

# Sekisui House, Ltd.

## Third Quarter of FY2013

(February 1, 2013 through October 31, 2013)

### - Summary of Consolidated Financial Results -

#### 1. Overview

#### 2. Financial Position

#### 3. Segment Information

Built-to-Order Business

Supplied Housing Business

Development Business

[Details of Real Estate (Buildings and Land) for Sale by Segments]

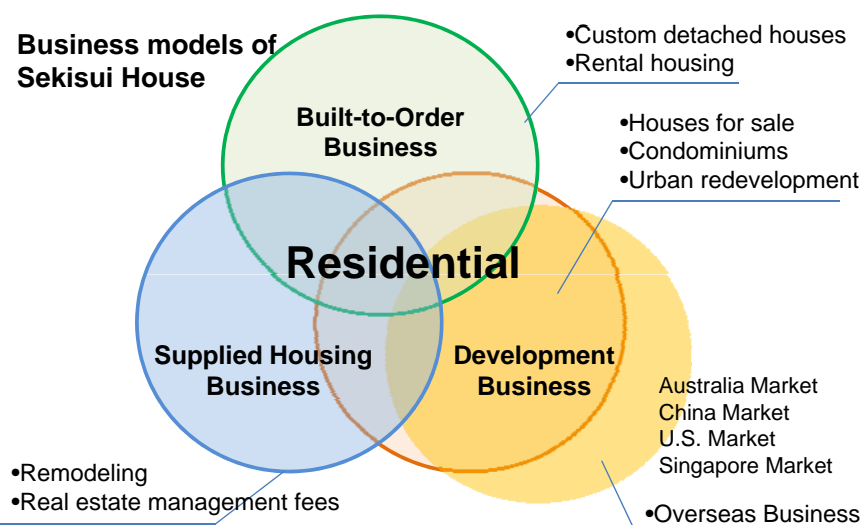
<Reference> Full-Year Forecasts for FY2013

December 5, 2013

## Management Direction

Deployment of growth strategies focused on the “residential” business domain

Business models of  
Sekisui House



[Basic Direction]

**Continue establishing infrastructure for growth**  
Pursue high profitability by further improving efficiency.

**(1) Built-to-Order Business**

Leverage management base and technical expertise to achieve growth.

**(2) Supplied Housing Business**

Use advantage of high quality stock that we have supplied in the past to achieve growth.

**(3) Development Business**

Harness unique technical expertise to pursue town planning business in Japan and overseas.  
Also prepare exit strategies using REITs, etc.

## Brand Vision

# SLOW & SMART

Housing innovation to make your heart feel at home

## 1. Overview

**Progress consistent with the full-year plan. Growth strategies focused on the residential business domain progressed steadily. The volume of orders received for August through October exceeded the plan of Q3 accounting period.**

(Please refer to “<Reference> Full-Year Forecasts”)

(¥ billion)

	FY2012 (12/2-12/10)		FY2013 (13/2-13/10)		
	Results	Margin	Results	Margin	YoY
Net sales	1,141.1		1,258.0		10.2%
Cost of sales	932.5		1,011.5		8.5%
Gross profit	208.6	18.3%	246.4	19.6%	18.1%
Selling, general and administrative expenses	157.1		166.0		5.6%
Operating income	51.4	4.5%	80.4	6.4%	56.3%
Non-operating income/loss	1.8		3.5		96.4%
Ordinary income	53.2	4.7%	84.0	6.7%	57.6%
Extraordinary income	-		0.4		-
Extraordinary loss	3.6		0.8		(76.6%)
Minority interests in income	1.4		1.8		26.8%
Net income	26.7	2.3%	50.8	4.0%	89.6%
Consolidated orders	1,285.4		1,506.4		17.2%

Sheet 2

## 1. Overview

- Our 3- and 4-story detached houses and Green First Zero drove orders in the Built-to-Order Business.
- The last-minute surge in demand before the consumption tax hike also helped to substantially increase the order volume.
- With the ongoing enhancement of earnings strength and a significant rise in sales, a high profitability ratio was achieved.

(Gross margin: Consolidated 18.3%→19.6%, Custom Detached Houses 22.8%→24.5%, Rental Housing 19.9%→20.8%)

### 1. Net sales

(1) Sales grew in each of the three business models:

the Built-to-Order Business (up ¥79.1 billion year-on-year), the Supplied Housing Business (up ¥19.5 billion year-on-year), and the Development Business (up ¥9.4 billion year-on-year)

### 2. Operating income

(1) The Custom Detached Houses Business (up ¥15.0 billion year-on-year) and the Rental Housing Business (up ¥5.6 billion year-on-year) contributed to a large increase in operating income.

(2) OP margin grew significantly to 6.4% (FY2012 3Q: 4.5%) as a result of growth in sales.

### 3. Ordinary income

(1) Given the recording of income in the business in Singapore and a decline in interest expenses, non-operating income and loss improved.

### 4. Extraordinary loss

(1) Loss on valuation of investment securities of ¥2.2 billion were posted in the previous FY2012 3Q.

### 5. Net income

(1) Net income totaled ¥50.8 billion, up 89.6% year-on-year.

Sheet 3

## 2. Financial Position

Total assets increased ¥164.2 billion from the end of the previous fiscal year.

- Assets grew due to increases in real estate for sale. In the Urban Redevelopment Business, real estate for sale has been reclassified as noncurrent assets.
- For liabilities, notes and accounts payable for construction contracts and advances received on uncompleted construction contracts increased in proportion to a rise in order volume.
- Net assets rose ¥61.8 billion (equity ratio was 50.9%), reflecting quarterly net income combined with an increase in accumulated other comprehensive income. (¥ billion)

Assets	As of Jan. 31, 2013	As of Oct. 31, 2013	Amount changed		FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Amount changed	
Total current assets	955.8	1,000.4	44.5	Net cash provided by (used in) operating activities	1.0	(25.7)	(26.7)	
Total noncurrent assets	583.3	703.1	119.7	Net cash provided by (used in) investing activities	(39.9)	(69.1)	(29.2)	
<b>Total assets</b>	<b>1,539.2</b>	<b>1,703.5</b>	<b>164.2</b>	Free cash flow	(38.9)	(94.9)	(55.9)	
				Net cash provided by (used in) financing activities	(11.7)	32.4	44.1	
Liabilities and net assets	As of Jan. 31, 2013	As of Oct. 31, 2013	Amount changed	Net increase (decrease) in cash and cash equivalents	(50.9)	(59.1)	(8.2)	
Total current liabilities	411.0	511.2	100.1	Cash and cash equivalents at beginning of period	169.5	179.2		
Total noncurrent liabilities	314.1	316.4	2.2	Cash and cash equivalents at end of period	118.5	120.0		
<b>Total liabilities</b>	<b>725.2</b>	<b>827.6</b>	<b>102.3</b>					
					FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Amount changed	
<b>Total net assets</b>	<b>814.0</b>	<b>875.9</b>	<b>61.8</b>	Capital expenditures	45.2	120.7	75.4	
				Depreciation and amortization	13.8	15.8	1.9	
<b>Total liabilities and net assets</b>	<b>1,539.2</b>	<b>1,703.5</b>	<b>164.2</b>					
				As of Jan. 31, 2013	As of Oct. 31, 2013	Change		
						Amounts	%	
				Interest bearing debts	268.6	329.7	61.1	22.8%

Sheet 4

## 3. Segment Information

(¥ billion)

		FY2012 (12/2-12/10)					FY2013 (13/2-13/10)				
		Net sales	Operating income	OP margin	Gross margin	Orders	Net sales	Operating income	OP margin	Gross margin	Orders
Built-to-Order Business	Custom Detached Houses	329.8	29.3	8.9%	22.8%	376.2	371.4	44.4	12.0%	24.5%	443.0
	Rental Housing	206.2	15.7	7.6%	19.9%	240.4	243.7	21.4	8.8%	20.8%	336.6
	<b>Subtotal</b>	<b>536.0</b>	<b>45.0</b>	<b>8.4%</b>	<b>21.7%</b>	<b>616.7</b>	<b>615.2</b>	<b>65.8</b>	<b>10.7%</b>	<b>23.0%</b>	<b>779.6</b>
Supplied Housing Business	Remodeling	79.1	7.7	9.8%	23.1%	86.8	87.3	8.9	10.3%	24.4%	100.8
	Real Estate Management Fees	294.6	13.1	4.4%	12.4%	294.6	305.8	16.0	5.3%	12.9%	305.8
	<b>Subtotal</b>	<b>373.7</b>	<b>20.9</b>	<b>5.6%</b>	<b>14.6%</b>	<b>381.4</b>	<b>393.2</b>	<b>25.0</b>	<b>6.4%</b>	<b>15.5%</b>	<b>406.7</b>
Development Business	Houses for Sale	86.0	1.1	1.4%	13.9%	104.0	97.8	5.6	5.8%	17.2%	108.3
	Condominiums	28.0	0.1	0.4%	10.6%	58.7	41.1	1.6	4.0%	13.0%	60.3
	Urban Redevelopment	39.1	8.6	22.2%	25.1%	39.1	27.9	6.1	21.9%	25.5%	27.9
	Overseas Business	37.5	2.4	6.5%	25.9%	38.6	33.3	1.8	5.4%	30.3%	50.2
	<b>Subtotal</b>	<b>190.8</b>	<b>12.4</b>	<b>6.5%</b>	<b>18.1%</b>	<b>240.5</b>	<b>200.3</b>	<b>15.2</b>	<b>7.6%</b>	<b>19.7%</b>	<b>246.9</b>
	Other Businesses	40.5	(1.0)	(2.6%)	14.5%	46.6	49.2	0.1	0.4%	15.7%	73.1
	Eliminations and corporate expenses	-	(25.9)	-	-	-	-	(25.8)	-	-	-
	<b>Consolidated</b>	<b>1,141.1</b>	<b>51.4</b>	<b>4.5%</b>	<b>18.3%</b>	<b>1,285.4</b>	<b>1,258.0</b>	<b>80.4</b>	<b>6.4%</b>	<b>19.6%</b>	<b>1,506.4</b>

Sheet 5

### 3. Segment Information Built-to-Order Business

	Net sales (¥ billion)			Orders (¥ billion)		
	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Change	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Change
	Custom Detached Houses	329.8	371.4	12.6%	376.2	443.0
Rental Housing	206.2	243.7	18.2%	240.4	336.6	40.0%
Total	536.0	615.2	14.8%	616.7	779.6	26.4%

	Operating income			OP margin		Gross margin	
	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Amount changed	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)
	Custom Detached Houses	29.3	44.4	15.0	8.9%	12.0%	22.8%
Rental Housing	15.7	21.4	5.6	7.6%	8.8%	19.9%	20.8%
Total	45.0	65.8	20.7	8.4%	10.7%	21.7%	23.0%

#### 1. Custom Detached Houses Business

(1) Orders were driven by high value-added houses including 3- and 4- story products and Green First Zero.

The last-minute surge in demand before the consumption tax hike contributed to accumulated orders, which amounted to ¥318.5 billion, up 29.0% from the end of the previous fiscal year.

(2) Profitability improved significantly as a result of increased sales as well as cost cutting measures.

The OP margin rose 3.1 point year-on-year to 12.0%.

(3) Pursued differentiation from competitors, mainly by enhancing the Green First Hybrid product line and introducing Hybrid SHEQAS.

#### 2. Rental Housing Business

(1) Accumulated orders totaled ¥335.4 billion, up 38.3% from the end of the previous fiscal year. Sales of 3- and 4-story rental houses were strong.

(2) Sha-Maison Festa sales promotion events were promoted and SHAIDD 55 was added to all standard houses to differentiate them from the competition.

Sheet 6

### 3. Segment Information Supplied Housing Business

	Net sales (¥ billion)			Orders (¥ billion)		
	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Change	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Change
	Remodeling	79.1	87.3	10.5%	86.8	100.8
Real Estate Management Fees	294.6	305.8	3.8%	294.6	305.8	3.8%
Total	373.7	393.2	5.2%	381.4	406.7	6.6%

	Operating income			OP margin		Gross margin	
	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Amount changed	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)
	Remodeling	7.7	8.9	1.1	9.8%	10.3%	23.1%
Real Estate Management Fees	13.1	16.0	2.9	4.4%	5.3%	12.4%	12.9%
Total	20.9	25.0	4.1	5.6%	6.4%	14.6%	15.5%

The strong performance of the Built-to-Order Business, which provides high quality supplied housing, also spread to the Supplied Housing Business.

#### 3. Remodeling Business

(1) Higher sales, reflecting the aggressive deployment of human resources and the strengthening of remodeling proposals designed to increase energy conservation and efficiency

(2) Profitability also improved thanks to a higher ratio of large-scale remodeling projects.

#### 4. Real Estate Management Fees Business

(1) Sales grew 3.8% year-on-year; the number of units under management was 521,984; and the occupancy rate was 96.2% (96.0% at the end of the previous fiscal year).

(2) The OP margin was 5.3%, rising due to improvements in occupancy rates and brokerage and other fees business.

Sheet 7

### 3. Segment Information Development Business

	Net sales (¥ billion)			Orders (¥ billion)		
	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Change	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Change
	Houses for Sale	86.0	97.8	13.6%	104.0	108.3
Condominiums	28.0	41.1	46.5%	58.7	60.3	2.7%
Urban Redevelopment	39.1	27.9	(28.5%)	39.1	27.9	(28.5%)
Overseas Business	37.5	33.3	(11.0%)	38.6	50.2	30.1%
<b>Total</b>	<b>190.8</b>	<b>200.3</b>	<b>5.0%</b>	<b>240.5</b>	<b>246.9</b>	<b>2.6%</b>

	Operating income			OP margin		Gross margin	
	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	Amount changed	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)	FY2012 (12/2-12/10)	FY2013 (13/2-13/10)
Houses for Sale	1.1	5.6	4.4	1.4%	5.8%	13.9%	17.2%
Condominiums	0.1	1.6	1.5	0.4%	4.0%	10.6%	13.0%
Urban Redevelopment	8.6	6.1	(2.5)	22.2%	21.9%	25.1%	25.5%
Overseas Business	2.4	1.8	(0.6)	6.5%	5.4%	25.9%	30.3%
<b>Total</b>	<b>12.4</b>	<b>15.2</b>	<b>2.7</b>	<b>6.5%</b>	<b>7.6%</b>	<b>18.1%</b>	<b>19.7%</b>

Sheet 8

### 3. Segment Information Development Business

#### 5. Houses for Sale Business

- (1) Smart Towns were developed in Miyagi Prefecture and other Tohoku areas, which were actively promoted and also contributed to the recovery from the disaster.
- (2) Profitability of the land for housing subdivision in Japan largely improved.

#### 6. Condominiums Business

- (1) Handing over of units in Gran Front Osaka Owner's Tower and other properties progressed steadily. Orders of newly supplied properties also progressed strongly.

#### 7. Urban Redevelopment Business

- (1) Properties worth ¥6.2 billion were sold to REITs in the current period. High occupancy rate was maintained to ensure stable rent income.

#### 8. Overseas Business

<FY2013 Third Quarter for Feb. through Oct.>

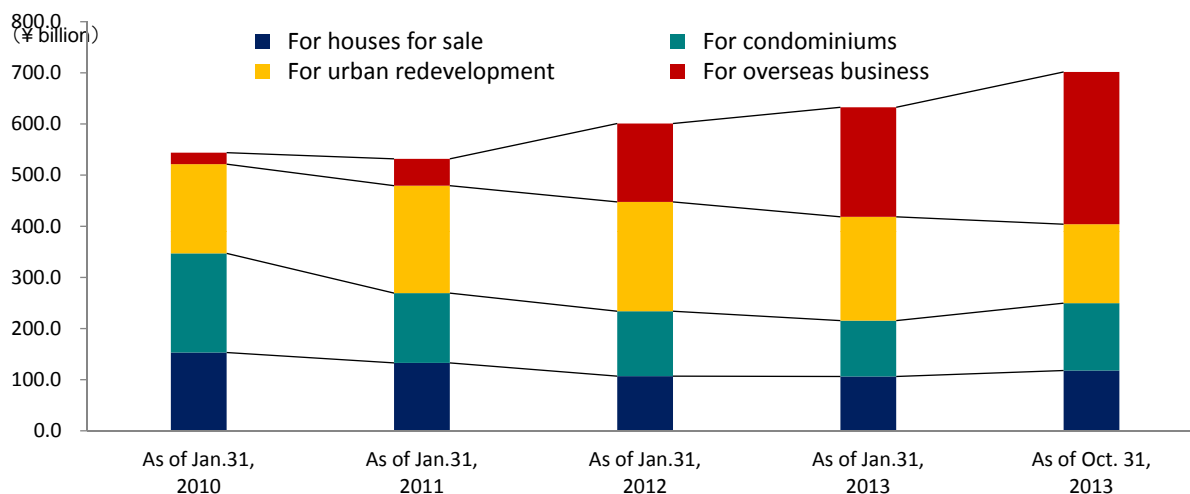
Country	Sales	Operating income	Ordinary income	Investment balance	Accumulated orders	
Australia	16.5	(1.0)	(0.8)	113.7	62.5	
China	-	(1.5)	(2.8)	138.6	-	
USA	16.7	5.1	5.6	57.9	18.1	
Singapore *	-	-	1.0	31.6	[62.6]	• Accounted for by the equity method
Other administrative expense	-	(0.8)	(0.8)	-	-	
<b>Total</b>	<b>33.3</b>	<b>1.8</b>	<b>2.2</b>	<b>341.9</b>	<b>80.7</b>	

Sales status of major projects	Country	Project name	Units for sale	Of which, contracted units
	• Units already handed over during the current fiscal year are included.	Australia	Central Park	1,428
	Australia	Wentworth Point	624	594
	Singapore	Total 5 projects	3,280	3,088

Sheet 9

### 3. Segment Information

#### [Details of Real Estate (Buildings and Land) for Sale by Segment]



	As of Jan. 31, 2010	As of Jan. 31, 2011	As of Jan. 31, 2012	As of Jan. 31, 2013	As of Oct. 31, 2013
Overseas Business	22.5	52.5	153.3	214.2	<b>297.7</b>
Urban Redevelopment	174.4	210.0	213.8	202.8	<b>154.4</b>
Condominiums	193.9	136.5	126.9	109.3	<b>131.6</b>
Houses for Sale	153.1	132.9	107.0	106.3	<b>118.0</b>
<b>Total</b>	<b>544.0</b>	<b>532.0</b>	<b>601.1</b>	<b>632.7</b>	<b>701.8</b>

Sheet 10

### <Reference> Full-Year Forecasts

The forecasts remain unchanged from the previous plan announced on September 5, 2013.

	FY2012 Results	FY2013	
		Forecasts	YoY
Net sales	1,613.8	1,815.0	12.5%
Operating income	86.1	130.0	50.8%
Ordinary income	91.7	133.5	45.5%
Net income	46.4	77.0	65.7%
EPS (yen)	69.17	114.65	65.8%
ROA	6.0%	8.2%	-
ROE	6.0%	9.1%	-
Dividend per share (yen)	28.00	43.00	15.00
Payout ratio	40.5%	37.5%	-

Sheet 11

## <Reference> Full-Year Forecasts (Segment information)

The forecasts remain unchanged from the previous plan announced on September 5, 2013.

### Sales

(¥ billion)

	FY2012 Results	FY2013 Full-Year		
		Forecasts	Change	YoY
Custom detached houses	465.1	527.0	61.8	13.3%
Rental housing	303.7	349.0	45.2	14.9%
Remodeling	111.5	125.5	13.9	12.5%
Real estate management fees	393.9	410.0	16.0	4.1%
Houses for sale	127.8	140.0	12.1	9.5%
Condominiums	52.5	62.0	9.4	18.0%
Urban redevelopment	45.5	41.0	(4.5)	(9.9%)
Overseas Business	54.8	90.0	35.1	64.1%
Other Businesses	58.7	70.5	11.7	20.1%
Total	1,613.8	1,815.0	201.1	12.5%

### Orders

(¥ billion)

	FY2012 Results	FY2013 Full-Year		
		Forecasts	Change	YoY
Custom detached houses	495.5	542.0	46.4	9.4%
Rental housing	327.1	384.5	57.3	17.5%
Remodeling	116.3	130.0	13.6	11.7%
Real estate management fees	393.9	410.0	16.0	4.1%
Houses for sale	135.4	146.5	11.0	8.2%
Condominiums	72.0	68.0	(4.0)	(5.6%)
Urban redevelopment	45.5	41.0	(4.5)	(9.9%)
Overseas Business	54.1	90.0	35.8	66.1%
Other Businesses	64.5	82.0	17.4	27.0%
Total	1,704.7	1,894.0	189.2	11.1%

Sheet 12

## <Reference> Full-Year Forecasts (Segment information)

The forecasts remain unchanged from the previous plan announced on September 5, 2013.

(¥ billion)

	Operating income				OP margin		Gross margin	
	FY2012	FY2013 Full-Year			FY2012	FY2013 Forecasts	FY2012	FY2013 Forecasts
		Forecasts	Change	YoY				
Custom detached houses	48.8	66.5	17.7	36.3%	10.5%	12.6%	23.6%	25.1%
Rental housing	27.5	37.0	9.4	34.3%	9.1%	10.6%	20.6%	21.8%
Remodeling	11.5	14.0	2.4	21.3%	10.3%	11.2%	23.2%	23.9%
Real estate management fees	17.0	21.0	3.9	23.2%	4.3%	5.1%	12.3%	13.0%
Houses for sale	1.5	8.0	6.4	406.3%	1.2%	5.7%	12.4%	16.6%
Condominiums	1.0	3.5	2.4	248.6%	1.9%	5.6%	10.6%	15.3%
Urban redevelopment	9.7	8.0	(1.7)	(18.3%)	21.5%	19.5%	24.7%	23.7%
Overseas Business	4.2	6.0	1.7	41.3%	7.7%	6.7%	26.6%	21.3%
Other Businesses	(0.4)	0.5	0.9	-	(0.8%)	0.7%	14.6%	14.9%
Eliminations and back office	(34.9)	(34.5)	0.4	-	-	-	-	-
Total	86.1	130.0	43.8	50.8%	5.3%	7.2%	18.6%	19.8%

Sheet 13

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