

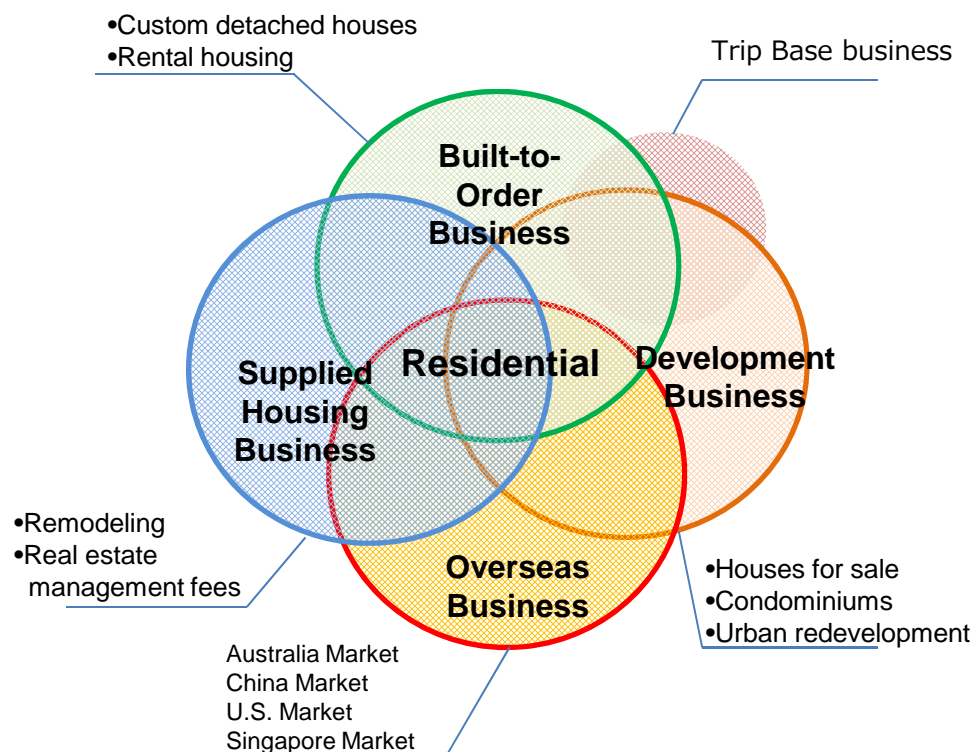
Sekisui House Group Company Presentation for FY2019



March 8, 2019

Core Policy for the Fourth Mid-Term Management Plan

Building the foundation for the residential-related business toward BEYOND 2020



Management Direction

Deployment of growth strategies focused on
the residential business domain

Built-to-Order Business

Lead the industry as the top brand and challenge a new built-to-order business.

Supplied Housing Business

Expand the business domain by creating new markets, taking advantage of existing houses.

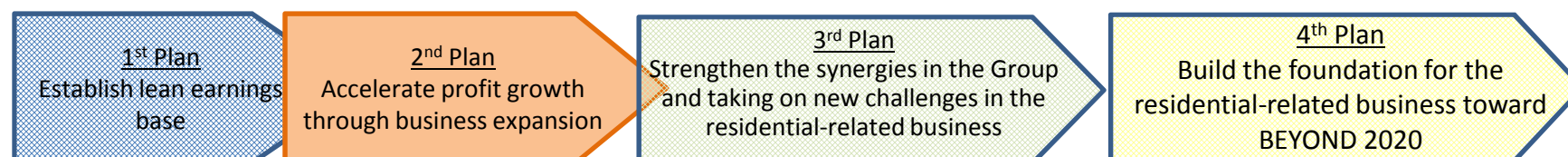
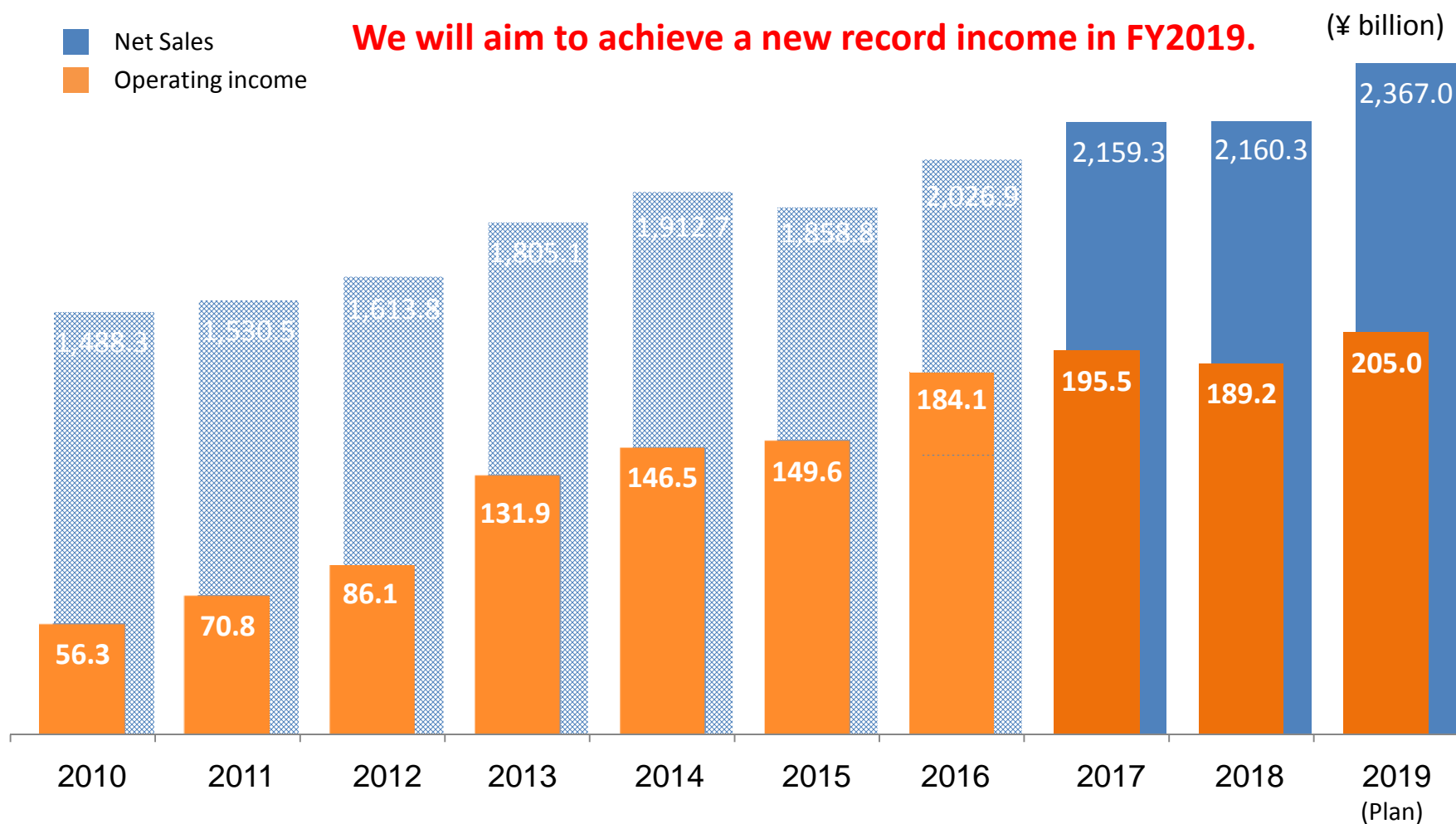
Development Business

Focus on balance between growth investments and the asset turnover ratio.

Overseas Business

Increase business opportunities by providing high value-added houses and housing environment internationally.

Progress in Fourth Mid-Term Management Plan



Earnings Results Compared to Plan (by Segment)



(¥ billion)

		FY2018 Plan as of FY2018 2Q			FY2018 Results			Compared to plan		
		Net sales	Operating income	OP Margin	Net sales	Operating income	OP Margin	Net sales	Operating income	OP Margin
Built-to-Order Business	Custom Detached Houses	361.0	45.0	12.5%	357.9	42.2	11.8%	(3.0)	(2.7)	(0.7p)
	Rental Housing	422.0	53.0	12.6%	416.0	50.3	12.1%	(5.9)	(2.6)	(0.5p)
	Subtotal	783.0	98.0	12.5%	774.0	92.6	12.0%	(8.9)	(5.3)	(0.5p)
Supplied Housing Business	Remodeling	144.0	21.5	14.9%	141.4	21.1	14.9%	(2.5)	(0.3)	0.0p
	Real Estate Management Fees	514.0	36.0	7.0%	514.0	39.4	7.7%	0.0	3.4	0.7p
	Subtotal	658.0	57.5	8.7%	655.4	60.5	9.2%	(2.5)	3.0	0.5p
Development Business	Houses for Sale	147.0	11.0	7.5%	148.8	11.0	7.4%	1.8	0.0	(0.1p)
	Condominiums	89.0	9.5	10.7%	89.5	6.4	7.2%	0.5	(3.0)	(3.5p)
	Urban Redevelopment	123.0	22.0	17.9%	173.3	40.4	23.3%	50.3	18.4	5.4p
	Subtotal	359.0	42.5	11.8%	411.8	57.9	14.1%	52.8	15.4	2.3p
Overseas Business		292.0	26.0	8.9%	245.9	16.3	6.6%	(46.0)	(9.6)	(2.3p)
Other Businesses		74.0	0.8	1.1%	73.0	(0.0)	(0.1%)	(0.9)	(0.8)	(1.2p)
Eliminations and corporate expenses		-	(39.8)	-	-	(38.1)	-	-	1.6	-
Consolidated		2,166.0	185.0	8.5%	2,160.3	189.2	8.8%	(5.6)	4.2	0.3p

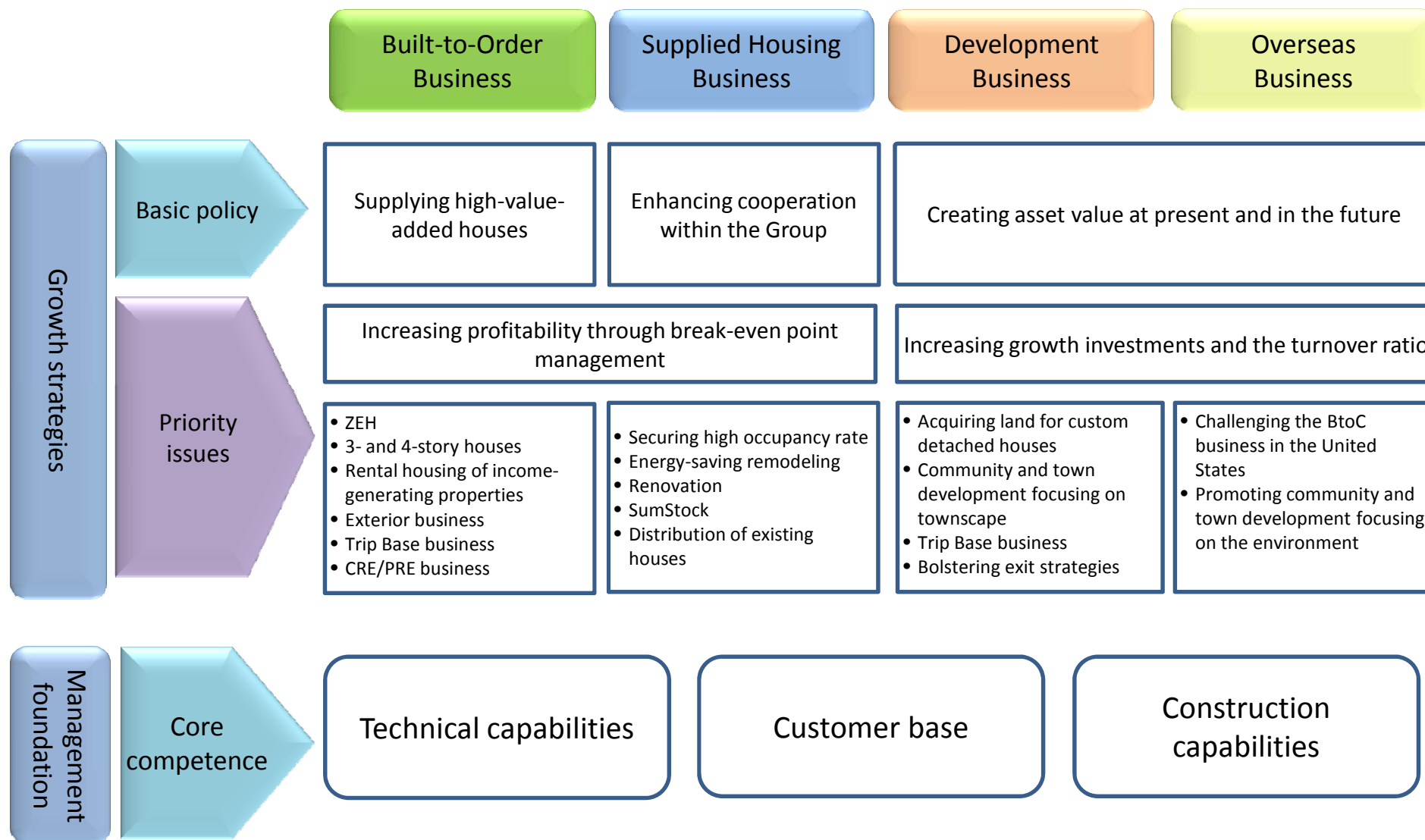
Earnings Plan (by Segment)



(¥ billion)

		FY2017			FY2018			FY2019 Plan		
		Net sales	Operating income	OP Margin	Net sales	Operating income	OP Margin	Net sales	Operating income	OP Margin
Built-to-Order Business	Custom Detached Houses	371.1	48.0	12.9%	357.9	42.2	11.8%	390.0	47.5	12.2%
	Rental Housing	442.8	60.8	13.7%	416.0	50.3	12.1%	438.0	53.5	12.2%
	Subtotal	814.0	108.9	13.4%	774.0	92.6	12.0%	828.0	101.0	12.2%
Supplied Housing Business	Remodeling	136.8	19.7	14.4%	141.4	21.1	14.9%	152.0	23.0	15.1%
	Real Estate Management Fees	489.8	33.1	6.8%	514.0	39.4	7.7%	539.0	44.5	8.3%
	Subtotal	626.7	52.8	8.4%	655.4	60.5	9.2%	691.0	67.5	9.8%
Development Business	Houses for Sale	155.4	13.4	8.7%	148.8	11.0	7.4%	162.0	14.0	8.6%
	Condominiums	77.4	9.2	11.9%	89.5	6.4	7.2%	90.0	9.0	10.0%
	Urban Redevelopment	103.7	16.9	16.4%	173.3	40.4	23.3%	126.0	14.0	11.1%
	Subtotal	336.7	39.6	11.8%	411.8	57.9	14.1%	378.0	37.0	9.8%
Overseas Business		306.7	29.7	9.7%	245.9	16.3	6.6%	331.6	35.0	10.6%
Other Businesses		75.1	1.2	1.6%	73.0	(0.0)	(0.1%)	138.4	4.0	2.9%
Eliminations and corporate expenses		-	(36.9)	-	-	(38.1)	-	-	(39.5)	-
Consolidated		2,159.3	195.5	9.1%	2,160.3	189.2	8.8%	2,367.0	205.0	8.7%

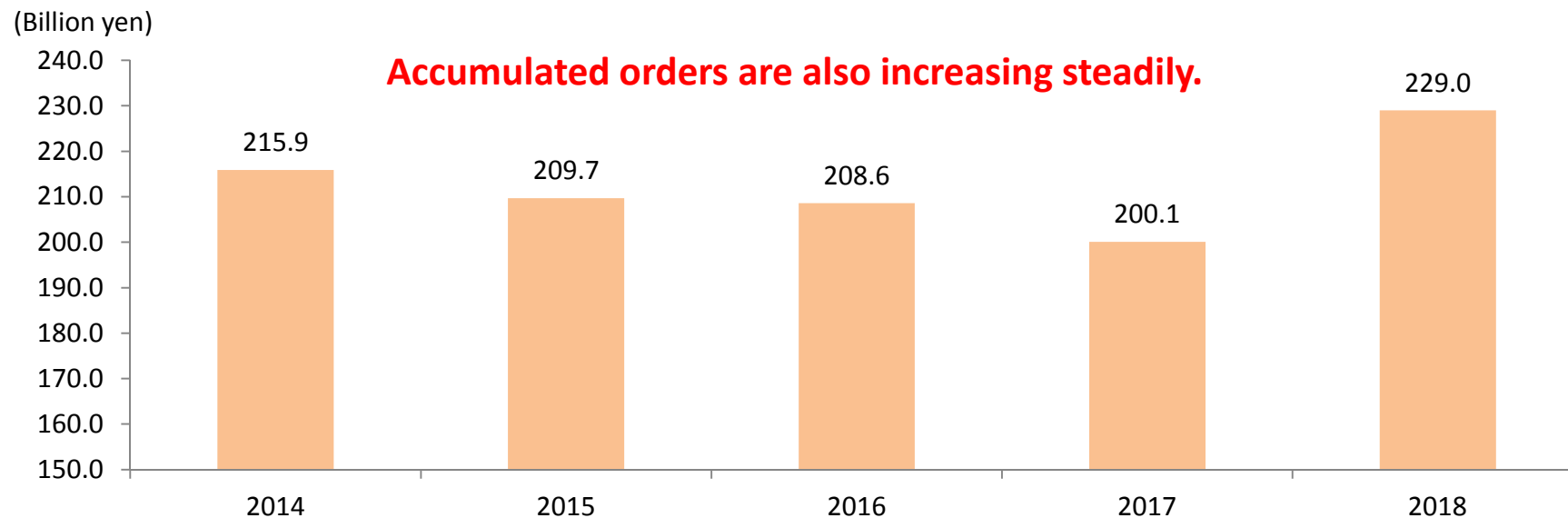
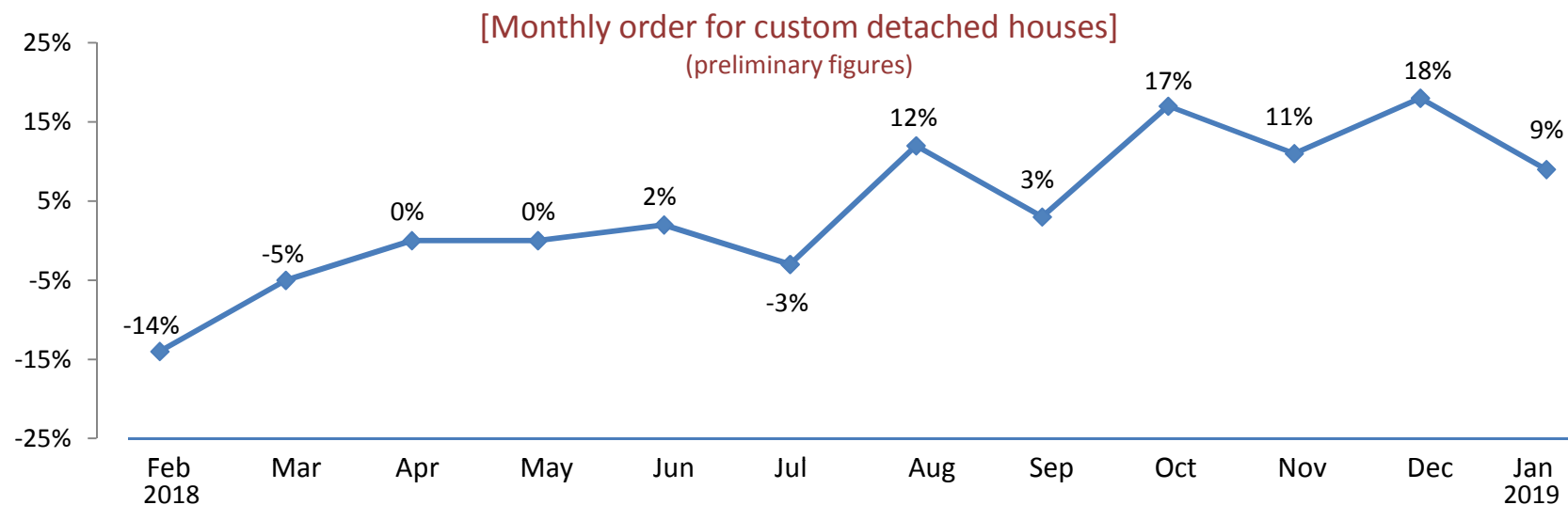
Business Strategies in the Fourth Mid-Term Management Plan



[Built-to-Order Business] Custom Detached Houses - Order Status



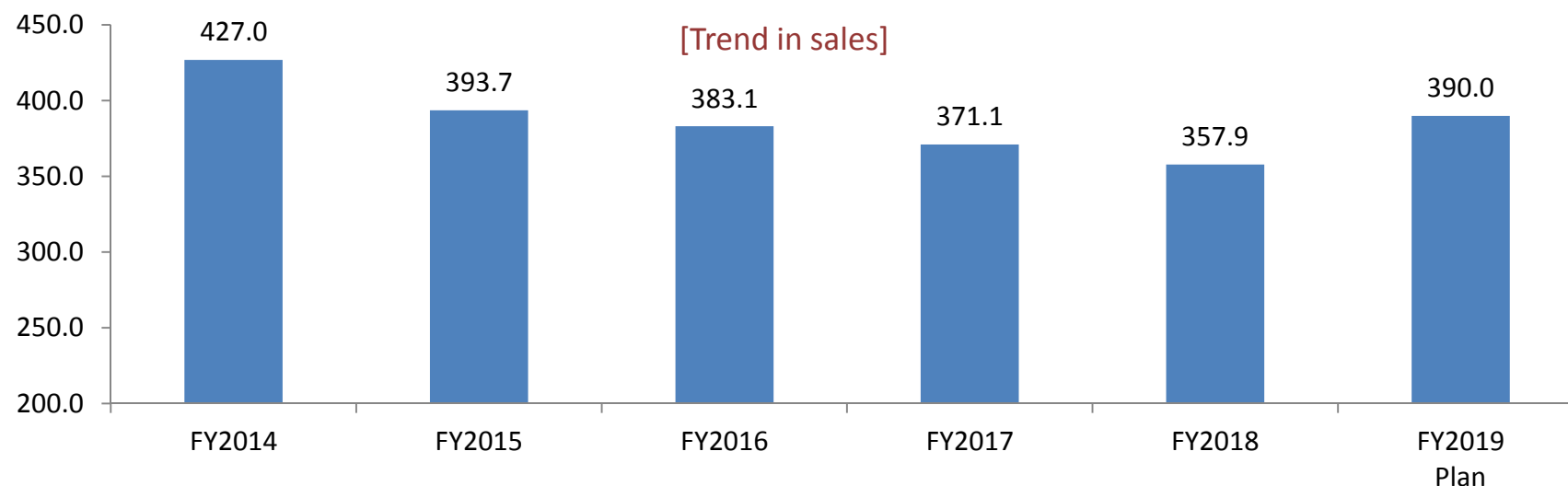
Orders are picking up from August onwards.



[Built-to-Order Business] Custom Detached Houses - Sales and Income Status

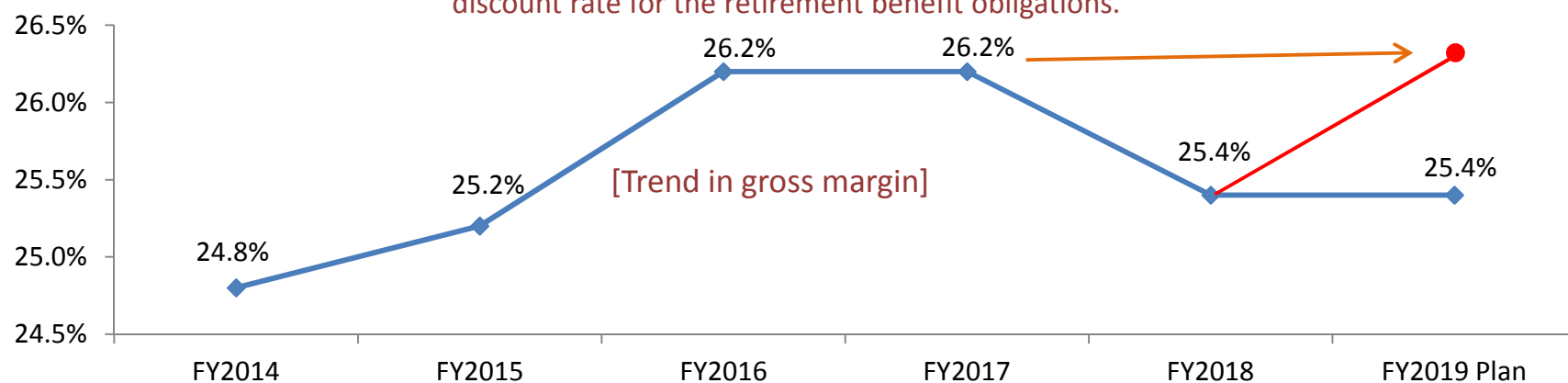


(Billion yen) **Sales will improve led by rebounding orders as well as increased accumulated orders.**

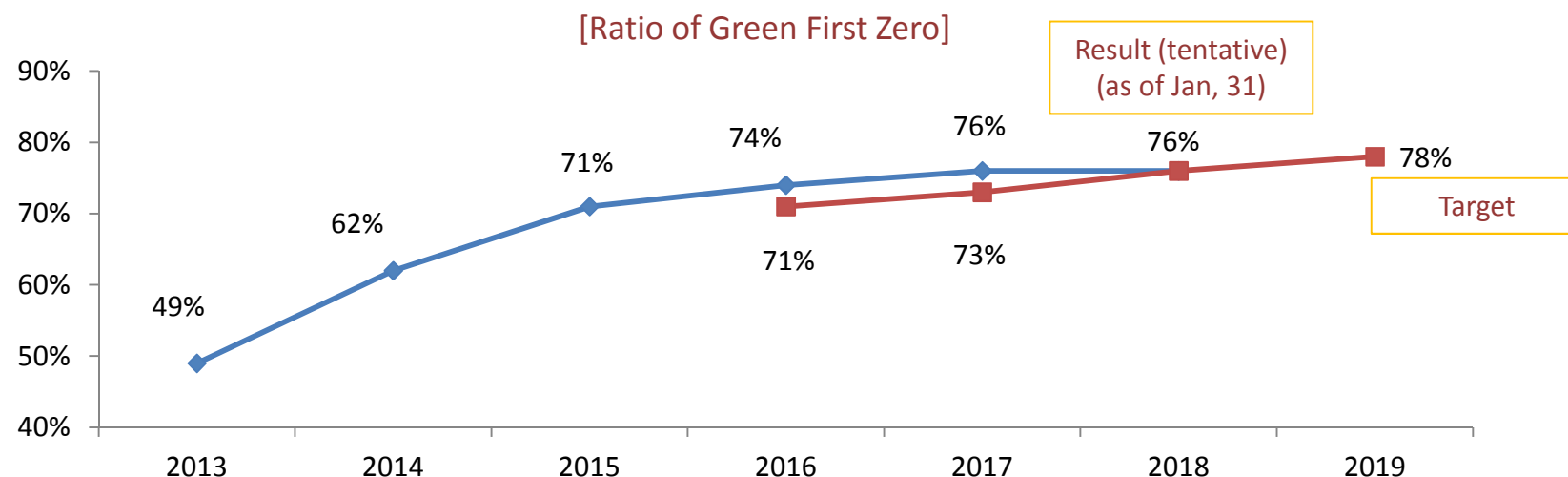


Gross margin will also improve.

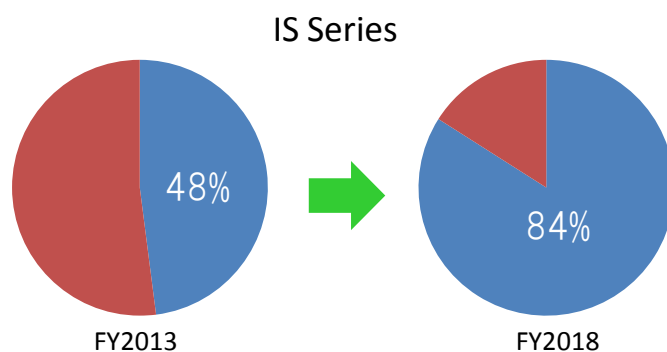
A recovery of profit margins is planned in FY2019 due to higher sales volume and the effects of cost reductions. Profit margins will remain in line with the FY2017 level, excluding the impact of the change made to the discount rate for the retirement benefit obligations.



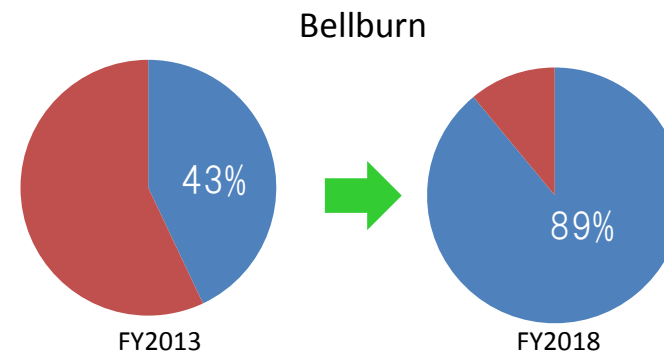
ZEH, which is a key sales initiative, sales expansion of high-end product group, and the presentation of original technologies were all clear successes.



[Trends in weighting of high value-added products: IS Series (steel-frame) and Bellburn (wood-frame)]

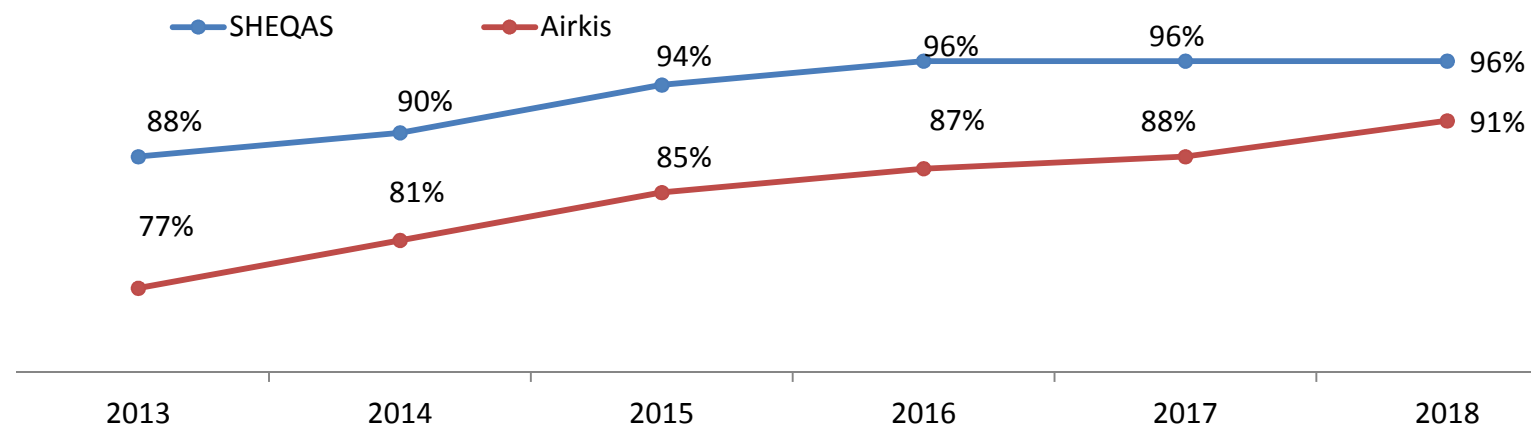


[IS Series]
High-end model of steel-frame houses



[Bellburn]
earthenware exterior wall of wood-frame houses

[Changes in the adoption rate of SHEQAS and Airkis]



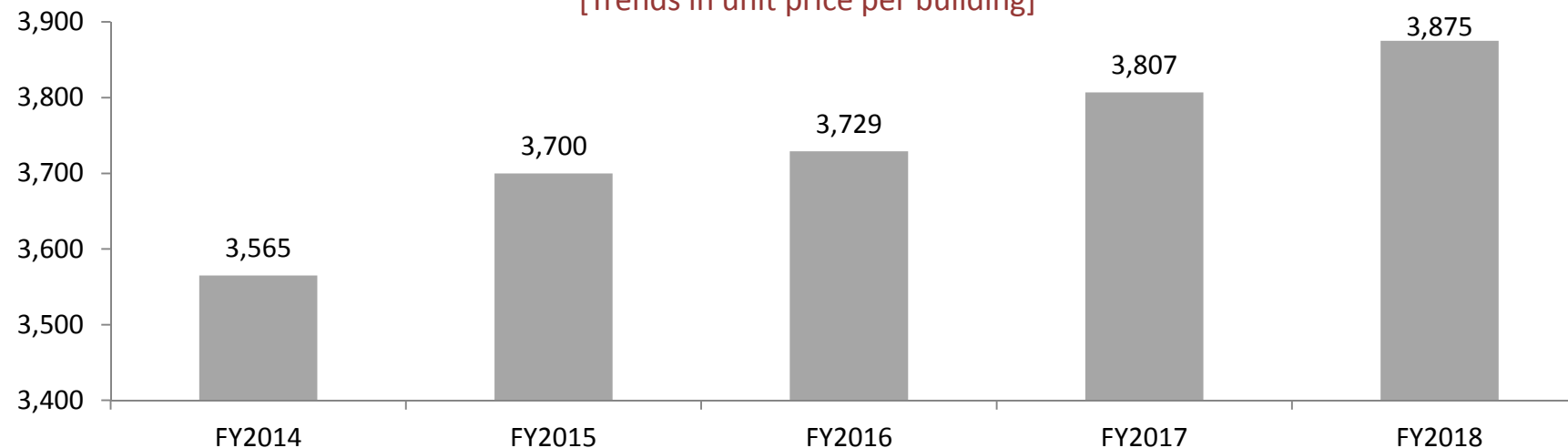
• SHEQAS : seismic response control system

• Airkis : air eco-friendly system

The unit price per building rose as a result of proposing high value-added houses.

(10 thousand yen)

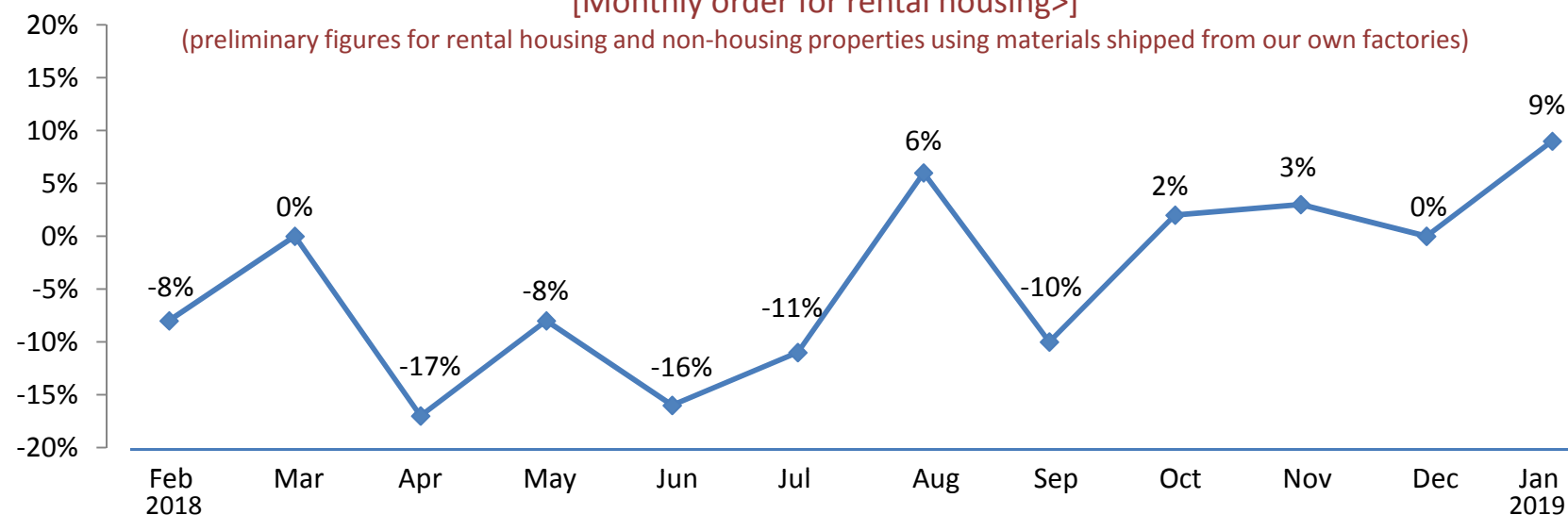
[Trends in unit price per building]



Orders entered a recovery phase.

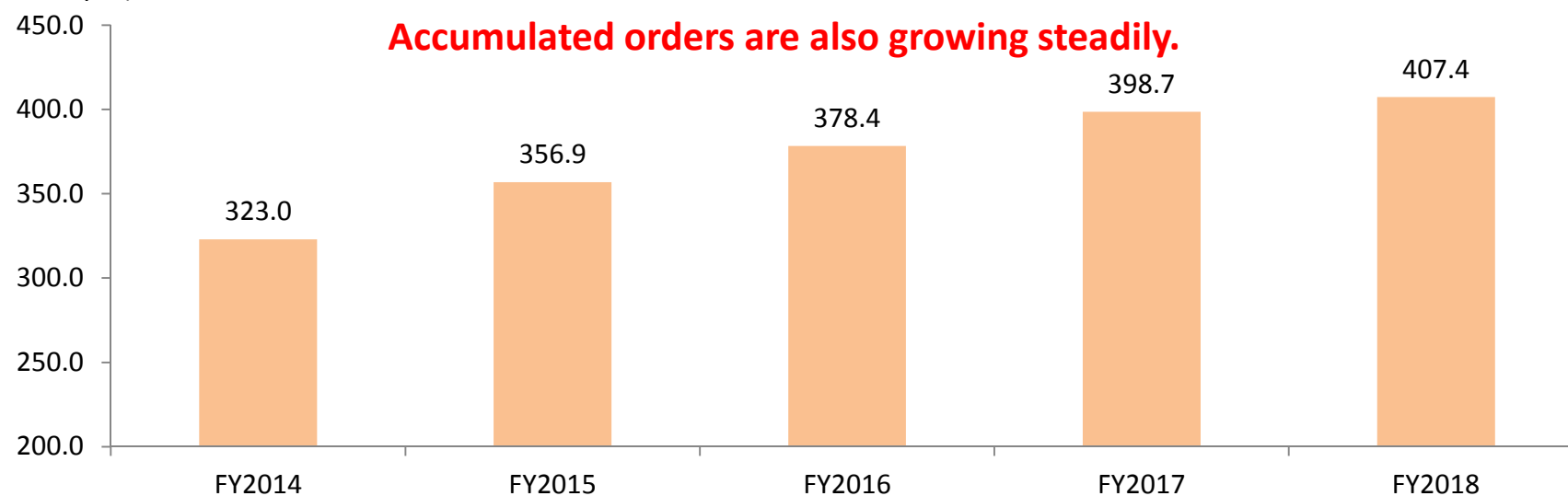
[Monthly order for rental housing>]

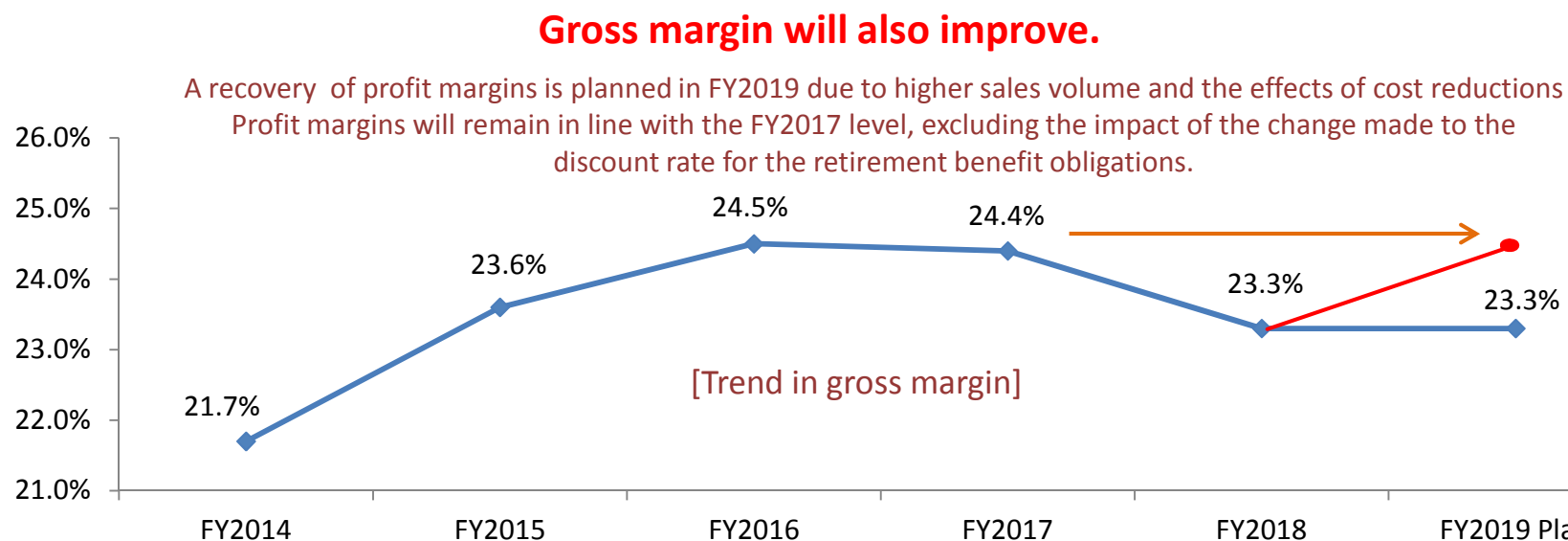
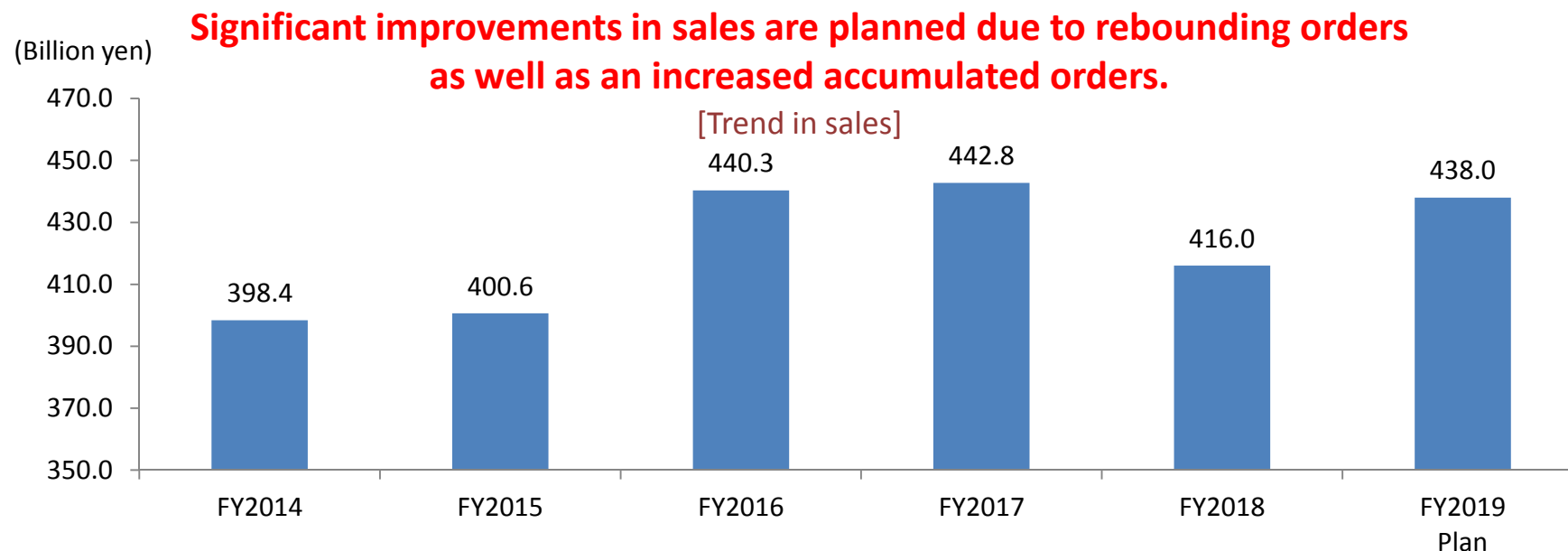
(preliminary figures for rental housing and non-housing properties using materials shipped from our own factories)



(Billion yen)

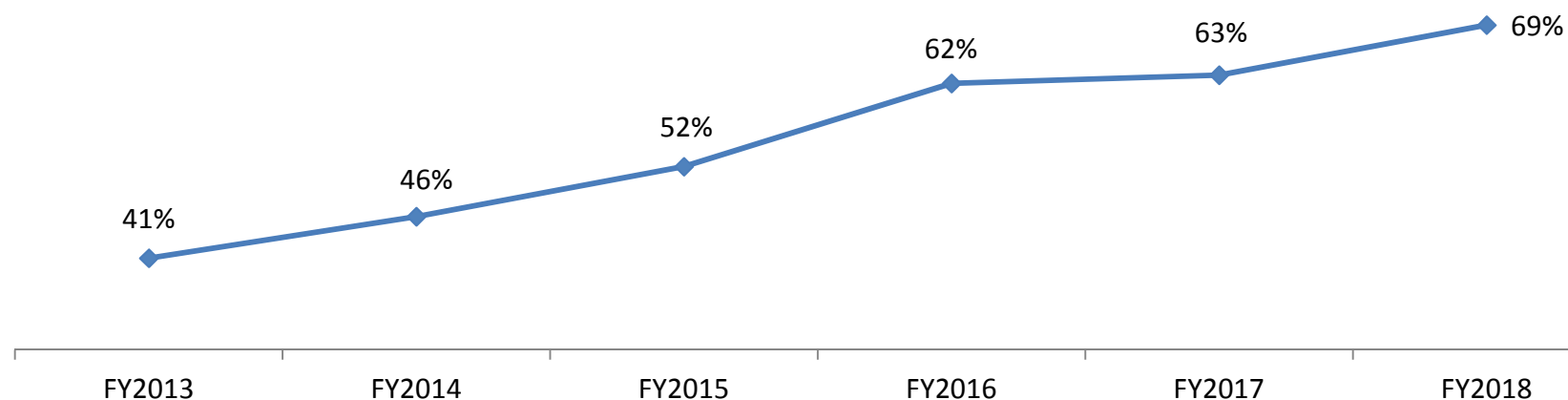
Accumulated orders are also growing steadily.





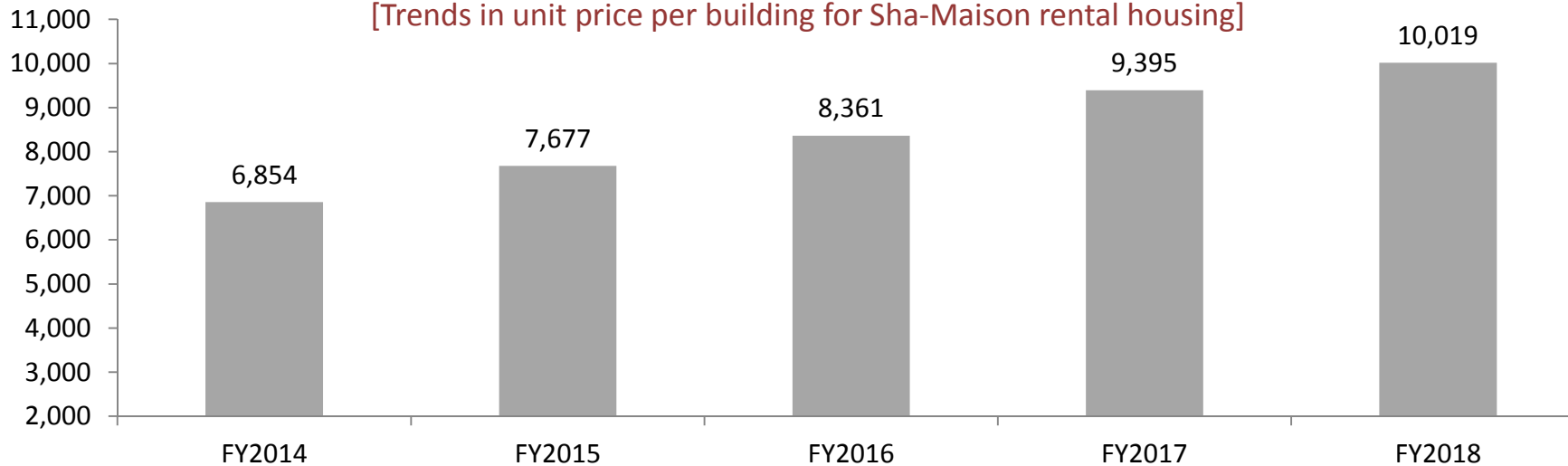
The ratio of 3- and 4-story houses and unit price per building rose due to area marketing centered on urban areas.

[Ratio of three- or four-story houses (in value)]



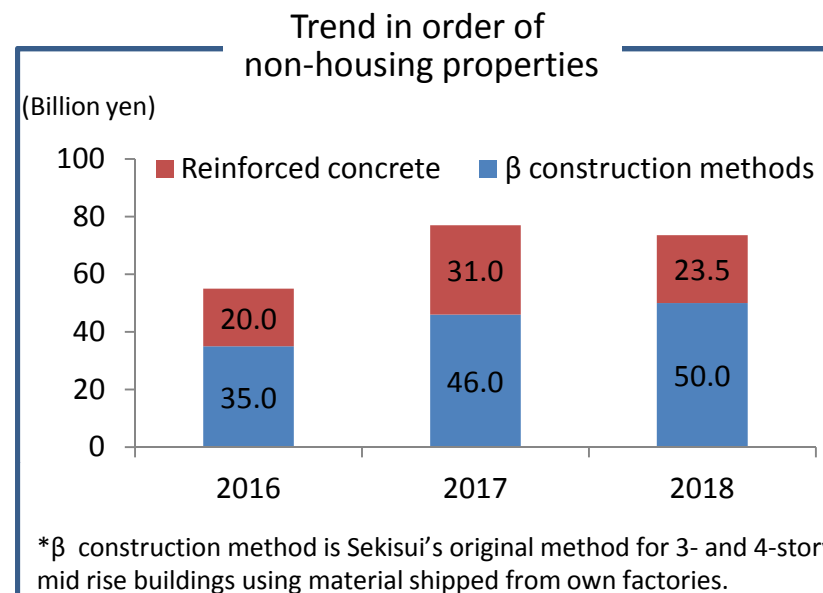
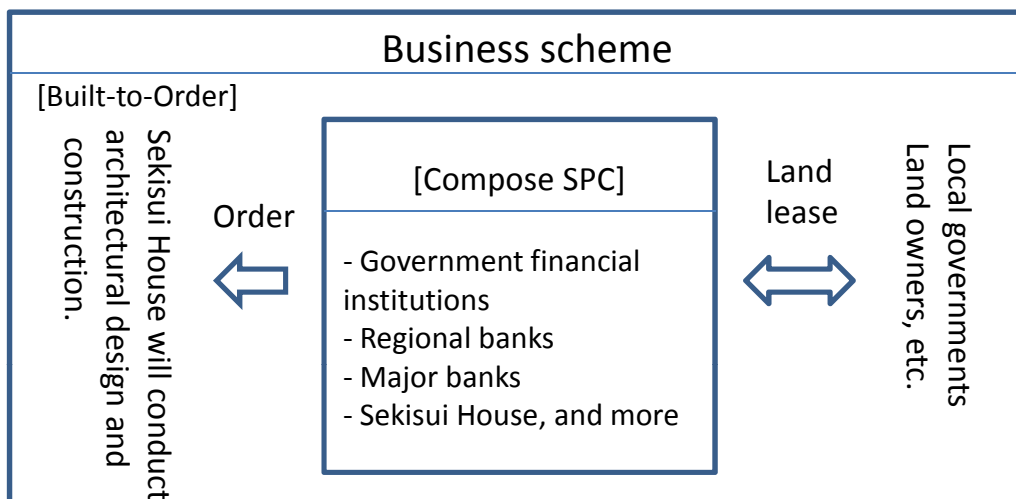
(10 thousand yen)

[Trends in unit price per building for Sha-Maison rental housing]



[Built-to-Order Business] Business expansion of non-housing area / β system construction method using materials shipped from our factories

Launching the Trip Base Michi-no-Eki Stations Projects
as regional revitalization program

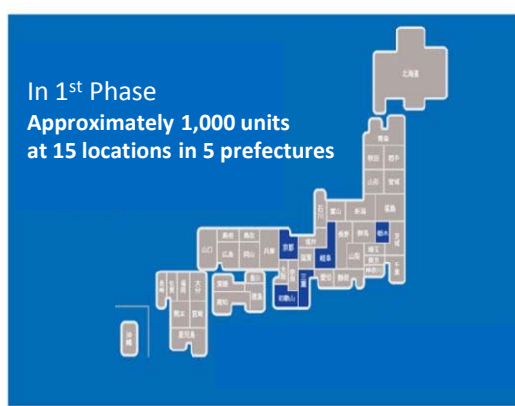


Fairfield
BY MARRIOTT

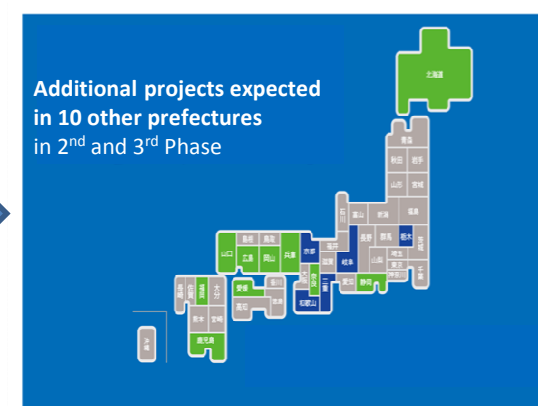
Track record of more than
800 properties worldwide



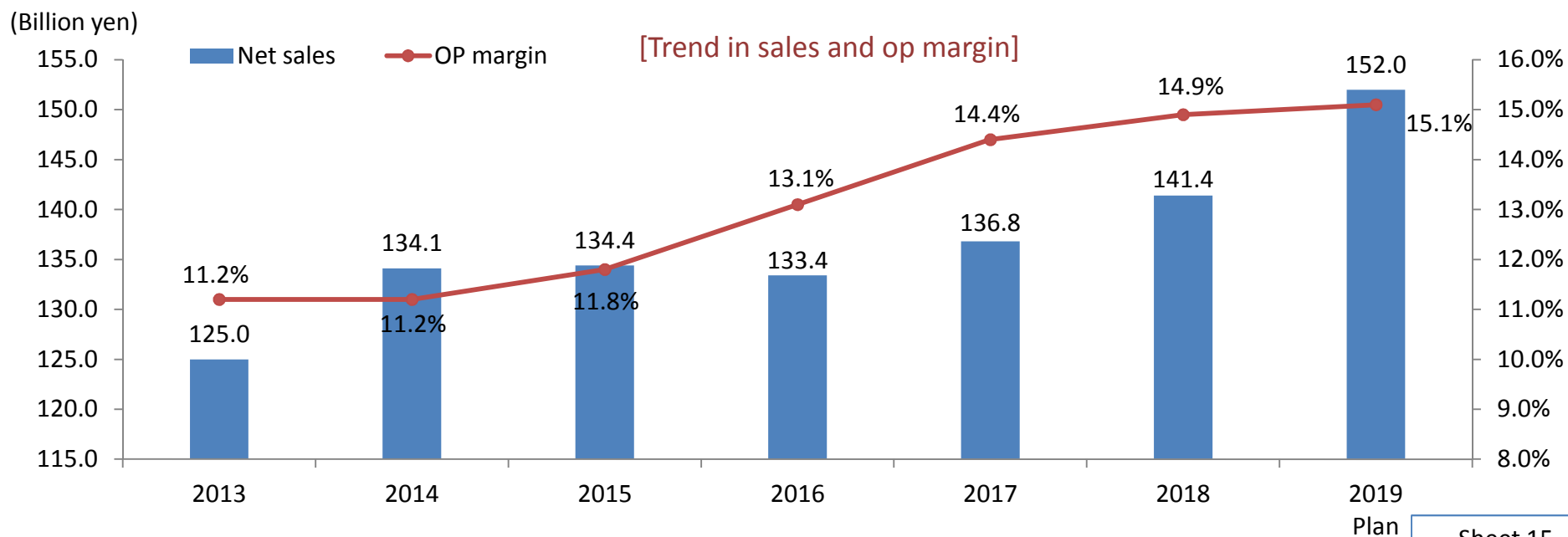
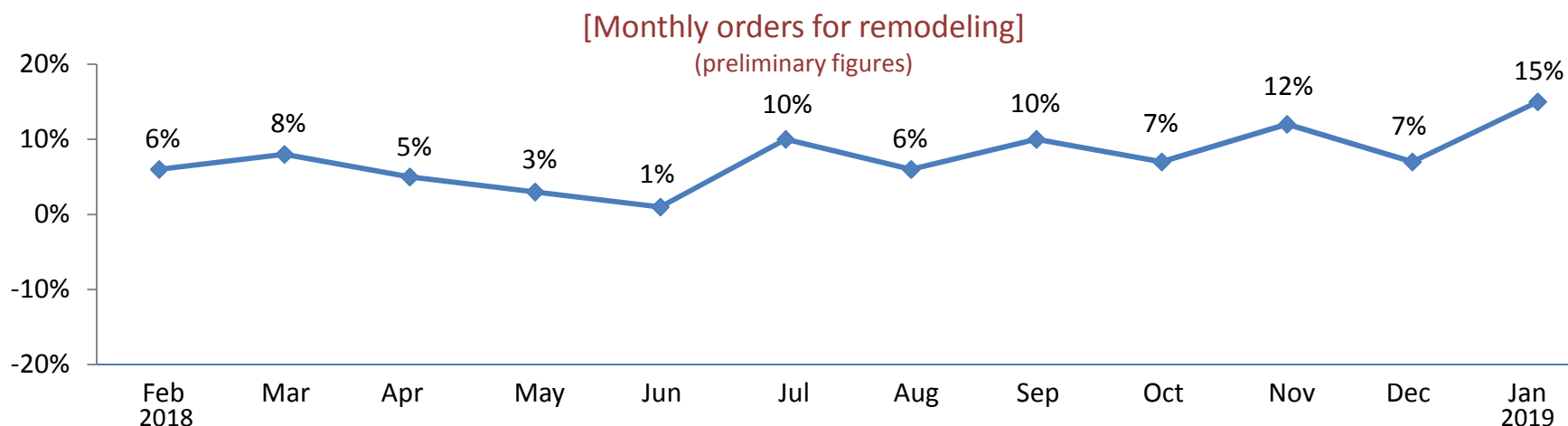
Orders to be received in FY2019



Aims to receive orders by FY2021

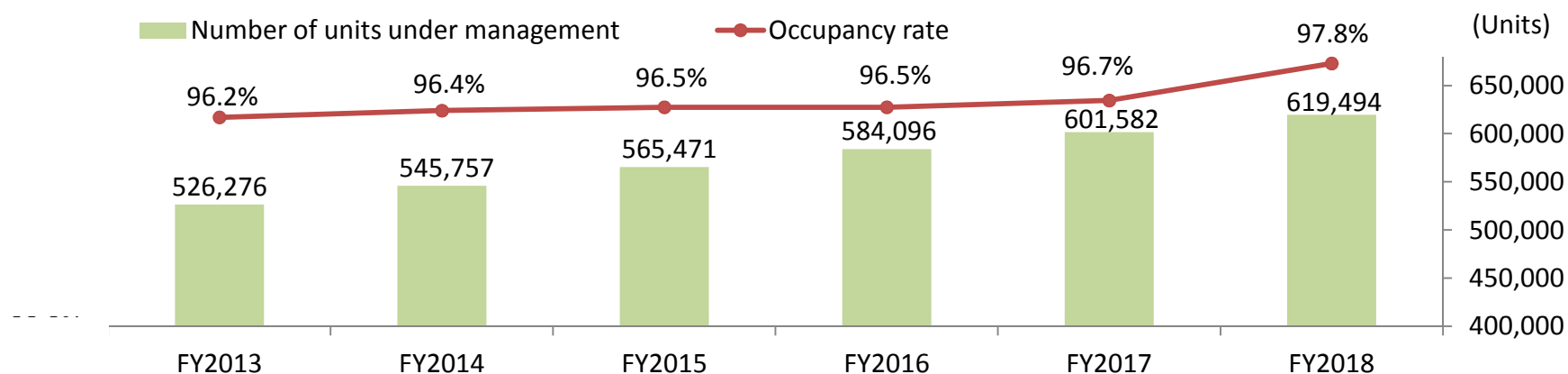


**Success in proposal-based major remodeling. / Steady growth in environment-based remodeling.
Orders were also stable and surpassed the previous year**

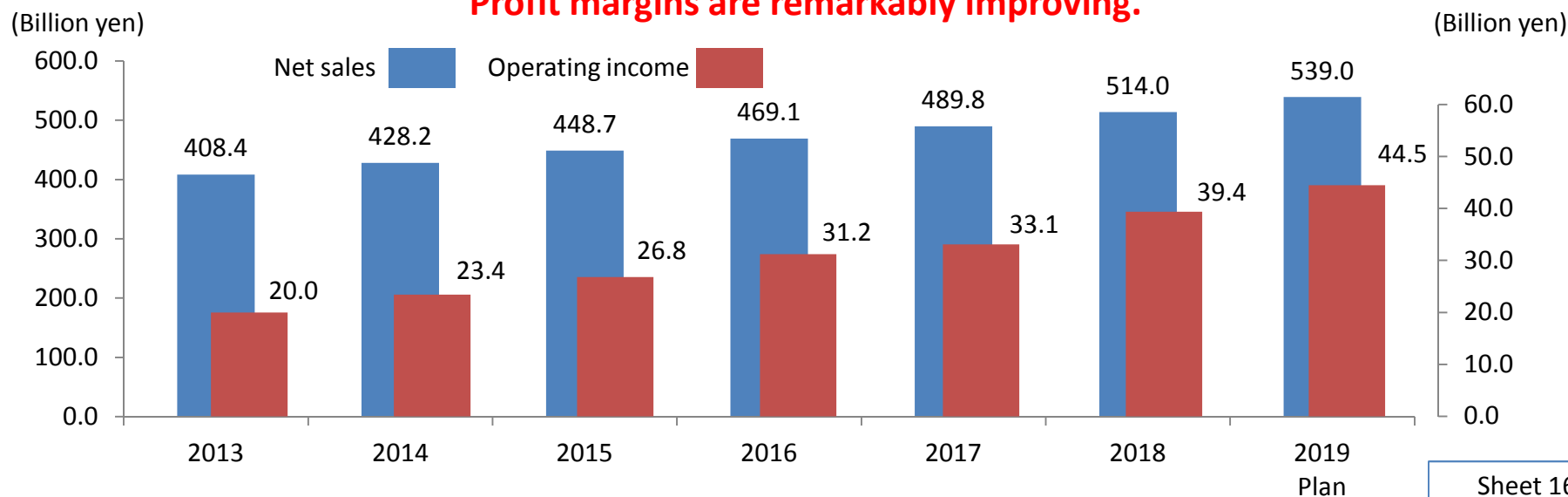


Both sales and income rose, reflecting an increase in the number of units under management and the continued maintenance of a high occupancy rate by supplying high-quality rental housing

[Number of units under management / Occupancy rate]



Profit margins are remarkably improving.



[Sales plan in the Condominiums Business]

Succeeded with area marketing focusing on Tokyo, Nagoya, Osaka and Fukuoka

Completed inventory: 186 units
Contracted rate to 1H sales plan: 85%

Major projects to be delivered in FY2019

- Grande Maison Shin Umeda Tower: 137 units
- Grade Maison Shinagawa Seaside no Mori: 380 units
- Grande Maison Uemachidai the Tower: 202 units

Success with area marketing and progress towards reliably positing revenue during the mid-term management plan



Grande Maison Uemachidai the Tower

[Progress in the Urban Redevelopment Business]

Conducted property sales beyond planned levels

Sekisui House Reit Investment Corporation and Sekisui House Residential Investment Corporation were merged in May 2018
Launched Sekisui House Reit, Inc.

The Ritz Carlton Kyoto and other properties incorporated into its portfolio, the asset size was approximately 457.3 billion yen as of January 2019.

In the Urban Redevelopment Business, we conducted property sales beyond planned levels.

Sales of ¥126.9 billion and income of ¥32.3 billion were recorded from property sales.



The Ritz Carlton Kyoto

Australia

(Market environment)

Persistent harsh conditions due to the ongoing strengthening of restrictions since 2017 against purchases by foreign nationals along with stricter requirements for home loans imposed by financial institutions continue to serve as a cooling system for the sizzling market. Given this situation, it is expected that the housing market in FY2019 will continue to undergo an adjustment phase, which will be even more serious than it was last year. Meanwhile, housing demand supported by the consistent population growth remains firm, and it is expected that there will be a recovery in demand after 2020, when the adjustment phase is likely to end. In 2018, the Company posted a valuation loss totaling ¥5.6 billion on the complex development project in Queensland.

U.S.

(Market environment)

Multifamily business

House rents continue to rise on the West Coast. It is likely that the expectations for higher income will lead to house rents rising, which will continue to attract investments in the market.

Master-planned community business / Woodside Home

Sales estimates are kept conservative in view of the rising residential land prices and the labor shortage.

China

(Market environment)

The overall economy has entered a stage of slow growth, while there has been a gradual increase in consumer spending, and per capita GDP. Housing sales are gradually increasing thanks to our brand acknowledged, despite housing restriction continued.

Singapore

(Market environment)

With the stable economic growth, the Company expects that the overall economy will show consistent in FY2019 and that demand will remain firm despite the effect of real estate price control measures.

[Overseas Business] Earnings Plan



(Billion yen)

Country	FY2017			FY2018			FY2019 (Plan)			MMP (FY2019)		
	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income
Australia	61.5	9.9	10.0	41.9	(1.9)	(1.8)	24.8	0.9	1.0	65.0	7.8	7.9
China	37.9	2.4	2.5	37.3	2.7	3.3	50.0	4.1	5.7	80.0	9.2	9.0
U.S.A.	207.1	18.3	16.4	166.6	16.5	13.9	256.8	31.1	26.4	255.0	39.1	35.9
Singapore	-	-	0.7	-	-	3.8	-	-	3.2	-	-	2.1
Other administrative expenses	-	(1.0)	(1.0)	-	(1.1)	(1.1)	-	(1.1)	(1.1)	-	(1.1)	(1.1)
Total	306.7	29.7	28.7	245.9	16.3	18.1	331.6	35.0	35.2	400.0	55.0	53.8

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

[Overseas Business] Priority initiatives - Major Properties Sold in FY2018



<Australia>

Condominiums	¥33.6 bn
Detached houses for sale, built-to-order	¥8.2 bn



Central Park (DUO) 311 units



West Village 180 units



SHAWOOD 87 buildings

<U.S.A.>

Community development	¥60.1 bn
Multifamily	¥4.7 bn
Homebuilding	¥99.0 bn



One Loudoun 97 lots



The Grove 155 lots



Woodside Homes
BETTER BY DESIGN

2,058 units

<China>

Condominiums	¥34.7 bn
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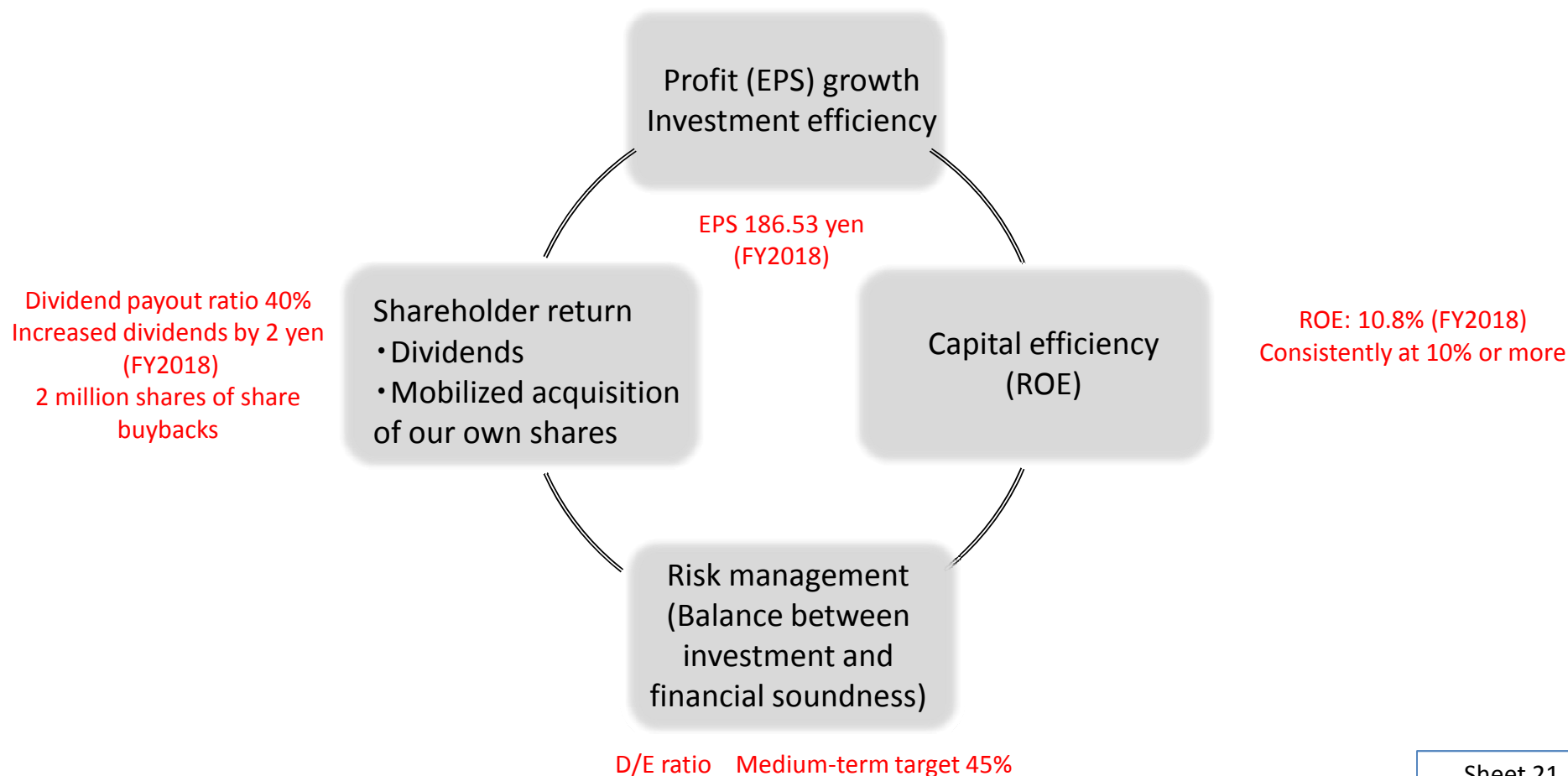
Suzhou 399 units



Taicang 44 units (sold out)

Promote a balanced capital policy focusing on growth investment, shareholder return and a credit rating.

Aim to improve free cash flows by achieving a balance between investment in growth and capital efficiency.



Business asset turnover ratio

For the Real Estate Development Business over the three years of the Mid-term Management Plan, Although 1.7 trillion yen had been planned for both investment and collection, we will reduce investment and prioritize collection.

<Three-year plan>

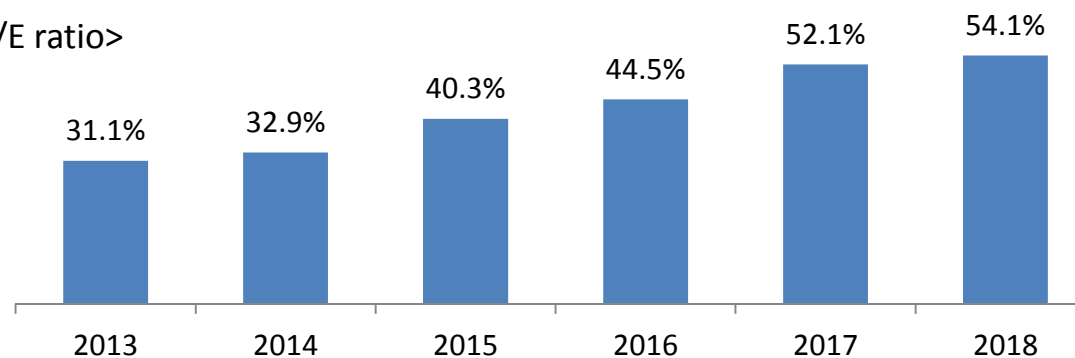
(Billion yen)

	Mid-term Management Plan			Progress in 2 years		
	Domestic businesses	Overseas Business	Total	2017	2018	Total
Investment	650.0	1,050.0	1,700.0	573.4	480.8	1,054.3
Collection	700.0	1,000.0	1,700.0	559.7	546.6	1,106.2
Net investment	(50.0)	50.0	0.0	13.7	(65.8)	(51.9)

Financial soundness

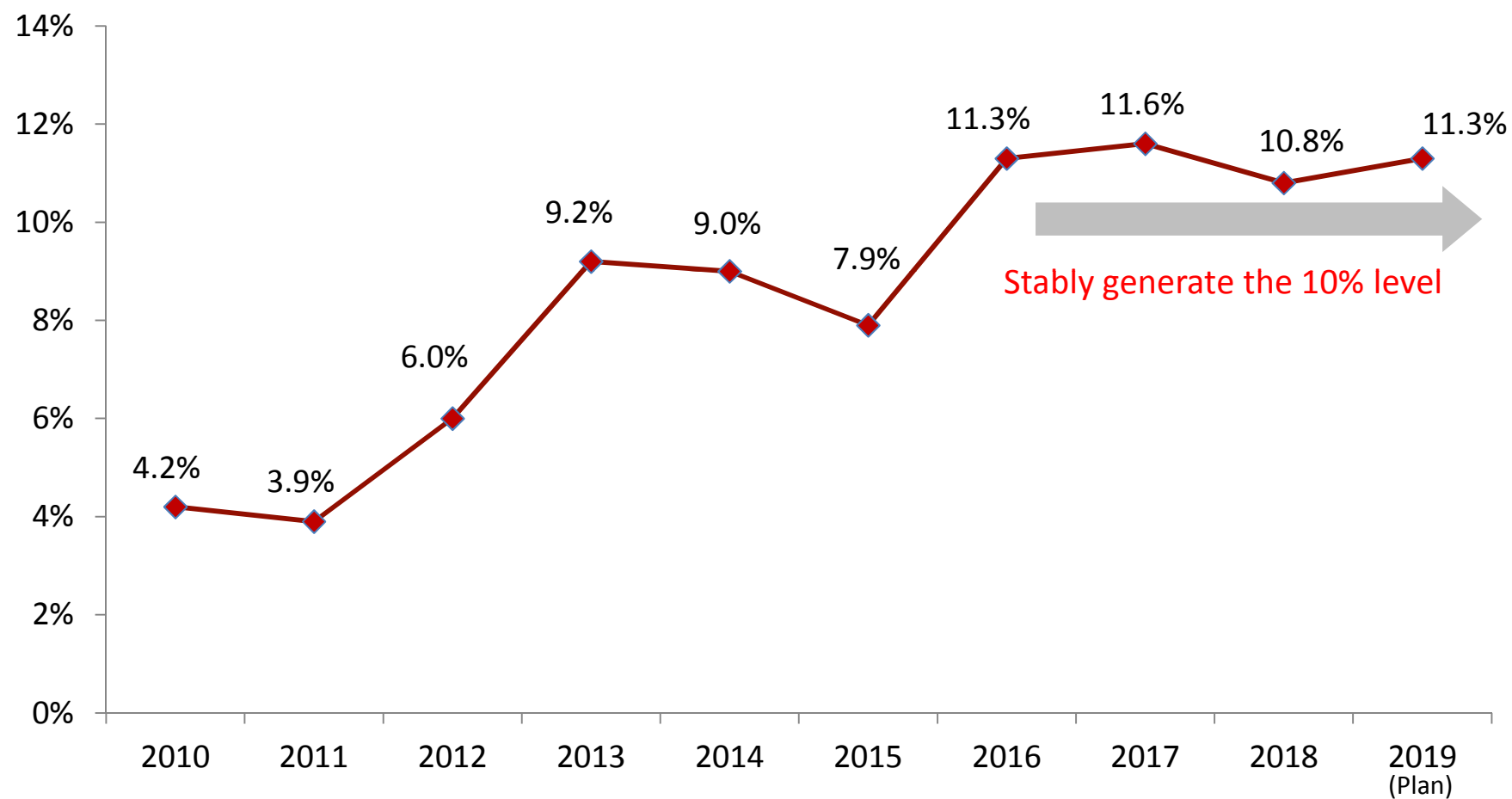
D/E ratio mid-term target: 45%

<Changes in the D/E ratio>

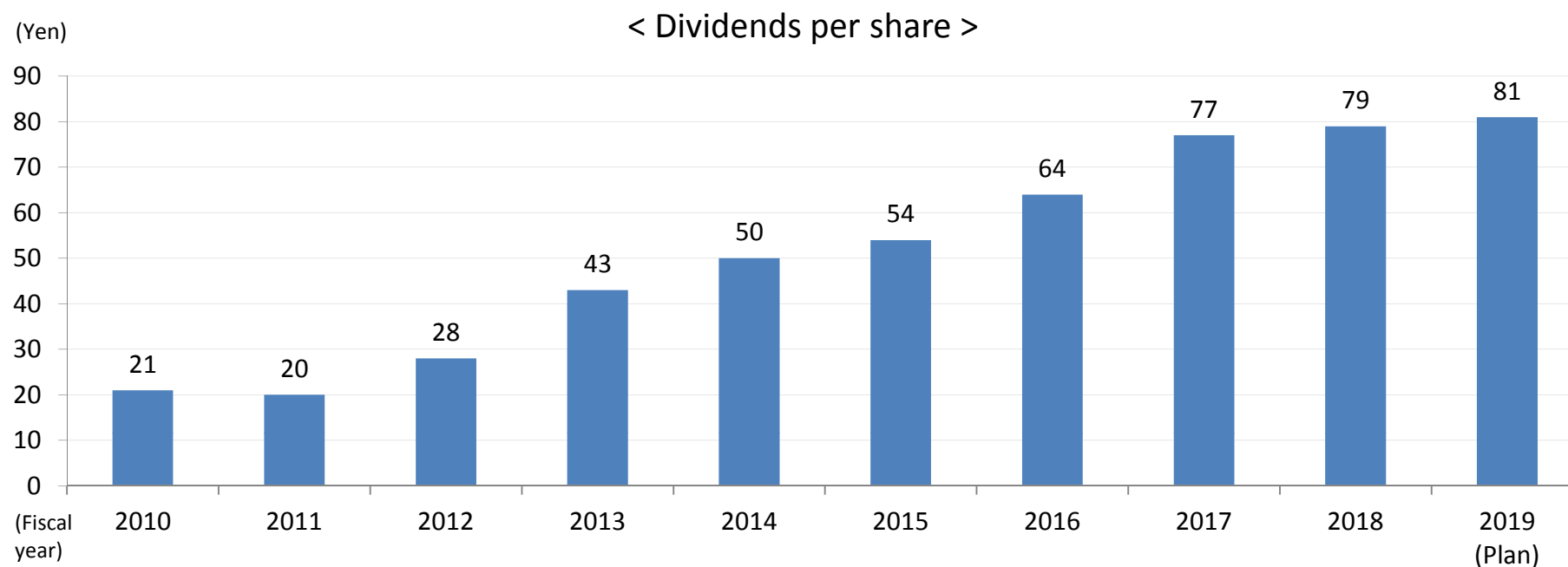


ROE

In addition to an increase in EPS due to profit growth,
we will also continue to improve ROE subsequently.



Dividends continue to increase along with the average payout ratio of 40% and profit growth.



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Plan
EPS (yen)	45.02	42.90	69.17	118.63	130.91	120.16	175.48	193.06	186.53	201.99
Dividends per share (yen)	21.00	20.00	28.00	43.00	50.00	54.00	64.00	77.00	79.00	81.00
Payout ratio	46.7%	46.6%	40.5%	36.2%	38.2%	44.9%	36.5%	39.9%	42.4%	40.1%

[Aims to become a leading ESG management company]

GPIF ESG Indices



2018 Constituent
MSCI ジャパンESG
セレクト・リーダーズ指数



S&P/JPX
カーボン
エフィシエント
指数



FTSE Blossom
Japan



2018 Constituent
MSCI日本株
女性活躍指数 (WIN)



ROBECOSAM
Sustainability Award
Gold Class 2018



ROBECOSAM
Sustainability Award
Industry Mover 2018

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM



FTSE4Good
June 2017



**NADE
BRAND
SHIKOKU
2013**



**NADE
BRAND
SHIKOKU
2015**



**DIVERSITY
MANAGEMENT
SELECTION
100
2017**



**NADE
BRAND
SHIKOKU
2016**



**NADE
BRAND
SHIKOKU
2017**



女性が輝く
先進企業 **2017**



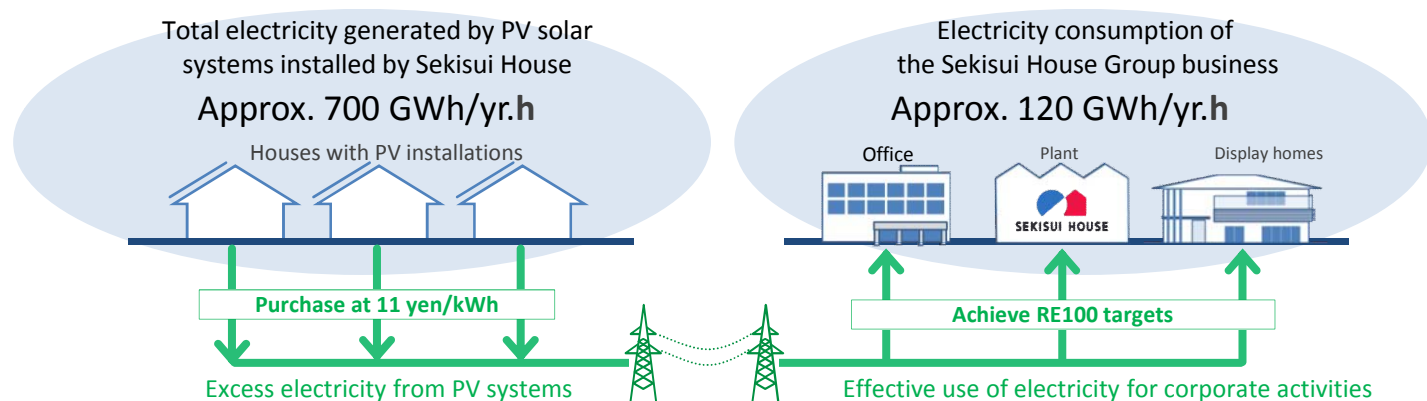
女性が活躍しています



るみて

Sekisui House to Purchase Post-FIT Electricity from Homeowners
To Use for Corporate Activities
Launch Service to Resolve Post-FIT Issues and Achieve RE100 Initiative Target

- Launch Sekisui House Owner Denki exclusively for post-FIT electricity of the owners
- Purchase price of 11 yen/kWh for post-FIT electricity
- Aiming to meet Sekisui House Group RE100 initiative targets using purchased electricity in the Sekisui House Group



The Company announced that all male employees who have children under the age of three will take childcare leave of at least one month, launching the scheme in September 2018

- All male employees who have children under the age of three will take at least one month of childcare leave from the birth of the child until they reach the age of three.

The first month of leave will be paid.

- To ensure that work can be carried out smoothly, eligible employees are required to create and submit plans for taking the leave

For five months from September 1, 2018 to January 31, 2019

Leave Plan Submission: 703 out of 1,402 employees (all eligible employees)

Submission Rate: 50%



Of Number of Employee Commencing Leave: 513,

Number of employees completing leave: 209, number of employees continuing leave: 304

[Implemented in FY2018]

(1) Introduction of a mandatory retirement age of 70 for representative directors

Introduce a mandatory retirement age for representative directors to encourage a generational change in management and develop human resources for management.

(2) Appointment of women as outside officers

Appoint women as outside director and outside corporate auditor to ensure diversity in the officer structure, with the aim of creating a system to reflect this in management policies.

(3) Transparency and activation of the operation of meetings of the Board of Directors

To facilitate constructive exchanges of opinions at Board meetings, make it a principle not to concurrently serve as the chairperson and the convener of Board meetings, to make decisions through transparent and active discussions.

(4) Establishment of the Management Meeting

Secure opportunities to share information among officers and express opinions from various perspectives on important investment projects and future management policies, etc.

(5) Clarification of department under the control of directors

Set up departments that include multiple head office departments and clarify the responsibility and authority of directors and executive officers who are in charge of the departments, thoroughly strengthen cooperation among the departments within departments and develop human resources.

(6) Evaluation of the effectiveness of the Board of Directors

Commence self-evaluations of the effectiveness of the Board of Directors in cooperation with attorneys, etc. to continuously strengthen, reform and improve the function of the Board of Directors.

[New Initiatives]

(7) Ensuring independence and strengthening internal checks of chief managers in charge of general affairs in sales administration headquarters and branches

Designed for chief managers in charge of general affairs in sales administration headquarters and group companies, the training has been conducted since November 2018 and aims to help managers acquire a higher viewpoint and insight, further enhance their judgment and control capabilities, as well as to establish a framework for coordination with administrative departments at head office.

To review an evaluation procedure for chief managers in charge of general affairs in branches to ensure their independence.

(8) Improving the integrity of branch managers

Sekisui House Management School (program to cultivate and select future branch managers) Training was begun in November 2018 with the aim of developing, evaluating and selecting candidates for future branch manager positions. The program provides opportunities to acquire the insight, character, management skills and leadership suitable for managing a branch in the future.

(9) Introduction of a stock remuneration plan with transfer restrictions (General meeting of shareholders in April)

The plan seeks to offer incentives for top management to boost the Company's corporate value sustainably and better share value with the stock market.

(10) Elimination of the officer bonus system for outside directors (General meeting of shareholders in April)

[Matters to Be Considered in the Future]

(11) Consider revising the term of directors from two years to one year

(12) Fundamental revision to executive remuneration

(13) Appointment and dismissal of management members

Consider reviewing standards and procedures of appointment and dismissal

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.