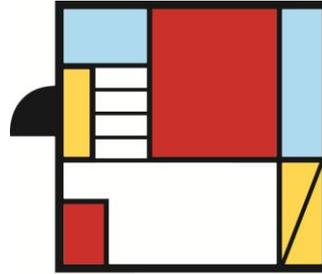


(Correction) Partial Correction on July 31, 2020



**OPEN
HOUSE**

**Presentation for Institutional Investors and analysts
[FY2019]**

November 20, 2019

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



JPX-NIKKEI 400

2017-2019



**Business
performance
<FY2019>**

- **Revenue exceeded ¥540 billion and income grew 20% YOY, achieving record highs in revenue and income for the seventh consecutive year.**

Revenue:	¥ 540.3 billion [38.3% YOY]
Operating income:	¥ 57.7 billion [22.1% YOY]
Profit attributable to owners of parent :	¥ 39.4 billion [23.9% YOY]

- **Single-family homes related business:**
Business performance grew significantly due in part to the effects of consolidating Hawk One Corporation.
- **Condominium business:**
Growth in revenue and operating income contributed to an increase in all-Company revenue and income.
- **Property resales business:**
Demand to purchase properties by creditworthy corporations and the wealthy class of customers was at a high level.
- **U.S. Real Estate business:**
Meeting the needs of the wealthy class of domestic customers for diversifying assets, the business achieved a doubling of revenue.

**Performance
forecasts
< FY2020 >**

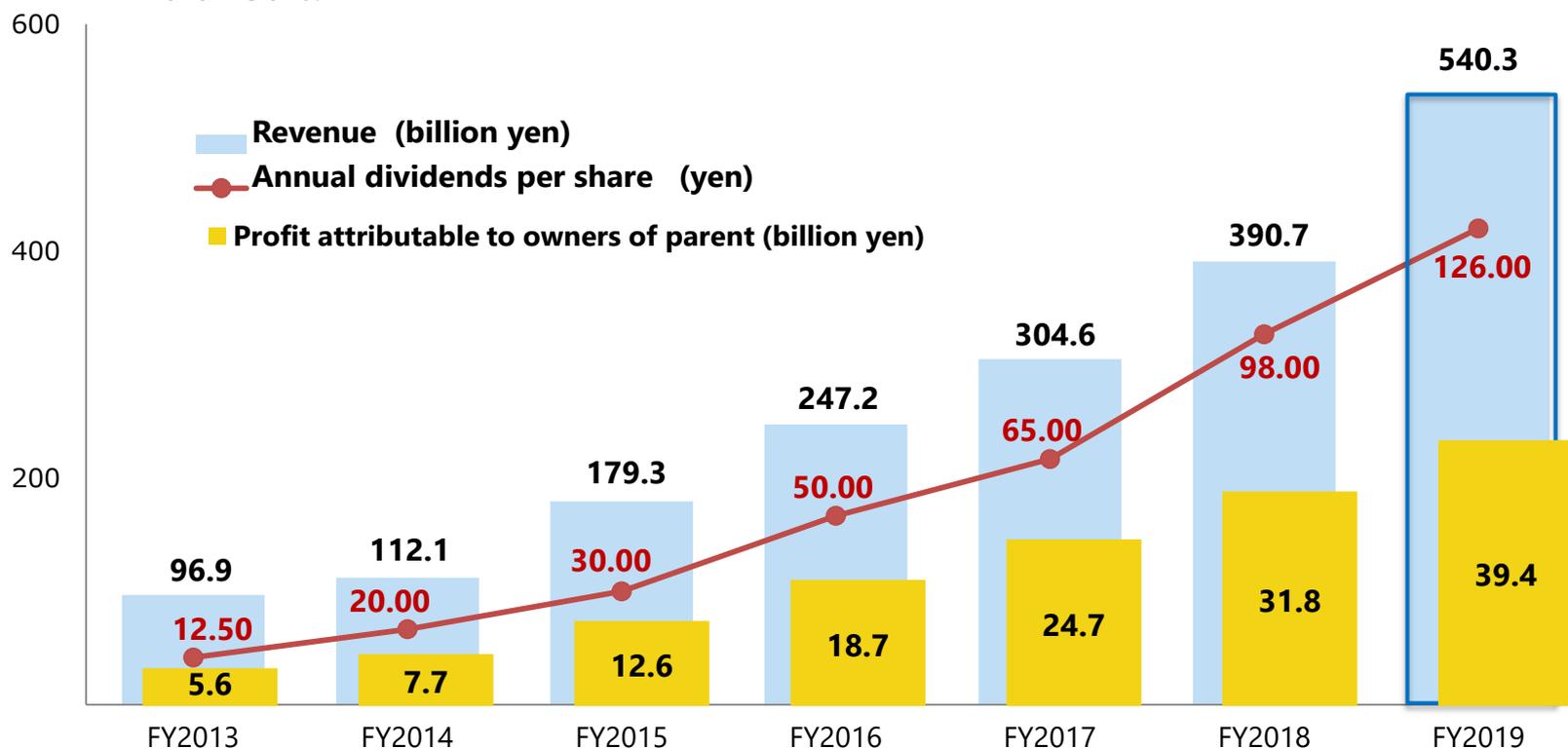
- **Projecting to achieve record highs in revenue and income for the eighth consecutive year.**

Revenue:	¥ 600.0 billion [11.0% YOY]
Ordinary income:	¥ 65.5 billion [13.4% YOY]
Profit attributable to owners of parent :	¥ 44.1 billion [11.9% YOY]



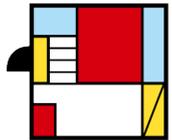
FY2019 Topics

- ☑ Revenue, profits, and dividends for FY2019 grew 5.6times, 7.0times, and 10.1times, respectively, six years after going public.
- ☑ Both revenue and profits grew at a compound average growth rate (CAGR) of more than 30%.



<Assumptions made in calculating indicator per share>
 The stock splits for 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.
 Note that the figures are before the implementation of the stock splits for the two-for-one stock split on October 1, 2019 (as of September 30, 2019).

2013.9-2019.9	
Revenue	CAGR:33.1%
Profit attributable to owners of parent	CAGR:38.2%



**OPEN
HOUSE**

FY2019 Consolidated Summary

Overview of Consolidated Income Statement

- ☑ Revenue increased by 38% from the previous fiscal year and exceeded the initial forecast by 30 billion yen.
- ☑ Both revenue and income achieved double-digit growth, marking record highs for the seventh consecutive year.

(Million yen)

	FY2018 <2017/10-2018/9>		FY2019 <2018/10-2019/9>		Inc.(Dec.)	FY2019 <2018/10-2019/9>	
	Actual	% of revenue	Actual	% of revenue		Initial Forecast	Difference From forecast
Revenue	390,735	—	540,376	—	38.3%	510,000	30,376
Operating income	47,304	12.1%	57,781	10.7%	22.1%	54,000	3,781
Ordinary income	46,052	11.8%	54,928	10.2%	19.3%	51,500	3,428
Profit attributable to owners of parent	31,806	8.1%	39,407	7.3%	23.9%	37,000	2,407

	FY2018 <2017/10-2018/9>		FY2019 <2018/10-2019/9>		Inc.(Dec.)	FY2019 <2018/10-2019/9>	
	Actual	Payout ratio	Actual	Payout ratio		Initial Forecast	Payout ratio
Annual dividends per share (yen)	98.00	17.2%	126.00	17.9%	28.00	120.00	18.5%

<Assumptions made in calculating indicator per share>

Note that the figures are before the implementation of the stock splits for the two-for-one stock split on October 1, 2019 (as of September 30, 2019).



Performance by segment (revenue/operating income)

- ☑ Performance in the single-family homes related business grew significantly due in part to the effects of consolidating Hawk One.
- ☑ Revenue in Others (U.S. real estate business) doubled and income in the condominiums business grew dramatically.

(Million yen)

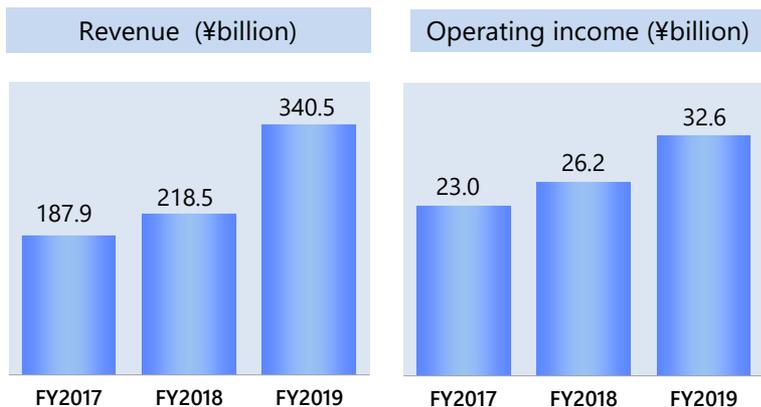
	FY2018 <2017/10-2018/9>		FY2019 <2018/10-2019/9>		Inc.(Dec.)
	Actual	Ratio	Actual	Ratio	
Revenue	390,735	100.0%	540,376	100.0%	38.3%
Single-family homes related business *	218,540	55.9%	340,528	63.0%	55.8%
Condominiums	49,385	12.6%	60,956	11.3%	23.4%
Property resales	107,430	27.5%	108,410	20.1%	0.9%
Others (including U.S. real estate business)	15,409	3.9%	30,538	5.7%	98.2%
Adjustments	(31)	—	(57)	—	—
	Actual	% of revenue	Actual	% of revenue	Inc.(Dec.)
Operating Income	47,304	12.1%	57,781	10.7%	22.1%
Single-family homes related business *	26,276	12.0%	32,620	9.6%	24.1%
Condominiums	7,230	14.6%	10,815	17.7%	49.6%
Property resales	12,272	11.4%	11,487	10.6%	(6.4)%
Others (including U.S. real estate business)	2,408	15.6%	3,777	12.4%	56.8%
Adjustments	(883)	—	(922)	—	—

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

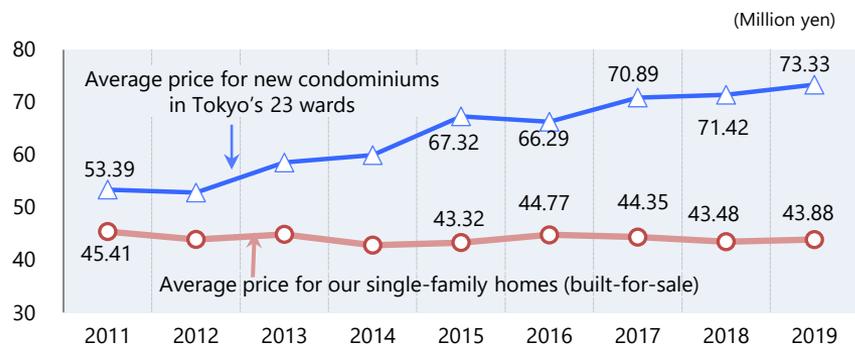


Single-family homes related business as a whole/brokerage

- High demand for single-family homes has continued, due to rising prices of new condominiums and a decline in sales of units.
- Sales have grown steadily and number of brokerage transactions increased 29.1% year on year.



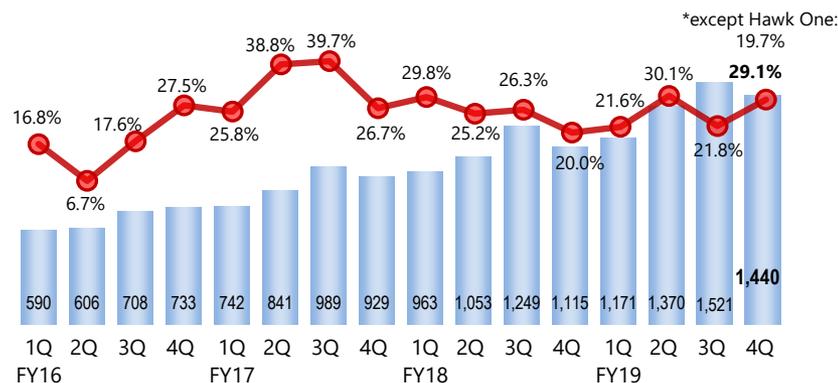
Changes in the average price for new condominiums in Tokyo's 23 wards and average price for our single-family homes (built-for-sale)



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 – Sep period.
 Prices of our homes are for the October 2018- Sep 2019 period.

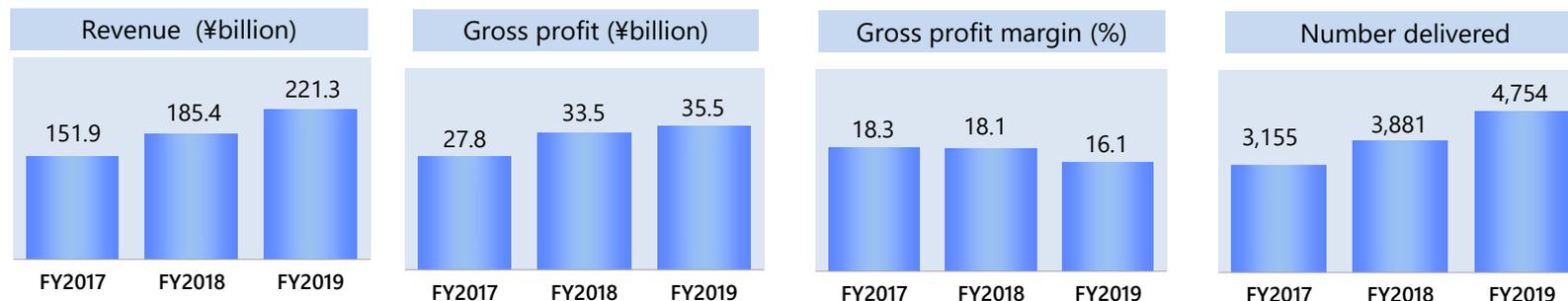
	FY2017 16/10-17/9	FY2018 17/10-18/9	FY2019 18/10-19/9	Inc. (Dec.)
Revenue (¥million)	187,949	218,540	340,528	55.8%
Gross profit(¥million)	34,257	39,338	52,565	33.6%
Gross profit margin	18.2%	18.0%	15.4%	(2.6)pt
Operating income (¥million)	23,095	26,276	32,620	24.1%
Operating income margin	12.3%	12.0%	9.6%	(2.4)pt

Number brokered in each quarter



Single-family homes related business (Open House Development)

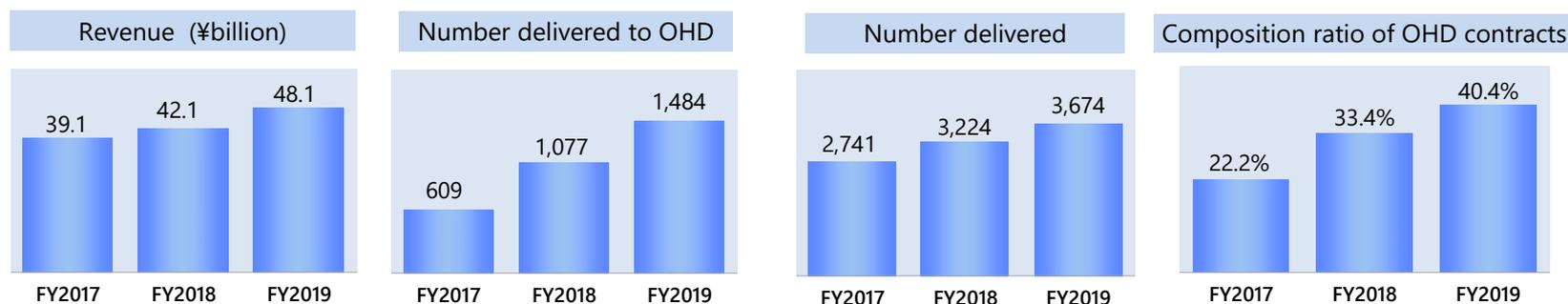
- ☑ The number delivered increased to the 5,000-unit level, driven by strong actual demand for single-family homes in urban areas.
- ☑ Gross profit margin improved in the second half (April–September) after bottoming out in the second quarter of FY2019 (January–March).



By type of sale		FY2017 16/10-17/9	FY2018 17/10-18/9	FY2019 18/10-19/9	Inc. (Dec.)
Built-for-sale houses	Revenue (¥million)	65,912	70,222	98,706	40.6%
	Number delivered	1,489	1,627	2,296	669
	Unit Price(¥million)	44.3	43.2	43.0	(0.2)
Lands	Revenue (¥million)	72,556	97,799	100,100	2.4%
	Number delivered	1,666	2,254	2,458	204
	Unit Price(¥million)	43.6	43.4	40.7	(2.7)
Built-to-order houses	Revenue (¥million)	12,909	16,805	21,907	30.4%
	Number delivered	884	1,182	1,555	373
	Unit Price(¥million)	14.6	14.2	14.1	(0.1)
Others	Revenue (¥million)	620	583	600	2.9%
Total	Revenue (¥million)	151,998	185,411	221,314	19.4%
	Gross profit (¥million)	27,873	33,586	35,598	6.0%
	Gross profit margin	18.3%	18.1%	16.1%	(2.0)pt
	Number delivered (built-for-sale houses + lands)	3,155	3,881	4,754	873

Single-family homes related business (Construction work- Open House Architect)

- ✓ The number of OHD contracts increased significantly, contributing to a growth in the number of single-family homes delivered by the Group as a whole.
- ✓ The business has focused also on single-family homes construction contracts to corporations in the Tokyo metropolitan area and maintained the number of construction contracts to corporations at more than 2,000 units, which is the highest in the industry.



	FY2017 16/10-17/9	FY2018 17/10-18/9	FY2019 18/10-19/9	Inc. (Dec.)
Revenue (¥million)	39,154	42,130	48,187	14.4%
Gross profit (¥million)	5,150	4,687	5,307	13.2%
Gross profit margin	13.2%	11.1%	11.0%	(0.1)pt
Number delivered*1	2,741	3,224	3,674	450
Number delivered to OHD	609	1,077	1,484	407



*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)

- ☑ Hawk One achieved strong performance from the first fiscal year after it became the Company's consolidated subsidiary, recording operating income greater than the amount of goodwill.
- ☑ Gross profit margin was low in the first half of FY2019 due to special factors but improved in the second half.

Outline of performance

	FY2019 (2018/10-2019/9)	
	Actual	% of revenue
Revenue (¥million)	82,288	—
Gross profit (¥million)	10,343	12.6%
SG&A expenses	5,825	7.1%
Operating income	4,518	5.5%
Number of brokerage contract basis	2,105	11.0% YOY

Special factors in gross profit margin

1. Evaluation of market value of inventories

(FY2019 1Q: October-December 2018)

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

(FY2019 2Q: January-March 2019)

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.

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

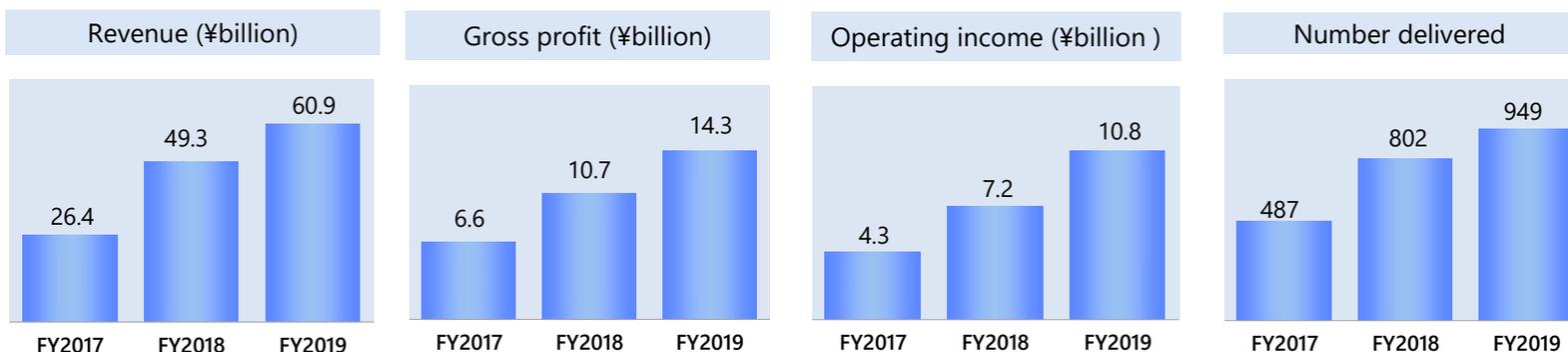
Purposes of consolidation

1. Expanding share in the Tokyo metropolitan district and the Nagoya region
2. Strengthening construction performance by leveraging advantage of scale
3. Improving management efficiency by leveraging the brokerage function



Condominiums Business

- ☑ New condominiums located in very convenient urban centers have high demand also in Nagoya and are seeing strong sales.
- ☑ The growth in revenue and operating income in the condominium business contributed to the growth in all-Company revenue and income.



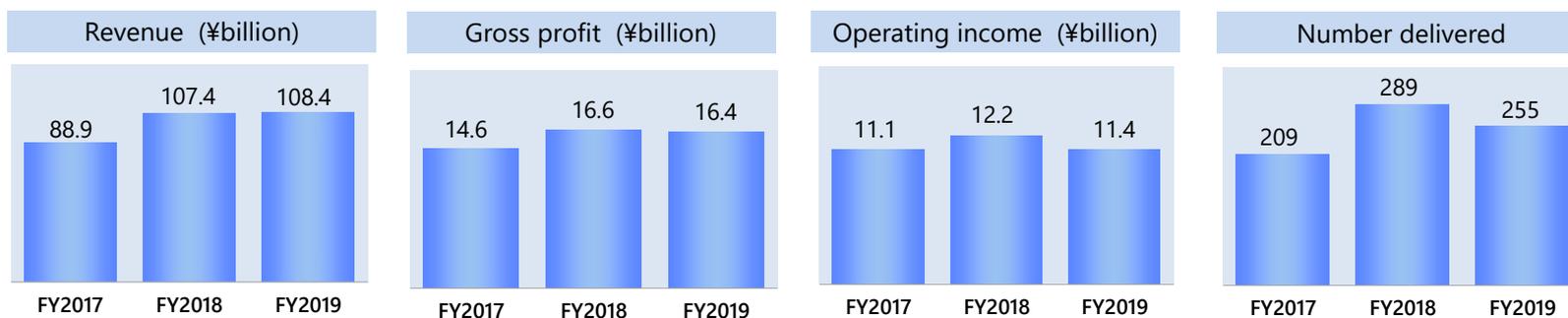
	FY2017 16/10-17/9	FY2018 17/10-18/9	FY2019 18/10-19/9	Inc. (Dec.)
Revenue (¥million)	26,480	49,385	60,956	23.4%
Gross profit (¥million)	6,643	10,732	14,380	34.0%
Gross profit margin	25.1%	21.7%	23.6%	1.9pt
Operating income (¥million)	4,345	7,230	10,815	49.6%
Operating income margin	16.4%	14.6%	17.7%	3.1pt
Number delivered	487	802	949	147
Unit price(¥million)	54.4	61.5	63.9	2.4

— Major condominiums delivered in FY2019 —

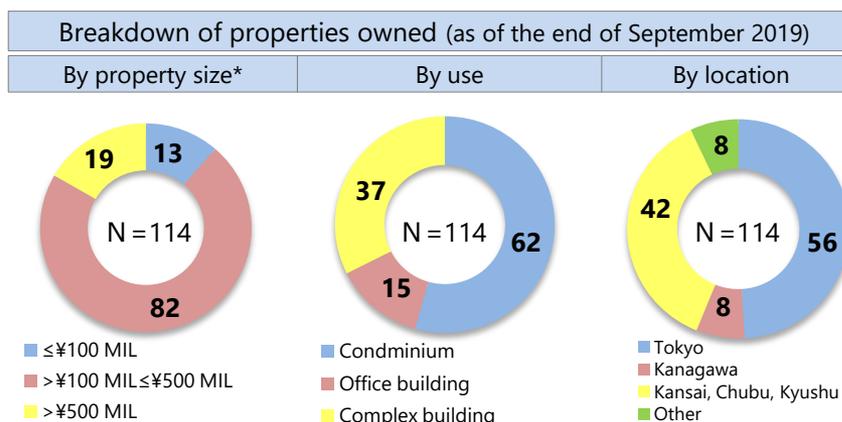
Name	Units	Average price
Open Residencia Showa Fukiage (Nagoya)	27	¥30million
Open Residencia Aoi (Nagoya)	32	¥40million
Open Residencia Yanaka (Tokyo)	19	¥60million
Open Residencia Oimach James Saka (Tokyo)	31	¥60million

Property Resales Business

- ☑ The tightening of lending criteria by financial institutions for individual investors who are looking to purchase rental apartments has had limited impact on the property resales business.
- ☑ Creditworthy corporations and the wealthy class of customers have had no problem financing, and their demand for income-earning properties has remained high.



	FY2017 16/10-17/9	FY2018 17/10-18/9	FY2019 18/10-19/9	Inc. (Dec.)
Revenue (¥million)	88,976	107,430	108,410	0.9%
Gross profit (¥million)	14,660	16,633	16,429	(1.2)%
Gross profit margin	16.5%	15.5%	15.2%	(0.3)pt
Operating income (¥million)	11,122	12,272	11,487	(6.4)%
Operating income margin	12.5%	11.4%	10.6%	(0.8)pt
Number delivered	209	289	255	(34)
Unit Price(¥million)	426	372	413	41





Other Segment (U.S. Real Estate Business)

- ☑ The business met the needs of the wealthy class of domestic customers to diversify assets and achieved a doubling of revenue from the previous fiscal year.
- ☑ The number of properties with contracts for on-site administration of properties has already increased to well over 1,000 units.



Revenue (¥billion)



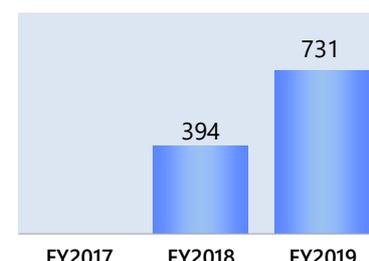
Gross profit (¥billion)



Operating income (¥billion)

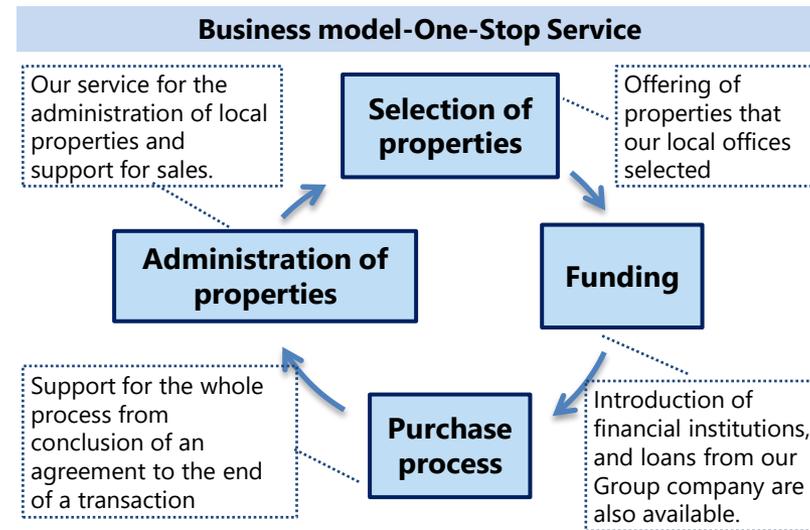


Number delivered



	FY2017 16/10-17/9	FY2018 17/10-18/9	FY2019 18/10-19/9	Inc. (Dec.)
Revenue (¥million)	1,825	15,409	30,538	98.2%
Gross profit (¥million)	600	3,530	6,127	73.6%
Gross profit margin	32.9%	22.9%	20.1%	(2.8)pt
Operating income (¥million)	54	2,408	3,777	1,369
Operating income margin	3.0%	15.6%	12.4%	(3.3)pt
Number delivered	—	394	731	337
* multi family homes included above	—	—	7	7

* Figures for U.S. Real Estate Business are shown..





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

(Million yen)

	FY2018 2017/10-2018/9		FY2019 2018/10-2019/9		Inc. (Dec.)		FY2018 2017/10-2018/9		FY2019 2018/10-2019/9		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue			Actual	% of revenue	Actual	% of revenue	
SG&A expenses	22,946	5.9%	31,879	5.9%	8,935	Non-operating income	264	0.1%	421	0.1%	157
Personnel expenses	5,899	1.5%	9,313	1.7%	3,415						
Sales commissions	3,170	0.8%	4,886	0.9%	1,716	Non-operating expenses	1,516	0.4%	3,265	0.6%	1,748
Office expenses	2,766	0.7%	3,519	0.7%	752	Interest expenses	1,147	0.3%	1,817	0.3%	669
Advertising expenses	1,868	0.5%	2,290	0.4%	421	Commission fee	77	0.0%	871	0.2%	793
Promotion expenses	1,270	0.3%	1,317	0.2%	46	Foreign exchange loss	86	0.0%	141	0.0%	55
Others	7,970	2.0%	10,553	2.0%	2,582	Other	204	0.1%	435	0.1%	230



Consolidated Balance Sheet

(Million yen)

	Sep 30, 2018	Sep 30, 2019	Inc. (Dec.)
Current assets	377,818	424,766	46,948
Cash and deposits	119,053	135,354	16,301
Inventories	233,272	250,054	16,781
Others	25,492	39,357	13,865
Non-current assets	15,508	21,106	5,597
Property, plant and equipment	5,474	4,990	(484)
Intangible assets	3,515	3,456	(58)
Investments and other assets	6,517	12,659	6,141
Deferred assets	40	31	(9)
Total assets	393,367	455,904	52,537

	Sep 30, 2018	Sep 30, 2019	Inc. (Dec.)
Liabilities	279,880	307,837	27,956
Current liabilities	182,405	162,348	(20,056)
Non-current liabilities	97,475	145,488	48,012
Net Assets	113,486	138,067	24,580
Shareholders' equity	105,798	138,263	32,465
Valuation and translation adjustments	7,688*	(196)	(7,884)
Total liabilities and net assets	393,367	445,904	52,537

*Including Non-controlling interests 6,941 million yen

<Safety index>

(times)	Sep 30, 2018	Sep 30, 2019	Inc. (Dec.)
D/E ratio	2.0	1.8	(0.2pt)
Net D/E ratio*	1.0	0.8	(0.1pt)

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

	Sep 30, 2018	Sep 30, 2019	Inc. (Dec.)
Equity ratio	27.0%	30.9%	3.9pt
Net equity ratio**	38.7%	44.4%	5.7pt

** Net equity ratio : Equity ratio / (total assets – cash & deposits)



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

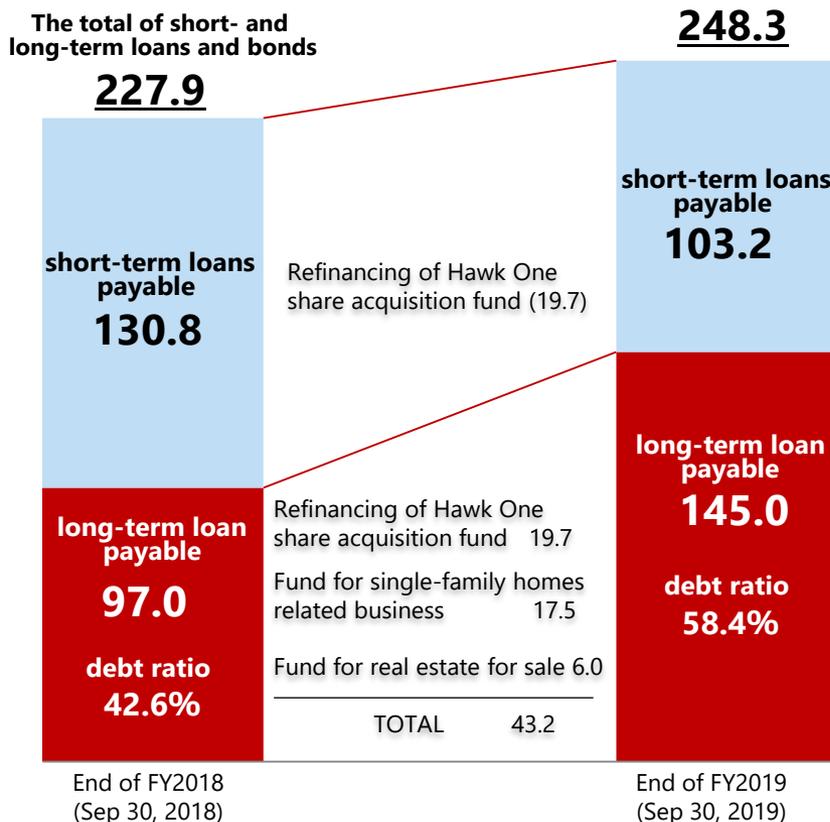
Terms:

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
September 2019 ¥6.0billion	Mizuho Bank, Ltd.,

Change in long-term loan and breakdown of change

(Billion yen)

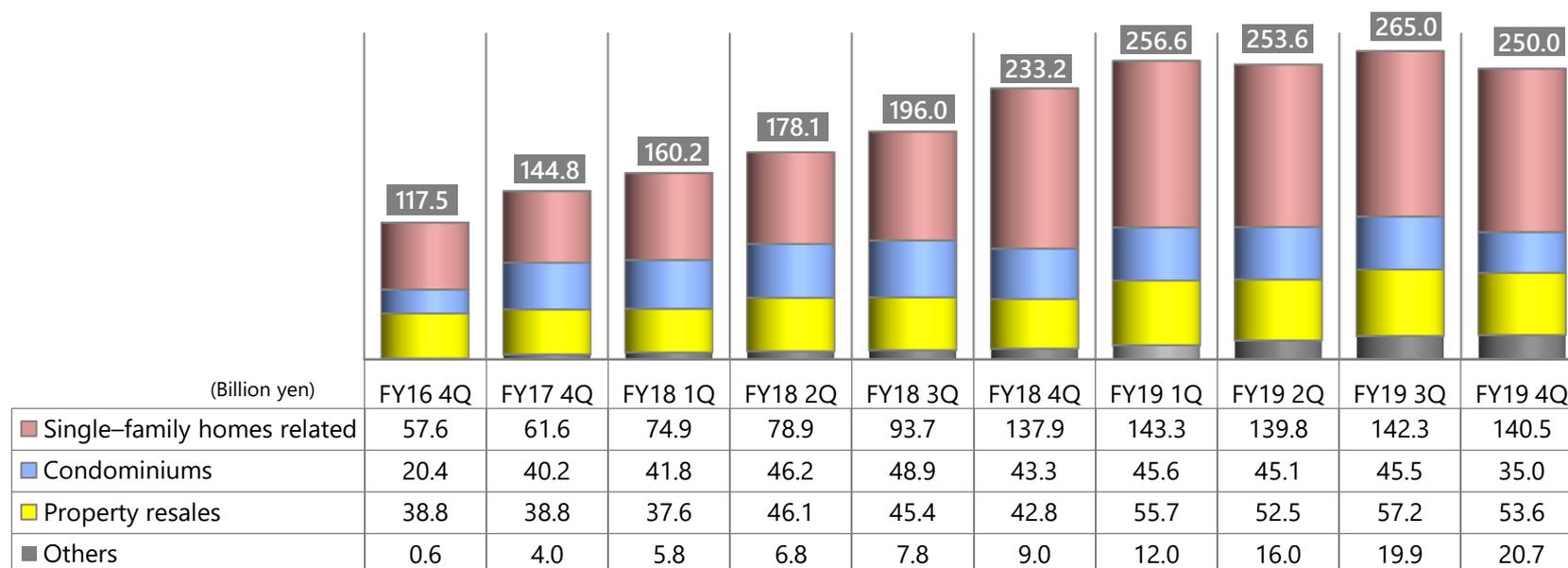




Inventory Details

(Million yen)

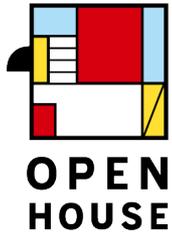
	End of FY2016 (Sep 30, 2016)	End of FY2017 (Sep 30, 2017)	End of FY2018 (Sep 30, 2018)	End of FY2019 (Sep 30, 2019)	(Ratio)	Inc. (Dec.)
Single-family homes related	57,633	61,667	137,991	140,560	56.2%	2,569
Condominiums	20,422	40,291	43,322	35,065	14.0%	(8,257)
Property resales	38,838	38,871	42,873	53,691	21.5%	10,817
Others	651	4,064	9,084	20,735	8.3%	11,651
Total	117,546	144,894	233,272	250,054	100.0%	16,781



Consolidated Statement of Cash Flows

(Million yen)

	FY2018 <2017/10-2018/9>	FY2019 <2018/10-2019/9>	Major factors
Cash flows from operating activities	(10,017)	14,344	<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	(12,582)	(4,800)	<ul style="list-style-type: none"> - Purchase of investment securities, etc.
Cash flows from financing activities	50,696	7,186	<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	(27)	(364)	
Net increase (decrease) in cash and cash equivalents	28,068	16,366	
Cash and cash equivalents at beginning of period	90,910	118,978	
Cash and cash equivalents at end of period	118,978	135,345	



Consolidated Business Performance Forecasts for FY2020



Business Performance Forecasts

- ☑ Aiming to achieve record highs in revenue and income for the eighth consecutive year.
- ☑ Continuing to place emphasis on shareholder returns and planning to increase the payout ratio to 20.1%.

(Million yen)

	FY2018 (2017/10-2018/9)	FY2019 (2018/10-2019/9)		FY2020 (2019/10-2020/9)	
	Actual	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)
Revenue	390,735	540,376	38.3%	600,000	11.0%
Operating income	47,304	57,781	22.1%	65,500	13.4%
Ordinary income	46,052	54,928	19.3%	63,000	14.7%
Profit attributable to owners of parent	31,806	39,407	23.9%	44,100	11.9%
EPS (yen)	285.08	351.22	—	398.94	—
Annual dividends per share (yen)	49.00	63.00	14.00	80.00	17.00
Payout ratio	17.2%	17.9%	—	20.1%	—

* The company conducted a 2-for-1 stock split of common stock with an effective date of October 1, 2019.
 "EPS" and "Annual dividends per share" calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

Consolidated Business Performance Forecasts (Revenue by Business Segment)

- ☑ Aiming to achieve revenue of ¥600 billion with a stable business portfolio underpinned by actual demand.
- ☑ The single-family homes related business expects to deliver more than 9,000 single-family homes annually.

(Million yen)

	FY2018 (2017/10-2018/9)	FY2019 (2018/10-2019/9)		FY2020 (2019/10-2020/9)	
	Actual	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)
Revenue	390,735	540,376	38.3%	600,000	11.0%
Single-family homes related business	218,540	340,528	55.8%	386,500	13.5%
Condominiums	49,385	60,956	23.4%	57,500	(5.7)%
Property resales	107,430	108,410	0.9%	113,000	4.2%
Others (including U.S. real estate business)	15,409	30,538	98.2%	43,000	40.8%
Adjustments	(31)	(57)	—	0	—



Current Initiatives



Single-Family Homes Related Business (Brokerage)

- ☑ The single-family homes related business will strengthen sales by leveraging its sale bases with the addition of 10 sales centers opened in the previous fiscal year, which is the largest number of sales centers opened in a year.
- ☑ We opened a sales center in Honjin, Nakamura-ku, Nagoya in October 2019, and now a total of 43 sales centers are in operation.

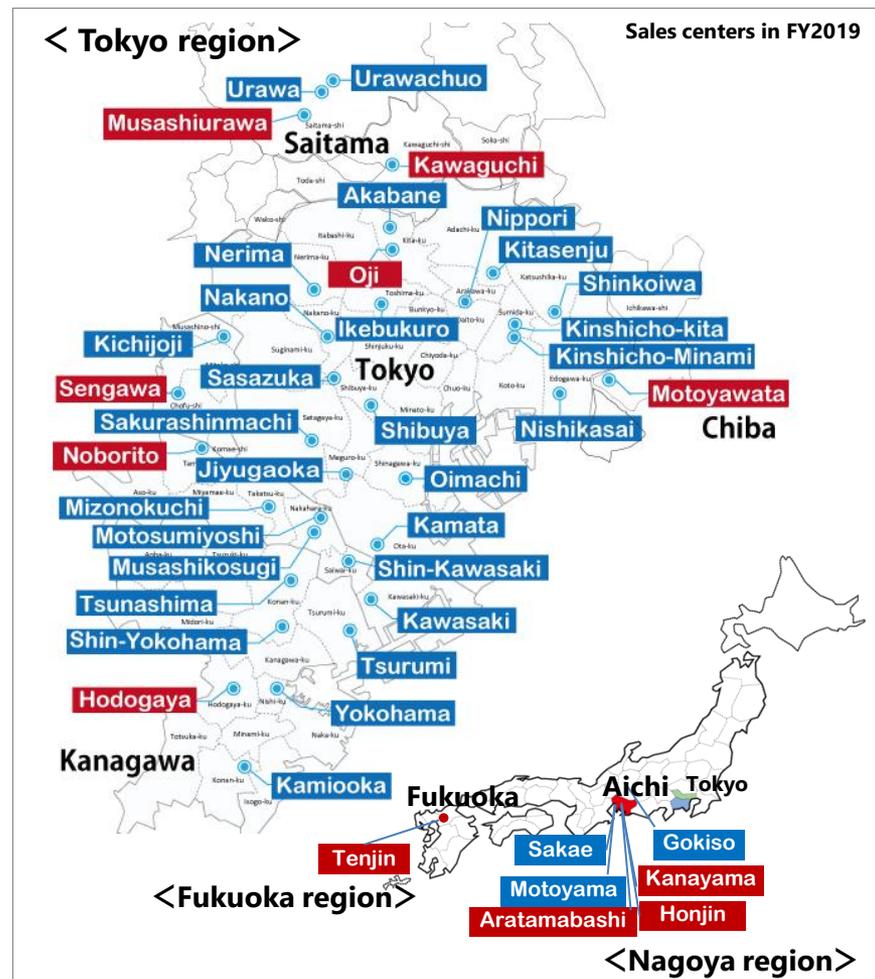
Opening of Sales Centers



Honjin Sales Center

No. of sales centers of each area

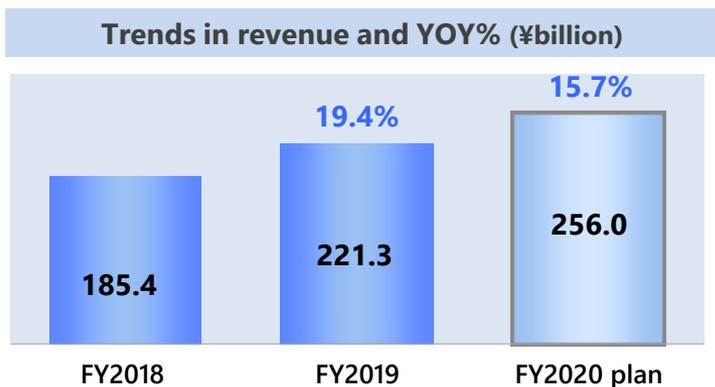
	FY2017 16/10-17/9	FY2018 17/10-18/9	FY2019 18/10-19/9	As of 2019.11.14
Tokyo	16	17	19	19
Kanagawa Prefecture	7	10	12	12
Aichi Prefecture	2	3	5	6
Saitama Prefecture	—	2	4	4
Chiba Prefecture	—	—	1	1
Fukuoka Prefecture	—	—	1	1
Total	25	32	42	43





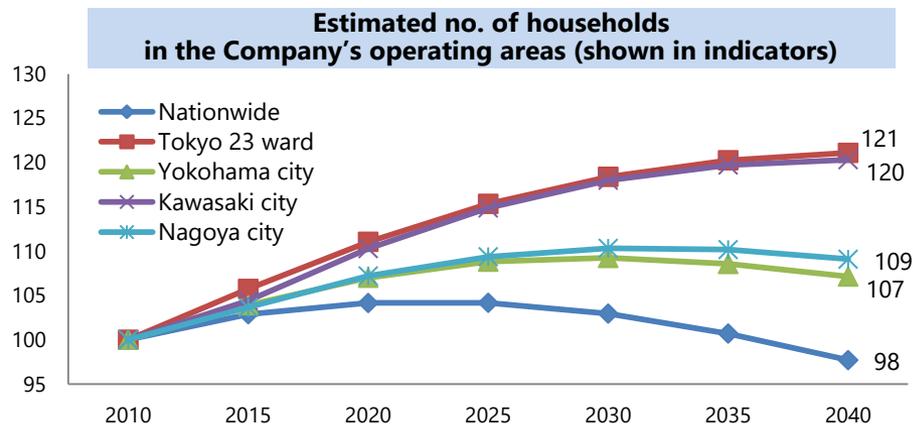
Single-Family Homes Related Business (OHD)

- ☑ 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.

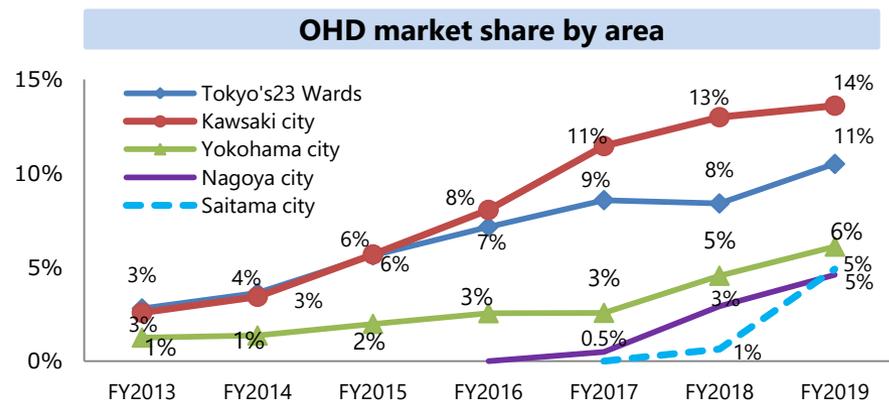


Number delivered by type of sale

By type of sale	FY2018 Actual	FY2019 Actual	FY2020 Plan	Inc (Dec)
Built-for-sale houses	1,627	2,296	2,874	578
Lands	2,254	2,458	2,867	409
Built-to-order houses	1,182	1,555	1,581	26
Built-for-sale houses + Lands	3,881	4,754	5,741	987
<i><Reference></i>				
<i>Built-for-sale houses + Built-to-order houses</i>	2,809	3,851	4,455	604



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.



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

(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 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)

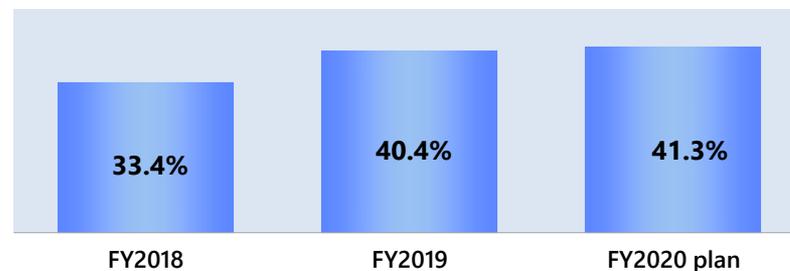


Number delivered *1

	FY2018 Actual	FY2019 Actual	FY2020 plan	Inc (Dec)
Total contracts (1)	3,224	3,674	3,972	298
OHD contracts included above	1,077	1,484	1,639	155

*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 (Hawk One)

- ☑ The number of brokerage transactions in regard to Hawk One's units by Open House will increase steadily (composition ratio to total contracts: 20%)
- ☑ We will improve the efficiency of assets and sales through leveraging the Group's brokerage functions in sales.

Trends in revenue and YOY% (¥billion)



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

Ratio of OH contracts to total contracts

	FY2019 Actual
Number of total sales contracts (contract base)	2,128
OHD contracts included above (contract base)	425
	25 (*FY2018)

Number delivered

	FY2018 Actual	FY2019 Actual	FY2020 plan	Inc (Dec)
Built-for-sale houses + Built-to-order houses	1,734*	2,105	2,318	213

* 11 months' results (from Nov. 2017 to Sep. 2018)

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

FY2019 (2018/10-2019/9)

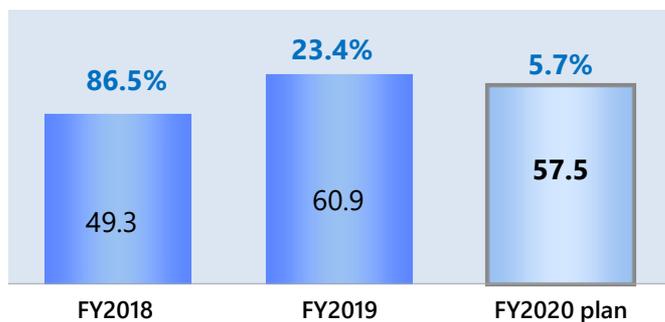
10 units and more Under 10 units



Condominiums Business

- ✓ Condominium sales in Nagoya will be strong, growing to account for 50% of total number delivered.
- ✓ We will work toward steady business development with the emphasis on profitability by paying attention to rising prices of land for condominium development.

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

	FY2018 Actual	FY2019 Actual	FY2020 plan	Inc (Dec)
Number delivered	802	949	1,232	283
Tokyo		731	512	(219)
Nagoya		218	617	399
Fukuoka		—	103	103

Major condominiums to be delivered in FY 2020

Name	Units	Average price
Open Residencia Yotsuya / Tokyo	21	¥90million
Open Residencia Yoyogi Koen / Tokyo	38	¥90million
Open Residencia Nagpya Center Place / Nagoya	28	¥30million
Open Residencia Shirokihara Station Front / Fukuoka	103	¥30million

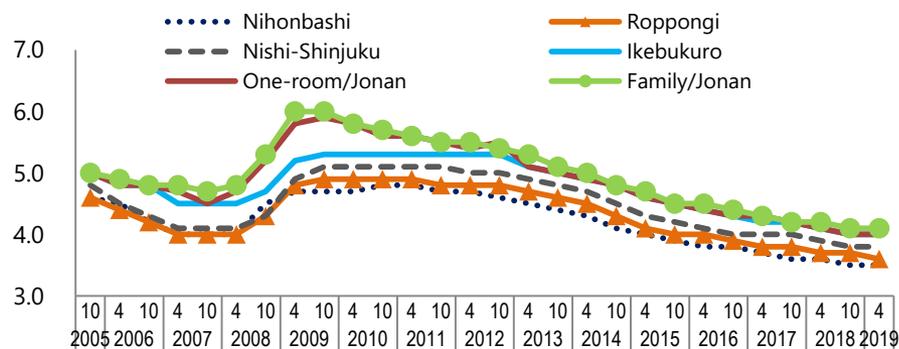
Property Resale Business

- ☑ 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

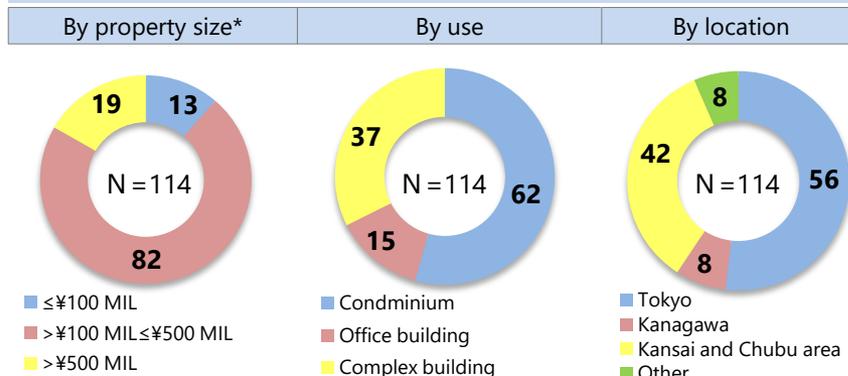


Source: Japan Real Estate Institute "The Japanese Real Estate Investor Survey"

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

	FY2017 Actual	FY2018 Actual	FY2019 plan	Inc. (Dec.)
Total Property resales	107.4	108.4	113.0	4.5
Gain on sale	105.0	105.2	109.7	4.5
		+		
Rental earnings	2.4	3.2	3.2	0

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



* Based on book values at the end of September 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.

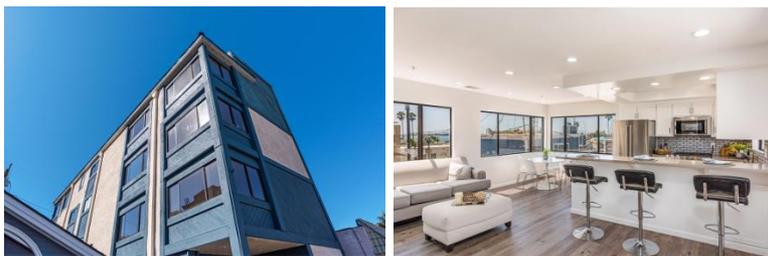
Trends in revenue and YOY% (¥billion)



Number of sales

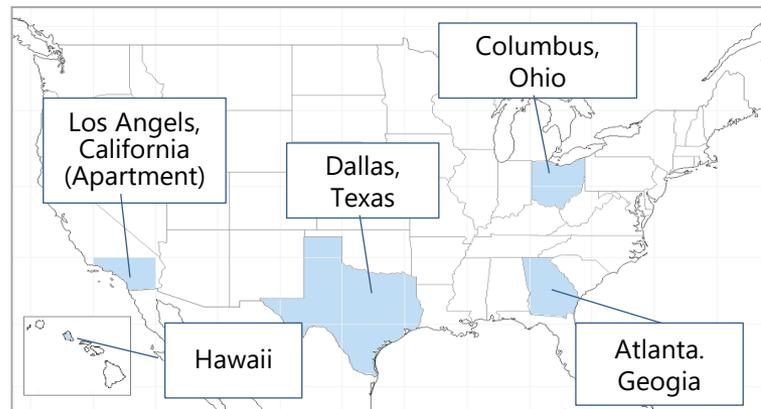
	FY2018 Actual	FY2019 Actual	FY2020 Plan	Inc (Dec)
Number delivered	394	731	963	232
multi family homes included above		7	35	28

Example of portfolio property (multi family home)



- Location: California, U.S. ■ Construction period: 1983
- Price: ¥220 million (US\$2 million) (assumed exchange rate of ¥110 to the dollar)
- Total floor area: 401㎡(4,320sqft) ■ Site area: 188㎡(2,027,sqft)

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

- ✓ Honjin Sales Center, the sixth sales center in the Nagoya region, was opened in October 2019.
- ✓ We started delivering condominiums in Nagoya region from FY2019, and condominium sales in the region will expand further in FY2020.

Trends in revenue and YOY% (¥billion)



Number of sales

	FY2018 17/10-18/9 Actual	FY2019 18/10-19/9 Actual	FY2020 19/10-20/9 Plan	Inc (Dec)
Single-family homes (Built-for-sale houses + Lands)	317	491	731	240
Condominiums	—	218	617	399

Opening of Hongin Sales Center

Opening of the sixth sales center in Nagoya

Address: Juoucho, Nakamura-ku, Nagoya
 Access: 1-minute walk from Hongin Station on the Higashiyama Line (subways).



Launch of Open Residencia Meieki Nakono

Address: Nakono, Nishi-ku, Nagoya
 Access: 4-minute walk from Kokusai Center Station on the Sakura-dori Line (subway)
 Structure and size:
 Reinforced concrete building with 12 stories above ground
 Total no. of units: 34
 Delivery schedule: September 2020



Impacts of the consumption tax hike

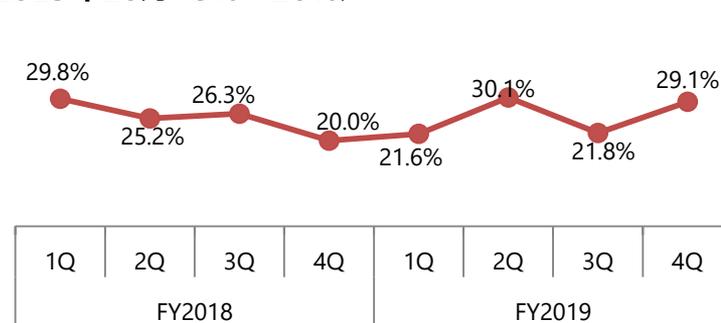
- ☑ The impact of the consumption tax increase on October 1, 2019 on the Company's performance will be very small.
- ☑ There was no upside impact on performance due to a last-minute surge in demand before the consumption tax hike or decline in demand after the consumption tax increase.

Number brokered in each quarter

<2014年4月 5%→8%>



<2019年10月 8%→10%>



Housing purchase support measures implemented in association with the consumption tax hike

<Extension of housing loan tax deduction period >

Consumption tax rate	Year-end loan balance (upper limit applicable for tax deduction)	Maximum annual tax deduction from the 1st to the 10th year	Maximum annual tax deduction from the 11th to the 13th year
8%	¥ 400 million	¥ 400 thousand	なし
10%	¥ 400 million	¥ 400 thousand	The lower of the "year-end loan balance x 1%" or "building price x 2%/3 years"

<Sumai Kyufu* >

Household income	Benefit amount (upper limit)
Up to ¥4.25 million	¥ 300 thousand
Up to ¥4.50 million	¥ 500 thousand

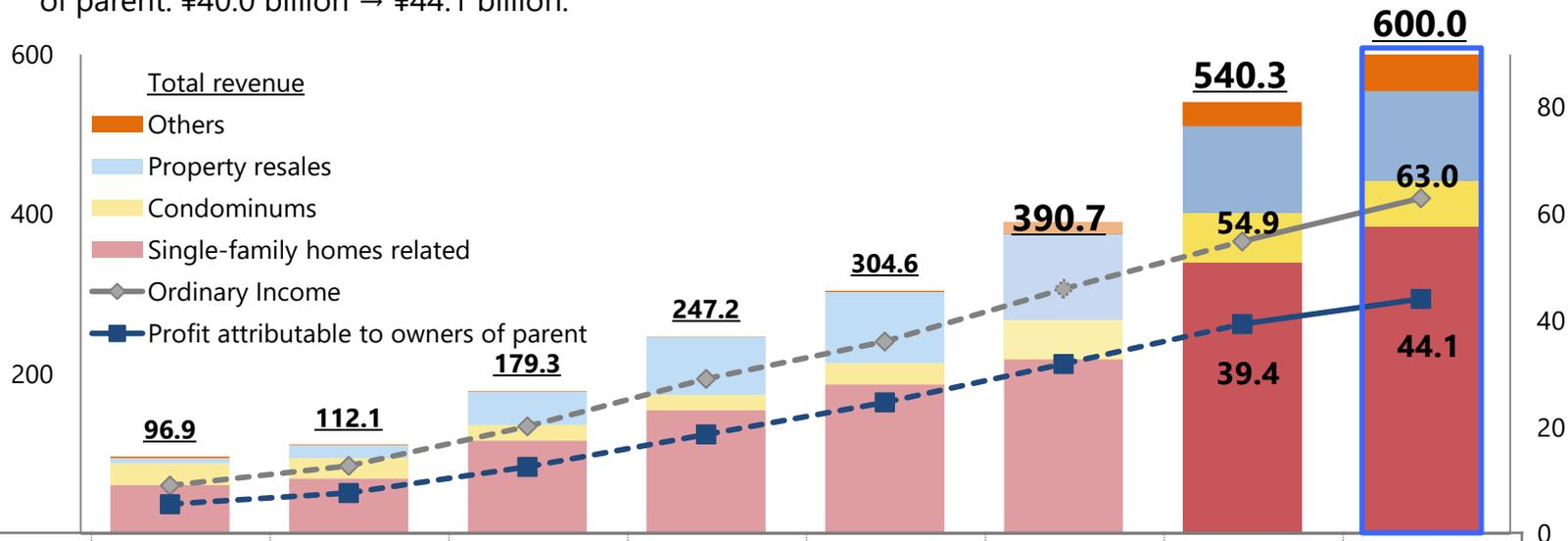
* An estimated grant amount for purchasing a house that satisfies the requirements for a grant by household comprising a husband and wife (who has no income) and two children who are junior high school students or younger, and the grant amount may be different depending on conditions such as household income and eligibility of properties.



Mid-Term Business Plan

Mid-Term Business Plan : Hop Step 5000

- Since the formulation of the Mid-Term Business Plan in November 2017, the performance forecast was upwardly revised for two years in a row, and the goal for the final year was also revised upward.
- Fiscal year ending September 30, 2020: Revenue: ¥500 billion → ¥600 billion; profit attributable to owners of parent: ¥40.0 billion → ¥44.1 billion.



(¥ billion)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 plan
Single-family homes related	61.1	69.2	116.7	155.0	187.3	218.5	340.5	386.5
Condominiums	27.1	25.7	20.0	19.0	26.4	49.3	60.9	57.5
Property resales	6.9	16.5	41.7	72.8	88.9	107.4	108.4	113.0
Others	1.7	0.6	0.7	0.4	1.8	15.4	30.5	43.0
Total revenue	96.9	112.1	179.3	247.2	304.6	390.7	540.3	600.0
Ordinary income	9.1	12.8	20.2	29.1	36.1	46.0	54.9	63.0
Profit attributable to owners of parent	5.6	7.7	12.6	18.7	24.7	31.8	39.4	44.1

2013.9-2017.9
Revenue
CAGR:33.1%

2017.9-2020.9
Revenue
CAGR:25.4%

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
⇒ **1. Expanded the business area to Saitama Prefecture, the Fukuoka area, and Chiba Prefecture and boosted the market share in the existing business areas.**
 - Strengthening of functions for development and construction
⇒ **2. The number delivered by the Group as a whole increased to the 9,000-unit level annually.**
 - Enhancement of the Group management ()
⇒ **3. Improved asset and sales efficiency through selling Hawk One properties through the Company's brokerage.**
- (2) **Formation of business portfolios reflecting changes in external environment**
 - Bolstering of the condominiums business
⇒ **4. Expanded condominium development in Nagoya.**
 - Sustainable growth of property resales business
⇒ **5. Made conservative projections temporarily, but results exceeded the previous year's results.**
 - New business development
⇒ **6. Business performance of the U.S. real estate business is very strong.**
- (3) **Strengthening of the management base to underpin corporate growth**
 - Recruitment of resources ⇒ **7. Hiring of new graduates: 298 persons in April 2019 and 300 persons (planned) in April 2020.**
 - Development of human resources for business management
⇒ **8. Produced representative director of subsidiary and recruited outside**
 - Innovation on work style and enhancement of diversity
⇒ **9. Improved productivity through the use of IT that leads to reduced working hours.**
 - Initiatives for sustainability ⇒ **10. Disclosed our approach to sustainability and the status of initiatives for sustainability.**

Capital policies

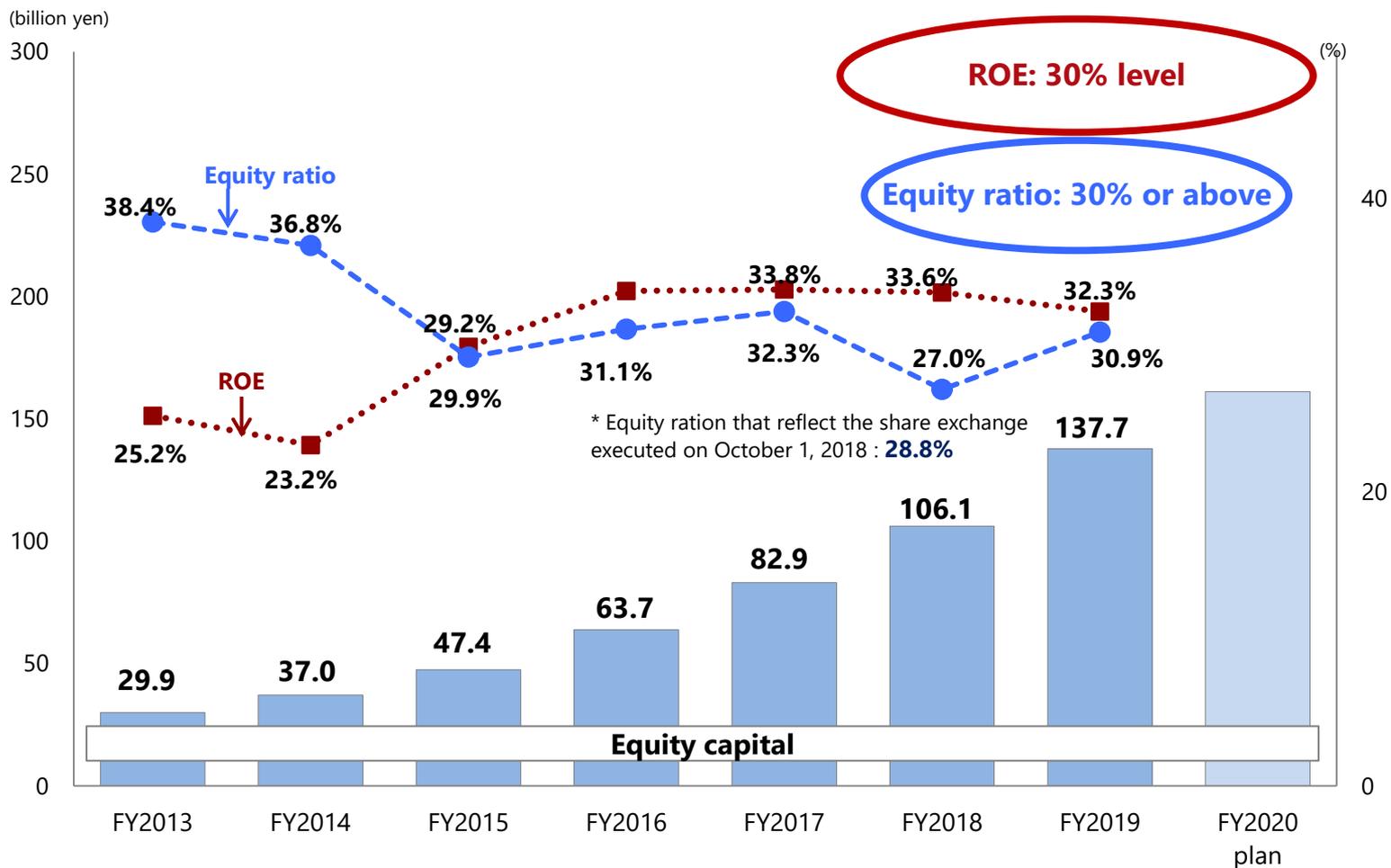
Establishment of both capital efficiency and financial soundness

- **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)



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

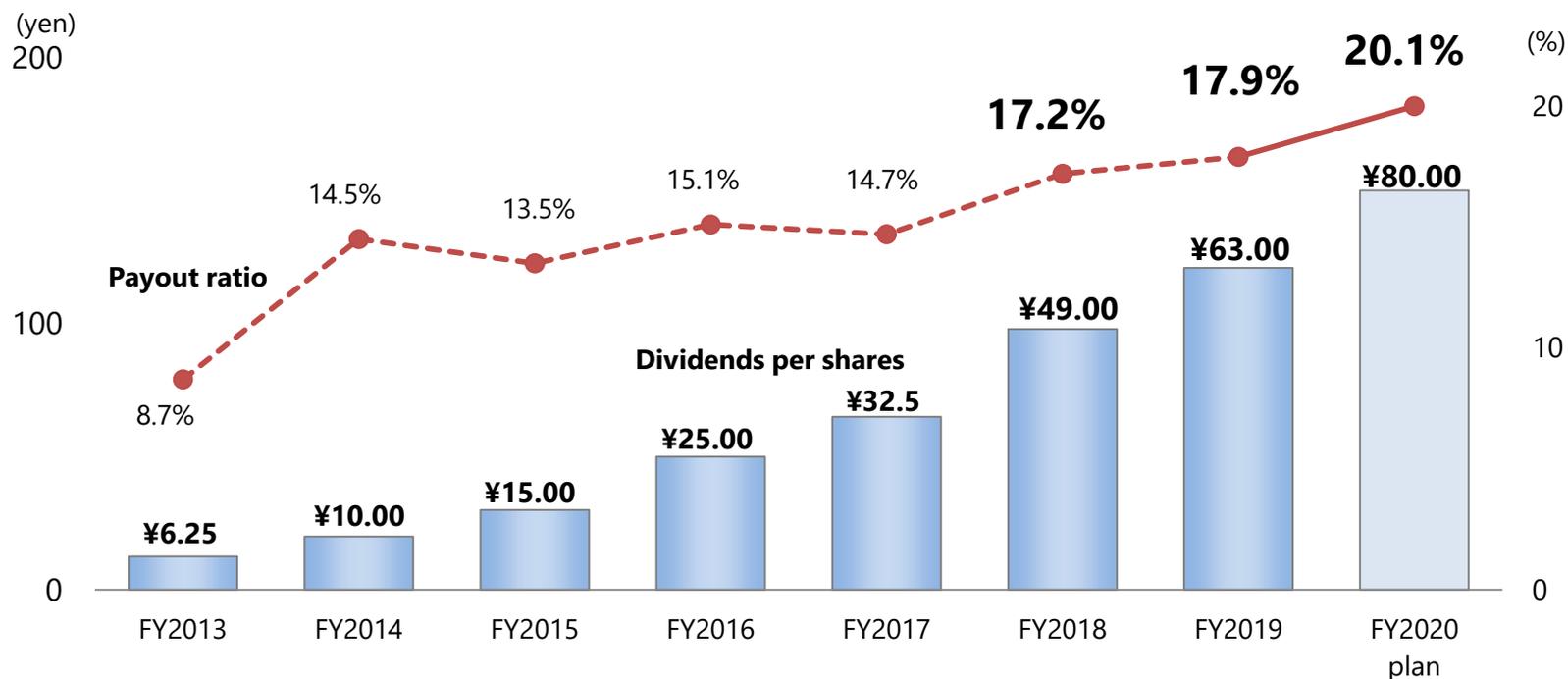
- ☑ Sustaining high capital efficiency (ROE: 30% level)
- ☑ Maintaining strong financial condition to ensure the safety of financial aspects (Equity ratio: 30% or above)





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>

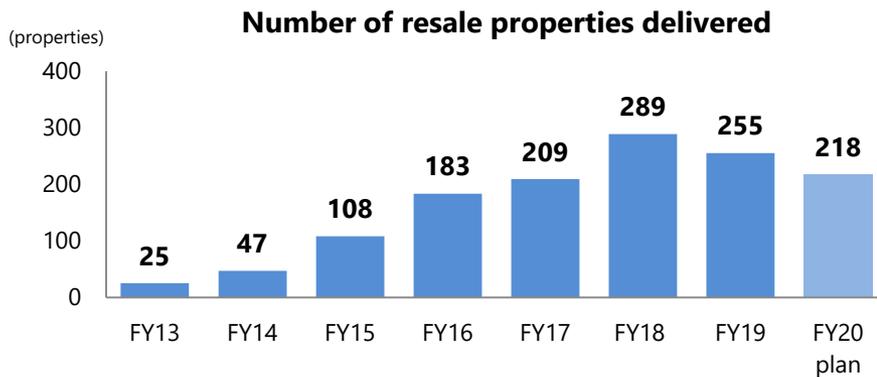
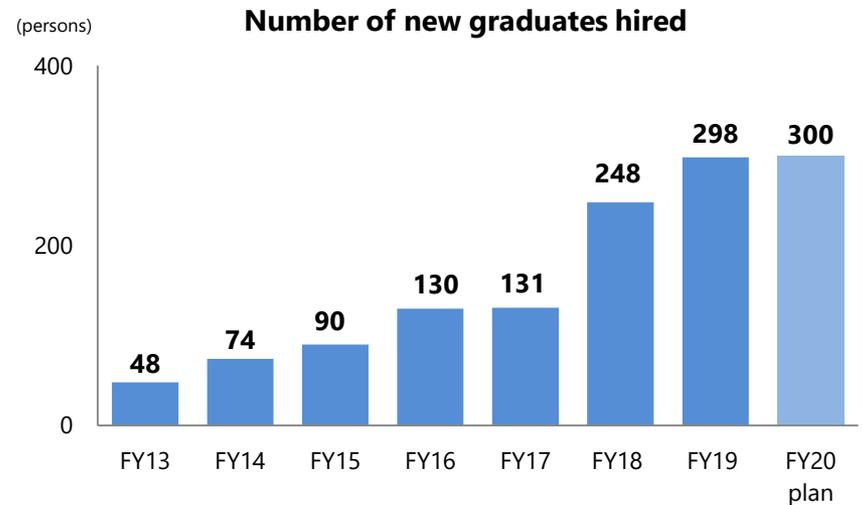
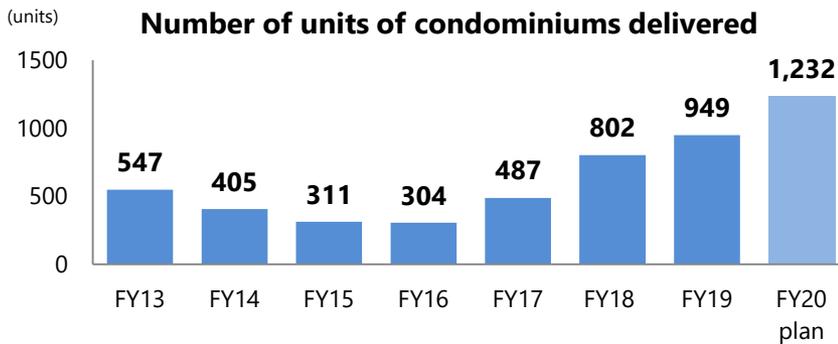
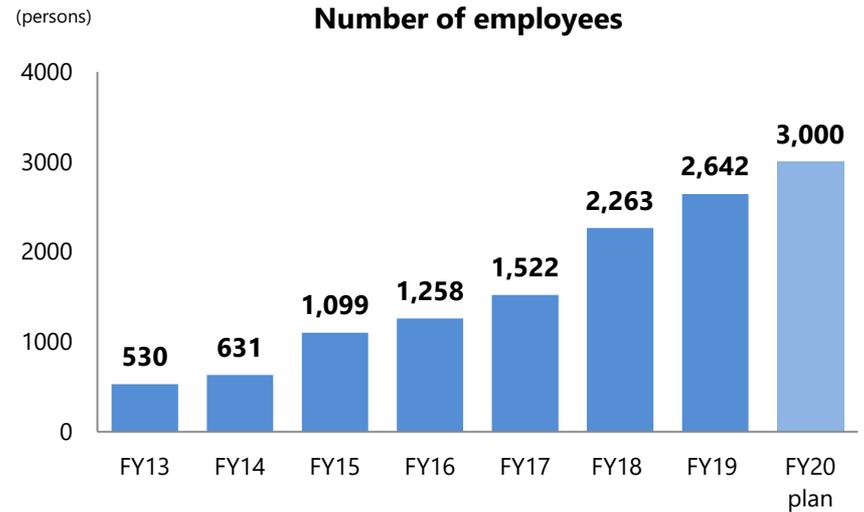
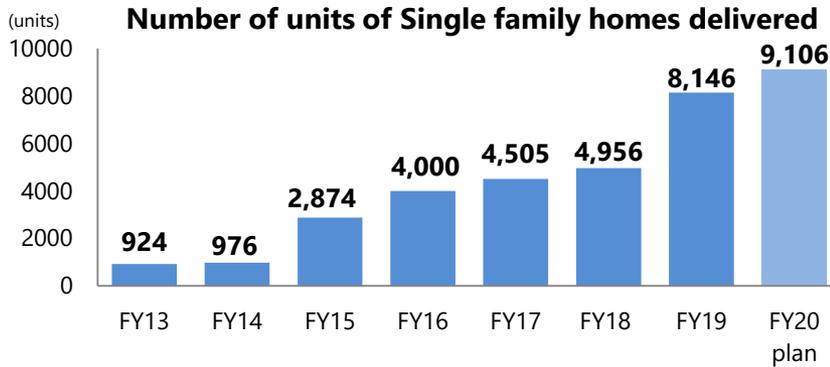
The stock splits (two-for-one stock split on June 28, 2013 and two-for-one stock split on July 1, 2015) are assumed to have been executed in the beginning of the fiscal year ended September 30, 2013.

The dividends per share figures on page 3 of this presentation material are before the implementation of the stock splits for the two-for-one stock split on October 1, 2019 (as of September 30, 2019) and based on different preconditions from the dividends per share figures on this page.

Figures in and after the fiscal year ending September 30, 2020 are calculated based on the number of shares (total number of shares issued – treasury shares) as of September 30, 2019.



Quantitative Goals





Initiatives for Sustainability

- ☑ The Open House Group is aiming to contribute to realizing a sustainable society through business activities.
- ☑ We will promote sustainability by fulfilling CSR while providing CSV.

Sustainability

Realization of a sustainable society/sustainable growth of a company

CSV

Creating Shared Value

As set out in the Open House Group's corporate mission statement, our CSV is **to keep pursuing the provision of houses customers want and provide single-family homes in urban areas at reasonable prices to allow ordinary working people to purchase homes in urban areas.**

CSR

Corporate Social Responsibility

Our CSR is to implement initiatives through business activities for issues related to environment, social and governance (ESG) with a strong sense of social responsibility accompanying business activities and contribution to achieving the SDGs.

For the details of our initiatives for sustainability and ESG, please see the Company's website:
<https://openhouse-group.co.jp/company/sustainability/>

Material Issues

- ☑ The Company identified six material issues that need to be addressed by the Open House Group.
- ☑ We reviewed material issues based on the opinions of external evaluation organizations, stakeholders, and experts, as well as the Company's priority.

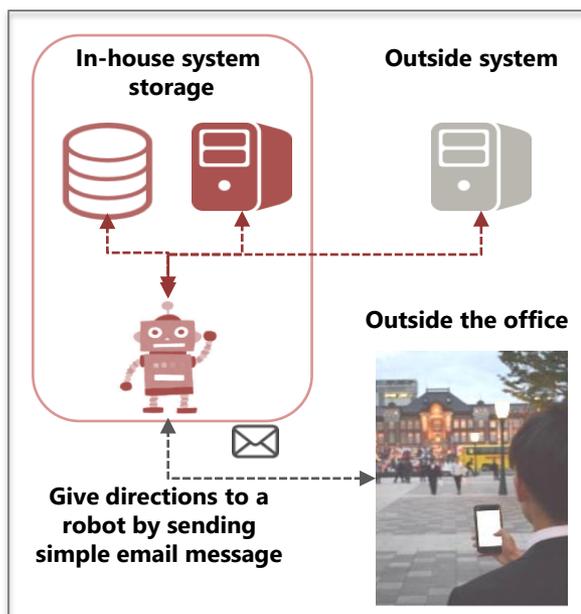
ESG	Material Issues	Relevant SDGs	
Environment	Environmental management	 7 エネルギーをみんなに そしてクリーンに	 15 陸の豊かさも 守ろう
Social	Product safety and security, customer satisfaction	 11 住み続けられる まちづくりを	 12 つくる責任 つかう責任
	Developing Human Resources	 4 質の高い教育を みんなに	 8 働きがいの 経済成長も
	Work style reform	 3 すべての人に 健康と福祉を	 5 ジェンダー平等を 実現しよう
	Supply chain management	 12 つくる責任 つかう責任	 17 パートナーシップで 目標を達成しよう
Governance	Compliance	 10 人や国の不平等 をなくそう	 16 平和と公正を すべての人に

Practical example 1: Utilization of AI in Work Style Reform

- ☑ Promote the improvement of productivity by reducing operation person-hours by making full use of information technology.
- ☑ Effectively improve the accuracy of operation and avoid opportunity losses.

RPA* for property materials acquisition

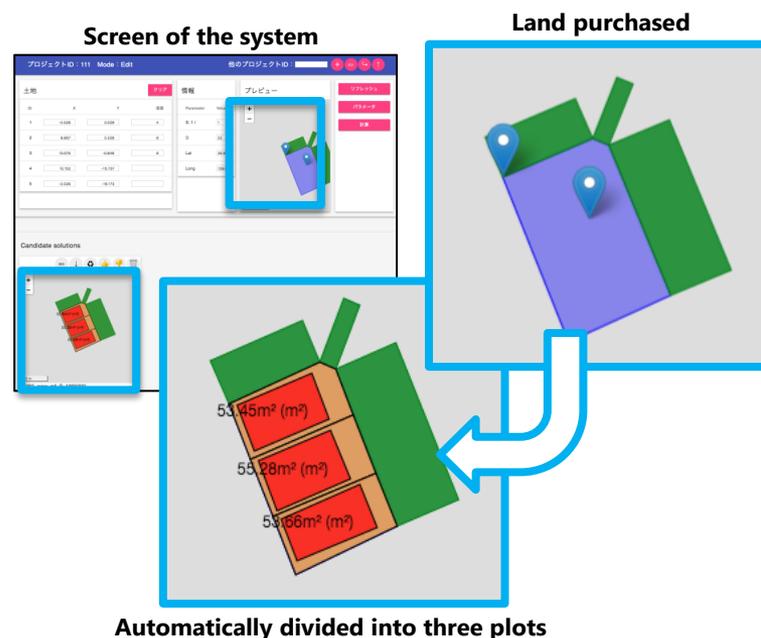
* RPA(Robotic Process Automation)



Automatically collect information related to properties, such as maps and copies of a register, that are necessary in brokerage and purchase operations from multiple in-house and outside systems by using RPA technology.

Just sending simple data to a robot from a smartphone outside the office enables people in charge to receive the information they need.

Automated residential land demarcation system



We developed a system designed to propose optimal demarcation while conforming with complex building rules in order to automate design involving land demarcation at the time of examining land purchases.

We succeeded in significantly reducing the working processes by automatically creating plans that comply with constraints for each property as CAD files. We have a patent pending for this technology.

Practical example 2: Initiatives for Diversity

- ☑ We are promoting the creation of a comfortable workplace environment that respects employees' human rights and is not restricted by employees' attributes.
- ☑ We actively employ persons with disabilities, continuously meeting the statutory employment rate of 2.2% (target: Open House and Open House Development).

Utilizing a large-scale satellite office

Employees who have disabilities can choose to work in the Head Office, branch offices, or a barrier-free satellite office. We offer a comfortable working environment and community-based employment opportunities.

<Overview of the satellite office>

Operation start	October 2019
Location	Hachioji, Tokyo
Building outline	The 9th floor of a 10-story SRC building
Area	311m ²
Specifications	Barrier-free design
Operation form	Full-time support staff of an operating company are assigned

Work content at the satellite office

Employees working at the satellite office conduct various tasks requested by business divisions. Diverse human resources are playing active roles as members of teams that support productivity improvement and work style reform at business divisions.

<Statutory employment rate*>

FY2018	2.2%
FY2019	2.2%
FY2020	2.2% (Target)
Target	Open House Open House Development**

* Statutory employment rate based on the Employment Rate System for Persons with Disabilities

** FY2019 onward



Wide sliding door and a level floor



Aisles are cleared to make it easy to get around in a wheelchair

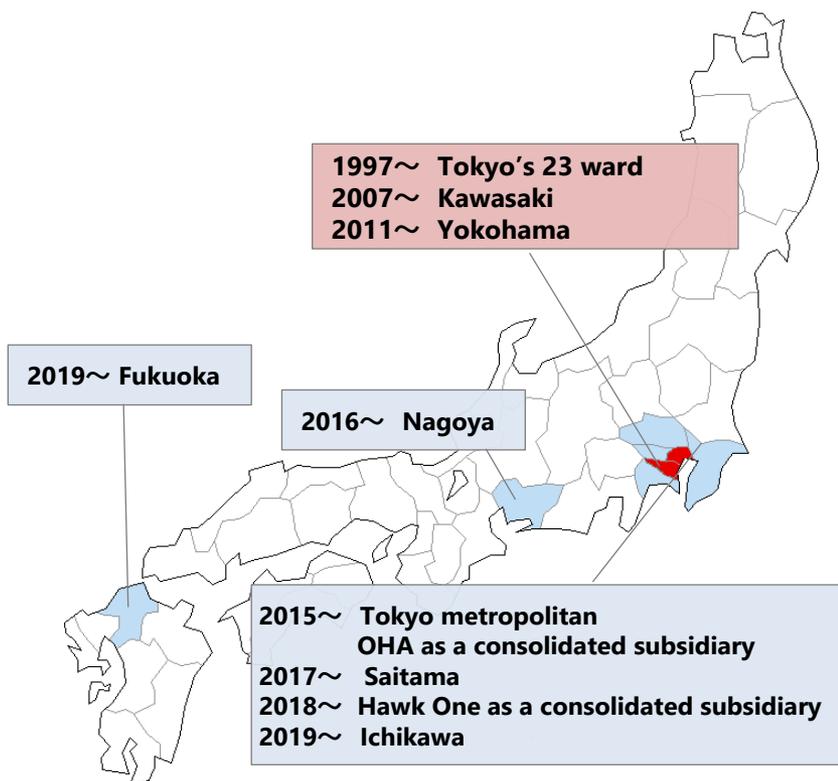


Reference materials

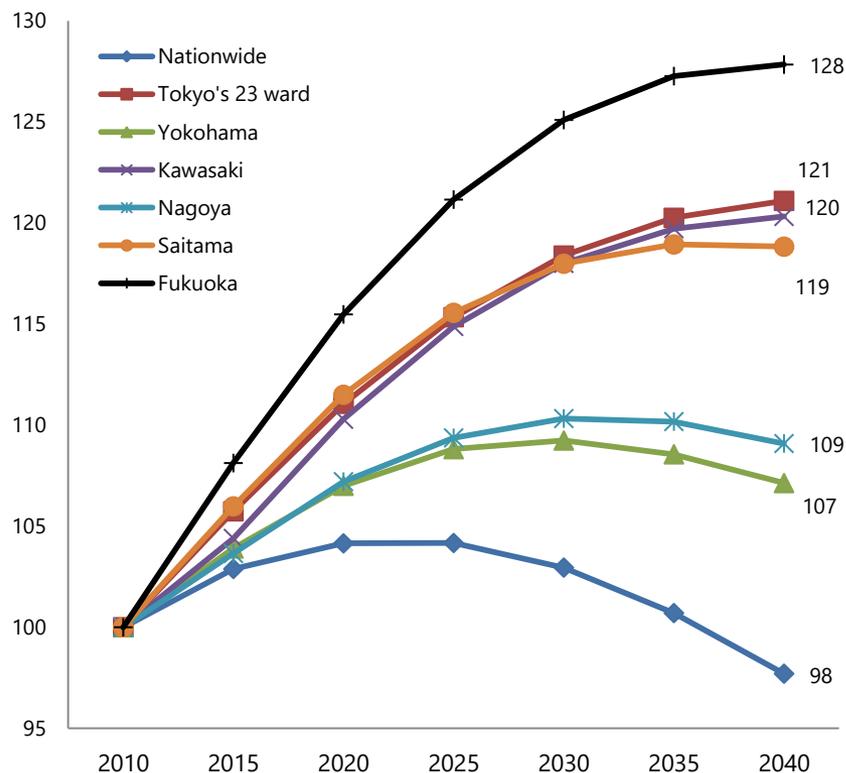
Operating Areas and Estimated Number of Households

- ☑ Since its founding, the Company has been operating in areas where the number of households is expected to increase.
- ☑ The Company will continue to actively expand business into new operating areas with high demand for purchasing homes.

Progress of operating area development



Estimated number of households in operating areas (index)

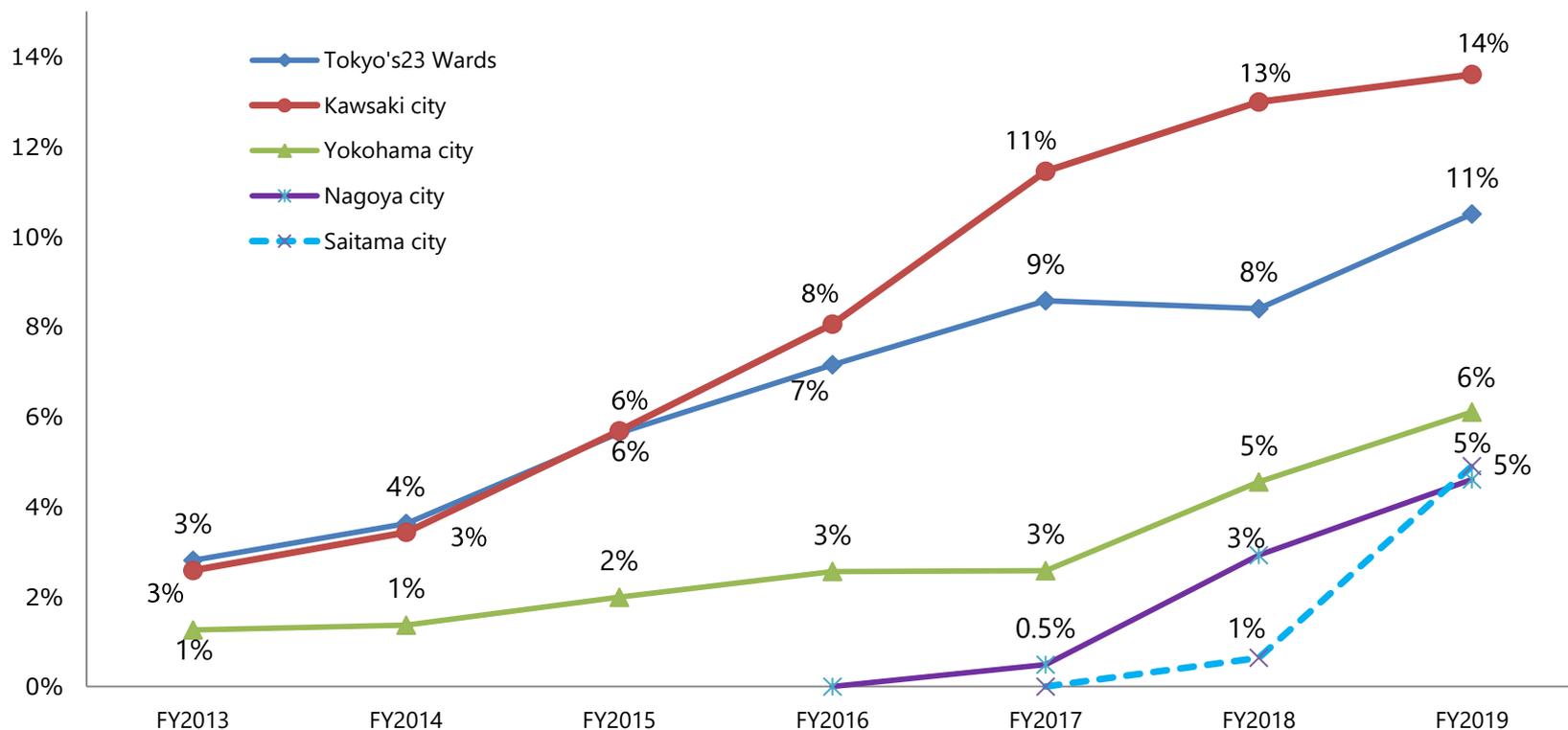


Sources: Numbers of households by city were projected with reference to "Household Projection for Japan (National Projection)" and "Population Projection for Japan by Prefectures" for 2018 projection, published by the National Institute of Population and Social Security Research, and were converted to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



Trends in Market Share

- ☑ The Company's market share in Kawasaki has increased from 5% in FY2015 to 14% four years later, in FY2019.
- ☑ The Company achieved a boost in market share to 5% within three years after starting operations both in Nagoya and Saitama.



Assumptions:

Figures used in calculation are the number delivered by OHD (built-for-sale houses + built-to-order houses) and do not include the number delivered by OHA and Hawk One. Calculated based on each year's results of wooden housing starts by area (built-for-sale houses + owner-occupied houses) based on the Statistics on Building Construction Started. Figures for FY2019 are estimated based on the results of 2018.

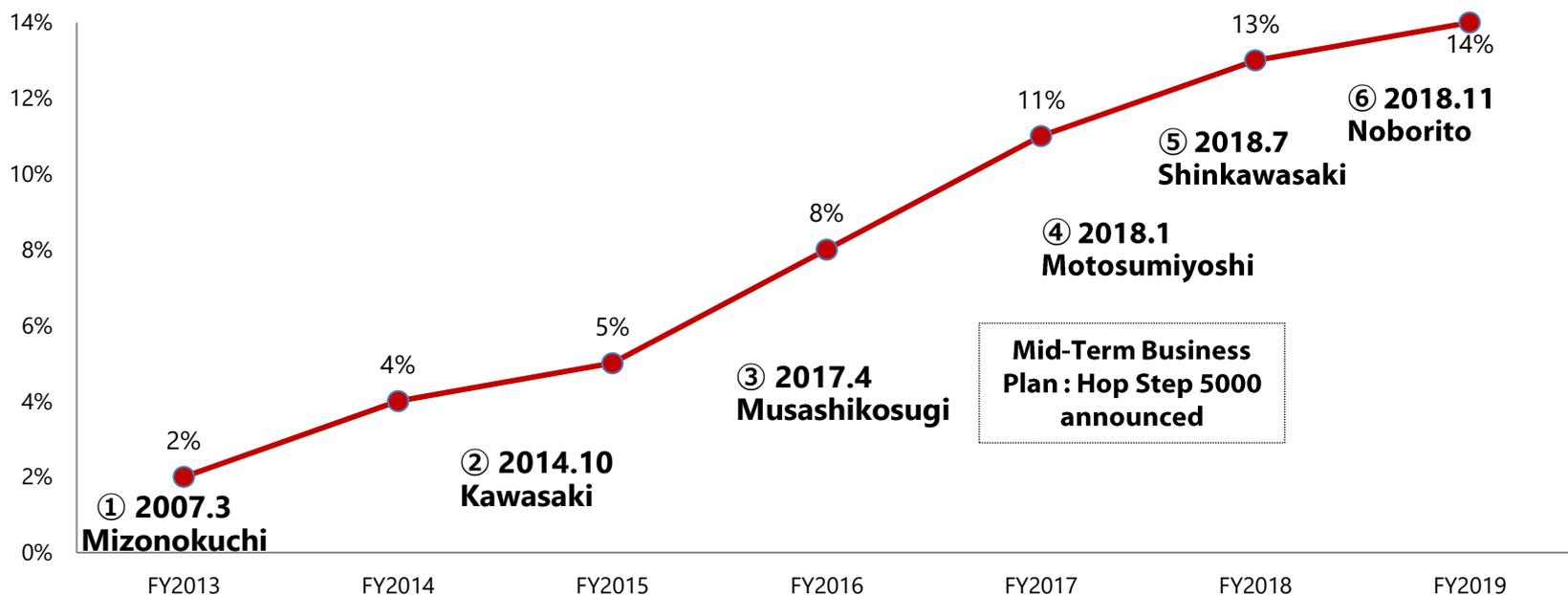


Development of Sales Centers in Kawasaki and Trends in Market Share

- ☑ Kawasaki has a large net migration and many aged wooden single-family homes, and therefore it has a high demand for purchasing newly built single-family homes.
- ☑ The Company opened five sales centers in Kawasaki (from the second to the sixth sales center) in a focused manner over a period of around four years.

	Area (km ²) *1	Households (1000) *1	Population (1000) *1	Net migration (persons)*2	The number of wooden single-family housing starts (unit)*3	The number of wooden single-family housing Currently available (unit)*4	Of which, the number of wooden single-family housing built in 1980 or before (unit)*4
Market size of Kawasaki	143	691	1,475	7,500	3,580	150,800	41,200

Trends in the Company's market share and new sales centers opened in Kawasaki



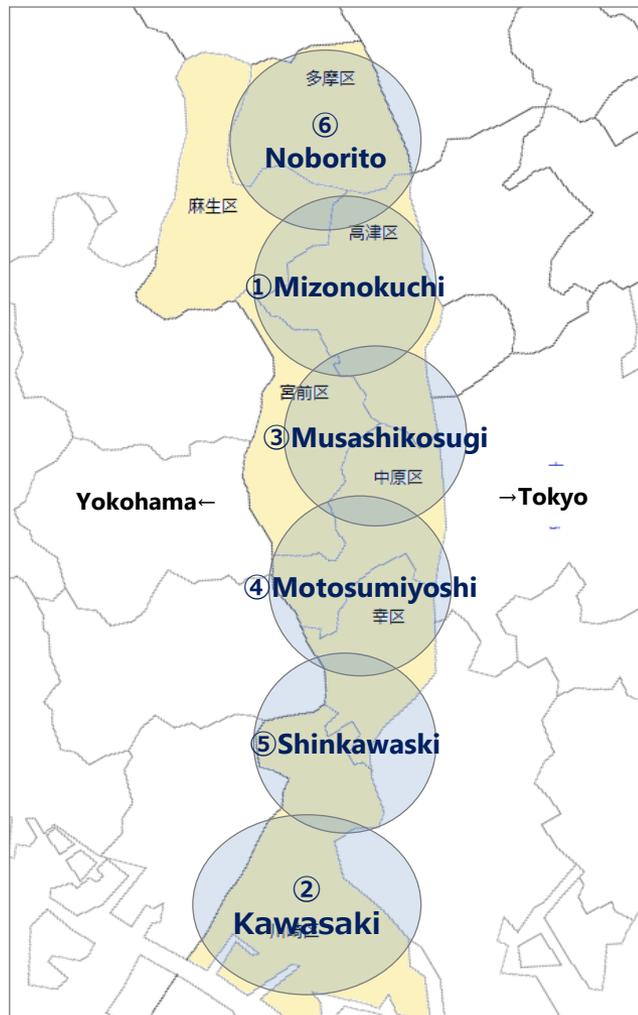
Source:

- *1 MIC, "Report on Internal Migration in Japan based on Basic Resident Register"
- *2 MIC, "Population Census of Japan"
- *3 MILT, "Construction Statistics", "Housing Starts",
- *4 MIC, "Housing and Land Survey"

Assumptions: Figures used in calculation are the number delivered by OHD (built-for-sale houses + built-to-order houses) and do not include the number delivered by OHA and Hawk One. Calculated based on each year's results of wooden housing starts by area (built-for-sale houses + owner-occupied houses) based on the Statistics on Building Construction Started. Figures for FY2019 are estimated based on the results of 2018.

Status of Operations of Sales Centers in Kawasaki

- ☑ The Company has established dominance in Kawasaki with its sales centers opened at every 2.8km radius.
- ☑ Sales of OHD properties alone amounts to ¥4.6 billion per sales center.



Results per sales center *

Sales amount: ¥4.6 billion
 Number of properties sold: 81
 Market share: 14%

* The average of six sales centers calculated based on the sales results of OHD properties in FY2019.

Sales system of sales center

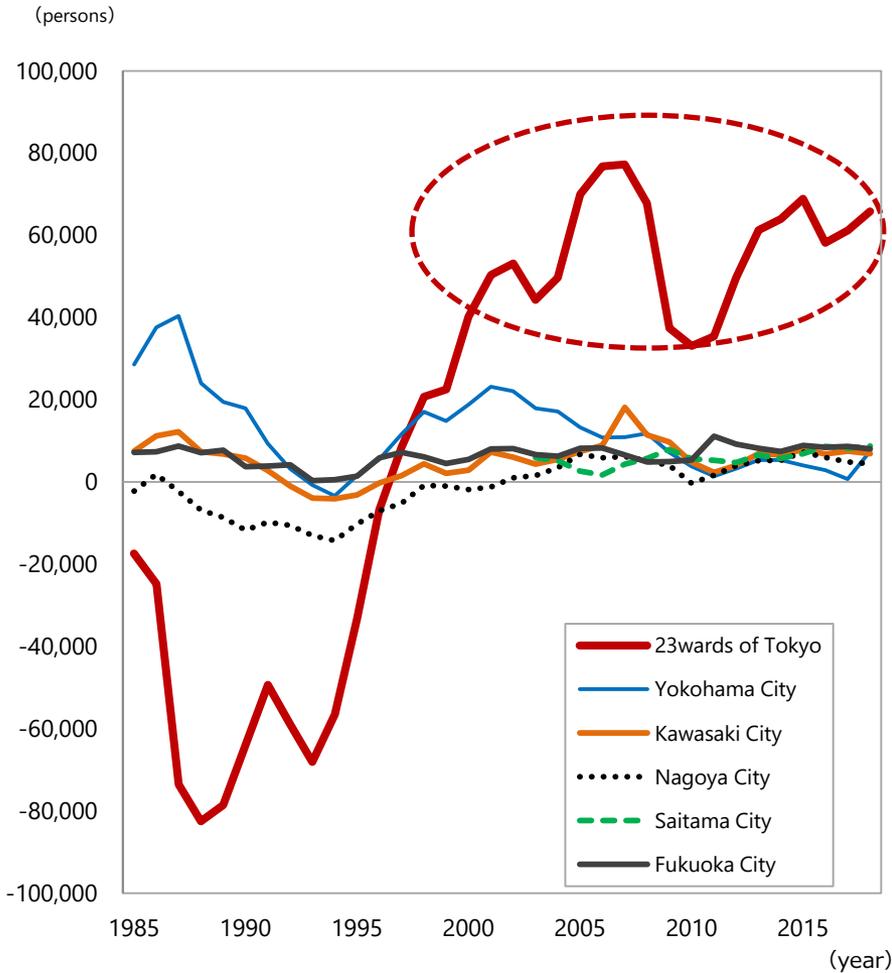
Sales staff: 12 (belong to sales center)
 Purchase staff: 3 (belong to the purchase department)
 Number of construction sites:
 40 sites constantly (under the supervision of the construction department)

For reference: Market size for each sales center

Area: 24.1km² (area within a 2.8km radius)
 Number of net migrants: 1,250
 Wooden single-family housing starts: 597

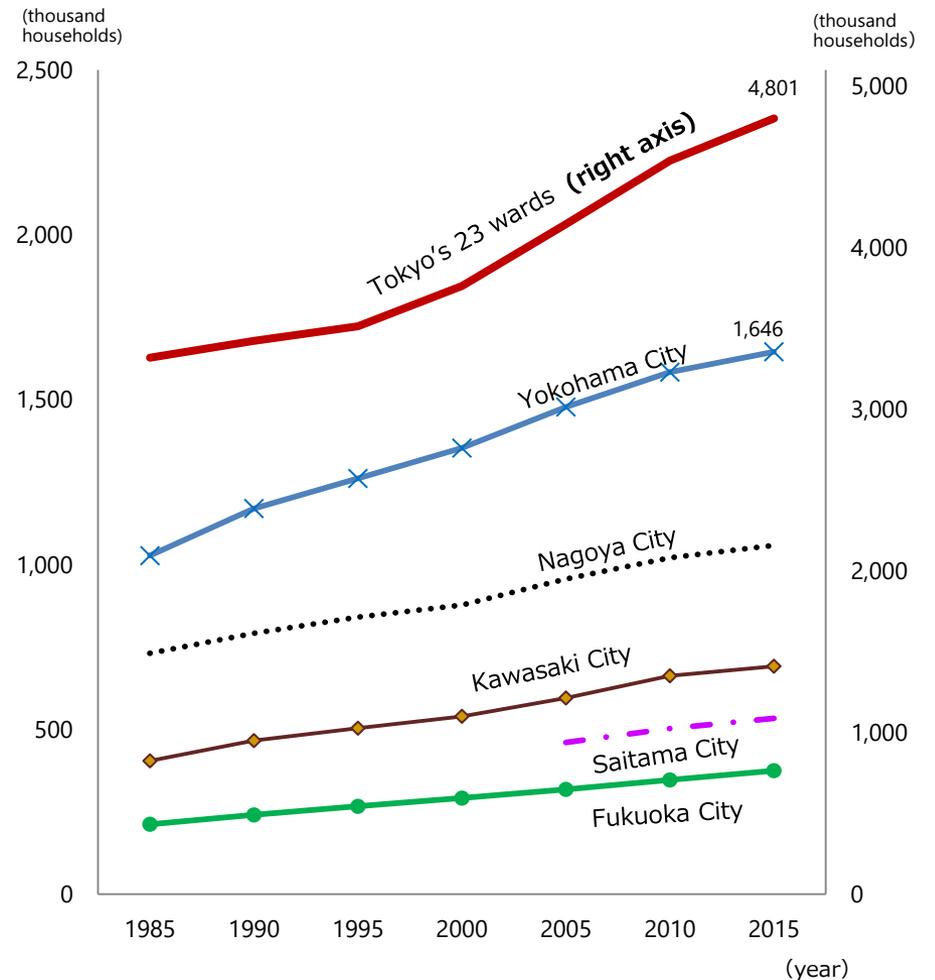
The population has been concentrating and number of households has been increasing in urban areas

Net migration into urban cities



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

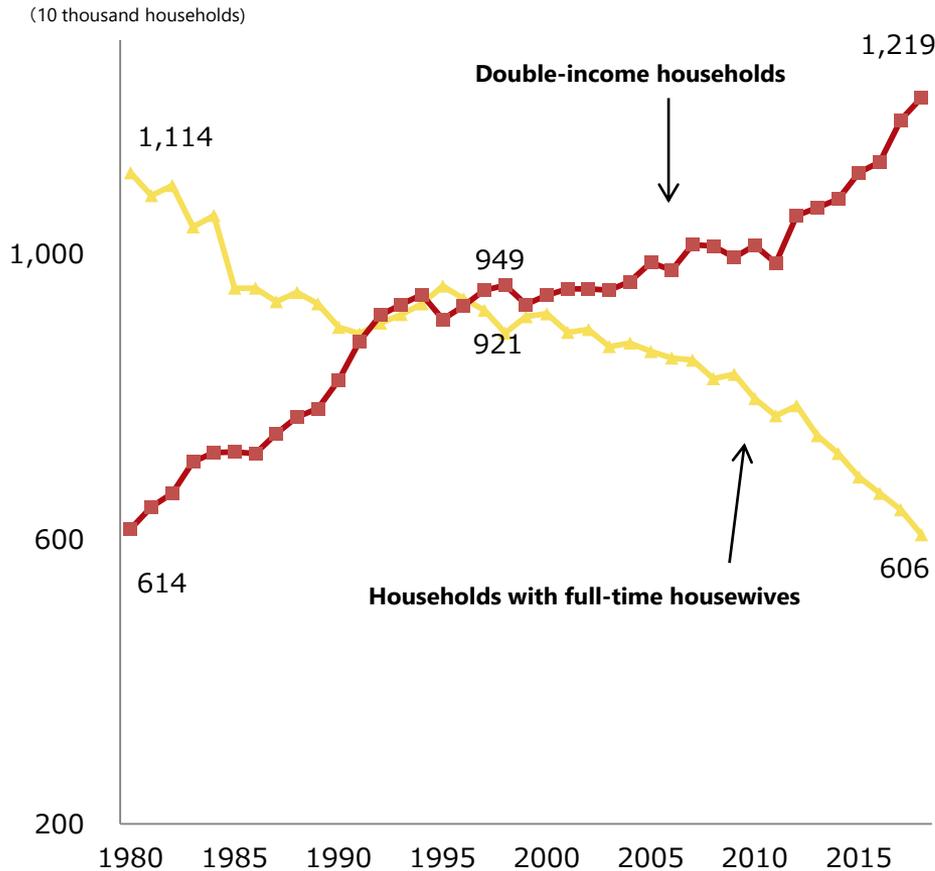
Number of households in major cities



Source: MIC, "Population Census of Japan"

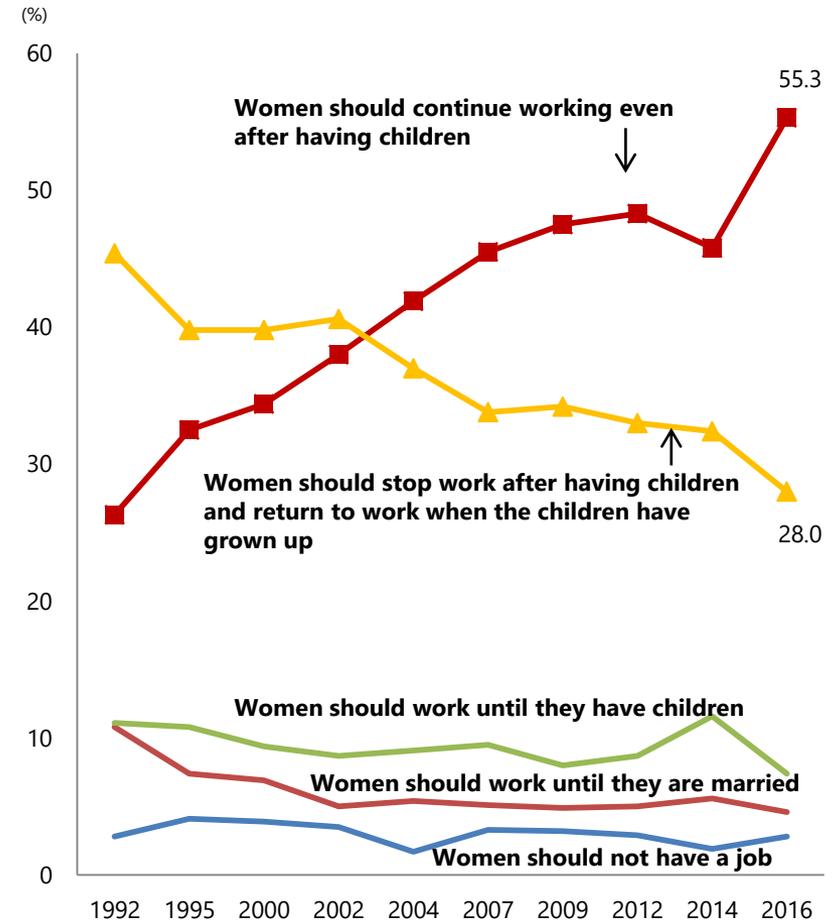
Double-income households and child-rearing households are turning their eyes to urban areas, where they can reduce commuting time

Trends in double-income households/households with full-time housewives (nationwide)



Source: "White Paper on Gender Equality 2015", Cabinet Office, Government of Japan
Labor force survey, the Ministry of Internal Affairs and Communications

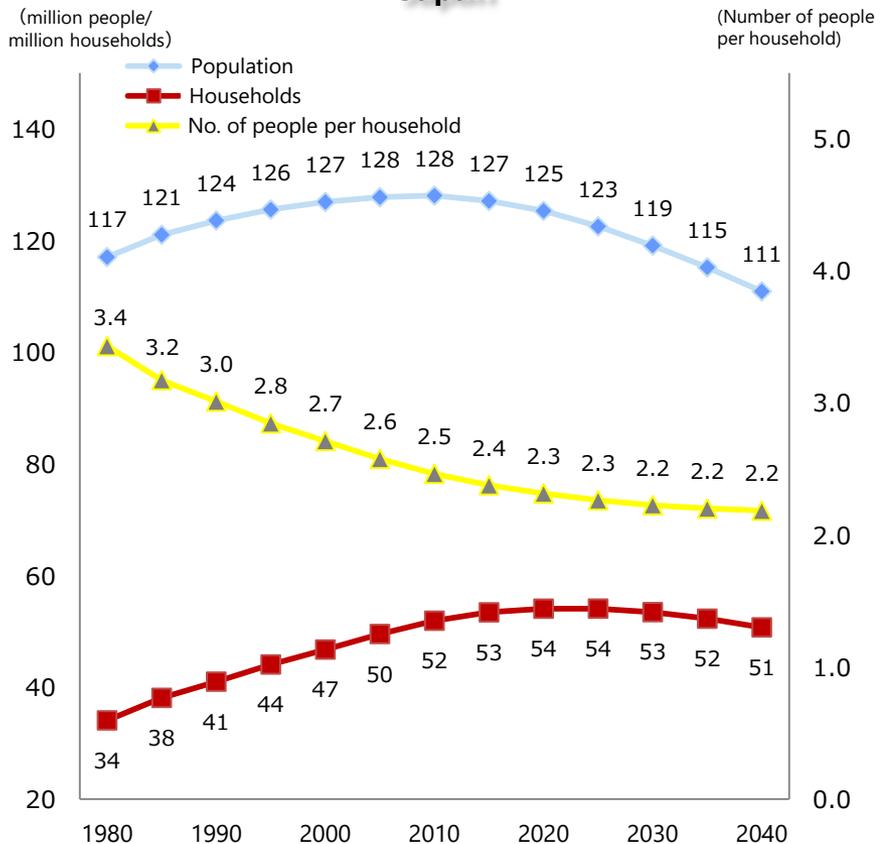
Changes in attitude toward work among women (nationwide)



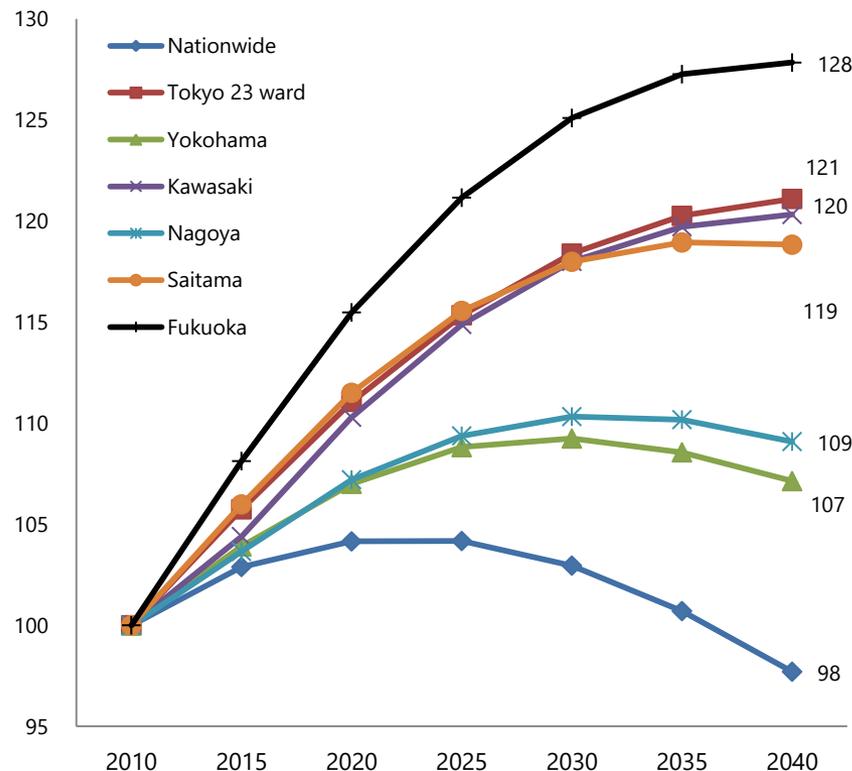
Source: "White Paper on Gender Equality 2016," Cabinet Office, Government of Japan

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

Future population and household estimates for Japan



Future household estimates for urban areas (index)



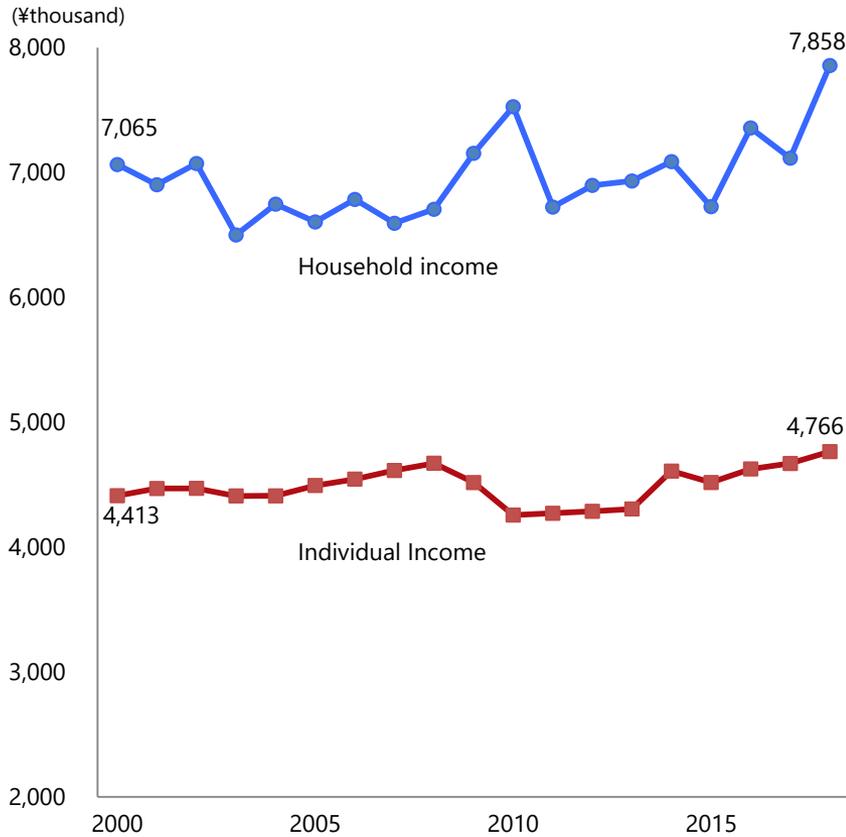
Sources:

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

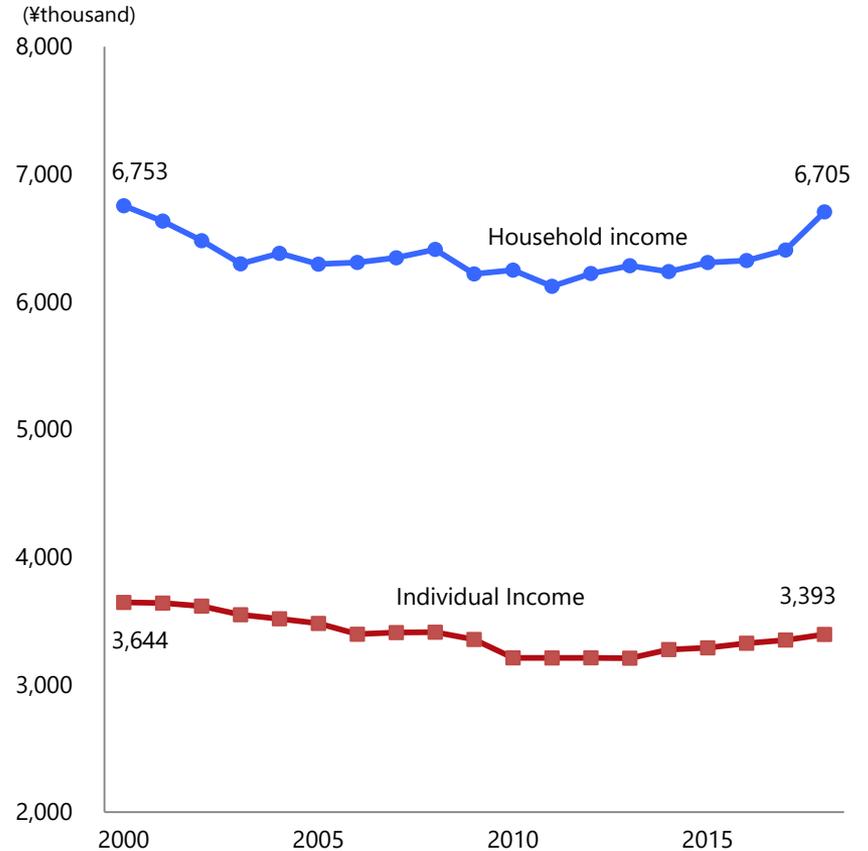
Sources: Numbers of households by city were projected with reference to "Household Projection for Japan (National Projection)" and "Population Projection for Japan by Prefectures" for 2018 projection, published by the National Institute of Population and Social Security Research, and were converted to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

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

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



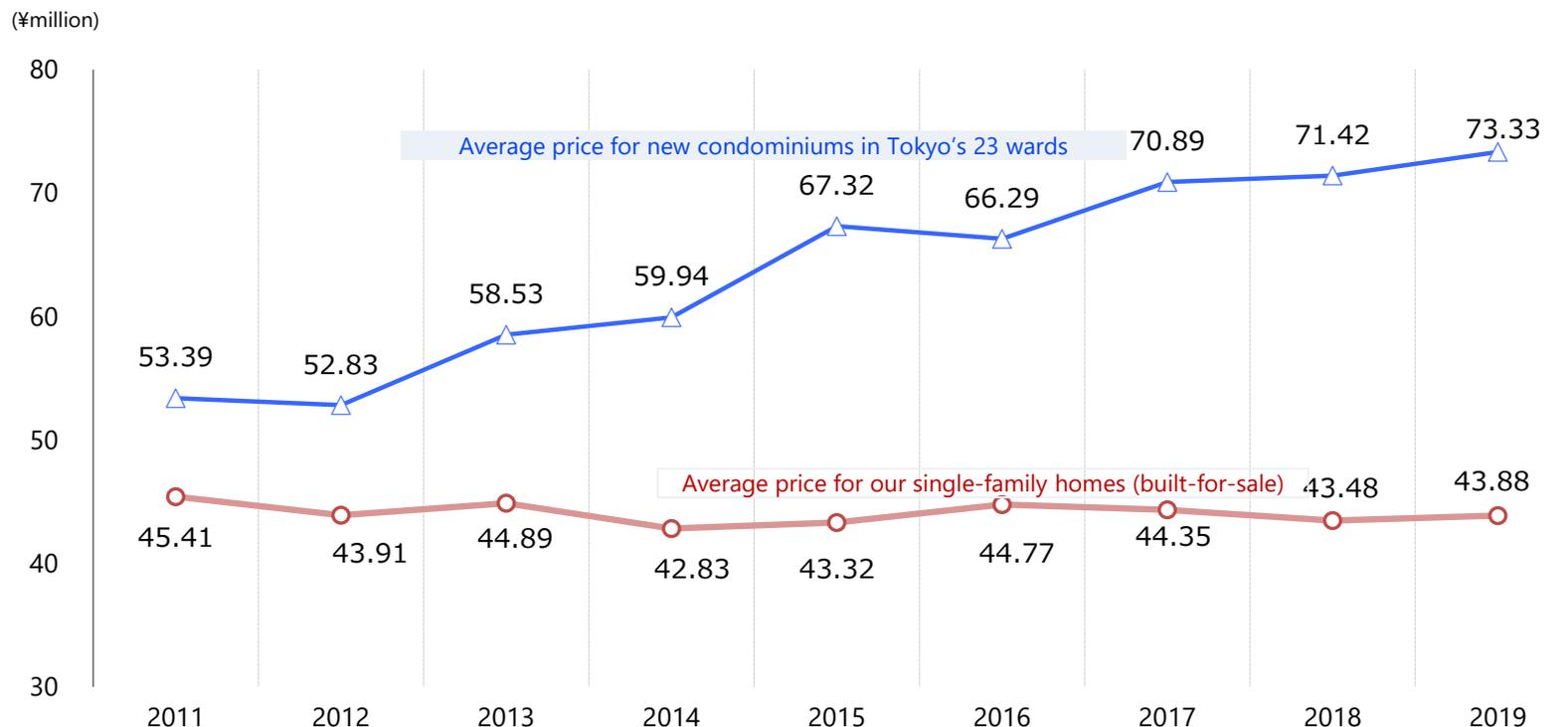
Household income and Individual income (nationwide)



Source: Annualized based on the actual monthly income of households (working families) with two-or-more person household, obtained from the report "Family Income and Expenditure Survey," the Ministry of Internal Affairs and Communications
 Calculated by dividing taxable income by the number of taxpayers, based on data obtained from the report "Survey of Taxation of Municipal Inhabitant Taxes, etc." by the Ministry of Internal Affairs and Communications

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

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



Source: MLIT, "Monthly marketing report of lands"

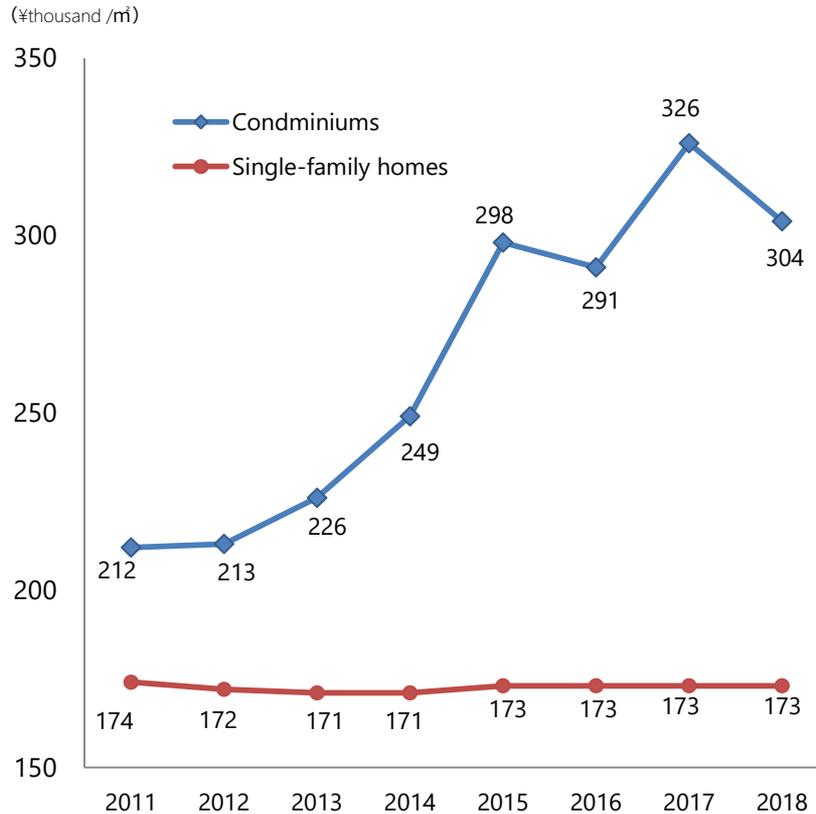
Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September .

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



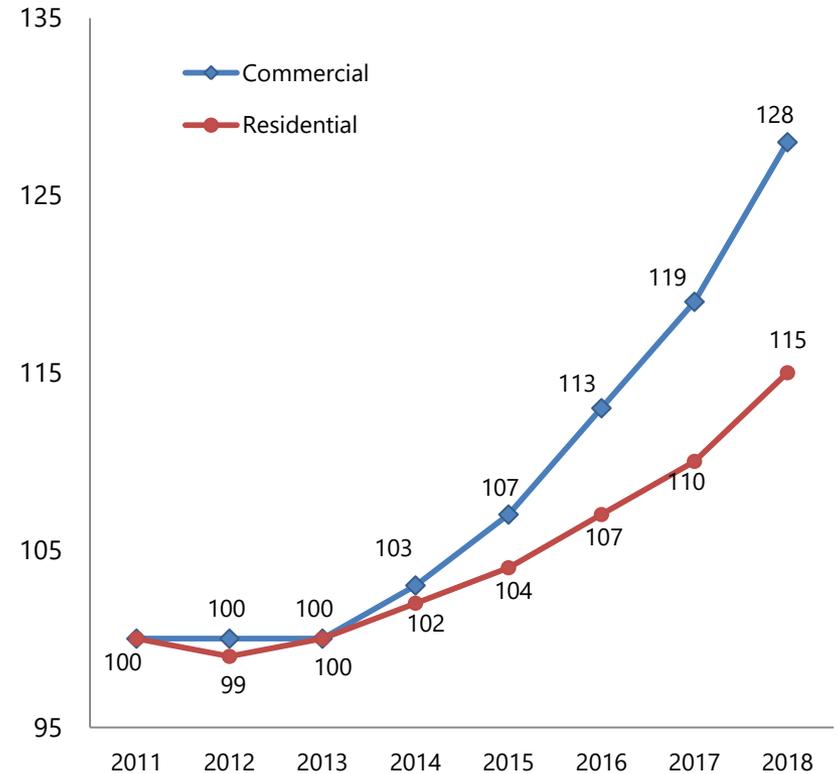
Price gaps between condominiums and single-family homes have occurred due to the difference between construction costs and land cost

Construction costs per 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.

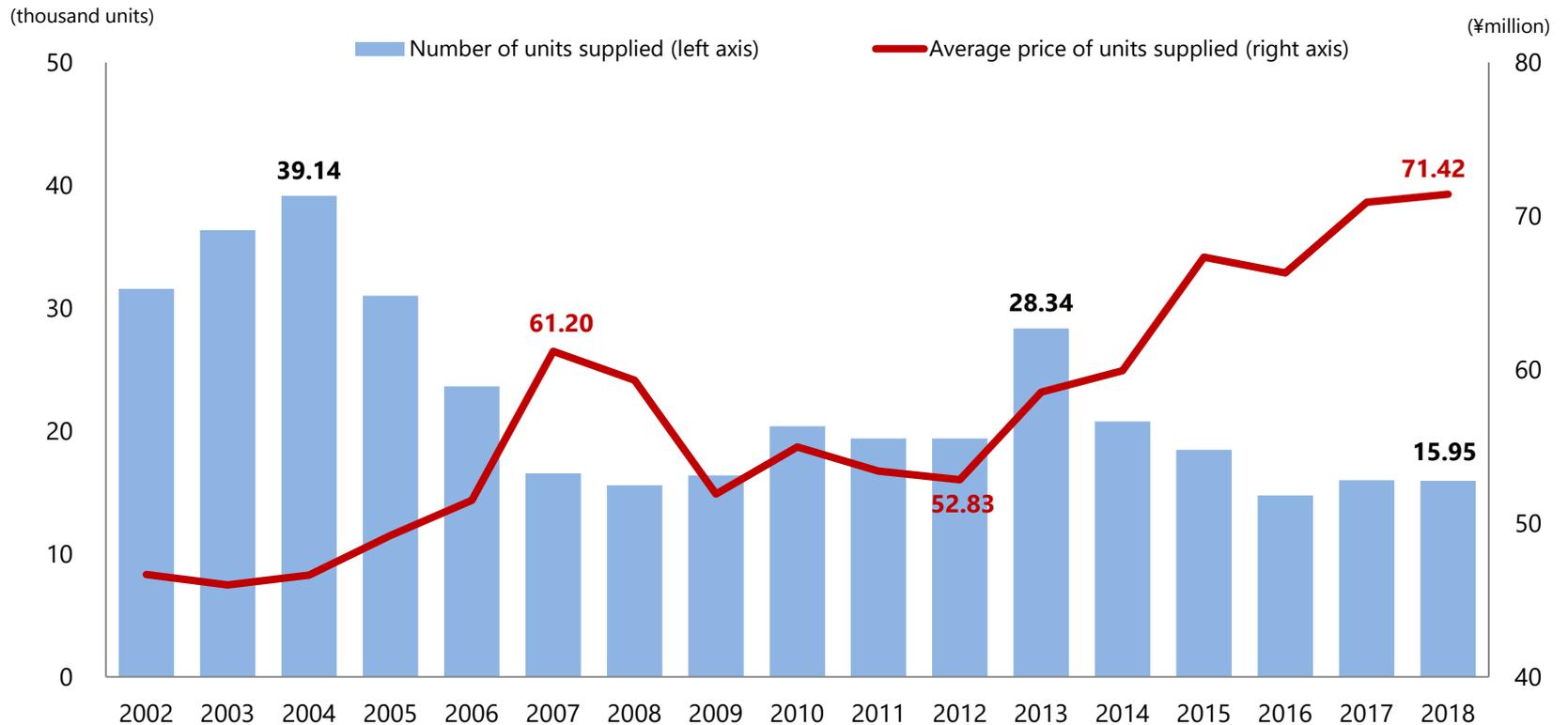
Land price by use (in Tokyo's 23 wards) <index>



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

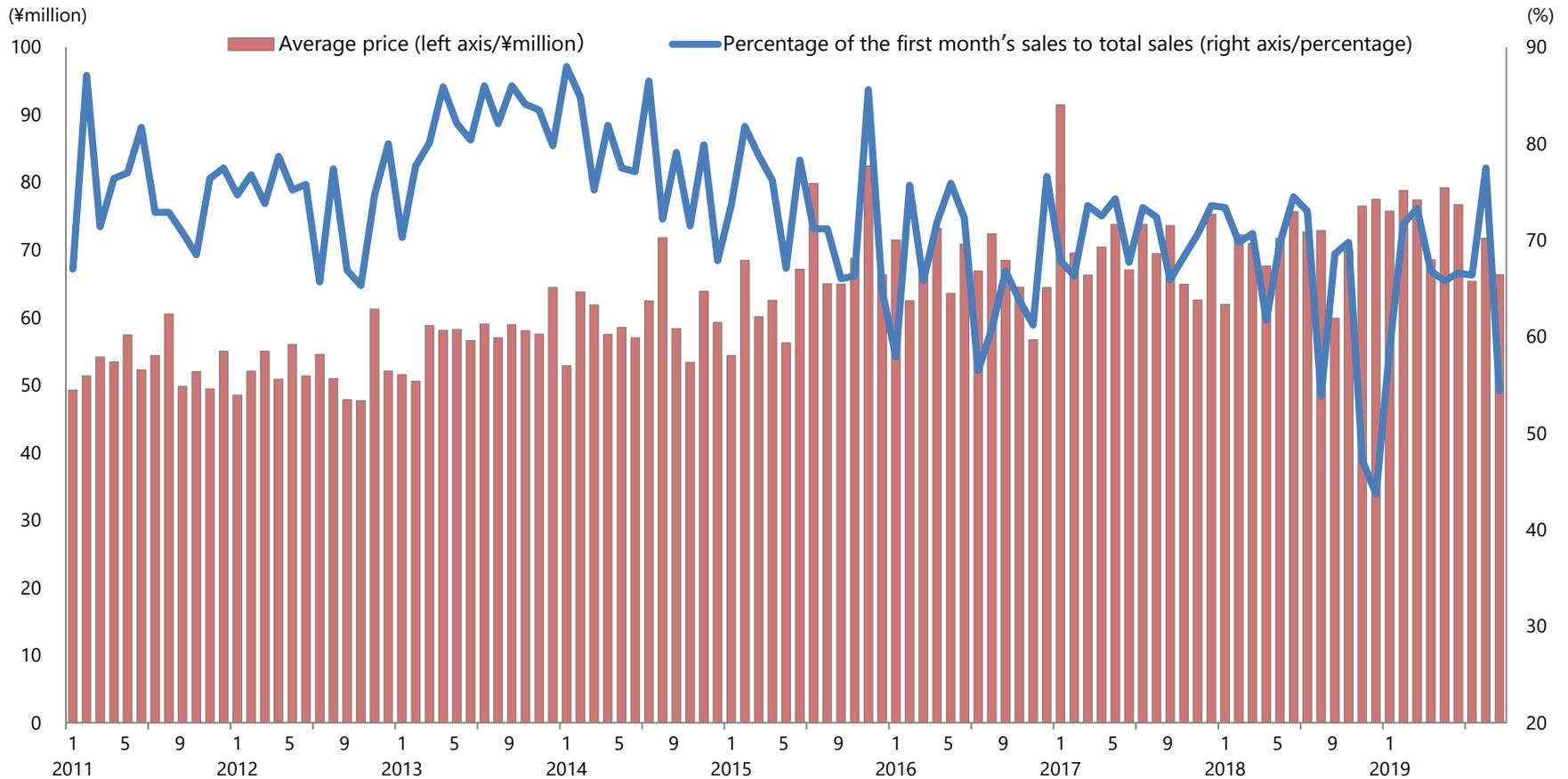
Number and average price of new condominiums supplied in Tokyo's 23 wards



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

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

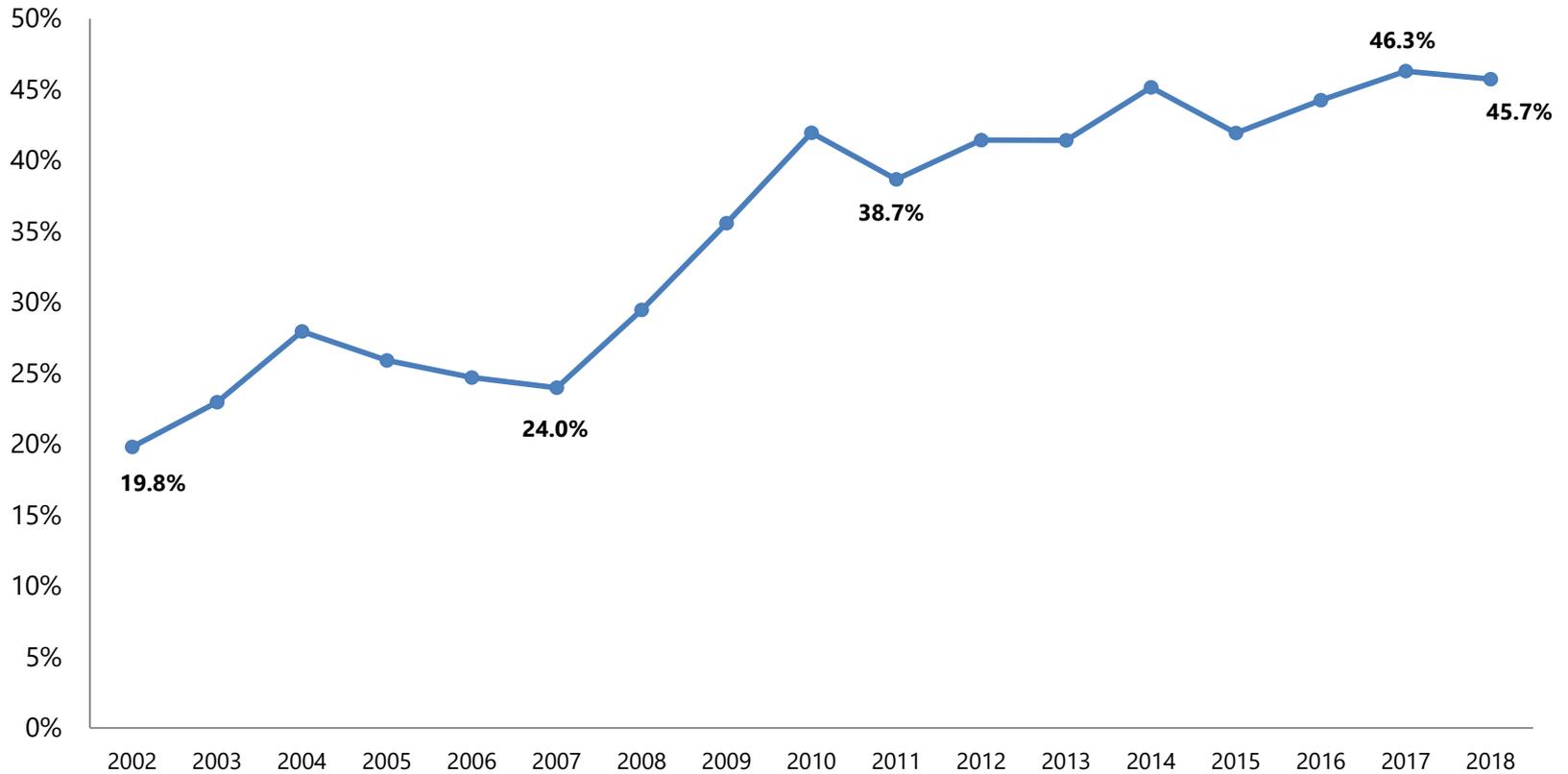
Trends of average prices of new condominiums and ratios of the first month's sales to total sales in Tokyo's 23 wards



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.

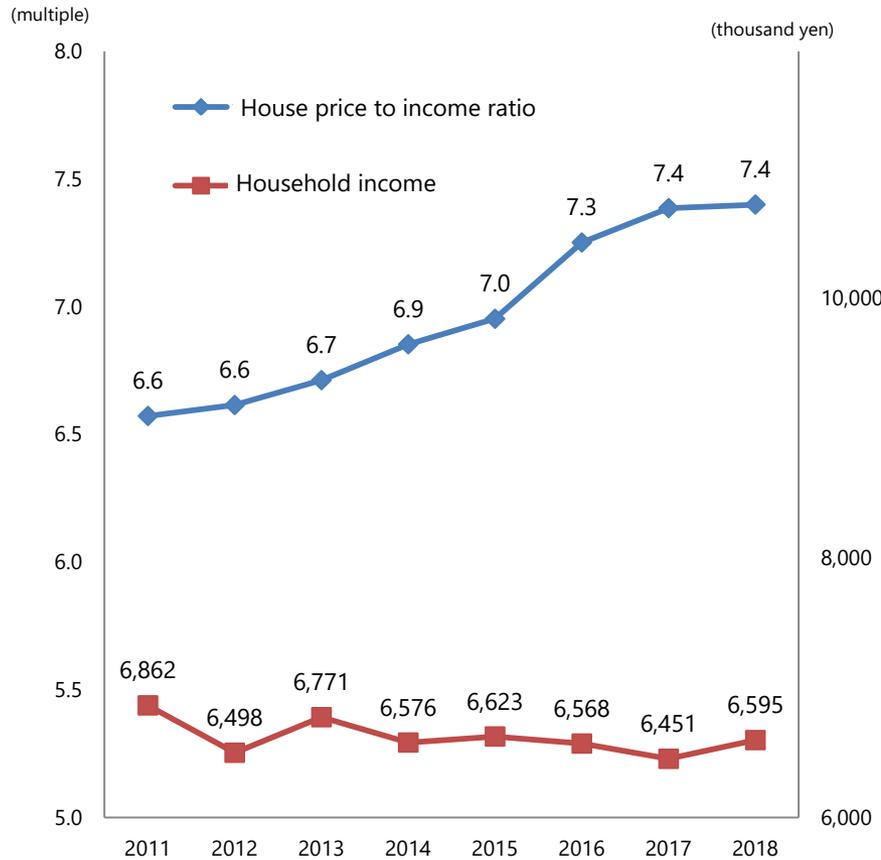
* Seven major real estate companies:

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

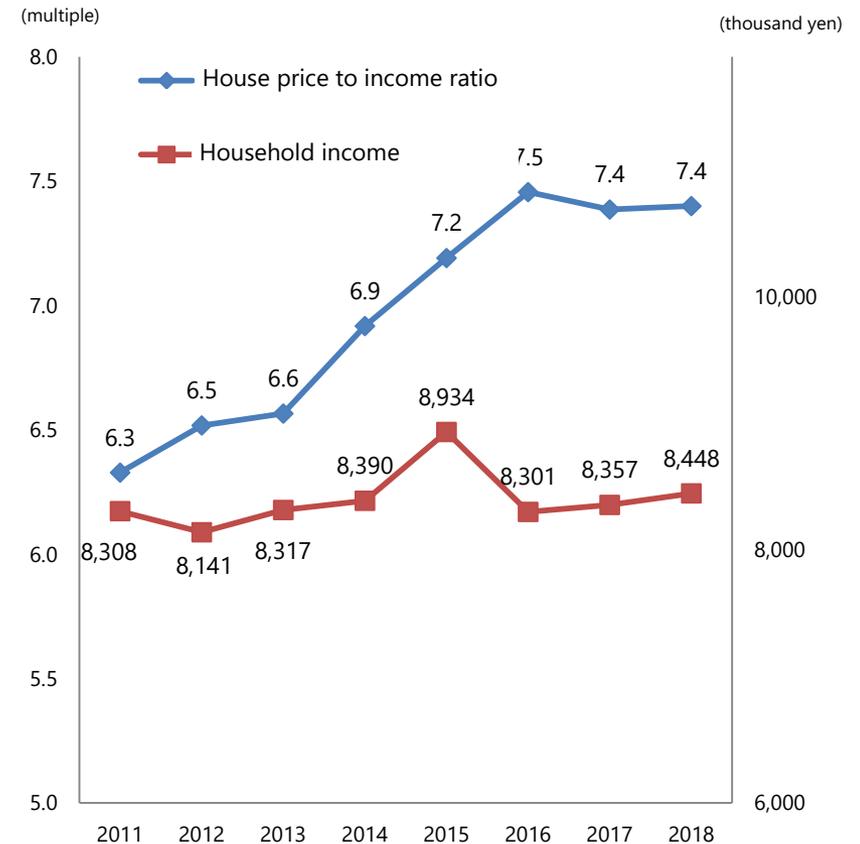


The house price to income ratio has increased, with a significant difference between annual income of single-family home purchasers and condominium purchasers

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)

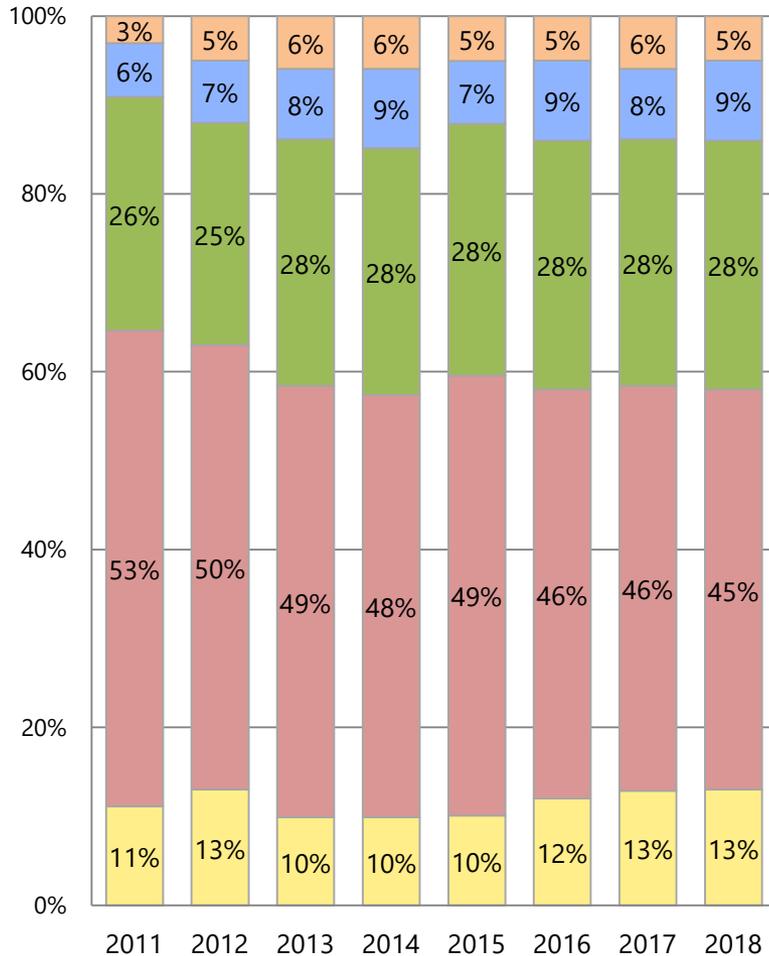


Source: "Customer Survey on Flat 35 Users" by Japan Housing Finance Agency
 Compiled using data of housing loans approved from April through March of the following year
 Single-family homes: New home purchase funds (detached house, etc.); Condominiums: New condominium purchase funds (apartment buildings)
 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.

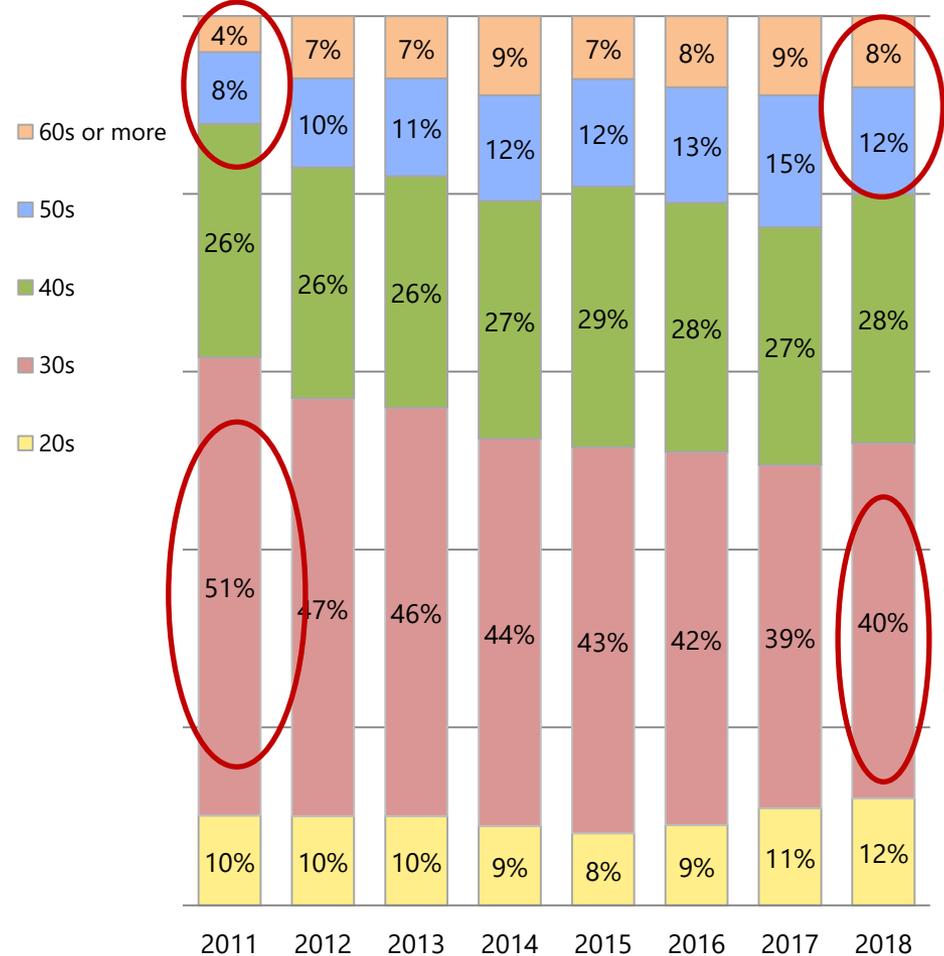


Among the people who purchased condominiums, the percentage of people in their 50s has been on the rise and that of people in their 30s has been on the decline

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



Age distribution of condominium purchasers (in Tokyo)



Source : Japan Housing Finance Agency

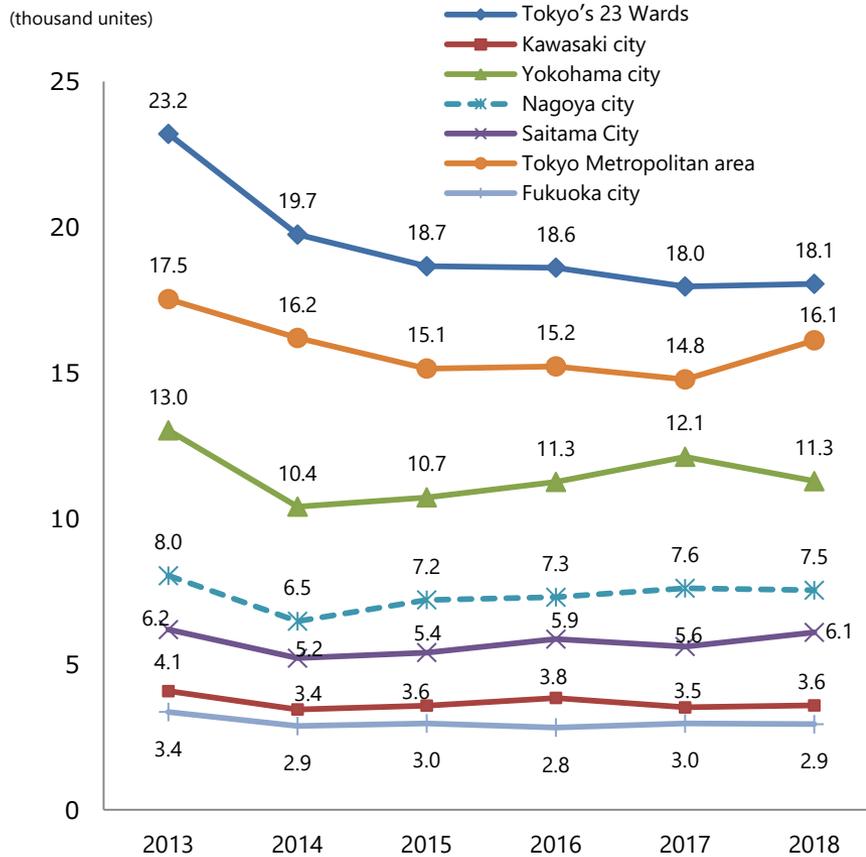
Compiled using data of housing loans approved from April through March of the following year.

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



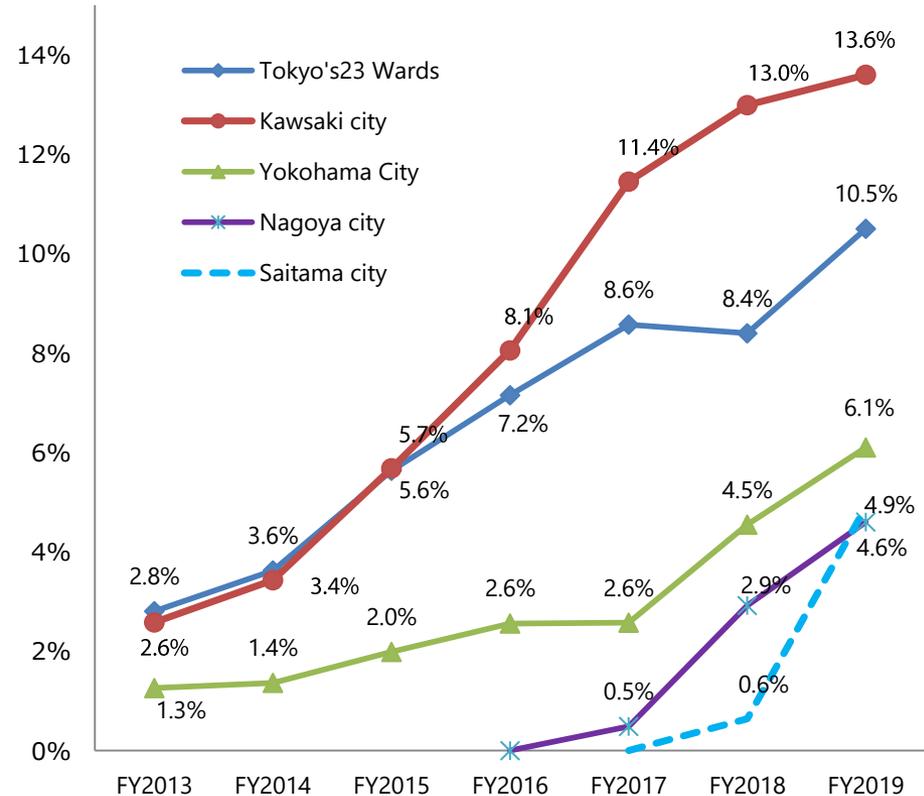
Open House has been steadily acquiring shares in the single-family homes market in urban areas by adopting a dominant strategy

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



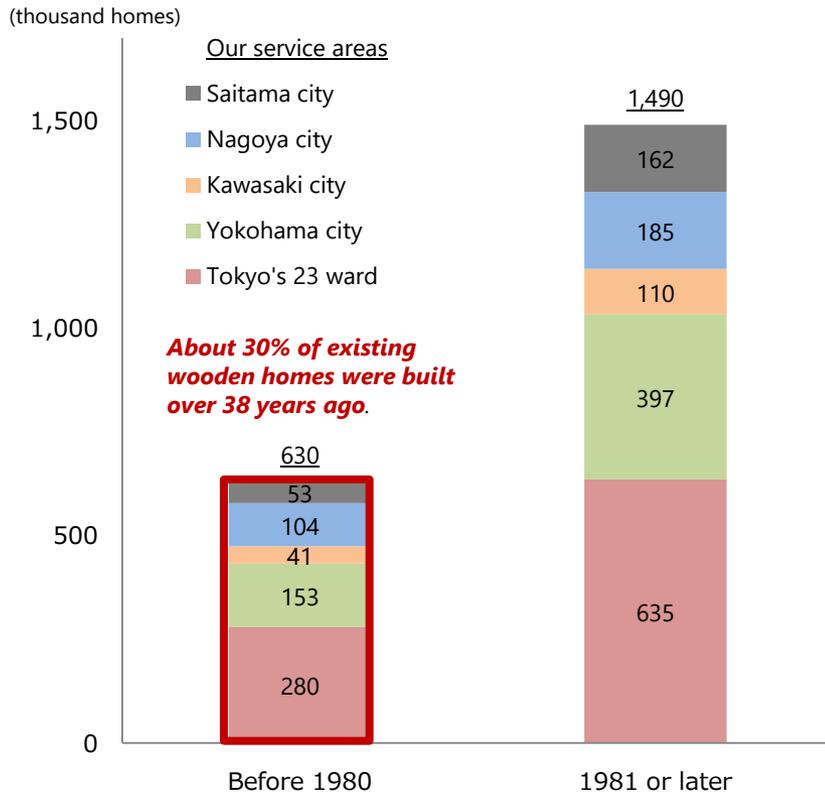
Calculated by dividing number of properties delivered in each period of the Group by the number of construction starts by area in each year.

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

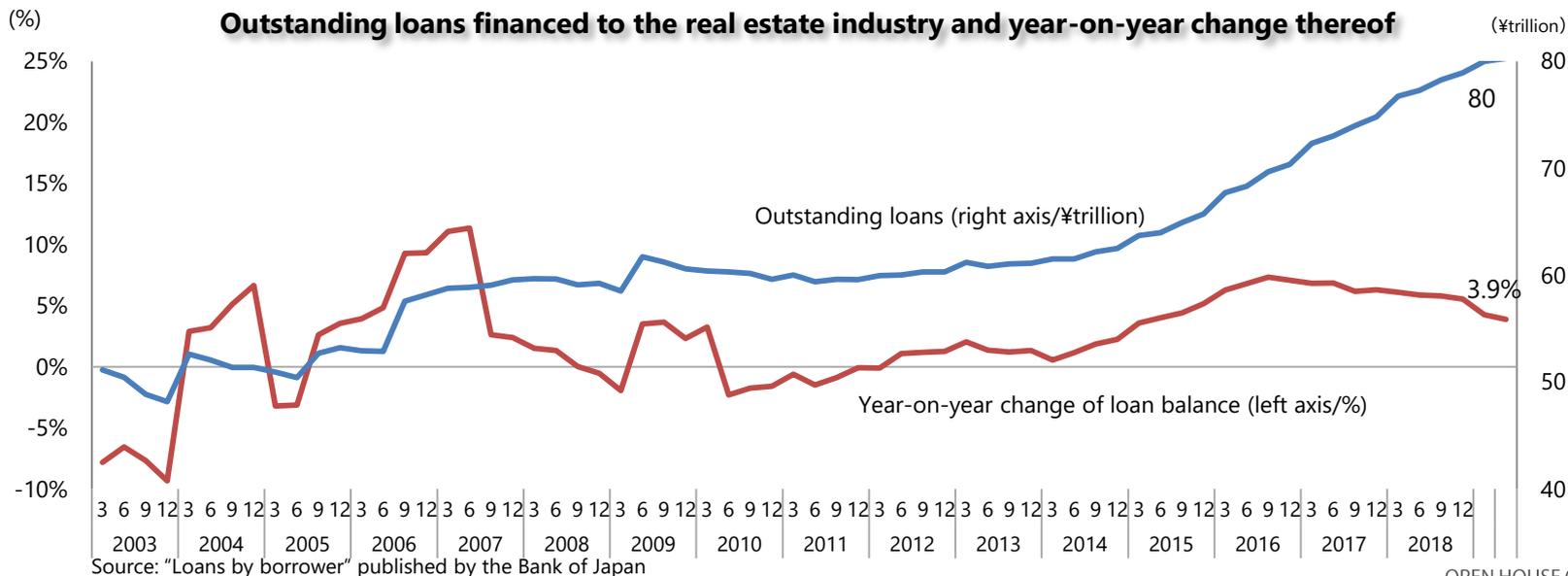
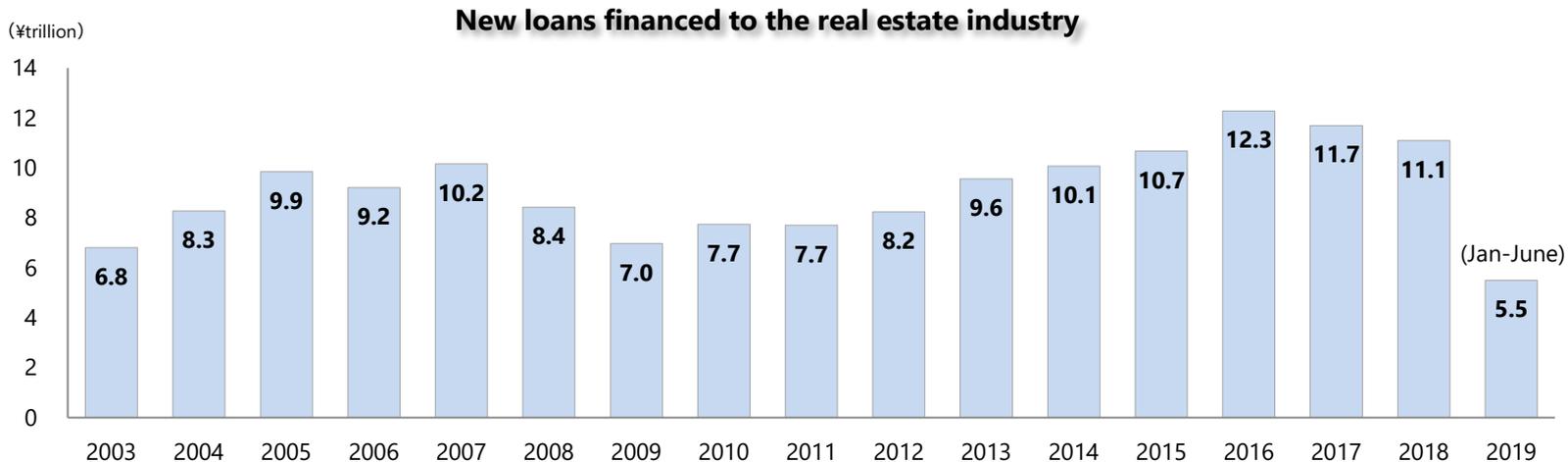
- The average age of homes rebuilt in Japan is **37.0 years.** *1
- The average site area per single-family home lot in Tokyo's 23 wards in 1988 was **40.3 tsubo** (1,431.6 sq. ft). *2
- The average site area of single-family homes developed by Open House is **17-18 tsubo** (600-640 sq. ft), enabling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

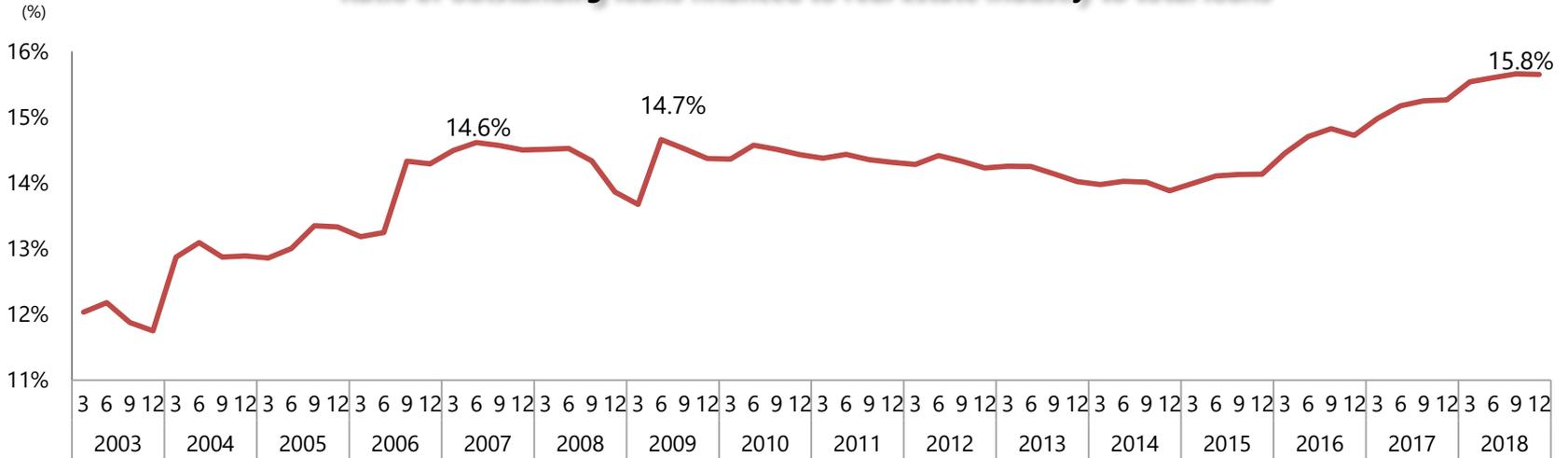
*2 "Housing and Land Survey in 1988" by the Ministry of Internal Affairs and Communications

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



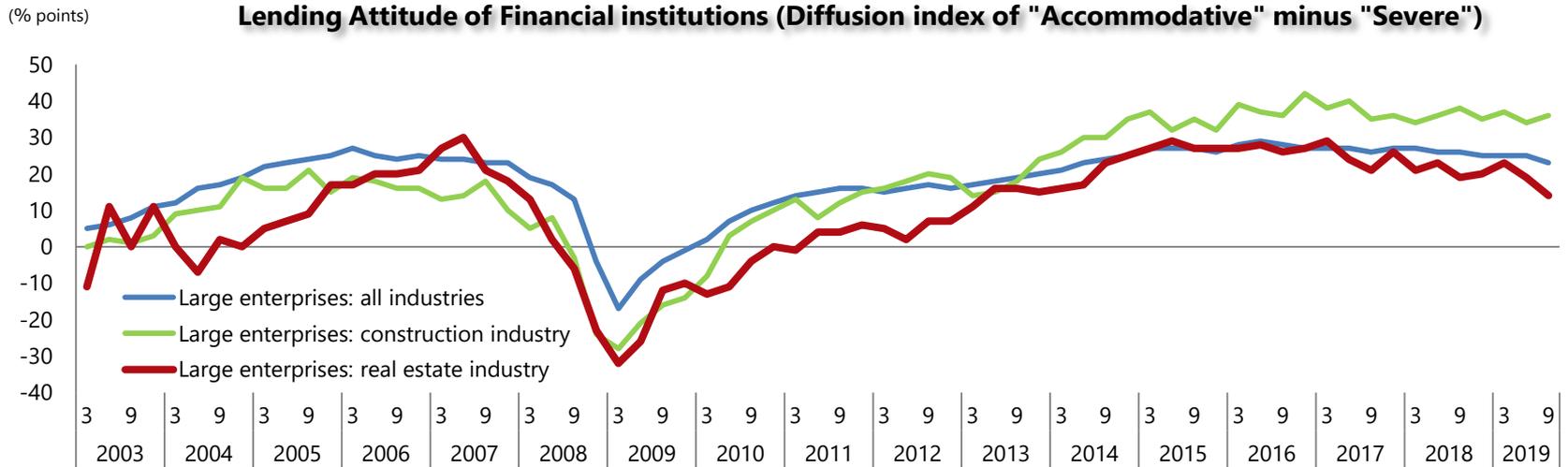
The ratio of outstanding loans financed to the real estate industry to total loans has increased

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



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

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

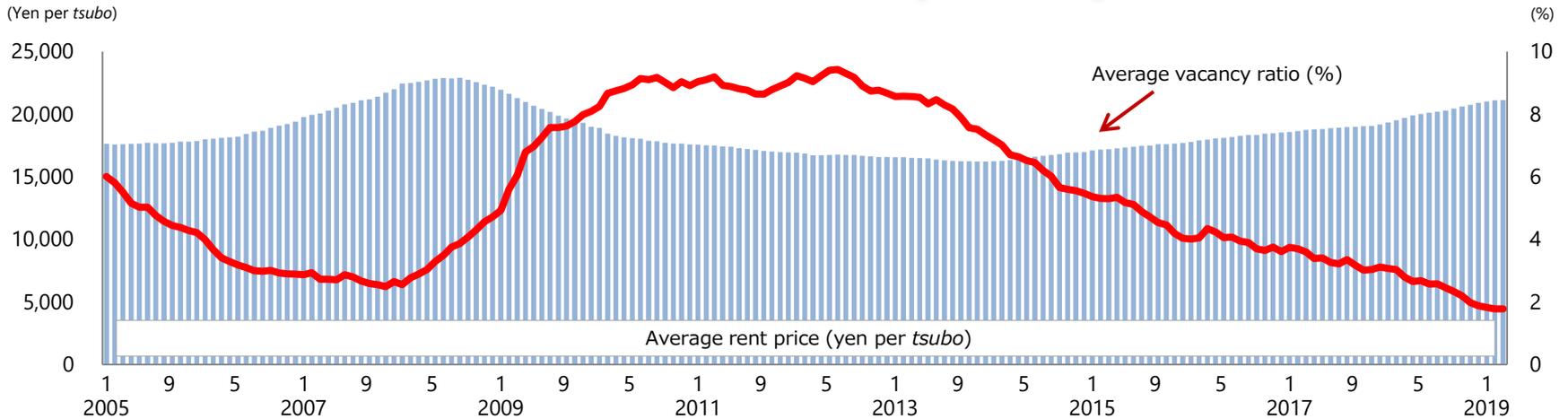


Source: "Short-Term Economic Survey of Enterprises in Japan" published by the Bank of Japan



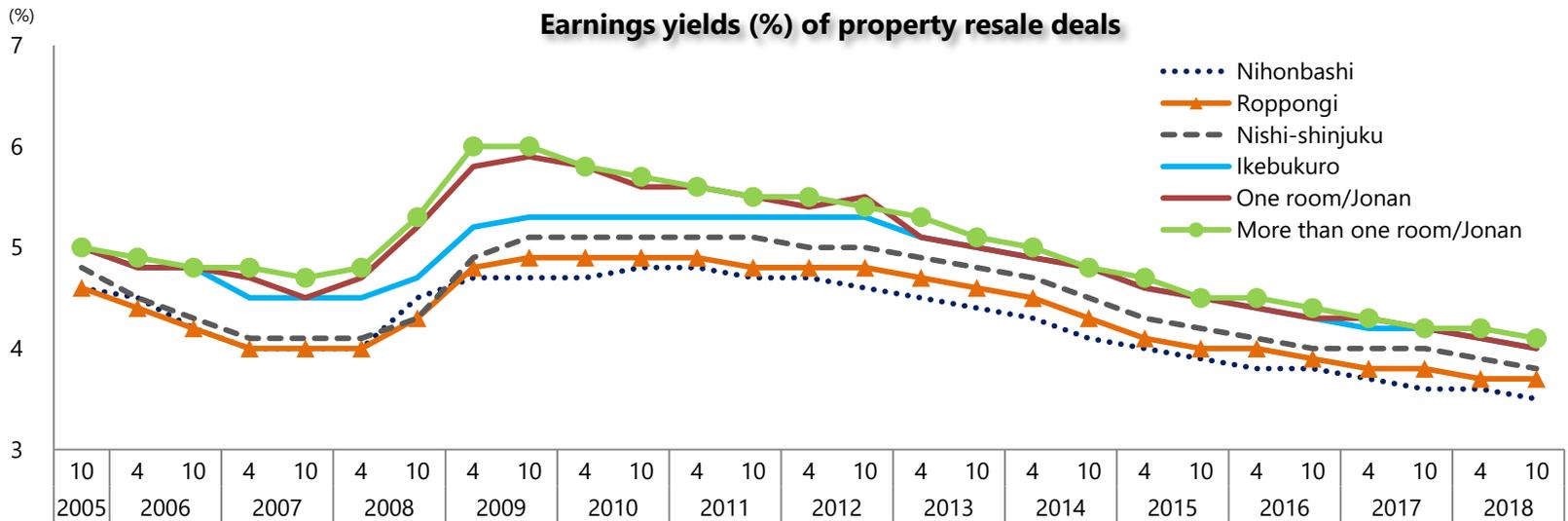
Demand for property resale transactions is strong as shown by an increase in rent price and a decline in returns from property resale transactions

Trends of office rentals and vacancy ratios in Tokyo



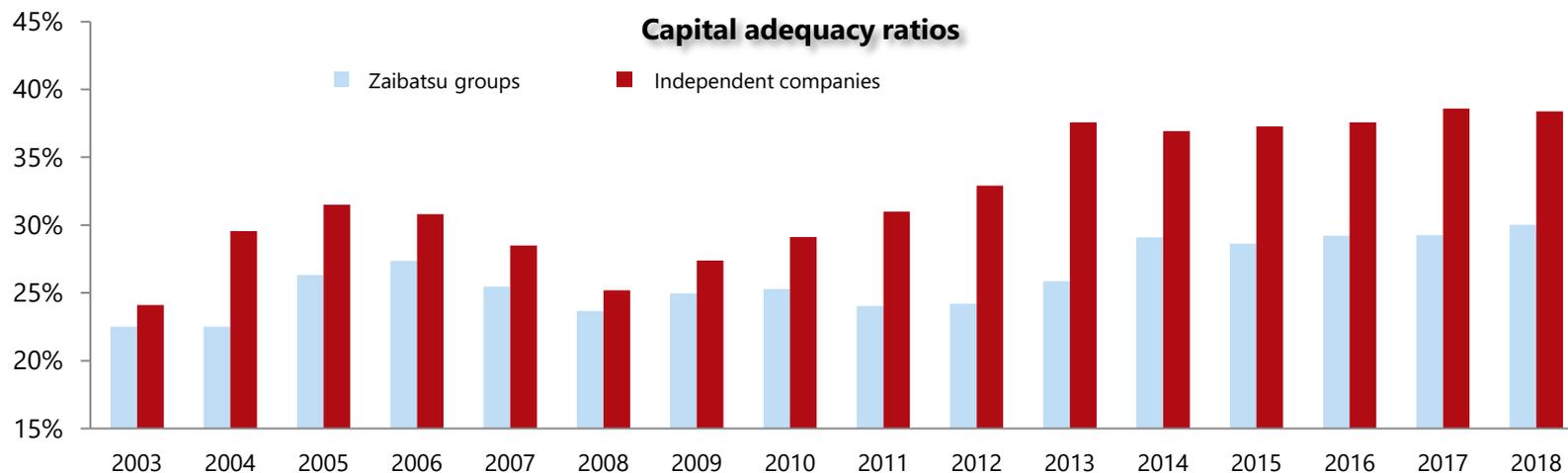
Source: MIKI OFFICE REPORT TOKYO

Earnings yields (%) of property resale deals



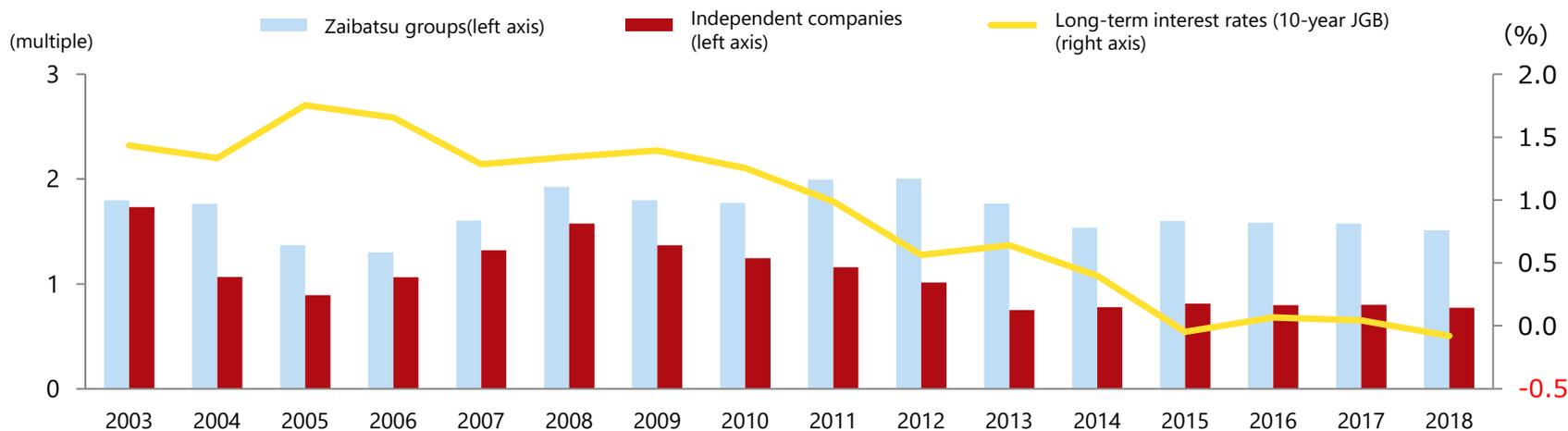
Source: Japan Real Estate Institute, "The Japanese Real Estate Investor Survey"

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



Note: "Zaibatsu" means a financial conglomerate

Net debt-equity ratios and long-term interest rates

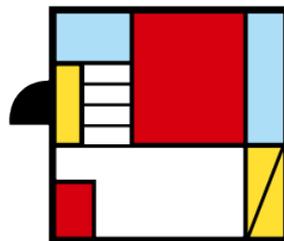


Companies surveyed: Seven real estate companies of zaibatsu groups, and 25 independent companies which are listed on the real estate industry of the Tokyo Stock Exchange and hold total assets of ¥ 100 billion or above

Long-term interest rates: Actuals as of March 31 of every year, Net debt-equity ratio: $(\text{Borrowing} + \text{Corporate bonds} - \text{Cash/deposits}) / \text{Net assets}$

Source: Weighted average numbers calculated based on the actual figures reported in companies' annual security reports

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HOUSE**

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