

Note: Please note that this document is a Japanese-English translation of the summary of the official announcement in Japanese "Kessan Tanshin" for reference purposes only.

Summary of Consolidated Financial Results For the Third Quarter Ended September 30, 2016 [Based on Japanese GAAP]

August 12, 2016

Company name:	Open House Co., Ltd.
Stock exchange listings:	Tokyo Stock Exchange, First section
Code Number:	3288
URL:	http://openhouse-group.com/ir
Representative:	Masaaki Arai, President and CEO
Scheduled date of quarterly securities report filing:	August 12, 2016
Supplementary materials for quarterly financial results:	Yes
Quarterly results briefing meeting :	No (for institutional investors and analysts, in Japanese)

(Million yen, rounded down)

1. Consolidated Financial Results for the Third Quarter Ended September 30, 2016 (October 1, 2015 to June 30, 2016)

(1) Consolidated operating results (Year-to-date)

(% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2016 3Q	180,434	48.2	22,607	77.3	21,814	80.0	13,974	84.6
FY 2015 3Q	121,733	67.4	12,749	50.2	12,121	56.1	7,571	63.7

(Note) Comprehensive income: From October 1, 2015 to June 30, 2016 ¥ 13,995 million (84.6%)
From October 1, 2014 to June 30, 2015 ¥ 7,580 million (63.6%)

	EPS	Diluted EPS
	Yen	Yen
FY 2016 3Q	247.80	246.77
FY 2015 3Q	132.79	—

(Note) The company conducted a 2-for-1 stock split of common stock with an effective date of July 1, 2015. EPS calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2016	176,767	59,291	33.4
September 30, 2015	162,447	47,609	29.2

(Reference) Shareholders' equity: As of June 30, 2016 ¥58,970 million yen
As of September 30, 2015 ¥47,453 million yen

2. Dividends

	Annual dividends per share (Yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY 2015	—	0.00	—	30.00	30.00
FY 2016	—	0.00	—	—	—
FY 2016 (Forecast)	—	—	—	50.00	50.00

(Note) Revision of the latest dividend forecast: No

3. Forecast of Consolidated Operating Results for FY2016 (October 1, 2015 to September 30, 2016)

(% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	245,000	36.6	29,000	36.1	28,000	38.0	18,000	42.4	319.19

(Note) Revision of the latest consolidated results forecast: No

***Notes:**

- (1) Significant changes in consolidated subsidiaries during the period
(Changes in specific subsidiaries resulting in a change in the scope of consolidation): None
- (2) Adoptions of special accounting methods in presentation of quarterly financial statements: Yes
- (3) Changes in accounting policies, changes of accounting estimates, and revisions and restatements
- i) Changes in accounting policies in accordance with changes in accounting principles: Yes
 - ii) Changes in accounting policies other than the above: None
 - iii) Changes in accounting estimates: None
 - iv) Revisions and restatements: None
- (4) Number of shares issued and outstanding (common stock)
- i) Number of shares issued at period-end (including treasury stock)
June 30, 2016: 57,400,000 shares September 30, 2015: 57,400,000 shares
 - ii) Treasury stock at period-end
June 30, 2016: 1,215,836 shares September 30, 2015: 813,257 shares
 - iii) Average number of shares issued (cumulative consolidated quarterly periods)
June 30, 2016: 56,393,250 shares June 30, 2015: 57,013,568 shares
- (Note) The company conducted a 2-for-1 stock split of common stock with an effective date of July 1, 2015. Number of shares issued and outstanding (common stock) calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

** Notes regarding forward-looking statements:*

Consolidated business forecasts are based on assumptions from information available to management at the time of disclosure and those deemed to be reasonable.

Actual results may differ significantly from forecast due to various unpredictable reasons.

Consolidated Quarterly Financial Statements

1) Consolidated Quarterly Balance Sheets

(Million yen)

	End of FY 2015 (September 30, 2015)	End of FY 2016 3Q (June 30, 2016)
Assets		
Current assets		
Cash and cash equivalents	43,330	44,800
Accounts receivable, trade	628	557
Real estate for sale	22,235	30,618
Real estate for sale in process	80,379	82,617
Operating loans	5,657	5,530
Other	4,476	4,743
Allowance for doubtful accounts	(171)	(150)
Total current assets	156,535	168,716
Fixed assets		
Tangible fixed assets	2,799	2,833
Intangible fixed assets	1,490	1,409
Investments and other assets	1,544	3,742
Total fixed assets	5,834	7,985
Deferred assets	76	66
Total assets	162,447	176,767
Liabilities		
Current liabilities		
Accounts payable	7,775	9,248
Short-term loans payable	33,498	33,245
Current portion of long-term loans payable	7,959	11,600
Current portion of bonds	662	582
Income taxes payable	5,308	3,976
Reserves	1,417	1,296
Other	10,415	11,851
Total current liabilities	67,037	71,801
Long-term liabilities		
Bonds payable	3,137	2,706
Long-term loans payable	44,276	42,807
Net defined benefit liability	12	10
Asset retirement obligations	96	102
Other	277	47
Total long-term liabilities	47,799	45,674
Total liabilities	114,837	117,475

(Million yen)

	End of FY 2015 (September 30, 2015)	End of FY 2016 3Q (June 30, 2016)
Net assets		
Shareholders' equity		
Capital stocks	3,982	3,982
Capital surplus	5,883	5,883
Retained earnings	38,711	50,987
Treasury stock	(1,072)	(1,852)
Total shareholders' equity	47,505	59,001
Other comprehensive income		
Net unrealized holding gains/losses on securities	8	3
Foreign currency translation adjustment	(60)	(33)
Accumulated other comprehensive income	(51)	(30)
Subscription rights to shares	156	320
Total net assets	47,609	59,291
Total liabilities and net assets	162,447	176,767

2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income

(Million yen)

	3Q ended September 30, 2015 (From October 1, 2014 to June 30, 2015)	3Q ended September 30, 2016 (From October 1, 2015 to June 30, 2016)
Revenue	121,733	180,434
Cost of revenue	100,309	146,738
Gross profit	21,423	33,695
Selling, general and administrative expenses	8,673	11,087
Operating income	12,749	22,607
Non-operating income		
Interest income	7	5
Dividends income	3	2
Rent income	18	38
Other	202	107
Total non-operating income	232	154
Non-operating expenses		
Interest expenses	678	593
Commission fee	111	24
Foreign exchange loss	—	224
Other	71	104
Total non-operating expenses	861	947
Ordinary income	12,121	21,814
Income before income taxes and minority interests	12,121	21,814
Income taxes-current	4,550	7,840
Income before minority interests	7,571	13,974
Profit attributable to owners of parent	7,571	13,974

Consolidated Quarterly Statements of Comprehensive Income

(Million yen)

	3Q ended September 30, 2015 (From October 1, 2014 to June 30, 2015)	3Q ended September 30, 2016 (From October 1, 2015 to June 30, 2016)
Net income before minority interests	7,571	13,974
Other comprehensive income		
Valuation difference on available-for-sale securities	15	(4)
Foreign currency translation adjustment	(6)	26
Total other comprehensive income	9	21
Comprehensive income	7,580	13,995
(Breakdown)		
Comprehensive income attributable to owners of parent	7,580	13,995

3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Pursuant to a resolution passed by the Board of Directors at the meeting held February 15, 2016, the Company has purchased 402,400 shares of treasury stock. This will raise the amount of treasury stock by 780 million yen in the cumulative term of the consolidated third quarter, bringing the treasury stock to 1,852 million yen at the end of the consolidated third quarter.

(Segment and Other Information)

I FY2015 3Q (October 1, 2014 to June 30, 2015)

Information relating to the amounts of revenue, income and loss by reportable segment

(Million yen)

	Reportable Segment							Adjustments (Note 1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note 2)
	Brokerage	Single- family Homes	Asakawa Home	Condo	Property Resales	Others	Total		
Revenue									
Revenue from Outside Customers	2,767	67,002	13,903	4,988	32,394	677	121,733	—	121,733
Intersegment revenue and transfers	2,570	—	816	—	—	36	3,424	(3,424)	—
Total	5,338	67,002	14,720	4,988	32,394	714	125,157	(3,424)	121,733
Segment Income (Loss)	1,861	5,638	396	(72)	4,911	116	12,852	(102)	12,749

(Note)

- Adjustment of -¥102 million for segment income includes intersegment elimination of ¥50 million and corporate expenses of -¥153million that is not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.
- Segment income has been adjusted to operating income described in consolidated quarterly statements of income.

II FY2016 3Q (October 1, 2015 to June 30, 2016)

i Information relating to the amounts of revenue, income and loss by reportable segment

(Million yen)

	Reportable Segment							Adjustments (Note 1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note 2)
	Brokerage	Single- family Homes	Asakawa Home	Condo	Property Resales	Others	Total		
Revenue									
Revenue from Outside Customers	3,083	89,862	21,660	9,647	55,877	303	180,434	—	180,434
Intersegment revenue and transfers	3,135	—	3,993	13	3	40	7,185	(7,185)	—
Total	6,219	89,862	25,653	9,660	55,880	343	187,620	(7,185)	180,434
Segment Income (Loss)	2,180	9,766	1,083	1,003	8,606	108	22,748	(140)	22,607

(Note)

- Adjustment of -¥140 million for segment income includes intersegment elimination of ¥77 million and corporate expenses of -¥218 million that is not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.
- Segment income has been adjusted to operating income described in consolidated quarterly statements of income.

ii Changes in reportable segments

Effective from the first quarter for the current fiscal year, the Company has changed reportable segments to ensure appropriate disclosure of management information. The former Real Estate Sales Business is divided into four reportable segments: Single-family Homes; Asakawa Home; Condominiums; Property Resales.

"Others" refers to business segments not included in reportable segments.

As a result, the Group now has the following six reporting segments: Brokerage, Single-Family Homes, Asakawa Home, Condominiums, Property Resales, and Others.

Segment information for the first nine months of the previous fiscal year on a consolidated basis was prepared based on the segment category applied for the same period of the fiscal year under review.

(Significant Subsequent Events)

(Syndicated loan and term loan)

Aiming to achieve long-term business growth and improve corporate value at the entire group level, our company concluded contracts for a syndicate loan payable and a term loan payable totaling ¥20 billion effective July 26, 2016. This will serve as a stable funding means and enable us to flexibly perform corporate actions while responding to a changing business environment. The entire amounts of the borrowings were executed as stated in the contracts below.

1. Outline of the syndicate loan payable

- | | |
|---|---|
| (1) Aggregate amount: | ¥17.9 billion |
| (2) Contract date: | July 26, 2016 |
| (3) Borrowing period: | 10 years from July 29, 2016 to July 31, 2026 |
| (4) Repayment method: | Lump-sum repayment at maturity |
| (5) Use of funds: | Business funds |
| (6) Arranger and agent: | Sumitomo Mitsui Banking Corporation |
| (7) Participating financial institutions: | Total of 17 financial institutions including Sumitomo Mitsui Banking Corporation |
| (8) Financial restraint clause: | The contract includes a financial restraint clause with criteria set by certain indicators that are computed based on the consolidated balance sheet, income statements, etc. |

2. Outline of the term loan payable

- | | |
|---------------------------------|---|
| (1) Aggregate amount: | ¥2.1 billion |
| (2) Contract date: | July 26, 2016 |
| (3) Borrowing period: | 10 years from July 28, 2016 to July 28, 2026 |
| (4) Repayment method: | Lump-sum repayment at maturity |
| (5) Use of funds: | Business funds |
| (6) Security: | Unsecured |
| (7) Lender: | Resona Bank, Limited |
| (8) Financial restraint clause: | The contract includes a financial restraint clause with criteria set by certain indicators that are computed based on the consolidated balance sheet, income statements, etc. |