



November 13, 2020

To whom it may concern

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Notice Regarding the Issuance of New Shares through Third-Party Allotment

Pressance Corporation Co., Ltd. (“Company”) hereby announces that at the Board of Directors meeting held this day, the Company approved a resolution to issue offered shares of the Company’s stock to be allotted to Open House Co., Ltd. (“Open House”) through third-party allotment (the “Capital Increase through Third-Party Allotment”), as detailed below.

Please note that as described in “Notice Regarding Expression of Opinion Concerning the Tender Offer for Our Share Certificates by Open House Co., Ltd. and Execution of Agreement Concerning Amendment, Etc. to Capital and Business Alliance Agreement with Open House Co., Ltd.,” the Company also approved a resolution, at the Board of Director’s meeting held this day: (i) to execute an agreement (the “Agreement”) with Open House to amend etc. the capital and business alliance agreement (the “Current Capital and Business Alliance Agreement”; and the capital and business alliance under the Current Capital and Business Alliance Agreement shall hereinafter be referred to as the “Current Capital and Business Alliance”) dated April 6, 2020, (the amended Capital and Business Alliance pursuant to the Agreement shall hereinafter be referred to as the “New Capital and Business Alliance”); and, under the Agreement, (ii) to express an opinion supporting the tender offer (with the tender offer period commencing on November 16, 2020 and ending on January 14, 2021, the offer price of 1,850 yen, no lower limit of the number of shares to be purchased, and the upper limit of the number of shares to be purchased of 19,881,500 shares; the “Tender Offer”; and the Tender Offer and the Capital Increase through Third-Party Allotment shall collectively be referred to as the “Transaction”) for common stock of the Company (the “Company’s Stock”) by Open House, and to leave the decision of whether to tender shares of stock in the Tender Offer to the judgment of the Company’s shareholders.

1. Overview of Placement

(1)	Paying period	From January 15, 2021 to January 19, 2021
(2)	Number of new shares to be issued	3,508,772 shares of common stock
(3)	Issue price	1,425 yen per share (“Pay-in Amount”)
(4)	Amount of proceeds	5,000,000,100 yen
(5)	Placement or allotment method (Allottee)	Third-party allotment (3,508,772 shares to Open House)
(6)	Other matters	(i) The Capital Increase through Third-Party Allotment is subject to the satisfaction of certain conditions precedent, such as the completion of the Tender Offer. (ii) The Capital Increase through Third-Party Allotment is subject to notification through a securities registration statement required by the Financial Instruments and Exchange Act becoming effective.

2. Purpose of and Reasons for Placement

The Company was established in October 1997 in Chuo-ku, Osaka City, as Nikkei Prestige Co., Ltd. whose purpose was to engage in the business of real estate sales. In November 1998, the Company commenced the sale of condominiums under its own brand. Later, in April 2002, the Company changed its trade name to Pressance Corporation Co., Ltd. In December 2007, the Company listed its stock on the Second Section of the Tokyo Stock Exchange Co., Ltd (the “Tokyo Stock Exchange”). In October 2013, the Company’s stock was designated to the First Section of the Tokyo Stock Exchange.

The Company group consists of the Company and its 11 subsidiaries and 3 affiliates. The Company’s main business is planning, developing, and selling one-room condominiums (i.e., condominiums for investment which are made available for rent mainly to single-person households) and family condominiums (i.e., condominiums intended for use by families). Since its foundation in October 1997, the Company has focused on the realization of a richer, more comfortable life for those who live in its condominiums, by consistently sticking to highly convenient locations and by providing condominiums with higher asset values. With its corporate philosophy of “Shine Light into a Corner”(Note) in mind, the Company aims to provide condominiums by making use of its unique development capabilities as an independent condominium developer handling a wide range of condominiums from urban- to family-type condominiums, and has operated its business across extensive geographical areas from the Tokyo metropolitan area to Kyushu, having provided a large number of condominiums particularly in the Kinki region and the Tokai-Chukyo region.

Furthermore, in recent years the Company: (i) has focused on further increase in its market share in the existing major geographical markets, mainly in Osaka, Kyoto, Kobe, Nagoya, the Tokyo metropolitan area, and Okinawa; (ii) has further strengthened its market position in the geographical markets newly entered by the Company, such as Hiroshima, Hakata, and other cities; and (iii) has promoted increases in the number of sales and in resulting proceeds, by increasing the number of supplied products with high customer satisfaction in price and in location and other aspects of quality, by reinforcing the company structure in such aspects as site purchase and sales activities.

However, in December 2019 an unfortunate situation arose where the Company’s former President and Representative Director Mr. Shinobu Yamagishi (“Mr. Shinobu Yamagishi”) was arrested for suspected embezzlement. Under the circumstances, the Company, thinking that it must recover its trust promptly, had an opportunity in early March 2020 to have a talk with Open House to which the Company was introduced through a financial institution. The Company sympathized with the philosophy and strategy of Open House, which had achieved a stable growth in the same real estate industry as the Company for more than two decades. Therefore, the Company started its discussions with Open House towards the realization of the Current Capital and Business Alliance. During such discussions, the Company eventually entered into the Current Capital and Business Alliance Agreement with Open House on April 6, 2020, with the belief that the Company would be able to contribute to the maximization of benefits for both the Company and Open House and their respective customers, shareholders, employees, business partners, and other stakeholders, by enhancing the Company’s credit through alliance with Open House to promptly eliminate concerns of the Company’s customers, shareholders, employees, business partners, and other stakeholders, and by realizing business synergies, such as mutual complement of geographical areas in which the two companies operate their respective businesses, and expansion of product lineups, through combining the two companies’ respective management resources and management know-how.

(Note) “Shine Light into a Corner” means a philosophy that each one of us should do our very best in our own environment and should shine a light around us by working for others as well, and that this will eventually shine a light on society as a whole and will lead to the realization of peace and happiness for people around the world.

On the other hand, the Open House group consists of Open House and 18 affiliated companies (excluding non-consolidated subsidiaries and non-equity method affiliated companies), and is engaged mainly in a single-family homes-related business, as well as condominiums, income-producing real estate, and other businesses.

The Open House group celebrated its 20th anniversary in the fiscal year ended September 2017, and formulated the “Hop Step 5000” Mid-Term Business Plan aiming for further growth in the future of which final fiscal year is the fiscal year ended September 2020. During the fiscal year ended September 2020, which was the final fiscal year of the Mid-Term Business Plan, the sales mainly in the single-family homes related business and the income-producing real estate business

continued to grow steadily until the third cumulative quarter consolidated period, and drove the growth of the business performance. The Open House group continues to acknowledge that: (a) strengthening the competitiveness of single-family homes related business, which is the core of its business; (b) building a business portfolio based on changes in the external environment; (c) reinforcing the management infrastructure that supports the growth of the company; and (d) acquiring new business opportunities related to changes in the environment caused by the spread of COVID-19 are issues that need to be addressed, and has steadily been working toward them. In accordance with the changes of lifestyles in Japan, including women's advancement in society since 2000 and an increase in the number of dual-income households, more people tend to seek reasonably priced houses in highly convenient urban areas. Even amid the declining population, the number of households in urban areas is expected to increase in the future. In light of these business conditions surrounding the Open House group, the Open House group has, in order to continue to provide a stable and efficient supply of affordable single-family homes in central Tokyo, enhanced its product competitiveness by conducting business operations that integrate production and sales upon establishing a system that can complete all functions within the Open House group, in addition to the brokerage function it has been offering from the time of its foundation, from purchase of land, design to construction with respect to its core single-family homes related business. Furthermore, Open House's single-family homes related business has steadily increased market share along with high profitability and high efficiency by thoroughly implementing an "aggressive" marketing strategy that makes pinpointed approach to customers with a focus on specific areas and by developing a dominant strategy that intensively supplies single-family homes in major urban areas.

In addition, currently, in the real estate industry to which Open House belongs, the rents have declined and the conditions in the real estate trading market have deteriorated due to the spread of COVID-19 around the world, including Japan. Nevertheless, as new needs for housing arise from an increase in the number of hours families spend in their homes triggered by a change in environment due to the spread of COVID-19 and increase in teleworking opportunities, the Open House group believes that the utility value of single-family homes will expand, and that this will be a new business opportunity for the Open House group and that it will be its social mission to respond to such new needs. As noted above, even under an environment where COVID-19 is spreading, the business performance and the issues to be addressed under the Mid-Term Business Plan for the fiscal year ended September 2020 have steadily progressed, driven by single-family homes related business, the core business of Open House.

The Open House group has promoted M&A as its corporate policy as a part of its "Building of business portfolio based on changes in the external environment" set forth in the Mid-Term Business Plan above, has aimed for growth of the entire Open House group and on alliance basis that can realize business synergies, and has been actively engaged in M&A. For example, Open House made Open House Architect Co., Ltd. (former Asakawa Home K.K.; "OHA") its wholly-owned subsidiary in January 2015, and made Hawk One Corporation ("Hawk One") its wholly-owned subsidiary in October 2018, respectively. Both OHA and Hawk One have been able to increase their revenues as a result of significant increase in the number of houses ordered and other factors ever since they became a consolidated subsidiary of Open House. OHA and Hawk One have also achieved substantial growth in operating income as a result of lowering procurement cost and streamlining procurement by realizing economies of scale as the Open House group; and furthermore, they have succeeded in recruiting more personnel by mutually utilizing recruitment know-how and resources of the Open House group. As such, Open House has steadily enhanced business performance and improved management effectiveness as the entire Open House group through M&A.

In addition, Open House executed the Current Capital and Business Alliance Agreement (for a summary of the Current Capital and Business Alliance, please refer to "Synergies Contemplated under the Current Capital and Business Alliance" below) with the Company on April 6, 2020 in order to maximize the interests of both companies and their customers, shareholders, employees, business partners, and stakeholders, aiming to build regional and product complementarity and by realizing business synergies from combining management resources and management know-how of Open House and the Company. Subsequently, Open House acquired 8,018,300 shares from Pacific and 12,602,800 shares from Mr. Shinobu Yamagishi, a total of 20,621,100 shares of the Company's Stock, through off-market trading at 1,100 yen per share on May 8, 2020 and acquired voting rights equivalent to 31.91% of total voting rights (as of March 31, 2020) of the Company, and made the Company an equity-method affiliate of Open House.

Since the execution of the Current Capital and Business Alliance Agreement, Open House and the Company have held numerous discussions in order to realize the synergies initially contemplated in the Current Capital and Business Alliance Agreement, by mutually providing management know-how. Specifically, with respect to the planning, development, and sales of condominiums for investment that is being conducted by the Company in the Kinki and Chukyo regions, though it was difficult to expand business in the Kanto region because it was not easy for the Company to acquire land on its own, Open House and the Company concluded in the middle of June 2020 that, with the cooperation of Open House, which has a strong real estate network in the Kanto region, the Company could actively expand business in the Kanto region.

In addition, with respect to the real estate fund business, after the execution of the Current Capital and Business Alliance Agreement, Open House and the Company commenced discussions on the possibility of jointly establishing an asset management company and supplying real estate properties, planned and developed by the two companies, as investment products to institutional investors and the financial market.

On the other hand, in order for Open House and the Company to cooperate as described above and to further promote the Current Capital and Business Alliance, it was recognized in the beginning of September 2020 that it is necessary to further strengthen the capital relationship because there are restrictions under laws, such as the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947; as amended, the “Anti-monopoly Act”), which imposes restrictions on cooperative activities between entities that conduct the same type of business, with respect to smoothly promoting the integrated business activities of the two companies under the current capital relationship between Open House and the Company.

Under such circumstances, in the beginning of September 2020, Open House exchanged a broad range of views with the Company on prospects of the current business climate and financial condition of the Company and its relationship with its financial institution partners, including financing, etc., in light of the significant changes in the external environment caused by the COVID-19 pandemic. Accordingly, amid uncertainties in the outlook of the market condition due to the COVID-19 pandemic, the Company’s current business environment is still affected by the arrest of the Company’s former President and Representative Director in December 2019, causing the Company’s financial institutions to keep taking a cautious attitude towards providing finance to the Company. In addition, the spread of COVID-19 infection has not yet subsided, leaving a possibility that a further spread of the infection in the future may aggravate the effect of the COVID-19 pandemic. In addition, at the aforementioned meeting, Open House and the Company came to an understanding that, in order to ensure the sustainability of the Company’s business operations, the acquisition of land for the smooth resumption of new projects and commencement of new business activities by the Company is necessary, and in order to assure the stability of financing required thereby, credit enhancement through the strengthening of the capital relationship with Open House, such as making the Company a consolidated subsidiary of Open House, is important. Open House and the Company have come to hold a common understanding that, upon strengthening the capital relationship between the two companies, it would be extremely important to maintain to a certain extent the unique corporate culture and management autonomy that the Company had thus far cultivated as an independent condominium developer in order to continuously improve corporate value and shareholder value through the sustainable development of the Company; and that it was desirable to keep the Company listed as a consolidated subsidiary of Open House, rather than making it a wholly owned subsidiary of Open House, as deeper cooperation between the two companies while respecting the Company’s autonomous management would be effective with respect to enhancing the corporate value of Open House and the Company. In addition, as stated above, since Open House and the Company had previously recognized the necessity of further promoting the capital and business alliance between Open House and the Company, and the necessity of further enhancing the capital relation therefor, Open House and the Company had begun specific examinations and discussions regarding the consolidation of the Company by Open House and further promotion of the Current Capital and Business Alliance from the beginning of September 2020.

Thereafter, while Open House conducted the due diligence on the Company from the middle of September 2020 (such due diligence was completed in the middle of October 2020), Open House has repeatedly conducted verification of methods for the consolidation of the Company and of the synergies between the two companies. During such verification, Open House reaffirmed the current business climate of the Company, and in the middle of October 2020, Open House recognized that making the Company a consolidated subsidiary of Open House by acquiring the Company’s Stock is

necessary and effective (i) to enhance the credit and stabilize the financing of the Company, and (ii) to further enhance the feasibility of the following synergies contemplated under the Current Capital and Business Alliance. As the specific method for acquiring the Company's Stock, a method by way of a tender offer, that provides the general shareholders of the Company with the opportunity to sell shares and that does not dilute the Company's Stock was mainly considered; however, in light of the current business climate of the Company, it is also important to conduct capital financing in order to expand the income scale and realize the continuous business growth of the Company, and Open House believes that Open House's direct investment of funds will support the Company's financing and will show that Open House is willing to strongly promote the New Capital and Business Alliance; thus, it would be desirable to conduct the Capital Increase through Third-Party Allotment together with the Tender Offer, and strengthen the financial base of the Company by Open House subscribing thereto. In such case, upon considering the existing shareholders, Open House recognized that it is necessary to keep the scale of the Capital Increase through Third-Party Allotment at a level that can avoid the substantial dilution of the Company's Stock. Accordingly, in the middle of October 2020, Open House conveyed to the Company that it is desirable to make the Company a consolidated subsidiary of Open House, and that, as a specific method to acquire the Company's Stock, it is desirable to combine the capital increase through third-party allotment with the tender offer, and commenced to review and discuss the Transaction.

Synergies Contemplated under the Current Capital and Business Alliance

(a) Regional complementarity

(i) Establishment of the Company's business in the Kanto region

By utilizing Open House's real estate network in the Kanto region, Open House aims to promote sales, in the Kanto region, of the Company's business of developing and selling investment condominiums, which has been conducted by the Company mainly in the Kansai region, and to expand this business into the Kanto region.

(ii) Establishment of Open House's business in the Kansai region

By utilizing the Company's real estate network in the Kansai region and receiving information within a scope that does not compete the single-family homes sales business operated by the Company or its subsidiaries, Open House aims to promote sales, in the Kansai region, of its single-family homes business that it has been conducting mainly in the Kanto region, and to expand this business into the Kansai region.

(iii) Collaboration in other regions

In other regions as well, both companies will explore potential opportunities for collaboration and will consider offering a wider range of products, including implementing joint projects.

(b) Product complementarity

(i) Expansion of product lineup

From the viewpoint of expanding the lineup of investment products, both companies will bring together investment products, which they are capable of providing, such as investment condominiums, overseas real estate and other income-producing real estate, and provide a wide range of investment products to current and potential investors to respond to their needs; thereby aiming to further expand the businesses of both companies.

(ii) Promotion of product development

Through collaboration between the product development divisions of the two companies, we will promote product development that meets the various needs of customers (currency diversification, inheritance tax measures, expansion of earnings, etc.) and flexibly provide products to customers by implementing joint projects, etc.

(c) Management and administration of lease properties and properties for sale

By sharing the Company's business platform and know-how in the recurring revenue business, which the Company

obtained through lease management and property management of the properties it developed, Open House will provide similar services for its sales properties and will aim to develop its own recurring revenue business.

(d) Cost reduction

The purchasing divisions of both companies will aim to reduce costs by standardizing parts and materials and increasing the transaction volume.

Subsequently, Open House and the Company continued to review and discuss the Transaction, and in the middle of October 2020, reaffirmed their understanding that ensuring the Company's credit enhancement and the stabilization of financing by making the Company a consolidated subsidiary of Open House through the Transaction, and at the same time, deepening the cooperation between both companies while respecting the independence of the Company's management, will promote the capital and business alliance between the two companies and will contribute to the enhancement of the corporate value of both companies.

With respect to the total subscription price of the Capital Increase through Third-Party Allotment, Open House has reviewed the amount that is expected to be applied to the acquisition of land by the Company, while avoiding significant dilution of the Company's Stock, and with respect to the maximum number of shares to be purchased through the Tender Offer, to the extent that (i) the ratio of share certificates, etc. that may be held by Open House after the Tender Offer will be less than two-thirds so as to protect Open House from the statutory obligation to purchase all tendered shares or to offer to purchase all classes of shares, and that (ii) the maximum number of shares to be purchased is able to be set, Open House set a policy that the percentage of voting rights held by Open House after the Transaction will be around 65% at maximum, from the perspective of providing as many of the Company's shareholders as possible with opportunities to sell their shares, while respecting the Company's independent management (Open House plans to maintain and respect the autonomy of the Company's management after the Tender Offer, and the number of officers, which officers and the roles of the officers Open House will assign to the Company at the 24th Ordinary General Meeting of Shareholders of the Company to be held in June 2021 (the "Ordinary General Meeting of Shareholders") have not yet been decided and will be discussed in good faith with the Company after the settlement of the Tender Offer, but the discussions will be conducted on the premise that two to three personnel will be assigned.). In the middle of October 2020, Open House proposed to the Company that (i) the aggregate amount to subscribe in the Capital Increase through Third-Party Allotment be 5 billion yen, (ii) the percentage of voting rights of the Company held by Open House after the implementation of the Capital Increase through Third-Party Allotment and the Tender Offer be around 65%, (iii) the Tender Offer Price be set at 1,750 yen, and (iv) the issue price of the Capital Increase through Third-Party Allotment be the price discounted by 10% against the closing price of the Company's Stock on the First Section of the Tokyo Stock Exchange on the business day prior to the date of announcement of the Transaction, as an amount that does not fall under "particularly favorable amount" as set forth in the Japan Securities Dealers Association's "Guidelines Concerning Treatment of Capital Increase through Third-Party Allotment" (dated April 1, 2010). In response, in late October 2020, the Company requested Open House to reexamine such proposal for the reason that the Company viewed that setting the Tender Offer Price at 1,750 yen would not be enough to add a reasonable premium, as compared to the level of premiums in tender offer cases where the target company is intended to remain listed. Thereafter, following discussions with the Company, Open House made a final proposal and reached an agreement in early November 2020 providing that the Tender Offer Price will be set at 1,850 yen and the issue price of the Capital Increase through Third-Party Allotment will be the price discounted by 10% against the closing price of the Company's Stock on the First Section of the Tokyo Stock Exchange on the business day prior to the date of announcement of the Transaction. Open House also approached Pacific and Mr. Shinobu Yamagishi in late September 2020 with the sale of the Company's Stock, and made a proposal to them in early November 2020 to set the Tender Offer Price at 1,750 yen. Thereafter, as part of continuing discussions, the Company made a subsequent proposal in the middle of November to set the Tender Offer Price at 1,850 yen. As a result, an agreement was reached at such price with Pacific and Mr. Shinobu Yamagishi in the middle of November 2020, with a tender offer application agreement being executed with each of them as of November 13.

Following such discussions and negotiations, Open House resolved, at the Board of Directors meeting held on

November 13, 2020, to implement the Transaction in order to make the Company a consolidated subsidiary of Open House, and executed the Agreement with the Company on the same date.

As described above, the Company, since starting specific investigations and discussions in early September 2020 on Open House's proposed making of the Company its consolidated subsidiary, has carefully investigated into, and discussed with Open House, the particulars of the Agreement, the necessity and terms of the Capital Increase through Third-Party Allotment, and the tender offer price and other terms and conditions of the Tender Offer. As described above, Open House aims to further increase the feasibility of synergies in (a) regional complementarity, (b) product complementarity, (c) management of properties for lease and sale, and (d) cost reduction, all of which were intended in the Current Capital and Business Alliance. In early September 2020, the Company considered that the above policy contemplated by Open House was in line with the direction in which the Company intended to proceed, and that, in order for the Company to continue to increase its corporate value and shareholder value on a mid- to long-term basis through continuing, as before, the provision of condominiums with high asset value and the realization of a rich, comfortable life for those who live in them, it was also necessary for the Company to further increase the feasibility of the above described synergies, and it was essential for the Company to promote its business through building stronger capital and cooperative ties with Open House by becoming its consolidated subsidiary instead of its equity-method affiliate, as the Company is at the moment.

In addition, in early September 2020, the Company considered that, while it was necessary for the Company to promote its business through building stronger capital and cooperative ties with Open House, it was extremely important to maintain, to a certain extent, the Company's own corporate culture and autonomy in management that the Company has cultivated thus far as an independent condominium developer, in order to continue to increase the corporate value and shareholder value of the Company through its continuous development, and that, in strengthening the capital ties between the two companies, it was desirable to maintain the Company's listed status by making the Company a consolidated subsidiary of Open House instead of its wholly-owned subsidiary, in order to allow the two companies to deepen cooperation between them while respecting the Company's autonomous management.

Furthermore, amid uncertainties in the outlook of the market condition due to the COVID-19 pandemic, the Company's current business environment is still affected by the arrest of the Company's former President and Representative Director in December 2019, causing the Company's financial institutions to keep taking a cautious attitude towards providing finance to the Company. In addition, the spread of COVID-19 infection has not yet subsided, leaving a possibility that a further spread of the infection in the future may aggravate the effect of the COVID-19 pandemic. The Company realizes that, in order to achieve increase in the size of its proceeds and to realize its continuous business growth under these circumstances, the Company needs to increase its funds for site acquisition by making financial arrangements of a capital nature. The Company believes that making these arrangements will, at the same time, lead to a prompt improvement of the financial institutions' attitude towards financing the Company and to a realization of permanent business operations of the Company, through increasing its own capital. Based on these facts and considerations, in late September 2020 Open House and the Company reached the conclusion that, among specific methods for making the Company a consolidated subsidiary of Open House, the most appropriate method is to combine the Tender Offer and the Capital Increase through Third-Party Allotment, because allowing the Company to raise funds by implementing the Capital Increase through Third-Party Allotment in addition to the Tender Offer by Open House will further increase the Company's financial strength, resulting in an increase in its management stability, and will also further improve the Company's reputation among financial institutions, allowing the Company to increase its fundraising capabilities and to achieve increase in the size of its proceeds and to realize its continuous business growth by further strengthening purchase of sites for condominium buildings, which will, in turn, contribute to increasing the corporate value and shareholder value of the Company.

The dilution of shares that will result from the Capital Increase through Third-Party Allotment and its effects on the existing shareholders are as described in "(2) Basis for Judgment that the Number of Shares to be Issued and Extent of Share Dilution are Reasonable" under "5. Reasonableness of Conditions of Issuance, Etc." below.

3. Amount, Use and Planned Time of Expenditure of Proceeds

(1) Amount of Proceeds

(i)	Total pay-in amount	5,000,000,100 yen
(ii)	Rough estimate of expenses of issuance	35,000,000 yen
(iii)	Rough estimate of net proceeds	4,965,000,100 yen

(Note 1) The rough estimate of expenses of issuance does not include consumption tax, etc.

(Note 2) The expenses of issuance include advisory fees, attorneys' fees, registration-related expenses, and other expenses.

(2) Specific Use of Proceeds

The amount of rough estimate of net proceeds specified in “(1) Amount of Proceeds” above is planned to be appropriated to purchase of sites for condominiums. The specific use and scheduled time of disbursement are as follows.

Specific use	Amount (in millions of yen)	Scheduled time of disbursement
Purchase of sites for condominiums	4,965	Jan. 2021 - Mar. 2022
Total	4,965	-

(Note) The funds will be deposited in bank or otherwise managed in a highly safe manner until disbursed.

A more detailed explanation of the use of the proceeds from through the Capital Increase through Third-Party Allotment is provided below.

The Company group, whose main business is planning, developing, and selling one-room condominiums for investment and family-oriented condominiums, aims to further increase its market share in the Kinki region, the Tokai-Chukyo region, the Tokyo metropolitan area and Okinawa, where the Company group already has solid operating bases. The Company group intends to appropriate the proceeds to the purchase of sites for condominiums, which is deemed by the Company group to be one of the most important measures for the aforementioned aim.

In addition, a capital increase through the issuance of new shares will further increase the Company's financial strength. An improvement in capital adequacy ratio and other financial aspects will result in an increase in the Company's management stability, and will also further improve the Company's reputation among financial institutions, allowing the Company to increase its fundraising capabilities and to achieve increase in the size of its proceeds and to realize its continuous business growth by further strengthening purchase of sites for condominiums.

The Company believes that appropriating the proceeds to the purchase of sites for condominiums as described above will lead to a further increase in the corporate value and shareholder value of the Company group.

As the Company intends to utilize the proceeds in purchasing sites for condominiums in an agile manner, the Company is unable to specify the timing at which the funds will be used as described above or the particulars of the property on which the funds will be spent as described above.

4. Company's View on Reasonableness of Use of Funds

As described in “(2) Specific Use of Proceeds” under “3. Amount, Use and Planned Time of Expenditure of Proceeds” above, if the Capital Increase through Third-Party Allotment is implemented, the funds raised through it will be appropriated to the purchase of sites for condominiums. The Company judges that, as described in “2. Purpose of and Reasons for Placement” above, allowing the Company to raise funds by implementing the Capital Increase through Third-Party Allotment will further increase the Company's financial strength, resulting in an increase in its management stability, and will also further improve the Company's reputation among financial institutions, allowing the Company to increase its fundraising capabilities and to achieve increase in the size of its proceeds and to realize its continuous business growth by further strengthening purchase of sites for condominium buildings, which will, in turn, contribute to increasing the corporate value and shareholder value of the Company. Consequently, it is the Company's judgment that the use of funds as described in “(2) Specific Use of Proceeds” under “3. Amount, Use and Planned Time of Expenditure of Proceeds” above is reasonable.

5. Reasonableness of Conditions of Issuance, Etc.

(1) Basis for Calculating Pay-in Amount and Details Thereof

The Pay-in Amount has been set at 1,425 yen in consultation with Open House. The Pay-in Amount (1,425 yen) represents a 10% discount from the closing price (1,583 yen) of the Company's Stock on the Tokyo Securities Exchange on November 12, 2020, which is the business day immediately preceding the date on which the resolution for the Capital Increase through Third-Party Allotment was approved at the Board of Directors meeting of the Company (November 13, 2020).

The "Guidelines on Handling of Third-Party Allotment" (dated April 1, 2010) of the Japan Securities Dealers Association (JSDA) require that when shares are issued through third-party allotment, the pay-in amount thereof, in principle, be at least 90% of the share price on the business day immediately preceding the date on which the issuer's board of directors adopts a resolution for the third-party allotment. Since the Pay-in Amount is in conformity with said guidelines, the Company judges that the Pay-in Amount does not constitute a "particularly favorable amount" as set forth in Article 199, paragraph 3 of the Companies Act.

Please note that Mr. Kotaro Wakatabi, who is an outside director of the Company and concurrently serves as a director of Open House, did not participate in the deliberation or vote at the aforementioned Board of Directors meeting of the Company or in discussions or negotiations with Open House in any capacity representing the Company, in order to avoid any suspicion of conflict of interest.

Further, at the Company's Board of Directors meeting held this day, the Audit and Supervisory Committee expressed its opinion that the Pay-in Amount is in conformity with the JSDA's "Guideline on Handling of Third-Party Allotment" (dated April 1, 2010), is adequate and reasonable considering the Company's most recent financial conditions and business results, and thus does not constitute a "particularly favorable amount."

(2) Basis for Judgment that the Number of Shares to be Issued and Extent of Share Dilution are Reasonable

The number of new shares to be issued through the Capital Increase through Third-Party Allotment is 3,508,772 shares (35,087 units of voting rights), which corresponds to 5.37% of the total number of issued shares of the Company as of September 30, 2020 (65,336,739 shares) and 5.42% of the total number of voting rights of the Company as of the same date (647,724 units). As such, the Capital Increase through Third-Party Allotment will result in some share dilution.

However, as described in "(2) Specific Use of Proceeds" under "3. Amount, Use and Planned Time of Expenditure of Proceeds" above, the Company intends to appropriate the proceeds from the Capital Increase through Third-Party Allotment to the purchase of sites for condominiums. In addition, as described in "2. Purpose of and Reasons for Placement" above, the Company believes that allowing the Company to raise funds by implementing the Capital Increase through Third-Party Allotment in addition to the Tender Offer by Open House will further increase the Company's financial strength, resulting in an increase in its management stability, and will also further improve the Company's reputation among financial institutions, allowing the Company to increase its fundraising capabilities and to achieve increase in the size of its proceeds and to realize its continuous business growth by further strengthening purchase of sites for condominium buildings, which will, in turn, contribute to increasing the corporate value and shareholder value of the Company.

Consequently, it is the Company's view that the Capital Increase through Third-Party Allotment will be carried out only to the extent necessary to increase the corporate value of the Company through it, and that the Company's becoming a consolidated subsidiary of Open House through the Transaction will, over the medium-to-long term, lead to an increase in the Company's corporate value and shareholder value that will outstrip the dilution described above. Therefore, it is the Company's judgment that the number of shares issued and the extent of share dilution that will result from the Capital Increase through Third-Party Allotment are reasonable.

6. Reasons for Choosing the Allottee

(1) Overview of the Allottee

(i)	Name	Open House Co., Ltd.	
(ii)	Address	2-4-1 Marunouchi, Chiyoda-ku, Tokyo	
(iii)	Representative's name and title	President and Representative Director: Masaaki Arai	
(iv)	Contents of business	Single-family homes related business, condominiums business, income-producing real estate business, and other businesses	
(v)	Capital amount	19,741,000,000 yen (as of September 30, 2020)	
(vi)	Date of incorporation	November 22, 1996	
(vii)	Number of outstanding shares	125,819,100 shares (as of September 30, 2020)	
(viii)	Fiscal year-end	September 30	
(ix)	Number of employees	(Consolidated) 2,876 (as of September 30, 2020)	
(x)	Main customers	General individuals	
(xi)	Main banks	Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Resona Bank, Limited, MUFG Bank, Ltd.	
(xii)	Major shareholders and their stakes (as of March 31, 2020)	Masaaki Arai	43.38%
		MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	4.26%
		The Master Trust Bank of Japan, Ltd. (trust account)	3.51%
		Japan Trustee Services Bank, Ltd. (trust account)	3.01%
		TAIYO FUND, L.P. (Standing Proxy: MUFG Bank, Ltd.)	2.09%
		Hitoshi Imamura (Standing Proxy: Mizuho Securities Co., Ltd.)	1.81%
		Hiroyuki Hiratsuka	1.45%
		BNYM TREATY DTT 15 (Standing Proxy: MUFG Bank, Ltd.)	1.39%
		SSBTC CLIENT OMNIBUS ACCOUNT (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.32%
		TAIYO HANEI FUND, L.P. (Standing Proxy: MUFG Bank, Ltd.)	1.15%
(xiii)	Relationship between Company and Allottee	(as of September 30, 2020)	
	Capital relationship	Number of shares in the Allottee held by the Company	Not applicable
		Number of shares in the Company held by the Allottee	20,621,100 shares
	Personal relationship	Mr. Kotaro Wakatabi, who is an outside director of the Company, is concurrently serving as a director of Open House.	
	Transactional relationship	Open House's consolidated subsidiary Open House Development Co., Ltd. and the Company engage in transactions in which Open House Development Co., Ltd. purchases land from the Company.	
	Related parties	Since the Company is an equity-method affiliate of Open House, the Company is a related party of Open House.	
(xiv)	Consolidated business results and consolidated financial conditions for the past three years		

Fiscal Year	Fiscal Year Ended Sep. 2018	Fiscal Year Ended Sep. 2019	Fiscal Year Ended Sep. 2020
Consolidated net assets	113,486 million yen	138,067 million yen	233,723 million yen
Consolidated total assets	393,367 million yen	445,904 million yen	569,066 million yen
Consolidated net assets per share	960.22 yen	1,246.15 yen	1,855.88 yen
Consolidated revenue	390,735 million yen	540,376 million yen	575,951 million yen
Consolidated operating income	47,304 million yen	57,781 million yen	62,129 million yen
Consolidated ordinary income	46,052 million yen	54,928 million yen	77,357 million yen
Net income attributable to owners of the parent	31,806 million yen	39,407 million yen	59,491 million yen
Consolidated net income per share	285.08 yen	351.22 yen	525.36 yen
Dividends per share	98.00 yen	126.00 yen	80.00 yen

(Note 1) The numerical values representing the Allottee's consolidated business results and consolidated financial conditions for the fiscal year ended September 2020 have not been audited by the accounting auditors.

(Note 2) Since Open House implemented a stock split effective as of October 1, 2019 at the rate of two-for-one share of common stock, the consolidated net assets per share and the consolidated net income per share were calculated assuming that the stock split took place at the beginning of the fiscal year ended September 2018.

(Note 3) Since Open House is listed on the First Section of the Tokyo Stock Exchange, the Company has confirmed from the statement in the "Basic Policy on the Rejection of Antisocial Forces and Status of its Development," which is contained in the Corporate Governance Report submitted by Open House to the Tokyo Stock Exchange (last updated on December 20, 2019), that "the company group maintains a system for eliminating any relationships with antisocial forces that may occur for any reason, under the philosophy that the company group has a social responsibility as a corporate citizen to strive to eliminate any relationships with antisocial forces that pose a threat to the order and safety of civil society, and to thereby contribute to the sound development of society as well as the company group's business operations. The company group strives to increase its employees' awareness about the elimination of relationships with antisocial forces by providing instructions about the readiness expected of a company to eliminate such relationships, through setting forth the group's policy for dealing with antisocial forces in its 'Employee Code of Conduct,' 'Rules for Prevention of Intervention by Antisocial Forces,' etc. Further, the company group thoroughly ensures that its employees will strongly deal with any situation where they have inevitably to face an antisocial force, by establishing the 'Guidelines for Dealing with Antisocial Forces'" on the Tokyo Stock Exchange's website. Thus, the Company's judgment is that neither Open House nor its officers have any ties to antisocial forces.

(2) Reason the Allottee Was Chosen

As described in "2. Purpose of and Reasons for Placement" above, the Company chose Open House as the allottee because the Company concluded that ensuring enhancement of the Company's credit standing and the stability of its financing by making the Company a consolidated subsidiary of Open House through the Transaction is extremely effective as a means to promote the capital and business alliance between the two companies and to contribute to the enhancement of the corporate value of both companies.

(3) Allottee's Share Ownership Policy

The Capital Increase through Third-Party Allotment will be carried out as part of the Consolidation by Open House, and the Company has confirmed that Open House's intended policy is to retain the shares acquired through the Capital Increase through Third-Party Allotment over a long term. It should be noted that the Company intends to obtain a written pledge securing Open House's agreement that, in cases where Open House has assigned all or some of its shares of the Company's Stock within two years of the pay-in for the Capital Increase through Third-Party Allotment, Open House will make a written report of the particulars to the Company, the Company will report such reported particulars to the Tokyo Stock Exchange, and such reported particulars will be made available for public review.

(4) Confirmation that the Allottee Has Assets Sufficient for Pay-In

With respect to Open House's assets required to be paid in, the Company has confirmed that the Open House group has a sufficient amount of cash and deposits (150,662,000,000 yen) from the Third Quarterly Report for the fiscal year ended September 2020 submitted by Open House to the Director-General of the Kanto Local Finance Bureau (submitted August 14, 2020), and the Company recognizes no circumstances that would pose a concern that such finances might have significantly deteriorated thereafter. Accordingly, the Company judges that there are no issues in regard to the certainty of Open House's pay-in for the Capital Increase through Third-Party Allotment.

7. Major Shareholders and Shareholding Ratios After Placement

Before Placement (as of September 30, 2020)		After Placement	
Open House Co., Ltd.	31.56%	Open House Co., Ltd.	35.05%
NOMURA PB NOMINEES TK1 LIMITED (Standing Proxy: Nomura Securities Co., Ltd.)	10.97%	NOMURA PB NOMINEES TK1 LIMITED (Standing Proxy: Nomura Securities Co., Ltd.)	10.42%
K.K. Pacific	7.07%	K.K. Pacific	6.71%
The Master Trust Bank of Japan, Ltd. (trust account)	3.43%	The Master Trust Bank of Japan, Ltd. (trust account)	3.25%
NPBN-SHOKORO LIMITED (Standing Proxy: Nomura Securities Co., Ltd.)	3.37%	NPBN-SHOKORO LIMITED (Standing Proxy: Nomura Securities Co., Ltd.)	3.19%
Morgan Stanley MUFG Securities Co., Ltd.	2.67%	Morgan Stanley MUFG Securities Co., Ltd.	2.53%
MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	2.28%	MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	2.17%
Custody Bank of Japan, Ltd. (trust account)	2.15%	Custody Bank of Japan, Ltd. (trust account)	2.04%
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE:UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.40%	NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE:UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.33%
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD (Standing Proxy: MUFG Bank, Ltd.)	1.31%	BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD (Standing Proxy: MUFG Bank, Ltd.)	1.24%

(Note 3) Shareholding ratios are rounded off to the second decimal place.

8. Prospects Going Forward

With respect to the effects of the Transaction on the Company's business performance, a detailed analysis is currently underway. If it becomes necessary to revise results forecasts or if any matters that should be published occur, the Company will promptly disclose the same.

9. Matters Concerning Procedures under the Code of Corporate Conduct

The Capital Increase through Third-Party Allotment is not subject to the procedure for the receipt of an opinion from an independent third party or for confirmation of shareholder intent as set forth in Rule 432 of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange, because (i) the dilution rate is less than 25%, and (ii) it does not involve any change in the controlling shareholders.

10. Business Performance and Equity Finance for the Past Three Years

(1) Business Performance for the Past Three Years (Consolidated)

	Fiscal Year ended Mar. 2018	Fiscal Year ended Mar. 2019	Fiscal Year ended Mar. 2020
Consolidated revenue	134,059 million yen	160,580 million yen	224,011 million yen
Consolidated operating income	20,362 million yen	27,118 million yen	32,609 million yen
Consolidated ordinary income	19,858 million yen	26,531 million yen	31,985 million yen
Net income attributable to owners of the parent	13,757 million yen	18,296 million yen	21,892 million yen
Consolidated net income per share	232.58 yen	296.43 yen	347.45 yen
Dividends per share	29.40 yen	40.50 yen	39.00 yen
Consolidated net assets per share	1,221.10 yen	1,493.54 yen	1,791.63 yen

(2) Numbers of Outstanding Shares and Potential Shares as of the Present Time (as of September 30, 2020)

	Number of shares	Ratio against the number of outstanding shares
Number of outstanding shares	65,336,739	100.0%
Number of potential shares at the current conversion price (exercise price)	1,913,500	2.9%
Number of potential shares at the lowest conversion price (exercise price)	–	–
Number of potential shares at the highest conversion price (exercise price)	–	–

(3) Recent Share Prices

a. For the Last Three Years

	Fiscal Year ended Mar. 2018	Fiscal Year ended Mar. 2019	Fiscal Year ended Mar. 2020
Opening price	1,345 yen	1,614 yen	1,384 yen
High price	1,716 yen	1,871 yen	1,834 yen
Low price	1,212 yen	1,226 yen	859 yen
Closing price	1,616 yen	1,377 yen	953 yen

b. For the Last Six Months

	June	July	August	September	October	November
Opening price	1,284 yen	1,189 yen	1,163 yen	1,382 yen	1,412 yen	1,445 yen
High price	1,358 yen	1,329 yen	1,415 yen	1,456 yen	1,561yen	1,626 yen
Low price	1,120 yen	1,151 yen	1,160 yen	1,357 yen	1,390yen	1,441 yen
Closing price	1,185 yen	1,165 yen	1,397 yen	1,391 yen	1,422 yen	1,583 yen

(Note) The share prices for November are as of November 12, 2020.

c. Share Price on the Business Day Preceding the Issuance Resolution Date

	November 12, 2020
Opening price	1,600 yen
High price	1,600 yen
Low price	1,573 yen
Closing price	1,583 yen

(4) Equity Finance for the Last Three Years

Not applicable

11. Issuance Summary

(1) Number of new shares to be issued	3,508,772 shares of common stock
(2) Issue price	1,425 yen per share
(3) Amount of proceeds	5,000,000,100 yen
(4) Capitalization amount	712.5 yen per share
(5) Total capitalization amount	2,500,000,050 yen
(6) Placement or allotment method	Third-party allotment
(7) Allottee	3,508,772 shares to Open House
(8) Application period	January 14, 2021
(9) Payment period	From January 15, 2021 to January 19, 2021
(10) Special notes	(i) The Capital Increase through Third-Party Allotment is subject to the satisfaction of certain conditions precedent, such as the completion of the Tender Offer. (ii) The Capital Increase through Third-Party Allotment is subject to notification through a securities registration statement required by the Financial Instruments and Exchange Act becoming effective.

12. Other Matters

It is expected that Open House will become the Company's parent company as a result of the Transaction, but because the number and percentage of voting rights held by Open House after this change will vary depending on the results of the Tender Offer, the Company will announce these changes as soon as they are determined.

End