

Presentation to Investors

Sekisui House Group Medium - term Management Plan

October, 2004

Sekisui House, Ltd.

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1. Medium - term Management Plan - “S - Project”

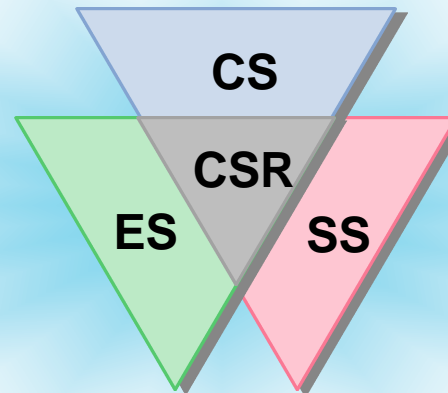
The Key : Three “ S ” s

- Structural reform to continuously grow and to fulfill Corporate Social Responsibilities

Customer Satisfaction:

- Create rich living environments and pursue industry-leading technology and quality
- Develop a strong "consulting sales" approach and increase referral orders
- Confirm our second - to - none corporate culture with top priority on customers

S-Project



Employee Satisfaction:

- Create a workplace that supports diversity, confidence and pride in achievement
- Strategic engagement of females sales staff

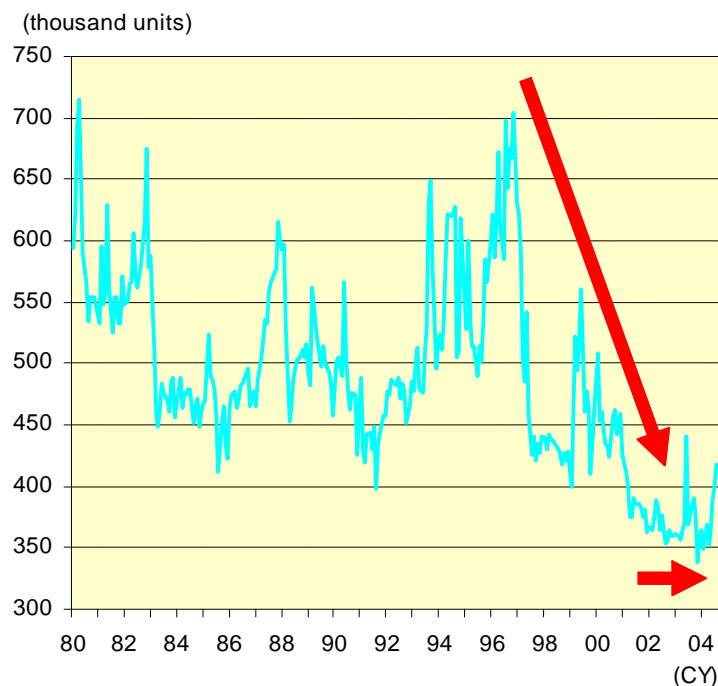
Shareholder Satisfaction:

- Pursue corporate management with clear vision and a performance focus
- Increase the dividend to 20 yen per share in FY05, and consider further increase, depending on business performance

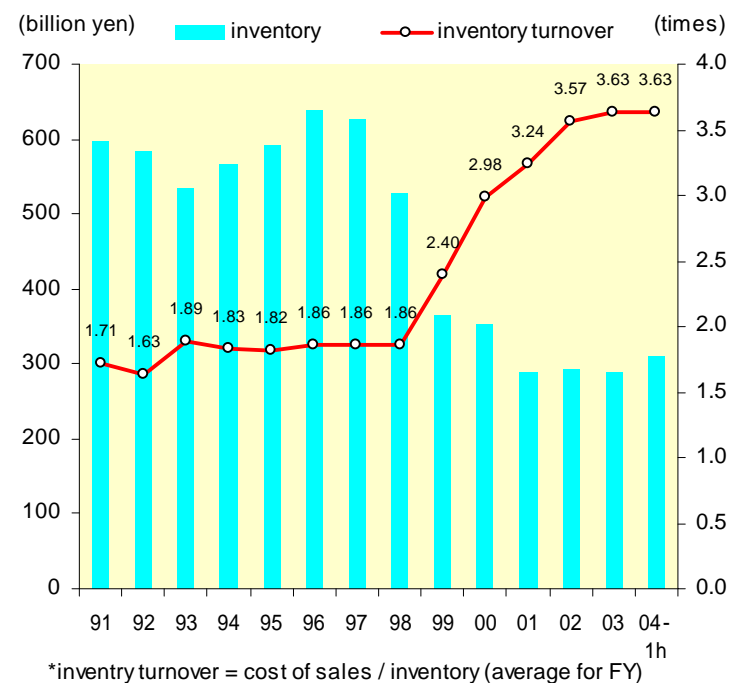
Time to Take Actions for Growth

- Improving macro environment: decrease owner - occupied houses has bottomed out. Look to raise market share through intensive allocation of sales force
- Completion of asset restructuring: Early application of impairment accounting for fixed assets (60 billion) in this term. Inventory efficiency showing improvement

Owner - occupied (seasonally adjusted)



Trend in Asset Turnover Ratio



Fiscal 2008 Targets: Consolidated Sales of 2 trillion yen and Consolidated Operating income of 200 billion yen

	FY2004 forecast
Sales	
Built-to-Order Housing (mil. yen)	
Steel framed	388,000
Wood framed (Sha-Wood)	79,000
Lowrise apartments (Sha-Maison)	247,000
Subsidiaries	6,000
Sub-total	720,000
Real Estate for Sale	
Steel framed	99,000
Wood framed (Sha-Wood)	18,000
Condominiums	38,000
Land	102,000
Subsidiaries	13,000
Sub-total	270,000
Real Estate for leasing	
Sekisui House	9,000
Sekiwa Real Estate companies	261,000
Sub-total	270,000
Other	
RC contracts	25,000
Exteriors	45,000
Remodeling	40,000
Subsidiaries	10,000
Sub-total	120,000
Eliminations	10,000
Total	1,370,000
Operating Income	78,000

Target for FY 2008

Aim to grow sales by 30% in our core businesses of steel - framed, wood - framed and rental housing

Steel-framed housing: strengthen sales force, and pursue consulting sales model by developing order-made products such as *Be free* and *Be Dyne's* range

Wood-framed housing: pursue annual sales of 200 billion yen through boosting sales force and increasing sales locations in growing *Sha-Wood* range

Rental housing: Strengthen ties b/w building construction and leasing management through making Sekiwa Real Estate companies wholly owned subsidiaries to boost sales of *Sha - Maison* and real estate leasing

Real Estate for Sales: Actively purchase available land. Use the new built-for-sale MAST brand developed by Sekiwa Real Estate group to increase metropolitan area and first-time buyer needs. Target sales of 350 billion yen

Real Estate for Investment: Create new business by investing (scale: 50 billion-100 billion yen) in superior metropolitan properties for sale to property funds and such like

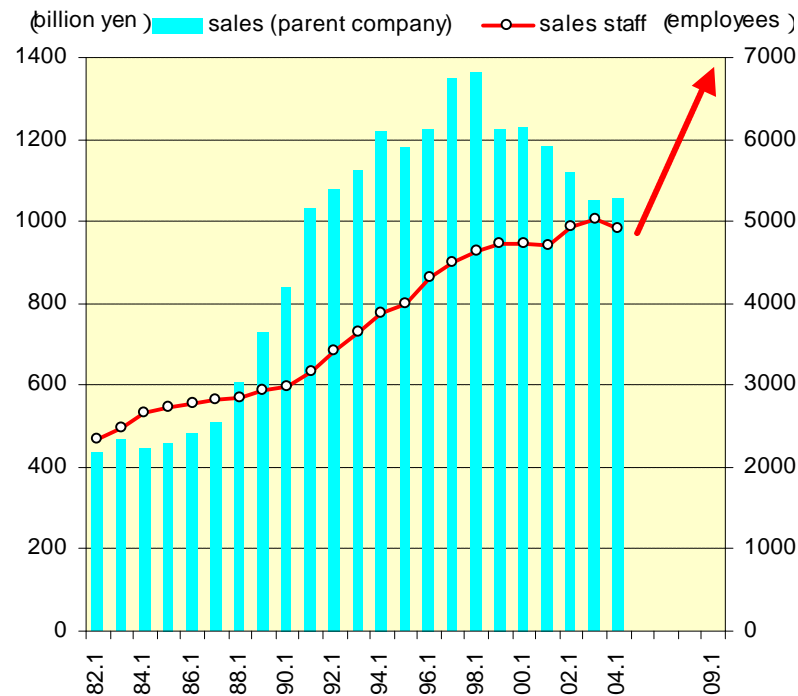
Remodeling: Increase flexibility by separating operations into new subsidiary, and target sales of 100 billion yen by marketing to our customers of 700,000 existing household

2.Build - to - Order Housing Business

People are our key marketing assets: scale and talent are critical

- 2,000 more sales representatives over next 4 years
- Strategic engagement of female sales staff: 10% of total within 4 years

Add 2000 sales representatives over the next 4 years



Maximum use of capabilities through systematically 'consulting sales'

Product Strategy

Develop custom - made products that express customers' individuality

Improving sales capability

Consolidate sales support infrastructure, e.g. IT
Hold specialized seminars for home designers
Enhance communication between sales and design staff

Solicitation of technical expertise

Expand the experiential site network to promote understanding of quality and technical expertise



Earthquake-proof housing

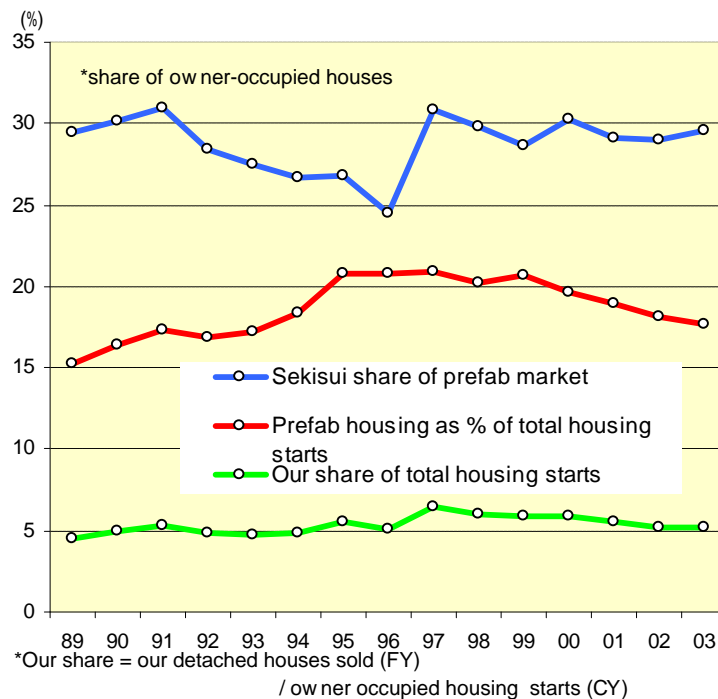


'Sumai no Yume Kojo' in 5 factories

Enhance the Image of Prefab Housing with Groundbreaking New Products to Improve Operating Efficiency

- Housing by major prefab companies: Function and quality ↔ restrictive, standardized designs
- Introduced fully customized, order - made *Be free* range in April 2004, followed by *Be Dyne*'s in September

Sekisui House market share shadowing overall prefab market trend

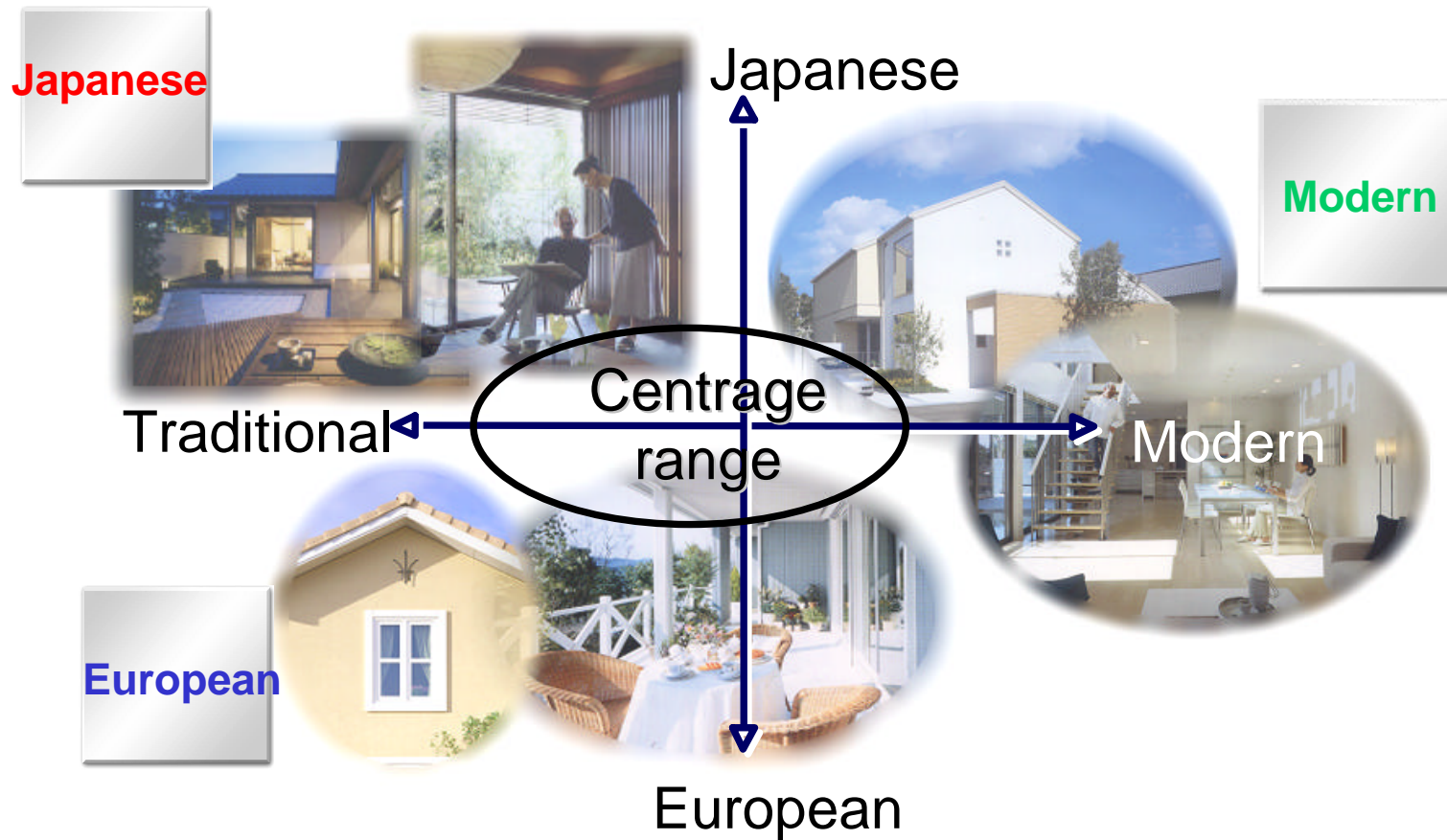


Perception study: Prefab vs Conventional wooden

Those choosing Prefab		Perceptions regarding non - prefab
Perceptions regarding prefab	Certain product quality	Uncertain quality
	Properly customized	Time and effort required
	Experienced maker	Uncertain after service
	Reliable, trustworthy company	
Those choosing conventional wooden		Perceptions regarding non - prefab
Perceptions regarding prefab	Unrealistic display homes	Realistic
	standardized design	Fully customized
	Impersonal nature of large company	Approachable company
	Expensive	Affordable

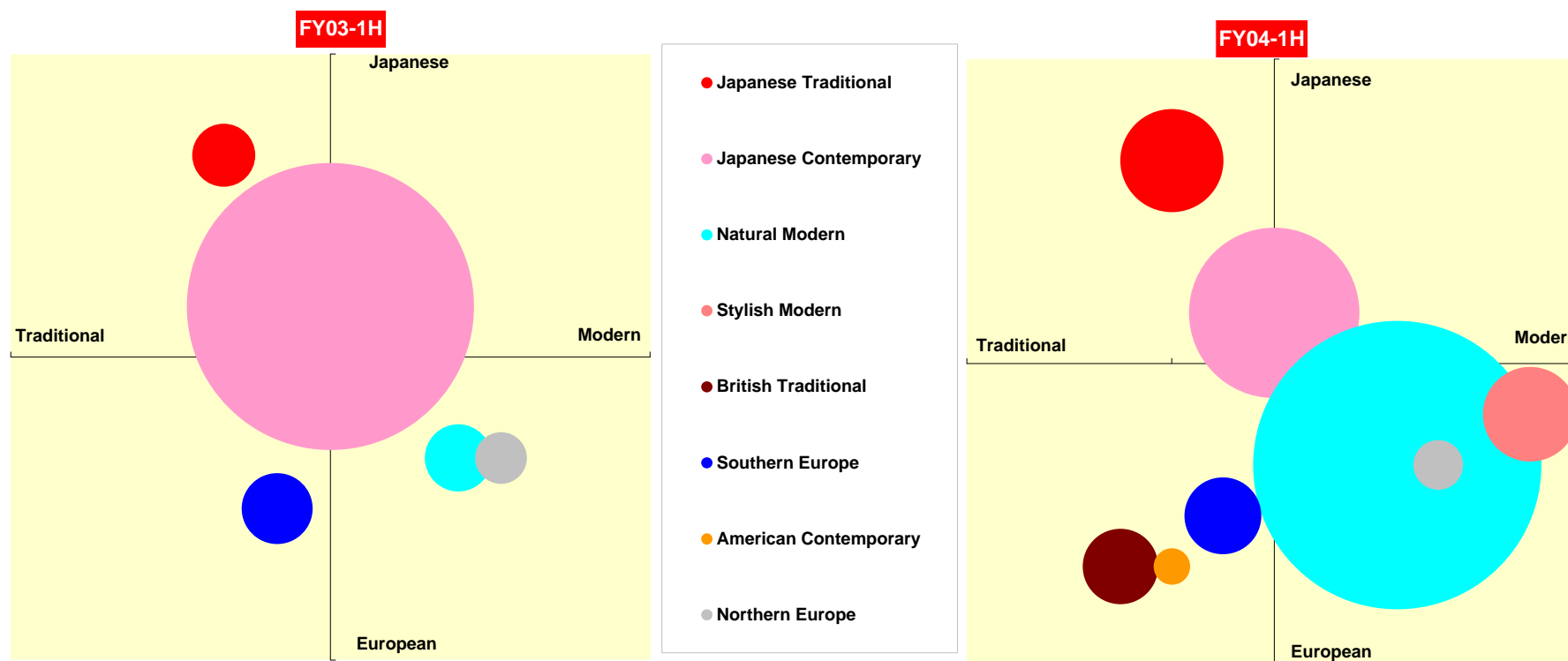
*Analysis of trend in home buyers by Sekisui House (2002-2003)

Be free: Full individualized designs matching three different lifestyles, for a genuine built - by - hand feel



Be free performance : 1) 4% increase in orders for 1st Half of FY 04
2) Broadening of customer base

Trends in order of steel - framed houses from design matrix perspective



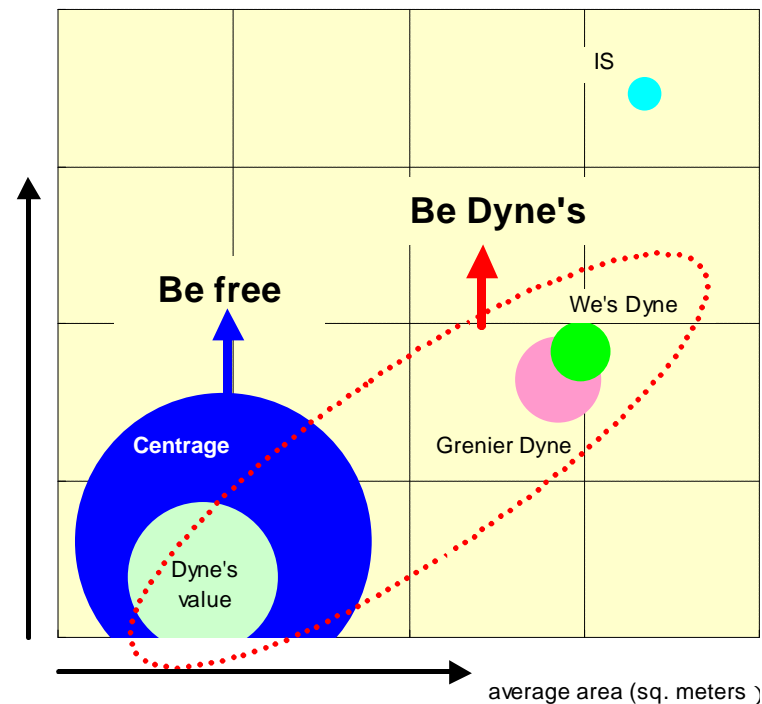
Be Dyne's: Introducing the *Be free* design methods to the upmarket Dyne's series

- *Centrage* series of main ceramic - walled houses to *Be free*: main concrete - walled products to *Be Dyne's*

Positioning of steel-framed products: comparison with FY 2003

The three styles of *Be Dyne's*

Average price per sq. meters (thousand yen)



Japanese

Modern



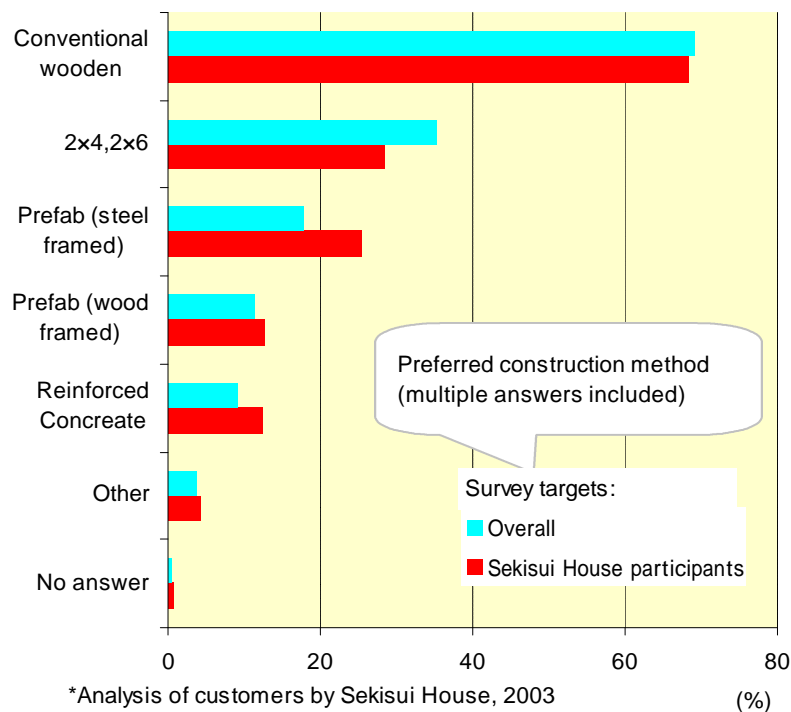
European

3. Detached Houses Business: Wood - framed (*Sha - Wood*)

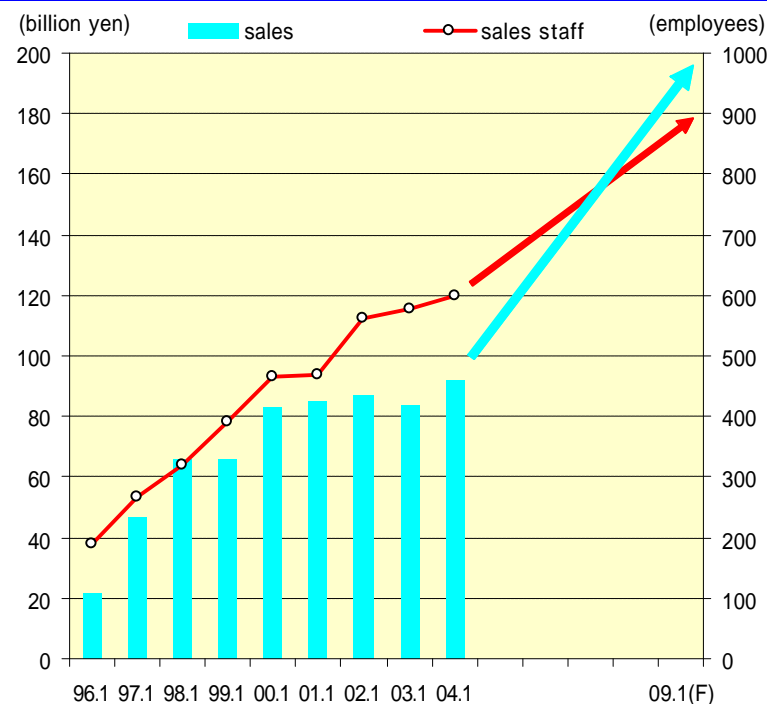
Significant potential to grow market share, so are continuing to strengthen the sales force and expand sales network

- Strong underlying demand for wood: 70% of customers approaching us interested in wood construction

**Survey of preferred construction method:
Wood remains most popular**



Trends in *Sha-Wood* business performance

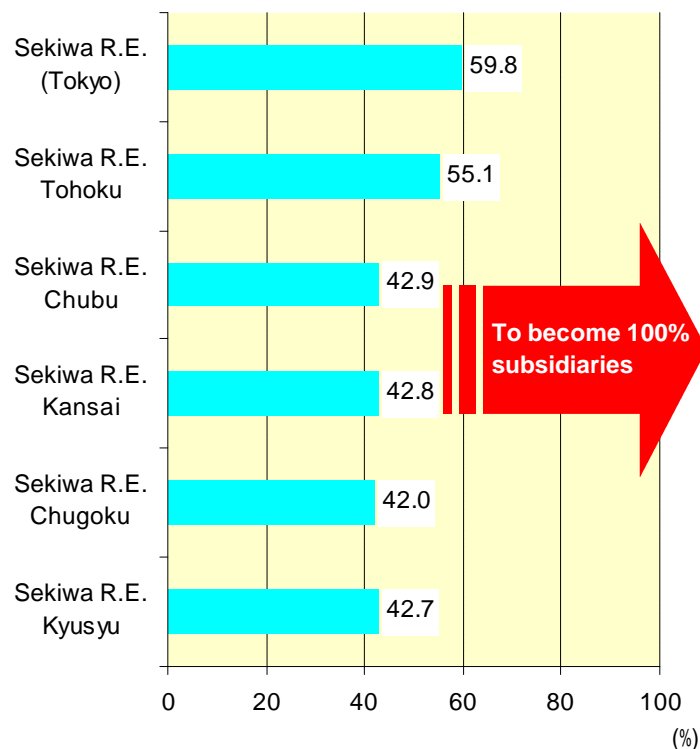


4. Rental Housing *Sha - Maison* Business

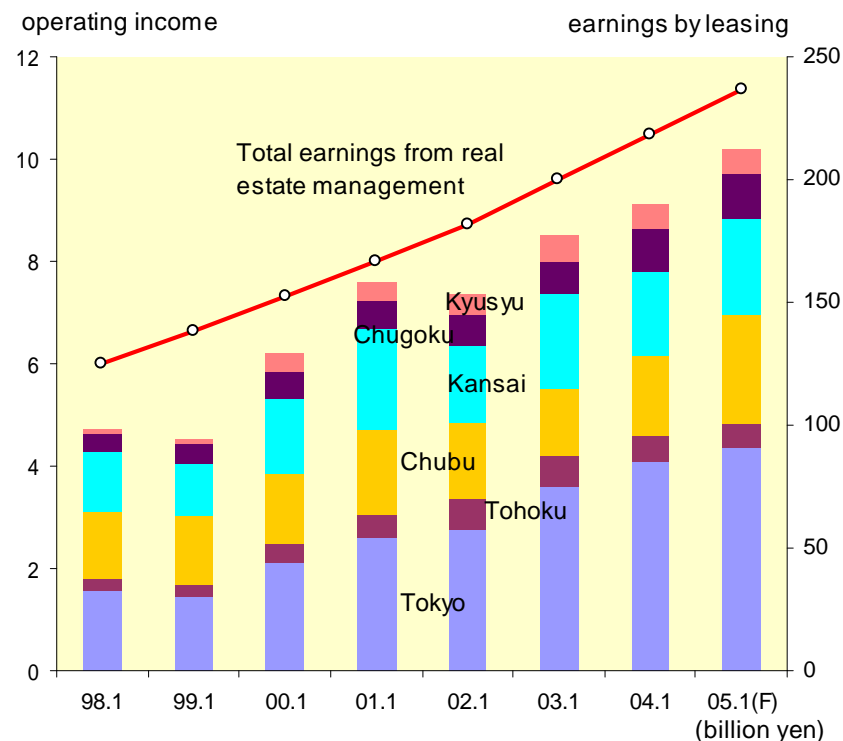
The Sekiwa Real Estate companies will become wholly - owned subsidiaries in February 2005

- Fully reflect in share value of Sekisui House the steadily growing non - asset fee income accumulated by rental housing management business

Sekiwa Group companies to become wholly-owned subsidiaries



Operating Income of Sekiwa Group

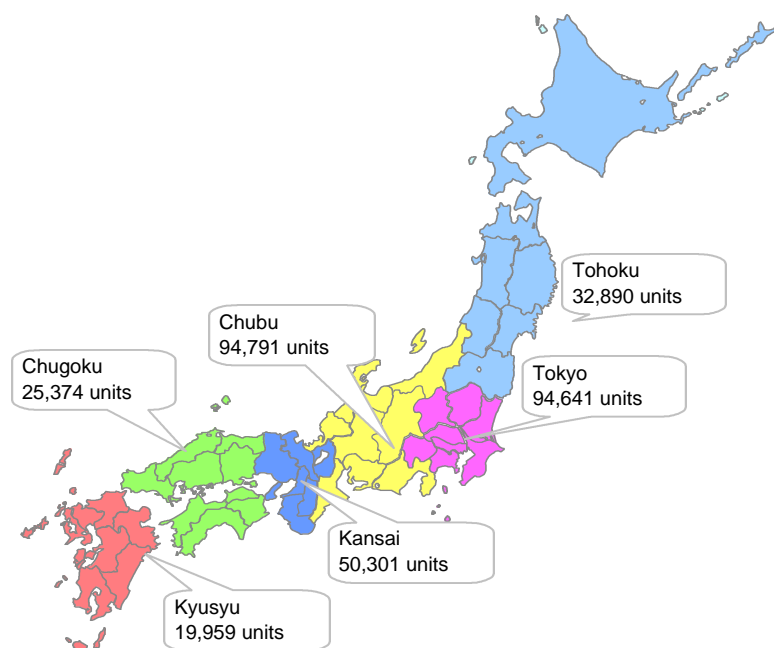
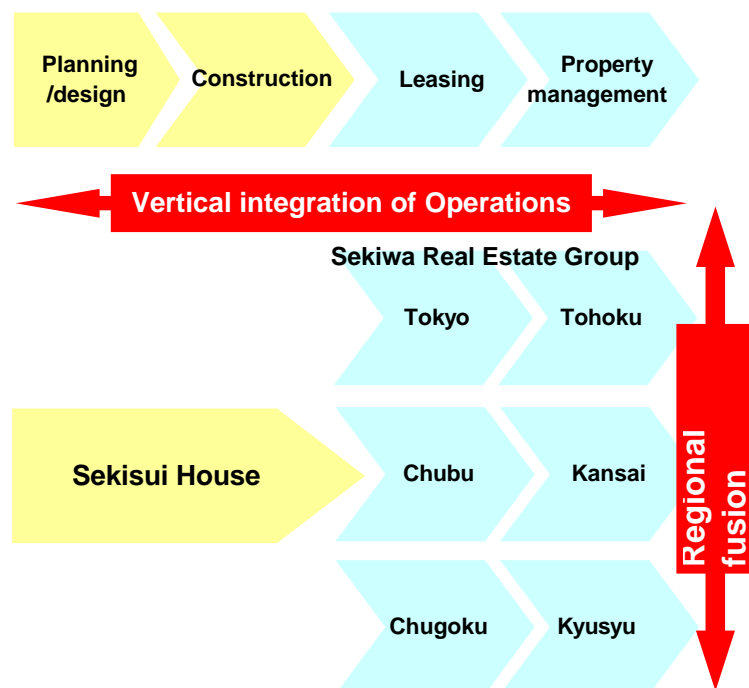


Promoting 'vertical integration of operations' and 'regional fusion' in making each Sekiwa Group company a wholly owned subsidiaries

- Actively pursuing relocation demand through strengthening Sekiwa Group network, which leads the industry in number of housing units managed

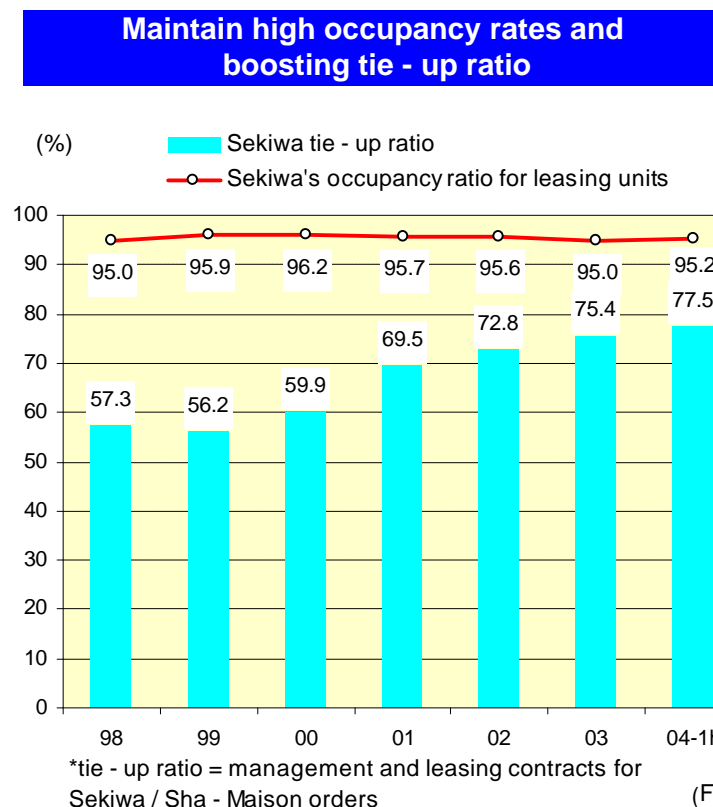
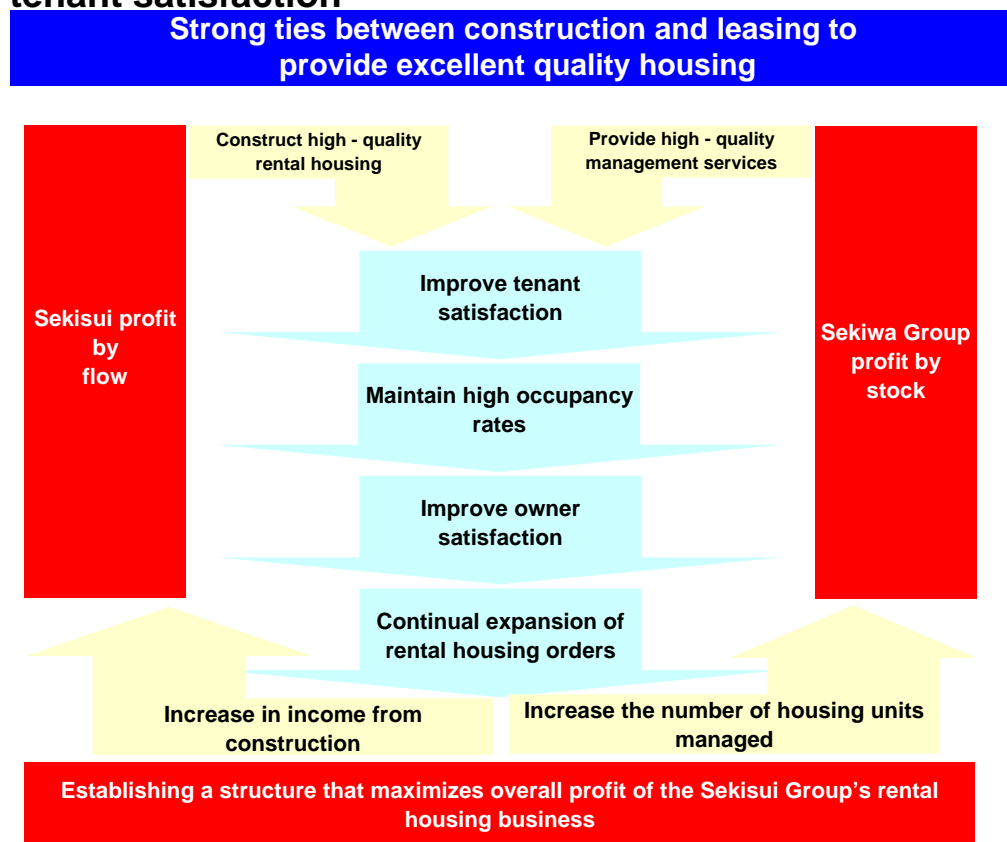
Effects of making Sekiwa Group wholly owned

**Industrial leader in property management:
317,956 units as of July 2004**



Provide high quality rental housing by strengthening ties between construction (flow) and leasing (stock) businesses

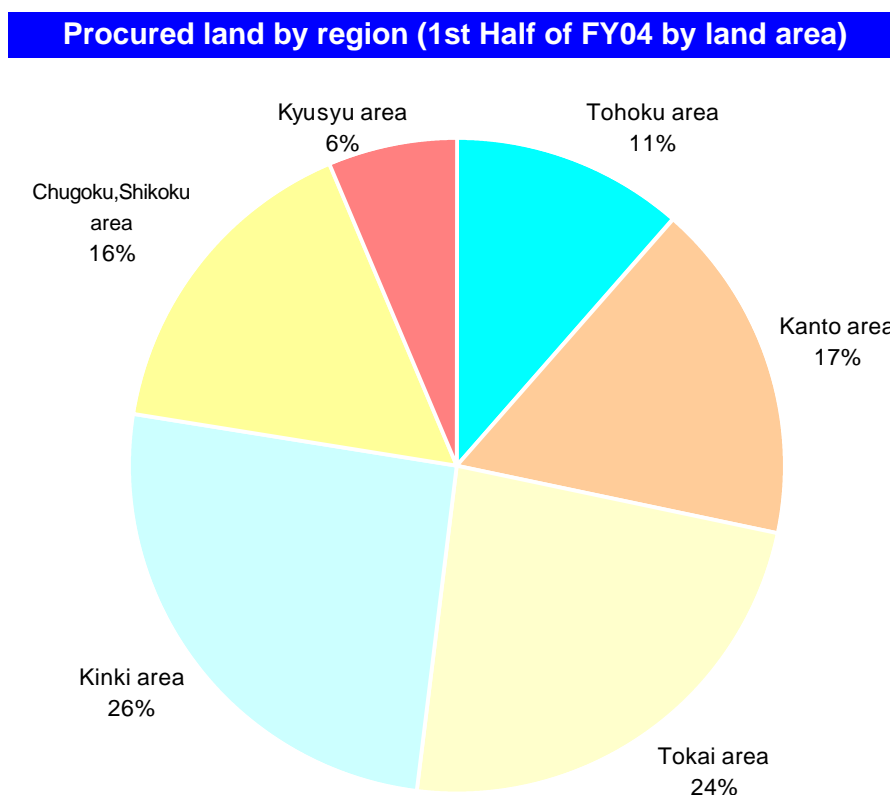
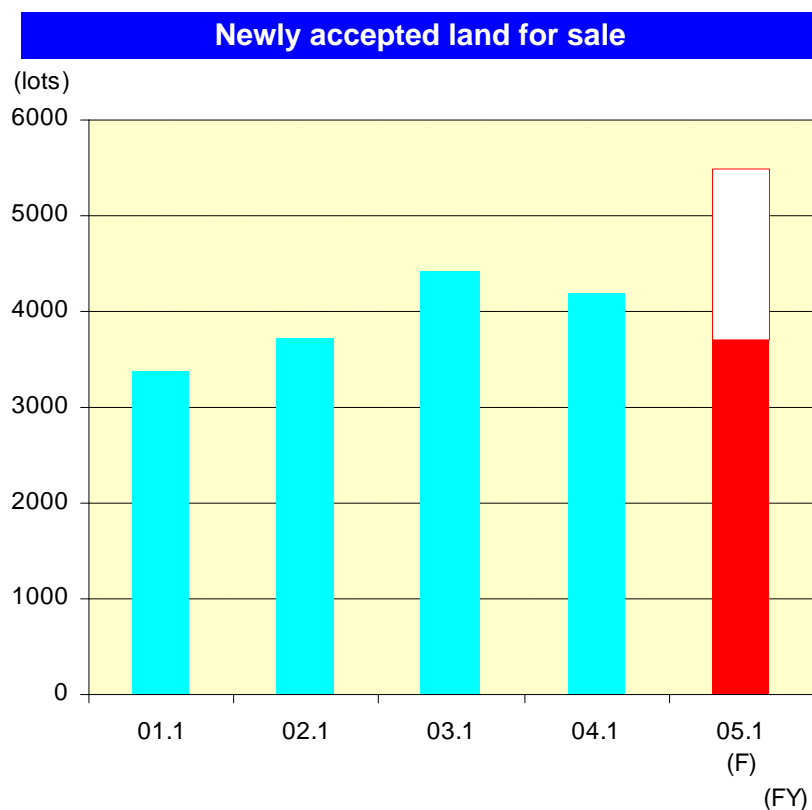
Sekisui and Sekiwa promote the business from same perspective of 'improving both owner and tenant satisfaction'



5. Real Estate for Sales Business

Shift toward active acquisition of prime housing land using strict selection criteria

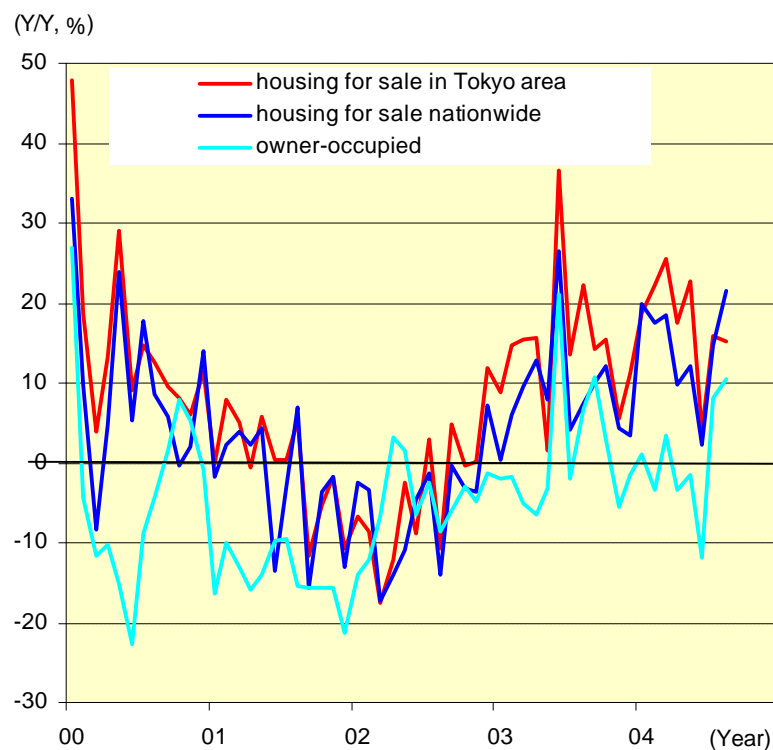
- Newly acquired land for sale for 1st Half of FY04: 90% compared to a previous full year (by lots)



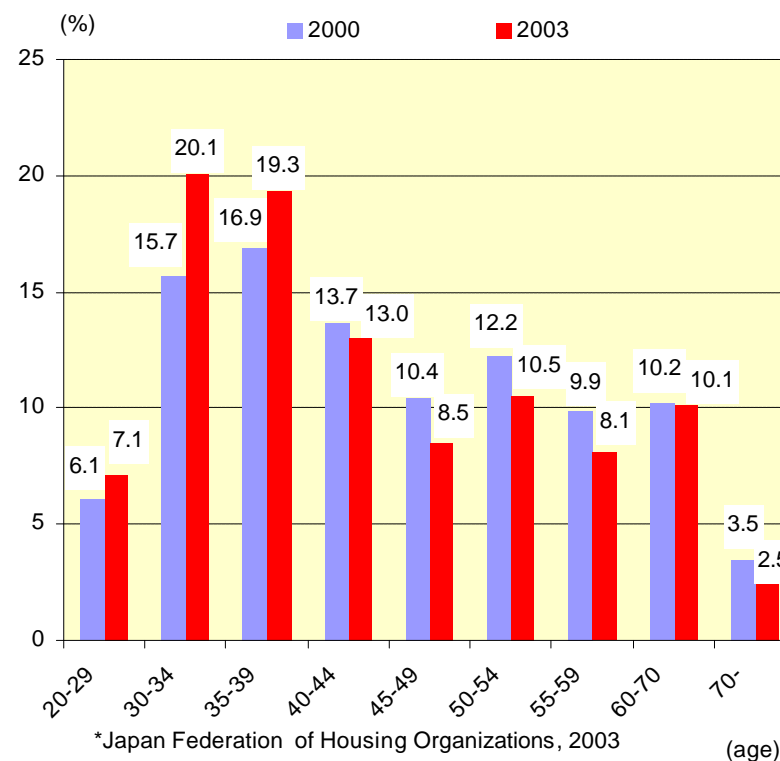
New Business: entering previously untapped market of metropolitan, small-scale, and first - time buyers

- Measures for two population shifts: 'Intensive inflow into Metropolitan area' & 'Children of Baby boomer'

Continuous Expansion of Housing Development



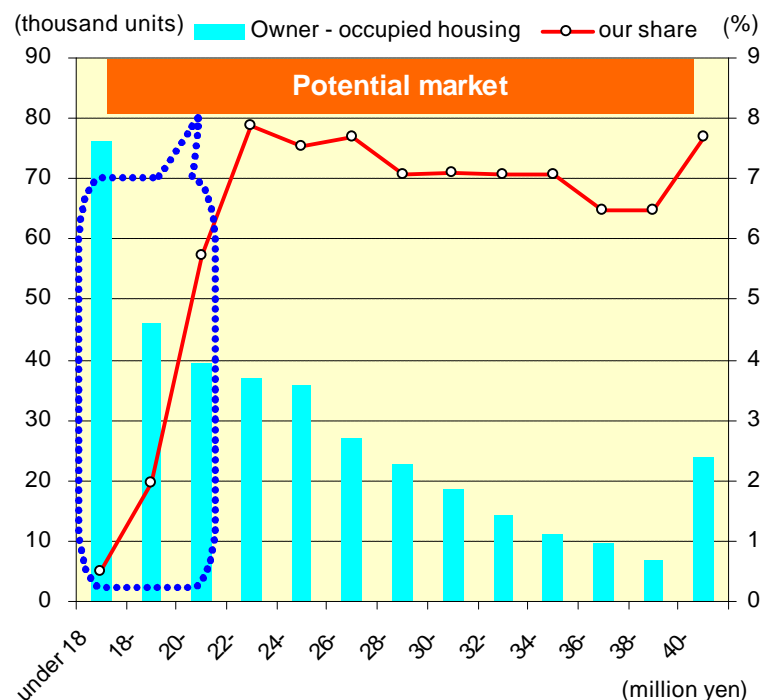
Purchasers of detached houses by age



Newly launched *MAST*, built - for - sale brand, targeting first - time home buyers

- Sekisui House firmly maintains its mid to high tier housing strategy

Price range by owner - occupancy & our customers (FY03)



*Estimates based on figures from Land, Infrastructure and Transportation Ministry and H. L. C

New brand *MAST* – for first - time buyers

	Sekiwa Real Estate companies	Sekisui House
Brand	MAST	Be free / Be Dyne's / Sha - Wood
Market	completed houses for sale	Mainly built to order
Specifications	Pre - planned design	Made to order
Target	Urban, small scale, first - time buyers	Mid to high tier housing
Construction method	Conventional wooden construction	Prefab

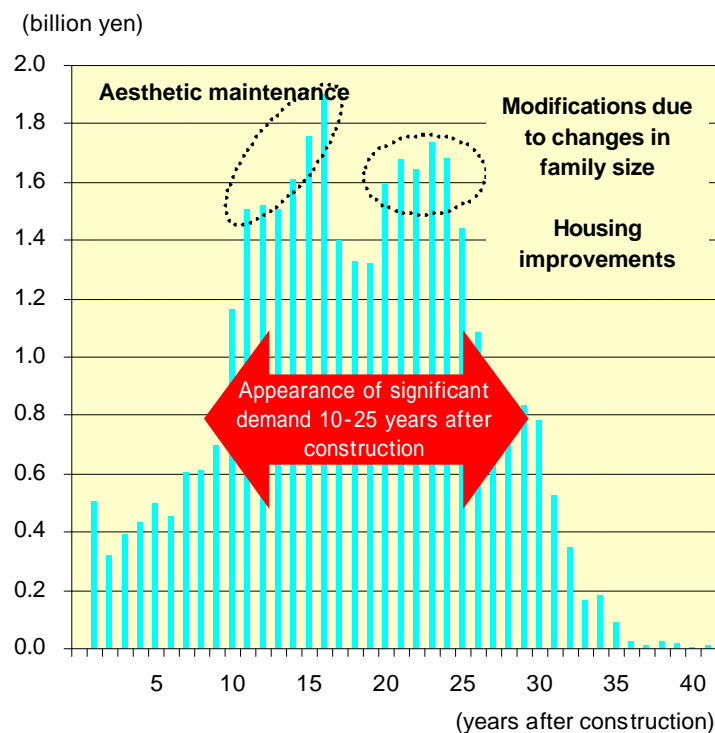
6. Remodeling Business

Increasing mobility through separating operations (Feb. 05)

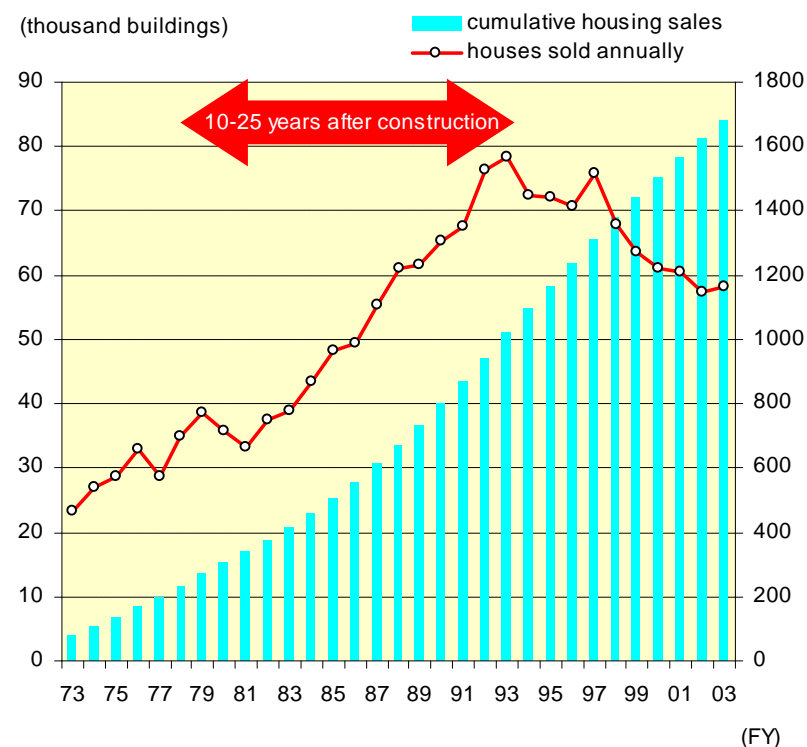
and detailed follow - up of our 700 thousand customers in Detached Houses

- Remodeling demand often occur 10-25 years after completion.→Our stock will contribute remodeling business

Remodeling orders by years after completion (FY 03)



Cumulative: 1.68 mil. (Jan.04) (of which 700 thousand are DH)



7.Real Estate Investment Business

Active investment in prime metropolitan locations on premise of clear exit strategy

- Leveraging ample cash flow in housing business with short - term investment of 50-100 billion yen

Akasaka Project

Total cost 35 billion yen

Office buildings 20F, etc

Floor space 51,350m²



Past project

Long - term possession of sale and rental real estate
10 to over 20 year project terms

Multi-year booking of sales as D.H. and condominiums



Roppomgi Project (Temporary : Tokyo Mid Town Project)

Total cost 35.5 billion yen

(Our share 10%)

Office buildings 54F

Condo, Hotel, etc

Floor space 568,800m²



Future project

Development projects in Tokyo and other major cities
Securitization or sales to funds, etc after tenanting

Short - term possession

Appendix. Summary of 1st Half of Fiscal 2004

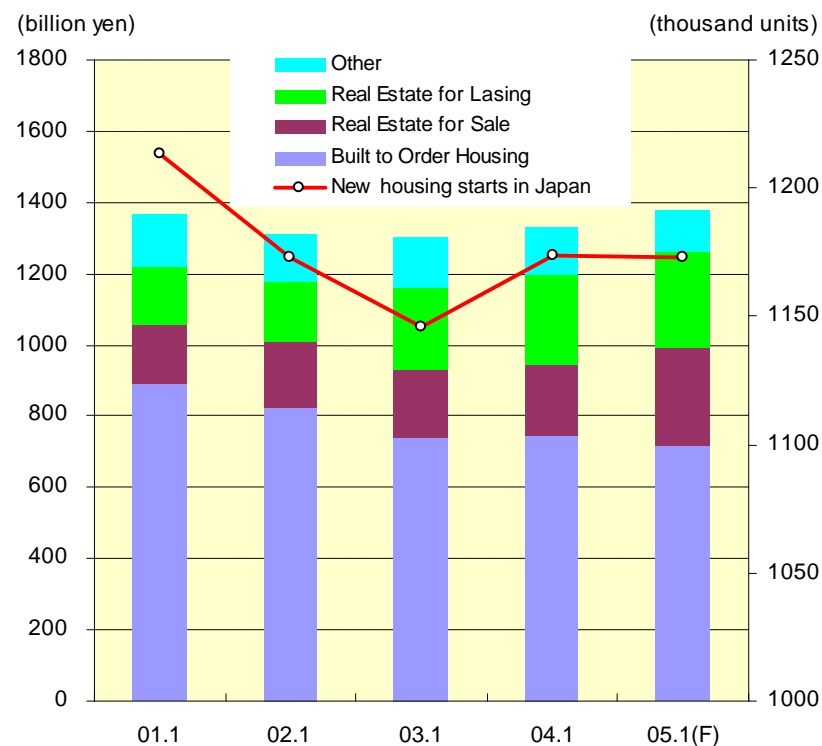
Incorporate early adoption of fixed asset impairment accounting (60 billion yen) for this term

- Although overall housing starts have not increased, higher revenues have been achieved through strengthening of real estate for sale business since last term and adjustment of business structure

First half of FY 2004 and FY 2004

	Interim of FY2004		Forecast FY2004	
	(million yen)	(Y/Y)	(million yen)	(Y/Y)
Net sales	680,223	103.4	1,370,000	103.3
Gross profit	137,160	101.1	274,000	101.5
S.G. & A.	97,743	102.1	196,000	103.3
Operating income	39,416	98.7	78,000	97.1
Recurring income	39,801	102.3	78,000	98.7
Extraordinary income / loss	128	--	(20,372)	--
Net income	20,779	119.1	26,000	68.9

Trend in Sales by Segments

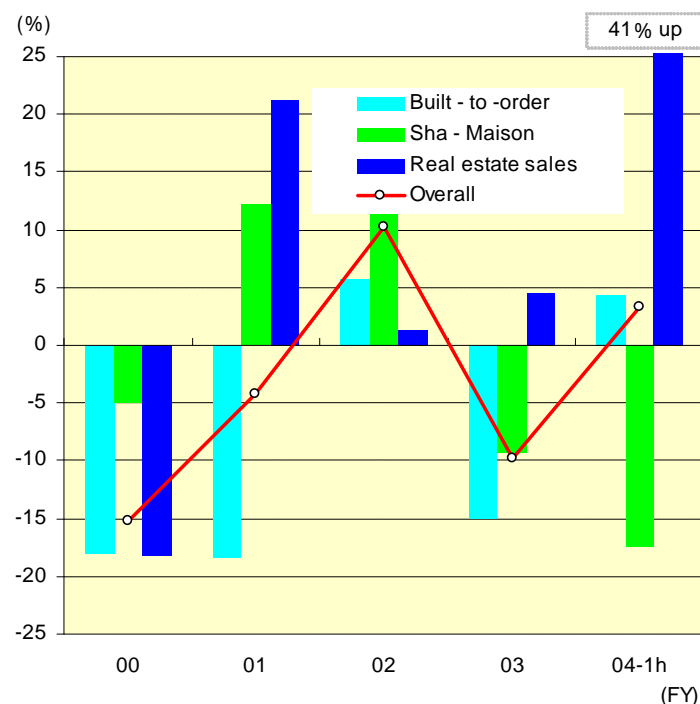


The information here in contains forward-looking statements regarding the Company's plan, outlook, strategies and results for the future. All the forward-looking statements are based on judgments derived from information available to the company at the time of the news release. Certain risks and uncertainties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

Significant increase in orders of Built - for - Sale housing for first time buyers, which have been strengthened since previous period

- Upturn in orders for core Built to Order houses targeting primarily at rebuilding / second time buyers after period of sluggish performance
- Aim to consolidate *Sha - Maison* business as tough conditions continue in market undergoing adjustment in supply and demand in regional cities

Trend in Orders by each Business



Trends in monthly orders

