

Sekisui House Group

FY2012 Mid-term Management Plan



November 2012

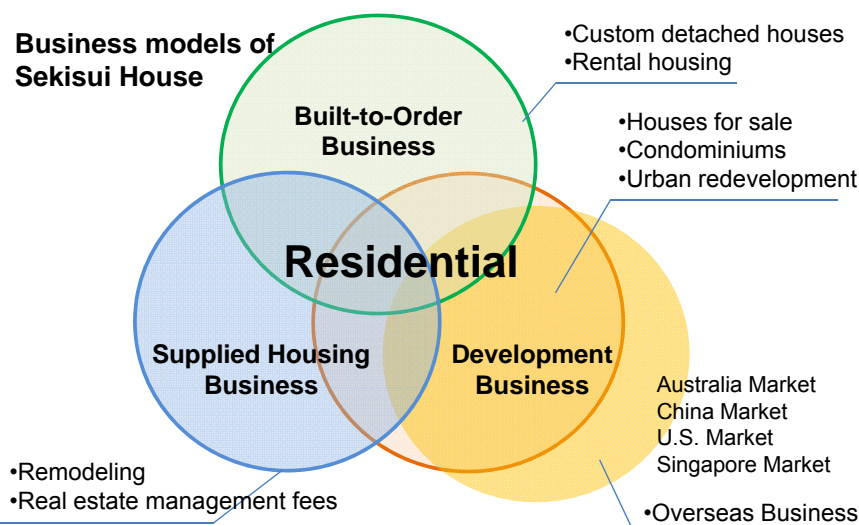
Management Strategy



Management Direction

Deployment of growth strategies focused on the “residential” business domain

Business models of
Sekisui House



[Basic Direction]

Continue establishing infrastructure for growth
Pursue high profitability by further improving efficiency.

(1) Built-to-Order Business

Leverage management base and technical expertise to achieve growth.

(2) Supplied Housing Business

Use advantage of high quality stock that we have supplied in the past to achieve growth.

(3) Development Business

Harness unique technical expertise to pursue town planning business in Japan and overseas.
Also prepare exit strategies using REITs, etc.

Brand Vision

SLOW & SMART

Housing innovation to make your heart feel at home

Analysis of Market Environment

• Shift in housing policy from quantity to quality

- ✓ Promotion of long-life quality houses
- ✓ Demand to rebuild existing housing built before the new earthquake resistance standards
- ✓ Promotion of circulation of existing quality housing

• Demand for energy-free design for housing

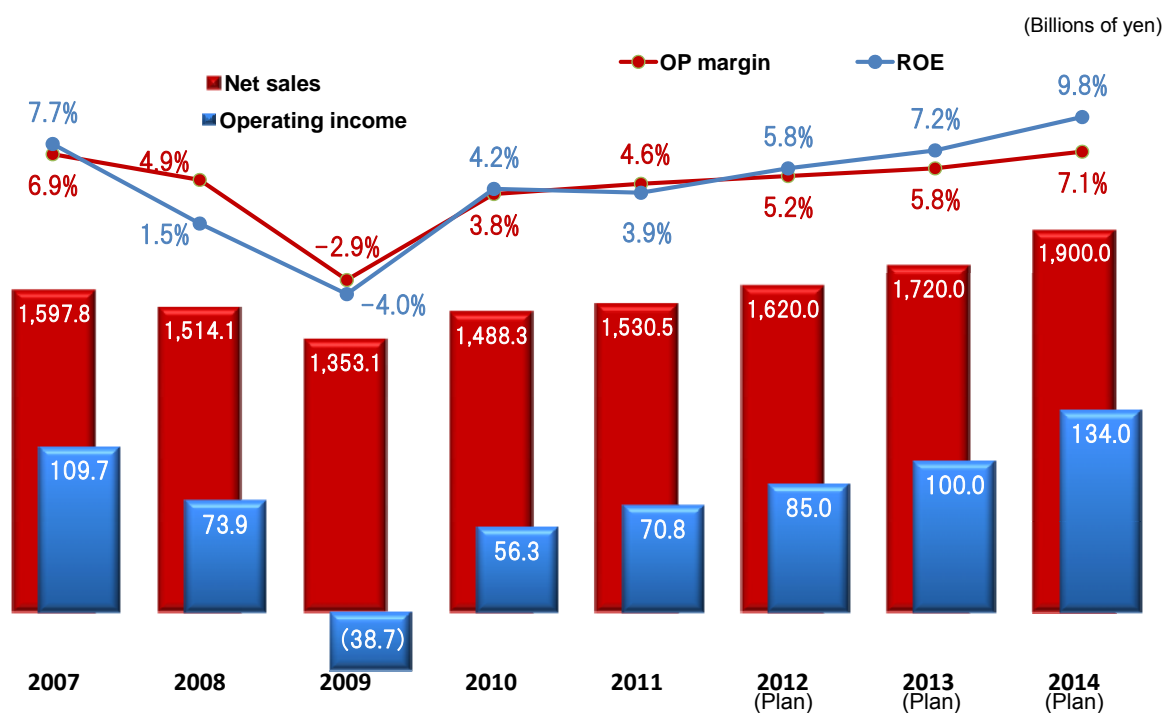
- ✓ Reduction of CO₂ emissions through the introduction of mandatory energy-efficiency standards
- ✓ Promotion of zero-energy housing through use of smart houses

• Cooperation with local community focussed on housing

- ✓ Promotion of smart towns with control over total energy use
- ✓ Promotion of widespread use of elderly housing with supportive services and strengthening of cooperation with community health services and nursing care services.

Sheet 2

Management Summary



To 2009
Falling demand in wake of
Lehman shock

FY2010 Plan
Establishment of
lean earnings base

FY2012 Plan
Acceleration of profit growth
through business expansion

Sheet 3

Targets of Mid-term Management Plan



(Millions of yen)

	FY2010	FY2011	FY2012 (Plan)	FY2013 (Plan)	FY2014 (Plan)
Net sales	1,488,369	1,530,577	1,620,000	1,720,000	1,900,000
Operating income	56,354	70,897	85,000	100,000	134,000
Net income	30,421	28,962	44,000	57,000	82,000
OP margin	3.8%	4.6%	5.2%	5.8%	7.1%
EPS (yen)	45.0	42.9	65.5	84.8	122.0
ROE	4.2%	3.9%	5.8%	7.2%	9.8%

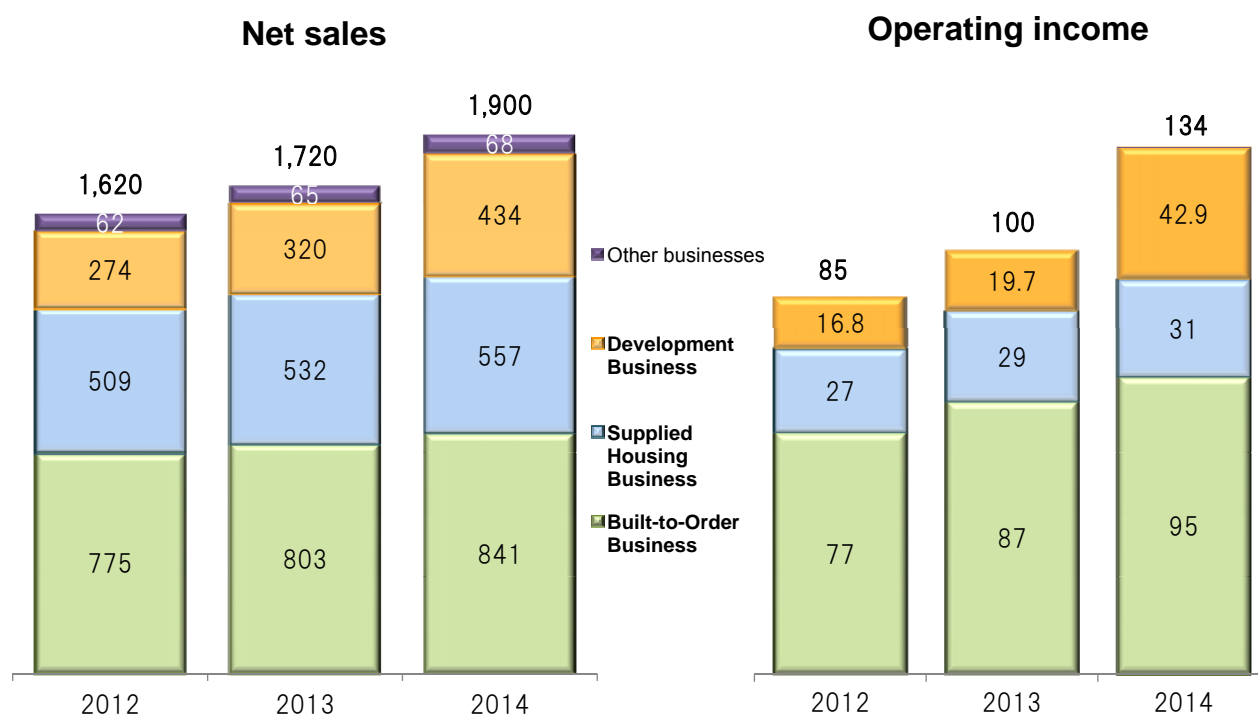
* Conversion of bonds with stock acquisition rights is not accounted for in the calculation of EPS and ROE.

Sheet 4

Targets of Mid-term Management Plan



(Billions of yen)



*Breakdown amount does not include eliminations and corporate expenses.

Sheet 5

Targets of Mid-term Management Plan



(Millions of yen)

		FY2012			FY2013			FY2014		
		Net sales	Operating income	OP margin	Net sales	Operating income	OP margin	Net sales	Operating income	OP margin
Built-to-Order Business	Custom Detached Houses	485,000	51,000	10.5%	497,000	56,000	11.3%	512,000	60,000	11.7%
	Rental Housing	290,000	26,000	9.0%	306,000	31,000	10.1%	329,000	35,000	10.6%
Supplied Housing Business	Remodeling	114,000	11,000	9.6%	120,000	12,000	10.0%	127,000	13,000	10.2%
	Real Estate Management Fees	395,000	16,000	4.1%	412,000	17,000	4.1%	430,000	18,000	4.2%
Development Business	Houses for Sale	125,000	3,000	2.4%	128,000	3,500	2.7%	137,000	4,400	3.2%
	Condominiums	50,000	600	1.2%	56,000	2,800	5.0%	59,000	3,000	5.1%
	Urban Redevelopment	45,000	10,200	22.7%	36,000	7,800	21.7%	38,000	8,200	21.6%
	Overseas Business	54,000	3,000	5.6%	100,000	5,600	5.6%	200,000	27,300	13.7%
	Other Businesses	62,000	0	0.0%	65,000	0	0.0%	68,000	200	0.3%
	Eliminations and corporate expenses	-	(35,800)	-	-	(35,700)	-	-	(35,100)	-
	Consolidated	1,620,000	85,000	5.2%	1,720,000	100,000	5.8%	1,900,000	134,000	7.1%

Sheet 6

Business Strategies



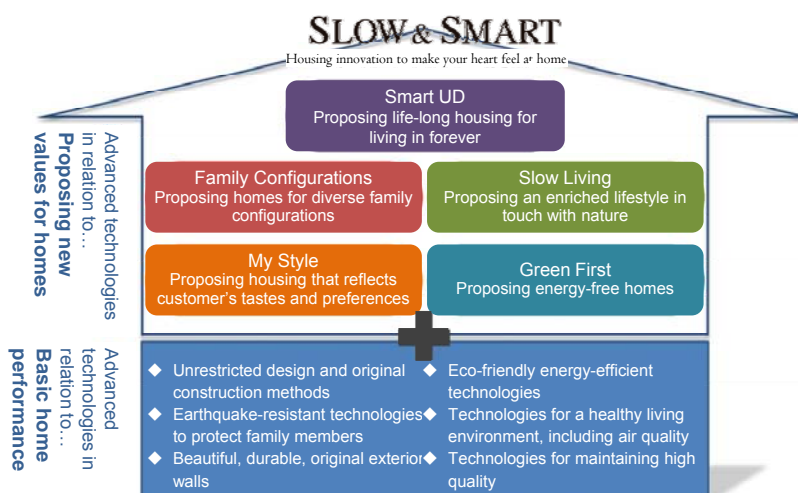
Growth Strategy Scenarios

(1) Built-to-Order Business

Maintain mid-range to high-end product strategy in both detached housing and rental housing, and achieve growth as the leading supplier of quality housing.

Lead the age by harnessing technical expertise in relation to....

- *basic home performance*
- *proposals for living "comfortably now and always"*

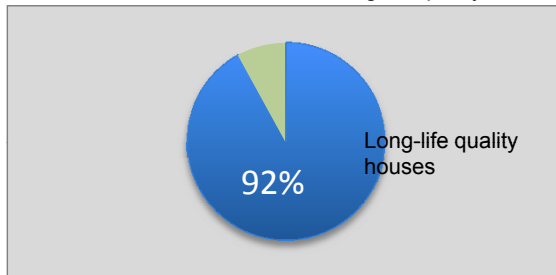


Sheet 7

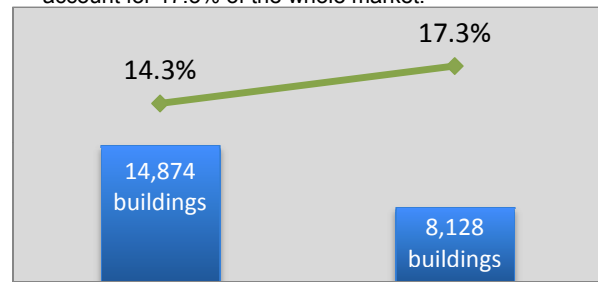
【History of mid-range to high-end product strategy】

Long-life Quality House

92% of total orders we received are long-life quality houses.

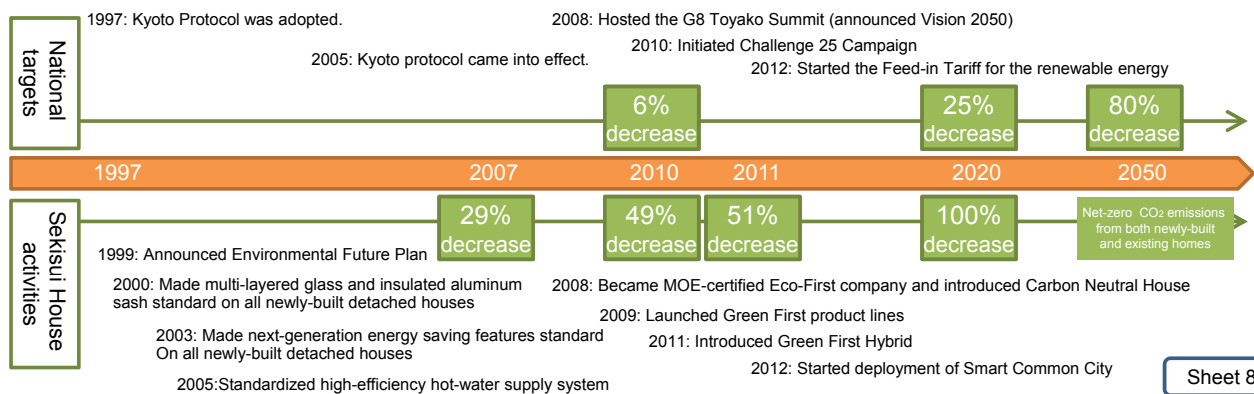


The long-life quality houses that Sekisui House built account for 17.3% of the whole market.



Eco-friendly housing

【Target for reduction of greenhouse gas emissions compared to Year 1990 level】



Sheet 8

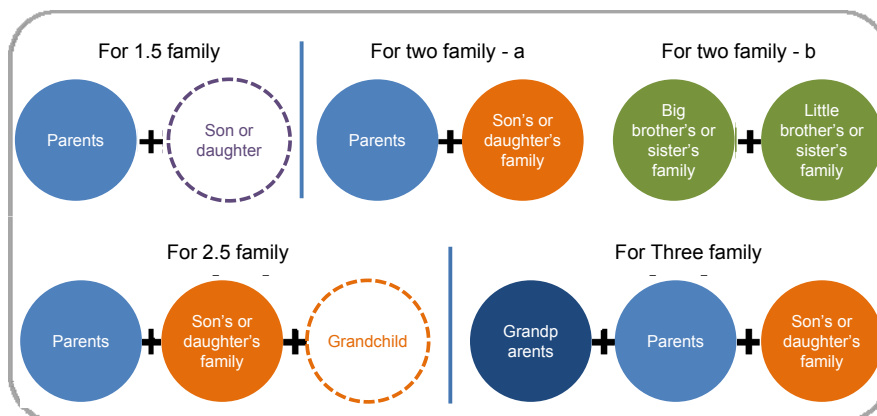
【Technical expertise of SLOW & SMART】

Family Configurations

Proposing homes for diverse family configurations

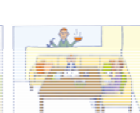
Homes for multi-family

Sekisui House proposes homes for diverse family configurations according to their life stage.



Home for family with small children

Home for double-career family



Sheet 9

【Technical expertise of SLOW & SMART】

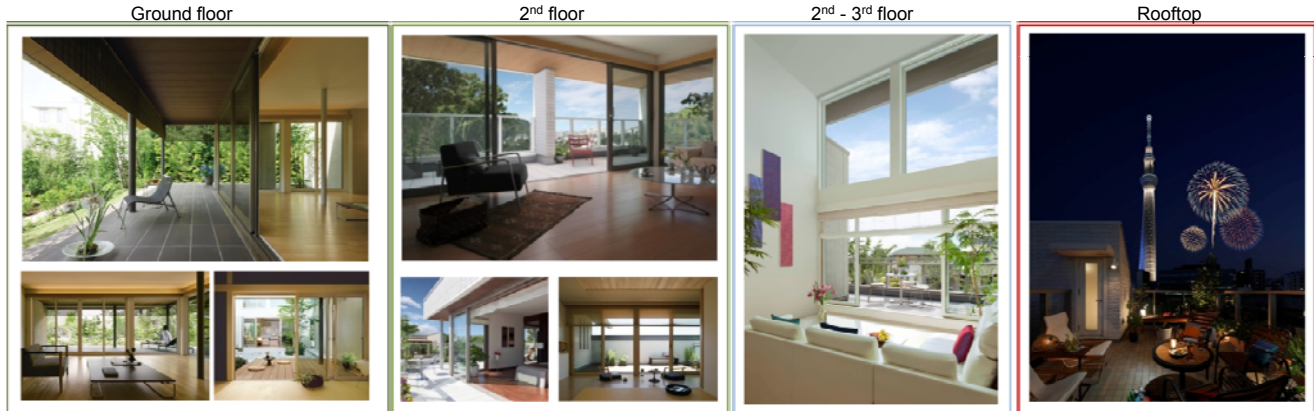
Slow Living

Proposing an enriched lifestyle in touch with nature

* Awarded Good Design Award 2011.

Sekisui House proposes space design to enjoy a pleasant life based on factors that contribute to comfortable living.

Its effects have been demonstrated by our track record. In addition, the comfort achieved by the design has been explained scientifically through demonstration experiments at the Comprehensive Housing R&D Institute.



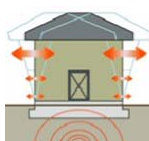
Sheet 10

【Technical expertise of SLOW & SMART】

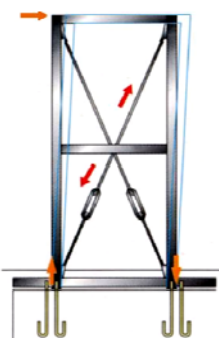
Basic home performance

Earthquake-resistant technologies to protect family members

Earthquake-resistant structure



Sekisui House assures basic home performance that protects lives of family members. Our homes protected many families from the past huge earthquakes.

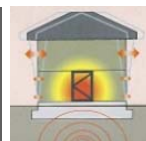


Bearing wall



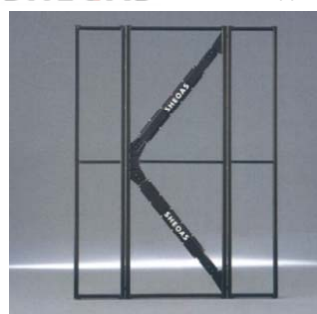
Original Universal frame"

Seismic-dampening structure

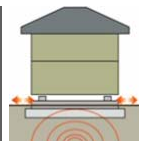


SHEQAS energy absorbing system absorbs the building movement to reduce pressure on the structure of the home by about half and minimizes interior and exterior damage from repeated earthquake activity.

SHEQAS *Minister's approved



Seismically isolated structure



A full-scale experiment has demonstrated that the structure reduces seismic intensity of level 7 to less than 10%. It thus reduces the sense of fear and prevents secondary disasters such as toppling furniture.

*Minister's approved

Seismically bearing and oil damper



Sheet 11

【Technical expertise of SLOW & SMART】

Basic home performance
Technologies for a healthy living environment, including air quality

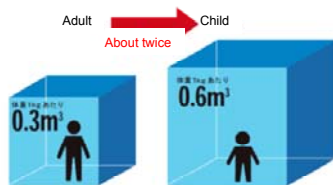


High-quality indoor air system



Won the Kids Design Award 2008.

- Set allowable concentrations of five chemical substances at levels less than 50% of the national guidelines
- Conduct measurement and analysis of in-room chemical substance concentrations in all houses by public agency and issue the Performance Evaluation Certificate to the customer.



A child intakes twice as much air as an adult. This means a child is more vulnerable to the effects of air quality than adults are.

Source: "Guidelines for Chemical Substances to Protect Health of Children,"
Bureau of Social Welfare and Public Health of Tokyo Metropolitan Government

Sheet 12

[Pursue mid-range to high-end product strategy by expanding sales of 3-4 story housing]

Technical innovation in 3-4 story industrialized housing

* First radical reform of our β system construction method for 15 years. Increasing freedom vertically and horizontally to maximize effective use of land.

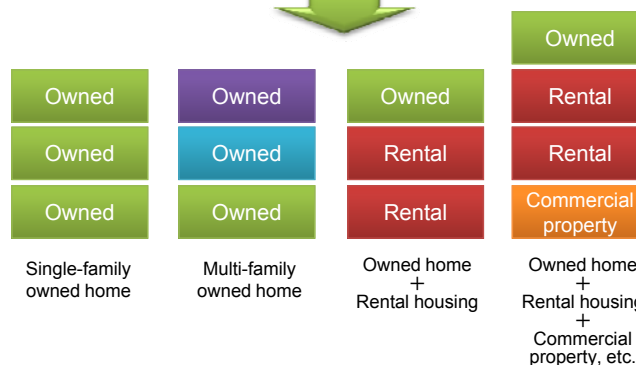


Three different options for the ceiling height of each floor

2-3 story stairwell

Bi-directional overhang

Enabling motoring lifestyle



Sheet 13



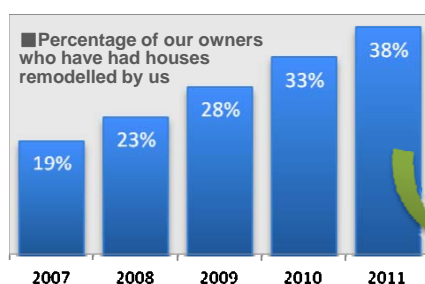
Sheet 14

(2) Supplied Housing Business

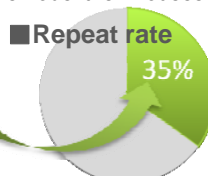
Harness our biggest advantage of extensive high quality stock which we supplied in the past to achieve growth in remodelling business

➤ *Expand remodelling business of detached houses built by us*

Make remodeling proposals in line with changes in housing that capture the SLOW & SMART brand vision so that owners of our detached houses can lead comfortable lives now and always.



* The percentage of our owners who have had their houses remodeled by us is 38%. We will expand orders by making remodeling proposals based on the SLOW & SMART approach to owners who have yet to remodel their houses.



* Owners who remodel their houses more than once account for 35% of our remodeling orders. We will secure repeat orders with our construction quality and 10-year warranty.

➤ *Expand remodelling of market housing stock*

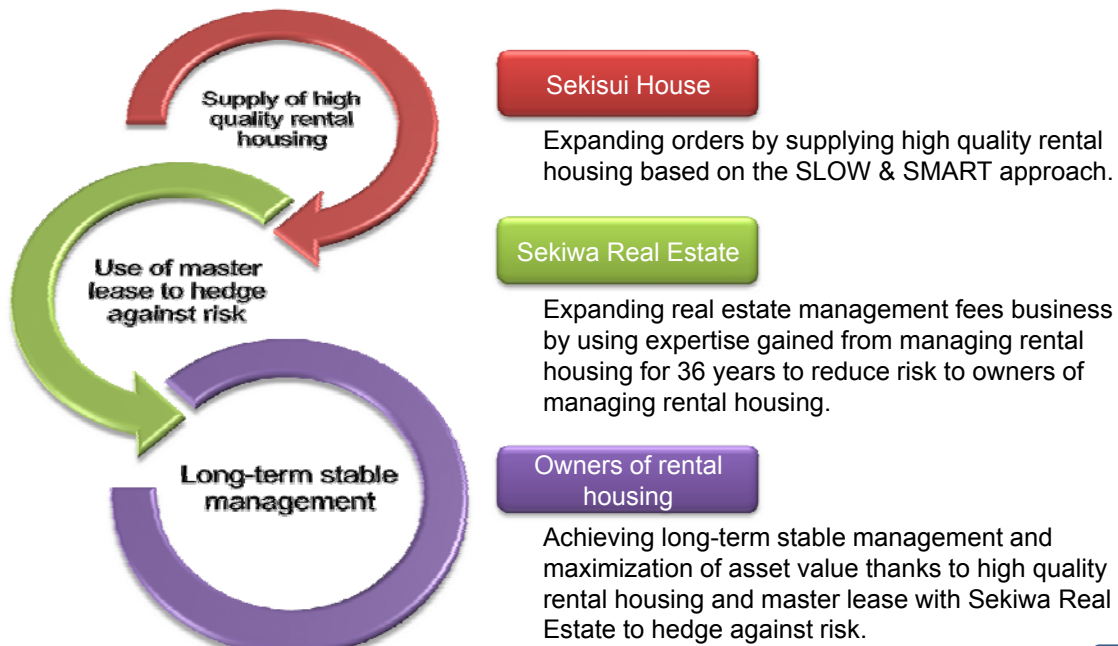
Use our remodelling expertise and the construction quality achieved through remodelling our own supplied housing to strengthen remodelling business in relation to properties not built by us.

Sheet 15

Expand real estate management fees business to support owners in managing rental housing

Sha-Maison WITH System

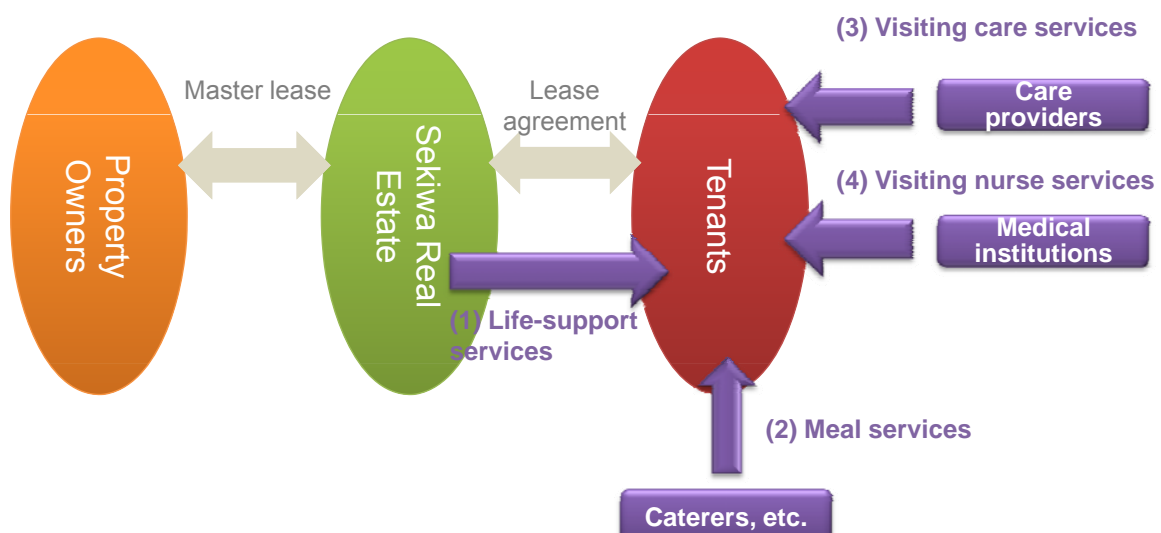
Win-win situation for owners, Sekisui House and Sekiwa Real Estate



Sheet 16

Aggressively expand business of managing “**elderly housing with supportive services**” as new housing stock

Support the elderly in achieving a life they are proud of by leveraging expertise in management of rental housing accumulated over more than 30 years and strengthening cooperation with health care and nursing care services.



Sheet 17

(3) Development business

Strengthen investment management for stable investment in Japan and pursue growth investing strategy overseas

➤ *Stable investment in houses for sale business*

Promote town planning which realizes the SLOW & SMART vision and maintain stable supply of land for sale in lots to meet the needs of first-time buyers.

➤ *Stable investment in condominiums business*

Maintain a stable supply of the Grande Maison series based on mid-range and high-end product strategy, focusing on three major urban areas.
Also apply SLOW & SMART expertise gained in detached housing to condominiums.

➤ *Stable investment in urban redevelopment business*

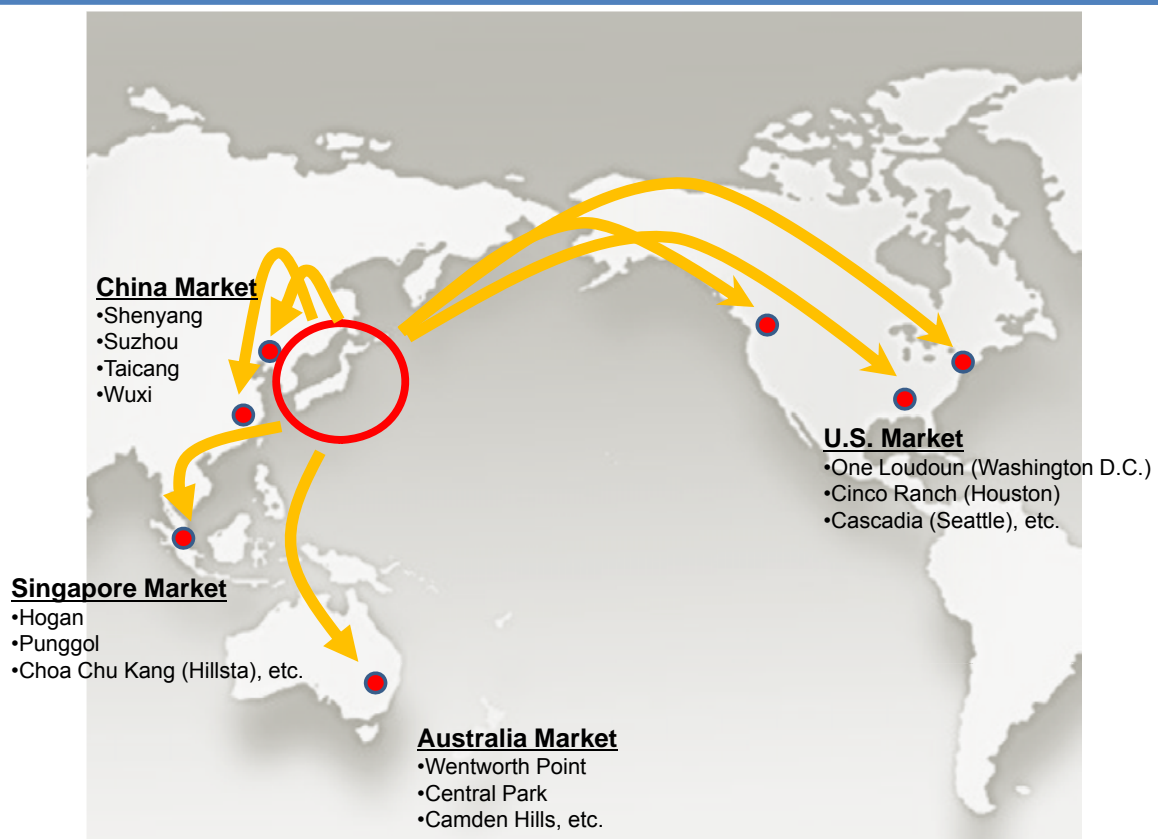
Enrich towns with SLOW & SMART ideas and continue urban development that creates urban symbols, and maintain stable supply of high-quality rental housing for REITs, etc.

➤ *Pursuit of growth investing strategy overseas*

Pursue growth investing strategy, to supply overseas markets with our SLOW & SMART technologies and our expertise in condominium business and urban redevelopment business.

Sheet 18

Overseas Business Preparation for Dramatic Growth



Sheet 19

Overseas Business Revenue and Expenditure Plan



(Millions of yen)

Name of country	FY2012			FY2013			FY2014		
	Sales	Operating income	Net income	Sales	Operating income	Net income	Sales	Operating income	Net income
Australia	35,400	0	170	65,000	3,900	2,700	42,000	1,500	1,000
China	-	(1,780)	(1,820)	13,000	(3,500)	(3,500)	128,000	19,100	15,000
U.S.	18,600	4,780	2,500	22,000	6,200	2,800	30,000	7,700	3,800
Singapore	-	-	(620)	-	-	1,100	-	-	2,100
Total	54,000	3,000	230	100,000	5,600	2,500	200,000	27,300	21,300

*The Singapore business is classified under equity in earnings (losses) of affiliates.

*In FY2013 and FY2014 total income figures reflect posting of overseas business expenses.

Sheet 20



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. The Company undertakes no obligation to publicly update any forward-looking statements. 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.

Sheet 21