

**OPEN  
HOUSE**

**Presentation for Institutional Investors and analysts  
[FY2018 ]  
November 21, 2018**

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



**JPX-NIKKEI 400**  
2017-2018



# FY2018 Topics

## Business performance <FY2018>

### ■ Revenue and profits set record highs for the sixth consecutive year.

|   |                              |
|---|------------------------------|
| Revenue:                                  | ¥ 390.7 billion (+28.3% YOY) |
| Operating income:                         | ¥ 46.0 billion (+27.5% YOY)  |
| Profit attributable to owners of parent : | ¥ 31.8 billion (+28.3% YOY)  |

- Single-family homes related business: Single-family homes in urban centers established price advantages over new condominiums, which are selling at high prices.
- Condominiums business: Market appeal of compact condominiums located in urban centers was clear.
- Property resales business: The impact of tightening loan standards for real estate investment was limited for business corporations and wealthy class of customers.
- U.S. Real Estate business: Demand to purchase U.S. properties remained high among wealthy class of customers.

## Performance forecasts <FY2019>

### ■ Our goal is to achieve record highs both in revenue and income for the seventh consecutive year.

|   |                              |
|---|------------------------------|
| Revenue:                                  | ¥ 510.0 billion (+30.5% YOY) |
| Ordinary income:                          | ¥ 51.5 billion (+11.8% YOY)  |
| Profit attributable to owners of parent : | ¥ 37.0 billion (+16.3% YOY)  |

## Mid-Term Business Plan <From FY2018 To FY2020>

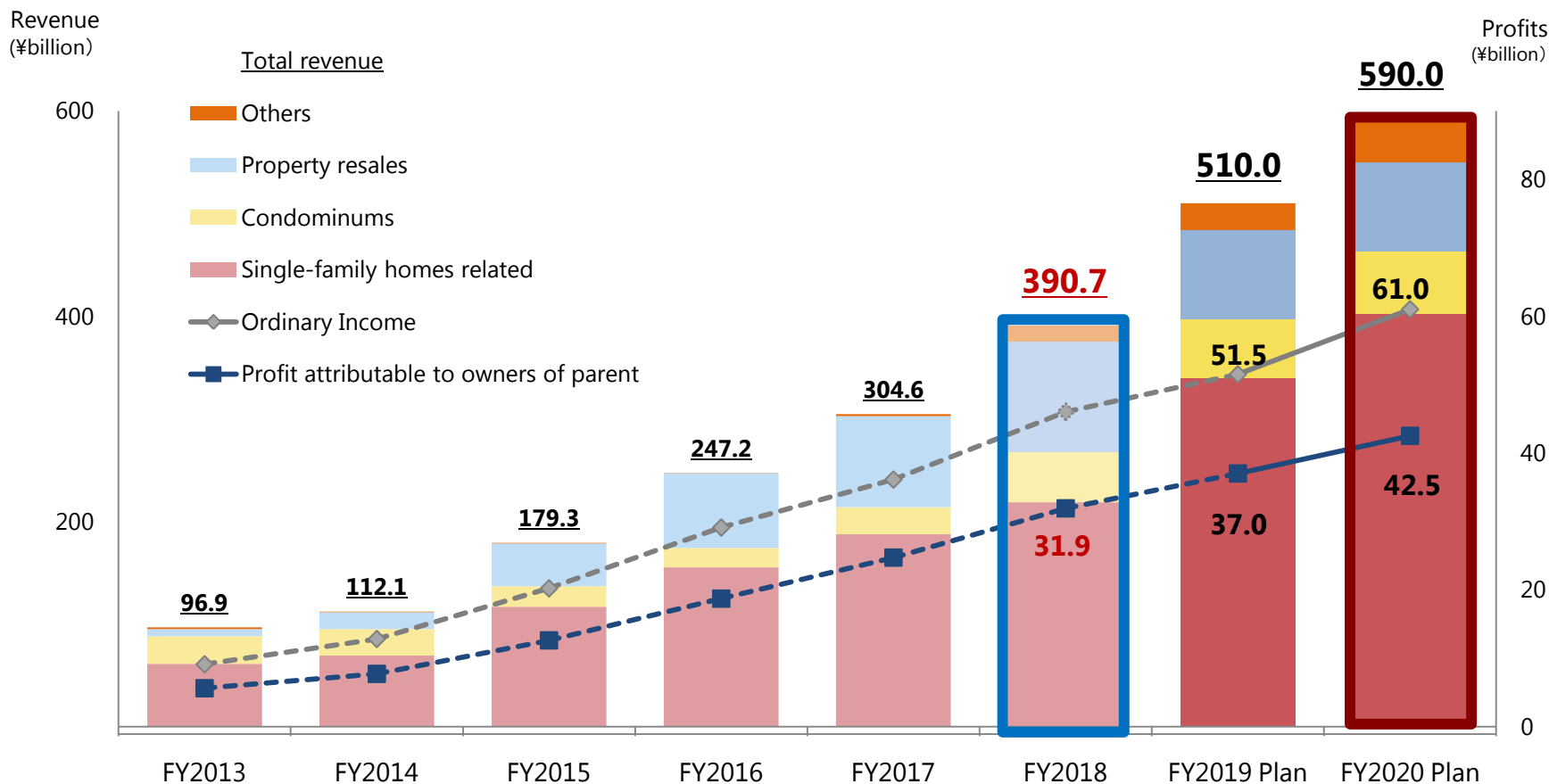
### ■ Updated the mid-term management goals for the fiscal year ending September 30, 2020

|  |  |
|--|--|
| Revenue:                                 | ¥590.0 billion (Compared to FY2019: +15.7%YOY, Compared to FY2018: 51.0%)    |
| Ordinary income:                         | ¥61.0 billion (Compared to FY2019: +18.4%YOY, Compared to FY2018: 32.5%)     |
| Profit attributable to owners of parent: | ¥42.5 billion<br>(Compared to FY 2019: +14.9%YOY, Compared to FY2018: 33.6%) |



# FY2018 Topics ([Updated] Mid-Term Business Plan Hop Step 5000)

- Revenue, profits, and dividends for FY2018 grew 4.0 times, 5.7 times, and 7.8 times, respectively, five years after going public.
- The Company is finally set to grow into one with revenue of 500 billion yen for FY2019.



•Single-family homes related:  
 •Includes the Company's brokerage business and the single-family homes business, construction contracts business, and adjustments, operated by Open House Development Co., Ltd., Open House Architect Co., Ltd., and Hawk One Corporation.

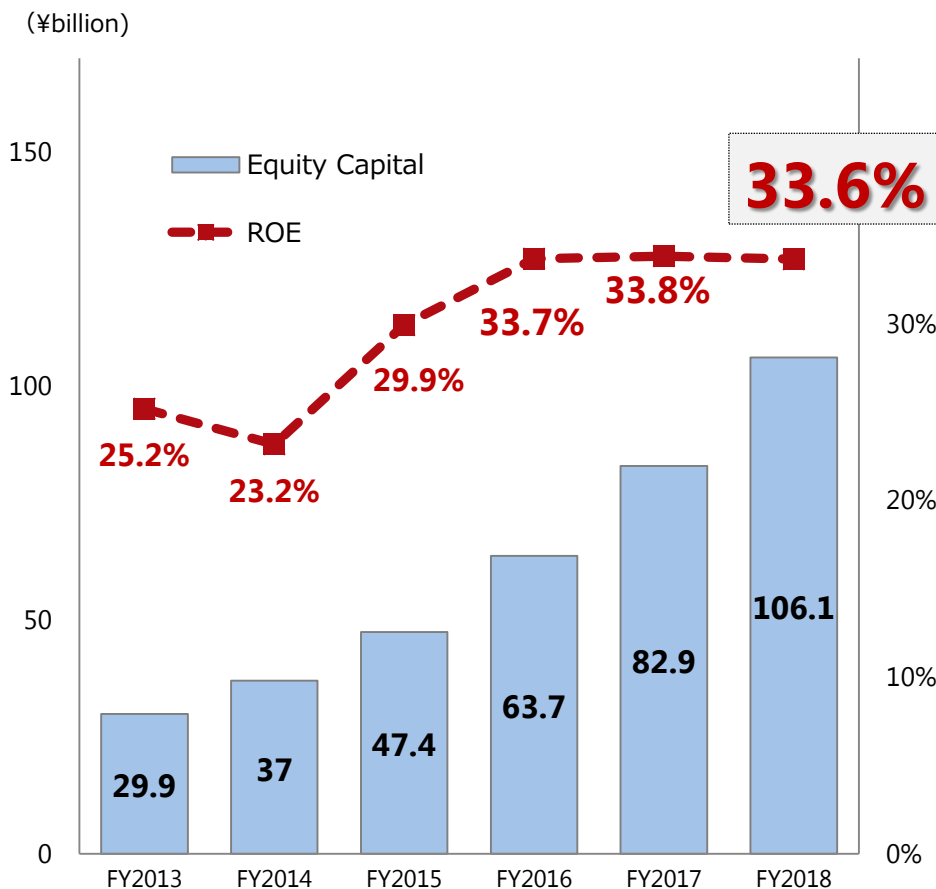
2013.9-2017.9  
 Revenue  
**CAGR:33.1%**

2017.9-2020.9  
 Revenue  
**CAGR:24.6%**



# FY2018 Topics (Capital efficiency)

- ☑ Sustaining high capital efficiency, with equity capital standing at 106.1 billion yen and ROE at 33.6%, while enhancing shareholders' equity.
- ☑ Only four companies in Japan have equity capital exceeding 100 billion yen with ROE of 30%.



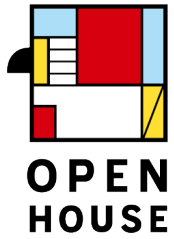
## ROE Ranking

| No. | Company name                 | Equity Capital (¥billion) | ROE          |
|-----|------------------------------|---------------------------|--------------|
| 1   | Resource company C           | 238.6                     | 36.1%        |
| 2   | <b>OPEN HOUSE</b>            | <b>106.1</b>              | <b>33.6%</b> |
| 3   | Software company N           | 131.1                     | 32.8%        |
| 4   | Construction company D       | 294.0                     | 31.0%        |
| 5   | Food company K               | 957.8                     | 29.5%        |
| 6   | Semiconductor manufacturer A | 147.5                     | 29.2%        |
| 7   | Semiconductor manufacturer T | 767.1                     | 29.0%        |
| 8   | Construction company H       | 295.9                     | 27.1%        |
| 9   | Communications company M     | 169.8                     | 26.1%        |
| 10  | Communications company S     | 5,184.1                   | 23.7%        |

Target: Top 10 listed companies with equity capital exceeding 100 billion yen ranked by ROE, excluding companies which had seemingly abnormal value, such as those showing large fluctuations from the previous year.

Assumption: ROE = Profit attributable to owners of parent / Average equity capital

Source: Compiled by the Company based on the most recent financial figures disclosed by each company.



## **FY2018 Consolidated Summary**



# Overview of Consolidated Income Statement

- ☑ Revenue and profits set record highs for the sixth consecutive year.
- ☑ Revenue and profits in all stages achieved more than 25% growth.

(Million yen)

|  | FY2017<br><2016/10-2017/9> |              | FY2018<br><2017/10-2018/9> |              |            | FY2018<br><2017/10-2018/9>      |                          |
|--|----------------------------|--------------|----------------------------|--------------|------------|---------------------------------|--------------------------|
|  | Actual                     | % of revenue | Actual                     | % of revenue | Inc.(Dec.) | Initial Forecast as of 17.11.14 | Difference from forecast |
| <b>Revenue</b>                                 | 304,651                    | —            | <b>390,735</b>             | —            | 28.3%      | 380,000                         | 10,735                   |
| <b>Operating income</b>                        | 37,617                     | 12.3%        | <b>47,304</b>              | 12.1%        | 25.8%      | 44,700                          | 2,604                    |
| <b>Ordinary income</b>                         | 36,131                     | 11.9%        | <b>46,052</b>              | 11.8%        | 27.5%      | 43,500                          | 2,552                    |
| <b>Profit attributable to owners of parent</b> | 24,797                     | 8.1%         | <b>31,806</b>              | 8.1%         | 28.3%      | 30,000                          | 1,806                    |



## Performance by segment (revenue/operating income)

- ☑ We continued to record high growth while maintaining a business portfolio based mainly on actual demand.
- ☑ A rapid growth in the U.S. real estate business, for which full-fledged sales activities were launched from FY2017, contributed to the growth of the overall business performance.

(Million yen)

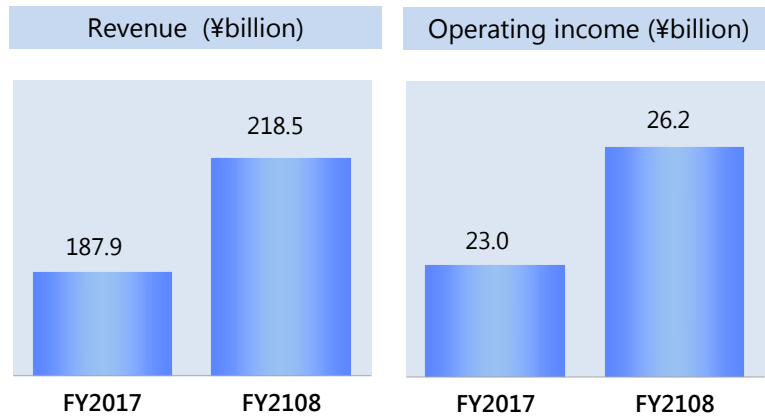
|  | FY2017<br><2016/10-2017/9> |              | FY2018<br><2017/10-2018/9> |              | Inc.(Dec.) |
|--|----------------------------|--------------|----------------------------|--------------|------------|
|  | Actual                     | Ratio        | Actual                     | Ratio        |            |
| <b>Revenue</b>                               | 304,651                    | 100.0%       | <b>390,735</b>             | 100.0%       | 28.3%      |
| Single-family homes related business* 1      | 187,949                    | 61.7%        | <b>218,540</b>             | 55.9%        | 16.3%      |
| Condominiums                                 | 26,480                     | 8.7%         | <b>49,385</b>              | 12.6%        | 86.5%      |
| Property resales                             | 88,976                     | 29.2%        | <b>107,430</b>             | 27.5%        | 20.7%      |
| Others (including U.S. real estate business) | 1,825                      | 0.6%         | <b>15,409</b>              | 3.9%         | 744.2%     |
| Adjustments                                  | (580)                      | —            | <b>(31)</b>                | —            | —          |
|  | Actual                     | % of revenue | Actual                     | % of revenue | Inc.(Dec.) |
| <b>Operating Income</b>                      | 37,617                     | 12.3%        | <b>47,304</b>              | 12.1%        | 25.8%      |
| Single-family homes related business * 1     | 23,095                     | 12.3%        | <b>26,276</b>              | 12.0%        | 13.8%      |
| Condominiums                                 | 4,345                      | 16.4%        | <b>7,306</b>               | 14.6%        | 66.4%      |
| Property resales                             | 11,122                     | 12.5%        | <b>12,272</b>              | 11.4%        | 10.3%      |
| Others (including U.S. real estate business) | 54                         | 3.0%         | <b>2,408</b>               | 15.6%        | 2,354      |
| Adjustments                                  | (1,000)                    | —            | <b>(883)</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

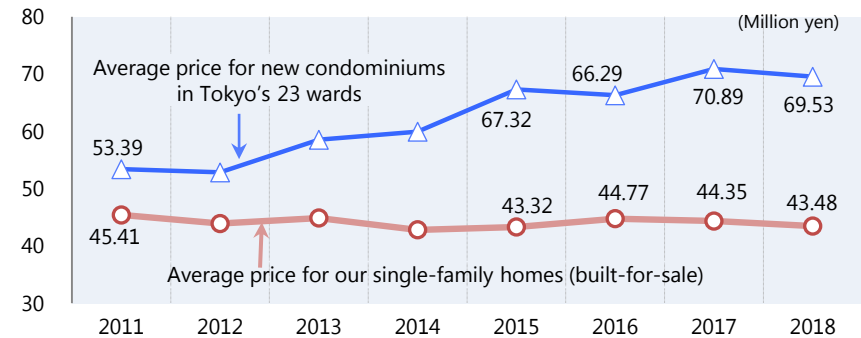


# Single-family homes related business as a whole

- Single-family homes in urban centers established price advantages over new condominiums, which are selling at high prices.
- Sales remained strong and the number of brokerage transactions showed a high growth rate of 25.1% year on year for the full fiscal year.

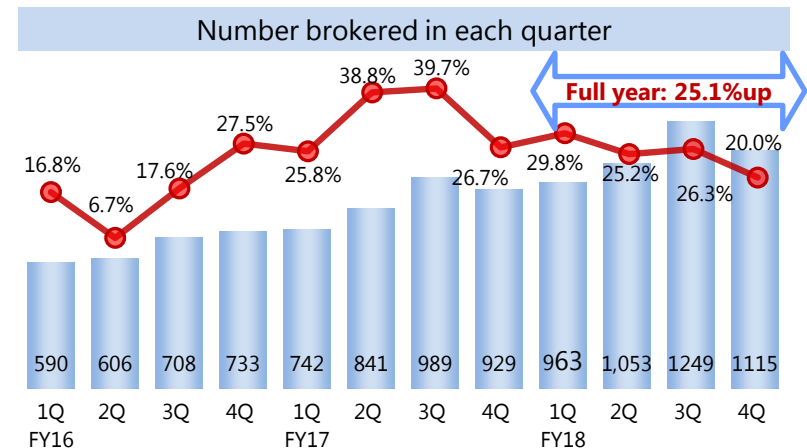


Changes in the average price for new condominiums in Tokyo's 23 wards and average price for our single-family homes (built-for-sale)



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

|                             | FY2017<br>16/10-17/9 | FY2018<br>17/10-18/9 | Inc.(Dec.) |
|-----------------------------|----------------------|----------------------|------------|
| Revenue (¥million)          | 187,949              | <b>218,540</b>       | 16.3%      |
| Gross profit (¥million)     | 34,257               | <b>39,338</b>        | 14.8%      |
| Gross profit margin         | 18.2%                | <b>18.0%</b>         | (0.2)pt    |
| Operating income (¥million) | 23,095               | <b>26,276</b>        | 13.8%      |
| Operating income margin     | 12.3%                | <b>12.0%</b>         | (0.3)pt    |



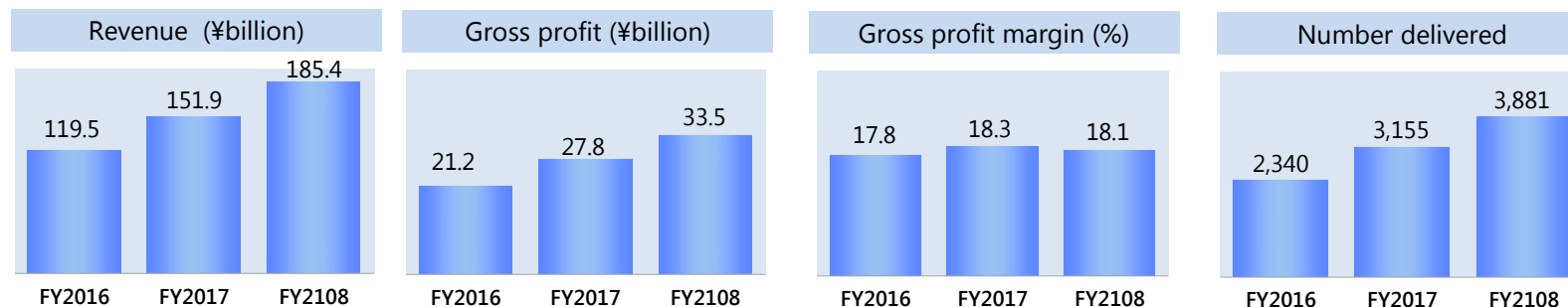
The above figures in the second quarter of FY2017 were restated on a new segment basis, in conjunction with the change in the reporting segment effective FY2018.





# Single-family homes related business (1. Open House Development)

- ☑ The single-family homes business based on actual demand steadily drove up business performance.
- ☑ The business continued to record year on year growth of more than 20% and the number of houses delivered exceeded 3,800 units.

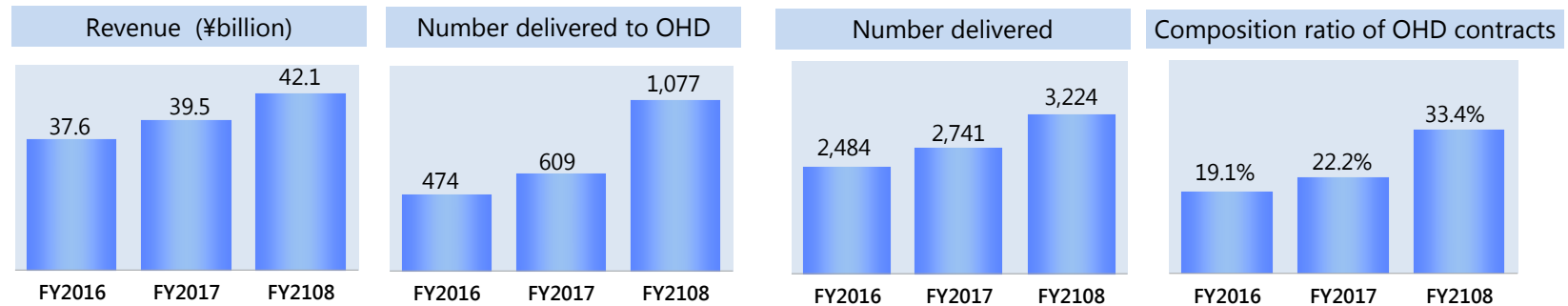


| By type of sale       |  | FY2016<br>15/10-16/9 | FY2017<br>16/10-17/9 | FY2018<br>17/10-18/9 | Inc. (Dec.) |
|-----------------------|--|----------------------|----------------------|----------------------|-------------|
| Built-for-sale houses | Revenue (¥million)                               | 55,655               | 65,912               | <b>70,222</b>        | 6.5%        |
|                       | Number delivered                                 | 1,243                | 1,489                | <b>1,627</b>         | 138         |
|                       | Unit Price                                       | 44.8                 | 44.3                 | <b>43.2</b>          | (1.1)       |
| Lands                 | Revenue (¥million)                               | 52,141               | 72,556               | <b>97,799</b>        | 34.8%       |
|                       | Number delivered                                 | 1,097                | 1,666                | <b>2,254</b>         | 588         |
|                       | Unit Price                                       | 47.5                 | 43.6                 | <b>43.4</b>          | (0.2)       |
| Built-to-order houses | Revenue (¥million)                               | 11,547               | 12,909               | <b>16,805</b>        | 30.2%       |
|                       | Number delivered                                 | 747                  | 884                  | <b>1,182</b>         | 298         |
|                       | Unit Price                                       | 15.5                 | 14.6                 | <b>14.2</b>          | (0.4)       |
| Others                | Revenue (¥million)                               | 218                  | 620                  | <b>577</b>           | (6.9)%      |
| Total                 | Revenue (¥million)                               | 119,563              | 151,998              | <b>185,411</b>       | 22.0%       |
|                       | Gross profit (¥million)                          | 21,232               | 27,873               | <b>33,586</b>        | 20.5%       |
|                       | Gross profit margin                              | 17.8%                | 18.3%                | <b>18.1%</b>         | (0.2)pt     |
|                       | Number delivered (built-for-sale houses + lands) | 2,340                | 3,155                | <b>3,881</b>         | 726         |



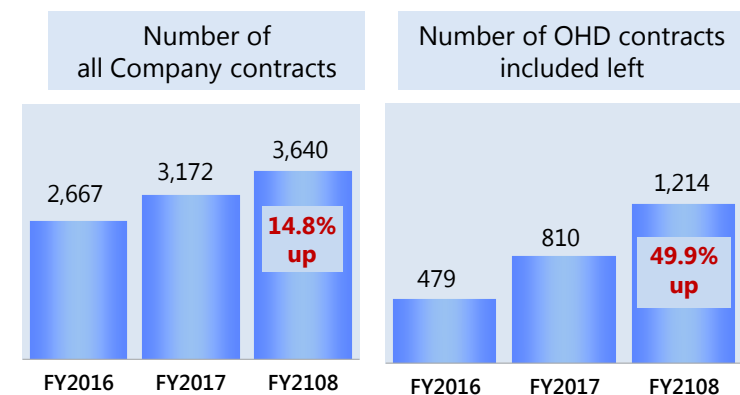
## Single-family homes related business (2. Construction work)

- ☑ The number of construction contracts for OHD increased, which contributed to the Group's single-family homes construction capacity.
- ☑ Gross profit margin declined as expected, due to an increase in the number of houses delivered under OHD contracts that do not incur operating expenses.



|                                | FY2016<br>15/10-16/9 | FY2017<br>16/10-17/9 | FY2018<br>17/10-18/9         | Inc.(Dec.) |
|--------------------------------|----------------------|----------------------|------------------------------|------------|
| Revenue (¥million)             | 37,625               | 39,154               | <b>42,130</b>                | 7.6%       |
| Gross profit (¥million)        | 5,368                | 5,150                | <b>4,687</b>                 | (9.0)%     |
| Gross profit margin            | 14.3%                | 13.2%                | <b>11.1%</b>                 | (2.0)pt    |
| Number delivered <sup>*1</sup> | 2,484<br>474         | 2,741<br>609         | <b>3,224</b><br><b>1,077</b> | 483<br>468 |

\*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

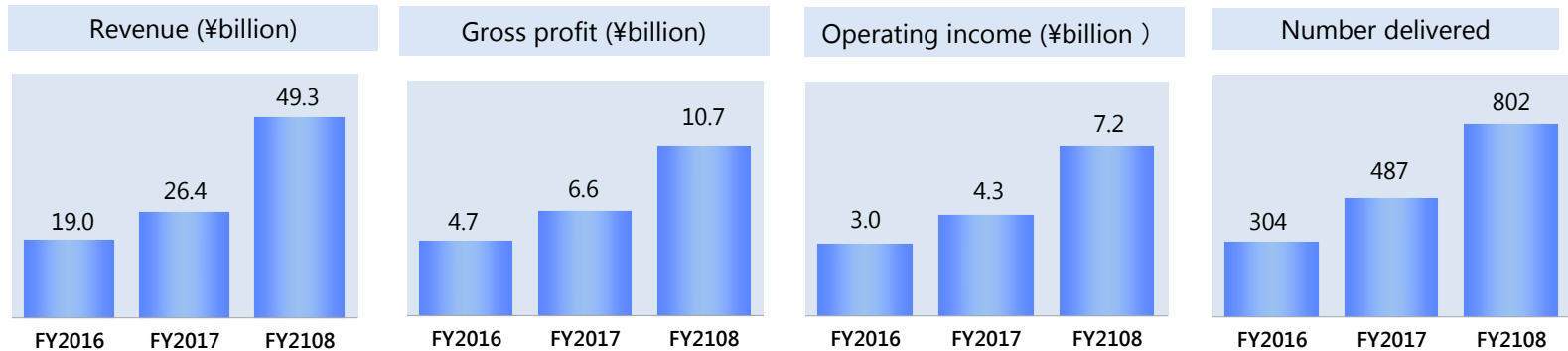


The above represents the number of contracts for construction orders received during the respective fiscal year.



# Condominiums Business

- ☑ Sales were strong for compact condominiums, targeting single- and two-person households whose occupants prefer living close to work.
- ☑ Two condominium properties which were completed ahead of schedule were included in the actual performance in the previous fiscal year, earlier than initially planned.



|                             | FY2016<br>15/10-16/9 | FY2017<br>16/10-17/9 | FY2018<br>17/10-18/9 | Inc.<br>(Dec.) |
|-----------------------------|----------------------|----------------------|----------------------|----------------|
| Revenue (¥million)          | 19,059               | 26,480               | <b>49,385</b>        | 86.5%          |
| Gross profit (¥million)     | 4,783                | 6,643                | <b>10,732</b>        | 61.5%          |
| Gross profit margin         | 25.1%                | 25.1%                | <b>21.7%</b>         | (3.4)pt        |
| Operating income (¥million) | 3,085                | 4,345                | <b>7,230</b>         | 66.4%          |
| Operating income margin     | 16.2%                | 16.4%                | <b>14.6%</b>         | (1.8)pt        |
| Number delivered            | 304                  | 487                  | <b>802</b>           | 315            |
| Unit price (¥million)       | 62.7                 | 54.4                 | <b>61.5</b>          | 7.1            |

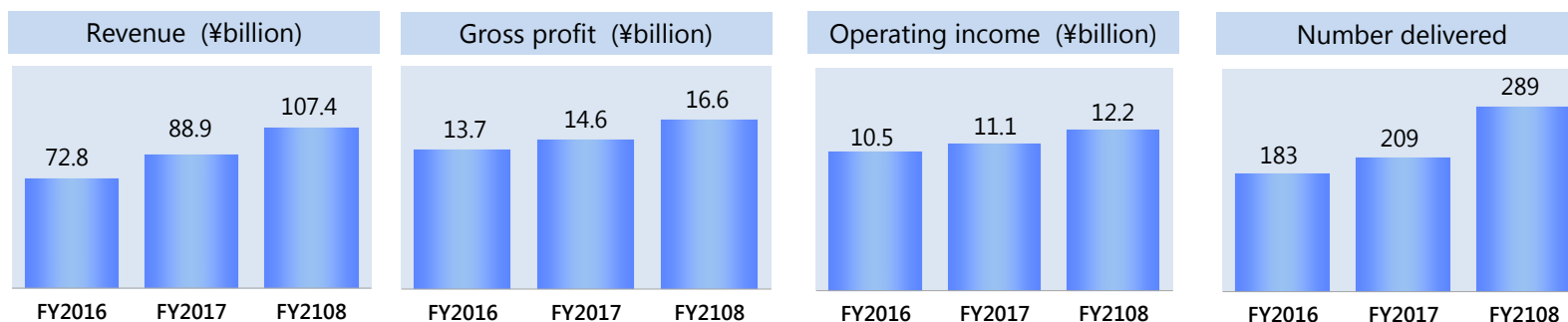
## — Major condominiums delivered in FY2018 —

| 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

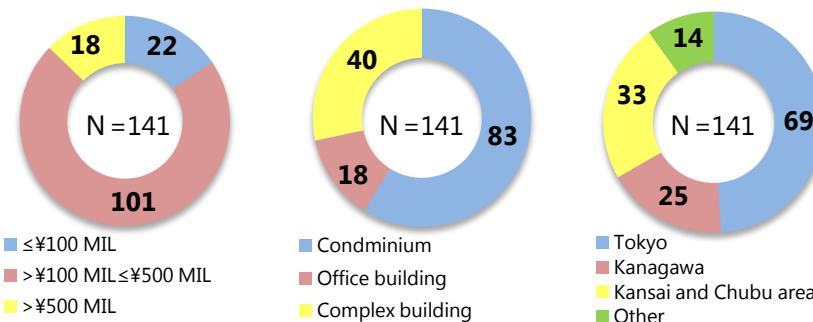
- ☑ The main customers of the property resales business are business corporations and the wealthy class of customers, and the impact of tightening loan standards for real estate investment is limited.
- ☑ Profits grew more than 10% year on year and operating income exceeded 10 billion yen for the third consecutive year.



|                             | FY2016<br>15/10-16/9 | FY2017<br>16/10-17/9 | FY2018<br>17/10-18/9 | Inc.<br>(Dec.) |
|-----------------------------|----------------------|----------------------|----------------------|----------------|
| Revenue (¥million)          | 72,801               | 88,976               | <b>107,430</b>       | 20.7%          |
| Gross profit (¥million)     | 13,725               | 14,660               | <b>16,633</b>        | 13.5%          |
| Gross profit margin         | 18.9%                | 16.5%                | <b>15.5%</b>         | (1.0)pt        |
| Operating income (¥million) | 10,583               | 11,122               | <b>12,272</b>        | 10.3%          |
| Operating income margin     | 14.5%                | 12.5%                | <b>11.4%</b>         | (1.1)pt        |
| Number delivered            | 183                  | 209                  | <b>289</b>           | 80             |
| Unit Price(¥million)        | 398                  | 426                  | <b>372</b>           | (54)           |

## Breakdown of properties owned (as of the end of September 2018)

By property size\*      By use      By location

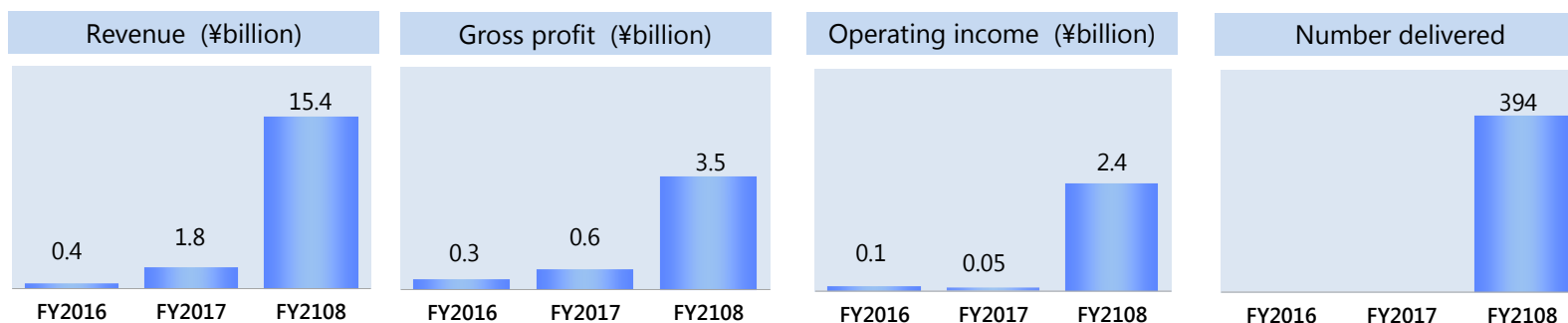


\* Based on book values at the end of September 2018.

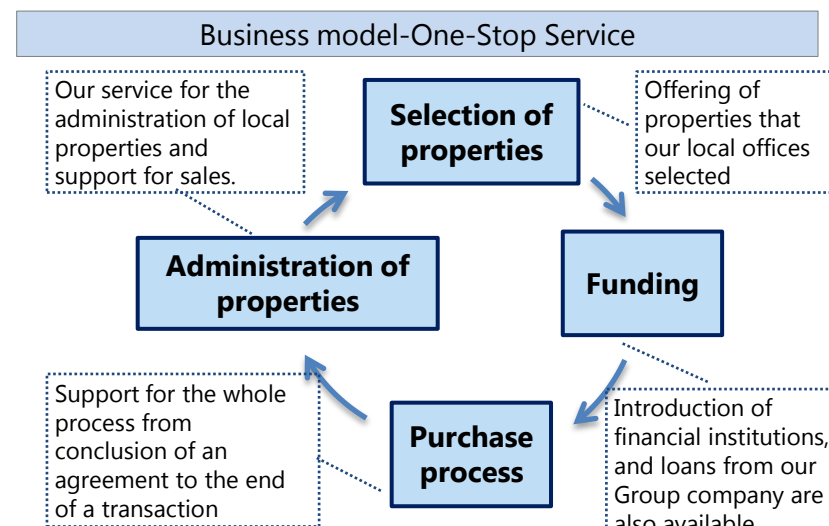


# Other Segment (U.S. Real Estate Business)

- ✓ Demand for purchasing U.S. properties is strong among the wealthy class of customers.
- ✓ Without competitors who provide a one-stop service, the business performance of the U.S. real estate business improved rapidly.



|                             | FY2016<br>15/10-16/9 | FY2017<br>16/10-17/9 | FY2018<br>17/10-18/9 | Inc.<br>(Dec.) |
|-----------------------------|----------------------|----------------------|----------------------|----------------|
| Revenue (¥million)          | 455                  | 1,825                | <b>15,409</b>        | 744.2%         |
| Gross profit (¥million)     | 351                  | 600                  | <b>3,530</b>         | 488.0%         |
| Gross profit margin         | 77.3%                | 32.9%                | <b>22.9%</b>         | (10)Pt         |
| Operating income (¥million) | 138                  | 54                   | <b>2,408</b>         | 2,354          |
| Operating income margin     | 30.5%                | 3.0%                 | <b>15.6%</b>         | 12.6pt         |
| Number delivered            | —                    | —                    | <b>394</b>           | —              |





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

(Million yen)

|                          | FY2017<br>2016/10-2017/9 |                 | FY2018<br>2017/10-2018/9 |                 | Inc.<br>(Dec.) |
|--------------------------|--------------------------|-----------------|--------------------------|-----------------|----------------|
|                          | Actual                   | % of<br>revenue | Actual                   | % of<br>revenue |                |
| <b>SG&amp;A expenses</b> | 18,501                   | 6.1%            | 22,946                   | 5.9%            | 4,445          |
| Personnel expenses       | 4,954                    | 1.6%            | 5,899                    | 1.5%            | 945            |
| Sales commissions        | 2,434                    | 0.8%            | 3,170                    | 0.8%            | 735            |
| Office expenses          | 2,417                    | 0.8%            | 2,766                    | 0.7%            | 348            |
| Advertising expenses     | 1,771                    | 0.6%            | 1,868                    | 0.5%            | 97             |
| Promotion expenses       | 803                      | 0.3%            | 1,270                    | 0.3%            | 467            |
| Others                   | 6,120                    | 2.0%            | 7,970                    | 2.0%            | 1,850          |

|                                   | FY2017<br>2016/10-2017/9 |                 | FY2018<br>2017/10-2018/9 |                 | Inc.<br>(Dec.) |
|-----------------------------------|--------------------------|-----------------|--------------------------|-----------------|----------------|
|                                   | Actual                   | % of<br>revenue | Actual                   | % of<br>revenue |                |
| <b>Non-operating<br/>income</b>   | 444                      | 0.1%            | 264                      | 0.1%            | (180)          |
| Foreign exchange gain             | 256                      | 0.1%            | —                        | —               | (256)          |
| Others                            | 188                      | 0.1%            | 264                      | 0.1%            | 75             |
| <b>Non-operating<br/>expenses</b> | 1,929                    | 0.6%            | 1,516                    | 0.4%            | (413)          |
| Interest expenses                 | 892                      | 0.3%            | 1,147                    | 0.3%            | 254            |
| Commission fee                    | 682                      | 0.2%            | 77                       | 0.0%            | (605)          |
| Foreign exchange loss             | —                        | —               | 86                       | 0.0%            | 86             |
| Other                             | 354                      | 0.1%            | 204                      | 0.1%            | (149)          |



# Consolidated Balance Sheet

(Million yen)

|                               | Sep 30,<br>2017 | Sep 30,<br>2018 | Inc.<br>(Dec.) |   | Sep 30,<br>2017 | Sep 30,<br>2018 | Inc.<br>(Dec.) |
|-------------------------------|-----------------|-----------------|----------------|---|-----------------|-----------------|----------------|
| <b>Current assets</b>         | 248,429         | <b>379,744</b>  | 131,314        | <b>Liabilities</b>                      | 173,357         | <b>280,150</b>  | 106,793        |
| Cash and deposits             | 90,910          | <b>119,053</b>  | 28,143         | Current liabilities                     | 82,613          | <b>182,668</b>  | 100,054        |
| Inventories                   | 144,894         | <b>233,272</b>  | 88,377         | Non-current liabilities                 | 90,743          | <b>97,482</b>   | 6,738          |
| Others                        | 12,625          | <b>27,418</b>   | 14,793         |   |                 |                 |                |
| <b>Non-current assets</b>     | 8,255           | <b>13,852</b>   | 5,596          | <b>Net Assets</b>                       | 83,379          | <b>113,486</b>  | 30,107         |
| Property, plant and equipment | 3,113           | <b>5,474</b>    | 2,361          | Shareholders' equity                    | 82,902          | <b>105,798</b>  | 22,895         |
| Intangible assets             | 1,299           | <b>3,515</b>    | 2,215          | Valuation and translation adjustments   | 407             | <b>7,688</b>    | 7,211          |
| Investments and other assets  | 3,841           | <b>4,861</b>    | 1,019          |   |                 |                 |                |
| <b>Deferred assets</b>        | 51              | <b>40</b>       | (10)           | <b>Total liabilities and net assets</b> | 256,736         | <b>393,637</b>  | 136,900        |
| <b>Total assets</b>           | 256,736         | <b>393,637</b>  | 136,900        |   |                 |                 |                |

Of which figures for Hawk One:

48,190

59,077

Of which figures for Hawk One:

36,021

20,000

Funds for M&amp;A

&lt;Safety index&gt;

|                                     | Sep 30,<br>2017 | Sep 30,<br>2018 | Inc.<br>(Dec.) |
|-------------------------------------|-----------------|-----------------|----------------|
| Net debt / equity ratio*<br>(times) | 0.6             | <b>1.0</b>      | 0.3            |

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

\*\* Net equity ratio: Equity capital / (Total assets – Loans payable + Cash and deposits)

|                    | Sep 30,<br>2017 | Sep 30,<br>2018 | Inc.<br>(Dec.) |
|--------------------|-----------------|-----------------|----------------|
| Equity ratio       | 32.3%           | <b>27.0%</b>    | (5.3)%         |
| Net equity ratio** | 40.3%           | <b>37.3%</b>    | (3.0)%         |

(For reference) Figures that reflect the share exchange executed on October 1, 2018

|                    |              |        |
|--------------------|--------------|--------|
| Equity ratio       | <b>28.8%</b> | (3.5)% |
| Net equity ratio** | <b>39.8%</b> | (0.5)% |

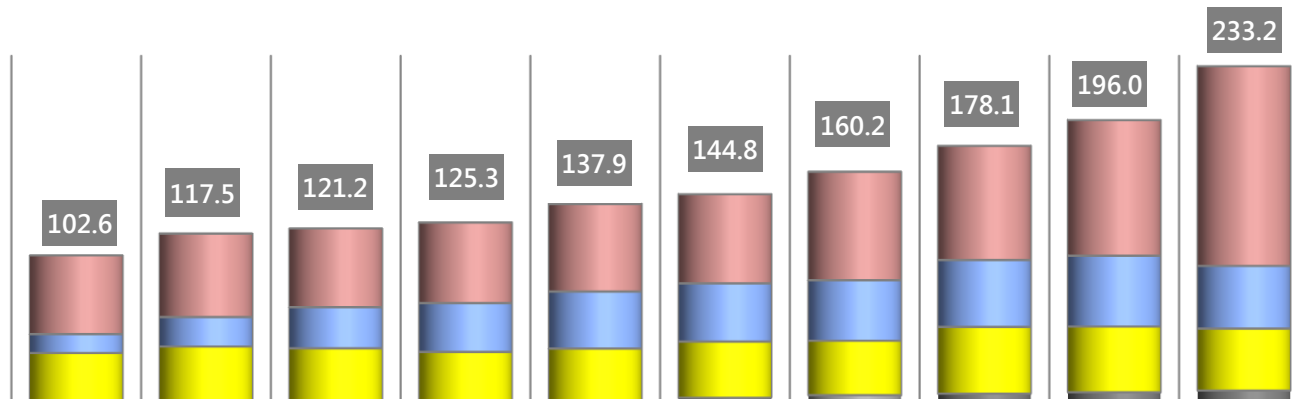


# Inventory Details

(Million yen)

|                             | End of FY2015<br>(Sep 30, 2015) | End of FY2016<br>(Sep 30, 2016) | End of FY2017<br>(Sep 30, 2017) | End of FY2018<br>(Sep 30, 2018) | (Ratio)       | Inc. (Dec.)   |
|-----------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------|---------------|
| Single-family homes related | 54,497                          | 57,633                          | 61,667                          | <b>137,991</b>                  | 59.2%         | 76,323        |
| Condominiums                | 13,101                          | 20,422                          | 40,291                          | <b>43,322</b>                   | 18.6%         | 3,031         |
| Property resales            | 34,586                          | 38,838                          | 38,871                          | <b>42,873</b>                   | 18.4%         | 4,002         |
| Others                      | 428                             | 651                             | 4,064                           | <b>9,084</b>                    | 3.9%          | 5,019         |
| <b>Total</b>                | <b>102,614</b>                  | <b>117,546</b>                  | <b>144,894</b>                  | <b>233,272</b>                  | <b>100.0%</b> | <b>88,377</b> |

Of which figures for Hawk One:  
**46,077**



| (Billion yen)               | FY15 4Q | FY16 4Q | FY17 1Q | FY17 2Q | FY17 3Q | FY17 4Q | FY18 1Q | FY18 2Q | FY18 3Q | FY18 4Q |
|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Single-family homes related | 54.4    | 57.6    | 54.4    | 55.7    | 60.4    | 61.6    | 74.9    | 78.9    | 93.7    | 137.9   |
| Condominiums                | 13.1    | 20.4    | 28.4    | 33.7    | 39.4    | 40.2    | 41.8    | 46.2    | 48.9    | 43.3    |
| Property resales            | 34.5    | 38.8    | 37.4    | 34.8    | 37.1    | 38.8    | 37.6    | 46.1    | 45.4    | 42.8    |
| Others                      | 0.4     | 0.6     | 0.8     | 0.9     | 0.9     | 4.0     | 5.8     | 6.8     | 7.8     | 9.0     |

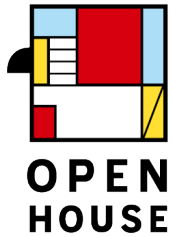




# Consolidated Statement of Cash Flows

(Million yen)

|  | FY2017<br><2016/10-2017/9> | FY2018<br><2017/10-2018/9> | Major factors  |
|--|----------------------------|----------------------------|--|
| Cash flows from operating activities                         | (799)                      | <b>(10,017)</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                         | (1,337)                    | <b>(12,582)</b>            | <ul style="list-style-type: none"> <li>- Acquisition of shares of Hawk One, etc.</li> </ul>  |
| Cash flows from financing activities                         | 25,181                     | <b>50,696</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 | 356                        | <b>(27)</b>                |  |
| Net increase (decrease) in cash and cash equivalents         | 23,401                     | <b>28,068</b>              |  |
| Cash and cash equivalents at beginning of period             | 67,508                     | <b>90,910</b>              |  |
| Cash and cash equivalents at end of period                   | 90,910                     | <b>118,978</b>             |  |



# **Consolidated Business Performance Forecasts for FY2019**



# Business Performance Forecasts

- ☑ The Company aims to achieve record highs in revenue and income for seven consecutive fiscal years.
- ☑ The Company aims to become one with revenue of 500 billion yen with a business portfolio based mainly on actual demand.

(Million yen)

|   | FY2017<br>(2016/10-2017/9) | FY2018<br>(2017/10-2018/9) |             | FY2019<br>(2018/10-2019/9) |             |
|---|----------------------------|----------------------------|-------------|----------------------------|-------------|
|   | Actual                     | Actual                     | Inc. (Dec.) | Forecast                   | Inc. (Dec.) |
| Revenue                                 | 304,651                    | 390,735                    | 28.3%       | <b>510,000</b>             | 30.5%       |
| Operating income                        | 37,617                     | 47,304                     | 25.8%       | <b>54,000</b>              | 14.2%       |
| Ordinary income                         | 36,131                     | 46,052                     | 27.5%       | <b>51,500</b>              | 11.8%       |
| Profit attributable to owners of parent | 24,797                     | 31,806                     | 28.3%       | <b>37,000</b>              | 16.3%       |
| EPS (yen)                               | 443.41                     | 570.17                     | —           | <b>653.30</b>              | —           |
| Annual dividends per share (yen)        | 65.00                      | 98.00                      | 33.00       | <b>121.00</b>              | 23.00       |
| Payout ratio                            | 14.7%                      | 17.2%                      | —           | <b>18.5%</b>               | —           |



## Consolidated Business Performance Forecasts (Revenue by Business Segment)

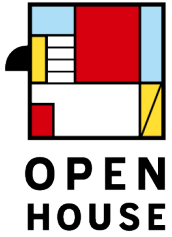
- ☑ With the addition of Hawk One, more than 7,000 single-family homes will be delivered by the Group as a whole.
- ☑ The forecast incorporates further growth in the U.S. real estate business.

(Million yen)

|   | FY2017<br>(2016/10-2017/9) | FY2018<br>(2017/10-2018/9) |             | FY2019<br>(2018/10-2019/9) |             |
|---|----------------------------|----------------------------|-------------|----------------------------|-------------|
|   | Actual                     | Actual                     | Inc. (Dec.) | Forecast                   | Inc. (Dec.) |
| <b>Revenue</b>                                      | 304,651                    | 390,735                    | 28.3%       | <b>510,000</b>             | 30.5%       |
| <b>Single-family homes related business*</b>        | 187,949                    | 218,540                    | 16.3%       | <b>340,000</b>             | 55.6%       |
| <b>Condominiums</b>                                 | 26,480                     | 49,385                     | 86.5%       | <b>57,000</b>              | 15.4%       |
| <b>Property resales</b>                             | 88,976                     | 107,430                    | 20.7%       | <b>87,000</b>              | (19.0)%     |
| <b>Others (including U.S. real estate business)</b> | 1,825                      | 15,409                     | 744.2%      | <b>26,000</b>              | 68.7%       |
| <b>Adjustments</b>                                  | (580)                      | <b>(31)</b>                | —           | <b>0</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.

\*Hawk One will be consolidated from FY 2019 as a new subsidiary.



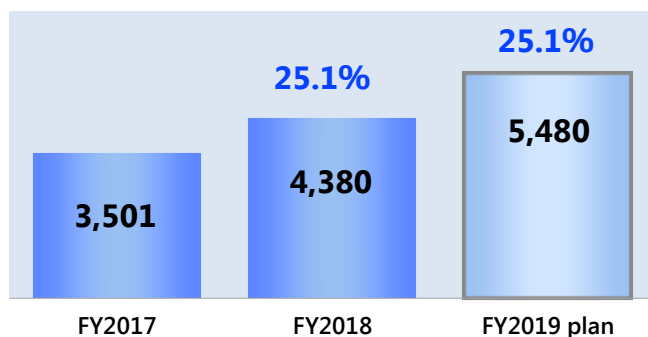
## Current Initiatives



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

- ☑ FY2018: We opened seven sales centers (Urawa, Tsurumi, Urawachuo, Motosumiyoshi, Gokiso, Shinkoiwa, Shin-Kawasaki)
- ☑ For the period of October–November 2018: We opened four sales centers (Musashiurawa, Kawaguchi, Kanayama, Noborito), a total of 36 sales centers are in operation.

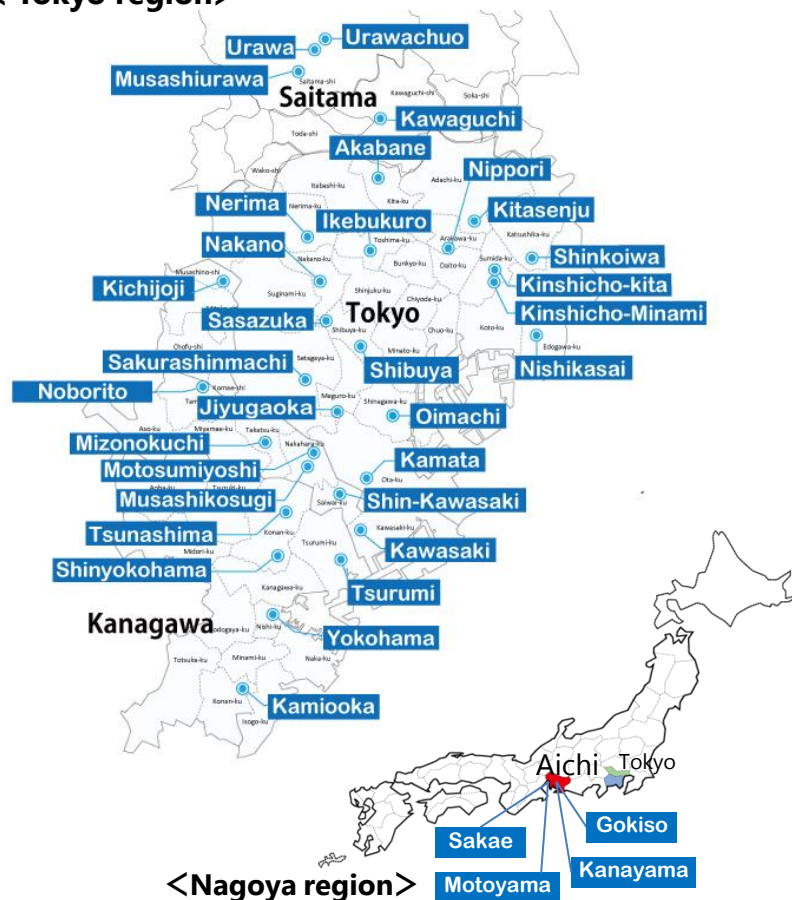
## No. of brokerage transactions and YOY%



## No. of sales centers of each area

|                        | FY2016<br>15/10-16/9 | FY2017<br>16/10-17/9 | FY2018<br>17/10-18/9 | As of<br>2018.11.14 |
|------------------------|----------------------|----------------------|----------------------|---------------------|
| Tokyo                  | 13                   | 16                   | 17                   | <b>17</b>           |
| Kanagawa<br>Prefecture | 5                    | 7                    | 10                   | <b>11</b>           |
| Aichi<br>Prefecture    | —                    | 2                    | 3                    | <b>4</b>            |
| Saitama<br>Prefecture  | —                    | —                    | 2                    | <b>4</b>            |
| <b>Total</b>           | <b>18</b>            | <b>25</b>            | <b>32</b>            | <b>36</b>           |

## < Tokyo region >

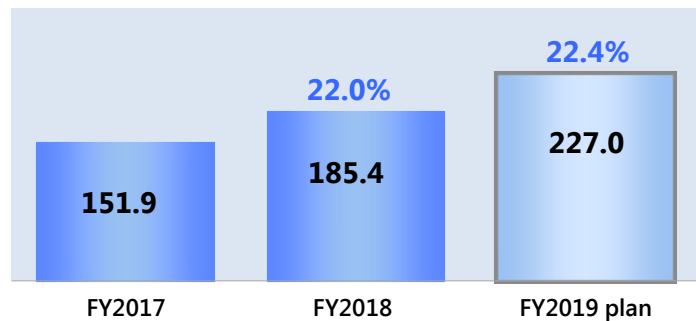




# Single-Family Homes Related Business (2. OHD)

- ☑ In urban centers, the number of households is expected to continue increasing, and demand to purchase homes is projected to increase.
- ☑ We will endeavor to boost our market share also in new operating areas by adopting the dominant strategy.

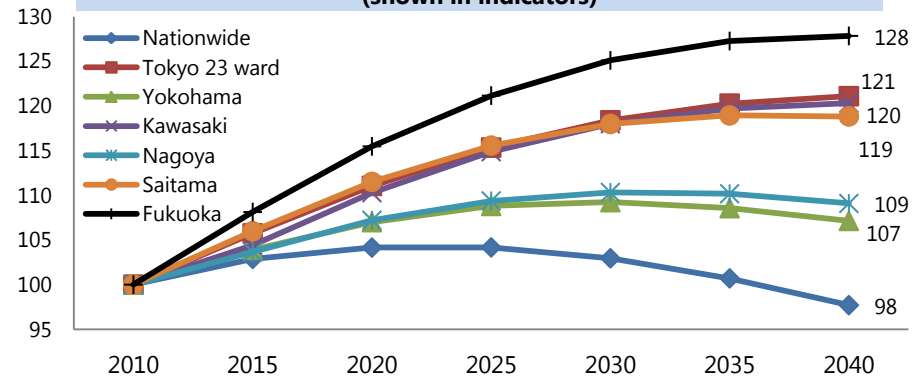
Trends in revenue and YOY%  
(¥billion)



Number delivered by type of sale

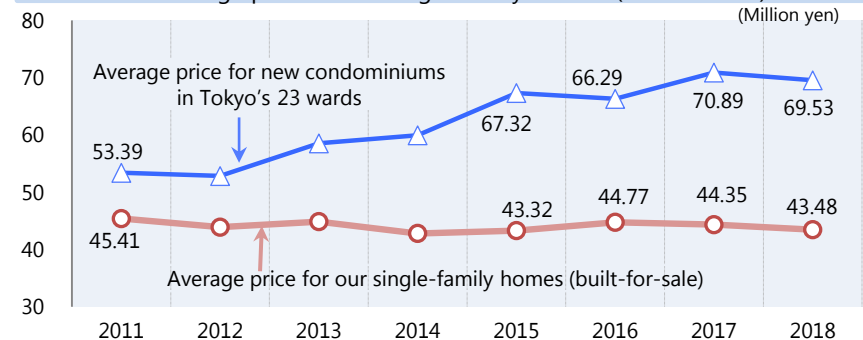
| By type of sale               | FY2017 Actual | FY2018 Actual | FY2019 plan  | Inc (Dec) |
|-------------------------------|---------------|---------------|--------------|-----------|
| Built-for-sale houses         | 1,489         | <b>1,627</b>  | <b>2,200</b> | 573       |
| Lands                         | 1,666         | <b>2,254</b>  | <b>2,800</b> | 546       |
| Built-to-order houses         | 884           | <b>1,182</b>  | <b>1,400</b> | 218       |
| Built-for-sale houses + lands | 3,155         | <b>3,881</b>  | <b>5,000</b> | 1,119     |

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 2018 are for the January - September period.

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

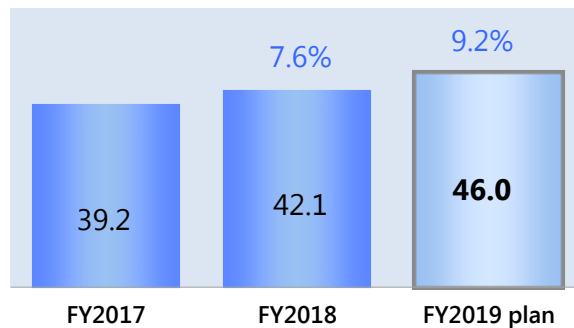


# Single-Family Homes Related Business

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

- ☑ We aim to increase the number of houses delivered under construction contracts for both external customers and the Group companies.
- ☑ We will work to increase the ratio of OHD contracts year by year to contribute to the expansion of the Group's total revenue.

Trends in revenue and YOY%  
(¥billion)



Nagoya Show Room of Open House Architect

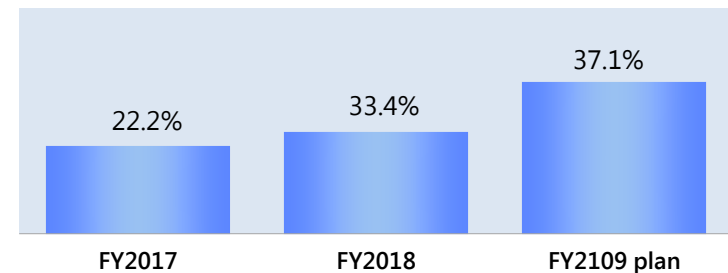
Location: Tokugawa, Higashi-ku, Nagoya City (Nagoya Sales Center)



Number delivered \*1

|                                 | FY2017<br>Actual | FY2018<br>Actual | FY2019<br>plan | Inc<br>(Dec) |
|---------------------------------|------------------|------------------|----------------|--------------|
| Total contracts (1)             | 2,741            | 3,224            | 3,500          | 276          |
| OHD contracts<br>included above | 609              | 1,077            | 1,300          | 223          |

Ratio of number delivered to OHD



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

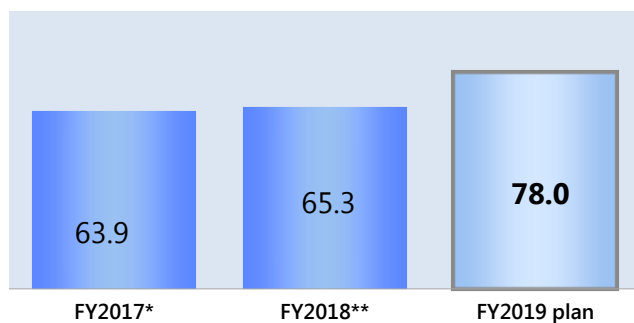




# Single-Family Homes Related Business(4. Hawk One)

- ☑ The Company converted Hawk One Corporation into a wholly-owned subsidiary on October 1, 2018.
- ☑ Hawk One is expected to contribute to the growth of the single-family homes related business as a company operating in one of the sub-segments

## Trends in revenue (¥billion)



\* Figures for FY2017 and FY2018 are reference values before consolidation into the Group.

\*\* Figures for FY2018 are based on 11 months' results (from Nov. 2017 to Sep. 2018).

## Number delivered

|   | FY2017 Actual | FY2018 Actual | FY2019 plan | Inc (Dec) |
|---|---------------|---------------|-------------|-----------|
| Built-for-sale houses + Built-to-order houses | 1,707         | 1,734         | 2,100       | -         |

## Outline of share acquisition and share exchange

### Acquisition cost:

**Approx. 27.3 billion yen (shareholding ratio acquired: 100%)**  
**(Cash of approx. 20 bn yen + Simplified share exchange worth 7.3 bn yen) ← Entirely financed by loan.**

### Events:

#### July 31:

**Shares acquired. Share exchange agreement concluded.**

#### October 1:

**Conversion into a wholly-owned subsidiary (date of share exchange becoming effective)**

### Goodwill:

**Balance as of September 30, 2018 is 2,304 million yen.**  
**Amortized on a straight-line basis over a 10-year period**





# Single-Family Homes Related Business (4. Hawk One) 2

- ☑ The conversion to a subsidiary will bring significant advantages to both the Company and HAWK ONE.
- ☑ The Company has operation bases centered on urban areas, while HAWK ONE has those centered on quasi-urban areas, and they can complement each other.

## Purposes

### 1. Expanding share in the Tokyo metropolitan district and the Nagoya region

Companies can complement each other in regard to areas and price ranges.

- HAWK ONE: Quasi-urban areas; average price: ¥38 million
- OHD: Urban areas; average price: ¥44 million

### 2. Strengthening construction performance by leveraging advantage of scale

Group-wide supply of single-family homes would amount to 7,900 homes per year.

- HAWK ONE: 2,100 homes
- OHD,OHA: 5,800 homes

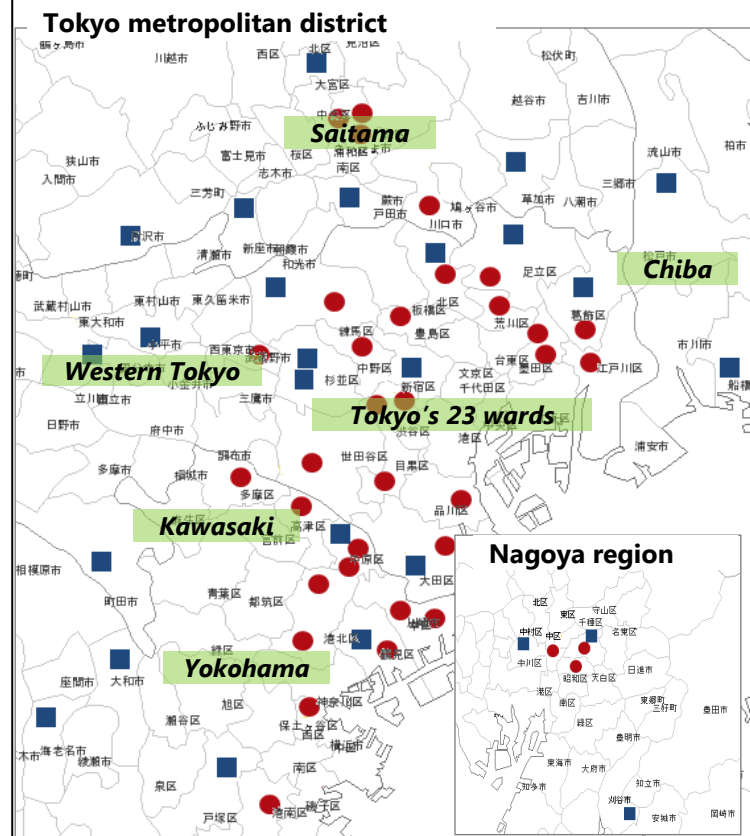
### 3. Improving management efficiency by leveraging the brokerage function

Sales of HAWK ONE properties through the Company's brokerage

- HAWK ONE: Sales of homes through local brokers
- OPEN HOUSE: Proactive sales of Hawk One properties

## Sales Centers

- OPEN HOUSE 36
- HAWK ONE 27

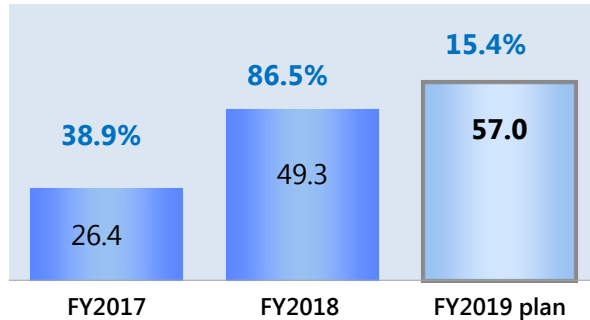




# Condominiums Business

- ☑ Demand will remain strong for condominiums in convenient locations with ease of access.
- ☑ In FY2019, condominium in Nagoya will be completed and delivery will start in earnest.

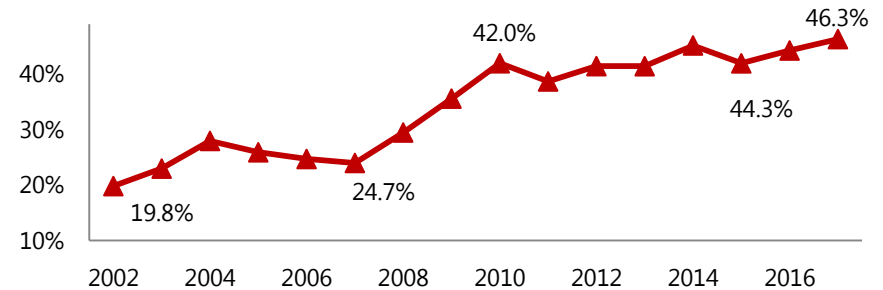
Trends in revenue and YOY%  
(¥billion)



Number delivered

|                  | FY2017 Actual | FY2018 Actual | FY2019 plan | Inc(Dec) |
|------------------|---------------|---------------|-------------|----------|
| Number delivered | 487           | 802           | <b>900</b>  | 98       |
| (Breakdown)      |               | Tokyo         | <b>682</b>  |          |
|                  |               | Nagoya        | <b>218</b>  |          |

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.

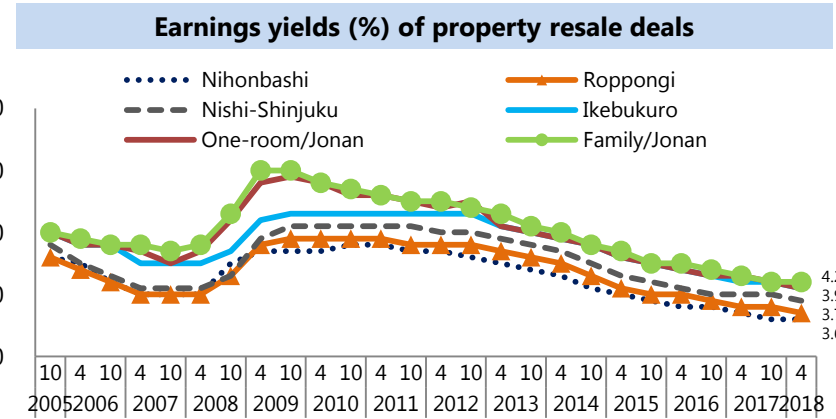
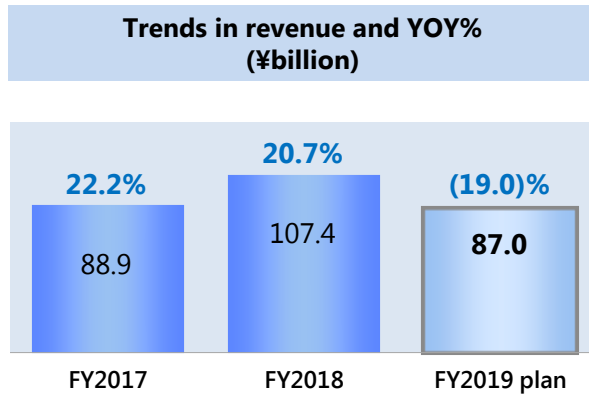
Major condominiums to be delivered in FY 2019

| Name                                    | Units | Average price |
|---|-------|---------------|
| Open Residencia Daikanyama The House    | 22    | ¥90million    |
| Open Residencia Yoyogiuehara Hills      | 24    | ¥80million    |
| Open Residencia Aoi                     | 32    | ¥40million    |
| Open Residencia Sakura-dori Toyomae-cho | 22    | ¥30million    |



# Property Resale Business

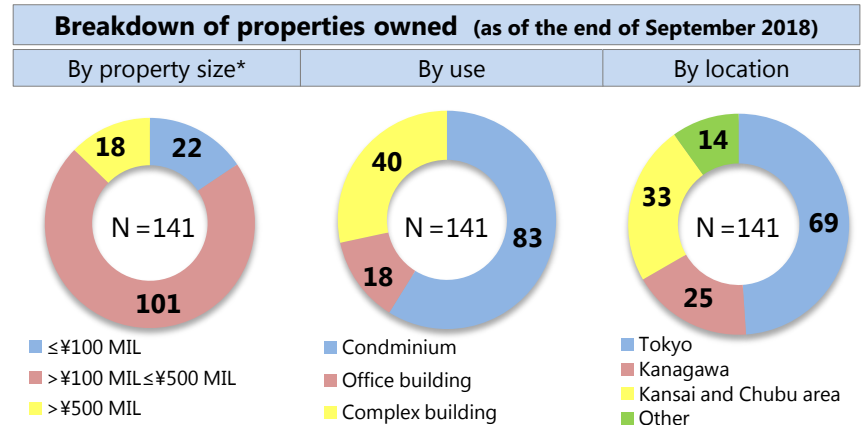
- ☑ Demand for purchasing properties for resale is high on the back of continued BOJ's monetary easing policies.
- ☑ Projections are conservative although the impact of financial institutions' tightening of loan standards for real estate investment will be limited.



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

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

|                               | FY2017 Actual | FY2018 Actual | FY2019 plan | Inc. (Dec.) |
|-------------------------------|---------------|---------------|-------------|-------------|
| <b>Total Property resales</b> | 88.9          | 107.4         | 87.0        | (20.4)      |
| <b>Gain on sale</b>           | 86.8          | 105.0         | 84.6        | (20.4)      |
| +                             |               |               |             |             |
| <b>Rental earnings</b>        | 2.1           | 2.4           | 2.4         | 0.0         |



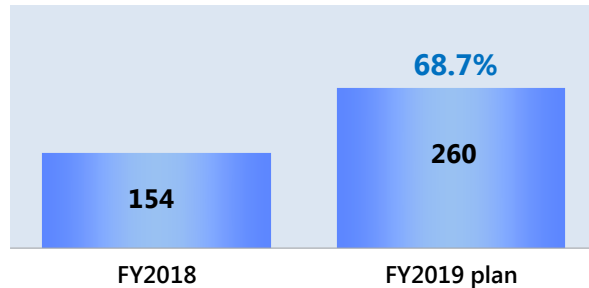
\* Based on book values at the end of September 2018.



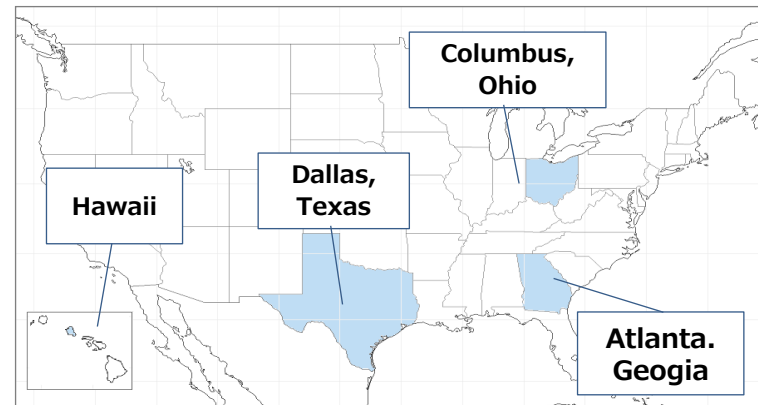
# U.S. Real Estate Business (Other Segment)

- ☑ Open House will establish its dominant position as No.1 in the field of U.S. properties investment targeting the wealthy class of customers.
- ☑ The Company will establish new sales centers in Hawaii and Atlanta, etc. to meet investors' needs for asset diversification.

Trends in revenue and YOY%  
(¥billion)



Expansion of service areas



Example of portfolio property



- Location: Texas, U.S.
- Price: ¥40 million (US\$365,000) (assumed exchange rate of ¥110 to the dollar)
- Construction period: 1986
- Total floor area: 234m<sup>2</sup> (2,524sqft)
- Site area: 650m<sup>2</sup> (7,003sqft)

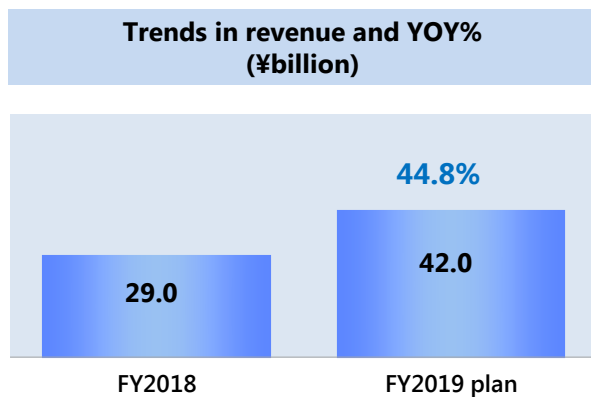
Number of sales

|                  | FY2018 Actual          | FY2019 plan | Inc(Dec) |
|------------------|------------------------|-------------|----------|
| Number delivered | 394                    | <b>700</b>  | 306      |
| Average price    | Approx. 33 million yen | —           | —        |



# Business Development in the Nagoya Region

- ☑ The business scale in the Nagoya Region has expanded rapidly since the establishment of Sakae Sales Center in October 2016.
- ☑ In FY2019, condominiums will be completed and delivery will start.



**Number of sales**

|  | FY2018 Actual | FY2019 plan | Inc(Dec) |
|--|---------------|-------------|----------|
| Single-family homes<br>Built-for-sale houses & Lands | 317           | <b>500</b>  | 183      |
| Condominiums   | –             | <b>218</b>  | –        |
| Property resales                                     | 40            | <b>40</b>   | 0        |

## Kanayama Sales Center

### *Started sales of the sixth condominium in the Nagoya Region*

Address:

Kanayama, Naka-ku, Nagoya

Access:

2-minute walk from Kanayama Station  
on the Meijo Line (subways).



## Open Residencia Sakura-dori Toyomae-cho

### *Started sales of the sixth condominium in the Nagoya Region*

Address: 5-chome, Sakae, Naka-ku, Nagoya

Access: 4-minute walk from Yabacho Station on  
the Meijo Line (subway)

Structure and size:

Reinforced concrete building with 11 stories  
above ground

Total no. of units: 20

Delivery schedule: September 2019

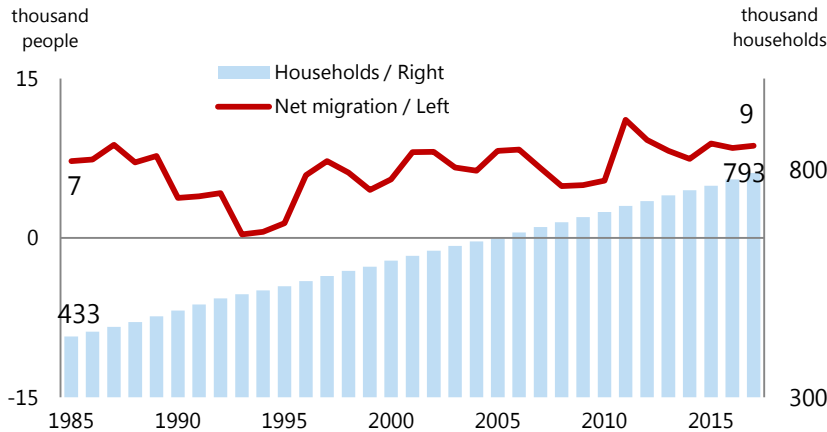




# Business development to be launched in the Fukuoka region

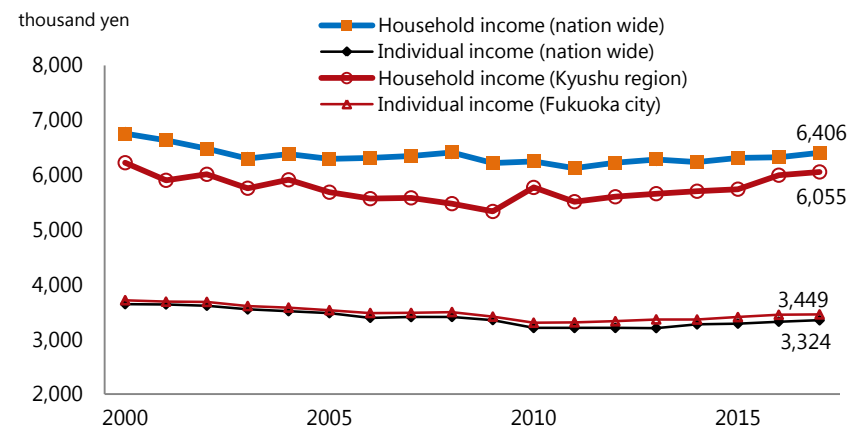
- ☑ Business activities in the Fukuoka region, where there is potential for continued high growth, are planned to be implemented in FY 2019.
- ☑ Same as in the Nagoya region, business portfolios are single-family homes, condominiums, and property resales.

No. of households and net migration in Fukuoka City



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

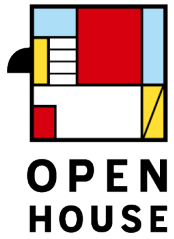
Household income and individual income of residents of Fukuoka City



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

## <Reference> Social structure of Fukuoka City (in comparison with other ordinance-designated cities)

| Ranking   | Population growth rate (2010-2015)<br>(thousand people) |             | Population<br>(thousand people)             |              | Proportion of people in 20-30 age<br>group (20-30 age group to all age groups) |              | Ranking of potential-growth cities<br>(general evaluation) |
|-----------|---|-------------|---|--------------|--|--------------|--|
|           | City  | Rate        | City  | Population   | City   | Rate         |  |
| 1         | <b>Fukuoka</b>  | <b>5.1%</b> | Yokohama                                    | 3,725        | Tokyo Ku-area  | 28.2%        | Tokyo Ku-area  |
| 2         | Tokyo Ku-area   | 3.7%        | Osaka                                       | 2,691        | Kawasaki   | 28.0%        | <b>Fukuoka</b>   |
| 3         | Kawasaki  | 3.5%        | Nagoya                                      | 2,296        | <b>Fukuoka</b>   | <b>26.9%</b> | Kyoto  |
| 4         | Sendai  | 3.5%        | Sapporo                                     | 1,952        | Osaka  | 25.6%        | Osaka  |
| 5         | Saitama   | 3.4%        | <b>Fukuoka</b>                              | <b>1,539</b> | Sendai   | 24.9%        | Kagoshima *Not an ordinance-designated city                |
| Reference | Whole nation  | △0.8%       | Tokyo Ku-area                               | 9,273        | Average  | 22.0%        | Fukuoka city is ranked first<br>in the Potential Group     |
| Source    | 2010-2015 Population Census<br>Statistics Bureau        |             | 2015 Population Census<br>Statistics Bureau |              | 2015 Population Census<br>Statistics Bureau                                    |              | 2017 Potential-growth cities<br>Nomura Research Institute  |

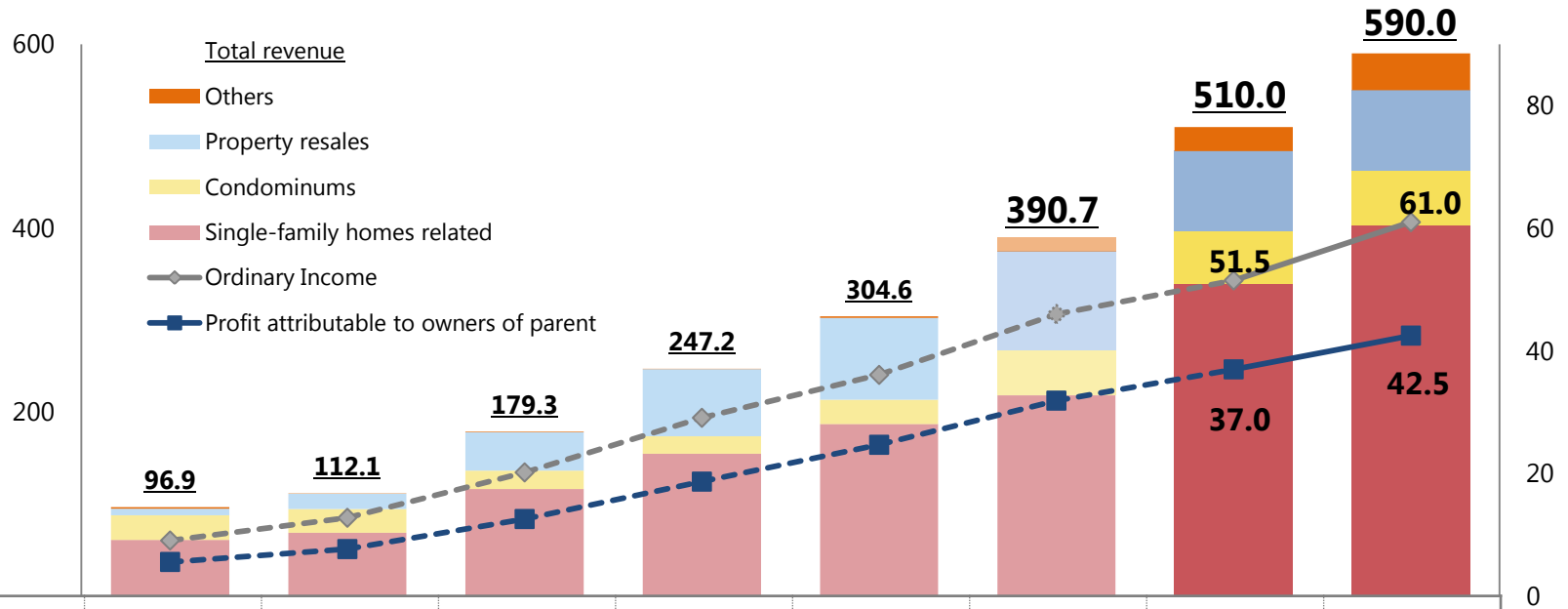


# Mid-Term Business Plan





# Mid-Term Business Plan : Hop Step 5000 Updated



| (¥ billion)                             | FY2013      | FY2014       | FY2015       | FY2016       | FY2017       | FY2018       | FY2019 forecast | FY2020 plan  |
|---|-------------|--------------|--------------|--------------|--------------|--------------|-----------------|--------------|
| Single-family homes related             | 61.1        | 69.2         | 116.7        | 155.0        | 187.3        | 218.5        | 340.0           | 403.0        |
| Condominiums                            | 27.1        | 25.7         | 20.0         | 19.0         | 26.4         | 49.3         | 57.0            | 60.0         |
| Property resales                        | 6.9         | 16.5         | 41.7         | 72.8         | 88.9         | 107.4        | 87.0            | 87.0         |
| Others                                  | 1.7         | 0.6          | 0.7          | 0.4          | 1.8          | 15.4         | 26.0            | 40.0         |
| <b>Total revenue</b>                    | <b>96.9</b> | <b>112.1</b> | <b>179.3</b> | <b>247.2</b> | <b>304.6</b> | <b>390.7</b> | <b>510.0</b>    | <b>590.0</b> |
| Ordinary income                         | 9.1         | 12.8         | 20.2         | 29.1         | 36.1         | 46.0         | 51.5            | 61.0         |
| Profit attributable to owners of parent | 5.6         | 7.7          | 12.6         | 18.7         | 24.7         | 31.9         | 37.0            | 42.5         |

2013.9-2017.9  
Revenue  
CAGR:33.1%

2017.9-2020.9  
Revenue  
CAGR:24.6%



# 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) ⇒ ① **Expanded the business area to Fukuoka Prefecture**
- **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 **Expanded market share through acquisition of Hawk One**

### (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) ⇒ ③ **Driven by robust business in the Nagoya area**
- **Sustainable growth of property resales business** (Retention of customers, development of new property portfolios, etc.) ⇒ ④ **Implement a cautious management approach under conservative plans**
- **New business development** (Full-fledged operation of the U.S. property investment services for the wealthy class of customers, M&A enhancement, etc.) ⇒ ⑤ **Expansion of the U.S. real estate business**

### (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) ⇒ ⑥ **Planning to hire 300 new graduates in April 2019**
- **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

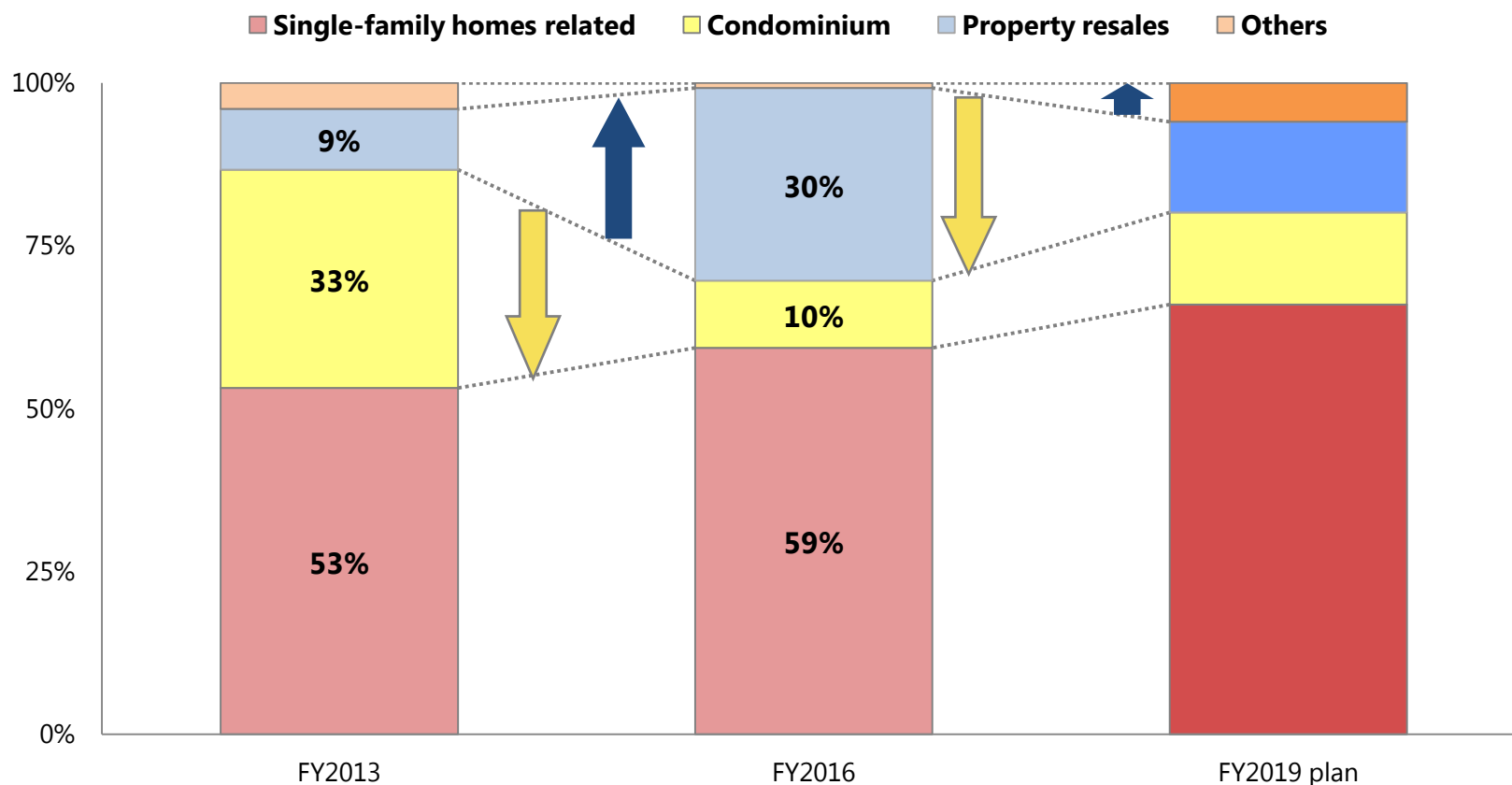
- **Maintenance of high capital efficiency** (Targeting the level of 30% ROE)
- **Maintenance of sound financial strength to assure financial safety** (Maintaining the capital adequacy ratio at or above 30%)
- **Strengthening of shareholders return** (Gradual increase in the dividend payout ratio, targeting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



# Portfolio Management

- ☑ Build an optimal business portfolio by making adjustments, where necessary, based on changes in the external environment.
- ☑ Aim to maximize corporate value of the Open House Group as a whole, with the single-family homes related business as the Company's mainstay.

## Breakdown of Gross Profit by Business

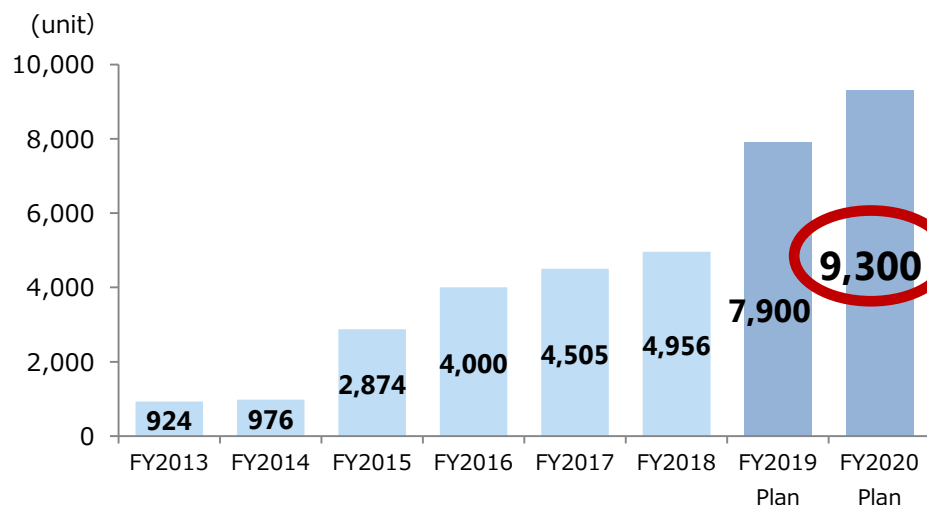




# Position of the Single-Family Homes Related Business

- ☑ The Open House Group's presence in the housing industry improved with the increase in the number of single-family homes delivered.
- ☑ Cumulative total number of single-family homes sold by the Open House Group has exceeded 60,000 units mainly in Tokyo metropolitan area.

## Number of single-family homes delivered



Note: Calculated by totaling the results and projections of single-family homes delivered by Open House Development, Open House Architect and Hawk One (after offsetting internal transactions and excluding the results before conversion to consolidated subsidiaries)

**Cumulative total number of single-family homes sold by the Open House Group: Approx. 60,000 units**

**Our housing stocks are mainly in the Tokyo metropolitan area where the number of households is expected to increase.**

Note: Calculated by totaling the results of single-family homes sold by Open House Development, Open House Architect and Hawk One (after offsetting internal transactions and including the results before conversion to consolidated subsidiaries)

## Ranking of single-family home sales

| Rank | Company name | No. of sales | Ratio |
|------|--------------|--------------|-------|
| 1    | Company IG   | 44,763       | 10.6% |
| 2    | Company SH   | 13,294       | 3.1%  |
| 3    | Company IK   | 12,492       | 3.0%  |
| 4    | Company SK   | 9,880        | 2.3%  |
| 5    | Company A    | 9,792        | 2.3%  |
| 6    | Company D    | 9,227        | 2.2%  |
| 7    | Company T    | 8,310        | 2.0%  |
| 8    | Company SR   | 7,864        | 1.9%  |
| 9    | Company M    | 6,885        | 1.6%  |
| 10   | Company P    | 5,747        | 1.4%  |

Number of housing starts : 422,472

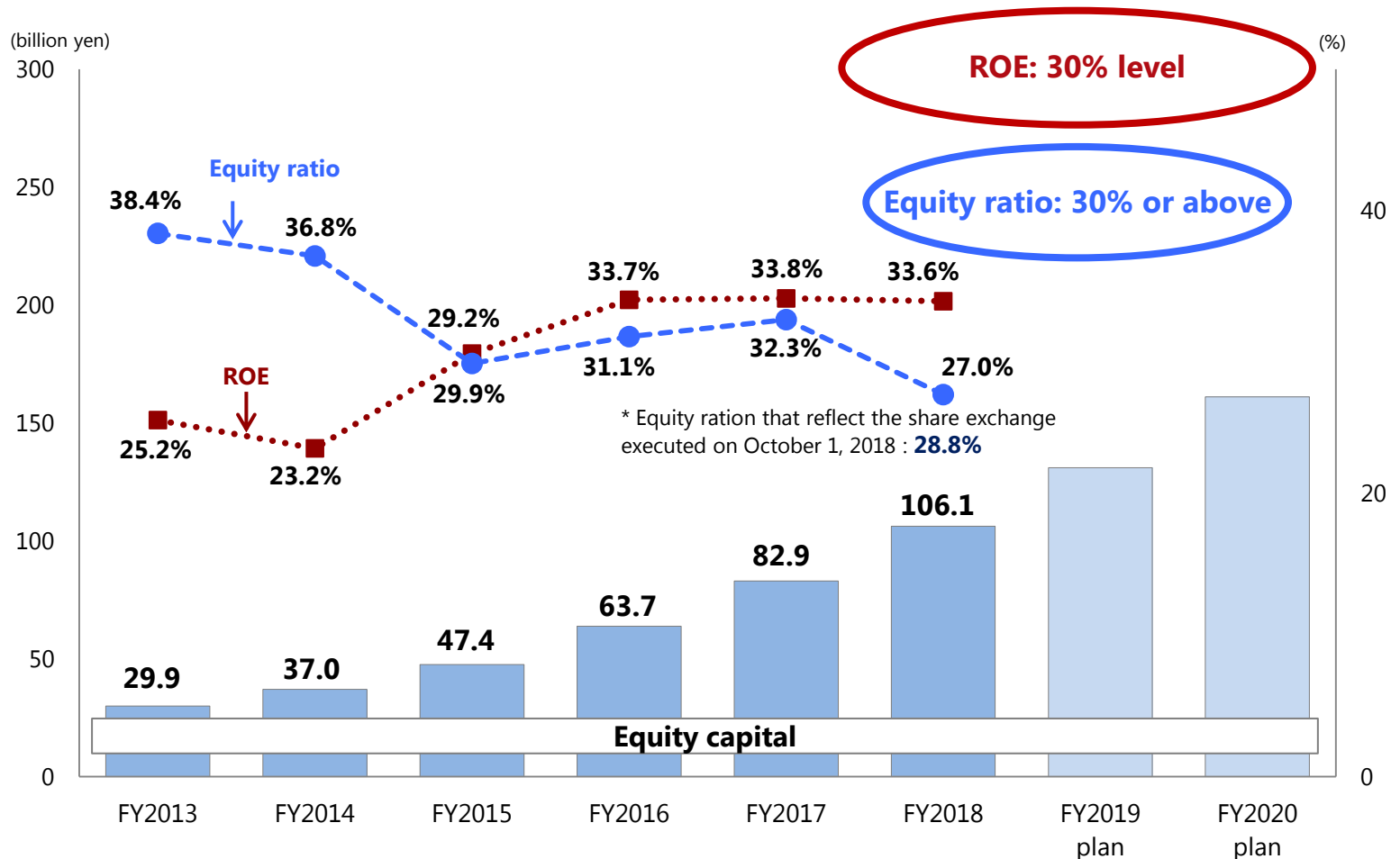
Compiled by the Company based on the most recent financial figures disclosed by each company  
 (For 2017 (partly for 2016), total of the number of contracts and the number of single-family homes sold (partly the number of homes ordered for construction))  
 "Building Starts / Housing Starts" by Ministry of Land, Infrastructure, Transport and Tourism  
 (Number of newly built houses in 2017 (total of possessed houses and houses built for sale))



# Capital policy:

## Assurance of both high capital efficiency and sound financial condition

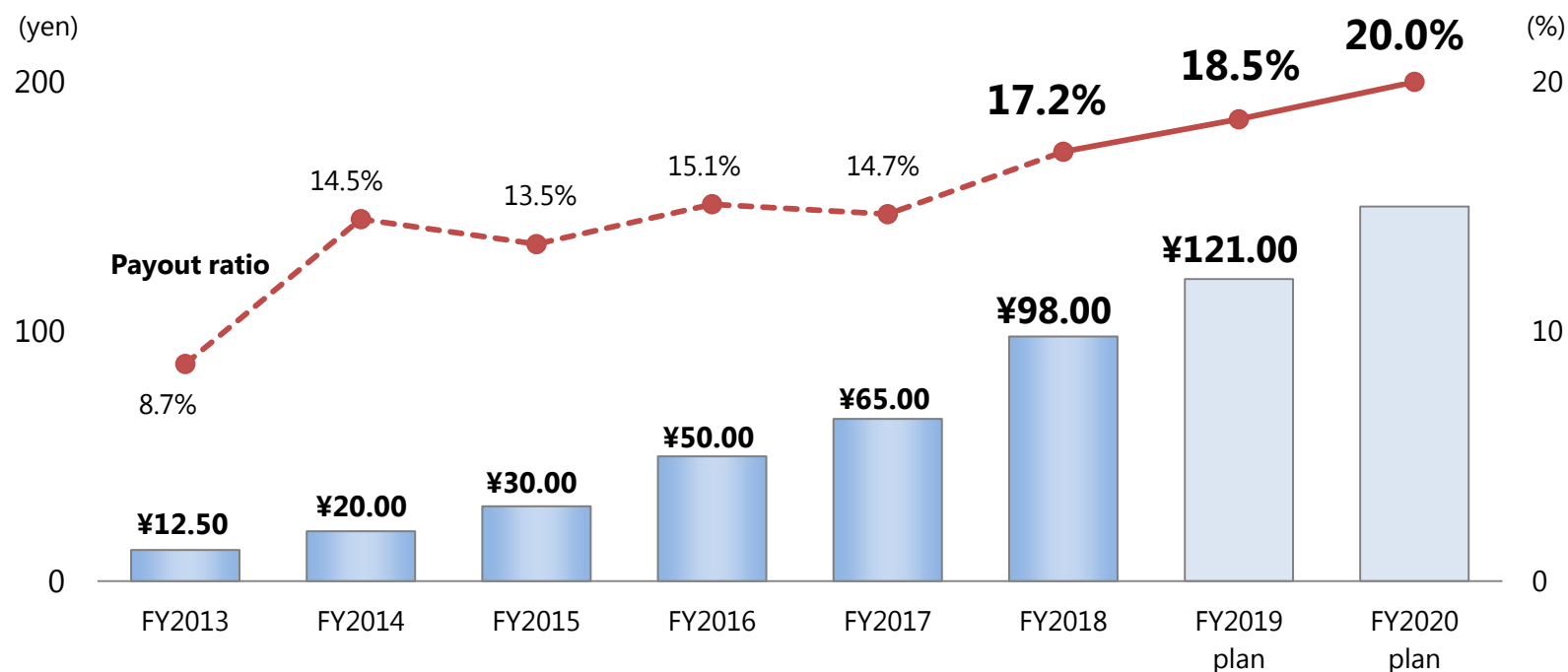
- ☑ Sustaining high capital efficiency (ROE: 30% level)
- ☑ Maintaining strong financial condition to ensure the safety of financial aspects (Equity ratio: 30% or above)





## 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, 2019 are calculated based on the number of shares (total number of shares issued – treasury shares) as of September 30, 2018.



# Shareholder returns

- ☑ We purchased treasury stock to enable us to execute a flexible capital policy in response to changes in the business environment.
- ☑ We provide a shareholder benefit program to foster an understanding of the Open House Group's businesses.

## Purchase of treasury stock

|  |   |
|--|---|
| Purchase period                            | November 21, 2018 to March 31, 2019   |
| Aggregate number of shares to be purchased | 1,000,000 shares (upper limit)<br>(1.77% of the total issued shares (excluding treasury stock)) |
| Aggregate value of shares to be purchased  | ¥4,000 million (upper limit)  |

|                                      |   |
|--------------------------------------|---|
| (For reference) Purchase period      | September 11, 2018 to September 20, 2018  |
| Aggregate number of shares purchased | 561,800 shares<br>(1.01% of the total issued shares (excluding treasury stock)) |
| Aggregate value of shares purchased  | ¥2,999 million  |

The Company disposed of 1,357,909 shares of its treasury stock to be appropriated for a share exchange with Hawk One's shareholders on October 1, 2018. The number of treasury stock held by the Company as of October 31, 2018 is 877,171 shares.

## 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                       |

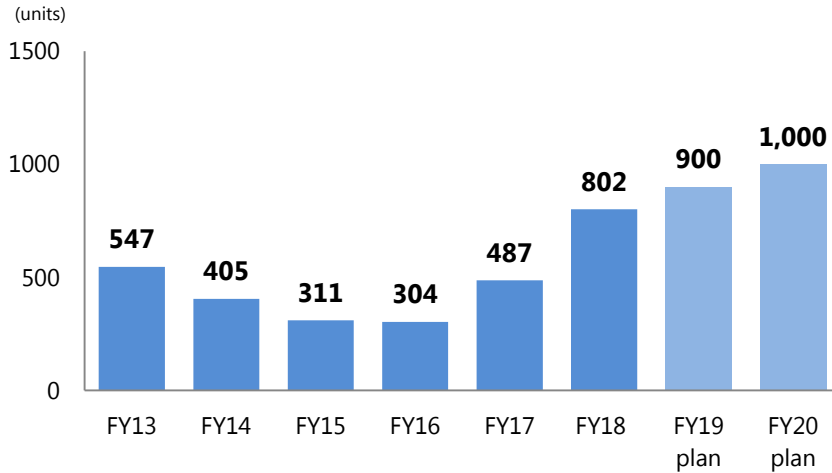
Eligible shareholders:

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.

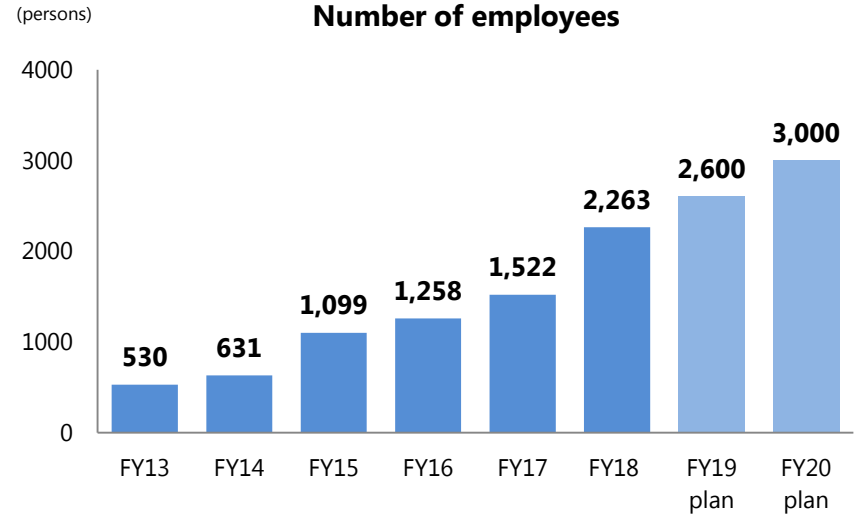


# Reference: Quantitative Goals

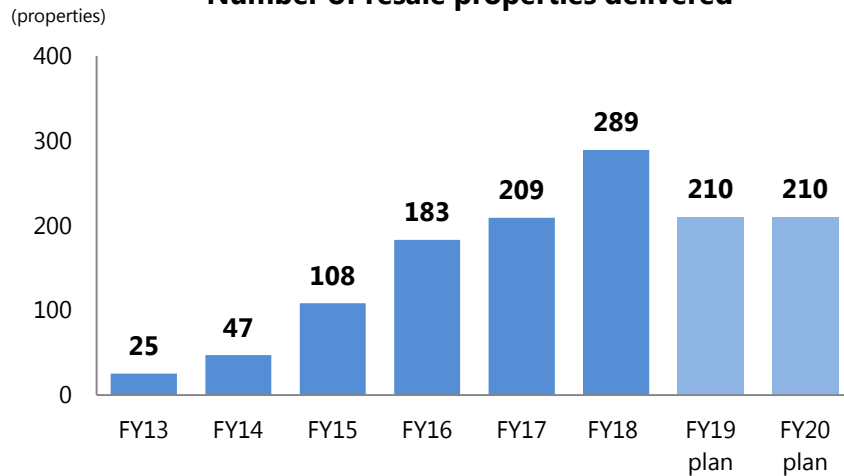
**Number of units of condominiums delivered**



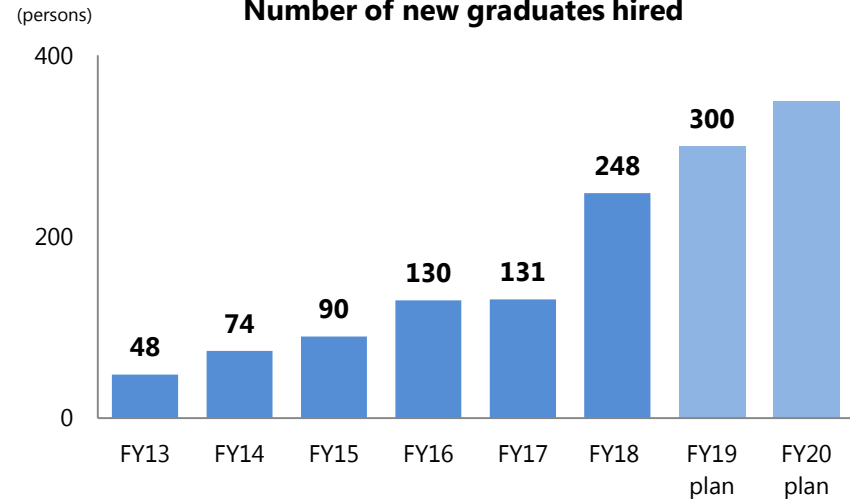
**Number of employees**



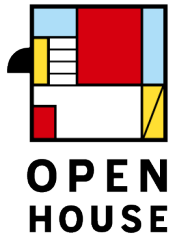
**Number of resale properties delivered**



**Number of new graduates hired**





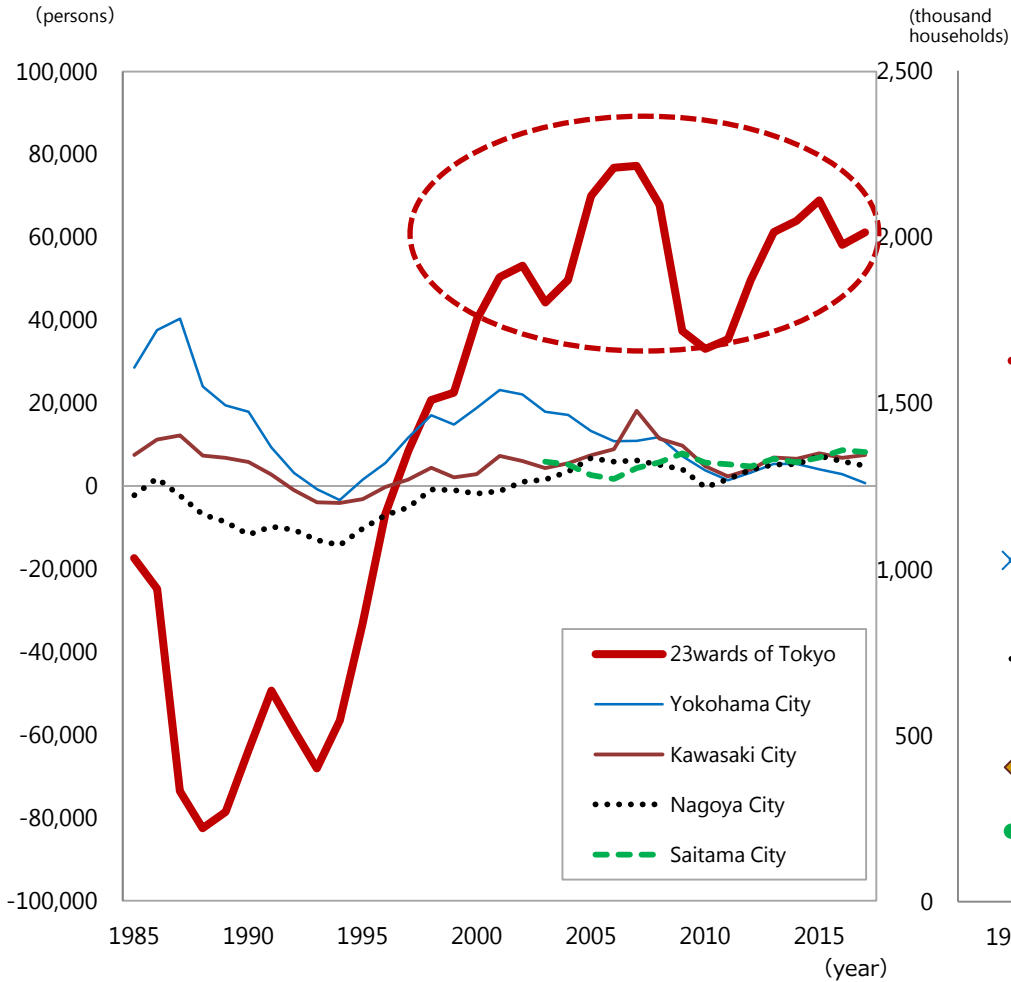


## Reference : Market Trends



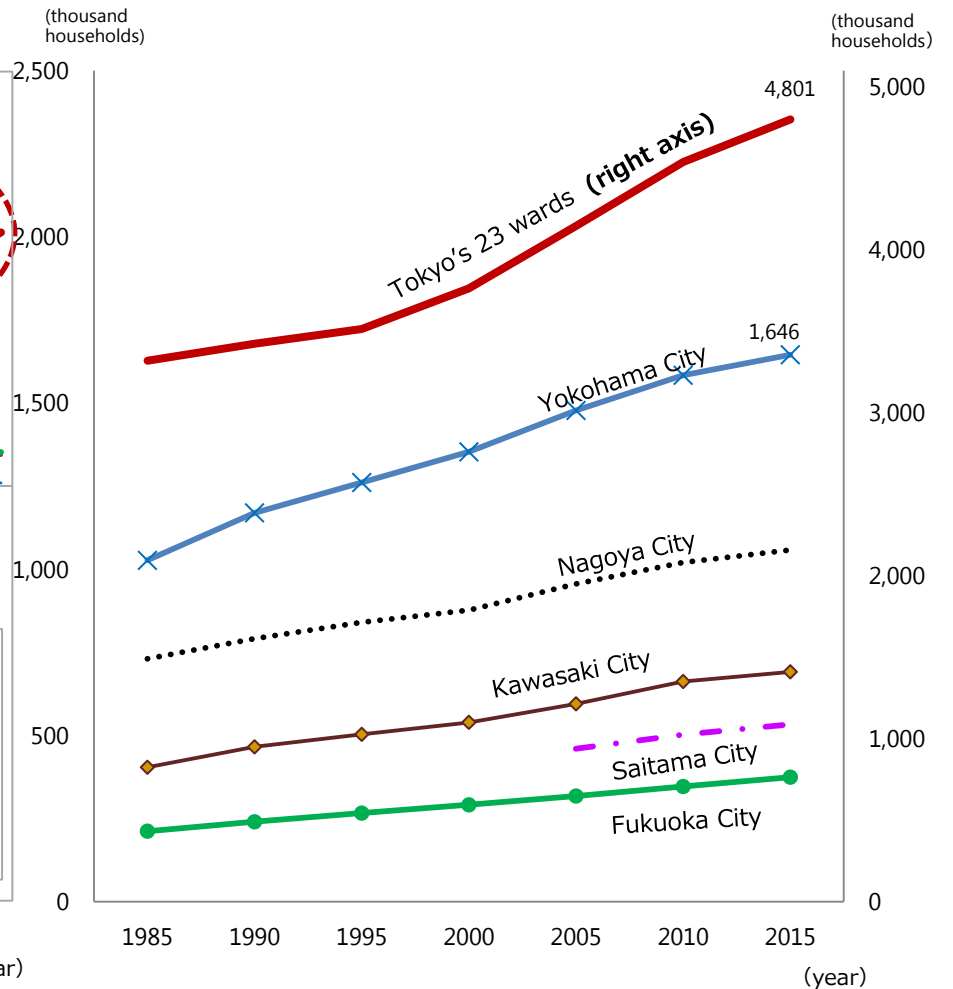
# The population has been concentrating and number of households has been increasing in urban areas

## Net migration into urban cities



Source: MIC, "Report on Internal Migration in Japan based on Basic Resident Register"

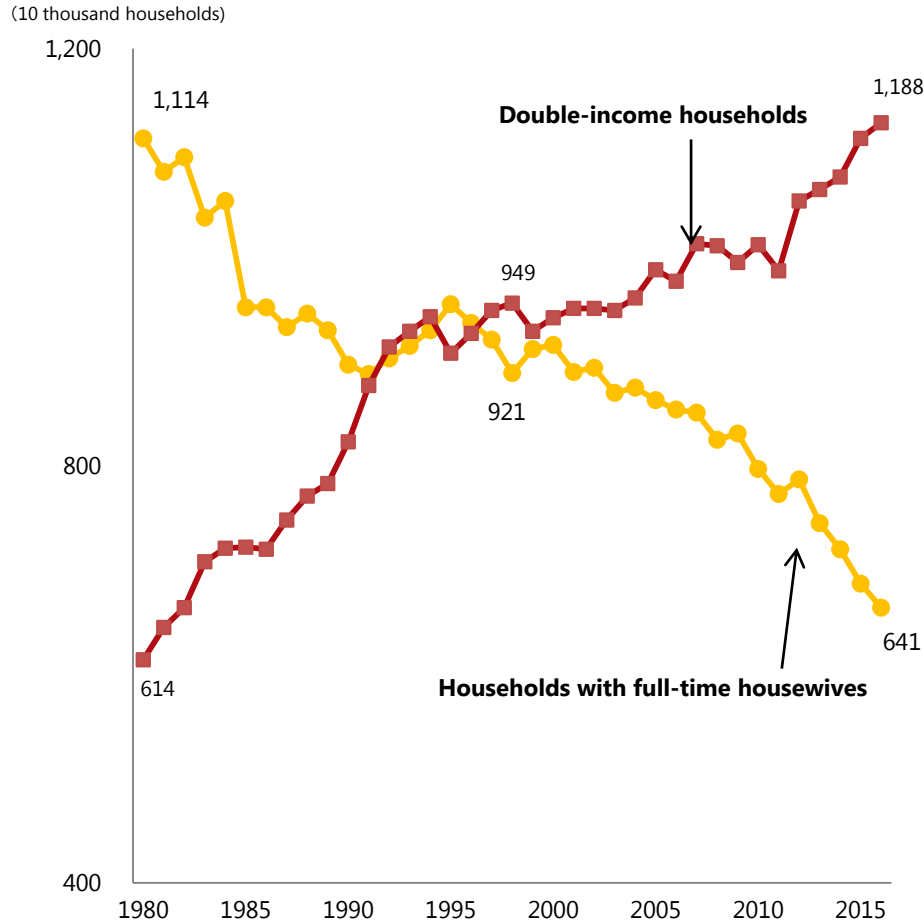
## Number of households in major cities



Source: MIC, "Population Census of Japan"

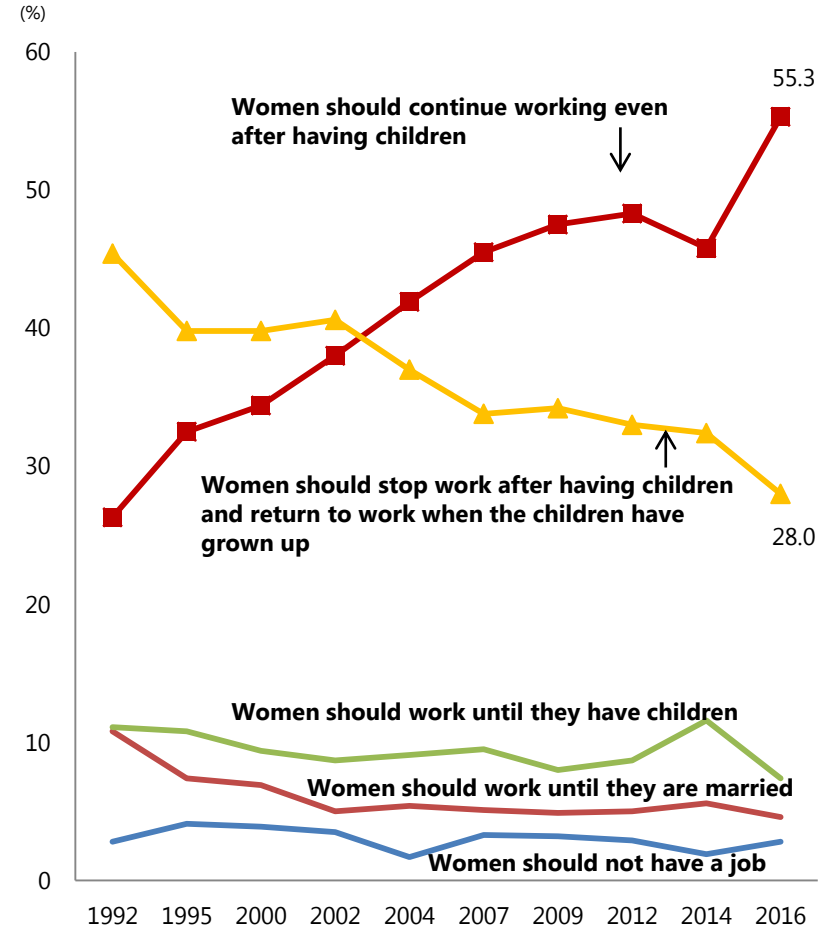
# Double-income households and child-rearing households are turning their eyes to urban areas, where they can reduce commuting time

**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

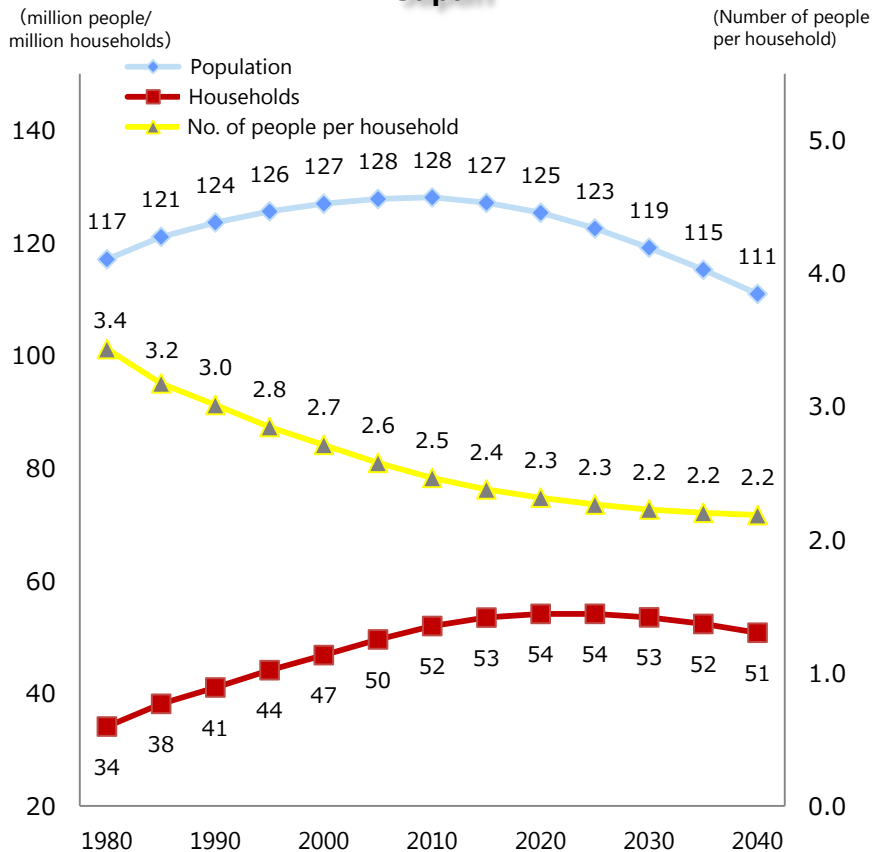
**Changes in attitude toward work among women (nationwide)**



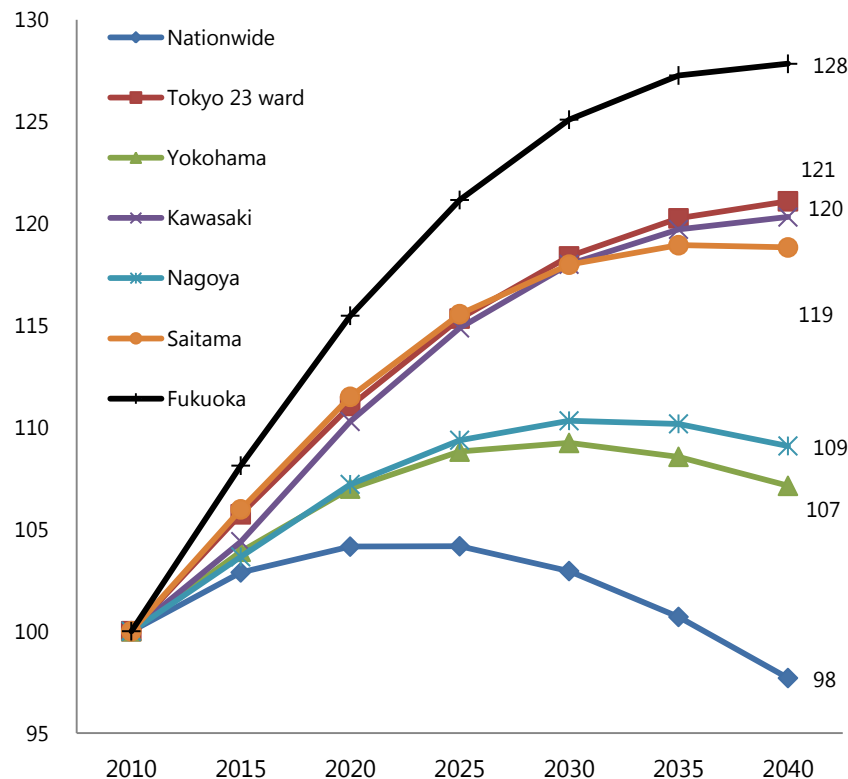
Source: "White Paper on Gender Equality 2016," Cabinet Office, Government of Japan

# The number of households in urban areas is expected to continue increasing, despite a total population decline in Japan

## Future population and household estimates for Japan



## Future household estimates for urban areas (index)



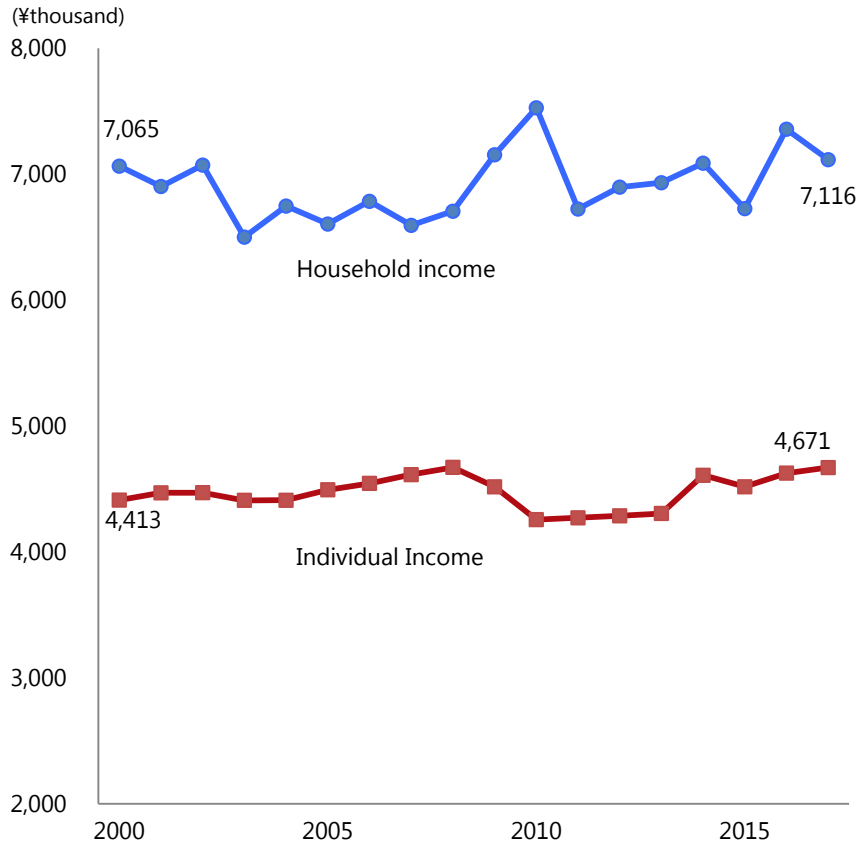
Sources:

1980-2015 : "2015 Population Census", Statistics Japan  
 2015-2040 : "Population Projection for Japan, 2018 projection", "Household Projections for Japan, 2018 projection", the National Institute of Population and Social Security Research  
 Number of people per household was calculated by dividing the total population by number of households.

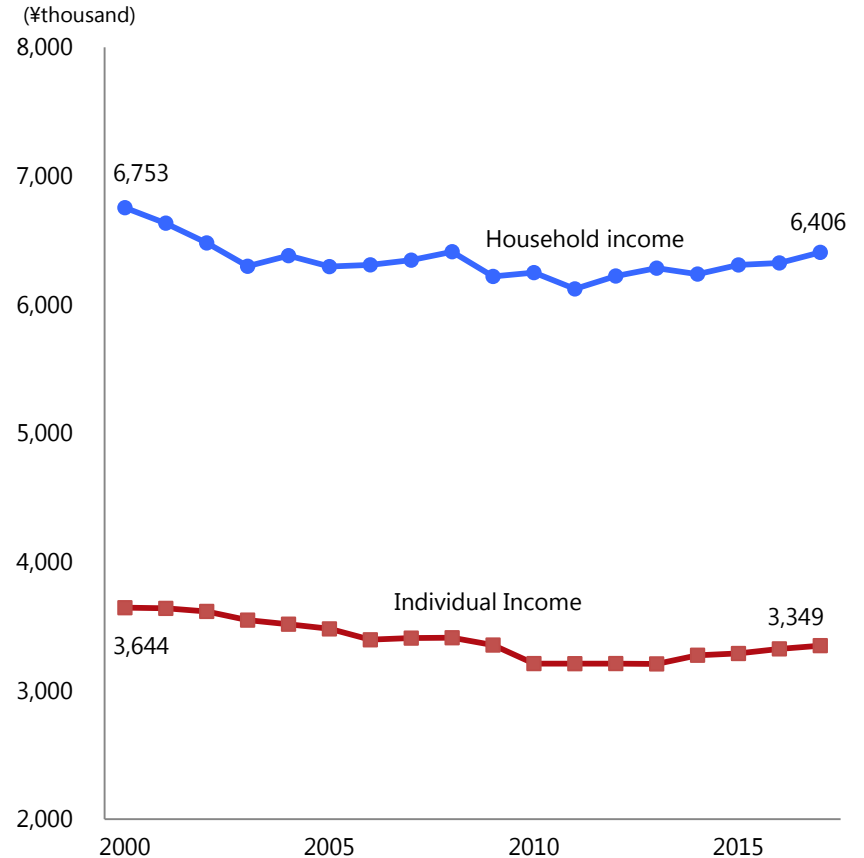
Sources: Numbers of households by city were projected with reference to "Household Projection for Japan (National Projection)" and "Population Projection for Japan by Prefectures" for 2018 projection, published by the National Institute of Population and Social Security Research, and were converted to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

# The pace of income recovery is faster for people in urban areas, showing promise for growth in spending power

### Household income and Individual income (Tokyo's 23 wards)



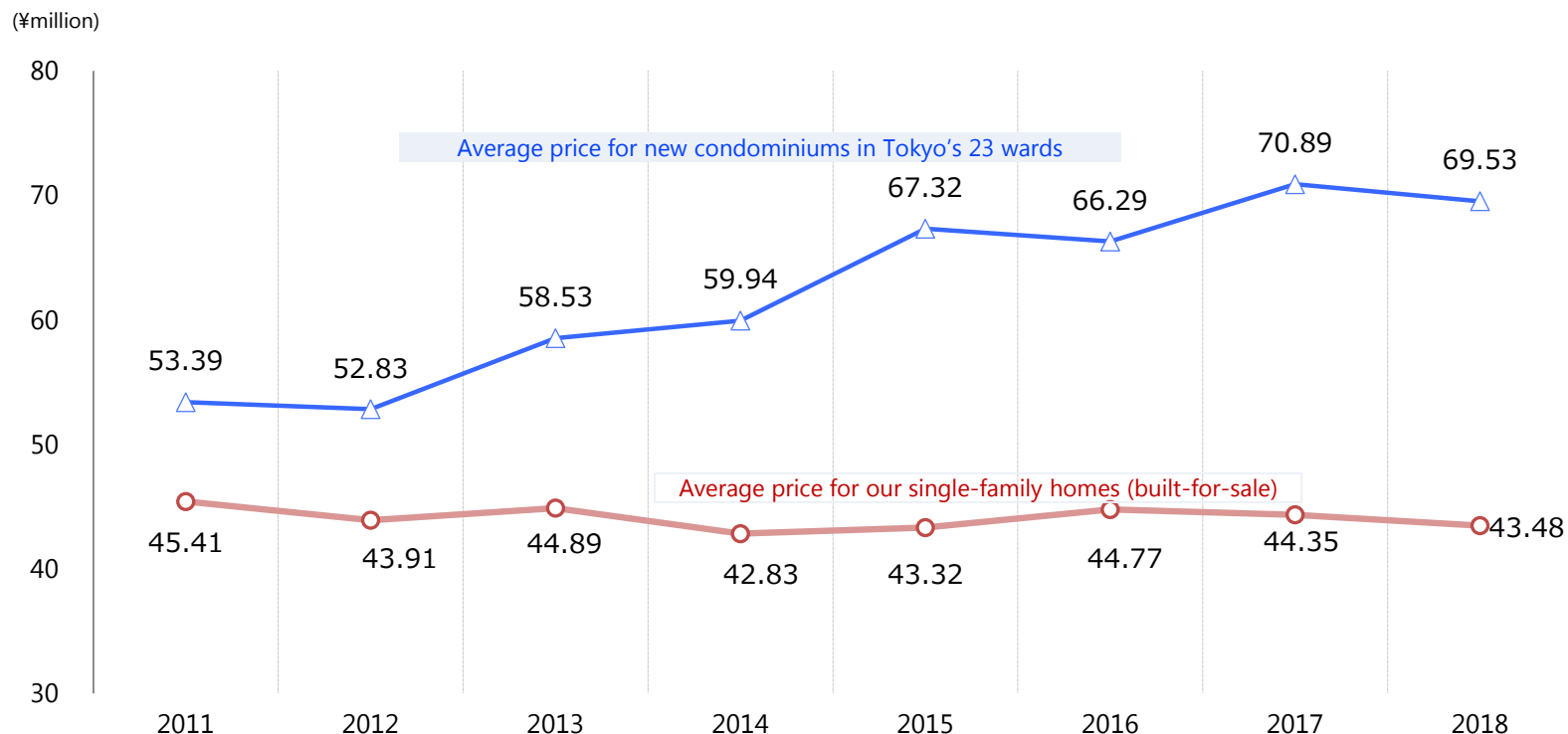
### Household income and Individual income (nationwide)



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

# Single-family homes are attracting attention for their stable prices in contrast to condominiums, whose prices have increased

**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"

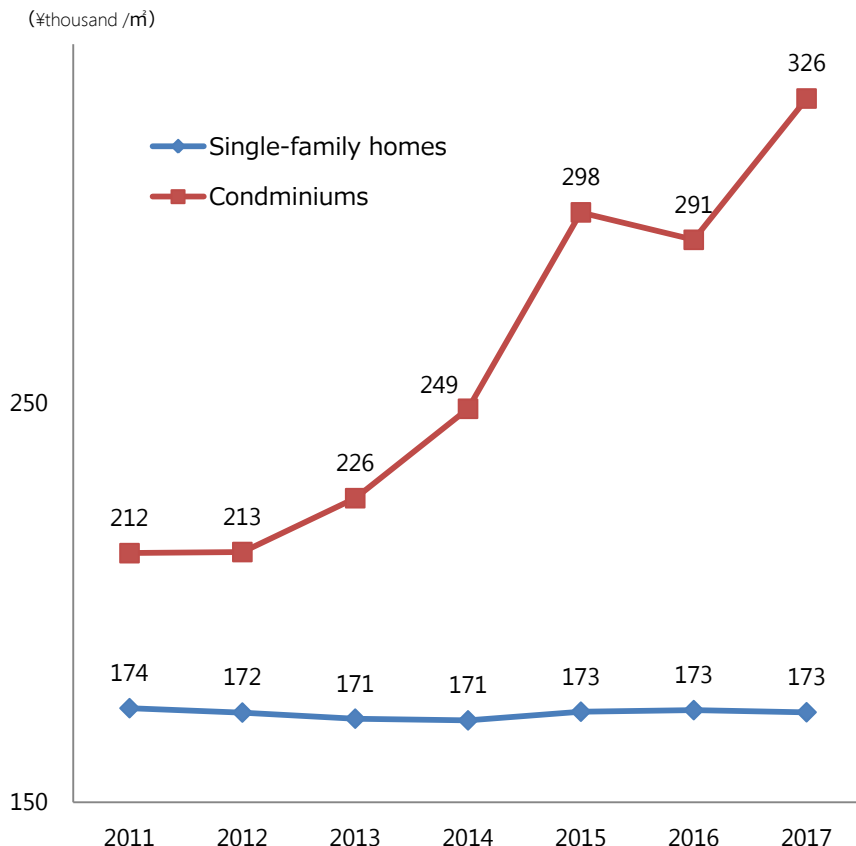
Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September .

Condominium prices for 2017 are for the January – September period. Prices of our homes are for the October 2016- September 2017 period.



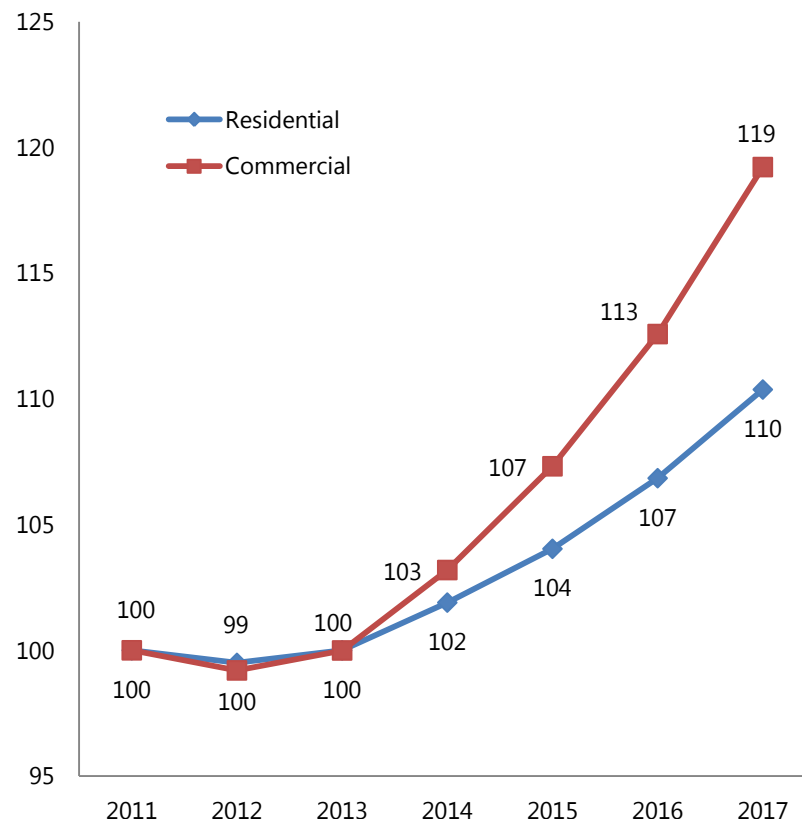
# Price gaps between condominiums and single-family homes have occurred due to the difference between construction costs and land cost

### Construction costs per m<sup>2</sup> (in Tokyo)



Source: MLIT "Housing Starts"  
The average construction cost per m<sup>2</sup> was calculated by dividing the estimated construction cost by the total floor area.  
Data for ready built wooden single-family homes were used for single-family homes and data for RC and SRC apartment buildings were used for condominiums.

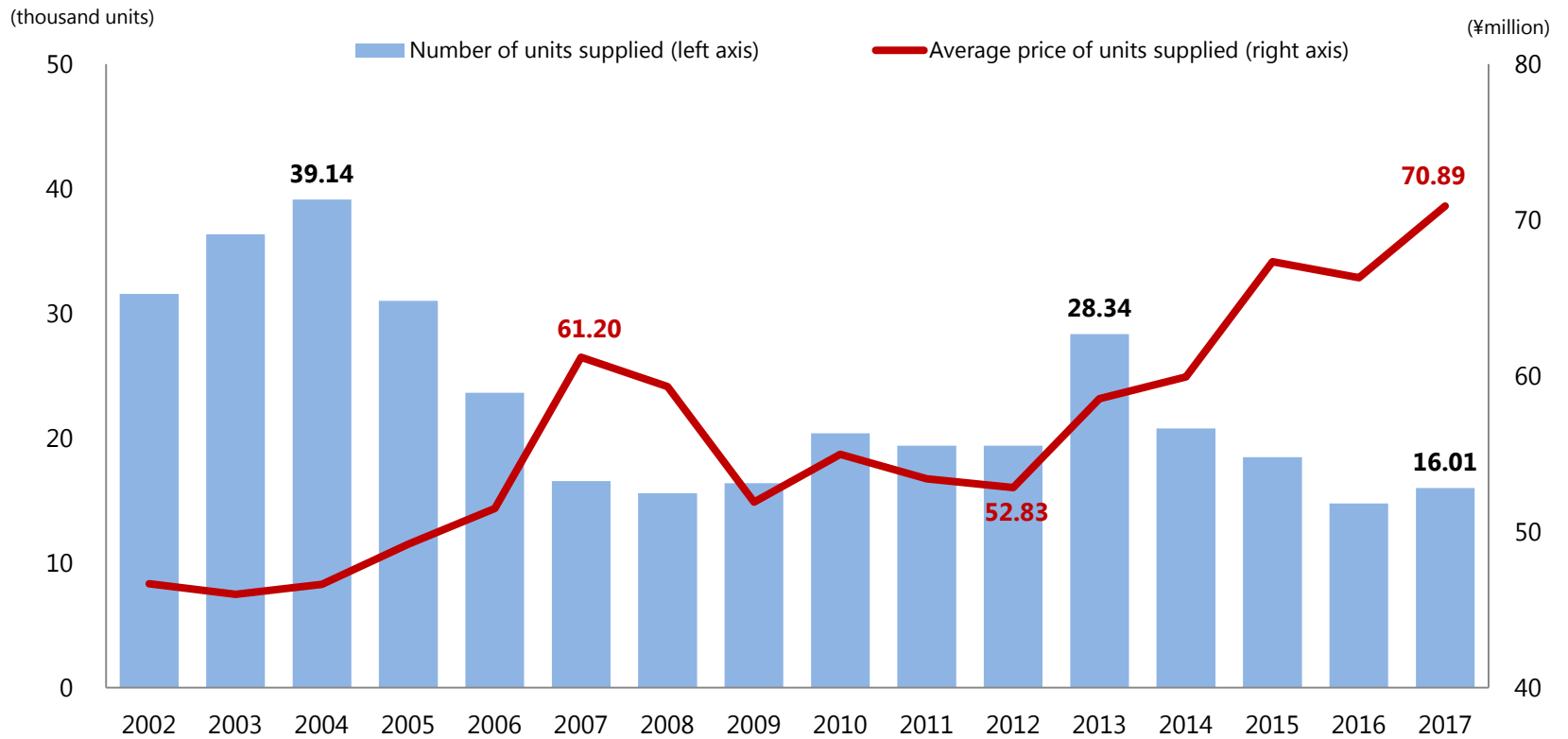
### Land price by use (in Tokyo's 23 wards) <index>



Source: MLIT "Prefectural Land Price"  
The standard land price as of July 1 each year is determined by prefectural governors.  
The land price index of each year was calculated by using the rate of change from the land price by use in 2011, which was indexed to 100.

# Options available for consumers are decreasing due to the increase in condominium prices and decrease in number of new condominiums supplied

Number and average price of new condominiums supplied in Tokyo's 23 wards

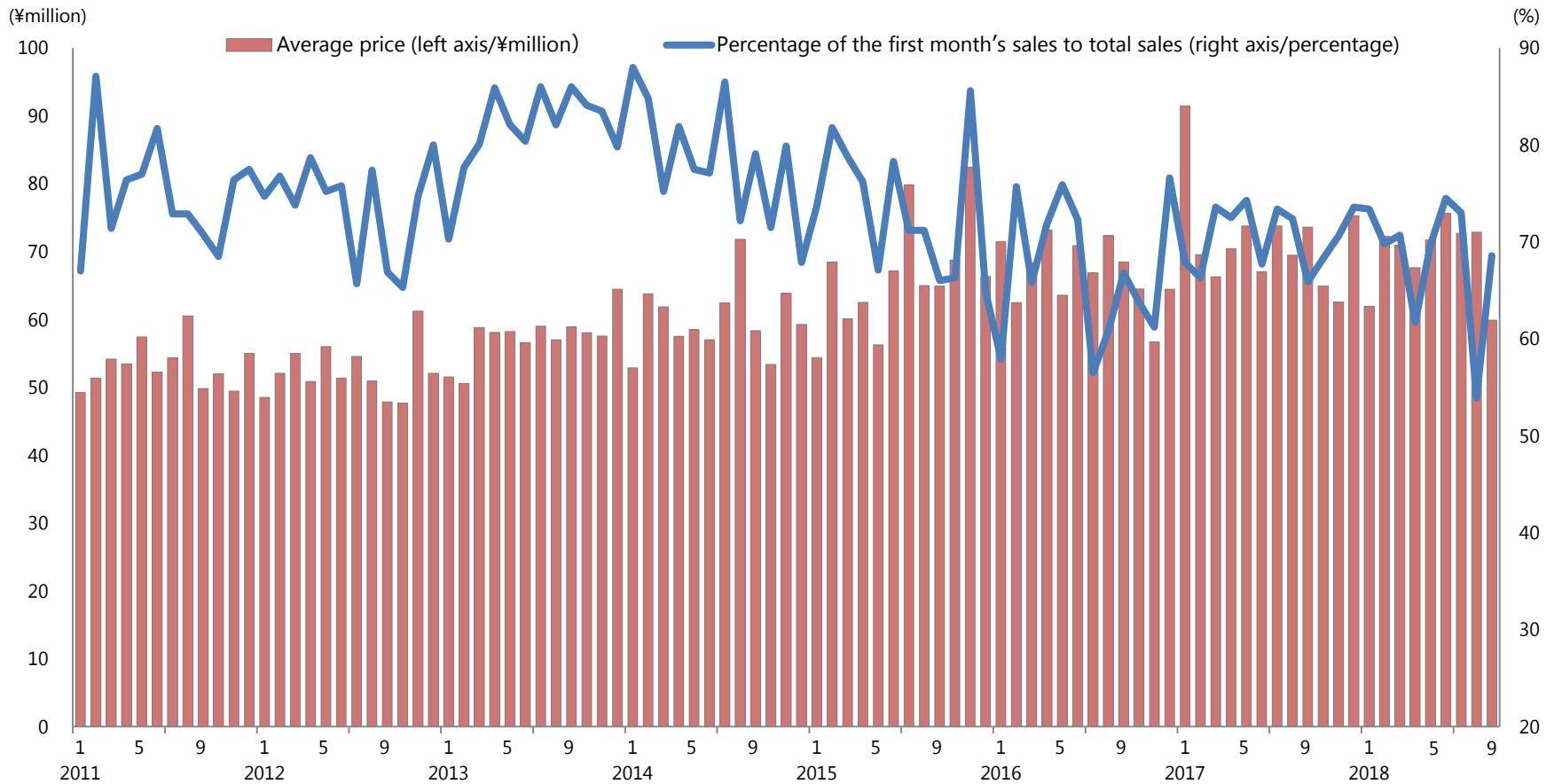


Source: MILT, "Monthly Report of Real Estate Market Trend"



# Contract ratios have been declining with the increase in prices of new condominiums

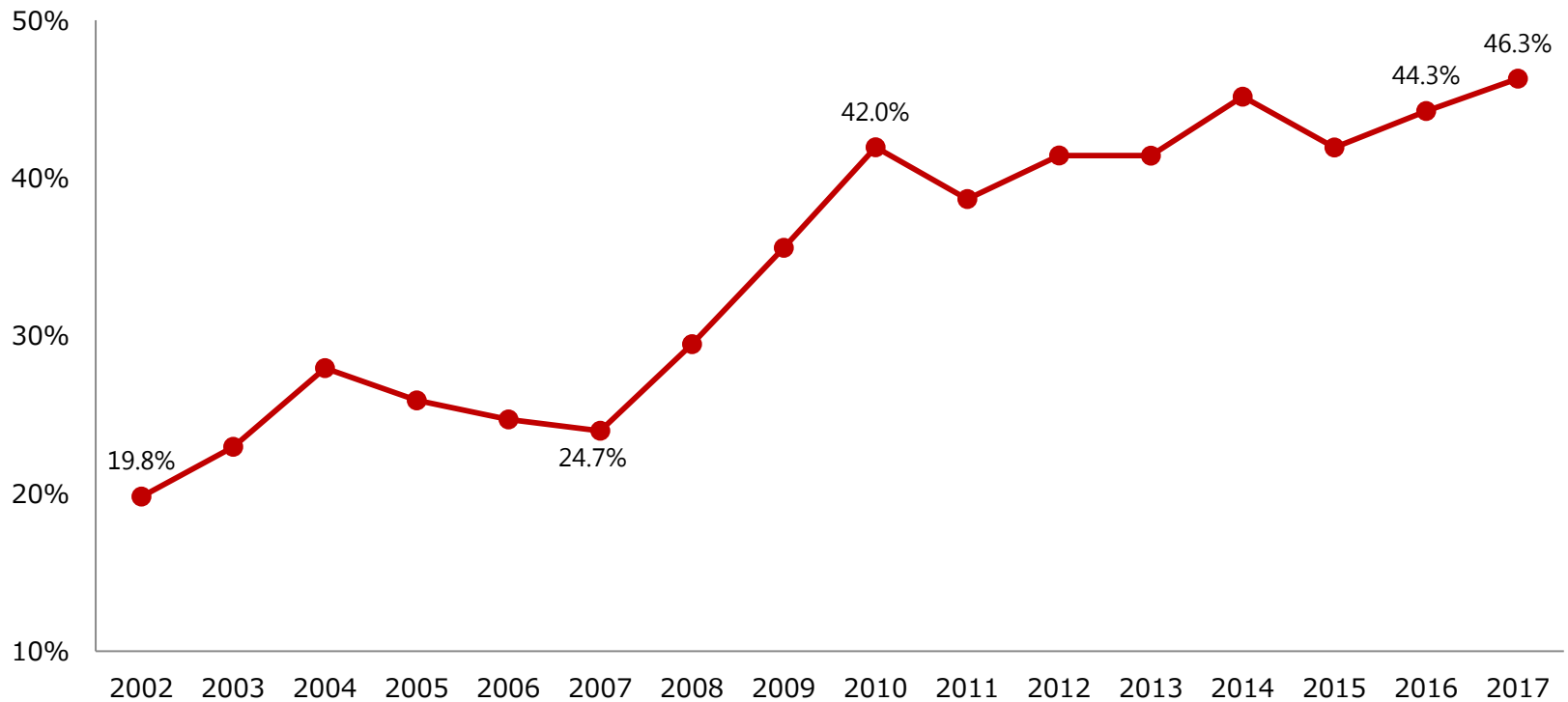
Trends of average prices of new condominiums and ratios of the first month's sales to total sales in Tokyo's 23 wards



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

# Prices of condominiums are less likely to fall sharply as the market is oligopolistic and dominated by major real estate companies

Trends in the market share of seven major real estate companies in new condominiums in the Tokyo metropolitan area



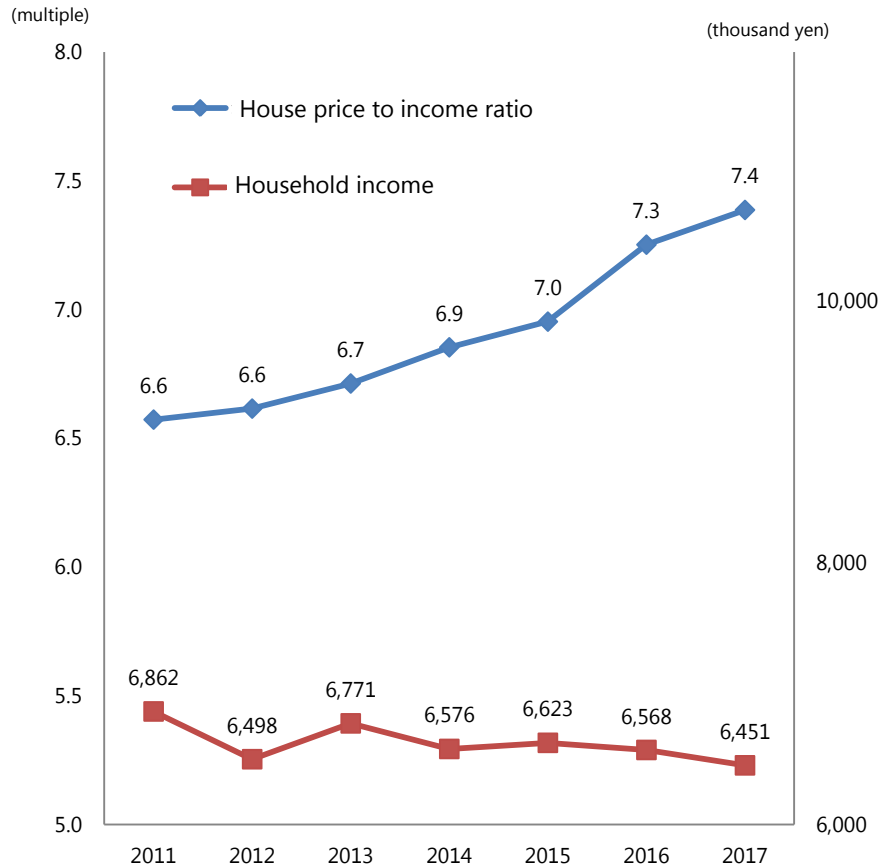
Source: The share of new condominium sales in the Tokyo Metropolitan area in "Condominium Market Trends" by Real Estate Economic Institute Co., Ltd.

\* Seven major real estate companies:

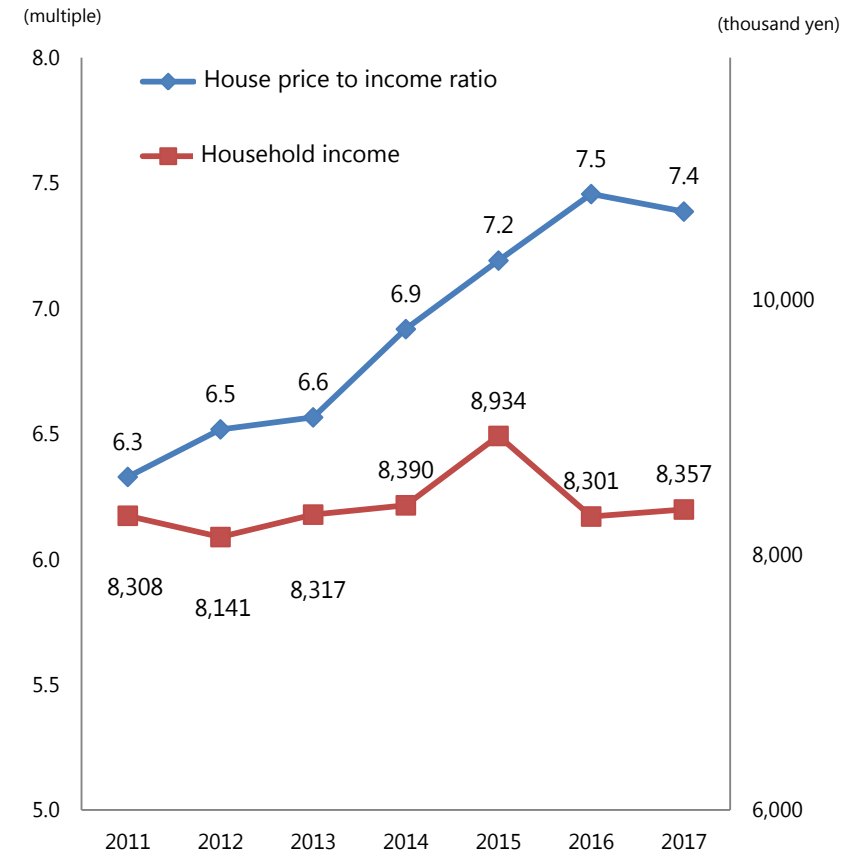
Sumitomo Realty & Development, Daikyo, Tokyu Land, Tokyu Tatemono, Nomura Real Estate Holdings, Mitsui Fudosan, Mitsubishi Estate

# The house price to income ratio has increased, with a significant difference between annual income of single-family home purchasers and condominium purchasers

### House price to income ratio and household income of single-family home purchasers (in Tokyo)



### House price to income ratio and household income of condominium purchasers (in Tokyo)



Source: "Customer Survey on Flat 35 Users" by Japan Housing Finance Agency

Compiled using data of housing loans approved from April through March of the following year

Single-family homes: New home purchase funds (detached house, etc.); Condominiums: New condominium purchase funds (apartment buildings)

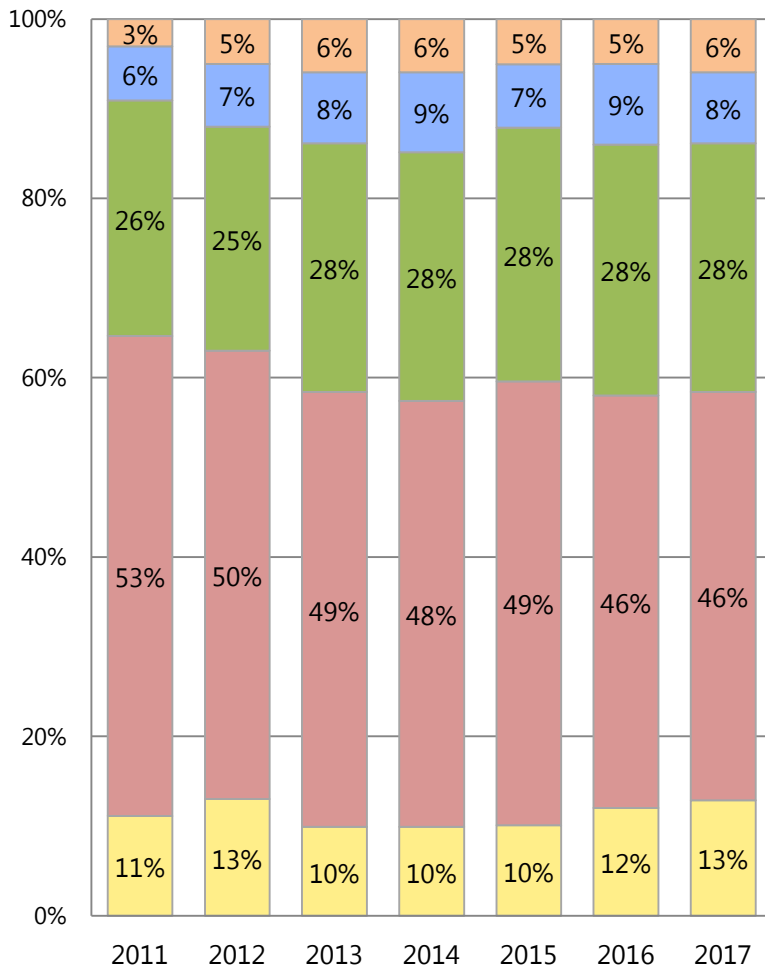
Household income is the total of income of home loan applicants and income of his or her spouse or other person(s) living in the same household

Home price to income ratio is calculated based on the total necessary funds including funds on hand.

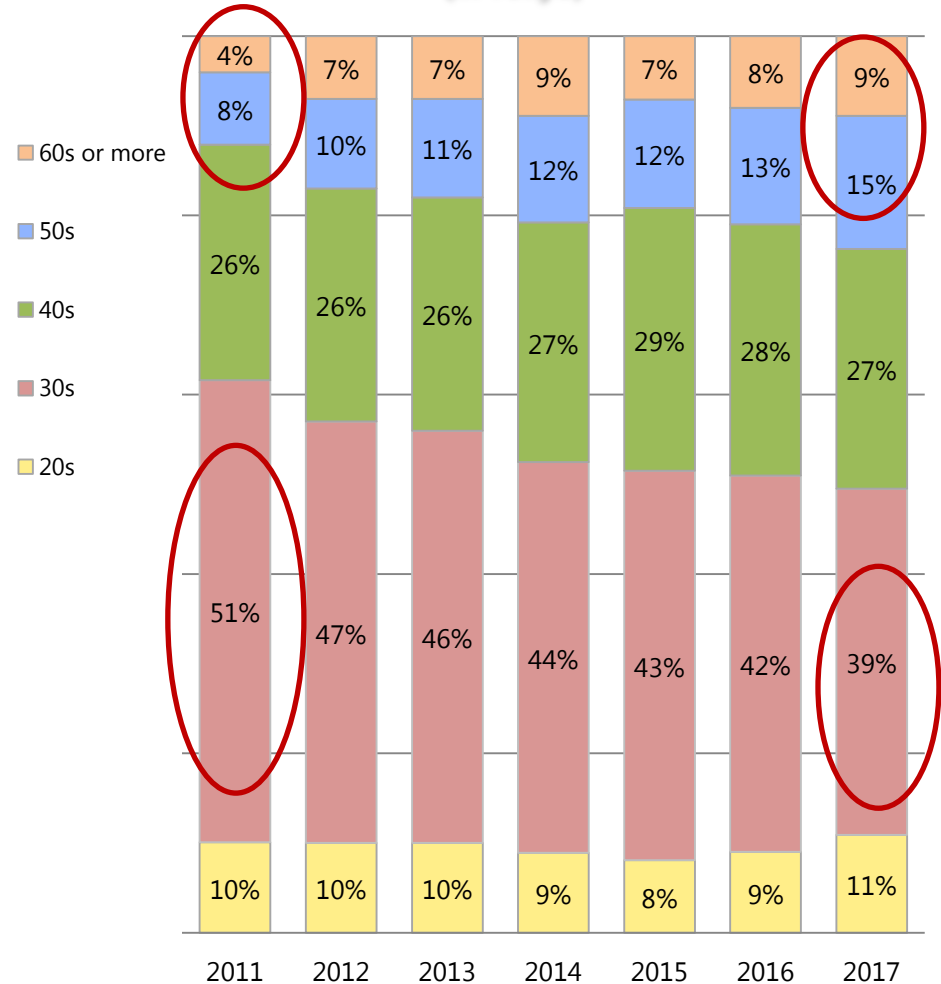


# Among the people who purchased condominiums, the percentage of people in their 50s has been on the rise and that of people in their 30s has been on the decline

Age distribution of single-family home purchasers (in Tokyo)



Age distribution of condominium purchasers (in Tokyo)



Source : Japan Housing Finance Agency

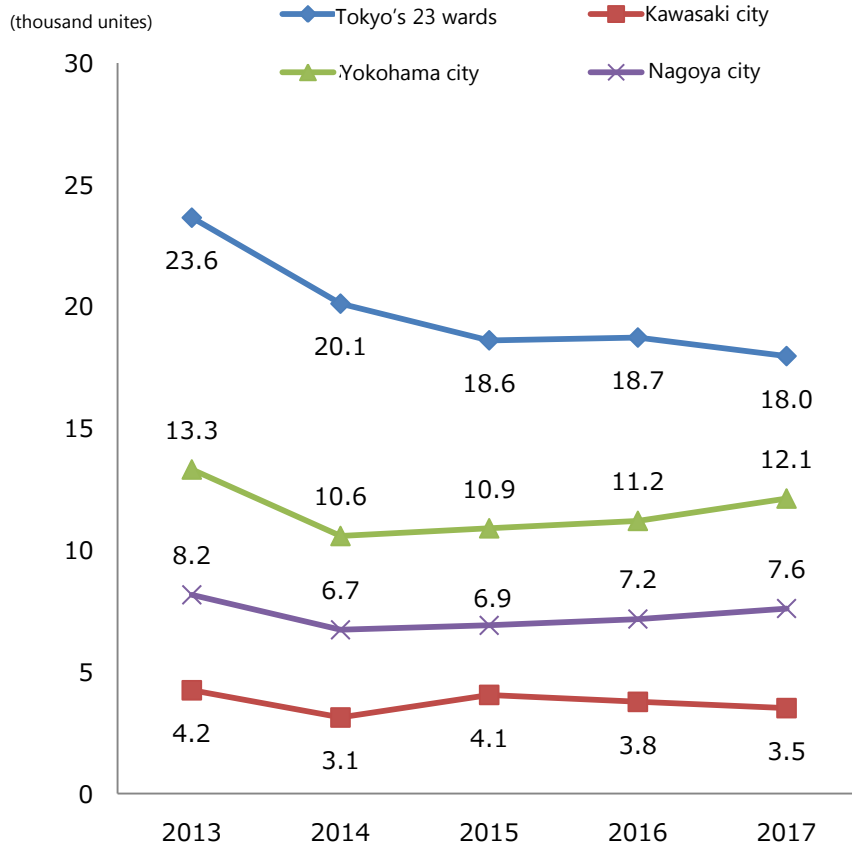
Compiled using data of housing loans approved from April through March of the following year.

Single-family homes: New home purchase funds (detached house, etc.); condominiums: new condominium purchase funds (apartment buildings)



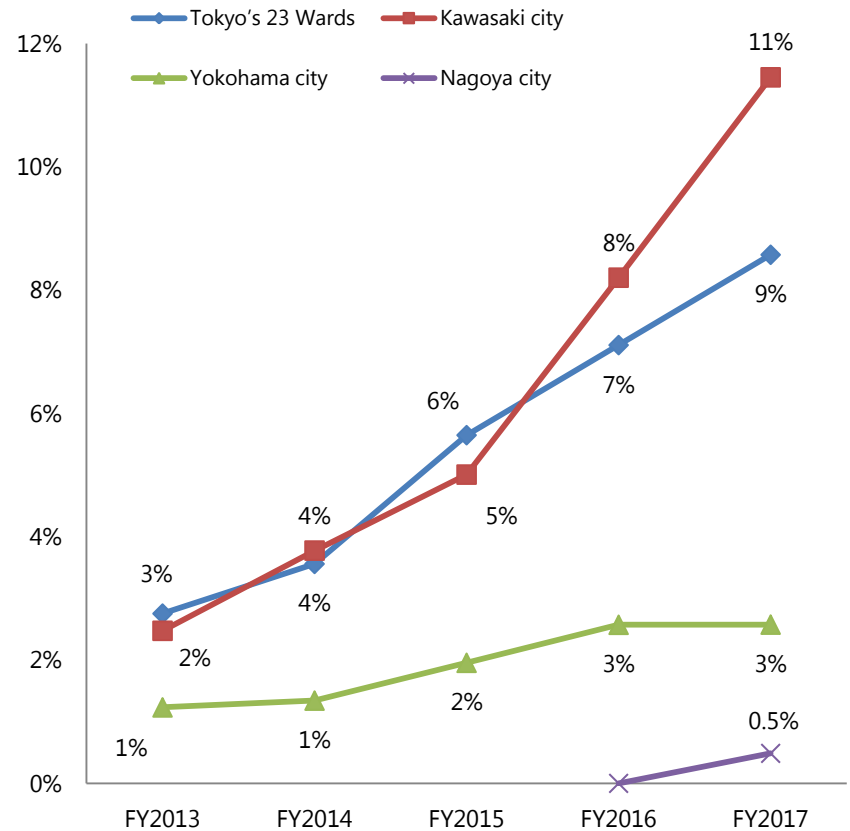
# Open House has been steadily acquiring shares in the single-family homes market in urban areas by adopting a dominant strategy

### New single-family housing starts in our service areas



Sources: "Construction Statistics", "Housing Starts", the Ministry of Land, Infrastructure, Transport and Tourism.

### The Group's market share by service area



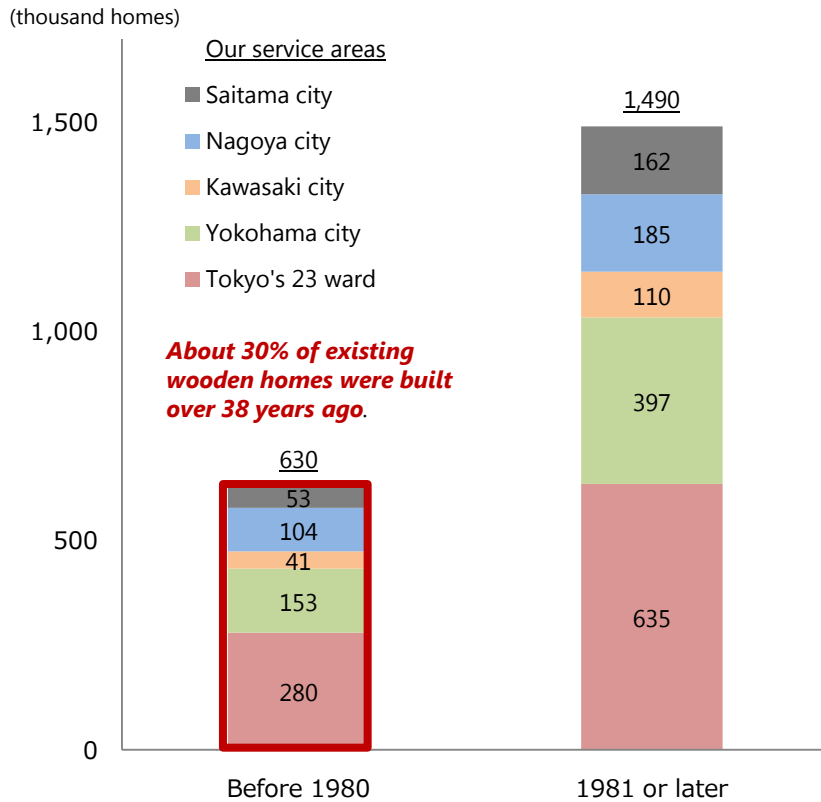
Calculated by dividing number of properties delivered in each period of the Group by the number of construction starts by area in each year.

B to C: Calculated market share for properties that Open House Development provides to individual customers

B to B: Except homes construction contracts to corporations of Open House Architect

# Housing stock that can be used as land for development is available in large volumes

## Building stock of wooden single-family homes by construction period



Sources:  
"Housing and Land Survey in 2013" by the Ministry of Internal Affairs and Communications

## Housing situation in Japan

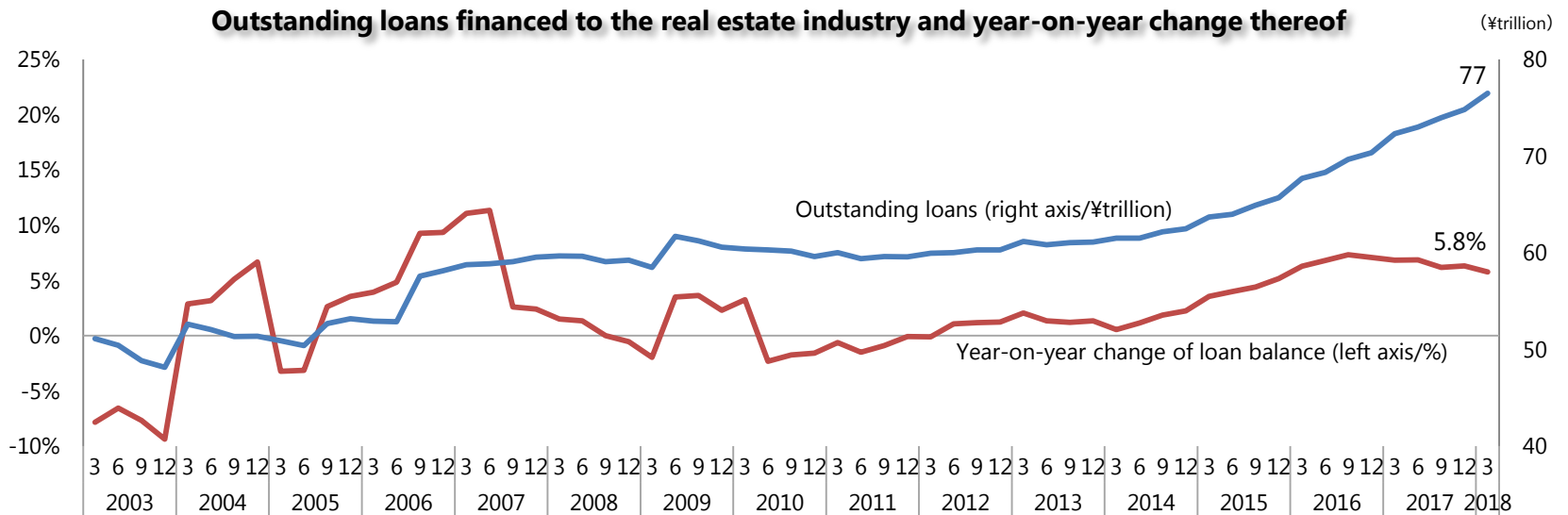
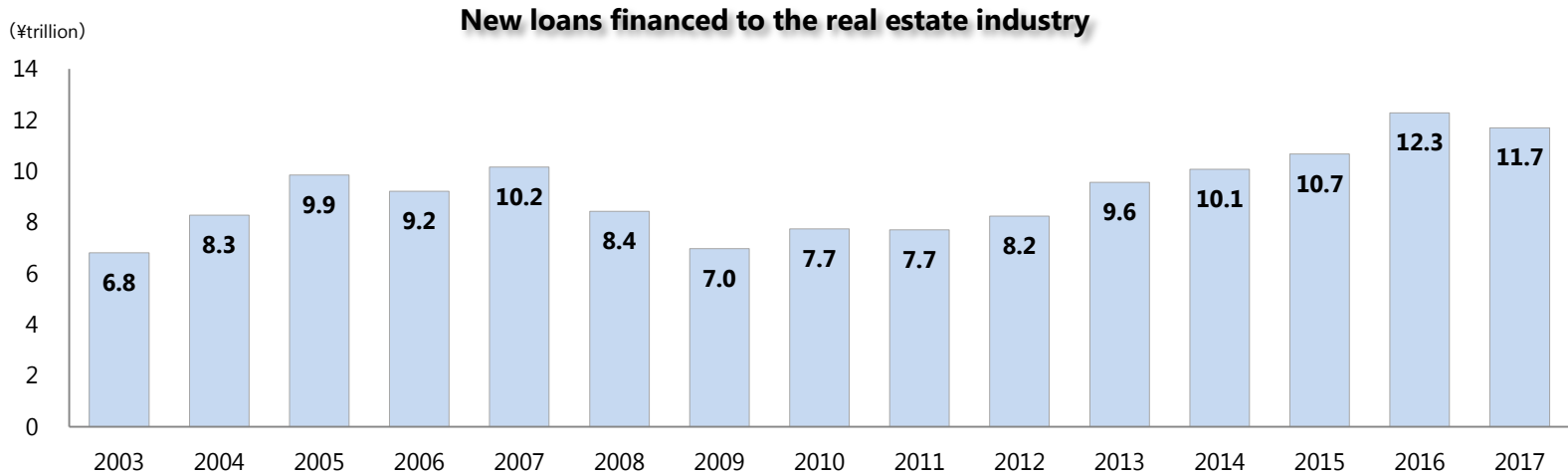
- The average age of homes rebuilt in Japan is **37.0 years.** \*1
- The average site area per single-family home lot in Tokyo's 23 wards in 1988 was **40.3 tsubo** (1,431.6 sq. ft). \*2
- The average site area of single-family homes developed by Open House is **17-18 tsubo** (600-640 sq. ft), enabling it to build two homes per single-family home lot.

Sources:

\*1 "Customer Survey Report on the Purchase of Detached Houses in the Fiscal Year 2015" by Japan Federation of Housing Organizations

\*2 "Housing and Land Survey in 1988" by the Ministry of Internal Affairs and Communications

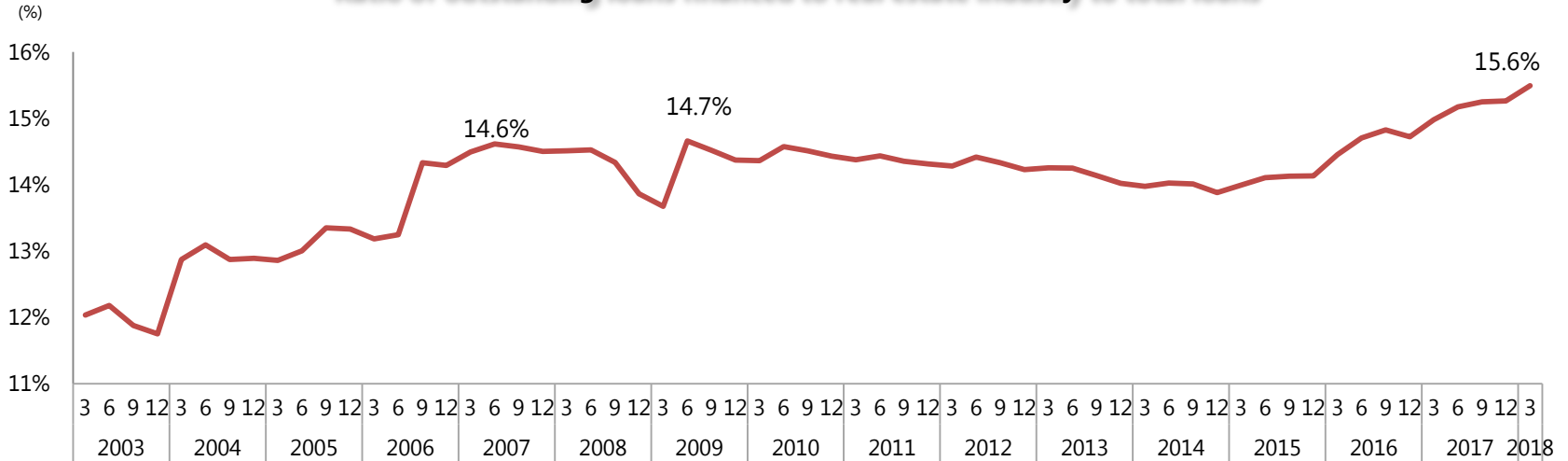
# Outstanding loans have been increasing although new loans financed to the real estate industry have declined slightly



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

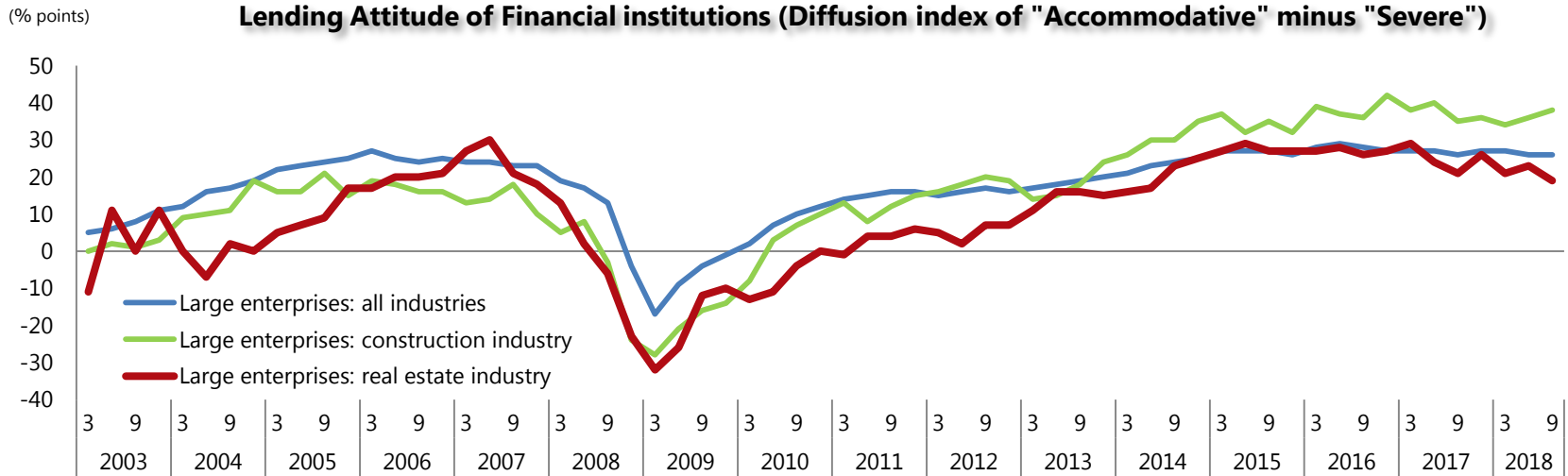
# The ratio of outstanding loans financed to the real estate industry to total loans has increased

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")



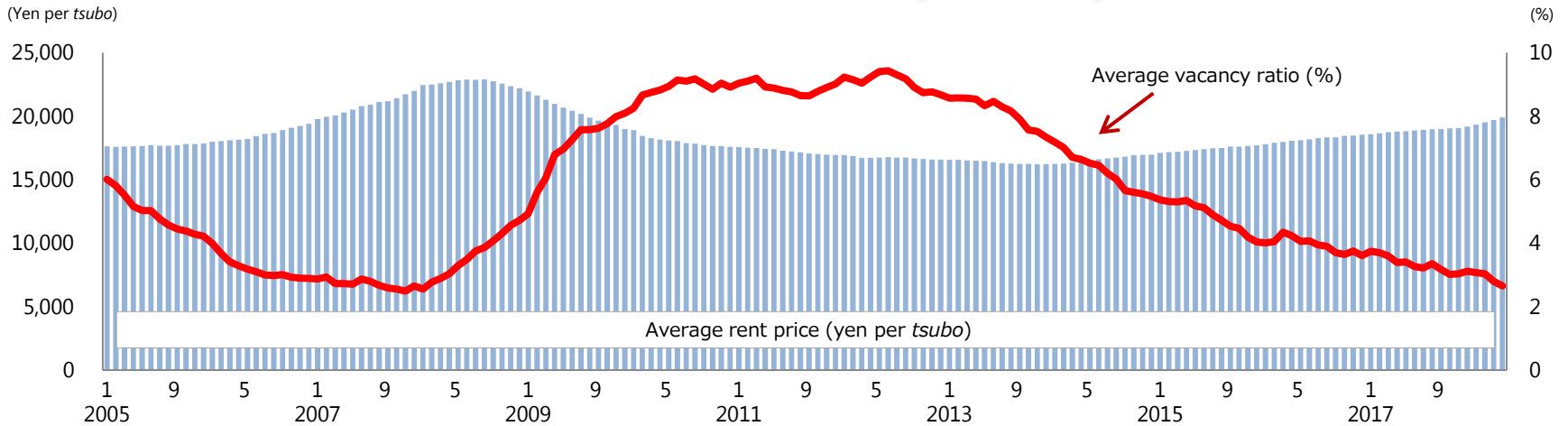
Source: "Short-Term Economic Survey of Enterprises in Japan" published by the Bank of Japan





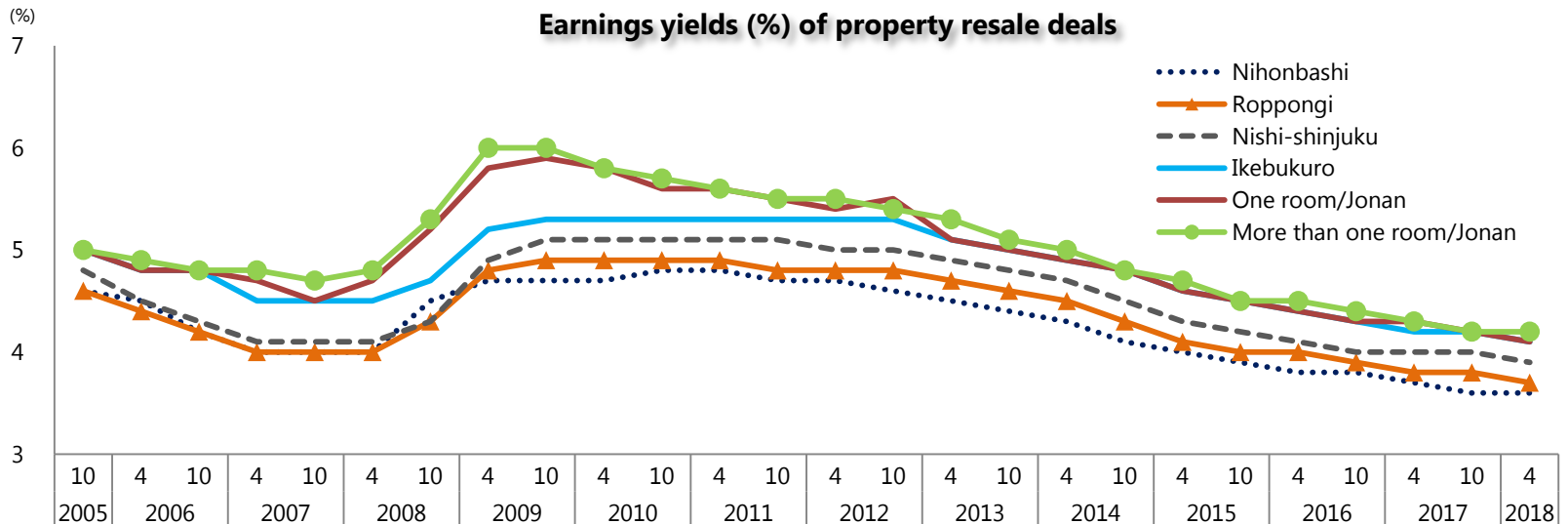
# Demand for property resale transactions is strong as shown by an increase in rent price and a decline in returns from property resale transactions

### Trends of office rentals and vacancy ratios in Tokyo



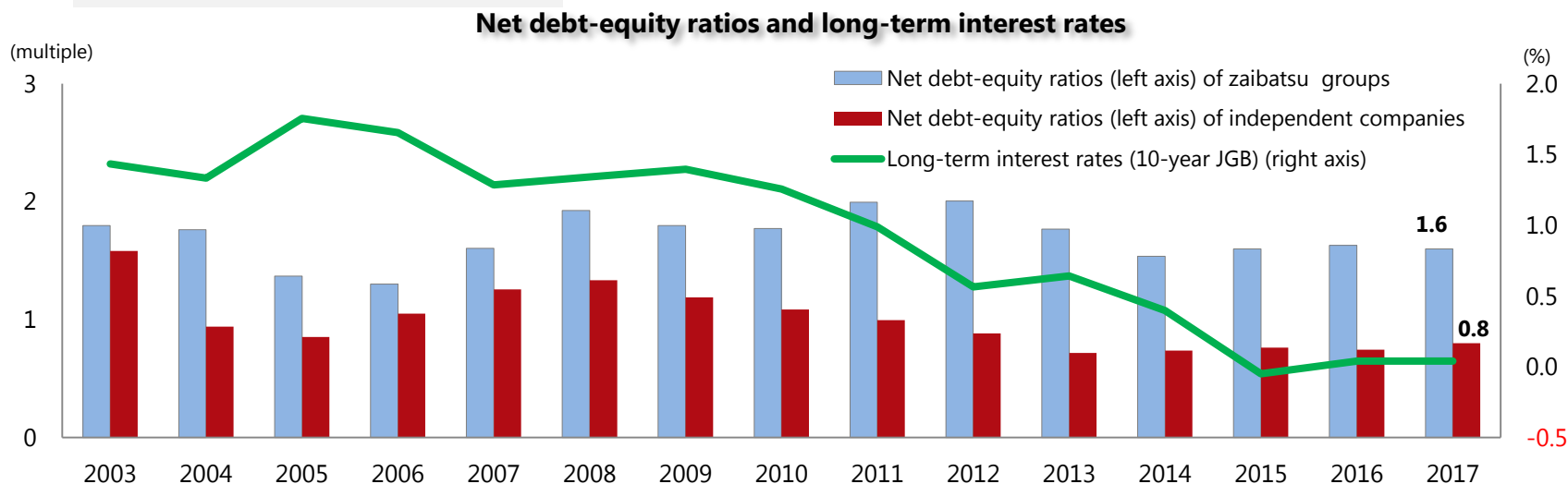
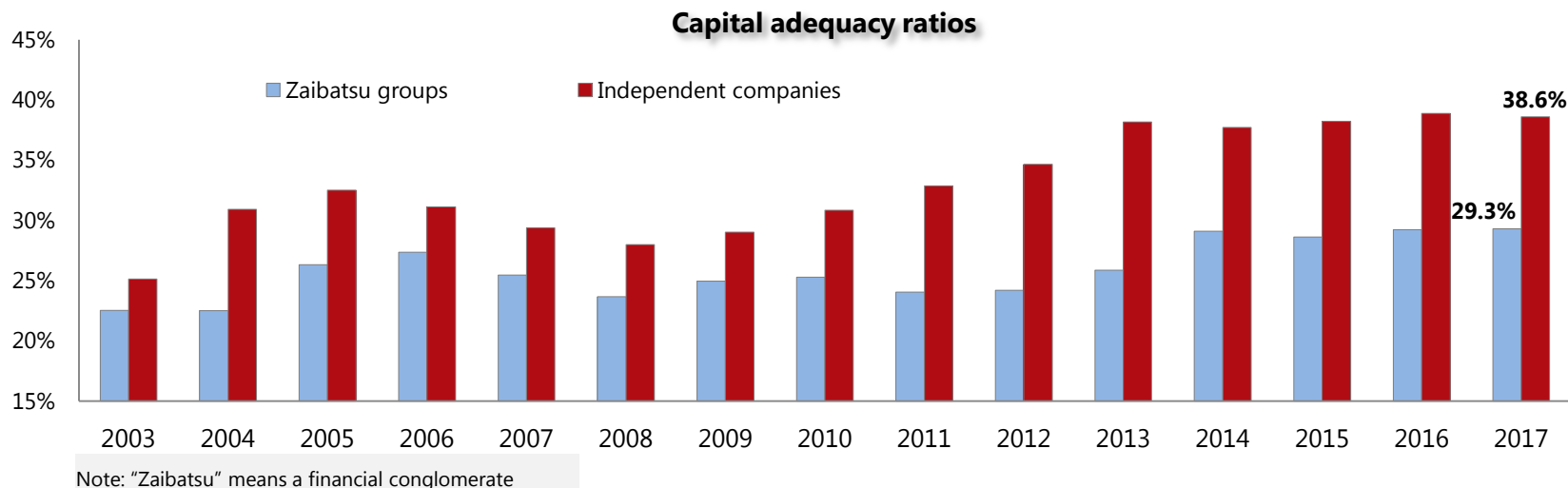
Source: MIKI OFFICE REPORT TOKYO

### Earnings yields (%) of property resale deals



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

# Independent companies have been maintaining stronger financial health than *zaibatsu* groups



Companies surveyed: Seven real estate companies of zaibatsu groups, and 25 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



Refer to Presentation material for the Second Quarter Ended September 30, 2014 (P27)

# Comparison of impacts of the consumption tax hike

- Purchasers of single-family homes supplied by Open House can gain greater benefits from the housing loan tax credit (increase in the maximum amount eligible for tax deduction) than purchasers of homes supplied by other real estate companies.
- Open House has a business structure with which demand is little affected by consumption tax hikes.

| Outline of property  | (thousand yen)             | Amount of consumption tax | Amount of tax credit (10-year cumulative amount) |
|--|----------------------------|---------------------------|--|
|  |                            |                           |  |
| <b>Open House</b><br><b>Single-family home in Tokyo's 23 wards home:</b><br><b>Price: 43,000</b><br>Land: 30,000<br>Building: 13,000 | Before the tax hike (5%) ① | 650                       | 2,000  |
|  | After the tax hike (8%) ②  | 1,040                     | 3,745  |
|  | Difference (①-②)           | ▲ 390                     | + 1,745  |
|  | Total balance              |                           | <b>+ 1,355</b>                                   |

→ The maximum amount eligible for tax deduction of 20 million yen × 1% × 10 years  
 → The above maximum amount was increased to 40 million yen, resulting in a significant increase in the amount of tax credit.  
 → It will be beneficial to purchase homes after a tax hike.

## <Reference>

|                     |  |               |       |              |
|---------------------|--|---------------|-------|--------------|
| Power builder       | <b>Single-family home in suburban area</b><br><b>Price: 25,000</b><br>Land: 15,000<br>Building: 10,000 | Difference    | ▲ 300 | + 205        |
|                     |  | Total balance |       | <b>▲ 95</b>  |
| Custom-home builder | <b>Custom-built home</b><br><b>Price: 25,000</b><br>Land: 0<br>Building: 25,000                        | Difference    | ▲ 750 | + 205        |
|                     |  | Total balance |       | <b>▲ 545</b> |

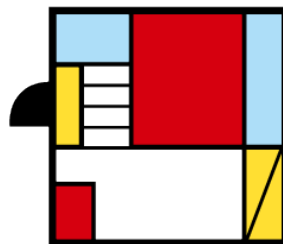
→ The negative impact of a tax hike will be large even in terms of 10-year cumulative impact.

→ Purchasing after a tax hike will be money-losing.

— Assumptions of the above trial calculations —

- Consumption tax will be paid in cash, and the entire purchase price of a property will be covered by a housing loan, without taking other miscellaneous expenses into account.
- Payment method: Monthly principal and interest equal payment for 35 years; 12 times a year with no additional payment; interest rates: (Flat 35) Loan-to-value (LTV) ratio of 90% or less: 1.73%, LTV ratio of more than 90%: 2.17%.
- Assuming that eligibility requirements for maximum tax deduction for a housing loan of 40 million yen (for general housing) applicable from April 1, 2014 are met.
- The trial calculations are conducted by applying general prices for each of the above business categories and do not relate to all properties actually distributed in the market.

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