

Sekisui House, Ltd.

First Quarter of FY2015

(February 1, 2015 through April 30, 2015)

- Summary of Consolidated Financial Results -

1. Overview

2. Financial Position

3. Segment Information

Built-to-Order Business

Supplied Housing Business

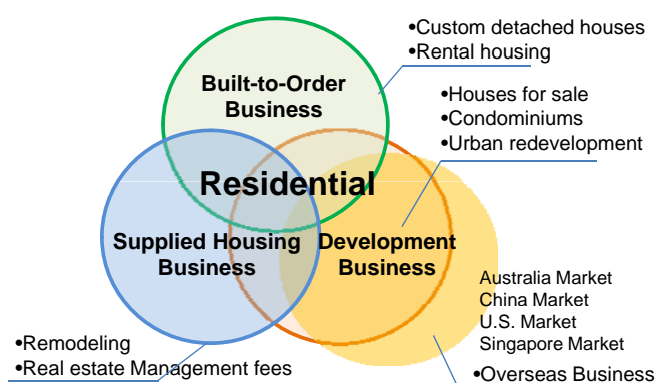
Development Business

<Reference> Full-Year Forecasts for FY2015

June 4, 2015

Basic Direction of FY2014 Mid-term Management Plan

Strengthening synergies in the Group and taking on
New challenges in the “residential”-related business



Management Direction

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

1. Overview

Both sales and income declined, reflecting the effect of a decrease in orders in last year. Orders were strong and exceeded the plan, as the Custom Detached Houses and Remodeling Businesses were favorable, in addition to the Rental Housing Business which remained solid as well. Making good progress toward the achievement of the full-year plan.

(¥ billion)

| | FY2014 (14/2-14/4) | | FY2015 (15/2-15/4) | | |
|--|-----------------------|--------|-----------------------|--------|---------|
| | Results | Margin | Results | Margin | YoY |
| Net sales | 451.5 | | 401.8 | | (11.0%) |
| Cost of sales | 361.0 | | 322.8 | | (10.6%) |
| Gross profit | 90.4 | 20.0% | 78.9 | 19.7% | (12.7%) |
| Selling, general and administrative expenses | 54.1 | | 53.9 | | (0.3%) |
| Operating income | 36.3 | 8.0% | 25.0 | 6.2% | (31.1%) |
| Non-operating income/loss | 1.1 | | 3.1 | | 179.7% |
| Ordinary income | 37.4 | 8.3% | 28.1 | 7.0% | (24.8%) |
| Extraordinary income | - | | - | | - |
| Extraordinary loss | 0.2 | | 3.8 | | - |
| Minority interests in income | 0.3 | | 0.1 | | (49.0%) |
| Net income | 21.1 | 4.7% | 11.6 | 2.9% | (45.0%) |
| Consolidated orders | 418.9 | | 502.9 | | 20.0% |

Sheet 2

1. Overview

- The Built-to-Order Business maintained the same gross margin level as a year ago, or 22.9%, despite a significant decline in sales.
- Orders were strong, reflecting an increase in consumer sentiment and measures to support home purchasing, in addition to the effect of efforts focused on sales of such products as zero energy homes in the Custom Detached Houses Business. The Rental Housing Business also remained solid thanks to contribution of three- and four-story rental housing products.
- In the Urban Redevelopment Business, an order of ¥38.6 billion was posted in conjunction with the sale of properties to Sekisui House Reit, Inc.

1. Net sales

- (1) The Built-to-Order Business (down ¥28.8 billion year-on-year), reflecting the effect of a decrease in orders in last year.
- (2) The Supplied Housing Business (down ¥3.7 billion year-on-year) declined due to decreased sales in the Remodeling Business, although the Real Estate Management Fees Business recorded increased sales.
The Development Business (down ¥13.6 billion year-on-year) recorded a decline in sales, reflecting a change-over period in the delivery of properties in Condominiums and Overseas Businesses.

2. Operating income

- (1) The Custom Detached Houses Business (down ¥5.3 billion year-on-year), Remodeling Business (down ¥2.8 billion year-on-year)
- (2) Operating income declined, reflecting decreased sales despite efforts to maintain the gross margin and control personnel and sales promotion expenses.
The OP margin fell 1.8 points to 6.2%.

3. Ordinary income

- (1) Profits of ¥1.0 billion and foreign exchange gains of ¥1.3 billion including loans receivables of Singapore Business were posted.

4. Extraordinary income/loss

- (1) An extraordinary loss of ¥3.8 billion was posted due to a loss on sales and retirement of noncurrent assets and impairment loss.

5. Net income

- (1) The reversal of deferred tax assets occurred as a result of the change in corporate tax rates. (¥3.2 billion)
- (2) Net income amounted to ¥11.6 billion (down 45.0% year-on-year). EPS was ¥16.54.

Sheet 3

2. Financial Position

Total assets increased ¥7.3 billion from the end of the previous fiscal year.

- Assets increased due to increases in real estate for sale.
- Liabilities increased mainly due to the issue of bonds payable and an increase in short-term loans payable.
- Net assets decreased, mainly reflecting the payment of dividends and influence due to the revision to accounting standard for retirement benefits. (Equity ratio was 54.7%)

| (¥ billion) | | | | (¥ billion) | | | |
|---|---------------------|---------------------|----------------|--|---------------------|---------------------|----------------|
| Assets | As of Jan. 31, 2015 | As of Apr. 30, 2015 | Amount changed | | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed |
| Total current assets | 1,129.2 | 1,168.4 | 39.1 | Net cash provided by (used in) operating activities | (60.1) | (105.1) | (45.0) |
| Total noncurrent assets | 800.1 | 768.3 | (31.7) | Net cash provided by (used in) investing activities | (96.0) | (9.7) | 86.2 |
| Total assets | 1,929.4 | 1,936.8 | 7.3 | Free cash flow | (156.1) | (114.9) | 41.2 |
| | | | | Net cash provided by (used in) financing activities | 103.5 | 64.9 | (38.6) |
| Liabilities and net assets | As of Jan. 31, 2015 | As of Apr. 30, 2015 | Amount changed | Net increase (decrease) in cash and cash equivalents | (53.3) | (51.1) | 2.2 |
| Total current liabilities | 562.2 | 556.3 | (5.8) | Cash and cash equivalents at beginning of period | 181.3 | 195.0 | |
| Total noncurrent liabilities | 288.1 | 309.9 | 21.8 | Cash and cash equivalents at end of period | 127.9 | 143.9 | |
| Total liabilities | 850.3 | 866.3 | 15.9 | | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed |
| Total net assets | 1,079.0 | 1,070.4 | (8.5) | Capital expenditures | 94.4 | 9.6 | (84.8) |
| Total liabilities and net assets | 1,929.4 | 1,936.8 | 7.3 | Depreciation and amortization | 6.0 | 5.9 | (0.1) |
| | | | | | As of Jan. 31, 2015 | As of Apr. 30, 2015 | Change |
| | | | | | | | Amounts % |
| | | | | Interest bearing debts | 351.7 | 424.3 | 72.6 20.7% |

Sheet 4

3. Segment Information

(¥ billion)

| | | FY2014 (14/2-14/4) | | | | | FY2015 (15/2-15/4) | | | | |
|-------------------------------------|-----------------------------|--------------------|------------------|--------------|--------------|--------------|--------------------|------------------|-------------|--------------|--------------|
| | | 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 | 108.0 | 11.9 | 11.1% | 24.7% | 90.7 | 84.1 | 6.6 | 7.9% | 24.0% | 99.7 |
| | Rental Housing | 92.6 | 9.2 | 10.0% | 20.7% | 94.7 | 87.7 | 9.1 | 10.5% | 21.8% | 100.7 |
| | Subtotal | 200.7 | 21.2 | 10.6% | 22.9% | 185.5 | 171.8 | 15.8 | 9.2% | 22.9% | 200.5 |
| Supplied Housing Business | Remodeling | 36.9 | 5.2 | 14.1% | 25.1% | 30.5 | 28.1 | 2.4 | 8.6% | 22.8% | 33.0 |
| | Real Estate Management Fees | 107.0 | 6.9 | 6.5% | 14.4% | 107.0 | 112.0 | 7.9 | 7.1% | 14.9% | 112.0 |
| | Subtotal | 143.9 | 12.1 | 8.5% | 17.2% | 137.6 | 140.2 | 10.3 | 7.4% | 16.4% | 145.1 |
| Development Business | Houses for Sale | 26.2 | 1.8 | 6.9% | 18.9% | 25.0 | 29.4 | 2.3 | 7.8% | 19.2% | 33.2 |
| | Condominiums | 26.1 | 3.7 | 14.2% | 18.6% | 18.8 | 12.4 | 1.5 | 12.5% | 18.8% | 21.4 |
| | Urban Redevelopment | 11.8 | 2.6 | 22.2% | 25.9% | 15.1 | 14.9 | 2.8 | 19.1% | 23.2% | 53.5 |
| | Overseas Business | 19.2 | 1.2 | 6.3% | 22.2% | 18.3 | 12.8 | (0.6) | (4.7%) | 21.2% | 32.1 |
| | Subtotal | 83.3 | 9.3 | 11.2% | 20.6% | 77.3 | 69.7 | 6.1 | 8.8% | 20.4% | 140.3 |
| Other Businesses | | 23.4 | 0.9 | 3.9% | 16.1% | 18.4 | 19.9 | 0.3 | 1.7% | 16.1% | 16.8 |
| Eliminations and corporate expenses | | - | (7.3) | - | - | - | - | (7.6) | - | - | - |
| Consolidated | | 451.5 | 36.3 | 8.0% | 20.0% | 418.9 | 401.8 | 25.0 | 6.2% | 19.7% | 502.9 |

Sheet 5

3. Segment Information Built-to-Order Business

| | Net sales (¥ billion) | | | | Orders (¥ billion) | | | |
|------------------------|-----------------------|-----------------------|-------------------|---------|-----------------------|-----------------------|-------------------|------|
| | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed | YOY | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed | YOY |
| Custom Detached Houses | 108.0 | 84.1 | (23.9) | (22.2%) | 90.7 | 99.7 | 8.9 | 9.9% |
| Rental Housing | 92.6 | 87.7 | (4.8) | (5.2%) | 94.7 | 100.7 | 5.9 | 6.3% |
| Total | 200.7 | 171.8 | (28.8) | (14.4%) | 185.5 | 200.5 | 14.9 | 8.1% |

| | Operating income | | | | OP margin | | Gross margin | |
|------------------------|-----------------------|-----------------------|-------------------|---------|-----------------------|-----------------------|-----------------------|-----------------------|
| | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed | YOY | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) |
| Custom Detached Houses | 11.9 | 6.6 | (5.3) | (44.3%) | 11.1% | 7.9% | 24.7% | 24.0% |
| Rental Housing | 9.2 | 9.1 | (0.0) | (0.8%) | 10.0% | 10.5% | 20.7% | 21.8% |
| Total | 21.2 | 15.8 | (5.3) | (25.3%) | 10.6% | 9.2% | 22.9% | 22.9% |

1. Custom Detached Houses Business

- (1) Sales largely fell due to a decrease in orders in last year.
- (2) Orders increased 9.9% year-on-year. The business made good progress as a result of sales efforts to promote proposals of high value-added housing such as Green First Zero and IS SERIES.
- (3) Demand is expected to increase on the back of factors such as an expansion in tax exemption for gifts for the purpose of purchasing residential housing and a broader application of preferential interest rates for the Flat 35.

2. Rental Housing Business

- (1) The Rental Housing Business remained firm given strong sales of three- and four-story rental housing and high awareness of the stronger levy of inheritance tax.
- (2) Sales per building, which stood at ¥79.05 million, showed a steady increase. (FY2014: ¥68.54 million)

Sheet 6

3. Segment Information Supplied Housing Business

| | Net sales (¥ billion) | | | | Orders (¥ billion) | | | |
|-----------------------------|-----------------------|-----------------------|-------------------|---------|-----------------------|-----------------------|-------------------|------|
| | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed | YOY | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed | YOY |
| Remodeling | 36.9 | 28.1 | (8.7) | (23.7%) | 30.5 | 33.0 | 2.5 | 8.2% |
| Real Estate Management Fees | 107.0 | 112.0 | 4.9 | 4.7% | 107.0 | 112.0 | 4.9 | 4.7% |
| Total | 143.9 | 140.2 | (3.7) | (2.6%) | 137.6 | 145.1 | 7.5 | 5.5% |

| | Operating income | | | | OP margin | | Gross margin | |
|-----------------------------|-----------------------|-----------------------|-------------------|---------|-----------------------|-----------------------|-----------------------|-----------------------|
| | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed | YOY | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) |
| Remodeling | 5.2 | 2.4 | (2.8) | (53.7%) | 14.1% | 8.6% | 25.1% | 22.8% |
| Real Estate Management Fees | 6.9 | 7.9 | 0.9 | 13.5% | 6.5% | 7.1% | 14.4% | 14.9% |
| Total | 12.1 | 10.3 | (1.8) | (15.2%) | 8.5% | 7.4% | 17.2% | 16.4% |

3. Remodeling Business

- (1) Sales decreased 23.7% year-on-year due to the effect of last-minute demand before the consumption tax hike in the previous year.
- (2) Orders were strong with an increase of 8.2% year-on-year, reflecting the introduction of the government's point program for energy-saving homes, in addition to strong demand for large-scale renovation and the remodeling of rental houses, the supply of which is climbing.

4. Real Estate Management Fees Business

- (1) Sales rose 4.7% year-on-year, the number of units under management was 551 thousand, and the occupancy rate was 96.8% (96.4% at the end of the previous fiscal year).
- (2) The OP margin rose to 7.1% due mainly to maintaining high occupancy rate.

Sheet 7

3. Segment Information Development Business

(¥ billion)

(¥ billion)

| | Net sales | | | | Orders | | | |
|---------------------|-----------------------|-----------------------|-------------------|---------|-----------------------|-----------------------|-------------------|--------|
| | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed | YOY | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed | YOY |
| Houses for Sale | 26.2 | 29.4 | 3.2 | 12.5% | 25.0 | 33.2 | 8.2 | 32.9% |
| Condominiums | 26.1 | 12.4 | (13.6) | (52.4%) | 18.8 | 21.4 | 2.5 | 13.5% |
| Urban Redevelopment | 11.8 | 14.9 | 3.1 | 26.8% | 15.1 | 53.5 | 38.4 | 254.6% |
| Overseas Business | 19.2 | 12.8 | (6.3) | (33.2%) | 18.3 | 32.1 | 13.7 | 75.2% |
| Total | 83.3 | 69.7 | (13.6) | (16.4%) | 77.3 | 140.3 | 63.0 | 81.5% |

| | Operating income | | | | OP margin | | Gross margin | |
|---------------------|-----------------------|-----------------------|-------------------|---------|-----------------------|-----------------------|-----------------------|-----------------------|
| | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | Amount changed | YOY | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) | FY2014 (14/2-14/4) | FY2015 (15/2-15/4) |
| Houses for Sale | 1.8 | 2.3 | 0.5 | 27.7% | 6.9% | 7.8% | 18.9% | 19.2% |
| Condominiums | 3.7 | 1.5 | (2.1) | (57.9%) | 14.2% | 12.5% | 18.6% | 18.8% |
| Urban Redevelopment | 2.6 | 2.8 | 0.2 | 9.0% | 22.2% | 19.1% | 25.9% | 23.2% |
| Overseas Business | 1.2 | (0.6) | (1.8) | - | 6.3% | (4.7%) | 22.2% | 21.2% |
| Total | 9.3 | 6.1 | (3.2) | (34.5%) | 11.2% | 8.8% | 20.6% | 20.4% |

Sheet 8

3. Segment Information Development Business

5. Houses for Sale Business

(1) Both sales and income increased. Gross margin as well as OP margin improved.

6. Condominiums Business

(1) Both sales and income decreased due to a change-over period in the delivery of properties.

(2) Orders remained steady in comparison with the sales plan for the first half of the current fiscal year.

7. Urban Redevelopment Business

(1) Sales of ¥5.1 billion and operating income of ¥1.1 billion were posted due to the sale of properties, in addition to an increase in rental income.

(2) An order of ¥38.6 billion was posted (sales to be posted in the second quarter) in conjunction with the sale of the office section of the Hommachi Garden City.

8. Overseas Business

<FY2015 First Quarter>

(¥ billion)

| Country | Sales | Operating income | Ordinary income | Investment balance | Orders | Accumulated orders |
|------------------------------|-------|------------------|-----------------|--------------------|--------|--------------------|
| Australia | 3.8 | (0.7) | (0.7) | 85.5 | 12.7 | 56.1 |
| China | - | (0.7) | (0.4) | 257.5 | 0.6 | 5.4 |
| USA | 8.9 | 1.1 | 1.3 | 186.1 | 18.6 | 33.3 |
| Singapore * | - | - | 1.0 | 46.2 | - | - |
| Other administrative expense | - | (0.2) | (0.2) | - | - | - |
| Total | 12.8 | (0.6) | 0.9 | 575.5 | 32.1 | 95.0 |

• Accounted for by the equity method

Sales status of major projects

| Country | Projects | Units for sale | Of which, contracted units |
|-----------|------------------|----------------|----------------------------|
| Australia | Total 3 projects | 1,276 | 1,014 |
| China | Total 5 projects | 550 | 77 |
| Singapore | Total 6 projects | 3,775 | 3,572 |

Sheet 9

<Reference> Full-Year Forecasts

(¥ billion)

| | FY2014 (14/2-15/1) Results | FY2015 (15/2-16/1) | |
|--------------------------|----------------------------------|-----------------------|------|
| | | Forecasts | YoY |
| Net sales | 1,912.7 | 1,930.0 | 0.9% |
| Operating income | 146.5 | 153.0 | 4.4% |
| Ordinary income | 156.4 | 159.0 | 1.6% |
| Net income | 90.2 | 93.0 | 3.1% |
| EPS (yen) | 130.91 | *133.08 | 1.7% |
| ROA | 8.4% | 8.3% | - |
| ROE | 9.0% | 8.7% | - |
| Dividend per share (yen) | 50.00 | 54.00 | 4.00 |
| Payout ratio | 38.2% | 40.6% | - |

* The figure has been adjusted, factoring in the acquisition of its own shares regarding the Notice regarding Decision on Matters Relating to Share Repurchase released on March 5, 2015.

Sheet 10

<Reference> Full-Year Forecasts

Sales

(¥ billion)

| | | FY2014 (14/2-15/1) Results | FY2015 (Full-Year) (15/2-16/1) | | |
|---------------------------|-----------------------------|----------------------------------|-----------------------------------|--------|---------|
| | | | Forecasts | Change | YoY |
| Built-to-Order Business | Custom Detached Houses | 427.0 | 410.0 | (17.0) | (4.0%) |
| | Rental Housing | 398.4 | 418.0 | 19.5 | 4.9% |
| | Subtotal | 825.5 | 828.0 | 2.4 | 0.3% |
| Supplied Housing Business | Remodeling | 134.1 | 142.0 | 7.8 | 5.8% |
| | Real Estate Management Fees | 428.2 | 448.0 | 19.7 | 4.6% |
| | Subtotal | 562.3 | 590.0 | 27.6 | 4.9% |
| Development Business | Houses for Sale | 118.7 | 120.0 | 1.2 | 1.1% |
| | Condominiums | 56.6 | 84.0 | 27.3 | 48.2% |
| | Urban Redevelopment | 178.3 | 114.0 | (64.3) | (36.1%) |
| | Overseas Business | 79.8 | 110.0 | 30.1 | 37.8% |
| | Subtotal | 433.6 | 428.0 | (5.6) | (1.3%) |
| | Other Businesses | 91.1 | 84.0 | (7.1) | (7.9%) |
| | Consolidated | 1,912.7 | 1,930.0 | 17.2 | 0.9% |

Orders

(¥ billion)

| | FY2014 (14/2-15/1) Results | FY2015 (Full-Year) (15/2-16/1) | | |
|--|----------------------------------|-----------------------------------|--------|---------|
| | | Forecasts | Change | YoY |
| | 388.6 | 418.0 | 29.3 | 7.6% |
| | 408.5 | 420.0 | 11.4 | 2.8% |
| | 797.1 | 838.0 | 40.8 | 5.1% |
| | 125.6 | 145.0 | 19.3 | 15.4% |
| | 428.2 | 448.0 | 19.7 | 4.6% |
| | 553.8 | 593.0 | 39.1 | 7.1% |
| | 122.2 | 122.0 | (0.2) | (0.2%) |
| | 65.7 | 74.0 | 8.2 | 12.5% |
| | 176.1 | 114.0 | (62.1) | (35.3%) |
| | 94.5 | 120.0 | 25.4 | 26.9% |
| | 458.6 | 430.0 | (28.6) | (6.3%) |
| | 82.8 | 86.0 | 3.1 | 3.8% |
| | 1,892.6 | 1,947.0 | 54.3 | 2.9% |

Sheet 11

<Reference> Full-Year Forecasts

(¥ billion)

| | | Operating income | | | | OP margin | | Gross margin | |
|---------------------------------|-------------------------------------|----------------------------------|-----------------------------------|--------|---------|----------------------------------|------------------------------------|----------------------------------|------------------------------------|
| | | FY2014 (14/2-15/1) Results | FY2015 (Full-Year) (15/2-16/1) | | | FY2014 (14/2-15/1) Results | FY2015 (15/2-16/1) Forecasts | FY2014 (14/2-15/1) Results | FY2015 (15/2-16/1) Forecasts |
| | | | Forecasts | Change | YoY | | | | |
| Built-to-Order Business | Custom Detached Houses | 48.8 | 45.0 | (3.8) | (8.0%) | 11.4% | 11.0% | 24.8% | 24.6% |
| | Rental Housing | 45.8 | 49.0 | 3.1 | 6.9% | 11.5% | 11.7% | 21.7% | 22.5% |
| | Subtotal | 94.7 | 94.0 | (0.7) | (0.8%) | 11.5% | 11.4% | 23.3% | 23.6% |
| Supplied Housing Business | Remodeling | 14.9 | 16.0 | 1.0 | 6.7% | 11.2% | 11.3% | 23.6% | 23.9% |
| | Real Estate Management Fees | 23.4 | 26.5 | 3.0 | 13.2% | 5.5% | 5.9% | 13.4% | 13.6% |
| | Subtotal | 38.4 | 42.5 | 4.0 | 10.7% | 6.8% | 7.2% | 15.8% | 16.1% |
| Development Business | Houses for Sale | 8.4 | 9.0 | 0.5 | 6.0% | 7.2% | 7.5% | 17.6% | 17.9% |
| | Condominiums | 4.7 | 7.5 | 2.7 | 58.3% | 8.4% | 8.9% | 17.6% | 16.1% |
| | Urban Redevelopment | 25.8 | 20.0 | (5.8) | (22.5%) | 14.5% | 17.5% | 15.5% | 19.3% |
| | Overseas Business | 4.4 | 8.0 | 3.5 | 81.0% | 5.5% | 7.3% | 23.1% | 23.6% |
| | Subtotal | 43.4 | 44.5 | 1.0 | 2.4% | 10.0% | 10.4% | 17.7% | 19.4% |
| | Other Businesses | 3.1 | 3.5 | 0.3 | 12.1% | 3.4% | 4.2% | 15.1% | 15.5% |
| | Eliminations and corporate expenses | (33.1) | (31.5) | 1.6 | - | - | - | - | - |
| | Consolidated | 146.5 | 153.0 | 6.4 | 4.4% | 7.7% | 7.9% | 19.3% | 19.8% |

Sheet 12

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.

Sheet 13