

Consolidated Financial Highlights

For the Second Quarter Ended September 30, 2016

OPEN HOUSE CO., LTD.
[3288 TSE]



FY2016 2Q Topics

Business performance

- Revenue and operating income for FY2016 2Q set new record highs

Revenue: **¥117.1 billion (+49.1% YOY)**

Operating income: **¥ 15.1 billion (+77.2% YOY)**

Profit attributable to owners of parent **¥ 9.4 billion (+85.4% YOY)**

- ➡ The Single-Family Homes business was steady in performance, in part due to price advantages generated by rising prices for condominiums.
- ➡ Backed by the BOJ's monetary easing policies, the Property Resale business posted significant performance growth.
- ➡ Sales in the Condominiums business were also strong, with urban locations proving especially popular.
- ➡ Contracts awarded to Asakawa Home Co., Ltd. were strong.

Revised performance forecasts

- We will strive to set record highs in revenue and operating income for the fourth consecutive year.

Revenue: **Revised from ¥240 billion to ¥245 billion (+36.6% YOY)**

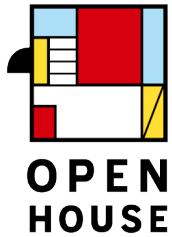
Operating income: **Revised from ¥ 25 billion to ¥29 billion (+36.1% YOY)**

Profit attributable to owners of parent : **Revised from ¥15.5 billion to ¥18 billion (+42.4% YOY)**

Revised projected dividends

- Dividends increased to reflect the revisions above

Annual dividends: **Revised from ¥40.00 to ¥50.00/share (+¥20.00 YOY)**



FY2016 2Q Consolidated Summary



Overview of Consolidated Income Statement

(Million yen)

	FY2015 2Q		FY2016 2Q		YOY%
	Actual	% of revenue	Actual	% of revenue	
Revenue	78,588	—	117,163	—	49.1%
Gross profit	13,829	17.6%	22,372	19.1%	61.8%
SG&A expenses	5,271	6.7%	7,212	6.2%	36.8%
Operating income	8,557	10.9%	15,160	12.9%	77.2%
Non-operating income	163	0.2%	116	0.1%	(28.5%)
Non-operating expenses	587	0.7%	579	0.5%	(1.2%)
Ordinary income	8,134	10.4%	14,697	12.5%	80.7%
Profit attributable to owners of parent	5,084	6.5%	9,424	8.0%	85.4%

- Revenue and income for FY2016 2Q set record highs.
- Revenue was up 49.1% YOY, while operating income was up 77.2% over the same period.



Performance by segment (revenue, operating income)

- All segments other than condominiums increased revenues and income. (Segments were revised from FY2016 1Q to reflect growth in business scales.)
- The property resale and the single-family homes businesses grew with revenues up 80.8% and 32.8% YOY, respectively.

	FY2015 2Q *1		FY2016 2Q		(Million yen)
	Actual	Ratio	Actual	Ratio	YOY%
Revenue	78,588	100.0%	117,163	100.0%	49.1%
Brokerage	3,395	4.3%	3,879	3.3%	14.3%
Single-family homes	44,512	56.6%	59,132	50.5%	32.8%
Asakawa Home	7,468	9.5%	17,292	14.8%	* 2 —
Condominiums	3,926	5.0%	2,398	2.0%	(38.9%)
Property resales	21,283	27.1%	38,478	32.8%	80.8%
Others	220	0.3%	234	0.2%	6.6%
Adjustments	(2,219)	(2.8%)	(4,253)	(3.6%)	—
	Actual	% of revenue	Actual	% of revenue	YOY%
Operating income	8,557	10.9%	15,160	12.9%	77.2%
Brokerage	1,171	34.5%	1,327	34.2%	13.3%
Single-family homes	3,841	8.6%	6,988	11.8%	81.9%
Asakawa Home	*3 175	2.3%	*3 729	4.2%	* 2 —
Condominiums	79	2.0%	(321)	—	—
Property resales	3,308	15.5%	6,459	16.8%	95.2%
Others	66	30.1%	74	31.8%	12.6%
Adjustments	(85)	—	(97)	—	—

*1 FY2015 2Q results were revised to reflect the restructuring of business segments in FY2016 1Q.

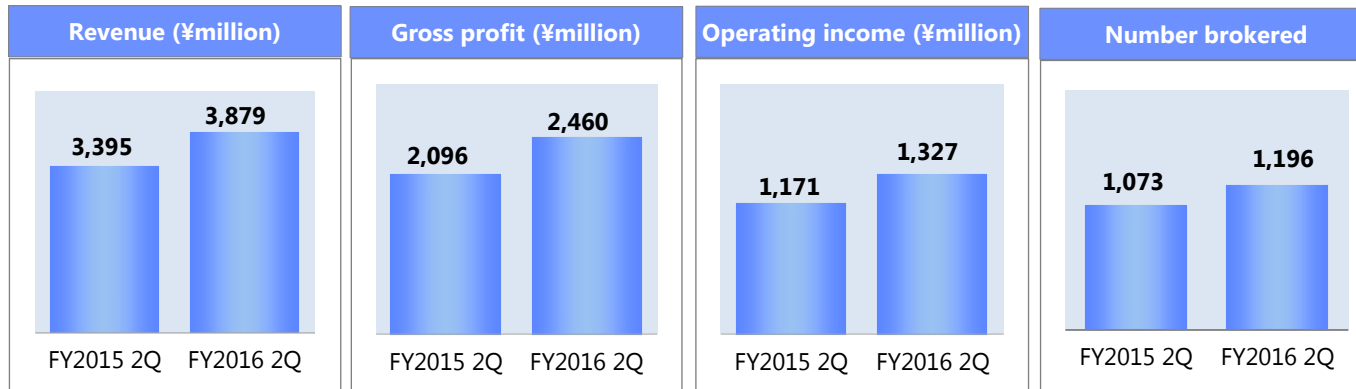
*2 Increase (decrease) in YOY for Asakawa Home is not shown because Asakawa Home was made a consolidated subsidiary in January 2015.

*3 Operating income for Asakawa Home reflects a deduction of amortization of goodwill recorded on the acquisition of Asakawa Home equity.

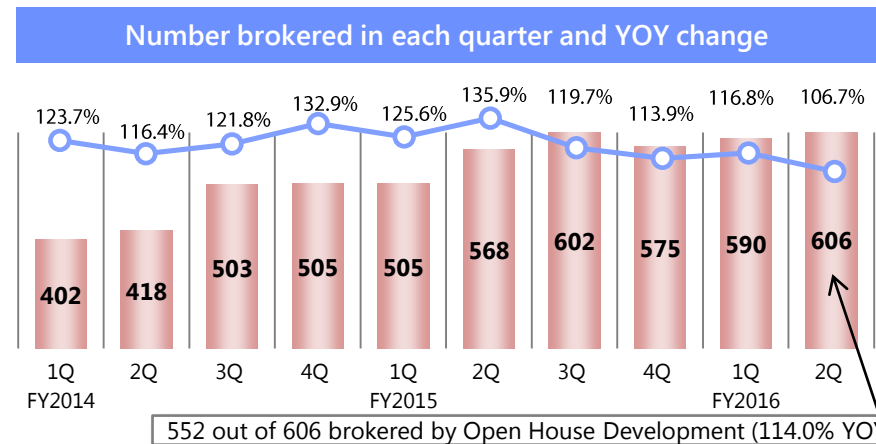


Brokerage Business

- The Shin-Yokohama Sales Center opened in October 2015, bringing the total number of sales centers to seventeen to expand the Brokerage business.
- Numbers brokered in each quarter continued to grow from the previous year.



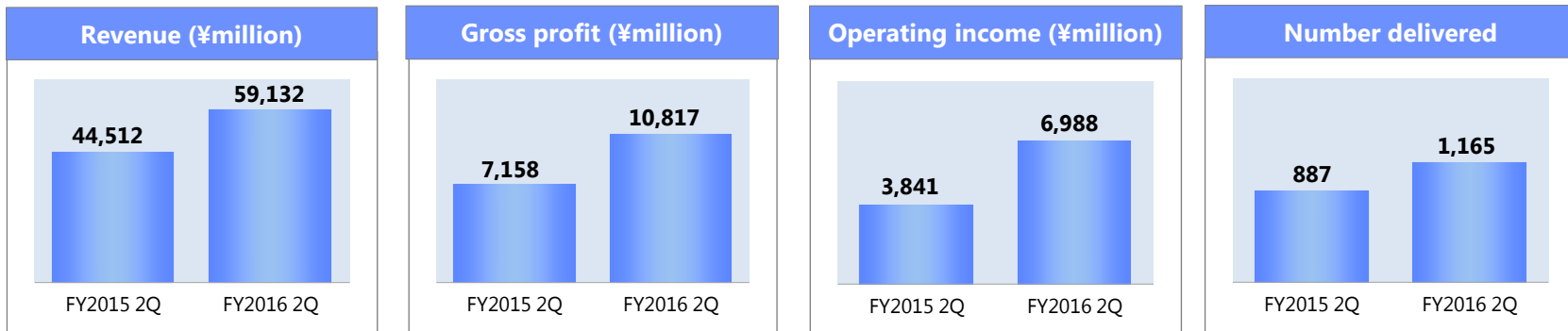
	FY2015 2Q	FY2016 2Q	Inc.(Dec.)
Revenue (¥ million)	3,395	3,879	14.3%
Gross profit (¥ million)	2,096	2,460	17.3%
Gross profit margin	61.8%	63.4%	1.7%
Operating income (¥ million)	1,171	1,327	13.3%
Operating income margin	34.5%	34.2%	(0.3%)
Number brokered	1,073	1,196	+123





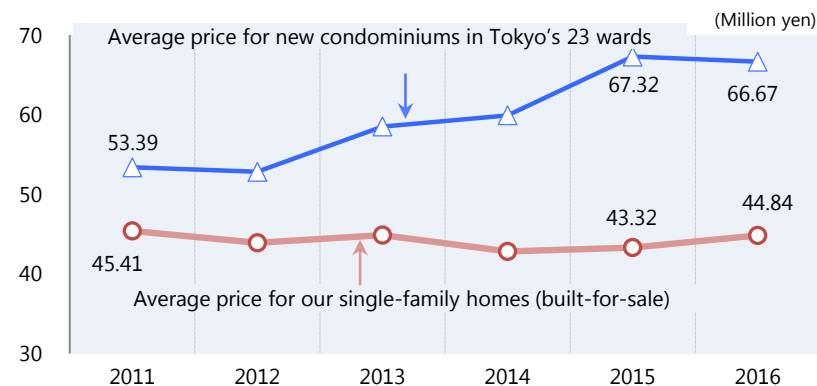
Single-Family Homes Business

- The price advantage due to rising prices of new condominiums has contributed to the steady performance of single-family homes.
- Operating income grew substantially for various reasons, including an increase in gross profit margin and increased revenue.



By type of sale		FY2015 2Q	FY2016 2Q	Inc.(Dec.)
Built-for-sale houses	Revenue (¥million)	18,079	25,161	39.2%
	Number delivered	428	561	+133
Lands	Revenue (¥million)	22,048	28,126	27.6%
	Number delivered	459	604	+145
Built-to-order houses	Revenue (¥million)	4,292	5,743	33.8%
	Number delivered	290	375	+85
Others		90	101	11.8%
Total	Revenue (¥million)	44,512	59,132	32.8%
	Gross profit (¥million)	7,158	10,817	51.1%
	Gross profit margin	16.1%	18.3%	2.2%
	Operating income (¥million)	3,841	6,988	81.9%
	Operating income margin	8.6%	11.8%	3.2%
	Number delivered (built-for-sale houses + lands)	887	1,165	+278

Changes in the average price for new condominiums in Tokyo's 23 wards of Tokyo and average price for our single-family homes (built-for-sale)

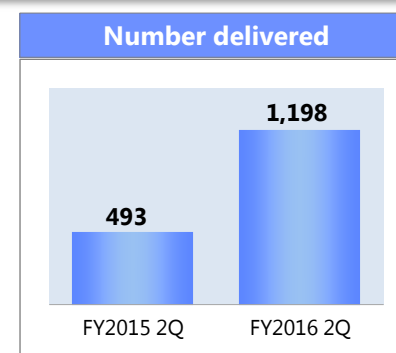
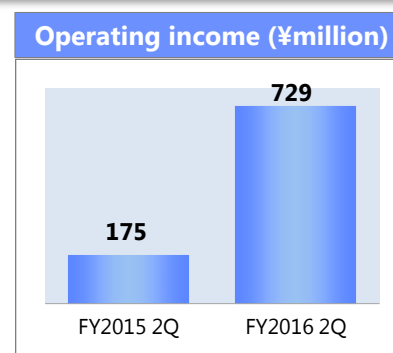
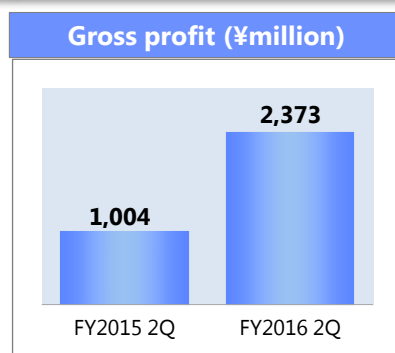
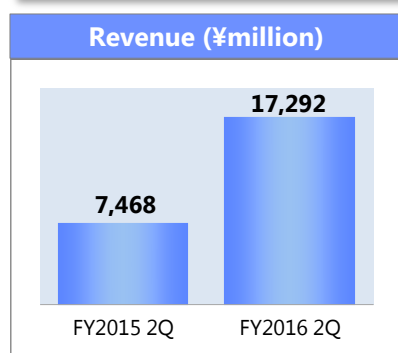


Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September.
 * Condominium prices for 2016 are for the January - March period.
 Company results shown for 2016 are for October 2015-March 2016.



Asakawa Home

- A significant increase in the number of construction contracts for Open House Development Co., Ltd. (OHD) contributed to strengthen the Group's construction functions.
- Smooth deliveries on construction contracts with built-for-sale housing businesses in the greater Tokyo area resulted in steady performance.

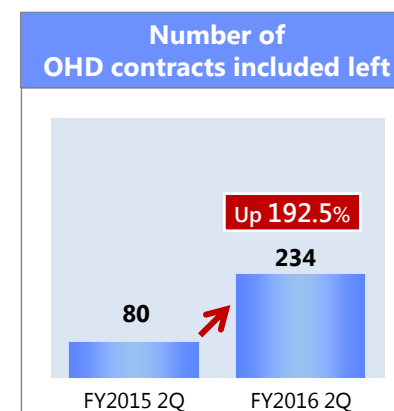


	FY2015 2Q *1	FY2016 2Q
Revenue (¥ million)	7,468	17,292
Gross profit (¥ million)	1,004	2,373
Gross profit margin	13.4%	13.7%
Operating income (¥ million) *2	175	729
Operating income margin	2.3%	4.2%
Number delivered *3	493	1,198

*1 Increase (decrease) in YOY for Asakawa Home is omitted because Asakawa Home was made a consolidated subsidiary in January 2015.

*2 Operating income for Asakawa Home reflects a deduction of amortization of goodwill for Asakawa Home.

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

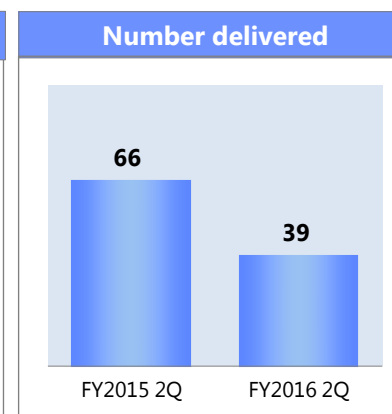
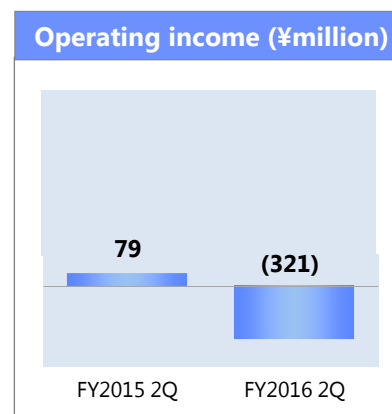
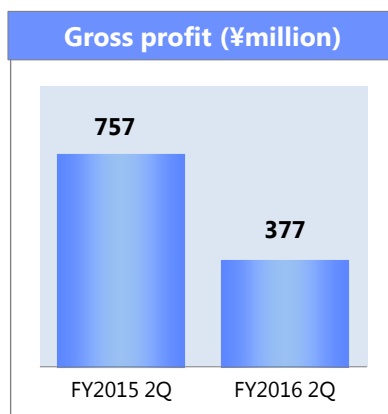
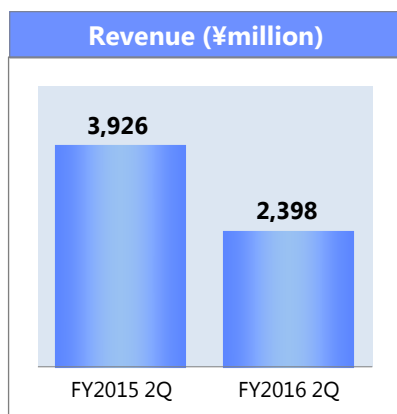


Shows total numbers of construction contracts awarded through 2Q (October–March) for each term.



Condominiums Business

- Strong demand for condominiums in prime urban locations generated favorable sales.
- Sale contracts have been concluded on properties slated for sale in FY2016 (300 units). <As of April 30, 2016>



	FY2015 2Q	FY2016 2Q	Inc. (Dec.)
Revenue (¥ million)	3,926	2,398	(38.9%)
Gross profit (¥ million)	757	377	(50.1%)
Gross profit margin	19.3%	15.8%	(3.5%)
Operating income (¥ million)	79	(321)	—
Operating income margin	2.0%	—	—
Number delivered	66	39	(27)

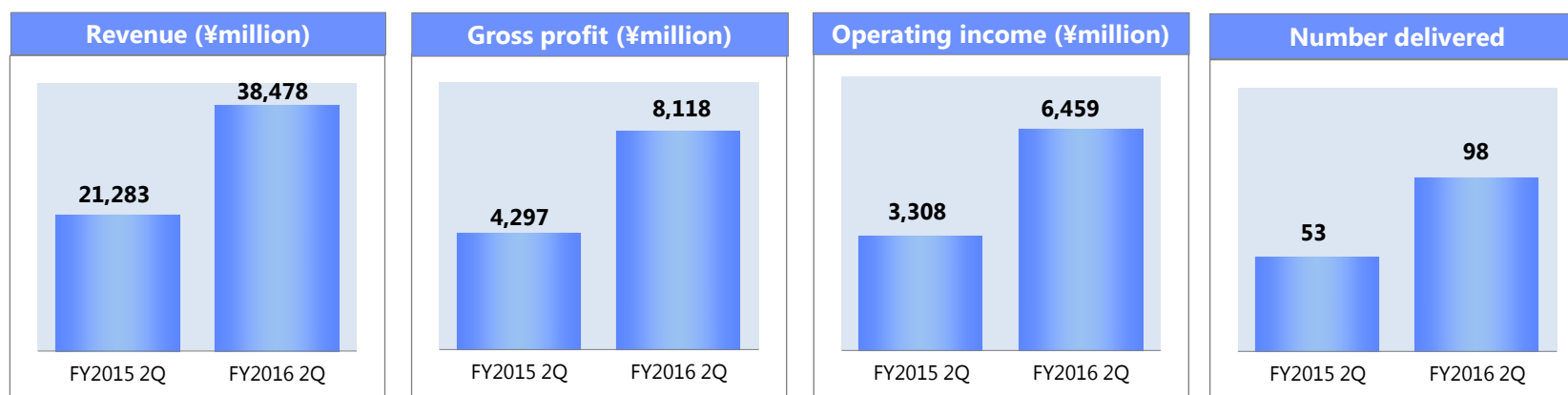
Major condominiums delivered in FY2016

Name	Units	Average price
Open Residencia Nakameguro-Besshozaka	15	¥70million
Open Residencia Ebisu The House	25	¥90million
Open Residencia Nihonbashi-Mitsukoshimae	19	¥50million
Open Residencia Ikejiri-Ohashi	45	¥40million

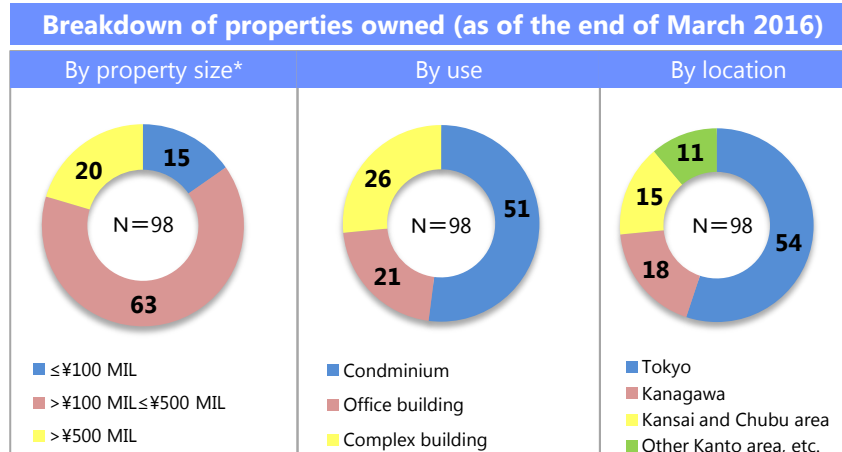


Property Resale Business

- Backed by the BOJ's monetary easing policies, the property resale business is growing rapidly amid brisk trade in revenue-generating properties.
- With the opening of the Nagoya Office in October 2015, this business now operates out of three main offices, including offices in Tokyo and Osaka.



	FY2015 2Q	FY2016 2Q	Inc. (Dec.)
Revenue (¥ million)	21,283	38,478	80.8%
Gross profit (¥ million)	4,297	8,118	88.9%
Gross profit margin	20.2%	21.1%	0.9%
Operating income (¥ million)	3,308	6,459	95.2%
Operating income margin	15.5%	16.8%	1.2%
Number delivered	53	98	+45



(* Based on book values at the end of March 2016)



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

(Million yen)

	FY2015 2Q		FY2016 2Q		Inc. (Dec.)		FY2015 2Q		FY2016 2Q		Inc. (Dec.)
		% of revenue		% of revenue				% of revenue		% of revenue	
SG&A expenses	5,271	6.7%	7,212	6.2%	1,940	Non-operating income	163	0.2%	116	0.1%	(46)
Personnel expenses	1,526	1.9%	2,108	1.8%	581	Foreign exchange gain	105	0.1%	—	—	(105)
Sales commissions	736	0.9%	1,282	1.1%	545	Others	58	0.1%	116	0.1%	58
General expenses	699	0.9%	885	0.8%	185	Non-operating expenses	587	0.7%	579	0.5%	(7)
Advertising expenses	441	0.6%	544	0.5%	103	Interest expenses	437	0.6%	401	0.3%	(35)
Promotion expenses	188	0.2%	269	0.2%	81	Commissions	107	0.1%	15	0.0%	(91)
Others	1,678	2.1%	2,122	1.8%	443	Others	42	0.1%	162	0.1%	119

Factors contributing to higher SG&A expenses:

- Growth in sales commissions in the property resale business due to increased property sales
- Due to cost controls, reducing the percentage of sales in other accounts

Factors contributing to lower non-operating expenses:

- Due to an improvement in credit rating and falling market interest rates, suppressing interest expenses generated by the rising balance of interest-bearing debt



Consolidated Balance Sheet

(Million yen)

	Sep 30, 2015	Mar 31, 2016	Inc. (Dec.)
Current assets	156,535	166,218	9,682
Cash and cash equivalents	43,330	47,002	3,672
Inventories	102,614	107,992	5,377
Others	10,590	11,223	632
Fixed assets	5,834	7,589	1,754
Tangible fixed assets	2,799	2,778	(21)
Intangible fixed assets	1,490	1,383	(107)
Investments and other assets	1,544	3,427	1,883
Deferred assets	76	69	(7)
Total assets	162,447	173,877	11,429

- Assets increased due to rising cash and cash equivalents and investments and other assets, in addition to increased inventories resulting from the forward-looking purchase of land and properties.

	Sep 30, 2015	Mar 31, 2016	Inc. (Dec.)
Liabilities	114,837	119,205	4,368
Current liabilities	67,037	75,697	8,659
Long-term liabilities	47,799	43,508	(4,291)
Net assets	47,609	54,671	7,061
Shareholders' equity	47,505	54,451	6,946
Other accumulated comprehensive income	104	219	114
Total liabilities and net assets	162,447	173,877	11,429

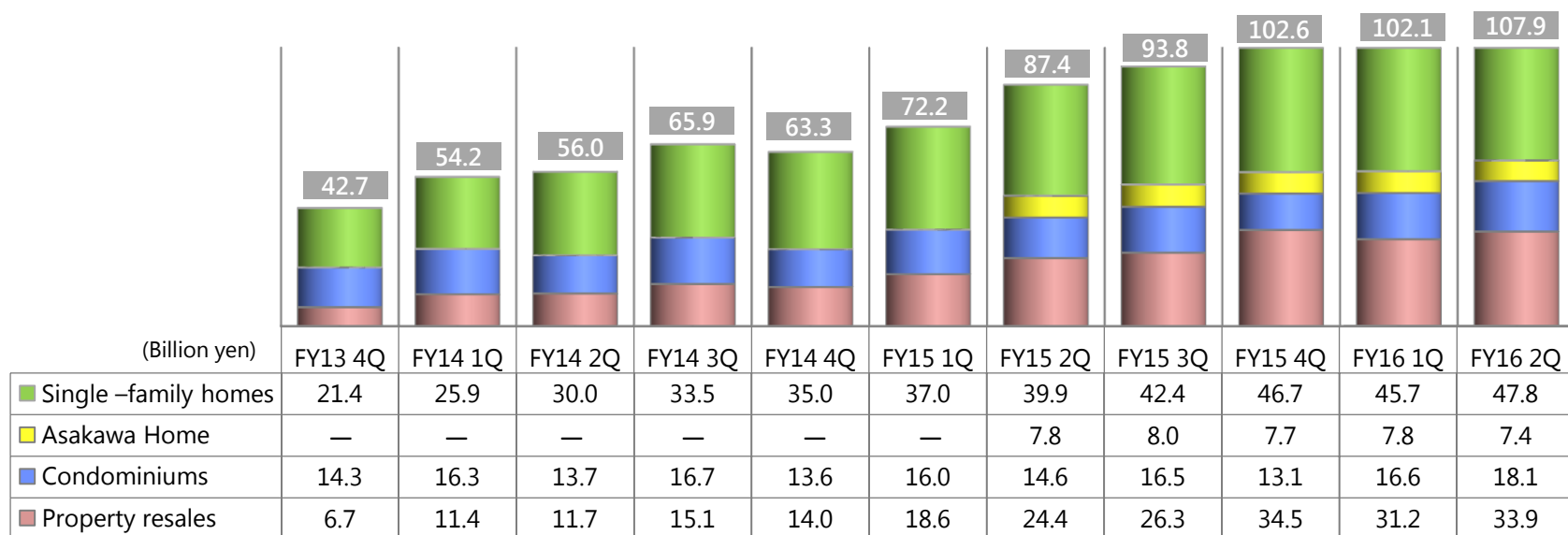
- Liabilities increased due to increasing short-term loans payable and other factors.
- Shareholder equity increased due to various factors, among them the accumulation of retained earnings based on the recording of profit attributable to owners of parent .



Inventory Details

(Million yen)

	End of FY2013	End of FY2014	End of FY2015 <A>	End of FY2016 2Q 	(Ratio)	Inc. (Dec.) -<A>
Single-family homes	21,476	35,080	46,741	47,824	44.3%	1,082
Asakawa Home	—	—	7,756	7,490	6.9%	(266)
Condominiums	14,309	13,683	13,101	18,145	16.8 %	5,044
Property resales	6,741	14,090	34,586	33,947	31.4%	(639)
Others	203	513	428	584	0.5%	155
Total	42,730	63,368	102,614	107,992	100.0%	5,377

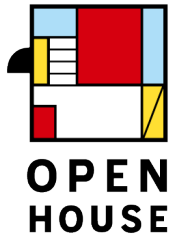




Consolidated Statement of Cash Flows

(Million yen)

	FY2015 2Q	FY2016 2Q	Major factors
Cash flows from operating activities	(11,457)	4,895	<ul style="list-style-type: none"> - Recording of income before taxes and minority interests - Increased inventories - Income taxes paid, etc.
Cash flows from investing activities	1,992	(2,124)	<ul style="list-style-type: none"> - Purchase of investment securities etc.
Cash flows from financing activities	22,190	907	<ul style="list-style-type: none"> - Increase in short-term loans payable - Purchase of treasury stock - Cash dividends paid, etc.
Effect of exchange rate changes on cash and cash equivalents	53	(35)	
Net increase (decrease) in cash and cash equivalents	12,778	3,642	
Cash and cash equivalents at beginning of period	24,426	43,325	
Cash and cash equivalents at end of period	37,204	46,967	



Consolidated Business Performance Forecasts for FY2016



Business Performance Forecasts

- Revised full-year performance forecasts based on trends in business performance and other factors (targeting new record highs in revenue and operating income for the fourth consecutive year)
- Revised annual dividends per share from ¥40.00 to ¥50.00 (+¥20.00 YOY)

(Million yen)

	FY2015	FY2016		Inc. (Dec.)	
	Actual results	Initial forecast	Revised forecast		Amount of revision
Revenue	179,317	240,000	245,000	5,000	36.6%
Operating income	21,300	25,000	29,000	4,000	36.1%
Ordinary income	20,294	24,000	28,000	4,000	38.0%
Profit attributable to owners of parent	12,637	15,500	18,000	2,500	42.4%
EPS (yen)	222.07	273.92	318.60	—	—
Annual dividends per share (yen)	30.00	40.00	50.00	10.00	20.00
Payout ratio	13.5%	14.6%	15.7%	—	—



Business Performance Forecasts (revenue by segment)

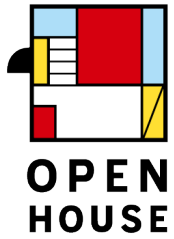
- Our goal is to achieve continuing revenue growth exceeding 20% in the Brokerage, Single-family Homes, Asakawa home, and property resales segments.
- Management resources are allocated in accordance with market conditions. The single-family home related business represents the central business pillar.

(Million yen)

	FY2015 ^{*1}	FY2016			Inc. (Dec.)
	Actual results	Initial forecast	Revised forecast	Amount of revision	
Revenue	179,317	240,000	245,000	5,000	36.6%
Brokerage	7,255	9,000	9,000	—	24.0%
Single-family homes	91,644	115,000	119,000	4,000	29.9%
Asakawa Home	23,122	36,000	36,800	800	^{*2} —
Condominiums	20,095	18,500	18,400	(100)	(8.4%)
Property resales	41,719	71,000	71,000	—	70.2%
Others	825	1,000	700	(300)	(15.2%)
Adjustments	(5,344)	(10,500)	(9,900)	600	—

*1 FY2015 results have been revised to reflect the restructuring of business segments in FY2016.

*2 Increase (decrease) YOY for Asakawa Home is not shown because Asakawa Home was made a consolidated subsidiary in January 2015.



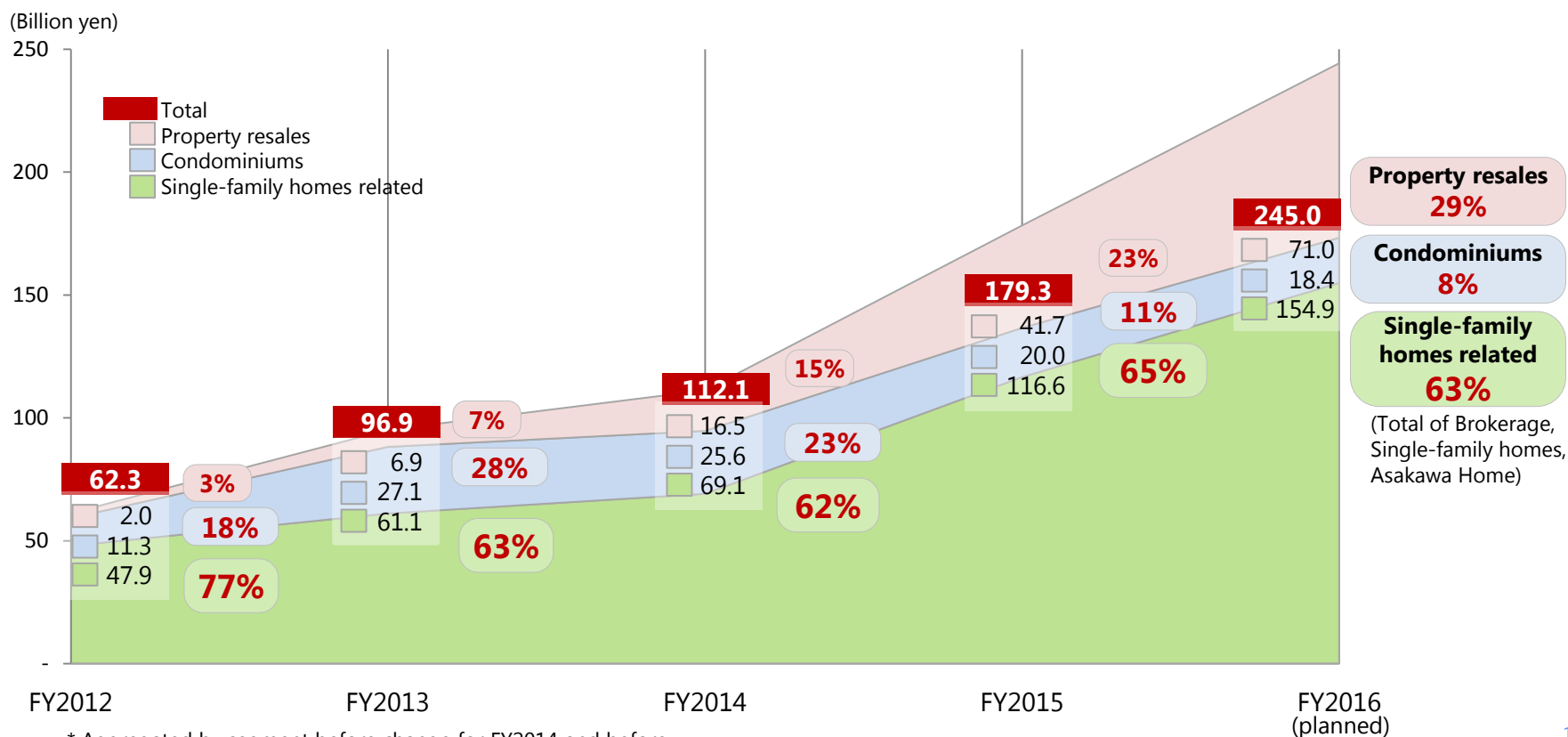
Future directions



Portfolio management

- Revenue is continued to grow at annual average of 36% after going public on September 2013.
- Management resources are allocated in accordance with market conditions. The single-family home related business represents the central business pillar.

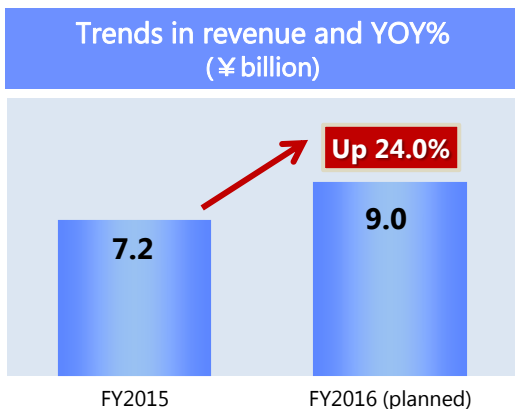
Trends in revenue and % of revenue by business





Brokerage Business

- The Nerima Sales Center opened in April 2016, bringing the total number of sales centers to eighteen in the Brokerage business.
- Increasing staffing at existing sales centers will further strengthen sales capabilities.



FY2016

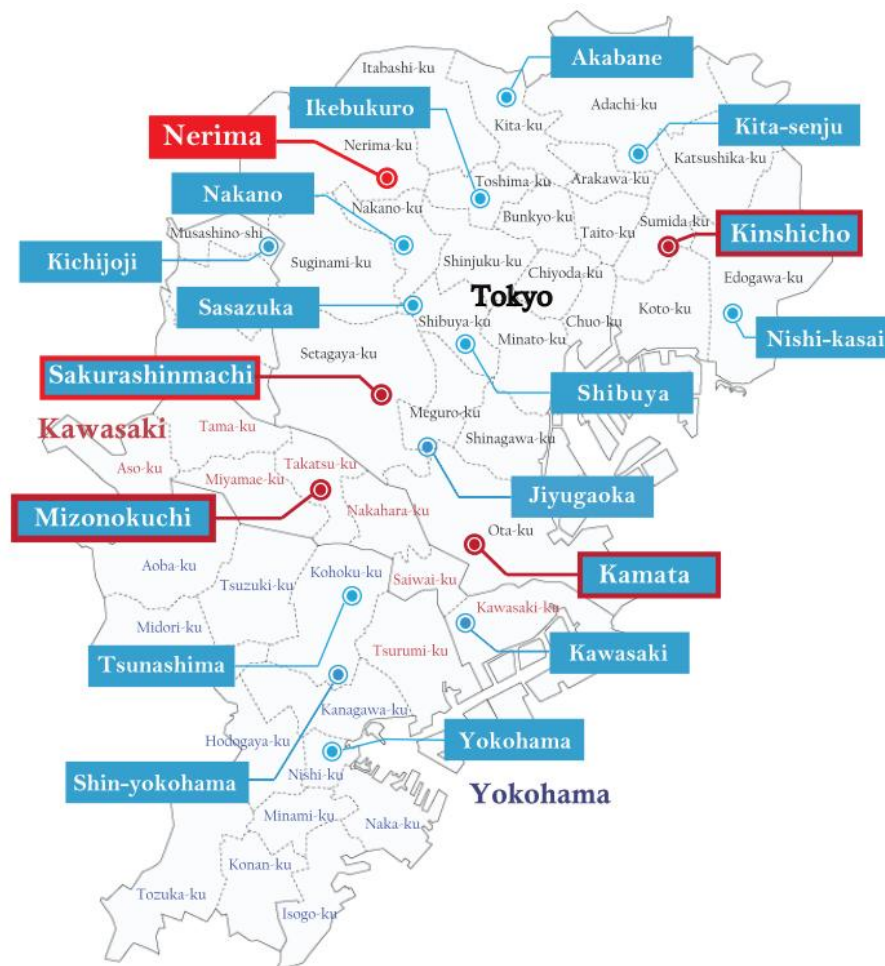
October 2015: Shin-yokohama Sales Center opened
 April 2016: Nerima Sales Center opened

Current operating sales centers (as of May 2016)

Tokyo (23 wards): 12 centers
 Tokyo (outside the 23 wards): 1 center
 Kanagawa Prefecture: 5 centers

Strengthening sales capabilities

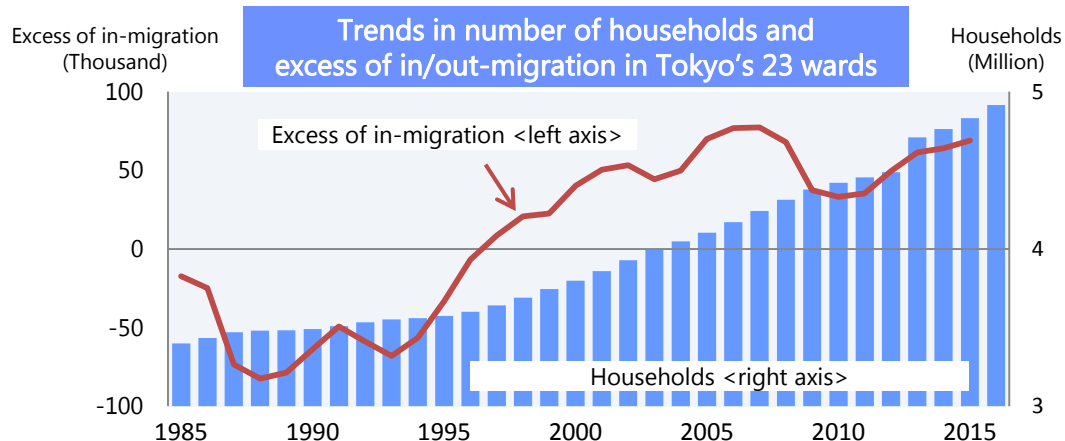
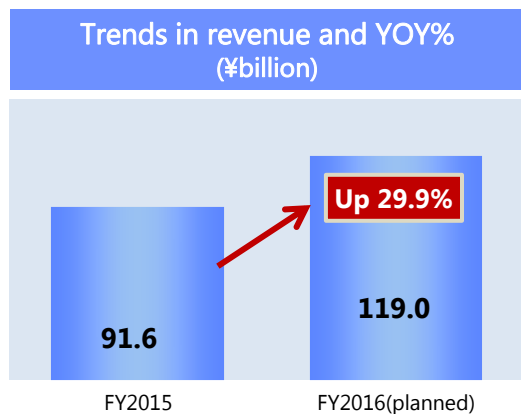
- Enhancing the structure of existing centers (centers outlined in red)
- Assignment of new graduates





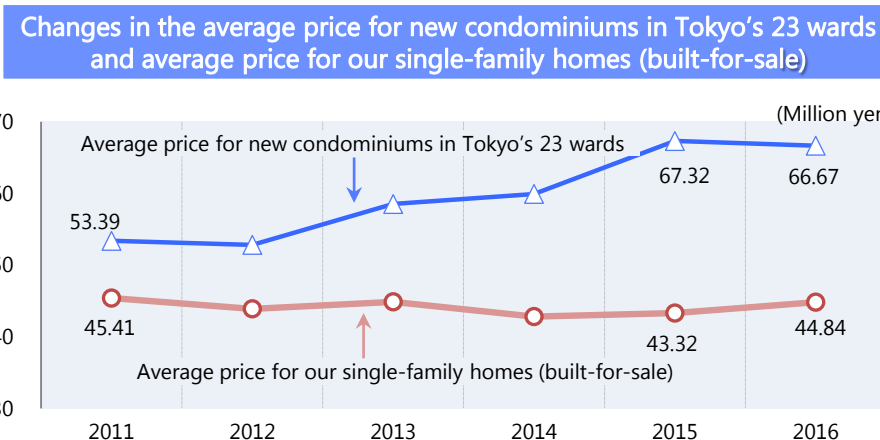
Single-Family Home Business

- The single-family homes business will continue to grow in response to high demand for single-family homes in highly convenient prime urban locations.
- Single-family homes boast marked price advantages due to rising prices for new condominiums in Tokyo's 23 wards.



Number delivered by type of sale

By type of sale	FY2015	FY2016 (planned)	Inc.
Built-for-sale houses	886	1,280	394
Lands	964	1,100	136
Built-to-order houses	581	700	119
Built-for-sale houses + lands	1,850	2,380	530



Source: MLIT, "Monthly marketing report of lands"

Fiscal years:

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

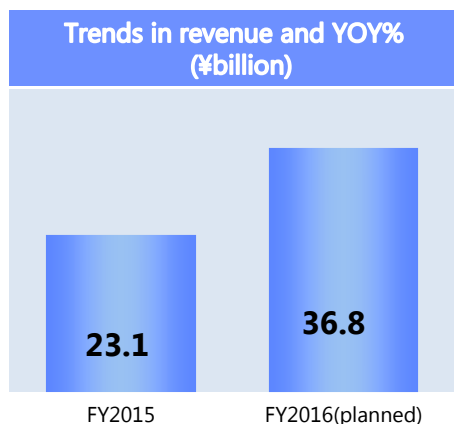
* Condominium prices for 2016 are for the January - March period.

Company results shown for 2016 are for October 2015-March 2016.

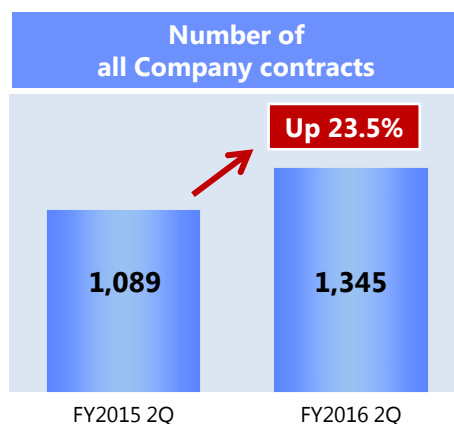


Asakawa Home

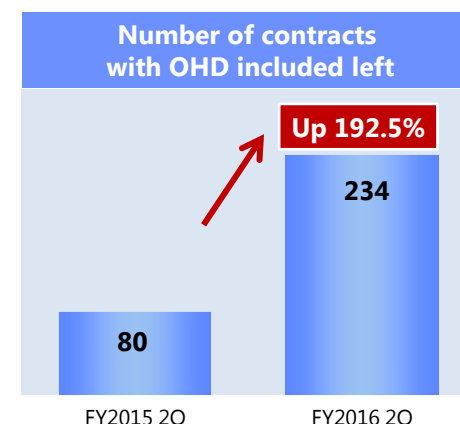
- The increase in the number of construction contracts for Open House Development Co., Ltd. (OHD) has contributed to a stable supply of single-family homes in the Group.
- Steady business continues in construction contracts with built-for-sale housing businesses in the greater Tokyo area as the foundation of revenues.



* Revenue before offsetting internal transactions



* Shows total numbers of construction contracts awarded through 2Q (October–March) for each term.



Number delivered *1

	FY2015 *2	FY2016 (planned)
Total contracts	1,543	2,400
OHD contracts included above	136	450

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

*2 Performance for FY2015 is for January–September 2015, after Asakawa Home was made a consolidated subsidiary.

Launch of contracting on wooden apartment buildings

Contracts concluded on 71 buildings vs. a full-year target of 100 (as of the end of April 2016)

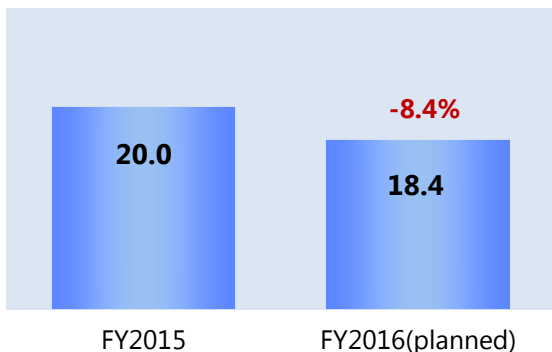




Condominium Business

- Business development with a focus on profitability, centered on condominiums in the premium areas of urban locations
- In addition to family-type condominiums, strengthening efforts targeting compact condominiums

Trends in revenue and YOY% (¥billion)

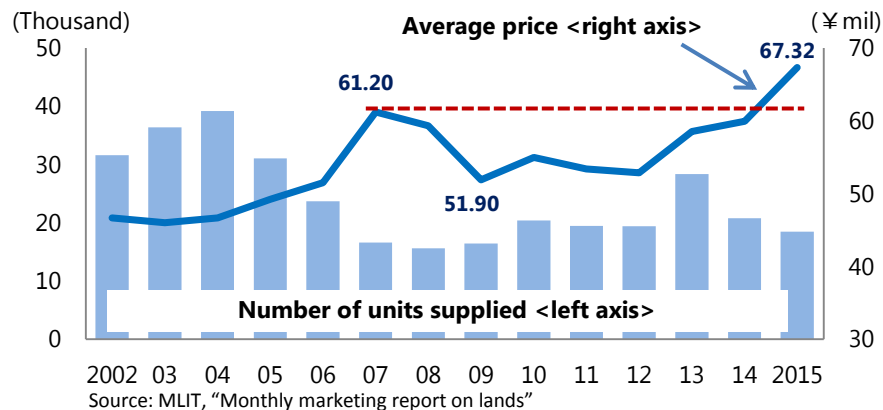


Number delivered

	FY2015	FY2016 (planned)	Inc.(Dec.)
Number delivered	311	300	(11)

Trends in supply of new condominium units and average price in Tokyo's 23 wards

Condominium prices have risen to levels above those prior to the financial crisis precipitated by the Lehman Brothers collapse.



Major projects on sale in FY2016

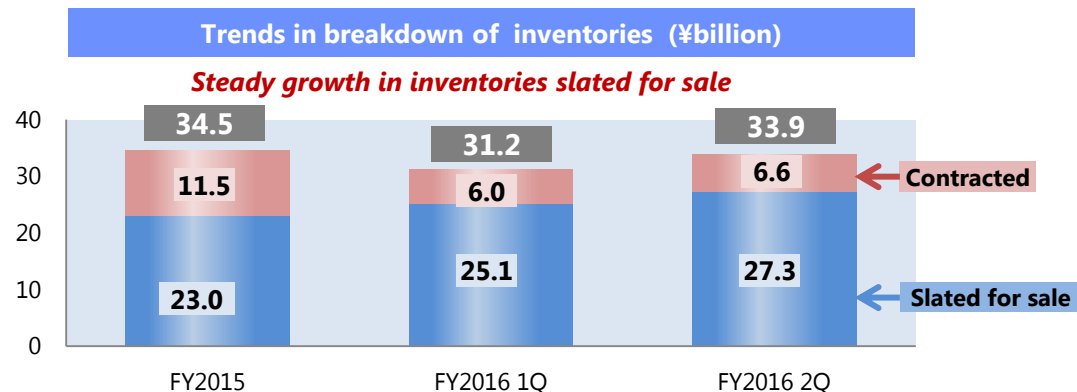
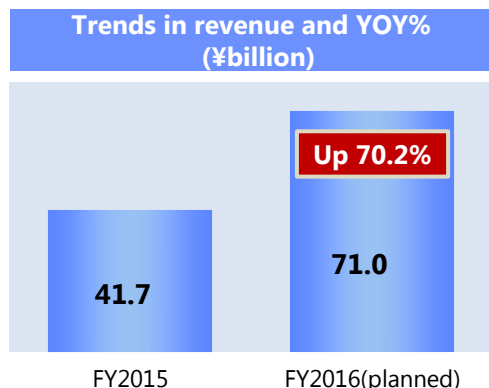
Name	Units	Average price
Open Residencia Ginza 2chome	34	¥40million
Open Residencia Toranomom	24	¥40million
Open Residencia Meguro tairamachi	19	¥60million
Open Residencia Yoyogi The House	30	¥80million





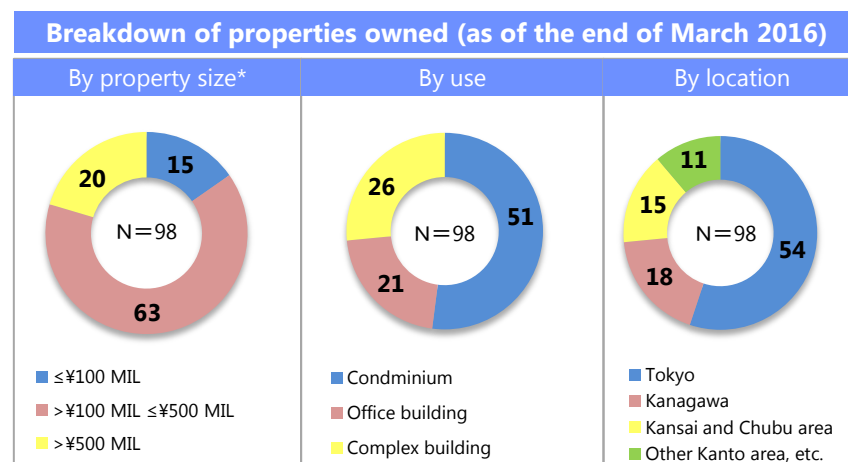
Property Resale Business

- Growing the property resale business by taking advantage of our great abundance of information on properties, collected for both single-family homes and condominium properties
- As the BOJ's monetary easing policies continue, demand in acquiring revenue-generating real estate remains high among investors and other parties.



Earnings structure (¥billion)

		FY2015	FY2016 (planned)	Inc. (Dec.)
Property resales	Revenue	41.7	71.0	29.3
Gain on sale (flow)	Sale amount	40.1	68.9	28.7
	+			
Rental earnings (stock)	Rental income	1.5	2.1	0.5
	Inventories (average during period)	24.9	—	—



(* Based on book values at the end of March 2016)



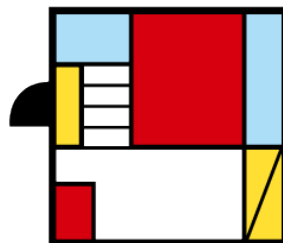
Target Indicators

- Ordinary income ratio: 10%; ROE: 20%; equity ratio: 30%
- We continue to maintain a course of strategic investment that targets growth while maintaining a balance between financial soundness and capital efficiency.

(Million yen)

	FY2014	FY2015	FY2016
	Actual Results	Actual Results	Forecast
Revenue	112,145	179,317	245,000
Ordinary income	12,882	20,294	28,000
Profit attributable to owners of parent	7,763	12,637	18,000
Total assets	100,577	162,447	—
Net worth	37,047	47,453	—
Ordinary income ratio	11.5%	11.3%	11.4%
ROE	23.2%	29.9%	—
Equity ratio	36.8%	29.2%	—

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