Matters available on the website in relation to the Notice of the 64th Ordinary General Meeting of Shareholders

Sekisui House, Ltd.

The above information is made available on the Company's website (http://www.sekisuihouse.co.jp/company/financial/holders/shotsu.html) pursuant to relevant laws and regulations, and Article 16 of the Articles of Incorporation of the Company.

1. Business Report for the 64th fiscal year(Feb.1, 2014 – Jan.1,2015)

2. Present Conditions of the Company as of January 31, 2015

5) System which ensures the due execution of business:

1. System which ensures that execution of duties by Directors complies with laws and ordinances and the Articles of Incorporation of the Company

(1) In the light of achieving the corporate philosophy of the Company and materializing corporate management on the basis of the compliance with laws and ordinances and the Articles of Incorporation, the Company hereby sets forth the Conduct Code with which officers and employees of the Company shall comply.

(2) By holding regularly lectures and training sessions for compliance towards Directors, the Company will exert to have knowledge and understanding of laws and ordinances, etc. required for the execution of duties by Directors penetrated into Directors.

(3) The Board of Directors shall decide on important matters relating to the operation of business based on laws and ordinances, internal regulations and the aforesaid Conduct Code and oversee the execution of duties by Directors.

(4) The Board of Directors shall elect and oversee Executive Officers executing assigned duties under the Representative Director’s instruction and order.

(5) The Board of Directors shall hold a meeting once per month in principle pursuant to laws and ordinances and the Regulations of the Board of Directors.

(6) The Representative Director and Executive Officers shall make report on the status of execution of duties at the meeting of the Board of Directors.

(7) Audit & Supervisory Board Members shall audit execution of duties by Directors and Executive Officers in accordance with the audit standard set forth pursuant to laws and ordinances and internal regulations of the Company.

2. System under which information regarding execution of duties by Directors shall be maintained and controlled

The following documents relating to the execution of duties (including electronic records; the same applicable hereinafter) shall be duly maintained and controlled upon condition that Directors and Audit & Supervisory Board Members, etc. may inspect the same whenever necessary.

① Minutes and related materials of the general meeting of shareholders, the Board of Directors and important meetings which Directors attended;

② Important documents by which Director decided execution of duties (application document for decision making by rotation and related materials);

③ Important documents prepared by Director for execution of duties (contracts, memorandum, reports, etc.);

④ Important documents relating to execution of duties by Director.

3. Regulations regarding Control of Risk for Loss and other System

(1) The Company shall arrange for and prepare regulations regarding risk control of the overall Company and regularly evaluate and control risks existing in the Company;

(2) The Company shall arrange for and prepare risk control system to deal with natural calamity or any emergency which may cause the Company incurred material loss and damage and procure dissemination and penetration thereof into the Company.

4. System under which Directors shall be ensured to efficiently execute duties

In order for duties of Directors executed through Executive Officers and employees being implemented efficiently, the Company shall set forth regulations for assignment of duties and thereby define duties and responsibilities.

5. System which ensures that execution of duties by Employees complies with laws and ordinances and the Articles of Incorporation of the Company

(1) The Company shall set forth the Conduct Code for employees of the Company based on the Corporate Ethics of the Company and take a punitive action under internal regulations including work regulations, etc. against employees violating the same.

(2) Through training sessions for compliance for employees, the Company will exert to have knowledge and understanding of laws and ordinances, etc. required for the execution of duties and the aforesaid Conduct Code penetrated into employees.

(3) The CSR Committee directly controlled by the President in which outside well informed persons participate and the CSR Office established in the Corporate Communication Department will promote CSR activities including arrangement for the compliance system.

(4) Internal help line windows will enable the Company to immediately collect information regarding violation of laws and ordinances within the Company and take appropriate measures.

(5) Internal Audit Department shall conduct regularly audit.

6. System which ensures due execution of duties by group companies

(1) Each department shall give guidance and control a subsidiary in connection with assigned duties and a department specialized in subsidiaries control shall be established and give comprehensive guidance and control subsidiaries.

(2) Personnel for directors and audit & supervisory board members of subsidiaries shall be dispatched from the Company to control and audit execution of duties by directors of subsidiaries.

(3) The Internal Audit Department of the Company shall regularly audit subsidiaries which have not internal audit departments.

(4) The internal help line windows of the Company shall receive internal notification from employees of subsidiaries so that it will enable information regarding violation of laws and ordinances, etc. within subsidiaries to be collected immediately and appropriate

measures to be taken.

(5) The Company will give guidance and control subsidiaries with respect to establishment of the independent internal control system on the basis of the operational environments in terms of the size, business and internal organizations of each subsidiary.

7. Matters related to employees to assist duties of Audit & Supervisory Board Members when Audit & Supervisory Board Members request to do so

Employees shall be selected to assist Audit & Supervisory Board Members in their duties when Audit & Supervisory Board Members so request. Selection of employees, etc. shall be determined upon respecting intention of the Board of Audit & Supervisory Board Members and mutual consultation.

8. Matters related to independence of the employees of item 7 above from Directors

Employees selected to assist Audit & Supervisory Board Members in their duties shall not be under instruction and order of the senior person with respect to the duties requested by Audit & Supervisory Board Members and transfer, evaluation and disciplinary action with respect to the employee shall be determined while respecting opinions of the Board of Audit & Supervisory Board Members.

9. System under which Directors and employees report to Audit & Supervisory Board Members and system under which any report is made to Audit & Supervisory Board Members

(1) Directors and Executive Officers shall from time to time report the status of execution of duties at the meeting of the Board of Directors and other important meeting which Audit & Supervisory Board Members attend.

(2) Directors and Executive Officers shall immediately report to Audit & Supervisory Board Members whenever finding any fact which might cause material loss and damage to the Company or subsidiaries.

(3) Documents by which decision was made, minutes of important meeting such as the Board of Directors, audit report prepared by the Internal Audit Department, other important documents related to audit of Audit & Supervisory Board Members shall be forwarded to Audit & Supervisory Board Members.

10. Other system under which audit by Audit & Supervisory Board Members is ensured to efficiently to be performed

(1) Audit & Supervisory Board Members and the Internal Audit Department shall keep close contact through exchange of opinions and corporate each other so that audit by each party shall be conducted efficiently and effectively.

(2) Audit & Supervisory Board Members and Accounting Auditors shall have meetings regularly and corporate each other so that audit duties of each shall be conducted efficiently and effectively.

2. The Consolidated Financial Statements for the 64th fiscal year

List of Notes to Consolidated Financial Statements

1. Notes to Significant Matters which are Basis for Preparation of Consolidated Financial Statements

1) Scope of consolidation

Consolidated subsidiaries: 194, including Sekiwa Real Estate, Ltd. Sekiwa Real Estate Kanto, Ltd.,, Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd., Sekiwa Real Estate Tohoku, Ltd. and other companies.

All 194 subsidiaries are consolidated.

Changes in scope of consolidation

22 companies increased as subsidiaries were established or otherwise. In addition 2 companies were decreased due to liquidiation or extinguished due to a merger.

2) Application of equity method

Affiliated companies accounted for by the equity method: 20, including Almetax Manufacturing Co., Japan Power Fastening Co., The Mortgage Corporation of Japan, Ltd. and other companies.

Investment in each of the 20 affiliated companies is accounted for by the equity method.

Changes in scope of equity method

Investment in 1 companiy is newly accounted for by the equity method.

3) Term-ends of consolidated subsidiaries

The fiscal year ends on March 31 for Sekisui House SI Asset Management Ltd. and Sky Rail Service Co., Ltd. and on December 31 for Sekisui House Australia Holdings Pty Limited and 148 other subsidiaries. When preparing consolidated financial statements, the Company uses the financial statements of Sekisui House SI Asset Management Ltd. and Sky Rail Service Co., Ltd., which have been compiled by provisionally settling its accounts as of January 31, and those of other consolidated subsidiaries as of their respective balance sheet dates, adjusted as required for significant transactions till January 31, in preparing its consolidated financial statements.

4) Summary of significant accounting standards

(1) Basis and method for valuation for significant assets

(a) Short-time investment securities:

(i) Debt securities expected to be held to maturity: Amortized cost (straight-line) method

(ii) Other short-time investment securities:

• Securities with market value:

Based on closing market price on the last day of period (Valuation gains and losses resulting are calculated by the full net asset costing method; cost of disposal is calculated by the moving average method)

• Securities with no available market value:

At cost based on the moving average method

(b) Derivatives: Market value method

(c) Inventories:

(i) Costs on uncompleted construction, buildings for sale, land for sale in lots, and undeveloped land for sale: At cost based on individual cost method

(The book value is written down to the net realizable value in cases where there has been a material decline in value).

(ii) Other inventories: At cost based on moving average method

(The book value is written down to the net realizable value in cases where there has been a material decline in value).

(2) Depreciation and amortization methods used for main depreciable and amortizable assets

Property, plant and equipment (excluding lease assets):

The Company applies the straight-line method to buildings (excluding attached structures) and intangible fixed assets, and uses the declining-balance method for other property, plant and equipment.

Intangible assets (excluding lease assets):

The Company applies the straight-line method to intangible assets.

Lease assets:

With respect to leased assets for finance lease transactions other than those involving a transfer of ownership, the Company applies the straight-line method to such finance leases, where the useful lives of the assets are the terms of leases and the residual values of the assets are deemed zero. Finance lease transactions other than those involving a transfer of ownership that began prior to January 31, 2009 are accounted for using the same method as ordinary operating leases.

(3) Basis for accounting for significant allowances

(a) Allowance for doubtful accounts:

The Company makes provisions for general debtors based on actual historical collection rates and for specific debtors where collection is doubtful based on estimates of the amount collectible.

(b) Provision for bonuses:

To prepare for bonus payments to employees, the Company provides for the estimated appropriate amount in the relevant fiscal year.

(c) Provision for directors' bonuses

To prepare for bonus payments to directors and audit & supervisory board members, the Company provides for the estimated amount.

(d) Provision for compensation payments on completed works:

Provisions for losses and guarantee expenses due to post-completion defects are recorded based on historical repair and other costs arising from completed structures and detached housing.

(e) Provision for directors' retirement benefits:

To allow for retirement payments to directors and audit & supervisory board members, the Company provides the required amounts at the end of the current term based on internal regulations.

(4) Method of Accounting for Retirement Benefit Obligations

(a) Method for reflecting the expected retirement benefit in the period:

In conjunction with the calculation of retirement benefit obligations, straight-line attribution is adopted as the method for reflecting the expected retirement benefit in the period up until the end of the consolidated fiscal year under review.

(b) Method of accounting for actuarial calculation differences and past service obligations

In conjunction with actuarial calculation differences and past service obligations, pro rata amounts calculated from the 5-year fixed amount method are to be reflected as expenses in the year following the consolidated fiscal year in which such expenses are accrued.

(5) Basis for accounting for income and expenses

(a) Accounting standard for recognition of income and expenses of completed works:

The Company has applied percentage-of-completion method (estimate for level of completion based on the percentage of direct costs) to construction contracts meeting the following criteria; construction had been started during the fiscal year under review (except for short-period work), of which the percentage of construction completion by the end of the fiscal year can be estimated reliably. For other construction contracts, the company has adopted completed-contract method.

(b) Basis for accounting for income from finance leases:

The Company records net sales and cost of sales upon receipt of lease charges.

(6) Amortization of goodwill

Goodwill are amortized over 5 years using the straight-line method, beginning in the fiscal year in which they arise, except for cases where useful life can be estimated, in which case they are amortized over the estimated useful life based on a substantive analysis by the Company, and with the exception of minor amounts, which are charged to income as it accrues.

(7) Main hedge accounting methods

(a) Hedge accounting methods:

The Company accounts for hedging activities under deferral hedge accounting. *Furiate-shori* (accounting method in which the current and forward rate difference is allocated by period length for the calculation for the accounting period) is applied to forward foreign exchanges contracts which conform to the requirements of such hedge accounting.

(b) Hedging instruments and targets:

(i) The Company hedges foreign currency cash debts and forward transactions with exchange forward contracts.

(ii) Interest swaps are used as an instrument to hedge targeted borrowings.

(c) Hedging policies:

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange. The use of exchange forward contracts does not exceed the amount of import transactions. The assumed principal balance subject to interest-swap transaction does not exceed the relevant interest bearing debts outstanding.

(d) Methods of assessing hedge effectiveness:

The Company assesses if the percentage changes of hedge targets and hedge instruments approximately range from 80% to 125%, where hedging transactions are considered to be effective, while it does not assess the effectiveness of hedging where the main conditions match with regard to the relevant transactions and hedge targets, and where the cash flow is fixed.

(8) Accounting for consumption taxes

The tax exclusion method is used to account for consumption taxes. Consumption taxes not subject to noncurrent asset related deductions at consolidated subsidiaries whose main business is real estate for leasing are recorded in “Other” under the “Investments and other assets” on the relevant balance sheets and are amortized on a straight line basis over 5 years. Other consumption taxes not subject to deductions are expensed in the consolidated accounting period in which they arise.

(9) Basis for translating significant foreign currency-denominated assets and liabilities into yen

For foreign currency-denominated monetary claims and debts, the Company translates into yen at the rates of exchange prevailing on the consolidated balance sheet date. Translation differences are included in the statements of income. Assets and liabilities of overseas subsidiaries are converted into yen at the rates of exchange prevailing on the balance sheet date of the overseas subsidiaries, and the income and expenses of overseas subsidiaries are converted into yen at average exchange rates during the fiscal year under review. Exchange differences are recorded by including them in foreign currency translation adjustment and minority interests under net assets.

(10) Inclusion of interest paid in acquisition cost

In conformity with the accounting standards of relevant countries, overseas consolidated subsidiaries include interest paid with regard to borrowed funds for the real estate development business in acquisition cost. At the end of period, interest expenses of ¥6,485 million, ¥825 million and ¥1,038 million are included in “Buildings for sale”, “Land for sale in lots” and “Undeveloped land for sale,” respectively.

5) Changes in accounting policies that are difficult to distinguish from changes in accounting estimates

Application of accounting standards for retirement benefitsChange in depreciation method

Unrecognized actuarial calculation differences and past service obligations are posted as net defined benefit liability, after changing the calculation to the method of deducting the amount of pension assets from retirement benefit obligations, by adopting the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012, hereinafter the “Retirement Benefit Accounting Standard”) and the Guidance on Corporate Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, hereinafter the “Retirement Benefit Guidance”) (however, excluding the provisions stipulated in the main text of paragraph 35 of the Retirement Benefit Accounting Standard and paragraph 67 of the Retirement Benefit Guidance).

The application of standards such as the Retirement Benefit Accounting Standard follows the transitional treatment stipulated in paragraph 37 of the Retirement Benefit Accounting Standard, and the impact associated with such change is added to and deducted from the remeasurements of defined benefit plans in accumulated other comprehensive income.

As a result, at the end of the consolidated fiscal year under review, ¥28,780 million of net defined benefit asset and ¥17,550 million of net defined benefit liability were posted, and accumulated other comprehensive income increased by ¥36,202 million.

Net assets per share increased ¥51.76.

2. Notes to the Consolidated Balance Sheet

1) Collateralized assets and secured liabilities:

Millions of yen

Collateralized assets		Secured liabilities	
Type	Book value at the end of year	Details	Balance at the end of year
Stocks	31	Liabilities of PFI Mizu to Midori no Kenko-toshi, Ltd.	—
Buildings for sale and Land for sale in lots	154,046	Borrowing from financial institutions	59,677
Buildings	546	Long-term lease and guarantee deposited	180
Land	3,138	Deposits on contract with establishment of leasehold	1,197
		Borrowings of clients from banks	317
Total	157,762	Total	61,371

Note:

Apart from stated above, the Company deposited short-term investment securities, investment securities, cash and deposits of 4,699 million yen in accordance with Act on Assurance of Performance of Specified Housing Defect Warranty and the like.

2) **Accumulated depreciation of property, plant and equipment** 219,625 million yen

3) **Liabilities guaranteed:**

(1) Liabilities guaranteed for repayment (for persons to have housing mortgage) 89,226 million yen

(2) Security on things for borrowings of clients from banks 317 million yen

(Additional information)

Changes in holding purpose of assets:

Real estate held for sale of 344 million yen, which was reported under inventories as at January 31, 2014, has been reclassified under inventories. In addition, the real estate for investments and the like of 17,283 million yen, which were reported under fixed assets as at January 31, 2014, have been reclassified under buildings for sale and land for sale.

3. Notes to the Consolidated Statement Changes in Net Assets

1) **Total number of shares issued:**

Common shares 699,845,934 shares

2) **Matters related to dividends:**

(1) Dividends paid to shareholders:

a. Matters related to the dividends paid pursuant to the resolution of the 63rd ordinary general meeting of shareholders held on April 23, 2014:

· Total amount of dividends; 15,764 million yen

· Dividends per share: 23.00 yen

· Record date: Jan. 31, 2014

· Effective date: Apr. 24, 2014

b. Matters related to the dividends (interim dividends) paid pursuant to the resolution of the meeting of the Board of Directors held on September 4, 2014:

· Total amount of dividends; 17,308 million yen

· Dividends per share: 25.00 yen

· Record date: Jul. 31, 2014

· Effective date: Sep. 30, 2014

(2) Dividends whose record date belongs to the fiscal year under review will be effective after the fiscal year under review:

The following proposal for dividends will be submitted to the 64th ordinary general meeting of shareholders to be held on April 23, 2015:

· Total amount of dividends; 17,490 million yen

· Source of funds for dividends; Retained earnings

· Dividends per share: 25.00 yen

· Record date: Jan. 31, 2015

· Effective date: Apr. 24, 2015

3） Type and Number of shares to be issued if all stock acquisition rights are exercised at the balance sheet date of the fiscal year under review:

Common shares	13,110,082 shares

4. Notes to Financial Instrument

1） Matters related to the state of financial instruments

(1) Policy with regard to financial instruments activities:

The Company and its consolidated subsidiaries (the Companies) limit fund management to highly safety financial instruments, and use indirect financing of borrowing from the financial institutions and direct financing of issuing bonds. With regard to derivative transactions, the Companies do not engage in speculative transactions.

(2) Contents and risks of financial instruments:

Notes receivable, accounts receivable from completed construction contracts and the like are exposed to the customers' credit risk.

Short-term and Long-term investments securities, primarily stock, debt securities expected to be held to maturity, negotiable deposit and investments for partnerships, are exposed to the risk associated with issuing entities' credit and market value fluctuations.

Notes payable, electronically recorded obligations-operating, accounts payable for construction contracts and the like are due within one year. We use borrowed money and bond issues to finance operations and capital investment. Loans payable are financed with variable interest rate and those are exposed to the risk associated with interest rate fluctuations.

With regard to derivative transactions, the Companies use forward foreign exchange contracts and currency swap with aim of hedging the risk associated with foreign currency-denominated monetary claims and debts of export and import transactions, and investment and lending for overseas subsidiaries. With regard to hedge instruments, targets, policies and methods of assessing hedge effectiveness, please refer to *1. Notes to Significant Matters which are Basis for Preparation of Consolidated Financial Statements, 4) Summary of significant accounting standards, (7)Main hedge accounting methods above*.

(3) Content of financial risk management systems

(a) Management of credit risk (counterparties' default risk)

Accounting & Finance Department of the Company, responsible divisions of each subsidiary and management division of each branch manage this risk by managing settlement date and amount due for each counterparty to monitor condition of debt collection, and they mitigate and grasp the default possibilities because of deterioration of financial condition.

The Companies execute and manage derivative transactions within the limits of established internal rules and regulations, and reduces credit risk by limiting counterparties to highly creditworthy financial institutions.

(b) Management of market risk (fluctuation risk of stock price and interest rate and the like)

The Companies manage this risk by examining market prices and financial condition of the issuing entities.

(c) Management of financing liquidity risk (the risk that the Companies cannot pay its debt at payment date)

Accounting & Finance Department of the Company and responsible divisions of each subsidiary make and renew financing plan timely based on reports from each branch and manage liquidity risk to maintain short-tem liquidity. In addition, the Companies secure several steady financing means by setting commitment line and maximum limit of issuing bonds.

The Companies establish systems to supply funds to consolidated subsidiaries expeditiously by using cash management system and the like.

(d) Supplemental information on the fair value of financial instruments

The Companies calculate the fair value of financial instruments based on market prices, or by using reasonable estimates when market prices are not available. These estimates include variable factors, and are subject to fluctuation due to changes in the underlying assumptions. The contract amounts of the derivatives discussed in 2. Fair Value of Financial Instruments below are not an indicator of the market risk associated with derivatives transactions.

2) Matters related to the fair value of financial instruments

Amounts stated in consolidated balance sheets, fair value and their differences as of January 31, 2015 are as follows. For your information, accounting items for which an accurate grasp of fair value is recognized as extremely difficult are not stated in the following table.(Please refer to notes2)

Millions of yen

	Amount stated in consolidated balance sheets	Fair value	Variance
(1) Cash and deposits	195,989	195,989	—
(2) Notes receivable and accounts receivable from completed construction contracts	53,943		
Allowance for doubtful accounts(※1)	(375)		
	53,567	53,567	—
(3) Short-term investment securities and Long-term investment securities			
1) Debt securities expected to be held to maturity	4,684	4,689	4
2) Securities of subsidiaries and affiliates	3,471	2,006	(1,464)
3) Other securities	83,499	83,499	—
Assets amount	341,212	339,752	(1,459)
(1) Notes payable, accounts payable for construction contracts	103,191	103,191	—
(2) Electronically recorded obligations-operating	57,638	57,638	—
(3) Bonds payable	130,000	130,181	181
(4) Long-term loans payable	117,762	117,767	5
Liabilities amount	408,593	408,779	186
Derivative transactions(※2)	117	117	—

(Notes※)

1. Amount of notes receivable and accounts receivable from completed construction contracts deduct amount of allowance for doubtful accounts
2. Assets and liabilities from derivatives transactions are shown in the net amount.

(Notes)

1. Methods for calculating the fair value of financial instruments and matters related to securities and derivatives transactions

Assets

(1) Cash and deposits, (2) Notes receivable, accounts receivable from completed construction contracts

Book value is stated for these items because short-term settlement makes their fair value and book value almost the same.

(3) Short-term investment securities and Long-term investment securities

The fair value stated for shares is the value quoted on exchanges. The fair value stated for bonds is the value quoted on exchanges or the value presented by financial institutions.

Liabilities

(1) Notes payable, accounts payable for construction contracts, (2) Electronically recorded obligations-operating

Book value is stated for these items because short-term settlement makes their fair value and book value almost the same.

(3) Bonds payable

The fair value stated for bonds payable is the value quoted on market.

(4) Long-term loans payable

Out of long-term loans, since the current market price of long-term loans with floating rate interest is deemed equivalent to the book value, it is evaluated by the book value, and the current market value of long-term loans with fixed interest rate is evaluated by the present value thereof calculated by discounting a total of the principal and accumulated interest by the expected interest rate obtainable if the similar loan were currently newly raised.

Derivatives transactions

The fair value of derivatives is stated as the value presented by financial institutions.

2. Financial instruments for which an accurate grasp of market value is recognized as extremely difficult

Millions of yen

Category	Amount stated in consolidated balance sheets
Investment to SPC	590
Unlisted shares	16,623
Preferred securities	999

These financial instruments have no market price and it is expected that it costs too much to estimate future cash flows. Accordingly, these are not included in (assets (3) Short-term investment securities and Long-term investment securities stated above).

3. Current portion of bonds and current portion of long-term loans payable are included in amount stated in consolidated balance sheets and fair value of bonds payable and long-term loans payable.

5. Notes to leasehold properties and other types of real estate

1) Matters related to the state of leasehold properties and other types of real estate

The Company and some subsidiaries own houses and office buildings for leasing and the like in metropolitan Tokyo and other areas.

2） Matters related to Fair value of leasehold properties and other types of real estate

Millions of yen

Amount stated in consolidated balance sheets	Fair value
447,372	483,550

(Notes)

1. The above amount stated in consolidated balance sheets is calculated by deducting the accumulated depreciation from the acquisition cost.
2. Amounts based on real estate appraisal by independent real estate appraiser are adopted as the market value of major properties. Other properties adopted the value which the Company estimated based on Real Estate Appraisal Standard as the market value.

6. Notes to the Information per Share:

1. Net assets per share	¥1,527.52
2. Net income per share	¥130.91

7. Notes to significant subsequent event:

At the Board of Directors meeting held on March 5, 2015, the Company resolved to acquire its own shares under the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165 (3) of the Companies Act.

(1) Reason for share repurchase

To implement flexible capital policies in accordance with the business environment and to improve capital efficiency to increase shareholder value

(2) Type of shares

Common stock of the Company

(3) Aggregate number of shares to be repurchased

Up to 13,000,000 shares

(4) Aggregate price of shares to be repurchased

Up to 20,000 million yen

(5) Period for share repurchase

From March 6, 2015 to July 31, 2015

Note:

Amounts of the Consolidated Balance Sheet, Consolidated Statement of Income, Significant Consolidated Accounting Policies, Notes to Consolidated Balance Sheet and Consolidated Statement of Income are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

3．The Non-Consolidated Financial Statements for the 64th fiscal year

List of Notes to Non-Consolidated Financial Statements

1. Summary of Significant Accounting Policies

1）Basis and method of valuation of assets:

(1) Short-time investment securities:

(i) Debt securities expected to be held to maturity: Amortized cost (straight-line) method

(ii) Shares held in subsidiaries or affiliated companies: At cost based on moving average method

(iii) Other short-time investment securities:

• Stocks with market value:

Based on closing market price on the last day of period (Valuation gains and losses resulting are calculated by the full capital costing method; cost of disposal is calculated by the moving average method)

• Stocks with no available market value:

At cost based on the moving average method

(2) Derivatives: Market value method

(3) Inventories:

(i) Costs on uncompleted construction contracts, buildings for sale, land for sale in lot, and undeveloped land for sale: At cost based on individual cost method

(Cost method whereby the book value is written down to the net realizable value in cases where there has been a material decline in value)

(ii) Semi-finished goods and work in process, raw material and supplies: At cost based on moving average method

(Cost method whereby the book value is written down to the net realizable value in cases where there has been a material decline in value)..

2）Depreciation of noncurrent assets:

(i) Property, plant and equipment (excluding lease assets):

The Company applies the straight-line method to buildings (excluding attached structures), and to other property, plant and equipment applies the declining balance method. Expected life of assets is calculated to standards in accordance with corporate tax regulations.

(ii) Intangible assets (excluding lease assets):

The Company applies the straight-line method to intangible assets. Expected life of assets is calculated to standards in accordance with corporate tax regulations, except for company-use software, which is straight-line depreciated over its expected useful life of 5 years.

(iii) Lease assets:

With respect to leased assets for finance lease transactions other than those involving a transfer of ownership, the Company applies the straight-line method to such finance leases, where the useful lives of the assets are the terms of leases and the residual values of the assets are deemed zero.

Finance lease transactions other than those involving a transfer of ownership that began on or prior to January 31, 2009 are accounted for applying *mutatis mutandis* the ordinary operating leases.

3) Basis for accounting for allowances:

(a) Allowance for doubtful accounts:

The Company makes provisions for general debtors based on actual historical collection rates and for specific debtors where collection is doubtful based on estimates of the amount collectible.

(b) Provision for bonuses:

To prepare for bonus payments to employees, the Company provides for the estimated appropriate amount in the relevant fiscal year.

(c) Provision for directors' bonuses:

To prepare for bonus payments to directors, the Company provides for the estimated amount.

(d) Provision for warranties for completed construction:

Provisions for losses and guarantee expenses due to post-completion defects are recorded based on historical repair and other costs arising from completed structures and detached housing.

(e) Provision for retirement benefits:

To prepare for future retirement payments to employees, the Company makes provisions in the amount accrued at the end of the relevant non-consolidated fiscal year based on the estimated total retirement obligations and pension assets. Method for reflecting the expected retirement benefit in the period and method of accounting for actuarial calculation differences and past service obligations are stated below.

(i) Method for reflecting the expected retirement benefit in the period:

In conjunction with the calculation of retirement benefit obligations, straight-line attribution is adopted as the method for reflecting the expected retirement benefit in the period up until the end of the consolidated fiscal year under review.

(ii) Method of accounting for actuarial calculation differences and past service obligations

In conjunction with actuarial calculation differences and past service obligations, pro rata amounts calculated from the 5-year fixed amount method are to be reflected as expenses in the year following the fiscal year in which such expenses are accrued.

4) Basis for accounting for income and expenses:

(i) Accounting standard for recognition of income and expenses of completed works:

The Company has applied percentage-of-completion method (estimate for level of completion based on the percentage of direct costs) to construction contracts meeting the following criteria; construction had been started during the fiscal year under review (except for short-period work), of which the percentage of construction completion by the end of the fiscal year can be estimated reliably. For other construction contracts, the company has adopted completed-contract method.

(ii) Basis for accounting for income from finance leases:

The Company records net sales and cost of sales upon receipt of lease charges.

5) Main hedge accounting methods:

(i) Hedge accounting methods:

The Company accounts for hedging activities under deferral hedge accounting. *Furiate-shori* (accounting method in which the current and forward rate difference is allocated by period length for the calculation at the accounting period) is applied to forward foreign exchanges contracts and currency swap contracts which conform to the requirements of such hedge accounting. Hedging instruments and targets:

(ii) Hedging instruments and targets:

The Company hedges foreign currency cash debts and forward transactions with exchange forward contracts and currency swap contracts.

(iii) Hedging policies:

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange rates. The use of exchange forward contracts does not exceed the amount of import transactions.

(iv) Methods of assessing hedge effectiveness:

The Company omits to assess the effectiveness of hedging because the main conditions match with regard to the relevant transactions and hedge targets, and the cash flow is fixed.

6） Accounting for consumption taxes

The tax exclusion method is used to account for consumption taxes. The amount in excess of consumption taxes not subject to deductions are expensed in the fiscal year in which they arise.

7） Basis for translating foreign currency-denominated assets and liabilities into yen:

For foreign currency-denominated monetary claims and debts, the Company translates into yen at the rates of exchange prevailing on the non-consolidated balance sheet date. Translation differences are stated in the statements of income.

2. Notes to the Balance Sheet

1） Collateralized assets and secured liabilities

Millions of yen

Collateralized assets		Secured liabilities	
Type	Book value at the end of year	Details	Balance at the end of year
Stocks	2	Liabilities of PFI Mizu to Midori no Kenko-toshi, Ltd.	—
Land	2,946	Deposits on contract with establishment of leasehold	1,168
Total	2,948	Total	1,168

Note:

Apart from stated above, the Company deposited short-term investment securities, investment securities, cash and deposits of 4,494 million yen in accordance with Act on Assurance of Performance of Specified Housing Defect Warranty and the like.

2) **Accumulated depreciation of property, plant and equipment** 179,404 million yen

3) **Liabilities guaranteed**

Liabilities guaranteed for repayment (for persons to have housing mortgage) 88,265 million yen

Liabilities guaranteed for repayment
(for affiliated companies to borrow from the financial institutions) 115,824 million yen

4) **Pecuniary claims and debts to affiliated companies**

Millions of yen

Short-term pecuniary claims to subsidiaries	10,821
Long-term pecuniary claims to subsidiaries	53,011
Short-term pecuniary debts to subsidiaries	112,940

(Additional information)

Changes in holding purpose of assets:

Real estate held for sale of 214 million yen, which was reported under inventories as at January 31, 2014, has been reclassified under inventories. In addition, the real estate for investments and the like of 13,083 million yen, which were reported under fixed assets as at January 31, 2014, have been reclassified under buildings for sale and land for sale.

3. Notes to the Statement of Income

Transactions with subsidiaries	*Millions of yen*
Sales to subsidiaries	12,129
Purchases from subsidiaries	238,489
Non-operating transactions	1,770

4. Notes to the Statement of Change in Net Assets

Type and numbers of shares outstanding and treasury stock

Type of shares	Common shares
Outstanding shares (non-consolidated) as of Jan. 31, 2014	1,494,947 shares
Number of shares increased	10,015,003 shares
Number of shares decreased	11,292,633 shares
Outstanding shares (non-consolidated) as of Jan. 31, 2015	217,317 shares

(Notes)

1. Breakdown of the number of increased shares held in treasury

Increase due to repurchases of fractional shares:	15,003	shares
Increase due to the acquisition of the Company's own shares pursuant to Article 165 (2) of the Companies Act	10,000,000	shares

2. Breakdown of the number of decreased shares held in treasury

Decrease due to requests for additional purchases of fractional shares:	757	shares
Decrease due to exercise of stock options:	39,000	shares
Decrease due to exercise of Zero Coupon Convertible Bonds due 2016 (bonds with stock acquisition rights):	11,252,876	shares

5. Notes of Tax Effect Accounting

Significant components of deferred tax assets and liabilities

Millions of yen

Deferred tax assets	
Loss on valuation of real estate for sale	18,469
Provision for retirement benefits	15,427
Provision for bonuses	6,435
Accumulated impairment loss	5,089
Loss on valuation of investment securities	3,169
Provision for warranties for completed construction	1,146
Accured social insurance premium	894
Accrued enterprise taxes	735
Other	3,387
Subtotal deferred tax assets	**54,755**
Valuation allowance	**(9,169)**
Total deferred tax assets	**45,586**

Deferred tax liabilities	
Valuation difference on available-for-sale securities	(13,450)
Other	(890)
Total deferred tax liabilities	**(14,340)**
Net deferred tax assets and net deferred tax liabilities	**31,245**

Notes:

1. The main valuation allowances are loss on valuation of investment securities and accumulated impairment loss that were judged non-deferrable.
2. Net amount of deferred tax assets for the fiscal year under review is included in the following items of the balance sheets.

   Current assets – Deferred tax assets: 28,243 million yen

   Noncurrent assets – Deferred tax assets: 3,002 million yen

6. Notes of Fixed Assets to use by a lease

The Company is using a portion of personal computers for business use and vehicles for business use based on finance leasing contracts other than those involving a transfer of ownership and those which began on or prior to January 31, 2009 have been accounted for applying *mutatis mutandis* the ordinary operating lease method.

7. Notes of Transaction with related parties

Subsidiaries and Affiliated Companies, etc.

Type	Company name	Percentage of owning(owned) voting rights	Description of the relationship		Description of transaction	Transaction amount (million yen)	Account	Balance at January 31,2015 (million yen)
			Concurrent offices of officers	Business relationship				
Subsidiary	Sekisui House Remodeling, Ltd.	(owning) Directly 100	Holding concurrent offices	Contract remodeling of the company's houses	Deposits of cash management system	(note) 238	Deposits received	23,580
Subsidiary	NASH FINANCING,LLC	(owning) Indirectly 100	Holding concurrent offices		Guarantee of loan liabilities	68,993	—	—

Note:

Amount of net increase during this fiscal year is stated above. Interest rates are reasonably determined in view of market interest rates.

8. Notes to the Information per Share

1. Shareholders' equity per share	¥1,102.67
2. Net income per share	¥95.98

9. Notes to significant subsequent event:

At the Board of Directors meeting held on March 5, 2015, the Company resolved to acquire its own shares under the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165 (3) of the Companies Act.

(1) Reason for share repurchase

To implement flexible capital policies in accordance with the business environment and to improve capital efficiency to increase shareholder value

(2) Type of shares

Common stock of the Company

(3) Aggregate number of shares to be repurchased

Up to 13,000,000 shares

(4) Aggregate price of shares to be repurchased

Up to 20,000 million yen

(5) Period for share repurchase

From March 6, 2015 to July 31, 2015

Note:

Amounts of the Balance Sheet, Statement of Income, Notes to Balance Sheet and Statement of Income are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.