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<3288 TSE>

Consolidated Financial Highlights

for the Second Quarter Ended September 30, 2015

OPEN HOUSE CO., LTD.





FY2015 2Q Summary

2Q Highlights

- Revenue and income were at record highs for a six month period.
Revenue for FY2015 2Q YTD **¥ 78.5 billion (+42.9% YOY)**
Operating income for FY2015 2Q YTD **¥ 8.5 billion (+13.2% YOY)**
 - ➔ Single-family homes: Revenue increased by **+ 41.0% YOY**
 - ➔ Resale properties: Revenue increased by **+202.2% YOY**
 - ➔ Condominiums: The contract ratio of units to be delivered reached **99%**
- Asakawa home was consolidated as a subsidiary in FY2015 2Q

Revision of business forecast

- Revised upward the previous forecast for FY2015
Revenue **¥166 billion → ¥175 billion (+56.0% YOY)**
Operating Income **¥17.4 billion → ¥20.0 billion (+45.5% YOY)**

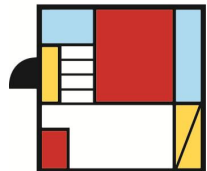
Revision of dividend forecast

- Annual dividend per share for FY2015 is planned to pay **¥60**, an increase of **¥10** from the previous forecast. * Post-split basis : **¥30**

Stock Split

- One share of common stock will be split into two shares of common stock as of June 30, 2015.

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I . FY2015 2Q Consolidated Financial Results

4

II . Business Performance Forecast for FY2015

10

I. FY2015 2Q Consolidated Financial Results

Overview of Consolidated Income Statement

■ Revenue and income increased significantly, and achieved record-high for a six month period.

(Million yen)

	FY2014 2Q		FY2015 2Q		YOY%
		% of Revenue		% of Revenue	
Revenue	54,993		78,588		42.9%
Gross profit	10,940	19.9%	13,829	17.6%	26.4%
SG&A Expenses	3,382	6.2%	5,271	6.7%	55.8%
Operating income	7,557	13.7%	8,557	10.9%	13.2%
Non-operating income	81	0.1%	163	0.2%	101.8%
Non-operating expenses	566	1.0%	587	0.7%	3.6%
Ordinary income	7,072	12.9%	8,134	10.4%	15.0%
Net income	4,203	7.6%	5,084	6.5%	20.9%

I. FY2015 2Q Consolidated Financial Results

Consolidated Segment Revenue

- Revenue of “real estate brokerage” and “real estate sales” increased steadily.
- Sales growth of “single-family homes” and “resale properties” absorbed decline in revenue from condominiums due to expected delivery of condominiums specifically in the second half of the fiscal year.
- “Asakawa Home” was added as a new reportable segment of real estate sales.

(Million yen)

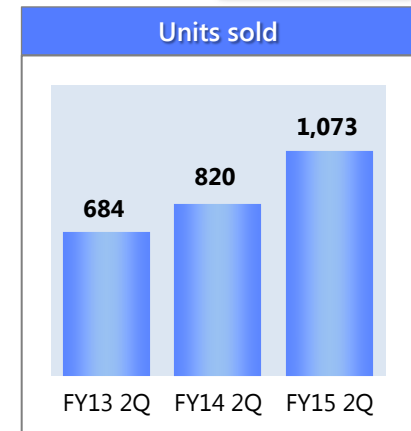
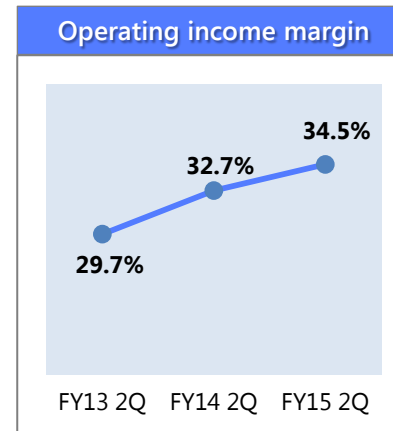
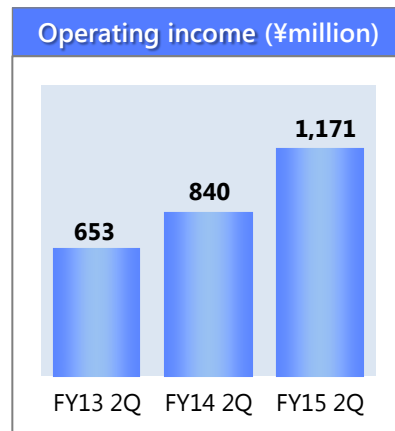
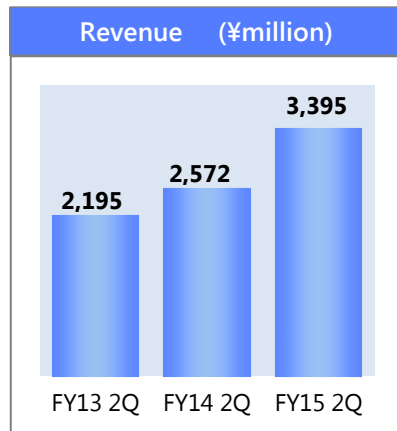
	FY2014 2Q	FY 2015 2Q	YOY%
Real estate brokerage	2,572	3,395	32.0%
Real estate sales	53,429	76,640	43.4%
Single-family homes	31,505	44,421	41.0%
Condominiums	14,768	3,911	△73.5%
Resale properties	7,026	21,233	202.2%
Asakawa Home*	-	6,912	-
Others	129	161	24.7%
Real estate financing	190	191	0.7%
Adjustments	△1,198	△1,639	-
Total	54,993	78,588	42.9%

* Actual results from January 1, 2015 to March 31, 2015

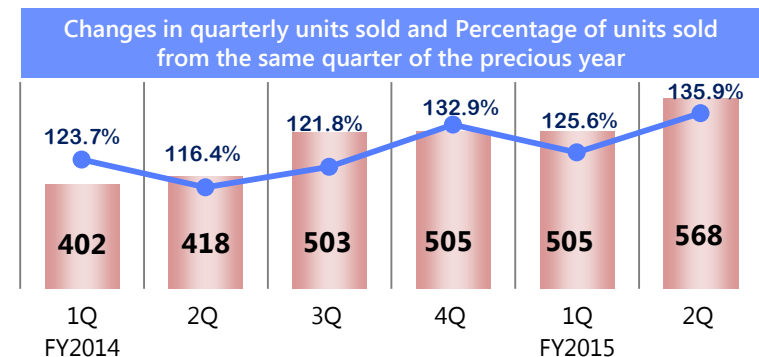
I. FY2015 2Q Consolidated Financial Results

Real Estate Brokerage Business

- Kawasaki brokerage office opened in October 2014 and expanded sales operations to 14 brokerage offices in FY2015 2Q.
- Operating income margin improved significantly due to decreasing fixed cost ratio.
- Units sold, a leading performance indicator of sales has maintained over 20% YOY growth after consumption tax hike.



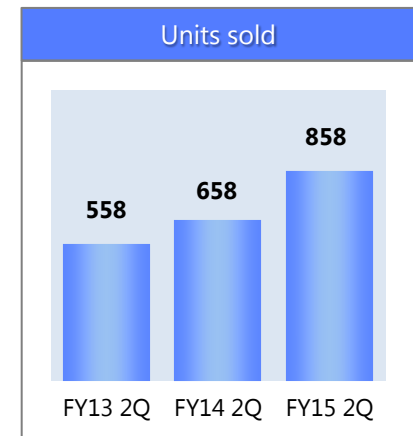
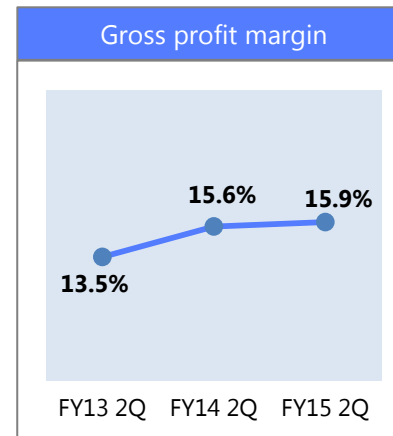
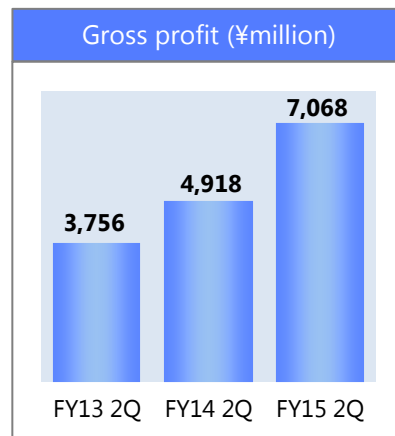
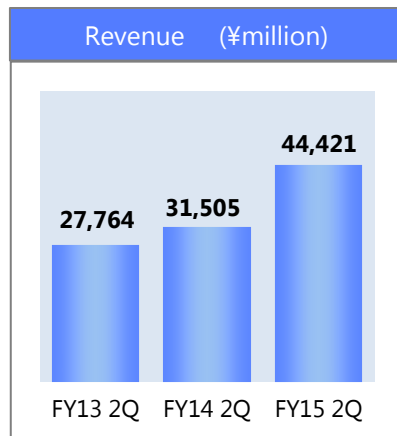
	2013 2Q	2014 2Q	2015 2Q	Inc./Dec.
Revenue (¥million)	2,195	2,572	3,395	32.0%
Operating income (¥million)	653	840	1,171	39.5%
Operating income margin	29.7%	32.7%	34.5%	+1.9%
Units sold	684	820	1,073	+253



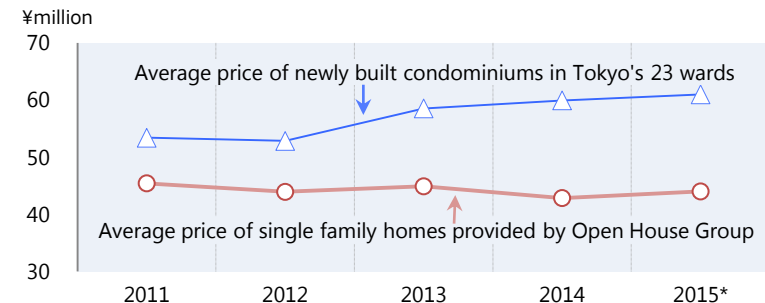
I. FY2015 2Q Consolidated Financial Results

Real Estate Sales Business: Single-family homes

■ Against a backdrop of increasing rate of net-migration for Tokyo's 23 wards, Central Tokyo area has a steady demand for residences. Under such situations, the price of condominiums has been rising continuously. As a result, customers who purchase single-family homes from Open House Group increased because they find our homes to be reasonably priced.



	2013 2Q	2014 2Q	2015 2Q	Inc./Dec.
Revenue (¥million)	27,764	31,505	44,421	41.0%
Gross profit (¥million)	3,756	4,918	7,068	43.7%
Gross profit margin (%)	13.5%	15.6%	15.9%	+0.3%
Units sold	558	658	858	+200

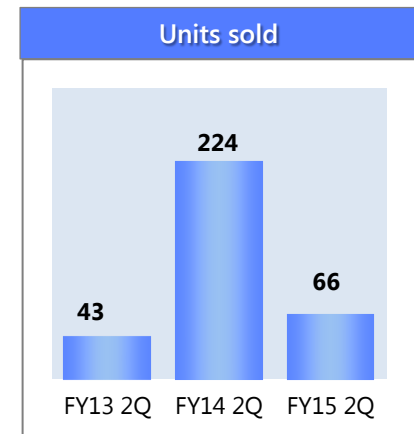
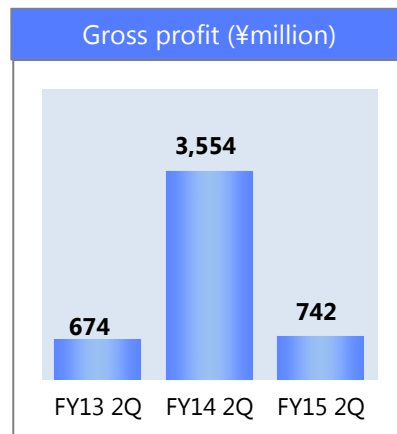
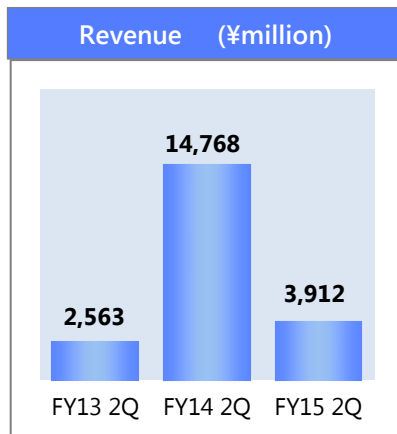


* Average price from January, 2015 to March, 2015
Source: MLIT "Monthly marketing report of lands"

I. FY2015 2Q Consolidated Financial Results

Real Estate Sales Business: Condominiums

- For FY2014 2Q, the delivery of condominium units within March 2014 increased due to rush demand in advance of the consumption tax hike. For this reason, revenue for FY2015 2Q decreased compared with FY 2014 2Q
- The contract ratio of units to be delivered in FY2015 reached 99%



	2013 2Q	2014 2Q	2015 2Q	Inc./Dec.
Revenue (¥million)	2,563	14,768	3,912	△73.5%
Gross profit (¥million)	674	3,554	742	△79.1%
Gross profit margin (%)	26.3%	24.1%	19.0%	△5.1%
Units sold	43	224	66	△158

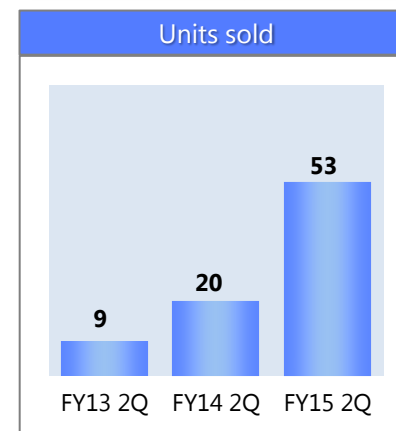
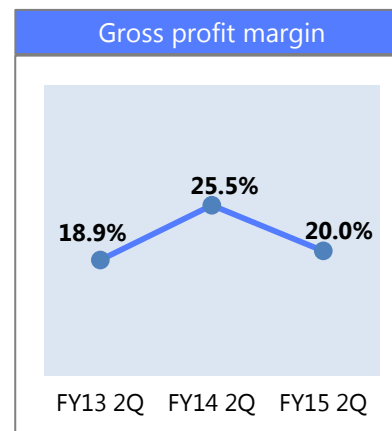
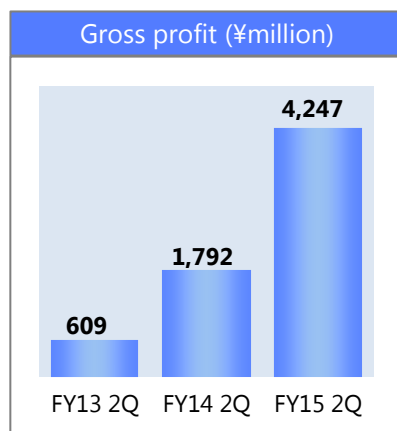
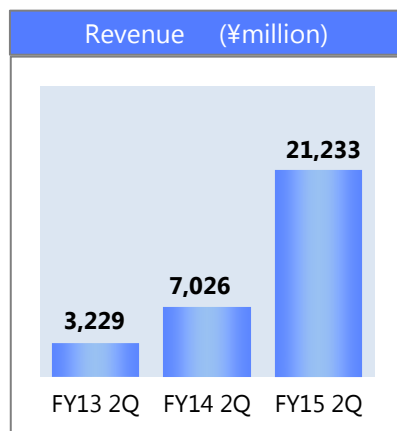
Major projects delivered in FY15 2Q	Units	Average price
Open Residencia Yamate127	22	¥60million
Open Residencia Asagaya	24	¥50million
Open Residencia Bunkyo-sendagi	18	¥60million

I. FY2015 2Q Consolidated Financial Results

Real Estate Sales Business : Resale properties

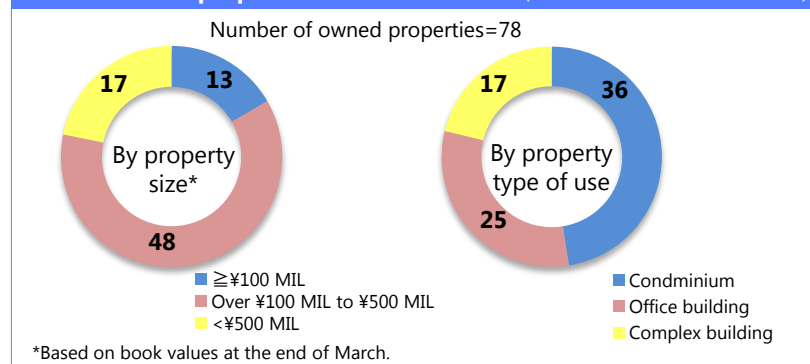


- Taking advantage of expansion of the real estate investment fund market, revenue increased by 3 times YOY.
- Opening Osaka office in January 9, 2015.
- Expanding business to Osaka and Nagoya areas.



	2013 2Q	2014 2Q	2015 2Q	Inc./Dec.
Revenue (¥million)	3,229	7,026	21,233	202.2%
Gross profit (¥million)	609	1,792	4,247	136.9%
Gross profit margin (%)	18.9%	25.5%	20.0%	Δ5.5%
Units sold	9	20	53	+33

Breakdown of properties owned for resale (as of the end of March 2015)



I. FY2015 2Q Consolidated Financial Results

Real Estate Sales Business: Asakawa home



- Operating construction business for real estate companies and builders mainly in the Tokyo Metropolitan Area, based on the policy of “providing environmentally friendly high-grade, low-cost products”.
- Corporate orders remained firm due to the immaterial impact of the consumption tax hike.

Operating results for FY2015 2Q (From January 1, 2015 to March 31, 2015)

Revenue	¥ 6,912 million
Gross profit	¥ 991 million
Gross profit margin	14.3 %
Units sold *	519

*Including 44 intergroup transactions

Date of the execution of the share purchase	January 15, 2015
Voting rights holding ratio	100.0%
Starting date to be included in the scope of consolidation	January 1, 2015
Acquisition Price	¥7.93 billion
Goodwill value (As of the end of December, 2014)	¥1.37 billion
Amortization method and period	Goodwill is evenly amortized over 10 years.
Amortization of goodwill (Forecast : from January, 2015 to December, 2015)	¥0.1 billion

Orders

Plan to be delivered (from January 2015 to September 2015)	1,430
Orders (as of the end of March, 2015)	1,688
– Orders on-hand	1,169
– Construction completed	519

Build to order in intergroup transactions (monthly average, unit)

FY2014		FY2015
12		26



I. FY2015 2Q Consolidated Financial Results

Breakdown of S&G expenses, non-operating income and expenses

(Million yen)

S&G expenses

	FY2014 2Q		FY2015 2Q		Inc./Dec.
		% of Revenue		% of Revenue	
S&G expenses	3,382	6.2%	5,271	6.7%	1,888
Personnel expenses	910	1.7%	1,526	1.9%	616
Sales commissions	322	0.6%	736	0.9%	413
Office rent, utilities expense, etc.	461	0.8%	699	0.9%	237
Advertising expenses	384	0.7%	441	0.6%	56
Promotion expenses	268	0.5%	188	0.2%	△80
Others	1,035	1.9%	1,678	2.1%	643

- ➡ Increase in S&G expenses is mainly due to financial impact related to be the 100% consolidation of Asakawa Home; an increase of personnel cost and newly opened office expenses and increasing sales commissions in "Resale properties."

Non-operating income · Non-operating expenses

	FY2014 2Q		FY2015 2Q		Inc./Dec.
		% of Revenue		% of Revenue	
Non-operating income	81	0.1%	163	0.2%	82
Foreign exchange gain	50	0.1%	105	0.1%	55
Others	31	0.1%	58	0.1%	27
Non-operating expenses	566	1.0%	587	0.7%	20
Interest expenses	410	0.7%	437	0.6%	26
Commissions	86	0.2%	107	0.1%	20
Others	69	0.1%	42	0.1%	△26

- ➡ Increase in Non-operating expenses is a result of an increase in short-term and long-term loans despite, banks' lending rates have declined by improving credibility.

I. FY2015 2Q Consolidated Financial Results

Overview of Consolidated Balance Sheet



(Million yen)

	Sep 30, 2014	March 31, 2015	Inc./Dec.		Sep 30, 2014	March 31, 2015	Inc./Dec.
Current assets	98,196	134,878	36,682	Liabilities	63,530	101,042	37,511
Cash and cash equivalents	26,426	37,204	10,778	Current liabilities	46,269	60,928	14,659
Inventories	63,368	87,440	24,072	Long-term liabilities	17,261	40,113	22,852
Others	8,401	10,233	1,831				
Fixed assets	2,358	6,048	3,690	Net assets	37,047	39,965	2,918
Tangible fixed assets	720	2,874	2,154	Shareholders' equity	37,088	39,953	2,864
Intangible fixed assets	161	1,503	1,341	Other accumulated comprehensive income	△41	12	53
Investments and other assets	1,476	1,670	194				
Deferred assets	23	81	58				
Total assets	100,577	141,007	40,430	Total liabilities and net assets	100,577	141,007	40,430

- ➡ Increase in "Total assets" is a result of financial impact related to be the 100% consolidation of Asakawa Home.
- ➡ Increase in "Inventories" is from steady purchasing of both residential and commercial properties in our "Real estate sales".

- ➡ Increase in liabilities is mainly associated with land and property purchases in our "Real estate sales", and related to be the 100% consolidation of Asakawa Home.

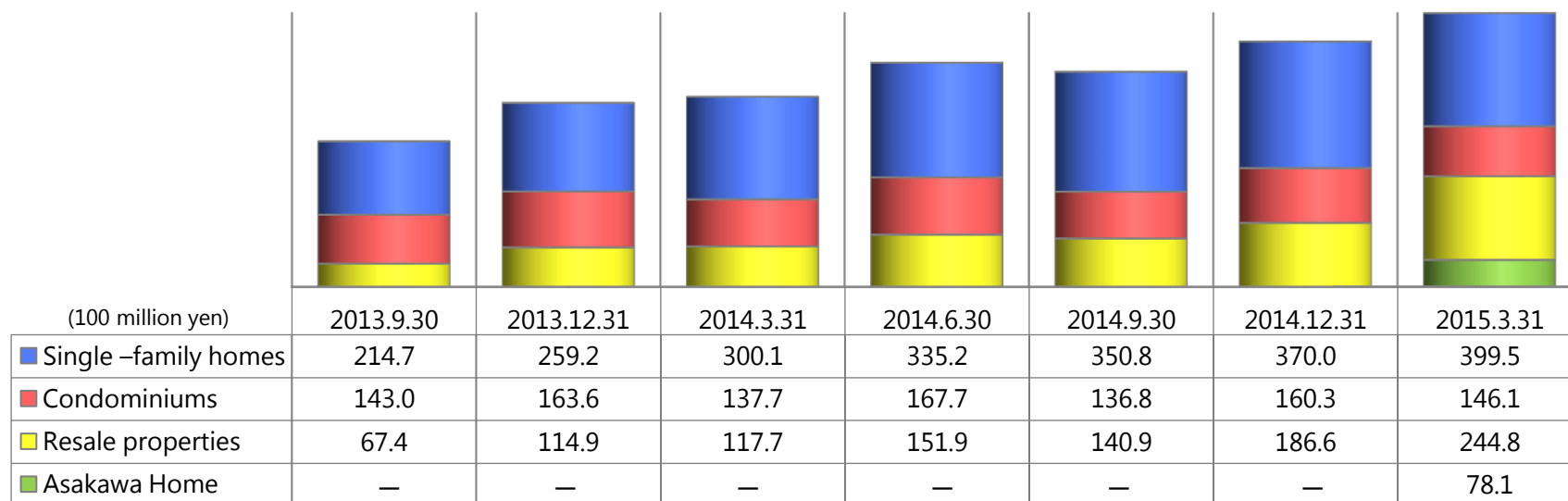
I. FY2015 2Q Consolidated Financial Results

Details of Inventories



(Million yen)

	Sep. 30, 2013	(Ratio)	Sep. 30, 2014 <A>	(Ratio)	Mar. 31, 2015 	(Ratio)	Inc./Dec. -<A>
Single-family homes	21,476	50.3%	35,080	55.4%	39,953	45.7%	4,873
Condominiums	14,309	33.5%	13,683	21.6%	14,611	16.7%	928
Resale properties	6,741	15.8%	14,090	22.2%	24,480	28.0%	10,389
Asakawa Home	—	—	—	—	7,816	8.9%	7,816
Others	203	0.5%	513	0.8%	577	0.7%	63
Total	42,730	100.0%	63,368	100.0%	87,440	100.0%	24,072

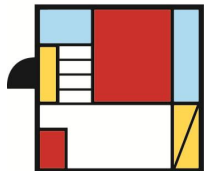


I. FY2015 2Q Consolidated Financial Results

Consolidated Statements of Cash Flows

(Million yen)	FY2014 2Q	FY2015 2Q	
Cash flows from operating activities	△8,931	△ 11,457	— Increase in inventories
Cash flows from investing activities	△2,150	1,992	— Withdrawal of time deposits.
Cash flows from financing activities	4,844	22,190	— Increase of short term and long term borrowing due to purchase of treasury stock and dividend payment
Effect of exchange rate changes on cash and cash equivalents	44	53	
Net increase (decrease) in cash and cash equivalents	△6,193	12,778	
Cash and cash equivalents at beginning of the period	25,850	24,426	
Cash and cash equivalents at end of the period	19,656	37,204	

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I . FY2015 2Q Consolidated Financial Results

3

II . Business Performance Forecast for FY2015

16

II. Business Performance Forecast for FY2015

Revision of Consolidated Forecast

■ Previous Forecast released on February 13, 2015

We revised its forecast of consolidated operating results for FY2015 on February 13, 2015. These revisions are based on recent results, and reflecting the forecast of operating results of "Asakawa Home" that became a consolidated subsidiary on January 15, 2015.

■ Revised Forecast released on May 15, 2015

Based on the performance in the first half, and a review of the forecast in the second half, we revised its forecast of consolidated operating results for FY 2015 on May 15, 2015.

(Million yen)

	FY2014	FY2015			Change (B)-(A)	YOY%
	Actual results	Initial Forecast released on 2014.11.13	Previous Forecast released on 2015.2.13 (A)	Revised Forecast released on 2015.5.15 (B)		
Revenue	112,145	145,000	166,000	175,000	+9,000	56.0%
Operating income	13,746	15,700	17,400	20,000	+2,600	45.5%
Ordinary income	12,882	14,500	16,300	19,000	+2,700	47.5%
Net income	7,763	9,100	10,300	12,000	+1,700	54.6%

II. Business Performance Forecast for FY2015

Revision of Consolidated Forecast -Segment Information

(Million yen)	FY2014	FY2015			Change (B)-(A)	YOY%
	Actual results	Initial Forecast 2014.11.13	Previous Forecast 2015.2.13(A)	Revised Forecast 2015.5.15 (B)		
Real estate brokerage	5,728	7,150	7,150	7,300	+150	27.4%
Real estate sales	108,760	141,000	162,000	170,800	+8,800	57.0%
Single-family homes	66,100	90,000	90,000	90,000	-	36.2%
Condominiums	25,661	20,000	20,000	20,000	-	△22.1%
Resale properties	16,528	30,000	32,000	41,000	+9,000	148.0%
Asakawa Home**	-	-	19,000	19,500	+500	-
Others	469	1,000	1,000	300	△700	△36.1%
Real estate financing	376	350	350	400	+50	6.2%
Adjustments	△2,720	△3,500	△3,500	△3,500	-	-
Total	112,145	145,000	166,000	175,000	+9,000	56.0%

Revision of Dividend Forecast for FY2015

■ Previous Forecast released on February 13, 2015

We revised the dividend forecast from the annual dividend amount of 40 yen to 50 yen with reflecting recent result trends and the forecast of operating results of "Asakawa Home" that became a consolidated subsidiary on January 15, 2015.

■ Revised Forecast released on May 15, 2015

In view of recent results in performance, annual dividend per share for FY2015 is planned to pay ¥60, an increase of ¥10 from the previous forecast released on February 13, 2015. (Post-split basis : ¥30)

	FY2014	FY2015			Change (C)-(B)	Inc./Dec. (C)-(A)
	Actual (A)	Initial Forecast November 13, 2014	Previous Forecast February 13, 2015 (B)	Revised Forecast May 15, 2015 (C)		
Annual dividends per share (yen) <Post-split basis>	40.00	50.00	50.00	60.00	+10.00	+20.00
	20.00	20.00	25.00	30.00	+5.00	+10.00
Total dividends (million yen)	1,148	1,148	1,435	1,722	+287	+574
EPS (yen)	275.50	314.54	359.97	419.38		
	137.75	157.27	179.99	209.69		
Payout ratio (%)	14.5	12.6	13.9	14.3		

Basic policy on profit distribution

Our basic policy is to maintain stable payouts with consideration to future business development and strengthening our financial base.

Dividend payout ratio

Target 10—20%



Stock Split

Purpose of Stock split

The stock split will be conducted to increase the liquidity of the Company's stock and provide a more advantageous environment for investors.

Outline of Stock Split

1. Method of Stock split

One share of common stock will be split into two shares of common stock base on a shareholders list as of June 30, 2015.

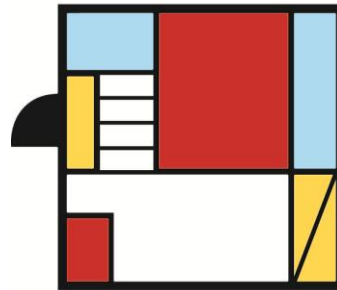
2. Increase in number of shares from split

1) Total number of issued shares before stock split	28,700,000 shares
2) Increase in number of shares by stock split	28,700,000 shares
3) Total number of issued shares after stock split	57,400,000 shares
4) Total number of authorized shares after stock split	162,600,000 shares

3. Schedule

1) Record date of public notice	Monday, June 15, 2015
2) Record date	Tuesday, June 30, 2015
3) Effective date	Wednesday, July 1, 2015

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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.
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