

**OPEN
HOUSE**

Consolidated Financial Highlights **for the First Quarter Ended September 30, 2018**

OPEN HOUSE CO., LTD.
[3288 TSE]



JPX-NIKKEI 400
2017



FY2018 1Q Topics

Business performance

- **Both revenue and income in the October–December period of FY2018 marked the highest figures yet seen for the first quarter operating results.**

Business performance has been on a steady track in line with the full-year forecast.

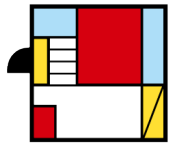
Revenue:	¥ 76.4 billion (+9.0% YOY)
Operating income:	¥ 9.6 billion (+11.3% YOY)
Profit attributable to owners of parent :	¥ 6.5 billion (+13.6% YOY)

- The single-family homes related business showed steady growth due to price advantages over new condominiums.
- The condominiums business showed strong performance and contracts for units to be delivered in this fiscal term achieved more than 80% of the target.
- 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)



**OPEN
HOUSE**

FY2018 1Q Consolidated Summary

Overview of Consolidated Income Statement

- ☑ Both revenue and income in the October-December period of FY2018 marked the highest figures yet seen for the first quarter operating results.
- ☑ Business has been on a steady track to achieve figures of the full-year forecast.

(Million yen)

	FY2017 1Q <2016/10-2016/12>		FY2018 1Q <2017/10-2017/12>		YOY %
	Actual	% of revenue	Actual	% of revenue	
Revenue	70,135	—	76,461	—	9.0%
Gross profit	12,728	18.1%	14,661	19.2%	15.2%
SG&A expenses	4,076	5.8%	5,027	6.6%	23.3%
Operating income	8,652	12.3%	9,633	12.6%	11.3%
Non-operating income	390	0.6%	53	0.1%	(86.3%)
Non-operating expenses	262	0.4%	296	0.4%	12.7%
Ordinary income	8,779	12.5%	9,391	12.3%	7.0%
Profit attributable to owners of parent	5,738	8.2%	6,517	8.5%	13.6%



Performance by segment (revenue/operating income)

- Revenue showed strong performance in the property resales, condominiums, and U.S. real estate sales businesses.
- Operating income expanded in the property resales business with an improvement in the condominiums business.

(Million yen)

	FY2017 1Q <2016/10-2016/12>		FY2018 1Q <2017/10-2017/12>		Inc.(Dec.)
	Actual	Ratio	Actual	Ratio	
Revenue	70,135	100.0%	76,461	100.0%	9.0%
Single-family homes related business* 1	47,136	67.2%	44,341	58.0%	(5.9%)
Condominiums	1,570	2.2%	4,487	5.9%	185.8%
Property resales	21,336	30.4%	25,291	33.1%	18.5%
Others (including U.S. real estate business)	95	0.1%	2,347	3.1%	2,251
Adjustments	(3)	—	(5)	—	—
	Actual	% of revenue	Actual	% of revenue	Inc.(Dec.)
Operating Income	8,652	12.3%	9,633	12.6%	11.3%
Single-family homes related business* 1	6,615	14.0%	5,603	12.6%	(15.3%)
Condominiums	(184)	—	121	2.7%	305
Property resales	2,442	11.4%	3,737	14.8%	53.1%
Others (including U.S. real estate business)	0	0.7%	389	16.6%	389
Adjustments	(221)	—	(218)	—	—

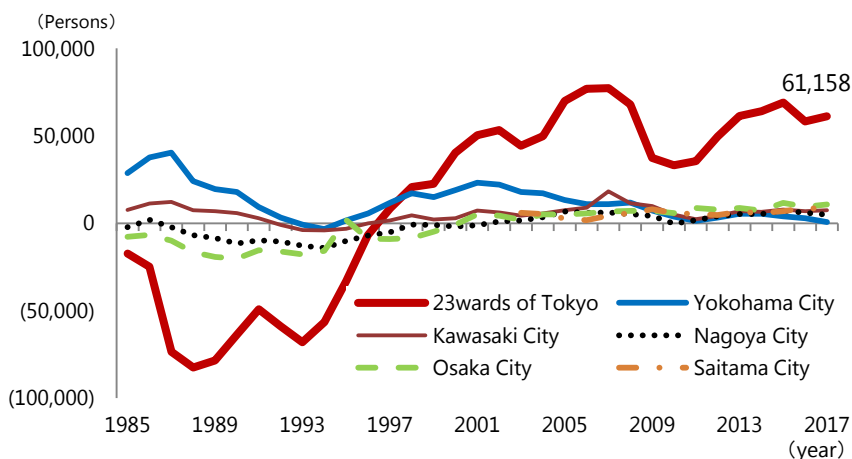
* 1 To further strengthen the business model — a comprehensive system from purchase and construction to intermediary and sales — the brokerage business, single-family homes business, and Open House Architect were consolidated into the single-family homes related business at the beginning of the fiscal year ending September 2018.



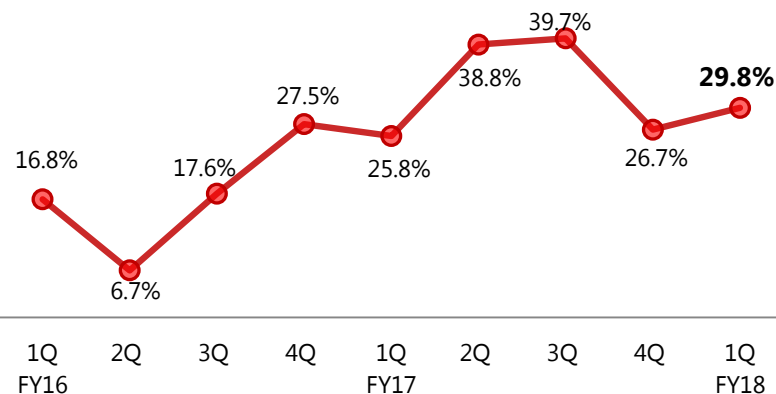
Single-family homes related business as a whole

- Although revenue in the first quarter declined year on year, the business has been moving forward in line with the full-year projection.
- Sales in single-family homes showed strong performance and the number brokered increased 29.8% year on year.

Net migration into urban cities

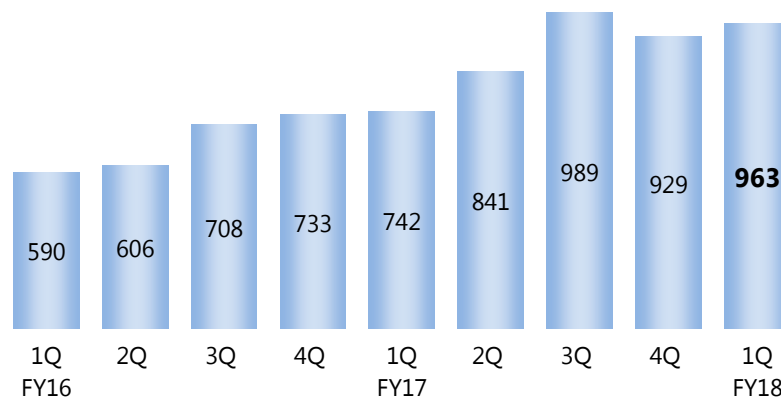


Number brokered in each quarter YOY change



	FY2017 16/10-16/12	FY2018 17/10-17/12	Inc.(Dec.)
Revenue (¥million)	47,136	44,341	(5.9%)
Gross profit (¥million)	9,160	8,436	(7.9%)
Gross profit margin	19.4%	19.0%	(0.4pt)
Operating income (¥million)	6,615	5,603	(15.3%)
Operating income margin	14.0%	12.6%	(1.4pt)

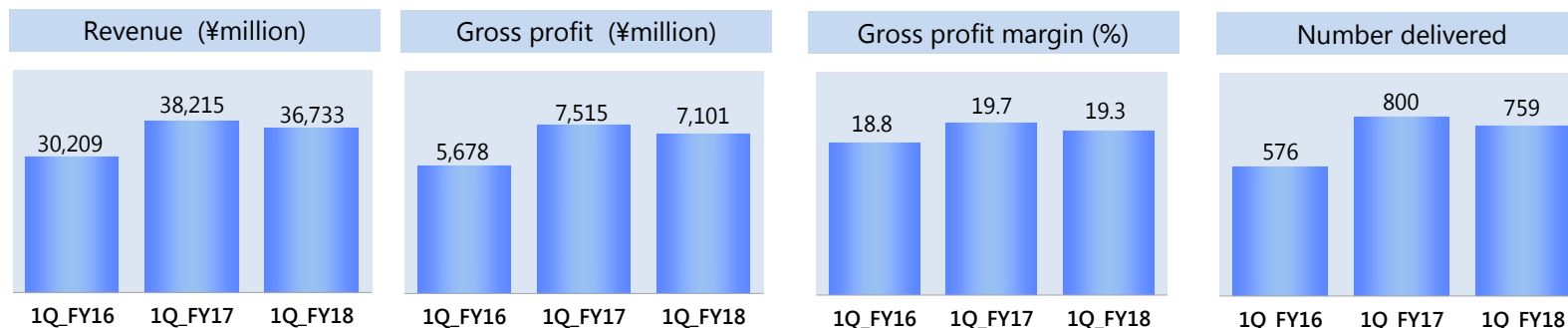
Number brokered in each quarter



The above figures in the first quarter of fiscal 2017 were restated on a new segment basis, in conjunction with the change in the reporting segment effective fiscal 2018.

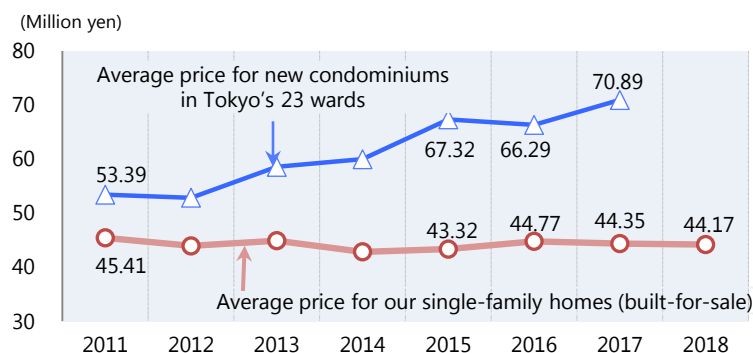
Single-family homes related business - Single-family homes

- ☑ The number of built-for-sale houses delivered in the first quarter showed a temporary decline year on year, but the numbers of lands and built-to-order houses delivered increased from a year earlier, showing steady growth.



By type of sale		FY2016 15/10-15/12	FY2017 16/10-16/12	FY2018 17/10-17/12	Inc. (Dec.)
Built-for-sale houses	Revenue (¥million)	11,460	15,595	11,666	(25.2%)
	Number delivered	251	357	267	(90)
Lands	Revenue (¥million)	15,559	19,437	21,147	8.8%
	Number delivered	325	443	492	49
Built-to-order houses	Revenue (¥million)	3,154	3,074	3,780	23.0%
	Number delivered	204	202	262	60
Others	Revenue (¥million)	35	108	138	28.2%
Total	Revenue (¥million)	30,209	38,215	36,733	(3.9%)
	Gross profit (¥million)	5,678	7,515	7,101	(5.5%)
	Gross profit margin	18.8%	19.7%	19.3%	(0.3pt)
	Number delivered (built-for-sale houses + lands)	576	800	759	(41)

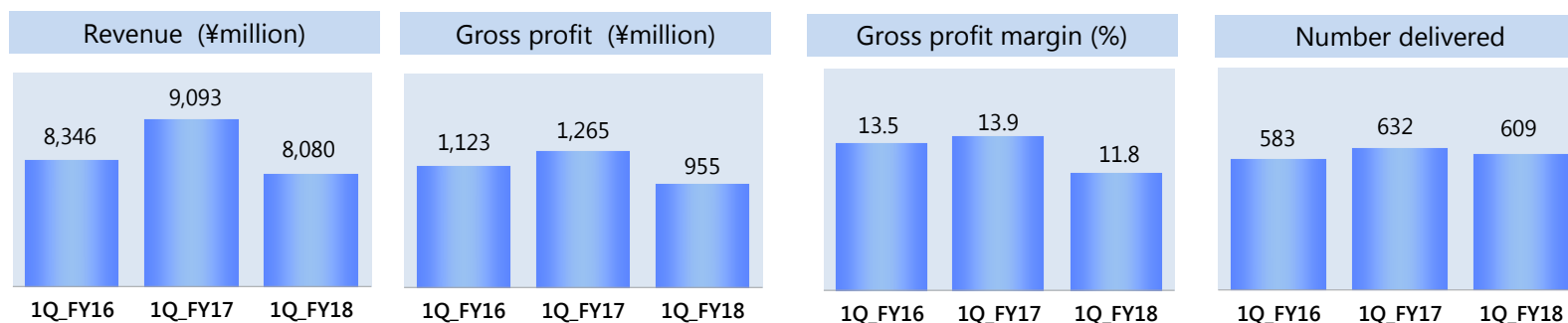
Changes in the average price for new condominiums in Tokyo's 23 wards and average price for our single-family homes (built-for-sale)



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 – December period.
 Prices of our homes for 2018 are for the October 2017- December 2017 period.

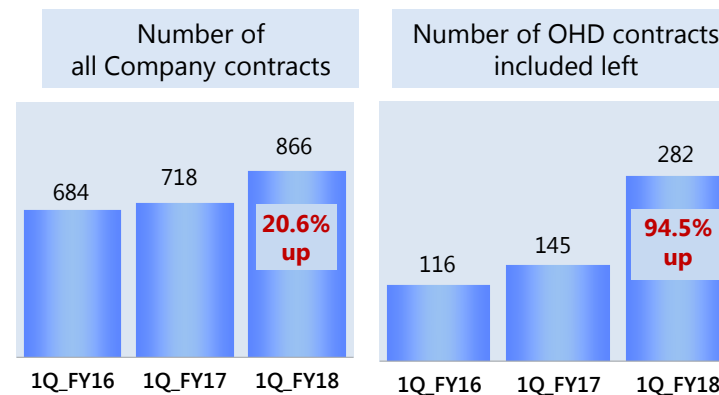
Single-family homes related business - Construction work

- ✓ The business showed strong performance with a 20.6% increase in the number of contracts for construction orders. In particular, the number of OHD contracts was up 94.5%.
- ✓ The Company will focus on undertaking construction orders with an eye to corporate customers, while reducing operations of real estate and other businesses.



	FY2016 15/10-15/12	FY2017 16/10-16/12	FY2018 17/10-17/12	Inc.(Dec.)
Revenue (¥million)	8,346	9,093	8,080	(11.1%)
Gross profit (¥million)	1,123	1,265	955	(24.4%)
Gross profit margin	13.5%	13.9%	11.8%	(2.1pt)
Number delivered ^{*1}	583 75	632 105	609 141	(23) 36

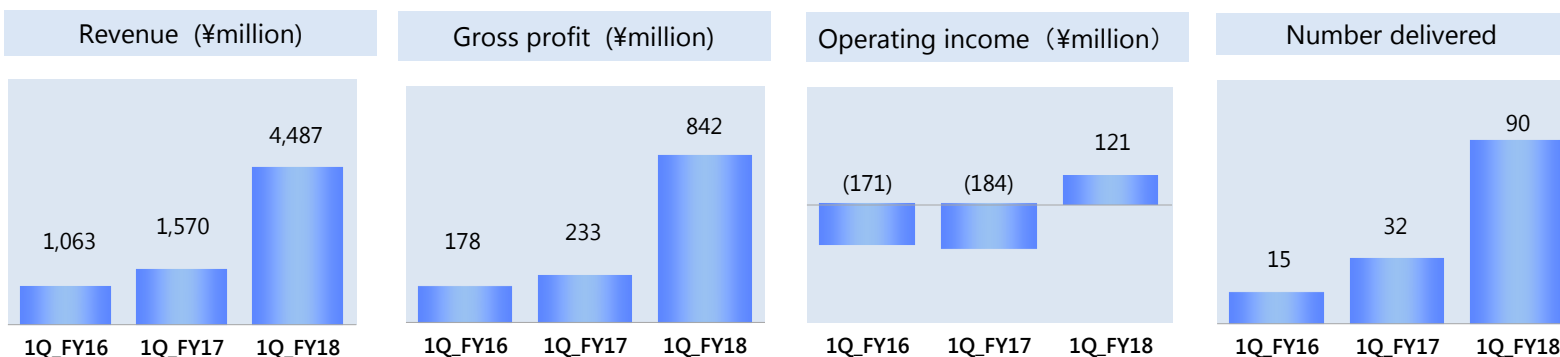
*1 Number delivered refers to the number of properties delivered under single-family homes construction contracts to corporations.
(Number delivered to OHD on the lower line)



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

Condominiums Business

- ✓ We focused on compact condominiums, targeting single households, etc. that do not purchase single-family homes.
- ✓ Sales have been growing steadily and contracts for units to be delivered in this fiscal term have achieved more than 80% of the target (as of January 31, 2018).



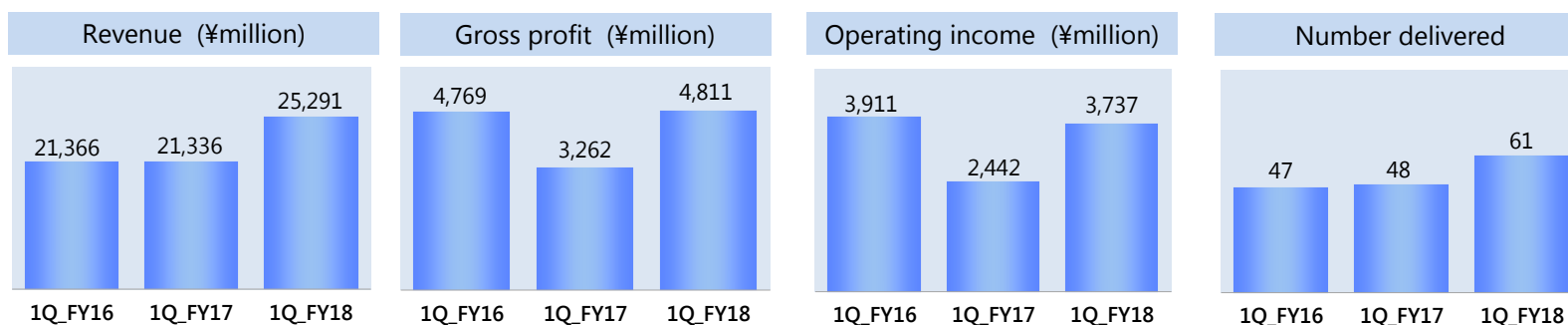
	FY2016 15/10-15/12	FY2017 16/10-16/12	FY2018 17/10-17/12	Inc. (Dec.)
Revenue (¥million)	1,063	1,570	4,487	185.8%
Gross profit (¥million)	178	233	842	260.1%
Gross profit margin	16.8%	14.9%	18.8%	3.9%
Operating income (¥million)	(171)	(184)	121	305
Operating income margin	—	—	2.7%	—
Number delivered	15	32	90	58

— Major condominiums delivered in FY2018 —

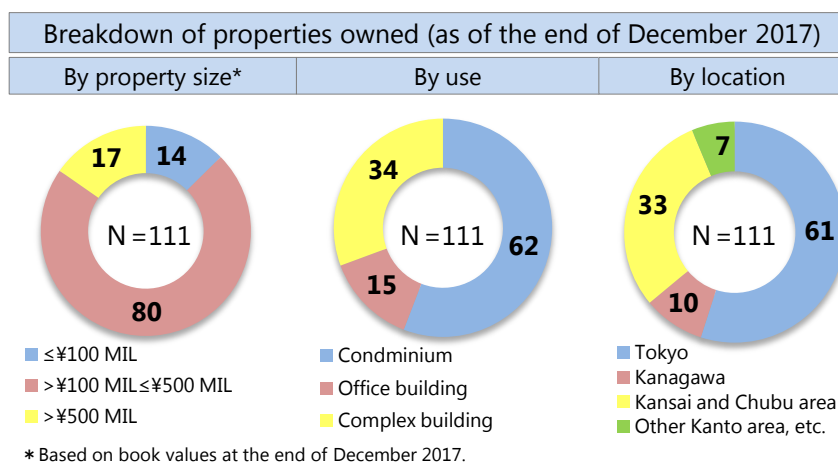
Name	Units	Average price
Open Residencia Azabu Roppongi	34	¥70million
Open Residencia Kichijoji Gotenyama	16	¥70million
Open Residencia Ochanomizu	21	¥60million
Open Residencia Hongo 3chome	22	¥50million

Property Resales Business

- ✓ Demand for property resales remains high on the back of the continued BOJ's monetary easing policies.
- ✓ Revenue has grown with a high gross profit margin, and this underpinned the overall operating results in the first quarter.



	FY2016 15/10-15/12	FY2017 16/10-16/12	FY2018 17/10-17/12	Inc. (Dec.)
Revenue (¥million)	21,366	21,336	25,291	18.5%
Gross profit (¥million)	4,769	3,262	4,811	47.5%
Gross profit margin	22.3%	15.3%	19.0%	3.7pt
Operating income (¥million)	3,911	2,442	3,737	53.1%
Operating income margin	18.3%	11.4%	14.8%	3.3pt
Number delivered	47	48	61	13





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

(Million yen)

	FY2017 1Q 2016/10-2016/12		FY2018 1Q 2017/10-2017/12		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
SG&A expenses	4,076	5.8%	5,027	6.6%	951
Personnel expenses	1,115	1.6%	1,310	1.7%	195
Sales commissions	587	0.8%	768	1.0%	180
Office expenses	566	0.8%	667	0.9%	101
Advertising expenses	307	0.4%	356	0.5%	49
Promotion expenses	182	0.3%	302	0.4%	119
Others	1,316	1.9%	1,622	2.1%	305

	FY2017 1Q 2016/10-2016/12		FY2018 1Q 2017/10-2017/12		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
Non-operating income	390	0.6%	53	0.1%	(337)
Foreign exchange gain	316	0.5%	—	—	(316)
Others	73	0.1%	53	0.1%	(20)
Non-operating expenses	262	0.4%	296	0.4%	33
Interest expenses	212	0.3%	258	0.3%	45
Commission fee	8	0.0%	1	0.0%	(6)
Foreign exchange loss	—	—	5	0.0%	5
Other	41	0.1%	30	0.0%	(11)

Consolidated Balance Sheet

(Million yen)

	Sep 30, 2017	Dec 31, 2017	Inc. (Dec.)
Current assets	248,429	257,177	8,747
Cash and deposits	90,910	82,185	(8,725)
Inventories	144,894	160,214	15,320
Others	12,625	14,777	2,152
Non-current assets	8,255	7,124	(1,131)
Property, plant and equipment	3,113	3,135	22
Intangible assets	1,299	1,244	(55)
Investments and other assets	3,841	2,744	(1,097)
Deferred assets	51	49	(2)
Total assets	256,736	264,350	7,613

	Sep 30, 2017	Dec 31, 2017	Inc. (Dec.)
Liabilities	173,357	176,401	3,044
Current liabilities	82,613	87,702	5,089
Non-current liabilities	90,743	88,698	(2,045)
Net Assets	83,379	87,948	4,569
Shareholders' equity	82,902	87,466	4,564
Other accumulated comprehensive income	477	481	4
Total liabilities and net assets	256,736	264,350	7,613

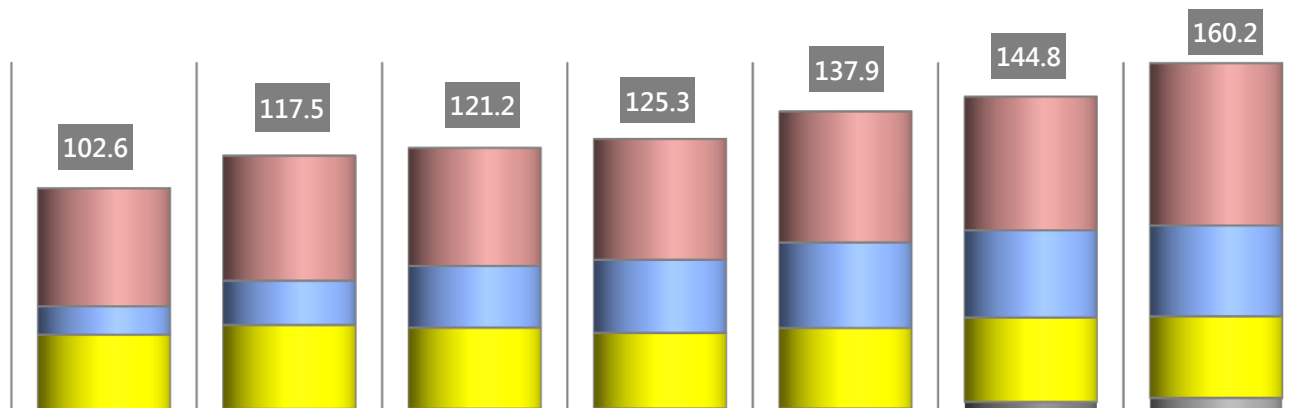
	Sep 30, 2017	Dec 31, 2017	Inc. (Dec.)
Equity ratio	32.3%	33.1%	0.8pt



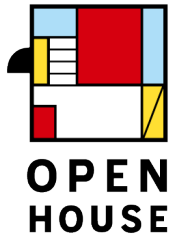
Inventory Details

(Million yen)

	End of FY2015 (Sep 30, 2015)	End of FY2016 (Sep 30, 2016)	End of FY2017 (Sep 30, 2017)	End of FY2018 1Q (Dec 30, 2017)	(Ratio)	Inc. (Dec.)
Single-family homes related	54,497	57,633	61,667	74,923	46.8%	13,256
Condominiums	13,101	20,422	40,291	41,836	26.1%	1,544
Property resales	34,586	38,838	38,871	37,633	23.5%	(1,238)
Others	428	651	4,064	5,822	3.6%	1,757
Total	102,614	117,546	144,894	160,214	100.0%	15,320



(Billion yen)	FY15 4Q	FY16 4Q	FY17 1Q	FY17 2Q	FY17 3Q	FY17 4Q	FY18 1Q
Single-family homes related	54.4	57.6	54.4	55.7	60.4	61.6	74.9
Condominiums	13.1	20.4	28.4	33.7	39.4	40.2	41.8
Property resales	34.5	38.8	37.4	34.8	37.1	38.8	37.6
Others	0.4	0.6	0.8	0.9	0.9	4.0	5.8



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)

- ☑ To further strengthen the business model — a comprehensive system from purchase and construction to intermediary and sales— 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)

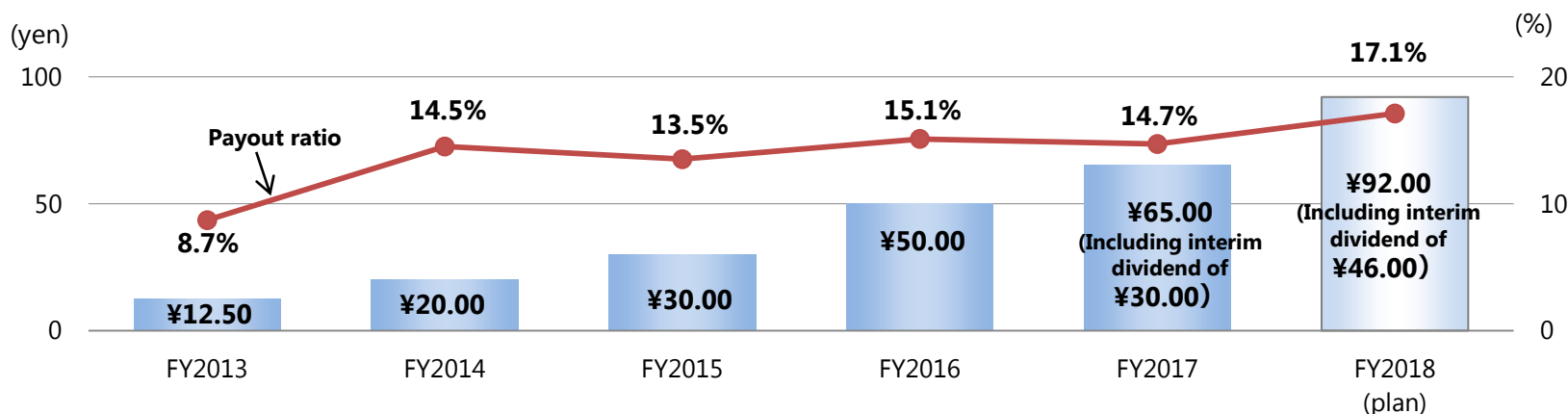
	FY2017	FY2018	
	Actual	Forecast	Inc. (Dec.)
Revenue	304,651	380,000	24.7%
Single-family homes related business			
1. Brokerage			
2. Single-family homes	188,475	226,000	19.9%
3. Construction work			
Former Open House Architect			
Condominiums	26,480	43,500	64.3%
Property resales	88,976	100,000	12.4%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

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.

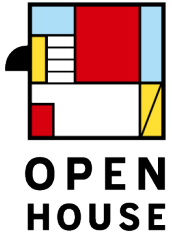
* The figures in brackets above present the interim dividends included in the annual dividends.

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.



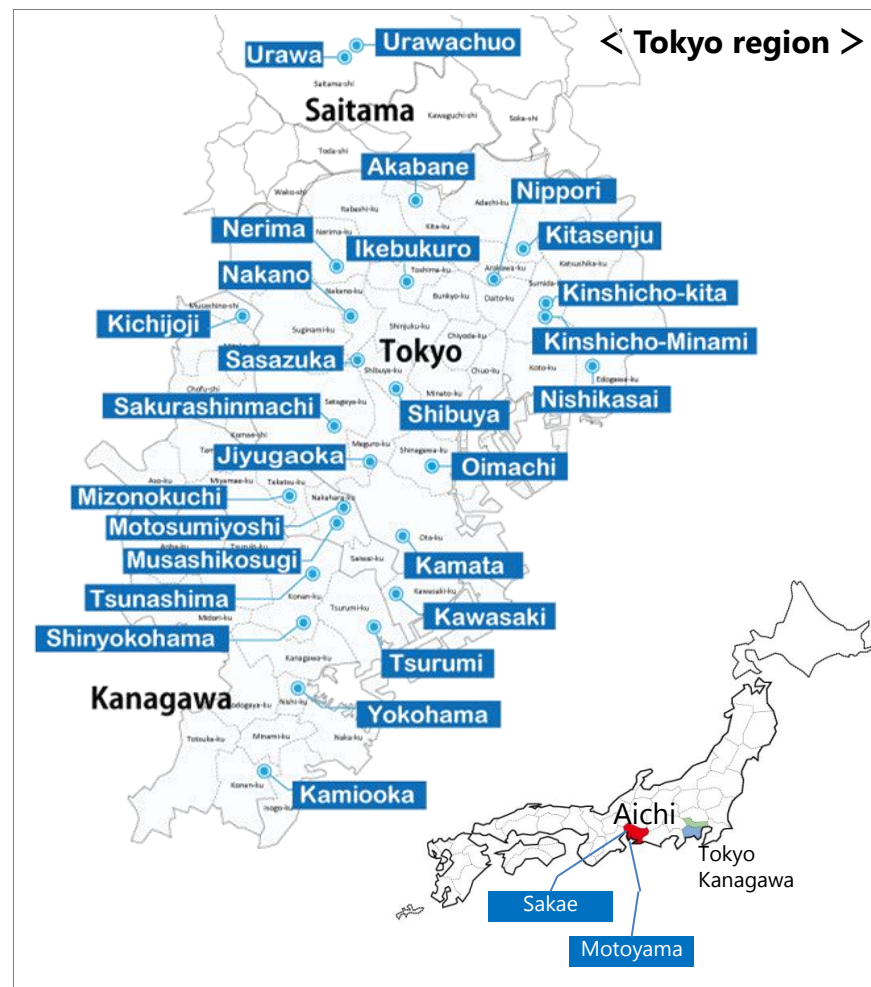
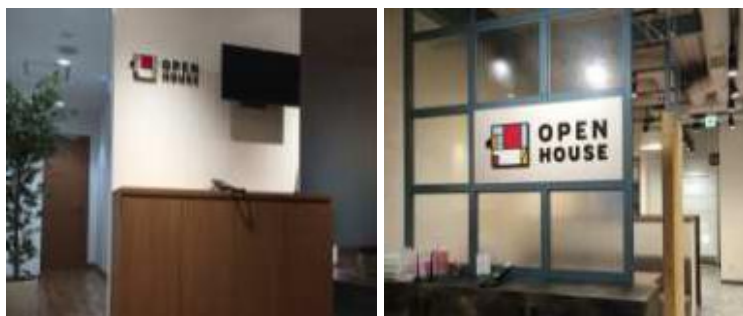
Current Initiatives

Business Activities at Sales Centers

- ☑ October 2017: Openings of Urawa and Tsurumi sales centers
- ☑ January 2018: Openings of Urawachuo and Motosumiyoshi sales centers, bringing the total to 29 sales centers operated

No. of sales centers of each area

	FY2016 15/10-16/9	FY2017 16/10-17/9	FY2018 1Q 17/10-17/12	As of 2018.2.14
Tokyo	13	16	16	16
Kanagawa Prefecture	5	7	8	9
Aichi Prefecture	—	2	2	2
Saitama Prefecture	—	—	1	2
Total	18	25	27	29



Business Development in the Nagoya Region

- ☑ Sales of urban-type and three-story single-family homes have also been brisk in Nagoya.
- ☑ All units of Open Residencia Aoi, the first condominium launched in the Nagoya region, have sold out.

Current status of business activities

Single-family homes

- October 2016
Opening of Sakae Sales Center, the first sales office in the Nagoya region
- July 2017
Opening of Motoyama Sales Center
Thus, sales activities have been performed under a two sales-center operating structure.
- Both purchases and sales have been moving forward as planned.

Condominiums

- September 2017
Opening of Nagoya Sogo Mansion Gallery
Launch of sales of Open Residencia Aoi, the first condominium in the Nagoya Region
- December 2017
All 32 units of Open Residencia Aoi sold quickly.
- February 2018
Launch of sales of Open Residencia Nagoya Sakae, the second condominium in the Nagoya Region

Open Residencia Nagoya Sakae

- Launch of sales: Mid-February 2018
- Location: 2-chome Sakae, Naka-ku, Nagoya
- Access: Three-minute walk from Fushimi Station on the metro lines of Higashiyama Line and Maizuru Line
- Structure and size: Reinforced concrete building with 15 stories above ground
- Total number of units: 90
- Delivery schedule: August 2019

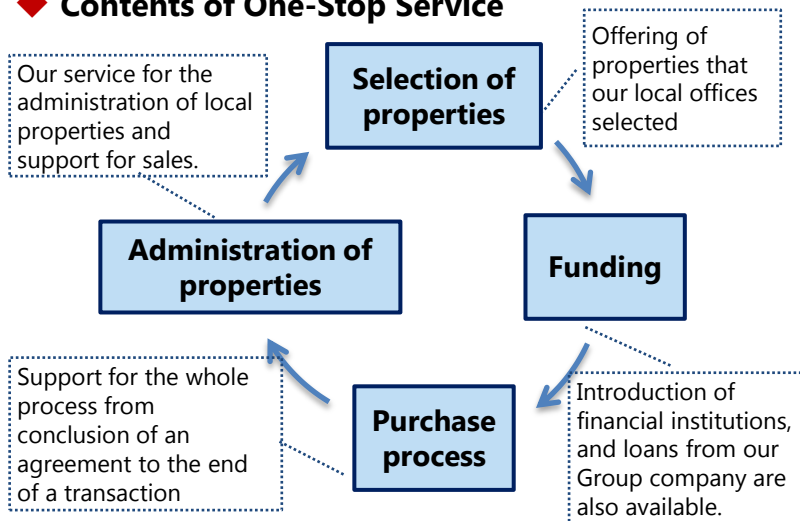


Conceptual image of the complete building

U.S. Real Estate Business (Other Segment)

- ☑ Launch of one-stop services targeting the Japanese wealthy class who invest in U.S. properties.
- ☑ Both purchases and sales in the first quarter have been on a steady track toward the full-year revenue goal of ¥10 billion.

◆ Contents of One-Stop Service



◆ Current status of business activities

- Both purchases and sales have been moving in line with the plan.
- The number of local houses managed has amounted to more than 200.



◆ Example of portfolio property

- Location: Texas, U.S.
- Price: ¥33 million (US\$304,000) (assumed exchange rate of ¥110 to the dollar)
- Construction period: 1983
- Total floor area: 171m² (1,842sqft)
- Site area: 633m² (6,820 sqft)



Tomoya Nagase to Perform in the New TV Commercials

- ☑ Tomoya Nagase, a member of TOKIO, a Japanese rock/pop band, will appear as an actor in the new TV commercials that will go on air from January 2018.
- ☑ Release of new TV commercials. The titles are; “Yumemiru Shogakusei-Story I: Tenkosei” (*1) and “Yumemiru Shogakusei-Story II: Naisho-banashi” (*2)
 (*1): Literally, “Schoolboy with a dream entered as a transfer student,” (*2) “Schoolboy with a dream talks about his secret.”

◆ Outline of new TV commercials

■ Roles

Nagase-kun: Tomoya Nagase

Seino-chan: Nana Seino

Teacher: Yasuhi Nakamura



Going on air from January 2018 in the Kanto and Chukyo regions

To view the commercials, access the website:

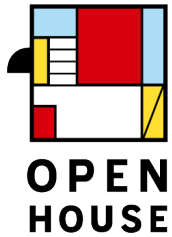
<https://oh.openhouse-group.com/company/cm/>

◆ Yumemiru Shogakusei-Story of Tenkosei

In the morning meeting of the Class II fourth-grade students of a primary school, Teacher Nakamura introduces Nagase-kun, a transfer student, who entered the classroom with him.

The boy is slightly large for the fourth-grade, with his hair combed straight back. He introduces himself, “I am Nagase, ten years old and a Scorpio. My favorite words are “Being like a man.” My dream is to have a single-family home when I grow up.” With his way of talking like an adult, the other classmates start murmuring, saying “A single-family home!” “Strange!” and “What is a single-family home?”. Seeing this non-stop laughter, Seino-chan, the Class President, stands up and shouts, “Don’t laugh.” Seino-chan takes a little interest in Nagase-kun, the boy talking in a stately manner about his dream of having a single-family home. Nagase-kun also starts to pay attention to Seino-chan, who spoke up to protect him.

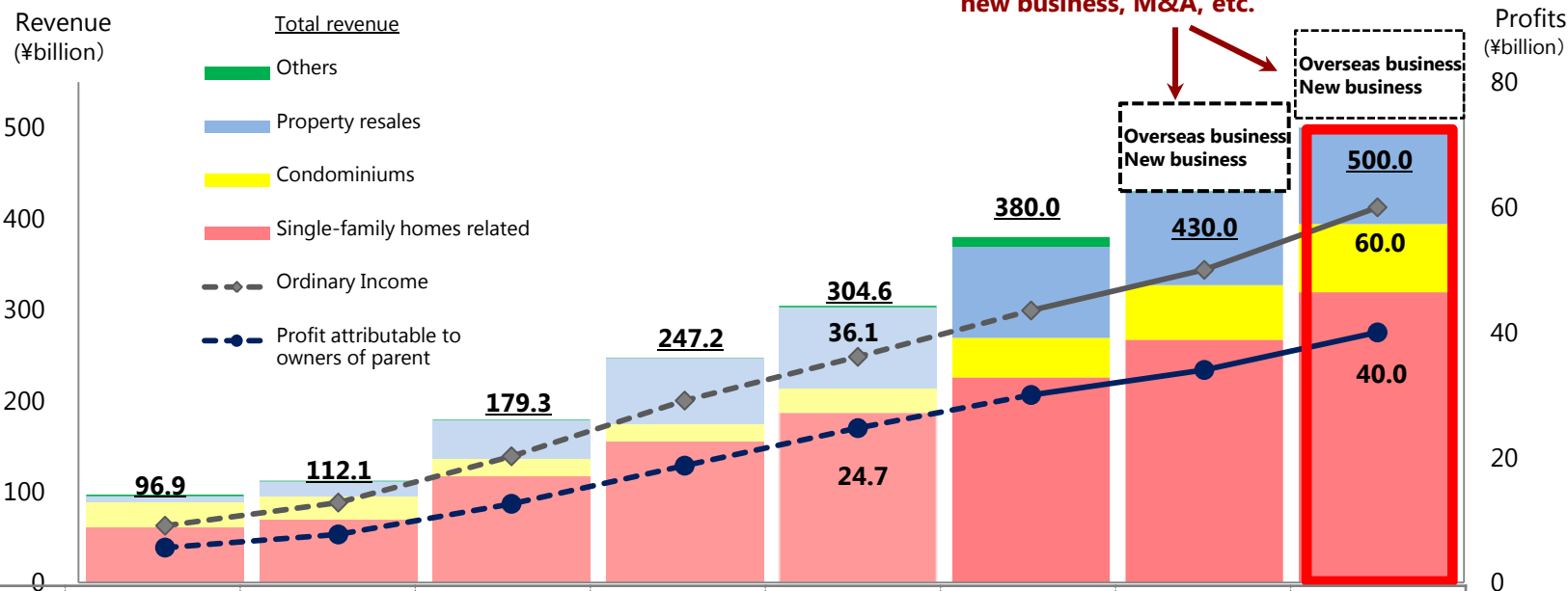
The story “Yumemiru Shogakusei: Naisho-banashi” is to be continued.



(Reference) Mid-Term Business Plan



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.

2013.9-2017.9
Revenue
CAGR:33.1%

2017.9-2020.9
Revenue
CAGR:18.0%

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 intermediary 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

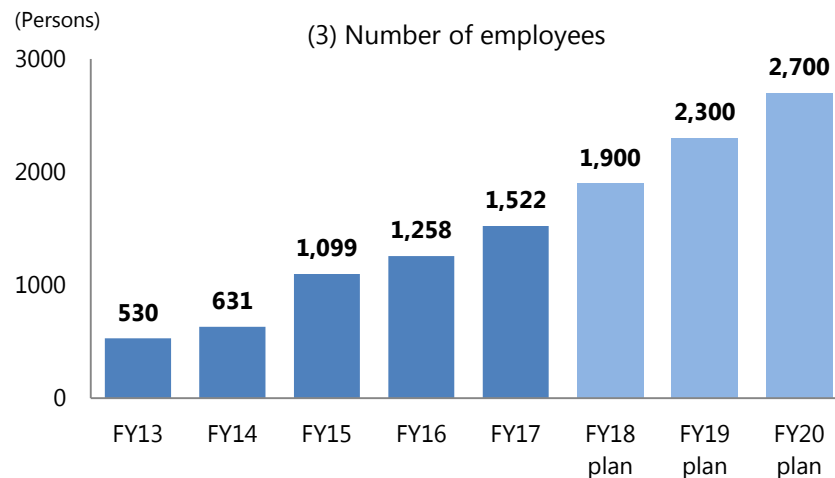
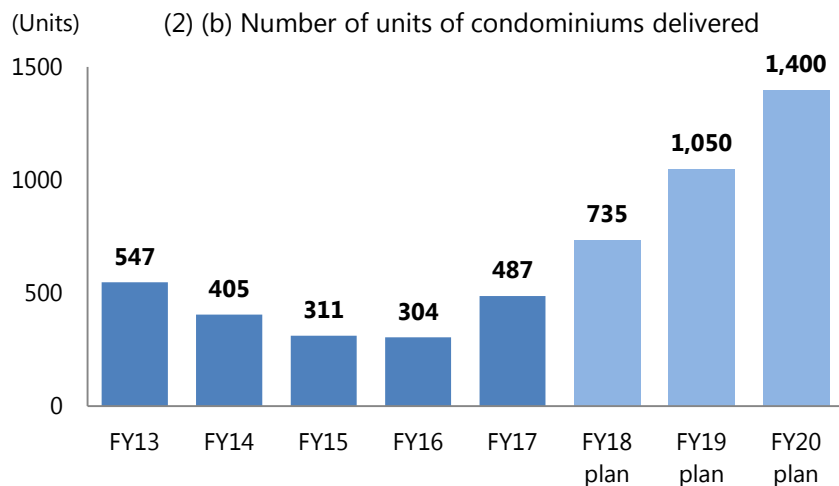
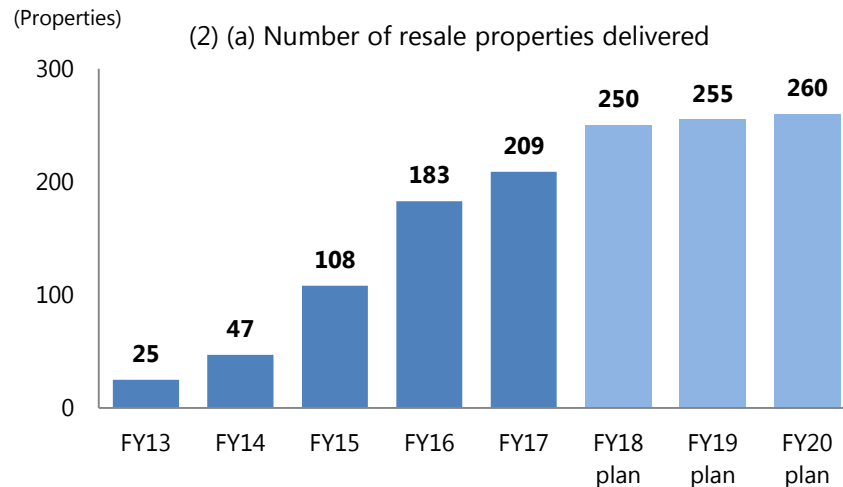
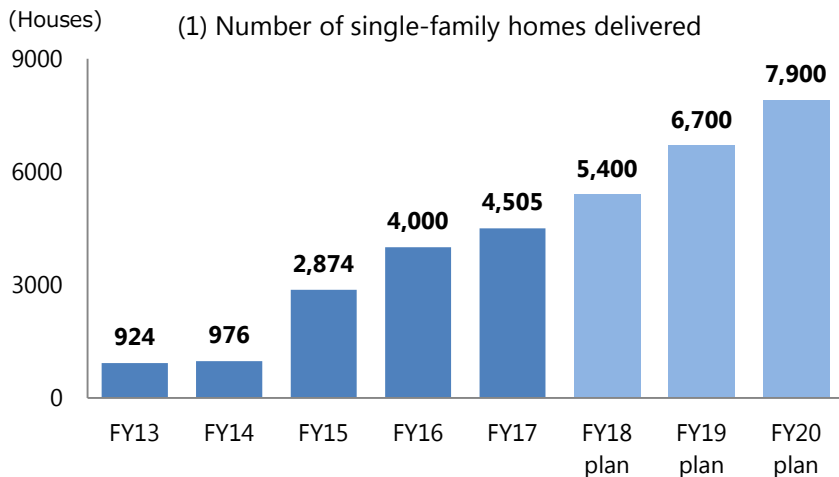
Establishment of both capital efficiency and financial soundness

- **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)



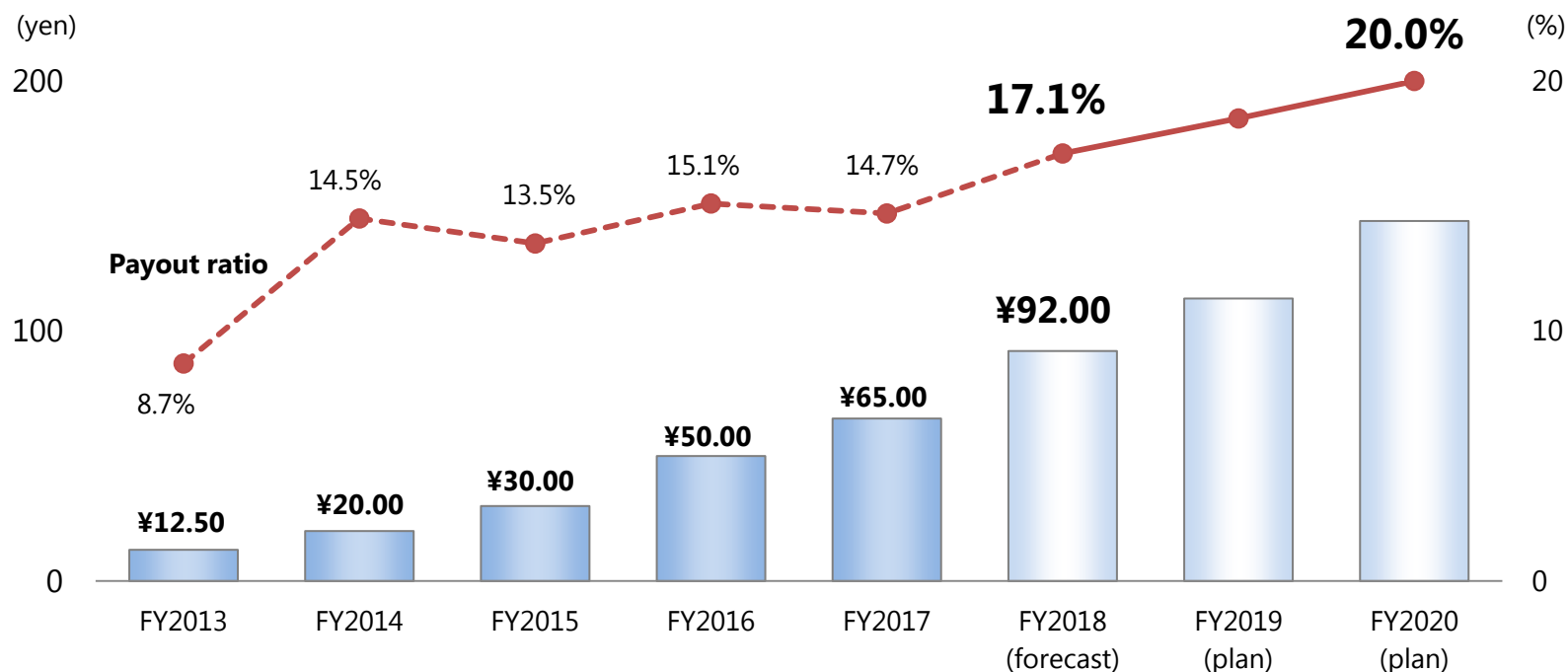
Tasks: Quantitative Goals

- (1) Bolster competitive edge in the single-family homes related business, our mainstay business
- (2) Structure business portfolios with changes in the external environment taken into account
- (3) Strengthen the business base to underpin the growth of the Company



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>

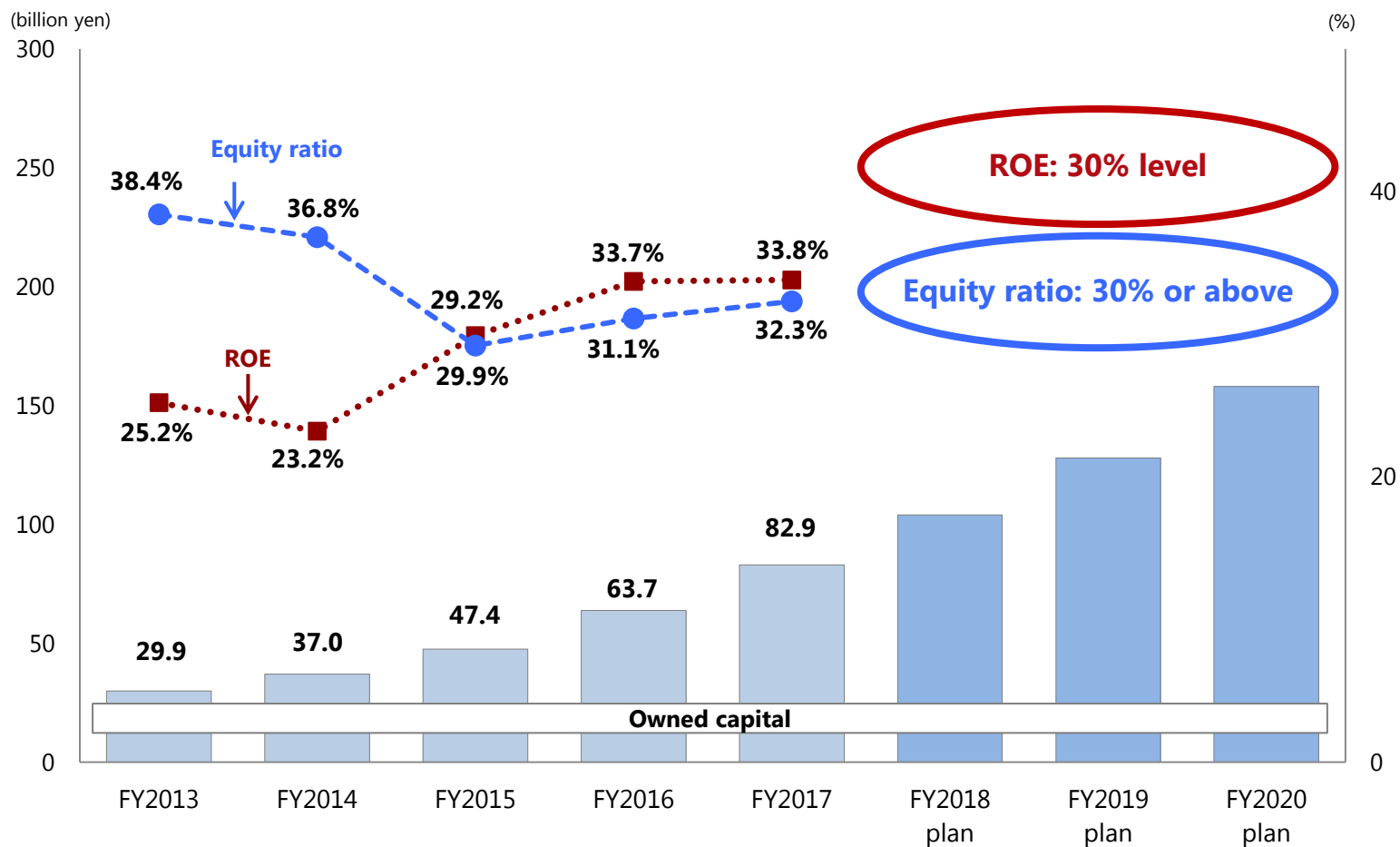
1. The stock splits (1,000-for-one stock split on June 28, 2013 and two-for-one stock split on July 1, 2015) are assumed to have been executed in the beginning of the fiscal year ended September 30, 2013.
2. Figures in and after the fiscal year ending September 30, 2018 are calculated based on the number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

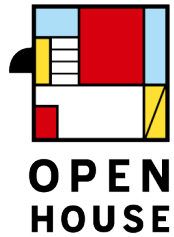


Capital policy:

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 (Equity ratio: 30% or above)





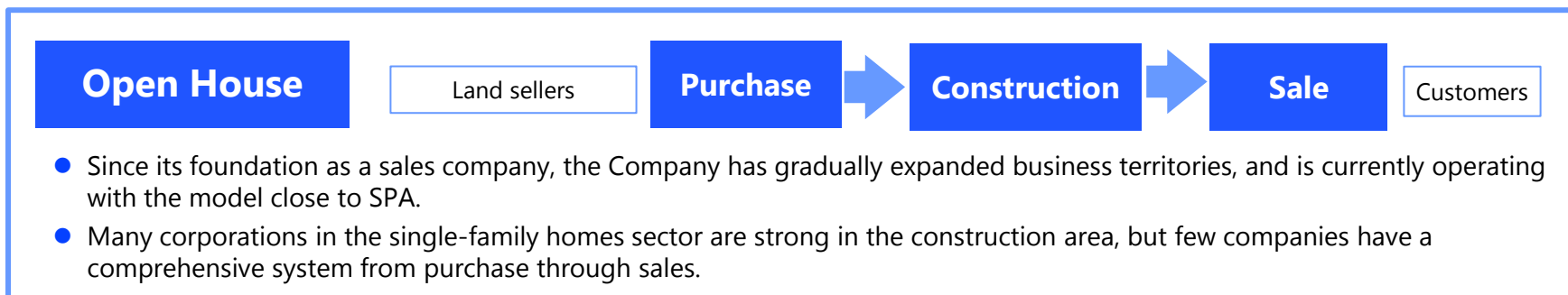
(Reference)

Open House Business Model and Market Evaluation

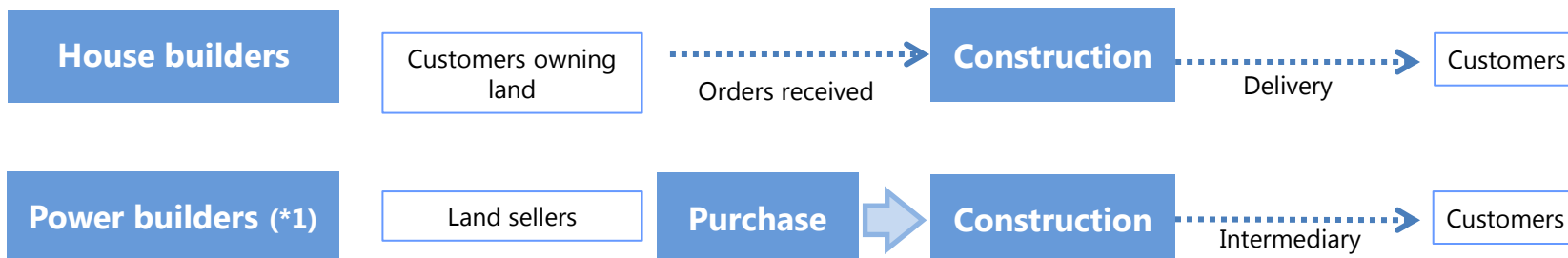


Reassurance of the Business Model

- ☑ A specialty store/retailer of private label apparel (SPA) sustains its business growth through the development of products that meet customer needs for daily necessities.
- ☑ Open House aims to become an SPA in the single-family homes sector which offers single-family homes for real demand in inner-city areas.



Reference: Business model of the single-family homes sector



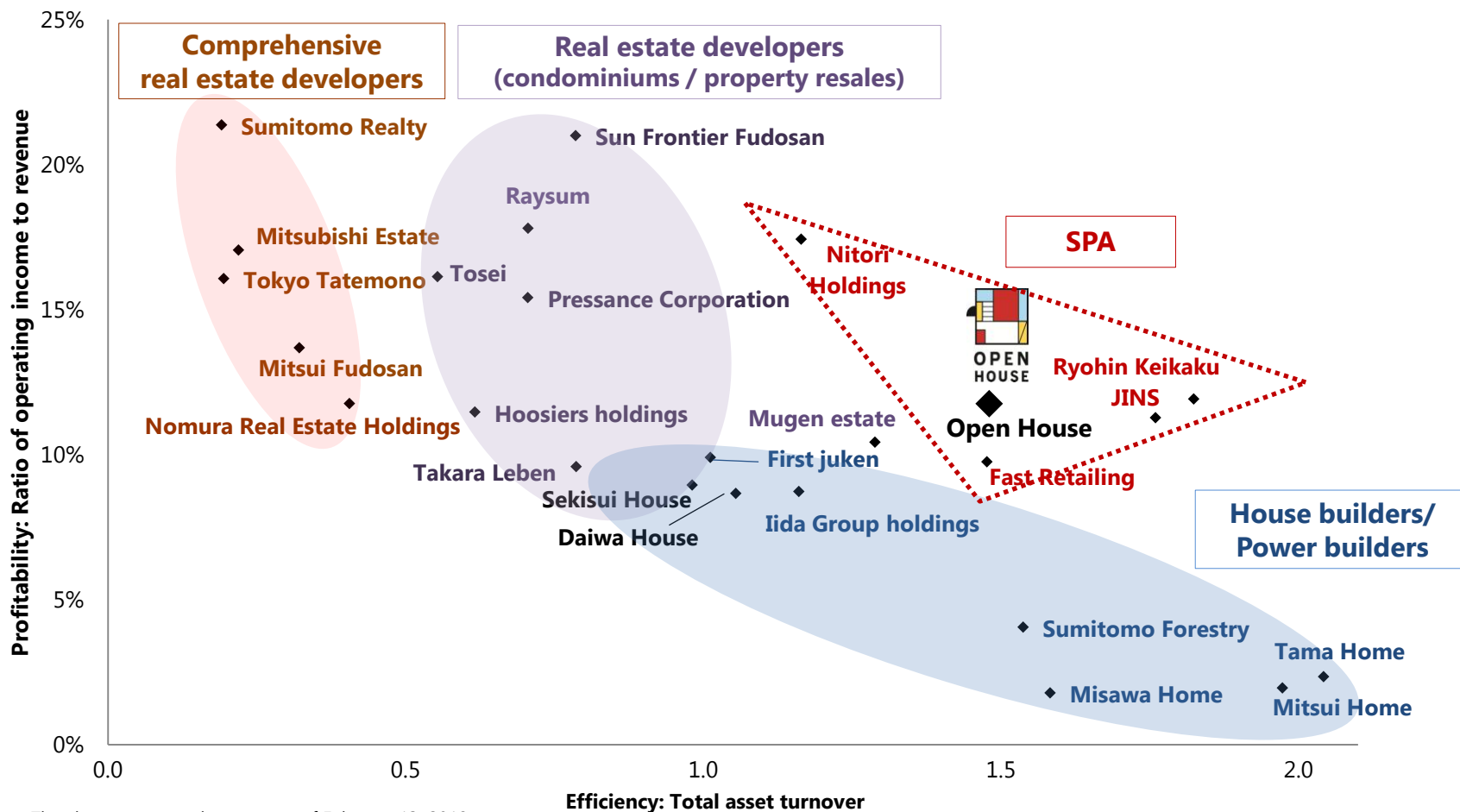
*1: Power builders refer to companies in the business of purchasing land, constructing houses and selling land and houses.



Positioning of Real Estate Companies (1)

- Each business sector shows certain trends in the relationship between profitability and efficiency.
- Open House has the strength of high profitability and great efficiency, which is attributed to its own comprehensive system from purchase and construction to intermediary and sales.

Relationship between profitability and efficiency

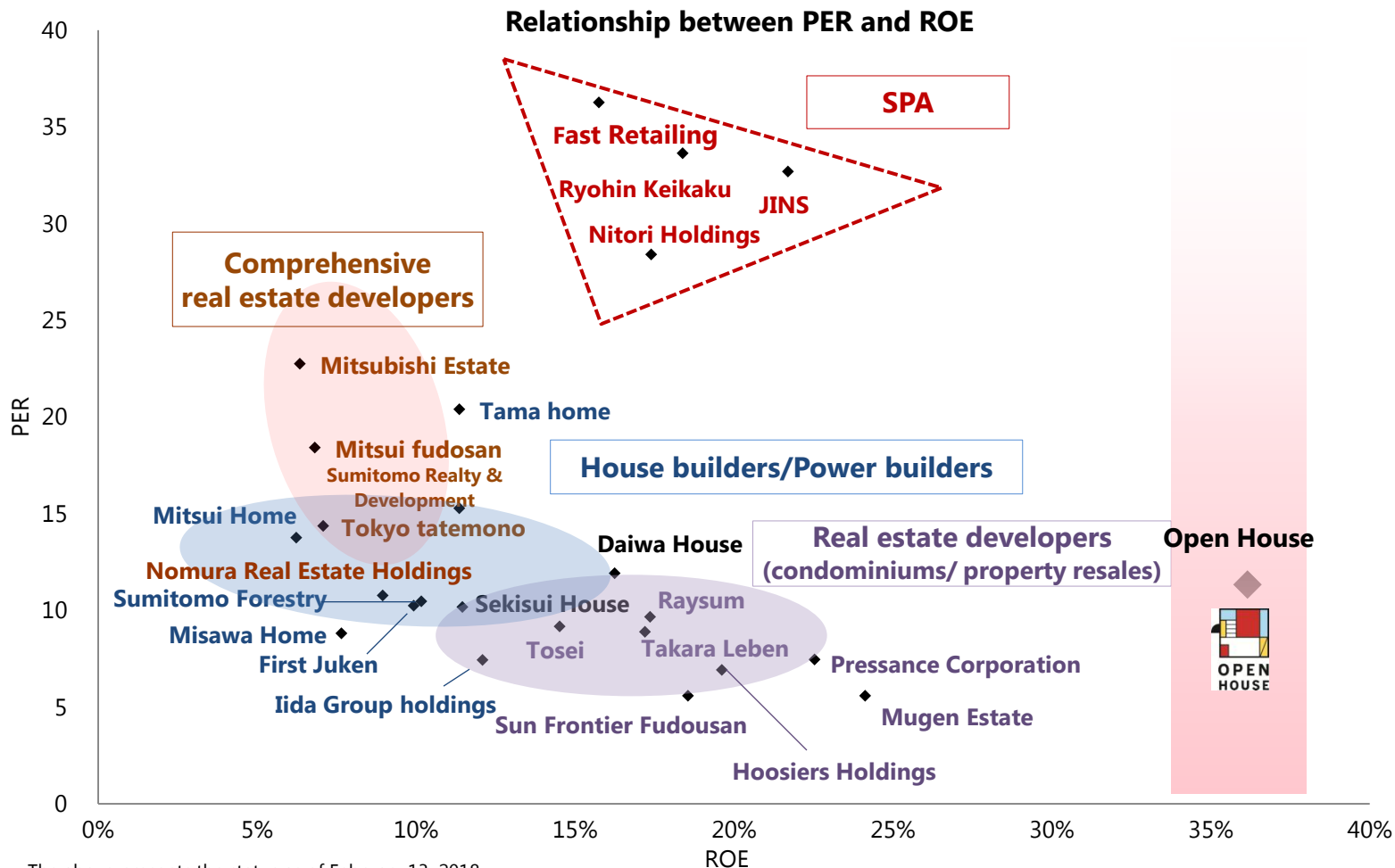


The above presents the status as of February 13, 2018.

Assumption : The data above were prepared based on operating results as of the latest fiscal year-end of each company and projections, and therefore, they may be different from figures shown in public releases.

Positioning of Real Estate Companies (2)

- ☑ ROE (%): Comprehensive real estate developers mostly lie in the range of ROE 6%–10%, while the ROEs of other real estate businesses are widely dispersed within the range of 6%–22%.
- ☑ PER (multiples= x): Comprehensive real estate developers: 11x–23x, Other firms: 6x–13x; SPA: 28x–36x
- ☑ The current status suggests that profitability/efficiency and ROE are remotely related to PER.



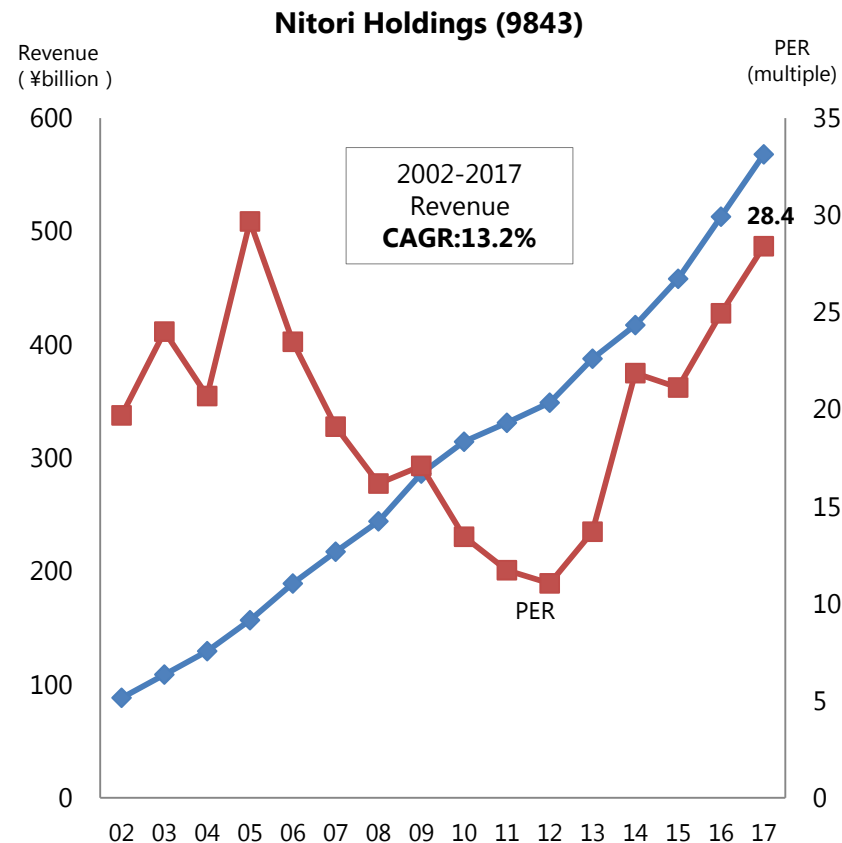
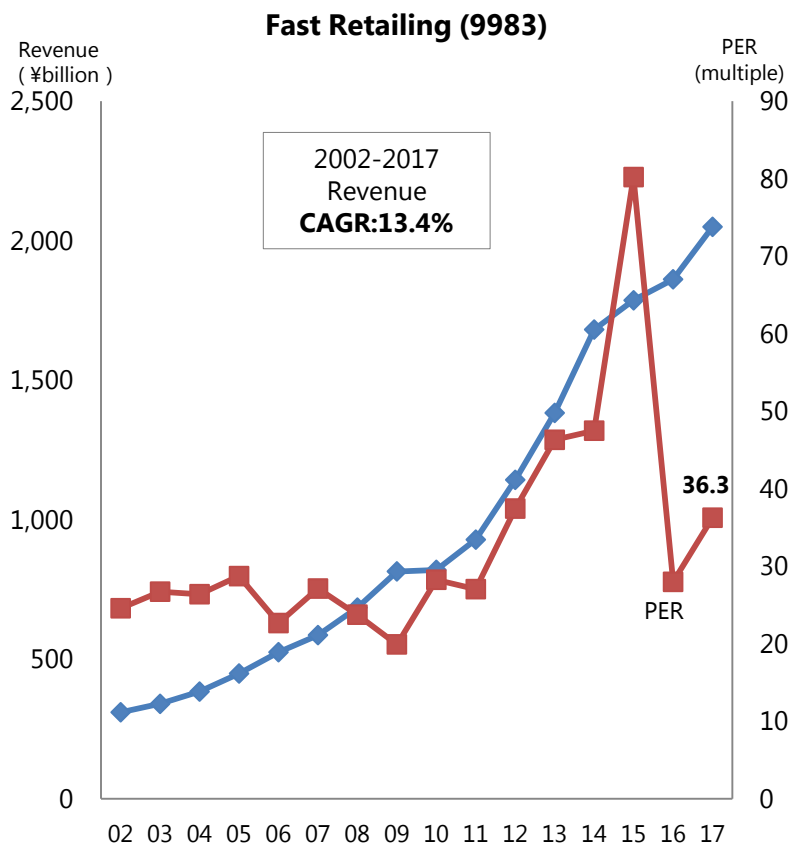
The above presents the status as of February 13, 2018.

Assumption : The data above were prepared based on operating results as of the latest fiscal year-end of each company and projections, and therefore, they may be different from figures shown in public releases.



Market Evaluation for Companies Operating with SPA Model

- ☑ The companies operating with the SPA model have gained a higher evaluation due to the strength of sustaining business growth over the years.
- ☑ Their price-earnings ratios currently stand at multiples of 36.3x and 28.4x respectively, showing high market evaluation.



* The swings of PERs in the above charts arose from significant changes in net earnings. (Net earnings 2014: 110, 2015: 48, 2016: 119)

The above presents the status as of February 13, 2018.

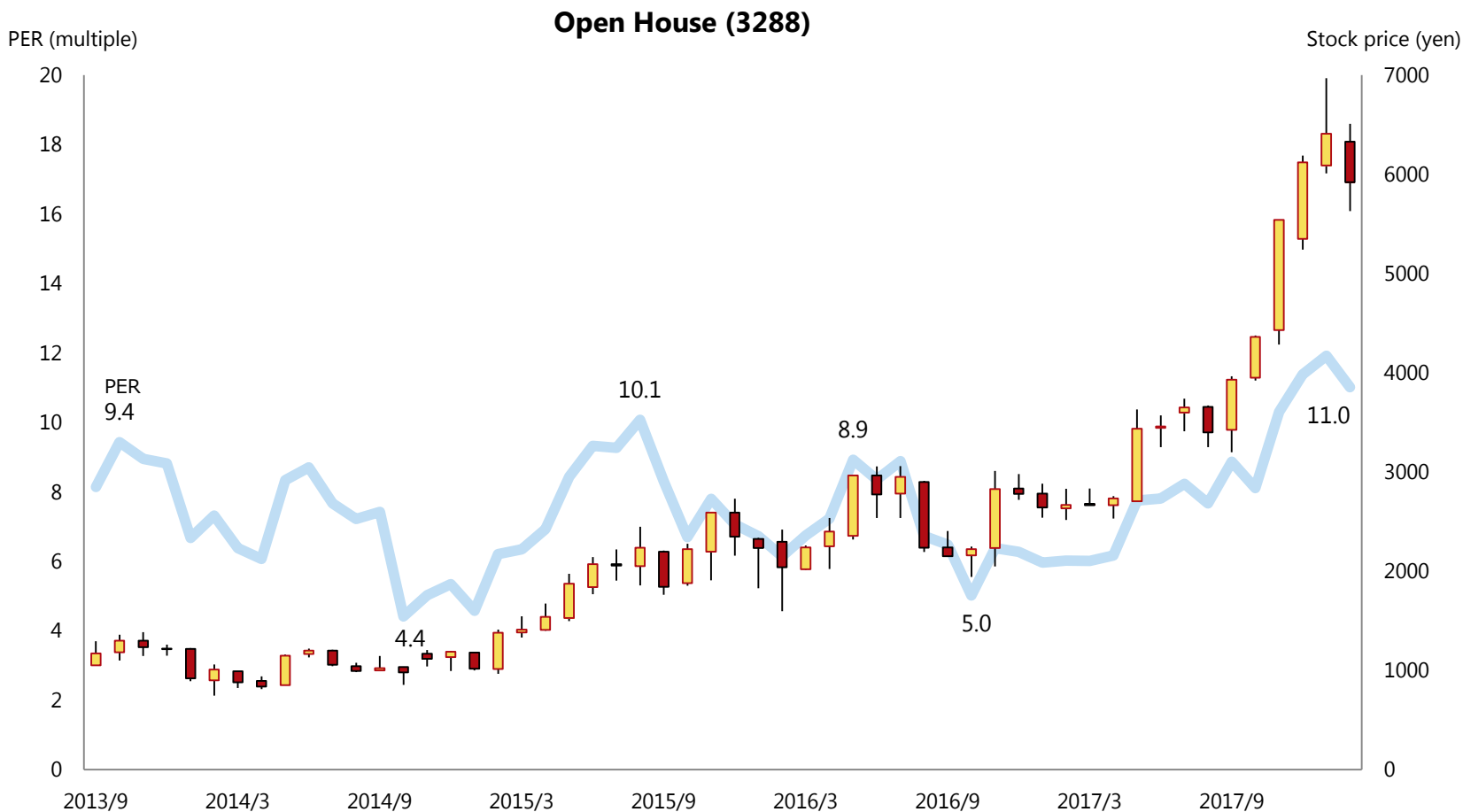
Assumption : The data above were calculated based on operating results and market cap as of the latest fiscal year-end of each company.

Figures for FY2017 were projected based on financial forecasts and stock prices.



Trends of the Company's Stock Price and PER

- ✓ The Company's stock price has been rising along with earnings growth, while there have been no significant changes in the PER level.
- ✓ Its stock price has climbed since the announcement of the Mid-Term Business Plan in November 2017, while the fluctuation of the PER level has stayed at the 11x level.



Assumptions: Monthly stock price during the period from September 2013 to February 13, 2018; PER by month = Closing price at the end of each month ÷ Earnings per share of each fiscal period except the data in and after October 2017, which were prepared based on forecasts.