

Sekisui House, Ltd.

FY2013

(February 1, 2013 through January 31, 2014)

- Summary of Consolidated Financial Results -

1. Overview

2. Financial Position

3. Segment Information

Built-to-Order Business

Supplied Housing Business

Development Business

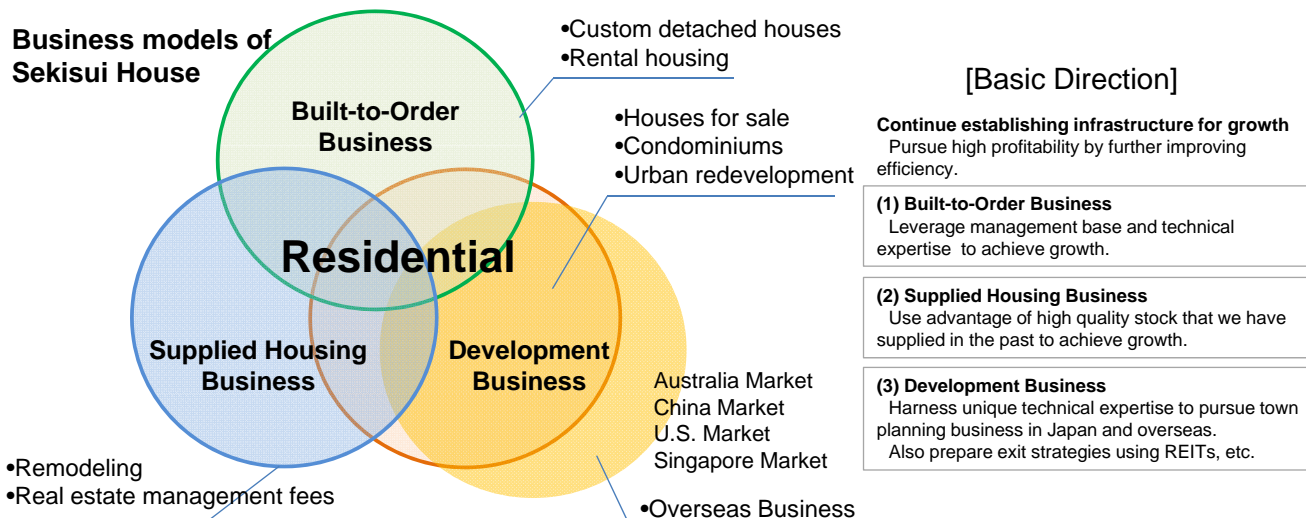
[Details of Real Estate (Buildings and Land) for Sale by Segments]

4. Full-Year Forecasts for FY2014

March 6, 2014

Management Direction

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



Brand Vision

SLOW & SMART

Housing innovation to make your heart feel at home

1. Overview

Both net sales and operating income hit a record high thanks to synergies among the Built-to-Order, Supplied Housing, and Development businesses.

EPS was 118.63 yen, and dividends per share increased 15 yen to 43 yen. ROE rose to 9.2%.

(¥ billion)

	FY2012 (12/2-13/1)		FY2013 (13/2-14/1)		
	Results	Margin	Results	Margin	YoY
Net sales	1,613.8		1,805.1		11.9%
Cost of sales	1,314.3		1,446.6		10.1%
Gross profit	299.5	18.6%	358.4	19.9%	19.7%
Selling, general and administrative expenses	213.3		226.5		6.2%
Operating income	86.1	5.3%	131.9	7.3%	53.1%
Non-operating income/loss	5.5		5.8		5.3%
Ordinary income	91.7	5.7%	137.7	7.6%	50.2%
Extraordinary income	-		0.4		-
Extraordinary loss	5.3		5.7		8.2%
Minority interests in income	2.1		3.3		56.4%
Net income	46.4	2.9%	79.8	4.4%	71.8%
Consolidated orders	1,704.7		1,928.5		13.1%

Sheet 2

1. Overview

- Our 3- and 4-story houses and Green First Zero drove orders in the Built-to-Order Business.
- Income in the Supplied Housing Business increased steadily, primarily reflecting the expansion of orders for proposal-based remodeling, and continued high occupancy in the Real Estate Management Fees Business. Earnings in the Development Business also improved.
- With the ongoing enhancement of earnings strength and a significant rise in sales, a high profitability ratio was achieved.

(Gross margin: Consolidated 18.6%→19.9%, Custom Detached Houses 23.6%→24.9%, Rental Housing 20.6%→21.3%)

1. Net sales

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

the Built-to-Order Business (up ¥105.0 billion year-on-year), the Supplied Housing Business (up ¥27.9 billion year-on-year), and the Development Business (up ¥43.5 billion year-on-year)

2. Operating income

(1) The Custom Detached Houses Business (up ¥17.0 billion year-on-year) and the Rental Housing Business (up ¥8.9 billion year-on-year) contributed to a large increase in operating income.

(2) OP margin grew significantly to 7.3% (FY2012: 5.3%) 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 decreased. (¥1.5 billion were posted in the previous FY2012.)

(2) Impairment loss of ¥4.2 billion were posted in FY2013.

5. Net income

(1) Net income totaled ¥79.8 billion, up 71.8% year-on-year.

Sheet 3

2. Financial Position

Total assets increased ¥229.7 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.
- For net assets, capital stock and capital surplus increased reflecting the issuing of new shares associated with the exercise of subscription rights to shares attached to bonds with subscription rights to shares while foreign currency translation adjustments increased. (Equity ratio was 52.6%)

			FY2012 (12/2-13/1)		FY2013 (13/2-14/1)		Amount changed	
Assets	As of Jan. 31, 2013	As of Jan. 31, 2014						
Total current assets	955.8	1,078.5	12.8%					
Total noncurrent assets	583.3	690.4	18.3%					
Total assets	1,539.2	1,769.0	14.9%					
(¥ billion)								
Liabilities and net assets	As of Jan. 31, 2013	As of Jan. 31, 2014	YoY					
Total current liabilities	411.0	502.6	22.3%					
Total noncurrent liabilities	314.1	324.9	3.4%					
Total liabilities	725.2	827.5	14.1%					
Total net assets	814.0	941.4	15.6%					
Total liabilities and net assets	1,539.2	1,769.0	14.9%					
(¥ billion)								
			FY2012 (12/2-13/1)		FY2013 (13/2-14/1)		Amount changed	
Net cash provided by (used in) operating activities			82.5		78.0		(4.5)	
Net cash provided by (used in) investing activities			(58.1)		(80.6)		(22.5)	
Free cash flow			24.4		(2.5)		(27.0)	
Net cash provided by (used in) financing activities			(17.2)		(0.7)		16.5	
Net increase (decrease) in cash and cash equivalents			9.7		2.0		(7.6)	
Cash and cash equivalents at beginning of period			169.5		179.2			
Cash and cash equivalents at end of period			179.2		181.3			
(¥ billion)								
			FY2012 (12/2-13/1)		FY2013 (13/2-14/1)		Amount changed	
Capital expenditures			60.9		130.2		69.3	
Depreciation and amortization			19.0		22.5		3.5	
(¥ billion)								
			As of Jan. 31, 2013	As of Jan. 31, 2014	Change			
Interest bearing debts			268.6	289.8	21.2	7.9%		

Sheet 4

3. Segment Information

(¥ billion)

		FY2012 (12/2-13/1)					FY2013 (13/2-14/1)				
		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	465.1	48.8	10.5%	23.6%	495.5	517.6	65.8	12.7%	24.9%	525.0
	Rental Housing	303.7	27.5	9.1%	20.6%	327.1	356.2	36.4	10.2%	21.3%	426.6
	Subtotal	768.8	76.3	9.9%	22.4%	822.6	873.8	102.3	11.7%	23.4%	951.7
Supplied Housing Business	Remodeling	111.5	11.5	10.3%	23.2%	116.3	125.0	14.0	11.2%	24.5%	135.1
	Real Estate Management Fees	393.9	17.0	4.3%	12.3%	393.9	408.4	20.0	4.9%	12.8%	408.4
	Subtotal	505.5	28.5	5.7%	14.7%	510.3	533.4	34.1	6.4%	15.6%	543.5
Development Business	Houses for Sale	127.8	1.5	1.2%	12.4%	135.4	133.4	8.1	6.1%	16.9%	132.5
	Condominiums	52.5	1.0	1.9%	10.6%	72.0	63.0	3.9	6.3%	14.6%	76.6
	Urban Redevelopment	45.5	9.7	21.5%	24.7%	45.5	42.4	8.5	20.2%	23.7%	44.6
	Overseas Business	54.8	4.2	7.7%	26.6%	54.1	85.3	8.5	10.0%	25.0%	82.5
Subtotal	280.7	16.6	5.9%	16.8%	307.1	324.3	29.2	9.0%	19.5%	336.4	
Other Businesses		58.7	(0.4)	(0.8%)	14.6%	64.5	73.4	1.6	2.3%	16.0%	96.9
Eliminations and corporate expenses		-	(34.9)	-	-	-	-	(35.4)	-	-	-
Consolidated		1,613.8	86.1	5.3%	18.6%	1,704.7	1,805.1	131.9	7.3%	19.9%	1,928.5

Sheet 5

3. Segment Information Built-to-Order Business

	(¥ billion)			(¥ billion)		
	Net sales			Orders		
	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	YoY	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	YoY
Custom Detached Houses	465.1	517.6	11.3%	495.5	525.0	6.0%
Rental Housing	303.7	356.2	17.3%	327.1	426.6	30.4%
Total	768.8	873.8	13.7%	822.6	951.7	15.7%

	Operating income			OP margin		Gross margin	
	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	YoY	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)
	Custom Detached Houses	48.8	65.8	34.9%	10.5%	12.7%	23.6%
Rental Housing	27.5	36.4	32.5%	9.1%	10.2%	20.6%	21.3%
Total	76.3	102.3	34.0%	9.9%	11.7%	22.4%	23.4%

Launched BERE0 PLUS, a complex multipurpose condominium, to create demand for 3- and 4-story detached, rental houses.

1. Custom Detached Houses Business

- (1) Orders grew 6.0% year-on-year, driven by high value-added houses including 3- and 4-story products and Green First Zero.
- (2) 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 ¥312.9 billion, up 29.0% from the end of the previous fiscal year. Sales of 3- and 4-story rental houses remained strong.
- (2) Aggressively deployed promotion of CELEBLIO housing with support services for elderly people. 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

	(¥ billion)			(¥ billion)		
	Net sales			Orders		
	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	YoY	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	YoY
Remodeling	111.5	125.0	12.1%	116.3	135.1	16.1%
Real Estate Management Fees	393.9	408.4	3.7%	393.9	408.4	3.7%
Total	505.5	533.4	5.5%	510.3	543.5	6.5%

	Operating income			OP margin		Gross margin	
	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	YoY	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)
	Remodeling	11.5	14.0	21.6%	10.3%	11.2%	23.2%
Real Estate Management Fees	17.0	20.0	17.7%	4.3%	4.9%	12.3%	12.8%
Total	28.5	34.1	19.3%	5.7%	6.4%	14.7%	15.6%

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 3.7% year-on-year; the number of units under management was 526,276; and the occupancy rate was 96.2% (96.0% at the end of the previous fiscal year).
- (2) The OP margin was 4.9%, 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 (12/2-13/1)	FY2013 (13/2-14/1)	YoY	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	YoY
	Houses for Sale	127.8	133.4	4.4%	135.4	132.5
Condominiums	52.5	63.0	20.1%	72.0	76.6	6.4%
Urban Redevelopment	45.5	42.4	(6.8%)	45.5	44.6	(1.9%)
Overseas Business	54.8	85.3	55.7%	54.1	82.5	52.4%
Total	280.7	324.3	15.5%	307.1	336.4	9.5%

	Operating income			OP margin		Gross margin	
	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	YoY	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)	FY2012 (12/2-13/1)	FY2013 (13/2-14/1)
Houses for Sale	1.5	8.1	415.3%	1.2%	6.1%	12.4%	16.9%
Condominiums	1.0	3.9	296.1%	1.9%	6.3%	10.6%	14.6%
Urban Redevelopment	9.7	8.5	(12.5%)	21.5%	20.2%	24.7%	23.7%
Overseas Business	4.2	8.5	102.0%	7.7%	10.0%	26.6%	25.0%
Total	16.6	29.2	76.1%	5.9%	9.0%	16.8%	19.5%

Sheet 8

3. Segment Information Development Business

5. Houses for Sale Business

(1) Aggressively promoted the development of Smart Towns, including the one in Fukushima Prefecture where all houses are Green First Zero houses.

(2) Profitability of the land for housing subdivision in Japan largely improved.

6. Condominiums Business

(1) Handing over of units in Grande Maison Ikeshita the Tower and other properties progressed steadily. Orders of newly supplied properties also progressed strongly.

(2) OP margin improved largely to 6.3% (FY2012: 1.9%).

7. Urban Redevelopment Business

(1) Properties worth ¥12.1 billion were sold to REITs in the current period. High occupancy rate was maintained to ensure stable rent income.

8. Overseas Business

Country	Sales	Operating income	Ordinary income	Investment balance	Accumulated orders
Australia	59.9	2.9	3.4	90.2	41.4
China	-	(2.2)	(3.8)	175.3	0.9
USA	25.3	8.9	9.2	81.7	18.6
Singapore *	-	-	2.0	31.5	[63.2]
Other administrative expense	-	(1.0)	(1.0)	-	-
Total	85.3	8.5	9.7	378.9	61.0

(¥ billion)

* Accounted for by the equity method

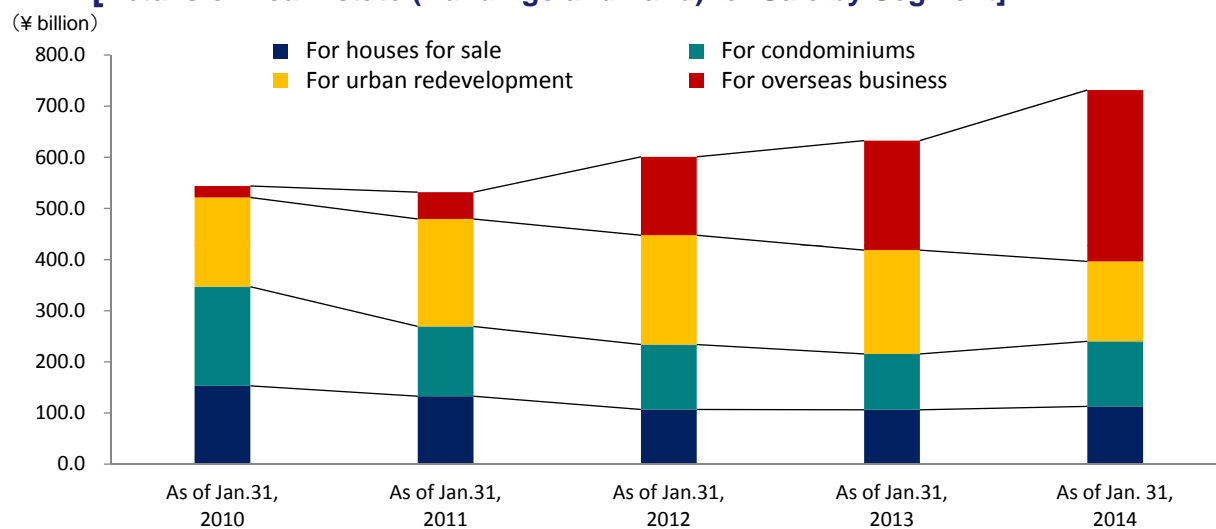
Sales status of major projects	Country	Project name	Units for sale	Of which, contracted units
	Australia	Central Park	1,428	1,244
Australia	Wentworth Point	809	765	
Singapore	Total 5 projects	3,280	3,134	

• Units already handed over during the current fiscal year are included.

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 Jan. 31, 2014
Overseas Business	22.5	52.5	153.3	214.2	335.2
Urban Redevelopment	174.4	210.0	213.8	202.8	156.2
Condominiums	193.9	136.5	126.9	109.3	127.2
Houses for Sale	153.1	132.9	107.0	106.3	113.0
Total	544.0	532.0	601.1	632.7	731.7

Sheet 10

4. Full-Year Forecasts

(¥ billion)

	FY2013 (13/2-14/1) Results	FY2014 (14/2-15/1)	
		Forecasts	YoY
Net sales	1,805.1	1,860.0	3.0%
Operating income	131.9	142.0	7.6%
Ordinary income	137.7	149.0	8.1%
Net income	79.8	89.0	11.5%
EPS (yen)	118.63	129.89	9.5%
ROA	8.2%	8.0%	-
ROE	9.2%	9.3%	-
Dividend per share (yen)	43.00	50.00	7.00
Payout ratio	36.2%	38.5%	-

Sheet 11

4. Full-Year Forecasts

Sales

(¥ billion)

	FY2013 (13/2-14/1) Results	FY2014 (Full-Year) (14/2-15/1)		
		Forecasts	Change	YoY
Custom detached houses	517.6	490.0	(27.6)	(5.3%)
Rental housing	356.2	370.0	13.7	3.9%
Remodeling	125.0	137.0	11.9	9.6%
Real estate management fees	408.4	429.0	20.5	5.0%
Houses for sale	133.4	127.0	(6.4)	(4.8%)
Condominiums	63.0	62.0	(1.0)	(1.7%)
Urban redevelopment	42.4	47.0	4.5	10.8%
Overseas Business	85.3	121.0	35.6	41.7%
Other Businesses	73.4	77.0	3.5	4.8%
Total	1,805.1	1,860.0	54.8	3.0%

Orders

(¥ billion)

	FY2013 (13/2-14/1) Results	FY2014 (Full-Year) (14/2-15/1)		
		Forecasts	Change	YoY
Custom detached houses	525.0	504.0	(21.0)	(4.0%)
Rental housing	426.6	391.0	(35.6)	(8.4%)
Remodeling	135.1	149.0	13.8	10.3%
Real estate management fees	408.4	429.0	20.5	5.0%
Houses for sale	132.5	127.0	(5.5)	(4.2%)
Condominiums	76.6	63.0	(13.6)	(17.8%)
Urban redevelopment	44.6	44.7	0.1	0.3%
Overseas Business	82.5	125.0	42.4	51.3%
Other Businesses	96.9	82.2	(14.6)	(15.1%)
Total	1,928.5	1,915.0	(13.5)	(0.7%)

Sheet 12

4. Full-Year Forecasts

(¥ billion)

	Operating income				OP margin		Gross margin	
	FY2013 (13/2-14/1) Results	FY2014 (Full-Year) (14/2-15/1)			FY2013 (13/2-14/1) Results	FY2014 (14/2-15/1) Forecasts	FY2013 (13/2-14/1) Results	FY2014 (14/2-15/1) Forecasts
		Forecasts	Change	YoY				
Custom detached houses	65.8	62.0	(3.8)	(5.8%)	12.7%	12.7%	24.9%	25.3%
Rental housing	36.4	43.0	6.5	17.8%	10.2%	11.6%	21.3%	21.9%
Remodeling	14.0	16.0	1.9	14.0%	11.2%	11.7%	24.5%	24.1%
Real estate management fees	20.0	23.0	2.9	14.6%	4.9%	5.4%	12.8%	12.8%
Houses for sale	8.1	8.0	(0.1)	(1.8%)	6.1%	6.3%	16.9%	17.3%
Condominiums	3.9	5.0	1.0	25.7%	6.3%	8.1%	14.6%	19.4%
Urban redevelopment	8.5	8.5	(0.0)	(0.7%)	20.2%	18.1%	23.7%	23.4%
Overseas Business	8.5	9.5	0.9	10.7%	10.0%	7.9%	25.0%	22.3%
Other Businesses	1.6	2.0	0.3	18.3%	2.3%	2.6%	16.0%	14.9%
Eliminations and back office	(35.4)	(35.0)	0.4	-	-	-	-	-
Total	131.9	142.0	10.0	7.6%	7.3%	7.6%	19.9%	20.1%

Sheet 13

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