

**OPEN
HOUSE**

Presentation for Institutional Investors and analysts [FY2019 2Q]

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



JPX-NIKKEI 400

2017-2018



FY2019 2Q Topics

Business performance <FY2019 2Q>

- **Performance results for the first half of FY2019 were better than the forecast.**
- **Both revenue and income achieved record highs with double-digit growth year on year.**

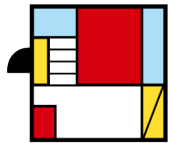
Revenue:	¥ 242.8 billion [42.9% YOY]
Operating income:	¥ 23.7 billion [13.0% YOY]
Profit attributable to owners of parent :	¥ 16.1 billion [15.1% YOY]

- **Single-family homes related business:**
Performance was robust with a favorable effect from the consolidation of Hawk One Corporation.
- **Condominium business:**
Performance was strong and contract rate for units to be delivered in this fiscal term achieved 95%.
- **Property resales business:**
Business has been moving in line with the plan, backed by strong demand from corporations.
- **U.S. Real Estate business:**
Sales have grown by meeting needs of wealthy class of domestic customers for asset diversification.

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]



**OPEN
HOUSE**

FY2019 2Q Consolidated Summary

Overview of Consolidated Income Statement

- ☑ Revenue significantly increased due to consolidation of Hawk One Corporation.
- ☑ Both revenue and income achieved double-digit growth and exceeded the forecast.

(Million yen)

	FY2018 2Q <2017/10-2018/3>		FY2019 2Q <2018/10-2019/3>		Inc. (Dec.)	FY2019 2Q <2018/10-2019/3>	
	Actual	% of revenue	Actual	% of revenue		Forecast	Difference from forecast
Revenue	169,923	—	242,846	—	42.9%	225,000	17,846
Operating income	21,056	12.4%	23,797	9.8%	13.0%	22,000	1,797
Ordinary income	20,169	11.9%	22,193	9.1%	10.0%	20,500	1,693
Profit attributable to owners of parent	14,017	8.2%	16,132	6.6%	15.1%	15,000	1,132



Performance by segment (revenue/operating income)

- ☑ Increases in both revenue and income were driven by actual demand at single-family homes related and condominiums businesses.
- ☑ Business portfolios as a whole continued to grow.

(Million yen)

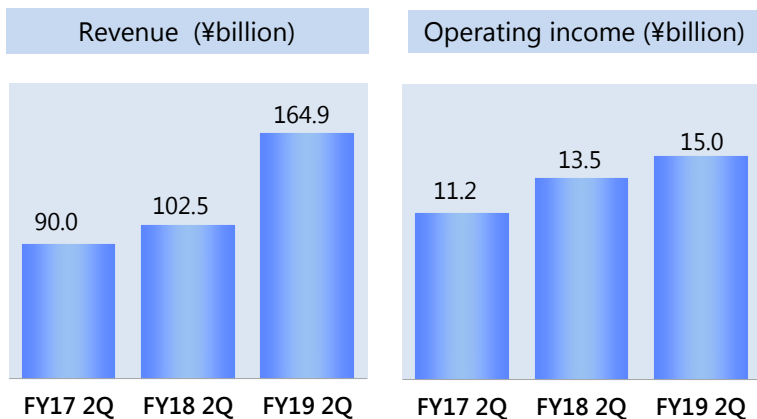
	FY2018 2Q <2017/10-2018/3>		FY2019 2Q <2018/10-2019/3>		Inc.(Dec.)
	Actual	Ratio	Actual	Ratio	
Revenue	169,923	100.0%	242,846	100.0%	42.9%
Single-family homes related business *	102,566	60.4%	164,959	67.9%	60.8%
Condominiums	11,513	6.8%	20,768	8.6%	80.4%
Property resales	50,903	30.0%	46,613	19.2%	(8.4)%
Others (including U.S. real estate business)	4,953	2.9%	10,531	4.3%	112.6%
Adjustments	(13)	—	(26)	—	—
	Actual	% of revenue	Actual	% of revenue	Inc.(Dec.)
Operating Income	21,056	12.4%	23,797	9.8%	13.0%
Single-family homes related business *	13,513	13.2%	15,008	9.1%	11.1%
Condominiums	927	8.1%	3,305	15.9%	256.3%
Property resales	6,248	12.3%	4,908	10.5%	(21.4)%
Others (including U.S. real estate business)	809	16.3%	1,070	10.2%	32.3%
Adjustments	(441)	—	(495)	—	—

* Earnings of Hawk One are included in the single-family homes related business segment from FY2019 1Q.

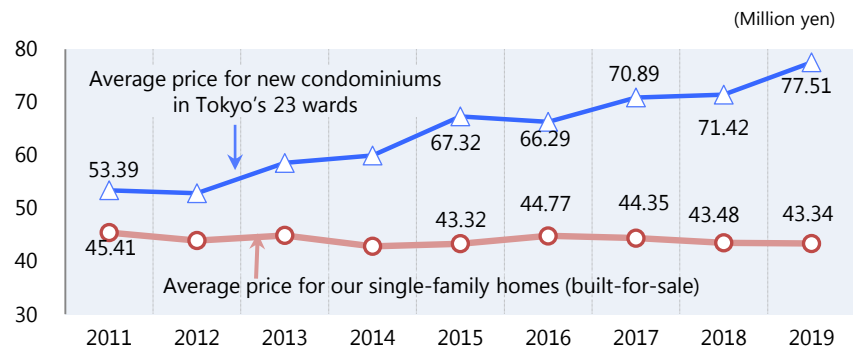


Single-family homes related business as a whole/brokerage

- ☑ Revenue significantly increased due to consolidation of Hawk One.
- ☑ Sales have grown steadily and number of brokerage transactions increased more than 30% year on year.

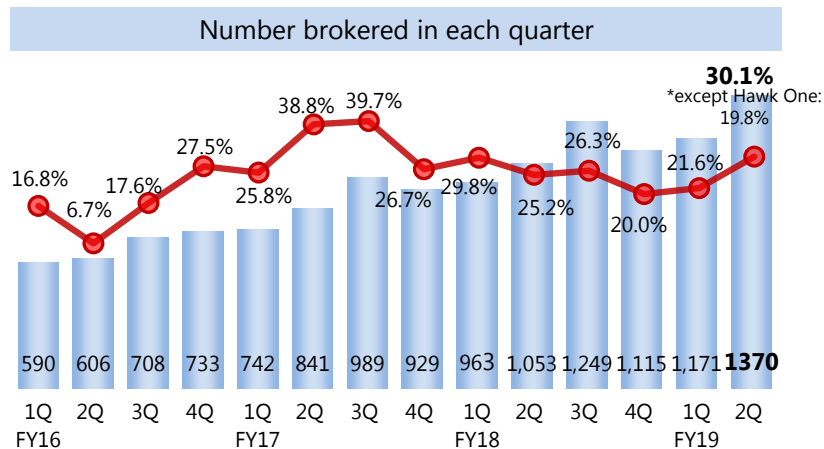


Changes in the average price for new condominiums in Tokyo's 23 wards and average price for our single-family homes (built-for-sale)



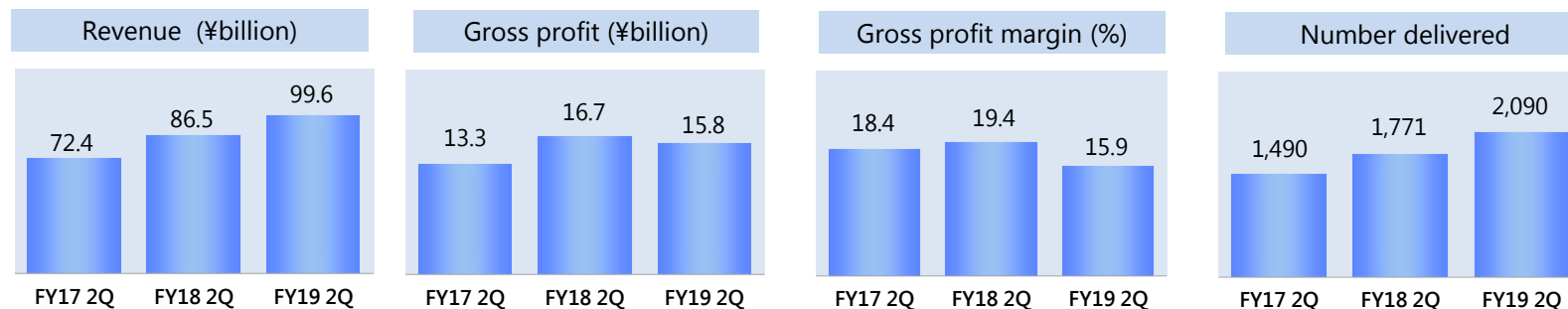
Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September. Condominium prices for 2019 are for the January – March period. Prices of our homes are for the October 2018- March 2019 period.

	FY2017 2Q 16/10-17/3	FY2018 2Q 17/10-18/3	FY2019 2Q 18/10-19/3	Inc. (Dec.)
Revenue (¥million)	90,026	102,566	164,959	60.8%
Gross profit(¥million)	16,498	19,574	24,422	24.8%
Gross profit margin	18.3%	19.1%	14.8%	(4.3)pt
Operating income (¥million)	11,289	13,513	15,008	11.1%
Operating income margin	12.5%	13.2%	9.1%	(4.1)pt



Single-family homes related business (Open House Development)

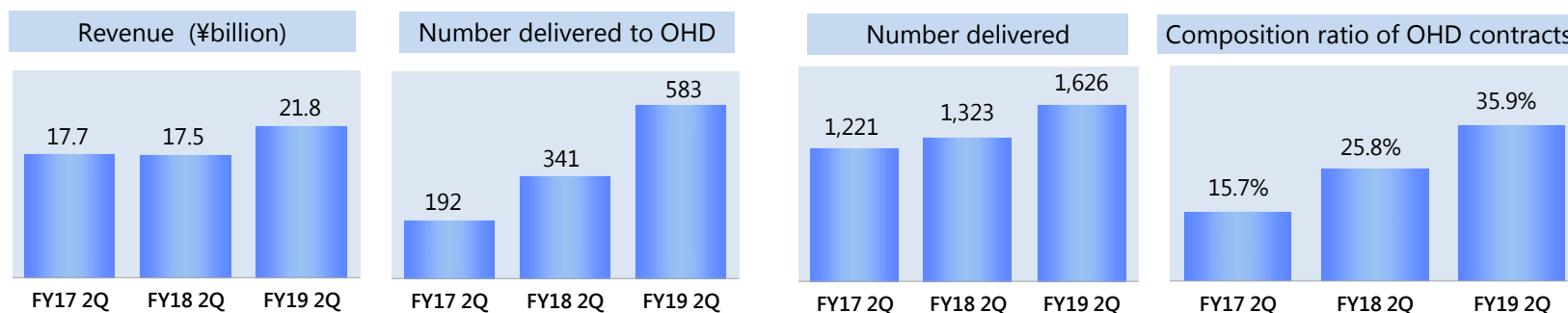
- ☑ A decline in gross profit margin was due to gross margin mix resulting from increased number of built-for-sale houses and higher purchase prices of land.
- ☑ Profit ratio on a sales contract basis has been on a uptrend, attributed to the specification of purchase criteria and greater accuracy in sales plans. Profit ratio on a sales settlement basis is expected to improve in the second half of the fiscal term.



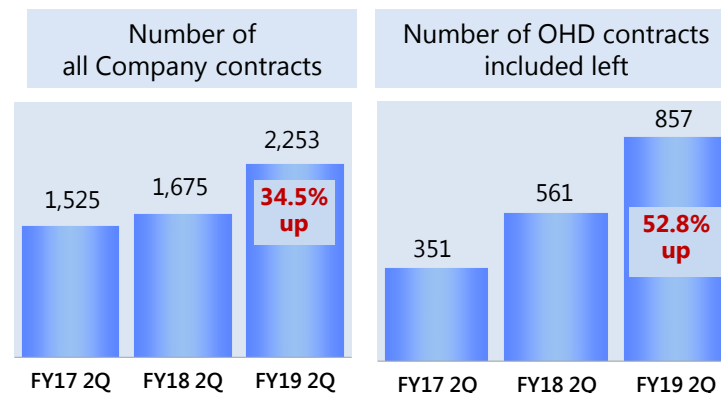
By type of sale		FY2017 2Q 16/10-17/3	FY2018 2Q 17/10-18/3	FY2019 2Q 18/10-19/3	Inc. (Dec.)
Built-for-sale houses	Revenue (¥million)	30,963	29,242	42,284	44.6%
	Number delivered	695	669	986	317
	Unit Price(¥million)	44.6	43.7	42.9	(0.8)
Lands	Revenue (¥million)	35,102	49,072	46,379	(5.5)%
	Number delivered	795	1,102	1,104	2
	Unit Price(¥million)	44.2	44.5	42.0	(2.5)
Built-to-order houses	Revenue (¥million)	6,086	7,986	10,755	34.7%
	Number delivered	407	561	766	205
	Unit Price(¥million)	15.0	14.2	14.0	(0.2)
Others	Revenue (¥million)	256	272	258	(5.3)%
Total	Revenue (¥million)	72,407	86,581	99,676	15.1%
	Gross profit (¥million)	13,332	16,779	15,866	(5.4)%
	Gross profit margin	18.4%	19.4%	15.9%	(3.5)pt
	Number delivered (built-for-sale houses + lands)	1,490	1,771	2,090	319

Single-family homes related business (Construction work)

- ☑ The business engaged in an increasing number of construction contracts for OHD, while responding to growing demand from general providers for built-for-sale homes in the Tokyo metropolitan district.
- ☑ 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.



	FY2017 2Q 16/10-17/03	FY2018 2Q 17/10-18/03	FY2019 2Q 18/10-19/03	Inc.(Dec.)
Revenue (¥million)	17,707	17,560	21,803	24.2%
Gross profit (¥million)	2,517	2,112	2,492	18.0%
Gross profit margin	14.2%	12.0%	11.4%	(0.6)pt
Number delivered ^{*1}	1,221 192	1,323 341	1,626 583	303 242



*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.

Single-Family Homes Related Business (Hawk One)

- ☑ Sales of single-family homes launched in quasi-urban parts of the Tokyo metropolitan districts were strong.
- ☑ The number of brokerage transactions in regard to Hawk One's units by Open House also showed steady increase.

Outline of performance

	FY2019 2Q (18/10-19/3)
Revenue (¥million)	47,494
Gross profit (¥million)	5,451
Gross profit margin	11.5%
Number delivered *including land ,built-to-order houses	1,217 (30%YOY)
Number of Sales *contract basis	1,146
Number of brokerage *contract basis	196 (6 at the same period last year)

Special factors in gross profit margin

1. Evaluation of market value of inventories

When consolidating at the end of the previous fiscal year, contracted inventories were valued at market value according to sales value, and the amount equivalent to the gain on valuation (¥850 million) was recorded under net assets and not under gross profit.

2. Disposal of long-term inventories

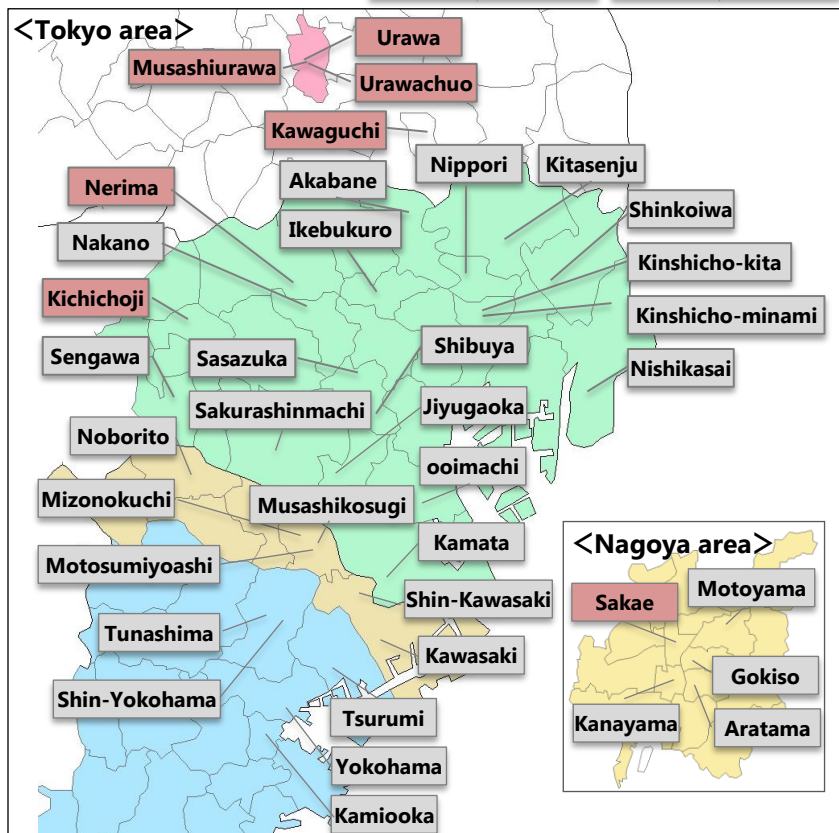
Long-term inventories (those open for contracts, with over 60 days after completion of construction) were disposed of in line with the policy aimed at improving asset efficiency. As a result, gross profit margin temporarily declined.

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

FY2019 2Q (2018/10-2019/3)

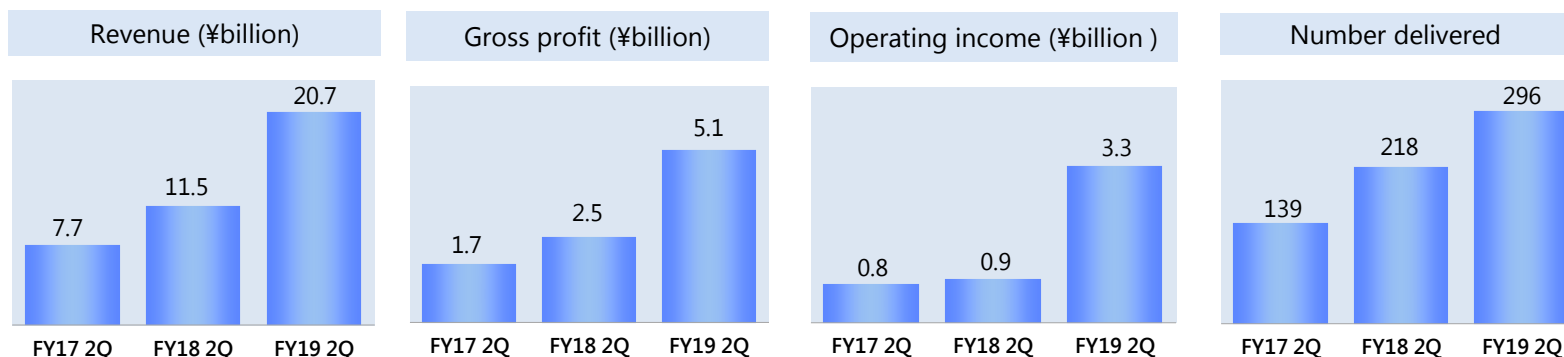
10 units and more

Under 10 units



Condominiums Business

- ☑ Sales were strong for compact condominiums, targeting single- and two-person households whose occupants prefer living close to work.
- ☑ Delivery of units commenced in Nagoya City from this fiscal year. Performance results in two bases including Tokyo grew strongly.



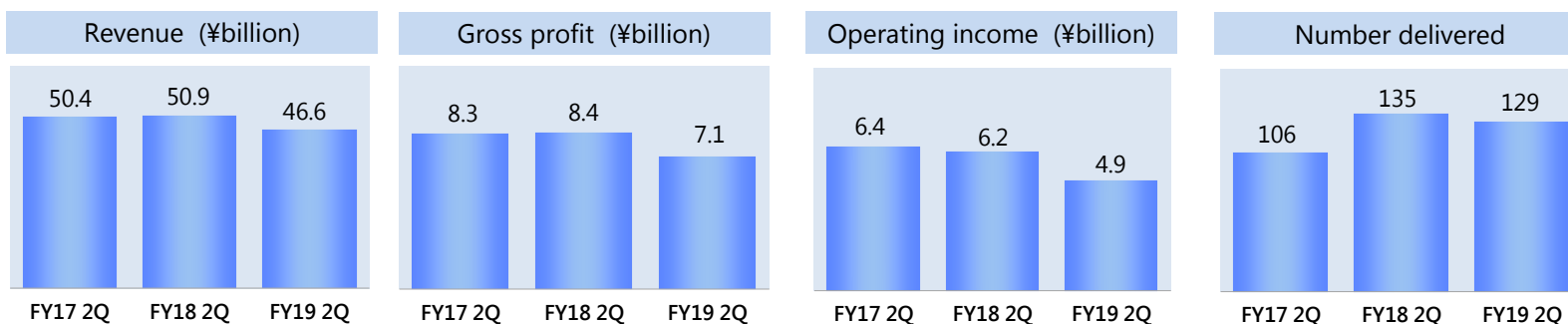
	FY2017 2Q 16/10-17/03	FY2018 2Q 17/10-18/03	FY2019 2Q 18/10-19/03	Inc. (Dec.)
Revenue (¥million)	7,713	11,513	20,768	80.4%
Gross profit (¥million)	1,792	2,502	5,139	105.4%
Gross profit margin	23.2%	21.7%	24.7%	3.0pt
Operating income (¥million)	863	927	3,305	256.3%
Operating income margin	11.2%	8.1%	15.9%	7.9pt
Number delivered	139	218	296	78
Unit price(¥million)	55.5	52.8	70.2	17.4

— Major condominiums delivered in FY2019 —

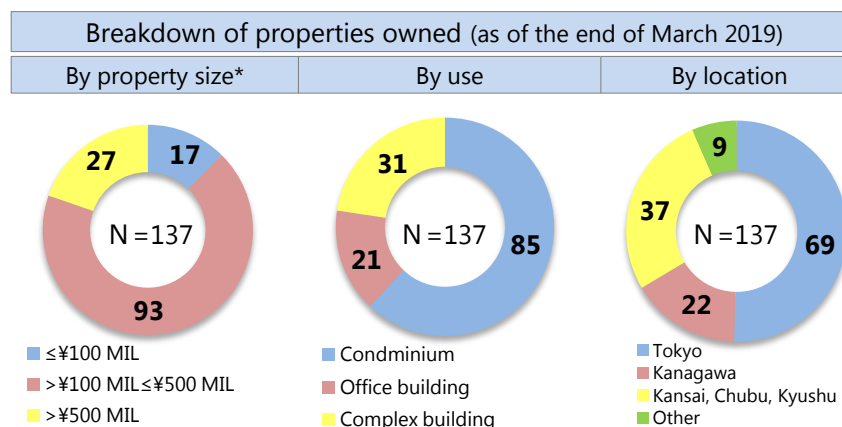
Name	Units	Average price
Open Residencia Sakuradori toyomae — Nagoya	22	¥30million
Open Residencia Aoi — Nagoya	32	¥40million
Open Residencia Sendagi Hills — Tokyo	28	¥60million
Open Residencia Daikanyama the House — Tokyo	22	¥90million

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.
- ☑ Sales in the second quarter have grown steadily, and operating income margin significantly improved from the 7.0% posted in the first quarter.

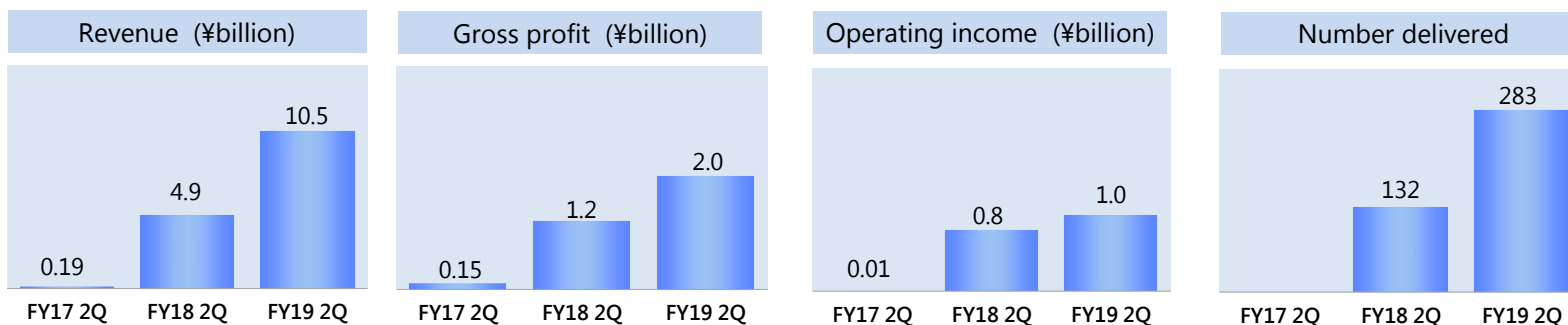


	FY2017 2Q 16/10-17/03	FY2018 2Q 17/10-18/03	FY2019 2Q 18/10-19/03	Inc. (Dec.)
Revenue (¥million)	50,446	50,903	46,613	(8.4)%
Gross profit (¥million)	8,397	8,441	7,179	(15.0)%
Gross profit margin	16.6%	16.6%	15.4%	(1.2)pt
Operating income (¥million)	6,495	6,248	4,908	(21.4)%
Operating income margin	12.9%	12.3%	10.5%	(1.7)pt
Number delivered	106	135	129	(6)
Unit Price(¥million)	480	377	361	(16)



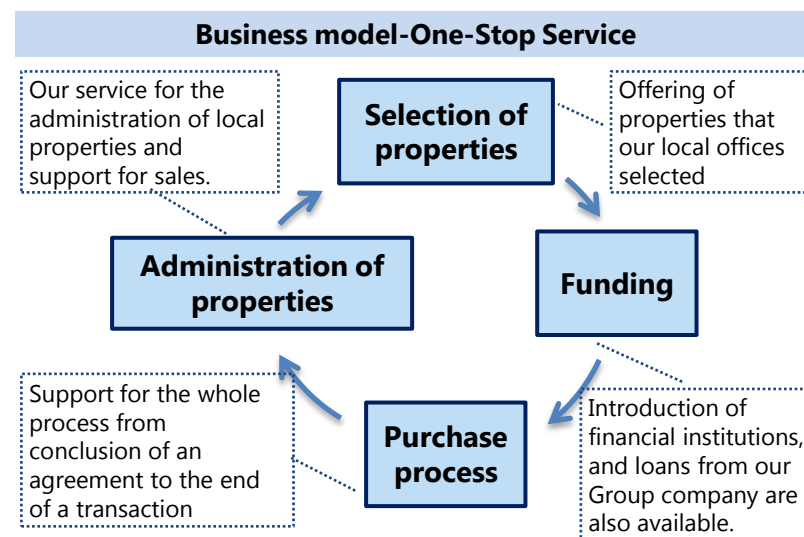
Other Segment (U.S. Real Estate Business)

- ☑ Sales contracts have been steadily growing in line with the full-year forecast.
- ☑ A decline in units delivered in the second quarter was temporary due to seasonal factors.



	FY2017 2Q 16/10-17/03	FY2018 2Q 17/10-18/03	FY2019 2Q 18/10-19/03	Inc. (Dec.)
Revenue (¥million)	191	4,953	10,531	112.6%
Gross profit (¥million)	153	1,212	2,064	70.3%
Gross profit margin	79.9%	24.5%	19.6%	(4.9)pt
Operating income (¥million)	15	809	1,070	261
Operating income margin	7.9%	16.3%	10.2%	(6.2)pt
Number delivered [*]	-	132	283	151

* Figures for revenue and income are shown in Other Segment.



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

(Million yen)

	FY2018 2Q 2017/10-2018/3		FY2019 2Q 2018/10-2019/3		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
SG&A expenses	10,670	6.3%	15,062	6.2%	4,391
Personnel expenses	2,797	1.6%	4,331	1.8%	1,533
Sales commissions	1,616	1.0%	2,590	1.1%	974
Office expenses	1,341	0.8%	1,712	0.7%	370
Advertising expenses	884	0.5%	1,010	0.4%	125
Promotion expenses	633	0.4%	727	0.3%	94
Others	3,396	2.0%	4,689	1.9%	1,292

	FY2018 2Q 2017/10-2018/3		FY2019 2Q 2018/10-2019/3		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
Non-operating income	118	0.1%	221	0.1%	103
Non-operating expenses	1,005	0.6%	1,825	0.8%	820
Interest expenses	529	0.3%	878	0.4%	348
Commission fee	37	0.0%	737	0.3%	700
Foreign exchange loss	355	0.2%	86	0.0%	(268)
Other	82	0.0%	122	0.1%	39

Consolidated Balance Sheet

(Million yen)

	Sep 30, 2018	Mar 31, 2019	Inc. (Dec.)
Current assets	377,818	394,609	16,791
Cash and deposits	119,053	114,585	(4,468)
Inventories	233,272	253,610	20,338
Others	25,492	26,413	921
Non-current assets	15,508	15,799	291
Property, plant and equipment	5,474	5,002	(472)
Intangible assets	3,515	3,644	128
Investments and other assets	6,517	7,152	634
Deferred assets	40	35	(5)
Total assets	393,367	410,444	17,077

	Sep 30, 2018	Mar 31, 2019	Inc. (Dec.)
Liabilities	279,880	287,162	7,281
Current liabilities	182,405	155,927	(26,477)
Non-current liabilities	97,475	131,235	33,759
Net Assets	113,486	123,282	9,795
Shareholders' equity	105,798	122,902	17,103
Valuation and translation adjustments	* 7,688	380	(7,308)
Total liabilities and net assets	393,367	410,444	17,077

*Including Non-controlling interests 6,941 million yen

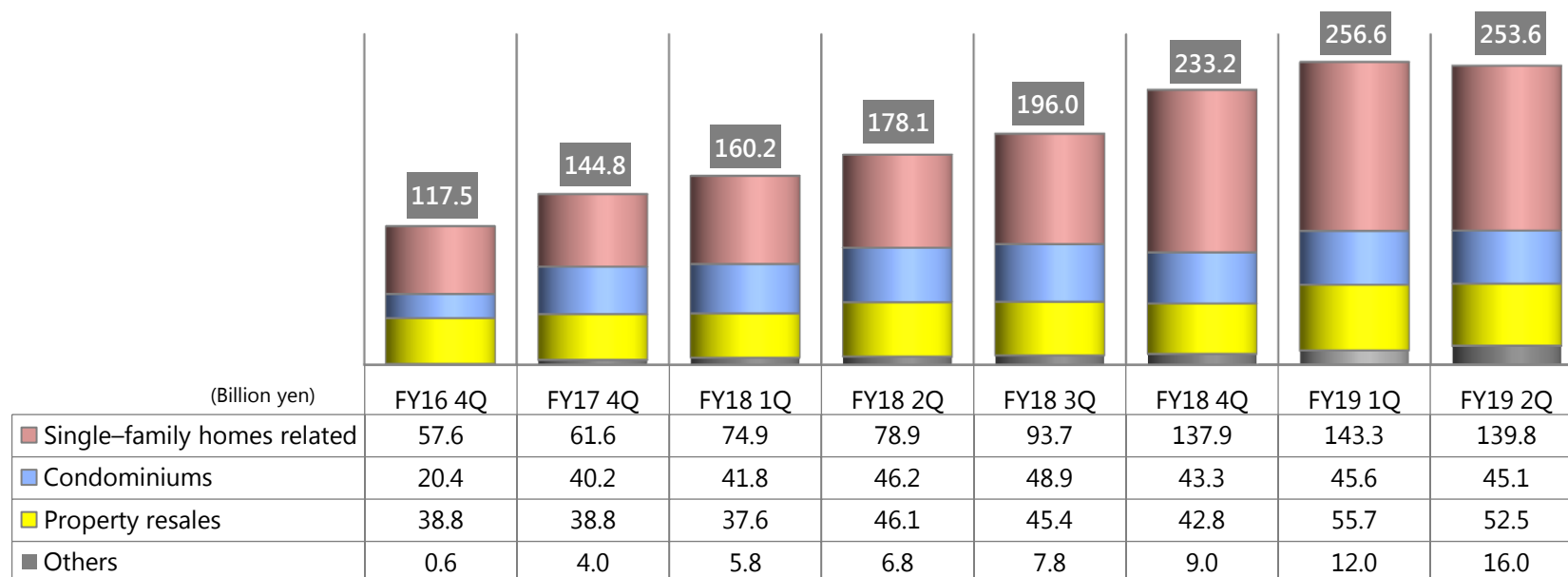
<Safety index>	Sep 30, 2018	Mar 31, 2019	Inc. (Dec.)
Equity ratio	27.0%	30.0%	3.0%



Inventory Details

(Million yen)

	End of FY2016 (Sep 30, 2016)	End of FY2017 (Sep 30, 2017)	End of FY2018 (Sep 30, 2018)	End of FY2019 2Q (Mar 31, 2019)	(Ratio)	Inc. (Dec.)
Single-family homes related	57,633	61,667	137,991	139,839	55.2%	1,848
Condominiums	20,422	40,291	43,322	45,170	17.8%	1,847
Property resales	38,838	38,871	42,873	52,526	20.7%	9,652
Others	651	4,064	9,084	16,074	6.3%	6,989
Total	117,546	144,894	233,272	253,610	100.0%	20,338

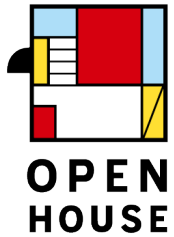




Consolidated Statement of Cash Flows

(Million yen)

	FY2018 2Q <2017/10-2018/3>	FY2019 2Q <2018/10-2019/3>	Major factors
Cash flows from operating activities	(19,871)	(9,649)	<ul style="list-style-type: none"> - Booking of income before income taxes - Increase in inventories - Payment of income taxes - Increase in operating loans, etc.
Cash flows from investing activities	637	169	<ul style="list-style-type: none"> - Sales of property, plant and equipment, etc.
Cash flows from financing activities	26,909	4,696	<ul style="list-style-type: none"> - Increase in loans payable - Dividend payment - Purchase of treasury shares, etc.
Effect of exchange rate changes on cash and cash equivalents	(457)	(164)	
Net increase (decrease) in cash and cash equivalents	7,217	(4,947)	
Cash and cash equivalents at beginning of period	90,910	118,978	
Cash and cash equivalents at end of period	98,127	114,031	



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 (2016/10-2017/9)	FY2018 (2017/10-2018/9)		FY2019 (2018/10-2019/9)	
	Actual	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)
Revenue	304,651	390,735	28.3%	510,000	30.5%
Operating income	37,617	47,304	25.8%	54,000	14.2%
Ordinary income	36,131	46,052	27.5%	51,500	11.8%
Profit attributable to owners of parent	24,797	31,806	28.3%	37,000	16.3%
EPS (yen)	443.41	570.17	—	655.17	—
Annual dividends per share (yen)	65.00	98.00	33.00	121.00	23.00
Payout ratio	14.7%	17.2%	—	18.5%	—



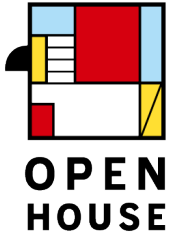
Consolidated Business Performance Forecasts (Revenue by Business Segment)

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

* 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 consolidated to establish a new segment, the single-family homes related business from FY 2018, and Hawk One consolidated to the segment of single-family homes from FY 2019.



Current Initiatives

Single-Family Homes Related Business (1. Brokerage)

- ☑ Sales centers were opened in five bases: Musashiurawa, Kawaguchi, and Kanayama in October, Noborito in November 2018, and Tenjin in January 2019.
- ☑ Sengawa Sales Center in Chofu City and Aratamabashi Sales Center in Mizuho-ku, Nagoya City were opened in April 2019. A total of 39 sales centers are in operation.

Opening of Sales Centers



Sengawa sales center

Aratamabashi Sales center

No. of sales centers of each area

	FY2016 15/10-16/9	FY2017 16/10-17/9	FY2018 17/10-18/9	As of 2019.5.15
Tokyo	13	16	17	18
Kanagawa Prefecture	5	7	10	11
Aichi Prefecture	—	2	3	5
Saitama Prefecture	—	—	2	4
Fukuoka Prefecture	—	—	—	1
Total	18	25	32	39

< Tokyo region >



< Fukuoka region >

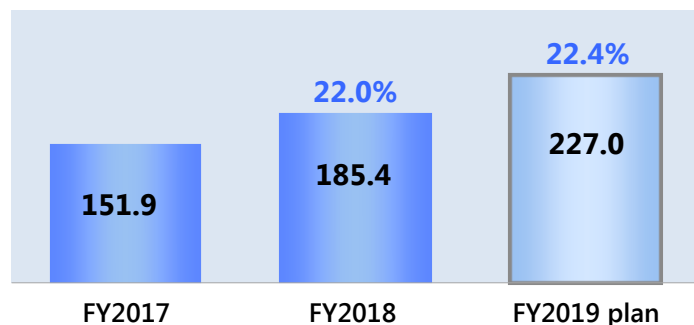
< Nagoya region >



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.

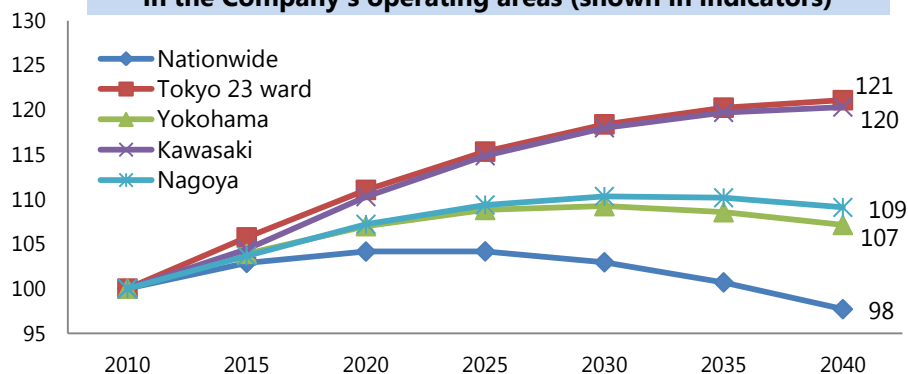
Trends in revenue and YOY% (¥billion)



Number delivered by type of sale

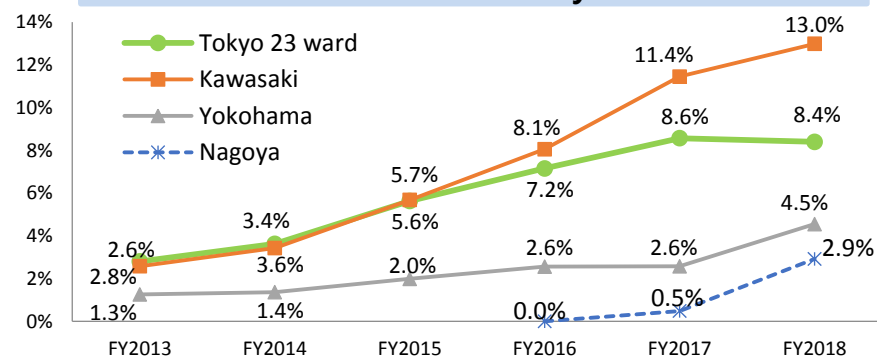
By type of sale	FY2017 Actual	FY2018 Actual	FY2019 plan	Inc (Dec)
Built-for-sale houses	1,489	1,627	2,200	573
Lands	1,666	2,254	2,800	546
Built-to-order houses	884	1,182	1,400	218
Built-for-sale houses + Lands	3,155	3,881	5,000	1,119
<i><Reference></i> <i>Built-for-sale houses + Built-to-order houses</i>	2,373	2,809	3,600	791

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.

OHD market share by area



Assumption: The above figures are calculated based on number of OHD (total of built-for-sale houses and built-to-order houses) in each period and number of housing starts (total of houses built for sale and possessed houses) by area in each fiscal year. OHA homes and Hawk One homes are not included.

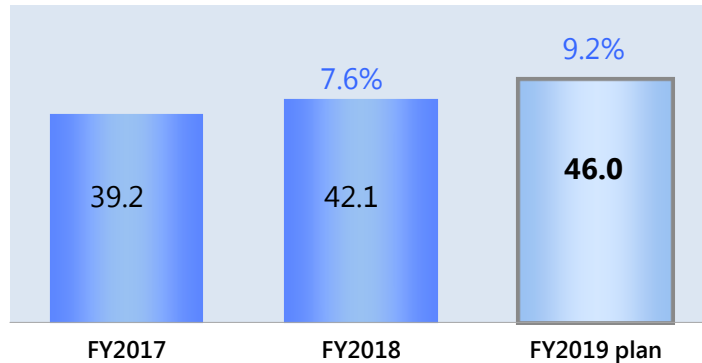


Single-Family Homes Related Business

(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)

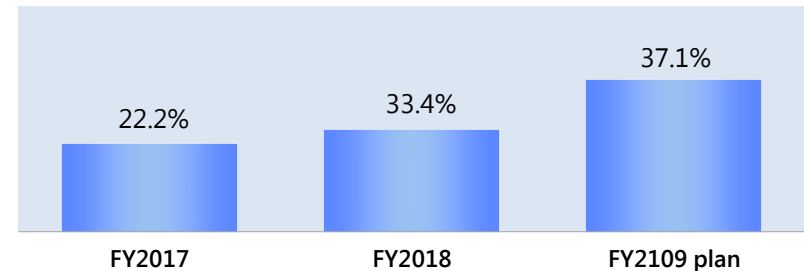


Number delivered *1

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

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

Ratio of number delivered to OHD

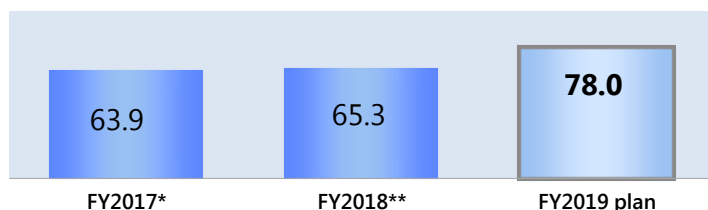




Single-Family Homes Related Business(4. Hawk One)

- ☑ The Company converted Hawk One Corporation into a wholly-owned subsidiary on October 1, 2018.
- ☑ The Company expanded sales by leveraging its brokerage function and aimed to reduce project period through the disposal of long-term inventories.

Trends in revenue (¥billion)



Number delivered

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

*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).

Outline of share acquisition and share exchange

Acquisition cost:
Approx. 27.3 billion yen (shareholding ratio acquired: 100%)
(Cash of approx. 20 bn yen and Simplified share exchange worth 7.3 bn yen)

Goodwill:
2,655 million yen at the beginning of FY2019
Amortized on a straight-line basis over a 10-year period

Purposes of consolidation

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 and OHA: 5,800 homes

3. Improving management efficiency by leveraging the brokerage function

Sales of HAWK ONE properties through the Company's brokerage

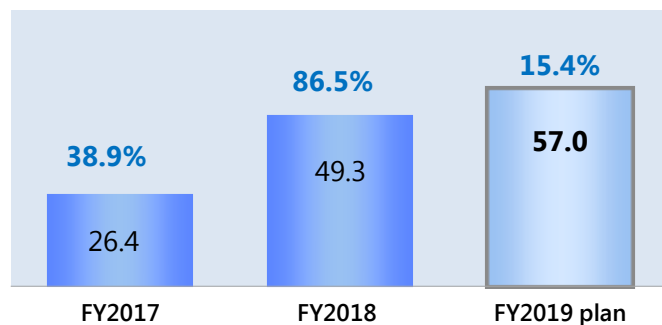
- HAWK ONE: Sales of homes through local brokers
- OPEN HOUSE: Proactive sales of Hawk One properties



Condominiums Business

- ✓ There has been strong demand for highly convenient condominiums, and the contract rate to be delivered in this fiscal year has solidly increased to 95%.
- ✓ Delivery of condominiums in Nagoya took off in earnest, gaining as much as 24% market share in the percentage of number of units delivered.

Trends in revenue and YOY% (¥billion)



Opening of Iidabashi Mansion Gallery in March 2019



Location : KDX Iidabashi Square, 4-1 Shinogawacho, Shinjyuku-ku, Tokyo
 Floor area : 366.44㎡(110.84tubo)

Number delivered

	FY2017 Actual	FY2018 Actual	FY2019 plan	Inc(Dec)
Number delivered	487	802	900	98
(Breakdown)		Tokyo	682	
		Nagoya	218	

Major condominiums to be delivered in FY 2019

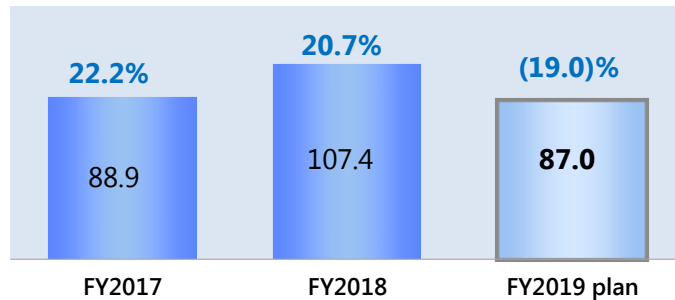
Name	Units	Average price
Open Residencia Daikanyama The House —Tokyo	47	¥90million
Open Residencia Yoyogiuehara Hills —Tokyo	40	¥50million
Open Residencia Aoi —Nagoya	20	¥30million
Open Residencia Sakura-dori Toyomae-cho —Nagoya	27	¥30million



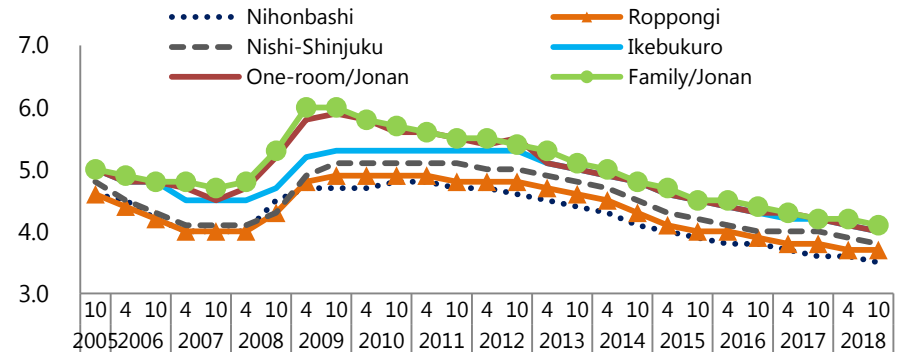
Property Resale Business

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

Trends in revenue and YOY% (¥billion)



Earnings yields (%) of property resale deals

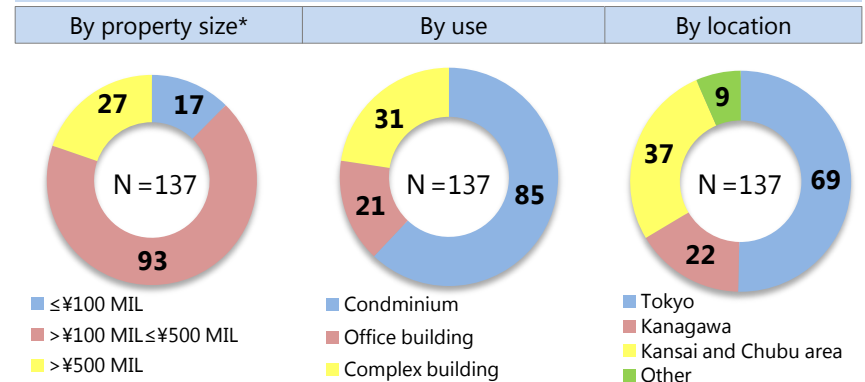


Source: Japan Real Estate Institute "The Japanese Real Estate Investor Survey"

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

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

Breakdown of properties owned (as of the end of March 2019)



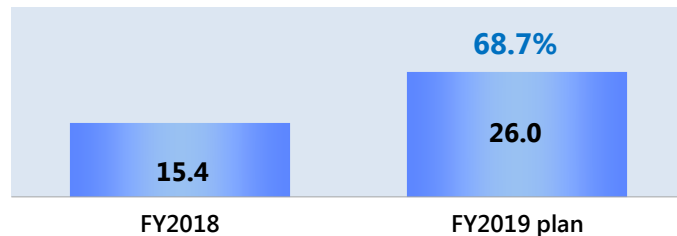
* Based on book values at the end of March 2019.



Other Segment (U.S. Real Estate Business)

- ☑ The Company responded to investor needs for asset distribution by expanding service areas and offering large-scale properties such as apartment houses.
- ☑ The Company aims to evolve into the wealth management business targeting the wealthy class of customers by leveraging its customer base.

Trends in revenue and YOY% (¥billion)



Number of sales

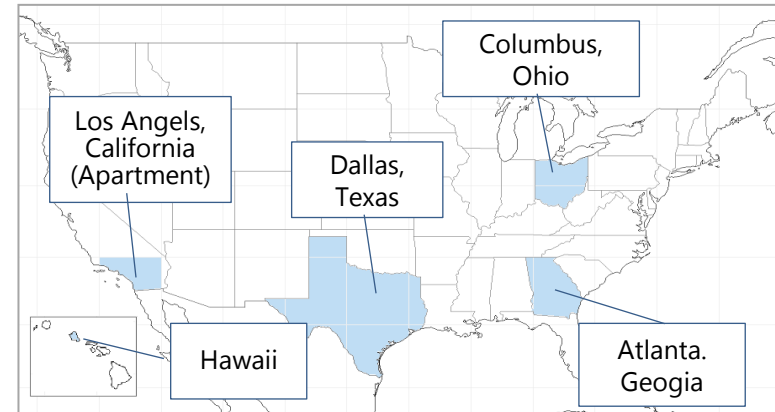
	FY2018 Actual	FY2019 plan	Inc (Dec)
Number delivered	394	700	306
Average price	Approx. 33 million yen	—	—

Example of portfolio property



- Location: Texas, U.S. ■ Construction period: 1986
- Price: ¥40 million (US\$365,000) (assumed exchange rate of ¥110 to the dollar)
- Total floor area: 234m²(2,524sqft) ■ Site area: 650m²(7,003sqft)

Expansion of service areas

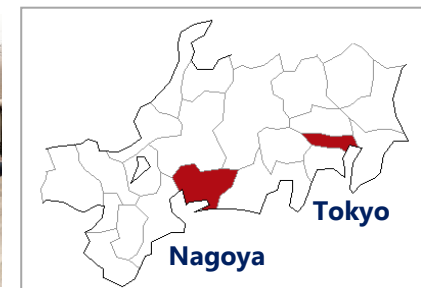


Sales activities

- December 2018: Ginza SIX was extended to enlarge space for GINZA XI, a lounge for members
- March 2019: Nagoya Salon was launched in Midland Square in front of Nagoya Station



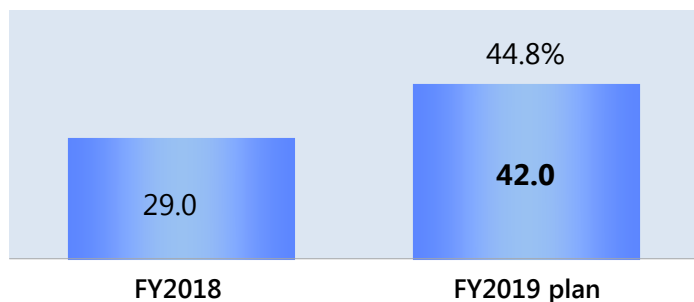
GINZA XI



Business Development in the Nagoya Region

- ☑ Aratamabashi Sales Center, the fifth center in the Nagoya region, was opened in April 2019.
- ☑ Delivery of condominiums upon completion of construction is to commence this fiscal year.

Trends in revenue and YOY% (¥billion)



Number of sales

	FY2018 Actual	FY2019 plan	Inc (Dec)
Single-family homes (Built-for-sale houses + Lands)	317	500	183
Condominiums	—	218	—
Property resales	40	40	0

Opening of Aratamabashi Sales Center

Opening of the fifth sales center in Nagoya

Address: Mizuho-dori, Mizuho-ku, Nagoya
 Access: 2-minute walk from Aratamabashi Station on the Meijo Line (subways).



Launch of Open Residencia Sakura-dori Tsutsui

Launch of sales of the eleventh property in Nagoya

Address: Tsutsui, Higashi-ku, Nagoya
 Access: 3-minute walk from Kurumamichi Station on the Sakura-dori Line (subway)
 Structure and size: Reinforced concrete building with 13 stories above ground
 Total no. of units: 36
 Delivery schedule: June 2020





Switching from Short-Term Loans to Long-Term Loans

- ☑ Considering the favorable funding environment, short-term loans were switched to stable long-term loans.
- ☑ Financial stability will improve by increasing percentage of long-term funds.

Funding of long-term funds (syndicated loan, etc.)

Purpose:

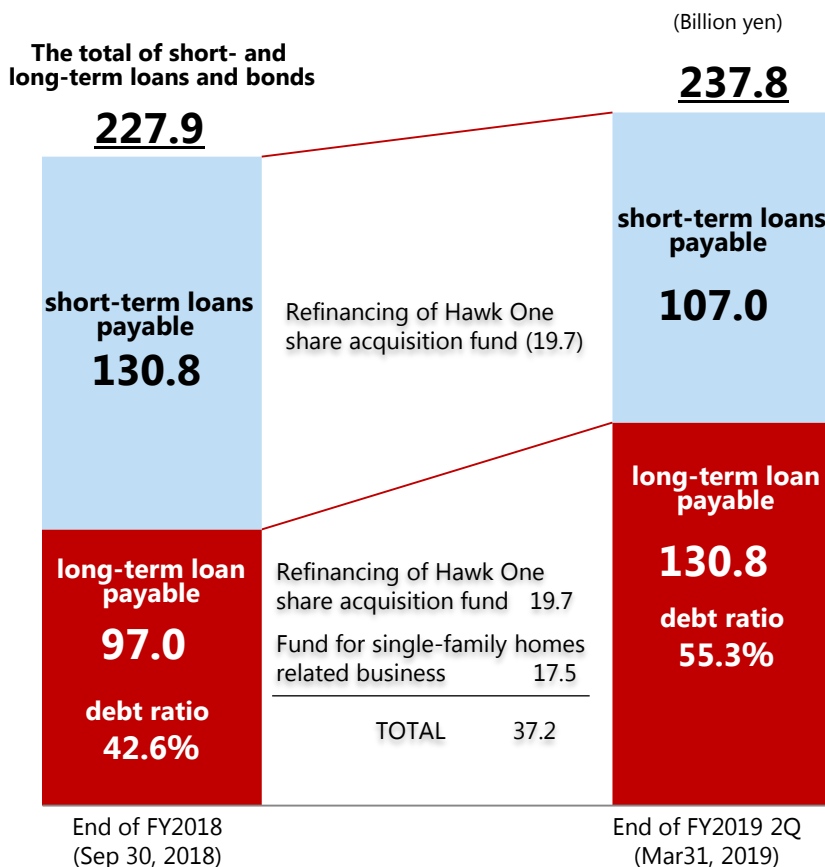
Implementation of measures in response to change in business environment

Terms:

10-year loan period, fixed interest rate

Time of funding / Amount	Arranger / Borrower Use of funds
December 2018 ¥17.5billion	Sumitomo Mitsui Banking Corporation, etc. (total of 10 banks) Fund for single-family homes related business
December 2018 ¥19.7billion	Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., MUFG Bank, Ltd. Fund for Hawk One share acquisition Refinance from short-term to long-term fund

Change in long-term loan and breakdown of change



Shareholder returns

- ☑ We repurchased 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.

Repurchase of treasury stock

<The resolution made by the Board of Directors on May 15, 2019>

Repurchase period	From May 16, 2019 to September 30, 2019
Total number of shares to be repurchased	1,000,000 shares (maximum) (1.78% of the total issued shares (excluding treasury stock))
Total repurchase amount	¥500 billion (maximum)

< Repurchase of treasury stock within one year >

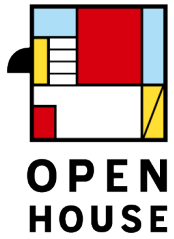
Repurchase period (1)	From September 11, 2018 to September 20, 2018
Total number of shares repurchased	561,800 shares (1.01% of the total issued shares (excluding treasury stock))
Total amount repurchased	¥299.9 billion
Repurchase period (2)	From November 21, 2018 to March 31, 2019
Total number of shares repurchased	470,000 shares (1.77% of the total issued shares (excluding treasury stock))
Total amount repurchased	¥181.4 billion

Shareholder Benefits Program

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

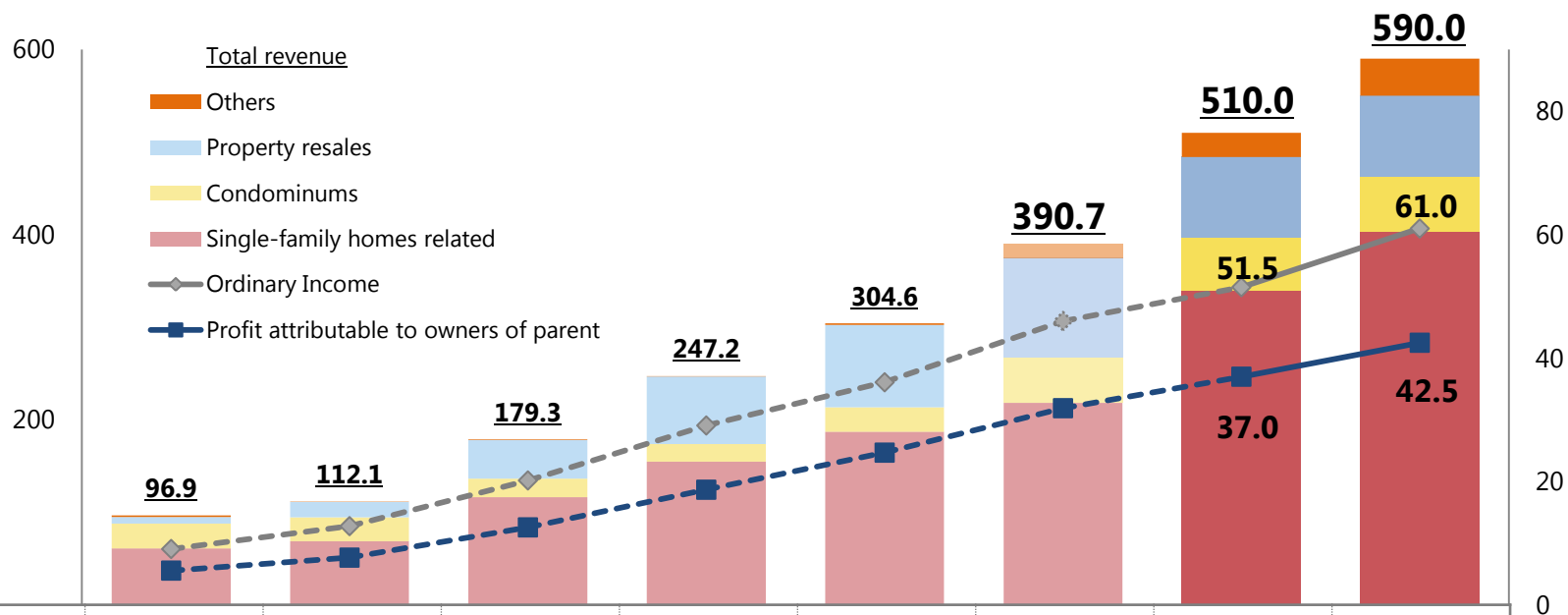
Eligible shareholders:

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



Mid-Term Business Plan

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
Total revenue	96.9	112.1	179.3	247.2	304.6	390.7	510.0	590.0
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 **Hired 298 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

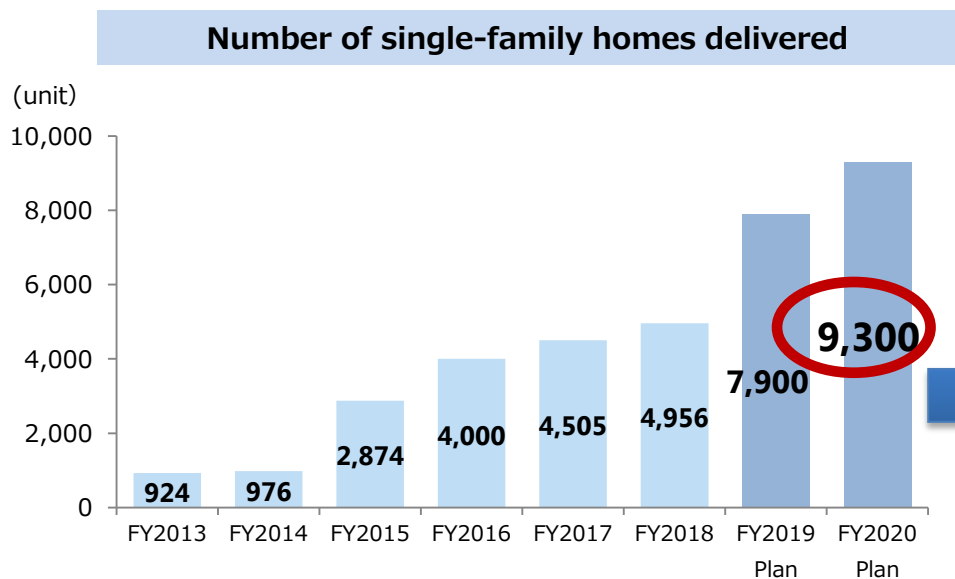
Establishment of both capital efficiency and financial soundness

- **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)



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.



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.

Ranking of single-family home sales

Rank	Company name	No. of sales	Ratio
1	Company IG	44,763	10.6%
	Company TH		
	Company M	17,000	4.0%
	Company P		
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 : 422,998

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))

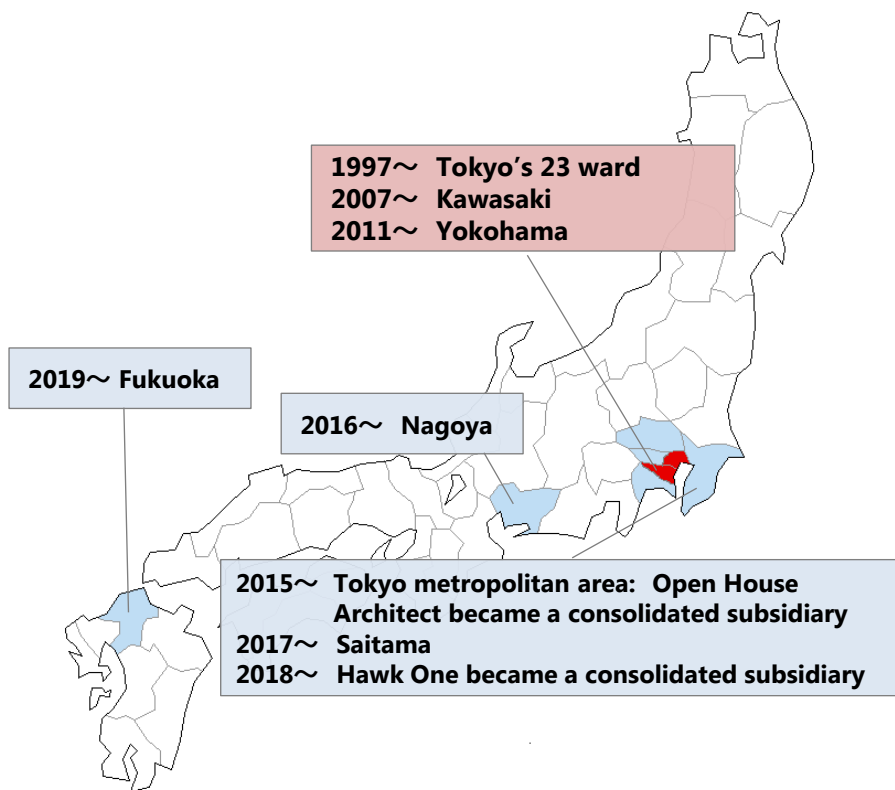
"Building Starts / Housing Starts" by Ministry of Land, Infrastructure, Transport and Tourism (Number of newly built houses in 2018 (total of possessed houses and houses built for sale))



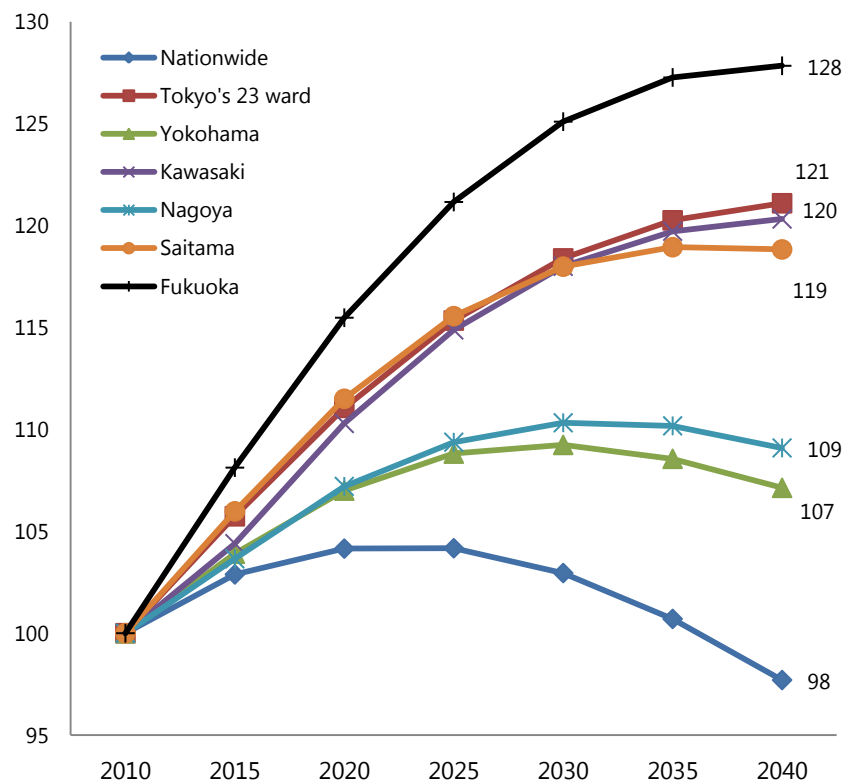
Expanding operating areas of Single-family homes related business

- ☑ The Company develops business in the area expected an increase in the number of households since its founding.
- ☑ The Company continues to actively expand into new regions with a strong demand for housing.

Expansion of our operating areas



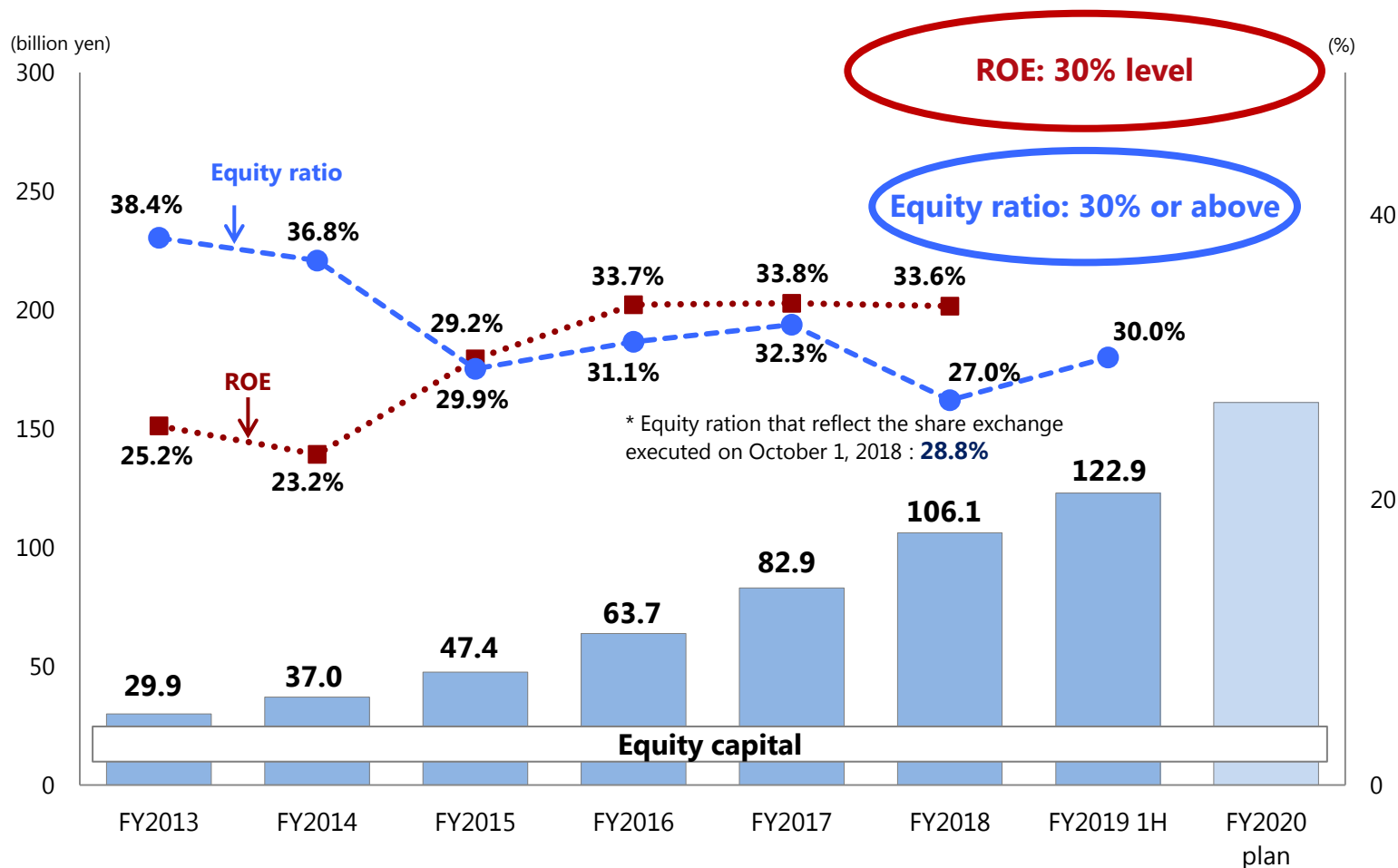
Future household estimates in our operating areas (shown in indicators)



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.

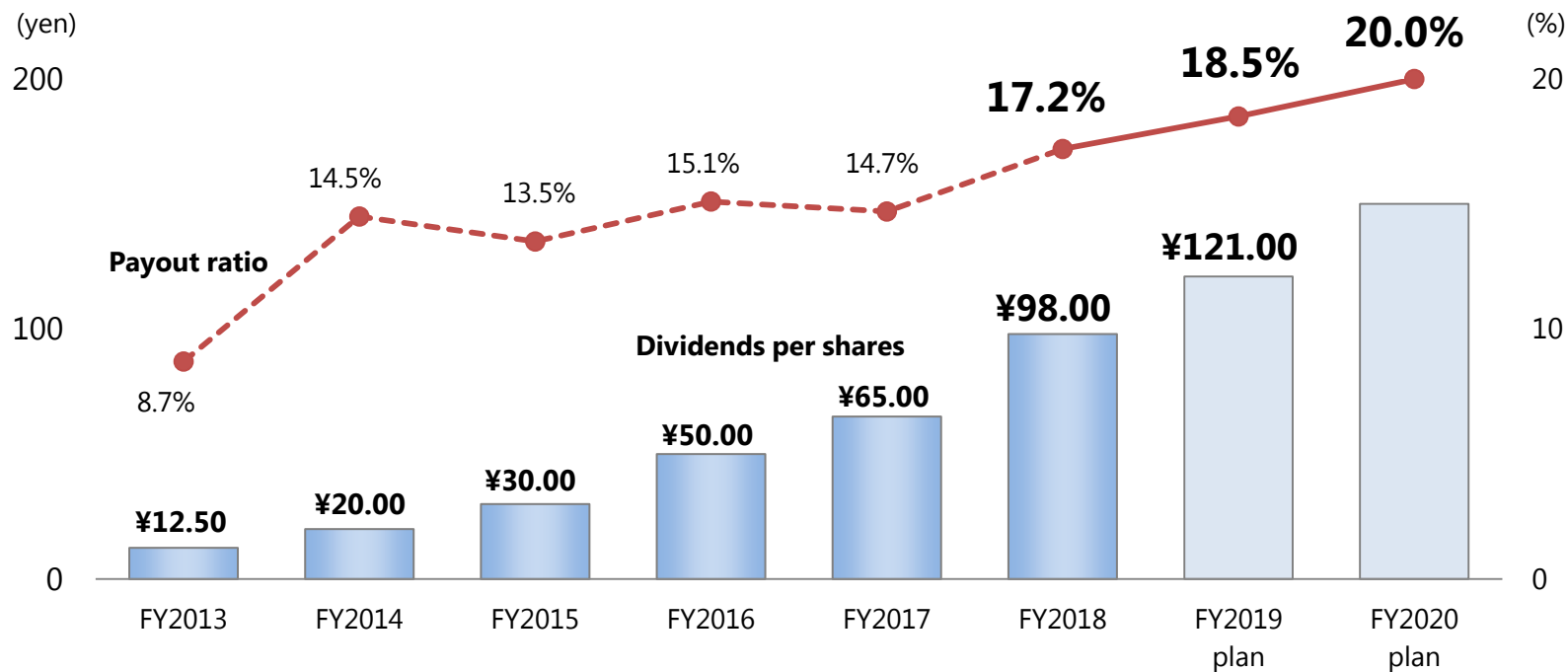
Capital policy Assurance of both high capital efficiency and sound financial condition

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



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

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



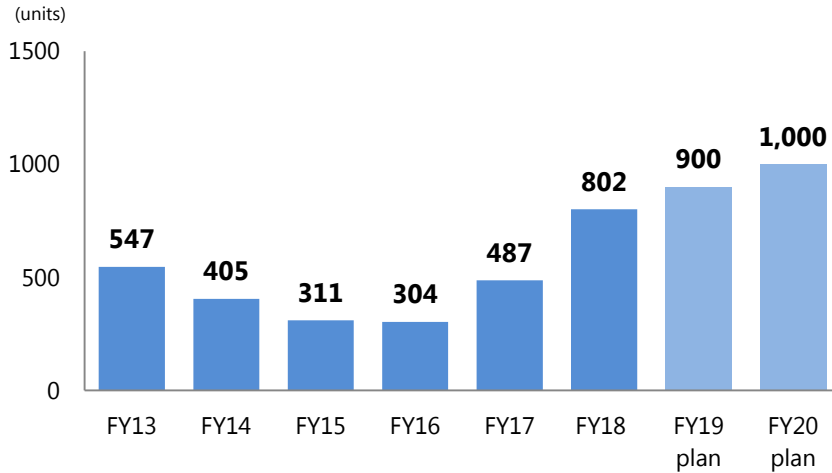
<Assumptions made in calculating indicator per share>

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.

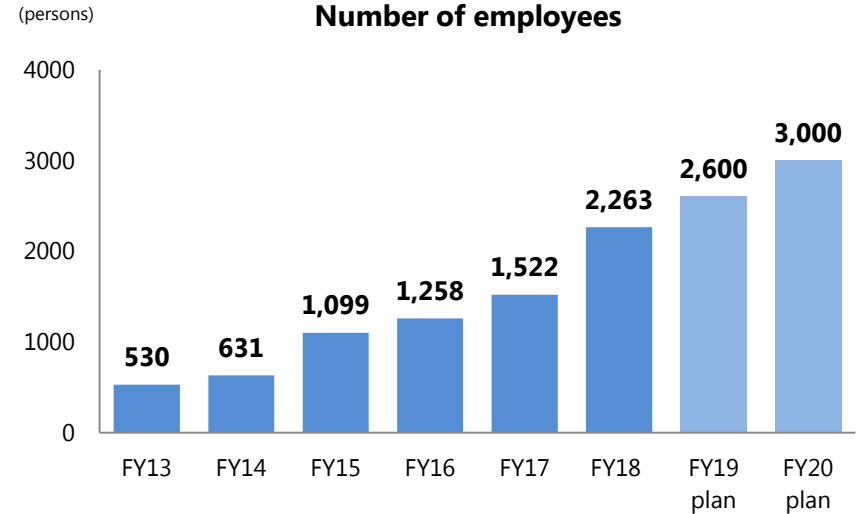


Quantitative Goals

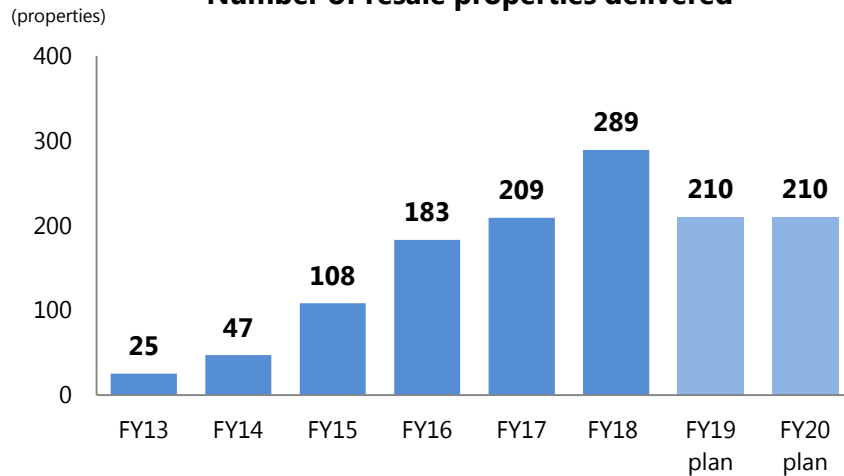
Number of units of condominiums delivered



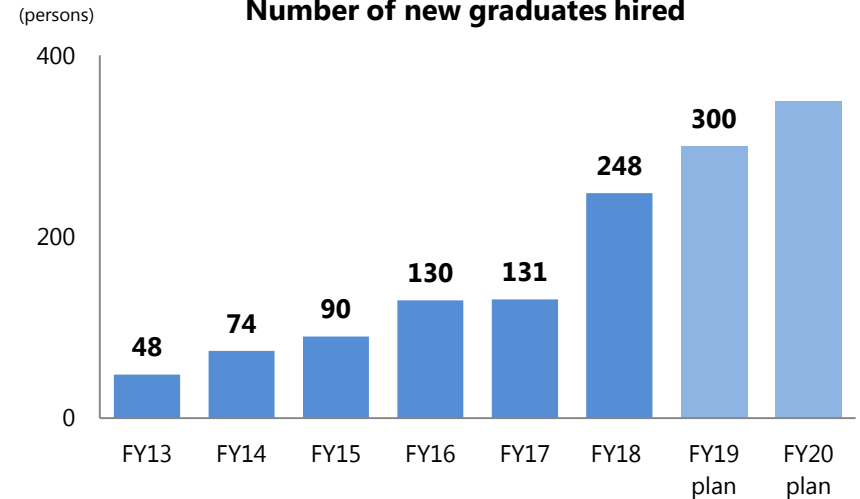
Number of employees

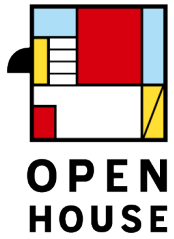


Number of resale properties delivered



Number of new graduates hired

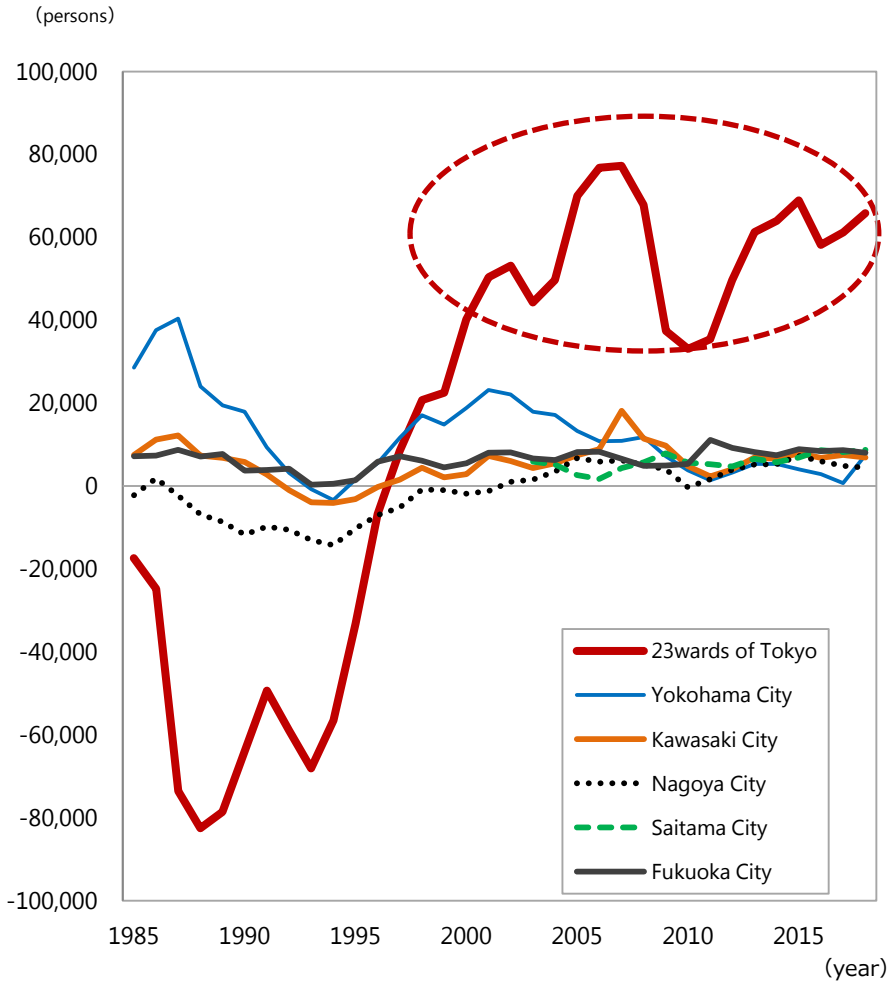




Reference : Market Trends

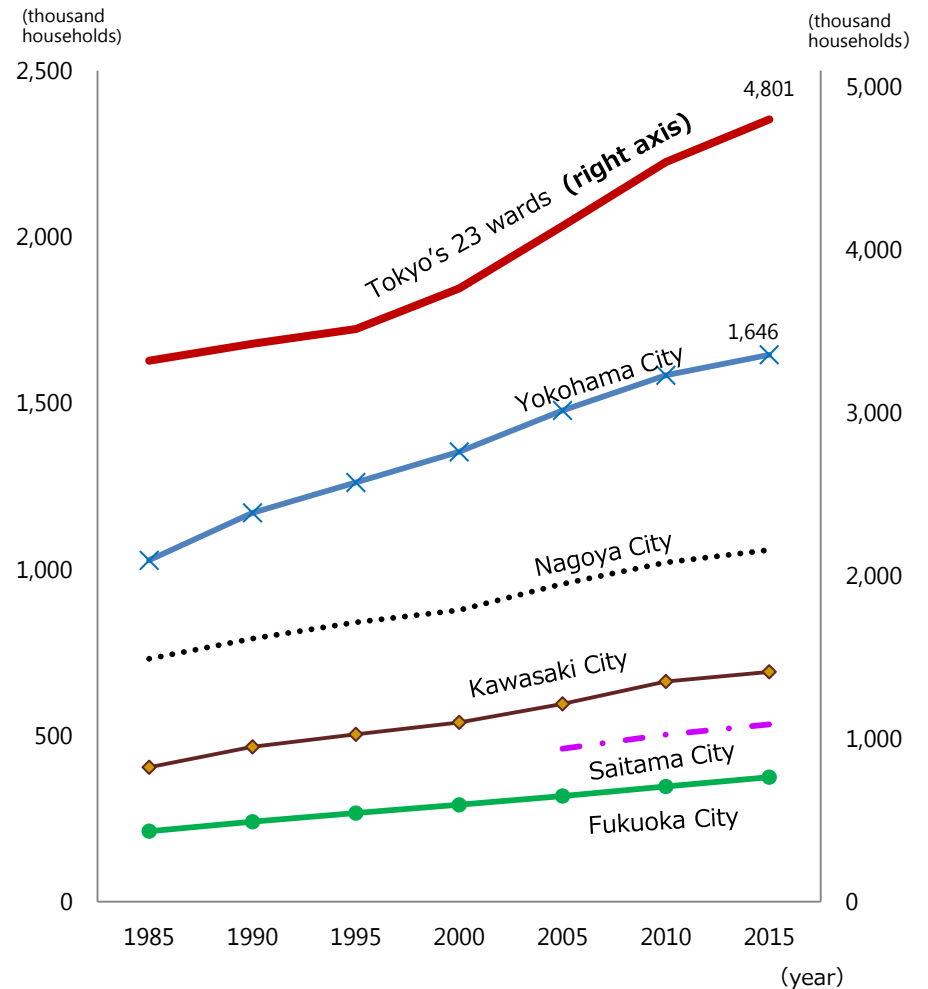
The population has been concentrating and number of households has been increasing in urban areas

Net migration into urban cities



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

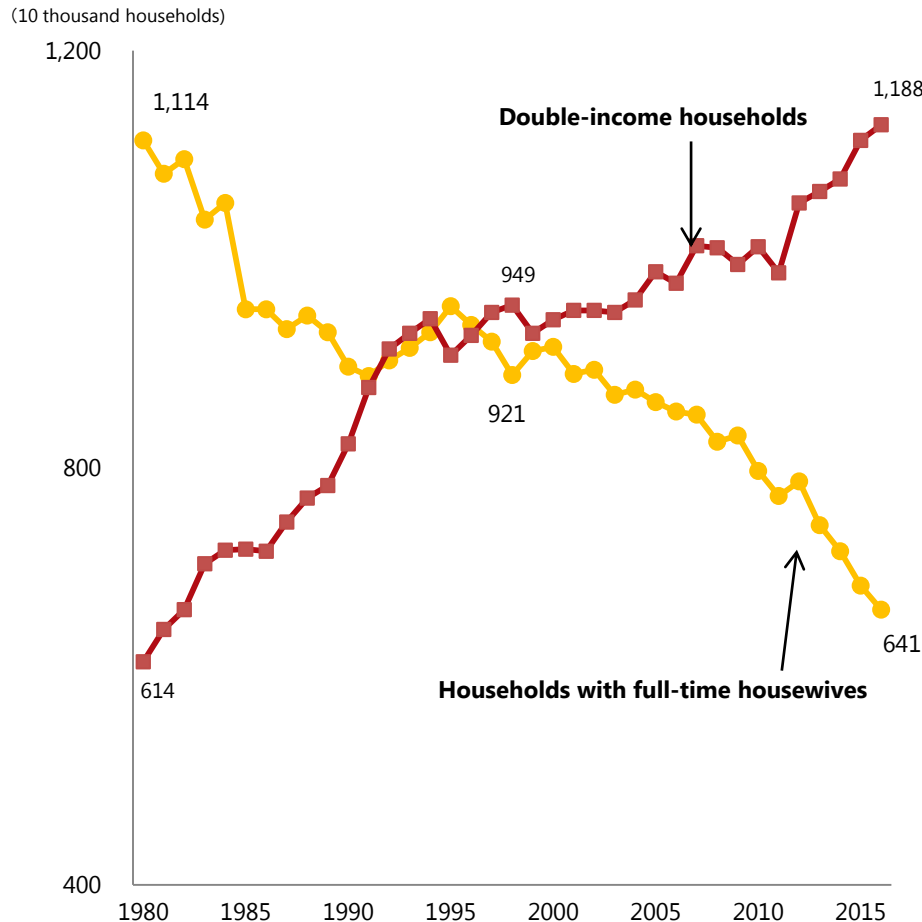
Number of households in major cities



Source: MIC, "Population Census of Japan"

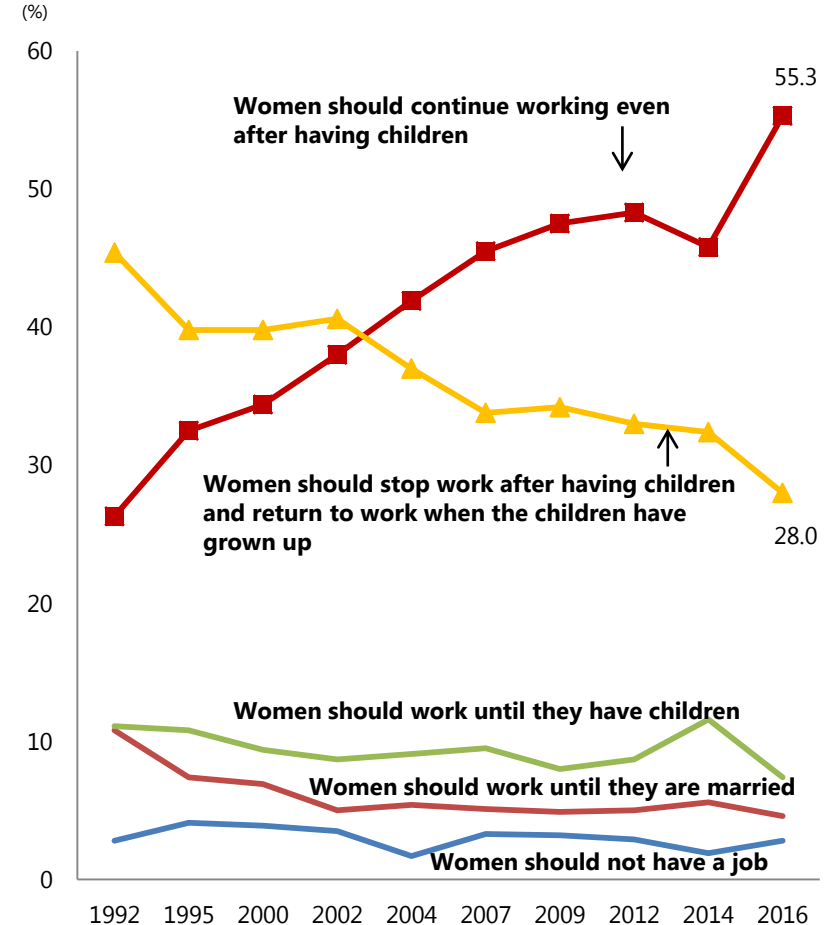
Double-income households and child-rearing households are turning their eyes to urban areas, where they can reduce commuting time

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)

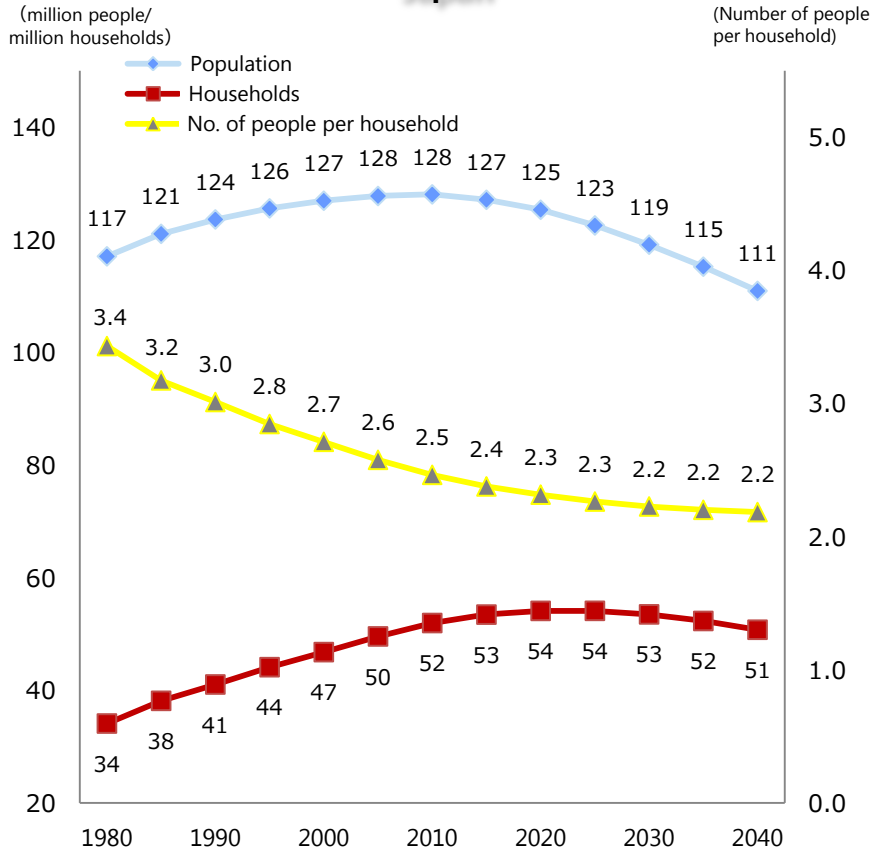


Source: "White Paper on Gender Equality 2016," Cabinet Office, Government of Japan



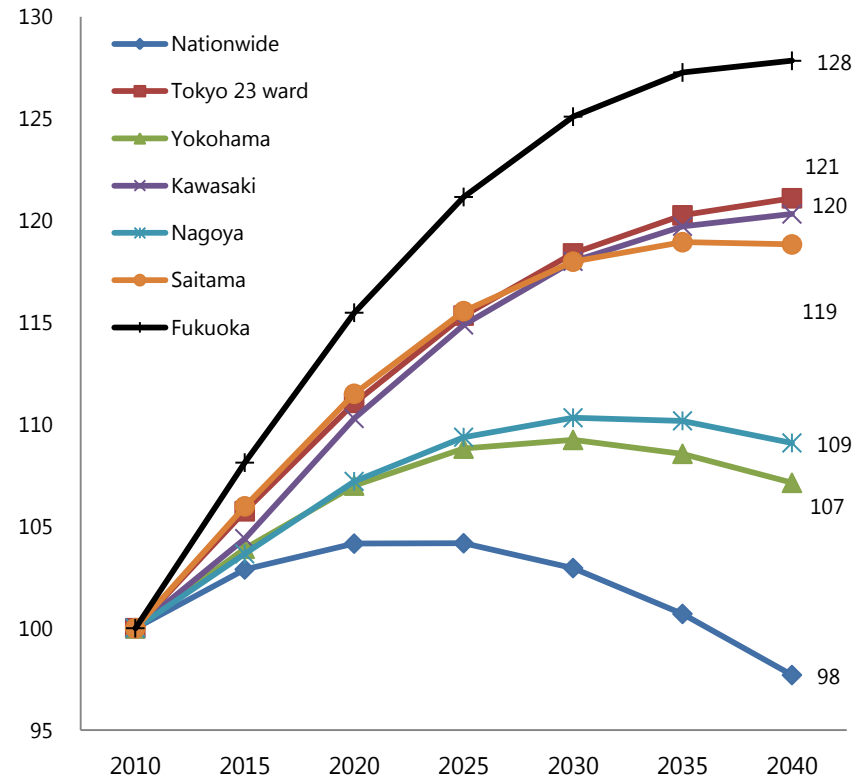
The number of households in urban areas is expected to continue increasing, despite a total population decline in Japan

Future population and household estimates for Japan



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.

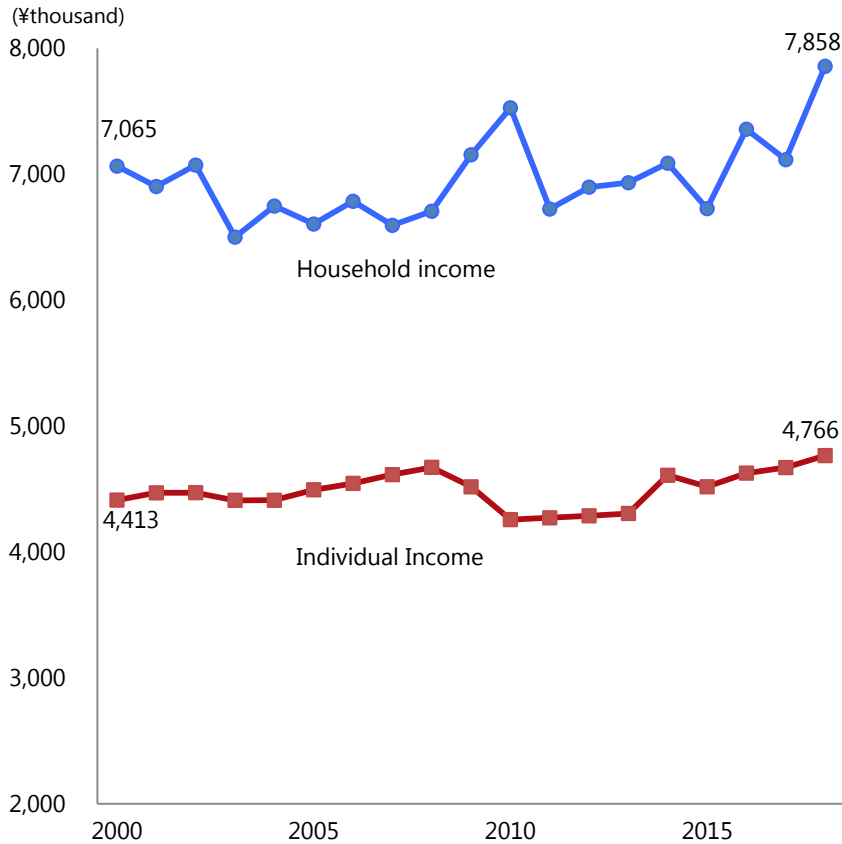
Future household estimates for urban areas (index)



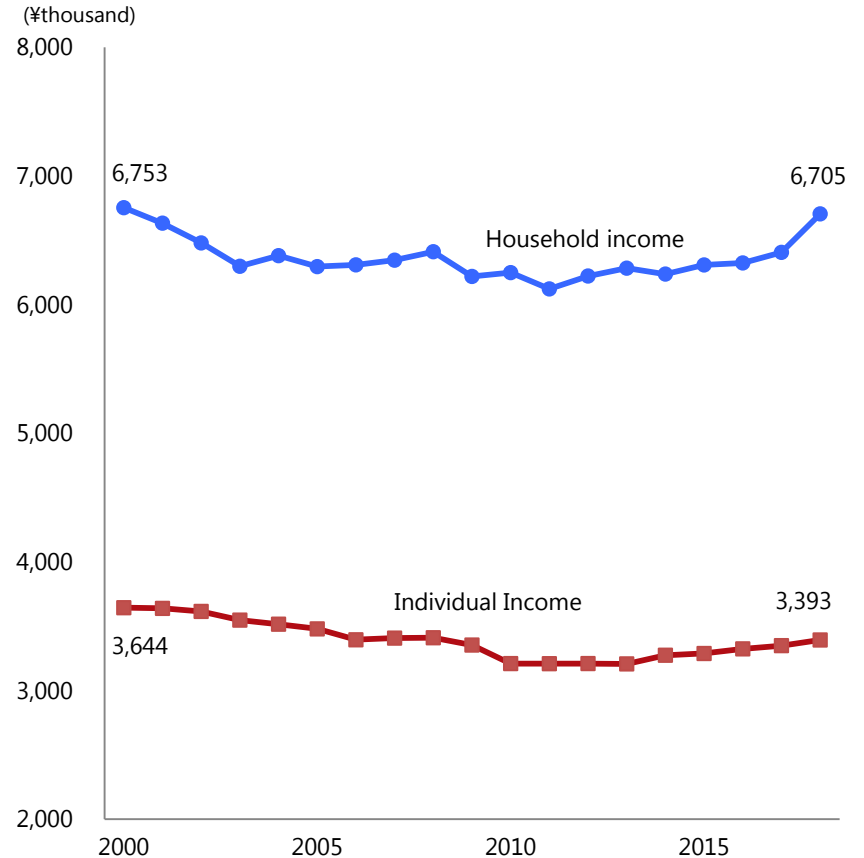
Sources: Numbers of households by city were projected with reference to "Household Projection for Japan (National Projection)" and "Population Projection for Japan by Prefectures" for 2018 projection, published by the National Institute of Population and Social Security Research, and were converted to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



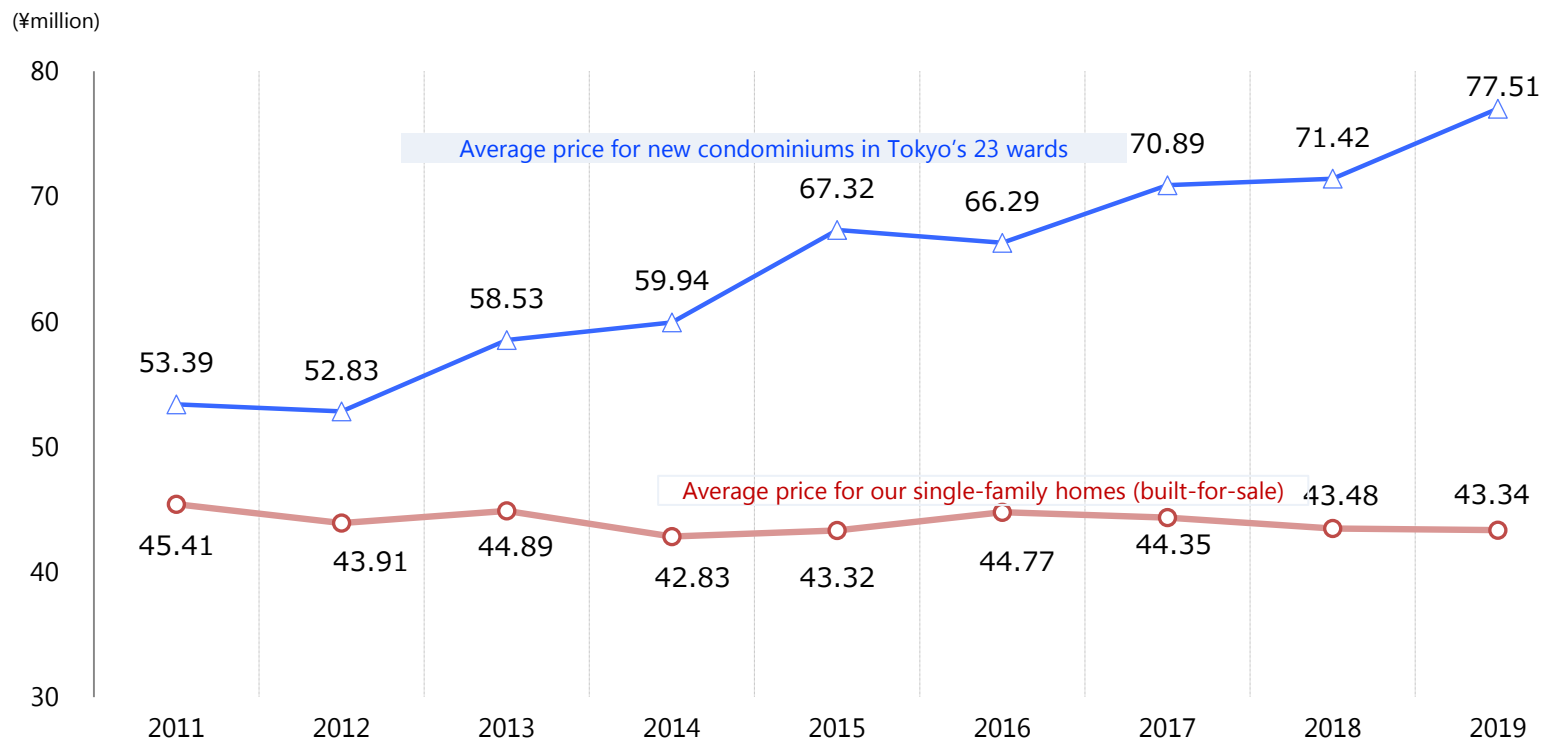
Household income and Individual income (nationwide)



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"

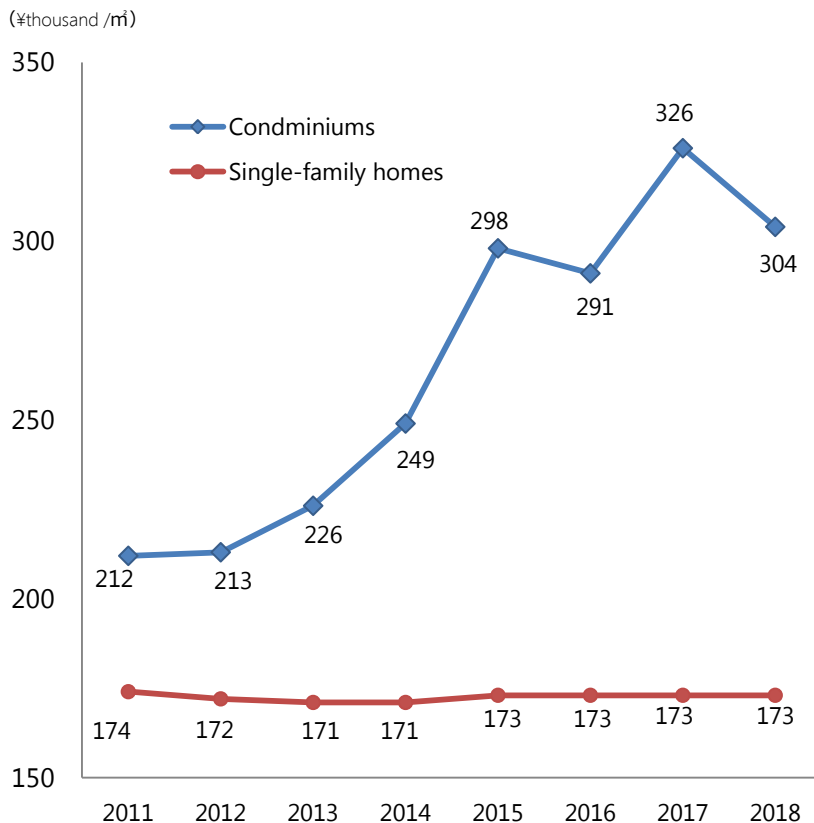
Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September .

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



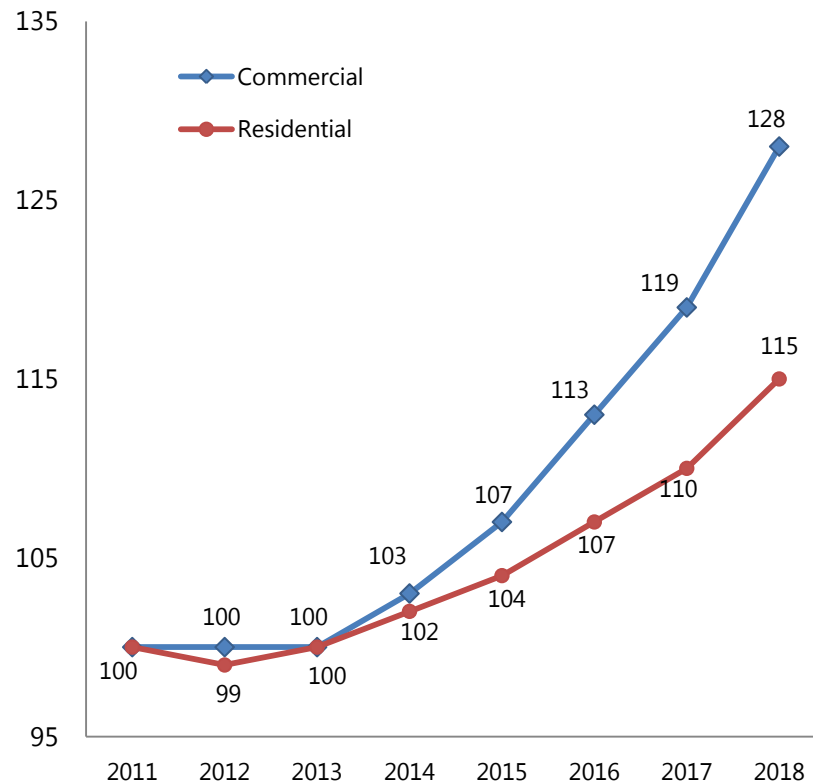
Price gaps between condominiums and single-family homes have occurred due to the difference between construction costs and land cost

Construction costs per m² (in Tokyo)



Source: MLIT "Housing Starts"
The average construction cost per m² 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.

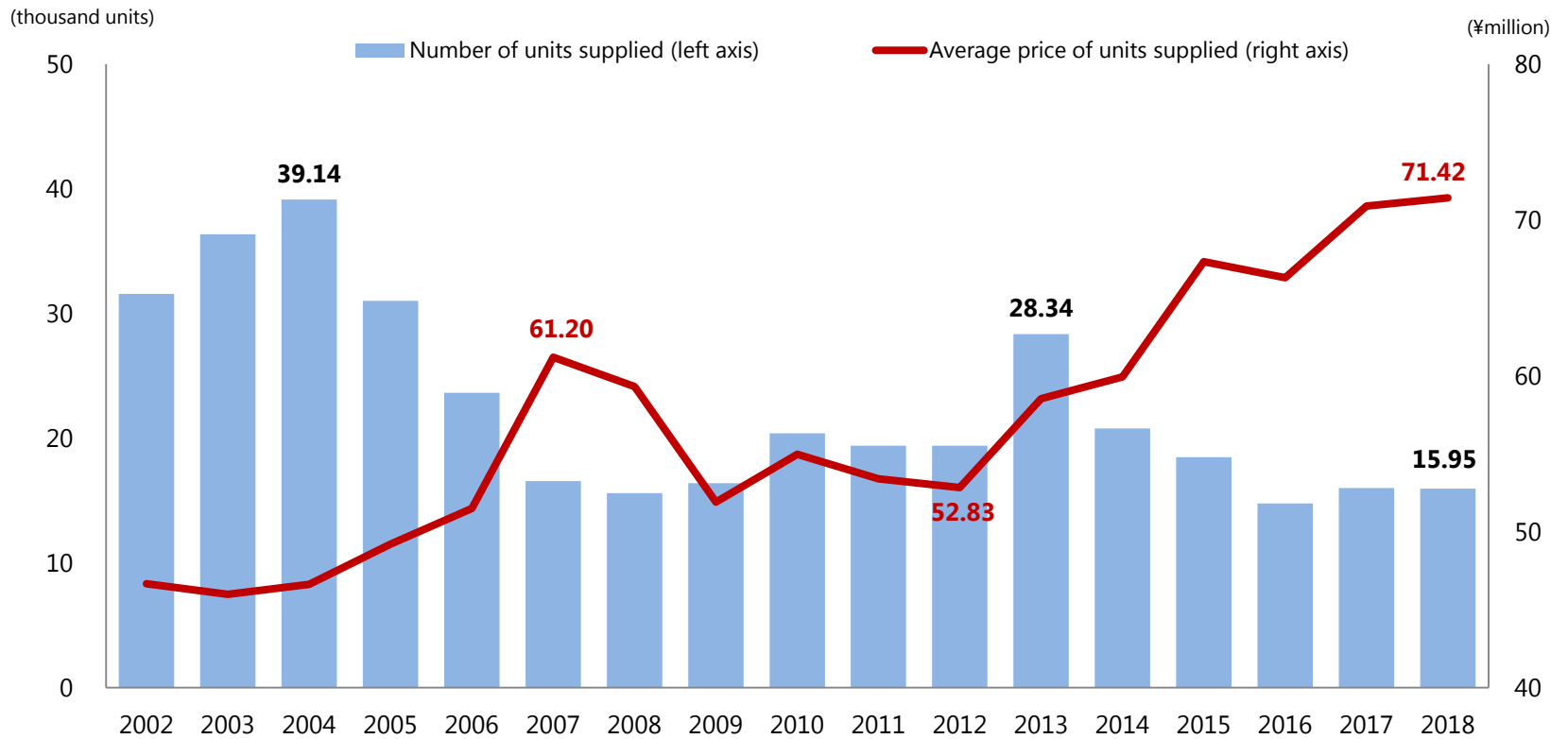
Land price by use (in Tokyo's 23 wards) <index>



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

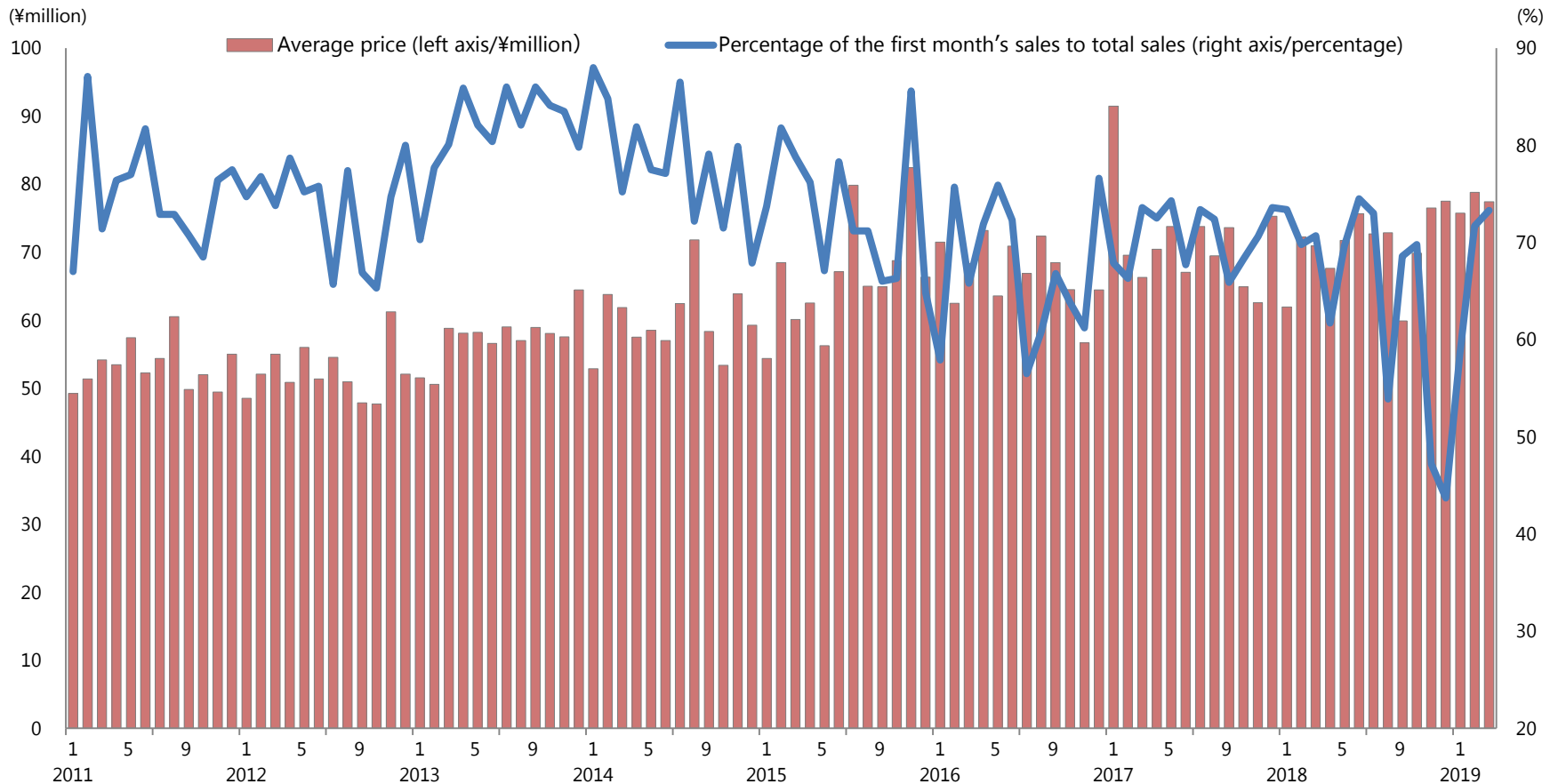
Number and average price of new condominiums supplied in Tokyo's 23 wards



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

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

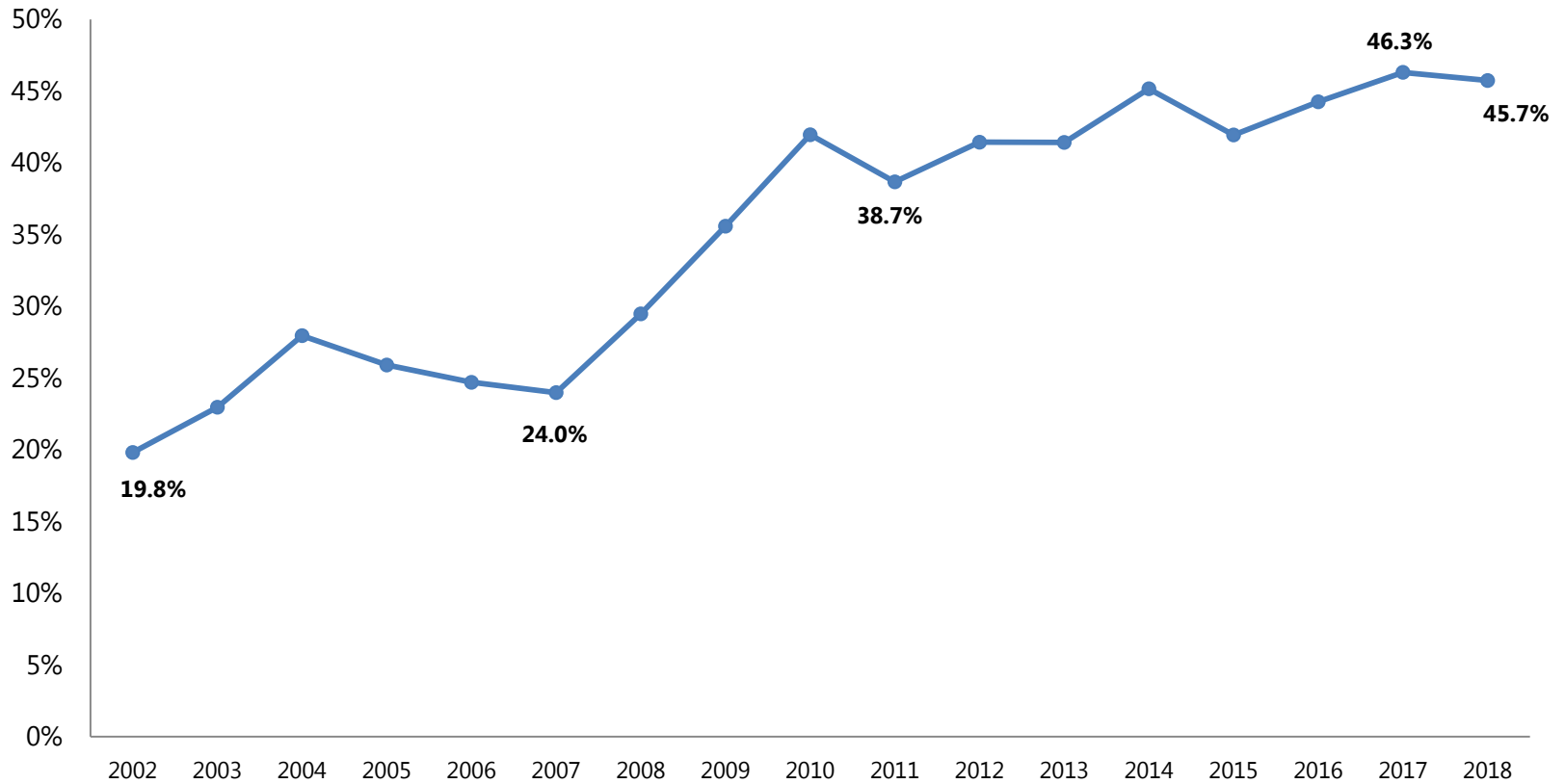
Trends of average prices of new condominiums and ratios of the first month's sales to total sales in Tokyo's 23 wards



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



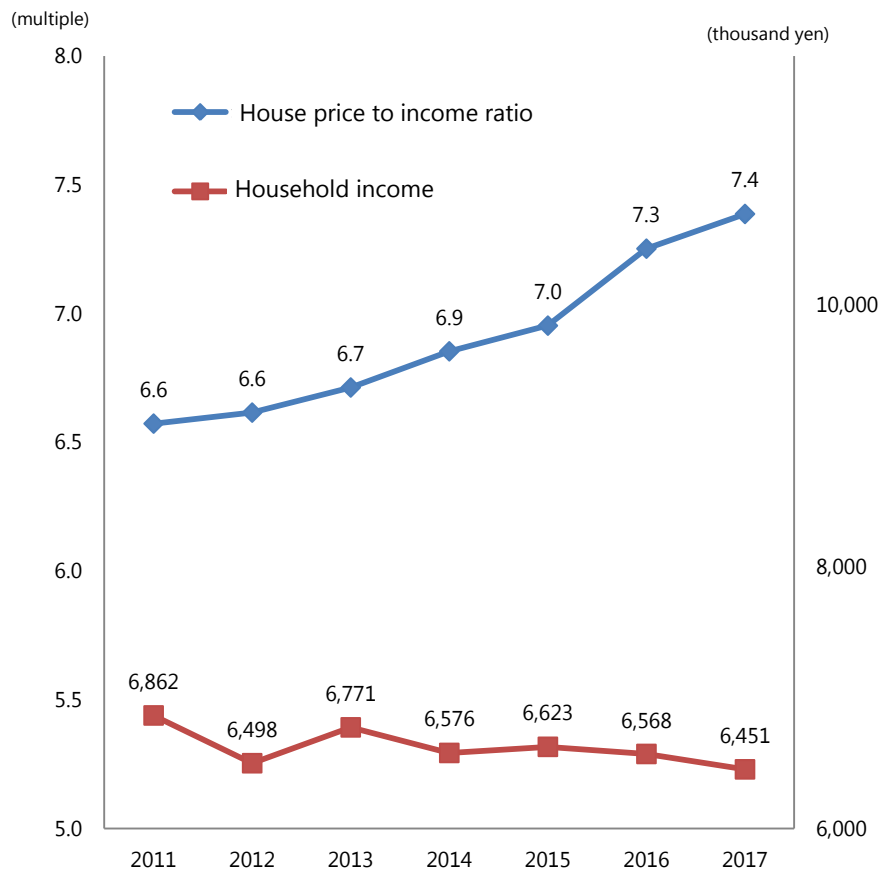
Source: The share of new condominium sales in the Tokyo Metropolitan area in "Condominium Market Trends" by Real Estate Economic Institute Co., Ltd.

* Seven major real estate companies:

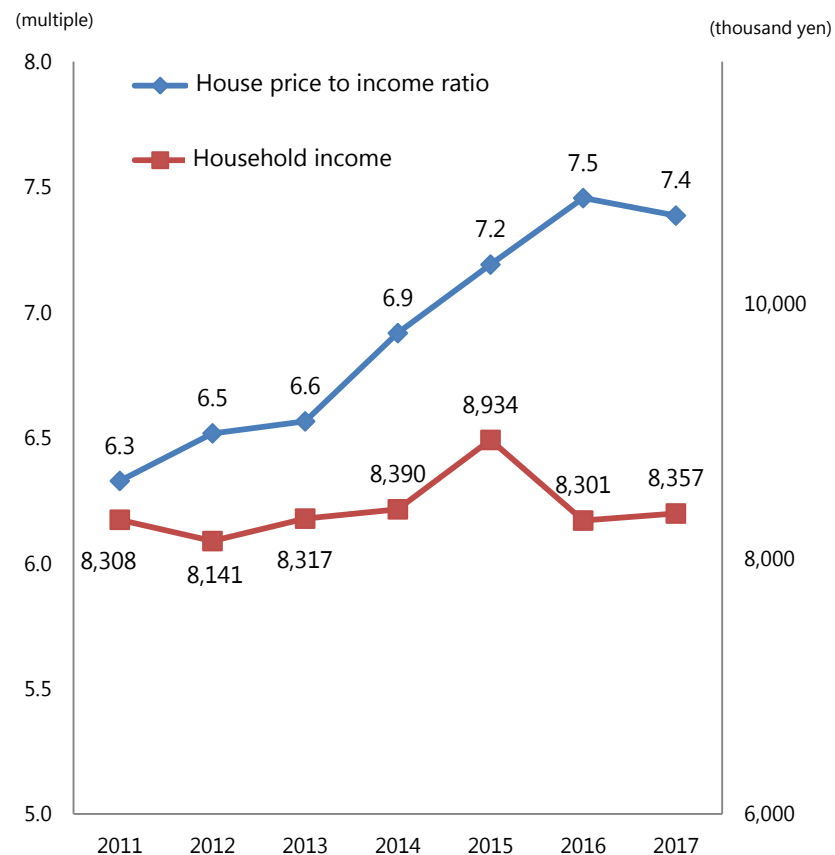
Sumitomo Realty & Development, Daikyo, Tokyu Land, Tokyu Tatemono, Nomura Real Estate Holdings, Mitsui Fudosan, Mitsubishi Estate

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)

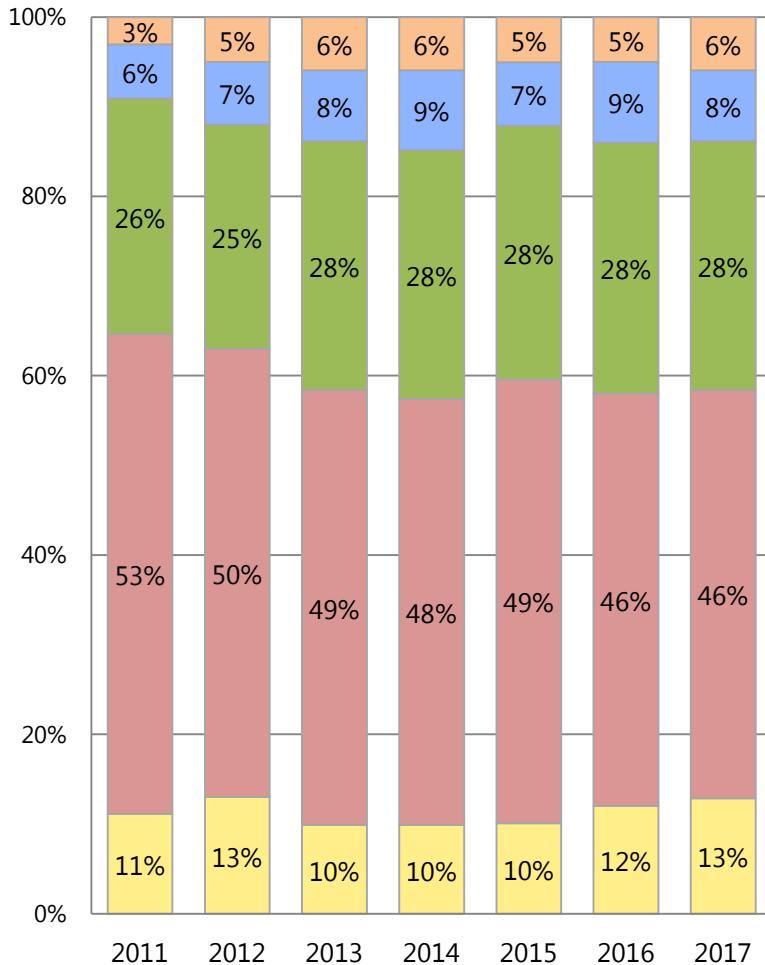
Household income is the total of income of home loan applicants and income of his or her spouse or other person(s) living in the same household

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

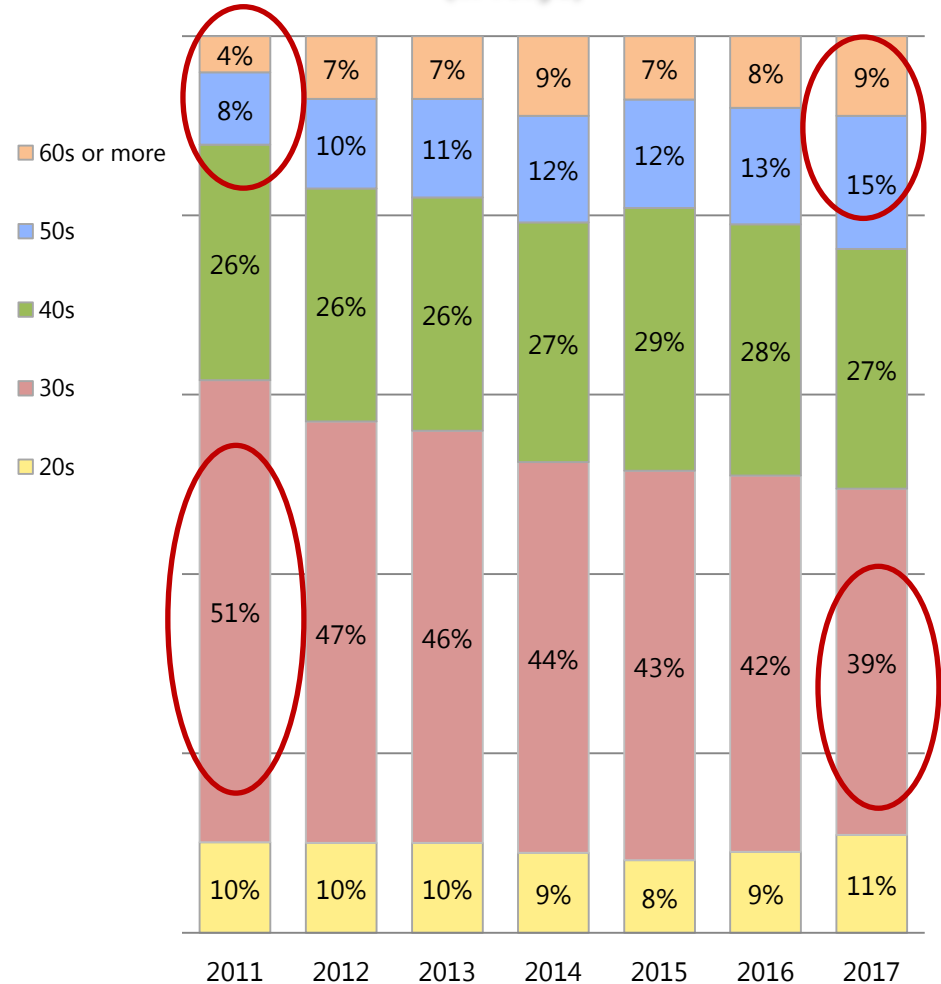


Among the people who purchased condominiums, the percentage of people in their 50s has been on the rise and that of people in their 30s has been on the decline

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



Age distribution of condominium purchasers (in Tokyo)



Source : Japan Housing Finance Agency

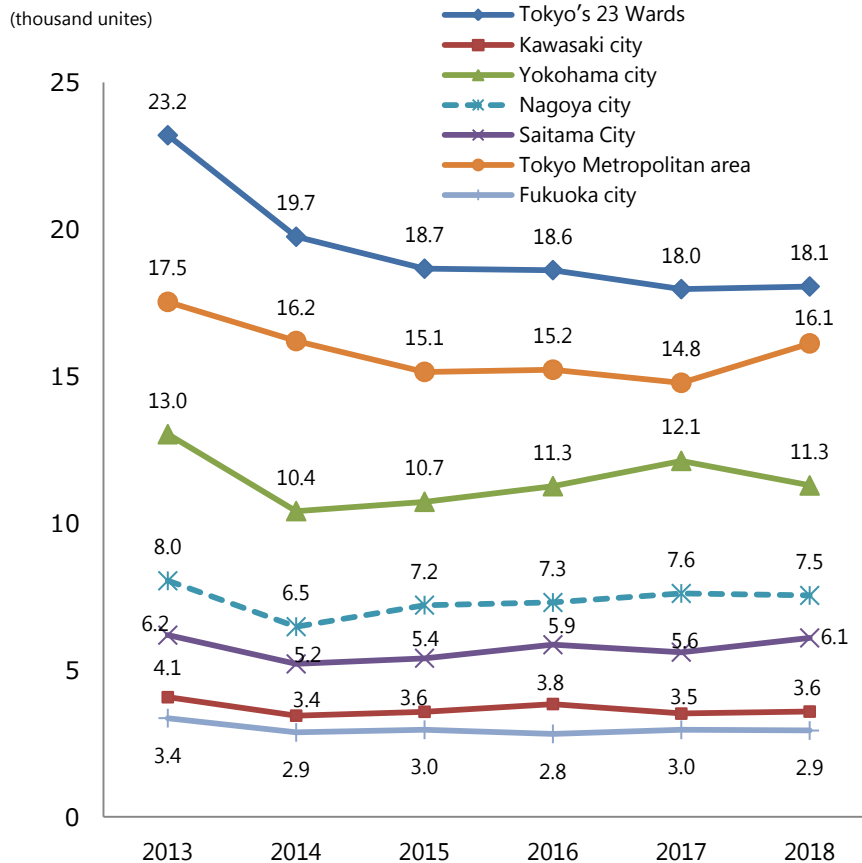
Compiled using data of housing loans approved from April through March of the following year.

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



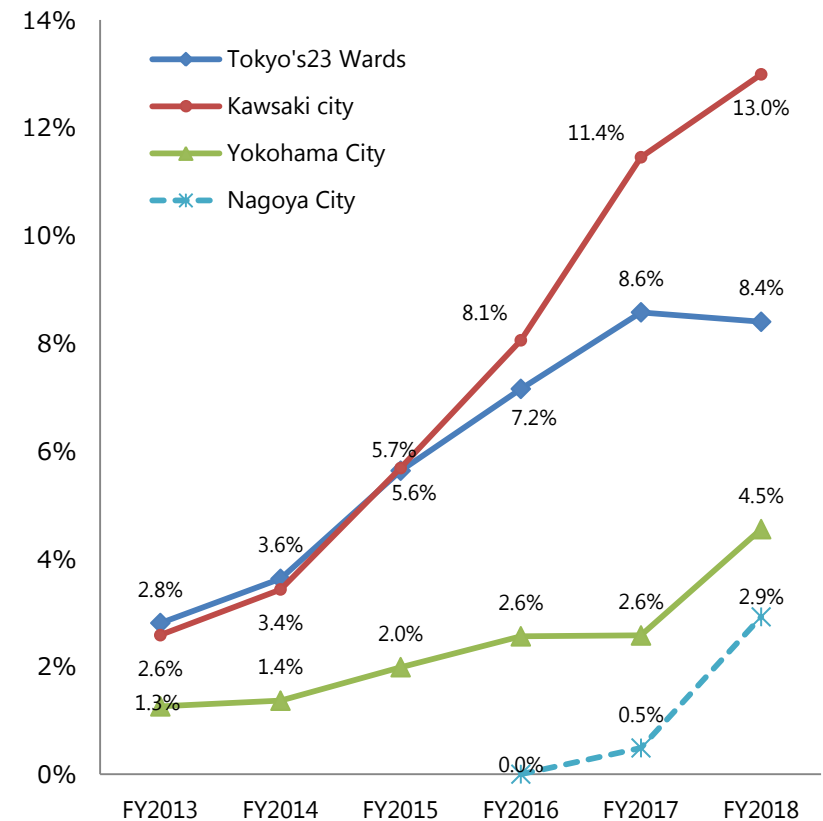
Open House has been steadily acquiring shares in the single-family homes market in urban areas by adopting a dominant strategy

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



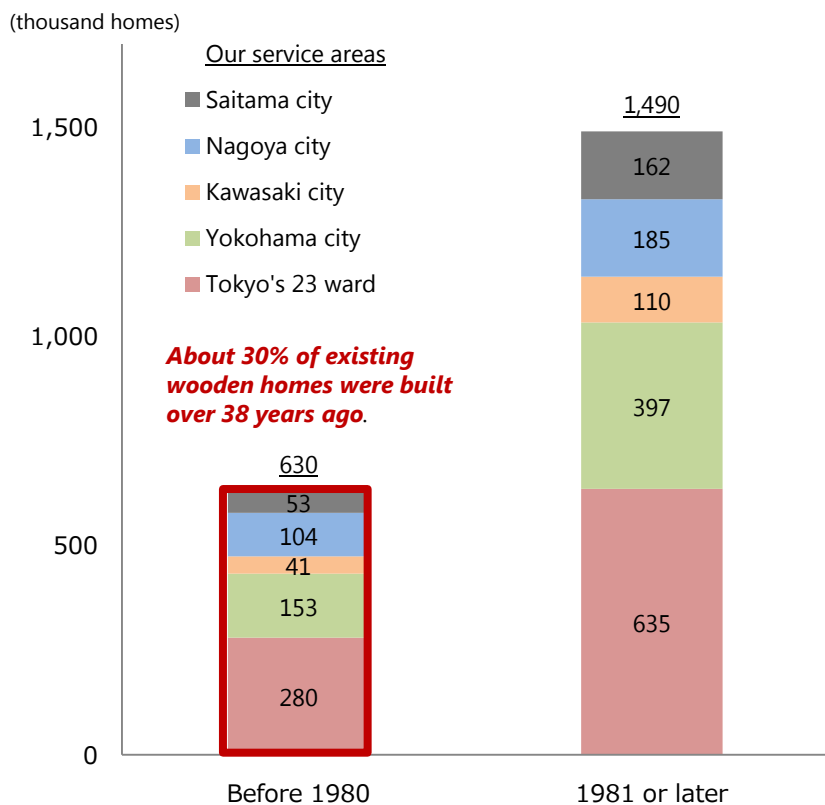
Calculated by dividing number of properties delivered in each period of the Group by the number of construction starts by area in each year.

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



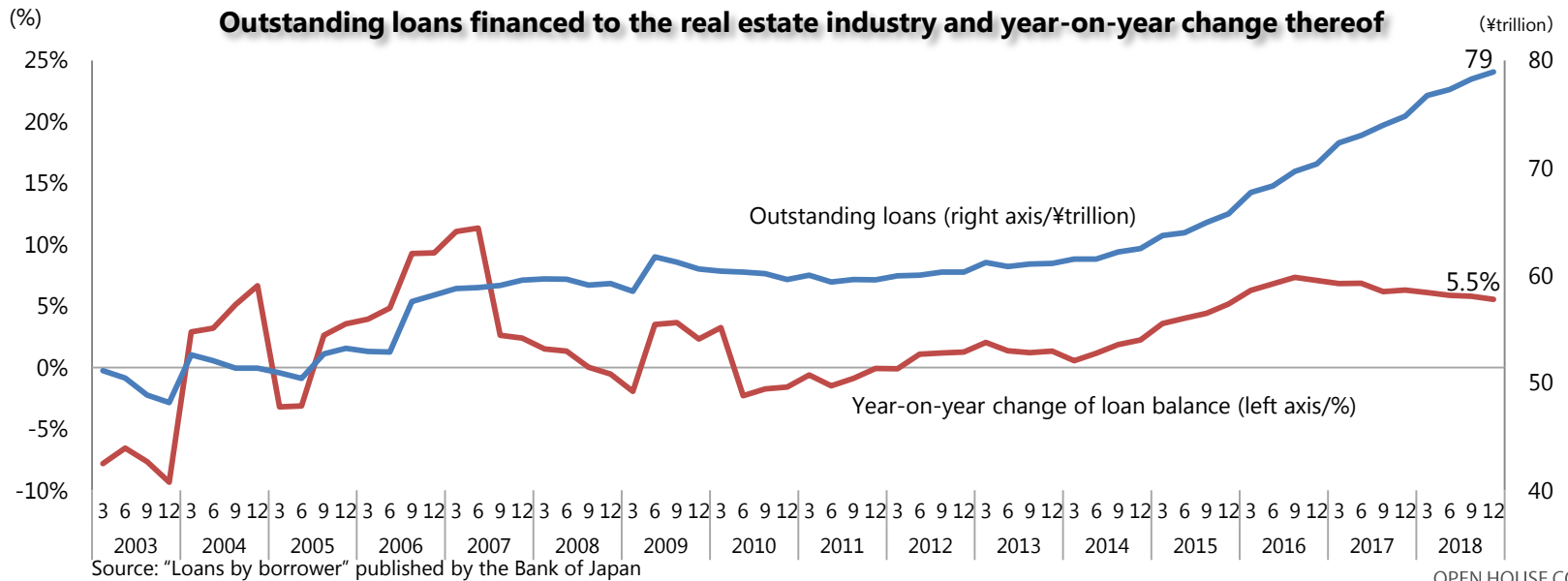
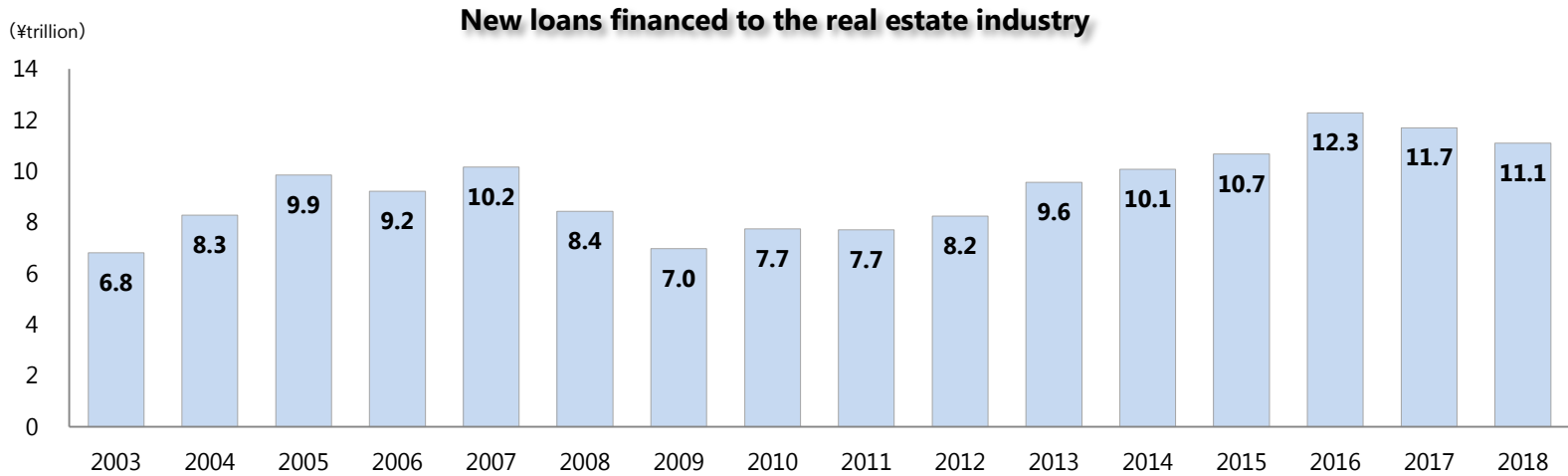
Sources:
 "Housing and Land Survey in 2013" by the Ministry of Internal Affairs and Communications

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

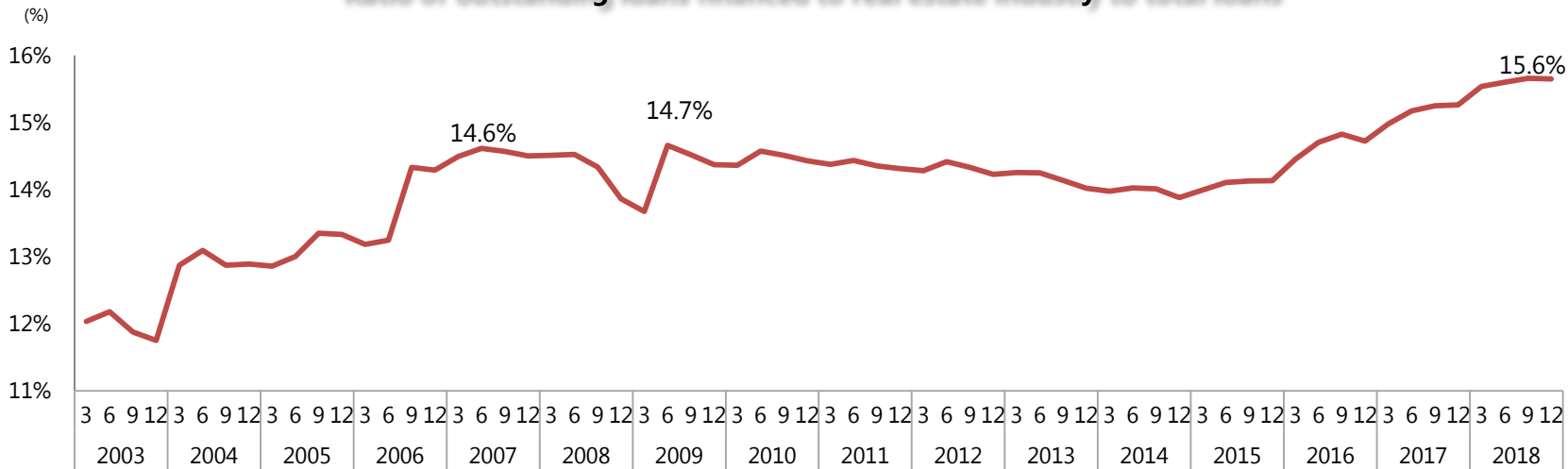
Outstanding loans have been increasing although new loans financed to the real estate industry have declined slightly



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

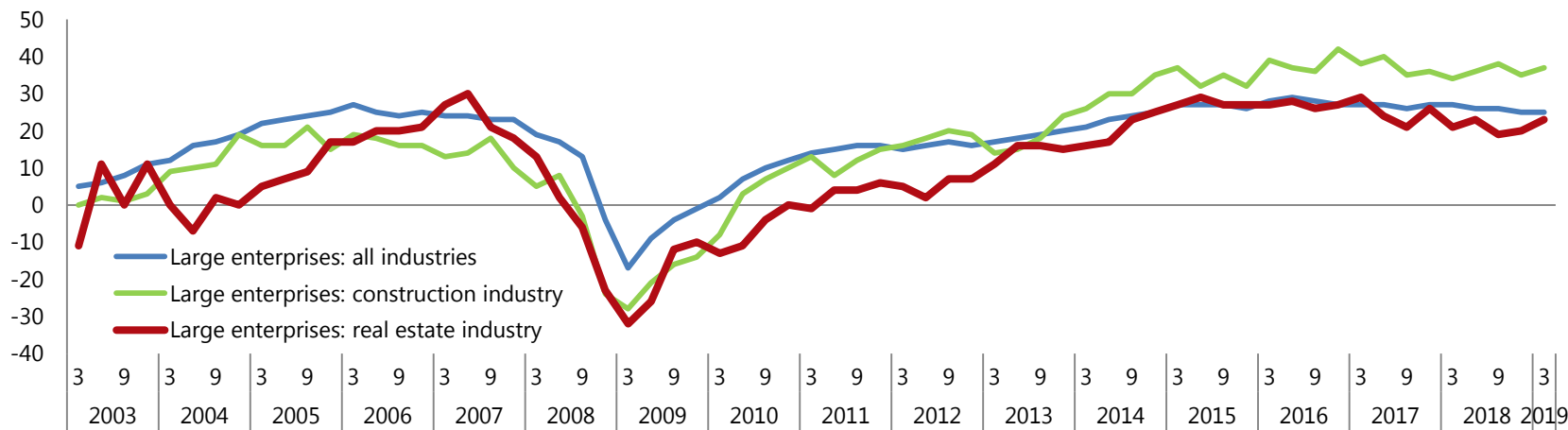
Ratio of outstanding loans financed to real estate industry to total loans



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

(% points)

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

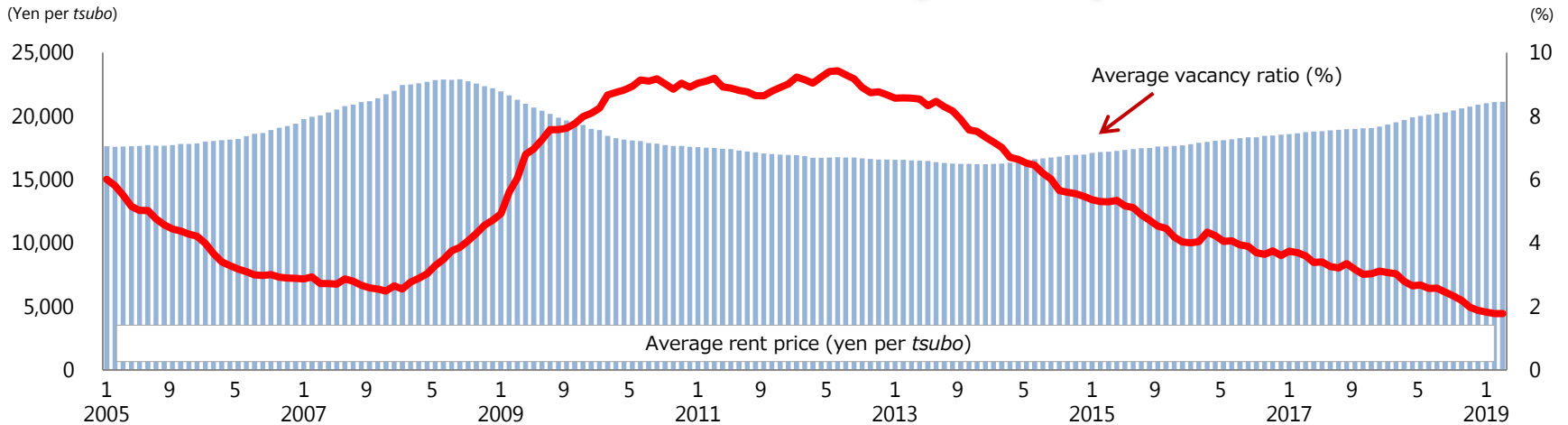


Source: "Short-Term Economic Survey of Enterprises in Japan" published by the Bank of Japan



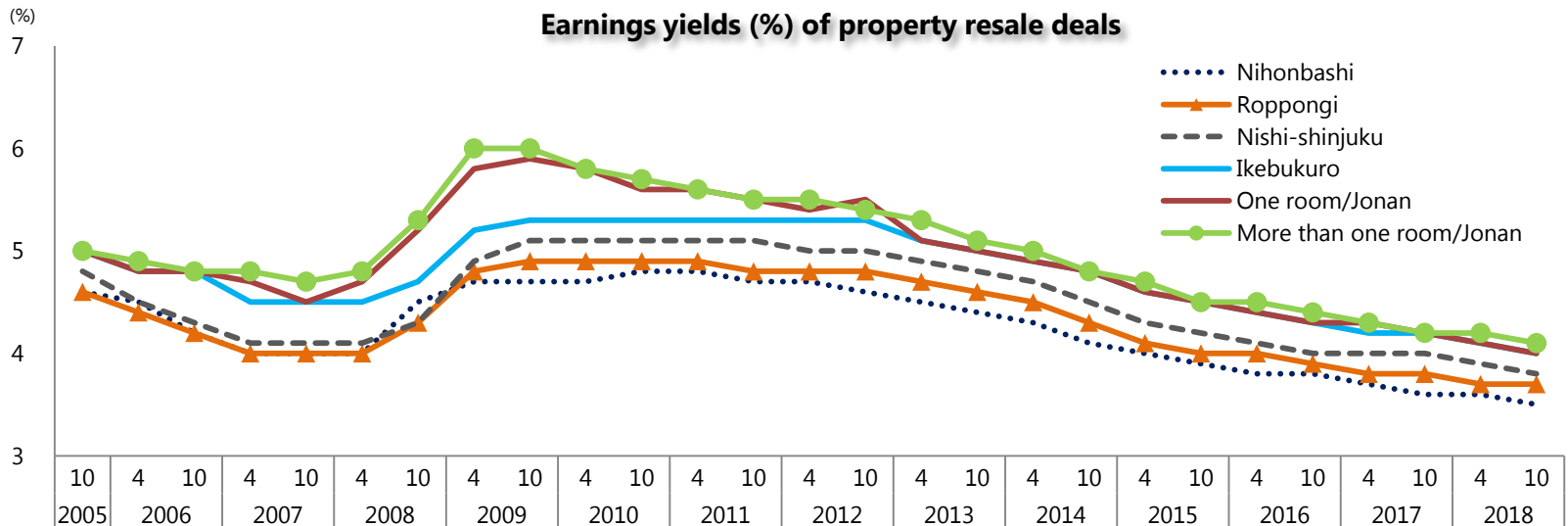
Demand for property resale transactions is strong as shown by an increase in rent price and a decline in returns from property resale transactions

Trends of office rentals and vacancy ratios in Tokyo



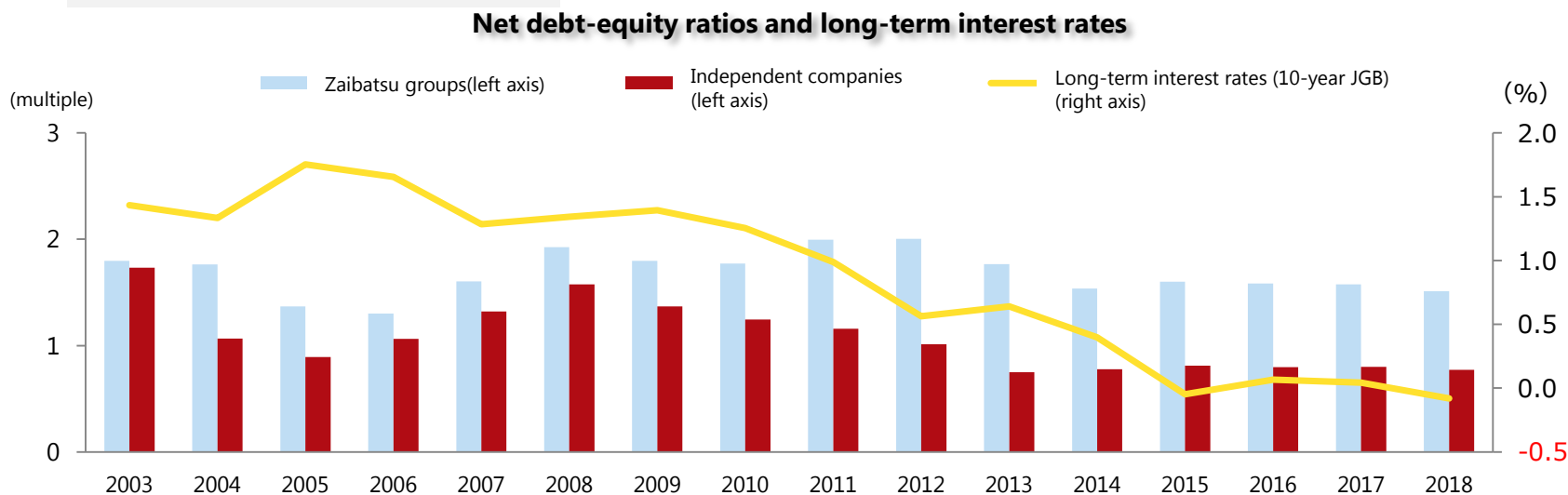
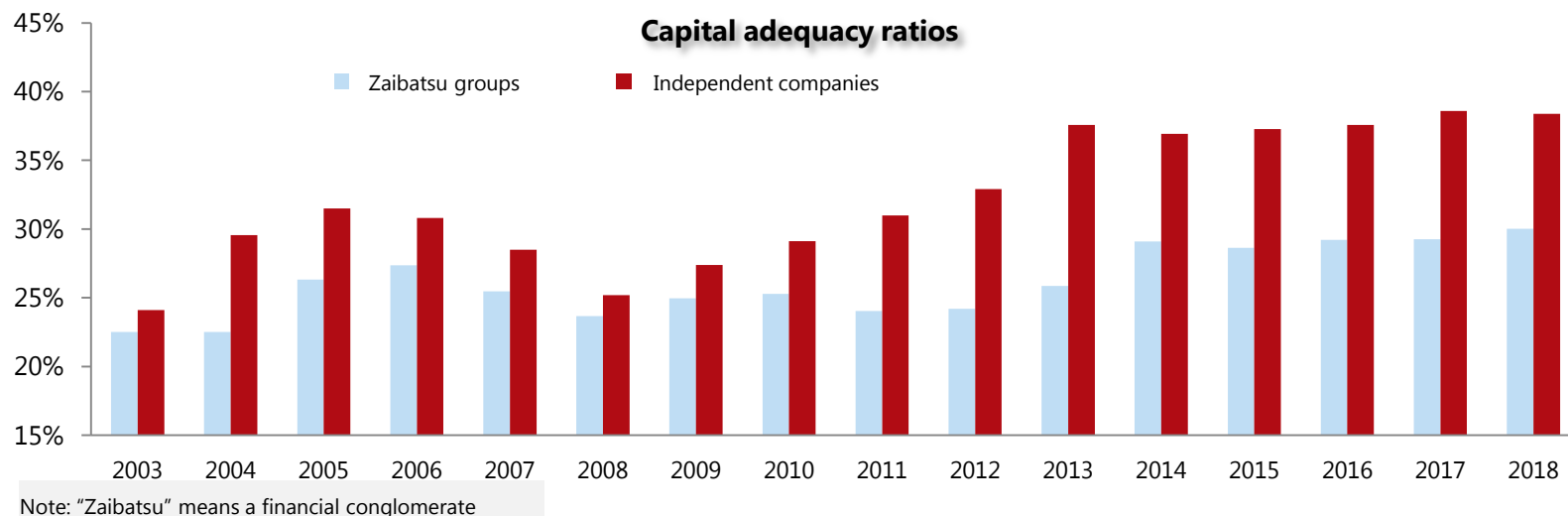
Source: MIKI OFFICE REPORT TOKYO

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)
Open House Single-family home in Tokyo's 23 wards home: Price: 43,000 Land: 30,000 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		+ 1,355

→ 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	Single-family home in suburban area Price: 25,000 Land: 15,000 Building: 10,000	Difference	▲ 300	+ 205
		Total balance		▲ 95
Custom-home builder	Custom-built home Price: 25,000 Land: 0 Building: 25,000	Difference	▲ 750	+ 205
		Total balance		▲ 545

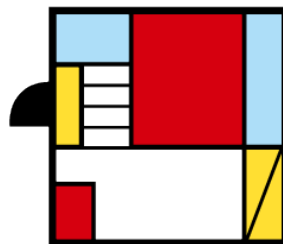
→ The negative impact of a tax hike will be large even in terms of 10-year cumulative impact.

→ 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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