

Sekisui House, Ltd.

First Quarter of FY2014

(February 1, 2014 through April 30, 2014)

- Summary of Consolidated Financial Results -

1. Overview

2. Financial Position

3. Segment Information

Built-to-Order Business

Supplied Housing Business

Development Business

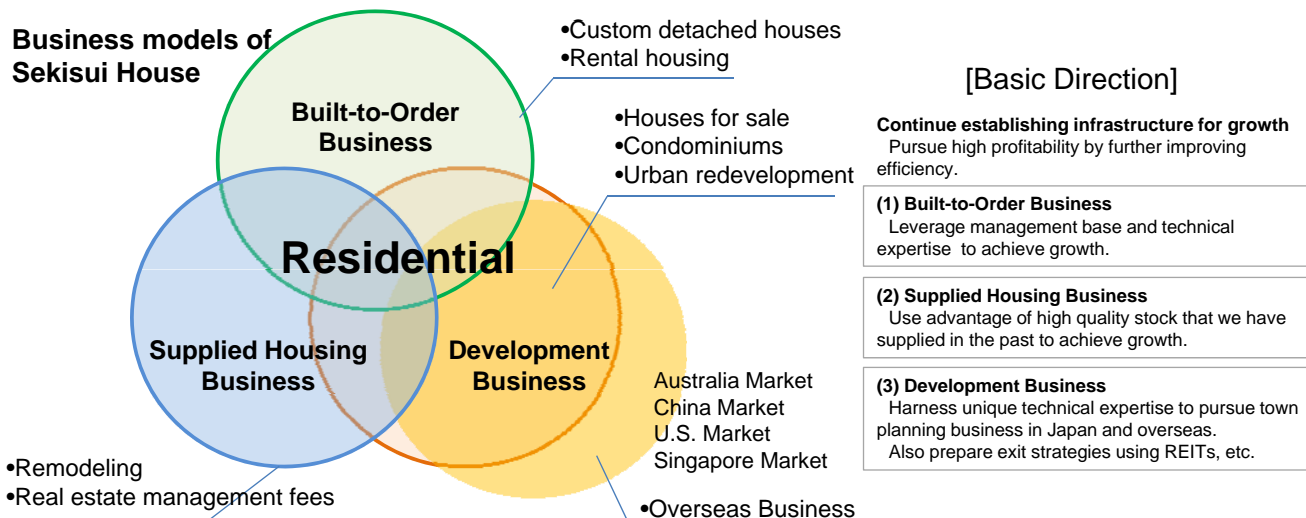
[Details of Real Estate (Buildings and Land) for Sale by Segments]

<Reference> Full-Year Forecasts for FY2014

June 5, 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

Sales expanded with a demonstration of cooperation between companies in the Sekisui House Group.

Net sales, operating income and net income all reached a first-quarter record high.

(¥ billion)

	FY2013 (13/2-13/4)		FY2014 (14/2-14/4)		
	Results	Margin	Results	Margin	YoY
Net sales	357.6		451.5		26.2%
Cost of sales	289.6		361.0		24.7%
Gross profit	68.0	19.0%	90.4	20.0%	33.0%
Selling, general and administrative expenses	52.2		54.1		3.6%
Operating income	15.7	4.4%	36.3	8.0%	130.4%
Non-operating income/loss	2.0		1.1		(46.3%)
Ordinary income	17.8	5.0%	37.4	8.3%	109.8%
Extraordinary income	-		-		-
Extraordinary loss	0.4		0.2		(38.0%)
Minority interests in income	0.3		0.3		1.0%
Net income	10.3	2.9%	21.1	4.7%	103.1%
Consolidated orders	474.3		418.9		(11.7%)

Sheet 2

1. Overview

- Sales increased sharply, reflecting good progress with construction work in the Built-to-Order Business and the sales contribution of the Remodeling and Condominiums Businesses.
- Profit margin improved significantly due to a combination of increased sales and continued cost reduction
(Gross margin: Consolidated 19.0%→20.0%, Custom Detached Houses 23.4%→24.7%, Rental Housing 19.9%→20.7%)
- Orders for Custom Detached Houses Business declined, reflecting deteriorating business confidence and the effect of the consumption tax hike. Meanwhile, the Rental Housing Business made good progress against the full-year plan with demand remaining strong. Intends to continue the promotion of high-value added houses, primarily Green First Zero.

1. Net sales

- (1) The Built-to-Order Business (up ¥33.9 billion year-on-year), the Supplied Housing Business (up ¥13.2 billion)
- (2) The Development Business grew ¥37.7 billion year-on-year, largely because it was a busy time for the handover of condominiums in Japan and overseas.

2. Operating income

- (1) The Custom Detached Houses Business (up ¥3.7 billion year-on-year), the Rental Housing Business (up ¥4.9 billion year-on-year) and the Condominiums Business (up ¥4.0 billion year-on-year) contributed to a large increase in operating income.
- (2) Gross profit also improved as a result of growth in sales. The OP margin jumped to 8.0%.

3. Ordinary income

- (1) Loans receivable in Singapore and other factors produced foreign exchange gains of ¥0.4 billion.
- (2) Profits of ¥0.6 billion from Singapore Business were recorded.

4. Net income

- (1) First quarter net income jumped to a record high. EPS was ¥30.82.

Sheet 3

2. Financial Position

Total assets increased ¥22.5 billion from the end of the previous fiscal year.

- Assets grew due to increases in property, plant and equipment.
- Liabilities increased mainly due to the issue of short-term bonds payable and an increase in short-term loans payable.
- Net assets decreased owing to cash dividends paid and a decrease in the foreign currency translation adjustment, which more than offset the posting of net income. (Equity ratio was 51.5%)

(¥ billion)				(¥ billion)			
Assets	As of Jan. 31, 2014	As of Apr. 30, 2014	Amount changed		FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Amount changed
Total current assets	1,078.5	1,020.1	(58.3)	Net cash provided by (used in) operating activities	(70.8)	(60.1)	10.7
Total noncurrent assets	690.4	771.3	80.9	Net cash provided by (used in) investing activities	(17.0)	(96.0)	(79.0)
Total assets	1,769.0	1,791.5	22.5	Free cash flow	(87.8)	(156.1)	(68.3)
				Net cash provided by (used in) financing activities	35.0	103.5	68.5
Liabilities and net assets	As of Jan. 31, 2014	As of Apr. 30, 2014	Amount changed	Net increase (decrease) in cash and cash equivalents	(50.2)	(53.3)	(3.1)
Total current liabilities	502.6	598.1	95.4	Cash and cash equivalents at beginning of period	179.2	181.3	
Total noncurrent liabilities	324.9	261.7	(63.1)	Cash and cash equivalents at end of period	128.9	127.9	
Total liabilities	827.5	859.8	32.2		FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Amount changed
Total net assets	941.4	931.7	(9.7)	Capital expenditures	19.4	94.4	74.9
				Depreciation and amortization	4.5	6.0	1.5
Total liabilities and net assets	1,769.0	1,791.5	22.5		As of Jan. 31, 2014	As of Apr. 30, 2014	Change
				Interest bearing debts	289.8	408.0	Amounts %
							118.2 40.8%

Sheet 4

3. Segment Information

(¥ billion)

		FY2013 (13/2-13/4)					FY2014 (14/2-14/4)				
		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	100.1	8.2	8.2%	23.4%	143.0	108.0	11.9	11.1%	24.7%	90.7
	Rental Housing	66.6	4.3	6.5%	19.9%	105.6	92.6	9.2	10.0%	20.7%	94.7
	Subtotal	166.7	12.5	7.5%	22.0%	248.7	200.7	21.2	10.6%	22.9%	185.5
Supplied Housing Business	Remodeling	28.1	2.9	10.6%	24.4%	30.5	36.9	5.2	14.1%	25.1%	30.5
	Real Estate Management Fees	102.5	6.2	6.1%	13.8%	102.5	107.0	6.9	6.5%	14.4%	107.0
	Subtotal	130.7	9.2	7.1%	16.1%	133.0	143.9	12.1	8.5%	17.2%	137.6
Development Business	Houses for Sale	27.6	0.8	3.2%	15.7%	35.1	26.2	1.8	6.9%	18.9%	25.0
	Condominiums	4.8	(0.3)	(6.7%)	7.5%	14.1	26.1	3.7	14.2%	18.6%	18.8
	Urban Redevelopment	6.6	1.7	26.9%	33.3%	6.6	11.8	2.6	22.2%	25.9%	15.1
	Overseas Business	6.4	(0.3)	(5.9%)	35.1%	18.3	19.2	1.2	6.3%	22.2%	18.3
	Subtotal	45.6	1.9	4.3%	20.2%	74.3	83.3	9.3	11.2%	20.6%	77.3
	Other Businesses	14.5	(0.1)	(1.3%)	16.0%	18.2	23.4	0.9	3.9%	16.1%	18.4
	Eliminations and corporate expenses	-	(7.8)	-	-	-	-	(7.3)	-	-	-
	Consolidated	357.6	15.7	4.4%	19.0%	474.3	451.5	36.3	8.0%	20.0%	418.9

Sheet 5

3. Segment Information Built-to-Order Business

	Net sales (¥ billion)			Orders (¥ billion)		
	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Change	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Change
	Custom Detached Houses	100.1	108.0	7.9%	143.0	90.7
Rental Housing	66.6	92.6	39.0%	105.6	94.7	(10.3%)
Total	166.7	200.7	20.3%	248.7	185.5	(25.4%)

	Operating income			OP margin		Gross margin	
	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Amount changed	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)
	Custom Detached Houses	8.2	11.9	3.7	8.2%	11.1%	23.4%
Rental Housing	4.3	9.2	4.9	6.5%	10.0%	19.9%	20.7%
Total	12.5	21.2	8.6	7.5%	10.6%	22.0%	22.9%

In the Built-to-Order Business, construction work progressed well, and sales and profits increased sharply for both Custom Detached Houses and Rental Housing.

1. Custom Detached Houses Business

- (1) The gross margin was 24.7%, improving significantly year-on-year as a result of increased sales.
- (2) Launched sales of *Be mod+e gent* that can be fitted with a photovoltaic generation system greater than 10 kW in size making them eligible for feed-in tariffs for all electricity generated.
- (3) Orders fell 36.5% mainly due to deteriorating business confidence, the consumption tax hike and waning anticipation of higher interest rates.

2. Rental Housing Business

- (1) Sales of three- and four-story rental houses remained strong.
- (2) Promoted sales promotion events including Sha-Maison Festa and Sha-Maison Expo.

3. Segment Information Supplied Housing Business

	Net sales (¥ billion)			Orders (¥ billion)		
	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Change	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Change
	Remodeling	28.1	36.9	31.2%	30.5	30.5
Real Estate Management Fees	102.5	107.0	4.4%	102.5	107.0	4.4%
Total	130.7	143.9	10.2%	133.0	137.6	3.4%

	Operating income			OP margin		Gross margin	
	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Amount changed	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)
	Remodeling	2.9	5.2	2.2	10.6%	14.1%	24.4%
Real Estate Management Fees	6.2	6.9	0.7	6.1%	6.5%	13.8%	14.4%
Total	9.2	12.1	2.9	7.1%	8.5%	16.1%	17.2%

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) Achieved large income growth as sales grew. Profitability also improved significantly.
- (2) Reinforced proposal-based remodeling in relation to energy-saving renovation and performance improvement, in addition to solar power generation systems. Actively held sales promotion events.

4. Real Estate Management Fees Business

- (1) Sales rose 4.4% year-on-year, the number of units under management was 532 thousand, and the occupancy rate was 96.4% (96.2% at the end of the previous fiscal year).
- (2) The OP margin rose to 6.5% due to improvements in brokerage fees and other fees business, in addition to improvement in the occupancy rate.

3. Segment Information Development Business

(¥ billion)

(¥ billion)

	Net sales			Orders		
	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Change	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Change
Houses for Sale	27.6	26.2	(5.1%)	35.1	25.0	(28.8%)
Condominiums	4.8	26.1	437.1%	14.1	18.8	33.5%
Urban Redevelopment	6.6	11.8	77.2%	6.6	15.1	126.4%
Overseas Business	6.4	19.2	197.7%	18.3	18.3	(0.2%)
Total	45.6	83.3	82.8%	74.3	77.3	4.1%

	Operating income			OP margin		Gross margin	
	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	Amount changed	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)	FY2013 (13/2-13/4)	FY2014 (14/2-14/4)
Houses for Sale	0.8	1.8	0.9	3.2%	6.9%	15.7%	18.9%
Condominiums	(0.3)	3.7	4.0	(6.7%)	14.2%	7.5%	18.6%
Urban Redevelopment	1.7	2.6	0.8	26.9%	22.2%	33.3%	25.9%
Overseas Business	(0.3)	1.2	1.5	(5.9%)	6.3%	35.1%	22.2%
Total	1.9	9.3	7.3	4.3%	11.2%	20.2%	20.6%

Sheet 8

3. Segment Information Development Business

5. Houses for Sale Business

- (1) Actively sold smart town subdivision lots as a leading smart house company.
 (2) Although sales fell, profitability improved and profits rose. Profit margin also grew.

6. Condominiums Business

- (1) The number of units handed over was 615. Both sales and income rose sharply as a result of growth in the number of properties handed over.

7. Urban Redevelopment Business

- (1) In addition to an increase in rental income, properties worth ¥2.6 billion were sold and operating income of ¥0.5 billion was recorded.

8. Overseas Business

<FY2014 First Quarter>

(¥ billion)

Country	Sales	Operating income	Ordinary income	Investment balance	Accumulated orders
Australia	13.6	0.8	0.9	87.0	38.4
China	-	(0.7)	(0.6)	172.6	1.6
USA	5.5	1.4	1.4	86.9	20.0
Singapore *	-	-	0.6	31.6	[65.1]
Other administrative expense	-	(0.2)	(0.2)	-	-
Total	19.2	1.2	2.2	378.3	60.1

• Accounted for by the equity method

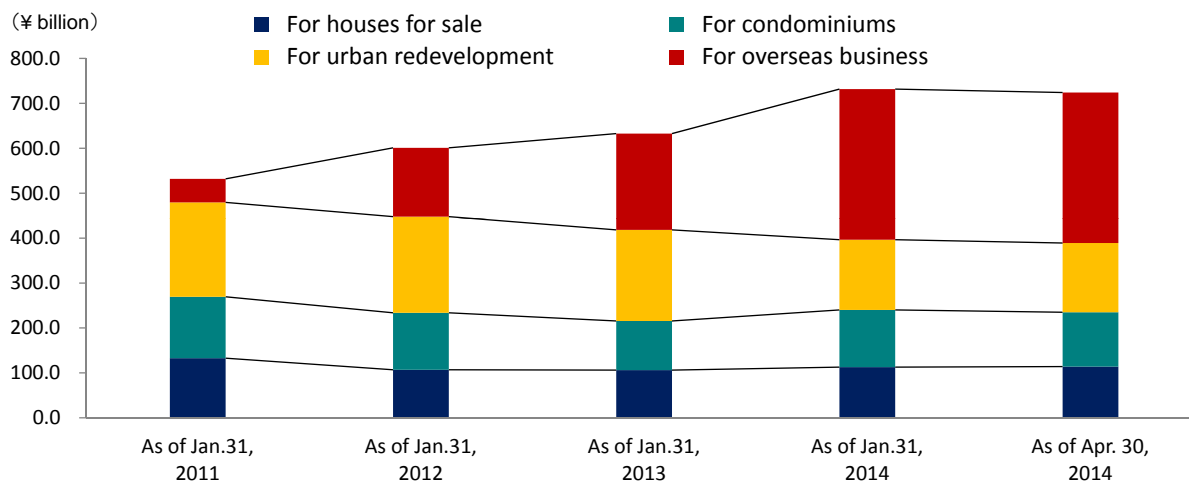
Sales status of major projects

Country	Projects	Units for sale	Of which, contracted units
Australia	Total 2 projects	1,245	1,127
China	Total 3 projects	179	23
Singapore	Total 6 projects	3,775	3,406

Sheet 9

3. Segment Information

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



(¥ billion)

	As of Jan. 31, 2011	As of Jan. 31, 2012	As of Jan. 31, 2013	As of Jan. 31, 2014	As of Apr. 30, 2014
Overseas Business	52.5	153.3	214.2	335.2	334.9
Urban Redevelopment	210.0	213.8	202.8	156.2	154.1
Condominiums	136.5	126.9	109.3	127.2	120.9
Houses for Sale	132.9	107.0	106.3	113.0	114.0
Total	532.0	601.1	632.7	731.7	724.1

Sheet 10

<Reference> Full-Year Forecasts

The forecasts remain unchanged from the last plan announced on March 6, 2014.

(¥ 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

<Reference> Full-Year Forecasts

The forecasts remain unchanged from the last plan announced on March 6, 2014.

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

<Reference> Full-Year Forecasts

The forecasts remain unchanged from the last plan announced on March 6, 2014.

(¥ 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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