

**OPEN
HOUSE**

Consolidated Financial Highlights

For the Third Quarter Ended September 30, 2017

OPEN HOUSE CO., LTD.
[3288 TSE]



FY2017 3Q Topics

Business performance

- All businesses respectively achieved the targeted numbers of the full-year forecasts.

Revenue: ¥ 211.4 billion (+17.2% YOY)
Ordinary income: ¥ 24.2 billion (+11.1% YOY)
Profit attributable to owners of parent : ¥ 15.7 billion (+12.8% YOY)

- The condominium business has marked strong sales performance with the completion of sales contracts for properties (480 units) to be delivered during the fiscal year under review. 4Q revenue covering the peak delivery season is expected to amount to ¥16.7 billion.
- The single-family homes business showed steady sales growth due to price advantages generated by rising prices for new condominiums.
- The property resales business showed steady sales growth on the back of the BOJ's monetary easing policies.

Performance forecasts

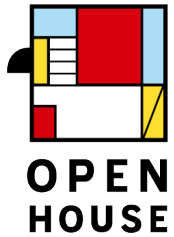
- Our goal is to achieve ¥300 billion in revenue, and record highs in revenue and income for the fifth consecutive year.

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)

Dividend increase

- The dividend forecast has been revised upward in consideration of the 20th anniversary of the Company's foundation and the growth of operating performance.

	Previous forecast	Revised forecast
Year-end dividend	¥30.00	¥35.00



FY2017 3Q Consolidated Summary

Overview of Consolidated Income Statement

- ☑ Revenue and income set record highs for the first nine months of the consolidated year under review.
- ☑ Both revenue and income achieved growth of over 10% year on year.

(Million yen)

	FY2016 1-3Q <2015/10-2016/06>		FY2017 1-3Q <2016/10-2017/6>		YOY %
	Actual	% of revenue	Actual	% of revenue	
Revenue	180,434	—	211,427	—	17.2%
Gross profit	33,695	18.7%	38,585	18.2%	14.5%
SG&A expenses	11,087	6.1%	13,171	6.2%	18.8%
Operating income	22,607	12.5%	25,414	12.0%	12.4%
Non-operating income	154	0.1%	382	0.2%	148.0%
Non-operating expenses	947	0.5%	1,552	0.7%	63.8%
Ordinary income	21,814	12.1%	24,244	11.5%	11.1%
Profit attributable to owners of parent	13,974	7.7%	15,762	7.5%	12.8%

Performance by segment (revenue, operating income)

- ☑ The single-family homes and property resale businesses marked significant growth in revenue.
- ☑ The single-family homes mainly contributed to boosting operating income.

(Million yen)

	FY2016 1-3Q <2015/10-2016/06>		FY2017 1-3Q <2016/10-2017/06>		YOY%
	Actual	Ratio	Actual	Ratio	
Revenue	180,434	100.0%	211,427	100.0%	17.2%
Brokerage	6,219	3.4%	7,691	3.6%	23.7%
Single-family homes	89,862	49.8%	108,184	51.2%	20.4%
Openhouse Architect *1	25,653	14.2%	26,167	12.4%	2.0%
Condominiums	9,660	5.4%	9,262	4.4%	(4.1%)
Property resales	55,880	31.0%	68,321	32.3%	22.3%
Others	343	0.2%	634	0.3%	84.8%
Adjustments	(7,185)	—	(8,834)	—	—
	Actual	% of revenue	Actual	% of revenue	YOY%
Operating Income	22,607	12.5%	25,414	12.0%	12.4%
Brokerage	2,180	35.1%	2,530	32.9%	16.0%
Single-family homes	9,766	10.9%	12,002	11.1%	22.9%
Openhouse Architect *1 *2	1,083	4.2%	1,261	4.8%	16.4%
Condominiums	1,003	10.4%	760	8.2%	(24.2%)
Property resales	8,606	15.4%	8,947	13.1%	4.0%
Others	108	31.5%	(0)	(0.0%)	—
Adjustments	(140)	—	(87)	—	—

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

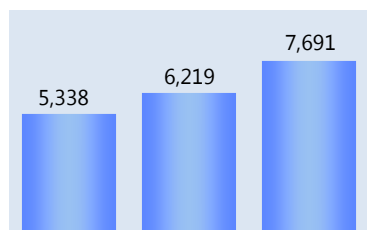
* 2 Operating income for Open House Architect reflects a deduction of amortization of goodwill recorded on the acquisition of Open House Architect equity.

Brokerage Business

- With Oimachi and Musashi-kosugi sales centers both opened in April 2017, the business is being operated in 23 sales centers in total.
- The number of brokerage transactions for the third quarter of the fiscal year under review marked growth of 39.7% year on year.

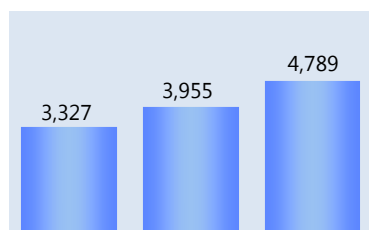


Revenue (¥million)



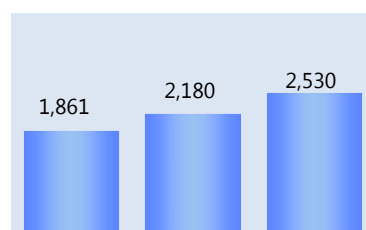
FY15 1-3Q FY16 1-3Q FY17 1-3Q

Gross profit (¥million)



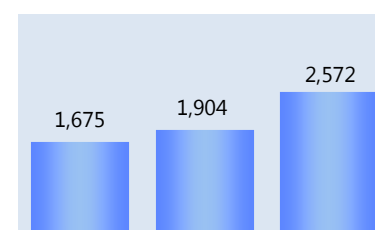
FY15 1-3Q FY16 1-3Q FY17 1-3Q

Operating income (¥million)



FY15 1-3Q FY16 1-3Q FY17 1-3Q

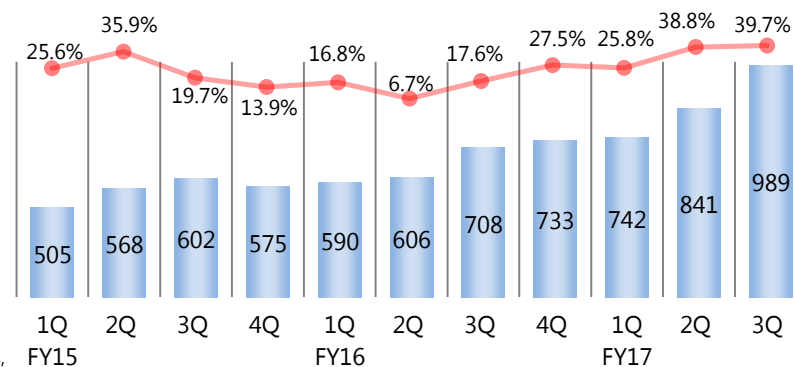
Number brokered



FY15 1-3Q FY16 1-3Q FY17 1-3Q

	FY15 1-3Q 14/10-15/06	FY16 1-3Q 15/10-16/06	FY17 1-3Q 16/10-17/06	Inc.(Dec.)
Revenue (¥million)	5,338	6,219	7,691	23.7%
Gross profit (¥million)	3,327	3,955	4,789	21.1%
Gross profit margin	62.3%	63.6%	62.3%	(1.3%)
Operating income (¥million)	1,861	2,180	2,530	16.0%
Operating income margin	34.9%	35.1%	32.9%	(2.2%)
Number brokered	1,675	1,904	2,572	668

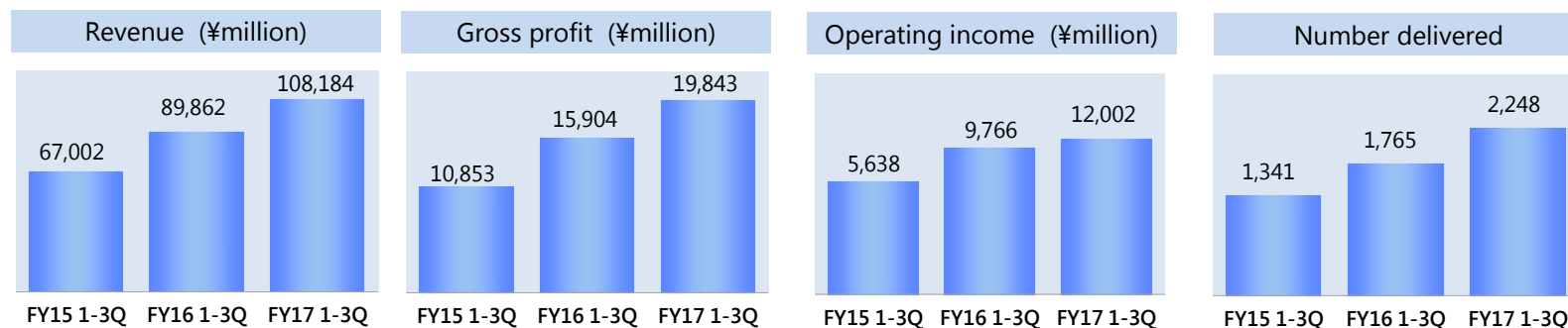
Number brokered in each quarter and YOY change



Above results for nine months 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.

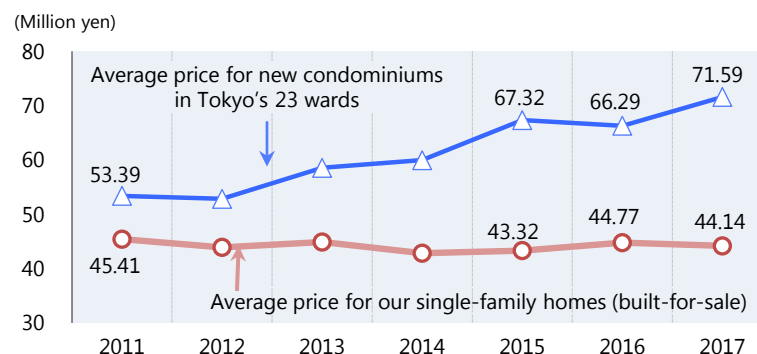
Single-Family Homes Business

- ☑ The single-family homes business marked steady sales performance due to the price advantage over persistently high prices of new condominiums.
- ☑ The single-family homes business continued solid growth boosting the operating results of the entire Group.



By type of sale		FY15 1-3Q 14/10-15/06	FY16 1-3Q 15/10-16/06	FY17 1-3Q 16/10-17/06	Inc.(Dec.)
Built-for-sale houses	Revenue (¥million)	26,264	40,231	45,065	12.0%
	Number delivered	608	899	1,021	122
Lands	Revenue (¥million)	34,002	40,912	53,575	30.9%
	Number delivered	733	866	1,227	361
Built-to-order houses	Revenue (¥million)	6,590	8,548	9,106	6.5%
	Number delivered	449	554	618	64
Others	Revenue (¥million)	146	169	438	157.8%
Total	Revenue (¥million)	67,002	89,862	108,184	20.4%
	Gross profit (¥million)	10,853	15,904	19,843	24.8%
	Gross profit margin	16.2%	17.7%	18.3%	0.6%
	Operating income (¥million)	5,638	9,766	12,002	22.9%
	Operating income margin	8.4%	10.9%	11.1%	0.2%
Number delivered (built-for-sale houses + lands)		1,341	1,765	2,248	483

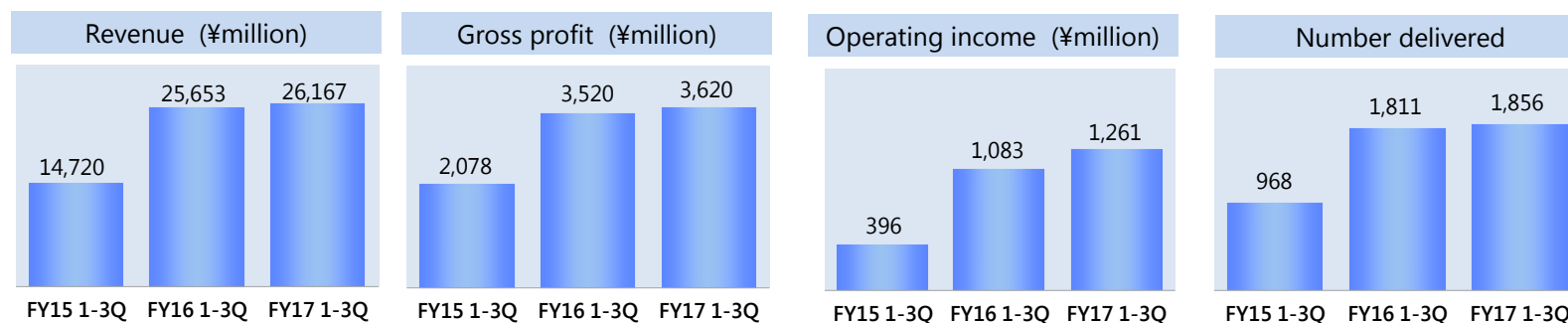
Changes in the average price for new condominiums in Tokyo's 23 wards and average price for our single-family homes (built-for-sale)



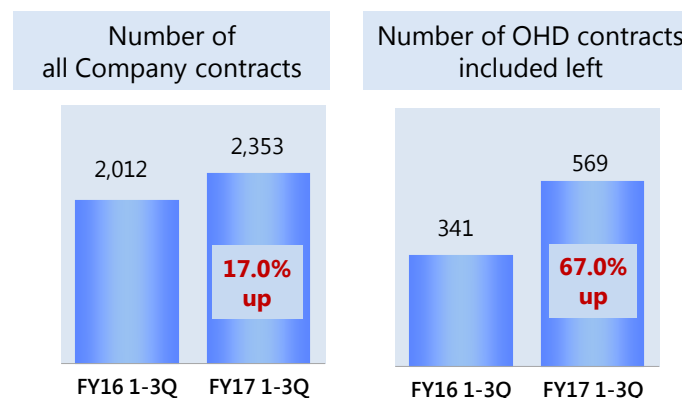
Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: Condominium prices are on a calendar-year basis.
 Prices for our homes are for the period October – September.
 Condominium prices for 2017 are for the January – June period.
 Prices of our homes are for the October 2016-June 2017 period.

Open House Architect

- ✓ Operating income margin has steadily improved thanks to appropriate cost management of sales and general administrative expenses.
- ✓ The number of contracts to be delivered to Open House Development increased significantly.



	FY15 1-3Q 14/10-15/06	FY16 1-3Q 15/10-16/06	FY17 1-3Q 16/10-17/06	Inc. (Dec.)
Revenue (¥million)	14,720	25,653	26,167	2.0%
Gross profit (¥million)	2,078	3,520	3,620	2.8%
Gross profit margin	14.1%	13.7%	13.8%	0.1%
Operating income (¥million) ^{*1}	396	1,083	1,261	16.4%
Operating income margin	2.7%	4.2%	4.8%	0.6%
Number delivered ^{*2}	968 64	1,811 317	1,856 342	45 25



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

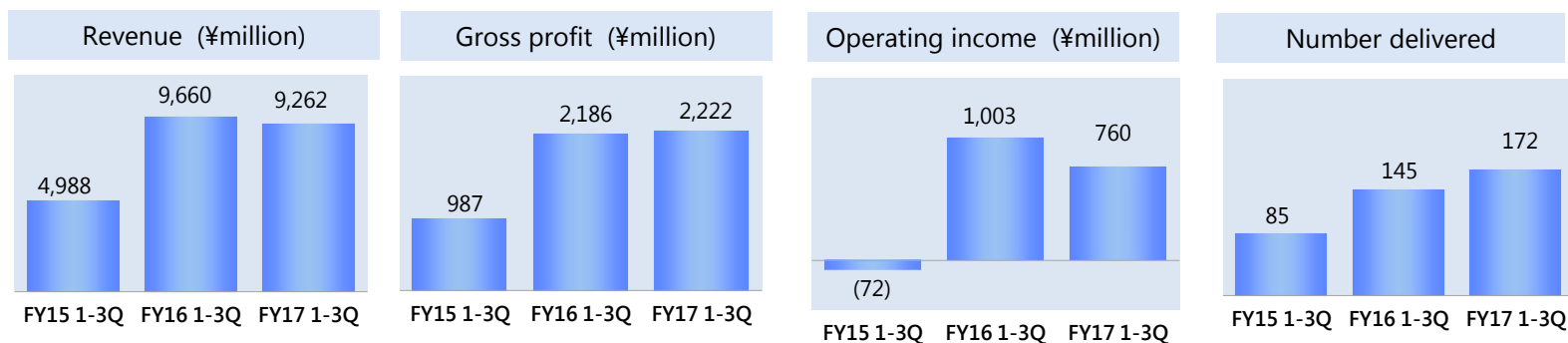
The above figures for third quarter of FY2015 present actual results for the period from January to March 2015 (due to the fact that consolidated reporting started from Jan. 2015)

*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. (Number delivered to OHD on the lower line)

Condominiums Business

- Sales of new condominiums at urban locations have gained momentum with contracts completed for 480 units, which are scheduled to be delivered during the fiscal year under review.
- 4Q revenue covering the delivery of most of the properties above is expected to amount to ¥16.7 billion.



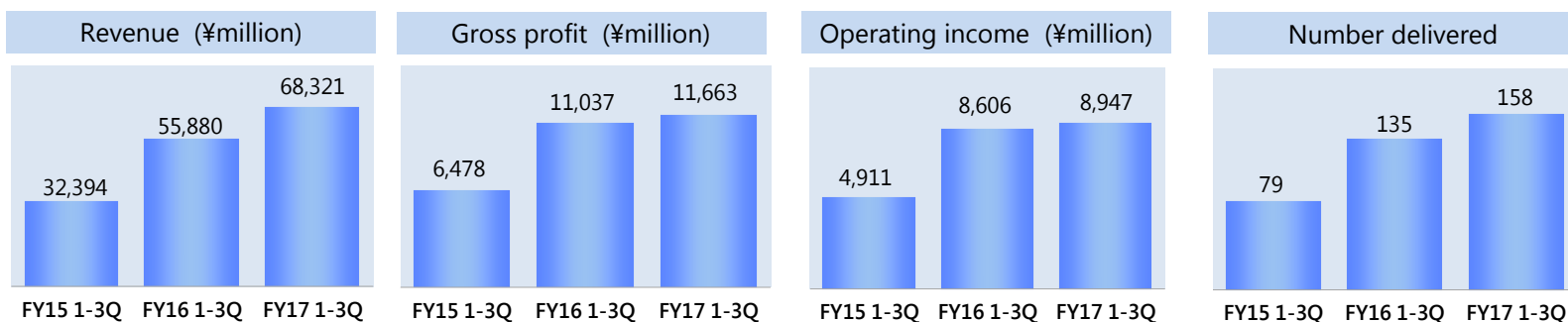
	FY15 1-3Q 14/10-15/06	FY16 1-3Q 15/10-16/06	FY17 1-3Q 16/10-17/06	Inc. (Dec.)
Revenue (¥million)	4,988	9,660	9,262	(4.1%)
Gross profit (¥million)	987	2,186	2,222	1.6%
Gross profit margin	19.8%	22.6%	24.0%	1.4%
Operating income (¥million)	(72)	1,003	760	(24.2%)
Operating income margin	(1.5%)	10.4%	8.2%	(2.2%)
Number delivered	85	145	172	27

— Major condominiums delivered in FY2017 —

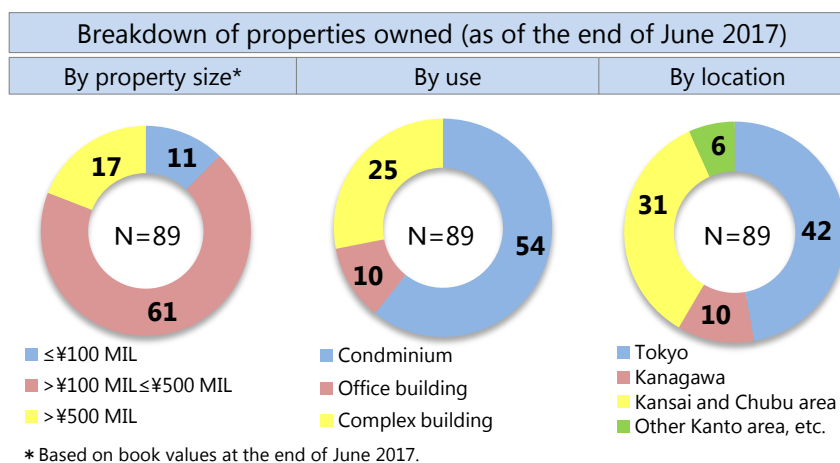
Name	Units	Average price
Open Residencia Aoyama The House	29	¥90million
Open Residencia Koishikawa 5chome	21	¥60million
Open Residencia Meguro Tairamachi	19	¥60million
Open Residencia Mejiro Avenue	18	¥50million

Property Resales Business

- ✓ Demand for property resales remains high on the back of the continued BOJ's monetary easing policies.
- ✓ Gross profit margin has been on an upward trend during 3Q of the fiscal year under review, after bottoming out at the end of 1Q under review.



	FY15 1-3Q 14/10-15/06	FY16 1-3Q 15/10-16/06	FY17 1-3Q 16/10-17/06	Inc. (Dec.)
Revenue (¥million)	32,394	55,880	68,321	22.3%
Gross profit (¥million)	6,478	11,037	11,663	5.7%
Gross profit margin	20.0%	19.8%	17.1%	(2.7%)
Operating income (¥million)	4,911	8,606	8,947	4.0%
Operating income margin	15.2%	15.4%	13.1%	(2.3%)
Number delivered	79	135	158	23



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

(Million yen)

	FY2016 1-3Q <2015/10-2016/06>		FY2017 1-3Q <2016/10-2017/06>		Inc. (Dec.)		FY2016 1-3Q <2015/10-2016/06>		FY2017 1-3Q <2016/10-2017/06>		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue			Actual	% of revenue	Actual	% of revenue	
SG&A expenses	11,087	6.1%	13,171	6.2%	2,083	Non-operating income	154	0.1%	382	0.2%	228
Personnel expenses	3,208	1.8%	3,627	1.7%	419	Foreign exchange gain	—	—	224	0.1%	224
Sales commissions	1,885	1.0%	1,893	0.9%	8	Others	154	0.1%	158	0.1%	4
General expenses	1,332	0.7%	1,755	0.8%	423	Non-operating expenses	947	0.5%	1,552	0.7%	604
Advertising expenses	939	0.5%	1,205	0.6%	266	Interest expenses	593	0.3%	635	0.3%	42
Promotion expenses	476	0.3%	558	0.3%	81	Commissions	24	0.0%	664	0.3%	639
Others	3,245	1.8%	4,130	2.0%	884	Foreign exchange loss	224	0.1%	—	—	(224)
						Other	104	0.1%	252	0.1%	147

Consolidated Balance Sheet

(Million yen)

	Sep 30, 2016	June 30, 2017	Inc. (Dec.)
Current assets	196,792	231,451	34,659
Cash and cash equivalents	67,508	80,976	13,467
Inventories	117,546	137,924	20,378
Others	11,737	12,549	812
Fixed assets	8,013	10,452	2,439
Tangible fixed assets	2,651	3,066	415
Intangible fixed assets	1,389	1,336	(53)
Investments and other assets	3,972	6,049	2,077
Deferred assets	62	54	(8)
Total assets	204,868	241,958	37,089

	Sep 30, 2016	June 30, 2017	Inc. (Dec.)
Liabilities	140,784	167,669	26,885
Current liabilities	74,288	83,451	9,162
Long-term liabilities	66,495	84,217	17,722
Net Assets	64,084	74,288	10,204
Shareholders' equity	63,736	73,841	10,104
Other accumulated comprehensive income	347	447	99
Total liabilities and net assets	204,868	241,958	37,089

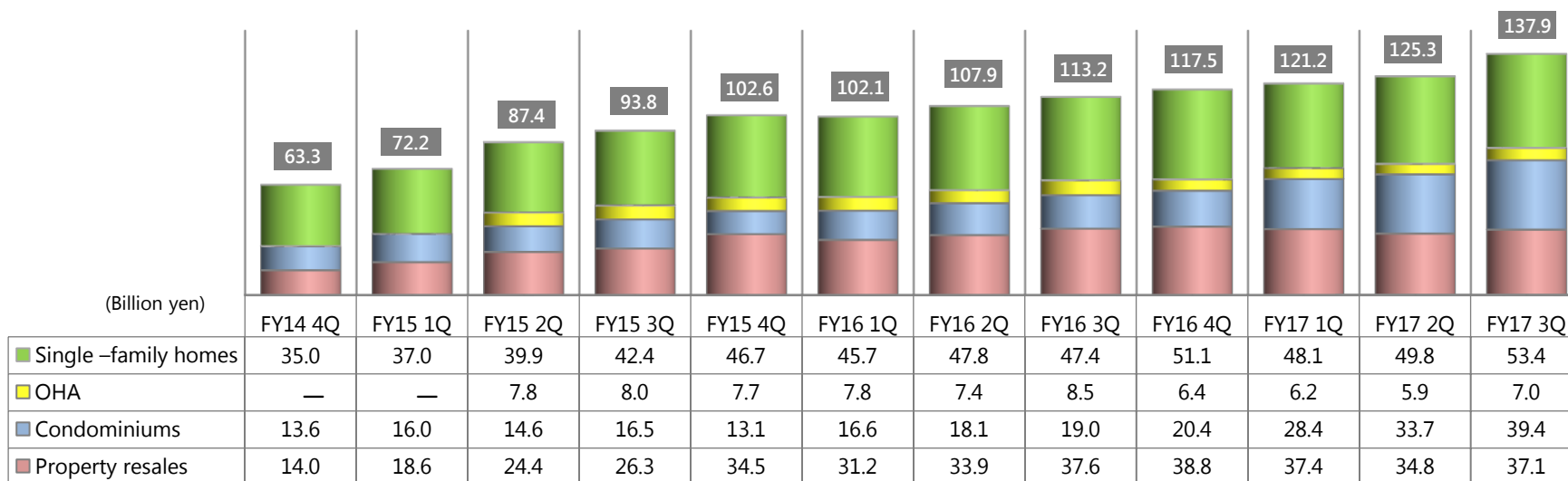
	Sep 30, 2016	June 30, 2017	Inc. (Dec.)
Equity Ratio	31.1%	30.5%	(0.6%)

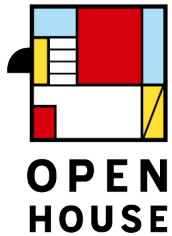


Inventory Details

(Million yen)

	End of FY14 (Sep 30, 2014)	End of FY15 (Sep 30, 2015)	End of FY16 (Sep 30, 2016) <A>	End of FY17 3Q (June 30, 2017) 	(Ratio)	Inc. (Dec.) - <A>
Single-family homes	35,080	46,741	51,146	53,412	38.7%	2,266
Openhouse Architect	—	7,756	6,486	7,022	5.1%	535
Condominiums	13,683	13,101	20,422	39,459	28.6%	19,037
Property resales	14,090	34,586	38,838	37,106	26.9%	(1,732)
Others	513	428	651	922	0.7%	270
Total	63,368	102,614	117,546	137,924	100.0%	20,378





Consolidated Business Performance Forecasts for FY2017

Revision of Dividend Forecast

- ☑ Dividend forecast has been revised upward in consideration of the Company's 20th anniversary in September 2017 and current growth of operating performance.
- ☑ Year-end dividend is to increase from ¥30.00 to ¥35.00 per share.

FY 2017 Dividend per shares (yen)			
Record date	Interim	Year-end	Annual
Previous forecast (announced November 14, 2016)	/	30.00	60.00
Revised forecast	/	35.00	65.00
Actual dividends paid for the current fiscal year.	30.00	/	/

* The revision of the dividend forecast above is planned to be proposed at the Ordinary General Meeting of Shareholders scheduled for December 2017.

Annual dividends per share and YOY%



Shareholder returns

- ☑ We fully acquired the planned amount of treasury stock as announced in November 2016, within the purchase period.
- ☑ We will continue offering the shareholder special benefit plan adopted in FY2015.

Purchase of treasury stock

■ Aggregate number of shares purchased	457,300 shares (0.82% of the total issued shares (excluding treasury stock))
■ Aggregate value of shares purchased	¥1,249 million
■ Purchase period	November 15, 2016 to March 22, 2017

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 yen cash back	300,000 yen cash back
Quo Card < Gift 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.



Quo Card < Gift Card >

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	—	393.04	—
Annual dividends per share (Interim dividends per share)	30.00	50.00	20.00	65.00 *1(30.00)	15.00
Payout ratio	13.5%	15.1%	—	16.5%	—

*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, and property resale segments.
- ☑ Management resources are allocated in accordance with market conditions. The single-family home related business represents the central business pillar.

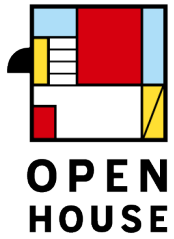
(Million yen)

	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.



Current Activities

Opening of Sales Centers Accelerating

- ☑ A total of 25 sales centers are being operated, including seven sales centers opened in the fiscal year under review, which is the largest number on an annual basis.
- ☑ Two sales centers had already been opened in the Nagoya area, while the opening of sales centers in the Tokyo area is being accelerated.

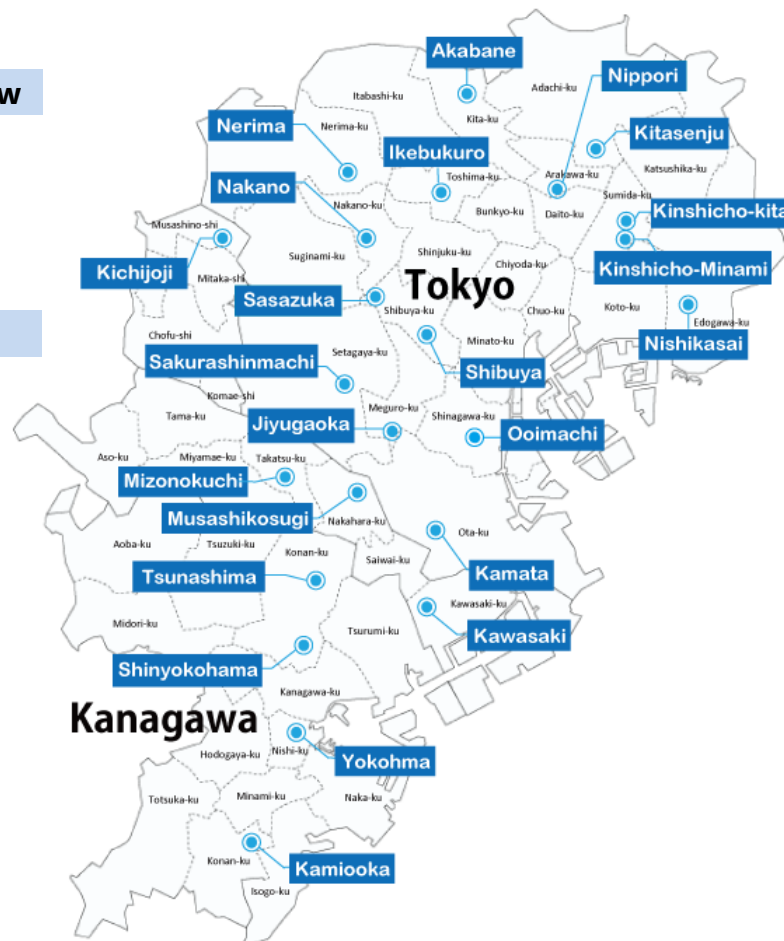
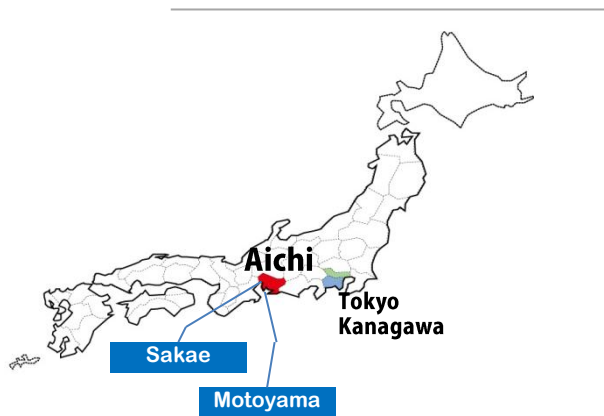
Seven sales centers opened in the fiscal year under review

October 2016: Sakae
 January 2017: Nippori, Kinshicho-Kita
 April 2017: Ooimachi, Musashikosugi
 July 2017: Kamiooka, Motoyama

Current operating sales centers (as of August 2017)

- Tokyo: 16
- Kanagawa Prefecture: 7
- Aichi Prefecture: 2

TOTAL: 25



More Attractive Single-Family Homes Create Appeal

- ✓ Single-family homes that are generally difficult to open to the public as they have already been sold before completion are used as model houses for a limited period.
- ✓ Model houses are regularly advertised through the media with each house having a specific name indicating its development concepts.

Model houses (for a limited time)

“Home with large walls”



“Home with a big atrium”



Shibuya showroom (permanent display)

- 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.



Progress of Business Activities in the Nagoya Area

- ☑ Accelerated sales of single-family homes with the opening of the Motoyama Sales Center, the second in Nagoya City
- ☑ Announced start of sales of a new condominium, Open Residencia Aoi

Opening of Motoyama Sales Center

Launch of Sales Operations: July 1, 2017
 Location: Chikusa-ku, Nagoya City, Aichi Prefecture
 Access: One-minute walk from Motoyama Station on the Higashiyama Line or Meijo Line of Nagoya municipal subways

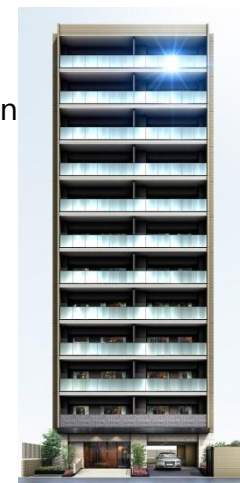


The above represents ZAZ Building where Motoyama Sales Center is located.

Open Residencia Aoi

Start of Sales: Late September 2017
 Location: Higashi-ku, Nagoya City, Aichi Prefecture
 Access: Three-minute walk from Kurumamichi Station on the Sakura-dori Line or seven-minute walk from Chikusa Station on the Higashiyama Line, and other

Structure/Size:
 Reinforced concrete construction and 12 stories above ground
 Total number of units:
 32 units



Expected completion image

Fund Raising Through Syndicated Loan Payable

- ☑ Took out long-term loans payable totaling ¥15 billion in June 2017
- ☑ Funds will be used for conducting more flexible operations aiming at business growth

Overview of the long-term loans payable	The syndicate loan payable
Aggregate amount	¥15.0 billion
Borrowing period	Ten years (June 2017-June 2027)
Arranger and Agent	Sumitomo Mitsui Banking Corporation
Participating Financial institutions	Total of 21 financial institutions including Sumitomo Mitsui Banking Corporation

Features of the long-term loans payable	Details
Interest rates	Fixed + some variable interest rates (Interest rate swap contracts concluded separately make some variable interest rates fixed in effect.)
Security	Unsecured
Use of funds	Business funds (entire business)

Became a Component of JPX-Nikkei400

- ☑ The Company's stock has become a component of the JPX-Nikkei400.
- ☑ The Company was selected with the shortest period from its listing in September 2013.

Outline of the Index

JPX-Nikkei400 is the new index composed of companies with high appeal for investors, which meet requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives.
[Start of Calculation : Jan. 6, 2014]

Background to selection

On August 7, 2017, the Company's stock was selected as one of 31 companies newly added during the regular replacement of stocks composing the JPX-Nikkei400. Because companies listed for less than three years as of a record date (the last business day of June of every year) are out of the scope for selection, the Company, which was listed on the 1st Section of the Tokyo Stock Exchange in September 2013, has achieved selection with the shortest period since its listing.

<Reference> Method of calculating total scores in JPX-Nikkei400

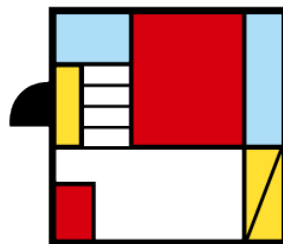
- Select top 1,200 companies in terms of total trading volume for the immediate three years from the record date (last business day of June of every year).
- Of the top-1200 companies, select top-1000 companies in terms of size of market cap.
- Rank the top 1,000 companies above based on overall scores calculated below.
- Add qualitative scores below to the overall scores and determine final ranking. **Final Score = Overall score + Qualitative score**

Overall Score = $0.4 \times (a)$ 3-year average ROE ranking score (1st: 1,000 pts. – 1000th: 1 pt.)
 $+0.4 \times (b)$ 3-year cumulative operating profit ranking score (1st: 1,000 pts. – 1000th: 1 pt.)
 $+0.2 \times (c)$ market capitalization on the base data ranking score (1st: 1,000 pts. – 1000th: 1 pt.)

Qualitative scores

- Appointment of independent outside directors
- Adoption of IFRS
- Disclosure of English earnings information

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