

# Sekisui House, Ltd.

Third Quarter of FY2011 (February 1, 2011 through October 31, 2011)

– Summary of Consolidated Financial Results –

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December 8 , 2011

## 1. Topics in the Third Quarter

1: Both sales and profit increased year-on-year.  
- The performance remained strong with heightened awareness of safety and security when it comes to housing, in addition to the “Green First Strategy,” which proved effective.

- Sales: up 4.9% year-on-year to ¥1,112 billion
  - Higher sales were achieved, despite the effect of applying the percentage-of-completion method.
- Operating income: up 69.9% year-on-year to ¥49.7 billion
  - Profitability improved in step with the changes in the sales makeup and the standardization of construction.

### 2: *Sumai no Sankan-bi* (sales promotional event)

- Record number of visitors

- Number of visitors: approximately 144,000 (up 6% year-on-year)
  - The event was held in October upon request for electricity conservation this year.
- United as the Sekisui House Group and increased homeowner consultations for remodeling
- Further promotion of the antiseismic system called SHEQAS, the air-friendly system called Airkis, and the energy-free housing Green First Hybrid.
- To win orders, utilize the presentation in the Tokyo Motor Show and New Year Campaign as well.

### 3: Progress in orders of overseas business

- The condominium business in Australia reported the sale of ¥6.8 billion yen following the completion of delivery of the units sold.
- Contracts signed in Australia, followed by North America and Singapore.  
Accumulated orders for the entire overseas business total ¥48.5 billion yen.  
The contract ratio is 35% to an investment total ¥136.6 billion yen.

## 2. Overview

(¥ millions)

	FY2010 3Q	FY2011	
		3Q	YoY
Net sales	1,060,488	1,112,091	4.9%
Cost of sales	881,212	911,119	3.4%
Gross profit	179,275	200,972	12.1%
SG&A	150,017	151,267	0.8%
Operating income	29,258	49,704	69.9%
Ordinary income	29,155	49,856	71.0%
Extraordinary income	132	—	—
Extraordinary loss	4,850	6,314	30.2%
Net income	13,549	24,847	83.4%

Sheet 2

## 3. Segment Information —1 Sales and Orders

### Sales

(¥ millions)

	FY2010 3Q	FY2011	
		3Q	YoY
Custom detached houses	324,777	344,080	5.9%
Rental housing	191,413	208,206	8.8%
Houses for sale	103,661	91,700	(11.5%)
Condominiums	54,490	23,511	(56.9%)
Urban redevelopment	16,391	31,872	94.4%
Remodeling	63,030	72,570	15.1%
Real estate management fees	270,520	282,373	4.4%
Other Businesses	36,202	57,776	59.6%
Total	1,060,488	1,112,091	4.9%

### Orders

(¥ millions)

	FY2010 3Q	FY2011	
		3Q	YoY
Custom detached houses	359,616	359,539	(0.0%)
Rental housing	195,929	227,744	16.2%
Houses for sale	117,184	99,536	(15.1%)
Condominiums	57,445	41,392	(27.9%)
Urban redevelopment	17,291	18,672	8.0%
Remodeling	68,778	80,748	17.4%
Real estate management fees	270,520	282,373	4.4%
Other Businesses	62,809	79,901	27.2%
Total	1,149,575	1,189,908	3.5%

Sheet 3

### 3. Segment Information

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

(¥ millions)

	Operating income			Operating margin		Gross margin	
	FY2010 3Q	FY2011 3Q	YoY	FY2010 3Q	FY2011 3Q	FY2010 3Q	FY2011 3Q
Custom detached houses	28,515	35,264	23.7%	8.8%	10.2%	22.1%	23.3%
Rental housing	14,709	19,671	33.7%	7.7%	9.4%	20.9%	21.7%
Houses for sale	(461)	1,489	—	(0.4%)	1.6%	12.6%	14.4%
Condominiums	(1,050)	(6,385)	—	(1.9%)	(27.2%)	6.6%	(14.9%)
Urban redevelopment	3,581	9,475	164.6%	21.8%	29.7%	29.0%	32.5%
Remodeling	5,854	6,624	13.2%	9.3%	9.1%	23.5%	22.9%
Real estate management fees	9,192	10,637	15.7%	3.4%	3.8%	11.1%	11.6%
Other Businesses	(4,734)	(2,951)	—	(13.1%)	(5.1%)	10.1%	14.6%
Eliminations and back office	(26,349)	(24,121)	—	—	—	—	—
Total	29,258	49,704	69.9%	2.8%	4.5%	16.9%	18.1%

Sheet 4

### 4. Consolidated Balance Sheets — 1 Assets

(¥ millions)

	As of Jan.31, 2011	As of Oct. 31, 2011	Change	
			Amounts	%
<b>■ Current assets</b>				
Cash and deposits	151,983	127,378	(24,604)	(16.2%)
Notes receivable , accounts receivable from completed construction contracts	35,545	50,258	14,713	41.4%
Costs on uncompleted construction contracts	12,212	16,328	4,116	33.7%
Buildings for sale	131,737	132,204	467	0.4%
Underdeveloped land and Land for sale in lots	400,323	443,122	42,799	10.7%
Other	90,728	105,772	15,044	16.6%
<b>Total current assets</b>	<b>822,530</b>	<b>875,066</b>	<b>52,536</b>	<b>6.4%</b>
<b>■ Noncurrent assets</b>				
<b>Property, plant and equipment</b>				
Buildings and structures	131,540	134,413	2,872	2.2%
Land	193,249	194,620	1,371	0.7%
Other	27,342	27,461	119	0.4%
<b>Total property, plant and equipment</b>	<b>352,131</b>	<b>356,495</b>	<b>4,363</b>	<b>1.2%</b>
<b>Intangible assets</b>	<b>9,809</b>	<b>14,245</b>	<b>4,435</b>	<b>45.2%</b>
<b>Investments and other assets</b>	<b>156,837</b>	<b>154,657</b>	<b>(2,179)</b>	<b>(1.4%)</b>
<b>Total noncurrent assets</b>	<b>518,778</b>	<b>525,397</b>	<b>6,619</b>	<b>1.3%</b>
<b>Total assets</b>	<b>1,341,308</b>	<b>1,400,464</b>	<b>59,155</b>	<b>4.4%</b>

Sheet 5

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

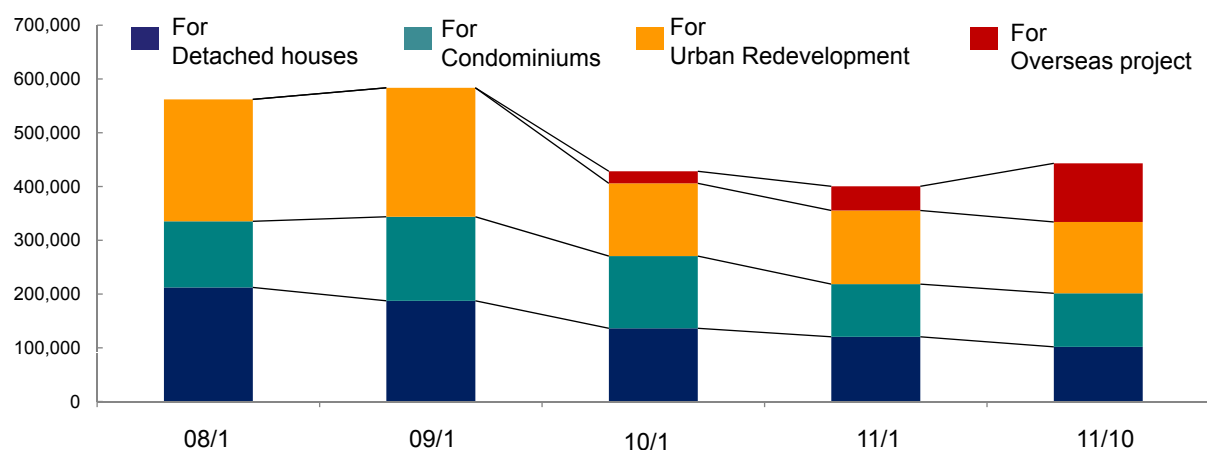
(¥ millions)

	As of Jan.31, 2011	As of Oct. 31, 2011	Change	
			Amounts	%
<b>■ Liabilities</b>				
<b>Current Liabilities</b>				
Notes payable, accounts payable for construction contracts	149,714	134,717	(14,996)	(10.0%)
Advances received on uncompleted construction contracts	75,539	83,600	8,060	10.7%
Loans payable (short-term & current portion of long-term)	27,479	6,132	(21,347)	(77.7%)
Other	71,354	96,103	24,748	34.7%
<b>Total current liabilities</b>	<b>324,088</b>	<b>320,553</b>	<b>(3,534)</b>	<b>(1.1%)</b>
<b>Noncurrent liabilities</b>				
Bonds payable	129,990	179,994	50,003	38.5%
Long-term loans payable	54,560	56,475	1,915	3.5%
Other	94,639	103,540	8,900	9.4%
<b>Total noncurrent liabilities</b>	<b>279,190</b>	<b>340,010</b>	<b>60,819</b>	<b>21.8%</b>
<b>Total liabilities</b>	<b>603,279</b>	<b>660,563</b>	<b>57,284</b>	<b>9.5%</b>
<b>■ Net assets</b>				
Shareholder's equity	732,021	744,690	12,668	1.7%
Valuation and translation adjustments	4,940	(7,091)	(12,031)	—
Subscription rights to shares	292	346	54	18.5%
Minority interests	774	1,954	1,180	152.4%
<b>Total Net Assets</b>	<b>738,029</b>	<b>739,900</b>	<b>1,871</b>	<b>0.3%</b>
<b>Total liabilities and net assets</b>	<b>1,341,308</b>	<b>1,400,464</b>	<b>59,155</b>	<b>4.4%</b>
<b>■ Interest bearing debts</b>	<b>212,030</b>	<b>244,130</b>	<b>32,099</b>	<b>15.1%</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	Oct.31, 2011
For overseas project	—	—	22,549	44,975	<b>109,029</b>
For urban redevelopment	226,737	239,983	135,206	136,939	<b>132,653</b>
For condominiums	123,097	156,237	134,323	98,042	<b>99,672</b>
For custom detached houses	212,233	187,483	136,332	120,365	<b>101,767</b>
<b>Total</b>	<b>562,067</b>	<b>583,703</b>	<b>428,410</b>	<b>400,323</b>	<b>443,122</b>

Sheet 7

## 5. Consolidated Statements of Cash Flow

(¥ millions)

	FY2010 3Q	FY2011 3Q	Change
Net cash provided by (used in) operating activities	13,763	(15,689)	(29,453)
Net cash provided by (used in) investing activities	(11,044)	(23,534)	(12,490)
Free cash flow	2,719	(39,223)	(41,942)
Net cash provided by (used in) financing activities	(48,422)	21,253	69,676
Net increase (decrease) in cash and cash equivalents	(45,795)	(24,604)	21,191
Cash and cash equivalents at beginning of period	148,630	151,983	
Cash and cash equivalents at end of period	102,834	127,378	

	FY2010 3Q	FY2011 3Q	Change
Capital expenditures	17,650	25,989	8,339
Depreciation and amortization	11,880	13,332	1,452

Sheet 8

## <For Reference> Full-Year Forecasts

The forecasts remain unchanged from the plan announced on September 8, 2011

(¥ millions)

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

Sheet 9

— 1 Sales and Orders

Sales

(¥ millions)

	FY2010 Results	FY2011(Full-Year)	
		Forecasts	YoY
Custom detached houses	455,239	474,000	4.1%
Rental housing	277,659	274,000	(1.3%)
Houses for sale	146,470	135,000	(7.8%)
Condominiums	77,185	41,000	(46.9%)
Urban redevelopment	22,208	37,000	66.6%
Remodeling	91,443	101,000	10.5%
Real estate management fees	361,988	375,000	3.6%
Other Businesses	56,173	83,000	47.8%
Total	1,488,369	1,520,000	2.1%

Orders

(¥ millions)

	FY2010 Results	FY2011(Full-Year)	
		Forecasts	YoY
Custom detached houses	469,232	494,000	5.3%
Rental housing	267,202	288,000	7.8%
Houses for sale	145,974	136,400	(6.6%)
Condominiums	68,579	54,800	(20.1%)
Urban redevelopment	35,408	23,800	(32.8%)
Remodeling	95,094	111,000	16.7%
Real estate management fees	361,988	375,000	3.6%
Other Businesses	84,881	123,000	44.9%
Total	1,528,362	1,606,000	5.1%

Sheet 10

— 2 Operating income, Operating margin and Gross margin

Operating income

Operating margin

Gross margin

(¥ millions)

	FY2010 Results	FY2011(Fiscal Year)			FY2010 Results	FY2011 Forecasts	FY2010 Results	FY2011 Forecasts
		Forecasts	Change	YoY				
Custom detached houses	45,772	50,400	4,628	10.1%	10.1%	10.6%	22.9%	23.5%
Rental housing	26,195	25,000	(1,195)	(4.6%)	9.3%	9.1%	21.3%	21.4%
Houses for sale	516	3,000	2,484	481.4%	0.4%	2.2%	12.0%	14.2%
Condominiums	(1,009)	(7,500)	(6,491)	—	(1.3%)	(18.3%)	6.8%	(7.3%)
Urban redevelopment	4,812	9,800	4,988	103.7%	21.6%	26.5%	28.6%	29.7%
Remodeling	8,530	9,800	1,270	14.9%	9.3%	9.7%	22.8%	23.3%
Real estate management fees	12,429	14,500	2,071	16.7%	3.4%	3.9%	11.0%	11.6%
Other Businesses	(6,016)	(4,000)	2,016	—	(9.9%)	(4.8%)	9.4%	13.9%
Eliminations and back office	(34,876)	(33,000)	1,876	—	—	—	—	—
Total	56,354	68,000	11,646	20.7%	3.8%	4.5%	17.3%	17.9%

Sheet 11

Although the document is prepared on the information believed to be credible, Sekisui House does not guarantee the accuracy or the completeness of such information. Also the information herein contains forward-looking statements regarding the company's plan, outlook, strategies and results for the future. The Company undertakes no obligation to publicly update any forward-looking statements. All the forward-looking statements are based on judgments derived from information available to the Company at the time for this release. Certain risks and uncertainties could cause the company's actual results to differ materially from any projections presented here.