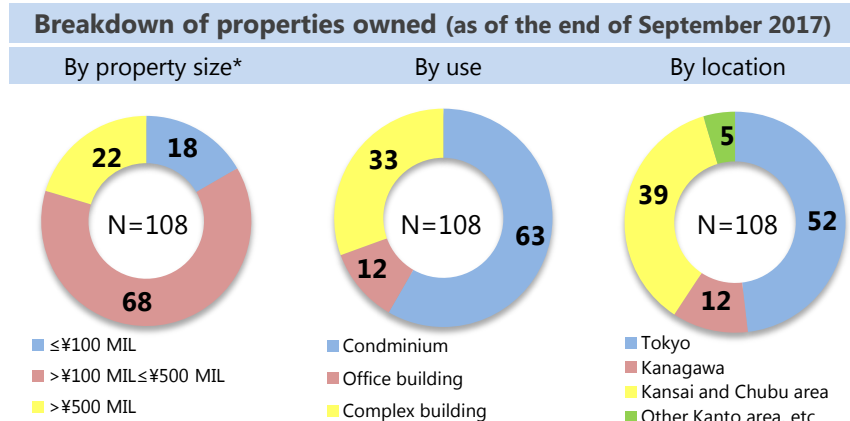
Property Resale Business

- Inventory turnover ratio improved due to a shortened transaction period for processes from procurement to sales of portfolios
- Demand for reselling property remains high on the back of the BOJ's continued monetary easing policies.



Breakdown of gain on sales and rental earnings (¥billion)

	FY2016 Actual	FY2017 Actual	FY2018 plan	Inc. (Dec.)
Total Property resales	72.8	88.9	100.0	11.1
Gain on sale	70.2	86.8	97.5	10.7
+				
Rental earnings	2.5	2.1	2.5	0.4

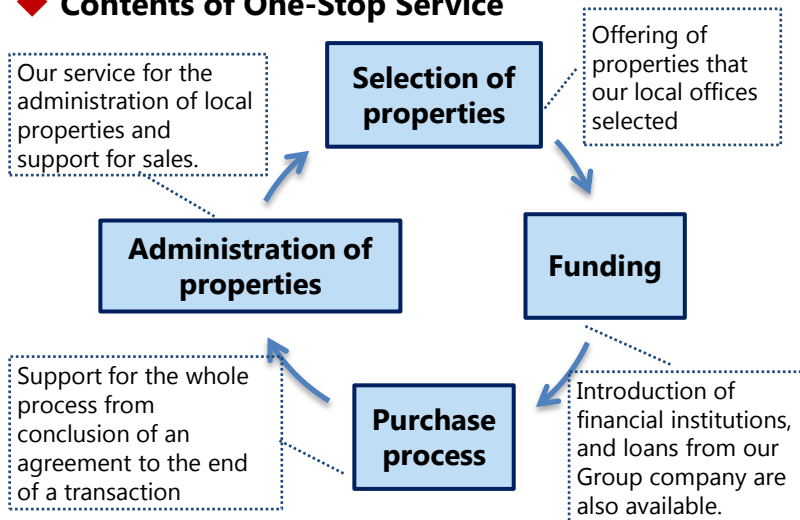


* Based on book values at the end of September 2017

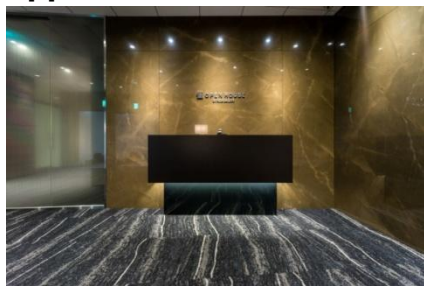
U.S. Real Estate Business (Other Segment)

- ☑ Launch of One-Stop Service targeting the wealthy class of customers who invest in U.S. properties
- ☑ Opening of "OPENHOUSE GINZA SALON" in "GINZA SIX" in September 2017
- ☑ Planned revenue for the fiscal year ending September 30, 2018 is ¥10 billion

◆ Contents of One-Stop Service



◆ Approach to customers



Holding of U.S. investment seminars at OPENHOUSE GINZA SALON



Publication of the book, "Senryakuteki America Fudosan Toshi (Strategic investment in U.S. Real Estate)"

◆ Example of portfolio property

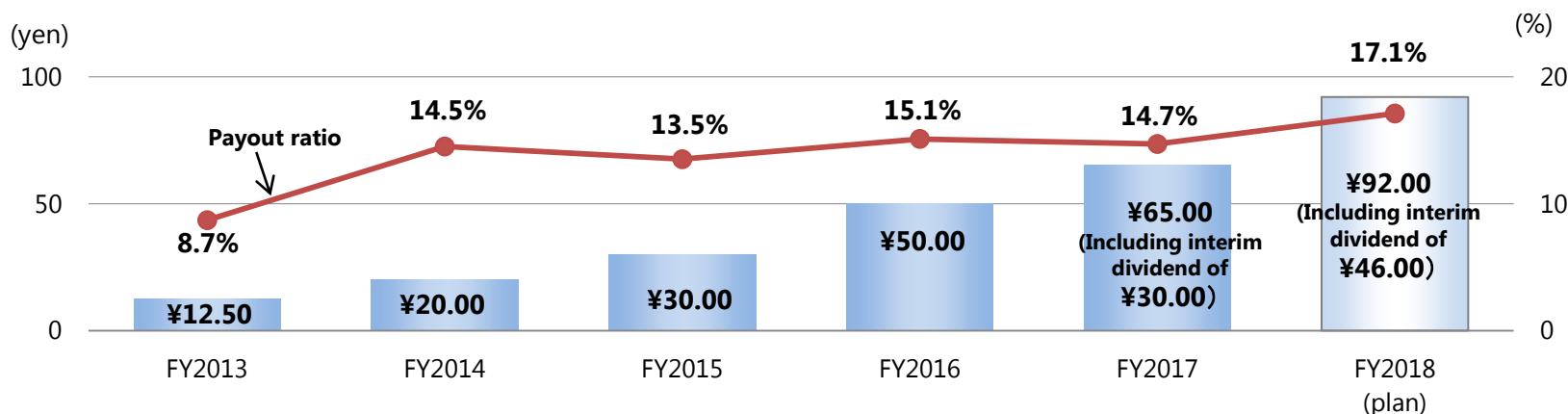
Location: Texas, U.S. Price: ¥35 million (\$308,000) Construction period: 1986
Total floor area: 191m² (2,057 sqft), Site area: 445m² (4,791 sqft)



Shareholder returns

- ☑ Dividend per share will increase by ¥27.00 to ¥92.00 per share in FY2018.
- ☑ The dividend payout ratio will be raised to 17.1% with the focus on shareholder returns through dividend distribution.

Annual dividends per share



Notes: The dividend per share above is calculated by assuming that the two-for-one stock split on July 1, 2015 was conducted in the beginning of FY2013. The proposal for the year-end dividend for FY2017 will be submitted to the annual meeting of shareholders which will be held in December 2017.

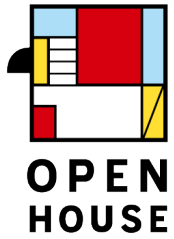
* The figures in brackets above present the interim dividends included in the annual dividends.

Shareholder Benefits Program

Details of benefits	Less than 3 years' continuous holding	3 or more years' continuous holding
Benefits when purchasing homes brokered by the company or sold by the group	100,000 yen cash back	300,000 yen cash back
Quo Card	3000-yen card	5000-yen card

Eligible shareholders:

Those owning one or more trading units (100 shares) of company stock as recorded on the shareholders' register as of September 30 of each year. Continued holding represents shareholders who have retained one unit (100 shares) or more of the Company's common shares for not less than 3 years, with the initial day of reckoning of September 30, 2015.



Mid-Term Business Plan

Formulation of the Mid-Term Business Plan

Positioning

- With the 20th anniversary of the Company's foundation in September 2017, management goals toward a new stage are to be clarified.
- The Mid-Term Business Plan is to be formulated on the basis of growth of the existing businesses only without incorporating new business, M&A, etc.
- Executing the Mid-Term Business Plan will take us a step closer to the goal of corporate value improvement and sustainable growth.

Name

“Hop Step 5000” (called “HS 5000 Plan”)

- Plan period: Three years from FY2018 – FY2020
- Meaning of the name: Revenue of ¥500 billion is not the final goal, but a checkpoint to pass through. It is a warming-up period to take a further leap—a JUMP—toward a new stage.

(Million yen)

Management Goals in “HS 5000 Plan”	FY2017 Actual	FY2018 Forecast	FY2020 Forecast	Average annual growth rate (3-year CAGR)
Revenue	3,046	3,800	5,000	18.0%
Ordinary income	361	435	600	18.4%
Profit attributable to owners of parent	247	300	400	17.3%
EPS (yen)	443.41	537.73	716.97	-

<Assumptions made in calculating EPS>

Figures in and after the fiscal year ending September 30, 2018 are calculated based on the number of shares (total number of shares issued – treasury shares) as of September 30, 2017.

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 areas** (Acceleration of business development into new areas including Aichi and Saitama prefectures, in addition to existing areas)
- **Strengthening of functions for development and construction** (Shortening of a project period, reduction of construction costs, improvement in productivity by leveraging IT, etc.)
- **Enhancement of the Group management** (Further improvement in a comprehensive system from purchase and construction to intermediacy and sales as the Company's advantage)

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

- **Bolstering of the condominiums business** (Development focused on promising compact condominiums located in very convenient urban centers)
- **Sustainable growth of property resales business** (Retention of customers, development of new property portfolios, etc.)
- **New business development** (Full-fledged operation of the U.S. property investment services for the wealthy class of customers, M&A enhancement, etc.)

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

- **Recruitment of resources** (proactive investment in people, goods and money, set as the top priority for management)
- **Development of human resources for business management** (Reinforced fostering of next-generation management group)
- **Innovation on work style and enhancement of diversity** (Appropriate management of labor hours, support for child-care and nursing-care, and recruitment of non-Japanese or disabled people, etc.)

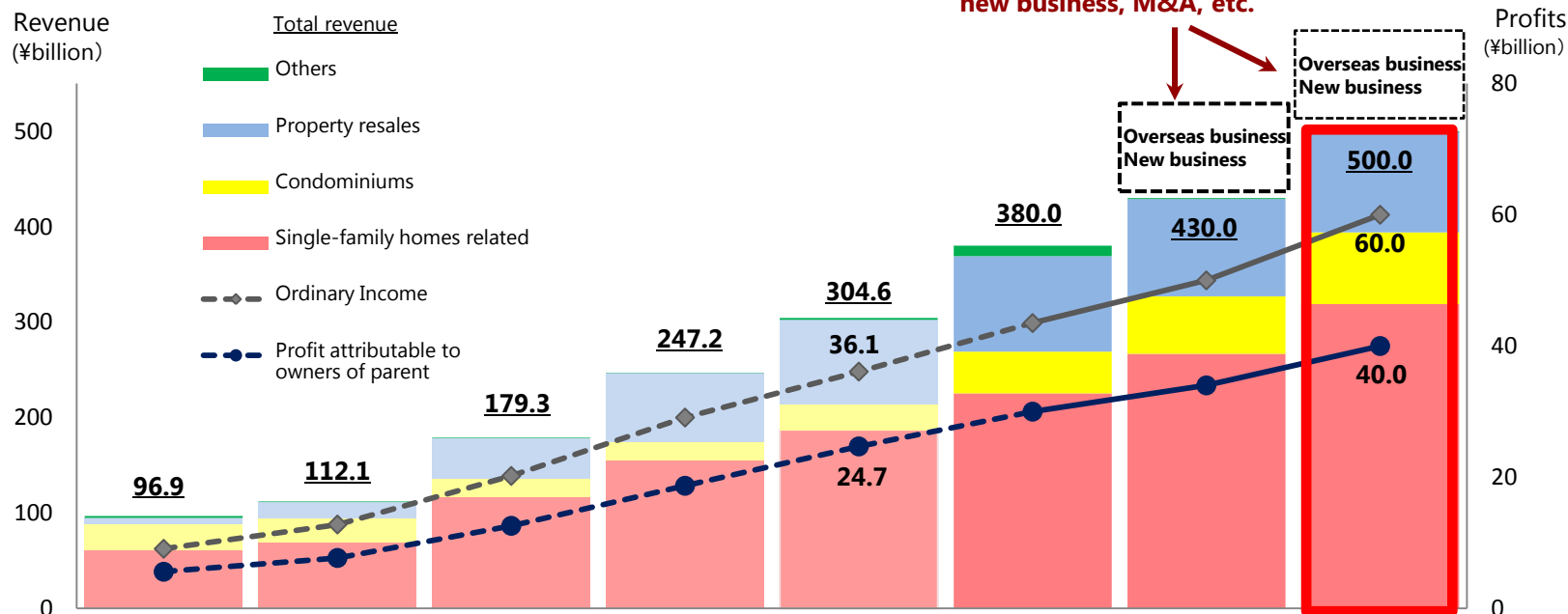
Capital policies

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)



Earnings Plan



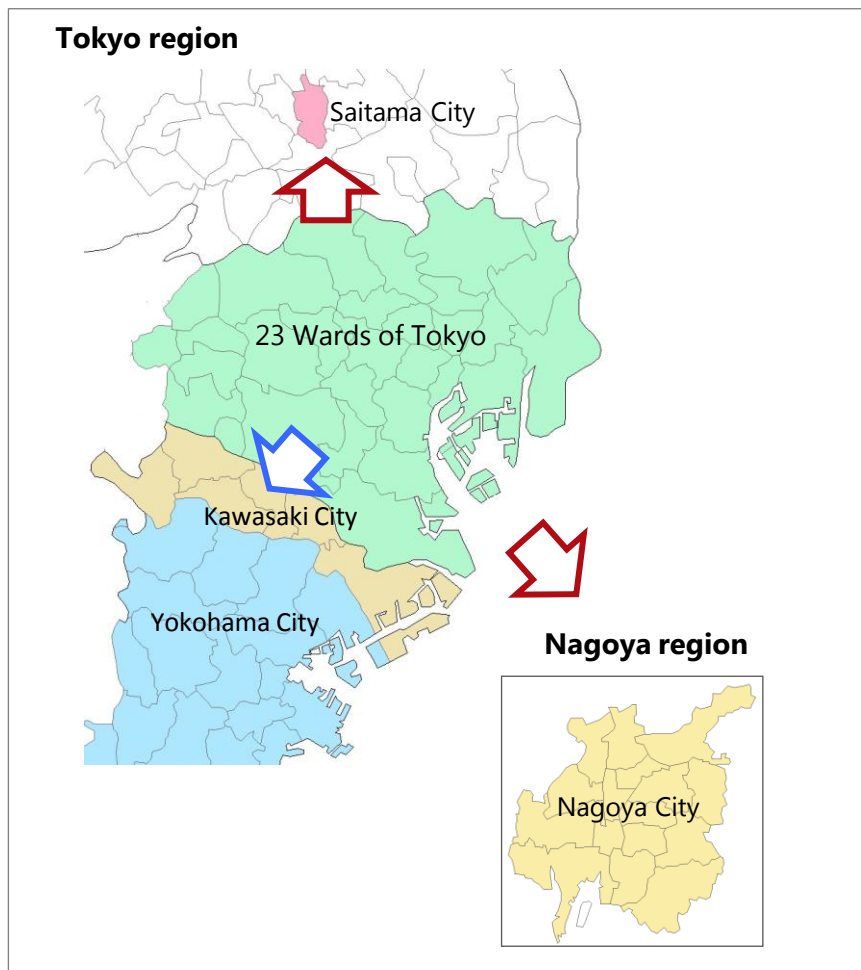
(¥ billion)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 forecast	FY2019 plan	FY2020 plan
Single-family homes related	61.1	69.2	116.7	155.0	187.3	225.5	267.0	319.0
Condominiums	27.1	25.7	20.0	19.0	26.4	43.5	60.0	75.0
Property resales	6.9	16.5	41.7	72.8	88.9	100.0	102.0	105.0
Others	1.7	0.6	0.7	0.4	1.8	11.0	1.0	1.0
Total revenue	96.9	112.1	179.3	247.2	304.6	380.0	430.0	500.0
Ordinary income	9.1	12.8	20.2	29.1	36.1	43.5	50.0	60.0
Profit attributable to owners of parent	5.6	7.7	12.6	18.7	24.7	30.0	34.0	40.0

Note: The Single-Family Homes Related Business includes Brokerage, Open House Architect, and adjustment amounts.
The Earnings Plan has been prepared on the basis of the existing businesses, excluding overseas business, new business, M&A, etc.

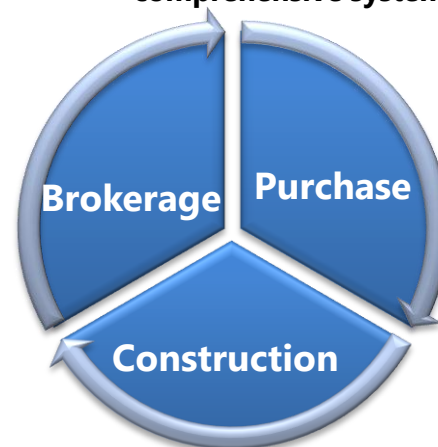


Initiative (1): Strengthening competitiveness of single-family home related business as mainstay business

- ☑ Expansion of business area
- ☑ Reinforcement of development and construction functions
- ☑ Enhancement of the Group management



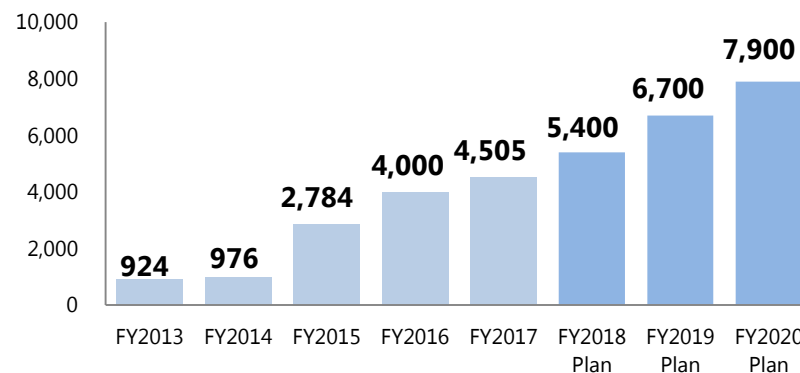
Open House's Advantage: comprehensive system from construction to sales



Purchase/Construction/ Brokerage

Improve overall productivity and strengthen competitiveness of the single-family home related business through deeper linkage of the three functions

Trend of single-family homes delivered

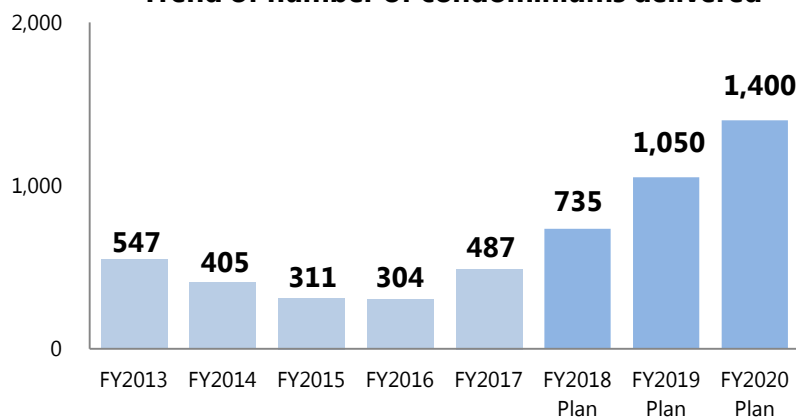


Number of single-family homes: Total numbers of built-for-sale houses through OHD and OHA and construction contracts (excluding internal deals)

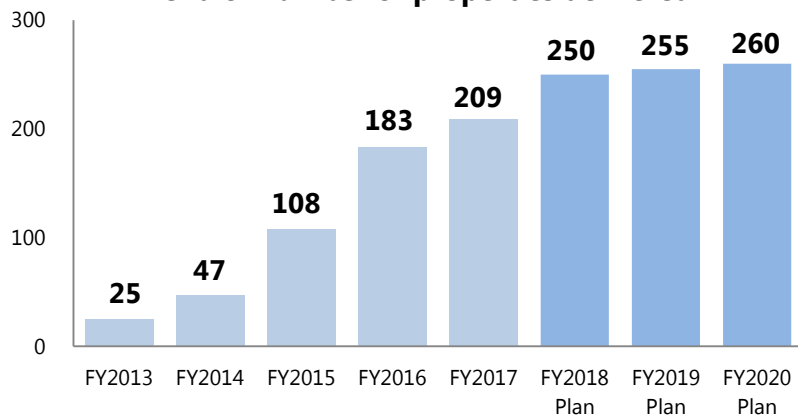
Initiative (2): Forming Business Portfolios Flexible to Any Changes in External Environment

- ☑ Expansion and re-growth of the condominium business
- ☑ Sustainable growth of the property resales business
- ☑ Engagement in new businesses

Trend of number of condominiums delivered



Trend of number of properties delivered



Properties sold in and after fiscal 2018 are assumed to be valued at ¥400 million per property.

Launch of the U.S. real estate business

- Sales of used single-family homes in the U.S. to Japanese investors
- Offering of one-stop services including support for post sales usage
- Sales activities more accelerated by the opening of "OPENHOUSE GINZA SALON" in Chuo-ku, Tokyo in Sept. 2017



Launch of OPENHOUSE GINZA SALON



Publication of "Strategic Investment in the U.S. Real Estate"



Examples of properties in the portfolios (exterior and interior)

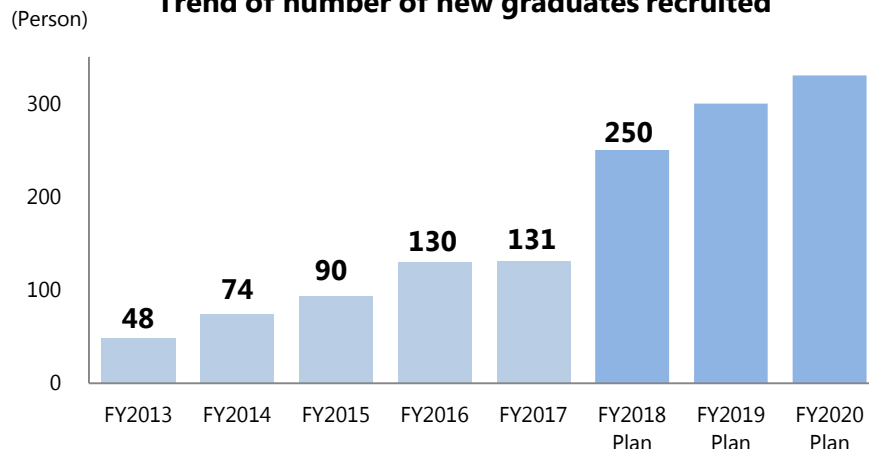


Initiative (3):

Bolstering the Management Base to Underpin the Group's Growth

- ✓ Recruitment of human resources
- ✓ Development of business managers
- ✓ Work style reform and enhancement of diversity activities

Trend of number of new graduates recruited



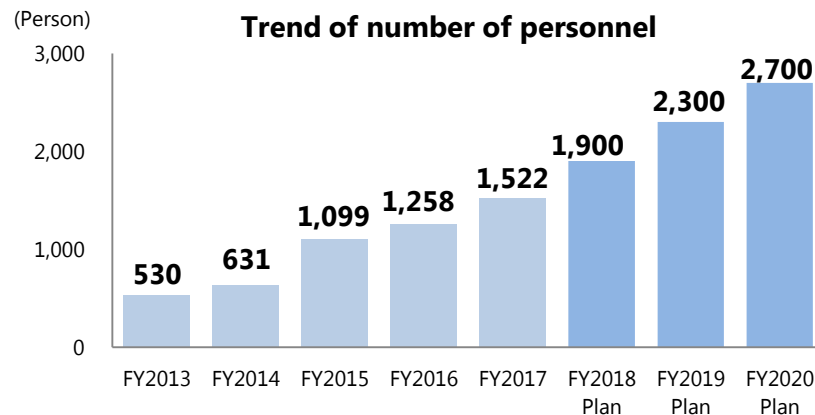
HR development to foster business managers

- **Increased fostering of next-generation management group**
Majority of business division heads are those employed as new graduates
- **Placing right people in right jobs**
Placing right people regardless of their age in jobs required for business expansion
- **Flexible employment of mid-career personnel who can immediately contribute to operations**

Work style reform and enhancement of diversity activities

- **Appropriate management of labor hours** (assurance for ensuring there are no long working hours)
- **Realization of motivating workplaces** (assurance for employees' leaving on time)
- **Support for childcare and nursing care** (leave for childcare or nursing care, reduced working hours)
- **Employment of non-Japanese personnel** (management of offshore development by the Vietnamese personnel of the headquarters)
- **Employment of the disabled** (usage of a satellite office which is superior from an environmental standpoint)
- **Employment of the elderly** (many elderly personnel actively engaged in work-site operations)

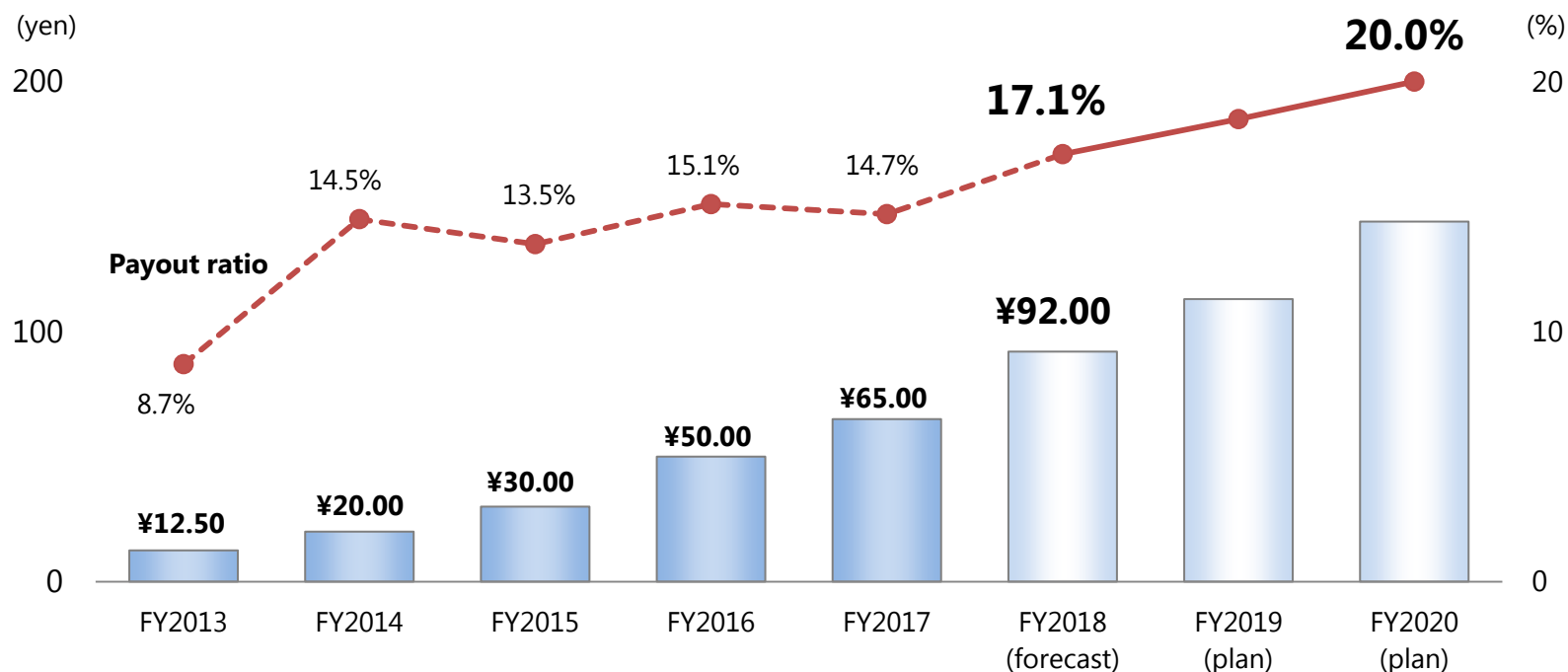
Trend of number of personnel



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.



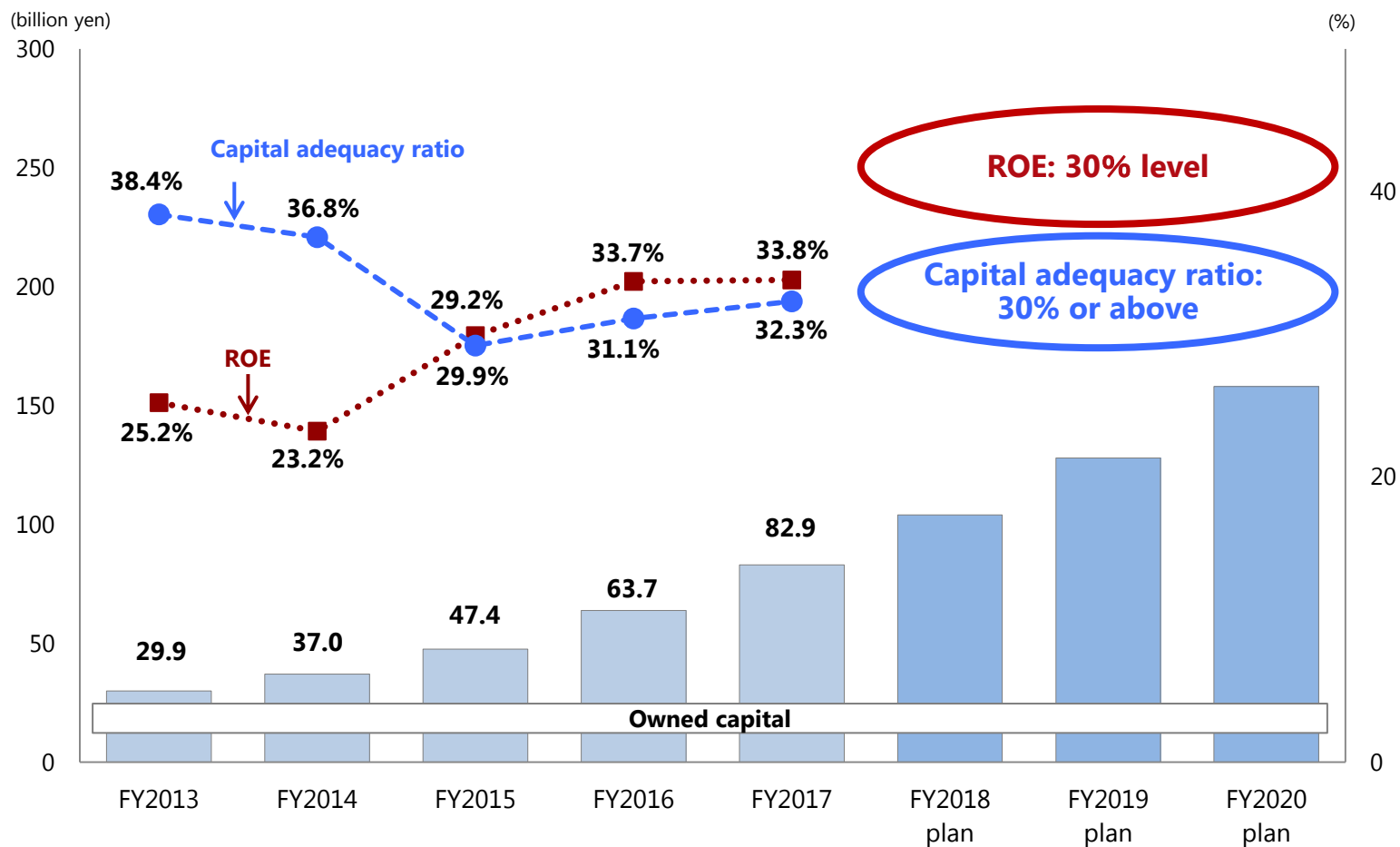
<Assumptions made in calculating indicator per share>

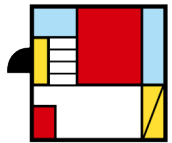
1. The stock splits (1,000-for-one stock split on June 28, 2013 and two-for-one stock split on July 1, 2015) are assumed to have been executed in the beginning of the fiscal year ended September 30, 2013.
2. Figures in and after the fiscal year ending September 30, 2018 are calculated based on the number of shares (total number of shares issued – treasury shares) as of September 30, 2017.

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 (capital adequacy ratio: 30% or above)





**OPEN
HOUSE**

Reference : Current Initiatives

Progress of Business Development in the Nagoya Region

- ☑ Sales of urban-type, three-story single-family homes in Nagoya City have shown strong momentum.
- ☑ The condominium business has also marked steady sales performance with the opening of Nagoya Sogo Mansion Gallery.

Current status of business activities

Single-family homes

- Sales activities undertaken centered on Sakae and Motoyama Sales Centers
- Purchase and sales activities are making progress as planned

Open House Architect

- Opening of a showroom targeting customers who have an interest in single-family homes
- Construction of custom-built homes and built-for-sales houses are making progress as planned

Condominiums

- Launch of Nagoya Sogo Mansion Gallery
- Sales of Open Residencia Aoi, the first condominium launched in the Nagoya region, are showing steady performance.

Opening of Nagoya Showroom of Open House Architect

Opened:

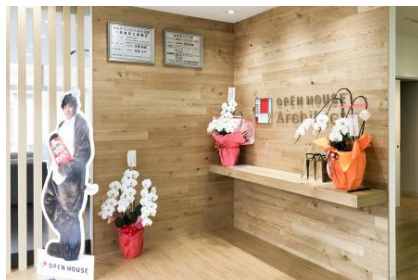
Spring 2017

Location:

Tokugawa Higashi-ku,
Nagoya City
(on the site of Nagoya office)

Target:

Customers having an interest in custom-built homes and built-for-sales houses



Opening of Nagoya Sogo Mansion Gallery

Opened: September 2017

Location: 2nd fl. of Terrasse Nayabashi, the commercial facility in Sakae, Naka-ku, Nagoya City

Target: Customers having an interest in the condominium brand, "Open Residencia" series



Initiative for Open Innovation

- ☑ Launch of the MASACASA! Project set to have people think about future houses and living, through collaboration with SoftBank and other companies.
- ☑ The Company's single-family home located in a first-class district in the Minato Ward of Tokyo has been set up as a place for joint demonstration experiments.

■ Outline of the MASACASA! Project

Objective: Create new business that is initiated by participating companies and revitalize collaborative work thereof

Property: Single-family house in Minato Ward of Tokyo

Period: October 2017-April 2018

Participants: Approx. 60 companies and organizations both in Japan and abroad



Logo of MASACASA!

Major participating companies and organizations

Amazon Japan (Amazon Launchpad Store)
 ANCHORRING. JAPAN Inc.
 OMRON Corporation
 Connected Design, Inc.
 SIGMAXYZ Inc.
 SoftBank Group Corp.
 TV TOKYO Communications Corporation
 Dentsu Ventures
 TOKYO GAS Co., Ltd.
 Japan Organization for Medical Device Development, Inc. (JOMDD)
 Mitsubishi Research Institute, Inc.
 YKK AP Inc., and other companies

Note: "Amazon" and "アマゾン" represent the trademark or registered trademark of Amazon.com, Inc. or its affiliated companies.

■ Activities of the Project

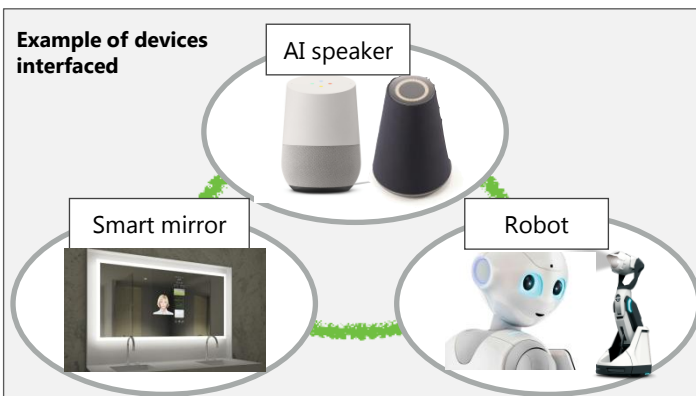
- Demonstration experiments of products and services by using an actual single-family home
- Meetings so that participants can exchange opinions and ideas on products and services
- Study sessions inviting specialists in future houses and living



Single-family house used for demonstration experiment



Meeting for participating companies to exchange opinions and ideas



The 20th Anniversary Project

- ☑ The Group had its 20th anniversary in September 2017.
- ☑ There were special TV commercials and co-sponsored events to commemorate the 20th anniversary.

- Release of a new series of TV commercials with the appearance of Shohei Otani, a baseball player from the Hokkaido Nippon-Ham Fighters.

“What is common sense?” & “20th”



©H.N.F.



On air in the Kanto and Chukyo regions from September 2017

- Co-sponsor for the baseball game Tokyo Yakult Swallows vs Yokohama DeNA, at Jingu Stadium

Open House 20th Anniversary Special Night Game



Scoreboard and spectators at Jingu Stadium on August 27, 2017

Initiative to improve customer awareness

- ☑ Contract with EARTHFRIENDS TOKYO Z, a professional basketball team, as an official partner
- ☑ Contract as a main sponsor for "Big6.TV," an exclusive free-of-charge video of baseball games played by Tokyo Big6 Baseball Teams.

- "EARTHFRIENDS TOKYO Z" Member of "B League," a professional basketball league
Home: Ota-Ward General Gymnasium, Jonan Area, Tokyo

Open House is the top partner of
EARTHFRIENDS TOKYO Z



Team's logo



Members of EARTHFRIENDS TOKYO Z



Uniform

- "Co-sponsor for releasing videos of the Tokyo Big6 baseball matches





Open House Incorporated into JPX Nikkei Index 400

- ☑ In September 2017, Open House was adopted as one of issues composing JPX Nikkei Index 400.
- ☑ The Company was selected with the shortest period from its listing in September 2013.



JPX-NIKKEI 400 2017



Outline of the Index

JPX-Nikkei400 is the new index composed of companies with high appeal for investors, which meet requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives.
[Start of Calculation : Jan. 6, 2014]

Background for selection

Open House was selected with the shortest period from its listing in September 2013, under the Index's rule that issues listed for less than three years as of the record date (last business day of June) are not eligible for inclusion.

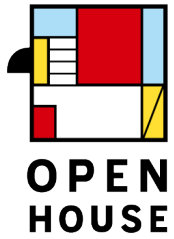
<Reference> Method of calculating total scores in JPX-Nikkei400

- Select top 1,200 companies in terms of total trading volume for the immediate three years from the record date (last business day of June of every year).
- Of the top-1200 companies, select top-1000 companies in terms of size of market cap.
- Rank the top 1,000 companies above based on overall scores calculated below.
- Add qualitative scores below to the overall scores and determine final ranking. **Final Score= Overall score + Qualitative score**

Overall Score= 0.4 ×(a) 3-year average ROE ranking score (1st: 1,000 pts. – 1000th: 1 pt.)
+0.4 ×(b) 3-year cumulative operating profit ranking score (1st: 1,000 pts. – 1000th: 1 pt.)
+0.2 ×(c) market capitalization on the base data ranking score (1st: 1,000 pts. – 1000th: 1 pt.)

Qualitative scores

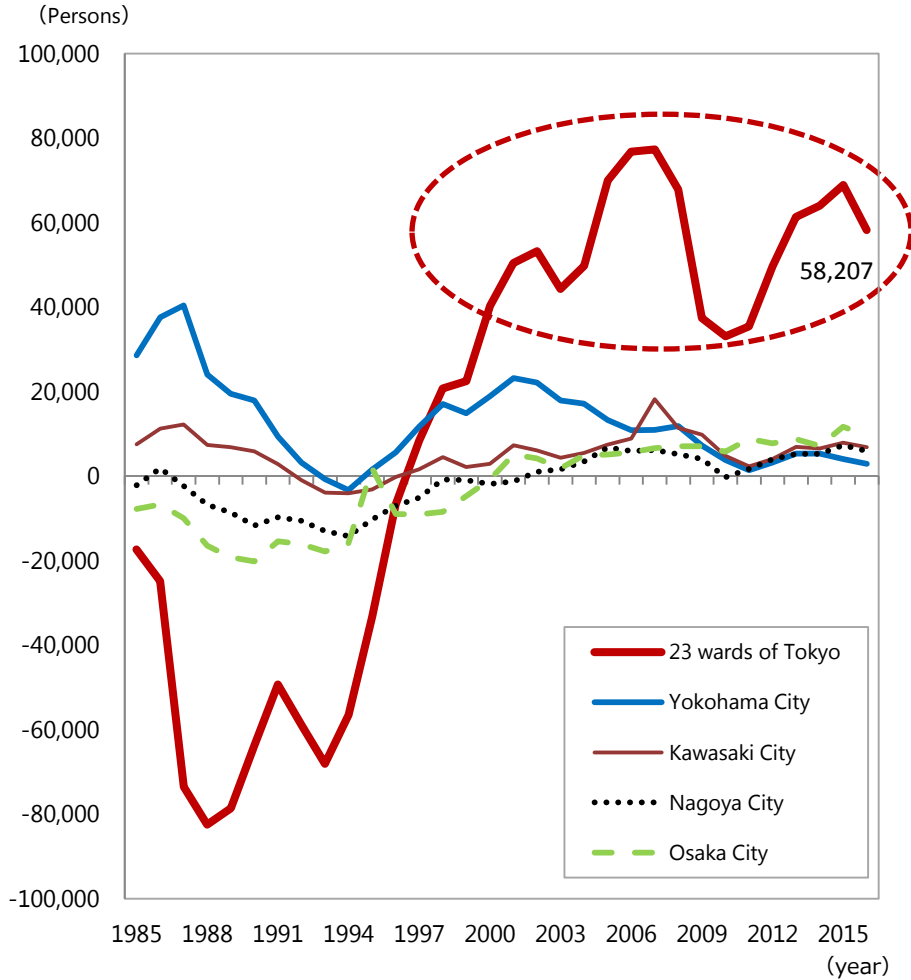
- Appointment of independent outside directors
- Adoption of IFRS
- Disclosure of English earnings information



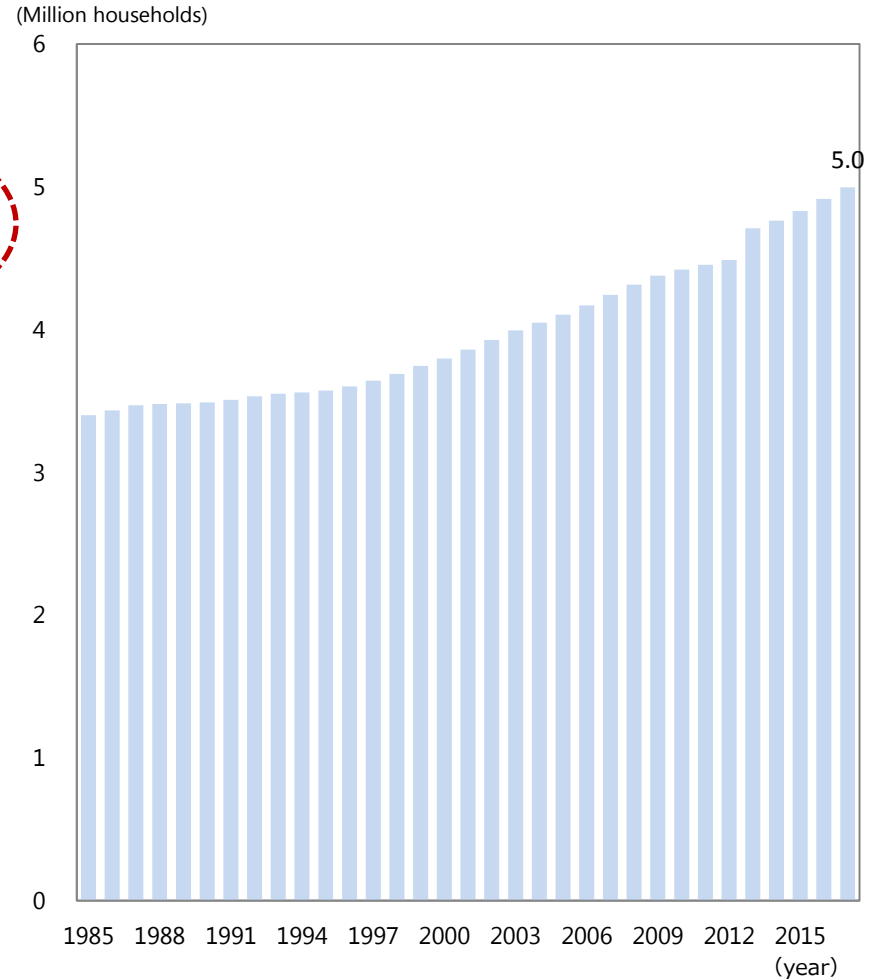
Reference : Market Trends

Growing Migration Into the 23 Wards of Tokyo

Net migration into urban cities



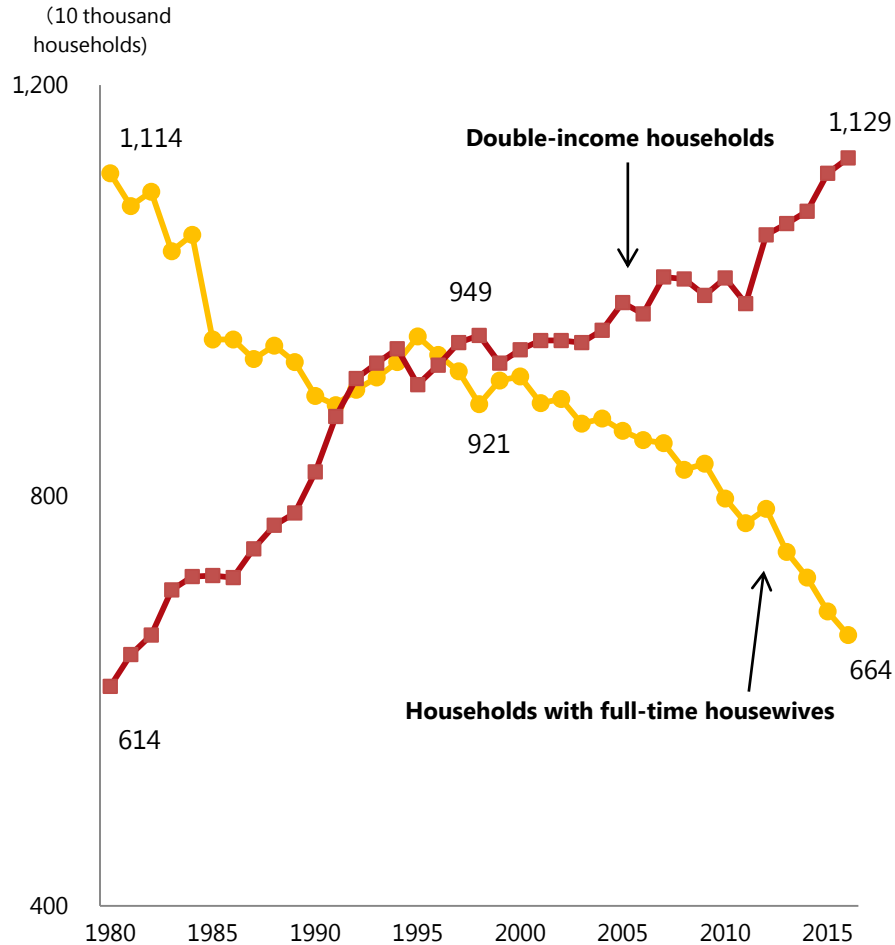
Number of households in 23 wards of Tokyo



Source: "Report on Internal Migration in Japan based on Basic Resident Register" published by the Ministry of Internal Affairs and Communications

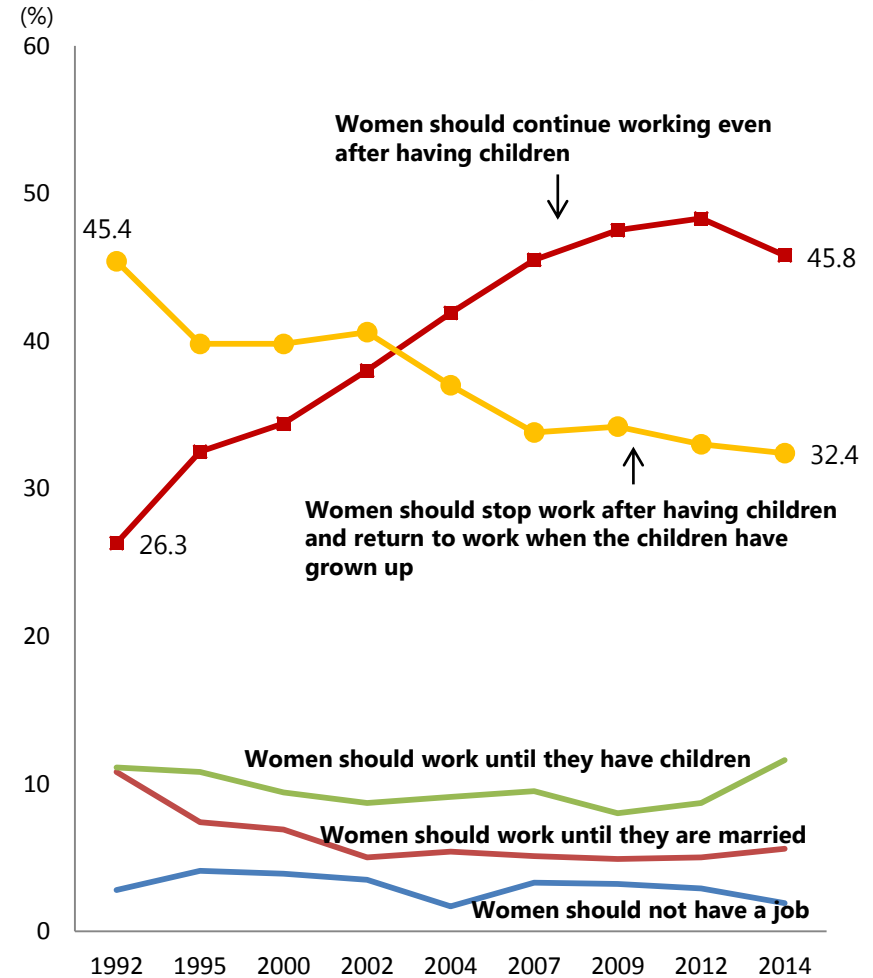
Changes in Life Styles and Attitude toward Work

Trends in double-income households/households with full-time housewives (nationwide)



Source: "White Paper on Gender Equality 2015", Cabinet Office, Government of Japan
Labor force survey, the Ministry of Internal Affairs and Communications

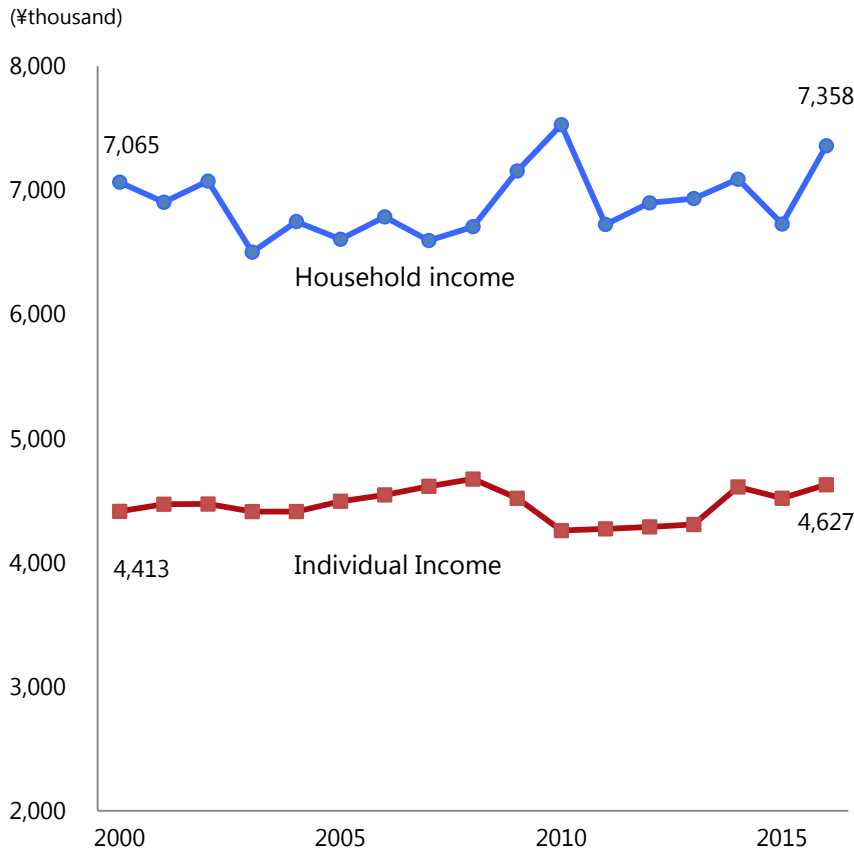
Changes in attitude toward work among women (nationwide)



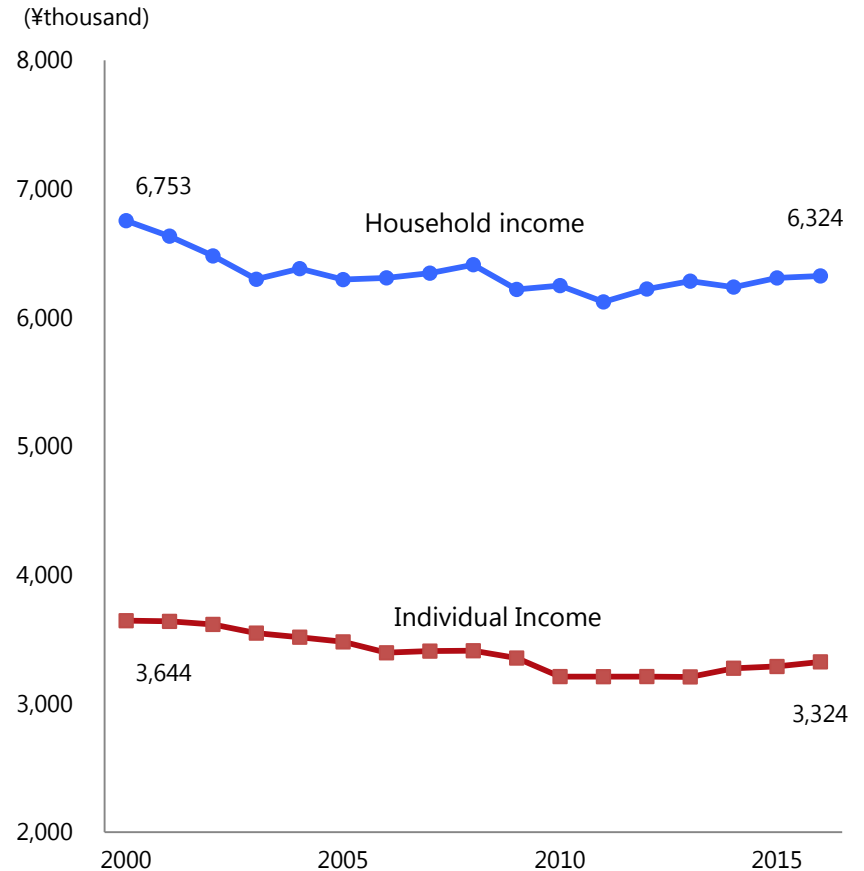
Source: "White Paper on Gender Equality 2015," Cabinet Office, Government of Japan

Household Income and Individual Income

Household income and Individual income
(the 23 Wards of Tokyo)



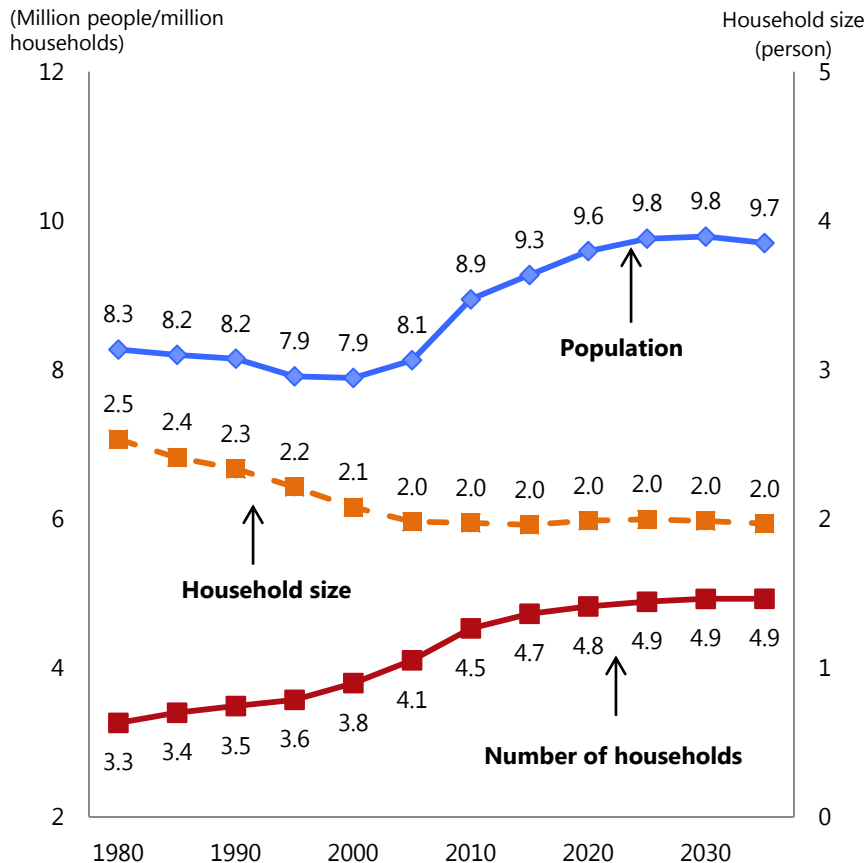
Household income and Individual income
(nationwide)



Source: Annualized based on the actual monthly income of households (working families) with two-or-more person household, obtained from the report "Family Income and Expenditure Survey," the Ministry of Internal Affairs and Communications
 Calculated by dividing taxable income by the number of taxpayers, based on data obtained from the report "Survey of Taxation of Municipal Inhabitant Taxes, etc." by the Ministry of Internal Affairs and Communications

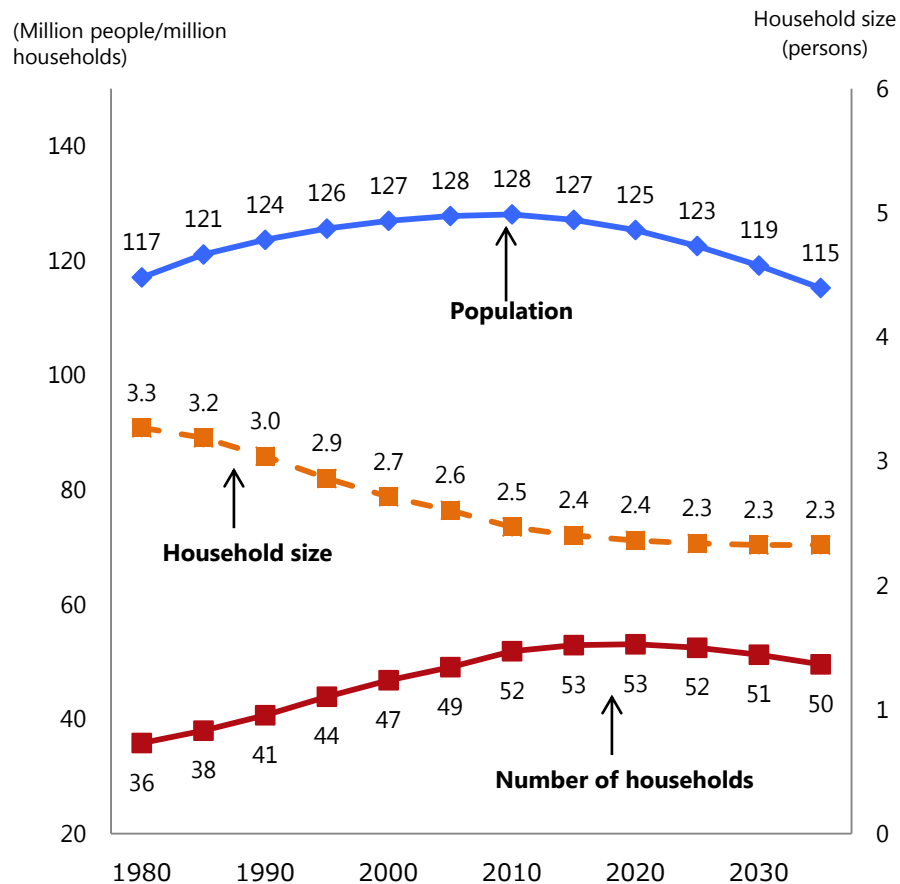
Projections for Future Population

Projections for future population and number of households in the 23 Wards of Tokyo



Source: "Population Projections by Municipality in Tokyo (March 2017)" and "Projections for the Number of Household in Tokyo (March 2014)" by Tokyo Metropolitan Government Bureau of General Affairs. Household size is calculated by dividing the total population by the number of households.

Projections for future population and household size nationwide



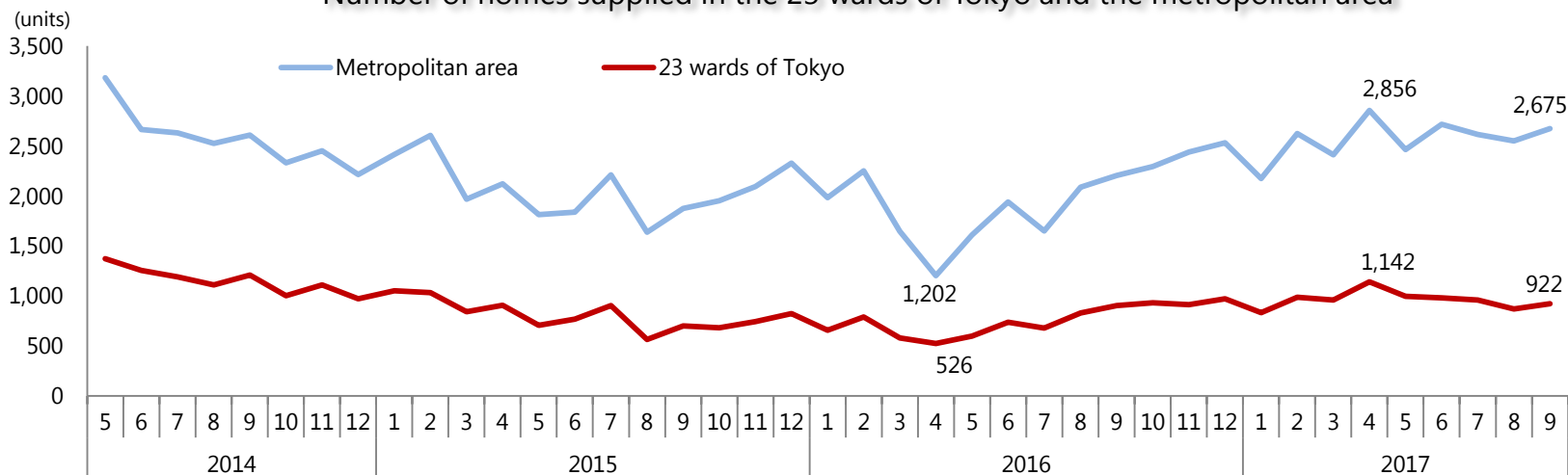
Source: "Population Projection for Japan (2017)" by National Institute of Population and Social Security Research (Projection assumptions: Medium fertility and medium mortality) Household size is calculated by dividing the total population by the number of households.



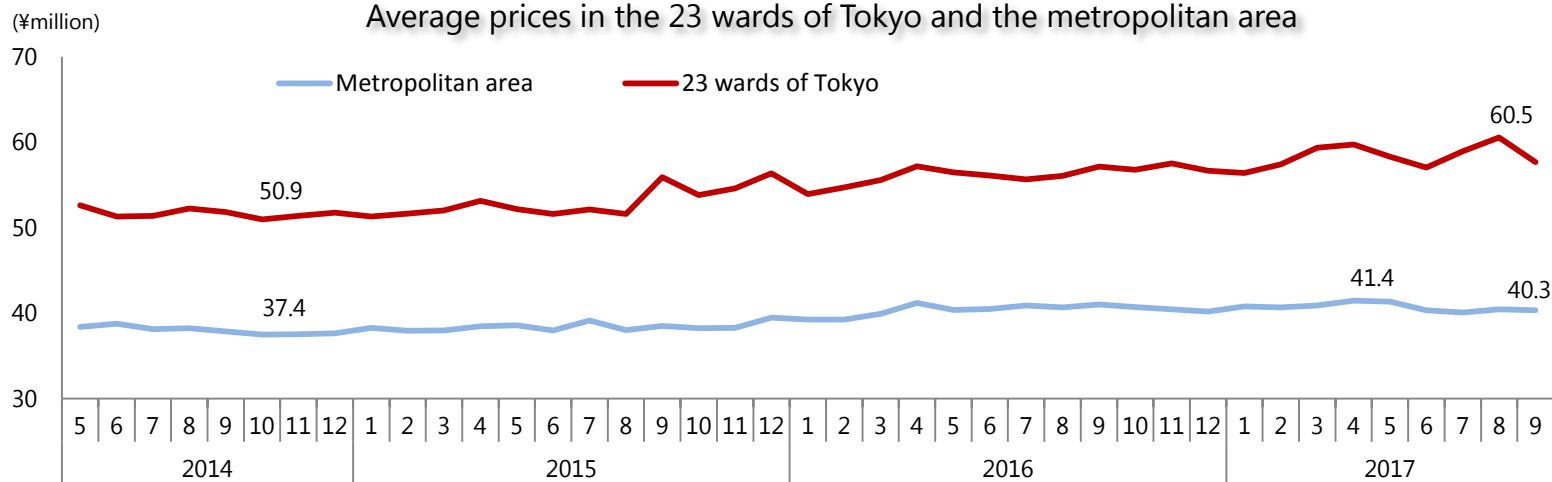
Sales Trend of New, Small-Scale Single-Family Homes

(Land area of 50m² or above but less than 100m²)

Number of homes supplied in the 23 wards of Tokyo and the metropolitan area



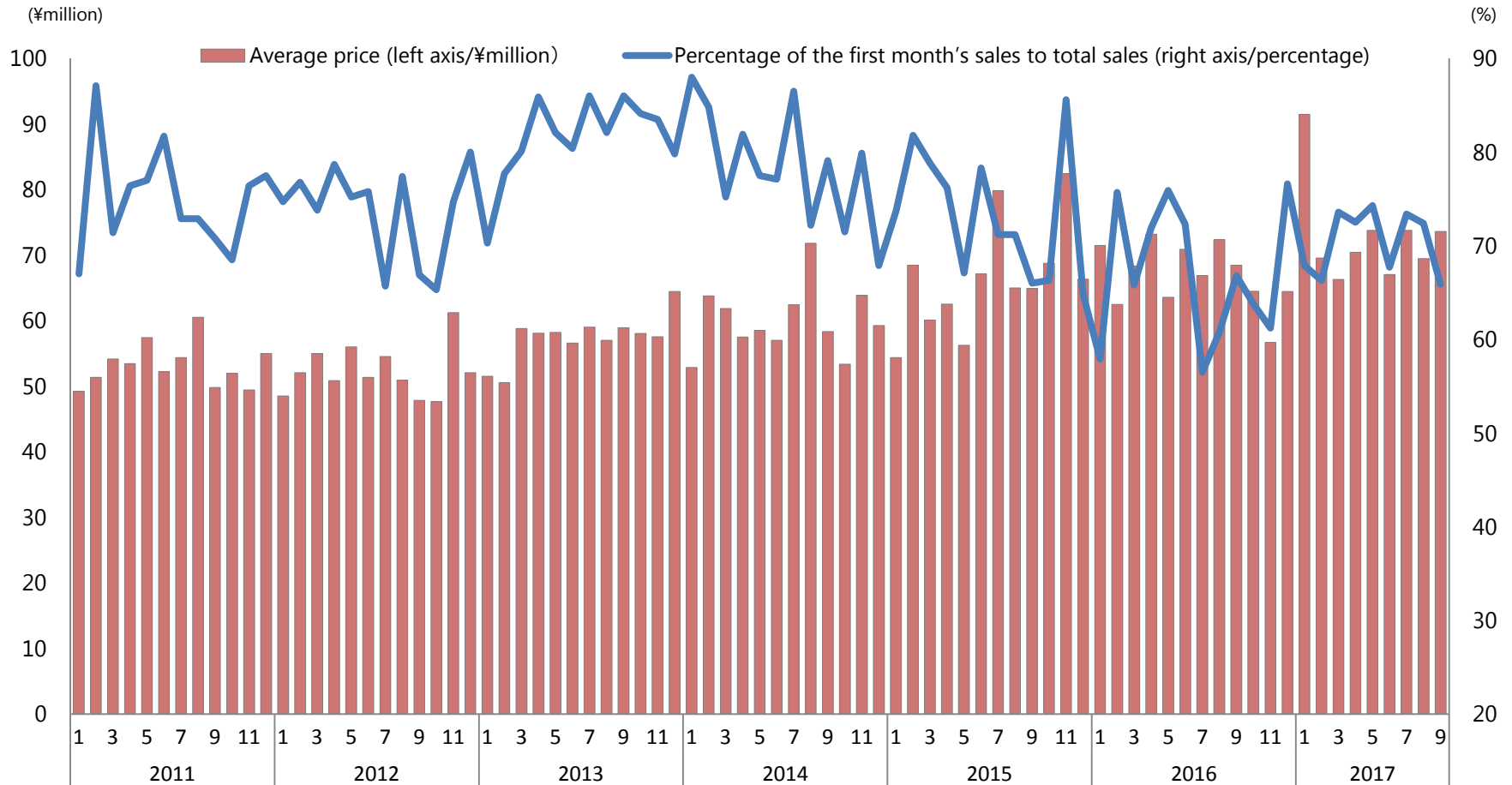
Average prices in the 23 wards of Tokyo and the metropolitan area



Source: "Trend of Supply of New, Small-Scale Single-Family Homes" (wooden, property owned, and land of 50m² or above but less than 100m²) published by TOKYO KANTEI Co., Ltd.

Market Trend of New Condominiums (1)

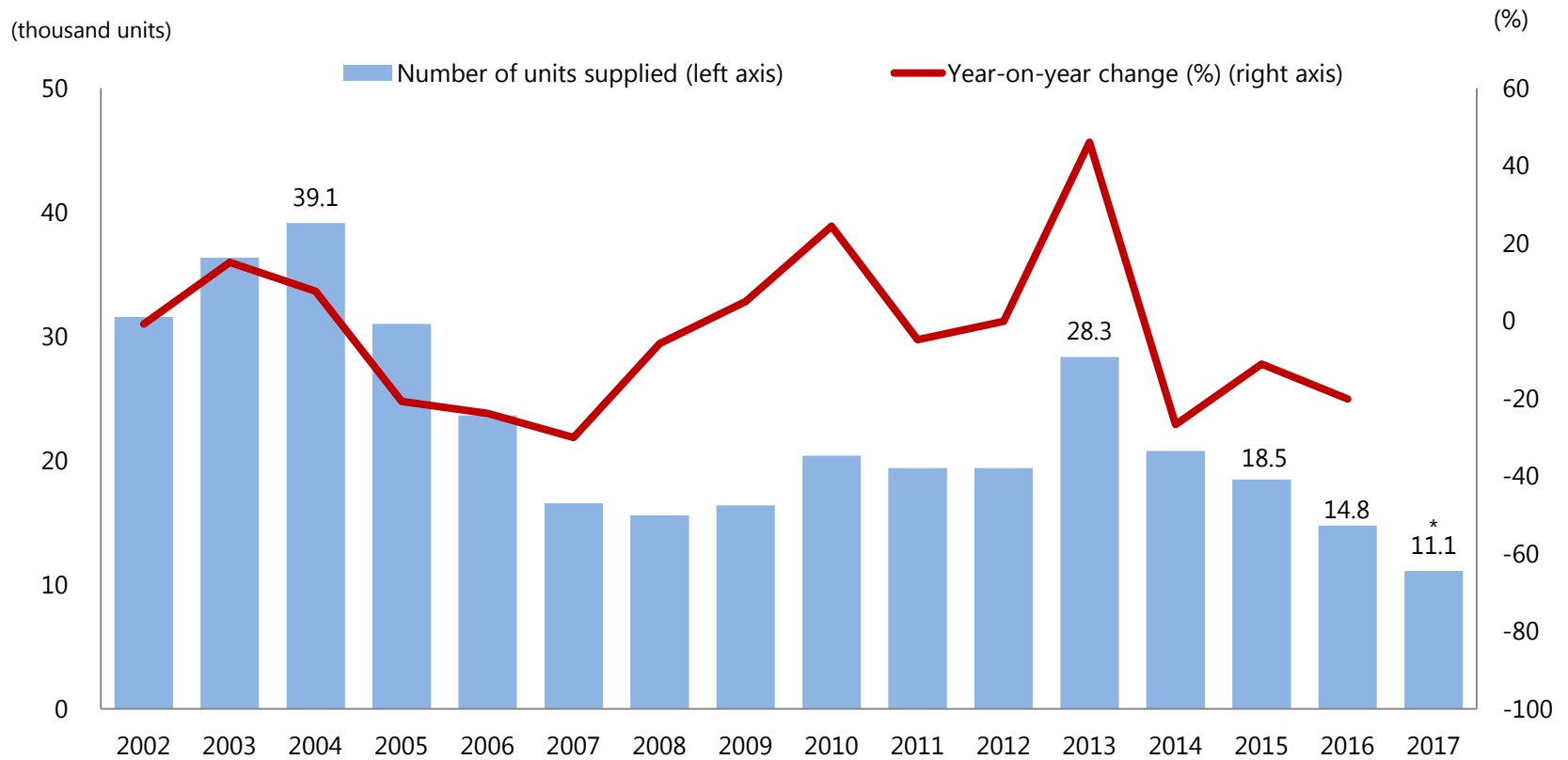
Trends of average prices of new condominiums and ratios of the first month's sales to total sales in the 23 wards of Tokyo



Source: "Monthly Report of Real Estate Market Trend" published by Land General Information Library of the Ministry of Land, Infrastructure, Transport and Tourism.

Market Trend of New Condominiums (2)

Number of new condominiums supplied and year-on-year change thereof (%) in the 23 wards of Tokyo

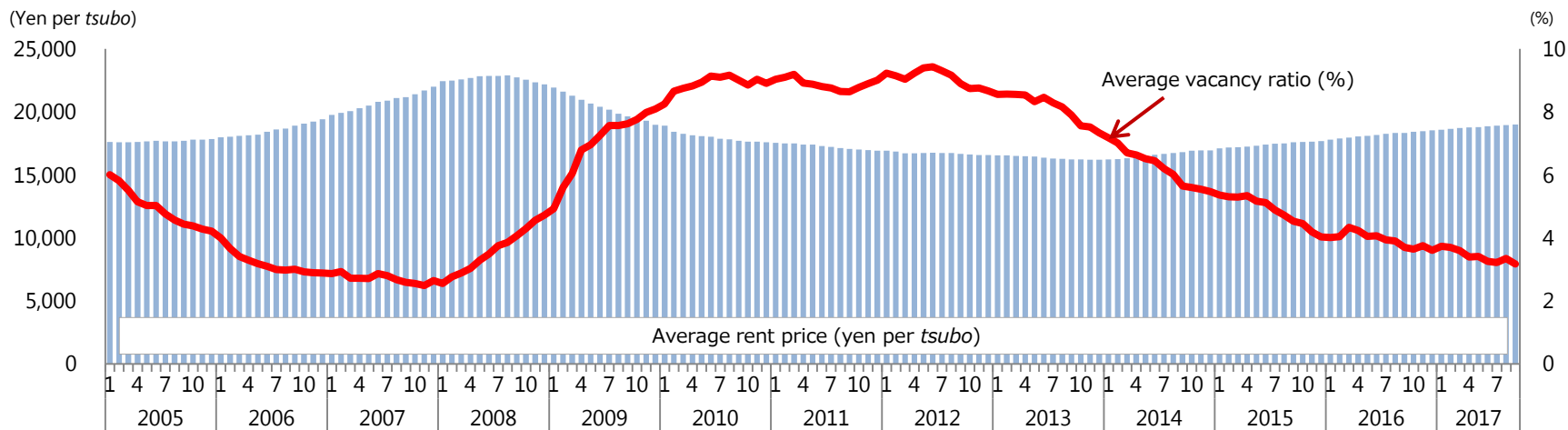


"Monthly Report of Real Estate Market Trend" published by Land General Information Library of the Ministry of Land, Infrastructure, Transport and Tourism.

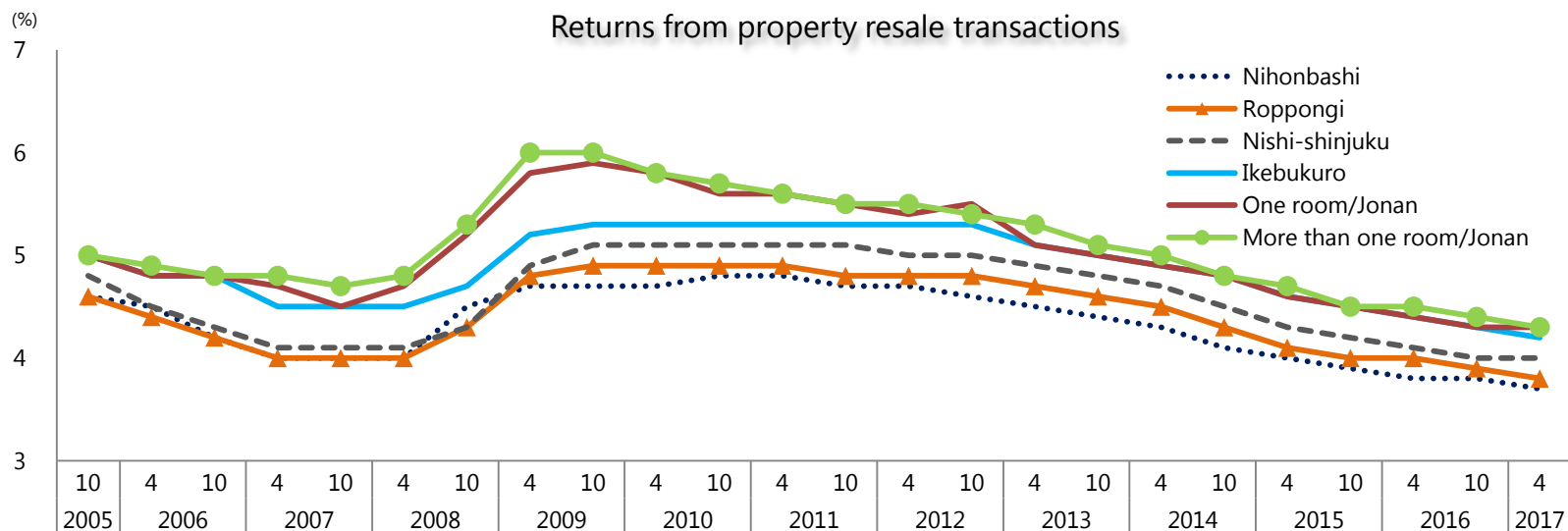
* Actual results from January to September

Market Environment of Property Resales Business

Trends of office rentals and vacancy ratios in Tokyo

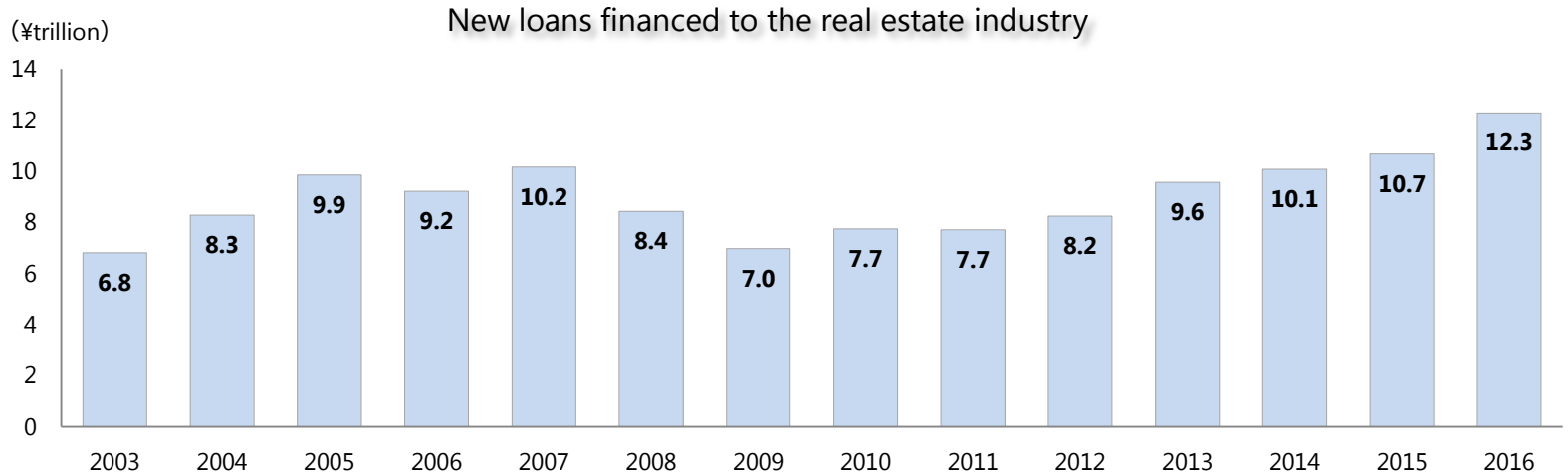


出所：三鬼商事「東京(都心5区)の最新オフィスビル市況」



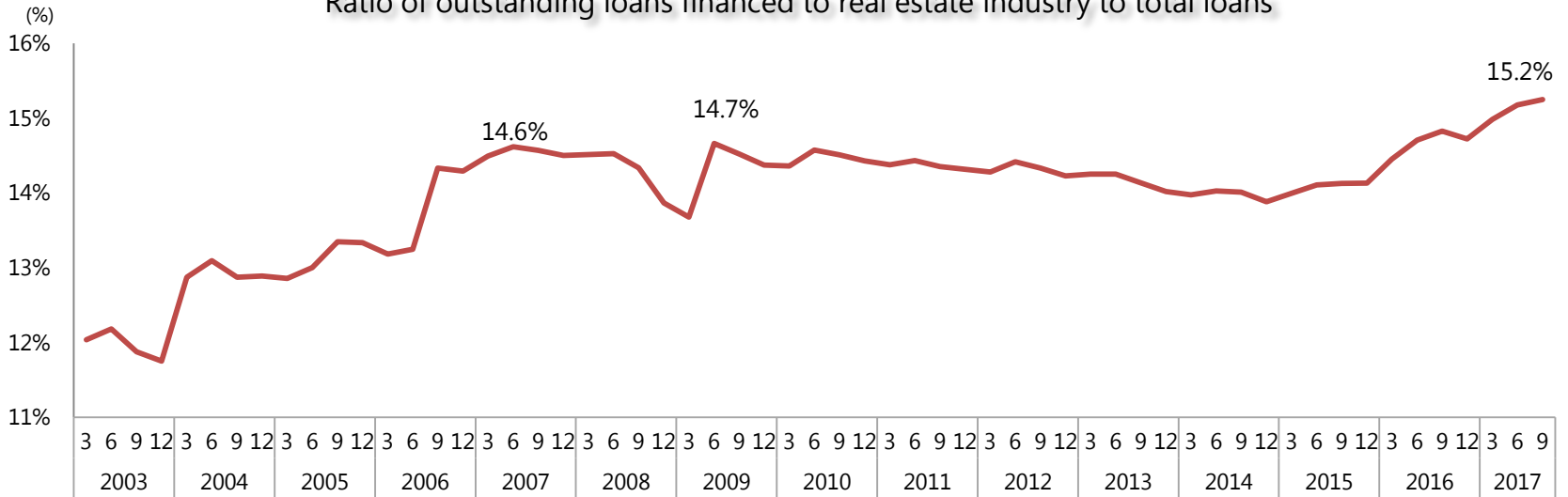
出所：日本不動産研究所「不動産投資家調査」

Trend of Loans to Real Estate Industry (1)



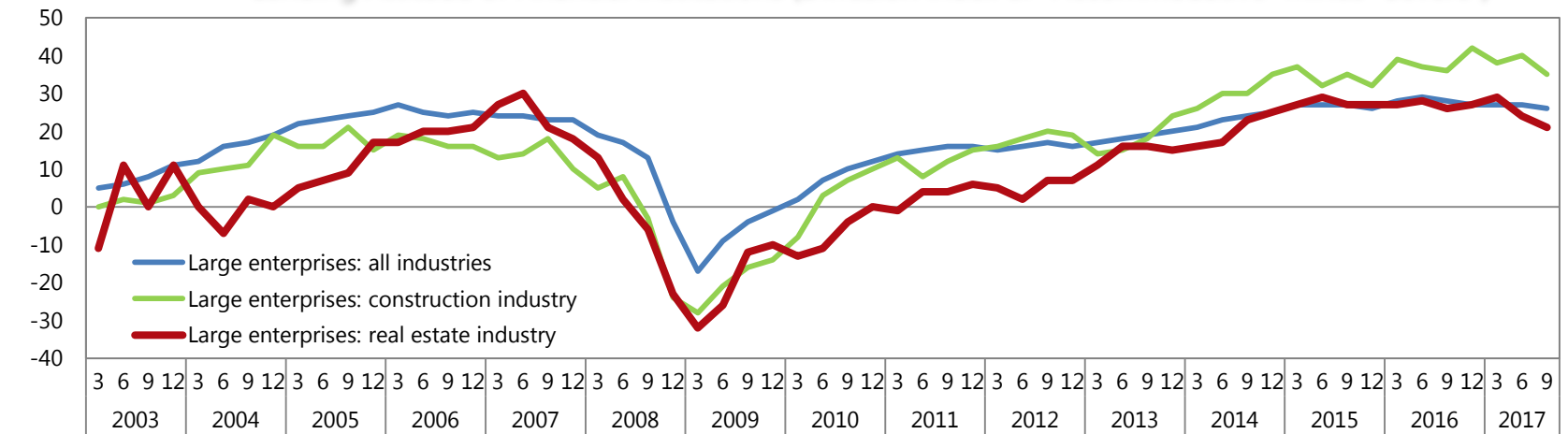
Trend of Loans to Real Estate Industry (2)

Ratio of outstanding loans financed to real estate industry to total loans



Source: "Loans by borrower" published by the Bank of Japan

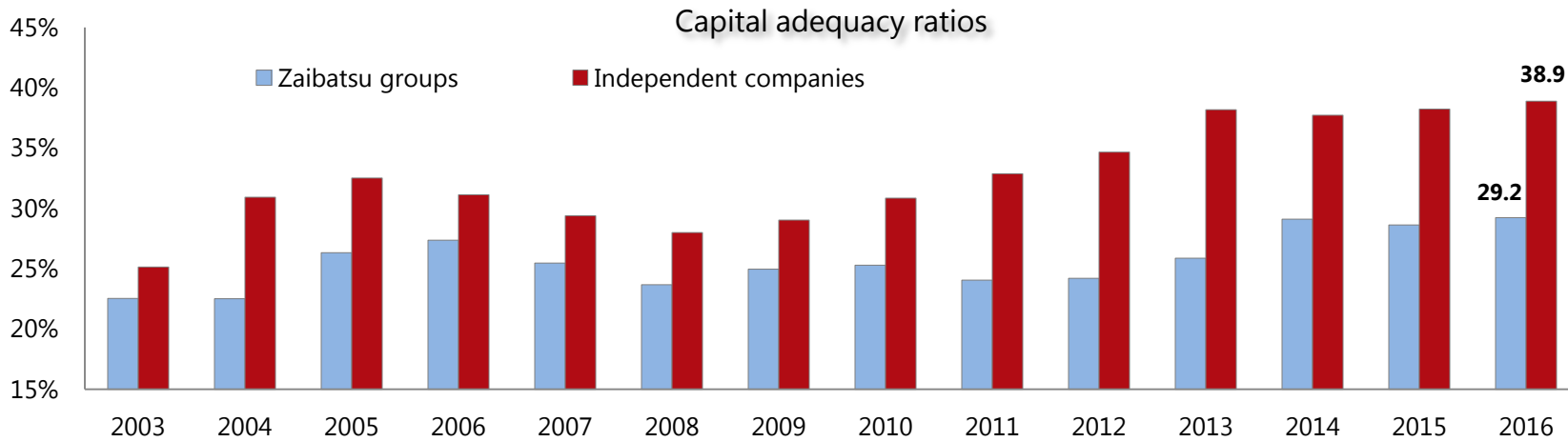
Lending Attitude of Financial institutions (Diffusion index of "Accommodative" minus "Severe")



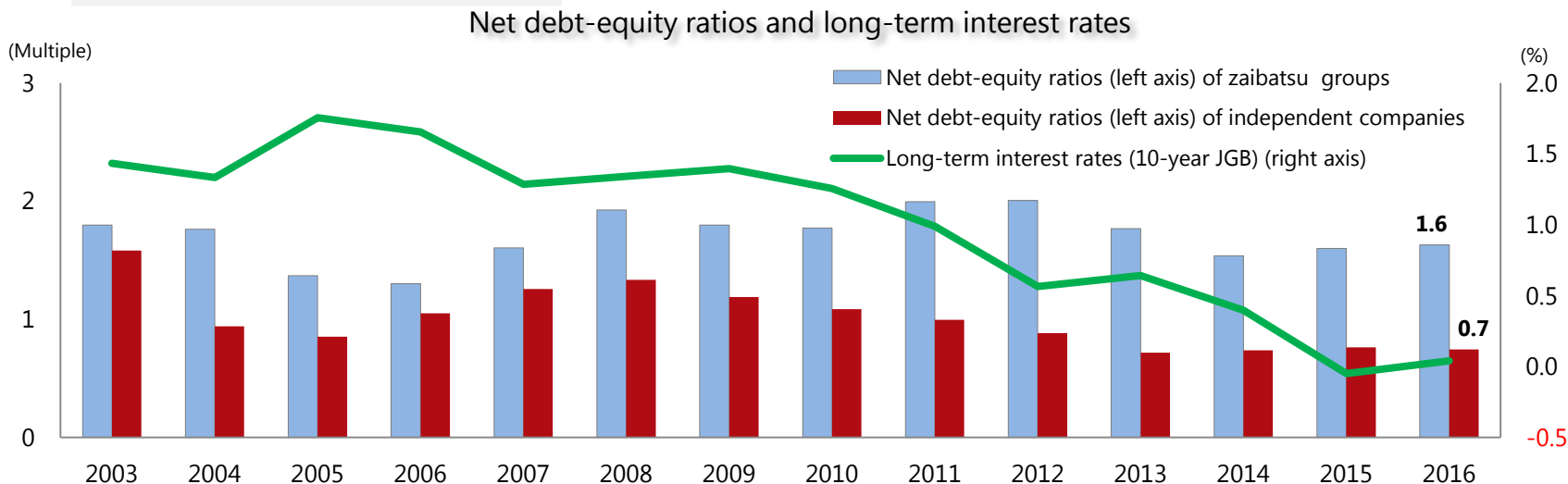
Source: "Short-Term Economic Survey of Enterprises in Japan" published by the Bank of Japan

Safety Indicators of Real Estate Enterprises

(Zaibatsu groups vs. Independent corporations)



Note: "Zaibatsu" means a financial conglomerate

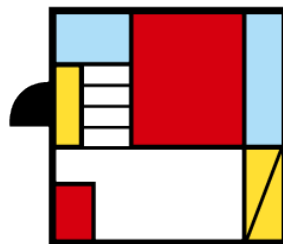


Companies surveyed: Seven real estate companies of zaibatsu groups, and 20 independent companies which are listed on the real estate industry of the Tokyo Stock Exchange and hold total assets of ¥100 billion or above

Long-term interest rates: Actuals as of March 31 of every year, Net debt-equity ratio: (Borrowing+ Corporate bonds- Cash/deposits) / Net assets

Source: Weighted average numbers calculated based on the actual figures reported in companies' annual security reports

東京に、家を持つ。



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