

1-88, Oyodonaka 1-chome, Kita-ku, Osaka
 Chairman & Representative Director (CEO)
 Isami Wada

NOTICE OF THE 58TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to invite you to the 58th Ordinary General Meeting of Shareholders of Sekisui House, Ltd. (the "Company" or "Sekisui House"). Details of the meeting are given below.

If you are unable to attend the meeting, it is still possible to exercise your voting rights either in writing or via the Internet. To exercise voting rights in writing, please study the reference documents below and indicate on the enclosed voting form whether you approve or disapprove the proposals listed, and return it to the Company by 6:00 p.m. of Wednesday, April 22, 2009. To exercise voting rights via the Internet, please refer to next page, Guidelines regarding the exercise of a voting right via the Internet.

- 1. Date and Time:** 10:00 a.m., Thursday, April 23, 2009
- 2. Place of the Meeting:** Umeda Stella Hall
 3F, Tower West, Umeda Sky Building
 1-30, Oyodonaka 1-chome, Kita-ku, Osaka

3. Agenda:

- Items for reporting:**
 - 1. Reports on the Business as of January 31, 2009, and the Consolidated Financial Statements and Non-Consolidated Financial Statements for the 58th fiscal year ended January 31, 2009 (February 1, 2008 - January 31, 2009)
 - 2. Report on the Results of Audit conducted by the Accounting Auditor and the Board of Corporate Auditors with respect to the Consolidated Financial Statements for the 58th fiscal year ended January 31, 2009

Propositions to be tabled:

No.1	Appropriation of retained earnings for the 58th fiscal year ended January 31, 2009
No.2	Changes to a part of the Articles of Incorporation
No.3	Election of 2 Corporate Auditors
No.4	Provision of Bonus to Directors as a group

4. Guideline of the Exercise of Voting Rights:

Please refer to next page, Guideline of the Exercise of Voting Rights.

If attending the meeting in person, please submit the enclosed Voting Right Exercise Form to the receptionist at the meeting

[**Translation:** Please note that this document purports to be a translation from the Japanese original Notice of Convocation of the Ordinary General Meeting of Shareholders 2009 of Sekisui House, Ltd. prepared for the convenience of foreign readers. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain statements regarding voting procedures for domestic shareholders are not applicable to the shareholders outside Japan.]

Guideline of the Exercise of Voting Rights

1. Announcement method if the statements of the Reference Documents for General Meeting of Shareholders and other documents are amended:

In case that any amendment to the statements of the Reference Document for General Meeting of Shareholders, business report and consolidated financial statements, or non-consolidated financial statements is necessary, please be advised that the Company will post such amendments where applicable on the Company's website (<http://www.sekisuihouse.co.jp>).

2. Handling of votes if a voting right is exercised using both mail and the Internet:

In case that a voting right is exercised using both mail and the Internet, then only the vote registered via the Internet will be recognized as valid.

3. Handling of votes if a voting right is exercised more than once via the Internet:

In case that a voting right is exercised more than once via the Internet, only the last vote will be recognized as valid.

4. Guidelines regarding the exercise of a voting right via the Internet:

When exercising a voting right via the Internet, the Company cordially requests shareholders to carefully read the matters stated below before any exercise of their voting rights.

- (1) Website for exercising votes:

- ① Exercising a voting right can only be made by accessing our designated website for the exercise of voting rights (<http://www.evotep.jp/>) from your personal computers or mobile phones (i-mode, EZweb, Yahoo! *Keitai*). However, it is not possible to gain access to the designated website from 2:00 AM to 5:00 AM.

* The "i-mode", "EZweb" and "Yahoo!" are trademarks or registered trademarks of NTT DoCoMo, Inc., KDDI Corporation and Yahoo! Inc. of the U.S., respectively.

- ② Depending on the Internet connection of your computer (i.e., if a shareholder sets up a firewall, installs any security software or uses a proxy server), the service may not be available.

- ③ When exercising a voting right through mobile phones, please use either of the services provided by i-mode, EZweb or Yahoo! *Keitai*. In addition, please note that if the handset of your mobile phone is incompatible with the SSL (Secure Socket Layer) transmission or other transmission service through mobile phones, the service may not be available for security reasons.

- ④ While the exercise of a voting right via the Internet is received by 6:00 p.m. on 22nd April, 2009 (Wednesday), it is best to exercise your voting rights as soon as possible. If you have any inquiries, please contact the help desk below.

- (2) Internet voting procedure:

- ① On the website for the exercise of voting rights (<http://evotep.jp/>), please use the log-in ID and temporary password which are shown on the vote exercise form. After logging in, please indicate whether you approve or disapprove the items on the agenda by following the instructions on the display screen.

- ② To prevent unauthorized access to the website by persons other than the shareholder (spoofing) or alteration of votes submitted, the Company requests the users change the temporary password given to the shareholder to another password on the website for the exercise of voting rights.

- ③ The Company will inform you of the new log-in ID and temporary password at every convocation of general meetings of shareholders.

(3) Connection charges when accessing the exercise of voting rights website:

Any connection charges to be incurred when accessing the website for the exercise of voting rights (all dial-up connection charges and call charges) must be borne by the exercising shareholder. Similarly, if the shareholder uses a mobile phone to vote, the exercising shareholder must bear the costs incurred by paying by packet pack communications and other call charges.

(4) Method to receive the notice of convocation:

If a shareholder wishes to receive a notice of convocation by email, please follow the procedures listed on the website for the exercise of voting rights. After following such procedures, the Company will send the notice of convocation by email for the next meeting of shareholders. (Please note that this procedure cannot be taken from mobile phones and the email address of your mobile phone cannot also be designated as the recipient.)

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Service Support: dial-in 0120 (173) 027 *

Business Hours: from 9:00am to 9:00 pm (call free)

5. Electronic Voting Platform

If you are a nominee shareholder such a trust bank (including a standing proxy) and apply in advance to use the electronic voting platform operated by ICJ, Inc. established by TSE and others, you are entitled to use the platform for uses other than the aforementioned exercise of your voting rights electronically via the Internet as a method for exercising your voting rights.

Note:* The service is available in Japanese only.

Business Report
For the Fiscal Year Ended Jan. 31, 2009

1. Business Conditions

1) Progress and Results of Sekisui House Group

During the fiscal year ended January 31, 2009, the Japanese economy remained sluggish on the back of the credit crunch and concerns over economic recession amid the international financial turmoil originating in the U.S. Following the bankruptcies of several U.S. financial institutions in September 2008, the global economy began to slow simultaneously and substantially, which in turn severely worsened corporate earnings, resulting in the Japanese economy entering a recessionary phase with weaker private sector capital expenditures and poorer employment conditions in this recessionary phase.

In the housing market, the adverse real estate market and absence of any signs of improvement in personal income, as well as the erosion of individuals' financial assets due to the beleaguered stock market, all contributed to decreased motivation to invest in housing. Consequently, sales of real estate for sale, including condominiums, performed slowly, and rebuilding orders maintained a low profile. Meanwhile, the rental housing business gave strong showing, as wealthy individuals were motivated to invest in real estate in the form of effective utilization of idle land for inheritance tax purposes amid the greater mobilization of the population among metropolitan areas, but this momentum was not sufficient to propel the entire business.

Against this backdrop, we launched a mid-range line for younger age groups, while at the same time remaining focused on our product policy in pursuit of the high-end market by placing a new high-value-added line in the detached house market, etc. We also sought to expand nationwide sales by increasing the scope of strategic products in each region.

We remained committed to activities for environmental issues, which we believe will become a key element of business management hereafter. In November 2008, we relocated the "Zero Emission House" (a futuristic residential house planned by the Ministry of Economy, Trade and Industry of Japan for the G8 Summit last year and constructed with our collaboration) to a Zero Emission Center adjacent to our Kanto Factory, where it has been opened to the public to effectively communicate our commitment to environmental conservation. We also have become the first company in the housing and construction industry to receive approval as an Eco First company under the Eco First System, which was created by the Ministry of the Environment of Japan to further advance actions of leading businesses in each industry toward environmental conservation.

Despite these assiduous efforts in various different areas, however, the sharp turndown in the domestic economy had a substantial impact on the housing market as well, particularly leading to sluggish growth in the Built for Sale Housing Business. For the Urban Redevelopment Business, we failed to meet our

original target. Orders received decreased in the Built to Order Housing Business, which had been on a trajectory toward recovery, as well as in the Real Estate for Sale Business. In the meantime, as part of the ongoing efforts to eliminate and consolidate display home locations and realign sales offices, we decided to reorganize the current production setup at the five major factories and suspend production at the Shiga Factory on March 31, 2009, in a bid to achieve another round of major cost reductions.

Below are the results of each business segment.

Built to Order Housing Business

In the detached house business, we expanded the *Is Order* Series, the mainstay of our steel-frame detached house line, by launching *Is Order J*, whose refined Japanese style is expected to appeal to upmarket customer groups in a bid to tap into the growing demand for housing with Japanese taste. Meanwhile, we launched new compact housing in the middle-price range category, targeting the potential customer segments, and also increased strategic products for each region, with a view toward offering attractive products to a broader customer base.

Under our *Sha-Wood* wood-framed lines, we aimed to increase our sales share by putting out our new offering, *Roomore*, which features large central storage space on the second floor for significantly enhanced storage capacity, as well as high ceiling and skip floor.

We also launched the *Carbon Neutral House*, which incorporates sophisticated energy saving technology, a photovoltaic generation system, and fuel cells to reduce net CO₂ emissions to almost zero. The *Carbon Neutral House* received the Chairman of New Energy Foundation Prize of the 13th New Energy Award sponsored by the New Energy Foundation.

We also reinforced our marketing strength in the *Sha-Maison* low rise apartment business through a variety of initiatives designed to meet diversifying customer demands, which included the installation of a photovoltaic generation system, tree planting for a rich natural environment in accordance with our “*Gohon no ki*” gardening concept, and offering of eco-friendly rental housing, as well as enhancing the insulation performance.

Real Estate for Sale Business

In our Built for Sale Housing Business, we took a series of measures in order to increase our sales share, by developing towns which feature the concept of “beauty that blooms with time,” – i.e., the longer one lives in a community, the greater the beauty it takes on and the value which its residents attach to it – in accordance with our “Urban Development Charter.” We also made aggressive efforts to have our housing certified as “symbiotic housing” and looked to expand sales through the sales promotion event *Machinami Sankan-bi* (visits to existing subdivisions with superior living environments) throughout the country. In line with the purpose of the “Quality, Long-term Sustainable Housing Leading Model Project,” through which the Ministry of Land, Infrastructure, Transport and Tourism of Japan suggests how

housing should be in a “stock society,” we developed a housing complex and emphasized the appeals of the subdivisions of our building.

In the Condominiums business, we carried out our sales activities mainly in the three metropolitan areas. Our condominiums have various aspects which help to create a community, including use of our extensive construction know-how amassed in the detached housing business and restoration of the ecosystem in each respective community. By offering higher-value-added lines which were designed from the resident’s point of view, we ensure that our condominiums blend in smoothly with the neighborhood. *GM Itamiikejiri Literacity* received Kids Design Award in the architecture and space design category.

For the Urban Redevelopment Business, we completed sale of our equity in the Tokyo Mid-town in the first half of the year under review, but suffered the cancellation of a project that we had originally planned to sell in the second half. As a result, we failed to meet our original target. We began development of the *Gotenyama Project* and *Hommachi Garden City Project*. In other urban redevelopment projects, we also remained committed to the high quality development projects that are both human- and eco-friendly and incorporate our time-honored philosophy on urban development.

Real Estate for Leasing Business

The Real Estate for Leasing Business remained strong, as we made aggressive efforts to capitalize on the rising demands in the metropolitan areas by maximizing synergies within the Sekisui House Group through a tighter alliance with Sekiwa Real Estate companies. We also made proactive efforts in offering services that help to increase the satisfaction of both owners and residents, as well as block leasing of properties and management of leasing properties by Sekiwa Real Estate companies. We also worked on creating quality stock by sustaining a high occupancy rate and extensive involvement in the maintenance of properties, directing the Group’s entire energies to the strengthening of our proposal capacity.

Other Businesses

For the remodeling business, we reached out to owners of our existing stock built by the company. Our proposals range from space design, namely, the alteration of room arrangements according to their current lifestyle, to remodeling them into environmentally-friendly, energy-efficient housing, by way of promoting the spread of high performance sashes and installing high-efficiency water heaters and solar power generation systems. For the exterior business, we promoted the creation of a rich natural environment that achieves harmony between humankind and nature, and provides an ecological link with surrounding woods and woodlot by planting trees of the original species and native varieties of the region in accordance with our “*Gohon no ki*” gardening concept

For the business results for this fiscal year, consolidated orders received totaled 1,472,987 million yen, a decrease of 6.6% year-on-year, and non-consolidated orders by 11.1% down to 1,057,147 million yen.

Consolidated net sales decreased by 5.2% to 1,514,172 million yen. Consolidated operating income decreased by 32.6% to 73,960 million yen, consolidated recurring income by 32.4% to 77,072 million yen.

The Company recorded valuation loss of 9,299 million yen on investment securities due to slump of stock market and valuation loss of 34,882 million yen on real estate for sale due to nationwide land price erosion. As a result, consolidated net income decreased by 80.9% to 11,516 million yen.

2) Issues for Sekisui House Group

The global financial turmoil stemming from the U.S. has also had a serious impact on Japan, and effects have come to affect the real economy. In order to enhance our corporate resilience amid these difficulties, we will focus on the development and launch of strategic products with eco-friendly features and strengthen our sales force, while at the same time making continued efforts to reduce costs through the realignment of display home locations and streamlining of production lines.

The fiscal 2009 tax system revisions include the largest-ever mortgage tax break and investment tax credit for new building of long-life quality housing, etc. Using the stimulus package with a focus on house building as a new tailwind, we will go on to make aggressive marketing efforts.

3) Breakdown of Orders Received and Net Sales of Sekisui House Group

Millions of yen

	Orders brought forward from previous year	Orders for the year to Jan. 2009	Net sales for the year to Jan. 2009	Orders carried forward to the following year
Built to Order Housing	352,666	669,897	682,862	339,702
Real Estate for Sale	88,728	299,651	317,278	71,101
Real Estate for Leasing	—	357,075	357,075	—
Other Business	103,020	146,362	156,955	92,427
Total	544,416	1,472,987	1,514,172	503,230

Note:

Each business division is set out in 6) Major businesses.

4) Business Results and Financial Situation

1. Business Results and Financial Situation of Sekisui House Group

Millions of yen

	Year to Jan. 2006	Year to Jan. 2007	Year to Jan. 2008	Year to Jan. 2009
Net sales	1,501,857	1,596,183	1,597,807	1,514,172
Net income	43,029	62,663	60,352	11,516
Net income per share (¥)	¥62.94	¥89.26	¥87.70	¥17.04
Total assets	1,098,203	1,278,770	1,349,441	1,387,237
Net assets	685,762	798,302	770,963	754,130

Notes:

1. Net income per share is calculated based on the average total number of shares issued during the term concerned (treasury stock was excluded).
2. From the fiscal year ended January 2007, the Accounting Standard for Presentation of the Net Assets item of Balance Sheet (Corporate Accounting Standard No. 5, December 9, 2005) and the Accounting Standard for Presentation of the Net Assets item of Balance Sheet Application Guidelines (Corporate Accounting Standards Application Guideline No. 8, December 9, 2005) have been applied.

5) Plant-and-equipment investment and conditions of financing

The aggregate amount of plant-and-equipment investments made by the Sekisui House Group for the year ended January 2009 amounted to 57,432 million yen and the main component was acquisition of the real estate for investments.

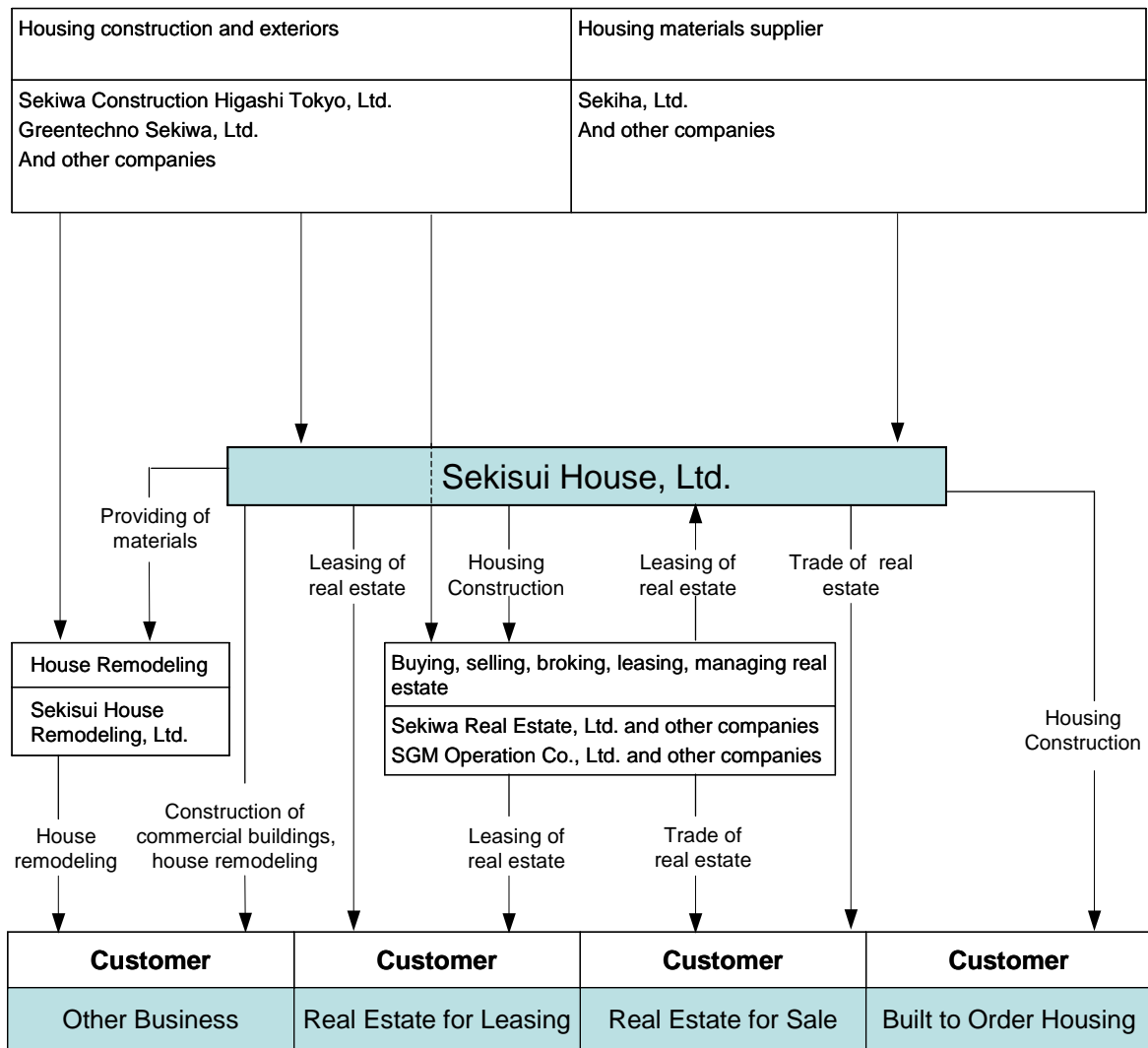
The main component of funds that the Company procured during the fiscal year under review were borrowing from the financial institutions in a total amount of 130,000 million yen.

6) Major Businesses

The Company and the Sekisui House Group companies are involved in the contract design, construction, and letting of prefabricated houses. We also buy and sell, act as agents for, lease and manage real estate. The position of each company within the Group is illustrated below.

<p>Built to Order Housing Business</p>	<ul style="list-style-type: none"> ● Designs and builds steel, wooden and concrete houses and condominiums <p>The main affiliated companies of this division are Sekiha, Ltd., Sekiwa Construction Higashi Tokyo, Ltd., Sekiwa Construction Higashi Saitama, Ltd., and Sekiwa Construction Hiroshima, Ltd.</p>
<p>Real Estate for Sale Business</p>	<ul style="list-style-type: none"> ● Sells houses and real estate, designs, constructs, and contracts for sale housing on estate land, conducts urban redevelopment projects and commercial buildings transactions <p>The main affiliated companies of this division are Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd., and Sekiwa Real Estate Tohoku, Ltd.</p>
<p>Real Estate for Leasing Business</p>	<ul style="list-style-type: none"> ● Leases and manages detached houses, apartments, condominiums, commercial buildings, shops etc. <p>The main affiliated companies of this division are Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd., and Sekiwa Real Estate Tohoku, Ltd.</p>
<p>Other Business</p>	<ul style="list-style-type: none"> ● Designs and constructs condominiums and commercial buildings, and contracts remodeling of houses, and designs and constructs landscape gardens <p>The main affiliated companies of this division are Sekisui House Remodeling, Ltd., Greentechno Sekiwa, Ltd., and Landtech Sekiwa, Ltd.</p>

The outline of the major business of the Sekisui House Group is set out below:



7) Major Operations of Sekisui House Group

1. Location of Major Operations of the Company

Head office:	1-88, Oyodonaka 1-chome, Kita-ku, Osaka	
Tokyo office:	15-1, Akasaka 4-chome, Minato-ku, Tokyo	
Sales and project headquarters:		<u>City</u>
Tohoku Sales Administration Headquarters		Sendai
Tokyo Sales Administration Headquarters		Shibuya-ku, Tokyo
Kanagawa Sales Administration Headquarters		Yokohama
Saitama Sales Administration Headquarters		Saitama
Higashi Kanto Sales Administration Headquarters		Chiba
Kita Kanto Sales Administration Headquarters		Utsunomiya
Chubu Daiichi Sales Administration Headquarters		Nagoya
Chubu Daini Sales Administration Headquarters		Shizuoka
Hokuriku Sales Administration Headquarters		Kanazawa
Kansai Daiichi Sales Administration Headquarters		Osaka
Kansai Daini Sales Administration Headquarters		Kyoto
Chugoku Sales Administration Headquarters		Hiroshima
Shikoku Sales Administration Headquarters		Takamatsu
Kyushu Sales Administration Headquarters		Fukuoka
Tokken Building Projects Headquarters		Osaka
Condominium Headquarters		Osaka
Development Headquarters		Osaka
House Purchase & Resale Department		Osaka
Branches:	140 branches	
Customer service centers:	65 Customer Service Centers	
Factories:		
Tohoku Factory	Shikama-cho, Kami-gun, Miyagi Prefecture	
Kanto Factory	Koga-City, Ibaraki Prefecture	
Shizuoka Factory	Kakegawa-City, Shizuoka Prefecture	
Shiga Factory	Ritto-City, Shiga Prefecture	
Yamaguchi Factory	Yamaguchi-City	
Hyogo Factory	Kato- City, Hyogo Prefecture	
Azai Factory	Nagahama- City, Shiga Prefecture	
R&D Institute		
Comprehensive Housing R&D Institute	Kizugawa- City, Kyoto Prefecture	

2. Address of Major Operations of subsidiaries

Sekiwa Real Estate, Ltd.	Head office: 1-1, Yoyogi 2-chome, Shibuya-ku, Tokyo
Sekiwa Real Estate Kansai, Ltd.	Head office: 1-30, Oyodonaka 1-chome, Kita-ku, Osaka
Sekiwa Real Estate Chubu, Ltd.	Head office: 5-28, Meieki 4-chome, Nakamura-ku, Nagoya
Sekiwa Real Estate Chugoku, Ltd.	Head office: 1-25, Komachi, Naka-ku, Hiroshima
Sekiwa Real Estate Kyushu, Ltd.	Head office: 25-21, Hakataekimae 3-chome, Hakata-ku, Fukuoka
Sekiwa Real Estate Tohoku, Ltd.	Head office: 16-10, Honcho 2-chome, Aoba-ku, Sendai
Sekisui House Remodeling, Ltd.	Head office: 1-90, Oyodonaka 1-chome, Kita-ku, Osaka
SGM Operation Co., Ltd.	Head office: 13, Koyochonaka 5-chome, Higashinada-ku, Kobe
Sekiha, Ltd.	Head office: 27-3, Ariso 2-chome, Imizu-City, Toyama Prefecture

8) Outline of main subsidiaries

Millions of yen

Company Name	Capital	Percentage owned	Main business
Sekiwa Real Estate, Ltd.	1,668	100.0%	Real Estate for Leasing and Sale
Sekiwa Real Estate Kansai, Ltd.	5,829	100.0%	Real Estate for Leasing and Sale
Sekiwa Real Estate Chubu, Ltd.	1,368	100.0%	Real Estate for Leasing and Sale
Sekiwa Real Estate Chugoku, Ltd.	379	100.0%	Real Estate for Leasing and Sale
Sekiwa Real Estate Kyushu, Ltd.	263	100.0%	Real Estate for Leasing and Sale
Sekiwa Real Estate Tohoku, Ltd.	200	100.0%	Real Estate for Leasing and Sale
Sekisui House Remodeling, Ltd.	100	100.0%	Other Business
SGM Operation Co., Ltd.	418	100.0%	Real Estate for Leasing
Sekiha, Ltd.	480	100.0%	Built to Order Housing

Note:

There are 69 consolidated subsidiaries, and seven companies to which equity method of accounting is applied.

9) Employees

Outline of Sekisui House Group

Number of employees	Change compared to previous year
22,254	55 (decreased)

Outline of Sekisui House, Ltd.

Number of employees	Change compared to previous year	Average age	Average length of employment
16,176	77 (decreased)	38.5 years old	14.7 years

Note:

The number of employees stated above includes those dispatched to subsidiaries and the like.

10) Principal Lenders

Millions of yen

Name of lenders	Amount of loan
The Bank of Tokyo-Mitsubishi UFJ,Ltd.	41,000
Sumitomo Mitsui Banking Corporation	39,000
Mizuho Corporate Bank, Ltd.	31,000
Mizuho Trust & Banking Co., Ltd.	21,700
Resona Bank, Ltd.	10,000

2. Present Conditions of the Company, as of January 31, 2009

1) Description of Common Shares of the Company

1	Total number of shares authorized to be issued	1,978,281,000 shares
2	Total number of shares issued (including Treasury stock)	676,885,078 shares (912,081 shares)
3	Total number of shareholders	34,157
4	Details of main shareholders are as follows:	
	Name	Number of shares held (thousands)
	Sekisui Chemical Co., Ltd.	72,168
	Japan Trustee Services Bank, Ltd. (Trust account 4G)	36,537
	Japan Trustee Services Bank, Ltd. (Trust account)	35,330
	The Bank of New York Mellon as Depository Bank for Depository Receipt Holders	33,451
	The Master Trust Bank of Japan, Ltd. (Trust account)	33,343
	Northern Trust Company (AVFC) Sub-account American Client	17,929
	The Dai-ichi Mutual Life Insurance Company	16,158
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,624
	Sekisui House <i>Ikushikai</i>	13,317
	State Street Bank and Trust Company 505225	11,828

Notes:

1. The Bank of New York Mellon as Depository Bank for Depository Receipt Holders is the nominee of shares deposited for issuance as American Depository Receipts (ADRs) of the Company.
2. Sekisui House *Ikushikai* is the Company's employee stock ownership plan.

2) Outlines of Stock Acquisition Rights

1. Outlines of Stock Acquisition Rights as of January 31, 2009

·Number of stock acquisition rights

208 units

·Type and number of shares to be issued upon exercise of stock acquisition rights

208,000 common shares of the Company (1,000 shares for one unit)

·Current situation of stock acquisition rights held by posts

Posts	Directors (Outside Directors)		Executive Officers		Corporate Auditors		Others	
	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights
No.1 Stock Acquisition Rights (Stock compensation-type stock option)	13	30	8	8	1	3	3	5
No.2 Stock Acquisition Rights (Stock compensation-type stock option)	13	36	8	8	1	4	3	6
No.3 Stock Acquisition Rights (Stock compensation-type stock option)	14 (1)	69 (2)	18	39	—	—	—	—

Note:

1. The number of Executive Officers stated in the above table does not include Executive Officers who concurrently hold the office of Directors.

2. The exercise price of stock acquisition rights above is 1 yen per one share.

3. The exercise period of stock acquisition rights above is as stated below.

No.1 Stock Acquisition Rights (Stock compensation-type stock option): From April 28, 2006 to April 27, 2026

No.2 Stock Acquisition Rights (Stock compensation-type stock option): From June 8, 2007 to June 7, 2027

No.3 Stock Acquisition Rights (Stock compensation-type stock option): From June 7, 2008 to June 6, 2028

2. Outlines of Stock Acquisition Rights delivered during the fiscal year under review

·Name of stock acquisition rights

No.3 Stock Acquisition Rights (Stock compensation-type stock option)

·Number of stock acquisition rights

108 units

·Type and number of shares to be issued upon exercise of stock acquisition rights

108,000 common shares of the Company (1,000 shares for one unit)

·Issuance price

876 yen per one share

·Amount to be paid in upon exercise of each stock acquisition right

1 yen per one share

·Exercise period of stock acquisition rights

The period in which stock acquisition rights are exercisable will be determined by the Board of Directors of the Company within the period between June 7, 2008 and June 6, 2028.

·Conditions for exercise of stock acquisition rights

(i) Holders of stock acquisition rights can exercise stock acquisition rights from the day following the day on which they lose their positions as directors of the Company or its consolidated subsidiaries (including corporate officers in a case where the Company turns into "company with committees" in the future); corporate auditor, or executive officers (the "start date of exercise of stock acquisition rights").

(ii) Notwithstanding the description in the above item (i), if either of the following two cases (a) or (b) occurs, holders of stock acquisition rights can exercise their stock acquisition rights within the periods specified (provided, however, that with respect to (b), the foregoing shall not be applied to a case in which stock acquisition rights of the reorganized company are assigned to the holders of stock acquisition rights).

(a) Holders of stock acquisition rights are unable to have the start date of exercise of stock acquisition rights commencing before June 6, 2027:

Between June 7, 2027 and June 6, 2028

(b) A general meeting of shareholders of the Company approves a resolution for a merger contract in which the Company becomes a dissolving company or a resolution for a share exchange or transfer contract or plan in which the Company becomes a wholly-owned subsidiary:

For 15 days from the date following the date on which the approval is granted

(iii) If holders of stock acquisition rights waive their rights, they cannot exercise the rights.

(iv) No partial exercise of a single stock acquisition right is allowed.

(v) The other terms and conditions of the stock acquisition rights shall be provided for in the Stock Acquisition Rights Allotment Agreement entered into between the Company and individual officers to whom stock acquisition rights were allotted.

·Terms and conditions for acquisition of stock acquisition rights:

If a meeting of shareholders of the Company approves proposals (1), (2), (3), (4) and (5) below, the Company may acquire the stock acquisition rights without compensation on a date separately determined by the Board of Directors (if an approval is not required, then, the day on which the Board of Directors of the Company adopts a resolution).

- (1) a proposal for approval of a merger contract in which the Company is to be dissolved;
- (2) a proposal for approval of a corporate division agreement or plan under which the Company undergoes a split;
- (3) a proposal for approval of a share exchange or transfer contract or plan in which the Company becomes a wholly-owned subsidiary;
- (4) a proposal for approval of changes in the Articles of Incorporation to establish the provisions that the Company's approval is required for acquisition by transfer of any shares issued by the Company;
- (5) a proposal for approval of changes in the Articles of Incorporation to establish the provisions that the Company's approval is required for acquisition by transfer of shares to be issued upon exercise of stock acquisition rights, or that the Company shall acquire all such shares to be issued upon exercise of stock acquisition rights by resolution of the general meeting of shareholders.

·Current situation of stock acquisition rights held by posts

Posts	Directors (Outside Directors)		Executive Officers	
	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights
	14 (1)	69 (2)	18	39

Note:

The number of Executive Officers stated in the above table does not include Executive Officers who concurrently hold the post of Directors.

3) Directors and Corporate Auditors

1. Names and posts of Directors and Corporate Auditors

Chairman, Representative Director & CEO(Chief Executive Officer).	Isami Wada
President, Representative Director & COO(Chief Operating Officer).	Toshinori Abe
Executive Vice President & Director:	
Kazuo Yoshimitsu	Executive Vice President & Executive Officer Assistant to the President, Management of real estate and Tokken Building Projects
Directors:	
Katsuhiko Machida	Chairman & Representative Director of Sharp Corporation
Akira Morimoto	Senior Managing Officer, In charge of environment and construction
Sumio Wada	Senior Managing Officer, management of technology, in charge of purchasing, Chief Manager of International Business Department
Shiro Inagaki	Senior Managing Officer, in charge of accounting & finance, information & computer system, auditing, TKC Project and Corporate Marketing
Yoshiro Kubota	Senior Managing Officer, in charge of general affairs, legal, public relations and personnel, General Manager of CS Promoting Headquarters
Yuzo Matsumoto	Managing Officer, General Manager of Manufacturing Headquarters
Fumiaki Hirabayashi	Managing Officer, General Manager of Tokyo Administration Office President & Representative Director of Sumai no Toshokan Co., Ltd.
Takashi Uchida	Managing Officer, Chief Manager of Accounting & Finance Department
Junichi Terada	Managing Officer, in charge of Metropolitan Area Administration, General Manager of Tokyo Administration Office
Tetsuo Iku	Managing Officer, in charge of design and technology
Kenji Hatanaka	Managing Officer, General Manager of Development Headquarters and General Manager of Condominium Headquarters
Full-Time Standing Corporate Auditors:	
Hiroshi Itawaki	
Tadashi Iwasaki	
Corporate Auditors:	
Takaharu Dohi	Lawyer
Eiji Mansho	Full-time Corporate Auditor of Sekisui Chemical Co., Ltd

Notes:

- The Directors and Corporate Auditors retired from the office during the fiscal year under review:

Executive Vice President & Director	Tadashi Iwasaki	The term of office expired on April 24, 2008
Director	Toshiharu Arakawa	The term of office expired on April 24, 2008
Director	Kiyohide Hirabayashi	The term of office expired on April 24, 2008
Full-Time Standing Corporate Auditor	Kenichi Kawauchi	The term of office expired on April 24, 2008
Corporate Auditor	Katsuya Kittaka	Resigned on April 24, 2008

- Directors Messrs. Katsuhiko Machida, Junichi Terada, Tetsuo Iku, Kenji Hatanaka and Full-Time Standing Corporate Auditor Mr. Tadashi Iwasaki and Corporate Auditor Mr. Eiji Mansho were newly elected at the 57th General Meeting of Shareholders held on April 24, 2008 and assumed the office.
- Director Mr. Katsuhiko Machida is Outside Director as prescribed in Section 15 of Article 2 of the Companies Act.
- Corporate Auditors Messrs. Takaharu Dohi and Eiji Mansho are Outside Corporate Auditors as prescribed in Section 16 of Article 2 of the Companies Act.
- In order to promote prompt management through a clear distinction between the decision-making and the business operations of the management system and to create a management structure that can accurately meet the needs of a volatile economic and market environment, the Company has adopted an Executive Officer System. In addition to the executive officers mentioned above, who simultaneously serve as Directors, the Company has 18 full-time executive officers as of January 31, 2009.
- The duties of the Directors changed on February 1, 2009 as set forth below:

Akira Morimoto	Senior Executive Officer, in charge of construction and Sekiwa Construction Remodeling Project
Shiro Inagaki	Senior Executive Officer, in charge of accounting & finance, IT Operation, auditing, TKC Project and Corporate Marketing
Yuzo Matsumoto	Managing Executive Officer, in charge of environment
Takashi Uchida	Managing Executive Officer, in charge of administrative control of subsidiary & affiliated companies, Chief Manager of Accounting & Finance Development

Tetsuo Iku Managing Executive Officer, in charge of design and technology, General Manager of Technology Headquarters

7. In addition to the above, Directors and Corporate Auditors who concurrently hold the important post of other companies are stated below.

Directors:		
Name	Company in which Directors and Corporate Auditors of the Company hold an concurrent post	Post
Isami Wada	Sekiwa Real Estate Tohoku, Ltd. Sekiwa Real Estate, Ltd. Sekiwa Real Estate Kansai, Ltd. Sekiwa Real Estate Chubu, Ltd. Sekiwa Real Estate Kyushu, Ltd. Sekisui House Remodeling, Ltd. Almetax Manufacturing Co., Ltd.	Chairman & Director Director Director Director Director Executive Advisor & Director
Sumio Wada	Sekiha, Ltd.	Director
Shiro Inagaki	The Mortgage Corporation of Japan, Limited	Director
Yuzo Matsumoto	Sekiha, Ltd.	Director
Takashi Uchida	Japan Excellent Asset Management Co., Ltd. SGM Operation Co., Ltd.	Director Corporate Auditor
Junichi Terada	Sekiwa Real Estate, Ltd.	Corporate Auditor
Corporate Auditors:		
Name	Company in which Directors and Corporate Auditors of the Company hold an concurrent post	Post
Hiroshi Itawaki	Sekiha, Ltd. Almetax Manufacturing Co., Ltd. Senko Co., Ltd.	Corporate Auditor Corporate Auditor Corporate Auditor
Tadashi Iwasaki	Sekiwa Real Estate Tohoku, Ltd. Sekiwa Real Estate Kansai, Ltd. Sekiwa Real Estate Chugoku, Ltd. Sekiwa Real Estate Kyushu, Ltd. Sekisui House Remodeling, Ltd.	Corporate Auditor Corporate Auditor Corporate Auditor Corporate Auditor Corporate Auditor
Takaharu Dohi	Kansai Telecasting Corporation Komatsu Ltd. The Kansai Electric Power Co., Inc. Hankyu Hanshin Holdings, Inc. Kawase Computer Supplies Co., Ltd.	Director Corporate Auditor Corporate Auditor Corporate Auditor Corporate Auditor
Eiji Mansho	Sekisui Plastics Co., Ltd.	Corporate Auditor

2. Remunerations paid for Directors and Corporate Auditors

	Directors (Outside Director)		Corporate Auditors (Outside Corporate Auditors)		Total (Outside Officers)	
	Number of people	Remunerations (Millions of yen)	Number of people	Remunerations (Millions of yen)	Number of people	Remunerations (Millions of yen)
Remunerations based on a general meeting of shareholders' resolution	17 (1)	425 (13)	6 (3)	72 (24)	23 (4)	497 (37)
Stock compensation-type stock options (stock acquisition rights)	17 (1)	60 (1)	—	—	17 (1)	60 (1)
Directors' bonuses accounted for as costs	14 (1)	150 (2)	—	—	14 (1)	150 (2)

Notes:

- Out of the above table, remunerations based on a general meeting of shareholders' resolution and stock compensation-type stock options (stock acquisition rights) cover three Directors and two Corporate Auditors (includes one Outside Corporate Auditor) who retired from the office at the close of the 57th Ordinary General Meeting of Shareholders held on April 24, 2007.
- Remunerations based on a general meeting of shareholders' resolution to the Directors (43 million yen or less per month for all Directors as a group) were paid pursuant to resolution of the 43rd Ordinary General Meeting of Shareholders held on April 27, 1994, and also to Corporate Auditors (nine million yen or less per month for all

Corporate Auditors as a group) were paid pursuant to resolution of the 55th Ordinary General Meeting of Shareholders held on April 27, 2006.

3. Stock compensation-type stock options (stock acquisition rights) were issued by the resolution of the Board of Directors held on May 15, 2008, based on the resolution of the 56th Ordinary General Meeting of Shareholders held on April 26, 2007.
4. Directors' bonuses accounted for as costs in the above table are made in consideration for the services rendered during the fiscal year under review and are scheduled to be paid based on a resolution to be adopted at the 58th Ordinary General Meeting of Shareholders that will be held on April 23, 2009.

3. Matters concerning Outside Officers

·The principal performance of Outside Director and Corporate Auditors during the fiscal year under review:

Post	Name	Principal performance
Director	Katsuhiko Machida	Mr. Machida attended 9 meetings out of 12 meetings of the Board of Directors. He stated timely opinions based on his knowledge and experience engaged in other company's management.
Corporate Auditor	Takaharu Dohi	Mr. Dohi attended 12 meetings out of 14 meetings of the Board of Directors and all 13 meetings out of 13 meetings of the Board of Corporate Auditors. He stated timely opinions from a legal viewpoint as a lawyer and based on his knowledge and experience as other company's outside officers.
Corporate Auditor	Eiji Mansho	Mr. Mansho attended 11 meetings out of 12 meetings of the Board of Directors and all 10 meetings out of 10 meetings of the Board of Corporate Auditors. He stated timely opinions based on his knowledge and experience engaged in other company's management.

· Outlines of agreement to limit Outside Director's liability and Corporate Auditor's liability:

The Company entered into an agreement with the Outside Director and each of all the Outside Corporate Auditors that if Outside Director and Outside Corporate Auditor cause damages to the Company by neglect of their duty, where deemed their conduct to be made in good faith without gross negligence, their liability under each agreement is without fail limited to the sum of the amount provided by the items in Article 425, Section 1 of the Companies Act.

4) Outline of Accounting Auditor

1. Name Ernst & Young Shin Nihon LLC

2. Remuneration

	Remuneration
The aggregate amount of remuneration payable to Accounting Auditor by the Company for the fiscal year under review	¥90 million
The aggregate amount of remuneration payable to Accounting Auditor by the Company and its consolidated companies	¥226 million

Note:

The amount of remuneration for auditing made pursuant to the Companies Act and the amount of remuneration pursuant to the Financial Instrument and Exchange Law are not divided in the Auditing Agreement, which both the Company and the Accounting Auditor agreed to. Also, since it is impossible to state separately in practice, the amount represents the aggregate amount of the remuneration paid by the Company.

3. Details of Non-Audit Service

The Company commissions the non-audit service, that are, advisory services for maintenance, management and assessment of the effectiveness of the internal control system over financial reporting and other to the Accounting Auditor, in addition to services specified in Article 2, Paragraph 1 of the Certified Public Accountants Act.

4. Dismissal or Non-reappointment of Accounting Auditor

If any of the dismissal causes provided by Article 340 of the Companies Act is applicable to the Accounting Auditor, the Board of Corporate Auditors shall dismiss the Accounting Auditor subject to the consent of all Corporate Auditors, and if the Company considers that it is impossible for the Accounting Auditor to appropriately carry out the duties, the Company shall submit a proposal of the dismissal or non re-appointment of the Accounting Auditor to a general meeting of shareholders subject to consent or requests from the Board of Corporate Auditors.

5) System which ensures the due execution of business:

1. System which ensures that execution of duties by Directors complies with laws and ordinances and the Articles of Incorporation of the Company

- (1) In the light of achieving the corporate philosophy of the Company and materializing corporate management on the basis of the compliance with laws and ordinances and the Articles of Incorporation, the Company hereby sets forth the Conduct Code with which officers and employees of the Company shall comply.
- (2) By holding regularly lectures and training sessions for compliance towards Directors, the Company will exert to have knowledge and understanding of laws and ordinances, etc. required for the execution of duties by Directors penetrated into Directors.
- (3) The Board of Directors shall decide on important matters relating to the operation of business based on laws and ordinances, internal regulations and the aforesaid Conduct Code and oversee the execution of duties by Directors.
- (4) The Board of Directors shall elect and oversee Executive Officers executing assigned duties under the Representative Director's instruction and order.
- (5) The Board of Directors shall hold a meeting once per month in principle pursuant to laws and ordinances and the Regulations of the Board of Directors.
- (6) The Representative Director and Executive Officers shall make report on the status of execution of duties at the meeting of the Board of Directors.
- (7) Corporate Auditors shall audit execution of duties by Directors and Executive Officers in accordance with the audit standard set forth pursuant to laws and ordinances and internal regulations of the Company.

2. System under which information regarding execution of duties by Directors shall be maintained and controlled

The following documents relating to the execution of duties (including electronic records; the same applicable hereinafter) shall be duly maintained and controlled upon condition that

Directors and Corporate Auditors, etc. may inspect the same whenever necessary.

- ① Minutes and related materials of the general meeting of shareholders, the Board of Directors and important meetings which Directors attended;
- ② Important documents by which Director decided execution of duties (application document for decision making by rotation and related materials);
- ③ Important documents prepared by Director for execution of duties (contracts, memorandum, reports, etc.);
- ④ Important documents relating to execution of duties by Director.

3. Regulation regarding Control of Risk for Loss and other System

- (1) The Company shall arrange for and prepare regulation regarding risk control of the overall Company and regularly evaluate and control risks existing in the Company;
- (2) The Company shall arrange for and prepare risk control system to deal with natural calamity or any emergency which may cause the Company incurred material loss and damage and procure dissemination and penetration thereof into the Company.

4. System under which Directors shall be ensured to efficiently execute duties

In order for duties of Directors executed through Executive Officers and employees being implemented efficiently, the Company shall set forth regulation for assignment of duties and thereby define duties and responsibilities.

5. System which ensures that execution of duties by Employees complies with laws and ordinances and the Articles of Incorporation of the Company

- (1) The Company shall set forth the Conduct Code for employees of the Company based on the Corporate Ethics of the Company and take a punitive action under internal regulation including work regulation, etc. against employees violating the same.
- (2) Through training sessions for compliance for employees, the Company will exert to have knowledge and understanding of laws and ordinances, etc. required for the execution of duties and the aforesaid Conduct Code penetrated into employees.
- (3) The CSR Committee directly controlled by the President in which outside well informed persons participate and the CSR Office established in the Corporate Communication Department will promote CSR activities including arrangement for the compliance system.
- (4) Internal help line windows will enable the Company to immediately collect information regarding violation of laws and ordinances within the Company and take appropriate measures.
- (5) Internal Audit Department shall conduct regularly audit.

6. System which ensures due execution of duties by group companies

- (1) Each department shall give guidance and control a subsidiary in connection with assigned duties and a department specialized in subsidiaries control shall be established

and give comprehensive guidance and control subsidiaries.

- (2) Personnel for directors and corporate auditors of subsidiaries shall be dispatched from the Company to control and audit execution of duties by directors of subsidiaries.
- (3) The Internal Audit Department of the Company shall regularly audit subsidiaries which have not internal audit departments.
- (4) The internal help line windows of the Company shall receive internal notification from employees of subsidiaries so that it will enable information regarding violation of laws and ordinances, etc. within subsidiaries to be collected immediately and appropriate measures to be taken.
- (5) The Company will give guidance and control subsidiaries with respect to establishment of the independent internal control system on the basis of the operational environments in terms of the size, business and internal organizations of each subsidiary.

7. Matters related to employees to assist duties of Corporate Auditors when Corporate Auditors request to do so and matters related to independence of the employees from Directors

Employees shall be selected to assist Corporate Auditors in their duties when Corporate Auditors so request. Selection of employees, etc. shall be determined upon respecting intention of the Board of Corporate Auditors and mutual consultation.

8. Matters related to independence of the employees of item 7 above from Directors

Employees selected to assist Corporate Auditors in their duties shall not be under instruction and order of the senior person with respect to the duties requested by Corporate Auditors and transfer, evaluation and disciplinary action with respect to the employee shall be determined while respecting opinions of the Board of Corporate Auditors.

9. System under which Directors and employees report to Corporate Auditors and system under which any report is made to Corporate Auditors

- (1) Directors and Executive Officers shall from time to time report the status of execution of duties at the meeting of the Board of Directors and other important meeting which Corporate Auditors attend.
- (2) Directors and Executive Officers shall immediately report to Corporate Auditors whenever finding any fact which might cause material loss and damage to the Company or subsidiaries.
- (3) Documents by which decision was made, minutes of important meeting such as the Board of Directors, audit report prepared by the Internal Audit Department, other important documents related to audit of Corporate Auditors shall be forwarded to Corporate Auditors.

10. Other system under which audit by Corporate Auditors is ensured to efficiently to be performed

- (1) Corporate Auditors and the Internal Audit Department shall keep close contact through

exchange of opinions and corporate each other so that audit by each party shall be conducted efficiently and effectively.

- (2) Corporate Auditors and Accounting Auditors shall have meetings regularly and corporate each other so that audit duties of each shall be conducted efficiently and effectively.

Note:

Amounts of the Business Report are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

CONSOLIDATED BALANCE SHEETS			
As of January 31, 2009			
<i>Millions of yen</i>			
Assets	1,387,237	Liabilities	633,107
Current assets	951,200	Current liabilities	302,576
Cash on hand and deposits with banks	124,517	Notes payable and accounts payable-construction	149,935
Notes receivable and accounts receivable-construction	13,180	Accrued income taxes	5,957
Marketable securities	2,049	Advances received	84,726
Inventories	737,871	Allowance for bonuses	12,337
Deferred tax assets	45,505	Allowance for bonuses to directors	594
Other current assets	29,549	Reserve for warranty on completed works	2,660
Allowance for doubtful accounts	(1,473)	Other current liabilities	46,364
Fixed assets	436,036	Long-term liabilities	330,530
Tangible fixed assets	277,808	Straight bonds	59,981
Buildings and structures	126,620	Long-term loans payable	190,000
Machinery and vehicles	13,500	Deposit and warranty	55,611
Tools and equipment	5,115	Accrued retirement benefits for employees	21,561
Land	127,712	Accrued retirement benefits for directors, corporate auditors and executive officers	1,222
Constructions in progress	4,859	Negative goodwill	5
Intangible fixed assets	9,181	Other long-term liabilities	2,147
Industrial property	36		
Ground lease	2,011	Net assets	754,130
Software	6,153	Shareholders' Equity	754,616
Utility rights	115	Paid-in capital	186,554
Telephone rights	865	Capital surplus	237,522
Investments and other assets	149,046	Retained earnings	331,895
Investments in securities	61,777	Less treasury stock, at cost	(1,355)
Long-term loans receivable	32,491	Valuation and translation adjustments	(969)
Prepaid pension costs	4,893	Net unrealized holding gain (loss) on securities	(960)
Deferred tax assets	12,374	Deferral hedge gains and losses	(8)
Other investments and assets	38,896	Stock Acquisition Rights	158
Allowance for doubtful accounts	(1,386)	Minority Interests	323
Total Assets	1,387,237	Total Liabilities and Shareholders' Equity	1,387,237

CONSOLIDATED STATEMENT OF INCOME	
From February 1, 2008 to January 31, 2009	
<i>Millions of yen</i>	
Net sales	1,514,172
Cost of sales	1,222,923
Gross profit on sales	291,249
Selling, general and administrative expenses	217,288
Operating income	73,960
Non-operating income	9,000
Interest and dividend received	2,661
Equity in earnings of affiliates	466
Other income	5,873
Non-operating loss	5,888
Interest paid	2,618
Other expenses	3,269
Recurring income	77,072
Extraordinary loss	49,448
Loss on revaluation of real estate for sale	34,882
Loss on revaluation of investments in securities	9,299
Loss due to change in business plan	2,818
Loss from sales or disposal of fixed assets	1,468
Loss on asset impairment	980
Income before taxes	27,623
Current Income taxes	15,519
Deferred income taxes	553
Minority interests in earnings of subsidiaries	34
Net income	11,516

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(From February 1, 2008 to January 31, 2009)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Total
Balance at end of previous period	186,554	254,126	377,564	(58,530)	759,715
Changes for this period					
Dividends from surplus	—	—	(16,232)	—	(16,232)
Net income	—	—	11,516	—	11,516
Gain of treasury stocks	—	—	—	(569)	(569)
Retirement of treasury stock	—	(16,604)	(40,832)	57,437	—
Sale of treasury stock	—	—	(120)	307	187
Net changes of items other than "Shareholders' equity" during this period	—	—	—	—	—
Total changes during this period	—	(16,604)	(45,669)	(57,175)	(5,098)
Balance at end of this period	186,554	237,522	331,895	(1,355)	754,616

	Valuation and translations adjustments			Stock acquisition rights	Minority interests	Total net assets
	Net unrealized holding gain(loss) on securities	Deferral hedge gains and losses	Total			
Balance at end of previous period	10,893	(4)	10,889	67	292	770,963
Changes for this period						
Dividends from surplus	—	—	—	—	—	(16,232)
Net income	—	—	—	—	—	11,516
Gain of treasury stocks	—	—	—	—	—	(569)
Retirement of treasury stock	—	—	—	—	—	—
Sale of treasury stock	—	—	—	—	—	187
Net changes of items other than "Shareholders' equity" during this period	(11,854)	(4)	(11,858)	91	31	(11,735)
Total changes during this period	(11,854)	(4)	(11,858)	91	31	(16,833)
Balance at end of this period	(960)	(8)	(969)	158	323	754,130

List of Notes to Consolidated Financial Statements

1. Notes to Significant Matters which are Basis for Preparation of Consolidated Financial Statements

1) Scope of Consolidation

Consolidated subsidiaries: 69, including Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd., Sekiwa Real Estate Tohoku, Ltd. and other companies.

All 69 subsidiaries are consolidated.

Changes in scope of consolidation

Sekiwa Construction Saitama Kita, Ltd. and 11 other companies were extinguished due to a merger with other subsidiary. In addition, one company was newly established, but one company completed the liquidation and another company was converted to an affiliated company due to decrease in share ownership.

2) Application of equity method

Affiliated companies accounted for by the equity method: 7, including Almetax Manufacturing Co., Japan Power Fastening Co., The Mortgage Corporation of Japan, Ltd. and other companies.

Investment in each of the 7 affiliated companies is accounted for by the equity method.

Changes in scope of equity method

One company was converted from a consolidated subsidiary by the sale of shares.

3) Term-ends of consolidated subsidiaries

The fiscal year of Sky Rail Service Co., Ltd. ends on March 31. In preparing the consolidated financial statements, the Company provisionally settles the accounts of that subsidiary as of January 31 and utilizes these accounts.

4) Summary of significant accounting policies

(1) Basis and method for valuation for significant assets

(a) Marketable securities:

(i) Debt securities expected to be held to maturity: Amortized cost (straight-line) method

(ii) Other marketable securities:

• Stocks with market value:

Based on closing market price on the last day of period (Valuation gains and losses resulting are calculated by the full net asset costing method; cost of disposal is calculated by the moving average method)

• Stocks with no available market value:

At cost based on the moving average method

(b) Derivatives: Market value method

(c) Inventories:

- (i) Expenditure on uncompleted construction, buildings for sale, land for sale, and uncompleted land held for sale: At cost based on individual cost method
- (ii) Other inventories: At cost based on moving average method

(2) Depreciation and amortization methods used for main depreciable and amortizable assets:

Tangible fixed assets:

The Company applies the straight-line method to buildings (excluding attached structures) and intangible fixed assets, and uses the declining-balance method for other tangible fixed assets.

(Additional information)

Effective from the accounting period under review, pursuant to amendments to the Corporation Tax Act (Partial Revision of Income Tax Act, etc., Law No. 6 of March 30, 2007, and Cabinet Order of Partial Revision of Order for Enforcement of Income Tax Act, Cabinet Order No.83 of March 30, 2007), any tangible fixed assets acquired on or prior to March 31, 2007 are now depreciated uniformly over a five-year period beginning from the year following the year when their depreciable amount was depreciated. The impact arising from this accounting change on operating income, recurring income, income before income taxes and minority interests is 356 million yen.

Intangible fixed assets:

The Company applies the straight-line method to intangible fixed assets.

(3) Basis for accounting for significant allowances

(a) Allowance for doubtful accounts

The Company makes provisions for general debtors based on actual historical collection rates and for specific debtors where collection is doubtful based on estimates of the amount collectible.

(b) Allowance for bonuses

To prepare for bonus payments to employees, the Company provides for the estimated appropriate amount in that fiscal year.

(c) Allowance for bonuses to directors

To prepare for bonus payments to directors, the Company provides for the estimated amount.

(d) Allowance for compensation payments on completed works

Provisions for losses and guarantee expenses due to post-completion defects are recorded based on historical repair and other costs arising from completed structures and detached housing.

(e) Allowance for accrued retirement benefits for employees

To prepare for future retirement payments to employees, the Company makes provisions in the amount accrued at the end of the relevant consolidated fiscal year based on the estimated total retirement obligations and pension assets. To account for differences in actuarial calculations, the Company recognizes those differences through straight-line depreciation over 5 years, expensing them in the year following such recognition.

Differences arising in respect of past service obligations are calculated over 5 years by the straight-line method and expensed in the year in which they arise.

(f) Reserve for retirement benefit to directors, executive officers and corporate auditors

To allow for retirement benefit to directors, executive officers and corporate auditors, the Company provides the required amounts at the end of the fiscal year based on internal regulations.

(4) Basis for converting significant foreign currency-denominated assets and liabilities into yen

For foreign currency-denominated monetary claims and debts, the Company converts into yen at the rates of exchange prevailing on the consolidated balance sheet date. Translation differences are stated in the statements of income.

(5) Accounting for significant lease transactions

Finance leases other than those deemed to transfer the ownership of the leased assets to the lessee are accounted for by a method similar to that applicable to ordinary operating leases.

(6) Main hedge accounting methods

(a) Hedge accounting methods

The Company uses deferred hedging, except where for foreign currency swap contracts allocation requirements are met, in which case the allocation method is used.

(b) Hedging instruments and targets

The Company hedges foreign currency cash debts and forward transactions with exchange contracts.

(c) Hedging policies

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange rates etc. The use of forward exchange contracts does not exceed the amount of import transactions.

(d) Methods of assessing hedge effectiveness

The Company omits to assess the effectiveness of hedging because the main conditions match with regard to the relevant instruments and hedge targets, and the cash flow is fixed.

(7) Accounting for consumption taxes

The tax exclusion method is used to account for consumption taxes. Consumption taxes not subject to fixed asset related deductions at consolidated subsidiaries whose main business is real estate for leasing are recorded in "Other investments and other assets" on the relevant balance sheets, and are amortized on a straight line basis over 5 years. Other consumption taxes not subject to deductions are expensed in the consolidated fiscal year in which they arise.

5) Assessing the assets and liabilities of consolidated subsidiaries

The Company uses full market value method to assess the assets and liabilities of consolidated subsidiaries.

6) Amortization of Goodwill and Negative Goodwill

Goodwill and negative goodwill are amortized over 5 years using the straight-line method, beginning in the fiscal year in which they arise, except for cases where useful life can be estimated, in which case they are amortized over the estimated useful life based on a substantive analysis by the Company. In case that the amount of the goodwill is small, all amounts are recognized as income or loss in the year in which they arise.

2. Notes to the Consolidated Balance Sheet

1) Collateralized assets and secured liabilities:

Millions of yen

Collateralized assets		Secured liabilities	
Type	Book value at the end of year	Details	Balance at the end of year
Fixed deposit	759	Deposits from customers	759
Stocks	13	Liabilities of PFI Mizu to Midori no Kenko-toshi, Ltd.	—
Buildings	661	Deposits on contract	180
Land	3,563	Deposits on contract with establishment of leasehold	1,361
		Borrowings from banks	816
Total	4,997	Total	3,117

2) Accumulated depreciation of tangible fixed assets ¥167,870 million

3) Liabilities guaranteed:

Liabilities guaranteed for repayment (for persons to have housing mortgage) ¥ 73,644 million

(Additional information)

Changes in holding purpose of assets:

Real estate held for sale of 12,334 million yen, which was reported under inventories as at January 31, 2008, has been reclassified under land and buildings. In addition, Investment properties of 2,920 million yen, which were reported under fixed assets as at January 31, 2008, have been reclassified under buildings for sale and land for sale.

3. Notes to the Statement of Shareholders' Equity

1) Total number of shares issued:

Common shares 675,795,710 shares

2) Matters related to dividends:

1. Dividends paid to shareholders:

a. Matters related to the dividends paid pursuant to the resolution of the 57th ordinary general meeting of shareholders held on April 24, 2008:

- Total amount of dividends; 8,116 million yen
- Dividends per share: 12.00 yen
- Record date: Jan. 31, 2008
- Effective date: Apr. 25, 2008

b. Matters related to the dividends (interim dividends) paid pursuant to the resolution of the meeting of the Board of Directors held on September 1, 2008:

· Total amount of dividends;	8,116 million yen
· Dividends per share:	12.00 yen
· Record date:	Jul. 31, 2008
· Effective date:	Sep. 30, 2008

2. Dividends whose record date belongs to the fiscal year under review will be effective after the fiscal year under review:

The following proposal for dividends will be submitted to the 58th ordinary general meeting of shareholders to be held on April 23, 2009:

· Total amount of dividends;	8,111million yen
· Source of funds for dividends;	Retained earnings
· Dividends per share:	12.00 yen
· Record date:	Jan. 31, 2009
· Effective date:	Apr. 24, 2009

3) Type and Number of shares to be issued if all stock acquisition rights are exercised at the balance sheet date of the fiscal year under review:

Common shares	208,000 shares
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4) Notes to the Information per Share:

1. Shareholders' equity per share	¥1,115.20
2. Net income per share	¥17.04

Note:

Amounts of the Consolidated Balance Sheet, Consolidated Statement of Income, Significant Consolidated Accounting Policies, Notes to Consolidated Balance Sheet and Consolidated Statement of Income are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

NON-CONSOLIDATED BALANCE SHEETS			
As of January 31, 2009			
<i>Millions of yen</i>			
Assets	1,256,075	Liabilities	583,247
Current assets	874,556	Current liabilities	304,275
Cash on hand and deposits with banks	85,189	Notes payable-trade	60,812
Notes receivable-trade	148	Accounts payable-trade	41,145
Accounts receivable-construction	9,469	Accounts payable-construction	41,204
Accounts receivable-real estate	338	Accounts payable-other	3,323
Marketable securities	2,000	Accrued expenses	14,710
Prepaid expenses for construction in progress	41,138	Income taxes payable	662
Buildings for sale	101,235	Consumption taxes payable	5,233
Land for sale	500,807	Advances received-construction	51,116
Land for sale in process	61,535	Advance received-other	5,917
Half-finished goods and goods in progress	2,921	Deposits received	69,034
Processed materials and stored goods	2,757	Allowance for bonuses	8,301
Advance payments	1,095	Allowance for bonuses to directors	150
Prepaid expenses	5,647	Reserve for warranty on completed works	2,659
Accounts receivable-other	11,949	Other current liabilities	4
Deferred tax assets	41,096		
Other current assets	8,243		
Allowance for doubtful accounts	(1,020)		
Fixed Assets	381,518	Long-term Liabilities	278,971
Tangible fixed assets	214,678	Straight bonds	59,981
Buildings	84,505	Long-term debt	190,000
Structures	4,333	Deposits and guaranty received	9,271
Machinery and equipment	12,661	Accrued pension and severance costs	19,091
Vehicles and delivery equipment	122	Other long-term liabilities	627
Tools and fixtures	3,825		
Land	107,348		
Constructions in progress	1,881		
Intangible fixed assets	7,732	Net assets	672,827
Industrial property	23	Shareholders' Equity	673,571
Ground lease	1,608	Paid-in capital	186,554
Software	5,400	Capital surplus	242,307
Utility rights	17	Legal reserve	242,307
Telephone subscription rights	683	Retained earnings	245,895
Investments and other assets	159,107	Legal reserve	23,128
Investment in securities	58,013	Other	222,766
Investment in subsidiaries and partnership	37,864	Reserve for dividends	18,000
Long-term loans receivable	32,279	General reserve	201,800
Deposit and guaranty	13,504	Retained earnings carried forward	2,966
Long-term prepaid expenses	753	Treasury stock	(1,186)
Prepaid pension costs	4,522	Valuation and translation adjustments	(902)
Deferred tax assets	7,755	Net unrealized holding gain (loss) on securities	(899)
Other investments and other assets	5,335	Deferral hedge gains and losses	(2)
Allowance for doubtful accounts	(922)	Stock Acquisition Rights	158
Total Assets	1,256,075	Total Liabilities and Net Assets	1,256,075

NON-CONSOLIDATED STATEMENT OF INCOME	
From February 1, 2008 to January 31, 2009	
<i>Millions of yen</i>	
Net sales	1,100,500
Construction	851,759
Real estate	248,741
Cost of sales	876,906
Construction	684,694
Real estate	192,212
Gross profit on sales	223,594
Total gross profit from construction	167,064
Total gross profit from sales of real estate	56,529
Selling, general and administrative expenses	170,307
Operating income	53,286
Non-operating income	10,301
Interest and dividend received	4,755
Other income	5,545
Non-operating loss	5,516
Interest paid	1,235
Interest on bonds	1,367
Other expenses	2,913
Recurring income	58,071
Extraordinary income	41
Gain from sales of investment securities	41
Extraordinary loss	48,082
Loss on revaluation of land held for sale	33,006
Loss on revaluation of investment securities	9,299
Loss due to change in business plan	2,818
Loss from sales or disposal of fixed assets	1,247
Loss on valuation of investments in subsidiaries and affiliates	889
Loss on asset impairment	821
Income before taxes	10,029
Current Income taxes	5,598
Deferred income taxes	2,651
Net income	1,780

NON-CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(From February 1, 2008 to January 31, 2009)

Millions of yen

	Shareholders' equity								
	Paid-in Capita	Additional paid-in capital			Retained earnings				
		Capital reserve	Other legal capital surplus	Total	Legal reserve	other			Total
						Reserve for dividends	General reserve	Retained earnings carried forward	
Balance at end of previous period	186,554	242,307	16,604	258,912	23,128	18,000	206,800	53,372	301,300
Changes for this period									
Dividends from surplus	—	—	—	—	—	—	—	(16,232)	(16,232)
Reversal of general reserve	—	—	—	—	—	—	(5,000)	5,000	—
Net income	—	—	—	—	—	—	—	1,780	1,780
Gain of treasury stock	—	—	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	(16,604)	(16,604)	—	—	—	(40,832)	(40,832)
Sale of treasury stock	—	—	—	—	—	—	—	(120)	(120)
Net changes of items other than "Shareholders' Equity" during this period	—	—	—	—	—	—	—	—	—
Total changes during this period	—	—	(16,604)	(16,604)	—	—	(5,000)	(50,405)	(55,405)
Balance at end of this period	186,554	242,307	—	242,307	23,128	18,000	201,800	2,966	245,895

	Shareholders' equity		Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Treasury stocks	Total	Net unrealized holding gain (loss) on securities	Deferral hedge gains and losses	Total		
Balance at end of previous period	(58,362)	688,404	10,871	(4)	10,867	67	699,339
Changes for this period							
Dividends from surplus	—	(16,232)	—	—	—	—	(16,232)
Reversal of general reserve	—	—	—	—	—	—	—
Net income	—	1,780	—	—	—	—	1,780
Gain of treasury stock	(569)	(569)	—	—	—	—	(569)
Retirement of treasury stock	57,437	—	—	—	—	—	—
Sale of treasury stock	307	187	—	—	—	—	187
Net changes of items other than "Shareholders' Equity" during this period	—	—	(11,771)	1	(11,769)	91	(11,678)
Total changes during this period	57,176	(14,833)	(11,771)	1	(11,769)	91	(26,511)
Balance at end of this period	(1,186)	673,571	(899)	(2)	(902)	158	672,827

List of Notes to Non-Consolidated Financial Statements

1. Summary of Significant Accounting Policies

1) Basis and method of valuation of Assets:

(1) Marketable securities:

- (i) Debt securities expected to be held to maturity: Amortized cost (straight-line) method
- (ii) Shares held in subsidiaries or affiliated companies: At cost based on moving average method
- (iii) Other marketable securities:

- Stocks with market value:

Based on closing market price on the last day of period (Valuation gains and losses resulting are calculated by the full capital costing method; cost of disposal is calculated by the moving average method)

- Stocks with no available market value:

At cost based on the moving average method

(2) Derivatives: Market value method

(3) Inventories:

- (i) Prepaid expenses for construction in progress, Buildings for sale, Land for sale, and Land for sale in process: At cost based on actual cost method
- (ii) Half-finished goods and goods in progress, Processed materials and Stored goods: At cost based on moving average method.

2) Depreciation of fixed assets:

- (i) Tangible fixed assets: The Company applies the straight-line method to buildings (excluding attached structures), and to other tangible assets applies the declining balance method. Expected life of assets is calculated to standards in accordance with corporate tax regulations.

(Additional information)

Effective from the accounting period under review, pursuant to amendments to the Corporation Tax Act (Partial Revision of Income Tax Act, etc., Law No. 6 of March 30, 2007, and Cabinet Order of Partial Revision of Order for Enforcement of Income Tax Act, Cabinet Order No.83 of March 30, 2007), any tangible fixed assets acquired on or prior to March 31, 2007 are now depreciated uniformly over a five-year period beginning from the year following the year when their depreciable amount was depreciated. The impact arising from this accounting change on operating income, recurring income and income before income taxes and minority interests is 311 million yen.

- (ii) Intangible fixed assets: The Company applies the straight-line method to intangible fixed assets. Expected life of assets is calculated to standards in accordance with corporate tax regulations, except for company-use software, which is straight-line depreciated over its expected useful life of 5 years.

3) Basis for converting foreign currency-denominated assets and liabilities into yen:

For foreign currency-denominated monetary claims and debts, the Company converts into yen at the rates of exchange prevailing on the consolidated balance sheet date. Translation differences are stated in the statements of income.

4) Basis for accounting for allowances:

(i) Allowance for doubtful accounts:

The Company makes provisions for general debtors based on actual historical collection rates and for specific debtors where collection is doubtful based on estimates of the amount collectible.

(ii) Allowance for bonuses:

To prepare for bonus payments to employees, the Company provides for the estimated appropriate amount in that financial period.

(iii) Allowance for bonuses to directors:

To prepare for bonus payments to directors the Company provides for the estimated amount.

(iv) Allowance for compensation payments on completed works:

Provisions for losses and guarantee expenses due to post-completion defects are recorded based on historical repair and other costs arising from completed structures and detached housing.

(v) Allowance for accrued retirement benefits for employees

To prepare for future retirement payments to employees, the Company makes provisions in the amount accrued at the end of the relevant consolidated fiscal year based on the estimated total retirement obligations and pension assets. To account for differences in actuarial calculations, the Company recognizes those differences through straight-line depreciation over 5 years, expensing them in the year following such recognition. Differences arising in respect of past service obligations are calculated over 5 years by the straight-line method and expensed in the year in which they arise.

5) Accounting for lease transaction:

Finance leases other than those deemed to transfer the ownership of the leased assets to the lessee are accounted for by a method similar to that applicable to ordinary operating leases.

6) Main hedge accounting methods:

(i) Hedge accounting methods:

The Company uses deferred hedging, except where for foreign currency swap contracts allocation requirements are met, in which case the allocation method is used.

(ii) Hedging instruments and targets:

The Company hedges foreign currency cash debts and forward transactions with exchange contracts.

(iii) Hedging policies:

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange rates etc. The use of forward exchange contracts does not exceed the amount of import transactions.

- (iv) Methods of assessing hedge effectiveness:

The Company omits to assess the effectiveness of hedging because the main conditions match with regard to the relevant transactions and hedge targets, and the cash flow is fixed.

7) Accounting for consumption taxes

The tax exclusion method is used to account for consumption taxes. The amount in excess of consumption taxes subject to deductions are expensed in the fiscal year in which they arise.

2. Notes to the Balance Sheet

1) Collateralized assets and secured liabilities

Millions of yen

Collateralized assets		Secured liabilities	
Type	Book value at the end of year	Details	Balance at the end of year
Stocks	2	Liabilities of PFI Mizu to Midori no Kenko-toshi, Ltd.	—
Land	3,371	Deposits on contract with establishment of leasehold	1,361
Total	3,373	Total	1,361

- 2) **Accumulated depreciation of tangible fixed assets** ¥ 147,329 million

3) Liabilities guaranteed

Liabilities guaranteed for repayment (for persons to have housing mortgage) ¥ 73,017 million

4) Pecuniary claims and debts to affiliated companies

Millions of yen

Short-term pecuniary claims to subsidiaries	1,972
Long-term pecuniary claims to subsidiaries	1,949
Short-term pecuniary debts to subsidiaries	72,813

5) Pecuniary claims and debts to Directors

Millions of yen

Long-term loans (for the purpose of acquiring homes)	12
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(Additional information)

Changes in holding purpose of assets:

Real estate held for sale of 11,972 million yen, which was reported under inventories as at January 31, 2008, has been reclassified under land and buildings.

3. Notes to the Statement of Income

Transactions with subsidiaries	<i>Millions of yen</i>
Sales to subsidiaries	12,375
Purchases from subsidiaries	227,058
Non-operating transactions	387

4. Notes to the Statement of Shareholders' Equity

Type and numbers of shares outstanding and treasury stock

Type of shares	Common shares
Outstanding shares (non-consolidated) as of Jan. 31, 2008	33,019,800 shares
Number of shares increased	605,474 shares
Number of shares decreased	32,713,193 shares
Outstanding shares (non-consolidated) as of Jan. 31, 2009	912,081 shares

(Notes)

1. Breakdown of the number of increased shares held in treasury

Increase due to repurchases of fractional shares: 605,474 shares

2. Breakdown of the number of decreased shares held in treasury

Decrease due to retirement of treasury stock: 32,500,000 shares

Decrease due to requests for additional purchases of fractional shares: 211,193 shares

Decrease due to exercise of stock options: 2,000 shares

5. Notes of Tax Effect Accounting

Significant components of deferred tax assets and liabilities

Millions of yen

	Year to January 31, 2009
Deferred tax assets	
Loss on revaluation of real estate for sale	39,862
Allowance for accrued retirement benefits for employees	8,057
Loss on revaluation of investment securities	3,977
Accumulated impairment loss	3,626
Allowance for bonuses	3,353
Allowance for compensation payments on completed works	1,074
Net unrealized holding gain (loss) on securities	609
Accrued social insurance premium	395
Other	1,437
Subtotal deferred tax assets	62,390
Valuation allowance	(11,356)
Total deferred tax assets	51,034

Deferred tax liabilities	
Prepaid pension costs	(1,827)
Other	(354)
Total deferred tax liabilities	(2,182)
Net deferred tax assets and net deferred tax liabilities	48,852

Notes:

1. The main valuation allowances are loss from revaluation of investment securities and accumulated impairment loss of fixed assets that were judged non-deferrable.
2. Net amount of deferred tax assets for the fiscal year under review is included in the following items of the balance sheets.

Current assets – Deferred tax assets: 41,096 million yen

Fixed assets – Deferred tax assets : 7,755 million yen

6. Notes of Fixed Assets to use by a lease

Finance leases other than those deemed to transfer ownership of the leased assets to the lessee:

(1) Acquisition costs, accumulated depreciation and balance of leased assets as of January 31, 2009:

Millions of yen

	Acquisition costs	Accumulated depreciation	Balance as at the end year
Buildings	27,812	22,568	5,244
Machinery and equipment	8	8	0
Vehicles and delivery equipment	164	101	63
Tools, furniture and fixtures	6,879	5,237	1,641
Software	1,142	792	350
Total	36,008	28,708	7,299

Note: Acquisition costs are calculated after deducting the interest portion thereon.

(2) Future minimum lease payments subsequent to January 31, 2009 are summarized as follows:

Due in one year or less	4,049million yen
Due after one year	3,806million yen
Total	7,855million yen

Note: The future minimum lease payments are calculated after deducting the interest portion thereon.

(3) Lease payments, depreciation of leased assets and interest portion are shown below:

Lease payments:	5,470 million yen
Depreciation of leased assets:	5,007 million yen
Interest portion	232 million yen

(4) Method of calculation of depreciation:

Depreciation of leased assets is calculated by the straight-line method over the respective lease terms assuming a residual value of zero.

(5) Method of calculation of interest portion:

The difference between the total amount of lease and acquisition costs of leased assets is recognized as interest portion, and the method to distribute to respective term is based on the interest method.

(Impairment loss)

There are no impairment losses distributed to the leased assets, so that the item relating thereto are not stated.

7. Notes to the Information per Share

1. Shareholders' equity per share	¥995.11
2. Net income per share	¥2.63

Note:

Amounts of the Balance Sheet, Statement of Income, Notes to Balance Sheet and Statement of Income are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

March 13, 2009

The Board of Directors
Sekisui House, Ltd.

From: Ernst & Young Shin Nihon LLC.
Ryu Ichida
Representative Partner
Certified Public Accountant
Ken Watabe
Representative Partner
Certified Public Accountant
Masahiko Inoue
Representative Partner
Certified Public Accountant

We have examined the consolidated financial statements for the 58th fiscal year (from February 1, 2008 to January 31, 2009) including the balance sheet, statement of income, statement of shareholders' equity, list of notes to financial statements and attached schedules, pursuant to the provisions of Article 444, Section 4 of the Companies Act. The preparation of financial statements is the responsibility of the Company's management. Our responsibility is to independently express an opinion on the financial statements and attached schedules based on our audits.

We conducted our audits in accordance with the auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and attached schedules. We believe that our audits provide a reasonable basis for our opinion.

As a result of the audit, we hereby acknowledge that the financial statements and attached schedules above fairly present the status of assets and income of the Company and its consolidated subsidiaries, in conformity with the accounting standards generally accepted and applied in Japan.

There are no interests between the Company and the audit company or the Representative Partners that require disclosure pursuant to the provisions of the Certified Public Accountants Act.

- End -

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

March 13, 2009

The Board of Directors
Sekisui House, Ltd.

From: Ernst & Young Shin Nihon LLC.
Ryu Ichida
Representative Partner
Certified Public Accountant
Ken Watabe
Representative Partner
Certified Public Accountant
Masahiko Inoue
Representative Partner
Certified Public Accountant

We have examined the non-consolidated financial statements for the 58th fiscal year (from February 1, 2008 to January 31, 2009) including the balance sheet, statement of income, statement of shareholders' equity, list of notes to financial statements and attached schedules, pursuant to the provisions of Article 436, Section 2, item 1 of the Companies Act. The preparation of financial statements is the responsibility of the Company's management. Our responsibility is to independently express an opinion on the financial statements and attached schedules based on our audits.

We conducted our audits in accordance with the auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and attached schedules. We believe that our audits provide a reasonable basis for our opinion.

As a result of the audit, we hereby acknowledge that the financial statements and attached schedules above fairly present the status of assets and income of the Company, in conformity with the accounting standards generally accepted and applied in Japan.

There are no interests between the Company and the audit company or the Representative Partners that require disclosure pursuant to the provisions of the Certified Public Accountants Act.

- End -

AUDIT REPORT

The Board of Corporate Auditors prepared this audit report based on audit reports prepared by each Corporate Auditor upon deliberation of the Corporate Auditors with respect to execution of duties by Directors for the 58th fiscal year (February 1, 2008 to January 31, 2009) and report as follows:

1. Method and Contents of Audit by Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors determined accounting policies and duties assigned to each Corporate Auditor, received reports and explanations on the audit and result of audit from each Corporate Auditor, received reports on the execution of duties of Directors and Accounting Auditor and requested additional explanations as necessary.

Each Corporate Auditor, in accordance with, *inter alia*, the audit policy set up and the duties assigned by the Board of Corporate Auditors, made efforts to communicate with Directors, Executive Officers, Audit Department and other employees, collect information and prepare and arrange for circumstances for audit. Furthermore, each Corporate Auditor attended meetings of the Board of Directors and other meetings as deemed important, received reports from the Directors and Executive Officers on their performance of duties, requested additional explanation as necessary, perused the documents whereby the important decisions were made and examined the business and financial conditions at the head office and the principal offices. Also, each Corporate Auditor supervised the resolutions of the Board of Directors relating to establishment of the system that ensures the performance of duties by Directors is in conformity with laws and regulations, and the Articles of Incorporation, and the system that ensures appropriate business of *Kabushiki Kaisha* as required under Article 100, Sections 1 and 3 of the Companies Act Enforcement Regulations, as well as the conditions of the system established under such resolutions (internal controlling system). With respect to subsidiaries, each Corporate Auditor communicated and exchanged information with the directors and corporate auditors of subsidiaries and received reports as necessary. Based on the method stated above, we examined financial statements and attached schedules for the fiscal year under review.

Additionally, we supervised and examined that the Accounting Auditor maintained their independent position and performed due audit, and received from the Accounting Auditor reports on the execution of their duties. We requested additional explanation as necessary.

The Company received a notice from the Accounting Auditor that they have prepared the "System to ensure due execution of audit (matters prescribed in each item of Section 159 of the Corporate Accounting Rules)" in accordance with, among other things, the "Quality Management Standards for Audit" (Business Accounting Board, October 28, 2005) and requested additional explanation as necessary.

In accordance with the method stated above, the Board of Corporate Auditors examined the non-consolidated financial statements for the fiscal year under review (the balance sheet, the statement of income, statement of shareholders' equity and list of notes to financial statements), attached schedules, and the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, consolidated statement of shareholders' equity and list of notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit of business reports:

1. We confirmed that the business reports and the schedules fairly shows the position of the Company, in conformity with the relevant laws and regulations and the Articles of Incorporation.
2. We do not find any unlawful acts to have been carried out by the Directors in the performance of their duties, nor do we find any material matters that are either unlawful or contrary to the Articles of Incorporation.
3. We confirmed that the resolutions of the Board of Directors relating to the internal controlling system are fair. We do not find any aspects to be pointed out for the Directors' performance of duties relating to the internal controlling system.

(2) Results of audit of the non-consolidated financial statements and attached schedules:

We confirmed that the method and the result of the audit carried out by Ernst & Young Shin Nihon LLC. Accounting Auditor, are fair.

(3) Results of audit of the consolidated financial statements:

We confirmed that the method and the result of the audit carried out by Ernst & Young Shin Nihon LLC. Accounting Auditor, are fair.

March 19, 2009

Board of Corporate Auditors of Sekisui House, Ltd.

Hiroshi Itawaki, Standing Corporate Auditor (full-time)

Tadashi Iwasaki, Standing Corporate Auditor (full-time)

Takaharu Dohi, Corporate Auditor

Eiji Mansho, Corporate Auditor

Proposition No.1: Appropriation of retained earnings for the 58th fiscal year ended January 31, 2009

It is proposed to appropriate retained earnings for the year according to the schedule shown below.

1. Matters related to the appropriation of surplus:

In the light of balance between return of profits to shareholders and internal reserve, the Company proposes to transfer a part of general reserves to the retained earnings carried forward as stated below, so that the Company can use it as part of dividend funds.

(1) Item of surplus that decreases and amount thereof:

General reserve	15,000,000,000 yen
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(2) Item of surplus that increases and amount thereof:

Retained earnings carried forward	15,000,000,000 yen
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2. Matters related to year-end dividends:

In view of profit situation and future business development, among other things, the Company proposes that a dividend of ¥12 per share be paid for the fiscal year under review. Since the Company paid an interim dividend of ¥12 per share on September 30, 2008, the annual dividend for the fiscal year under review totals ¥24 per share.

(1) Type of dividend property:

Cash

(2) Matters related to the appropriation of dividend property to shareholders and total amount thereof:

12 yen per common share of the Company	Total amount: 8,111,675,964 yen
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(3) Date on which dividends take effect:

April 24, 2009

Proposition No. 2: Changes to a part of the Articles of Incorporation

1. Reasons of the amendment

By virtue of the enforcement of the “Law Partially Amending the Act regarding Transfer of Bonds and Other Securities for Rationalization of Settlements Related to the Trading of Equities” (Law No.88 of 2004), Stock Dematerialization was implemented as of January 5, 2009. Accordingly, the Company proposes the following amendments.

(1) A resolution is deemed to have been passed to abolish the provision of the Articles of Incorporation which provides that the Company shall issue share certificates of the Company. Therefore, the provisions relating to share certificates including Article 7 will be deleted.

(2) As the “Law on Custody and Transfer of Share Certificates, etc” (hereinafter the “Law”) was repealed, the provisions relating to “beneficial shareholders” and “beneficial shareholder’s

register”, which were institutional words before the Stock Dematerialization and based on the Law, will be deleted.

(3) As the Company is required to keep the register of lost share certificates for one year from the next day of the enforcement day of the Stock Dematerialization, the Company proposes to establish necessary provisions as supplemental provisions.

(4) In addition, the Company will renumber the articles and rearrange the articles in conjunction with the deletion.

2. Details of the Proposed Changes to the Articles of Incorporation

Current Articles	Proposed amendment
<p><u>(Issuance of Share certificates)</u> <u>Article 7.</u> <u>The Company shall issue share certificates for its shares.</u></p>	<p>(to be deleted)</p>
<p>(Share buyback) <u>Article 8.</u> By resolution of the Board of Directors, the Company may repurchase its shares pursuant to provisions of Article 165, Section 2 of the Companies Act.</p>	<p>(Share buyback) <u>Article 7.</u> (The same as the present provisions)</p>
<p><u>(Number of Shares Constituting One Unit of Shares and Non-issuance of Share Certificates for Shares Constituting Less Than One Unit of Shares)</u> <u>Article 9.</u> The number of shares constituting one unit of shares of the Company shall be 1,000.</p>	<p>(Number of Shares Constituting One Unit of Shares) <u>Article 8.</u> (The same as the present provisions)</p>
<p><u>② Notwithstanding the provisions of Article 7, any share certificates for the share constituting less than one unit of shares shall not be issued, provided, however that the foregoing shall not be applicable if the Share Handling Regulations otherwise provide for.</u></p>	<p>(to be deleted)</p>

<p>(Rights of Shareholder Holding Shares Constituting Less Than One Unit)</p> <p>Article <u>10</u>.</p> <p>Shareholders <u>(including beneficial shareholders, the same shall be applied hereinafter)</u> of the Company shall not be allowed to exercise any rights in respect of the shares constituting less than one unit held by them, except for the following rights:</p> <p>(1) Rights provided for in each item of Article 189, Section 2 of the Companies Act;</p> <p>(2) Rights to make a request in accordance with Article 166, Section 1 of the Companies Act;</p> <p>(3) Rights to receive the allotment of offered shares and offered stock acquisition rights, in proportionate to the number of shares held by the shareholder;</p> <p>(4) Rights to make a request that is provided for in the following Article</p>	<p>(Rights of Shareholder Holding Shares Constituting Less Than One Unit)</p> <p>Article <u>9</u>.</p> <p>Shareholders of the Company shall not be allowed to exercise any rights in respect of the shares constituting less than one unit held by them, except for the following rights:</p> <p>(1) Rights provided for in each item of Article 189, Section 2 of the Companies Act;</p> <p>(2) Rights to make a request in accordance with Article 166, Section 1 of the Companies Act;</p> <p>(3) Rights to receive the allotment of offered shares and offered stock acquisition rights, in proportionate to the number of shares held by the shareholder;</p> <p>(4) Rights to make a request that is provided for in the following Article</p>
<p>(Request to purchase shares that constitute less than one unit)</p> <p>Article <u>11</u>.</p> <p>Any shareholder who owns shares that do not constitute one unit can request the Company to sell to the shareholder such number of shares as constitute one unit together with the shares less than one unit held <u>(hereinafter referred to as the "Request for Purchase of Shares")</u>.</p>	<p>(Request to purchase shares that constitute less than one unit)</p> <p>Article <u>10</u>.</p> <p>Any shareholder who owns shares that do not constitute one unit can request the Company to sell to the shareholder such number of shares as constitute one unit together with the shares less than one unit held.</p>
<p>② <u>The timing and method of the Request for Purchase of Shares shall be subject to the Share Handling Regulations.</u></p>	<p>(to be deleted)</p>

<p>(Administrator of Shareholders' Register) Article <u>12</u>. The Company shall have an administrator of the shareholders' register.</p>	<p>(Administrator of Shareholders' Register) Article <u>11</u>.</p>
<p>②The appointment of administrator of the shareholders' register and the office for handling the business of such administrator shall be determined by resolution of the Board of Directors, and the Company shall give public notice thereof.</p>	<p>②(The same as the present provisions)</p>
<p>③The preparation and retention of shareholders' register (<u>including the beneficial shareholders' register; the same shall be applied hereinafter</u>), <u>the register of lost share certificates</u> and the register of stock acquisition rights of the Company, and other matters relating to shareholders' register, the register of lost share certificates and the register of stock acquisition rights of the Company shall be entrusted to the administrator of shareholders' register, but not handled by the Company.</p>	<p>③The preparation and retention of shareholders' register and the register of stock acquisition rights of the Company, and other matters relating to shareholders' register, the register of lost share certificates and the register of stock acquisition rights of the Company shall be entrusted to the administrator of shareholders' register, but not handled by the Company.</p>
<p>Articles <u>13~39</u> (Mention abbreviation)</p>	<p>Articles <u>12~38</u> (The same as the present provisions)</p>
<p>(To be newly established)</p>	<p>(Supplemental Provisions) Article 1. <u>The preparation and retention of the register of lost share certificates of the Company, as well as other matters relating to the register of lost share certificates of the Company, shall be entrusted to the administrator of shareholders' register, but not handled by the Company.</u></p>
<p>(To be newly established)</p>	<p>Articles 2. <u>This preceding Article and this Article shall be deleted as of January 6, 2010.</u></p>

Proposition No. 3: Election of 2 Corporate Auditors:

The term of office of Corporate Auditor, Mr. Takaharu Dohi terminates at the close of this Ordinary General Meeting of Shareholders.

The Company proposes the election of two Corporate Auditors, increased by one, in order to strengthen audit system.

This proposition has already received approval from the Board of Corporate Auditors.

We have candidates as follows:

No	Name (Date of birth)	Career summary (Status as other company's representative)	(1) Company shares owned (2) Special interest in Company
1	Takaharu Dohi (July. 12, 1933)	Apr. 1958: Public prosecutor Nov. 1984: assumed the office of the public prosecutor of the Supreme Public prosecutors Office Jul. 1993: assumed the office of superintendent public prosecutor, the Osaka High Public Prosecutors Office Jul. 1995: assumed the office of superintendent public prosecutor, the Tokyo High Public Prosecutors Office Jan. 1996: assumed the office of the Public Prosecutor General Jul. 1998: registered as lawyer (up to the present) Apr. 2002: assumed the office of the Corporate Auditor of the Company (up to the present)	(1) 12,000 shares (2) None
2	Teruyuki Saegusa (Nov. 16, 1940)	Apr. 1963: joined Hanshin Department Store, Ltd. Jun. 1995: President & Representative Director of Hanshin Department Store, Ltd. Jun. 2001: assumed the office of the Corporate Auditor of Shinki Bus Co., Ltd. (up to the present) Jun. 2005: Chairman & Representative Director of Hanshin Department Store, Ltd. Jun. 2006: Executive Advisor of Hanshin Department Store, Ltd. Jun. 2007: Representative Director of Saegusa Circulation Research Co., Ltd. (up to the present)	(1) 0 share (2) None

Notes: 1. Mr.Takaharu Dohi and Mr.Teruyuki Saegusa are candidates for an outside Corporate Auditor.

2. Matters concerning outside Corporate Auditors are as stated below:

(1) Reason for election;

The Company requests the shareholders to elect Mr. Takaharu Dohi, as Outside Corporate Auditor, to reflect his professional point of view as a lawyer, and knowledge and experience engaged in other company's management to strengthen the Company's audit system. The

Company also requests the shareholders to elect Mr. Teruyuki Saegusa, as Outside Corporate Auditor, to reflect knowledge and experience engaged in other company's management to strengthen the Company's audit system.

(2) Years since the assumption of office of Outside Corporate Auditor;

Mr. Takaharu Dohi is currently in the office of Corporate Auditor and it will be seven years at the close of the Ordinary General Meeting of Holders since his assumption.

(3) Agreement on Limitation of Outside Corporate Auditors' Liability;

The Company entered into an agreement with Mr. Takaharu Dohi that if Outside Corporate Auditor causes damages to the Company by neglect of his duty, where deemed his conduct to be made in good faith without gross negligence, his liability under each agreement is without fail limited to the sum of the amount provided by the items in Article 425, Section 1 of the Companies Act. In addition, the Company will also enter into the same agreement with Mr. Teruyuki Saegusa.

Proposition No. 4: Provision of Bonus to Directors as a group:

In order to reward services of Directors during the fiscal year under review, the Company, taking into consideration, among other factors, the business results, proposes that bonus in the aggregated amount of 150 million yen be paid for 14 Directors as a group in office at the end of the fiscal year under review.

The Company also proposes that the amount to be paid each Director be entrusted to the Board of Directors.

- End -