

Sekisui House Group FY2010 Mid-term Management Plan

January 20, 2010 – On August 1, 2010, Sekisui House, Ltd. (the "Company") will commemorate our 50th anniversary since foundation. This month, we will surpass two million homes sold since foundation. As such our FY2010 is a year of milestones, which we mark as a year to achieve even greater things as we lay out a new management plan.

While Japan went through its era of rapid growth, housing policy prioritized quantity. In 2006, however, with the establishment of the Basic Act for Housing, Japan's housing policy made a significant shift toward enhancing the quality of housing. The concept behind the Basic Act for Housing harmonizes well with the very approach we have practiced in building housing and has been a great energizing force to the business environment. We at Sekisui House have striven to develop uncompromising housing products while grasping future trends and staying ahead of the curve of diversifying customer needs.

Moreover, as what appears to be the effects of global warming becomes more severe worldwide, reductions in CO₂ emissions has become a top priority for Japan. Under our Action Plan 20, we began efforts to reduce CO₂ emissions from housing 6% by 2010, compared to 1990 levels. Moreover, we have taken the lead in pushing for broader adoption of solar cells and residential fuel cells, as a leading company in the housing industry.

However, since the Lehman Shock, global economies decelerated simultaneously, causing rapid deterioration in business performance, reductions in capital investments and a worsened employment environment. The effect on the real economy has been substantial. In response, the government of Japan has implemented a variety of domestic economic measures, albeit to limited effect. With a rapid appreciation of the Japanese Yen eroding exporters' profits and the government's declaration of deflation in response to price declines, there is little confidence in the outlook for the economy. This in turn fuels concerns about a turnaround in corporate earnings and weighs on personal income, forcing the housing market into significant retrenchment.

Aside from such a business environment, the market is diversifying more than ever before. To keep pace, the Company has prepared its mid-term management plan, with the aim to expand our business portfolio and leverage our cumulative sales base of two million homes as an asset in the pursuit of sustainable growth.



The market for built-to-order housing is in a recovery trend now that the effects of the Lehman Shock have dissipated. The situation, however, remains harsh. A driver of the recovery has been government policies focused on the shift from quantity to quality as well as tax advantages and expanded subsidies for environmentally-friendly measures. As a top runner in environmentally-friendly housing, Sekisui House will actively pursue business growth.

In the built-for-sale housing business, the decline in land prices has shown signs of moderating and Sekisui House will focus on its strength in creating community townscapes. However, we will move to shrink our land bank to manage assets more efficiently and reduce holding risk. Meanwhile, in the condominium business, price erosion is making it difficult to sell off inventory. Considering such situation, we will take a more cautious stance by applying more rigid selection standards when preparing project plans. Meanwhile, in the built-for-sale housing business, more prominent disparities in income has led to expansion in the market for smaller homes. To respond to this trend, the Sekiwa Real Estate Group has set out to expand sales of its MAST brand, based on targeted area analysis.

The market for real estate for leasing has yet to see a recovery in owners' demand for investment. That said, the latent demand for managing rental housing as part of a portfolio of assets is deeply rooted, and we strive to grow orders by making strong value propositions and maintaining high occupancy rates at properties managed by Sekiwa Real Estate Group with its expertise.

In our development business, in light of the deterioration in real estate prices, we will revisit our conventional business approach of selling immediately upon completion of construction. Instead, we will strive to grow future returns by holding assets over the near- to mid-term and generating earnings from a stock of properties. At the same time, we will consider opportunities for M&A, alliances and building cooperative relationships to enhance our capabilities in development, leasing and exit strategies in our urban redevelopment business.

In our new overseas business, sales have already started in Australia, and we plan to roll out housing businesses in Russia, China and other countries moving forward, as well.

The remodeling business is a growth market. Instead of limiting ourselves to remodeling of homes we built, we will grow the business by targeting other existing homes, leveraging the capabilities of Sekiwa Construction companies. By doing so, as a group we will have all bases



covered, with Sekisui House Remodeling targeting owners of Sekisui House homes, Sekiwa Real Estate Group targeting large-scale remodeling projects and tenant turnover-related remodeling in rental properties, and the Sekiwa Construction Group targeting other existing properties.

In the built-to-order detached house business as well, more prominent disparities in income has lead to expansion in the market for smaller homes. To respond to this trend, the Sekiwa Real Estate Group has set out to expand share by introducing its second brand to the market.

Please see below for planned earnings for each fiscal year.

[Detailed performance targets based on our mid-term management plan]

(Million yen)

Consolidated	FY2009	FY2010	FY2011	FY2012
Consolidated	Amount	Amount Amount		Amount
Net sales	1,370,000	1,440,000	1,500,000	1,600,000
Operating income	(41,000)	51,000	57,000	68,000
Recurring income	(41,000)	50,000	60,000	75,000
Net income	(31,500)	27,000	34,000	42,000
ROA	-	3.85%	4.22%	4.96%
ROE	-	3.73%	4.56%	5.46%
EPS	-	39.95 yen	50.31 yen	62.15 yen

For earnings forecasts for the fiscal year 2009 (ending January 2010), please see "Notice regarding posting loss on revaluation of inventories, revisions to full-year business results forecast and year-end cash dividend forecast, and the next fiscal year's dividend plan."

<<Basic Direction for our Management Plan>>

We will drive business promotions based on the following directions for the mid-term business plan.

- 1. Strengthen intragroup ties. (Reinforce core businesses and expand business portfolio.)
- 2. Position eco-friendly housing as a driver of business growth (Green First Strategy)
- 3. Continue to promote structural reforms across the company
- 4. Raise operational and production efficiencies and cut costs



[Strengthen intragroup ties]

More than ever before, we will clarify business areas, strengthen each business line and build a solid business infrastructure.

Built to Order Housing Business:

- -Steel-framed detached houses
- -Wood-framed (Sha-Wood) detached houses
- -Sha-Maison low-rise apartments

Real Estate for Sale Business:

- -Built for Sale detached houses
- -Condominiums for sale
- -Overseas business (Australia, China, Russia)
- -Development business (Flow business, stock business)

Real Estate for Leasing Business / Other Business:

- -Fee business (Master lease and sublease business, brokerage business)
- -Second brand business
- -RC contracts, exterior and others
- -Remodeling business (Remodeling of detached houses built by Sekisui House, remodeling of apartments built by Sekisui House, remodeling of housing built by others)

[Green business as a growth driver: Green First Strategy]

Since we announced our Environmental Future Plan in 1999, we have strived to achieve reductions in CO₂ emissions through the establishment and implementation of our Action Plan 20 and our adoption of next-generation energy-saving specifications as standard features in advance of the industry. As part of those efforts, in March 2009 we commenced sales of environmentally friendly housing under the Green First brand in response to customer needs for comfort, economy and eco-friendliness. In April we redoubled efforts to promote adoption and expand sales by introducing new products-steel frame detached house Be ECORD Casual Green First and wood frame Sha-Wood detached house M'Natura Green First. As a result, Green First models accounted for more than half of our detached house order bookings. Clearly, the market now has greater awareness environmentally-friendly housing. Given this strong response, we would like to aggressively pursue increased sales and market expansion of our *Green First* products to further drive our built-to-order housing business. We consider now to be the optimal timing for environmentally-friendly housing, given the expansion of tax breaks on mortgages and the



introduction of subsidies for solar power and fuel cells and a system enabling the sale of power to the grid, and we will strive to expand our business nationwide.

Moreover, as we ready to celebrate our 50th anniversary next fiscal year, we plan to sell commemorative products in each of our product lines—steel frame housing, wood frame (Sha-Wood) housing, and low-rise apartments (Sha-Maison)—and aggressively pursue sales growth.

[Promote structural reforms across the company]

To reform our earnings structure by reinforcing our front-line capabilities, we will pursue the following four themes.

- 1) Enhance customer support capabilities for reinforcing our sales force
- 2) Enhance productivity by concentrating production units
- 3) Implement structural reforms focused on a leaner head office
- 4) Enhance profitability by strengthening intragroup ties

Also, to better leverage management resources (reinforce personnel), we seek to shift resources to areas where the housing market is forecasted to grow and acquire market share surpassing overall market growth. At the same time, we plan to reinforce our sales staffing by hiring people suited to our business from both new graduate and mid-career talent pools. Moreover, we will add personnel and implement job rotations to support business developments in growth businesses such as remodeling and a second brand of housing. By doing so, we look to build an infrastructure that will enable use to grow our business primarily in the recovering detached housing business.

[Raise operational and production efficiencies and cut costs]

We are starting to see improved plant utilization rates as the market for detached housing recovers, thanks to measures we took in March 2009 to close down production operations at our Shiga Factory and consolidate production lines. Moving forward, these steps should lead to improved profit margins. Furthermore, we will continue our efforts to reduce sales, general and administrative expenses to enhance management efficiency.

Meanwhile, we are working to build product development operational systems integrated from production through installation and to improve operational efficiencies through the adoption of factory automation at each factory.

As a result, we seek to reach a level of stable profitability that generates a margin of 10% in our Built to Order Housing Business.



For details, please see the attached materials.

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For further information, please contact:

Mr. Hidehiro Yamaguchi Head of Corporate Communications Department Sekisui House, Ltd.

Tel: 06-6440-3445 Fax: 06-6440-3369 Email: <u>info-ir@qz.sekisuihouse.co.jp</u>



Sekisui House Group

FY2010 Mid-term Management Plan





- 1. FY2010 Mid-term Management Plan
- Business Environment and Overview of Our Management Plan
- 3. Green Business as A Growth Driver
- 4. Management Targets
- 5. Dividend Policy
- 6. Basic Direction for Our Management Plan
- 7. Strategies for Each Business
- 8. Future Development of Urban Redevelopment Business
- 9. Future Development of Overseas Business

1. FY2010 Mid-term Management Plan



On August 1, 2010, we will commemorate our 50th anniversary since foundation. In January 2010, we will surpass two million homes sold cumulatively. As such our FY2010 is a year of milestones, which we mark as a year of new growth in laying out future management plans.

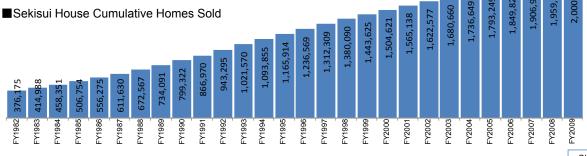
The environment for the housing business is undergoing a shift from an era of quantity prominent during Japan's period of high growth to an era of quality, and government policies have been implemented in concordance with that trend.

Meanwhile, Sekisui House has strived to stay ahead of the curve in meeting diversifying customer needs and develop housing products that compromise nothing.

Furthermore, with addressing global warming considered to be one of Japan's highest priorities, Sekisui House has played its role as a leading company in the housing industry and driven penetration of environmentally conscious housing products.

The economic environment, however, has changed dramatically since the Lehman Shock, impacting personal incomes significantly while employment concerns prevail. As a result, the housing market shrank significantly. Under such a business environment, Sekisui House has intensified efforts to meet the needs of an increasingly diversifying market, while expanding our business portfolio and leveraging our cumulative two million homes sold as a management asset in pursuing sustainable growth.





Sheet 1

2. Business Environment and Overview of Our Management Plan



Overview of Our Plan for Each Business

- ➤ The market for built-to-order housing is in a recovery trend now that the effects of the Lehman Shock have dissipated. The situation, however, remains harsh. A driver of the recovery has been government policies focused on the shift from quantity to quality as well as tax advantages and expanded subsidies for environmentally-friendly measures. As a top runner in environmentally-friendly housing, Sekisui House will actively pursue business growth and adhere to its middle-range and high-end focus.
- ➤ In the built-for-sale housing business, the decline in land prices has shown signs of moderating and Sekisui House will focus on its strength in creating community townscapes. However, we will move to shrink our land bank to manage assets more efficiently and reduce holding risk. Meanwhile, in the condominiums business, price erosion is making it difficult to sell off inventory. Considering such situation, we will take a more cautious stance by applying more rigid selection standards when preparing project plans.
- ➤ Meanwhile, among built-for-sale housing, the market for smaller homes grew as income disparity became more prominent. In response, utilizing targeted area analysis, the Sekiwa Real Estate Group sought to expand sales of its MAST brand.
- ➤ The market for real estate for leasing has yet to see a recovery in owners' demand for investment. That said, the latent demand for managing rental housing as part of a portfolio of assets is deeply rooted, and we strive to grow orders by making strong value propositions and maintaining high occupancy rates at properties managed by Sekiwa Real Estate Group with its expertise.



- ➤ In our development business, in light of the deterioration in real estate prices, we will revisit our conventional business approach of selling immediately upon completion of construction. Instead, we will strive to grow future returns by holding assets over the near- to mid-term and generating earnings from a stock of properties. At the same time, we will consider opportunities for M&A, alliances and building cooperative relationships to enhance our capabilities in development, leasing and exit strategies in our urban redevelopment business.
- ➤ In our new overseas business, sales have already started in Australia, and we plan to roll out housing businesses in Russia, China and other countries moving forward, as well.
- ➤ The remodeling business is a growth market. Instead of limiting ourselves to remodeling of homes we built, we will grow the business by targeting other existing homes, leveraging the capabilities of Sekiwa Construction Group. By doing so, as a group we will have all bases covered, with Sekisui House Remodeling targeting owners of Sekisui House homes, Sekiwa Real Estate Group targeting large-scale remodeling projects and tenant turnover-related remodeling in rental properties, and the Sekiwa Construction Group targeting other existing properties.
- ➤ In the detached house built-to-order segment, the Sekiwa Construction Group sought to increase market share by introducing a second brand targeted at capturing opportunities in the market for smaller built-to-order homes, a market growing as a result of income disparity.

Sheet 3

3. Green Business as A Growth Driver



Government policies relevant to the housing business

Tax cuts on mortgages

- > Record-scale tax deduction (¥6 million max deduction)
- May also be deducted from residential tax (expansion of tax incentive)

Subsidies

- Solar power generation systems
 ENE FARM fuel cell systems
- > Long-life quality housing leadership model

Expanded exemption from gift tax

Lead financial assets of Affluent to housing investment of their family and encourage younger generation to purchase homes (to be expanded to ¥15 million)

Reduced taxes to encourage investment

- > Expand tax breaks to taxpayers who do not rely on loans
- Encourage purchase of long-life quality housing
- > Encourage home remodeling

Expansion of "Flat 35" Mortgage Program

- ➤ Increase cap on LTV from 90% to 100%
- > Expand assistance for purchase of quality housing

Qualify for 0.3% mortgage rate reduction for up to 20 years upon fulfillment of criteria such as long-life quality housing or earthquake-resistance.

Moreover, there is a planned 1.0% preferential rate reduction applicable to the first 10 years (pending approval in the upcoming Diet Session)

Eco-Point System for Housing

Points benchmark (planned)

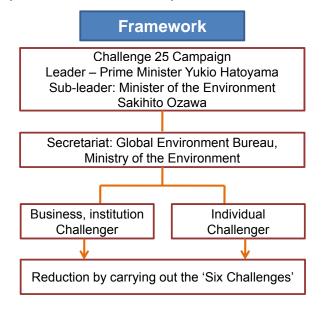
- Eco-remodeling (maximum 300,000 points) ex) Install double-paned windows (10 windows) on standard detached houses: about 150,000 points
- ➤ Eco-homebuilding for new homes
 Build a new detached house under eco-housing
 standards: about 300,000 points per housing unit



National movement for the prevention of global warming Challenge 25 Campaign



Under the name Challenge 25, the government is leveraging all government policies to promote the prevention of global warming so that we may protect the environment of Japan and the rest of the earth and pass on a future to our children. To that end, on January 14, 2010, the Challenge 25 Campaign was launched as a citizens' movement to prevent global warming. Sekisui House was requested to participate as a starting company and represent other Eco-First Companies, which resulted in our decision to participate.



Six Challenges

- To choose an environment-friendly lifestyles
- 2. To choose energy-saving products
- 3. To choose natural energies
- 4. To choose environment-friendly buildings and houses
- 5. To support activities that lead to the reduction of CO₂ emissions
- 6. To participate in community activities to prevent global warming

Sheet 5

4. Management Targets



(¥ million)

Camaalidatad	FY200	09	FY20	FY2010		FY2011		FY2012	
Consolidated	Amount	YoY(%)	YoY(%) Amount YoY(%)		Amount	YoY(%)	Amount	YoY(%)	
Net Sales	1,370,000	(9.5)	1,440,000	5.1	1,500,000	4.2	1,600,000	6.7	
Gross profit	219,000	(24.8)	252,000	63.6	266,000	5.6	288,000	8.3	
Loss on revaluation of real estate for sale	(65,000)	-	-	-	-	-	-	-	
SG&A	195,000	(10.3)	201,000	3.1	209,000	4.0	220,000	5.3	
Operating income	(41,000)	-	51,000	-	57,000	11.8	68,000	19.3	
Recurring income	(41,000)	-	50,000	-	60,000	20.0	75,000	25.0	
Extraordinary income	-	-	-	-	-	-	-	1	
Extraordinary loss	7,500	(84.8)	1,500	(80.0)	1,500	0.0	1,500	0.0	
Net income	(31,500)	-	27,000	-	34,000	25.9	42,000	23.5	
ROA	-	-	3.85%	-	4.22%	9.6	4.96%	17.5	
ROE	-	-	3.73%	-	4.56%	22.3	5.46%	19.7	
EPS	-	-	39.95 yen	-	50.31 yen	25.9	62.15 yen	23.5	

Without write-downs posted on real estate assets, we had expected to achieve plans for operating income and recurring income for the FY2009.



In order to realize a high level of profit sharing while maintaining sound management over the medium- and long-term, we will basically aim at an average dividend payout ratio of 40% or higher over the medium-term.

Concerning cash dividends for FY2010, as stated in the Notice regarding Cash Dividend Forecast for the Next Fiscal Year announced today (on January 20, 2010), we are planning to pay a commemorative dividend to mark the 50th anniversary of our incorporation, on top of those that are to be paid in accordance with our profit plan for the medium-term period. We propose to pay an annual dividend of ¥21, which comprises an interim dividend of ¥8, a commemorative dividend of ¥5, and a year-end dividend of ¥8.

			(¥)				
Dividend	Cash d	Cash dividend per share					
condition	End of second quarter	Year-end	Annual				
FY2005	10.00	10.00	20.00				
FY2006	10.00	12.00	22.00				
FY2007	12.00	12.00	24.00				
FY2008	12.00	12.00	24.00				
FY2009	10.00	-	10.00				
FY2010 (forecast)	8.00 commemorative dividend: 5.00	8.00	21.00				

Sheet 7

6. Basic Direction for Our Management Plan

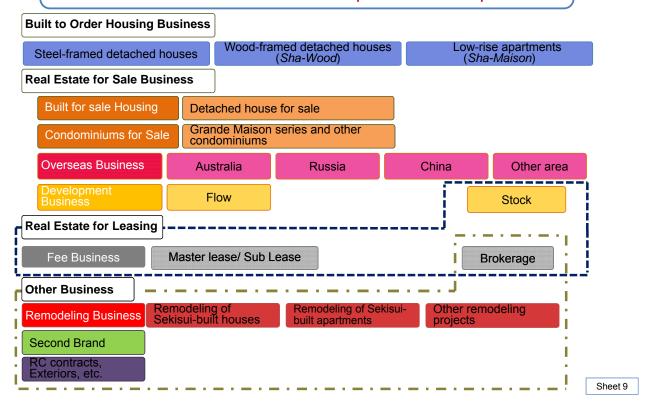


Basic Direction for Our Management Plan

- Strengthen intragroup ties.
 Reinforce core businesses and expand business portfolio.
- (2) Green First Strategy: Position environmentally-friendly housing as a driver of business growth
- (3) Promote structural reforms across the company
- (4) Raise operational and production efficiencies and cut costs



(1) Strengthen intra-group ties Reinforce core businesses and expand business portfolio.

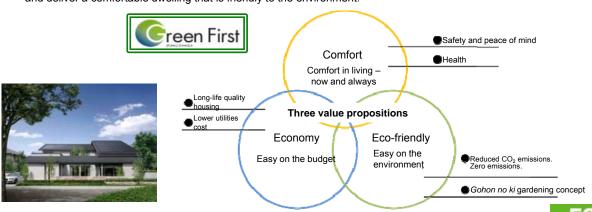




(2) Green First Strategy: Position environmentally-friendly housing as a driver of business growth

Sekisui House has been certified as an Eco-First Company in recognition of our accomplishments since inception in our tireless pursuit of safety, peace of mind and comfort for our customers.

Deploy Green First Strategy with product development capabilities to propose to offer three value propositions and deliver a comfortable dwelling that is friendly to the environment.



Only housing company certified as an Eco-First Company by the Ministry of the Environment

As a pioneer in the housing industry, we have been promoting environmentally-conscious technology since our Environmental Future Plan in 1999.



- 2. Actively promote ecological networks and bio-diversity revitalization (biodegradability)
- 3. Strictly implement resource recycling (recycling of resources, longer-lasting housing)





(3) Promote structural reforms across the company

4 themes of "Profit structure reform through enhancing front-line capabilities"

- ➤ Improve customer response capabilities to enhance sales
- Improve competitiveness by consolidation production
- > Structural reforms focused on a leaner head office organization
- ➤ Improve profitability by strengthening ties among Group companies

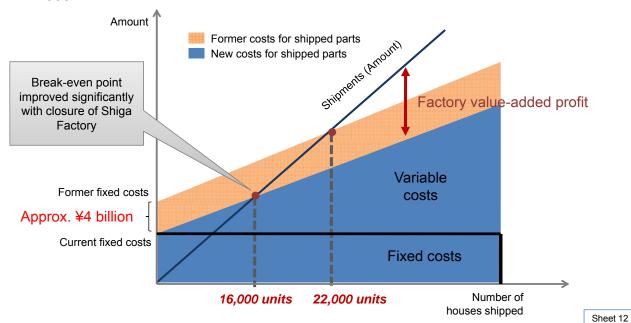
Management resources: Personnel reinforcements

- > Rebuild organizations and shift personnel in optimal alignment with the housing market
- ➤ Bolster sales forces
- ➤ Cultivate and increase human resources for new and growth businesses
- Implement job rotation to strengthen intragroup ties

Sheet 11



- (4)-1 Raise operational and production efficiencies and cut costs
- (1) Value-added profit resulting from improved utilization rate and increased housing shipments following the halt of production activities at Shiga Factory in March 2009





(4)-2 Raise operational and production efficiencies and cut costs

Factory value-added profit

(¥ million)

	FY2009	FY2010	FY2011	FY2012
	7,000	10,500	13,000	15,000
Value-added profit (¥ million)				
20,000	Value-added			20.200
18,000	profit	shipped	24,800	26,300
16,000		22,400		
14,000	19,500			15,000
12,000			13,000	
10,000		10,500		
8,000				
6,000	7,000			
4,000				
2,000				
0				
•	FY2009	FY2010	FY2011	FY2012



Sheet 13

(4)-3 Raise operational and production efficiencies and cut costs

- (2) Raise operational efficiencies through automation & systematization
 - •System integration of product development information from production through installation
 - Promote robotics and other automated systems at each factory

(3) General & administrative expenses trend

Reduce SG&A ratio through continued cost cuts even after cutting approximately ¥23 billion year-on-year from General & Administrative Expenses in FY2009

(¥ million)

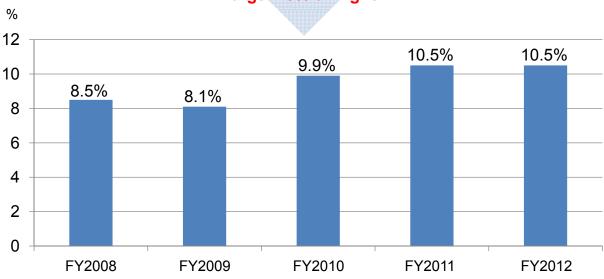
	FY2009	FY2010	FY2011	FY2012
SG&A	195,000	201,000	209,000	220,000
SG&A / Total sales	14.2%	14.0%	13.9%	13.8%
Breakdown (Labor costs)	103,000	107,000	110,000	112,500
(Sales expense)	23,000	23,000	25,000	28,000
(Advertising expense)	19,000	20,500	21,000	23,000
(Other expenses)	50,000	50,500	53,000	56,500

Sheet 14



(4)-3 Target stable profitability through improved management efficiency

Improve OP margin of built-to-order housing business Target 10% or higher



Sheet 15

Management targets by business segment



		_				(¥ million)
			FY2009	FY2010	FY2011	FY2012
		Steel-framed housing	285,000	330,000	342,000	365,000
Built to C	Order	Wood-framed housing (SW)	93,000	108,000	120,000	125,000
Housi	ng	Low-rise rental apartment (SHM)	222,000	232,000	233,000	235,000
		Subtotal	600,000	670,000	695,000	725,000
		Detached houses for sale	214,000	170,000	176,000	182,000
Real Esta	Real Estate for Condominium		51,000	56,000	60,000	55,000
Gaile	Subtota		265,000	226,000	236,000	237,000
	Fee Business	Master lease/ Sub lease	344,000	362,000	380,000	400,000
Real	_ 70	Remodeling of Sekisui-built Houses	47,100	50,000	55,000	60,000
Estate for Leasing	Remodeling Business	Remodeling of Sekisui-built apartments	21,000	23,000	26,000	30,000
Leasing	sse	Other remodeling business	10,300	18,000	24,000	30,000
		Subtotal	78,400	91,000	105,000	120,000
Other	B	Second brand	700	5,000	10,000	15,000
Business	Other Business	-RC, Exteriors, Brokerage -Leasing of fixed assets -Eliminations and other	81,900	86,000	74,000	103,000
		Total	1,370,000	1,440,000	1,500,000	1,600,000

Note: The above is summary plan list showing selected major items.

7. Strategies for Each Business (1)-1 Built to Order Housing - Detached Houses



Mid-range to high-end product strategy

Attempt to expand orders from second-time buyers through deployment of mid-range to high-end products.

Owner-occupied housing starts and our market share by floor area



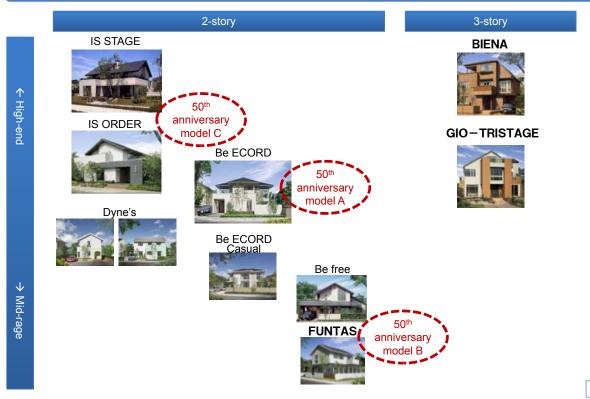
Sheet 17

(1)-2 Built to Order Housing - Detached Houses



■ Mid-range to high-end product strategy (Steel-framed detached house business)

In 2010, launch 3 mid-range to high-end products as 50th anniversary commemorative models.



(1)-3 Built to Order Housing - Detached Houses



■ Mid-range to high-end product strategy (Wood-framed detached houses: Sha-Wood)



In 2010, launch new mid-range and high-end products as 50th anniversary commemorative models. For *SHA-Wood* wood-framed detached houses, deploy "Japan Premium Wood Series" to secure competitiveness leveraging the performance of industrial housing while delivering the quality feel of wooden housing.

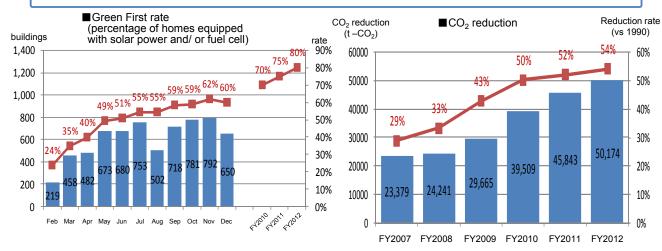


(1)-4 Built to Order Housing - Detached Houses



Green First Strategy

Actively sell Green First products to deliver a comfortable lifestyles to customers and contribute to CO2 reductions



												(buildings)
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green First	Solar power generation systems	197	409	433	622	639	714	484	697	744	773	631	6,343
equipped with	Fuel cell systems	47	100	117	148	133	129	78	99	110	106	85	1,152
Green First P	remiums	25	51	67	96	92	91	60	78	75	87	68	790

[•]Green First: Our eco-friendly housing equipped with solar power generation systems or fuel cell systems.
•Green First Premium: Our eco-friendly housing equipped with both solar power generation systems and fuel cell systems.

(1)-5 Built to Order Housing - Detached Houses



Green First Strategy

Actively sell Green First products to deliver a comfortable lifestyles to customers and contribute to CO2 reductions

- Area Marketing Strategy
 - Implement a well-adapted area marketing strategy aligned with a mid-range to high-end product strategy that takes in to account the size of the market of owner-occupied homes and our position as the top maker.
 - Deploy products targeting affluent owner-occupied housing market (focused on 50th anniversary models)

(¥ thousand)

Built-to-order detached houses	Sales per detached house	Sales per 3.3m² (tsubo)
January 2007	30,375	698
January 2008	31,058	713
January 2009	31,641	731
July 2009	31,404	740

Sheet 21

(1)-6 Built to Order Housing – Low-rise Apartments



■ Mid-range to high-end product strategy



2-story

3 - and 4-story











(¥ thousand)



Low-rise apartment	Sales per detached house	Sales per 3.3m² (tsubo)
January 2007	39,852	534
January 2008	41,565	538
January 2009	45,528	557
July 2009	50,948	576

← High-end

→ Mid-rage





(1)-7 Built to Order Housing – Low-rise Rental Apartments



■ Mid-range to high-end product strategy

Sha Maison

Expand a stock business (block leasing business) working with Sekiwa Real Estate Group by building a stock of quality rental housing through value propositions to owners based on mid-range to high-end products that create value that goes up with time (time value) as rental housing.

- ZEXA: 3-story Sha-Maison low-rise apartment
- · Villace Limited: 2-story Sha-Maison low-rise apartment

Expand sales of two mid-range products targeting good cost performance that were introduced in Fall 2009.





Villace limited



· Pursuing orders for Sha-Maison Towns

Leverage our strength in real estate consulting to actively pursue orders for *Sha-Maison Towns*, which deliver community townscapes that enhance asset value.



Sheet 23

(1)-8 Built to Order Housing – Low-rise Rental Apartments



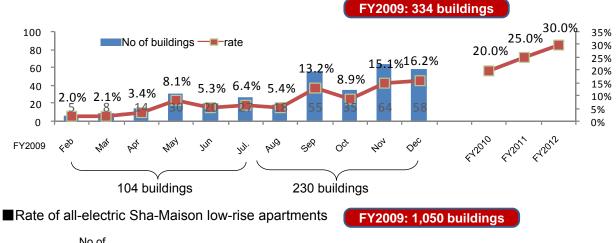
- Green First Strategy
 - Pursue orders for Sha-Maison Eco-style, which attempt to reduce tenant utilities costs and CO₂ emissions.
 - In particular, actively pursue Sha-Maison Eco-style Cross Solar models, all-electric buildings equipped with solar power generation and EcoCute (energy-efficient hot water supply systems) to appeal to tenant environmental awareness and contribute to environmental friendliness.

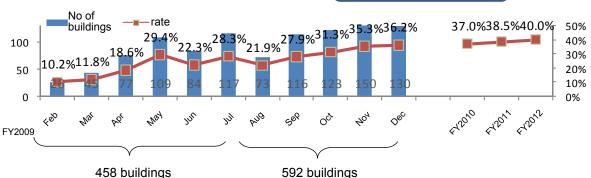


- Area marketing strategy
 - Implement well-adapted area marketing strategy harmonized with our mid-range to high-end product strategy that enables both strategies for a flow business and a stock business (leverage build base of 2 million sold to date).
 - Specifically, implement the following measures:
 - ➤ Establish Tokyo Sha-Maison Business Division and Kansai Sha-Maison Business Division.
 - Shift human resources to the metropolitan areas.
 - ➤ In other regions, deploy priority city strategy in coordination with each Sekiwa Real Estate Companies.
 - > Strengthen ties with Sekisui House built-to-order apartments sales division to secure high occupancy rates.



■Rate of Sha-Maison low-rise apartments equipped with solar power generation systems





Sheet 25

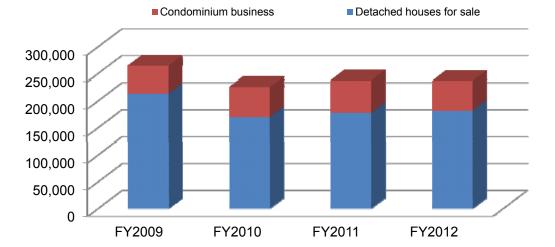
(2) Real Estate for Sale Business



Pursue sales growth by introducing products offering a broader range of price points to attract first-time buyer segments.

Expand market share of the MAST brand through targeted area analysis by affiliate Sekiwa Real Estate Group.

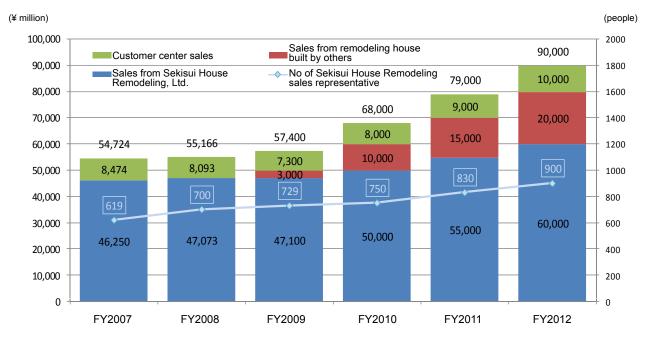
				(¥ million)
	FY2009	FY2010	FY2011	FY2012
Detached houses for sale	214,000	170,000	176,000	182,000
Condominiums business	51,000	56,000	60,000	55,000
Total	265,000	226,000	236,000	237,000



(3)-1 Remodeling Business – Detached houses



- Detached house remodeling business
- Expand business remodeling homes built by Sekisui House by actively hiring female remodeling advisors.
- Target ¥20 billion in FY2012 from remodeling of homes built by other homebuilders.

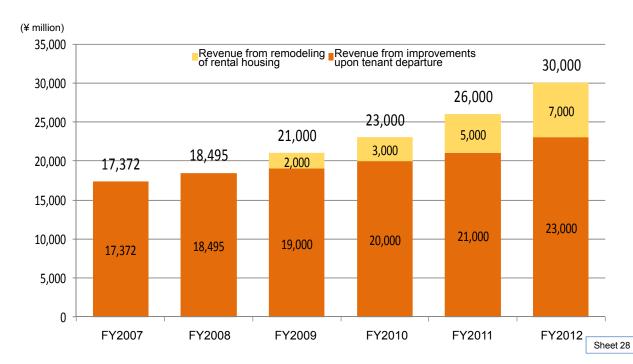


Sheet 27

(3)-2 Remodeling Business – Rental Housing



- ■Rental housing remodeling business
 - Expand rental housing remodeling business by proposing to owners re-investment plans needed to
 maintain stable operation of rental housing, targeting the stock of rental housing built by our company
 (Approximately 450,000 units managed by Sekiwa Real Estate Group + 550,000 not under
 management = 1 million units).

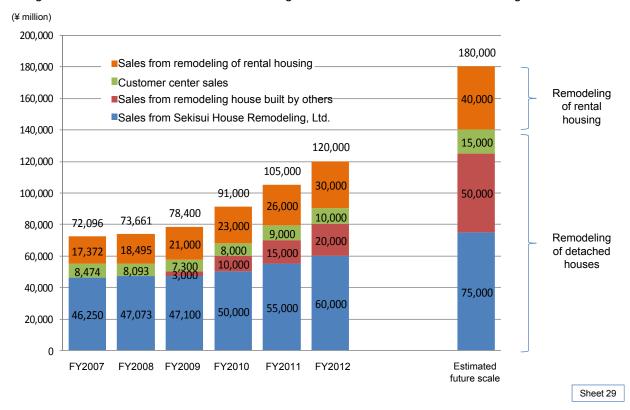


(3)-3 Remodeling Business - Total



■Remodeling business in total

Target ¥120 billion in FY2012 in total remodeling for detached houses and rental housing.

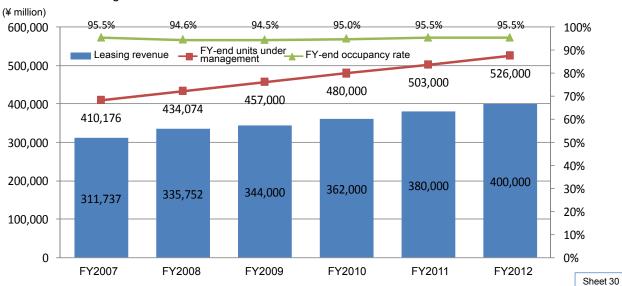


(4) Fee Business



■Real estate for leasing business

- The six Sekiwa Real Estate companies have operated for 30 years by sharing risk with owners through block lease contracts for a majority of the 450,000 units under management.
- The block leasing business enables not only growth in new orders for Sha-Maison products by also
 the maximization of asset value for owners through enhanced earnings and higher occupancy rates
 achieved with quality building management, excellent tenant screening and comprehensive tenant
 services. We target FY2012 revenue of ¥400 billion in our non-asset fee business.





Business revisions aligned with the market environment

Asset write-downs and future positioning of developed property holdings

Total valuation write-down: ¥65 billion

Future positioning	Project name	Location	Notes	Area (approx.)	Floor space (approx.)	Completion period
Plan to sell	Daiba Garden City Building	Minato, Tokyo	Office	2,900m²	18,700m²	Completed
Exit strategy	Hommachi Garden City	Osaka	Office, Hotel, etc.	3,700m²	50,000m²	2010
Sell 3-5 years after development if real estate environment	Hommachi Minami Garden City	Osaka	Office	3,700m²	47,000m²	2011
permits	Gotenyama Project A and C	Shinagawa, Tokyo	Office	22,700m²	84,000m²	2011
Hald stort and	Gotenyama Project B and D	Shinagawa, Tokyo	Condominiums	5,300m²	9,700m²	2011
Hold strategy Transfer to fixed assets. Hold as high	Umeda Kita-Yard	Osaka	Office, commercial, condos, etc.	37,900m²	483,600m²	2012
value-added assets.	Kyoto Project	Kyoto	Five-star Hotel	6,100m²	Undecided	Undecided

Sheet 31

Urban redevelopment business -- (1)



Slated for sale: Daiba Garden City Building

To be sold pending recovery in real estate market: Hommachi Garden City, Hommachi Minami Garden City, Gotenyama PJ (A and C blocks)

NOI of flow strategy properties

Property name	Completion timing	NOI at full occupancy	САР	
Daiba Garden City Building	December 2007			
Hommachi Garden City	June 2010	Total NOI:	Average cap rate:	
Hommachi Minami Garden City	March 2011	approximately ¥10.2 billion	approximately 5%.	
Gotenyama Project (A and C)	February 2011			

NOI of stock strategy properties

(¥ million)

(¥ million						
Property name	Total assets FY2009*	NOI FY2009*	Total assets FY2012	NOI FY2012		
Rental housing under management	67,000	2,900	73,000	3,200		
Office building and other leasing assets	73,000	2,600	130,000	2,600		
Total	140,000	5,500	203,000	5,800		



Hommachi Garden City



A symbolic development qualified as an Urban Reconstruction Special District

Midosuji Hommachi is an office district located along Osaka's main street, Midosuji. Lined with buildings housing the headquarters of Kansai's leading corporations, the street is home to office buildings occupied by well-known companies of all kinds. The Hommachi Garden City development plan has been approved by the Urban Planning Council and granted status by the City of Osaka as an Urban Planning Special District. The plan combines a luxury hotel and high-grade office facilities to provide a rich lifestyle and a hub of activity to lead the revitalization of surrounding areas. Moreover, standing 130 meters tall — head-and-shoulders above existing height restrictions applied to Midosuji streetway—the building will become a landmark symbolizing a new Midosuji.

The building conforms to the history and culture of Midosuji

The Midosuji area is home to many assets -both tangible and intangible- that have been cultivated over the years. The development site sits on more than 1,000 tsubo of land located at the crossroads between Midosuji and Hommachi — development location possessing enormous potential.

Seeking to become a new asset to Midosuji that combines office and hotel space

The ground and lower floors of the building will house retail space, while floors 3 through 10 are dedicated to high-grade office space, each floor about 600 tsubo in area. Floors 11 through 27 will be home to the St. Regis Hotel Osaka (about 160 guest rooms), the most luxurious hotel brand in the Starwood Group. The hotel will feature attractive facilities, such as two restaurants, a bar, spa, and ballroom. Located on the 12th floor, the hotel lobby will provide access to a spacious rooftop lounge that enjoys abundant natural light, neighbors a rooftop garden, and offers a new wonderful city site 50 meters above ground. Moving forward, we will continue to endeavor to make this a development project that fuses an uncompromising level of amenities, progressive functionality and hospitality sought by those who gather in the city.



Sheet 33

Urban redevelopment business -- (3)



Hommachi Minami Garden City

Landscape

- •Plant greenery that will contribute to the appeal of the Midosuji streetscape as a whole.
- •Create outdoor space offering diversity and an abundant feel of the changing seasons for the enjoyment of passersby.
- •On the three sides bordering streets, secure plenty of public open space and greenery to inspire feelings of abundance and spaciousness.
- •In coordination with the building's exterior walls, use natural stone in exterior flooring and around plantings that will grow more beautiful with time.



Substantial stone base conforms to the history of Midosuji and lends stature to the building

A substantial appearance using natural stone on the exterior wall of the building's lower floors contributes greatly to the streetscape.

The exterior plan features an abundance of gingko trees and is rooted in Sekisui House's *Gohon no ki* gardening concept, creating a spacious outdoor area that fits in the Midosuji area.

The exterior plan uses rows of gingko trees within the lot and is rooted in our *Gohon no ki* activities, which use indigenous vegetation for plantings. The landscape integrates with Osaka's main street.

The vehicle drop-off space is another façade to the building and greenery is planted by the entrance to leave an impression.

Earthquake-resistant design

The building foundation plan uses a cast-in-place concrete pile foundation with a support layer comprising a diluvial sand gravel layer (GL-42m). Vibration-damping braces are deployed on each floor to reduce damage to the building's major structural members in the event of an earthquake. The plan calls for A-grade earthquake-resistant performance, which is higher than general construction.











9. Future Development of Overseas Business



Overview of business strategy

- As the domestic housing market shrinks and matures under recent economic conditions and a shrinking populations, we believe the time has come to aggressively and selectively pursue opportunities in overseas markets where substantial potential can be foreseen in terms of both quality and quantity.
- Since announcing our Environmental Future Plan in 1999, environmental efforts have been positioned as a management priority and have attracted global attention at the 2008 G8 Hokkaido Toyako Summit with the construction of a Zero Emission House.
- Borrowing momentum from increased global awareness of the environment, we look to fuse our sustainable townscape concept and environmental technologies with the cultures and practices of various countries and make eco-friendly townscapes and homes.
- Instead of pursuing a real estate investment business such as resort development, as a creator of living environments, we look to contribute to the enhancement of local living environments by starting housing businesses overseas, which fit as an extension of our domestic business.
- To aggressively expand business overseas, work to supply developments and housing rooted in the local communities working with quality developers and homebuilders capable of quickly establishing a high-quality platform, by way of M&A, alliances or cooperative relationships.
- We position the overseas business as one important component of our overall housing business, targeting single-year sales of ¥50-100 billion over the mid- to long-term and eventually ¥200 billion, or approximately 10% of total company sales.

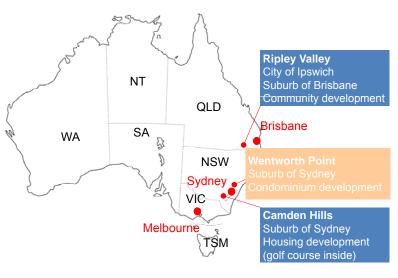
Basic criteria for strategic business regions

- •A growing population with stable demand for housing and marked growth in demand.
- •Potential for future economic development in the targeted country or region.
- •Active pursuit of environmental and energy conservation initiatives.

Various studies resulted in the businesses described on the following pages being selected as candidate sites for our first overseas business projects.



Development Specifics



- Pursue housing land development, community development and condominium businesses with a focus on the suburbs of three major cities – Sydney, Brisbane and Melbourne
- Work with local governments to build out ecofriendly communities.
- Differentiate from competition by supplying highquality housing using our proprietary wood-frame Sha-Wood construction method.
- Capture new business opportunities through cooperative relationships with major local developers. Pursue foray into built-to-order business through M&A or cooperative relationships with major local builders.
- Set up Sha-Wood precut factory in Sydney suburbs to establish local production regime while reducing worksite waste and contributing to the conservation of resources.

	Overview	Location	Total development area	No. of lots
CAMDEN HILLS	Housing development (golf course inside)	40km southwest of Sydney	Approx. 210ha	2,100 units
RIPLEY VALLEY	Multi-use development (detached houses and commercial)	40km southwest of Brisbane	Approx. 173ha (Total: 10,000 ha)	2,500 units
WENTWORTH POINT	Condominium development	20km west of Sydney	Approx. 8.3ha (Total: 18.2ha)	2,000 units

Sheet 37

Overseas strategy -- (2) Wentworth Point



Development specifics

Sales began in October 2009

Total supply: Approx. 2,000 units (new condominiums)

Total area: 18.2ha

Development area: 8.3ha (Sekisui House's share: 75%)

Construction completed on 1,344 units within development area



Of the total 215 units up for sale in the CORCICA building, applications have been filed for 150 units, and 100 units are under signed contract, as of the end of December 2009.







- Joint venture 75%-owned by Sekisui House and 25%-owned by PAYCE INDUSTRIES.
- Limit risk by starting sales in advance and beginning construction after approximately 80% of condominiums have been sold.
- Moving forward, create a favorable environment and enhance value added by starting construction of condominiums on oceanfront locations.
- · Plan leverages optimal oceanfront location.
- Maintain the ecosystem and air circulation by adopting Satoyama and Gohon no ki gardening concepts to multi-dwelling housing while also sharing the same concepts and brand as the detached house business.
- Leverage concepts of Universal Design, Compact Design and Sustainable Design in making lifestyle proposals to actual residents.
- Began sales in CORCICA building (215 units) in October 2009, targeting investors, which have progressed smoothly. As of December 23, have received applications for about 150 units, and 100 units are under contract. Will begin sales targeting general end users in February 2010 and plan to start construction in May 2010.

Sheet 39

Overseas strategy -- (4) Camden Hills





Design an axis of greenery (SATOYAMA) running north and south in the site. The SATOYAMA cultivates a sense of community while enhancing the environment by retaining water and creating a breeze.

In planting the SATOYAMA and streetside trees, select many indigenous types to maintain the ecosystem.

Use our *Gohon no ki* gardening concept implemented in Japan as a guideline in the Camden Hills project to create an environment rooted in the community not only in common areas but in each home. Consider maintaining the overall community ecosystem by creating an ecosystem network connected by wildlife in SATOYAMA and individual household gardens, where indigenous greenery is planted.

Set forth a landscape guideline to create a townscape featuring greenery throughout.

Create a townscape with abundant greenery, sunlight and ventilation by adopting our *n x Yutaka* (*n times richer*) concept from Japan.

After bringing in Home World (model home operator), sell land to the company and set up approximately 60 lots of model homes to increase customer footfall in an effort to increase subdivision and building sales.

Position our factory located nearby as a *Yume Kojo (large-scale experiment-based facilities)* to generate synergies and tie into promotional activities.

We will move forward with the project working together with the state government of New South Wales, which is welcoming and supportive of our environmentally friendly community proposal.



Will begin construction of display homes in May 2010 and ramp up the project as early as August.

Overseas strategy -- (5) Ripley Valley





Introduce the SATOYAMA concept and design SATOYAMA spaces and open space with characteristics aligned with each region. Provide a forum that - aside from its environmental function -can be used to educate children about the environment.

Introduce the concept of MICHI from Japan and create public areas and greenery networks connecting various spaces. Consider preventing ultraviolet radiation and provide spaces shaded by roadside trees for activities popular among Australians such as jogging and cycling.

Use a plan that keeps the current topography in place as much as possible to reduce the environmental burden while preserving and utilizing existing trees and lakes.

Develop commercial areas in parallel to residential developments. Position the commercial area in the center of the overall Ripley Valley project in a location that will attract users from outside the community as well.

Create a townscape with abundant greenery, sunlight and ventilation by adopting our *n* x Yutaka (*n* times richer) concept from Japan.

Proceed with advance build-out of roads and other infrastructure under an actively cooperative regime of the governments of the State of Queensland and the City of Ipswich, which have responded favorably to our eco-friendly development concept.

Ramp up subdivision and housing construction project as early as May 2011. Sheet 41

Overseas strategy -- (6)



Australia

70% of households are owner-occupied, and detached houses account for 76% of all housing. 55% of the population resides in the four major cities of Sydney, Melbourne, Brisbane and Perth.

Australia's population is growing at a rate of 1.6% (one million every three years), driven Real estate markets in major metropolitan by both a natural rate of increase and increased immigration.

The policy interest rate has been hiked in three consecutive months since October 2009 (3.0% \rightarrow 3.75%). The government raised its GDP growth forecast to +1.5% and forecasts growth of +2.75% in the 12 months ending June 2011.

areas did not escape the effects of the global financial crisis, but housing prices have been rising since February 2009.



Population: 21,293,000 (52nd) -Population growth: +1.07 (126th) -Area: 7,686,850km (6th) -GDP: \$1,010.6 billion (15th)

Russia

Population is growing markedly in the city and state of Moscow. GDP and housing supply (in terms of area) are also growing

-Has stabilized since economic crisis and housing prices are rising.

No distinction is made between domestic and foreign investments in real estate development.

Expanding the housing supply and organizing a mortgage system are government priorities.



Population: 141.903.979 (9th) -- opulation: 141,900,979 (9")
-- Population growth: -0.4 (221st)
-- Area: 17,075,200km² (1st)
-- GDP: \$1,676.5 billion (11th) Capital: Moscov

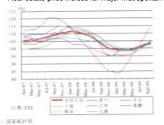
China

-Clear signs of bottoming before other countries in the global economy. GDP growth was 7.1% in the first half of 2009.

-Government introduced 4 trillion RMB (about 50 trillion yen) domestic demand stimulus package, about 80% of which was directed at infrastructure investment.

-30+% was invested in railroad-related infrastructure, raising expectations for further development of major metropolitan suburbs and inland regions.

Real estate price indices for major metropolitan areas



-Population: 1.345.751.000 (1st) -ropulation growth: +0.63 (153rd) -Area: 9,596,960km² (3rd) -GDP: \$4,401.6 billion (3rd) -Capital: Beijing



Russia

- Limit target to Moscow City of Moscow State, where the market environment is favorable.
- Based on the estimate an economic recovery will require several years, begin with small-scale developments, limit risks and build an organization to expand when the economy recovers fully.
- Tie up with local developers and builders to advance residential developments and a housing sales business targeting the upper-middle class.
- Given the current situation in Russia, limit focus to projects where the infrastructure is in place and study business opportunities.
- ■Build heatinsulated homes using a hybrid of our original Sha-wood construction method and local standards. Advance an energy conservation, ecofriendly business.



Rendering of model home Slated for completion this Fall.

China

- Target business projects with a priority on outlying neighborhoods and suburbs of major metropolitan areas, where the market environment is more stable.
- Focus on developments combining condominiums and low-rise housing.
- Provide low-rise housing products leveraging our know-how in proprietary steel-frame construction methods.
- Establish locally incorporated companies at each operational base to advance business smoothly.
- Solidify ties with local government based on the strong interest we are receiving in the eco-towns we seek to develop.
- Consider acquiring a builder, among other options, to achieve a supply of housing with stable quality performance.

Other countries

- Create eco-friendly communities with a "Walkable Community" positioned as one concept.
- Actively study mixed-use developments combining office and retail facilities with housing developments (detached houses, townhomes, condominiums).
- Advance development business with a focus on joint ventures with local developers.
- Deploy construction business and provide our environmental technologies under joint ventures with local builders. Target a homebuilding business that meets Energy Star and other environmental standards.
- Build cooperative relationships with local developers that share our view on environmentally-friendly development and study new business opportunities.

At this juncture, details cannot be released to the public.

Sheet 43



Although the document is prepared on the information believed to be credible, Sekisui House does not guarantee the accuracy or the completeness of such information.

Also the information herein contains forward-looking statements regarding the Company's plan, outlook, strategies and results for the future. All the forward-looking statements are based on judgments derived from information available to the Company at the time for this release. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented here.