

Sekisui House, Ltd.

Second Quarter of FY2015

(February 1, 2015 through July 31, 2015)

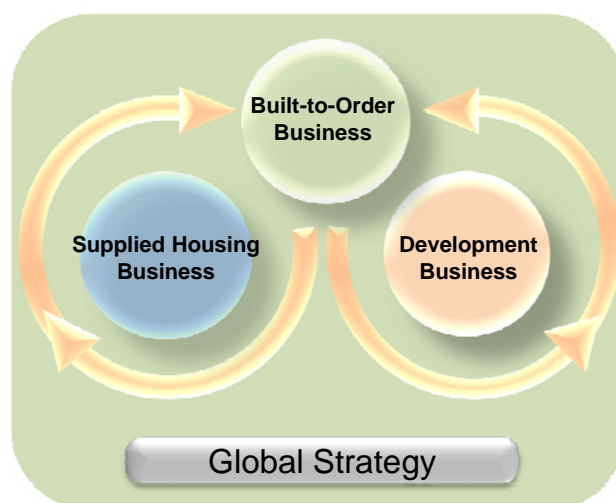
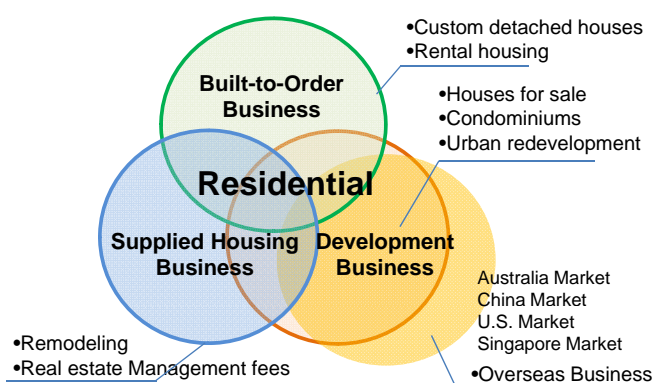
- Summary of Consolidated Financial Results -

1. Overview
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September 10, 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

The Company posted record sales and income for the first half.
Given firm orders and margin percentages higher than stated in the plan,
the Company has revised the full-year forecast.

(¥ billion)

	FY2014 (14/2-14/7)		FY2015 (15/2-15/7)		
	Results	Margin	Results	Margin	YoY
Net sales	910.1		931.5		2.4%
Cost of sales	728.3		739.1		1.5%
Gross profit	181.8	20.0%	192.4	20.7%	5.8%
Selling, general and administrative expenses	110.1		110.7		0.6%
Operating income	71.7	7.9%	81.7	8.8%	14.0%
Non-operating income/loss	3.4		5.6		60.4%
Ordinary income	75.2	8.3%	87.3	9.4%	16.1%
Extraordinary income	0.3		4.2		-
Extraordinary loss	3.7		3.9		5.3%
Minority interests in income	0.7		0.3		(50.6%)
Net income	42.1	4.6%	52.0	5.6%	23.4%
Consolidated orders	867.2		993.3		14.6%

Sheet 2

1. Overview

- The gross margin increased in all business models, reflecting the active use of IT, improved production efficiency through enhancing cooperation within the Sekisui House Group, and continued cost cutting.
- Orders remained strong, reflecting the promotion of sales of high value-added housing, such as zero energy houses, in the Custom Detached Houses Business, and strong demand in urban areas as well as the success of the sales strategy for three- and four-story housing products in the Rental Housing Business.
- In the Urban Redevelopment Business, the Company conducted sale of property worth ¥38.6 billion to Sekisui House Reit, Inc.

1. Net sales

- (1) Net sales rose, driven by the Development Business (up ¥58.9 billion year-on-year), including the Houses for Sale Business, Condominiums Business, and Urban Redevelopment Business.
- (2) Sales in the Built-to-Order Business declined due to the effect of a decrease in orders in last year, but accumulated orders rose to ¥571.1 billion (up ¥32.1 billion from the end of the previous fiscal year) due to the healthy amount of orders received.

2. Operating income

- (1) The Urban Redevelopment Business largely grew thanks to sale of properties. (up ¥11.5 billion year-on-year)
- (2) The OP margin improved 0.9 points to 8.8%, reflecting the improved gross margin in all business models and the effects of cost cutting.

3. Ordinary income

- (1) Profits of ¥2.2 billion and foreign exchange gains of ¥1.4 billion including loans receivables of Singapore Business were posted.

4. Extraordinary income/loss

- (1) Gain on sales of investment securities of ¥4.2 billion and an extraordinary loss of ¥3.9 billion were 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. (¥3.3 billion)
- (2) Net income amounted to ¥52.0 billion (up 23.4% year-on-year). EPS was ¥74.09.

Sheet 3

2. Financial Position

Total assets increased ¥82.6 billion from the end of the previous fiscal year.

- Assets increased due to increases in real estate for sale.
- Liabilities increased mainly due to an increase in short-term loans payable and the issue of bonds payable.
- Net assets increased, mainly owing to the posting of net income. (Equity ratio was 53.8%)

(¥ billion)				(¥ billion)			
Assets	As of Jan. 31, 2015	As of Jul. 31, 2015	Amount changed		FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed
Total current assets	1,129.2	1,208.7	79.4	Net cash provided by (used in) operating activities	(50.3)	(4.7)	45.6
Total noncurrent assets	800.1	803.3	3.2	Net cash provided by (used in) investing activities	(113.7)	(51.7)	62.0
Total assets	1,924.4	2,012.1	82.6	Free cash flow	(164.1)	(56.4)	107.7
				Net cash provided by (used in) financing activities	125.8	48.2	(77.5)
Liabilities and net assets	As of Jan. 31, 2015	As of Jul. 31, 2015	Amount changed	Net increase (decrease) in cash and cash equivalents	(39.4)	(8.3)	31.1
Total current liabilities	562.2	631.2	69.0	Cash and cash equivalents at beginning of period	181.3	195.0	
Total noncurrent liabilities	288.1	287.0	(1.0)	Cash and cash equivalents at end of period	141.8	186.6	
Total liabilities	850.3	918.3	67.9		FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed
Total net assets	1,079.0	1,093.7	14.7	Capital expenditures	106.1	58.1	(48.0)
Total liabilities and net assets	1,929.4	2,012.1	82.6	Depreciation and amortization	12.5	11.9	(0.5)
					As of Jan. 31, 2015	As of Jul. 31, 2015	Change
				Interest bearing debts	351.7	429.5	Amounts %
							77.8 22.1%

Sheet 4

3. Segment Information

		FY2014 (14/2-14/7)					FY2015 (15/2-15/7)				
		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	227.6	27.5	12.1%	24.9%	196.7	196.0	23.3	11.9%	25.0%	202.4
	Rental Housing	201.3	22.6	11.2%	21.6%	200.2	194.6	23.9	12.3%	23.1%	220.4
	Subtotal	429.0	50.1	11.7%	23.3%	397.0	390.7	47.2	12.1%	24.1%	422.8
Supplied Housing Business	Remodeling	70.1	8.7	12.4%	24.1%	62.9	68.5	7.6	11.2%	23.6%	67.5
	Real Estate Management Fees	212.8	11.9	5.6%	13.5%	212.8	223.2	14.2	6.4%	14.2%	223.2
	Subtotal	283.0	20.6	7.3%	16.2%	275.8	291.8	21.9	7.5%	16.4%	290.8
Development Business	Houses for Sale	58.5	5.0	8.6%	18.8%	59.5	73.7	6.3	8.6%	18.1%	70.9
	Condominiums	32.1	2.5	8.0%	16.9%	32.6	41.9	3.6	8.8%	15.7%	37.1
	Urban Redevelopment	27.5	6.0	22.0%	25.3%	25.3	64.2	17.6	27.5%	29.1%	64.2
	Overseas Business	30.0	0.7	2.6%	23.2%	34.8	27.4	(0.3)	(1.3%)	24.9%	67.6
	Subtotal	148.4	14.4	9.8%	20.5%	152.4	207.3	27.3	13.2%	21.9%	239.9
Other Businesses		49.6	2.3	4.8%	15.2%	41.9	41.6	1.4	3.5%	16.2%	39.7
Eliminations and corporate expenses		-	(16.0)	-	-	-	-	(16.3)	-	-	-
Consolidated		910.1	71.7	7.9%	20.0%	867.2	931.5	81.7	8.8%	20.7%	993.3

Sheet 5

3. Segment Information Built-to-Order Business

	Net sales (¥ billion)				Orders (¥ billion)			
	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed	YOY	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed	YOY
Custom Detached Houses	227.6	196.0	(31.5)	(13.9%)	196.7	202.4	5.7	2.9%
Rental Housing	201.3	194.6	(6.7)	(3.4%)	200.2	220.4	20.1	10.1%
Total	429.0	390.7	(38.3)	(8.9%)	397.0	422.8	25.8	6.5%

	Operating income				OP margin		Gross margin	
	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed	YOY	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)
Custom Detached Houses	27.5	23.3	(4.2)	(15.4%)	12.1%	11.9%	24.9%	25.0%
Rental Housing	22.6	23.9	1.3	6.0%	11.2%	12.3%	21.6%	23.1%
Total	50.1	47.2	(2.8)	(5.8%)	11.7%	12.1%	23.3%	24.1%

1. Custom Detached Houses Business

- (1) Sales fell, but the gross margin improved by enhancing the profit-making structure using the Group's comprehensive capabilities in production, logistics, and construction.
- (2) Orders were strong as a result of the promotion of sales of high value-added housing, such as Green First Zero and the IS SERIES.

Having expanded the IS SERIES and launched a 20th anniversary model of the wood-framed SHAWOOD-HOME house in August, the Company intends to expand orders further going forward.

2. Rental Housing Business

- (1) The Rental Housing Business remained favorable given strong sales of three- and four-story rental housing and high awareness of the stronger levy of inheritance tax.
- (2) Sales per building amounted to ¥73.85 million. (FY2014: ¥68.54 million). Profitability also largely jumped.

3. Segment Information Supplied Housing Business

	Net sales (¥ billion)				Orders (¥ billion)			
	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed	YOY	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed	YOY
Remodeling	70.1	68.5	(1.6)	(2.4%)	62.9	67.5	4.6	7.3%
Real Estate Management Fees	212.8	223.2	10.4	4.9%	212.8	223.2	10.4	4.9%
Total	283.0	291.8	8.7	3.1%	275.8	290.8	15.0	5.4%

	Operating income				OP margin		Gross margin	
	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed	YOY	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)
Remodeling	8.7	7.6	(1.0)	(11.7%)	12.4%	11.2%	24.1%	23.6%
Real Estate Management Fees	11.9	14.2	2.2	19.0%	5.6%	6.4%	13.5%	14.2%
Total	20.6	21.9	1.2	6.0%	7.3%	7.5%	16.2%	16.4%

3. Remodeling Business

- (1) Sales declined 2.4% year-on-year due to the lingering effects of the last-minute demand before the consumption tax hike in the previous fiscal year.
- (2) Orders were strong, reflecting strong demand for large-scale renovation and the remodeling of rental houses, the supply of which is climbing, in addition to the introduction of the government's point program for energy-saving homes.
- (3) The Company expanded its remodeling business for conventional wooden houses and condominiums.
A common brand, Re:QUEST was launched.

4. Real Estate Management Fees Business

- (1) Sales rose 4.9% year-on-year, the number of units under management was 556 thousand, and the occupancy rate was 96.6% (96.4% at the end of the previous fiscal year).
- (2) The OP margin rose to 6.4% due mainly to maintaining high occupancy rate.

3. Segment Information Development Business

(¥ billion)

(¥ billion)

	Net sales				Orders			
	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed	YOY	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed	YOY
Houses for Sale	58.5	73.7	15.2	26.0%	59.5	70.9	11.3	19.0%
Condominiums	32.1	41.9	9.7	30.3%	32.6	37.1	4.4	13.7%
Urban Redevelopment	27.5	64.2	36.6	132.8%	25.3	64.2	38.8	153.3%
Overseas Business	30.0	27.4	(2.6)	(8.8%)	34.8	67.6	32.8	94.2%
Total	148.4	207.3	58.9	39.7%	152.4	239.9	87.4	57.4%

	Operating income				OP margin		Gross margin	
	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	Amount changed	YOY	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)	FY2014 (14/2-14/7)	FY2015 (15/2-15/7)
Houses for Sale	5.0	6.3	1.3	26.6%	8.6%	8.6%	18.8%	18.1%
Condominiums	2.5	3.6	1.1	43.0%	8.0%	8.8%	16.9%	15.7%
Urban Redevelopment	6.0	17.6	11.5	190.6%	22.0%	27.5%	25.3%	29.1%
Overseas Business	0.7	(0.3)	(1.1)	-	2.6%	(1.3%)	23.2%	24.9%
Total	14.4	27.3	12.8	89.0%	9.8%	13.2%	20.5%	21.9%

Sheet 8

3. Segment Information Development Business

5. Houses for Sale Business

(1) Both sales and income exceeded the plan, reflecting aggressive sales initiatives using subdivision lots.

6. Condominiums Business

(1) Both sales and income grew, owing to the delivery of large-sized properties, including the Grande Maison Shirokane no Mori The Tower.

(2) Sales and orders remained steady in comparison with the plan. OP margin grew 0.8 points to 8.8%.

7. Urban Redevelopment Business

(1) The Company pursued exit strategies, selling the office part of the Hommachi Garden City to Sekisui House Reit, Inc. Sales of ¥43.7 billion and operating income of ¥13.8 billion were posted due to the sale of properties, in addition to rental income.

8. Overseas Business

<FY2015 Second Quarter>

(¥ billion)

Country	Sales	Operating income	Ordinary income	Investment balance	Orders	Accumulated orders
Australia	9.4	(0.2)	(0.3)	90.4	39.7	77.5
China	-	(1.6)	(1.2)	270.6	2.2	7.1
USA	17.8	2.0	2.2	197.2	25.4	31.2
Singapore *	-	-	2.2	44.5	-	-
Other administrative expense	-	(0.5)	(0.5)	-	-	-
Total	27.4	(0.3)	2.3	602.9	67.6	115.9

* Accounted for by the equity method

Sales status of major projects

Country	Projects	Units for sale	Of which, contracted units
Australia	Total 4 projects	1,928	1,532
China	Total 5 projects	550	99
Singapore	Total 6 projects	3,775	3,596

Sheet 9

4. Full-Year Forecasts

(¥ billion)

	FY2014 (14/2-15/1) Results	FY2015 (15/2-16/1)		
		Initial forecasts	Revised forecasts	Revised YoY
Net sales	1,912.7	1,930.0	1,920.0	0.4%
Operating income	146.5	153.0	160.0	9.1%
Ordinary income	156.4	159.0	167.0	6.8%
Net income	90.2	93.0	98.0	8.6%
EPS (yen)	130.91	*133.08	140.04	7.0%
ROA	8.4%	8.3%	8.5%	-
ROE	9.0%	8.7%	9.0%	-
Dividend per share (yen)	50.00	54.00	54.00	4.00
Payout ratio	38.2%	40.6%	38.6%	-

* 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

4. Full-Year Forecasts

Sales

Orders

		(¥ billion)				(¥ billion)			
		FY2014 (14/2-15/1) Results	FY2015 (Full-Year) (15/2-16/1)			FY2014 (14/2-15/1) Results	FY2015 (Full-Year) (15/2-16/1)		
			Initial forecasts	Revised forecasts	YoY		Initial forecasts	Revised forecasts	YoY
Built-to-Order Business	Custom Detached Houses	427.0	410.0	400.0	(6.3%)	388.6	418.0	408.0	5.0%
	Rental Housing	398.4	418.0	420.0	5.4%	408.5	420.0	447.0	9.4%
	Subtotal	825.5	828.0	820.0	(0.7%)	797.1	838.0	855.0	7.3%
Supplied Housing Business	Remodeling	134.1	142.0	142.0	5.8%	125.6	145.0	142.0	13.0%
	Real Estate Management Fees	428.2	448.0	449.0	4.9%	428.2	448.0	449.0	4.9%
	Subtotal	562.3	590.0	591.0	5.1%	553.8	593.0	591.0	6.7%
Development Business	Houses for Sale	118.7	120.0	140.0	17.9%	122.2	122.0	140.0	14.5%
	Condominiums	56.6	84.0	84.0	48.2%	65.7	74.0	77.0	17.1%
	Urban Redevelopment	178.3	114.0	91.0	(49.0%)	176.1	114.0	91.0	(48.3%)
	Overseas Business	79.8	110.0	110.0	37.8%	94.5	120.0	150.0	58.7%
	Subtotal	433.6	428.0	425.0	(2.0%)	458.6	430.0	458.0	(0.1%)
Other Businesses	91.1	84.0	84.0	(7.9%)	82.8	86.0	86.0	3.8%	
Consolidated	1,912.7	1,930.0	1,920.0	0.4%	1,892.6	1,947.0	1,990.0	5.1%	

Sheet 11

4. Full-Year Forecasts

(¥ billion)

		Operating income				OP margin		Gross margin	
		FY2014 (14/2-15/1) Results	FY2015 (Full-Year) (15/2-16/1)		YoY	FY2014 (14/2-15/1) Results	FY2015 (15/2-16/1) Revised forecasts	FY2014 (14/2-15/1) Results	FY2015 (15/2-16/1) Revised forecasts
			Initial forecasts	Revised forecasts					
Built-to-Order Business	Custom Detached Houses	48.8	45.0	47.5	(2.9%)	11.4%	11.9%	24.8%	25.0%
	Rental Housing	45.8	49.0	51.5	12.4%	11.5%	12.3%	21.7%	23.0%
	Subtotal	94.7	94.0	99.0	4.5%	11.5%	12.1%	23.3%	24.0%
Supplied Housing Business	Remodeling	14.9	16.0	16.0	6.7%	11.2%	11.3%	23.6%	23.2%
	Real Estate Management Fees	23.4	26.5	27.0	15.4%	5.5%	6.0%	13.4%	13.8%
	Subtotal	38.4	42.5	43.0	12.0%	6.8%	7.3%	15.8%	16.1%
Development Business	Houses for Sale	8.4	9.0	11.0	29.5%	7.2%	7.9%	17.6%	17.1%
	Condominiums	4.7	7.5	7.5	58.3%	8.4%	8.9%	17.6%	16.1%
	Urban Redevelopment	25.8	20.0	21.0	(18.6%)	14.5%	23.1%	15.5%	25.3%
	Overseas Business	4.4	8.0	8.0	81.0%	5.5%	7.3%	23.1%	23.6%
	Subtotal	43.4	44.5	47.5	9.3%	10.0%	11.2%	17.7%	20.4%
	Other Businesses	3.1	3.5	3.5	12.1%	3.4%	4.2%	15.1%	15.5%
	Eliminations and corporate expenses	(33.1)	(31.5)	(33.0)	-	-	-	-	-
	Consolidated	146.5	153.0	160.0	9.1%	7.7%	8.3%	19.3%	20.2%

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