

# Sekisui House , Ltd.

Second Quarter of FY2011 (February 1,2011 through July 31, 2011)

– Summary of Consolidated Financial Results –

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September 8 , 2011

## 1. Topics in the Second Quarter

### 1: Sales and income increased year on year. The Green First Strategy proved effective.

- We achieved higher sales, despite the effect of introducing the percentage-of-completion method in the previous fiscal year.
- The Condominium Business recorded a loss on valuation of inventory of approximately ¥6 billion, aiming to become profitable quickly.
- Revised our full-year results forecasts upwards. Operating income was revised from ¥63 billion to ¥68 billion.

### 2: Effects of the Great East Japan Earthquake

- Extraordinary loss due to the earthquake was only about ¥1.2 billion.
- Quickly met demand for the reconstruction of houses after the earthquake by providing standardized housing packages and making support staff available.

### 3: Stepped up overseas land acquisition to move to full-scale operation of the overseas business

- Acquired land for projects in Shenyang and Suzhou, China. In Shenyang City, began construction of a production factory for steel-framed housing.
- Commenced the Central Park joint development project in central Sydney, Australia.

## 2. Overview

(¥ millions)

	FY2010 2Q	FY2011	
		2Q	YoY
Net sales	738,777	746,393	1.0%
Cost of sales	612,808	614,519	0.3%
Gross profit	125,969	131,874	4.7%
SG&A	99,586	99,321	(0.3%)
Operating income	26,382	32,552	23.4%
Ordinary income	25,784	32,568	26.3%
Extraordinary income	132	—	—
Extraordinary loss	1,609	3,049	89.5%
Net income	13,622	16,868	23.8%

Sheet 2

## 3. Segment Information —1 Sales and Orders

### Sales

(¥ millions)

	FY2010 2Q	FY2011	
		2Q	YoY
Custom detached houses	224,794	227,866	1.4%
Rental housing	137,266	133,365	(2.8%)
Houses for sale	73,888	65,460	(11.4%)
Condominiums	44,605	19,500	(56.3%)
Urban redevelopment	10,654	25,694	141.2%
Remodeling	43,454	49,903	14.8%
Real estate management fees	180,031	187,947	4.4%
Other Businesses	24,082	36,655	52.2%
Total	738,777	746,393	1.0%

### Orders

(¥ millions)

	FY2010 2Q	FY2011	
		2Q	YoY
Custom detached houses	243,586	248,736	2.1%
Rental housing	131,440	151,486	15.3%
Houses for sale	78,586	67,177	(14.5%)
Condominiums	39,153	27,460	(29.9%)
Urban redevelopment	10,654	12,494	17.3%
Remodeling	45,253	54,552	20.5%
Real estate management fees	180,031	187,947	4.4%
Other Businesses	31,487	68,340	117.0%
Total	760,194	818,196	7.6%

Sheet 3

### 3. Segment Information

#### — 2 Operating income, Operating margin and Gross margin

(¥ millions)

	Operating income			Operating margin		Gross margin	
	FY2010 2Q	FY2011 2Q	YoY	FY2010 2Q	FY2011 2Q	FY2010 2Q	FY2011 2Q
Custom detached houses	22,010	23,953	8.8%	9.8%	10.5%	22.5%	23.5%
Rental housing	12,460	12,127	(2.7%)	9.1%	9.1%	21.2%	21.3%
Houses for sale	230	1,392	505.2%	0.3%	2.1%	12.5%	14.2%
Condominiums	(222)	(5,756)	—	(0.5%)	(29.5%)	7.4%	(18.8%)
Urban redevelopment	1,905	6,935	264.0%	17.9%	27.0%	26.3%	29.3%
Remodeling	4,204	4,895	16.4%	9.7%	9.8%	23.4%	23.1%
Real estate management fees	6,334	7,312	15.4%	3.5%	3.9%	11.1%	11.6%
Other Businesses	(2,930)	(2,261)	—	(12.2%)	(6.2%)	9.0%	13.8%
Eliminations and back office	(17,610)	(16,046)	—	—	—	—	—
<b>Total</b>	<b>26,382</b>	<b>32,552</b>	<b>23.4%</b>	<b>3.6%</b>	<b>4.4%</b>	<b>17.1%</b>	<b>17.7%</b>

Sheet 4

### 4. Consolidated Balance Sheets — 1 Assets

(¥ millions)

	As of Jan.31,2011	As of Jul.31,2011	Change	
			Amounts	%
<b>■ Current assets</b>				
Cash and deposits	151,983	154,681	2,698	1.8%
Notes receivable , accounts receivable from completed construction contracts	35,545	44,369	8,823	24.8%
Costs on uncompleted construction contracts	12,212	14,900	2,687	22.0%
Buildings for sale	131,737	130,067	(1,669)	(1.3%)
Underdeveloped land and Land for sale in lots	400,323	442,304	41,981	10.5%
Other	90,728	108,430	17,701	19.5%
<b>Total current assets</b>	<b>822,530</b>	<b>894,753</b>	<b>72,223</b>	<b>8.8%</b>
<b>■ Noncurrent assets</b>				
<b>Property, plant and equipment</b>				
Buildings and structures	131,540	136,611	5,070	3.9%
Land	193,249	194,373	1,124	0.6%
Other	27,342	25,158	(2,183)	(8.0%)
<b>Total property, plant and equipment</b>	<b>352,131</b>	<b>356,143</b>	<b>4,011</b>	<b>1.1%</b>
<b>Intangible assets</b>	<b>9,809</b>	<b>13,865</b>	<b>4,056</b>	<b>41.4%</b>
<b>Investments and other assets</b>	<b>156,837</b>	<b>159,123</b>	<b>2,286</b>	<b>1.5%</b>
<b>Total noncurrent assets</b>	<b>518,778</b>	<b>529,132</b>	<b>10,354</b>	<b>2.0%</b>
<b>Total assets</b>	<b>1,341,308</b>	<b>1,423,886</b>	<b>82,577</b>	<b>6.2%</b>

Sheet 5

## 4. Consolidated Balance Sheets — 2 Liabilities and Net Assets

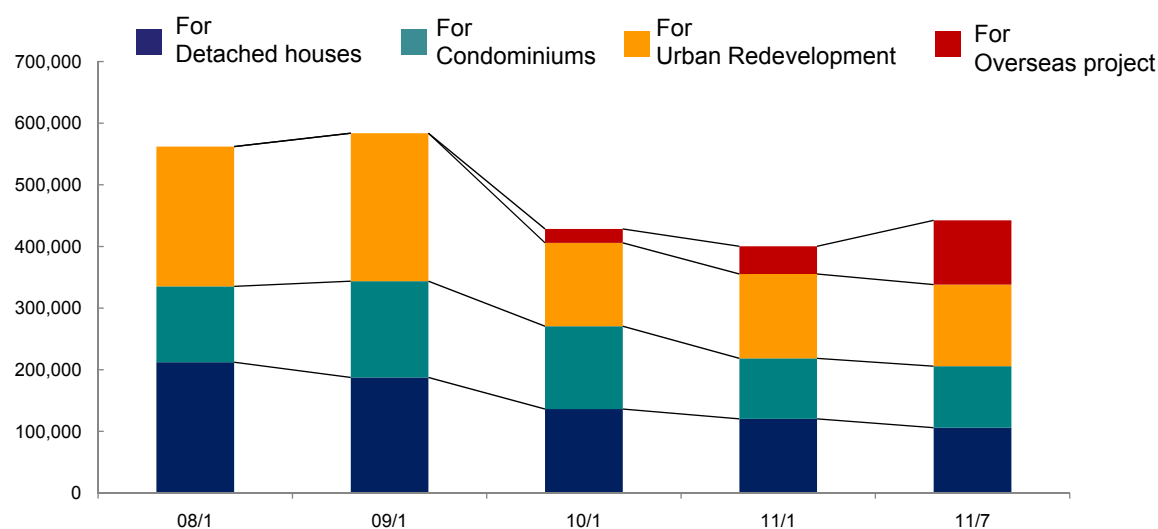
(¥ millions)

	As of Jan.31,2011	As of Jul.31,2011	Change	
			Amounts	%
<b>■ Liabilities</b>				
<b>Current Liabilities</b>				
Notes payable, accounts payable for construction contracts	149,714	139,833	(9,880)	(6.6%)
Advances received on uncompleted construction contracts	75,539	81,849	6,309	8.4%
Current portion of long-term loans payable	27,454	28,491	1,037	3.8%
Other	71,380	84,443	13,063	18.3%
<b>Total current liabilities</b>	<b>324,088</b>	<b>334,618</b>	<b>10,529</b>	<b>3.2%</b>
<b>Noncurrent liabilities</b>				
Bonds payable	129,990	179,993	50,002	38.5%
Long-term loans payable	54,560	55,223	663	1.2%
Other	94,639	102,642	8,002	8.5%
<b>Total noncurrent liabilities</b>	<b>279,190</b>	<b>337,859</b>	<b>58,668</b>	<b>21.0%</b>
<b>Total liabilities</b>	<b>603,279</b>	<b>672,477</b>	<b>69,198</b>	<b>11.5%</b>
<b>■ Net assets</b>				
Shareholder's equity	732,021	743,470	11,449	1.6%
Valuation and translation adjustments	4,940	6,705	1,764	35.7%
Subscription rights to shares	292	330	37	12.9%
Minority interests	774	902	127	16.5%
<b>Total Net Assets</b>	<b>738,029</b>	<b>751,408</b>	<b>13,379</b>	<b>1.8%</b>
<b>Total liabilities and net assets</b>	<b>1,341,308</b>	<b>1,423,886</b>	<b>82,577</b>	<b>6.2%</b>
<b>■ Interest bearing debts</b>	<b>212,030</b>	<b>267,914</b>	<b>55,883</b>	<b>26.4%</b>

Sheet 6

## 4. Consolidated Balance Sheets

### — 3 Details of land for sale in lots and undeveloped land for sale by use



(¥ millions)

	Jan. 31, 2008	Jan. 31, 2009	Jan. 31, 2010	Jan. 31, 2011	July 31, 2011
For overseas project	—	—	22,549	44,975	104,177
For urban redevelopment	226,737	239,983	135,206	136,939	132,429
For condominiums	123,097	156,237	134,323	98,042	99,640
For custom detached houses	212,233	187,483	136,332	120,365	106,057
<b>Total</b>	<b>562,067</b>	<b>583,703</b>	<b>428,410</b>	<b>400,323</b>	<b>442,304</b>

Sheet 7

## 5. Consolidated Statements of Cash Flow

(¥ millions)

	FY2010 2Q	FY2011 2Q	Change
Net cash provided by (used in) operating activities	42,605	(28,300)	(70,905)
Net cash provided by (used in) investing activities	(11,395)	(18,482)	(7,086)
Free cash flow	31,210	(46,782)	(77,992)
Net cash provided by (used in) financing activities	67,275	48,621	(18,653)
Net increase (decrease) in cash and cash equivalents	98,271	2,698	(95,573)
Cash and cash equivalents at beginning of period	148,630	151,983	
Cash and cash equivalents at end of period	246,901	154,681	

	FY2010 2Q	FY2011 2Q	Change
Capital expenditures	11,227	18,162	6,935
Depreciation and amortization	7,773	8,861	1,088

Sheet 8

## 6. Full-Year Forecasts

(¥ millions)

	FY2010 Results	FY2011(Full-Year)		
		Initial Forecasts	Revised Forecasts	Revised YoY
Net sales	1,488,369	1,510,000	1,520,000	2.1%
Operating income	56,354	63,000	68,000	20.7%
Ordinary income	56,271	63,000	68,500	21.7%
Net income	30,421	34,000	35,500	16.7%
EPS (yen)	45.02	50.32	52.54	16.7%
ROA (%)	4.34	4.76	5.11	—
ROE (%)	4.19	4.54	4.74	—
Dividend per share (yen)	21.00	20.00	20.00	(4.8%)
Payout ratio (%)	46.65	39.75	38.07	—

Sheet 9

## 6. Full-Year Forecasts (Segment information)

### —1 Sales and Orders

#### Sales

#### Orders

(¥ millions)

	FY2010 Results	FY2011(Full-Year)			FY2010 Results	FY2011(Full-Year)	
		Initial Forecasts	Revised Forecasts	Revised YoY		Initial Forecasts	Revised Forecasts
Custom detached houses	455,239	467,500	474,000	4.1%	469,232	500,000	494,000
Rental housing	277,659	257,500	274,000	(1.3%)	267,202	268,000	288,000
Houses for sale	146,470	152,500	135,000	(7.8%)	145,974	154,000	136,400
Condominiums	77,185	45,300	41,000	(46.9%)	68,579	49,200	54,800
Urban redevelopment	22,208	35,000	37,000	66.6%	35,408	21,800	23,800
Remodeling	91,443	101,000	101,000	10.5%	95,094	103,000	111,000
Real estate management fees	361,988	371,200	375,000	3.6%	361,988	371,200	375,000
Other Businesses	56,173	80,000	83,000	47.8%	84,881	87,800	123,000
Total	1,488,369	1,510,000	1,520,000	2.1%	1,528,362	1,555,000	1,606,000

Sheet 10

## 6. Full-Year Forecasts (Segment information)

### — 2. Operating income, Operating margin and Gross margin

#### Operating income

#### Operating margin

#### Gross margin

(¥ millions)

	FY2010 Results	FY2011(Fiscal Year)			FY2010 Results	FY2011 Revised Forecasts	FY2010 Results	FY2011 Revised Forecasts
		Initial Forecasts	Revised Forecasts	Change				
Custom detached houses	45,772	49,000	50,400	1,400	10.1%	10.6%	22.9%	23.5%
Rental housing	26,195	24,600	25,000	400	9.3%	9.1%	21.3%	21.4%
Houses for sale	516	2,000	3,000	1,000	0.4%	2.2%	12.0%	14.2%
Condominiums	(1,009)	(4,000)	(7,500)	(3,500)	(1.3%)	(18.3%)	6.8%	(7.3%)
Urban redevelopment	4,812	8,600	9,800	1,200	21.6%	26.5%	28.6%	29.7%
Remodeling	8,530	9,800	9,800	0	9.3%	9.7%	22.8%	23.3%
Real estate management fees	12,429	13,100	14,500	1,400	3.4%	3.9%	11.0%	11.6%
Other Businesses	(6,016)	(5,100)	(4,000)	1,100	(9.9%)	(4.8%)	9.4%	13.9%
Eliminations and back office	(34,876)	(35,000)	(33,000)	2,000	—	—	—	—
Total	56,354	63,000	68,000	5,000	3.8%	4.5%	17.3%	17.9%

Sheet 11

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