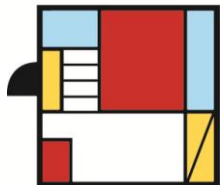




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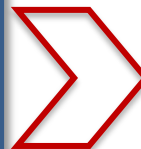
**OPEN  
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**Consolidated Financial Highlights**  
for the Second Quarter Ended September 30, 2014

**OPEN HOUSE CO.,LTD**  
**<3288 TSE>**

# Highlights of Consolidated Financial results for FY2014 2Q

- Revenue progressed as planned.
- Gross profit exceeded the plan.
- SG&A Expenses were below the plan.



## Revision of earnings forecast

Consolidated forecasts for FY2014 have been revised accordingly, as shown in the table below.

### Revision of consolidated results forecast for the second quarter ended September 30, 2014 (YTD) (Millions of yen)

	Previous forecast (A)	<b>Revised forecast (B)</b>	Change (B-A)	% Change
Revenue	55,000	<b>55,000</b>	± 0	± 0.0%
Operating income	6,000	<b>7,500</b>	+ 1,500	+ 25.0%
Ordinary income	5,400	<b>7,000</b>	+ 1,600	+ 29.6%
Net income	3,200	<b>4,200</b>	+ 1,000	+ 31.3%
EPS (Yen)	114.18	<b>149.87</b>	—	—

### Revision of consolidated results forecast for the fiscal year ended September 30, 2014 (Millions of yen)

	Previous forecast (A)	<b>Revised forecast (B)</b>	Change (B-A)	% Change
Revenue	115,000	<b>115,000</b>	± 0	± 0.0%
Operating income	12,200	<b>13,700</b>	+ 1,500	+ 12.3%
Ordinary income	11,000	<b>12,600</b>	+ 1,600	+ 14.5%
Net income	6,700	<b>7,700</b>	+ 1,000	+ 14.9%
EPS (Yen)	239.07	<b>274.75</b>	—	—

# Consolidated Income Summary

( Millions of yen )

	2013 Q2 YTD		2014 Q2 YTD		
	Actual	Revenue ratio	Actual	Revenue ratio	YOY %
Revenue	35,669	-	<b>54,993</b>	-	154.2%
Gross profit	5,763	16.2%	<b>10,940</b>	19.9%	189.8%
SG&A expenses	3,436	9.6%	<b>3,382</b>	6.2%	98.4%
Operating income	2,327	6.5%	<b>7,557</b>	13.7%	324.7%
Non-operating income	234	0.7%	<b>81</b>	0.1%	34.5%
Non-operating expenses	596	1.7%	<b>566</b>	1.0%	94.9%
Ordinary income	1,965	5.5%	<b>7,072</b>	12.9%	359.8%
Extraordinary income	-	-	-	-	-
Extraordinary loss	0	0.0%	-	-	-
Net income	1,272	3.6%	<b>4,203</b>	7.6%	330.2%

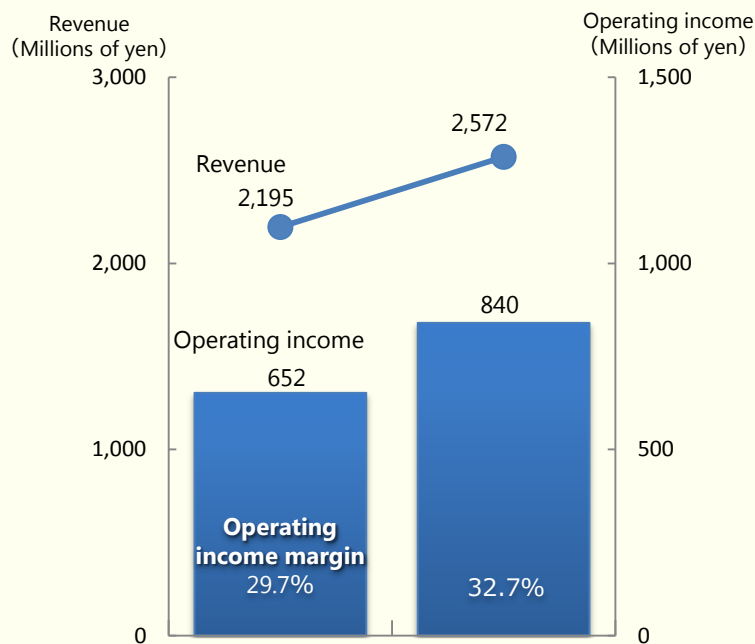
<Note> Though consolidated financial statements for the second quarter ended September 2013 were not prepared, the figures for the second quarter ended September 2013 and the percentage change from the same period for the second quarter ended September 2014 are presented for reference.

# Consolidated Segment Revenue

( Millions of yen )

		2013 Q2 YTD	2014 Q2 YTD			2014 Q2 YTD	
		Actual	Actual	YOY %	Compared to plan	Forecast	
Revenue	Real estate brokerage		2,195	<b>2,572</b>	117.2%	96.3%	2,670
	Real estate sales	Single-family homes	27,764	<b>31,505</b>	113.5%	98.7%	31,920
		Condominiums	2,563	<b>14,768</b>	576.2%	100.5%	14,700
		Resale properties	3,230	<b>7,026</b>	217.5%	106.5%	6,600
		Others	701	<b>129</b>	18.4%	64.6%	200
		Sub-total	34,259	<b>53,429</b>	156.0%	100.0%	53,420
	Real estate financing		184	<b>190</b>	103.2%	105.6%	180
	Adjustments		▲969	<b>▲ 1,198</b>	-	-	▲ 1,270
Total		35,669	<b>54,993</b>	154.2%	100.0%	55,000	

# Real Estate Brokerage Business



	2013 Q2 YTD	2014 Q2 YTD	YOY %
Revenue	2,195	<b>2,572</b>	117.2%
Operating income	652	<b>840</b>	128.7%
Operating income margin	29.7%	<b>32.7%</b>	+ 2.9%
Units sold	684	<b>820</b>	119.9%

(Millions of yen)

## <Summary>

### Brokerage business remained solid.

- The reaction to the rush demand in advance of the consumption tax hike was immaterial.

#### Units sold

FY2013 Q4 (From July 2013 to Sep 2013)	380 units (YOY 99.7%)
FY2014 Q1 (From Oct 2013 to Dec 2013)	402 units (YOY 123.7%)
FY2014 Q2 (From Jan 2014 to Mar 2014)	418 units (YOY 116.4%)

- Opened Nishikasai brokerage office in November 2013 and Kitasenju brokerage office in March 2014, and achieved a 11 sales-base structure.

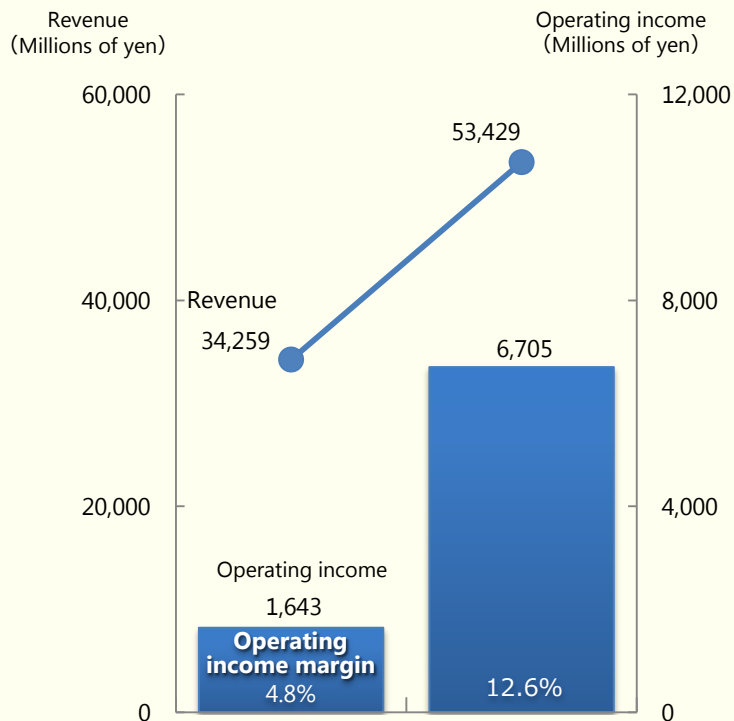


<Nishikasai brokerage office>

## <FY 2014 Forecast>

- Enhancing sales of single-family homes and lands through a 12 sales-base structure after opening of Tsunashima brokerage office in April 2014.

# Real Estate Sales Business



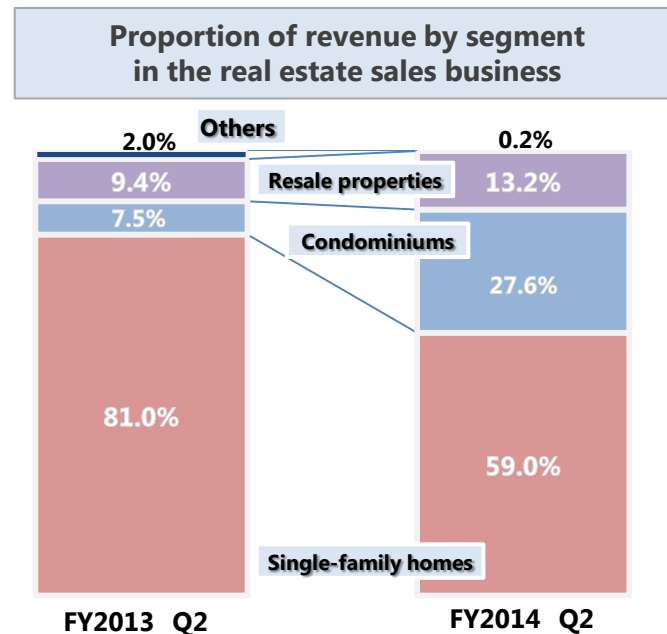
	2013 Q2 YTD	2014 Q2 YTD	YOY %
Revenue	34,259	<b>53,429</b>	156.0%
Operating income	1,643	<b>6,705</b>	408.0%
Operating income margin	4.8%	<b>12.6%</b>	+7.8%

(Millions of yen)

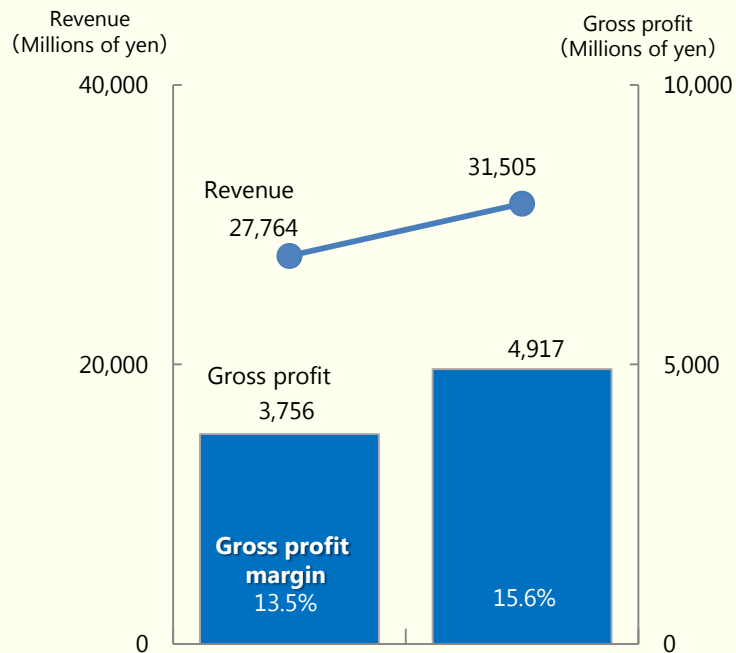
## <Summary>

### Revenue and operating income in real estate sales business expanded briskly .

- The proportion of condominium and resale properties in real estate sales business increased.
- The delivery of condominium units within March 2014 increased because of rush demand in advance of the consumption tax hike.



# Real Estate Sales Business : Single-family homes



	2013 Q2 YTD	2014 Q2 YTD	YOY %
Revenue	27,764	<b>31,505</b>	113.5%
Gross profit	3,756	<b>4,917</b>	130.9%
Gross profit margin	13.5%	<b>15.6%</b>	+ 2.1%
Units sold	758	<b>858</b>	113.2%

(Millions of yen)

## <Summary>

### Sustaining growth of the business

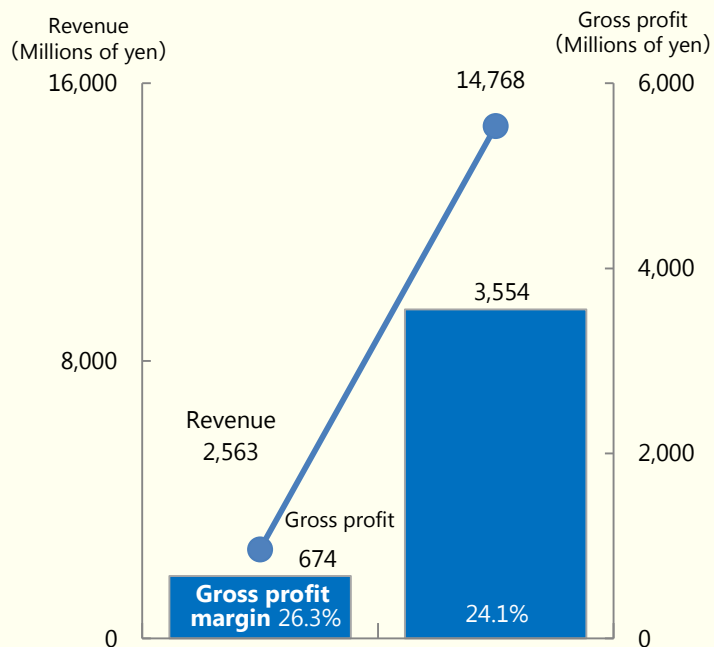
- Revenue maintained double-digit growth.
- Relatively low cost of land supported solid gross margin.

## <FY 2014 Forecast>

- Will continue to make progress in purchasing lands for development.
- Construction costs will continue to rise but the impact will be limited by cost reduction initiatives



# Real Estate Sales Business : Condominiums



	2013 Q2 YTD	2014 Q2 YTD	YOY %
Revenue	2,563	<b>14,768</b>	576.2%
Gross profit	674	<b>3,554</b>	526.8%
Gross profit margin	26.3%	<b>24.1%</b>	▲ 2.2%
No. of sales	43	<b>224</b>	520.9%

(Millions of yen)

## <Summary>

### Revenue increased steadily.

- Rush demand in advance of the consumption tax hike led to the delivery of condominium units being concentrated in 2Q, whereas it was concentrated in 4Q in FY2013.
- Gross profit margin improved, exceeding 20%.



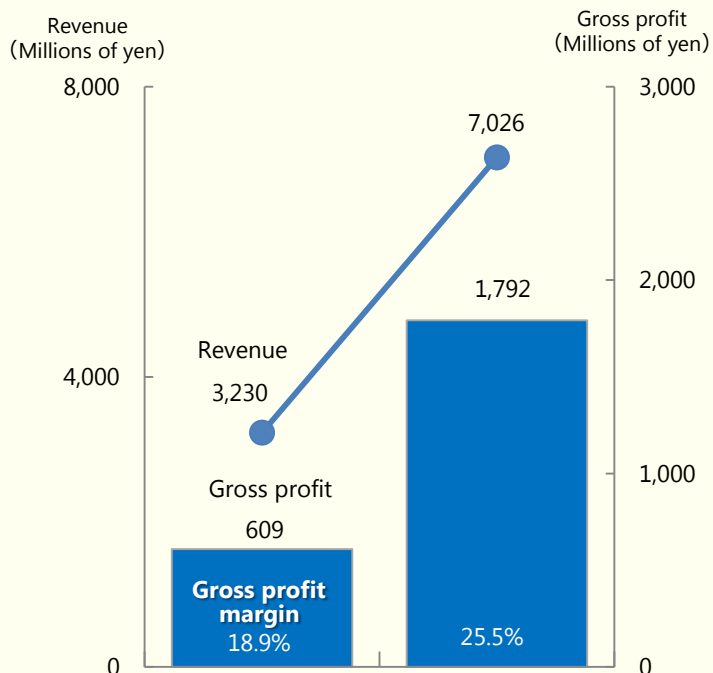
<Open residencia Mejiro>

## <FY 2014 Forecast>

- Sales contract rate of condominiums for delivery in FY2014 has reached 99.5%. (404 units out of 406 units as of May 19, 2014)
- Gross profit margin will decline slightly.



# Real Estate Sales Business : Resale properties



	2013 Q2 YTD	2014 Q2 YTD	YOY %
Revenue	3,230	<b>7,026</b>	217.5%
Gross profit	609	<b>1,792</b>	294.1%
Gross profit margin	18.9%	<b>25.5%</b>	+ 6.6%
No. of sales	9	<b>19</b>	211.1%

(Millions of yen)

## <Summary>

**Revenue and gross profit increased significantly .**

- Revenue doubled year on year due to strong demand for income producing properties.
- Gross profit trebled year on year due to sales of properties which were purchased on advantageous terms.

## <FY 2014 Forecast>

- The real estate resale market is expected to remain solid.
- Supply of properties for sale by steadily making property purchases.



<Kagurazaka: Ebisu-tei Bldg.>

# SG&A Expenses

(Millions of yen)

		2013 Q2 YTD		2014 Q2 YTD		
		Actual	Revenue ratio	Actual	Revenue ratio	YOY%
SG&A Expenses	Personnel expenses	837	2.3%	<b>910</b>	1.7%	108.6%
	Advertising expenses	468	1.3%	<b>384</b>	0.7%	82.2%
	Sales commissions	164	0.5%	<b>322</b>	0.6%	195.7%
	Sales promotion expenses	575	1.6%	<b>268</b>	0.5%	46.6%
	Others	1,389	3.9%	<b>1,496</b>	2.7%	107.7%
		3,436	9.6%	<b>3,382</b>	6.2%	98.4%

**Reduced advertising expenses and sales promotion expenses.**

# Non-operating expenses

( Millions of yen)

		2013 Q2 YTD		2014 Q2 YTD		
		Actual	Revenue ratio	Actual	Revenue ratio	YOY%
Non-operating income	Foreign exchange gain	201	0.6%	<b>50</b>	0.1%	24.8%
	Others	33	0.1%	<b>31</b>	0.1%	94.0%
		234	0.7%	<b>81</b>	0.1%	34.5%
Non-operating expenses	Interest expenses	438	1.2%	<b>410</b>	0.7%	93.8%
	Commission	123	0.3%	<b>86</b>	0.2%	70.2%
	Others	35	0.1%	<b>69</b>	0.1%	196.2%
		596	1.7%	<b>566</b>	1.0%	94.9%

**Decreased Non-operating income and reduced interest expenses.**

# Consolidated Balance Sheet Summary

(Millions of yen)

		FY2013		FY2014 Q2		
		Actual	Ratio %	Actual	Ratio %	Changes
Total assets	Cash and cash equivalents	26,077	33.4%	<b>21,656</b>	24.9%	▲ 4,420
	Inventories	42,730	54.7%	<b>56,043</b>	64.5%	+ 13,312
	Others	9,261	11.9%	<b>9,218</b>	10.6%	▲ 42
		78,069	100.0%	<b>86,918</b>	100.0%	+ 8,848
Total liabilities and net assets	Current liabilities	35,655	45.7%	<b>40,878</b>	47.0%	+ 5,222
	Long-term liabilities	12,450	15.9%	<b>12,573</b>	14.5%	+ 123
	Total net assets	29,963	38.4%	<b>33,466</b>	38.5%	+ 3,502
		78,069	100.0%	<b>86,918</b>	100.0%	+ 8,848

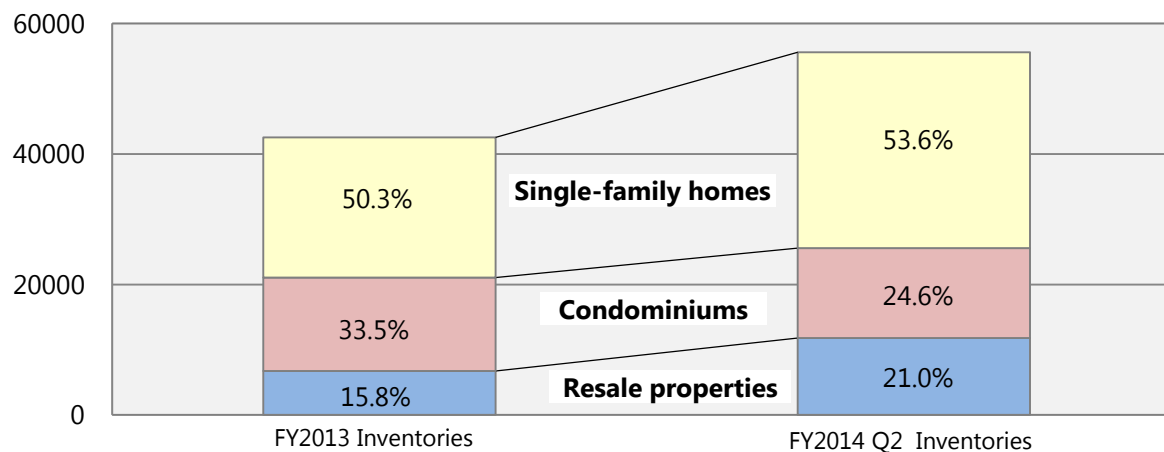
- Inventories increased 13.3 billion yen, reflecting steady progress in property purchases.
- Interest-bearing liabilities increased by 5.5 billion yen year-on year, to 41.7 billion yen.
- Maintained stable financial position, with the equity ratio above 30%.

# Break down of Inventories

( Millions of yen)

	FY2013		FY2014 Q2		
	Inventories	Ratio%	Inventories	Ratio%	Changes
Single-family homes	21,476	50.3%	<b>30,018</b>	53.6%	+ 8,542
Condominiums	14,309	33.5%	<b>13,773</b>	24.6%	▲ 536
Resale properties	6,741	15.8%	<b>11,779</b>	21.0%	+ 5,038
Others	203	0.5%	<b>471</b>	0.8%	+ 268
Total	42,730	100.0%	<b>56,043</b>	100.0%	+ 13,312

( Millions of yen)



# Forecast of consolidated operating results for FY2014 and Dividends

( Millions of yen)

	FY2013	FY2014	
	Full year (actual)	Full year (forecast)	YOY %
Revenue	96,999	<b>115,000</b>	118.6%
Operating income	10,185	<b>13,700</b>	134.5%
Ordinary income	9,179	<b>12,600</b>	137.3%
Net income	5,661	<b>7,700</b>	136.0%
EPS (Yen)	287.82	<b>274.75</b>	95.5%
Dividend per share (Yen)	25.00	<b>35.00</b>	+10.00

- **Annual dividend for FY 2014 is planned to pay 35 yen per share.**

In addition to a common dividend of 30 yen per share, an increase of 5 yen per share from last year, we plan to pay a commemorative dividend of 5 yen per share in a commemorative of our listing on TSE.

NOTE:

Average number of shares issued

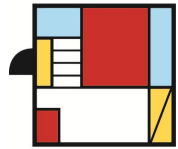
September 30, 2014: 28,025,000 shares    September 30, 2013 : 19,668,562 shares

# FY 2014 Consolidated Segment Revenue

(Millions of yen)

	Segment	Sub-segment	FY2013	FY2014	
			Full year (actual)	Full year (forecast)	YOY %
Revenue	Real estate brokerage		4,704	<b>5,730</b>	121.8%
	Real estate sales	Single-family homes	58,628	<b>69,720</b>	118.9%
		Condominiums	27,136	<b>25,000</b>	92.1%
		Resale properties	6,968	<b>16,220</b>	232.8%
		Others	1,349	<b>700</b>	51.9%
		Sub-total	94,082	<b>111,640</b>	118.7%
	Real estate financing		369	<b>360</b>	97.4%
	Adjustments		▲ 2,157	<b>▲ 2,730</b>	126.6%
Total		96,999	<b>115,000</b>	118.6%	

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# OHG Business Strategies

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# Trend in the housing market for Tokyo's 23 wards

## <Market >

- Increasing demand from singles and Dual-income couples for returning to the urban center for residences closer to the work place.
- While the Japanese population is shrinking, the net-migration to Tokyo's 23 wards is increasing.
- The numbers of households in Tokyo's 23 wards is increasing.

## <Competitor >

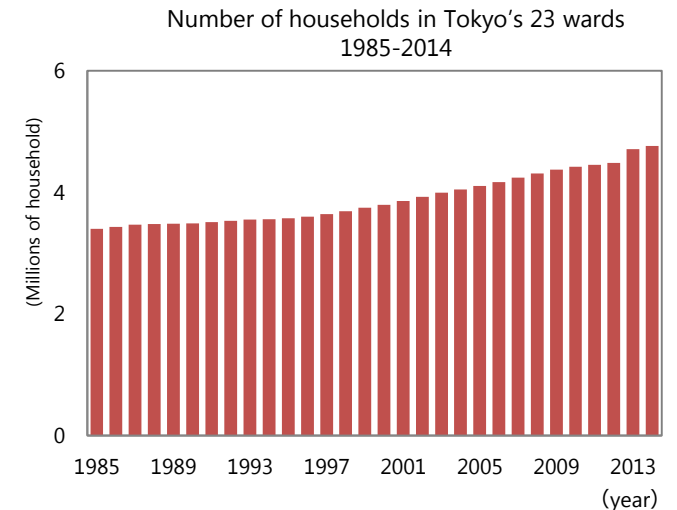
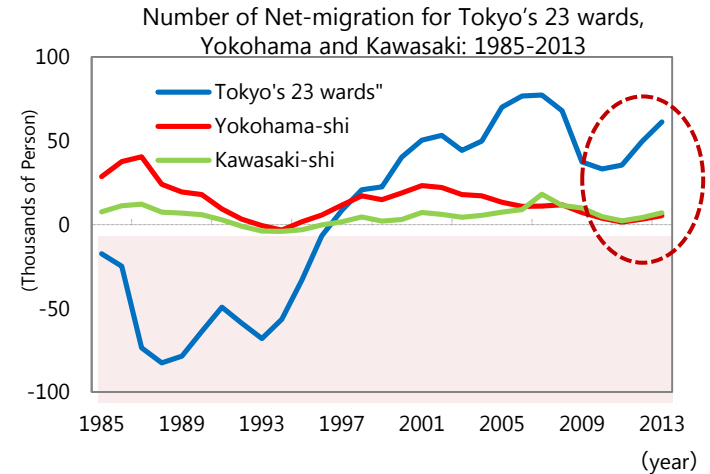
- Affordable housing developers like *POWER BUILDER* focus on the businesses for the suburbs of the Tokyo metropolitan area, meanwhile most of affordable housing developers do not focus on the businesses for Tokyo's 23 wards.
- We have first-mover advantage with few major competitors.

**Concentrating management resources in core business**

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## <Our strength >

- Strong relationships with local real estate brokers. Expanding network for land procurement in Tokyo's 23 wards.
- Able to provide modestly-priced three-story houses by planning those with wider living spaces to make the most of limited site areas.
- By taking advantage of our integrated development and sales structure, we continue to provide products sought by customers.



Source: Ministry of Internal Affairs and Communications [Report on Internal Migration in Japan]

# Business strategy: Single-family homes/Condominiums

## Single-family homes → Continuing to strengthen its business base

- Accelerating brokerage office development to further expand its share within the market of Tokyo's 23 wards, Yokohama and Kawasaki area.
- Bolstering the recruitment, development, and utilization of personnel.



## Condominiums → Cautious stance

- Focusing on lands major companies rarely deal with.
- Most of condominiums to be scheduled delivery in FY2014 have been completed of the contracts.



# Trend in the real estate investment market environment

## <Market>

- The "Quantitative and qualitative monetary easing" by BOJ under "Abenomics". (economic and monetary policies of Prime Minister Shinzo Abe).
- The flow of funds into the real estate investment market would continue to increase.
- Increasing actual demand for office buildings by economic recovery.

## <Risk management>

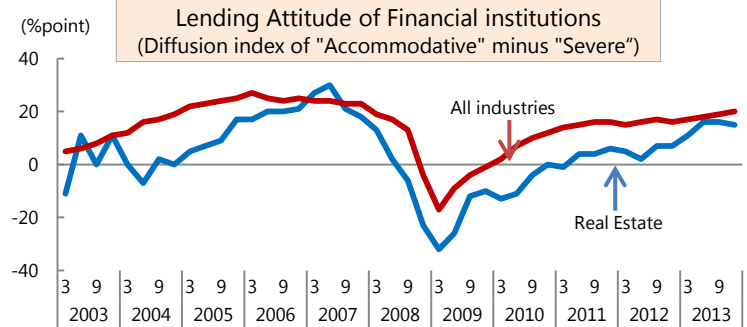
- As selling prices as well as acquisition prices have been rising, it has become possible to secure a certain level of profit.
- Reducing the price fluctuation risk by shortening holding period.
- Holding properties in the condition of available-for-sale properties to respond promptly to changes in the business environment.

Investing certain resources

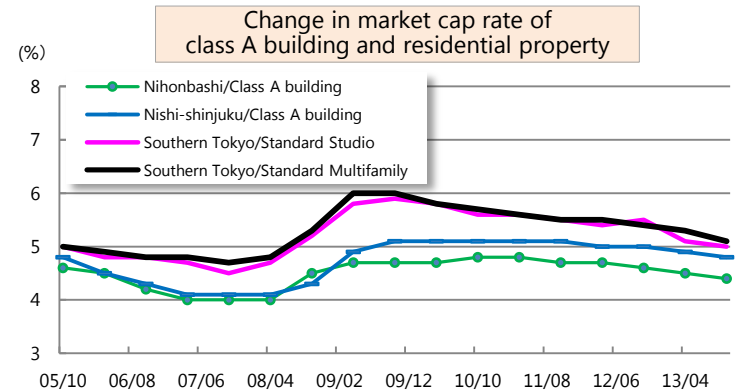
## Establishing and growing the third core businesses

### <Our business domain>

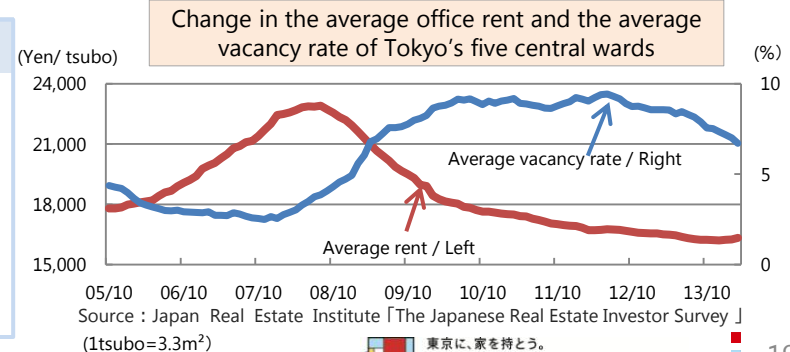
- Building networks with deepening relationships with real estate brokers, while leveraging our accumulated know-how and our strong sales capabilities.
- Dealing with investment properties of three to five hundred million yen which are easily accessible to individual investors.
- Renovating the minimum necessary to sale.



Source : Bank of Tokyo [TANKAN]



Source : Miki Shoji [Tokyo (5 Central Wards) Office Building Market Research Reports]



Source : Japan Real Estate Institute [The Japanese Real Estate Investor Survey] (1tsubo=3.3m<sup>2</sup>)

# Business strategy : Real estate resale

Resale properties → Accelerating business expansions

- Ensuring suitable quantity of investment properties for expanding sales.
- Strengthening the structure for purchase and sale of properties.

Business operation flow: Example



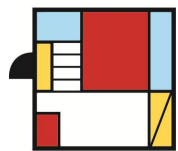
# Business strategy M&A

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## Strategic moves to become a comprehensive real estate company

- ⇒ Complementing existing businesses
- ⇒ Expanding geographical business areas
- ⇒ Entering new businesses

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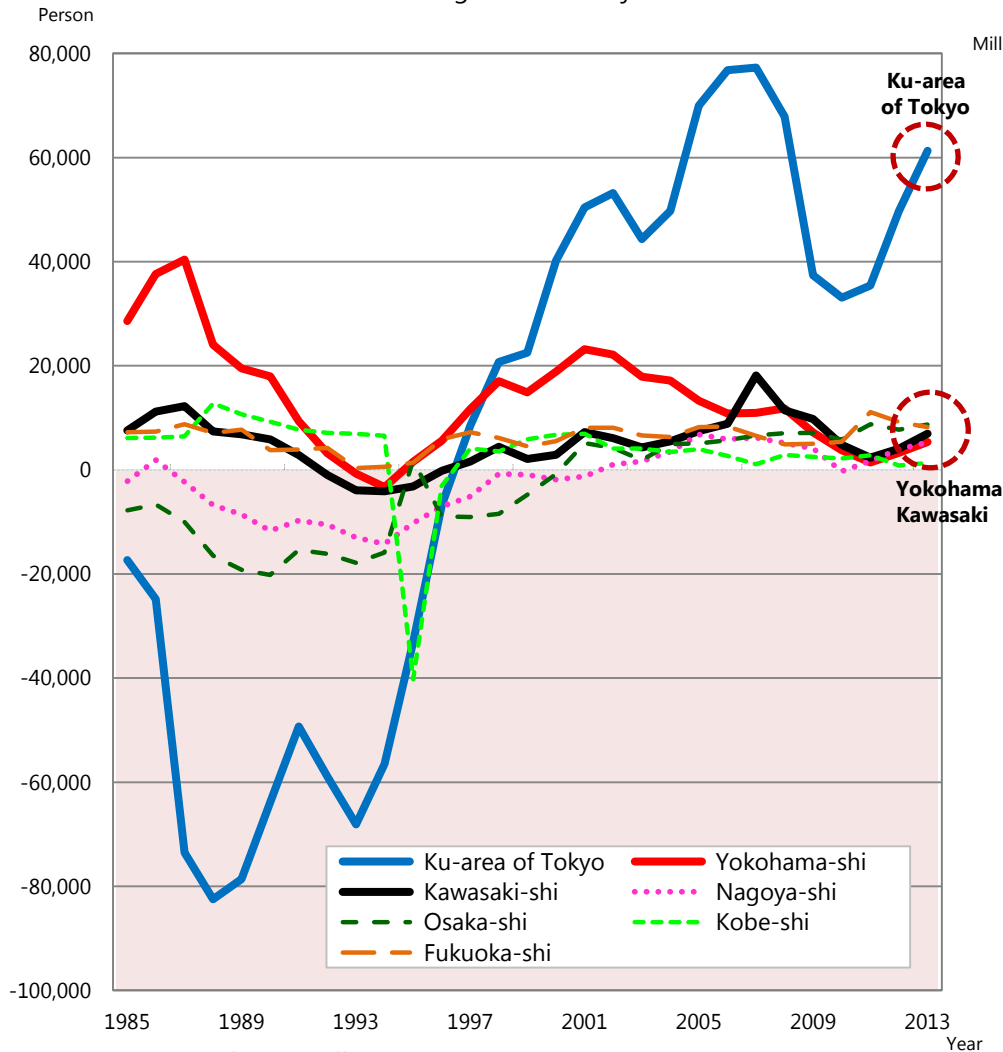
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# Appendices

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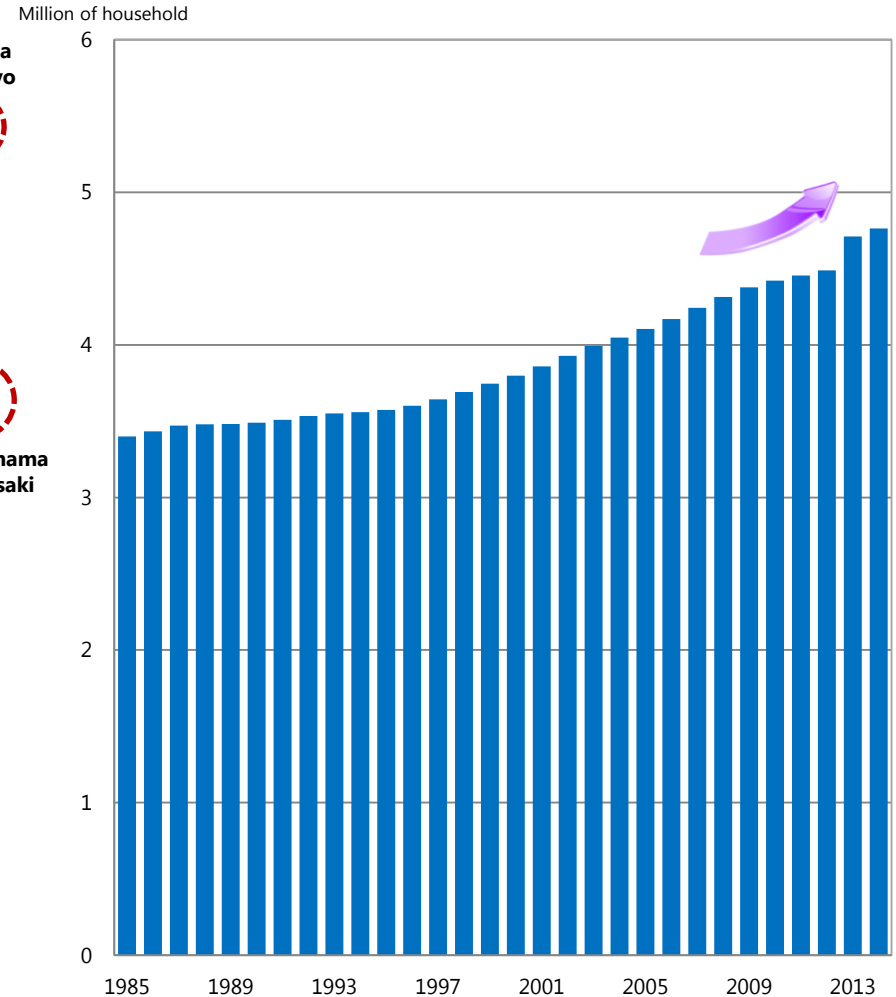
# Concentration of population in Tokyo's 23 wards

Number of Net-migration for major cities: 1985-2013



Source: Ministry of Internal Affairs and Communications  
[Report on Internal Migration in Japan]

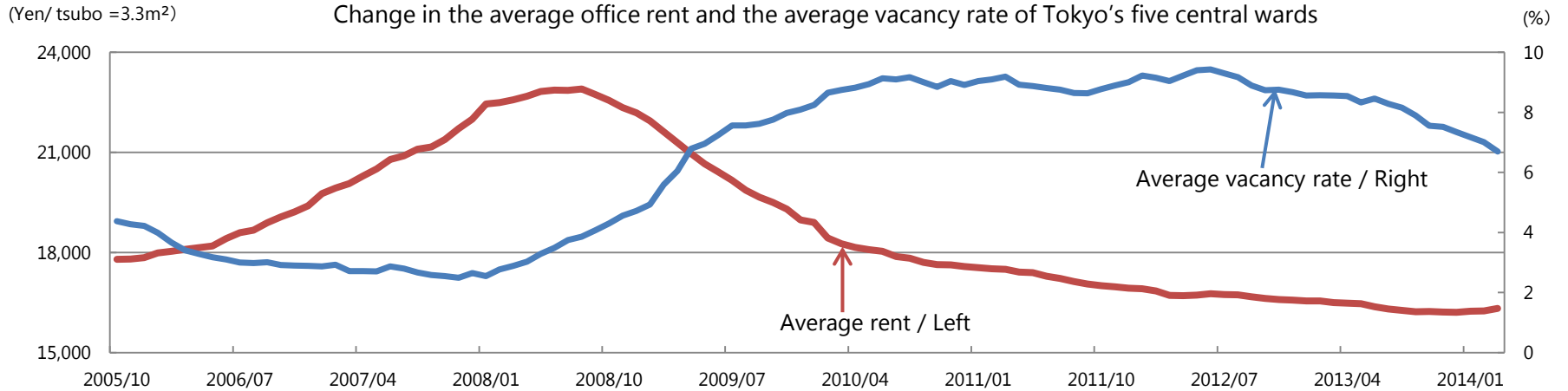
Number of the households change of ku-area of Tokyo: 1985-2014



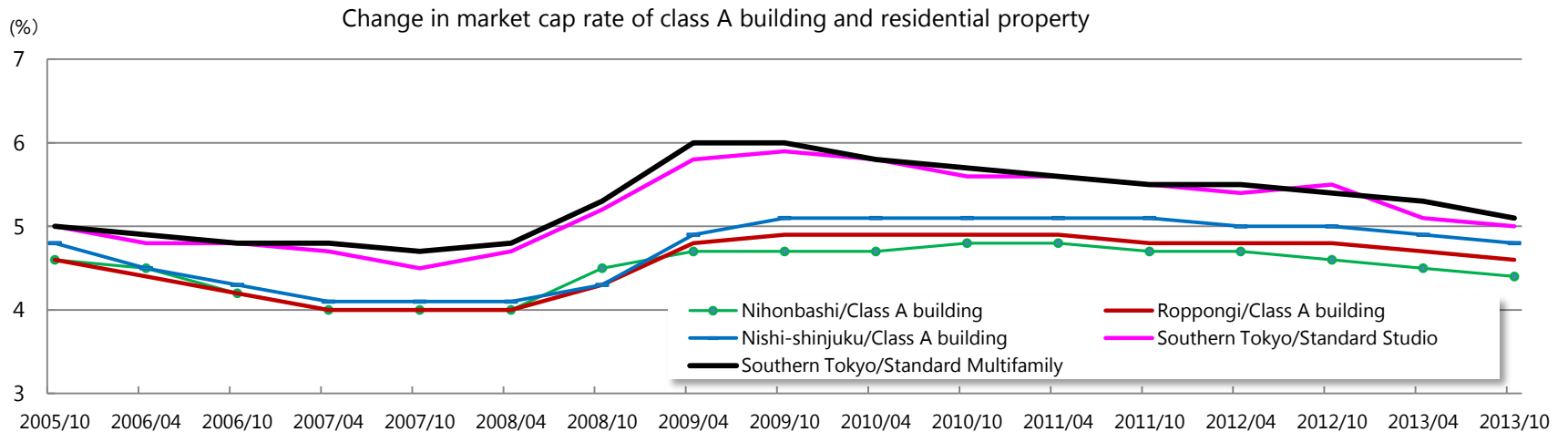
Source: Statistics Division Bureau of General Affairs



# Change in the real estate investment market



Source : Miki Shoji 「Tokyo (5 Central Wards) Office Building Market Research Reports」



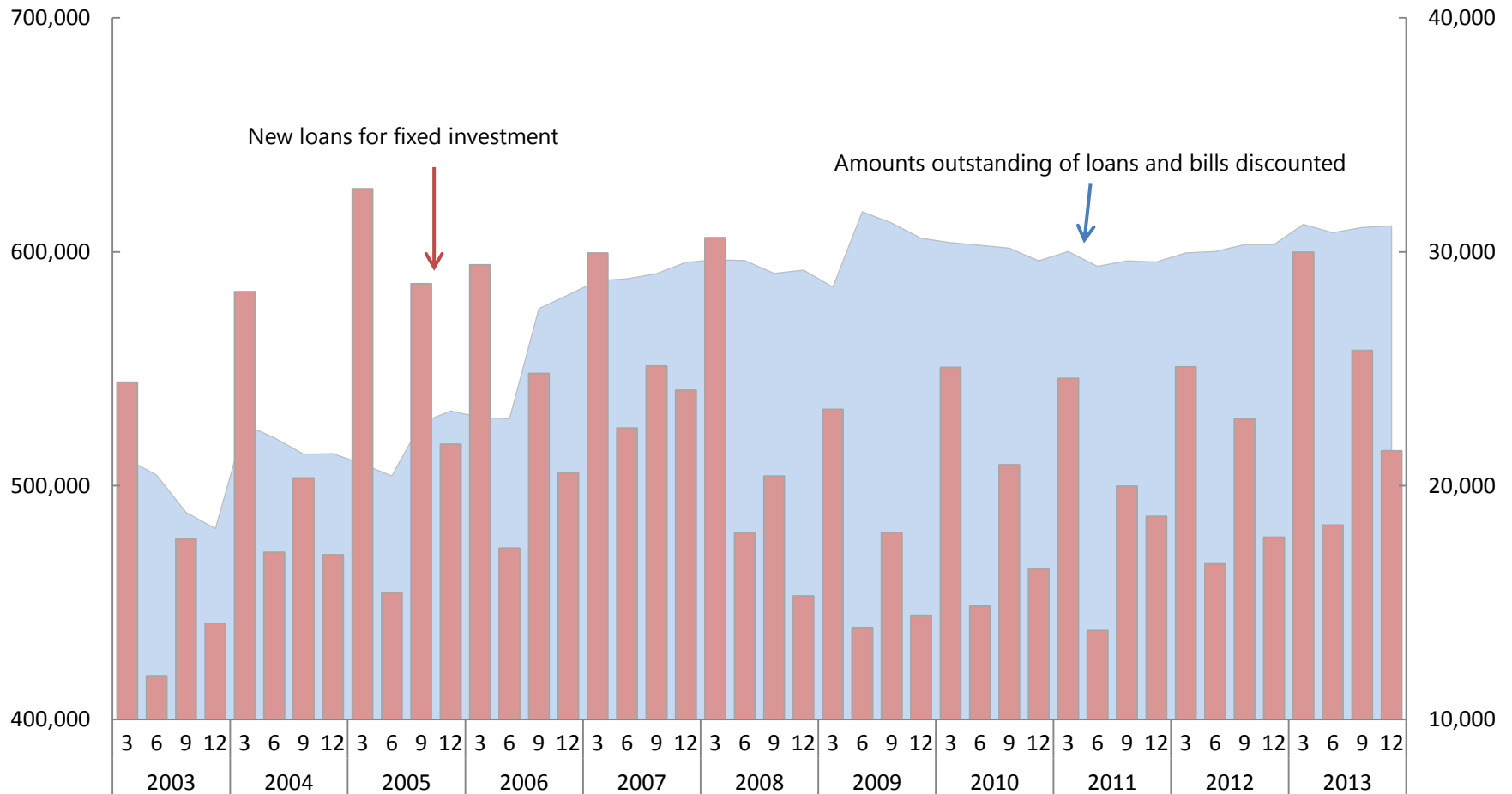
Source : Japan Real Estate Institute 「The Japanese Real Estate Investor Survey」



# Change in “Amounts outstanding of loans and bills discounted” and “New loans for fixed investment”

Amounts outstanding of loans and bills discounted (Million of yen)

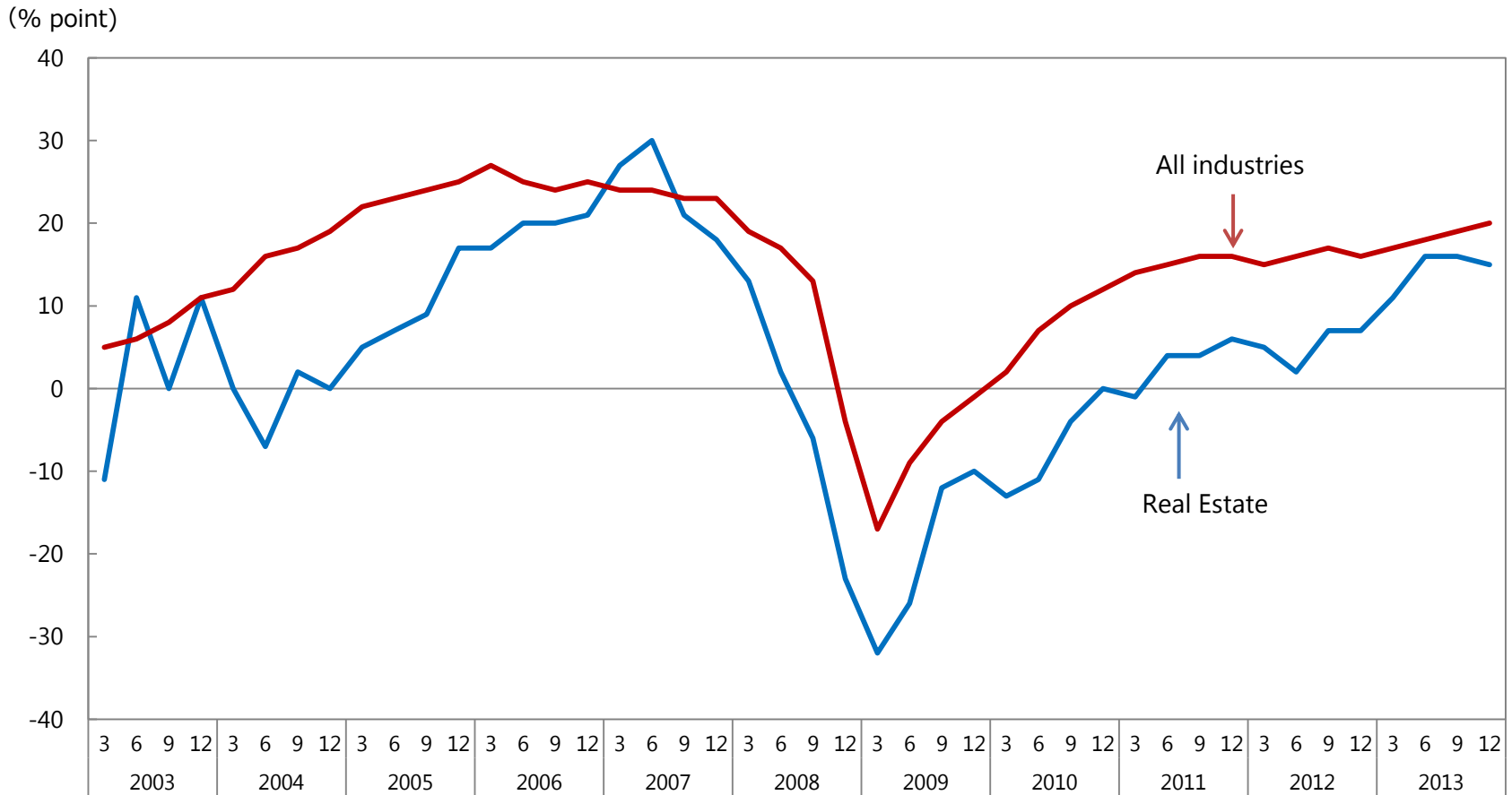
New loans for fixed investment (Million of yen)



Source : Bank of Tokyo 「Loans and Bills Discounted by Sector」

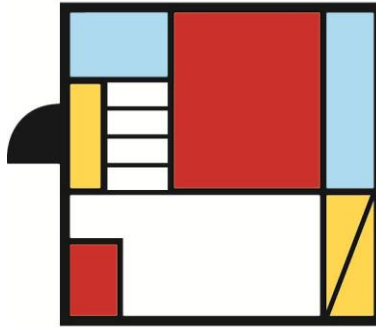
# Lending Attitude of Financial institutions

(Diffusion index of "Accommodative" minus "Severe")



Source : Bank of Tokyo 「TANKAN」

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*This document and reference materials may contain forward-looking statements, but please understand that actual results may differ significantly from these forecasts due to various factors.*

*This document is prepared for the purpose of information only, and subject to change without notice.*