# Consolidated Financial Highlights
## for the Fiscal Year Ended September 30, 2017

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

JPX-NIKKEI 400
2017

# FY2017 Topics

## Business performance

- **Revenue and income set record highs for the fifth consecutive year.**
- **Revenue reached more than ¥300 billion on the 20th anniversary of the foundation.**

| | |
|---|---|
| **Revenue:** | **¥ 304.6 billion (+23.2% YOY)** |
| **Ordinary income:** | **¥ 36.1 billion (+23.9% YOY)** |
| **Profit attributable to owners of parent :** | **¥ 24.7 billion (+32.5% YOY)** |

- The single-family homes business showed steady growth due to price advantages over new condominiums.
- The condominiums business marked solid performance with revenue of ¥26.4 billion, a 38.9% increase year on year.
- The property resales business continued the upward trend in revenue on the back of the BOJ's monetary easing policies.

## Performance forecasts

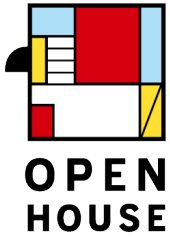
- **Our goal is to achieve record highs both in revenue and income for the sixth consecutive year.**

| | |
|---|---|
| **Revenue:** | **¥ 380.0 billion (+24.7% YOY)** |
| **Ordinary income:** | **¥ 43.5 billion (+20.4% YOY)** |
| **Profit attributable to owners of parent :** | **¥ 30.0 billion (+21.0% YOY)** |

## Mid-Term Business Plan

- **Business plan for the fiscal year ending September 30, 2020**

**Revenue:** **¥500.0 billion** (three-year average growth rate **+18.0%**)
**Ordinary income:** **¥60.0 billion** (three-year average growth rate **+18.4%**)
**Profit attributable to owners of parent: ¥40.0 billion**
(three-year average growth rate **+17.3%**)




# FY2017 Consolidated Summary

# Overview of Consolidated Income Statement

- ☑ Revenue and income set record highs for the fifth consecutive year.
- ☑ Both revenue and income surpassed earnings forecasts and net income marked more than 30% growth.

(Million yen)

| | FY2016 <2015/10-2016/9> | | FY2017 <2016/10-2017/9> | | YOY % | FY2017 <2016/10-2017/9> | |
|---|---|---|---|---|---|---|---|
| | Actual | % of revenue | Actual | % of revenue | | Initial forecasts released on Nov. 14, 2016 | Difference between actual and forecasts |
| **Revenue** | 247,210 | — | **304,651** | — | 23.2% | 300,000 | +4,651 |
| **Gross profit** | 46,382 | 18.8% | **56,118** | 18.4% | 21.0% | | |
| SG&A expenses | 15,062 | 6.1% | **18,501** | 6.1% | 22.8% | | |
| **Operating income** | 31,320 | 12.7% | **37,617** | 12.3% | 20.1% | 35,000 | +2,617 |
| Non-operating income | 191 | 0.1% | **444** | 0.1% | 131.6% | | |
| Non-operating expenses | 2,357 | 1.0% | **1,929** | 0.6% | (18.2%) | | |
| **Ordinary income** | 29,154 | 11.8% | **36,131** | 11.9% | 23.9% | 34,000 | +2,131 |
| **Profit attributable to owners of parent** | 18,709 | 7.6% | **24,797** | 8.1% | 32.5% | 22,000 | +2,797 |

# Performance by segment (revenue, operating income)

- ☑ The single-family homes and property resale businesses marked significant growth in revenue.
- ☑ The single-family homes and property resale mainly contributed to boosting operating income.

(Million yen)

| | FY2016 <2015/10-2016/09> | | FY2017 <2016/10-2017/09> | | YOY% |
|---|---|---|---|---|---|
| | Actual | Ratio | Actual | Ratio | |
| **Revenue** | 247,210 | 100.0% | **304,651** | 100.0% | 23.2% |
| Brokerage | 8,528 | 3.4% | **10,197** | 3.3% | 19.6% |
| Single-family homes | 119,563 | 48.4% | **151,998** | 49.9% | 27.1% |
| Openhouse Architect *1 | 37,625 | 15.2% | **39,154** | 12.9% | 4.1% |
| Condominiums | 19,059 | 7.7% | **26,480** | 8.7% | 38.9% |
| Property resales | 72,801 | 29.4% | **88,976** | 29.2% | 22.2% |
| Others | 455 | 0.2% | **1,825** | 0.6% | 300.9% |
| Adjustments | (10,822) | — | **(13,981)** | — | — |

| | Actual | % of revenue | Actual | % of revenue | YOY% |
|---|---|---|---|---|---|
| **Operating Income** | 31,320 | 12.7% | **37,617** | 12.3% | 20.1% |
| Brokerage | 2,882 | 33.8% | **3,087** | 30.3% | 7.1% |
| Single-family homes | 12,833 | 10.7% | **17,300** | 11.4% | 34.8% |
| Openhouse Architect *1 *2 | 2,050 | 5.4% | **1,874** | 4.8% | (8.6%) |
| Condominiums | 3,085 | 16.2% | **4,345** | 16.4% | 40.8% |
| Property resales | 10,583 | 14.5% | **11,122** | 12.5% | 5.1% |
| Others | 138 | 30.5% | **54** | 3.0% | (60.6%) |
| Adjustments | (253) | — | **(166)** | — | — |

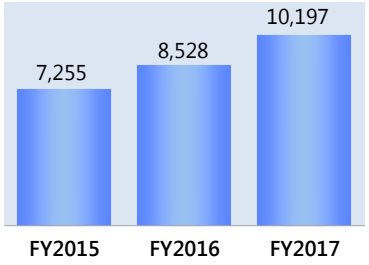
* 1 The reporting segment name has been changed from the previous Asakawa Homes to Open House Architect from FY2017.
* 2 Operating income for Open House Architect reflects a deduction of amortization of goodwill recorded on the acquisition of Open House Architect equity.

# Brokerage Business

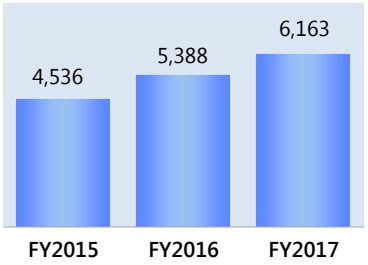
- ☑ Seven sales centers opened in the fiscal year under review, a record-high number of openings per year, bringing the total to 25 sales centers.
- ☑ The number of brokerage transactions showed a steady increase of 32.8% year on year for the full fiscal year.



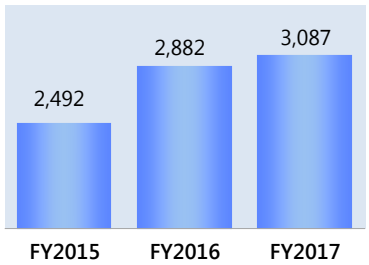

Revenue (¥million)



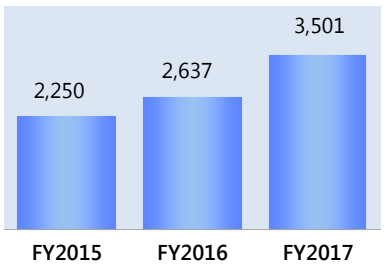

Gross profit (¥million)




Operating income (¥million)



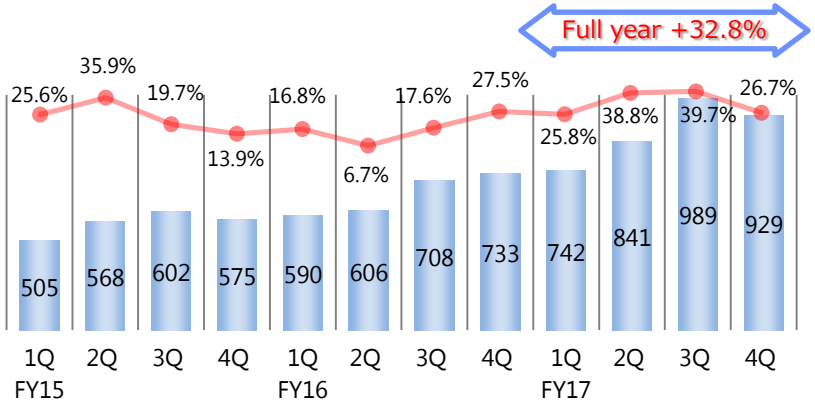

Number brokered




| | FY2015 14/10-15/9 | FY2016 15/10-16/9 | FY2017 16/10-17/9 | Inc.(Dec.) |
|---|---|---|---|---|
| Revenue (¥million) | 7,255 | 8,528 | **10,197** | 19.6% |
| Gross profit (¥million) | 4,536 | 5,388 | **6,163** | 14.4% |
| Gross profit margin | 62.5% | 63.2% | **60.4%** | (2.7%) |
| Operating income (¥million) | 2,492 | 2,882 | **3,087** | 7.1% |
| Operating income margin | 34.4% | 33.8% | **30.3%** | (3.5%) |
| Number brokered | 2,250 | 2,637 | **3,501** | 864 |

The above results for the second quarter of the fiscal year ended September 30, 2015 were restated on a new reporting segment basis, in conjunction with the change in the reporting segment from the fiscal year ended September 30, 2016.

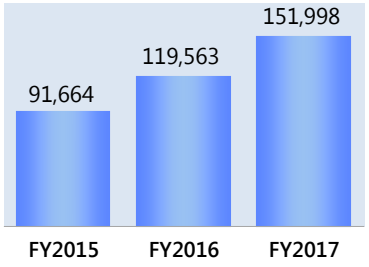
Number brokered in each quarter and YOY change



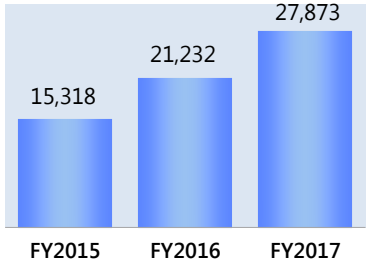
# Single-Family Homes Business

- ☑ The prices of new condominiums remained high and marked steady sales growth due to the price advantage over single-family homes.
- ☑ The advance delivery of pieces of land in the single-family homes business contributed to boosting the full-year operating results.

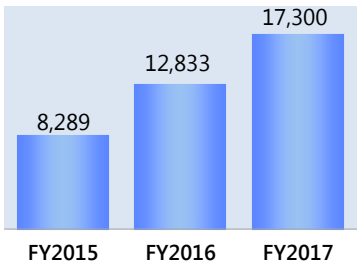
Revenue (¥million)



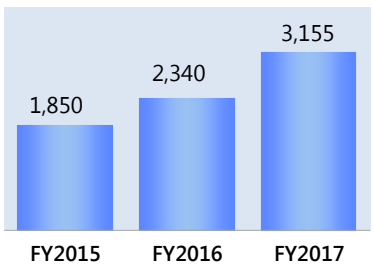

Gross profit (¥million)




Operating income (¥million)

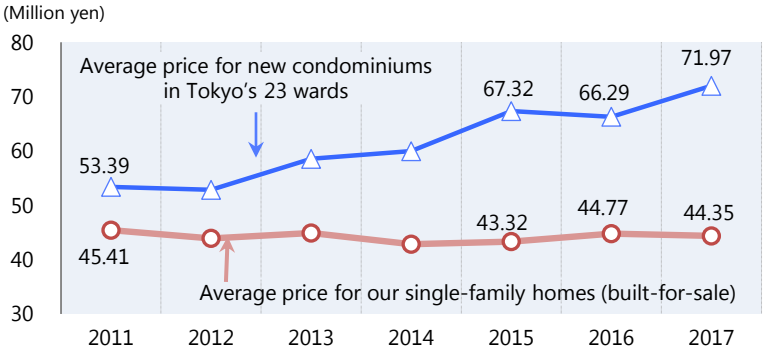



Number delivered




| By type of sale | | FY2015 14/10-15/9 | FY2016 15/10-16/9 | FY2017 16/10-17/9 | Inc.(Dec.) |
|---|---|---|---|---|---|
| **Built-for-sale houses** | Revenue (¥million) | 38,382 | 55,655 | **65,912** | 18.4% |
| | Number delivered | 886 | 1,243 | **1,489** | 246 |
| **Lands** | Revenue (¥million) | 44,529 | 52,141 | **72,556** | 39.2% |
| | Number delivered | 964 | 1,097 | **1,666** | 569 |
| **Built-to-order houses** | Revenue (¥million) | 8,554 | 11,547 | **12,909** | 11.8% |
| | Number delivered | 581 | 747 | **884** | 137 |
| **Others** | Revenue (¥million) | 178 | 218 | **620** | 183.8% |
| **Total** | Revenue (¥million) | 91,644 | 119,563 | **151,998** | 27.1% |
| | Gross profit (¥million) | 15,318 | 21,232 | **27,873** | 31.3% |
| | Gross profit margin | 16.7% | 17.8% | **18.3%** | 0.6% |
| | Operating income (¥million) | 8,289 | 12,833 | **17,300** | 34.8% |
| | Operating income margin | 9.0% | 10.7% | **11.4%** | 0.6% |
| | Number delivered (built-for-sale houses + lands) | 1,850 | 2,340 | **3,155** | 815 |

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.

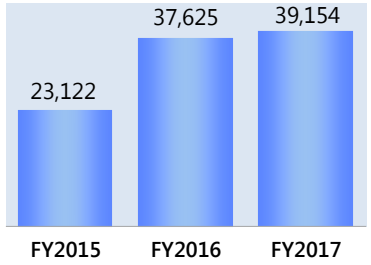
# Open House Architect



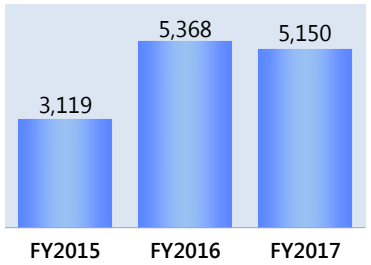


- ☑ The company name was changed to Open House Architect in October 2016.
- ☑ The number of houses delivered under construction contracts steadily increased for both external customers and the Group companies.

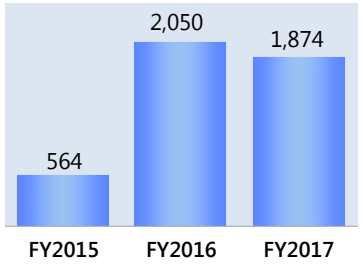
Revenue (¥million)



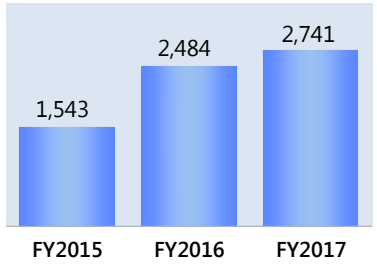

Gross profit (¥million)




Operating income (¥million)

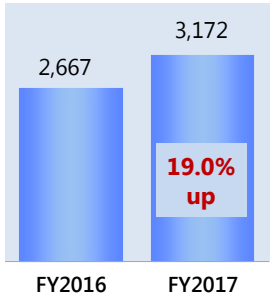



Number delivered

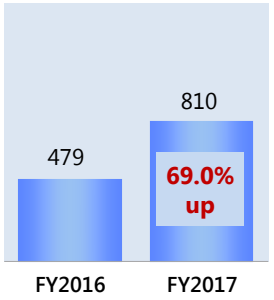



| | FY2015 14/10-15/09 | FY2016 15/10-16/09 | FY2017 16/10-17/09 | Inc. (Dec.) |
|---|---|---|---|---|
| Revenue (¥million) | 23,122 | 37,625 | **39,154** | 4.1% |
| Gross profit (¥million) | 3,119 | 5,368 | **5,150** | (4.1%) |
| Gross profit margin | 13.5% | 14.3% | **13.2%** | (1.1%) |
| Operating income (¥million) *1 | 564 | 2,050 | **1,874** | (8.6%) |
| Operating income margin | 2.4% | 5.4% | **4.8%** | (0.7%) |
| Number delivered *2 | 1543<br>136 | 2484<br>474 | **2,741**<br>**609** | 257<br>135 |

Number of all Company contracts




Number of OHD contracts included left




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

The above figures for FY2015 present actual results for the period from January to September 2015 (due to the fact that consolidated reporting started from January . 2015)

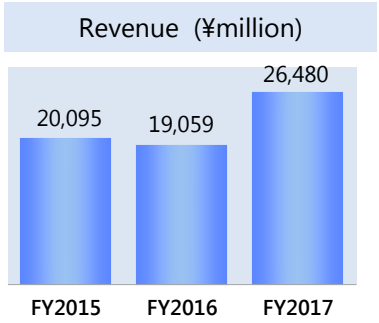
*1 Operating income for Open House Architect reflects a deduction of amortization of goodwill for Open House Architect.

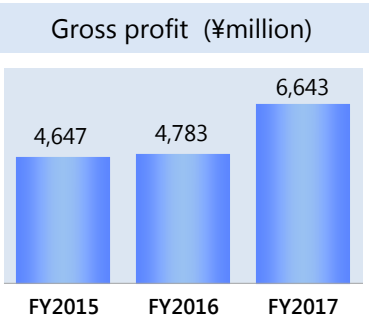
*2 Number delivered refers to the number of properties delivered under single-family homes construction contracts. (Number delivered to OHD on the lower line)

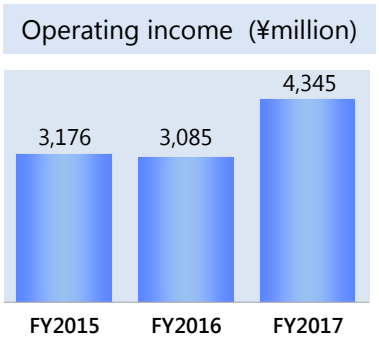
# Condominiums Business

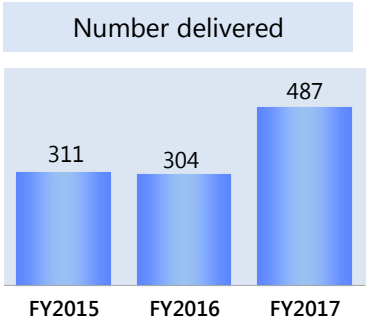
- ☑ We focused on compact condominiums, targeting single households, etc. that do not purchase single-family homes.
- ☑ Due to strong demand for new condominiums in urban centers, sales contract amounts steadily increased.






| | FY2015 14/10-15/9 | FY2016 15/10-16/9 | FY2017 16/10-17/9 | Inc. (Dec.) |
|---|---|---|---|---|
| Revenue (¥million) | 20,095 | 19,059 | **26,480** | 38.9% |
| Gross profit (¥million) | 4,647 | 4,783 | **6,643** | 38.9% |
| Gross profit margin | 23.1% | 25.1% | **25.1%** | 0.0% |
| Operating income (¥million) | 3,176 | 3,085 | **4,345** | 40.8% |
| Operating income margin | 15.8% | 16.2% | **16.4%** | 0.2% |
| Number delivered | 311 | 304 | **487** | 183 |

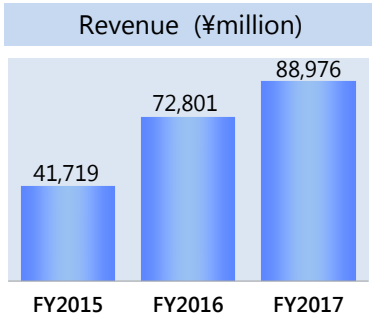
**— Major condominiums delivered in FY2017 —**

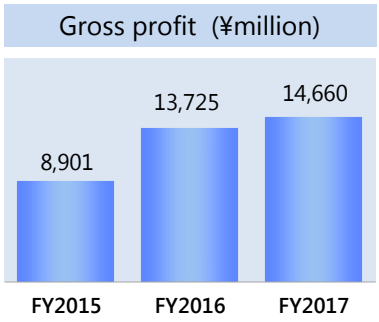
| Name | Units | Average price |
|---|---|---|
| Open Residencia Aoyama The House | 29 | ¥90million |
| Open Residencia Koishikawa 5chome | 21 | ¥60million |
| Open Residencia Meguro Tairamachi | 19 | ¥60million |
| Open Residencia Mejiro Avenue | 18 | ¥50million |

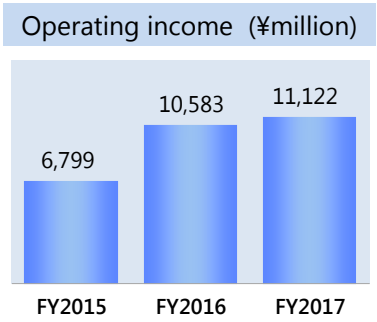
# Property Resales Business

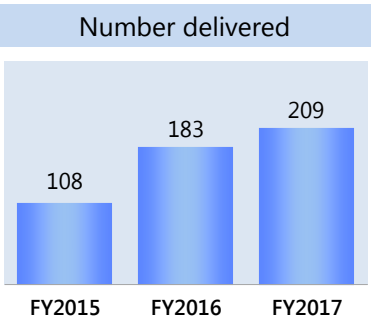
- ☑ Demand for property resales remains high on the back of the continued BOJ's monetary easing policies.
- ☑ Gross profit margin marked the expected level which reflected a slowdown in the upward property prices.





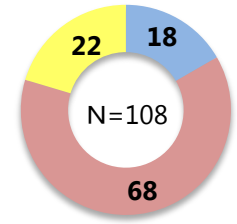



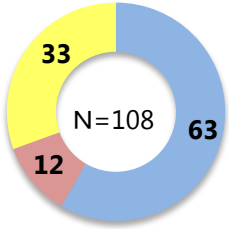

| | FY2015 14/10-15/09 | FY2016 15/10-16/09 | FY2017 16/10-17/09 | Inc. (Dec.) |
|---|---|---|---|---|
| Revenue (¥million) | 41,719 | 72,801 | **88,976** | 22.2% |
| Gross profit (¥million) | 8,901 | 13,725 | **14,660** | 6.8% |
| Gross profit margin | 21.3% | 18.9% | **16.5%** | (2.4%) |
| Operating income (¥million) | 6,799 | 10,583 | **11,122** | 5.1% |
| Operating income margin | 16.3% | 14.5% | **12.5%** | (2.0%) |
| Number delivered | 108 | 183 | **209** | 26 |

Breakdown of properties owned (as of the end of September 2017)

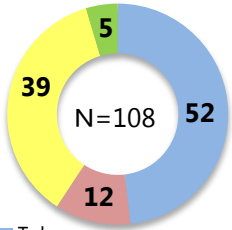
By property size*




By use




By location




* Based on book values at the end of September 2017.

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

(Million yen)

| | FY2016 <2015/10-2016/9> Actual | FY2016 <2015/10-2016/9> % of revenue | FY2017 <2016/10-2017/9> Actual | FY2017 <2016/10-2017/9> % of revenue | Inc. (Dec.) |
|---|---|---|---|---|---|
| **SG&A expenses** | 15,062 | 6.1% | **18,501** | 6.1% | 3,438 |
| Personnel expenses | 4,311 | 1.7% | **4,954** | 1.6% | 643 |
| Sales commissions | 2,394 | 1.0% | **2,434** | 0.8% | 39 |
| General expenses | 1,868 | 0.8% | **2,417** | 0.8% | 549 |
| Advertising expenses | 1,361 | 0.5% | **1,771** | 0.6% | 410 |
| Promotion expenses | 707 | 0.3% | **803** | 0.3% | 95 |
| Others | 4,419 | 1.8% | **6,120** | 2.0% | 1,700 |

| | FY2016 <2015/10-2016/9> Actual | FY2016 <2015/10-2016/9> % of revenue | FY2017 <2016/10-2017/9> Actual | FY2017 <2016/10-2017/9> % of revenue | Inc. (Dec.) |
|---|---|---|---|---|---|
| **Non-operating income** | 191 | 0.1% | **444** | 0.1% | 252 |
| Foreign exchange gain | — | 0.0% | **256** | 0.1% | 256 |
| Others | 191 | 0.1% | **188** | 0.1% | (3) |
| **Non-operating expenses** | 2,357 | 1.0% | **1929** | 0.6% | (428) |
| Interest expenses | 795 | 0.3% | **892** | 0.3% | 97 |
| Commissions | 988 | 0.4% | **682** | 0.2% | (306) |
| Foreign exchange loss | 251 | 0.1% | — | — | (251) |
| Other | 322 | 0.1% | **354** | 0.1% | 31 |

# Consolidated Balance Sheet

(Million yen)

| | Sep 30, 2016 | Sep 30, 2017 | Inc. (Dec.) |
|---|---|---|---|
| **Current assets** | 196,792 | **248,429** | 51,637 |
| Cash and cash equivalents | 67,508 | **90,910** | 23,401 |
| Inventories | 117,546 | **144,894** | 27,348 |
| Others | 11,737 | **12,625** | 888 |
| **Fixed assets** | 8,013 | **8,255** | 241 |
| Tangible fixed assets | 2,651 | **3,113** | 462 |
| Intangible fixed assets | 1,389 | **1,299** | (90) |
| Investments and other assets | 3,972 | **3,841** | (130) |
| **Deferred assets** | 62 | **51** | (11) |
| **Total assets** | 204,868 | **256,736** | 51,868 |

| | Sep 30, 2016 | Sep 30, 2017 | Inc. (Dec.) |
|---|---|---|---|
| **Liabilities** | 140,784 | **173,357** | 32,573 |
| Current liabilities | 74,288 | **82,613** | 8,324 |
| Long-term liabilities | 66,495 | **90,743** | 24,248 |
| **Net Assets** | 64,084 | **83,379** | 19,295 |
| Shareholders' equity | 63,736 | **82,902** | 19,165 |
| Other accumulated comprehensive income | 347 | **477** | 129 |
| **Total liabilities and net assets** | 204,868 | **256,736** | 51,868 |

| | Sep 30, 2016 | Sep 30, 2017 | Inc. (Dec.) |
|---|---|---|---|
| Liquidity on hand *1 (month) | 3.3 | **3.6** | 0.3 |
| Net debt / equity ratio *2 (times) | 0.7 | **0.6** | (0.1) |

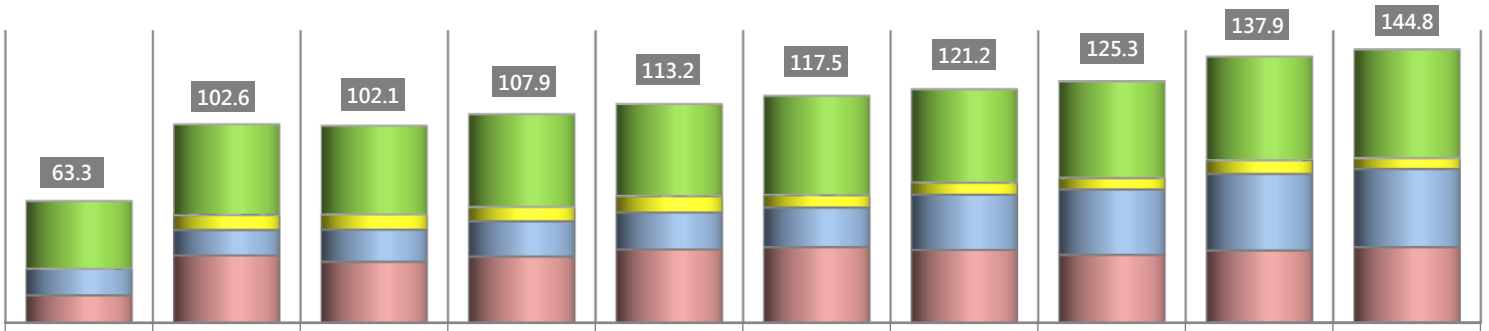
| | Sep 30, 2016 | Sep 30, 2017 | Inc. (Dec.) |
|---|---|---|---|
| Equity ratio | 31.1% | **32.3%** | 1.2% |
| Debt/equity ratio *3 (times) | 1.7 | **1.7** | (0.0) |

*1 Liquidity on hand: cash & deposits/average monthly revenue,
*2 Net debt/equity ratio: (loans payable + corporate bonds – cash & deposits) / net assets,
*3 Debt/equity ratio: (loans payable + corporate bonds) / net assets

# Inventory Details

(Million yen)

| | End of FY2014 (Sep 30, 2014) | End of FY2015 (Sep 30, 2015) | End of FY2016 (Sep 30, 2016) | End of FY2017 (Sep 30, 2017) | (Ratio) | Inc. (Dec.) |
|---|---|---|---|---|---|---|
| Single–family homes | 35,080 | 46,741 | 51,146 | **56,058** | 38.7% | 4,911 |
| Openhouse Architect | – | 7,756 | 6,486 | **5,608** | 3.9% | (877) |
| Condominiums | 13,683 | 13,101 | 20,422 | **40,291** | 27.8% | 19,869 |
| Property resales | 14,090 | 34,586 | 38,838 | **38,871** | 26.8% | 32 |
| Others | 513 | 428 | 651 | **4,064** | 2.8% | 3,412 |
| Total | 63,368 | 102,614 | 117,546 | **144,894** | 100.0% | 27,348 |



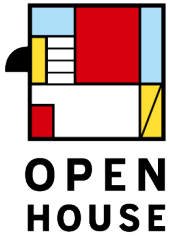

(Billion yen)

| | FY14 4Q | FY15 4Q | FY16 1Q | FY16 2Q | FY16 3Q | FY16 4Q | FY17 1Q | FY17 2Q | FY17 3Q | FY17 4Q |
|---|---|---|---|---|---|---|---|---|---|---|
| Single –family homes | 35.0 | 46.7 | 45.7 | 47.8 | 47.4 | 51.1 | 48.1 | 49.8 | 53.4 | 56.0 |
| OHA | — | 7.7 | 7.8 | 7.4 | 8.5 | 6.4 | 6.2 | 5.9 | 7.0 | 5.6 |
| Condominiums | 13.6 | 13.1 | 16.6 | 18.1 | 19.0 | 20.4 | 28.4 | 33.7 | 39.4 | 40.2 |
| Property resales | 14.0 | 34.5 | 31.2 | 33.9 | 37.6 | 38.8 | 37.4 | 34.8 | 37.1 | 38.8 |

# Consolidated Statement of Cash Flows

(Million yen)

| | FY2016 <2015/10-2016/9> | FY2017 <2016/10-2017/9> | Major factors |
|---|---|---|---|
| Cash flows from operating activities | 9,817 | **(799)** | – Profit before income taxes<br>– Increased inventories<br>– Income taxes paid, etc. |
| Cash flows from investing activities | (2,672) | **(1,337)** | – Purchase of tangible fixed assets, etc. |
| Cash flows from financing activities | 17,332 | **25,181** | – Increase in loans payable<br>– Cash dividends paid<br>– Purchase of treasury , etc. |
| Effect of exchange rate changes on cash and cash equivalents | (293) | **356** | |
| Net increase (decrease) in cash and cash equivalents | 24,183 | **23,401** | |
| Cash and cash equivalents at beginning of period | 43,325 | **67,508** | |
| Cash and cash equivalents at end of period | 67,508 | **90,910** | |




# Consolidated Business Performance Forecasts for FY2018

# Business Performance Forecasts

- ☑ We expect that revenue will reach ¥380 billion, an increase of 24.7% year on year.
- ☑ Our goal is to mark record highs in revenue and income for the sixth consecutive year.

(Million yen)

| | FY2016 Actual | FY2017 | | FY2018 | |
|---|---|---|---|---|---|
| | | Actual | Inc. (Dec.) | Forecast | Inc. (Dec.) |
| Revenue | 247,210 | **304,651** | 23.2% | 380,000 | 24.7% |
| Operating income | 31,320 | **37,617** | 20.1% | 44,700 | 18.8% |
| Ordinary income | 29,154 | **36,131** | 23.9% | 43,500 | 20.4% |
| Profit attributable to owners of parent | 18,709 | **24,797** | 32.5% | 30,000 | 21.0% |
| | | | | | (yen) |
| EPS (yen) | 332.08 | **443.41** | — | 537.73 | — |
| Annual dividends per share (yen)<br>(Interim dividends per share) | 50.00 | **65.00**<br>**(30.00)** | 15.00<br>(30.00) | 92.00<br>(46.00) | 27.00<br>(16.00) |
| Payout ratio | 15.1% | **14.7%** | — | 17.1% | — |

# Consolidated Business Performance Forecasts (Revenue by Business Segment) and Change in Business Segments

☑ To further strengthen the business model — a comprehensive system from purchase and construction to intermediacy — the brokerage business, single-family homes business, and Open House Architect will be consolidated to establish a new segment, the single-family homes related business.

**— Before change in business segments**

(Million yen)

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

**— After change in business segments**

(Million yen)

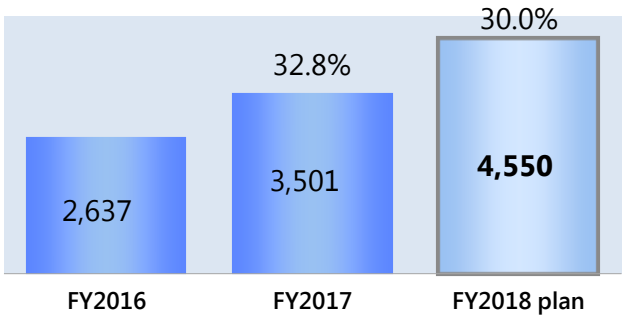
| | FY2017 | FY2018 | |
|---|---|---|---|
| | Actual | Forecast | Inc. (Dec.) |
| **Revenue** | 304,651 | **380,000** | 24.7% |
| **Single-family homes related business**<br>**1. Brokerage**<br>**2. Single-family homes**<br>**3. Construction work**<br>Former Open House Architect | 188,475 | **226,000** | 19.9% |
| Condominiums | 26,480 | **43,500** | 64.3% |
| Property resales | 88,976 | **100,000** | 12.4% |
| Others | 1,825 | **11,000** | 502.6% |
| Adjustments | (1,105) | **(500)** | — |

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

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

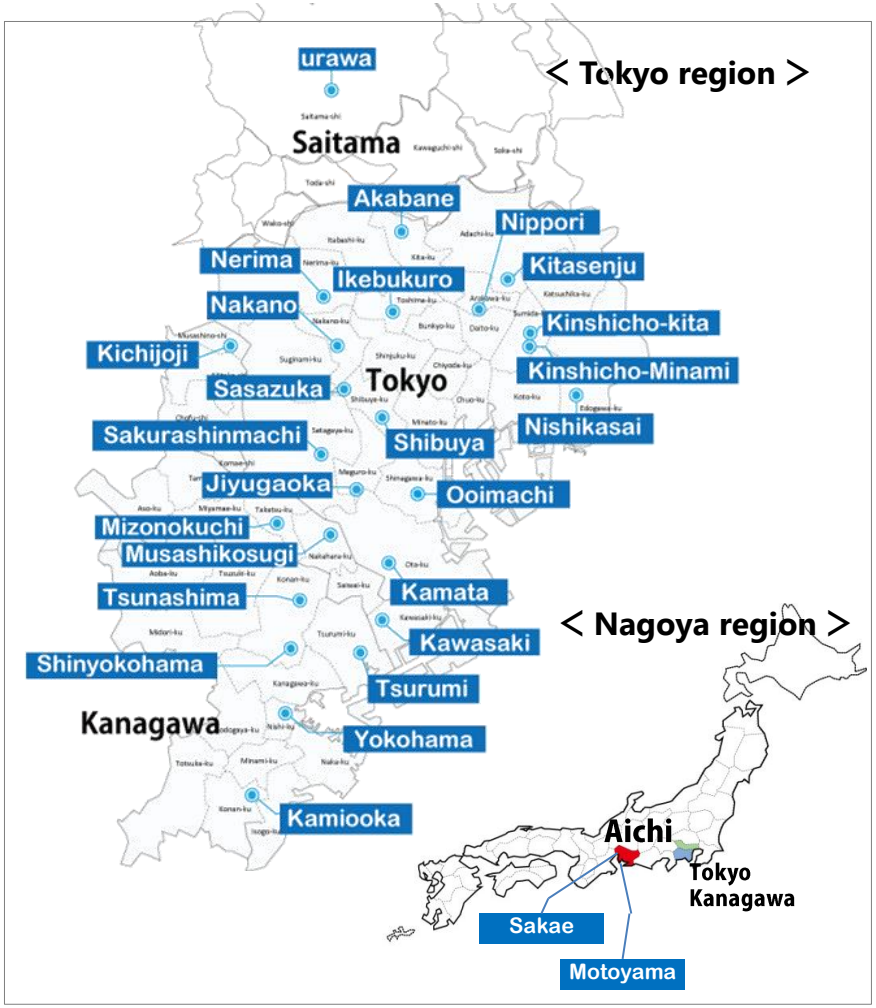
- ☑ Including Urawa and Tsurumi Sales Centers launched in October 2017, the business operates at a total of 27 sales centers.
- ☑ Sales centers are located in Tokyo and three prefectures including Saitama Prefecture.

**No. of brokerage transactions and YOY%**




**No. of sales centers of each area**

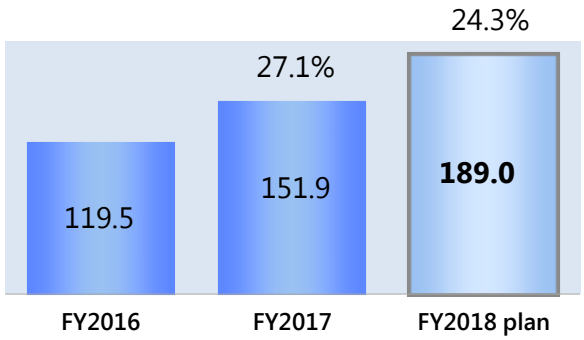
| | FY2016 15/10-16/9 Actual | FY2017 16/10-17/9 Actual | As of Nov. 14, 2017 |
|---|---|---|---|
| Tokyo | 13 | 16 | **16** |
| Kanagawa Prefecture | 5 | 7 | **8** |
| Aichi Prefecture | — | 2 | **2** |
| Saitama Prefecture | — | — | **1** |
| Total | 18 | 25 | **27** |



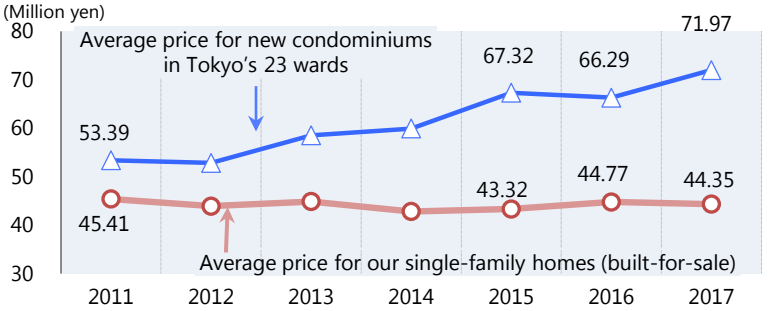
# Single-Family Homes Related Business(2. Single-Family Homes)

- ☑ Customers' awareness of single-family homes in urban centers is steadily rising due to condominiums' persistent high prices.
- ☑ Housing sales are forecast to continue seeing stable growth with the expectation of a further increase in the number of households in urban centers in the coming years.

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




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

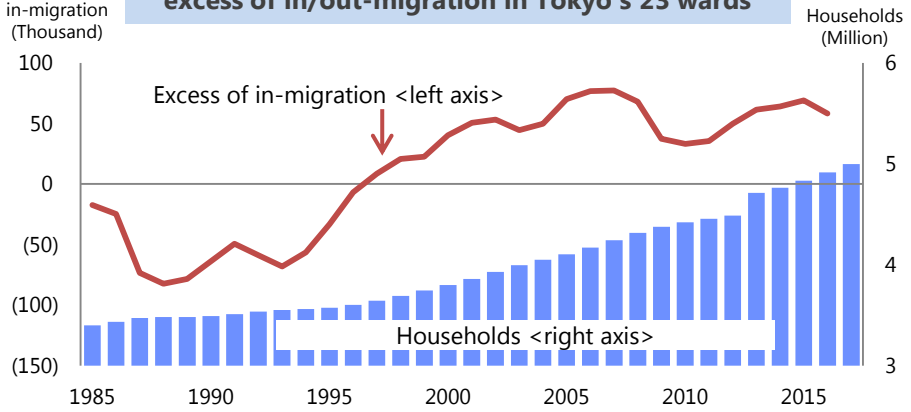



Source: MLIT, "Monthly marketing report of lands"
Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September . Condominium prices for 2017 are for the January – September period. Prices of our homes are for the October 2016- September 2017 period.

**Number delivered by type of sale**

| By type of sale | FY2016 Actual | FY2017 Actual | FY2018 plan | Inc. |
|---|---|---|---|---|
| Built-for-sale houses | 1,243 | **1,489** | **2,050** | **561** |
| Lands | 1,097 | **1,666** | **2,050** | **384** |
| Built-to-order houses | 747 | **884** | **1,090** | **206** |
| Built-for-sale houses ＋lands | 2,340 | **3,155** | **4,100** | **945** |

**Trends in number of households and excess of in/out-migration in Tokyo's 23 wards**

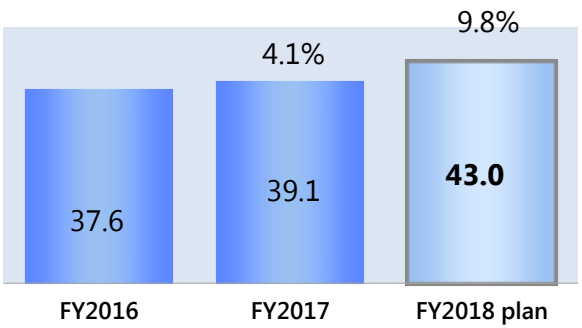



Source: The Ministry of Internal Affairs and Communications

# Single-Family Homes Related Business
## (3. Construction work : Former Open House Architect)

- ☑ The number of homes ordered for construction continues to grow in transactions with both external customers and the Group companies.
- ☑ The planned number of single-family homes to supply in the entire Group is 5,400 homes.

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




**Nagoya Show Room of Open House Architect**

Location: Tokugawa, Higashi-ku, Nagoya City (Nagoya Sales Center)
Target: Customers ordering built-for-sale houses or built-to-order houses





**Number delivered** *1

| | FY2016 Actual | FY2017 Actual | FY2018 plan | Inc (Dec) |
|---|---|---|---|---|
| Total contracts (1) | 2,484 | 2,741 | 3,160 | 419 |
| OHD contracts included above (2) | 474 | 609 | 900 | 291 |

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

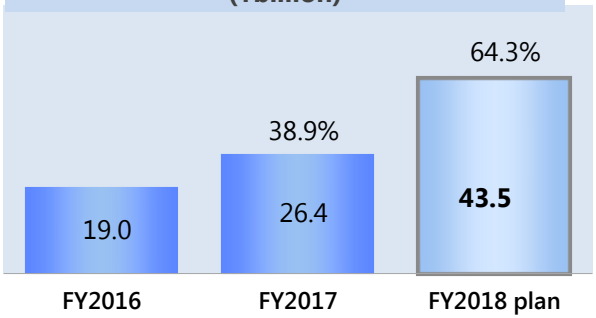
**(Reference)**
**Number of single-family homes delivered at the Group level**

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

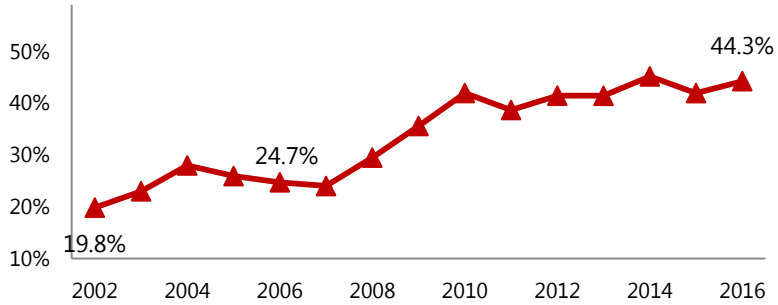
# Condominiums Business

- ☑ We have entered into sales contracts for more than half of the planned number of deliveries for the fiscal year ending September 30, 2018 (as of October 31, 2017)
- ☑ A sharp decline in the prices of condominiums in urban centers is unlikely to take place because the leading companies have an oligopoly and a sound financial performance of each companies.

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




## Trend of seven leading companies' market share of condominiums business in the metropolitan areas *



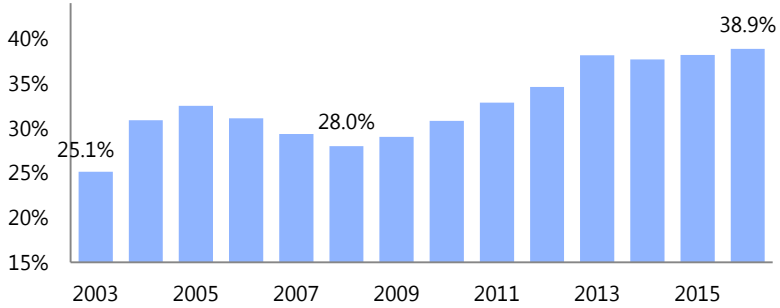

Source: Market share based on the number of condominiums sold in the metropolitan area listed in "Trend of Condominiums Market" published by Real Estate Economic Institute Co., Ltd.
* Seven leading companies: Sumitomo Realty & Development Co., Ltd., Daikyo Incorporated, Tokyu Land Corporation, Tokyo Tatemono Co., Ltd., Nomura Real Estate Holdings, Inc., Mitsui Fudosan Co., Ltd., Mitsubishi Estate Co., Ltd.

## Number delivered

| | FY2016 Actual | FY2017 Actual | FY2018 plan | Inc(Dec) |
|---|---|---|---|---|
| Number delivered | 304 | 487 | **735** | 248 |
| Number contracted | 463 | 521 | | |



## Trend of capital adequacy ratio of independent real estate companies

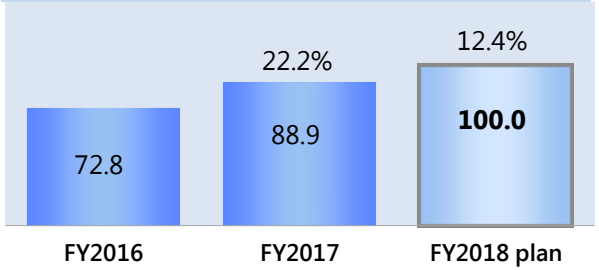



Companies: Independent real estate companies (20 companies with total assets of more than ¥100 billion belonging to the real estate industry)
Source: Calculated based on the weighted average of actual figures reported in their annual securities reports.

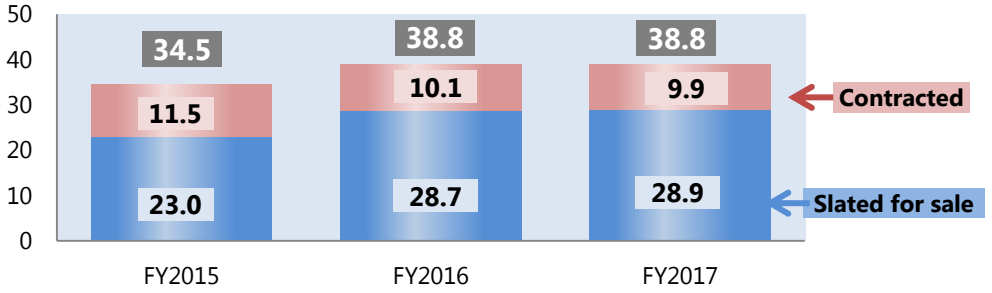
# Property Resale Business

- ☑ Inventory turnover ratio improved due to a shortened transaction period for processes from procurement to sales of portfolios
- ☑ Demand for reselling property remains high on the back of the BOJ's continued monetary easing policies.

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




**Trends in breakdown of inventories (¥billion)**

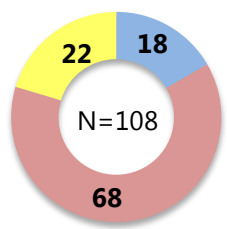



**Breakdown of gain on sales and rental earnings (¥billion)**

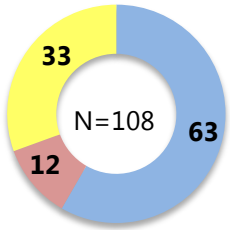
| | FY2016 Actual | FY2017 Actual | FY2018 plan | Inc. (Dec.) |
|---|---|---|---|---|
| **Total Property resales** | 72.8 | 88.9 | 100.0 | 11.1 |
| **Gain on sale** | 70.2 | 86.8 | 97.5 | 10.7 |
| + | | | | |
| **Rental earnings** | 2.5 | 2.1 | 2.5 | 0.4 |
| Inventories (average during period) | 325 | | — | — |

**Breakdown of properties owned (as of the end of September 2017)**

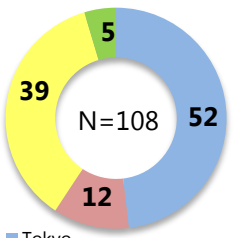
By property size*




By use




By location

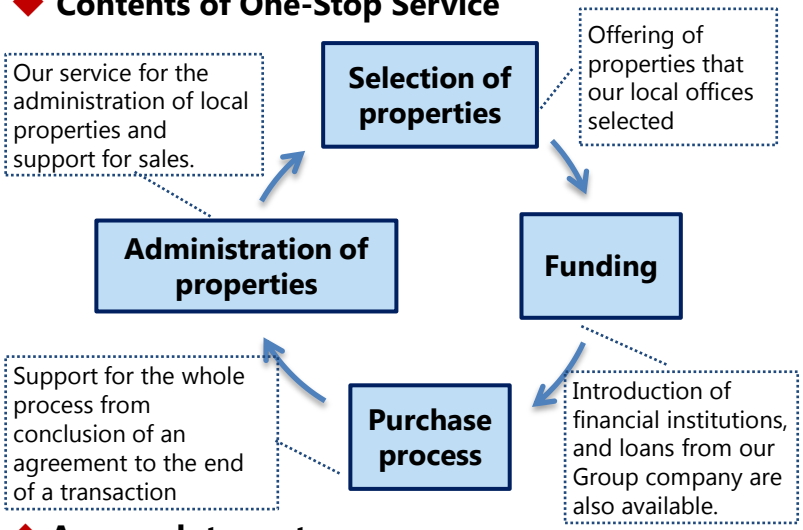



* Based on book values at the end of September 2017

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

- ☑ Launch of One-Stop Service targeting the wealthy class of customers who invest in U.S. properties
- ☑ Opening of "OPENHOUSE GINZA SALON" in "GINZA SIX" in September 2017
- ☑ Planned revenue for the fiscal year ending September 30, 2018 is ¥10 billion

## ◆ Contents of One-Stop Service




## ◆ Approach to customers



Holding of U.S. investment seminars at OPENHOUSE GINZA SALON




Publication of the book, "Senryakuteki America Fudosan Toshi (Strategic investment in U.S. properties"

## ◆ Example of portfolio property

Location: Texas, U.S. Price: ¥35 million ($308,000) Construction period: 1986
Total floor area: 191㎡ (2,057 sqft), Site area: 445㎡ (4,791 sqft)





# Initiative for Open Innovation

- ☑ Launch of the MASACASA! Project set to have people think about future houses and living, through collaboration with SoftBank and other companies.
- ☑ The Company's single-family home located in a first-class district in the Minato Ward of Tokyo has been set up as a place for joint demonstration experiments

## Outline of the MASACASA! Project

**Objective:** Create new business that is initiated by participating companies and revitalize collaborative work thereof

**Property:** Single-family house in Minato Ward of Tokyo

**Period:** October 2017-April 2018

**Participants:** Approx. 60 companies and organizations both in Japan and abroad

Logo of MASACASA!

**Major participating companies and organizations**

Amazon Japan (Amazon Launchpad Store)
ANCHORRING. JAPAN Inc.
OMRON Corporation
Connected Design, Inc.
SIGMAXYZ Inc.
SoftBank Group Corp.
TV TOKYO Communications Corporation
Dentsu Ventures
TOKYO GAS Co., Ltd.
Japan Organization for Medical Device Development, Inc. (JOMDD)
Mitsubishi Research Institute, Inc.
YKK AP Inc., and other companies

Note: "Amazon" and "アマゾン" represent the trademark or registered trademark of Amazon.com, Inc. or its affiliated companies.

## Activities of the Project

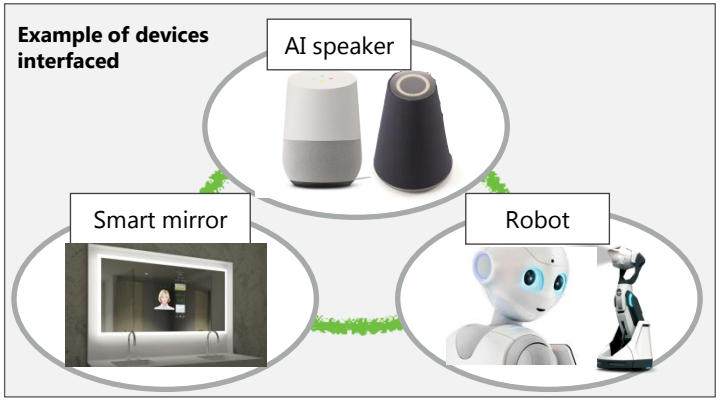
- Demonstration experiments of products and services by using an actual single-family home
- Meetings so that participants can exchange opinions and ideas on products and services
- Study sessions inviting specialists in future houses and living



Single-family house used for demonstration experiment



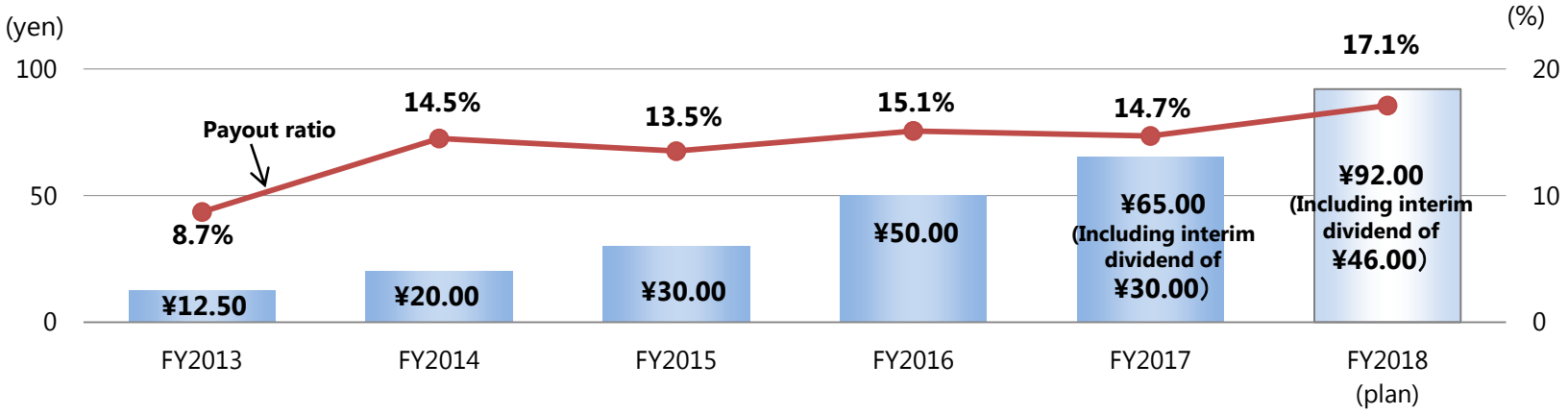
Meeting for participating companies to exchange opinions and ideas



# Shareholder returns

- ☑ Dividend per share will increase by ¥27.00 to ¥92.00 per share in FY2018.
- ☑ The dividend payout ratio will be raised to 17.1% with the focus on shareholder returns through dividend distribution.

## Annual dividends per share




Notes: The dividend per share above is calculated by assuming that the two-for-one stock split on July 1, 2015 was conducted in the beginning of FY2013.
The proposal for the year-end dividend for FY2017 will be submitted to the annual meeting of shareholders which will be held in December 2017.
* The figures in brackets above present the interim dividends included in the annual dividends.

## Shareholder Benefits Program

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

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

OPEN HOUSE

# Mid-Term Business Plan

# Formulation of the Mid-Term Business Plan

## Positioning

- With the 20th anniversary of the Company's foundation in September 2017, management goals toward a new stage are to be clarified.
- The Mid-Term Business Plan is to be formulated on the basis of growth of the existing businesses only without incorporating new business, M&A, etc.
- Executing the Mid-Term Business Plan will take us a step closer to the goal of corporate value improvement and sustainable growth.

## Name

### "Hop Step 5000" (called "HS 5000 Plan")

- Plan period: Three years from FY2018 – FY2020
- Meaning of the name: Revenue of ¥500 billion is not the final goal, but a checkpoint to pass through. It is a warming-up period to take a further leap—a JUMP—toward a new stage.

(Million yen)

| Management Goals in "HS 5000 Plan" | FY2017 Actual | FY2018 Forecast | FY2020 Forecast | Average annual growth rate (3-year CAGR) |
|---|---|---|---|---|
| Revenue | 3,046 | 3,800 | 5,000 | 18.0% |
| Ordinary income | 361 | 435 | 600 | 18.4% |
| Profit attributable to owners of parent | 247 | 300 | 400 | 17.3% |
| EPS (yen) | 443.41 | 537.73 | 716.97 | - |

＜Assumptions made in calculating EPS＞
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.

# Formulation of the Mid-Term Business Plan

## Basic policies

- We strive to become a real estate company that is needed by society by achieving sound operating performance and business expansion through the continued offering of products that customers demand.
- We aim to further raise the corporate value by optimizing business portfolios focused on the single-family homes related business.

## Initiatives

**(1) Bolstering of competitiveness of the single-family homes related business as the Company's mainstay**

- **Expansion of business development areas** (Acceleration of business development into new areas including Aichi and Saitama prefectures, in addition to existing areas)
- **Strengthening of functions for development and construction** (Shortening of a project period, reduction of construction costs, improvement in productivity by leveraging IT, etc.)
- **Enhancement of the Group management** (Further improvement in a comprehensive system from purchase and construction to intermediacy and sales as the Company's advantage)

**(2) Formation of business portfolios reflecting changes in external environment**

- **Bolstering of the condominiums business** (Development focused on promising compact condominiums located in very convenient urban centers)
- **Sustainable growth of property resales business** (Retention of customers, development of new property portfolios, etc.)
- **New business development** (Full-fledged operation of the U.S. property investment services for the wealthy class of customers, M&A enhancement, etc.)

**(3) Strengthening of the management base to underpin corporate growth**

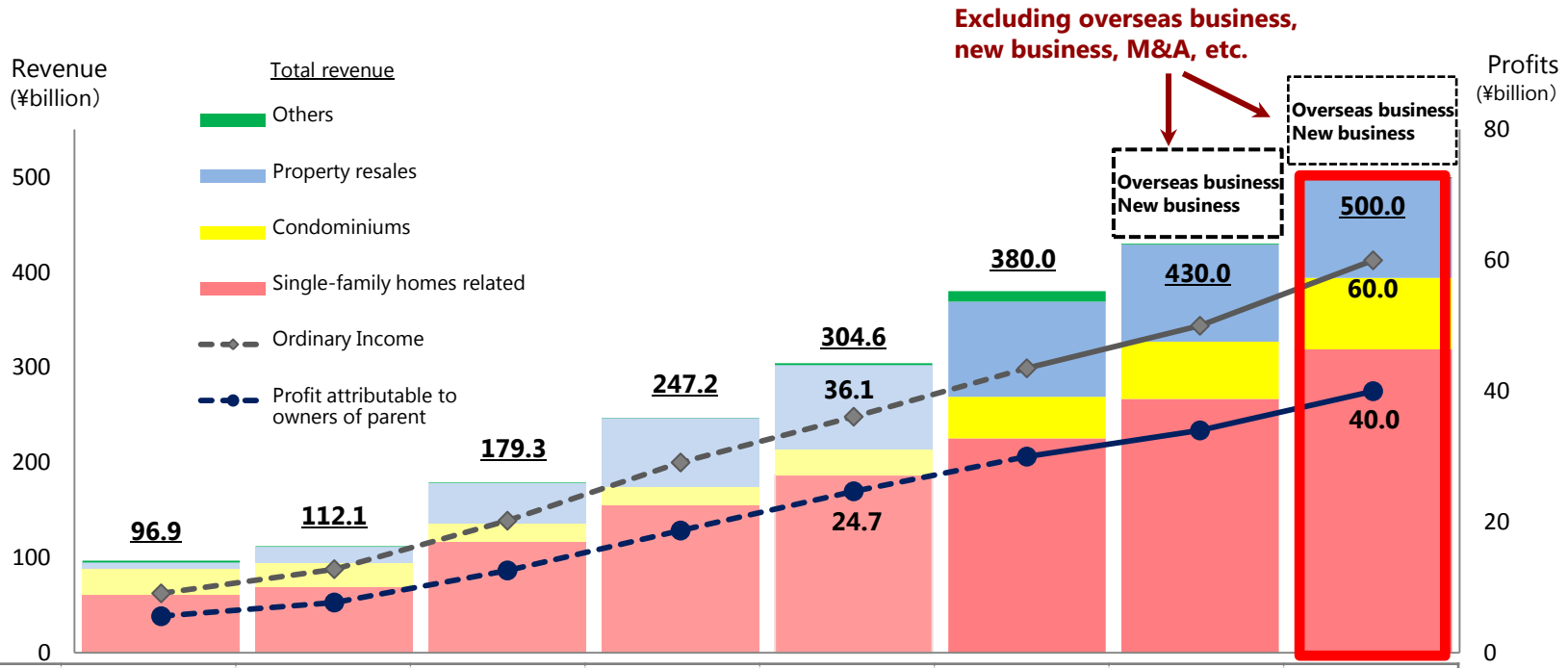
- **Recruitment of resources** (proactive investment in people, goods and money, set as the top priority for management)
- **Development of human resources for business management** (Reinforced fostering of next-generation management group)
- **Innovation on work style and enhancement of diversity** (Appropriate management of labor hours, support for child-care and nursing-care, and recruitment of non-Japanese or disabled people, etc.)

## Capital policies

**Establishment of both capital efficiency and financial soundness**

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

# Earnings Plan

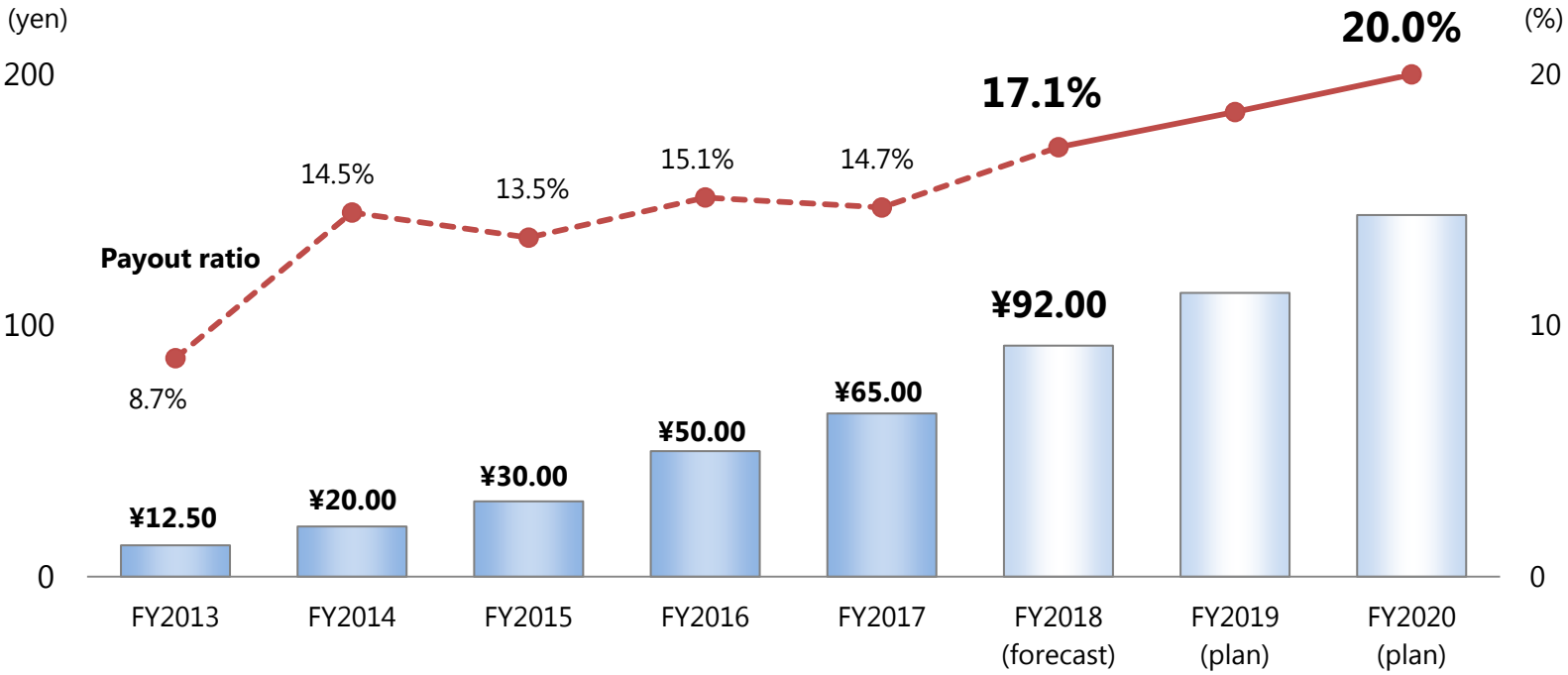



| (¥ billion) | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 forecast | FY2019 plan | FY2020 plan |
|---|---|---|---|---|---|---|---|---|
| Single-family homes related | 61.1 | 69.2 | 116.7 | 155.0 | 187.3 | **225.5** | **267.0** | **319.0** |
| Condominiums | 27.1 | 25.7 | 20.0 | 19.0 | 26.4 | **43.5** | **60.0** | **75.0** |
| Property resales | 6.9 | 16.5 | 41.7 | 72.8 | 88.9 | **100.0** | **102.0** | **105.0** |
| Others | 1.7 | 0.6 | 0.7 | 0.4 | 1.8 | **11.0** | **1.0** | **1.0** |
| Total revenue | 96.9 | 112.1 | 179.3 | 247.2 | 304.6 | **380.0** | **430.0** | **500.0** |
| Ordinary income | 9.1 | 12.8 | 20.2 | 29.1 | 36.1 | **43.5** | **50.0** | **60.0** |
| Profit attributable to owners of parent | 5.6 | 7.7 | 12.6 | 18.7 | 24.7 | **30.0** | **34.0** | **40.0** |

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

# 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.

東京に、家を持とう。

OPEN HOUSE

*——Disclaimer——*

*This document contains forward-looking statements concerning future business performance. These statements include company forecasts based on information available at the time of publication and involve potential risks and uncertainties. They do not constitute a guarantee of future results. The information provided herein is subject to change without notice; no guarantees are provided with regard to the accuracy or reliability of such information.*

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