

**OPEN  
HOUSE**

# **Consolidated Financial Highlights**

**for the Fiscal Year Ended September 30, 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%)

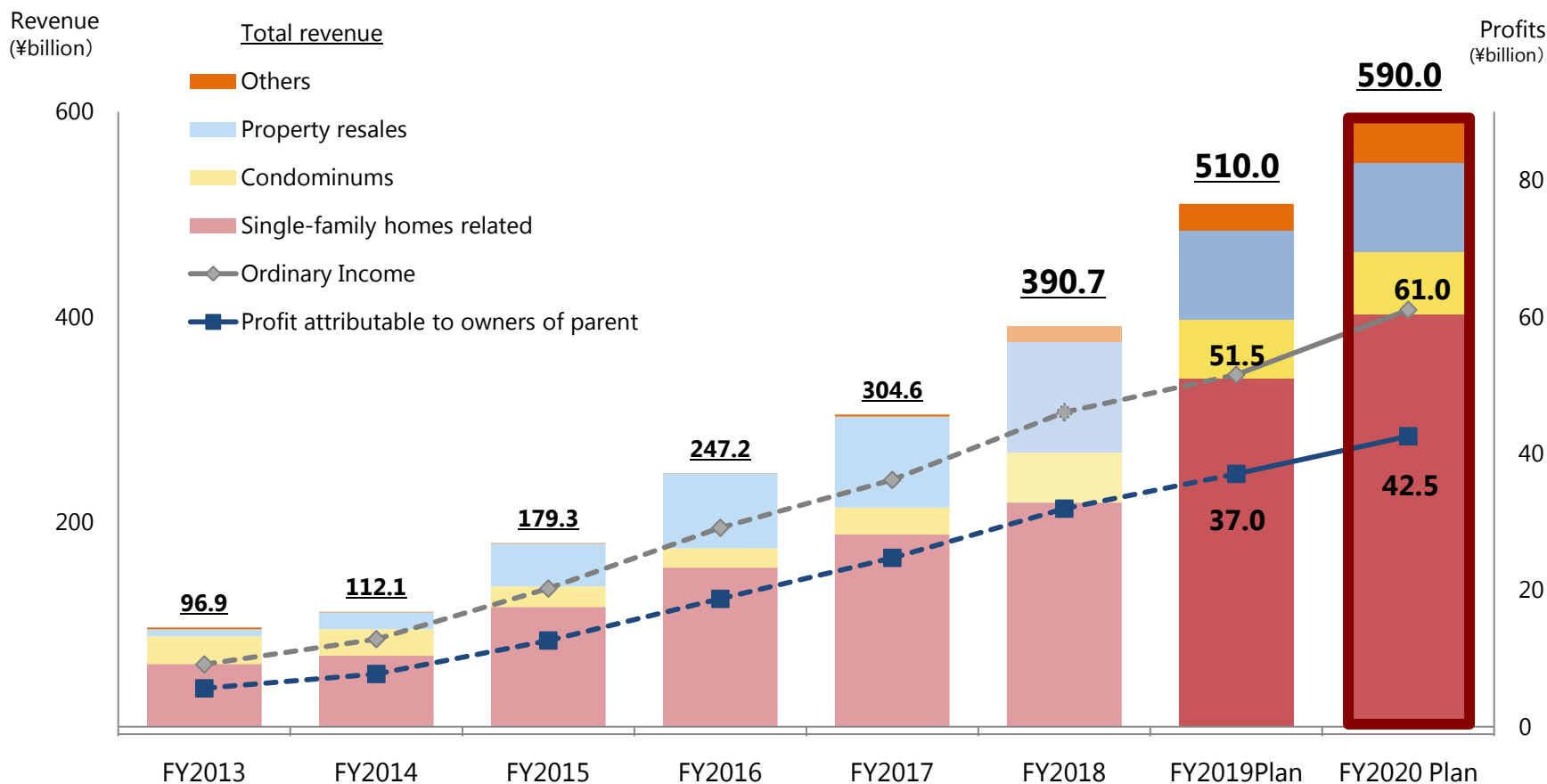
Ordinary income: ¥61.0 billion (Compared to FY2019: +18.4%YOY, Compared to FY2018: 32.5%)

Profit attributable to owners of parent: ¥42.5 billion

(Compared to FY 2019: +14.9%YOY, Compared to FY2018: 33.6%)

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

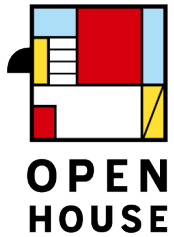
- ☑ Revenue, profits, and dividends for FY2018 grew 4.0 times, 5.7 times, and 7.8 times, respectively, five years after going public.
- ☑ The Company is finally set to grow into one with revenue of 500 billion yen for FY2019.



•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 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 <2016/10-2017/9>		FY2018 <2017/10-2018/9>			FY2018 <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 <2016/10-2017/9>		FY2018 <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>	—	—

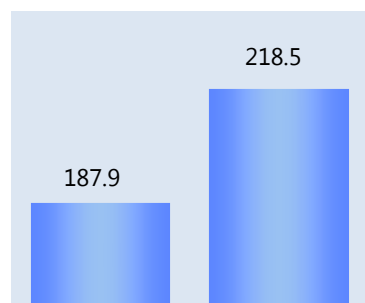
\* 1 To further strengthen the business model — a comprehensive system from purchase and construction to intermediary and sales —, the brokerage business, single-family homes business, and Open House Architect were consolidated into the single-family homes related business in FY2018



# 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.

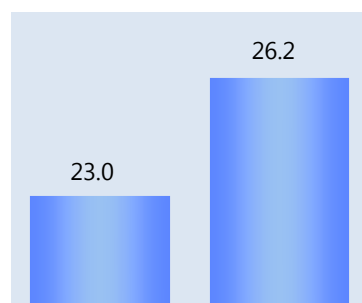
Revenue (¥billion)



FY2017

FY2108

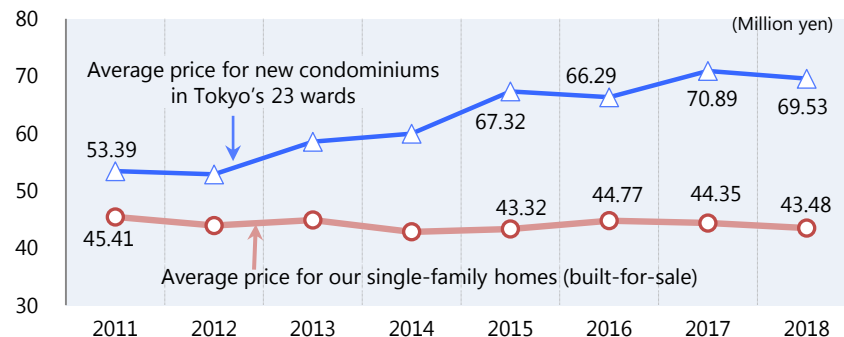
Operating income (¥billion)



FY2017

FY2108

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"

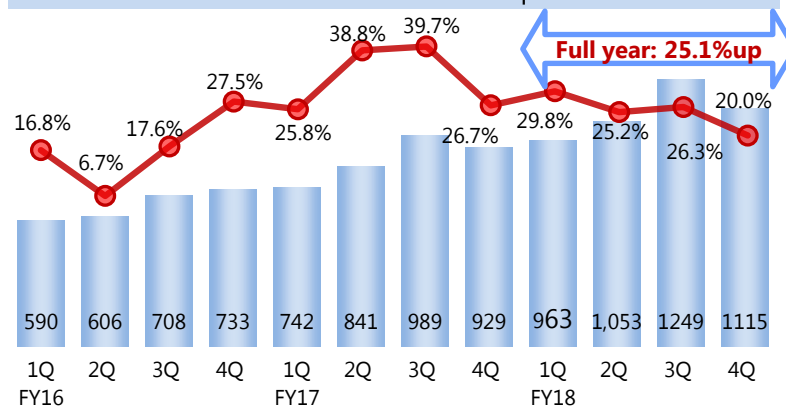
Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September. Condominium prices for 2018 are for the January – September period.

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

	FY2017 16/10-17/9	FY2018 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.

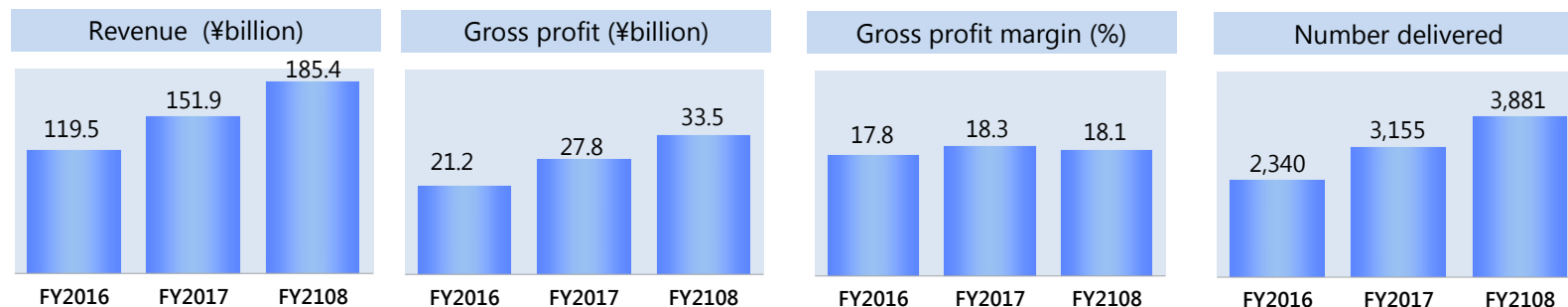
Number brokered in each quarter





# 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.

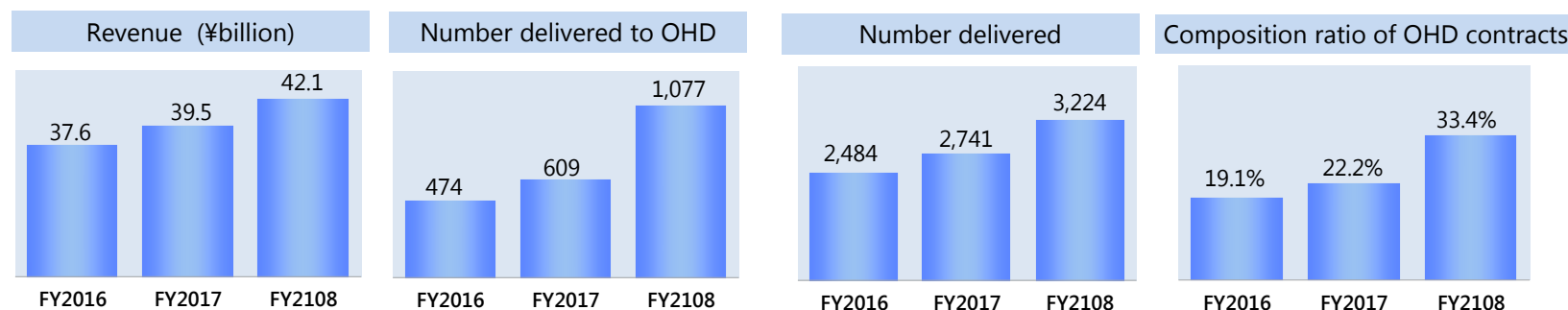


By type of sale		FY2016 15/10-16/9	FY2017 16/10-17/9	FY2018 17/10-18/9	Inc. (Dec.)
Built-for-sale houses	Revenue (¥million)	55,655	65,912	<b>70,222</b>	6.5%
	Number delivered	1,243	1,489	<b>1,627</b>	138
	Unit Price	44.8	44.3	<b>43.2</b>	(1.1)
Lands	Revenue (¥million)	52,141	72,556	<b>97,799</b>	34.8%
	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



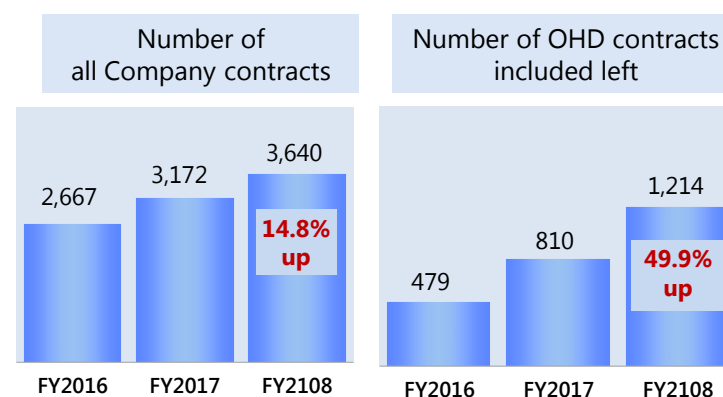
## Single-family homes related business (2. Construction work)

- ✓ 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 15/10-16/9	FY2017 16/10-17/9	FY2018 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>	2,484 474	2,741 609	<b>3,224</b> <b>1,077</b>	483 468

\*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

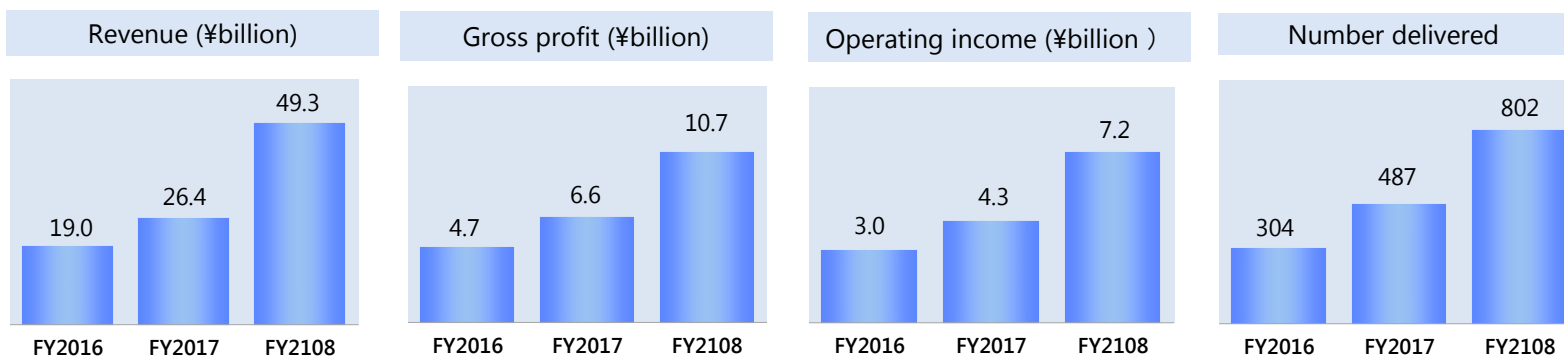


The above represents the number of contracts for construction orders received during the respective fiscal year.



# 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 15/10-16/9	FY2017 16/10-17/9	FY2018 17/10-18/9	Inc. (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

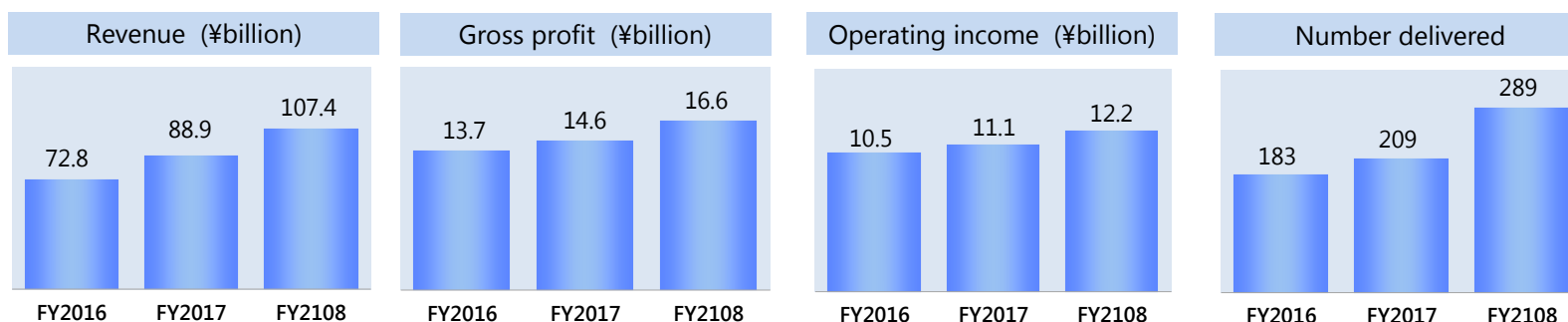
## — Major condominiums delivered in FY2018 —

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



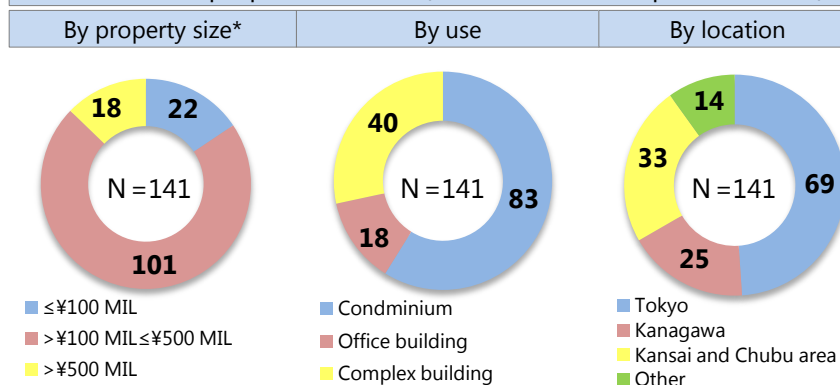
# Property Resales Business

- ☑ 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 15/10-16/9	FY2017 16/10-17/9	FY2018 17/10-18/9	Inc. (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)

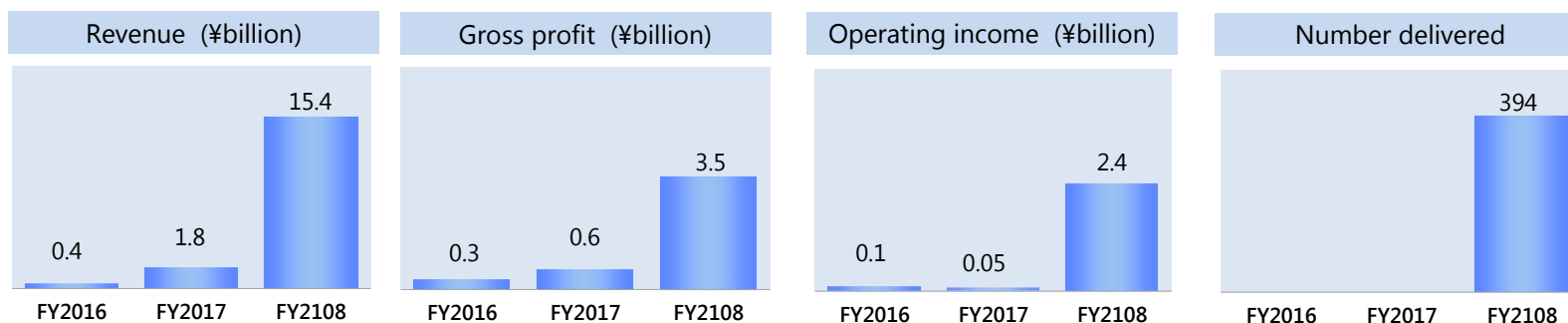


\* Based on book values at the end of September 2018.

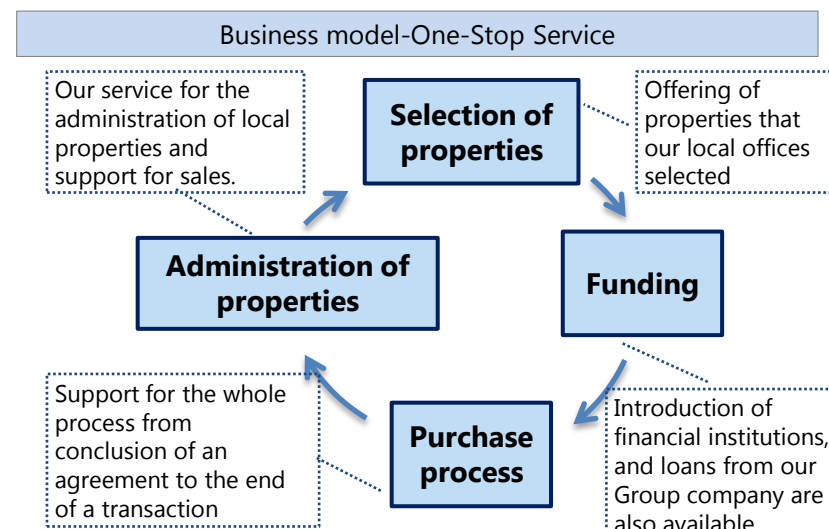


# Other Segment (U.S. Real Estate Business)

- ✓ 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 15/10-16/9	FY2017 16/10-17/9	FY2018 17/10-18/9	Inc. (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 2016/10-2017/9		FY2018 2017/10-2018/9		Inc. (Dec.)
	Actual	% of revenue	Actual	% of 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 2016/10-2017/9		FY2018 2017/10-2018/9		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
<b>Non-operating 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 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, 2017	Sep 30, 2018	Inc. (Dec.)		Sep 30, 2017	Sep 30, 2018	Inc. (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:

**36,021****48,190**

Of which figures for Hawk One:

**59,077**

&lt;Safety index&gt;

	Sep 30, 2017	Sep 30, 2018	Inc. (Dec.)
Net debt / equity ratio* (times)	0.6	1.0	0.3

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

	Sep 30, 2017	Sep 30, 2018	Inc. (Dec.)
Equity ratio	32.3%	27.0%	(5.3)%

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

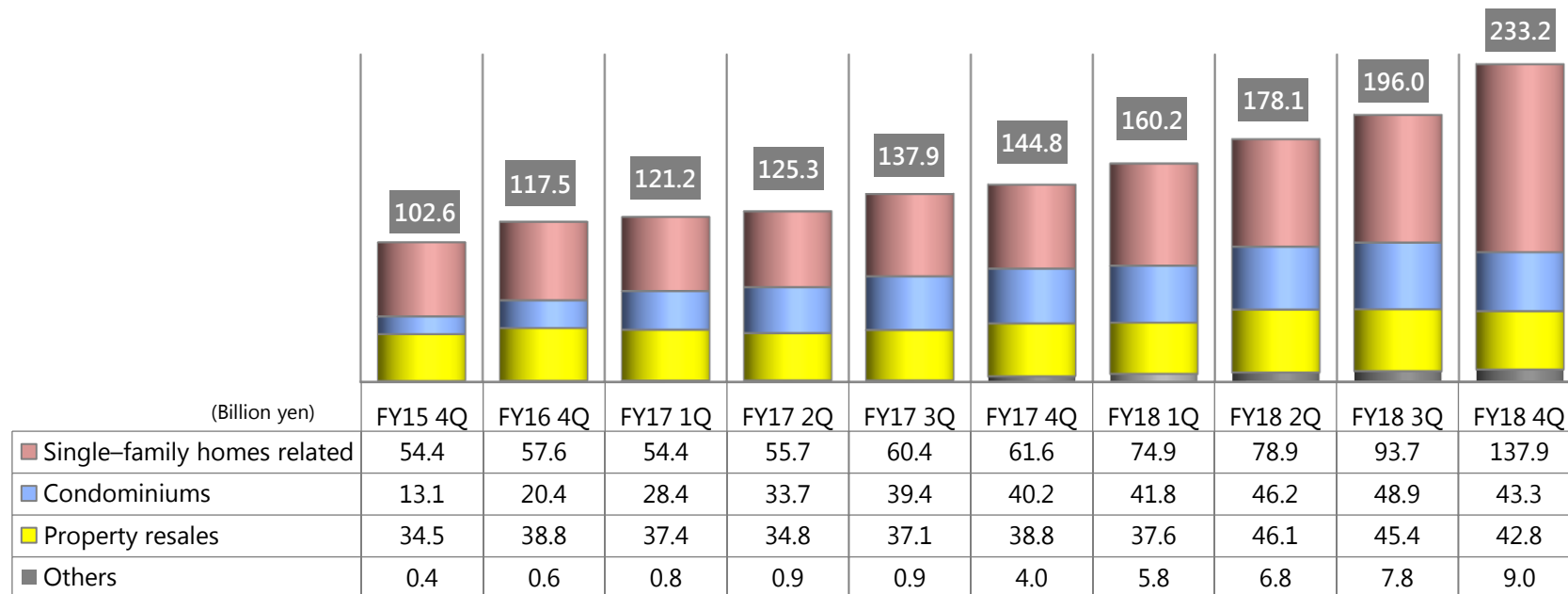
Equity ratio	<b>28.8%</b>	<b>(3.5)%</b>
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# Inventory Details

(Million yen)

	End of FY2015 (Sep 30, 2015)	End of FY2016 (Sep 30, 2016)	End of FY2017 (Sep 30, 2017)	End of FY2018 (Sep 30, 2018)	(Ratio)	Inc. (Dec.)	Of which figures for Hawk One: <b>46,077</b>
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	
Total	102,614	117,546	144,894	<b>233,272</b>	100.0%	88,377	

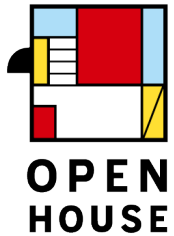




# Consolidated Statement of Cash Flows

(Million yen)

	FY2017 <2016/10-2017/9>	FY2018 <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>	- Acquisition of shares of Hawk One, etc.
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 (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%	<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)

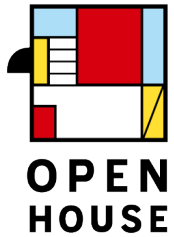
- ☑ With the addition of Hawk One, more than 7,000 single-family homes will be delivered by the Group as a whole.
- ☑ The forecast incorporates further growth in the U.S. real estate business.

(Million yen)

	FY2017 (2016/10-2017/9)	FY2018 (2017/10-2018/9)		FY2019 (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.



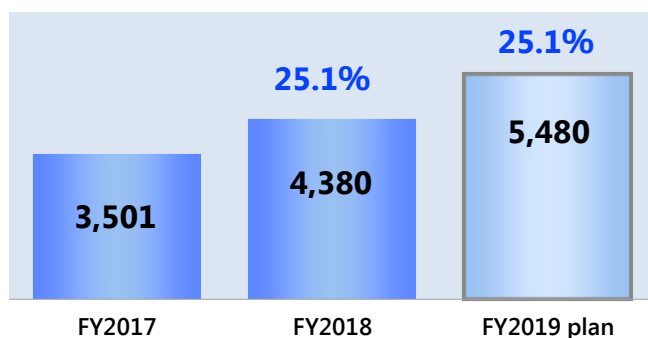
## Current Initiatives



# 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.

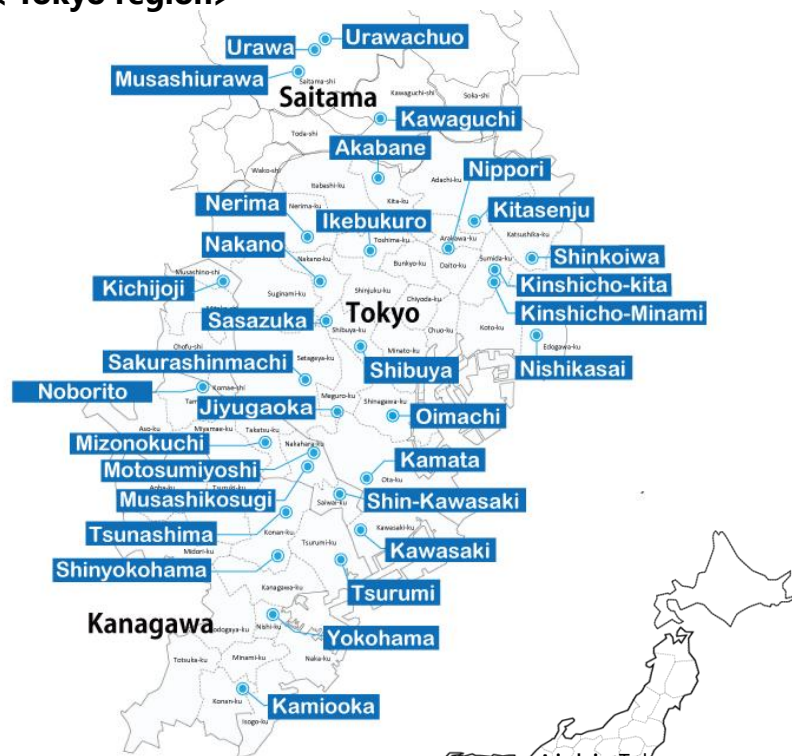
No. of brokerage transactions and YOY%



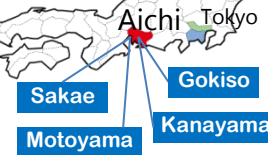
No. of sales centers of each area

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

< Tokyo region >



< Nagoya region >

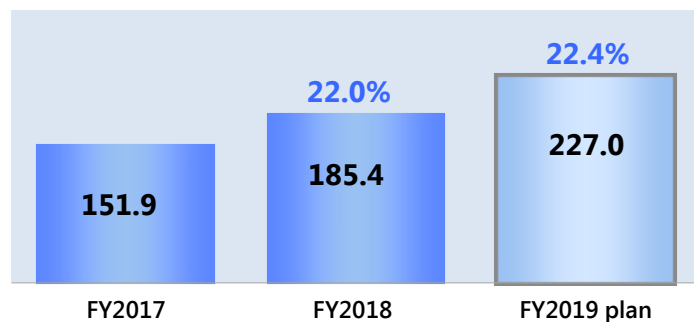




# Single-Family Homes Related Business (2. OHD)

- ☑ 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.

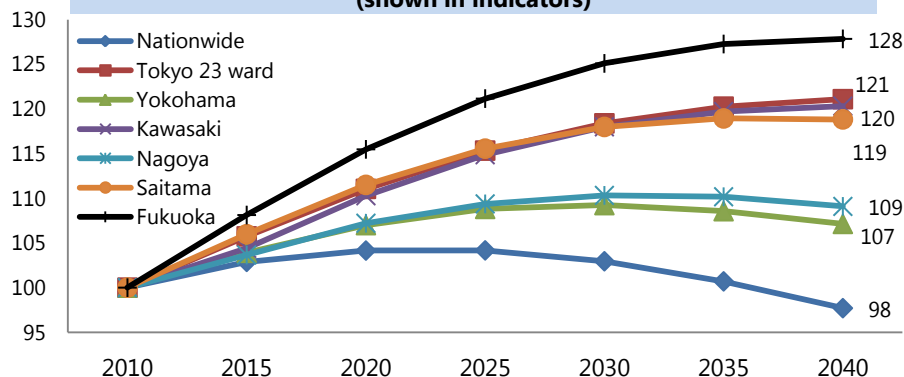
**Trends in revenue and YOY% (¥billion)**



**Number delivered by type of sale**

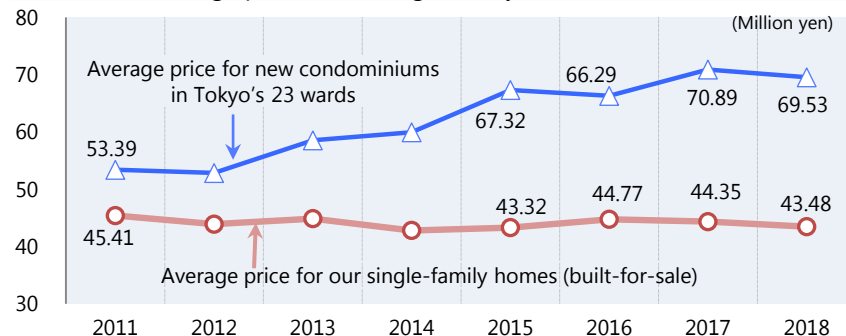
By type of sale	FY2017 Actual	FY2018 Actual	FY2019 plan	Inc (Dec)
Built-for-sale houses	1,489	<b>1,627</b>	<b>2,200</b>	573
Lands	1,666	<b>2,254</b>	<b>2,800</b>	546
Built-to-order houses	884	<b>1,182</b>	<b>1,400</b>	218
Built-for-sale houses + lands	3,155	<b>3,881</b>	<b>5,000</b>	1,119

**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.

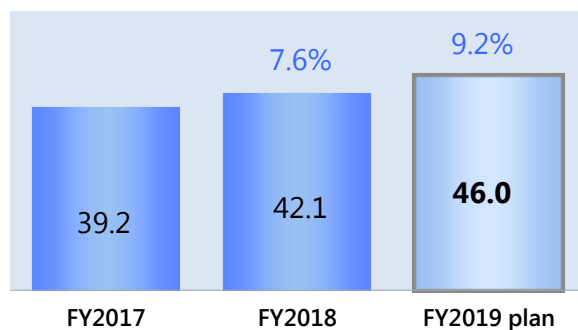


# Single-Family Homes Related Business

## (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)

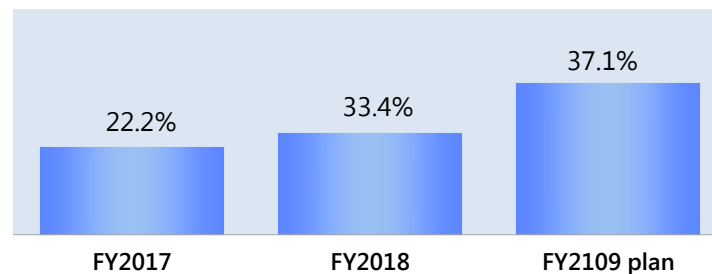


**Number delivered** \*1

	FY2017 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**

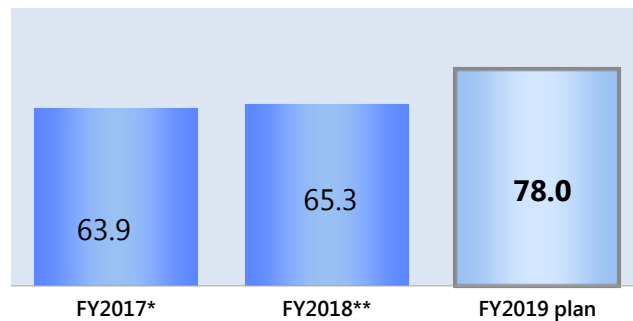




# Single-Family Homes Related Business(4. Hawk One)

- ☑ The Company converted Hawk One Corporation into a wholly-owned subsidiary on October 1, 2018.
- ☑ 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

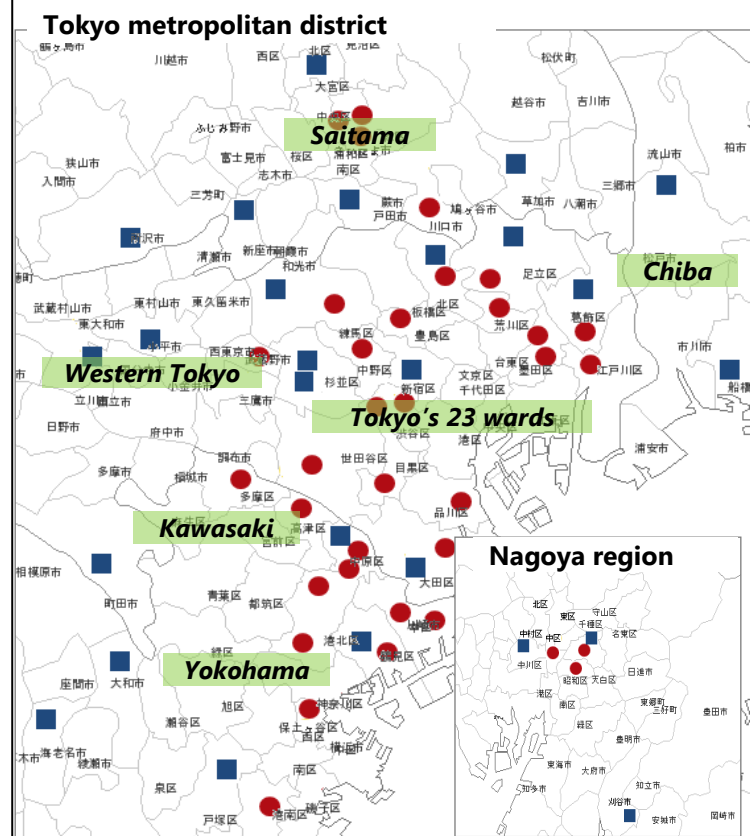
### 3. Improving management efficiency by leveraging the brokerage function

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



- ☑ 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.

Fiscal Year	Percentage of Total Revenue
FY2017	38.9%
FY2018	86.5%
FY2019 plan	15.4%

	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>	

The line graph illustrates the increasing trend of the population aged 65 and over in the United Kingdom. The percentage starts at 19.8% in 2002 and reaches 46.3% by 2017. There is a notable dip in 2015, where the percentage was 44.3%.

Year	Percentage of population aged 65 and over
2002	19.8%
2003	22.5%
2004	27.5%
2005	26.0%
2006	24.5%
2007	24.0%
2008	29.5%
2009	35.5%
2010	42.0%
2011	39.0%
2012	41.0%
2013	41.0%
2014	45.0%
2015	44.3%
2016	45.0%
2017	46.3%

\* Seven leading companies: Sumitomo Realty & Development Co., Ltd., Dai-ichi Kangyo Bank, Ltd., Dai-ichi Life Insurance Co., Ltd., Dai-ichi Real Estate Service Co., Ltd., Dai-ichi Securities Co., Ltd., Dai-ichi Trust Co., Ltd.

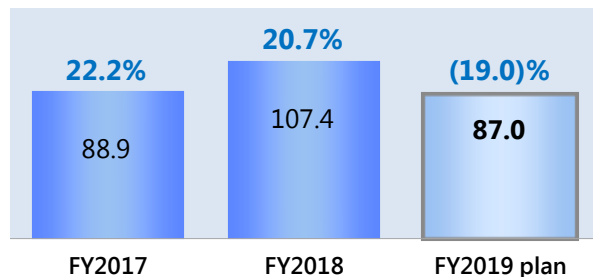
Name	Units	Average price
Open Residencia Daikanyama The House	22	¥90million
Open Residencia Yoyogiuehara Hills	24	¥80million
Open Residencia Aoi	32	¥40million
Open Residencia Sakura-dori Toyomae-cho	22	¥30million



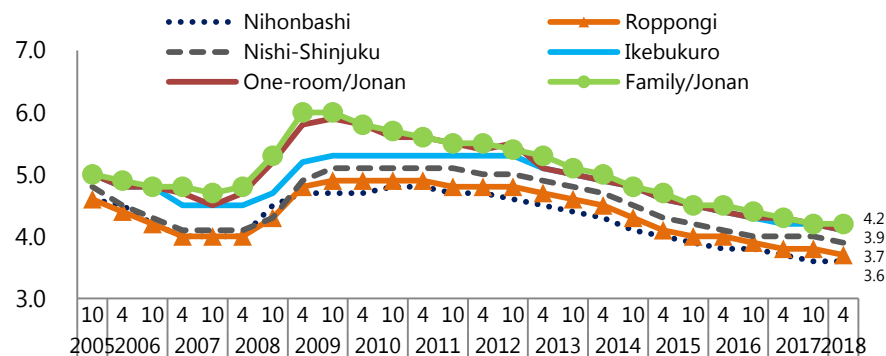
# Property Resale Business

- ☑ Demand for purchasing properties for resale is high on the back of continued BOJ's monetary easing policies.
- ☑ In FY2019, condominium in Nagoya will be completed and delivery will start in earnest.

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



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

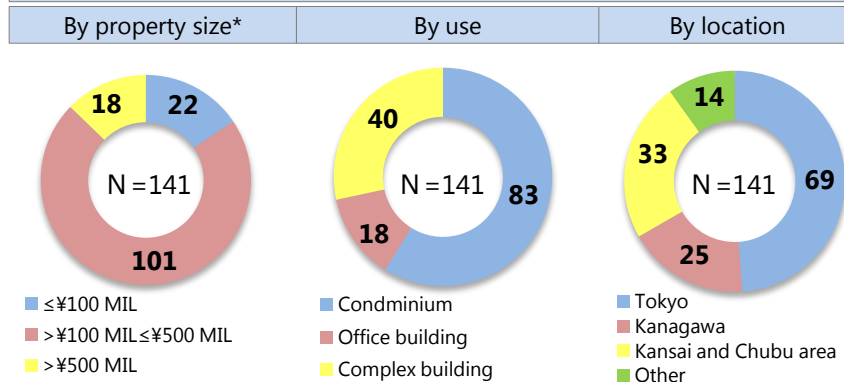


Source: Japan Real Estate Institute "The Japanese Real Estate Investor Survey"

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

	FY2017 Actual	FY2018 Actual	FY2019 plan	Inc. (Dec.)
<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

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



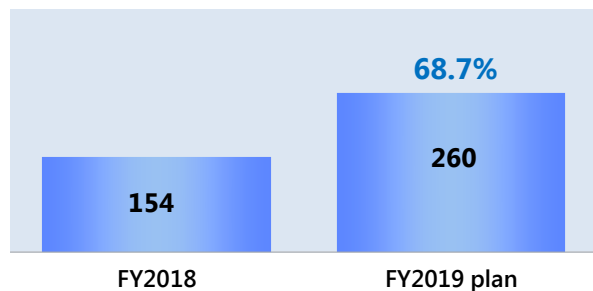
\* Based on book values at the end of September 2018.



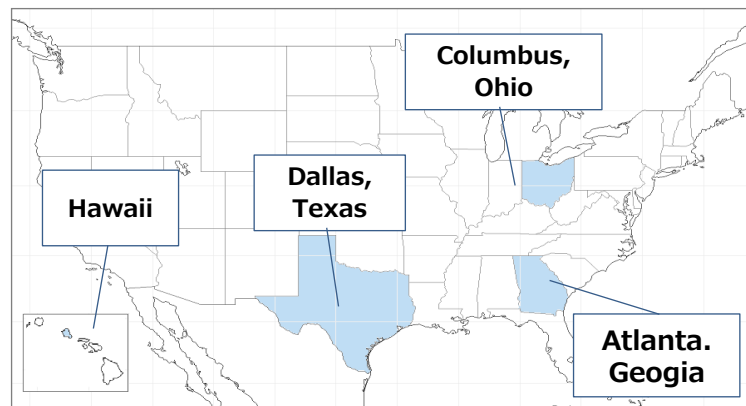
# U.S. Real Estate Business (Other Segment)

- ☑ 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.

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)

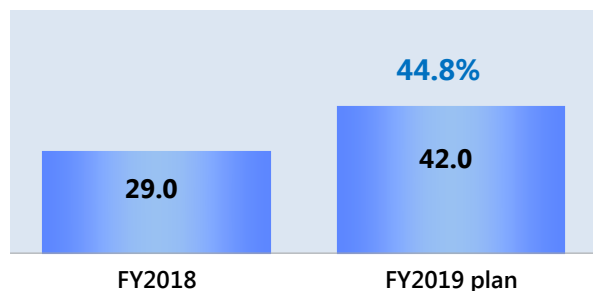
Number of sales			
	FY2018 Actual	FY2019 plan	Inc(Dec)
Number delivered	394	<b>700</b>	306
Average price	Approx. 33 million yen	—	—



# 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.

Trends in revenue and YOY%  
(¥billion)



Number of sales

	FY2018 Actual	FY2019 plan	Inc(Dec)
Single-family homes 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

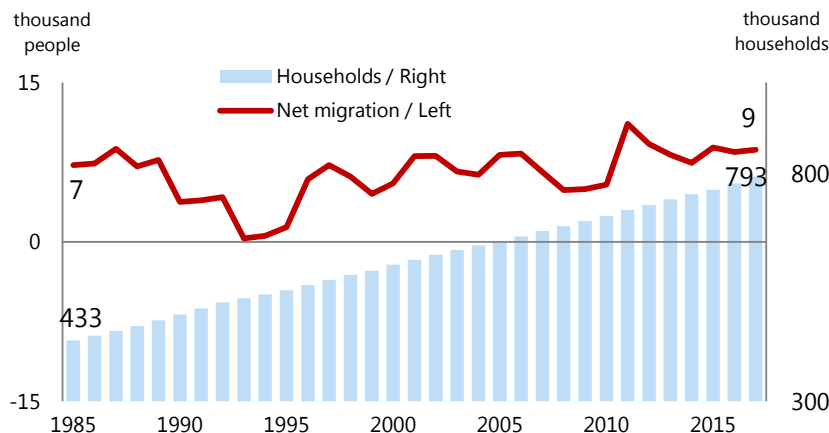




# Business development to be launched in the Fukuoka region

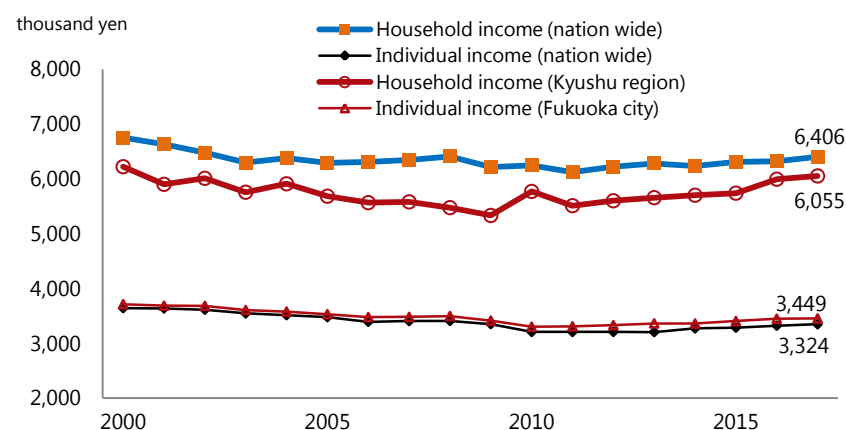
- ☑ Business activities in the Fukuoka region, where there is potential for continued high growth, are planned to be implemented in FY 2019.
- ☑ Same as in the Nagoya region, business portfolios are single-family homes, condominiums, and property resales.

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

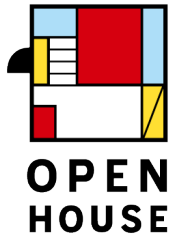
Household income and individual income of residents of Fukuoka City



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) (thousand people)			Population (thousand people)		Proportion of people in 20-30 age group (20-30 age group to all age groups)		Ranking of potential-growth cities (general evaluation)
1	<b>Fukuoka</b>	<b>1,539</b>	<b>5.1%</b>	Yokohama	3,725	Tokyo Ku-area	28.2%	Tokyo Ku-area
2	Tokyo Ku-area	9,273	3.7%	Osaka	2,691	Kawasaki	28.0%	<b>Fukuoka</b>
3	Kawasaki	1,475	3.5%	Nagoya	2,296	<b>Fukuoka</b>	<b>26.9%</b>	Kyoto
4	Sendai	1,082	3.5%	Sapporo	1,952	Osaka	25.6%	Osaka
5	Saitama	1,264	3.4%	<b>Fukuoka</b>	<b>1,539</b>	Sendai	24.9%	Kagoshima *Not an ordinance-designated city
Reference	Whole nation	127,095	△0.8%	Tokyo Ku-area	9,273	Average	22.0%	Fukuoka city is ranked first in the Potential Group
Source	2010-2015 Population Census Statistics Bureau			2015 Population Census Statistics Bureau		2015 Population Census Statistics Bureau		2017 Potential-growth cities Nomura Research Institute

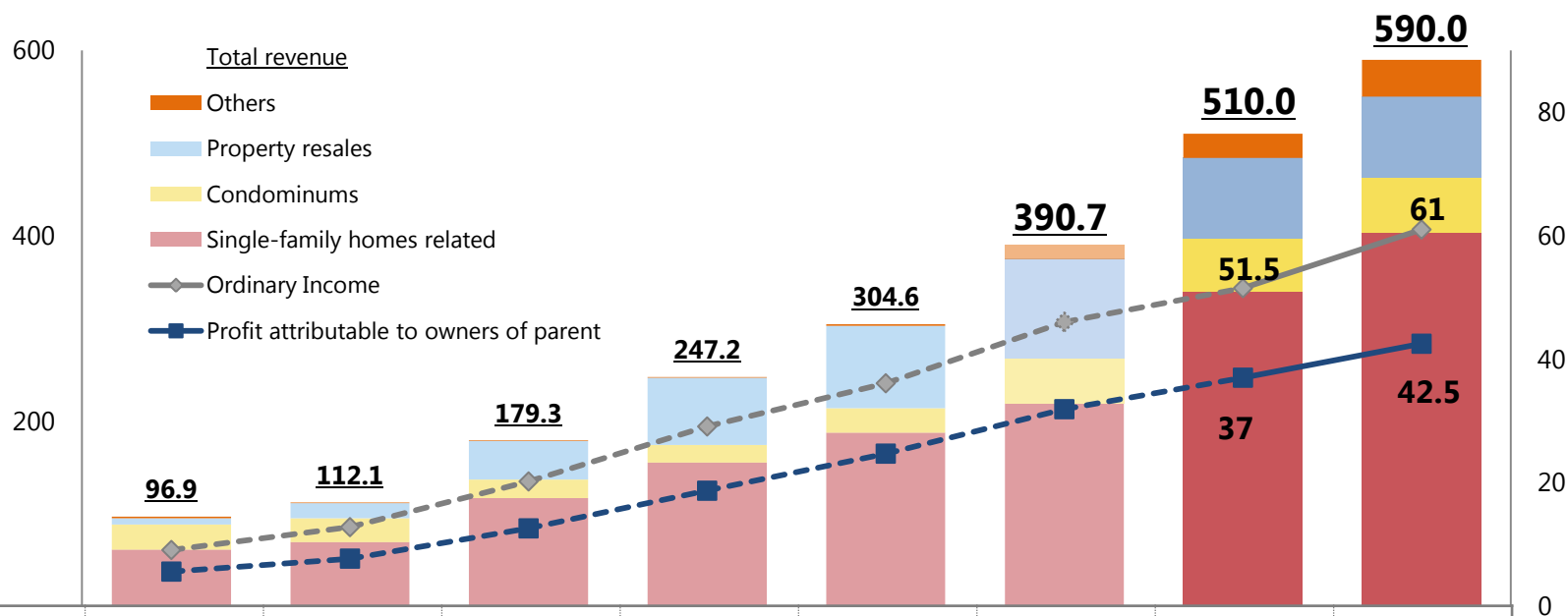


# Mid-Term Business Plan

*Updated on November 2018*



# 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

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

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

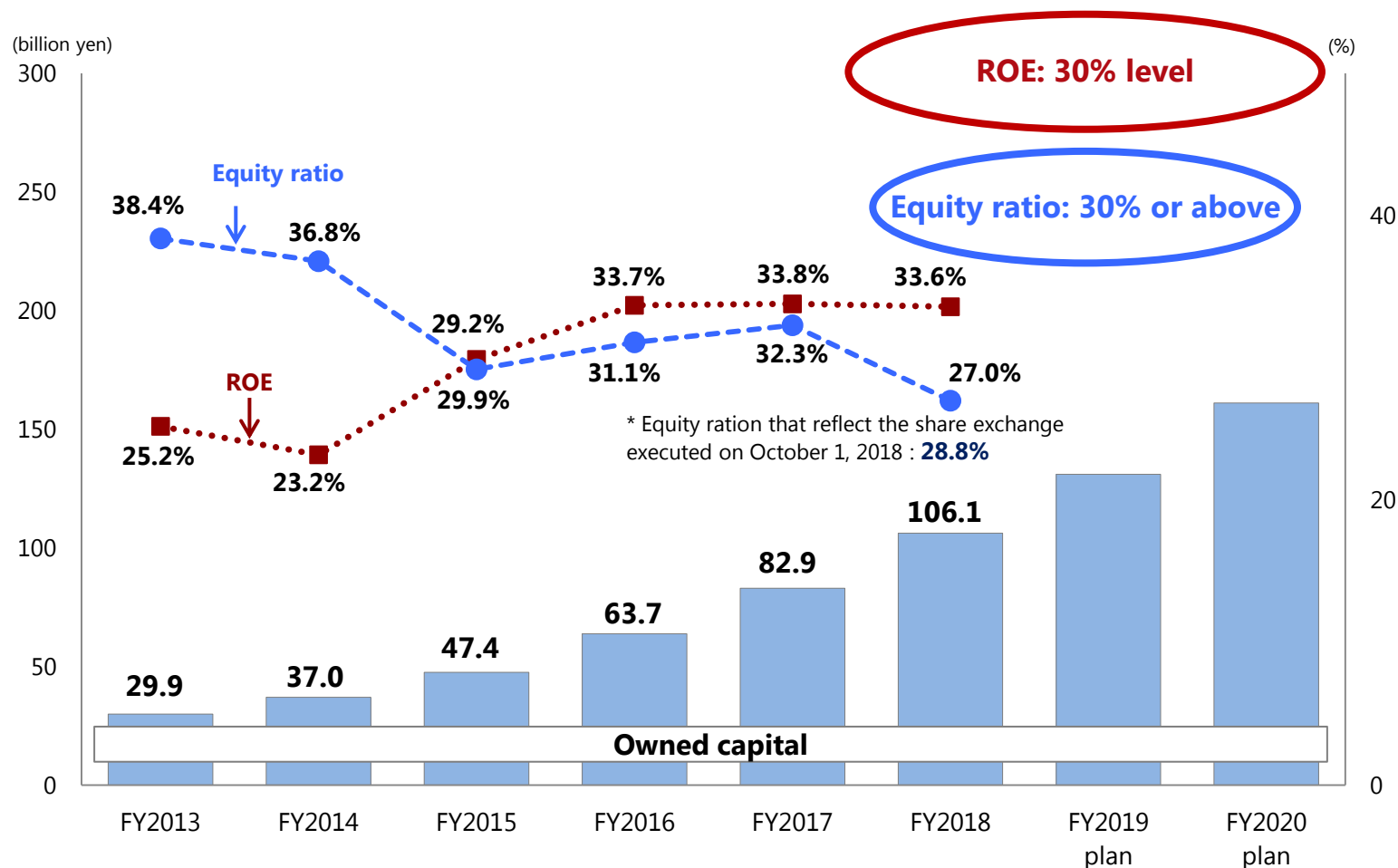
2017.9-2020.9  
Revenue  
**CAGR:24.6%**



# Capital policy:

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

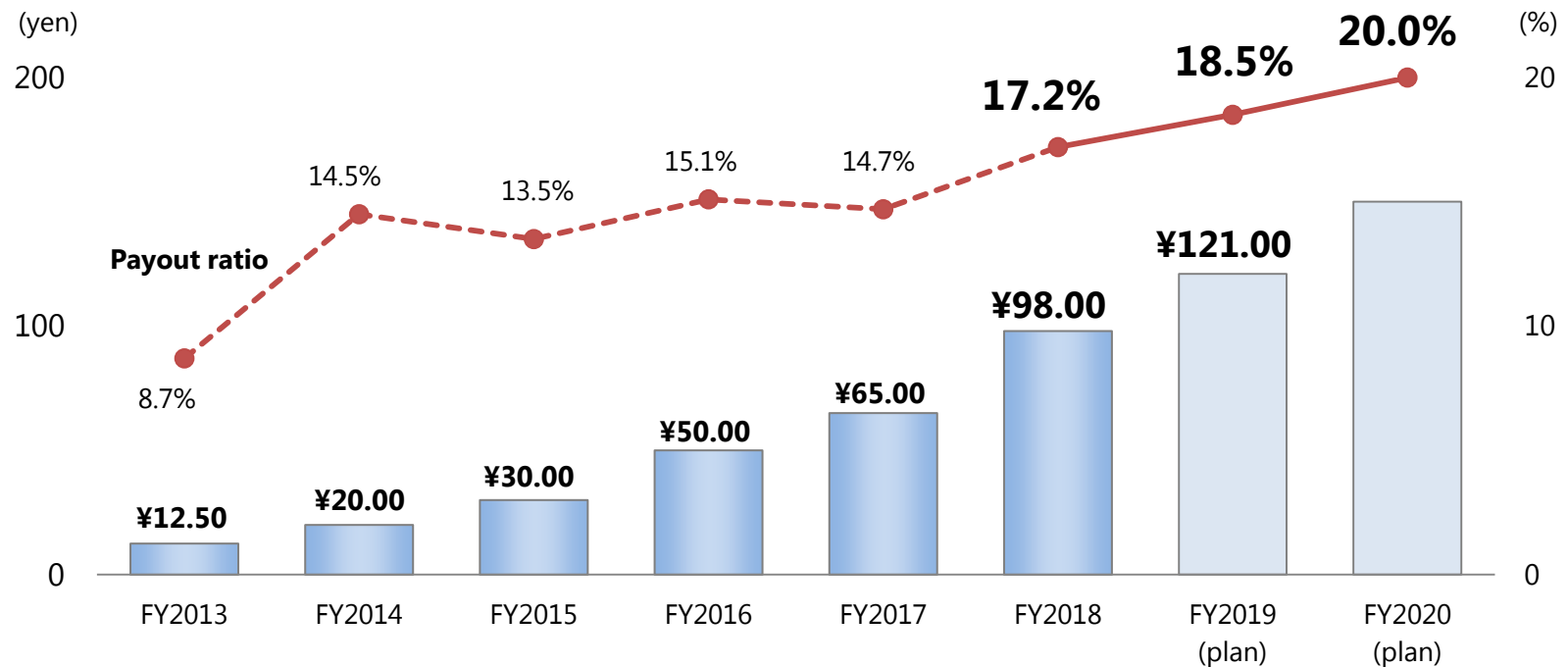
- ☑ Sustaining high capital efficiency (ROE: 30% level)
- ☑ Maintaining strong financial condition to ensure the safety of financial aspects (Equity ratio: 30% or above)





# 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, 2018 are calculated based on the number of shares (total number of shares issued – treasury shares) as of September 30, 2017.



# 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	September 11, 2018 to September 20, 2018
Aggregate number of shares purchased	561,800 shares (Upper limit: 600,000 shares) (1.01% of the total issued shares (excluding treasury stock))
Aggregate value of shares purchased	¥2,999 million (Upper limit: 30 million yen)

(For reference)

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.

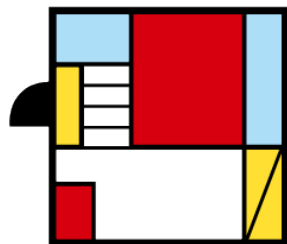
## Shareholder Benefits Program

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.

東京に、家を持とう。



**OPEN  
HOUSE**

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