Consolidated Financial Highlights

For the Second Quarter Ended September 30, 2017

OPEN HOUSE CO., LTD.

[3288 TSE]

FY2017 2Q Topics

Business performance

- Revenue and income set record highs the first half of consolidated year under review.
- All businesses respectively achieved the targeted numbers of the full-year forecasts.

Revenue:	**¥ 148.3 billion (+26.6% YOY)**
Ordinary income:	**¥ 17.8 billion (+21.3% YOY)**
Profit attributable to owners of parent :	**¥ 11.6 billion (+23.6% 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 boosted its operating income margin thanks to the cost control measure.

☑ The condominiums business largely completed sales contracts for properties (480 units) to be delivered in the fiscal year under review.

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)**

FY2017 2Q Consolidated Summary

Overview of Consolidated Income Statement

- ☑ Revenue and income set record highs the first half of consolidated year under review.
- ☑ Both revenue and income achieved growth of over 20% year on year, exceeding the forecasts.

(Million yen)

	FY2016 1-2Q		FY2017 1-2Q		YOY %	FY2017 1-2Q	
	Actual	% of revenue	Actual	% of revenue		Forecast	Difference between actual and forecasts
Revenue	117,163	—	**148,368**	—	26.6%	138,000	10,368
Gross profit	22,372	19.1%	**26,832**	18.1%	19.9%		
SG&A expenses	7,212	6.2%	**8,595**	5.8%	19.2%		
Operating income	15,160	12.9%	**18,237**	12.3%	20.3%	16,700	1,537
Non-operating income	116	0.1%	**330**	0.2%	182.8%		
Non-operating expenses	579	0.5%	**738**	0.5%	27.4%		
Ordinary income	14,697	12.5%	**17,829**	12.0%	21.3%	16,200	1,629
Profit attributable to owners of parent	9,424	8.0%	**11,651**	7.9%	23.6%	10,500	1,151

Performance by segment (revenue, operating income)

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

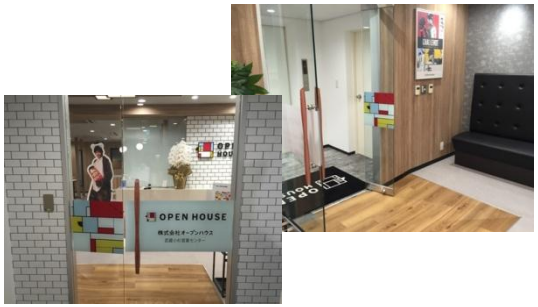
(Million yen)

	FY2016 1-2Q		FY2017 1-2Q		YOY%
	Actual	Ratio	Actual	Ratio	
Revenue	117,163	100.0%	**148,368**	100.0%	26.6%
Brokerage	3,879	3.3%	**4,993**	3.4%	28.7%
Single-family homes	59,132	50.5%	**72,407**	48.8%	22.5%
Openhouse Architect *1	17,292	14.8%	**17,707**	11.9%	2.4%
Condominiums	2,398	2.0%	**7,713**	5.2%	221.6%
Property resales	38,478	32.8%	**50,446**	34.0%	31.1%
Others	234	0.2%	**217**	0.1%	(7.4%)
Adjustments	(4,523)	—	**(5,116)**	—	—
	Actual	% of revenue	Actual	% of revenue	YOY%
Operating Income	15,160	12.9%	**18,237**	12.3%	20.3%
Brokerage	1,327	34.2%	**1,740**	34.9%	31.1%
Single-family homes	6,988	11.8%	**8,182**	11.3%	17.1%
Openhouse Architect *1 *2	729	4.2%	**955**	5.4%	31.0%
Condominiums	(321)	—	**863**	11.2%	—
Property resales	6,459	16.8%	**6,495**	12.9%	0.6%
Others	74	31.8%	**16**	7.8%	(77.5%)
Adjustments	(97)	—	**(16)**	—	—

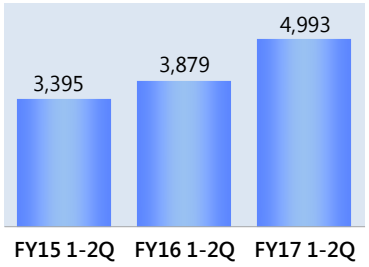
* 1 The reporting segment name has been changed from the previous Asakawa Homes to Open House Architect from FY2017.
* 2 Operating income for Open House Architect reflects a deduction of amortization of goodwill recorded on the acquisition of Open House Architect equity.

Brokerage Business

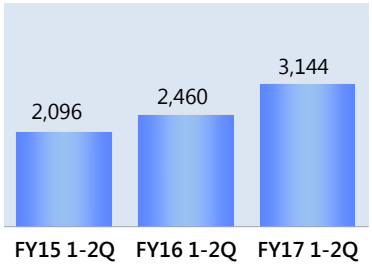
- ☑ With Nippori and Kinshi-cho Kita Sales Centers both opened in January 2017, the business is being operated in 21 sales centers in total.
- ☑ The number of brokerage transactions for the second quarter of the fiscal year under review marked growth of 38.8% year on year.



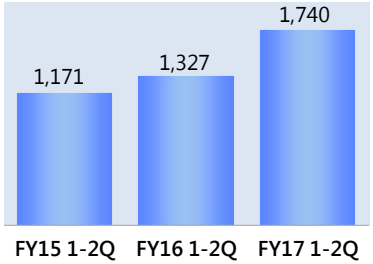
Revenue (¥million)



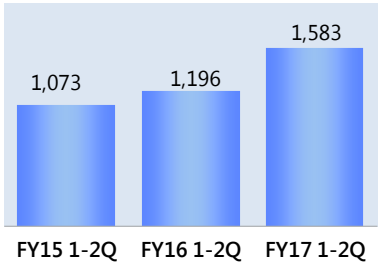
Gross profit (¥million)



Operating income (¥million)



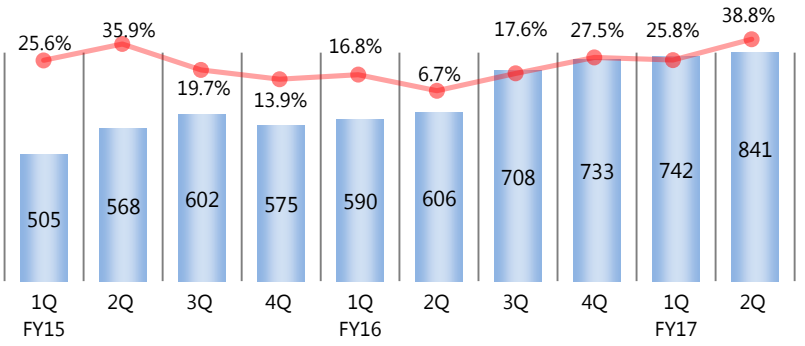
Number brokered



	FY15 1-2Q	FY16 1-2Q	**FY17 1-2Q**	Inc.(Dec.)
Revenue (¥million)	3,395	3,879	**4,993**	28.7%
Gross profit (¥million)	2,096	2,460	**3,144**	27.8%
Gross profit margin	61.8%	63.4%	**63.0%**	(0.4%)
Operating income (¥million)	1,171	1,327	**1,740**	31.1%
Operating income margin	34.5%	34.2%	**34.9%**	0.6%
Number brokered	1,073	1,196	**1,583**	387

Above results for the second 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.

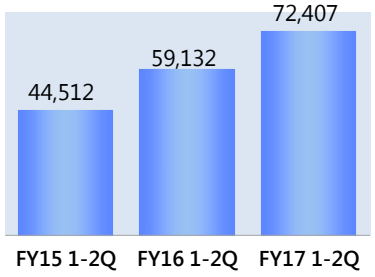
Number brokered in each quarter and YOY change



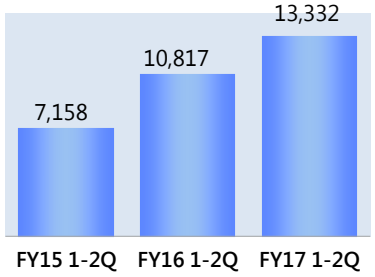
Single-Family Homes Business

- ☑ 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 in the second quarter under review, boosting the operating results of the entire Group.

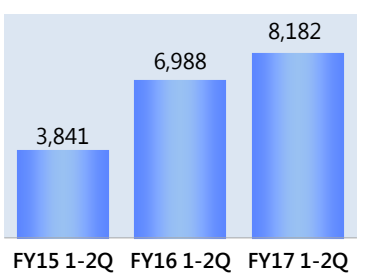
Revenue (¥million)



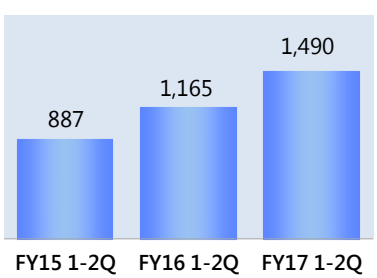
Gross profit (¥million)



Operating income (¥million)

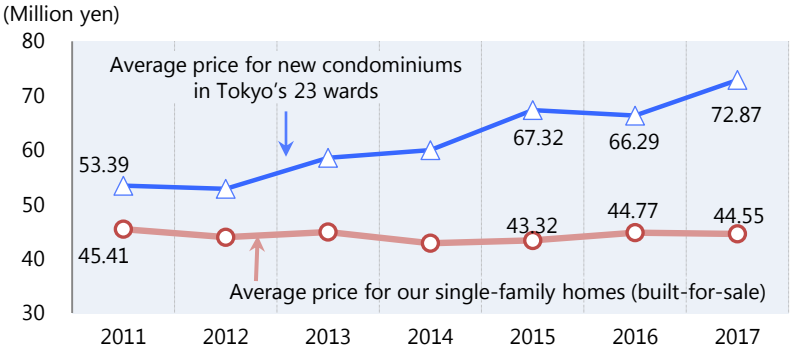


Number delivered



By type of sale		FY15 1-2Q	FY16 1-2Q	FY17 1-2Q	Inc.(Dec.)
Built-for-sale houses	Revenue (¥million)	18,079	25,153	**30,963**	23.1%
	Number delivered	428	561	**695**	134
Lands	Revenue (¥million)	22,048	28,126	**35,102**	24.8%
	Number delivered	459	604	**795**	191
Built-to-order houses	Revenue (¥million)	4,292	5,750	**6,086**	5.8%
	Number delivered	290	375	**407**	32
Others	Revenue (¥million)	90	101	**256**	152.6%
Total	Revenue (¥million)	44,512	59,132	**72,407**	22.5%
	Gross profit (¥million)	7,158	10,817	**13,332**	23.3%
	Gross profit margin	16.1%	18.3%	**18.4%**	0.1%
	Operating income (¥million)	3,841	6,988	**8,182**	17.1%
	Operating income margin	8.6%	11.8%	**11.3%**	(0.5%)
	Number delivered (built-for-sale houses + lands)	887	1,165	**1,490**	325

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



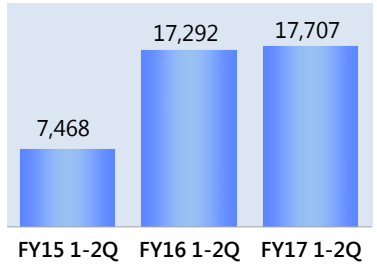
Source: MLIT, "Monthly marketing report of lands"
Fiscal years: Condominium prices are on a calendar-year basis.
Prices for our homes are for the period October – September .
* Condominium prices for 2017 are for the January - March period.
Company results shown for 2017 are for the October - March period

Open House Architect

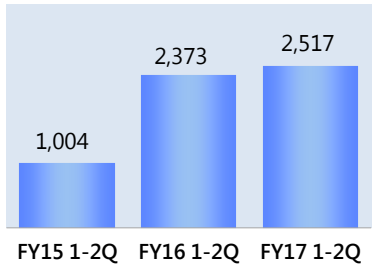
- ☑ The company name was changed to Open House Architect in October 2016.
- ☑ Operating income margin has steadily improved thanks to appropriate cost management of sales costs and sales and general administrative expenses.



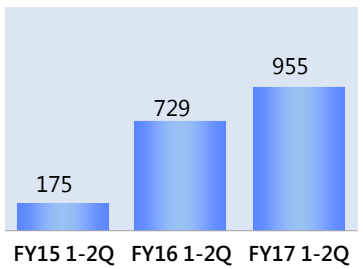
Revenue (¥million)



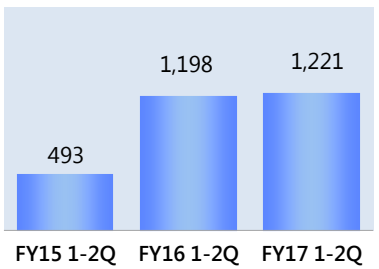
Gross profit (¥million)



Operating income (¥million)



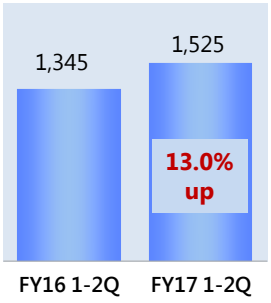
Number delivered



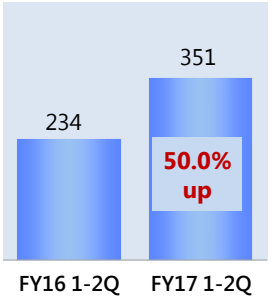
	FY15 1-2Q	FY16 1- 2Q	FY17 1- 2Q	Inc.(Dec.)
Revenue (¥million)	7,468	17,292	**17,707**	2.4%
Gross profit (¥million)	1,004	2,373	**2,517**	6.1%
Gross profit margin *1	13.4%	13.7%	**14.2%**	0.5%
Operating income (¥ million)	175	729	**955**	31.0%
Operating income margin	2.3%	4.2%	**5.4%**	1.2%
Number delivered *2	493	1,198	**1,221**	77
	43	174	**192**	18

The above figures for the second 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)

Number of all Company contracts



Number of OHD contracts included left



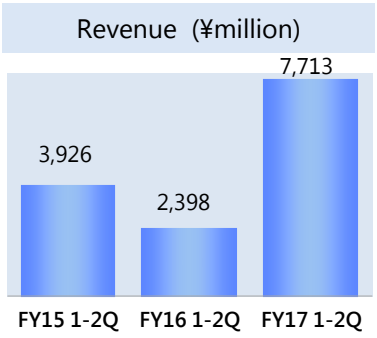
The above represents the number of contracts for construction orders received during the respective second quarter.

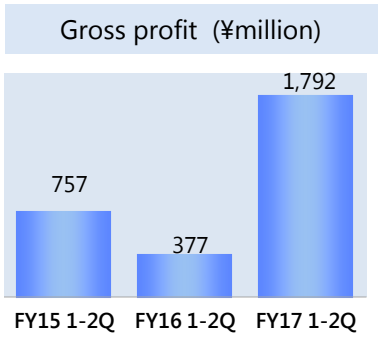
*1 Operating income for Open House Architect reflects a deduction of amortization of goodwill for Open House Architect.
*2 Number delivered refers to the number of properties delivered under single-family homes construction contracts.
(Number delivered to OHD on the lower line)

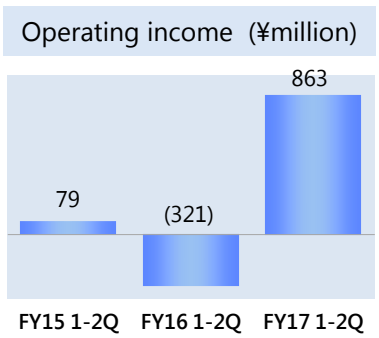
Condominiums Business

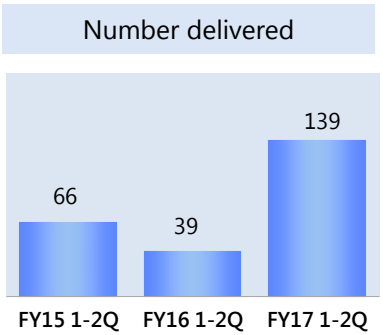
- ☑ Sales of new condominiums have marked steady growth, backed by high demand in urban locations.
- ☑ We have entered into sales contracts (as of April 30, 2017) for most of the planned number of deliveries (480 units) for the fiscal year ending September 30, 2017.











	FY15 1-2Q	FY16 1- 2Q	**FY17 1-2Q**	Inc. (Dec.)
Revenue (¥million)	3,926	2,398	**7,713**	221.6%
Gross profit (¥million)	757	377	**1,792**	374.5%
Gross profit margin	19.3%	15.8%	**23.2%**	7.5%
Operating income (¥million)	79	(321)	**863**	–
Operating income margin	2.0%	–	**11.2%**	–
Number delivered	66	39	**139**	100

— Major condominiums delivered in FY2017 —

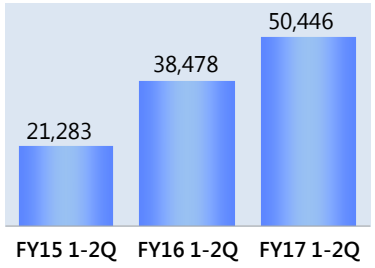
Name	Units	Average price
Open Residencia Aoyama The House	29	¥90million
Open Residencia Koishikawa 5chome	21	¥60million
Open Residencia Mejiro Avenue	18	¥50million
Open Residencia Ginza 2 chome	34	¥40million

Property Resales Business

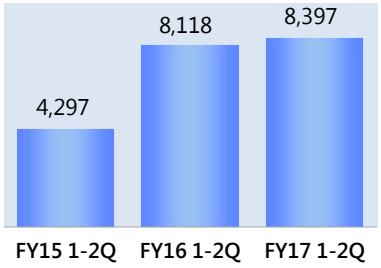
- ☑ Demand for property resales remains high on the back of the continued BOJ's monetary easing policies.
- ☑ Gross profit margin for the second quarter increased, compared with that for the first quarter.



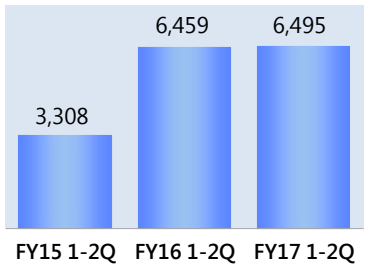
Revenue (¥million)



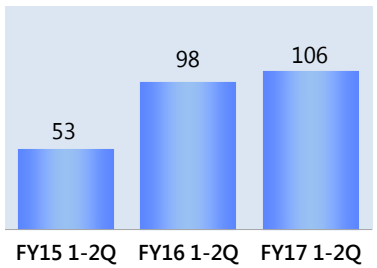
Gross profit (¥million)



Operating income (¥million)



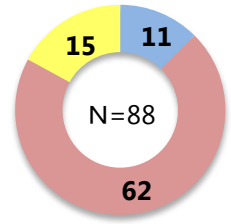
Number delivered



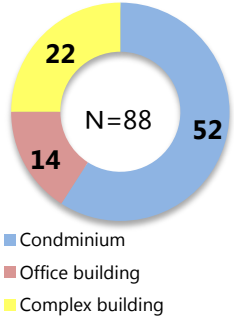
	FY15 1-2Q	FY16 1-2Q	**FY17 1-2Q**	Inc. (Dec.)
Revenue (¥million)	21,283	38,478	**50,446**	31.1%
Gross profit (¥million)	4,297	8,118	**8,397**	3.4%
Gross profit margin	20.2%	21.1%	**16.6%**	(4.5%)
Operating income (¥million)	3,308	6,459	**6,495**	0.6%
Operating income margin	15.5%	16.8%	**12.9%**	(3.9%)
Number delivered	53	98	**106**	8

Breakdown of properties owned (as of the end of March 2017)

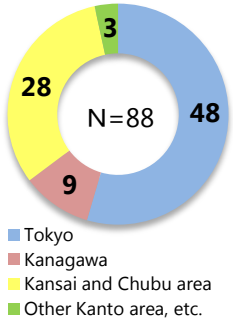
By property size*



By use



By location



* Based on book values at the end of March 2017.

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

(Million yen)

	FY2016 1-2Q	% of revenue	FY2017 1-2Q	% of revenue	Inc. (Dec.)
SG&A expenses	7,212	6.2%	**8,595**	5.8%	1,382
Personnel expenses	2,108	1.8%	**2,308**	1.6%	200
Sales commissions	1,282	1.1%	**1,394**	0.9%	112
General expenses	885	0.8%	**1,152**	0.8%	267
Advertising expenses	544	0.5%	**732**	0.5%	187
Promotion expenses	269	0.2%	**358**	0.2%	88
Others	2,122	1.8%	**2,647**	1.8%	525

	FY2016 1-2Q	% of revenue	FY2017 1-2Q	% of revenue	Inc. (Dec.)
Non-operating income	116	0.1%	**330**	0.2%	213
Foreign exchange gain	—	—	**205**	0.1%	205
Others	116	0.1%	**125**	0.1%	8
Non-operating expenses	579	0.5%	**738**	0.5%	158
Interest expenses	401	0.3%	**421**	0.3%	19
Commissions	15	0.0%	**107**	0.1%	91
Foreign exchange loss	78	0.1%	**—**	—	(78)
Other	83	0.1%	**209**	0.1%	126

Consolidated Balance Sheet

(Million yen)

	Sep 30, 2016	March31, 2017	Inc. (Dec.)
Current assets	196,792	212,554	15,762
Cash and cash equivalents	67,508	75,543	8,034
Inventories	117,546	125,355	7,809
Others	11,737	11,655	(81)
Fixed assets	8,013	9,391	1,377
Tangible fixed assets	2,651	3,031	380
Intangible fixed assets	1,389	1,354	(35)
Investments and other assets	3,972	5,004	1,032
Deferred assets	62	57	(5)
Total assets	204,868	222,003	17,134

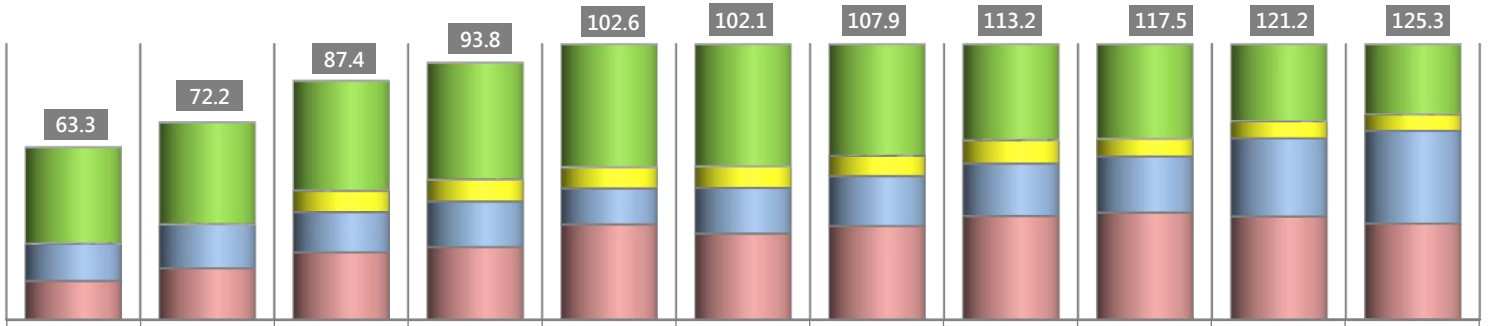
	Sep 30, 2016	March31, 2017	Inc. (Dec.)
Liabilities	140,784	150,166	9,382
Current liabilities	74,288	80,828	6,539
Long-term liabilities	66,495	69,337	2,842
Net Assets	64,084	71,836	7,752
Shareholders' equity	63,736	71,404	7,767
Other accumulated comprehensive income	347	432	84
Total liabilities and net assets	204,868	222,003	17,134

	Sep 30, 2016	March31, 2017	Inc. (Dec.)
Equity Ratio	31.1%	32.2%	1.1%

Inventory Details

(Million yen)

	End of FY14	End of FY15	End of FY16 <A>	End of FY17 2Q <B>	(Ratio)	Inc. (Dec.) <B>-<A>
Single–family homes	35,080	46,741	51,146	**49,825**	39.7%	(1,320)
Openhouse Architect	–	7,756	6,486	**5,948**	4.7%	(538)
Condominiums	13,683	13,101	20,422	**33,792**	27.0%	13,369
Property resales	14,090	34,586	38,838	**34,810**	27.8%	(4,028)
Others	513	428	651	**979**	0.8%	327
Total	63,368	102,614	117,546	**125,355**	100.0%	7,809



(Billion yen)

	FY14 4Q	FY15 1Q	FY15 2Q	FY15 3Q	FY15 4Q	FY16 1Q	FY16 2Q	FY16 3Q	FY16 4Q	FY17 1Q	FY17 2Q
Single –family homes	35.0	37.0	39.9	42.4	46.7	45.7	47.8	47.4	51.1	48.1	49.8
OHA	—	—	7.8	8.0	7.7	7.8	7.4	8.5	6.4	6.2	5.9
Condominiums	13.6	16.0	14.6	16.5	13.1	16.6	18.1	19.0	20.4	28.4	33.7
Property resales	14.0	18.6	24.4	26.3	34.5	31.2	33.9	37.6	38.8	37.4	34.8

Consolidated Statement of Cash Flows

(Million yen)

	FY2016 1-2Q	FY2017 1-2Q	Major factors
Cash flows from operating activities	4,895	**2,257**	− Profit before income taxes − Increased inventories − Income taxes paid, etc.
Cash flows from investing activities	(2,124)	**(1,652)**	− Purchase of tangible fixed assets, etc.
Cash flows from financing activities	907	**7,147**	− Increase in loans payable − Cash dividends paid stock − Purchase of treasury , etc.
Effect of exchange rate changes on cash and cash equivalents	(35)	**281**	
Net increase (decrease) in cash and cash equivalents	3,642	**8,034**	
Cash and cash equivalents at beginning of period	43,325	**67,508**	
Cash and cash equivalents at end of period	46,967	**75,543**	

OPEN HOUSE

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	—	392.35	—
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, 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)

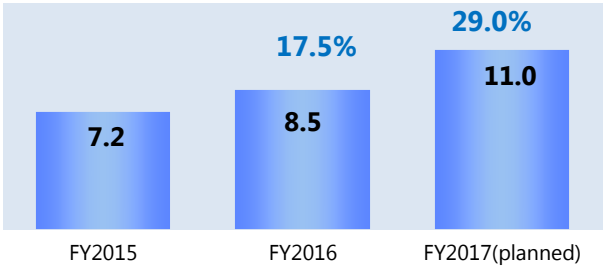
	FY2015 *1	FY2016		FY2017	
	Actual	Actual	Inc. (Dec.)	forecast	Inc. (Dec.)
Revenue	**179,317**	**247,210**	37.9%	**300,000**	21.4%
Brokerage	7,255	8,528	17.5%	**11,000**	29.0%
Single-family homes	91,644	119,563	30.5%	**149,000**	24.6%
Open House Architect *2	23,122	37,625	— *3	**40,000**	6.3%
Condominiums	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.

Brokerage Business

- ☑ Openings of Sales Centers in Nippori and Kinshi-cho Kita in January 2017, and Oimachi and Musashikosugi in April 2017
- ☑ Including Sakae Sales Center launched in October 2016, the business opened five sales centers in the fiscal year under review, bringing the total to 23 sales centers.

Trends in revenue and YOY% (¥billion)

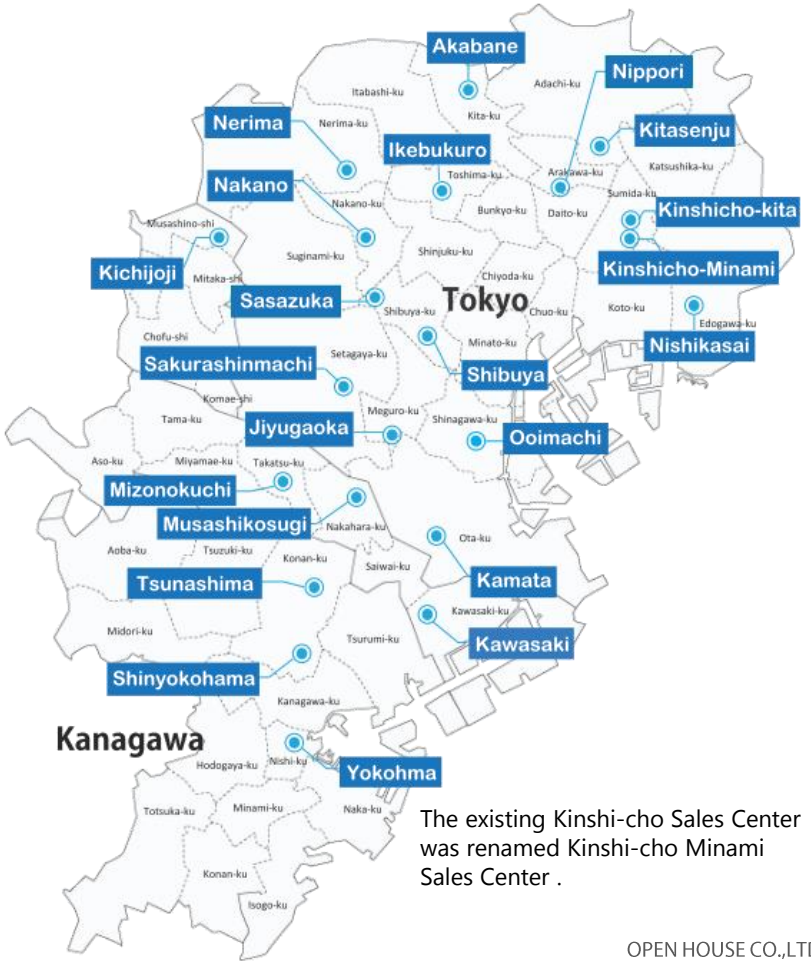


Current operating sales centers (as of May 2017)

- Tokyo (23 wards): **15**
- Tokyo (outside the 23 wards): **1**
- Kanagawa Prefecture: **6**
- Aichi Prefecture: **1**

TOTAL: 23



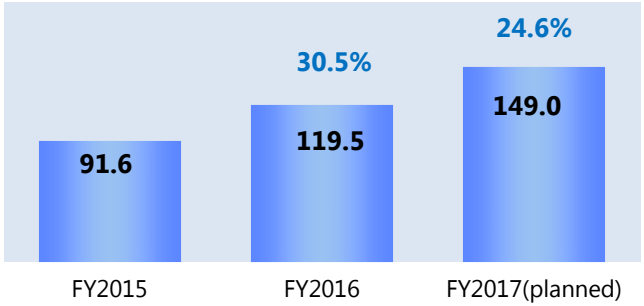


The existing Kinshi-cho Sales Center was renamed Kinshi-cho Minami Sales Center .

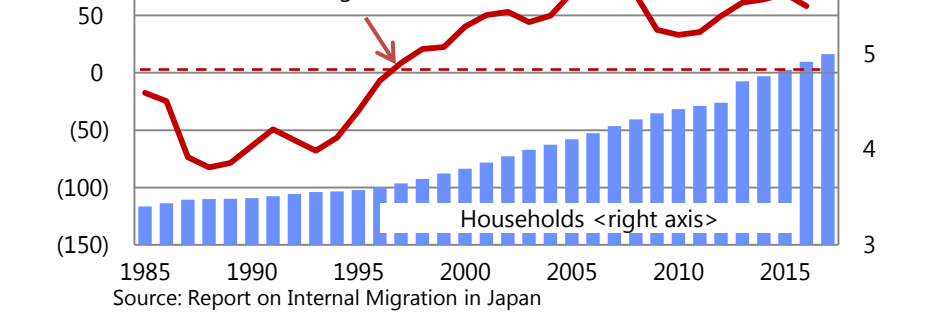
Single-Family Home Business

- ☑ There is an increasing tendency for people to return to urban centers in order to save time due to the rising number of double-income households.
- ☑ Amid persistently high prices of condominiums, there has been continued high demand for single-family homes located in urban centers.

Trends in revenue and YOY%
(¥billion)



Trends in number of households and excess of in/out-migration in Tokyo's 23 wards

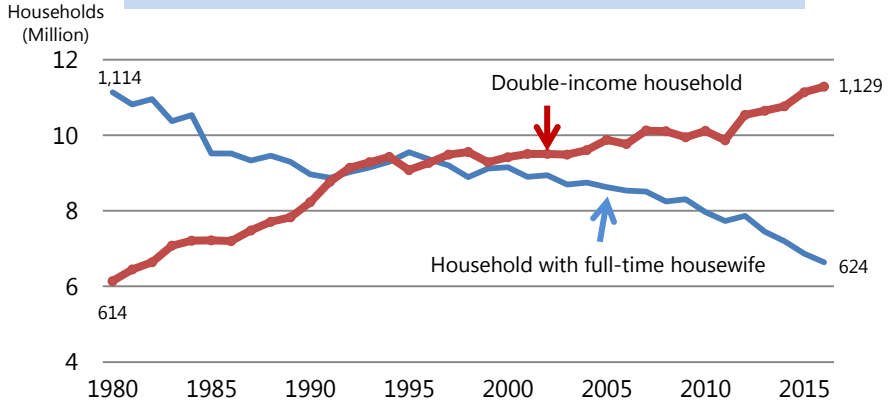


Source: Report on Internal Migration in Japan

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
Built-for-sale houses ＋lands	1,850	2,340	**3,000**	660

Trends in number of Double-income household and Household with full-time housewife

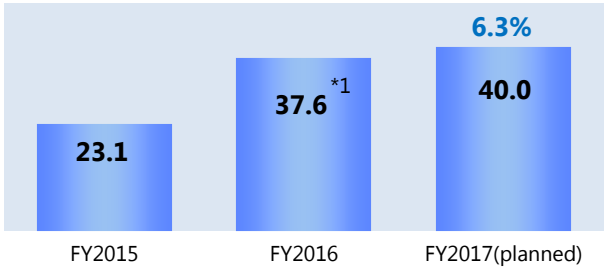


Source: "White Paper on Gender Equality 2015", Cabinet Office, Government of Japan
Labor force survey, the Ministry of Internal Affairs and Communications

Open House Architect

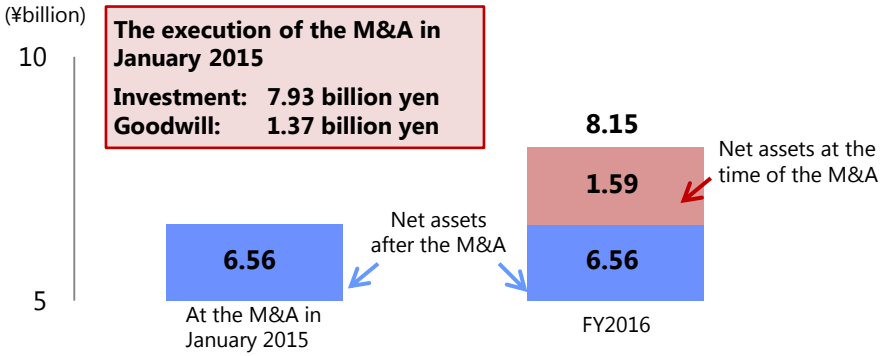
- ☑ In only two years after joining the Group, Open House Architect has become a great contributor in reinforcing the construction function of the Group
- ☑ Open House Architect has also received a favorable evaluation for the merger, since it has raised its net assets higher than investment (including goodwill) after the merger.

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.

Net assets after the M&A *4



*4 The above figures for each period are numbers before the amortization of goodwill. Figures for FY2015 present results for nine months.

Number delivered *2

	FY2015 *3	FY2016	FY2017 planned	Inc(Dec)
Total construction order (a)	1,543	2,484	2,750	266
OHD contracts included above (b)	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.

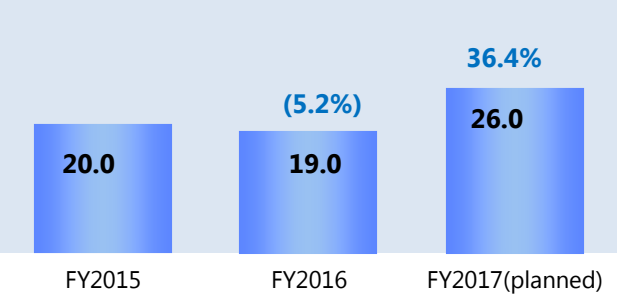
(Reference) Scale of Housing Supply of the Open House Group

	FY2015	FY2016	FY2017 planned	Inc(Dec)
Built-for-sale houses (c)	886	1,243	1,650	407
Built-to-order houses(d)	581	747	770	23
TOTAL (a)-(b)+(c)+(d)	2,874	4,000	4,640	640

Condominium Business

- ☑ We will strengthen efforts for compact condominiums, targeting single households, etc. that do not purchase single-family homes.
- ☑ Rising household and individual income in urban centers are having favorable effects on home sales.

Trends in revenue and YOY%
(¥billion)

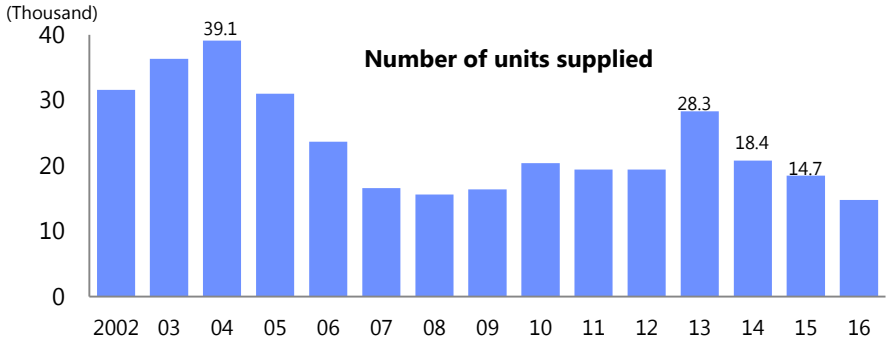


Number delivered

	FY2016	FY2016	FY2016 planned	Inc. (Dec.)
Number delivered	311	304	**480**	176
Number contracted	348	463	—	—

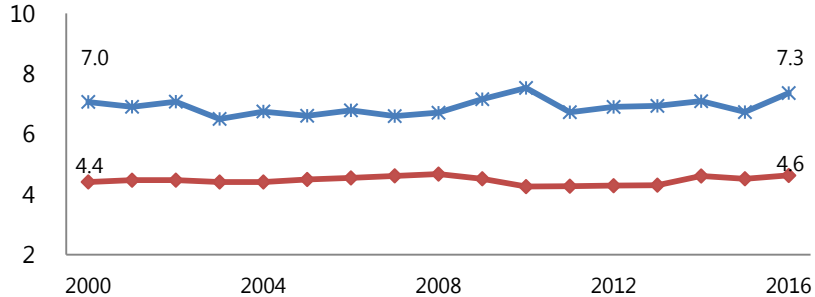


Trends in supply of new condominium units
in Tokyo's 23 wards and YOY(%)



Source: MLIT, "Monthly marketing report on lands"

Trends in household income of two-or-more-person households
and individual income in Tokyo's 23 wards

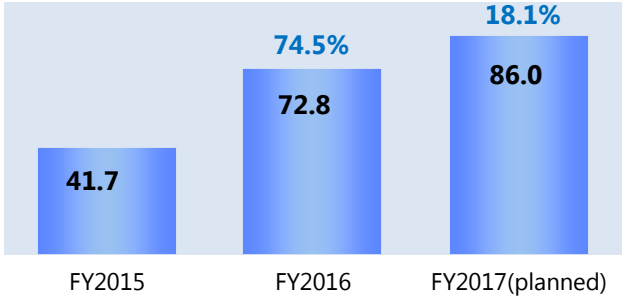


Source: Household income: Annualized based on the actual monthly income of households (working families) with two-or-more person household, obtained from the report "Family Income and Expenditure Survey," the Ministry of Internal Affairs and Communications.
Individual income: Calculated by dividing taxable income by the number of taxpayers, based on data obtained from the report "Survey of Taxation of Municipal InhabitantTaxes, etc." by the Ministry of Internal Affairs and Communications

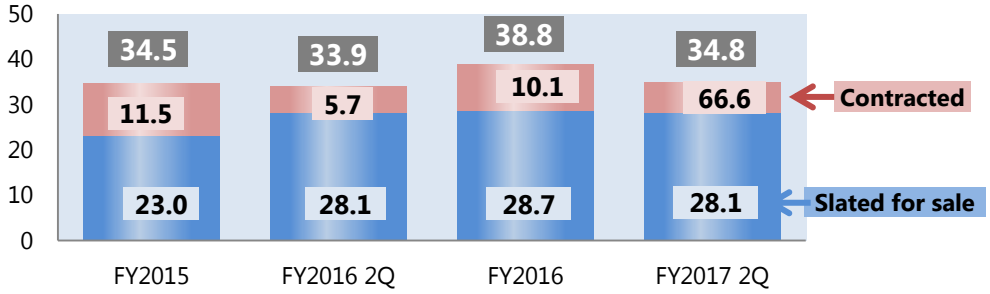
Property Resale Business

- ☑ 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
- ☑ The fact that less time is needed from purchase through to sales has contributed to raising the turnover rate of inventory assets.

Trends in revenue and YOY% (¥billion)



Trends in breakdown of inventories (¥billion)

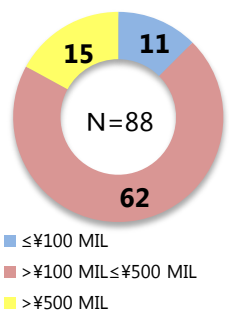


Breakdown of gain on sales and rental earnings (¥billion)

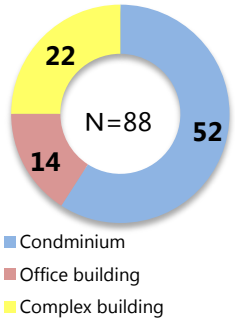
	FY2015	FY2016	FY2017 planned	Inc. (Dec.)
Total Property resales	41.7	72.8	86.0	13.2
=				
Gain on sale	40.1	70.2	83.5	13.2
+				
Rental earnings	1.5	2.5	2.5	0
Inventories (average during period)	24.9	32.5	—	—

Breakdown of properties owned (as of the end of March 2017)

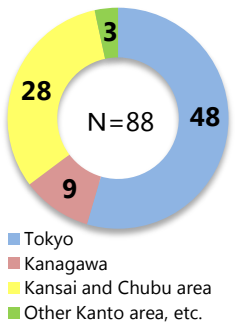
By property size*



By use



By location



* Based on book values at the end of March 2017

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.

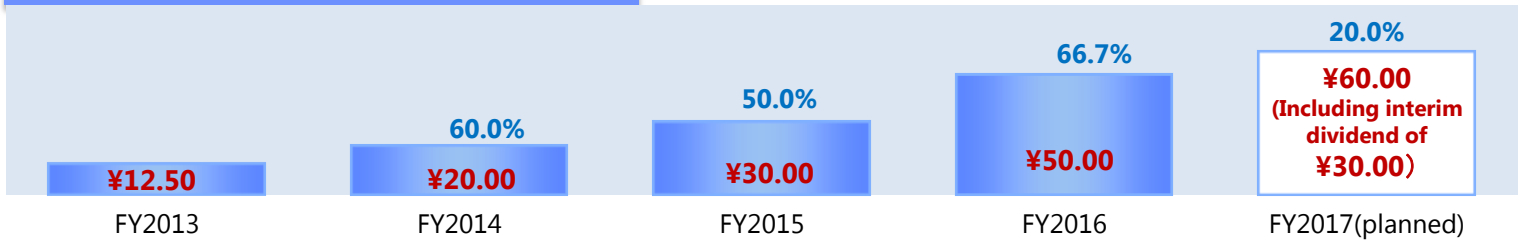
(Million yen)

	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

- ☑ An interim-dividend (¥30.00 per share) was paid for the first time in FY2017.
- ☑ 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.

Annual dividends per share and YOY%



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	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.

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OPEN HOUSE

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