

**OPEN  
HOUSE**

# **Consolidated Financial Highlights**

## **for the Second Quarter Ended September 30, 2018**

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



**JPX-NIKKEI 400**  
**2017**



# FY2018 2Q Topics

## Business performance

- **Business results exceeded forecasts for the first six months. Revenue and income for the same period hit record highs.**

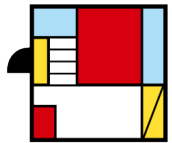
**Revenue:** ¥ 169.9 billion (+14.5% YOY)  
**Operating income:** ¥ 21.0 billion (+15.5% YOY)  
**Profit attributable to owners of parent :** ¥ 14.0 billion (+20.3% YOY)

- Single-Family Homes Related Business showed strong performance with a 35.8% year-on-year in the second quarter from January to March 2018.
- Condominium Business achieved solid sales with contracts concluded for more than 90% of properties scheduled to be delivered during the reported fiscal period.
- Property Resales Business steadily advanced on the back of ongoing BOJ's monetary easing policies.
- Demand from the wealthy class for purchasing U.S. real estate is high and sales are growing.

## Upward revision and increase in dividends

- **With steady business progress, the Company decided to upwardly revise forecasts and increase the forecast amount of dividends. The Company aims to mark record highs in revenue and income for six consecutive fiscal years.**

	<After revision>		<Before revision >
<b>Revenue:</b>	¥ 380.0 billion (+24.7% YOY)	=	¥ 380.0 billion
<b>Ordinary income:</b>	¥ 46.0 billion (+27.3% YOY)	←	¥ 43.5 billion
<b>Profit attributable to owners of parent</b>	¥ 31.7 billion (+27.8% YOY)	←	¥ 30.0 billion
<b>Annual dividends per share</b>	¥ 98.00 (+¥33.00 YOY)	←	¥ 92.00



**OPEN  
HOUSE**

## **FY2018 2Q Consolidated Summary**



# Overview of Consolidated Income Statement

- ☑ Revenue and income for the first six months hit record highs.
- ☑ These results exceeded forecast figures for the same period.

(Million yen)

	FY2017 2Q <2016/10-2017/3>		FY2018 2Q <2017/10-2018/3>			FY2018 2Q <2017/10-2018/3>	
	Actual	% of revenue	Actual	% of revenue	Inc.(Dec.)	Initial Forecast as of 17.11.14	Difference from forecast
<b>Revenue</b>	148,368	—	<b>169,923</b>	—	14.5%	165,000	+4,923
<b>Gross profit</b>	26,832	18.1%	<b>31,727</b>	18.7%	18.2%		
SG&A expenses	8,595	5.8%	<b>10,670</b>	6.3%	24.1%		
<b>Operating income</b>	18,237	12.3%	<b>21,056</b>	12.4%	15.5%	20,300	+756
Non-operating income	330	0.2%	<b>118</b>	0.1%	(64.3%)		
Non-operating expenses	738	0.5%	<b>1,005</b>	0.6%	36.1%		
<b>Ordinary income</b>	17,829	12.0%	<b>20,169</b>	11.9%	13.1%	19,700	+469
<b>Profit attributable to owners of parent</b>	11,651	7.9%	<b>14,017</b>	8.2%	20.3%	13,600	+417



# Performance by segment (revenue/operating income)

- ☑ Revenue in all segments increased from the same period of the previous fiscal year.
- ☑ Operating income increased in segments of the single-family homes related business, condominiums, and others (including U.S. real estate business).

(Million yen)

	FY2017 2Q <2016/10-2017/3>		FY2018 2Q <2017/10-2018/3>		Inc.(Dec.)
	Actual	Ratio	Actual	Ratio	
<b>Revenue</b>	148,368	100.0%	<b>169,923</b>	100.0%	14.5%
Single-family homes related business* 1	90,026	60.7%	<b>102,566</b>	60.4%	13.9%
Condominiums	7,713	5.2%	<b>11,513</b>	6.8%	49.3%
Property resales	50,446	34.0%	<b>50,903</b>	30.0%	0.9%
Others (including U.S. real estate business)	191	0.1%	<b>4,953</b>	2.9%	4,761
Adjustments	(8)	—	<b>(13)</b>	—	—
	Actual	% of revenue	Actual	% of revenue	Inc.(Dec.)
<b>Operating Income</b>	18,237	12.3%	<b>21,056</b>	12.4%	15.5%
Single-family homes related business * 1	11,289	12.5%	<b>13,513</b>	13.2%	19.7%
Condominiums	863	11.2%	<b>927</b>	8.1%	7.4%
Property resales	6,495	12.9%	<b>6,248</b>	12.3%	(3.8%)
Others (including U.S. real estate business)	15	7.9%	<b>809</b>	16.3%	794
Adjustments	(426)	—	<b>(441)</b>	—	—

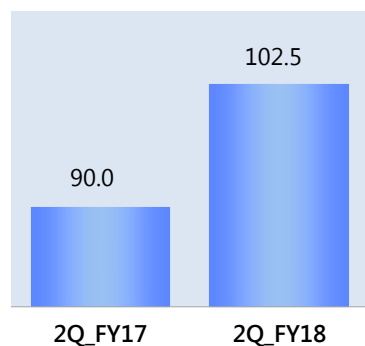
\* 1 To further strengthen the business model — a comprehensive system from purchase and construction to intermediary and sales —, the brokerage business, single-family homes business, and Open House Architect were consolidated into the single-family homes related business in FY2018



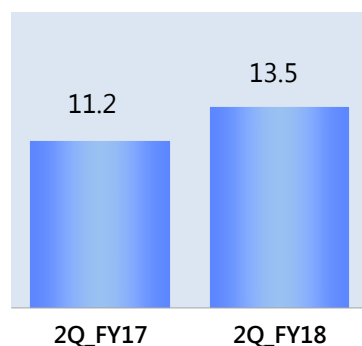
# Single-family homes related business as a whole

- Number of homes delivered during the second quarter from January to March 2018 achieved solid growth with a 35.8% year-on-year increase.
- Sales during the same period grew favorably and number of contracts brokered rose 25.2% year on year.

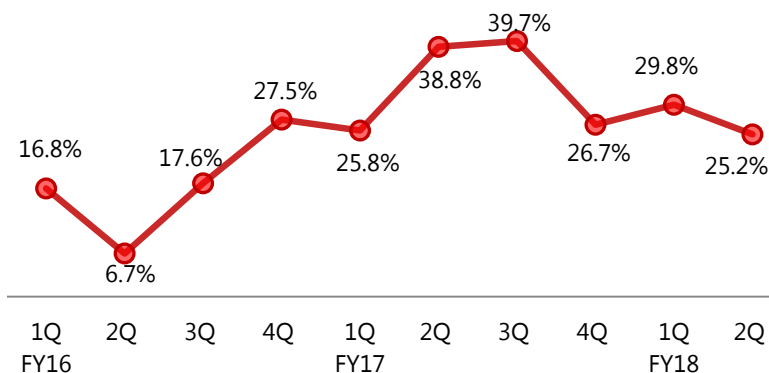
Revenue (¥billion)



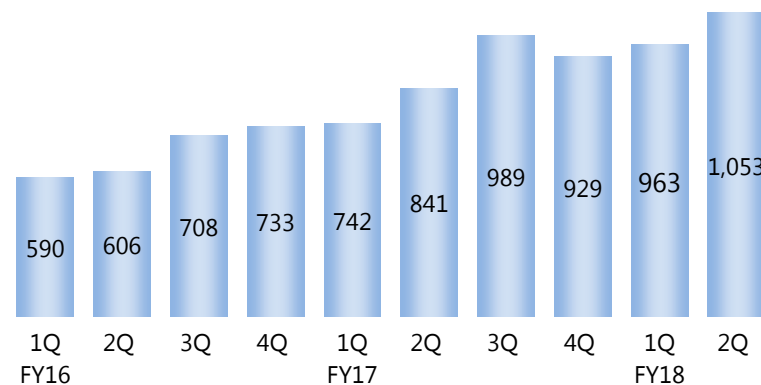
Operating income (¥billion)



Number brokered in each quarter YOY change



Number brokered in each quarter



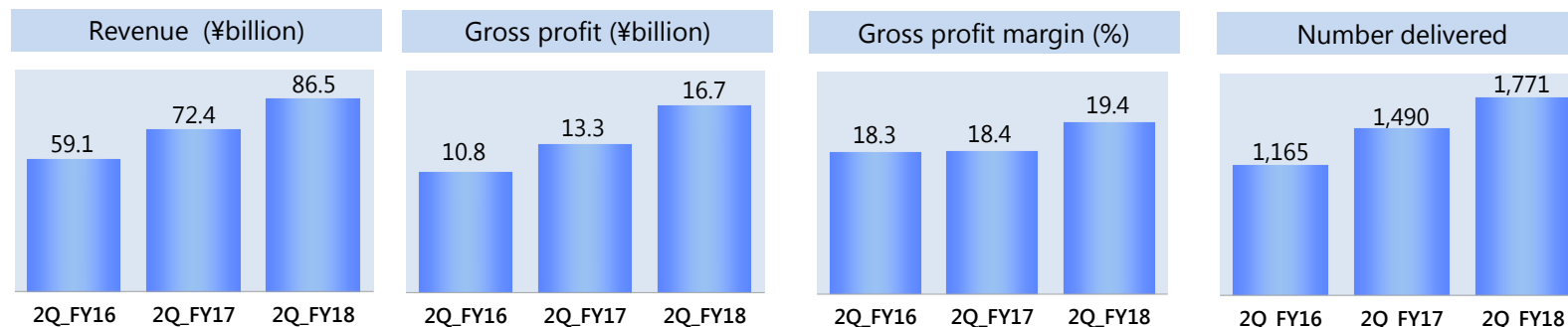
	FY2017 2Q 16/10-17/3	FY2018 2Q 17/10-18/3	Inc.(Dec.)
Revenue (¥million)	90,026	<b>102,566</b>	13.9%
Gross profit (¥million)	16,498	<b>19,574</b>	18.6%
Gross profit margin	18.3%	<b>19.1%</b>	0.8pt
Operating income (¥million)	11,289	<b>13,513</b>	19.7%
Operating income margin	12.5%	<b>13.2%</b>	0.6pt

The above figures in the second quarter of FY2017 were restated on a new segment basis, in conjunction with the change in the reporting segment effective FY2018.



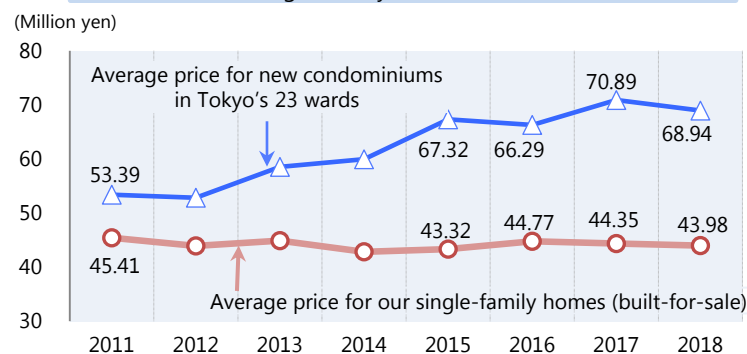
# Single-family homes related business (1. Single-family homes)

- Revenue for the first six months marked a significant year-on-year increase, though revenue for the first quarter were lower than the same period of the previous fiscal year.



By type of sale		FY2016 2Q 15/10-16/3	FY2017 2Q 16/10-17/3	FY2018 2Q 17/10-18/3	Inc. (Dec.)
<b>Built-for-sale houses</b>	Revenue (¥million)	25,153	30,963	<b>29,242</b>	(5.6%)
	Number delivered	561	695	<b>669</b>	(26)
<b>Lands</b>	Revenue (¥million)	28,126	35,102	<b>49,072</b>	39.8%
	Number delivered	604	795	<b>1,102</b>	307
<b>Built-to-order houses</b>	Revenue (¥million)	5,750	6,086	<b>7,986</b>	31.2%
	Number delivered	375	407	<b>561</b>	154
<b>Others</b>	Revenue (¥million)	101	256	<b>272</b>	9.1%
<b>Total</b>	Revenue (¥million)	59,132	72,407	<b>86,581</b>	19.6%
	Gross profit (¥million)	10,817	13,332	<b>16,779</b>	25.9%
	Gross profit margin	18.3%	18.4%	<b>19.4%</b>	1.0pt
	Number delivered (built-for-sale houses + lands)	1,165	1,490	<b>1,771</b>	281

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.

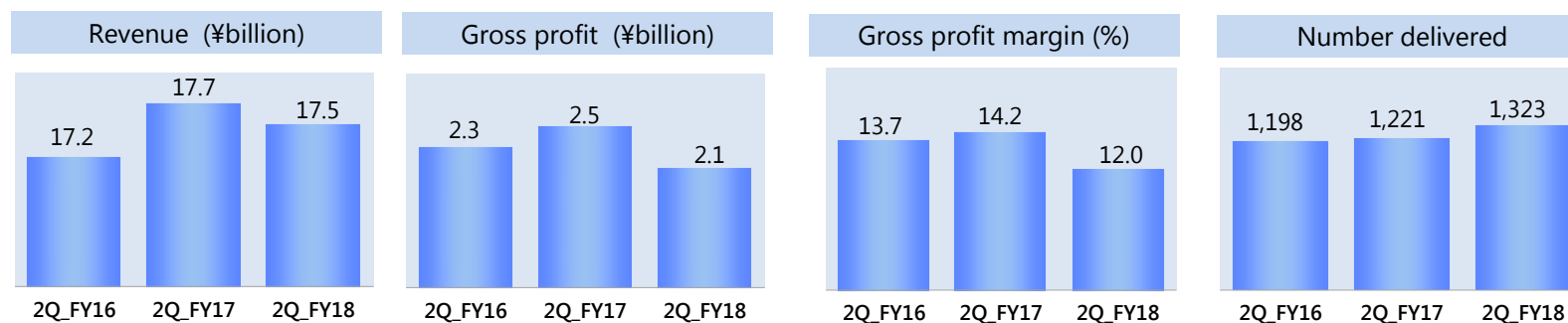
Condominium prices for 2017 are for the January – March 2018 period.

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



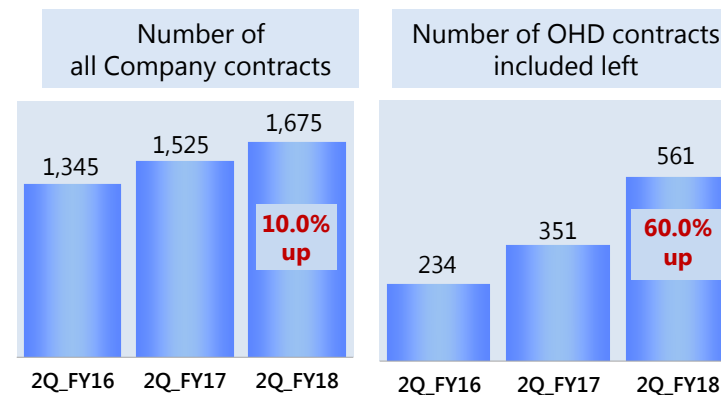
## Single-family homes related business (2. Construction work)

- Number of homes delivered, primarily with OHD contracts, increased from the same period of the previous year.
- Number of contracts concluded showed steady growth of 10% with a boost of 60% particularly in contracts with OHD.



	FY2016 2Q 15/10-16/3	FY2017 2Q 16/10-17/3	FY2018 2Q 17/10-18/3	Inc.(Dec.)
Revenue (¥million)	17,292	17,707	<b>17,560</b>	(0.8%)
Gross profit (¥million)	2,373	2,517	<b>2,112</b>	(16.1%)
Gross profit margin	13.7%	14.2%	<b>12.0%</b>	(2.2pt)
Number delivered <sup>*1</sup>	1,198	1,221	<b>1,323</b>	102
	174	192	<b>341</b>	149

\*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)



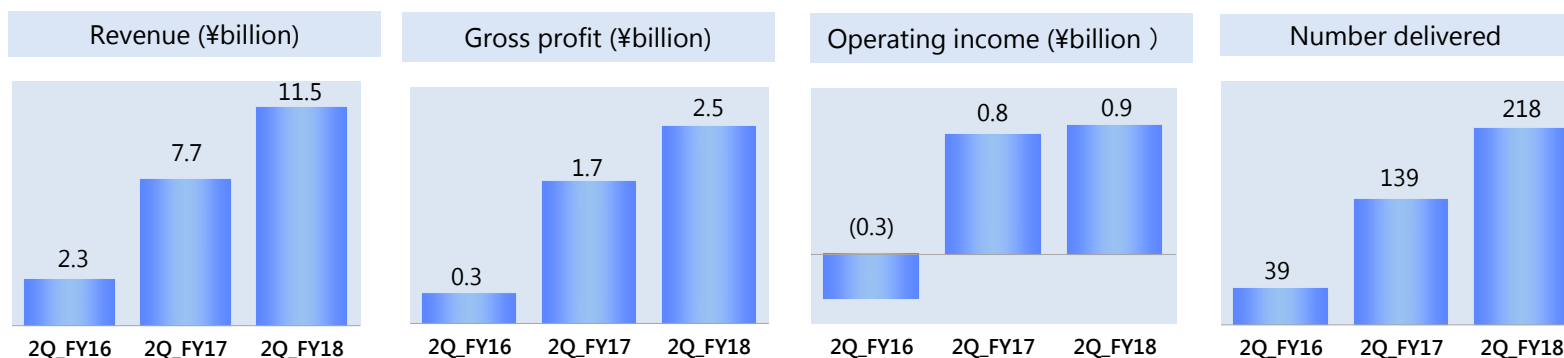
The above represents the number of contracts for construction orders received during the respective fiscal year.





# Condominiums Business

- ☑ The business stepped up sales activities focused on sales of compact condominiums targeted at single persons who prefer close proximity between the workplace and home, and two-person households.
- ☑ Of condominiums to be delivered during the fiscal period under review, roughly half of them are scheduled to be delivered in the fourth quarter.



	FY2016 2Q 15/10-16/3	FY2017 2Q 16/10-17/3	FY2018 2Q 17/10-18/3	Inc. (Dec.)
Revenue (¥million)	2,398	7,713	<b>11,513</b>	49.3%
Gross profit (¥million)	377	1,792	<b>2,502</b>	39.6%
Gross profit margin	15.8%	23.2%	<b>21.7%</b>	(1.5pt)
Operating income (¥million)	(321)	863	<b>927</b>	7.4%
Operating income margin	(13.4%)	11.2	<b>8.1%</b>	(3.1pt)
Number delivered	39	139	<b>218</b>	79

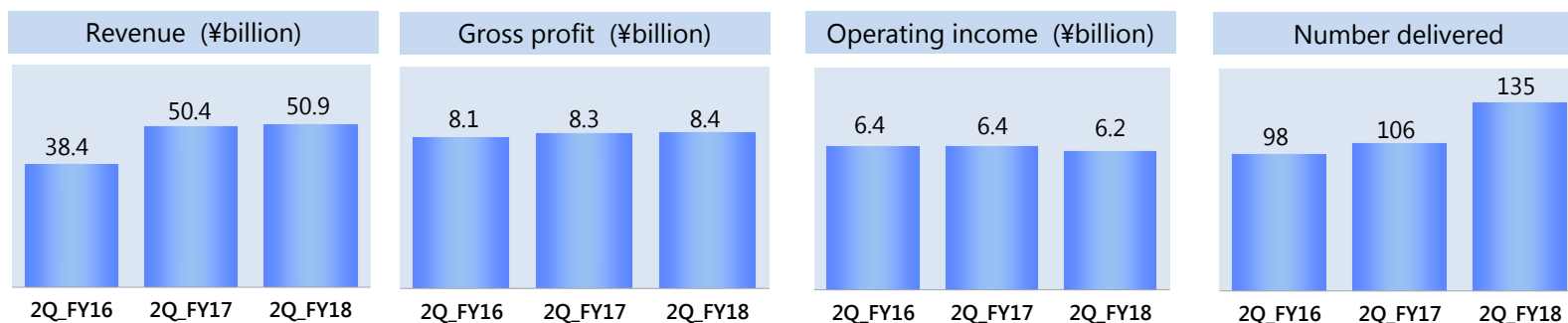
## — Major condominiums delivered in FY2018 —

Name	Units	Average price
Open Residencia Azabu Roppongi	34	¥70million
Open Residencia Kagurazaka West Terrace	30	¥70million
Open Residencia Ochanomizu	21	¥60million
Open Residencia Hongo 3chome	22	¥50million

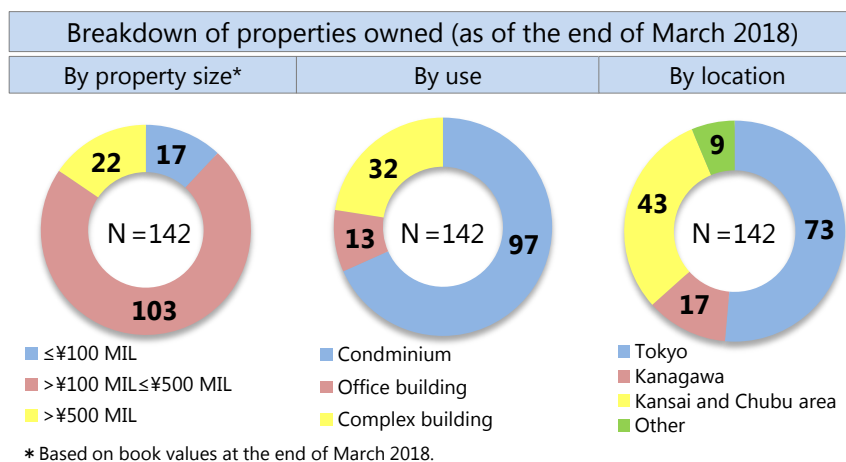


# Property Resales Business

- ☑ Demand for property resales remains high on the back of the continued BOJ's monetary easing policies.
- ☑ Operating performance showed steady growth toward the full-year revenue goal of ¥100 billion.



	FY2016 2Q 15/10-16/3	FY2017 2Q 16/10-17/3	FY2018 2Q 17/10-18/3	Inc. (Dec.)
Revenue (¥million)	38,478	50,446	<b>50,903</b>	0.9%
Gross profit (¥million)	8,118	8,397	<b>8,441</b>	0.5%
Gross profit margin	21.1%	16.6%	<b>16.6%</b>	(0.1pt)
Operating income (¥million)	6,459	6,495	<b>6,248</b>	(3.8%)
Operating income margin	16.8%	12.9%	<b>12.3%</b>	(0.6pt)
Number delivered	98	106	<b>135</b>	31





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

(Million yen)

	FY2017 2Q 2016/10-2017/3		FY2018 2Q 2017/10-2018/3		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
<b>SG&amp;A expenses</b>	8,595	5.8%	10,670	6.3%	2,075
Personnel expenses	2,308	1.6%	2,797	1.6%	489
Sales commissions	1,394	0.9%	1,616	1.0%	221
Office expenses	1,152	0.8%	1,341	0.8%	189
Advertising expenses	732	0.5%	884	0.5%	152
Promotion expenses	358	0.2%	633	0.4%	275
Others	2,647	1.8%	3,396	2.0%	748

	FY2017 2Q 2016/10-2017/3		FY2018 2Q 2017/10-2018/3		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
<b>Non-operating income</b>	330	0.2%	118	0.1%	(212)
Foreign exchange gain	205	0.1%	—	—	(205)
Others	125	0.1%	118	0.1%	(7)
<b>Non-operating expenses</b>	738	0.5%	1,005	0.6%	266
Interest expenses	421	0.3%	529	0.3%	108
Commission fee	107	0.1%	37	0.0%	(70)
Foreign exchange loss	—	—	355	0.2%	355
Other	209	0.1%	82	0.0%	(126)



# Consolidated Balance Sheet

(Million yen)

	Sep 30, 2017	Mar 31, 2018	Inc. (Dec.)
<b>Current assets</b>	248,429	<b>292,297</b>	43,867
Cash and deposits	90,910	<b>98,127</b>	7,217
Inventories	144,894	<b>178,146</b>	33,251
Others	12,625	<b>16,023</b>	3,398
<b>Non-current assets</b>	8,255	<b>7,550</b>	(705)
Property, plant and equipment	3,113	<b>3,461</b>	347
Intangible assets	1,299	<b>1,201</b>	(97)
Investments and other assets	3,841	<b>2,886</b>	(955)
<b>Deferred assets</b>	51	<b>46</b>	(5)
<b>Total assets</b>	256,736	<b>299,893</b>	43,156

	Sep 30, 2017	Mar 31, 2018	Inc. (Dec.)
<b>Liabilities</b>	173,357	<b>204,634</b>	31,277
Current liabilities	82,613	<b>112,610</b>	29,997
Non-current liabilities	90,743	<b>92,023</b>	1,279
<b>Net Assets</b>	83,379	<b>95,258</b>	11,879
Shareholders' equity	82,902	<b>95,072</b>	12,170
Valuation and translation adjustments	407	<b>186</b>	(291)
<b>Total liabilities and net assets</b>	256,736	<b>299,893</b>	43,156

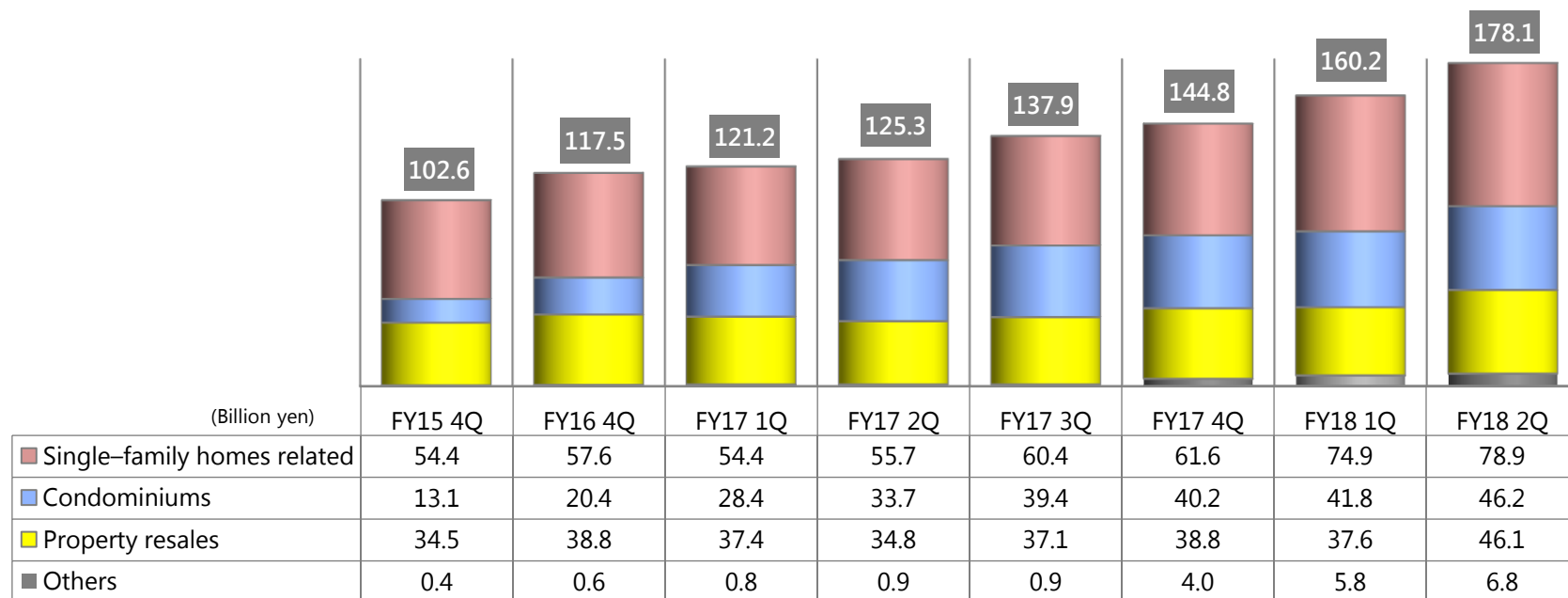
	Sep 30, 2017	Mar 31, 2018	Inc. (Dec.)
Equity ratio	32.3%	<b>31.6%</b>	(0.7pt)



# 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 2Q (Mar 31, 2018)	(Ratio)	Inc. (Dec.)
Single-family homes related	54,497	57,633	61,667	<b>78,900</b>	44.3%	17,233
Condominiums	13,101	20,422	40,291	<b>46,261</b>	26.0%	5,969
Property resales	34,586	38,838	38,871	<b>46,101</b>	25.9%	7,230
Others	428	651	4,064	<b>6,881</b>	3.9%	2,817
<b>Total</b>	<b>102,614</b>	<b>117,546</b>	<b>144,894</b>	<b>178,146</b>	<b>100.0%</b>	<b>33,251</b>

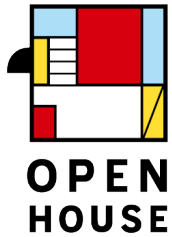




# Consolidated Statement of Cash Flows

(Million yen)

	FY2017 2Q <2016/10-2017/3>	FY2018 2Q <2017/10-2018/3>	Major factors
Cash flows from operating activities	2,257	<b>(19,871)</b>	<ul style="list-style-type: none"> <li>- Booking of income before income taxes</li> <li>- Increase in inventories</li> <li>- Payment of income taxes</li> <li>- Increase in operating loans, etc.</li> </ul>
Cash flows from investing activities	(1,652)	<b>637</b>	<ul style="list-style-type: none"> <li>- Proceeds from sales of investment securities, etc</li> </ul>
Cash flows from financing activities	7,147	<b>26,909</b>	<ul style="list-style-type: none"> <li>- Increase in loans payable</li> <li>- Dividend payment, etc.</li> </ul>
Effect of exchange rate changes on cash and cash equivalents	281	<b>(457)</b>	
Net increase (decrease) in cash and cash equivalents	8,034	<b>7,217</b>	
Cash and cash equivalents at beginning of period	67,508	<b>90,910</b>	
Cash and cash equivalents at end of period	75,543	<b>98,127</b>	



# **Consolidated Business Performance Forecasts for FY2018**



# Business Performance Forecasts

- ☑ With current business performance growing steadily, the Company upwardly revised the full-year forecast and increased the forecast amount of dividends.
- ☑ The Company aims to achieve record highs in revenue and income for six consecutive fiscal years.

(Million yen)

	FY2017		FY2018 Initial forecast		FY2018 Revised forecast	
	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)	Forecast	Inc. (Dec.)
Revenue	<b>304,651</b>	23.2%	380,000	24.7%	<b>380,000</b>	24.7%
Operating income	<b>37,617</b>	20.1%	44,700	18.8%	<b>47,500</b>	26.3%
Ordinary income	<b>36,131</b>	23.9%	43,500	20.4%	<b>46,000</b>	27.3%
Profit attributable to owners of parent	<b>24,797</b>	32.5%	30,000	21.0%	<b>31,700</b>	27.8%
EPS (yen)	<b>443.41</b>	—	<b>537.73</b>	—	<b>568.14</b>	—
Annual dividends per share (yen)	<b>65.00</b>	<b>15.00</b>	<b>92.00</b>	27.00	<b>98.00</b>	33.00
Payout ratio	<b>14.7%</b>	—	<b>17.1%</b>	—	<b>17.2%</b>	—





# Consolidated Business Performance Forecasts (Revenue by Business Segment)

- ☑ Segment-based revenue forecasts remain unchanged.
- ☑ Business performance is improving steadily toward the full-year forecast goal.

## — Before change in business segments

(Million yen)

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

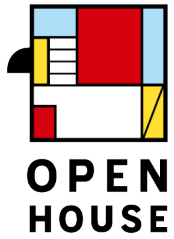
## — After change in business segments

(Million yen)

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

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.

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



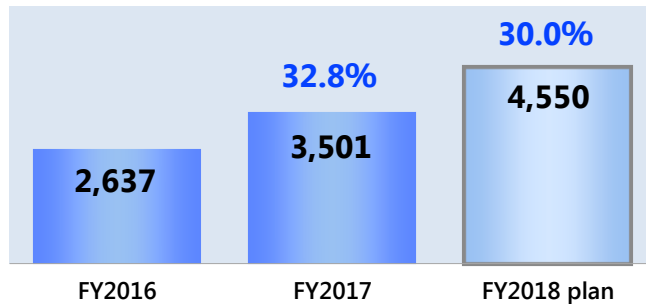
## Current Initiatives



# Single-Family Homes Related Business (1. Brokerage)

- ☑ The Company is operating a total of 31 sales centers, including newly opened sales centers. They are Urawa and Tsurumi opened in October 2017, Urawachuo and Motosumiyoshi in January 2018, and Gokiso and Shinkoiwa in April 2018.

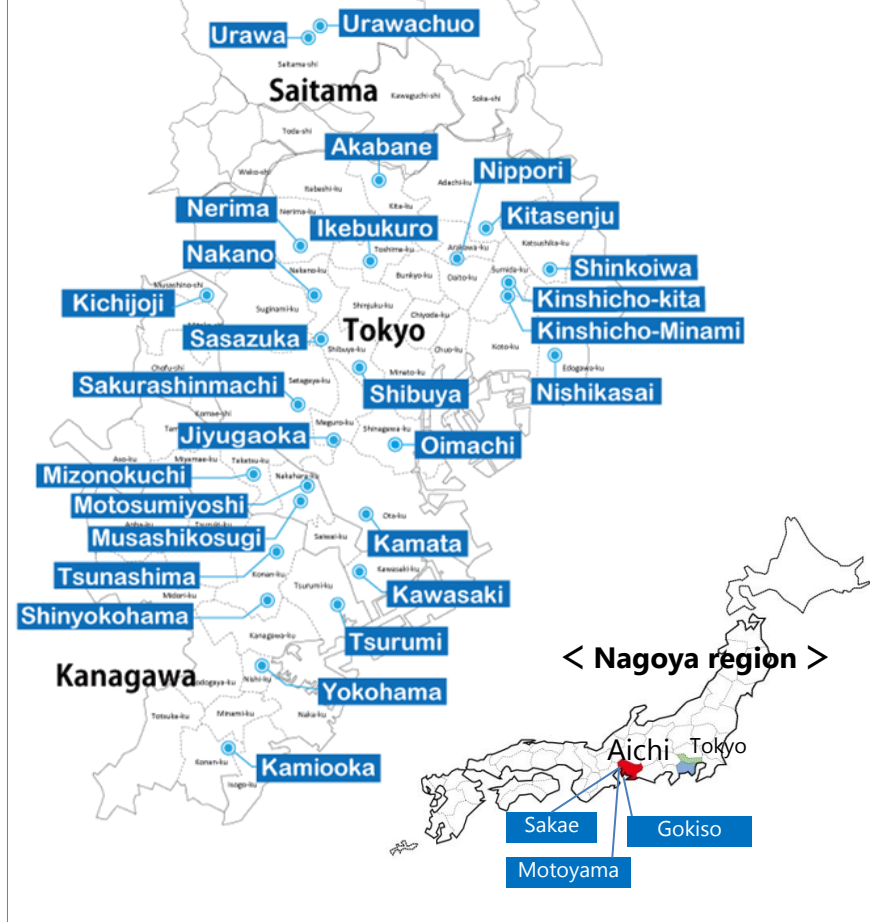
## No. of brokerage transactions and YOY%



## No. of sales centers of each area

	FY2016 15/10-16/9	FY2017 16/10-17/9	FY2018 2Q 17/10-18/3	As of 2018.5.15
Tokyo	13	16	16	<b>17</b>
Kanagawa Prefecture	5	7	9	<b>9</b>
Aichi Prefecture	—	2	2	<b>3</b>
Saitama Prefecture	—	—	2	<b>2</b>
Total	18	25	29	<b>31</b>

## < Tokyo region >



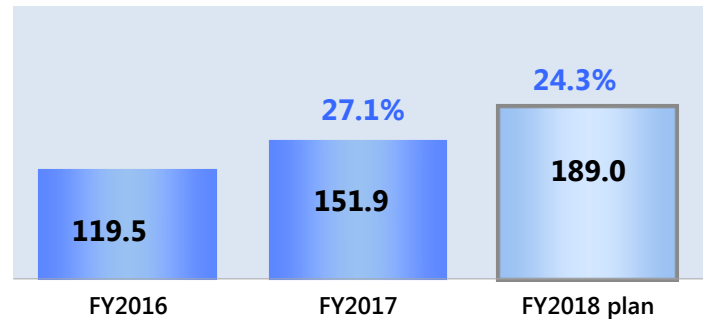
## < Nagoya region >



# Single-Family Homes Related Business (2. Single-family homes)

- With a prospect of a growing number of households in urban areas, demand for purchasing homes is expected to remain firm.
- The Company intends to employ the strategic dominance approach for newly operating areas while boosting market share.

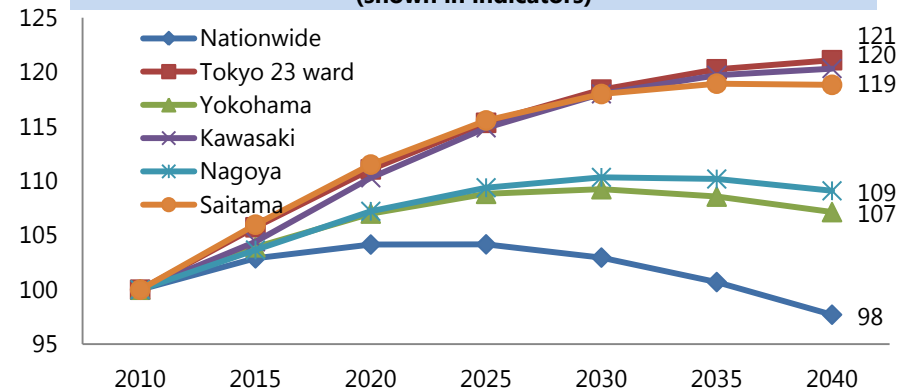
Trends in revenue and YOY%  
(¥billion)



Number delivered by type of sale

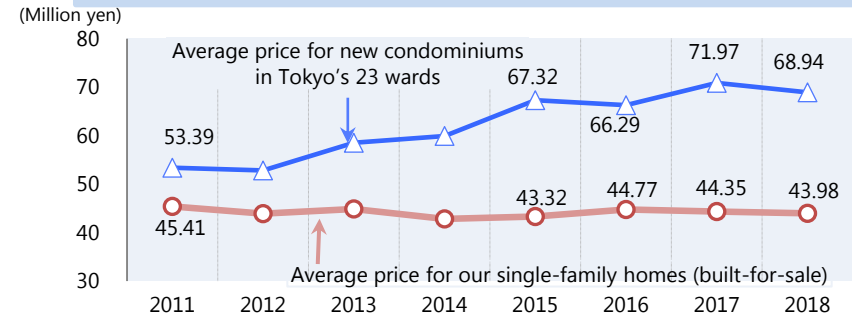
By type of sale	FY2016 Actual	FY2017 Actual	FY2018 plan	Inc.
Built-for-sale houses	1,243	<b>1,489</b>	<b>4,100</b>	<b>945</b>
Lands	1,097	<b>1,666</b>		
Built-to-order houses	747	<b>884</b>	<b>1,090</b>	<b>206</b>
Built-for-sale houses + lands	2,340	<b>3,155</b>	<b>4,100</b>	<b>945</b>

Estimated no. of households in the Company's operating areas  
(shown in indicators)



Sources: Numbers of households by city were projected with reference to "Household Projection for Japan (National Projection)" and "Population Projection for Japan by Prefectures" for 2018 projection, published by the National Institute of Population and Social Security Research, and were converted to indicators with actual results of 2010 set at 100.

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.

Source: The Ministry of Internal Affairs and Communications

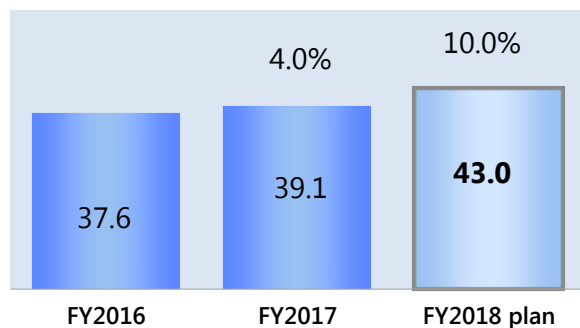


# Single-Family Homes Related Business

## (3. Construction work : Former Open House Architect)

- ☑ The number of homes ordered for construction strives to grow in transactions with both external customers and the Group companies.
- ☑ With the opening of the sales center in Nagoya, the number of construction orders received increased.

**Trends in revenue and YOY%**  
(¥billion)



**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



**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.

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

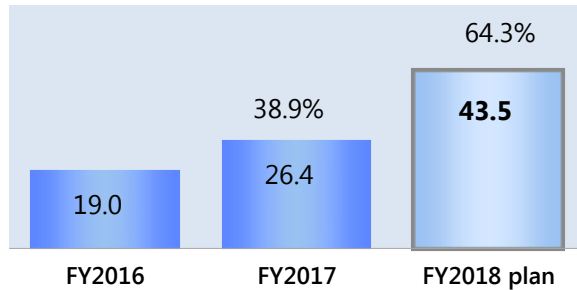
	FY2016 Actual	FY2017 Actual	FY2018 plan	Inc(Dec)
OHD: built-for-sale houses (3)	1,243	1,489	2,050	561
OHD: built-to-order houses (4)	747	884	1,090	206
Group total (1)-(2)+(3)+(4)	4,000	4,505	5,400	895



# Condominiums Business

- ☑ Of condominiums scheduled to be delivered in the fiscal year under review, we have already concluded sales contracts for more than 90%. (as of April 2018)
- ☑ 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.

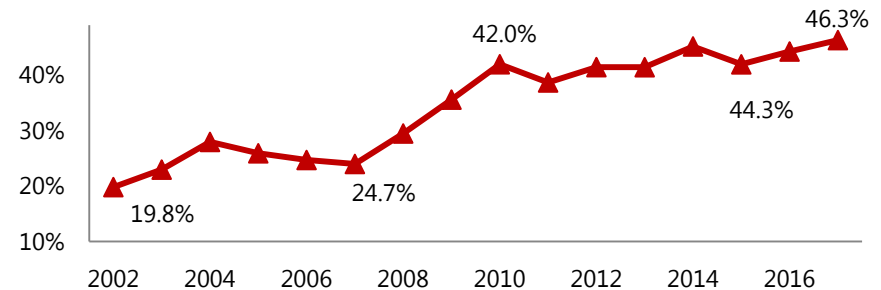
Trends in revenue and YOY%  
(¥billion)



Number delivered

	FY2016 Actual	FY2017 Actual	FY2018 plan	Inc(Dec)
Number delivered	304	487	<b>735</b>	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., Daijyo Incorporated, Tokyu Land Corporation, Tokyo Tatemono Co., Ltd., Nomura Real Estate Holdings, Inc., Mitsui Fudosan Co., Ltd., Mitsubishi Estate Co., Ltd.

Major projects on sale in FY2018  
(Scheduled to be delivered in the fiscal year ending September 2019)

Name	Units	Average price
Open Residencia Hiroo The House South Court & North Court	89	¥100million
Open Residencia Daikanyama The House	22	¥80million
Open Residencia Komazawa	30	¥70million
Open Residencia Oji	45	¥30million

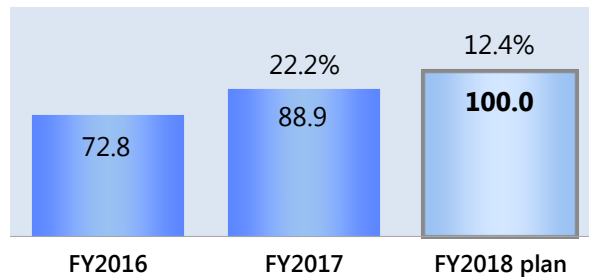




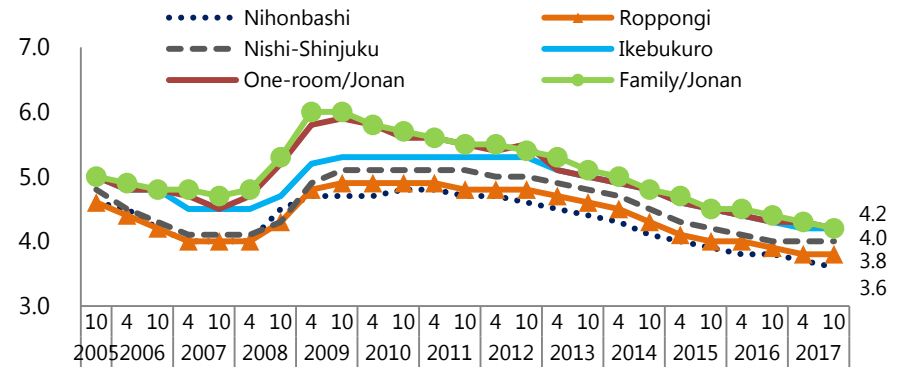
# Property Resale Business

- ☑ Demand for purchasing properties for resale is high on the back of continued BOJ's monetary easing policies.
- ☑ Earnings yields of property resale deals have declined below the levels recorded before the global financial crisis.

Trends in revenue and YOY%  
(¥billion)



Earnings yields (%) of property resale deals

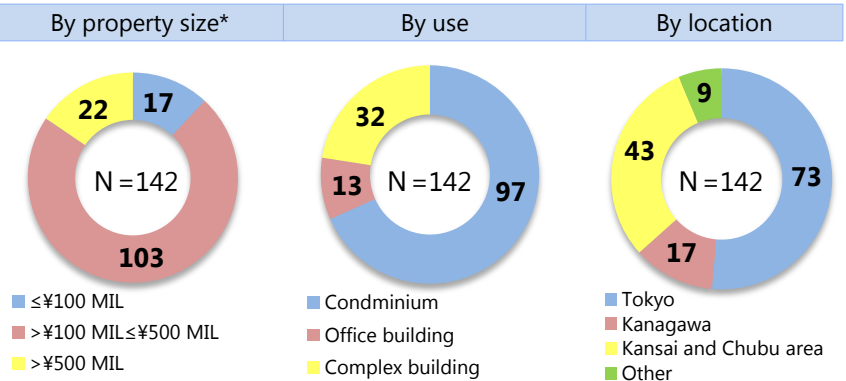


Source: Japan Real Estate Institute "The Japanese Real Estate Investor Survey"

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

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

Breakdown of properties owned (as of the end of March 2018)



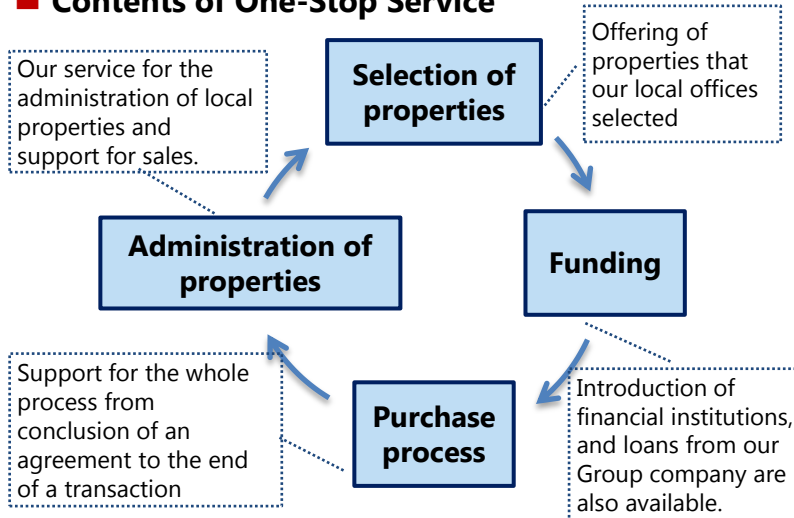
\* Based on book values at the end of March 2018.



# U.S. Real Estate Business (Other Segment)

- ☑ Providing one-stop services targeting the Japanese wealthy class who invest in U.S. properties.
- ☑ Both purchases and sales have been steadily growing toward the full-year revenue goal of ¥10 billion.

## ■ Contents of One-Stop Service



## ■ Differentiation factors

- Sense of security gained by directly purchasing from the seller (the Company)
- Availability of loans with a pledge of the local property
- Management of the local property can be left to the seller.
- Support services for processes from purchase to sale are available

## ■ Example of portfolio property

Single-family homes met actual demand in local areas

- Location: Texas, U.S.
- Price: ¥35 million (US\$317,000) (assumed exchange rate of ¥110 to the dollar)
- Construction period: 1997
- Total floor area: 209㎡ (2,250sqft)
- Site area: 836㎡ (8,999sqft)







# Business Development in the Nagoya Region

- ☑ Backed by brisk sales of three-story, urban-type single-family homes, the Company opened Gokiso Sales Center, the third sales center in the Nagoya region.
- ☑ The Company launched the sale of Open Residencia Sakura-dori Toyomae-cho, the third condominium in the Nagoya region.

## Current status of business activities

### Single-family homes

- October 2016  
Opening of Sakae Sales Center, the first sales center in the Nagoya region
- July 2017  
Opening of Motoyama Sales Center
- April 2018  
Opening of Gokiso Sales Center

### Condominiums

- September 2017  
Opening of Nagoya Sogo Mansion Gallery  
  
Launch of sales of Open Residencia Aoi, the first condominium released in the Nagoya region.  
All 32 units were completely sold by December 2017.
- February 2018  
Launch of sales of Open Residencia Nagoya Sakae
- March 2018  
Launch of sales of Open Residencia Sakura-dori Toyomae-cho
- **Launch of sales of Open Residencia Showa Fukiage, scheduled for late May 2018**

## Opening of Gokiso Sales Center

Address:

3fl. DIS Gokiso Bldg., 4-chome, Ayuchi-dori, Showa-ku, Nagoya

Access:

1-minute walk from Gokiso Station on the Sakura-dori Line and Tsurumai Line (subways).



## Launch of Open Residencia Sakura-dori Toyomae-cho

Address:

3-chome, Toyomae-cho, Higashi-ku, Nagoya

Access:

7-minute walk from Kurumamichi Station on the Sakura-dori Line (subway)

Structure and size:

Reinforced concrete building with 12 stories above ground

Total no. of units: 22

Delivery schedule: January 2019

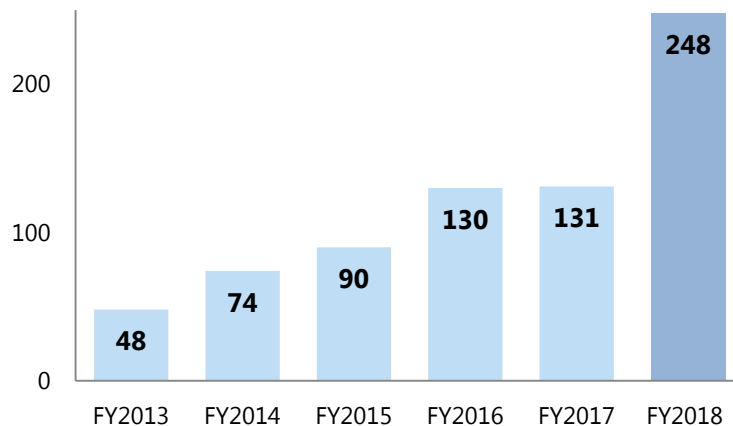




# Recruitment of Human Resources and Initiative on Operational Efficiency

- ☑ 248 new graduates joined the Company in April 2018.
- ☑ The Company launched a project with FPT Corporation, Vietnam's largest information, communications and technology (ICT) company.

## ■ Employment of new graduates



- New graduates were employed as planned.
- The Company assigns them to businesses from the first year as a readily available workforce.
- Sufficient resources would directly affect revenue growth.

## ■ Initiative on operational efficiency

Goal: Curtail costs by reducing person-hours and project periods in housing construction processes.

Contents: Enhance the structure to realize AI development in an overseas site. Achieve the goal through a project using the latest deep learning technology, etc.

FPT secures resources of technology developers specialized in AI and machine learning areas as well as data scientists. Recruiting such resources is difficult in Japan.

The Company will manage the project by assigning several Vietnamese employees as project managers. The project will also serve as one of the corporate diversity initiatives.

## ■ FPT Corporation

Having its 30th anniversary in 2018, FPT Corporation is Vietnam's largest ICT company with sales of 2 billion U.S. dollars and more than 32,000 employees.

The company obtained CMMI level 5 and ISO 27001 certification and provides a variety of services globally through delivery centers located in 21 countries including Japan, Americas, Europe, Australia, Vietnam, and Asia Pacific countries.



## Improvement in customer awareness through co-sponsorship of professional baseball games.

- ☑ Conclusion of the biggest sponsorship deal with Tokyo Yakult Swallows
- ☑ Support, as a title sponsor, for Tokyo Series, official games by professional baseball teams

### The Company signed the biggest sponsorship deal with Tokyo Yakult Swallows.

A new advertisement was also placed on the trivision under the back screen.



### The Company signed the biggest sponsorship deal with Tokyo Yakult Swallows based in Tokyo.

In March 2018, Tokyo Yakult Swallows held a press conference at Jingu Baseball Stadium with Norichika Aoki and Wladimir Balentien in attendance and presented the Company's debut of a trivision display with the announcement of the Open House Home Run award.

#### New Open House Home Run Award

The award, "Tokyo-no Ie," the one single-family home, will be granted to any Tokyo Yakult Swallows player who makes a home run by directly hitting the Company's advertisement, etc. placed on the upper part of a back screen, in official games and post-season games in 2018.

### Support, as a title sponsor, for Tokyo Series, official games by professional baseball teams

The Company will boost excitement on games between Tokyo-based baseball teams.



Support, as a title sponsor, for six games between Yomiuri Giants and Tokyo Yakult Swallows, with publication "Open House presents Tokyo Series."

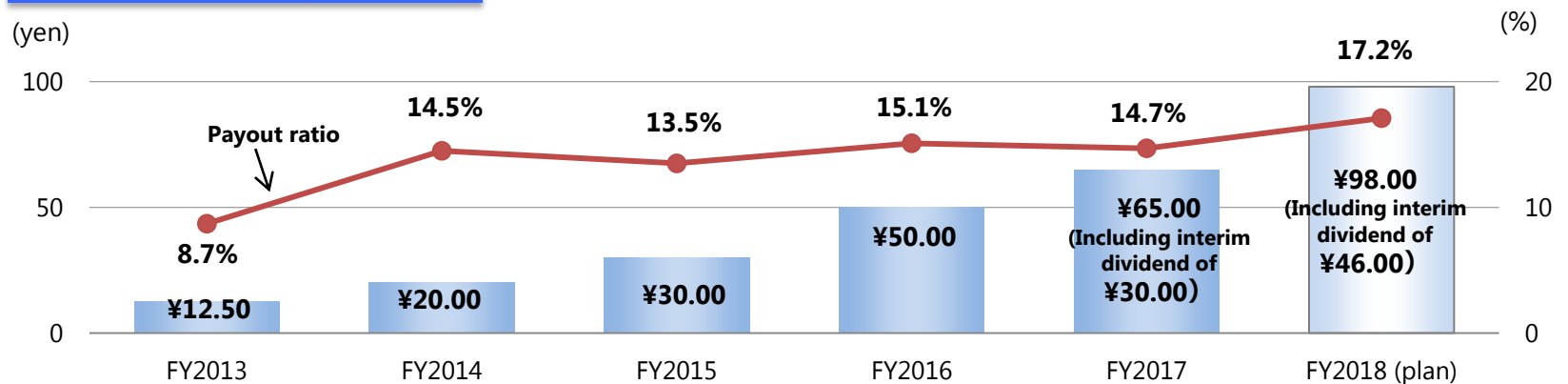
- Tokyo Yakult Swallows vs Yomiuri Giants games at Jingu Baseball Stadium: Fri., April 6—Sun., April 8
- Yomiuri Giants vs Tokyo Yakult Swallows games at Tokyo Dome: Fri., June 22—Sun., June 24



# Shareholder returns

- ☑ The annual amount of dividends for the fiscal year ending September 2018 is forecast to increase ¥33.00 to ¥98.00 per share including the increase in the amount of the interim dividend.
- ☑ The dividend payout ratio will be raised to 17.2% 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.

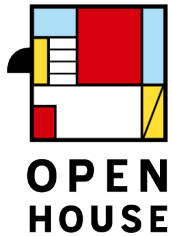
\* The figures in brackets above present the interim dividends included in the annual dividends.

## 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.

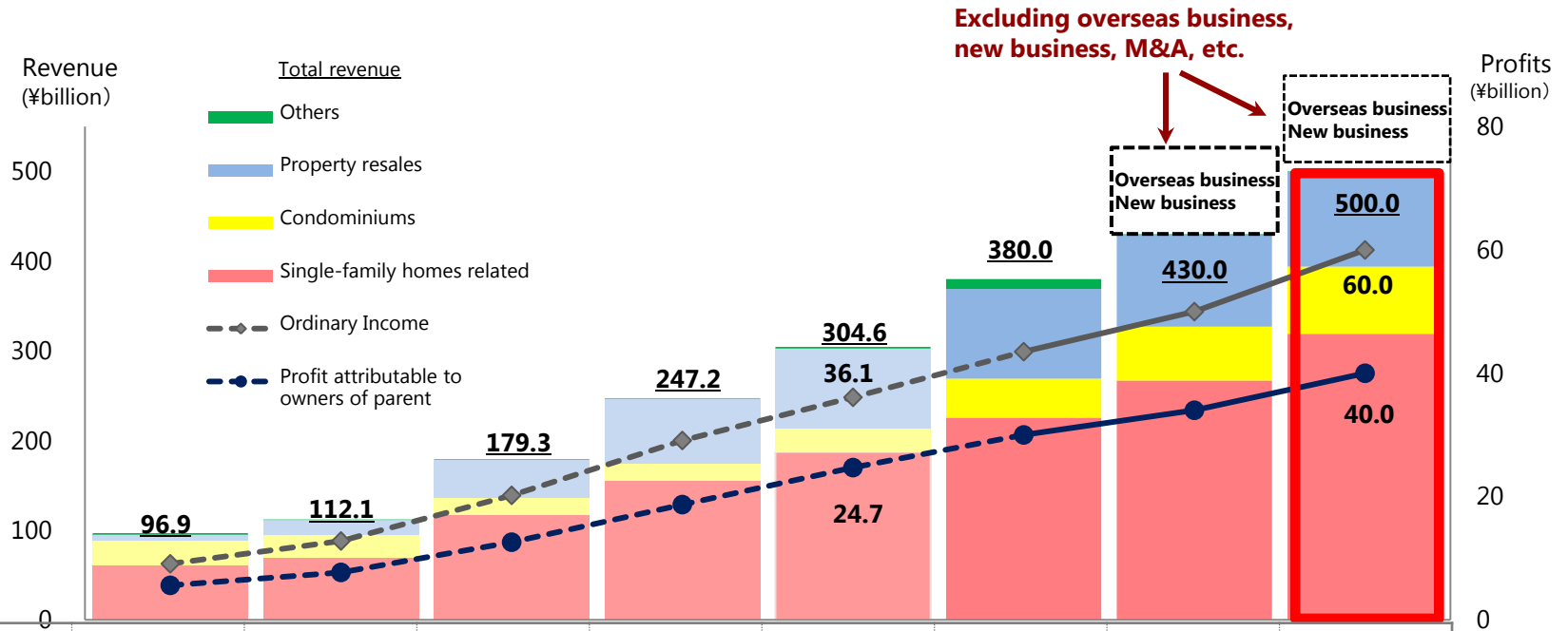


# **(Reference) Mid-Term Business Plan**

*Announced on November 14, 2017*



# Earnings Plan



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

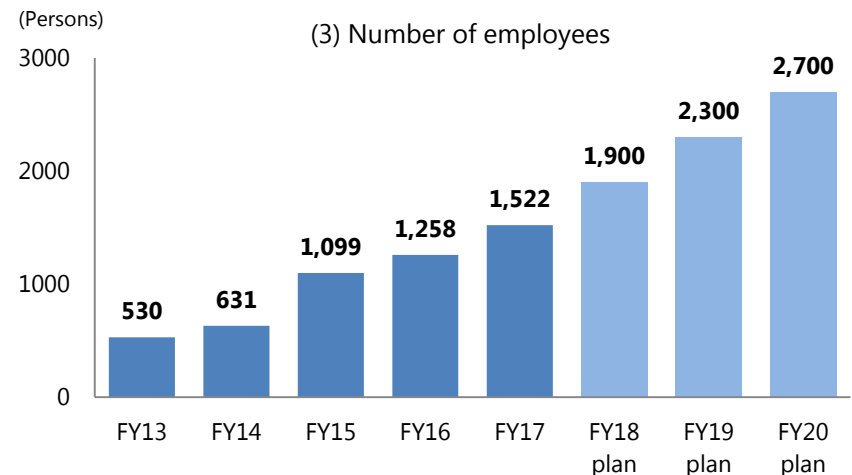
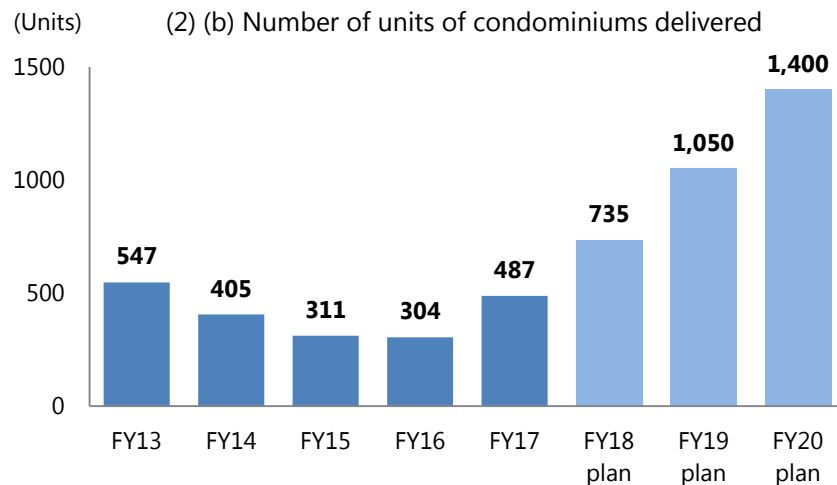
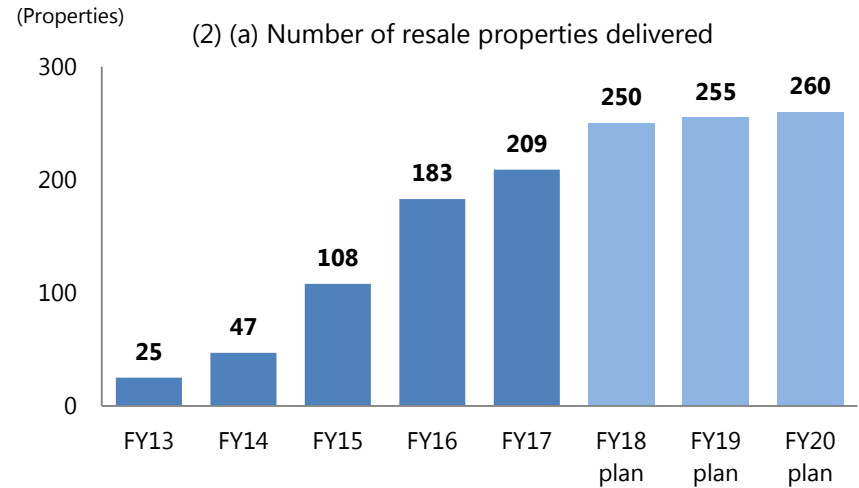
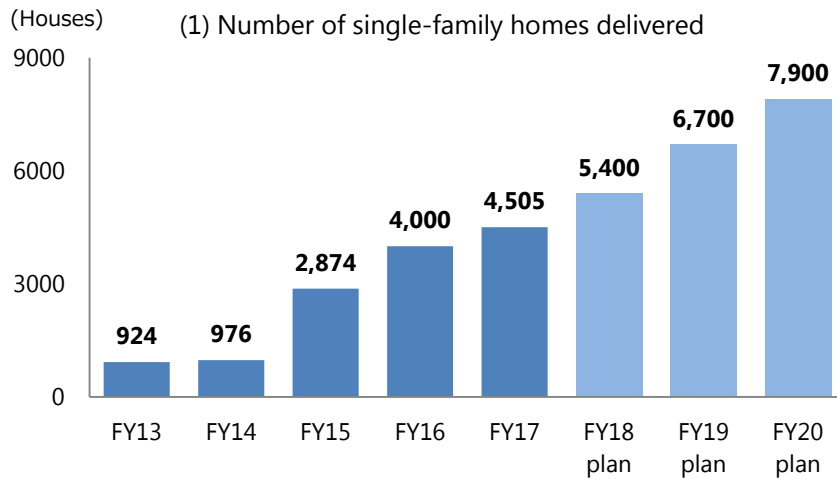
### Establishment of both capital efficiency and financial soundness

- **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

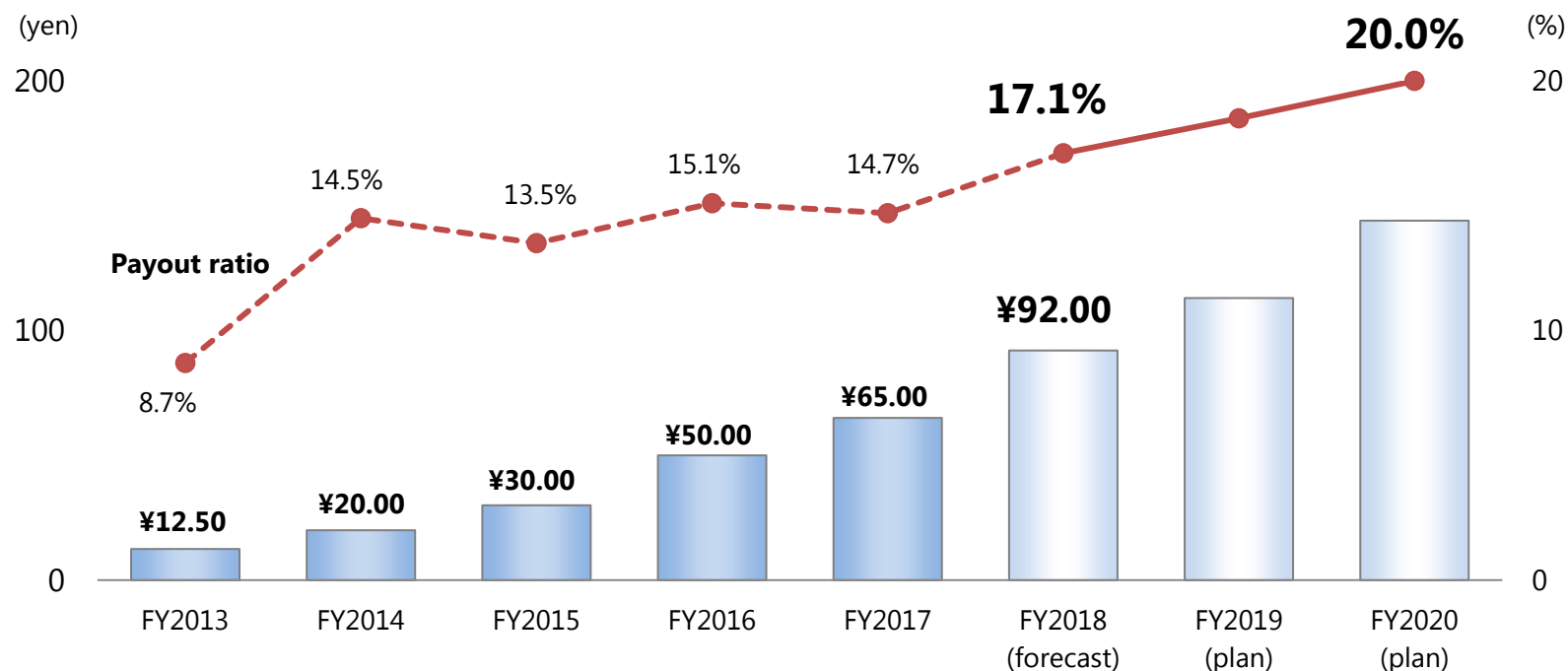






## Strengthening of Shareholder Return (Raising Dividend Payout Ratio)

- ☑ 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>

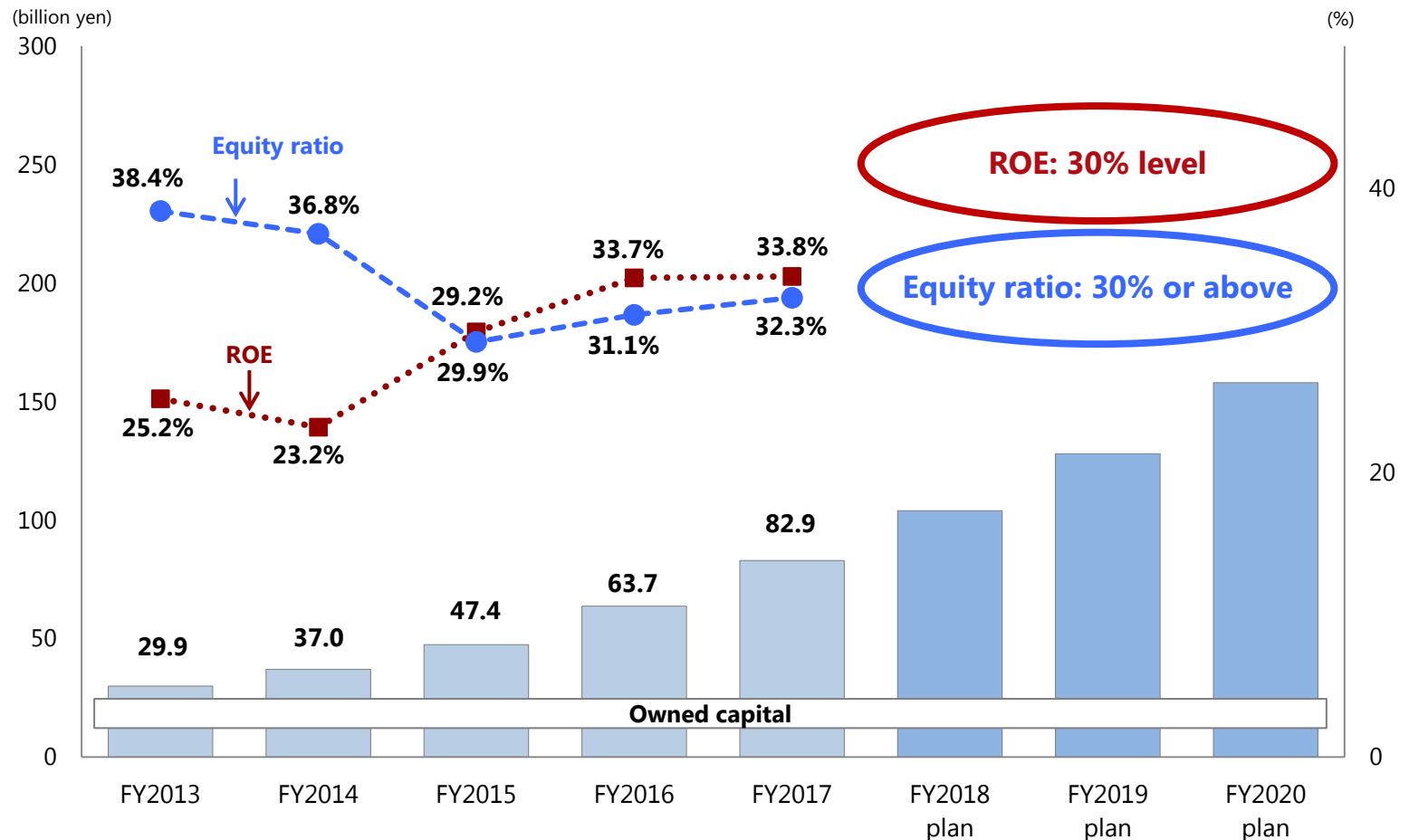
1. The stock splits (1,000-for-one stock split on June 28, 2013 and two-for-one stock split on July 1, 2015) are assumed to have been executed in the beginning of the fiscal year ended September 30, 2013.
2. Figures in and after the fiscal year ending September 30, 2018 are calculated based on the number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



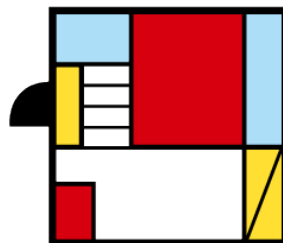
# Capital policy:

## 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)



東京に、家を持とう。



**OPEN  
HOUSE**

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