

**OPEN  
HOUSE**

# Consolidated Financial Highlights

For the Fiscal Year Ended September 30, 2016

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**OPEN HOUSE CO., LTD.**  
**[3288 TSE]**



# FY2016 Topics

## Business performance

### ■ Revenue and operating income set record highs for the fourth consecutive year.

Revenue: **¥ 247.2 billion (+37.9% YOY)**

Operating income: **¥ 31.3 billion (+47.0% YOY)**

Profit attributable to owners of parent : **¥ 18.7 billion (+48.1% 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.
- ➡ The condominium business marked strong performance both in property sales and land acquisition in urban locations.
- ➡ Asakawa Home has made steady progress as planned in both contracts awarded and deliveries on construction contracts.

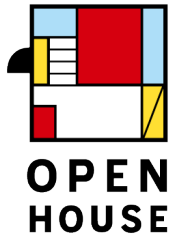
## Performance forecasts

### ■ We will strive to achieve ¥300 billion in revenue, and record highs in revenue and operating income for the fifth consecutive year.

Revenue: **¥ 300.0 billion (+21.4% YOY)**

Operating income: **¥ 35.0 billion (+11.7% YOY)**

Profit attributable to owners of parent : **¥ 22.0 billion (+17.6% YOY)**



# FY2016 Consolidated Summary

# Overview of Consolidated Income Statement

- Revenue and operating income set record highs for the fourth consecutive year.
- The average yearly growth rate over the period from the listing of FY2013 marked 36.6%, indicating continued high growth.

(Million yen)

	FY2015		FY2016		YOY%
	Actual	% of revenue	Actual	% of revenue	
<b>Revenue</b>	179,317	—	247,210	—	37.9%
<b>Gross profit</b>	33,316	18.6%	46,382	18.8%	39.2%
SG&A expenses	12,015	6.7%	15,062	6.1%	25.4%
<b>Operating income</b>	21,300	11.9%	31,320	12.7%	47.0%
Non-operating income	310	0.2%	191	0.1%	(38.1%)
Non-operating expenses	1,315	0.7%	2,357	1.0%	79.2%
<b>Ordinary income</b>	20,294	11.3%	29,154	11.8%	43.7%
<b>Profit attributable to owners of parent</b>	12,637	7.0%	18,709	7.6%	48.1%
<b>[Profitability indicator] ROE</b>	29.9%		33.7%		3.8%

# Performance by segment (revenue, operating income)

- The brokerage and single-family homes businesses marked solid sales performance, while the property resales business achieved robust sales growth.
  - The single-family homes business, Asakawa Home, and condominiums business marked an increase in operating income margin.
- \*Segments were revised from FY2016 to reflect growth in business scales.

	FY2015		FY2016		(Million yen)
	Actual	Ratio	Actual	Ratio	YOY%
<b>Revenue</b>	<b>179,317</b>	<b>100.0%</b>	<b>247,210</b>	100.0%	37.9%
Brokerage	7,255	4.0%	<b>8,528</b>	3.4%	17.5%
Single-family homes	91,644	51.1%	<b>119,563</b>	48.4%	30.5%
Asakawa Home	23,122	12.9%	<b>37,625</b>	15.2%	—
Condominiums	20,095	11.2%	<b>19,059</b>	7.7%	(5.2%)
Property resales	41,719	23.3%	<b>72,801</b>	29.4%	74.5%
Others	825	0.5%	<b>455</b>	0.2%	(44.9%)
Adjustments	(5,344)	—	<b>(10,822)</b>	—	—

	Actual	% of revenue	Actual	% of revenue	YOY%
	<b>Operating income</b>	<b>21,300</b>	<b>11.9%</b>	<b>31,320</b>	12.7%
Brokerage	2,492	34.4%	<b>2,882</b>	33.8%	15.6%
Single-family homes	8,289	9.0%	<b>12,833</b>	10.7%	54.8%
Asakawa Home	564	2.4%	<b>2,050</b>	5.4%	—
Condominiums	3,176	15.8%	<b>3,085</b>	16.2%	(2.9%)
Property resales	6,799	16.3%	<b>10,583</b>	14.5%	55.6%
Others	143	17.3%	<b>138</b>	30.5%	(3.2%)
Adjustments	(165)	—	<b>(253)</b>	—	—

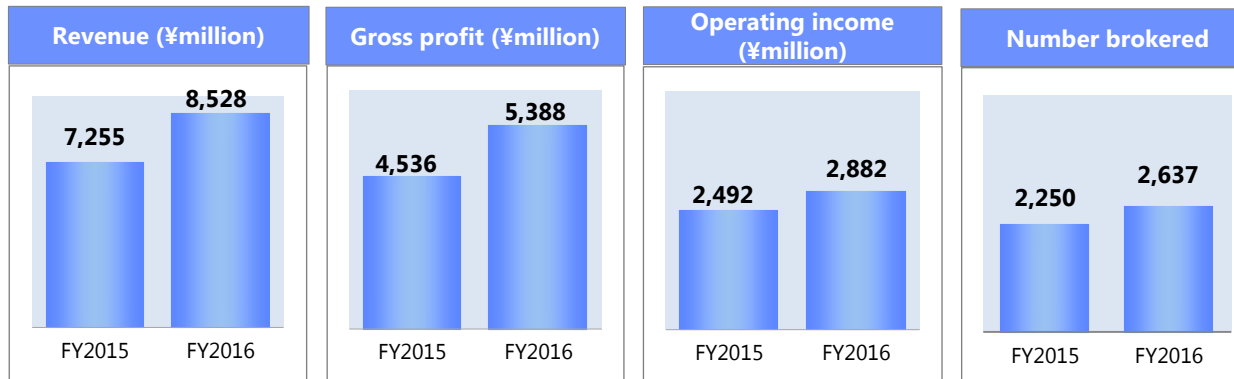
\*1 FY2015 results were revised to reflect the restructuring of business segments in FY2016.

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

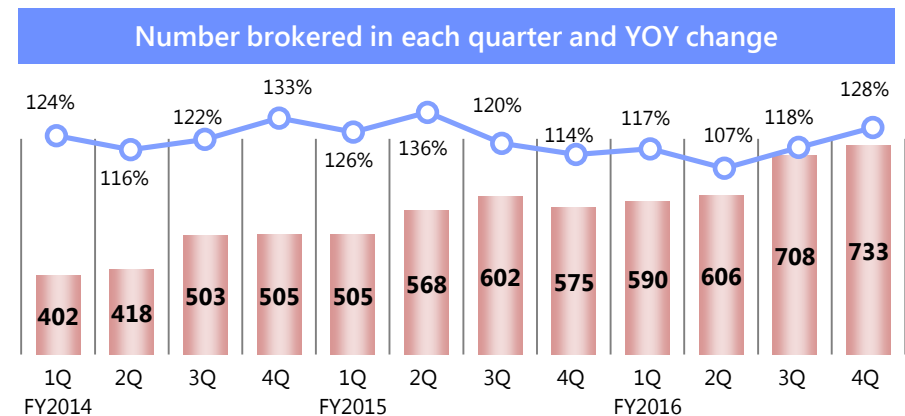
\*3 Operating income for Asakawa Home reflects a deduction of amortization of goodwill recorded on the acquisition of Asakawa Home equity.

# Brokerage Business

- The Nerima Sales Center opened in April 2016, bringing the total number of sales centers to eighteen to expand the brokerage business.
- Numbers brokered in each quarter continued to grow from the previous year.

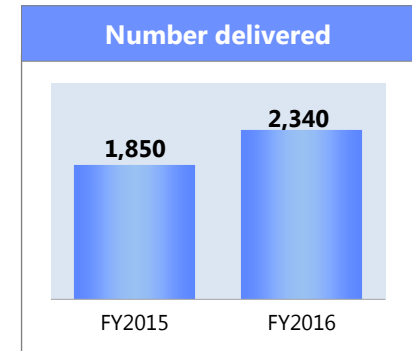
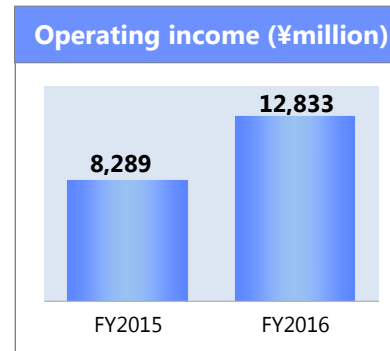
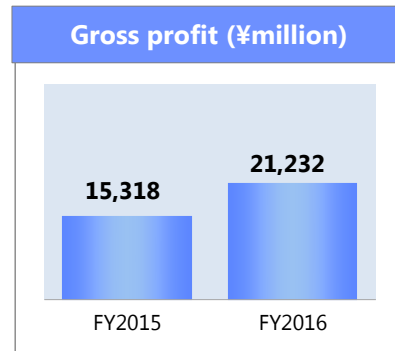
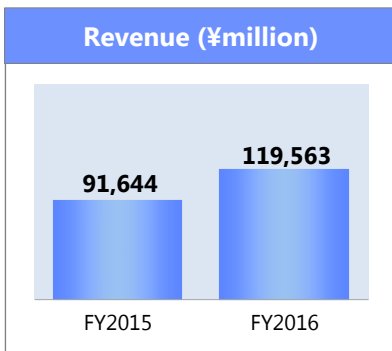


	FY2015	FY2016	Inc.(Dec.)
Revenue (¥ million)	7,255	<b>8,528</b>	17.5%
Gross profit (¥ million)	4,536	<b>5,388</b>	18.8%
Gross profit margin	62.5%	<b>63.2%</b>	0.7%
Operating income (¥ million)	2,492	<b>2,882</b>	15.6%
Operating income margin	34.4%	<b>33.8%</b>	(0.6%)
Number brokered	2,250	<b>2,637</b>	387



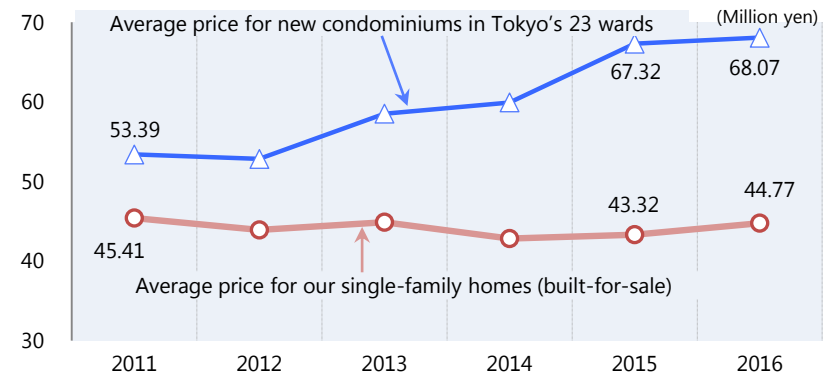
# Single-Family Homes Business

- The price advantage due to rising prices of new condominiums has contributed to the steady performance of single-family homes.
- The number of deliveries of built-for-sale housing substantially increased, attributable to the strengthening of construction functions through collative work with Asakawa Home, etc.



By type of sale		FY2015	FY2016	Inc.(Dec.)
<b>Built-for-sale houses</b>	Revenue (¥million)	38,382	<b>55,655</b>	45.0%
	Number delivered	886	<b>1,243</b>	357
<b>Lands</b>	Revenue (¥million)	44,529	<b>52,141</b>	17.1%
	Number delivered	964	<b>1,097</b>	133
<b>Built-to-order houses</b>	Revenue (¥million)	8,554	<b>11,547</b>	35.0%
	Number delivered	581	<b>747</b>	166
<b>Others</b>	Revenue (¥million)	178	<b>218</b>	22.8%
<b>Total</b>	Revenue (¥million)	91,644	<b>119,563</b>	30.5%
	Gross profit (¥million)	15,318	<b>21,232</b>	38.6%
	Gross profit margin	16.7%	<b>17.8%</b>	1.0%
	Operating income (¥million)	8,289	<b>12,833</b>	54.8%
	Operating income margin	9.0%	<b>10.7%</b>	1.7%
	Number delivered (built-for-sale houses + lands)	1,850	<b>2,340</b>	490

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



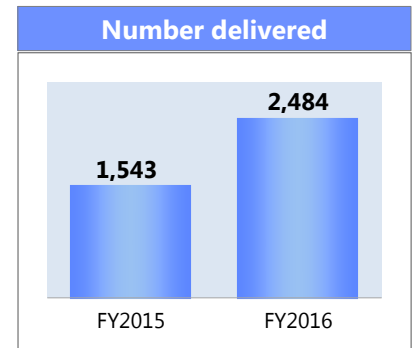
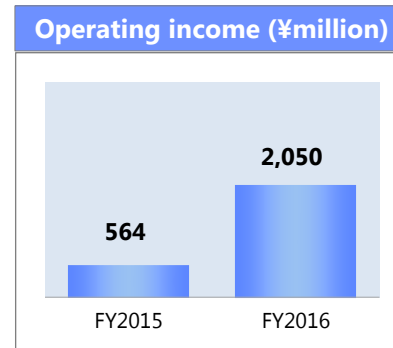
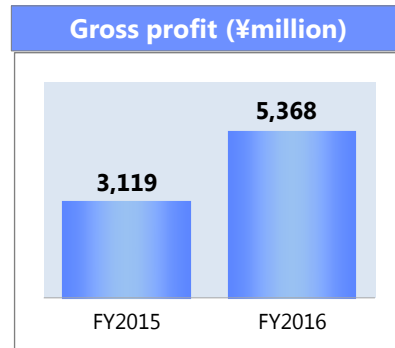
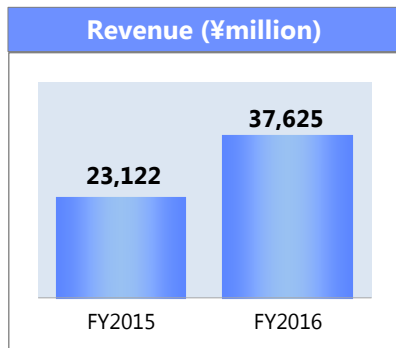
Source: MLIT, "Monthly marketing report of lands"

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

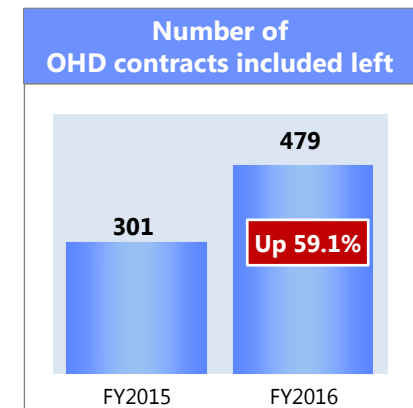
\* Condominium prices for 2016 are for the January - September period.

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

- Asakawa Home set record highs in revenue and operating income since the period prior to becoming a subsidiary of the Group.
- The number of deliveries on single-family homes at the entire Group marked 4,000 homes.



	FY2015 *1	FY2016
Revenue (¥ million)	23,122	<b>37,625</b>
Gross profit (¥ million)	3,119	<b>5,368</b>
Gross profit margin	13.5%	<b>14.3%</b>
Operating income (¥ million) *2	564	<b>2,050</b>
Operating income margin	2.4%	<b>5.4%</b>
Number delivered *3	1,543	<b>2,484</b>



\*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.

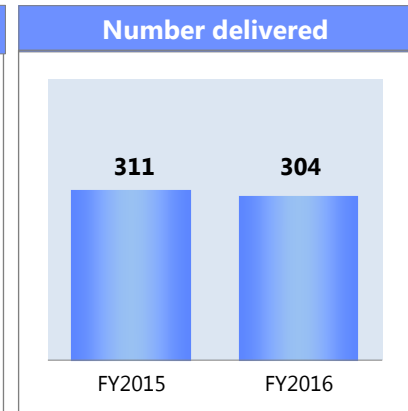
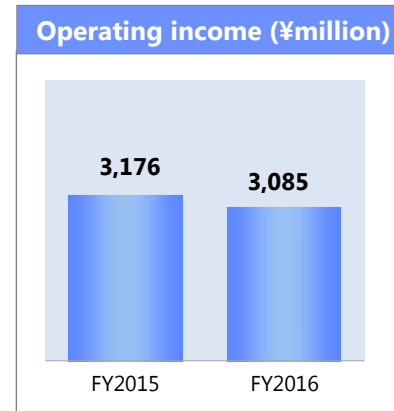
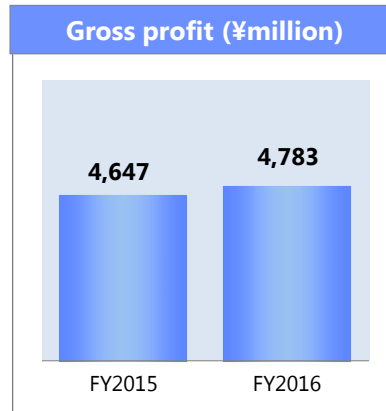
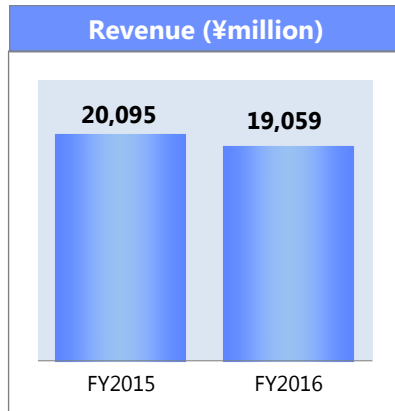
\*3 Number delivered refers to the number of properties delivered under single-family homes construction contracts. (Including 474 contract with OHD)

Shows total numbers of construction contracts awarded through FY2016 for each term.



# Condominiums Business

- Strong demand for condominiums in prime urban locations generated favorable sales.
- We will accelerate the development of condominiums with the leverage of our Group's abundant information on real estate in prime urban areas.



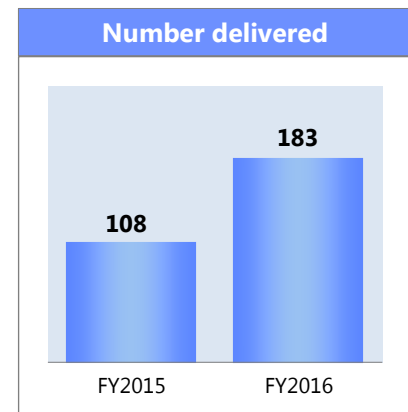
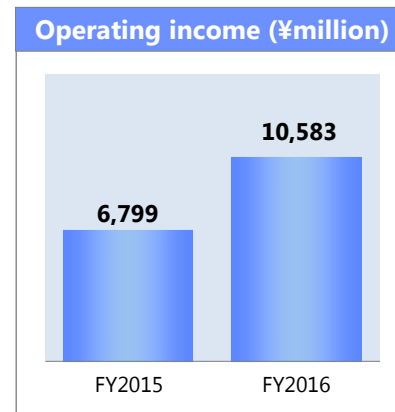
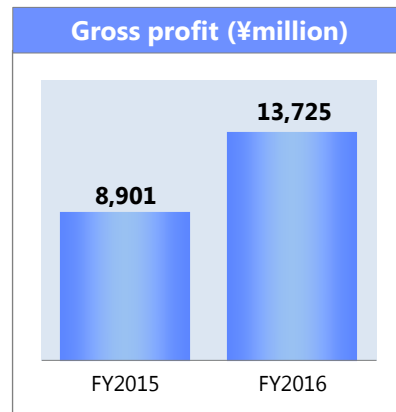
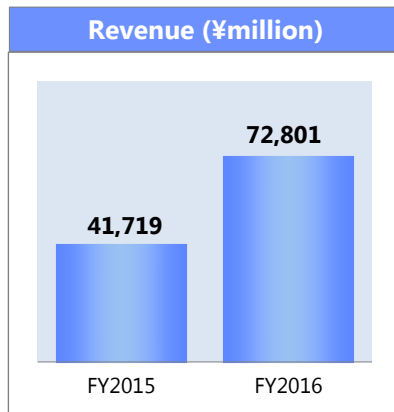
	FY2015	<b>FY2016</b>	Inc. (Dec.)
Revenue (¥ million)	20,095	<b>19,059</b>	(5.2%)
Gross profit (¥ million)	4,647	<b>4,783</b>	2.9%
Gross profit margin	23.1%	<b>25.1%</b>	2.0%
Operating income (¥ million)	3,176	<b>3,085</b>	(2.9%)
Operating income margin	15.8%	<b>16.2%</b>	0.4%
Number delivered	311	<b>304</b>	(7)

## Major condominiums delivered in FY2016

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

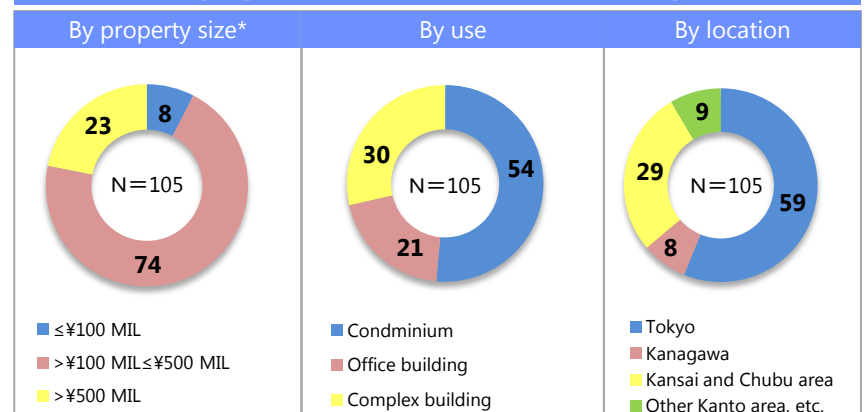
# Property Resale Business

- On the back of the BOJ's monetary easing policies, the property resale business is seeing strong demand for revenue-generating properties and its operating results achieved significant growth.
- The property resale business has grown to a robust scale with ¥70 billion in revenue and ¥10 billion in operating income in five years since its launch.



	FY2015	<b>FY2016</b>	Inc. (Dec.)
Revenue (¥ million)	41,719	<b>72,801</b>	74.5%
Gross profit (¥ million)	8,901	<b>13,725</b>	54.2%
Gross profit margin	21.3%	<b>18.9%</b>	(2.5%)
Operating income (¥ million)	6,799	<b>10,583</b>	55.6%
Operating income margin	16.3%	<b>14.5%</b>	(1.8%)
Number delivered	108	<b>183</b>	75

## Breakdown of properties owned (as of the end of September 2016)



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

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

(Million yen)

	FY2015		FY2016		Inc. (Dec.)		FY2015		FY2016		Inc. (Dec.)
		% of revenue		% of revenue				% of revenue		% of revenue	
<b>SG&amp;A expenses</b>	12,015	6.7%	15,062	6.1%	3,046	<b>Non-operating income</b>	310	0.2%	191	0.1%	(118)
Personnel expenses	3,526	2.0%	4,311	1.7%	785	Foreign exchange gain	106	0.1%	—	—	(106)
Sales commissions	1,565	0.9%	2,394	1.0%	828	Others	203	0.1%	191	0.1%	(11)
General expenses	1,549	0.9%	1,868	0.8%	318	<b>Non-operating expenses</b>	1,315	0.7%	2,357	1.0%	1,042
Advertising expenses	1,131	0.6%	1,361	0.6%	229	Interest expenses	908	0.5%	795	0.3%	(113)
Promotion expenses	467	0.3%	707	0.3%	240	Commissions	174	0.1%	988	0.4%	814
Others	3,775	2.1%	4,419	1.8%	643	Foreign exchange loss	—	—	251	0.1%	251
						Others	233	0.1%	322	0.1%	89



# Consolidated Balance Sheet

(Million yen)

	Sep 30, 2015	Sep 30, 2016	Inc. (Dec.)		Sep 30, 2015	Sep 30, 2016	Inc. (Dec.)
<b>Current assets</b>	156,535	196,792	40,256	<b>Liabilities</b>	114,837	140,784	25,946
Cash and cash equivalents	43,330	67,508	24,178	Current liabilities	67,037	74,288	7,251
Inventories	102,614	117,546	14,932	Long-term liabilities	47,799	66,495	18,695
Others	10,590	11,737	1,146				
<b>Fixed assets</b>	5,834	8,013	2,178	<b>Net assets</b>	47,609	64,084	16,474
Tangible fixed assets	2,799	2,651	(148)	Shareholders' equity	47,505	63,736	16,231
Intangible fixed assets	1,490	1,389	(100)	Other accumulated comprehensive income	104	347	242
Investments and other assets	1,544	3,972	2,428				
<b>Deferred assets</b>	76	62	(13)				
<b>Total assets</b>	162,447	204,868	42,421	<b>Total liabilities and net assets</b>	162,447	204,868	42,421
<b>[Safety indicator]</b>							
Liquidity on hand (month) *1	2.9	3.3	0.4	Equity ratio (%)	29.2	31.1	1.9
Net Debt-to-equity ratio (time) *2	1.0	0.7	(0.3)	Debt-to-equity ratio (time) *3	1.9	1.7	(0.2)

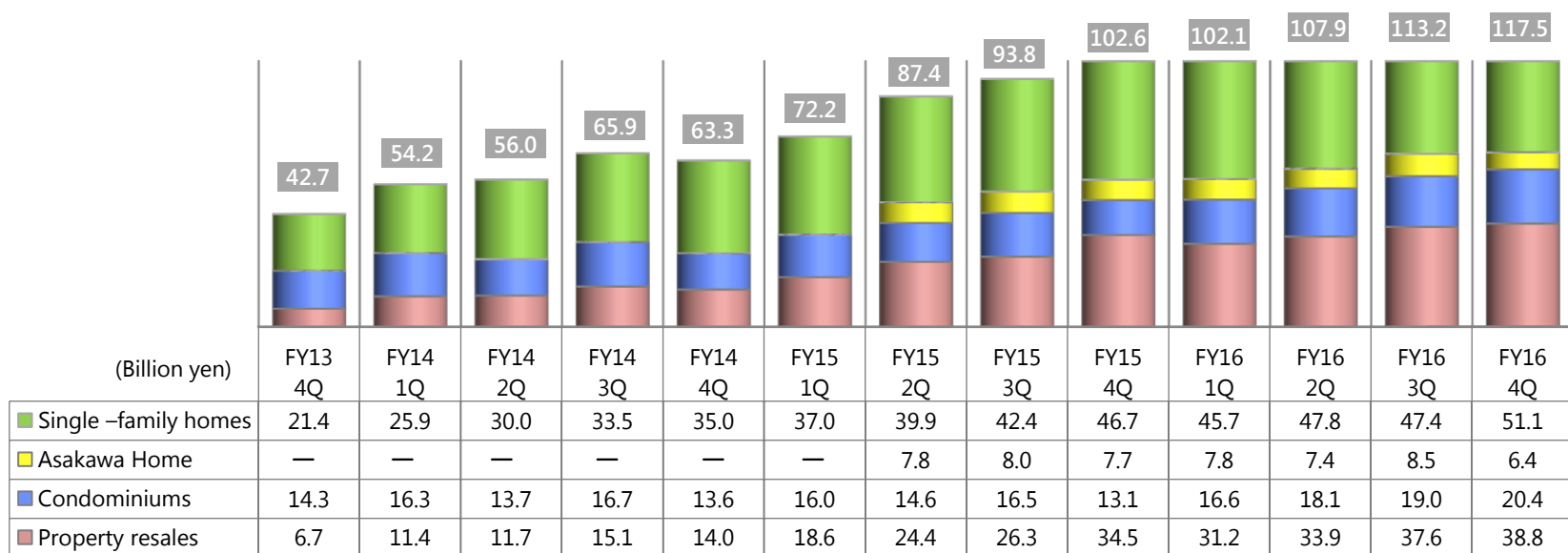
\*1 Liquidity on hand: Cash & deposits/Monthly average revenue, \*2 Net debt-to-equity ratio: (Loans payable + Corporate bonds – Cash & deposits) / Net assets,

\*3 Debt-to-equity ratio: (Loans payable + Corporate bonds) / Net assets

# Inventory Details

(Million yen)

	End of FY2013	End of FY2014	End of FY2015 <A>	End of FY2016 <B>	(Ratio)	Inc. (Dec.) <B>-<A>
Single-family homes	21,476	35,080	46,741	<b>51,146</b>	43.5%	4,404
Asakawa Home	—	—	7,756	<b>6,486</b>	5.5%	(1,269)
Condominiums	14,309	13,683	13,101	<b>20,422</b>	17.4 %	7,321
Property resales	6,741	14,090	34,586	<b>38,838</b>	33.0%	4,252
Others	203	513	428	<b>651</b>	0.6%	222
<b>Total</b>	<b>42,730</b>	<b>63,368</b>	<b>102,614</b>	<b>117,546</b>	<b>100.0%</b>	<b>14,932</b>

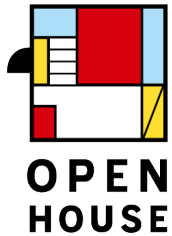




# Consolidated Statement of Cash Flows

(Million yen)

	FY2015	FY2016	Major factors
Cash flows from operating activities	(15,216)	<b>9,817</b>	<ul style="list-style-type: none"> <li>- Recording of income before taxes and minority interests</li> <li>- Increased inventories</li> <li>- Income taxes paid, etc.</li> </ul>
Cash flows from investing activities	1,769	<b>(2,672)</b>	<ul style="list-style-type: none"> <li>- Purchase of investment securities etc.</li> </ul>
Cash flows from financing activities	32,290	<b>17,332</b>	<ul style="list-style-type: none"> <li>- Increase in loans payable</li> <li>- Purchase of treasury stock</li> <li>- Cash dividends paid, etc.</li> </ul>
Effect of exchange rate changes on cash and cash equivalents	55	<b>(293)</b>	
Net increase (decrease) in cash and cash equivalents	18,899	<b>24,183</b>	
Cash and cash equivalents at beginning of period	24,426	<b>43,325</b>	
Cash and cash equivalents at end of period	43,325	<b>67,508</b>	



# Consolidated Business Performance Forecasts for FY2017

# Business Performance Forecasts

- We forecast that revenue would reach ¥300 billion in FY2017, exceeding ¥200 billion of FY2016.
- Our goal is to mark record highs in revenue and operating income for the fifth consecutive year.

(Million yen)

	FY2015 Actual	FY2016		FY2017	
		Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)
Revenue	179,317	247,210	37.9%	300,000	21.4%
Operating income	21,300	31,320	47.0%	35,000	11.7%
Ordinary income	20,294	29,154	43.7%	34,000	16.6%
Profit attributable to owners of parent	12,637	18,709	48.1%	22,000	17.6%
EPS (yen)	222.07	332.08	—	391.57	—
Annual dividends per share (Interim dividends per share)	30.00	50.00	20.00	60.00 *1(30.00)	10.00
Payout ratio	13.5%	15.1%	—	15.3%	—

\*1 We plan interim dividends in a bid to provide more opportunities for returning profits to shareholders.



# 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		FY2017	
	Actual	Actual	Inc. (Dec.)	forecast	Inc. (Dec.)
<b>Revenue</b>	<b>179,317</b>	<b>247,210</b>	37.9%	<b>300,000</b>	21.4%
Brokerage	7,255	8,528	17.5%	<b>11,000</b>	29.0%
Single-family homes	91,644	119,563	30.5%	<b>149,000</b>	24.6%
Open House Architect *2	23,122	37,625	— *3	<b>40,000</b>	6.3%
Condominiums	20,095	19,059	(5.2%)	<b>26,000</b>	36.4%
Property resales	41,719	72,801	74.5%	<b>86,000</b>	18.1%
Others	825	455	(44.9%)	<b>1,300</b>	185.5%
Adjustments	(5,344)	(10,822)	—	<b>(13,300)</b>	—

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

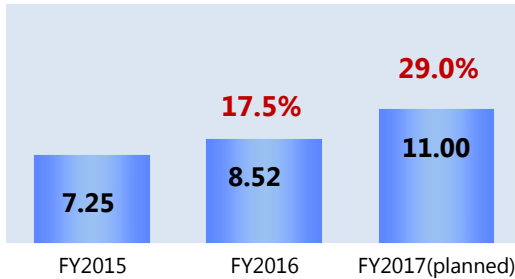
\*2 In corresponding to the change in the company name from Asakawa Home Co., Ltd. to Open House Architect Co., Ltd. (hereinafter "Open House Architect") in October 2016, the segment name was also changed.

\*3 Increase (decrease) YOY for Open House Architect is not shown because it was made a consolidated subsidiary in January 2015.

# Brokerage Business

- With the opening of Sakae Sales Center in October 2016, this business now operates in a total of 19 centers.
- We plan to continue opening sales centers in the Tokyo metropolitan area as well.

## Trends in revenue and YOY% (¥ billion)



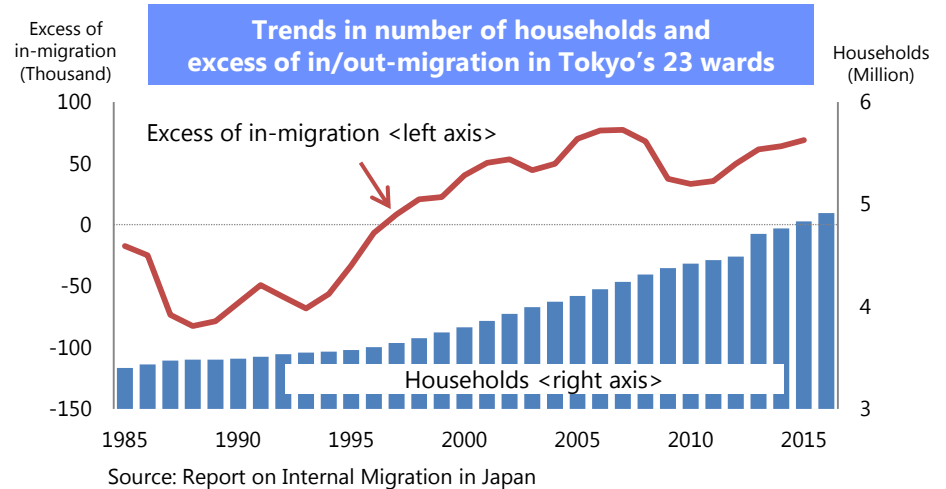
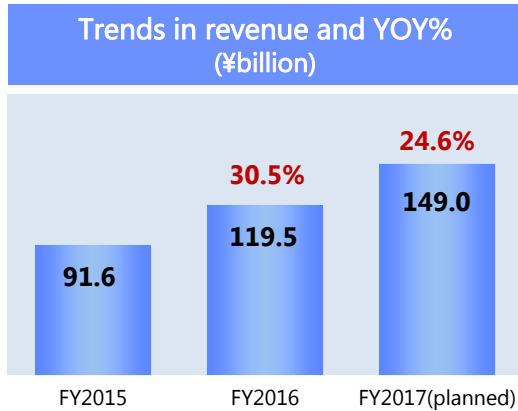
## Current operating sales centers (as of November 2016)

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



# Single-Family Home Business

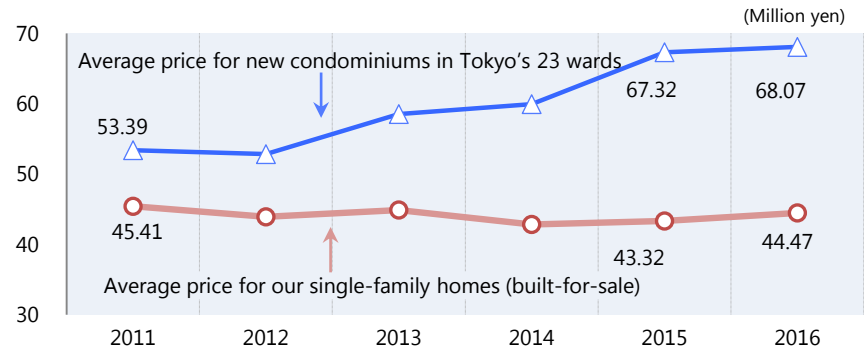
- We will pursue the continued growth of this business, given strong demand for single-family homes in urban locations.
- Single-family homes are now drawing attention due to rising prices of new condominiums and declining supply in the 23 wards of Tokyo.



### Number delivered by type of sale

By type of sale	FY2015	FY2016	FY2017 planned	Inc.
Built-for-sale houses	886	1,243	1,650	407
Lands	964	1,097	1,350	253
Built-to-order houses	581	747	770	23
<b>Built-for-sale houses + lands</b>	<b>1,850</b>	<b>2,340</b>	<b>3,000</b>	<b>660</b>

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

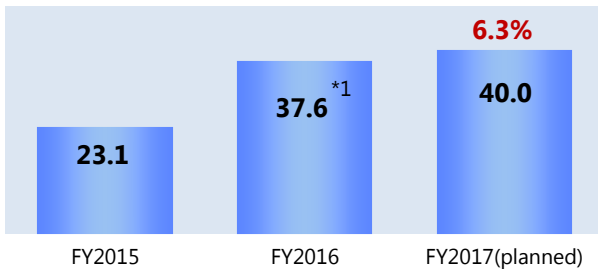


Source: MLIT, "Monthly marketing report of lands"  
 Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September. \* Condominium prices for 2016 are for the January – September period.  
 Company results shown for 2016 are for October 2015-September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

# Open House Architect

- Asakawa Home Co., Ltd. changed its name to Open House Architect Co., Ltd. in October 2016. The change was intended to improve its visibility and clarify the positioning as a subsidiary of the Group.
- We will strive to reach 4,600 homes in the number of deliveries on single-family homes at the entire Group.

## Trends in revenue and YOY% (¥billion)



\*1 Increase (decrease) YOY for Open House Architect is not shown because it was made a consolidated subsidiary during FY2015.

## Number delivered \*2

	FY2015 <sup>*3</sup>	FY2016	FY2017 planned	Inc(Dec)
Total contracts	1,543	2,484	2,750	266
OHD contracts included above	136	474	530	56

\*2 Number delivered refers to the number of properties delivered under single-family homes construction contracts.

\*3 Performance for FY2015 is for January-September 2015, after Asakawa Home was made a consolidated subsidiary.

## Group's scale in housing supply

### FY2015 Ranking in wooden houses

(According to the survey conducted by Japan Forest Products Journal Co., Ltd.)

**No.1 supplier of wooden single-family homes constructed in the Kanto region**

Assumption:

The survey targets housing companies primarily operated in the Kanto region.

## Launch of contracting on wooden apartment buildings

**FY2016:** Construction contracts for 123 homes were concluded over a full-year target of 100 homes.

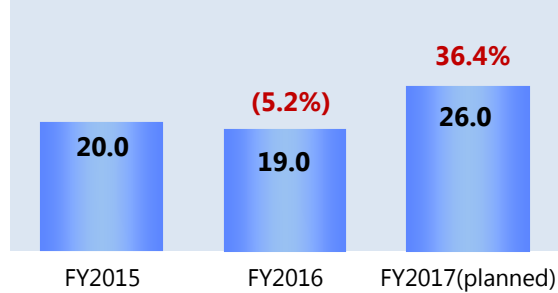
**FY2017:** Goal is to achieve a further increase in the number of construction contracts.



# Condominium Business

- We will strengthen efforts for compact condominiums, targeting single households, etc. that do not purchase single-family homes.
- Our sales in condominiums have marked strong performance, backed by high demand in urban locations.

Trends in revenue and YOY%  
(¥billion)

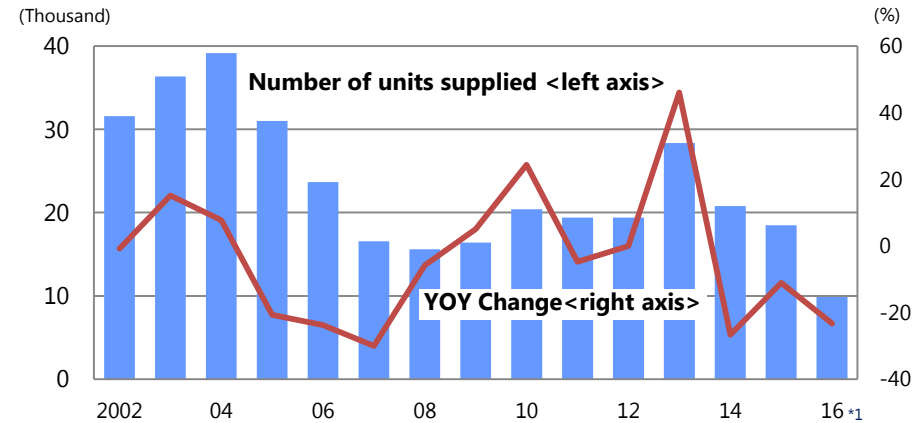


Number delivered

	FY2016	FY2016	FY2016 planned	Inc.(Dec.)
Number delivered	311	304	<b>480</b>	176
Number contracted	348	463	—	—



Trends in supply of new condominium units  
in Tokyo's 23 wards and YOY(%)



Source: MLIT, "Monthly marketing report on lands"

\*1 Data for 2016 are for the January – September period.

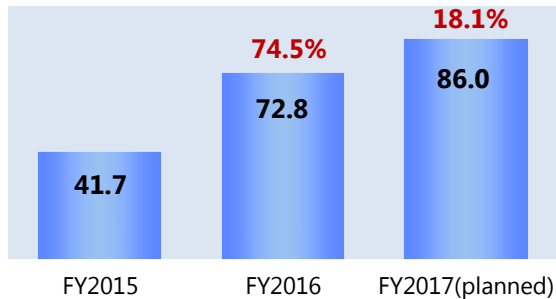
Major projects on sale in FY2016

Name	Units	Average price
Open Residencia Mejiro avenue	18	¥50million
Open Residencia Ginza 2chome	34	¥40million
Open Residencia Toranomom	24	¥40million
Open Residencia Ayase	48	¥30million

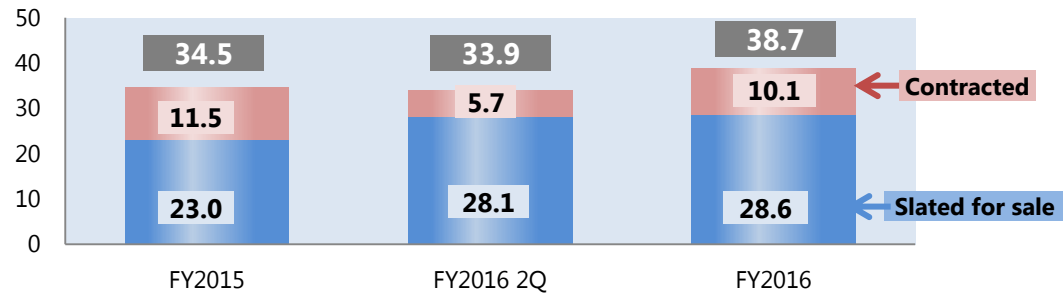
# Property Resale Business

- 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 for acquiring revenue-generating real estate remains high among investors and other parties.

Trends in revenue and YOY% (¥billion)



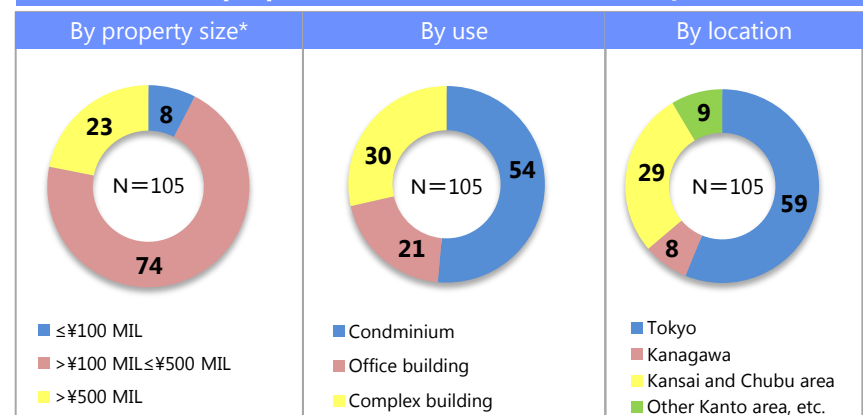
Trends in breakdown of inventories (¥billion)



Breakdown of gain on sales and rental earnings (¥billion)

	FY2015	FY2016	FY2017 planned	Inc. (Dec.)
<b>Total Property resales</b>	41.7	72.8	86.0	13.2
<b>Gain on sale</b>	40.1	70.2	83.5	13.2
+				
<b>Rental earnings</b>	1.5	2.5	2.5	0
Inventories (average during period)	24.9	32.5	—	—

Breakdown of properties owned (as of the end of September 2016)



(\* Based on book values at the end of September 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.

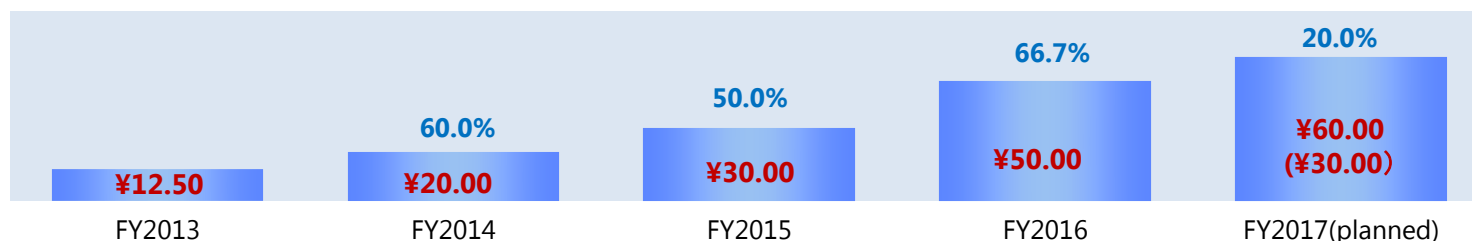
(Million yen)

	FY2015	FY2016	FY2017
	Actual Results	Actual Results	Forecast
Revenue	179,317	247,210	300,000
Ordinary income	20,294	29,154	34,000
Profit attributable to owners of parent	12,637	18,709	22,000
Total assets	162,447	204,868	—
Net worth	47,453	63,708	—
Ordinary income ratio	11.3%	11.8%	11.3%
ROE	29.9%	33.7%	—
Equity ratio	29.2%	31.1%	—

# Shareholder returns

- The projected dividend for FY2017 is ¥60.00 per share (including an interim dividend of ¥30.00 per share)
- We will continue offering the shareholder special benefit plan adopted in FY2015.
- We determined matters concerning the purchase of treasury stock.

## Annual dividends per share and YOY%



## Shareholder Benefits Program

Details of benefits	Less than 3 years' continuous holding	3 or more years' continuous holding
Benefits when purchasing homes brokered by the company or sold by the group	¥100,000 cash back	¥300,000 cash back
Quo Card	¥3000-yen card	¥5000-yen card

Eligible shareholders:

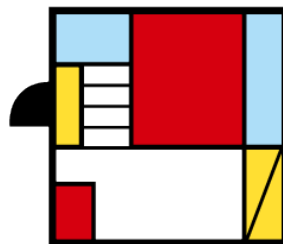
Those owning one or more trading units (100 shares) of company stock as recorded on the shareholders' register as of September 30 of each year

## Purchase of treasury stock

- Aggregate number of shares to be purchased 500,000 shares (maximum)  
(0.89% of the total issued shares (excluding treasury stock))
- Aggregate value of shares to be purchased ¥1,250 million (maximum)
- Purchase period November 15, 2016 to March 31, 2017



東京に、家を持とう。



**OPEN  
HOUSE**

—Disclaimer—

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