

**OPEN
HOUSE**

Consolidated Financial Highlights

For the First Quarter Ended September 30, 2017

OPEN HOUSE CO., LTD.
[3288 TSE]



FY2017 1Q Topics

Business performance

- Revenue and income set record highs for the first quarter.
- All businesses respectively achieved the targeted numbers of the full-year forecasts.

Revenue:	¥ 70.1 billion (+14.9% YOY)
Ordinary income:	¥ 8.7 billion (+ 5.4% YOY)
Profit attributable to owners of parent :	¥ 5.7 billion (+ 6.9% YOY)

- ☑ The single-family homes business showed steady sales growth due to price advantages generated by rising prices for condominiums.
- ☑ The property resales business saw continued high demand for the purchase of properties on the back of the BOJ's monetary easing policies.
- ☑ Open House Architect achieved steady growth in the number of both deliveries and contracts.

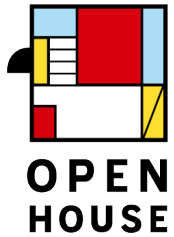
Performance forecasts

- Our goal is to achieve ¥300 billion in revenue, and record highs in revenue and income for the fifth consecutive year.

Revenue:	¥ 300.0 billion (+21.4% YOY)
Ordinary income:	¥ 34.0 billion (+16.6% YOY)
Profit attributable to owners of parent :	¥ 22.0 billion (+17.6% YOY)

Notice

- A new showroom for single-family homes was opened in Shibuya in December 2016. Eight hundred items are displayed across an area of 1,200 m².



FY2017 1Q Consolidated Summary

Overview of Consolidated Income Statement

- ☑ Revenue and income set record highs for the first quarter.
- ☑ All businesses respectively achieved the targeted numbers of the full-year forecasts.

(Million yen)

	FY2016 1Q		FY2017 1Q		YOY %
	Actual	% of revenue	Actual	% of revenue	
Revenue	61,049	—	70,135	—	14.9%
Gross profit	12,156	19.9%	12,728	18.1%	4.7%
SG&A expenses	3,646	6.0%	4,076	5.8%	11.8%
Operating income	8,509	13.9%	8,652	12.3%	1.7%
Non-operating income	63	0.1%	390	0.6%	514.9%
Non-operating expenses	241	0.4%	262	0.4%	8.8%
Ordinary income	8,331	13.6%	8,779	12.5%	5.4%
Profit attributable to owners of parent	5,370	8.8%	5,738	8.2%	6.9%

Performance by segment (revenue, operating income)

- ☑ The brokerage and single-family homes businesses marked steady growth in revenue.
- ☑ The brokerage and single-family homes businesses, and Open House Architect, marked an increase in operating income.

(Million yen)

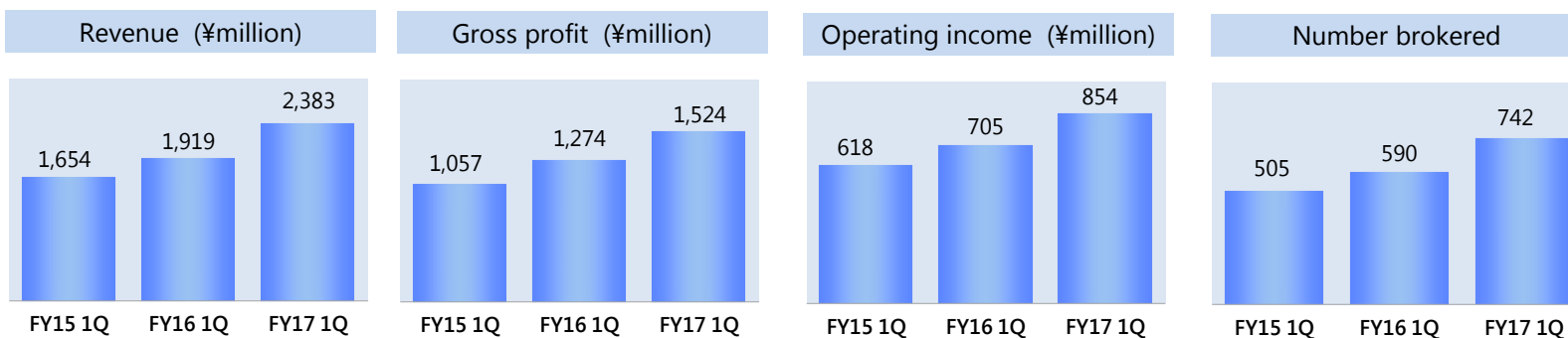
	FY2016 1Q		FY2017 1Q		YOY%
	Actual	Ratio	Actual	Ratio	
Revenue	61,049	100.0%	70,135	100.0%	14.9%
Brokerage	1,919	3.1%	2,383	3.4%	24.2%
Single-family homes	30,209	49.5%	38,215	54.5%	26.5%
Openhouse Architect *1	8,346	13.7%	9,093	13.0%	9.0%
Condominiums	1,063	1.7%	1,570	2.2%	47.6%
Property resales	21,366	35.0%	21,336	30.4%	(0.1%)
Others	119	0.2%	108	0.2%	(8.8%)
Adjustments	(1,975)	—	(2,573)	—	—
	Actual	% of revenue	Actual	% of revenue	YOY%
Operating Income	8,509	13.9%	8,652	12.3%	1.7%
Brokerage	705	36.8%	854	35.9%	21.1%
Single-family homes	3,782	12.5%	5,041	13.2%	33.3%
Openhouse Architect *1・2	284	3.4%	494	5.4%	74.0%
Condominiums	(171)	—	(184)	—	—
Property resales	3,911	18.3%	2,442	11.4%	(37.6%)
Others	33	28.1%	2	1.9%	(93.7%)
Adjustments	(36)	—	1	—	—

* 1 The reporting segment name has been changed from the previous Asakawa Homes to Open House Architect from FY2017.

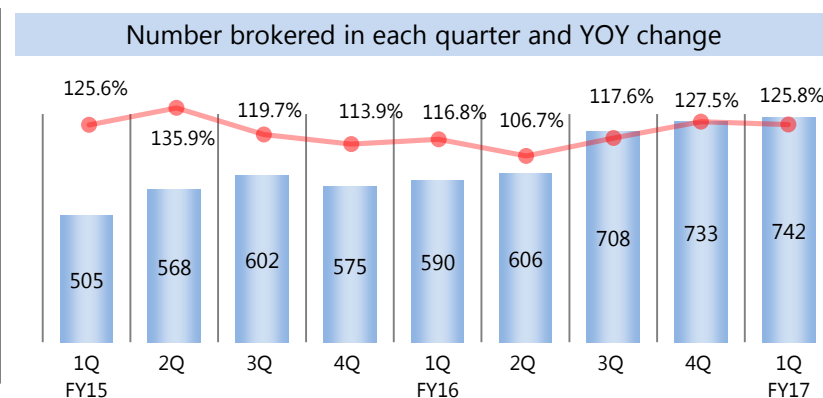
* 2 Operating income for Open House Architect reflects a deduction of amortization of goodwill recorded on the acquisition of Open House Architect equity.

Brokerage Business

- ✓ The Sakae Sales Center opened in October 2016 in Nagoya, bringing the total number of sales centers to eighteen to expand the brokerage business.
- ✓ Numbers brokered in the first quarter of the fiscal year under review achieved strong growth with a 25.8% increase YOY.



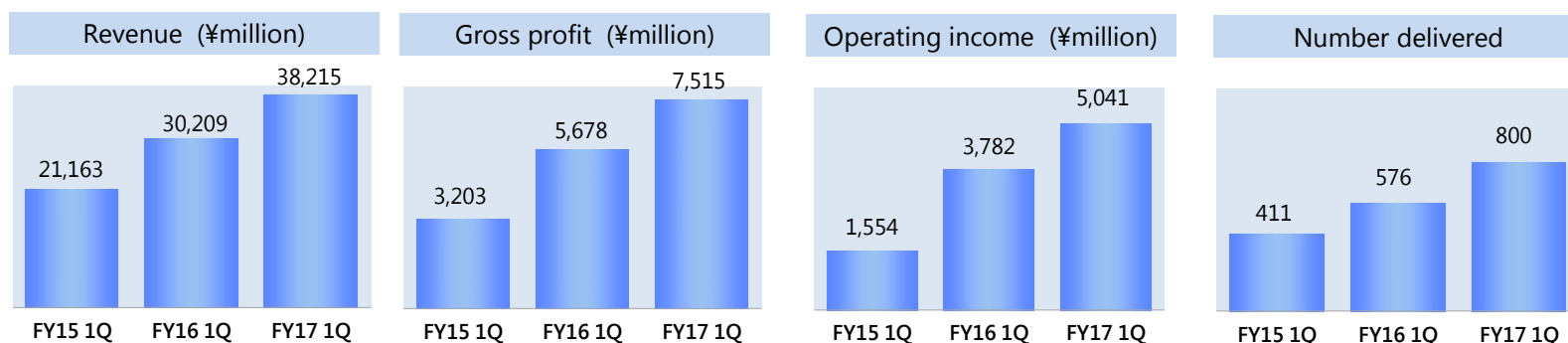
	FY15 1Q	FY16 1Q	FY17 1Q	Inc.(Dec.)
Revenue (¥million)	1,654	1,919	2,383	24.2%
Gross profit (¥million)	1,057	1,274	1,524	19.7%
Gross profit margin	63.9%	66.4%	64.0%	(2.4%)
Operating income (¥million)	618	705	854	21.1%
Operating income margin	37.4%	36.8%	35.9%	(0.9%)
Number brokered	505	590	742	152



Above results for the first quarter of the fiscal year ended September 30, 2015 were restated on a new reporting segment basis, in conjunction with the change in the reporting segment from the fiscal year ended September 30, 2016.

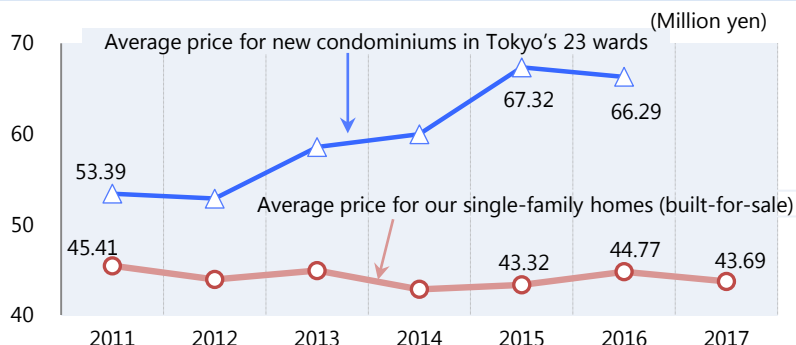
Single-Family Homes Business

- ☑ The single-family homes business marked steady sales performance due to the price advantage against continued high prices of new condominiums.
- ☑ The single-family homes business continued solid growth in the first quarter under review, boosting the operating results of the entire Group.



By type of sale		FY15 Q1	FY16 Q1	FY17 Q1	Inc.(Dec.)
Built-for-sale houses	Revenue (¥million)	7,764	11,460	15,595	36.1%
	Number delivered	181	251	357	106
Lands	Revenue (¥million)	11,270	15,559	19,437	24.9%
	Number delivered	230	325	443	118
Built-to-order houses	Revenue (¥million)	2,102	3,154	3,074	(2.5%)
	Number delivered	142	204	202	(2)
Others	Revenue (¥million)	25	35	108	201.5%
Total	Revenue (¥million)	21,163	30,209	38,215	26.5%
	Gross profit (¥million)	3,203	5,678	7,515	32.4%
	Gross profit margin	15.1%	18.8%	19.7	0.9%
	Operating income (¥million)	1,554	3,782	5,041	33.3%
	Operating income margin	7.3%	12.5%	13.2%	0.7%
	Number delivered (built-for-sale houses + lands)	411	576	800	224

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 - December period.
 Company results shown for 2017 are for the October - December period

Launch of New Showroom

- ☑ In December 2016, a new showroom was opened within a building that is a 6-minute walk from Shibuya Station.
- ☑ It displays 800 items across an area of 1,200 m², enhancing sales activities.



Entrance facing Meiji Street



Entrances of model homes
(standard specification / optional specification)



Model rooms for living, dining and kitchen



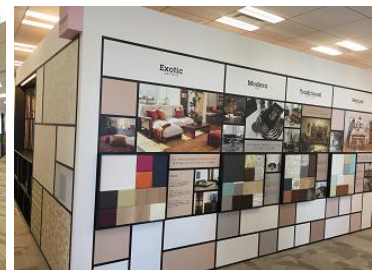
Samples feasible for selection in natural light



Samples of external walls



Models of kitchen



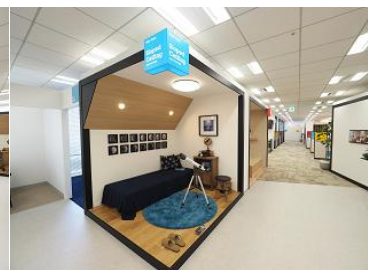
Interior styles



Over 30 booths set up for business discussions



Model room with an area of 4.5 jo
(size of 4.5 tatami mats)



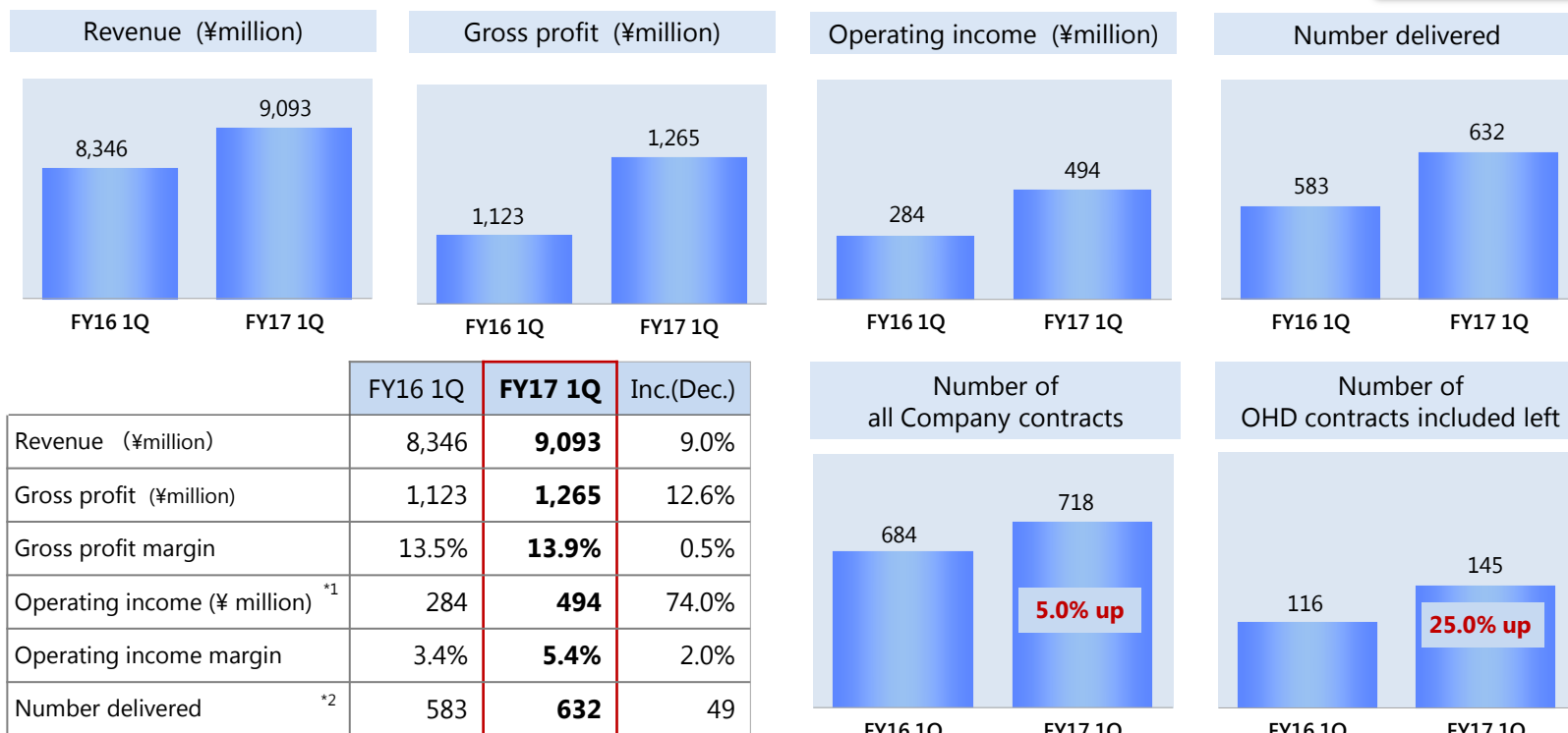
Model room where a customer can experience a gradient ceiling



Model room with a Japanese style

Open House Architect

- ☑ The number of both deliveries and contracts marked steady growth in transactions with external customers and Open House Development respectively.
- ☑ Operating income margin improved due to the control of selling, general and administrative expenses.



Open House Architect has been included in the consolidated results from the first quarter of the fiscal year ended September 30, 2016, due to becoming a consolidated subsidiary in the second quarter of the fiscal year ended September 30, 2015.

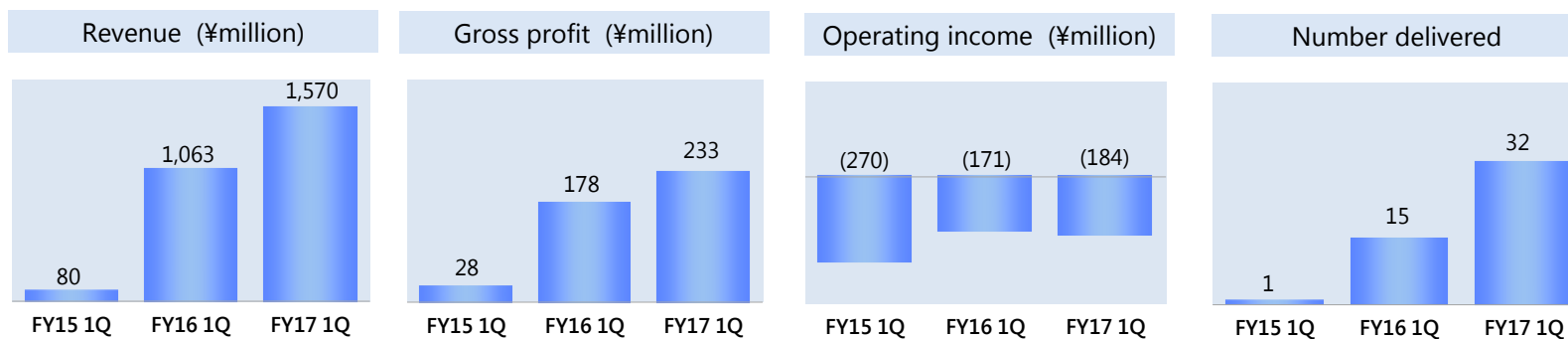
*1 Operating income for Open House Architect reflects a deduction of amortization of goodwill for Open House Architect.

*2 Number delivered refers to the number of properties delivered under single-family homes construction contracts.(Including 105 contract with Open House Development)

The above represents the number of contracts for construction orders received during the respective first quarter.

Condominiums Business

- ☑ Sales of new condominiums have marked steady growth, backed by high demand in urban locations.
- ☑ We have entered into sales contracts for 90% (as of January 31, 2017) of the planned number of deliveries (460 units) for the fiscal year ending September 30, 2017.



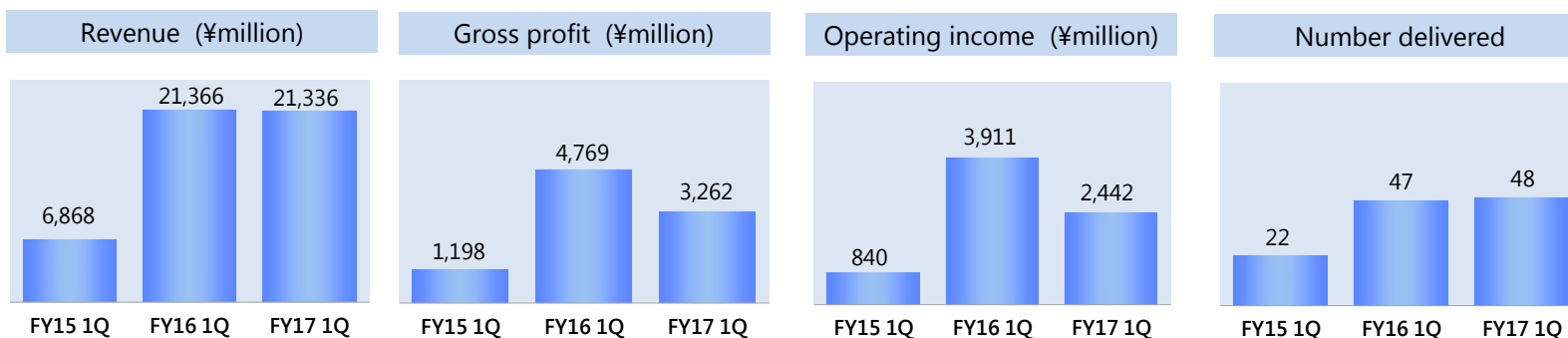
	FY15 1Q	FY16 1Q	FY17 1Q	Inc. (Dec.)
Revenue (¥million)	80	1,063	1,570	47.6%
Gross profit (¥million)	28	178	233	31.1%
Gross profit margin	36.1	16.8	14.9	(1.9%)
Operating income (¥million)	(270)	(171)	(184)	7.9%
Operating income margin	—	—	—	—
Number delivered	1	15	32	17

— Major condominiums delivered in FY2017 —

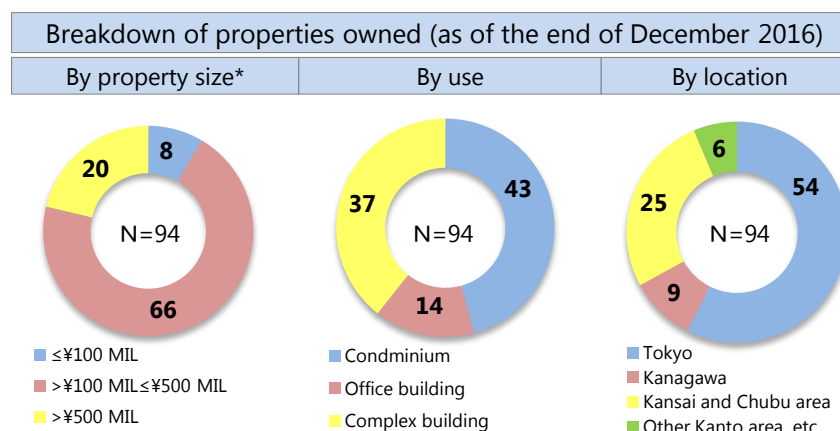
Name	Units	Average price
Open Residencia Aoyama The House	29	¥90million
Open Residencia Koishikawa 5 chome	21	¥60million
Open Residencia Mejiro Avenue	18	¥50million
Open Residencia Ginza 2 chome	34	¥40million

Property Resales Business

- ☑ Demand for property resales remains high on the back of the continued BOJ's monetary easing policies.
- ☑ Gross profit margin has made progress as projected.



	FY15 1Q	FY16 1Q	FY17 1Q	Inc. (Dec.)
Revenue (¥million)	6,868	21,366	21,336	(0.1%)
Gross profit (¥million)	1,198	4,769	3,262	(31.6%)
Gross profit margin	17.4	22.3	15.3	(7.0%)
Operating income (¥million)	840	3,911	2,442	(37.6%)
Operating income margin	12.2	18.3	11.4	(6.9%)
Number delivered	22	47	48	1



* Based on book values at the end of December 2016



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

(Million yen)

	FY2016 1Q		FY2017 1Q		Inc. (Dec.)		FY2016 1Q		FY2017 1Q		Inc. (Dec.)
		% of revenue		% of revenue				% of revenue		% of revenue	
SG&A expenses	3,646	6.0%	4,076	5.8%	429	Non-operating income	63	0.1%	390	0.6%	327
Personnel expenses	1,070	1.8%	1,115	1.6%	44	Foreign exchange gain	5	0.0%	316	0.5%	311
Sales commissions	690	1.1%	587	0.8%	(103)	Others	58	0.1%	73	0.1%	15
General expenses	440	0.7%	566	0.8%	125	Non-operating expenses	241	0.4%	262	0.4%	21
Advertising expenses	213	0.3%	307	0.4%	93	Interest expenses	205	0.3%	212	0.3%	7
Promotion expenses	129	0.2%	182	0.3%	53	Commissions	5	0.0%	8	0.0%	3
Others	1,101	1.8%	1,316	1.9%	215	Others	31	0.1%	41	0.1%	10



Consolidated Balance Sheet

(Million yen)

	Sep 30, 2016	Dec 30, 2016	Inc. (Dec.)
Current assets	196,792	202,212	5,420
Cash and cash equivalents	67,508	68,778	1,269
Inventories	117,546	121,216	3,669
Others	11,737	12,218	481
Fixed assets	8,013	8,277	263
Tangible fixed assets	2,651	2,905	254
Intangible fixed assets	1,389	1,375	(14)
Investments and other assets	3,972	3,996	24
Deferred assets	62	59	(2)
Total assets	204,868	210,550	5,681

	Sep 30, 2016	Dec 30, 2016	Inc. (Dec.)
Liabilities	140,784	143,697	2,913
Current liabilities	74,288	72,913	(1,375)
Long-term liabilities	66,495	70,784	4,288
Net Assets	64,084	66,852	2,768
Shareholders' equity	63,736	66,414	2,677
Other accumulated comprehensive income	347	438	91
Total liabilities and net assets	204,868	210,550	5,681

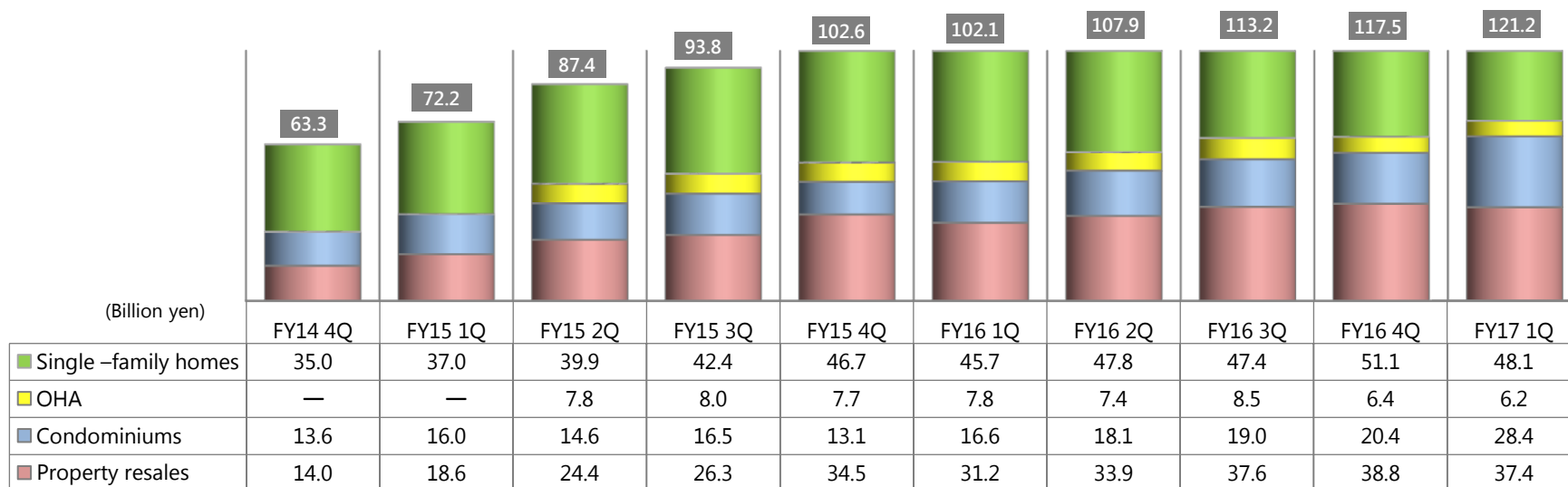
	Sep 30, 2016	Dec 30, 2016	Inc. (Dec.)
Equity Ratio	31.1%	31.6%	0.5%

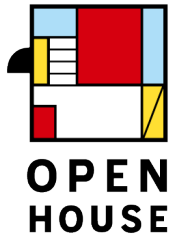


Inventory Details

(Million yen)

	End of FY14	End of FY15	End of FY16 <A>	End of FY17 1Q 	(Ratio)	Inc. (Dec.) -<A>
Single-family homes	35,080	46,741	51,146	48,154	39.7%	(2,991)
Openhouse Architect	—	7,756	6,486	6,257	5.2%	(229)
Condominiums	13,683	13,101	20,422	28,462	23.5%	8,040
Property resales	14,090	34,586	38,838	37,452	30.9%	(1,386)
Others	513	428	651	889	0.7%	237
Total	63,368	102,614	117,546	121,216	100.0%	3,669





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 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	—	391.76	—
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, Openhouse Architect, and property resale 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.)
Revenue	179,317	247,210	37.9%	300,000	21.4%
Brokerage	7,255	8,528	17.5%	11,000	29.0%
Single-family homes	91,644	119,563	30.5%	149,000	24.6%
Open House Architect *2	23,122	37,625	— *3	40,000	6.3%
Condominiums	20,095	19,059	(5.2%)	26,000	36.4%
Property resales	41,719	72,801	74.5%	86,000	18.1%
Others	825	455	(44.9%)	1,300	185.5%
Adjustments	(5,344)	(10,822)	—	(13,300)	—

*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. 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.

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.

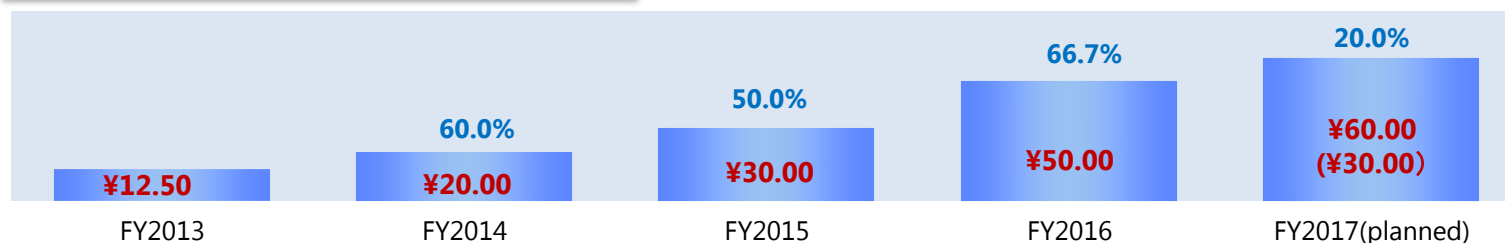
(Million yen)

	FY2015 Actual Results	FY2016 Actual Results	FY2017 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.
- ☑ 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

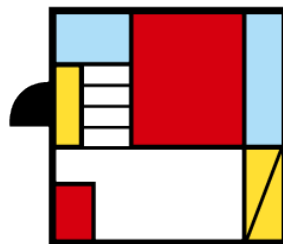
Eligible shareholders:

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. Continued holding represents shareholders who have retained one unit (100 shares) or more of the Company's common shares for not less than 3 years, with the initial day of reckoning of September 30, 2015.

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、家を持つ。



**OPEN
HOUSE**

—Disclaimer—

This document contains forward-looking statements concerning future business performance. These statements include company forecasts based on information available at the time of publication and involve potential risks and uncertainties. They do not constitute a guarantee of future results. The information provided herein is subject to change without notice; no guarantees are provided with regard to the accuracy or reliability of such information.

This document is provided for informational purposes only. It does not constitute a solicitation to invest.