

**OPEN
HOUSE**

Consolidated Financial Highlights
for the Fiscal Year Ended September 30, 2020
(2019/10-2020/9)

OPEN HOUSE CO., LTD.
[3288 TSE]



JPX-NIKKEI 400
2017-2019



FY2020 Topics

Business performance < FY2020 >

■ Record high revenue and income for the eighth consecutive year

| | | |
|---|------------------------------|-----------------------------|
| Revenue: | ¥ 575.9 billion [6.6% YOY] | / Forecast: ¥ 570.0 billion |
| Operating income: | ¥ 77.3 billion [40.8% YOY] | / Forecast: ¥ 77.0 billion |
| Profit attributable to owners of parent : | ¥ 59.4 billion [51.0% YOY] | / Forecast: ¥ 59.0 billion |

Performance forecasts < FY2021 >

■ The Company forecasts further record highs for the ninth consecutive year with 10% growth in both revenue and operating income

(The forecast is based on the assumption that Pressance Corporation is an equity-method affiliate)

| | |
|---|-------------------------------|
| Revenue: | ¥ 634.0 billion [10.1% YOY] |
| Operating income: | ¥ 69.0billion [11.1% YOY] |
| Profit attributable to owners of parent : | ¥ 50.0billion [(16.0)% YOY] |

M&A

■ Aiming to make Pressance Corporation a consolidated subsidiary

Early achievement of synergies through credit enhancement and stabilized financing
Announcement of the launch of TOB and underwriting of third-party allotment of new shares. Pressance Corporation continues to be listed on TSE

Mid-term Business Plan

■ "Ikouze 1 cho!, 2023"

— "Jump to 1 trillion, 2023" from "Hop Step 5000"

■ Aiming for revenue of 1 trillion yen in the fiscal year ending September, 2023



FY2020 Consolidated Summary

Overview of Consolidated Income Statement

- ☑ Record high revenue and income for the eighth consecutive year
- ☑ In line with the acquisition of shares of Pressance Corporation, the Company posted 17,786 million yen in earnings of affiliates under the equity method.

(Million yen)

| | FY2019 <2018/10-2019/09> | | FY2020 <2019/10-2020/09> | | Inc.(Dec.) |
|--|-----------------------------|--------------|-----------------------------|--------------|------------|
| | Actual | % of revenue | Actual | % of revenue | |
| Revenue | 540,376 | — | 575,951 | — | 6.6% |
| Operating income | 57,781 | 10.7% | 62,129 | 10.8% | 7.5% |
| Ordinary income | 54,928 | 10.2% | 77,357 | 13.4% | 40.8% |
| Profit attributable to owners of parent | 39,407 | 7.3% | 59,491 | 10.3% | 51.0% |

Performance by segment (revenue/operating income)

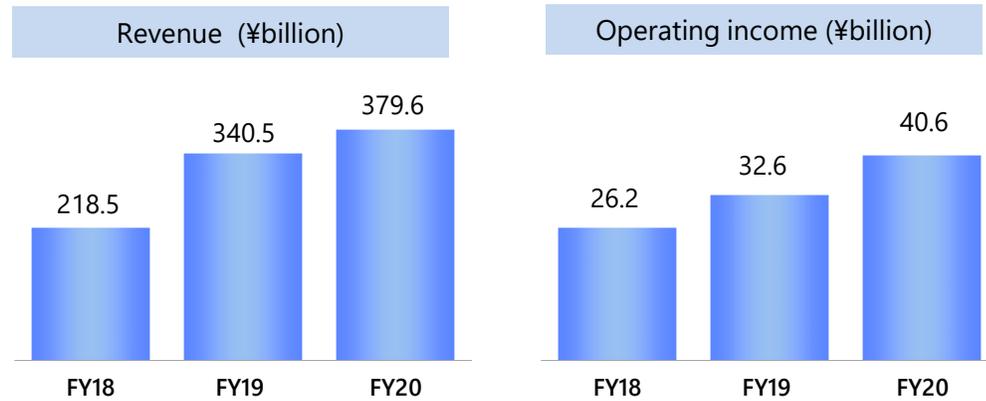
- ☑ The single-family homes related business boosted operating results, while all other segments also achieved planned performance..

(Million yen)

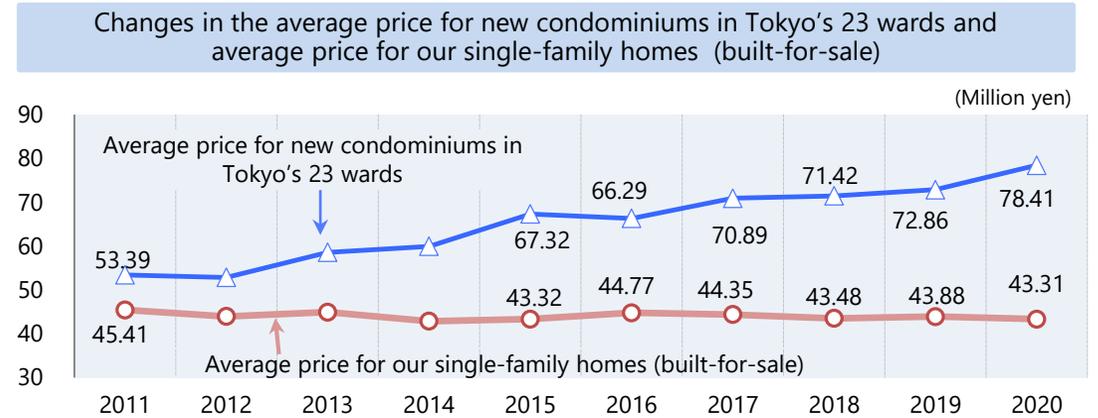
| | FY2019 <2018/10-2019/09> | | FY2020 <2019/10-2020/09> | | Inc.(Dec.) |
|--|-----------------------------|--------------|-----------------------------|--------------|------------|
| | Actual | Ratio | Actual | Ratio | |
| Revenue | 540,376 | 100.0% | 575,951 | 100.0% | 6.6% |
| Single-family homes related business | 340,528 | 63.0% | 379,656 | 65.9% | 11.5% |
| Condominiums | 60,956 | 11.3% | 58,169 | 10.1% | (4.6)% |
| Property resales | 108,410 | 20.1% | 112,207 | 19.5% | 3.5% |
| Others (including U.S. real estate business) | 30,538 | 5.7% | 26,027 | 4.5% | (14.8)% |
| Adjustments | (57) | — | (110) | — | — |
| | Actual | % of revenue | Actual | % of revenue | Inc.(Dec.) |
| Operating Income | 57,781 | 10.7% | 62,129 | 10.8% | 7.5% |
| Single-family homes related business | 32,620 | 9.6% | 40,677 | 10.7% | 24.7% |
| Condominiums | 10,815 | 17.7% | 9,608 | 16.5% | (11.2)% |
| Property resales | 11,487 | 10.6% | 10,485 | 9.3% | (8.7)% |
| Others (including U.S. real estate business) | 3,777 | 12.4% | 2,314 | 8.9% | (38.7)% |
| Adjustments | (920) | — | (956) | — | — |

Single-family homes related business as a whole

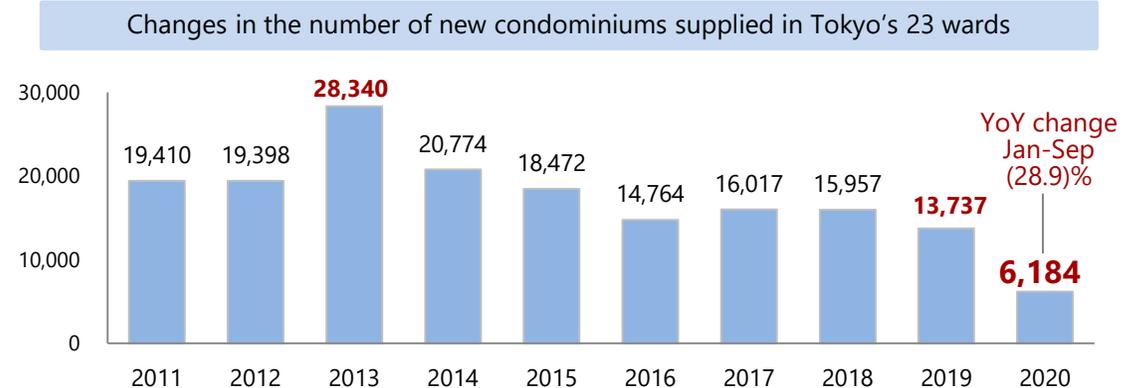
- ☑ In addition to an increase in price and a decline in the number of new condominiums supplied, the percentage of compact condominiums has been on the rise.
- ☑ Amid the promotion of a new lifestyle, families tend to have higher demand for single-family homes.



| | FY2018 17/10-18/9 | FY2019 18/10-19/9 | FY2020 19/10-20/9 | Inc. (Dec.) |
|-----------------------------|----------------------|----------------------|----------------------|----------------|
| Revenue (¥million) | 218,540 | 340,528 | 379,656 | 11.5% |
| Gross profit(¥million) | 39,338 | 52,565 | 60,709 | 15.5% |
| Gross profit margin | 18.0% | 15.4% | 16.0% | 0.6pt |
| Operating income (¥million) | 26,276 | 32,620 | 40,677 | 24.7% |
| Operating income margin | 12.0% | 9.6% | 10.7% | 1.1pt |



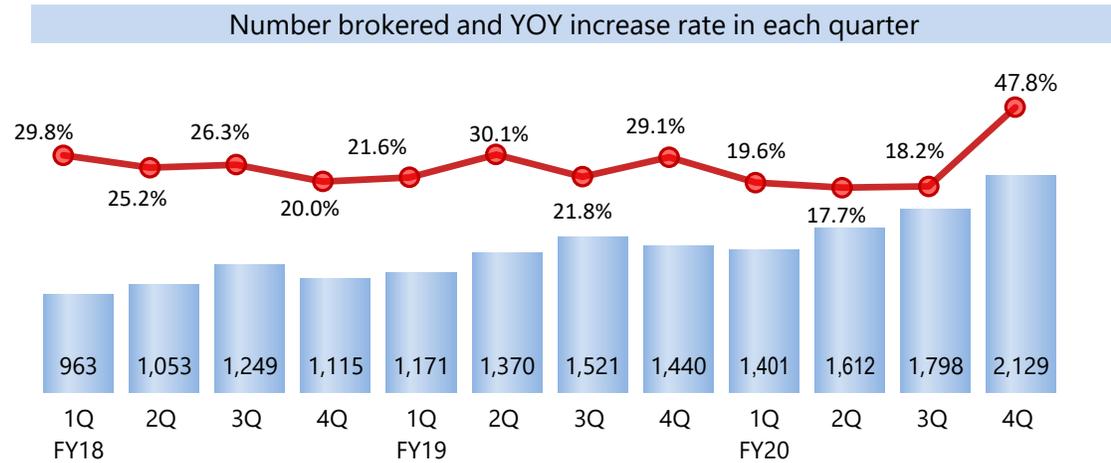
Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period Oct-Sep. Condominium prices for 2020 are for the Jan-Sep period.
 Prices of our homes for 2020 are for the Oct 2019-Sep 2020 period in Tokyo metropolitan area.



Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: : calendar-year basis for the Jan-Dec period, Jan-Sep for FY2020 only

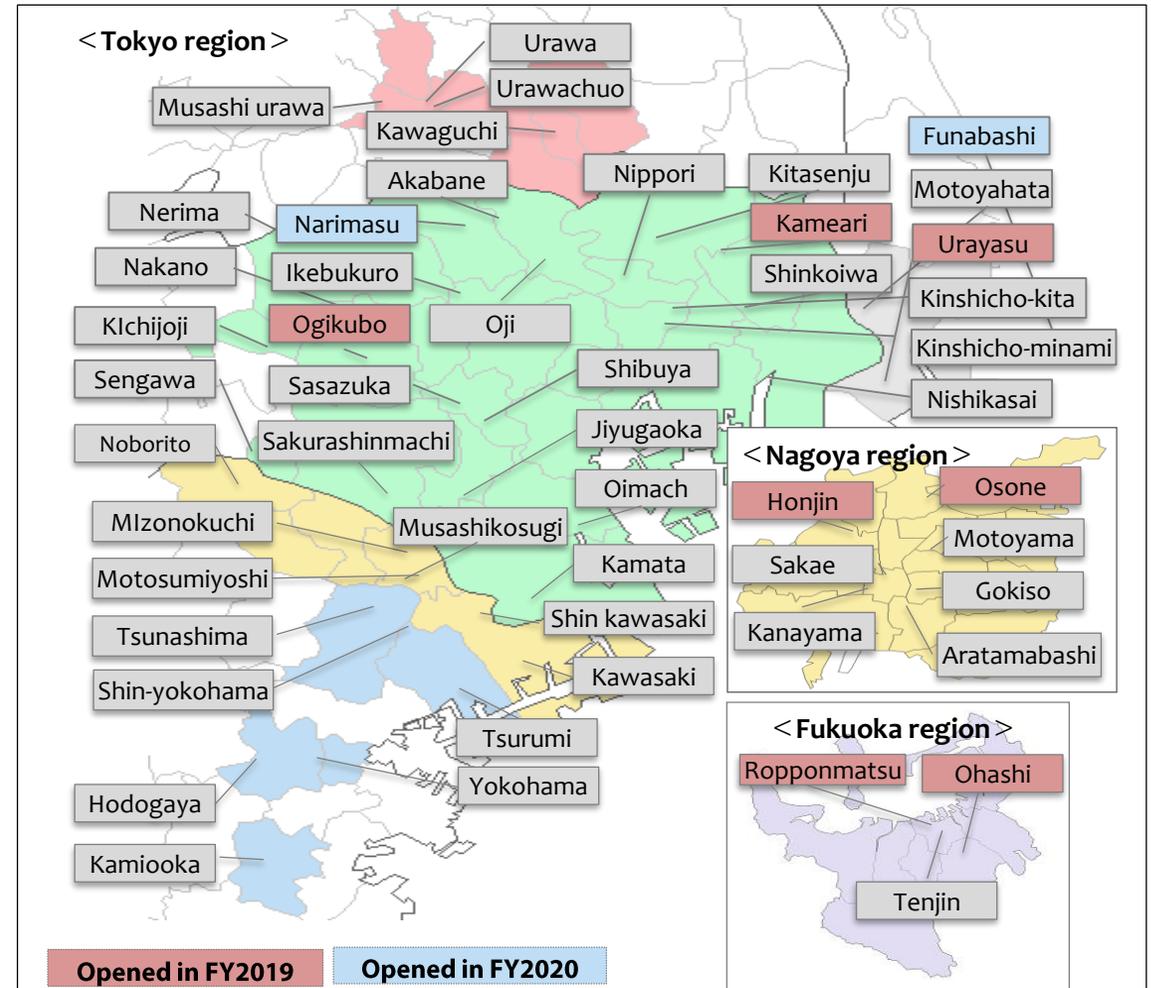
Single-family homes related business (Open House-brokerage)

- ☑ The number of brokerage transactions in the fourth quarter increased 47.8% year on year.
- ☑ The Company opened seven new sales centers in FY2020 and intends to add two more in FY2021 in order to operate a total of 51 sales centers.



No. of sales centers of each area

| | FY2018 17/10-18/9 | FY2019 18/10-19/9 | FY2020 19/10-20/9 | As of 2020.11.13 |
|---------------------|----------------------|----------------------|----------------------|---------------------|
| Tokyo | 17 | 19 | 21 | 22 |
| Kanagawa Prefecture | 10 | 12 | 12 | 12 |
| Aichi Prefecture | 3 | 5 | 7 | 7 |
| Saitama Prefecture | 2 | 4 | 4 | 4 |
| Fukuoka Prefecture | — | 1 | 3 | 3 |
| Chiba Prefecture | — | 1 | 2 | 3 |
| Total | 32 | 42 | 49 | 51 |



Single-family homes related business (Living in Times of Coronavirus)

Nature of our products/services in our single-family homes related business matches needs of new lifestyle



**Teleconferencing
(working from home)**



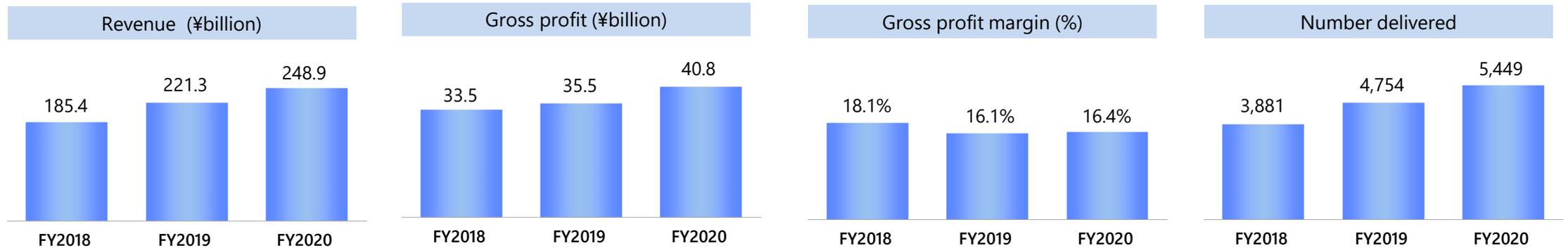
**Meal delivery service
(having a good time at home)**

New lifestyle
Working from home
Having a good time at home
➔ Increase in time staying at home

**Videos, games etc.
(having a good time at home)**

Single-family homes related business (Open House Development)

☑ Steady growth in full-year results despite the novel coronavirus outbreak

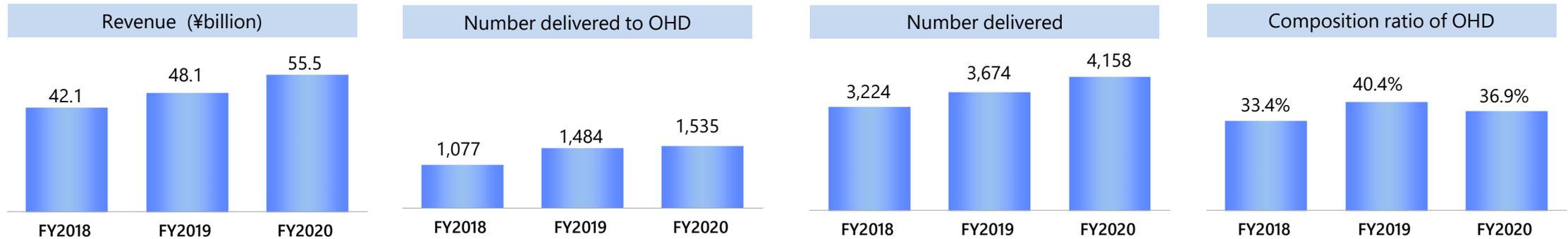


| Single-family homes | FY2018 17/10-18/9 | FY2019 18/10-19/9 | FY2020 19/10-20/9 | Inc. (Dec.) |
|--|----------------------|----------------------|----------------------|----------------|
| Revenue (¥million) | 185,411 | 221,314 | 248,980 | 12.5% |
| Gross profit (¥million) | 33,586 | 35,598 | 40,846 | 14.7% |
| Gross profit margin | 18.1% | 16.1% | 16.4% | 0.3pt |
| Number delivered (built-for-sale houses + lands) | 3,881 | 4,754 | 5,449 | 695 |

| By type of sale | | FY2018 17/10-18/9 | FY2019 18/10-19/9 | FY2020 19/10-20/9 | Inc. (Dec.) |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| Built-for-sale houses | Revenue (¥million) | 70,222 | 98,706 | 116,697 | 18.2% |
| | Number delivered | 1,627 | 2,296 | 2,804 | 508 |
| | Unit Price(¥million) | 43.2 | 43.0 | 41.6 | (1.4) |
| Lands | Revenue (¥million) | 97,799 | 100,100 | 108,061 | 8.0% |
| | Number delivered | 2,254 | 2,458 | 2,645 | 187 |
| | Unit Price(¥million) | 43.4 | 40.7 | 40.9 | 0.1 |
| Built-to-order houses | Revenue (¥million) | 16,805 | 21,907 | 23,622 | 7.8% |
| | Number delivered | 1,182 | 1,555 | 1,597 | 42 |
| | Unit Price(¥million) | 14.2 | 14.1 | 14.8 | 0.7 |
| Others | Revenue (¥million) | 583 | 600 | 599 | (0.1)% |

Single-family homes related business (Open House Architect)

- Steady growth in the number of contracts with corporations in the Tokyo metropolitan area and established No.1 position for the number of properties delivered under single-family homes construction contracts with corporations in the area



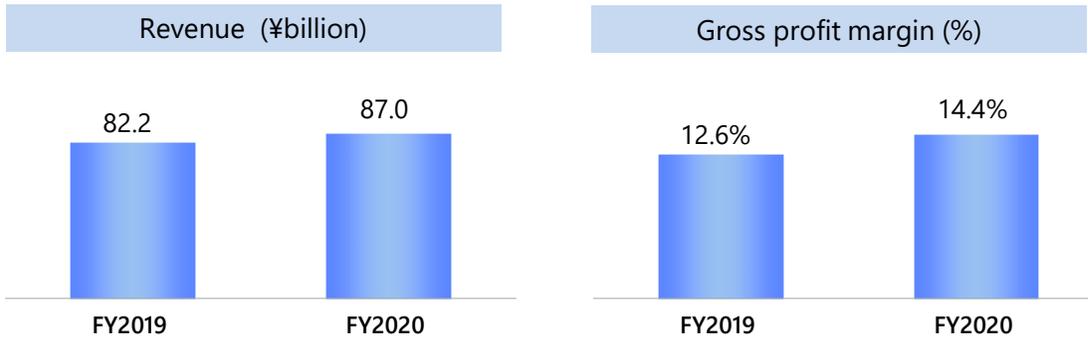
| | FY2018 17/10-18/9 | FY2019 18/10-19/9 | FY2020 19/10-20/9 | Inc. (Dec.) |
|-------------------------|----------------------|----------------------|----------------------|----------------|
| Revenue (¥million) | 42,130 | 48,187 | 55,508 | 15.2% |
| Gross profit (¥million) | 4,687 | 5,307 | 6,235 | 17.5% |
| Gross profit margin | 11.1% | 11.0% | 11.2% | 0.2pt |
| Number delivered * | 3,224 | 3,674 | 4,158 | 484 |
| Number delivered to OHD | 1,077 | 1,484 | 1,535 | 51 |

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



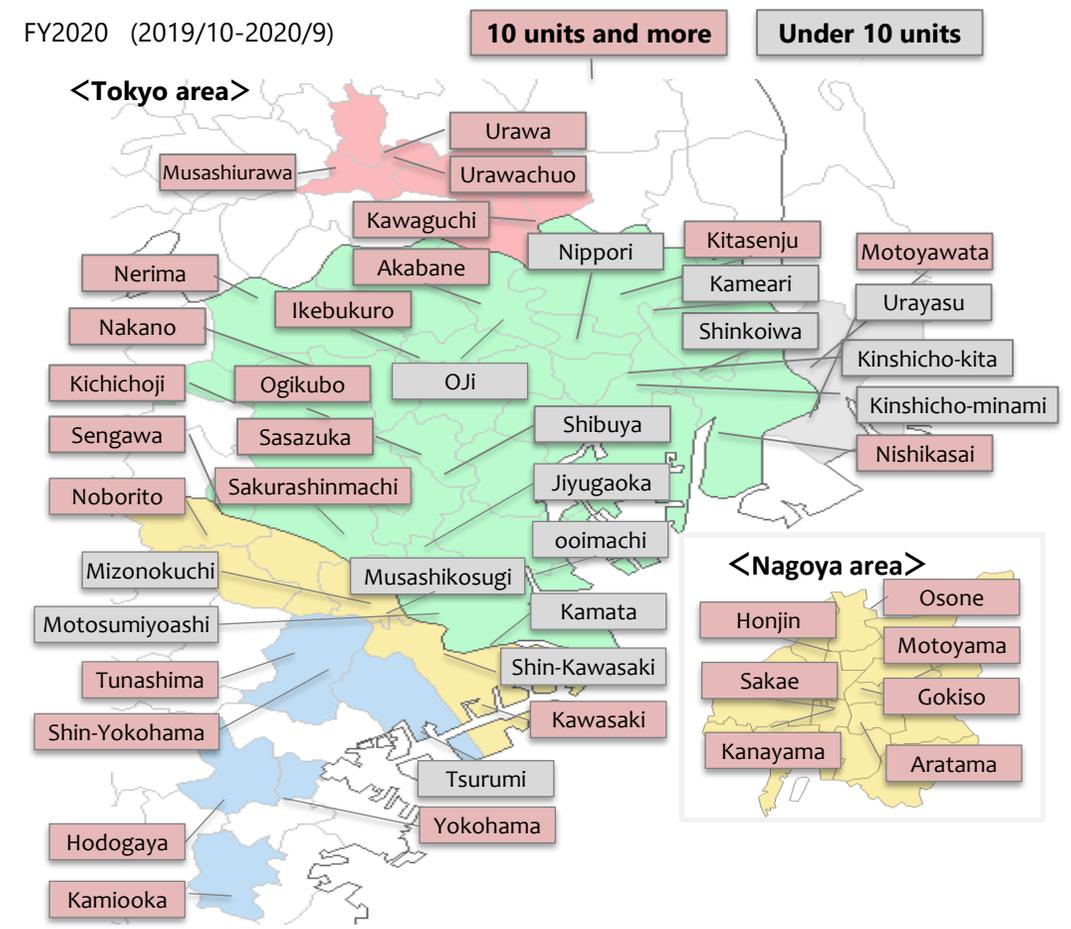
Single-Family Homes Related Business (Hawk One)

- ☑ Gross profit margin improved thanks to the effects of the improved purchasing standard.
- ☑ Increased interest in single-family homes in quasi-urban areas under the new lifestyle



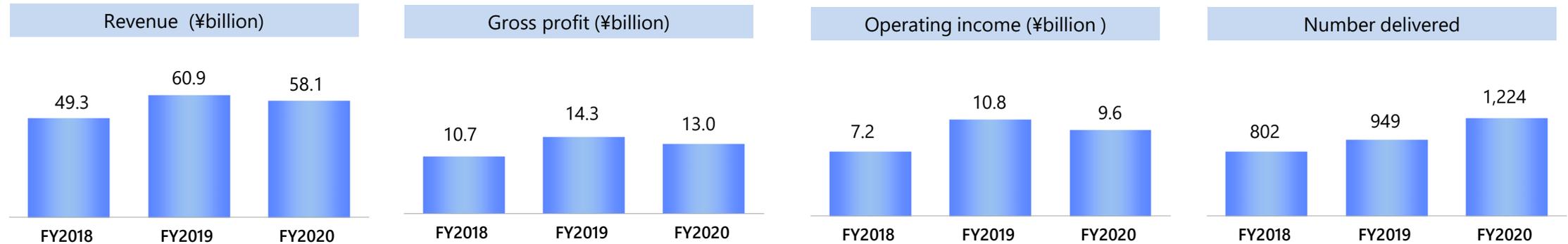
| | FY2019 18/10-19/9 | FY2020 19/10-20/9 | Inc. (Dec.) |
|---|----------------------|----------------------|----------------|
| Revenue (¥million) | 82,288 | 87,094 | 5.8% |
| Gross profit (¥million) | 10,343 | 12,508 | 20.9% |
| Gross profit margin | 12.6% | 14.4% | 1.8pt |
| Number delivered *Including Lands, Built-to-order houses | 2,105 | 2,247 | 142 |
| Number of sales *Contract basis | 2,128 | 2,477 | 349 |
| Number of Open House brokerage included above | 425 | 766 | 341 |

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



Condominiums Business

- ☑ New condominiums located in very convenient urban centers have high demand and sales are growing steadily.
- ☑ The number delivered in Nagoya surpassed that in Tokyo this fiscal year. Deliveries in Fukuoka were also executed as planned.



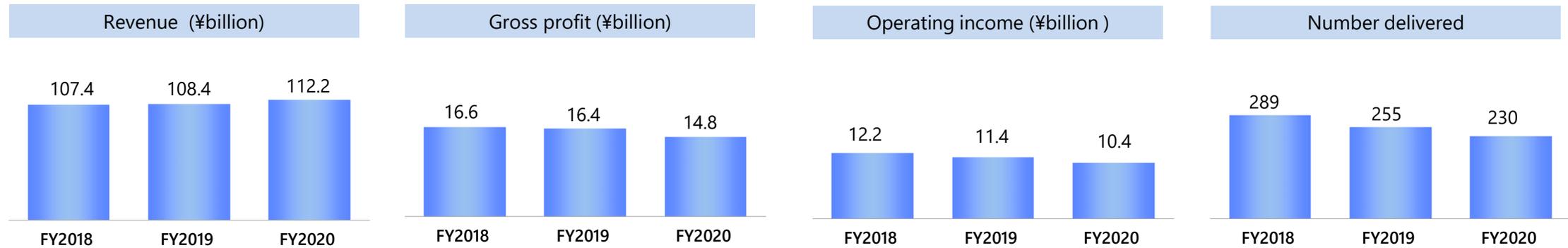
| | FY2018 17/10-18/9 | FY2019 18/10-19/9 | FY2020 19/10-20/9 | Inc. (Dec.) |
|-----------------------------|----------------------|----------------------|----------------------|----------------|
| Revenue (¥million) | 49,385 | 60,956 | 58,169 | (4.6)% |
| Gross profit (¥million) | 10,732 | 14,380 | 13,009 | (9.5)% |
| Gross profit margin | 21.7% | 23.6% | 22.4% | (1.2)pt |
| Operating income (¥million) | 7,230 | 10,815 | 9,608 | (11.2)% |
| Operating income margin | 14.6% | 17.7% | 16.5% | (1.2)pt |
| Number delivered | 802 | 949 | 1,224 | 275 |
| Unit price(¥million) | 61.5 | 63.9 | 47.3 | (16.6) |

— Major condominiums delivered in FY2020 —

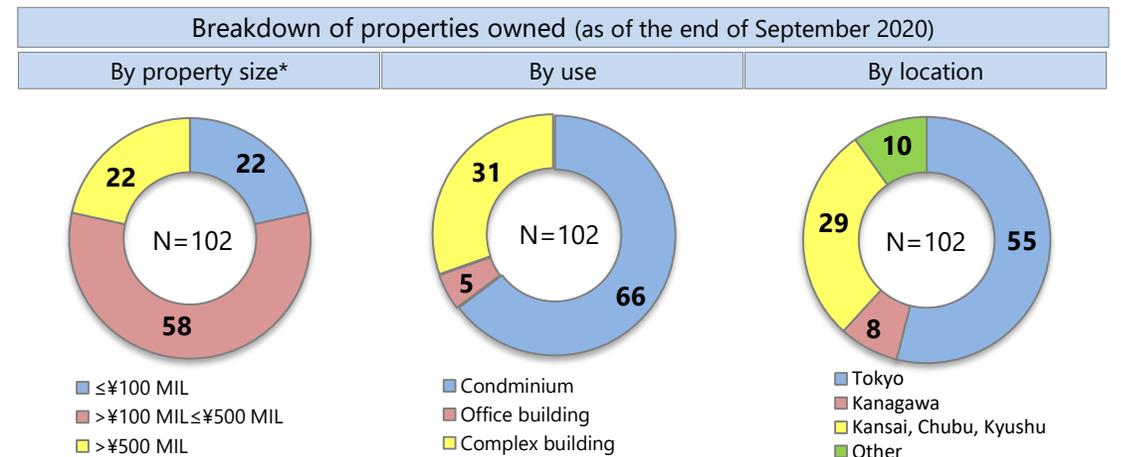
| Name | Units | Average price |
|---|-------|---------------|
| Open Residencia Yotsuya (Tokyo) | 21 | ¥90million |
| Open Residencia Yoyogi-koen (Tokyo) | 38 | ¥90million |
| Open Residencia Sakurayama (Nagoya) | 36 | ¥40million |
| Open Residencia Shirokibara Station Front (Fukuoka) | 103 | ¥30million |

Property Resales Business

- ☑ Demand is growing steadily, backed by investors who see the current situation as a good opportunity for investments.
- ☑ Because the Company focuses on rental condominiums in metropolitan areas, there is only a minor impact from the novel coronavirus.



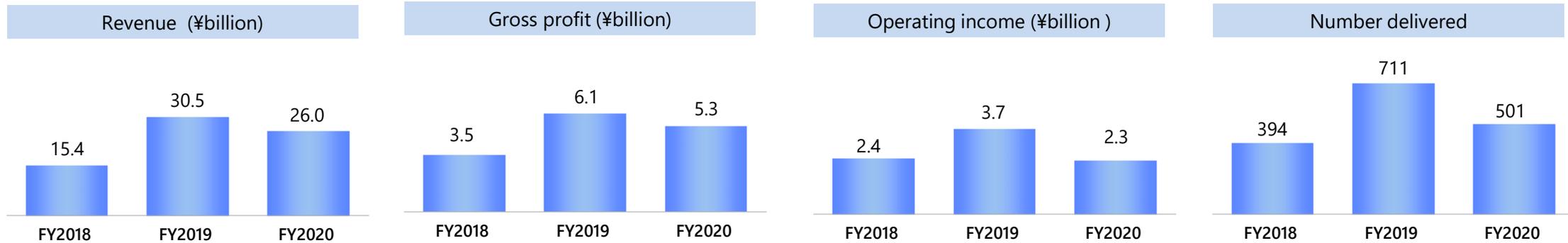
| | FY2018 17/10-18/9 | FY2019 18/10-19/9 | FY2020 19/10-20/9 | Inc. (Dec.) |
|-----------------------------|----------------------|----------------------|----------------------|----------------|
| Revenue (¥million) | 107,430 | 108,410 | 112,207 | 3.5% |
| Gross profit (¥million) | 16,633 | 16,429 | 14,892 | (9.4)% |
| Gross profit margin | 15.5% | 15.2% | 13.3% | (1.9)pt |
| Operating income (¥million) | 12,272 | 11,487 | 10,485 | (8.7)% |
| Operating income margin | 11.4% | 10.6% | 9.3% | (1.3)pt |
| Number delivered | 289 | 255 | 230 | (25) |
| Unit Price (¥million) | 372 | 413 | 478 | 66 |



* Based on book values at the end of September 2020.

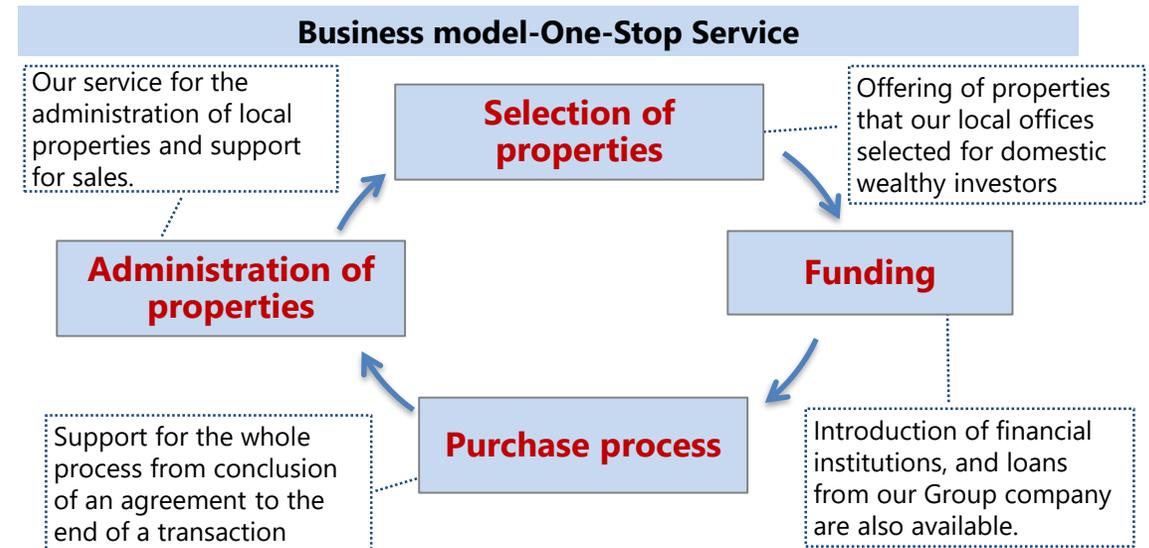
Other Segment (U.S. Real Estate Business)

- ✓ Excellent results, especially in the management of properties at local sites, have differentiated the Company from other companies.
- ✓ Sales grew steadily with net investments by both domestic corporations and individuals.



| | FY2018 17/10-18/3 | FY2019 18/10-19/3 | FY2020 19/10-20/3 | Inc. (Dec.) |
|-----------------------------------|----------------------|----------------------|----------------------|----------------|
| Revenue (¥million) | 15,409 | 30,538 | 26,027 | (14.8)% |
| Gross profit (¥million) | 3,530 | 6,127 | 5,389 | (12.0)% |
| Gross profit margin | 22.9% | 20.1% | 20.7% | 0.6pt |
| Operating income (¥million) | 2,408 | 3,777 | 2,314 | (38.7)% |
| Operating income margin | 15.6% | 12.4% | 8.9% | (3.5)pt |
| Number delivered | 394 | 711 | 501 | (210) |
| Multi family homes included above | — | 7 | 12 | 5 |

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



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

(Million yen)

| | FY2019 2018/10-2019/09 | | FY2020 2019/10-2020/09 | | Inc. (Dec.) | | FY2019 2018/10-2019/09 | | FY2020 2019/10-2020/09 | | Inc. (Dec.) |
|--------------------------|---------------------------|--------------|---------------------------|--------------|-------------|--|---------------------------|--------------|---------------------------|--------------|-------------|
| | Actual | % of revenue | Actual | % of revenue | | | Actual | % of revenue | Actual | % of revenue | |
| SG&A expenses | 31,879 | 5.9% | 32,183 | 5.6% | 304 | Non-operating income | 412 | 0.1% | 18,356 | 3.2% | 17,944 |
| Personnel expenses | 9,313 | 1.7% | 10,085 | 1.8% | 772 | Share of profit of entities accounted for using equity method* | — | — | 17,786 | 3.1% | 17,786 |
| Sales commissions | 4,886 | 0.9% | 4,265 | 0.7% | (620) | Other | 412 | 0.1% | 570 | 0.1% | 158 |
| Office expenses | 3,519 | 0.7% | 3,888 | 0.7% | 368 | Non-operating expenses | 3,265 | 0.6% | 3,128 | 0.5% | (136) |
| Advertising expenses | 2,290 | 0.4% | 2,308 | 0.4% | 18 | Interest expenses | 1,817 | 0.3% | 2,298 | 0.4% | 481 |
| Promotion expenses | 1,317 | 0.2% | 1,094 | 0.2% | (222) | Commission fee | 871 | 0.2% | 224 | 0.0% | (646) |
| Others | 10,553 | 2.0% | 10,540 | 1.8% | (12) | Other | 576 | 0.1% | 605 | 0.1% | 28 |

*Breakdown: Negative goodwill of Pressance Corporation 13,708

Profit/loss of Pressance Corporation attributable to the Company 4,077

Consolidated Balance Sheet

| | Sep 30, 2019 | Sep 30, 2020 | Inc. (Dec.) |
|-------------------------------|--------------|----------------|-------------|
| Current assets | 424,766 | 507,123 | 82,356 |
| Cash and deposits | 135,354 | 219,227 | 83,872 |
| Inventories | 250,054 | 237,287 | (12,766) |
| Others | 39,357 | 50,608 | 11,250 |
| Non-current assets | 21,106 | 61,917 | 40,811 |
| Property, plant and equipment | 4,990 | 5,010 | 20 |
| Intangible assets | 3,456 | 3,080 | (376) |
| Investments and other assets | 12,659 | 53,825 | 41,166 |
| Deferred assets | 31 | 24 | (6) |
| Total assets | 445,904 | 569,066 | 123,161 |

<Safety index>

| (times) | Sep 30, 2019 | Sep 30, 2020 | Inc. (Dec.) |
|----------------|--------------|--------------|-------------|
| D/E ratio | 1.8 | 1.2 | (0.6)pt |
| Net D/E ratio* | 0.8 | 0.2 | (0.6)pt |

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

(Million yen)

| | Sep 30, 2019 | Sep 30, 2020 | Inc. (Dec.) |
|---|--------------|----------------|-------------|
| Liabilities | 307,837 | 335,342 | 27,505 |
| Current liabilities | 162,348 | 176,713 | 14,365 |
| Non-current liabilities | 145,488 | 158,628 | 13,140 |
| Net Assets | 138,067 | 233,723 | 95,656 |
| Shareholders' equity | 138,263 | 234,666 | 96,402 |
| Valuation and translation adjustments | (196) | (942) | (746) |
| Total liabilities and net assets | 445,904 | 569,066 | 123,161 |

| | Sep 30, 2019 | Sep 30, 2020 | Inc. (Dec.) |
|--------------------|--------------|--------------|-------------|
| Equity ratio | 30.9% | 41.0% | 10.1pt |
| Net equity ratio** | 44.4% | 66.7% | 22.4pt |

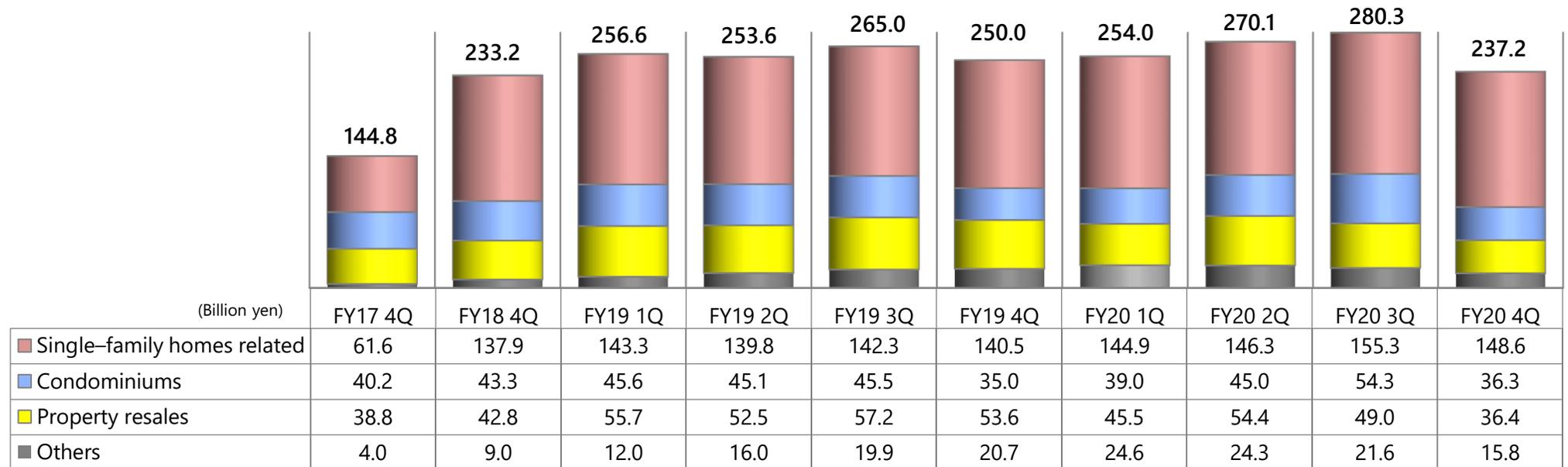
** Net equity ratio : Equity ratio / (total assets – cash & deposits)



Inventory Details

(Million yen)

| | End of FY2017 (Sep 30, 2017) | End of FY2018 (Sep 30, 2018) | End of FY2019 (Sep 30, 2019) | End of FY2020 (Sep 30, 2020) | (Ratio) | Inc. (Dec.) |
|-----------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------|-----------------|
| Single-family homes related | 61,667 | 137,991 | 140,560 | 148,676 | 62.7% | 8,115 |
| Condominiums | 40,291 | 43,322 | 35,065 | 36,339 | 15.3% | 1,273 |
| Property resales | 38,871 | 42,873 | 53,691 | 36,445 | 15.4% | (17,246) |
| Others | 4,064 | 9,084 | 20,735 | 15,825 | 6.7% | (4,909) |
| Total | 144,894 | 233,272 | 250,054 | 237,287 | 100.0% | (12,766) |



Consolidated Statement of Cash Flows

(Million yen)

| | FY2019 <2018/10-2019/3> | FY2020 <2019/10-2020/3> | Major factors |
|--|----------------------------|----------------------------|---|
| Cash flows from operating activities | 14,344 | 48,793 | <ul style="list-style-type: none"> - Recording of profit before income taxes (No effect on Share of profit/loss of entities accounted for using equity method) - Decrease in inventories - Income taxes paid, etc. |
| Cash flows from investing activities | (4,800) | (24,054) | <ul style="list-style-type: none"> - Purchase of shares of subsidiaries and associates, etc. |
| Cash flows from financing activities | 7,186 | 59,430 | <ul style="list-style-type: none"> - Issuance of common shares - Sales of treasury shares - Increase in borrowings. - Cash dividends paid, etc. |
| Effect of exchange rate changes on cash and cash equivalents | (364) | (296) | |
| Net increase (decrease) in cash and cash equivalents | 16,366 | 83,872 | |
| Cash and cash equivalents at beginning of period | 118,978 | 135,345 | |
| Cash and cash equivalents at end of period | 135,345 | 219,218 | |



Consolidated Business Performance Forecasts for FY2021

Business Performance Forecasts

- ☑ Record high revenue and operating income for the ninth consecutive year, ¥8.00 increase of shareholder return, 22.1% of payout ratio
- ☑ The forecast is based on the assumption that Pressance Corporation is an equity-method affiliate.

(Million yen)

| | FY2019 (2018/10-2019/9) | | FY2020 (2019/10-2020/9) | | FY2021 (2020/10-2021/9) | |
|---|----------------------------|-------------|----------------------------|-------------|----------------------------|-------------|
| | Actual | Inc. (Dec.) | Actual | Inc. (Dec.) | Forecast | Inc. (Dec.) |
| Revenue | 540,376 | 38.3% | 575,951 | 6.6% | 634,000 | 10.1% |
| Operating income | 57,781 | 22.1% | 62,129 | 7.5% | 69,000 | 11.1% |
| Ordinary income | 54,928 | 19.3% | 77,357 | 40.8% | 70,000 | (9.5)% |
| Profit attributable to owners of parent | 39,407 | 23.9% | 59,491 | 51.0% | 50,000 | (16.0)% |
| EPS* (yen) | 351.22 | — | 525.36 | — | 397.40 | — |
| Annual dividends per share* (yen) | 63.00 | 14.00 | 80.00 | 17.00 | 88.00 | 8.00 |
| Payout ratio | 17.9% | — | 15.2% | — | 22.1% | — |

* The dividend payout ratio excluding profit earned through the acquisition of Pressance Corporation's shares is **21.7%**



Consolidated Business Performance Forecasts (Revenue by Business Segment)

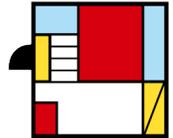
Aiming to expand business results centering around the single-family homes related business amid a new lifestyle

(Million yen)

| | FY2019 (2018/10-2019/9) | | FY2020 (2019/10-2020/9) | | FY2021 (2020/10-2021/9) | |
|---|----------------------------|-------------|----------------------------|-------------|----------------------------|-------------|
| | Actual | Inc. (Dec.) | Actual | Inc. (Dec.) | Forecast | Inc. (Dec.) |
| Revenue | 540,376 | 38.3% | 575,951 | 6.6% | 634,000 | 10.1% |
| Single-family homes related business | 340,528 | 63.0% | 379,656 | 11.5% | 436,500 | 15.0% |
| Condominiums | 60,956 | 11.3% | 58,169 | (4.6)% | 46,500 | (20.1)% |
| Property resales | 108,410 | 20.1% | 112,207 | 3.5% | 112,500 | 0.3% |
| Others (including U.S. real estate business) | 30,538 | 5.7% | 26,027 | (14.8)% | 38,500 | 47.9% |
| Adjustments | (57) | — | (110) | — | — | — |

Consolidated Business Performance Forecasts (Revenue by Sub-business Segment/Number delivered)

| | | Revenue (¥billion) | | | Number delivered | | | |
|----------------------------------|-----------------------|----------------------------------|----------------------------------|------------------------------------|-----------------------------------|----------------------------------|------------------------------------|--------------|
| | | FY2019 (18/10-19/9) Actual | FY2020 (19/10-20/9) Actual | FY2021 (20/10-21/9) Forecast | | | | |
| | | | | | FY2019 (18/10-19/9) Actual | FY2020 (19/10-20/9) Actual | FY2021 (20/10-21/9) Forecast | |
| Open House Development | Built-for-sale houses | 98.7 | 116.6 | 136.5 | Built-for-sale houses | 2,296 | 2,804 | 3,350 |
| | Lands | 100.1 | 108.0 | 129.5 | Lands | 2,458 | 2,645 | 3,400 |
| | Built-to-order houses | 21.9 | 23.6 | 26.0 | Built-to-order houses | 1,555 | 1,597 | 1,750 |
| Open House Architect | | 48.1 | 55.5 | 65.0 | Built-to-order houses | 3,674 | 4,158 | 4,540 |
| | | | | | Number delivered to OHD | 1,484 | 1,535 | 1,800 |
| Hawk One | | 82.2 | 87.0 | 96.3 | Built-for-sale houses | 1,989 | 2,063 | 2,200 |
| | Lands | | | | 66 | 145 | 240 | |
| | Built-to-order houses | | | | 50 | 39 | 110 | |
| Condominiums | | 60.9 | 58.1 | 46.5 | Units | 949 | 1,224 | 1,120 |
| Property resales | | 108.4 | 112.2 | 112.5 | Buildings | 255 | 230 | 250 |
| U.S. real estate business | | 30.5 | 26.0 | 38.5 | Homes | 711 | 501 | 870 |
| | | | | | multi family homes included above | 7 | 12 | 20 |



**OPEN
HOUSE**

M&A

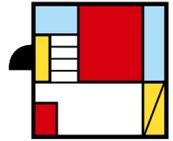
Strengthening capital relationship with Pressance Corporation

- The Company will provide credit enhancement by strengthening its capital ties with Pressance Corporation to ensure sustained business operations.
- Aiming to expand our group's scope of business as a whole through synergies by making both regions and products complementary, and from further product development, etc.



| | | |
|-------------------------------|---|---|
| Complementary Areas | <ul style="list-style-type: none"> ■ Strong in the Tokyo metropolitan area Operating in the Tokyo metropolitan area, Osaka, Nagoya, Fukuoka | <ul style="list-style-type: none"> ■ Strong in the Kinki, Tokai and Chukyo regions |
| Complementary Products | <ul style="list-style-type: none"> ■ Single-family homes ■ Condominiums ■ property resales ■ U.S. real estate | <ul style="list-style-type: none"> ■ Condominiums for investment ■ Condominiums for families ■ Management of condominiums |
| Major Synergies | <ul style="list-style-type: none"> ■ Single-family home business to tap into Kansai region → Estimated market size: 1.2 trillion yen ■ Develop a business line of new condominiums for investment in the Tokyo metropolitan area → Estimated market size: 181.7 billion yen ■ Develop a real estate fund business managing primarily residential properties → J-REIT is also in sight | |

For more details of the above, please refer to "Notice Concerning Execution of Agreement Concerning Amendments, etc. to Capital and Business Alliance Agreement with Pressance Corporation Co., Ltd., Commencement of Tender Offer against Pressance Corporation Co., Ltd. Shares (Securities Code: 3254) and Subscription of Capital Increase through Third-Party Allotment" released on November 13, 2020.



**OPEN
HOUSE**

The Second Mid-term Business Plan

The Second Mid-term Business Plan

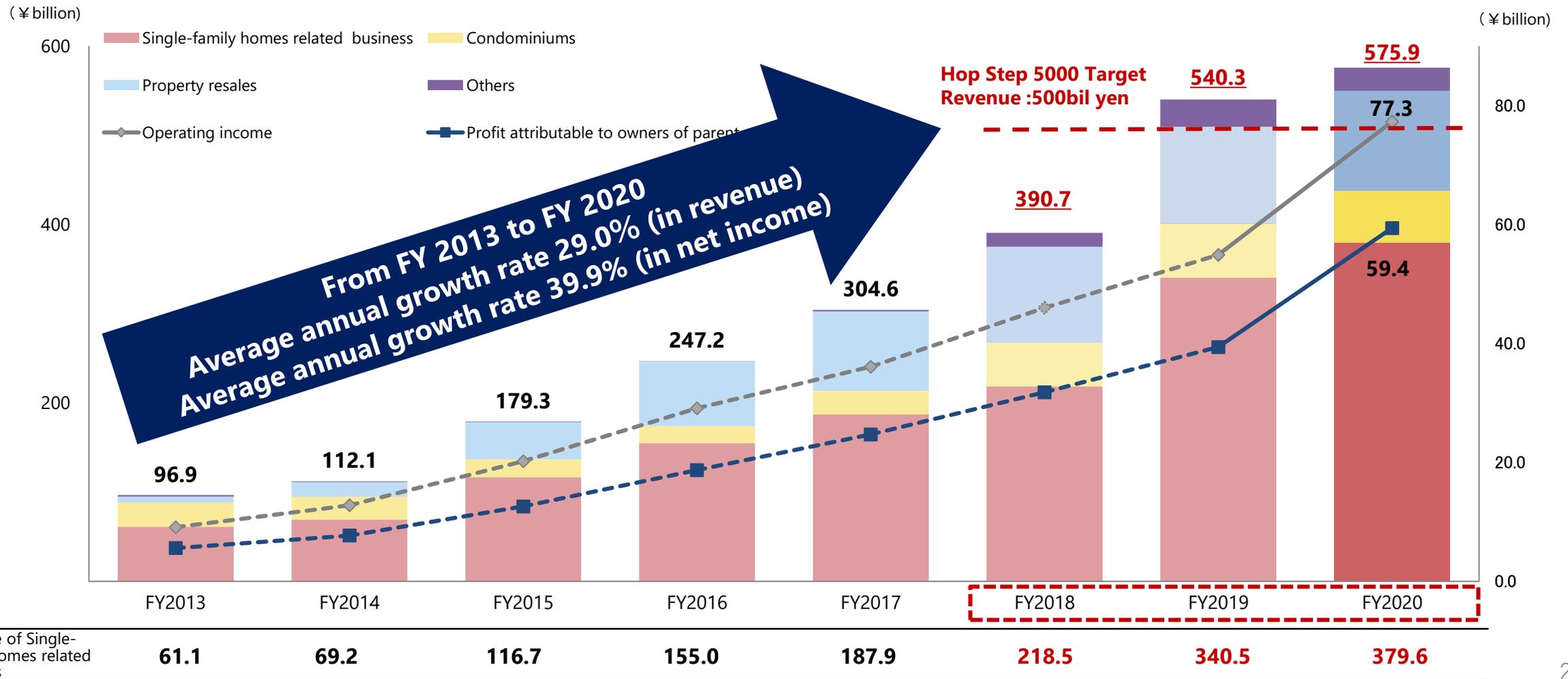
“*Ikouze 1 cho, 2023!*”

-----“Jump to 1 trillion, 2023!”

for further growth

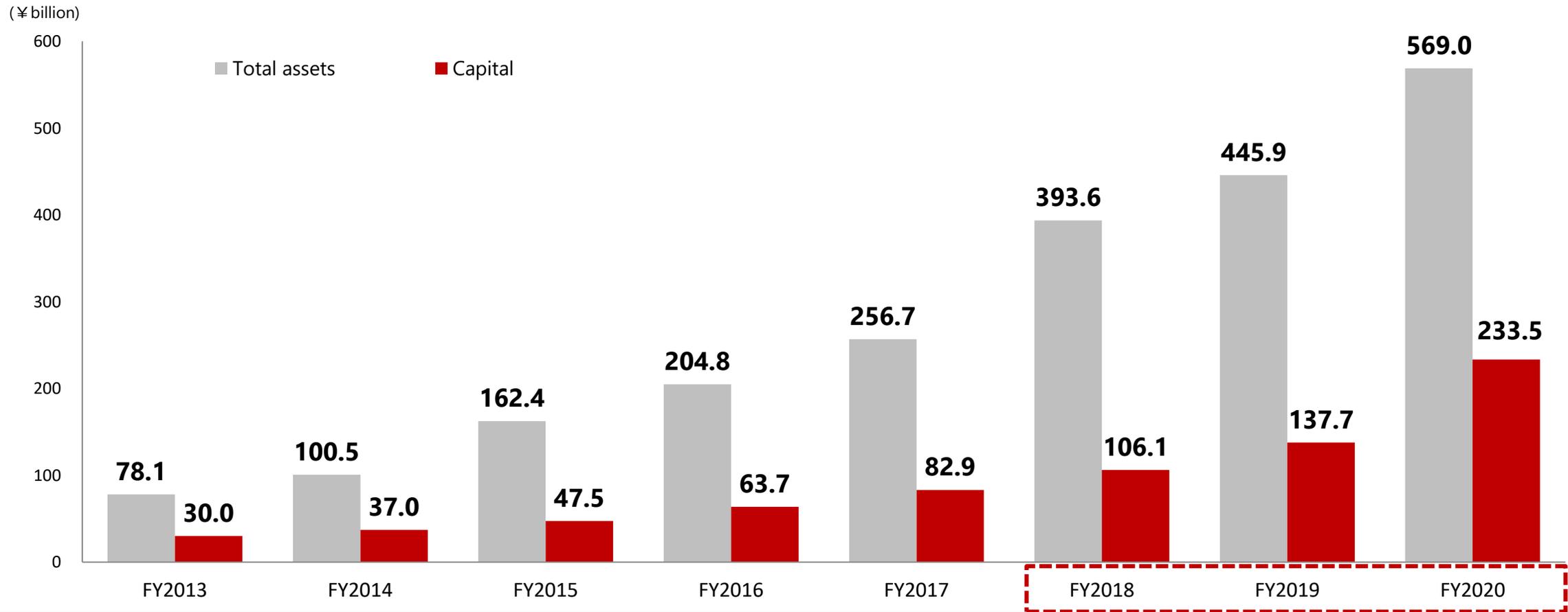
“Hop Step 5000” Hindsight 1

- In existing segments, single-family homes related business drove growth (Revenue growth rate: 29.8% since the listing, 26.6% over the three years).
- Acquired 100% shares of Hawk One (October, 2018). Made Pressance Corporation an equity-method affiliate (May, 2020).



“Hop Step 5000” Hindsight 2

- Equity ratio and net D/E ratios are at healthy levels, while total assets have expanded to 569 billion yen.
- Increased capital through a global public offering in July 2020 to further strengthen the financial base for further growth



| | | | | | | | | |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Equity ratio | 38.4% | 36.8% | 29.2% | 31.1% | 32.3% | 27.0% | 30.9% | 41.0% |
| Net equity ratio | 0.34 | 0.62 | 0.97 | 0.67 | 0.61 | 1.03 | 0.82 | 0.22 |

External environment surrounding our business and competitive advantages

- Despite tremendous social and economic impacts from the novel coronavirus, Open House Group will grow continuously into the future, supported by stable actual demand even in a time of economic fluctuations.

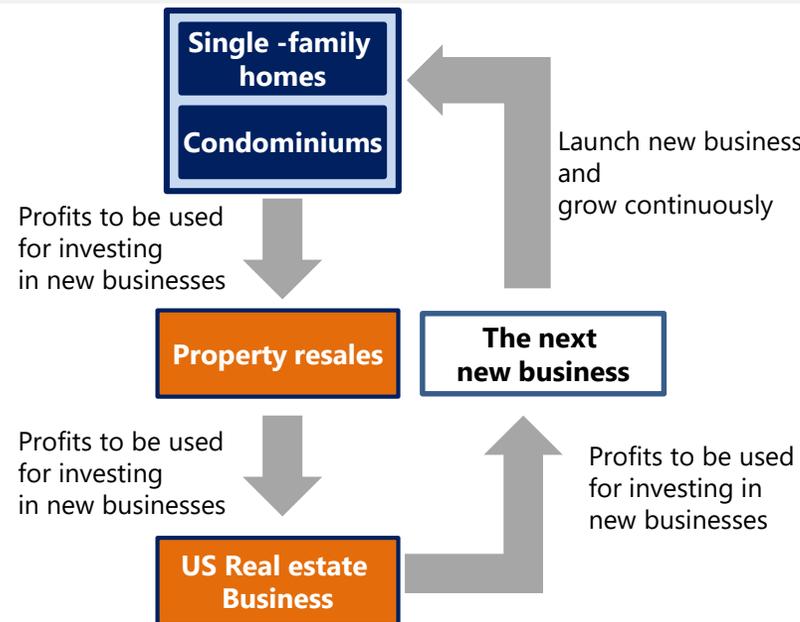
External environment surrounding our business

- Social and economic impacts from the novel coronavirus
- Diversified work/life styles
- Diversified and fragmented values
- Decrease in number of working-age population and households in the country
- Changes in financial environment
- Changes in regulations and taxation systems
- Rapid changes in technology
- Increased awareness of social sustainability

Open House Group's Competitive Advantages

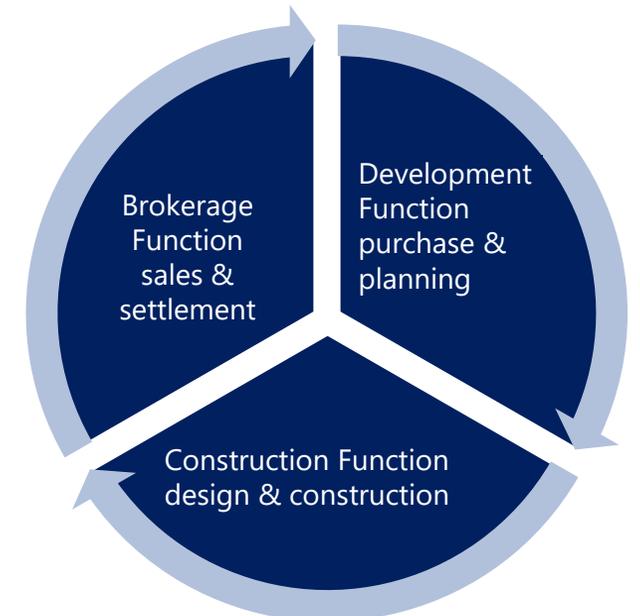
Business Portfolio Centered around Actual Demands

Business development centering around stable profitability from actual demand (single-family homes/condominiums)



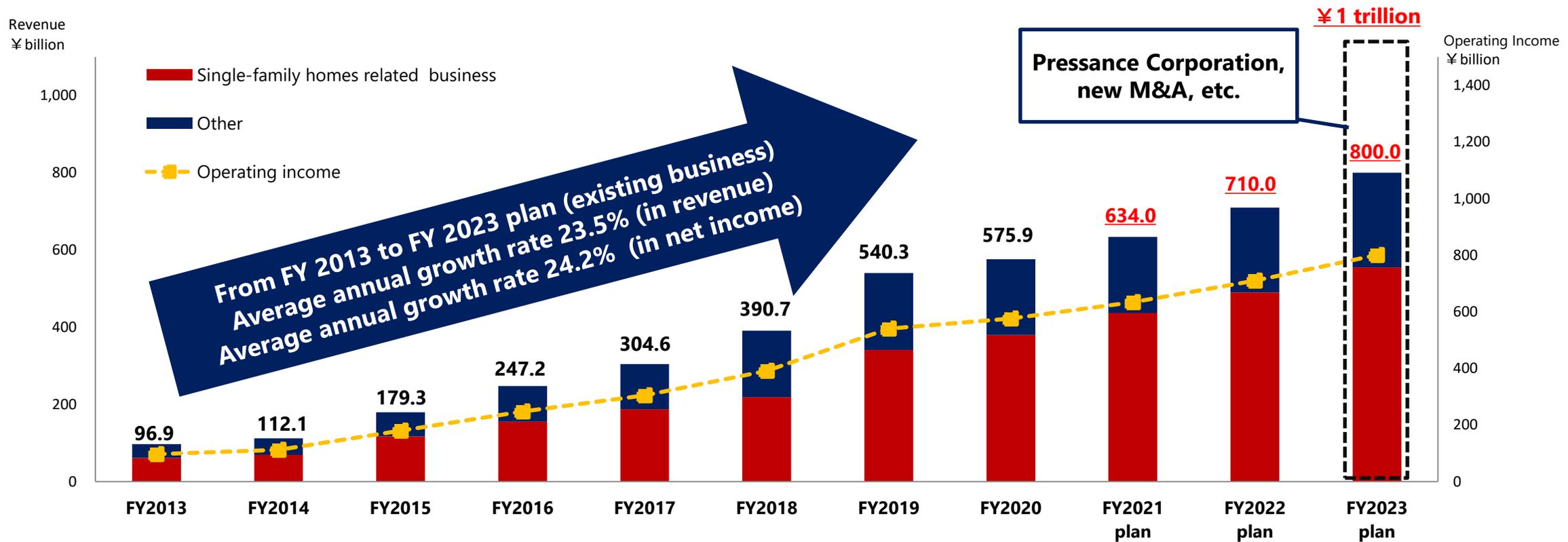
High inventory turnover rate supported by an integrated system from purchase and construction to brokerage and sales

Achieve a shorter business term by establishing an integrated system from purchase and construction to brokerage and sales



Three-year plan to achieve ¥1 trillion in revenue

- Revenue Plan: 800 billion yen from existing businesses/1 trillion yen from the entire group in FY2023
- Looking to expand the scope of business through Pressance Corporation, new M&As, etc., in addition to existing businesses



| | | | | | | | | | | | |
|--------------------------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Single-family homes related business | 61.1 | 69.2 | 116.7 | 155.0 | 187.9 | 218.5 | 340.5 | 379.6 | 436.5 | 490.0 | 555.0 |
| Other | 35.8 | 42.9 | 62.6 | 92.2 | 116.7 | 172.2 | 199.8 | 196.3 | 197.5 | 220.0 | 245.0 |
| Revenue | 96.9 | 112.1 | 179.3 | 247.2 | 304.6 | 390.7 | 540.3 | 575.9 | 634.0 | 710.0 | 800.0 |
| Operating Income | 10.1 | 13.7 | 21.3 | 31.3 | 37.6 | 47.3 | 57.7 | 62.1 | 69.0 | 78.0 | 88.0 |

“Ikouze 1 cho, 2023!”

-----“Jump to 1 trillion, 2023!”

for further growth

Corporate Philosophy

- 「Committed to pursuing “Houses that customers want” honestly and constantly
- We will build an organization that embraces a wide range of motivated people and rewards individual achievements
- We strive to become a real estate company that is needed by society by achieving sound operating performance and business expansion



Growth Strategy to achieve 1 trillion yen in revenue

- Implement a growth strategy based on the continued growth of single-family homes, which is our core business
- Aim to achieve 1 trillion yen in revenue by adding synergies with Pressance Corporation and strategic investments

- 1. Continued growth based on single-family homes business**
- 2. Synergies with Pressance Corporation**
- 3. M&A Strategic Investment**
- 4. New Business**



Continued growth based on single-family homes business



Major initiatives

Strategies

- 1** **Continued growth based on single-family homes business**
- 2** **Synergies with Pressance Corporation**
- 3** **M&A Strategic Investment**
- 4** **New Business**

Major initiatives

- ① **Further expansion of shares in existing areas**
- ② **Single-family homes business to tap into Kansai region**
- ③ **Develop a business line of new condominiums for investment in the Tokyo metropolitan area**
- ④ **Proactive M&A and strategic investments**
- ⑤ **Develop a real estate fund business primarily managing residential properties**

1. Further expansion of shares in existing areas—Our advantages (1/2)

- Establishment of an integrated value chain with sales capability, purchasing power, and product appeal
- Information at each stage to be stored as big data and utilized for planning the next product

Sales Capability

- Aggressive selling
Sales by talking to people exclusively within walking distance of a property
- Sales from direct response marketing
Excellent response from our corporate website

Purchasing Power

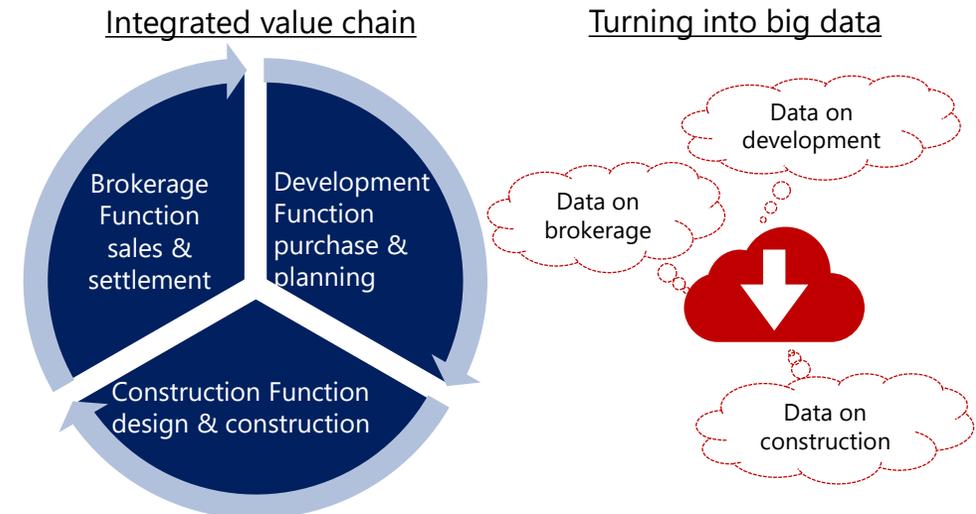
- Strong sales network
Purchasing team composed of more than 200 members in total
- Speedy decision making
Extensive purchasing/contractual information and robust financial base

Product Appeal

- Design & Construction capabilities for a small plot of land
Design & Construction know-how to fully utilize a small plot of land
- A wide range of products at reasonable prices
Economies of scale with 9,000+ buildings per year

Integrated value chain from purchase and construction to brokerage and sales

- Value chain that responds to market needs
 - Consolidation of each stage from purchasing, design & construction to sales
 - Information at each stage to be turned into big data
 - Realize a shorter business term





1. Further expansion of shares in existing areas—Our advantages (2/2)

- Aiming to further expand share of the 4.9 trillion yen single-family home market in the Tokyo metropolitan area
- Increase supplies in quasi-urban areas, where Hawk One excels, and expand the scope of business with our sales capabilities

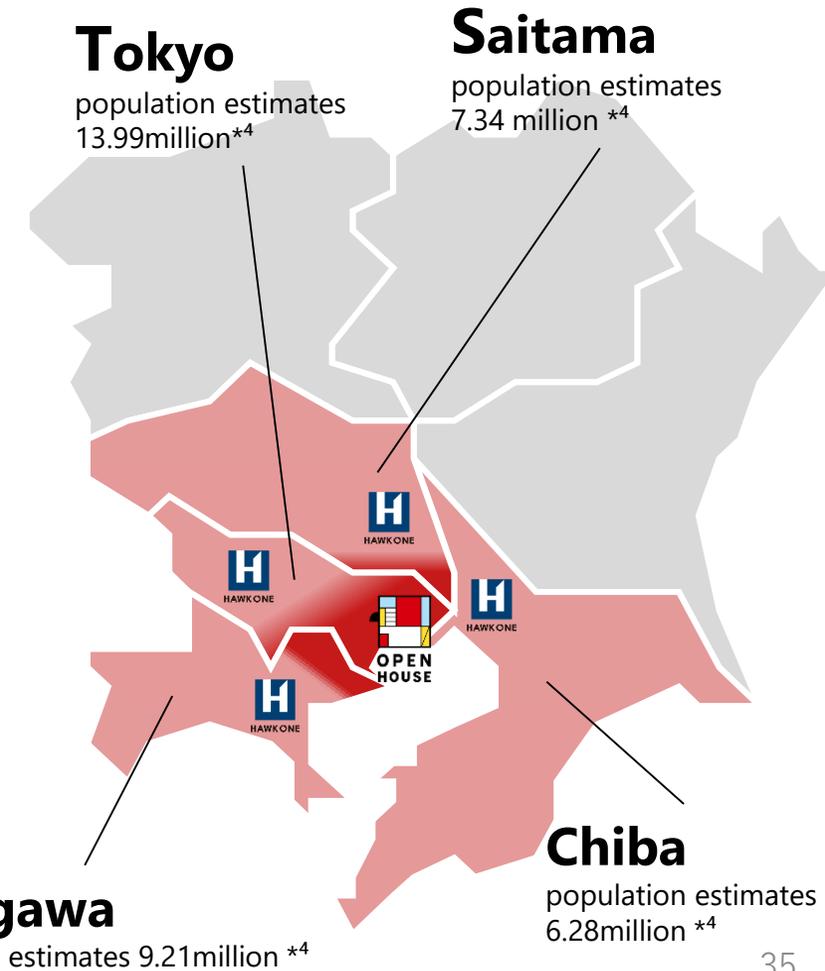
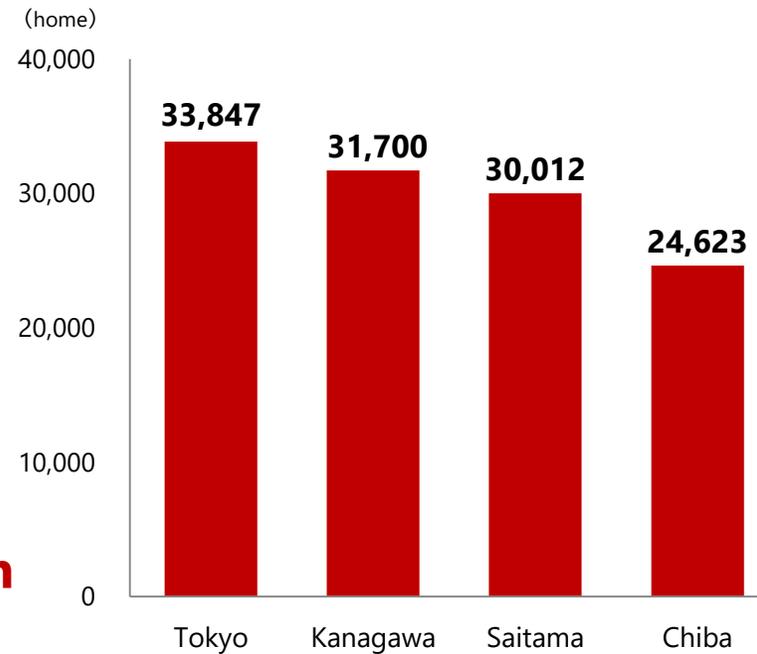
Estimated market size *1

4.9 trillion yen

Average price of single-family homes in the Tokyo metropolitan area *2

40.64 million yen

Housing starts *3



*1: "Estimated market size" = "Housing starts in Tokyo, Kanagawa, Saitama, and Chiba" x "Average single-family home price in the Tokyo metropolitan area"

*2: "Average Price of single-family homes in the Tokyo metropolitan area" is the average price of new and secondhand single-family homes in 2019.

*3: "Housing starts" is the total number of owner-occupied and for-sale housing starts in 2019

*4: "Estimated population" is based on the census population as of October 1, 2015

Source: MLIT, "Construction and housing starts statistics"

Source: "White paper 2019 on single-family homes data" published by TOKYO KANTEI Co., Ltd.

2. Single-family homes business to tap into Kansai region

- Aim to develop the single-family homes business mainly in Osaka and Hyogo prefectures, targeting the untapped market in the Kansai region
- The number of housing starts in Osaka and Hyogo prefectures is larger than that of Tokyo, and the market size is estimated to be 1.2 trillion yen.

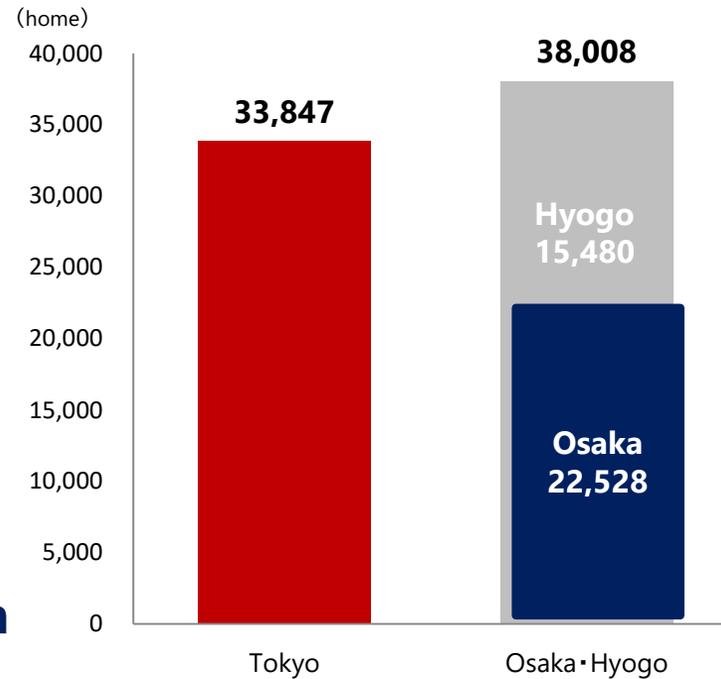
Estimated market size *1

1.2 trillion yen

Average price of single-family homes in Kinki region*2

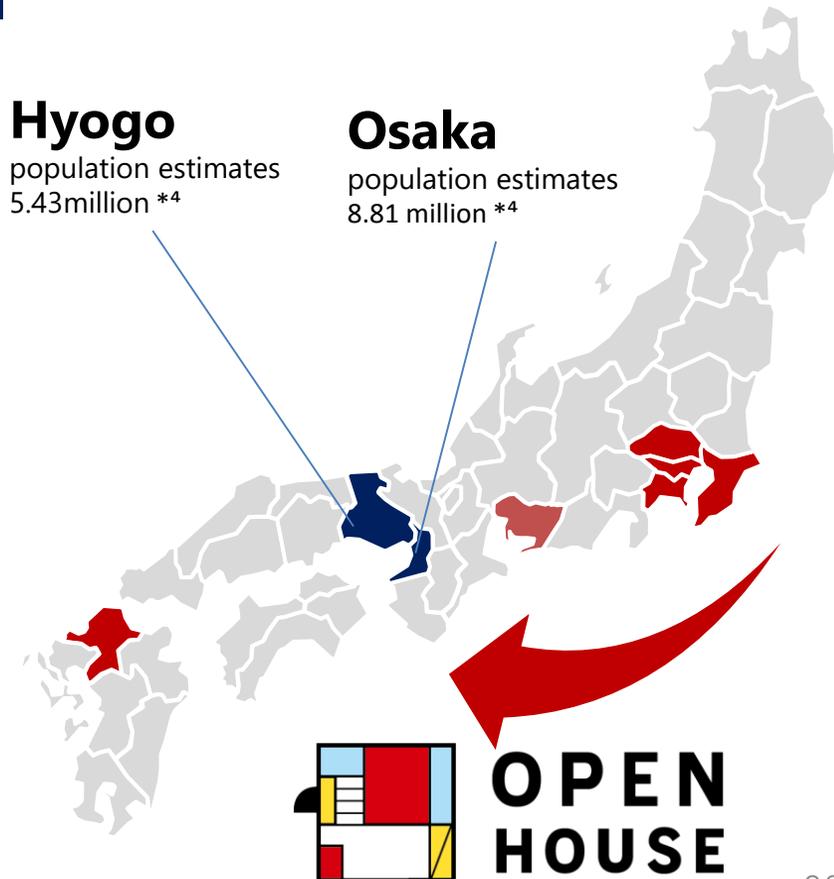
31.93 million yen

Housing starts *3



Hyogo
population estimates
5.43million *4

Osaka
population estimates
8.81 million *4



*1: "Estimated market size" = "Housing starts in Osaka, Hyogo" x "Average single-family home price in Kinki region"
 *2: "Average Price of single-family homes in the Kinki area" is the average price of new and secondhand single-family homes in 2019.
 *3: "Housing starts" is the total number of owner-occupied and for-sale housing starts in 2019
 *4: "Estimated population" is based on the census population as of October 1, 2015
 Source: MLIT, "Construction and housing starts statistics"
 Source: "White paper 2019 on single-family homes data" published by TOKYO KANTEI Co., Ltd.

3. Develop a business line of new condominiums for investment in the Tokyo metropolitan area

- Develop a business line of condominiums for investment in the Tokyo metropolitan area run jointly with Pressance Corporation
- Target strong demand for rental condominiums that comes with the influx of population to the Tokyo metropolitan area and an increased number of households

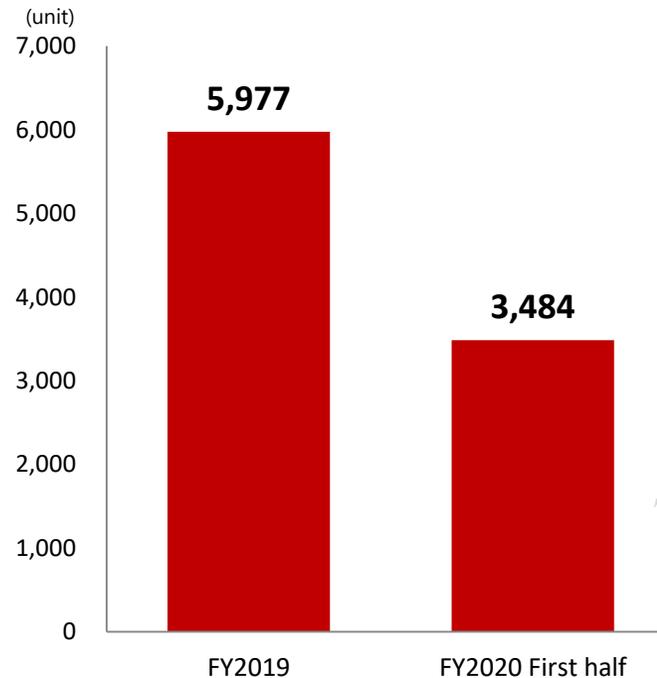
Estimated market size *1

187.1 billion yen

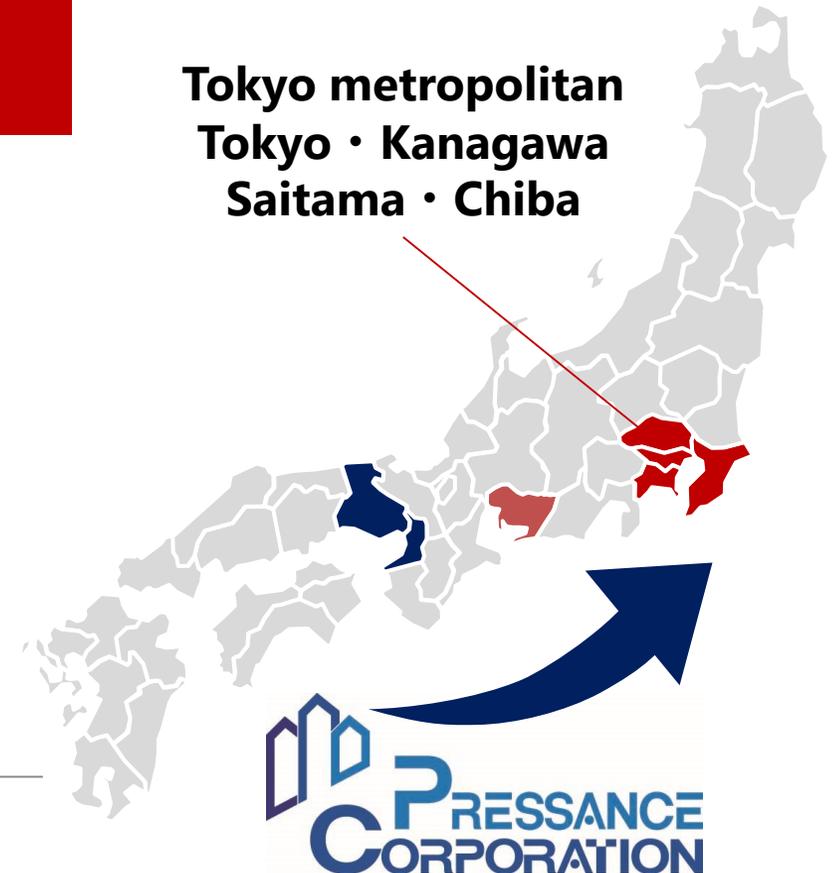
Average price of condominiums for investment in the Tokyo metropolitan area *2

31.31 million yen

Number of condominiums for investment supplied *3



**Tokyo metropolitan
Tokyo • Kanagawa
Saitama • Chiba**



*1: "Estimated market size" is "The number of condominiums for investment in the Tokyo metropolitan area supplied" x "Average price of the condominiums for investment in the Tokyo metropolitan area"

*2: "Average price of condominiums for investment" is the average price of the new condominiums for investment in the Tokyo metropolitan area in 2019

*3: "Number of condominiums for investment supplied" is the number of new condominiums for investment supplied in the Tokyo metropolitan area in 2019 and the 1st half of 2020

Source: "Market trend of condominiums for investment in the Tokyo metropolitan area" published by Real Estate Economic Institute Co., Ltd.

4. Proactive M&A and strategic investments—past record (1/2)

- Execute M&A for a company that has a complementary relationship with Open House in terms of functions, regions, products, etc.
- Steady expansion of business results and improvement of management efficiency across the Open House Group and on an alliance basis

Past record

| | Company | Business overview | Amount of investment (Goodwill) | Goodwill amortization period ^{*1} | Revenue ^{*2} | Operating income ^{*2} |
|--------------|--|--|--|--|--|---|
| January 2015 |  OPEN HOUSE Architect ASAKAWA HOME Best Home Good Life | Strong in building & construction in the Tokyo metropolitan area | ¥7.9billion (¥1.3billion) | 2 years | ¥29.1billion ▼ ¥58.2 billion (+100% growth) | ¥1.3 billion ▼ ¥3.5 billion (+156%growth) |
| October 2018 |  HAWK ONE | Strong in single-family homes in quasi-urban areas of Tokyo & Nagoya | ¥27.7billion (¥2.6billion) | 1 year | ¥65.3 billion ^{*3} ▼ ¥87.0 billion (+33% growth) | ¥3.4 billion ^{*3} ▼ ¥6.7 billion (+97%growth) |
| May 2020 |  PRESSANCE CORPORATION | Strong in condominiums for investment in Kinki and Tokai regions | ¥22.7billion (negative goodwill) | — | — | — |

^{*1}: "Goodwill amortization period" refers to the period during which the Company collected the amount of positive goodwill based on the accumulated amount of net income attributable to owners of parent after the M&A

^{*2}: Revenue and Operating Income show changes of business results from the last book closing before the M&A (December 2014 for Open House Architect and September 2018 for Hawk One) to the closing in September 2020

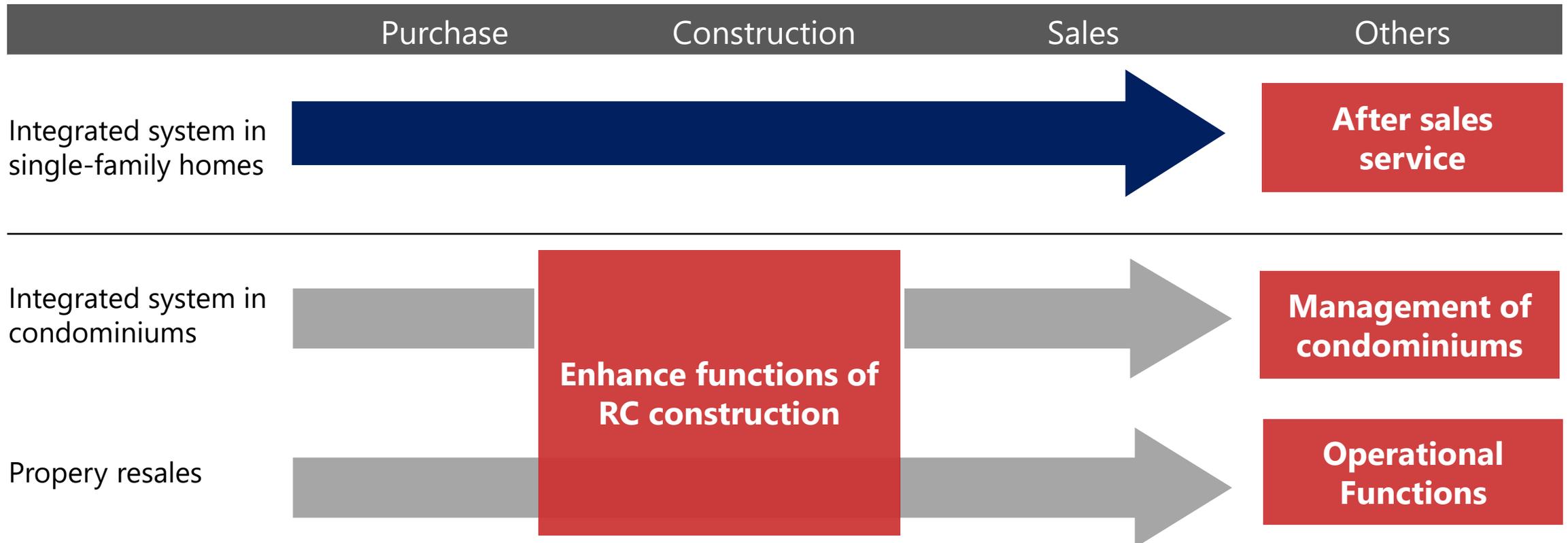
^{*3}: Hawk One's revenue and operating income in FY18 reflects results for 11 months in the year



4. Proactive M&A and strategic investments—past record (2/2)

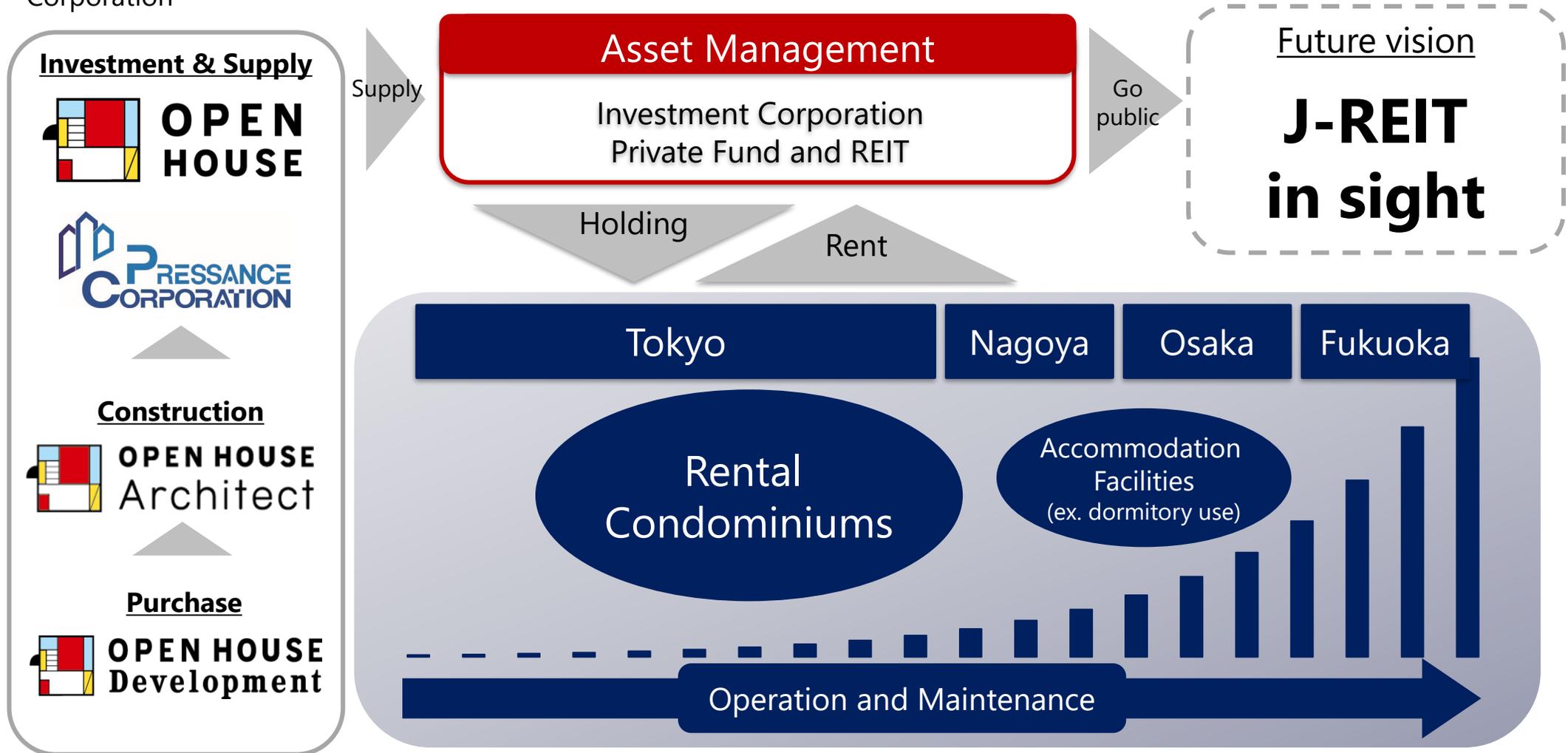
- Execute proactive M&A and strategic investments aiming to expand the scope of business
- Selected four priority areas to further strengthen the integrated system from purchase and construction to brokerage and sales in single-family homes and condominiums

Areas for future investment



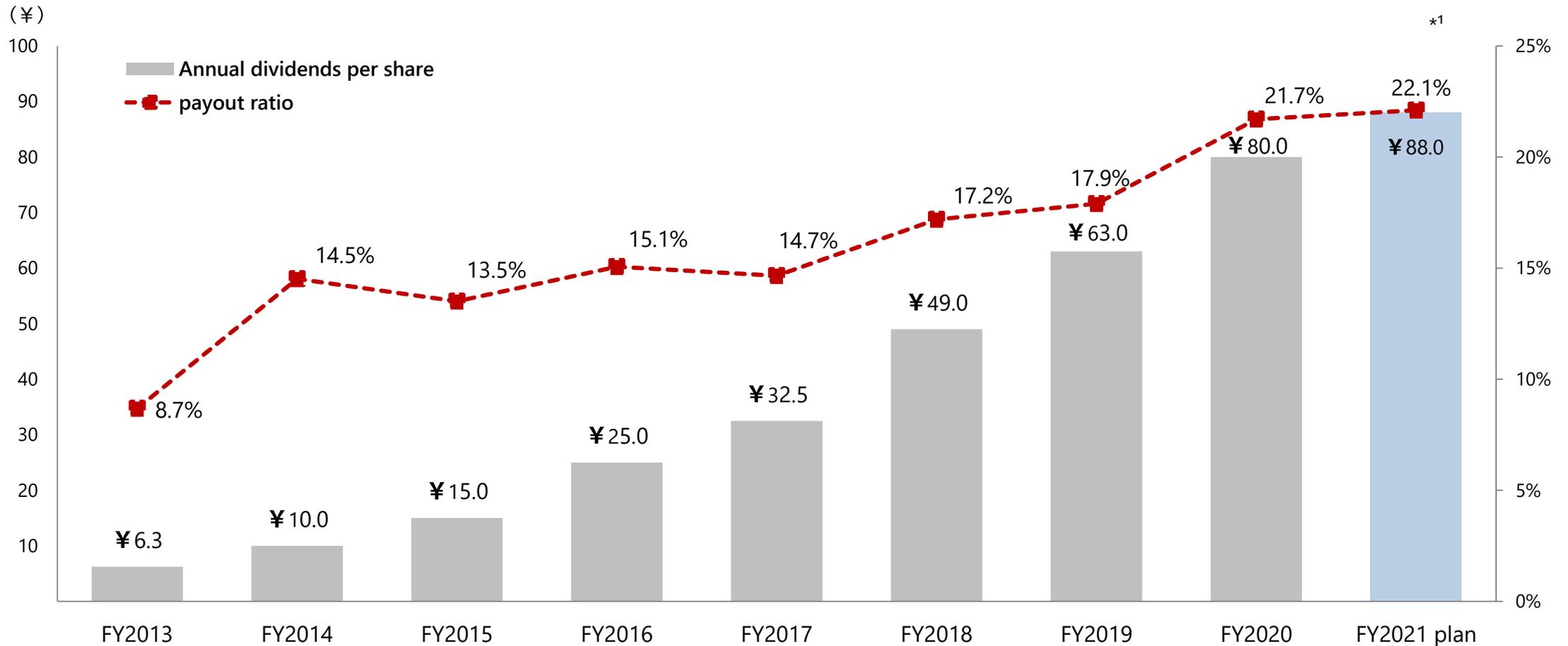
5. Develop a real estate fund business primarily managing residential properties

- Establish an asset management company to provide real estate investment products to investors and financial markets
- Expand the scale of the fund by leveraging capabilities of supplying properties as a developer for the Company and Pressance Corporation



Capital policy & shareholders return

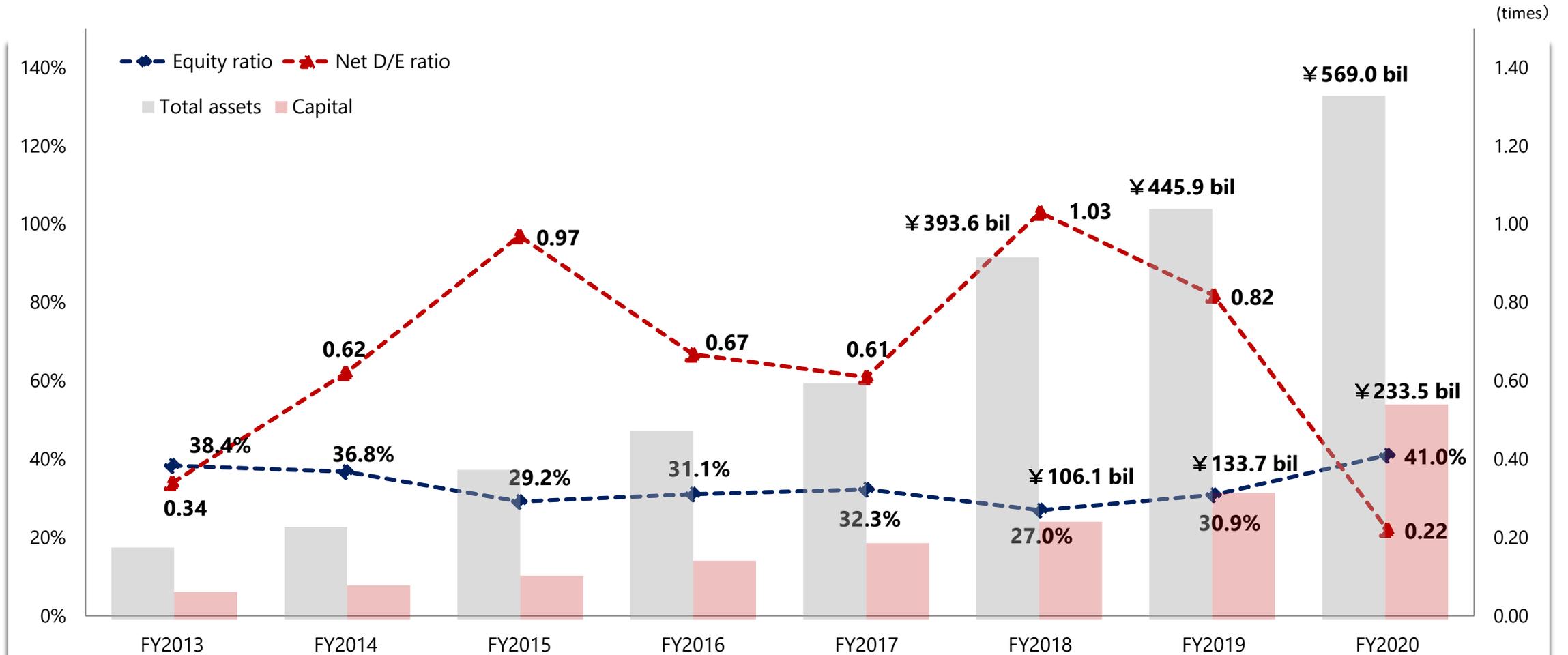
- Aiming for a dividend payout ratio of 20% or more as a shareholder return
- Share buyback can be carried out flexibly and comprehensively in view of different factors, including financial strength, business results, stock price conditions, etc.



*1: FY20's payout ratio excludes equity-method income

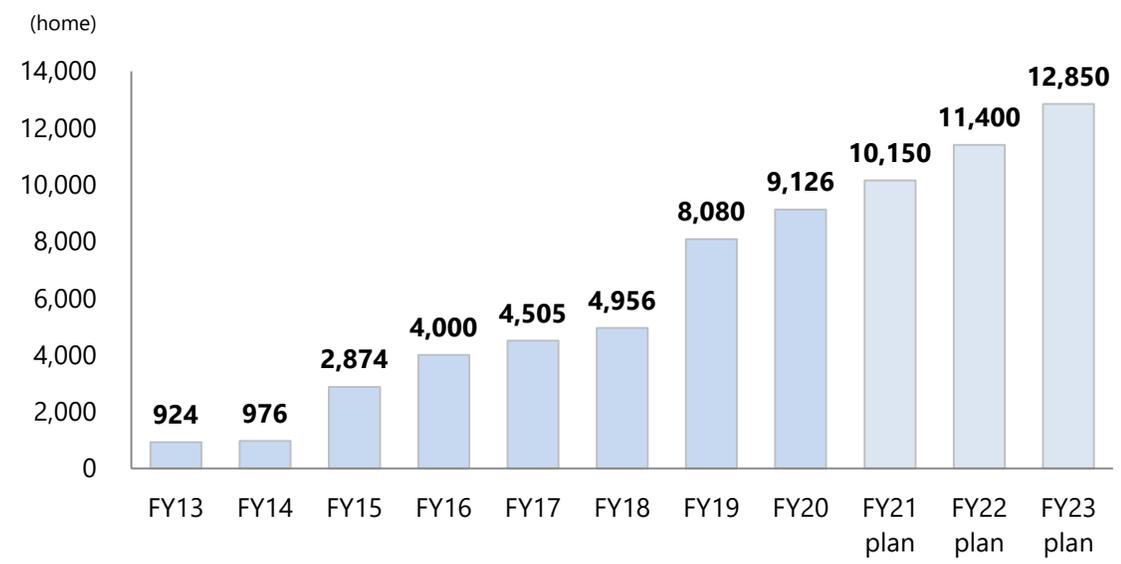
Financial strategy: financial health

■ Equity ratio: 30% or more, Net D/E ratio: 1 or less

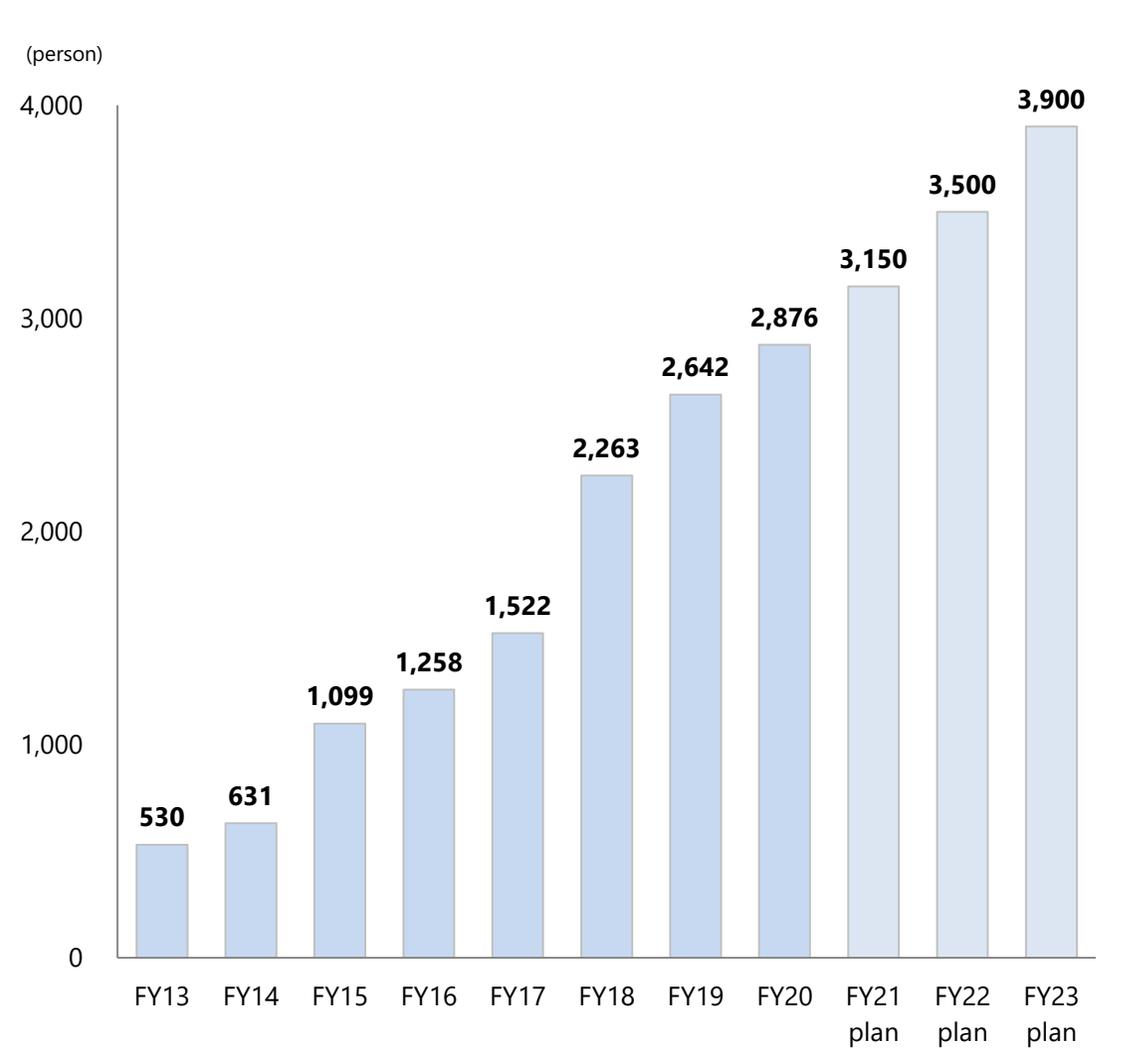


Quantitative Goals

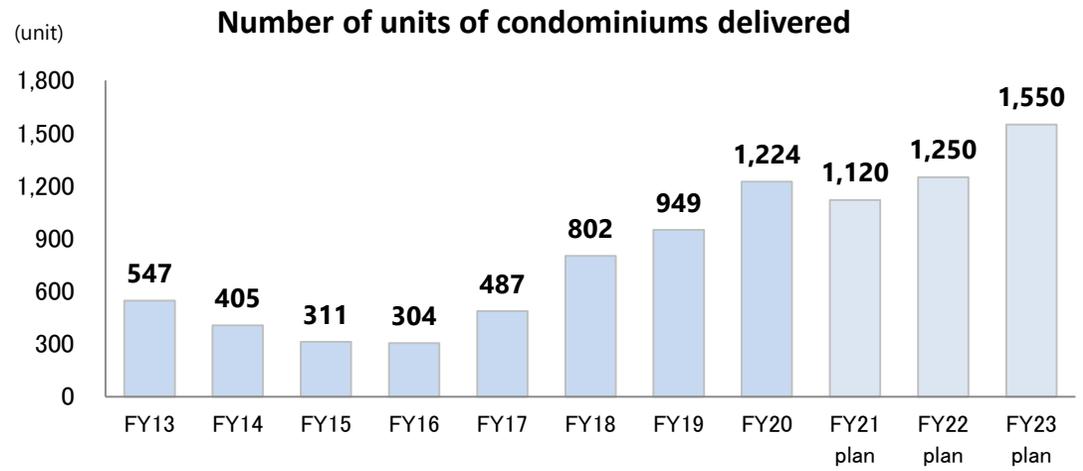
Number of units of Single family homes delivered



Number of employees



Number of units of condominiums delivered



To realize a sustainable society

- Identified six key issues the Company should address
- To be examined in view of inputs from external assessment institutions, stakeholders, experts, and priorities to the Company

| ESG | Key Issues | Initiatives | Relevant SDGs |
|--------------------|--|---|---|
| Environment | Environmental conservation | <ul style="list-style-type: none"> ■ Open House Forest |   |
| Social | Product safety and security Promoting customer satisfaction | <ul style="list-style-type: none"> ■ Build and strengthen the system for promoting customer satisfaction |   |
| | Talent development | <ul style="list-style-type: none"> ■ Utilization of a diverse workforce ■ Establish a training course reflecting the Company's founder |   |
| | Work-style reforms | <ul style="list-style-type: none"> ■ Enhance productivity utilizing IT ■ Support for using childcare facilities and support system for balancing work and child rearing ■ Establish a counseling office for empowering women |   |
| | Supply Chain Management | <ul style="list-style-type: none"> ■ Share sustainability guidelines with business partners |   |
| | Compliance | <ul style="list-style-type: none"> ■ Conduct compliance training ■ Invite female talent to join the board as an external director and a corporate auditor |   |

Reinforcing management system and enhancing corporate governance*

- Three and one-third of the total eight Directors and all the three Corporate Auditors are from the outside the Company
- Two of the candidates for Director and one of the candidates for Corporate Auditor are composed of women to ensure transparency and diversity

| Title | Name | Newly elected / Re-elected |
|--------------------------|-----------------|----------------------------|
| President & CEO | Masaaki Arai | Re-elected |
| Executive Vice President | Kazuhiko Kamata | Re-elected |
| Senior Managing Director | Hitoshi Imamura | Re-elected |
| Director | Ryosuke Fukuoka | Re-elected |
| Managing Director | Kotaro Wakatabi | Re-elected |

Outside

| Title | Name | Newly elected / Re-elected |
|----------|------------------|----------------------------|
| Director | Hitoshi Ishimura | Re-elected |
| Director | Yuko Omae | Newly elected |
| Director | Maoko Kotani | Newly elected |
| Auditor | Koichi Matsumoto | Re-elected |
| Auditor | Yuzo Toyama | Re-elected |
| Auditor | Mieko Hosaka | Newly elected |

*The Board of Directors has resolved on Nov 13, 2020 and to elect candidates for Directors and Audit & Supervisory Board Members. Both proposals will be discussed at the 24th Ordinary General Meeting of Shareholders scheduled for late December 2020.

Building a work environment where everyone can unleash their talents

- Promote building a workplace where everyone can unleash their talents effectively by accepting a wide range of motivated people
- Implement a fair evaluation system to maintain highly motivated employees and to generate high performance

Empowerment of Women

- Promote creating an environment where women can work comfortably
 - Support for using childcare facilities and introduction of allowance for balancing work and child rearing
 - Establish a counseling office for empowering women

Work-style Reforms

- Reduce working hours by improved productivity utilizing IT technologies including RPA and AI
 - Hyper-automation in all business operations
 - Example: Automation in creating flyers with RPA

Diversity in Recruitment & Talent envelopment

- Ensure hiring practices that place emphasis on factors such as motivation regardless of educational background, past experience, etc.
 - Promote hiring overseas and/or challenged personnel
 - Enhance training course reflecting the Company's founder, compliance training, etc.

Fair Evaluation System

- Culture of delegating to capable employees
 - Give opportunities to those who are capable regardless of year hired or gender
 - A compensation system that reflects results



<Reference> Sustainability

(Practical Example 1) Making proposals for houses to adapt to a new lifestyle

- Customer needs are changing amid the promotion of a new lifestyle.
- The Company proposes functions that customers want from housing from the perspectives unique to single-family homes.

Wash hands immediately!



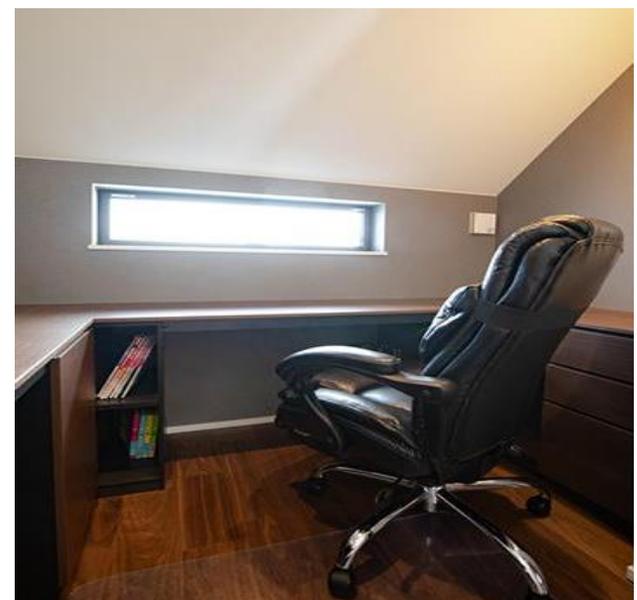
Responding to needs to wash your hands right after arriving home by installing a washbasin on a traffic line from the entrance to the living room.

Abundant storage space



Securing abundant storage space by effectively using the attic, etc.

Work space for teleworking



Providing a calm and functional space by effectively using sloping ceilings and a window.

Contribution to resolving social issues:

Guided by the corporate philosophy of "Committed to pursuing 'Houses that customers want' honestly and constantly", the Group has engaged in business with the mission to leave Japan as a place where ordinary working people can have houses in urban areas to the next generation. The Group believes that providing houses that balance convenience, a good living environment, and price in urban areas at an affordable price will lead to creating not only business values but also social values.

Note: The aforementioned examples are some of the examples including options, and are not equipped in all houses as standard functions.

(Practical Example 2) Initiative to Empower Women

- Target setting the ratio of women in managerial positions, as well as ensuring diversity in the board of directors
- Enhanced the framework to empower women (effective as of October 1, 2020) for Open House to become a company where women can unleash their talents

Temporary change in work style (framework for professional careers)



■ For career-track jobs

Work in an environment where a scheme similar to flex time is introduced, enabling working staggered hours in accordance with Variable Work Rules

■ For general & career-track jobs

Work in an environment that allows 125 holidays per year and shortening regular working hours

[Target setting based on Act on Promotion of Women's Participation and Advancement in the Workplace]

| | FY2020 | FY2025 |
|---|--------|--------|
| Ratio of women in managerial positions* | 6.3% | 10.0% |
| Ratio returning from childcare leave | 100.0% | 100.0% |

Support for employees to work while raising a child



- Financial assistance for nursery
Partially subsidize expenses for nursery, regardless of whether the school is licensed or not



- Support for balancing work & child rearing (Financial assistance for babysitter)
Partially subsidize expenses for using babysitter services for preschool children

Not limited to child-rearing employees, pregnant employees can also receive these forms of support in accordance with the guideline.

[Newly established a counselling office for empowering women]

Composed of dedicated female personnel who have experience of child rearing to resolve the concerns of female employees
An office to share information and work closely with HR department to follow up the empowerment of women

<Roles of dedicated female personnel>

- Provide consultation on maternity/childcare leave and help relieving anxiety about returning to work after childcare leave
- Provide consultation on work-style after returning from leave

(Practical Example 3) Improved Business Efficiency Utilizing IT

- Introduced a scanning system to organize and store property information in a short period of time
- Establish an internal system that enables in-house development of DX (digital transformation)

[Set sheets with QR code]



[Scanning at one time]



[Digitization + Automatic storage in the system]



東京都 > 千代田区 > ○○物件 > 決済 ▼

| No. | ファイル名 |
|-----|-----------|
| 1 | 測量成果簿 |
| 2 | 領収書 |
| 3 | 引渡確認書 |
| 4 | 土地測量調査報告書 |

[Scanning system]

Single-family home business supplies over 8,000 properties per year, and various corresponding documents were scanned individually and then organized, sorted, and stored in the system. This process used to take about 60 minutes per property, but now it can be completed in just five minutes with the introduction of the scanning system, which only requires scanning documents with a QR code. As a result, we expect to save 8,000 hours of work time per year in the single-family home business. We are also considering rolling out the system to other departments down the road.

[The Company's efforts to promote DX]

This system was developed in less than 100 hours by our in-house engineers from planning to development and operation, and has been operated with minimal cash-out including cost of infrastructure. Under the policy of "Looking to become an IT department that can operate on its own by internalizing IT, where all engineers are employees" we have streamlined an internal development system and have been promoting work-style reforms by planning, developing, and introducing systems that contribute to improving operational efficiency. This initiative of promoting DX and internalizing development has been entered for "The 38th IT Award (2020)" sponsored by Japan Institute of Information Technology, and it is currently under review. (The award is scheduled to be announced in late November.)

(Practical Example 4) Initiative on Environmental Conservation

- Carried out Corporate-participating Forestry activities including forest conservation and environmental education as part of environmental conservation activities



Regular maintenance is needed because trees cannot grow in a forest where grasses are left unattended



A community member walking through how to use a sickle



Experiencing a forest conservation activity through clearing away undergrowth

[Corporate-participating Forestry]

This means activities in which environmentally conscious companies engage in forest maintenance and conservation including planting trees, clearing undergrowth, and thinning forests, while working with forest owners in prefectures, NPOs, and local residents. Maintaining and restoring the health of forests help increase the amount of carbon dioxide absorbed by forests and thus contributes to preventing global warming.

[Relationship with Gunma prefecture]

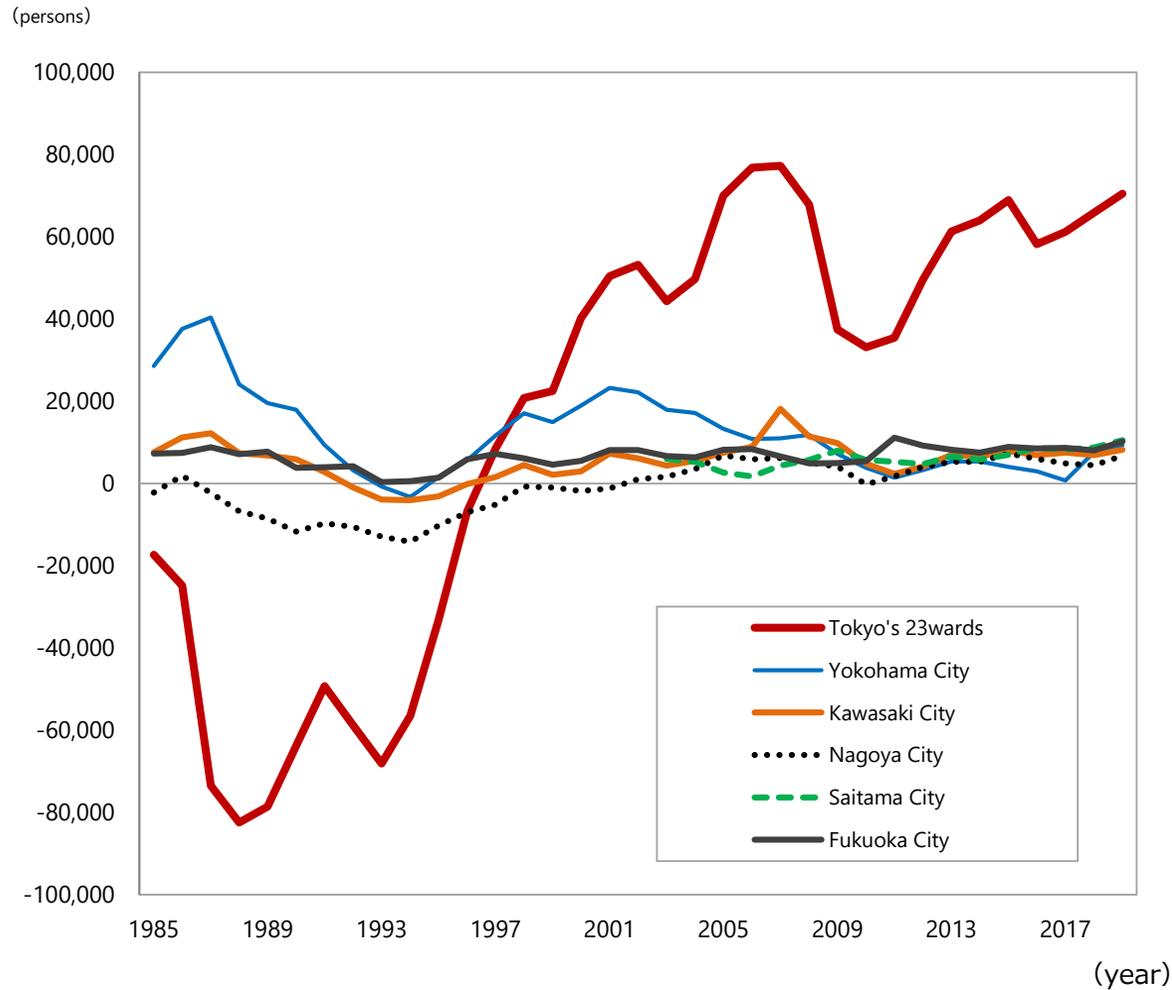
- Jun 2019
Took a stake in Gunma Professional Basketball Commission (operating company of Gunma Crane Thunders)
- Nov 2020
Carried out activities in Corporate-participating Forestry (tentatively named Open House Forest) including forest conservation work and environmental education



Reference materials

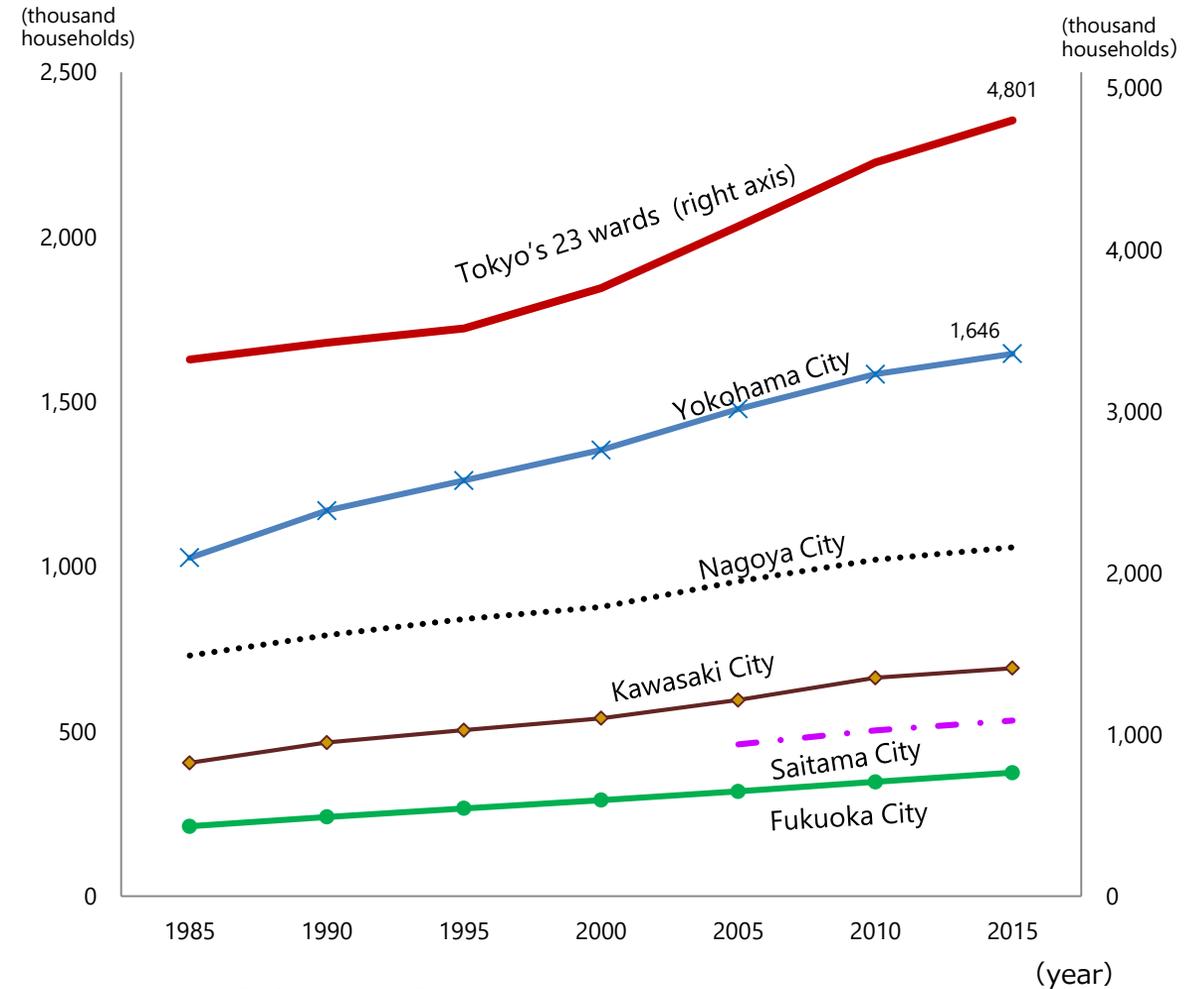
The population has been concentrating and number of households has been increasing in urban areas

Net migration into urban cities



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

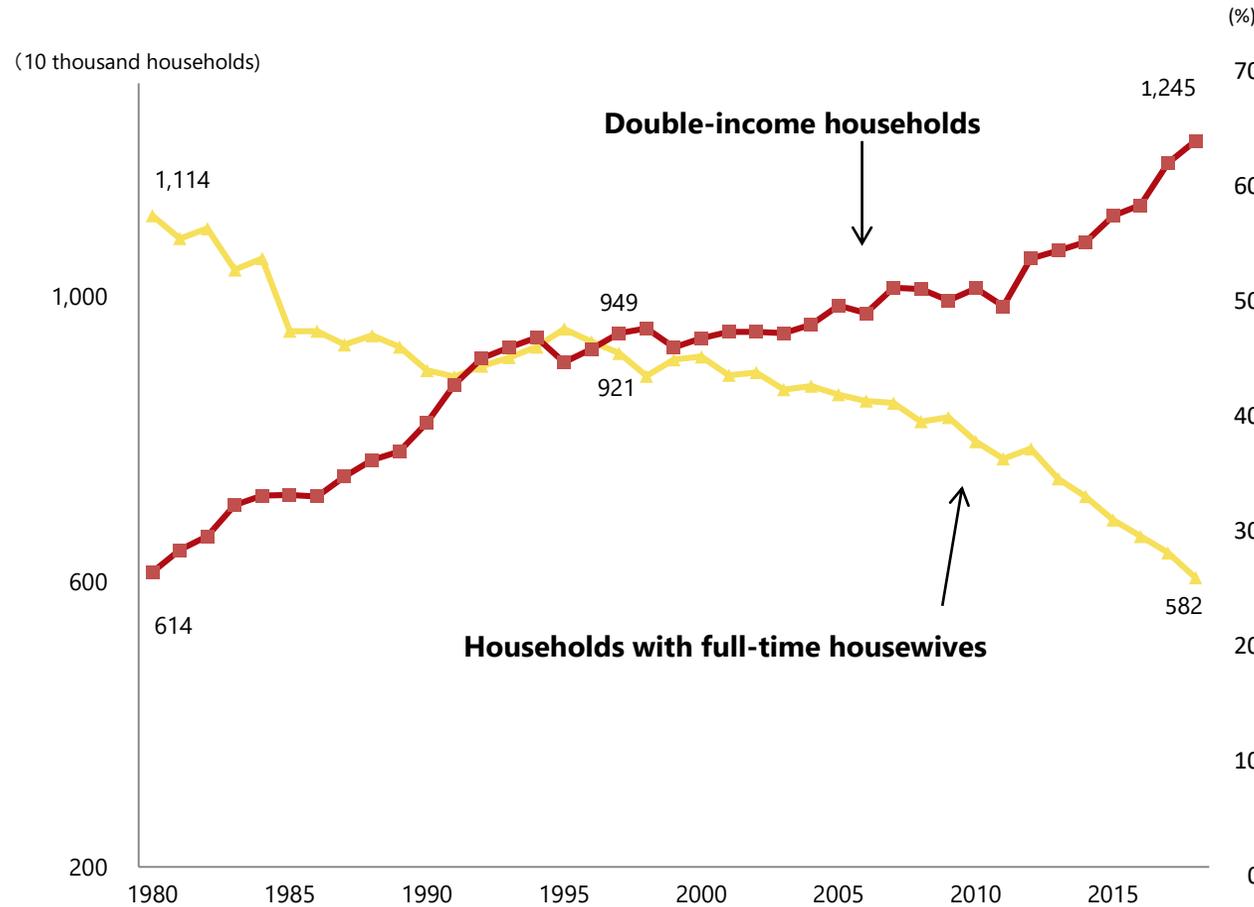
Number of households in major cities



Source: MIC, "Population Census of Japan"

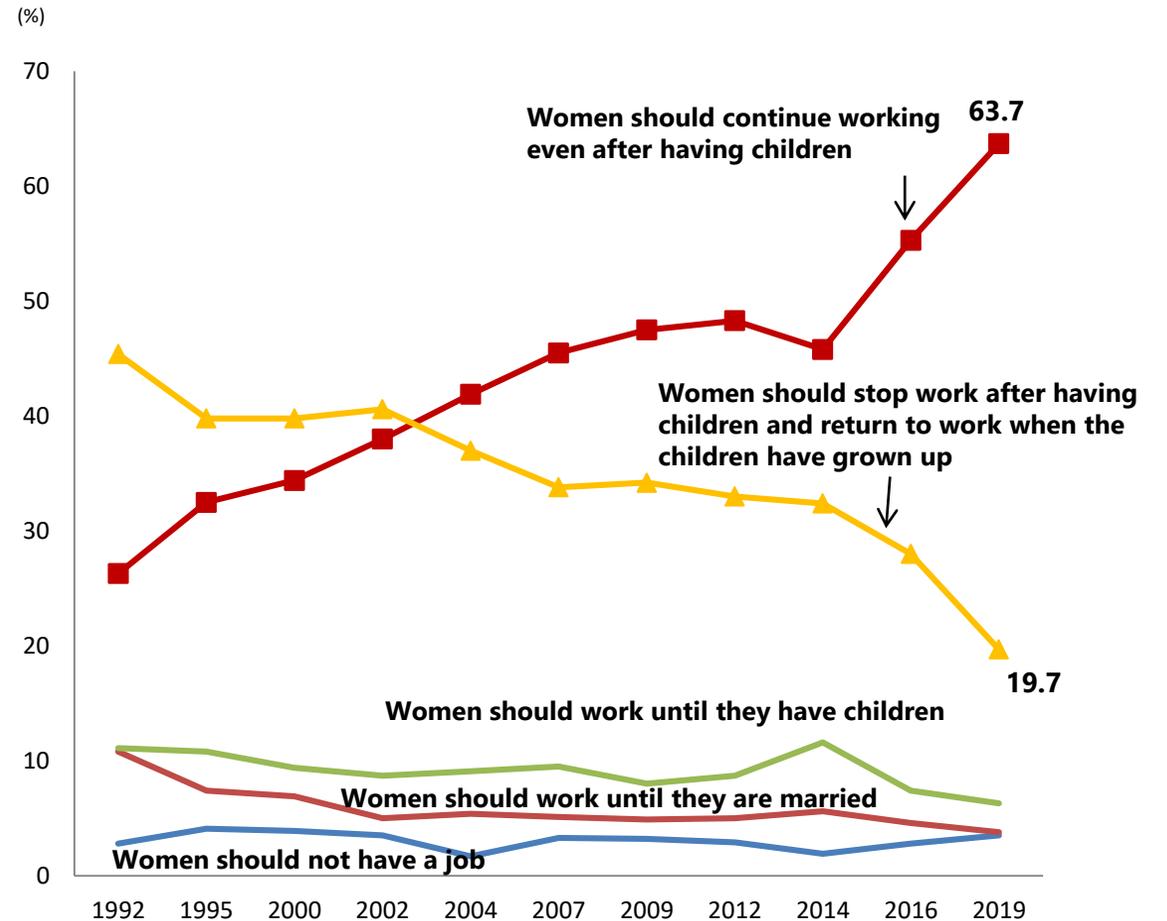
Double-income households and child-rearing households are turning their eyes to urban areas, where they can reduce commuting time

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

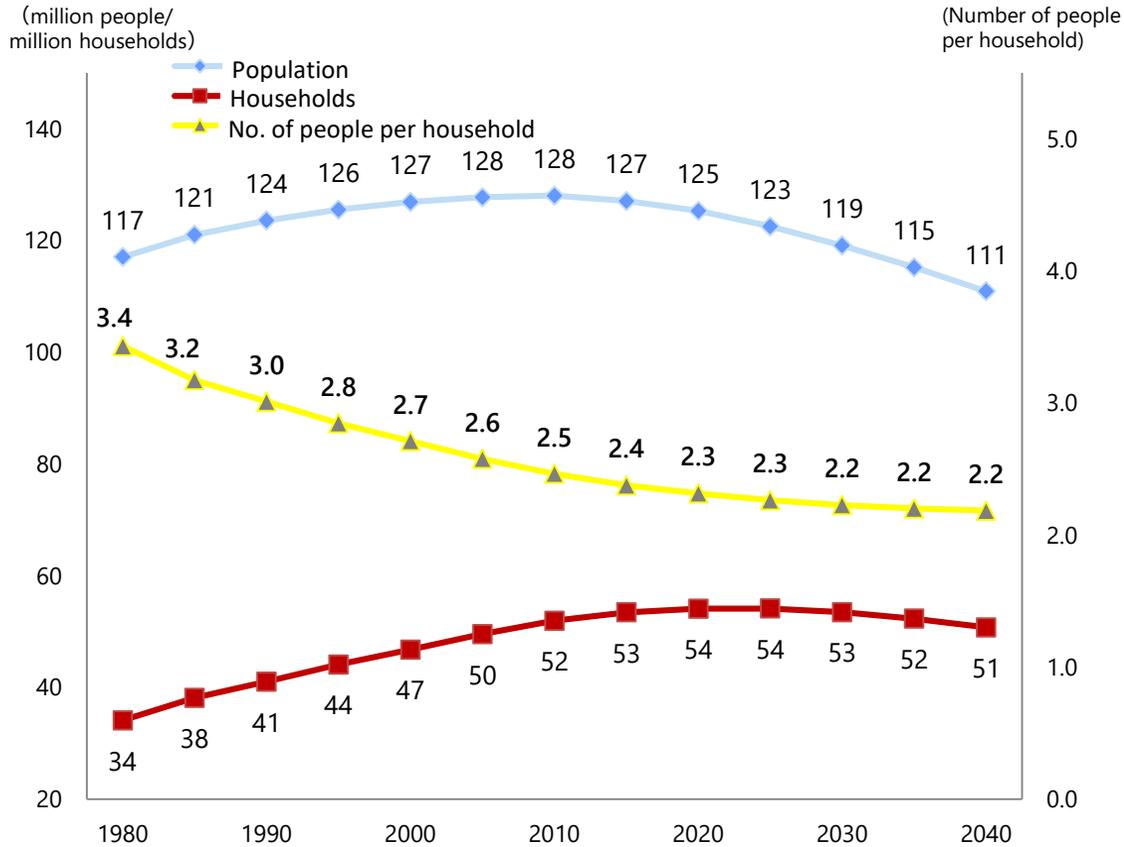
Changes in attitude toward work among women (nationwide)



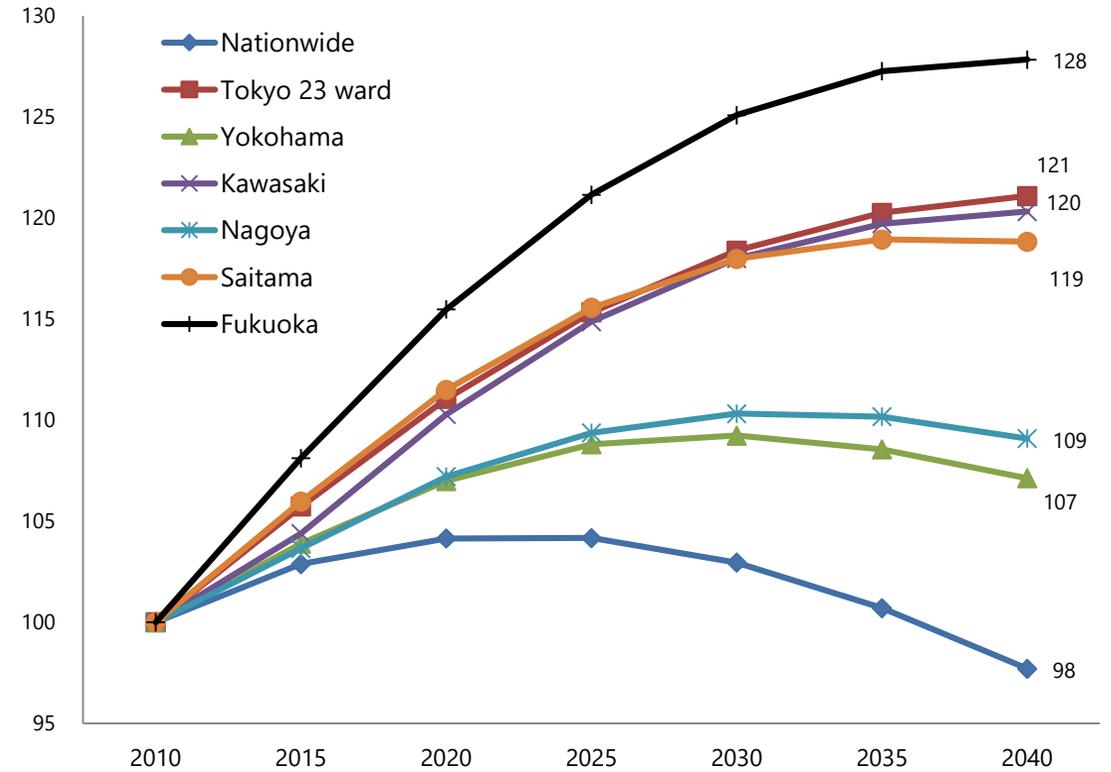
Source: "White Paper on Gender Equality 2016," Cabinet Office, Government of Japan

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



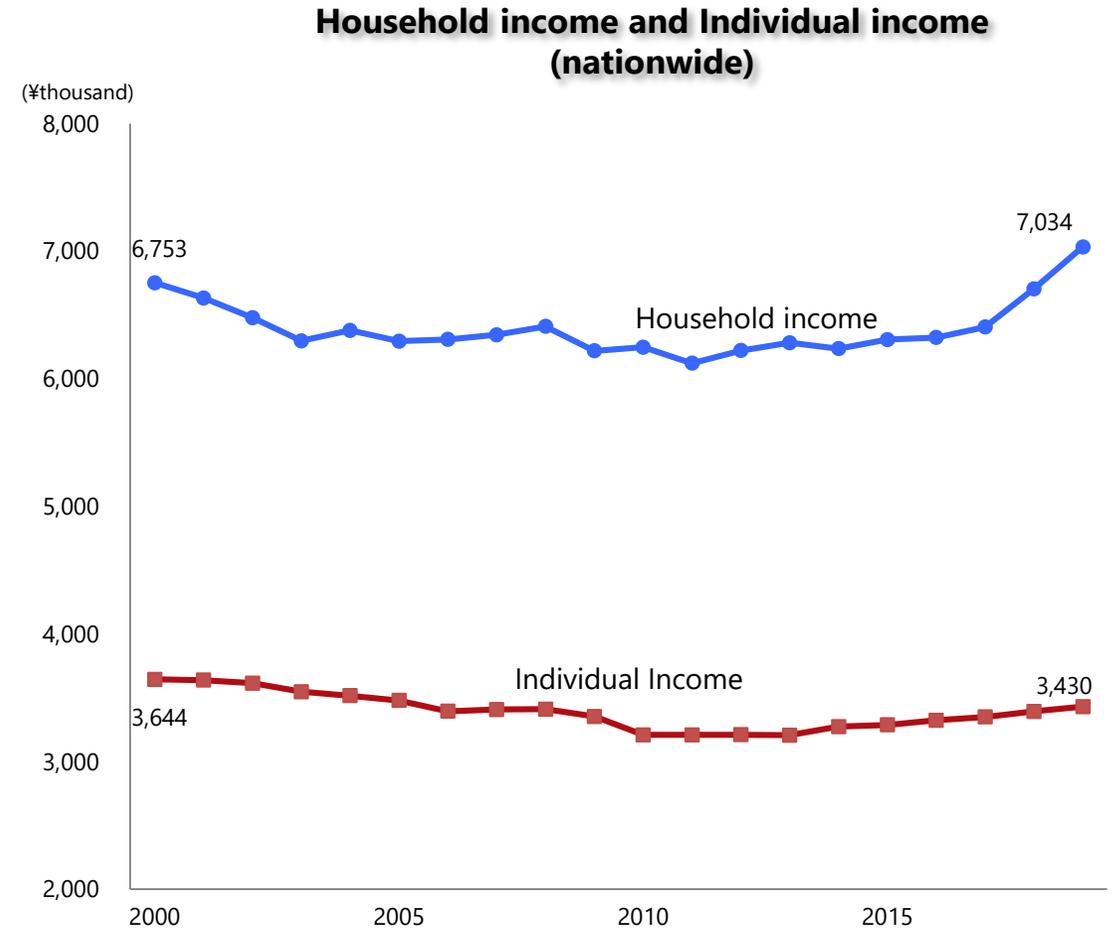
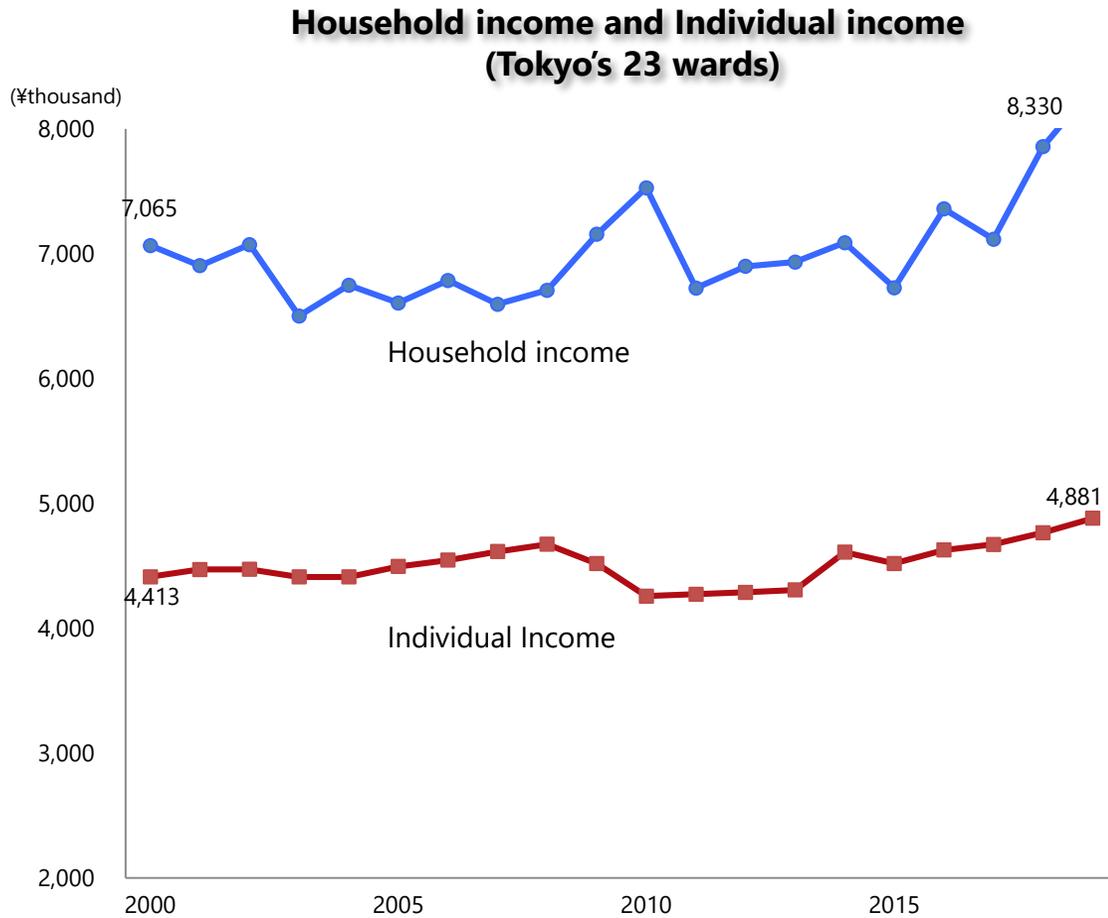
Future household estimates for urban areas (index)



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.

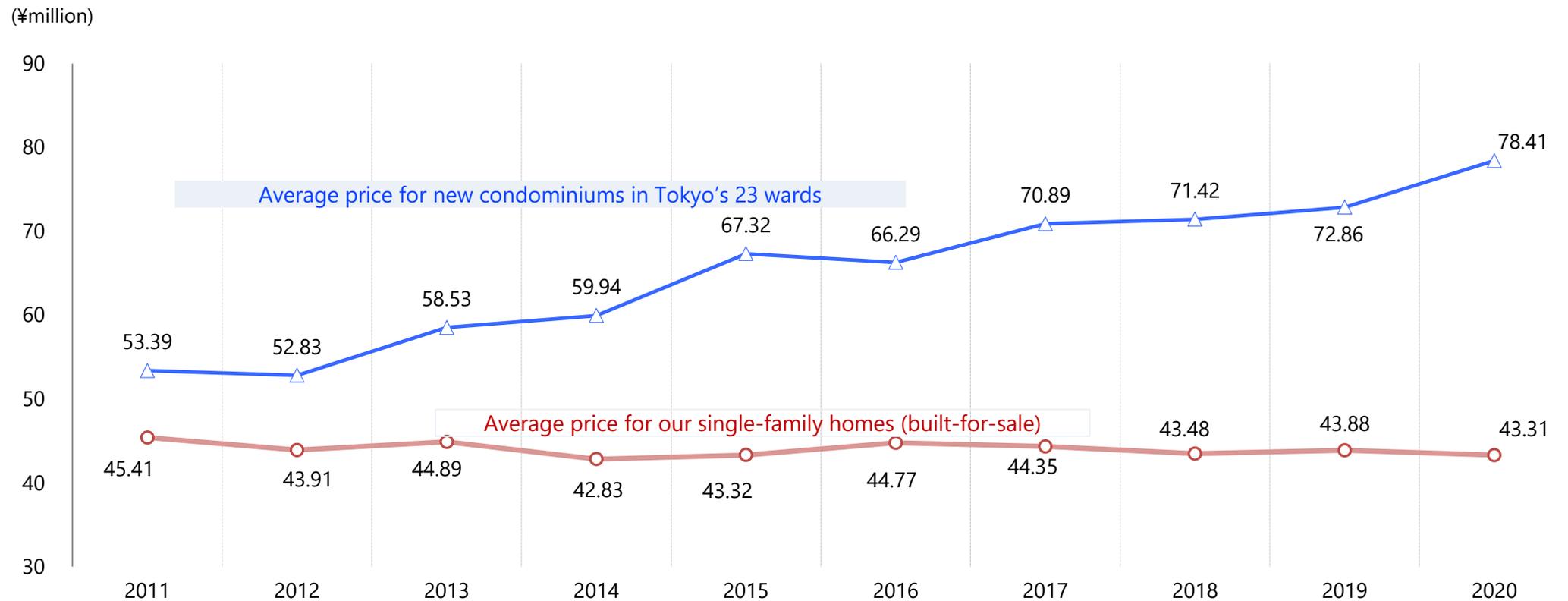
The pace of income recovery is faster for people in urban areas, showing promise for growth in spending power



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)



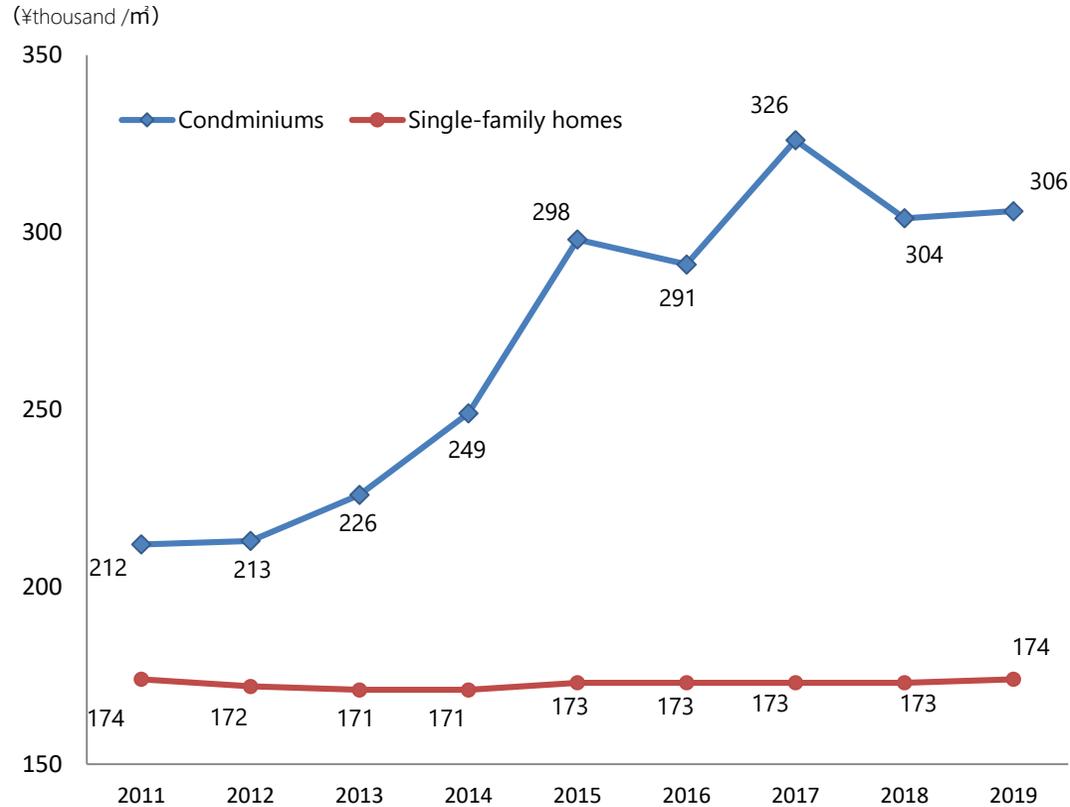
Source: MLIT, "Monthly marketing report of lands"

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

Condominium prices for 2020 are for the January – March period. Prices of our homes for 2020 are for the October 2019- March 2020 period.

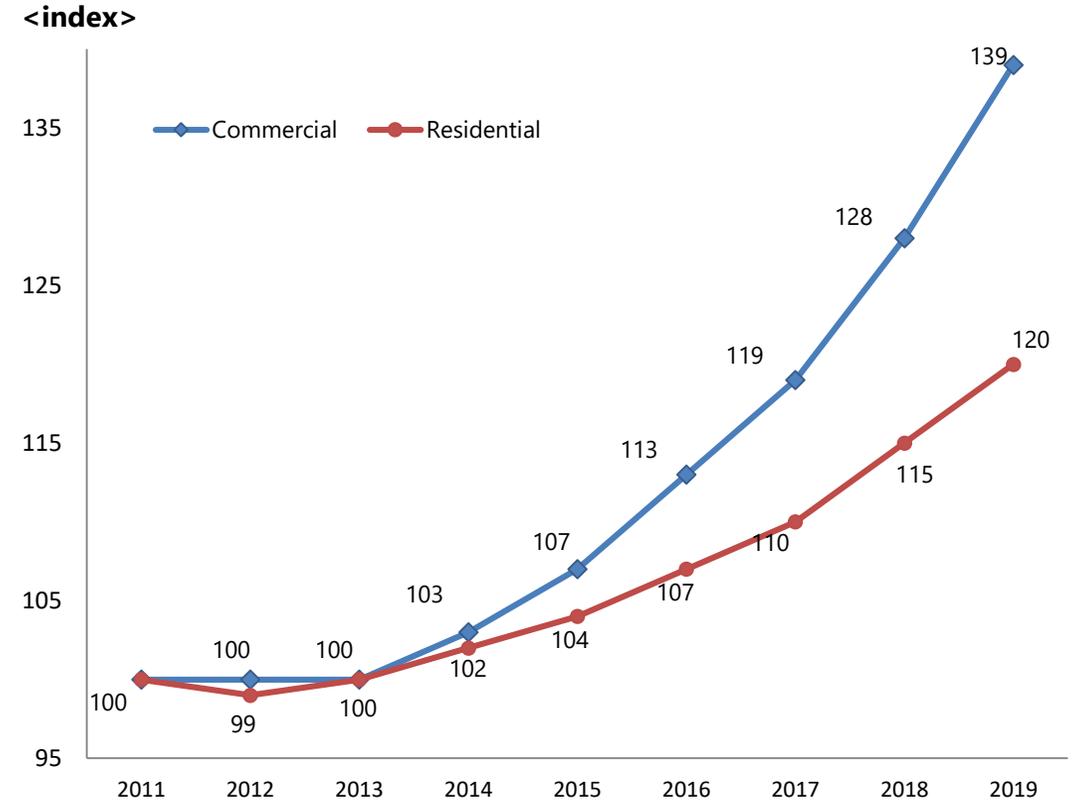
Price gaps between condominiums and single-family homes have occurred due to the difference between construction costs and land cost

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.

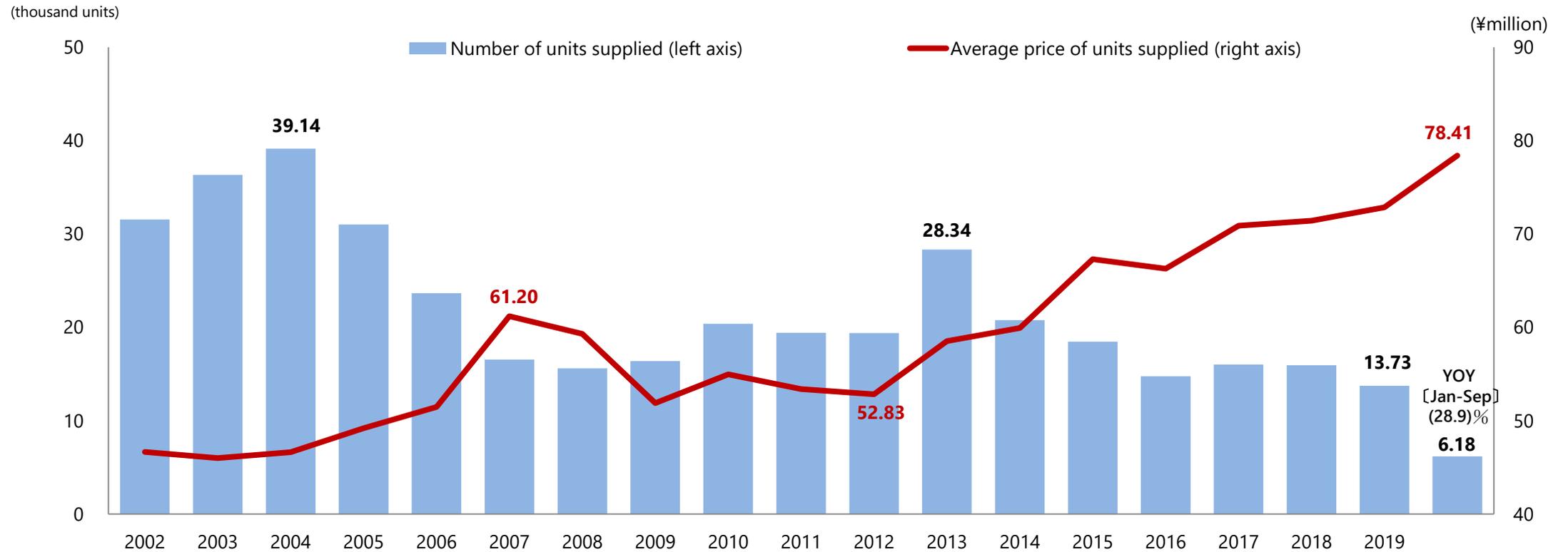
Land price by use (in Tokyo's 23 wards)



Source: MILT "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

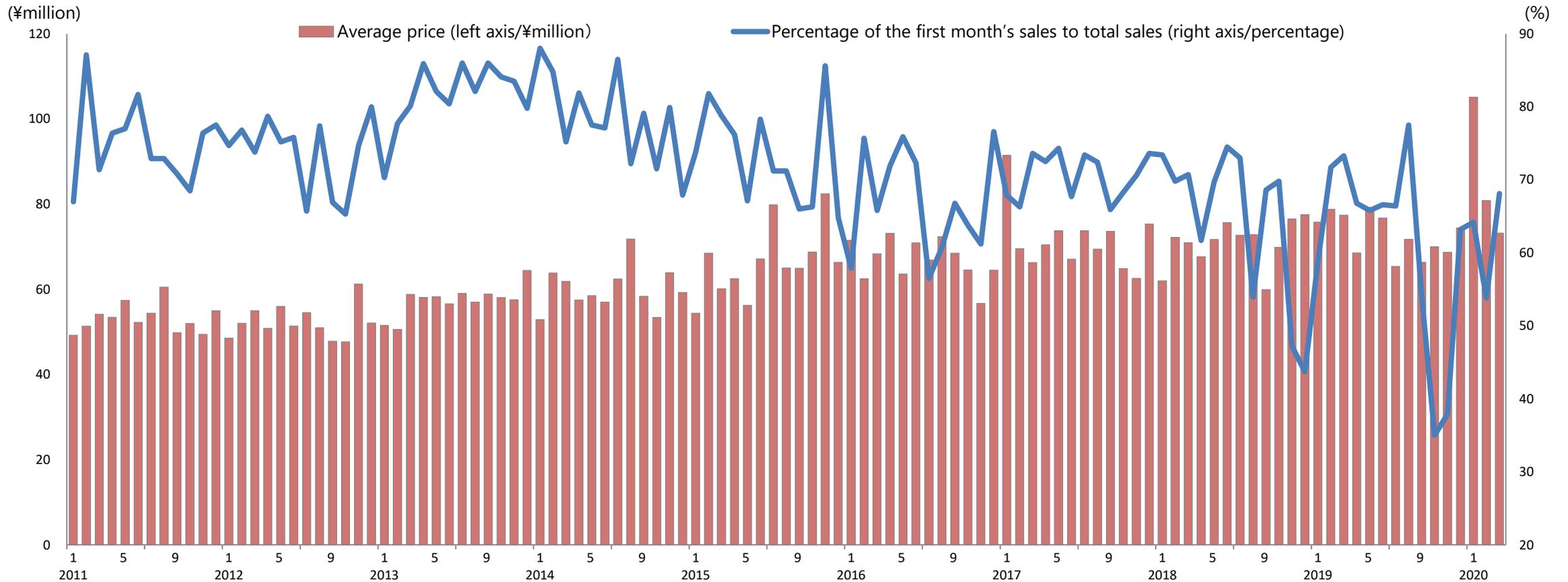
Number and average price of new condominiums supplied in Tokyo's 23 wards



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

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

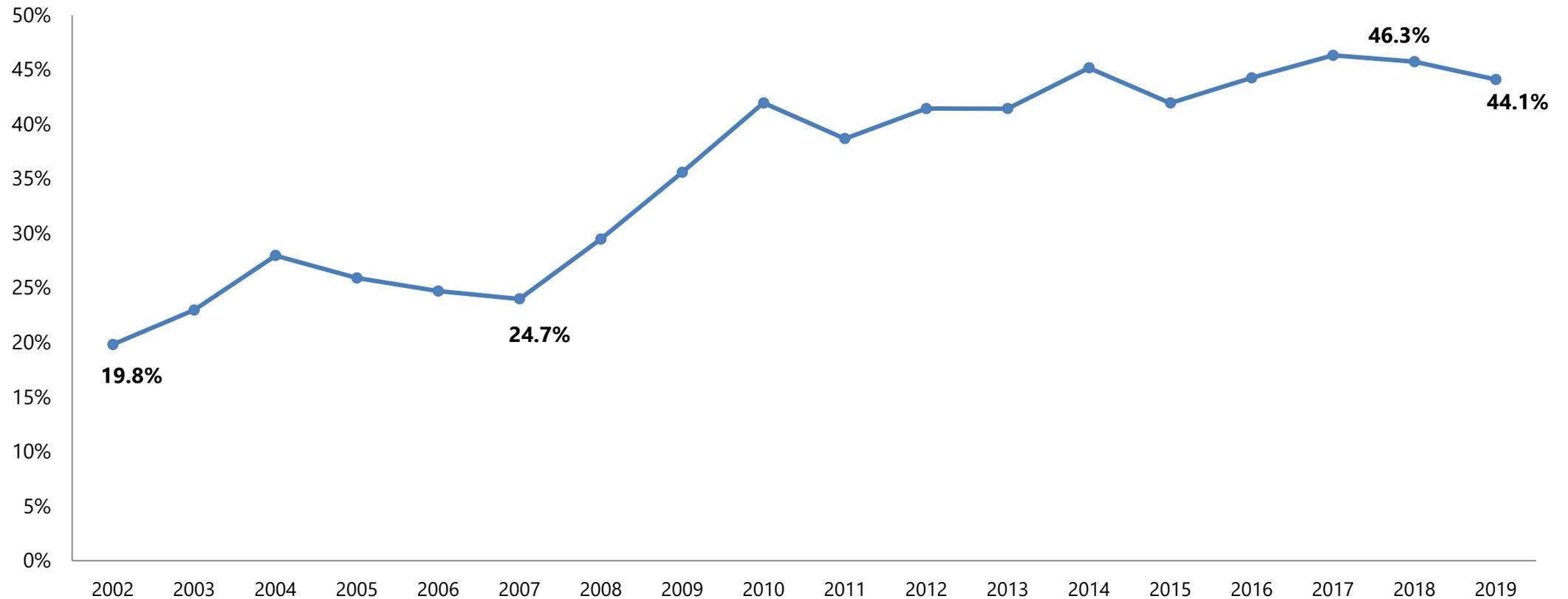
Trends of average prices of new condominiums and ratios of the first month's sales to total sales in Tokyo's 23 wards



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



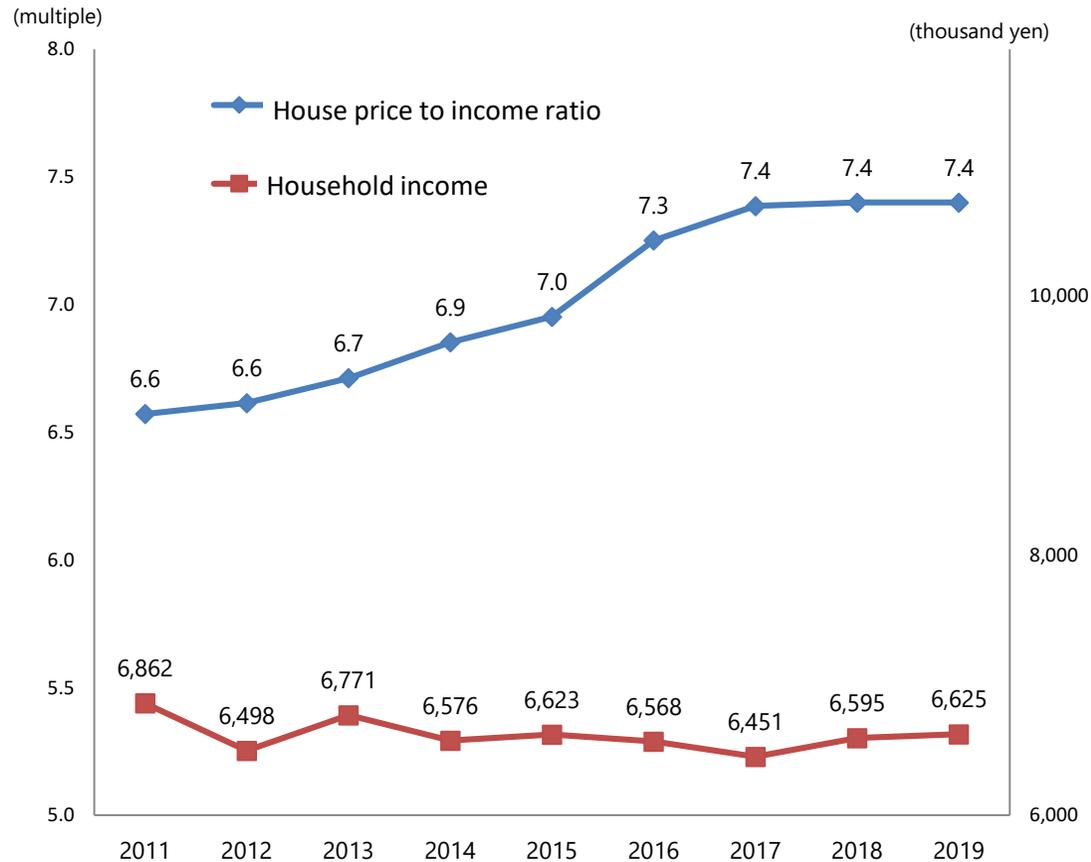
Source: The share of new condominium sales in the Tokyo Metropolitan area in "Condominium Market Trends" by Real Estate Economic Institute Co., Ltd.

* Seven major real estate companies:

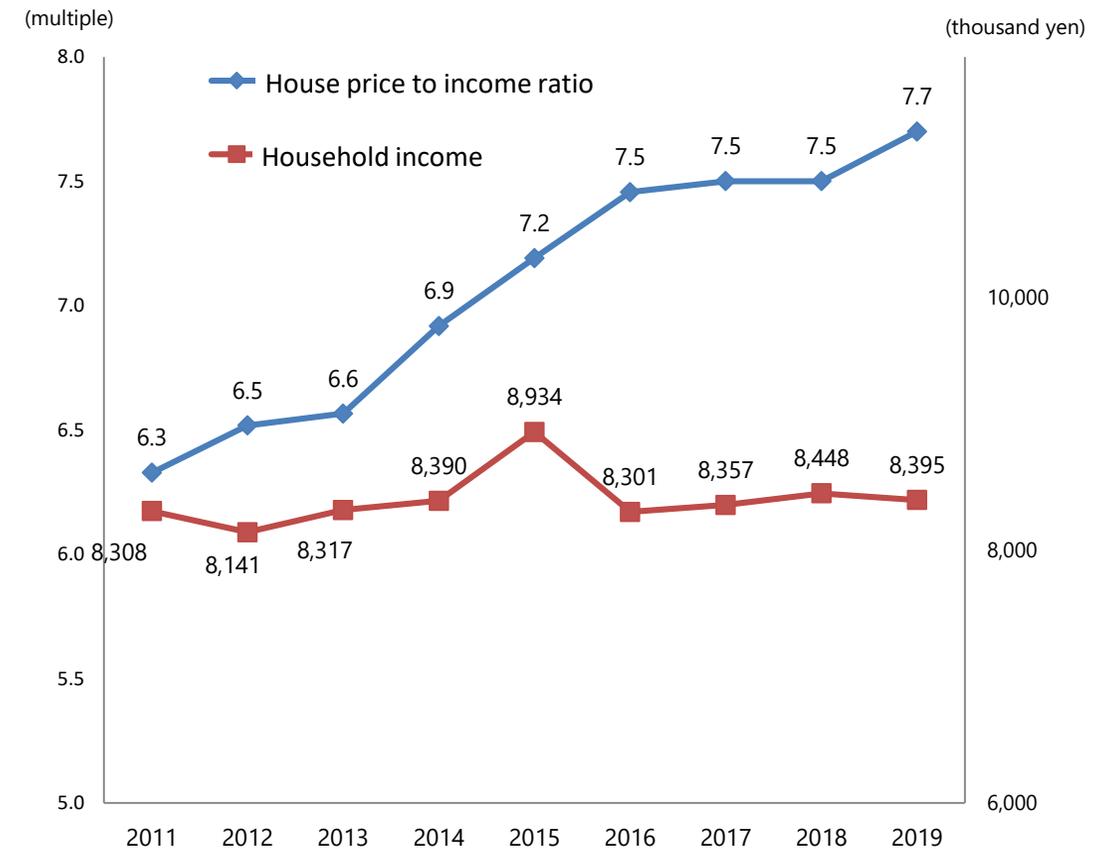
Sumitomo Realty & Development, Daikyo, Tokyu Land, Tokyo Tatemono, Nomura Real Estate Holdings, Mitsui Fudosan, Mitsubishi Estate

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

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



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



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

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

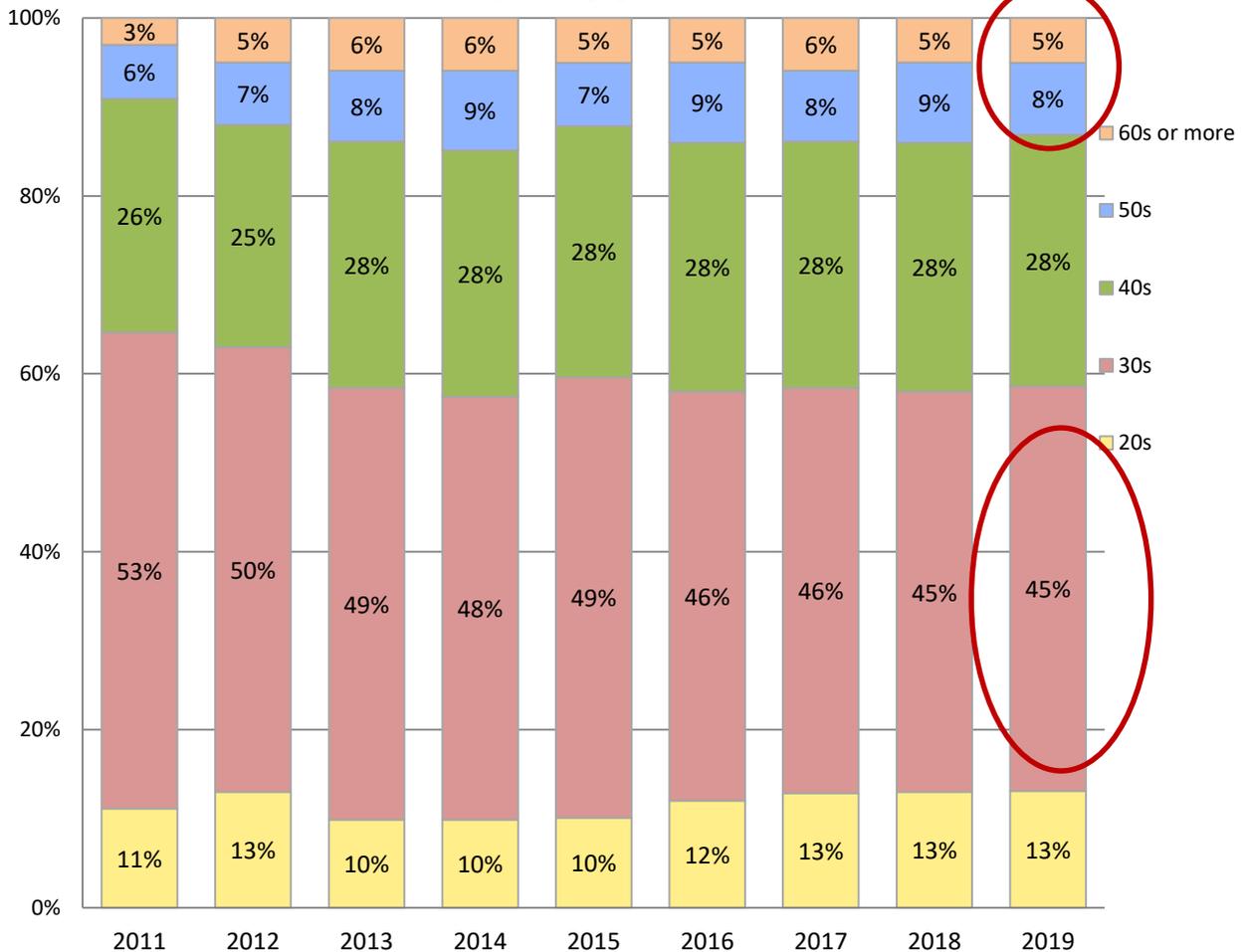
Single-family homes: New home purchase funds (detached house, etc.); Condominiums: New condominium purchase funds (apartment buildings)

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

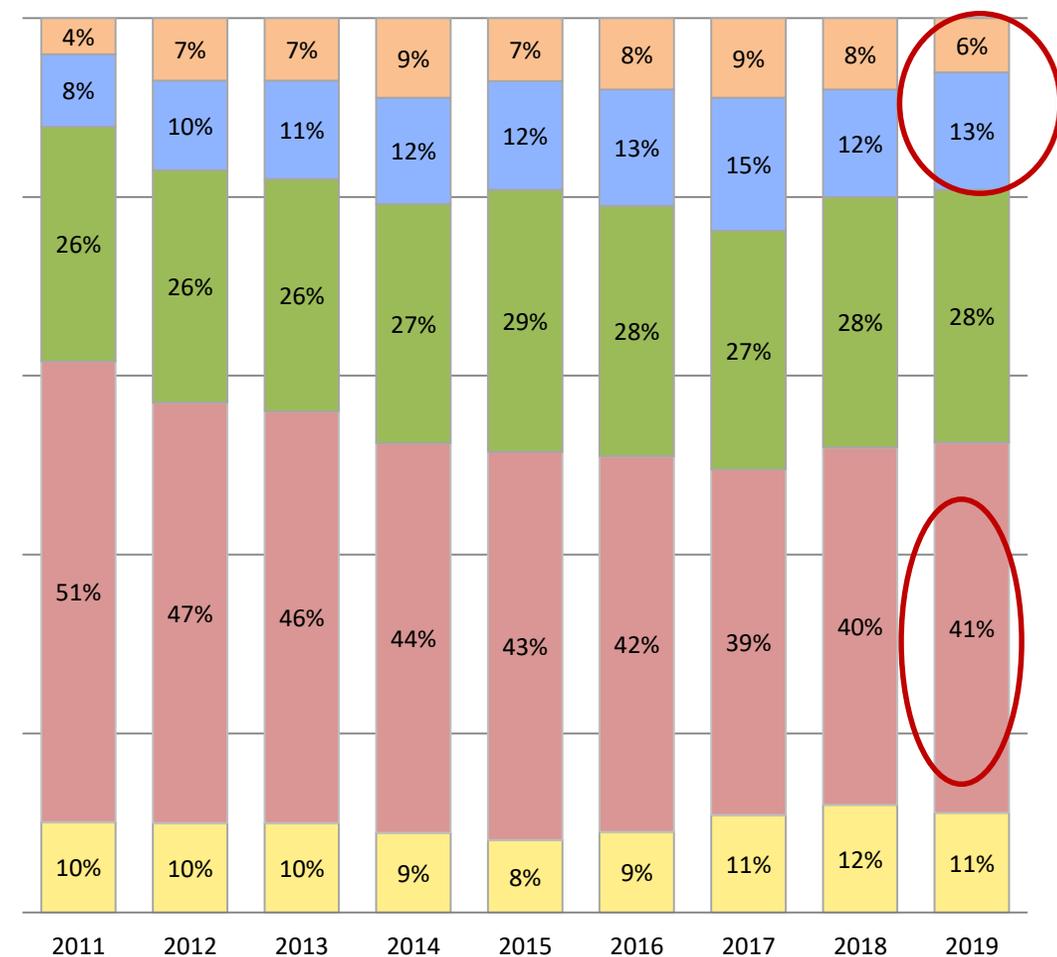
Home price to income ratio is calculated based on the total necessary funds including funds on hand.

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

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



Age distribution of condominium purchasers (in Tokyo)

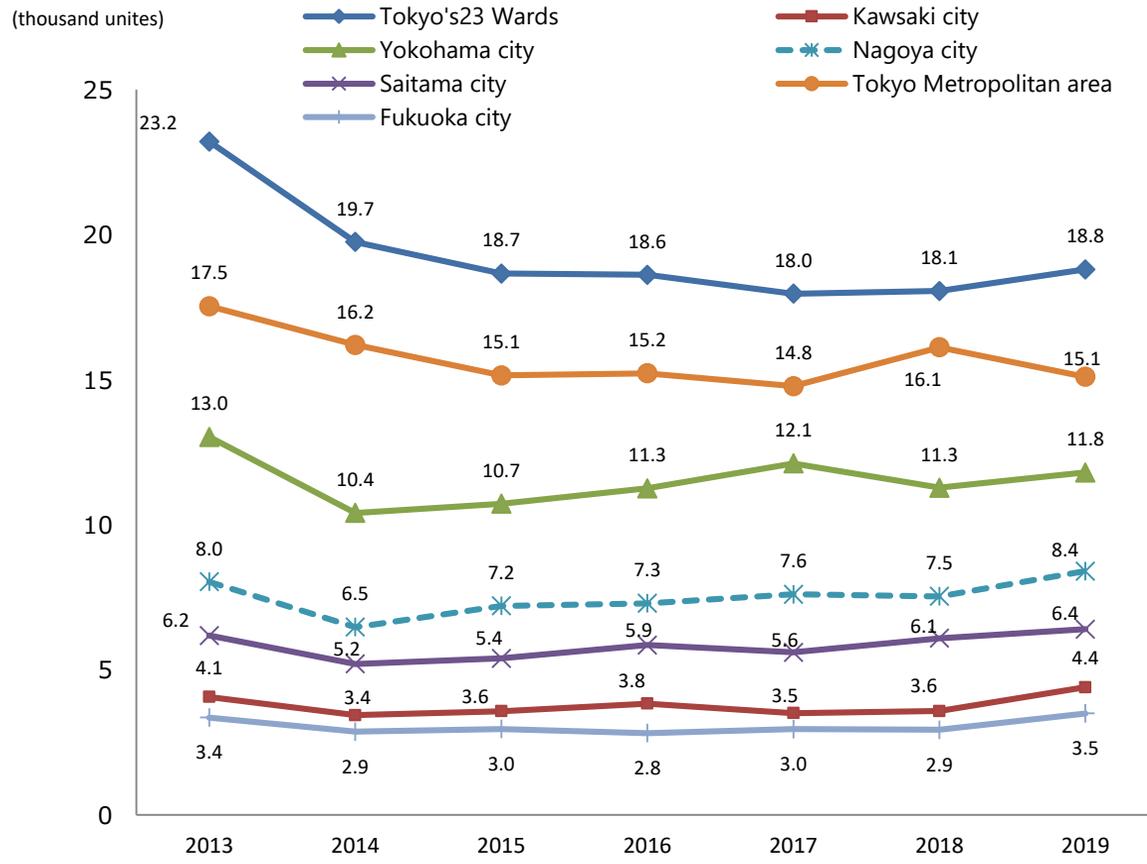


Source : Japan Housing Finance Agency
 Compiled using data of housing loans approved from April through March of the following year.
 Single-family homes: New home purchase funds (detached house, etc.); condominiums: new condominium purchase funds (apartment buildings)



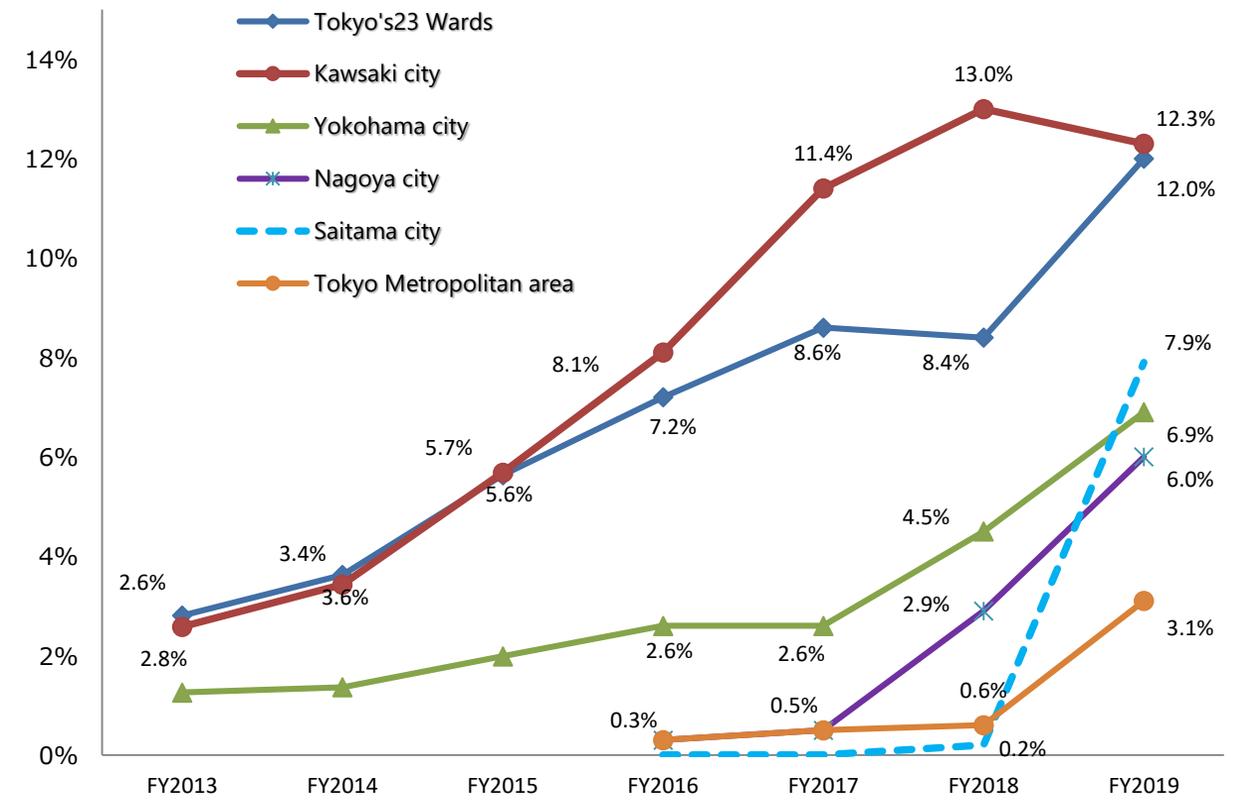
Open House has been steadily acquiring shares in the single-family homes market in urban areas by adopting a dominant strategy

New single-family housing starts in our service areas



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

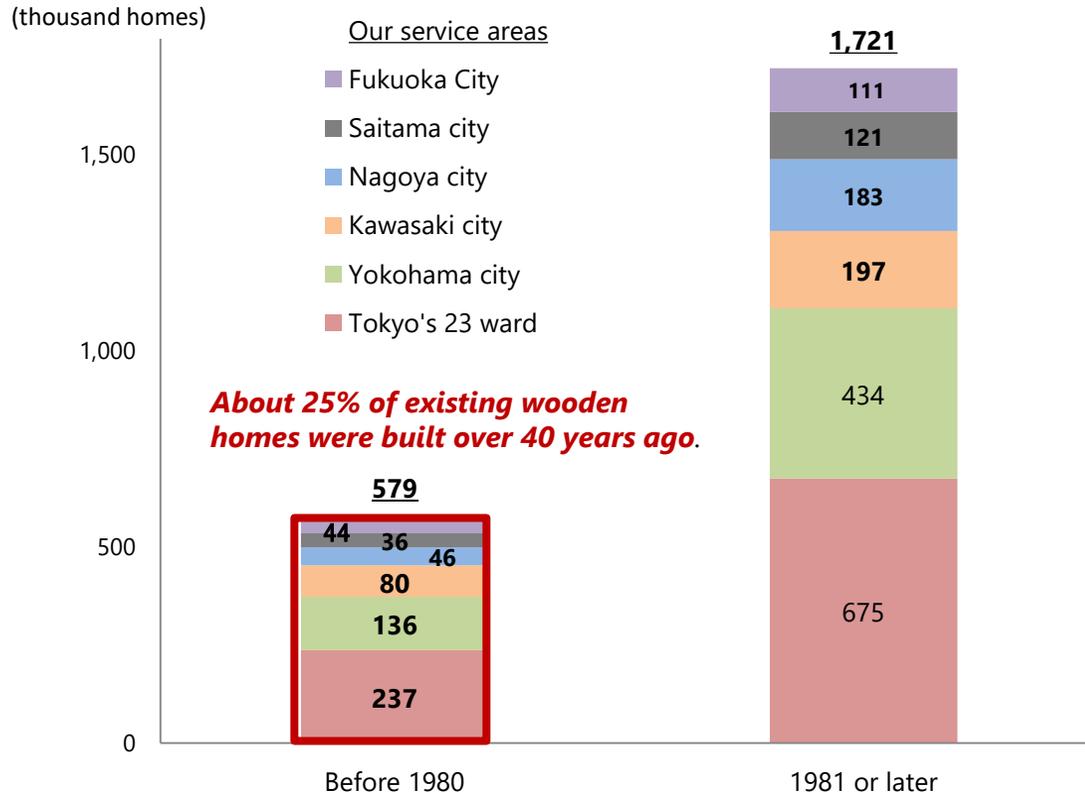
The Group's market share by service area



Calculated by dividing number of properties delivered in each period of the Group by the number of construction starts by area in each year.
 B to C: Calculated market share for properties that Open House Development provides to individual customers
 B to B: Except homes construction contracts to corporations of Open House Architect

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

Building stock of wooden single-family homes by construction period



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

Housing situation in Japan

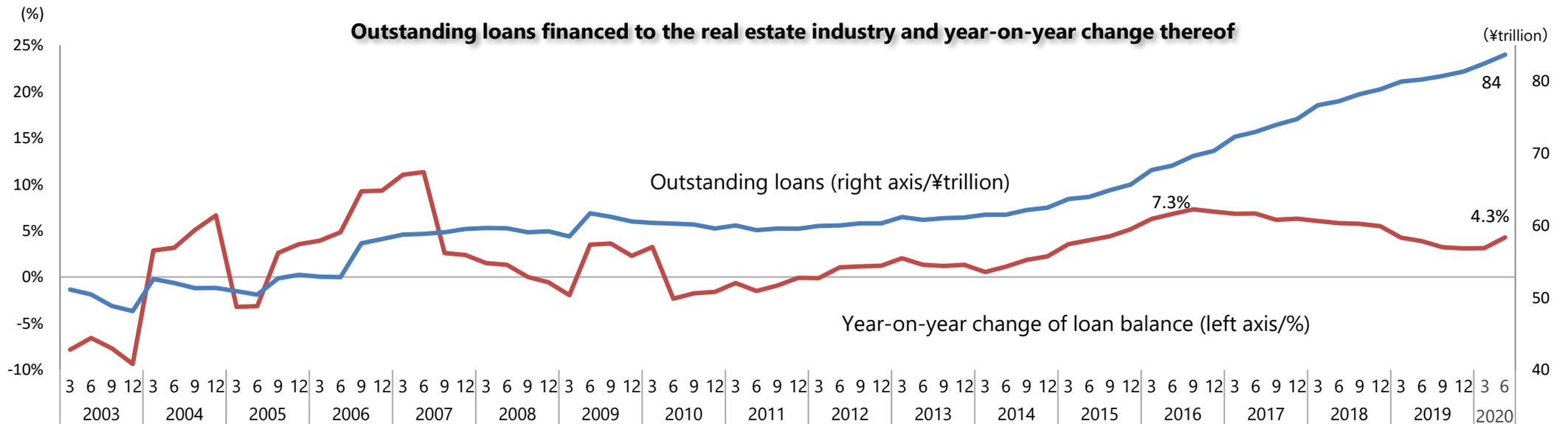
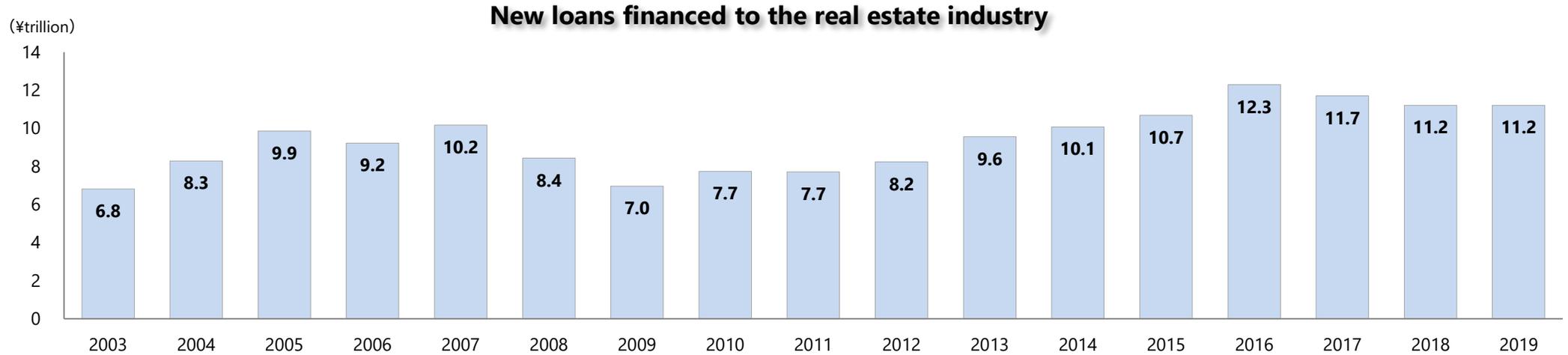
- The average age of homes rebuilt in Japan is **37.0 years.** *1
- The average site area per single-family home lot in Tokyo's 23 wards in 1988 was **40.3 tsubo** (1,431.6 sq. ft). *2
- The average site area of single-family homes developed by Open House is **17-18 tsubo** (600-640 sq. ft), enabling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

Sources:

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

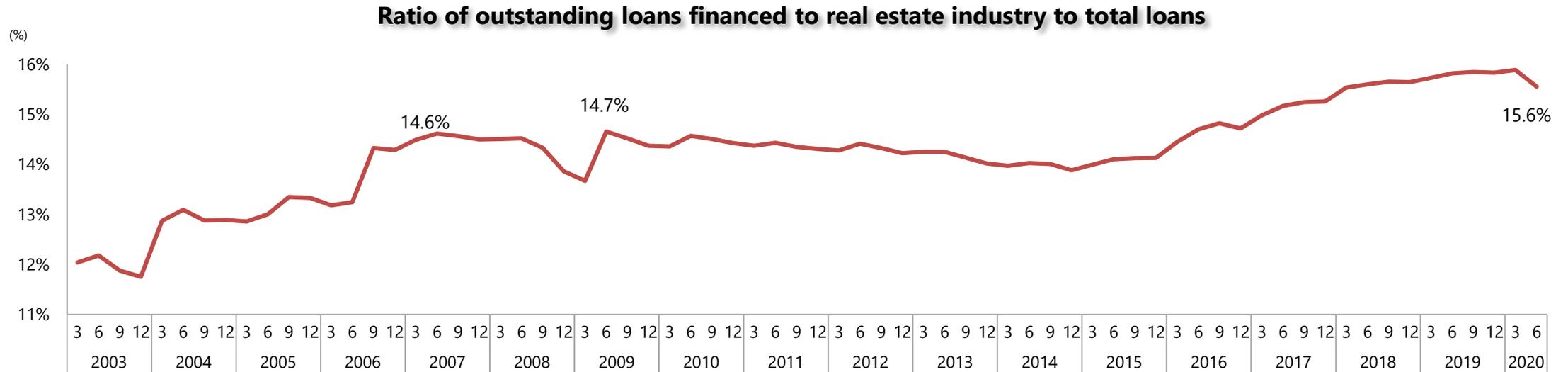
*2 "Housing and Land Survey in 1988" by the Ministry of Internal Affairs and Communications

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

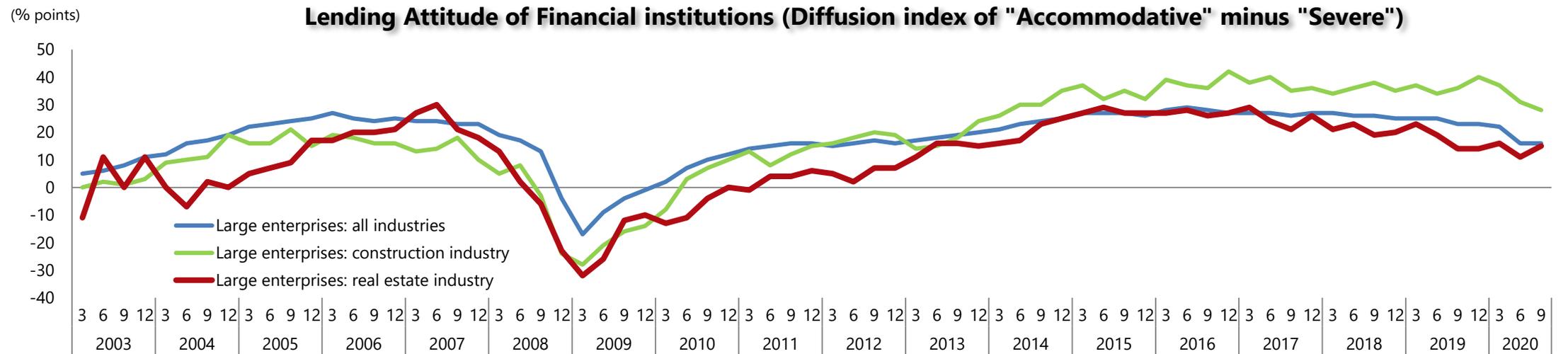


Source: "Loans by borrower" published by the Bank of Japan

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



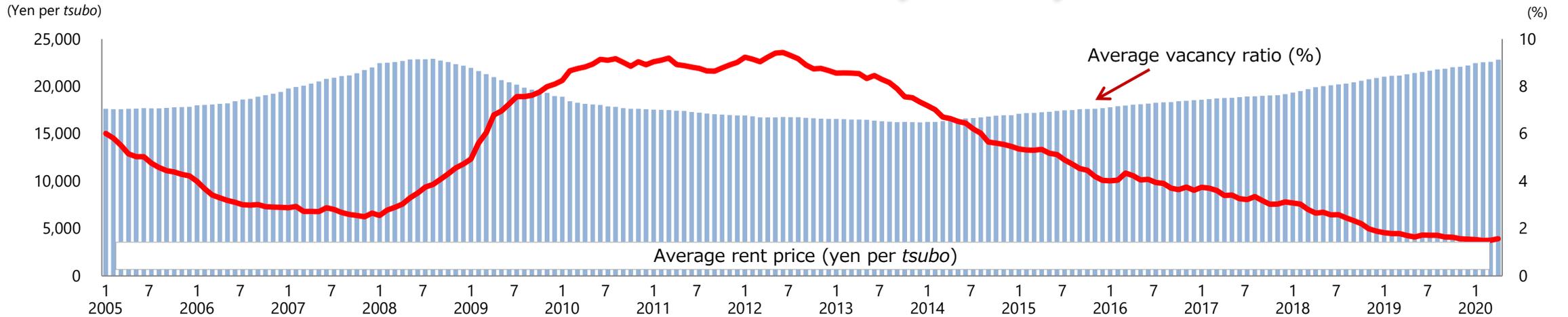
Source: "Loans by borrower" published by the Bank of Japan



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

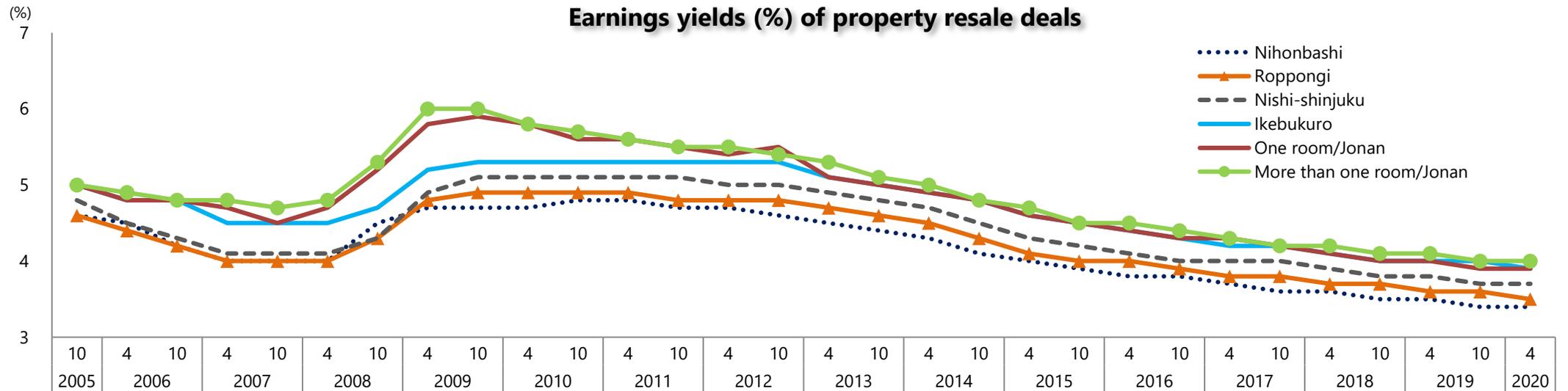
Demand for property resale transactions is strong as shown by an increase in rent price and a decline in returns from property resale transactions

Trends of office rentals and vacancy ratios in Tokyo



Source: MIKI OFFICE REPORT TOKYO

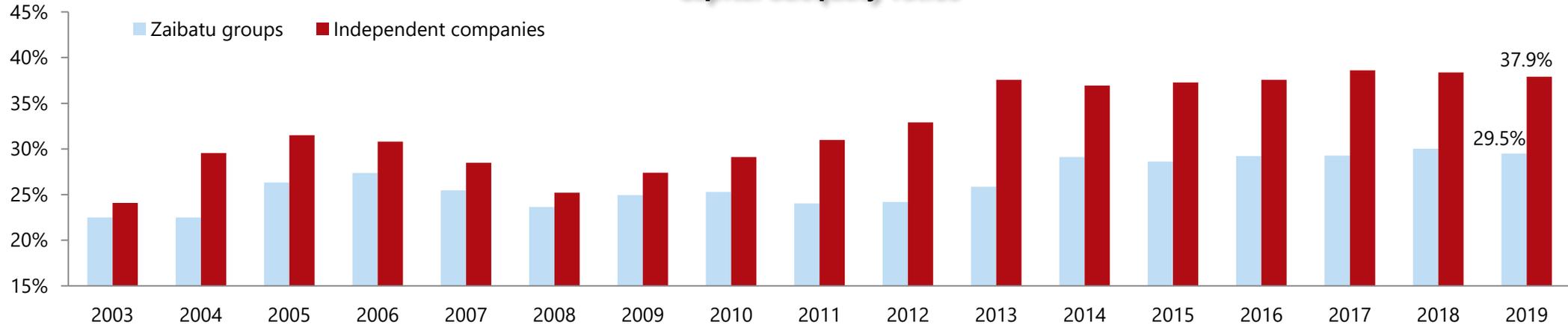
Earnings yields (%) of property resale deals



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

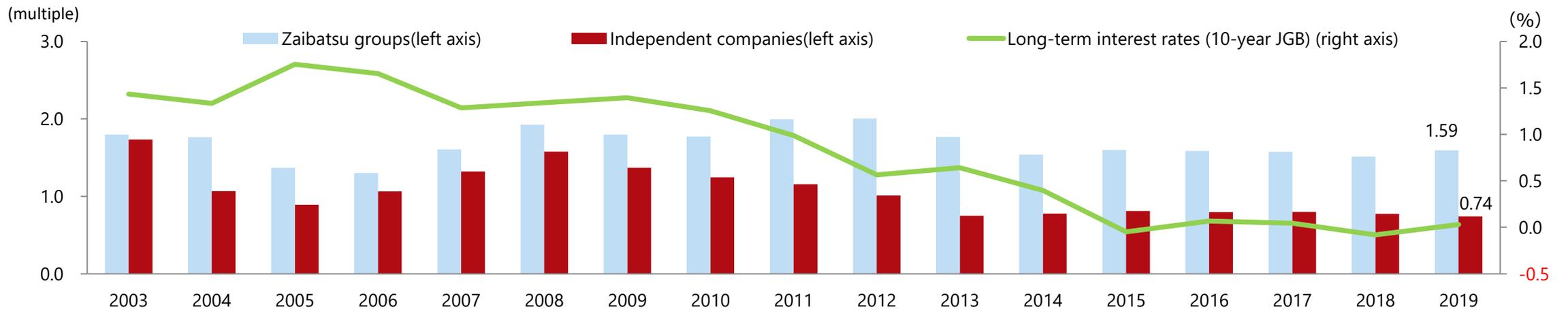
Independent companies have been maintaining stronger financial health than zaibatsu groups

Capital adequacy ratios



Note: "Zaibatsu" means a financial conglomerate

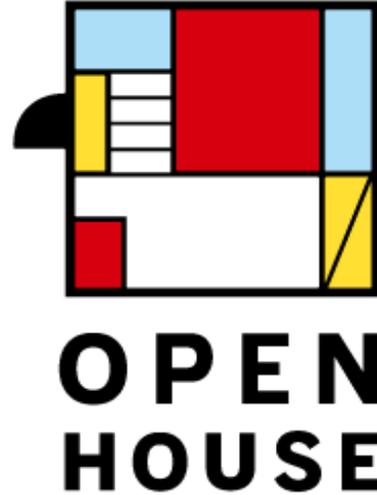
net debt-equity ratios and long-term interest rates



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: (Borrowing+ Corporate bonds- Cash/deposits) / Net assets

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



<https://openhouse-group.co.jp/ir/en/>

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