

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

## NOTICE OF THE 60<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

We express our deep appreciation to each of the shareholders for their extraordinary support..

And we also would like to express our heartfelt sympathy to people who suffered from Tohoku Kanto earthquake disaster.

Now, since the 60<sup>th</sup> Ordinary General Meeting of Shareholders of Sekisui House, Ltd. (the "Company" or "Sekisui House") is to be held as stated below, we would like to ask you to attend the meeting.

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 Monday, April 25, 2011. 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., Tuesday, April 26, 2011

**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, 2011, and the Consolidated Financial Statements and Non-Consolidated Financial Statements for the 60th fiscal year ended January 31, 2011 (February 1, 2010 - January 31, 2011)
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 60th fiscal year ended January 31, 2011

### Propositions to be tabled:

<b>No.1</b>	Appropriation of retained earnings for the 60th fiscal year ended January 31, 2011
<b>No.2</b>	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 2011 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 25<sup>th</sup> April, 2011 (Monday), 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 internet 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.)

<p>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)</p>
---

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 the Tokyo Stock Exchange 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, 2011**

**1. Business Conditions**

**1) Progress and Results of Sekisui House Group**

Japan's economy has experienced a moderate recovery in corporate earnings, driven by increased exports fueled by economic growth in emerging countries and increased capital investments primarily in Asia. However, the economic outlook remains obscured by a downturn that demands lessened after a series of government stimulus measures had been carried out, downward pressure on corporate earnings due to the fixed strong yen and continuously prolonged deflation.

However, the market benefited from government measures aimed at promoting homeownership and upgrading existing homes. Specifically, tax incentives such as the largest tax cut on mortgage loans in history were implemented. Subsidies aimed at promoting more environmentally friendly housing were extended. The eco-point system was introduced for housing. And tax exemptions were expanded for monetary gifts *inter vivos* to family members buying a home. Along with moderate recoveries in consumer spending and employment environment, the effect of these measures was a recovery in the number of new housing starts including owner-occupied homes. Condominium sales in urban areas have also indicated a rebound.

Under such an environment, Sekisui House has aggressively pursued business initiatives set forth in our mid-term management plan, which include strengthening our core businesses, expanding our business portfolio and deploying our Green First Strategy as a driver of business growth in eco-friendly housing. We became the first homebuilder to sell more than an annual 10,000 detached homes equipped with solar power generation systems, and we lead the industry with the largest number of homes equipped with residential fuel cell systems. We commemorated our 50<sup>th</sup> anniversary of Sekisui House's foundation on August 1 2010. Under the catchphrase, "Come home to a Sekisui House", we announced reaching the milestone of two million houses sold to date and expressed our appreciation to Sekisui House owners through a far-reaching campaign utilizing mass media outlets including TV broadcasts and customer home visits by employees.

As part of our product strategy, we introduced 50<sup>th</sup> anniversary commemorative models that revamped the structural skeleton and introduced new elements. Those models included the steel-framed detached home Be Sai+e and the wood-framed Sha-Wood home The Gravis. We worked to increase orders and expand our market share through a sales promotion event (history's largest *Sumai no Sankan-bi*) that attracted the greatest customer traffic to date.

Our Smart Universal Design won the Good Design Award 2010 in the Living/Residential Facilities category. Smart Universal Design is our unique design for living space, which builds upon conventional

aspects of safety, peace of mind and user-friendliness to pursue comfort and sensory appeal and make our homes easy to operate. In the Yokohama Minato Mirai 21 District, we began validation tests of the Smart Network Project aimed at forming and validating telecommunications standards that will help realize a small carbon footprint society. These validation tests, adopted by the Ministry of Internal Affairs and Communications for its Projects to Standardize and Promote Network Integration Control Systems, are jointly conducted by participating companies.

To expand our business portfolio, we participated in a joint acquisition of all shares in Joint Reit's asset management firm (Sekisui House acquired a 75% stake) with Spring Investment Co., Ltd. In June 2010, the name of Joint Reit Investment Corporation was changed to Sekisui House SI Investment Corporation. This allowed us to make a full-fledged entry into the residential REIT business. Additionally, to expand business opportunities across all aspects of real estate, we have forged a business alliance with KOWA REAL ESTATE CO., LTD. that has a good track record in office leasing, with whom we will jointly pursue a wide variety of businesses, from development to leasing and more.

In Australia, we acquired the built-to-order homebuilding unit of AV Jennings, a company with a 70-plus year history, and agreed to a business and development alliance with the leading developer, Lend Lease Group. We commenced a home construction business in Australia. In the United States, we have agreed to participate in the joint development of residential and commercial complexes with the largest real estate developer and homebuilder Miller and Smith on the One Loudoun Project in the suburbs of Washington D.C., and with Newland Real Estate Group on the Cinco Ranch housing and commercial development project located in western Houston.

Under our Urban Redevelopment Business, we began construction in March 2010 at Osaka Station North District Phase 1 Development Area Project (Umeda Kita-Yard). In June 2010, construction finished at Hommachi Garden City, home to The St. Regis Osaka, the hotel chain's first entry into Japan, and many retail stores. October 2010 was the grand opening.

Below are the results of each business segment.

### **Built to Order Housing Business**

In our Built to Order Housing Business, we strengthened our sales force to actively implement our Green First Strategy, as a part of our mid-term management plan, and to further drive sales of the Green First brand. Green First models have accounted for over 70% of orders received for detached houses in the fiscal year concerned, showing steady sales growth. We launched new products including 50<sup>th</sup> anniversary commemorative models for both our steel-framed housing and wood-framed Sha-Wood products to intend to increase orders received and grow our share in the detached housing market.

Based on a concept of the beauty of Japan's four seasons, the steel-framed Be Sai+e product showcases many new features, including a reinforced structural skeleton with stronger load-bearing walls,

new *Gururin* heat insulation specifications and our slow-living proposal offering comfortable and open space. We installed a new manufacturing line in our Shizuoka Factory to build steel-framed structural systems such as the Be Sai+e. We increased the automation ratio to 95% from 60%, achieved a completely made to order production system. At the same time, we advanced production innovations that enable more design flexibility, improve higher quality and lower costs on greater efficiencies.

The Gravis is positioned as a core product in the wood-framed Sha-Wood line and features a new iteration of our proprietary Sha-Wood S-MJ (super metal joint) system, including super columns with 250 mm module width poll to deliver superb load-bearing properties. We have launched these new products as Sha-Wood brand core products.

In our Sha-Maison low-rise apartments business, we aggressively promoted our eco-friendly apartment product Sha-Maison Ecostyle. We worked to increase orders by offering rental housing with strong value propositions to owners that also benefit their tenants, including our BEREIO × electric in major urban areas where there is strong demand for three-story apartments and our two-story apartments CURAVIE × electric and CURAVIE × SOLAR in smaller regional cities. In addition, we strove to increase apartment sales by introducing differentiated features such as the SHAIDD55, our original floor-sound insulation system that dampens sounds made by impact on the floor above. This feature serves not only as a differentiation point but also have won adoption in more than half of recent orders received, acting as a driver of rental housing sales.

Our efforts resulted in a continued recovery in detached housing orders received and signs of recovery for apartments primarily in major urban areas.

### **Real Estate for Sale Business**

In the Built for Sale Housing Business, based on our brand power of Sekisui's detached house, we actively promoted sales of detached houses by developing communities that deliver highly value-added asset creation and our Green First Strategy. This business line also benefited from mortgage tax breaks and the sales promotion event *Machinami Sankan-bi* (visits to existing subdivisions with superb living environments) to stimulate sales which we held. As a result, signs of a modest recovery were shown in some geographical areas.

In our Condominium Business, we promoted sales by emphasizing the property attractiveness, product concept and added value of condominiums currently available for sale. Sales have been strong and we exerted increased activity in the overall condominium market, especially in Tokyo. Our GRANDE MAISON OKURAYAMA TERRACE sold out on the first day.

Condominiums at Wentworth Point in the suburb of Sydney, Australia, a business we began two years ago, are progressing solidly with over 90% of units for sale made contracts, which is higher than expected.

In our Urban Redevelopment Business, We held the grand opening of Hommachi Garden City (Osaka) in October 2010. Also construction is progressing steadily at our Garden City Shinagawa Gotenyama (Shinagawa, Tokyo) and Hommachi Minami Garden City (Osaka) projects.

Generally in this business, we continued our nationwide efforts to adjust inventories and improve asset turnover including detached houses for sale, but were unable to achieve a substantial improvement.

### **Real Estate for Leasing Business**

In the Real Estate for Leasing Business, the number of units of Sha-Maison low-rise apartments for block leasing and management by Sekiwa Real Estate companies showed a steady increase. While occupancy rates stagnate nationwide, we pushed forward with marketing activities as an integrated group, actively proposing remodeling aimed at maintaining and enhancing owner's asset value and strengthened ties with exclusive agents of Sekiwa Real Estate companies. As a result, we were able to maintain high occupancy rates mainly in Tokyo, Osaka and other urban areas. Furthermore, we worked to grow earnings in the Real Estate for Leasing Business by introducing new supply based on pinpointed area marketing to propose Sha-Maison Town etc.

Meanwhile, we improved our MAST Club website aimed at tenants to make it more user friendly, and expanded services targeting tenants to promote tenant recruitment efforts, such as the introduction of rent guaranty services for new tenants through our group companies.

### **Other Business**

Our Remodeling Business as part of our Green First Strategy fared well as we actively marketed remodeling proposals aimed at energy conservation with the installation of photovoltaic power generation systems and high-efficiency hot water supply systems. Aside from environmental features, we proposed remodeling ideas to support comfort in living tailored to diversifying lifestyles. As a result, business fared well, helped by the effects of eco-points for housing.

Orders and inquiries for the *Sekiwa no Ki no Ie*, a second brand from the Sekiwa Construction Group, were strong due to housing designs tailored to regional characteristics and the trustworthiness of the Sekisui House Group.

For the business results for this fiscal year, consolidated orders received totaled 1,528,362 million yen, an increase of 12.2% year-on-year. Consolidated net sales totaled 1,488,369 million yen, an increase of 10.0% year-on-year.

For the incomes for this fiscal year, consolidated operating income totaled 56,354 million yen, consolidated recurring income totaled 56,271 million yen and consolidated net income totaled 30,421 million yen.

## 2) Issues for Sekisui House Group

We expect homebuyers to show a renewed appetite to invest due to improved employment and personal incomes driven by moderate recoveries of corporate earnings, and continued government measures aimed at promoting homeownership. However, there remain downside risks to corporate profitability, such as political uncertainty and natural disasters overseas, resulting in crude oil and raw material price hikes, continued upward pressure on the yen and deflation. Even under such circumstances, we continue to strive to generate stable profits by implementing the measures set forth in our mid-term business plan. Under that direction, we seek to implement a variety of measures in the pursuit of our business.

We sincerely ask for our shareholders' further support, assistance and guidance.

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

*Millions of yen*

	Orders brought forward from the previous year	Orders for the year to Jan. 2011	Net sales for the year to Jan. 2011	Orders carried forward to the following year
Built to Order Housing	360,877	710,103	697,388	373,593
Real Estate for Sale	51,242	253,947	229,483	75,706
Real Estate for Leasing	—	377,667	377,667	—
Other Business	99,674	186,644	183,831	102,487
Total	511,794	1,528,362	1,488,369	551,787

Note:

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

## 4) Business Results and Financial Situation of Sekisui House Group

*Millions of yen*

	Year to Jan. 2008	Year to Jan. 2009	Year to Jan. 2010	Year to Jan. 2011
Net sales	1,597,807	1,514,172	1,353,186	1,488,369
Net income	60,352	11,516	△29,277	30,421
Net income per share (¥)	¥87.70	¥17.04	△¥43.32	¥45.02
Total assets	1,349,441	1,387,237	1,353,946	1,341,308
Net assets	770,963	754,130	716,295	738,029

Note:

Net income per share is calculated based on the average total number of shares issued during the term concerned (treasury stock was excluded).



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

The aggregate amount of plant-and-equipment investments made by the Sekisui House Group during the fiscal year under review amounted to 32,690 million yen and the main component were acquisition of the real estate for investments (including transfer from inventories) and, construction and improvement of production facilities.

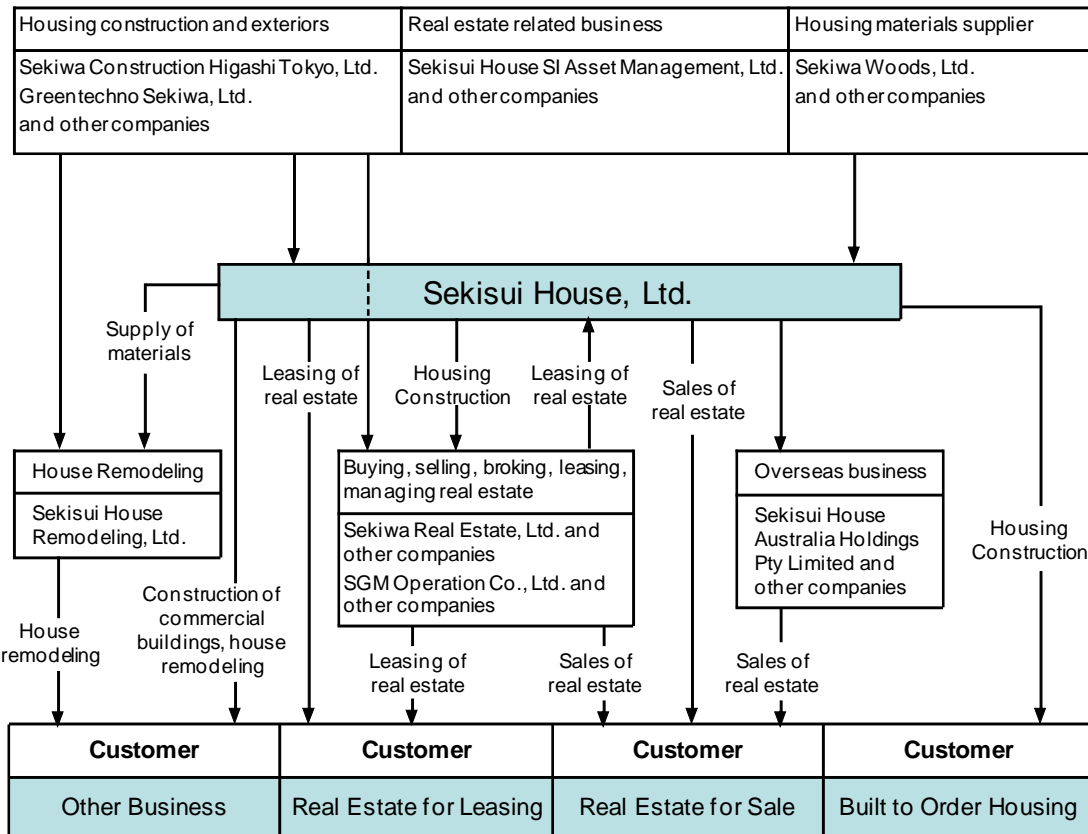
The Company procured funds during the fiscal year under review mainly through issuing unsecured debentures of 70,000 million yen and borrowing from the financial institutions in a total amount of 50,000 million yen.

## 6) Major Businesses

The Company and the Sekisui House Group companies are involved in the design, construction and contract 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.

Built to Order Housing Business	<ul style="list-style-type: none"><li>● Design, construction and contract of steel, wooden and concrete houses and condominiums</li></ul> <p>The main subsidiaries of this division are Sekiwa Woods, Ltd., Sekiwa Construction Higashi-Tokyo, Ltd., Sekiwa Construction Saitama, Ltd., and Sekiwa Construction Kyusyu, Ltd.</p>
Real Estate for Sale Business	<ul style="list-style-type: none"><li>● Sales of houses and real estate; designs, construction and , contract of houses built on land to be transferred; undertaking of urban redevelopment projects and commercial buildings transactions</li></ul> <p>The main subsidiaries 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>
Real Estate for Leasing Business	<ul style="list-style-type: none"><li>● Lease and management of apartments, condominiums, commercial buildings, shops etc.</li></ul> <p>The main subsidiaries 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>
Other Business	<ul style="list-style-type: none"><li>● Design, construction and contract of condominiums and commercial buildings; remodeling of houses; and landscape gardens</li></ul> <p>The main subsidiaries 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

<b>Head office:</b>	1-88, Oyodonaka 1-chome, Kita-ku, Osaka	
<b>Tokyo office:</b>	15-1, Akasaka 4-chome, Minato-ku, Tokyo	
<b>Sales and project headquarters:</b>		<u>City</u>
Tohoku Sales Administration Headquarters		Sendai
Tokyo Sales Administration Headquarters		Shibuya-ku, Tokyo
Tokyo Sha Maison 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
Kansai Sales Administration Headquarters		Osaka
Kansai Sha Maison Sales Administration Headquarters		Osaka
Chugoku Sales Administration Headquarters		Hiroshima
Shikoku Sales Administration Headquarters		Takamatsu
Kyushu Sales Administration Headquarters		Fukuoka
International Department		Osaka
East Japan Development Department		Shibuya-ku, Tokyo
West Japan Development Department		Osaka
Condominium Headquarters		Shinjuku-ku, Tokyo
House Purchase & Resale Department		Osaka
<b>Branches:</b>	119 branches	
<b>Sales Offices:</b>	4 Sales Offices	
<b>Customer Service Centers:</b>	32 Customer Service Centers	
<b>Factories:</b>		
Tohoku Factory	Shikama-cho, Kami-gun, Miyagi Prefecture	
Kanto Factory	Koga-City, Ibaraki Prefecture	
Shizuoka Factory	Kakegawa-City, Shizuoka Prefecture	
Yamaguchi Factory	Yamaguchi-City	
Hyogo Factory	Kato-City, Hyogo Prefecture	
Azai Factory	Nagahama-City, Shiga Prefecture	
<b>R&amp;D Institute</b>		
Comprehensive Housing R&D Institute	Kizugawa- City, Kyoto Prefecture	

Note:

With respect to Sales and project headquarters, the Company established Chubu Sha Maison Sales Administration Headquarters (Nagoya) on February 1, 2011.

## 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
Sekiwa Woods, Ltd.	Head office: 27-3, Ariso 2-chome, Imizu-City, Toyama Prefecture
Sekisui House SI Asset Management, Ltd.	Head office: 12, Kojimachi 2-chome, Chiyoda-ku, Tokyo
Sekisui House Australia Holdings Pty Limited.	Head office: New South Wales, Australia
North America Sekisui House, LLC	Head office: California, U.S.A.

## 8) Outline of main subsidiaries

*Millions of yen*

Company Name	Capital	Percentage owned	Main business
Sekiwa Real Estate, Ltd.	1,758	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
Sekiwa Woods, Ltd.	480	100.0%	Built to Order Housing
Sekisui House SI Asset Management, Ltd	200	75.0%	Other Business
Sekisui House Australia Holdings Pty Limited.	244 (Millions of AUD)	100.0%	Real Estate for Sale
North America Sekisui House, LLC	50 (Millions of USD)	100.0%	Real Estate for Sale

(Notes)

1. There are 106 consolidated subsidiaries, and nine companies to which equity method of accounting is applied.
2. The Company participated in a joint acquisition of shares in Sekisui House SI Asset Management, Ltd (formerly Joint Capital Partners Co., Ltd.) and changed the name of the company on March 8, 2010.

## 9) Employees

### 1. Outline of Sekisui House Group

Number of employees	Change compared to the previous year
21,421	324 (decreased)

### 2. Outline of Sekisui House, Ltd.

Number of employees	Change compared to the previous year	Average age	Average length of employment
14,955	542 (decreased)	39.4 years old	15.6 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
Sumitomo Mitsui Banking Corporation	28,100
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	14,500
BOS International (Australia), Limited.	7,454
Mizuho Corporate Bank, Ltd.	4,700
Resona Bank, Ltd.	4,200

Note:

The balance of borrowings in denominated by foreign currency is converted using a term-end rate of exchange.

## 2. Present Conditions of the Company as of January 31, 2011

### 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 (1,010,085 shares)	
3	Total number of shareholders	35,767	
4	Details of main shareholders are as follows:		
	Name	Number of shares held (thousands)	Ratio of shareholding
	Sekisui Chemical Co., Ltd.	72,168	10.68%
	Japan Trustee Services Bank, Ltd. (Trust account)	43,941	6.50%
	The Master Trust Bank of Japan, Ltd. (Trust account)	36,889	5.46%
	The Bank of New York Mellon as Depository Bank for Depository Receipt Holders	21,569	3.19%
	The Dai-ichi Life Insurance Company, Limited	16,158	2.39%
	Sekisui House <i>Ikushikai</i>	15,466	2.29%
	Japan Trustee Services Bank, Ltd. (Trust account 9)	14,756	2.18%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,624	2.02%
	State Street Bank and Trust Company 505225	12,833	1.90%
	Mizuho Securities Co., Ltd.	11,458	1.70%

#### 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 holding association.
3. The ratio of shareholding is calculated deducting shares of treasury stock from the total number of shares issued.

### 2) Outlines of Stock Acquisition Rights

#### 1. Outlines of Stock Acquisition Rights as of January 31, 2011

·Number of stock acquisition rights

397 units

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

397,000 common shares of the Company (1,000 shares per 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)	9	22	2	2	2	5	8	10
No.2 Stock Acquisition Rights (Stock compensation-type stock option)	9	26	2	2	2	6	9	12
No.3 Stock Acquisition Rights (Stock compensation-type stock option)	11 (1)	53 (2)	9	19	1	5	10	26
No.4 Stock Acquisition Rights (Stock compensation-type stock option)	11 (1)	61 (3)	9	18	1	4	9	21
No.5 Stock Acquisition Rights (Stock compensation-type stock option)	11 (1)	66 (2)	18	37	—	—	1	2

Notes:

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 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

No.4 Stock Acquisition Rights (Stock compensation-type stock option): From June 10, 2009 to June 9, 2029

No.5 Stock Acquisition Rights (Stock compensation-type stock option): From June 17, 2010 to June 16, 2030

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

• Name of stock acquisition rights

No.5 Stock Acquisition Rights (Stock compensation-type stock option)

• Number of stock acquisition rights

105 units

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

105,000 common shares of the Company (1,000 shares per unit)

• Issuance price

717 yen per share

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

1 yen per 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 17, 2010 and June 16, 2030.

• 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 newly 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 16, 2029:

Between June 17, 2029 and June 16, 2030

(b) The 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 (in case of resolution of the general meeting of shareholders of the Company being not required, a resolution of the Board of Directors will substitute therefor):

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 terms and conditions of the stock acquisition rights other than the above shall be provided for in the Stock Acquisition Rights Allotment Agreement entered into between the Company and each of the officers to whom stock acquisition rights were allotted.

• Terms and conditions for acquisition of stock acquisition rights:

If the general 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 of the general meeting of shareholders 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 becomes a split company;

(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 shares of a specified type by resolution of its 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
	11 (1)	66 (2)	19	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
Directors:	
Katsuhiko Machida	
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, IT operation and auditing
Fumiaki Hirabayashi	Managing Officer, in charge of TKC project, General Manager of Tokyo Administration Office and Chief Manager of Corporate Communications Department
Takashi Uchida	Managing Officer, General Manager of Saitama Sales Administration Headquarters
Junichi Terada	Managing Officer, in charge of detached house projects, real estate, corporate marketing, personnel and administrative control of subsidiary & affiliated companies
Tetsuo Iku	Managing Officer, in charge of design, technology development, construction and environment, General Manager of Technology Headquarters
Daiji Kuroki	Managing Officer, in charge of Sha-Maison project, General Manager of Chubu Daiichi Sales Administration Headquarters
Kengo Yoshida	Managing Officer, General Manager of Manufacturing Headquarters
Full-Time Standing Corporate Auditors:	
Tadashi Iwasaki	
Yoshiro Kubota	
Corporate Auditors:	
Takaharu Dohi	
Teruyuki Saegusa	
Eiji Mansho	

Notes:

1. Names, posts and responsibilities of Directors and Corporate Auditor who retired during the fiscal year under review are stated below.

Director	Akira Morimoto	in charge of construction and Sekiwa construction remodeling project	Resigned on April 28, 2010
Director	Yoshiro Kubota	in charge of CS, general affairs, legal and personnel	Resigned on April 28, 2010
Director	Kenji Hatanaka		Resigned on April 28, 2010
Corporate Auditor	Hiroshi Itawaki		Resigned on April 28, 2010

2. Director Messrs. Daiji Kuroki, Kengo Yoshida and Full-Time Standing Corporate Auditor Yoshiro Kubota were newly elected at the 59<sup>th</sup> Ordinary General Meeting of Shareholders held on April 28, 2010 and assumed the office.
3. Director Mr. Katsuhiko Machida is Outside Director as prescribed in Section 15 of Article 2 of the Companies Act.
4. Corporate Auditors Messrs. Takaharu Dohi, Eiji Mansho and Teruyuki Saegusa are Outside Corporate Auditors as prescribed in Section 16 of Article 2 of the Companies Act.
5. 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, 2011.
6. 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	Almetax Manufacturing Co., Ltd.	Executive Advisor & Director
Katsuhiko Machida	Sharp Corporation	Chairman & Representative Director
Sumio Wada	Sekisui House Australia Holdings Pty Limited North America Sekisui house, LLC Sekiwa Woods, Ltd.	President & Director Chairman & CEO Director
Shiro Inagaki	The Mortgage Corporation of Japan, Limited	Director
Fumiaki Hirabayashi	Sumai no Toshokan Co., Ltd.	President & Representative Director
Junichi Terada	Sekiwa Real Estate, Ltd.	Corporate Auditor
Daiji Kuroki	Sekiwa Real Estate Chubu, Ltd.	Corporate Auditor
Kengo Yoshida	Sekiwa Woods, Ltd.	Director
Corporate Auditors:		
Name	Company in which Directors and Corporate Auditors of the Company hold an concurrent post	Post
Tadashi Iwasaki	Sekiwa Real Estate Kansai, Ltd. Sekiwa Real Estate Chugoku, Ltd. Sekiwa Real Estate Kyushu, Ltd. Sekiwa Real Estate Tohoku, Ltd. Sekisui House Remodeling, Ltd.	Corporate Auditor Corporate Auditor Corporate Auditor Corporate Auditor Corporate Auditor
Yoshiro Kubota	Almetax Manufacturing Co., Ltd. SGM Operation Co., Ltd.	Corporate Auditor Corporate Auditor
Takaharu Dohi	Dohi Law Office Kansai Telecasting Corporation The Kansai Electric Power Co., Inc. Hankyu Hanshin Holdings, Inc. Kawase Computer Supplies Co., Ltd.	Lawyer Director Corporate Auditor Corporate Auditor Corporate Auditor
Teruyuki Saegusa	Saegusa Circulation Research Co., Ltd Shinki Bus Co., Ltd	Representative Director Corporate Auditor
Eiji Mansho	Sekisui Chemical Co., Ltd Sekisui Plastics Co., Ltd.	Full-time Corporate Auditor 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	14 (1)	351 (18)	6 (3)	92 (42)	20 (4)	444 (60)
Stock compensation-type stock options (stock acquisition rights)	14 (1)	47 (1)	—	—	14 (1)	47 (1)
Directors' bonuses accounted for as costs	11 (1)	140 (3)	—	—	11 (1)	140 (3)

### Notes:

1. Out of the above table, remunerations based on the general meeting of shareholders' resolution and stock compensation-type stock options (stock acquisition rights) include those for three Directors and one Corporate Auditor who retired as the offices at the close of the 59th Ordinary General Meeting of Shareholders held on April 28, 2010.
2. Remunerations based on the general meeting of shareholders' resolution to the Directors (43 million yen or less per month for all Directors as a group) were within the limit fixed 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 within the limit fixed 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 within the limit fixed pursuant to resolution of the 56th Ordinary General Meeting of Shareholders held on April 26, 2007 (the maximum amount and number are 90 million yen and 90 stock acquisition rights per year).
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 60th Ordinary General Meeting of Shareholders that will be held on April 26, 2011

### 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 11 meetings out of 13 meetings of the Board of Directors. He stated timely opinions based on his knowledge and experience accumulated through engagement in other company's management.
Corporate Auditor	Takaharu Dohi	Mr. Dohi attended 12 meetings out of 13 meetings of the Board of Directors and all 12 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 accumulated through acting as other company's outside officers.
Corporate Auditor	Teruyuki Saegusa	Mr. Saegusa attended 12 meetings out of 13 meetings of the Board of Directors and all 12 meetings of the Board of Corporate Auditors. He stated timely opinions based on his knowledge and experience accumulated through engagement in other company's management.
Corporate Auditor	Eiji Mansho	Mr. Mansho attended 11 meetings out of 13 meetings of the Board of Directors and 10 meetings out of 12 meetings of the Board of Corporate Auditors. He stated timely opinions based on his knowledge and experience accumulated through engagement in other company's management.

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

The agreement which the Company entered into with the Outside Director or each of all the Outside Corporate Auditors provides that if Outside Director or Outside Corporate Auditor causes damages to the Company attributable to neglect of the duty of the Outside Director or the Outside Corporate Auditor, his liability under each the agreement is without fail limited to the sum of the amount provided for by the items in Article 425, Section 1 of the Companies Act on the assumption that his conduct was made in good faith without gross negligence.

· Relationship between other companies where the Company's Director holds concurrent post and the Company:

Director Mr. Katsuhiko Machida concurrently holds the post of Chairman & Representative Director of Sharp Corporation. The Company has business transactions with Sharp Corporation relating to the solar power generation systems.

Corporate Auditor Mr. Eiji Mansho concurrently holds the post of Standing Corporate Auditor of Sekisui Chemical Co., Ltd. Sekisui Chemical Co., Ltd is the largest shareholder of the Company and the Company has business transactions with Sekisui Chemical Co., Ltd relating to housing materials andr other.

#### 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	¥128 million
The aggregate amount of remuneration payable to Accounting Auditor by the Company and its consolidated companies	¥173 million

Notes:

1. The amount of remuneration for auditing made pursuant to the Companies Act and the amount of remuneration pursuant to the Financial Instrument and Exchange Act 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.
2. Sekisui House Australia Holdings Pty Limited and other important overseas subsidiaries were audited by other audit corporations.

##### 3. Details of Non-Audit Service

The Company commissions to the Accounting Auditor 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, 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. Regulations regarding Control of Risk for Loss and other System**

- (1) The Company shall arrange for and prepare regulations 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 regulations 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 regulations including work regulations, 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**

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 cooperate 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 cooperate 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.



<b>CONSOLIDATED BALANCE SHEETS</b>			
As of January 31, 2011			
<i>Millions of yen</i>			
<b>Assets</b>	<b>1,341,308</b>	<b>Liabilities</b>	<b>603,279</b>
<b>Current assets</b>	<b>822,530</b>	<b>Current liabilities</b>	<b>324,088</b>
Cash on deposits	151,983	Notes payable, accounts payable for construction contracts	104,631
Notes receivable, accounts receivable from completed construction contracts	35,545	Electronically recorded obligations-operating	45,083
Short-term investment securities	5	Short-term loans payable	25
Costs on uncompleted construction contracts	12,212	Current portion of long-term loans payable	27,454
Buildings for sale	131,737	Income taxes payable	9,038
Land for sale in lots	329,487	Advances received on uncompleted construction contracts	75,539
Undeveloped land for sale	70,835	Provision for bonuses	14,419
Other inventories	6,162	Provision for directors' bonuses	662
Deferred tax assets	52,640	Provision for warranties for completed construction	2,762
Other	34,282	Other	44,471
Allowance for doubtful accounts	(2,361)		
<b>Noncurrent assets</b>	<b>518,778</b>	<b>Noncurrent liabilities</b>	<b>279,190</b>
<b>Property, plant and equipment</b>	<b>352,131</b>	Bonds payable	129,990
Buildings and structures	131,540	Long-term loans payable	54,560
Machinery, equipment and vehicles	11,923	Long-term lease and guarantee deposited	52,592
Tools, furniture and fixtures	4,020	Provision for retirement benefits	34,914
Land	193,249	Provision for directors' retirement benefits	1,023
Lease assets	299	Other	6,109
Construction in progress	11,099		
<b>Intangible assets</b>	<b>9,809</b>	<b>Net assets</b>	<b>738,029</b>
Industrial property	27	<b>Shareholders' equity</b>	<b>732,021</b>
Leasehold right	2,011	<b>Capital stock</b>	<b>186,554</b>
Software	6,130	<b>Capital surplus</b>	<b>237,522</b>
Right of using facilities	186	<b>Retained earnings</b>	<b>309,361</b>
Telephone subscription right	862	<b>Treasury stock</b>	<b>(1,416)</b>
Other	590	<b>Valuation and translation adjustments</b>	<b>4,940</b>
<b>Investments and other assets</b>	<b>156,837</b>	Valuation difference on available-for-sale securities	2,813
Investment securities	72,449	Deferred gains or losses on hedges	11
Long-term loans receivable	28,831	Foreign currency translation adjustment	2,115
Deferred tax assets	18,650	<b>Subscription rights to shares</b>	<b>292</b>
Other	38,350	<b>Minority Interests</b>	<b>774</b>
Allowance for doubtful accounts	(1,445)		
<b>Total assets</b>	<b>1,341,308</b>	<b>Total Liabilities and Net assets</b>	<b>1,341,308</b>

<b>CONSOLIDATED STATEMENTS OF INCOME</b>	
From February 1, 2010 to January 31, 2011	
<i>Millions of yen</i>	
<b>Net sales</b>	<b>1,488,369</b>
<b>Cost of sales</b>	<b>1,231,161</b>
<b>Gross profit</b>	<b>257,208</b>
<b>Selling, general and administrative expenses</b>	<b>200,853</b>
<b>Operating income</b>	<b>56,354</b>
<b>Non-operating income</b>	<b>6,871</b>
Interest and dividends income	2,159
Equity in earnings of affiliates	916
Other	3,795
<b>Non-operating expenses</b>	<b>6,954</b>
Interest expenses	2,638
Other	4,315
<b>Ordinary income</b>	<b>56,271</b>
<b>Extraordinary income</b>	<b>134</b>
Gain on sales of investment securities	134
<b>Extraordinary loss</b>	<b>2,592</b>
Loss on sales and retirement of noncurrent assets	2,234
Loss on valuation of investment securities	231
Impairment loss	125
<b>Income before income taxes and minority interests</b>	<b>53,814</b>
Income taxes-current	12,635
Income taxes-deferred	10,734
Minority interests in income	22
<b>Net income</b>	<b>30,421</b>

## CONSOLIDATED STATEMENTS OF CHANGE IN NET ASSETS

(From February 1, 2010 to January 31, 2011)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the end of previous period	186,554	237,522	287,738	(1,385)	710,429
Changes of items during the period					
Dividends from surplus	—	—	(8,786)	—	(8,786)
Net income	—	—	30,421	—	30,421
Purchase of treasury stock	—	—	—	(62)	(62)
Disposal of treasury stock	—	—	(11)	31	20
Net changes of items other than "Shareholders' equity" during the period	—	—	—	—	—
Total changes of items during the period	—	—	21,623	(31)	21,592
Balance at January 31, 2011	186,554	237,522	309,361	(1,416)	732,021

	Valuation and translations adjustments				Subscripti on rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total			
Balance at the end of previous period	3,152	4	2,151	5,308	232	325	716,295
Changes of items during the period							
Dividends from surplus	—	—	—	—	—	—	(8,786)
Net income	—	—	—	—	—	—	30,421
Purchase of treasury stock	—	—	—	—	—	—	(62)
Disposal of treasury stock	—	—	—	—	—	—	20
Net changes of items other than "Shareholders' equity" during the period	(339)	7	(36)	(368)	60	448	140
Total changes of items during the period	(339)	7	(36)	(368)	60	448	21,733
Balance at January 31, 2011	2,813	11	2,115	4,940	292	774	738,029

## 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: 106, 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 106 subsidiaries are consolidated.

Changes in scope of consolidation

26 companies increased as the Company acquired shares of Sekisui House SI Asset Management Ltd. (formerly Joint Reit Investment Corporation) and overseas subsidiaries were established or otherwise. In addition Sekiwa Construction Aichi-Higashi, Ltd. and 10 other companies were extinguished due to a merger with other subsidiaries of the Company.

#### 2) Application of equity method

Affiliated companies accounted for by the equity method: 9, including Almetax Manufacturing Co., Japan Power Fastening Co., The Mortgage Corporation of Japan, Ltd. and other companies.

Investment in each of the 9 affiliated companies is accounted for by the equity method.

Changes in scope of equity method

Investment in 1 company is accounted for by the equity method.

#### 3) Term-ends of consolidated subsidiaries

The fiscal year ends on March 31 for Sekisui House SI Asset Management Ltd. and Sky Rail Service Co., Ltd. and on December 31 for Sekisui House Australia Holdings Pty Limited and 50 other overseas subsidiaries. When preparing consolidated financial statements, the Company uses the financial statements of Sekisui House SI Asset Management Ltd. and Sky Rail Service Co., Ltd., which have been compiled by provisionally settling its accounts as of January 31, 2011, and those of other consolidated subsidiaries as of their respective balance sheet dates, adjusted as required for significant transactions till January 31, in preparing its consolidated financial statements.

#### 4) Summary of significant accounting standards

##### (1) Basis and method for valuation for significant assets

##### (a) Short-time investment securities:

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

(ii) Other short-time investment securities:

• Securities 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)

• Securities with no available market value:

At cost based on the moving average method

- (b) Derivatives: Market value method
- (c) Inventories:
  - (i) Costs on uncompleted construction, buildings for sale, land for sale in lots, and undeveloped land for sale: At cost based on individual cost method  
(The book value is written down to the net realizable value in cases where there has been a material decline in value).
  - (ii) Other inventories: At cost based on moving average method  
(The book value is written down to the net realizable value in cases where there has been a material decline in value).

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

Property, plant and equipment (excluding lease 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 property, plant and equipment.

Intangible assets (excluding lease assets):

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

Lease assets:

With respect to leased assets for finance lease transactions other than those involving a transfer of ownership, the Company applies the straight-line method to such finance leases, where the useful lives of the assets are the terms of leases and the residual values of the assets are deemed zero. Finance lease transactions other than those involving a transfer of ownership that began prior to January 31, 2009 are accounted for using the same method as ordinary operating leases.

(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) Provision for bonuses:  
To prepare for bonus payments to employees, the Company provides for the estimated appropriate amount in the relevant fiscal year.
- (c) Provision for directors' bonuses  
To prepare for bonus payments to directors and corporate auditors, the Company provides for the estimated amount.
- (d) Provision 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) Provision for retirement benefits:

To prepare for future retirement payments to employees, the Company provides for estimated total retirement obligations and pension assets at the end of the consolidated fiscal year. 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.

(Change in accounting principles)

The Company has adopted Partial Amendments to Accounting Standard for Retirement Benefits (Part3) (ASBJ Statement No.19 issued on July 31, 2008) from the beginning of fiscal year ended January 31, 2011.

This change had no impact on profits of the Company's businesses.

(f) Provision for directors' retirement benefits:

To allow for retirement payments to directors and corporate auditors, the Company provides the required amounts at the end of the current term based on internal regulations.

(4) Basis for accounting for income and expenses

(a) Accounting standard for recognition of income and expenses of completed works:

The Company has applied percentage-of-completion method (estimate for level of completion based on the percentage of direct costs) to construction contracts meeting the following criteria; construction had been started during the fiscal year under review (except for short-period work), of which the percentage of construction completion by the end of the fiscal year can be estimated reliably. For other construction contracts, the company has adopted completed-contract method.

(Change in accounting principles)

With regard to the standard for the recognition of income resulting from contracted construction work, the Company previously adopted completed-contract method. However, the Accounting Standards for Construction Contracts (ASBJ Statement No.15 issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No.18 issued on December 27, 2007) have been applied to construction contracts from the beginning of fiscal year ended January 31, 2011. The Company has applied percentage-of-completion method (estimate for level of completion based on the percentage of direct costs) to construction contracts meeting the following criteria; construction had been started during the fiscal year under review (except for short-period work), of which the percentage of construction completion by the end of the fiscal year can be estimated reliably. For other construction contracts, the Company has adopted completed-contract method.

Accordingly, "Net sales" increased by ¥72,989 million, while "Operating income", "Ordinary income", and "Net income" before income taxes and minority interest" increased by ¥14,946 million, respectively.

- (b) Basis for accounting for income from finance leases:

The Company records net sales and cost of sales upon receipt of lease charges.

(5) Amortization of goodwill

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, and with the exception of minor amounts, which are charged to income as it accrues.

(6) Main hedge accounting methods

- (a) Hedge accounting methods:

The Company accounts for hedging activities under deferral hedge accounting. *Furiate-shori* (accounting method in which the current and forward rate difference is allocated by period length for the calculation for the accounting period) is applied to forward foreign exchanges contracts which conform to the requirements of such hedge accounting.

- (b) Hedging instruments and targets:

- The Company hedges foreign currency cash debts and forward transactions with exchange forward contracts.
- The Company hedges its borrowings with interest-rate swaps.

- (c) Hedging policies:

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange and interest rate. The use of exchange forward contracts does not exceed the amount of import transactions. The assumed principal balance subject to interest-swap transaction does not exceed the interest bearing debts outstanding.

- (d) Methods of assessing hedge effectiveness:

The Company assesses if the percentage changes of hedge targets and hedge instruments approximately range from 80% to 125%, where hedging transactions are considered to be effective, while it dispenses to assess the effectiveness of hedging for forward foreign exchange transactions where the main conditions match with regard to the relevant transactions and hedge targets, and where 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 noncurrent asset related deductions at consolidated subsidiaries whose main business is real estate for leasing are recorded in "Other" under the "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 accounting period in which they arise.

(8) Basis for translating significant foreign currency-denominated assets and liabilities into yen

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

(9) Inclusion of interest paid in acquisition cost

In conformity with the accounting standards of relevant countries, overseas consolidated subsidiaries include interest paid with regard to borrowed funds for the real estate development business in acquisition cost. At the end of period, interest expenses of ¥472 million, ¥674 million and ¥670 million are included in "Buildings for sale", "Land for sale in lots" and "Undeveloped land for sale," respectively.

**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) Changes of important items and matters which are bases for the preparation of Consolidated Accounting Documents**

With regard to business combinations and business divestitures, the Company has adopted the Accounting Standards for Business Combinations (ASBJ Statement No.21 issued on December 26, 2008), the Accounting Standards for Consolidated Financial Statements (ASBJ Statement No.22 issued on December 26, 2008), the Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No.23 issued on December 26, 2008), the Revised Accounting Standards for Equity Method of Accounting for Investments (ASBJ Statement No.16 issued on December 26, 2008) and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10 issued on December 26, 2008) from April 1, 2010.

**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
Stocks	21	Liabilities of PFI Mizu to Midori no Kenko-toshi, Ltd.	—
Buildings for sale, Land for sale in lots and Undeveloped land for sale	29,139	Borrowing from financial institutions	12,014
Buildings	608	Long-term lease and guarantee deposited	180
Land	3,456	Deposits on contract with establishment of leasehold	1,320
		Borrowings of clients from banks	670
Total	33,226	Total	14,185



Note:

Apart from stated above, the Company deposited short-term investment securities and investment securities of 2,350 million yen in accordance with Act on Assurance of Performance of Specified Housing Defect Warranty and the like.

- 2) **Accumulated depreciation of property, plant and equipment** 181,696 million yen
- 3) **Liabilities guaranteed:**  
Liabilities guaranteed for repayment (for persons to have housing mortgage) 108,661 million yen

(Additional information)

Changes in holding purpose of assets:

Real estate held for sale of 5,284 million yen, which was reported under inventories as at January 31, 2010, has been reclassified under inventories.

### 3. Notes to the Consolidated Statement Changes in Net Assets

1) **Total number of shares issued:**

Common shares 676,885,078 shares

2) **Matters related to dividends:**

(1) Dividends paid to shareholders:

Matters related to the dividends (interim dividends) paid pursuant to the resolution of the meeting of the Board of Directors held on September 9, 2010:

- Total amount of dividends; 8,786 million yen
- Dividends per share: 13.00 yen
- Record date: Jul. 31, 2010
- Effective date: Sep. 30, 2010

(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 60<sup>th</sup> ordinary general meeting of shareholders to be held on April 26, 2011:

- Total amount of dividends; 5,406 million yen
- Source of funds for dividends; Retained earnings
- Dividends per share: 8.00 yen
- Record date: Jan. 31, 2011
- Effective date: Apr. 27, 2011

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 397,000 shares

## 4. Notes to Financial Instrument

### 1) Matters related to the state of financial instruments

#### (1) Policy with regard to financial instruments activities:

The Company and its consolidated subsidiaries (the Companies) limit fund management to highly safety financial instruments, and use indirect financing of borrowing from the financial institutions and direct financing of issuing bonds. With regard to derivative transactions, the Companies do not engage in speculative transactions.

#### (2) Contents and risks of financial instruments:

Notes receivable, accounts receivable from completed construction contracts and the like are exposed to the customers' credit risk.

Short-term and Long-term investments securities, primarily stock, debt securities expected to be held to maturity, negotiable deposit and investments for partnerships, are exposed to the risk associated with issuing entities' credit and market value fluctuations.

Notes payable, electronically recorded obligations-operating, accounts payable for construction contracts and the like are due within one year. We use borrowed money and bond issues to finance operations and capital investment, and almost all of them are due within five years from the balance sheet date of the fiscal year under review. Loans payable are financed with variable interest rate and those are exposed to the risk associated with interest rate fluctuations.

With regard to derivative transactions, the Companies use forward foreign exchange contracts and currency swap with aim of hedging the risk associated with foreign currency-denominated monetary claims and debts of export and import transactions, and investment and lending for overseas subsidiaries. In addition, we use interest-rate swap with aim of hedging its borrowings against the risk of interest rate fluctuations. With regard to hedge instruments, targets, policies and methods of assessing hedge effectiveness, please refer to *1. Notes to Significant Matters which are Basis for Preparation of Consolidated Financial Statements, 4) summary of significant accounting standards, (6)main hedge accounting methods above.*

#### (3) Content of financial risk management systems

##### (a) Management of credit risk (counterparties' default risk)

Accounting & Finance Department of the Company, responsible divisions of each subsidiary and management division of each branch manage this risk by managing settlement date and amount due for each counterparty to monitor condition of debt collection, and they mitigate and grasp the default possibilities because of deterioration of financial condition.

The Companies execute and manage derivative transactions within the limits of established internal rules and regulations, and reduces credit risk by limiting counterparties to highly creditworthy financial institutions.

##### (b) Management of market risk (fluctuation risk of stock price and interest rate and the like)

The Companies manage this risk by examining market prices and financial condition of the issuing entities.

- (c) Management of financing liquidity risk (the risk that the Companies cannot pay its debt at payment date)

Accounting & Finance Department of the Company and responsible divisions of each subsidiary make and renew financing plan timely based on reports from each branch and manage liquidity risk to maintain short-term liquidity. In addition, the Companies secure several steady financing means by setting commitment line and maximum limit of issuing bonds.

The Companies establish systems to supply funds to consolidated subsidiaries expeditiously by using cash management system and the like.

- (d) Supplemental information on the fair value of financial instruments

The Companies calculate the fair value of financial instruments based on market prices, or by using reasonable estimates when market prices are not available. These estimates include variable factors, and are subject to fluctuation due to changes in the underlying assumptions. The contract amounts of the derivatives discussed in 2. Fair Value of Financial Instruments below are not an indicator of the market risk associated with derivatives transactions.

## 2) Matters related to the fair value of financial instruments

Amounts stated in consolidated balance sheets, fair value and their differences as of January 31, 2011 are as follows. For your information, accounting items for which an accurate grasp of fair value is recognized as extremely difficult are not stated in the following table.(Please refer to notes2)

Millions of yen

	Amount stated in consolidated balance sheets	Fair value	Variance
(1) Cash and deposits	151,983	151,983	—
(2) Notes receivable and accounts receivable from completed construction contracts	35,545		
Allowance for doubtful accounts(※1)	(818)		
	34,726	34,726	—
(3) Short-term investment securities and Long-term investment securities			
1) Debt securities expected to be held to maturity	2,355	2,349	(5)
2) Securities of subsidiaries and affiliates	2,968	1,293	(1,674)
3) Other securities	47,751	47,751	—
Assets amount	239,784	238,104	(1,680)
(1) Notes payable, accounts payable for construction contracts	104,631	104,631	—
(2) Electronically recorded obligations-operating	45,083	45,083	—
(3) Bonds payable	129,990	131,512	1,521
(4) Long-term loans payable	82,014	82,014	—
Liabilities amount	361,720	363,241	1,521
Derivative transactions(※2)	(482)	(482)	—

(Notes※)

1. Amount of notes receivable and accounts receivable from completed construction contracts deduct amount of allowance for doubtful accounts
2. Assets and liabilities from derivatives transactions are shown in the net amount. If the total is negative figure, the amount is shown in brackets.

(Notes)

1. Methods for calculating the fair value of financial instruments and matters related to securities and derivatives transactions

Assets

- (1) Cash and deposits, (2) Notes receivable, accounts receivable from completed construction contracts

Book value is stated for these items because short-term settlement makes their fair value and book value almost the same.

- (3) Short-term investment securities and Long-term investment securities

The fair value stated for shares is the value quoted on exchanges. The fair value stated for bonds is the value quoted on exchanges or the value presented by financial institutions.

## Liabilities

(1) Notes payable, accounts payable for construction contracts, (2) Electronically recorded obligations-operating  
Book value is stated for these items because short-term settlement makes their fair value and book value almost the same.

(3) Bonds payable

The fair value stated for bonds payable is the value quoted on market.

(4) Long-term loans payable

Book value is stated for long-term loans payable with a variable interest rate because their fair value and book value are assumed to be close.

## Derivatives transactions

The fair value of derivatives is stated as the value presented by financial institutions.

2. Financial instruments for which an accurate grasp of market value is recognized as extremely difficult

Millions of yen

Category	Amount stated in consolidated balance sheets
Unlisted foreign bonds	5,000
Investment to SPC	9,350
Unlisted shares	3,915
Preferred securities	999
Investment in limited partnerships	114

These financial instruments have no market price and it is expected that it costs too much to estimate future cash flows. Accordingly, these are not included in (assets (3) Short-term investment securities and Long-term investment securities stated above).

3. Current portion of long-term loans payable is included in amount stated in consolidated balance sheets and fair value of long-term loans payable.

(Additional information)

The Company has adopted the Accounting Standards for Financial Instruments (ASBJ Statement No.10 issued on March 10, 2008) and the Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19 issued on March 10, 2008) from the beginning of fiscal year ended January 31, 2011.

## 5. Notes to leasehold properties and other types of real estate

### 1) Matters related to the state of leasehold properties and other types of real estate

The Company and some subsidiaries own houses and office buildings for leasing and the like in metropolitan Tokyo and other areas.

### 2) Matters related to Fair value of leasehold properties and other types of real estate

Millions of yen

Amount stated in consolidated balance sheets	Fair value
255,083	265,792

(Notes)

1. The above amount stated in consolidated balance sheets is calculated by deducting the accumulated depreciation from the acquisition cost.
2. Amounts based on real estate appraisal by independent real estate appraiser are adopted as the market value of major properties. Other properties adopted the value which the Company estimated based on Real Estate Appraisal Standard as the market value.

(Additional information)

The Company has adopted the Accounting Standards for Disclosures about Fair Value of Investment and rental Property (ASBJ Statement No.20 issued on November 20, 2008) and the Guidance on Application of Standard for Disclosures about Fair Value of Investment and Rental Property (ASBJ Guidance No.23 issued on November 20, 2008) from the beginning of fiscal year ended January 31, 2011.

**6. Notes to the Information per Share:**

1. Shareholders' equity per share	¥1,090.67
2. Net loss per share	¥45.02

---

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.

<b>NON-CONSOLIDATED BALANCE SHEETS</b>			
As of January 31, 2011			
<i>Millions of yen</i>			
<b>Assets</b>	<b>1,173,639</b>	<b>Liabilities</b>	<b>535,391</b>
<b>Current assets</b>	<b>674,161</b>	<b>Current liabilities</b>	<b>315,532</b>
Cash and deposits	100,777	Notes payable-trade	28,206
Notes receivable-trade	161	Electronically recorded obligations-operating	45,083
Accounts receivable from completed construction contracts	31,796	Accounts payable-trade	31,672
Accounts receivable-real estate business	394	Accounts payable for construction contracts	37,329
Costs on uncompleted construction contracts	4,553	Current portion of long-term loans payable	20,000
Buildings for sale	122,563	Lease obligations	56
Land for sale in lots	299,648	Accounts payable-other	1,341
Undeveloped land for sale	36,724	Accrued expenses	9,160
Semi-finished goods and work in process	3,156	Income taxes payable	1,007
Raw materials and supplies	2,524	Accrued consumption taxes	4,611
Advance payments-trade	147	Advances received on uncompleted construction contracts	41,444
Prepaid expenses	2,327	Advances received	2,778
Accounts receivable-other	13,960	Deposits received	79,610
Deferred tax assets	49,408	Provision for bonuses	10,328
Other	9,075	Provision for directors' bonuses	140
Allowance for doubtful accounts	(2,057)	Provision for warranties for completed construction	2,761
<b>Noncurrent Assets</b>	<b>499,477</b>	<b>Noncurrent Liabilities</b>	<b>219,859</b>
<b>Property, plant and equipment</b>	<b>273,415</b>	Bonds payable	129,990
Buildings	79,058	Long-term loans payable	50,000
Structures	3,381	Lease obligations	121
Machinery and equipment	10,830	Long-term lease and guarantee deposited	7,731
Vehicles	79	Provision for retirement benefits	31,507
Tools, furniture and fixtures	2,671	Other	508
Land	170,517		
Lease assets	101		
Construction in progress	6,774		
<b>Intangible assets</b>	<b>8,138</b>	<b>Net assets</b>	<b>638,247</b>
Industrial property	19	<b>Shareholders' equity</b>	<b>635,048</b>
Leasehold right	1,608	<b>Capital stock</b>	<b>186,554</b>
Software	5,750	<b>Capital surplus</b>	<b>242,307</b>
Lease assets	66	Legal capital surplus	242,307
Right of using facilities	11	<b>Retained earnings</b>	<b>207,433</b>
Telephone subscription right	681	Legal retained earnings	23,128
<b>Investments and other assets</b>	<b>217,924</b>	Other retained earnings	184,305
Investment securities	67,773	Reserve for dividends	18,000
Stocks of subsidiaries and affiliates	70,785	General reserve	138,800
Long-term loans receivable	52,202	Retained earnings brought forward	27,505
Lease and guarantee deposits	11,395	<b>Treasury stock</b>	<b>(1,247)</b>
Long-term prepaid expenses	634	<b>Valuation and translation adjustments</b>	<b>2,906</b>
Deferred tax assets	12,894	<b>Valuation difference on available-for-sale securities</b>	<b>2,906</b>
Other	3,390	<b>Subscription rights to shares</b>	<b>292</b>
Allowance for doubtful accounts	(1,152)		
<b>Total Assets</b>	<b>1,173,639</b>	<b>Total Liabilities and Net assets</b>	<b>1,173,639</b>

<b>NON-CONSOLIDATED STATEMENT OF INCOME</b>	
From February 1, 2010 to January 31, 2011	
<i>Millions of yen</i>	
<b>Net sales</b>	<b>1,025,341</b>
Completed construction contracts	854,519
Real estate business	170,822
<b>Cost of sales</b>	<b>841,537</b>
Completed construction contracts	682,936
Real estate business	158,600
<b>Gross profit</b>	<b>183,804</b>
Gross profit from completed construction contracts	171,582
Gross income from real estate business	12,221
<b>Selling, general and administrative expenses</b>	<b>148,636</b>
<b>Operating income</b>	<b>35,167</b>
<b>Non-operating income</b>	<b>10,686</b>
Interest and dividends income	7,149
Other	3,537
<b>Non-operating expenses</b>	<b>5,311</b>
Interest expenses	1,421
Interest on bonds	1,216
Other	2,674
<b>Ordinary income</b>	<b>40,542</b>
<b>Extraordinary income</b>	<b>134</b>
Gain on sales of investment securities	134
<b>Extraordinary loss</b>	<b>2,368</b>
Loss on sales and retirement of noncurrent assets	2,146
Loss on valuation of investment securities	221
<b>Income before income taxes</b>	<b>38,308</b>
Income taxes-current	597
Income taxes-deferred	12,684
<b>Net income</b>	<b>25,027</b>



## NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(From February 1, 2010 to January 31, 2011)

*Millions of yen*

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total
		Legal capital surplus	Total		Other retained earnings			
					Reserve for dividends	General reserve	Retained earnings brought forward	
Balance at January 31, 2010	186,554	242,307	242,307	23,128	18,000	186,800	(36,724)	191,203
Changes of items during the period								
Dividends from surplus	—	—	—	—	—	—	(8,786)	(8,786)
Reversal of general Reserve	—	—	—	—	—	(48,000)	48,000	—
Net income	—	—	—	—	—	—	25,027	25,027
Retirement of treasury stock	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	—	(11)	(11)
Net changes of items other than "Shareholders' equity" during the period	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	—	—	—	(48,000)	64,229	16,229
Balance at January 31, 2011	186,554	242,307	242,307	23,128	18,000	138,800	27,505	207,433

	Shareholders' equity		Valuation and translation adjustments			Subscripti on rights to shares	Total net assets
	Treasury stock	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total		
Balance at January 31, 2010	(1,216)	618,849	3,181	(1)	3,180	232	622,261
Changes of items during the period							
Dividends from surplus	—	(8,786)	—	—	—	—	(8,786)
Reversal of general Reserve	—	—	—	—	—	—	—
Net income	—	25,027	—	—	—	—	25,027
Retirement of treasury stock	(62)	(62)	—	—	—	—	(62)
Disposal of treasury stock	31	20	—	—	—	—	20
Net changes of items other than "Shareholders' equity" during the period	—	—	(274)	1	(273)	60	(213)
Total changes of items during the period	(30)	16,199	(274)	1	(273)	60	15,985
Balance at January 31, 2011	(1,247)	635,048	2,906	—	2,906	292	638,247

## List of Notes to Non-Consolidated Financial Statements

### 1. Summary of Significant Accounting Policies

#### 1) Basis and method of valuation of assets:

##### (1) Short-time investment 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 short-time investment 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) Costs on uncompleted construction contracts, buildings for sale, land for sale in lot, and undeveloped land for sale: At cost based on individual cost method

(Cost method whereby the book value is written down to the net realizable value in cases where there has been a material decline in value)

- (ii) Semi-finished goods and work in process, raw material and supplies: At cost based on moving average method

(Cost method whereby the book value is written down to the net realizable value in cases where there has been a material decline in value)..

#### 2) Depreciation of noncurrent assets:

- (i) Property, plant and equipment (excluding lease assets):

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

- (ii) Intangible assets (excluding lease assets):

The Company applies the straight-line method to intangible 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.

- (iii) Lease assets:

With respect to leased assets for finance lease transactions other than those involving a transfer of ownership, the Company applies the straight-line method to such finance leases, where the useful lives of the assets are the terms of leases and the residual values of the assets are deemed zero. Finance lease transactions other than those involving a transfer of ownership that began on or prior to January 31, 2009 are accounted for applying *mutatis mutandis* the ordinary operating leases.

### 3) Basis for accounting for 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) Provision for bonuses:

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

(c) Provision for directors' bonuses:

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

(d) Provision for warranties for completed construction:

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) Provision for retirement benefits:

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.

The Company has adopted Partial Amendments to Accounting Standard for Retirement Benefits (Part3) (ASBJ Statement No.19 issued on July 31, 2008) from the beginning of fiscal year ended January 31, 2011. This change had no impact on profits of the Company's businesses.

### 4) Basis for accounting for income and expenses:

(i) Accounting standard for recognition of income and expenses of completed works:

The Company has applied percentage-of-completion method (estimate for level of completion based on the percentage of direct costs) to construction contracts meeting the following criteria; construction had been started during the fiscal year under review (except for short-period work), of which the percentage of construction completion by the end of the fiscal year can be estimated reliably. For other construction contracts, the company has adopted completed-contract method.

(Change in accounting principles)

With regard to the standard for the recognition of income resulting from contracted construction work, the Company previously adopted completed-contract method. However, the Accounting Standards for Construction Contracts (ASBJ Statement No.15 issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No.18 issued on December 27, 2007) have been applied to construction contracts from the beginning of fiscal year ended January 31, 2011. The Company has applied percentage-of-completion method (estimate for level of completion based on the percentage of direct costs) to construction contracts meeting the following criteria; construction had been started during the fiscal year under review (except for short-period work), of which the percentage of

construction completion by the end of the fiscal year can be estimated reliably. For other construction contracts, the company has adopted completed-contract method.

Accordingly, "Net sales" increased by ¥75,173 million, while "Operating income", "Ordinary income", and "Net income before income taxes and minority interest" increased by ¥15,428 million respectively.

- (ii) Basis for accounting for income from finance leases:

The Company records net sales and cost of sales upon receipt of lease charges.

## 5) Main hedge accounting methods:

- (i) Hedge accounting methods:

The Company accounts for hedging activities under deferral hedge accounting. *Furiate-shori* (accounting method in which the current and forward rate difference is allocated by period length for the calculation at the accounting period) is applied to forward foreign exchanges contracts and currency swap contracts which conform to the requirements of such hedge accounting. Hedging instruments and targets:

- (ii) Hedging instruments and targets:

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

- (iii) Hedging policies:

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange rates. The use of exchange forward 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.

## 6) Accounting for consumption taxes

The tax exclusion method is used to account for consumption taxes. The amount in excess of consumption taxes not subject to deductions are expensed in the fiscal year in which they arise.

## 7) Basis for translating foreign currency-denominated assets and liabilities into yen:

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

## 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	3,264	Deposits on contract with establishment of leasehold	1,320
Total	3,266	Total	1,320

Note:

Apart from stated above, the Company deposited short-term investment securities and investment securities of 2,350 million yen in accordance with Act on Assurance of Performance of Specified Housing Defect Warranty and the like.

2) **Accumulated depreciation of property, plant and equipment** 156,477 million yen

### 3) Liabilities guaranteed

Liabilities guaranteed for repayment (for persons to have housing mortgage) 108,137 million yen

Liabilities guaranteed for repayment

(for affiliated companies to borrow from the financial institutions) 856 million yen

### 4) Pecuniary claims and debts to affiliated companies

Millions of yen

Short-term pecuniary claims to subsidiaries	3,666
Long-term pecuniary claims to subsidiaries	26,322
Short-term pecuniary debts to subsidiaries	81,777

(Additional information)

Changes in holding purpose of assets:

Real estate held for sale of 4,882 million yen, which was reported under inventories as at January 31, 2010, has been reclassified under inventories.

## 3. Notes to the Statement of Income

Transactions with subsidiaries	Millions of yen
Sales to subsidiaries	18,255
Purchases from subsidiaries	199,302
Non-operating transactions	714

#### 4. Notes to the Statement of Change in Net Assets

Type and numbers of shares outstanding and treasury stock

Type of shares	Common shares
Outstanding shares (non-consolidated) as of Jan. 31, 2010	960,081 shares
Number of shares increased	75,299 shares
Number of shares decreased	25,295 shares
Outstanding shares (non-consolidated) as of Jan. 31, 2011	1,010,085 shares

(Notes)

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

Increase due to repurchases of fractional shares: 75,299 shares

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

Decrease due to requests for additional purchases of fractional shares: 8,295 shares

Decrease due to exercise of stock options: 17,000 shares

#### 5. Notes of Tax Effect Accounting

Significant components of deferred tax assets and liabilities

*Millions of yen*

<b>Deferred tax assets</b>	
Loss on valuation of real estate for sale	43,194
Provision for retirement benefits	13,024
Accumulated impairment loss	7,529
Provision for bonuses	4,172
Loss on valuation of investment securities	1,683
Allowance for doubtful accounts	1,081
Provision for warranties for completed construction	1,115
Other	1,649
<b>Subtotal deferred tax assets</b>	<b>73,449</b>
Valuation allowance	<b>(10,097)</b>
<b>Total deferred tax assets</b>	<b>63,352</b>

<b>Deferred tax liabilities</b>	
Valuation difference on available-for-sale securities	(1,028)
Other	(21)
<b>Total deferred tax liabilities</b>	<b>(1,049)</b>
<b>Net deferred tax assets and net deferred tax liabilities</b>	<b>62,302</b>

Notes:

- The main valuation allowances are loss on valuation of investment securities and accumulated impairment loss that were judged non-deferrable.
- 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: 49,408 million yen

Noncurrent assets – Deferred tax assets: 12,894 million yen

## 6. Notes of Fixed Assets to use by a lease

The Company is using a portion of personal computers for business use and buildings for housing exhibition based on finance leasing contracts other than those involving a transfer of ownership and those which began on or prior to January 31, 2009 have been accounted for applying *mutatis mutandis* the ordinary operating lease method.

## 7. Notes of Transaction with related parties

### 1) Subsidiaries and Affiliated Companies, etc.

Type	Company name	Percentage of owning(owned) voting rights	Description of the relationship		Description of transaction	Transaction amount (million yen)	Account	Balance at January 31,2011 (million yen)
			Concurrent offices of officers	Business relationship				
Subsidiary	Sekisui House Australia Holdings Pty Limited.	(owning) Directly 100	Holding concurrent offices	Management business in Australia	Lending money	(notes) 20,157	Long-term loans receivable	20,157
Subsidiary	Sekisui House Remodeling, Ltd.	(owning) Directly 100	Holding concurrent offices	Contract remodeling of the company's houses	Deposits of cash management system	(notes) 2,336	Deposits received	13,194

Note:

Amount of net increase during this fiscal year is stated above. Interest rates are reasonably determined in view of market interest rates.

### 2) Officers and principal individual shareholders

Type	Name	Percentage of owning(owned) voting rights	Description of the relationship	Description of transaction	Transaction amount (million yen)	Account	Balance at January 31,2011 (million yen)
Subsidiary	Teruyuki Saegusa	(owned) Directly 0.00	Corporate Auditor of the Company	Sale for condominium	72	—	—

Note:

The selling price of the condominium is determined based on general transaction condition.

## 8. Notes to the Information per Share

1. Shareholders' equity per share	¥943.89
2. Net income per share	¥37.03

---

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 18, 2011

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 60<sup>th</sup> fiscal year (from February 1, 2010 to January 31, 2011) including the balance sheet, statement of income, statement of change in net assets, 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.

(additional information)

As mentioned in *Notes to Significant Matters which are Basis for Preparation of Consolidated Financial Statements* in *List of Notes to Consolidated Financial Statements*, with regard to the standard for the recognition of income resulting from contracted construction work, the Company previously adopted completed-contract method. However, the Accounting Standards for Construction Contracts (ASBJ Statement No.15 issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No.18 issued on December 27, 2007) have been applied to construction contracts from the beginning of fiscal year ended January 31, 2011. The Company has applied percentage-of-completion method (estimate for level of completion based on the percentage of direct costs) to construction contracts meeting the following criteria; construction had been started during the fiscal year under review (except for short-period work), of which the percentage of construction completion by the end of the fiscal year can be estimated reliably. For other construction contracts, the Company has adopted completed-contract method.

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 18, 2011

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 60<sup>th</sup> fiscal year (from February 1, 2010 to January 31, 2011) 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.

(additional information)

As mentioned in *Summary of Significant Accounting Policies in List of Notes to Non-Consolidated Financial Statements*, with regard to the standard for the recognition of income resulting from contracted construction work, the Company previously adopted completed-contract method. However, the Accounting Standards for Construction Contracts (ASBJ Statement No.15 issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No.18 issued on December 27, 2007) have been applied to construction contracts from the beginning of fiscal year ended January 31, 2011. The Company has applied percentage-of-completion method (estimate for level of completion based on the percentage of direct costs) to construction contracts meeting the following criteria; construction had been started during the fiscal year under review (except for short-period work), of which the percentage of construction completion by the end of the fiscal year can be estimated reliably. For other construction contracts, the Company has adopted completed-contract method.

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 60th fiscal year (February 1, 2010 to January 31, 2011) 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 131 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 change in net assets 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 24, 2011

Board of Corporate Auditors of Sekisui House, Ltd.

Tadashi Iwasaki, Standing Corporate Auditor (full-time)

Yoshiro Kubota, Standing Corporate Auditor (full-time)

Takaharu Dohi, Corporate Auditor

Saegusa Teruyuki, Corporate Auditor

Eiji Mansho, Corporate Auditor

**Proposition No.1: Appropriation of retained earnings for the 60th fiscal year ended January 31, 2011**

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

1. 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 ¥8 per share will be paid for the fiscal year under review. Since the Company paid an interim dividend of ¥13 per share (50<sup>th</sup> founding anniversary dividend of ¥5 per share was included) on September 30, 2010, the annual dividend for the fiscal year under review totals ¥21 per share.

(1) Type of dividend property:

Cash

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

8 yen per common share of the Company      Total amount: 5,406,999,944 yen

(3) Date on which dividends take effect:

April 27, 2011

2. Other matters related to the appropriation of surplus:

For the purpose of strengthening management bases for active future business development, the Company proposes to appropriate a portion of surplus according to the schedule shown below.

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

General reserve      14,000,000,000 yen

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

Retained earnings carried forward      14,000,000,000 yen

**Proposition No. 2: 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 140 million yen (including 3 million yen for an Outside Director) be paid for 11 Directors (including an Outside Director) 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.